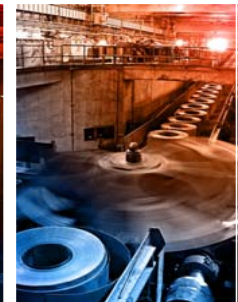




# MAGNITOGORSK IRON & STEEL WORKS

OPEN JOINT STOCK COMPANY



September 2007

# DISCLAIMER

By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations:

These materials contain statements about future events and expectations that are forward-looking statements. These statements typically contain words such as "expects" and "anticipates" and words of similar import. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. None of the future projections, expectations, estimates or prospects in this presentation should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the presentation. We assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

Investment in the GDRs and the Shares will also involve certain risks. A summary of the material risks relating to the GDR's and shares is set out in the section headed "Risk Factors" in the prospectus. There may be additional material risks that are currently not considered to be material or of which the Company and its advisors or representatives are unaware.

This document and its contents are confidential and are being provided to you solely for your information and may not be retransmitted, further distributed to any other person or published, in whole or in part, by any medium or in any form for any purpose. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice. The Company relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

This presentation has not been approved by the UK Financial Services Authority. This presentation does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities, and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. The information in this presentation is subject to verification, completion and change. In giving this presentation, neither the Company nor its respective advisers and/or agents undertake any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent.

Investors and prospective investors in the Securities of the Company are required to make their own independent investigation and appraisal of the business and financial condition of the Company and the nature of the Securities. Any decision to purchase Securities, if any, should be made solely on the basis of information contained in the offering circular or prospectus. No reliance may be placed for any purpose whatsoever on the information contained in this presentation, or any other material discussed verbally, or on its completeness, accuracy or fairness. This presentation does not constitute a recommendation regarding the Securities of the Company.

Any offer of Securities to the public that may be deemed to be made pursuant to this document in any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive") is only addressed to qualified investors in that Member State within the meaning of the Prospectus Directive.

This document is an advertisement for the purposes of the applicable measures implementing the Prospectus Directive. A prospectus prepared pursuant to the Prospectus Directive is intended to be published, which, if published, can be obtained in accordance with the applicable rules.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication may relate is only available to, and any invitation, offer, or agreement to engage in such investment activity will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

The information in this presentation is given in confidence and the recipients of this presentation should not engage in any behaviour in relation to qualifying investments or related investments (as defined in the Financial Services and Markets Act 2000 (FSMA) and the Code of Market Conduct made pursuant to FSMA) which would or might amount to market abuse for the purposes of FSMA.

Neither this presentation nor any copy of it may be taken or transmitted into, or distributed, directly or indirectly in, the United States of America, Canada or Japan, or distributed to any US Person (within the meaning of Regulation S under the Securities Act). This presentation is not an offer of securities for sale in the United States. The Securities have not been and will not be registered under the Securities Act and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. Subject to certain exceptions, the Securities may not be offered or sold within Canada or Japan or to any national, resident or citizen of Canada or Japan. Any failure to comply with these restrictions may constitute a violation of the U.S., Canadian or Japanese securities laws, as applicable. The distribution of this document in other jurisdictions may also be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

Information contained in this document does not constitute a public offer or an advertisement of the Securities in Russia, is not an offer, or an invitation to make offers, to purchase Securities in Russia, and must not be passed on to third parties or otherwise be made publicly available in Russia. The GDRs have not been and will not be registered in Russia and are not intended for "placement" or "circulation" in Russia.



**MAGNITOGORSK  
IRON & STEEL  
WORKS**  
OPEN JOINT STOCK COMPANY

## Roadshow Team

---



**Vladimir I. Shmakov**  
Vice President for Finance  
and Economics of MMK Managing  
Company



**Sergey V. Krivoshchekov**  
Vice President for Property  
Administration of MMK Managing  
Company



**Evgeny N. Kovtunov**  
Head of Investor Relations



## Overview of MMK



Development Strategy

Financial Review



# MMK at a Glance

## Geographic Location

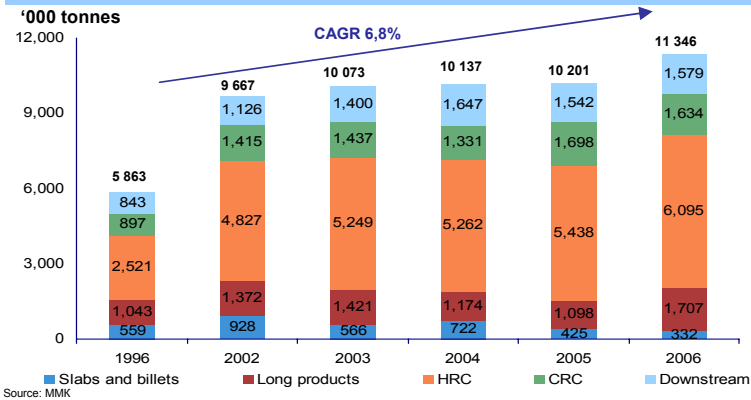


## Financial & Operational Indicators - MMK Group

	2004	2005	2006
Steel, tonnes produced mln <sup>(1)</sup>	11,3	11,4	12,5
Steel products produced, tonnes mln <sup>(1)</sup>	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

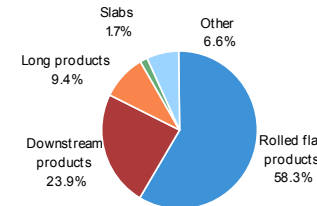
Source: MMK US GAAP accounts  
1. Steel production and shipments volumes for OAO MMK only

## Steel Products Output

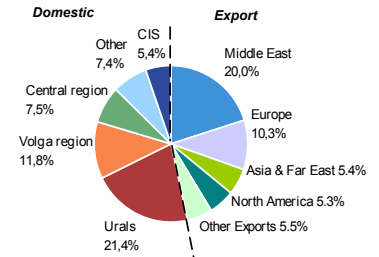


## MMK Sales & Shipments Breakdown

**Total sales in 2006:**  
**US\$6,424 mln <sup>(1)</sup>**



**Total shipments in 2006:**  
**11.3 mln tonnes <sup>(2)</sup>**



Source: MMK  
1. Sales breakdown for MMK Group  
2. Shipments breakdown for OJSC MMK



**MAGNITOGORSK  
IRON & STEEL  
WORKS**  
OPEN JOINT STOCK COMPANY

## MMK is Russia's leader in production of value added products

- 1 Russia's only company concentrating exclusively on steel production
- 2 Focus on value added products
- 3 Strong positions in the attractive domestic market
- 4 Strong positions in Russia's fast growing pipe making sector
- 5 Modern, low-costs production capacity
- 6 Best management information system among the Russian steel makers
- 7 A unique management team and highly qualified personnel



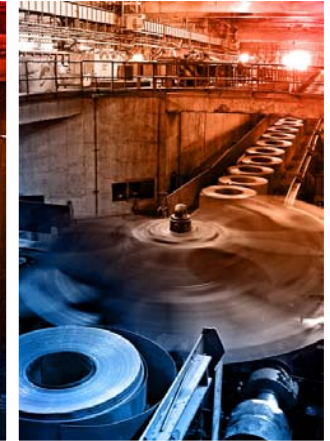
Overview of MMK



Development Strategy



Financial Review





## 1929 – 1992

### Soviet Era: Building the business

- Construction of the Works began in 1929. Pig iron production started in 1932
- First facilities were built in record-setting time for the steel industry
- By 1936 MMK was producing 20% of all iron ore in the USSR
- In 1950s -1970s the facilities were significantly rebuilt. Numerous innovative technologies of steel processing were developed and introduced
- In 1991 new technologies were introduced with the first oxygen converter shop featuring 2 converters



Overview of MMK

## 1992 – 1997

### New Russia: Privatisation

- First stage of privatisation took place in 1992
- Strategic decisions were taken regarding the business development and significant capital investments
- 2,000 mm hot-rolling mill was commissioned in 1994



Development Strategy

## 1997 – Present

### Investment: Market-leading production facilities

- Victor F. Rashikov becomes General Director of the Company In 1997
- Third converter launched in 1999
- Audited consolidated financial statements prepared since 2000
- 17 issues of Ruble-denominated Bonds and 2 issues of Eurobonds
- Final stage of privatisation – December 22, 2004
- MMK shares are traded on Russian stock exchanges since 2006
- New technologies implemented including electric arc furnaces, from 1997 to 2006
- Total capex of US\$2.6 bln during 1997 – 2006
- Steel products output more almost doubled in 1996-2006 from 5.9 mln tonnes to 11.3 mln tonnes
- USD 1 billion was raised in the course of IPO in London Stock Exchange on 24.04.2007.



