



## **Delivering Sustainable Growth**

**2009 UBS ANNUAL INVESTMENT CONFERENCE: RUSSIA/CIS**

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Moscow, 22 October, 2009

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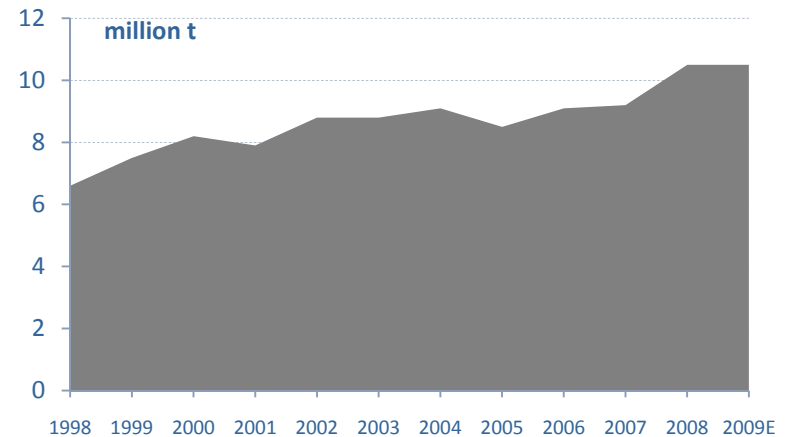
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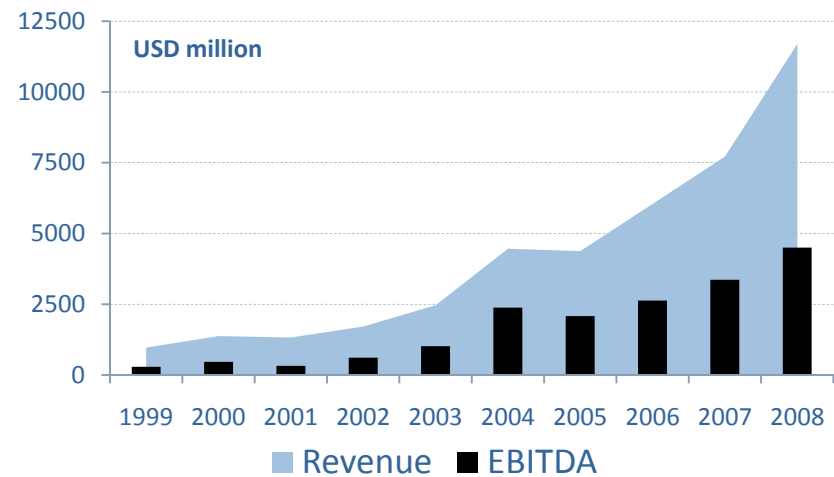
# NLMK business profile

- Balanced asset portfolio
- Favorable geographic locations
- Efficient vertical integration
- Diversified sales and product mix
- Experienced management team

