



# ANALYST DAY

Presentation

July 2-3, 2012

Kemerovo



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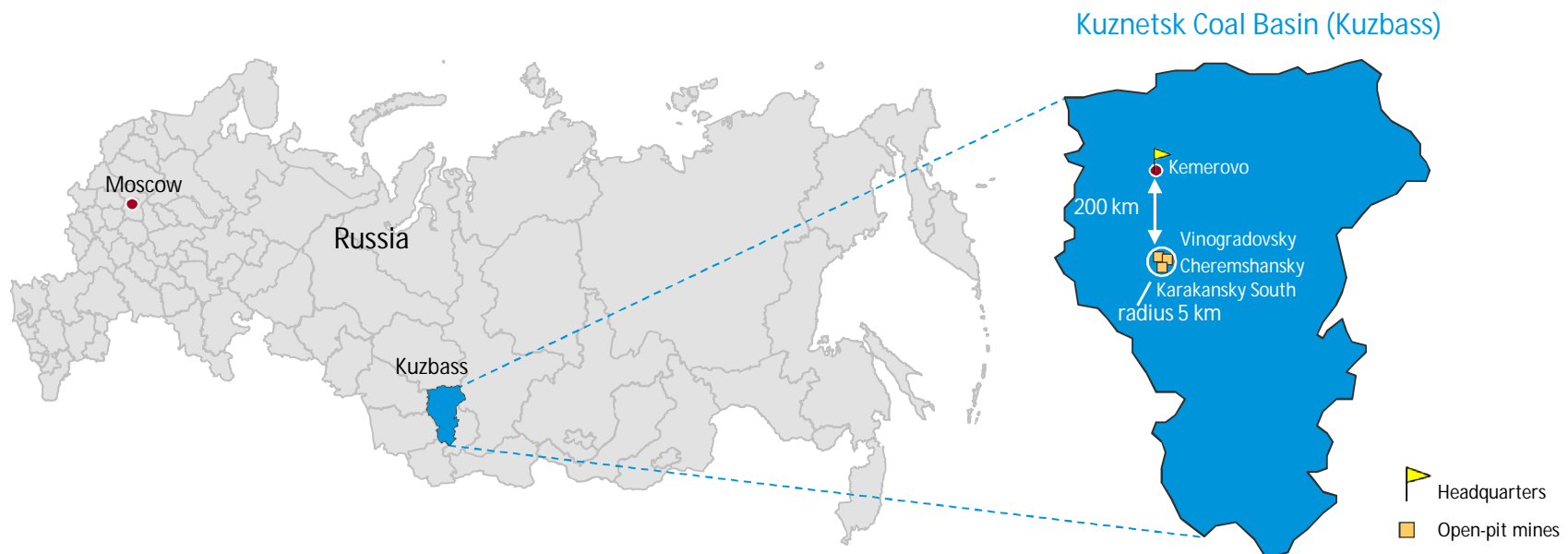
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# KTK AT A GLANCE

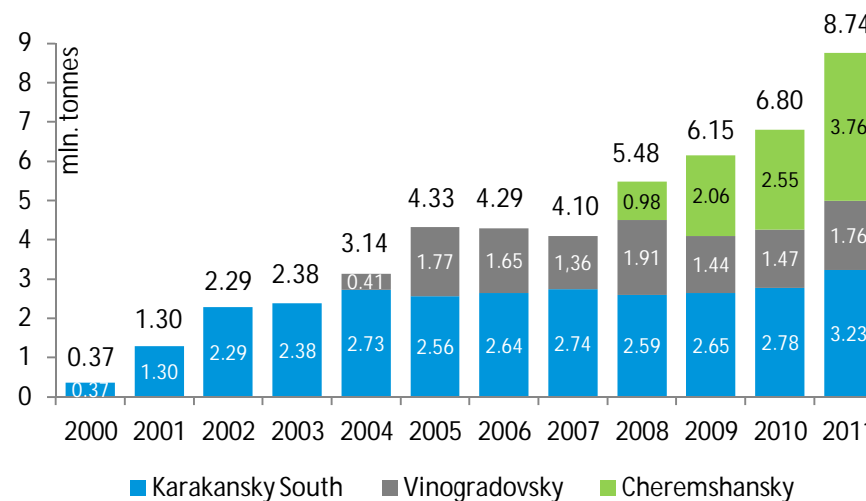


- One of the fastest-growing thermal coal producers in Russia
- One of major suppliers of coal in Western Siberia
- In 2011 the Company became 7<sup>th</sup> largest thermal coal producer in Russia<sup>(1)</sup>
- Since its establishment in 2000, the Company has launched 3 open-pit mines and developed an extensive production and distribution infrastructure and the fourth one is now under construction:
  - ▲ 8.74 mln. tonnes of thermal coal produced in 2011
  - ▲ 100% high-quality grade "D" thermal coal under Russian classification
  - ▲ Developed railway network and facilities
  - ▲ Washing plant Kaskad with 2 mln. tonnes input capacity

	3 existing open-pit mines	Bryanskiy open-pit mine
<b>Structural capacity</b>	11 mln. tonnes	3-5 mln. tonnes
<b>Reserves</b>	402 mln. tonnes of coal resources and 185 mln. tonnes of proven and probable reserves <sup>(2)</sup>	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
- 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)
- 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



Key operating and financial indicators<sup>(1)</sup>

USD mln.	2009	2010	2011
<b>Coal sales, mln. tonnes</b>	7.4	8.54	10.66
incl. purchased coal	1.4	2.16	2.08
<b>Revenue</b>	344	466	814
% of growth	-2.3%	38.7%	74.7%
<b>EBITDA</b>	69	70	133
% margin	20.1%	15.0%	16.3%
<b>Net Income</b>	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) Metal Expert, January 2012

(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 (2011: 29.39 RUB/USD; 2010: 30.38 RUB/USD; 2009: 31.77 RUB/USD)



