

**9 Months Results Presentation
December 11, 2007**



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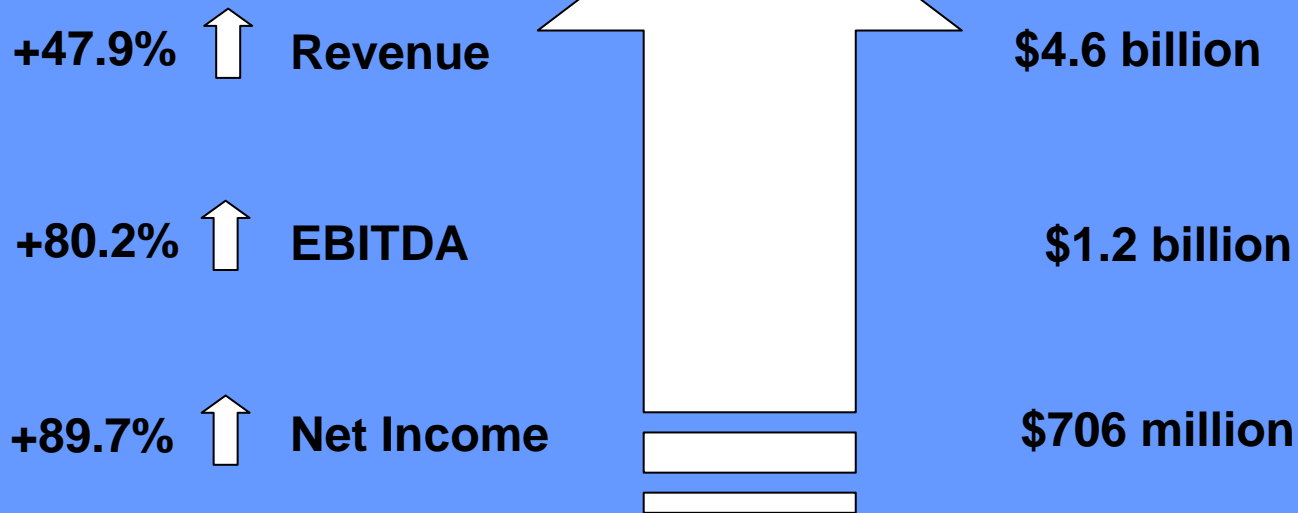


Mr. Igor Zyuzin
CEO
Mechel OAO



Record 9M07 Results

➤ Strong 9M07 vs. 9M06 financial results



➤ Well balanced strategy

➤ Strong Management

➤ Focus on shareholder value

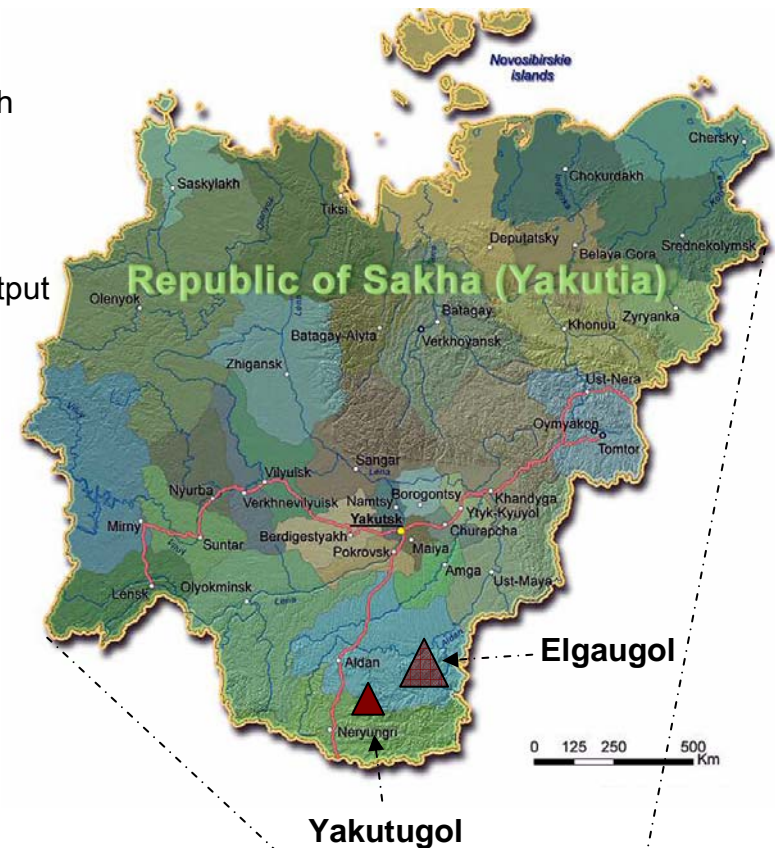
Yakutian Acquisitions: in line with strategy

➤ Yakutugol

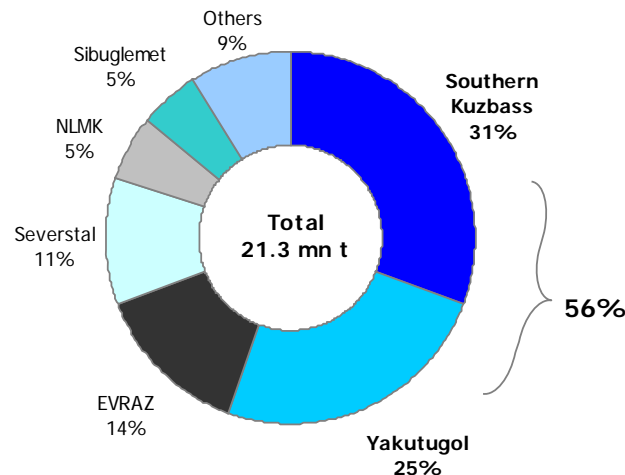
- Russia's largest coking coal exporter (sells mostly to Japan, South Korea, and Taiwan)
- The only producer of K9 hard coking coal in Russia
- Coal reserves are estimated at 200 million tonnes
- 5.4 mn tonnes of coking coal and 4.2 mn tonnes of steam coal output in 2006
- Platform of Elga deposit development

