9M2012 RESULTS PRESENTATION

DECEMBER 12, 2012

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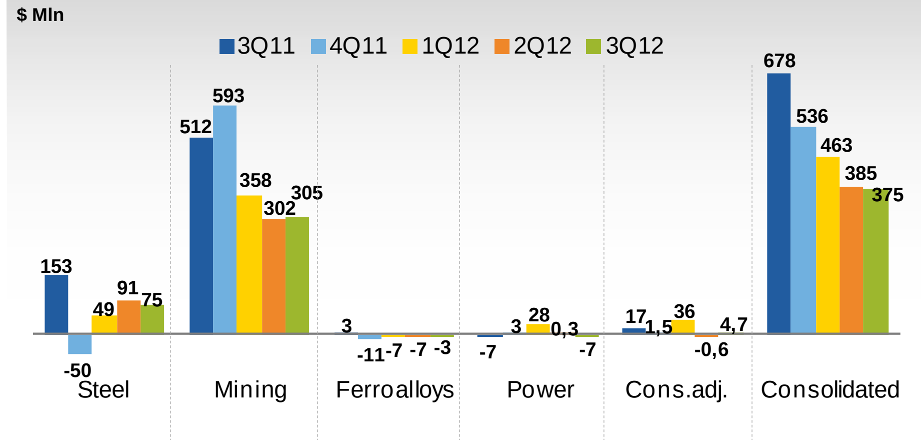
FINANCIAL HIGHLIGHTS

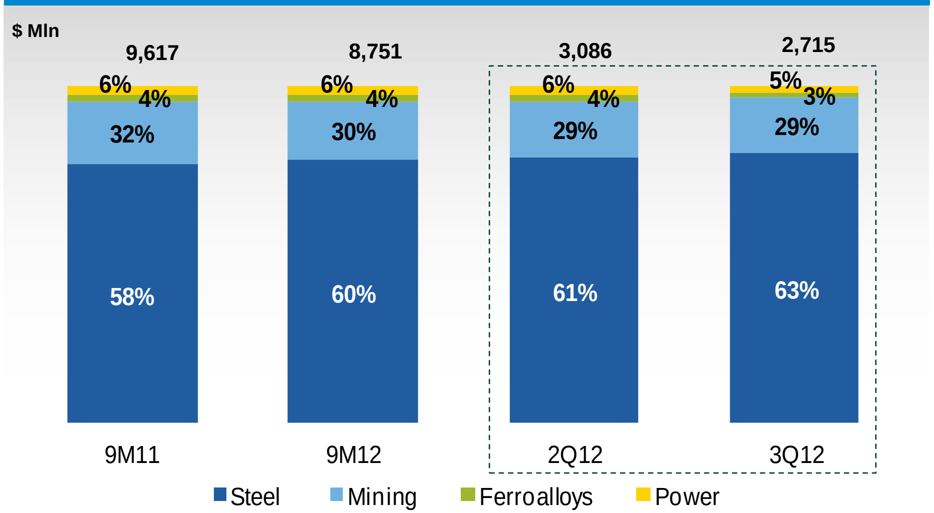
SEGMENTS OVERVIEW

- Consolidated revenue down 12% q-o-q to $2.7 bn
- Net income up in Q3 to $55 mn vs net loss in Q2
- Steel segment increased its share in the consolidated revenue to 63% supported by a more stable pricing environment than in other segments
- Mining segment increased its share in the consolidated EBITDA to 82%

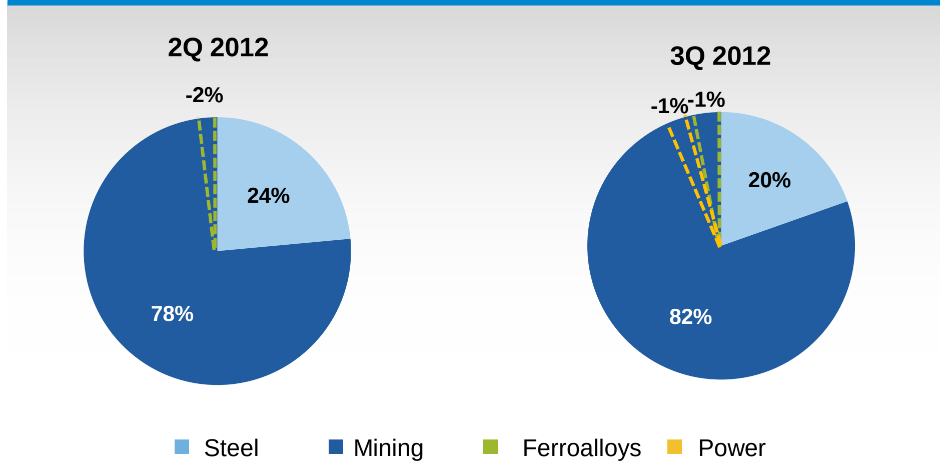
EBITDA[1] BY SEGMENTS



REVENUE FROM THIRD PARTIES



EBITDA BY SEGMENTS



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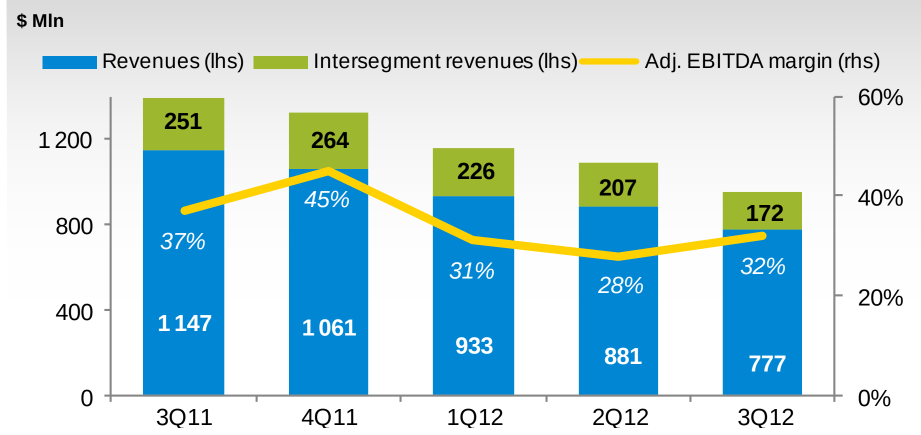
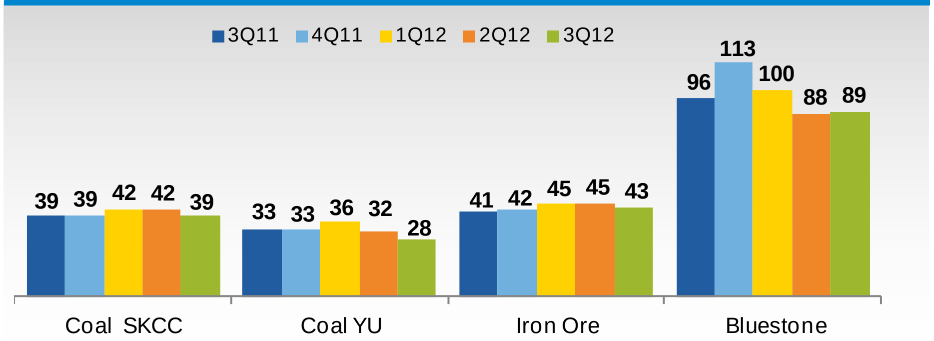
MINING SEGMENT