## 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)*

51%

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)*

Retail and export sales

100%

LLC Meret Freight Forwarding  
Company  
*(railway freight company)*

100%

OJSC Kaskad-Energo  
*(heat and energy producer)*

100%

LLC Kusbass Transport  
Company  
*(associated railway freight company)*

45%

LLC Kaskad Geo  
*(land acquisition)*

Transportation, energy and real estate



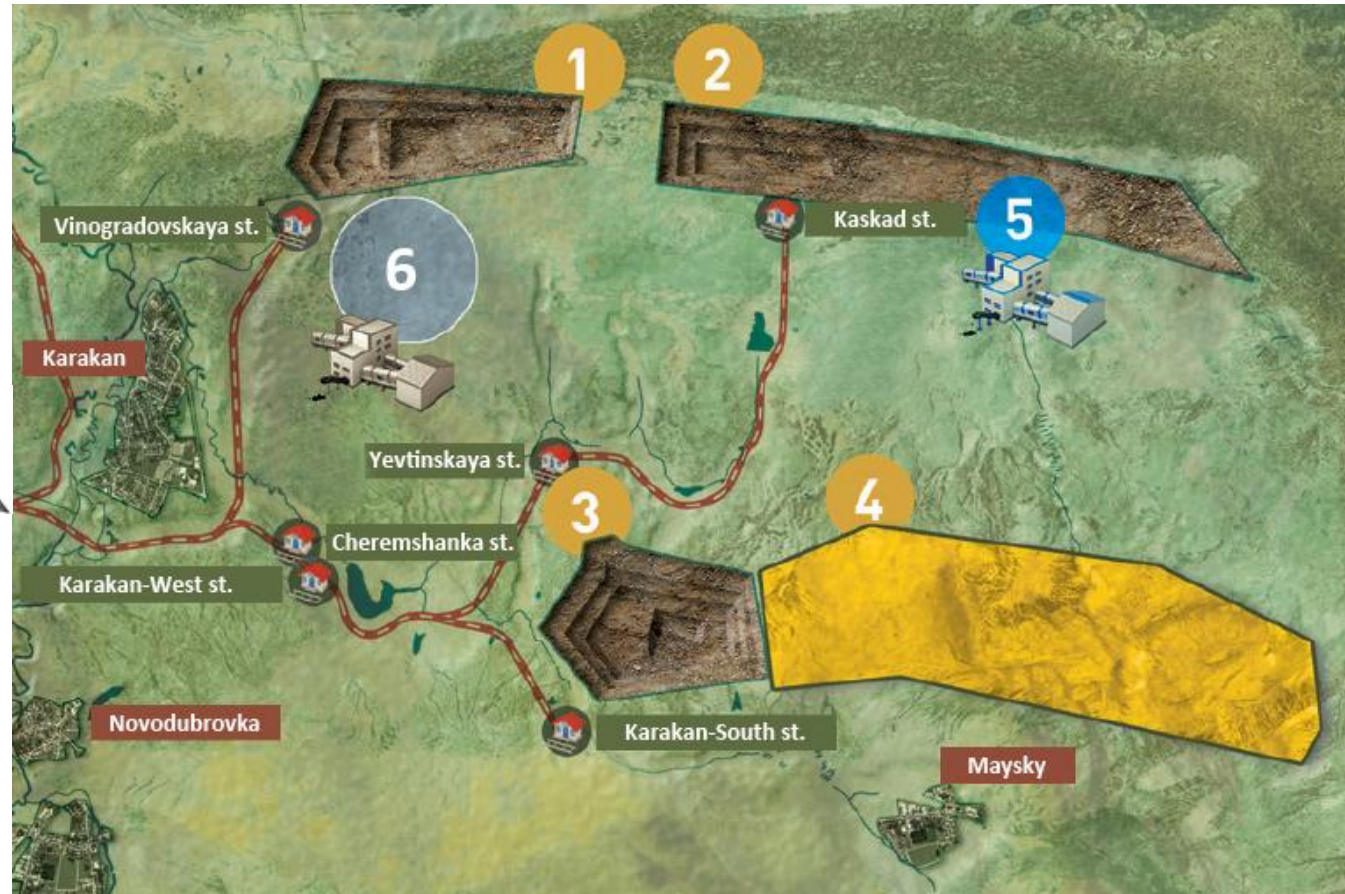
# 1. MINING OPERATIONS OVERVIEW

# MAP OF MINES



Layout of open-pit mines and washing plants

- 1  142.6 mln. tonnes  
Vinogradovsky open-pit mine
- 2  165.3 mln. tonnes  
Cheremshansky open-pit mine
- 3  41.5 mln. tonnes  
Karakansky South open-pit mine
- 4  +250.2 mln. tonnes  
Bryanskiy open-pit mine



