



9M IFRS FINANCIAL RESULTS

Presentation

November 25, 2013

Moscow



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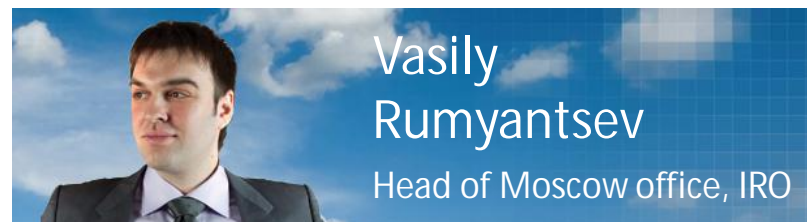
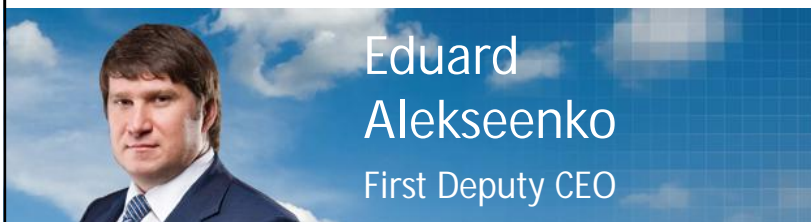
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PRESENTERS:





BUSINESS REVIEW

KTK AT A GLANCE

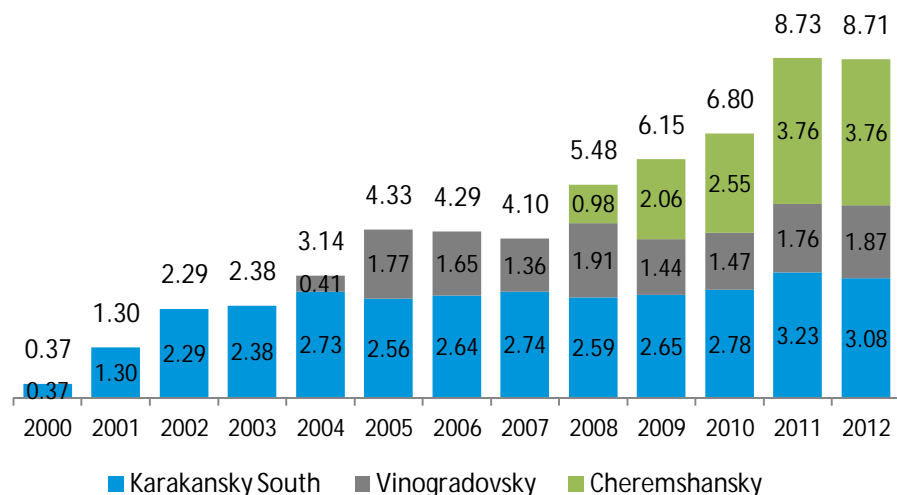


- One of the fastest-growing thermal coal producers in Russia
- One of major suppliers of coal in Western Siberia
- In 2012 the Company became 6th largest thermal coal producer in Russia⁽¹⁾
- Since its establishment in 2000, the Company has launched 3 open-pit mines and developed an extensive production and distribution infrastructure and the fourth one is now under construction:
 - ▲ 8.71 mln. tonnes of thermal coal produced in 2012
 - ▲ 100% high-quality grade "D" thermal coal under Russian classification
 - ▲ Developed railway network and facilities
 - ▲ Two washing plants with 6 mln. tonnes total input capacity

	3 existing open-pit mines	Bryanskiy open-pit mine
Structural capacity	11 mln. tonnes	3-5 mln. tonnes
Reserves	391 mln. tonnes of coal resources and 174 mln. tonnes of proven and probable reserves ⁽²⁾	250 mln. tonnes according to the C2 category

- Utilization of modern and high-performance equipment fleet supporting efficient low-cost production – USD 19 per tonne of coal for 9M 2012
- Diversified sales capabilities balanced between domestic market (9M 2013: 2.42 mln. tonnes) and export markets (9M 2013: 5.10 mln. tonnes)
- Largest retail coal distribution network in Western Siberia, 94 PoS
- Employing about 4,000 people
- KTK shares are quoted on RTS and MICEX (ticker: KBTK)
- 65.61% of share capital is owned by the management (I. Prokudin – 50,001%, V. Danilov – 15.61%), free-float – 34.39% is distributed between more than 15 investment funds.

Coal production history with open-pit mine breakdown, mln. tonnes



Key operating and financial indicators

	2010	2011	2012
Coal sales, mln. tonnes	8.54	10.66	10.20
incl. purchased coal, mln. tonnes	2.16	2.08	1.70
Revenue, USD mln.	466	814	743
% change	39%	75%	(9%)
EBITDA, USD mln.	70	133	112
% margin	15.1%	16.3%	15.1%
Net Income, USD mln.	27	69	58
% margin	5.8%	8.4%	7.8%

(1) Metal Expert, January 2013

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



OJSC Kuzbasskaya Toplivnaya Company

Vinogradovsky Open Pit
(Coal mining infrastructure division)

Open-pit mine
"Karakansky South"

Open-pit mine
"Vinogradovsky"

Open-pit mine
"Cheremshansky"

Open-pit mine
"Briansky"

Production

100%

CJSC Kaskad Management
Company
(export sales)

100%

OJSC Kuzbasstoplivosbyt
*(wholesale and retail coal sales in
Kemerovo Region)*

52.04%

LLC Transugol
*(wholesale and retail coal sales in Omsk
Region)*

51%

OJSC Altay Fuel Company
*(wholesale and retail coal sales in Altay
Region)*

51%

LLC Novosibirsk Fuel
Corporation
*(wholesale and retail coal sales in
Novosibirsk Region)*

100%

KTK Polska Sp. z. o. o.
*(wholesale and retail coal sales in
Europe)*

Retail and export sales

100%

LLC Meret Freight Forwarding
Company
(railway freight company)

100%

OJSC Kaskad-Energo
(heat and energy producer)

100%

LLC Kaskad Geo
(land acquisition)

