



6M 2013 FINANCIAL RESULTS

Presentation

August 26, 2013

Kemerovo

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Head of Moscow office, IRO



BUSINESS REVIEW

KTK AT A GLANCE

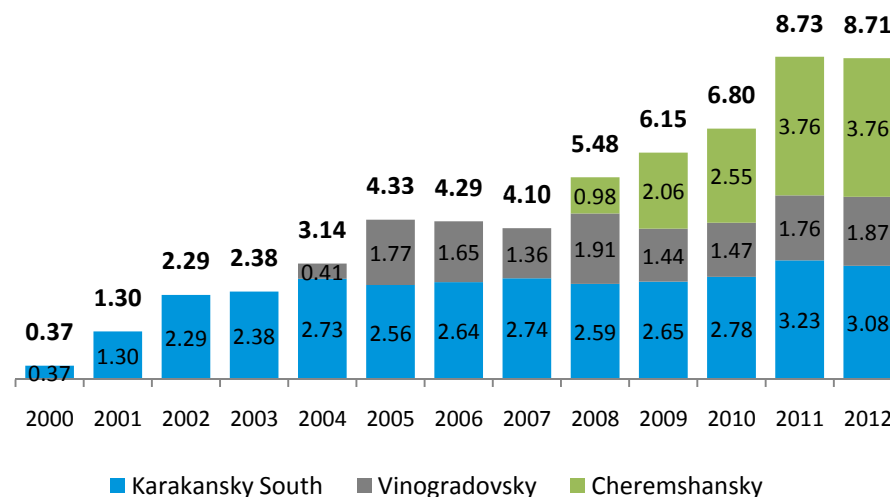


- One of the fastest-growing thermal coal producers in Russia
- One of major suppliers of coal in Western Siberia
- In 2012 the Company became 6th largest thermal coal producer in Russia⁽¹⁾
- Since its establishment in 2000, the Company has launched 3 open-pit mines and developed an extensive production 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 in 1H 2012
- Diversified sales capabilities balanced between domestic market (4.29 mln. tonnes sold in 2012) and export markets (5.91 mln. tonnes sold in 2012)
- Largest retail coal distribution network in Western Siberia, 70 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 20 investment funds.

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



Key operating and financial indicators⁽¹⁾

	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%	16%	15%
Net Income, USD mln.	27	69	58
% margin	6%	9%	8%

Source: audited IFRS FS for 2010-2012 in which all amounts are presented in RUB, Company

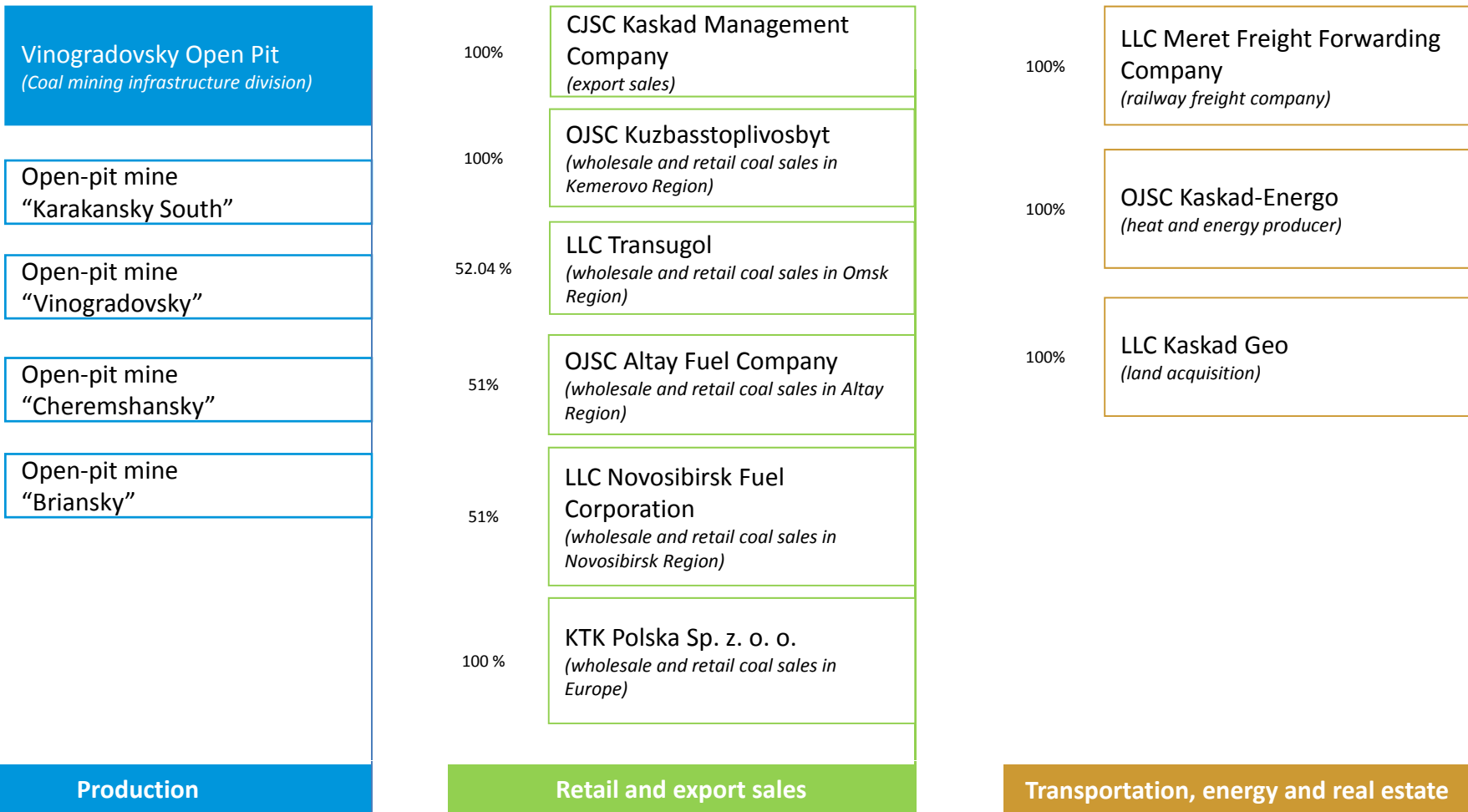
(1) Metal Expert, January 2013

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

(3) In the table USD are converted from RUB using average Central Bank of the Russian Federation exchange rates for each year (2012: 31.08 RUB/USD; 2011: 29.39 RUB/USD; 2010: 30.38 RUB/USD)



