



# 2008 Financial Results and 1Q 2009 Operating Results

Investor presentation



*15 April 2009*

*Moscow*

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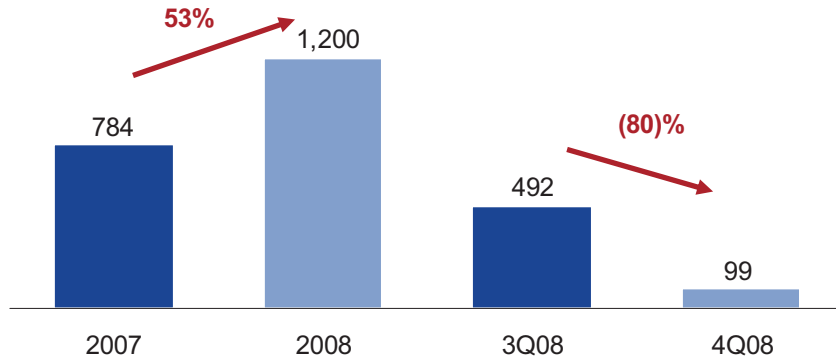
Name	Position
	<b>Gennady I. Kozovoy</b> CEO and Managing Shareholder
	<b>Oleg A. Kharitonov</b> CFO
	<b>Alexander Y. Andreev</b> Deputy General Director, Strategic Planning and Investor Relations

US\$ million	2008	2007	± 2008/2007	± % 2008/2007
<b>Revenue</b>	1,200	784	416	53%
<i>Growth, %</i>	53%	66%	(13)%	
<b>EBITDA</b>	868	470	398	85%
<i>Margin, %</i>	72%	60%	12%	
<b>EBIT</b>	685	355	330	93%
<i>Margin, %</i>	57%	45%	12%	
<b>Net Income</b>	531	240	291	121%
<i>Margin, %</i>	44%	31%	14%	
<b>Balance sheet</b>				
Total assets	1,761	1,726	35	2%
Total debt	351	347	4	1%
Net debt	165	265	(100)	(38)%
Shareholders' equity	1,179	1,064	115	11%
<b>Cash flow statement</b>				
Cash flow from operating activities	585	328	257	78%
Cash flow from investment activities	(405)	(160)	(245)	153%
Cash flow from financing activities	(176)	(139)	(37)	26%

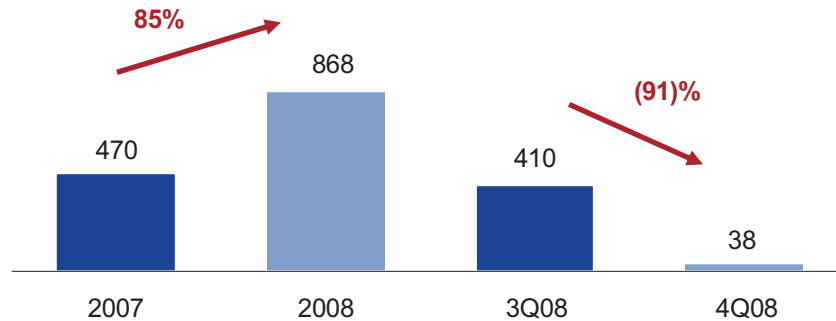
- High financial performance in 2008 was achieved due to the company's efficient operations, industrial investments and growing weighted average price for coal concentrate

**Revenue**

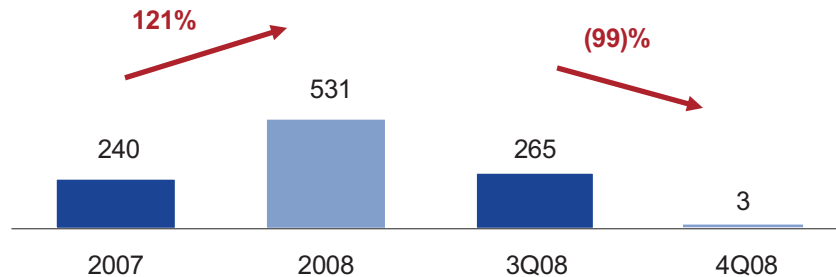
US\$ million



**EBITDA**

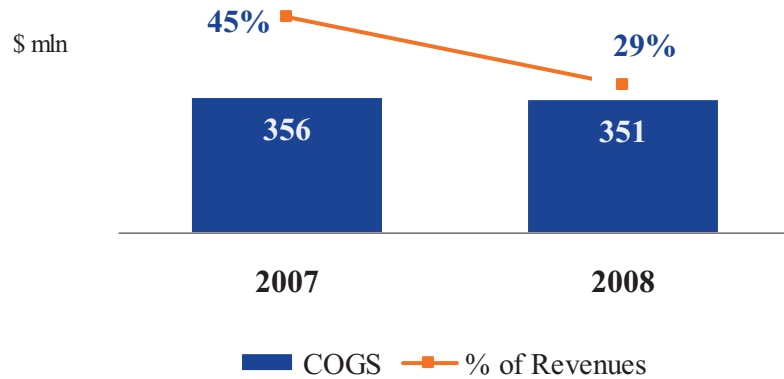


**Net income**

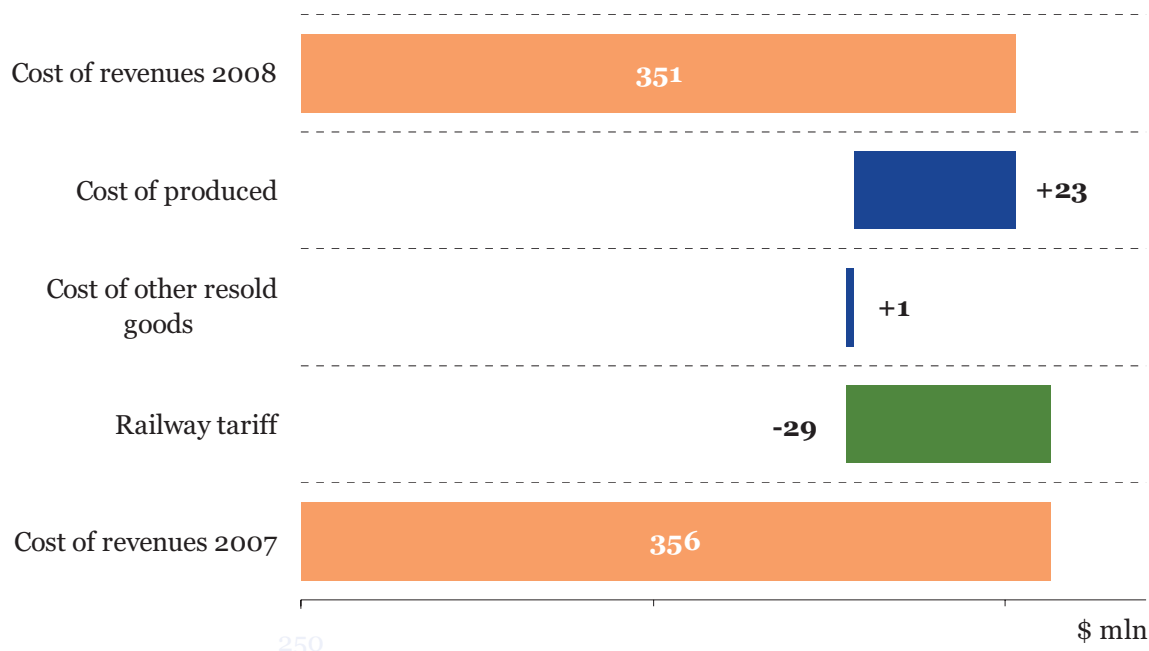


- In 2008, revenue growth was 53% compared to 2007
- ✓ with 80% decrease in sales in 4Q2008 vs 3Q2008
- ✓ no coal export sales were effected in 4Q2008
  
