



**MAGNITOGORSK
IRON & STEEL
WORKS**

OPEN JOINT STOCK COMPANY

Presentation of the OJSC MMK Group 1H 2007 US GAAP Financial Statements



MMK Group Operations and Income Statement

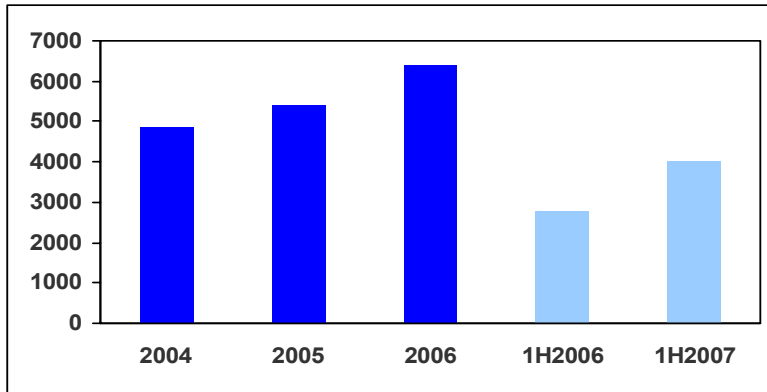
	1 st Year Half, USD m		Change compared to same period of previous year	
	2007 год	2006 год	USD m	%
Revenue	4,000	2,780	1,220	43.9%
Operating income	1,077	690	387	56.1%
<i>Revenue margin</i>	26.9%	24.8%		
Income before income tax and minority interest	1,119	779	340	43.6%
<i>Revenue margin</i>	28.0%	28.0%		
Net income	866	588	278	47.3%
<i>Revenue margin</i>	21.7%	21.2%		
Comprehensive income	1,045	588	457	77.7%
<i>Revenue margin</i>	26.1%	21.2%		
EBITDA*	1,205	785	420	53.5%
<i>EBITDA margin</i>	30.1%	28.2%		
Basic and diluted earnings per common share (USD)	0.083	0.058	0.025	43.1%

* EBITDA = Operating income + Depreciation of assets + Loss on disposal of fixed assets

