



OMZ

2002 consolidated unaudited results

Russian accounting standards (RAS)

The presentation features RAS consolidated results of the following enterprises:

- ✓ OAO OMZ
- ✓ Uralmash
- ✓ UMZ Engineering
- ✓ OOO OMZ
- ✓ Komplekt-Atom-Izhora(KAI)
- ✓ ZSMK
- ✓ NPO Burovaya Technika
- ✓ Izhorskiye Zavody
- ✓ UMZ Trading Company
- ✓ TC Izhorskiye Zavody
- ✓ Krasnoye Sormovo Shipyard

including results of the following newly consolidated enterprises:

- ✓ UPET
- ✓ FG
- ✓ OMZ-Instrument
- ✓ III International Shipyard
- ✓ service enterprises
- ✓ Nizhegorodskiy Teplokhod
- ✓ OMZ-Speciality Steels
- ✓ OMZ-Siberia
- ✓ Shipbuilding Firm Almaz



Acquisitions in 2002

Enterprise	Date of acquisition	Business Segment
Almaz	Nov. 12 2002	SHIP
Nizhegorodsky Teplokhod	June 20 2002	SHIP
Upet S.A.	June 17 2002	OILEQ
Pavlovskiy mechanical engineering plant	Nov. 25 2002	OILEQ
III International Shipyard	Nov. 25 2002	SHIP
Friede Goldman	June 2002	SHIP



Key events in 2002

- ✓ OMZ-Onshore&Offshore (Ltd.) established on the basis of the Company's oil&gas and shipbuilding business segments
- ✓ OMZ-Mining Equipment & Technology(Ltd.) established on the basis of the Company's mining equipment business segment
- ✓ OMZ-Metallurgical Equipment and Technology(Ltd.) established on the basis of the Company's metallurgical equipment business segment
- ✓ OMZ-Specialty Steels (Ltd.) established to incorporate metallurgical production at Uralmash and Izhora Works
- ✓ OMZ-Siberia service company (Kemerovo) established to service mining equipment and supply spare parts
- ✓ Expert Rating Agency A-rated Rub 900 million bond offering
- ✓ Standard&Poor's upgraded OMZ's national scale credit rating from 'ruBB+' to 'ruBBB' as the Company improved its operating results
- ✓ OMZ's long-term corporate credit rating was reiterated at 'CCC+' with positive outlook



Key events in 2002

- ✓ Contract signed with OAO Atomstroyexport to supply equipment for the 1st and 2nd power units of the Kudankulam nuclear power plant (India)
- ✓ A dragline shipped to the Mongolian Coal Agency under a contract with Itochu Corporation (Japan)
- ✓ Shipped the reactor vessel for the 2nd power unit of the Tian Wan nuclear power plant (China)
- ✓ A contract signed with Rosoboronexport to supply a submarine for the Chinese Navy
- ✓ An agreement signed with Rosoboronexport to supply a landing ship Zubr (“Bizon”) for the Greek Navy
- ✓ A contract signed with the Caspian Sea Shipping Company (Baku, Azerbaijan) to build six oil tankers
- ✓ A contract signed with Volga Shipping Company (Volga-Fleet, Nizhniy Novgorod) to build ten “Rusich” river-sea dry cargo ships
- ✓ Two Svetlyak (“Glowworm”) patrol boats built for the Vietnamese Navy under a contract with Rosoboronexport



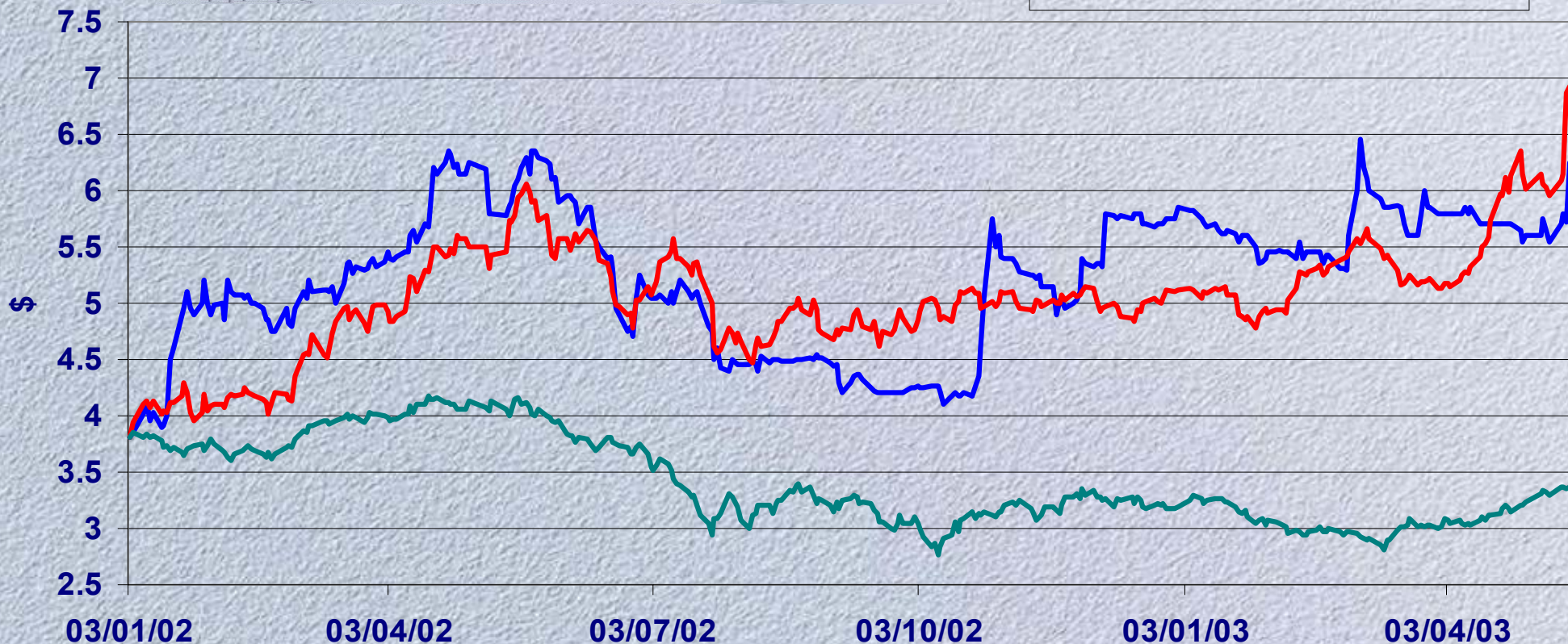
Financial performance (RAS)