- In 2008, coal concentrate weighted average price grew by 124% y-o-y
- ✓ while it decreased by 40% in 4Q2008 vs 3Q2008
  
- In 2008 coal concentrate sales dropped 20% compared to 2007
- ✓ with 63% fall in 4Q2008 vs 3Q2008
  
- 2008 EBITDA growth of 85% vs 2007
  
- Net profit increased by 121% in 2008 vs 2007

**COGS dynamics**

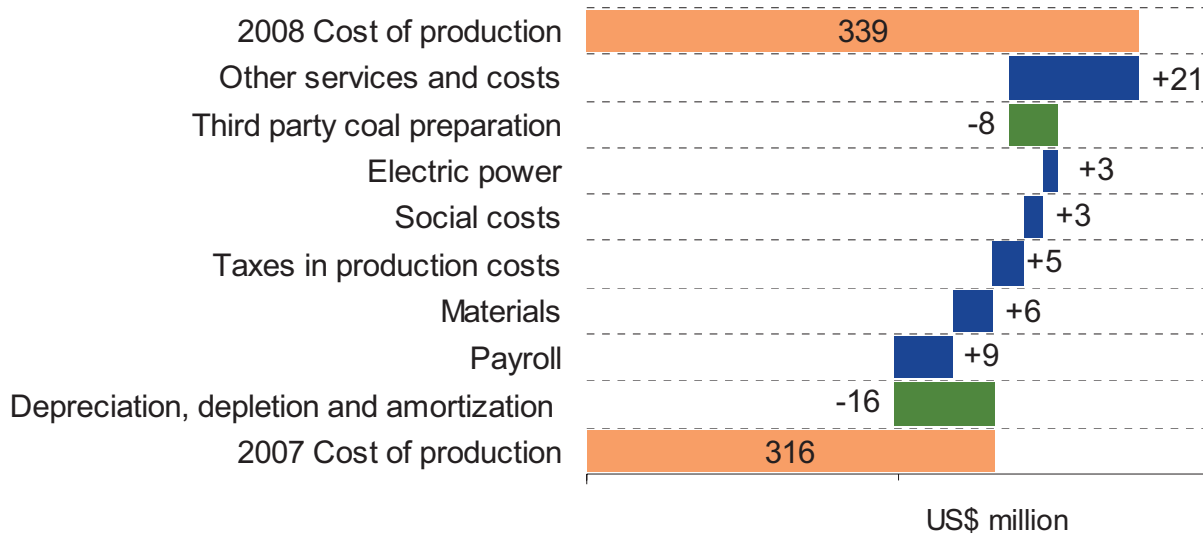


**COGS drivers**

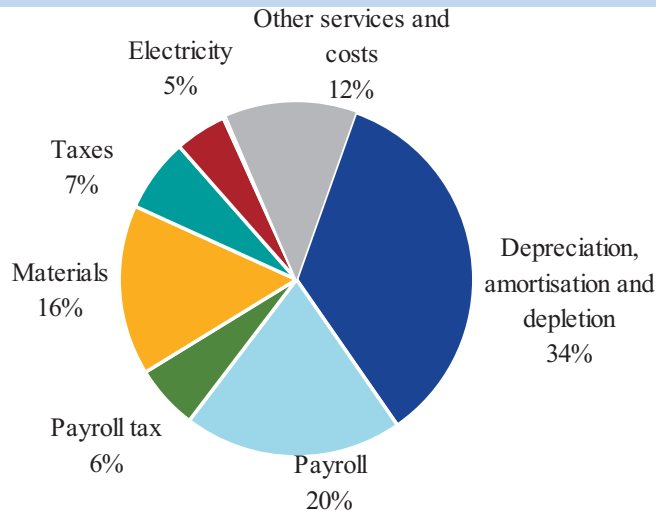


- COGS decrease of 2% in 2008 vs 2007 driven by:
  - ✓ 20% drop of coal concentrate sales from 8,795 kt to 7,030 kt
  - ✓ railway tariff reduction by 71%
- In 4Q2008 COGS fell by 28% from US\$93 million to US\$67 million
- Share of COGS in total revenue decreased from 45% in 2007 to 29% in 2008

**Cost of production – drivers**

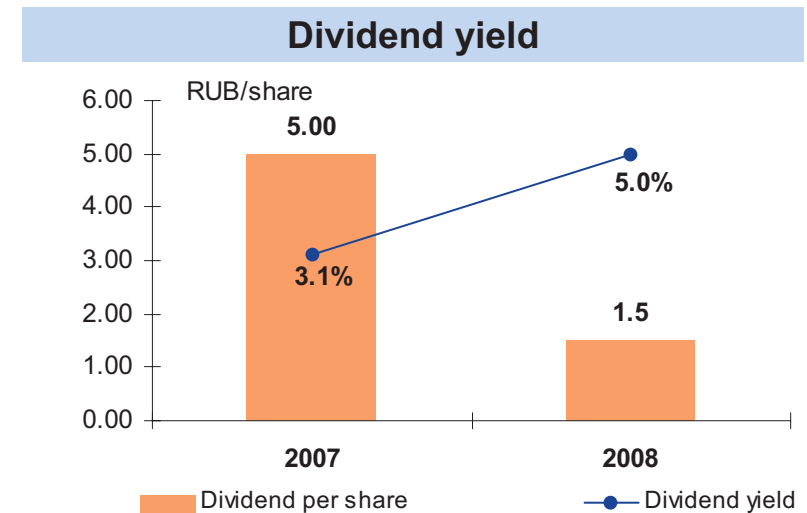
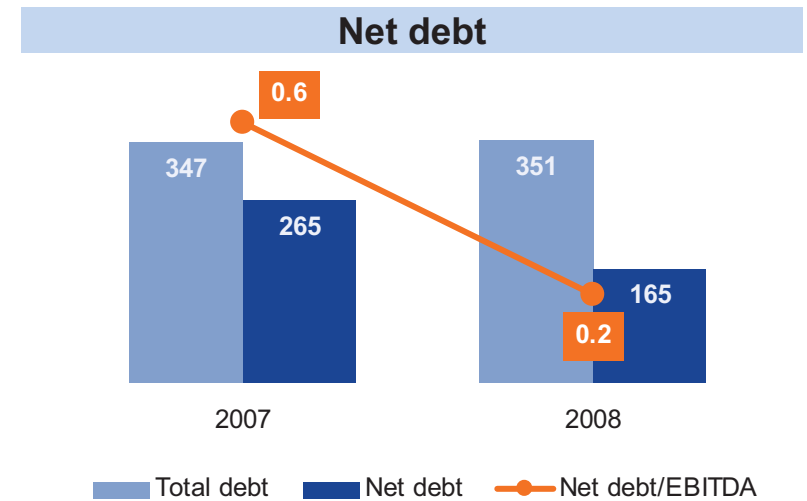


**Cost of production – breakdown (2008)**



- Cost of production increase of 7%
- Cost of coal preparation decrease of 27%
- Growth of cost per tonne of coal concentrate from US\$18.1/t in 2007 to US\$30.9/t in 2008 was driven by 7% raw coal production cost increase, 31% drop in coal mining volumes and appreciating US dollar

