1Q2013 RESULTS PRESENTATION

JUNE 18, 2013

MECHEL

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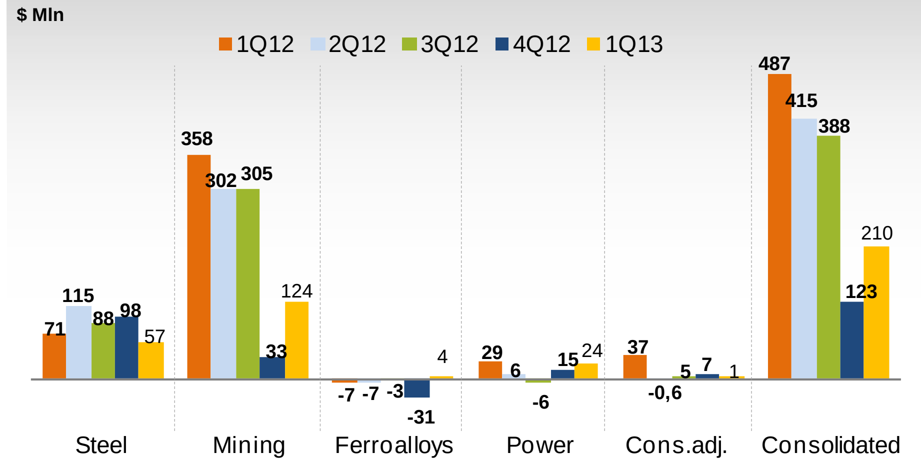
FINANCIAL HIGHLIGHTS

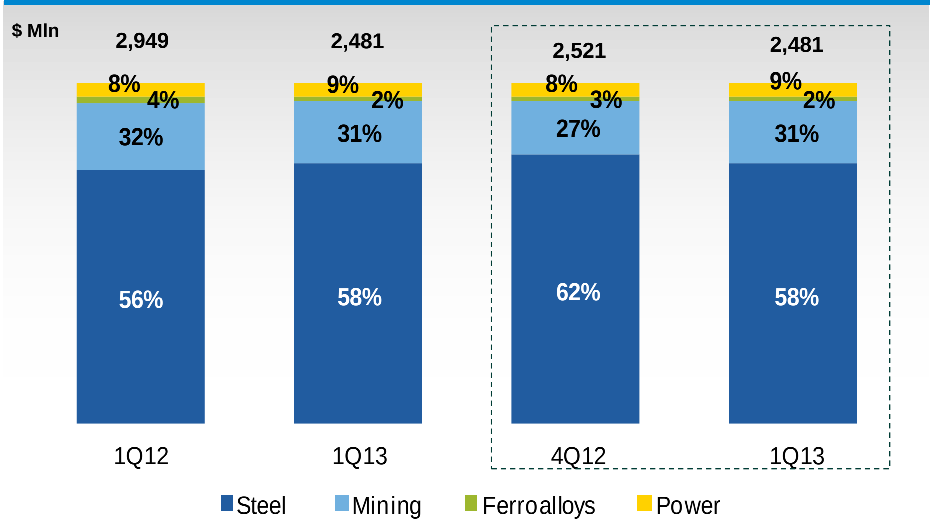
SEGMENTS OVERVIEW

- Consolidated revenue is flat q-o-q at $2.5 bn
- As loss making steel assets are either disposed off or idled steel segment decreased its share in the consolidated revenue from 62% to 58% q-o-q
- Mining segment continues to dominate the consolidated EBITDA with its share of 59%

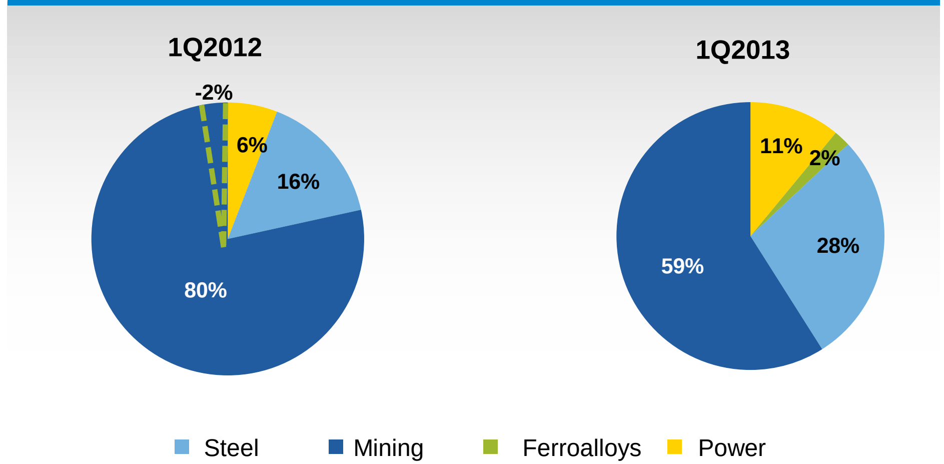
EBITDA[(1)] BY SEGMENTS



REVENUE FROM THIRD PARTIES



EBITDA BY SEGMENTS



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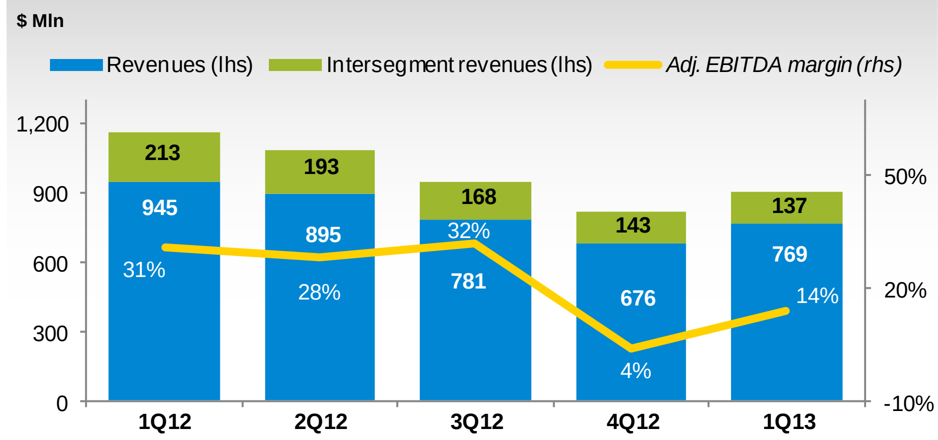
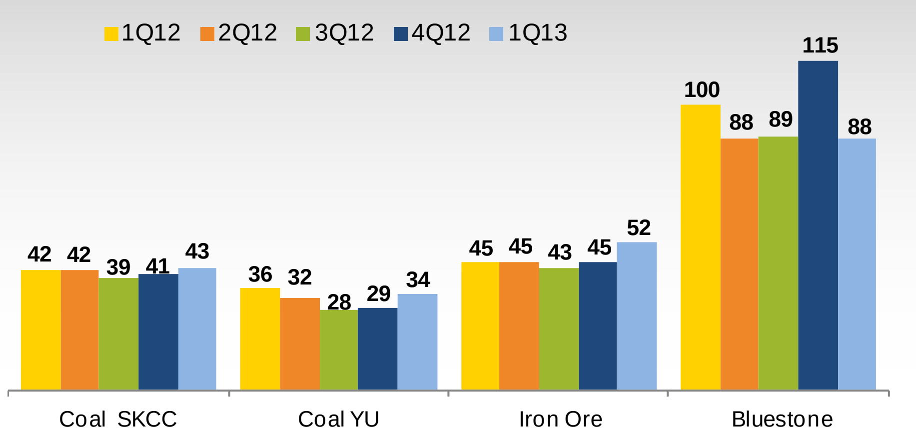
MINING SEGMENT