OJSC Kuzbasskaya Toplivnaya Company



MINING ASSETS



Layout of open-pit mines and washing plants

1
Vinogradovsky open-pit mine



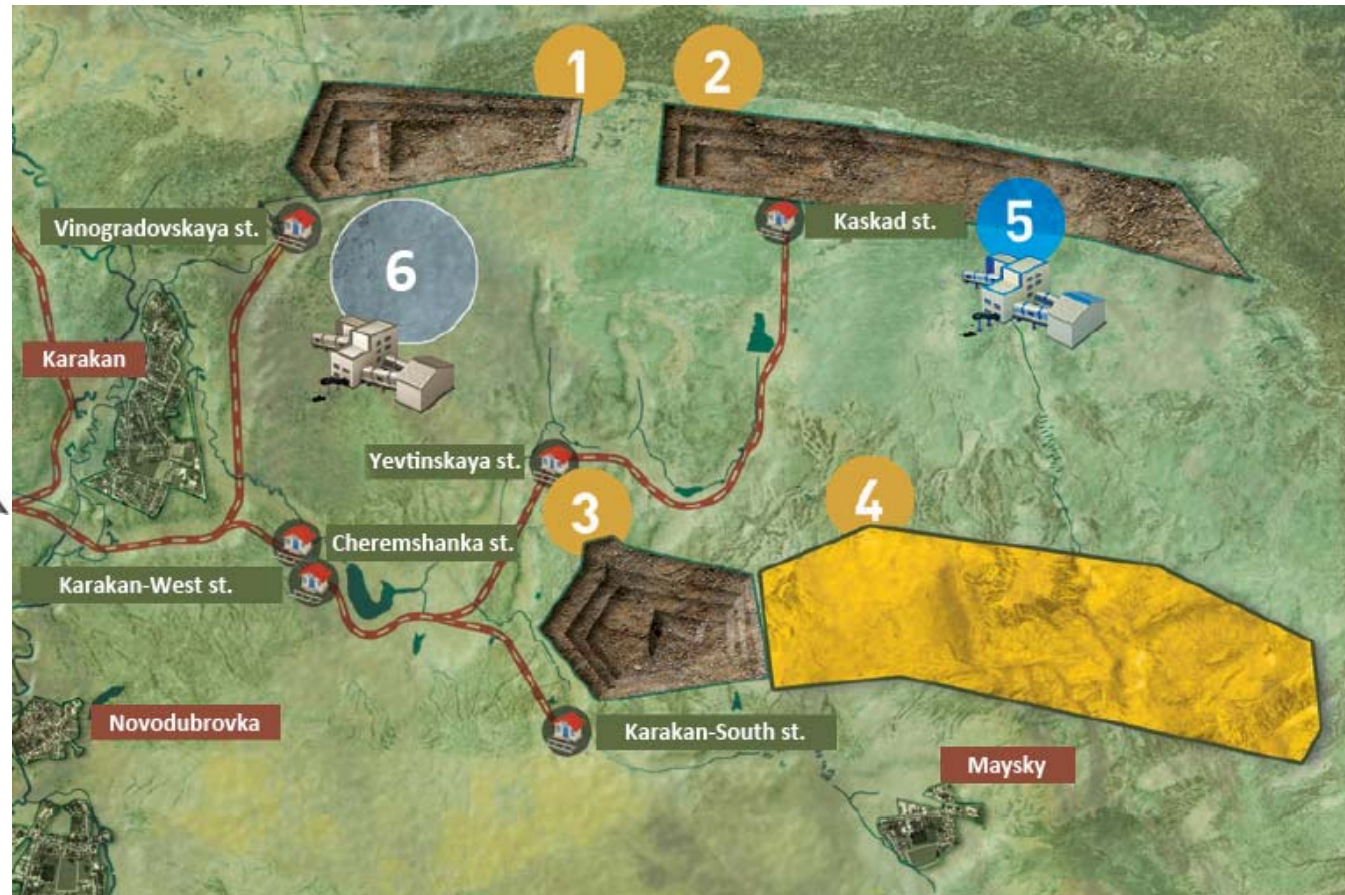
2
Cheremshansky open-pit mine



3
Karakansky South open-pit mine



4
Bryanskiy open-pit mine
+250.2
mln. tonnes



Villages Railroad stations

5
Kaskad-1 washing plant

6
Kaskad-2 washing plant



III. OPERATIONAL HIGHLIGHTS

OPERATIONAL HIGHLIGHTS FOR THE 6M 2013



Coal production growth Y-o-Y

- ▶ For the 6M 2013, the Company produced 4.89 mln. tonnes of coal, and showed 20% growth comparing with the same period of 2012.

80% of coal produced is sorted or washed to get added value

- ▶ The volume of coal sorting decreased by 5% compared to 6M 2012 and amounted 2.84 mln. tonnes.
- ▶ Coal washing at the "Kaskad" and "Kaskad-2" washing plants increased by 161% to 1.07 mln. tonnes compared with 6M 2012.

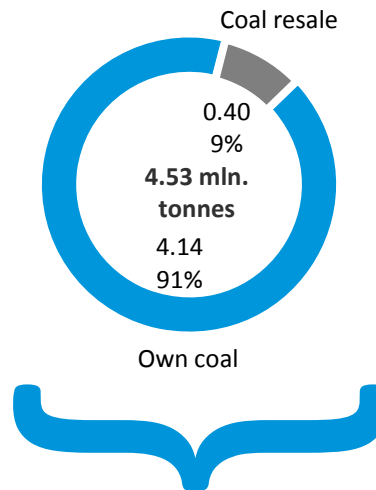
Soft seasonal Y-o-Y decrease in coal sales volume

- ▶ Coal sales for the 6M 2013 decreased by 6% to 4.54 mln. tonnes compared to the same period of 2012.
- ▶ Export sales increased by 3% to 3.14 mln.
- ▶ Coal sales in the domestic market decreased by 22% and amounted 1.40 mln. tonnes.
- ▶ The volume of coal re-sale fell by 55% to 0.40 mln. tonnes.

