



**MAGNITOGORSK  
IRON & STEEL  
WORKS**

OPEN JOINT STOCK COMPANY

# Presentation of the OJSC MMK Group 4Q and FY2008 IFRS Financial Statements



The presentation contains selected data from the financial statements of MMK Group.  
Detailed information is provided in the financial statements of the Group 2008 prepared according to IFRS.

## MMK Group Operations and Income Statement

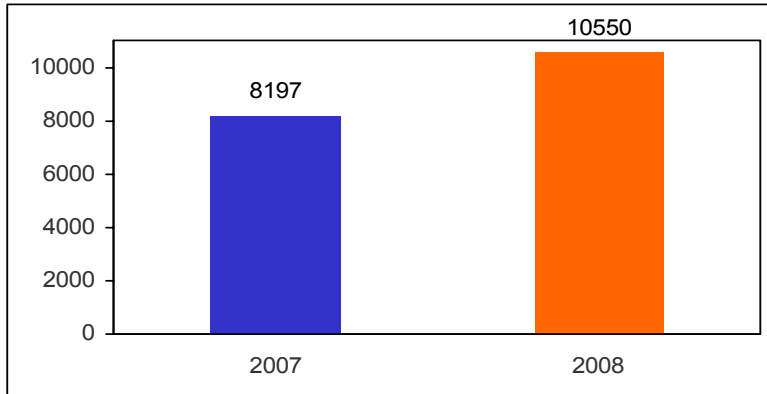
	2008	2007	Change
Revenue	10,550	8,197	2,353
Operating income	1,174	1,453	-279
<i>Revenue margin</i>	11,1%	17,7%	
Profit before income tax	1,106	1,626	-520
<i>Revenue margin</i>	10,5%	19,8%	
Profit for the period	1,081	1,306	-225
<i>Revenue margin</i>	10,2%	15,9%	
EBITDA*	2,204	2,407	-203
<i>EBITDA margin</i>	20,9%	29,4%	

\* EBITDA = Operating income + Depreciation of assets + Loss on disposal of fixed assets +/- Operations with affiliates