- Improved spot pricing environment followed by increased export sales led to 14% q-o-q revenue growth to $769 mn
- …with EBITDA back with a 4x improvement!
- Cash costs at Russian assets slightly up on seasonal factors
- Cash cost at Bluestone down q-o-q after re-launch of idled mines

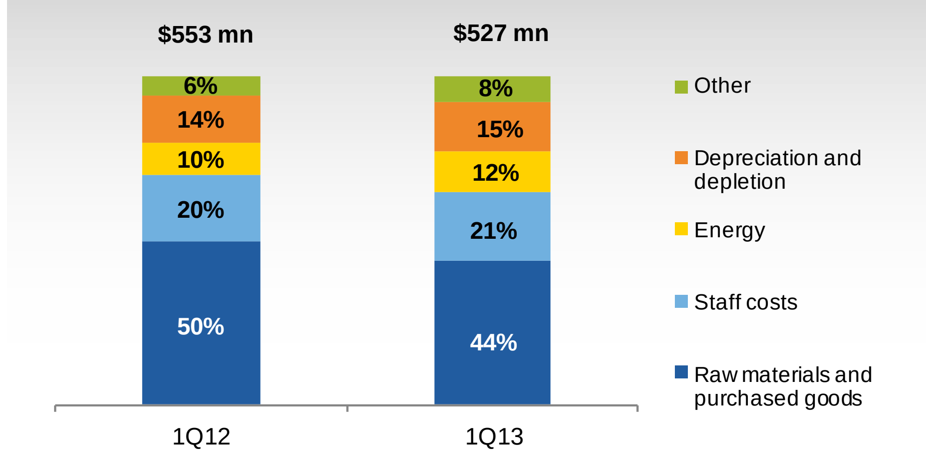
REVENUE, EBITDA[1]



CASH COSTS, US$/TONNE



COS STRUCTURE



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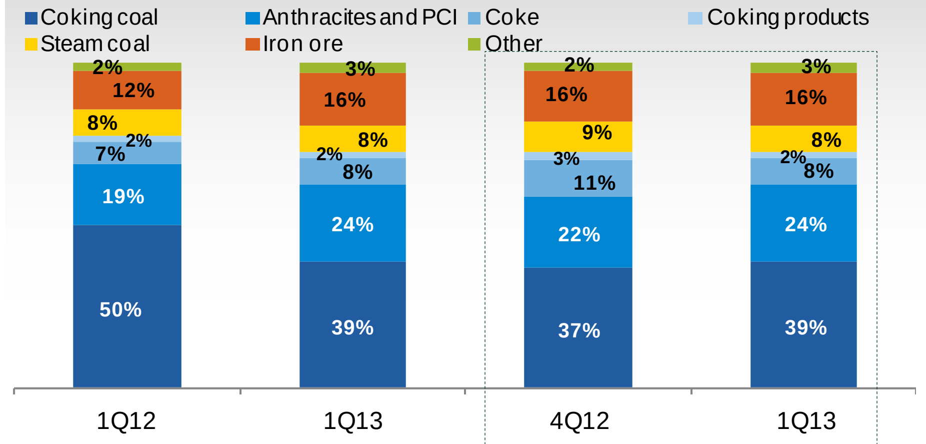
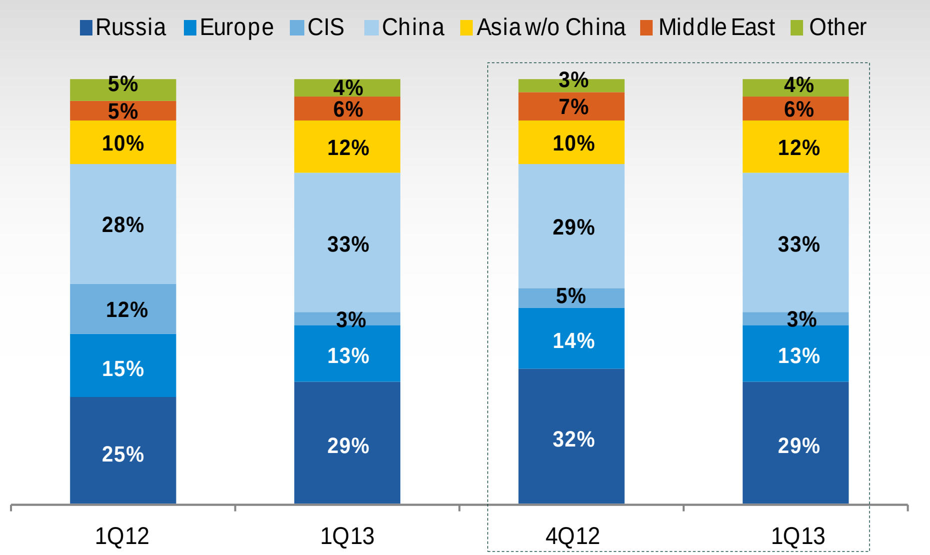
MINING SEGMENT

- Coking coal sales up 22% q-o-q due to increase in export sales to Asia on improved demand and pricing
- Exports of anthracite and PCI grew by 23% as sales to Asian markets and Brazil substantially increased
- Iron ore average FCA price up 55% Q-o-Q
- Share of Russia in sales continues to fall, as penetration into new export markets grows.

