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# Key Credit Highlights

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<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
</table>
| Leading position in the Russian steel market | - MMK is the second largest steel producer in Russia by volume of production  
- Moreover, MMK not only managed to maintain its share but also grow it over the recent years |
| The largest single sight facility in Russia   | - The large size of Magnitogorsk site allows the company to exploit economies of scale and reduce costs in areas, such as logistics through lower transportation costs |
| Dominant portion of sales to domestic market  | - MMK sales (by volume) to fast growing Russian and CIS market amount to 77% of total sales (as of 2012FY)  
- MMK benefits from premium pricing with respect to domestic sales - 231 USD/tonne in 2012 |
| Competitive cost position                    | - Slab costs are among the lowest in the industry - USD385 per tonne (as of Q2 2013)  
- MMK benefits from long-term iron-ore contracts |
| Diversified sales mix                        | - Low customer concentration  
- Top ten customers account for only 1/4th of MMK's total shipments* |
| Leader among peers                           | - Strong positioning among peers is reflected by well-invested, best rolling facilities as well as the highest portion of HVA products |
| World class corporate governance             | - 5 out of 10 directors on Board are independent in compliance with the UK Corporate Governance code |

*Note: Top 10 customers are based on Total MMK shipments, i.e. domestic and exports*
MMK – Global Player with Strong Russian Presence

Benefits from central location with proximity to local and export markets

- **Interkos-IV**: Metals service center and stamped-product factory with 250 th. tpy capacity.
- **MMK Metalurji**: 2.3 mln tpy capacity. Steel making complex and two service centers. 900 th tonnes of steel products output in 2012.
- **Profit**: Covers 100% of MMK scrap needs.
- **Belon**: 4 mln tonnes of coking coal mined in 2012. Covered 36% of MMK needs in coal concentrate in 2012.
- **MMK Metiz**: One of Russia’s largest hardware producers. 493 th. tonnes produced in 2012.
- **MMK (2012)**: Leading producer of rolled products in Russia. 12.25 mln tonnes of steel. 11.03 mln tonnes of finished products in Russia.

**MMK Group consist of 3 main segments**
- Russian Steel Segment
- Turkish Steel Segment
- Coal Segments

Source: MMK
OJSC MMK Dominant Share of Sales to Emerging Market High Growth Countries and Russia in Particular

Regional Sales Structure based on Volumes, 2012

- Americas: 2%
- Europe: 7%
- Far East & Asia: 3%
- Middle East: 10%
- Africa: 1%
- Russia & CIS: 77%

Source: MMK

Steel consumption is expected to be the highest in the CIS region

Domestic Price Premium\(^{(1)}\) Based on Average Price, USD/tonne

Note: Domestic price premium is calculated in comparison to export prices

Source: MMK reports

Source: HSBC Metals Quarterly Broker reports

The portion of Russian & CIS sales has been gradually increasing

Source: MMK

Steel consumption is expected to be the highest in the CIS region

Domestic Price Premium\(^{(1)}\) Based on Average Price, USD/tonne

Note: Domestic price premium is calculated in comparison to export prices

Source: HSBC Metals Quarterly Broker reports

Source: MMK reports
Competitive Cost Position

MMK benefits from relatively low input materials prices

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

MMK’s Slab Cash-Cost vs. peer, USD/tonne

Self-sufficiency Level, 2012

Limited vertical integration benefits MMK in the current market

- Limited vertical integration levels in raw materials do not pose a weakness to the company

  - Weak raw materials prices in the current market are beneficial to MMK’s profit margins

  - MMK holds long-term iron ore off-take contracts with ENRC and Metalloinvest’s subsidiaries until 2017 and 2015 respectively
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Russian Steel Segment

