



FY 2012 FINANCIAL RESULTS

Presentation

April 4, 2013

Kemerovo

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BUSINESS REVIEW

KTK AT A GLANCE

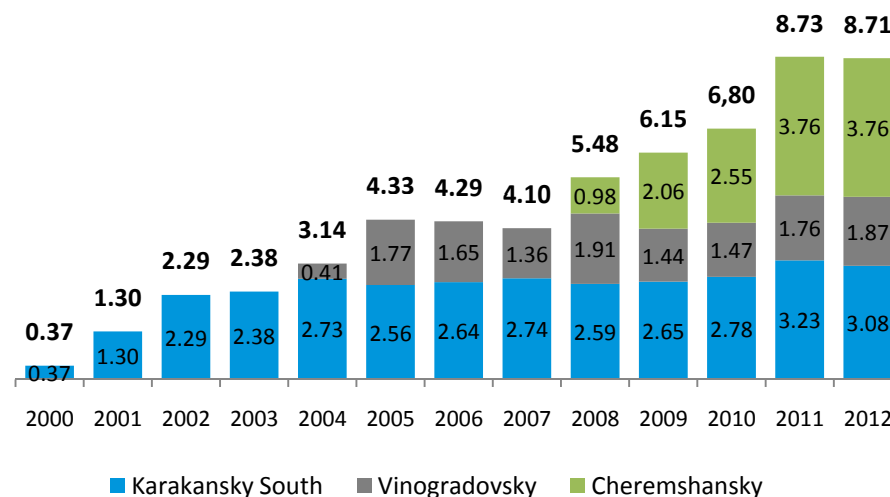


- ▶ One of the fastest-growing thermal coal producers in Russia
- ▶ One of major suppliers of coal in Western Siberia
- ▶ In 2012 the Company became 6th largest thermal coal producer in Russia⁽¹⁾
- ▶ Since its establishment in 2000, the Company has launched 3 open-pit mines and developed an extensive 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 22 per tonne of coal in 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 25 investment funds. Individuals own 0.31%

