



MAGNITOGORSK IRON & STEEL WORKS

9M and Q3 2010 IFRS Financial Statements Presentation



9M 2010 Financials

- ✓ Revenue **USD 5,775 mln** - 70% growth to 9M 2009
- ✓ EBITDA **USD 1,199 mln** - 90% growth to 9M 2009
- ✓ EBITDA margin – **21%**

Q3 2010 Financials

- ✓ Revenue **USD 2,055 mln** - less than 1% decrease to Q2 2010
- ✓ EBITDA **USD 388 mln** - 11% decrease to Q2 2010
- ✓ EBITDA margin – **19%**

Q3 2010 Key Operational Figures

- ✓ Finished steel output – **2,661 th. tonnes**
- ✓ Finished steel output growth – **1,5%**
- ✓ Increase in mill 5000 thick plate output – **7.5%**
- ✓ HVA products share – **33%**
- ✓ Domestic sales share - **69%**



- Largest domestic player with strong direct exposure to growing sectors of Russian economy
- Import substitution strategy with focus on niche HVA products
- Target investments into high-quality assets and high-margin projects
- Growing integration into raw materials and increasing use of captive iron ore and coal sources
- Strict cost control – retaining competitiveness through low cost position and reduction of consumption ratios
- Strong balance to secure further growth

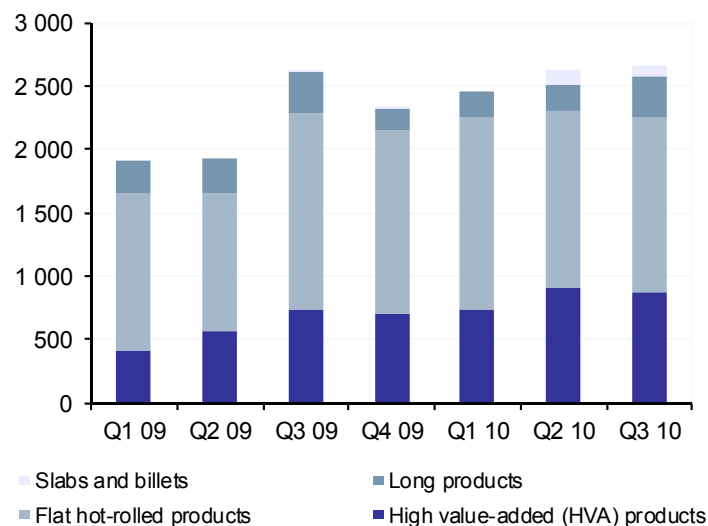
Growth Output Driven by HVA Products



- Finished products output in Q3 2010 rose by 1.5% q-on-q and amounted to 2,661 th. tons
- Main growth drivers are mill 5000 thick plates, colour-coated and long products
- HVA products share in MMK's product mix remained mainly unchanged q-on-q at the level of 33%

Finished products sales

th. tonnes



MMK key operational indicators

	9M 10	9M 09	+/-	Q3 10	Q2 10	+/-
Cast iron	3 865	5 924	-34,7%	2 315	2 320	-0,2%
Crude steel incl.	8 655	7 060	22,6%	2 938	2 984	-1,6%
EAF steel	1 152	461	149,7%	443	444	-0,2%
BOF steel	7 503	6 598	13,7%	2 495	2 541	-1,8%
Finished products output incl.	7 737	6 437	20,2%	2 661	2 623	1,4%
Slabs and billets	198	2	-	83	115	-27,8%
Long products	749	829	-9,7%	336	203	65,5%
Flat hot-rolled products	4 277	3 903	9,6%	1 371	1 397	-1,9%
High value-added (HVA) products	2 513	1 704	47,5%	871	908	-4,1%
<i>Thick plate (Plate Mill 5000)</i>	649	29	x22	245	228	7,6%
<i>Flat cold-rolled products</i>	834	797	4,6%	277	306	-9,5%
<i>Downstream products</i>	1 030	878	17,3%	349	374	-6,7%
MMK-Atakas finished products	111	36	212,5%	54	38	40,8%
Belon coking coal concentrate	2 118	1 991	6,4%	525	747	-29,7%
Belon steam coal concentrate	2 127	1 693	25,6%	569	853	-33,3%

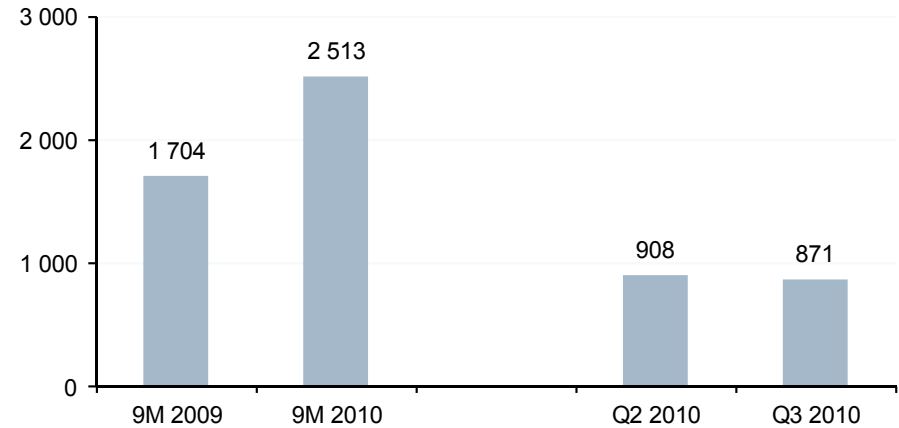
* - galvanized steel products, colour-coated steel products, formed section, band, tin plate, etc.



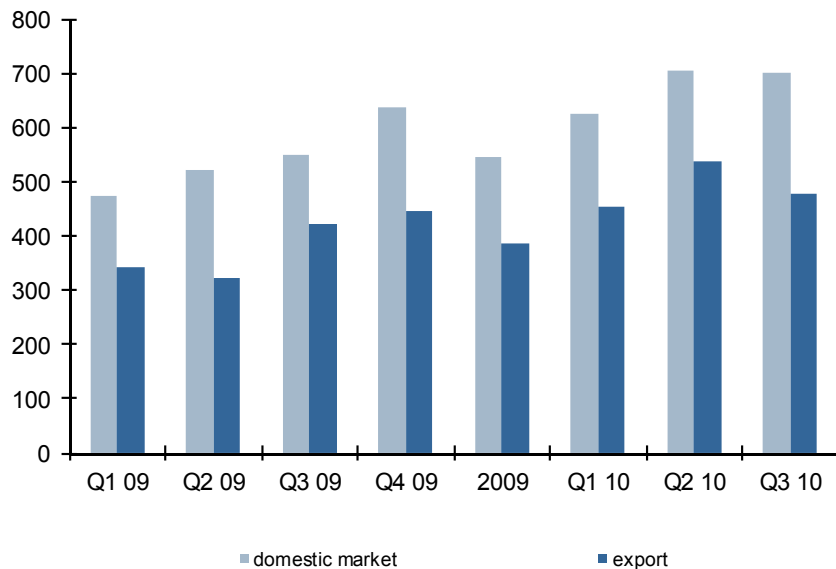
Strong Exposure to Price Premium Domestic Market