Main revenue contributor – 92% of Group’s revenue*

- All significant assets of the segment are located in Magnitogorsk, Russia
- Magnitogorsk Steel is the major production site:
  - Russia’s second largest integrated plant with more than 14m tonnes of crude steel production capacity
  - Ranks among country’s most competitive producers with a diverse mix and strong focus on flat products
  - Enjoys proximity to some of its biggest customers (Chelyabinsk Pipe and Uralvagonzavod) and main supplier (ENRC – 300km away)
  - Includes wide-gauge plate Mill 5000 and cold-rolling rolling Mill 2000 with annealing, pickling and galvanising facilities
- MMK-METIZ Metalware and Sizing Plant (Magnitogorsk)
- The downstream steel processing plants MMK-Profil-Moscow Region and Intercos-IV (Spb Region)
- Trading companies – wide network all over Russia

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**Leading Domestic Market Position**

<table>
<thead>
<tr>
<th>MMK’s share in Russia</th>
<th>Place in Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hot-rolled sheet</td>
<td>36%</td>
</tr>
<tr>
<td>incl. thick plate</td>
<td>26%</td>
</tr>
<tr>
<td>Cold-rolled sheet</td>
<td>27%</td>
</tr>
<tr>
<td>Galvanized flat products</td>
<td>28%</td>
</tr>
<tr>
<td>Tin plate</td>
<td>100%</td>
</tr>
<tr>
<td>Colour-coated rolled products</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: MMK, Metal Courier

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**MMK’s Russian steel segment finished products composition, 2012FY**

- Total: 11,029 th. tonnes

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Note: * as per 2012 FY results

Source: MMK
Turkish Steel Segment
Poised to become #2 flat steel producer in Turkey

MMK Metalurji
- Located at two sites in Turkey: Iskenderun and Istanbul
- Favourable geographic position (growing markets of Turkey and other Middle East countries)
- Good logistics (own sea port and up-to-date production logistics in place)
- Key production site (Iskenderun) – capacity of 2.3 million of crude/finished tons per year
- Production start of operation: 2010
- Finished products: hot-rolled steel, galvanized and color-coated steel
  - Steel-making and manufacturing of hot-rolled products was suspended in November 2012

MMK Facilities in Turkey

MMK Metalurji production breakdown, 2012FY

- Flat hot-rolled: 34%
- Galvanized steel: 30%
- Colour-coated steel: 36%
- Total: 900 th. tonnes

Locations of Key Markets

MMK will benefit from the structural shortfall of flat steel in Turkey

Source: MMK

Sources:
- Moody’s (2nd largest producer...)
- Annual 2011 report
- Bus. Section p.9
Coal Segment

Belon is one of Russia’s largest coal producers

Belon Group comprises coal mining and processing assets

- Located in Belovo, Kemerovo Region, Russian Federation
- Assets include
  - 3 underground mines: Chertinskaya-Koksovaya, Chertinskaya-Yuzhnaya and Kostromovskaya
  - 1 open pit mine: Novobachatsky
  - Belovskaya coal washing plants with production capacity of 6.2mt of coal
- Aggregate output: 4.0 mt of coking coal and 3.3 mt of coal concentrate
- Covered 36% of Group’s requirements in 2012
- MMK Group holds 82.6% stake in Belon

Acquisition of Belon

<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>4.0 in 2012</td>
</tr>
<tr>
<td>Rationale</td>
<td>Vertical integration and higher profitability</td>
</tr>
</tbody>
</table>

MMK Coal reserve life vs. operational reserves (as of 2012)

Integration in Coking Coal

Source: MMK
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Global Steel Industry Highlights

**World Steel Consumption, mln tonnes**

World steel consumption continues to grow.

Source: WSA

**Chinese Steel Inventory Level vs. Steel Price, mln tonnes**

After significant hike in early 2013 inventory levels are close to their average historical values.