Transportation, energy and real estate

LAYOUT OF OPEN-PIT MINES AND WASHING PLANTS



1
Vinogradovsky open-pit mine



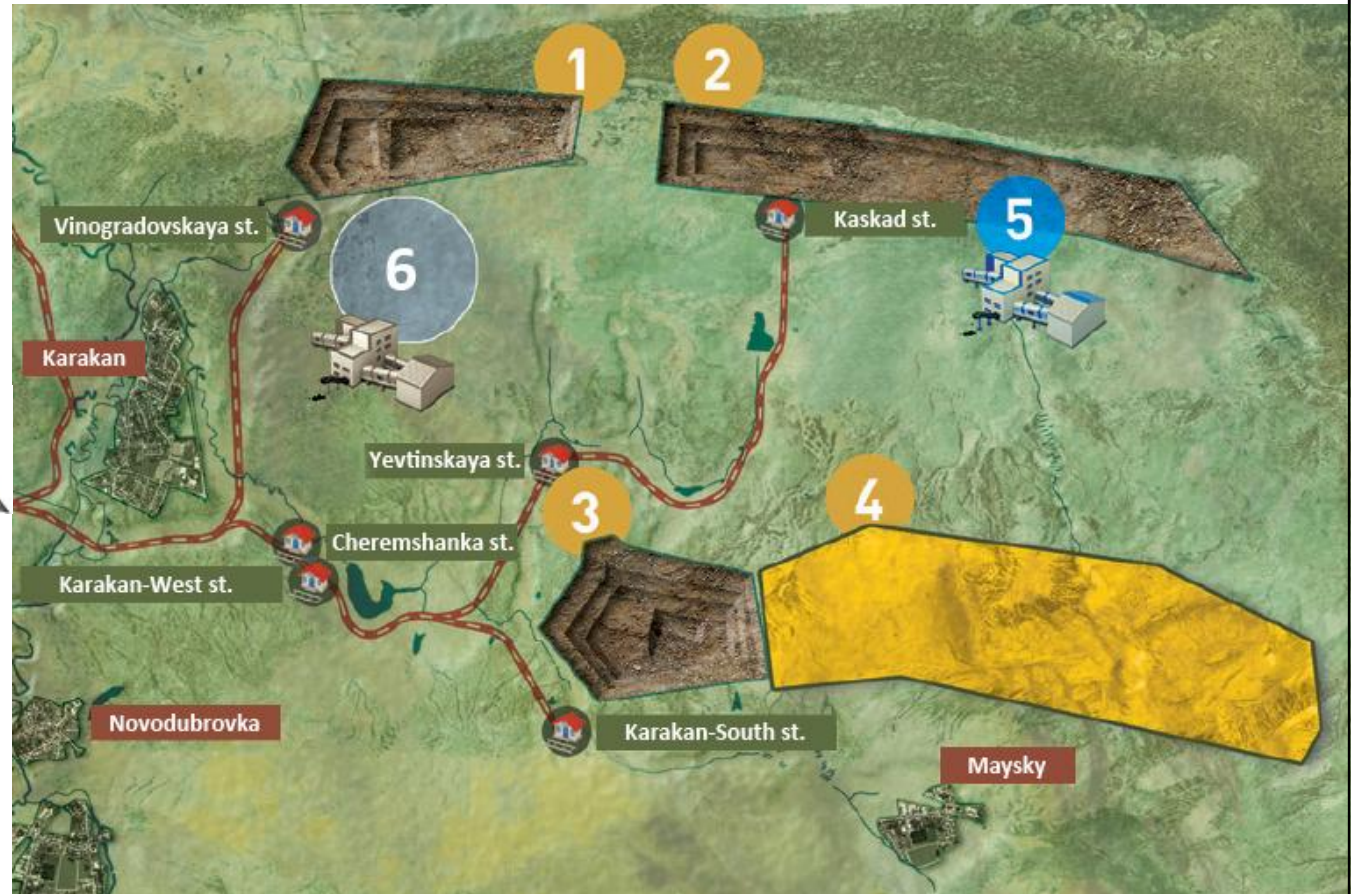
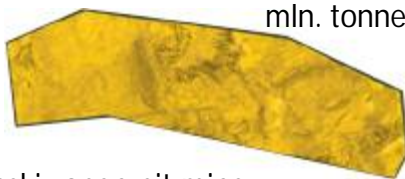
2
Cheremshansky open-pit mine



3
Karakansky South open-pit mine



4
Bryanskiy open-pit mine
+250.2 mln. tonnes



Villages



Railroad stations



Kaskad-1 washing plant



Kaskad-2 washing plant



OPERATIONAL HIGHLIGHTS

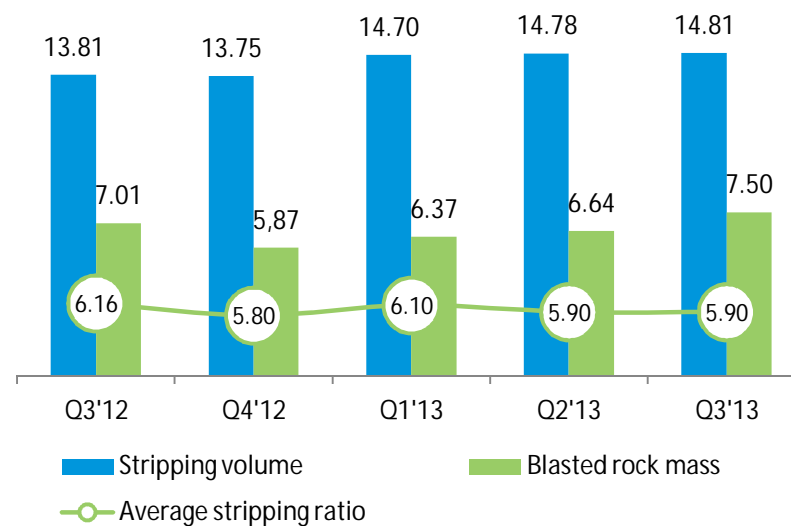
KEY OPERATIONAL HIGHLIGHTS



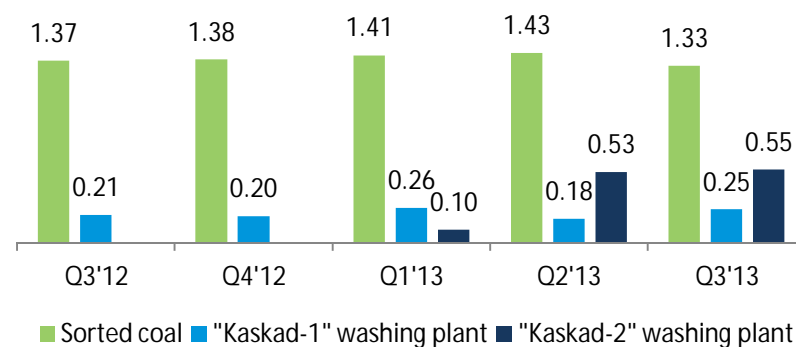
Q3'13 Operational results

▶ Coal production	2.98 mln. tonnes	38% Q-o-Q
▶ Coal processing	2.13 mln. tonnes	flat Q-o-Q
▶ Stripping volume	14.81 mln. cbm.	flat Q-o-Q
▶ Blasted rock mass	7.50 mln. cbm.	13% Q-o-Q
▶ Average stripping ratio	3.00 km.	15% Q-o-Q
▶ Sales	2.98 mln. tonnes	38% Q-o-Q
▶ Export sales	1.96 mln. tonnes	13% Q-o-Q
▶ Domestic sales	1.02 mln. tonnes	143% Q-o-Q
▶ Average selling price	RUB 1,146 per tonne	12% Q-o-Q

Mining operations, mln. cbm.



