

Press-release

15 April 2010

NLMK

NLMK Q1 2010 Trading Update

NLMK (Novolipetsk Steel) (LSE: NLMK) today announces the following regular trading update for Q1 2010.

NLMK Group: Q1 2010 Operating Highlights ¹

- Production Q1 2010*:

- Crude steel: 2.8 million tonnes (-6% quarter-on-quarter)
- Finished products: 2.8 million tonnes (-6% quarter-on-quarter)

- Sales Q1 2010:

- Finished products: 2.8 million tonnes (+1% quarter-on-quarter), including
 - Slabs: 1.0 million tonnes (+10% quarter-on-quarter)
 - Flat products: 1.3 million tonnes (+7% quarter-on-quarter)
 - Billets: 0.043 million tonnes (-48% quarter-on-quarter)
 - Long products: 0.254 million tonnes (+3.5% quarter-on-quarter)
 - Metalware: 0.048 million tonnes (+0.7% quarter-on-quarter)

Outlook

In Q2 2010 we expect steel production to increase quarter-on-quarter to 2.9 million tonnes. In Q2 2010 the Group's financial performance will be supported by growing steel prices in both the international and domestic markets, as well as recovering demand from the Russian steel consuming industries.

Disclaimer:

This announcement may contain a number of forward-looking statements relating to, among others, the financial condition and results of operations of the Company. Such forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by them and are based on assumptions regarding the Company's present and future business strategies and the environment in which the Company and its subsidiaries operate both now and in the future. Forward-looking statements speak only as at the date of this announcement and save as required by applicable legal and/or regulatory requirements the Company expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements.

* - For NLMK Group's and NLMK's (Lipetsk production site) steel production volumes please see the Appendix

NLMK Group:

NLMK Group Q1 2010 sales volumes²:

Million, t	Q1 2010	Q4 2009	Q1 2009	Q1 10 / Q4 09	Q1 10 / Q1 09
<i>Pig iron</i>	0.094	0.233	0.090	-59.6%	5.2%
<i>Slabs</i>	1.008	0.912	0.645	10.5%	56.3%
<i>Flats</i>	1.347	1.258	1.156	7.0%	16.5%
<i>Billets</i>	0.043	0.083	0.072	-48.2%	-40.4%
<i>Long products</i>	0.254	0.245	0.334	3.5%	-24.0%
<i>Metalware</i>	0.048	0.044	0.036	11.0%	34.7%
<i>Total sales products</i>	2.794	2.775	2.332	0.7%	19.8%

Main Production Site in Lipetsk

Lipetsk production site steel sales volumes in Q1 2010:

Million, t	Q1 2010	Q4 2009	Q1 2009	Q1 10 / Q4 09	Q1 10 / Q1 09
<i>Pig iron</i>	0.064	0.163	0.011	-60.6%	477.8%
<i>Slabs</i>	0.930	1.047	0.598	-11.2%	55.4%
<i>Hot-rolled steel³</i>	0.496	0.473	0.459	4.8%	8.1%
<i>Cold-rolled steel</i>	0.404	0.405	0.325	-0.3%	24.4%
<i>Hot-dip galvanized steel</i>	0.088	0.103	0.056	-14.2%	57.6%
<i>Pre-painted steel</i>	0.069	0.096	0.057	-27.8%	21.7%
<i>Dynamo steel</i>	0.044	0.047	0.041	-7.3%	7.0%
<i>Transformer steel</i>	0.009	0.010	0.012	-10.4%	-27.2%
<i>Total sales products</i>	2.103	2.343	1.559	-10.2%	35.0%

DanSteel A/S.

DanSteel A/S sales volumes in Q1 2010:

Million, t	Q1 2010	Q4 2009	Q1 2009	Q1 10 / Q4 09	Q1 10 / Q1 09
<i>Heavy plates</i>	0.067	0.052	0.072	28.8%	-7.3%

Beta Steel Corp

Beta Steel Corp. sales volumes in Q1 2010:

Million, t	Q1 2010	Q4 2009	Q1 2009	Q1 10 / Q4 09	Q1 10 / Q1 09
<i>Hot-rolled steel</i>	0.141	0.101	0.076	40.0%	86.6%
<i>Slabs</i>	0.016	0.010	0.000	62.6%	

VIZ-Stal

VIZ-Stal sales volumes in Q1 2010:

Million, t	Q1 2010	Q4 2009	Q1 2009	Q1 10 / Q4 09	Q1 10 / Q1 09
<i>Transformer steel</i>	0.026	0.038	0.010	-31.5%	152.0%

Stoilensky

Stoilensky sales volumes in Q1 2010:

Million, t	Q1 2010	Q4 2009	Q1 2009	Q1 10 / Q4 09	Q1 10 / Q1 09
<i>Iron ore concentrate</i>	2.935	2.941	2.235	-0.2%	31.3%
<i>Sinter ore</i>	0.383	0.510	0.329	-24.9%	16.4%

Altai-Koks

Altai-koks sales volumes in Q1 2010:

Million, t	Q1 2010	Q4 2009	Q1 2009	Q1 10 / Q4 09	Q1 10 / Q1 09
Coke (dry)	0.841	0.785	0.551	7.1%	52.7%

Long Products Division⁴ Companies

Q1 2010 sales volumes of the Long Products Division companies:

Million, t	Q1 2010	Q4 2009	Q1 2009	Q1 10 / Q4 09	Q1 10 / Q1 09
Billets	0.027	0.066	0.039	-59.0%	-29.9%
Rebar	0.197	0.169	0.204	16.5%	-3.4%
Wire rod	0.013	0.009	0.013	42.4%	0.6%
Metalware	0.048	0.044	0.036	11.0%	34.8%
Ferrous and nonferrous scrap⁵	0.407	0.602	0.224	-32.4%	81.3%

¹ Q1 2010 production and sales data is preliminary and subject to further update

² Excluding inter-group operations and including sales of trading companies

³ Including hot-rolled pickled steel

⁴ Long products sector includes the following companies: NSMMZ, BAMZ, UZPS and other scrap collecting facilities

⁵ Including sales of NSMMZ

MANAGEMENT COMMENTS

NLMK Group Operating Review

NLMK Group's steel production in Q1 2010 amounted to 2.8 million tonnes (-6% quarter-on-quarter) which is in line with the previously announced volume. The steelmaking facilities were running at approximately 92% capacity, including our main production site in Lipetsk, where utilization rate was 100%, and the Long products division companies which were running at about 60% capacity.

The Group's total steel product sales amounted to 2.8 million tonnes of steel which is flat quarter-on-quarter and 20% up year-on-year.

In Q1 the Lipetsk plant sales fell by 10% due to the seasonal decline in demand from the construction sector which was offset by sales growth at the Group's international assets. In the reporting period the demand from our traditional export regions including Europe, Middle East and South-East Asia remained strong (in particular for commoditized products such as slabs and HRC). Growing demand was coupled with steadily increasing steel prices. On the local market in spite of some seasonal decline in demand from our main consumers there are certain signs of the recovery in Q1 2010 mainly factored by the restocking started before the new construction season.

Q1 2010 slab sales to Duferco JV increased by 10% quarter-on-quarter to 441,000 tonnes representing approximately 48% of the total slab sales. In 2010 the Company plans to increase its deliveries to the JV to 1.9 million tonnes.

Main Production Site in Lipetsk

In Q1 2010 the production volume was largely flat quarter-on-quarter totaling 2.3 million tonnes of steel. Our steelmaking facilities were running at full capacity and our rolling facilities were almost fully utilized.

Total sales volumes in Q1 were about 2.1 million tonnes, a 10% decline quarter-on-quarter and 35% growth year-on-year concurrent with the ongoing recovery in demand.

The Company maintained a strong level of slab sales, with a 55% increase year-on-year and an 11% decrease compared to the record Q4 2009. However, the Company sequentially increased its sales of the product throughout the quarter delivering the bulk of its slabs to the EU, Asia and the Middle East. NLMK continued to increase its slab sales to the Group's and Duferco's JV rolling assets: deliveries to the Duferco JV increased by 12% and to DanSteel by 5% quarter-on-quarter.

In Q1 2010 the sales of hot-rolled and cold-rolled steel remained largely flat quarter-on-quarter which was mainly as a result of growing exports (primarily to Asian countries), coupled with a seasonal decline in demand on the domestic market.

Pre-painted steel sales in Q1 2010 (mostly delivered to local markets) decreased by almost 28% quarter-on-quarter mainly as a result of a seasonal decline in demand, showing at the same time a significant year-on-year improvement reflecting sequential growth throughout the quarter backed by the recovering demand from the construction sector.

Q1 2010 transformer and dynamo steel sales remained largely flat quarter-on-quarter.

DanSteel A/S

In Q1 2010, thick plate sales increased by 30% quarter-on-quarter driven by improving demand from the end-consumers, mainly from the windmill manufacturing industry.

DanSteel thick plate prices remained flat quarter-on-quarter. However we expect them to recover in Q2 2010.

Beta Steel Corp.