Source: MySteel

**Chinese Average Daily Steel Production, mln tonnes**

Source: NBS

**Chinese Historical Steel Inventory Levels 2010 – 2013, mln tonnes**

Source: MySteel
Key markets fundamentals: Russia

Market with significant growth potential

Russia is one of key exporters due to strong cost advantage
- Largest reserves of the low cost raw materials
- Integrated steel players
- Modern facilities
- Geographic proximity to developed markets

Growth of domestic market
- Domestic steel demand is increasing driven by construction, machine building and energy sectors
- Growth in FAI envisaged: current depreciation level is 80%
- Further infrastructure development required
- Delayed consumption of 90-s

Russian Import / Export Balance, mln tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>Hot-rolled steel</th>
<th>Long product</th>
<th>Thick plate</th>
<th>Coated steel</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>-5,6</td>
<td>-5,4</td>
<td>-4,3</td>
<td>-4,3</td>
</tr>
<tr>
<td>2010</td>
<td>-5,0</td>
<td>-4,3</td>
<td>-4,3</td>
<td>-4,3</td>
</tr>
<tr>
<td>2011</td>
<td>0,3</td>
<td>0,1</td>
<td>0,4</td>
<td>0,4</td>
</tr>
<tr>
<td>2012</td>
<td>0,1</td>
<td>0,4</td>
<td>1,4</td>
<td>1,7</td>
</tr>
</tbody>
</table>

Source: Metal Expert, MMK

Russian Steel Consumption in MMK’s Product Mix, mln tonnes

- Russian steel consumption in MMK’s product mix is expected to grow c.15% by 2016 from 2012 level

Russian Steel Consumption Growth by Industry

- Russia remains net exporter of ordinary steel, while shortage of HVA products persists

Source: Metal Courier, MMK
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Strategic Objectives of MMK Group

1. Focus on organic growth
2. Emphasized direct exposure to niche segments
3. Maximising share of domestic sales
4. Maintaining good progress achieved in self-sufficiency
5. Achieving quality balance sheet
1 Focus on organic growth...with increasing share of high value added products in MMK production

MMK Steel Output Growth, th. tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>11,000</td>
<td>12,000</td>
<td>13,000</td>
<td>14,000</td>
</tr>
</tbody>
</table>

HVA Products

MMK Increasing Share of HVA Products, th. tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2,000</td>
<td>4,000</td>
<td>6,000</td>
<td>8,000</td>
</tr>
</tbody>
</table>

MMK Finished Product Output, %

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downstream products</td>
<td>10%</td>
<td>14%</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>Flat cold-rolled products</td>
<td>54%</td>
<td>54%</td>
<td>49%</td>
<td>39%</td>
</tr>
<tr>
<td>Flat hot-rolled products</td>
<td>9%</td>
<td>8%</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Long products</td>
<td>11%</td>
<td>10%</td>
<td>12%</td>
<td>17%</td>
</tr>
<tr>
<td>Slabs and billets</td>
<td>14%</td>
<td>13%</td>
<td>15%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: MMK
Emphasized direct exposure to niche segments

Mill 5000 - Strong positions in Pipe sector

### LDP Demand/Supply in Russia, th. tonnes

```
<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic demand</th>
<th>Domestic supply</th>
<th>Estimated LDP export</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>3000</td>
<td>2000</td>
<td>1000</td>
</tr>
<tr>
<td>2012</td>
<td>2500</td>
<td>1500</td>
<td>500</td>
</tr>
<tr>
<td>2013E</td>
<td>2000</td>
<td>1000</td>
<td>0</td>
</tr>
<tr>
<td>2014E</td>
<td>1500</td>
<td>500</td>
<td>0</td>
</tr>
<tr>
<td>2015E</td>
<td>1000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2016E</td>
<td>500</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2017E</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
```

*Demand for LDP remains strong*

### Mill 5000 Utilization rates, th. tonnes

```
<table>
<thead>
<tr>
<th>Quarter</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>248</td>
<td>245</td>
</tr>
<tr>
<td>Q2</td>
<td></td>
<td>195</td>
</tr>
<tr>
<td></td>
<td>244</td>
<td></td>
</tr>
</tbody>
</table>
```

