



IFRS financial statements for Q4 and FY 2013

KEY HIGHLIGHTS FOR MMK GROUP



Q4 2013 Financial results

- Sales amounted to USD 1,869 million - flat q-o-q
- COCG amounted to USD 1,537 million - down 6% q-o-q
- EBITDA was USD 312 million - up 34% q-o-q
- EBITDA margin was 16.7% - up 4.3 p.p. q-o-q
- Net debt amounted to USD 3,026 million - down USD 45 million compared to the end of Q3 2013
- Slab cash-cost amounted to USD 356 per tonne - down 2% q-o-q
- HVA products share for MMK Group amounted 48.4% - at the level of Q3 2013
- Free cash flow amounted to USD 28 million

FY 2013 financial results

- Sales amounted to USD 8,190 million - down 12% y-o-y
- EBITDA was USD 1,223 million - down 10% y-o-y
- EBITDA margin was – 14.9% - up 0.3 p.p. y-o-y
- Steel (Turkey) EBITDA amounted USD 25 million - compared to the EBITDA loss of USD 75 million in FY 2012
- Net debt amounted to USD 3,026 million - down USD 492 million compared to the end of 2012
- Free cash flow amounted to USD 310 million
- In 2013 MMK Group made an impairment of fixed assets and Goodwill and provision for site restoration in the amount of USD 2,456 million

Q1 2014 factors

- Due to international iron ore benchmarks decrease we expect lower MMK purchasing prices for this type of raw material
- Coking coal prices are expected to stay flat q-o-q
- Current market situation gives ground for >1 mln tonnes per month sales from main site in Russia
- Strong emphasis on further cost optimisation

HIGH LEVEL OF CAPACITY UTILIZATION



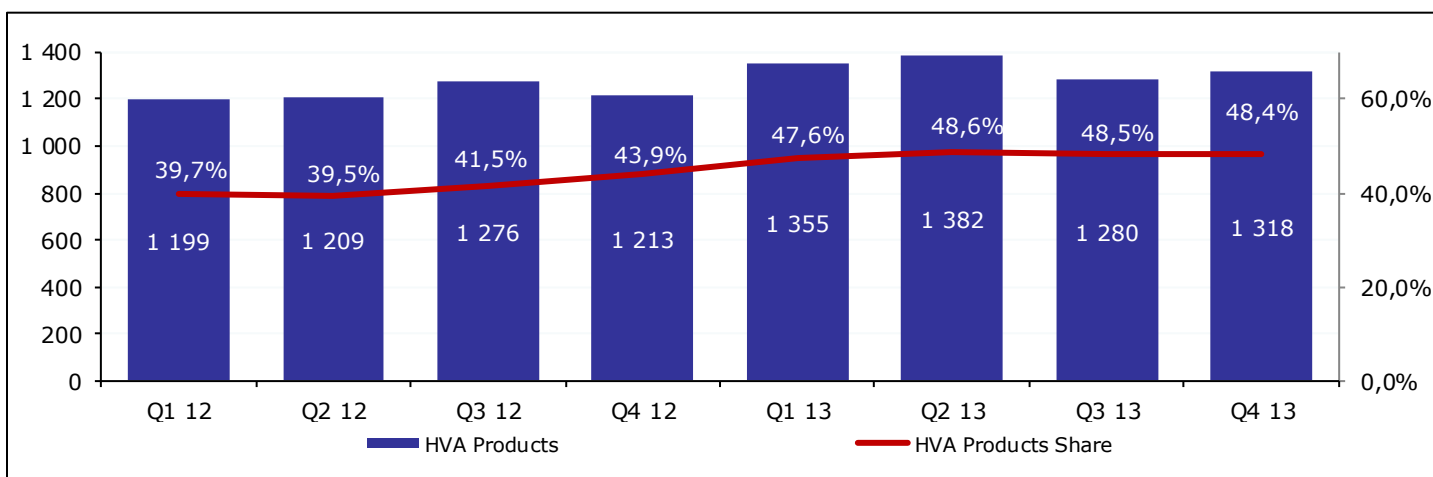
- MMK Group finished steel products output in FY 2013 was 11 mln tonnes, down 7,3% y-o-y
- MMK Group High-Value-Added (HVA) steel products output in FY 2013 increased 9% y-o-y to 5,336 ths tonnes.
- Belon coal concentrate output in FY 2013 was 2,858 ths tonnes, down 14% y-o-y

Key production indicators, ths tonnes

	Q4 '13	Q3 '13	%	12M '13	12M '12	%
Cast iron	2 364	2 331	1%	9 586	10 121	-5%
Crude steel incl.	2 913	2 874	1,4%	11 941	13 037	-8%
MMK	2 913	2 874	1,4%	11 941	12 247	-2,5%
MMK Metalurji	0	0	-	0	790	-
Finished products	2 723	2 640	3%	11 060	11 937	-7%
MMK	2 599	2 567	1,2%	10 667	11 029	-3,3%
MMK-Metiz*	116	138	-16%	535	494	8%
MMK Metalurji*	175	144	22%	664	901	-26%
Belon coking coal concentrate	677	683	-1%	2 858	3 325	-14%

* - incl. made from MMK's steel

Growth in shipment of HVA products and its share in overall sales volumes, thousand tonnes

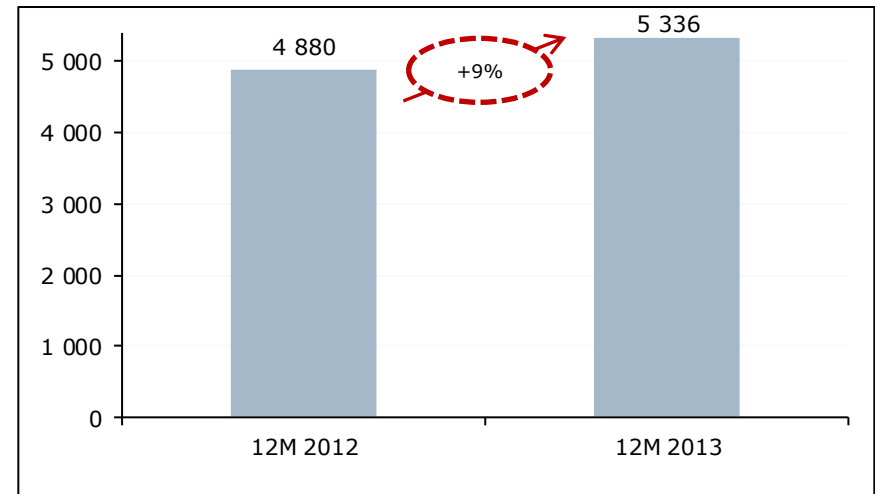


FOCUS ON THE DOMESTIC MARKET WITH A HIGHER AVERAGE PRICE

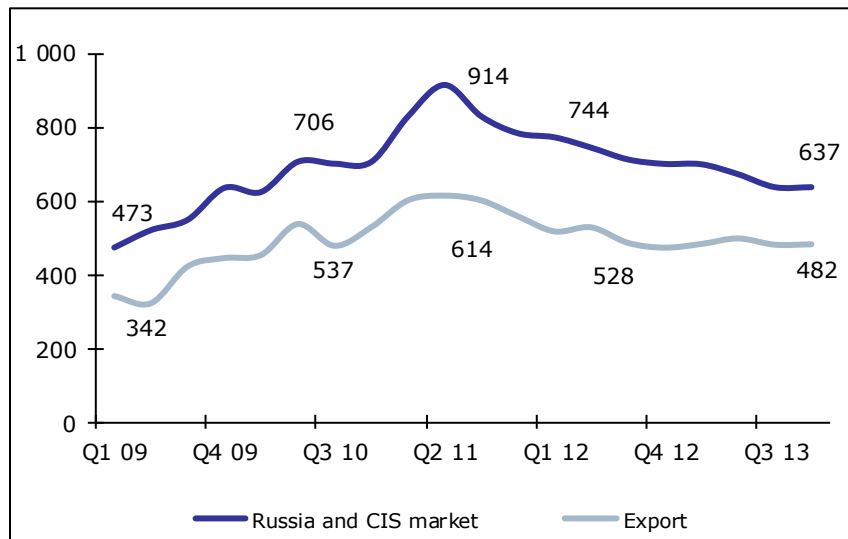


- MMK continues to view the domestic market as the priority, both in terms of proximity to key customers and the high quality of products sold
- In Q4 2013 average realised domestic price per tonne of steel products stood at the level of Q3 and amounted to USD 637. For the same period average realised export price per tonne of steel products amounted to USD 482, at the level of Q3
- Due to the high share of HVA products in MMK's domestic sales, the average price per tonne of steel products on the domestic market historically was higher versus the average export price. Thus, in 2013, the average price on the domestic market was \$661, while the average price on the export market was \$484