➤ Elgaugol

- One of the world's largest untapped coking coal fields
- Reserves of caking coking coals about 2.2 bn tonnes
- Open pit mining with very low strip ratio of 4 m³ per tonne



Russia's hard* coking coal production, 2006



Source: Central Dept. of Fuel and Energy Complex, Rosinformugol

*Includes the following types of coal: K, KO, OS

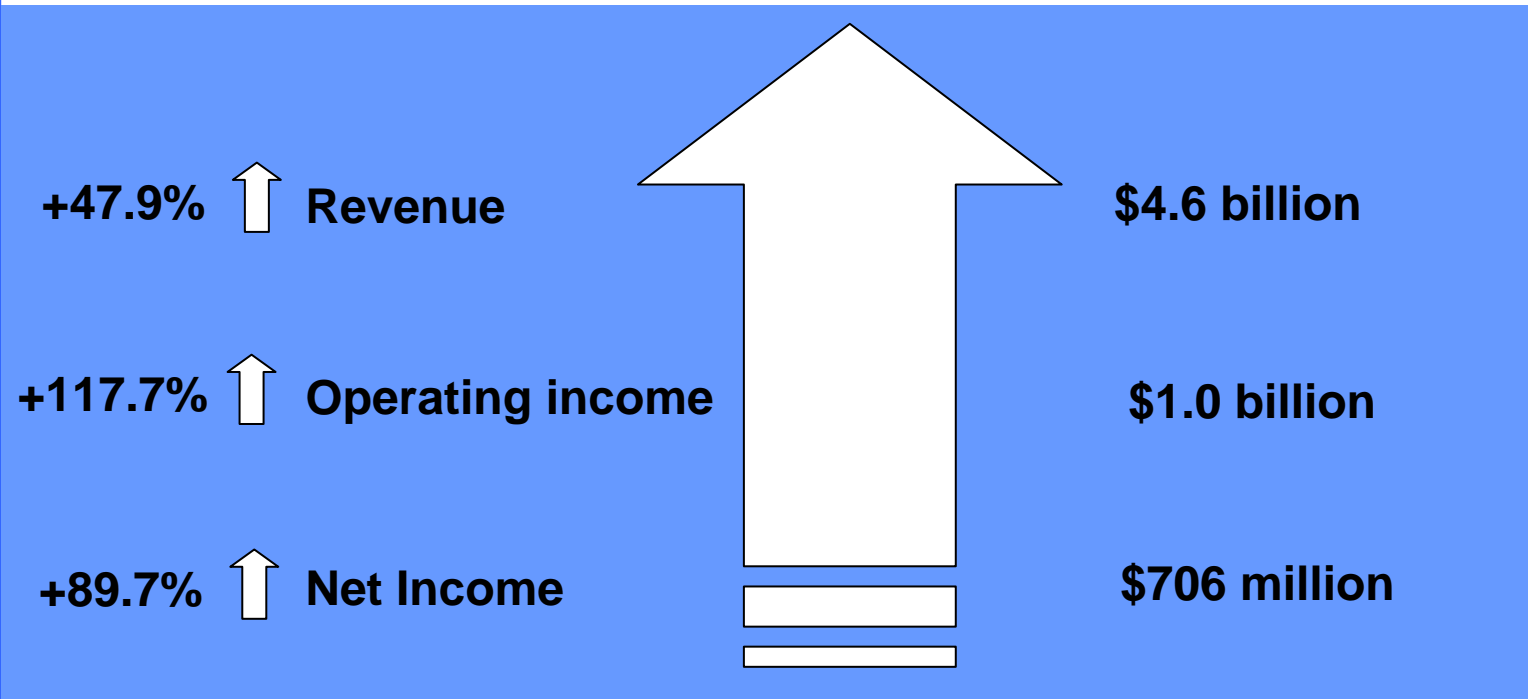




9M07 Financial Highlights



➤ Strong 9M07 vs. 9M06 financial results



➤ Well balanced strategy

➤ Strong Management

➤ Focus on shareholder value



Mr. Vladimir Polin

CEO

Mechel Management OOO

9M07 Production Growth

Mining Segment Production

Product output, 9M07	Thousand tonnes	9M07vs.9M06 %
Coal	13,409	8.3
Coking coal	6,354	(8.4)
Steam coal	7,055	29.7
Iron ore concentrate	3,714	(0.9)
Nickel	12.84	21.9

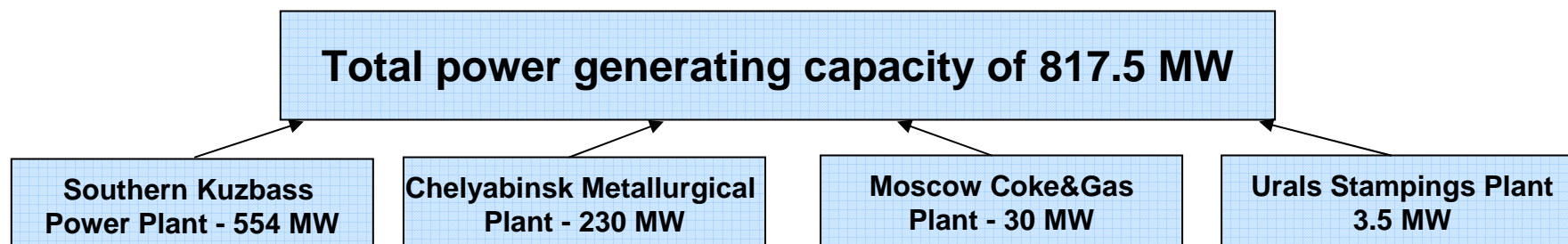
Steel Segment Production

Product output, 9M07	Thousand tonnes	9M07vs.9M06 %
Hardware	512	13.5
Rolled products	3,875	10.0
Steel	4,562	3.1
Pig iron	2,837	5.9
Coke	2,939	76.7



