



Magnitogorsk Steel (MMK)

Q4 and 12M 2011 IFRS Financial Results Presentation



12M 2011 Financials

- Revenue USD 9,306 mln – 21% growth to 12M 2010
- EBITDA USD 1,336 mln – 17% decrease to 12M 2010
- EBITDA margin – 14.4%

Q4 2011 Financials

- Revenue USD 2,243 mln – 8% decrease to the Q3 2011
- EBITDA USD 203 mln – 42% decrease to Q3 2011
- EBITDA margin – 9.1%

Q4 and 12M 2011 Key Operational Figures

- MMK Group finished steel output: 11,158 ths. tonnes in 12M 2011; 2,859 ths. tonnes in Q4 2011
- High value added (HVA) products output: 4,066 ths. tonnes in 12M 2011; 1,028 ths. tonnes in Q4 2011
- Share of HVA products in sales, MMK Group – 36%
- Share of domestic sales in revenue – 75%

Balance Sheet Figures as of December 31, 2011

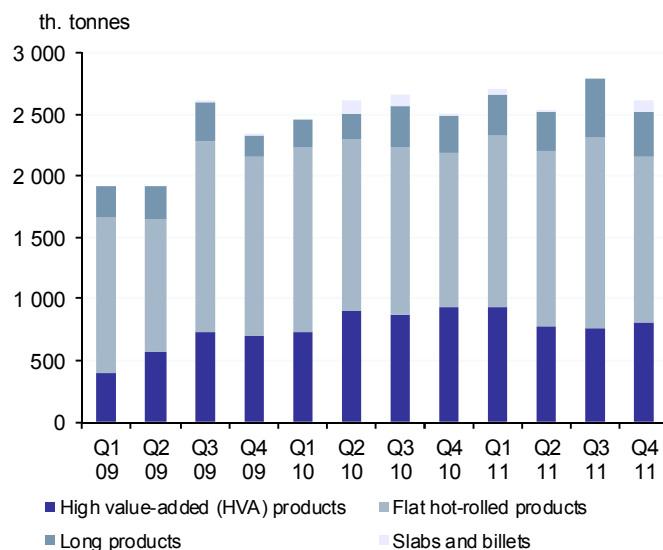
- As of December 31, 2011 total debt equaled to USD 4,416 mln
- Cash and cash equivalents as of December 31, 2011 equaled to USD 424 mln, liquid assets stood at USD 717 mln
- As of December 31, 2011 net debt equaled to USD 3,992 mln



Growth Output Driven by HVA Products

- MMK Group finished products output in 12M 2011 rose 7% y-o-y and amounted to 11.2 mln tonnes
- 12M 2011 MMK Group HVA products output amounted to 4,066 ths. tonnes, 2% higher y-o-y
- Belon's production of coking coal concentrate in FY 2011 was 3,2 ths. tonnes, 9% higher y-o-y

OJSC MMK finished products sales



Key operational indicators

	Q4 '11	Q3 '11	+/-	12M 11	12M 10	+/-
Cast iron	2 277	2 440	-7%	9 496	9 233	3%
Crude steel incl.	3 826	3 015	27%	11 724	11 419	3%
MMK	2 826	3 015	-6%	11 174	11 419	-2%
MMK Metalurji	283	163	74%	471	0	-
Finished products output incl.	2 623	2 789	-6%	10 646	10 245	4%
Slabs and billets	102	0	-	157	209	-25%
Long products	372	479	-22%	1 499	1 065	41%
Flat hot-rolled products	1 343	1 546	-13%	5 708	5 524	3%
High value-added (HVA) products	807	764	6%	3 283	3 448	-5%
<i>Thick plate (Plate Mill 5000)</i>	171	178	-4%	899	943	-5%
<i>Flat cold-rolled products</i>	302	245	23%	1 027	1 116	-8%
<i>Downstream products*</i>	334	341	-2%	1 357	1 388	-2%
MMK-Metiz finished products	103	126	-18%	465	450	3%
MMK Metalurji finished products	233	160	46%	505	156	224%
Belon coking coal concentrate	882	849	4%	3 216	2 960	9%

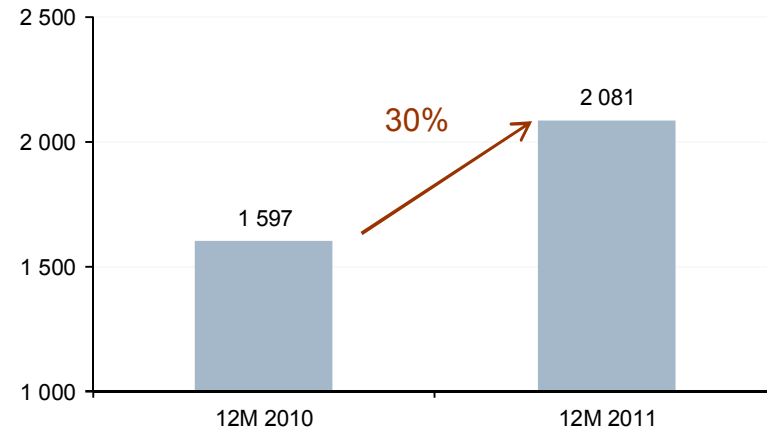
* - galvanized steel products, colour-coated steel products, formed section, band, tin plate, etc.