 Villages
  Railroad stations

 5 Kaskad washing plant
  6 Kaskad-2 washing plant

# VINOGRADOVSKY OPEN-PIT MINE



142.6  
mln. tonnes

1



Vinogradovsky open-pit mine

## Key operating data

Structural capacity 3 mln. tonnes per year

Average stripping ratio in 2011 7.57 m<sup>3</sup> / 1 tonne

Stripping technology



Transport

Seam inclination 20°

Stripping removal distance 3.3 km

Coal to storage distance 2.6 km

## Coal quality data

Ash content 14.5 – 18.2%

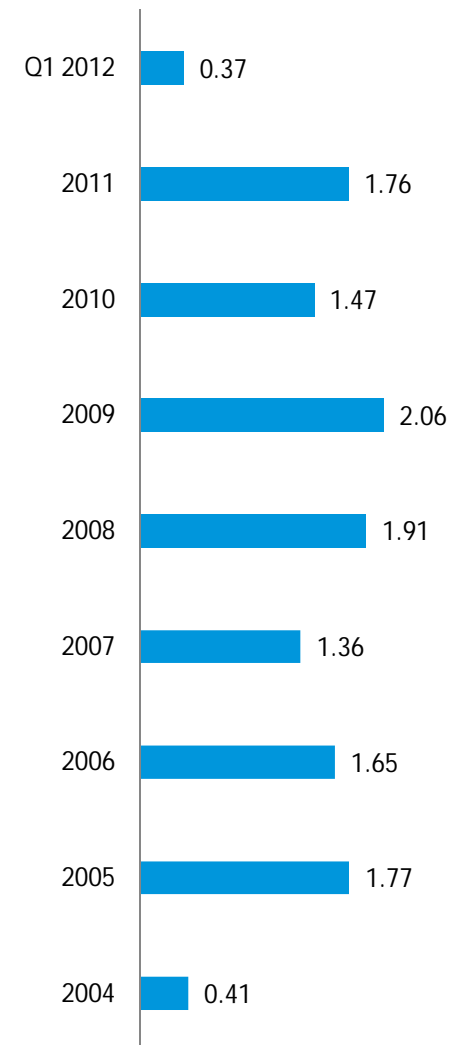
Moisture content 13.9 – 17.0%

Sulphur content 0.27 – 0.30%

Caloric value 4,900 – 5,500 kcal/kg

Coal grade D

## Historical production volumes, mln. tonnes





# CHEREMSHANSKY OPEN-PIT MINE



2



165.3  
mln. tonnes

Cheremshansky open-pit mine

## Key operating data

Structural capacity 5 mln. tonnes per year

Average stripping ratio in 2011 9.32 m<sup>3</sup> / 1 tonne

Stripping technology



Transport

Seam inclination 80 – 90°

Stripping removal distance 2.7 km

Coal to storage distance 2.9 km

## Coal quality data

Ash content 17.2%

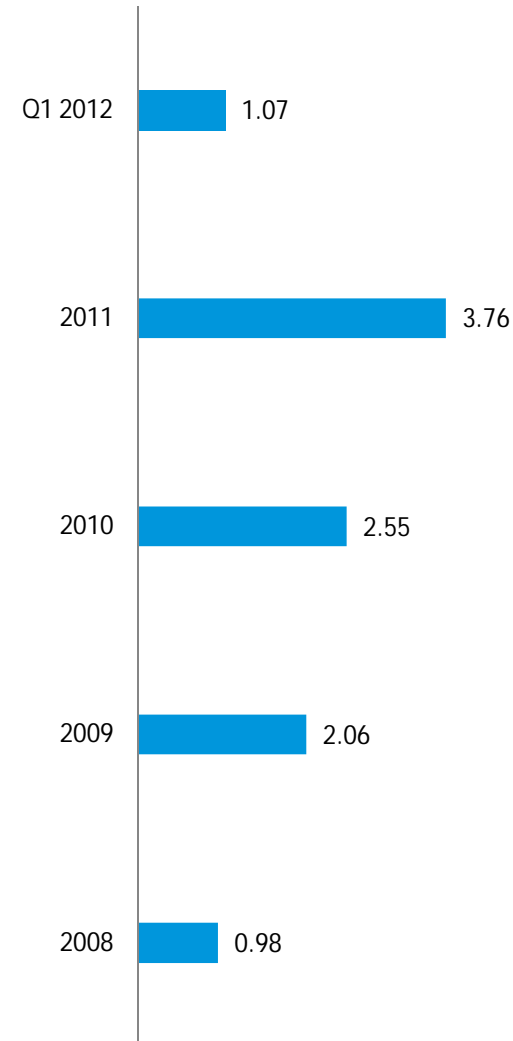
Moisture content 12.5 – 15.0%

Sulphur content 0.50 – 0.80%

Caloric value 5,100 – 6,000 kcal/kg

Coal grade D

## Historical production volumes, mln. tonnes



# KARAKANSKY SOUTH OPEN-PIT MINE



3



41.5  
mln. tonnes

Karakansky South open-pit mine

## Key operating data

Structural capacity 3 mln. tonnes per year

Average stripping ratio in 2011 6.15 m<sup>3</sup> / 1 tonne

Stripping technology



Combined  
(non-transport and transport)

Seam inclination 3 – 8°

Stripping removal distance 1.7 km

Coal to storage distance 4.6 km

## Coal quality data

Ash content 13.2 – 15.2%

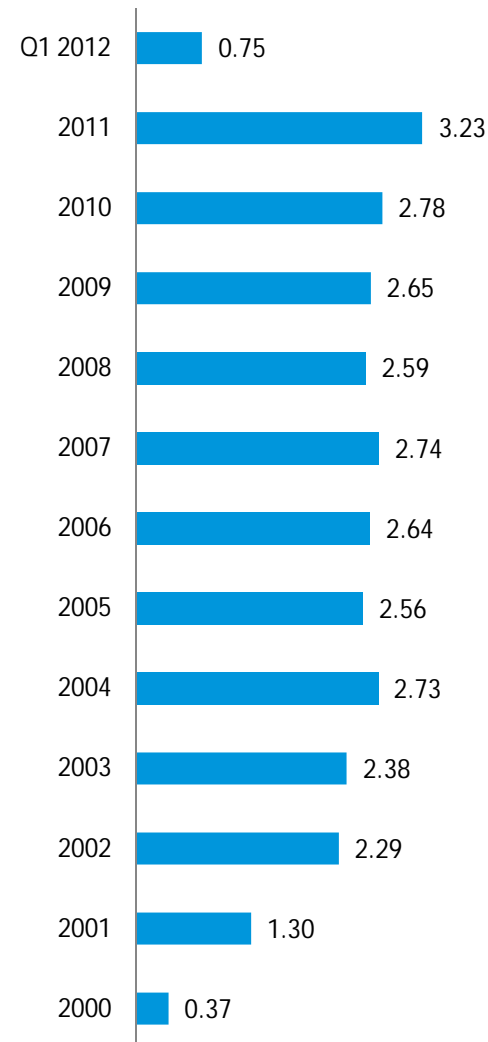
Moisture content 14.0 – 17.0%

Sulphur content 0.27 – 0.30%

Caloric value 4,900 – 5,300 kcal/kg

Coal grade D





## Historical production volumes, mln. tonnes





# COAL WASHING AND EXPORT MARKETS







## MARKETS

 Poland	5,300 kcal/kg	 South Korea (Premium segment)	5,500 – 5,700 kcal/kg
 China	5,300 – 5,500 kcal/kg	 Taiwan (Premium segment)	5,500 – 5,700 kcal/kg
 South Korea	5,500 kcal/kg	 Czech Republic	5,500 – 5,700 kcal/kg
 Taiwan	5,300 – 5,500 kcal/kg	 Germany	5,700 – 6,000 kcal/kg
		 Japan	6,000 kcal/kg

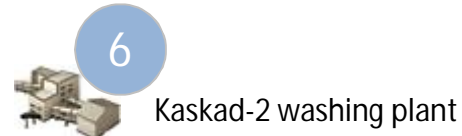
## WASHING

<b>«Kaskad-2»</b>		<b>«Kaskad»</b>	
Design capacity, mln. tonnes per year	4	Design capacity, mln. tonnes per year	2
Launch	Q4 2012	Launch	Q3 2010
Caloric output, kcal/kg	5,500 - 5,750	Caloric output, kcal/kg	5,300 - 5,750
Sources of coal		Sources of coal	

## MINING

 <b>Karakansky South</b>	 <b>Vinogradovsky</b>	 <b>Cheremshansky</b>	 <b>Bryansky</b>
Design capacity, mln. tonnes per year	3	Design capacity, mln. tonnes per year	3
Design capacity, mln. tonnes per year	3	Design capacity, mln. tonnes per year	5
Design capacity, mln. tonnes per year	3 – 5	Design capacity, mln. tonnes per year	3 – 5
Caloric value, kcal/kg	4,900 – 5,300	Caloric value, kcal/kg	4,900 – 5,500
Caloric value, kcal/kg	4,900 – 5,300	Caloric value, kcal/kg	5,100 – 6,000
Caloric value, kcal/kg	4,900 – 5,300	Caloric value, kcal/kg	5,100 – 6,000
Sulfur content, %	0.27 – 0.30	Sulfur content, %	0.27 – 0.30
Sulfur content, %	0.27 – 0.30	Sulfur content, %	0.50 – 0.80
Sulfur content, %	0.27 – 0.30	Sulfur content, %	0.50 – 0.80
Sulfur content, %	0.27 – 0.30	Sulfur content, %	n/a
Ash content, %	13.2 – 15.2	Ash content, %	17.2
Ash content, %	13.2 – 15.2	Ash content, %	17.2
Ash content, %	13.2 – 15.2	Ash content, %	n/a
Ash content, %	13.2 – 15.2	Ash content, %	n/a
Moisture content, %	14.0 – 17.0	Moisture content, %	12.5 – 15.0
Moisture content, %	14.0 – 17.0	Moisture content, %	12.5 – 15.0
Moisture content, %	14.0 – 17.0	Moisture content, %	n/a
Moisture content, %	14.0 – 17.0	Moisture content, %	n/a

# WASHING PLANTS



III 2010 2011 IV 2012

**KASKAD**  
Washing plant

2 min. tonnes



Q3 2010

USD 27 mln.

