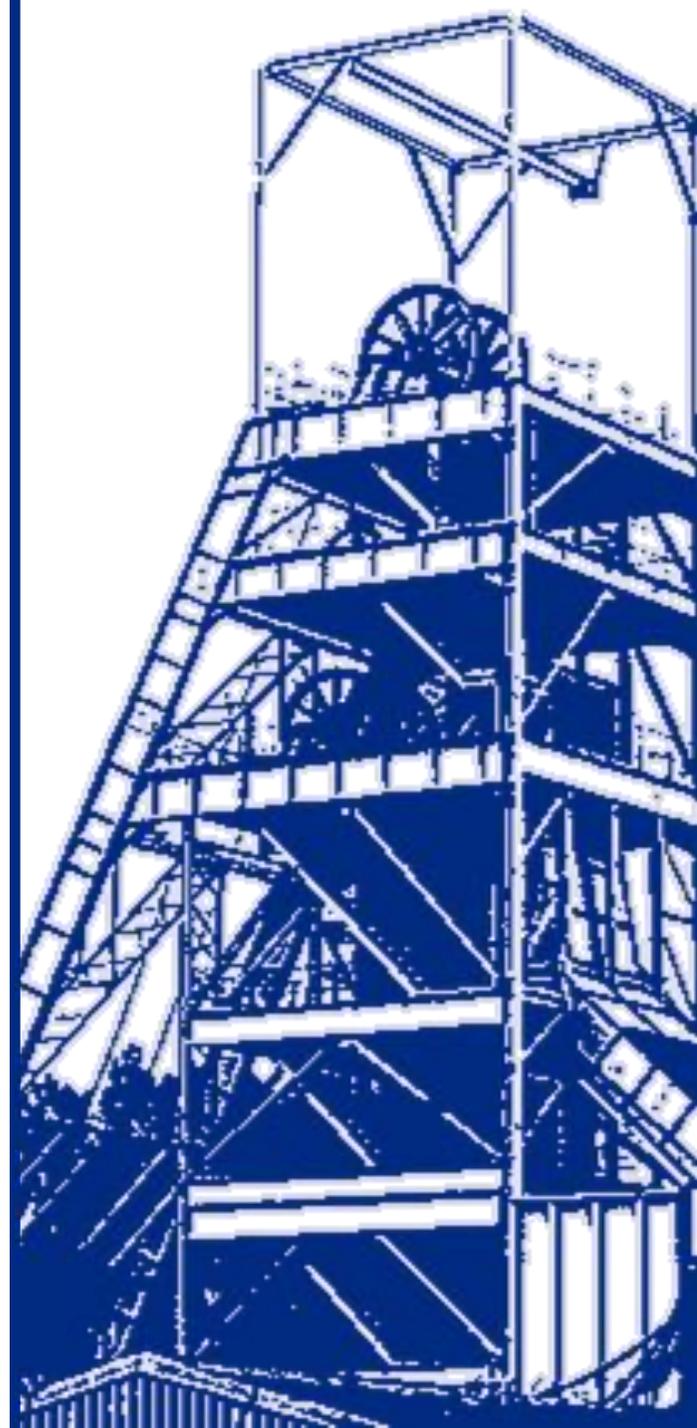


1H2014 IFRS Financial Results

Investor presentation

21 August 2014



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Key Events in the 1H2014



Operational

- The total extraction of raw coal in the 1H2014 amounted to 4.4 million tonnes.
- Three new longwalls launched in Rapsdskaya mine: 4-9-23, 4-7-27, 5a-10-18. Shaft No. 4 recovered a launched.
- The engineering documents of the 3rd stage of mine recovery have been approved to ensure further extension of annual production up to 6 million tonnes of raw coal in Rapsdskaya mine.
- Engineering documents were approved in relation to development of coal bodies with a deposit of about 500 th. tonnes of "K" grade coking coal in field 2 of Rapsdskaya-Koksovaya mine. Development operations started in June
- Engineering documents were approved to produce in Rapsdsky IX-XI section to extend the scope of Rapsdsky open pit from 2.5 to 4.5 km and to increase annual production from 4 to 6 million tonnes



Sales & Marketing

- A contract was made to supply material volumes of GZh concentrate to POSCO (South Korea)
- Trial shipments of GZhO monoconcentrate were made to Japanese steel and coke facilities
- Trial lots of KO concentrate were shipped to Russian customers



