



**2005 interim
IFRS financial results**

**November 2005
Moscow**

OMZ today



Nuclear PP equipment

- Primary circuit equipment: shell and hatch of the reactor, steam generator shell, drives, circulation pumps, etc.
- Spent nuclear fuel containers
- Spare parts and services
- Pressure vessels



Specialty Steel

- Forgings for: rolls, rotors, generators, wind-mill rotors
- Castings for: steam and gas turbines and compressors, blades, etc.
- Steel plates
- Hot and cold-rolled rolls



Mining Equipment

- Shovels
- Draglines
- Crushing equipment
- Milling equipment
- Spare parts and services
- Blasthole drilling rigs



Manuf. Services

- Metallurgical equipment (continuous casting machines)
- Manufacturing services according to third party engineering (metallurgical equipment, oil and gas drilling equipment, power generation equipment)



Cranes and non-core

- Metallurgical cranes
- Polar cranes
- Refueling machines
- Support services – industrial park, power, water, etc.

Income statement highlights

\$mIn	1H 2005	%	1H 2004	%	Change	%	Including:			
							Organic	Forex	Disposal	Acquisition
Sales	341.5	100%	175.9	100%	165.6	94%	10.6	4.8	(14.2)	164.4
Gross profit	60.9	18%	52.8	30%	8.1	15%	(9.0)	0.9	(6.8)	23.0
EBITDA	30.4	9%	16.9	10%	13.5	80%	(0.4)	0.1	(7.3)	21.1
EBIT	19.3	6%	11.9	7%	7.4	62%	(0.1)	-	(7.0)	14.5
Profit for the year	0.5	0%	(48.8)	-28%	49.3	-	(3.7)	(9.7)	46.2	16.5

Change in sales by segment

\$mIn	1H 2005	1H 2004	Change	%	Including:			
					Organic	Forex	Disposal	Acquisition
NPPEQ	117.5	58.6	58.9	+101%	(32.5)	-	(0.7)	92.1
STEEL	165.1	68.2	96.9	+142%	22.6	3.0	-	71.3
MMEQ	32.3	18.6	13.7	+74%	12.5	1.2	-	-
MINEQ	67.3	43.0	24.3	+57%	22.5	1.8	-	-
Other	22.5	54.2	(31.7)	-58%	(6.0)	0.6	(28.5)	2.2
<i>Intersegment & unallocated</i>	(63.2)	(66.7)	3.5	+5%	(8.5)	(1.8)	15.0	(1.2)
Total	341.5	175.9	165.6	+94%	10.6	4.8	(14.2)	164.4

Reasons for sales growth

- NPPEQ
 - Acquisition of Skoda JS
 - Organic decrease due to a) non-payment by ASE (slower advancement in percentage of completion), b) revaluation of contract profitability and c) completion of the Chinese contract
- STEEL
 - Acquisition of Skoda Steel
 - Organic growth due to both volume (70%) and price (30%) increases
- MINEQ
 - Organic growth due to both volume(25%) and price (75%) increases
- MMEQ
 - Increase in internal sales to the MINEQ segment
 - Several external orders incl. metallurgical equipment for Severstal

International sales

Geographic area	1H 2005	1H 2004
Russia	135.2	102.7
CIS	20.8	10.4
Asia	32.5	57.0
Europe	148.7	5.6
Other	4.3	0.2
TOTAL	341.5	175.9
% of int'l sales	60%	42%