- Share of domestic sales continued to grow and amounted to 69%
- Retaining presence in key export markets, MMK met the demand of end-customers in Russian and CIS
- HVA products meet the domestic market demand
- Domestic market continues to offer price premium
- 3Q 2010 average steel products price at domestic market equals to USD 701, at export markets – USD 478

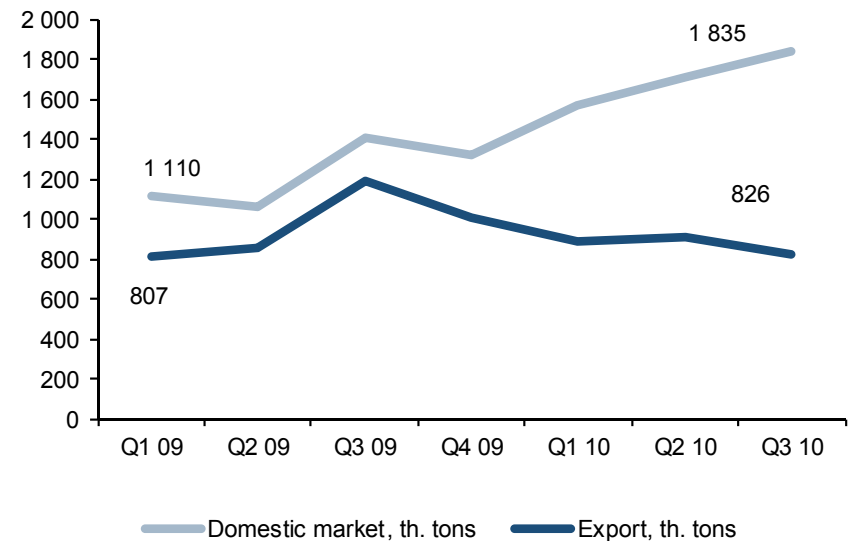
HVA products output growth, th. tons



Domestic market price premium, USD



Sales by market, th. tons



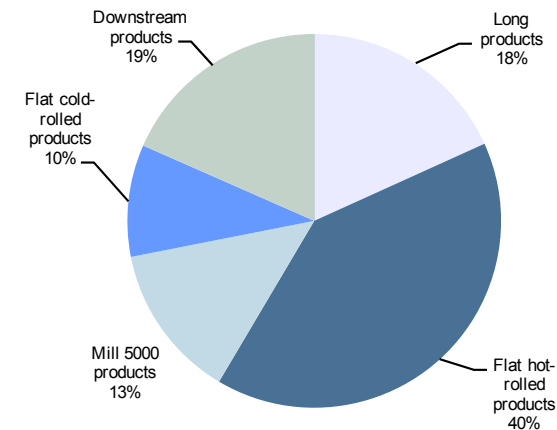


Domestic Sales Structure

- Q3 2010 domestic shipments amounted to 1 835 th. tons
- HVA products account for the bulk of domestic shipments – 42%
- Most intensive steel consuming regions – The Urals and Volga regions – account for 68% of MMK domestic shipments
- Largest clients of MMK remain pipe-manufacturers, auto making and heavy machinery companies

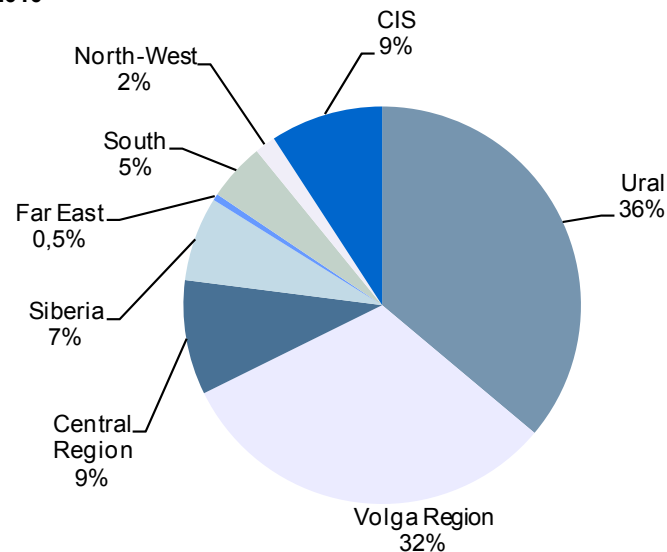
Domestic sales of finished products

Q3 2010



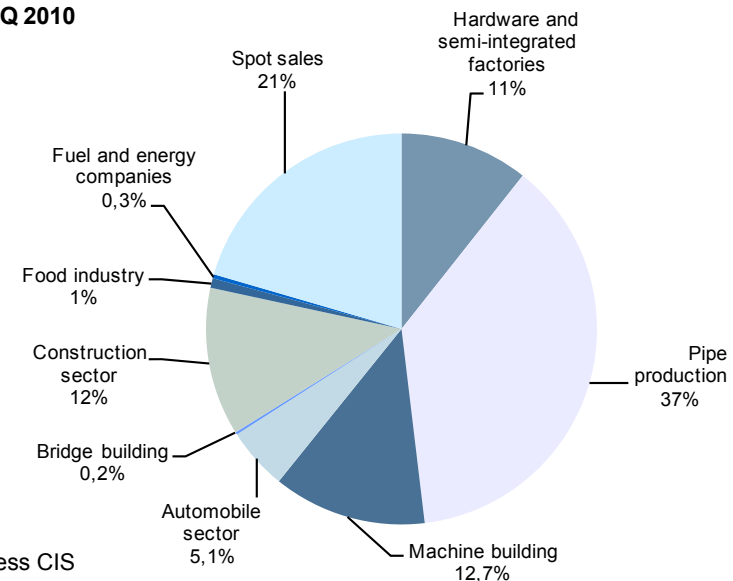
Domestic sales by region

3Q 2010



Domestic sales by industry*

3Q 2010



* - less CIS

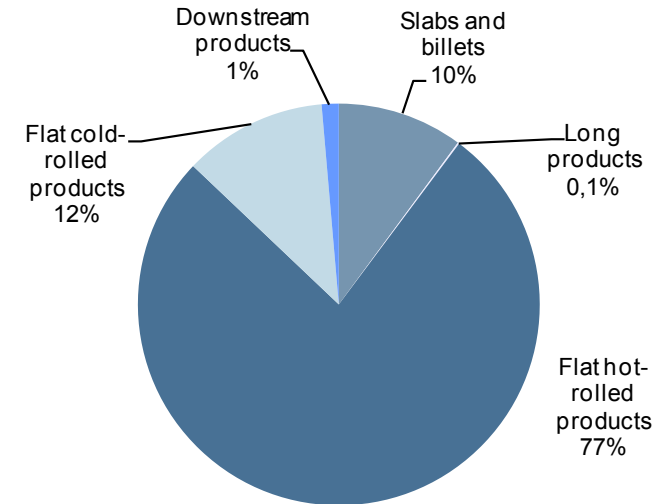


Presence at Key Export Markets

- Q3 2010 export shipments amounted to 826 th. tonnes
- HR steel continues to prevail in the exports structure – 77%
- In spite of the fact that Middle East and Europe remain the largest export markets of MMK, in Q3 2010 shipments to Asia and Far East were increased significantly
- Exports account for 31% of overall shipments

