



## 1H2015 RESULTS PRESENTATION

September 11, 2015



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# 1H2015 FINANCIAL RESULTS SUMMARY



	1H15	1H14	%	2Q15	1Q15	%
<b>Revenue</b>	2,272	3,436	-34%	1,159	1,113	4%
<b>EBITDA (a)</b>	390	262	49%	179	211	-15%
<b>Net (loss) / income</b>	(239)	(648)	-63%	34	(273)	-112%
<b>Net Debt*</b>	6,974	9,053	-23%	6,974	6,822	2%

\* See our press release for full calculations

# 1H 2015 HIGHLIGHTS

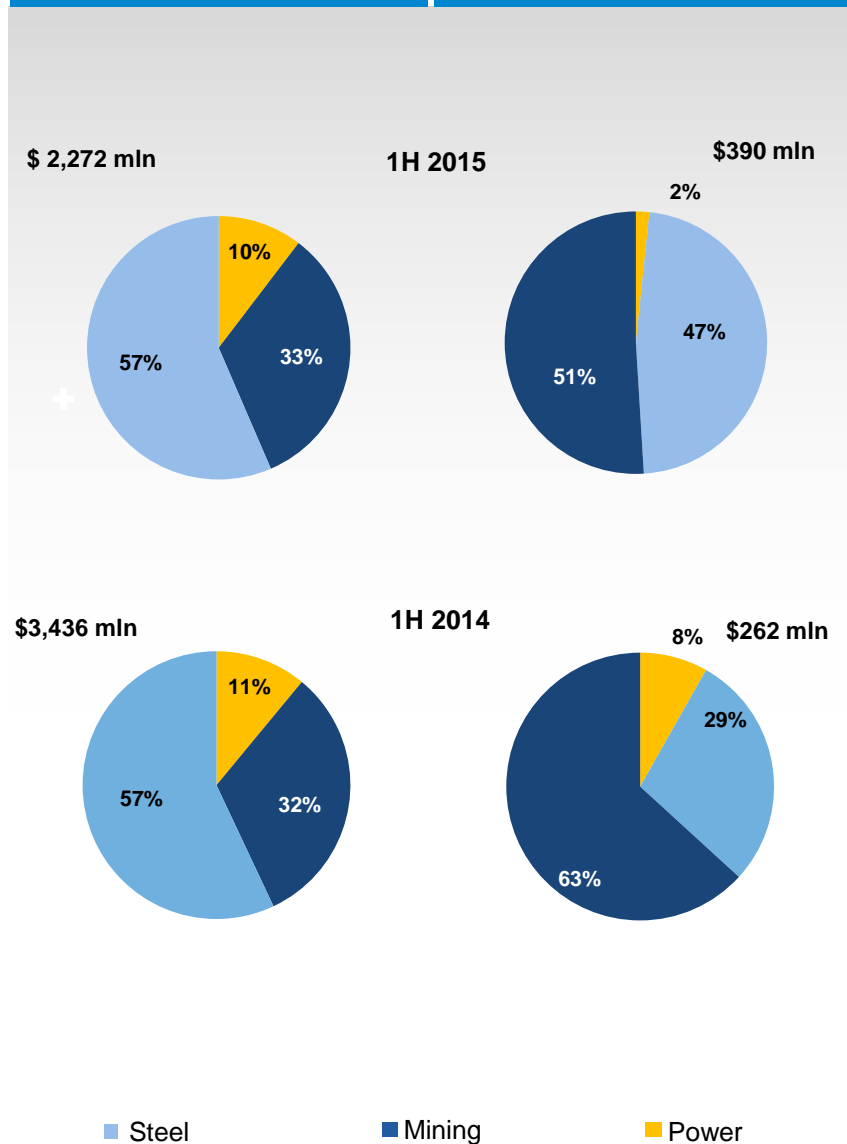


+	Revenue increased by 4% QoQ primarily because of the increase of sales in Steel segment by 13%.
+	1H 2015 Operating income increased 16x times compared with similar period of 2014
+	EBITDA(a) was 15% lower QoQ mostly due to Steel segment EBITDA decrease on higher costs.
+	Major segments contributed almost equally to consolidated EBITDA(a) in 1H 2015 – 51% Steel segment and 47% Mining segment.
+	Net debt amounted to \$7 bln as of June 30, 2015. Net debt increased by 2% QoQ because of revaluation of ruble denominated debts due to depreciation of US\$ from 58,46 to 55,52 at the end of the periods.
+	Bottom line supported by \$189mln FX gain and amounted to \$34 mln in 2Q 2015. 1H 2015 Net loss was \$239 mln.