<i>\$ mln</i>	<i>2001</i>	<i>2002</i>
Revenue	351	398
Gross profit	102	128
EBITDA	61	60
Operating earnings (EBIT)	41	40
Earnings before tax (EBT)	29	28
Net income	21	22
Earnings per share, \$	0.44	0.55
Assets	518	606
Net Assets	270	273
Net working capital (NWC)	134	131
Capital expenditures and investment	34	63
Depreciation and amortization	20	20

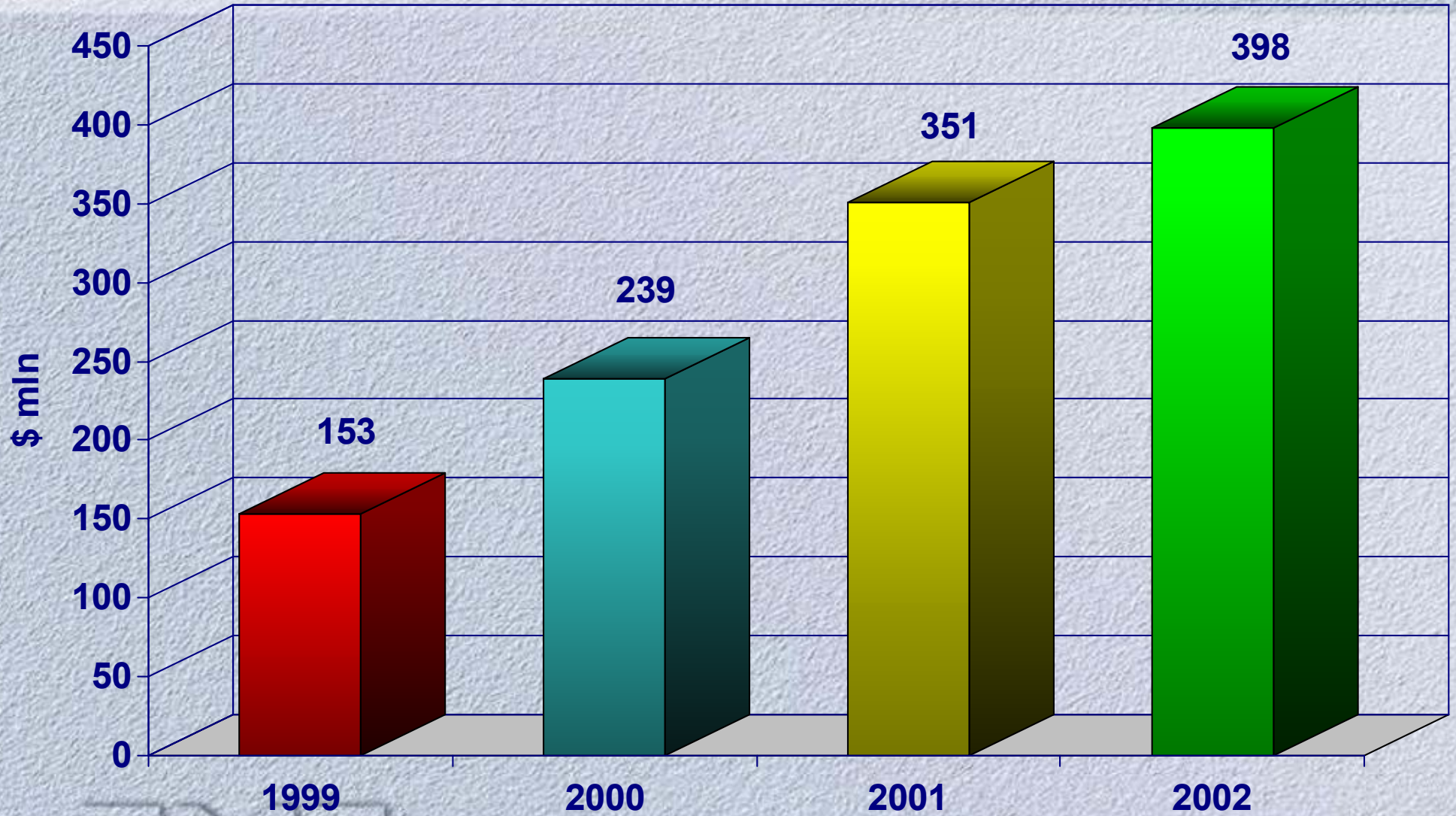


Financial performance (RAS)

