Magnitogorsk Iron & Steel Works

Q1 2013 IFRS Financial Results Presentation
MMK Group Highlights

Q1 2013 Financials

- Revenue USD 2,283 mln – 10.4% increase q-o-q
- EBITDA USD 256 mln – 13.5% decrease q-o-q
- EBITDA margin – 11.2%
- Free Cash Flow (FCF) – USD 44 mln

Q1 2013 Operational Figures

- MMK Group finished steel products output – 2,844 th. tonnes, 3% up q-o-q
- High value added (HVA) products output - 1,355 th. tonnes, 11.7% up q-o-q
- Share of HVA products in sales, MMK Group – 48%
Growth Output Driven by HVA Products

- MMK Group finished products output in Q1 2013 rose 3% q-o-q and amounted to 2.8 mln tonnes
- Q1 2013 MMK Group HVA products output amounted to 1,355 ths. tonnes, 11.7% higher q-o-q
- Belon's production of coking coal concentrate in Q1 2013 was 669 ths. tonnes, 16.7% lower q-o-q

<table>
<thead>
<tr>
<th>Key operational indicators</th>
<th>Q1 '13</th>
<th>Q4 '12</th>
<th>%</th>
<th>Q1 '13</th>
<th>Q1 '12</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cast iron</td>
<td>2 426</td>
<td>2 514</td>
<td>-4%</td>
<td>2 426</td>
<td>2 479</td>
<td>-2%</td>
</tr>
<tr>
<td>Crude steel incl.</td>
<td>3 075</td>
<td>2 969</td>
<td>4%</td>
<td>3 075</td>
<td>3 417</td>
<td>-10%</td>
</tr>
<tr>
<td>MMK</td>
<td>3 075</td>
<td>2 931</td>
<td>5%</td>
<td>3 075</td>
<td>3 117</td>
<td>-1%</td>
</tr>
<tr>
<td>MMK Metalurji</td>
<td>0</td>
<td>38</td>
<td>-</td>
<td>0</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td>OJSC MMK Finished products output</td>
<td>2 744</td>
<td>2 629</td>
<td>4%</td>
<td>2 744</td>
<td>2 766</td>
<td>-0.8%</td>
</tr>
<tr>
<td>MMK-Metiz finished products*</td>
<td>134</td>
<td>114</td>
<td>18%</td>
<td>134</td>
<td>119</td>
<td>13%</td>
</tr>
<tr>
<td>MMK Metalurji finished products*</td>
<td>178</td>
<td>152</td>
<td>17%</td>
<td>178</td>
<td>253</td>
<td>-30%</td>
</tr>
<tr>
<td>Belon coking coal concentrate</td>
<td>669</td>
<td>803</td>
<td>-17%</td>
<td>669</td>
<td>776</td>
<td>-14%</td>
</tr>
</tbody>
</table>

* - incl. made from MMK's steel

OJSC MMK finished products sales are supported at high level, th. tonnes
MMK consider domestic market to be of higher priority for the company due to geographical proximity and better product mix.

MMK Q1 2013 share of domestic sales was 80%, providing 85% of revenue.

Higher share of HVA products in domestic shipments allows MMK to have price premium from domestic sales. Q1 2013 average steel products price per tonne on domestic market was USD 699, on export markets – USD 483.

Domestic market price premium, USD:
- Q4 2012 - USD 227
- Q1 2013 – USD 216

MMK Group HVA products output growth, th. tonnes:
- Q4 2012: 1,213
- Q1 2013: 1,355

12% growth

Domestic market (Russia + CIS) and Export sales by market, ths. tonnes:
- Domestic market (Russia + CIS): 807, 542, 542, 2,202
- Export: 1,110, 807, 542, 2,202
• Q1 2013 domestic shipments amounted to 2,202 ths. tonnes (80% of total shipments)
• Shipments to the highest metal-consuming regions – the Urals and Volga Region - accounted for 62% of sales
• MMK’s largest clients remain pipe-makers, car manufactures, construction and heavy machinery companies
• HVA products account for 43% of domestic shipments in Q1 2013

Domestic sales by region
Q1 2013

Domestic sales by industry
Q1 2013
OJSC MMK Presence on Key Export Markets

- Q1 2013 export shipments amounted to 542 ths. tonnes (20% of total shipments)
- Exports accounted for 15% in Q1 2013 revenues
- Middle East, Europe, Asia and Far East remain the largest export markets of MMK
- Hot-rolled steel remains the main export product, accounting for 75% of export sales in 2012

Export shipments by product type
Q1 2013

- Flat hot-rolled products 18%
- Flat cold-rolled products 75%
- Downstream products 6%
- Long products 0.9%

Export shipments by region
Q1 2013

- Europe 31%
- Middle East 57%
- Africa 3%
- Asia and Far East 9%

Share of export shipments in revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>61%</td>
<td>39%</td>
</tr>
<tr>
<td>2007</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>2008</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>2009</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>2010</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>2011</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>2012</td>
<td>83%</td>
<td>17%</td>
</tr>
<tr>
<td>Q1 2013</td>
<td>85%</td>
<td>15%</td>
</tr>
</tbody>
</table>
MMK Group Q1 2013 Financial Highlights

- Sales in Q1 2013 increased 10.4% q-o-q and totaled USD 2,283 mln. At the same time Steel (Russia) segment revenue showed faster growth rate of 11.5%.

