



## **CHELYABINSK ZINC PLANT**

**2010 Annual Results**

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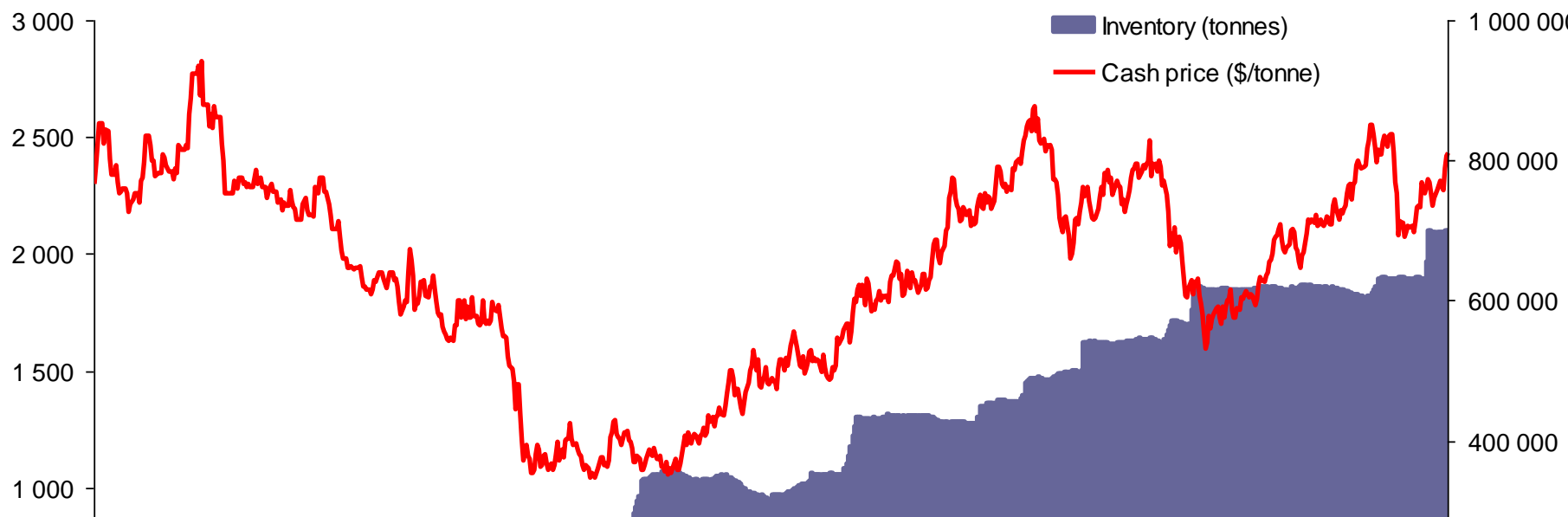
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## **Zinc and Lead Market Update**

# Zinc daily price and stock level (LME)

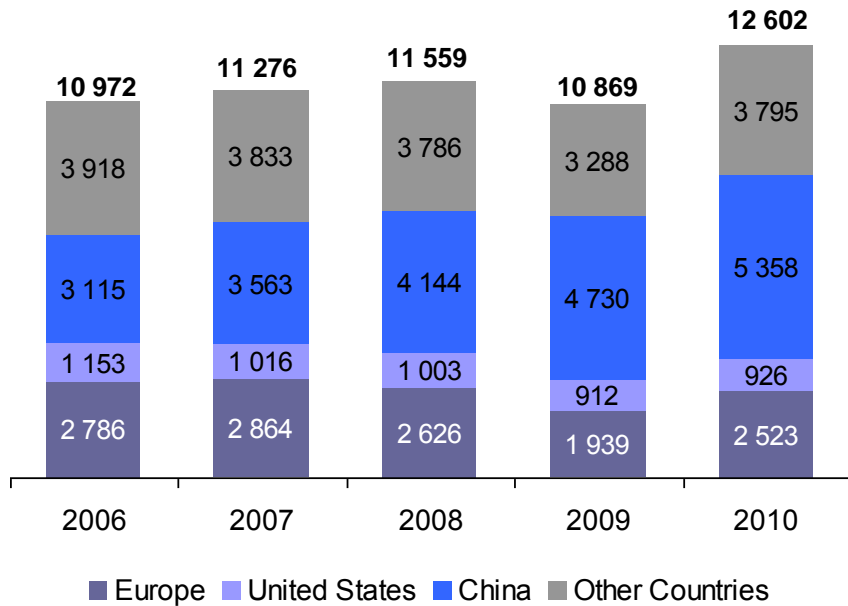


Source: London Metal Exchange

# Zinc Metal World Balance

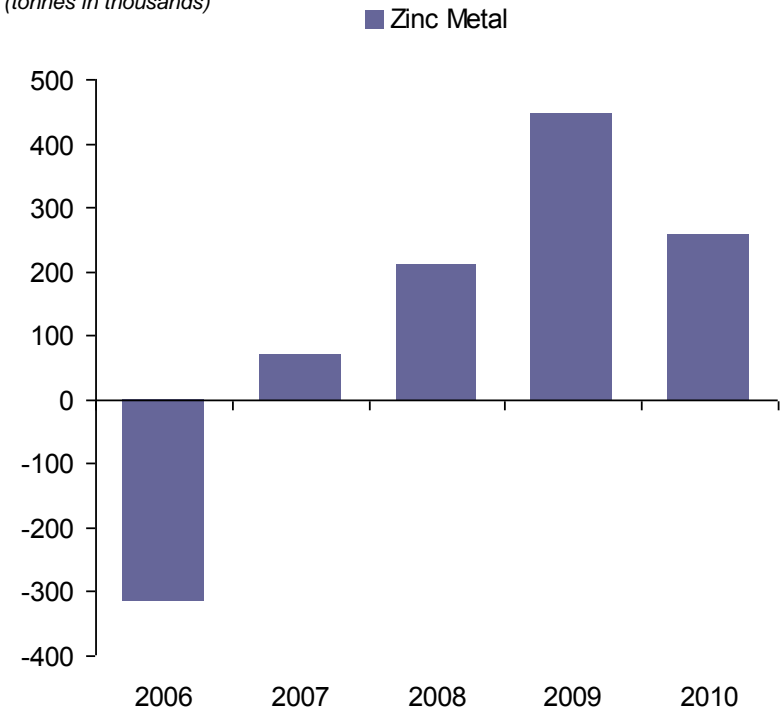
## Annual Zinc Refined Consumption

(tonnes in thousands)



## Zinc Metal World Balance

(tonnes in thousands)