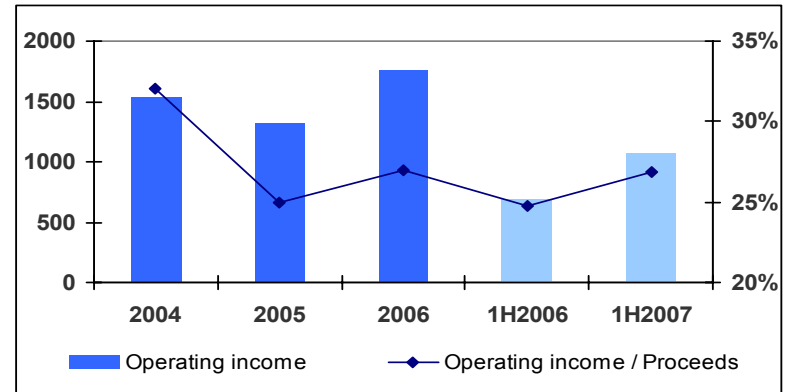


MMK Group Key Performance Indicators

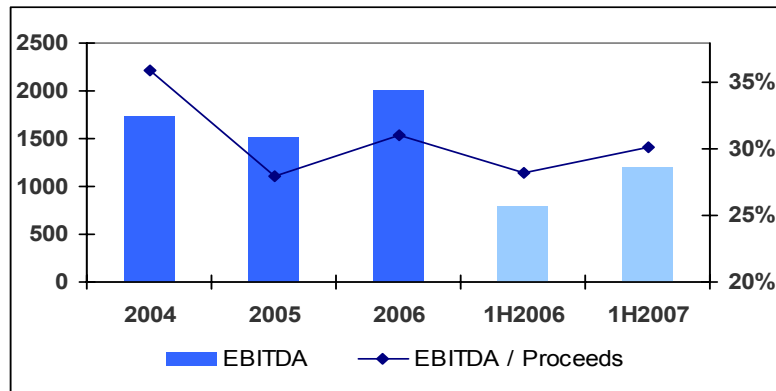
Sales proceeds, UCD m



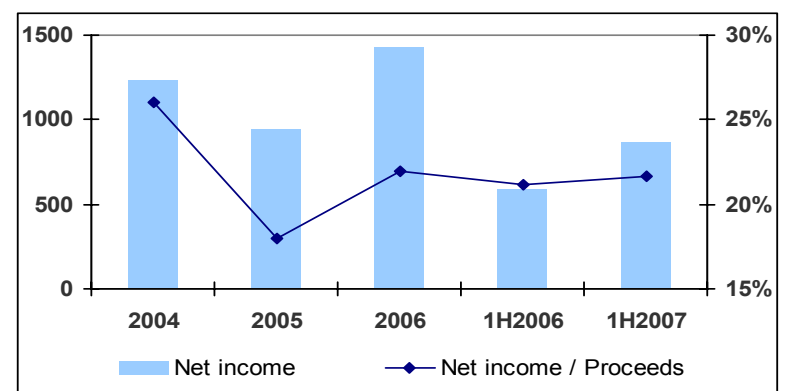
Operating income, USD m



EBITDA, USD m



Net income, USD m



MMK Group's Key Financial Indicators

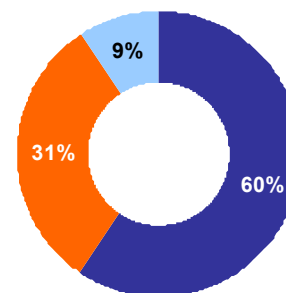
MMK Group's Sales

	1 st Year Half, USD m		Change compared to same period of previous year	
	2007	2006	USD m	%
OJSC MMK's proceeds	2 383	1 618	765	47.3%
Group's steel traders' proceeds	1 252	955	297	31.1%
Group's other companies' proceeds	365	207	158	76.3%
Total proceeds	4 000	2 780	1 220	43,9%



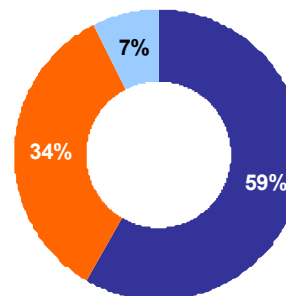
MMK Group's Sales in USD

1H2007 г.



■ OJSC MMK
■ Steel traders*
■ Other companies

1H2006 г.



* MMK Steel Trade AG
MMK Trading AG

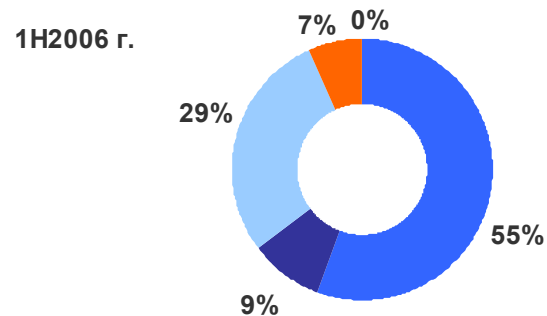
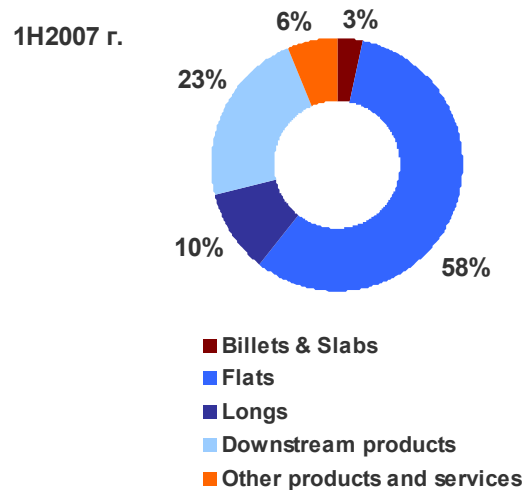
MMK Group's Key Financial Indicators (continued)

