

# NLMK

## **Q4 2013 AND 12M 2013 US GAAP CONSOLIDATED RESULTS**



Moscow, 27 March 2014

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# INTERNATIONAL STEEL MARKET

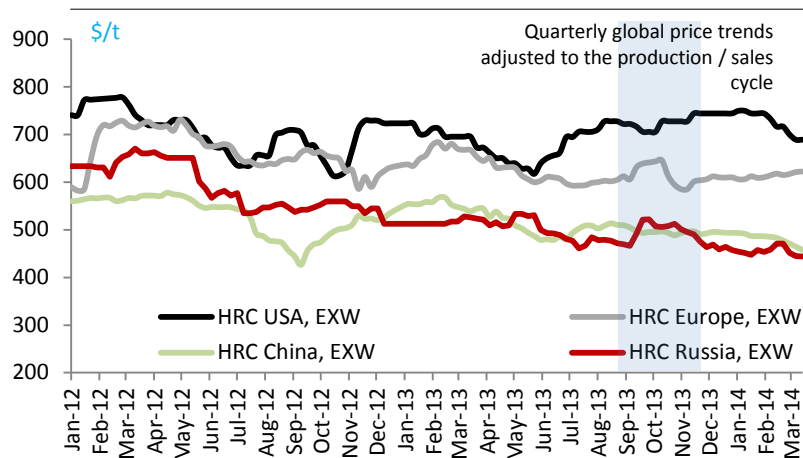
## DEMAND AND SUPPLY

- Global steel consumption in 2013: 1,481 m t, +3.6% yoy\*
- Capacity utilization in 2013: 78%, + 2 p.p. yoy
  - China: production growth +7.5% yoy, utilization rate >80%
- Seasonally lower demand in Q4'13
- In the USA and Europe, steel inventories are lower than the historical average over the last 5 years

## PRICES

- Steel prices went down on average by 6% yoy in 2013
- Differently directed price trends in Q4
  - Seasonal decline in Russia and Europe
  - Continued prices growth in the USA (+3% qoq)

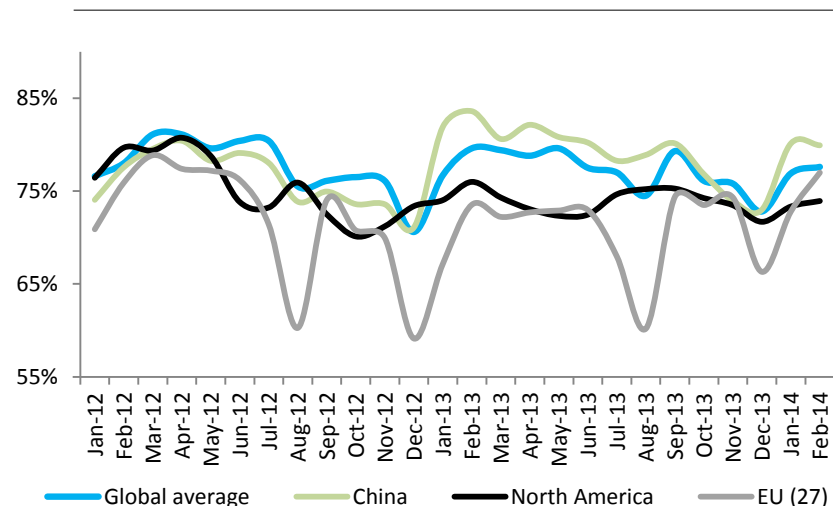
### PRICES FOR HOT-ROLLED COILS



Source: Metal Bulletin

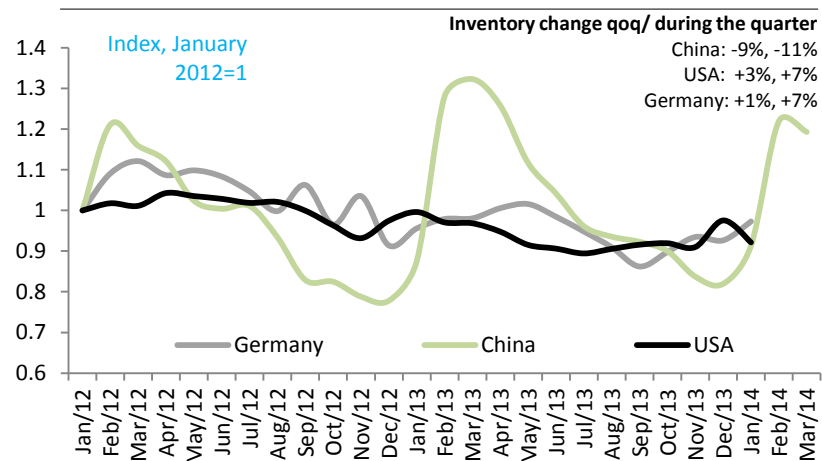
\* hereinafter yoy changes are 12M'13 vs. 12M'12, qoq changes Q4'13 vs. Q3'13

### STEELMAKING CAPACITY UTILIZATION



Source: World Steel Association

### STEEL PRODUCT INVENTORIES



Sources: CRU, Bloomberg (Steelhome, Metals Service Center Inst.)

# RUSSIAN STEEL MARKET

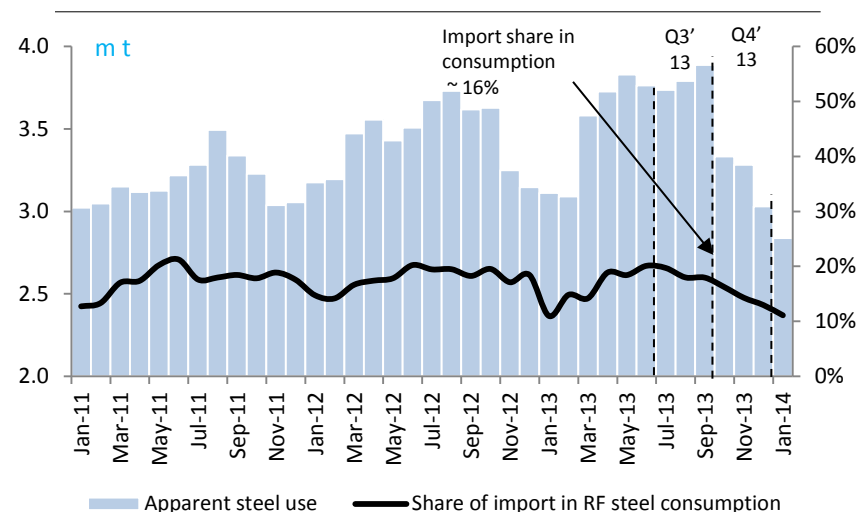
## DEMAND AND SUPPLY

- In 2013, finished rolled steel (flat and long) consumption went up by 3% to 41.5 m t
  - Construction sector demand increased by 2 m t (+8% yoy)
- Crude steel output went down by 1.5% to 69.4 m t
- Significant share of import (16%) in 2013 steel consumption
  - Long steel import went up by 12% to 3.3 m t
  - Flat steel import went down by 11% to 3.6 m t
- Seasonally lower demand in Q4'13

## PRICES

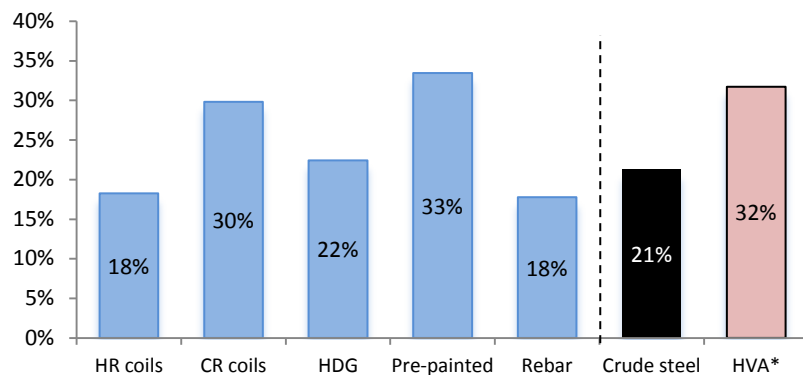
- In 2013, steel prices declined by ~10% yoy
- In Q4'13, prices for flat steel were relatively stable, prices for long steel went down by 7-8% qoq

## STEEL CONSUMPTION TREND



Source: Metal Expert

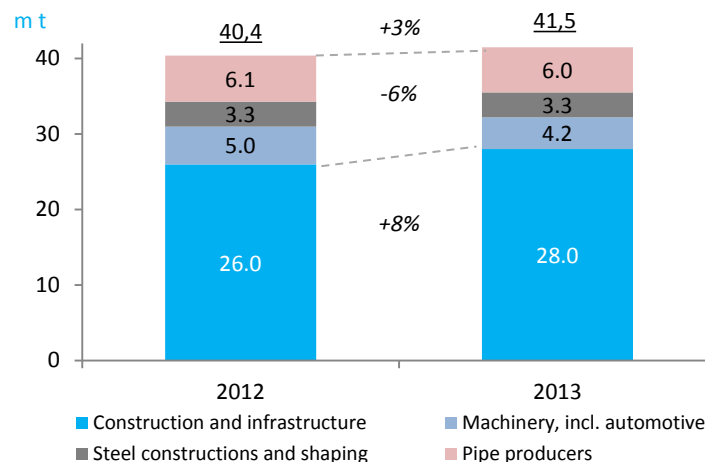
## NLMK'S SHARE IN RUSSIAN STEEL AND STEEL PRODUCT OUTPUT, 2013



Source: Metal Expert

\* High value added (HVA) Flat Steel: CR coils, coated, electrical steel

## STEEL DEMAND BY SECTOR IN RUSSIA



Source: Metal Expert

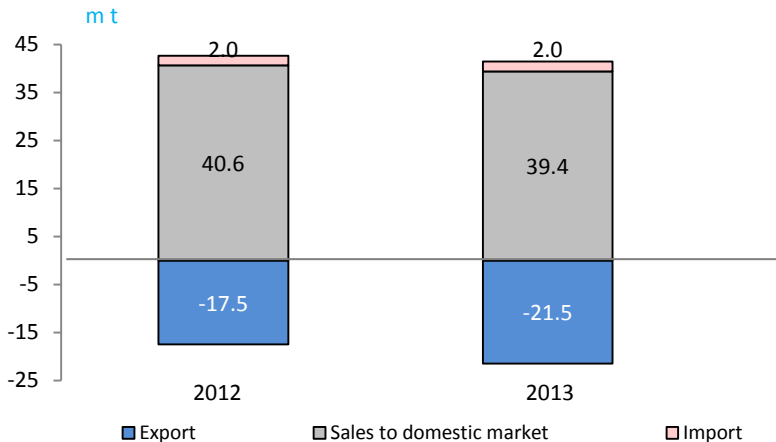
# RAW MATERIALS MARKET

## PRICES AND DEMAND IN INTERNATIONAL MARKETS

- 2013 average prices vs 2012:
  - Iron ore prices in China: +3% yoy. Demand for iron ore remained high: import to China went up by 10% yoy in 2013
  - Prices for coking coal and scrap: -24% yoy and -6% yoy, respectively
- In Q4 2013:
  - Average prices for iron ore of \$135/t CFR China supported steel prices
  - Prices for coking coal went down by 6% qoq due to weakened demand from China