*Higher demand for thick plate in H1 2013 supports Mill 5000 utilization rates*

**Geography of Main Pipelines**

- North Stream
- South Stream
- Southern Corridor
- Kuyumba - Taishet
- Yakutia - Khabarovsk - Vladivostok

*MMK steel is used in the fast growing Russian pipe manufacturing industry*

* - Incl. Pochinki-Gryazovets and Bovanenkovo-Uhta
2 Emphasized direct exposure to niche segments
Strengthening position in Auto industry

Key Mill 2,000 specifications

<table>
<thead>
<tr>
<th>Specification</th>
<th>Details</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

High Strength Steels Use

Light Vehicle Production in 2012, '000 units

Source: IHS Autoinsight

Russia is on the way to diminish the lag to developed countries

Mill 2000 commercial products output ramp-up, th. tonnes

Source: TIPSA
Maximising share of domestic sales
... in order to enhance profit margins and reduce exposure to the seaborne market

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

- MMK organically grows its share in Russian market while demand in export markets remains sustainable.

**Domestic Sales Structure, 2012**

- Total: 8,449 kt
  - H/r steel 40%
  - C/r steel 13%
  - Coated & Downstream products 18%
  - Thick plate 9%
  - Long steel products 20%

**Domestic Sales by Sector, 2012**

- Total: 8,449 kt
  - Bridge building 0,8%
  - Pipe production 26,3%
  - Fuel and energy companies 0,4%
  - Food industry 0,6%
  - Automobile sector 4,6%
  - Metalware and semi-integrated factories 9,3%
  - Machine building 10,9%
  - Construction sector 12,5%
  - Spot sales in Russia 23,7%
  - Spot sales in CIS 10,9%

**Domestic Sales by Region, 2012**

- MMK is located in most intensive steel consuming region of Russia.

Source: MMK, MMK 2012 reports
Impressive progress has been achieved over the past 5 years

MMK has been active in terms of increasing the level of vertical integration, particularly in respect of raw materials, since its IPO

- Acquisition of 100% share in “Profit” scrap company in June 2009
- Increase of stake in Belon coal company to 82.6% in October 2009
- Increase of in-house production of iron ore (mining and tailings processing)
- Generation of 71.5% of electricity supplies in 2012
Achieving quality balance sheet

Continuous deleveraging

- The group focused on achieving quality balance sheet by continuous deleveraging
- MMK has adopted a debt tolerance principle of Total Debt / EBITDA <= 2x at any time through the cycle
- In order to manage its leverage at a comfortable level within the limit, MMK can use the following levers:
  - Capex revision by almost half y-o-y
  - Limitation of M&A activity
  - Improving operating performance led by cost cutting initiatives
  - Sustainable cash-flow due to improved operational performance (including cost effects)

CAPEX has dropped by almost half (Y-o-Y)

Healthy deleveraging is combined with EBITDA growth

Portion of raw material costs is falling, USD/tonne
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Demonstrating relative financial strength

