Largest single-site steelmaker in Russia with current crude steel capacity of 14 mln tonnes

HVA products share currently expected to reach 45% of total production volumes by 2013

Import substitution strategy: favorable geographical location to meet strong demand from the most intensive steel consuming regions of Russia – the Urals and Volga regions

Great play on Russian infrastructure:
- 18% domestic steel market share enables MMK to benefit from premium pricing for domestic sales
- Largest exposure to pipe-manufacturing, auto-building and heavy machinery

Disciplined investment strategy with priority given to investments in high-return projects and high-quality assets investments approach

The most modern asset base – over USD 7 bn of investments over the last 4 years
MMK Geography

**Interkos-IV**
- Metals service center and stamped-product factory with 250 th. tpy capacity.

**Prioskolsky GOK**
- Largest iron-ore deposit, more than 2 bn tonnes of reserves.

**MMK Metalurji**
- 2.3 mln tpy capacity. Steel making complex and two service centers.

**Profit**
- Covers 100% of MMK scrap needs.

**Belon**
- 4.2 mln tonnes of coking coal mined in 2011. Covers 40% of MMK needs.

**MMK Metiz**
- One of Russia’s largest hardware producers. 465 th. tonnes produced in 2011.

**ENRC**
- Currently MMK’s main iron-ore supplier. Long-term agreement with MMK (until 2017).

**Fortescue MG**
- MMK controls 5% of Fortescue Metals Group, one of Australia’s largest iron-ore producers.

**MMK (2011)**
- №1 by rolled products output in Russia
  - 11.7 mln tonnes of steel
  - 10.6 mln tonnes of finished products in Russia

**Markets**
- **High-priority (domestic)**: CAGR (2010-15) = 6.7%
- **Priority (export)**: CAGR (2010-15) = 5.5%
- **Other (export)**: CAGR (2010-15) = 5.0%

MMK benefits from a central location, with proximity to Russian industrial heartland and proximity to export markets.

Source: MMK
Global Steel Industry Highlights

World Steel Production, mln tonnes

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>791</td>
<td>830</td>
<td>845</td>
<td>873</td>
<td>627</td>
<td>683</td>
<td>715</td>
<td>745</td>
</tr>
</tbody>
</table>

Crude Steel Capacity Utilization, %

<table>
<thead>
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</thead>
<tbody>
<tr>
<td>2010</td>
<td>83%</td>
<td>74%</td>
<td>76%</td>
<td>79%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
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<tr>
<td>2011E</td>
<td>83%</td>
<td>79%</td>
<td>80%</td>
<td>86%</td>
<td>80%</td>
<td>80%</td>
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<tr>
<td>2012E</td>
<td>86%</td>
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<td>79%</td>
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<tr>
<td>2013E</td>
<td>89%</td>
<td>80%</td>
<td>82%</td>
<td>82%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
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World Steel Consumption, mln tonnes

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</thead>
<tbody>
<tr>
<td>2009</td>
<td>1130</td>
<td>1295</td>
<td>1373</td>
<td>1422</td>
<td>11486</td>
<td>5,8%</td>
<td>5,6%</td>
<td>3,4%</td>
<td>3,2%</td>
<td>3,9%</td>
<td>3,9%</td>
<td>3,8%</td>
<td>3,8%</td>
<td>3,4%</td>
<td>3,2%</td>
<td>3,9%</td>
<td>3,9%</td>
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</tbody>
</table>

Source: WSA, HSBC

Steel Demand CAGR 2011-2020, %

World steel consumption continues to grow

MMK domestic market demonstrates the highest growth rates

Source: WSA
MMK Growth Prospects

Russian Import Structure, mln tonnes

Russia sees solid import volumes, mostly of HVA products

Russian Import / Export Balance, th. tonnes

Source: Metal Courier

MMK Product Structure Dynamics, %

Source: MMK

Russia remains net exporter of ordinary steel, while shortage of HVA products persists
**MMK Growth Prospects**

**Crude Steel Growth Drivers, th. tonnes**

- MMK, currently run capacities
- MMK, upside on current capacities
- MMK, new capacities

**Finished Steel Products Structure Evolution, th. tonnes**

- HVA share ≈ 45% by 2013

Source: MMK

**MMK Facilities in Turkey**

**EBITDA per ton of Finished Steel Products, USD**

- HVA (Higher Value-Added products)

Source: MMK, Q2 2012
Competitive Cost Position

Slab Cash-cost and Raw-material Price, USD/tonne

![Graph showing the cost structure for Q4 2011, Q1 2012, and Q2 2012.]