Crude steel output, 1997-2009E

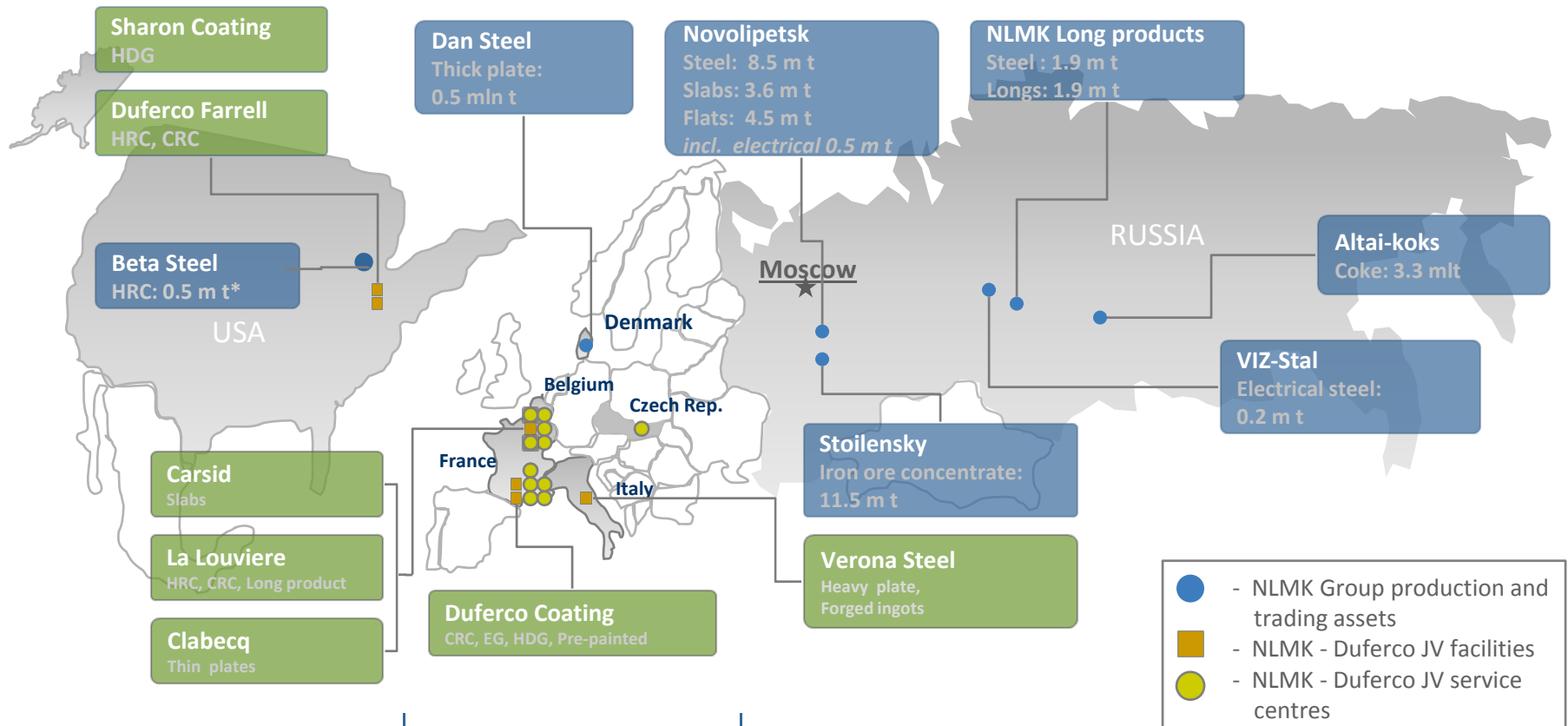


Sales revenue and EBITDA, 2003-2008



Source: NLMK estimates

# Balanced and favorably located assets

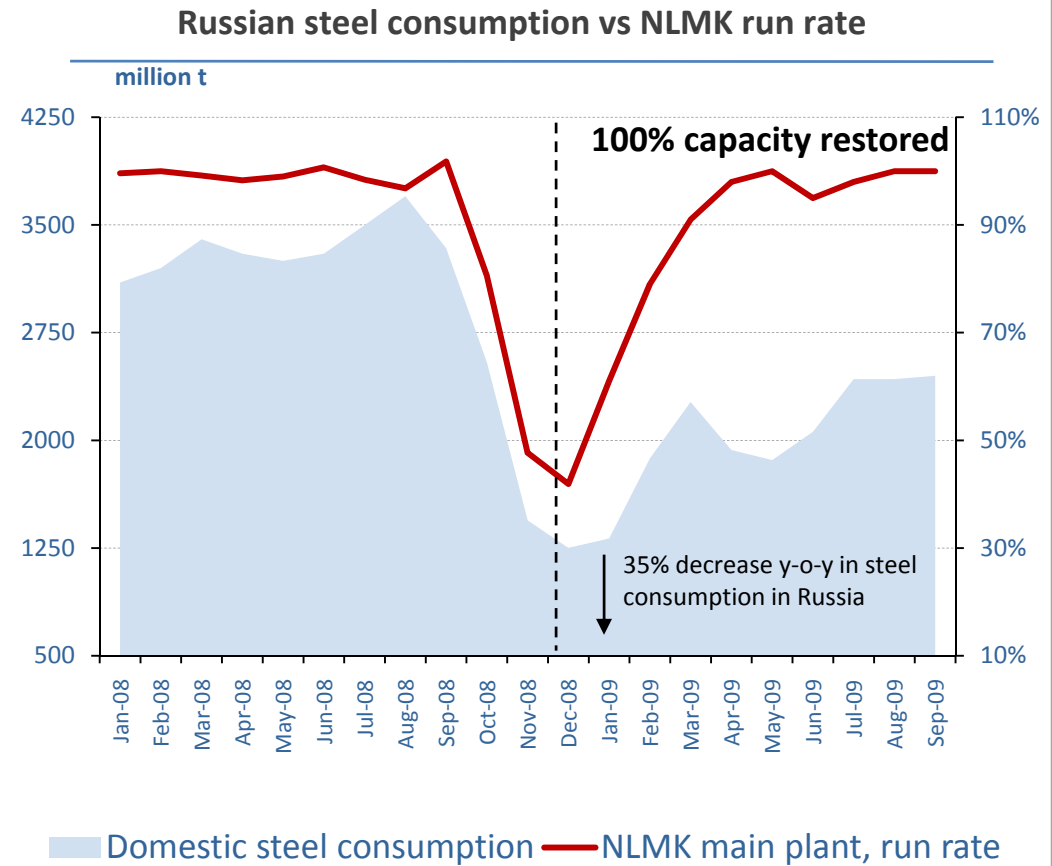


	Crude steel production	Steel products sales
<b>NLMK Group*</b>	<b>10.5 m t</b>	<b>10.2 m t</b>
<b>NLMK-Duferco JV</b>	<b>2.3 m t</b>	<b>4.6 m t</b>

\* 2008 production includes Lipetsk production site, DanSteel, VIZ-Stal, Maxi-Group and Beta Steel  