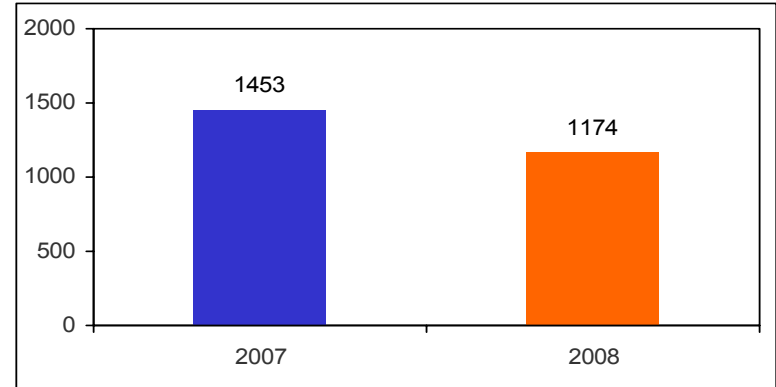


# MMK Group Key Performance Indicators

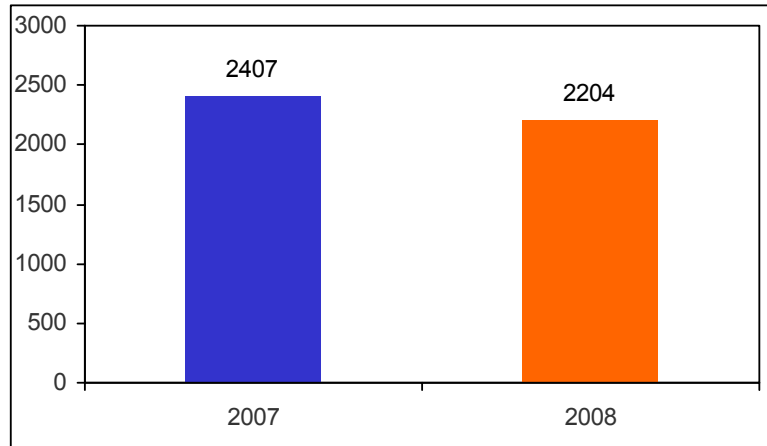
**Sales proceeds, USD m**



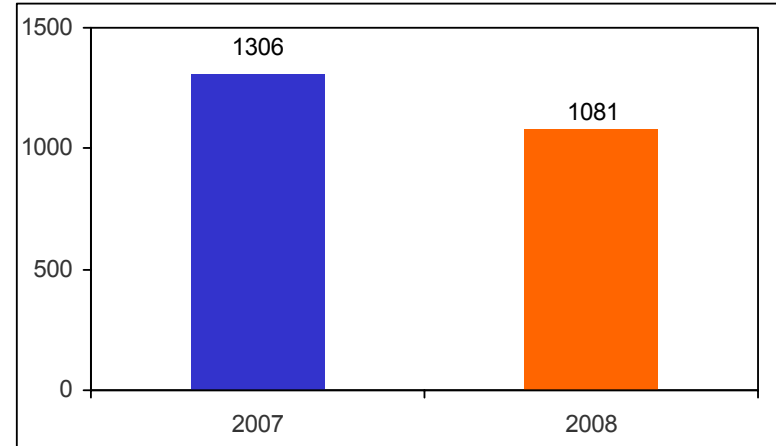
**Operating income, USD m**



**EBITDA, USD m**



**Net income, USD m**



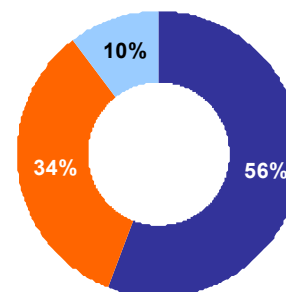
# MMK Group's Key Financial Indicators

## MMK Group's Sales

	2008	2007	Change	%
OJSC MMK's proceeds	5,896	4,677	1,219	26,1%
Group's steel traders' proceeds	3,572	2,711	861	31,8%
Group's other companies' proceeds	1,082	809	273	33,7%
<b>Total proceeds</b>	<b>10,550</b>	<b>8,197</b>	<b>2,353</b>	<b>28,7%</b>

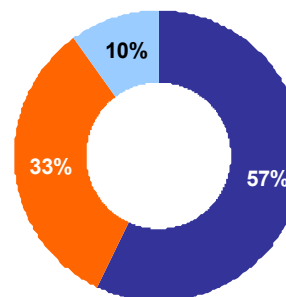
## MMK Group's Sales in USD

2008



■ OJSC MMK  
■ Steel traders\*  
■ Other companies

2007



\* MMK Steel Trade AG  
MMK Trading AG  
UralSib Traid  
MAGMA Traid



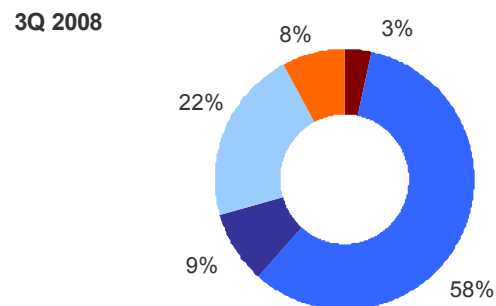
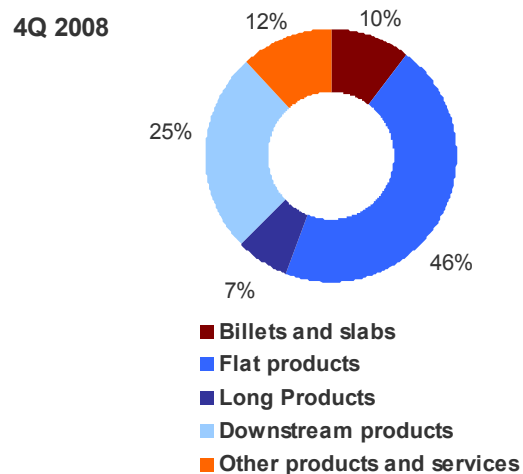
# MMK Group's Key Financial Indicators (continued)