Financial Review



Overview of MMK



**Development Strategy**

Financial Review





# Strategy and Mission

On 13.07.2007 the Board of Directors of OJSC MMK approved an updated strategic development plan



## Mission

Production and sale of prime quality steel products to satisfy the requirements of our customers and to make enough profit to develop into one of the world's leading companies and carrying out a reasonable social policy.

## Main Goal

Maintain the long-term competitive position in the world steel market.



# The Goal and Strategies in the Domestic Sales Market

**Goal: Strengthening of MMK's leading position in the domestic sales market and increase of domestic sales up to 10 mt by 2013**

## Strategies

Establish a service center network

Vertical integration with steel consumers

Increase shipments to large customers

Increase share of high-value-added products in the product mix

- Central region
- Volga region
- Urals region (Bashmetalloptorg)
- Siberian region
- North-West region
- Republic of Belarus

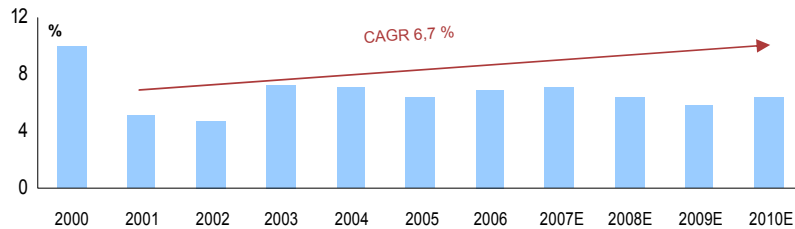
- Bringing the sales volumes of OJSC MMK-METIZ up to 1 million tons per annum

- Pipe production
- Automotive sector (Interkos)
- Machine building
- Construction

- In 2006 the share of high-value-added products amounted to 82% of the total MMK's output (11.3 Mtpy).
- By 2013 it is planned to increase the share of high-value-added products up to 85,4 % of the total output (15.0 Mtpy).

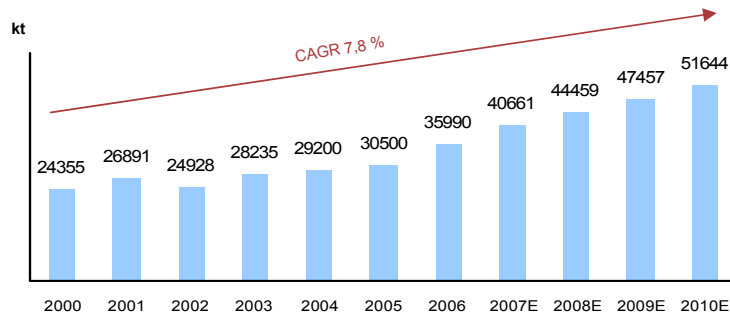
## Growth of domestic sales

### Russian GDP growth



Source: calculations are based on the data of State Committee of the Russian Federation for Statistics

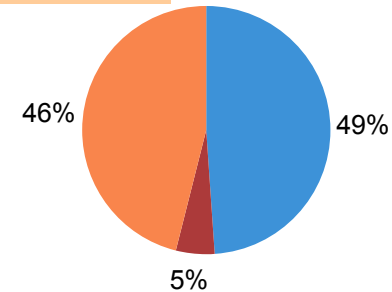
### Growth of Russian steel consumption



Source: calculations are based on IISI data

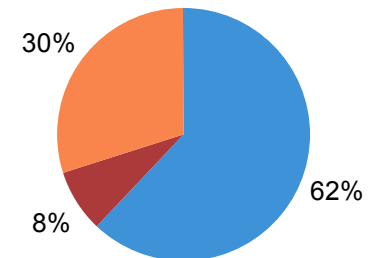
### Break-down of sales by markets

2006 (11,3 mt)



■ domestic market, % ■ CIS, % ■ export market, %

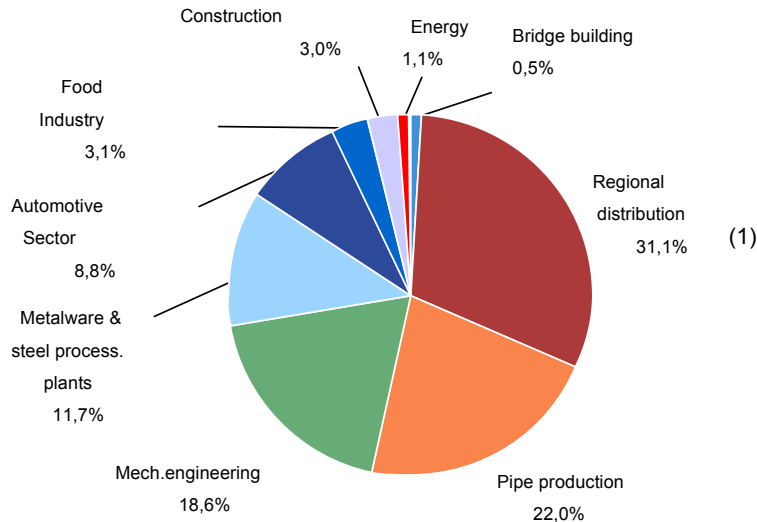
2013 (15,0 mt)



- Sustainable growth of steel consumption in Russia.
- MMK is continuously strengthening its position in the domestic market by increasing the share of domestic sales in the sales structure on an annual basis

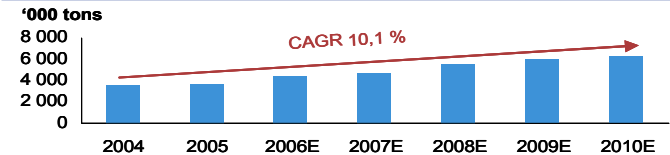
## MMK Shipments by Sector, 2006

### % of shipments in metric tons



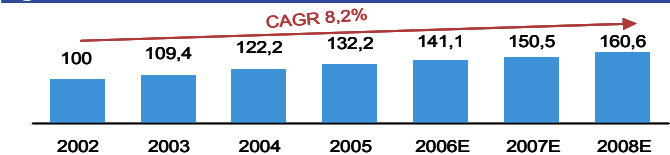
Source: MMK  
1. Construction sector accounts for up to 60% of regional distribution

## Forecast of pipes consumption in Russia



Source: Rosstat, Metall Expert, UBS estimates

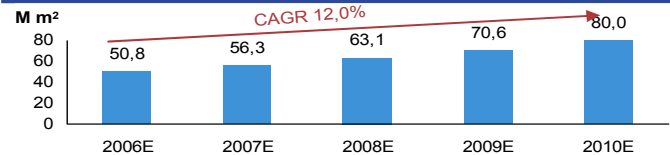
## Mechanical Engineering and Steel Fabrication, growth index (1)