5,300 - 5,750 kcal/kg

**KASKAD-2**  
Washing plant

4 min. tonnes



Q4 2012

USD 81 mln.

5,500 - 5,700 kcal/kg



# OPERATIONAL HIGHLIGHTS

# OPERATIONAL HIGHLIGHTS Q1 2012



Seasonal decrease in coal production Q-o-Q

- ▶ In Q1 2012 Company produced 2.18 mln. tonnes of coal, decreasing production volume by 15% QoQ (Q4 2011: 2.56 mln. tonnes).

Washing plant Kaskad is working at close to full capacity level

- ▶ In Q1 2012 the Company's first washing plant Kaskad worked at close to full capacity level and produced 0,20 mln. tonnes of export quality coal (Q4 2011: 0,19 mln. tonnes).

Seasonal Q-o-Q decrease in coal sales volume, but growth in average realised price

- ▶ The volume of coal sales in Q1 2012 decreased by 16% QoQ to 2.81 mln. tonnes (Q4 2011: 3.34 mln. tonnes). Compared to Q1 2011 coal sales increased by 16% from 2.43 mln. tonnes.
- ▶ In Q1 2012 the average realized coal price<sup>(1)</sup> increased by 9% QoQ to USD 45.02 per tonne (Q4 2011: USD 41.13 per tonne). Compared to a net average price of Q1 2011 (USD 40.91 per tonne), the price in reported quarter increased by 10%

Key production cost drivers growth

- ▶ The quarterly average stripping ratio increased by 21% QoQ to 8.86 (Q4 2011: 7.35) and by 10% YoY (Q1 2011: 8.03)
- ▶ The blasted rock mass decreased by 11% to 9.54 mln. cbm. QoQ (Q4 2011: 10.72 mln. cbm.) and increased by 32% YoY (Q1 2011: 7.21 mln. cbm.)
- ▶ The average stripping transportation distance increased by 13% QoQ to 3.33 km. (Q4 2011: 2.95 km.) and increased by 29% YoY (Q1 2011: 2.59 km.)

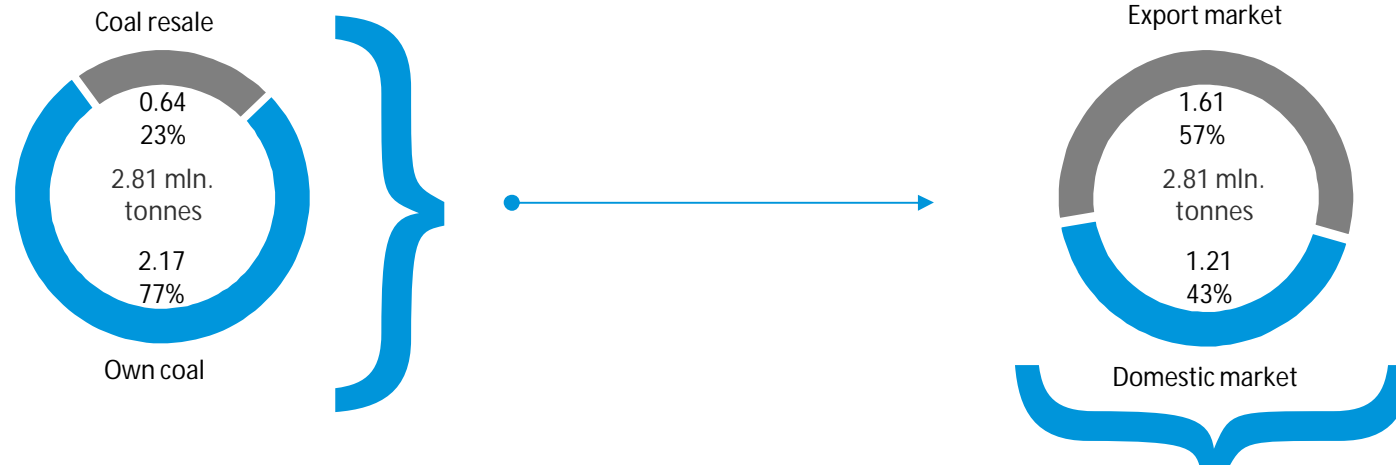
Transportation costs hedging policy execution

- ▶ During the Q1 2012 the Company's JV "Kuzbasskaya Transportnaya Company" increased its fleet by 9% from 2,673 to 2,918 railroad cars. 90% of the fleet in purchased under leasing agreements and 10% is owned by JV. These cars are rented by KTK at a long-term fixed price.

Source: Company

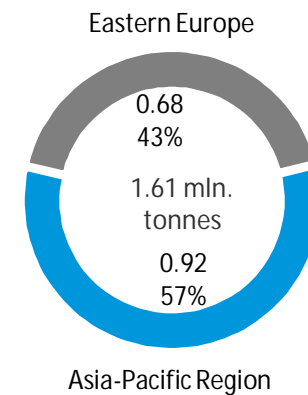
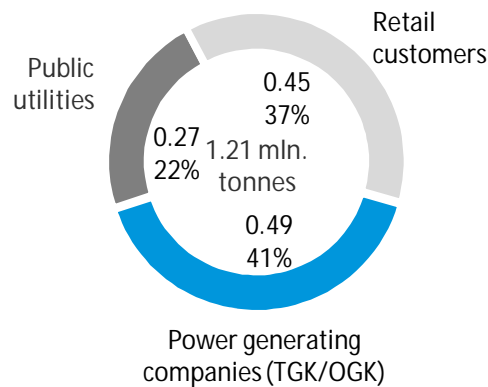
(1) excl. VAT, Russian Railways tariff (FCA Meret, incl. KTK retail margin), converted from RUB using average Central Bank of Russian Federation exchange rates for each period (Q1 2012: 30.03 RUB/USD; Q4 2011: 31.24 RUB/USD; Q1 2011: 29.16 RUB/USD)