Strong Exposure to Domestic Market

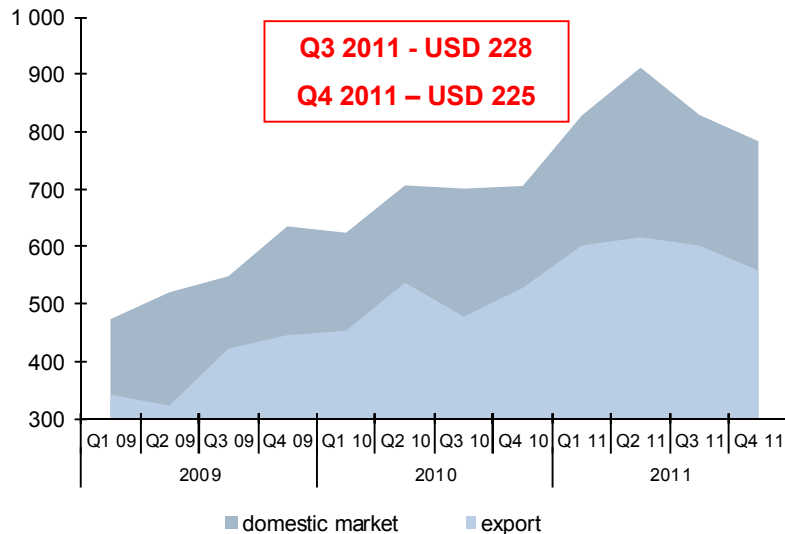


- While retaining presence in key export markets, MMK continues to supply end-customers in Russian and the CIS
- 12M 2011 share of domestic sales was 67%, providing 75% of total revenue
- HVA products satisfy domestic market demand
- Higher share of HVA products in domestic shipments allows MMK to have price premium from domestic sales. Q4 2011 average steel products price per tonne on domestic market was USD 783, on export markets – USD 558

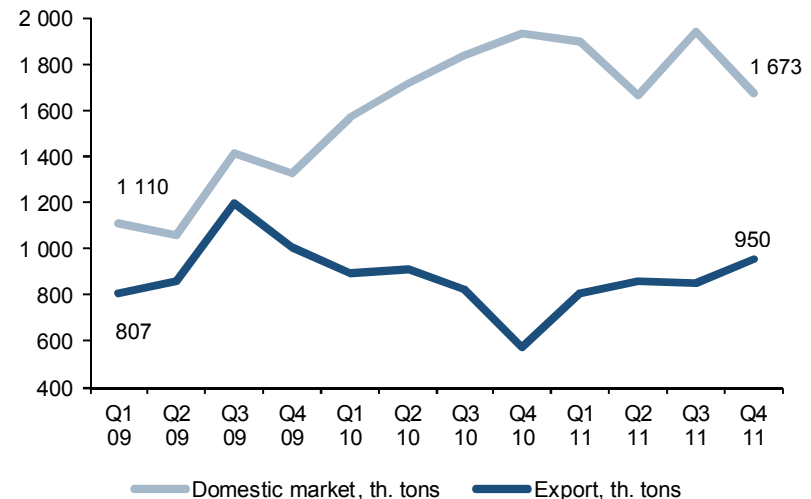
Outrunning growth of revenues from HVA products sales, USD mln



Domestic market price premium, USD



Sales by market, ths. tonnes



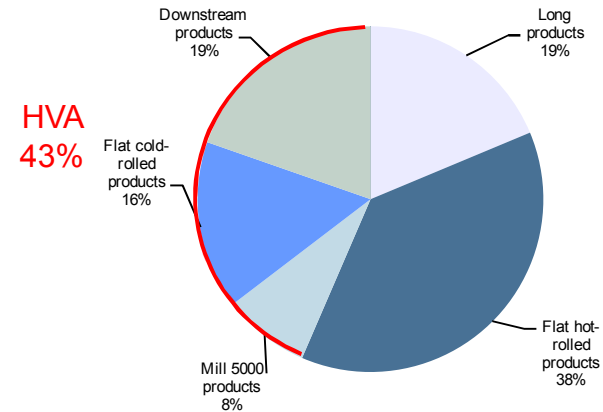
OJSC MMK Domestic Sales Structure



- Q4 2011 domestic shipments amounted to 1,673 ths. tonnes. 12M 2011 domestic shipments amounted 7,181 ths. tonnes
- HVA products account for 43% of domestic shipments in Q4 2011
- In Q4 2011 shipments to the highest metal-consuming regions – the Urals and Volga Region - accounted for 63% of sales
- MMK’s largest clients remain pipe-makers, car manufactures, construction and heavy machinery companies