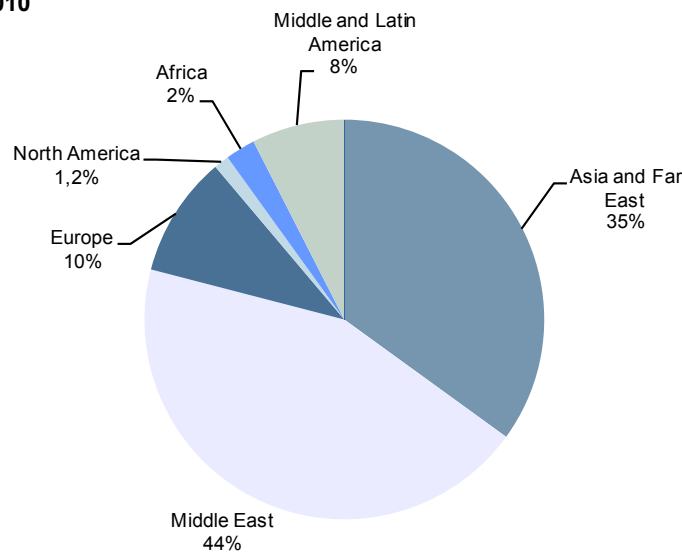
Export shipments by product type

Q3 2010

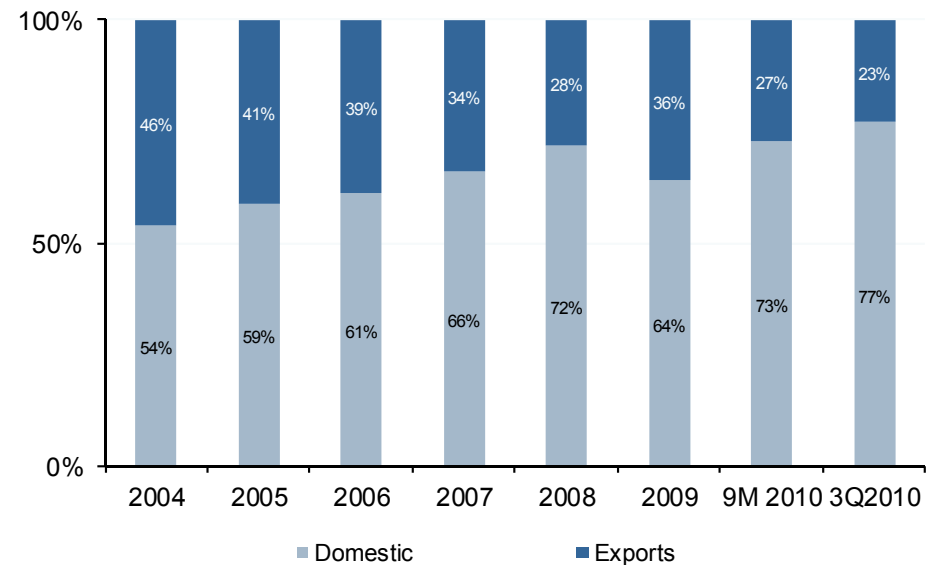


Export shipments by region

3Q 2010



Share of export shipments in revenue



Key P&L Statement Figures



9M 2010

- ✓ MMK Group 9M 2010 revenue equals to **USD 5,775 mln** – which is 70% higher Y-on-y
- ✓ MMK Group 9M 2010 EBITDA is 90% higher Y-on-y thanks to growth in prices and HVA share and equals to **USD 1,199 mln**
- ✓ EBITDA margin – **21%**
- ✓ Profit for the period - **USD 190 mln**

Q3 2010

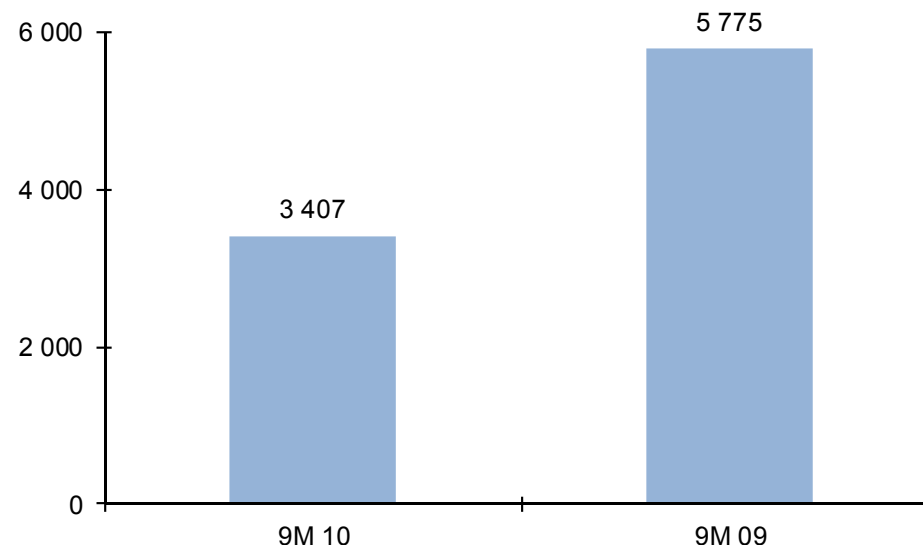
- ✓ MMK Group Q3 2010 revenue is at Q2 2010 level and equals to **USD 2 055 mln.**
- ✓ MMK Group Q3 2010 EBITDA - **USD 388 mln**
- ✓ Despite sharp increase of costs in Q2-3 2010 and poor export markets conditions, EBITDA margin stayed strong – **19%**
- ✓ Profit for the period - **USD 43 mln**

MMK Group 9M 2010 Financial Highlights



- Revenue growth driven by evolution of finished steel products structure, as well as output and average price growth
- Steel products sales account for the bulk of revenue – 92%
- MMK has been successful in cutting costs, offsetting raw materials prices growth with increasing integration into iron ore, coking coal and electricity, as well as with specific consumption ratios decrease

