



Q1 2012 FINANCIAL RESULTS



Presentation

May 23, 2012

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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 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
 - ▲ Enrichment plant with 2 mln. tonnes input capacity

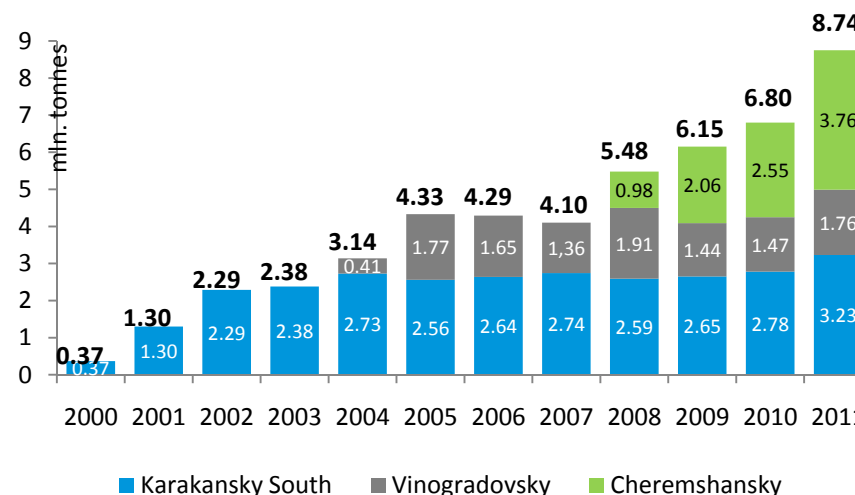
3 existing open-pit mines

Bryanskiy open-pit mine

Structural capacity	11 mln. tonnes	3-5 mln. tonnes
Reserves	402 mln. tonnes of coal resources and 185 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
- 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⁽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	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) Metal Expert, January 2012

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

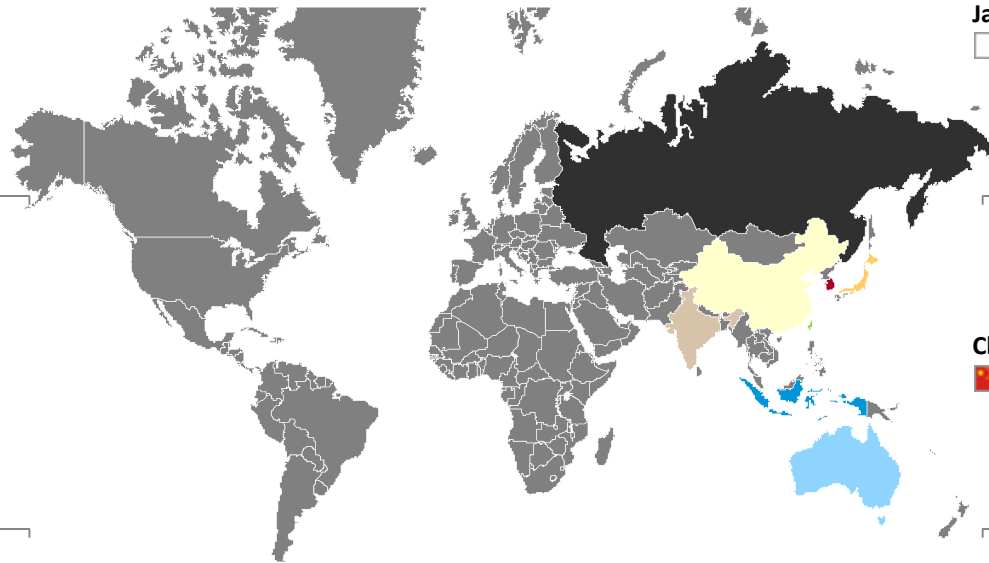
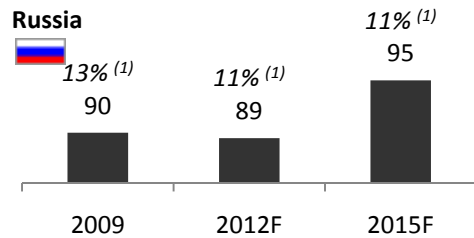
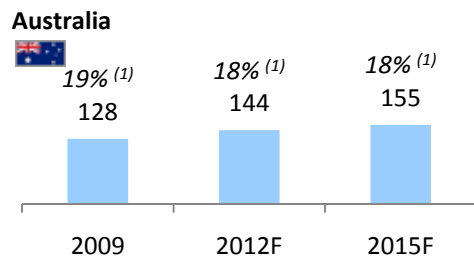
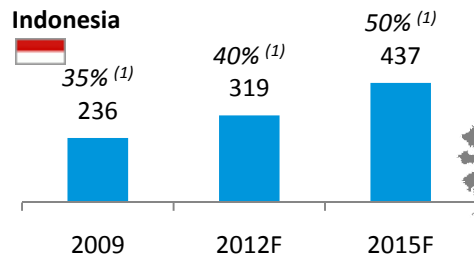
(3) In the table USD are converted from RUB using average Central Bank of the Russian Federation exchange rates for each year (2011: 29.39 RUB/USD; 2010: 30.38 RUB/USD; 2009: 31.77 RUB/USD)