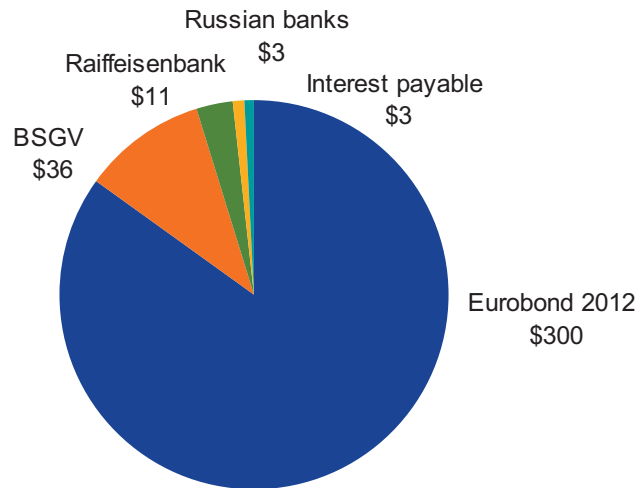
- Key elements of the Company's internal financial policy are:
  - ✓ Dividend policy adopted by the Board in December 2008 is based on dividend payments not more than 25% of IFRS net income subject to future cash flows and investments
  - ✓ Use of credit lines granted by banks or cash balance for working capital purposes
- Eurobond's Covenant is Net Debt / EBITDA of 3.0x
- Total dividend declared in 2007-2008 amounted to approx. US\$204 million
- dividends accounted for 68% of IFRS net income in 2007 and 8% in 2008
- ✓ On 12 November 2008 the Company's Board decided to propose a moderate level of dividend that desire to recognize the Company's successful performance for 9M 2008 and at the same time protect the its financial stability in the challenging market environment
- ✓ On 14 April 2009 the Company's Board has made a decision to recommend to the General Shareholders' Meeting not to pay final dividends for 2008
- ✓ Net debt as of 31 December 2008 was US\$165 million vs US\$265 million as of 31 December 2007
- ✓ Recognising the importance of such factors as coking coal prices, coal sales volumes and associated risks, Raspadskaya pursues conservative financial policy aimed at the recovery of losses related to price/sales volatility



Market price on MICEX:  
31.12.2007 - 160,06 RUB  
31.12.2008 - 30,12 RUB  
Source: MICEX, Raspadskaya

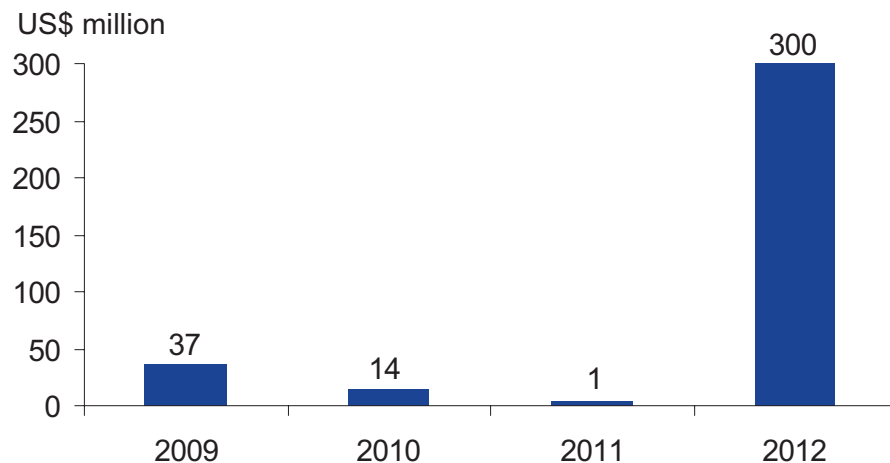


## Debt structure as of 31-Dec-08



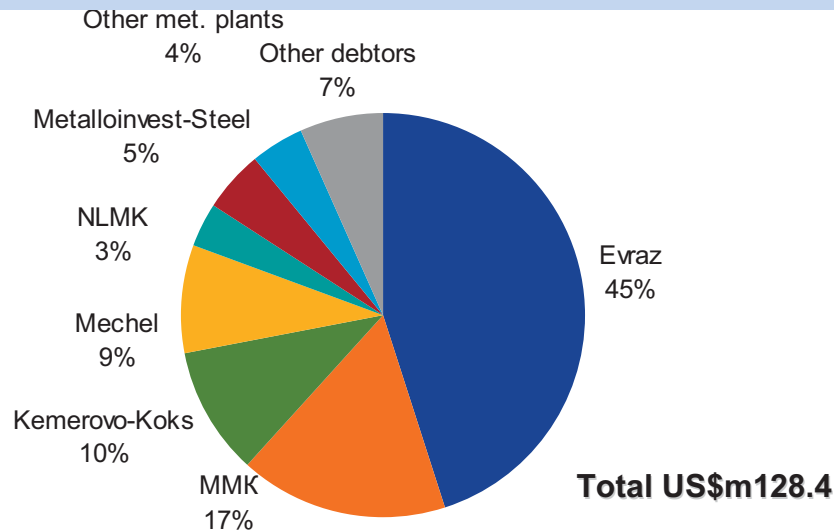
Note: Debt converted into US\$

## Repayment schedule

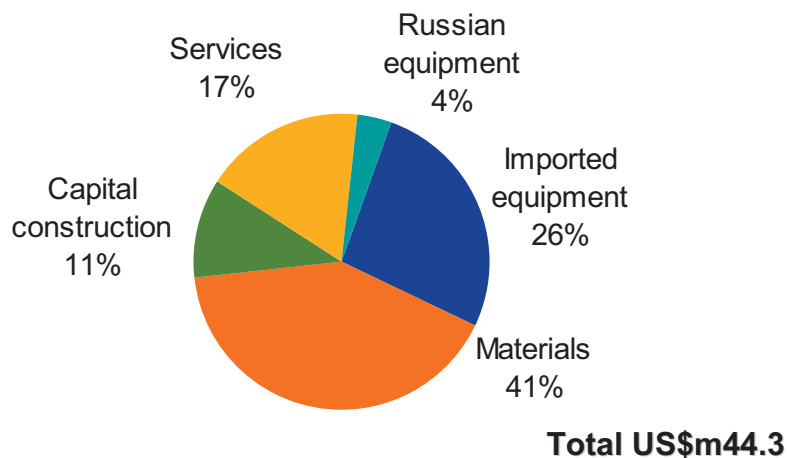


- Total debt amounted to US\$347 million as of 31 December 2007 and US\$351 million as of 31 December 2008
- Major part of Raspadskaya's debt accounts for US\$300 million bond issue due in May 2012 with fixed coupon of 7.5%
- The remaining part of the Company's debt constitutes loans from established Russian and foreign banks attracted to finance new investments
- The banks don't currently raise interest rates, not do they call for early loan repayment
- In 2008, average annual interest rates were
  - ✓ 7.2% (€) and 8.7% (US\$) for short-term loans
  - ✓ 8.0 (RUB), 7.3% (US\$) и 6.3% (€) for long-term loans
- The Company isn't planning to increase in its debt position in 2009