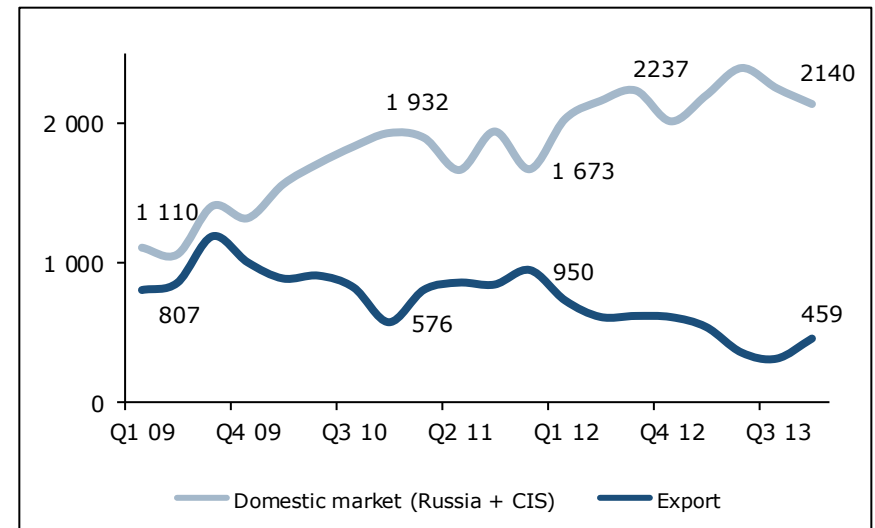
Growth in MMK Group's production of HVA, ths tonnes



MMK's average price, USD/tonne



MMK's sales trends by market, ths tonnes

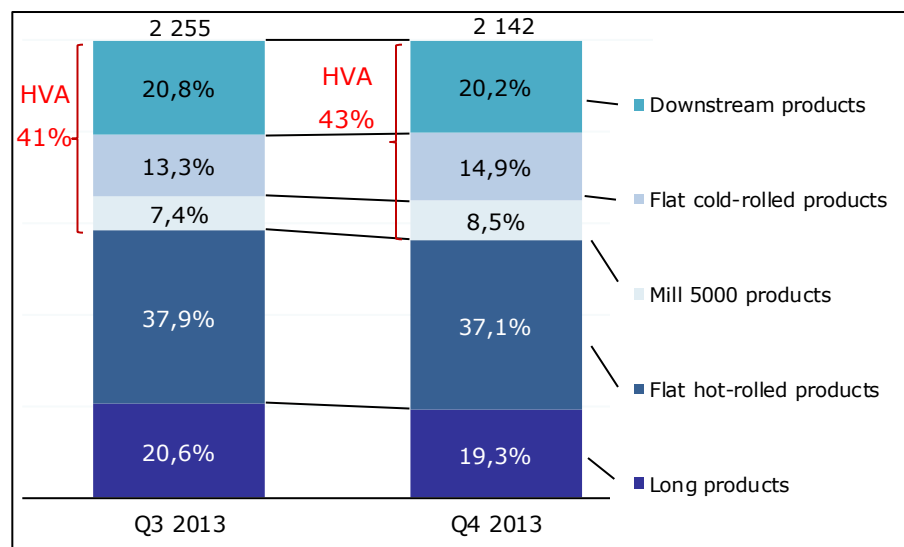


MMK GROUP SALES STRUCTURE ON THE RUSSIAN AND CIS MARKET

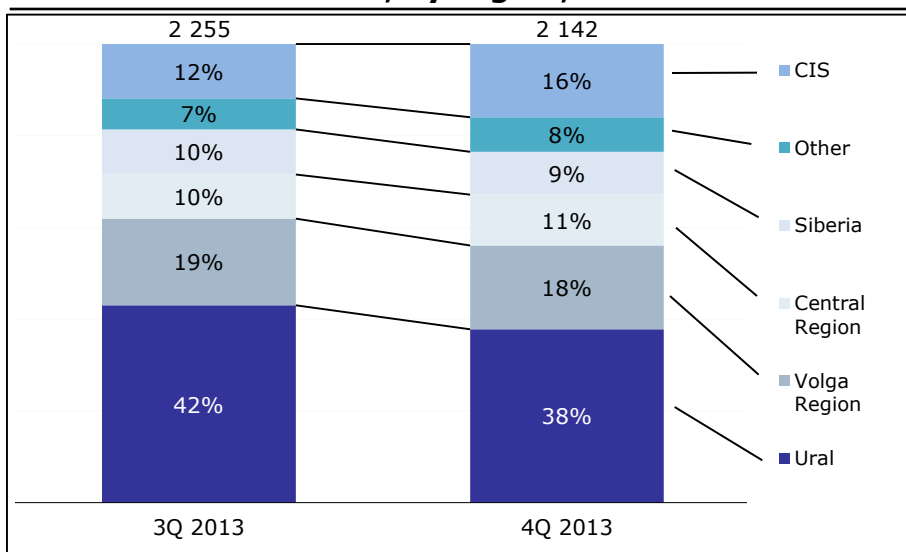


- Total sales volume on the Russian and CIS market in Q4 2013 was 2,142 ths tonnes, which represents 79% of the total MMK Group sales volume for the period
- Sales to the most metal-intensive locations of the Urals and the Volga regions amount to 56% of the total domestic sales
- Businesses in the pipeline, machine-building, construction and automotive industries remain the largest MMK Group clients
- HVA products amounted to 43% of the MMK Group sales on the Russia and CIS market in Q4 2013

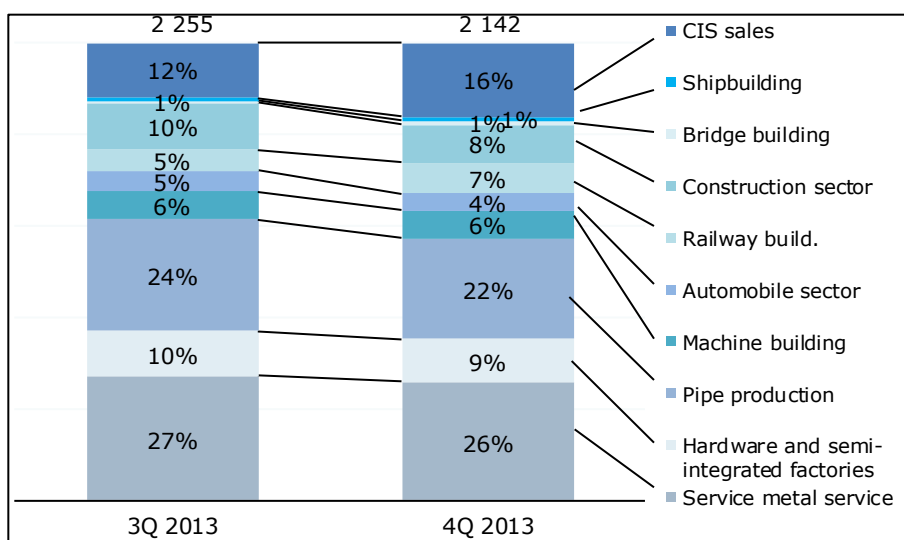
Domestic market shipment structure, ths tonnes



Domestic market sales, by region, ths tonnes



Domestic market sales by sector, ths tonnes

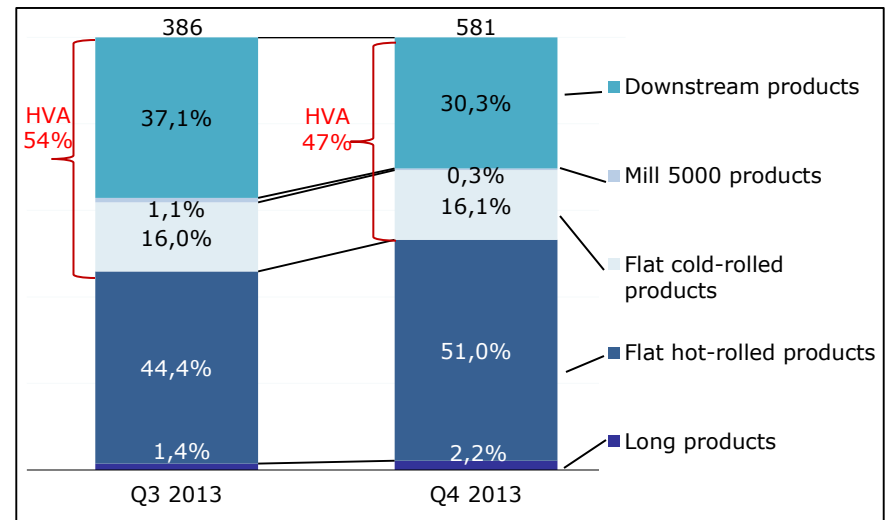


MMK GROUP POSITIONS ON THE KEY INTERNATIONAL MARKETS

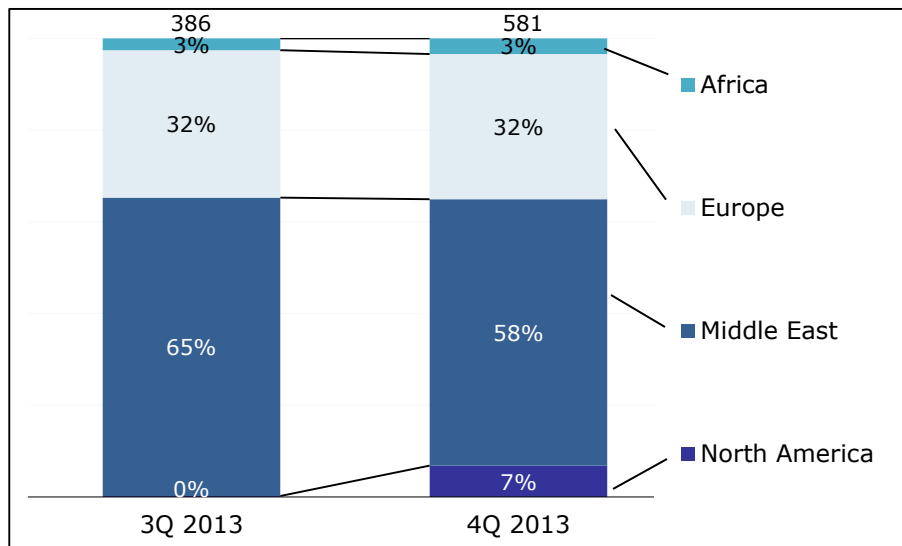


- Sales on international markets in Q4 2013 were 581 ths tonnes
- The Middle East and Europe remain the key export markets for MMK Group
- Hot-rolled products continue to dominate the export structure, with a 51% share
- Thanks to shipments from MMK Metalurji, HVA products share in total Group sales to international markets exceeds 47%