Cost of sales

\$mIn	1H 2005		1H 2004		Change %		Including:			
							Organic	Forex	Disposal	Acq'n (%)
Sales	341.5		175.9		165.6	+94%				
Materials and components used	125.8	42%	78.0	51%	47.8	+61%	0.1	1.5	(3.2)	49.4 (103%)
Labour costs	49.8	17%	33.0	22%	16.8	+51%	1.8	1.2	(2.0)	15.8 (94%)
Gas and fuel	30.8	10%	24.4	16%	6.4	+26%	0.2	0.5	(5.1)	10.8 (169%)
Services	78.3	26%	12.6	8%	65.7	+521%	1.4	0.9	(1.7)	65.1 (99%)
Depreciation	9.1	3%	4.3	3%	4.8	+40%	(0.9)	0.1	(0.1)	5.7 (119%)
Amortization of intangibles	0.9	0.3%	-	-	0.9	-	-	-	-	0.9 (100%)
Amortization of neg. goodwill	-	-	(0.6)	(0.4%)	0.6	-	0.6	-	-	-
Other	4.4	1.5%	2.0	1.3%	2.4	+120%	0.2	-	(0.2)	2.4 (100%)
Cost of production	299.1	100%	153.7	100%	145.4	+95%	3.4	4.2	(12.3)	150.1 (103%)
Change in inven. of fin. goods & WIP	(18.5)		(30.6)		12.1	40%	19.9	(0.3)	1.2	(8.7) (-72%)
Cost of sales	280.6		123.1		157.5	+128%	23.3	3.9	(11.1)	141.4 (90%)

Group profitability

Million US\$	1H 2005	1H 2004
Operating profit	20.7	13.2
Plus (minus) impairment of PP&E	(1.4)	(1.3)
Plus depreciation & amortization	11.1	5.0
Total EBITDA	30.4	16.9
Minus depreciation & amortization	(11.1)	(5.0)
Total EBIT	19.3	11.9
Finance income/(expense) - net	(13.9)	(11.9)
FOREX	(6.0)	2.0
Other	-	2.1
Total EBT	(0.6)	4.1

Other operating income/expenses

Million US\$, note 25	1H 2005	Description
Profit from sale of non-core subs	0.8	ZEP + other
Change in provision for impairment of receivables and obsolete inventory	2.9	Reversal of provision for receivables and inventory
Impairment (charge)/release on PP&E	1.4	Uralmash (reinstatement of conserved buildings)
Gain on disposal of PP&E	2.3	Sale of non-core assets (Uralmash & Izhora)
Other	0.8	
Total	8.2	

Profitability by segment

	1H 2005				1H 2004			
\$mn	Sales	Gross profit	Operating profit	EBITDA	Sales	Gross profit	Operating profit	EBITDA
NPPEQ	117.5	18.2	9.5	12.1	58.6	23.2	11.9	13.0
STEEL	165.1	18.6	8.2	14.3	68.2	7.6	2.2	3.4
MMEQ	32.3	4.2	(3.2)	(3.2)	18.6	1.4	(4.9)	(3.7)
MINEQ	67.3	18.2	11.6	11.7	43.0	11.1	2.0	2.1
Other	22.5	2.5	1.1	2.0	54.2	10.6	4.2	5.0
<i>Intersegment & unallocated</i>	<i>(63.2)</i>	<i>(0.8)</i>	<i>(6.5)</i>	<i>(6.5)</i>	<i>(66.7)</i>	<i>(1.1)</i>	<i>(2.2)</i>	<i>(2.9)</i>
Total	341.5	60.9	20.7	30.4	175.9	52.8	13.2	16.9

Change in EBITDA by segment

\$mIn	1H 2005	1H 2004	Change	%	Including:			
					Organic	Forex	Disposal	Acquisition
NPPEQ	12.1	13.0	(0.9)	-7%	(11.6)	(0.6)	1.0	10.3
STEEL	14.3	3.4	10.9	+321%	(0.5)	0.5	-	10.9
MMEQ	(3.2)	(3.7)	0.5	+14%	0.4	0.1	-	-
MINEQ	11.7	2.1	9.6	+457%	9.4	0.2	-	-
Other	2.0	5.0	(3.0)	-60%	1.0	-	(3.9)	(0.1)
<i>Intersegment & unallocated</i>	(6.5)	(2.9)	(3.6)	-124%	0.9	(0.1)	(4.4)	-
Total	30.4	16.9	13.5	+80%	(0.4)	0.1	(7.3)	21.1

Change in margins

- **NPPEQ**

- a) reassessment of cost to complete contracts based on growth of raw materials costs; b) revision of revenue due to changes in forward rates
- Re-sale of low margin equipment

- **STEEL**

- High depreciation at Skoda Steel due to high value of non-current assets

- **MINEQ**

- Success in passing on higher raw material costs
- Increase in prices due to high demand