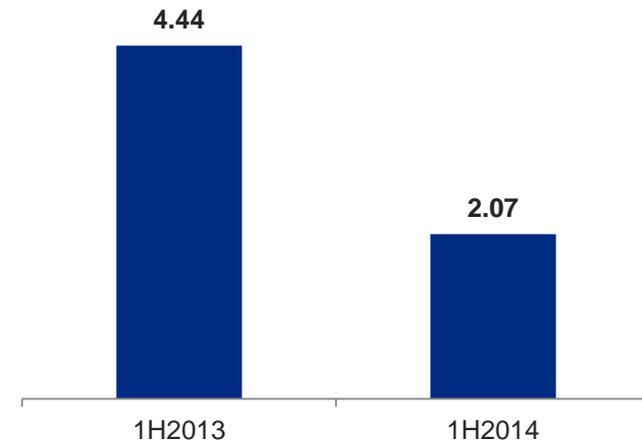
Corporate

- The Board of Directors was re-elected at the annual general meeting.
- Sergey Stepanov is the General Director of ZAO Rapsdskaya Coal Company (the management company of the Group) with effect from July 1st, 2014.
- Gennady Kozovoy, his predecessor in this position, will continue as member of the Board of Directors of OAO Rapsdskaya.

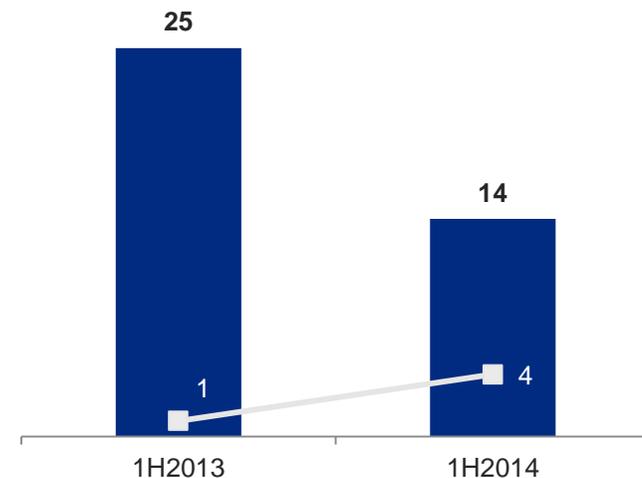
Health and Safety

- Safety remains the key priority
- 14 accidents were reported in the 1H2014 vs. 25 in the same period of 2013
- Unfortunately, there were 2 fatalities in the first half of 2014: one in March due to rockfall, and one in May due to electro trauma.
- There were 4 severe accidents in the first half of the year:
 - 3 in February - at OOO Montazhnik Rospadskoy, OOO OShPU, ZAO Rospadskaya Koksovaya
 - and 1 in June in ZAO Rospadskaya Koksovaya
- Unfortunately, there was 1 fatality incident in August
- A new HSE Director was appointed in order to improve the situation and a new action plan is in place

LTIFR



Injury rate



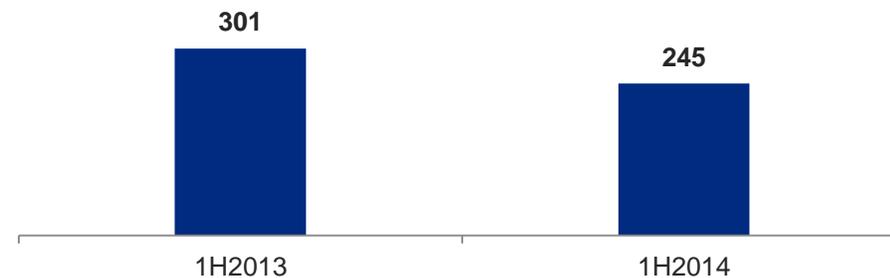
Source: Rospadskaya

Key highlights of the 1H2014

Highlights	1H2014	1H2013	Change, %
Raw coal extraction, kt	4,427	3,961	12%
Coal concentrate and raw coal sales volume, kt	3,326	3,010	10%
Revenue, \$million	245	301	(19)%
Adjusted EBITDA, \$million	(8)	26	n/a
EBITDA margin, %	n/a	8.8%	
Net profit/(loss), \$million	(67)	(68)	0%

- The Company revenue decreased in the 1H2014 due to a decreased revenue from the sale of coal products by 15% and the decrease of the transport component in the sales price by 37%
- The adjusted EBITDA amounted to \$(8) million
- The Company reported a net loss of \$67 million as a result of lower domestic sales volumes and higher share of exports, whereby the prices declined

