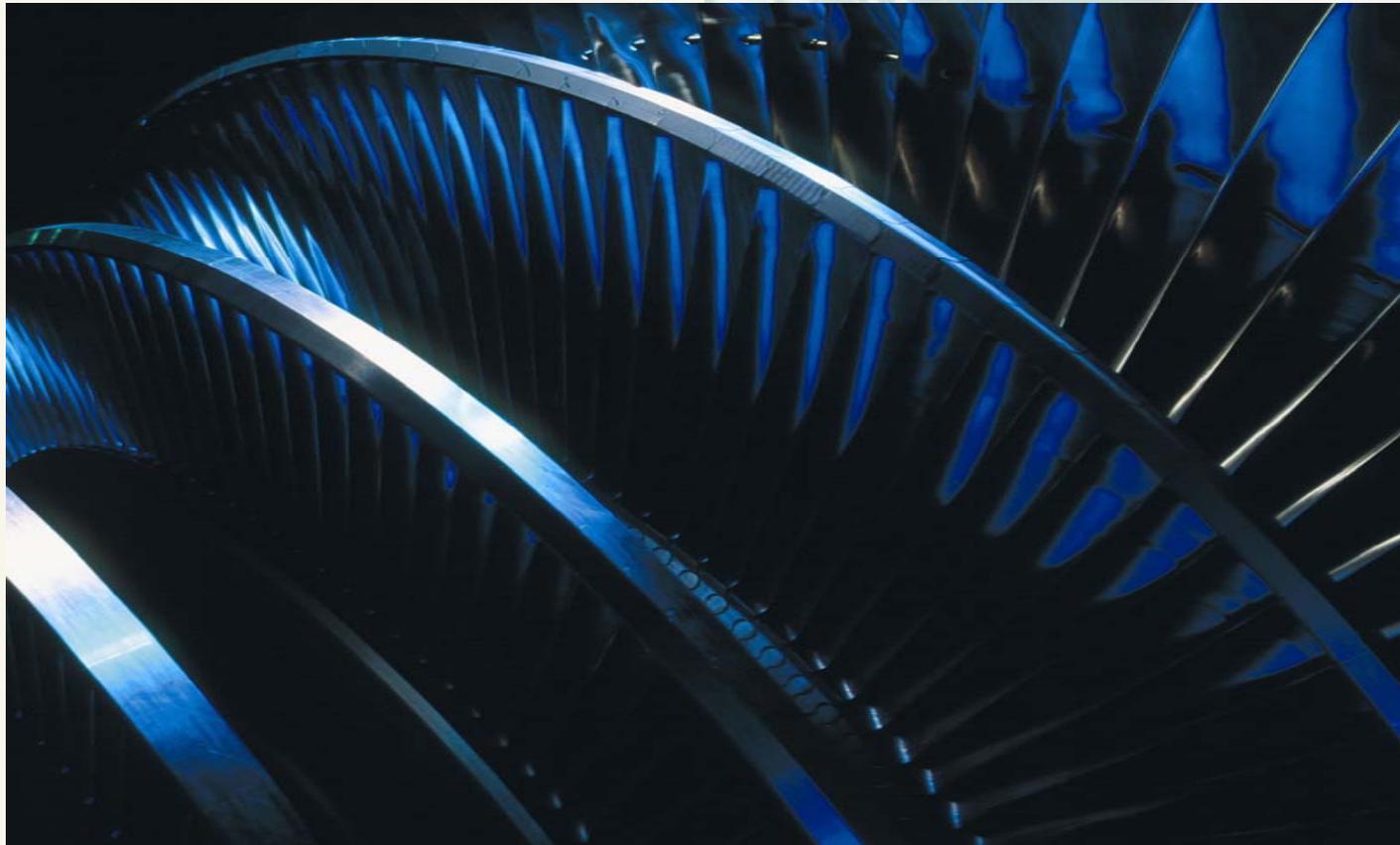


Power Machines



Main events of 2004



- **Financial consolidation**
- **Technical upgrading and R&D programmes**
- **Corporate Governance improvement**
- **Ensuring 81% growth in sales**
- **Ensuring 41% production volume**