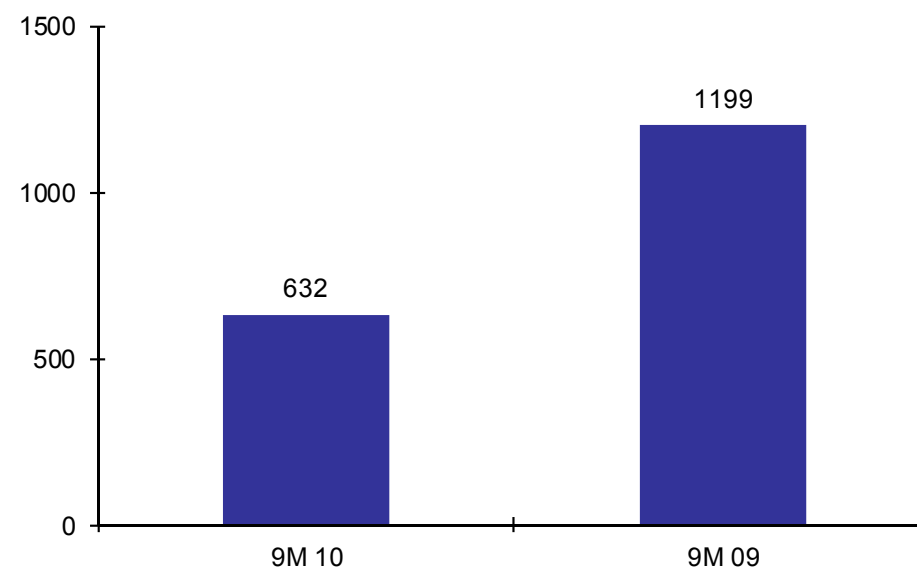
MMK Group revenue, USD mln



MMK Group financial highlights, USD mln

	9M 10	9M 09	+/-	%
Revenue	5 775	3 407	2 368	70%
EBITDA	1 199	632	567	90%
<i>EBITDA margin</i>	20,8%	18,6%		
Profit for the period	190	0	190	-
<i>Net margin</i>	3,3%	0,0%		

MMK Group EBITDA, USD mln

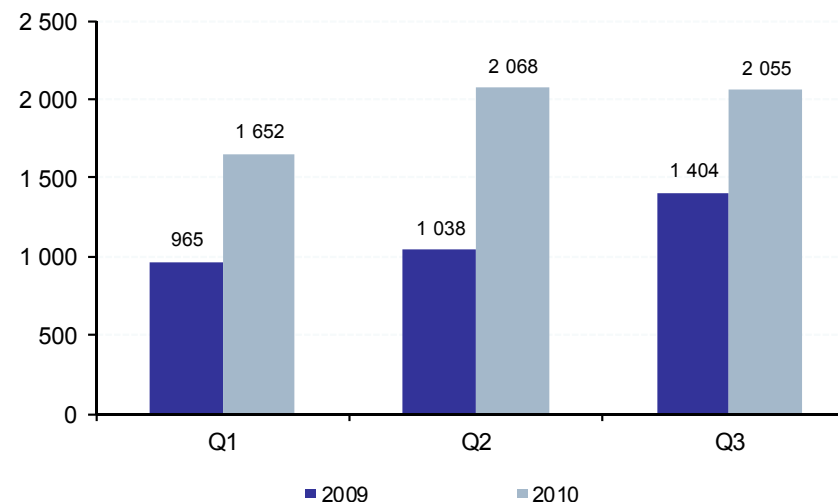


MMK Group Q3 2010 Financial Highlights



- MMK managed to keep sales in Q3 2010 at the levels of Q2 2010 due to mastering of new products types and the possibility to meet the demand coming from the domestic market
- Q3 2010 EBITDA decrease q-o-q is minimal compared to market average
- Q3 2010 profit for the period amounted to USD 43 mln

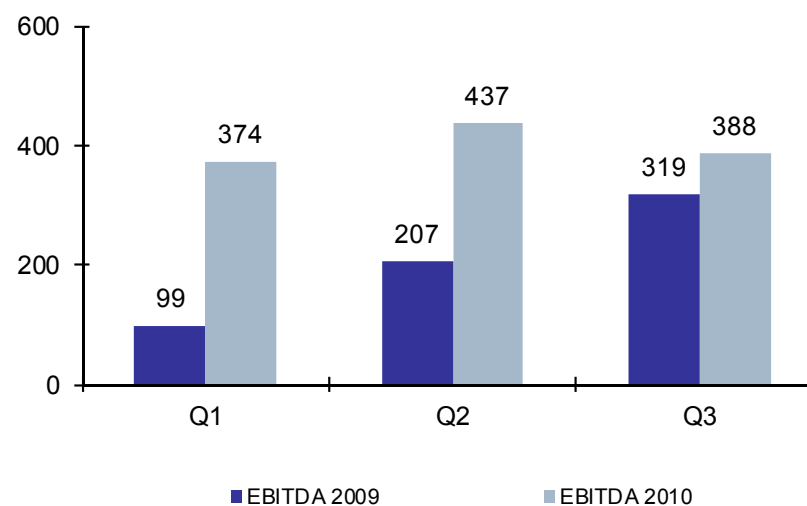
MMK Group revenue, USD mln



MMK Group financial highlights, USD mln

	Q3 10	Q2 10	+/-	%
Revenue	2 055	2 068	-13	-1%
EBITDA	388	437	-49	-11%
<i>EBITDA margin</i>	19%	21%		
Profit for the period	43	53	-10	-19%
<i>Net margin</i>	2,1%	2,6%		

MMK Group EBITDA, USD mln

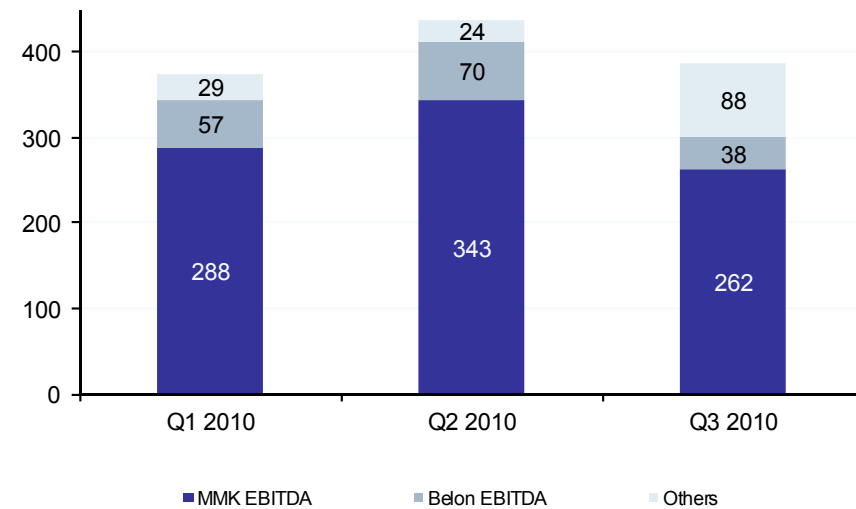


MMK Key Performance Indicators Analysis

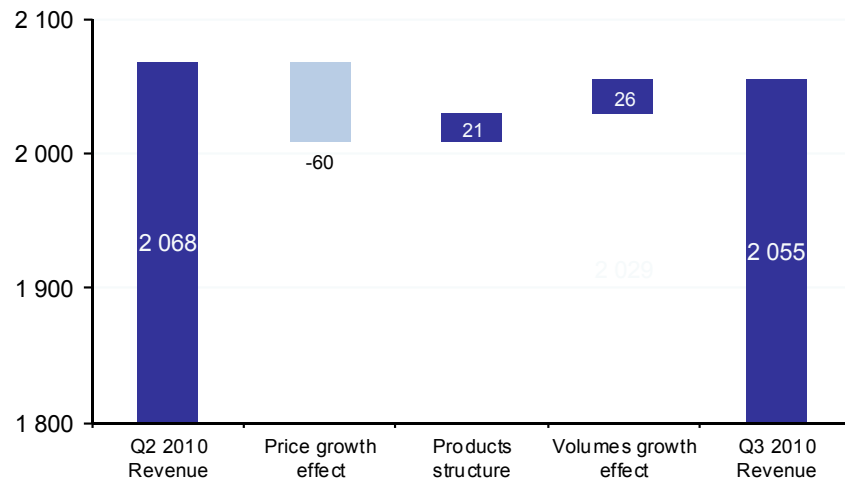


- Revenue decreased by 60 mln due to prices drop, and increased by 47 mln due to higher output volumes and improvement of products portfolio
- Q3 2010 cash-cost of slab increased by USD 34 due to major raw materials prices growth since April 2010. Yet it was offset by USD 4 attributable to disciplined approach to costs control