SG&A

\$mIn	1H 2005		1H 2004		Change %		Including:			
							Organic	Forex	Disposal	Acquisition
Taxes	2.6	7%	3.3	8%	(0.7)	-21%	(0.9)	0.1	-	0.1
Labour costs	21.2	56%	23.8	57%	(2.6)	-11%	(3.0)	0.5	(2.4)	2.3
Amortization of intangibles	0.4	1%	0.4	1%	-	-	(0.1)	-	(0.1)	0.2
Depreciation	0.7	2%	0.9	2%	(0.2)	-22%	(0.4)	-	-	0.2
Services	9.7	26%	11.2	27%	(1.5)	-13%	(2.3)	0.2	(0.6)	1.2
Administration overheads	3.2	8%	2.4	5%	0.8	+33%	0.6	0.1	(0.3)	0.4
Total G&A	37.8	100%	42.0	100%	(4.2)	-10%	(6.1)	0.9	(3.4)	4.4
Transportation	3.6	34%	1.7	29%	1.9	+112%	(0.5)	-	-	2.4
Services	3.2	30%	2.8	48%	0.4	+14%	(0.5)	0.1	-	0.8
Labour costs	3.2	30%	0.7	12%	2.5	+357%	1.4	0.1	(0.1)	1.1
Other	0.7	6%	0.6	11%	0.1	+17%	(0.2)	-	-	0.3
Total Selling	10.7	100%	5.8	100%	4.9	+84%	0.2	0.2	(0.1)	4.6
Total SG&A	48.5		47.8		0.7	+1%	(5.9)	1.1	(3.5)	9.0

Change in working capital

\$mIn	30/6/05	31/12/04	Change	%	Including:			
					Organic	Forex	Disposal	Acquisition
* Excl. financial and investing activities								
Cash	33	24	9	+38%	10	(1)	-	-
Trade receivables	248	221	27	+12%	34	(8)	-	1
Advances issued	103	104	(1)	-2%	(2)	(3)	-	4
Taxes receivable	76	73	3	+4%	3	(2)	-	2
Other receivables*	3	4	(1)	-25%	(1)	-	-	-
Raw materials	55	43	12	+28%	12	(1)	-	1
Work in progress	80	64	16	+25%	18	(2)	(1)	1
Finished goods	35	37	(2)	-6%	(1)	(1)	-	-
Goods in transit	2	1	1	+100%	1	-	-	-
Current assets	635	571	64	+11%	74	(18)	(1)	9
Trade payables	149	158	(9)	-6%	(10)	(5)	-	6
Advances rec'd	214	175	39	+22%	42	(6)	(1)	4
Taxes payable	46	46	-	-	1	(1)	-	-
Other payables*	31	30	1	+3%	1	(1)	-	1
Current liab.	440	409	31	+8%	34	(13)	(1)	11
NET WC	195	162	33	+20%	40	(5)	-	(2)

Key Ratios

Turnover (days)	30 June 2005	31 Dec. 2004
Inventories	103	123
Trade accounts receivable	181	177
Trade accounts payable	229	207
Net WC (excl. cash)	80	122

Debt and interest dynamics

\$mIn	30 June'05		31 December'04	
Long-term debt (incl. non-convertible bonds)	105.5	43%	97.4	44%
Short-term debt	140.0	57%	122.0	56%
Total debt	245.5	100%	219.4	100%
Average duration of debt portfolio	321 days		286 days	

Debt portfolio - repayment schedule as of 30 June '05

Repayment period	Amount to be repaid, million US\$
Q3'05	52.3*
Q4'05	28.3
Q1'06	40.3
Q2'06	49.6
Q3'06	8.6
Q4'06	5.9
Q1'07	45.5
Q2'07	6.4
Q3'07	8.6
TOTAL	245.5