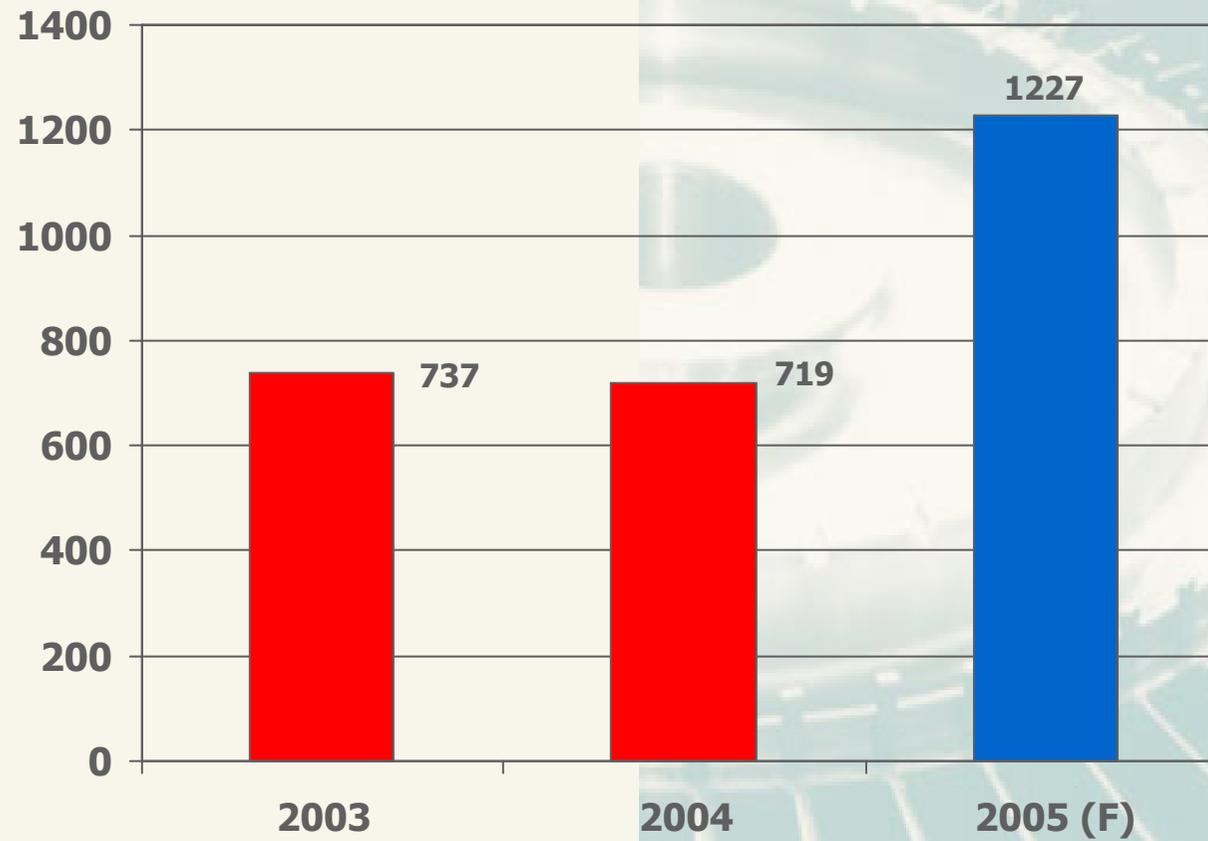


Tenders won:

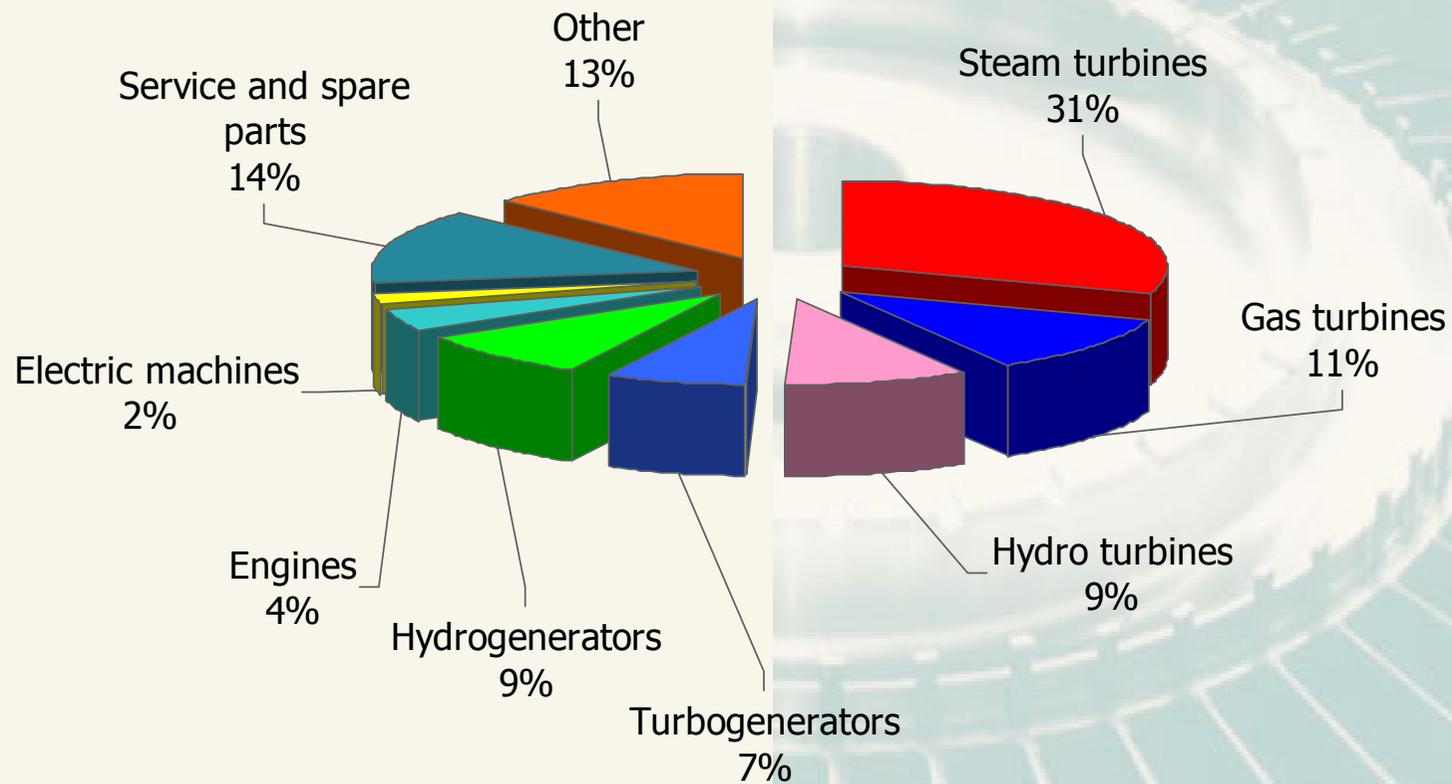
- **For new equipment:** Sipat TPP, Karakoles HPP, Bureiskaya HPP, Bratskaya HPP, Madras NPP, Vitebskaya TPP