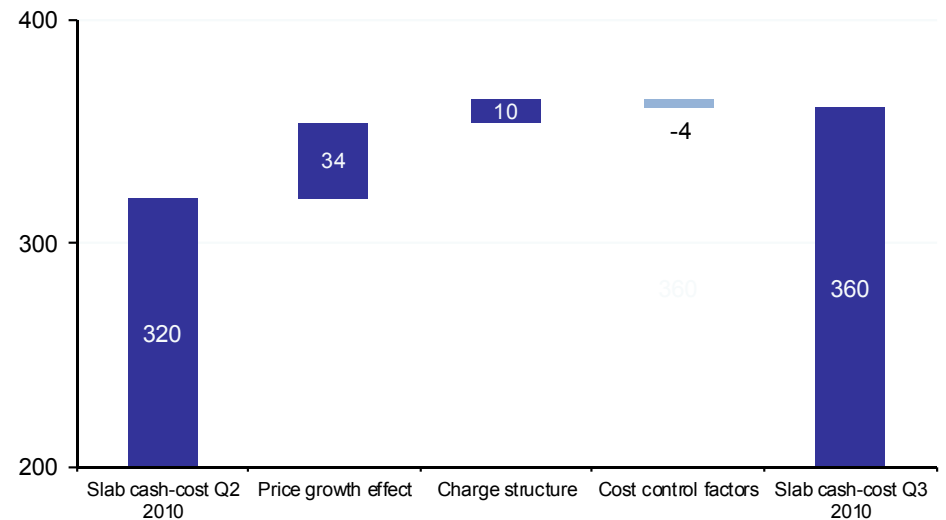
MMK Group EBITDA structure



Q3 2010 revenue analysis



Cash-cost of slab evolution





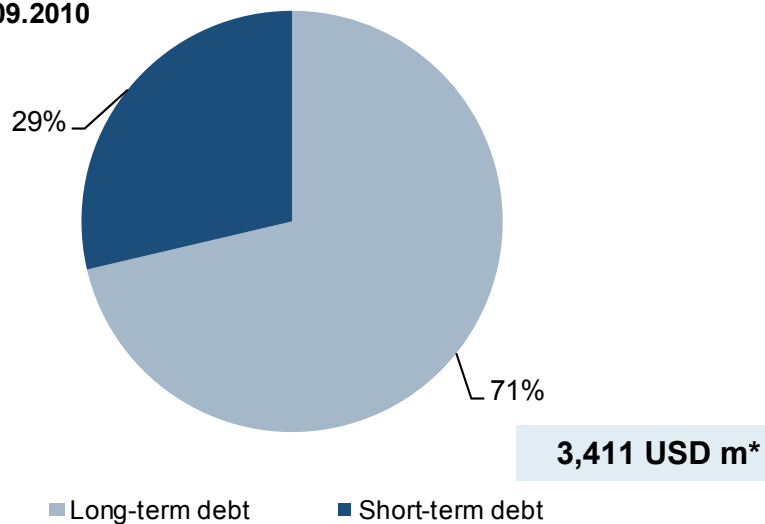
- MMK balance is one of the strongest in the sector
- MMK total assets stand at **USD 16,631 mln** as of September 30, 2010 – 12.1% growth to December 31, 2010
- Property, Plant & Equipment went up by 8.5% by the end of Q3 2010 and amounted to **USD 12,235 mln**
- The balance sheet is characterized by high level of stability: equity accounts for **61%** of total assets as of end of Q3 2010
- MMK has one of the lowest levels of debt among Russian peers. By the end of Q3 2010 total debt equals to **USD 3,411 mln**
- Highly liquid assets on balance sheet stand at **USD 1,443 mln**

