





Sergey Sulimov
Deputy CEO for finance and economics
Appointed 11.11.2013

Biography

In 2000, Sergey received an honorary degree in finance and credit from the Financial University under the government of the Russian Federation. In 2005, he completed an MBA in international business school INSEAD (France). In 2001, Sergey joined McKinsey & Company. In 2007, he became a member of the supervisory board of Delta Bank in Ukraine. Sergey spent 2010-2012 in the MMK Group as advisor, deputy CEO, acting CEO of MMK Metalurji (Turkey). In 2012, he joined Bank Svyaznoy CJSC as deputy chairman and then became chairman of the board of directors. Married, has two children.

KEY HIGHLIGHTS FOR MMK GROUP



Q3 2013 Financial results

- Russia and CIS market share amounted to 85% - 1bps higher q-o-q
- Sales amounted to USD 1,877 million - down 13% q-o-q
- EBITDA was USD 233 million - down 20% q-o-q
- EBITDA margin was 12.4% - down 1.1 p.p. q-o-q
- Net debt amounted to USD 3,071 million - down USD 108 million compared to the end of Q2 2013
- Free cash flow amounted to USD 81 million - 33% higher q-o-q
- Slab cash-cost amounted to USD 363 per tonne - down 6% q-o-q
- HVA products share for MMK Group amounted 48.5% - at the level of Q2 2013

9M 2013 financial results

- Sales amounted to USD 6,321 million - down 13% y-o-y
- EBITDA was USD 780 million - down 26% y-o-y
- EBITDA margin was – 12.3% - down 2.3 p.p. y-o-y
- Steel (Turkey) EBITDA amounted USD 11 million - compared to the EBITDA loss of USD 57 million in 9M 2012
- Net debt amounted to USD 3,071 million - down USD 447 million compared to the end of 2012
- Free cash flow amounted to USD 282 million - down 23% y-o-y

Q4 2013 factors

- Due to international iron ore benchmarks growth we expect some increase in MMK purchasing prices for this type of raw material
- Coking coal prices are expected to stay flat q-o-q
- End of Blast furnace #6 maintenance in December 2013 will allow to increase cast iron production
- Strong emphasis on further cost optimisation

HIGH LEVEL OF CAPACITY UTILIZATION



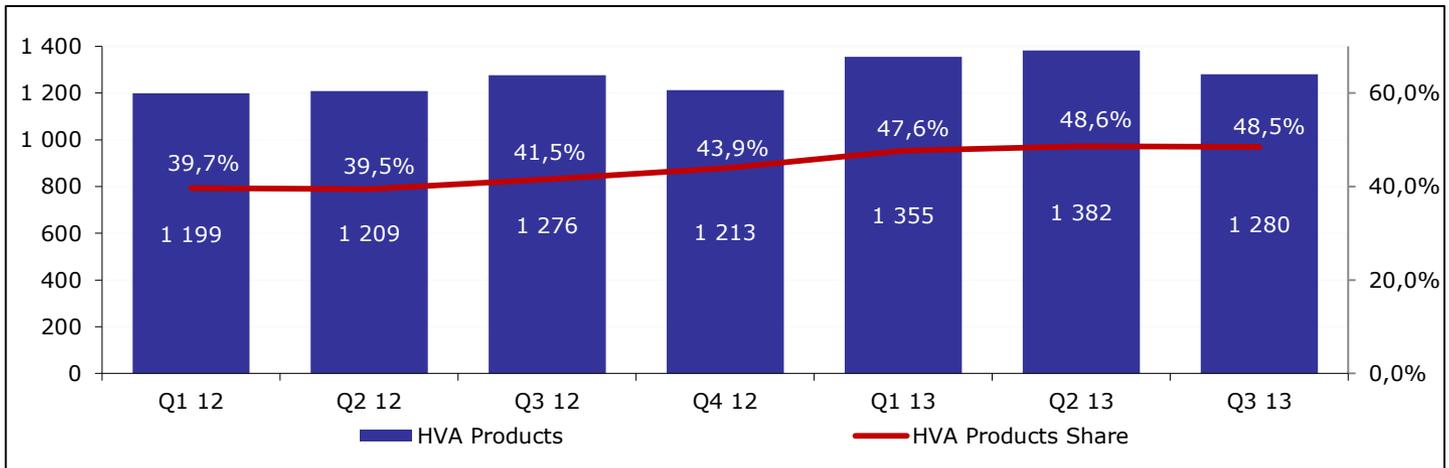
- MMK Group finished steel products output in 9M 2013 was 8.3 mln tonnes, down 9% y-o-y
- MMK Group High-Value-Added (HVA) steel products output in 9M 2013 increased 10% y-o-y to 4,016 ths tonnes.
- Belon coal concentrate output in 9M 2013 was 2,181 ths tonnes, down 14% y-o-y

Key production indicators, ths tonnes

	Q3 '13	Q2 '13	%	9M '13	9M '12	%
Cast iron	2 331	2 466	-5%	7 223	7 607	-5%
Crude steel incl.	2 874	3 079	-6,7%	9 027	10 068	-10%
MMK	2 874	3 079	-6,7%	9 027	9 316	-3,1%
MMK Metalurji	0	0	-	0	752	-
Finished products	2 640	2 843	-7%	8 309	9 153	-9%
MMK	2 567	2 757	-6,9%	8 069	8 400	-3,9%
MMK-Metiz*	138	146	-5%	419	380	10%
MMK Metalurji*	144	168	-14%	490	748	-34%
Belon coking coal concentrate	683	829	-18%	2 181	2 522	-14%