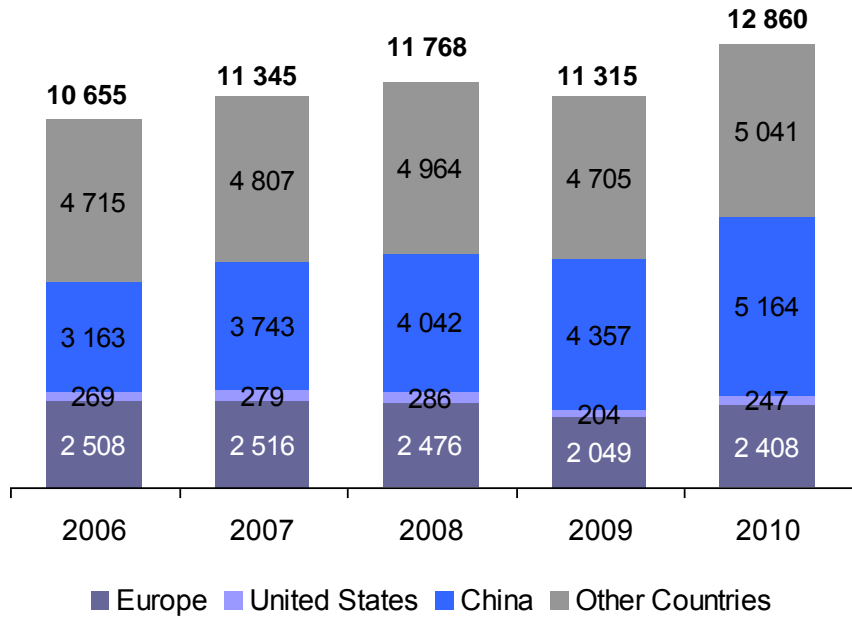


Source: International Lead and Zinc Study Group (ILSG)

# Zinc Metal World Balance (cont.)

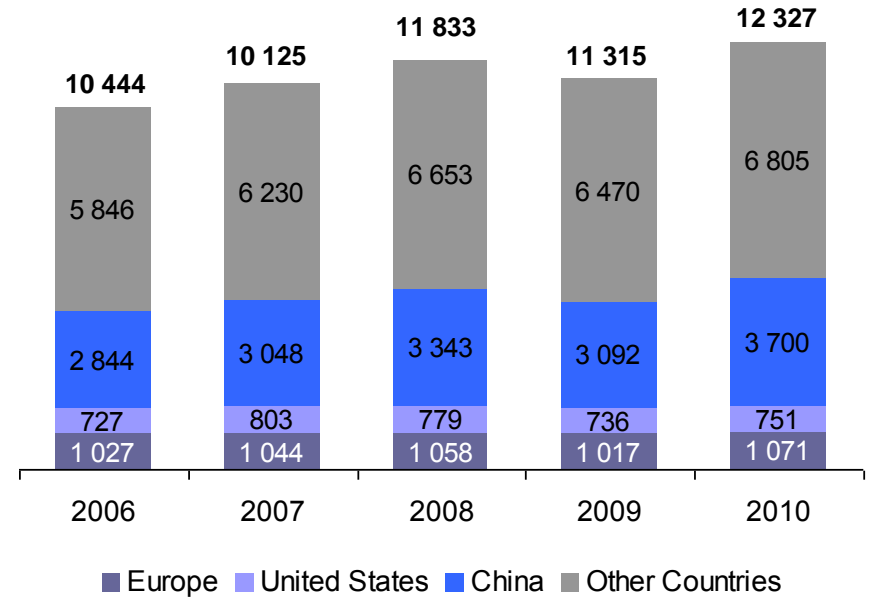
## Annual Zinc Refined Production

(tonnes in thousands)



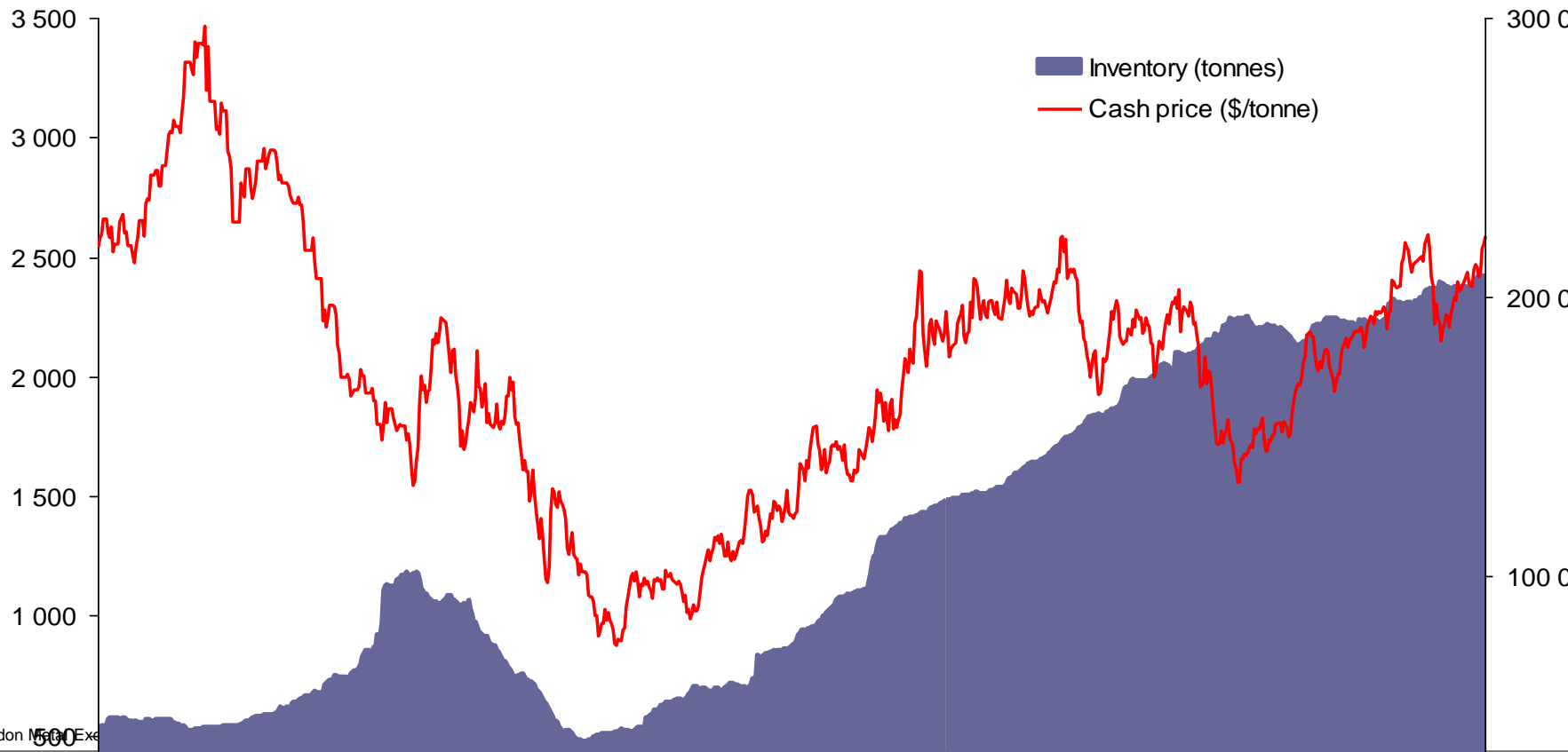
## Annual Zinc Mine Production

(zinc content, tonnes in thousands)