Power Segment: in line with strategy

- **Southern Kuzbass Power Plant**
- **Kuzbass Power Sales Company** – the largest power distributing company in Siberia controlling more than 50% of regional power sales



Continuous development of power business:

2004 – Establishment of Mechel-Energo: engaged in providing of energy resources to Mechel's other subsidiaries, and marketing electric and heat energy to third parties

2007 – Acquisition of Southern Kuzbass Power Plant and Kuzbass Power Sales Company



Integrated power business with own raw material resources, power generating facilities and extensive client base



Expansion of Mechel's sales network

Trading company Mechel-Service established new retail and service sites to meet high demand for construction rolled products

Targets achieved:

- Increased sales volumes of steel products to end customers
- Expansion of sales geography
- Additional margins on sold products
- Capturing growth in Russia's remote regions

**FURTHER EXPANSION OF DISTRIBUTION NETWORK
PLANNED**

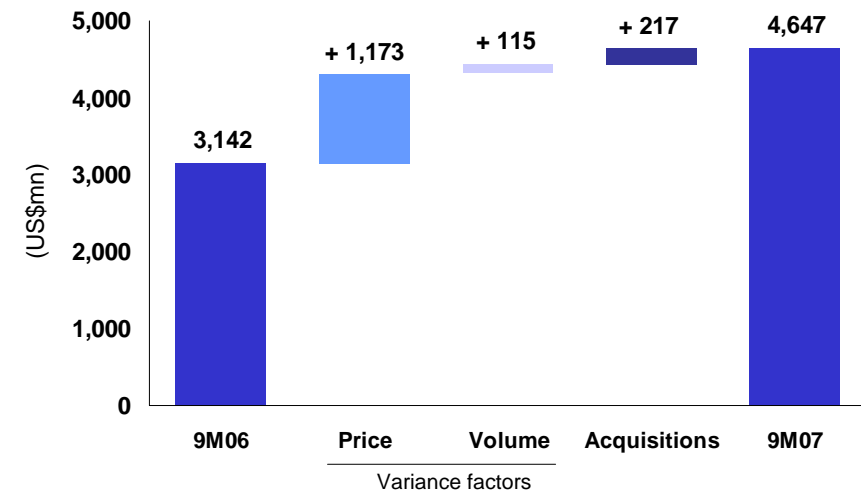


Mr. Stanislav Ploschenko
Acting CFO
Mechel OAO

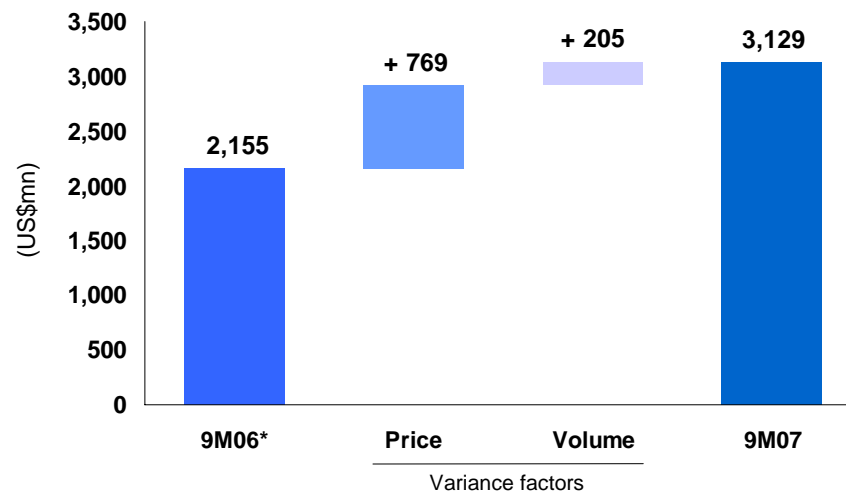
Sales Overview

- ◆ Company benefited from higher sales prices across both mining and steel segments
- ◆ Increased steel sales volumes
- ◆ Recent acquisitions in energy segment contributed US\$217 million to consolidated revenue