Slab Cash-Cost Sensitivity, Q2 2012, USD/tonne

<table>
<thead>
<tr>
<th>Iron Ore Price Change</th>
<th>-50%</th>
<th>-40%</th>
<th>-30%</th>
<th>-20%</th>
<th>-10%</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>-30%</td>
<td>300</td>
<td>318</td>
<td>337</td>
<td>355</td>
<td>374</td>
<td>392</td>
<td>410</td>
<td>429</td>
</tr>
<tr>
<td>-20%</td>
<td>308</td>
<td>326</td>
<td>344</td>
<td>363</td>
<td>381</td>
<td>399</td>
<td>418</td>
<td>436</td>
</tr>
<tr>
<td>-10%</td>
<td>315</td>
<td>333</td>
<td>352</td>
<td>370</td>
<td>389</td>
<td>407</td>
<td>425</td>
<td>444</td>
</tr>
<tr>
<td>0%</td>
<td>323</td>
<td>341</td>
<td>359</td>
<td>378</td>
<td>396</td>
<td>414*</td>
<td>433</td>
<td>451</td>
</tr>
<tr>
<td>10%</td>
<td>330</td>
<td>348</td>
<td>367</td>
<td>385</td>
<td>403</td>
<td>422</td>
<td>440</td>
<td>459</td>
</tr>
<tr>
<td>20%</td>
<td>337</td>
<td>356</td>
<td>374</td>
<td>393</td>
<td>411</td>
<td>429</td>
<td>448</td>
<td>466</td>
</tr>
</tbody>
</table>

* - Q2 2012 slab cash-cost

Slab Cash-Cost Structure, Q2 2012

- Iron ore: 35%
- Coal: 26%
- Fuel and energy purchased: 9%
- Other raw materials: 11%
- Scrap purchased: 11%
- Wages: 3%
- Others: 4%

Source: MMK

Cash cost: 414 USD/t
Competitive Cost Position (Continued)

Integration in Coking Coal, mln tonnes

Source: MMK

Self-sufficiency Level, %

Source: MMK

Integration in Iron Ore, th. tonnes

Source: MMK

MMK Facilities in Turkey

Coal concentrate production to grow by more than 40% by 2017 compared to 2011
Leading Positions in the Russian Steel Industry

**Leader in Finished Steel Production, th. tonnes**

![Graph showing MMK, Severstal, and NLMK's production from 1999 to 2011. MMK retains leadership in Russia while drastically changing its product mix.]

**Diversified Product Mix**

- Long products: 1.5 mln tonnes (14%)
- Hot-rolled sheet: 5.7 mln tonnes (54%)
- Plate (mill 5000): 0.9 mln tonnes (8%)
- Cold-rolled sheet: 1.0 mln tonnes (10%)
- Downstream: 1.4 mln tonnes (13%)

**MMK Share of Russian Steel Market, %**

![Pie chart showing MMK's share in the Russian steel market. MMK; 18% Others; 25% Severstal; 17% NLMK; 15% ZSMK; 9% Urals Steel; 3% NTKM; 7% Chelyabinsk MK; 5% NKMK; 2%]

**Source:** MMK, Metal Courier, 2011

**Leading Position on Domestic Market**

<table>
<thead>
<tr>
<th>Product Category</th>
<th>MMK's share in Russia</th>
<th>Share in MMK's total production</th>
<th>Place in Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hot-rolled sheet incl. thick plate</td>
<td>37%</td>
<td>62%</td>
<td>1</td>
</tr>
<tr>
<td>Cold-rolled sheet</td>
<td>21%</td>
<td>10%</td>
<td>3</td>
</tr>
<tr>
<td>Galvanized flat products</td>
<td>23%</td>
<td>5%</td>
<td>3</td>
</tr>
<tr>
<td>Tin plate</td>
<td>100%</td>
<td>1%</td>
<td>1</td>
</tr>
<tr>
<td>Colour-coated rolled products</td>
<td>28%</td>
<td>3%</td>
<td>2</td>
</tr>
</tbody>
</table>