MMK Financial Strength

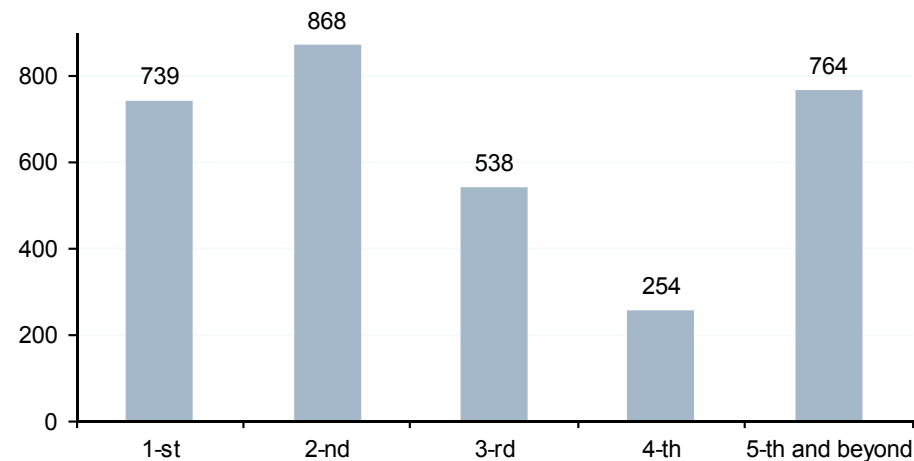


Debt structure breakdown by maturity profile

30.09.2010

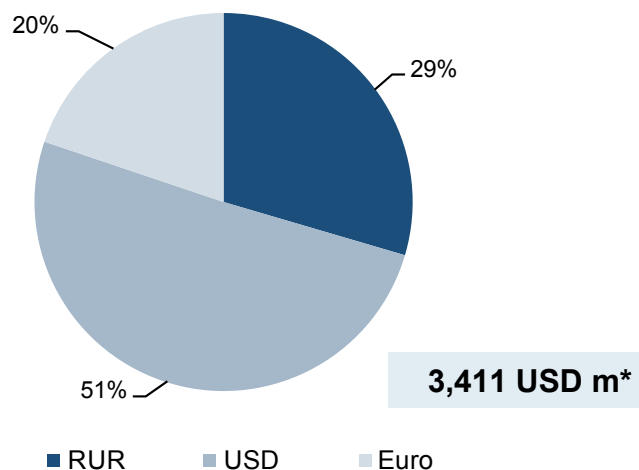


Debt maturity profile as of 30.09.2010

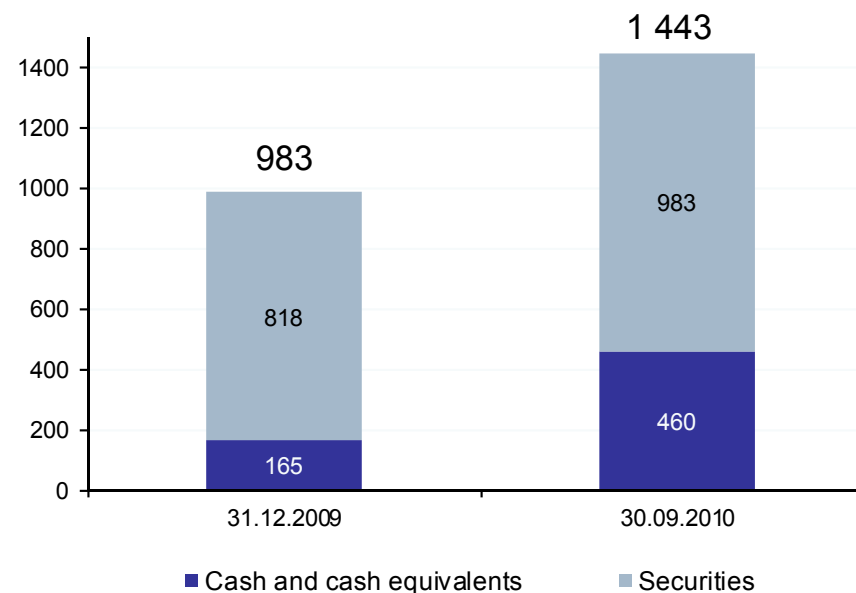


Debt structure by currency

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MMK Group liquid assets, USD m

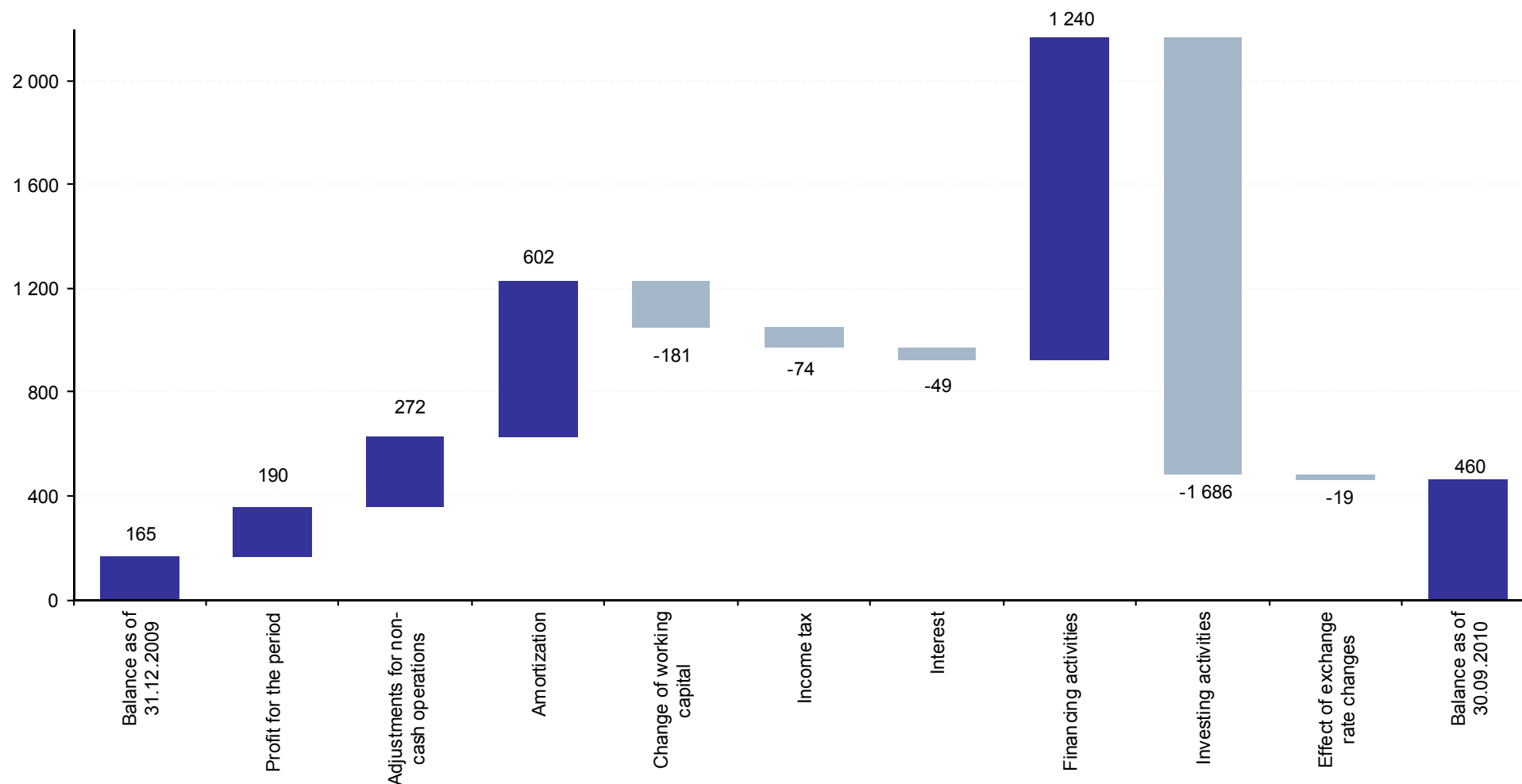


* Lease incl.

MMK Cash Flow



- CAPEX for 9M 2010 amounted to USD 1,666 mln, exceeding the record level of 2009 – USD 1,613 mln
- Investment activities are financed with long-term borrowings
- MMK demonstrates efficient working capital management





- Steel products output in 2010 – 10.2 – 10.3 mln tonnes
- Share of HVA products in 2010 – 34%
- Sales growth in 2010 y-o-y above 50%
- Share of domestic sales – around 70% in 2010
- Historical highest domestic market shipment volumes
- Growing dominance of MMK in the pipe steel market

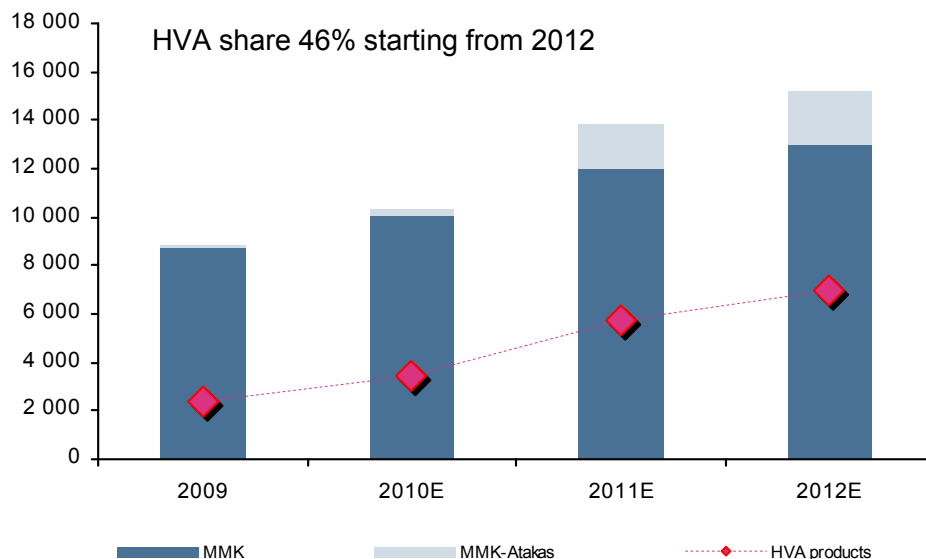
- Steel products output in 2011 at MMK production site in Russia – 12.0 mln tonnes, MMK-Atakas – 1.3 mln tonnes
- Share of HVA products – 37%.
- Strengthening of MMK market share of supplies to major steel consuming industries in Russia
- Substitution of imported high-margin product types
- Average realized price growth potential for 2011 – not less than 15%

