



## 9M 2015 RESULTS PRESENTATION

December 16, 2015



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## FINANCIAL HIGHLIGHTS



## 9M 2015 FINANCIAL RESULTS SUMMARY



	9M 15	9M 14	%	3Q15	2Q15	%
<b>Revenue</b>	3,275	5,022	-35%	1,003	1,159	-13%
<b>EBITDA (a)</b>	587	489	20%	197	179	10%
<b>Net (loss) / income</b>	(1,012)	(1,223)	-17%	(773)	34	-2,374%
<b>Net Debt*</b>	6,454	8,200	-21%	6,454	6,974	-7%

\* See our press release for full calculations

## 3Q 2015 HIGHLIGHTS

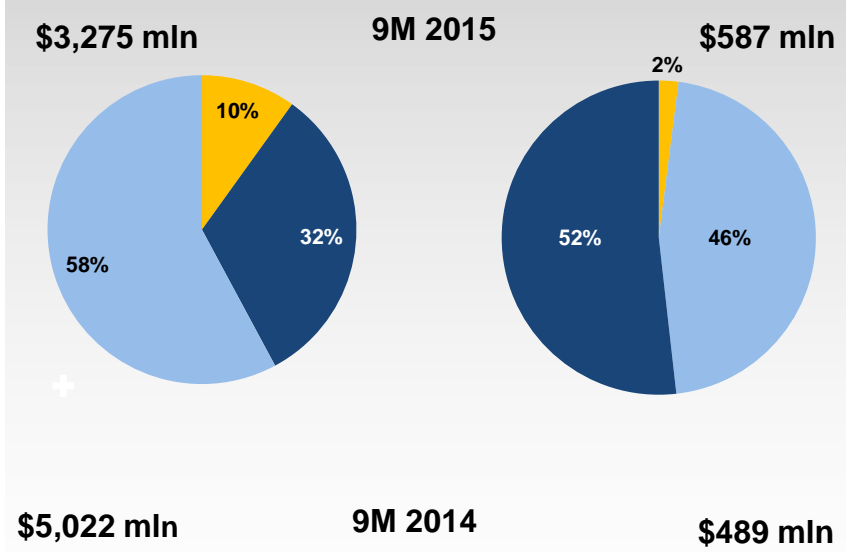


+	Revenue decreased by 13% QoQ but COGS decline was 19% that resulted in profitability increase.
+	EBITDA(a) margin in 3Q 2015 increased to 20% from 15% in 2Q 2015.
+	Mining segment`s contribution to consolidated EBITDA(a) amounted to 52%, Steel segment share was 46% and Power segment share was 2%.
+	Net debt amounted to \$6.5 bln as of September 30, 2015. Net debt decreased by 8.4% from \$7.0 as of the end of 2014 primarily on Ruble depreciation.
+	9M 2015 Net loss decreased by 17% to \$1,012 mln compared to 9M 2014. 3Q 2015 Net loss of \$773 mln was predominantly caused by \$767 mln FX-loss.

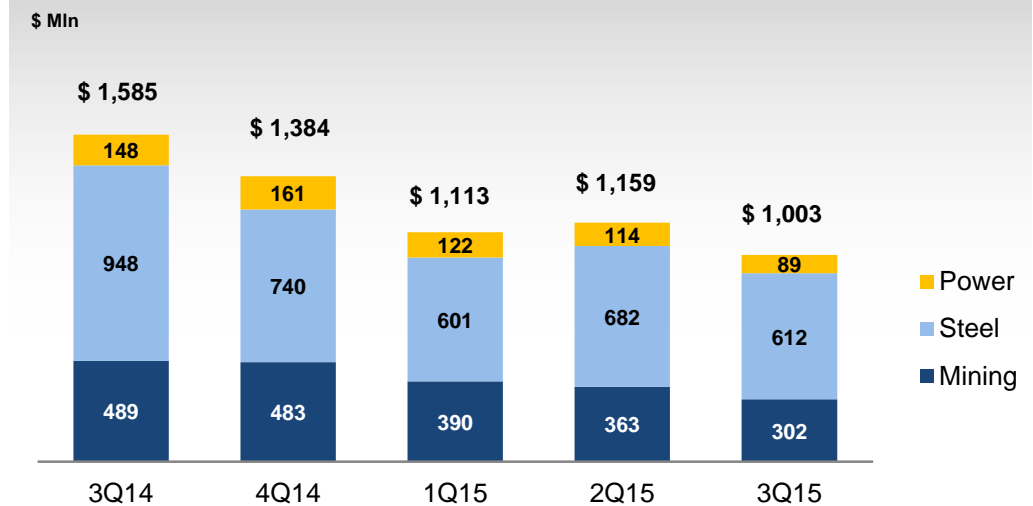
# SEGMENTS OVERVIEW



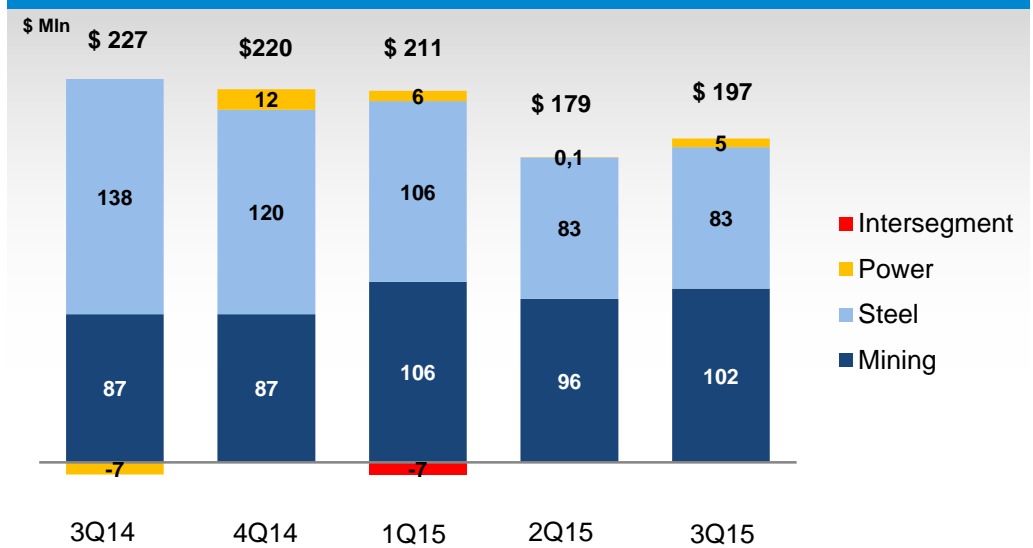
## REVENUE BY SEGMENTS | EBITDA(a) <sup>(1)</sup> BY SEGMENTS



## REVENUE BY SEGMENTS



## EBITDA(a)<sup>(1)</sup> BY SEGMENTS



(1) EBITDA(a) represents earnings before Depreciation, depletion and amortization, Foreign exchange gain / (loss), Loss from discontinued operations, Interest expense, Interest income, Net result on the disposal of non-current assets, Impairment of goodwill and long-lived assets, Provision for amounts due from related parties, Result of disposed companies (incl. the result from their disposal), Amount attributable to noncontrolling interests, Income taxes and Other one-off items.