 \*\* CY2008 production results. Since Beta Steel consolidation in Oct 31 2008, its production volumes reached 54,000 t by 31 Dec 2008

# Active crisis management

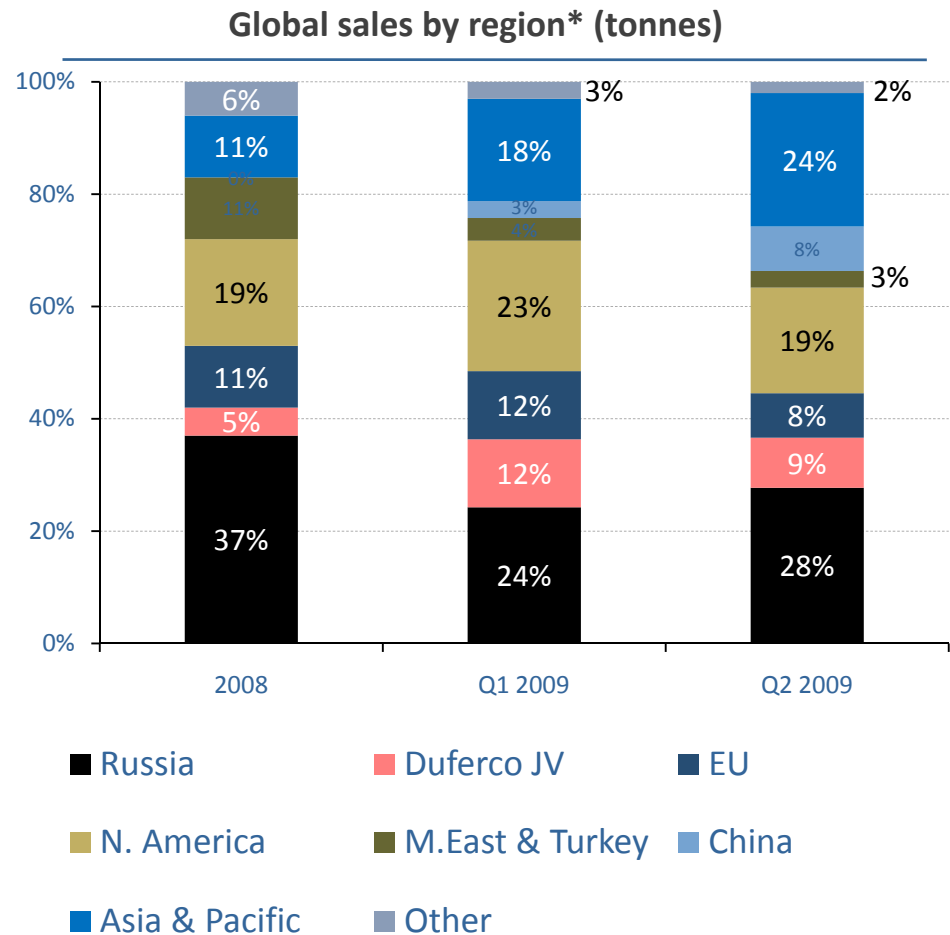
- Timely capacity changes
- Hedged slabs supplies to JV/own rolling assets
- More efficient capacity loaded
- Obsolete coke batteries shut down
- Switching to products with highest demand



