



NLMK Q4 2009 Trading Update

NLMK (Novolipetsk Steel) (LSE: NLMK) today announces the following regular trading update for Q4 2009.

NLMK Group: FY2009 and Q4 2009 operating highlights ¹

- Production FY2009^{2*}

- Crude steel: 10.6 million tonnes (+1% year-on-year)
- Finished products: 10.6 million tonnes (-0.3% year-on-year)

- Production Q4 2009*

- Crude steel: 2.9 million tonnes (-2% quarter-on-quarter)
- Finished products: 2.9 million tonnes (-3% quarter-on-quarter)

- Sales FY2009

- Salable products: 10.6 million tonnes (+3% year-on-year), including

- Sales Q4 2009

- Salable products: 2.8 million tonnes (-12% quarter-on-quarter), including
 - Slabs: 0.9 million tonnes (-14% quarter-on-quarter)
 - Flat products: 1.3 million tonnes (-10% quarter-on-quarter)
 - Billets: 0.08 million tonnes (+37% quarter-on-quarter)
 - Long products: 0.3 million tonnes (-26% quarter-on-quarter)
 - Metalware: 0.04 million tonnes (-25% quarter-on-quarter)

Outlook

In Q1 2010 we expect that steel production will amount to 2.8 million tonnes remaining flat quarter-on-quarter.

In Q1 2010 the Group's financial performance will be supported by growing steel prices on both the international and domestic markets.

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

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.

Novolipetsk Steel

Investor relations

18 Bakhrushina ul., bldg 1
115054, Moscow
Russia

Tel: +7 495 9151575
Fax: +7 495 9157904
Email: info@nlmk.msk.ru
www.nlmk.com

NLMK Group:NLMK Group Q4 2009 sales volumes²:

Million, t	Q4 2009	Q3 2009	Q4 09 / Q3 09	Q4 2008	Q4 09 / Q4 08	2009	2008	2009 / 2008
Pig Iron	0.233	0.221	5.3%	0.048	381.7%	0.559	0.616	-9.3%
Slabs	0.912	1.063	-14.2%	0.764	19.4%	3.443	3.108	10.8%
Flats	1.262	1.409	-10.4%	0.760	66.0%	4.922	4.769	3.2%
Billets	0.082	0.060	36.7%	0.110	-25.0%	0.271	0.541	-49.8%
Long products	0.271	0.364	-25.7%	0.168	61.1%	1.228	1.090	12.7%
Metalware	0.043	0.058	-25.3%	0.032	34.3%	0.187	0.145	28.8%
Total sales products	2.804	3.175	-11.7%	1.882	48.9%	10.611	10.270	3.3%

Main production site in Lipetsk

Lipetsk production site steel sales volumes in Q4 2009:

Million, t	Q4 2009	Q3 2009	Q4 09 / Q3 09	Q4 2008	Q4 09 / Q4 08	2009	2008	2009 / 2008
Pig Iron	0.163	0.229	-29.0%	0.062	163.4%	0.503	0.636	-20.9%
Slabs	1.047	1.073	-2.4%	0.776	34.9%	3.625	3.511	3.2%
Hot-rolled steel³	0.473	0.564	-16.1%	0.217	117.7%	1.933	1.594	21.3%
Cold-rolled steel	0.405	0.454	-10.8%	0.237	70.7%	1.515	1.435	5.6%
Hot-dip galvanized steel	0.103	0.107	-4.5%	0.082	24.4%	0.325	0.423	-23.0%
Pre-painted steel	0.096	0.097	-0.7%	0.061	57.9%	0.331	0.340	-2.7%
Dynamo steel	0.047	0.042	11.2%	0.051	-8.1%	0.160	0.315	-49.3%
Transformer steel	0.010	0.004	154.1%	0.037	-73.0%	0.032	0.160	-80.2%
Total sales products	2.343	2.570	-8.8%	1.524	53.8%	8.424	8.412	0.1%

DanSteel A/S.