# Q1 2012 COAL SALES BREAKDOWN



Domestic market

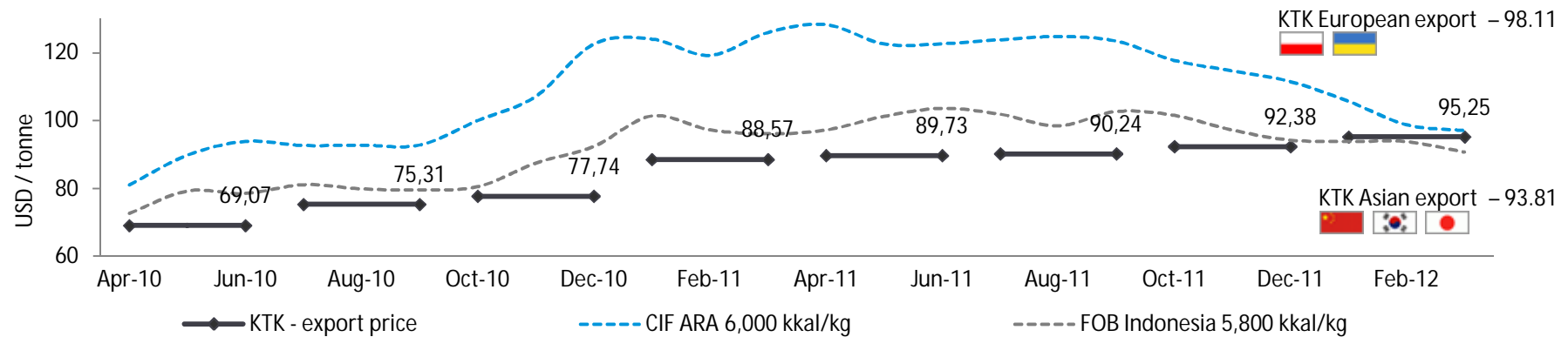
Export market



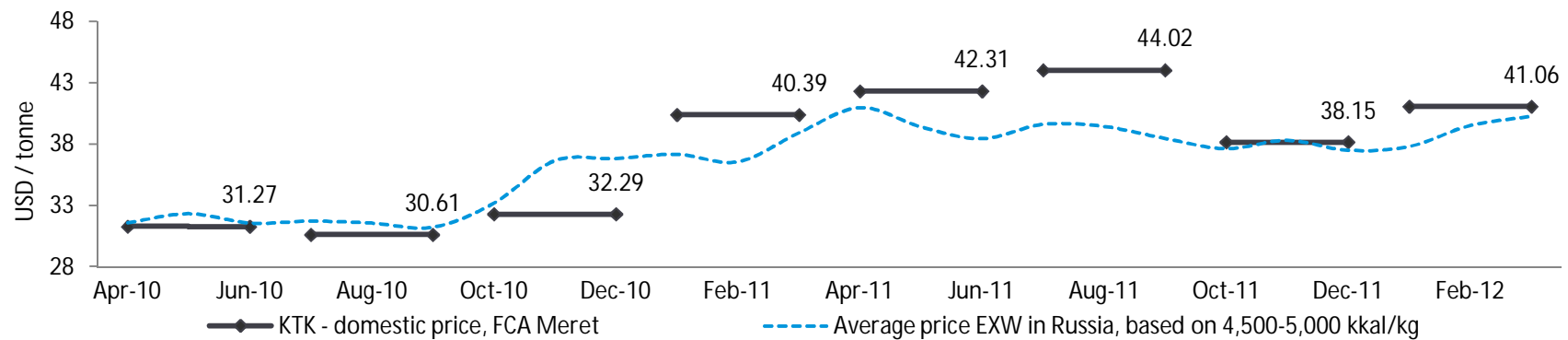
# AVERAGE REALISED PRICES VS BENCHMARKS



KTK realized export prices<sup>(1)</sup> 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 VS BENCHMARKS



**0.68** mln. tonnes

Eastern European Countries



Railroad tariff to the Polish border: 50.69 USD/tonne<sup>(2)</sup>



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

**0.92** mln. tonnes

Asia-Pacific region

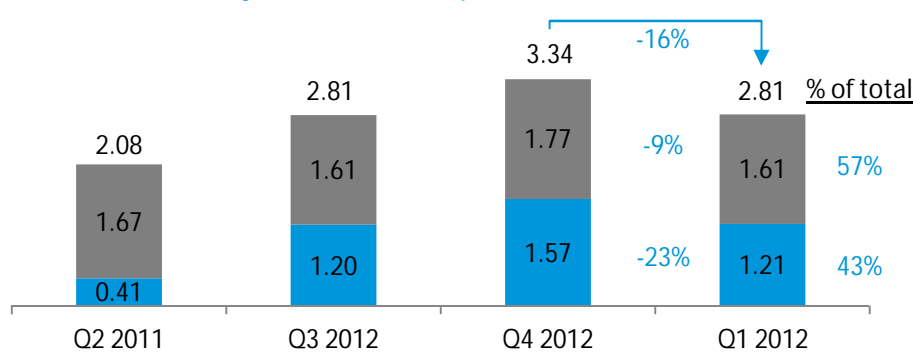


Railroad tariff to the station at Nakhodka-East port: 44.79 USD/tonne<sup>(2)</sup>

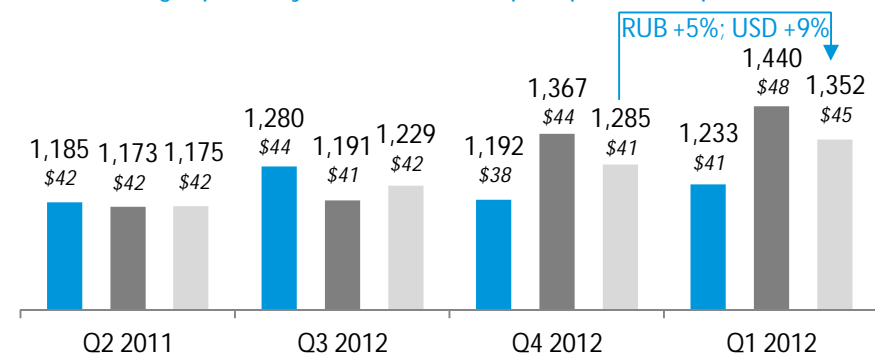
Source: Company

- (1) Sales volumes in Q1 2012 (incl. purchased coal)
- (2) Average KTK transportation cost is converted to USD using average Central Bank of the Russian Federation exchange rate (Q1 2012: 30.03 RUB/USD)

Quarterly domestic and export sales, mln. tonnes



Average quarterly domestic and export prices comparison<sup>(1)</sup>



Source: Company

- (1) 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 (Q1 2012: 30.03 RUB/USD; Q4 2011: 31.24 RUB/USD; Q3 2011: 29.08 RUB/USD; Q2 2011: 28.01 RUB/USD)

