



1H2012 RESULTS PRESENTATION

OCTOBER 2, 2012



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FINANCIAL HIGHLIGHTS



SEGMENTS OVERVIEW



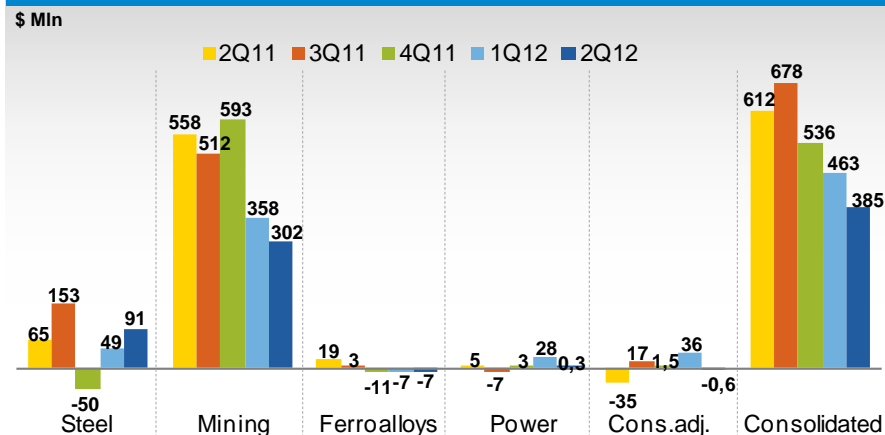
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Reduction of the Mining and Power segments top line offset by growth in Steel and Ferroalloys revenue, which translated into a 5% q-o-q sales growth \$3,086 mn

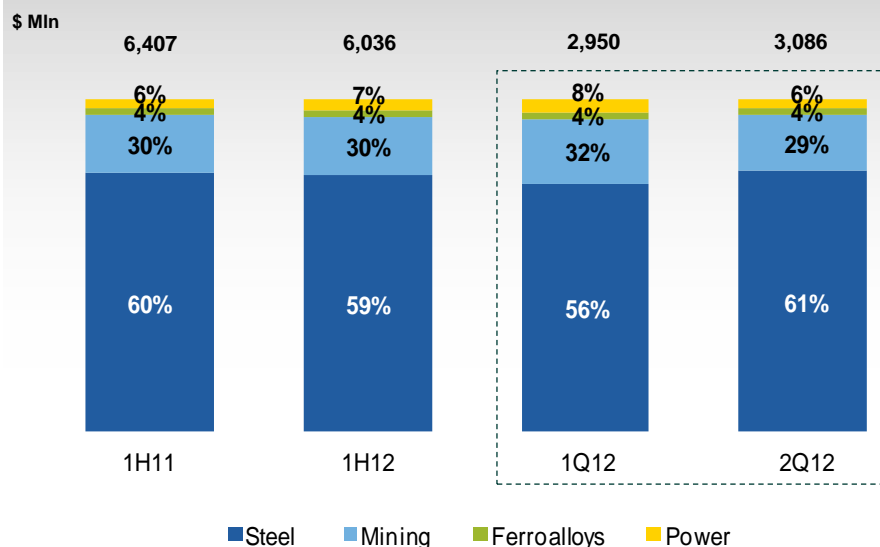
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Steel segment increased its share in consolidated revenue to 61% and EBITDA to 24% as construction market took off

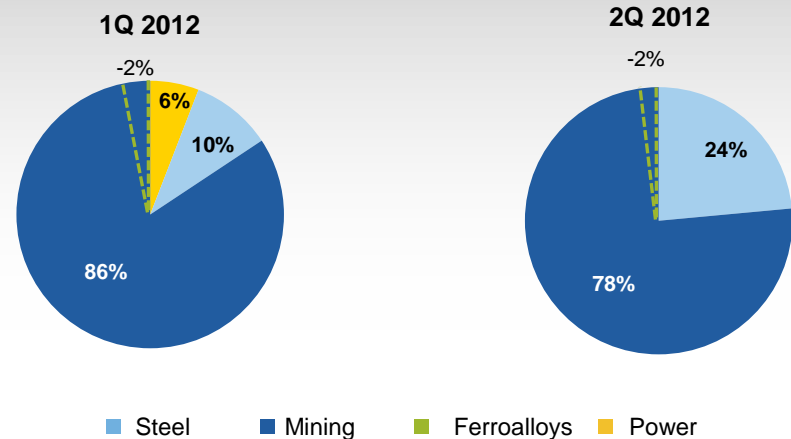
EBITDA⁽¹⁾ BY SEGMENTS



REVENUE FROM THIRD PARTIES



EBITDA BY SEGMENTS

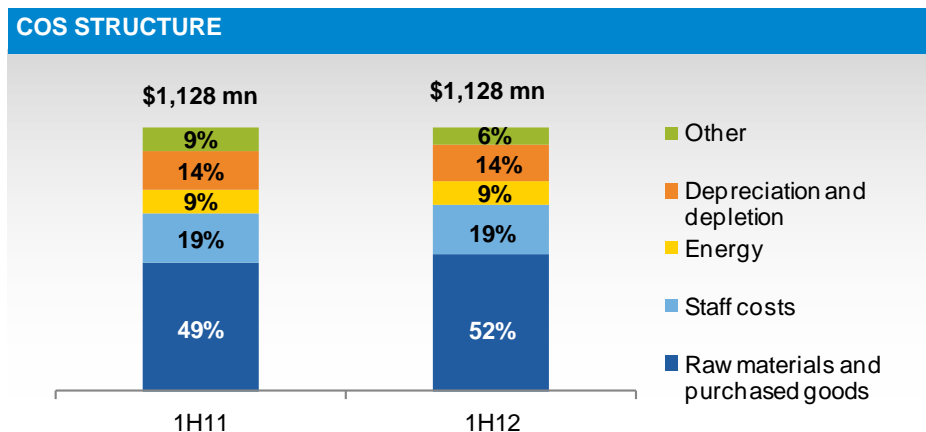
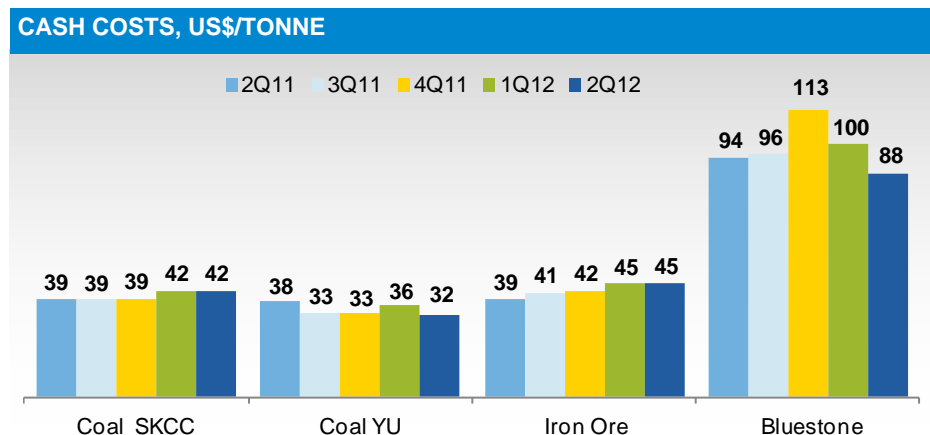
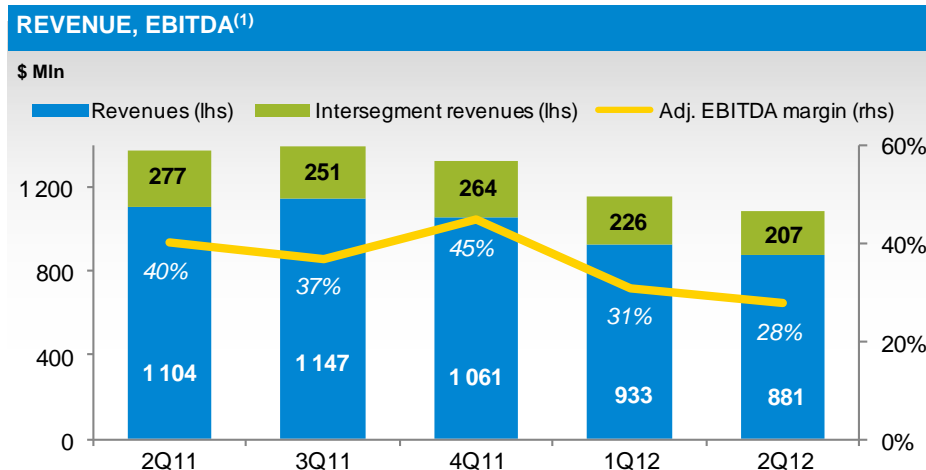