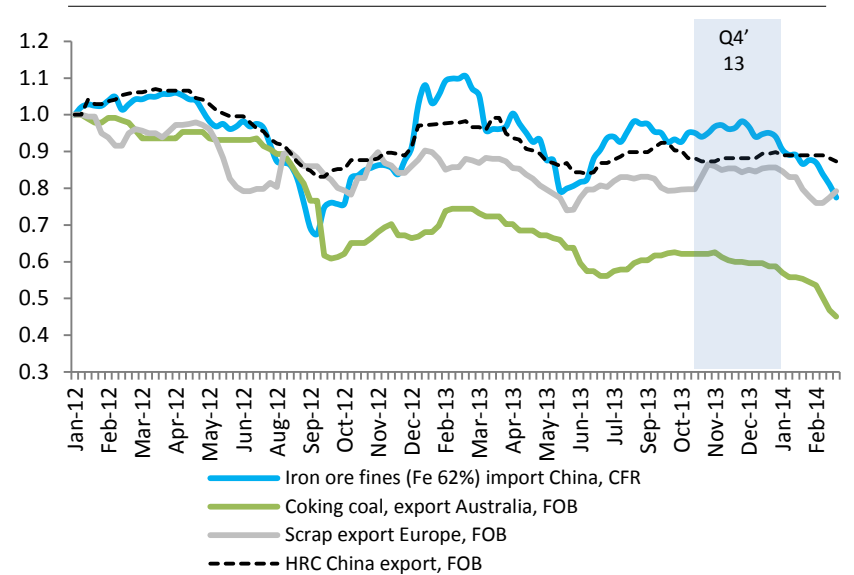
## RAW MATERIALS MARKET IN RUSSIA REMAINS OVERSUPPLIED

### RUSSIA: RAW MATERIALS MARKET BALANCE



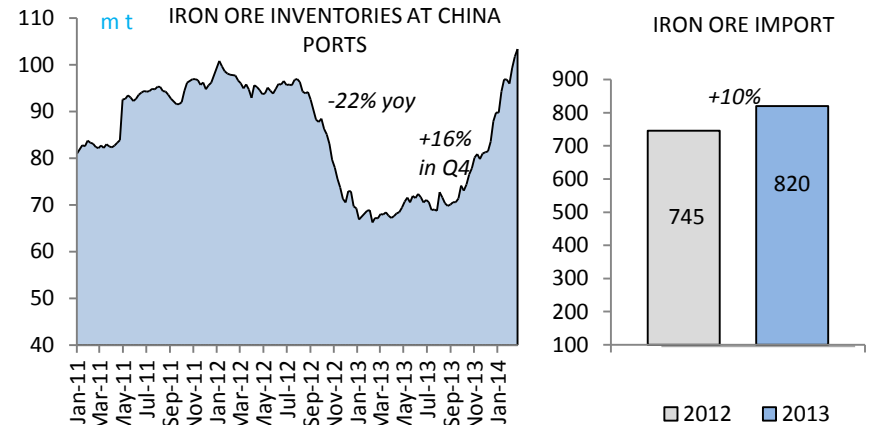
Source: Metal Expert

### GLOBAL RAW MATERIAL PRICES



Source: Metal Bulletin

### CHINA: IRON IMPORT AND INVENTORIES



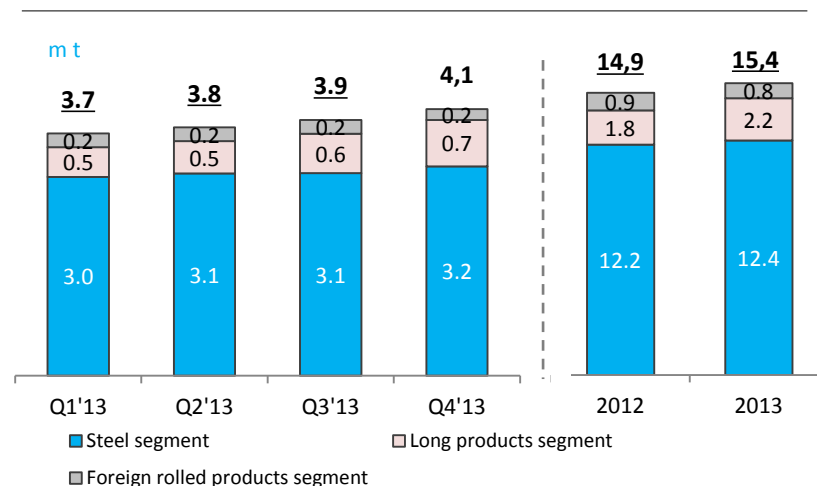
Source: Bloomberg

# PRODUCTION RESULTS

## HIGH CAPACITY UTILIZATION RATES

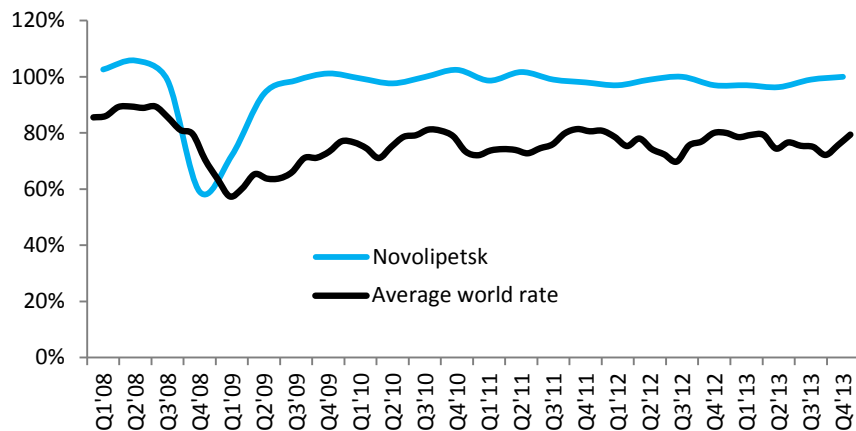
- Steel production in 2013: 15.4 m t (+3% yoy)
  - NLMK Kaluga: 0.4 m t
- Steel production in Q4'13: 4.1 m t (+5% qoq)
  - NLMK Kaluga: 0.2 m t (+166% qoq)
- Steelmaking capacities utilization rate in Q4'13: 96%
  - Novolipetsk: 100%
  - NLMK Long Products (incl. NLMK Kaluga): 87%
  - NLMK Indiana: 85%

## NLMK: STEEL PRODUCTION\*

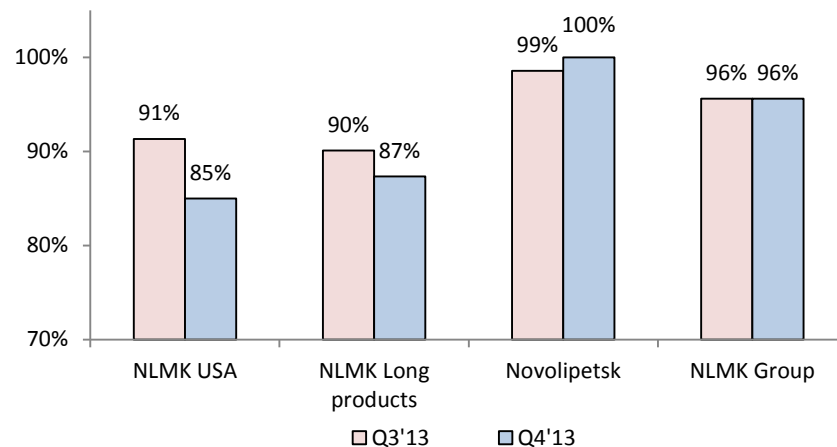


\* excluding NLMK Verona output in Q4'13

## STEELMAKING CAPACITY UTILIZATION



## NLMK: STEELMAKING CAPACITY UTILIZATION



Source: global capacity utilization rate according to WSA

# SALES GEOGRAPHY

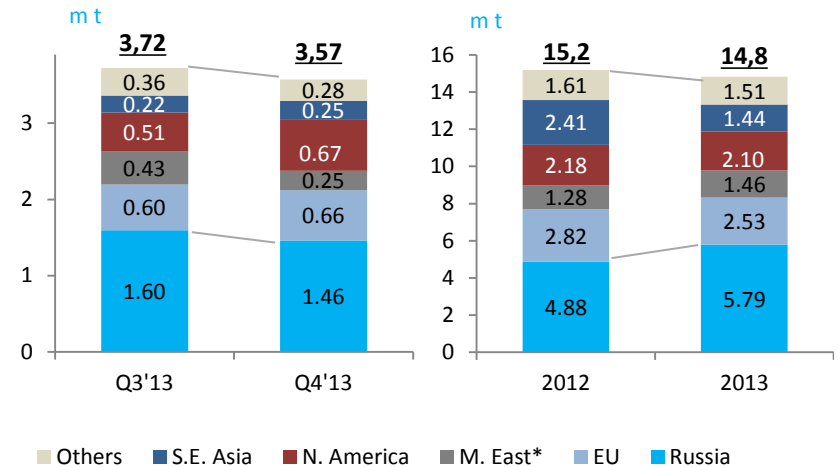
## 2013 SALES TOTALED 14.831 M T (-2% YOY)

- Sales to the Russian market went up to 5.788 m t (+19% yoy)
  - Flat steel and slabs: 3.767 m t (+17% yoy)
  - Long products and billets: 1.994 m t (+22% yoy)
- International sales declined to 9.043 m t (-12% yoy)

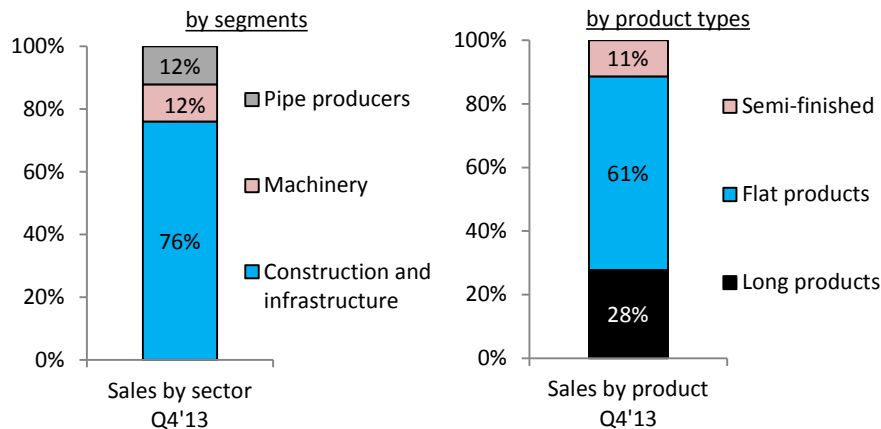
## SALES IN Q4'13 TOTALED 3.571 M T (-4% QOQ)