Capitalization (RTS)	08.05.03
\$ mln	186.3
P/S	0.47
P/E	8.45

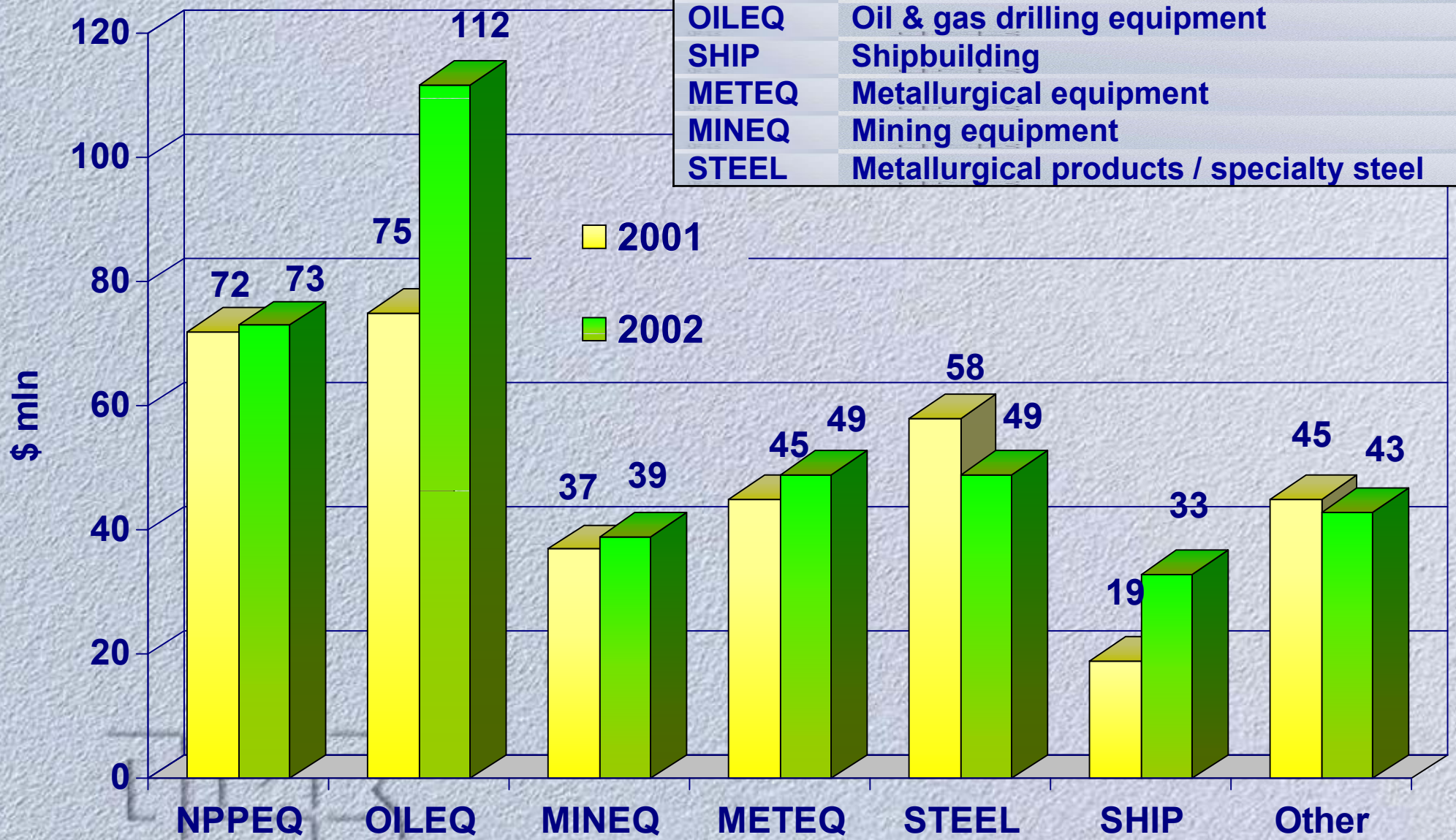


Sales



Sales breakdown by business segment

NPPEQ	Nuclear power plant equipment
OILEQ	Oil & gas drilling equipment
SHIP	Shipbuilding
METEQ	Metallurgical equipment
MINEQ	Mining equipment
STEEL	Metallurgical products / specialty steel