Proceeds by type of product

	1 st Year Half, USD m		Change compared to same period of previous year	
	2007	2006	USD m	%
Billets and slabs	131	1	130	x131
Flat products	2,293	1,547	746	48.2%
Long products	417	251	166	66.1%
Downstream products	905	793	112	14.1%
Other products and services	254	188	66	35.1%
Total proceeds	4 000	2 780	1 220	43.9%



Proceeds by type of product in USD

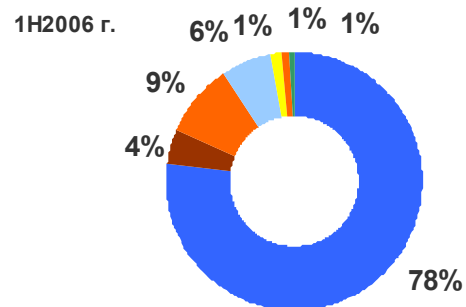
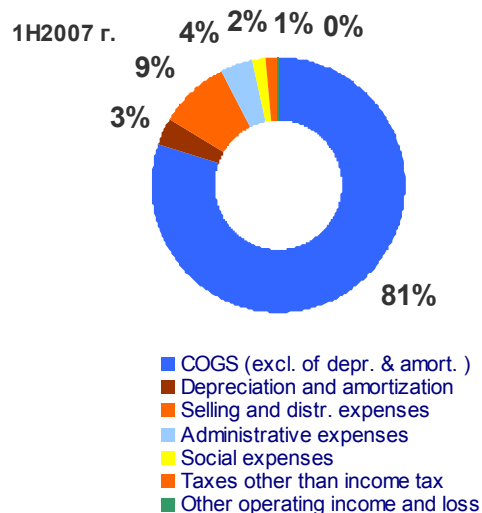


MMK Group's Operating Costs' Structure

MMK Group's operating costs

	1 st Year Half, USD m		Change compared to same period of previous year	
	2007	2006	USD m	%
Cost of products sold (excl. of amortization and depreciation)	2 348	1 631	717	44.0%
Depreciation and amortization	99	89	10	11.2%
Selling and distribution expenses	256	191	65	34.0%
Administrative expenses	121	134	-13	-9.7%
Social expenses	47	31	16	51.6%
Taxes other than income tax	40	25	15	60.0%
Loss on disposal of plant and equipment	29	6	23	383.3%
Other operating income and loss	17	-17	0	0.0%

