



2011 FINANCIAL RESULTS



Presentation*

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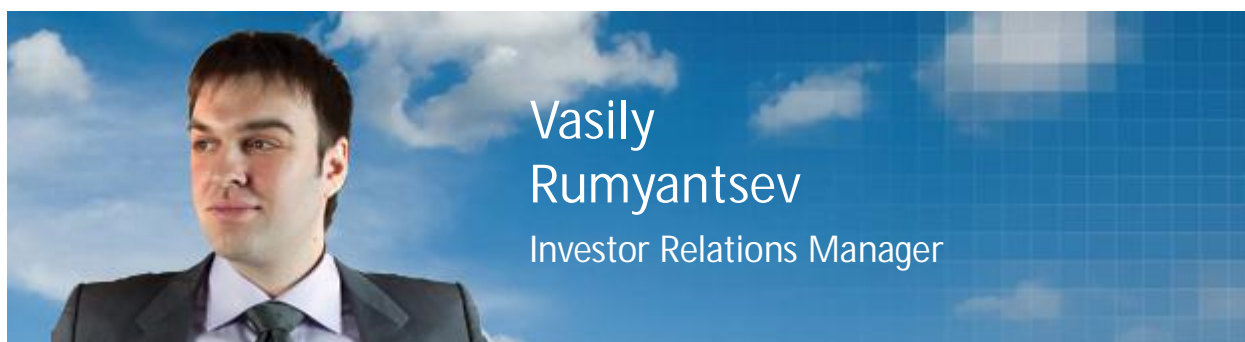
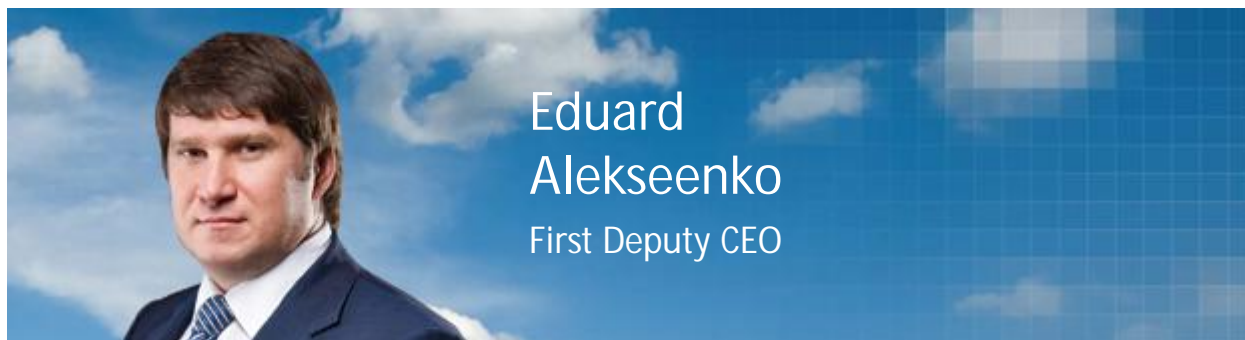


