



MAGNITOGORSK IRON & STEEL WORKS

OPEN JOINT STOCK COMPANY



June 2007

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Overview of MMK



Development Strategy

Investment Highlights

Financial Review



Geographic Location



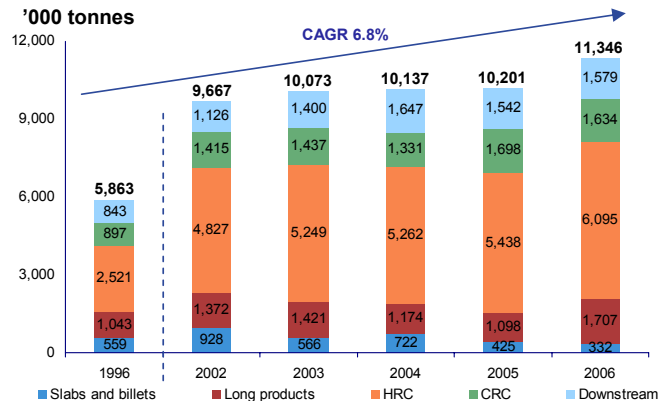
Financial & Operational Indicators - MMK Group

	2004	2005	2006
Steel, tonnes produced mln ⁽¹⁾	11.3	11.4	12.5
Steel products produced, tonnes mln ⁽¹⁾	10.1	10.2	11.3
Sales, US\$ mln	4,829	5,380	6,424
EBITDA, US\$ mln	1,735	1,511	2,005
<i>EBITDA margin, %</i>	35.9	28.1	31.2
Net income, US\$ mln	1,233	947	1,426
<i>Net margin, %</i>	25.5	17.6	22.2

Source: MMK US GAAP accounts

1. Steel production and shipments volumes for OAO MMK only

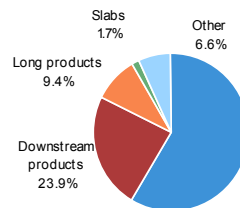
Steel Products Output



Source: MMK

MMK Sales & Shipments Breakdown ⁽¹⁾

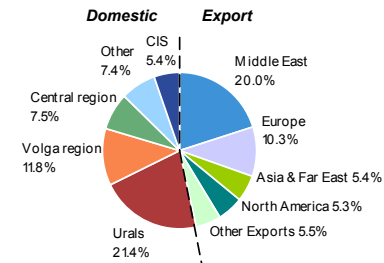
Total sales in 2006:
US\$6,424 mln ⁽¹⁾



Source: MMK

1. Sales breakdown for MMK Group and
2. Shipments breakdown for OAO MMK

Total shipments in 2006:
11.3 mln tonnes ⁽²⁾





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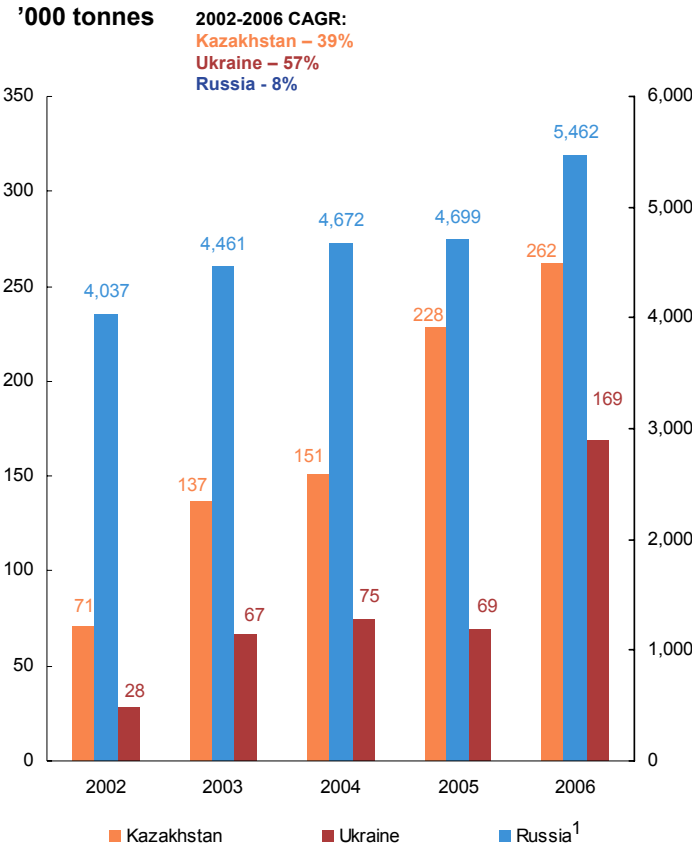


Strategy



Target High-Growth Markets

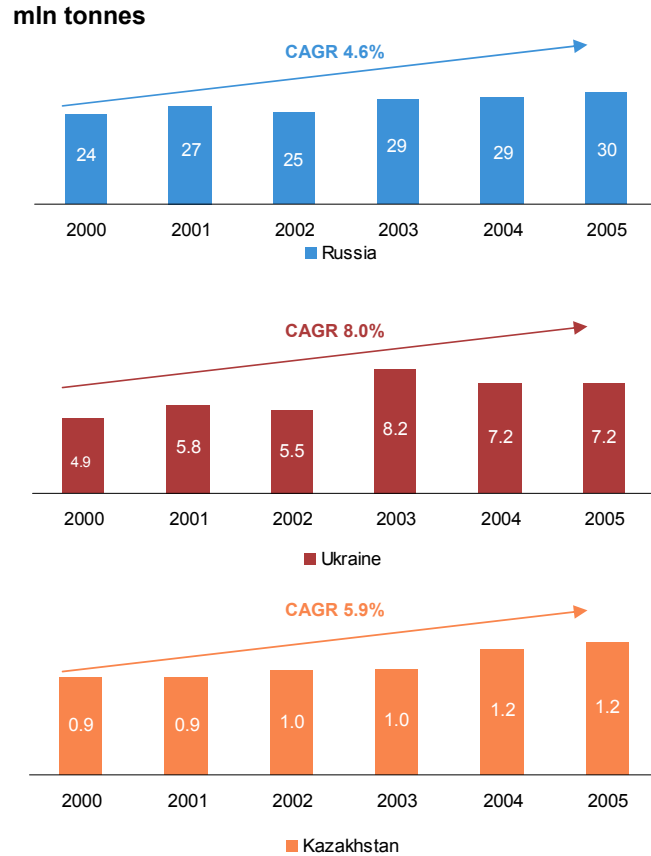
Increase of Sales Volumes in Russia and to Key CIS Countries



Source: MMK

Note
1. Right hand side

Steel Consumption Growth in Key Markets



Source: International Iron and Steel Institute



ROI-Driven Capex: Mill 5000 Launch



Only 8 world producers (located in Germany, France and Japan) manufacture HR thick plates with comparable characteristics