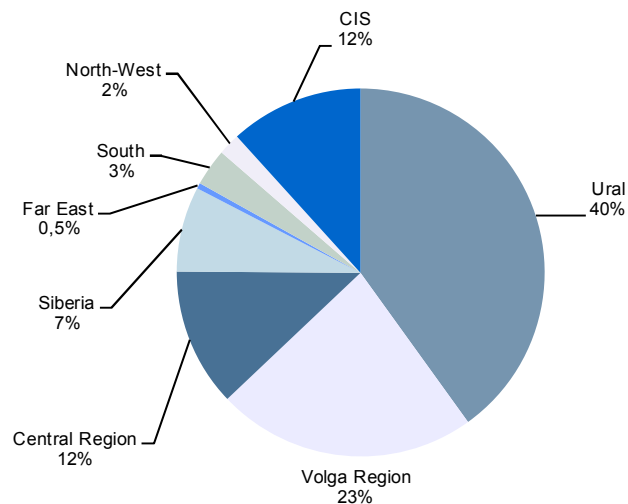
Domestic sales of finished products

Q4 2011



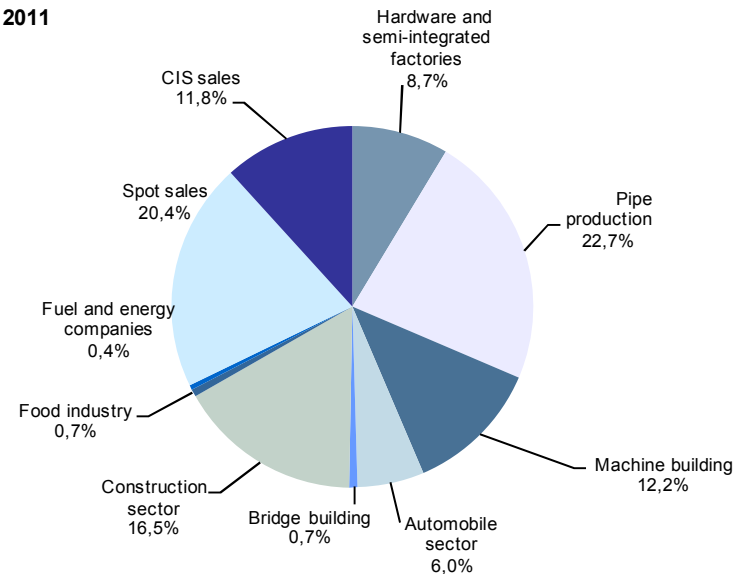
Domestic sales by region

Q4 2011



Domestic sales by industry

Q4 2011

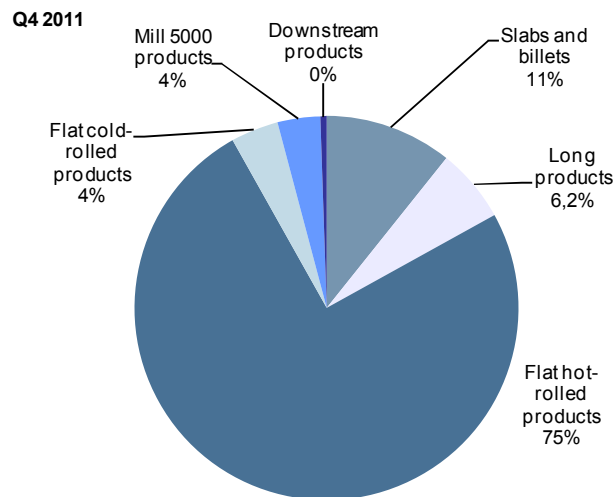




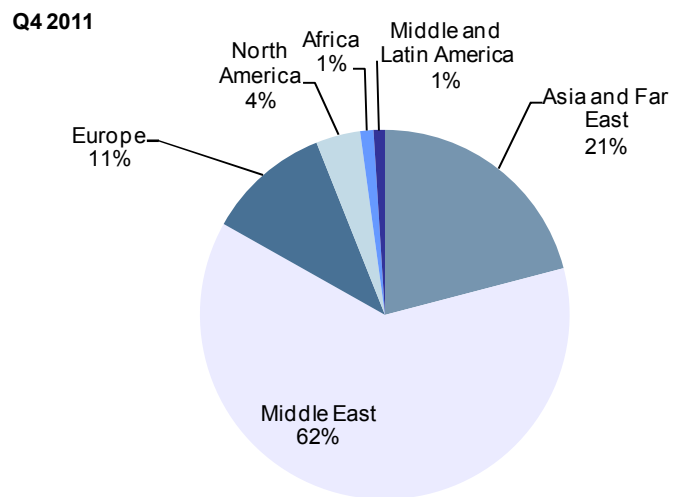
OJSC MMK Presence on Key Export Markets

- Q4 export shipments amounted to 950 th. tonnes. 12M 2011 MMK export shipments amounted to 3,465 th. tonnes
- Hot-rolled steel remains the main export product, accounting for 75% of export sales in Q4 2011