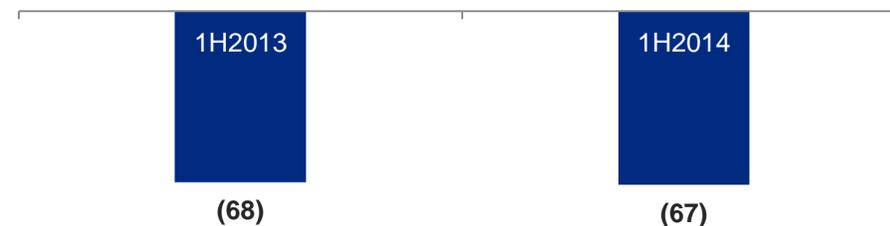
Revenue, \$million



Adjusted EBITDA, \$million



Net profit, \$million

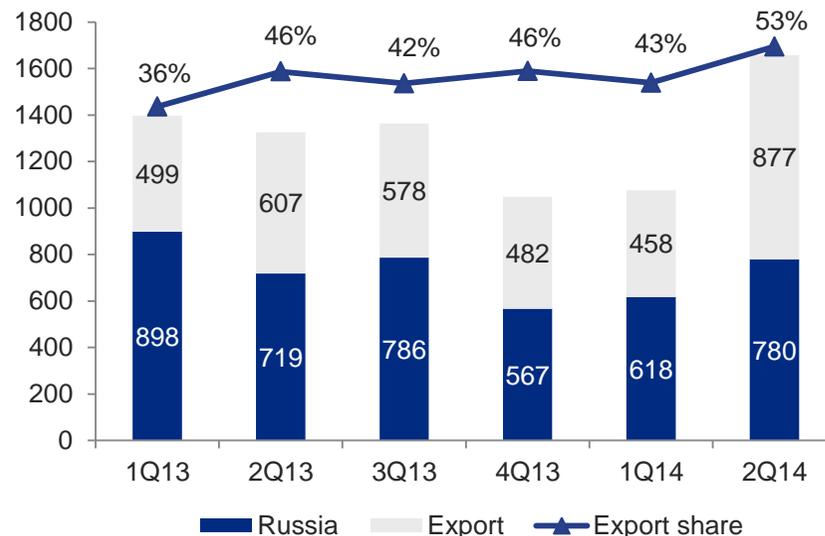


Source: Raspadskaya

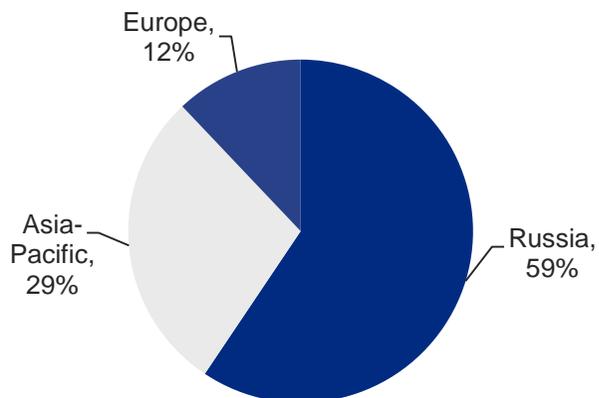
Coal products sales

- The export share in the Company's sales increased to 49% due to weak demand in the domestic market
- Sales volumes in the Asia-Pacific region grew to 42% through expansion of the client base in the region, including Japan and South Korea.
- The Company intends to continue working actively on the Asian markets
- The share of coal products delivered to EVRAZ's plants amounted to 25% of the total coal product sales. The sales volumes increased from 692 thousand tonnes in 1H2013 up to 846 thousand tonnes in the 1H2014, mainly due to the increase of shipments of raw coal
- The share of raw coal in the total sales volume increased from 10% in the 1H2013 to 18% in the 1H2014. All the raw coal was sold to EVRAZ under long-term contracts
- Other major Russian consumers of coal products are the following: Severstal, MMK, Mechel, Kemerovo-koks, the Ural Steel