- Seasonal decline in sales to the Russian market to 1.46 m t (-9% qoq)
  - Flat steel sales 0.765 m t (-15% qoq)
  - Finished steel stocks created for upcoming seasonal demand growth in Q1-Q2 2014
- Stable sales to the international markets: 2.11 m t (-1% qoq)

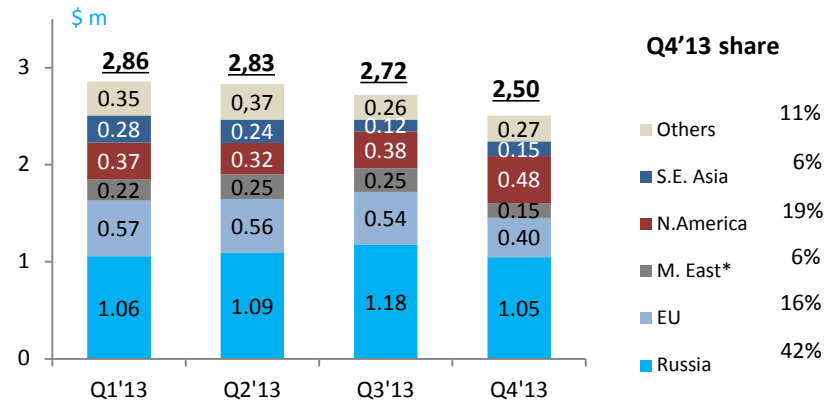
## STEEL SALES BY REGION



## NLMK SALES TO THE RUSSIAN MARKET



## REVENUE BY REGION



### Q4'13 share

Others	11%
S.E. Asia	6%
N. America	19%
M. East*	6%
EU	16%
Russia	42%

\* Middle East incl. Turkey

# SALES STRUCTURE

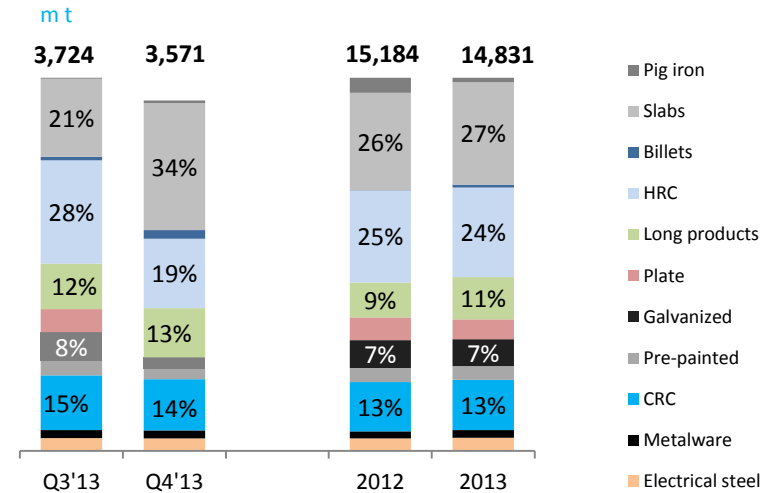
## 12M '13: HIGHER SHARE OF HVA

- Share of finished steel in total sales: 71% (+1 p.p. yoy)
  - sales of long products +18% yoy following the launch of NLMK Kaluga
- Sales of pig iron went down to 0.17 m t (-73% yoy)
- Sales of thick plates: equipment upgrade at NLMK Dansteel during 2013 and NBH deconsolidation in Q4'13

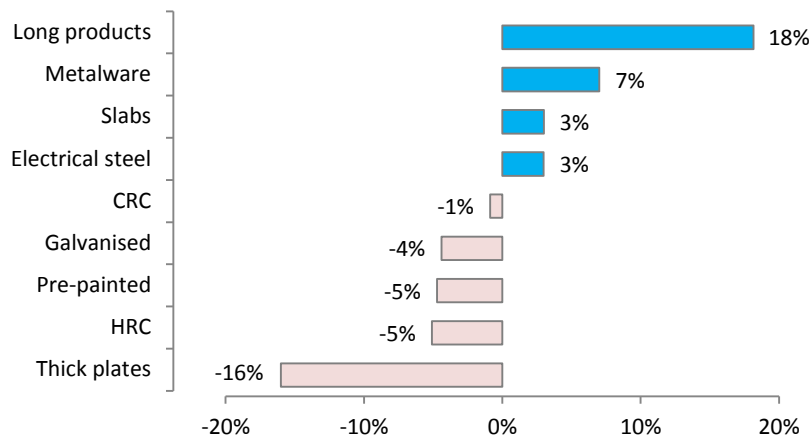
## Q4'13: DECONSOLIDATION OF NBH RESULTS

- Slab sales increased by 57% qoq
- Finished steel sales decreased by 23% qoq
- Finished steel share: 63% (-15 p.p.)

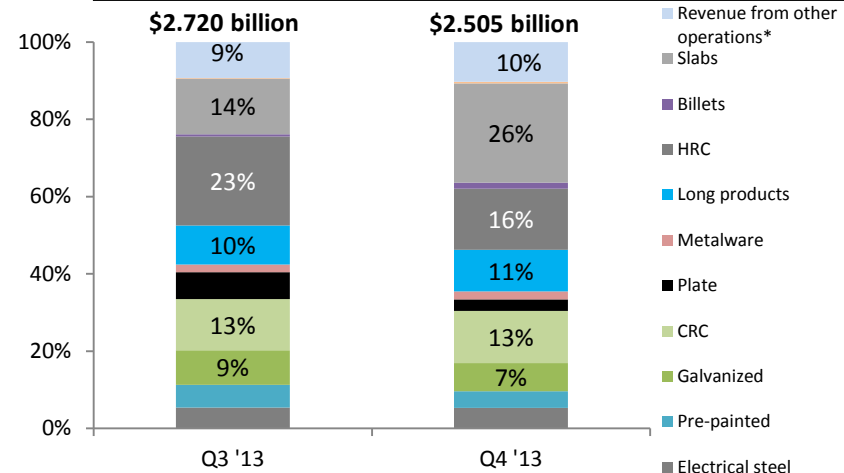
## SALES BY PRODUCT



## CHANGE IN SALES BY PRODUCT 2013/2012



## REVENUE BY PRODUCT



\* Note: Revenue from other operations includes revenues from sales of iron ore, coke, scrap and others



# NLMK PRODUCTION SYSTEM

## EFFICIENCY IMPROVEMENT PROGRAM FOR NLMK GROUP COMPANIES

### NLMK PRODUCTION SYSTEM DEVELOPMENT

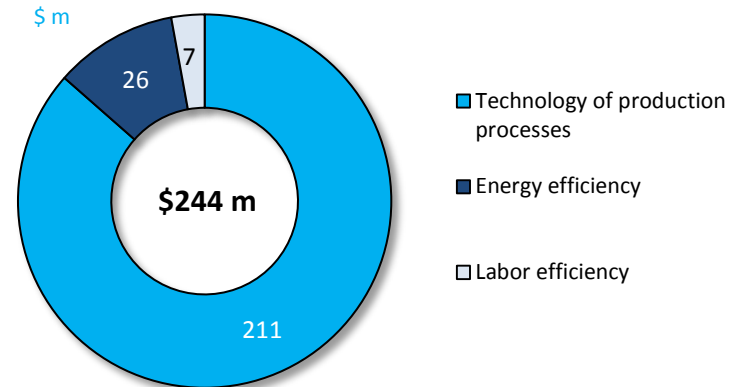
- Roll-out at all divisions, sites and production processes
- Covers process technology, equipment and practices
- Clear cost, productivity and quality targets
- Continuous process monitoring and control
- Lean manufacturing tools
- Incentivizing and engaging personnel

### MANAGEMENT SYSTEM SUPPORT

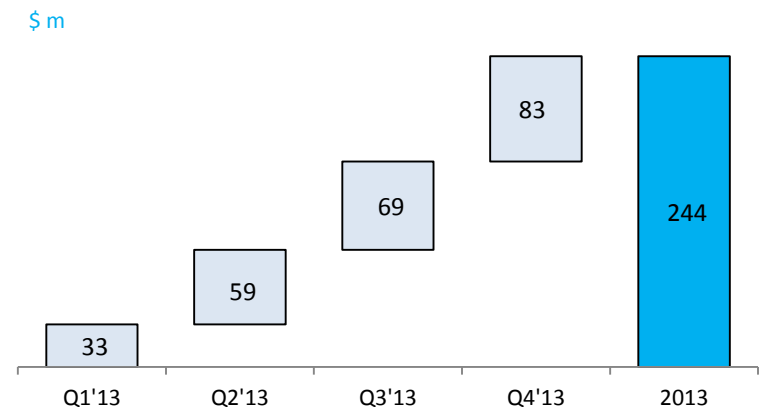
- Financial controls
- Management by objectives and incentive systems

### STRUCTURAL SAVINGS IN 2013: \$244 MPA

### STRUCTURAL EFFECT ON COSTS IN 2013\*



### STRUCTURAL EFFECT ON COSTS IN 2013\*



\*To 2012 level. Including \$12 m of savings at NBH

# KEY HIGHLIGHTS

## 2013 FINANCIAL RESULTS

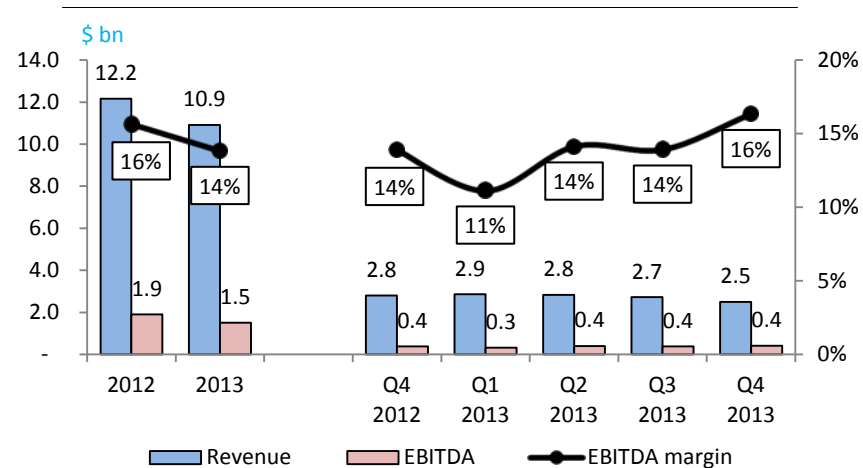
- Revenue \$10,909 m (-10% yoy)
- EBITDA \$1,505 m (-21% yoy)
- EBITDA margin 13.8% (-1.8 p.p.)
- Operating cash flow\* \$1,219 m (-33% yoy)
- Investments\*\* \$756 m (-48% yoy)
- Net income \$189 m (-68% yoy)
- Net debt \*\*\* \$2,702 m
- Net debt/12M EBITDA\*\*\* 1.8x

## FINANCIAL RESULTS Q4'13

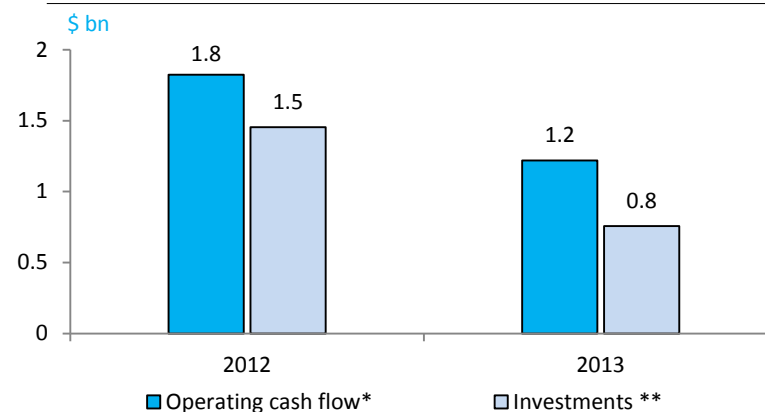
- Revenue \$2,505 m (-8% qoq)
- EBITDA \$409 m (+8% qoq)
- EBITDA margin 16.3% (+2.4 p.p.)