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

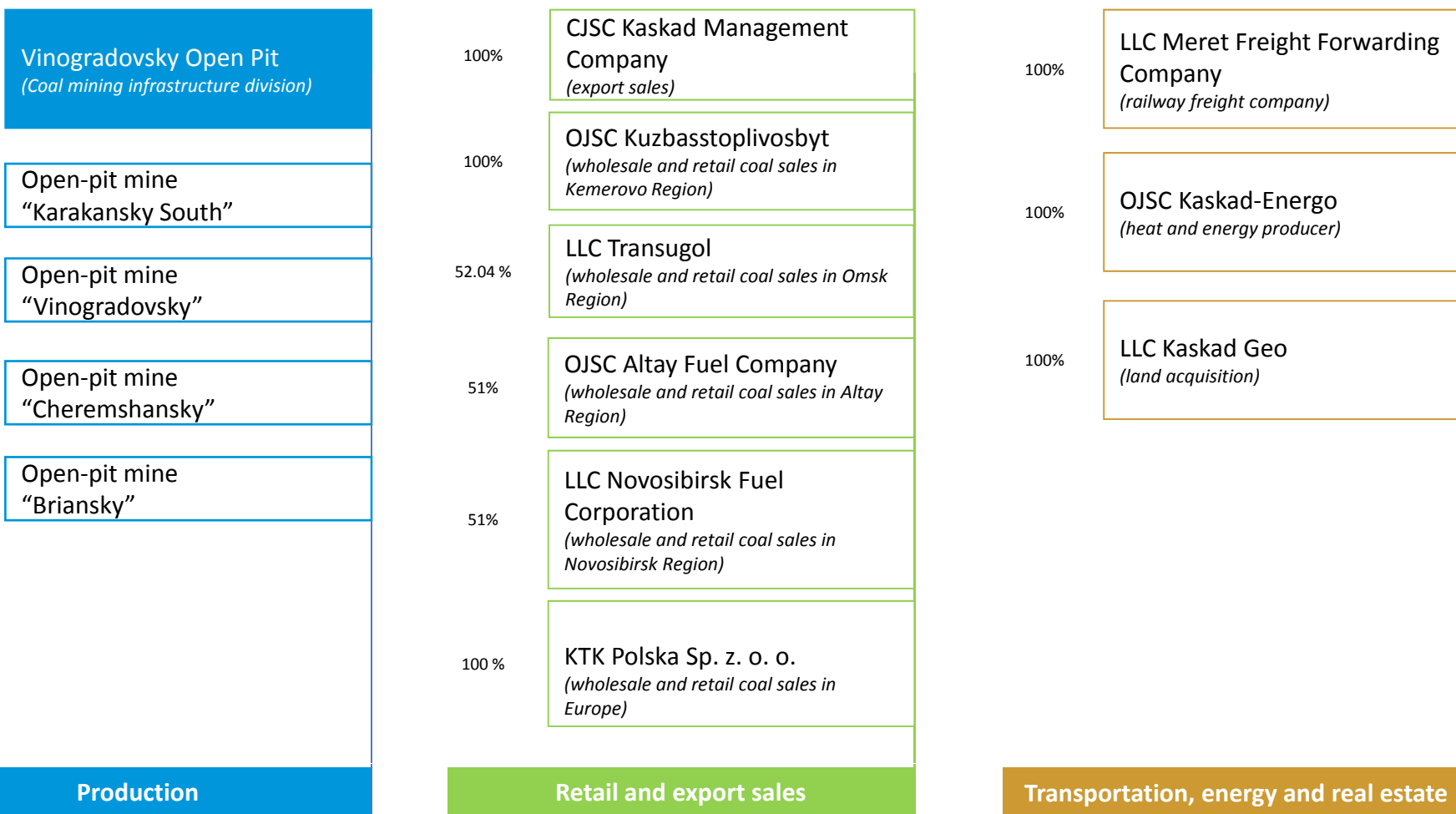
(1) Metal Expert, January 2013

(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 OPERATIONS



Layout of open-pit mines and washing plants

1
Vinogradovsky open-pit mine



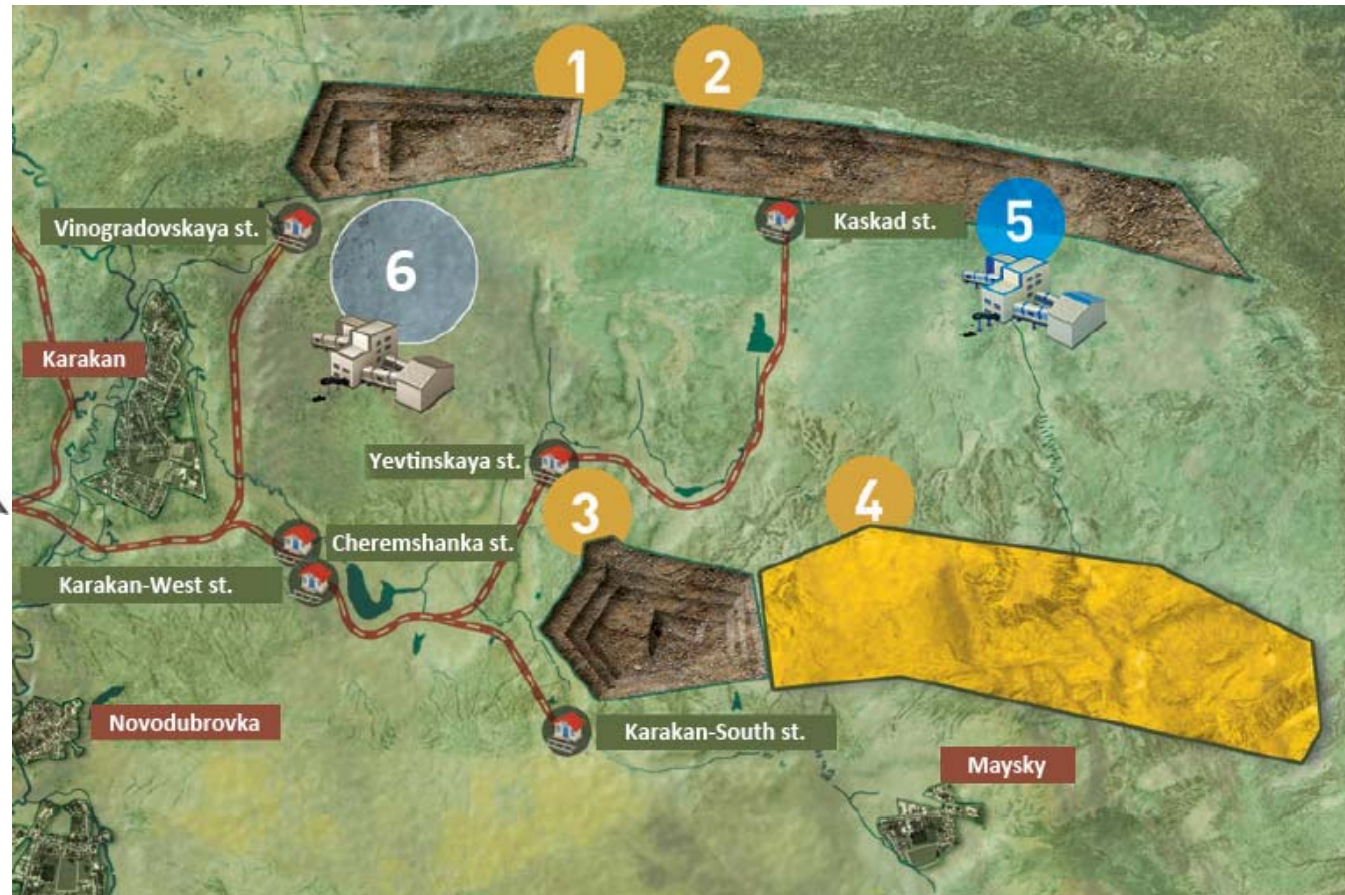
2
Cheremshansky open-pit mine



3
Karakansky South open-pit mine



4
Bryanskiy open-pit mine
+250.2
mln. tonnes



5
Kaskad-1 washing plant

6
Kaskad-2 washing plant



III. OPERATIONAL HIGHLIGHTS

OPERATIONAL HIGHLIGHTS Q4 AND FY 2012



Coal production growth Q-o-Q

- ▶ In the Q4 2012 the volume of coal production increased by 7% Q-o-Q and amounted to 2.39 mln. tonnes (Q3 2012 2.24 mln. tonnes).
- ▶ In the 2012, the volume of production remained at the 2011 level and totaled 8.71 mln. tonnes

Washing plant "Kaskad-1" is working at close to full capacity level

- ▶ Q-o-Q production of washed coal has decreased by 5% to 0.20 mln. tonnes (Q3 2012: 0.21 mln. tonnes).
- ▶ For the year 2012 the volume of production at the washing plant "Kaskad" has increased by 3% to 0.81 mln. tonnes (2011: 0.74 mln. tonnes).