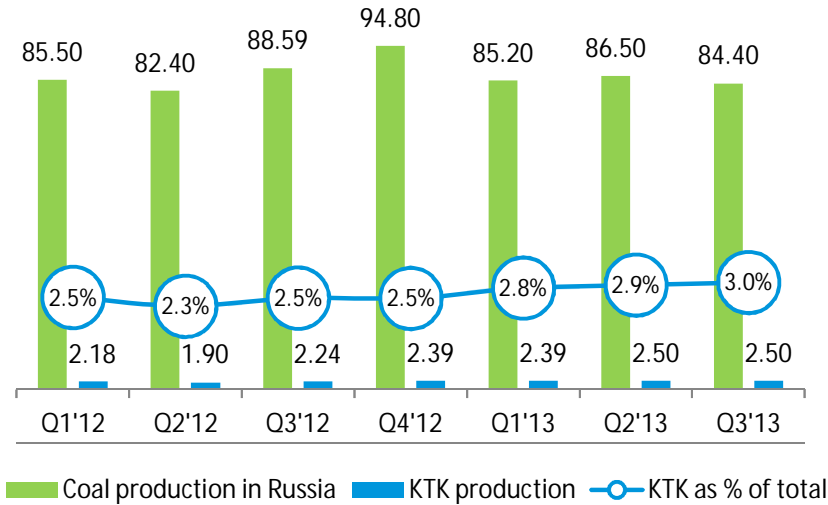
Coal processing, mln. tonnes



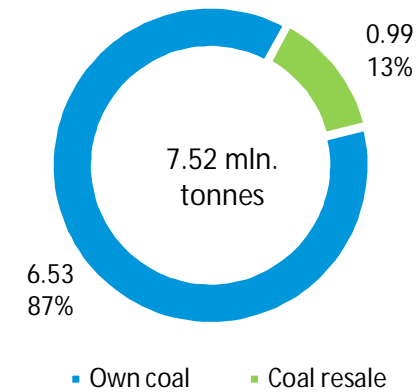
COAL SALES



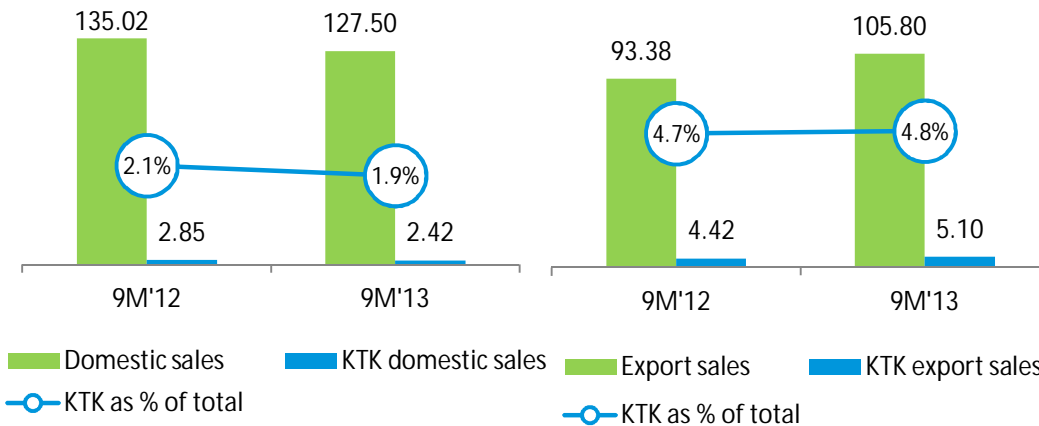
Coal production in Russia, mln. tonnes



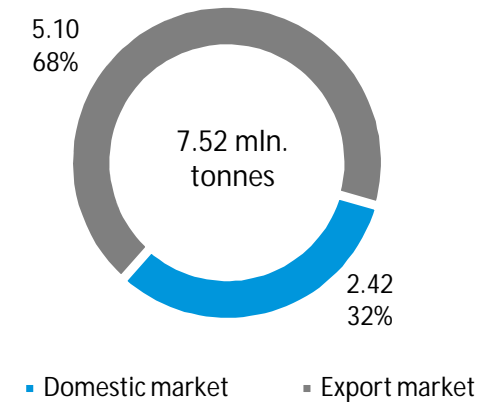
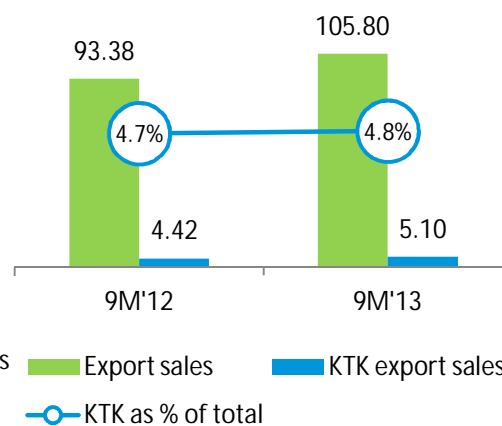
9M'13 KTK sales, mln. tonnes