+

Metallurgical coal benchmark prices continued to decline every quarter of 2015 (from \$119 FOB in 4Q 2014 to \$81 FOB in 1Q 2016).

+

QoQ Revenue declined by 17% as market deterioration negatively affected Mining segment export revenues and domestic revenues decreased in US Dollar terms on weaker ruble.

+

Segment Revenue for 9M 2015 declined by 34% but COGS fell by 40% thus resulting in EBITDA(a) growth.

+

3Q 2015 EBITDA (a) increased by 17.2% to \$102 mln if compared to 3Q 2014 EBITDA(a) of \$87 mln on lower US\$ denominated cash costs. EBITDA(a) margin reached 24.1%.

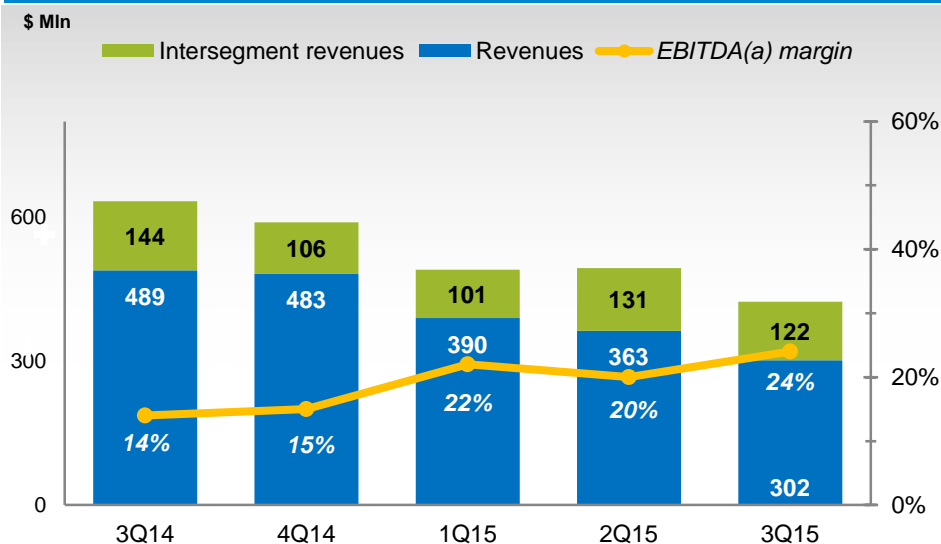
+

Cash costs demonstrated decrease compared to 1Q and 2Q 2015. Major effect was from ruble depreciation. Operational optimization and seasonal factors also contributed to lower cost.

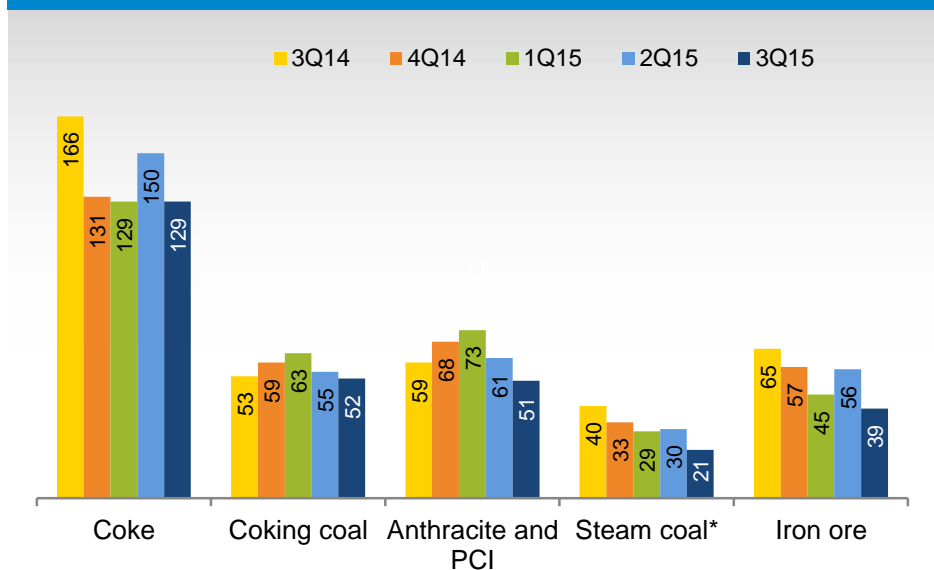
# MINING SEGMENT



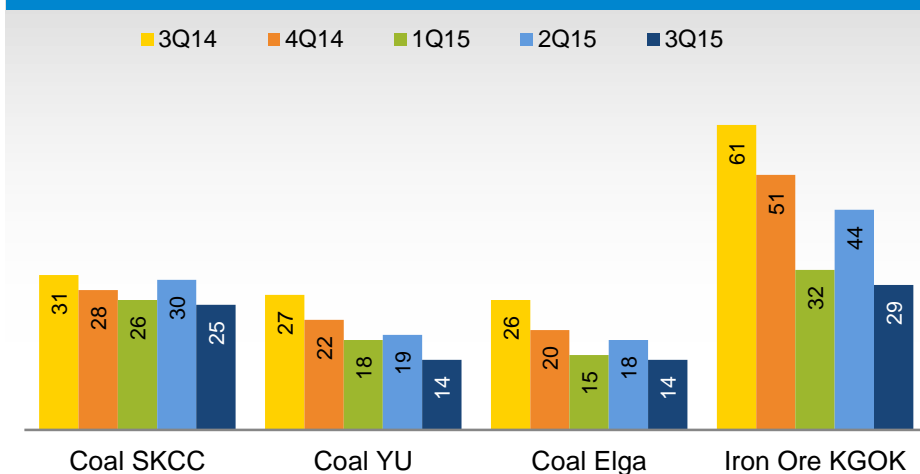
## REVENUE, EBITDA(a)(1)