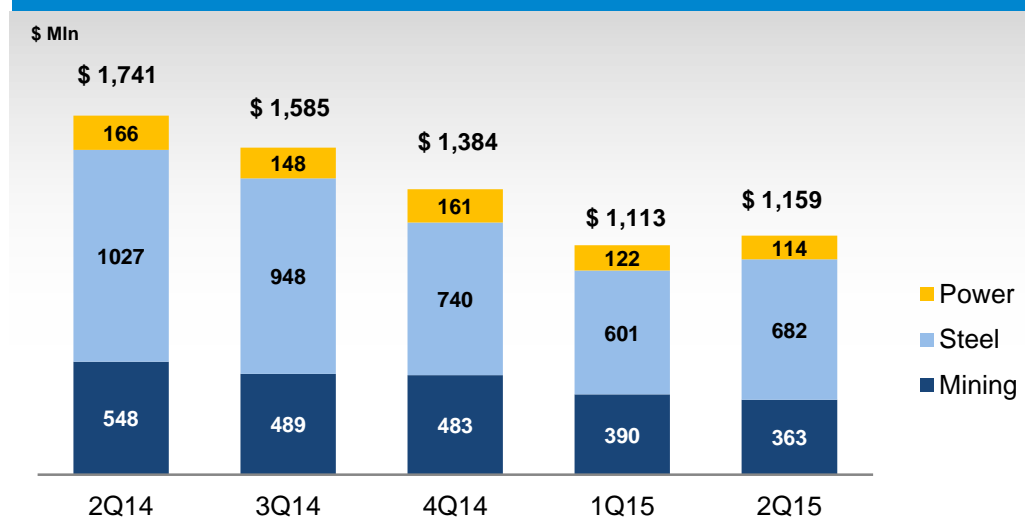
# SEGMENTS OVERVIEW



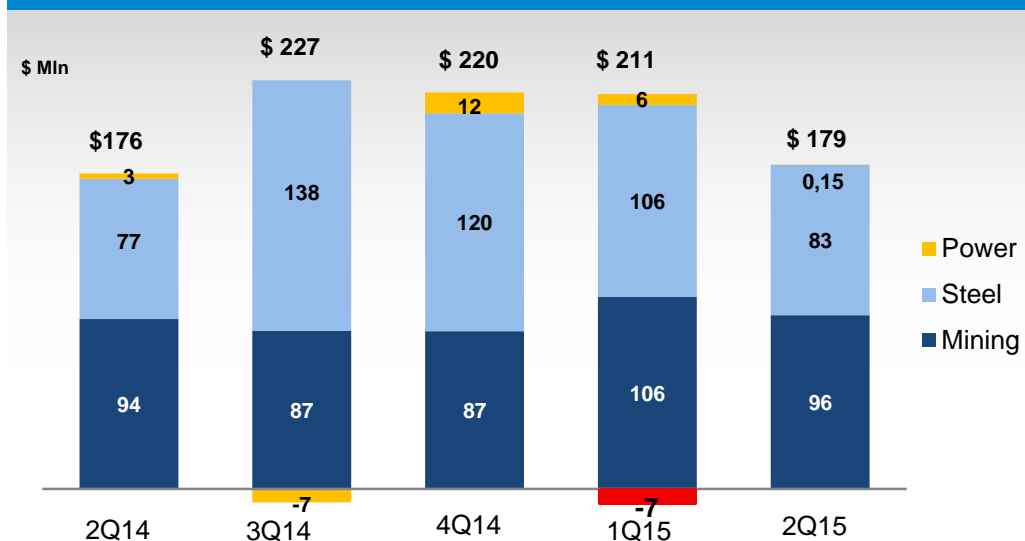
## REVENUE BY SEGMENTS | EBITDA(a) <sup>(1)</sup> BY SEGMENTS