Domestic coal sales, mln. tonnes

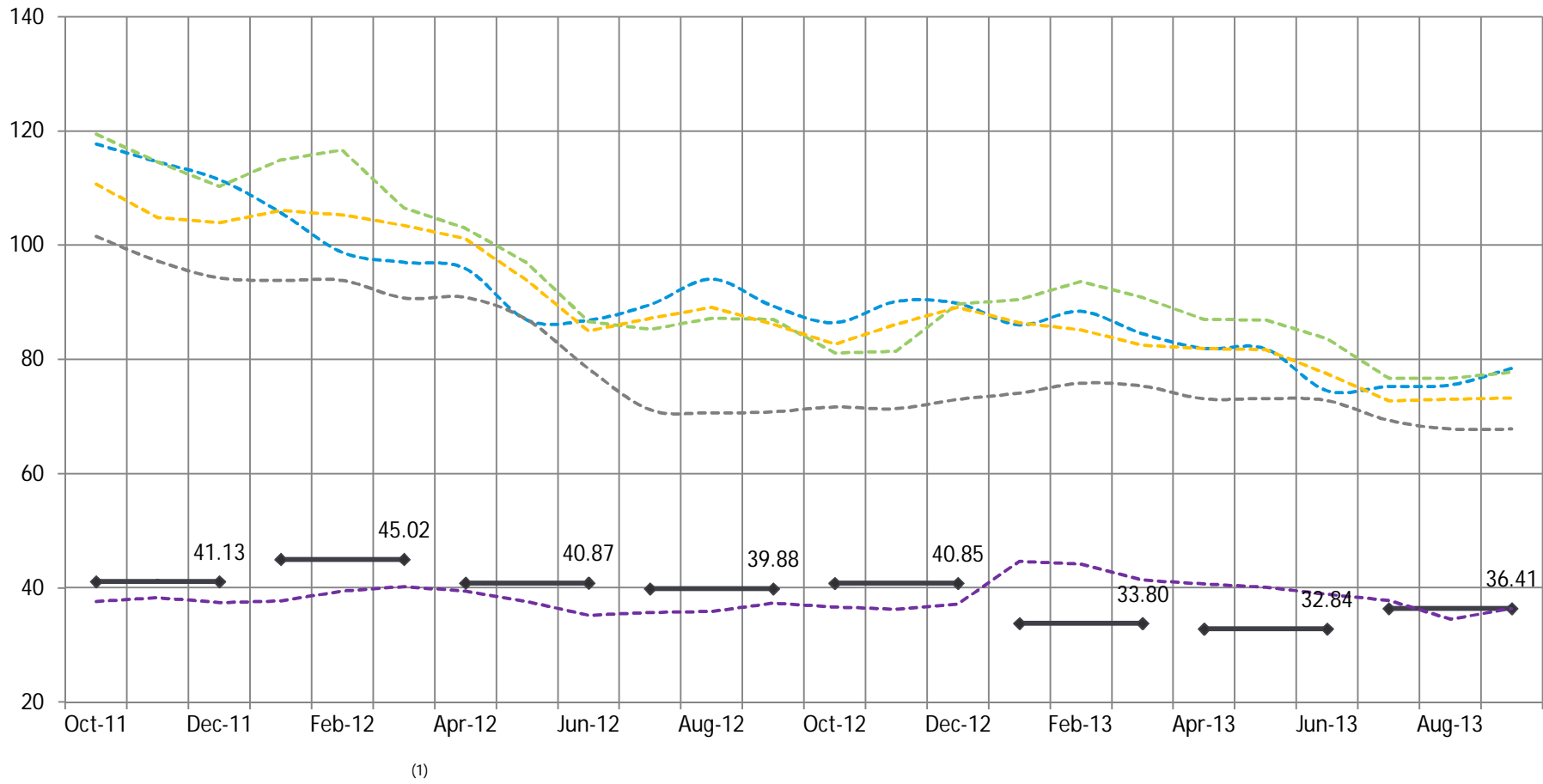


Export coal sales, mln. tonnes



Source: KTK research, Ministry of Energy of Russian Federation

AVERAGE SELLING PRICES VS BENCHMARKS



Source: Company, MetalExpert, Argus
 (1) Net of VAT and railroad tariffs

—●— FCA KTK average selling price
 - - - FOB Indonesia 5,800 kkal/kg
 - - - FOB Richards Bay 6,000 kkal/kg
 - - - CIF ARA 6,000 kkal/kg
 - - - FOB New Castle 6,000 kkal/kg
 - - - FCA Russia, 5,200-5,400 kkal/kg

AVERAGE SELLING PRICES AND MARKETS



1.71 mln. tonnes⁽¹⁾
Eastern European Countries



DAF Polish border



Moscow

Domestic market
2.42 mln. tonnes⁽¹⁾

Tomsk Region
Omsk Region
Novosibirsk Region
Altay Region
Kemerovo Region

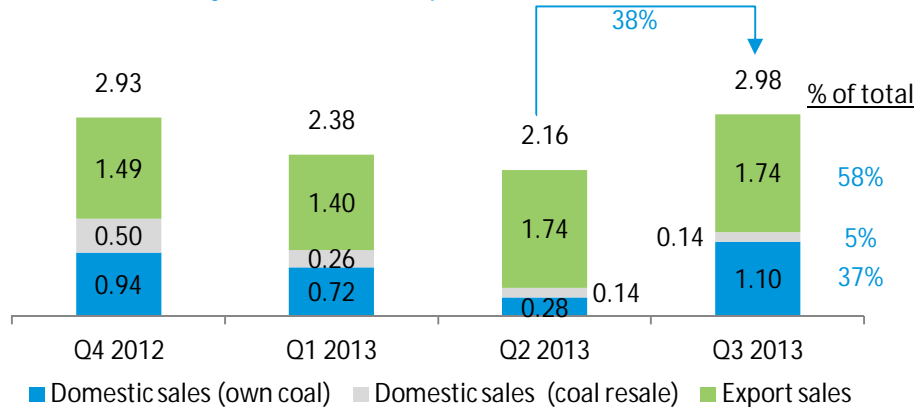
- KTK's transport flows
- Omsk region Domestic sales
- Asia-Pacific Export sales
- Headquarters