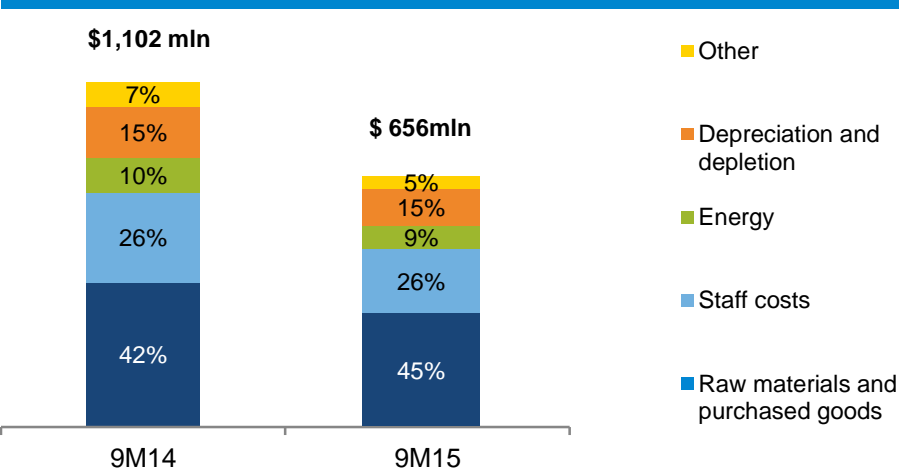
## AVERAGE SALES PRICES FCA, US\$/TONNE



## CASH COSTS, US\$/TONNE



## COS STRUCTURE



(1) EBITDA(a) represents earnings before Depreciation, depletion and amortization, Foreign exchange gain / (loss), Loss from discontinued operations, Interest expense, Interest income, Net result on the disposal of non-current assets, Impairment of goodwill and long-lived assets, Provision for amounts due from related parties, Result of disposed companies (incl. the result from their disposal), Amount attributable to noncontrolling interests, Income taxes and Other one-off items.

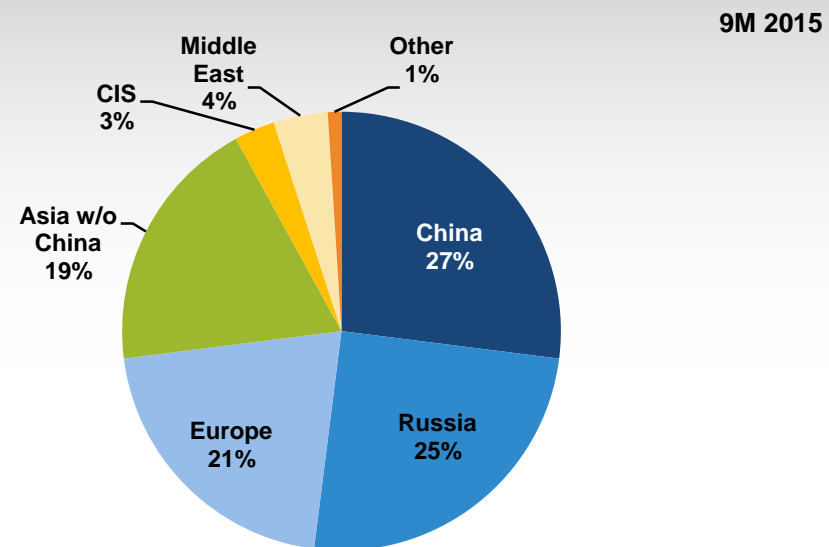
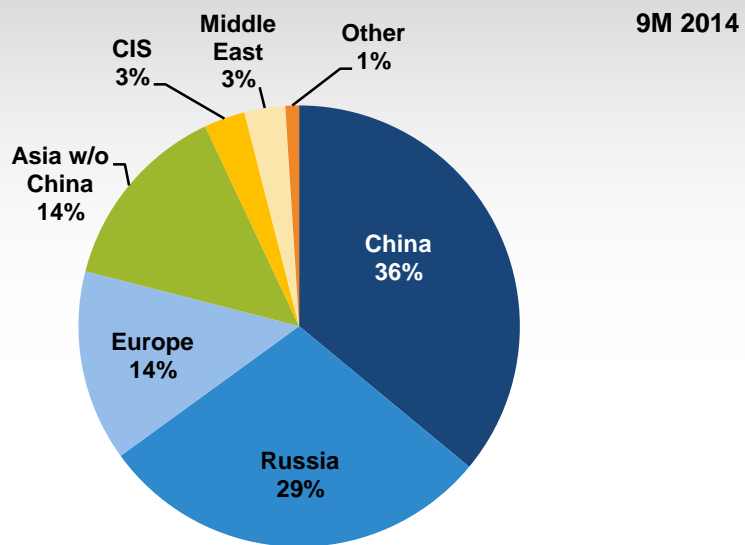
\* Restated to include middlings



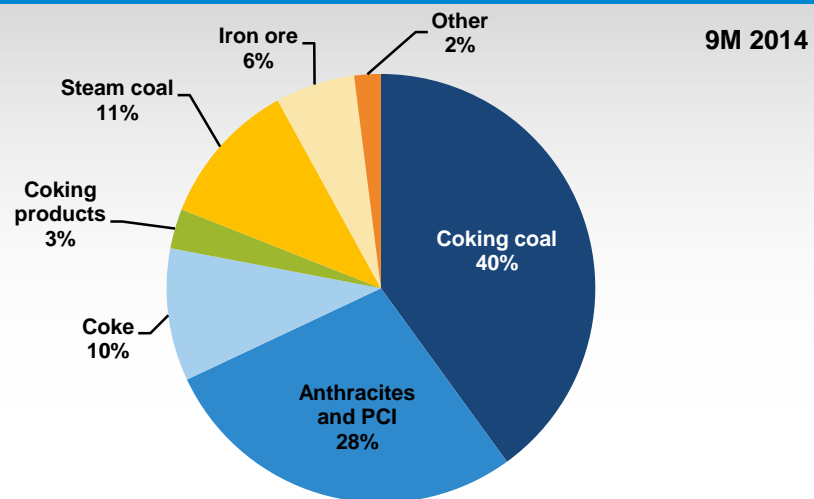
# MINING SEGMENT



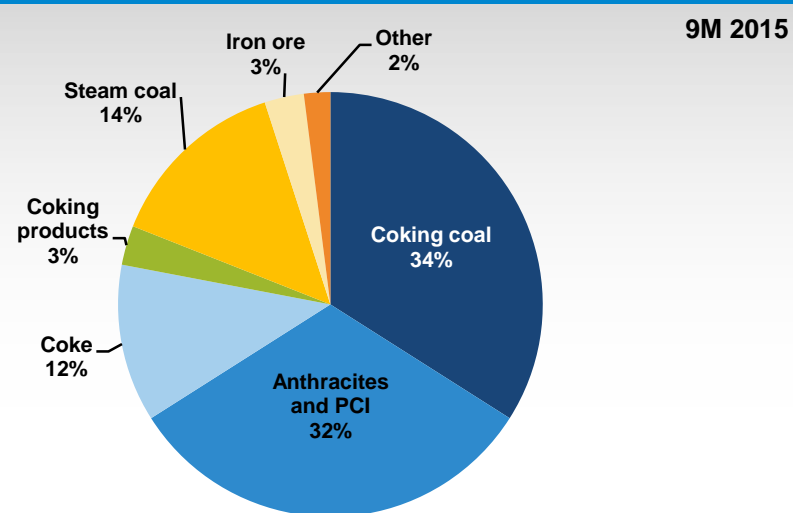
## REVENUE BREAKDOWN BY REGION



## REVENUE BREAKDOWN BY PRODUCTS



9M 2014 revenue \$1,604 mln



9M 2015 revenue \$1,055 mln

# MINING SEGMENT OPERATIONAL RESULTS



## PRODUCTION:

Product name	9M 2015, thousand tonnes	9M 2014, thousand tonnes	%	3Q 2015, thousand tonnes	2Q 2015, thousand tonnes	%
Run-of-mine coal	17,404	17,008	+2	5,957	5,941	0