- **For reequipment:** Kostromskaya GRES (state district power plant), Azerbaijanskaya GRES, Lukomlskaya TPP, Mariyskaya HPP, Zhigulevskaya HPP, Balakovskaya NPP, NPPs of Ukraine

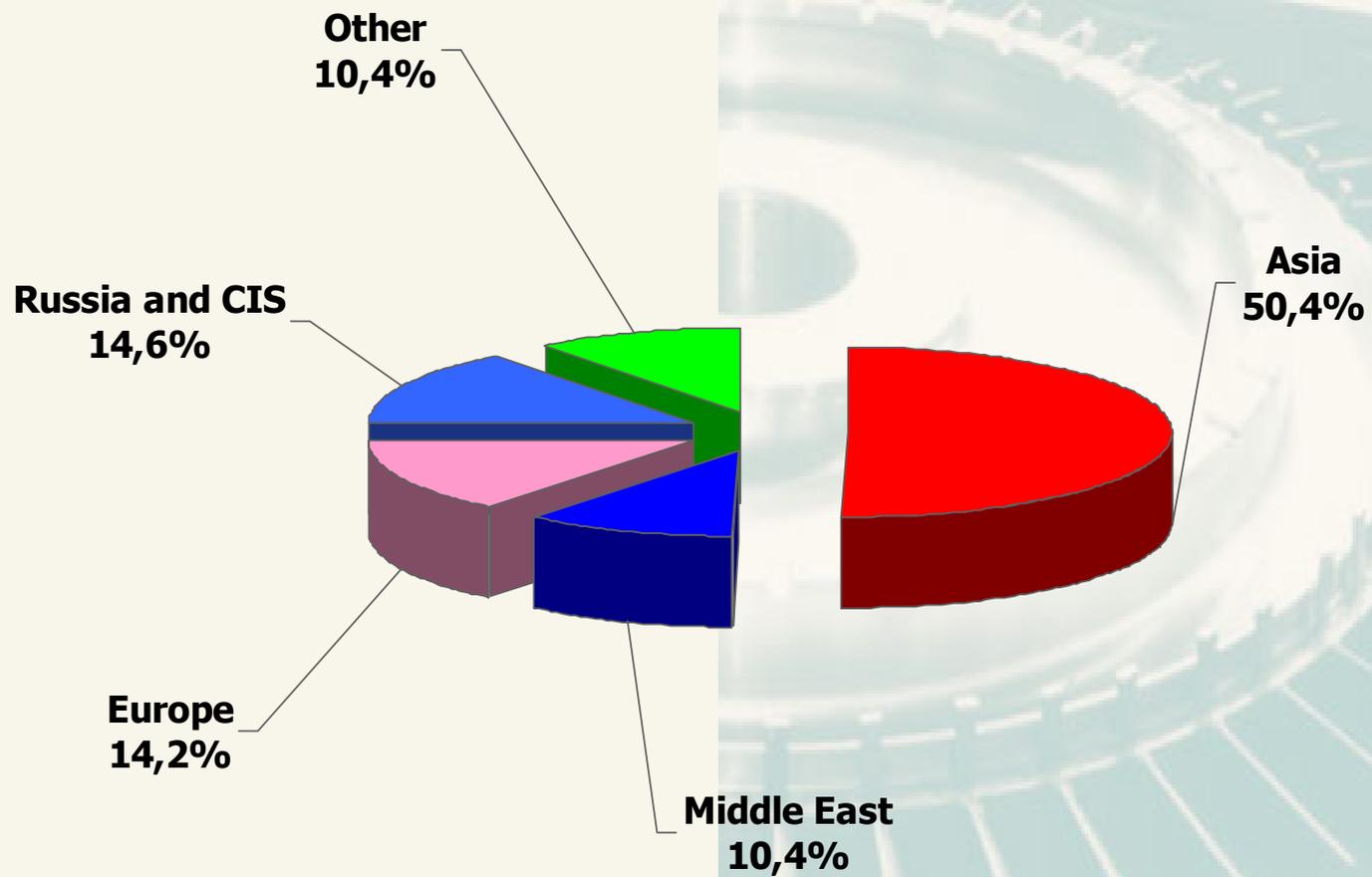
Contracts gained



Production structure in 2004



Order book regional structure





- **Currently Power Machines produces most of its power generating equipment for export**
- **Hereafter Russia and CIS will be essential markets for Power Machines: building of new power assets and programmes of modernization of existing power assets**

Energy strategy of Russia until 2020

- **2% of CAGR in power consumption and 0,7 CAGR in heat consumption through 2010**