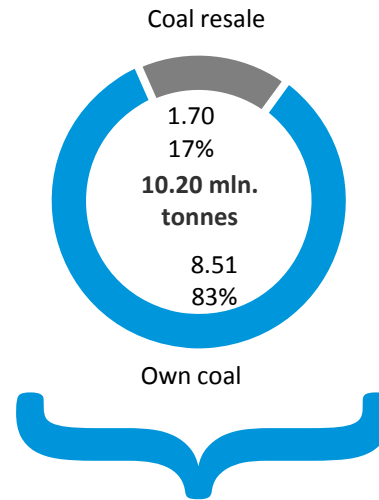
Seasonal Q-o-Q increase in coal sales volume

- ▶ Due to the traditional growth in trading activity in the domestic market of thermal coal, observed in Q4, the Company increased its sales compared to Q3 2012 to 21% implementing the 2.93 mln. tonnes (Q3 2012: 2.42 mln. tonnes).
- ▶ The volume of coal sales for the year 2012 decreased by 4% to 10.20 mln. tonnes (2011: 10.66 mln. tonnes).

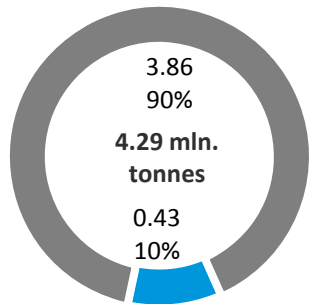
Key production cost drivers decrease

- ▶ The quarterly average stripping ratio decreased by 6% Q-o-Q to 5.80 (Q3 2012: 6.16) and by 21% Y-o-Y (Q4 2011: 7.35)
- ▶ The blasted rock mass decreased by 16% to 5.87 mln. cbm. Q-o-Q (Q3 2012: 7.01 mln. cbm.) and decreased by 21% Y-o-Y (Q4 2011: 10.72 mln. cbm.)
- ▶ The average stripping transportation distance decreased by 13% Q-o-Q to 2.80 km. (Q3 2012: 3.20 km.) and decreased by 5% Y-o-Y (Q4 2011: 2.95 km.)