## SALES:

Product name	9M 2015, thousand tonnes	9M 2014, thousand tonnes	%	3Q 2015, thousand tonnes	2Q 2015, thousand tonnes	%
Coking coal concentrate	6,201	7,781	-20	2,133	2,028	+5
PCI	1,794	2,443	-27	472	669	-29
Anthracites	1,570	1,526	+3	462	564	-18
Steam coal	4,906	4,168	+18	1,867	1,563	+19
Iron ore concentrate	2,069	2,505	-17	752	609	+23
Coke	2,241	2,321	-3	757	718	+5

## STEEL SEGMENT



+

As 68% of Revenue comes from Russian market, increased US dollar exchange rate was the main reason for Revenue to decline 35% YoY and 10% QoQ.

+

COGS decreased by 40% in 9M 2015 and by 16% in 3Q 2015 that let to segment profitability increase.

+

9M 2015 EBITDA(a) grew 28% to \$271 mln compared to 9M 2014 results.  
3Q 2015 EBITDA(a) stable on \$83 mln level compared to 2Q 2015.

+

EBITDA(a) margin mostly stable over last 5 quarters.

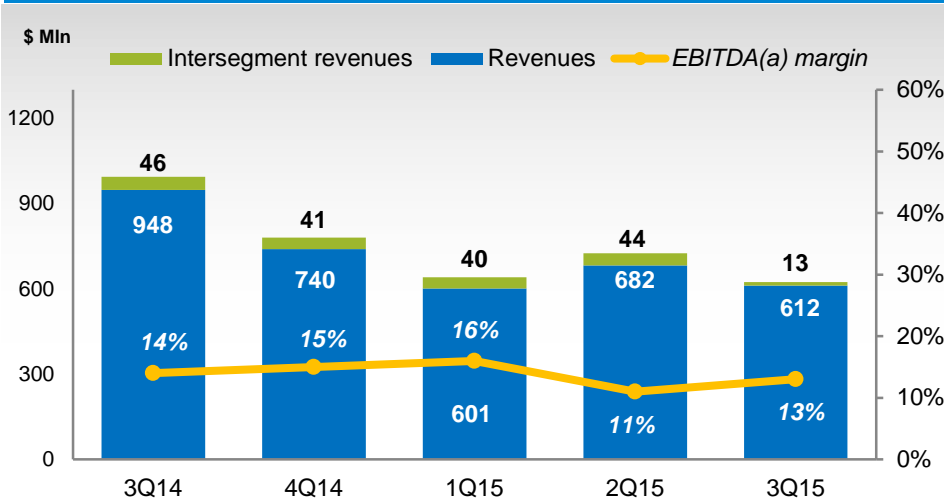
+

Cash costs decreased 10% QoQ on average despite ruble cost inflation.