Sales breakdown

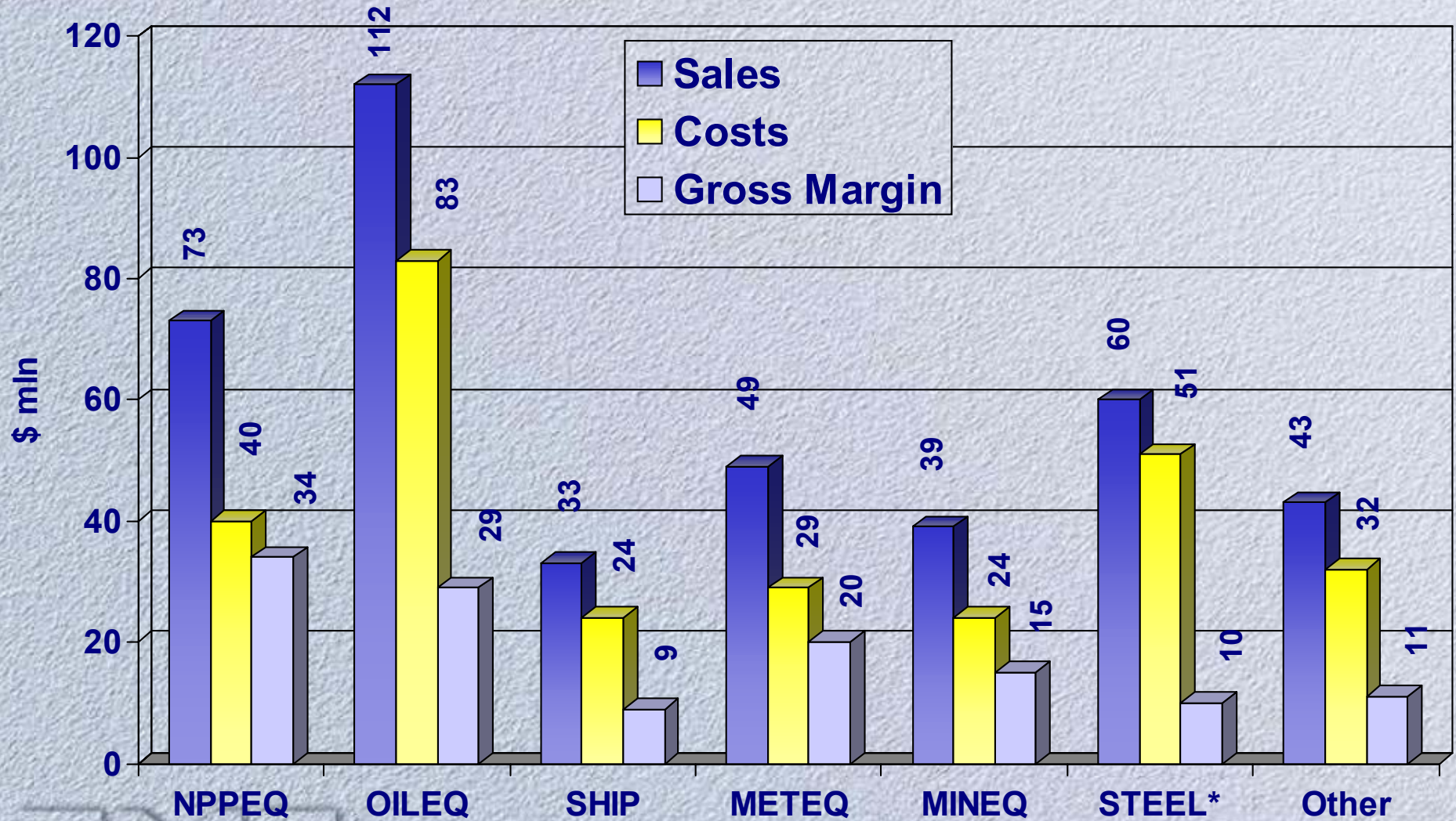
	<i>Sales, in \$ mln</i>			<i>Sales outside Russia, as % of total segment sales</i>
	<i>Total</i>	<i>Russia</i>	<i>Outside Russia</i>	
Nuclear power plant equipment	73	14	60	82%
Metallurgical equipment	49	43	6	12%
Oil & gas drilling equipment	112	96	16	14%
Mining equipment	39	29	10	26%
Metallurgical products / specialty steel	48	39	9	19%
Shipbuilding	33	4	30	89%
Other products	43	42	1	2%
Total	398	267	131	33%

Breakdown of sales outside Russia

	<i>Sales outside Russia, \$ mln</i>	<i>CIS</i>	<i>Europe</i>	<i>America</i>	<i>Asia</i>
Nuclear power plant equipment	60	0%	0%	0%	100%
Metallurgical equipment	6	65%	8%	0%	27%
Oil & gas drilling equipment	16	29%	36%	1%	34%
Mining equipment	10	81%	0%	0%	19%
Metallurgical products / specialty steel	9	10%	75%	13%	2%
Shipbuilding	30	16%	53%	14%	18%
Other products	1	4%	87%	9%	0%
Total	131	17%	22%	4%	56%