Source: Metall Expert, Company data

# Quick response to new market conditions

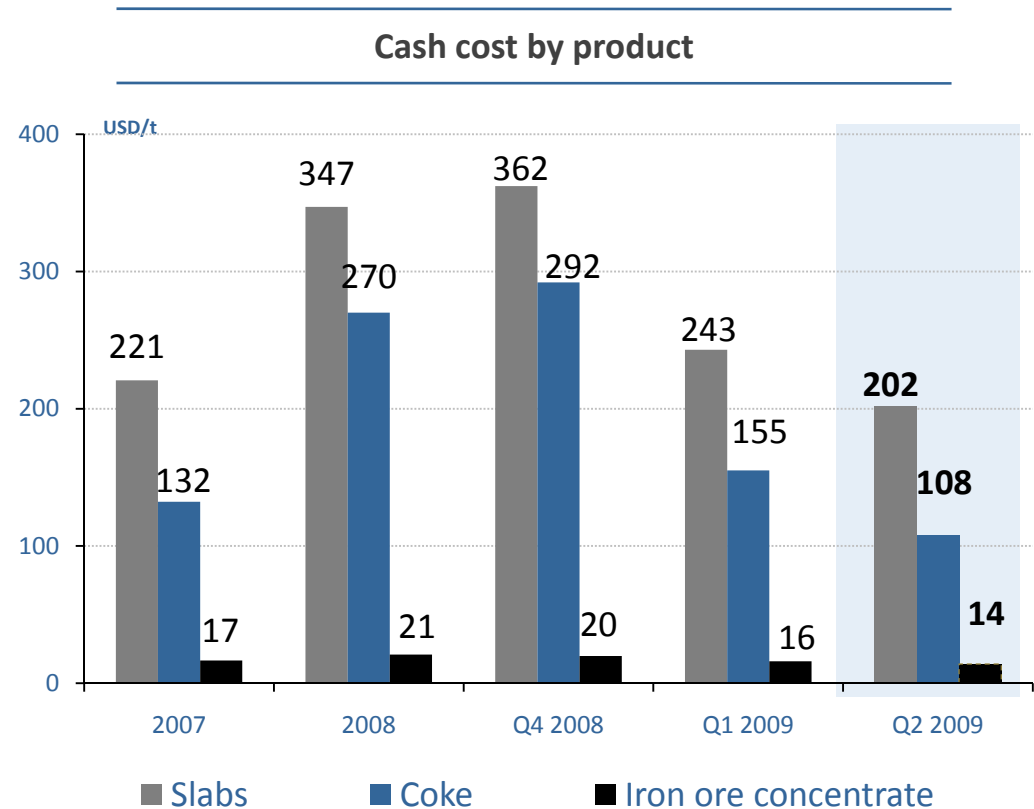
- Low Russian demand offset for by exports
- Balanced portfolio of products helped sustain comparatively high sales volumes
- Increased sales through Duferco JV
- Niche products helps to achieve higher margins in 2009