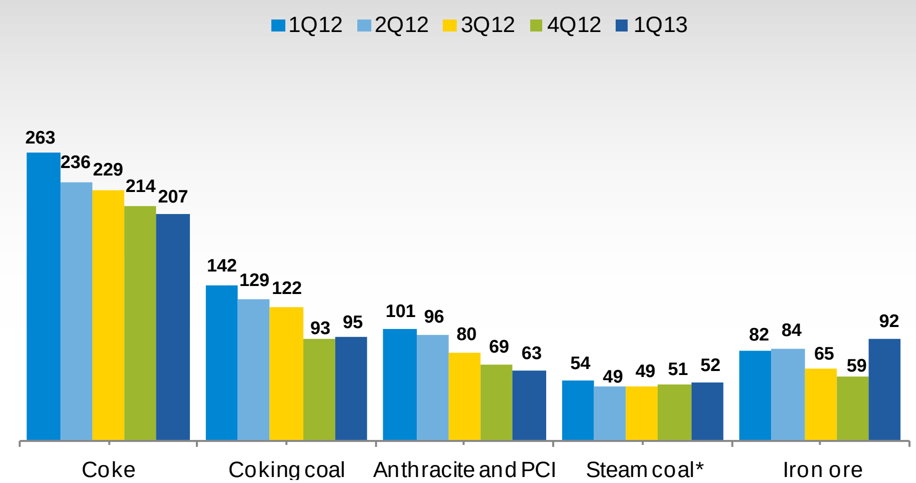
EXTERNAL SALES STRUCTURE



REVENUE BREAKDOWN BY REGION



AVERAGE SALES PRICES FCA, US$/TONNE

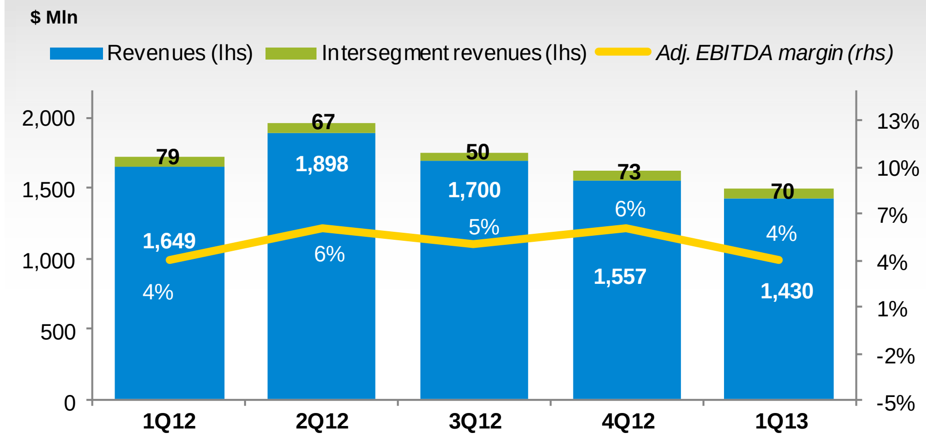


*Restated to include middlings

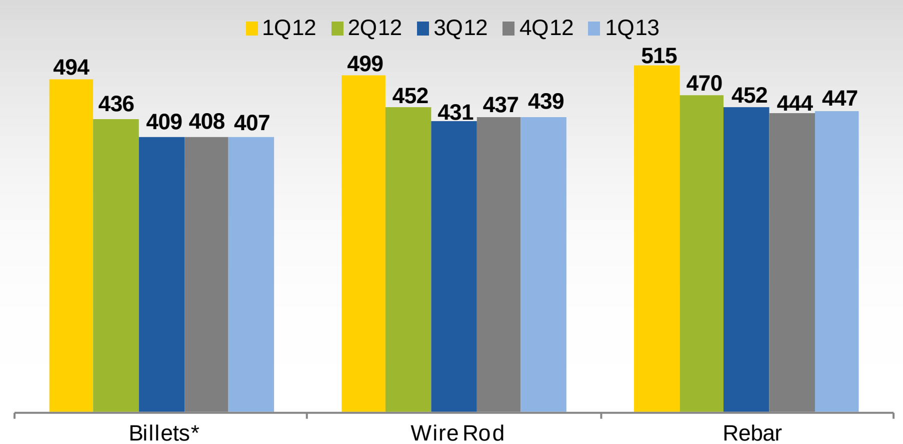
STEEL SEGMENT

- Revenue down 8% q-o-q due to seasonal demand slowdown
- Romanian plants disposal and cost control measures across the board help to maintain profitability…
- … resulting in 1Q13 EBITDA of $57 mn
- Bottom line affected by $91 mn of one-off negative result from disposal of Romanian assets

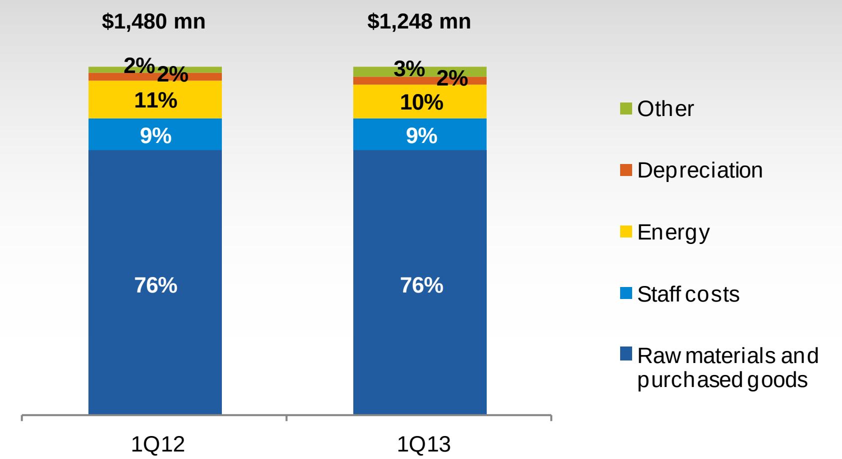
REVENUE, EBITDA(1)