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1. BUSINESS REVIEW

KTK AT A GLANCE



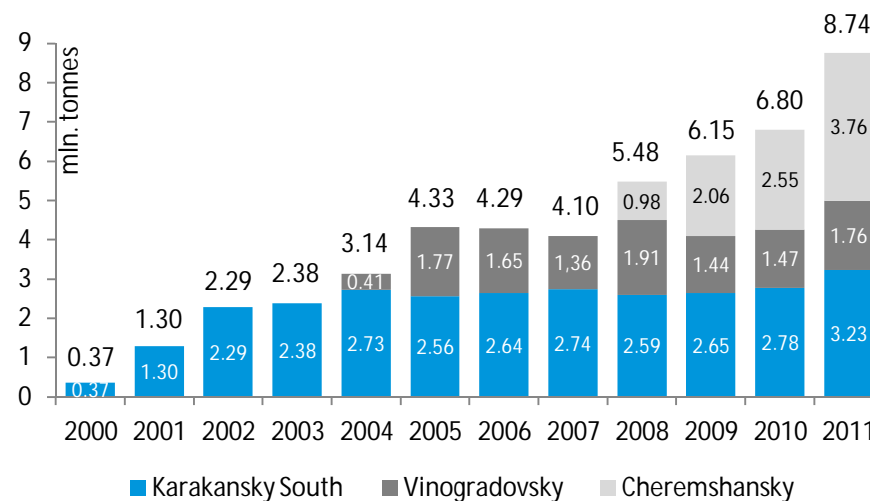
- One of the fastest-growing thermal coal producers in Russia.
- One of major suppliers of coal in Western Siberia.
- In 2011 the Company became 7th largest thermal coal producer in Russia.⁽¹⁾
- Since its establishment in 2000, the Company has launched 3 open-pit mines and developed an extensive production and distribution infrastructure:
 - ▲ 8.74 mln. tonnes of thermal coal produced in 2011;
 - ▲ 100% high-quality grade "D" thermal coal under Russian classification;
 - ▲ 402 mln. tonnes of coal resources and 185 mln. tonnes of proven and probable reserves⁽²⁾;
 - ▲ Structural capacity⁽³⁾ of 13.3 mln. tonnes;
 - ▲ Developed railway network and facilities;
 - ▲ Enrichment plant with 2 mln. tonnes input capacity.
- Utilization of modern and high-performance equipment fleet supporting efficient low-cost production – USD 22 per tonne of coal
- Diversified sales capabilities balanced between domestic market (4.21 mln. tonnes sold in 2011) and export markets (6.45 mln tonnes sold in 2011).
- One of the largest retail coal distribution networks in Western Siberia.
- Employing about 4,000 people.
- KTK shares are quoted on RTS and MICEX (ticker: KBTk).
- 66% of share capital is owned by the management (I. Prokudin - 50%, V. Danilov – 16%), free-float – 34%.

(1) Metal Expert, January 2012

(2) Run-of-mine coal, JORC classification;

(3) Here and further the presentation structural capacity means the maximum production capacity that the Company believes could be achieved (taking into account projected stoppages for planned repair and maintenance) in an annual period if the Company were able to process all the coal that could be mined using the Company's existing mine facilities after acquisition of certain mining and transportation equipment in accordance with its current capital expenditure program

Coal production history with open-pit mine breakdown



Key operating and financial indicators⁽¹⁾

| USD mln. | 2009 | 2010 | 2011 |
|-------------------------|-------|-------|-------|
| Coal sales, mln. tonnes | 7.4 | 8.54 | 10.66 |
| incl. purchased coal | 1.4 | 2.16 | 2.08 |
| Revenue | 344 | 466 | 814 |
| % of growth | -2.3% | 38.7% | 74.7% |
| EBITDA ⁽²⁾ | 69 | 70 | 133 |
| % margin | 20.1% | 15.0% | 16.3% |
| Net Income | 21 | 27 | 69 |
| % margin | 6.1% | 5.8% | 8.5% |

Source: audited IFRS FS for 2009-2010 in which all amounts are presented in RUB, Company

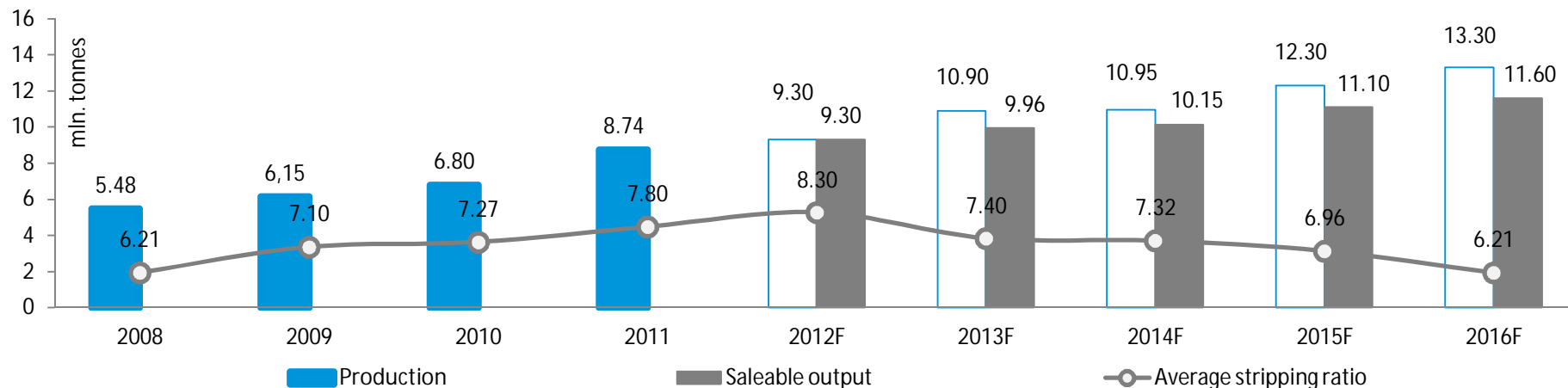
(1) In the table USD are converted from RUB using average Central Bank of the Russian Federation exchange rates for each year (2011: 29.39 RUB/USD; 2010: 30.38 RUB/USD; 2009: 31.77 RUB/USD)