- Segment 3rd party revenue down 12% to $777 mn in Q3 largely driven by decrease in sales of coking coal and weaker pricing
- Despite falling prices segment's EBITDA grew $3 mn q-o-q due to operating costs containment efforts
- EBITDA margin of 32% - the highest for the year 2012
- Cost control measures result at reduced cash cost across all Russian operations

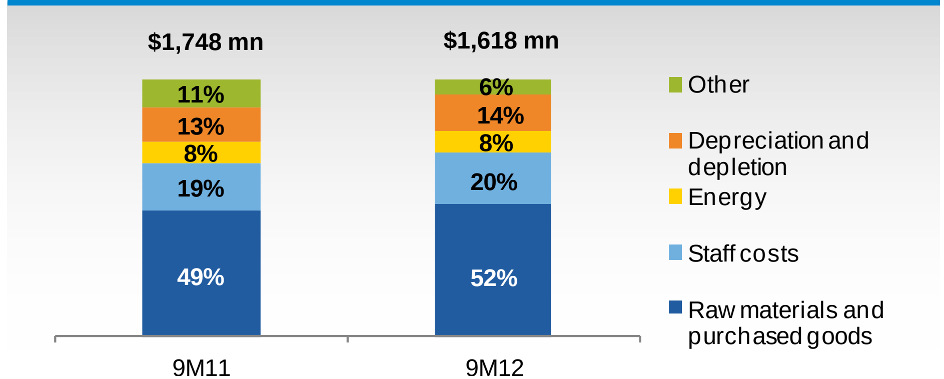
REVENUE, EBITDA(1)



CASH COSTS, US$/TONNE



COS STRUCTURE



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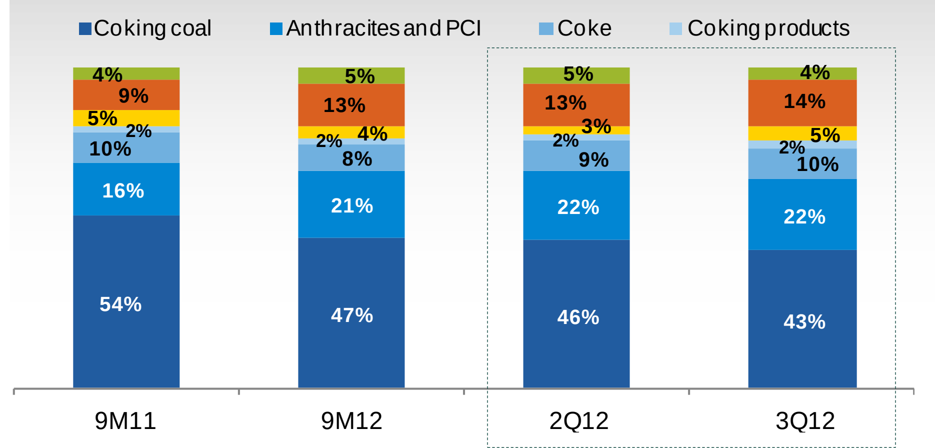
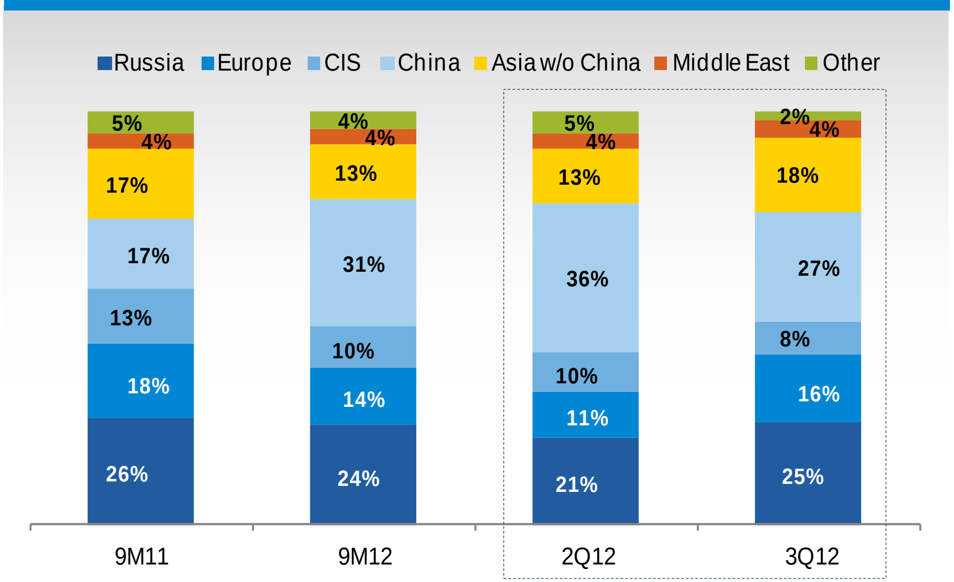
MINING SEGMENT

- ✚ Anthracite sales to Europe grew 2-fold, increasing European share in the revenue to 16%
- ✚ Sales to premium markets with better pricing - Japan and South Korea - increased by 8% and 3% respectively
- ✚ Coking coal sales down 18% partly compensated by a 20% growth in thermal coal and a 9% growth in iron ore sales