## Receivables structure as of 31-Dec-08



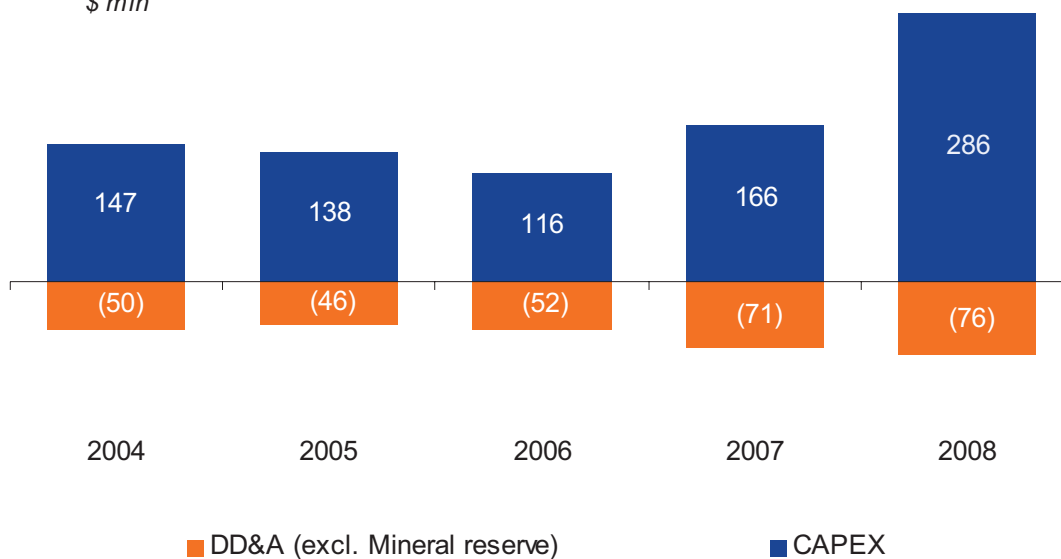
## Payables structure as of 31-Dec-08



- As of 31 December 2008 receivables from metallurgical and coke plants were US\$128.4 million; as of 31 March 2009 they decreased by 13%
- Receivables/payables structure has not changed significantly since 31 December 2008
- The Company's payables are mainly accounted for by debt to suppliers of materials and imported equipment and to contractors with respect to capital construction projects; as of 31 December 2008 the amount of payables was US\$44.3 million
- Key equipment suppliers:
  - Joy Mining Machinery
  - Bucyrus DBT Europe GmbH
  - United Industrial Company MK
  - Anzheromash
  - Sibselmash
  - Vostochnaya Tekhnika
- In December 2008 – early 2009 the Company reached an agreement with its suppliers on the extension of the payment terms
- The Company regards potential litigation risks as minimal

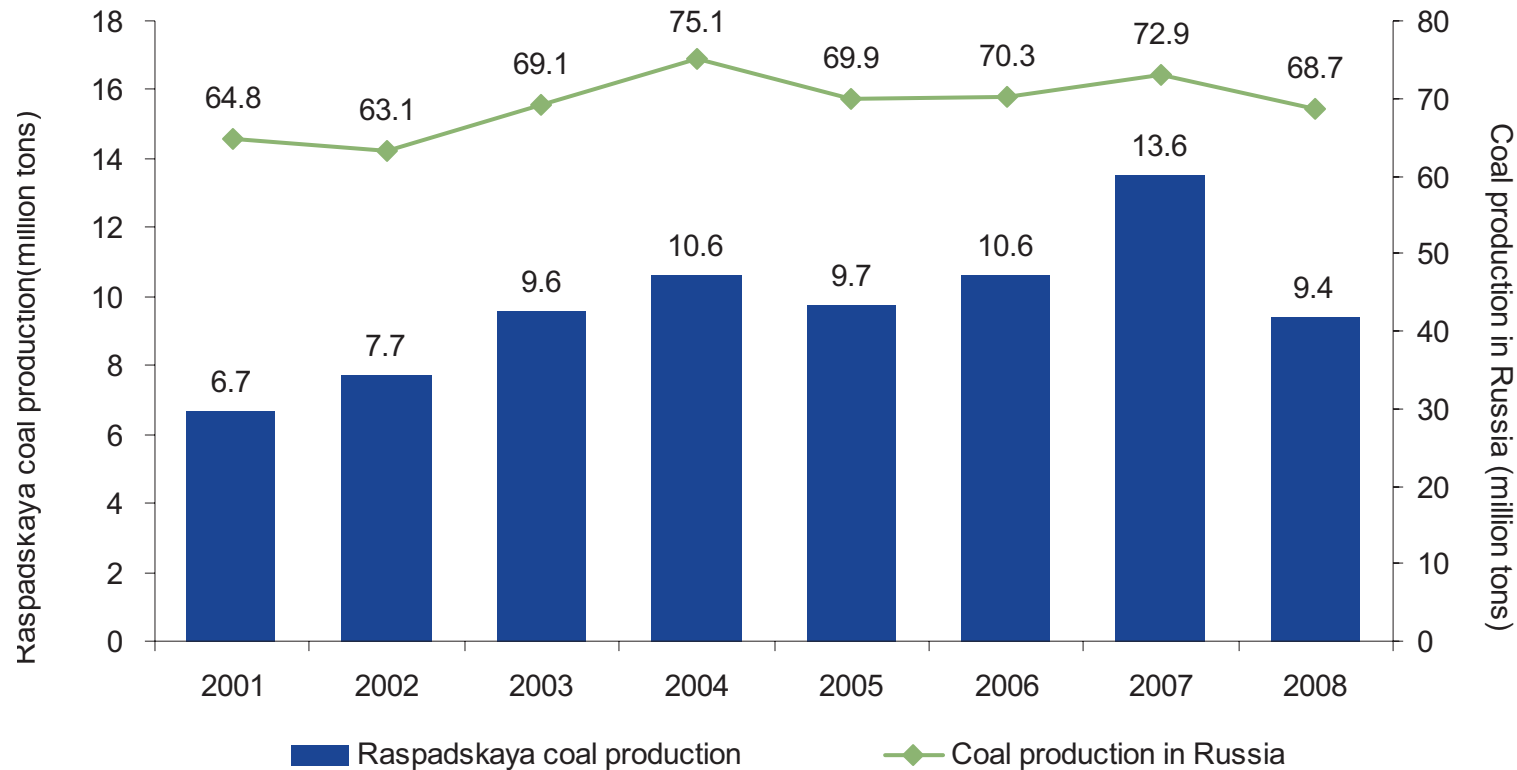
## 2004-2008 Capex

\$ mln



- In 2008, total capex amounted to US\$286 million, of which:
  - ✓ US\$219 million was invested in the modernization and reconstruction of the existing facilities, 89% higher than in 2007
  - ✓ over US\$60 million invested in the construction of Raspadskaya Koksovaya mine (high-quality hard coking coal reserves)
  - ✓ over US\$6 million invested in the completion of stage 2 of Raspadskaya preparation plant