# RETAIL NETWORK IN WESTERN SIBERIA



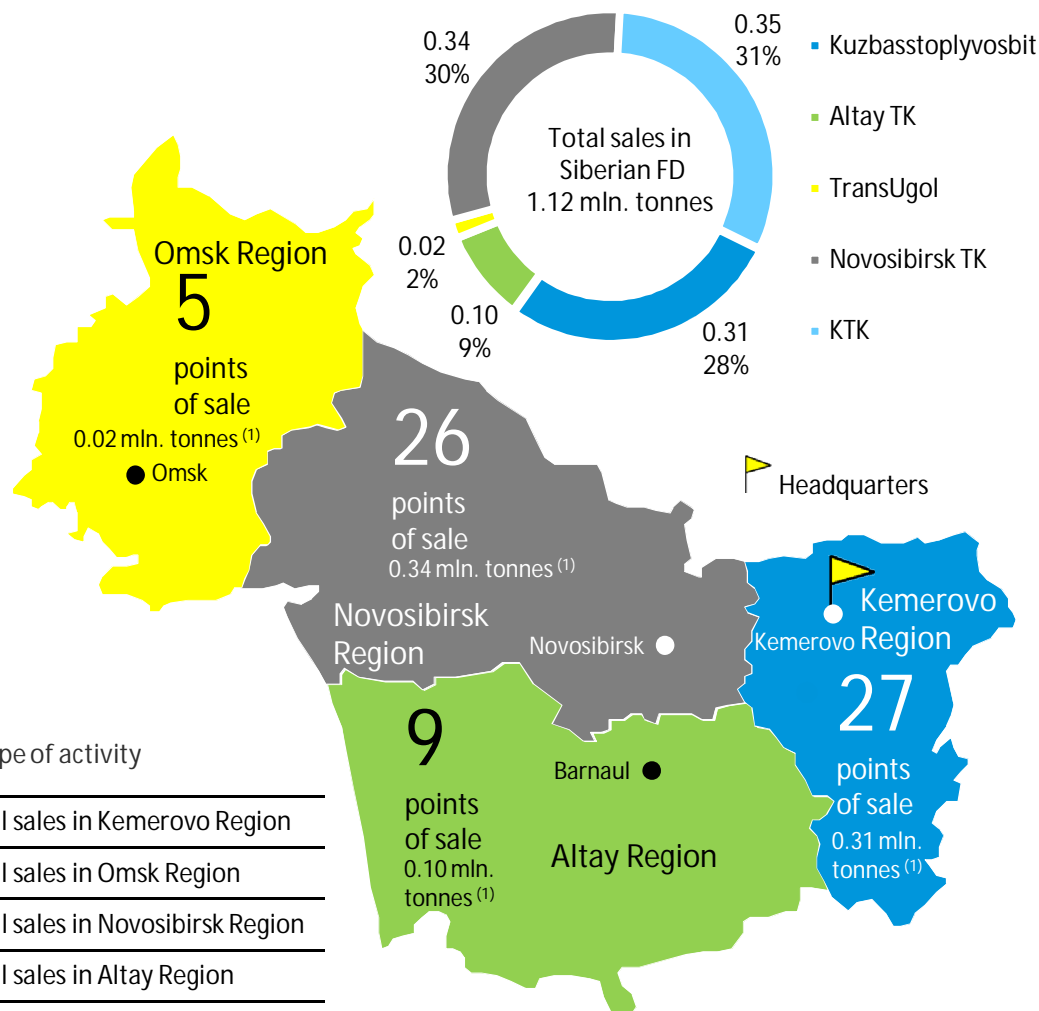
➤ Since its establishment, the Company has been continuously expanding and building its retail sale and storage network:

- ▲ own 67 points of sale as at the end of 2011;
- ▲ additional points of sale planned to be acquired or established;
- ▲ USD 8 mln. will be invested to develop retail network infrastructure in 2012 and USD 19 mln. in a period of 2012-2016

➤ 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.

Q1 2012 retail sales breakdown <sup>(1)</sup>, 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) Including coal resale



# FINANCIAL PERFORMANCE

# REVENUE



## Key financial indicators<sup>(1)</sup>

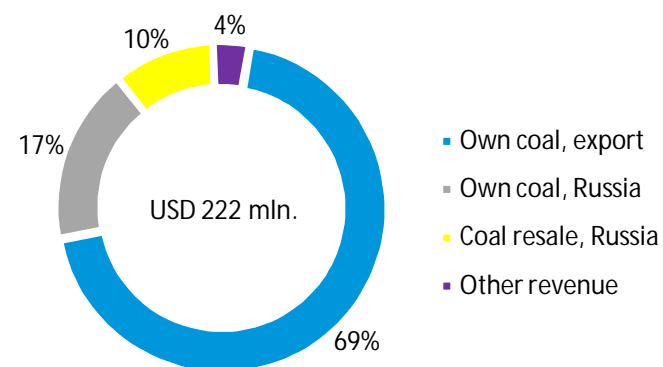
USD mln.	Q1 2011	Q4 2011	Q1 2012
Revenue	186	242	222
Cost of sales	(142)	(193)	(178)
Gross profit	28	48	43
<i>Gross profit margin</i>	20.5%	20.0%	19.5%
SG&A and other expenses	(14)	(14)	(15)
EBITDA <sup>(2)</sup>	33	44	37
<i>EBITDA margin</i>	17.5%	18.0%	16.8%
Operating profit (EBIT)	24	34	28
<i>Operating margin</i>	13.1%	14.1%	12.7%
Net income	20	25	30
<i>Net income margin</i>	10.9%	10.3%	13.5%
Gross debt <sup>3</sup>	73	141	179
Net debt <sup>3</sup>	56	83	125

(1) Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each period (Q1 2012: 30.03 RUB/USD; Q4 2011: 31.24 RUB/USD; Q1 2011: 29.16 RUB/USD)

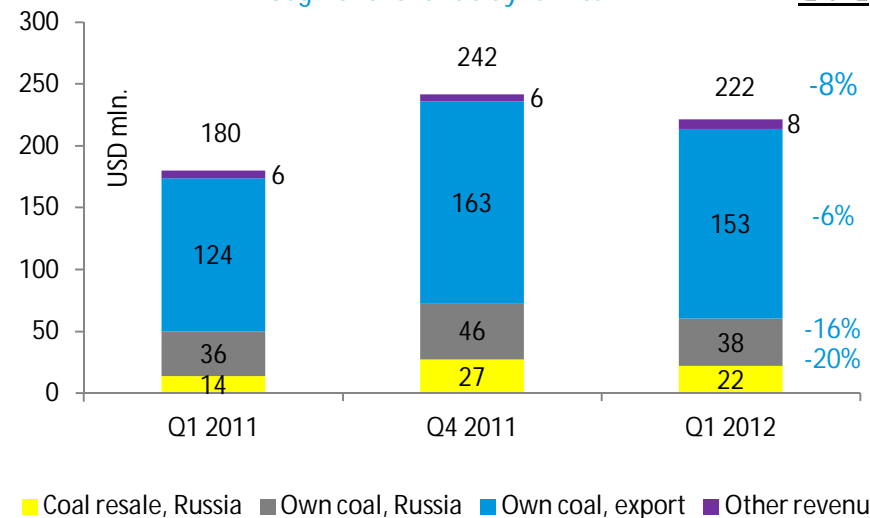
(2) EBITDA for each period is defined as results from operating activities, adjusted for amortization and depreciation, impairment loss and loss on disposal of property, plant and equipment