**Source:** MMK, Metal Courier
MMK’s Dominating Domestic Market Position

**MMK Domestic and Export Sales, mln tonnes**

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic market (Russia + CIS)</th>
<th>Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>2.1</td>
<td>3.7</td>
</tr>
<tr>
<td>1999</td>
<td>3.5</td>
<td>4.9</td>
</tr>
<tr>
<td>2002</td>
<td>7.3</td>
<td>4.2</td>
</tr>
<tr>
<td>2005</td>
<td>7.3</td>
<td>7.2</td>
</tr>
</tbody>
</table>

Source: MMK

**Domestic Sales by Region, 2011**

- **Ural region**: 42%
- **Central region**: 10%
- **Volga region**: 27%
- **Northwest region**: 2%
- **Siberia and Far East**: 7%
- **Southern region**: 3%
- **Other regions and CIS**: 10%

Source: MMK

**MMK is located in most intensive steel consuming region of Russia**

**Domestic Sales by Sector, 2011**

- **Construction sector**: 12.9%
- **Machine building**: 12.5%
- **Metalware and semi-integrated factories**: 9.1%
- **Automobile sector**: 6.4%
- **Food industry**: 0.6%
- **Fuel and energy companies**: 0.4%
- **Bridge building**: 0.4%
- **Pipe production**: 30.0%
- **Spot sales in Russia**: 18.1%
- **Spot sales in CIS**: 9.6%
- **Food industry**: 0.6%
- **Fuel and energy companies**: 0.4%
- **Bridge building**: 0.4%
- **Pipe production**: 30.0%
- **Spot sales in Russia**: 18.1%
- **Spot sales in CIS**: 9.6%

Source: MMK

**Total: 7,181 kt**

**MMK organically grows its share in Russian market as demand in export markets remains sustainable**

**Total: 7,181 kt**
Domestic price premium makes Russian market attractive. 2011 domestic market price premium equaled to 243 USD/t.
### Building Value

#### MMK (TURKEY)

<table>
<thead>
<tr>
<th>Investments</th>
<th>USD 2.1 bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>Middle East, EU, Africa</td>
</tr>
<tr>
<td>Profile</td>
<td>state-of-the-art full-cycle steel production</td>
</tr>
<tr>
<td>Capacity, mtpy finished steel</td>
<td>2.3</td>
</tr>
<tr>
<td>Product types</td>
<td>HRC, galvanized, colour-coated</td>
</tr>
<tr>
<td>Rationale</td>
<td>increase presence in key export regions, geographical diversification</td>
</tr>
</tbody>
</table>

**MMK’s investment approach is...**

- BEATING THE CYCLE
- FOCUSED
- STRENGTHENING LEADERSHIP
- WELL-THOUGHT OUT
- TARGETING KEY MARKETS
- CONSISTENT
- VALUE-ADDING
- CREATING SYNERGIES
- HIGH RETURN RATE

#### Belon (RUSSIA)

<table>
<thead>
<tr>
<th>Acquisition cost</th>
<th>USD 0.543 bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>Russia</td>
</tr>
<tr>
<td>Profile</td>
<td>growing producer of high-quality coal</td>
</tr>
<tr>
<td>Capacity, mtpy coking coal</td>
<td>4.2 in 2010, 6.2 by 2017</td>
</tr>
<tr>
<td>Rationale</td>
<td>Vertical integration and higher profitability</td>
</tr>
</tbody>
</table>

#### Mill 5000 (RUSSIA)

<table>
<thead>
<tr>
<th>CAPEX</th>
<th>USD 1.5 bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>Russian oil&amp;gas infrastructure, ship and bridge building</td>
</tr>
<tr>
<td>Profile</td>
<td>HVA rolling facilities</td>
</tr>
<tr>
<td>Capacity, mtpy finished steel</td>
<td>1.5</td>
</tr>
<tr>
<td>Product types</td>
<td>Heavy plates up to x120 strength class</td>
</tr>
<tr>
<td>Rationale</td>
<td>#1 supplier to pipe sector, imports replacement</td>
</tr>
</tbody>
</table>