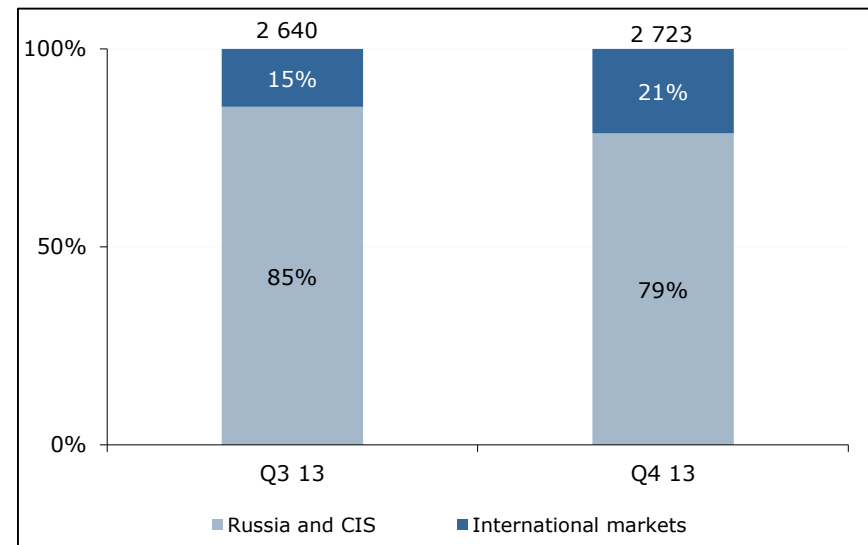
External market shipment structure, ths tonnes



Sales structure on external market by region, ths tonnes



External market share, ths tonnes

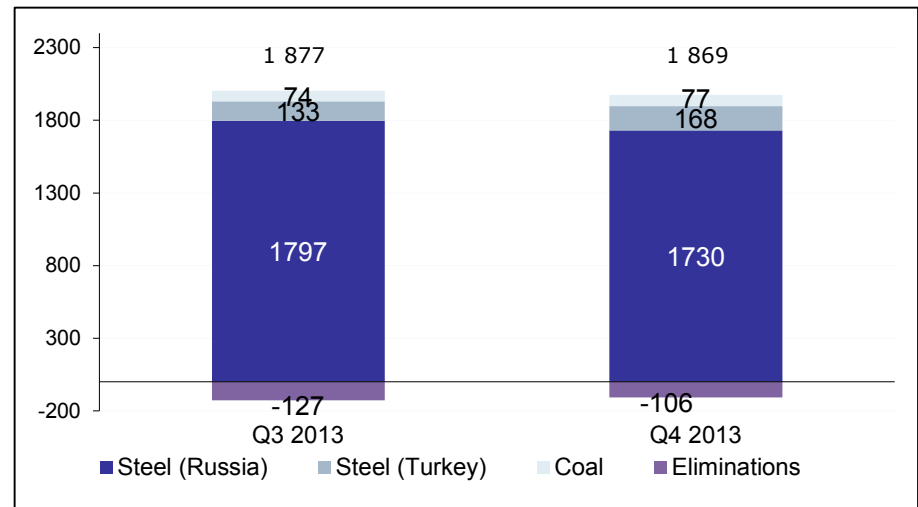


KEY FINANCIAL HIGHLIGHTS

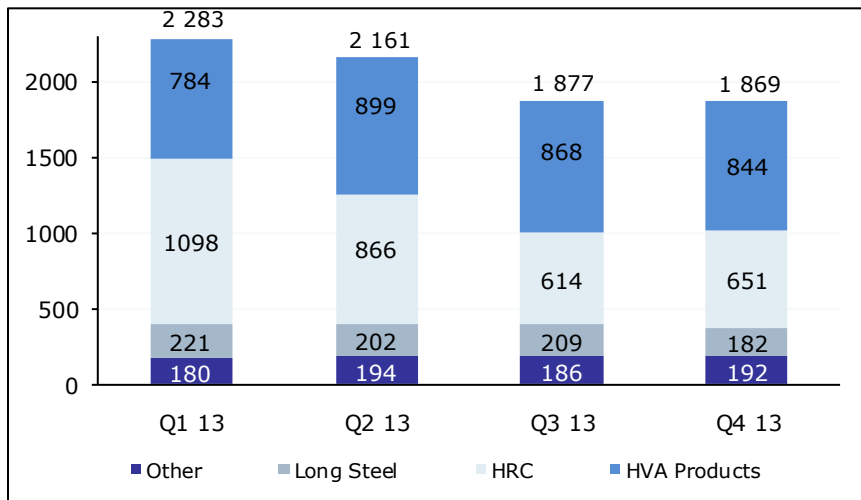


- MMK Group sales for Q4 2013 were USD 1,869 million, flat q-o-q
- MMK Group sales for FY 2013 were down 12% y-o-y due to a decline in output volumes and average steel prices in 2013
- Revenue from high value added (HVA) products dominated Q4 2013 total sales accounting for 45%. In revenues from steel products sales this share was even higher – 50%