(2) EBITDA for each period is defined as results from operating activities, adjusted for amortization and depreciation, impairment loss and loss on disposal of property, plant and equipment

KTK PRODUCTION GROWTH PROSPECTS



Forecast of production volume and stripping ratio dynamics



- The Company has established a well-developed production, logistics and distribution infrastructure required to sustain production capacity of the existing mining facilities – 11 mln. tonnes per year
 - ▲ Modern high-performance mining and transportation equipment (Komatsu, P&H and BelAZ);
 - ▲ 100% of coal transported to the Russian Railway network by the Company's own railway company (70 km of railroads, 6 railway stations, 12 mln. tonnes p.a. capacity);
 - ▲ Own repair and maintenance services and power infrastructure.
- The intra-year volatility of production and stripping ratio, driven by a seasonality of Russian coal market should become lower with the growth of export volumes.
- Further expansion of the production will be based on existing facilities, licenses, and infrastructure and will not require significant capital expenditure, other than into additional mining and transportation equipment.
- In Q3 2010 the Company has commissioned its 1st coal enrichment plant with 2 mln tonnes annual capacity. Furthermore, in the period of 2012-2013, the Company plans to commission another 2 coal enrichment facilities that will increase the total installed annual capacity to 10.1 mln tonnes.



OPERATIONAL HIGHLIGHTS

OPERATIONAL HIGHLIGHTS



YOY growth of coal extraction and processing

- ▶ In Q4 2011 coal production increased by 5.3% QOQ to 2.57 mln. tonnes (Q3 2011: 2.44 mln. tonnes). During 2011 it increased 28.4% YOY to 8.74 mln. tonnes (2010: 6.80 mln. tonnes).
- ▶ The coal sorting volume in Q4 remained on the level of Q3 2010 - 1.51 mln. tonnes. As for total 2011 – the volume increased by 35.4% YOY to 5.56 mln. tonnes (2010: 4.10 mln tonnes).

KNS enrichment plant is working at full capacity

- ▶ In 2011 the Company's first KNS enrichment plant worked at close to full capacity level and produced 736 th. tonnes of export quality coal (2010: 200 th. tonnes).

Boost of coal sales volume and increase of average realised price

- ▶ During Q4 2011 the sales volume increased by 18.9% QOQ to 3.34 mln. tonnes (Q3 2011: 2.81 mln. tonnes). The volume of coal sales in 2011 increased by 24.8% YOY and reached 10.66 mln. tonnes (2010: 8.54 mln. tonnes).
- ▶ In Q4 the average realized coal price⁽¹⁾ increased by 4.5% QOQ to RUB 1,285 per tonne (Q3 2011: RUB 1,229 per tonne). The average price for 2011 increased by 25.6% YOY to RUB 1,228 per tonne (2010: RUB 977 per tonne).