COAL SALES BREAKDOWN FY 2012



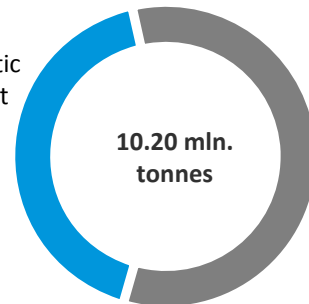
Public utilities and households



Power Generating companies

Domestic market

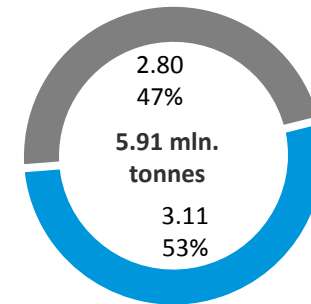
4.29
42%



Export market

5.91
58%

Eastern Europe

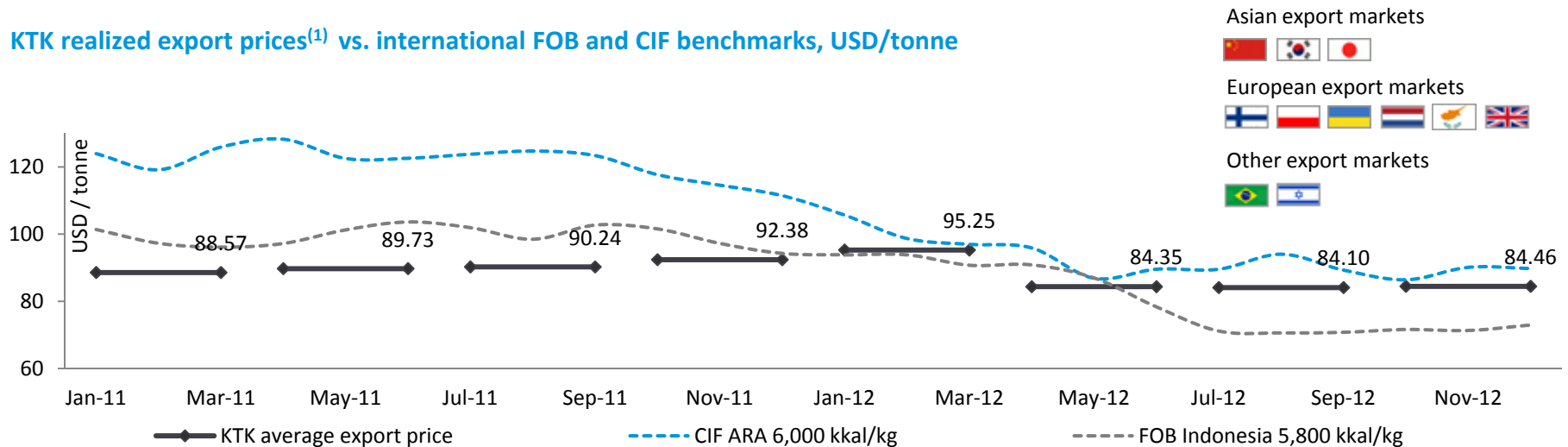


Asia-Pacific Region

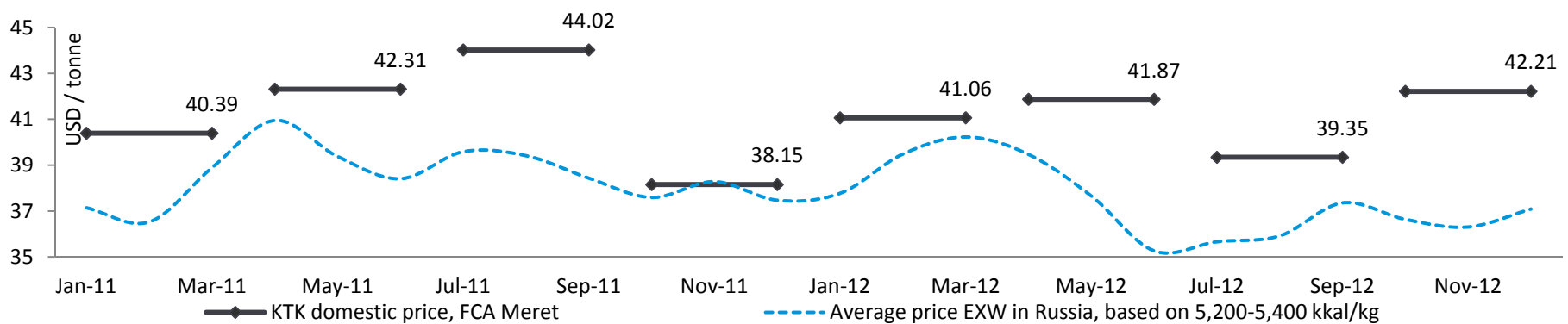
AVERAGE REALISED PRICES VS BENCHMARKS



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



2.80 mln. tonnes⁽¹⁾
Eastern European Countries



Railroad tariff to the Polish border:
47.07 USD/tonne⁽²⁾



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

3.11 mln. tonnes⁽¹⁾
Asia-Pacific region



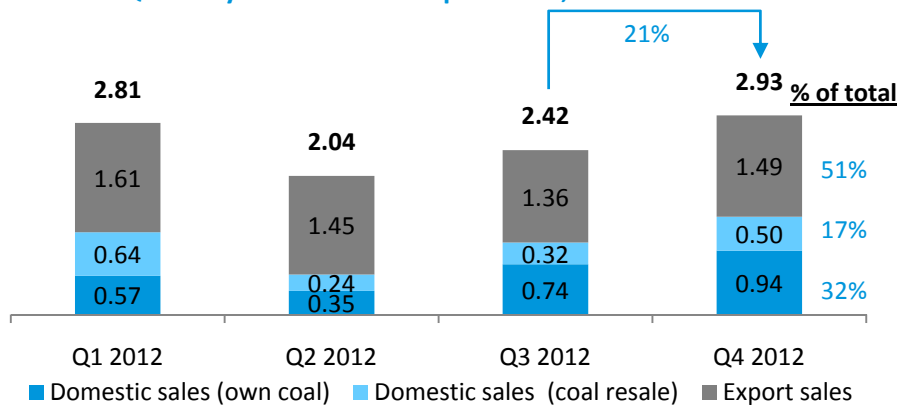
Railroad tariff to the station at Nakhodka-East port:
40.83 USD/tonne⁽²⁾

Source: Company

(1) Sales volumes for 2012

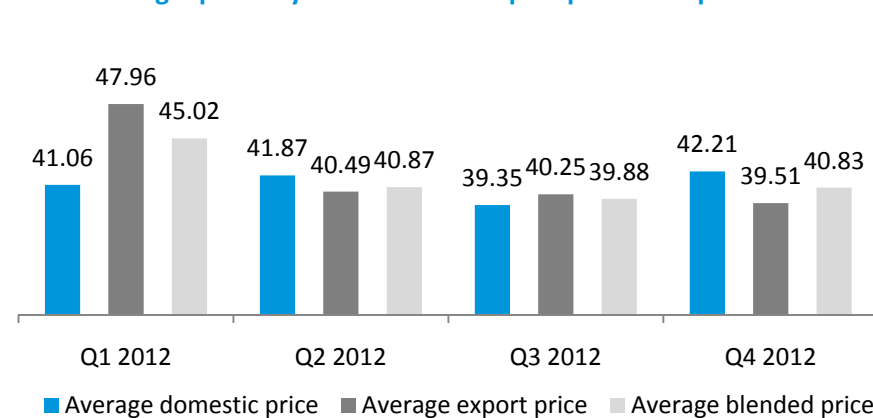
(2) Average Q4 2012 KTK transportation cost is converted to USD using average Central Bank of the Russian Federation exchange rate (Q4 2012: 31.08 RUB/USD)

Quarterly domestic and export sales, mln. tonnes



Source: Company

Average quarterly domestic and export prices comparison⁽³⁾



(3) Prices are net of VAT and railroad tariffs; domestic prices include costs associated with retail distribution network; prices are converted to USD using average Central Bank of the Russian Federation exchange rates for each quarter (Q4 2012: 31.08 RUB/USD; Q3 2012: 32.00; Q2 2012: 31.10 RUB/USD; Q1 2012: 30.03 RUB/USD)