Sales and gross margin by business segment

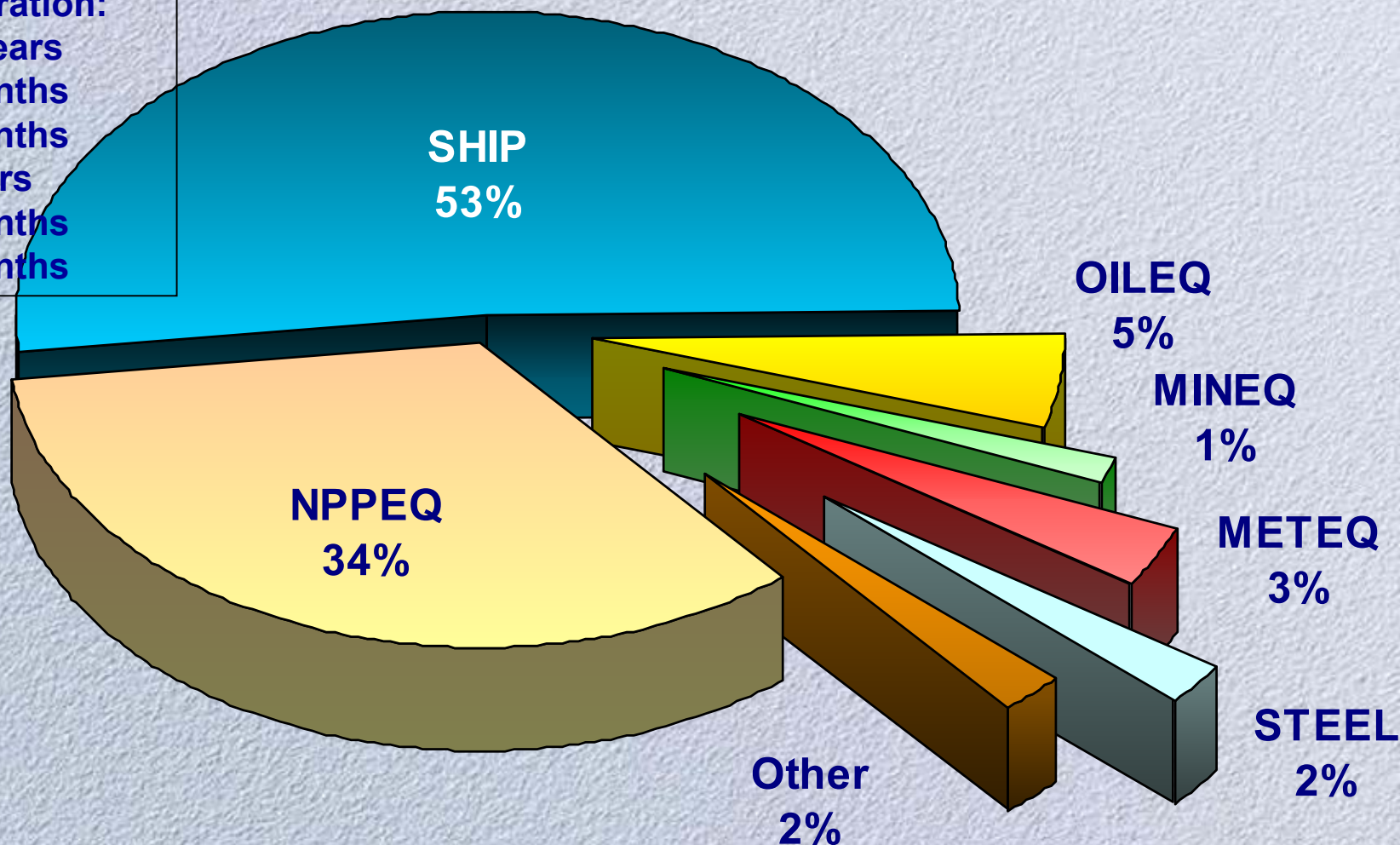


* Including sales within OMZ

Net order book as of April 2003

Order book duration:

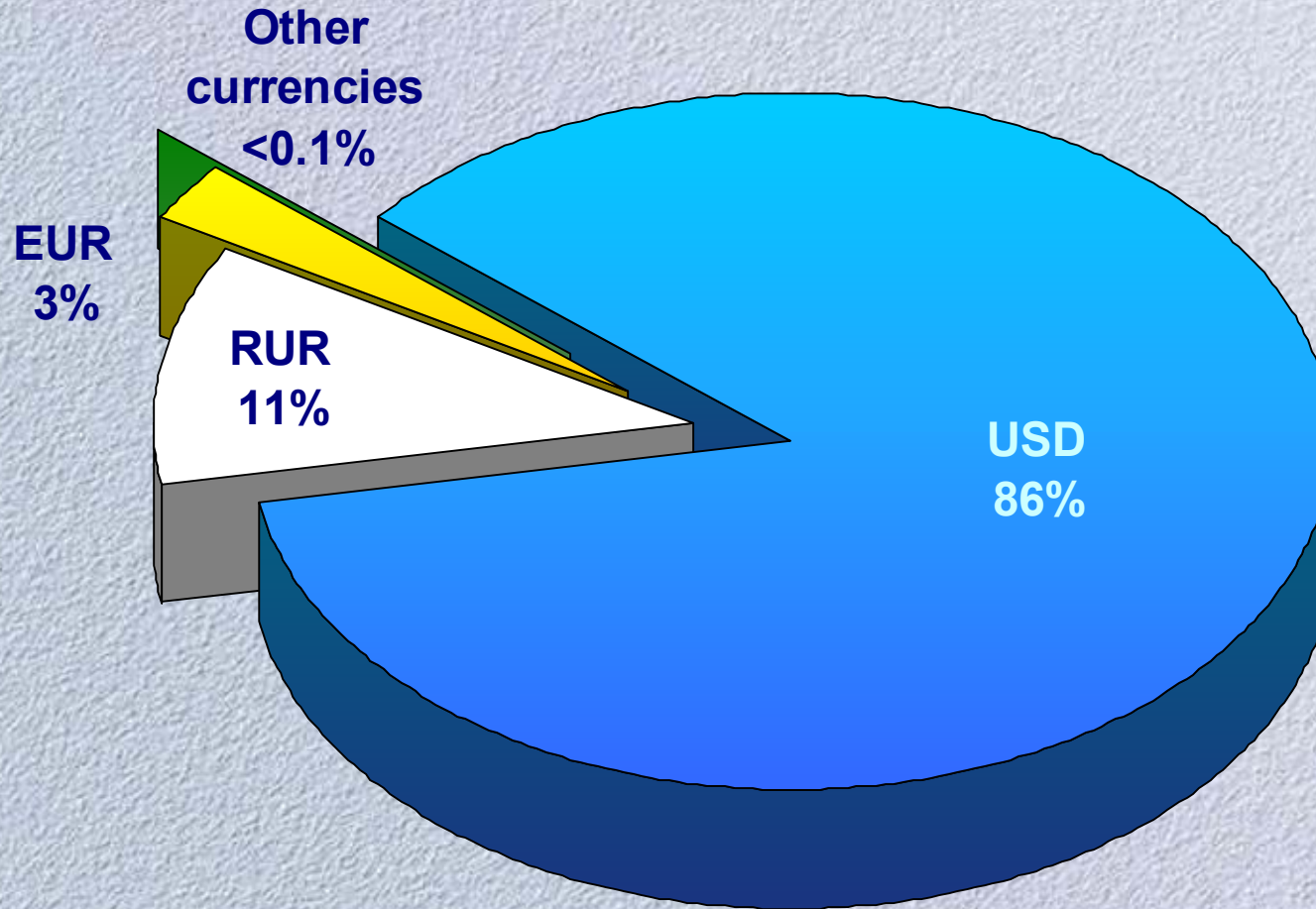
NPPEQ	3.3 years
OILEQ	5 months
MINEQ	4 months
SHIP	2 years
METEQ	5 months
STEEL	2 months