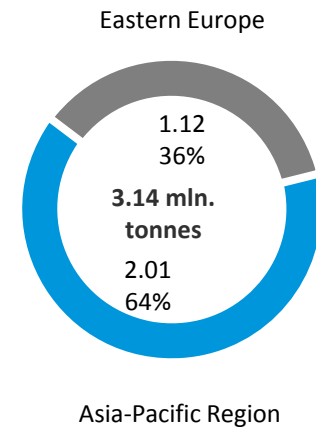
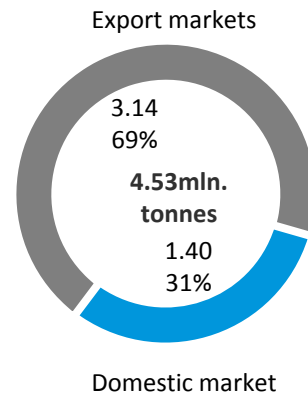
Key production cost drivers are decreasing

- ▶ Stripping volume fell by 24% to 29.48 mln. cbm.
- ▶ Average stripping transportation distance decreased by 22% to 2.50 km.
- ▶ The volume of blasted rock mass amounted 13.01 mln. cbm. which is 31% lower then for the 6M 2012.
- ▶ Average stripping ratio decreased by 37% Y-o-Y to 6.00

COAL SALES BREAKDOWN FOR 6M 2013



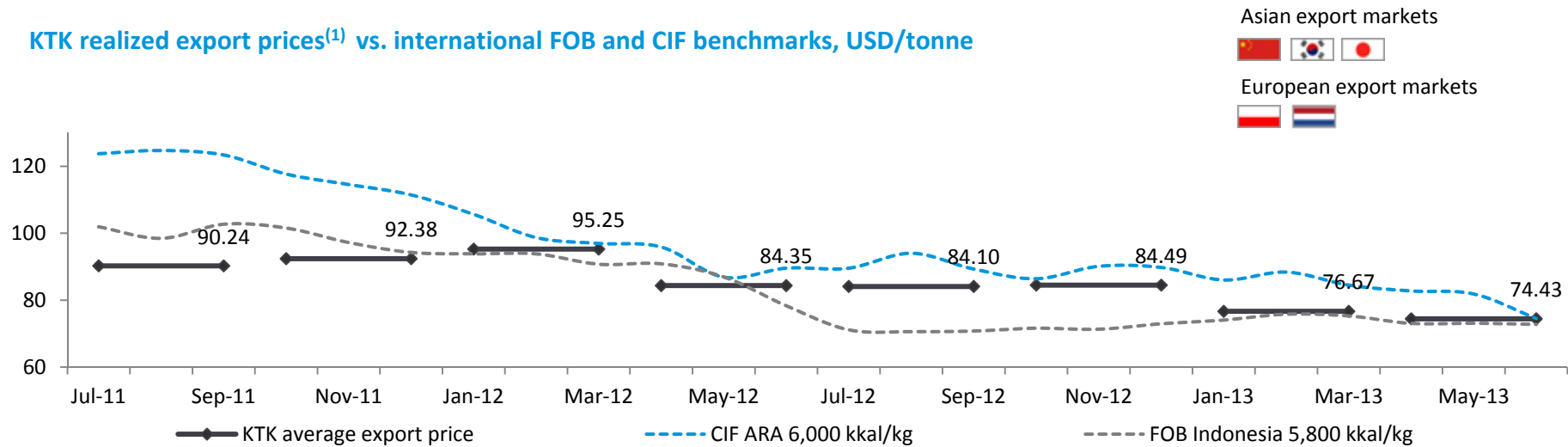
▶ For the 6M 2013 due to increased competition in supplying power generating companies, 100% (1.40 mln. tonnes) of coal in the domestic market were sold to public utilities and households



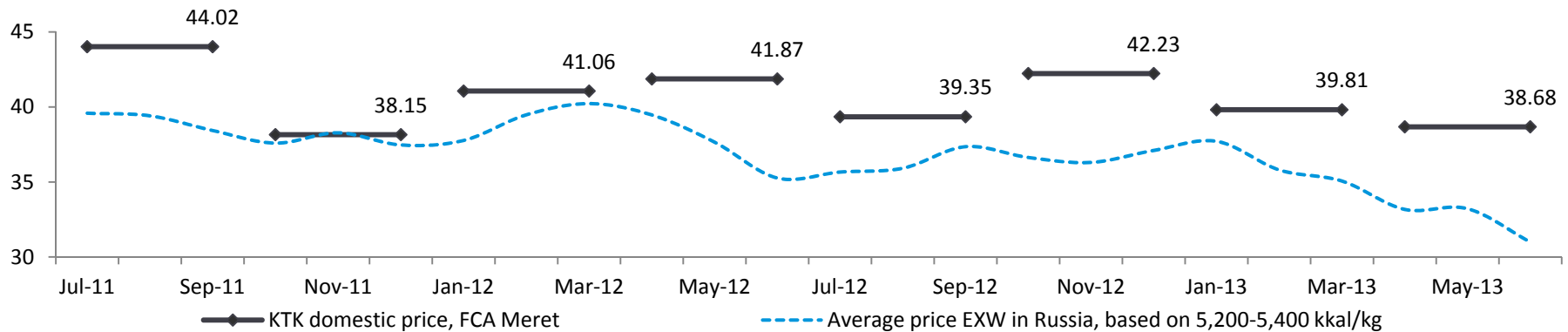
AVERAGE REALISED PRICES VS BENCHMARKS



KTK realized export prices⁽¹⁾ vs. international FOB and CIF benchmarks, USD/tonne



KTK FCA prices vs. Russian EXW benchmark, USD/tonne



Source: Company, Metal Expert for average EXW prices in Russia, Argus for FOB Indonesia and CIF ARA
(1) Net of VAT, average KTK export realized price incl. railway tariffs