## Proceeds by type of product

	2008			
	1Q	2Q	3Q	4Q
Billets and slabs	185	278	121	142
Flat products	1,135	2,037	2,053	622
Long products	252	284	313	95
Downstream products	430	610	769	349
Other products and services	167	275	272	161
<b>Total proceeds</b>	<b>2,169</b>	<b>3,484</b>	<b>3,529</b>	<b>1,368</b>



## Proceeds by type of product in USD



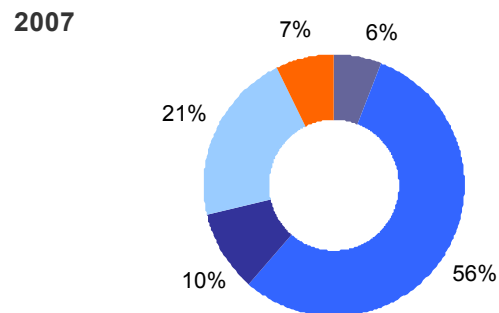
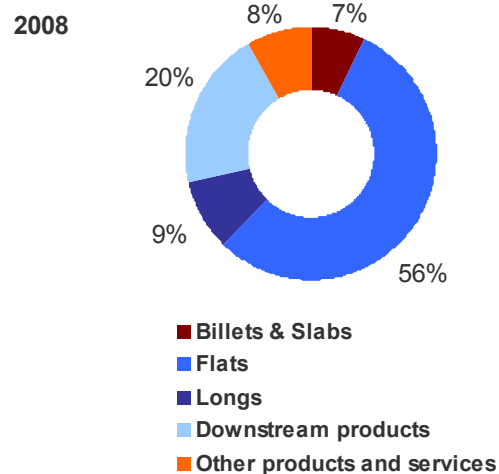
# MMK Group's Key Financial Indicators (continued)

## Proceeds by type of product

	2008	2007	Change	%
Billets and slabs	726	472	254	53,8%
Flat products	5,847	4,555	1,292	28,4%
Long products	944	833	111	13,3%
Downstream products	2,158	1,741	417	24,0%
Other products and services	875	596	279	46,8%
<b>Total proceeds</b>	<b>10,550</b>	<b>8,197</b>	<b>2,353</b>	<b>28,7%</b>



## Proceeds by type of product in USD

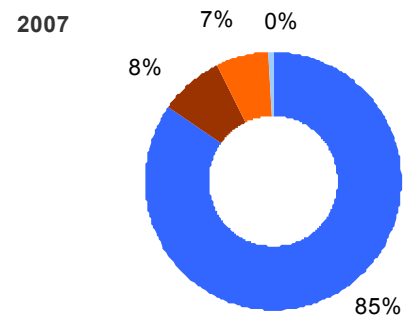
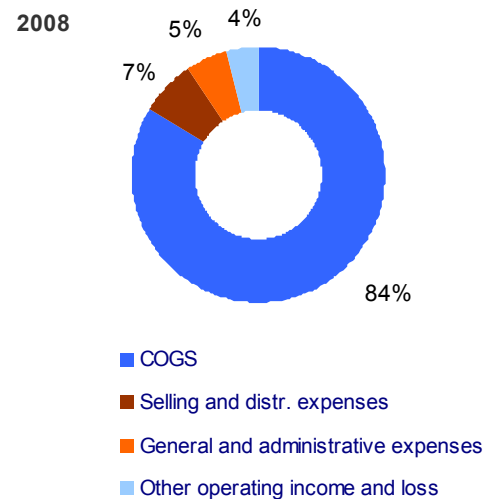


# MMK Group's Operating Costs' Structure

## MMK Group's operating costs

	2008	2007	Change
<b>Cost of products sold</b>	<b>7,835</b>	<b>5,710</b>	<b>2,125</b>
<b>Selling and distribution expenses</b>	<b>650</b>	<b>551</b>	<b>99</b>
<b>General and administrative expenses</b>	<b>513</b>	<b>452</b>	<b>61</b>
<b>Other operating income and loss</b>	<b>378</b>	<b>31</b>	<b>347</b>
<b>Total operating costs</b>	<b>9,376</b>	<b>6,744</b>	<b>2,632</b>