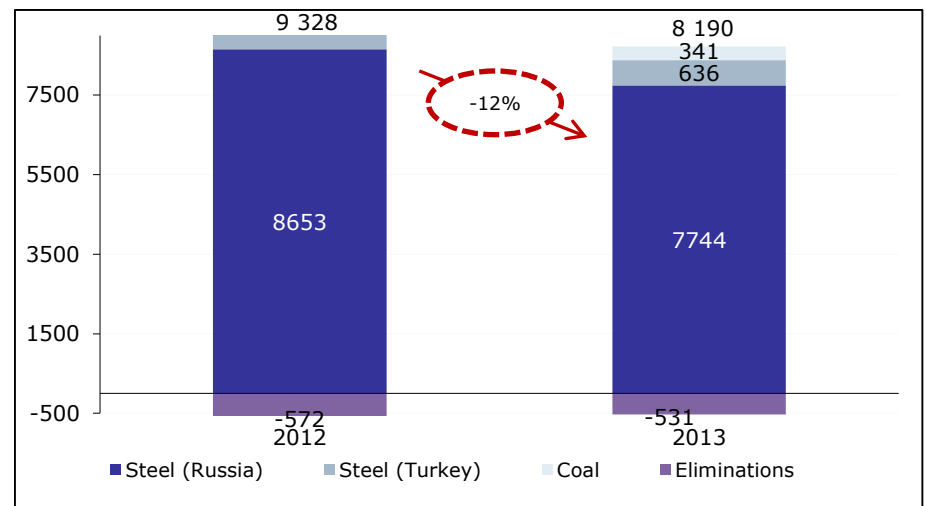
Q4 2013 revenue, million USD



Revenue by product type, million USD



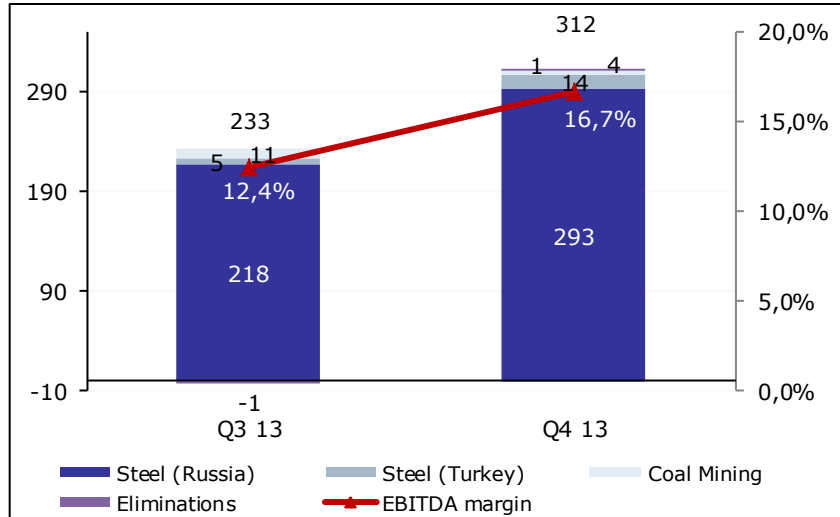
FY 2013 revenue, million USD



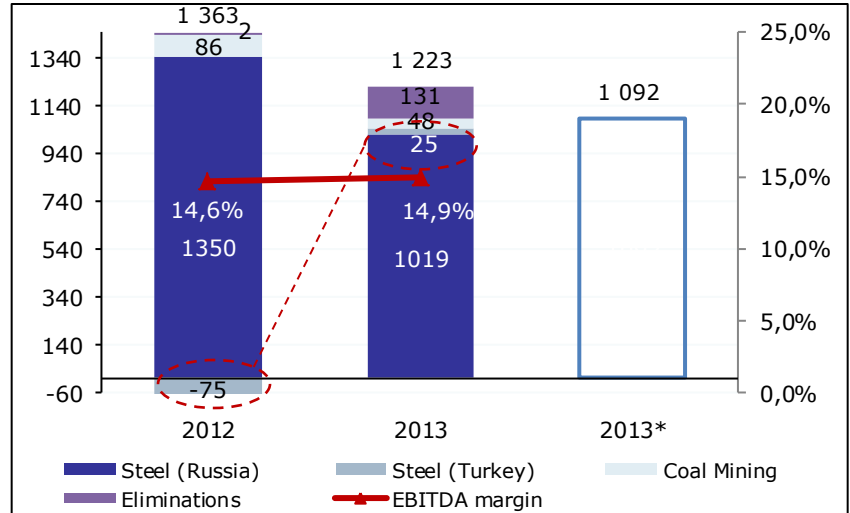
KEY FINANCIAL HIGHLIGHTS



EBITDA MMK Group for Q4 2013, million USD

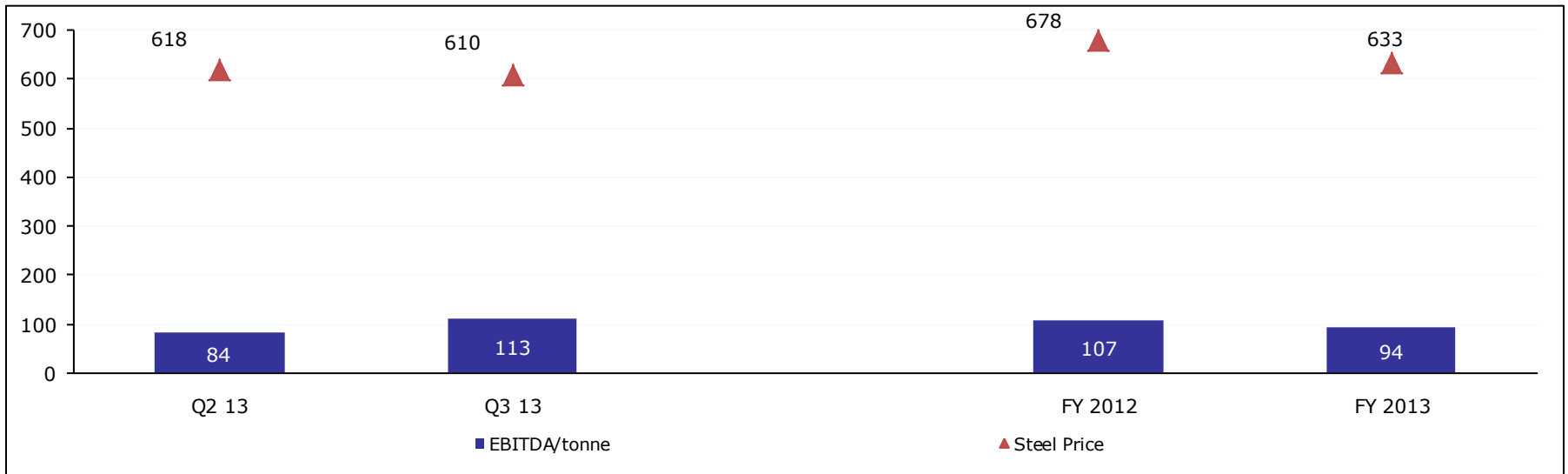


EBITDA MMK Group for FY 2013, million USD



* - 2013 EBITDA without proceeds from MMK-Trans sale

EBITDA/tonne vs. metal products sale price, USD/tonne

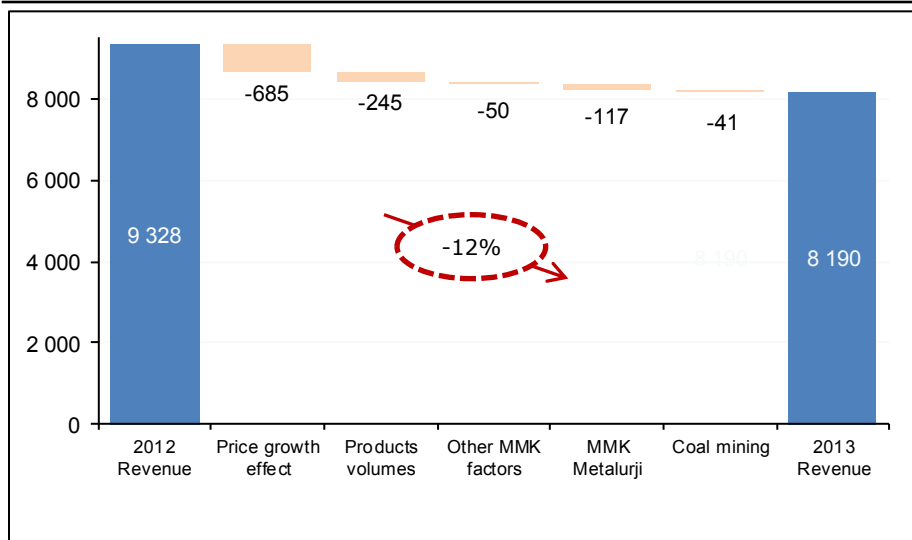


ANALYSIS OF KEY FINANCIAL HIGHLIGHTS

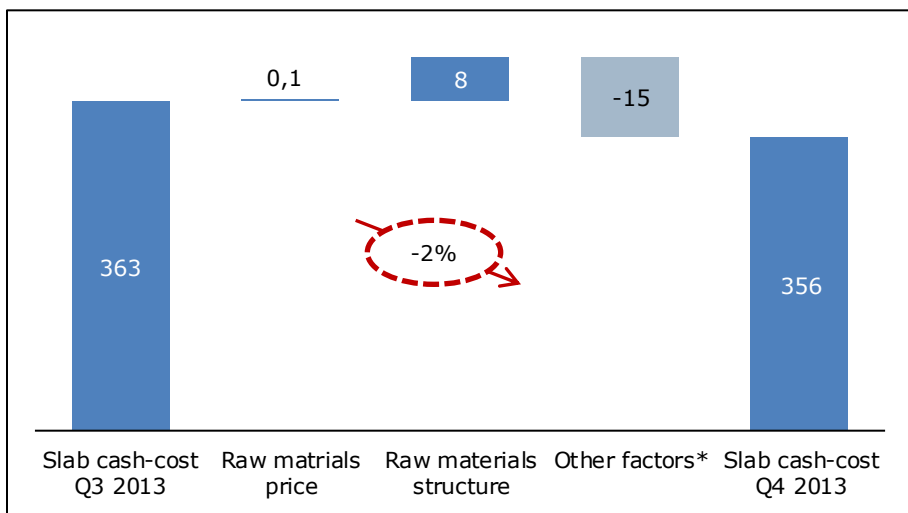


- The key factor affecting MMK Group sales in 2013 was the decline in average sales prices and production volumes
- Cash cost of slab in Q4 2013 decreased 2% q-o-q to USD 356 due to implementation of initiatives to decrease inventory level and cost of industrial services
- Effective working capital management and reduction in capex allow MMK Group to generate a significant free cash flow

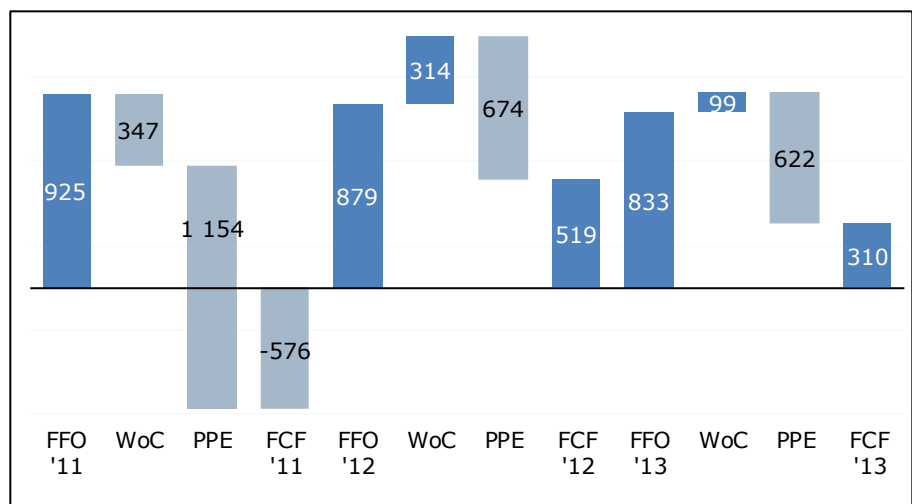
Analysis of MMK Group's revenue, million USD



Slab cash-cost trends, USD/tonne



Free cash flow trends, million USD



* - fuel and power, services, payroll, etc.