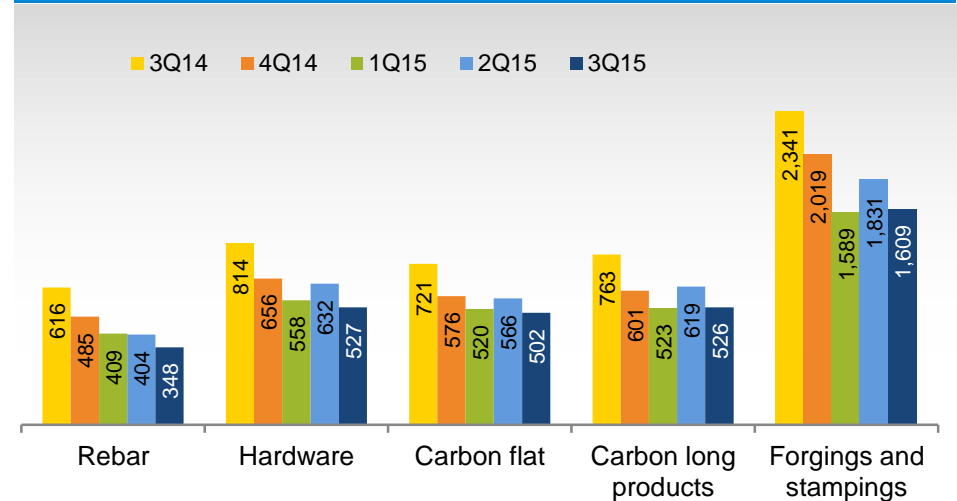
# STEEL SEGMENT



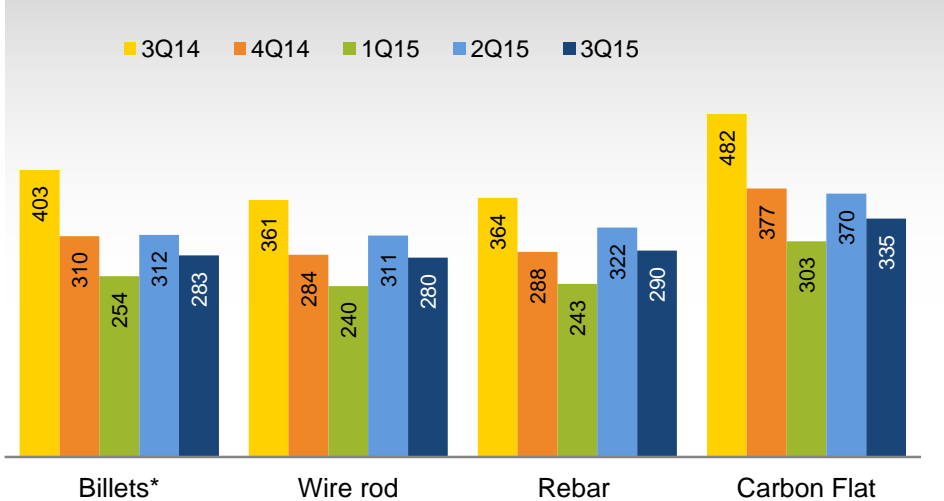
## REVENUE, EBITDA(a)<sup>(1)</sup>



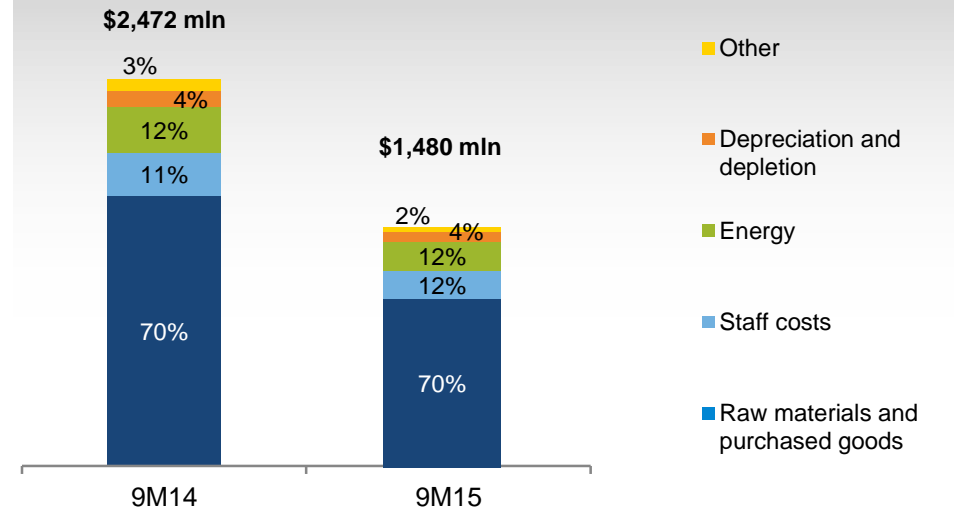
## AVERAGE SALES PRICES FCA, US\$/TONNE



## CASH COSTS, US\$/TONNE



## COS STRUCTURE



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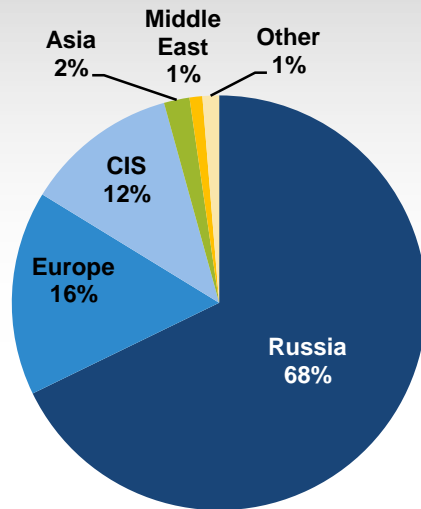
\* Domestic sales

# STEEL SEGMENT

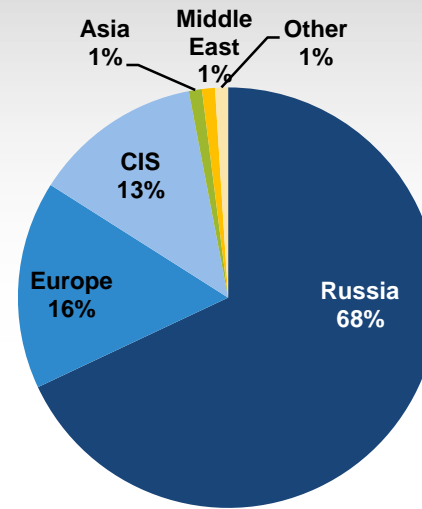


## REVENUE BREAKDOWN BY REGION

9M 2014

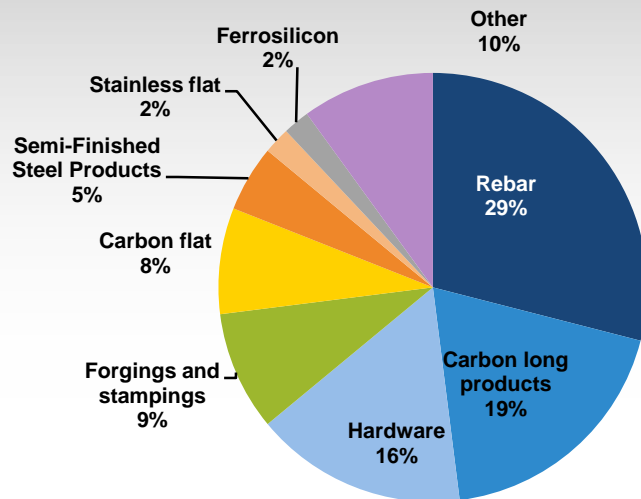


9M 2015



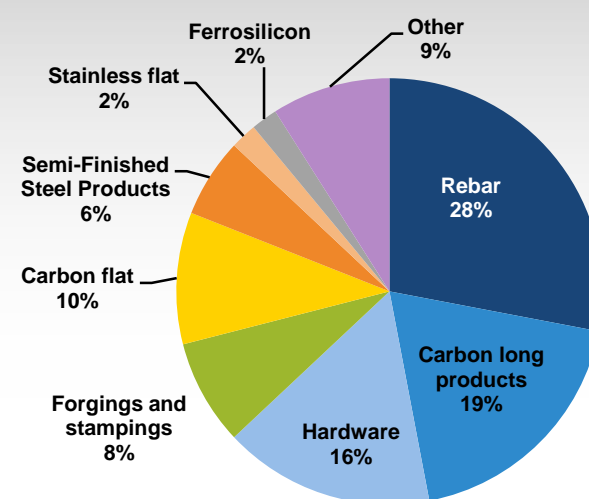
## REVENUE BREAKDOWN BY PRODUCTS

9M 2014



9M 2014 revenue \$2,904 mln

9M 2015



9M 2015 revenue \$1,895 mln

# STEEL SEGMENT OPERATIONAL RESULTS



## PRODUCTION:

Product name	9M 2015, thousand tonnes	9M 2014, thousand tonnes	%	3Q 2015, thousand tonnes	2Q 2015, thousand tonnes	%
Pig Iron	3,059	2,910	+5	1,014	994	+2
Steel	3,241	3,182	+2	1,094	1,045	+5