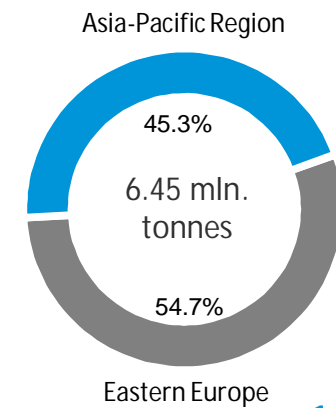
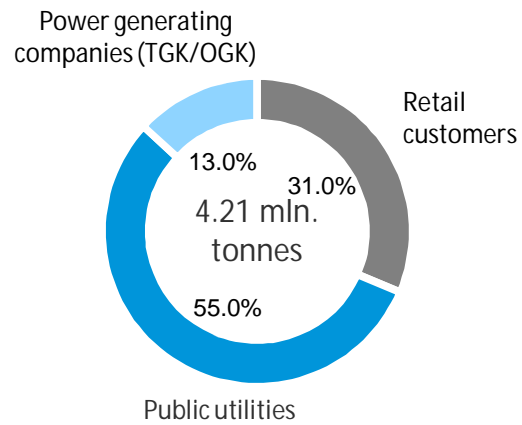
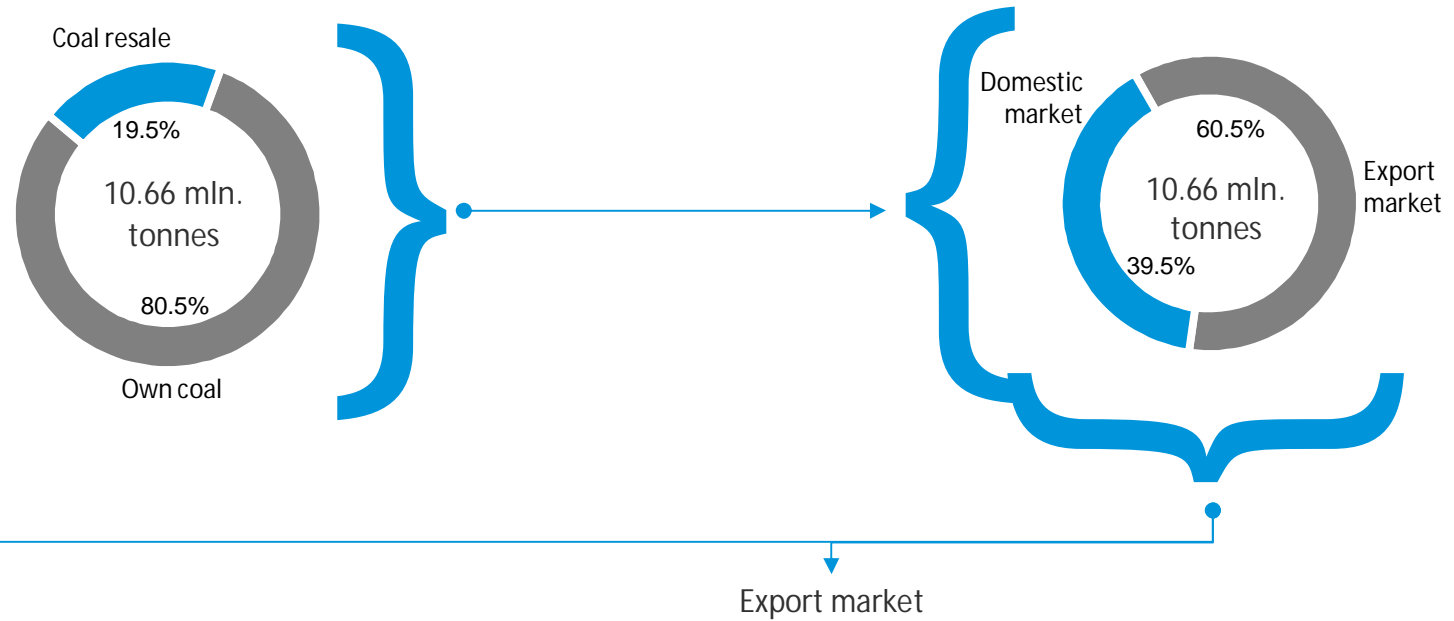
Stripping ratio QOQ decrease, but slight growth YOY

- ▶ The stripping ratio in Q4 decreased by 0.3% QOQ to 7.35x (Q3 2011: 7.37x). The volume of blasted rock mass increased by 42.3% QOQ to 10.72 mln. cbm. (Q3 2011: 7.53 mln. cbm.). The average stripping transportation distance decreased by 4.1% QOQ to 2.95 km (Q3 2011: 3.08 km)
- ▶ During 2011 the stripping ratio raised by 7.3% YOY to 7.80x (2010: 7.27x). The blasted rock mass grew by 29.0% to 32.79 mln cbm. (2010: 25.43 mln cbm.). The average stripping transportation distance extended by 5.9% YOY to 2.88 km (2010: 2.72 km).