DanSteel A/S sales volumes in Q4 2009:

Million, t	Q4 2009	Q3 2009	Q4 09 / Q3 09	Q4 2008	Q4 09 / Q4 08	2009	2008	2009 / 2008
<i>Thick plates</i>	0.052	0.045	15.6%	0.110	-53.0%	0.219	0.504	-56.5%

Beta Steel Corp⁴

Beta Steel Corp. sales volumes in Q4 2009:

Million. t	Q4 2009	Q3 2009	Q4 09 / Q3 09	Q4 2008	Q4 09 / Q4 08	2009	2008	2009 / 2008
<i>Hot-rolled steel</i>	0.101	0.128	-21.3%	0.017	503.3%	0.367	0.408	-10.1%
<i>Slabs</i>	0.010	0.014	-28.7%	0.000		0.024	0.000	

VIZ-Stal

VIZ-Stal sales volumes in Q4 2009:

Million, t	Q4 2009	Q3 2009	Q4 09 / Q3 09	Q4 2008	Q4 09 / Q4 08	2009	2008	2009 / 2008
<i>Transformer steel</i>	0.038	0.036	6.4%	0.042	-10.1%	0.101	0.183	-44.9%

Stoilensky

Stoilensky sales volumes in Q4 2009:

Million, t	Q4 2009	Q3 2009	Q4 09 / Q3 09	Q4 2008	Q4 09 / Q4 08	2009	2008	2009 / 2008
<i>Iron ore concentrate</i>	2.941	2.927	0.5%	1.833	60.4%	11.875	10.592	12.1%
<i>Sinter ore</i>	0.510	0.545	-6.4%	0.147	246.9%	1.996	1.299	53.7%

Altai-koks

Altai-koks sales volumes in Q4 2009:

Million, t	Q4 2009	Q3 2009	Q4 09 / Q3 09	Q4 2008	Q4 09 / Q4 08	2009	2008	2009 / 2008
<i>Coke (dry)</i>	0.785	0.877	-10.4%	0.551	42.4%	3.043	3.249	-6.4%

Long products division companies⁵

Q4 2009 sales volumes of the companies entering the Long products division:

Million, t	Q4 2009	Q3 2009	Q4 09 / Q3 09	Q4 2008	Q4 09 / Q4 08	2009	2008	2009 / 2008
Billets	0.067	0.069	-3.6%	0.077	-13.0%	0.240	0.541	-55.7%
Rebar	0.179	0.288	-37.9%	0.199	-10.4%	0.902	0.977	-7.6%
Wire rod	0.049	0.078	-37.7%	0.047	3.6%	0.217	0.204	6.5%
Metalware	0.043	0.058	-25.3%	0.032	34.3%	0.187	0.145	28.5%
Ferrous and nonferrous scrap⁶	0.610	0.899	-32.1%	0.497	22.7%	2.446	2.703	-9.5%

¹ Q4 2009 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 Beta Steel was consolidated since November 2008. Beta Steel sales given for the 12M 2008 for comparison purposes

⁵ Long products sector includes the following companies: NSMMZ, BEMZ, UZPS and scrap collecting facilities

⁶ Including sales of NSMMZ

MANAGEMENT COMMENTS**NLMK Group Operating Review***2009 review*

NLMK Group's steel production in 2009 amounted to 10.6 million tonnes which corresponds to 2008 production levels. The Group was able to maintain high production volumes in the post-crisis period primarily due to the timely launching of the blast furnaces that were stopped in 2008 and consolidating BetaSteel Corp as part of the NMLK Group. In Q3 2009 NLMK managed to exceed pre-crisis steel production volumes mainly due to low production costs and an active sales policy pursuing profit maximization. The overall utilization rate of Group's steelmaking operations reached 93% in 2009.

Q4 2009 review

In Q4 2009 the Group produced 2.9 million tonnes of steel representing a sequential decline of 2% which is in line with the previously planned volume. The production facilities were run at approximately 87% capacity, including our main production site in Lipetsk, where utilization rate reached 99%, and the Long products division operations, where utilization rate grew to 73%.

The Group's total steel product sales amounted to 2.8 million tonnes, a 12% decrease quarter-on-quarter and a 49% increase year-on-year. Improved results compared to the last year are due to low sales volumes in Q4 2008 caused by the weak steel market conditions.