GLOBAL TERMAL COAL MARKET OVERVIEW

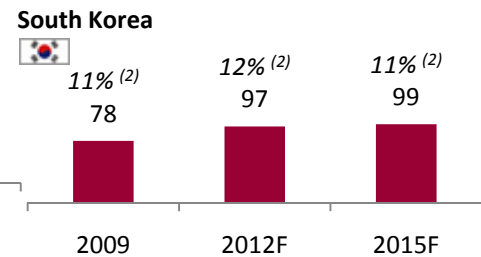
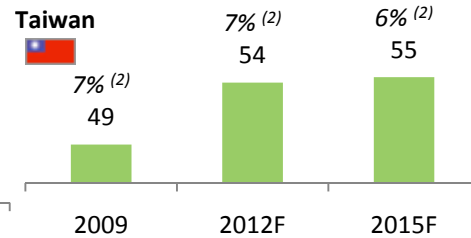
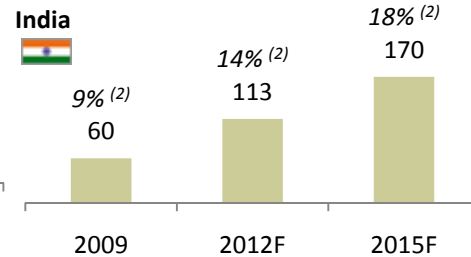
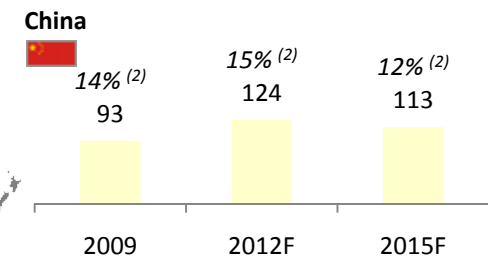
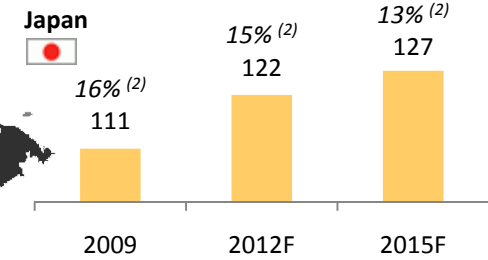


- ▶ Indonesia and Australia are expected to remain the major suppliers with the combined share of global supply around 68%.
- ▶ Japan and China are expected to continue their dominance in the traded thermal coal market. Their combined share of global demand is expected to be 25%.
- ▶ India is a new fast-growing market witch will take a part of Australian and Indonesian exports.

Export, mln. tonnes



Import, mln. tonnes



Source: UBS Research

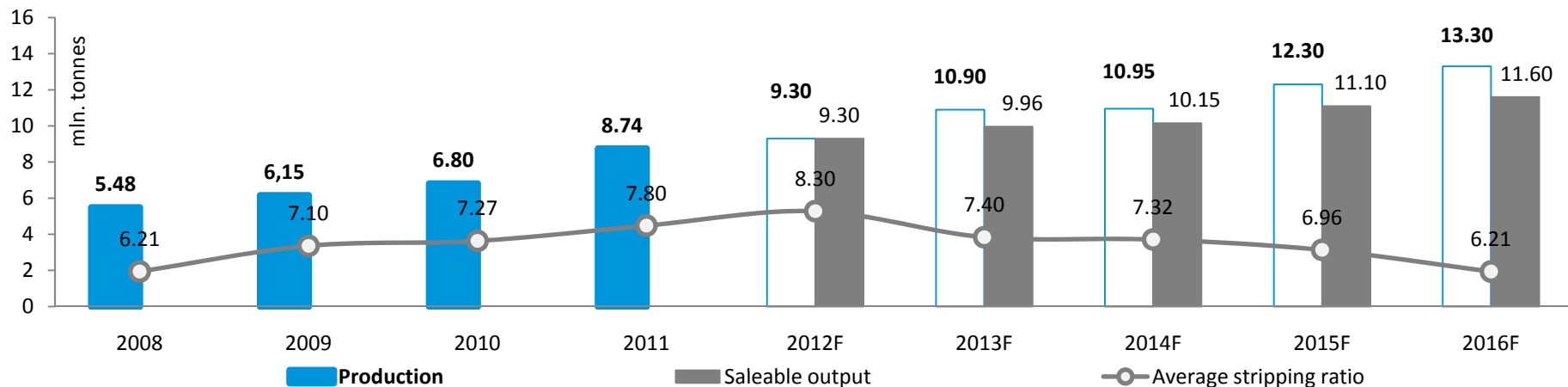
(1) % of global export (2015F: 883 mln. tonnes; 2012F: 803 mln. tonnes; 2009: 682 mln. tonnes)

(2) % of global import (2015F: 941 mln. tonnes; 2012F: 799 mln. tonnes; 2009: 682 mln. tonnes)

KTK PRODUCTION GROWTH PROSPECTS

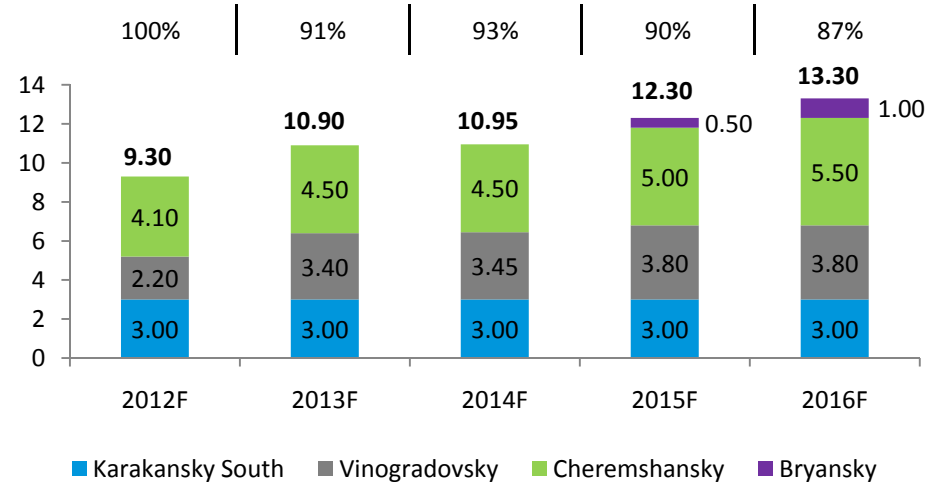


Forecast of production volume and stripping ratio dynamics



- ▶ 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.