Overview

Current status

- Contract with SMS Demag signed
- Estimated time of installation: 32 months
- Capex: US\$1.0 bln
- Negotiations with leading international banks to arrange credit facility to be used for the mill 5000 contract under the coverage of credit export service agency Hermes
- Launch into operation is planned in 2009, production at full capacity expected in 2010

1.Expected based on current business plan





Mill 5000: MMK and Severstal

Characteristics	MMK ⁽¹⁾	Severstal
Launch into operation, year	2009	1989
Capacity, tonnes mln	1.5	0.6
Width, mm	Up to 4,850	Up to 4,400
Depth, mm	8-160	12-300
Rolling preassure, mln tonnes	12	9
Length, m	24	18
Hardness	up to X120	up to X80

Source: MMK

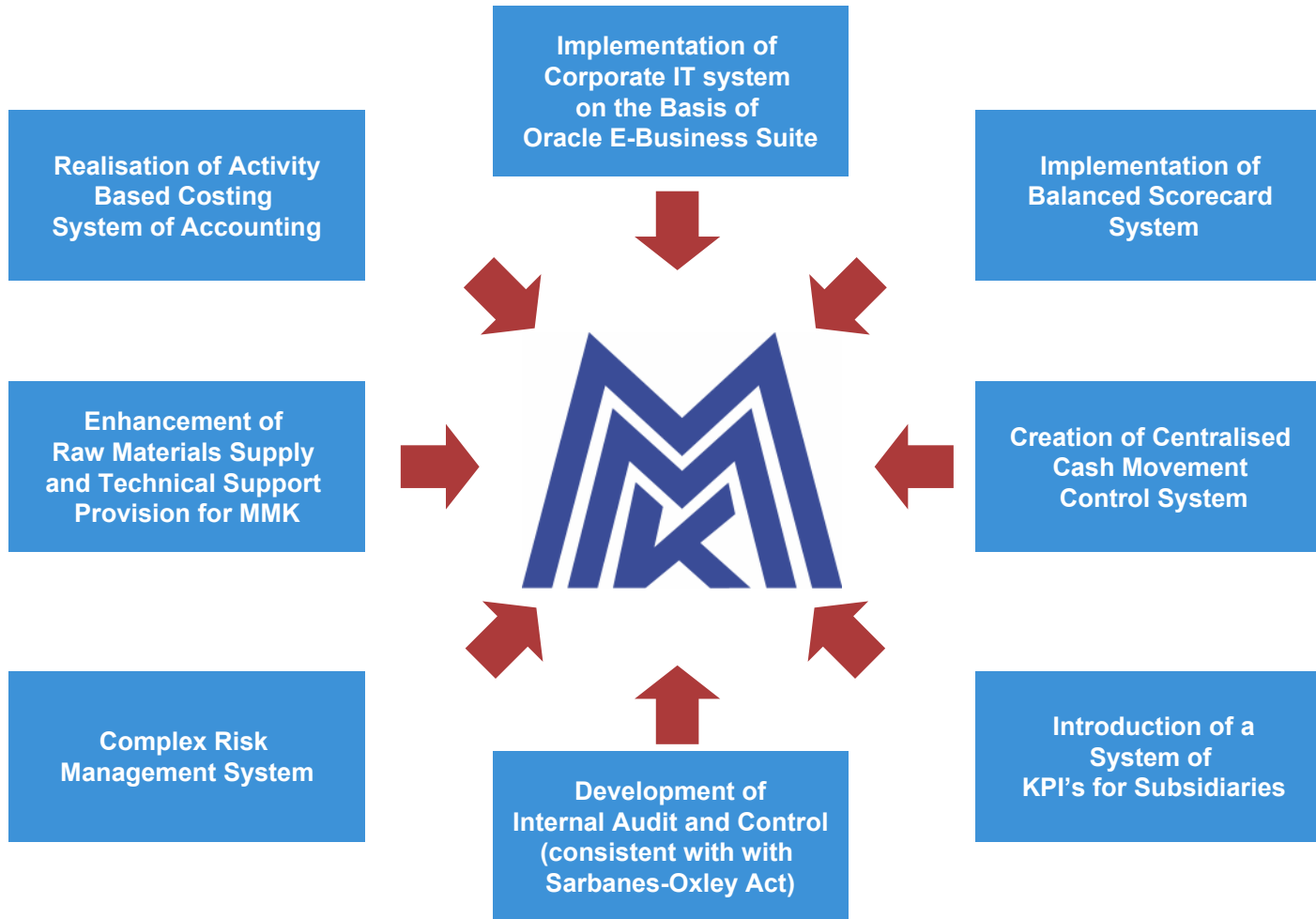


Security of Raw Materials Supply

	Key Suppliers	Comments
	<p>SSGPO</p>	<ul style="list-style-type: none"> • 10-year contract for iron ore supply with SSGPO: volumes fixed • License to develop Prioskolsky iron ore deposit and 51% stake in Bakalskoye Rudoupravleniye as well as own mine in Magnitogorsk
	<p>Kuzmetugol Raspadsky Ugol Mechel Sibuglemet</p>	<ul style="list-style-type: none"> • 5-year contracts with 4 key suppliers: volumes generally fixed • MMK affiliated company – CJSC “Coal Company Kazankovskaya” – holds a license to develop the Kureinsky coking coal deposit
	<p>Profit</p>	<ul style="list-style-type: none"> • 100% of MMK needs are covered by supplies from an related party company CJSC Profit • Leading scrap collection network
	<p>Own Base</p>	<ul style="list-style-type: none"> • Significant self-sufficiency in electricity • Plans to decrease the per-unit electricity consumption



Investments in Exceptional Systems





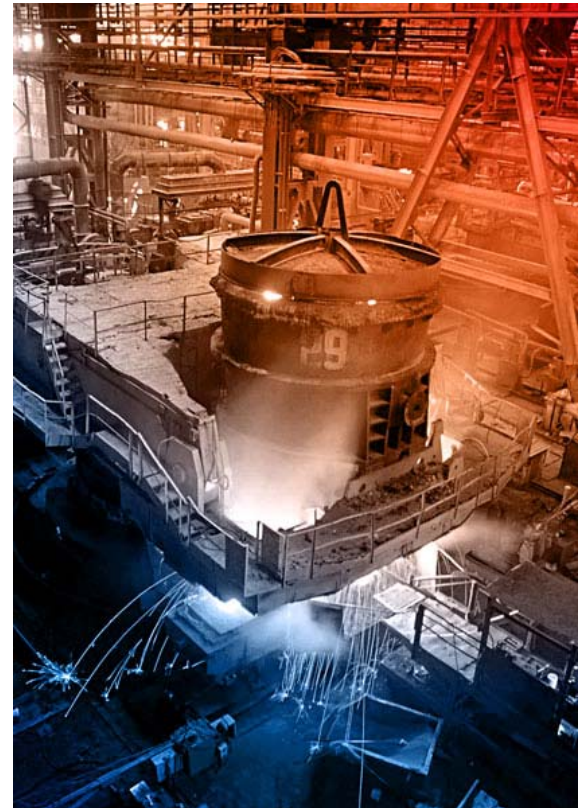
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Financial Review