\* In 2008 China represents 0.008% share in company's sales

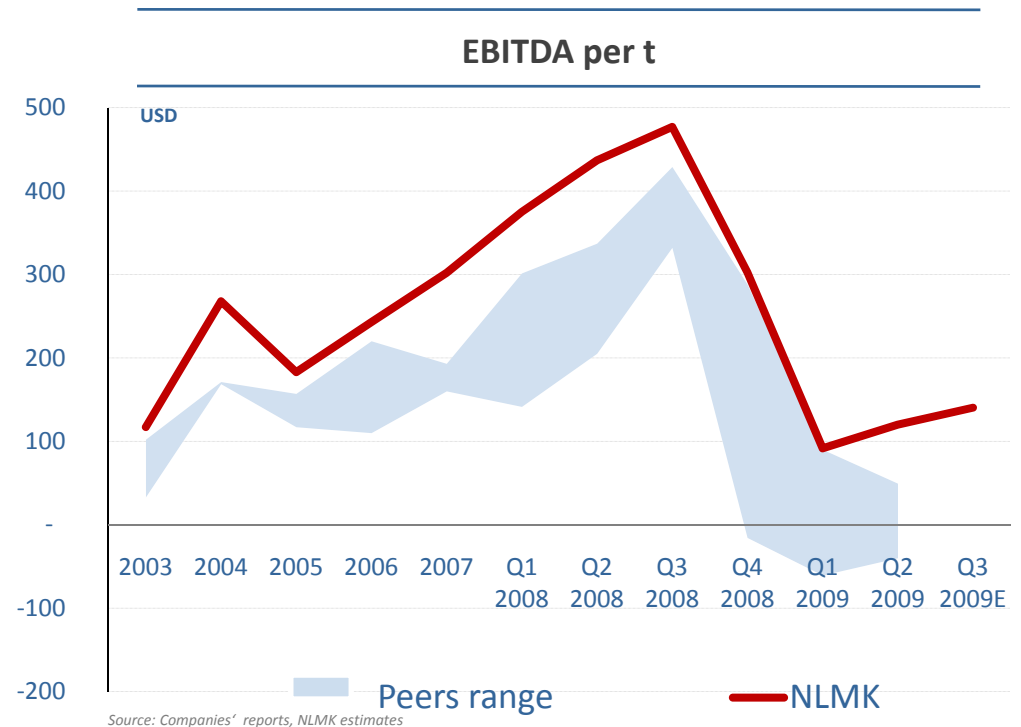
# Lower cost is a priority

- 45% cost cut from Q4 2008
- Lower prices for raw materials
- Personnel optimization
- Capacity management
- Use of captive supplies



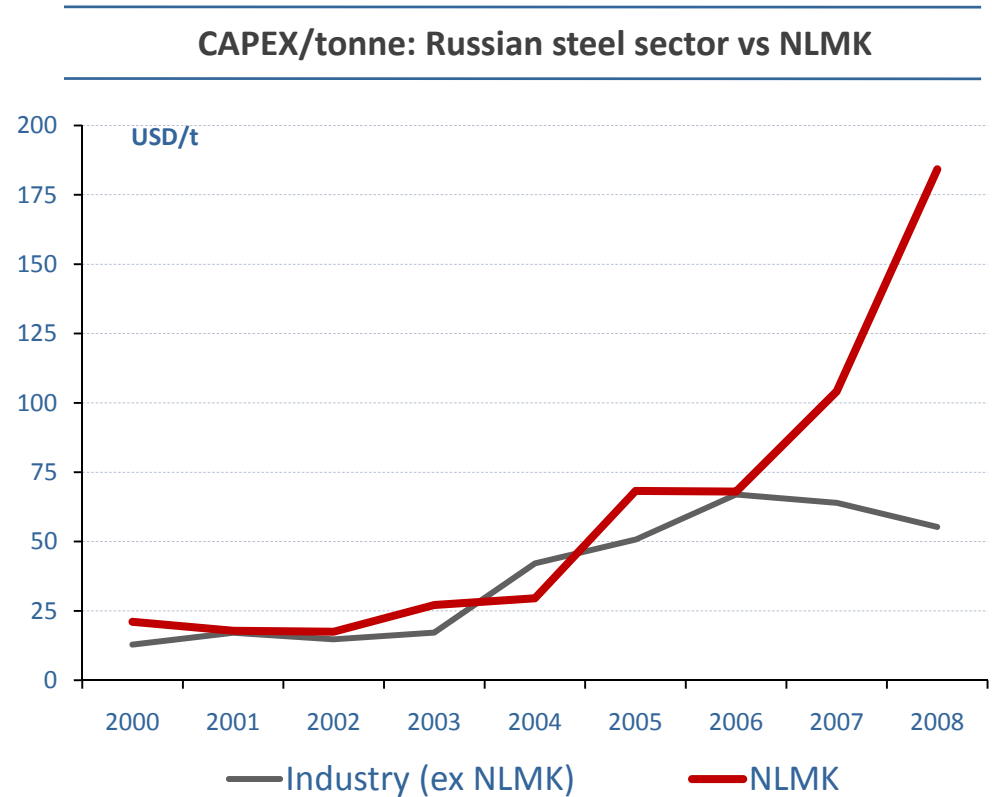
# Superior returns through the cycle

- Quick output rebound
- Stable financial results
- High EBITDA margin
- Solid cash flow
- Low net debt