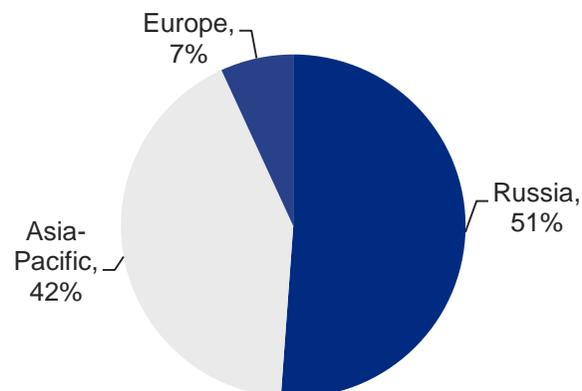
Coal concentrate sales, kt



Sales by regional markets, 1H2013



Sales by regional markets, 1H2014

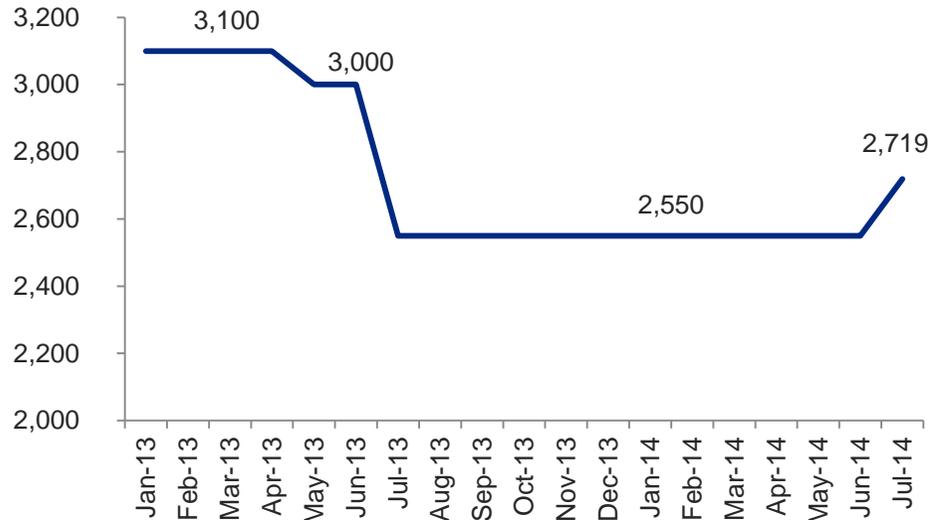


Source: Raspadskaya

Coking coal concentrate price

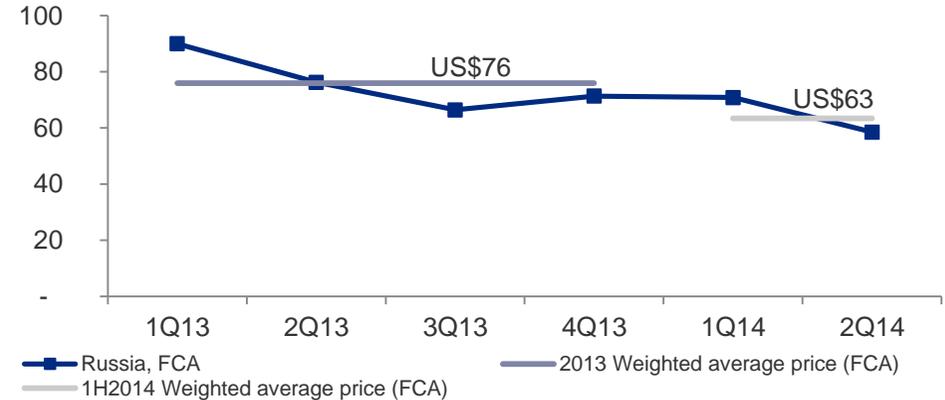
- Downward price trend was caused by surplus of coking coal production both in international and Russian markets, in particular due to:
 - effect of the Chinese market on international commodity markets
 - increase in the number of spot contracts in the world trade
- The Company continues to pursue its strategy to preserve its footprint, as in the Asia-Pacific markets, which affected the export prices as well

Russian contract price of coking coal concentrate, SHCC, RUB/tonne, FCA Mezhdurechensk