Net order book as of April 2003 totaled \$1,004 mln

Order intake in 2002 amounted to \$958 mln

Order book breakdown by currency



Largest contracts in the order book

Nuclear power plant equipment

Kudankulam (India) NPP, \$282 mln

Tian Wan (China) NPP, \$27 mln

Busher (Iran) NPP, \$7 mln

Shipbuilding

Caspian Shipping Company (Azerbaijan), 6 tankers, \$71.5 mln

KSS Shipping Ltd. (Malta), 10 tankers, \$60.5 mln

Greek Navy, “Zubr” landing ship, \$62.6 mln

Volga Shipping Company, 10 dry cargo vessels, \$58.7 mln

Gazflot, specialized jack up support vessel, \$8.3 mln

Chinese Navy, a submarine

Mining Equipment

Almalyk mineral processing facility (Kazakhstan), shovels, spares, \$1.7 mln

Samanta (India), crusher, \$1 mln



Largest contracts in the order book

Oil & gas equipment

Turkmenneft, spares and components, \$5.5 mln

Uzburneftegaz, drilling rigs, \$3 mln

Turkmenneftegaz, spares and components, \$2.4 mln

Lukoil-Drilling, drilling rigs, \$1.3 mln

ONGC (India), drilling rigs, \$3.6 mln

Metallurgical equipment

MMK, Magnitogorsk, steel rolls, \$3.7 mln

MMK, Magnitogorsk, furnace equipment , \$1.4 mln

HTMK, Nizhniy Tagil, steel rolls, \$1.3 mln

Severstal, CCM, \$1 mln

Metallurgical products

ZIO Podolsk, steel products, steel forgings, \$0.5 mln

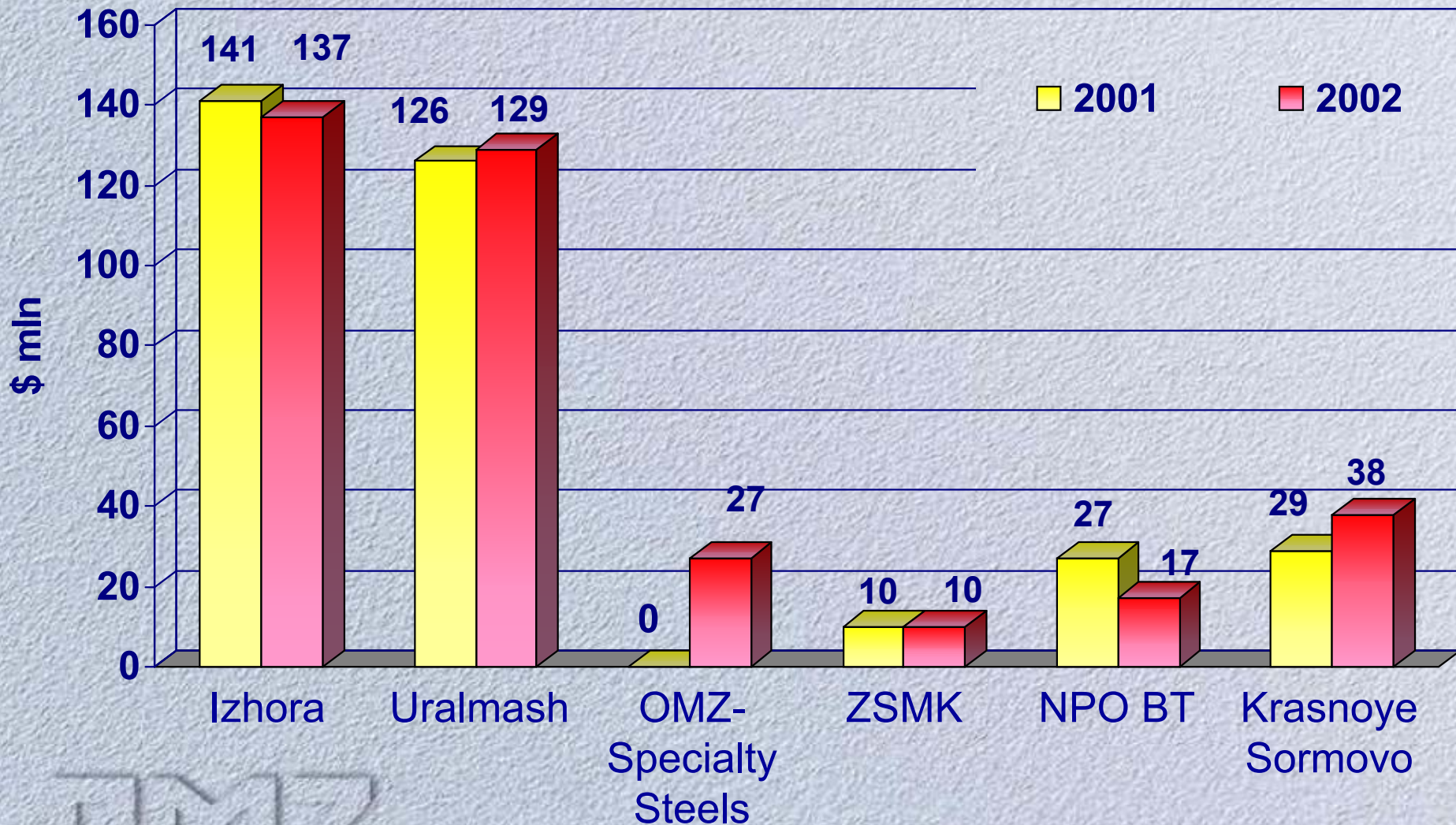
Leningrad metallurgical works, steel products, steel forgings, \$1.7 mln

Elektrosila, forgings, \$1.4 mln

Petrochemical equipment

Tyumen Oil Company (TNK), 2 reactors, 1 separator, \$4.9 mln

Manufacturing volumes at key OMZ facilities



Number of employees at key enterprises

<i>Enterprise</i>	<i>Total as of Dec. 31, 2001</i>	<i>Total as of Dec. 31, 2002</i>	<i>Total as of April 1, 2003</i>
Uralsmash Plant	14 125	7 118	6 436
Izhora Works	14 028	9 306	9 340
Krasnoye Sormovo Shipyard	8 170	6 743	6 323
ZSMK	1 455	1 100	995
NPO Burovaya Technika	1 530	1 493	1 487
OMZ Instrument	-	924	887
OMZ Specialty Steels	-	5 044	4 934
	<i>Dec. 31'01</i>	<i>Dec. 31'02</i>	<i>April 1'03</i>
Total number of OMZ employees	42,700	43,000	41,700

Number of employees at enterprises acquired in 2002 totaled 7,200 as of December 31, 2002



**Consolidated unaudited
2002 financial results
according to Russian accounting standards**

Consolidated statement of profit and loss

	<i>\$ mln</i>	2001	2002
Revenues		351	398
Cost of goods sold		(249)*	(270)
Gross earnings		102	128
Selling expenses		(9)	(13)
G&A expenses		(52)*	(71)
Operating Earnings		41	43
Other income (expenses)		3	(16)
Earnings before tax		43	28
Income tax		(8)	(5)
Net income		35	22
Net income (without asset revaluation)		21	22
<i>incl. minority interest</i>		7	5
Net income to shareholders (without asset revaluation)		14	17

* Numbers updated to reflect changes in accounting policy adopted in 2002

Profit and loss consolidated statement, cont'd

	<i>\$ mln</i>	<i>2001 г.</i>	<i>2002 г.</i>
Other income and expenses			
Interest income		2	3
Interest expense		5	16
Property and other taxes		3	4
Gain on sales of fixed assets		2	3
Revaluation of fixed assets		14	-
Gain from redemption of debt at a discount		-	4
Other gains/(losses)		(7)	(7)
Total		3	-16