CASH COSTS, US$/TONNE



COS STRUCTURE



*Carbon and low-alloyed billets

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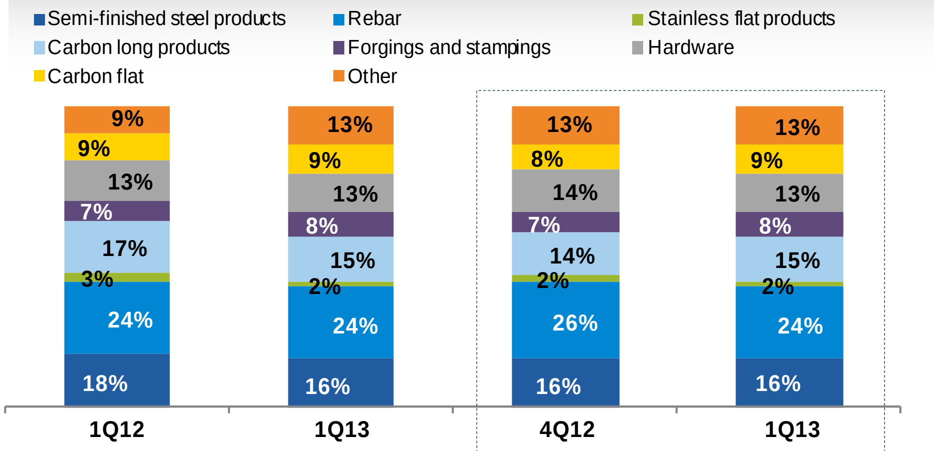
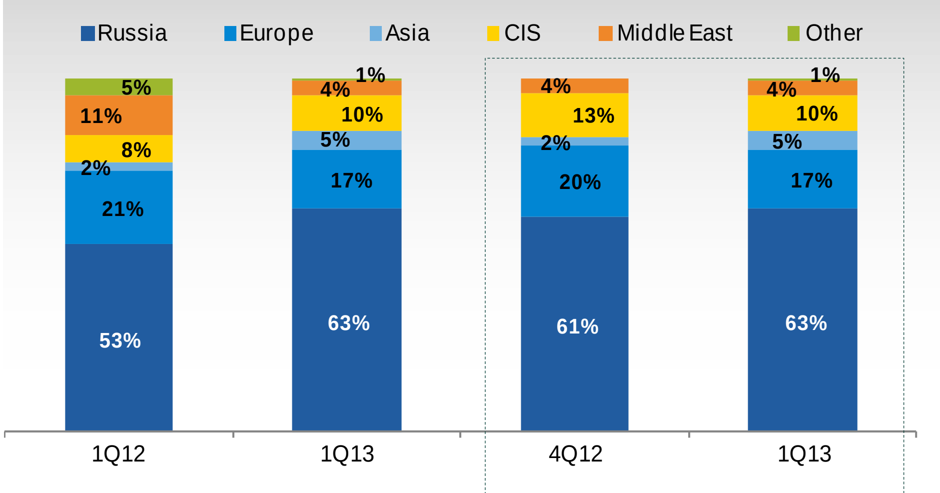
STEEL SEGMENT

+	Share of Europe falls to 17% as East-European business is reduced and sales are shifted to a more buoyant Russian market.
+	Disposal of Romanian assets, idling of DEMZ and cutting of resale business with Estar result in a reduction in rebar, billet and wire sales volumes, though compensated with higher gross margin of 17%.

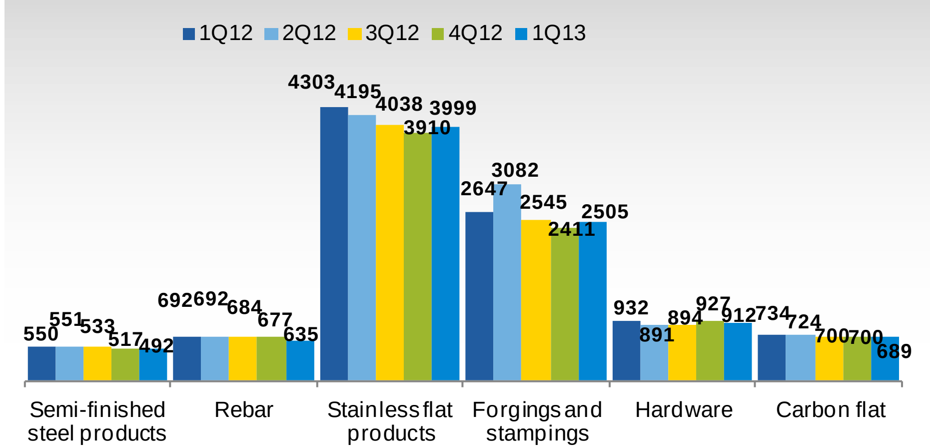
EXTERNAL SALES STRUCTURE



REVENUE BREAKDOWN BY REGION



AVERAGE SALES PRICES FCA, US$/TONNE



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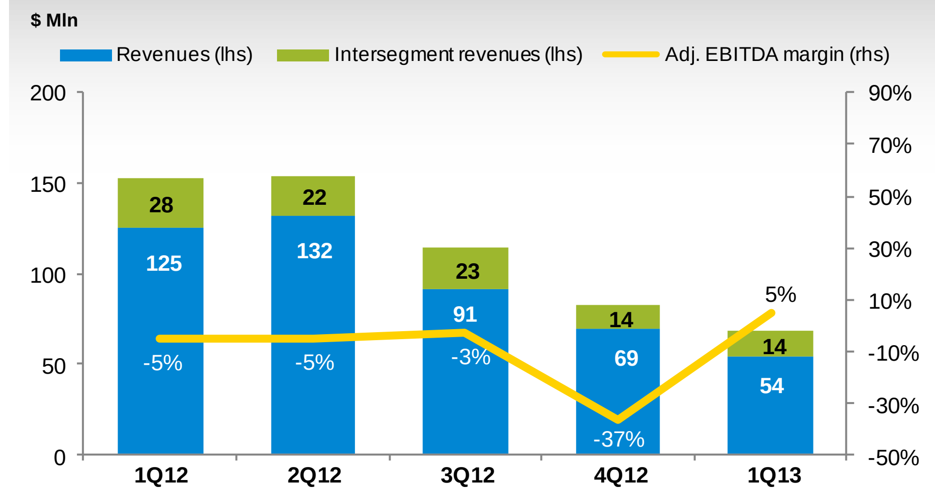
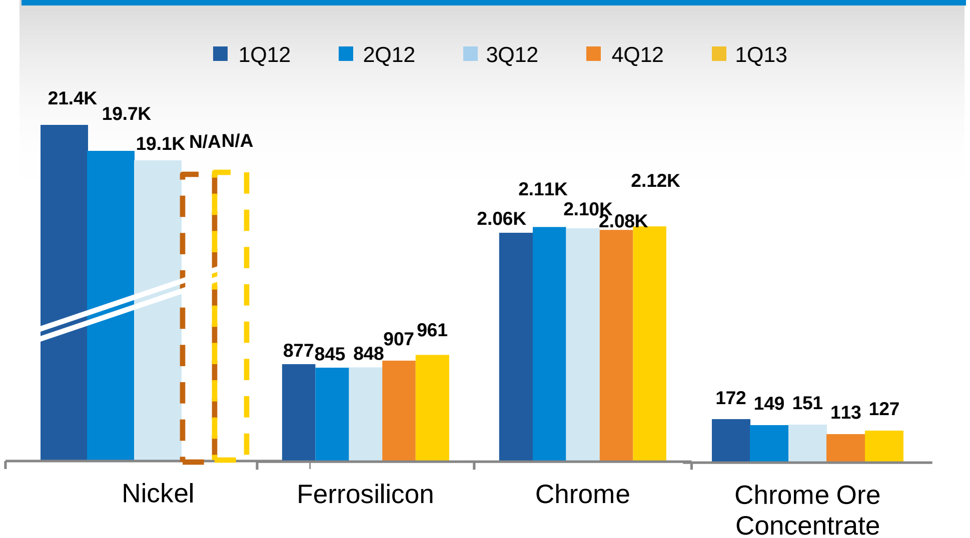
FERROALLOYS SEGMENT