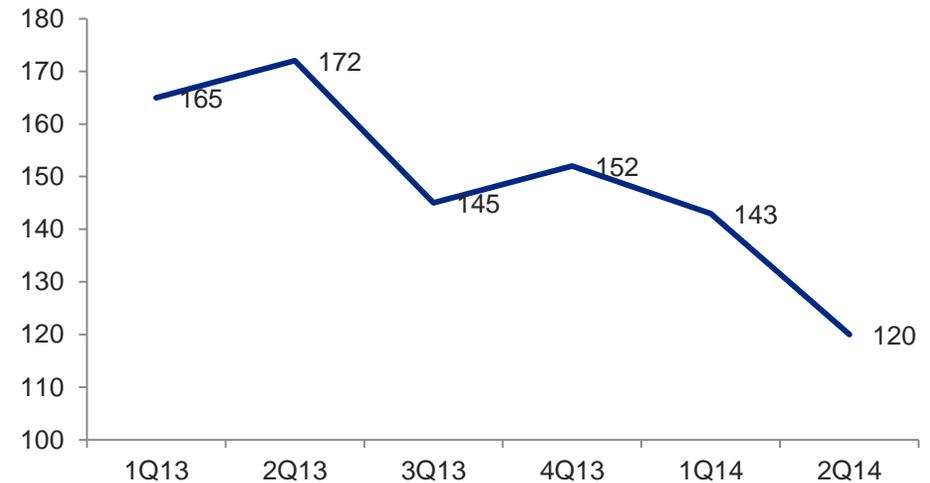


Source: Raspadskaya, Platts

Coking coal concentrate price (SHCC, HCC), \$/tonne



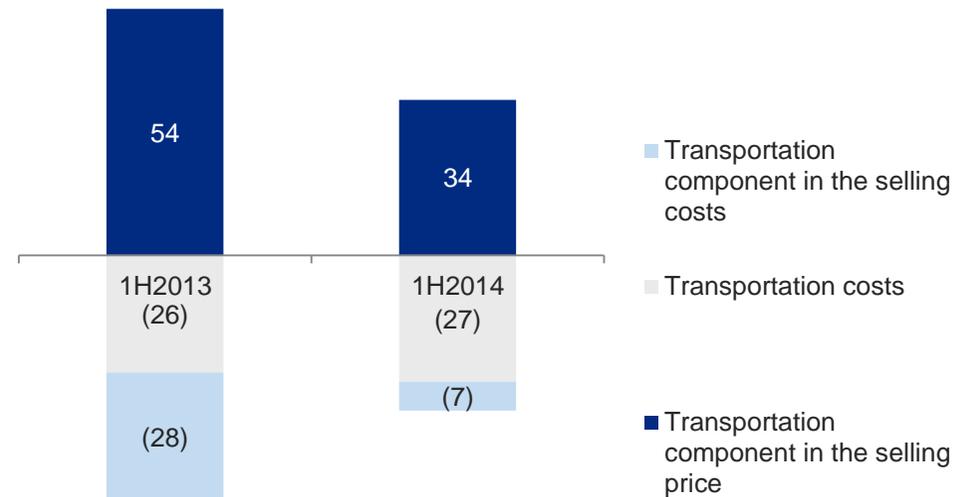
HCC international price, \$/tonne, FOB Australia



Transportation and selling costs

- Decrease of the transport component in the selling price is due to partly changeover from CFR and FOB to FCA.
- The share of transportation costs in the cost of production reduced due to decrease in the share of FOB and CFR shipments.
- Transportation costs in the cost of production consist of the expenses, which the Company incurs before the right of ownership to coal products is transferred to the buyer and represent railroad costs, handling and other services in ports under FOB and CFR terms
- Selling and distribution costs consist of railroad costs and freight-forwarding support (freight) that the Company incurs after the right of ownership is transferred to the buyer under CPT and CFR terms