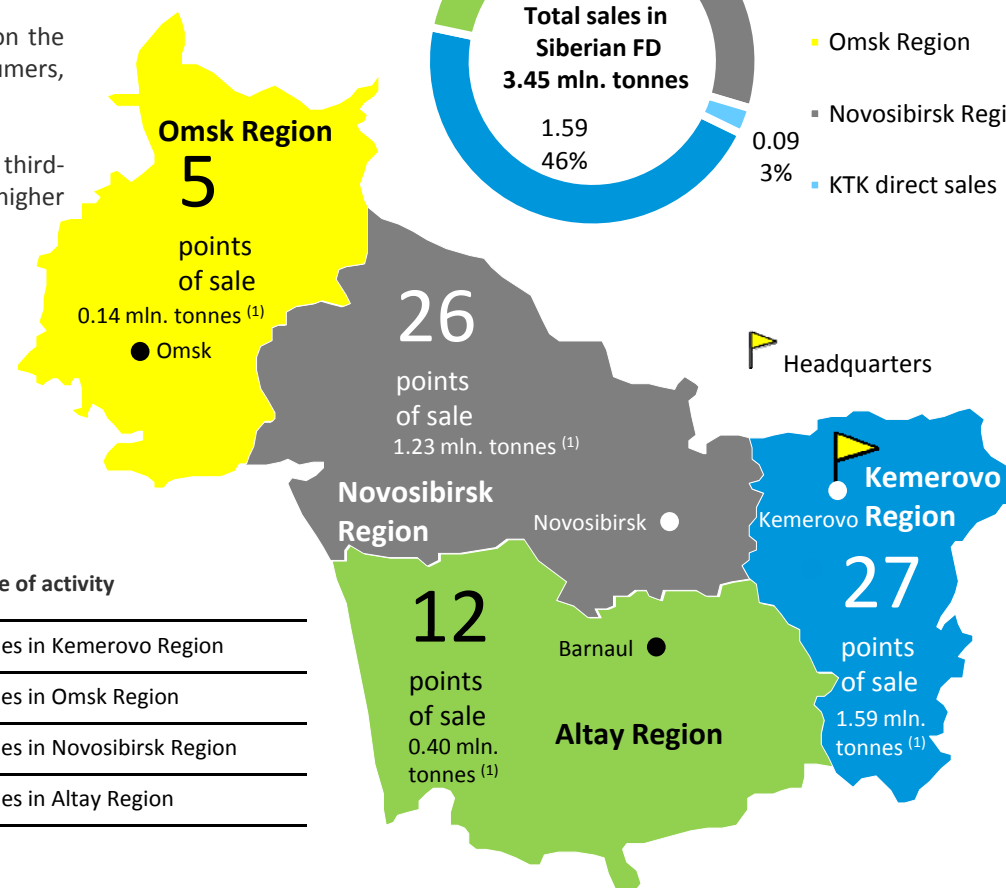
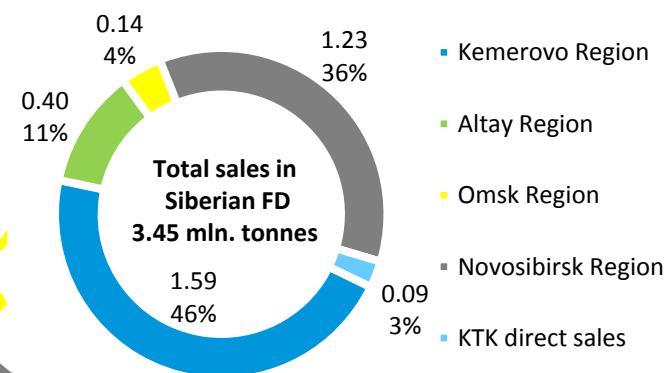
RETAIL NETWORK IN WESTERN SIBERIA



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

- ▲ Own 70 points of sale as at the end of 2012;
- ▲ 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.
- ▲ Client base: over 400,000 individuals, over 1,000 corporates

2012 retail 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 year 2012, incl. coal resale



III. FINANCIAL PERFORMANCE

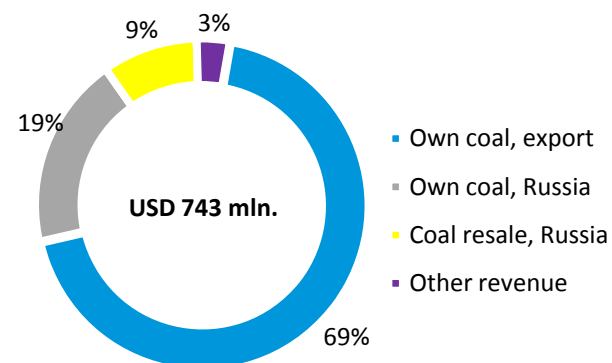
REVENUE



Key financial indicators⁽¹⁾

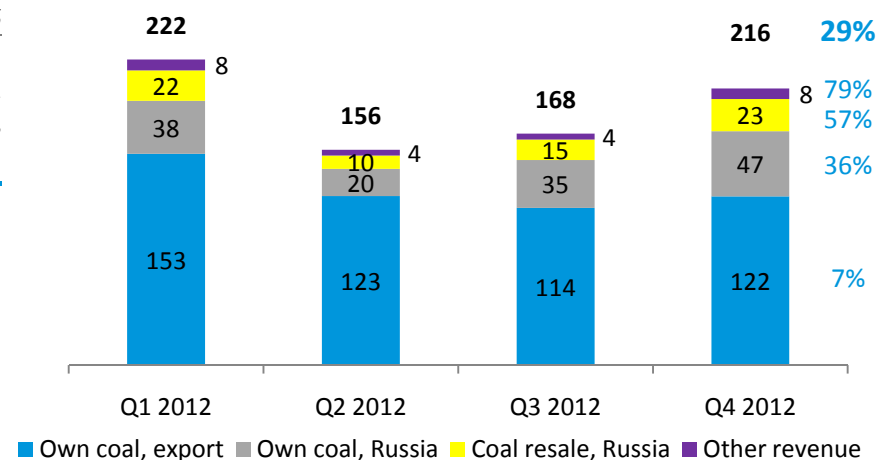
USD mln.	Q4 2012	Q3 2012	2012	2011
Revenue	200	168	743	814
Cost of sales	(156)	(135)	(611)	(660)
Gross profit	45	32	133	154
<i>Gross profit margin</i>	<i>22.3%</i>	<i>19.3%</i>	<i>17.8%</i>	<i>18.9%</i>
SG&A and other expenses	(16)	(13)	(57)	(56)
EBITDA⁽²⁾	39	28	112	133
<i>EBITDA margin</i>	<i>19.2%</i>	<i>16.9%</i>	<i>15.1%</i>	<i>16.3%</i>
<i>EBITDA per tonne, USD</i>	<i>16</i>	<i>13</i>	<i>13</i>	<i>15</i>
Operating profit (EBIT)	28	20	75	98
<i>Operating margin</i>	<i>14.1%</i>	<i>11.7%</i>	<i>10.1%</i>	<i>12.1%</i>
Net income	22	19	58	69
<i>Net income margin</i>	<i>11.2%</i>	<i>11.3%</i>	<i>7.8%</i>	<i>8.4%</i>
Gross debt ³	232	235	232	141
Net debt³	154	155	154	83