## MMK Group's operating costs in USD



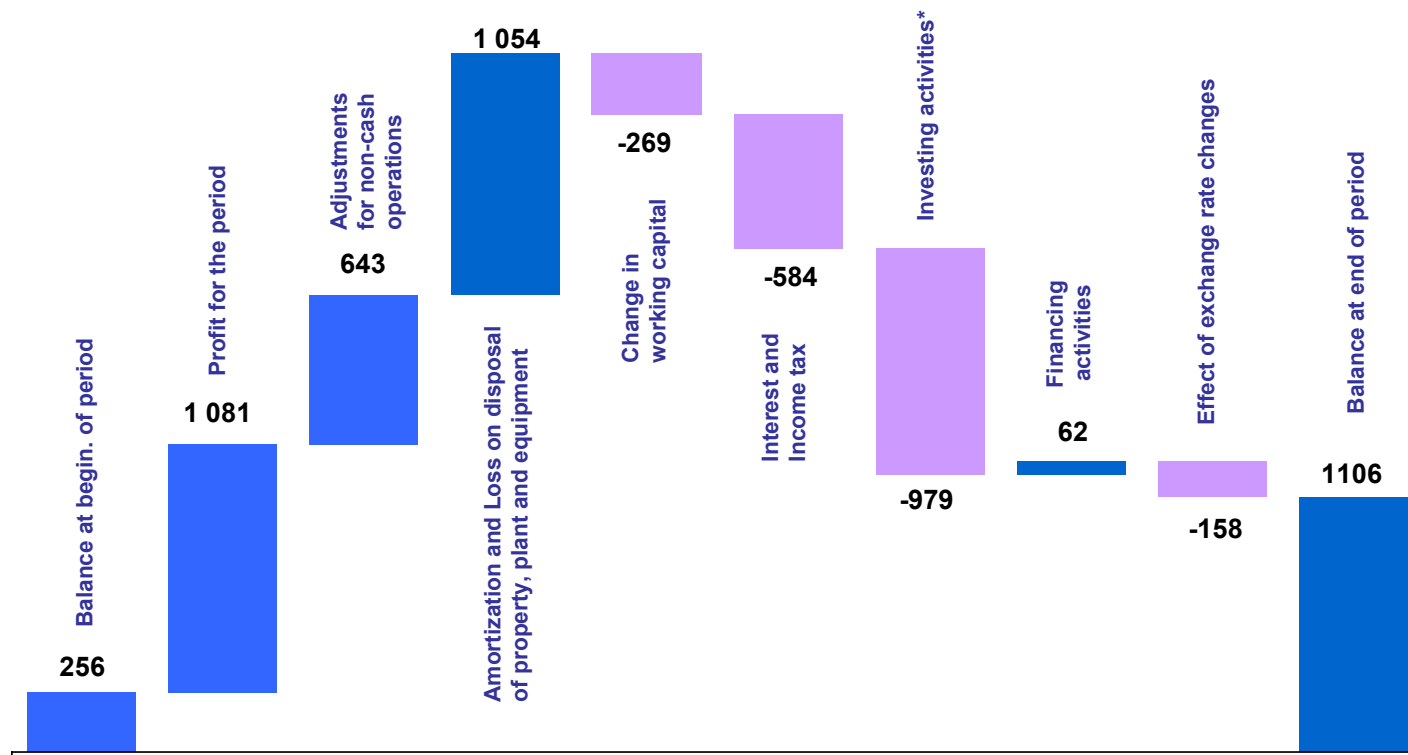
## MMK Group's Balance Sheet, USD m

	31.12.2008	31.12.2007	Change	%
<b>Non-current assets, incl.</b>	<b>10,569</b>	<b>11,614</b>	<b>-1,045</b>	<b>-9,0%</b>
<i>Property, plant and equipment</i>	<i>9,751</i>	<i>10,409</i>	<i>-658</i>	<i>-6,3%</i>
<i>Other non-current assets</i>	<i>818</i>	<i>1,205</i>	<i>-387</i>	<i>-32,1%</i>
<b>Current assets, incl.</b>	<b>3,628</b>	<b>4,273</b>	<b>-645</b>	<b>-15,1%</b>
<i>Inventories</i>	<i>996</i>	<i>963</i>	<i>33</i>	<i>3,4%</i>
<i>Trade and other receivables</i>	<i>991</i>	<i>945</i>	<i>46</i>	<i>4,9%</i>
<i>Bank deposits</i>	<i>17</i>	<i>1,279</i>	<i>-1,262</i>	<i>-98,7%</i>
<i>Investments in securities and other financial assets</i>	<i>121</i>	<i>543</i>	<i>-422</i>	<i>-77,7%</i>
<i>Cash and cash equivalents</i>	<i>1,106</i>	<i>256</i>	<i>850</i>	<i>332,0%</i>
<i>Other receivables and current assets</i>	<i>397</i>	<i>287</i>	<i>110</i>	<i>38,3%</i>
<b>Total assets</b>	<b>14,197</b>	<b>15,887</b>	<b>-1,690</b>	<b>-10,6%</b>
<b>Equity attributable to shareholders of the parent company</b>	<b>9,663</b>	<b>11,634</b>	<b>-1,971</b>	<b>-16,9%</b>