% of saleable output



INVESTMENT PROGRAM









Investment program⁽¹⁾ in 2011 composed USD 88 mln. net of VAT. The largest investment items included:

- ▲ Acquisition of large mining and transport equipment
- ▲ The construction of the second enrichment plant with 4 mln. tonnes annual capacity
- ▲ The completion of construction fuel and lubricants dump

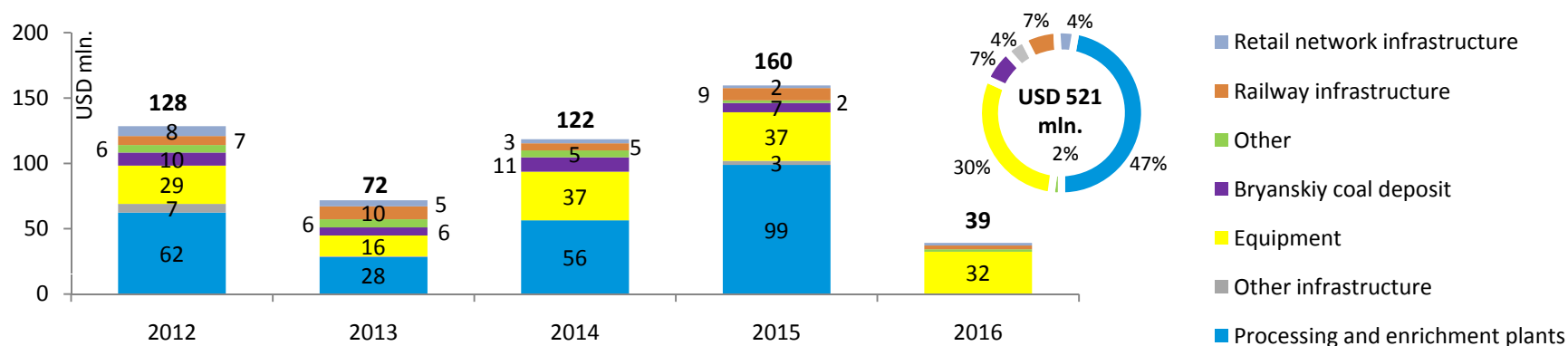
In 2012-2016 there will be 5 major investment categories:

- ▲ Development of Bryanskiy open-pit mine to start coal production in 2015
- ▲ Construction of 3 new coal processing and enrichment facilities to improve coal quality and raise production efficiency
- ▲ Continued procurement of mining equipment to increase production at the existing open-pit mines
- ▲ Construction of own railway infrastructure to increase capacity from 12 to 16 tonnes per year
- ▲ Development of company retail network

Equipment procurement plan

	CAPEX 2011	Dec 31, 2011	CAPEX 2012-2016
 Shovels (P&H, Komatsu, EO)	2	22	15 (3 P&H)
 Trucks (BelAZ)	22	88	64
 Dozers (Komatsu)	6	20	9
 Loaders (Komatsu)	2	34	3
 Graders (Komatsu, CAT)	1	4	2
 Drill Rigs (Ingersoll Rand)	1	4	3

CAPEX forecast breakdown, 2012-2016⁽²⁾



(1) Figures were converted to USD using the average exchange rate of the Central Bank of the Russian Federation (2011: 29.39 RUB/USD)

(2) Net of VAT, USD figures were converted from RUB using 30.00 RUB/USD exchange rate

PLAN OF PROGRAM IMPLEMENTATION



Bryanskiy open-pit mine
Reserves: 250 mln. tonnes
Launch: 2015

USD 10 mln.

USD 6 mln.

USD 11 mln.

USD 7 mln.

Structural capacity
3 – 5 mln. tonnes

Investment in infrastructure

Coal production

0.5 mln.
tonnes

1 mln.
tonnes

**Enrichment plant
«Kaskad»**

Launch: Q3 2010
Capacity: 2 mln. tonnes
Caloric output: 5,300 - 5,750
Cost: USD 27 mln.
Technology: steeply-inclined separation

**Enrichment plant
«Kaskad- 2»**

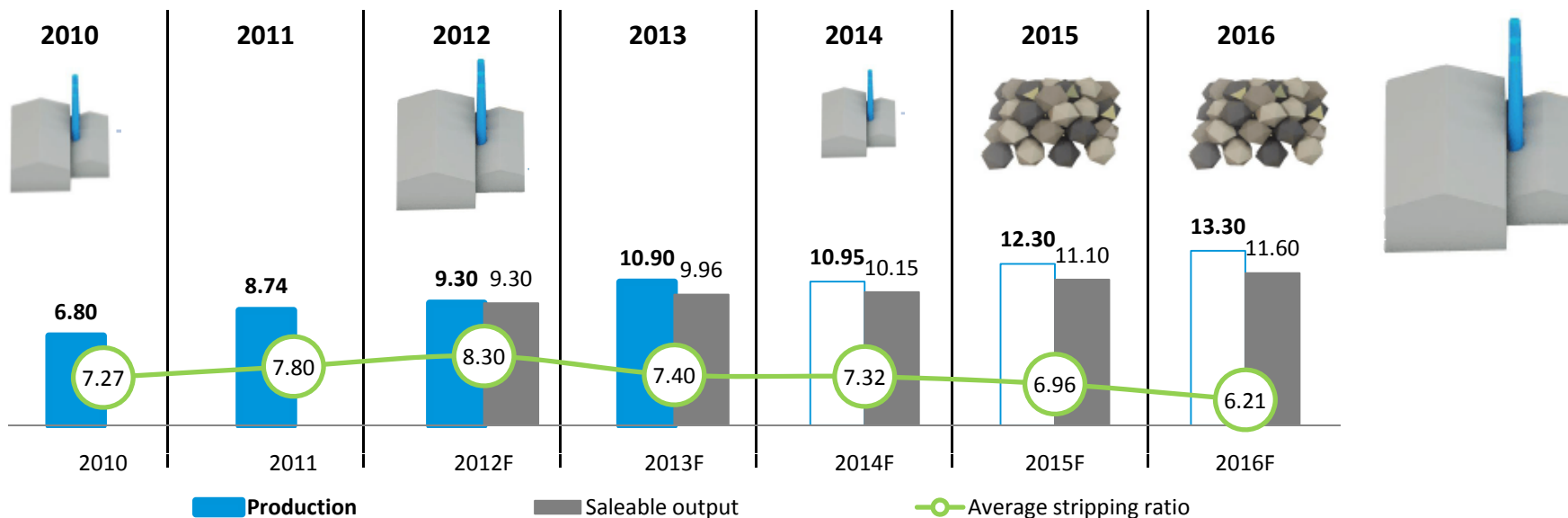
Launch: Q4 2012
Capacity: 4 mln. tonnes
Caloric output: 5,500 - 5,750
Cost: USD 81 mln.
Technology: steeply-inclined separation;
dense medium separation