* - incl. made from MMK's steel

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

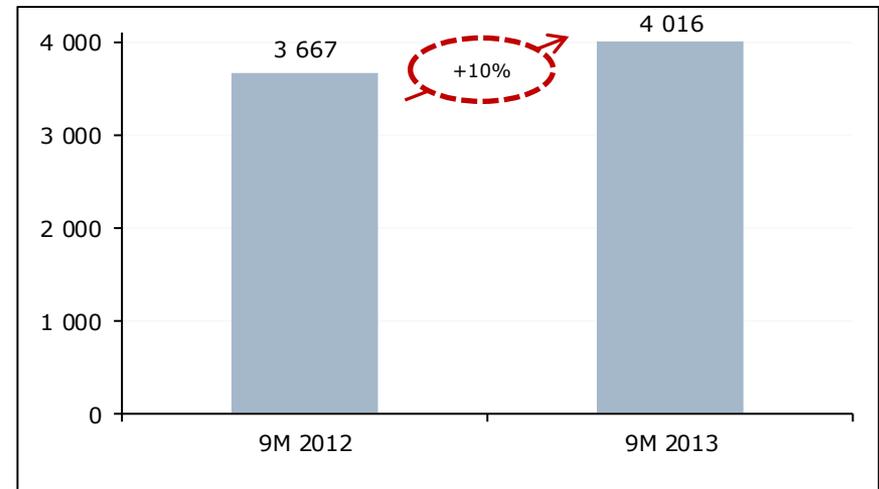


FOCUS ON THE DOMESTIC MARKET WITH A HIGHER AVERAGE PRICE

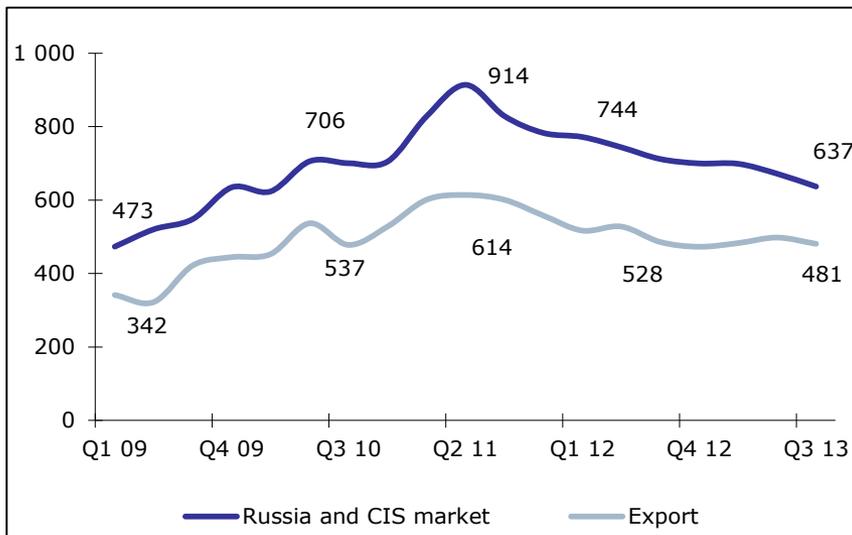


- MMK continues to view the domestic market as the priority, both in terms of proximity to key customers and the high quality of products sold
- In Q3 2013 average realised domestic price per tonne of steel products went down 5% q-o-q and amounted to USD 637. For the same period average realised export price per tonne of steel products went down 3% q-o-q and amounted to USD 481.
- 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 Q3 2013, the average price on the domestic market was \$637, while the average price on the export market was \$481

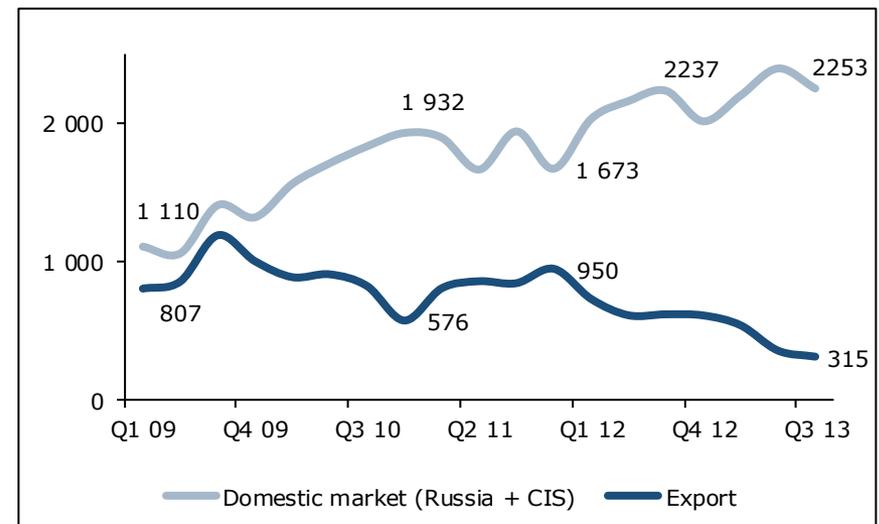
Growth in MMK Group's production of HVA, the tonnes



MMK's average price, USD/tonne



MMK's sales trends by market, the tonnes

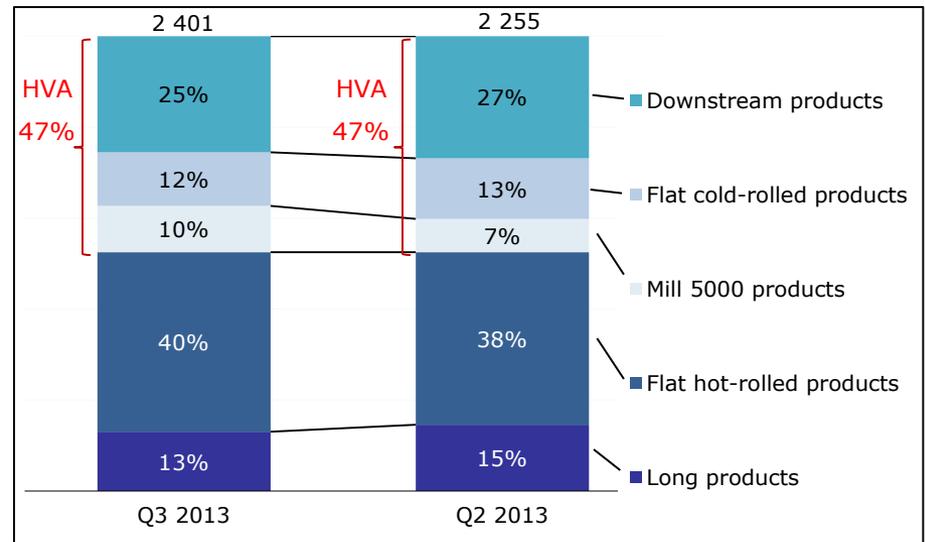


MMK GROUP SALES STRUCTURE ON THE RUSSIAN AND CIS MARKET

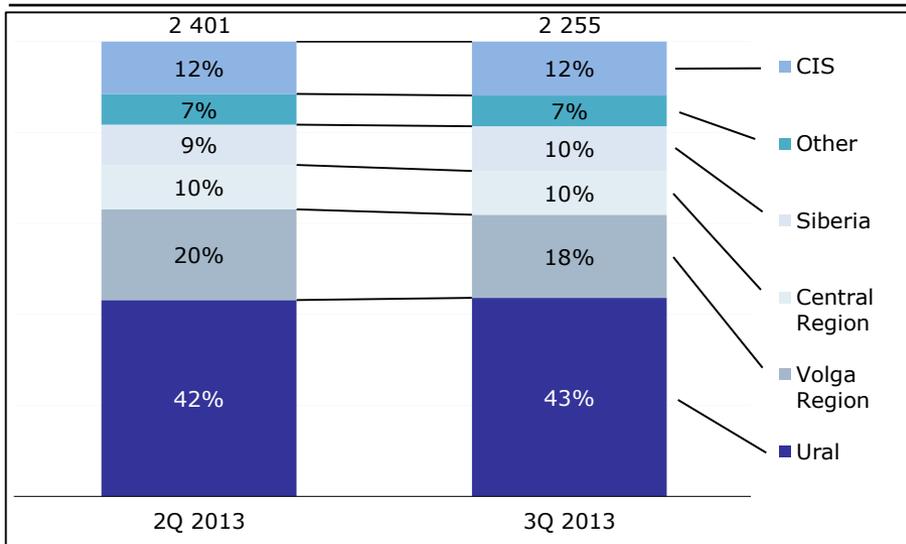


- Total sales volume on the Russian and CIS market in Q3 2013 was 2,255 ths tonnes, which represents 85% of the total MMK Group sales volume for the period.
- Sales to the most metal-intensive locations of the Urals and the Volga regions amount to 61% of the total domestic sales
- Businesses in the pipeline, machine-building, construction and automotive industries remain the largest MMK Group clients
- HVA products amounted to 47% of the MMK Group sales on the Russia and CIS market in Q3 2013