3.38 mln. tonnes⁽¹⁾
Asia-Pacific region

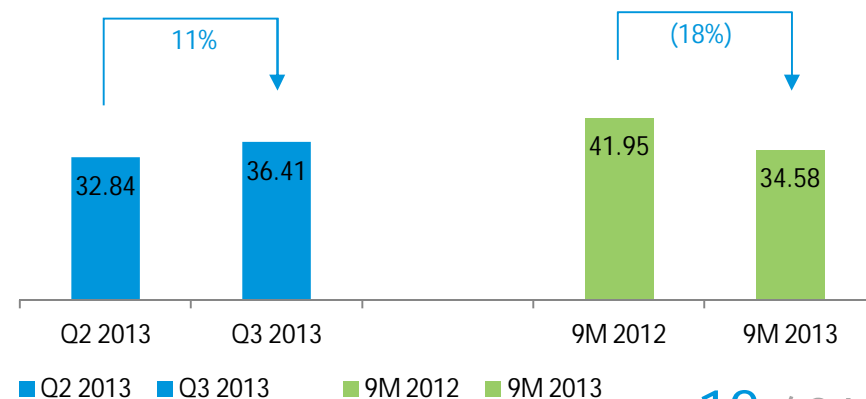


CPT Nakhodka-East port

Quarterly domestic and export sales, mln. tonnes



Average sales prices, USD



(1) Sales volumes for 9M 2013

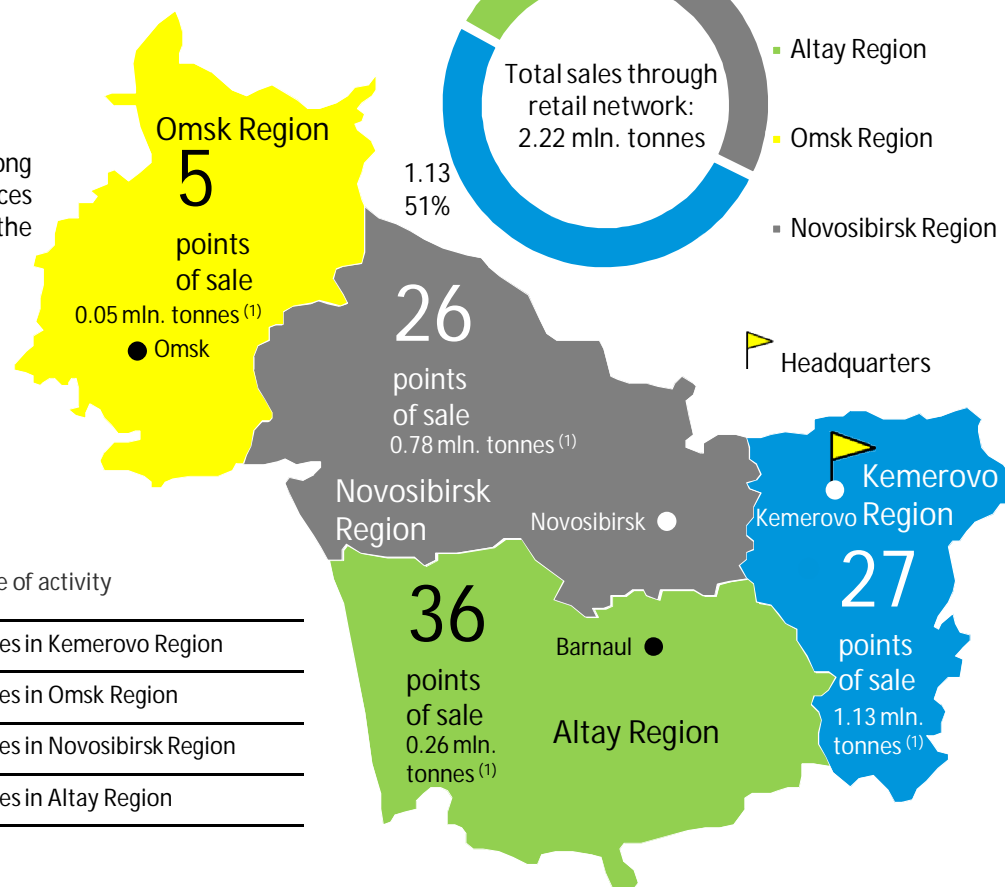
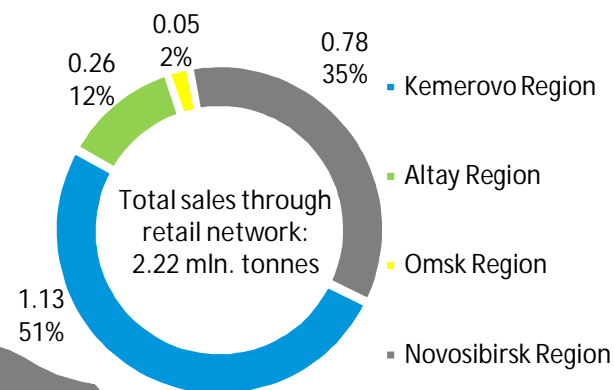
RETAIL NETWORK IN WESTERN SIBERIA



➤ Since its establishment, the Company has been continuously expanding and building its retail sale and storage network:

- ▲ 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;
- ▲ Own 92 and 2 rented points of sales;
- ▲ Client base: over 400,000 individuals, over 1,000 corporates
- ▲ Gross margin of this business segment is growing thanks to strong demand for sorted coal and the introduction of additional services for the customers. Management plans to continue the development and expansion of the retail network.

Domestic sales breakdown⁽¹⁾, mln. tonnes



Retail Subsidiary	Company's ownership	Type of activity
OJSC "Kuzbasstoplyvosbit"	100%	Wholesale & retail sales in Kemerovo Region
LLC "TransUgol"	51%	Wholesale & retail sales in Omsk Region
LLC "Novosibirsk TK"	51%	Wholesale & retail sales in Novosibirsk Region
OJSC "Altay TK"	51%	Wholesale & retail sales in Altay Region