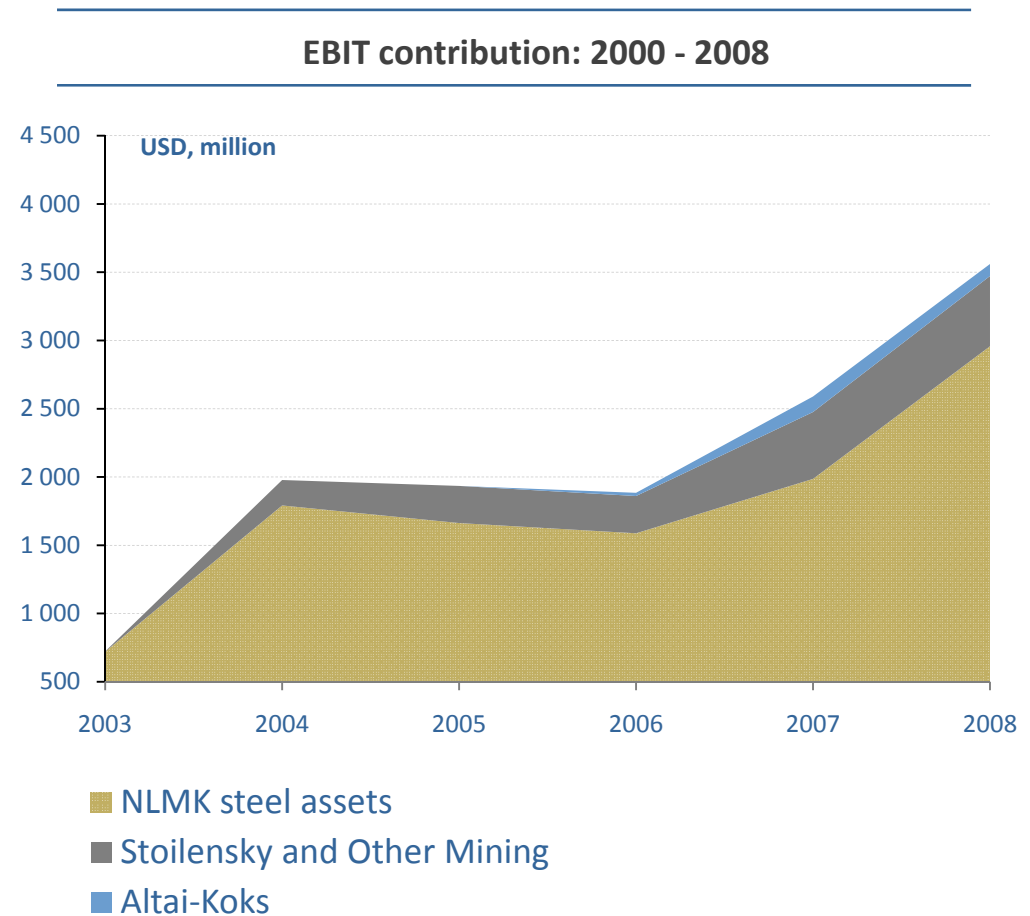
# Committed to organic growth ...

- Major Capex program started in 1998
- USD6.5 bn invested
- Productivity up 55%\*
- Over 40% of high value added products