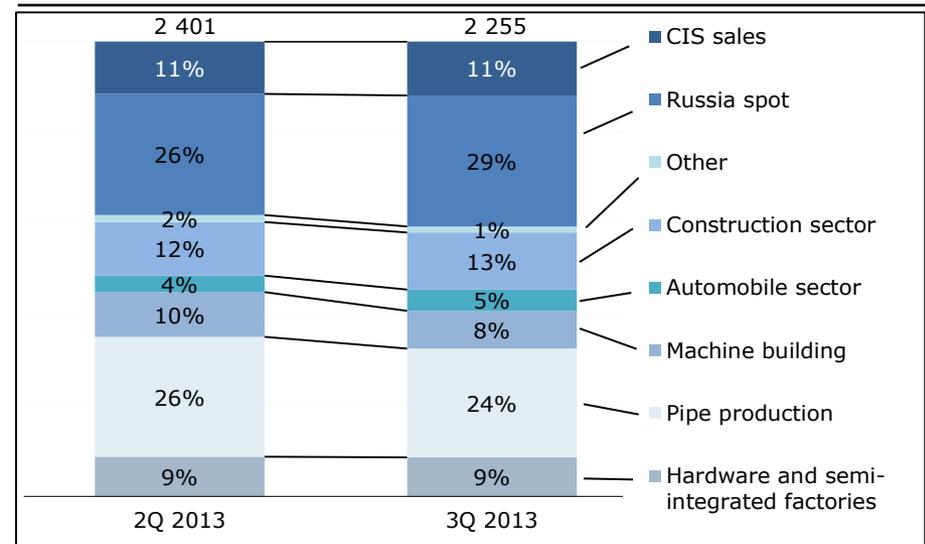
Domestic market shipment structure, ths tonnes



Domestic market sales, by region, ths tonnes



Domestic market sales by sector, ths tonnes

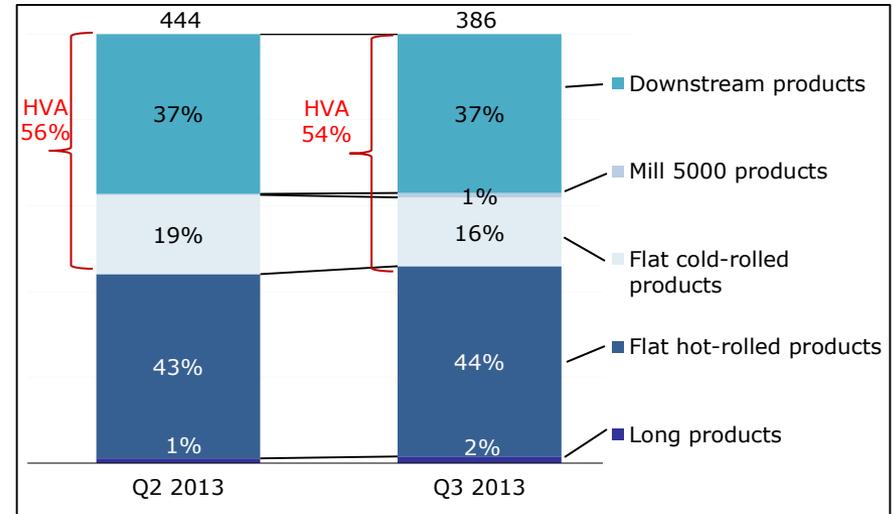


MMK GROUP POSITIONS ON THE KEY INTERNATIONAL MARKETS

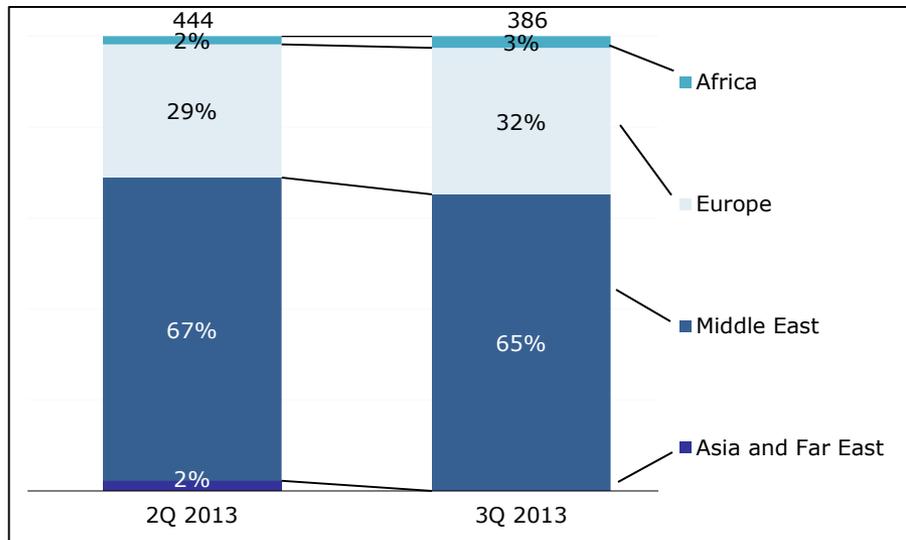


- Sales on international markets in Q3 2013 were 386 ths tonnes
- The Middle East and Europe remain the key export markets for MMK Group
- Hot-rolled products continue to dominate the export structure, with a 44% share
- Thanks to shipments from MMK Metalurji, HVA products share in total Group sales to international markets exceeds 54%

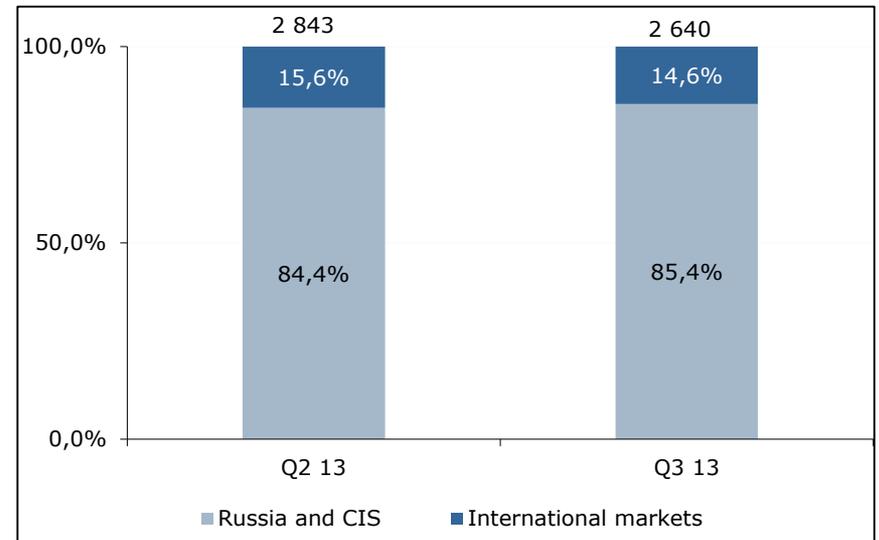
External market shipment structure, ths tonnes