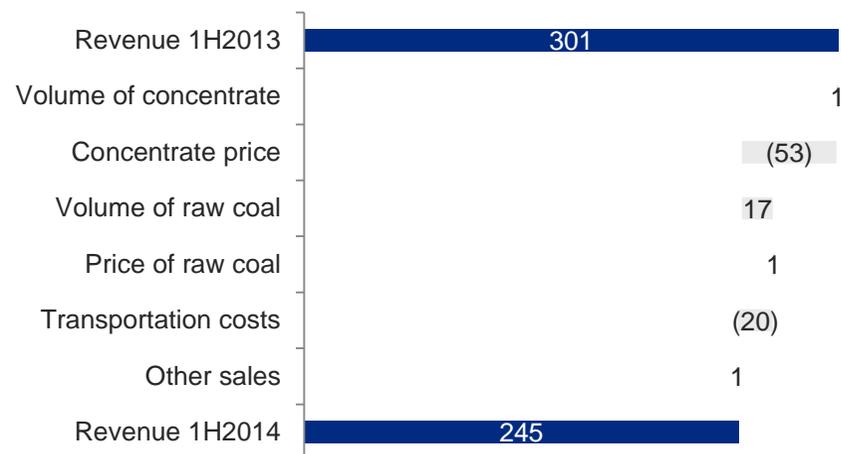
Transportation costs, \$ million



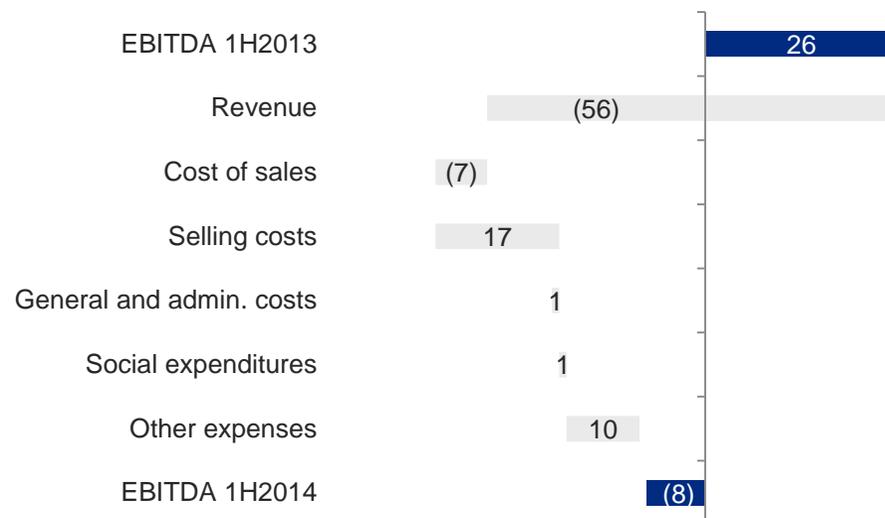
Financial indicators

- The main negative factors which caused reduced revenues were:
 - decreased concentrate selling price
 - decreased transportation component in the selling price
- The main positive factors that impacted revenues was increase in production of raw coal
- The main negative factors which impacted EBITDA were:
 - reduced revenue
 - increased cost of sales
- The following positive factors impacted EBITDA:
 - reduced selling costs due to shift of export sales to FCA terms
 - deviation in other expenses is due to allocation of costs on the operation at the Rospadskaya mine during the suspension of production in May - July 2013 to this item. In 1H2014 these costs were accounted as production costs