Summary of key results

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<thead>
<tr>
<th></th>
<th>H1 2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude steel output, kt</td>
<td>6,154</td>
<td>13,037</td>
<td>12,195</td>
<td>11,419</td>
</tr>
<tr>
<td>Finished steel, kt</td>
<td>5,686</td>
<td>11,936</td>
<td>11,158</td>
<td>10,409</td>
</tr>
<tr>
<td>Revenues, $ mln</td>
<td>4,444</td>
<td>9,328</td>
<td>9,306</td>
<td>7,719</td>
</tr>
<tr>
<td>EBITDA*, $ mln</td>
<td>547</td>
<td>1,356</td>
<td>1,336</td>
<td>1,606</td>
</tr>
<tr>
<td>EBITDA margin, %</td>
<td>12.3%</td>
<td>14.5%</td>
<td>14.4%</td>
<td>20.8%</td>
</tr>
<tr>
<td>Net profit, $ mln</td>
<td>-136</td>
<td>-94</td>
<td>-125</td>
<td>232</td>
</tr>
<tr>
<td>Net margin, %</td>
<td>-3.1%</td>
<td>-1.0%</td>
<td>-1.3%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Assets, $ mln</td>
<td>14,284</td>
<td>16,292</td>
<td>16,295</td>
<td>16,738</td>
</tr>
<tr>
<td>Debt**, $ mln</td>
<td>3,343</td>
<td>3,880</td>
<td>4,416</td>
<td>3,548</td>
</tr>
<tr>
<td>short-term</td>
<td>1,450</td>
<td>1,631</td>
<td>1,334</td>
<td>1,087</td>
</tr>
<tr>
<td>long-term</td>
<td>1,883</td>
<td>2,249</td>
<td>3,082</td>
<td>2,461</td>
</tr>
<tr>
<td>Shareholder capital, $ mln</td>
<td>8,631</td>
<td>9,665</td>
<td>9,289</td>
<td>10,257</td>
</tr>
<tr>
<td>Cash, $ mln</td>
<td>164</td>
<td>362</td>
<td>424</td>
<td>515</td>
</tr>
<tr>
<td>Net debt, $ mln</td>
<td>3,179</td>
<td>3,518</td>
<td>3,992</td>
<td>3,033</td>
</tr>
<tr>
<td>Debt / EBITDA (x)</td>
<td>2.69</td>
<td>2.86</td>
<td>3.31</td>
<td>2.21</td>
</tr>
</tbody>
</table>

* - EBITDA means, for any year, the consolidated profit from operations for that year as would be reflected on the Consolidated Statement of Comprehensive Group Income prepared in accordance with the International Accounting Standards, as consistently applied, adjusted by adding: a) the amount for the Group’s depreciation and amortisation for the relevant year; b) the amount of loss on disposal of property, plant and equipment and amount of impairment of fixed assets; and c) the share in the results and impairment of associates.

** - Debt represents sum of short-term borrowings, long-term borrowings including current portion, obligations and under finance lease and fair value of interest rate swaps.

Revenue growth continued into 2012, USD mln

MMK Group Financials, USD mln
## Prudent Financial Policy

<table>
<thead>
<tr>
<th>Key management considerations</th>
<th>Debt Tolerance</th>
<th>Management’s commitment to Gross Debt/ EBITDA below 2x on a long-term basis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Target leverage &lt;= 2.0x through the cycle</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Cash on hand</strong></td>
<td>Good relationship with banks and willingness to enter the bond market as an alternative source of funding</td>
</tr>
<tr>
<td></td>
<td>Available committed lines</td>
<td>Keep cash on balance sheet of USD362m at the end of 2012</td>
</tr>
<tr>
<td></td>
<td><strong>In accordance with leverage target</strong></td>
<td>Available bank lines amount to USD1.3bn as of 2012YE</td>
</tr>
<tr>
<td></td>
<td><strong>Focus on organic growth</strong></td>
<td>Flexible Capex which can be adapted to market conditions</td>
</tr>
<tr>
<td></td>
<td><strong>20% payout ratio</strong></td>
<td>Funding of the planned CAPEX mostly with internal cash flow</td>
</tr>
<tr>
<td></td>
<td><strong>5% stake of Fortescue Metals Group</strong></td>
<td>Flexibility to revise CAPEX to bring it down to maintenance only (below USD300 mln)</td>
</tr>
<tr>
<td></td>
<td><strong>Regular monitoring</strong></td>
<td>Management is focused on organic growth and does not envisage external growth</td>
</tr>
<tr>
<td></td>
<td><strong>Independent Audit</strong></td>
<td>Commitment to 20% payout ratio, can be soften in case of stressed financial profile.</td>
</tr>
<tr>
<td></td>
<td><strong>Use of IFRS</strong></td>
<td>The Group holds liquid stock on its balance sheet, i.e. 5% of Fortescue Metals Group shares, currently worth close to USD800m</td>
</tr>
<tr>
<td></td>
<td><strong>Principles</strong></td>
<td>Regular monitoring and active management of various risks</td>
</tr>
<tr>
<td></td>
<td><strong>Accounting</strong></td>
<td>Independent Audit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Use of IFRS</td>
</tr>
</tbody>
</table>
MMK Free Operating Cash Flow Generation
Sound Free Operating Cash Flow Generation to support deleveraging