Sales structure on external market by region, ths tonnes



External market share, ths tonnes

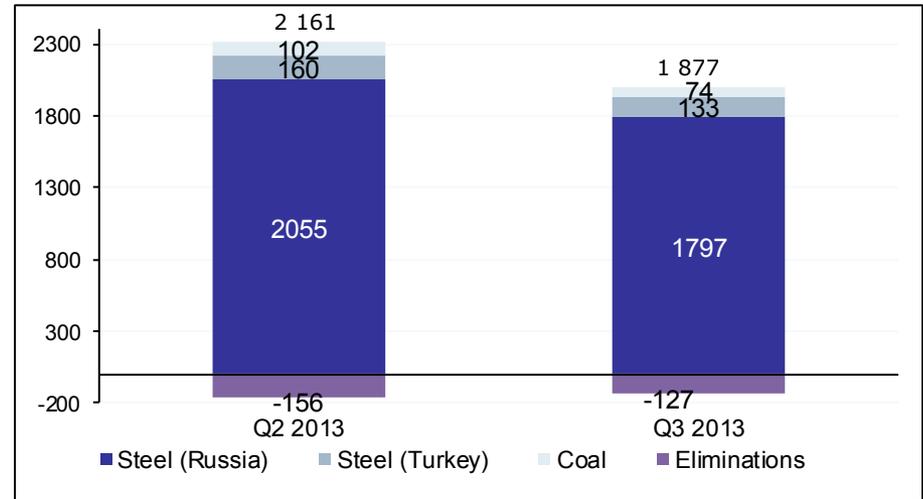


KEY FINANCIAL HIGHLIGHTS

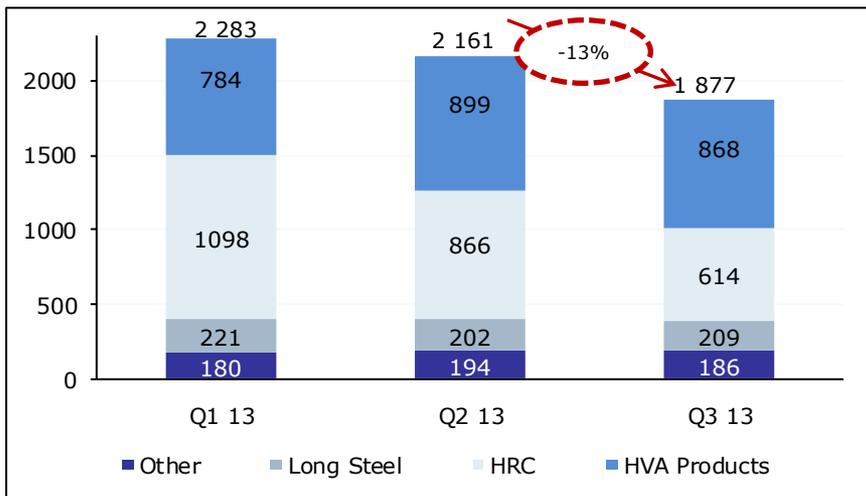


- MMK Group sales for Q3 2013 were USD 1,877 million, down 13.1% q-o-q
- MMK Group sales for 9M 2013 were down 12.9% y-o-y due to a decline in output volumes and average steel prices in 2013
- Revenue from high value added (HVA) products dominated Q3 2013 total sales accounting for more than 46%. In revenues from steel products sales this share was even higher – 51%