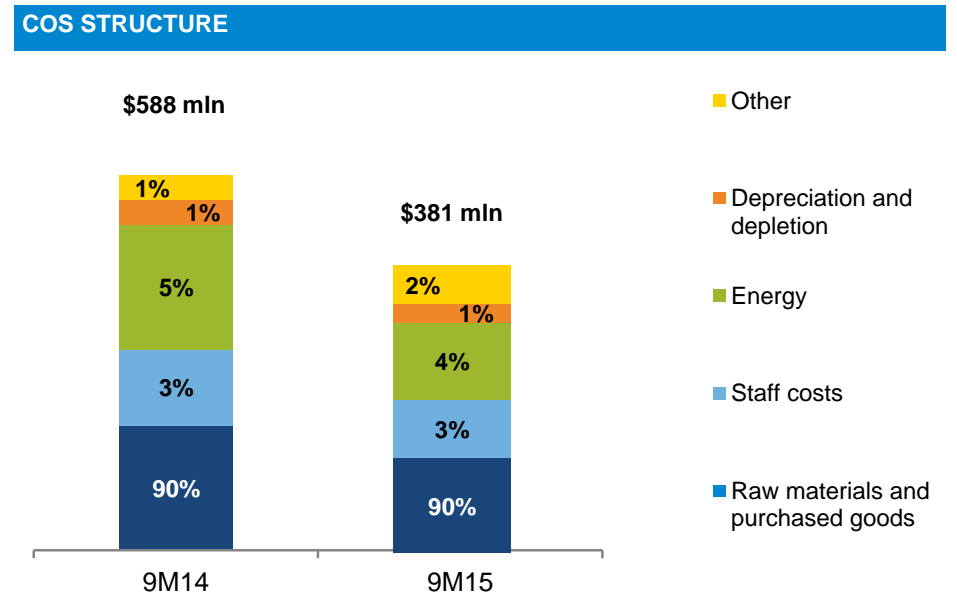
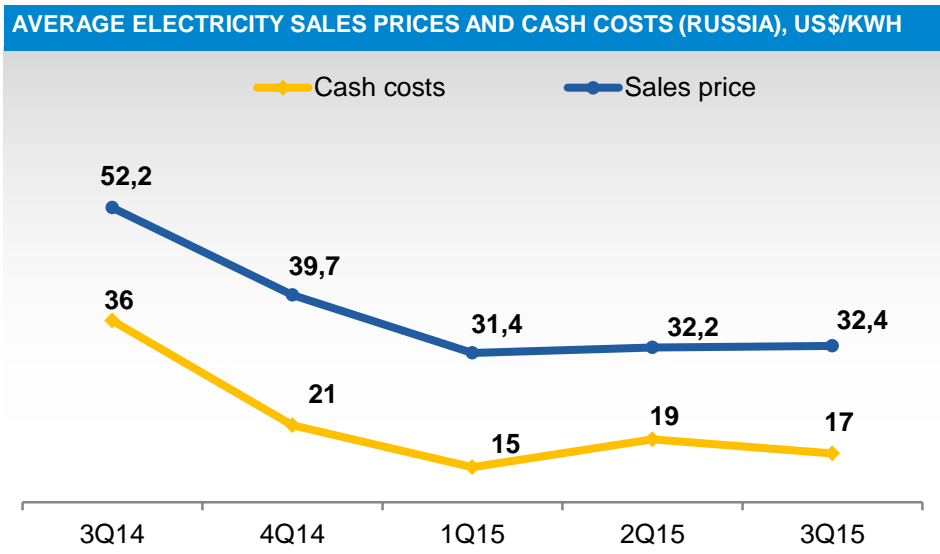
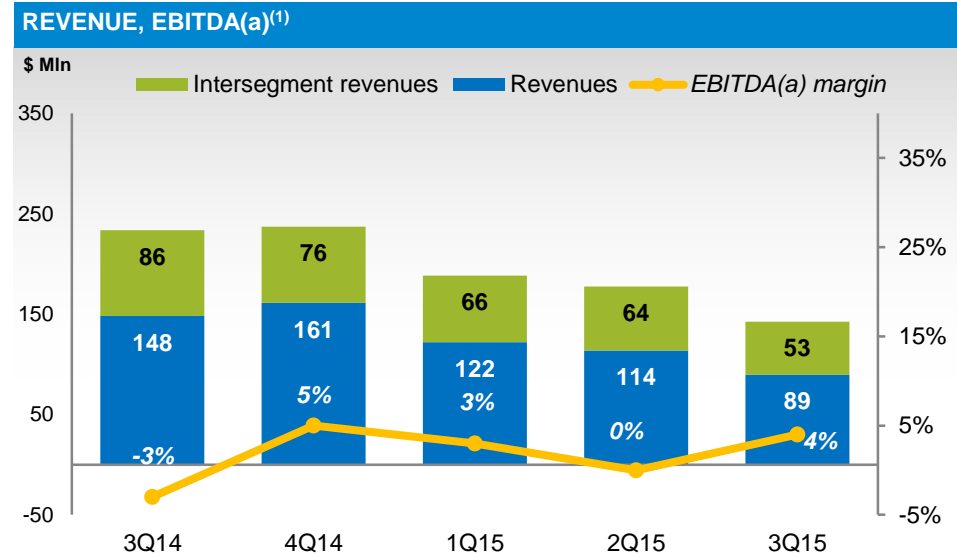
## SALES:

Product name	9M 2015, thousand tonnes	9M 2014, thousand tonnes	%	3Q 2015, thousand tonnes	2Q 2015, thousand tonnes	%
Flat products	358	332	+8	121	120	+1
Long products	2,101	2,283	-8	734	730	+1
Billets	168	80	+110	56	31	+81
Hardware	530	584	-9	189	170	+12
Forgings	43	41	+4	15	14	+5
Stampings	50	63	-21	18	20	-10
Ferrosilicon	61	65	-6	22	17	+29

# POWER SEGMENT



+	9M 2015 EBITDA(a) \$12 mln, EBITDA(a) margin 2.4%.
+	Lower cash costs and higher price in 3Q 2015 resulted in QoQ EBITDA growth from \$0.1 mln to \$5 mln.



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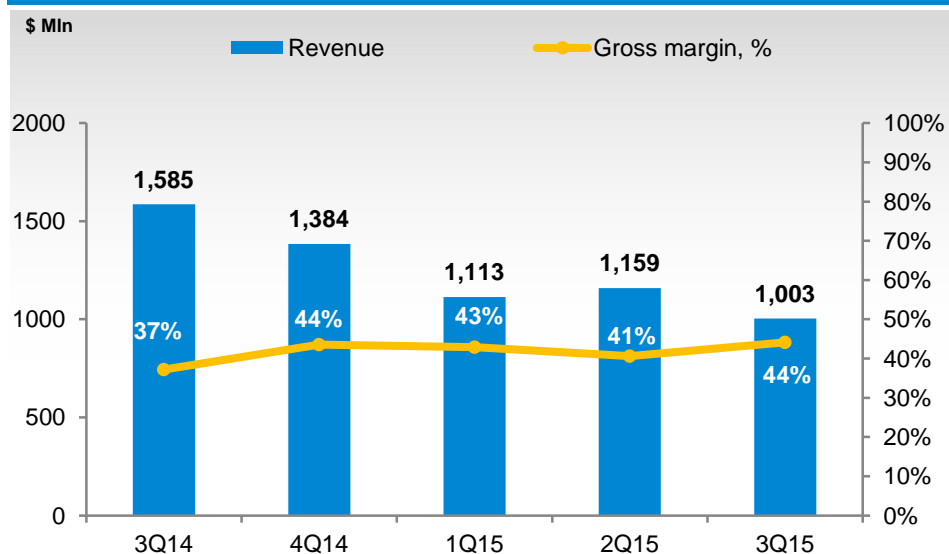
# CONSOLIDATED P&L