Revenue, \$million



Adjusted EBITDA, \$million

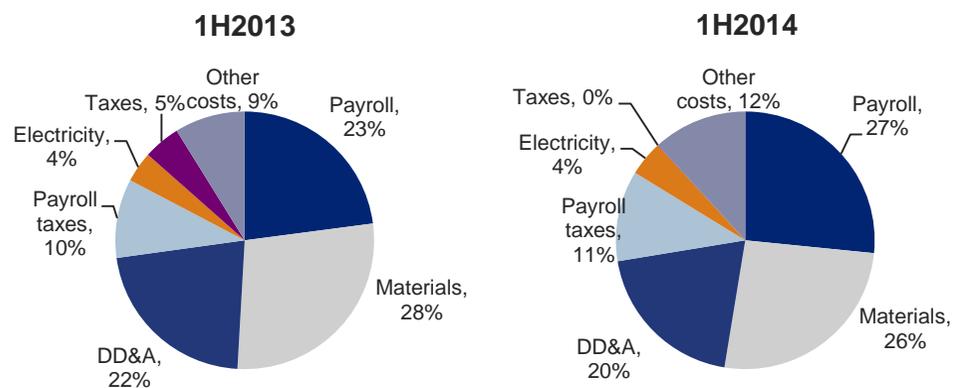


Source: Rospadskaya

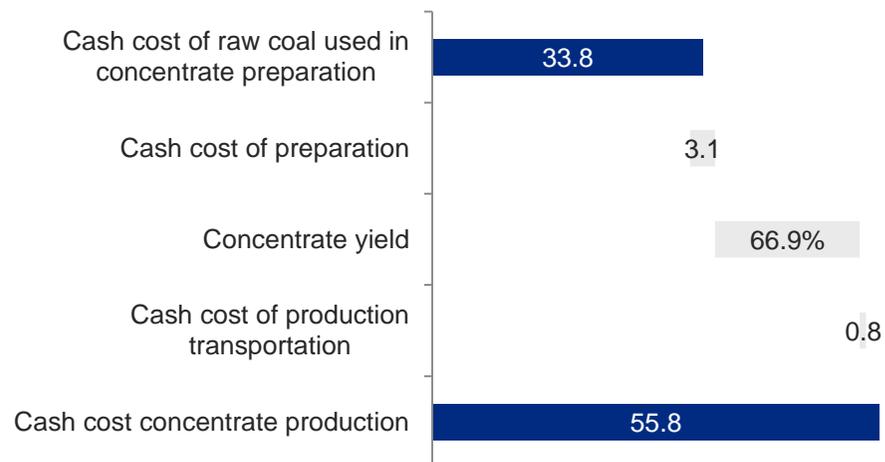
Cost of production

- Cash cost of 1 tonne of coal concentrate in the 1H2014 increased by 3% vs. 1H2013 mainly due to increase in ash content of raw coal used for concentrate preparation.
- The 101% decrease in the mineral extraction tax in the 1H2014 vs. 1H2013 was mainly due to the recalculation of tax for previous periods, as well as due to reduction of the effective rate by 33% alongside with a 12% increase in extraction
- The decrease in material cost in the 1H2014 vs. 1H2013 amounted to 9%. Excluding the influence of US\$ exchange rate, increase in costs of materials amounted to 3% due to the increase in production and stripping while volume of development workings were reduced.
- As production and sales volumes increase, the Company expects that the cost of production of 1t of coal concentrate will decrease