Source: International Lead and Zinc Study Group (ILSG)

# Lead daily price and stock level (LME)

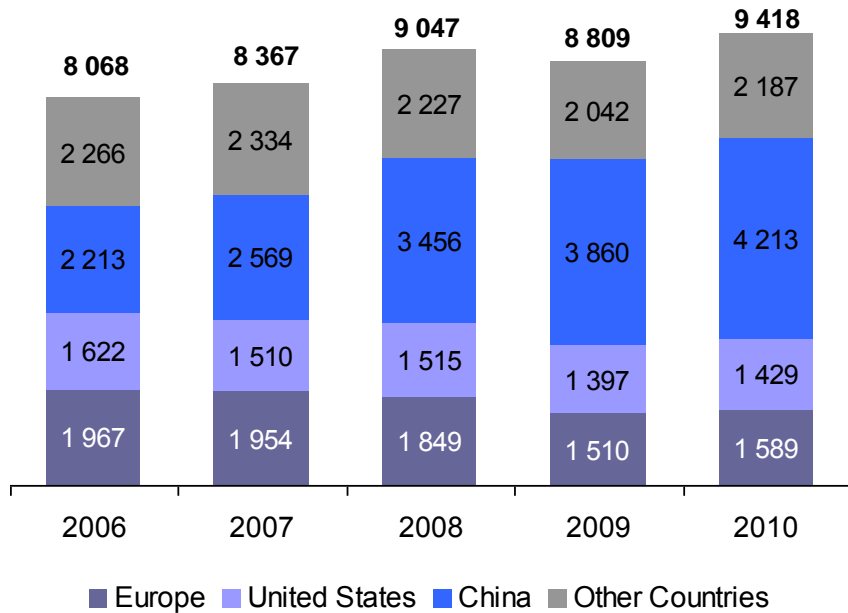


Source: London Metal Exchange

# Lead Metal World Balance

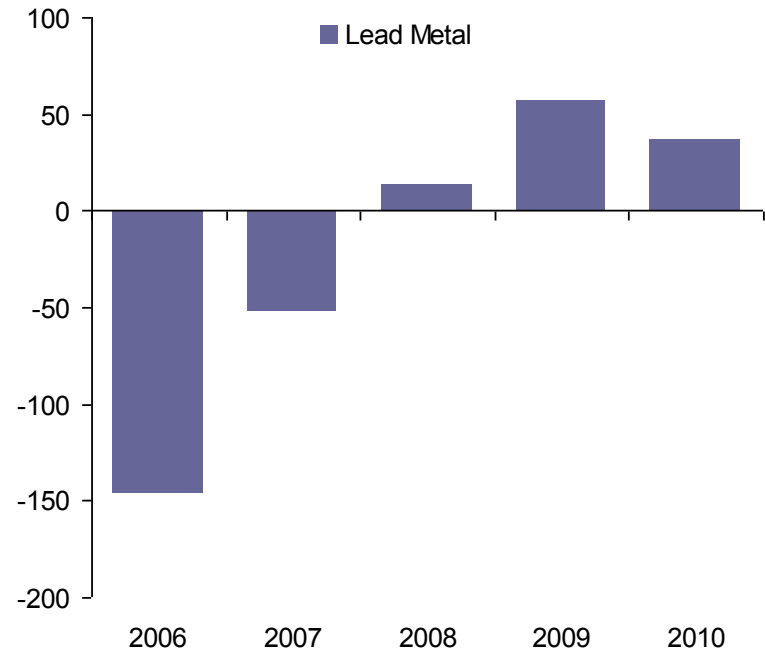
## Annual Lead Refined Consumption

(tonnes in thousands)



## Lead Metal World Balance

(tonnes in thousands)



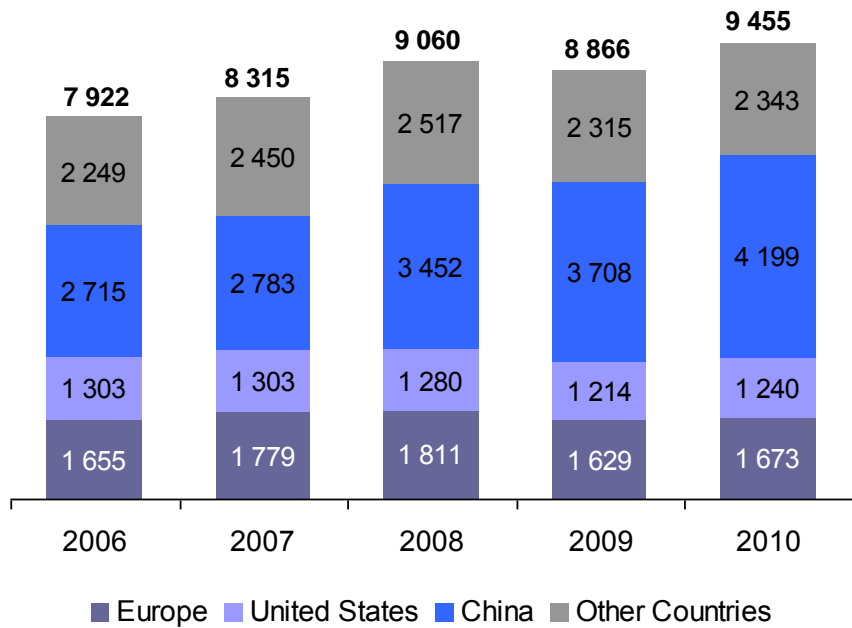
Source: International Lead and Zinc Study Group (ILSG)