\* Operating cash flow before net interest income and expenses  
 \*\* Investments include interest capitalized  
 \*\*\* Net debt w/o NBH debt, guaranteed by NLMK Group

## PROFITABILITY 2012-2013



## OPERATING CASH FLOW AND INVESTMENTS



# PROFITABILITY

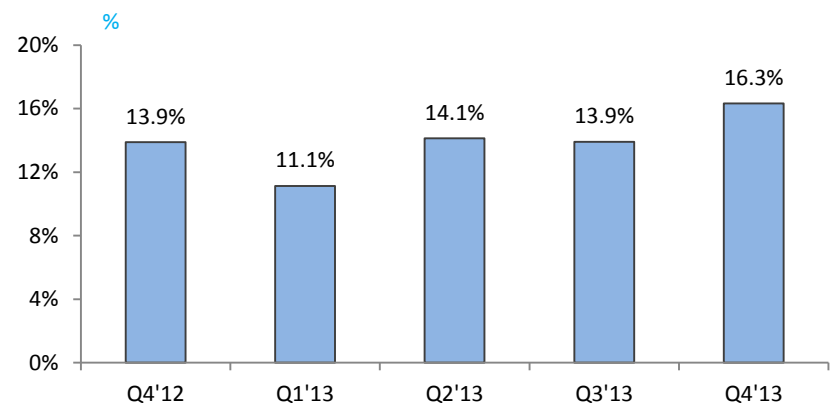
## EBITDA 2013: \$1,505 M (-21% YOY)

- EBITDA margin totaled 13.8%
  - (-) Narrowed spreads between steel prices and raw materials
  - (-) Higher expenses for the services of natural monopolies
  - (+) Efficiency improvement programs

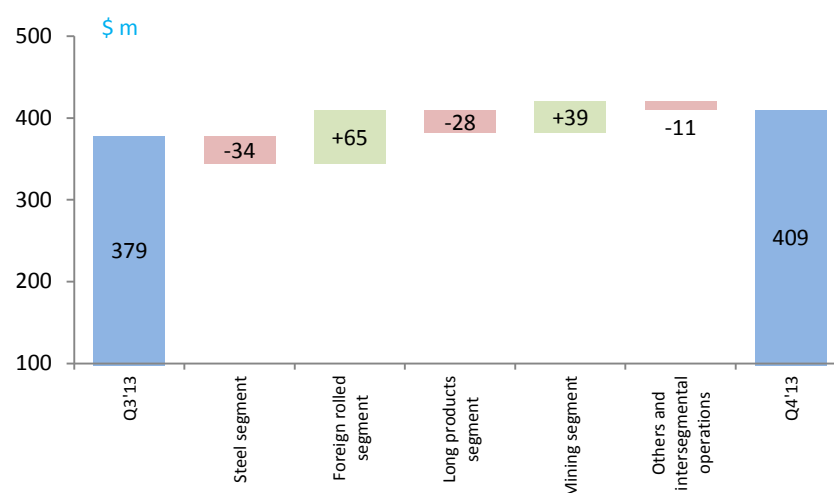
## Q4'13 EBITDA: \$409 M (+8% QOQ)

- EBITDA margin totaled 16.3%
  - (-) Seasonally lower prices and sales in the domestic market
  - (+) Widened spreads between prices for steel and raw materials in international markets and strong pricing environment in USA
  - (+) Efficiency improvement programs
- Q4'13 pro forma EBITDA of NBH (deconsolidated) totaled (-\$8) m

### EBITDA MARGIN



### EBITDA CHANGE BY SEGMENT



# CASH FLOW

## FREE CASH FLOW TO THE FIRM IN 2013:

**\$544 M (+63% YOY)**

- (-) EBITDA \$1,505 m (-21% yoy)
- (+) Investments \$756 m (-48% yoy)
- Stable working capital level

## Q4'13 FCF: \$92 M

- (+) EBITDA \$409 m (+8% qoq)
- (-) Working capital increase by \$106 m
  - Finished steel from Novolipetsk to be sold in Q1-Q2 2014
  - NLMK Kaluga production ramp-up
- (+) Investments \$98 m (-65% qoq)

## Q4'13 CASH FLOW BRIDGE

\$ m

### EBITDA

409

Working capital changes

106

Other non-cash operations

78

Income tax

36

Net interest \*

2

### NET OPERATING CASH FLOW

190

Capital expenditures \*\*

98

### FREE CASH FLOW TO THE FIRM

92

Net repayment of borrowings

12

### FREE CASH FLOW TO EQUITY

104

Change in deposits

30

FX rate change

1

### CHANGE IN CASH

135

\* Interest paid (does not include capitalized interest): \$10 m, interest received: \$12 m

\*\* Including capitalized interest of \$21 m

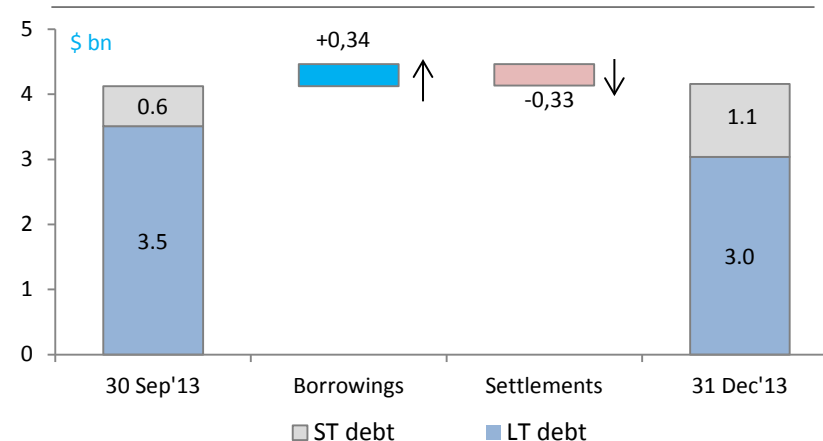
# DEBT POSITION

## CONSISTENT REDUCTION OF NET DEBT AND LIQUIDITY

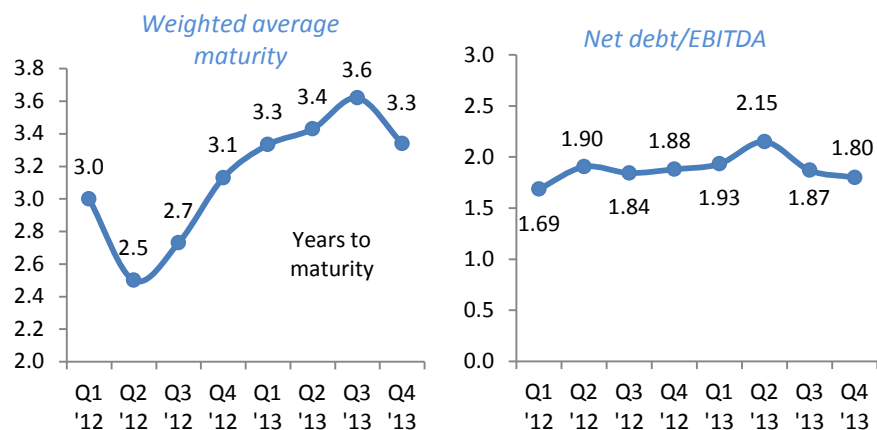
### IMPROVEMENT

- Net debt\* \$2.70 bn (-3% qoq)
- Gross debt \$4.16 bn (+1% qoq)
- Cash and equivalents\*\* \$1.45 bn (+8% qoq)
- Net debt / 12M EBITDA \* 1.8x