<b>Minority interest</b>	<b>189</b>	<b>152</b>	<b>37</b>	<b>24,3%</b>
<b>Non-current liabilities, incl.</b>	<b>1,705</b>	<b>2,149</b>	<b>-444</b>	<b>-20,7%</b>
<i>Long-term borrowings and obligations under financial lease</i>	<i>431</i>	<i>231</i>	<i>200</i>	<i>86,6%</i>
<i>Other non-current liabilities</i>	<i>1,274</i>	<i>1,918</i>	<i>-644</i>	<i>-33,6%</i>
<b>Current liabilities, incl.</b>	<b>2,640</b>	<b>1,952</b>	<b>688</b>	<b>35,2%</b>
<i>Accounts payables</i>	<i>1,321</i>	<i>686</i>	<i>635</i>	<i>92,6%</i>
<i>Short-term borrowings and current portion of long-term borrowings</i>	<i>1,295</i>	<i>1,225</i>	<i>70</i>	<i>5,7%</i>
<i>Other current liabilities</i>	<i>24</i>	<i>41</i>	<i>-17</i>	<i>-41,5%</i>
<b>Total liabilities</b>	<b>4,345</b>	<b>4,101</b>	<b>244</b>	<b>5,9%</b>
<b>Total equity and liabilities</b>	<b>14,197</b>	<b>15,887</b>	<b>-1,690</b>	<b>-10,6%</b>



# MMK Group's Cash Flows

Change of cash balance during the 2008, USD m

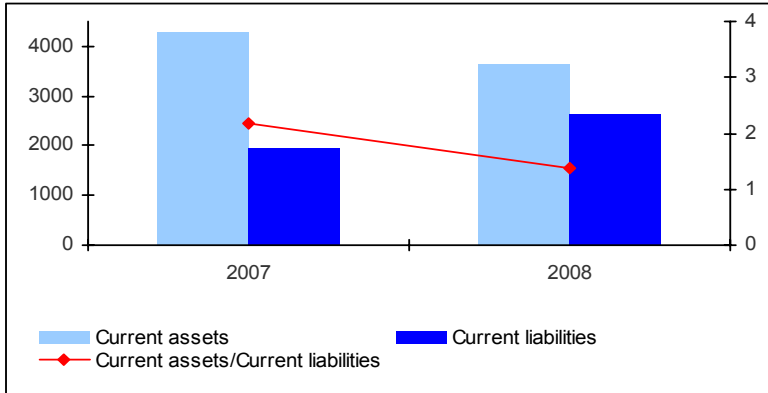


\* Investment activities: (2 136) m USD – purchase of property, plant and equipment and intangible assets; 1 096 m USD – net change in bank deposits