- Middle East and Europe remain the largest export markets of MMK
- Exports account for 33% of overall shipments in 12M 2011
- Exports accounted for 25% in 12M 2011 revenues

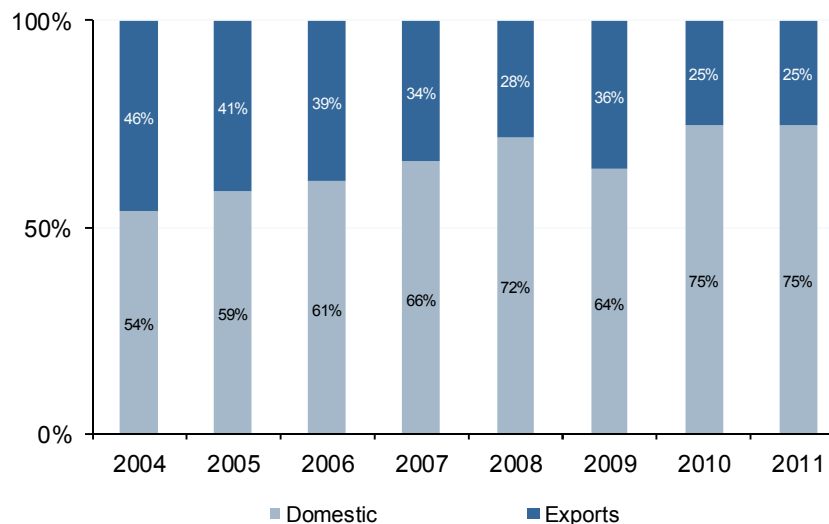
Export shipments by product type



Export shipments by region



Share of export shipments in revenue

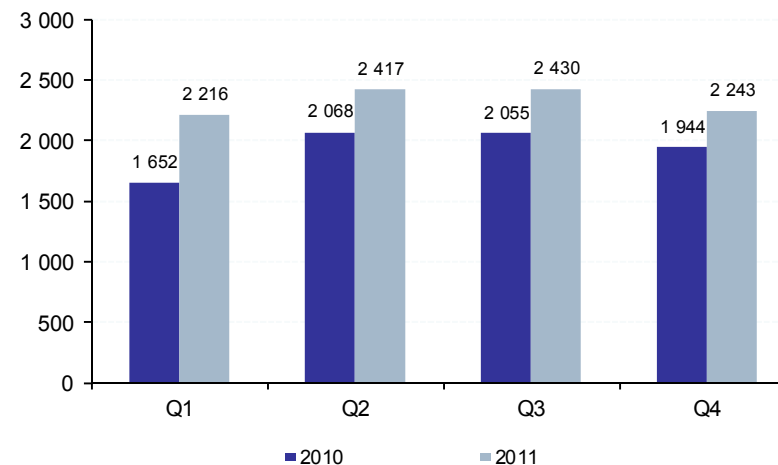




MMK Group Q4 2011 Financial Highlights

- Sales growth in Q4 2011 decreased 8% and totaled USD 2,243 mln
- While revenue from HVA products sales in Q4 2011 lowered only 7% q-o-q
- MMK Group Q4 2011 EBITDA equaled USD 203 mln