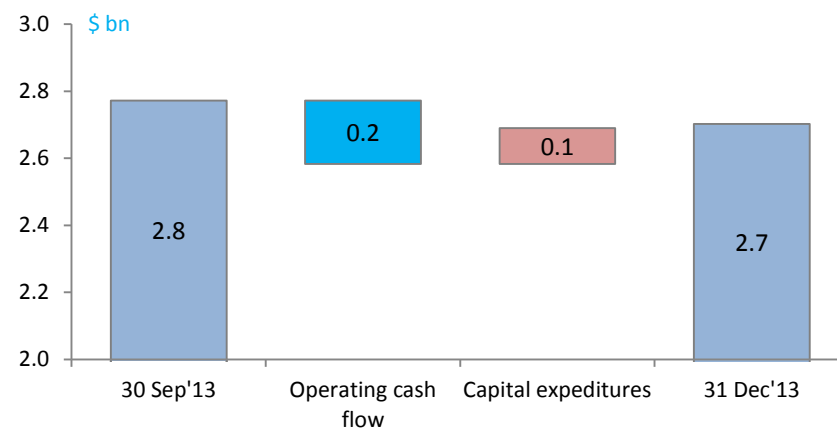
## CHANGE IN DEBT POSITION



## MATURITY AND NET DEBT/EBITDA



## NET DEBT CHANGE



\* W/o NBH debt, guaranteed by NLMK Group

\*\* Cash and equivalents and ST investments

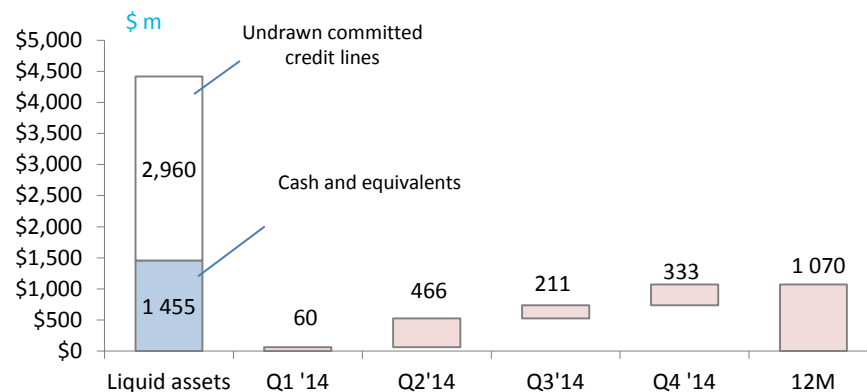
# SETTLEMENT OF FINANCIAL LIABILITIES

## SIGNIFICANT LIQUIDITY POSITION

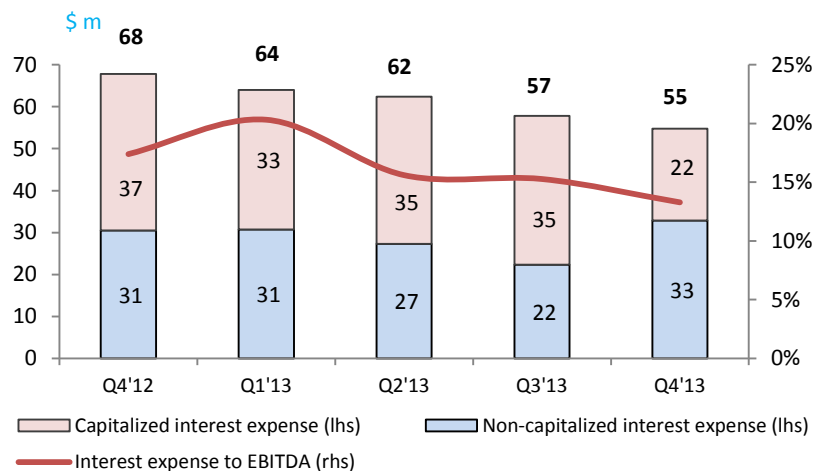
### COMFORTABLE MATURITY SCHEDULE

- Short term debt \$1.1 bn
  - Ruble bonds
  - Revolving credit lines for working capital financing
  - ECA financing
- Long term debt \$3.0 bn
  - Eurobonds and ruble bonds
  - Long term part of ECA

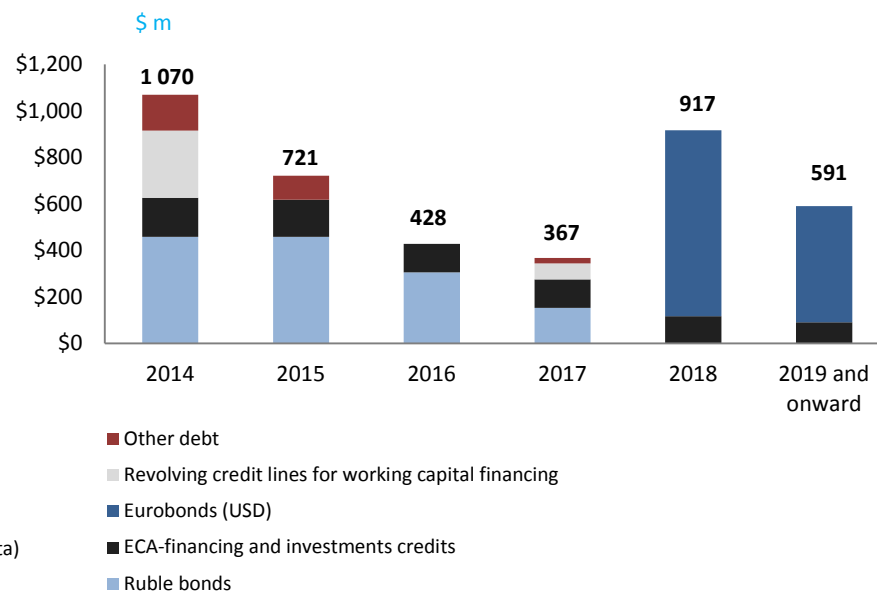
## LIQUID ASSETS AND ST DEBT MATURITY\*



## INTEREST EXPENSES \*\*



## TOTAL DEBT MATURITY SCHEDULE \*\*\*



\* ST maturity payments without interest accrued and debt maturity schedule (according to management data)

\*\* Quarterly figures are derived by computational method on the basis of quarterly reports

\*\*\* Maturity payments do not include interest payments

# Q1 2014 OUTLOOK

## PRODUCTION AND SALES

- In Q1'14, we expect stable output of steel and higher sales driven by improved condition in international and domestic markets

## FINANCIAL RESULTS

- In Q1'14, we expect a seasonal improvement in demand for steel products. Together with the ongoing efficiency programs and positive impact from the RUB weakening against the USD on the Company's expenses, this should result in improved financials (qoq).

# SEGMENTS

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# SEGMENT CONTRIBUTION – Q4 '13

## STEEL SEGMENT

- Seasonal reduction in prices and sales on the domestic market
- Widened spreads between steel and raw materials
- Efficiency improvement programs

## LONG PRODUCTS SEGMENT

- Seasonal decline in prices and narrowing of spreads between steel and raw materials

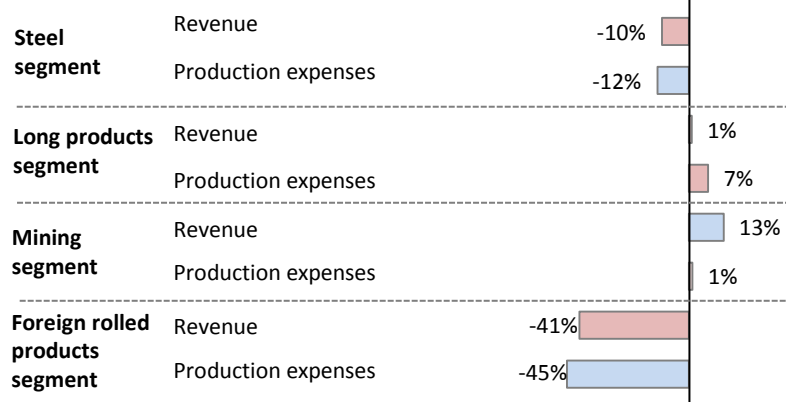
## MINING SEGMENT

- Average sales prices growth driven by international price trends

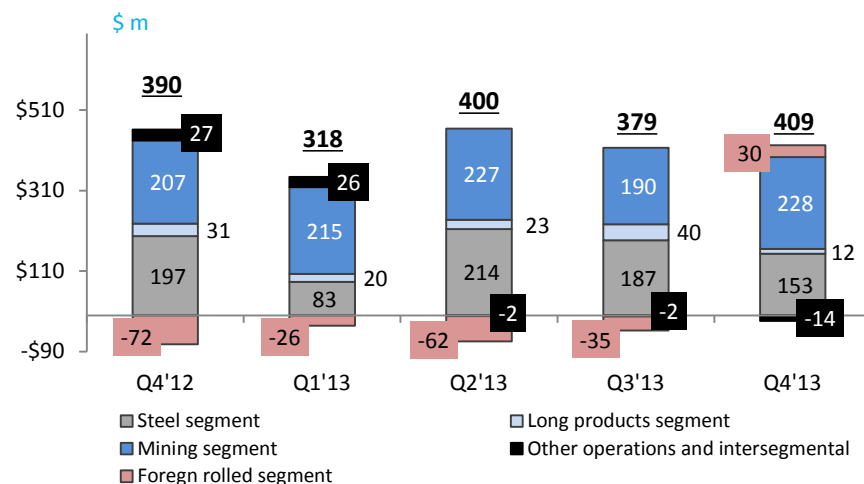
## FOREIGN ROLLED PRODUCTS SEGMENT

- Change of the segment perimeter: NLMK USA and NLMK Dansteel

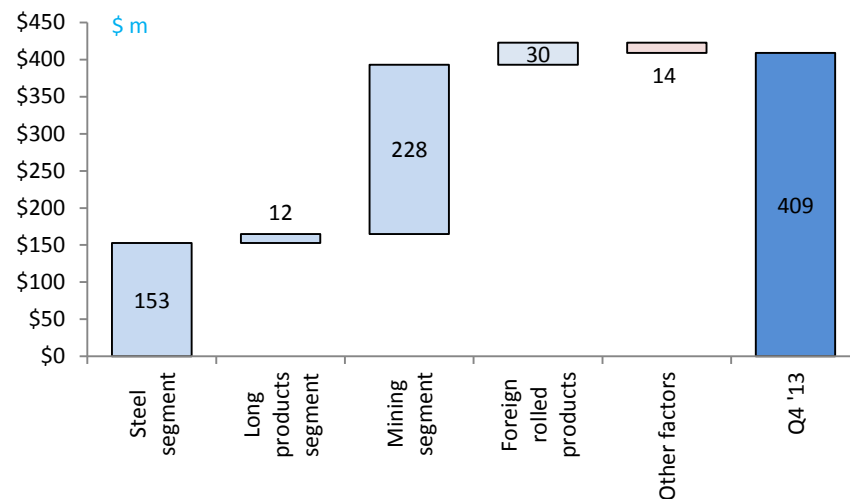
## SEGMENT FINANCIAL INDICATORS CHANGE Q4/Q3



## EBITDA BY SEGMENT



## SEGMENT CONTRIBUTION TO Q4'13 EBITDA



# STEEL SEGMENT

## Q4 REVENUE DOWN BY 10%

- Finished product sales down by 21% to 1,141 m t
  - Seasonality factor
  - Slabs sales profitability increased
- Higher finished product inventories to be sold in Q1-2'14 on the back of improved market conditions

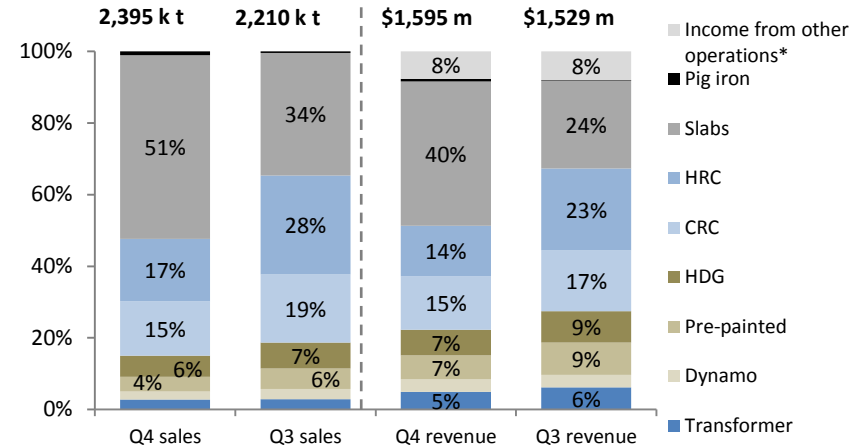
## HIGHER EXTERNAL SALES (+8%) AND EXTERNAL REVENUE (+4%)