#### Mill 2000 (RUSSIA)

<table>
<thead>
<tr>
<th>CAPEX</th>
<th>USD 1.5 bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>Russia, EU, automotive industry, construction, white goods production</td>
</tr>
<tr>
<td>Profile</td>
<td>HVA rolling facilities</td>
</tr>
<tr>
<td>Capacity, mtpy finished steel</td>
<td>2</td>
</tr>
<tr>
<td>Product types</td>
<td>CR galvanized high strength steel</td>
</tr>
<tr>
<td>Rationale</td>
<td>#1 supplier to automotive sector, imports replacement</td>
</tr>
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</table>
Plate Mill 5000

MMK is one of 10 producers of premium quality thick plates globally

### Specifications

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<tbody>
<tr>
<td>Start-up</td>
<td>2009</td>
</tr>
<tr>
<td>Capacity, mln tpy</td>
<td>1.5</td>
</tr>
<tr>
<td>Max Plate Width, mm</td>
<td>up to 4,800</td>
</tr>
<tr>
<td>Plate Length, m</td>
<td>24</td>
</tr>
<tr>
<td>Plate Thickness, mm</td>
<td>8-160</td>
</tr>
<tr>
<td>Rolling force, tonnes</td>
<td>12 000</td>
</tr>
<tr>
<td>Strength class</td>
<td>up to X120</td>
</tr>
</tbody>
</table>

- Project completion time under SMS Demag contract - 32 months
- November 2007 – May 2009: construction of the mill
- July 2009: first production start up
- December 2009: launch of Continuous Slab Caster # 6
- February 2010: launch of secondary steel-treatment complex

### Agreements with major customers

- Cooperation agreement with Gazprom
- Strategic cooperation agreement with TMK
- Cooperation agreement with ChTPZ
- Government suggested pipemakers to reduce share of imported plate

### Use of Thick Plate in Russia by Sector, th. tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>LDP</th>
<th>Boiler building</th>
<th>Ship building</th>
<th>Other</th>
<th>MMK market share (RHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td></td>
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<tr>
<td>2009</td>
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<td>2015E</td>
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</tbody>
</table>

Source: pipe-producers’ estimates, MMK

### Consumers of Mill 5,000 Products

- Bridge building
- Boiler building
- Ship building
- Other
Mill 5000 - Strengthening Positions in Pipe Sector

Growth in LDP Consumption in Russia, th. tonnes

- Production of LDP
- LDP imports
- LDP exports
- Consumption of LDP in Russia

Demand for LDP remains strong

Key Steel Suppliers to Pipe-builders in Russia, 2011

- MMK produces 35% of steel, used for pipe-making in Russia
- Import: 16%
- Others: 48%

Source: MMK

Use of LDP Produced in Russia by Project, th. tonnes

- Nord Stream
- Yamal-Europe*
- Sakhalin-Khabarovsk-Vladivostok
- BTS-2
- South Stream
- VSTO-2
- Current pipelines replacement
- Production of LDP
- LDP imports
- LDP exports
- Consumption of LDP in Russia

Growth in LDP Consumption in Russia, th. tonnes


Source: pipe-producers’ estimates, MMK

Use of LDP Produced in Russia by Project, th. tonnes

2009 2010 2011E

Source: pipe-producers’ estimates, MMK

* - Incl. Pochinki-Gryazovets and Bovanenkovo-Uhta

Source: MMK

MMK steel is used in construction of all pipelines

Use of LDP Produced in Russia by Project, th. tonnes

Source: pipe-producers’ estimates, MMK

MMK: 36%

Import; 16%

Others; 48%

Source: MMK

Use of LDP Produced in Russia by Project, th. tonnes

Source: pipe-producers’ estimates, MMK

MMK produces 35% of steel, used for pipe-making in Russia

Source: MMK

Use of LDP Produced in Russia by Project, th. tonnes

Source: pipe-producers’ estimates, MMK

MMK steel is used in construction of all pipelines

Source: MMK

Use of LDP Produced in Russia by Project, th. tonnes

Source: pipe-producers’ estimates, MMK

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Use of LDP Produced in Russia by Project, th. tonnes