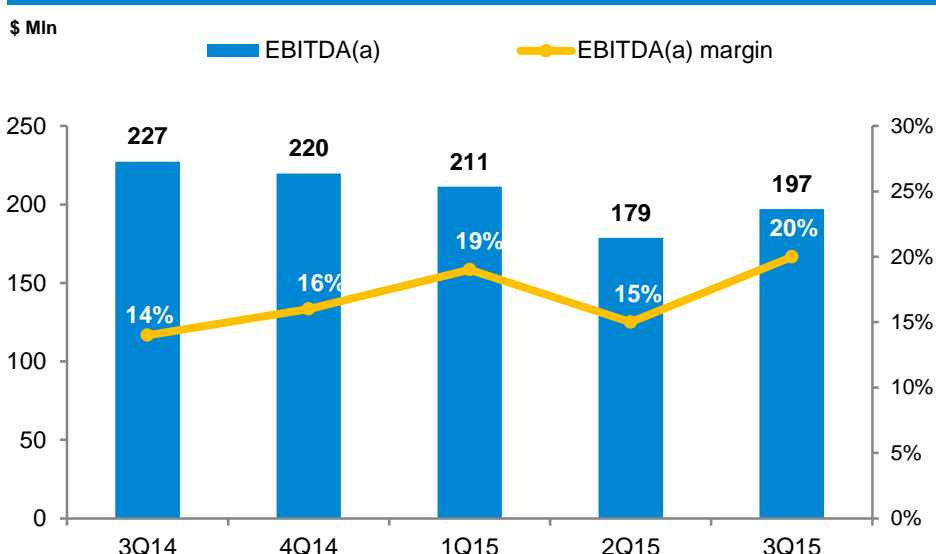
## FINANCIAL PERFORMANCE HIGHLIGHTS:

- +** In 9M 2015 Revenue decreased by 35% as the markets shrinking and appreciated dollar affecting the ruble-denominated sales.
- +** EBITDA(a) grew up by 20% reaching \$587 mln covering current interest expences (net of fines). EBITDA(a) margin grew to 18% vs 10% in 9M 2014.
- +** Bottom line in 9M 2015 affected by FX loss of \$732 mln. Net loss of \$1,012 mln.

### REVENUE, \$MLN



### EBITDA(a)<sup>(1)</sup>, \$MLN



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# CASH FLOW & TRADE WORKING CAPITAL

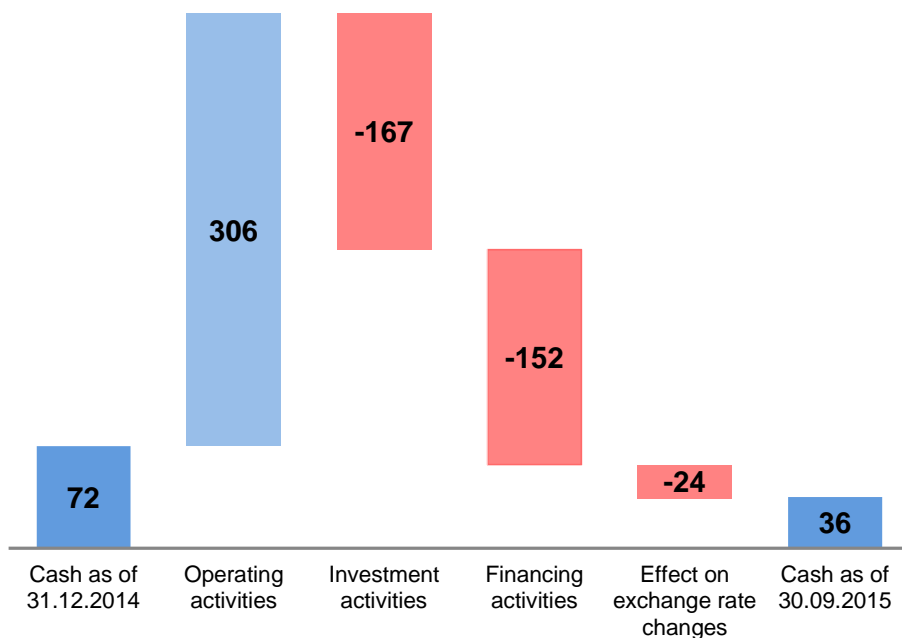


Operating cash flow deficit became a result of significant increase in debt servicing.  
Cash deficit was financed by further decrease in trade working capital by \$68 mln in 3Q2015.

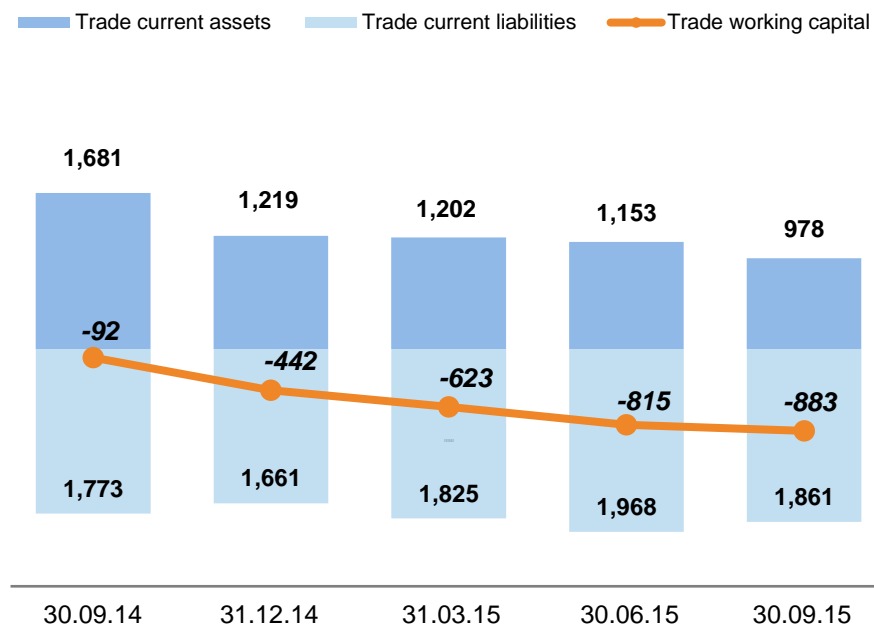


Investment cash flow amounted to \$167 mln in 9M 2015 – mostly maintenance CAPEX and Elga.