- NBH deconsolidation: slab sales to NBH recognized as external sales

## STABLE PROFITABILITY: EBITDA 9%

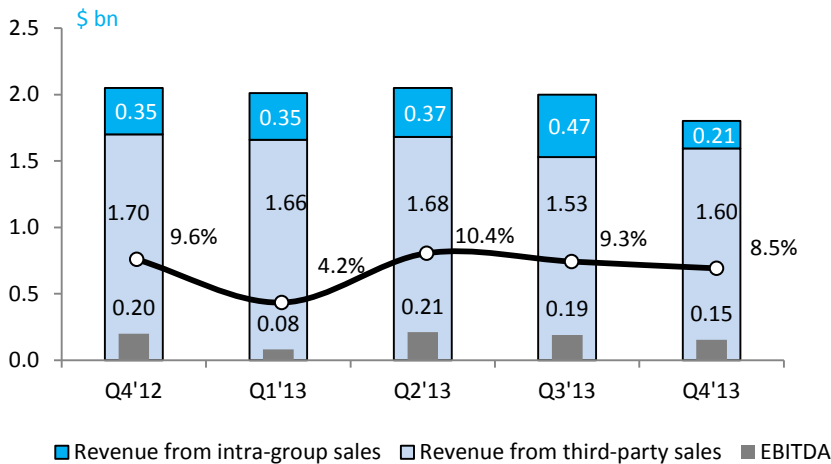
- Seasonal reduction in prices and sales in the domestic market
- Wider steel/raw material price spreads
- Efficiency enhancement programs
- One-off repairs at Novolipetsk

## THIRD PARTY SALES AND REVENUE STRUCTURE

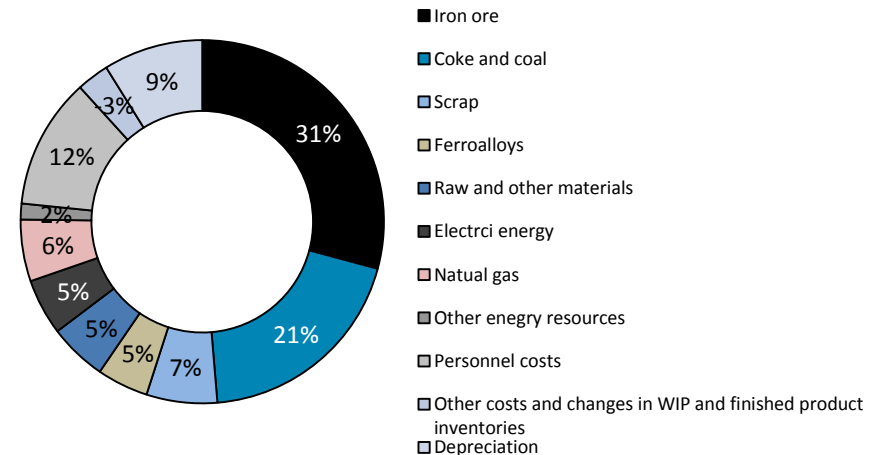


\* Revenue from other products and services

## REVENUE AND EBITDA



## COST OF SALES IN Q4'13



# LONG PRODUCTS SEGMENT

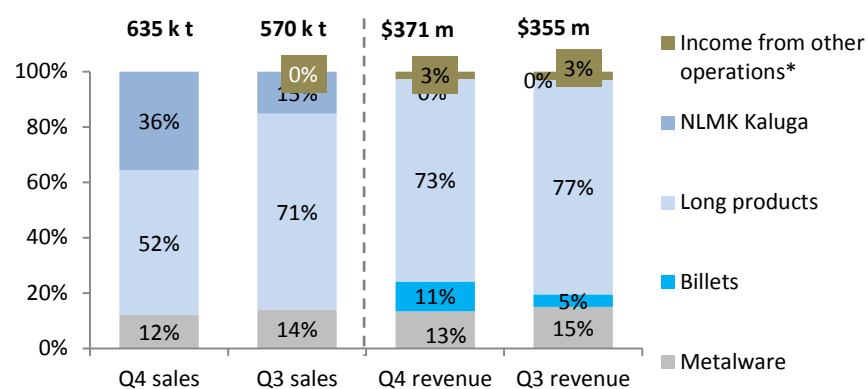
## HIGHER SALES AND REVENUES FROM THIRD PARTIES

- Increase in NLMK Kaluga utilization rates

## PROFITABILITY DOWN TO 3%

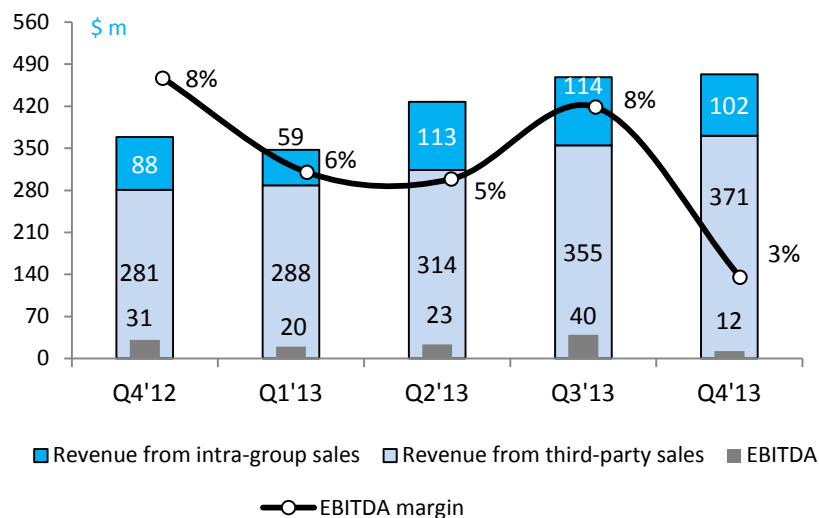
- Seasonal reduction in prices for long products
- Narrower long product/scrap price spreads: seasonally high scrap prices

## THIRD PARTY SALES AND REVENUE STRUCTURE

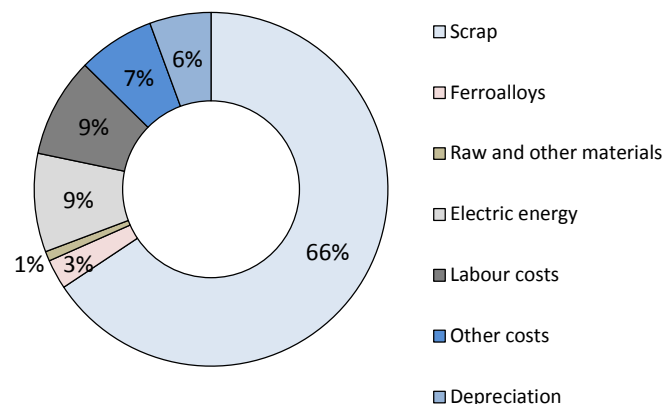


\* Revenue from other products

## REVENUE AND EBITDA



## COST OF SALES IN Q4'13



\* Revenue from intra-group sales is represented mostly by ferrous scrap deliveries to the Lipetsk site

# MINING SEGMENT

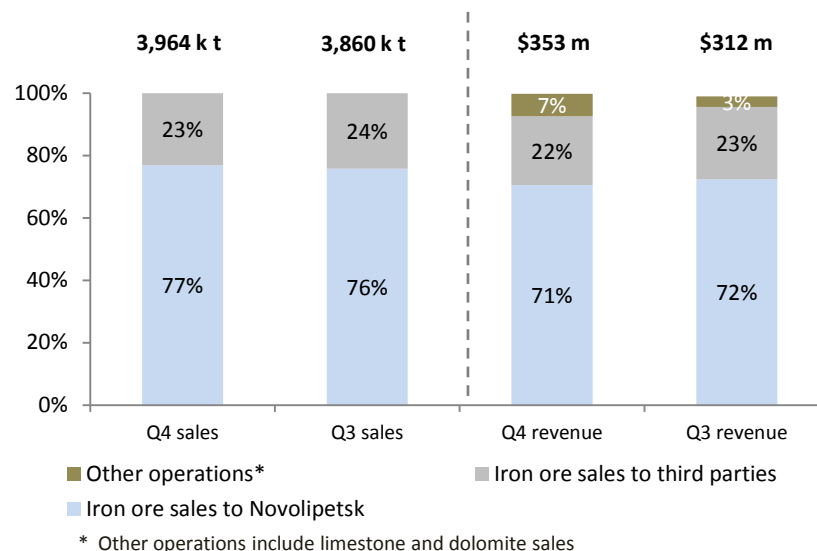
## Q4'13 REVENUE GROWTH BY 13% QOQ

- Higher iron ore sales (concentrate and sinter ore): 3,694 m t (+2% qoq)
  - 77% (+1 p.p.) to the Lipetsk site

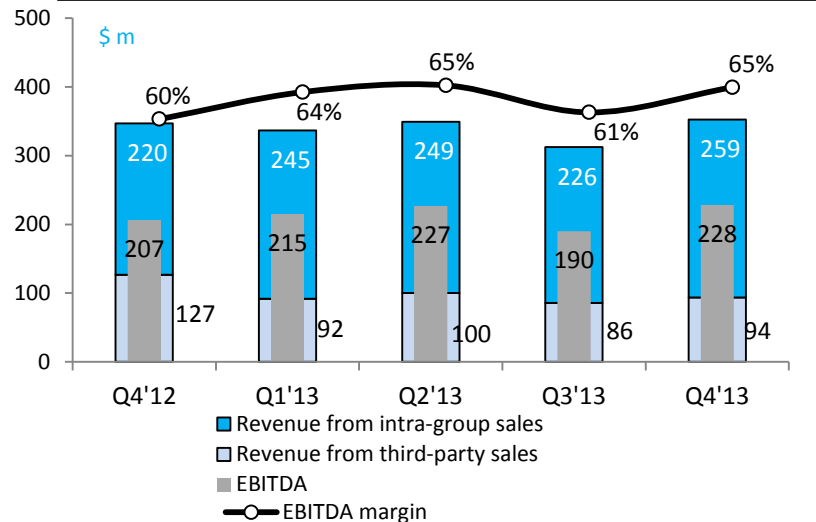
## EBITDA MARGIN GROWTH TO 65%

- Average sales price growth on the back of higher prices in the global market

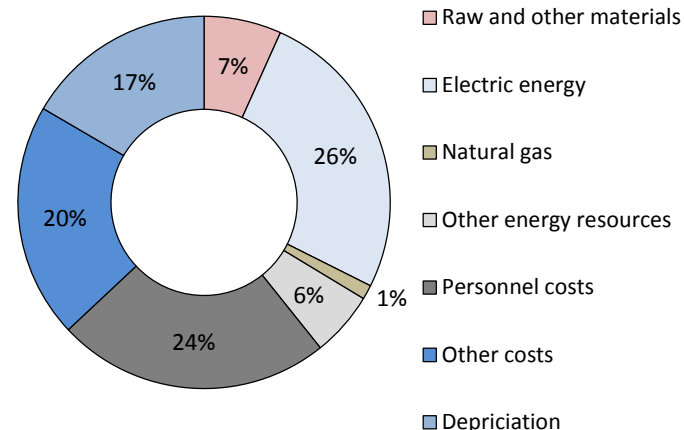
## SALES AND REVENUE STRUCTURE



## REVENUE AND EBITDA



## COST OF SALES IN Q4'13



# FOREIGN ROLLED PRODUCTS SEGMENT

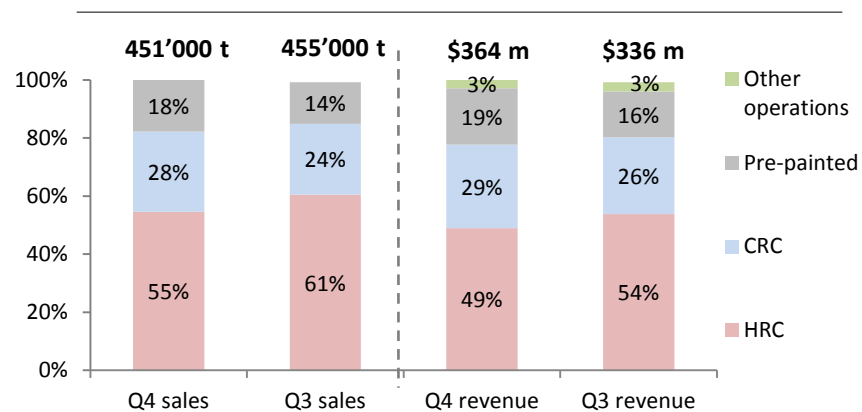
## NBH DECONSOLIDATION

- Change of the segment perimeter: NLMK USA и NLMK Dansteel remained within the segment
- NBH results are excluded from the segment results in Q4'13