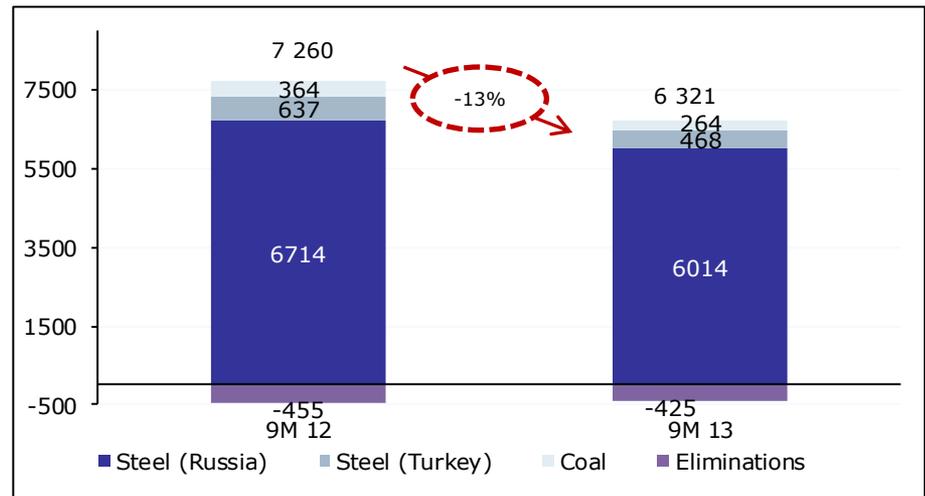
Q3 2013 revenue, million USD



Revenue by product type, million USD



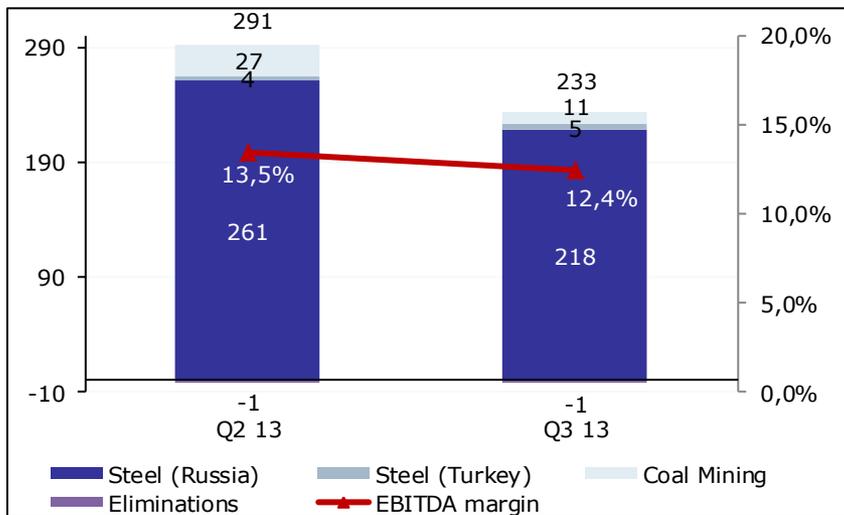
9M 2013 revenue, million USD



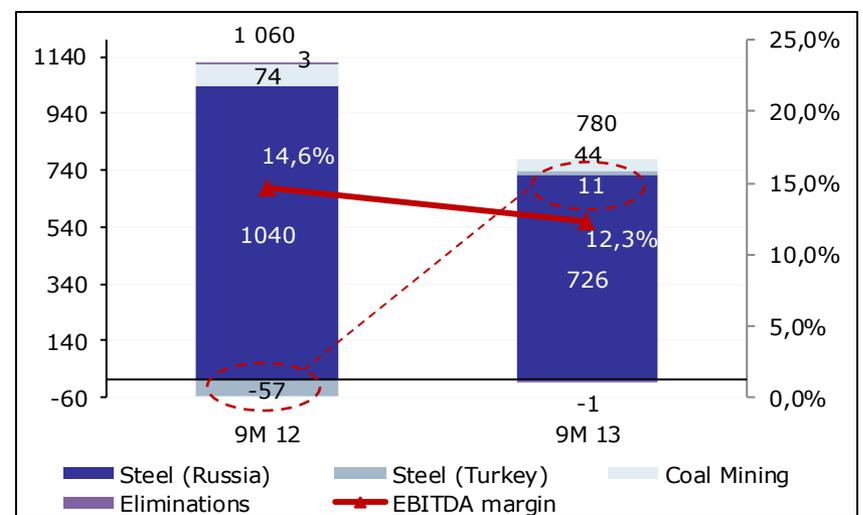
KEY FINANCIAL HIGHLIGHTS



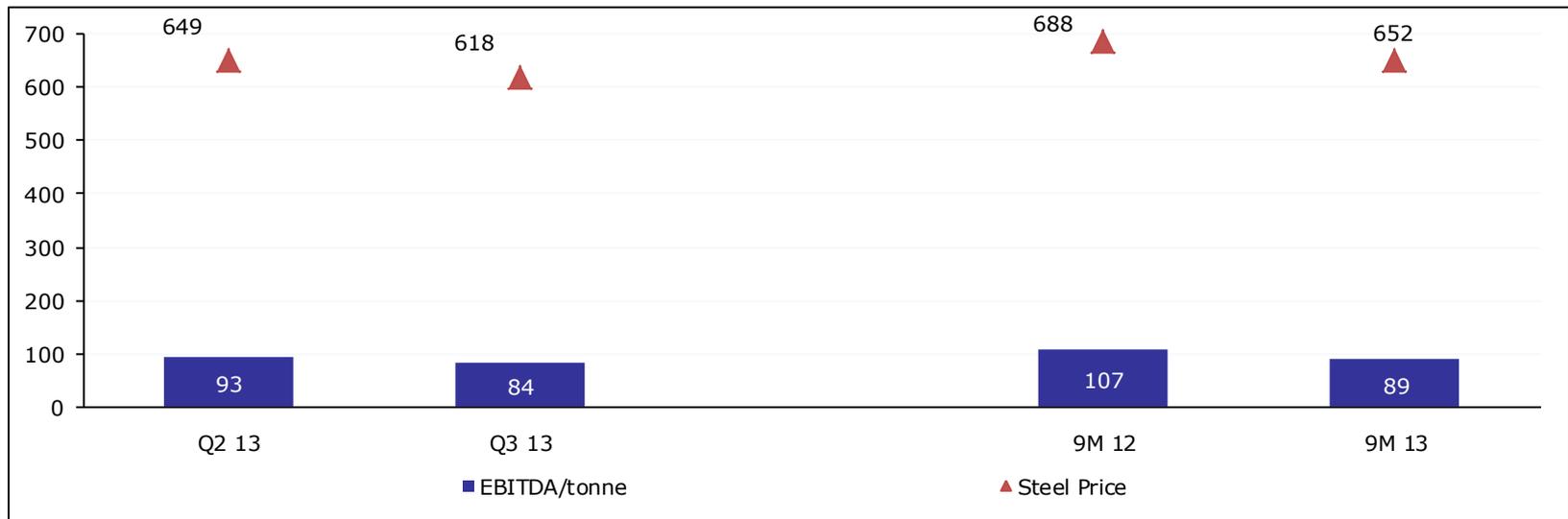
EBITDA MMK Group for Q3 2013, million USD



EBITDA MMK Group for 9M 2013, million USD



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

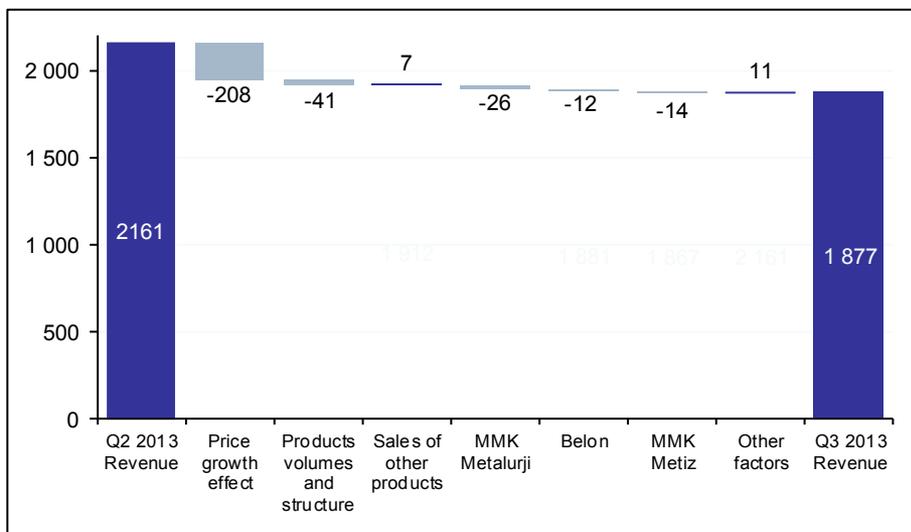


ANALYSIS OF KEY FINANCIAL HIGHLIGHTS

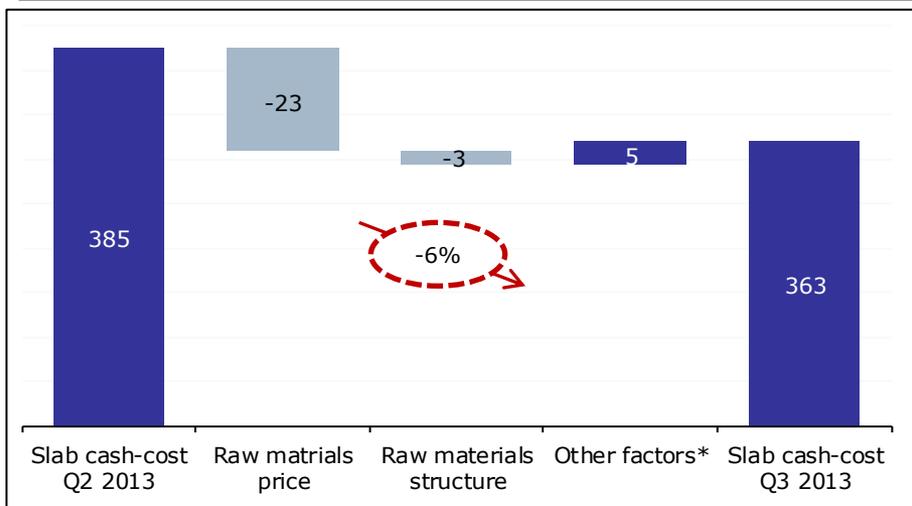


- The key factor affecting MMK Group sales in Q3 2013 was the decline in average sales prices
- Cash cost of slab in Q3 2013 decreased to USD 363 due to the decline in prices for key resources and changes in the structure of raw material consumption
- Effective working capital management and reduction in capex allow MMK Group to generate a significant free cash flow