2012 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 (Q4 2012: 31.07 RUB/USD; Q3 2012: 32.00 RUB/USD; Q2 2012: 31.10 RUB/USD; Q1 2012: 30.03; 2012: 31.08 RUB/USD; 2011: 29.39 RUB/USD)

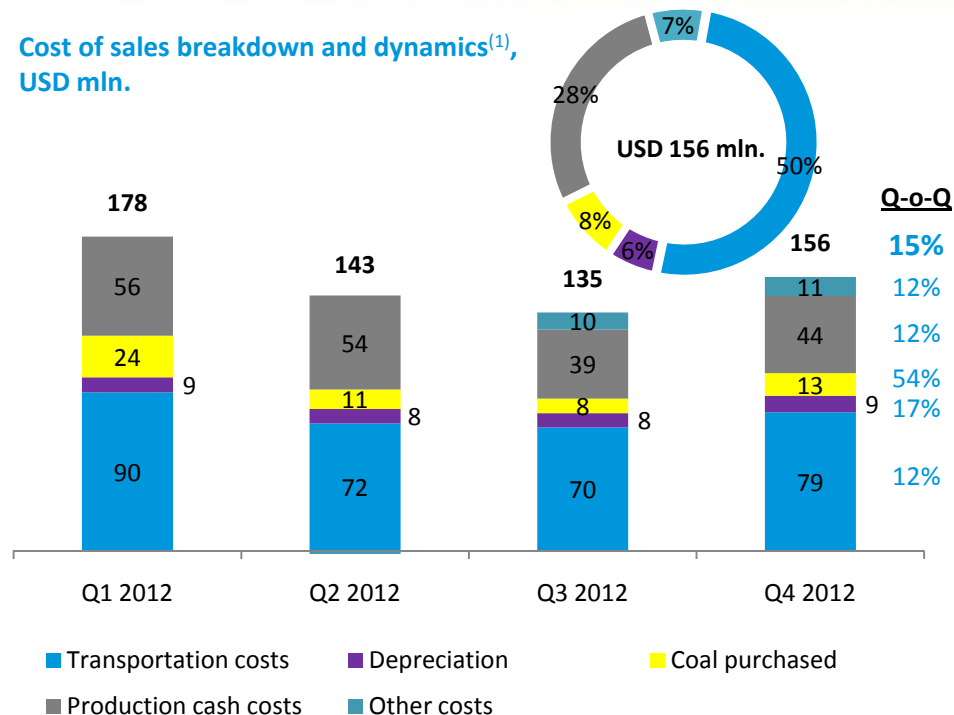
(2) EBITDA for each period is defined as results from operating activities, adjusted for amortization and depreciation, impairment loss and loss on disposal of property, plant and equipment

(3) Figures were converted to USD using the exchange rates of the Central Bank of the Russian Federation for the end of each period (31.12.12: 30.37 RUB/USD; 30.09.12: 30.92 RUB/USD; 31.12.11: 32.20 RUB/USD)