**Enrichment plant
for oxidized coal**

Launch: 2014
Capacity: 1 mln. tonnes
Caloric output: 5,500
Cost: USD 28 mln.
Technology: reduction of moisture

**Enrichment plant
«Vinogradskaya»**

Launch: 2016
Capacity: 7 - 8 mln. tonnes
Caloric output: 5,500 – 6,000
Cost: USD 155 mln.
Technology: steeply-inclined separation;
dense medium separation












mln. tonnes









NEW EXPORT MARKETS







NEW 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

ENRICHMENT

Enrichment plant for oxidized coal		«Kaskad- 2»		«Kaskad»		«Vinogradskaya»	
Design capacity, mln. tonnes per year	1	Design capacity, mln. tonnes per year	4	Design capacity, mln. tonnes per year	2	Design capacity, mln. tonnes per year	7 – 8
Launch	2014	Launch	Q4 2012	Launch	Q3 2010	Launch	2016
Caloric output, kcal/kg	5,500	Caloric output, kcal/kg	5,500 - 5,750	Caloric output, kcal/kg	5,300 - 5,750	Caloric output, kcal/kg	5,500 – 6,000
Sources of coal	   	Sources of coal		Sources of coal		Sources of coal	 

MINING

 Karakansky South		 Vinogradovsky		 Cheremshansky		 Bryansky	
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
Caloric value, kcal/kg	4,900 – 5,300	Caloric value, kcal/kg	4,900 – 5,500	Caloric value, kcal/kg	5,100 – 6,000	Caloric value, kcal/kg	5,100 – 6,000
Sulfur content, %	0.27 – 0.30	Sulfur content, %	0.27 – 0.30	Sulfur content, %	0.50 – 0.80	Sulfur content, %	n/a
Ash content, %	13.2 – 15.2	Ash content, %	14.5 – 18.2	Ash content, %	17.2	Ash content, %	n/a
Moisture content, %	14.0 – 17.0	Moisture content, %	13.9 – 17.0	Moisture content, %	12.5 – 15.0	Moisture content, %	n/a



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)

KNS enrichment plant is working at close to full capacity level

- ▶ In Q1 2012 the Company's first KNS enrichment plant 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⁽¹⁾ 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.)

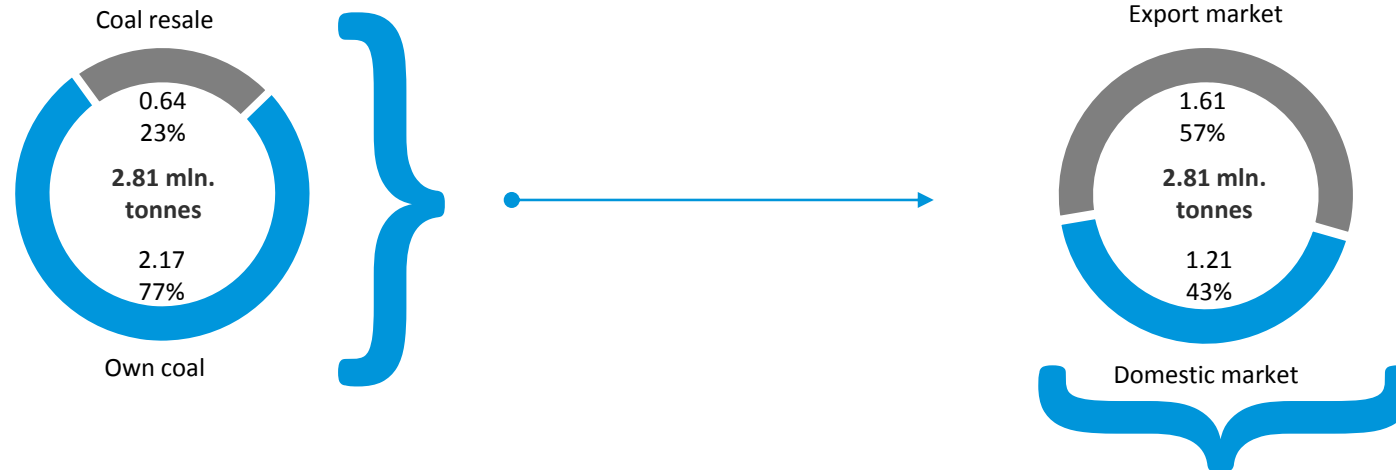
Transportation costs hedging policy execution

- ▶ 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 is purchased under leasing agreements and 10% is owned by JV. These cars are rented by KTK at a long-term fixed price.