Overall slab production in the reporting period increased by 26% quarter-on-quarter (with facilities running at 83%). Growing steel production volumes supported an increase of hot-rolled steel output by 47% in Q1 2010.

Strong demand from the consumers allowed the company to increase Q1 2010 HRC sales by 40% quarter-on-quarter while slab sales increased by 63%.

In Q1 2010 product prices increased (6-8% growth quarter-on-quarter) which corresponds to the U.S market trend.

VIZ-Stal

In Q1 2010 transformer steel sales were down by 30% quarter-on-quarter. This decrease was mostly attributed to the technical delay in recognition of sale volumes (a major part of our March sales was dispatched under FOB terms and the recognition of the sales was delayed). An additional factor was a seasonal decline in demand in January and February.

However, positive year-on-year trends (+152%) indicate a certain stabilization of the global demand for the product.

Stoilensky

In Q1 2010, Stoilensky facilities were running at 100% capacity. Sales of iron ore concentrate and sinter ore totaled 2.9 million tonnes and 0.4 million tonnes respectively, remaining largely flat quarter-on-quarter.

Deliveries to the Lipetsk plant remained stable comprising about 98% of total sales. The reduction in local sinter ore sales resulted in lower volumes of sinter ore sales in Q1 2010 compared to the previous quarter.

Altai-koks

The average run rate in Q1 amounted to 79%. Stable sales to the local market and growing demand from export markets allowed increasing coke output by 6% quarter-on-quarter.

Given the favourable conditions on the local and export markets, the company increased its coke sales by 7%.

Growing demand for coke, as well as high coking coal prices were the main factors behind prices growth in Q1 2010.

Long Products Division

In Q1 2010 the total sales of the division remained nearly flat quarter-on-quarter. High-value added product sales increased gradually throughout the quarter due to the growing demand on the local market. Wire rod and metalware sales increased by 42% and 11% respectively, and rebar sales increased by 16.5%. Seasonally lowered demand for billets resulted in a 59% decline of the product sales.

Our increased sales to the local market reflected consumer restocking before the start of the construction season, as well as the somewhat stabilizing demand from the construction sector.

Main product prices increased insignificantly for both local and export sales which is in line with the overall market trend.

In Q1 2010 scrap sales fell due to lower scrap collection in the winter period and weak consumer demand.

Outlook

We believe that Q1 2010 revenue will total about USD1.65 billion, and the EBITDA margin will be in the range of 20-25%.

In Q2 2010 we expect some further recovery of demand on the steel market. The ongoing growth of developing countries and stabilization of developed economies support high demand for steel. Growing steel prices, among other factors driven by increased production costs due to higher global raw material prices, allow NLMK to maintain its competitiveness supported by a high level of vertical integration and balanced product mix.

On the local market we also expect the prices to grow driven by global market trends and growing consumer demand.

Our Q2 2010 financial performance is expected to show an improvement over Q1 2010.

For more information:

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Appendix

NLMK Group Q1 2010 Production Volumes⁶:

Million, t	Q1 2010	Q4 2009	Q1 2009	Q1 10 / Q4 09	Q1 10 / Q1 09
Pig iron	2.320	2.374	1.551	-2.3%	49.5%
Crude steel	2.716	2.886	2.135	-5.9%	27.2%
Commercial pig iron	0.133	0.170	0.011	-22.2%	1096.5%
Commercial slabs	0.875	1.019	0.609	-14.2%	43.6%
Flats	1.438	1.300	1.132	10.6%	27.1%
Billets	0.000	0.076	0.044	-99.5%	-99.1%
Long products	0.224	0.273	0.288	-17.9%	-22.1%
Metalware	0.048	0.043	0.037	12.1%	31.9%
Total production	2.719	2.883	2.121	-5.7%	28.2%

NLMK (Lipetsk Production Site) Steel Production Volumes in Q1 2010:

Million, t	Q1 2010	Q4 2009	Q1 2009	Q1 10 / Q4 09	Q1 10 / Q1 09
Pig iron	2.320	2.374	1.551	-2%	49.5%
Steel	2.312	2.352	1.674	-2%	38.1%
Slabs	0.942	1.084	0.653	-13%	44.4%
Hot-rolled steel⁷	0.535	0.493	0.493	9%	8.6%
Cold-rolled steel	0.416	0.400	0.315	4%	31.9%
Hot-dip galvanized steel	0.115	0.113	0.061	2%	88.7%
Pre-painted steel	0.083	0.094	0.060	-12%	38.7%
Dynamo steel	0.051	0.047	0.043	8%	18.9%
Transformer steel	0.009	0.010	0.011	-9%	-18.9%

⁶Excluding inter-group operations⁷Including hot-rolled pickled steel