- **Growing demand needs 10-14 GW in new power assets**
- **Investments in modernization of existing power assets**

RAO UES restructuring

- **Privatization of generating assets – new clients for PM**

Nuclear Power industry development

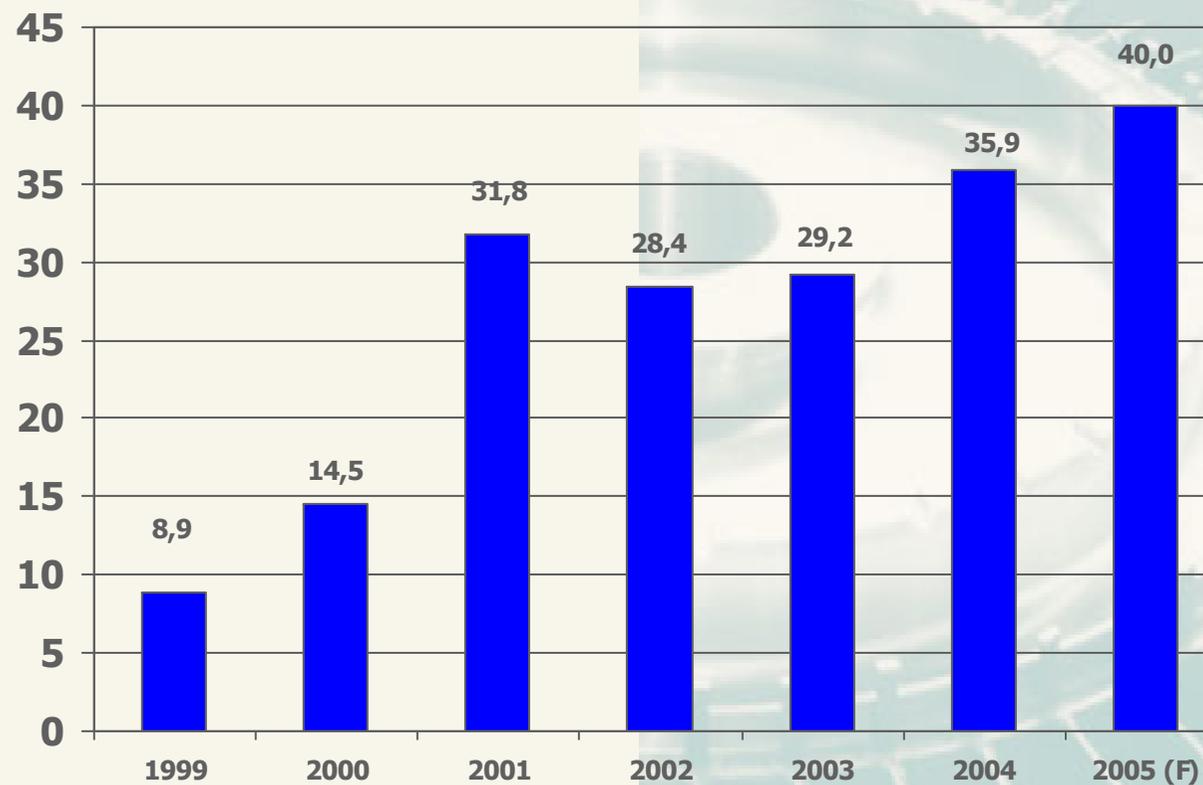
- **“Water-cooled power reactor 1500” project**
- **Completion of existing NPP**

- **Development of the gas turbine “GTE-65”**
- **Development of the “Water-cooled power reactor 1500” equipment**
- **Technical upgrading of the business units with a glance to the requirements of the “Water-cooled power reactor 1500” project**