(1) Adjusted EBITDA represents EBITDA adjusted by forex gain/loss, interest income, net income on the disposal of non-current assets, amount attributable to non-controlling interests and gain/loss from remeasurement of contingent liabilities at fair value

MINING SEGMENT



- + Downward price trends and weak European market drove 3rd party revenue down 6% and EBITDA down 16% to \$302 mn
- + Despite high sales and price volatility EBITDA margin only slightly down to 28% of sales
- + Shutting down loss-making capacity helped to slash cash cost in N.America by 12%
- + Cash costs at Russian operations flat to lower driven by a combination of lower RUR and higher stripping ratio and maintenance

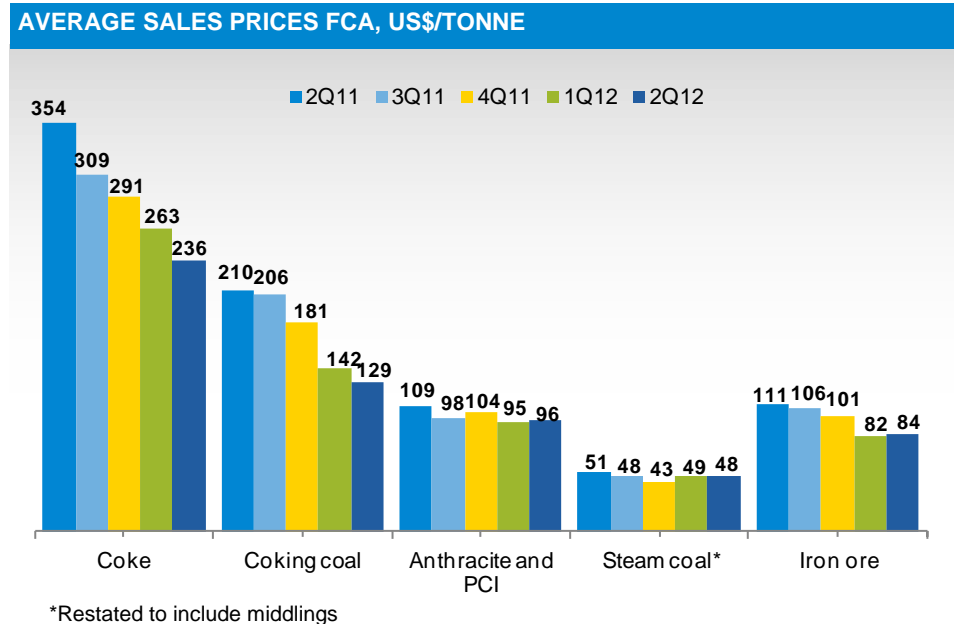
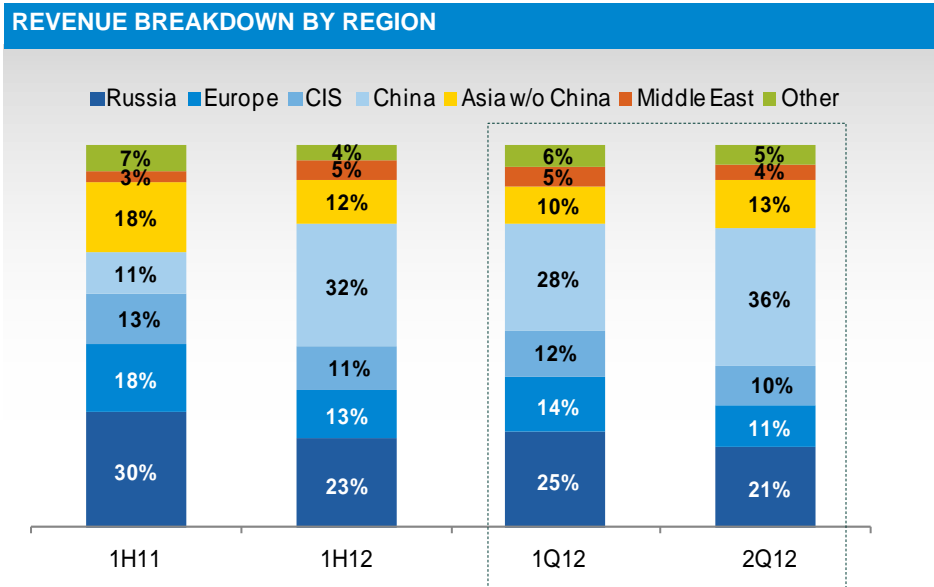
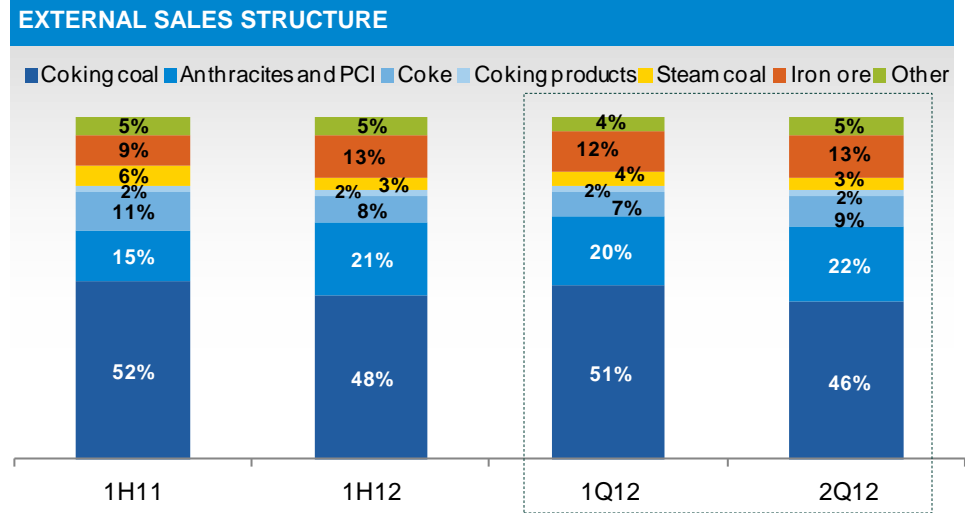