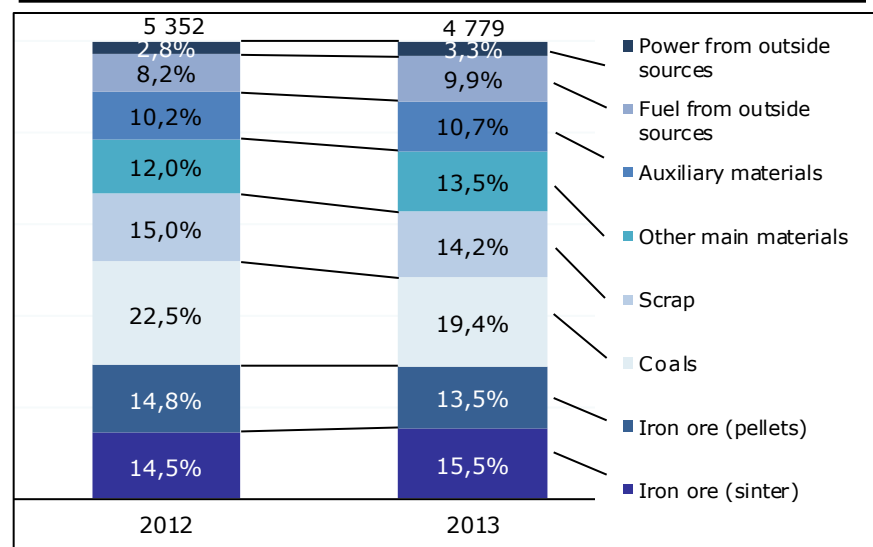
STRUCTURE OF OPERATING COSTS AND CASH COSTS



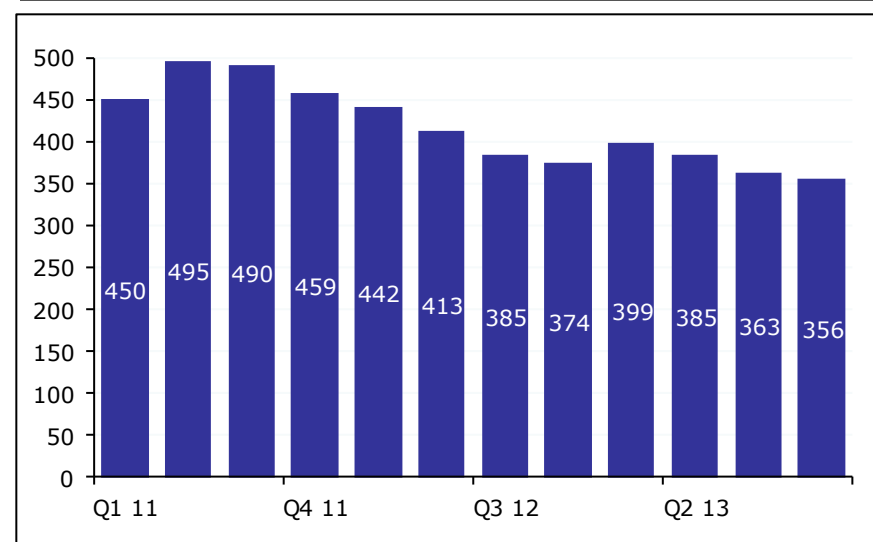
Operating costs of MMK Group, million USD

	2013	2012	+/-	%
Cost of sales	6 967	7 881	-914	-12%
<i>Material costs, including</i>	<i>4 811</i>	<i>5 604</i>	<i>-793</i>	<i>-14%</i>
<i>MMK material costs</i>	<i>4 779</i>	<i>5 352</i>	<i>-573</i>	<i>-11%</i>
<i>Labour costs</i>	<i>920</i>	<i>906</i>	<i>14</i>	<i>2%</i>
<i>Amortisation</i>	<i>947</i>	<i>927</i>	<i>20</i>	<i>2%</i>
<i>Others</i>	<i>206</i>	<i>348</i>	<i>-143</i>	<i>-41%</i>
<i>Change in inventories of finished goods</i>	<i>83</i>	<i>96</i>	<i>-13</i>	<i>-13%</i>
Selling and distribution expenses	609	549	60	11%
General and administrative expenses	524	568	-44	-8%
Other operating (expenses)/income, net	-84	57	-141	-
Total operating costs	8 016	9 062	-1 046	-12%

Material expenditures, MMK, million USD



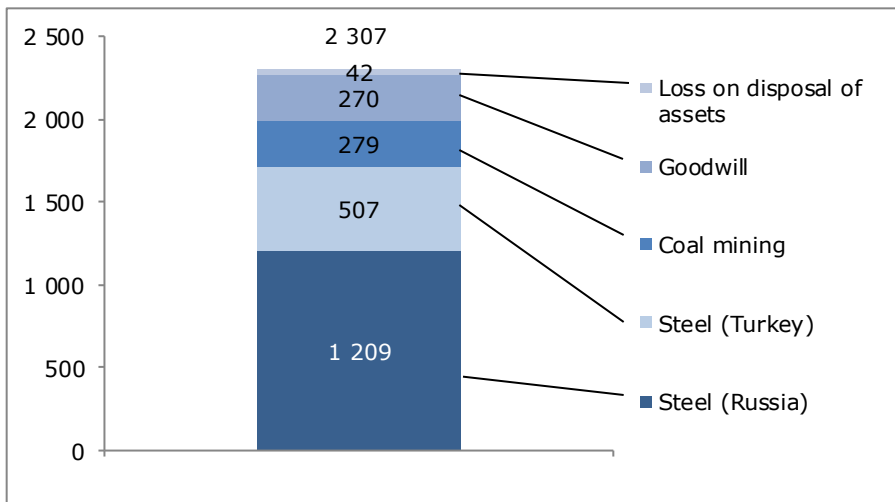
Slab cost trends, USD/tonne



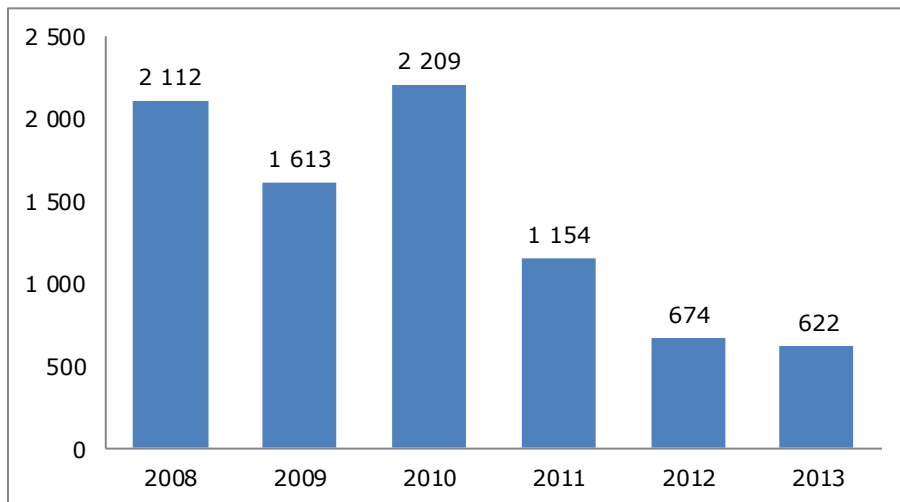
BALANCING BOOK VALUE THROUGH IMPAIRMENT



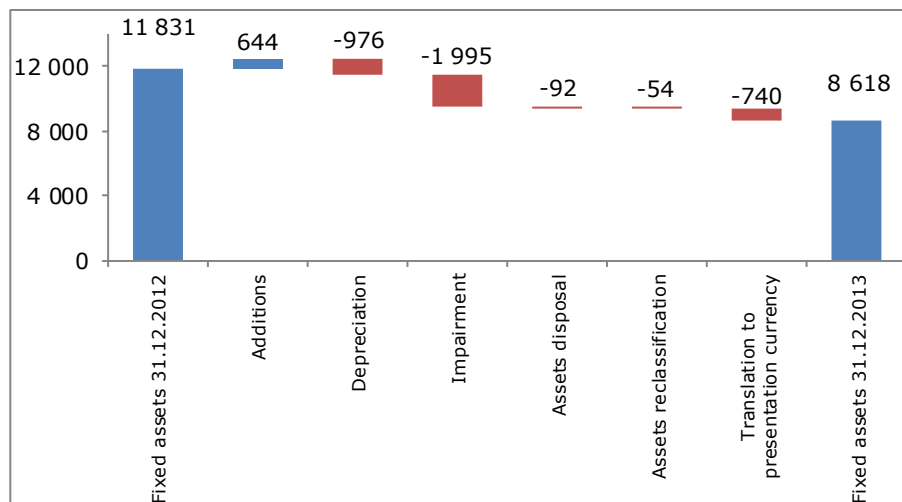
Fixed assets and Goodwill impairment, million USD



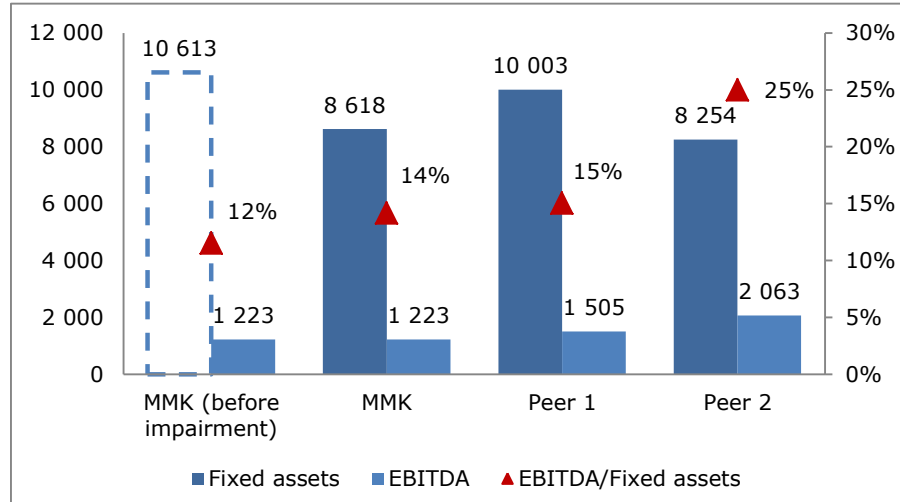
Significant investments in fixed assets, million USD