MMK Group's operating costs in USD

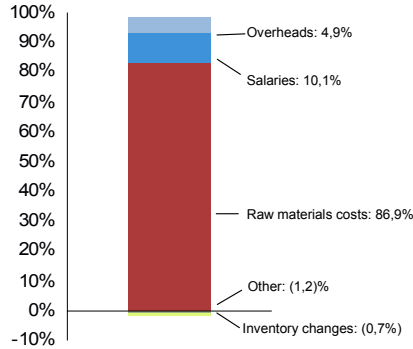




Cost Structure Analysis

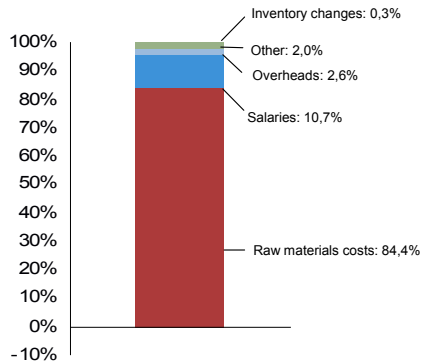
Cost of Goods Sold Breakdown MMK Group

1H2007



Total: 2 348 USD m

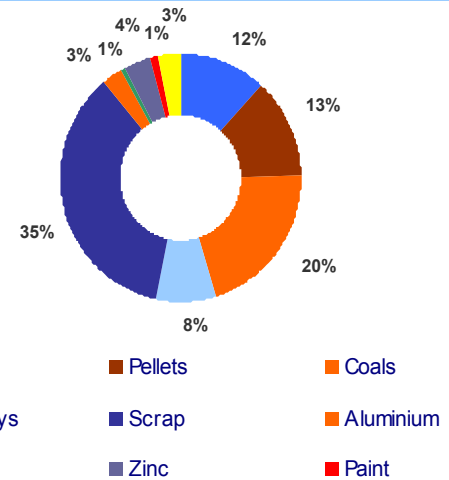
1H2006



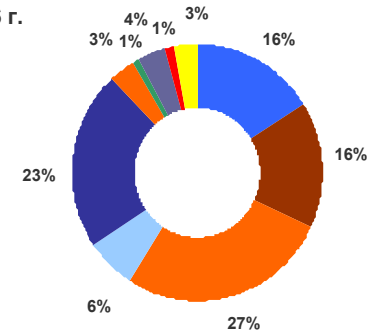
Total: 1 631 USD m

MMK Operating Costs in USD m

1H2007



1H2006 r.