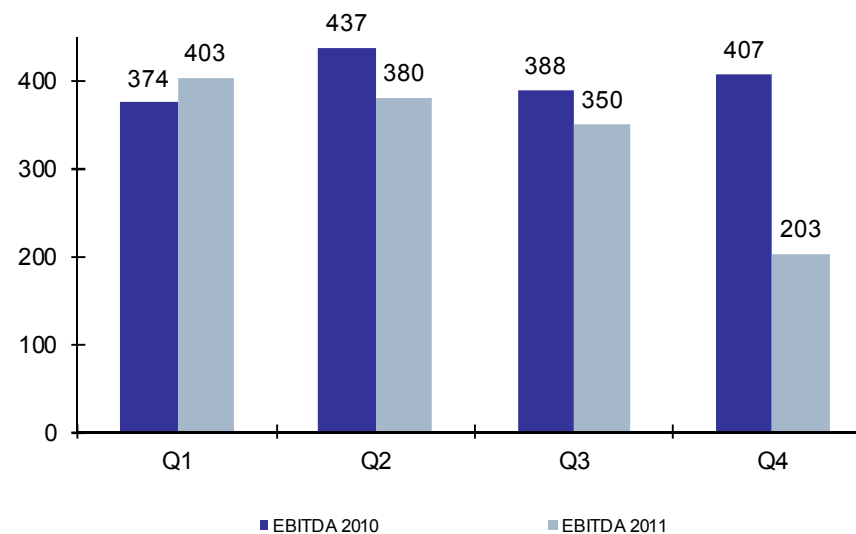
MMK Group revenue, USD mln



MMK Group financial highlights, USD mln

	Q4 11	Q3 11	+/-	%
Revenue	2 243	2 430	-187	-8%
Operating profit	-47	94	-141	-150%
EBITDA	203	350	-147	-42%
<i>EBITDA margin</i>	9,1%	14,4%		

MMK Group EBITDA, USD mln

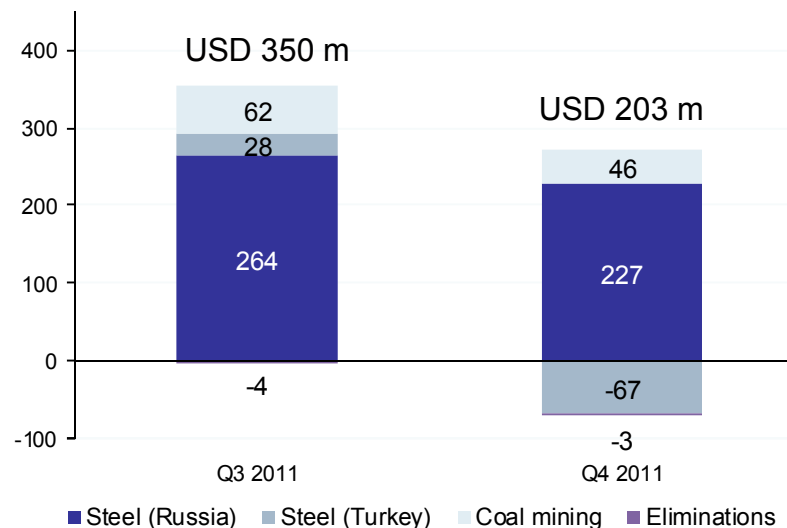




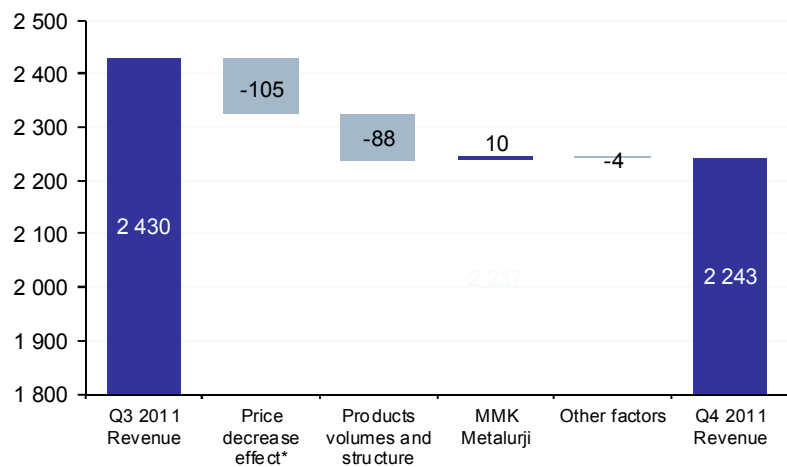
MMK Key Performance Indicators Analysis

- Q4 2011 revenue decreased q-o-q mainly due to MMK output volumes decline and lower steel prices
- Steel segment (Russia) EBITDA decrease in Q4 2011 is due to decline of output volumes in Magnitogorsk as well as 8% steel prices drop against the slowdown of the world economy
- Q4 2011 cash-cost of slab declined mainly due to decreasing raw materials prices