Sources: data of Min. of Econ.Devt and Trade for 2005

1. Rebased to 100 as of 2002

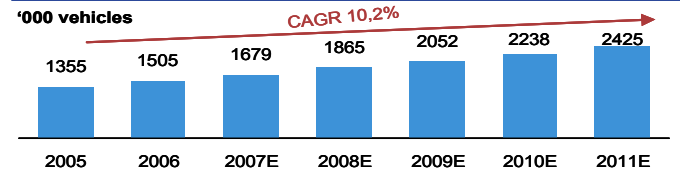
## Housing Construction in Russia (1) in 2006-2010E



Source: National Project "Accessible and Comfortable Housing for Russian Citizens", 2006

1. Data on housing real estate

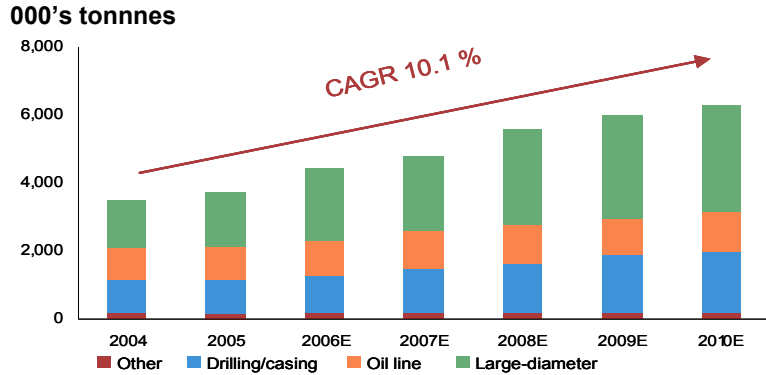
## Automotive Sector in Russia, 2005-11E



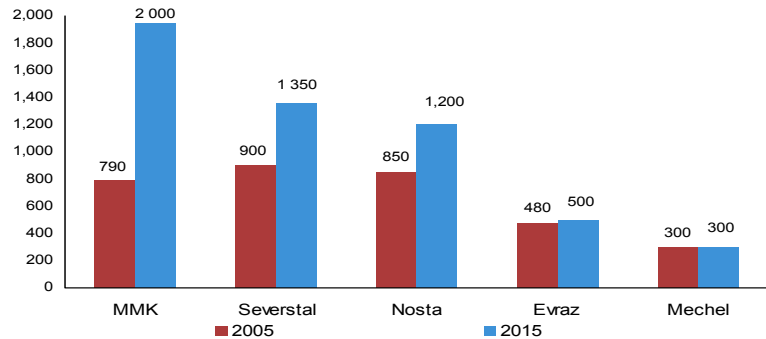


# Significant Exposure to Fast-Growing Russian Pipes Industry

## Russian Oil & Gas Pipe Consumption



## Largest Domestic Capacity in Thick Plate Production



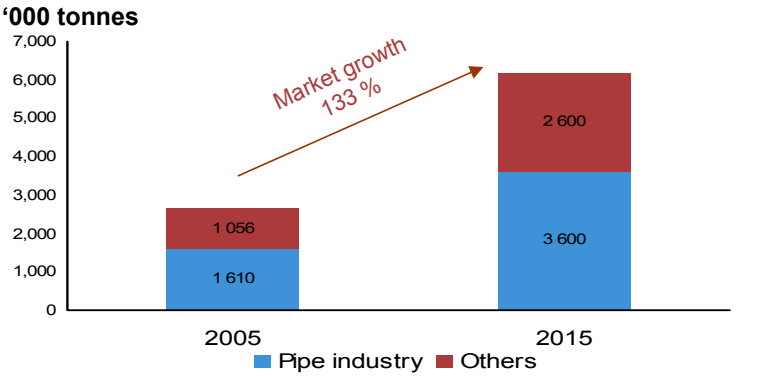
1. According to announced plans  
2. Mill 5000 expected to start production in 2009 with annual capacity of 1,500 mln tonnes and reconstruction of mill 2500 will result in production growth of 500 mln tonnes

## 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
<b>TOTAL</b>		<b>36,418</b>	<b>28.1</b>

Source: MMK

## Russian Demand for Thick Plate Products



# Goal and Strategies of Export Sales

**Goal: Maintaining MMK's Competitive Edge on the International Market**

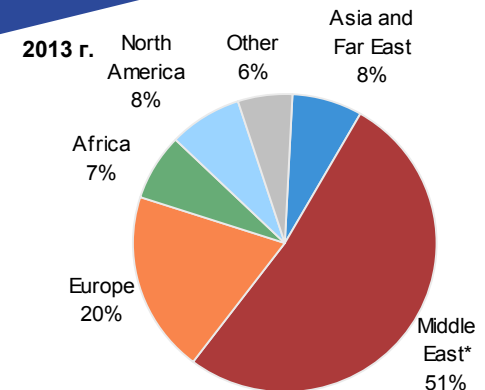
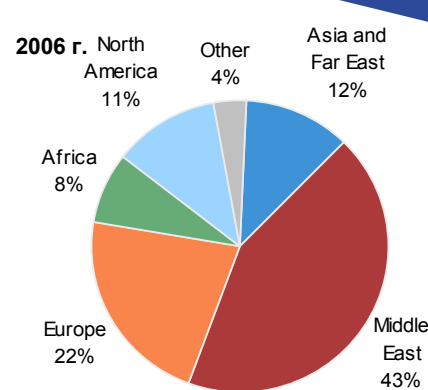
## Strategies

Construction of a plant in Turkey for production and processing of hot and cold rolled steel

Securing export sales of up to 5 Mtpy from the Magnitogorsk site

Expansion of MMK's presence in the fast growing markets, including Middle East, and high-end industrialized markets with traditionally premium price levels