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MINING SEGMENT



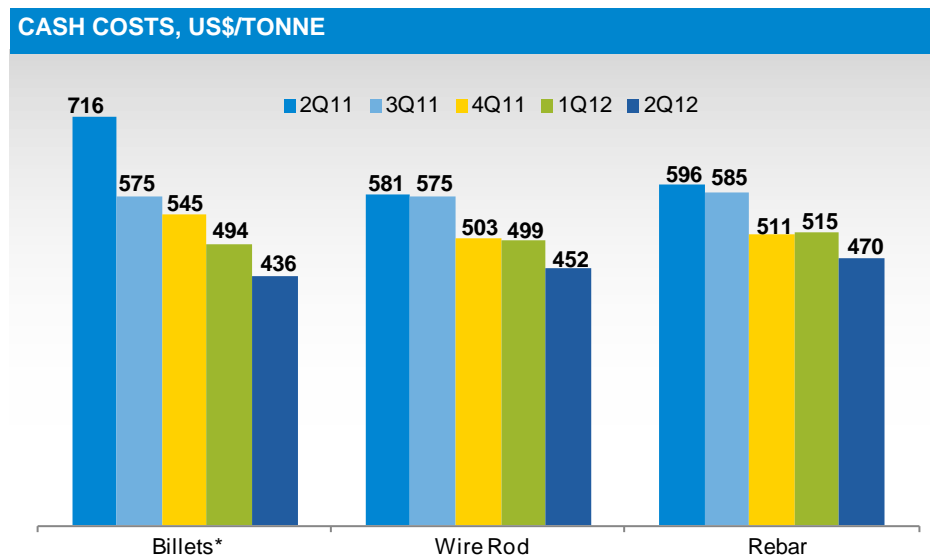
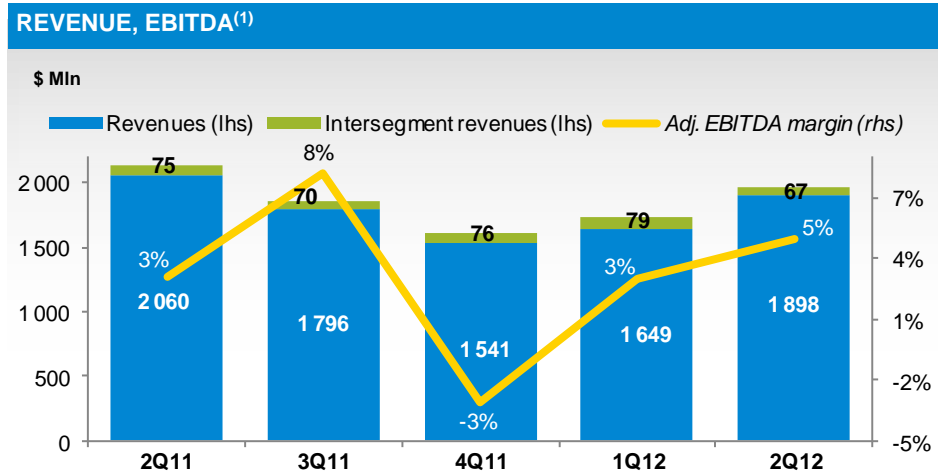
- +** Coking coal prices down 9% and coke down 10% as prices for other products remained flat
- +** Shifting sales of PCI and anthracite from Europe to Asia drove sales up 11% helping to offset downward dynamics in coking coal sales
- +** Share of Asia and China up to 46% of total sales as markets remained relatively strong despite downward price trend



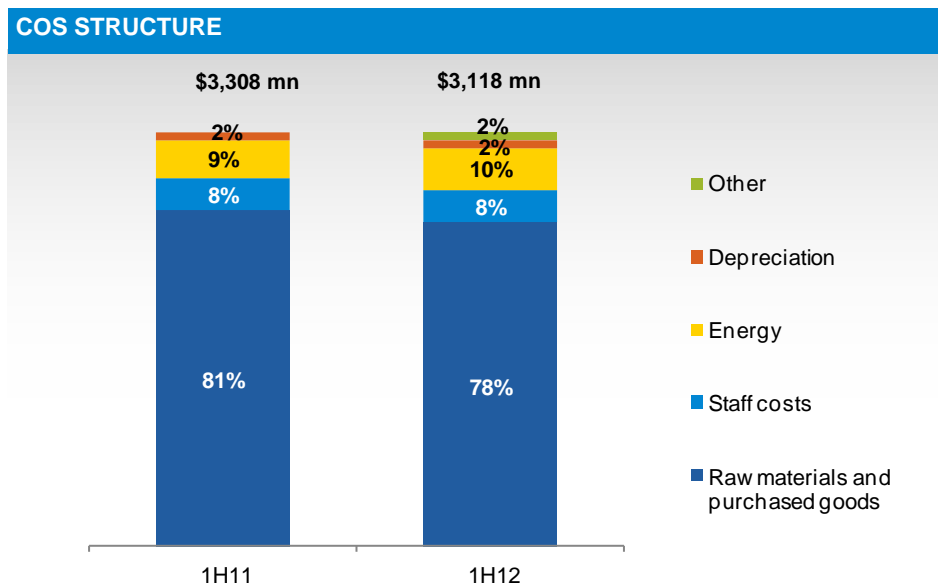
STEEL SEGMENT



- +** High season for construction and acceleration of stock reduction drove 3rd party revenue 15% up q-o-q
- +** EBITDA doubled q-o-q to \$91 mn
- +** Lower commodity prices and capacity utilization adjustment resulted in the cash cost for rebar and billet fall by 9% and 12% respectively
- +** Net result affected by:
 - \$316 mn of impairment of goodwill and long-lived assets of European entities
 - \$202 mn of provision for the loan due from related parties