Source: Company

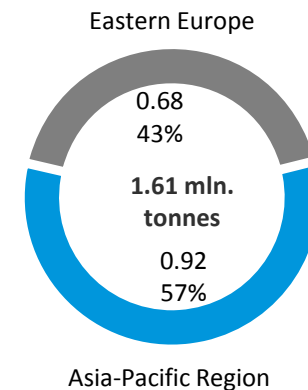
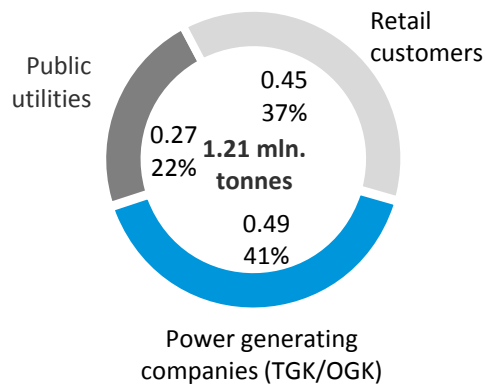
(1) excl. VAT, Russian Railways tariff (FCA Meret, incl. KTK retail margin), converted from RUB using average Central Bank of Russian Federation exchange rates for each period (Q1 2012: 30.03 RUB/USD; Q4 2011: 31.24 RUB/USD; Q1 2011: 29.16 RUB/USD)

Q1 2012 COAL SALES BREAKDOWN



Domestic market

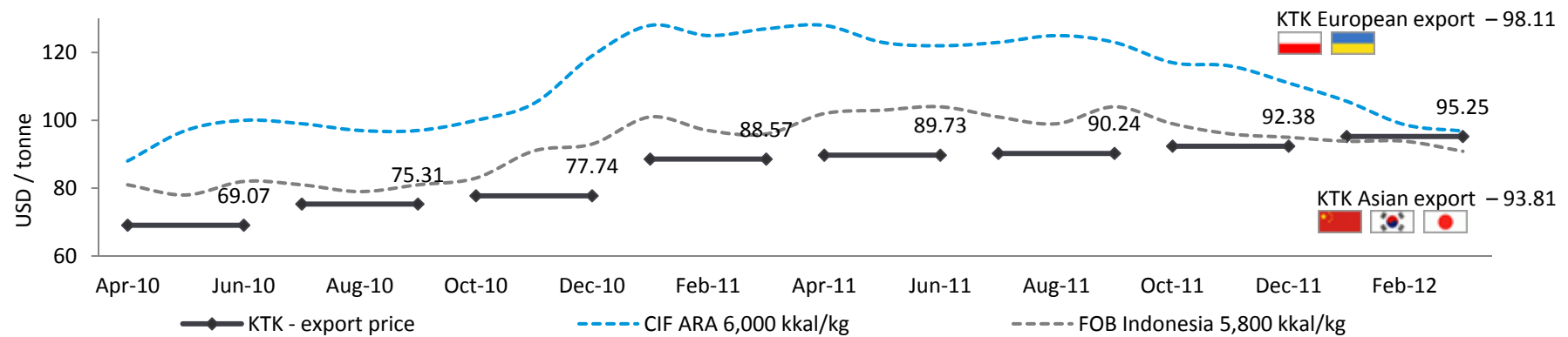
Export market



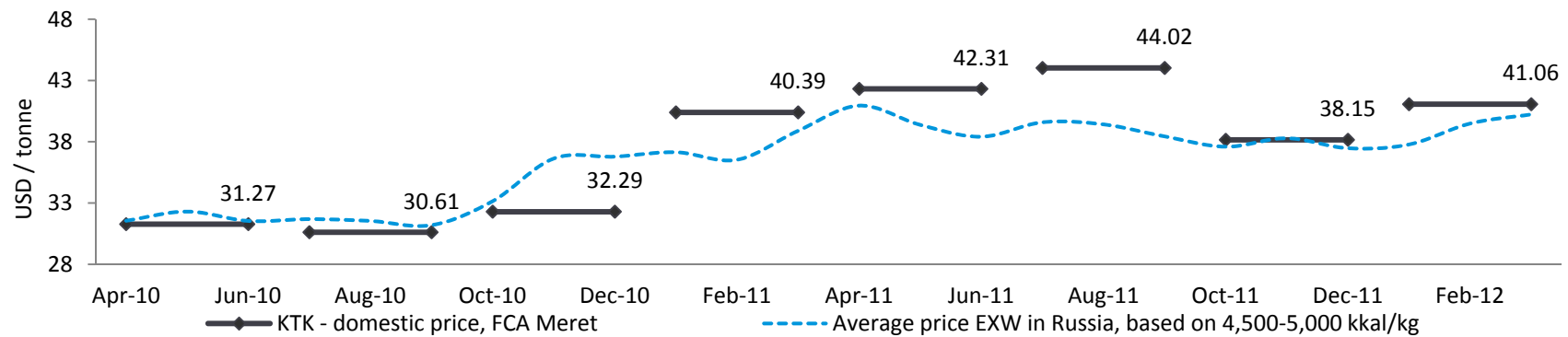
AVERAGE REALISED PRICES VS BENCHMARKS



KTK realized export prices⁽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 VS BENCHMARKS