## 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.

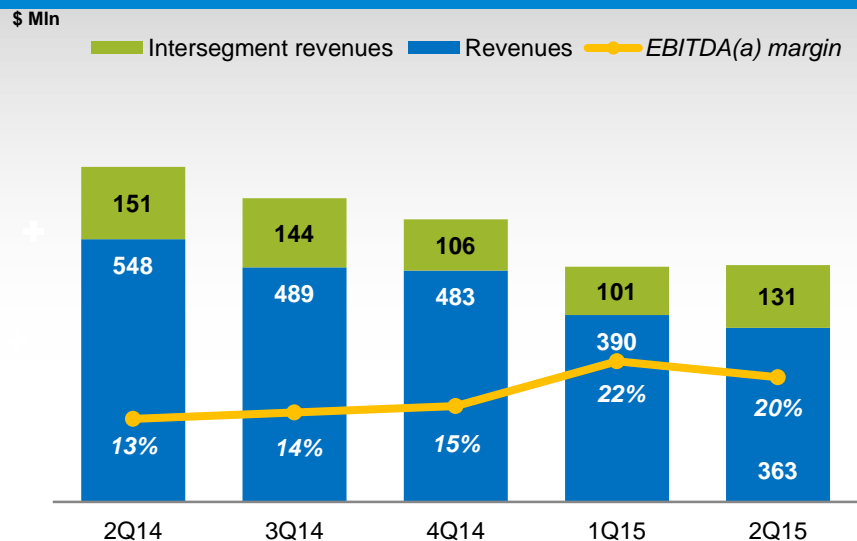
## SEGMENT HIGHLIGHTS



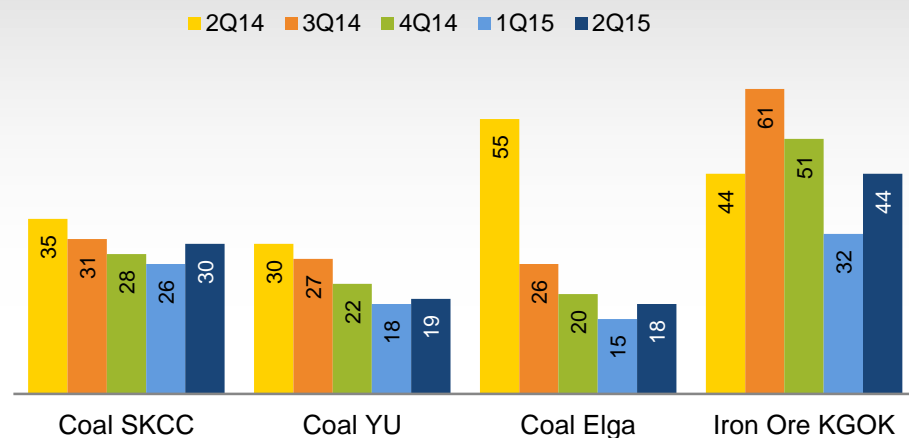
+	<p>International metallurgical coal prices continued to decrease. Hard coking coal benchmark decreased from \$117 FOB in 1Q 2015 to \$109.5 FOB in 2Q 2015 and moved down to \$ 93 FOB in 3Q 2015. Domestic coal prices were more stable and profitability of domestic sales was supported by weaker ruble</p>
+	<p>Lower export prices led to Mining segment Revenue decrease by 7% QoQ (from \$390mln to \$363mln) and EBITDA(a) decrease by 8% QoQ (from \$106mln to \$97mln)</p> <p>EBITDA margin for 1H 2015 almost doubled to 20,6% comparing with the previous year (1H 2014 – 11,6%)</p>
+	<p>Mining segment finished 2Q 2015 period with Net income of \$53 mln</p>
+	<p>Steel segment Revenue grew by 13% QoQ on a stable prices and higher sales volumes</p>
+	<p>1H 2015 Steel segment EBITDA(a) is 2.5x times higher than in 1H 2014 (increase from US\$74mln to US\$188mln)</p> <p>EBITDA(a) margin decreased from 16,4% to 11,4% QoQ on higher costs</p>