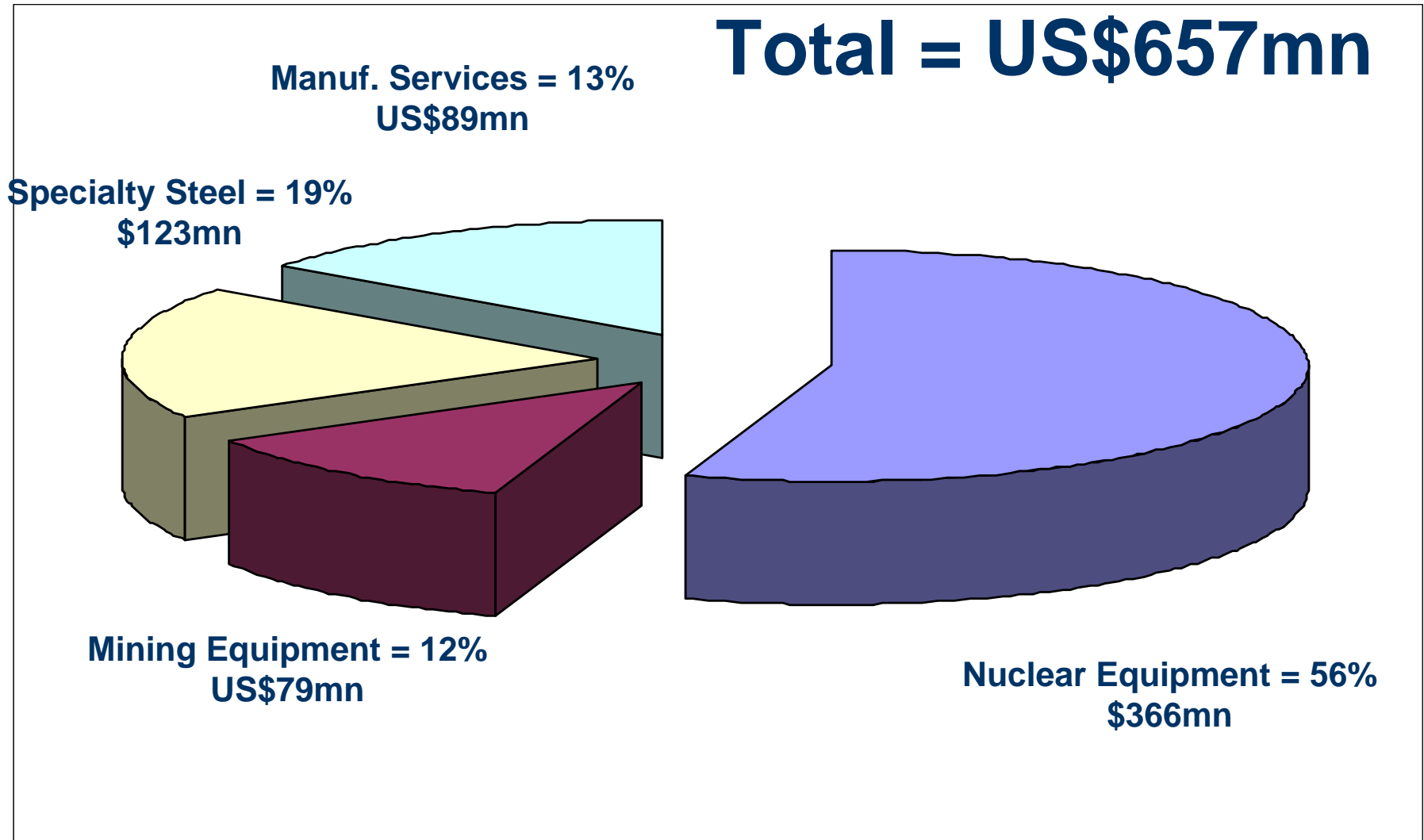
* Incl. ~\$30mn of 2009 ruble bonds due to put-option in Sept. 2005

Liquidity as of 30 June '05

US\$ million

Cash in bank	13.8
Deposits	19.0
Unused credit lines	48.1
Unused credit limits	40.1
Total	121.0

Order book as of 1 October 2005



Maturity of the order book as of 1 October 2005

US\$, mn	2005	2006	2007	2008	'09-'14	Total
MINEQ	54	25	-	-	-	79
NPPEQ	116	104	56	41	49	366
STEEL	74	49	-	-	-	123
MMEQ	52	37	-	-	-	89
TOTAL	296	215	56	41	49	657