- Revenue down 21% q-o-q due to termination of Ni sales
- Cash costs demonstrate moderate growth on higher electricity tariff
- Idled Ni production and trimmed chrome production support economics of the segment with 5% EBITDA margin vs. -37% in 4Q12
- Adjusted net loss decreased 70% vs 4Q12

REVENUE, EBITDA[1]



CASH COSTS, US$/TONNE



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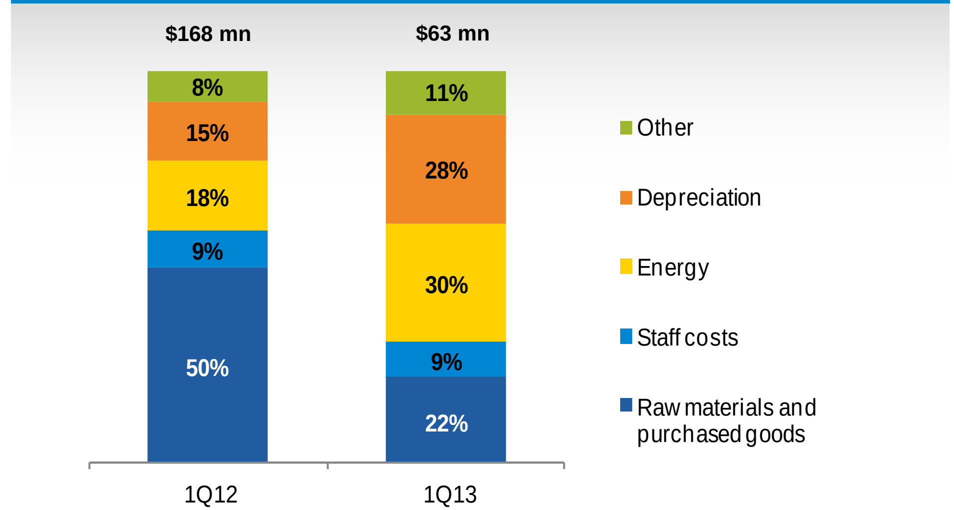

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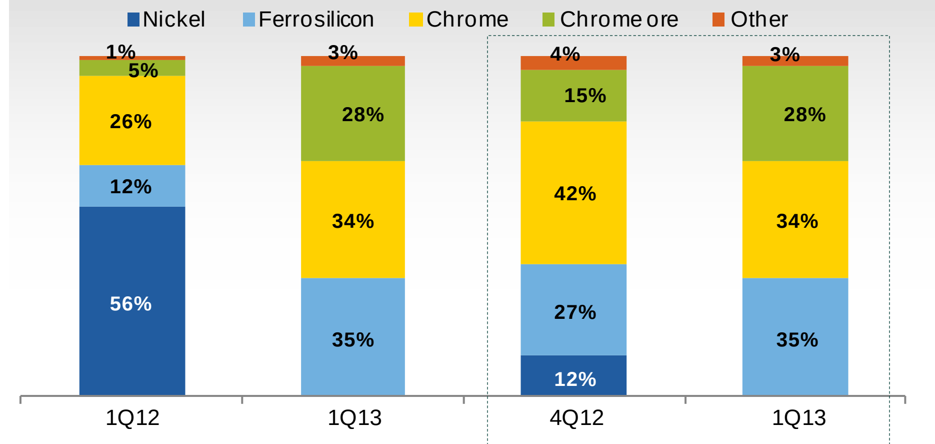
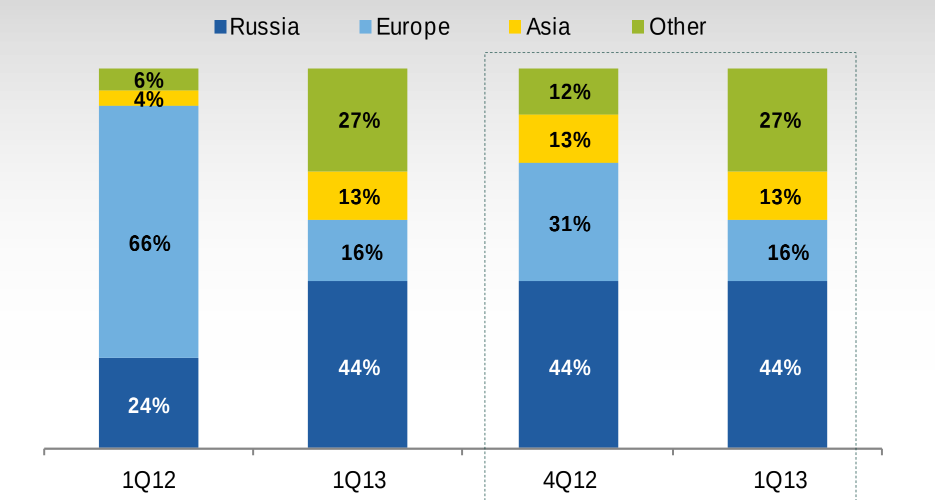
FERROALLOYS SEGMENT

- Export sales of FeSi grow from 21% in 4Q12 to 52% in 1Q13 as demand in Asia picks up
- Cr sales volumes in line with production, dropping 41% q-o-q as inventories are liquidated
- As Ni plant is halted share of segment's sales to Europe down from 66% to 16% with Russia and Asia taking over.
- Adjustment of Cr operations result in higher Cr concentrate sales, showing better economics.