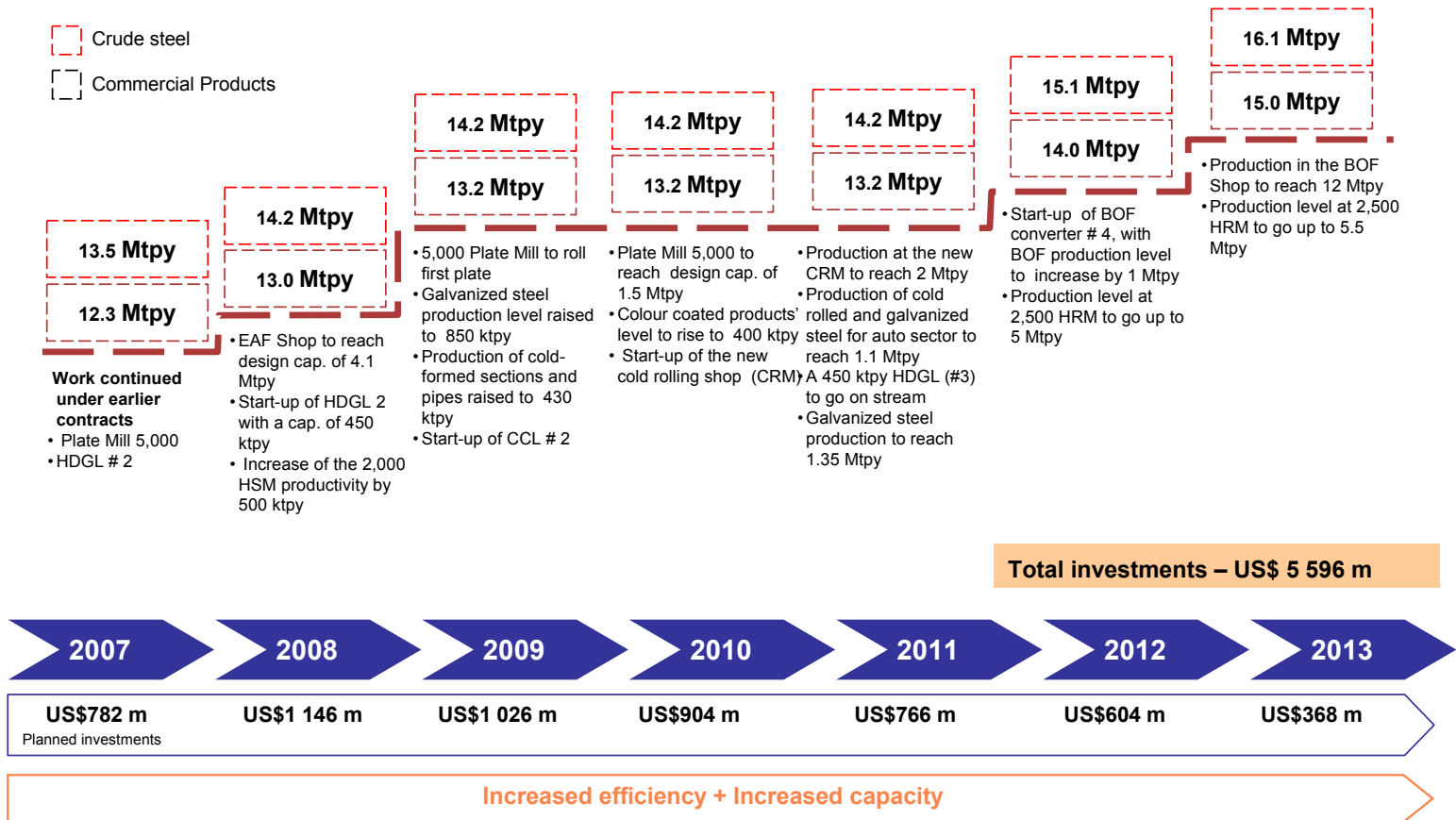
- OJSC MMK & Atakash Group
- Commercial products: – 2.4 Mtpy
- Implementation time – 3 years
- Project cost – \$1.1 bn
- Pay-back period – 5.6 years
- IRR – 24.9%



\* With output from Turkey plant



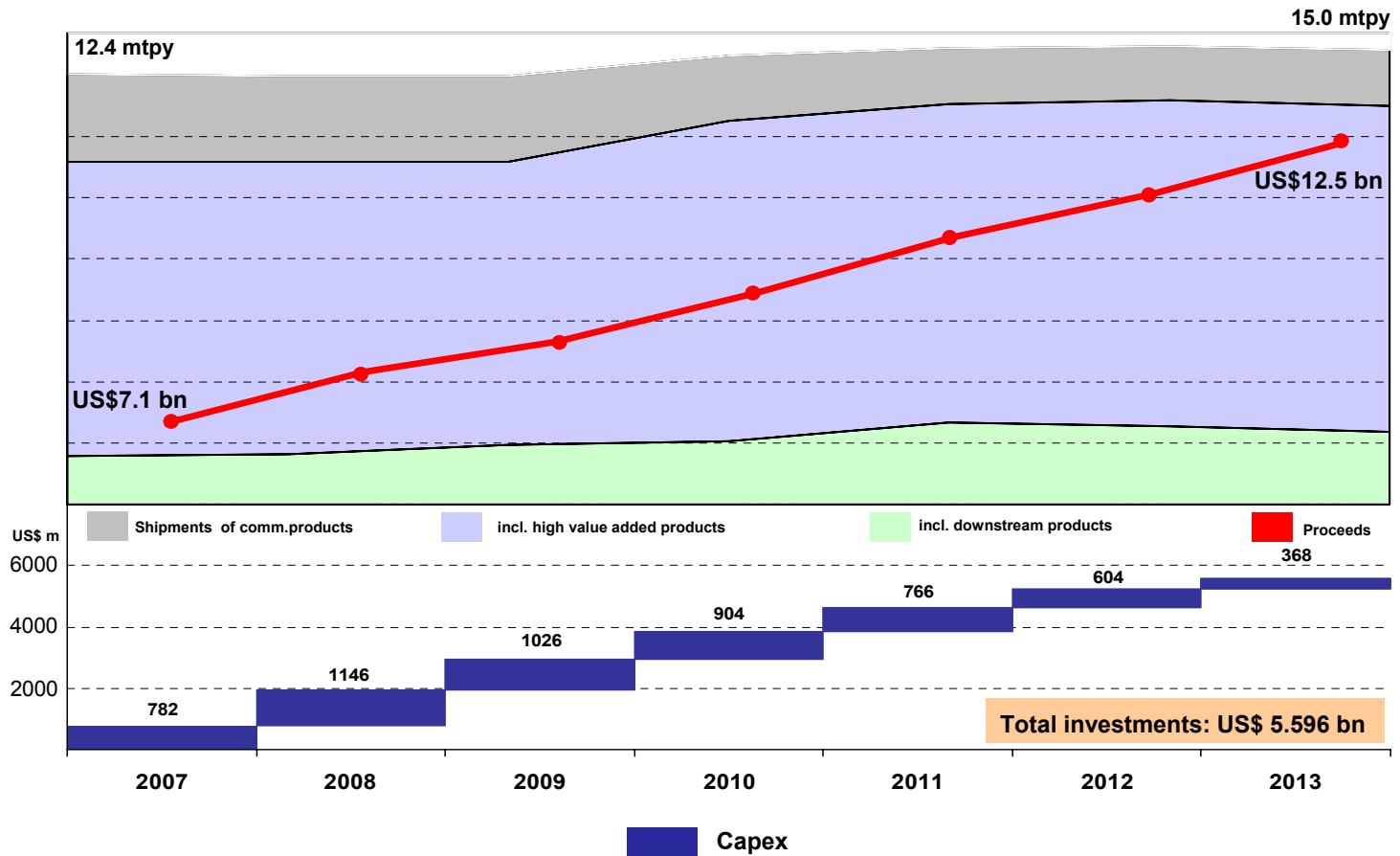
# Investments Geared to Creating the Most Efficient Steel Production in Russia: Stages of Growth



**Note:**  
 Expected capacity expansions based on management assessments according to MMK's current Capex budget



# Investments to Raise Production Efficiency



## Contracts signed as part of the Investment Program

Project / Design capacity	Supplier	Project goal	Commissioning/ Design cap. reached	Tentative cost, USD '000
5,000 mm Plate Mill 1.5 Mtpy	SMS - Demag	Expansion of plate mill production capacity by 1.5 Mtpy, of which 1 Mtpy will be supplied to pipe makers.	2009	<b>1,000,000</b>
Secondary steel treatment unit (BOF Shop) At least 2 Mtpy	SMS - MEVAC	Serial casting of pipe grade steel and steel for production of premium quality auto body sheet	2 <sup>nd</sup> Q 2009/ 3 <sup>rd</sup> Q 2009	<b>88,950</b>
Revamping of the 2,500 mm Hot Strip Mill 5 Mtpy	ZAO NKMZ	Bring the mill productivity to 5 Mtpy; expand the range of sizes and steel grades produced; secure production of quality coils for cold rolling and sheet coating; customized cutting of hot rolled coils to end users' standards	2010 / 2011 r.	<b>700,000</b>
Cold Rolling Complex / 2 Mtpy	SMS Demag	Increase the share of cold rolled and galvanized products in MMK's product mix; broaden the range of steel grades for cold rolled steel; supply of high quality auto sheet to automakers, incl. coated sheet	July 2010 / 2011	<b>1,100,000</b>
Colour Coating Line (# 2) 200 Ktpy	FATA HUNTER	Improve product quality and range through production of colour coated sheet with special film protection, steel for white goods, with an option of applying decorative film and embossing micro-geometric patterns	January 2009 r. / March 2009 r.	<b>60,000</b>



# Investments to Boost Margins: 5,000 mm Plate Mill



Only 8 global steel producers ( in Germany, France and Japan) are able to produce plate with comparable characteristics

## Overview

### Current status

- A contract signed with the supplier, SMS Demag
- Tentative time for manufacture and installation of equipment : 32 months
- Capex: USD 1 bn
- Work underway with leading international banks for arranging financing of the Plate Mill equipment supply contract with cover from Hermes ECA
- Start-up scheduled for 2009, with design cap. to be reached in 2010.