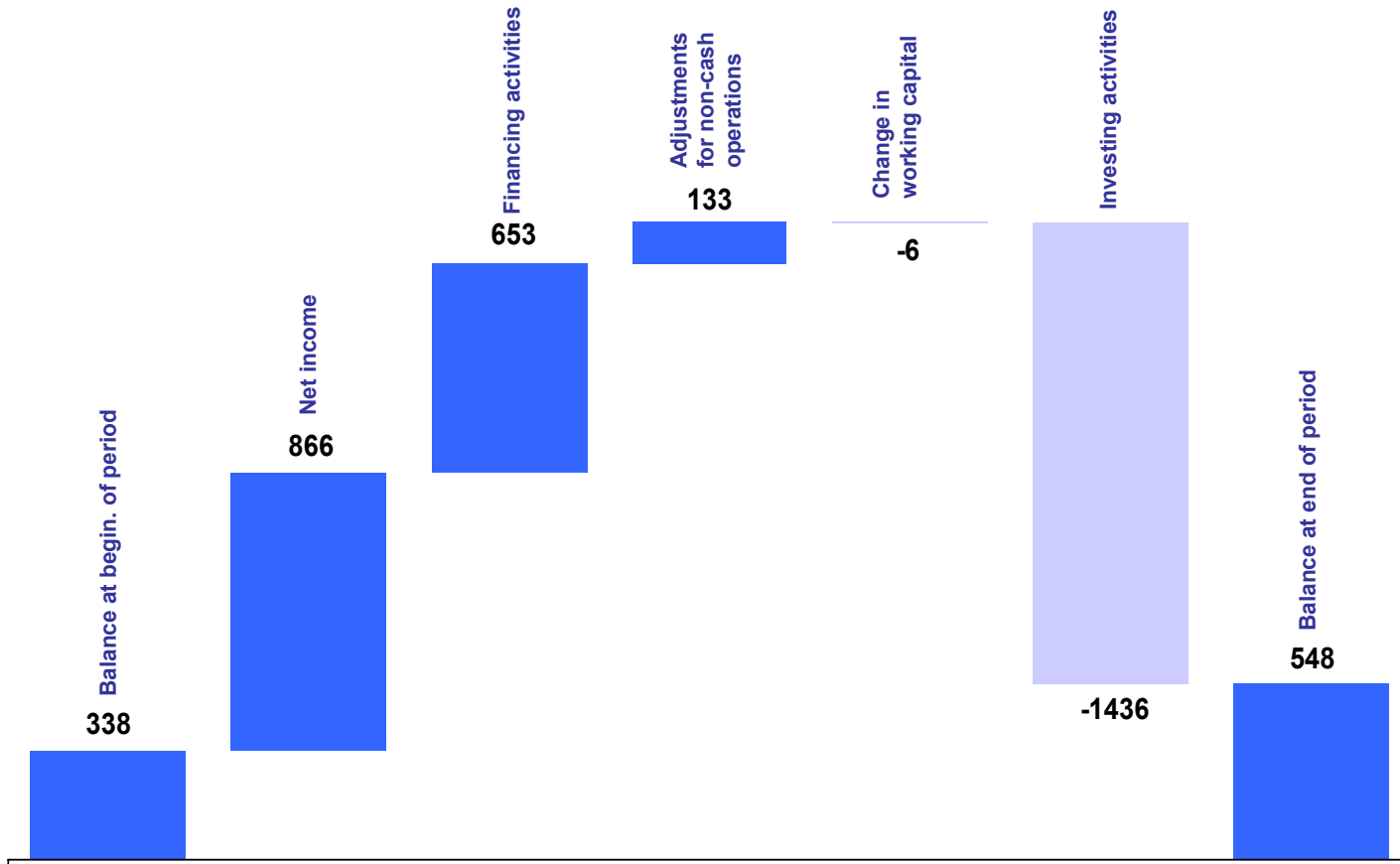
MMK Group's Balance Sheet, USD m

	30.06.2007	31.12.2006	Change	%
Current assets, including	3,895	2,480	1,415	57.1%
<i>Cash and cash equivalents</i>	548	338	210	62.1%
<i>Short-term bank deposits</i>	1,278	228	1,050	460.5%
<i>Short-term investments</i>	306	325	-19	-5.8%
<i>Accounts receivable less allowance for doubtful accounts</i>	464	410	54	13.2%
<i>Inventories</i>	687	688	-1	-0.1%
<i>Other receivables and current assets</i>	612	491	121	24.6%
Non-current assets, including	3,682	3,209	473	14.7%
<i>Property, plant and equipment</i>	3,023	2,764	259	9.4%
<i>Long-term bank deposits</i>	111	109	2	1.8%
<i>Other non-current assets</i>	548	336	212	63.1%
Total assets	7,577	5,689	1,888	33.2%
Long-term debt, including	729	686	43	6.3%
<i>Long-term loans and capital lease obligations</i>	578	606	-28	-4.6%
<i>Other long-term debt</i>	151	80	71	88.8%
Current liabilities, including	1,147	964	183	19.0%
<i>Short-term borrowings</i>	498	400	98	24.5%
<i>Accounts payable</i>	306	225	81	36.0%
<i>Other accounts payable and current liabilities</i>	343	339	4	1.2%
Minority interest	23	12	11	91.7%
Shareholders' equity	5,678	4,027	1,651	41.0%
Total liabilities and shareholders' equity	7,577	5,689	1,888	33.2%



