Press release

6 May 2011

NLMK Group Q1 2011 RAS Financial Results

NLMK (LSE: NLMK) today announces its Q1 2011 Russian Accounting Standards (RAS) financial results for its major companies[1].

NLMK's major companies showed significant sequential improvement in their Q1 2011 financial performance. Novolipetsk (NLMK's Parent company) revenue was up 26% to RUR44.5 billion; its net profit increased 161% to RUR6.96 billion. These improvements were driven by higher sales and better market conditions. NLMK's subsidiaries experienced similar dynamics. At the same time, seasonal decline in demand for steel products prevented the Group from achieving quarter-on-quarter improvements.

In Q2, we expect further improvements in NLMK's financial and operating performance.

More detailed information on NLMK's main production site and its subsidiaries' Q1 2011 Russian Accounting Standards (RAS) financial results is presented below.

Note: *Russian Accounting Standards (RAS) accounting results differ materially from US GAAP accounting results and are not comparable to financial statements prepared in accordance with US GAAP. Reference should be made only to consolidated financial statements prepared in accordance with US GAAP for information with respect to NLMK Group's financial condition and results of operations to be published in June 2011.*

[1] *VIZ-Stal, Stoilensky, NSMMZ (key asset of our Long Products Division), Altai-Koks, NTK*

Q1 2011 RAS Financial Results for NLMK Group,
('000 RUR, except for percentages)

Novolipetsk (Main Production Site)

	Q1 2011	Q4 2010	Q1 2010	Change, % Q1 2011/ Q4 2010	Change, % Q1 2011/ Q1 2010
Revenue	44 498 123	50 110 978	35 261 641	-11.20%	26.19%
Gross profit	10 345 926	11 870 418	9 978 211	-12.84%	3.69%
Operating profit	5 648 334	6 268 294	5 087 636	-9.89%	11.02%
Net profit	6 962 482	4 194 502	2 659 440	65.99%	161.80%

VIZ-Stal

	Q1 2011	Q4 2010	Q1 2010	Change, % Q1 2011/ Q4 2010	Change, % Q1 2011/ Q1 2010
Revenue	2 266 190	2 624 802	1 901 604	-13.66%	19.17%
Gross profit	318 734	692 269	775 195	-53.96%	-58.88%
Operating profit	84 583	425 203	616 604	-80.11%	-86.28%
Net profit	47 195	305 142	440 074	-84.53%	-89.28%

Stoilensky

	Q1 2011	Q4 2010	Q1 2010	Change, % Q1 2011/ Q4 2010	Change, % Q1 2011/ Q1 2010
Revenue	8 299 087	7 270 024	4 301 169	14.15%	92.95%
Gross profit	6 057 811	5 115 115	2 349 149	18.43%	157.87%
Operating profit	5 729 454	4 808 819	2 105 958	19.14%	172.06%
Net profit	4 610 229	3 883 395	1 685 739	18.72%	173.48%

NSMMZ [2]

	Q1 2011	Q4 2010	Q1 2010	Change, % Q1 2011/ Q4 2010	Q1 2011/ Q1 2010
Revenue	8 787 521	8 792 003	4 137 352	-0.05%	112.39%
Gross profit	1 789 338	1 669 134	233 510	7.20%	x7.7
Operating profit	687 307	512 493	-177 571	34.11%	-
Net profit	-399 141	1 600 740	-1 246 313	-	-

[2] *NSMMZ is the key asset of NLMK's Long Products Division*

Altai-Koks

	Q1 2011	Q4 2010	Q1 2010	Change, % Q1 2011/ Q4 2010	Q1 2011/ Q1 2010
Revenue	8 988 115	8 637 989	5 796 053	4.05%	55.07%
Gross profit	2 122 515	2 086 365	1 249 070	1.73%	69.93%
Operating profit	1 577 201	1 687 972	944 541	-6.56%	66.98%
Net profit	1 246 311	1 243 035	730 110	0.26%	70.70%