## Plate Mill: MMK and Severstal comparison

Characteristics	MMK <sup>(1)</sup>	Severstal
Start-up date	2009	1989
Capacity, Mtpy	1.5	0.6
Width, mm	Up to 4,850	Up to 4,400
Gauge, mm	10-160	12-300
Rolling force, '000 t	12	9
Length, m	24	18
Strength	Up to X120	Up to X80

Note:

1. Based on MMK's current plans

Source: MMK



# Investments to Boost Margins: Auto Body Sheet



When implemented, the project will allow to produce premium quality auto sheet to standards of the global automakers ( GM, Ford, Toyota , etc.)

## Overview

### Current status

- A contract signed with the supplier, SMS Demag on the July 13, 2007
- Tentative time for manufacture and installation of equipment : 36 months
- Capex: US\$ 1.1 bn
- Work underway with leading international banks for arranging financing of the equipment supply contract
- Start-up scheduled for 2010, with design capacity to be reached in 2011.

## Key characteristics

Capacity, ktpy	<b>2,000</b>
Width, mm	<b>850-1,880</b>
Gauge, mm	<b>0.28 – 3.0</b>
Steel grades	<b>HSLA, IF-HSS, BH, dual-phase, multi-phase, TRIP</b>

Note  
1. Based on MMK's current plans

Source: MMK



# Strategy of Uninterrupted Raw Materials Supply

## Iron Ore

- 10-year contract for supply of agreed volumes of ore materials from Sokolovsko-Sarbaisky Mine
- Development of the local iron ore base, including Bakal Mine Administration and captive mine in Magnitogorsk which will provide over 20% of requirement for iron ore materials.
- Development of the Prioskol Iron Ore Deposit with reserves of over 2 bn tons and planned output of 25 Mtpy of crude ore.

## Coking Coal

- 5-year contracts with OOO Kuzmetugol, Rospadsky Ugol, TD Mechel, ZAO Sibuglemet
- Integration with the existing coal mining enterprises of the Kuzbas and Karaganda coal basins.
- ZAO Kazankovskaya Coal Mine, MMK's affiliate, owns a license for the development of the Kureinskoye coking coal deposit.

## Scrap

- 100% of MMK's requirement for scrap is met by an affiliate, ZAO Profit, a leader among scrap processors in Russia
- Installation of captive DRI facilities as a substitute for scrap

## Electric Power

- Maximized self-supply of electric power
- Plans for a consistent reduction of power consumption





**MAGNITOGORSK  
IRON & STEEL  
WORKS**  
OPEN JOINT STOCK COMPANY



# US GAAP 1 H 2007 Financial Performance Indicators

## OJSC MMK's Key Production Indicators

Description	2004	2005	2006	thousand tons		
				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>



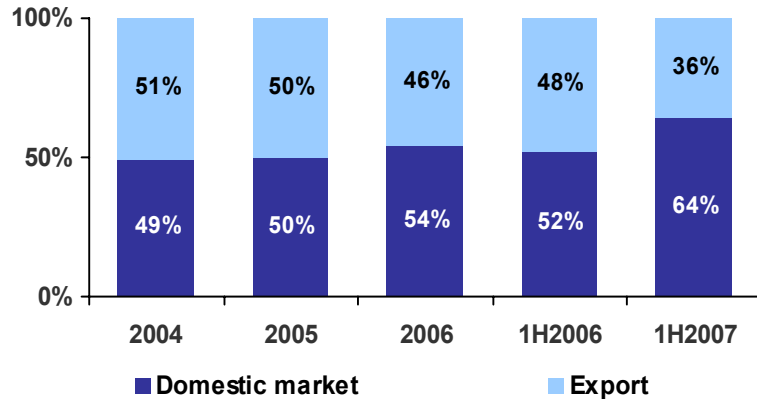
## Historical Structure of OJSC MMK's commercial products' mix

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
<b>Commercial products</b>	<b>10 137</b>	<b>10 201</b>	<b>11 346</b>	<b>5 379</b>	<b>5 951</b>	<b>572</b>

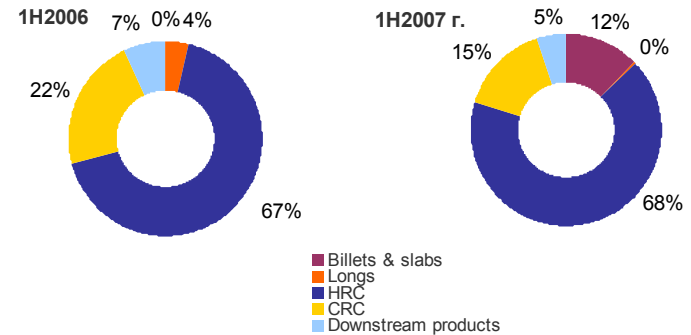


# Product Mix By Market

## Domestic sales growth in tons



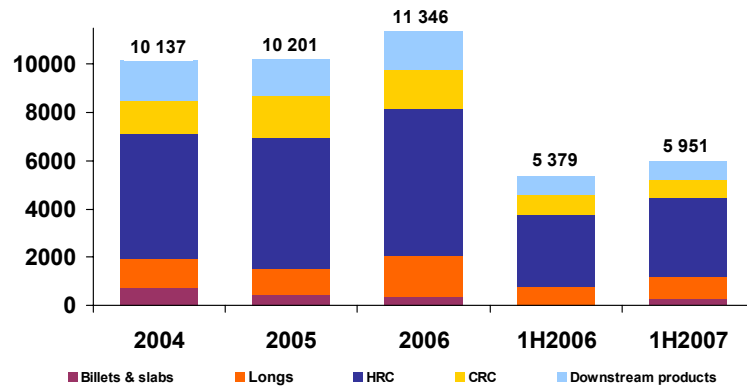
## Export shipments



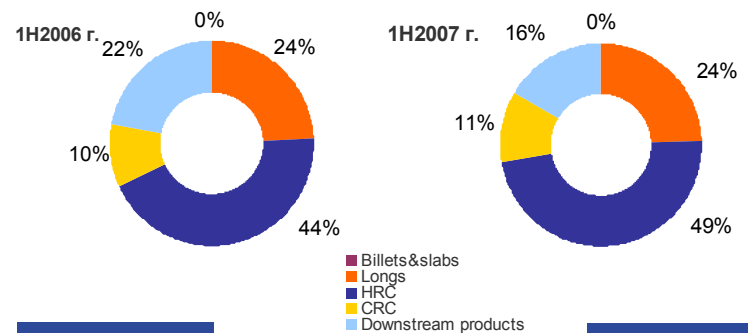
Total: 2 608 kt

Total: 2 149 kt

## Changes in shipment structure in tons



## Changes in domestic shipments



Total: 2 771 kt

Total: 3 801 kt

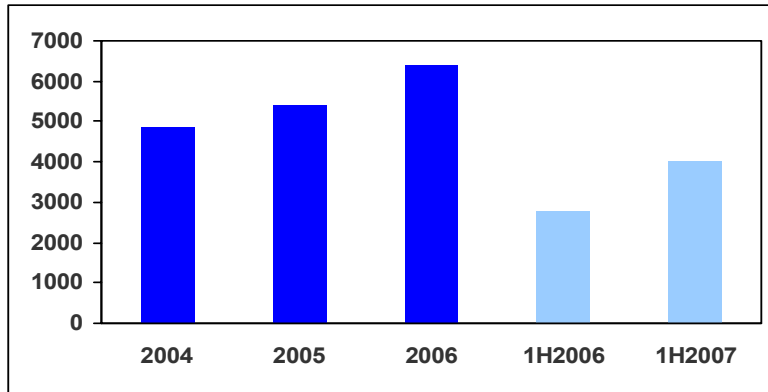
## MMK Group Operations and Income Statement