Source: pipe-producers’ estimates, MMK

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Source: MMK

Use of LDP Produced in Russia by Project, th. tonnes

Source: pipe-producers’ estimates, MMK

MMK produces 35% of steel, used for pipe-making in Russia

Source: MMK
Strengthening Position in Auto Industry

Mill 2,000 Complex

Key Mill 2,000 specifications

<table>
<thead>
<tr>
<th>Specification</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity, th. tpa</td>
<td>2,000</td>
</tr>
<tr>
<td>Sheet width, mm</td>
<td>850-1,880</td>
</tr>
<tr>
<td>Sheet thickness, mm</td>
<td>0.28 – 3.0</td>
</tr>
<tr>
<td>Steel grades</td>
<td>HSLA, IF, HSS, BH, DP, CP, TRIP</td>
</tr>
</tbody>
</table>

Production volumes:
- 700,000 tpy of galvanized steel annealed
- 1,300,000 mln tonnes of cold-rolled steel

Key customers:
- Car-makers, White goods producers, Construction sector

Russian Vehicle Fleet by Age, %

- More than 20 yrs: 23%
- Less than 10 yrs: 44%
- More than 10 yrs: 33%

Private Car Ownership, vehicles per 1,000 people

- Source: UNO, 2010

Current situation:
- Products with thickness from 0.28 mm and width up to 1860 mm are launched in production;
- Products for galvanizing at MMK facilities or at facilities of other companies are launched in production;
- Quality of mill 2000 products (calibration, surface quality, etc.) is better than of Russian peers;
- Samples of the products were shipped to major MMK clients;
- Annealing and galvanizing lines were commissioned on July 16, 2012

Further steps:
- Launch production of all the product mix of the mill, including high-strength steels;
- Mill 2000 products supply to foreign car makers

Source: Rosstat, 2010
Mill 2000 Cold Rolled Steel Complex

Russian Cold-rolled Automotive Steel Consumption, %

<table>
<thead>
<tr>
<th>Year</th>
<th>Mild Steel</th>
<th>AHSS</th>
<th>HSS</th>
<th>UHSS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2%</td>
<td>17%</td>
<td>25%</td>
<td>10%</td>
</tr>
<tr>
<td>2015E</td>
<td>75%</td>
<td>51%</td>
<td>49%</td>
<td>40%</td>
</tr>
<tr>
<td>2020E</td>
<td>50%</td>
<td>22%</td>
<td>40%</td>
<td>60%</td>
</tr>
</tbody>
</table>

High strength steel types to reach 60% in overall consumption

Source: MMK estimates

Car-making Projects in Russia by 2015E, %

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volga federal region</td>
<td>12%</td>
</tr>
<tr>
<td>North-west federal region</td>
<td>13%</td>
</tr>
<tr>
<td>Central federal region</td>
<td>15%</td>
</tr>
<tr>
<td>Other</td>
<td>60%</td>
</tr>
</tbody>
</table>

Source: MMK estimates

High Strength Steels Use

- HSS 44.5%
- Mild Steel 30.8%
- UHSS 9.1%
- AHSS 15.6%

Source: boronextrication.com

Russian Car-makers Steel Consumption

Steel consumption to reach 2.7 mln tonnes by 2012 and more than double by 2020 from 2010

Source: WSA
Entry to Growing Turkish Market

Locations of Key Markets

Europe
Istanbul
Iskenderun

Middle East

Priority export markets
Important export markets

MMK will focus on flat steel in Turkey, where there is a structural shortfall

Flat Steel Market in Turkey, mln tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>Flat - Production</th>
<th>Flat - Consumption</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>4.3</td>
<td>6.7</td>
<td>-2.4</td>
</tr>
<tr>
<td>2008</td>
<td>4.5</td>
<td>5.9</td>
<td>-1.4</td>
</tr>
<tr>
<td>2009</td>
<td>4.4</td>
<td>3.9</td>
<td>0.5</td>
</tr>
<tr>
<td>2010</td>
<td>6.6</td>
<td>5.3</td>
<td>1.3</td>
</tr>
<tr>
<td>2011</td>
<td>9.1</td>
<td>4.1</td>
<td>5.0</td>
</tr>
<tr>
<td>2012</td>
<td>8.6</td>
<td>4.6</td>
<td>3.9</td>
</tr>
</tbody>
</table>