# Mining Segment

## REVENUE, EBITDA(a)(1)



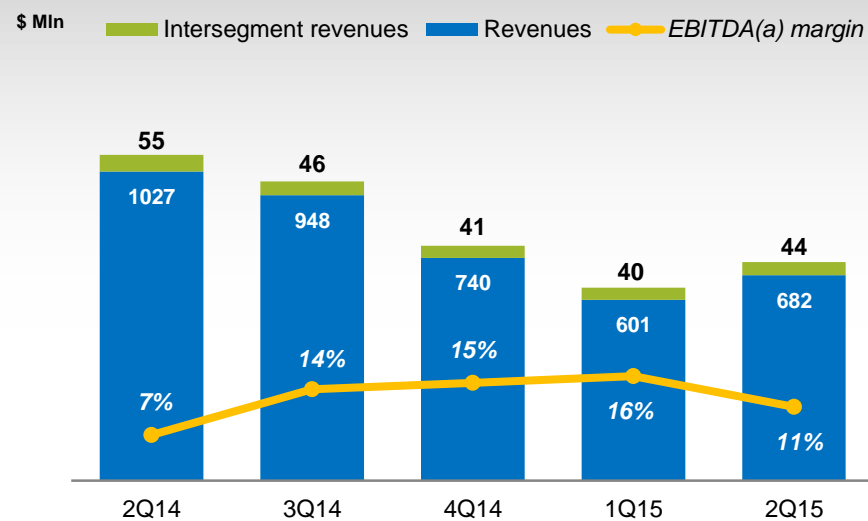
## CASH COSTS, US\$/TONNE



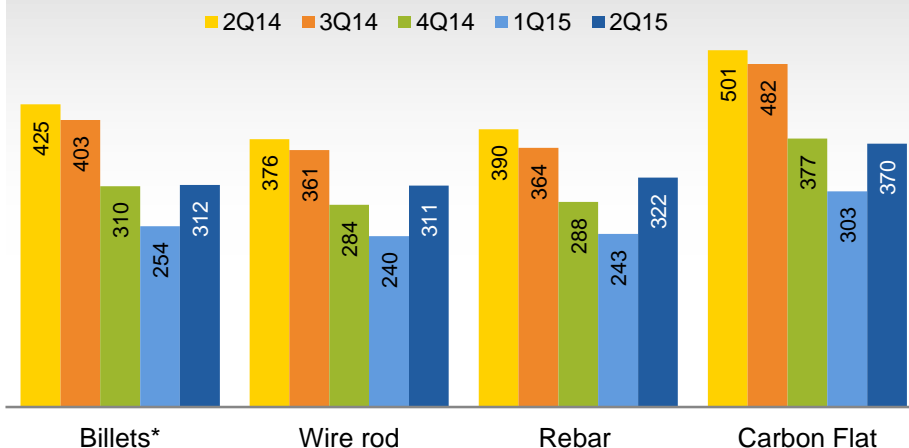
# Steel Segment



## REVENUE, EBITDA(a)(1)



## CASH COSTS, US\$/TONNE



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\* Domestic sales

# OPERATIONAL RESULTS



## PRODUCTION:

Product	1H'15, th. tonnes	1H'14, th. tonnes	%	2Q'15, th. tonnes	1Q'15, th. tonnes	%
Run-of-mine coal	11 448	11 198	+2	5 941	5 506	+8
Pig Iron	2 045	1 900	+8	994	1 051	-5
Steel	2 147	2 127	+1	1 045	1 102	-5
<b>SALES:</b>						
Product name	1H'15, th. tonnes	1H'14, th. tonnes	%	2Q'15, th. tonnes	1Q'15, th. tonnes	%
Coking coal concentrate	4 068	5 354	-24	2 028	2 040	-1
PCI	1 322	1 623	-19	669	653	+3
Anthracites	1 109	1 001	+11	564	544	+4
Steam coal	3 039	2 528	+20	1 563	1 476	+6
Iron ore concentrate	1 317	1 886	-30	609	707	-14
Coke	1 484	1 491	0	718	767	-6
Flat products	237	227	+4	120	117	+2
Long products	1 367	1 588	-14	730	637	+15
Billets	112	61	+84	31	81	-62
Hardware	340	384	-11	170	171	0
Forgings	28	26	+8	14	14	+2
Stampings	32	44	-27	20	13	+57
Ferrosilicon	39	42	-7	17	22	-22