AVERAGE REALISED PRICES AND MARKETS

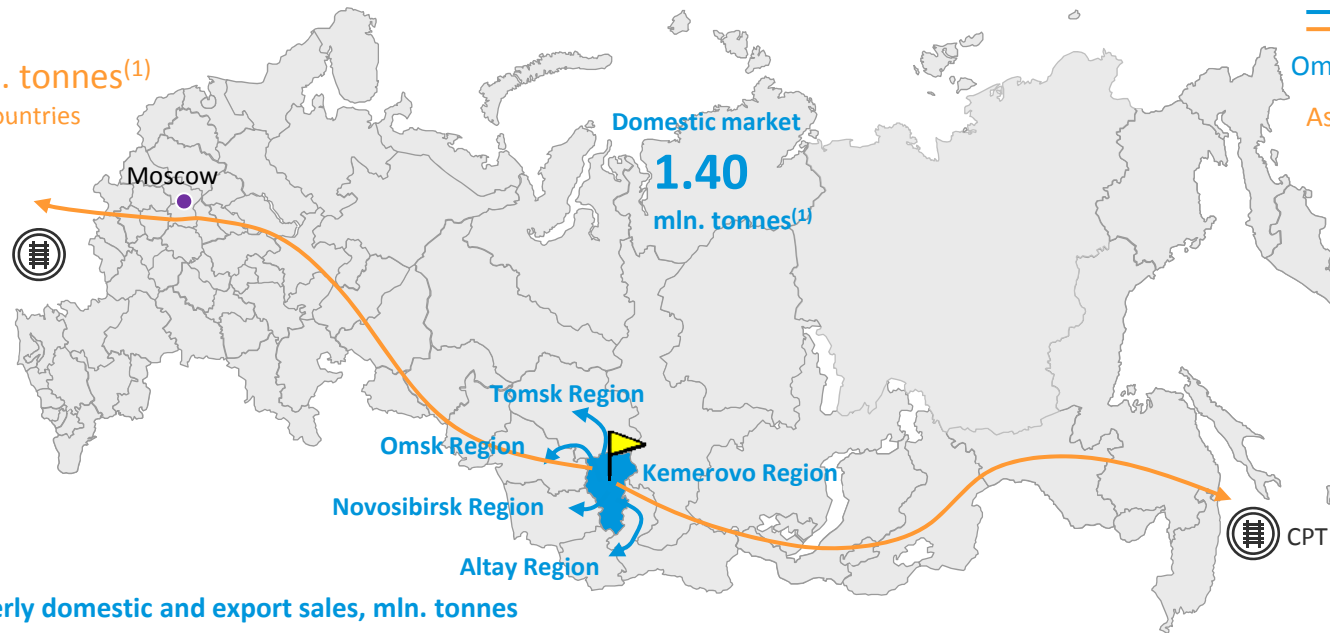


1.12 mln. tonnes⁽¹⁾

Eastern European Countries



DAF Polish border

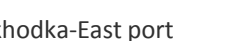


- KTK's transport flows
- Omsk region Domestic sales
- Asia-Pacific Export sales
- Headquarters

2.01

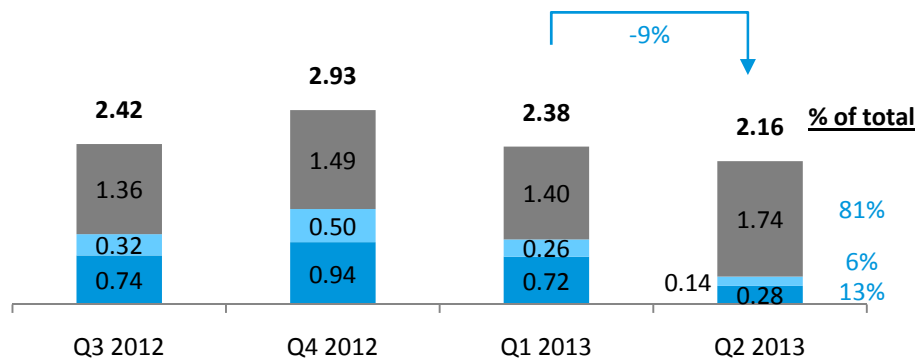
mln. tonnes⁽¹⁾

Asia-Pacific region

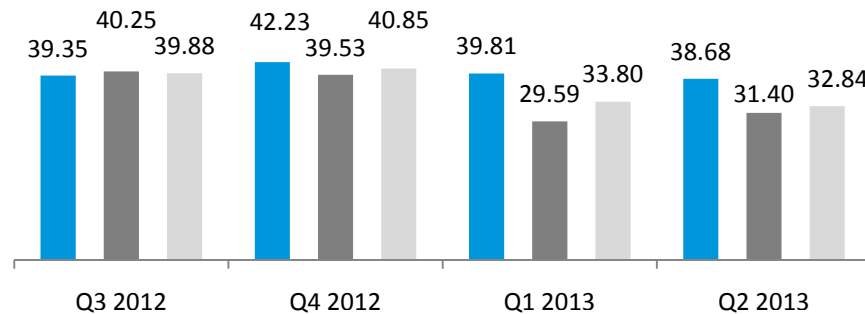


CPT Nakhodka-East port

Quarterly domestic and export sales, mln. tonnes



Average quarterly domestic and export prices comparison ⁽²⁾



■ Domestic sales (own coal) ■ Domestic sales (coal resale) ■ Export sales

■ Average domestic price ■ Average export price ■ Average blended price

Source: Company

(1) Sales volumes for 6M 2013

(2) Prices are net of VAT and railroad tariffs; prices are converted to USD using average Central Bank of the Russian Federation exchange rates for each quarter (Q2 2013: 31.21 RUB/USD; Q1 2013: 30.42 RUB/USD; Q4 2012: 31.07 RUB/USD; Q3 2012: 32.00)