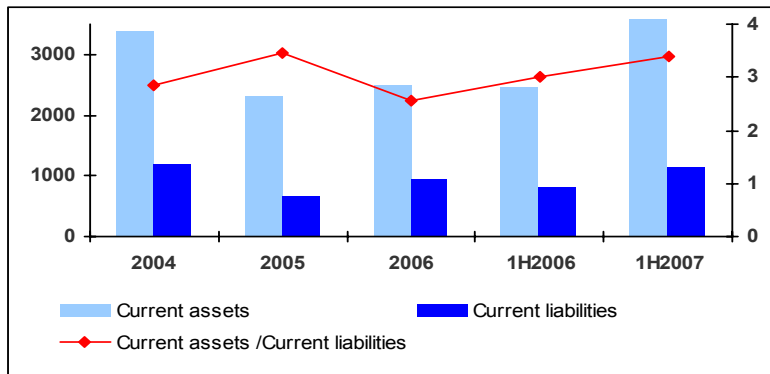
MMK Group's Cash Flows

Change of cash balance during the period, USD m

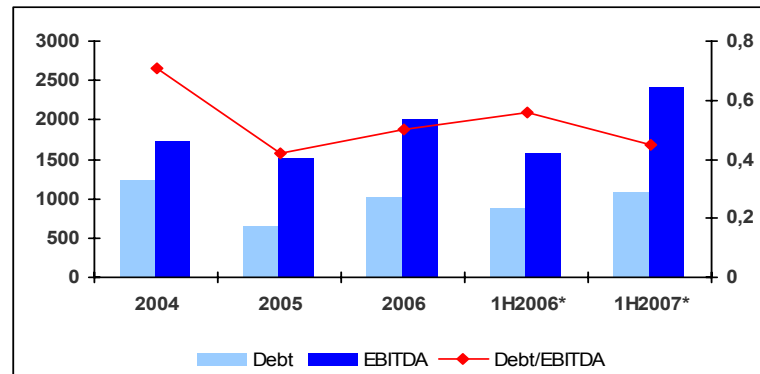


MMK Group's Financial Position Indicators

Current liquidity

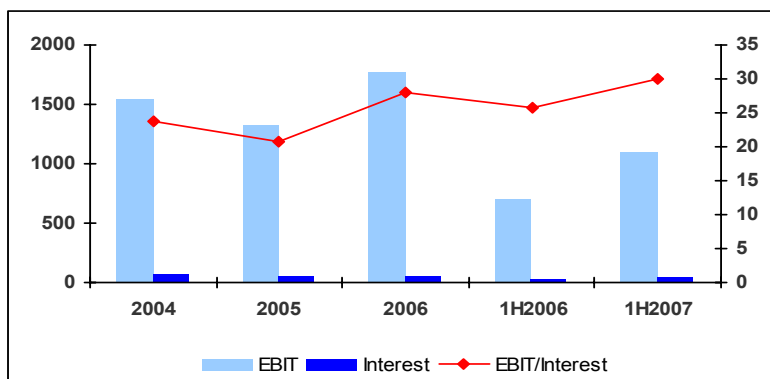


Debt / EBITDA

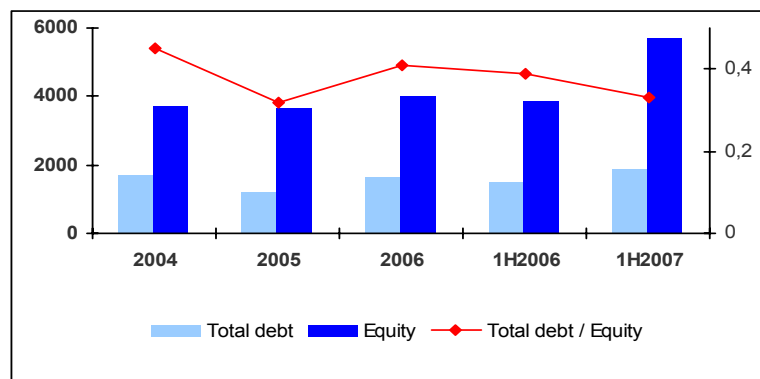


* EBITDA calculated as 1st year half EBITDA multiplied by 2

EBIT / Interest



Total debt / Equity



OJSC MMK's Key Production Indicators

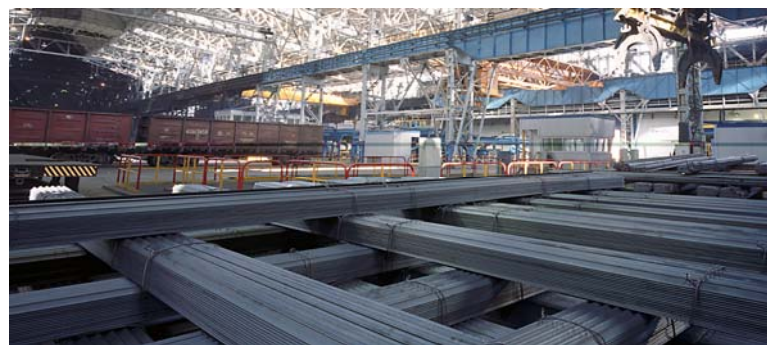
thousand tons

Description	2004	2005	2006	1H2006	1H2007	Change
6% humidity coke	5 872	5 576	5 496	2 780	2 619	-161
Pig iron	9 645	9 655	9 733	4 920	4 651	-269