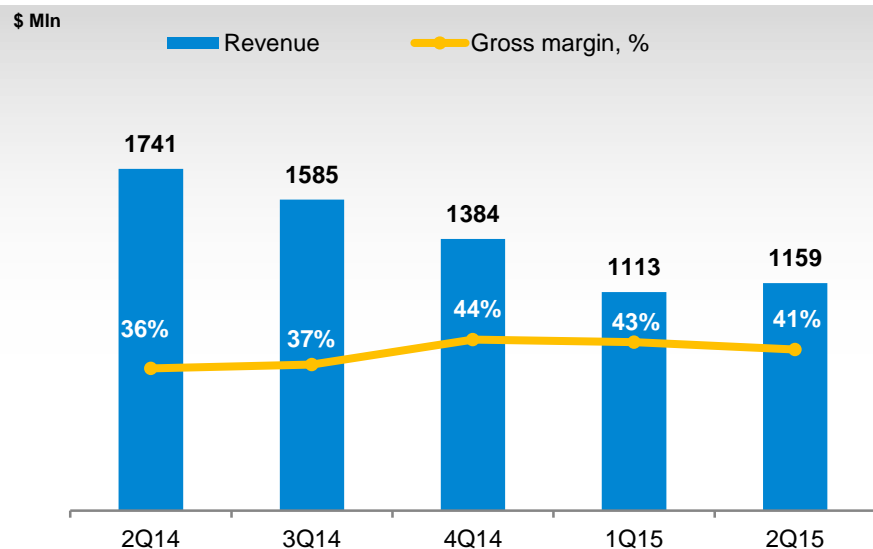
# CONSOLIDATED P&L



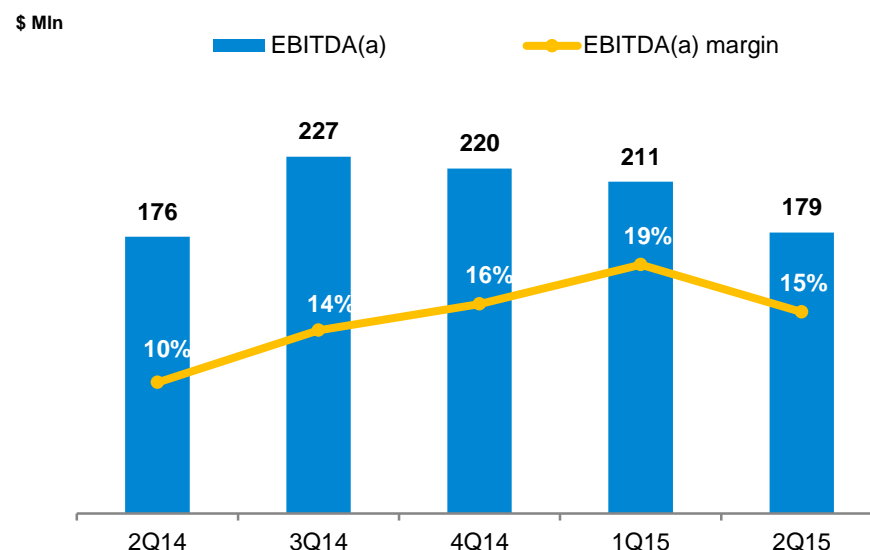
## FINANCIAL PERFORMANCE HIGHLIGHTS:

+	1H2015 revenue decreased 34% HoH mostly because of the ruble depreciation Adjusted Operating income increased 5,5x times to US\$260mln (1H2014: US\$47mln)
+	EBITDA(a) increased to US\$390mln (1H2014: 262mln) with EBITDA(a) margin increase from 7,6% to 17,2% for the comparable periods
+	Bottom line in 2Q 2015 became positive with support of \$189mln FX-gain. Net Income of \$34 mln. 1H 2015 net loss of \$239mln (1H2014 net loss \$648mln)