1 Russia's only “pure” steel play

2 Focus on high value-added products within a broad product portfolio

3 Strongly positioned for attractive domestic market dynamics

4 Significant exposure to the fast-growing Russian pipe-making industry

5 Well-invested, low cost production facilities

6 Leading management information system among Russian peers

7 Exceptional management and highly trained workforce

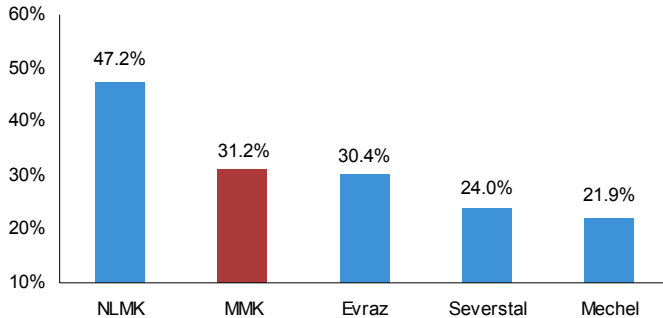


Russia's Only Pure Steel Play

1 2 3 4 5 6 7

Superior Margins

2006 EBITDA Margin ^(1, 2, 3)

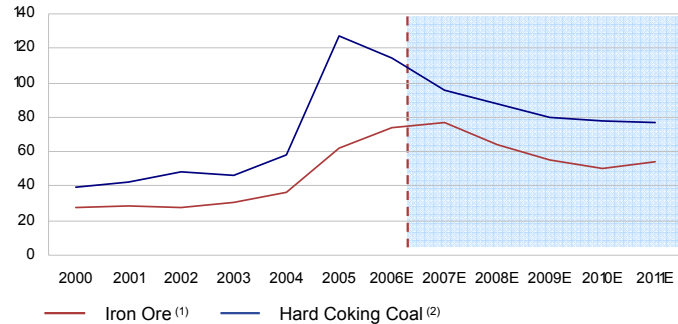


Source: Bloomberg estimates as of 28 February 2007; MMK unaudited financial statements

- NLMK, Evraz, Mechel estimates are based on Bloomberg mean sales and EBITDA estimates for 2006 in US\$ as of 28 February 2007
- MMK Group actual is based on US GAAP accounts
- Severstal actual is based on IFRS accounts

Benefit From Falling Raw Material Prices

Raw material prices (US\$ / tonne)

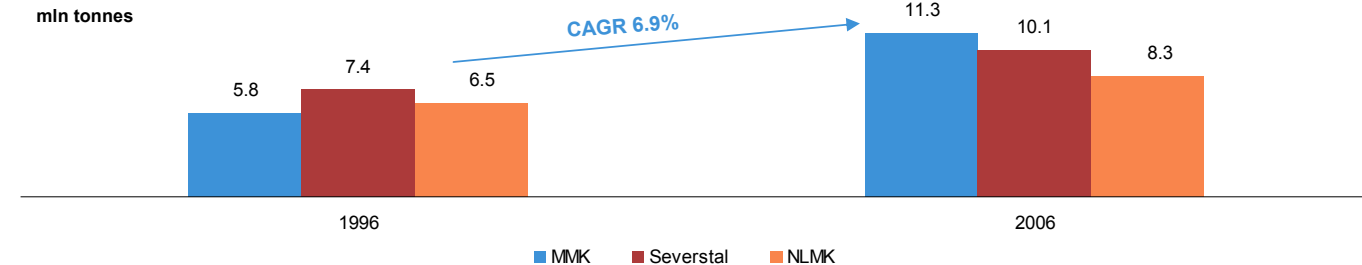


Source: AME, December 2006

- Iron Ore, Hamersley fines to Japan for JFY (Historical prices converted from US\$/dltu)
- Hard coking coal prices indicated by Japan FOB price for Goonyella-type premium brands in JFY

Superior Rolled Steel Production Growth ⁽¹⁾

	1996-06 CAGR
MMK	6.9%
NLMK	2.5%
Severstal	3.1%
Russia, total	4.3%



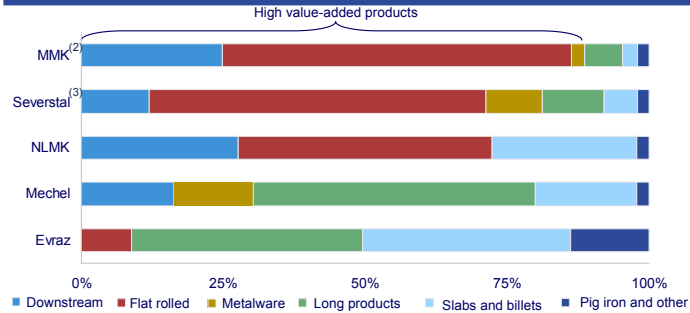
Source: MMK, other companies' publicly available information

- Rolled products for Russian operations only



Focus on High Value-Added Products

Highest Share of High Value-Added Products (1)



Source: Companies' 2005 annual statements

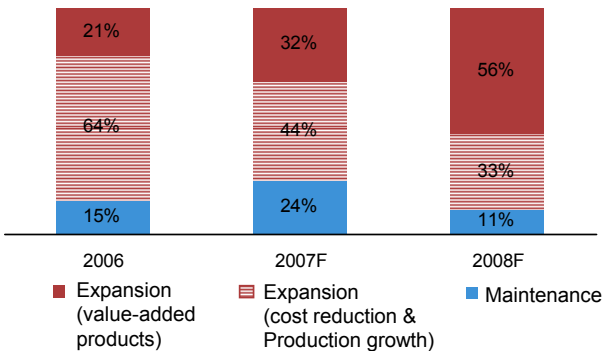
1. Breakdown is estimated based on revenue breakdown of steel segment

2. Breakdown is estimated based on US GAAP Financial Statements data

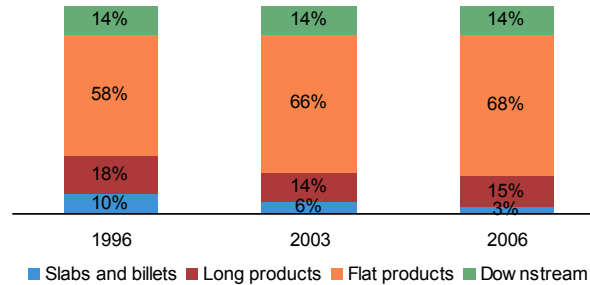
3. Russian operations only

Capex Committed to Increase Production of High Value-Added Products

Breakdown of total Capex committed









Evolution of Sales Structure



Source: MMK

Key Products

-  HR/CR coils & sheets
-  Metal ware
-  Coated sheets
-  Tin plate
-  Tubes
-  Cold formed sections, band