Investments dynamics

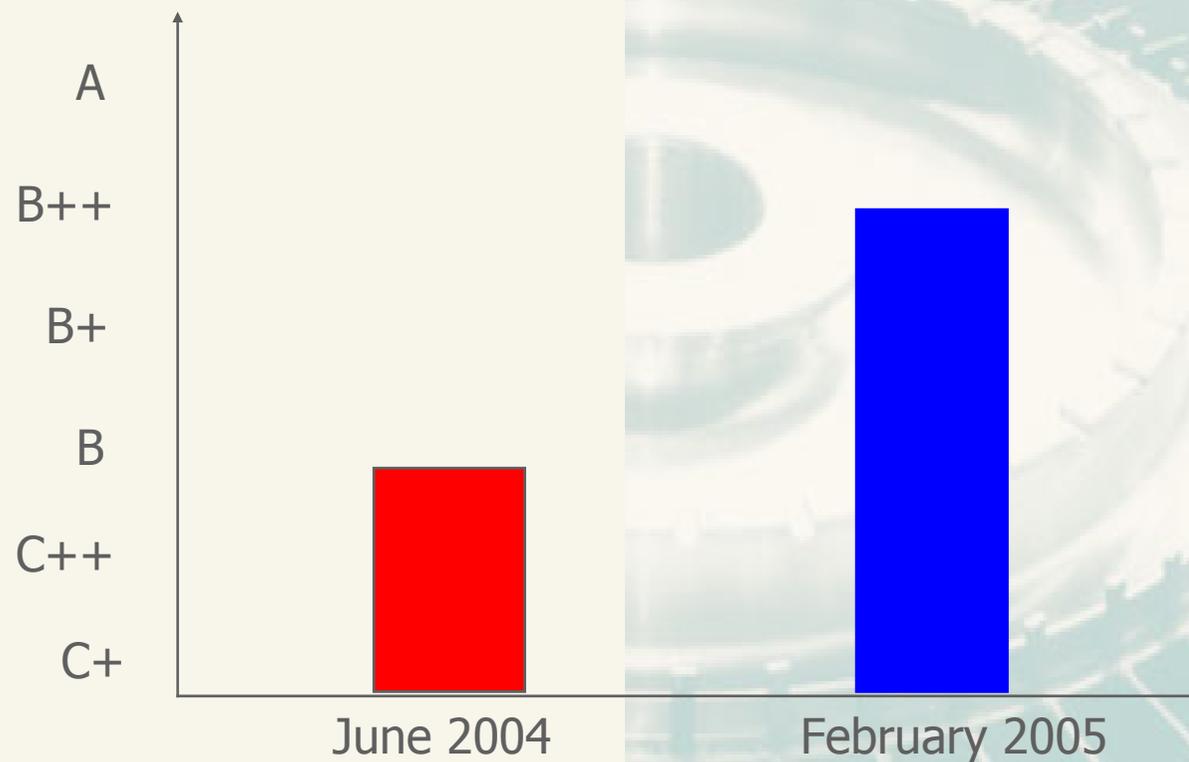


USD million



- **Corporate Governance Code approval; IR Department creation; audit, remuneration and staff committees creation; IAS quarterly reports**
- **Creation and maintenance of the IR section on the corporate web site; briefings for the investor community, one-on-one meetings, conference-calls on the regular basis**
- **Independent directors practice**

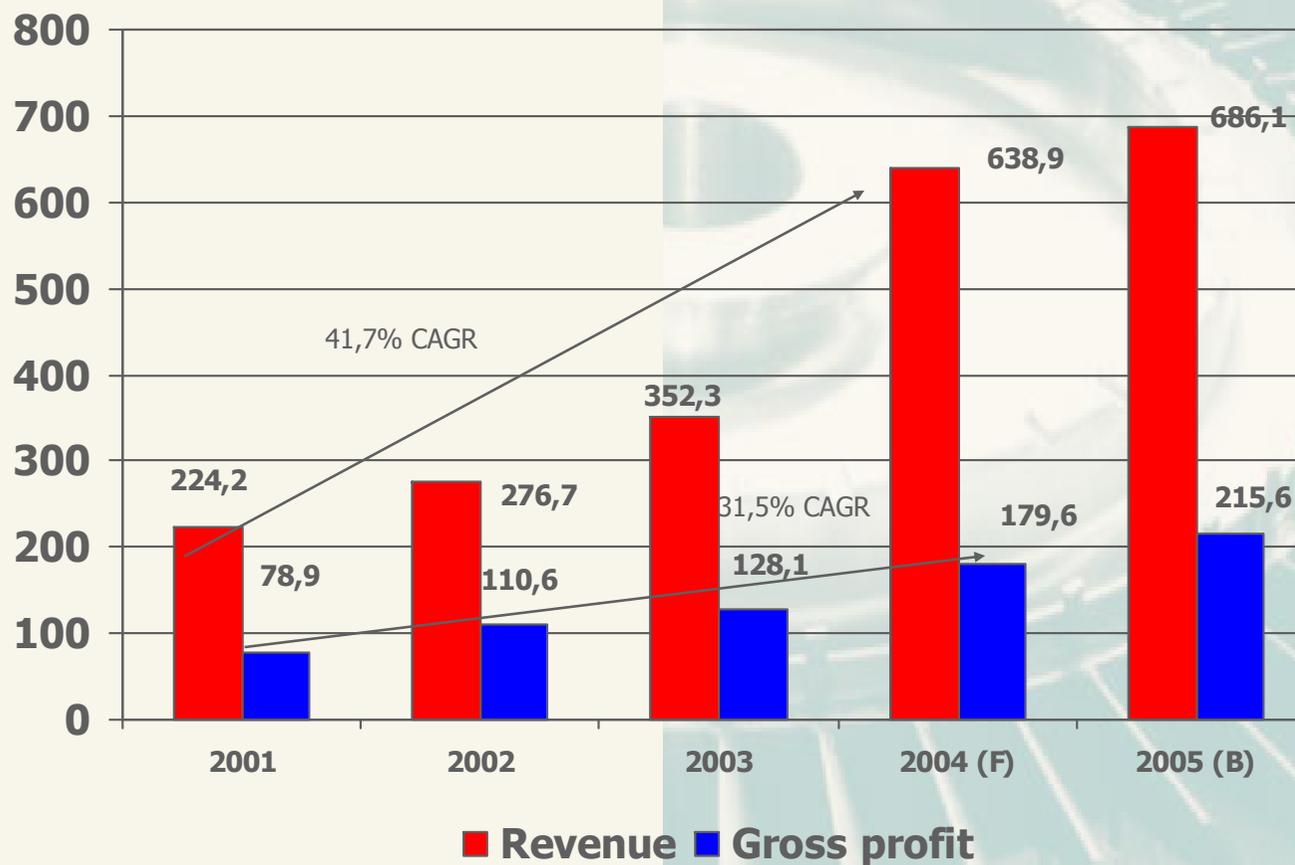
Corporate Governance score (Expert RA)