Q4 2009 slab sales to Duferco JV companies increased by 17% quarter-on-quarter representing approximately 38% of the total slab sales. In 2009 our sales to Duferco JV companies totaled over 1,214,000 tonnes of slabs.

The main factors influencing the sales dynamics in Q4 included both active deliveries in Q3 2009, some of which had an impact on Q4 according to the production/sales cycle, and the regular seasonal decline in demand for steel products.

Our sales geography remained largely unchanged from Q3 2009. In Q4 2009 the company's domestic sales reached 28%. Sales to Europe grew modestly as a result of an increased level of supplies to European assets of Duferco JV. Sales to South East Asia were lower quarter-on-quarter.

Main production site in Lipetsk*Main site in Lipetsk*

Despite challenging market conditions, steel production in 2009 remained unchanged from the previous year level. Average run rates over the year amounted to 93%, which is lower than usual due to the temporary stoppage of furnaces at the end of the last year.

In Q4 2009 production in Lipetsk grew to 2.4 million tonnes, a 2% increase quarter-on-quarter.

In Q4 2009, sales volumes reached 2.8 million tonnes, a 9% decrease quarter-on-quarter due to the seasonal decline of demand from final customers. However, Q4 2009 sales volumes increased 54% year-on-year.

There were no significant changes in our sales structure compared to Q3 2009.

Demand for flat products (and pre-painted steel in particular) on the domestic market remains stable which is partially attributable to the traders' intentions to replenish steel stock before the next season.

Transformer steel sales growth in Q4 2009 is primarily driven by launching production facilities stopped for repair at Lipetsk plant in April 2009. Despite the restored production, the total run rate of the transformer steel line is relatively low due to weak market activity.

Favourable market conditions on international markets allowed maintaining high level of slabs, hot-rolled and cold-rolled deliveries to the export market. Q4 2009 export sales represented 75% of total volumes.

DanSteel A/S

DanSteel A/S

In 2009 reduced demand for thick plates resulted in a 57% decrease in production and sales volumes year-on-year. Though, demand and stock began to restore gradually starting from Q3 2009.

Following annual repair activities in Q3 2009, thick plate production increased by 48% and reached 53,000 tonnes in Q4 2009.

Demand remains lower than historical rates. However, partial market recovery allowed the company to increase Q4 sales by 16% quarter-on-quarter.

Q4 2009 prices for thick plates sequentially decreased by 2%.

Beta Steel Corp.

Beta Steel Corp.

Steel production in 2009 amounted to 378,000 tonnes, a 13% decrease year-on-year.

The 21% quarter-on-quarter decrease in sales reflected the seasonal decline in demand and totaled 101,000 tonnes.

Prices for hot-rolled steel demonstrated a sequential increase of 10% in Q4 2009.

VIZ-Stal

VIZ-Stal

Excessive transformer steel stock in the world at the beginning of 2009 resulted in reduced production and sales.

In 2009 Transformer steel production decreased 46% year-on-year.

Transformer steel sales in Q4 reached 38,000 tonnes, which is in line with the previous quarter volume (a 6% increase). Stable demand in H2 2009 allowed the company to increase its sales by 165% compared to H1 2009 sales. In Q4 the utilization rate reached 76%. Exports represented approximately 80% of total sales portfolio.

Market conditions and lower USD/RUR FX rate contributed to price decline of 12% in Q4 2009.

Stoilensky

Stoilensky

Throughout 2009 iron ore production dynamics largely corresponded to the Lipetsk production site run rate. Total iron ore concentrate and sinter ore production in 2009 decreased 4% year-on-year.

In Q4 2009, sales of iron ore concentrate and sinter ore were 2.9 million tonnes and 0.5 million tonnes respectively, which corresponds to the previous quarter level. In Q4 2009 third party sales totaled 134,000 tonnes.

Altai-koks

Altai-koks

In 2009 total coke sales reduced by 6% to 3.043 million tonnes. An insignificant quarter-on-quarter decrease in coke production and sales (-10%) was driven mainly by a seasonal decline in demand.