Leadership in Value-Added Segments

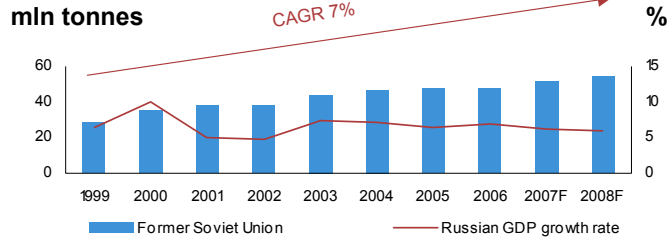
Product	MMK Share of Russian Output	Share in MMK Sales	MMK Ranking
Hot-rolled flat products	41%	54%	1
Cold-rolled flat products	32%	14%	3
Metalware	26%	5%	2
Galvanised flat products	25%	4%	2
Cold-rolled strip	53%	4%	1
Tinplate	100%	3%	1
Formed sections	52%	2%	1
Incl. railway cars sections	100%	1%	1
Coated plates	24%	1%	2

Source: Chermet, MMK Group Data



Strongly Positioned for Attractive Domestic Market Dynamics

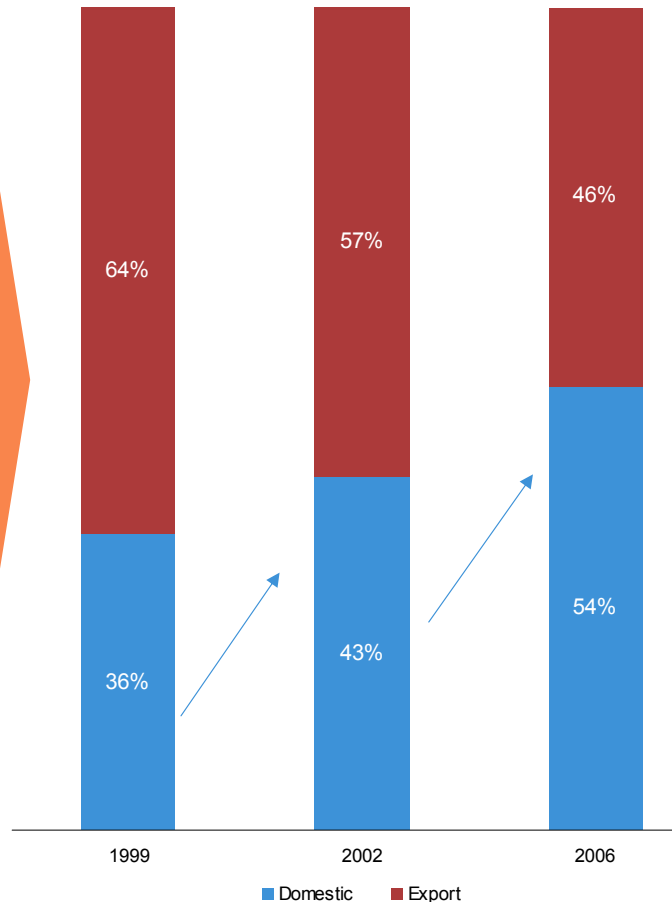
Growing Demand for Steel



Source: AME, Ministry of Economic Development and Trade

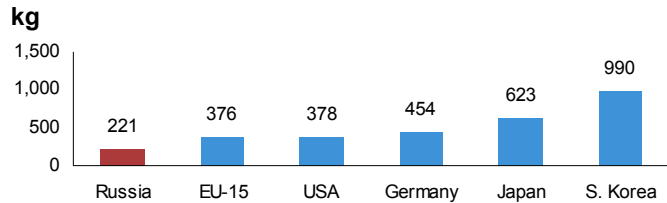
Growing Share of Domestic Sales ⁽¹⁾

By volume in tonnes



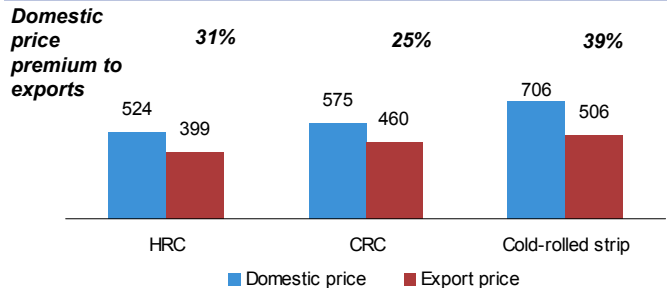
Source: MMK standalone accounts
1. Domestic market includes Russia and CIS

Low Relative per Capita Consumption, 2006



Source: Consumption data – AME; population data – Global Insight

Domestic Price Premium, 2006 US\$ / tonne ⁽¹⁾



Source: MMK product prices
1. Prices in US\$ based on the average exchange rate from management accounts of MMK; export prices exclude transport

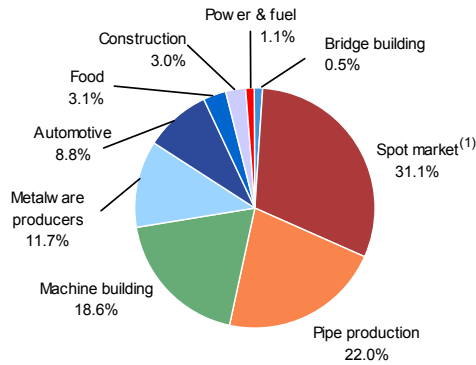


Strongly Positioned for Attractive Domestic Market Dynamics

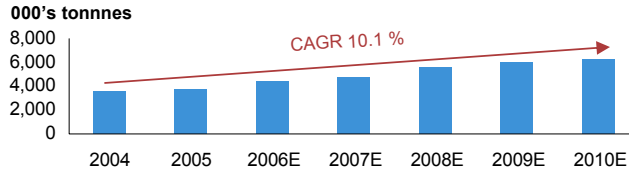
1	2	3	4	5	6	7
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OA0 MMK Shipments Split by Industries, 2006