Crude steel	11 281	11 385	12 455	5 922	6 476	554
<i>Incl. EAF steel</i>	<i>1 461</i>	<i>1 319</i>	<i>2 206</i>	<i>819</i>	<i>1 518</i>	<i>699</i>
<i>BOF steel</i>	<i>9 820</i>	<i>10 066</i>	<i>10 249</i>	<i>5 103</i>	<i>4 958</i>	<i>-145</i>



Historical Structure of OJSC MMK's commercial products' mix

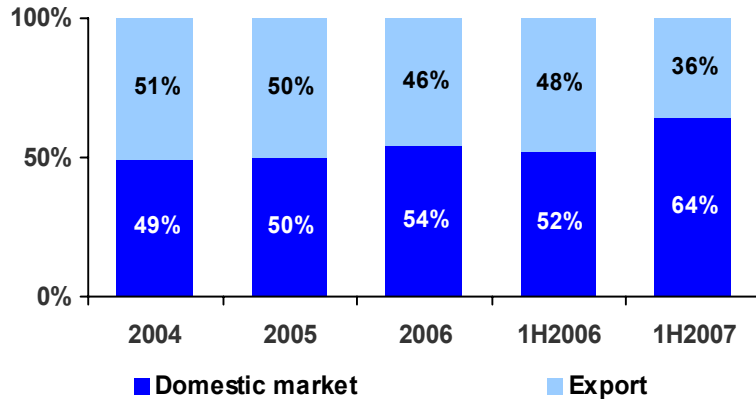
Description	thousand tons					
	2004	2005	2006	1H2006	1H2007	Change
Billets and slabs	722	425	332	2	266	264
Long products	1 174	1 098	1 707	771	935	164
Flat products	6 593	7 136	7 729	3 814	4 017	203
Downstream products	1 647	1 542	1 579	792	733	-59
Commercial products	10 137	10 201	11 346	5 379	5 951	572