Source: TIPSA, Credit Suisse

Turkish Flat Steel Market Structure, %

- Pipe production: 25%
- Metal Service Centers: 19%
- Auto industry: 13%
- Packaging: 7%
- Spot sales: 18%
- Boiler making: 6%
- Other: 12%

Source: ING

Long Steel Market in Turkey, mln tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>Long - Production</th>
<th>Long - Consumption</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>11.5</td>
<td>9.8</td>
<td>1.7</td>
</tr>
<tr>
<td>2008</td>
<td>12.1</td>
<td>10.9</td>
<td>1.2</td>
</tr>
<tr>
<td>2009</td>
<td>9.7</td>
<td>11.7</td>
<td>-2.0</td>
</tr>
<tr>
<td>2010</td>
<td>8.0</td>
<td>9.1</td>
<td>-1.1</td>
</tr>
<tr>
<td>2011</td>
<td>9.1</td>
<td>10.4</td>
<td>-1.3</td>
</tr>
<tr>
<td>2012</td>
<td>11.0</td>
<td>13.7</td>
<td>-2.7</td>
</tr>
</tbody>
</table>

Source: TIPSA, Credit Suisse
Project Ramp-up and Growth Plans

- Key production line (Iskenderun) – 2.3 million tons per year
- Two service centers: Iskenderun & Istanbul
- Output: hot-rolled steel, galvanized and color-coated steel products
- Production launch: 2010
- Investments in the project: US$ 2.1 bn

### Start-up schedule

**Istanbul site**
- Polymer coating line
  - Hot-dip galvanizing line
- Steel service center

**Iskenderun site**
- Steel service center
- Pickling line
- Reversing mill
  - Hot-dip galvanizing line
- Polymer coating line
  - Hot rolling mill
- Steel making facilities

**Ramp-up schedule**
- Flat hot-rolled products
- Galvanized steel
- Colour-coated steel

<table>
<thead>
<tr>
<th>Year</th>
<th>Flat hot-rolled</th>
<th>Galvanized</th>
<th>Colour-coated</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>68</td>
<td>32</td>
<td>3</td>
</tr>
<tr>
<td>2010</td>
<td>156</td>
<td>80</td>
<td>55</td>
</tr>
<tr>
<td>2011</td>
<td>505</td>
<td>245</td>
<td>258</td>
</tr>
<tr>
<td>1H 2012</td>
<td>538</td>
<td>269</td>
<td>269</td>
</tr>
</tbody>
</table>
MMK METALURJI Sea Port

The largest private seaport in Turkey, it is capable to berth and handle any kind of vessels up to 100,000 DWT. This significantly expands exporting abilities and facilitates supplies of raw materials for steel-making.

The port can berth and handle:

- Dry bulk vessels
- General Cargo vessels
- Scrap iron carriers
- Container ships
- Ro-Ro vessels

Key characteristics

- The port has 1800 meters of berthing length
- Total 12 vessels can be berthed simultaneously
- Ships Berthing Capacity: 600 Ships / Year
- Cargo Handling Capacity: 12 million tons per year
- Main and auxiliary handling equipment is in place
- On April 5, 2010 the port was certified and since then is in operation