Source: Company

(1) - excl. VAT, Russian Railways tariff (FCA Meret, incl. KTK retail margin)

2011 COAL SALES BREAKDOWN



AVERAGE REALISED PRICES VS BENCHMARKS

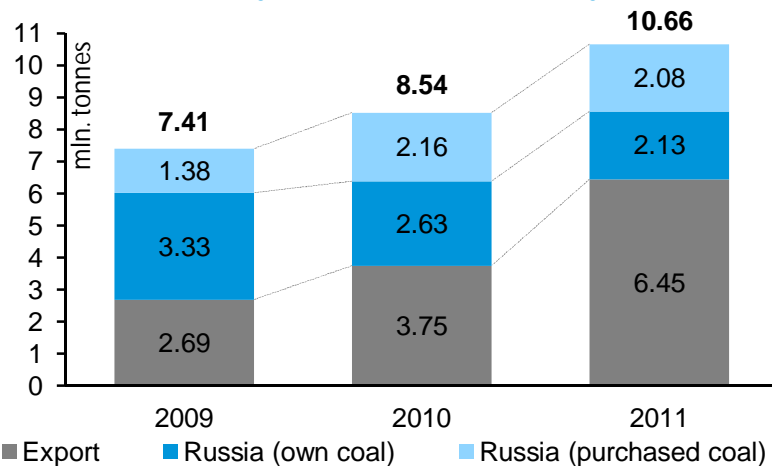


3.53 mln tonnes ⁽¹⁾
Eastern European Countries

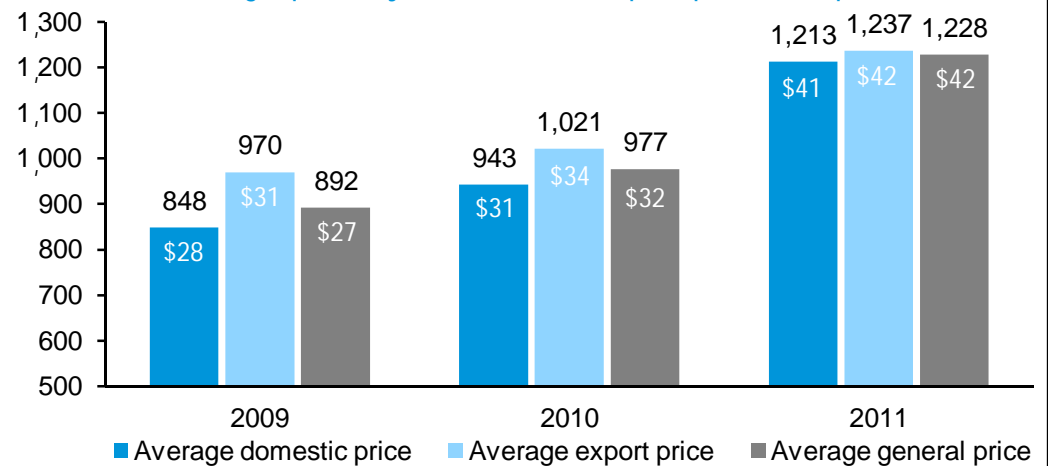


Source: Company
(1) - sales volumes FY 2011 (incl. purchased coal)