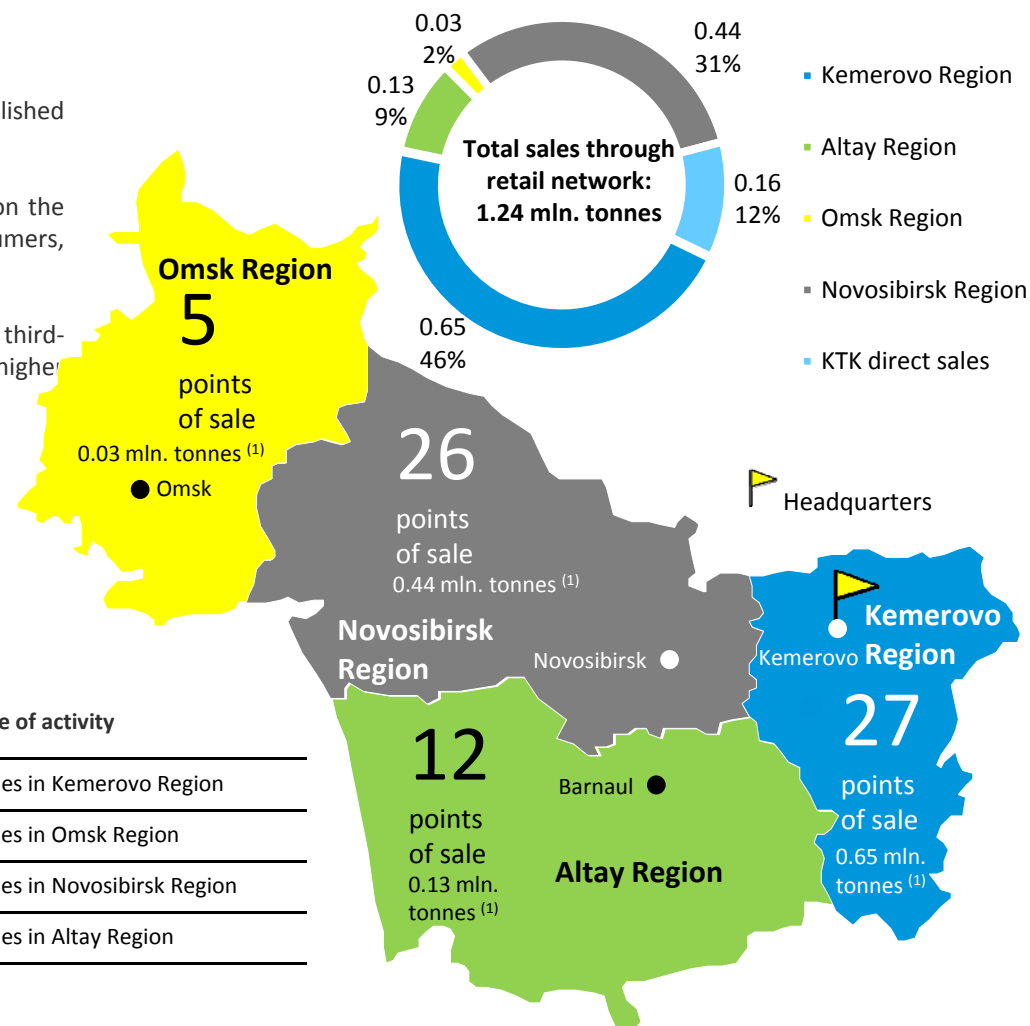
RETAIL NETWORK IN WESTERN SIBERIA



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

- ▲ Own 70 points of sale as of 30.06.2013;
- ▲ Additional points of sale planned to be acquired or established including 15 mobile seasonal points of sales in Altai Region;
- ▲ 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;
- ▲ Client base: over 400,000 individuals, over 1,000 corporates

6M 2013 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 Altai Region

Source: Company

(1) Sales for the Q1 2013, including coal resale



III. FINANCIAL PERFORMANCE

COST CUTTING IN 1H 2013



- ▶ Starting from 2H 2012 the Company has been working in the face of declining prices for thermal coal in the domestic and export markets. Management continues to implement a cost cutting program, and reviewing contracts with suppliers for all types of input resources and services. These measures will enable the Company to maintain a stable position in the market and get the maximum economic benefit from possible price increases for high-quality thermal coal in the medium term.

Cost of sales and production cash costs decrease Y-o-Y

- ▶ Cost of sales decreased by 14% Y-o-Y to USD 272 mln.
- ▶ Production cash costs dropped 22% Y-o-Y to USD 82 mln.

Lower distribution and administrative expenses

- ▶ Distribution, administrative and other costs decreased by 8% Y-o-Y to USD 26 mln.

Net debt returns to comfortable level

- ▶ Net debt at 30 June 2013 amounted RUB 5,963 mln. showing a decrease by 6% compared with the figure as at 31 March 2013.
- ▶ The net debt to 12M EBITDA ratio reached a comfortable level for the management and amounted 2.00.
- ▶ In Q2 2013, VTB Bank (Austria) AG confirmed a new credit line to refinance the costs incurred by the Company in the implementation of the investment project for the construction of the washing plant "Kaskad-2" in the amount USD 60 mln. for a period of 5 years.

LLC "Kuzbass Transport Company" is sold to cut rent costs of rail cars fleet by 50%

- ▶ Coal transportation expenses decreased by 5% Y-o-Y to USD 155 mln., despite 7% growth of infrastructural tariff in January 2013

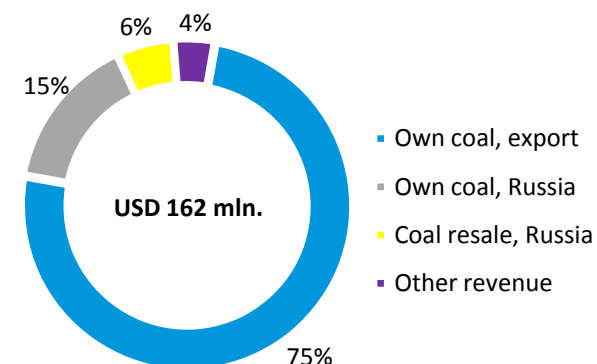
KEY FINANCIALS AND REVENUE



Key financial indicators⁽¹⁾

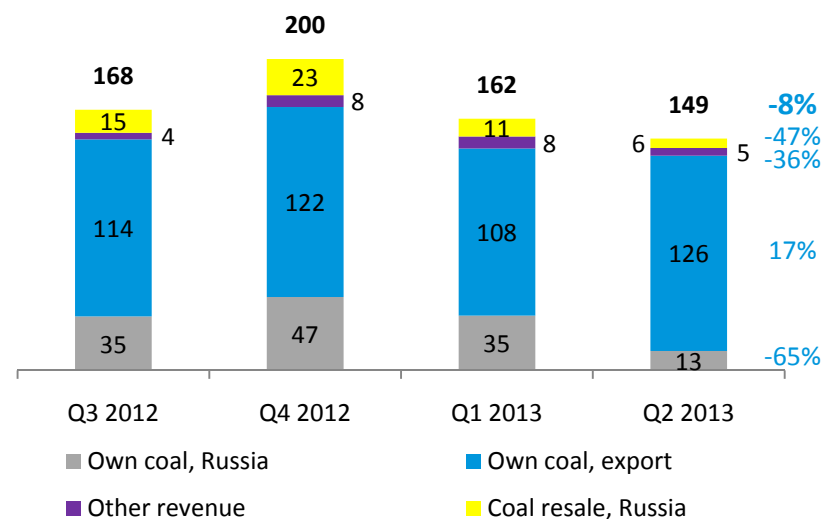
USD mln.	Q2 2013	Q1 2013	6M 2013	6M 2012
Revenue	149	162	311	376
Cost of sales	(131)	(141)	(272)	(317) ⁴
Gross profit	18	21	39	59 ⁴
<i>Gross profit margin</i>	12.0%	13.2%	12.6%	15.8%
SG&A and other expenses	(12)	(14)	(26)	(28)
EBITDA⁽²⁾	15	17	32	48
<i>EBITDA margin</i>	10.3%	10.3%	10.3%	12.9%
<i>EBITDA per tonne, USD</i>	6	7	7	12
Operating profit (EBIT)	6	8	13	31
<i>Operating margin</i>	3.8%	4.7%	4.3%	8.3%
Net income	(1)	3	1	20
<i>Net income margin</i>	-	1.7%	0.5%	5.2%
Gross debt ³	263	263	263	206
Net debt³	197	203	197	156

6M 2013 revenue by segments⁽¹⁾



Segment revenue dynamics⁽¹⁾, USD mln.