- Cost of sales in Q1 2013 grew by 12.4% q-o-q and equaled USD 1,968 mln. The growth was mostly due to increase of world Iron ore indexes at the end of 2012 – early 2013.

- MMK Group Q1 2013 EBITDA decreased 13.5% q-o-q and equaled USD 256 mln, securing EBITDA margin of 11.2%.

**MMK Group financial highlights, USD mln**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2013</th>
<th>Q4 2012</th>
<th>+/-</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,283</td>
<td>2,068</td>
<td>215</td>
<td>10.4%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>-1,968</td>
<td>-1,751</td>
<td>-217</td>
<td>12.4%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1</td>
<td>-9</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>EBITDA</td>
<td>256</td>
<td>296</td>
<td>-40</td>
<td>-13.5%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>11.2%</td>
<td>14.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**MMK Group Revenue, USD mln**

**EBITDA and EBITDA margin, USD mln**
The main MMK Group Q1 2013 revenue growth driver was increase of production volumes and average steel prices (due to product mix improvement).

HVA products are the major contributor to MMK Group EBITDA.

Q1 2013 cash-cost of slab increased mainly due to growing iron ore prices and amounted to USD 399.

Key Performance Indicators Analysis

HVA products Contribution to OJSC MMK EBITDA in Q1 2013

MMK Group Revenue Analysis, USD mln

Cash-cost of slab evolution, USD/t
MMK Group Operating Costs and Cost of Sales Structure

**MMK Group operational costs, USD mln**

<table>
<thead>
<tr>
<th></th>
<th>Q1 13</th>
<th>Q4 12</th>
<th>+/-</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>1 968</td>
<td>1 751</td>
<td>217</td>
<td>12,4%</td>
</tr>
<tr>
<td>Selling and distribution expenses</td>
<td>172</td>
<td>141</td>
<td>31</td>
<td>22%</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>133</td>
<td>152</td>
<td>-19</td>
<td>-13%</td>
</tr>
<tr>
<td>Other operating (expenses)/income, net</td>
<td>9</td>
<td>33</td>
<td>-24</td>
<td>-73%</td>
</tr>
<tr>
<td>Total operating costs</td>
<td>2 282</td>
<td>2 077</td>
<td>205</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Cost of sales structure, USD mln**

**Q1 2013**

- **OJSC MMK material costs;** 1336
- **Labour costs;** 226
- **Other Group Companies;** 8
- **Amortisation;** 242
- **Others;** 38
- **Change in uninvoiced products balance;** 118

**MMK Group operational costs**

**Q1 2013**

- **Cost of sales**
- **Selling and distribution expenses**
- **General and administrative expenses**
- **Other operating (expenses)/income, net**

**OJSC MMK material costs structure**

**Q1 2013**

- Iron ore (sinter) 14%
- Iron ore (pellets) 13%
- Coals 19%
- Scrap 17%
- Other main materials 14%
- Auxiliary materials 10%
- Power from outside sources 3%
- Fuel from outside sources 10%
MMK Group Debt Profile

Debt structure dynamics by security

- 2010: 68% Secured, 32% Unsecured
- 2011: 75% Secured, 25% Unsecured
- 2012: 77% Secured, 23% Unsecured
- Q1 2013: 79% Secured, 21% Unsecured

Debt maturity profile*, USD mln

- 2014: 1,758
- 2015: 735
- 2016: 551
- 2017: 277
- 2018 and beyond: 298

* Interest rate SWAP not incl.

Debt structure by currency

31.03.2013

- 41% USD
- 39% RUR
- 20% Euro

Effective Debt control, USD mln

- 30.06.2012: 3,04
- 31.12.2012: 2,86
- 31.03.2013: 2,75

EBITDA (LTM) and Debt/EBITDA (RHS)

- 31.12.2011: 1,758
- 30.06.2012: 735
- 31.03.2013: 277
- 2014: 298

- 31.12.2011: 39%
- 30.06.2012: 41%
- 31.12.2012: 20%
- 31.03.2013: 29%

Debt structure by currency

- 2010: 3,630 USD mln
Capex in Q1 2013 amounted to USD 131 mln, (14.4% down q-o-q, and 43% down y-o-y)

Working capital optimization allowed the company to get additional USD 85 mln of cash flow in Q1 2013

Q1 2013 FCF equaled to USD 44 mln
Future Growth Factors

- Key beneficiary of steel market recovery
- Growing volumes and share of HVA products to secure sustainably high efficiency
- Direct exposure to growing industry sectors in the domestic market – auto manufacturing, machine-building and construction sectors
- Focus on specialty steel products to replace imports in Russia and to enjoy domestic market price premium
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