Quarterly coal sales breakdown by market



Average quarterly domestic and export prices comparison ⁽²⁾



Source: Company

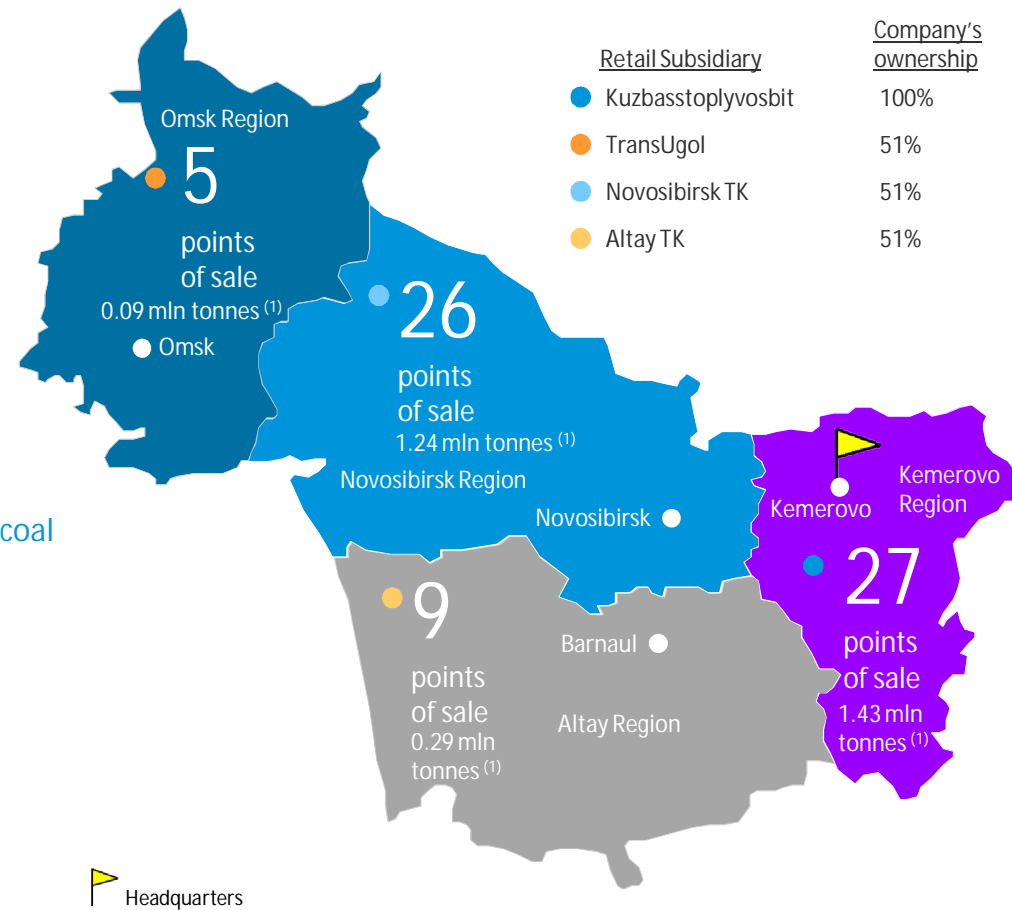
(2) - prices are net of VAT and railroad tariffs; domestic prices include costs associated with retail distribution network; prices are converted to US\$ using average Central Bank of the Russian Federation exchange rates for each year (2009: 31.72 RUB/US\$; 2010: 30.38 RUB/US\$; 2012: 29.39 RUB/US\$)

RETAIL NETWORK

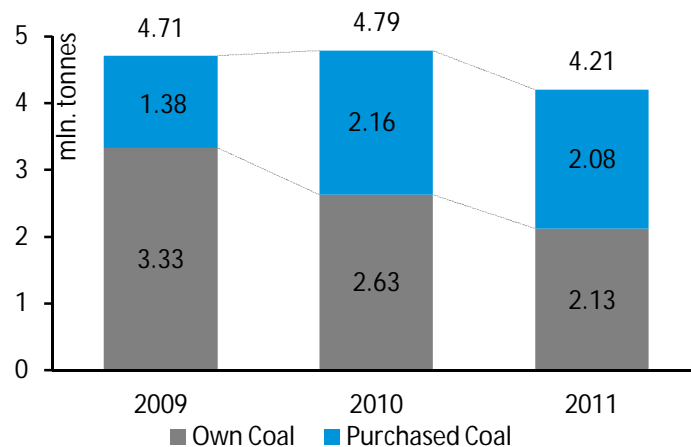


- Since its establishment, the Company has been continuously expanding and building its retail sale and storage network:
 - ▲ own 67 points of sale as at the end of 2011;
 - ▲ additional points of sale planned to be acquired or established.
- Wide distribution network and strong regional presence position the Company as one of the principal suppliers of coal to retail costumers, municipalities, and public utilities in Western Siberia.
- When export prices are high, the Company uses lower quality third-party coal to satisfy domestic demand, while shifting its own higher quality coal to export markets.