Analysis of MMK Group's revenue, million USD

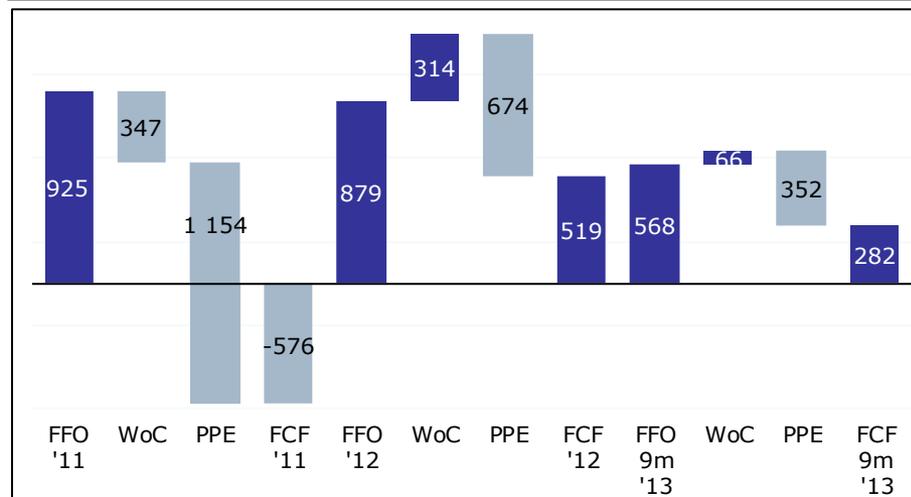


Slab cash-cost trends, USD/tonne



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

Free cash flow trends, million USD



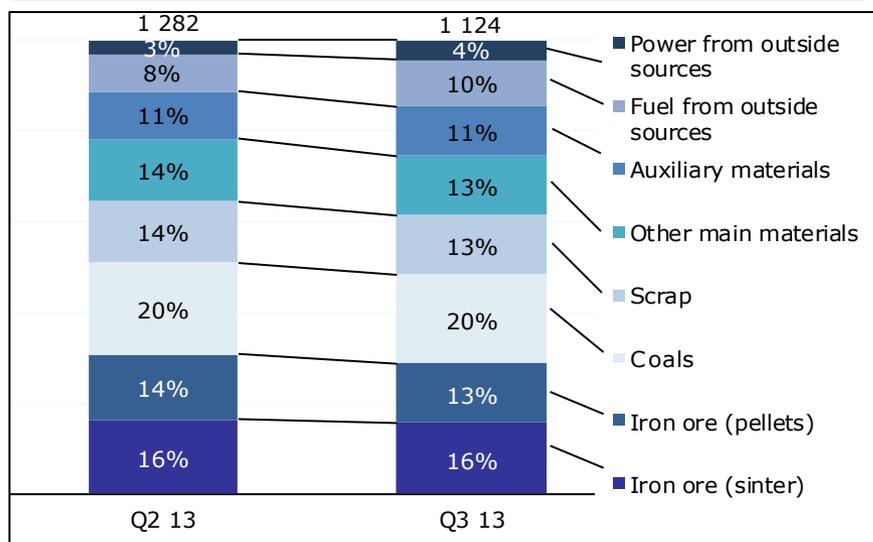
STRUCTURE OF OPERATING COSTS AND CASH COSTS



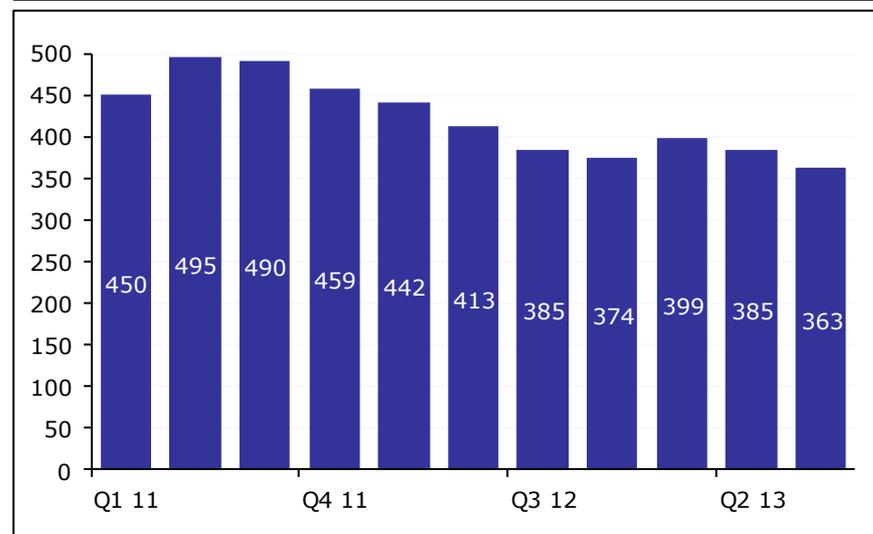
Operating costs of MMK Group, million USD

	Q3 13	Q2 13	+/-	%
Cost of sales	1 628	1 834	-206	-11%
material costs, including	1 090	1 442	-352	-24%
<i>MMK material costs</i>	1 124	1 282	-158	0
<i>Labour costs</i>	231	232	-0,7	0%
<i>Amortisation</i>	229	237	-7,5	-3%
<i>Others</i>	64	50	13,5	27%
<i>Change in inventories of finished goods</i>	15	-127	142	-112%
Selling and distribution expenses	130	139	-9	-6%
General and administrative expenses	129	140	-11	-8%
Other operating (expenses)/income, net	8	23	-15	-65%
Total operating costs	1 895	2 136	-241	-11%