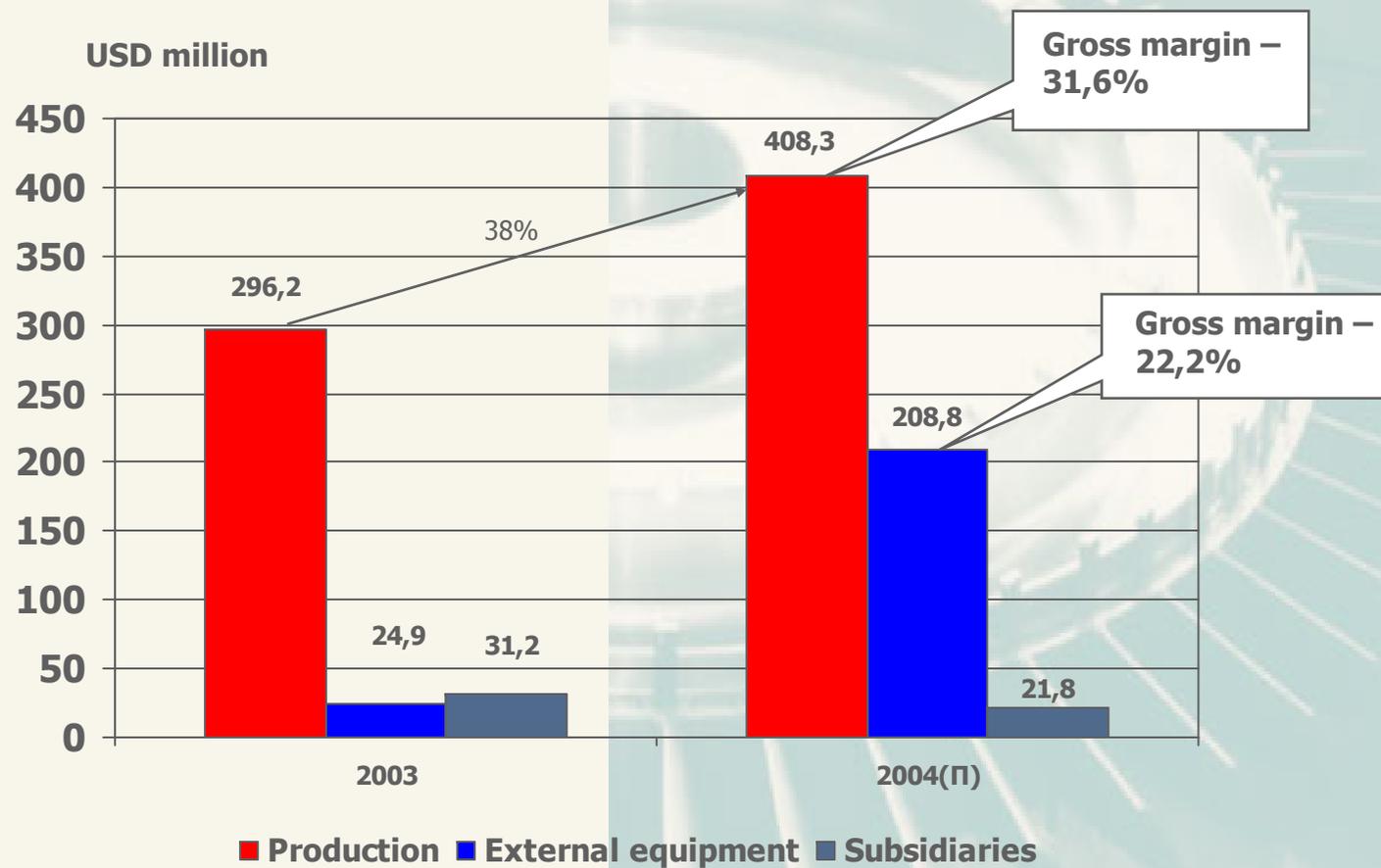
Financial results dynamics



USD million



Revenue structure



Income statement



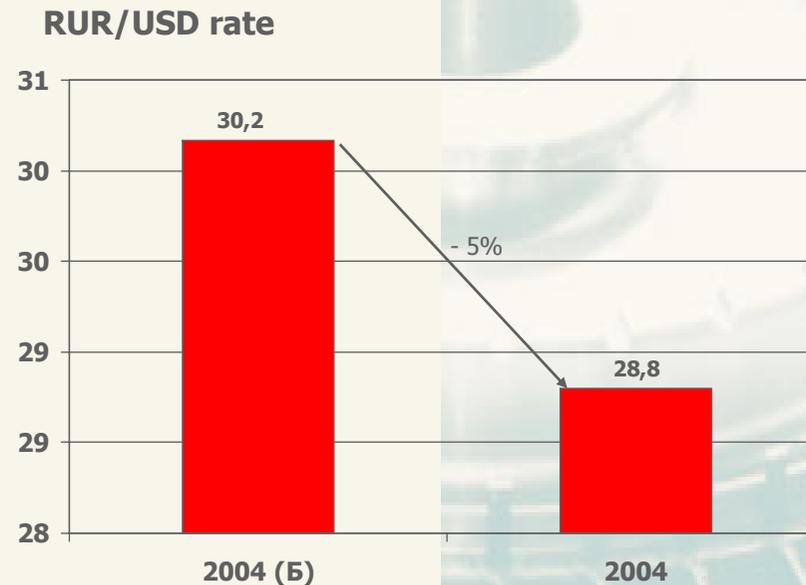
In thousands of US dollars

	2004 (F)	2003	2002
Revenues	638 881	352 305	276 652
Cost of sales	459 244	223 309	166 028
Gross profit	179 638	128 996	110 624