	1 <sup>st</sup> Year Half, USD m		Change compared to same period of previous year	
	2007	2006	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%

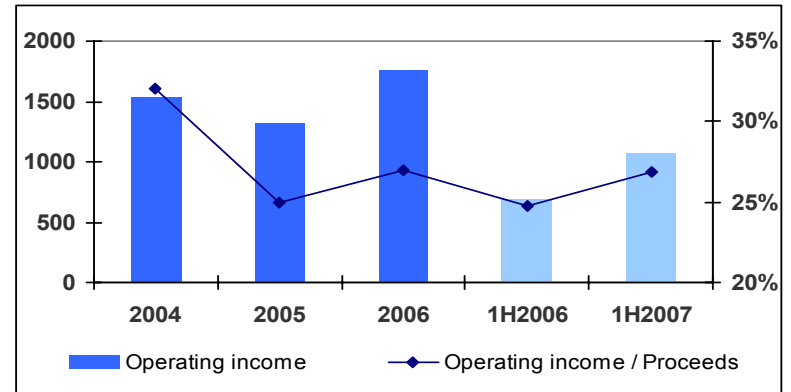
\* EBITDA = Operating income + Depreciation of assets + Loss on disposal of fixed assets

# MMK Group Key Performance Indicators

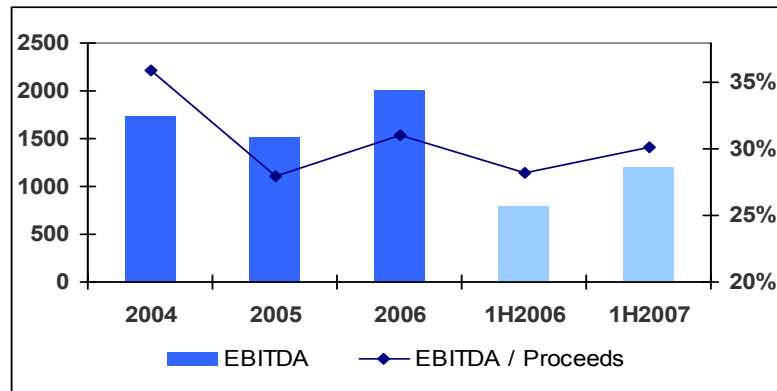
Sales proceeds in USD m



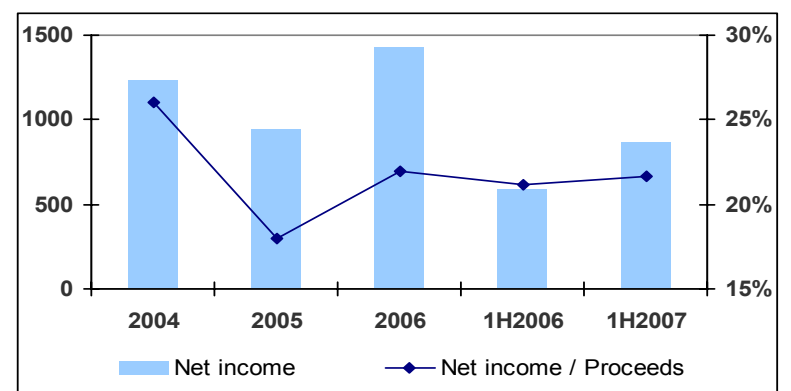
Operating income in USD m



EBITDA in USD m



Net income in USD m







# MMK Group's Key Financial Indicators

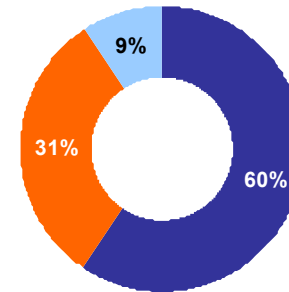
## MMK Group's Sales

	1 <sup>st</sup> 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%
<b>Total proceeds</b>	<b>4 000</b>	<b>2 780</b>	<b>1 220</b>	<b>43,9%</b>



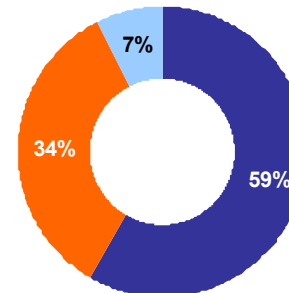
## MMK Group's Sales in USD

1H2007 r.



- OJSC MMK
- Steel traders\*
- Other companies

1H2006 r.



\* MMK Steel Trade AG  
MMK Trading AG



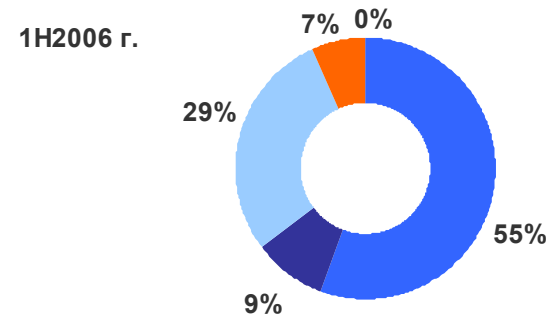
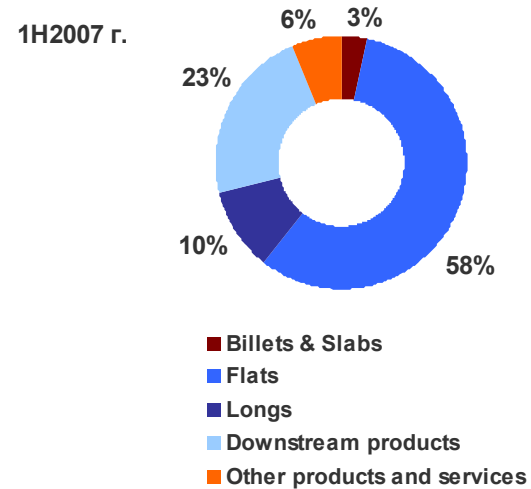
# MMK Group's Key Financial Indicators (continued)

## Proceeds by type of product

	1 <sup>st</sup> 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%
<b>Total proceeds</b>	<b>4 000</b>	<b>2 780</b>	<b>1 220</b>	<b>43.9%</b>



## Proceeds by type of product in USD



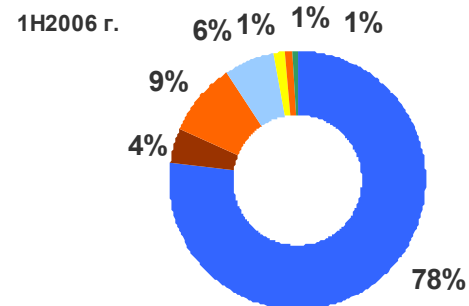
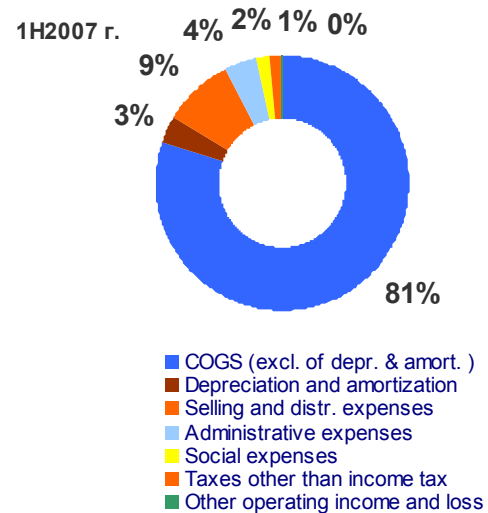