Source: Company

(1) Sales for the 9M 2013, including coal resale



III. FINANCIAL PERFORMANCE

KEY FINANCIAL HIGHLIGHTS

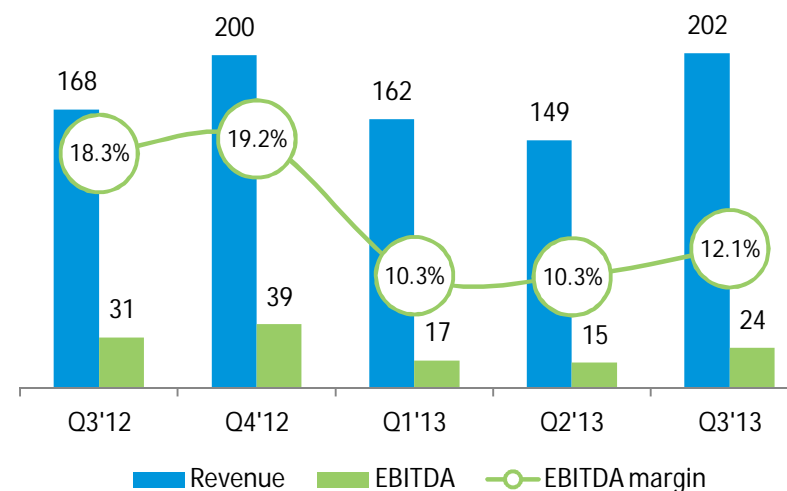


Q3'13 Financial results

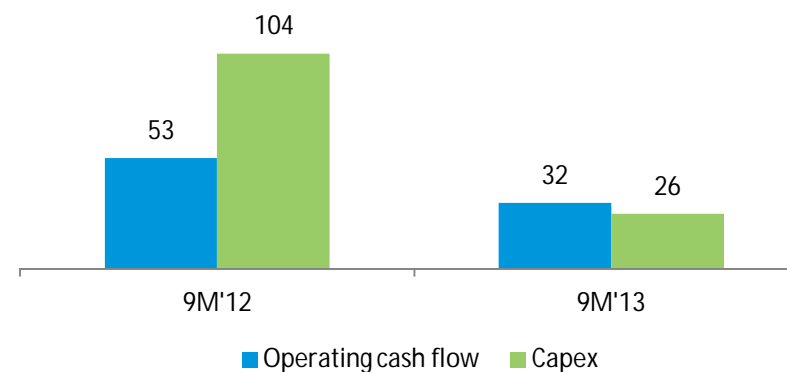
➤ Revenue	USD 202 mln.	35% Q-o-Q
➤ EBITDA	USD 24 mln.	59% Q-o-Q
➤ EBITDA margin	12.1%	1.8 ppts Q-o-Q
➤ Net income	USD 9 mln.	n.a.
➤ Operating cash flow	USD 38 mln.	6% Q-o-Q
➤ Investments	USD 15 mln.	221% Q-o-Q
➤ Net debt	USD 160 mln.	(19%) Q-o-Q
➤ Net debt/12M EBITDA	1.70 ⁽¹⁾	(0.24 ppts) Q-o-Q
➤ Cash and cash equivalents	USD 61 mln.	(7%) Q-o-Q

(1) 1.75 if calculated in RUB

Revenue and EBITDA, USD mln.



Operating cash flow and investments, USD mln.



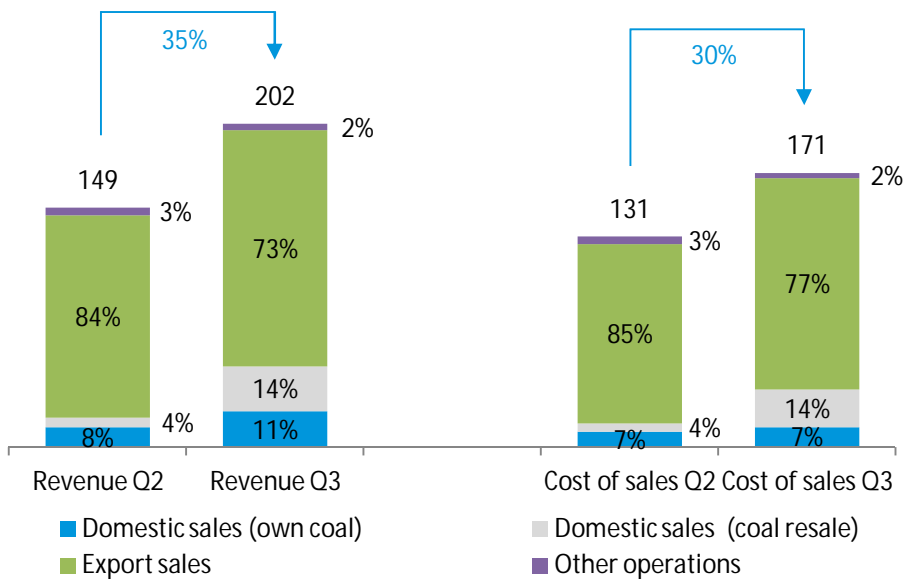
SEGMENTS



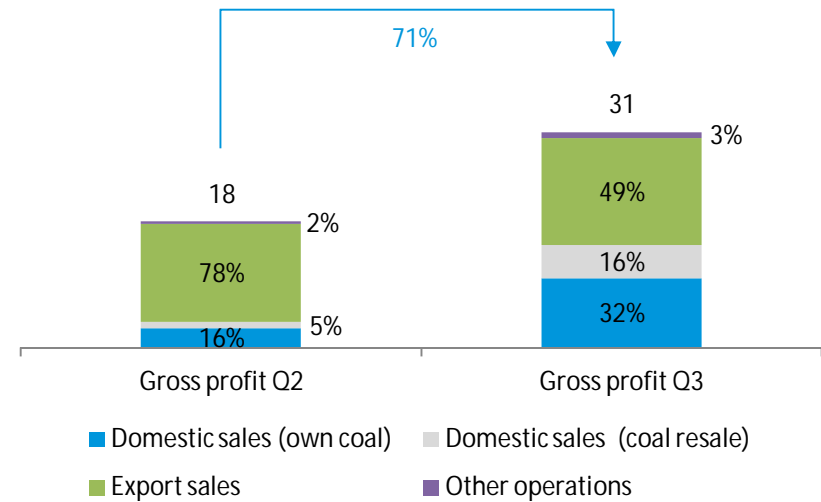
Q3'13 Segment results

- Strong domestic market performance in Q3
- Share of export sales in total revenue and gross profit is decreasing
- Coal resale on domestic market becomes more profitable
- Other operations segment shows growth in volumes and margin

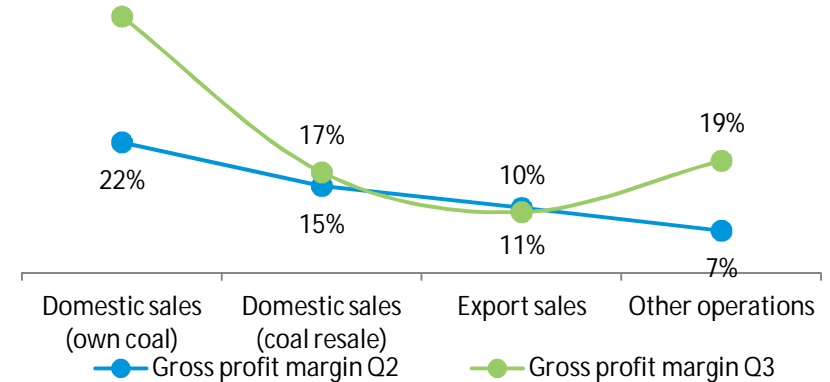
Revenue and cost of sales by segment, USD mln.



Gross profit by segment, USD mln.