Berths Characteristics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>265</td>
<td>42</td>
<td>(-13,50 m.)</td>
<td>(-14,00 m.)</td>
<td>100,000DWT</td>
</tr>
<tr>
<td>2</td>
<td>265</td>
<td>42</td>
<td>(-12,00 m.)</td>
<td>(-13,50 m.)</td>
<td>80,000DWT</td>
</tr>
<tr>
<td>3</td>
<td>155</td>
<td>30</td>
<td>(-5,00 m.)</td>
<td>(-6,20 m.)</td>
<td>10,000DWT</td>
</tr>
<tr>
<td>4</td>
<td>200</td>
<td>17</td>
<td>(-6,20 m.)</td>
<td>(-9,00 m.)</td>
<td>20,000DWT</td>
</tr>
<tr>
<td>5</td>
<td>200</td>
<td>17</td>
<td>(-9,00 m.)</td>
<td>(-11,50 m.)</td>
<td>40,000DWT</td>
</tr>
<tr>
<td>6</td>
<td>160</td>
<td>17</td>
<td>(-11,50 m.)</td>
<td>(-12,00 m.)</td>
<td>60,000DWT</td>
</tr>
<tr>
<td>7</td>
<td>265</td>
<td>42</td>
<td>(-12,00 m.)</td>
<td>(-13,50 m.)</td>
<td>80,000DWT</td>
</tr>
<tr>
<td>8</td>
<td>265</td>
<td>42</td>
<td>(-13,50 m.)</td>
<td>(-14,00 m.)</td>
<td>100,000DWT</td>
</tr>
</tbody>
</table>
## Financials

### Consolidated IFRS Summary

<table>
<thead>
<tr>
<th></th>
<th>H1 2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude steel output, kt</td>
<td>6,711</td>
<td>12,195</td>
<td>11,419</td>
<td>9,618</td>
</tr>
<tr>
<td>Finished steel, kt</td>
<td>6,082</td>
<td>11,158</td>
<td>10,245</td>
<td>8,764</td>
</tr>
<tr>
<td>Revenues, $ mln</td>
<td>4,941</td>
<td>9,306</td>
<td>7,719</td>
<td>5,081</td>
</tr>
<tr>
<td>EBITDA, $ mln</td>
<td>662</td>
<td>1,336</td>
<td>1,606</td>
<td>1,309</td>
</tr>
<tr>
<td>EBITDA margin, %</td>
<td>13.4%</td>
<td>14.4%</td>
<td>20.8%</td>
<td>25.8%</td>
</tr>
<tr>
<td>Net profit, $ mln</td>
<td>-35</td>
<td>-125</td>
<td>232</td>
<td>219</td>
</tr>
<tr>
<td>Net margin, %</td>
<td>-0.7%</td>
<td>-1.3%</td>
<td>3.0%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Assets, $ mln</td>
<td>15,551</td>
<td>16,295</td>
<td>16,738</td>
<td>14,833</td>
</tr>
<tr>
<td>Credit &amp; loans, $ mln</td>
<td>3,696</td>
<td>4,416</td>
<td>3,548</td>
<td>2,118</td>
</tr>
<tr>
<td>Short-term</td>
<td>1,263</td>
<td>1,334</td>
<td>1,087</td>
<td>828</td>
</tr>
<tr>
<td>Long-term</td>
<td>2,418</td>
<td>3,082</td>
<td>2,461</td>
<td>1,290</td>
</tr>
<tr>
<td>Shareholder capital, $ mln</td>
<td>9,199</td>
<td>9,289</td>
<td>10,257</td>
<td>9,957</td>
</tr>
<tr>
<td>Cash, $ mln</td>
<td>196</td>
<td>424</td>
<td>515</td>
<td>165</td>
</tr>
</tbody>
</table>


### MMK credit ratings

**FitchRatings**

**BB+, outlook Negative**  
(Changed from “stable” on May 16, 2012)

**Moody’s Investors Service**

**Ba3, outlook Stable**  
(outlook changed to “stable” on December 22, 2011)

### Financial Highlights, USD mln

#### Source: MMK

![Graph showing financial highlights](image)

- **Revenues**
  - 2008: 10,550 mln
  - 2009: 9,306 mln
  - 2010: 7,719 mln
  - 2011: 9,306 mln

- **EBITDA**
  - 2008: 2,204 mln
  - 2009: 1,309 mln
  - 2010: 1,606 mln
  - 2011: 1,336 mln

- **Net profit**
  - 2008: -35 mln
  - 2009: -125 mln
  - 2010: 232 mln
  - 2011: 219 mln

#### Financial Highlights, USD mln

![Graph showing financial highlights](image)