# Lead Metal World Balance (cont.)

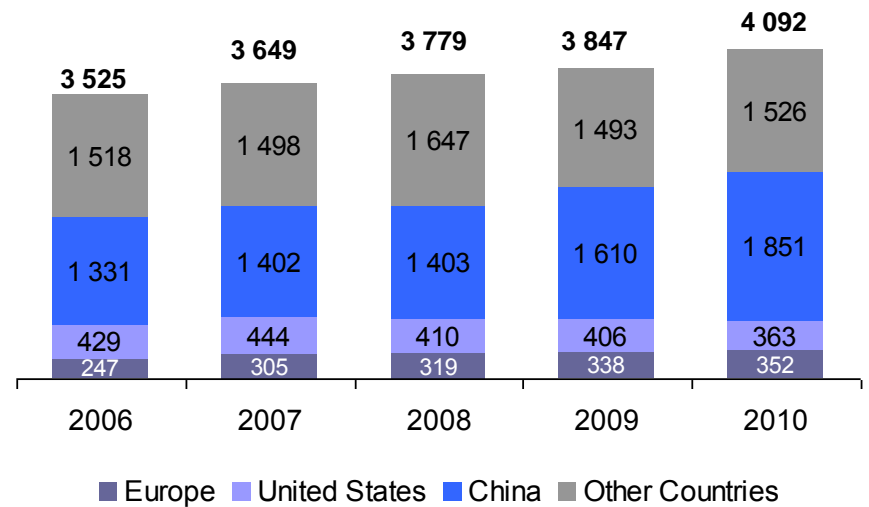
## Annual Lead Refined Production

(tonnes in thousands)



## Annual Lead Mine Production

(lead content, tonnes in thousands)



Source: International Lead and Zinc Study Group (ILSG)



## **CIS Zinc Market Overview**

# Zinc Metal Production in CIS

(tonnes in thousands)

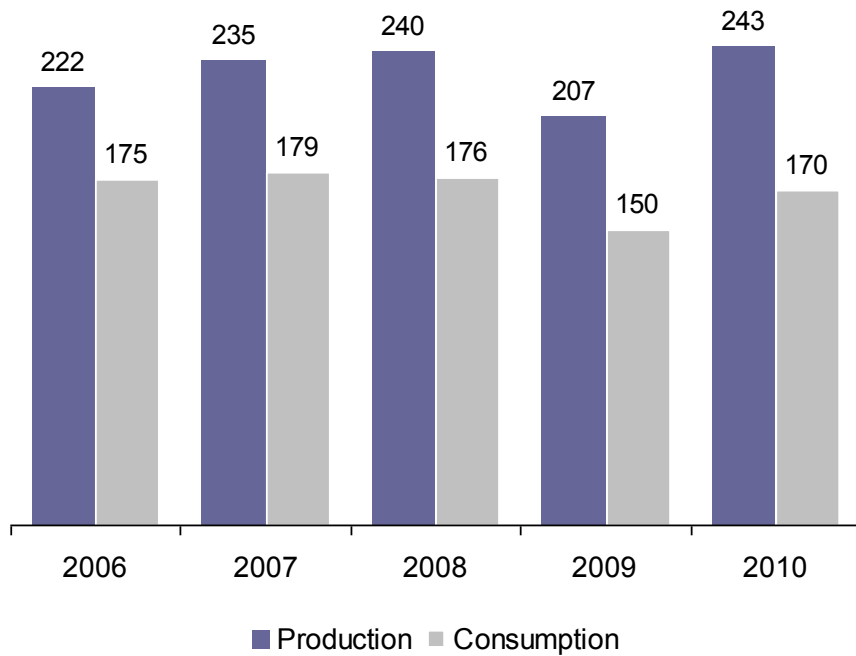
Producer	Projected capacity	Production				
		2006	2007	2008	2009	2010
Chelyabinsk Zinc Plant (Russia)	175	134	148	150	120	153
Electrozinc (UMMC) (Russia)	100	88	88	90	87	90
Kazzinc (Kazakhstan)	300	289	294	299	301	300
Kazakhmys (Kazakhstan)	100	60	45	48	8	N/A
Almalyk MMC (Uzbekistan)	120	47	68	60	60	60



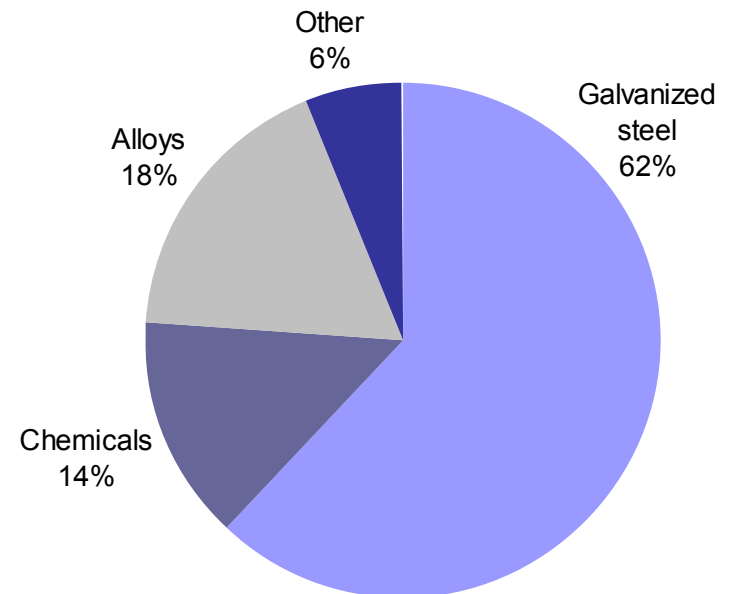
# Russian Zinc Market Overview

## Annual Zinc Metal Production and Consumption

(tonnes in thousands)



## Zinc Market Structure





## **Operations Overview**

# Mining segment – Operational performance

<i>(tonnes in thousands, except otherwise noted)</i>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Stripping <i>(cbm in thousands)</i>	4,220	2,758	4,277
Ore mined	1,379	1,145	1,092
Ore processed	1,330	1,193	1,551
Ore grade processed			
Zinc	2.67%	3.21%	2.33%
Lead	0.54%	0.42%	0.35%
Concentrate production (metal)			
Zinc	32.3	34.8	31.4
Lead	5.7	4.0	4.3



# Smelting segment – Raw materials supply

<i>(tonnes in thousands)</i>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Akzhal	32.5	27.5	33.0
UMMC (tolling)	-	-	77.4
UMMC (purchase)	62.3	59.4	18.0
RCC	12.0	8.2	5.8
Other Domestic	1.1	1.3	1.1
Imports	38.9	1.7	-
Secondaries	18.7	14.2	17.5
<b>Total</b>	<b>165.5</b>	<b>112.3</b>	<b>152.8</b>