Q-o-Q



(1) Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each period (6M 2013: 30.82 RUB/USD; 6M 2012: 30.59 RUB/USD; Q2 2013: 31.21 RUB/USD; Q1 2013: 30.42 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

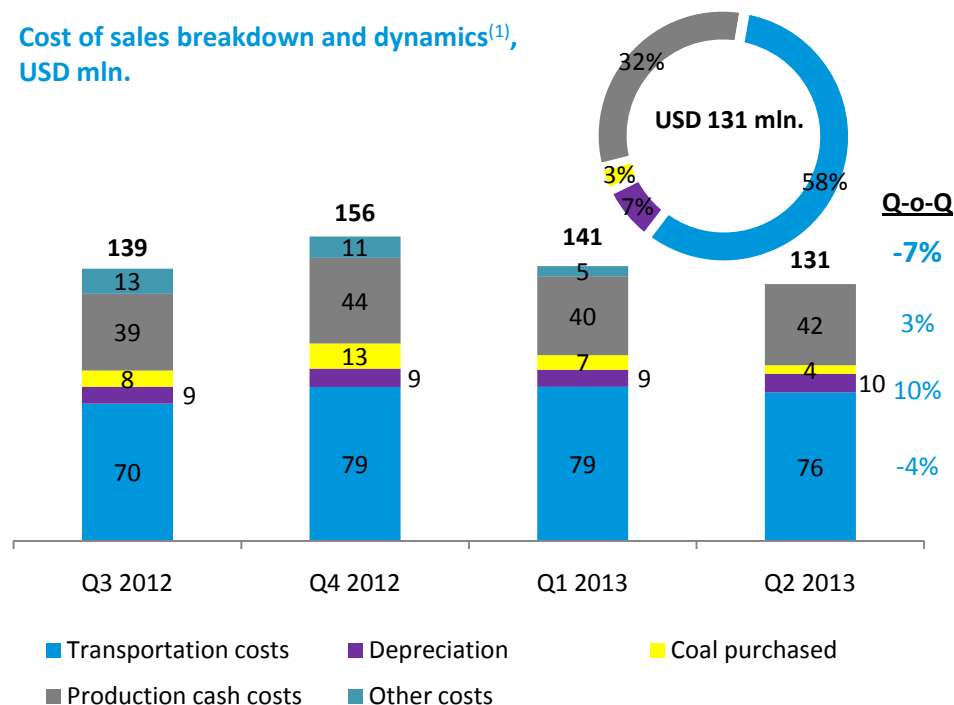
(3) Figures were converted to USD using the exchange rates of the Central Bank of the Russian Federation for the end of each period (30.06.13: 30.23 RUB/USD; 31.03.13: 31.08 RUB/USD; 30.06.12: 32.82 RUB/USD)

(4) Recalculated data in accordance with the new standards and interpretations. Read more on pages 10-12 of financial statements

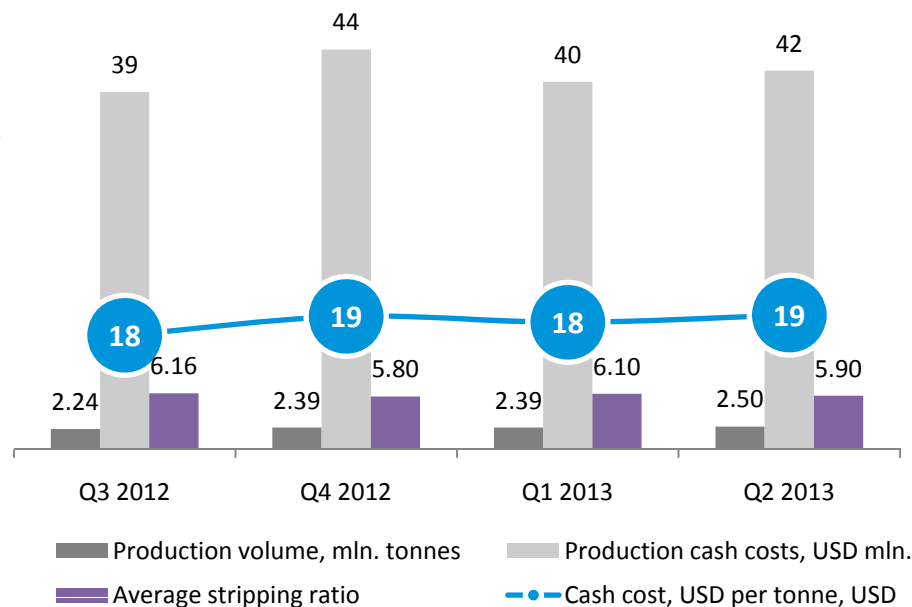
COST OF SALES



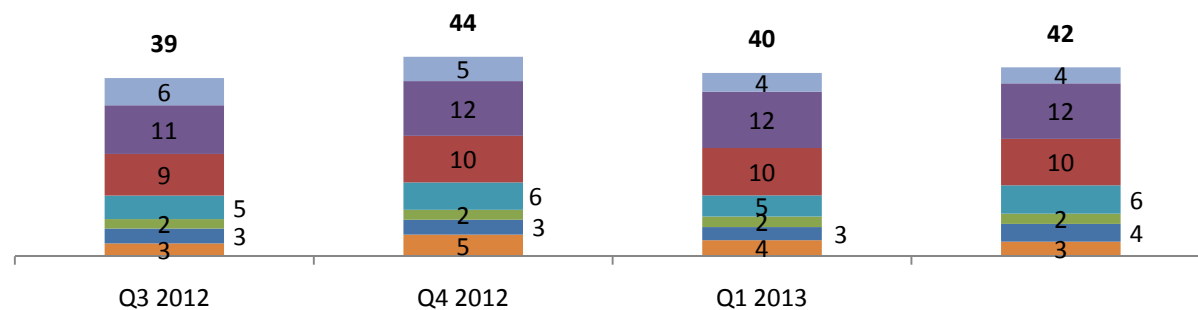
Cost of sales breakdown and dynamics⁽¹⁾, USD mln.