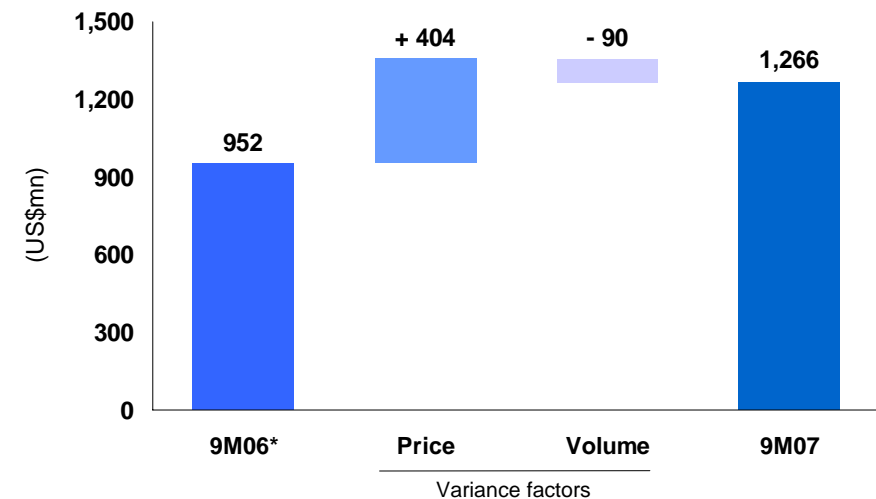
Consolidated revenue



Steel segment revenue



Mining segment revenue

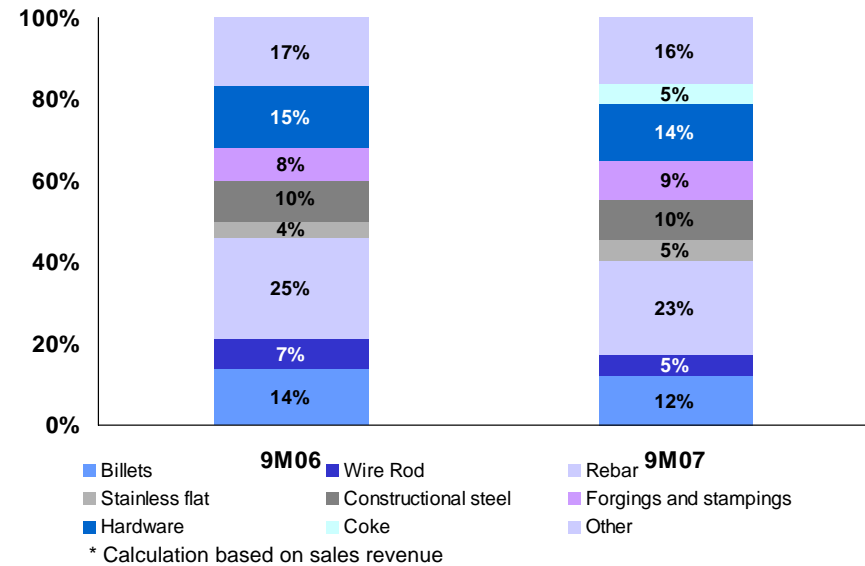


* Results are recalculated to reflect separate reporting for the energy segment

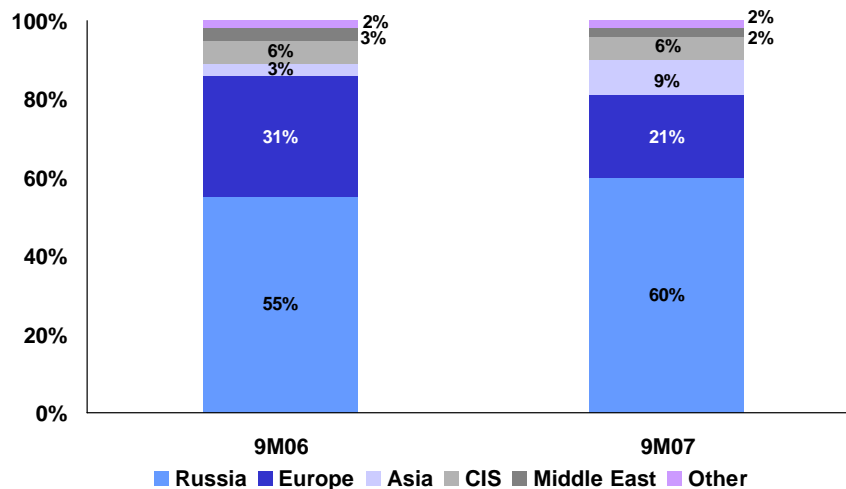
Steel Sales: Structure and Prices

- ◆ 45% growth in revenue from external customers
- ◆ Improved sales mix to include greater percentage of higher-margin products
- ◆ Focus on growing domestic market
- ◆ Growing contribution from investments