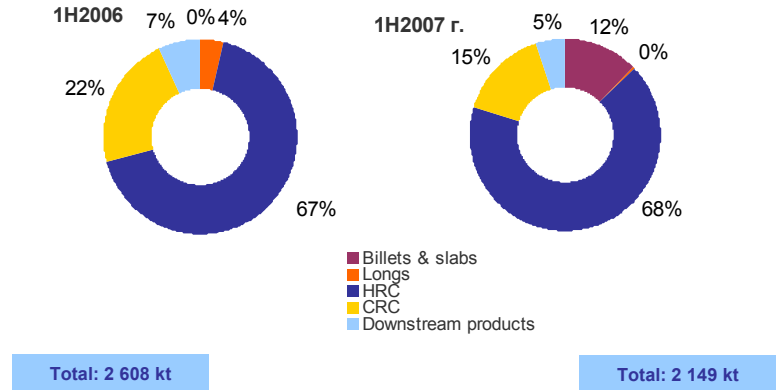


OJSC MMK's Historical Product Mix By Market

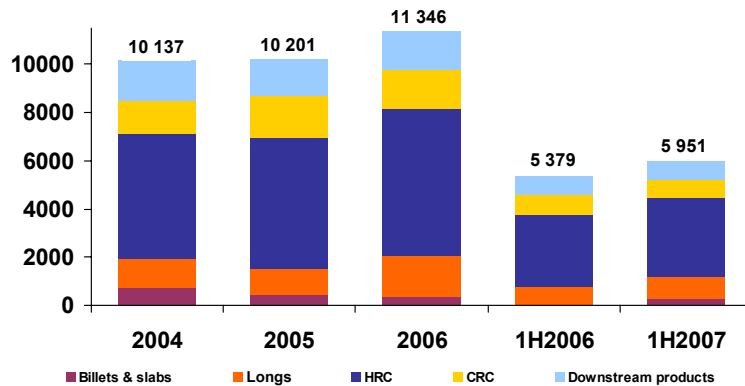
Domestic sales' growth in tonnes



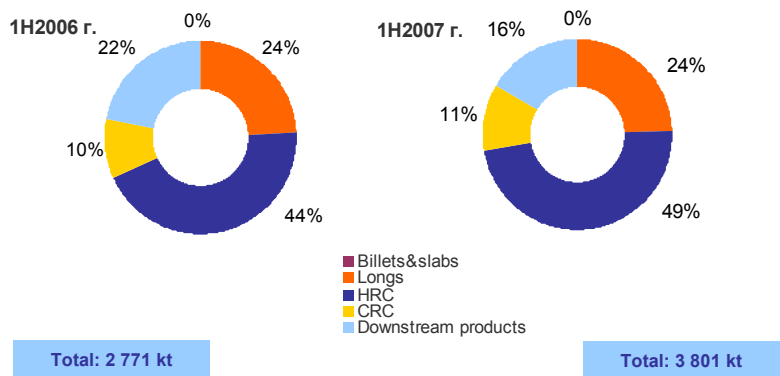
Export shipments



Changes in shipments' structure in tonnes



Changes in domestic shipments



Significant Events Since the beginning of 2007

01.02.2007

MMK's 75th Anniversary

05.02.2007

MMK purchases a 51 % stake in OOO Bakalskoye Mine Administration
Fitch raises OJSC MMK's rating from BB- to BB, with a "Stable" outlook

09.02.2007

MMK and TMK (Pipe Metallurgical Company) sign a Memorandum of Strategic Cooperation

06.03.2007

MMK and the CHTPZ Group (Chelyabinsk Pipe Rolling Plant) sign a General Agreement of Strategic Partnership

19.03.2007

MMK and ENRC sign a 10-year contract for delivery of iron ore materials produced by SSGPO (Sokolov Sarbaisky Ore Production Plant)

24.04.2007

MMK carries out its IPO with subsequent listing on LSE

25.04.2007

Moody's raises OJSC MMK's rating from Ba3 to Ba2

27.04.2007

Standard & Poor's upgrades MMK's rating outlook from "Stable" to "Positive"

23.05.2007

MMK announces its plans to implement a steel mill project in Turkey with a capacity of 2.6 mtpy of commercial steel products

Events After the Accounting Date

05.07.2007

MMK and KAMAZ sign a Strategic Cooperation Agreement

13.07.2007

MMK's Board of Directors approves an updated programme of the Company's strategic development

13.07.2007

As part of the Investment Programme, the following 4 major contracts are signed:

- Construction of a secondary steel treatment complex
- Modernization of the 2,500 mm Hot Strip Mill
- Construction of a cold rolling complex
- Construction of Colour Coating Line # 2

03.08.2007

As part of its domestic market strategy, MMK acquires a 25.67% stake in OJSC Bashmetalloptorg located in Ufa, capital of Bashkortostan

10.08.2007

As part of its domestic market strategy, MMK acquires a 75% stake in Interkos-IV, a company located in the Leningrad Region.

15.08.2007

As part of its strategy of international expansion, MMK purchases a 50% + 1 share stake in MMK Atakas Metalurji Sanayi, Turkey

17.08.2007

As part of its domestic market strategy, MMK divests its share in the authorized capital of OOO M-Port.

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