Production cash costs dynamics⁽¹⁾



Production cash costs breakdown⁽¹⁾, mln. USD



% of total Production cash costs in Q2 2013

- 8% Extraction, processing and sorting of coal
- 29% Fuel
- 25% Cost of personnel
- 15% Spare parts
- 5% Mining and environment taxes
- 9% Repair and maintenance
- 8% Other costs

Source: unaudited 6M 2013 IFRS FS; unaudited 3M 2013 IFRS FS, audited 2012 IFRS FS; unaudited 9M 2012, in which all amounts are presented in RUB

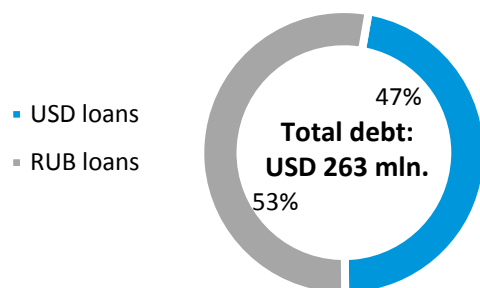
(1) Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each period (Q2 2013: 31.10 RUB/USD; Q1 2013: 30.42 RUB/USD; Q4 2012: 31.07 RUB/USD; Q3 2012: 32.00 RUB/USD).

INDEBTEDNESS

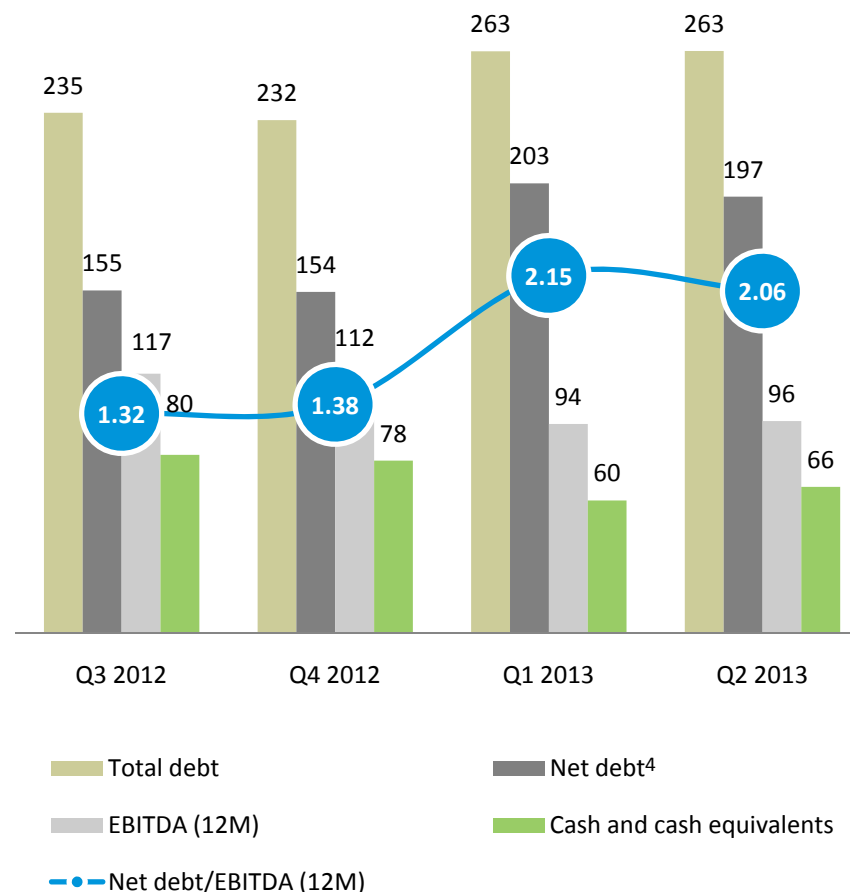


- ▶ During Q2 2012 the net debt decreased by 3% to USD 197 mln.
- ▶ The Company is one of the most reliable and efficient borrowers in the sector, which reflect the current interest rates for loans. Average interest on borrowings denominated in rubles was 8.67%³, and for loans denominated in U.S. dollars — 4.74%.
- ▶ In Q2 2013, VTB Bank (Austria) AG confirmed a new credit line to refinance the costs incurred by the Company in the implementation of the investment project for the construction of the washing plant "Kaskad-2" in the amount USD 60 mln. for a period of 5 years. Previously, the Company raised loans for up to 3 years, and received credit line allowed to effectively restructure existing debt portfolio, together with a reduction in the effective interest rate

Debt structure⁽¹⁾ by currency as of 30.06.13



Net Debt to EBITDA⁽¹⁾, USD mln.



Source: unaudited 6M 2013 IFRS FS; unaudited 3M 2013 IFRS FS; audited 2012 IFRS FS, unaudited 9M 2012 IFRS FS in which all amounts are presented in RUB

(1) Annualized EBITDA is calculated in USD after rounding

(2) Net debt/EBITDA is calculated in USD. Ratio as of 31.03.13 in RUB is 2.20

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

(4) Figures were converted to USD using exchange rates of the Central Bank of the Russian Federation for each date (30.06.12: 30.23 RUB/USD; 31.03.13: 31.08 RUB/USD; 31.12.12: 30.37 RUB/USD; 30.09.12: 30.92 RUB/USD).