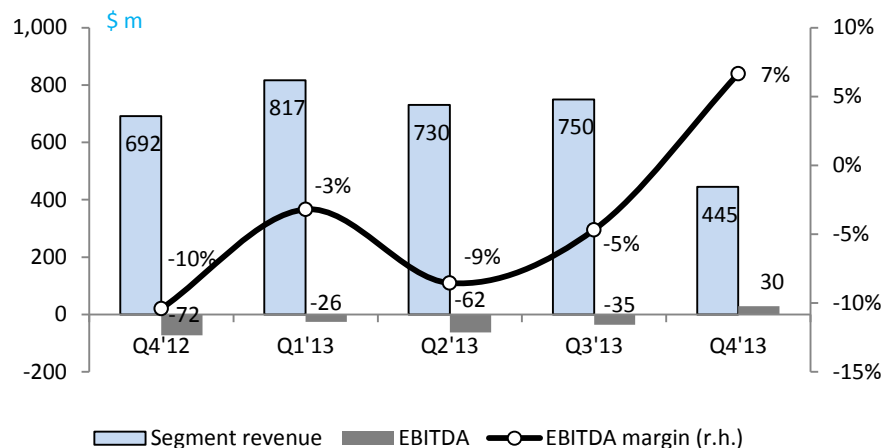
## POSITIVE EBITDA OF \$30 MILLION IN Q4'13

- Relatively stable sales for NLMK USA and NLMK Dansteel (0% qoq)
- Higher sales prices in USA, stable prices in Europe
- EBITDA in Q4 totaled \$30 m

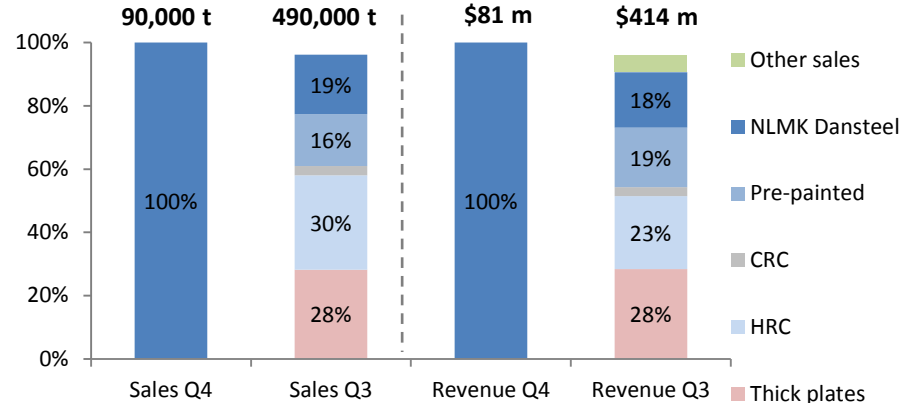
## NLMK USA SALES AND REVENUE



## REVENUE AND EBITDA



## NLMK EUROPE SALES AND REVENUE



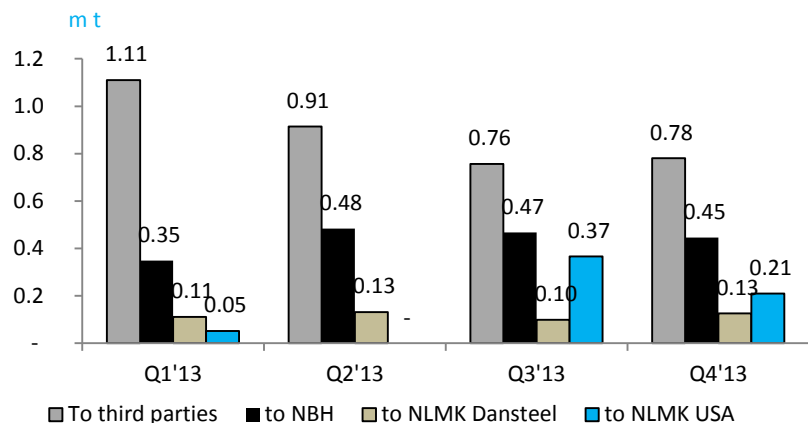
\*NLMK Dansteel produce and sell thick plates

# APPENDICES

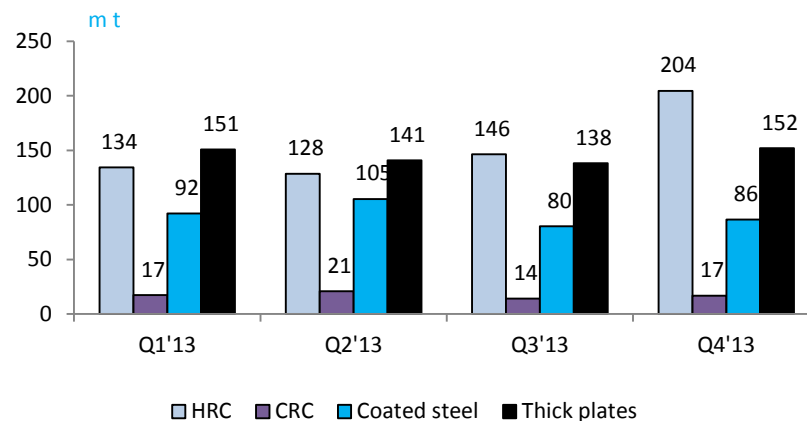
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# FOREIGN ASSETS PERFORMANCE

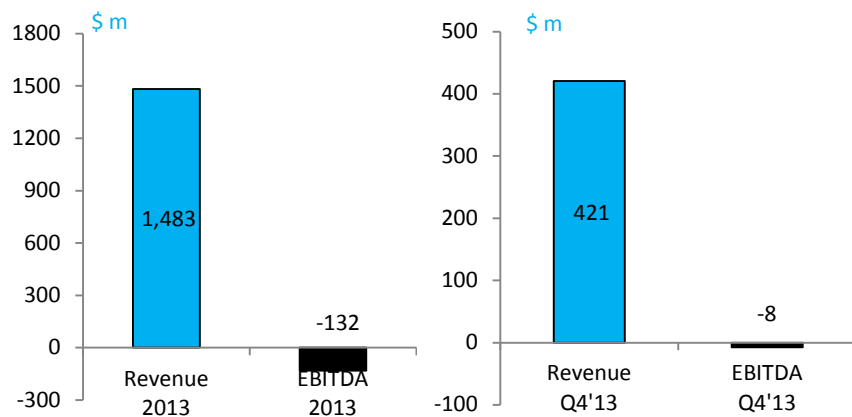
## LIPETSK SITE SLAB SALES IN 2013



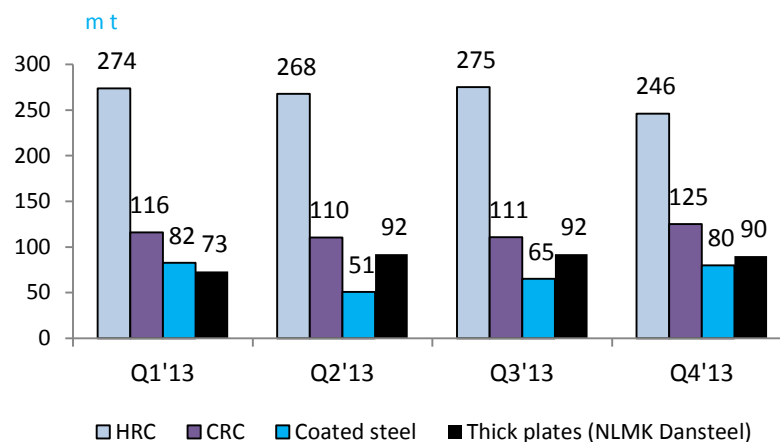
## NBH STEEL SALES



## FOREIGN ASSET FINANCIALS



## NLMK USA AND NLMK DANSTEEL STEEL SALES



# CASH COST OF SLABS

## CONSOLIDATED CASH COST OF SLABS (AT LIPETSK SITE)

Cost item	Q4'13	Q3'13	Δ, \$/t
Coke and coking coal	\$88	\$84	+\$4
Iron ore	\$70	\$60	+\$10
Scrap	\$32	\$29	+\$3
Other materials	\$26	\$27	-\$1
Electricity	\$21	\$23	-\$2
Natural gas	\$22	\$21	+\$1
Personnel	\$35	\$33	+\$2
Other expenses	\$54	\$52	+\$1
<b>Total</b>	<b>\$349</b>	<b>\$329</b>	<b>+\$20</b>

## CASH COST OF SLABS (AT LIPETSK SITE), 2012-2013

Period	\$/t
Q1'12	\$395
Q2'12	\$411
Q3'12	\$383
Q4'12	\$361
<b>2012</b>	<b>\$388</b>
Q1'13	\$364
Q2'13	\$348
Q3'13	\$329
<b>Q4'13</b>	<b>\$349</b>
<b>2013</b>	<b>\$348</b>



# SEGMENTAL INFORMATION

<b>Q4 2013</b> (million USD)	<b>Steel</b>	<b>Foreign rolled products</b>	<b>Long products</b>	<b>Mining</b>	<b>All other</b>	<b>Totals</b>	<b>Intersegmental operations and balances</b>	<b>Consolidated</b>
Revenue from external customers	1 595	445	371	94	0	2 505		2 505
Intersegment revenue	207		102	259		568	(568)	
Gross profit	281	32	45	244	(0)	603	(56)	547
Operating income/(loss)	10	10	(12)	210	(1)	216	(12)	204
<i>as % of net sales</i>	<i>1%</i>	<i>2%</i>	<i>(3%)</i>	<i>60%</i>				<i>8%</i>
Income / (loss) from continuing operations before minority interest	(311)	14	269	243	(1)	214	(159)	55
<i>as % of net sales</i>	<i>(17%)</i>	<i>3%</i>	<i>57%</i>	<i>69%</i>				<i>2%</i>
Segment assets including goodwill <sup>1</sup>	13 047	1 925	2 782	2 374	63	20 191	(3 907)	16 284