MMK Group fixed assets, million USD



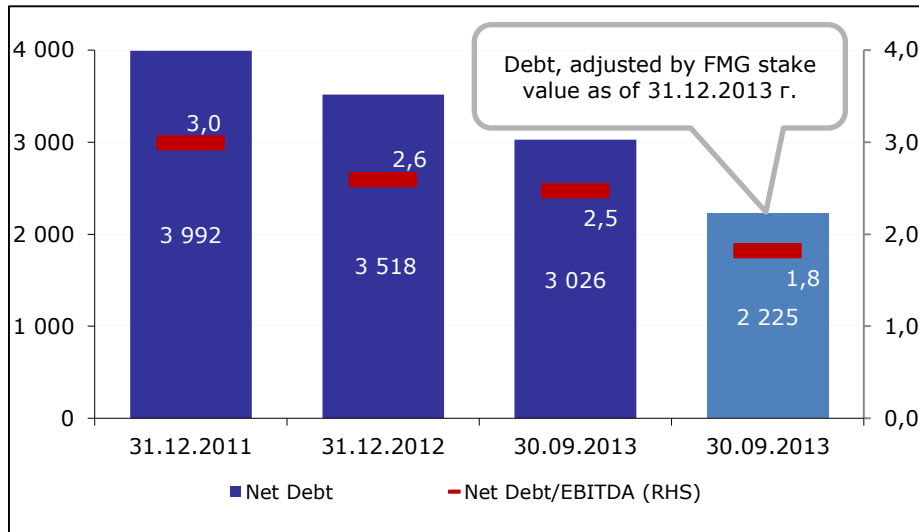
2013 fixed assets vs. EBITDA for Russian steel names, million USD