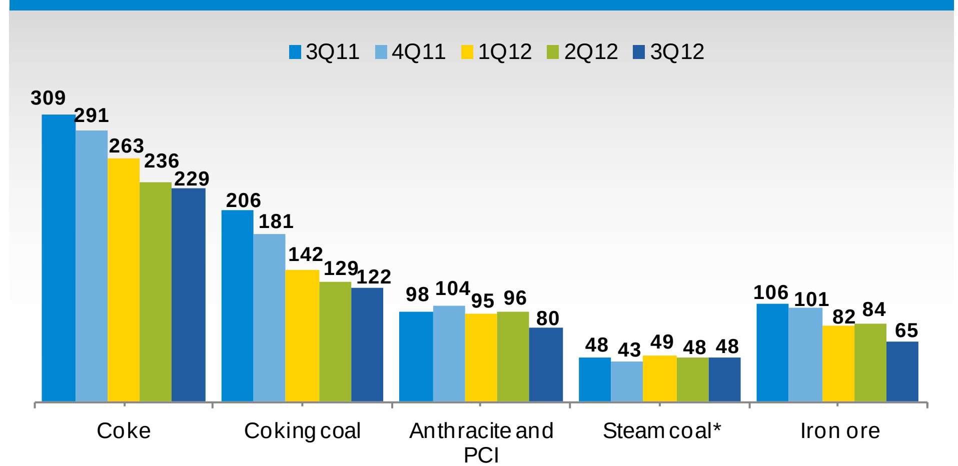
EXTERNAL SALES STRUCTURE



REVENUE BREAKDOWN BY REGION



AVERAGE SALES PRICES FCA, US$/TONNE

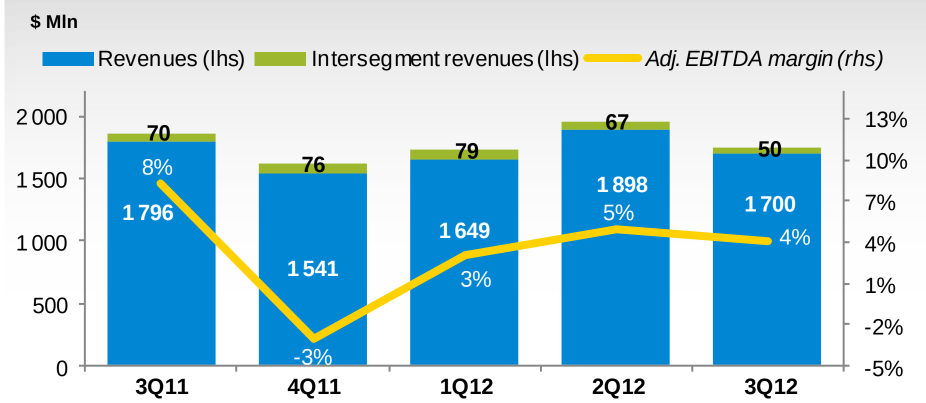


*Restated to include middlings

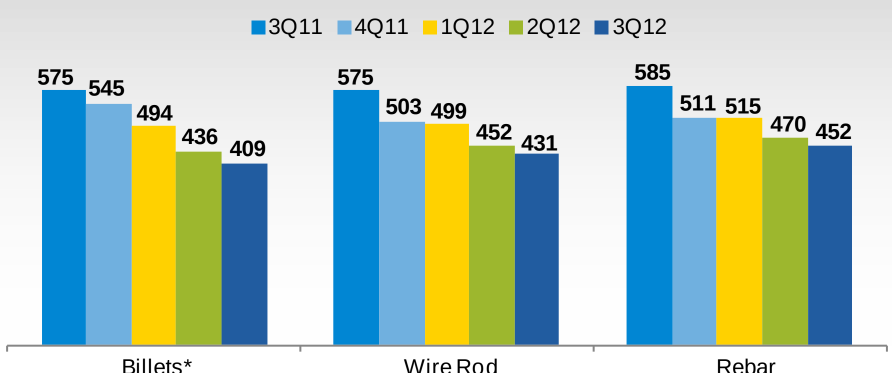
STEEL SEGMENT

- Segment's revenue down 10% as volumes decreased by 13% due to lower sales of flat steel and 3rd party semi-finished products
- Due to higher sales to a stronger domestic market and reduction of utilization rate at loss-making capacities in Europe EBITDA held strong q-o-q at $75 mn
- Lower raw materials resulted in rebar and billet cash cost decrease by 4% and 6% respectively

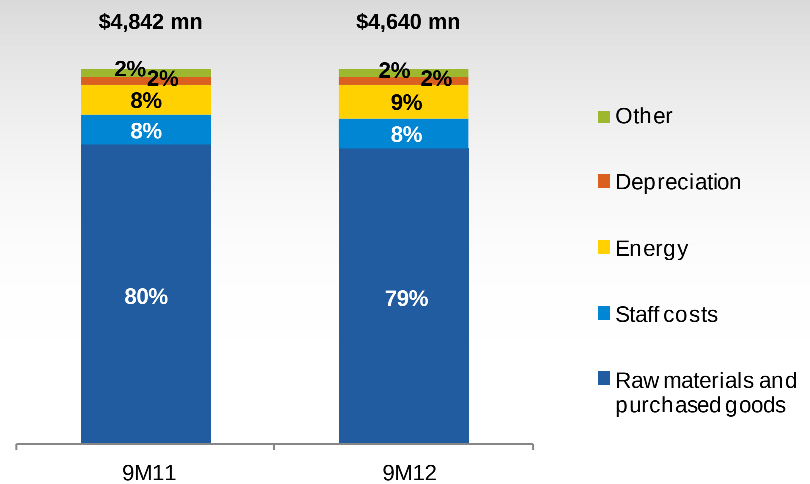
REVENUE, EBITDA(1)



CASH COSTS, US$/TONNE



COS STRUCTURE



*Carbon and low-alloyed billets

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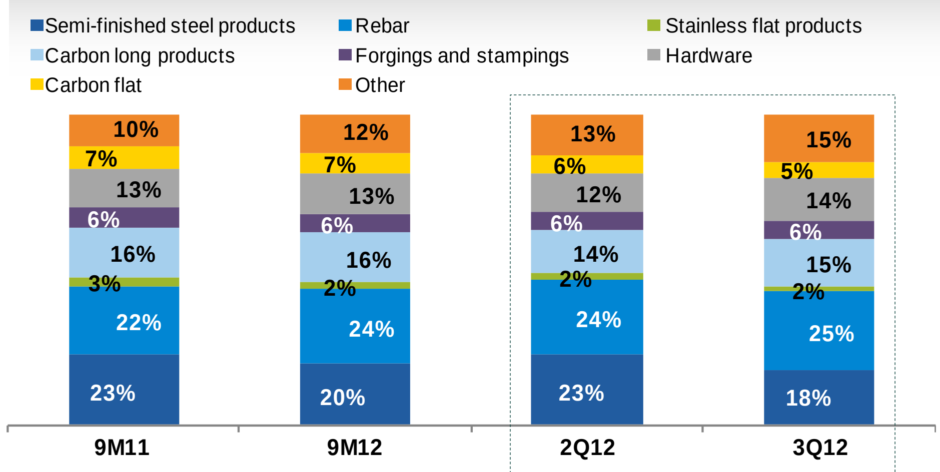
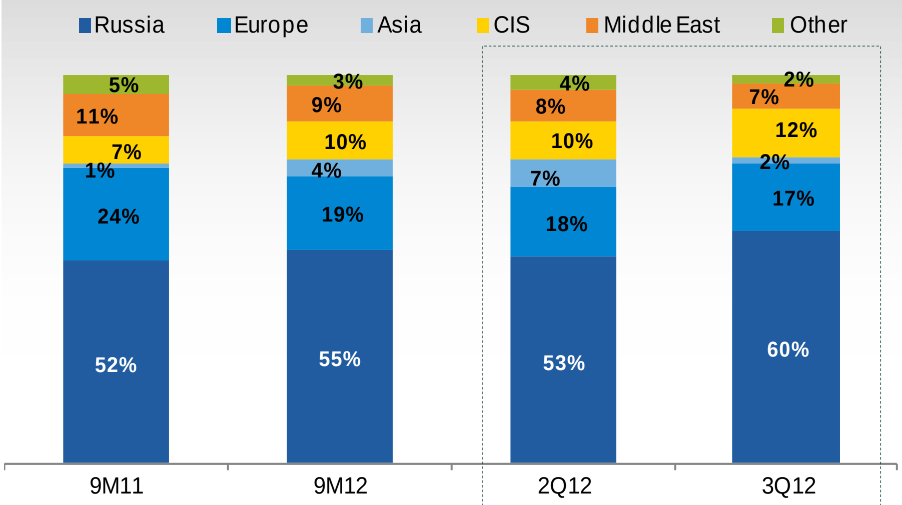
STEEL SEGMENT