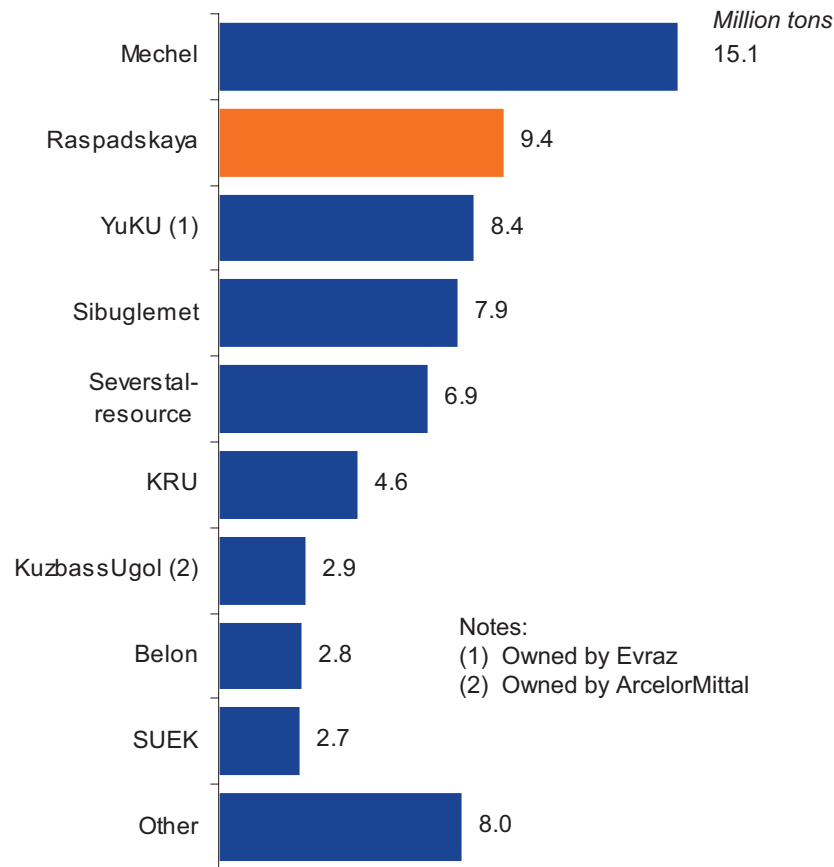
- JORC resources of 1,461 Mt, reserves of 782 Mt, including 30.3 Mt already extracted as of 31 March 2009 (reserve life of over 50 years)
- Industrial production slowdown since 4Q2008 has resulted in 6% reduction of Russian production volumes vs 2007
- Raspadskaya coal production decline in 2008 vs the 2007 level was impacted by delayed operation of working faces in 1H2008 caused by delays in equipment delivery dates and falling demand for coal in 4Q2008
- Raspadskaya accounted for 14% of the total Russian coking coal production in 2008



Source: Raspadskaya, Rosinformugol, CDU TEK

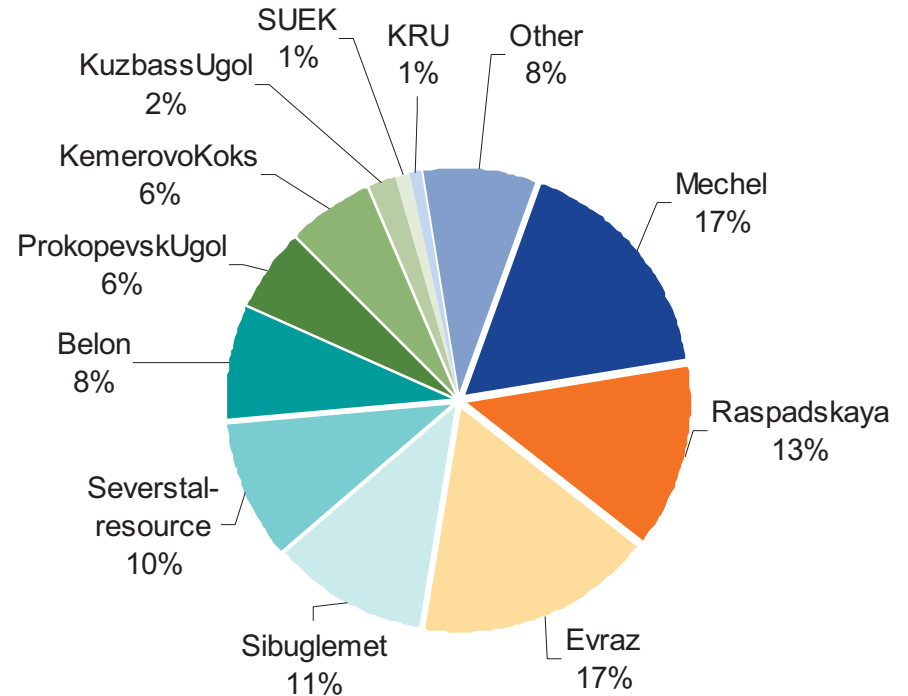
- Raspadskaya holds strong positions as one of the leaders of the Russian coking coal market in terms of production and sales volumes
- Raspadskaya is a supplier of gas-fat coal concentrate, a component for a coking mixture required for steel production

**Major Russian coking coal producers (2008)**



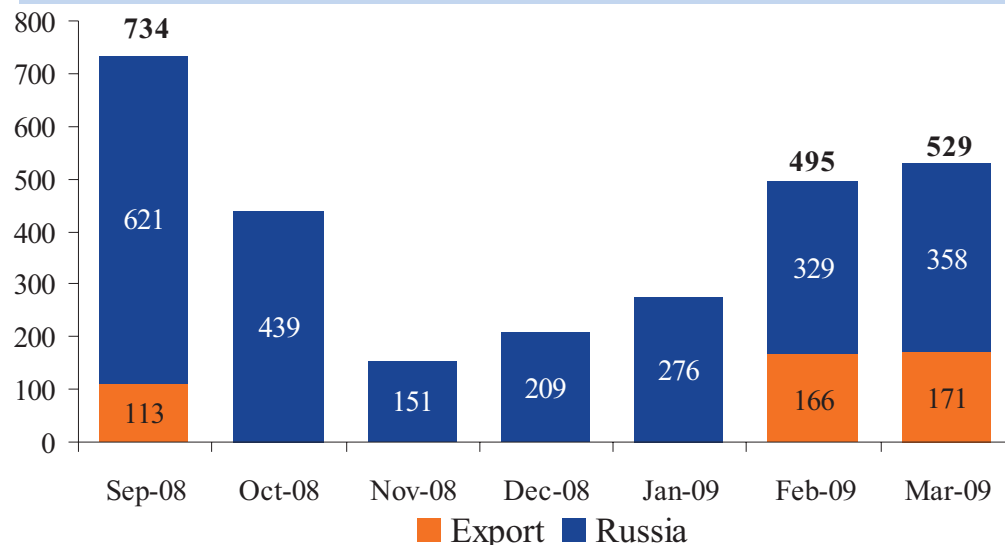
Source: CDU TEK

**Major Russian coal concentrate suppliers (2008)**

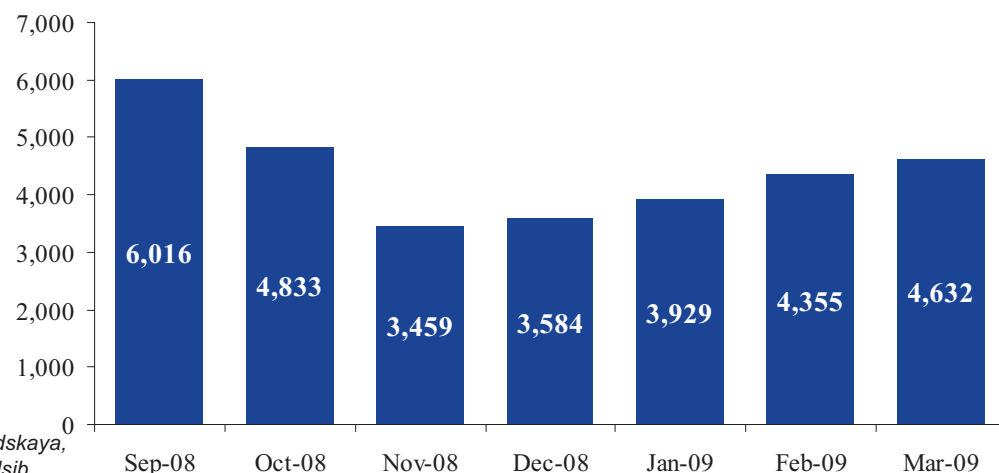


Source: Rosinformugol, Rasmin

**Raspadskaya coal concentrate sales volumes (kt)**






**Steel production volumes in Russia (kt)**



Source:  
OAO Raspadskaya,  
Rosstat, Uralsib

- Cyclical fluctuations in the steel industry constantly affecting the sales of coking coal
- Having reached its peak in mid-2008, starting 4Q2008 the demand for coking coal in Russia began to decline under the influence of the global economy crisis as well as a decrease in the demand for coke and steel.
- Sales to Ukraine ceased in 4Q2008 as a result of industrial downturn in Ukraine; however, sales to Ukraine recommenced in February 2009.
- The demand has bottomed in November and December 2008, when Raspadskaya operated at 21-29% of pre-crisis capacity
- Compared to September 2008, in February 2009 Raspadskaya operated at 65% capacity, since March 2009 – at more than 70% which allowed to stabilize the work of the Company
- Sales in 1Q2009 grew by 63% compared to 4Q2008