0.68 mln. tonnes

Eastern European Countries



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



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

0.92 mln. tonnes

Asia-Pacific region

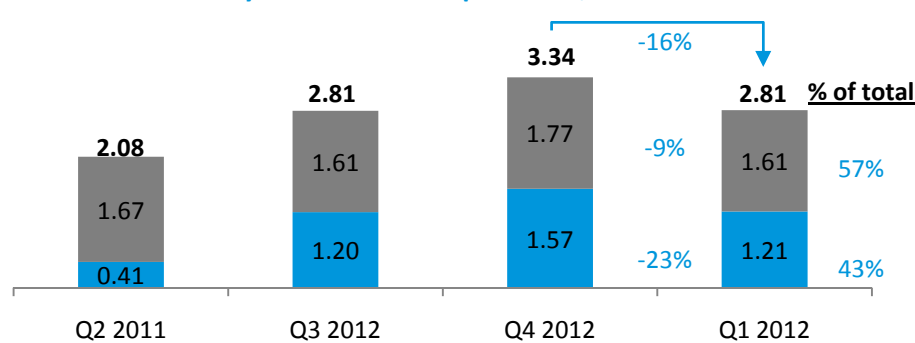


Railroad tariff to the station at Nakhodka-East port:
44.79 USD/tonne⁽²⁾

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

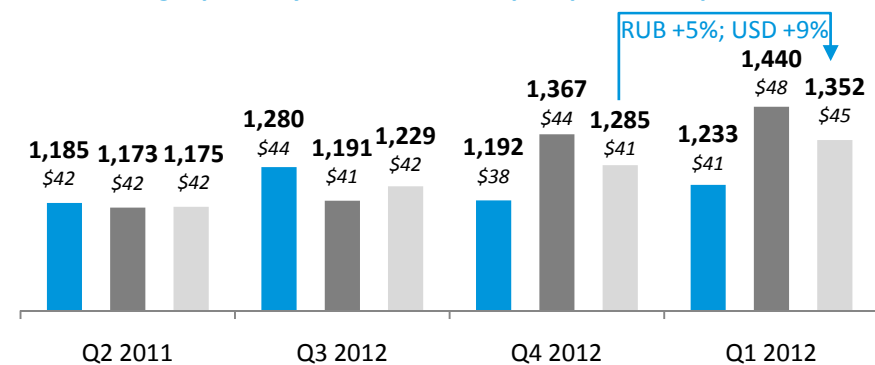


■ Domestic sales

■ Export sales

Source: Company

Average quarterly domestic and export prices comparison⁽¹⁾



■ Average domestic price

■ Average export price

■ Average blended price

(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



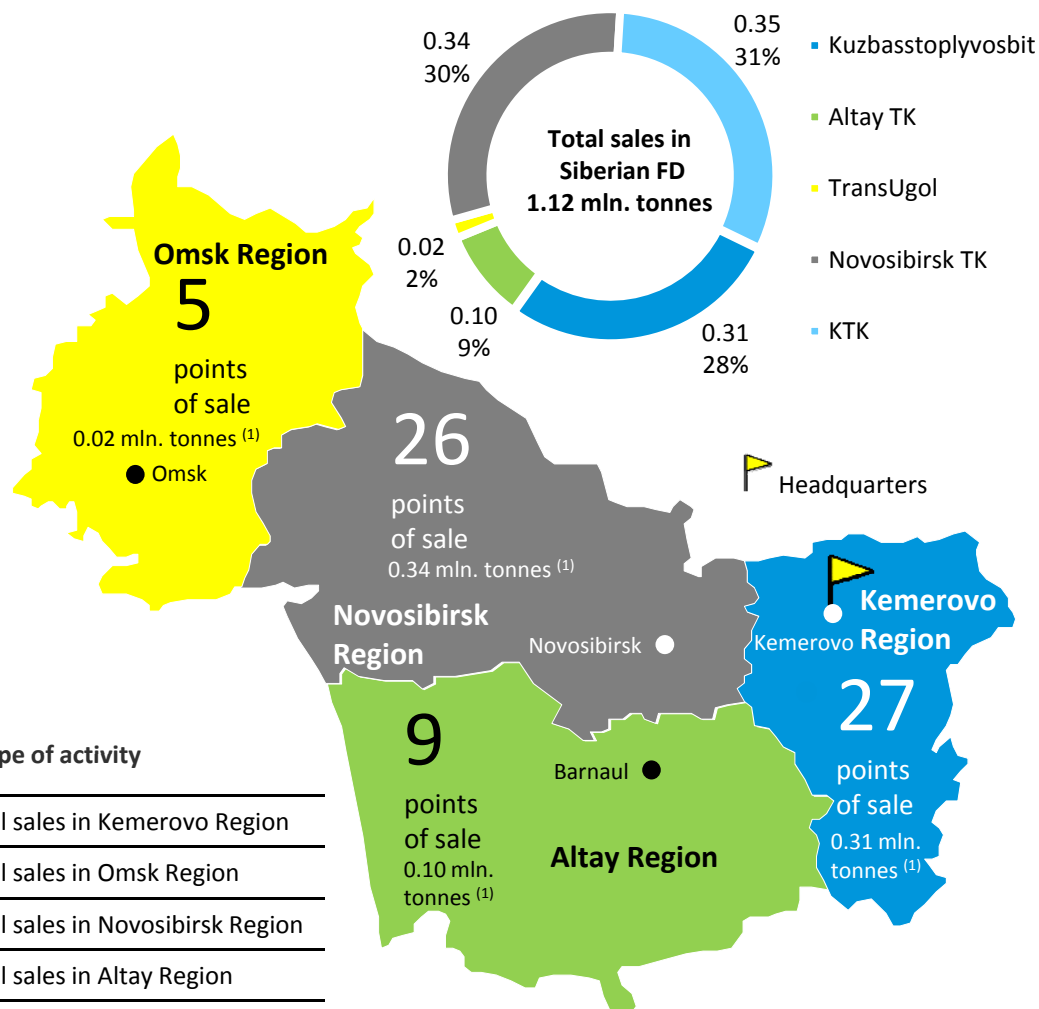
▶ Since its establishment, the Company has been continuously expanding and building its retail sale and storage network:

- ▲ 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 ⁽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) Including coal resale



|||. FINANCIAL PERFORMANCE

REVENUE



Key financial indicators⁽¹⁾

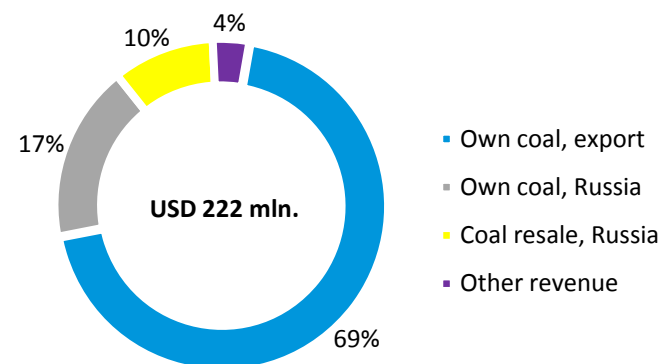
USD mln.	Q1 2011	Q4 2011	Q1 2012
Revenue	186	242	222
Cost of sales	(142)	(193)	(178)
Gross profit	28	48	43
<i>Gross profit margin</i>	20.5%	20.0%	19.5%
SG&A and other expenses	(14)	(14)	(15)
EBITDA⁽²⁾	33	44	37
<i>EBITDA margin</i>	17.5%	18.0%	16.8%
Operating profit (EBIT)	24	34	28
<i>Operating margin</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 ³	73	141	179
Net debt³	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)