- Share of Russia and CIS up to 72% of sales where demand remained relatively stable vs. Europe whose share decreased to 17%
- Share of semi-finished steel products down from 23% in Q2 to 18% in Q3 due to reduction of production at DEMZ and lower 3rd party resale operations
- Share of high-margin hardware increased to 14% of sales

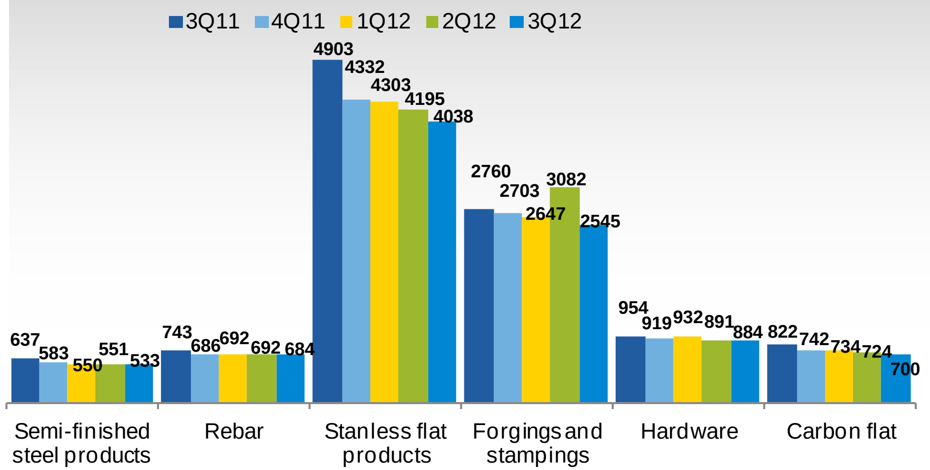
EXTERNAL SALES STRUCTURE



REVENUE BREAKDOWN BY REGION



AVERAGE SALES PRICES FCA, US$/TONNE



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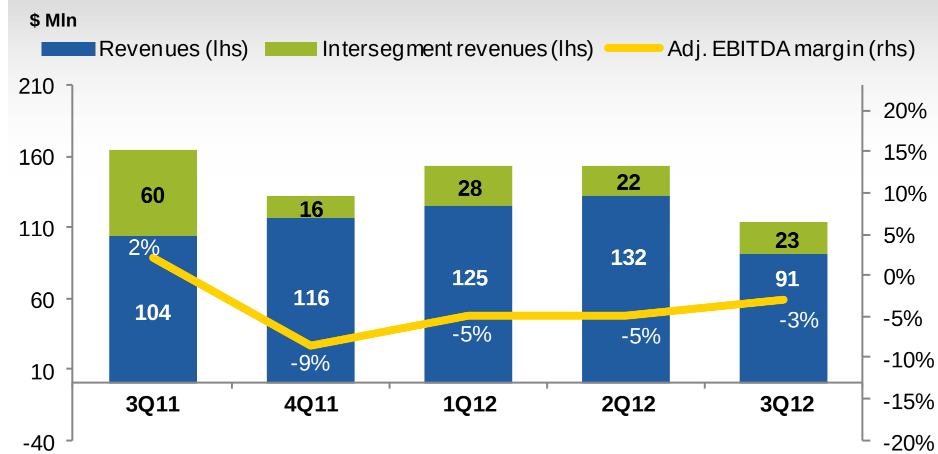
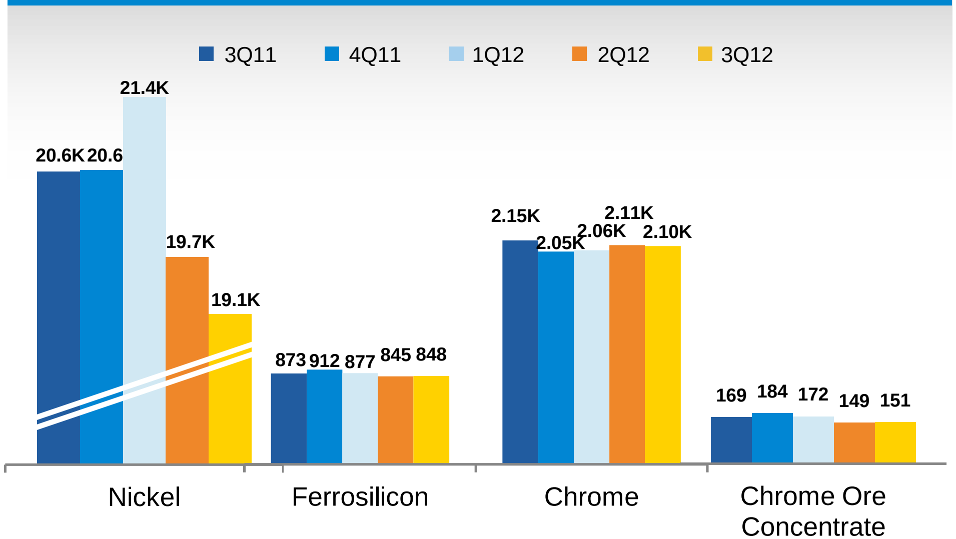
FERROALLOYS SEGMENT

- Reduction in Ni and Cr production and sales due to negative margin resulted in revenue down by 31% q-o-q
- As costs containment measures some of the smelting capacity at Southern Urals Nickel Plant and Tikhvin chrome plant idled
- Production adjustments resulted in a 57% reduction of negative EBITDA to just $3 mn