*Carbon and low-alloyed billets



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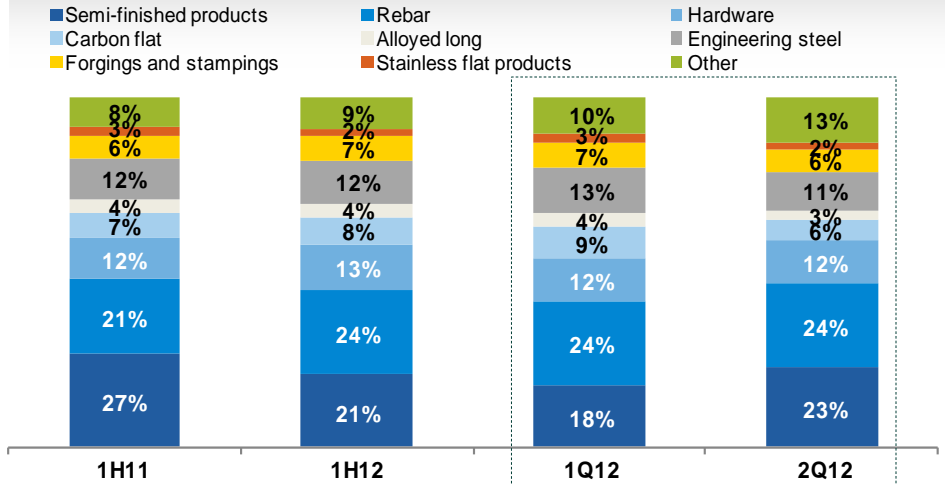
STEEL SEGMENT



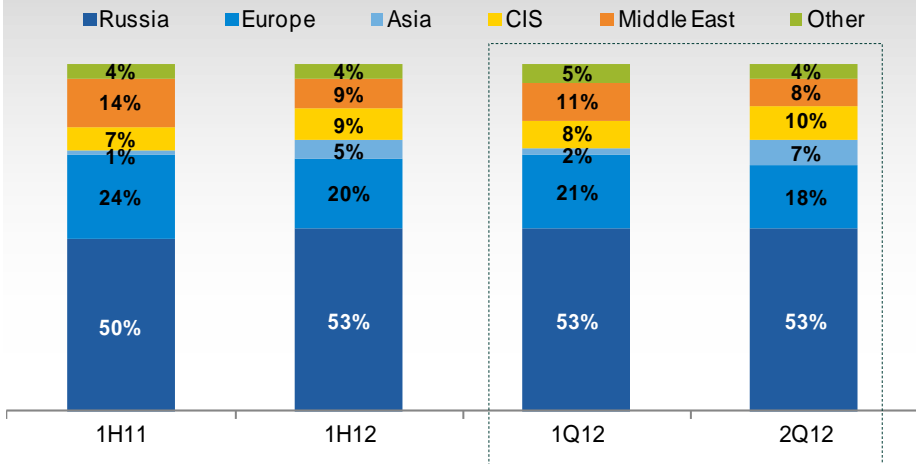
+ Share of Russia and CIS up to 63% of sales as demand remained robust vs Europe whose share decreased to 18%

+ Share of semi-finished products down from 27% in 1H2011 to 21% in 1H2012 due to new processing capacity launch