- **Revenues**
  - 4Q11: 2,243 mln
  - 1Q 12: 2,425 mln
  - 2Q 12: 2,516 mln

- **COGS**
  - 4Q11: 1,987 mln
  - 1Q 12: 2,099 mln
  - 2Q 12: 2,101 mln

- **EBITDA margin**
  - 4Q11: 9.1%
  - 1Q 12: 12.1%
  - 2Q 12: 14.7%

Source: MMK
Investment Highlights

• Growing volumes and share of HVA products (≈45% by 2013) to secure sustainably high efficiency
• Focus on specialty steel products to replace imports in Russia and to capture 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
• Plans for further strengthening in commodities
Appendices

Magnitogorsk Steel (MMK)

MMK Group Q2 and 1H 2012 Consolidated IFRS Results
**Growth Output Driven by HVA Products**

- MMK Group finished products output in H1 2012 rose 14% y-o-y and amounted to 6.1 mln tonnes
- H1 2012 MMK Group HVA products output amounted to 2,392 ths. tonnes, 17% higher y-o-y
- Belon’s production of coking coal concentrate in H1 2012 was 1,537 ths. tonnes, 3% lower q-o-q

**OJSC MMK finished products sales**

<table>
<thead>
<tr>
<th>MMK Metalurji finished products output incl.</th>
<th>Q2 '12</th>
<th>Q1 '12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slabs and billets</td>
<td>0.7</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long products</td>
<td>451</td>
<td>401</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flat hot-rolled products</td>
<td>1 416</td>
<td>1 380</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High value-added (HVA) products</td>
<td>908</td>
<td>939</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thick plate (Plate Mill 5000)</td>
<td>195</td>
<td>248</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flat cold-rolled products</td>
<td>304</td>
<td>316</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Downstream products*</td>
<td>409</td>
<td>374</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMK Metiz finished products</td>
<td>142</td>
<td>110</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMK Metalurji finished products</td>
<td>284</td>
<td>253</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belon coking coal concentrate</td>
<td>761</td>
<td>776</td>
</tr>
</tbody>
</table>

* - galvanized steel products, colour-coated steel products, formed section, band, tin plate, etc.
• Q2 2012 revenue increased q-o-q mainly due to sales volumes growth at the Magnitogorsk site, MMK Metiz and MMK Metalurji, and also due to some growth of selling prices

• MMK Group EBITDA increase in Q2 2012 is due to growth of Russian steel segment (40%) and 2 fold decrease in loss at the EBITDA of Turkish segment

• Q2 2012 cash-cost of slab declined mainly due to decreasing raw materials prices
MMK Debt Profile

Debt structure breakdown by maturity profile
30.06.2012
- Long-term debt: 66%
- Short-term debt and current portion of long-term debt: 34%

Debt structure by currency
30.06.2012
- RUR: 46%
- USD: 32%
- Euro: 22%

3,696 USD mln*

Debt maturity profile, USD mln

<table>
<thead>
<tr>
<th>Year</th>
<th>1-st year</th>
<th>2-nd year</th>
<th>3-rd year</th>
<th>4-th year</th>
<th>5-th year and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.06.2012</td>
<td>1260</td>
<td>1041</td>
<td>587</td>
<td>291</td>
<td>498</td>
</tr>
</tbody>
</table>

* Lease not incl.

MMK Group liquid assets, USD mln

<table>
<thead>
<tr>
<th>Date</th>
<th>Cash and cash equivalents</th>
<th>Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2011</td>
<td>1141</td>
<td>424</td>
</tr>
<tr>
<td>30.06.2012</td>
<td>1010</td>
<td>814</td>
</tr>
</tbody>
</table>

* Lease incl.
Capex in Q2 2012 amounted to USD 135 mln

Main investment projects for 2012 are c/r mill 2000, modernization of h/r mill 2500 and Belon’s investment programme

Working capital decreased by USD 432 mln, including USD 253 mln or 14% in inventories reduction
MMK (Magnitogorsk Iron & Steel works)  
Ordinary shares listed at MICEX and RTS in June 2006.  
GDRs listed at LSE in April 2007  
ISIN / CUSIP US591892048/559189105

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