# MMK Group's Operating Costs' Structure

## MMK Group's operating costs

	1 <sup>st</sup> 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%

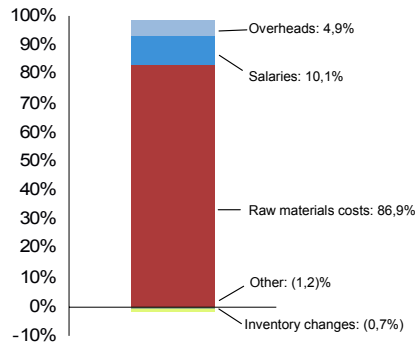
## MMK Group's operating costs in USD



# Cost Structure Analysis

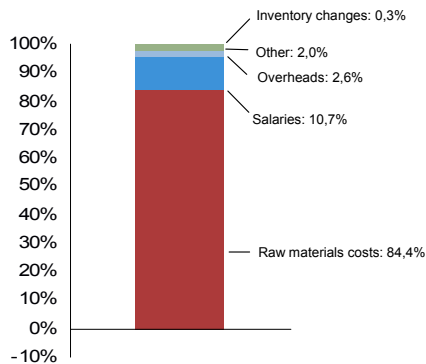
## Cost of Goods Sold Breakdown MMK Group

1H2007



**Total: 2 348 USD m**

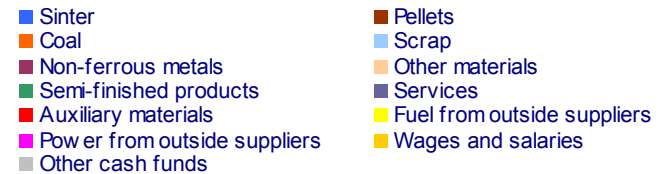
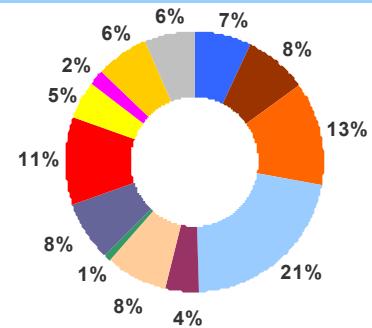
1H2006



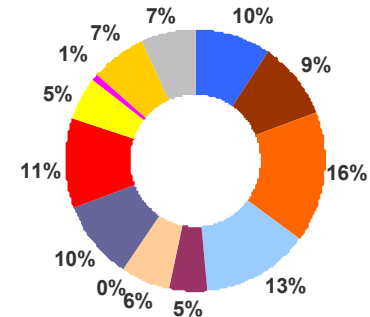
**Total: 1 631 USD m**

## MMK Production Costs in USD

1H2007 г.



1H2006 г.



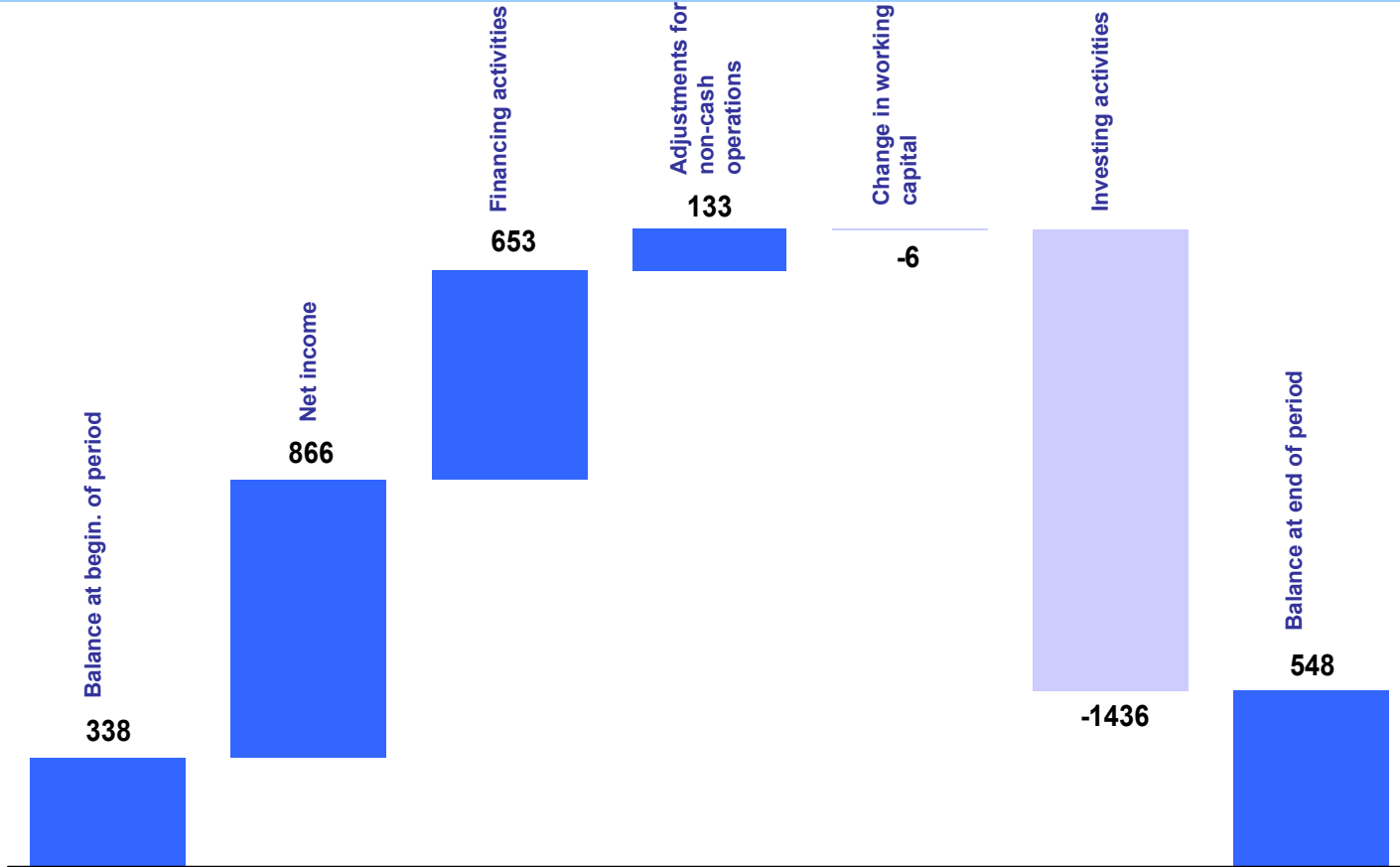
# MMK Group's Balance Sheet, USD m

	30.06.2007	31.12.2006	Change	%
<b>Current assets, including</b>	<b>3,895</b>	<b>2,480</b>	<b>1,415</b>	<b>57.1%</b>
<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%
<b>Non-current assets, including</b>	<b>3,682</b>	<b>3,209</b>	<b>473</b>	<b>14.7%</b>
<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%
<b>Total assets</b>	<b>7,577</b>	<b>5,689</b>	<b>1,888</b>	<b>33.2%</b>
<b>Long-term debt, including</b>	<b>729</b>	<b>686</b>	<b>43</b>	<b>6.3%</b>
<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%
<b>Current liabilities, including</b>	<b>1,147</b>	<b>964</b>	<b>183</b>	<b>19.0%</b>
<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%
<b>Minority interest</b>	<b>23</b>	<b>12</b>	<b>11</b>	<b>91.7%</b>
<b>Shareholders' equity</b>	<b>5,678</b>	<b>4,027</b>	<b>1,651</b>	<b>41.0%</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,577</b>	<b>5,689</b>	<b>1,888</b>	<b>33.2%</b>