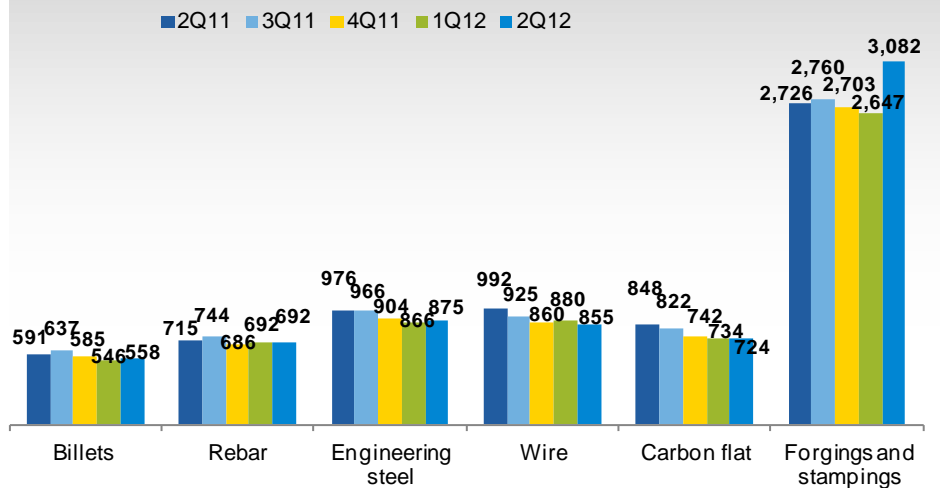
EXTERNAL SALES STRUCTURE



REVENUE BREAKDOWN BY REGION



AVERAGE SALES PRICES FCA, US\$/TONNE

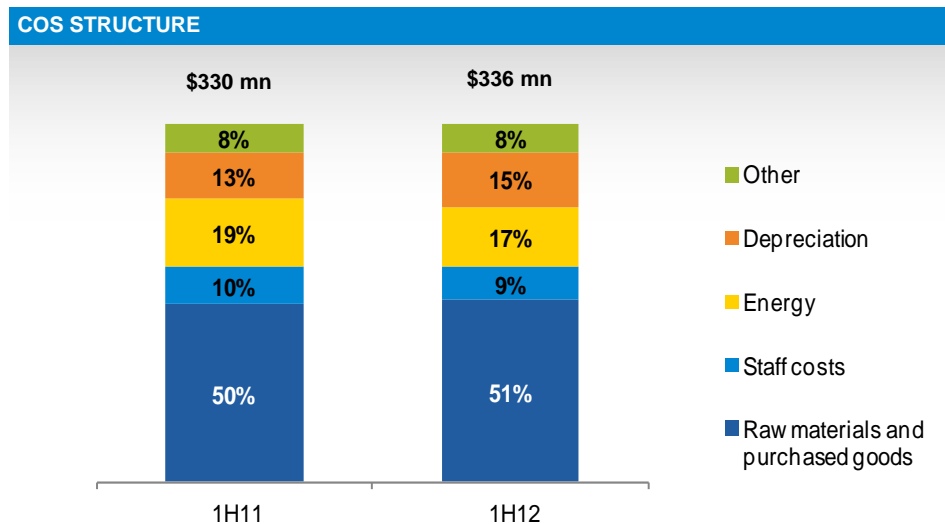
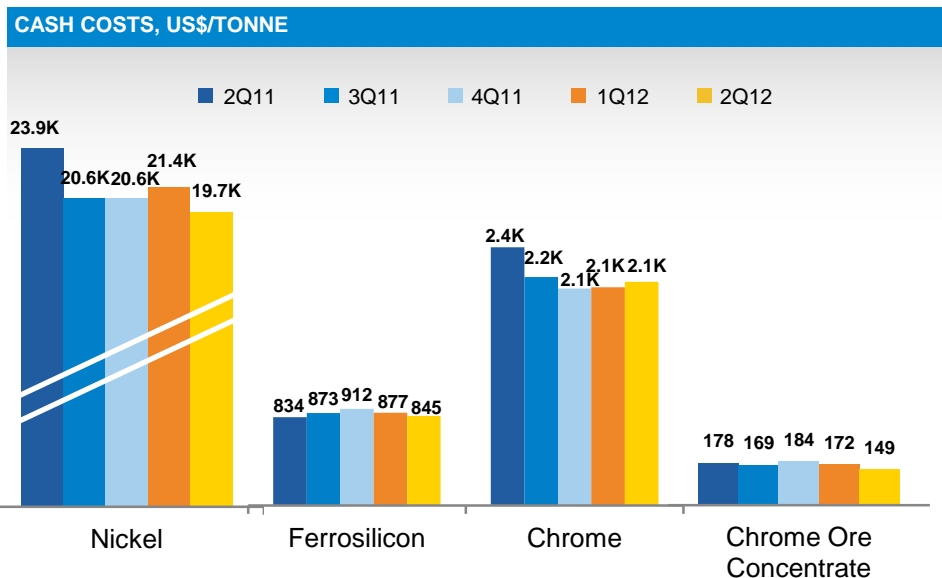
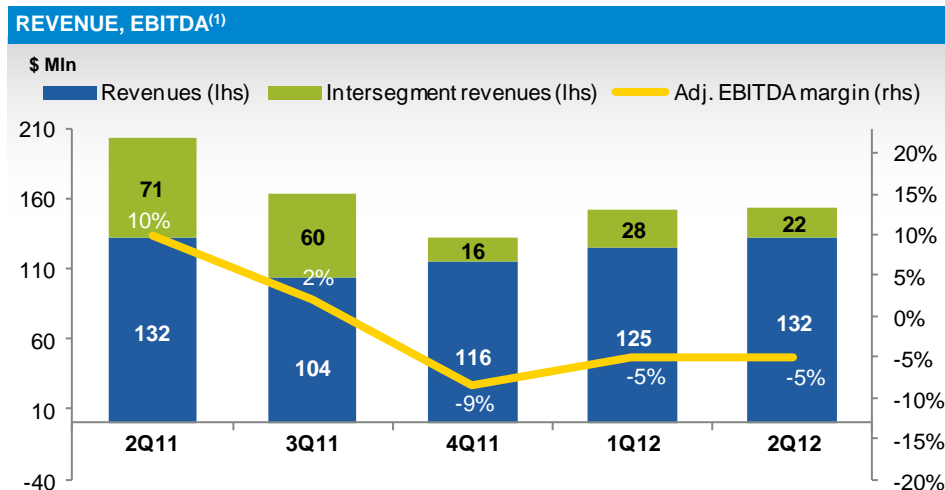


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FERROALLOYS SEGMENT



- +** Stock reduction of FeCr drove 3rd party revenue 6% up q-o-q compensating for negative price and volume trend in FeNi and FeSi
- +** Cash costs down due to lower cost of feedstock and RUR depreciation
- +** Segment's EBITDA remained flat at -5% of the revenue
- +** Impairment of goodwill and long-lived assets at Southern Urals Nickel Plant decreased the net result by \$101 mn

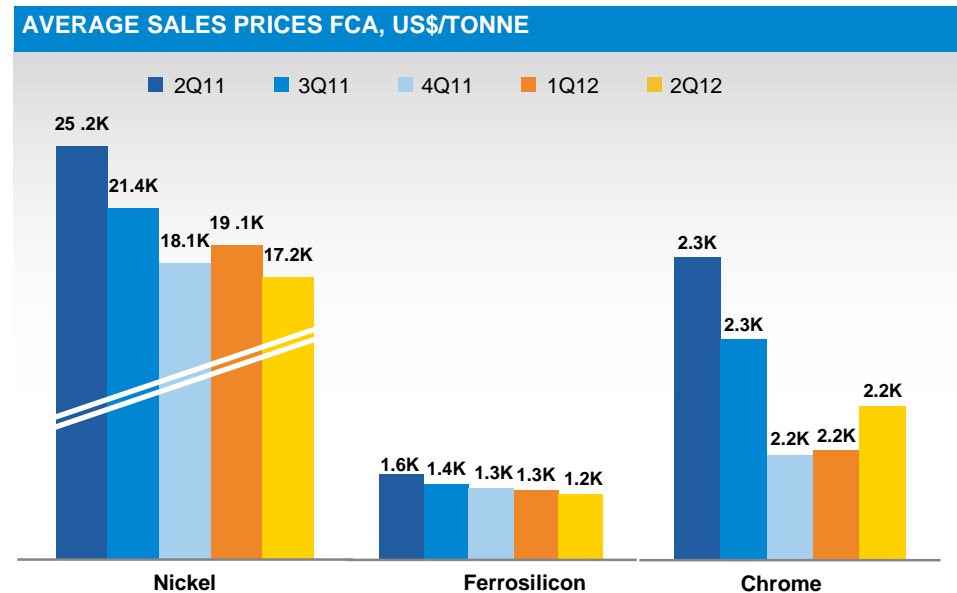
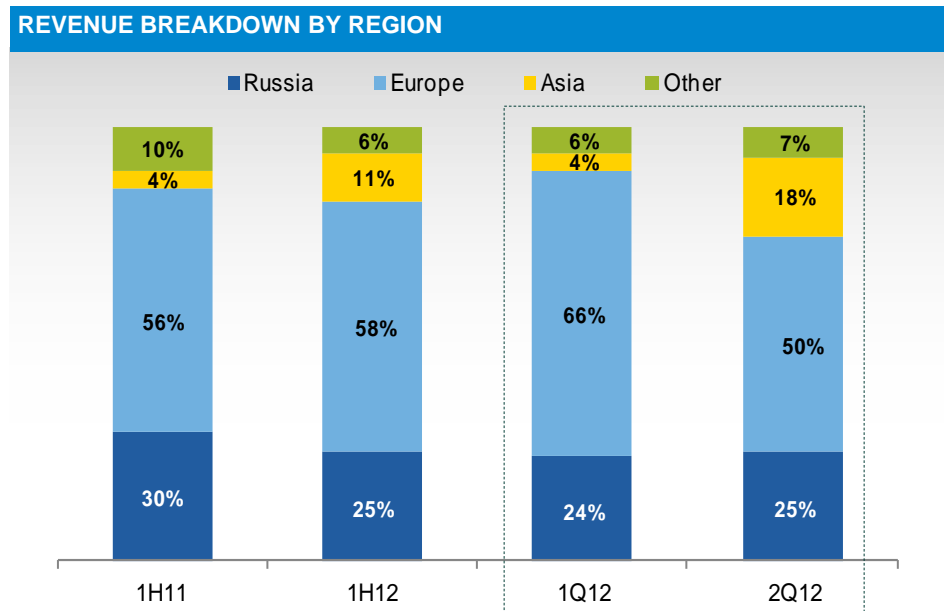
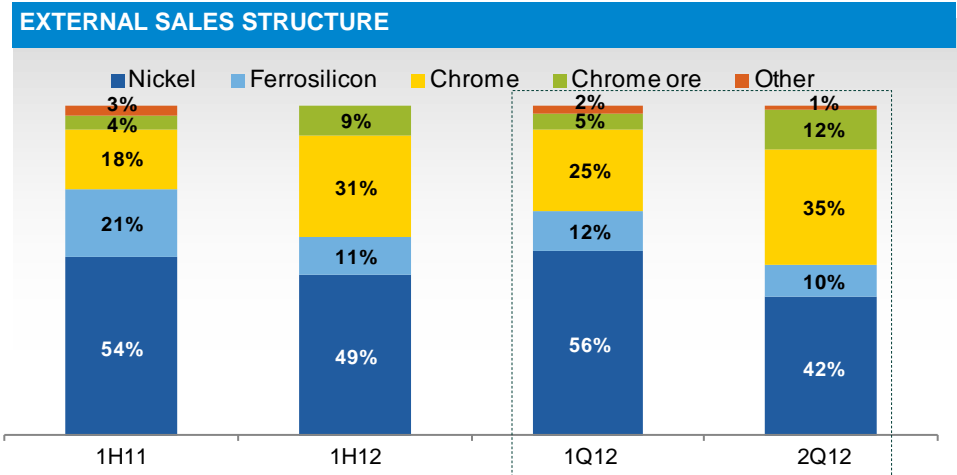