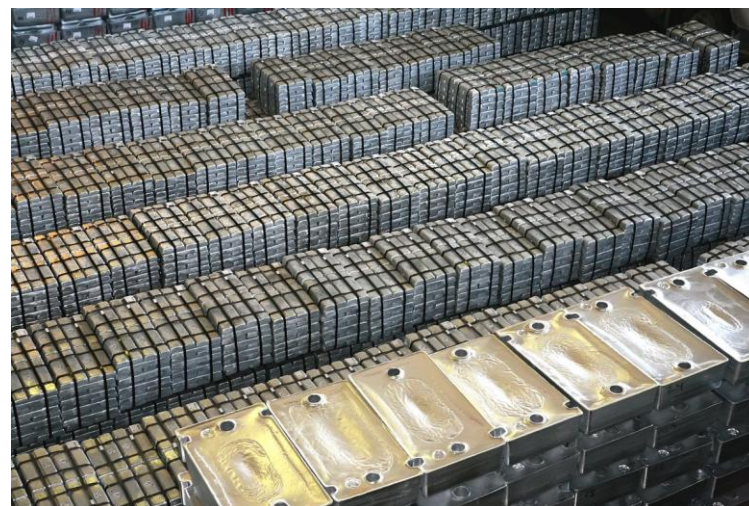


Note: Volume of zinc in concentrate

# Smelting segment – Zinc and by-products production

*(tonnes in thousands,  
except otherwise noted)*

	2008	2009	2010
Zinc (incl. Zinc Alloys)	150.0	119.9	153.3
Indium (kg)	4,195	5,959	6,891
Cadmium	0.6	0.6	0.7
Sulphuric Acid	217.4	166.9	239.9
Lead concentrate	7.6	10.6	11.7
Copper Clinker	99.6	90.1	101.7





# Smelting segment – Zinc sales

<i>(tonnes in thousands)</i>	2008	2009	2010
<b>Total sales</b>	<b>149.9</b>	<b>119.8</b>	<b>154.0</b>
Domestic sales	77.2	76.4	79.1
Tolling	-	-	73.5
Export sales	72.7	43.4	1.4
<b>Customer</b>			
Magnitogorsk	17%	27%	24%
Severstal	14%	22%	17%
UMMC (tolling)	-	-	48%
Euromin	36%	27%	-
Brock Metal	9%	1%	-
Others	24%	23%	11%



# Smelting segment – Quarterly production and sales

<i>(tonnes in thousands)</i>	Q1	Q2	Q3	Q4	Total
<b>Production</b>					
2009	24	27	32	37	120
2010	39	42	39	33	153
<i>DIFF</i>	59%	54%	24%	(9%)	28%
<b>Total sales</b>					
2009	25	26	33	36	120
2010	38	40	42	34	154
<i>DIFF</i>	56%	51%	27%	(4%)	29%
<b>Domestic sales</b>					
2009	12	17	24	23	76
2010	17	19	21	22	79
<i>DIFF</i>	39%	11%	(11%)	(5%)	4%

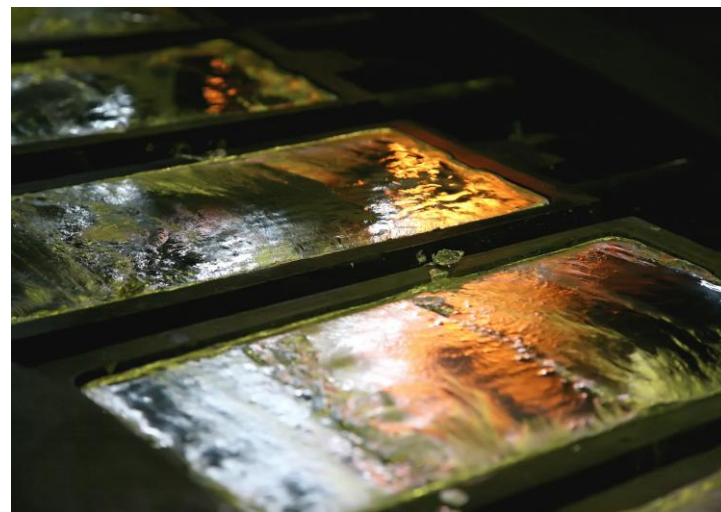
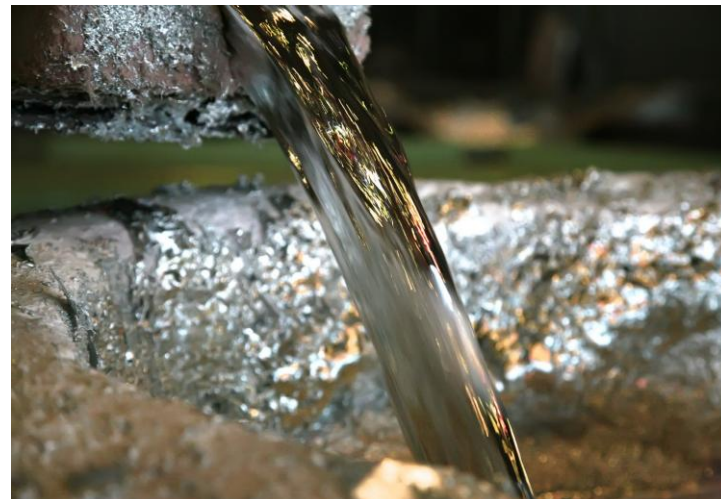




## Financial Review

# Average prices and exchange rates

<i>(denominated in US\$)</i>	<b>2010</b>	<b>2009</b>	<b>Change (Y-o-Y)</b>
Zinc	2,159	1,659	30%
Lead	2,148	1,726	24%
RUR/USD	30.4	31.7	(4%)
KZT/USD	147.4	147.5	-



Zinc and Lead are LME cash settlement prices

# Quarterly average prices and exchange rates

<i>(denominated in US\$)</i>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Average annual</b>
<b>Zinc</b>					
2009	1,174	1,476	1,757	2,214	<b>1,659</b>
2010	2,288	2,018	2,013	2,315	<b>2,159</b>
<i>DIFF</i>	95%	37%	15%	5%	<b>30%</b>
<b>Lead</b>					
2009	1,160	1,506	1,925	2,293	<b>1,726</b>
2010	2,219	1,944	2,031	2,390	<b>2,148</b>
<i>DIFF</i>	91%	29%	6%	4%	<b>24%</b>
<b>RUR/USD</b>					
2009	33.9	32.2	31.3	29.5	<b>31.7</b>
2010	29.9	30.2	30.6	30.7	<b>30.4</b>
<i>DIFF</i>	(12%)	(6%)	(2%)	4%	<b>(4%)</b>
<b>KZT/USD</b>					
2009	139.0	150.5	150.8	149.8	<b>147.5</b>
2010	147.7	146.8	147.4	147.5	<b>147.4</b>
<i>DIFF</i>	6%	(2%)	(2%)	(2%)	<b>-</b>