### REVENUE, \$MLN



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



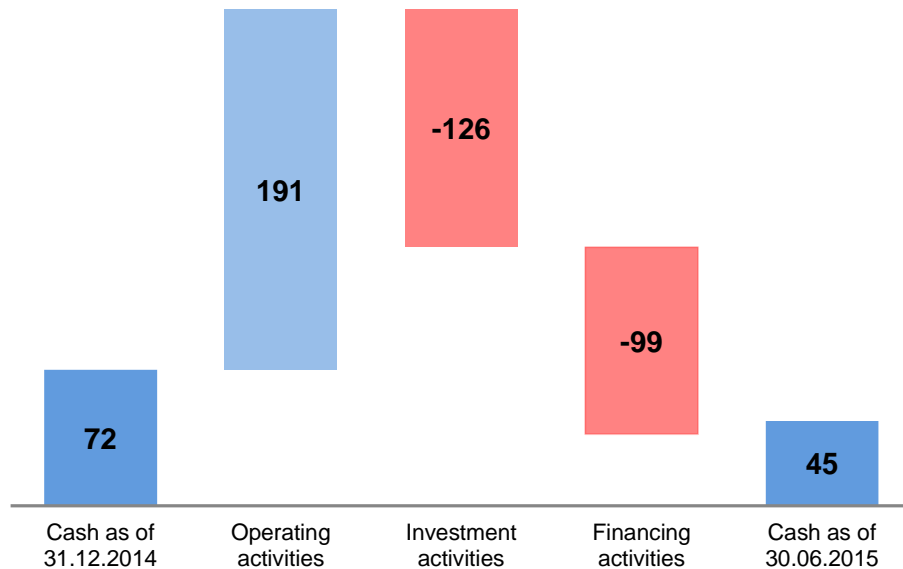
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# CASH FLOW & TRADE WORKING CAPITAL

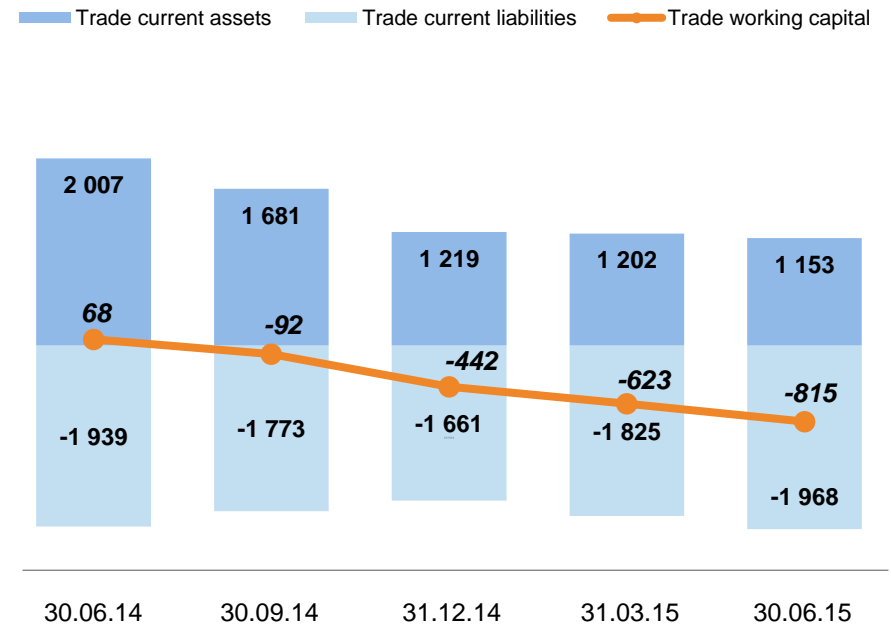


- +** Operating cash flow deficit became a result of significant increase in debt serving payments. Cash deficit was financed by further decrease in trade working capital by \$192 mln.
- +** Investment cash flow amounted to \$126 mln in 1H 2015 – mostly maintenance CAPEX and Elga.