- The Company focuses on long-term relations with the key customers
- Starting 2009, the volumes and prices are corrected on the quarterly basis, which allow us to promptly react on changes in the coal concentrate, coke and steel markets
- Russian market
  - Large metallurgical holdings MMK, EvrazGroup<sup>(2)</sup> and NLMK<sup>(3)</sup> accounted for 65% of total sales by volume in 2008 (56% in 2007)
  - With that, in 2008 we continued to diversify our client base. In 4Q2008 and in the beginning of 2009 the decrease in sales volumes to our large customers was partially compensated by increase in sales to middle-volume Russian consumers, including Kemerovo-Koks, Mechel, Urals Steel
- Export markets
  - Historically strong positions in Ukraine
  - Coal concentrate export share in 2008 amounted to 20%, in 1Q2009 to 26%, in March 2009 to more than 32%

				 EVRAZ GROUP						UKRAINE		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Steel Production Volume, mn tonnes	12.4	13.2	11.9	14.4	14.1	13.1	9.1	9.0	8.5	40.9	42.8	37.3
Raspadskaya Sales, mn tonnes	2.13	2.18	1.67	1.32	1.66	1.33	1.00	1.50	1.26	1.17	1.47	1.32
as a % of total sales	27%	21%	23%	17%	16%	18%	13%	15%	17%	15%	14%	18%
Share of Raspadskaya in overall consumption of concentrate / in Russian exports to Ukraine	30%	30%	25%	13%	19%	14%	10%	15%	13%	18%	23%	29%

(1) Rounded and calculated for the coal concentrate, raw coal sales restated into concentrate with the output share of 76,3%

(2) Sales to Evraz Group in 2006, 2007 include supplies to NTMK, ZapSib and NKMK, in 2008 to NTMK and NKMK

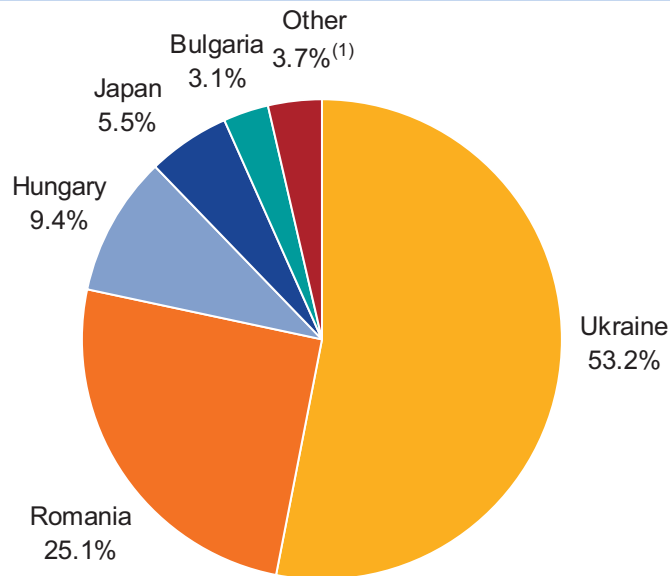
(3) Sales to NLMK in 2006- 2008 include supplies to Altai-Koks

(4) Sales to Ukraine in 2006-2007 don't include Evraz and ArselorMittal

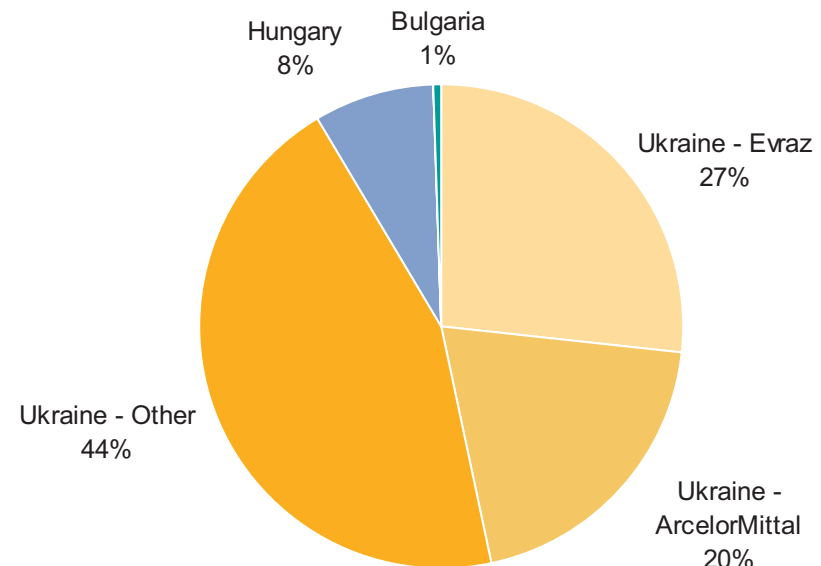
Source: OAO Raspadskaya, Companies' data, Rasmin, Metal-Courier

- Significant increase of export sales diversification
- In 2008 Ukraine accounted for 85% of our export sales volumes compared to 57% in 2007 with Raspadskaya supplying major Ukrainian coke plants. In 1H2008 Raspadskaya acquired new Ukrainian customers including three coke plants of Evraz and the metallurgical plant of ArcelorMittal in Krivoy Rog. The share of coal production sales volumes to Ukrainian plants of Evraz accounted for 42% of Raspadskaya total export sales volume in 1Q2009
- Sales to ArcelorMittal accounted for 4.2% of total sales in 2008, in 2007 – for 6.8%
- In 2008, Raspadskaya didn't sell to Asia because of the strong demand in Russia and Ukraine. In 2009, Raspadskaya will increasingly supply the demand of Asian trading houses and steel makers

**Concentrate export sales by geography (2007)**



**Concentrate export sales by geography (2008)**



Sales to Ukraine amounted to 85%

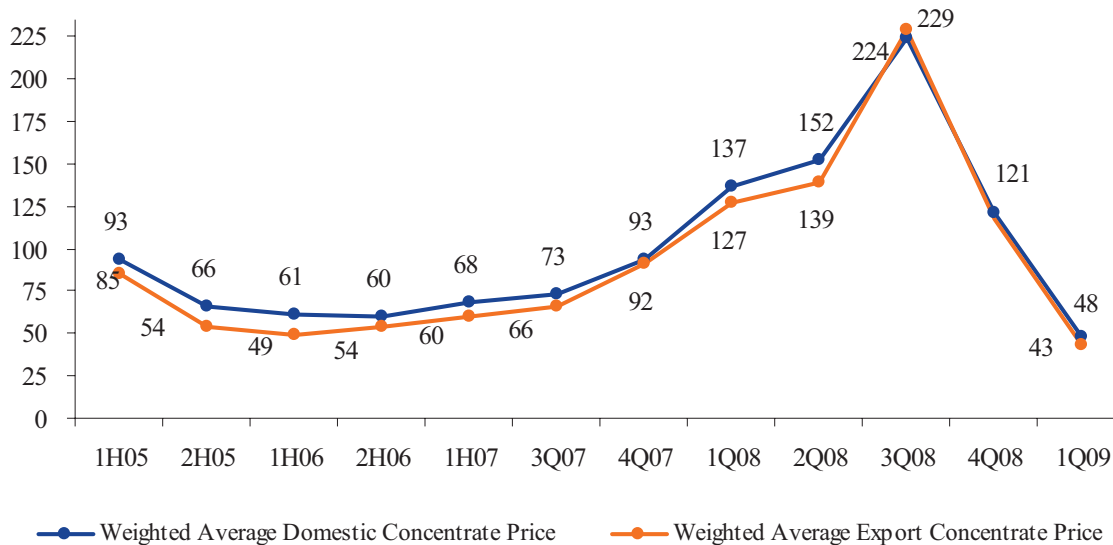
*Notes:*

*(1) Other sales are attributable to Slovakia, Korea and China which account for 1.6%, 1.1% and 1.0% of total export sales*