# Income statement highlights

<i>(RUB in millions)</i>	2010	2009	Change (Y-o-Y)
Revenue	11,810	10,167	16%
Gross Profit	3,312	2,178	52%
Margin, %	28%	21%	
EBITDA <sup>(1)</sup>	2,806	2,070	36%
Margin, %	24%	20%	
Net Income	1,414	643	120%
Margin, %	12%	6%	



<sup>(1)</sup> One-off adjustments (asset write-downs and impairment charges) are not included in the calculation of EBITDA

# Quarterly income statement highlights

<i>(RUB in millions)</i>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
<b>Revenue</b>					
2009	1,565	1,977	2,960	3,665	<b>10,167</b>
2010	2,685	2,931	3,117	3,077	<b>11,810</b>
<i>DIFF</i>	<i>72%</i>	<i>48%</i>	<i>5%</i>	<i>(16%)</i>	<b>16%</b>
<b>Gross Profit</b>					
2009	153	440	638	947	<b>2,178</b>
2010	792	797	778	945	<b>3,312</b>
<i>DIFF</i>	<i>N/A</i>	<i>81%</i>	<i>22%</i>	<i>-</i>	<b>52%</b>
<b>EBITDA</b>					
2009	154	389	612	915	<b>2,070</b>
2010	752	661	616	777	<b>2,806</b>
<i>DIFF</i>	<i>N/A</i>	<i>70%</i>	<i>1%</i>	<i>(15%)</i>	<b>36%</b>
<b>Net Income</b>					
2009	(224)	88	404	375	<b>643</b>
2010	458	221	353	383	<b>1,414</b>
<i>DIFF</i>	<i>N/A</i>	<i>150</i>	<i>(13%)</i>	<i>2%</i>	<b>120%</b>



## Revenue structure by products

<i>(RUB in millions)</i>	<b>2010</b>	<b>2009</b>	<b>Change (Y-o-Y)</b>
Zinc and zinc alloys	7,816	8,126	(4%)
Zinc tolling	1,767	-	N/A
Zinc concentrate	-	148	(100%)
Lead concentrate	696	571	22%
Other products	1,531	1,322	16%
<b>Total sales</b>	<b>11,810</b>	<b>10,167</b>	<b>16%</b>





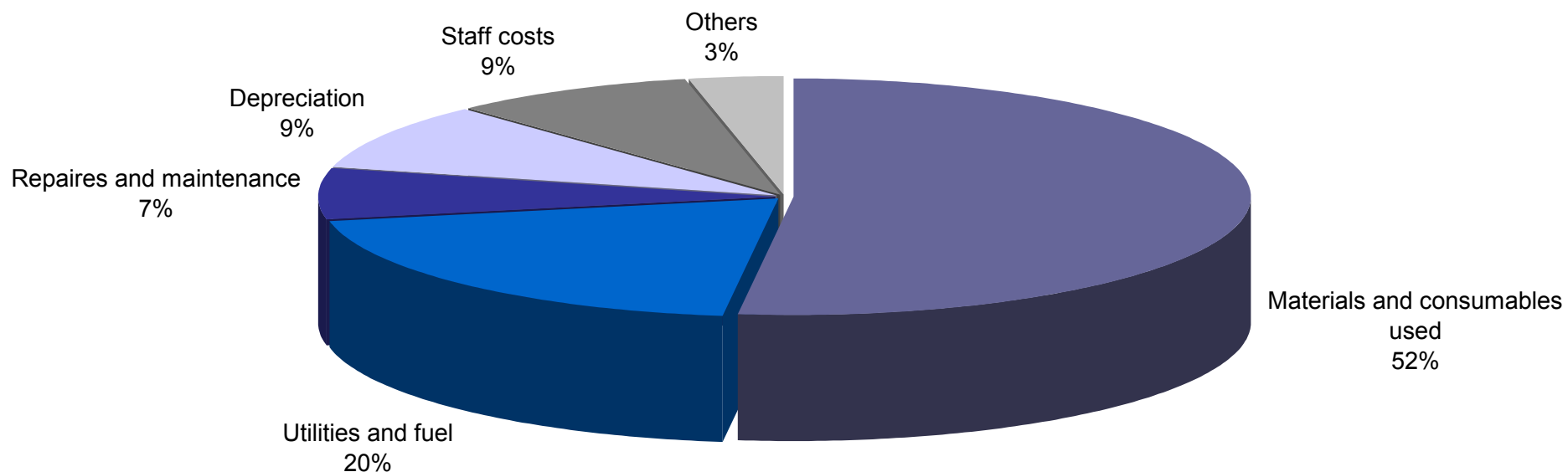
## Revenue structure by location of customers

<i>(RUB in millions)</i>	<b>2010</b>	<b>2009</b>	<b>Change (Y-o-Y)</b>
Russian Federation	8,709	5,784	51%
Republic of Kazakhstan	445	316	41%
Great Britain	1,190	775	53%
Switzerland	380	2,445	(84%)
Germany	318	280	14%
France	191	145	32%
Other	577	422	37%
<b>Total sales</b>	<b>11,810</b>	<b>10,167</b>	<b>16%</b>