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FERROALLOYS SEGMENT



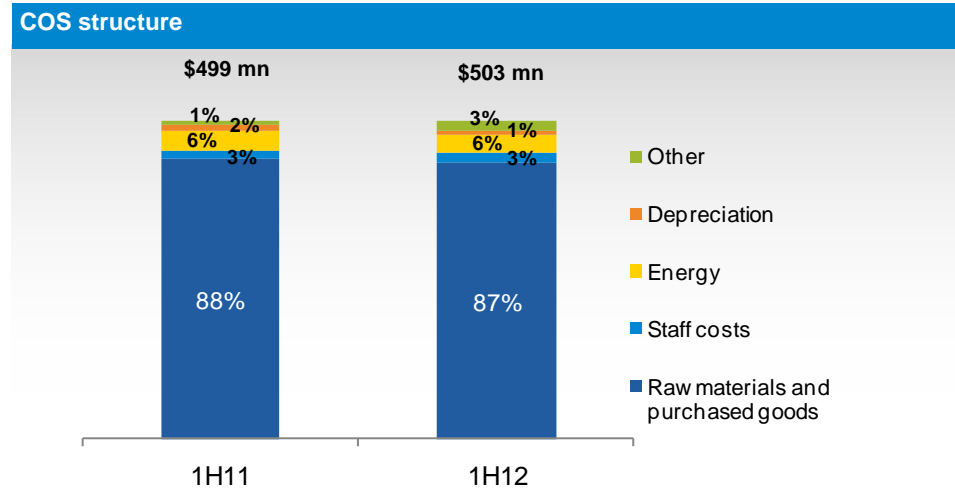
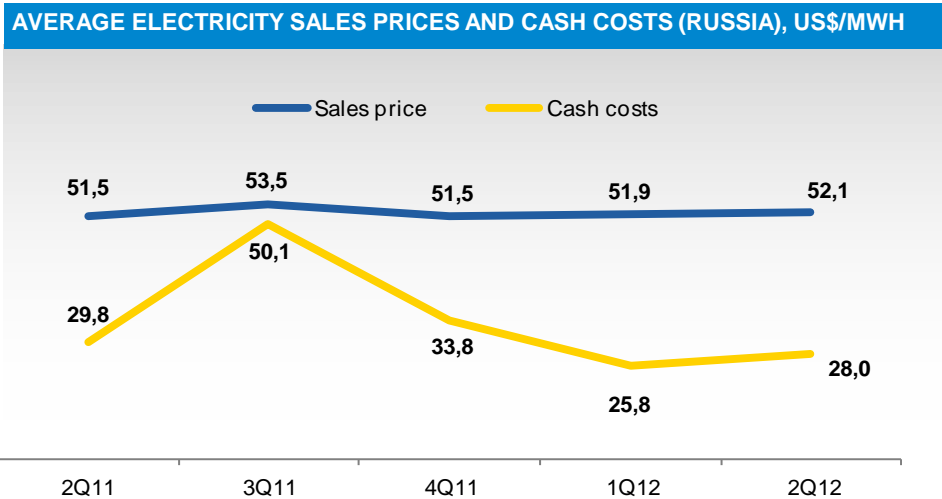
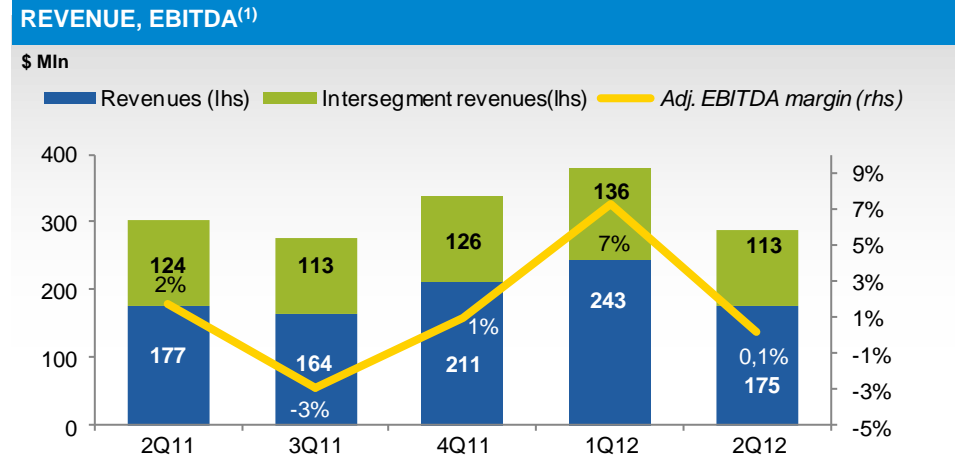
- + Share of Europe down to 50% of revenue, as sales redirected to Asia, whose share of sales up to record 18%
- + Sales of Cr and chrome ore up to 47% of revenue, replacing Ni as the main revenue generator in the segment