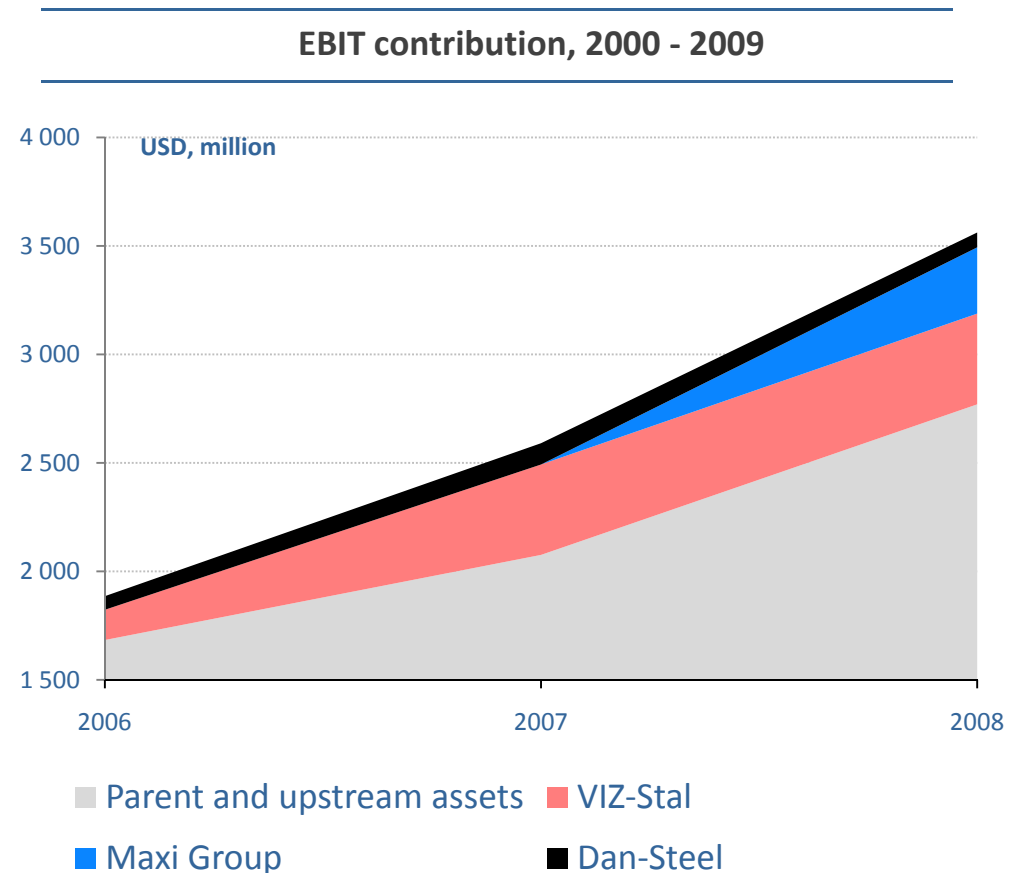
# ... and upstream vertical integration that creates value...

- Iron ore
- Coke
- Scrap
- Energy
- Logistics



# ... with downstream integration adding more to it

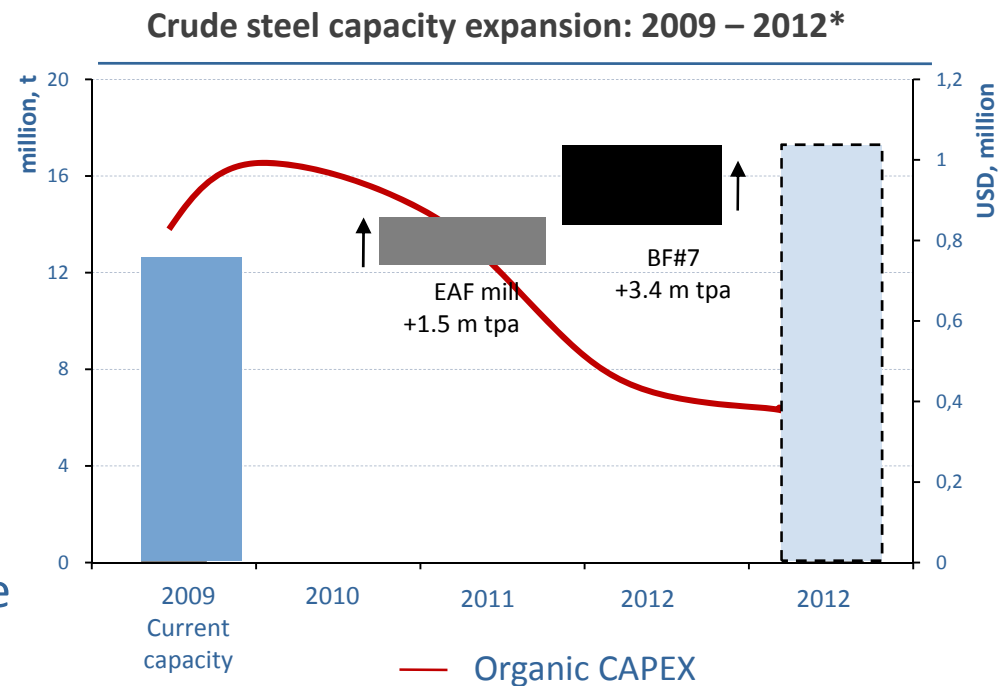
- Selective approach
- Product mix improvement
- Semis re-rolling
- New market entries