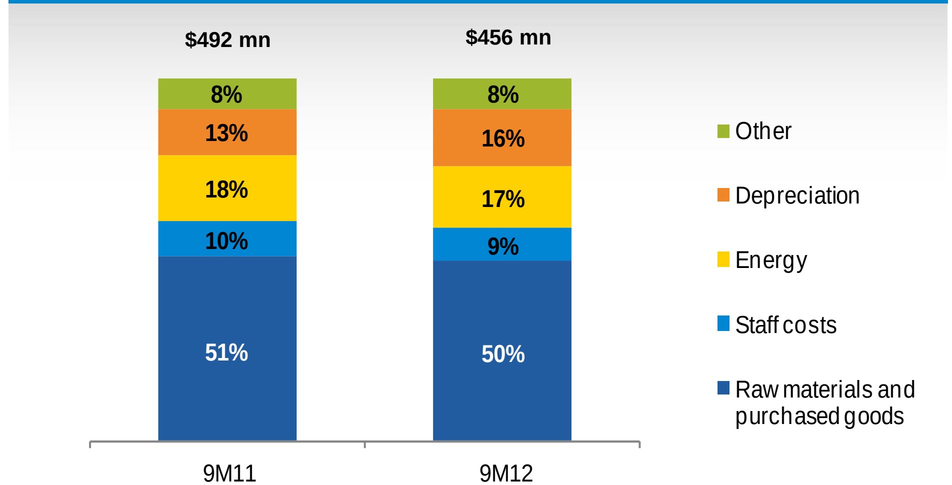
REVENUE, EBITDA(1)



CASH COSTS, US$/TONNE



COS STRUCTURE



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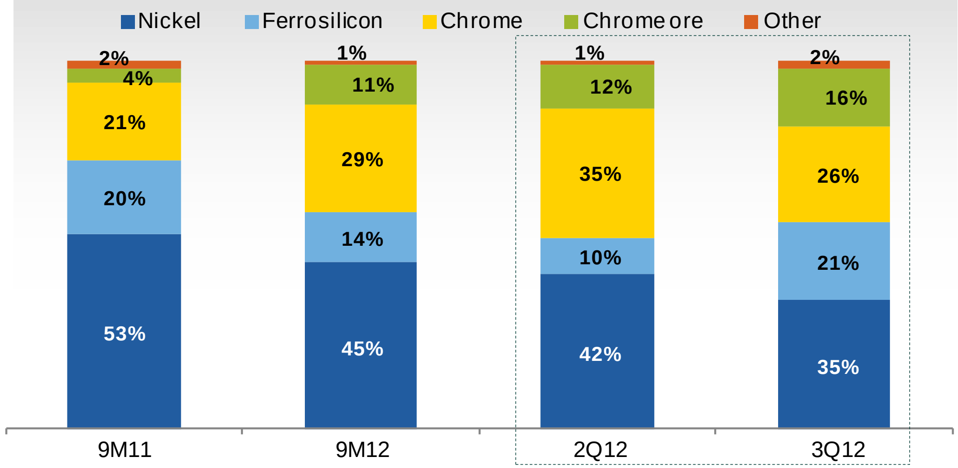
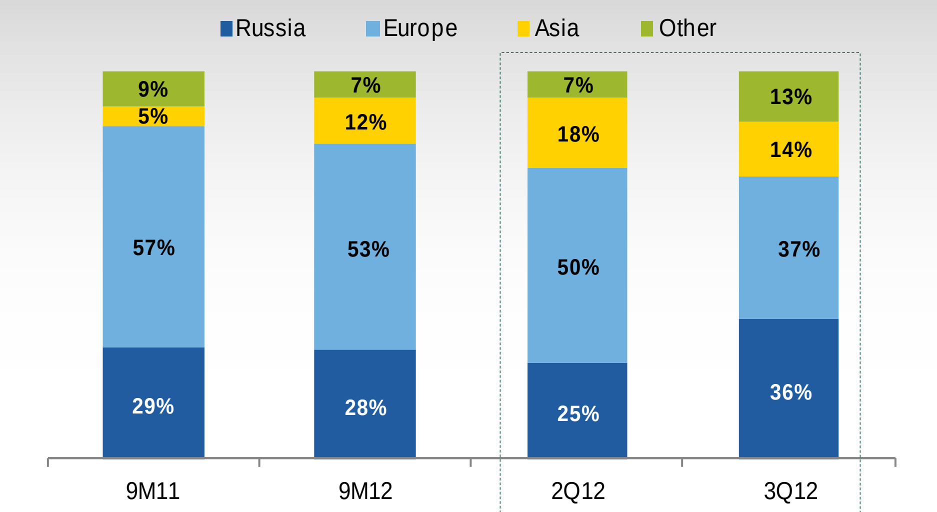
FERROALLOYS SEGMENT

- Sales volumes of FeSi up 39% - mostly to the domestic market - as modernized capacity ramped up catching the price upside
- With the sales of FeSi up and Ni and Cr down the share of domestic market grew to 36% of the revenue