Free Operating Cash Flow Generation Bridge 2011 – H1 2012, USD mln

- Despite the difficult economic conditions and unlike in prior years, MMK generated strong FCF in 2012 and H1 2013
- MMK expects to continue generating sound level of free cash flow that will support the deleveraging objectives of the Company

Note: FFO = cash flow from operations before change in working capital and after tax on interest paid
FCF excludes other investing and financing items
PPE: property, plant and equipment
<table>
<thead>
<tr>
<th>1. MMK at a Glance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Business Overview</td>
</tr>
<tr>
<td>3. Industry Overview</td>
</tr>
<tr>
<td>4. Strategic overview</td>
</tr>
<tr>
<td>5. Financial overview</td>
</tr>
<tr>
<td>6. Appendix</td>
</tr>
</tbody>
</table>
Growth Output Driven by HVA Products

- MMK Group finished products output in Q2 2013 is at the level of Q1 and amounted to 2.8 mln tonnes.
- Q2 2013 MMK Group HVA products output amounted to 1,382 ths. tonnes, 2.0% higher q-o-q.
- Belon’s production of coking coal concentrate in Q2 2013 was 829 ths. tonnes, 24% higher q-o-q.

Key operational indicators

<table>
<thead>
<tr>
<th></th>
<th>Q2 ‘13</th>
<th>Q1 ‘13</th>
<th>%</th>
<th>H1 ‘13</th>
<th>H1 ‘12</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cast iron</td>
<td>2 466</td>
<td>2 426</td>
<td>2%</td>
<td>4 892</td>
<td>5 037</td>
<td>-3%</td>
</tr>
<tr>
<td>Crude steel incl.</td>
<td>3 079</td>
<td>3 075</td>
<td>0,1%</td>
<td>6 154</td>
<td>6 711</td>
<td>-8%</td>
</tr>
<tr>
<td>MMK</td>
<td>3 079</td>
<td>3 075</td>
<td>0,1%</td>
<td>6 154</td>
<td>6 129</td>
<td>0,4%</td>
</tr>
<tr>
<td>MMK Metalurji</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>582</td>
<td>-</td>
</tr>
<tr>
<td>OJSC MMK finished products output</td>
<td>2 757</td>
<td>2 744</td>
<td>0,5%</td>
<td>5 501</td>
<td>5 542</td>
<td>-0,7%</td>
</tr>
<tr>
<td>MMK-Metiz finished products*</td>
<td>146</td>
<td>134</td>
<td>9%</td>
<td>280</td>
<td>251</td>
<td>12%</td>
</tr>
<tr>
<td>MMK Metalurji finished products*</td>
<td>168</td>
<td>178</td>
<td>-6%</td>
<td>346</td>
<td>538</td>
<td>-36%</td>
</tr>
<tr>
<td>Belon coking coal concentrate</td>
<td>829</td>
<td>669</td>
<td>24%</td>
<td>1 498</td>
<td>1 537</td>
<td>-3%</td>
</tr>
</tbody>
</table>

* - incl. made from MMK’s steel

OJSC MMK finished products sales are supported at high level, th. tonnes

- High value-added (HVA) products
- Flat hot-rolled products
- Long products
- Slabs and billets
MMK Group Q2 2013 Financial Highlights

• Sales in Q2 2013 decreased 5.3% q-o-q and totaled USD 2,161 mln.

• Cost of sales in Q2 2013 decreased by 6.8% q-o-q and equaled USD 1,834 mln. This decrease was mostly due to weaker Iron ore and coking coal prices at the beginning of 2013.

• MMK Group Q2 2013 EBITDA increased by 13.7% q-o-q and equaled USD 291 mln, securing EBITDA margin of 13.5%.