Retail network in Western Siberia 2011



Breakdown of total sales by produced and purchased coal



Source: Company
(1) - including coal resale



FINANCIAL PERFORMANCE

FINANCIAL HIGHLIGHTS



➤ **Q4 Revenue - RUB 7,551 mln.** ↑ 22% QoQ **2011 Revenue - RUB 23,939 mln.** ↑ 69% YoY
USD 242 mln.⁽¹⁾ USD 814 mln.

Due to the growth of sales volume by 19% (nineteen percent) associated with the seasonal increase in demand for coal, an increase in average sales prices by 4.6% QoQ and an increase in the RUB/USD exchange rate, which positively affected the segment of export sales. Revenue from domestic sales of own coal produced increased by 28% whereas export revenue increased by 109% YOY. The growth of the consolidated revenue was influenced by growth in sales of own coal, related to an increased production, as well as maintaining the volume of resale of coal from third parties and a near two-fold increase in exports.

➤ **Q4 EBITDA – RUB 1,360 mln.** ↑ 26% QoQ **2011 EBITDA – RUB 3,911 mln.** ↑ 83% YoY
USD 44 mln. USD 133 mln.

In Q4 EBITDA margin increased from 17.4% to 18.0%. In 2011 EBITDA margin increased from 15.1% to 16.3%

➤ **Q4 Net Profit – RUB 776 mln.** ↑ 73% QoQ **2011 Net Profit – RUB 2,018 mln.** ↑ 145% YoY
USD 25 mln. USD 69 mln.

In Q4 margin of net profit increased from 7.2% to 10.3%. In 2011 margin of net profit increased from 5.8% to 10.3%.

➤ **Net Debt - RUB 2,263 mln.** ↑ 17% QoQ ↑ 52% YoY
USD 82 mln.⁽²⁾

During the last year net debt to EBITDA ratio decreased from 0.82 to 0.68.

Source: Audited 12M 2011 IFRS FS

(1) - Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each period (Q4 2011: 31.24 RUB/USD; Q3 2011: 29.08 RUB/USD; 2011: 29.39 RUB/USD; 2010: 30.38 RUB/USD)

(2) - Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each date (Dec 31, 2011: 32.20 RUB/USD; Sep 30, 2011: 31.88 RUB/USD; Dec 31, 2010: 30.48 RUB/USD)



IV. APPENDIX

INCOME STATEMENT 2009-2011



| RUB mln. | 2009 | 2010 | 2011 |
|--|---------|----------|----------|
| Revenue | 10,658 | 14,160 | 23,939 |
| Cost of sales | (8,101) | (11,457) | (19,404) |
| Gross profit | 2,557 | 2,703 | 4,535 |
| Distribution expenses | (363) | (540) | (654) |
| Administrative expenses | (706) | (849) | (1,010) |
| Other income and expenses, net | (19) | 39 | 24 |
| Operating profit | 1,469 | 1,353 | 2,895 |
| Finance income | 65 | 99 | 55 |
| Finance costs | (656) | (385) | (394) |
| Income of associates | - | 5 | 4 |
| Profit / (loss) before income tax | 878 | 1,072 | 2,560 |
| Income tax expense | (215) | (249) | (542) |
| Profit / (loss) for the year | 663 | 823 | 2,018 |
| <i>Profit / (loss) for the year margin</i> | 6% | 6% | 8% |
| EBITDA ⁽¹⁾ | 2,178 | 2,134 | 3,911 |
| <i>EBITDA margin</i> | 20% | 15% | 16% |

Source: audited 2010, 2011 IFRS FS

(1) - EBITDA for each period is defined as results from operating activities, adjusted for amortization and depreciation, impairment loss and loss on disposal of property, plant and equipment

BALANCE SHEET 2009-2011



| RUB mln. | 2009 | 2010 | 2011 |
|---|--------------|---------------|---------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7,333 | 8,804 | 10,358 |
| Goodwill and intangible assets | 14 | 14 | 18 |
| Investments in equity accounted investees | 3 | 8 | 29 |
| Other investments | 67 | 6 | 5 |
| Long-term receivables | 7 | 1 | - |
| Deferred tax assets | 6 | 19 | 45 |
| Total non-current assets | 7,430 | 8,852 | 10,455 |
| Current assets | | | |
| Inventories | 405 | 759 | 1,275 |
| Other investments | 7 | 39 | 27 |
| Income tax receivable | 30 | 6 | 9 |
| Trade and other receivables | 1,227 | 1,086 | 1,562 |
| Prepayments and deferred expenses | 230 | 440 | 916 |
| Cash and cash equivalents | 86 | 457 | 1,884 |
| Total current assets | 1,985 | 2,787 | 5,673 |
| TOTAL ASSETS | 9,415 | 11,639 | 16,128 |