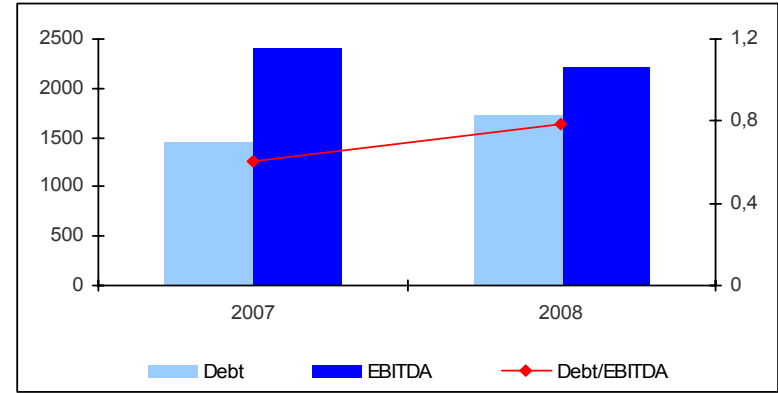


# MMK Group's Financial Position Indicators

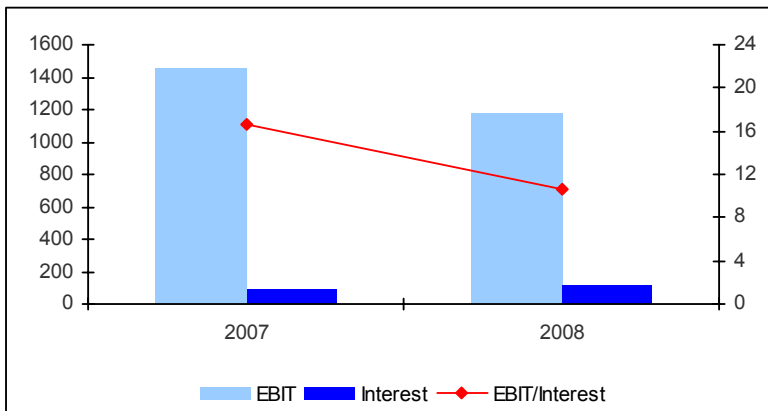
### Current liquidity



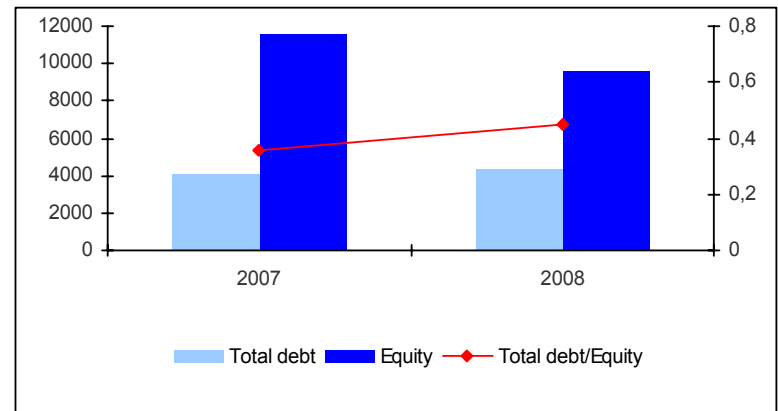
### Debt / EBITDA



### EBIT / Interest



### Total debt / Equity



## OJSC MMK's Key Production Indicators

thousand tons

Description	2008	2007	Change
6% humidity coke	4,994	5,354	-360
Pig iron	8,541	9,482	-941
Crude steel	11,957	13,261	-1,304
<i>Incl. EAF steel</i>	<i>3,118</i>	<i>3,184</i>	<i>-66</i>
<i>BOF steel</i>	<i>8,838</i>	<i>10,077</i>	<i>-1,239</i>



## Historical Structure of OJSC MMK's commercial products' mix

thousand tons

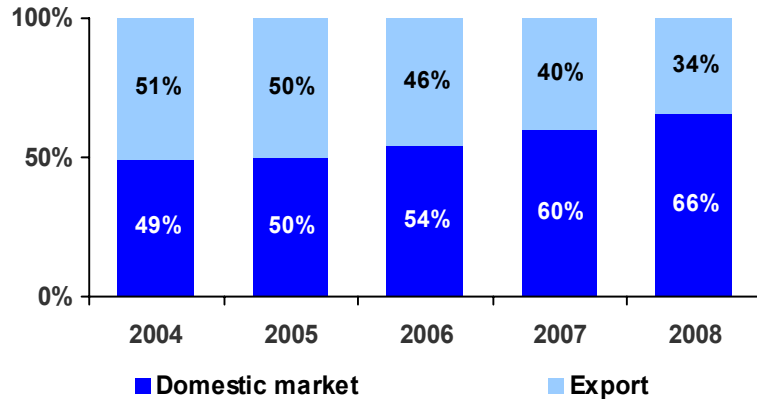
Description	2008	2007	Change
Billets and slabs	952	976	-24
Long products	1,577	1,788	-211
Flat products	7,023	7,954	-931
Downstream products	1,359	1,483	-124
<b>Commercial products</b>	<b>10,911</b>	<b>12,203</b>	<b>-1,292</b>