% of shipments in tonnes

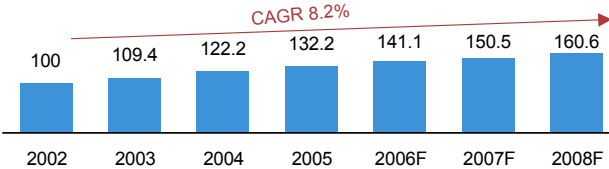


Russian Oil & Gas Pipe Consumption



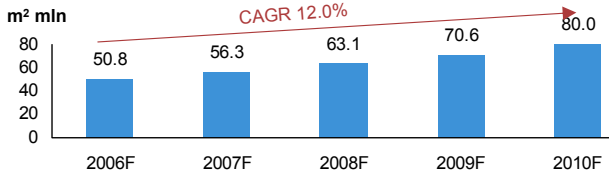
Source: Rosstat, Metal Expert, UBS estimates

Machinery & Metal Working, Growth Index ⁽¹⁾



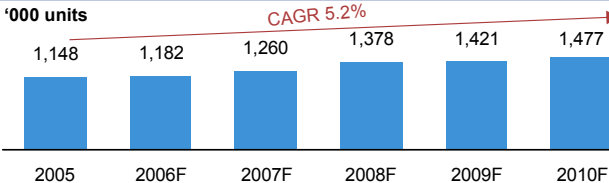
Source: Ministry of Economic Development and Trade data as of 2005
1. Rebased to 100 as of 2002

Real Estate Construction Volume, 2006-10F ⁽¹⁾



Source: National Housing Program "Affordable and Comfortable Housing for Russian Citizens", 2006
1. Data for residential real estate

Car Production in Russia, 2005-10F



Source: Deutsche UFG estimates

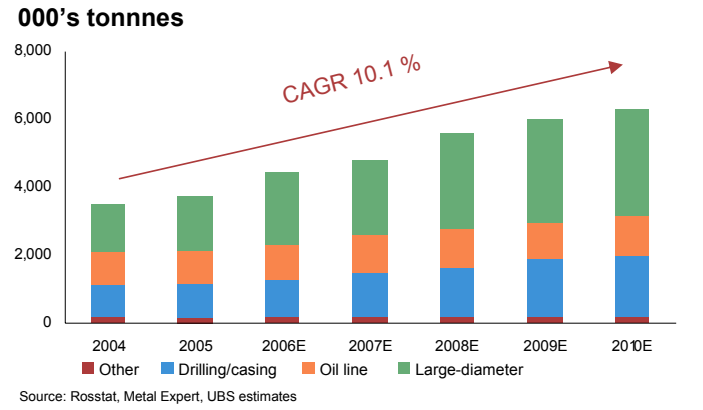


Source: MMK

1. Up to 60% of spot market distribution goes to construction industry

Significant Exposure to Fast-Growing Russian Pipes Industry

Russian Oil & Gas Pipe Consumption

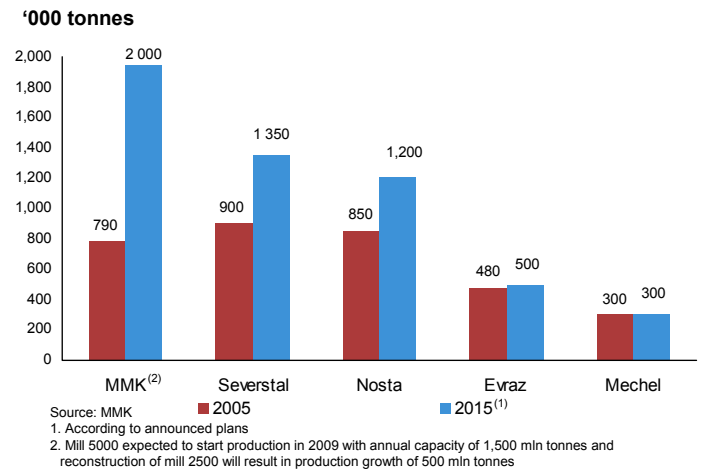


Russian Pipeline Projects Through 2015

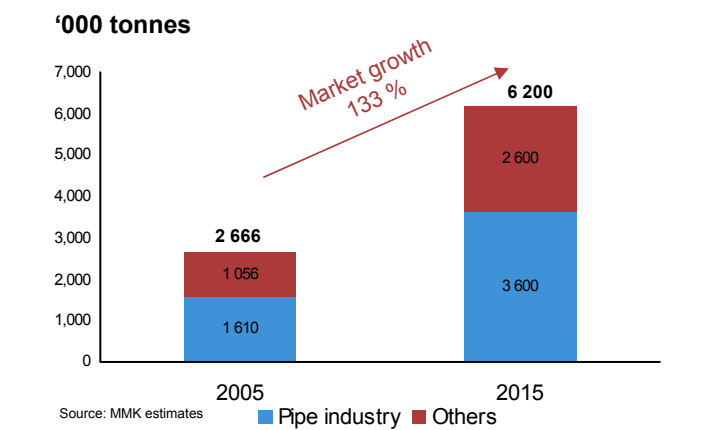
Project	Period	Length (km)	Tonnage (mln tonnes)
Gazprom Projects	2006-2015	30,879	23.8
Transneft Projects	2006-2015	5,539	4.3
TOTAL		36,418	28.1

Source: MMK

Largest Domestic Capacity in Thick Plate Production



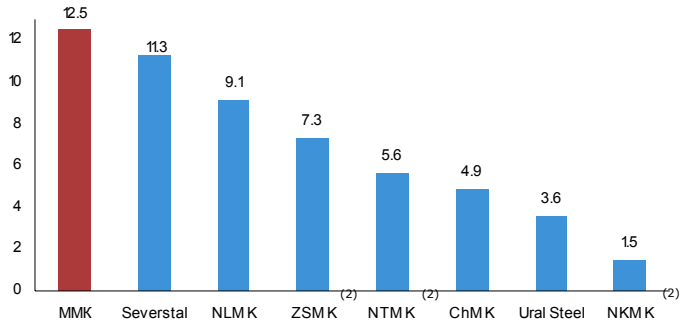
Russian Demand for Thick Plate Products



Well-Invested, Low Cost Production Facilities

Largest Single-Site Facility in Russia (1)

mln tonnes of crude steel

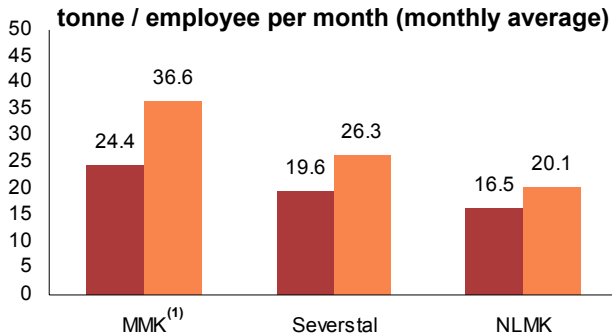


Source: Chermet, 2006 results
1. Russian operations only
2. Data related to individual steel plants