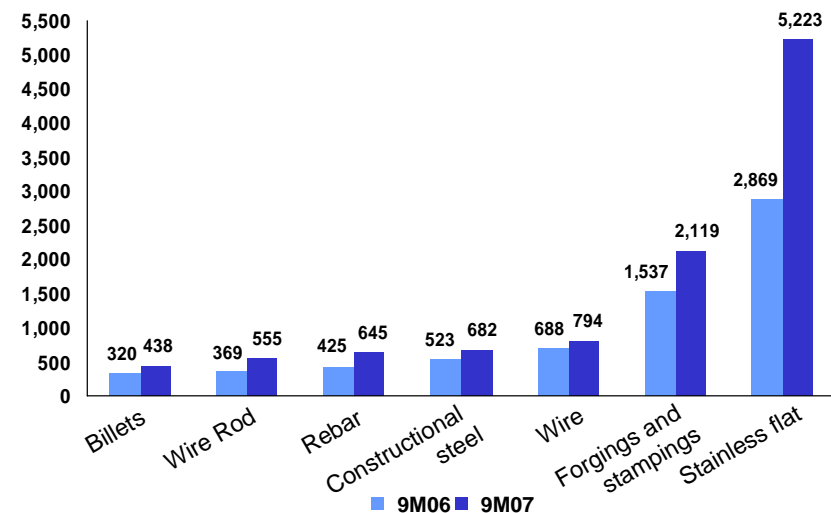
Sales structure*



Revenue breakdown by region



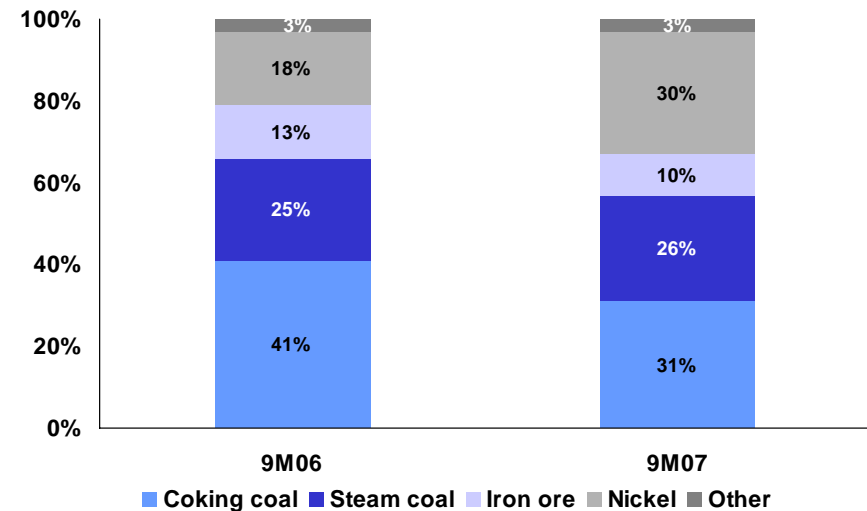
Average sales prices FCA, \$/tonne
Domestic market



Mining Sales: Structure and Prices

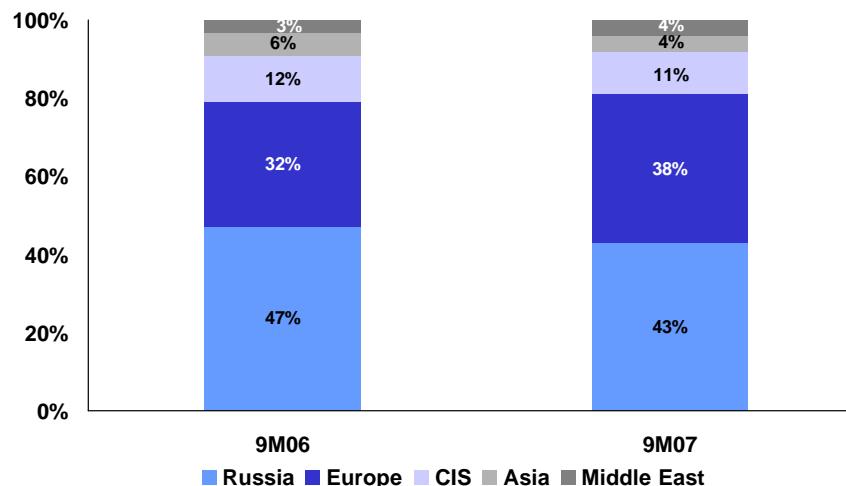
- ◆ 27% contribution to the consolidated revenue
- ◆ Strong coal and iron ore prices
- ◆ Further growth of sales to Europe
- ◆ Privatization of power generation companies gives additional steam coal supply opportunity