# 2010 consolidated cost of sales structure

Total cost of sales = 8,498 RUB in millions



## 2010 performance by segments

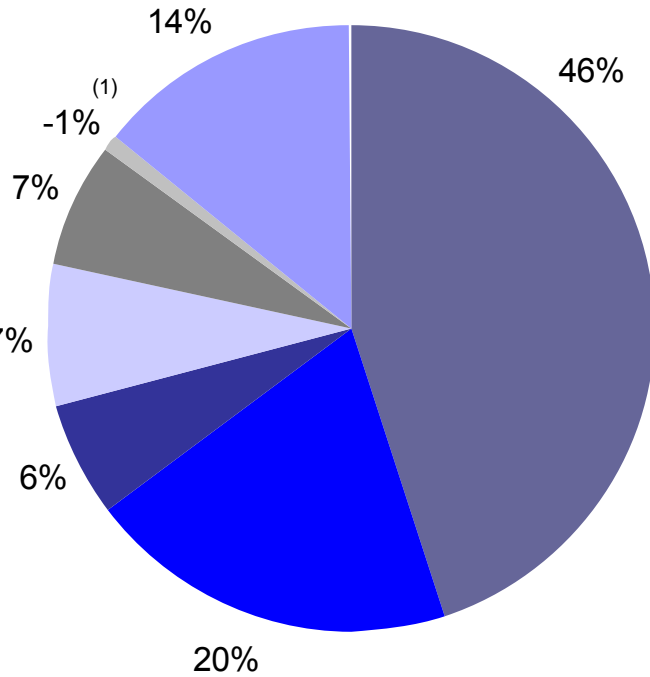
<i>(RUB in millions)</i>	<b>Chelyabinsk Zinc stand-alone</b>	<b>Nova Zinc stand-alone</b>	<b>Brock Metal stand-alone</b>
Revenue	9,363	1,387	2,043
Gross Profit	2,923	399	108
<i>Margin, %</i>	31%	29%	5%
Operating Profit	1,784	172	31
<i>Margin, %</i>	19%	12%	2%
EBITDA <sup>(1)</sup>	2,463	346	39
<i>Margin, %</i>	26%	25%	2%
Net income	1,355	106	31
<i>Margin, %</i>	14%	8%	2%

<sup>(1)</sup> One-off adjustments (asset write-downs and impairment charges) are not included in the calculation of EBITDA

# 2010 Costs structure by segments

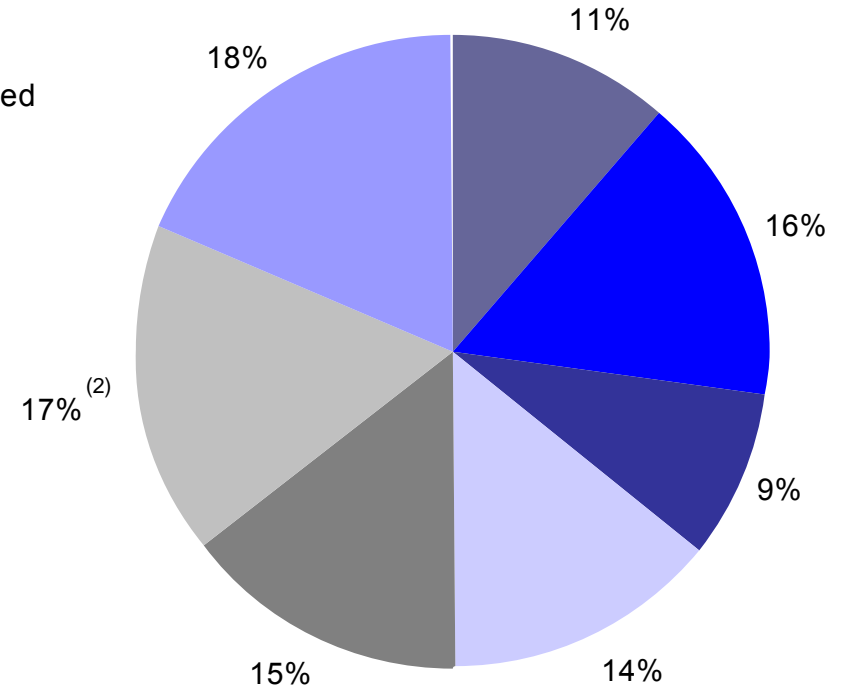
**Chelyabinsk Zinc (Stand alone)**

**Nova Zinc (Stand alone)**



RUR 62,875/t<sup>(4)</sup>

- Materials and consumables used
- Utilities and fuel
- Repaires and maintenance
- Depreciation
- Staff costs
- Others
- SGA<sup>(3)</sup>



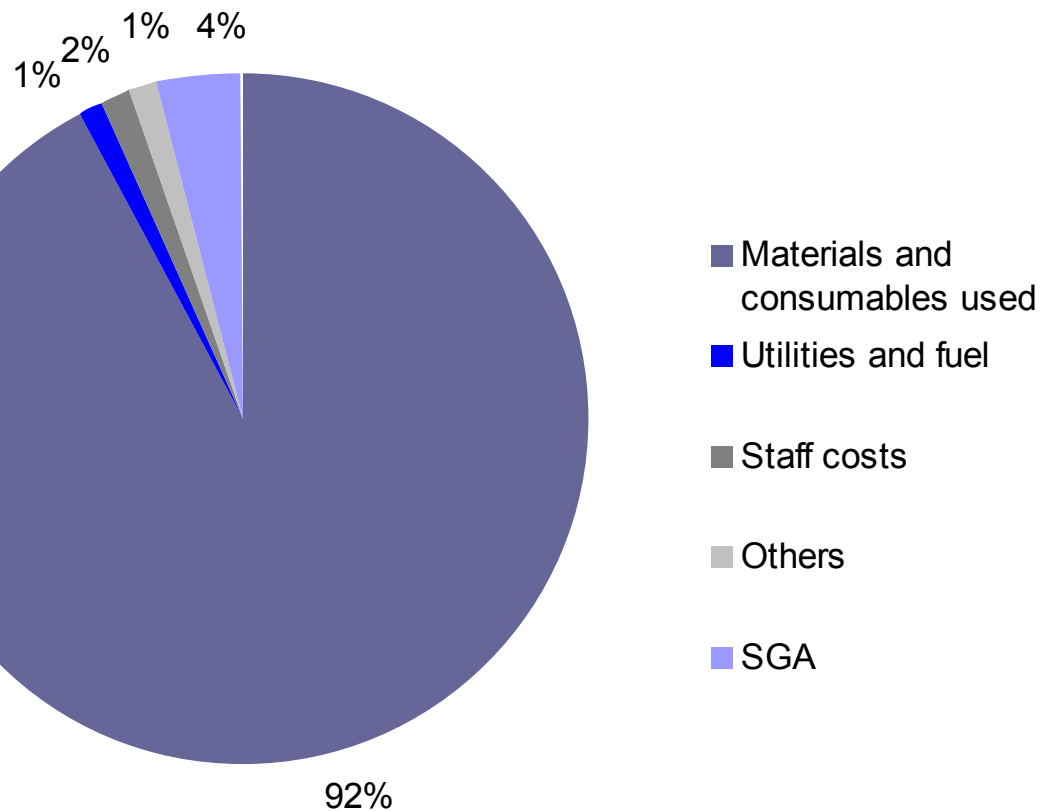
RUR 33,407/t<sup>(5)</sup>

RUR 783/t<sup>(6)</sup>

- Note: (1) due to revaluation of precious metals  
 (2) includes mineral extraction tax that represents 13% of total costs  
 (3) includes taxes other than on income and other operating expenses and income  
 (4) per tonne of zinc (except zinc tolling)  
 (5) per tonne of zinc in zinc concentrate  
 (6) per tonne of ore processed