Location in Proximity to Raw Materials Suppliers



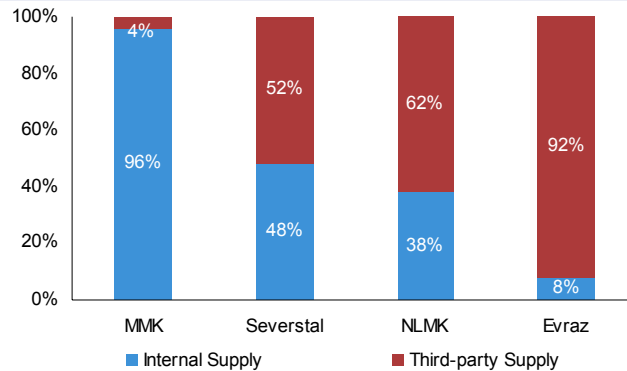
Highest Labour Productivity Among Russian Flat Steel Producers, 2002-06



Source: Chermet

1. Data for MMK

Highest Electricity Self-Sufficiency Level (1)



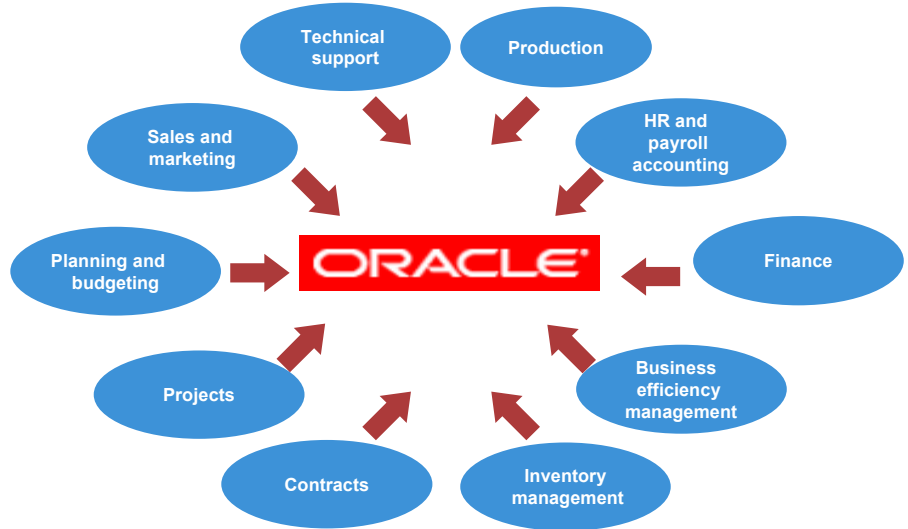
Source: MMK - 2005, most recent available companies' annual reports and prospectuses: NLMK - 2005, Severstal - 2005, Evraz - 2004, MMK - 2005

1. Only Russian business is taken into account
2. Electricity self-sufficiency at MMK amounted to 90% in 2006



Leading Management Information System Among Russian Peers

Unique Oracle Applications among Russian Companies



Traditionally Earliest Reporting Time Among Russian Peers ⁽¹⁾

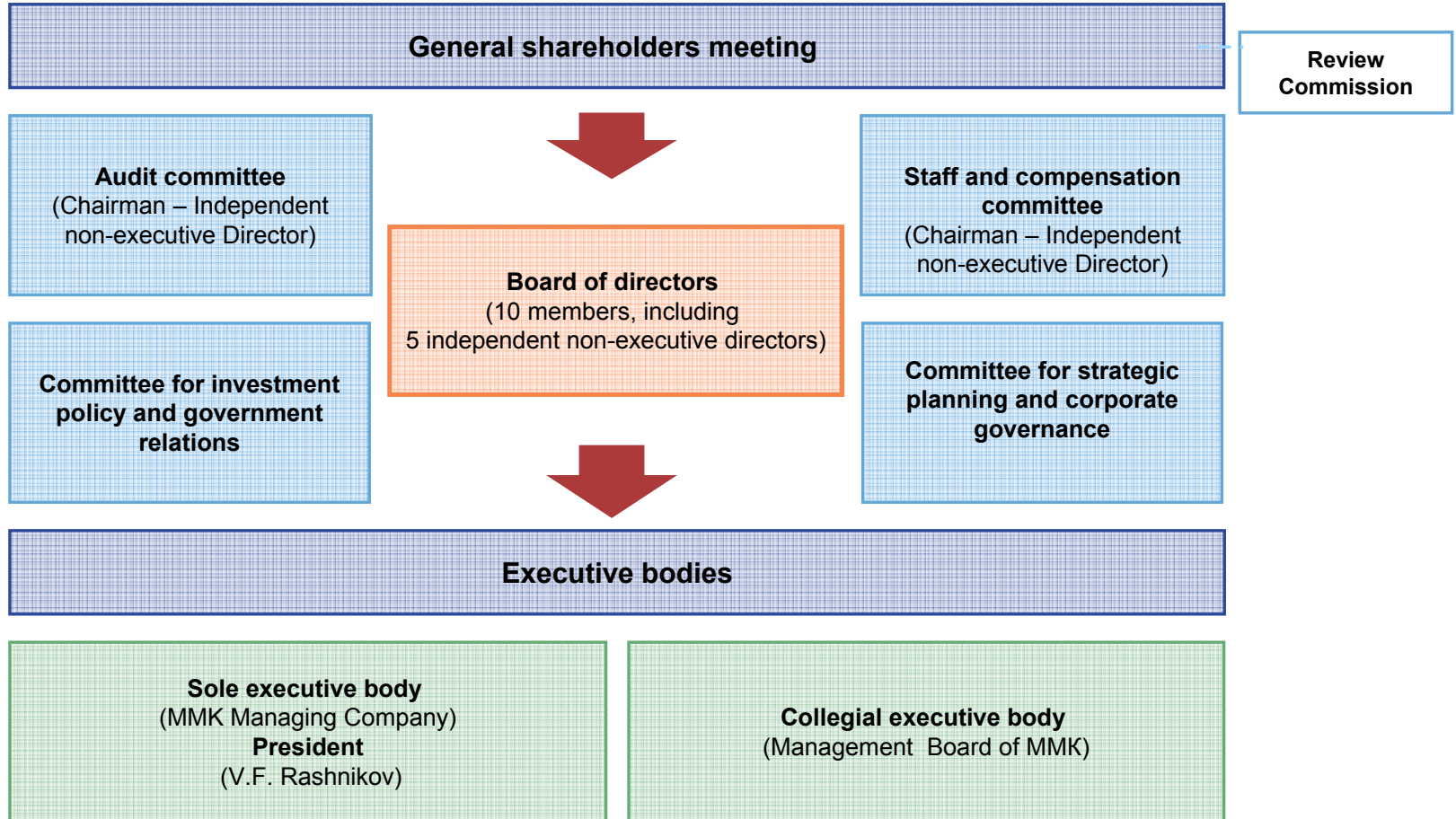
	MMK	Severstal	Evraz	NLMK	Mechel
Announcement of IFRS / GAAP YE Financial Statements	3 rd week of March	1 st week of April	4 th week of April	3 rd week of April	May ⁽²⁾