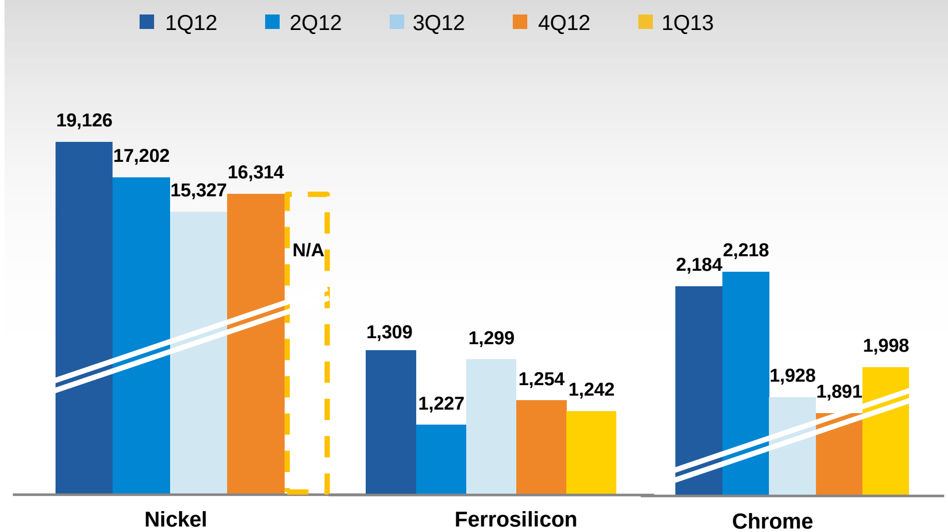
EXTERNAL SALES STRUCTURE



REVENUE BREAKDOWN BY REGION



AVERAGE SALES PRICES FCA, US$/TONNE

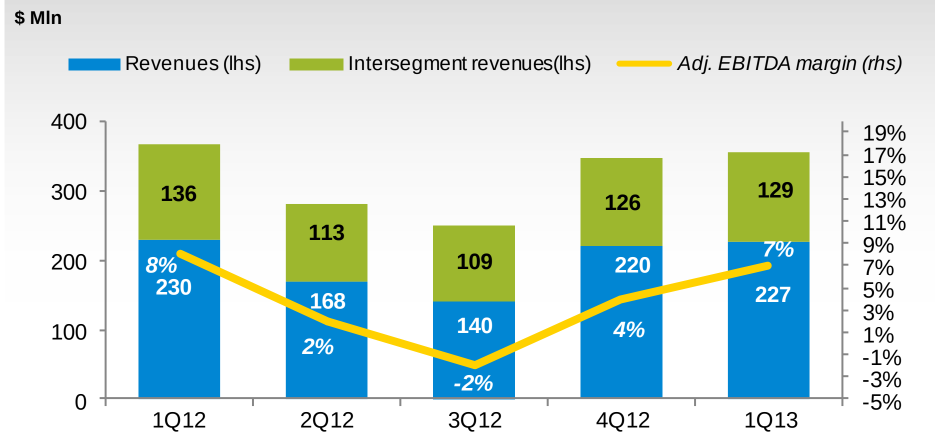


POWER SEGMENT

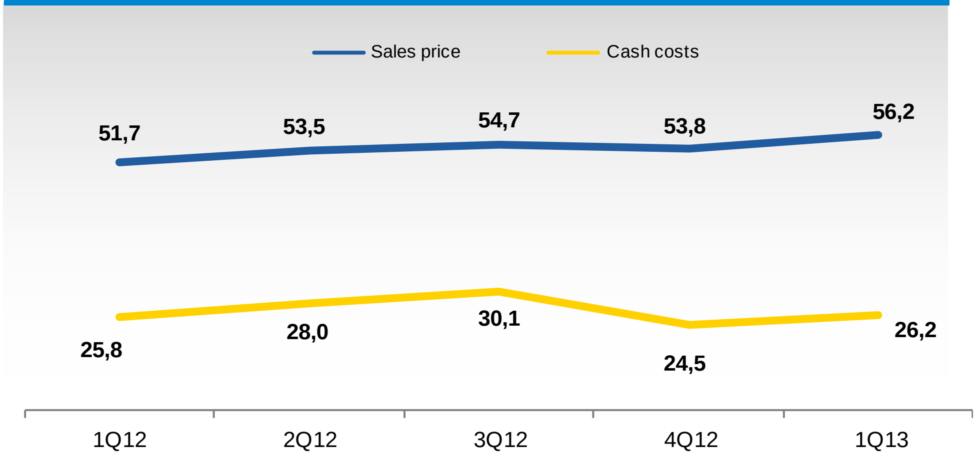
✚ Financials improve due to high season for electricity and heat consumption

✚
- Revenue up by 3% q-o-q
- EBITDA up by 55% q-o-q to $24 mn
- Net income up to $7 mn vs net loss of $41 mn in 4Q12

REVENUE, EBITDA(1)



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



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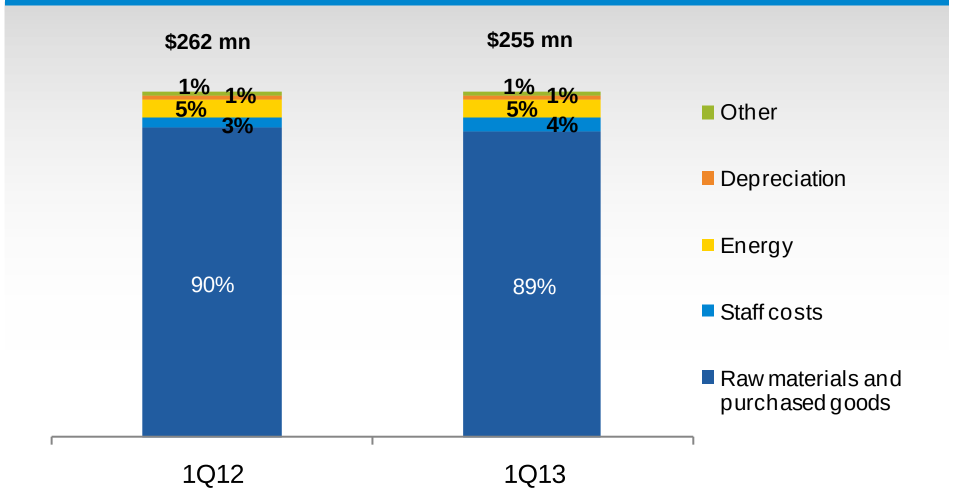