CASH FLOW, \$MLN



TRADE WORKING CAPITAL MANAGEMENT, \$MLN

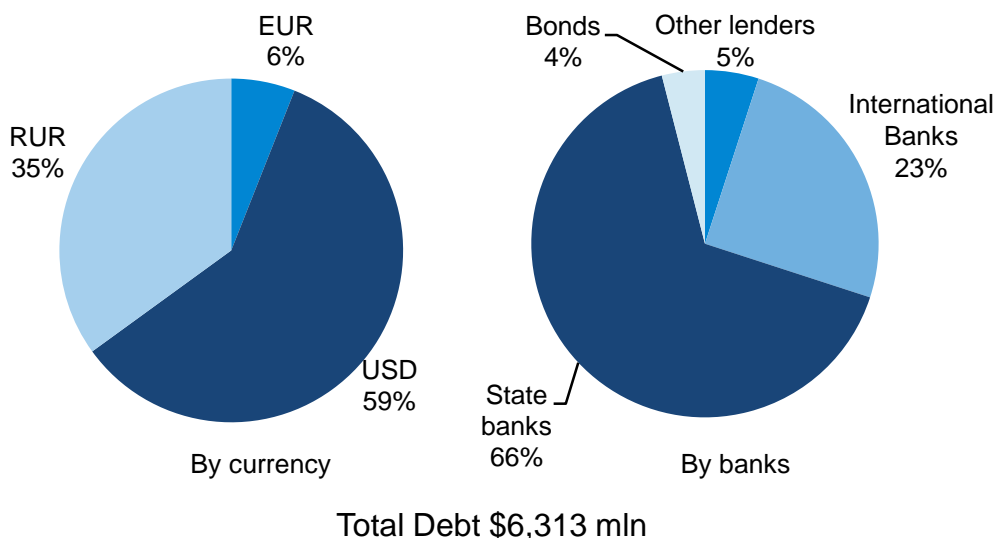


# DEBT PROFILE

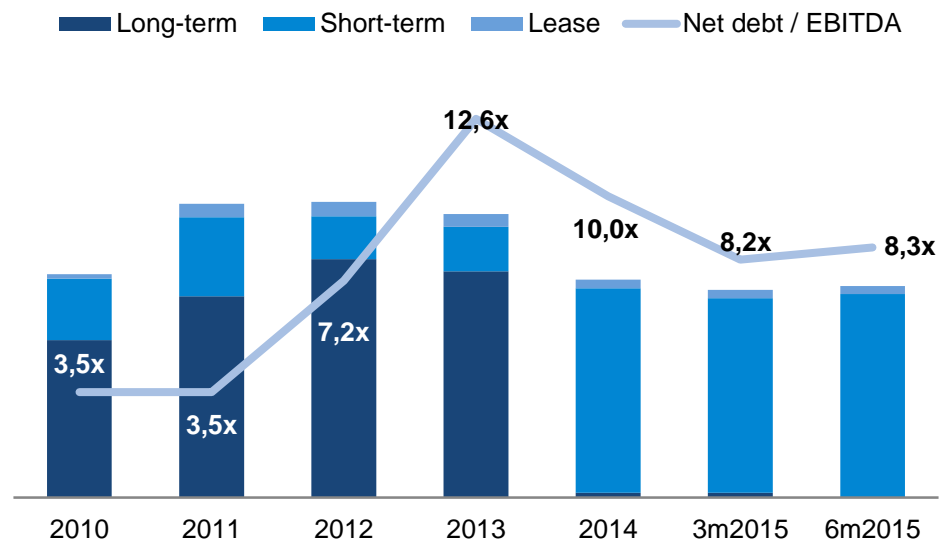


- +** At the end of August and beginning of September 2015 Group signed restructuring agreements with Gazprombank and VTB which include grace period for debt repayment till April 2017 with onwards repayment within 3 years
- +** We have also signed restructuring agreement with other Russian and international banks such as Uralsib, MKB, Raiffeisenbank Russia, EABR.  
We are finalizing discussions with PXF and ECA lenders as well as RUR Bond holders on restructuring terms  
We discuss restructuring terms with Sberbank
- +** Stable debt level and increase of financial results led to Net debt / EBITDA ratio of 8,3x.

BANK DEBT PROFILE AS OF SEPTEMBER 1, 2015



DEBT BURDEN DYNAMICS 2011-2015, USD BLN



# FINANCIAL RESULTS OVERVIEW



US\$ MILLION UNLESS OTHERWISE STATED	1H15	1H14	%	2Q15	1Q15	%
Revenue <sup>(2)</sup>	2,272	3,436	-33.9%	1,159	1,113	4.1%
Cost of sales	(1,324)	(2,254)	41.3%	(689)	(635)	8.5%
<i>Gross margin</i>	<i>41.7%</i>	<i>34.4%</i>		<i>40.6%</i>	<i>42.9%</i>	
Adjusted Operating income	260	47	453%	108	152	-28.9%
EBITDA(a) <sup>(1)</sup>	390	262	48.9%	179	211	-15.2%
<i>EBITDA(a) margin</i>	<i>17%</i>	<i>8%</i>		<i>15%</i>	<i>19%</i>	
Net (loss) / income	(239)	(648)	-63.1%	34	(273)	-112.5%
<i>Net (loss) / income margin</i>	<i>-10.5%</i>	<i>-18.9%</i>		<i>2.9%</i>	<i>-24.5%</i>	
Net Debt	6,974	9,053	-23%	6,974	6,822	2%
CapEx	91	274	-66.8%	57	34	67.6%

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(2) Includes sales to the external customers only