Source: Company sites

1. Based upon most recent reportings of annual and expected 2006 financial results
2. Publication date of 2005 financials



High Corporate Governance Standards





Victor F. Rashnikov
Chairman of the Board of Directors of MMK
President of MMK Managing Company
Experience with MMK – 39 years



Andrey A. Morozov
Deputy Chairman of the
Board of Directors of MMK
Vice President for Corporate Matters
Experience with MMK – 32 years



Guennady S. Senichev
Chairman of the Management
Board – Executive Director
Vice President for Operations
Experience with MMK – 34 years



Vladimir I. Shmakov
Vice President for Finance and Economics
Experience with MMK – 23 years



Sergey V. Krivoshechekov
Vice President for Property Administration
Experience with MMK – 23 years



Igor V. Vier
Vice President for Commerce
Experience with MMK – 23 years



Rafkat S. Takhautdinov
Vice President for Strategic Development
Experience with MMK – 27 years



Marina A. Zhemchueva
Chief Accountant
Experience with MMK – 25 years



Arkady V. Chernov
Head of President Administration
Experience with MMK – 30 years

Management Team Achievements

- Continued modernization of production facilities
- Steel products output nearly doubled in 1996-2006 from 5.9 mln tonnes to 11.3 mln tonnes
- US GAAP audited consolidated financial statements since 2001
- Installation of state-of-the-art MIS on a single-site facility
- MMK one of the first Russian steel producers to enter the international financial markets
- High corporate governance standards

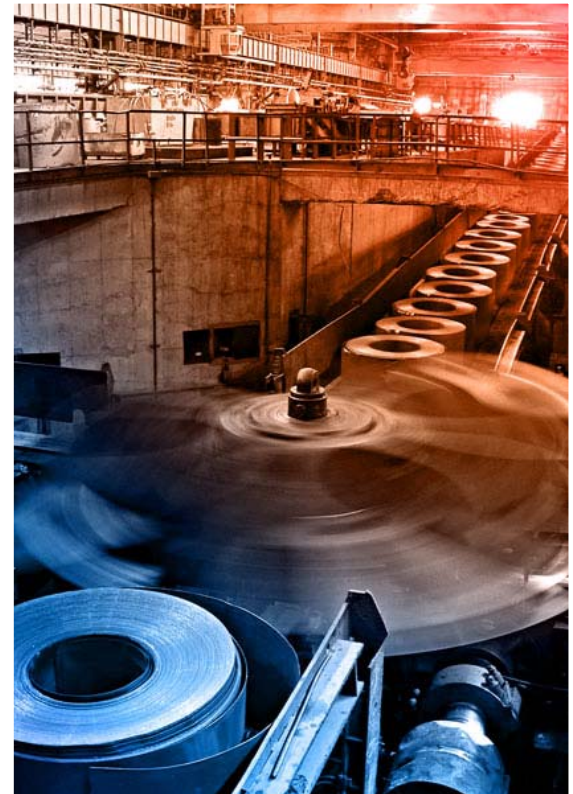


Overview of MMK

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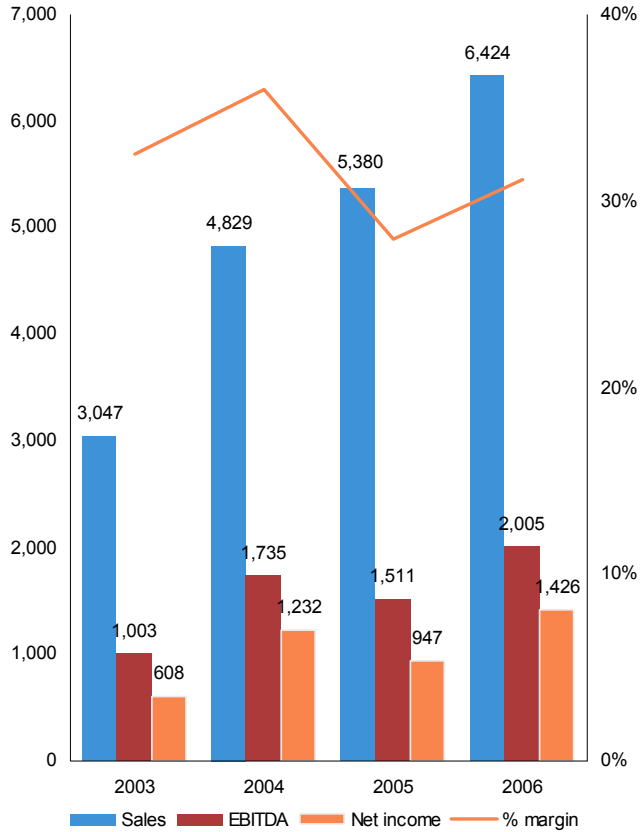
Investment Highlights

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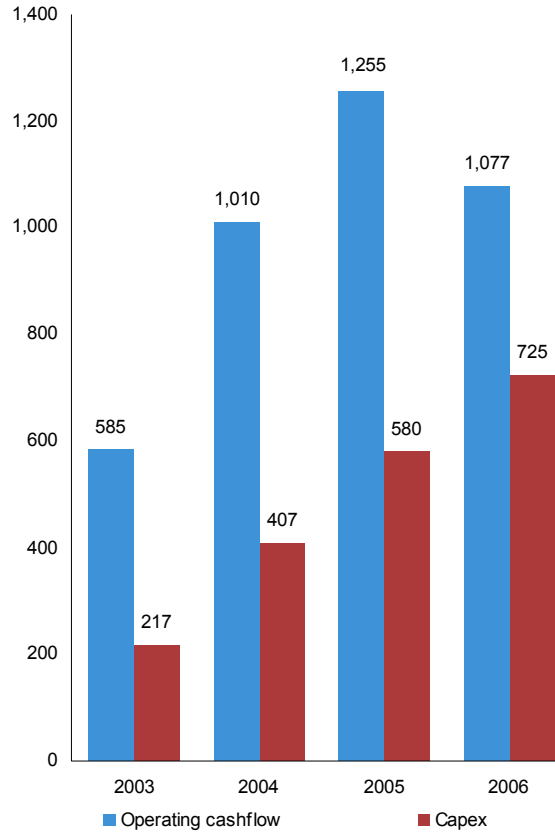
Dynamics of Sales & EBITDA