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	Q1 2011	Q4 2010	Q1 2010	Change, % Q1 2011/ Q4 2010	Q1 2011/ Q1 2010
Revenue	4 935 597	5 354 125	1 661 036	-7.82%	197.14%
Gross profit	618 054	355 594	175 834	73.81%	251.50%
Operating profit	571 351	310 289	144 024	84.14%	296.71%
Net profit	436 961	301 306	105 882	45.02%	312.69%

Key Results

- **Novolipetsk: 26% sequential revenue growth**

Seasonal decline in demand for steel products from key consumers put pressure on the plant's quarter-on-quarter financial performance. Revenue was down 11% q-o-q due to lower sales. This decline mostly affected the sales of slabs, allowing us to improve our sales mix and maintain Q4 operating profit margins (+0.2 p.p. q-o-q).

Double-digit net profit growth (+66% q-o-q) was largely fuelled by the low base effect – in Q4 NLMK allocated its financial investment reserves.

The Company's year-on-year financial performance improved significantly. Higher steel prices, alongside the streamlined sales structure, drove revenue up 26%. Rising raw material prices and tariffs for the services of natural monopolies were the key factors behind contracting sales margins – Q1 gross profit was up 4 sequentially.

In Q2 we expect higher steel output and sales that will be reflected positively in the plant's financials.

- **Seasonally contracting margins for VIZ-Stal**

Transformer steel sales were down due to a delay in the recognition of export sales, resulting in a 14% q-o-q reduction in the Company's revenue in Q1. Lower average sales prices, impacted among other factors by the strengthening RUR, served as an additional factor for reduced revenue.

Alongside these factors, the seasonal decline in the Company's gross profit margins from 26% to 14% was driven by higher prices for the substrate supplied by Novolipetsk.

In Q2 we expect VIZ-Stal's operating and financial performance to improve due to higher sales and finished product prices.

VIZ-Stal's revenue was up 19% year-on-year due to increased sales.

- **Q1 2011 improved financials for Stoilensky**

Despite slightly lower sales, rising average iron ore prices drove Stoilensky's revenue up (+14% q-o-q).

Higher iron ore prices against a backdrop of stable cash costs were the key factors behind the Company's improved financials – operating profit and net profit grew by c.19% q-o-q.
Year-on-year improvements were driven both by higher sales and increased prices. Revenue was up 93%, and net profit – by 173%.

- **Improved operating performance for NSMMZ**

Despite the seasonal decline in demand from the construction industry, the Company managed to maintain stable sales in Q1, due mainly to increased HVA deliveries to the domestic market. This, alongside higher prices, supported q-o-q revenue stability.

With steel prices running ahead of scrap prices, the Company's Q1 financials improved – gross profit and operating profit were up 7% and 34% respectively.

In Q1 2011 NSMMZ posted net losses due to high debt leverage. Losses were down x3 year-on-year due to substantial improvements in operating performance.

- **Net profit up for Altai-Koks**

Altai-Koks' performance remained largely flat quarter-on-quarter. Revenue was up 4% due to higher selling prices and stable sales. A slight reduction in coke deliveries to Novolipetsk was offset by higher export sales.

Gross profit and operating profit were also in line with Q4 performance: gross profit was up 2%, while operating profit was down 7%, due to, among other factors, higher global prices for coking coal and increased transportation costs for export deliveries.

Net profit remained flat quarter-on-quarter.

Against Q1 2010, net profit grew 70%, driven by improved operating performance and higher coke prices.

- **Net profit up for NTK**

NTK's Q1 gross profit and operating profit increased, driven by higher shipping volumes using in-house rolling stock, as well as a larger number of third party clients brought in to improve the efficiency of in-house rolling stock management.

Active fleet expansion, higher shipping volumes and reduced costs associated with empty runs were the key factors behind NTK's improved Q1 financials.

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