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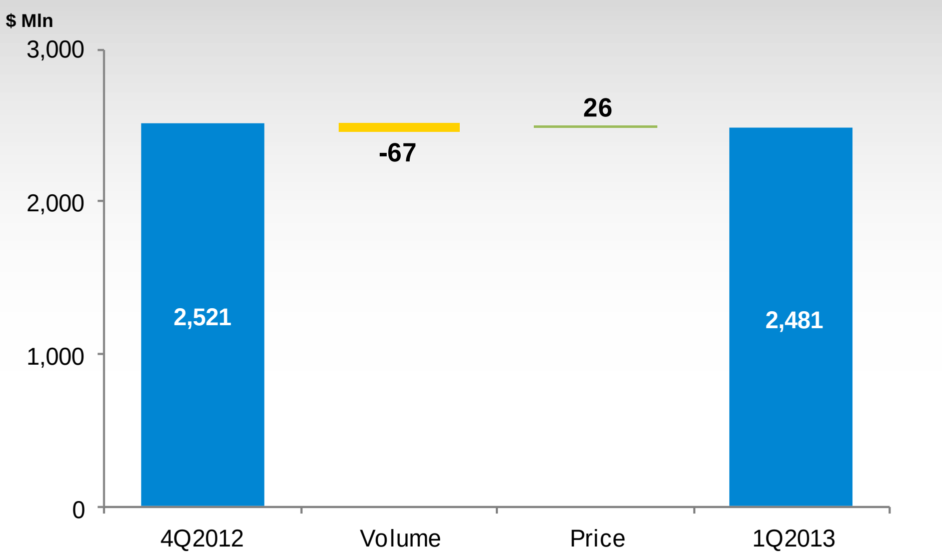
Consolidated P&L

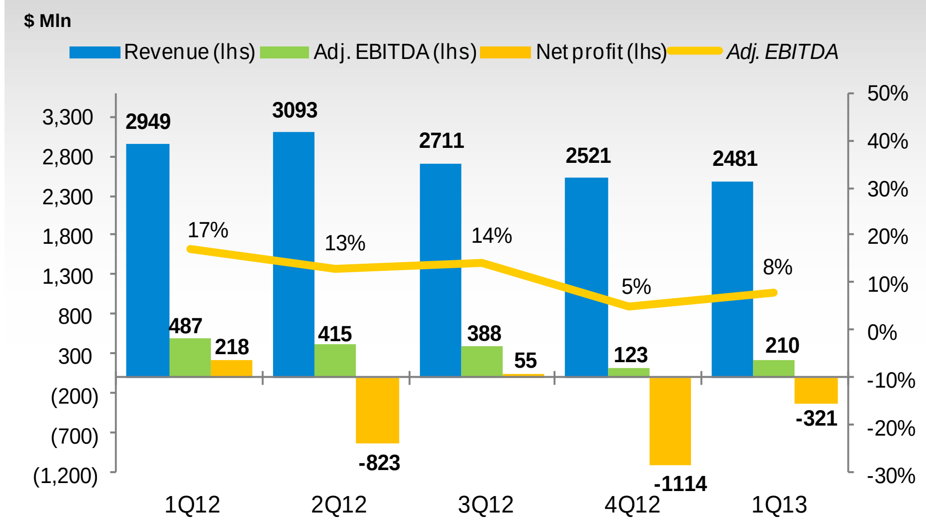
1Q2013 FINANCIAL PERFORMANCE Q-O-Q HIGHLIGHTS:

- ✚ Consolidated EBITDA up 71% q-o-q to $210 mn on better profitability in the mining, power and ferroalloys segments. Unaffected by any one-off factors
- ✚ 1Q2013 net result affected by $91 mn of one-off negative result from disposal of Romanian assets and $75 mn of FX loss

REVENUE DYNAMICS



REVENUE, EBITDA[1] AND NET PROFIT



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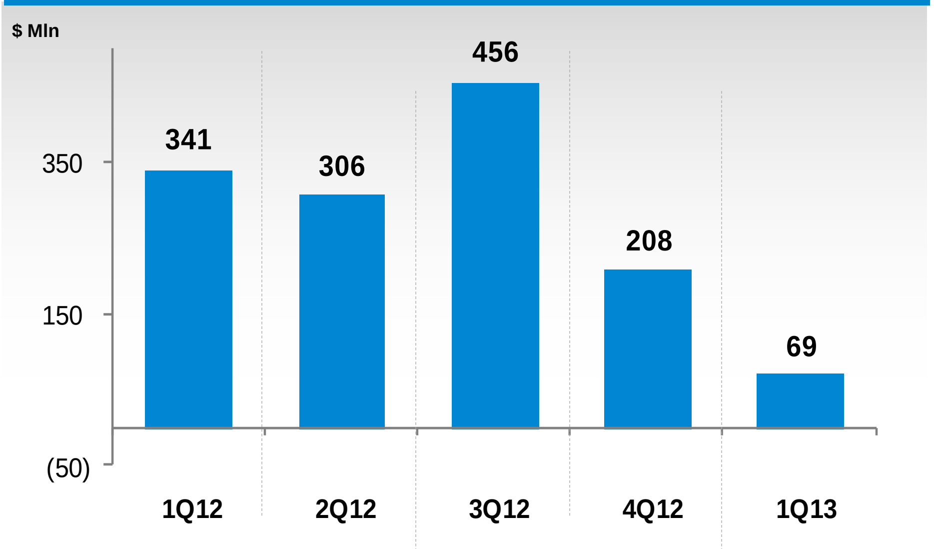
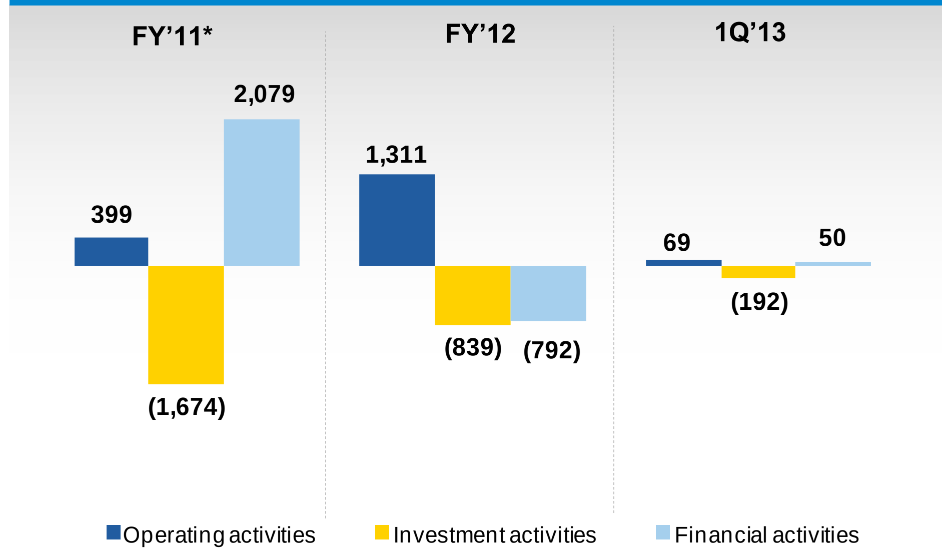
Cash Flow Statements

- Continuing working capital management added another $51 mn to the CFO that totaled $69 mn in 1Q2013
- Inventory reduction release another $155 million though almost offset by extension of payment terms to keep the sales up.
- Investment cashflow at $192 mn in 1Q13, resulting only in an insignificant increase in debt thanks to ruble depreciation.