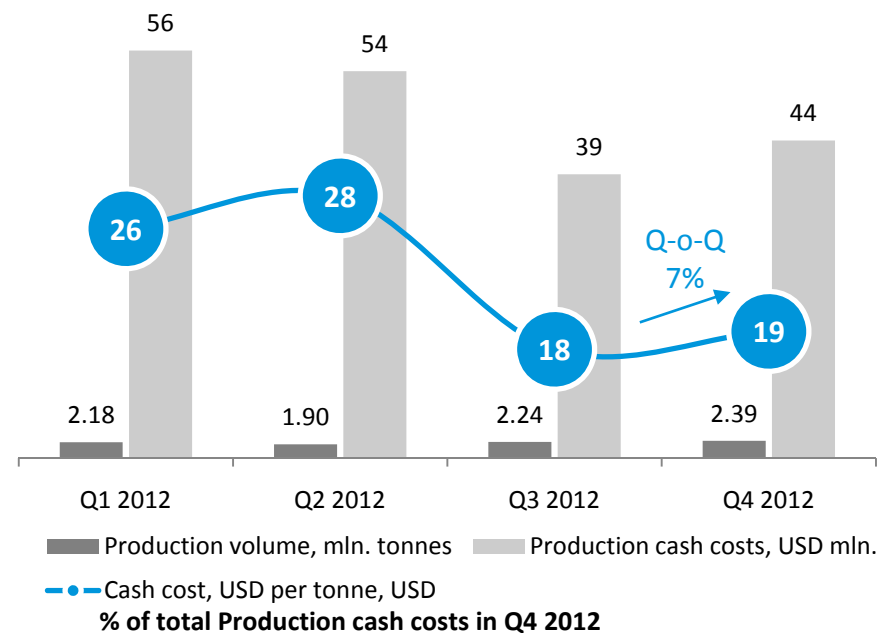
COST OF SALES AND EBITDA



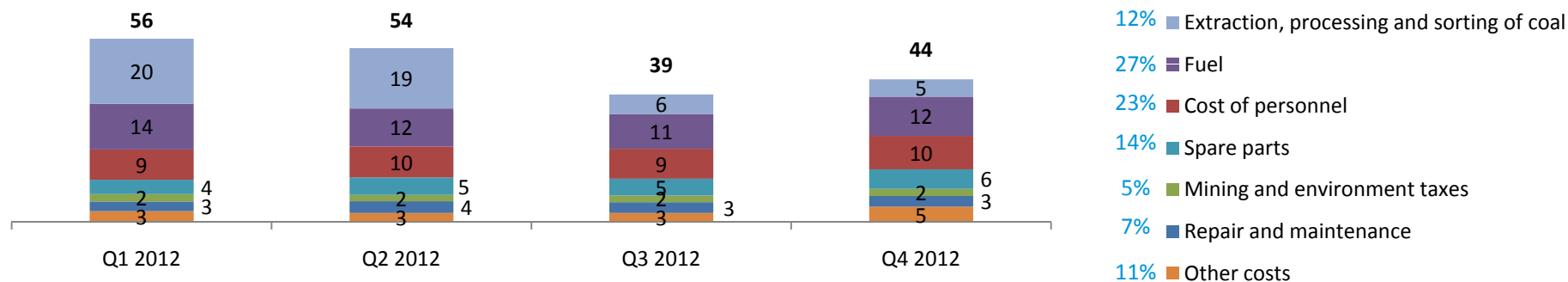
Cost of sales breakdown and dynamics⁽¹⁾, USD mln.



Production cash costs dynamics⁽¹⁾



Production cash costs breakdown⁽¹⁾, mln. USD



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

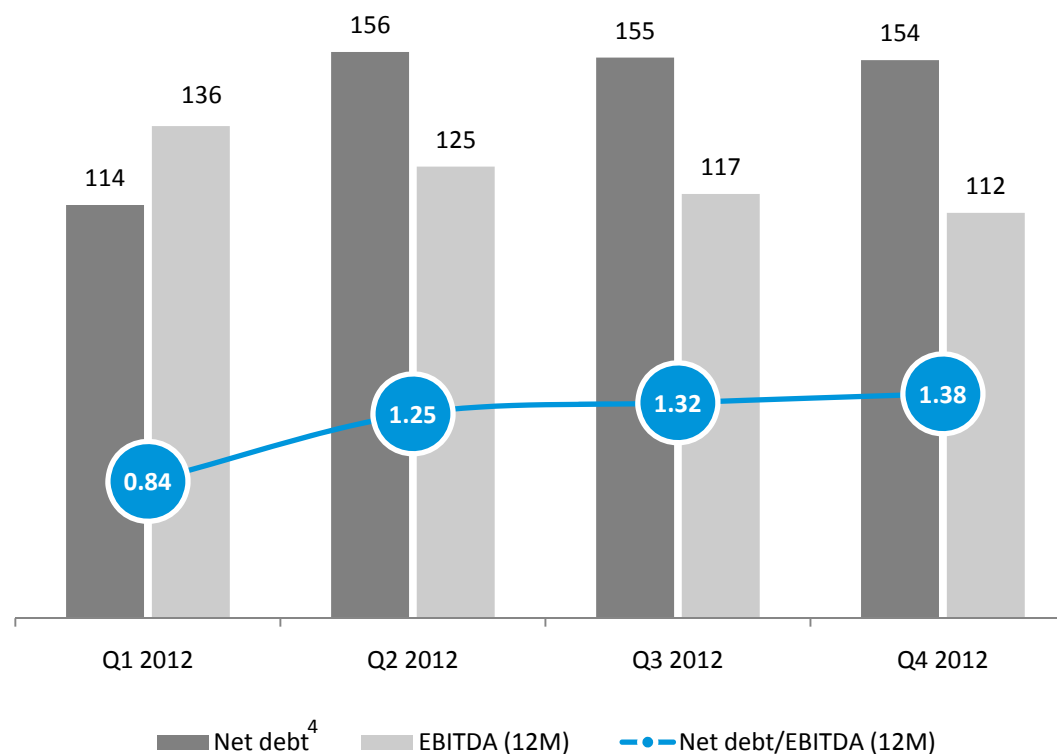
(1) Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each period (Q4 2012: 31.07 RUB/USD; Q3 2012: 32.00 RUB/USD; Q2 2012: 31.10 RUB/USD; Q1 2012: 30.03 RUB/USD).

INDEBTEDNESS

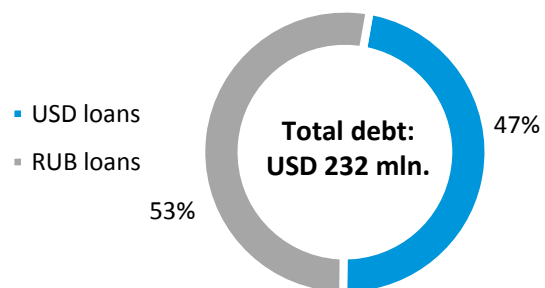


- ▶ During Q4 2012 the total net debt decreased by 1% to USD 154 mln.
- ▶ Net Debt to EBITDA ratio increased by 4% from 1.32 to 1.38²
- ▶ Average interest on borrowings denominated in rubles at the end of 2012 was 8.45%³, and for loans denominated in U.S. dollars — 4.80%.

Net Debt to EBITDA⁽¹⁾, USD mln.



Debt structure⁽¹⁾ by currency as of 31.12.12



Source: audited 2012 IFRS FS, unaudited 3M, 6M, 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 31.12.12 in RUB is 1.35

(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 (31.12.12: 30.37 RUB/USD; 30.09.12: 30.92 RUB/USD; 30.06.12: 32.82 RUB/USD; 31.03.12: 29.33 RUB/USD; 31.12.11: 32.20 RUB/USD).