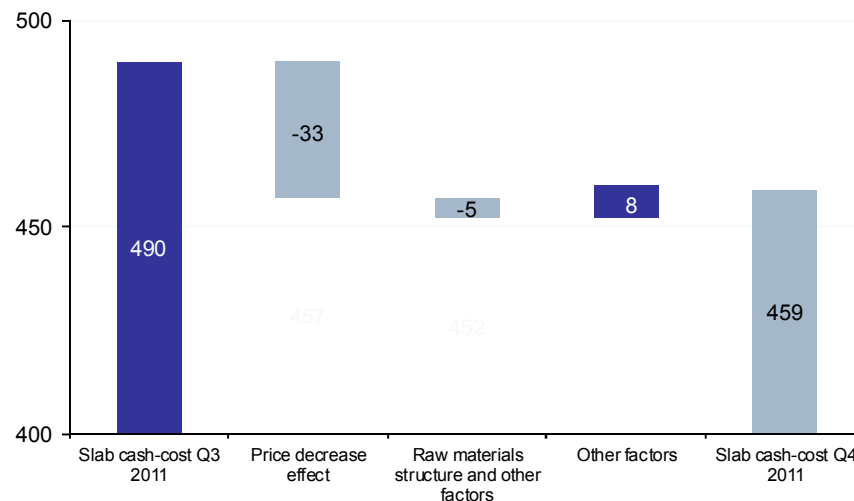
MMK Group EBITDA structure, USD mln



Revenue analysis, USD mln



Cash-cost of slab evolution, USD



* - changes in MMK revenue for domestic market and CIS

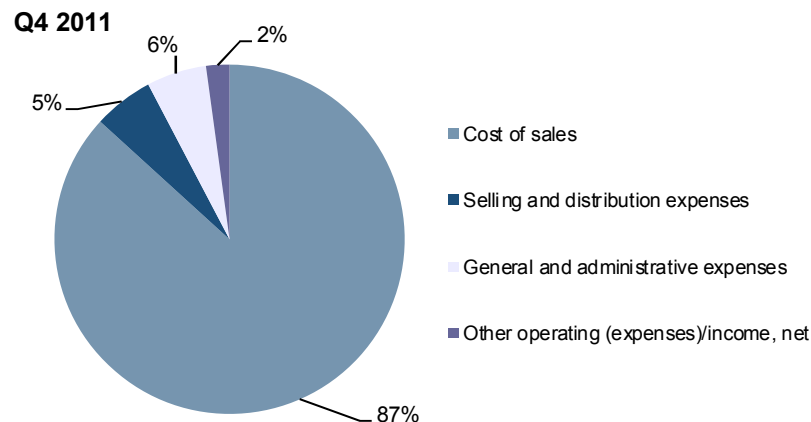
MMK Group Operating Costs and Cost of Sales Structure



MMK Group operational costs, USD mln

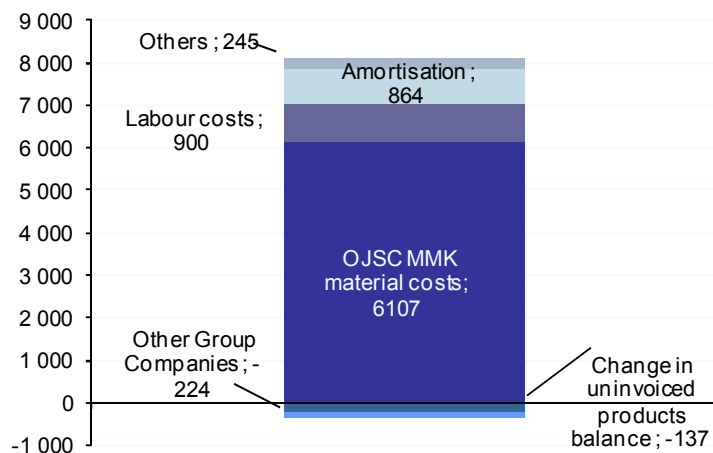
	Q4 11	Q3 11	+/-	%
Cost of sales	1 987	2 023	-36	-2%
Selling and distribution expenses	127	111	16	14%
General and administrative expenses	127	149	-22	-15%
Other operating (expenses)/income, net	49	53	-4	-8%
Total operating costs	2 290	2 336	-46	-2%