POWER SEGMENT



- +** Seasonal slowdown resulted in a 28% decrease in the revenue from 3rd parties, EBITDA down to just \$287 ths
- +** Cash costs slightly up as volumes decrease
- +** Impairment of goodwill of Toplofikatsia Rouse affected the net result with \$54 mn



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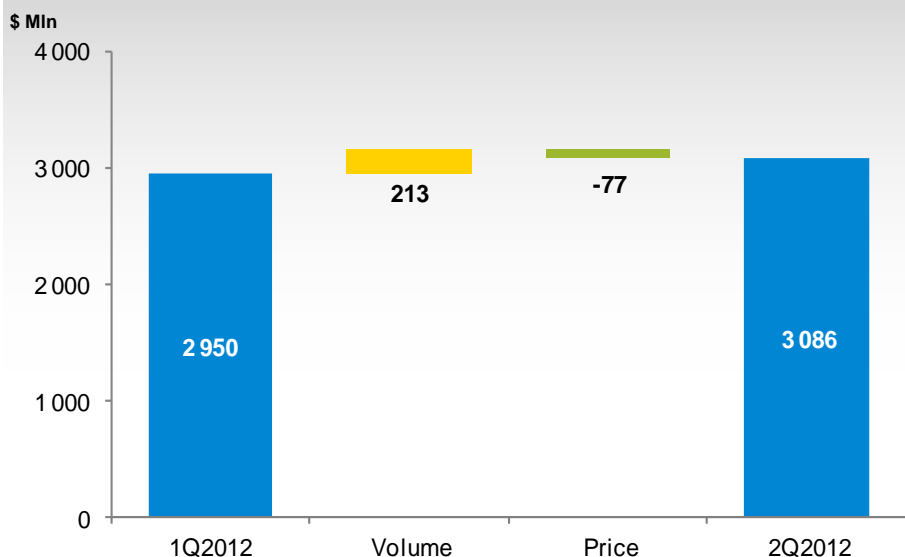
WITHSTANDING MARKET VOLATILITY



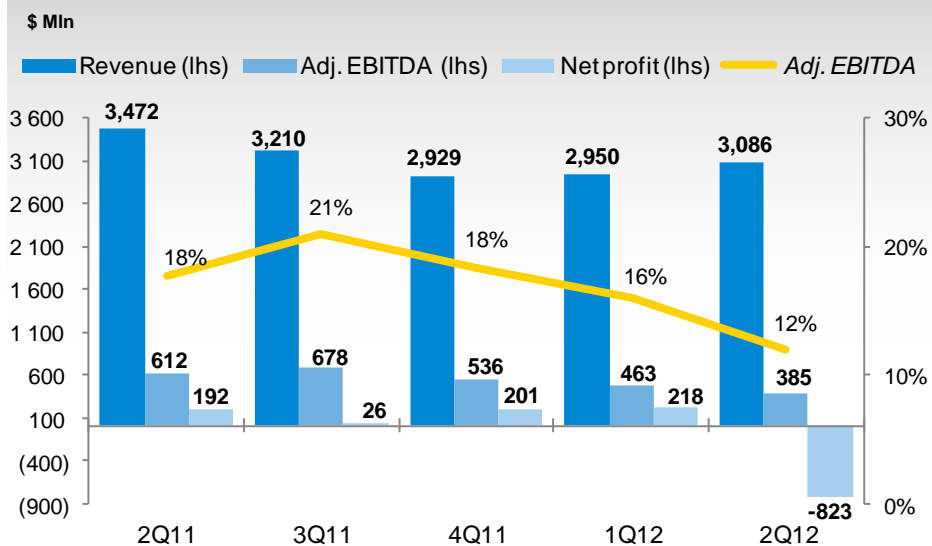
2Q2012 FINANCIAL PERFORMANCE Q-O-Q HIGHLIGHTS:

- +** Consolidated EBITDA down 17% q-o-q to \$385 mn
- +** Q2 result affected by \$673 mn of one-off write-downs and \$292 of forex loss totaling \$823 mn of net loss

REVENUE DYNAMICS



REVENUE, EBITDA⁽¹⁾ AND NET PROFIT



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CASH GENERATION CAPACITY

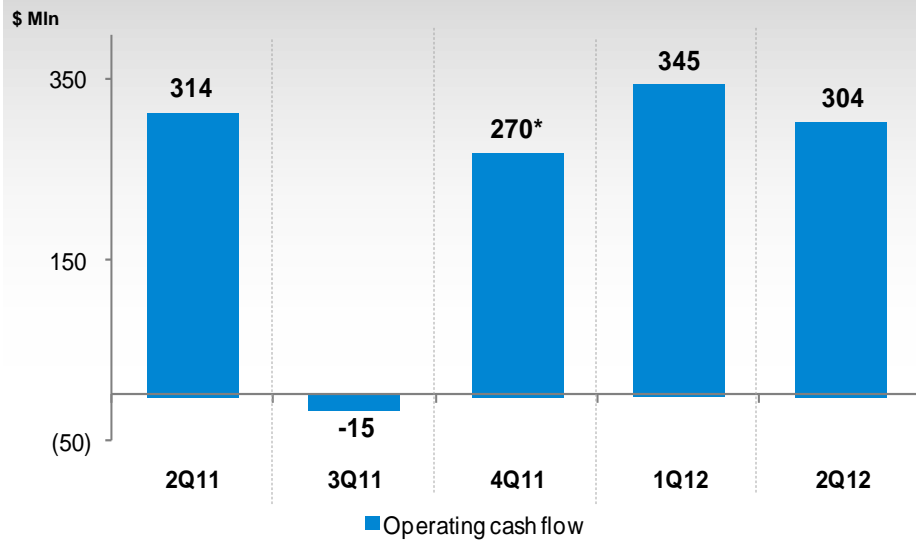


Production adjustment and better inventory management continued to bring effect, resulting in a \$304 mn cashflow from operations in Q2



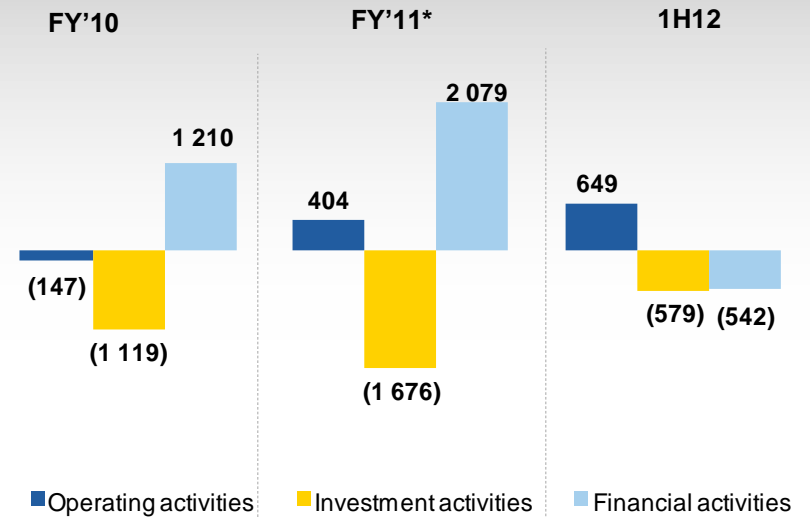
Investments of \$303 mn in line with the planned capex