# MMK Group's Cash Flows

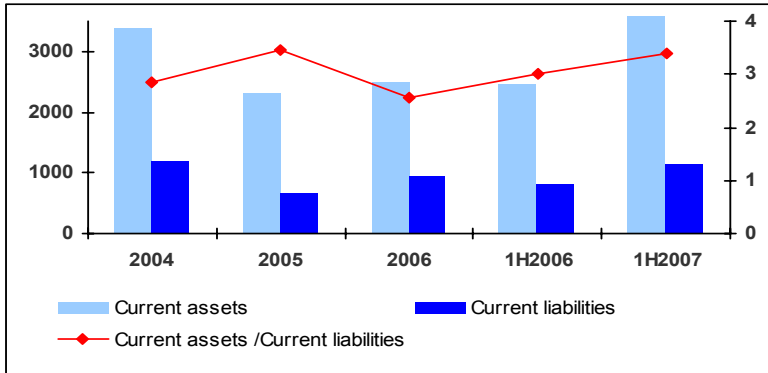
Change of cash balance during the period, USD m



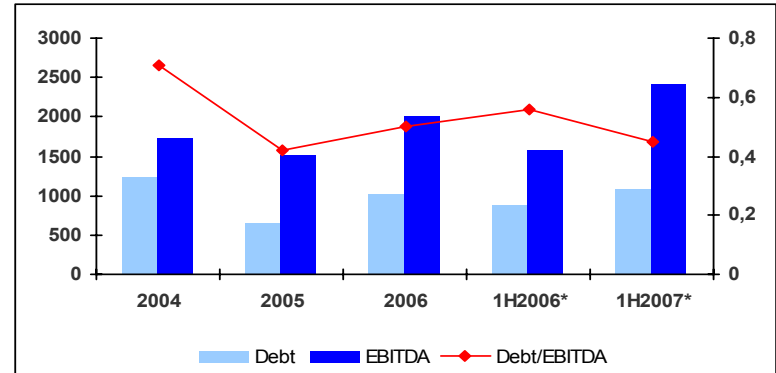


# MMK Group's Financial Position Indicators

## Current liquidity

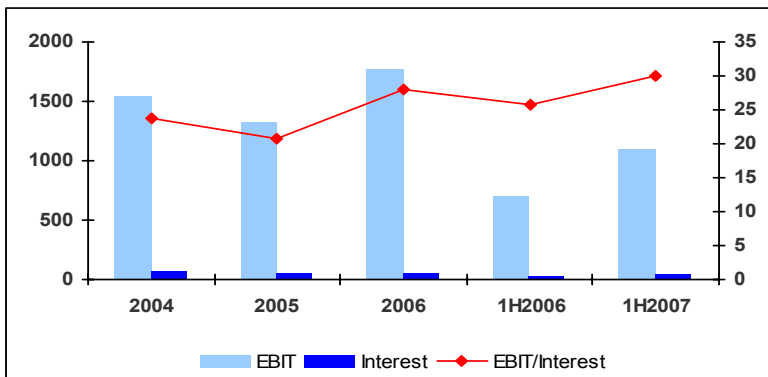


## Debt / EBITDA

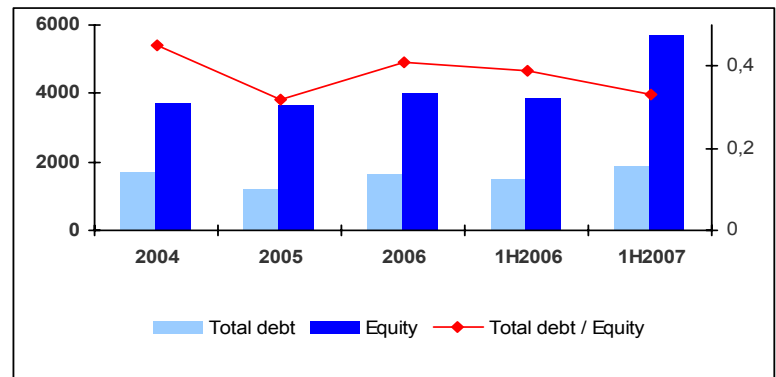


\* EBITDA calculated as 1<sup>st</sup> year half EBITDA multiplied by 2

## EBIT / Interest



## Total debt / Equity





## Significant Events Since the beginning of 2007

<b>01.02.2007</b>	MMK's 75th Anniversary
<b>05.02.2007</b>	MMK purchases a 51 % stake in OOO Bakalskoye Mine Administration Fitch raises OJSC MMK's rating from BB- to BB, with a "Stable" outlook
<b>09.02.2007</b>	MMK and TMK (Pipe Metallurgical Company) sign a Memorandum of Strategic Cooperation
<b>06.03.2007</b>	MMK and the CHTPZ Group (Chelyabinsk Pipe Rolling Plant) sign a General Agreement of Strategic Partnership
<b>19.03.2007</b>	MMK and ENRC sign a 10-year contract for delivery of iron ore materials produced by SSGPO (Sokolov Sarbaisky Ore Production Plant)
<b>30.03.2007</b>	Annual share-holders meeting was held
<b>24.04.2007</b>	MMK carries out its IPO with subsequent listing on LSE
<b>25.04.2007</b>	Moody's raises OJSC MMK's rating from Ba3 to Ba2, with a "Stable" outlook
<b>27.04.2007</b>	Standard & Poor's upgrades MMK's rating outlook from "Stable" to "Positive"
<b>23.05.2007</b>	MMK announces its plans to implement a steel mill project in Turkey with a capacity of 2.4 mtpy of value-added steel products



## Events After the Accounting Date

<b>05.07.2007</b>	MMK and KAMAZ sign a Strategic Cooperation Agreement
<b>13.07.2007</b>	MMK's Board of Directors approves an updated programme of the Company's strategic development
<b>13.07.2007</b>	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
<b>03.08.2007</b>	As part of its domestic market strategy, MMK acquires a 25.67% stake in OJSC Bashmetalloptorg located in Ufa, capital of Bashkortostan
<b>10.08.2007</b>	As part of its domestic market strategy, MMK acquires a 75% stake in Interkos-IV, a company located in the Leningrad Region.
<b>15.08.2007</b>	As part of its strategy of international expansion, MMK purchases a 50% + 1 share stake in MMK Atakas Metalurji Sanayi, Turkey
<b>17.08.2007</b>	As part of its domestic market strategy, MMK divests its share in the authorized capital of OOO M-Port.
<b>22.08.2007</b>	MMK announces an increase of its stake in the shareholders' equity of Fortescue Metals Ltd. up to 5.37%.
<b>27.08.2007</b>	MMK signs a long-term agreement with AO Gazprom.
<b>30.08.2007</b>	MMK holds an extraordinary general shareholders meeting.



**MAGNITOGORSK  
IRON & STEEL  
WORKS**  
OPEN JOINT STOCK COMPANY

## Contacts

---

### **Press-secretary**

**Yelena Azovtseva**

**email: [azovtseva@mmk.ru](mailto:azovtseva@mmk.ru)**

**tel: +7 3519 24 9082**

### **Head of Investor Relations**

**Evgeny Kovtunov**

**email: [kovtunov@mmk.ru](mailto:kovtunov@mmk.ru)**

**tel: +7 3519 24 9355**

**fax: +7 3519 24 9360**