(3) Figures were converted to USD using the exchange rates of the Central Bank of the Russian Federation for the end of each period (31.03.12: 29.33 RUB/USD; 31.12.11: 32.20 RUB/USD; 31.03.11: 28.43 RUB/USD)

## Q1 2012 Revenue breakdown by segments<sup>(1)</sup>



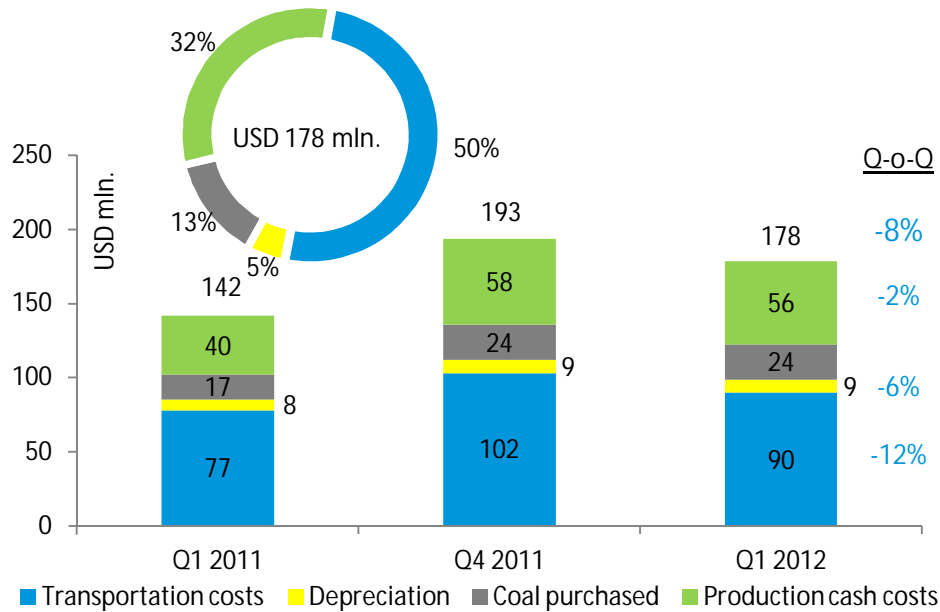
## Segment revenue dynamics<sup>(1)</sup>



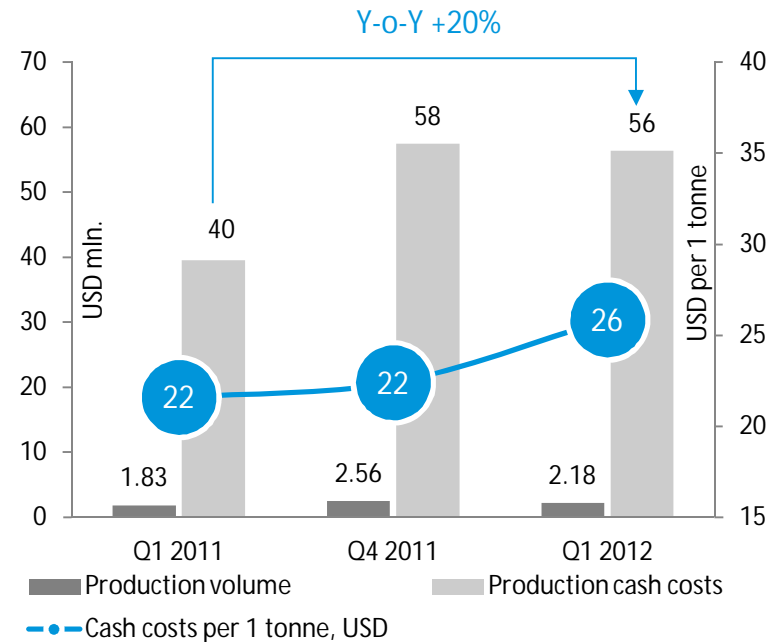
# COST OF SALES AND EBITDA



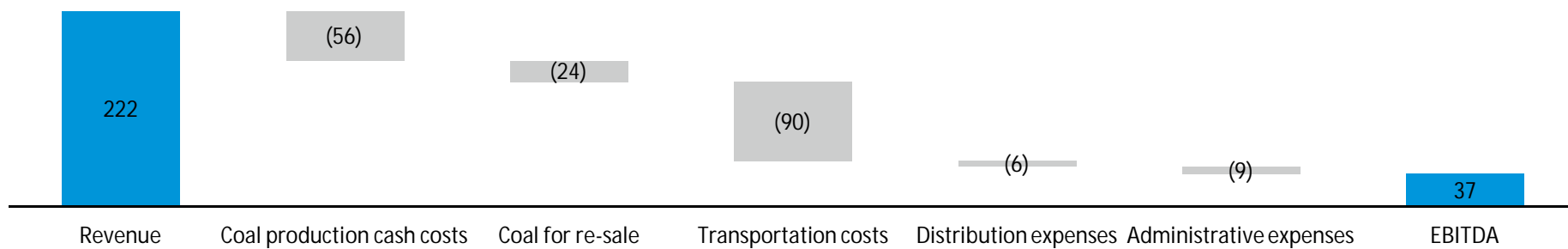
Cost of sales breakdown and dynamics<sup>(1)</sup>



Production cash costs dynamics<sup>(1)</sup>



EBITDA calculation<sup>(1)</sup> in USD, 2011



Source: unaudited Q1 2012 and Q1, Q4 2011 IFRS FS in which all amounts are presented in RUB

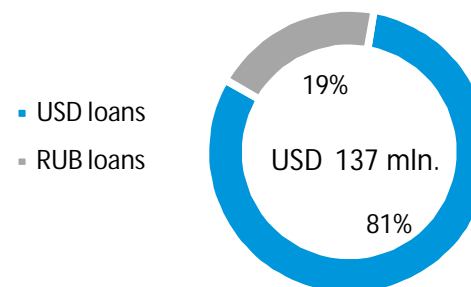
(1) Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each period (Q1 2012: 30.03 RUB/USD; Q4 2011: 31.24 RUB/USD).