Sales structure*

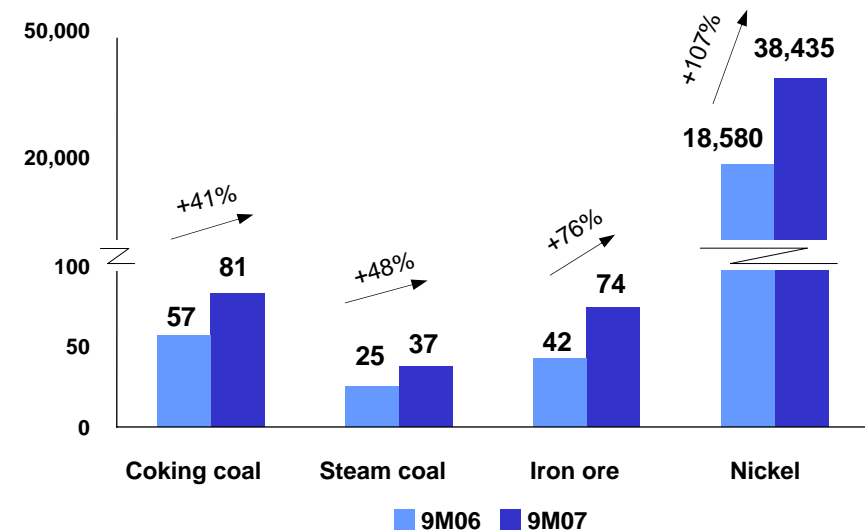


* Calculation based on sales revenue

Revenue breakdown by region



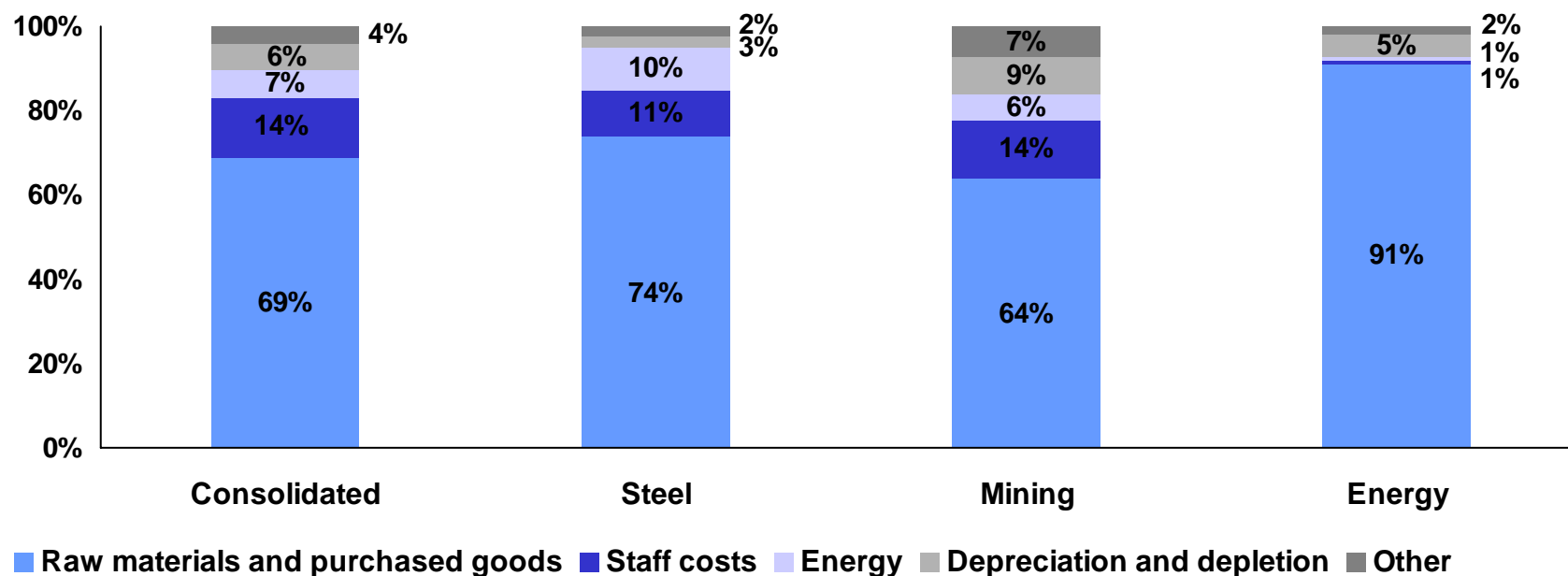
Average sales prices FCA, \$/tonne



Cost Structure

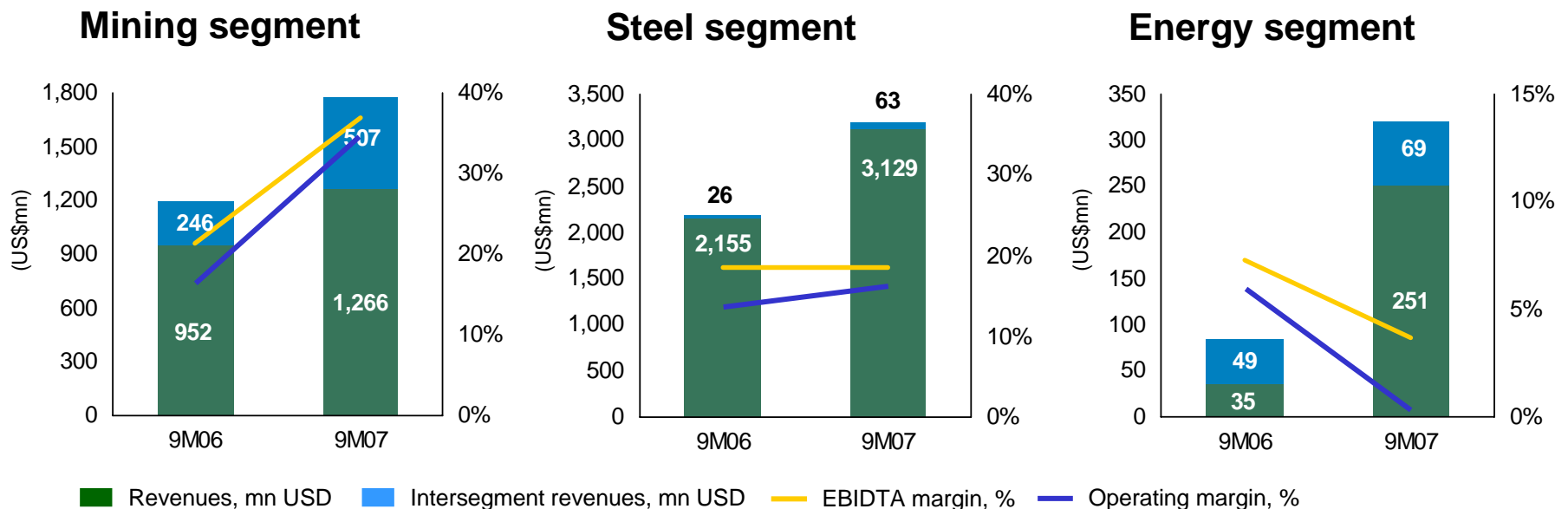
- ◆ Higher degree of vertical integration after the acquisition of Bratsk Ferroalloy Plant and Southern Kuzbass Power Plant
- ◆ Stable cost structure
- ◆ Overall selling expenses as a percentage of sales decreased to 8.83% from 10.25% y-o-y as a result of sales structure changes

COS structure



Segment Operations

- ◆ Growth of EBITDA margin in mining segment
- ◆ 2x increase in mining segment operating margin
- ◆ Higher synergies from stronger vertical integration
- ◆ Despite strong input material growth steel segment operating margin further improved