# Geared for further organic growth in Russia

## Main objectives 2012-2014

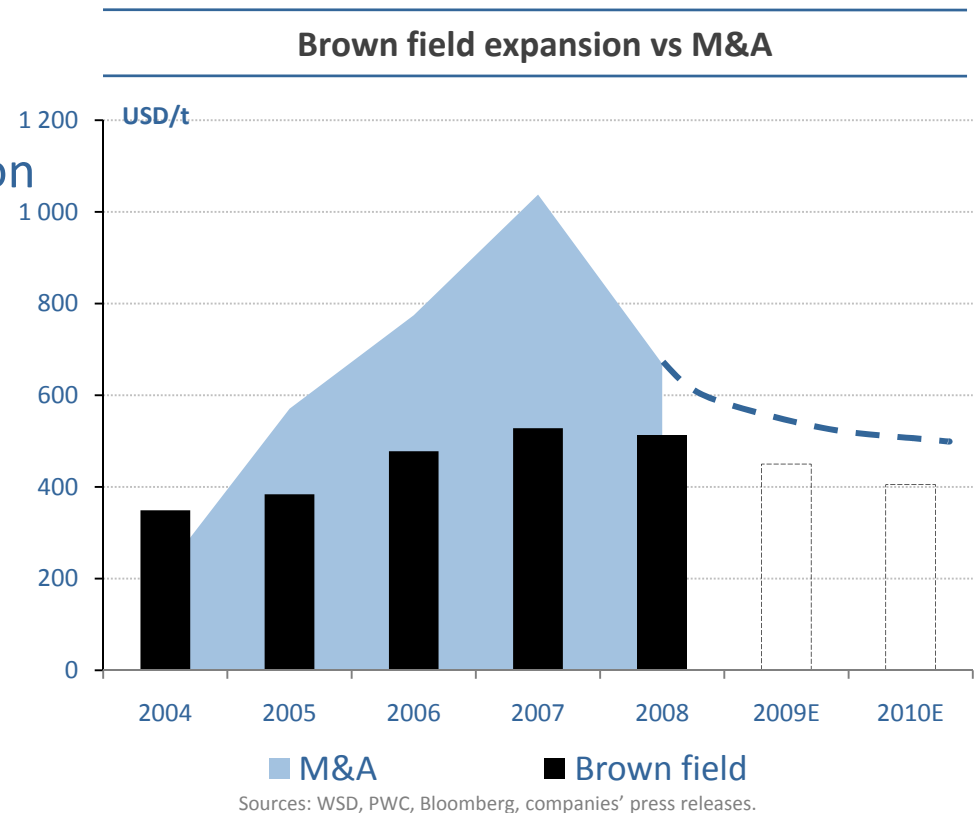
- Steel +5.0 m tpa to 17.5 m tpa
- Flats +0.5 m tpa to 7 m tpa
- Longs +1.5 m tpa to 4 m tpa
- Pelletizing plant
- 20%/t decrease of coke use
- 50%/t decrease of natural gas use
- High grade transformer steel



# Together with prudent M&A approach

## Main objectives:

- Efficient upstream integration
- Selective downstream integration
- Niche market share gains



# Outlook

## Summary

- NLMK is delivering superior returns through the cycle
- Strategy remains unchanged
- Strong financial position and profitability enabling fast growth
- Focused on long term value creation

## FY2009 Outlook

- Steel output of 10.5 million tonnes, flat y-o-y
- Capex (incl. maintenance) to reach USD1 billion

## 2010 Market Outlook

- Domestic market: steel consumption to grow 15-20% y-o-y
- Export markets to remain driven by BRICs growth
- Prices to increase 10-15%

**THANK YOU**