EBITDA	81 507	44 893	34 241
Profit from operations	58 696	27 253	20 820
Profit before tax and minority interest	25 733	10 913	6 155
Profit before minority interest	15 217	4 516	(2 948)
Net profit	15 056	3 237	(1 378)



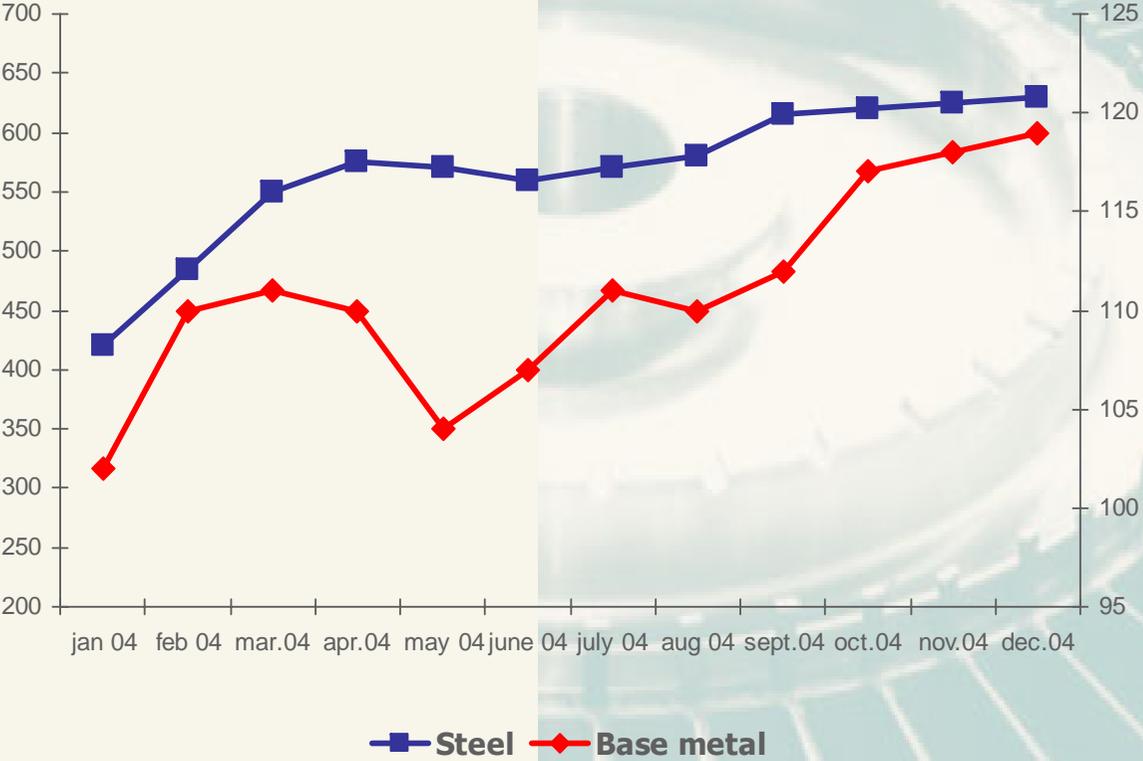
Strengthening of the Ruble vs. the budgeted exchange rate