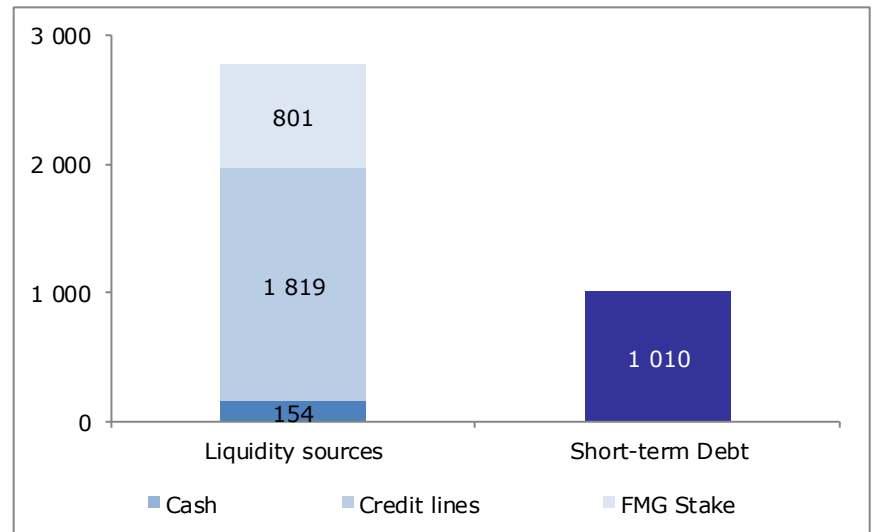
MMK GROUP DEBT PROFILE



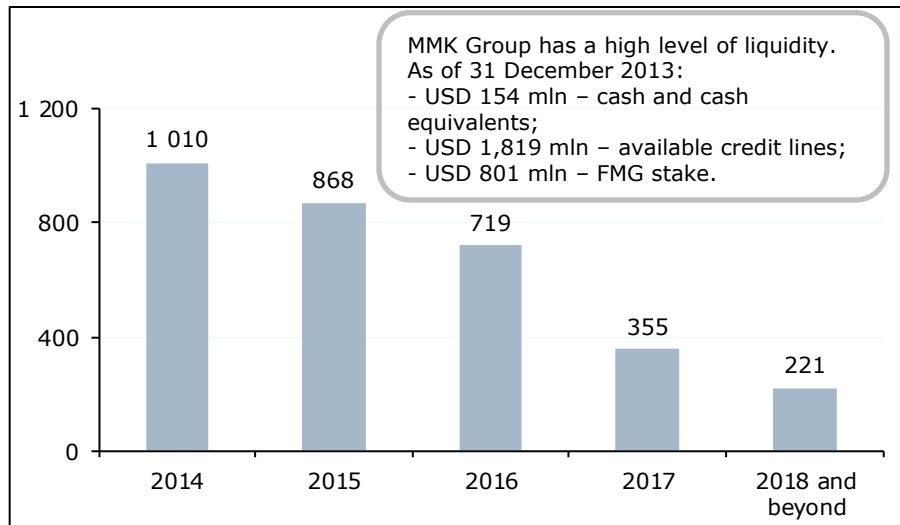
Reduced debt burden, million USD



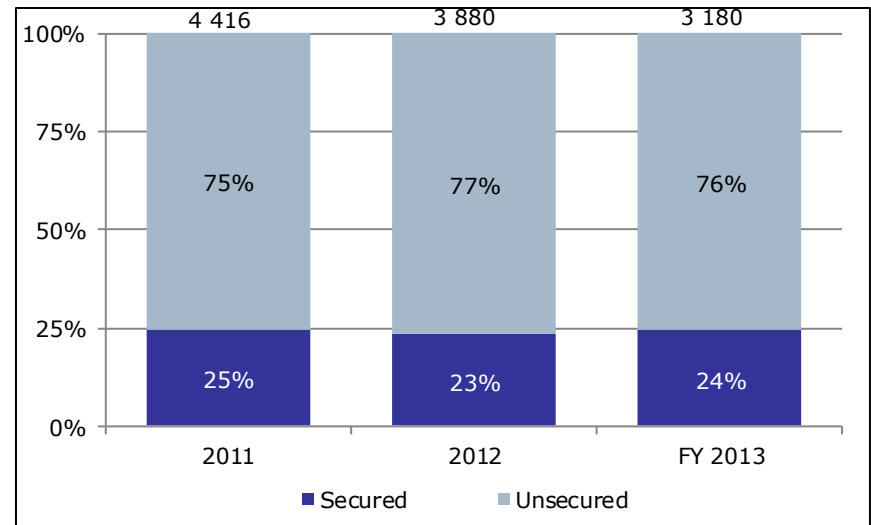
CAPEX, million USD



Debt repayment, million USD



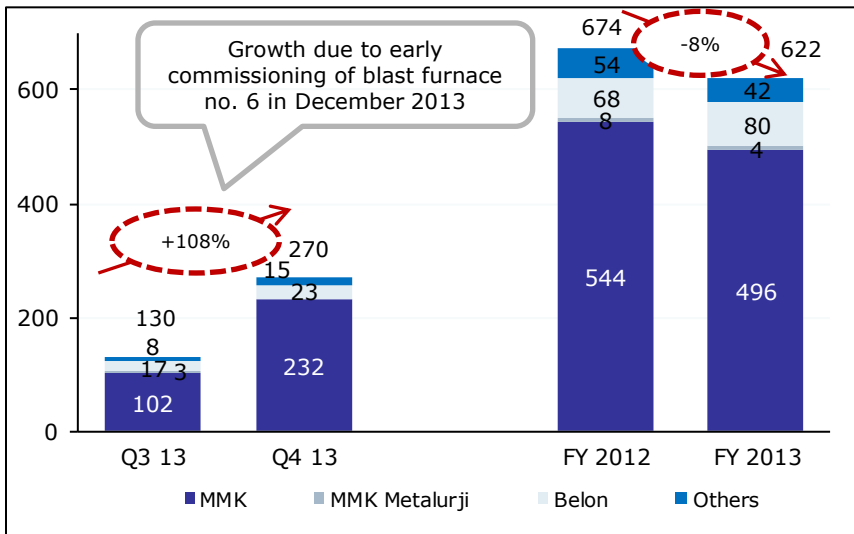
Debt structure by security, million USD



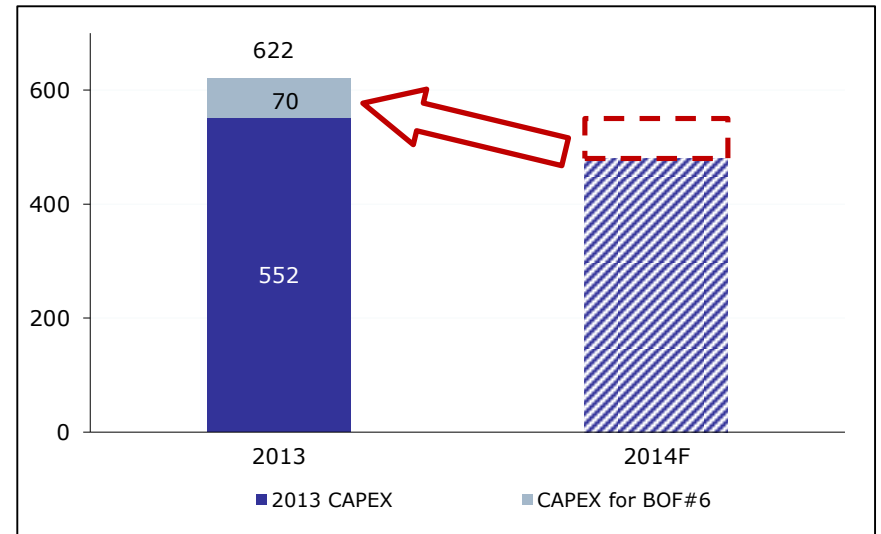
MMK GROUP CAPEX



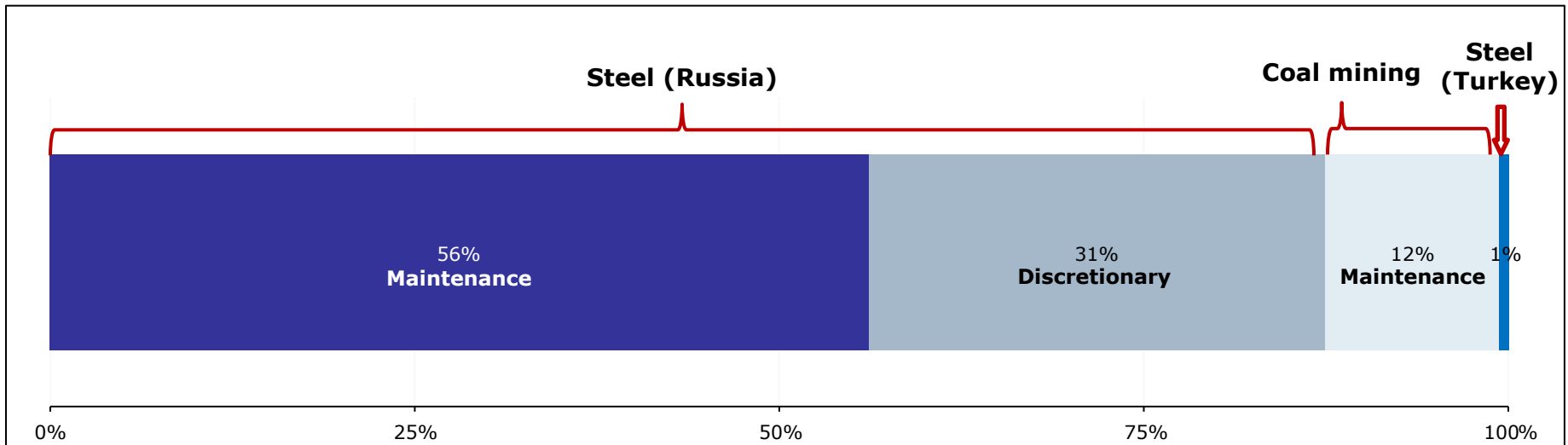
MMK Group CAPEX, million USD



MMK Group 2014 CAPEX reduction, million USD



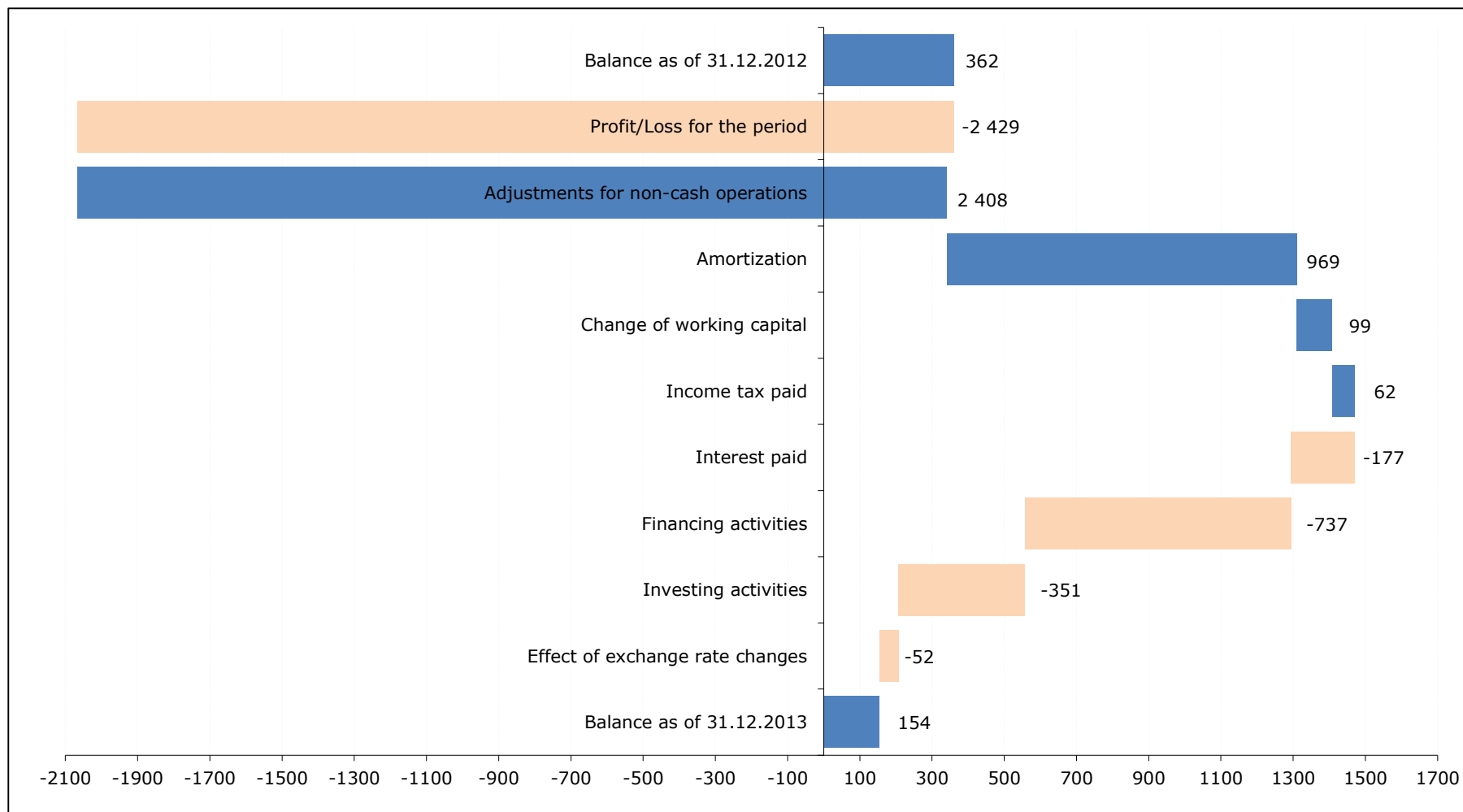
2013 CAPEX structure, million USD



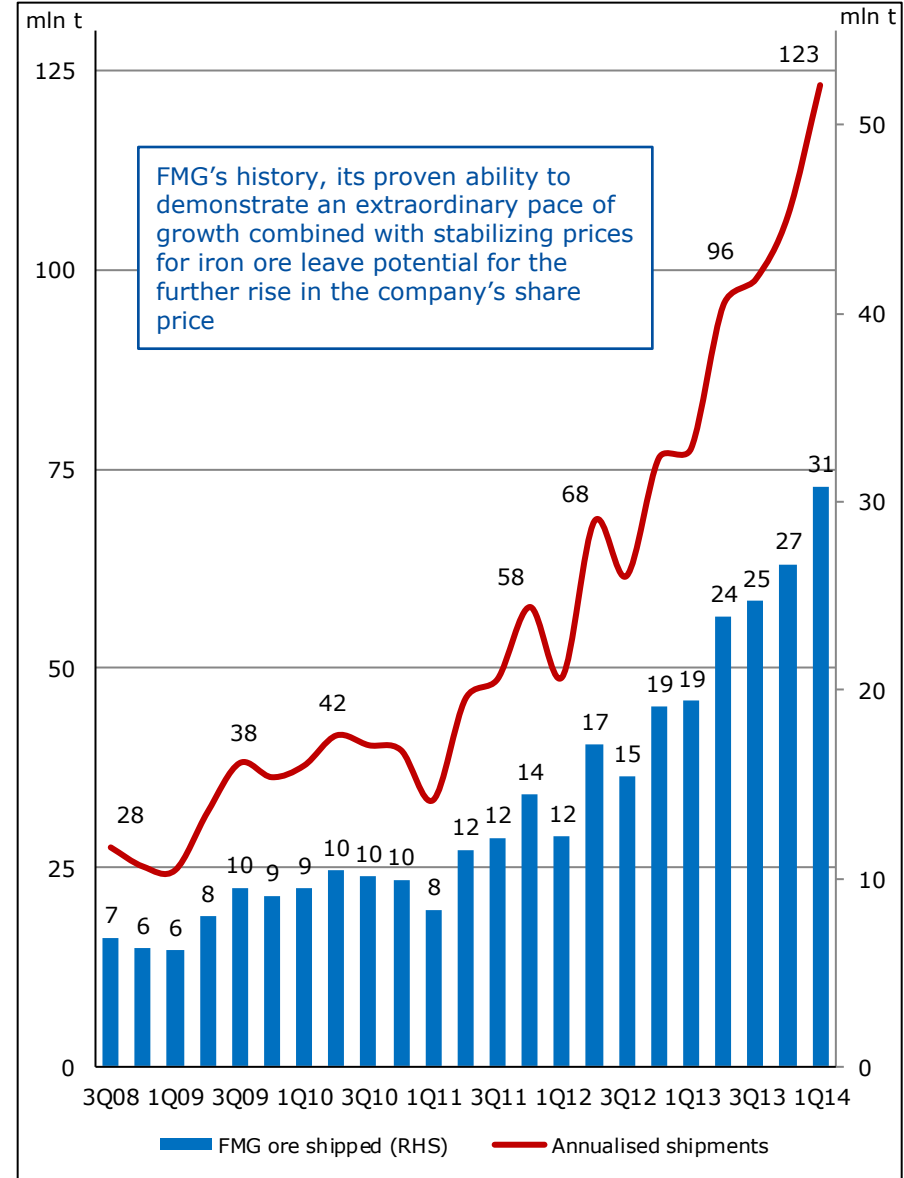
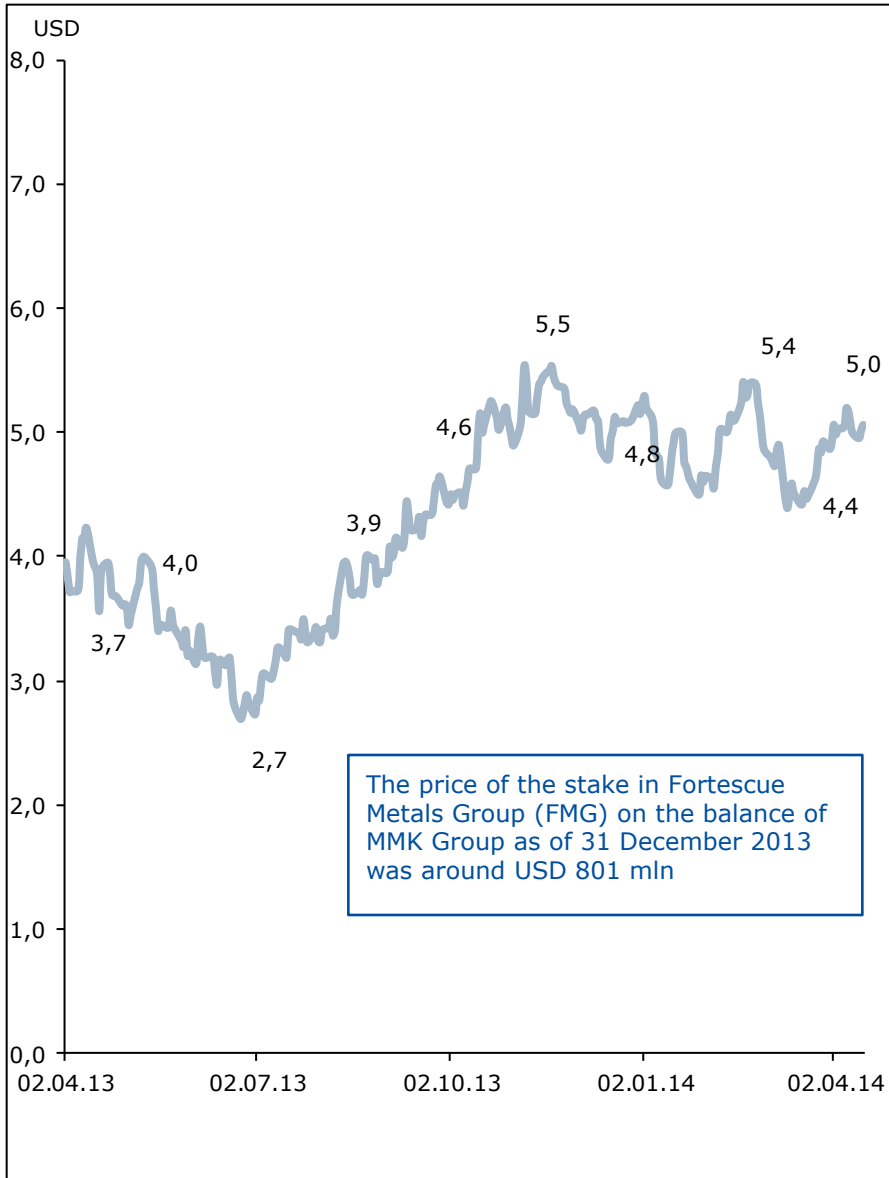
CASH FLOWS, MILLION USD



- In FY 2013 MMK Group posted net loss in the amount of 2,429 million USD. The main reason for the loss was Impairment losses and provision for site restoration in the amount of 2,456 million USD.