US\$ mln



Dynamics of Operating Cashflow and Capex

US\$ mln

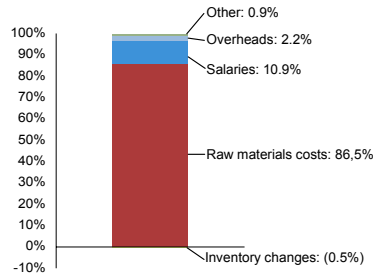


Source: MMK US GAAP accounts

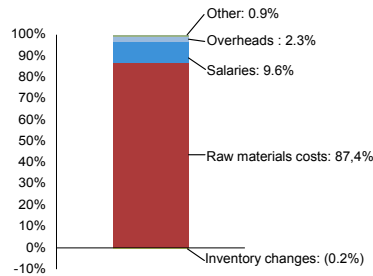
Cost Structure Analysis: COGS

Cost of Goods Sold Breakdown MMK Group

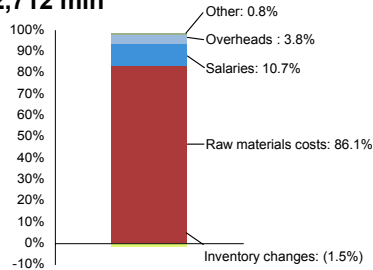
2006 = US\$3,619 mln



2005 = US\$3,274 mln



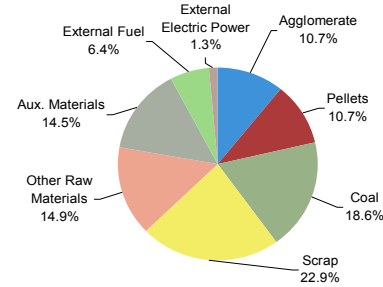
2004 = US\$2,712 mln



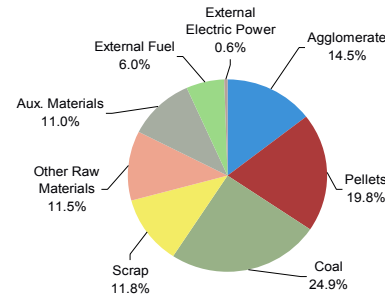
Source: MMK US GAAP accounts

Raw Material Costs of MMK (1)

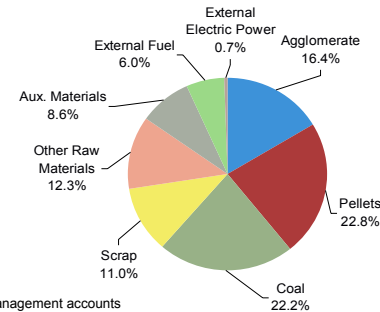
2006



2005



2004



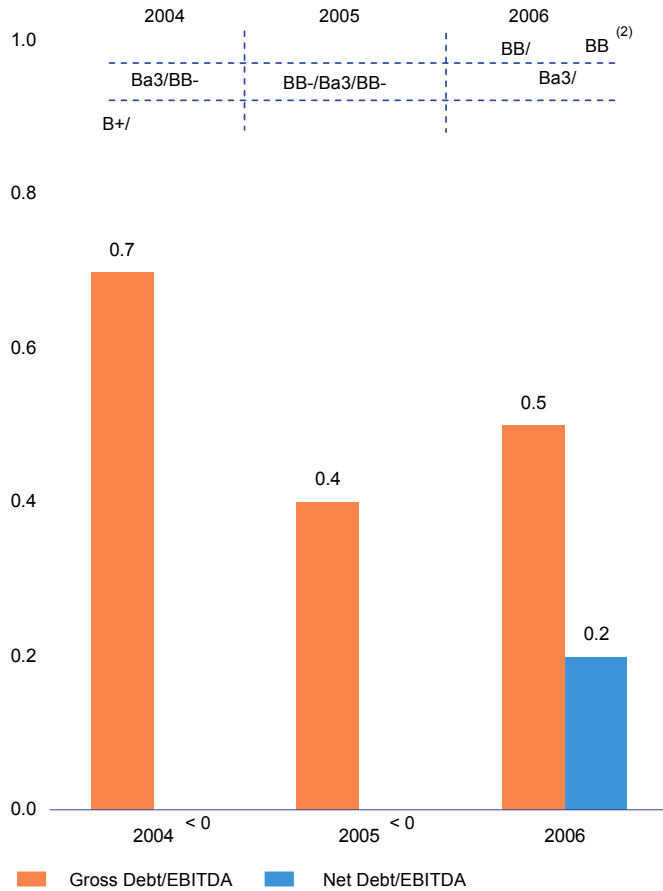
Source: MMK Management accounts

1. Includes only MMK raw material expenses
2. Raw material costs of MMK account for more than 90% of MMK Group costs

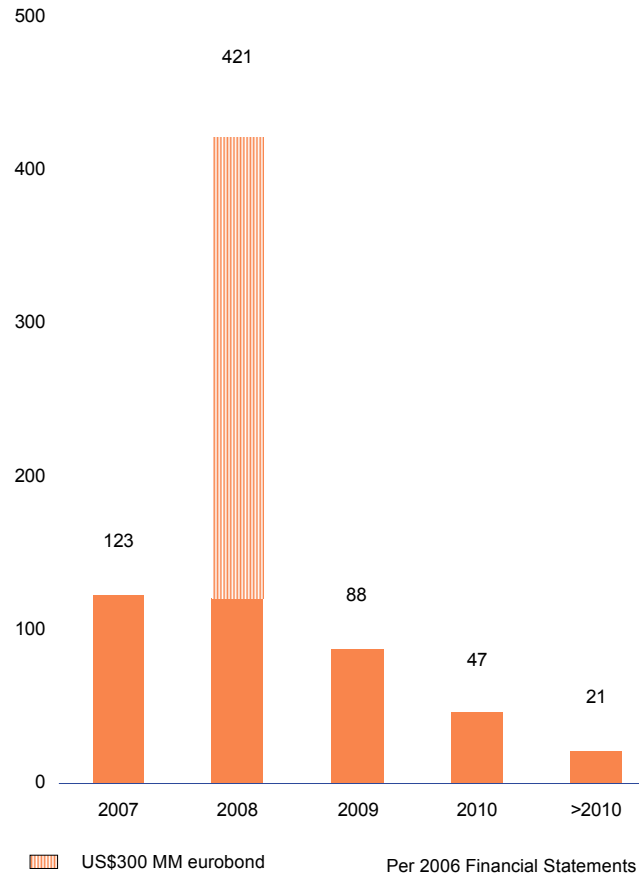


Strong Financial Position

Net Debt / EBITDA ⁽¹⁾



Long-term Debt Maturity Profile ⁽¹⁾



Source: MMK US GAAP accounts

Note:

- The ratings are represented in the following sequence: S&P, Moody's, Fitch
- Current rating

Source: MMK US GAAP accounts

Note:

- Per 2006 Financial Statements

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