OPERATING CASH FLOW DYNAMICS



NET CASH FLOW



* Excluding the effect of loan to Estar

Successful refinancing and improved liquidity to service upcoming maturities

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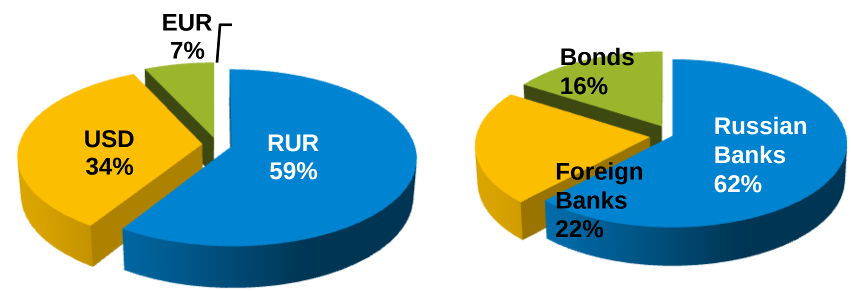
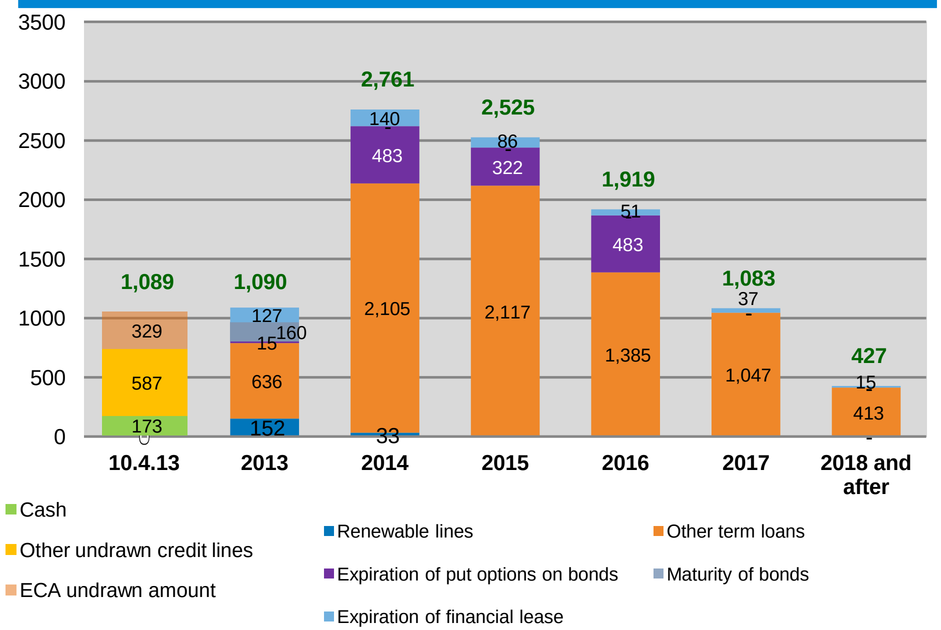
- Net debt stable, estimated at $9.55 bln (including financial lease) as of June 1, 2013
- Cash and available credit lines total $0.8 bln as of June 1, 2013
- A new RUR 40 bln (~ $1.3 bln) 5 year facility from VTB and $1 bln 3–5 year credit lines from Gazprombank have substantially eased the liquidity pressure from repayments in 2013 and were partially applied to reduce debt service in 2014 – 2015

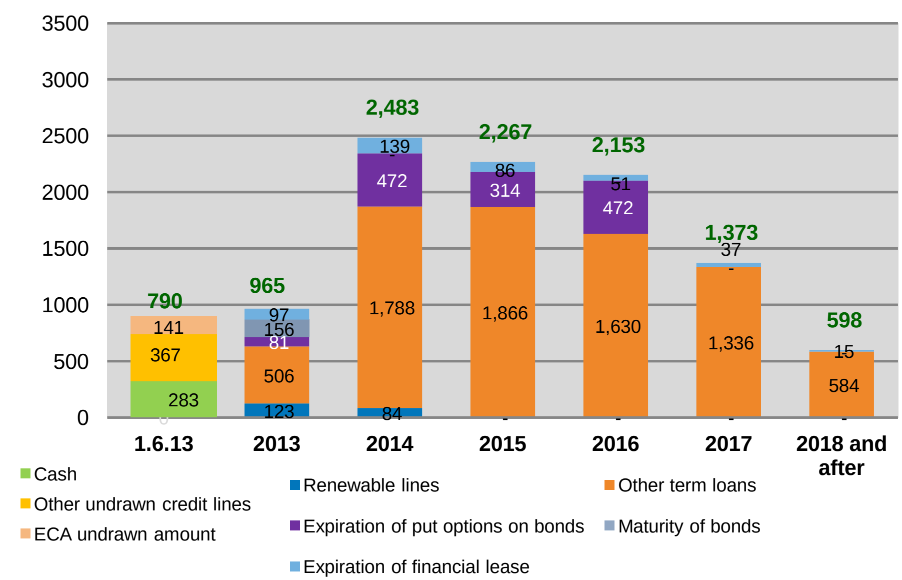
DEBT PROFILE AS OF JUNE 1, 2013



DEBT MATURITY SCHEDULE AS OF APRIL 10, 2013 WITH PRO FORMA



DEBT MATURITY SCHEDULE AS OF JUNE 1. 2013 WITH PRO FORMA*



* assuming refinancing of GBP lines according to the terms of executed committed credit facilities

FINANCIAL RESULTS OVERVIEW

US$ MILLION UNLESS OTHERWISE STATED	1Q13	4Q12	CHANGE, %
Revenue	2,481	2,521	-1.6%
Cost of sales	(1,743)	(1,882)	-7.4%
Gross margin	29.8%	25.4%	
Operating profit / (loss)	61	(933)	-
Operating margin	2.5%	-37.0%	
Adjusted EBITDA(1)	210	123	70.7%
Adjusted EBITDA(1) margin	8.5%	4.9%	
Net Income / (loss)	(321)	(1 114)	-71.2%
Net Income margin	-12.9%	-44.2%	

Sales volumes(2), '000 tonnes			
Mining segment	6,060	5,570	8.8%
Steel segment	1,724	1,872	-7.9%

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(2) Includes sales to the external customers only