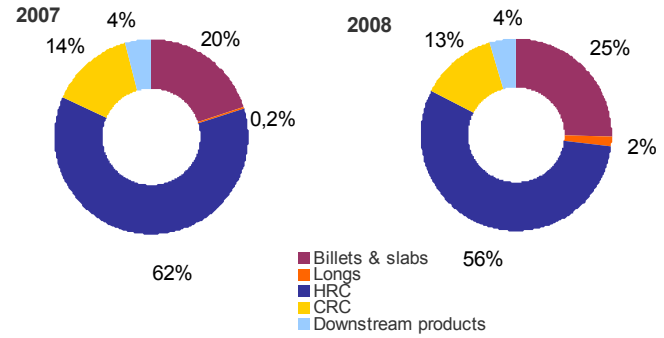


## OJSC MMK's Historical Product Mix By Market

Domestic sales' growth in tons



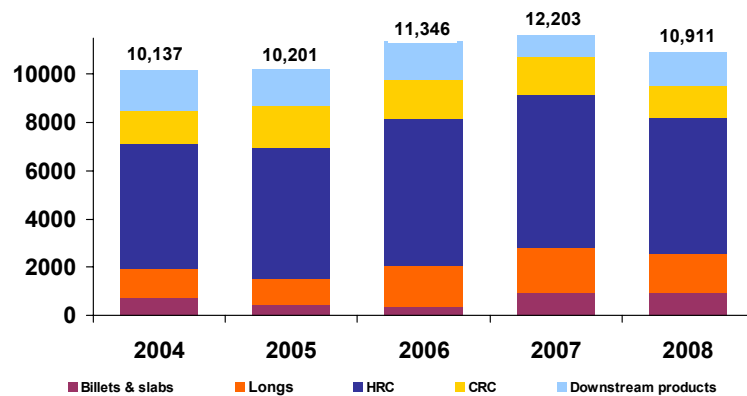
Export shipments



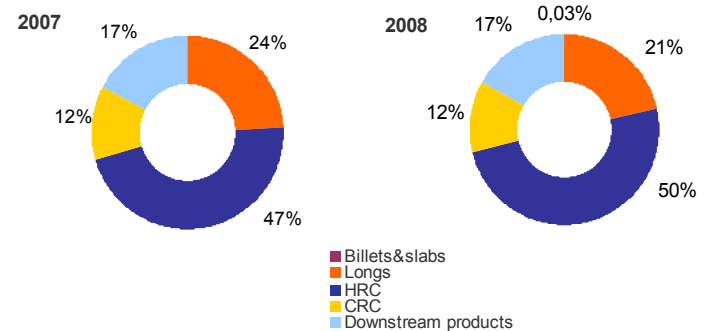
Total: 4,876 kt

Total: 3,755 kt

Changes in shipments' structure in tons



Changes in domestic shipments



Total: 7,327 kt

Total: 7,155 kt

## Significant Events After Accounting Date

---

February 2009

In February 2009, OJSC Sberbank provided a long-term RUB-denominated loan of USD 408 million with maturity in February 2012.

The funds will be used to finance construction of the Plate mill 5000.

April 2009

In April 2009, Group and Czech Export Bank concluded agreements for the Bank to provide long-term USD-denominated loans of USD 133 million with maturity in 2017, and a long-term USD-denominated loan of USD 22.5 million with maturity in 2010.

The funds will be used to finance construction of a continuous casting machine and a secondary steel treatment unit as part of Plate mill 5000 complex.