Material expenditures, MMK, million USD



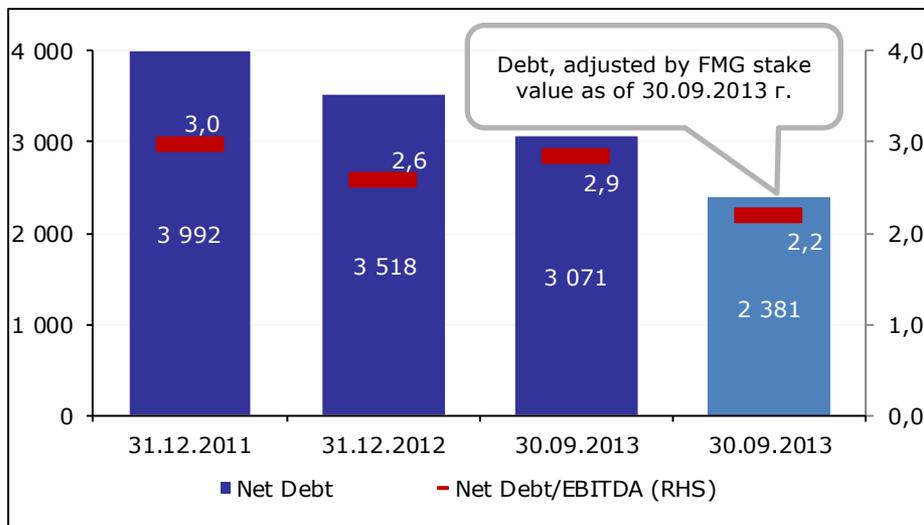
Slab cost trends, USD/tonne



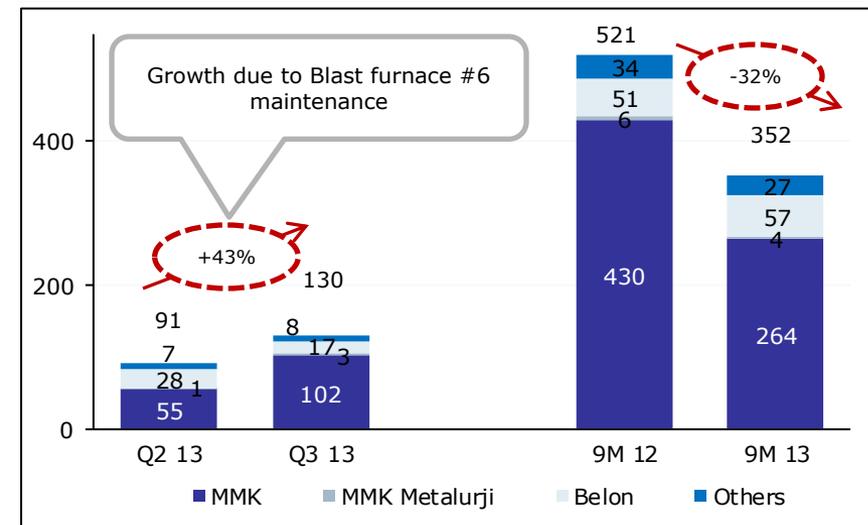
DEBT STRUCTURE



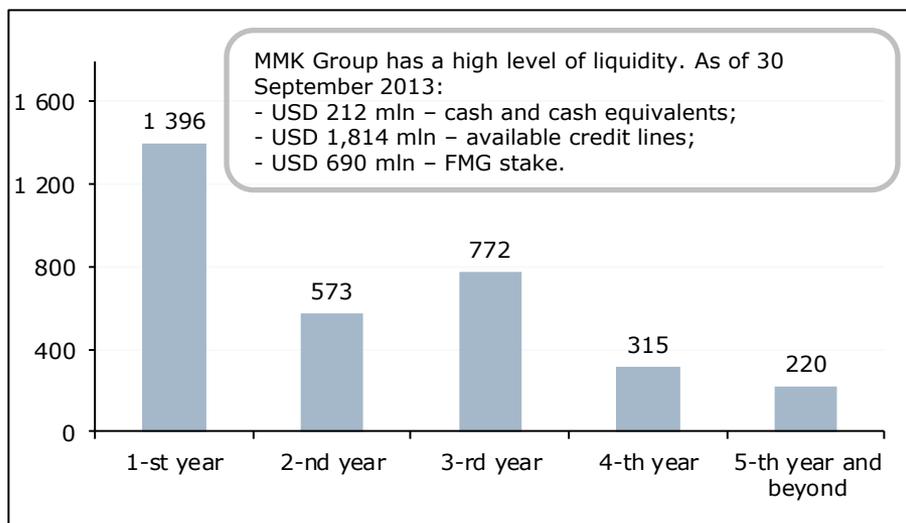
Reduced debt burden, million USD



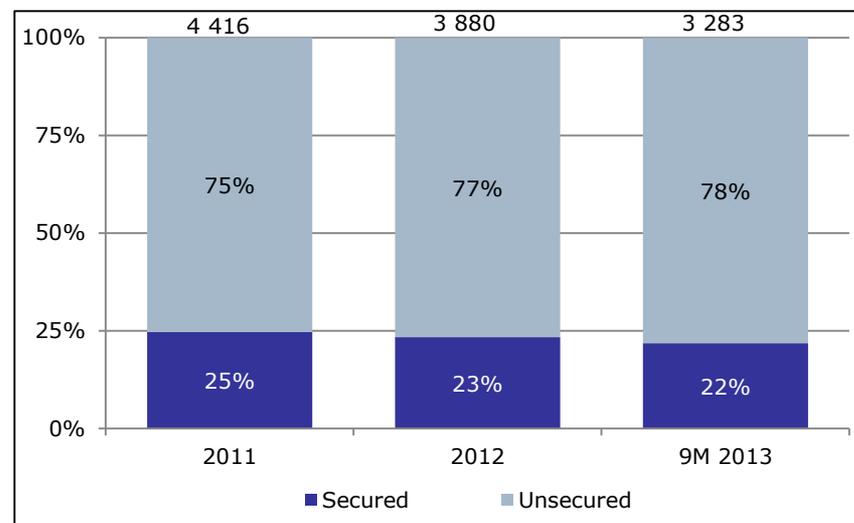
CAPEX, million USD



Debt repayment, million USD



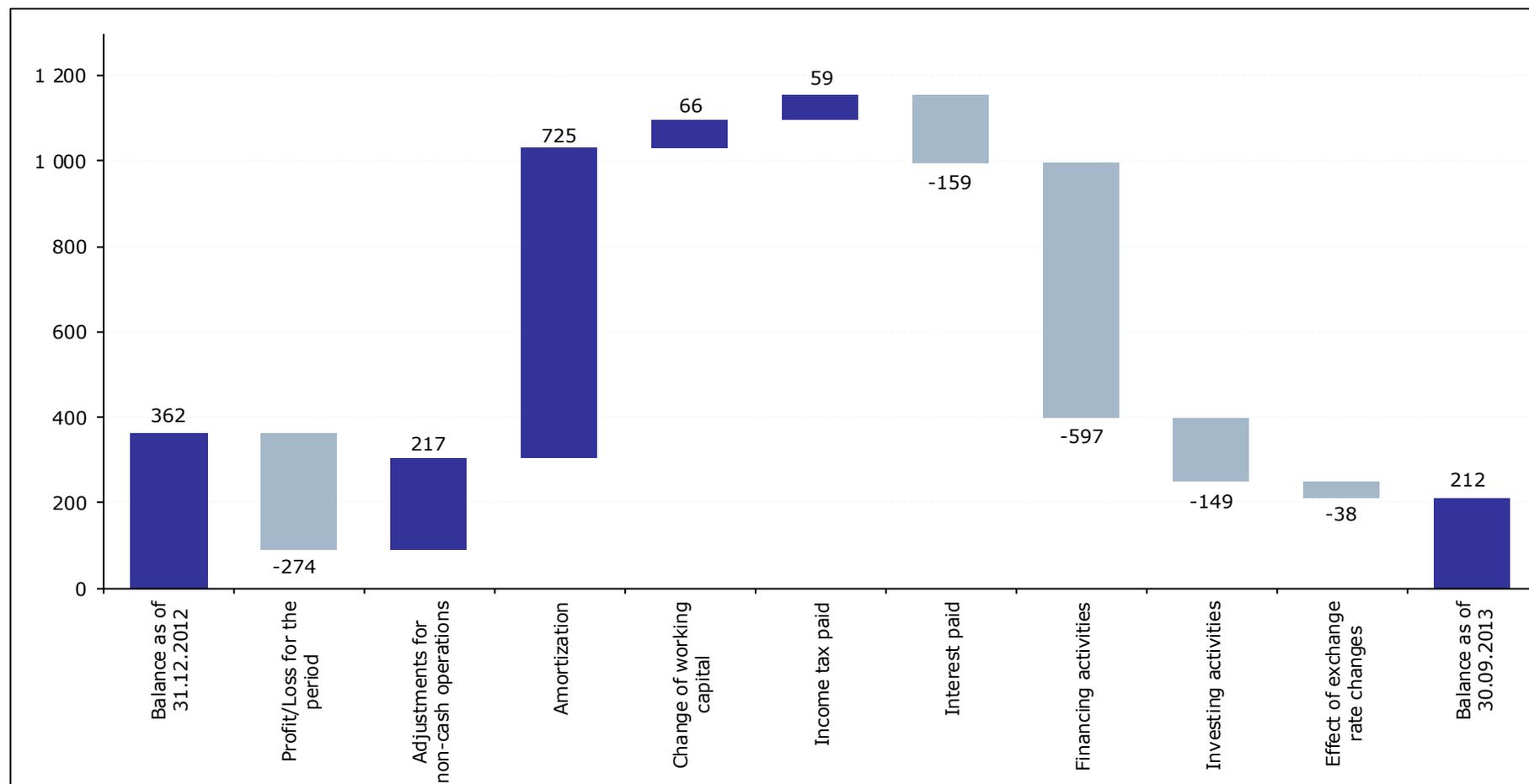
Debt structure by security, million USD



CASH FLOWS, MILLION USD



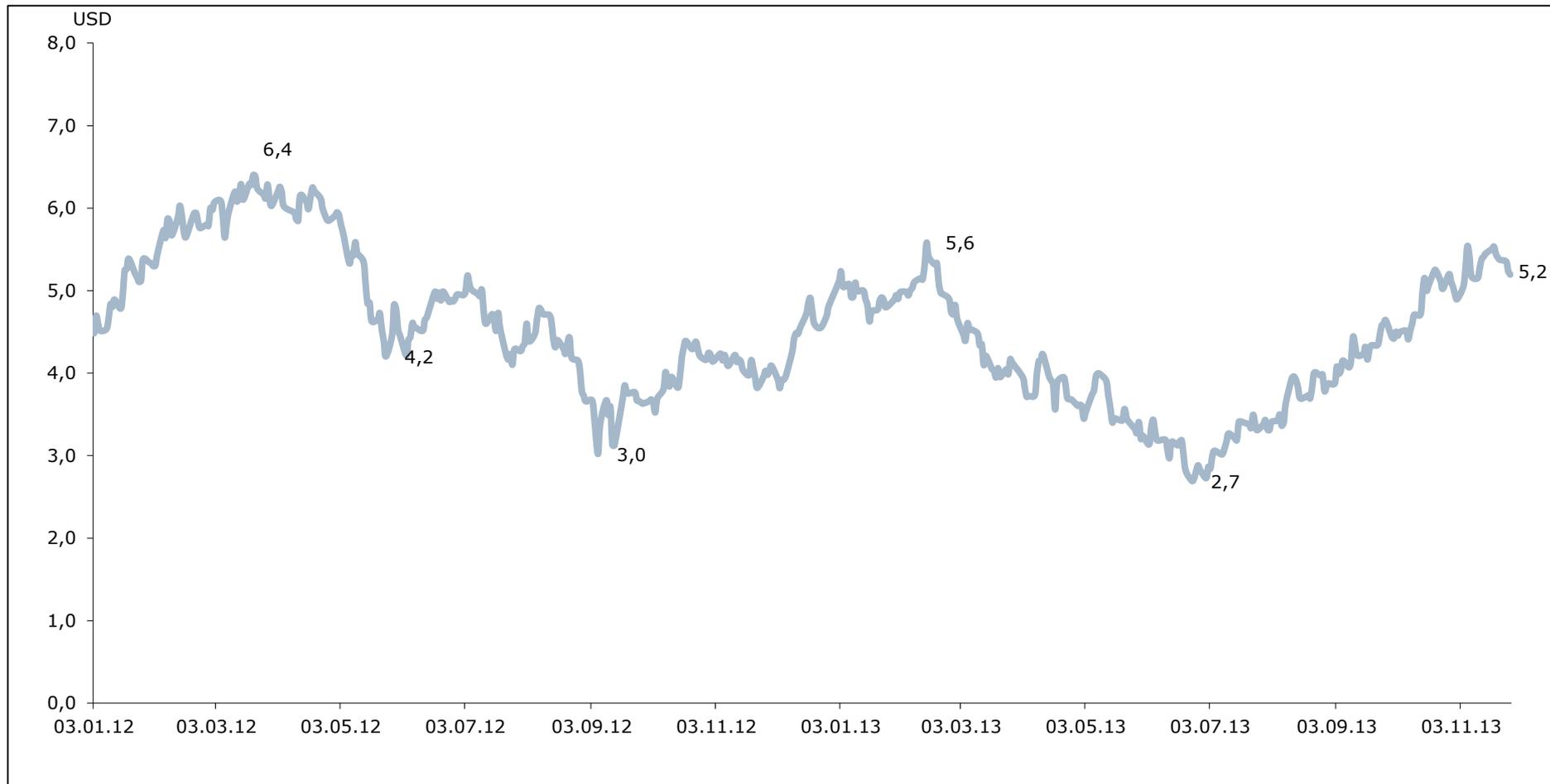
- Cash inflow from Working capital in 9M 2013 amounted to 66 million. Net Working Capital as of 30.09.2013 amounted to 1,250 million USD (10% lower than on 31.12.2012) and represents 16.6% of revenues (lower by 0.2 percentage points).
- Cash outflow for financing activities in 9M 2013 amounted to 597 million USD mostly due to MMK Group Debt repayment. In 9M 2013 repayment of borrowings amounted to 1,435 million USD while proceeds from borrowings amounted only to 941 million USD



DYNAMICS FOR THE FORTESCUE METALS GROUP SHARE PRICE



- The price of the stake in Fortescue Metals Group (FMG) on the balance of MMK Group as of 30 September 2013 was around USD 690 mln
- As of now (27 November 2013) the price of this stake is more than 17% higher and exceeds USD 800 mln
- FMG's history, its proven ability to demonstrate an extraordinary pace of growth combined with stabilizing prices for iron ore leave potential for the further rise in the company's share price



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