Future Growth Factors

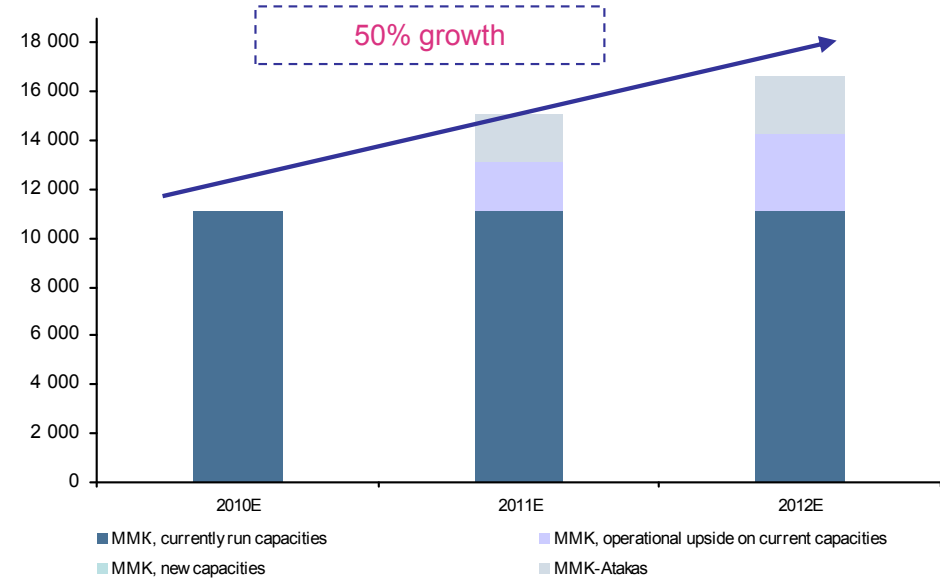


- MMK plans to increase production volumes by 50% by 2012 from the current levels as the result of Magnitogorsk production site development and MMK-Atakas project completion
- Growth plans are called for increasing exposure to perspective domestic market and market of Turkey with high quality flat products, mainly by means of import replacement
- The share of HVA products in MMK production portfolio will grow to 46% by 2012 thus accounting for the bulk of the increment in volumes growth

Finished steel products structure evolution



MMK crude steel growth drivers



- The share of HVA products is bound to grow. The key contributors are:
 - products of Mill 5000 for pipe-manufacturing and infrastructural projects
 - products of Mill 2000, including high quality automotive steel as well as steel for production of white goods and construction
- HVA products of MMK-Atakas complex – galvanized and colour-coated steel



- Key beneficiary of steel market recovery – 50% by 2012
- Growing volumes and share of HVA products (46% by 2012) to secure sustainably high efficiency
- Focus on specialty steel products to replace imports in Russia and to enjoy domestic market price premium
- Access to lucrative Turkish flat steel market with high-quality steel products
- Emphasized direct exposure to growing industry sectors in the domestic market – pipe-building, automotive and heavy machinery industries
- Technological flexibility to address raw-material market fluctuations – crude steel production using iron ore/coking coal vs. scrap
- Strong balance to secure further growth
- Plans for further strengthening in commodities



APPENDICES



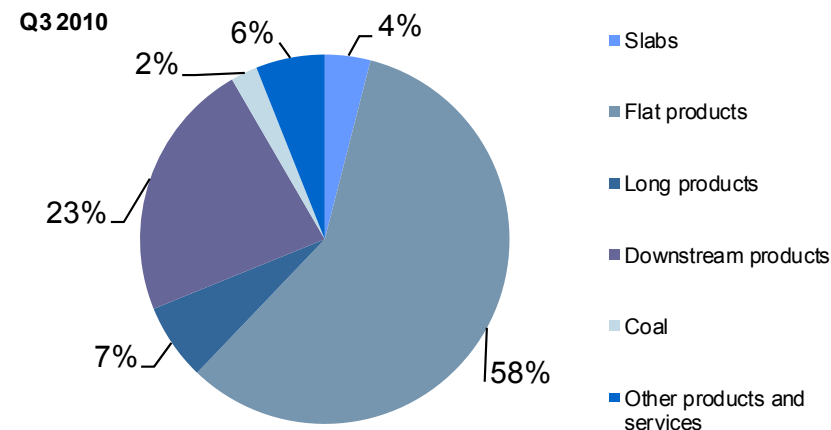
MMK Group Revenue Breakdown



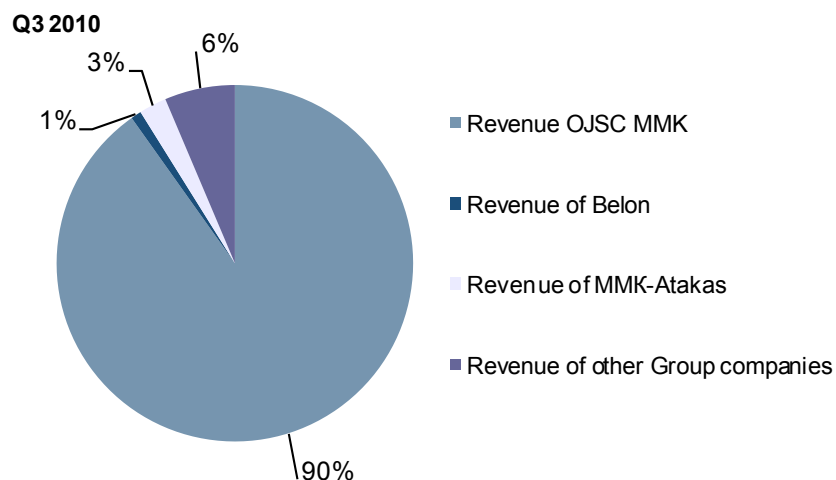
Revenue by type of products, USD mln

	Q3 10	Q2 10	+/-	%
Slabs	82	26	56	
Flat products	1 195	1 314	-119	-9%
Long products	138	92	46	50%
Downstream products	468	458	10	2%
Coal	48	68	-20	-29%
Other products and services	124	110	14	13%
Total revenue	2 055	2 068	-13	-1%