Consolidated statement of profit and loss

Changes in general and administrative expenses

		\$ mln
G&A for the period ending December 31, 2001		52
1. Increase in G&A due to newly acquired companies		8
2. Indexation of salaries, increase in land tax rate, increase in utility rates		12
3. Other factors		3
4. Translation differences		(3)
G&A for the period ending December 31, 2002	7	71
	1	



Consolidated Balance Sheet

Assets <i>\$ mln</i>	December 31, 2001	% of total assets	December 31, 2002	% of total assets
Current assets				
Cash and cash equivalents	50	9.6%	37	6.1%
Trade accounts receivable	66	12.7%	83	13.7%
Advances to suppliers	30	5.8%	29	4.7%
Inventories	178	34.4%	224	37.0%
Other current assets	4	0.7%	9	1.5%
Total current assets	327	63.1%	382	63.0%



Consolidated Balance Sheet, cont'd

Assets <i>\$ mln</i>	December 31, 2001	% of total assets	December 31, 2002	% of total assets
Long-term assets				
Long-term investments	13	2.6%	20	3.3%
Plant and equipment	157	30.3%	168	27.7%
Work-in-progress	18	3.5%	22	3.6%
Intangible assets	0	0%	13	2.2%
Other intangible assets	2	0.4%	1	0.1%
Total long-term assets	191	36.9%	224	37.0%
Total assets	518	100%	606	100%



Consolidated Balance Sheet, cont'd

<i>Liabilities</i> \$ mln	<i>December</i> <i>31, 2001</i>	<i>% of total</i> <i>liabilities</i>	<i>December</i> <i>31, 2002</i>	<i>% of total</i> <i>liabilities</i>
Current liabilities				
Trade accounts payable	41	7.8%	32	5.2%
Taxes payable	6	1.1%	4	0.7%
Short-term borrowings	14	2.8%	43	7.0%
Current portion of restructured tax liabilities	6	1.2%	6	1.0%
Other payables	8	1.5%	17	2.7%
Total current liabilities	74	14.4%	101	16.6%
Advances received	118	22.8%	150	24.8%



Consolidated Balance Sheet, cont'd

<i>Liabilities</i> \$ mln	<i>December</i> <i>31, 2001</i>	<i>% of total</i> <i>liabilities</i>	<i>December</i> <i>31, 2002</i>	<i>% of total</i> <i>liabilities</i>
Long-term liabilities				
Long-term debt	25	4.8%	64	10.5%
Long-term portion of restructured tax liabilities	26	5.0%	18	3.0%
Other long-term debt	4	0.9%	0	0.0%
Total long-term liabilities	55	10.7%	82	13.5%
Total liabilities	248	47.9%	333	55.0%
Equity	270	52.1%	273	45.0%
(including minority interest)	74	14.4%	85	14.1%
Total liabilities and equity	518	100%	606	100%

Debt position

	<i>\$ mln</i>
TOTAL, as of May 2003	132
Domestic bonds	54
CLN	30
Bank loans	48
Short-term borrowings	40%
Long-term borrowings	60%



Statement of capital flows

<i>\$ mln</i>	2001	2002
Capital at the beginning of the reporting period	260	270
Net income	21	22
including minority interest	7	5
Adjustments	15	(6)
Increase in capital due to revaluation of fixed assets	14	2
Profit used	7	1
Decrease in capital due to fines to be paid out according to the restructuring schedule	5	-
Decrease in capital due to new acquisitions / increase in holding in existing subsidiaries	2	1
Write-off of illiquid securities	-	6
Other changes in capital	(1)	0
Translation differences	(25)	(7)
Capital at the end of the reporting period	270	273



Consolidated statement of cash flows

<i>\$ mln</i>	2001	2002
Cash and cash equivalents at the beginning of the reporting period	79	50
Cash and cash equivalents of newly consolidated subs at the beginning of the reporting period	0	3
Net income	21	22
<i>including minority interest</i>	7	5
Profit used	7	1
Depreciation and amortization	20	20
Change in reserves	15	(3)
Increase in working capital	74	29
Cash from operating activities	(25)	8
Net capital expenditure	22	33
Long-term investment in securities	8	22
Cash from investment activities	(30)	(55)
Change in restructured liabilities	5	(8)
Increase in debt	26	40
Cash from financing activities	31	32
Translation differences	(6)	(1)
Cash at the end of the reporting period	50	37

Changes in working capital

	<i>\$ mln</i>
<u>Working capital as at December 31, 2001</u>	<u>134</u>
Increase in working capital	82
Including:	
Net income	22
<i>Including minority interest</i>	5
Depreciation and amortization	20
Increase in long-term debt	40
Decrease in working capital	84
Including:	
Investment in subsidiaries and affiliated companies	30
Capital expenditure	33
Profit used	1
Reserved used	3
Repayment of restructured liabilities	8
Write-off of inventory	4
Write-off of illiquid securities	3
Other decrease in working capital	0
Working capital of newly consolidated companies at the beginning of the reporting period	2
Translation differences	(2)
Working capital as at December 31, 2002	131

Working capital by segment

NPPEQ	Nuclear power plant equipment
OILEQ	Oil & gas drilling equipment
SHIP	Shipbuilding
METEQ	Metallurgical equipment
MINEQ	Mining equipment
STEEL	Metallurgical products / specialty steel

