
Mechel update power segment results for H1 2009

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Mechel has announced its updated power segment result for H1 2008

	H1'09	H1'08	Change
Revenues	256,513	357,509	-28.20%
Inter segment sales	145,505	183,574	-20.70%
Operating income	12,337	23,126	-46.70%
Net income	-4,311	7,193	-159.90%
EBITDA	19,048	35,916	-47.00%

(In USD thousand)

Mechel power segment revenue from external customers for the second quarter of 2009 decreased by 14.3% to USD 118.4 million or 9% of consolidated net revenue, compared to USD 138.2 million of segment revenue from external customers or 12% of consolidated net revenue in the Q1 of 2009.

Operating income in the power segment in the second quarter of 2009 was USD 213,000 a decrease of 98.2% compared to operating income of USD 12.1 million in the Q1 of 2009. EBITDA in the power segment in the Q2 of 2009 decreased 63.0% totaling USD 5.1 million, compared to EBITDA of USD 13.9 million in the Q1 of 2009. The EBITDA margin for the power segment decreased from 6.6% to 2.7%. Depreciation, depletion and amortization in power segment in the Q2 of 2009 decreased 22.2% compared to the Q1 of 2009 from USD 4.5 million to USD 3.5 million.

Mr Vladimir Polin senior VP of Mechel said “From the very beginning of global financial and economic crisis we witness a power consumption decline that in the Q2 was further affected by overall seasonal decrease of power and heat energy consumption and generation. We work on costs reduction, fuel factor decrease and reaching of synergy between segments. In virtue of range of measures implemented in this area we managed to keep showing results that exceed average all Russian figures and the segment still demonstrates operating profit.”

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