MMK Group operational costs



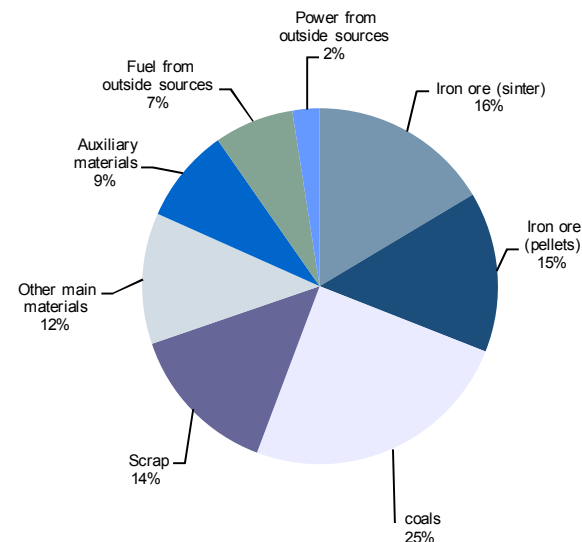
Cost of sales structure

2011



OJSC MMK material costs structure

2011

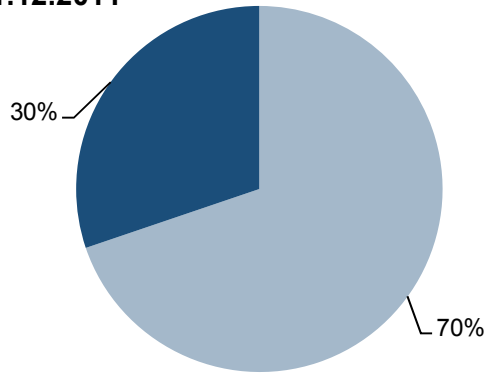


MMK Debt Profile



Debt structure breakdown by maturity profile

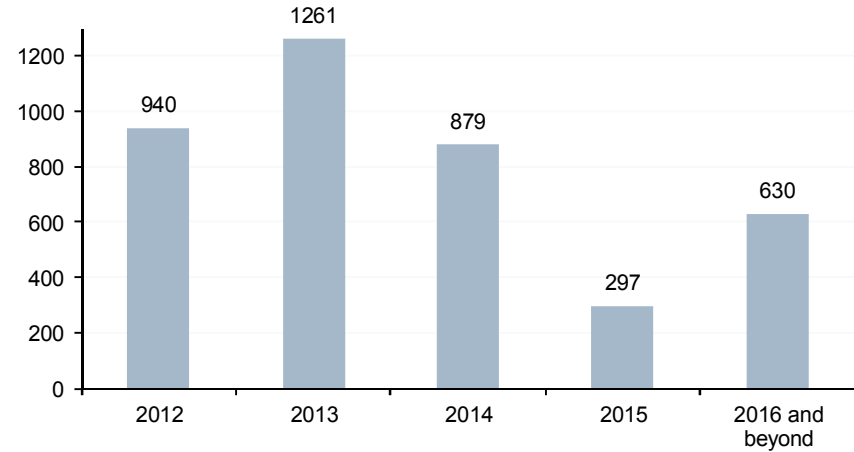
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- Long-term debt
- Short-term debt and current portion of long-term debt

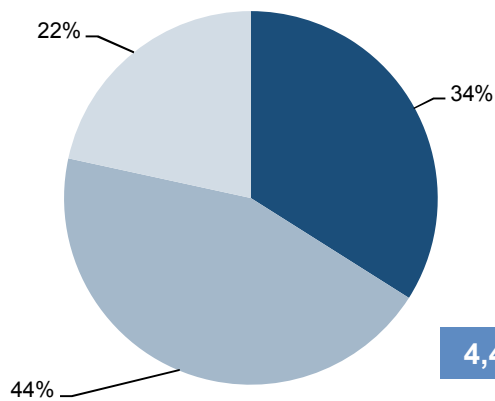
4,416 USD mln*

Debt maturity profile, USD mln



Debt structure by currency

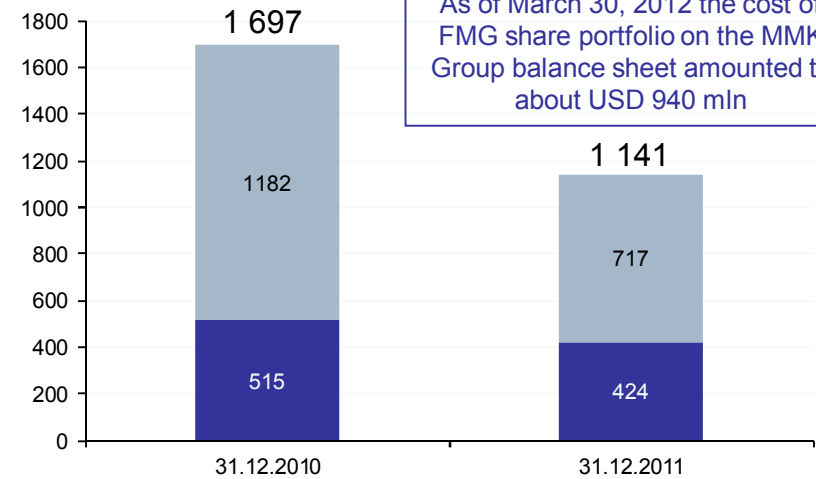
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- RUR
- USD
- Euro