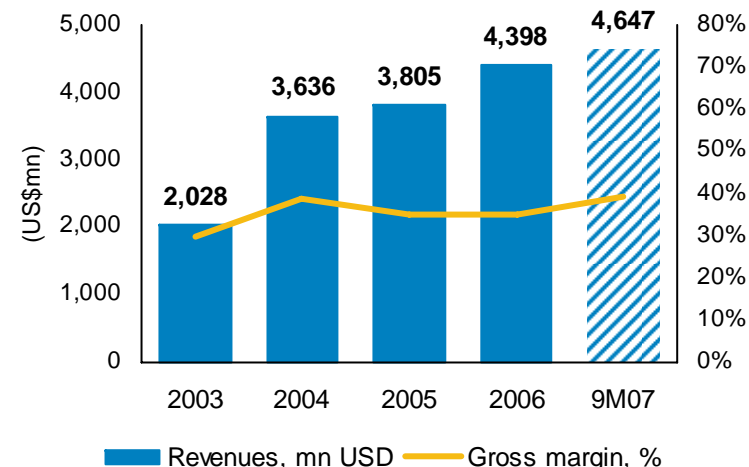
NOTE: EBITDA margin calculated by dividing reported EBTIDA by total revenues, including intersegment revenues



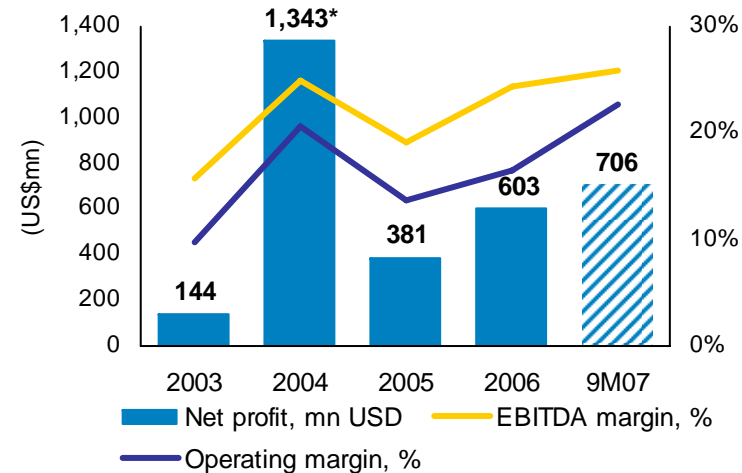
Financial Performance Analysis

- ◆ 9M07 financial results exceeded FY2006
- ◆ Strong positive trend in revenue and profitability growth
- ◆ Benefits of capital expenditure program
- ◆ New acquisitions to leverage integration benefits within the Group and presence in key markets
- ◆ Positive market trends to support further growth

Revenue – Gross margin



Net Profit, EBITDA margin and Operating margin



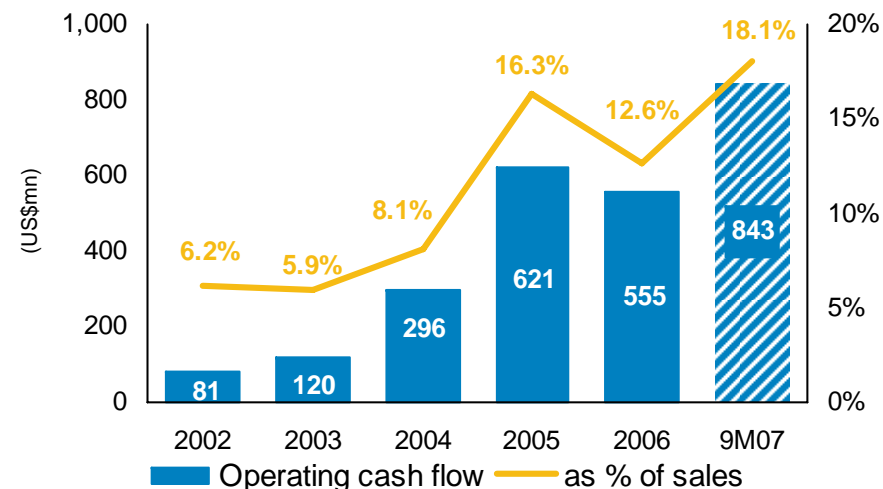
* Including gain on the sale of the stake in MMK

Strong Balance Sheet to Support Growth

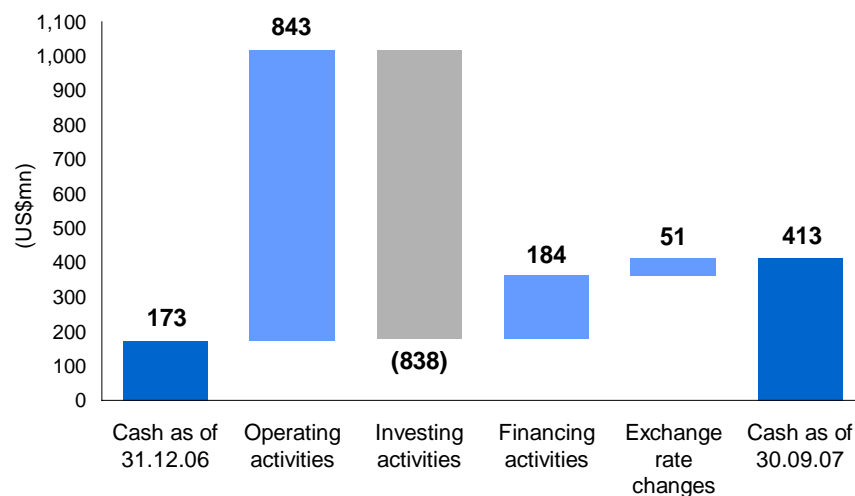


- ◆ Record operating cash flow was sufficient to finance investment program and M&A
- ◆ Cash flow from investing activities driven by new acquisitions (US\$512 million) and CAPEX (US\$319 million)