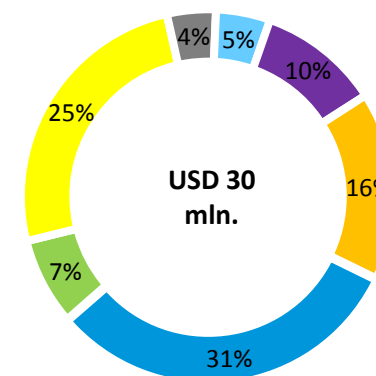
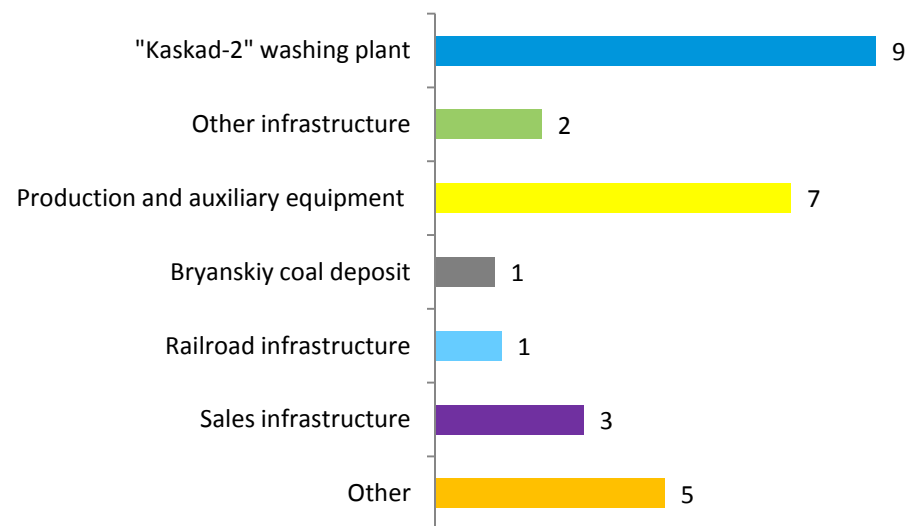
CAPEX 2013



- ▶ 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 BelAZ mining truck.
 - ▲ 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

CONTACTS



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APPENDIX

INCOME STATEMENT FY 2012



USD ¹ mln.	2012	2011
Revenue	743	814
Cost of sales	(611)	(660)
Gross profit	133	154
Distribution expenses	(22)	(22)
Administrative expenses	(35)	(34)
Operating profit	75	98
Finance income	10	2
Finance costs	(9)	(13)
Profit / (loss) before income tax	76	87
Income tax expense	(17)	(18)
Profit / (loss) for the period	58	69
<i>Profit / (loss) for the period margin</i>	<i>7.8%</i>	<i>8.4%</i>
EBITDA ²	112	133
<i>EBITDA margin</i>	<i>15.1%</i>	<i>16.3%</i>

Source: audited 2012 and 2011 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 (2012: 31.08 RUB/USD; 2011: 29.39 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

BALANCE SHEET AS AT DECEMBER 31, 2012



USD ¹ mln.	31.12.12	31.12.11
ASSETS		
Non-current assets		
Property, plant and equipment	435	316
Goodwill and intangible assets	1	1
Investments in equity accounted investees	0	1
Deferred tax assets	1	1
Total non-current assets	449	325
Current assets		
Inventories	39	40
Other investments	0	1
Trade and other receivables	63	49
Prepayments and deferred expenses	27	28
Cash and cash equivalents	78	59
Total current assets	207	176
TOTAL ASSETS	657	501

USD ¹ mln.	31.12.12	31.12.11
EQUITY AND LIABILITIES		
Equity		
Share capital	1	1
Retained earnings	225	176
Additional paid-in capital	93	88
Total attributable to equity holders of the company	319	265
Total equity	319	265
Non-current liabilities		
Loans and borrowings	117	87
Deferred income	7	7
Net assets attributable to minority participants in LLC entities	4	3
Provisions	11	8
Retirement benefit liability	2	1
Deferred tax liabilities	16	13
Total non-current liabilities	157	119
Current liabilities		
Loans and borrowings	115	54
Trade and other payables	63	61
Total current liabilities	181	117
Total liabilities	338	236
TOTAL EQUITY AND LIABILITIES	657	501

Source: audited 2012 and 2011 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 (31.12.12: 30.37 RUB/USD; 31.12.11: 32.20 RUB/USD).

CASH FLOW STATEMENT FY 2012



USD ¹ mln.	2012	2011
OPERATING ACTIVITIES		
Profit / (loss) for the period	58	69
<i>Adjustments for:</i>		
Depreciation and amortization	37	35
Net finance income/(loss)	(1)	12
Income tax expense	18	18
Operating result before change in working capital	112	133
Change in inventories	3	(17)
Change in trade and other receivables	(11)	(17)
Change in prepayments for current assets	3	(16)
Change in trade and other payables	(9)	7
Cash flow from operations before income tax and interest	99	97
Income taxes and penalties paid	(15)	(19)
Interest paid	(12)	(7)
Cash flows from operating activities	75	71

USD ¹ mln.	2012	2011
INVESTING ACTIVITIES		
Loans issued and term deposits	(16)	(1)
Acquisition of property, plant and equipment	(124)	(82)
Cash flow used in investing activities	(127)	(87)
FINANCING ACTIVITIES		
Proceeds from borrowings	259	422
Repayment of borrowings	(172)	(347)
Cash flow from financing activities	68	65
Net increase / (decrease) in cash and cash equivalents	17	49

Source: audited 2012 and 2011 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 (2012: 31.08 RUB/USD; 2011: 29.39 RUB/USD).