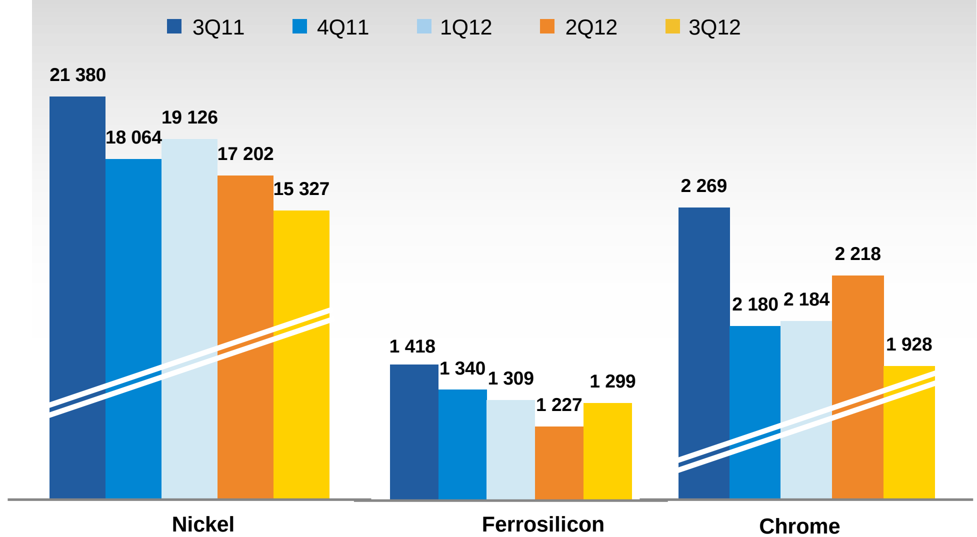
EXTERNAL SALES STRUCTURE



REVENUE BREAKDOWN BY REGION



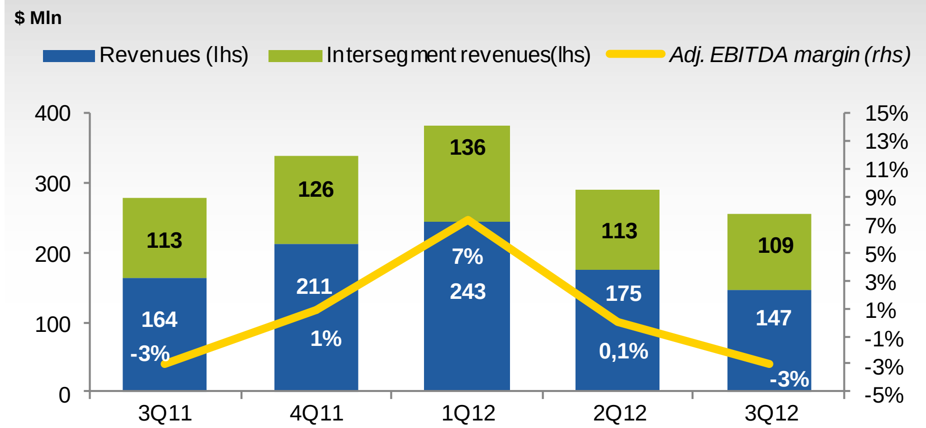
AVERAGE SALES PRICES FCA, US$/TONNE



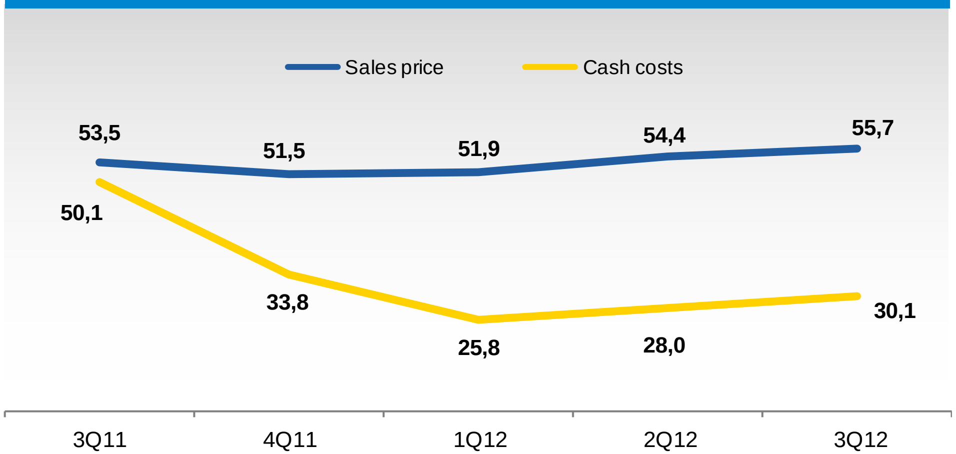
POWER SEGMENT

- Lowest season for power and heat generation resulted in a 16% q-o-q decrease in sales
- Cash costs slightly up as volumes decrease
- EBITDA down to negative $7 mn

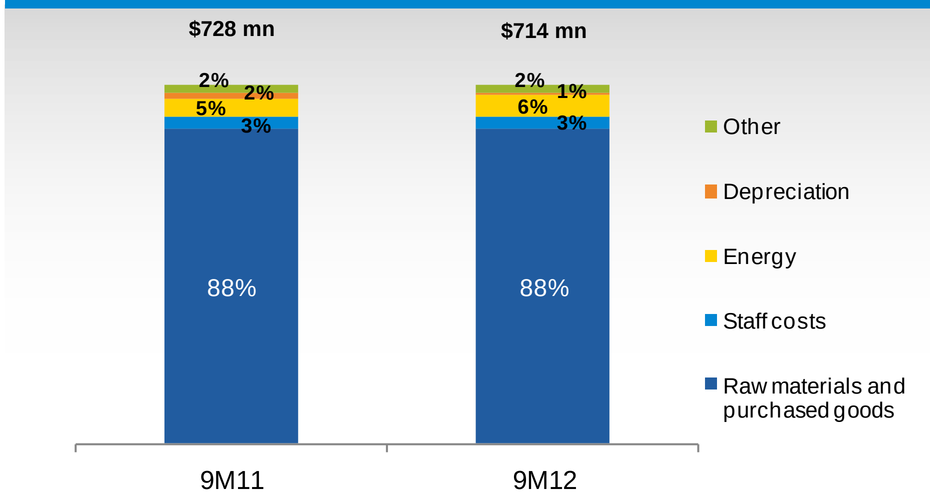
REVENUE, EBITDA(1)



AVERAGE ELECTRICITY SALES PRICES AND CASH COSTS (RUSSIA), US$/MWH



COS structure



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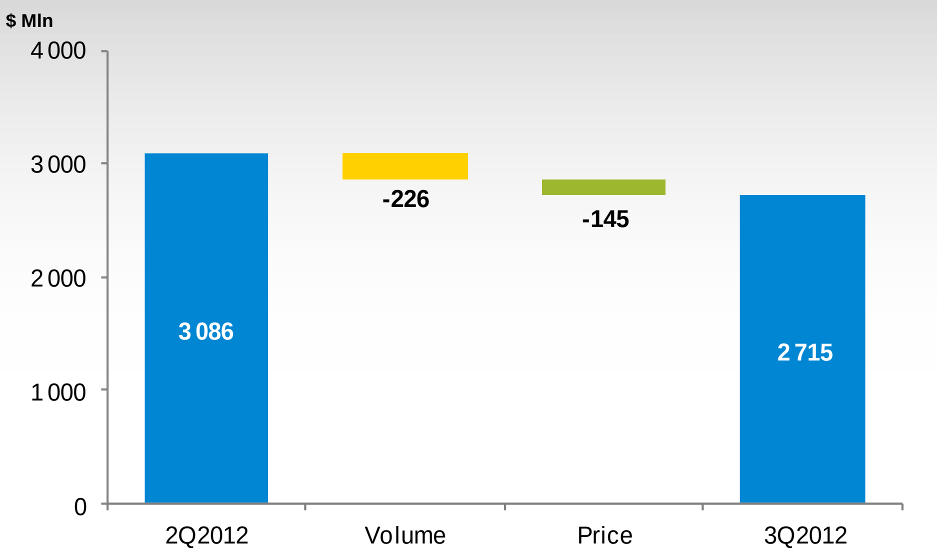
ADDRESSING COSTS – IMPROVING THE MARGINS