# INDEBTEDNESS

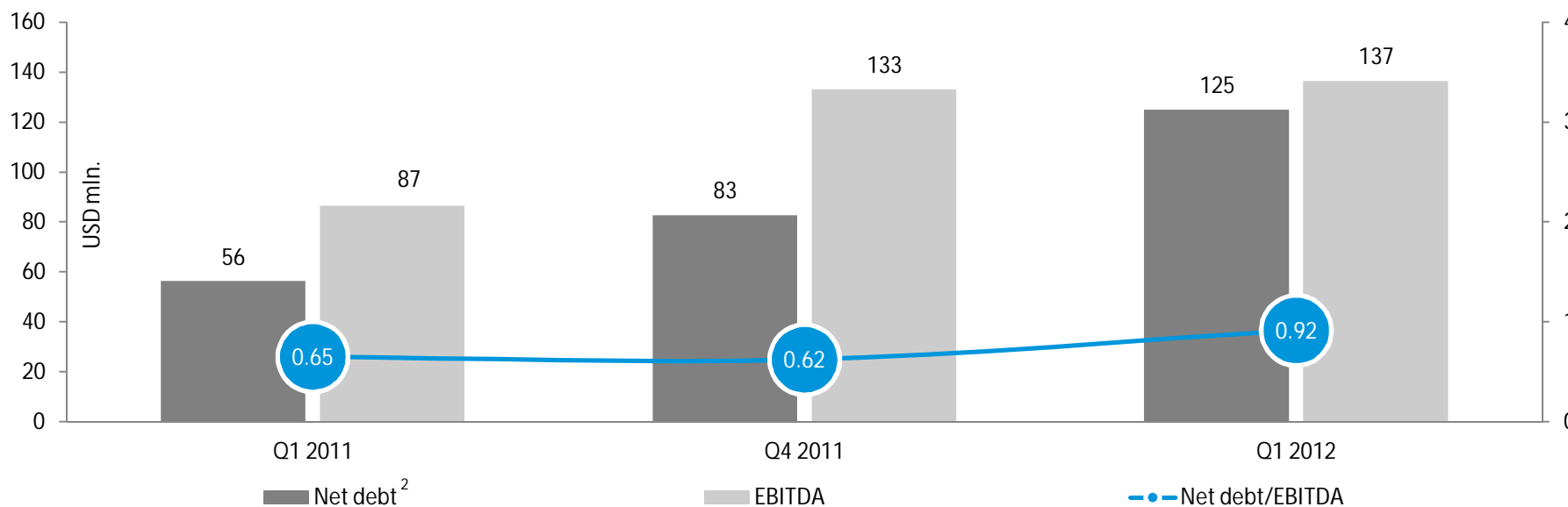


- During Q1 2012 the total net debt increased by 51% Q-o-Q compared to Q4 2011
- Interest paid decreased by 19%, from USD 3 mln. in Q4 2011 to USD 2 mln. In Q1 2012
- Net Debt to EBITDA ratio increased from 0.62 to 0.92

Debt structure<sup>(1)</sup> by currency as of Dec 2011



Net Debt to EBITDA<sup>(1)</sup>



Source: unaudited Q1 2012 and Q1, Q4 2011 IFRS FS in which all amounts are presented in RUB

(1) Annualized EBITDA

(2) Figures were converted to USD using exchange rates of the Central Bank of the Russian Federation for each date (31.03.12: 29.33 RUB/USD; 31.12.11: 32.20 RUB/USD; 31.03.11: 28.43 RUB/USD).

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[www.youtube.com/oaoktkru](http://www.youtube.com/oaoktkru)



# APPENDIX



# INCOME STATEMENT 3M 2012



USD <sup>1</sup> mln.	Q1 2011	Q1 2012
Revenue	186	222
Cost of sales	(142)	(178)
Gross profit	38	43
Distribution expenses	(5)	(6)
Administrative expenses	(8)	(9)
Operating profit	25	28
Finance income	4	12
Finance costs	(3)	(3)
Profit / (loss) before income tax	26	38
Income tax expense	(6)	(8)
Profit / (loss) for the period	20	30
<i>Profit / (loss) for the period margin</i>	<i>10.9%</i>	<i>13.5%</i>
EBITDA <sup>2</sup>	33	37
<i>EBITDA margin</i>	<i>17.5%</i>	<i>16.8%</i>

Source: unaudited Q1 2012 and Q1 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 (Q1 2012: 30.03 RUB/USD; Q1 2011: 29.16 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 31 MARCH 2012



USD <sup>1</sup> mln.	31.03.11	31.12.11	31.03.12
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	312	322	376
Goodwill and intangible assets		1	1
Investments in equity accounted investees	1	1	1
Deferred tax assets	1	1	1
<b>Total non-current assets</b>	<b>315</b>	<b>325</b>	<b>379</b>
Current assets			
Inventories	31	40	48
Other investments	1	1	12
Trade and other receivables	53	49	81
Prepayments and deferred expenses	8	28	15
Cash and cash equivalents	16	59	54
<b>Total current assets</b>	<b>110</b>	<b>176</b>	<b>211</b>
<b>TOTAL ASSETS</b>	<b>425</b>	<b>501</b>	<b>590</b>

USD <sup>1</sup> mln.	31.03.11	31.12.11	31.03.12
<b>EQUITY AND LIABILITIES</b>			
Equity			
Share capital	1	1	1
Retained earnings	161	176	224
Additional paid-in capital	100	88	96
<b>Total attributable to equity holders of the company</b>	<b>261</b>	<b>265</b>	<b>321</b>
<b>Total equity</b>	<b>261</b>	<b>265</b>	<b>321</b>
Non-current liabilities			
Loans and borrowings	68	87	136
Deferred income		7	8
Net assets attributable to minority participants in LLC entities	2	3	3
Provisions	9	8	9
Retirement benefit liability	1	1	1
Deferred tax liabilities	16	13	16
<b>Total non-current liabilities</b>	<b>96</b>	<b>119</b>	<b>173</b>
Current liabilities			
Loans and borrowings	5	54	42
Trade and other payables	61	61	53
Income tax payable	2	2	
<b>Total current liabilities</b>	<b>68</b>	<b>117</b>	<b>96</b>
<b>Total liabilities</b>	<b>164</b>	<b>236</b>	<b>269</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>425</b>	<b>501</b>	<b>590</b>

Source: unaudited Q1 2012 and Q1, Q4 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 (31.03.12: 29.33 RUB/USD; 31.12.11: 32.20 RUB/USD; 31.03.11: 28.43 RUB/USD).

# CASH FLOW STATEMENT 3M 2012



USD <sup>1</sup> mln.	Q1 2011	Q1 2012
<b>OPERATING ACTIVITIES</b>		
Profit / (loss) for the period	20	30
<i>Adjustments for:</i>		
Depreciation and amortization	8	9
Net finance expense	(2)	(9)
Income tax expense	6	8
Operating result before change in working capital	33	37
Change in inventories	(5)	(5)
Change in trade and other receivables	(16)	(28)
Change in prepayments for current assets	7	15
Change in trade and other payables	-	(11)
Cash flow from operations before income tax and interest	20	9
Income taxes and penalties paid	(5)	(8)
Interest paid	(1)	(2)
Cash flows from operating activities	13	-1

USD <sup>1</sup> mln.	Q1 2011	Q1 2012
<b>INVESTING ACTIVITIES</b>		
Loans issued	-	(11)
Acquisition of property, plant and equipment	(13)	(34)
Cash flow used in investing activities	(13)	(44)
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	2	119
Repayment of borrowings	(2)	(84)
Cash flow from financing activities	-	35
Net increase / (decrease) in cash and cash equivalents	1	(10)

Source: unaudited Q1 2012 and Q1 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 (Q1 2012: 30.03 RUB/USD; Q1 2011: 29.16 RUB/USD).