*Source: Raspadskaya*



## Coking Coal Price Dynamics OAO Raspadskaya (FCA Mezhdurechensk)



Source: OAO Raspadskaya

- In 9m2008, the major driving force of the increase in coking coal prices was the strong demand for metallurgical and coal products on the domestic and global markets
- In 1Q2008, one year contracts were signed with large consumers in which the prices might be changed if the market situation changed
- Starting 3Q2008, Raspadskaya negotiated an increase in its coal prices with customers
- Starting 4Q2008 coking coal prices have decreased as a result of the decrease in global demand for metal production in Russia and globally
- Weighted average sales price in 2008 was ca. US\$165, in 1Q2009 – ca. US\$47 per tonne (FCA Mezhdurechensk)

### Financial and economic policy

- Cost control toughening, reduction of fixed costs share, keeping production and coal sales costs at competitive level
- Maintain optimal balance between investments in production maintenance and perspective industrial development
- Maintain high liquidity and optimal capital structure
- Control over payables and receivables

### Sales policy

- Priority to long-term relations with strategic customers
- Diversification of client base
- Maintain optimal balance between domestic and export sales
- Focus on export share increase in the short-term
- Improve contract relations with clients
- Strengthen competitive positions due to modern production and infrastructure, stability of supply and quality of production
- Constant attention to transportation and production reloading
- Keeping historically high share of supply to Ukraine
- Expansion of export geography due to customers in Europe and Asia, main international coal sales market

### Production policy

- Maintain production capabilities and increase output under favorable market conditions
- Extension of coal grades assortment in the medium-term
- Guaranteed support of output plans by preparation, sinking and transportation facilities

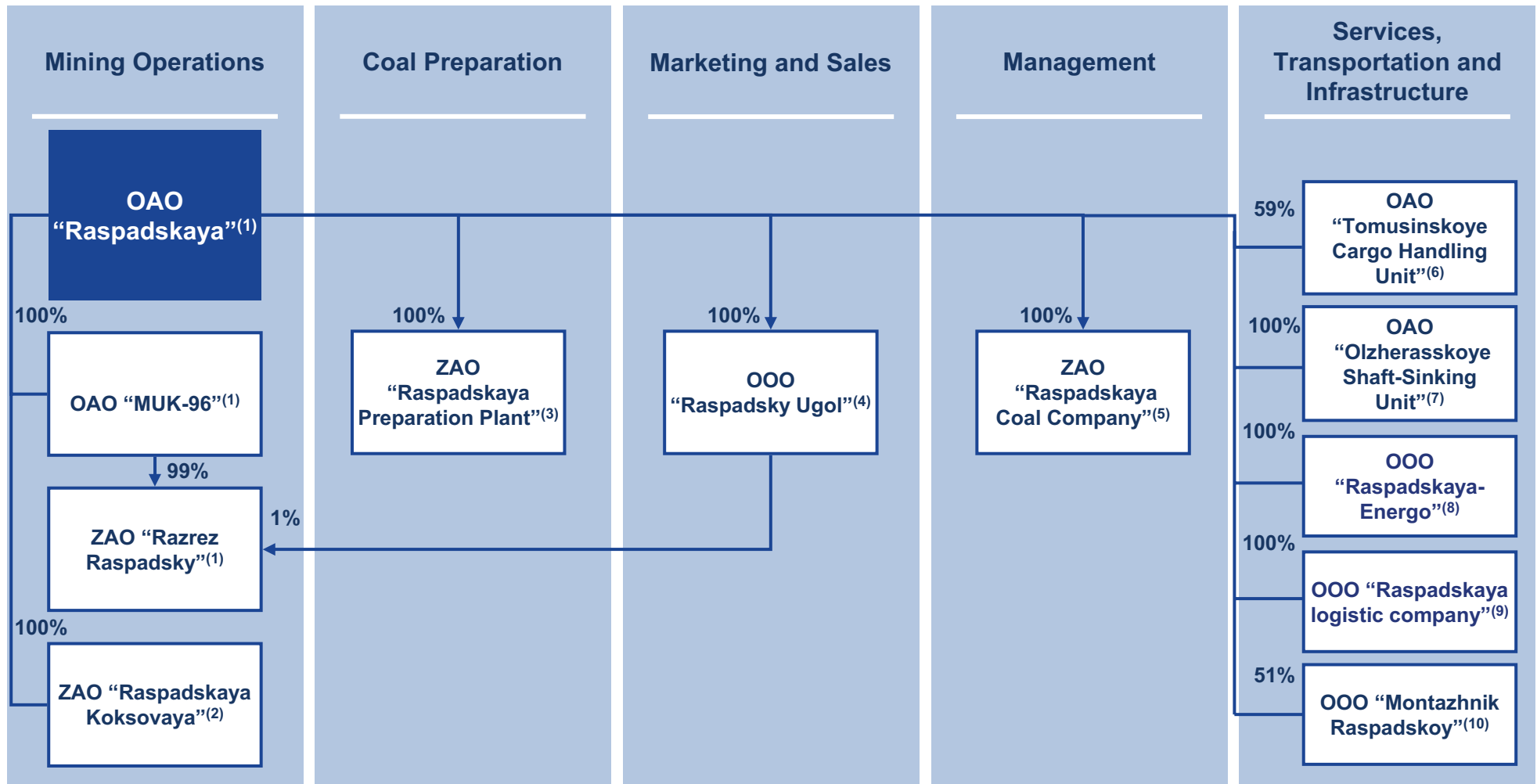
### Shareholder and investor relations, social responsibility

- Policy of building long-term relations with existing and potential shareholders, continue to pursue the policy of disclosure of material information, perfection of corporate governance procedures
- Constant attention to staff health protection, safety discipline and environmental protection
- Retention of highly qualified personnel while keeping the number of employees at optimal level
- Realization of social-economic partnership agreement with regional authorities