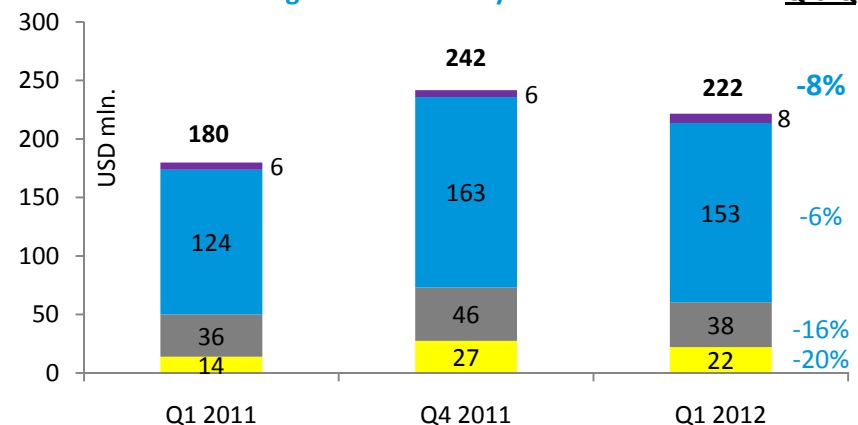
(2) EBITDA for each period is defined as results from operating activities, adjusted for amortization and depreciation, impairment loss and loss on disposal of property, plant and equipment