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>2,161</td>
<td>2,283</td>
<td>-122</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>-1,834</td>
<td>-1,968</td>
<td>134</td>
<td>-6.8%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>25</td>
<td>1</td>
<td>24</td>
<td>-</td>
</tr>
<tr>
<td>EBITDA</td>
<td>291</td>
<td>256</td>
<td>35</td>
<td>13.7%</td>
</tr>
</tbody>
</table>

EBITDA margin 13.5% 11.2%
**MMK Group Operating Costs and Cost of Sales Structure**

**MMK Group operational costs, USD mln**

<table>
<thead>
<tr>
<th></th>
<th>Q2 13</th>
<th>Q1 13</th>
<th>+/-</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>1 834</td>
<td>1 968</td>
<td>-134</td>
<td>-6,8%</td>
</tr>
<tr>
<td>Selling and distribution expenses</td>
<td>139</td>
<td>172</td>
<td>-33</td>
<td>-19%</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>140</td>
<td>133</td>
<td>7</td>
<td>5%</td>
</tr>
<tr>
<td>Other operating (expenses)/income, net</td>
<td>23</td>
<td>9</td>
<td>14</td>
<td>156%</td>
</tr>
<tr>
<td>Total operating costs</td>
<td>2 136</td>
<td>2 282</td>
<td>-146</td>
<td>-6%</td>
</tr>
</tbody>
</table>

**Cost of sales structure, USD mln**

<table>
<thead>
<tr>
<th></th>
<th>Q2 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour costs</td>
<td>232</td>
</tr>
<tr>
<td>Amortisation</td>
<td>237</td>
</tr>
<tr>
<td>OJSC MMK material costs</td>
<td>1282</td>
</tr>
<tr>
<td>Other Group Companies</td>
<td>160</td>
</tr>
<tr>
<td>Change in uninvoiced products balance</td>
<td>-127</td>
</tr>
</tbody>
</table>

**OJSC MMK material costs structure**

<table>
<thead>
<tr>
<th></th>
<th>Q2 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron ore (sinter)</td>
<td>16%</td>
</tr>
<tr>
<td>Iron ore (pellets)</td>
<td>14%</td>
</tr>
<tr>
<td>Auxiliary materials</td>
<td>11%</td>
</tr>
<tr>
<td>Other main materials</td>
<td>14%</td>
</tr>
<tr>
<td>Scrap</td>
<td>14%</td>
</tr>
<tr>
<td>Coals</td>
<td>20%</td>
</tr>
<tr>
<td>Power from outside sources</td>
<td>3%</td>
</tr>
<tr>
<td>Fuel from outside sources</td>
<td>8%</td>
</tr>
</tbody>
</table>
MMK Group Debt Profile

Debt structure dynamics by security

<table>
<thead>
<tr>
<th>Year</th>
<th>Secured</th>
<th>Unsecured</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>2011</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>2012</td>
<td>77%</td>
<td>23%</td>
</tr>
<tr>
<td>H1 2013</td>
<td>76%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Debt maturity profile*, USD mln

- 1-st year: 1,449
- 2-nd year: 777
- 3-rd year: 543
- 4-th year: 262
- 5-th year and beyond: 301

* Interest rate SWAP not incl.

Effective Debt control, USD mln

- 30.06.2012: 3,04
- 31.12.2012: 2,86
- 31.03.2013: 2,75
- 30.06.2013: 2,69

Debt structure by currency

30.06.2013

- RUR: 32%
- USD: 45%
- Euro: 23%

Debt profile:

- USD mln: 3,343
- 1-st year: 3,31
- 2-nd year: 3,04
- 3-rd year: 2,86
- 4-th year: 2,75
- 5-th year and beyond: 2,69

Effective EBITDA:

- 30.06.2012: 1,215
- 31.12.2012: 2,86
- 31.03.2013: 2,75
- 30.06.2013: 2,69