4,416 USD mln*

MMK Group liquid assets, USD mln



As of March 30, 2012 the cost of FMG share portfolio on the MMK Group balance sheet amounted to about USD 940 mln

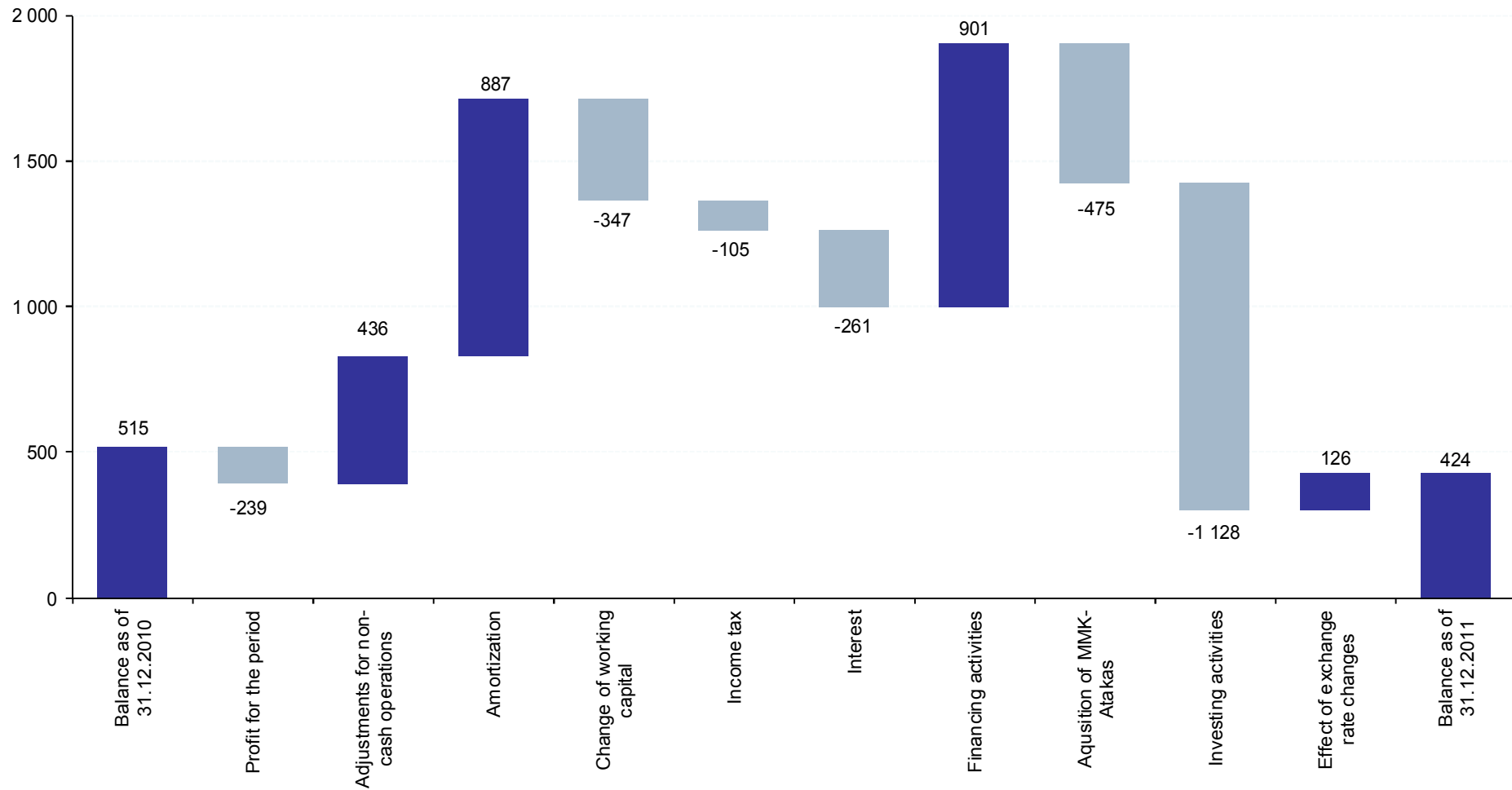
- Cash and cash equivalents
- Securities

* Lease incl.

MMK Cash Flow, USD mln



Capex in Q4 2011 amounted to USD 181 mln (USD 264 mln in Q3 2011, USD 328 mln in Q2 2011, USD 381 mln in Q1 2011)



Future Growth Factors



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

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