(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⁽¹⁾



Segment revenue dynamics⁽¹⁾

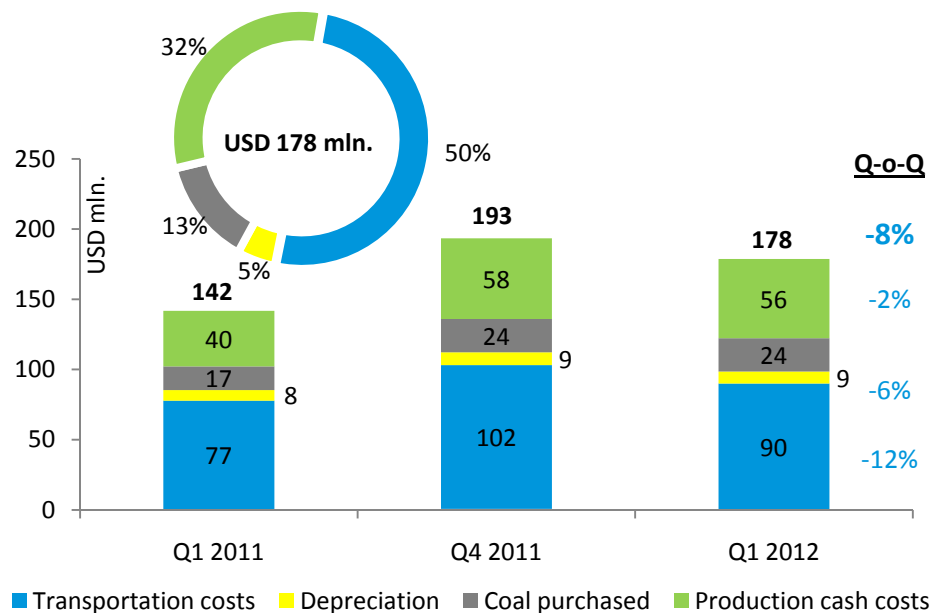


■ Coal resale, Russia ■ Own coal, Russia ■ Own coal, export ■ Other revenue

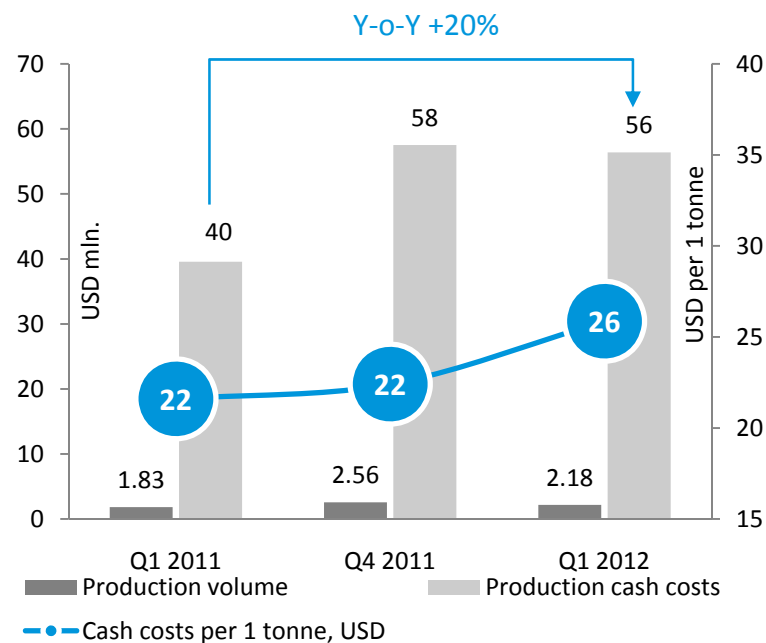
COST OF SALES AND EBITDA



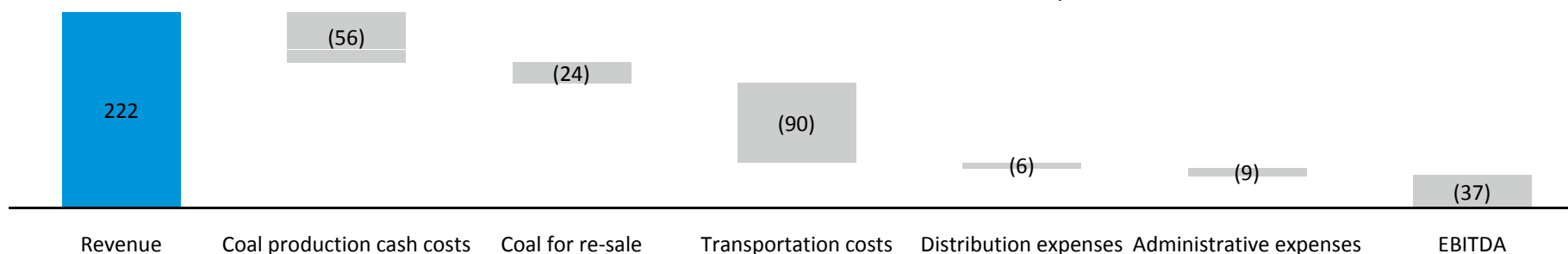
Cost of sales breakdown and dynamics⁽¹⁾



Production cash costs dynamics⁽¹⁾



EBITDA calculation⁽¹⁾ in USD, 2011



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

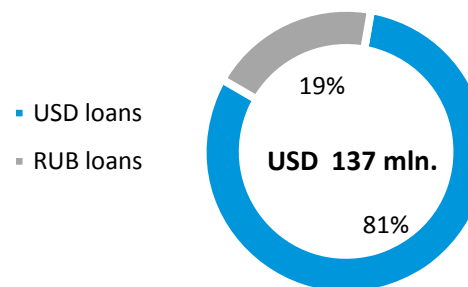
(1) Figures were converted to USD using the average exchange rates of the Central Bank of the Russian Federation for each period (Q1 2012: 30.03 RUB/USD; Q4 2011: 31.24 RUB/USD).

INDEBTEDNESS

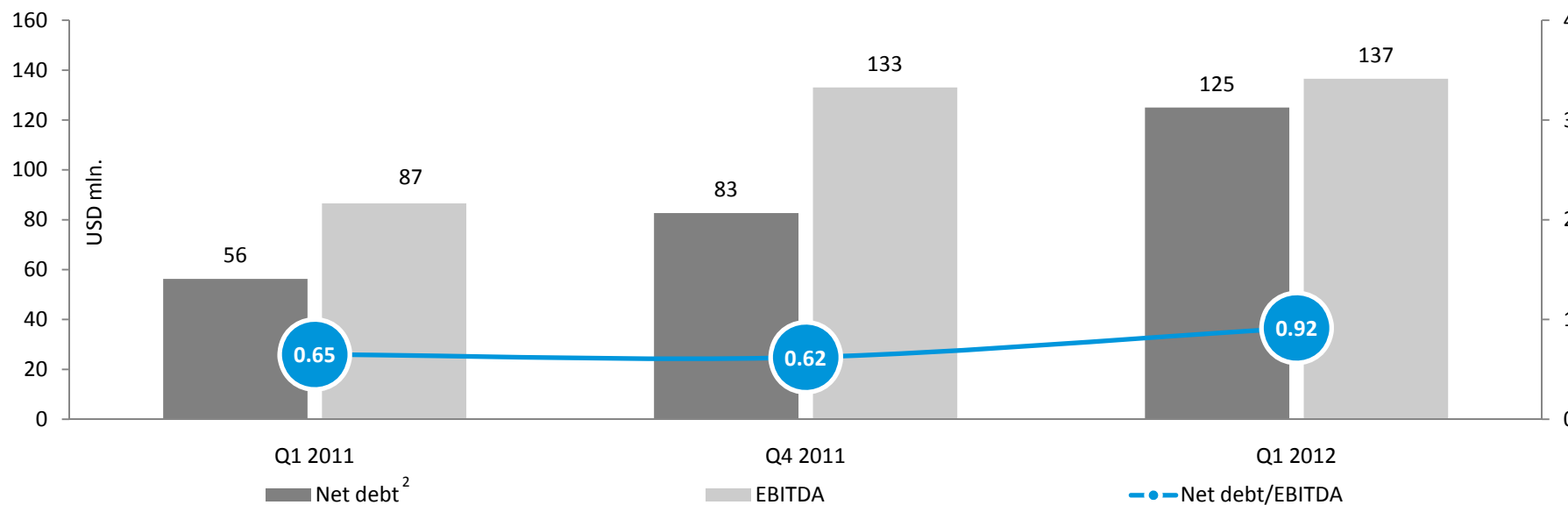


- ▶ During Q1 2012 the total net debt increased by 51% Q-o-Q compared to Q4 2011
- ▶ Interest paid decreased by 19%, from USD 3 mln. in Q4 2011 to USD 2 mln. In Q1 2012
- ▶ Net Debt to EBITDA ratio increased from 0.62 to 0.92

Debt structure⁽¹⁾ by currency as of Dec 2011



Net Debt to EBITDA⁽¹⁾



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).



IV. APPENDIX

INCOME STATEMENT 3M 2012



USD ¹ 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 ²	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



USD¹ mln. **31.03.11** **31.12.11** **31.03.12**

ASSETS

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
Total non-current assets	315	325	379

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
Total current assets	110	176	211

TOTAL ASSETS **425** **501** **590**

USD¹ mln. **31.03.11** **31.12.11** **31.03.12**

EQUITY AND LIABILITIES

Equity

Share capital	1	1	1
Retained earnings	161	176	224
Additional paid-in capital	100	88	96
Total attributable to equity holders of the company	261	265	321
Total equity	261	265	321

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
Total non-current liabilities	96	119	173

Current liabilities

Loans and borrowings	5	54	42
Trade and other payables	61	61	53
Income tax payable	2	2	
Total current liabilities	68	117	96
Total liabilities	164	236	269

TOTAL EQUITY AND LIABILITIES **425** **501** **590**

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 ¹ mln.	Q1 2011	Q1 2012
OPERATING ACTIVITIES		
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 ¹ mln.	Q1 2011	Q1 2012
INVESTING ACTIVITIES		
Loans issued	-	(11)
Acquisition of property, plant and equipment	(13)	(34)
Cash flow used in investing activities	(13)	(44)
FINANCING ACTIVITIES		
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).



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