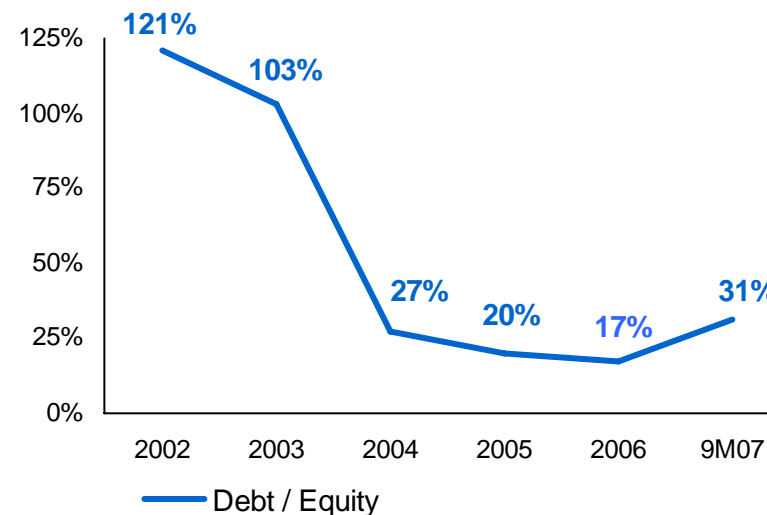
Operating cash flow



Cash Flow



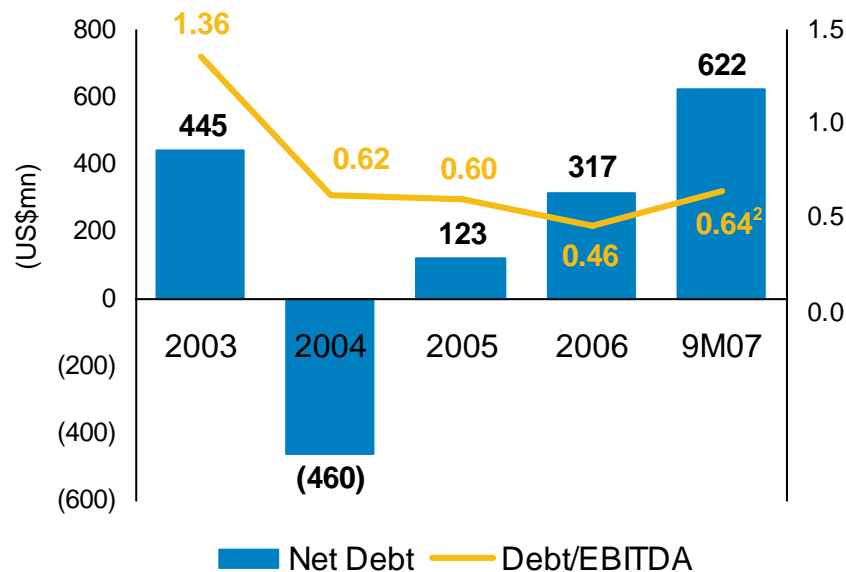
Debt / equity



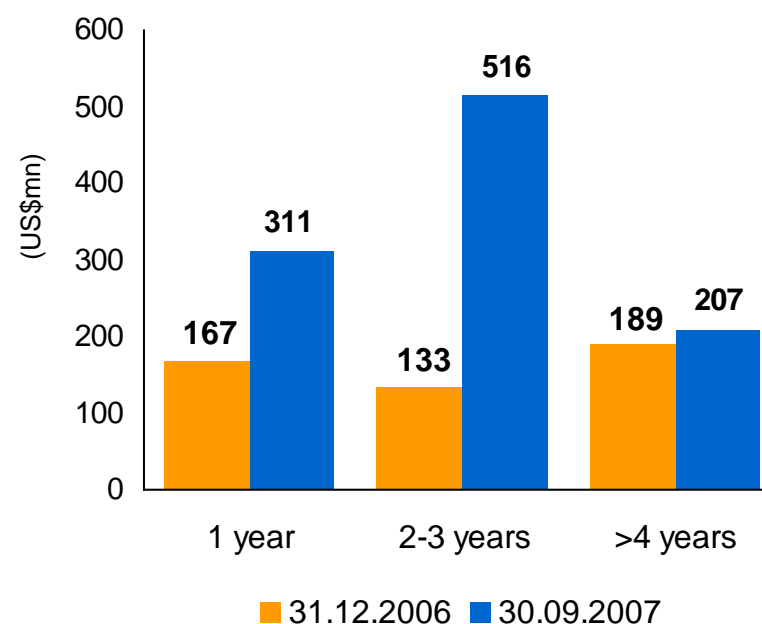
Solid Financial Position

- ◆ Share of Unsecured Debt increased to 87%¹ at 30 September 2007 from 57% at 31 December 2006
- ◆ Debt/EBITDA ratio of 0.64 is one of the lowest in the industry
- ◆ 0.4x Net Debt/EBITDA² position provides significant financial flexibility to pursue value enhancing M&A opportunities

Debt to EBITDA ratio



Maturity Profile



(1) - Secured Debt includes debt secured by pledge of assets (stock, receivables, PPE)

(2) - Annualised

9M07 Results Overview

\$ million unless otherwise stated	9M07	9M06	Change, %
Revenue	4,647	3,142	48%
Cost of sales	(2,830)	(2,069)	37%
Operating income	1,052	483	118%
EBITDA	1,205	669	80%
<i>EBITDA margin</i>	25.9%	21.3%	
Net Income	706	372	90%
<i>Net Income margin</i>	15.2%	11.8%	
EPS (USD per ADR)	5.09	2.76	84%
Sales volumes*, '000 tonnes			
Mining segment	11,036	12,612	- 12%
Steel segment	4,812	3,775	27%

* Includes sales to the external customers only