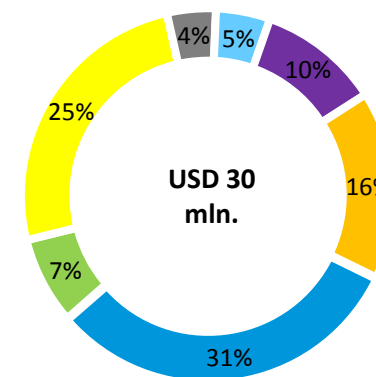
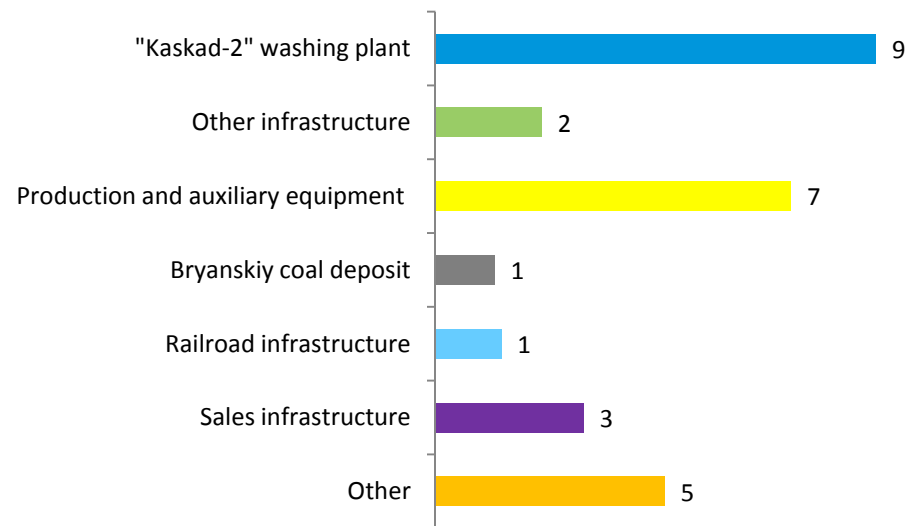
CAPEX 2013



- ▶ Due to changing conditions in the international coal markets, management decided to adjust the KTK's investment program for 2013 without giving up the key strategic priorities including the construction of a third washing plant "Vinogradovsky", development of open-pit "Bryansky", which will be the fourth mining asset of KTK.
- ▶ In Q1 2013 the Company did not make new investments, all the funds will be invested in Q2-Q4, 2013.
- ▶ Total investment program for 2013 amounts to USD 30 mln.¹ There will be 6 major investment categories:
 - ▲ Financing the work at "Kaskad-2" washing plant
 - ▲ Purchasing of production and auxiliary equipment including P&H excavator and 6 BelAZ mining trucks
 - ▲ Continue exploration and design works on the open-pit "Bryansky"
 - ▲ Developing of the retail network and distribution infrastructure, which will allow the expansion of the retail network in the Altai Region.
 - ▲ Construction of industrial infrastructure, including the construction of a complex for the production of crushed stone, which upon commencement will significantly reduce the cost of tires for production equipment.
 - ▲ Other investments: the expansion of the area of one of the existing open-pits and acquisition of a prospective mining licence, located in close proximity to existing assets of KTK

This investment program demonstrates the key elements of investments and may change insignificantly during the year.

CAPEX breakdown⁽¹⁾, USD mln.



(1) – Net of VAT, USD figures were converted from RUB using 32.00 RUB/USD exchange rate



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APPENDIX

INCOME STATEMENT FOR THE 6M 2013



USD ¹ mln.	6M 2013	6M 2012
Revenue	311	376
Cost of sales	(272)	(317) ³
Gross profit	39	59 ³
Distribution expenses	(11)	(11)
Administrative expenses	(17)	(18)
Operating profit	13	31 ³
Finance income	2	2
Finance costs	(13)	(8)
Profit / (loss) before income tax	3	25 ³
Income tax expense	(1)	(6) ³
Profit / (loss) for the period	1	20
<i>Profit / (loss) for the period margin</i>	<i>0.5%</i>	<i>5.2%</i>
EBITDA ²	32	48
<i>EBITDA margin</i>	<i>10.3%</i>	<i>12.9%</i>

Source: unaudited 6M 2013 IFRS FS in which all amounts are presented in RUB

(1) Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each period (6M 2013: 30.82 RUB/USD; 6M 2012: 30.59 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

(3) Recalculated data in accordance with the new standards and interpretations. Read more on pages 10-12 of financial statements

BALANCE SHEET AS AT JUNE 30, 2013



USD ¹ mln.	30.06.13	31.03.13
ASSETS		
Non-current assets		
Property, plant and equipment	444	427
Goodwill and intangible assets	1	1
Investments in equity accounted investees	0	0
Deferred tax assets	2	2
Total non-current assets	458	441
Current assets		
Inventories	50	40
Other investments	0	0
Trade and other receivables	72	113
Prepayments and deferred expenses	18	21
Cash and cash equivalents	66	60
Total current assets	207	235
TOTAL ASSETS	665	676

USD ¹ mln.	30.06.13	31.03.13
EQUITY AND LIABILITIES		
Equity		
Share capital	1	1
Retained earnings	218	222
Additional paid-in capital	94	91
Total attributable to equity holders of the company	312	314
Total equity	312	314
Non-current liabilities		
Loans and borrowings	161	110
Deferred income	7	7
Net assets attributable to minority participants in LLC entities	7	4
Provisions	11	11
Retirement benefit liability	2	2
Deferred tax liabilities	19	16
Total non-current liabilities	204	150
Current liabilities		
Loans and borrowings	102	153
Trade and other payables	46	58
Total current liabilities	149	212
Total liabilities	341	362
TOTAL EQUITY AND LIABILITIES	665	676

Source: unaudited 6M 2013 IFRS FS in which all amounts are presented in RUB

(1) Figures were converted to USD using exchange rates of the Central Bank of the Russian Federation for each date (30.06.13: 30.23 RUB/USD; 31.03.13: 31.08 RUB/USD)

CASH FLOW STATEMENT FOR THE 6M 2013



USD ¹ mln.	6M 2013	6M 2012
OPERATING ACTIVITIES		
Profit / (loss) for the period	1	20
<i>Adjustments for:</i>		
Depreciation and amortization	18	20
Net finance income/(loss)	11	6
Income tax expense	1	6
Operating result before change in working capital	32	48
Change in inventories	(10)	(11)
Change in trade and other receivables	(6)	(5)
Change in prepayments for current assets	9	11
Change in trade and other payables	(20)	(13)
Cash flow from operations before income tax and interest	3	31
Income taxes and penalties paid	(4)	(8)
Interest paid	(8)	(5)
Cash flows from operating activities	(7)	19

USD ¹ mln.	6M 2013	6M 2012
INVESTING ACTIVITIES		
Loans issued and term deposits	0	(16)
Acquisition of property, plant and equipment	(11)	(76)
Cash flow used in investing activities	(9)	(92)
FINANCING ACTIVITIES		
Proceeds from borrowings	204	186
Repayment of borrowings	(184)	(117)
Cash flow from financing activities	4	49
Net increase / (decrease) in cash and cash equivalents	(13)	(24)

Source: unaudited 6M 2013 IFRS FS in which all amounts are presented in RUB

(1) Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each period (6M 2013: 30.82 RUB/USD; 6M 2012: 30.59 RUB/USD).