# Appendix

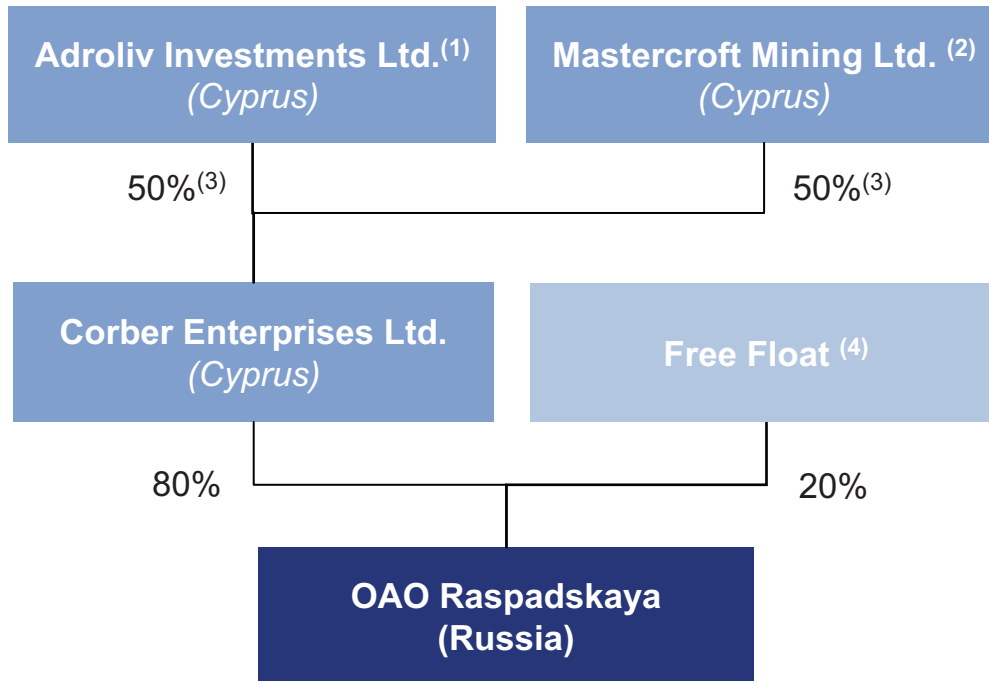


# Integrated Mining Platform Ensures Optimization of Business Operations



(1) Production of raw coal  
 (2) Production of raw coal (currently under construction)  
 (3) Preparation of raw coal  
 (4) Executing coal supply contracts on behalf of the Company  
 (5) General management  
 (6) Coal transportation  
 (7) Construction of underground mine openings and creating vertical mine shafts

(8) Electric and heat energy wholesale trade  
 (9) Fuel wholesale trade  
 (10) Production of roof bolting, metal lattice and other spare parts for mining operations



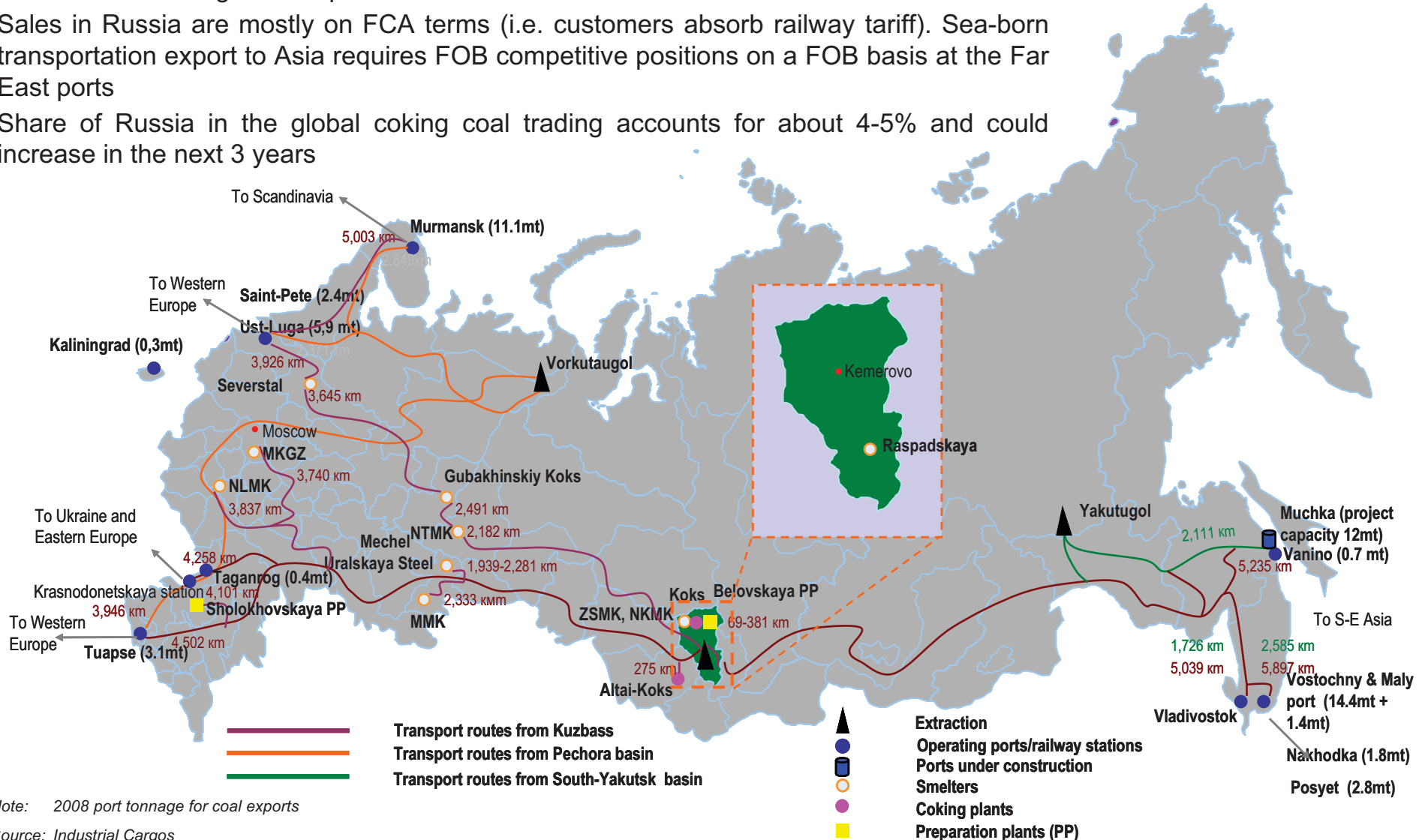
*Notes:*

- (1) *Adroliv Investments Ltd. is beneficially owned by G. Kozovoy and A. Vagin*
- (2) *Mastercroft Mining Ltd. is beneficially owned by Evraz Group S.A.*
- (3) *% of total voting shares*
- (4) *Include 18% placed during IPO in Nov. 2006 and 2% owned by employees, former employees and their families*

- Long-term partnership with Evraz Group is based on:
  - Business relations:
    - transactions are on an arm length basis
    - supply contract for Russian plants valid until end of 2011, shipments to Ukrainian plants began in 2008
    - the share of coal production sales volumes to Evraz Group in 2007, 2008 and 1Q2009 accounted for 16,3%, 18% and 22% of Raspadskaya total sales volume, respectively (only for Russian plants)
    - the share of Raspadskaya supply volumes in total coal concentrate purchase volume of Evraz Group accounted for 19%, 14% and 12,6% in 2007, 2008 and 1Q2009, respectively (for Russian plants) and for 20% in 1Q2009 for Ukrainian plants
  - Shareholders' relations:
    - since 1990-s – minority participation of Evraz
    - since 2004 – parity ownership
    - shareholders' agreement at Corber provides for the unanimous adoption of resolutions on major strategic issues and execution of operational governance by Adroliv' beneficiaries

Source: OAO Raspadskaya

- Russia has 2nd largest coal reserves globally and Kuznetsk coal basin accounts for 80% of total Russian coking coal output
- Sales in Russia are mostly on FCA terms (i.e. customers absorb railway tariff). Sea-born transportation export to Asia requires FOB competitive positions on a FOB basis at the Far East ports
- Share of Russia in the global coking coal trading accounts for about 4-5% and could increase in the next 3 years



Note: 2008 port tonnage for coal exports

Source: Industrial Cargos

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