| RUB mln. | 2009 | 2010 | 2011 |
|--|--------------|---------------|---------------|
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 17 | 20 | 20 |
| Retained earnings | 3,409 | 3,975 | 5,672 |
| Additional paid-in capital | - | 2,829 | 2,829 |
| Total attributable to equity holders of the company | 3,426 | 6,824 | 8,521 |
| Minority interest | 41 | 11 | 4 |
| Total equity | 3,467 | 6,835 | 8,525 |
| Non-current liabilities | | | |
| Loans and borrowings | 2,204 | 1,676 | 2,794 |
| Net assets attributable to minority participants in LLC entities | 66 | 68 | 83 |
| Provisions | 237 | 265 | 262 |
| Retirement benefit liability | - | 15 | 39 |
| Deferred tax liabilities | 362 | 448 | 432 |
| Total non-current liabilities | 2,869 | 2,472 | 3,837 |
| Current liabilities | | | |
| Loans and borrowings | 1,655 | 535 | 1,753 |
| Trade and other payables | 1,414 | 1,767 | 1,955 |
| Retirement benefit liability | - | 4 | 5 |
| Provisions | - | - | 3 |
| Income tax payable | 10 | 26 | 50 |
| Total current liabilities | 3,079 | 2,332 | 3,766 |
| Total liabilities | 5,948 | 4,804 | 7,603 |
| TOTAL EQUITY AND LIABILITIES | 9,415 | 11,639 | 16,128 |

CASH FLOW STATEMENT 2009-2011



| RUB mln. | 2009 | 2010 | 2011 |
|---|-------|-------|-------|
| OPERATING ACTIVITIES | | | |
| Profit / (loss) for the period | 663 | 823 | 2,018 |
| <i>Adjustments for:</i> | | | |
| Depreciation and amortisation | 689 | 820 | 1,039 |
| Impairment loss | 15 | 7 | (1) |
| Loss / (gain) on disposal or write-off of property, plant and equipment | 4 | (46) | (22) |
| Income of associates | - | (5) | (4) |
| Net finance expense | 591 | 286 | 339 |
| Income tax expense | 215 | 249 | 542 |
| Operating result before change in working capital | 2,176 | 2,134 | 3,911 |
| Change in inventories | 107 | (354) | (511) |
| Change in trade and other receivables | (126) | 126 | (487) |
| Change in prepayments for current assets | (27) | (215) | (478) |
| Change in trade and other payables | (583) | 617 | 425 |
| Cash flow from operations before income tax and interest | 1,547 | 2,321 | 2,844 |
| Income taxes and penalties paid | (281) | (101) | (563) |
| Interest paid | (640) | (275) | (207) |
| Cash flows from operating activities | 626 | 2,031 | 2,074 |

| RUB mln. | 2009 | 2010 | 2011 |
|---|---------|---------|----------|
| INVESTING ACTIVITIES | | | |
| Proceeds from disposal of property, plant and equipment | 42 | 21 | 25 |
| Loans issued | (217) | (87) | (17) |
| Proceeds from loans previously issued incl, interest received | 233 | 130 | 60 |
| Acquisition of property, plant and equipment | (1,084) | (2,499) | (2,581) |
| Acquisition of subsidiaries, net of cash acquired | - | - | (10) |
| Acquisition of equity accounted investees | - | - | (17) |
| Cash flow used in investing activities | (1,030) | (2,435) | (2,540) |
| FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | 7,119 | 5,273 | 12,414 |
| Repayment of borrowings | (6,904) | (6,960) | (10,210) |
| Proceeds from share issue, net of issue costs | - | 2,805 | - |
| Dividends paid | - | (253) | (298) |
| Cash flow from financing activities | 221 | 840 | 1,906 |
| Net increase / (decrease) in cash and cash equivalents | (183) | 436 | 1,440 |



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