CASH FLOW, \$MLN



TRADE WORKING CAPITAL MANAGEMENT, \$MLN



# DEBT PROFILE



In 2015 the total debt reduced as an effect from the ruble devaluation. As a result of devaluation share of foreign currency loans amounted to 64%

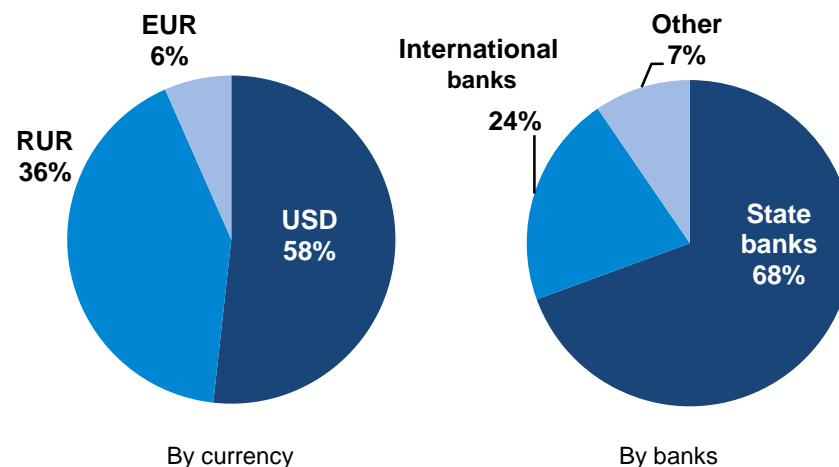


We are still in negotiations with our creditors and thus most of the debt is classified as short-term in our financials.



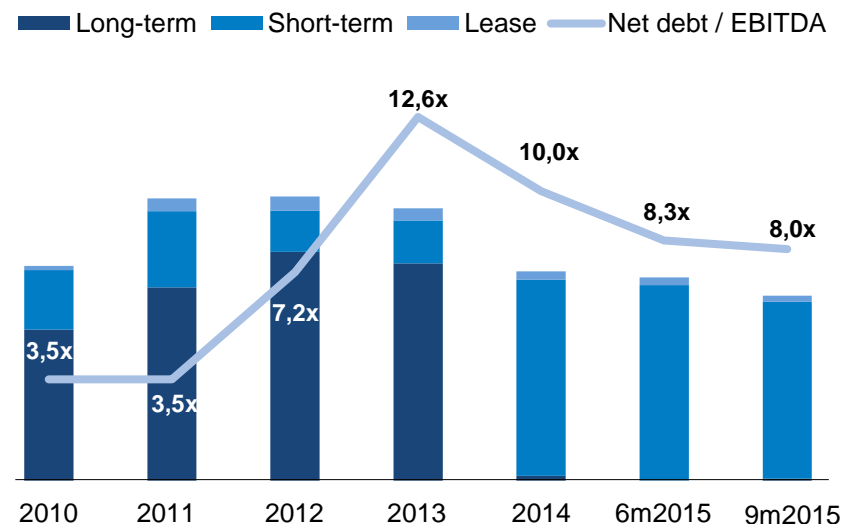
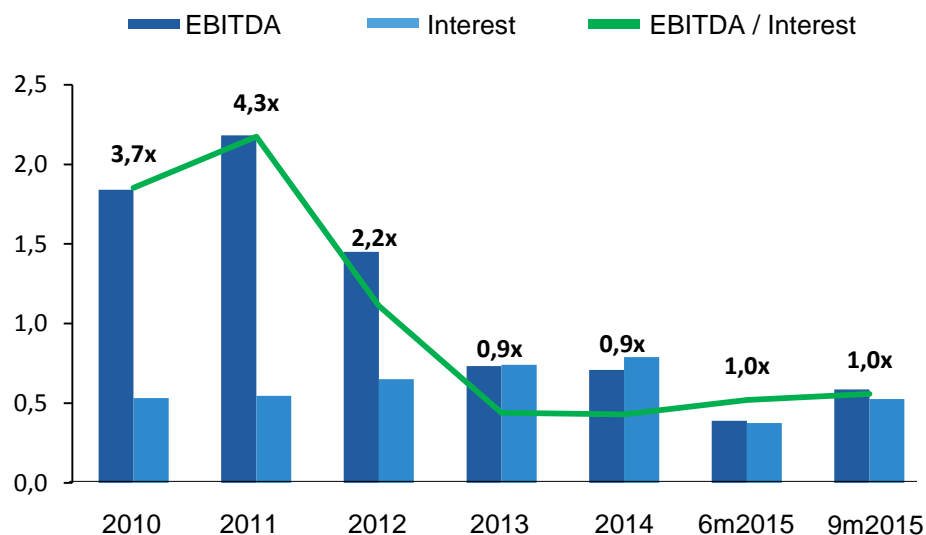
Debt to EBITDA ratio decreased due to the devaluation of the ruble, as well as EBITDA growth in 2015

## DEBT PROFILE AS OF DECEMBER 10, 2015



Debt \$6,178 mln

## DEBT BURDEN DYNAMICS 2010-2015, USD BLN



## INTEREST EXPENSE DETAILS



	9M 15	3Q15	2Q15	1Q15
<b>Interest expense in PL</b>	(735)	(244)	(235)	(256)
<b>Fines on loans and leasing</b>	263	77	92	93
<b>Capitalized interest</b>	(89)	(0.6)	(54)	(35)
<b>Interest plus Capitalized interest and net of Fines</b>	(561)	(167)	(197)	(197)
<b>EBITDA(a)</b>	587	197	179	211

# FINANCIAL RESULTS OVERVIEW



US\$ MILLION UNLESS OTHERWISE STATED	9M 15	9M 14	%	3Q15	2Q15	%
Revenue <sup>(2)</sup>	3,275	5,022	-35%	1,003	1,159	-13%
Cost of sales	(1,884)	(3,250)	-42%	(560)	(689)	-19%
<i>Gross margin</i>	42%	35%		44%	41%	
Adjusted operating income	398	170	134%	138	108	28%
EBITDA(a) <sup>(1)</sup>	587	489	20%	197	179	10%
<i>EBITDA(a) margin</i>	17.9%	9.7%		19.6%	15.4%	
<i>Net (loss) / income</i>	(1,012)	(1,223)	-17%	(773)	34	-2,374%
<i>Net (loss) / income margin</i>	-31%	-24%		-77%	3%	
Net Debt *	6,454	8,200	-21%	6,454	6,974	-7%
CapEx	115	417	-72%	24	58	-59%

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(2) Includes sales to the external customers only

\* See our press release for full calculations