## 2010 Costs structure by segments (cont.)

### Brock Metal (Stand alone)



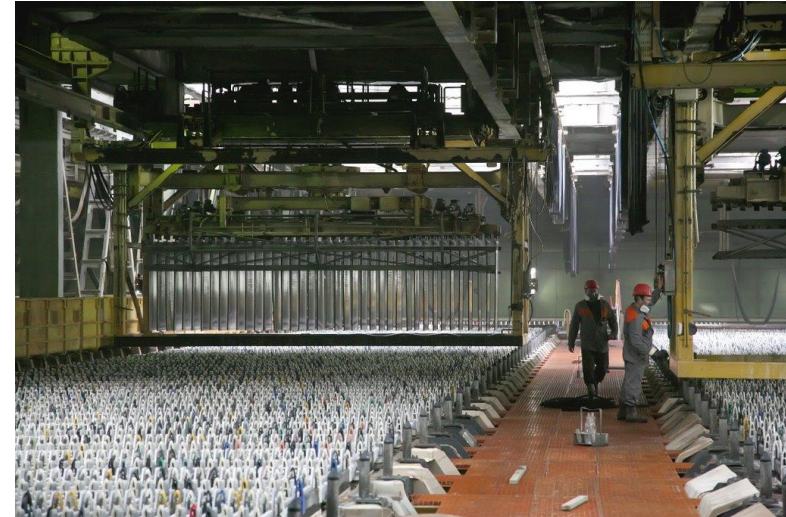
RUR 74,058/t <sup>(1)</sup>

Note: (1) per tonne of alloys



# Balance sheet highlights

<i>(RUB in millions)</i>	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Total Assets	10,127	8,828
Total Debt	586	921
Net Debt	-	428
Shareholder's Equity	8,862	7,356



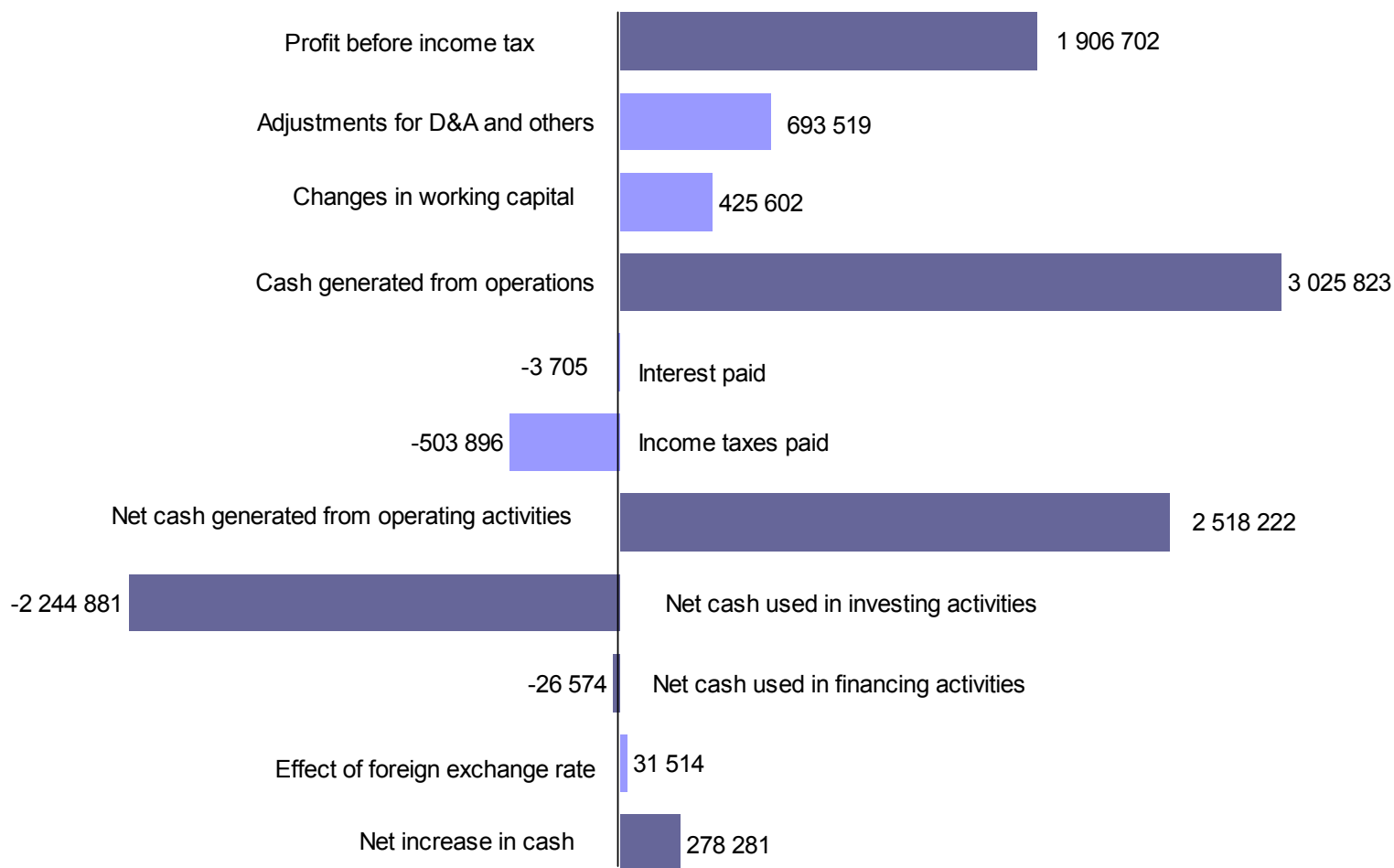
# Cash flow highlights

<i>(RUB in millions)</i>	<b>2010</b>	<b>2009</b>
Net cash from operating activities	2,518	2,436
Net cash from/(used in) investing activities	(2,245)	(318)
Net cash from/(used in) financing activities	(27)	(2,242)



# 2010 Cash Flow Analysis

RUB in thousands





# 2010 Capex Programme

## Investment highlights:

Expansion capex aimed at de-bottlenecking and increasing zinc production

- Sulphuric Acid Unit #3,4,5 (RUR 80 mln)
- Calcination of Waelz oxide unit (RUR 49 mln)
- Filter-drying department of hydrometallurgical plant (RUR 38 mln)
- Akzhal Mine (RUR 32 mln)





**THANK YOU**