- Cash inflow from Working capital in FY 2013 amounted to 99 million. Net Working Capital as of 31.12.2013 amounted to 1,235 million USD (11% lower than on 31.12.2012) and represents 16.5% of revenues (lower by 0.3 percentage points).
- Cash outflow for financing activities in FY 2013 amounted to 737 million USD mostly due to MMK Group Debt repayment. In FY 2013 repayment of borrowings amounted to 2,102 million USD while proceeds from borrowings amounted only to 1,468 million USD.



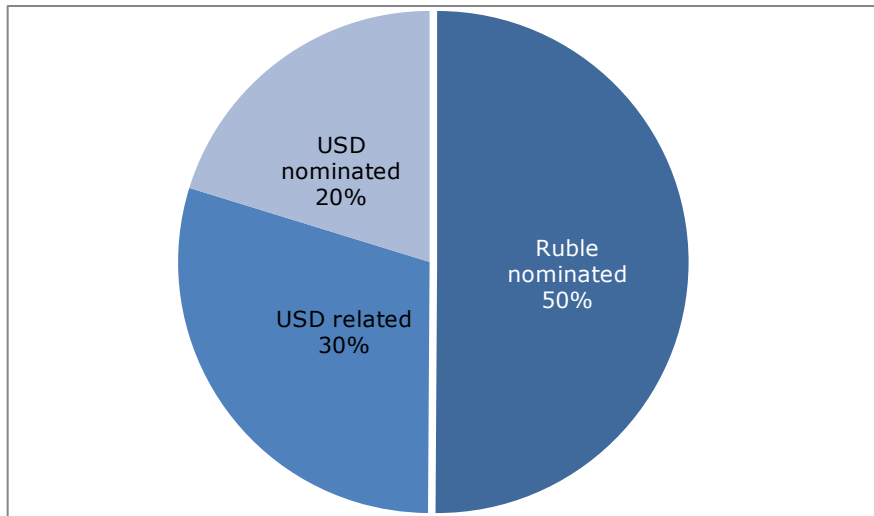
FMG STAKE – ADDITIONAL SOURCE OF LIQUIDITY



MMK'S PROFITS SENCITIVITY TO RUBLE DEVALUATION



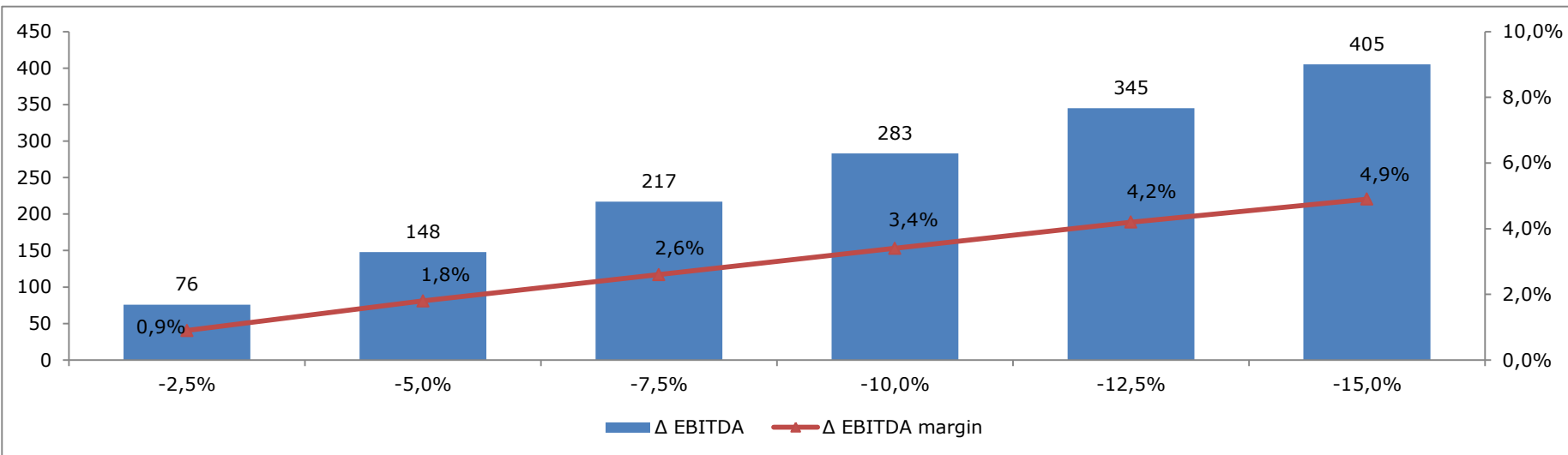
MMK 2013 costs breakdown, million USD



MMK ruble nominated costs, млн USD

	m USD
Technological services	940
Industrial services	418
Axillary materials	169
Fuel	478
Power	160
Salaries	373
Social expenses	95
SG&A	473

Ruble devaluation theoretical effect on MMK's 2013 profits, million USD



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