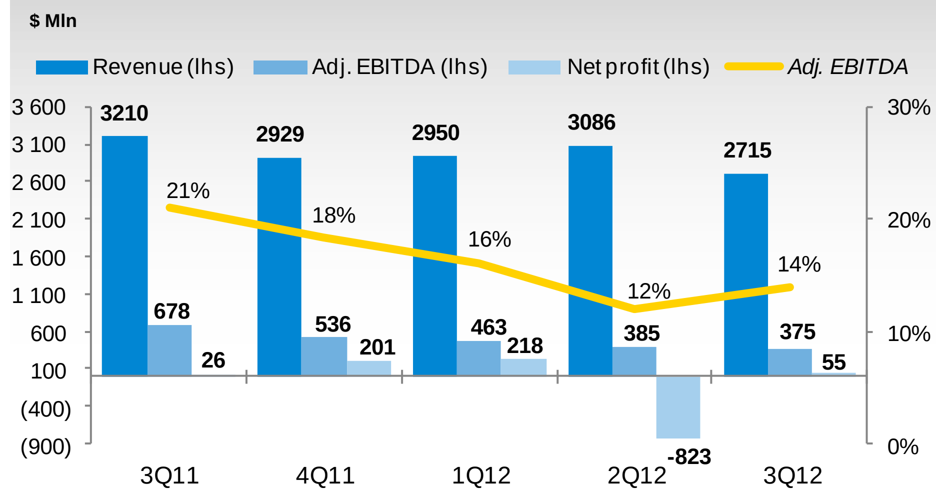
3Q2012 FINANCIAL PERFORMANCE Q-O-Q HIGHLIGHTS:

- **+** Consolidated EBITDA down only 3% q-o-q to $375 mn, as falling prices are countered by successful cost control measures
- **+** Despite continuing downward trend in prices and volumes cost-cutting measures drive the EBITDA margin up to 14%
- **+** Q3 net income positively affected by $127 mn of FX gain totaling $55 mn of net income

REVENUE DYNAMICS



REVENUE, EBITDA(1) AND NET PROFIT



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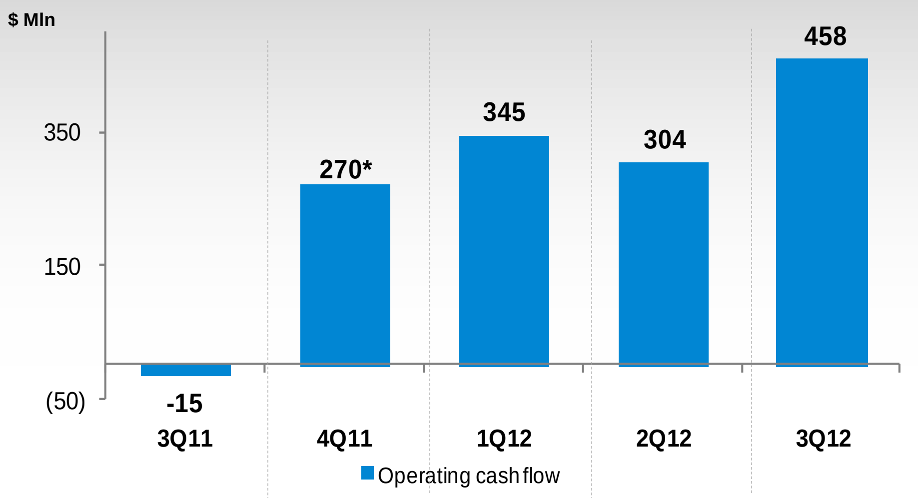
3 YEAR RECORD OPERATING CASH GENERATION!

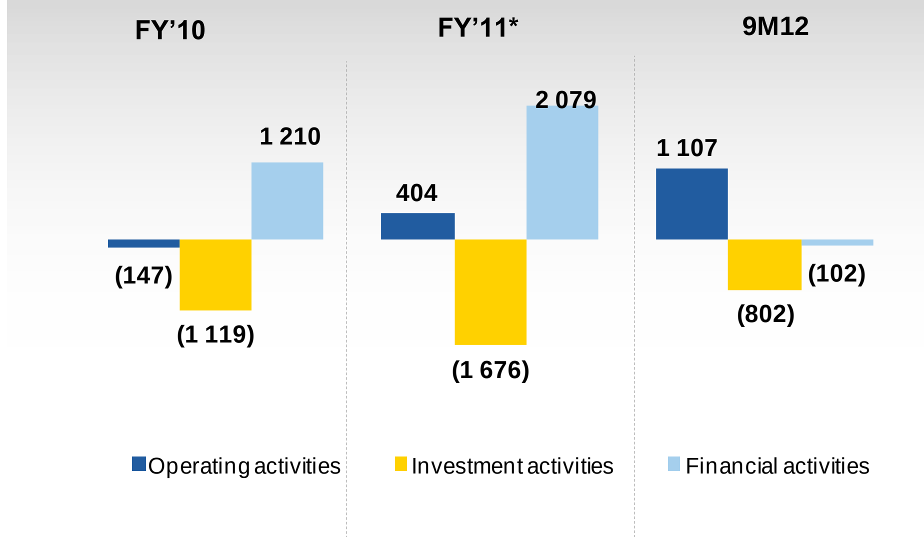
- Production adjustment and better inventory management maximized the effect in the Q3, resulting in a record $458 mn cashflow from operations in Q3
- Business generated more cashflow from operations in 9M2012 than in 2009 – 2011 altogether
- With Investments of $223 mn and dividends of $195 mn in Q3 the business still generated cash surplus to repay the debt.