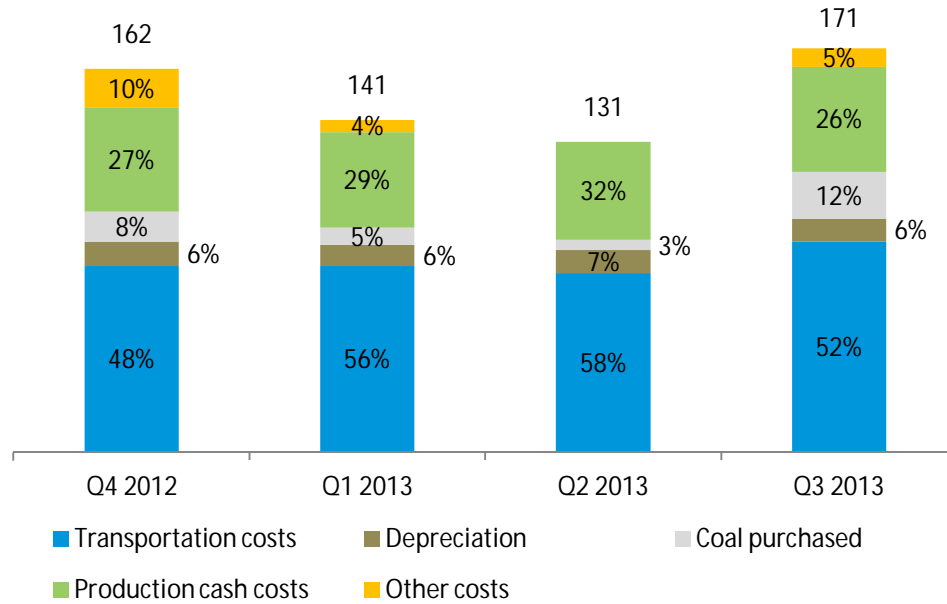
Gross profit margin by segment



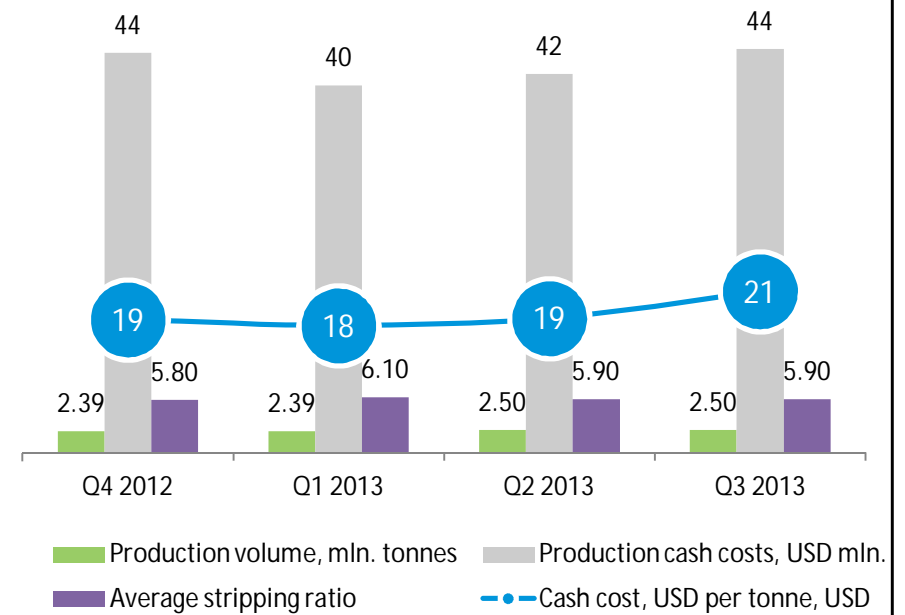
COST OF SALES AND PRODUCTION CASH COSTS



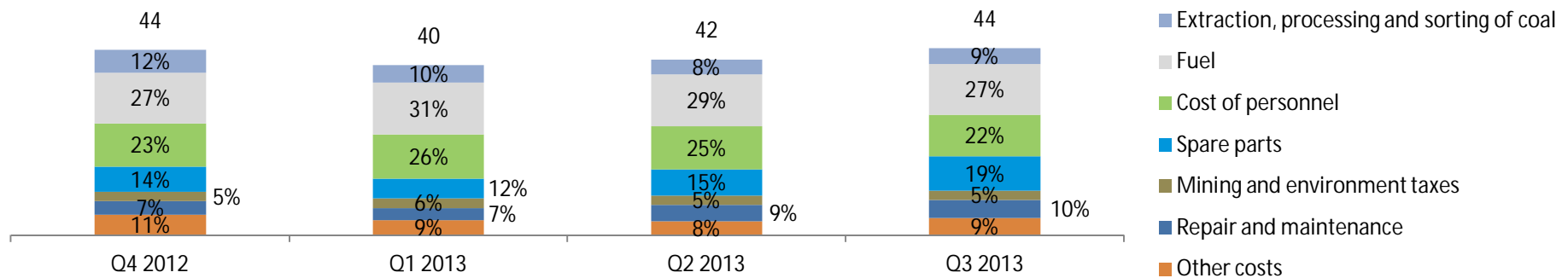
Cost of sales breakdown and dynamics, USD mln.