The appreciation of the Ruble relative to the US dollar by 1 per cent leads to a growth in sales revenue (RUR/USD) of \$2.817 million and a growth in costs (RUR/USD) of \$4.855 million



The net negative effect on the results from operations is approximately \$10 million

Rising metal prices



*Source: Bloomberg

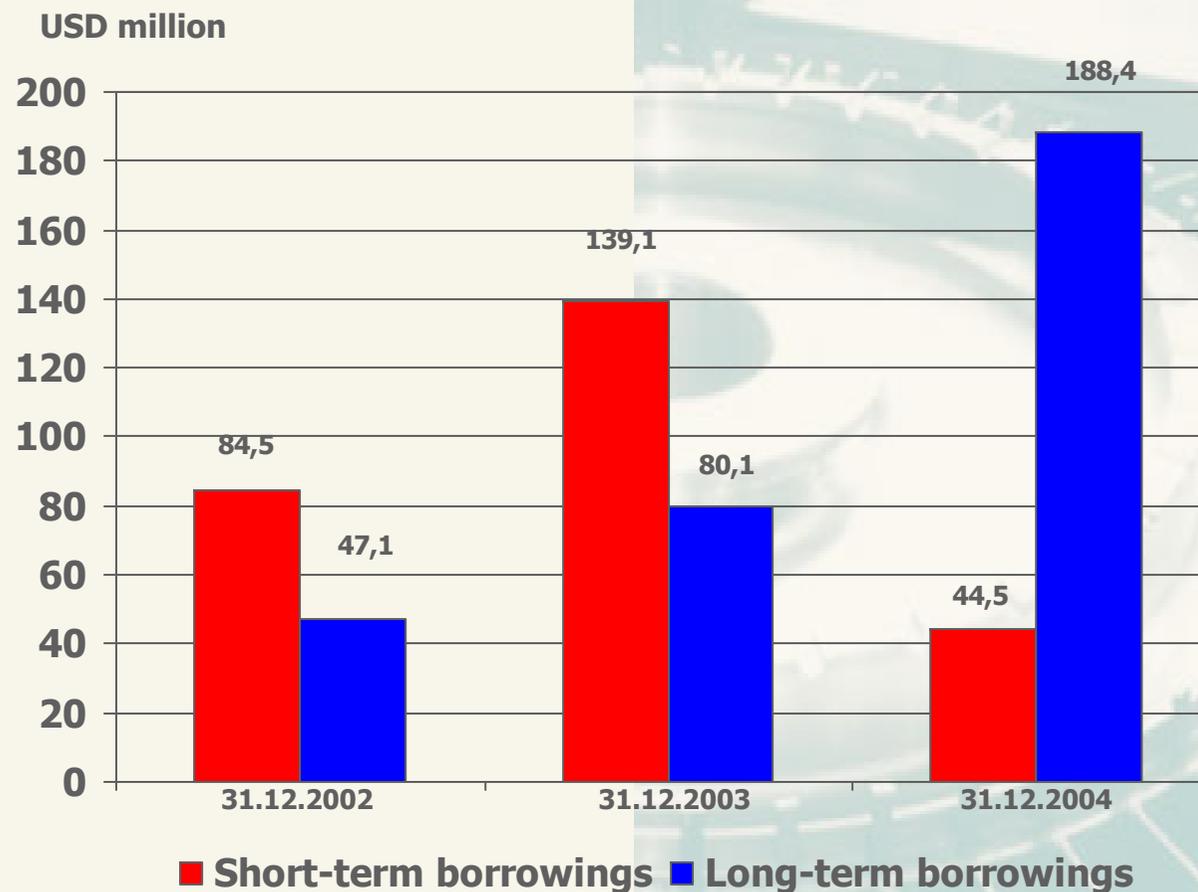
Margin indicators



In spite of gross profit margin decline, caused by metal prices increase and USD depreciation, EBITDA margin remains on the same level compared to 2003.

	2004 (F)	2003	2002	2001
Gross profit margin	28,12%	36,61%	39,99%	33,78%
EBITDA margin	12,76%	12,74%	12,38%	8,73%
EBIT margin	9,19%	7,74%	7,53%	2,84%
NPBT margin	4,02%	3,10%	2,22%	0,57%
NPAT margin	2,36%	0,92%	-0,50%	3,00%

Financial debt structure improvement



The average portfolio credit rate declined from 12,57% in 2002 to 7,22% in 2004