<b>Q3 2013</b> (million USD)	<b>Steel</b>	<b>Foreign rolled products</b>	<b>Long products</b>	<b>Mining</b>	<b>All other</b>	<b>Totals</b>	<b>Intersegmental operations and balances</b>	<b>Consolidated</b>
Revenue from external customers	1 529	749	355	86	0	2 720		2 720
Intersegment revenue	472	1	114	226		813	(813)	
Gross profit	299	(15)	70	206	(0)	560	(62)	497
Operating income/(loss)	44	(83)	18	173	(1)	151	(2)	149
<i>as % of net sales</i>	<i>2%</i>	<i>(11%)</i>	<i>4%</i>	<i>55%</i>				<i>5%</i>
Income / (loss) from continuing operations before minority interest	258	(84)	(4)	144	0	313	(175)	138
<i>as % of net sales</i>	<i>13%</i>	<i>(11%)</i>	<i>(1%)</i>	<i>46%</i>				<i>5%</i>
Segment assets including goodwill <sup>2</sup>	13 325	2 039	2 787	2 272	52	20 475	(4 170)	16 305

<sup>1</sup> as at 31.12.2013

<sup>2</sup> as at 30.09.2013

# QUARTERLY DATA:

## CONSOLIDATED STATEMENT OF INCOME

<i>(mln USD)</i>	Q4 2013	Q3 2013	Q4 2013/Q3 2013		12M 2013	12M 2012	12M 2013/12M 2012	
			+/-	%			+/-	%
Sales revenue	2 505	2 720	(215)	(8%)	10 909	12 157	(1 247)	(10%)
Production cost	(1 753)	(1 993)	240	(12%)	(7 929)	(8 494)	566	(7%)
Depreciation and amortization	(205)	(230)	24	(11%)	(862)	(768)	(94)	12%
Gross profit	547	497	49	10%	2 119	2 894	(775)	(27%)
General and administrative expenses	(85)	(108)	23	(21%)	(424)	(448)	24	(5%)
Selling expenses	(221)	(212)	(9)	4%	(917)	(1 144)	226	(20%)
Taxes other than income tax	(37)	(28)	(8)	30%	(134)	(170)	36	(21%)
Operating income	204	149	55	37%	644	1 133	(489)	(43%)
Gain / (loss) on disposals of property, plant and equipment	(6)	(11)	6	(51%)	(22)	(38)	16	(41%)
Gains / (losses) on investments	(2)	26	(28)		21	(3)	24	0%
Interest income	8	10	(2)	(19%)	40	29	12	41%
Interest expense	(33)	(22)	(11)	50%	(114)	(68)	(45)	66%
Foreign currency exchange loss, net	17	52	(35)	(67%)	38	3	35	1052%
Other expense, net	(98)	(7)	(90)	1253%	(123)	(140)	17	(12%)
Income from continuing operations before income tax	91	197	(106)	(54%)	483	915	(431)	(47%)
Income tax	(36)	(59)	23	(39%)	(222)	(305)	83	(27%)
Equity in net earnings/(losses) of associate	(54)	0	(54)		(54)	0	(54)	
Net income	1	138	(138)	(99%)	208	610	(403)	(66%)
Less: Net loss / (income) attributable to the non-controlling interest	(21)	(1)	(21)		(19)	(15)	(4)	29%
Net (loss) / income attributable to OJSC Novolipetsk Steel stockholders	(21)	138	(158)	(115%)	189	596	(407)	(68%)
EBITDA	409	379	31	8%	1 505	1 900	(395)	(21%)

12M 2013 and 12M 2012 are official reporting periods. Q3 2013 and Q4 2013 figures are derived by computational method.

# CONSOLIDATED CASH FLOW STATEMENT

	Q4 2013	Q3 2013	Q4 2013/Q3 2013		12M 2013	12M 2012	12M 2013/12M 2012	
<i>(mln. USD)</i>			+/-	%			+/-	%
<b>Cash flow from operating activities</b>								
<b>Net income</b>	1	138	(138)	(99%)	208	610	(403)	(66%)
<b>Adjustments to reconcile net income to net cash provided by operating</b>								
Depreciation and amortization	205	230	(24)	(11%)	862	768	94	12%
Loss on disposals of property, plant and equipment	6	11	(6)	(51%)	22	38	(16)	
(Gain)/loss on investments	2	(26)	28		(21)	3	(24)	
Interest income	(8)	(10)	2	(19%)	(40)		(40)	
Interest expense	33	22	11	50%	114	68	45	66%
Equity in net earnings of associate	54	(0)	54		54	(0)	54	
Defferd income tax (benefit)/expense	61	20	41	210%	81	21	60	
Loss / (income) on forward contracts	7	(16)	22		(0)	(9)	8	
Other movements	(65)	(45)	(20)	44%	(49)	14	(63)	
<b>Changes in operating assets and liabilities</b>								
Increase in accounts receivables	80	(295)	375	(127%)	(337)	167	(504)	(302%)
Increase in inventories	(248)	51	(299)	(583%)	(96)	170	(266)	(156%)
Decrease/(increase) in other current assets	2	4	(2)	(58%)	7	32	(24)	(77%)
Increase in accounts payable and oher liabilities	79	368	(289)	(79%)	412	(70)	482	
Increase/(decrease) in current income tax payable	(19)	(3)	(16)	511%	2	12	(10)	
<b>Cash provided from operating activities</b>	189				1 219	1 825		
Interest received	12				40			
Interest paid	(10)				(81)			
<b>Net cash provided from operating activities*</b>	190	432	(241)	(56%)	1 177	1 825	(647)	(35%)
<b>Cash flow from investing activities</b>								
Proceeds from sale of property, plant and equipment	3	2	2		6	29	(22)	(78%)
Purchases and construction of property, plant and equipment	(98)	(281)	183	(65%)	(756)	(1 453)	697	(48%)
Proceeds from sale / (purchases) of investments, net	(107)	11	(117)		(87)		(87)	
(Placement) / withdrawal of bank deposits, net	139	(381)	520		(264)		(264)	
Prepayment for acquisition of interests in new subsidiaries						(157)	157	
Disposal of investments					46		46	
Acquisition of additional stake in existing subsidiary					(10)		(10)	
<b>Net cash used in investing activities</b>	(63)	(604)	541	(90%)	(1 065)	(1 443)	378	(26%)
<b>Cash flow from financing activities</b>								
Proceeds from borrowings and notes payable	341	402	(61)	(15%)	2 005	1 819	186	10%
Repayments of borrowings and notes payable	(330)	(601)	271	(45%)	(1 996)	(1 799)	(197)	11%
Capital lease payments	(5)	(7)	2	(29%)	(24)	(23)	(1)	6%
Dividends to shareholders	(0)	(3)	2		(114)	(117)	3	(3%)
<b>Net cash used in financing activities</b>	7	(208)	215	(103%)	(128)	(119)	(9)	
<b>Net increase / (decrease) in cash and cash equivalents</b>	134	(381)	515	(135%)	(16)	263	(279)	
<i>Effect of exchange rate changes on cash and cash equivalents</i>	1	(25)	25	(103%)	35	(109)	143	
<i>Cash and cash equivalents at the beginning of the period</i>	835	1 241	(405)	(33%)	951	797	154	19%
<b>Cash and cash equivalents at the end of the period</b>	970	835	135	16%	970	951	19	2%

# CONSOLIDATED BALANCE SHEET

	as at 30.12.2013	as at 30.09.2013	as at 30.06.2013	as at 31.03.2013	as at 31.12.2012	as at 31.12.2011
(mln. USD)						
<b>ASSETS</b>						
<b>Current assets</b>	<b>5 102</b>	<b>4 918</b>	<b>5 537</b>	<b>5 834</b>	<b>5 469</b>	<b>5 504</b>
Cash and cash equivalents	970	835	1 241	1 220	951	797
Short-term investments	485	516	121	271	107	227
Accounts receivable, net	1 438	1 540	1 497	1 557	1 491	1 573
Inventories, net	2 124	1 897	2 530	2 689	2 827	2 828
Deferred income tax assets	78	120	121	71	63	19
Other current assets, net	8	9	27	25	30	59
<b>Non-current assets</b>	<b>11 182</b>	<b>11 388</b>	<b>12 101</b>	<b>12 677</b>	<b>12 988</b>	<b>11 753</b>
Long-term investments, net	501	552	17	20	19	8
Property, plant and equipment, net	10 003	10 163	10 981	11 442	11 753	10 570
Intangible assets	116	121	129	136	142	159
Goodwill	463	468	753	776	786	760
Other non-current assets, net	40	32	31	36	38	19
Deferred income tax assets	59	50	189	266	250	237
<b>Total assets</b>	<b>16 284</b>	<b>16 305</b>	<b>17 638</b>	<b>18 510</b>	<b>18 458</b>	<b>17 257</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Current liabilities</b>	<b>2 317</b>	<b>1 760</b>	<b>2 647</b>	<b>2 940</b>	<b>3 302</b>	<b>2 940</b>
Accounts payable and other liabilities	1 176	1 104	1 609	1 412	1 462	1 623
Short-term borrowings	1 119	616	994	1 484	1 816	1 306
Current income tax liability	22	40	44	45	24	11
<b>Non-current liabilities</b>	<b>3 693</b>	<b>4 147</b>	<b>4 695</b>	<b>4 678</b>	<b>4 065</b>	<b>4 212</b>
Long-term borrowings	3 038	3 508	3 792	3 459	2 816	3 074
Deferred income tax liability	599	578	746	765	792	714
Other long-term liabilities	55	61	157	454	457	425
<b>Total liabilities</b>	<b>6 009</b>	<b>5 906</b>	<b>7 342</b>	<b>7 619</b>	<b>7 367</b>	<b>7 152</b>
<b>Stockholders' equity</b>						
Common stock	221	221	221	221	221	221
Statutory reserve	10	10	10	10	10	10
Additional paid-in capital	257	257	257	257	306	306
Other comprehensive income	(1 897)	(1 772)	(1 736)	(1 224)	(997)	(1 489)
Retained earnings	11 655	11 676	11 538	11 620	11 582	11 099
<b>NLMK stockholders' equity</b>	<b>10 247</b>	<b>10 392</b>	<b>10 290</b>	<b>10 885</b>	<b>11 123</b>	<b>10 147</b>
<b>Non-controlling interest</b>	<b>28</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>(33)</b>	<b>(42)</b>
<b>Total stockholders' equity</b>	<b>10 275</b>	<b>10 399</b>	<b>10 296</b>	<b>10 892</b>	<b>11 090</b>	<b>10 105</b>
<b>Total liabilities and stockholders' equity</b>	<b>16 284</b>	<b>16 305</b>	<b>17 638</b>	<b>18 510</b>	<b>18 458</b>	<b>17 257</b>

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