OPERATING CASH FLOW DYNAMICS



* Excluding the effect of loan to Estar

NET CASH FLOW

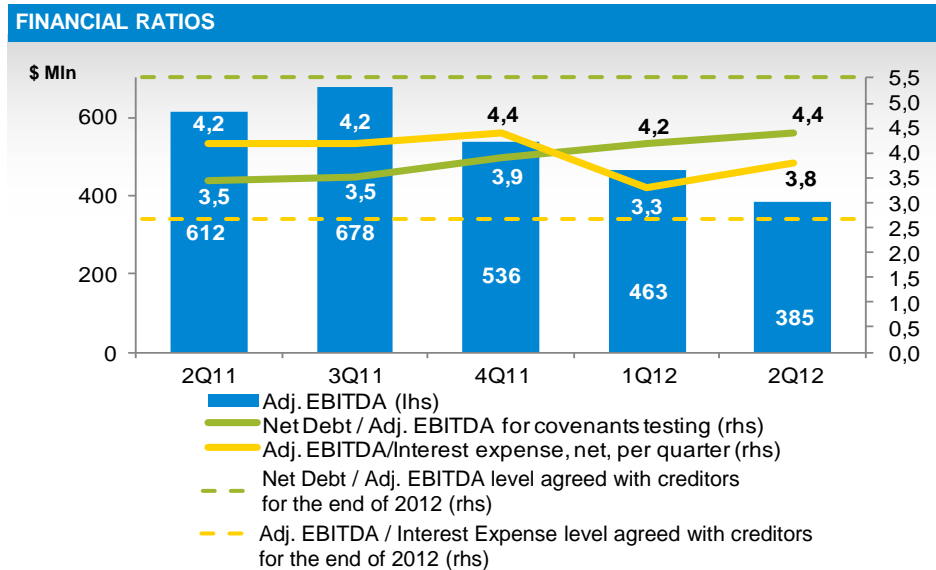


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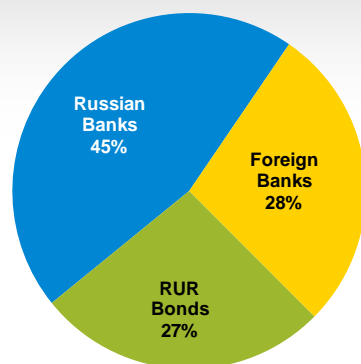
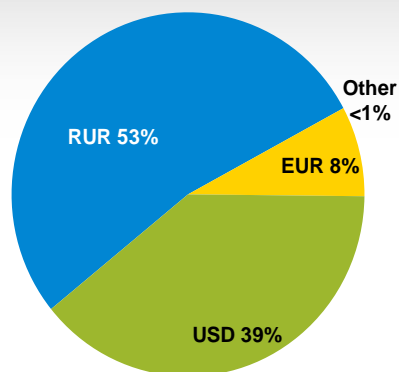
DEBT PROFILE



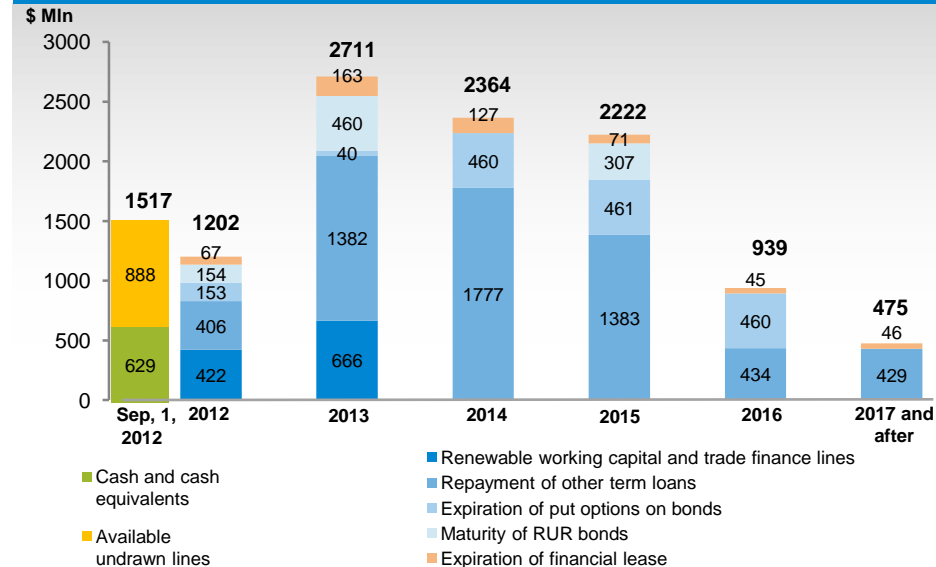
- +** Total debt (excl. leasing) amounted to USD 9.4 bn as of September 1, 2012
- +** Net Debt reduced by USD 111 mn in the 1H2012 excluding the FX effect on balance sheet.
- +** Financial ratios stay comfortably within the renegotiated covenant levels.
- +** Cash and available credit lines total USD 1,517 mn as of September 1, 2012
- +** Ongoing debt optimization target to reduce short-term debt to under USD 1 bn for the next 12 months.



DEBT PROFILE AS AT SEPTEMBER 1, 2012



DEBT MATURITY SCHEDULE AS AT SEPTEMBER 1, 2012



FINANCIAL RESULTS OVERVIEW



US\$ MILLION UNLESS OTHERWISE STATED	2Q12	1Q12	CHANGE, %
Revenue	3,086	2,950	4.6%
Cost of sales	(2,195)	(1,977)	11.0%
Gross margin	28.9%	33.0%	
Operating profit / (loss)	(471)	314	-250.0%
Operating margin	-15.3%	10.6%	
Adjusted EBITDA ⁽¹⁾	385	463	-16.8%
Adjusted EBITDA ⁽¹⁾ margin	12.5%	15.7%	
Net Income / (loss)	(823)	218	-477.5%
Net Income margin	-26.7%	7.4%	
Sales volumes⁽²⁾, '000 tonnes			
Mining segment	5,880	6,001	-2.0%
Steel segment	2,289	1,941	17.9%

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(2) Includes sales to the external customers only