Production cash costs dynamics



Production cash costs breakdown, mln. USD



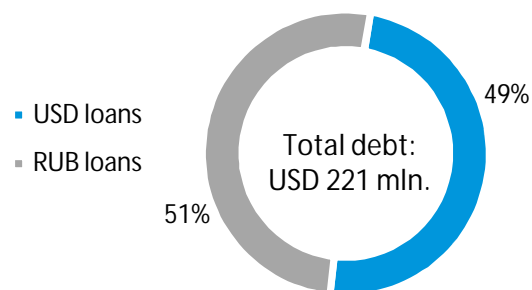
SETTLEMENT OF FINANCIAL LIABILITIES



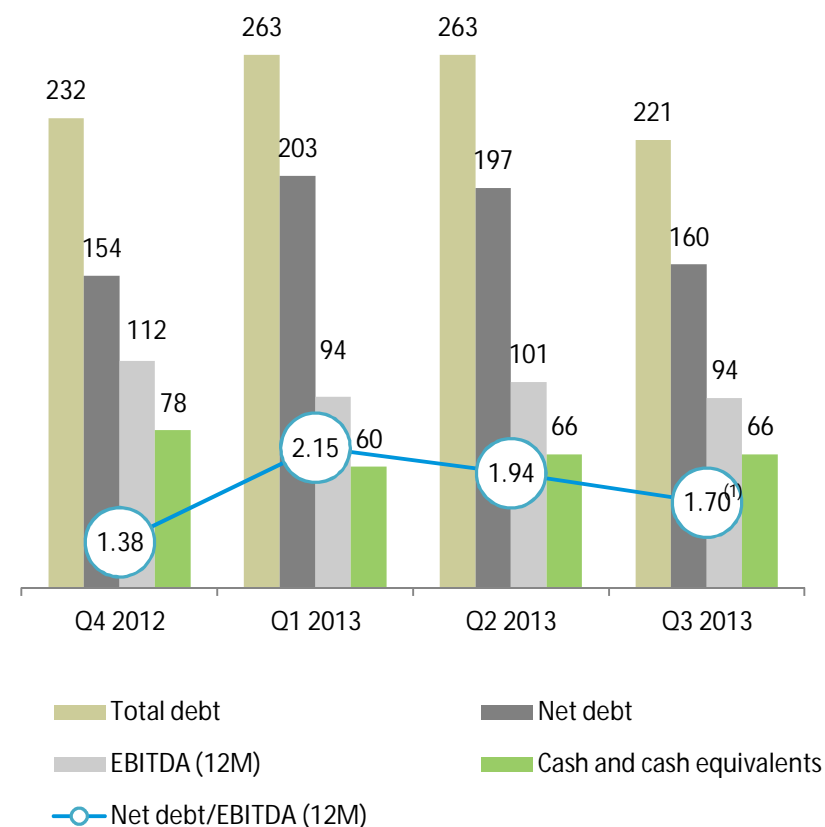
Q3'13 Indebtedness

➤ Net debt	USD 160 mln.	(19%) Q-o-Q
➤ Net debt to EBITDA (12M)	1.70	(7%) Q-o-Q
➤ Average interest on RUB loans	9.19%	0.52 ppts Q-o-Q
➤ Average interest on USD loans	4.80%	0.06 ppts Q-o-Q
➤ New loan from VTB Bank (Austria) AG for 5 year period	USD 43 mln.	

Debt structure by currency as of 30.09.13



Net Debt to EBITDA, USD mln.



(1) 1.75 if calculated in RUB

(2) Including subsidy of Belarus Republic for purchasing BelAZ mining trucks

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Sources

Audited FY'10-12 IFRS FS; unaudited 9M'13 IFRS FS in which all amounts are presented in RUB

Exchange rates

Average exchange rates of the Central Bank of the Russian Federation, RUB/USD: 9M'13: 31.05; Q3'13: 31.47; Q2'13: 31.21; Q1'13: 30.42; FY'12: 31.08; 9M'12: 31.08; Q4'12: 31.07; Q3'12: 32.00; FY'11: 29.39; FY'10: 30.38

USD exchange rates of the Central Bank of the Russian Federation for each date RUB/USD: 30.09.13: 32.35; 31.12.12: 30.37



APPENDICES

SUMMARY INCOME STATEMENT



USD mln. unless otherwise stated	Q3 2013	Q2 2013	Change, %	9M 2013	9M 2012	Change, %
Revenue	202	149	35%	513	543	(6%)
Cost of sales	(171)	(131)	30%	(443)	(448)	(1%)
<i>Production cash costs per tonne, USD</i>	21	19	9%	19	23	(17%)
Gross profit	31	18	71%	70	94	(26%)
<i>Gross profit margin, %</i>	15.2%	12.0%	3.2 pts	13.7%	17.4%	(3.7 pts)
EBITDA	24	15	59%	56	79	(29%)
<i>EBITDA margin, %</i>	12.1%	10.3%	1.8 pts	11.0%	14.6%	(3.6 pts)
<i>EBITDA per tonne, USD</i>	10	6	59%	8	12	(39%)
Distribution, administrative and other costs	16	12	33%	42	41	4%
<i>Distribution, administrative and other costs as % of revenue</i>	8.1%	8.2%	(0.1 pts)	8.2%	7.5%	0,7 pts
Operating profit	14	6	152%	28	54	(48%)
<i>Operating profit margin, %</i>	7.1%	3.8%	3.3 pts	5.4%	9.9%	(4.5%)
Finance income	0	1	(100%)	3	7	(61%)
Finance costs	(3)	(8)	(63%)	(16)	(9)	77%
Profit / (loss) before income tax	12	(2)	n.a.	14	52	(72%)
<i>Income tax expense</i>	(3)	0	n.a.	(4)	(11)	(66%)
Net profit / (loss)	9	(1)	n.a.	11	41	(74%)
<i>Net profit margin, %</i>	4.5%	-	-	2.1%	7.6%	(5.5 pts)
<i>Basic and diluted earnings per share, USD</i>	0.06	-	-	0.10	0.42	(77%)

SUMMARY BALANCE SHEET



USD mln.	As at September 30, 2013	As at December 31, 2012	Change, %
Cash and cash equivalents	61	78	(21%)
Total assets	616	665	(7%)
<i>Current assets</i>	194	206	(6%)
<i>Non-current assets</i>	422	458	(8%)
Total liabilities	315	340	(7%)
<i>Current liabilities</i>	108	181	(40%)
<i>Non-current liabilities</i>	207	159	30%
Total equity	300	325	(8%)
Total equity and liabilities	616	665	(7%)

SUMMARY CASH FLOW STATEMENT



USD mln.	Q3 2013	Q2 2013	Change, %	9M 2013	9M 2012	Change, %
<i>Profit before financing and taxation</i>	43	40	6%	46	67	(31%)
<i>Cash generated from operations</i>	38	36	6%	32	53	(41%)
<i>Interest paid</i>	(4)	(5)	(6%)	(13)	(8)	55%
<i>Income tax (Paid)/Received</i>	0	-	-	(4)	(8)	(50%)
Net cash from operating activities	38	36	6%	32	53	(41%)
Total cash used in investing activities	(14)	(3)	307%	(24)	(120)	(80%)
<i>Acquisition of property, plant and equipment</i>	(15)	(5)	221%	(26)	(104)	(75%)
Free cash flow	-	33	-	50	-	-
Cash used in financing activities	(767)	(924)	(17%)	(659)	2 286	n.a.
<i>Effect of exchange rate on cash and cash equivalents</i>	-	4	-	1	1	-
Net increase/ (decrease) in cash and cash equivalents	0	3	(100%)	(13)	6	n.a.
<i>Cash and cash equivalents at beginning of the period</i>	0	0	-	76	61	25%
<i>Cash and cash equivalents at end of the period</i>	0	4	(100%)	64	68	(6%)

OUTLOOK



Q4'13 Outlook

▶ Coal production	2.61 mln. tonnes	4% Q-o-Q
▶ Stripping ratio	5.71	(3%) Q-o-Q
▶ Coal washing at "Kaskad-2" plant	0.50	(5%) Q-o-Q
▶ New PoS to develop retail network		