Long products division

*Long products
division*

In 2009 steel production decreased to 1.7 million tonnes (-11% year-on-year), largely due to slow activity in the construction sector. H1 2009 saw the most significant decrease, when sales fell 30% year-on-year. However, demand picked up in H2 2009, lifting sales.

In Q4 2009 steel production reduced to 0.4 million tonnes (-15%) due to the seasonal

decline in demand.

The seasonal decline in demand from the construction sector on the domestic market resulted in a weaker pricing environment and a decrease in the share of high value added products, such as wire rod and metalware, by 38% and 25% respectively. Seasonal decline in demand from the construction sector and trading companies also led to lower rebar sales by 38% (179,000 tonnes).

Exports accounted for approximately 32% of total Q4 2009 sales of our Long products division. Conducive export market conditions allowed the company to preserve billet sales at almost the same level quarter-on-quarter (67,000 tonnes in Q4 2009).

The fall in scrap sales in Q4 2009 is related to lower scrap collection in the winter period.

Prices on main products fell insignificantly, from 2% to 7%. Billet prices grew by 6% driven by relatively high demand on export markets.

Outlook

Outlook

We believe that Q4 2009 revenue will preliminarily increase over USD1.7 billion, and the EBITDA margin will be in the range of 25-30%.

In Q1 2010 we expect an insignificant reduction in production and sales volumes driven mostly by a seasonal decline in demand. Within the period of low demand the Group companies will perform repair works at main production facilities.

Q1 2010 financial performance will be driven by positive steel price dynamics both on the international and domestic markets.

For more information:

NLMK

Investor Relations

+7 (495) 915-1575

e-mail: info@nlmk.msk.ru

Appendix

NLMK Group Q4 2009 production volumes⁷:

Million, t	Q4 2009	Q3 2009	Q4 09 / Q3 09	Q4 2008	Q4 09 / Q4 08	2009	2008	2009 / 2008
Pig Iron	2.374	2.384	-0.4%	1.367	73.7%	8.476	8.408	0.8%
Slabs	2.886	2.940	-1.8%	1.756	64.4%	10.614	10.500	1.1%
Commercial pig iron	0.170	0.229	-25.7%	0.062	175.8%	0.510	0.636	-19.7%
Commercial slabs	1.019	0.878	16.1%	0.482	111.5%	3.420	3.093	10.6%
Flats	1.311	1.411	-7.1%	0.862	52.0%	5.020	5.005	0.3%
Billets	0.075	0.064	17.0%	0.071	6.0%	0.268	0.542	-50.6%
Long products	0.273	0.338	-19.2%	0.232	17.7%	1.176	1.196	-1.6%
Metalware	0.043	0.061	-29.5%	0.033	29.9%	0.190	0.146	30.1%
Total production	2.892	2.982	-3.0%	1.742	66.0%	10.583	10.617	-0.3%

NLMK (Lipetsk production site) steel production volumes in Q4 2009:

Million, t	Q4 2009	Q3 2009	Q4 09 / Q3 09	Q4 2008	Q4 09 / Q4 08	2009	2008	2009 / 2008
Pig Iron	2.374	2.384	-0.4%	1.367	73.7%	8.476	8.408	0.8%
Steel	2.352	2.295	2.5%	1.373	71.3%	8.507	8.514	-0.1%
Slabs	1.084	0.908	19.4%	0.591	83.3%	3.598	3.612	-0.4%
Hot-rolled steel⁸	0.493	0.561	-12.2%	0.261	88.5%	2.023	1.719	17.7%
Cold-rolled steel	0.410	0.438	-6.4%	0.249	64.5%	1.546	1.494	3.5%
Hot-dip galvanized steel	0.113	0.112	0.6%	0.088	27.5%	0.350	0.450	-22.2%
Pre-painted steel	0.094	0.093	1.7%	0.066	41.8%	0.333	0.357	-6.7%
Dynamo steel	0.047	0.042	12.9%	0.045	6.0%	0.162	0.318	-49.2%
Transformer steel	0.010	0.004	165.6%	0.038	-74.1%	0.029	0.163	-82.5%

⁷ Excluding inter-group operations

⁸ Including hot-rolled pickled steel