OPERATING CASH FLOW DYNAMICS



* Excluding the effect of loan to Estar

NET CASH FLOW

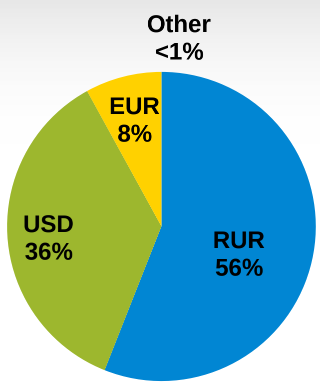


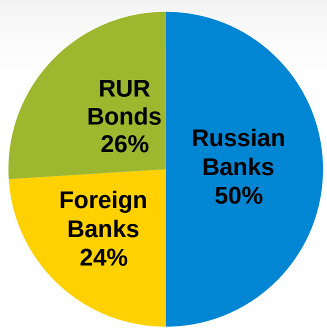
* Excluding the effect of loan to Estar

STABILIZING DEBT LEVEL DESPITE A CHALLENGING YEAR

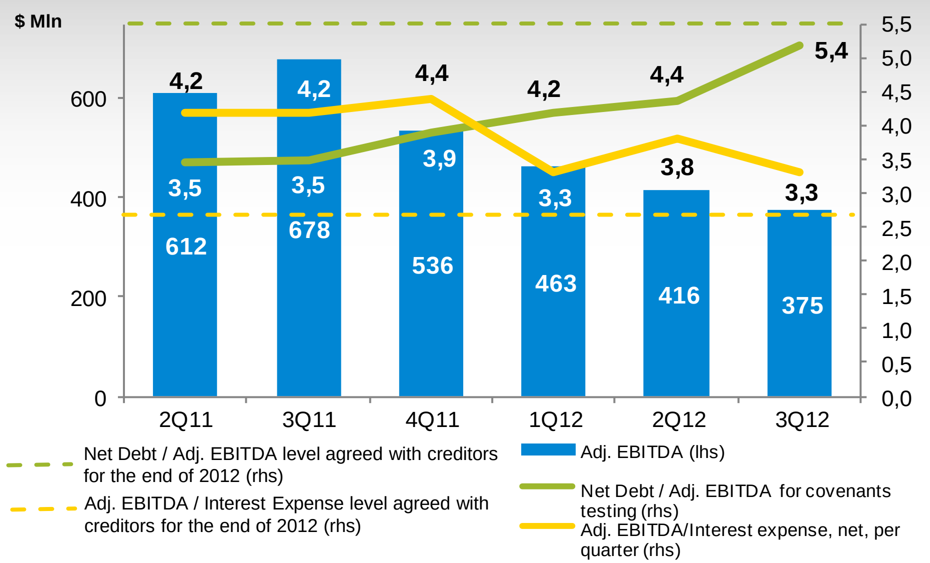
- Company succeeded in repaying approximately USD 0.55 bln since the beginning of the year (reduction of gross debt excluding effect of FX changes)
- Net debt stable at USD 9.3 bln (including financial lease) as of December 1, 2012
- Cash and available credit lines total USD 1,170 mn as of December 1, 2012

DEBT PROFILE AS AT DECEMBER 1, 2012





FINANCIAL RATIOS



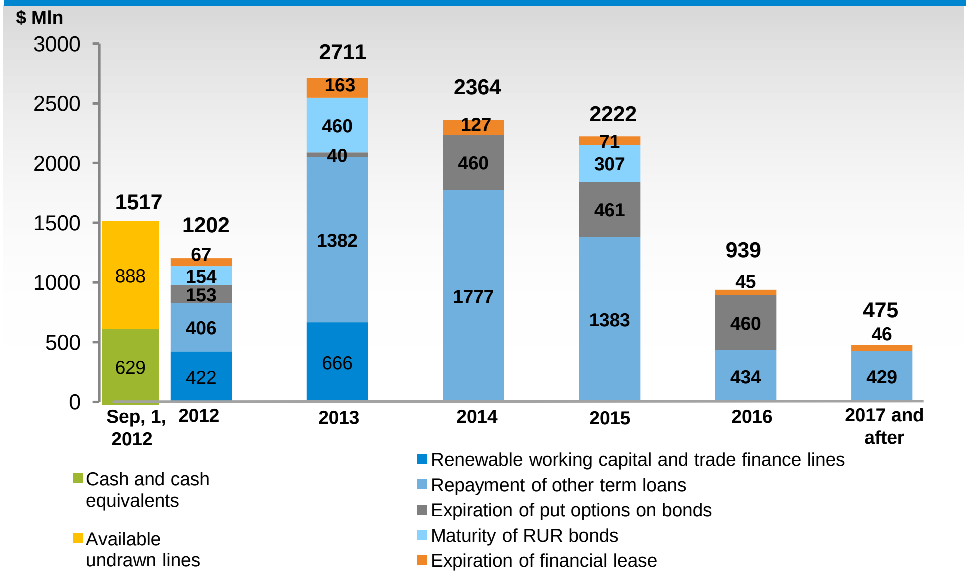
DEBT MATURITY IMPROVEMENT

Significant reduction of short term debt from USD 3.4 bln to USD 2.4 bln since September 1, 2012 (short term portion decreased from 34% to 26% of total debt)

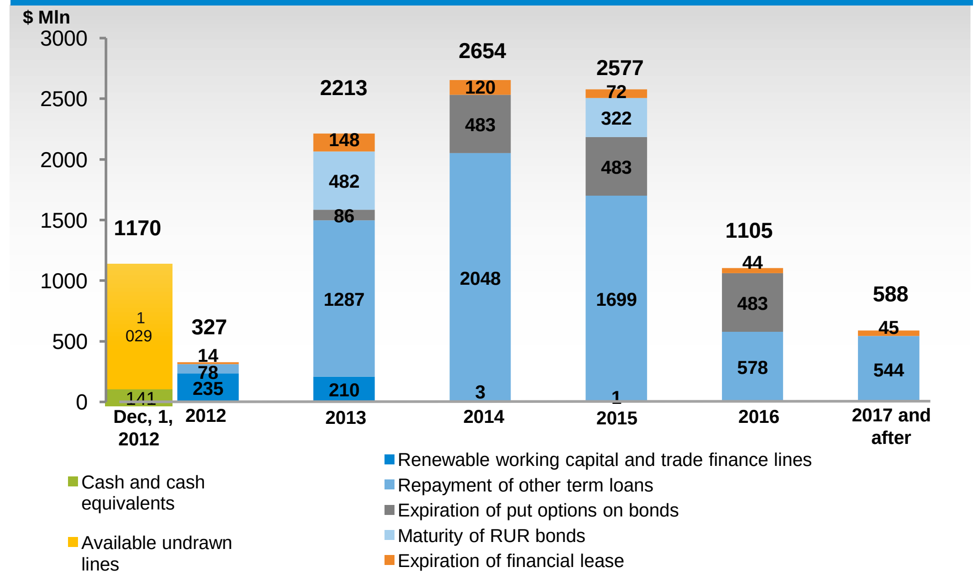
Major third quarter transactions include:

- Securing RUR 24 bln credit line with Sberbank on October 2012;
- Amendment and restatement of USD 1 bln pre – export syndicated facility on December 4, 2012, granting additional grace period of 12 months and reducing short term portion of debt by approximately USD 0.6 bln;
- Other refinancing and rising new money in the total amount of USD 323 mln since September 1, 2012.

DEBT MATURITY SCHEDULE AS AT SEPTEMBER 1, 2012



DEBT MATURITY SCHEDULE AFTER PXF'S CHANGES AS OF DECEMBER 1, 2012



FINANCIAL RESULTS OVERVIEW

US$ MILLION UNLESS OTHERWISE STATED	3Q12	2Q12	CHANGE, %
Revenue	2,715	3,086	-12.0%
Cost of sales	(1,985)	(2,195)	-9.6%
Gross margin	26.9%	28.9%	
Operating profit / (loss)	127	(471)	-
Operating margin	4.7%	-15.3%	
Adjusted EBITDA[1]	375	385	-2.6%
Adjusted EBITDA[1] margin	13.8%	12.5%	
Net Income / (loss)	55	(823)	-
Net Income margin	2.0%	-26.7%	

Sales volumes[2], '000 tonnes			
Mining segment	5,853	5,880	-0.5%
Steel segment	2,072	2,389	-13.3%

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(2) Includes sales to the external customers only