Revenue by type of products



MMK Group Revenue



MMK Group Revenue , USD mln

	Q3 10	Q2 10	+/-	%
Revenue OJSC MMK	1 852	1 883	-30	-1,6%
Revenue of Belon	20	29	-9	-31,4%
Revenue of MMK-Atakas	51	37	15	39,7%
Revenue of other Group companies	131	120	11	9,1%
Total revenue	2 055	2 068	-14	-0,7%

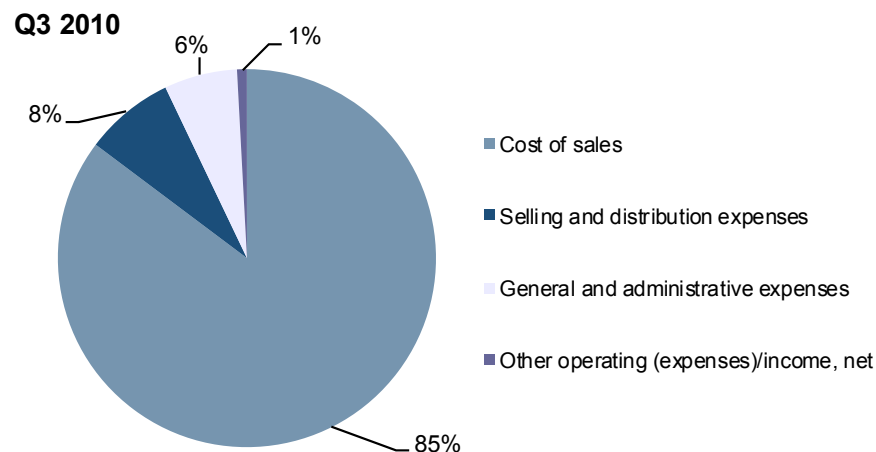
MMK Group Operating Costs and Cost of Sales Structure



MMK Group operational costs , USD mln

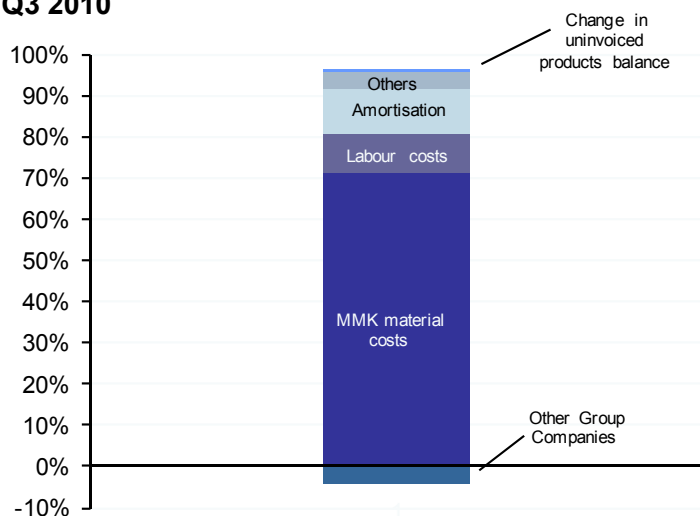
	Q3 10	Q2 10	+/-	%
Cost of sales	1 624	1 507	117	8%
Selling and distribution expenses	146	165	-19	-12%
General and administrative expenses	119	116	3	3%
Other operating (expenses)/income, net	16	72	-56	-78%
Total operating costs	1 905	1 860	45	2%

MMK Group operational costs



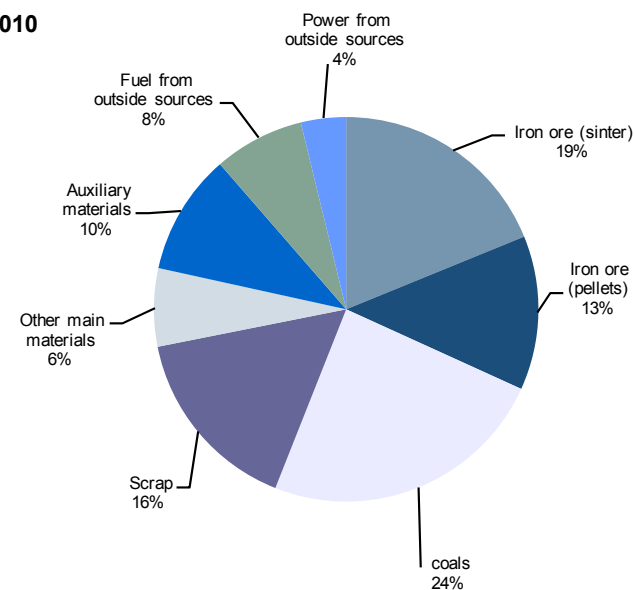
Cost of sales structure

Q3 2010



MMK material costs structure

Q3 2010





MMK

- Rating agency Fitch Ratings has changed the Outlook for MMK to positive from stable and affirmed Long-Term Issuer Default Rating at BB (17.09.2010)
- MMK and Russian office of LG corporation (OOO "Electronics RUS") agreed on experiment supply of MMK galvanized steel and colour coated steel to LG (13.10.2010)
- Victor Rashnikov, MMK Chairman of the Board, and Sergei Kogogin, General Director of KAMAZ, signed a Memorandum providing for construction of metal service center in Naberezhniye Chelny (Tatarstan) (22.11.2010)
- MMK commissioned first stage of its metal service center and stamped components facility in St. Petersburg with annual capacity 250 th.tons (22.11.2010)
- MMK announced shipments of about 250,000 mt of rolled tubular products to domestic pipe producers in October 2010, 35% up from October 2009 (29.11.2010)

Plate Mill 5000: MMK supplied thick plate of high price premium to United Shipbuilding Corporation (October, 2010)

- Classification society Germanischer Lloyd (GL, Germany) granted MMK standards certificate Germanischer Lloyd for ship steel plate of Plate Mill 5000 (06.12.2010)

Plate Mill 2000: Foundation for equipment frame, installation and metal works of main building being set on the construction plant of Mill 2000. The manufacturing equipment of phase 1 being installed - continuous pickling line connected with tandem mill. 40% of equipment of phase 1 of Mill 2000 installed (10.11.2010)

Plate Mill 2500: Three high-performance heating furnaces being constructed. Except for this, revamped technological line including roughing train, delay table, coiler, coil transfer and disposal line will be the part of technological equipment. Water supply plan changing and the construction of new recovery plate-cooling are projected (02.12.2010)



Iron ore

- In order to increase integration into iron ore MMK put into operation the separation unit Amcom-3 (which allows to process tailings) in September 2010.
- MMK contracted Hatch to design most efficient method of Prioskolskoye deposit development (26.10.2010)

MMK-Atakas

- The Project's development goes on schedule and on budget
- MMK and Atakas Group commissioned cold-rolling facility as part of MMK-Atakas steel project being developed in the vicinity of Iskenderun (20.10.2010)

Intercos-IV

- Closed Joint Stock Company Intercos-IV, a division of MMK Group of Companies, commissioned the first stage of MMK-Intercos service center and stamped components plant in St. Petersburg with the capacity over 250,000 mtpy (22.11.2010)

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