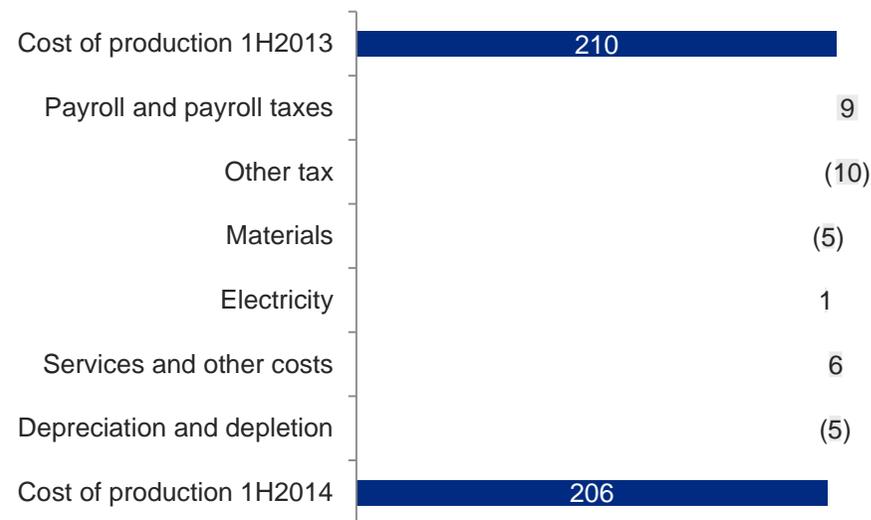
Cost of production breakdown



Cash cost of 1 tonne of concentrate, \$/t



Cost of production dynamics, \$million



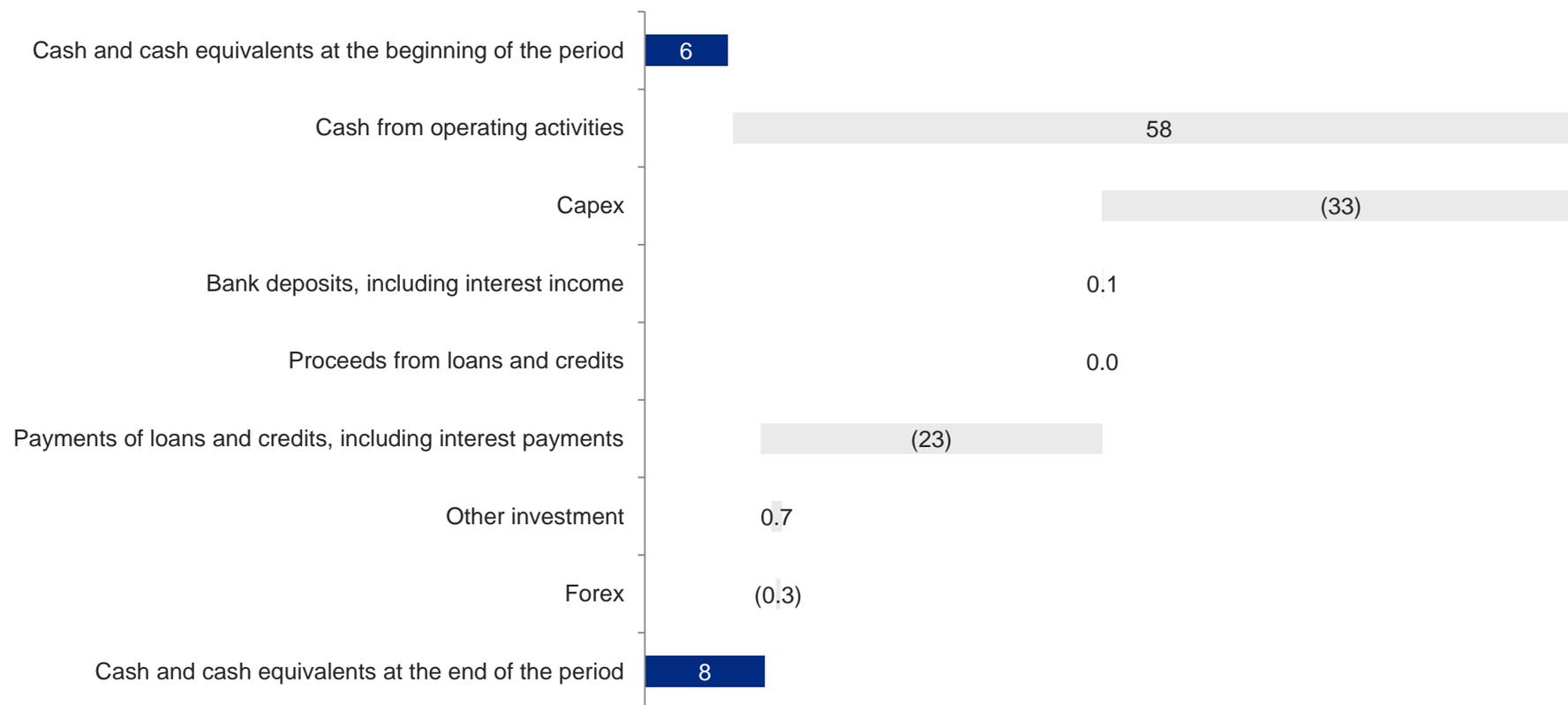
Source: Raspadskaya

Cash flow

□ In 1H2014 the cash from operating activities were mostly used for:

- finance of investment - \$33 million
- repayment of loan - \$6 million
- payment of interest on loans - \$17 million

Cash flow, \$ million

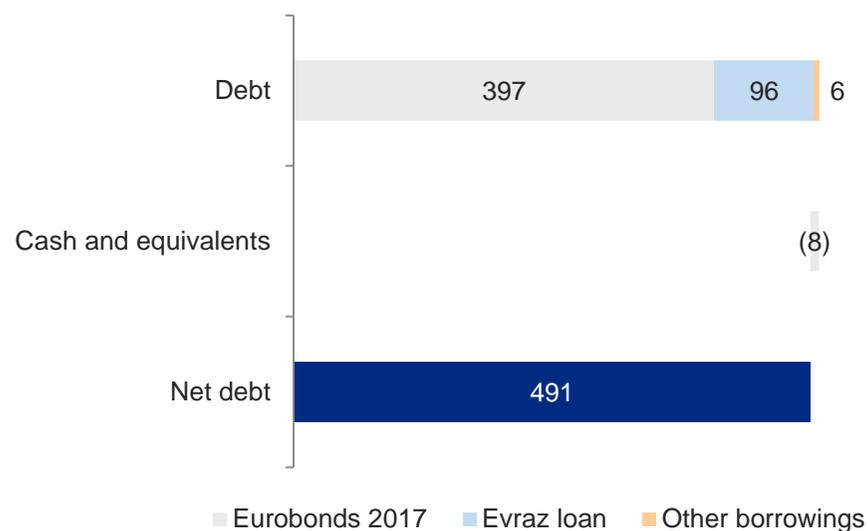


Source: Raspadskaya

Financial position

- As of June 30, 2014 our long-term debt consisted mainly of 7.75% Eurobonds totaling in US\$397 million and 4.7% intra group loan from EVRAZ in the amount of US\$96 million

Net debt structure in the 1H2014, \$million



Changes in working capital, \$million

