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## NLMK Group Q3 and 9M 2021 IFRS Financial Results

NLMK Group's EBITDA<sup>1</sup> (LSE, MOEX: NLMK) in Q3 2021 increased by 11% qoq to \$2.3 bn; EBITDA margin was 50%. Free cash flow (FCF) reached \$1.1 bn. The Board of Directors recommended approving Q3 2021 dividends in the amount of 13.33 RUB/share (100% of the FCF).

### Key highlights

k t/\$ million	Q3 2021	Q2 2021	QoQ	Q3 2020	YoY	9M 2021	9M 2020	YoY
Sales volumes	4,146	4,329	-4%	4,443	-7%	12,383	13,300	-7%
Revenue	4,560	4,139	10%	2,229	2x	11,566	6,860	69%
EBITDA <sup>2</sup>	2,287	2,052	11%	579	3.9x	5,505	1,755	3.1x
EBITDA margin	50%	50%	+ 0 p.p.	26%	+24 p.p.	48%	26%	+22 p.p.
Profit for the period <sup>3</sup>	1,622	1,359	19%	312	5.2x	3,756	678	5.5x
Free cash flow <sup>4</sup>	1,114	864	29%	239	4.7x	2,430	874	2.8x
Net debt <sup>5</sup>	2,739	1,963	40%	1,946	41%	2,739	1,946	41%
Net debt/EBITDA <sup>5</sup>	0.43x	0.42x		0.87x		0.43x	0.87x	

### Q3 2021 key highlights

- Revenue grew by 10% qoq to \$4.6 bn (+2x yoy) with an increase in steel product prices.
- EBITDA grew by 11% qoq to \$2.3 bn (+3.9x yoy) due to a wider steel products/raw materials spread. EBITDA margin remained flat qoq, at 50% (+24 p.p. yoy).
- Free cash flow grew by 29% qoq to \$1.1 bn (+4.7x yoy) driven by stronger financial performance.
- Net profit grew by 19% qoq to \$1.6 bn (+5.2x yoy).

<sup>1</sup> Consolidated financial results are prepared under IFRS. Reporting periods of the Company are 3M, 6M, 9M and 12M. Quarterly figures are obtained by calculation, including in the segment reporting. Figures for comparable periods may differ from figures posted earlier because of rounding off to integers.

<sup>2</sup> EBITDA is the operating profit before equity share in financial results of joint ventures, impairment of capital assets and losses from retirement of fixed assets, allowed for amortization and depreciation. EBITDA calculations and further details are presented in the Appendix.

<sup>3</sup> Profit for the period attributable to NLMK shareholders.

<sup>4</sup> Free cash flow is determined as net cash from operations plus interest received net of interest paid and capital investment. Free cash flow calculations are presented in the Appendix.

<sup>5</sup> Net debt is calculated as the sum of long-term and short-term borrowings less cash and cash equivalents, as well as short-term deposits at period end. Net debt / EBITDA is represented by net debt as at the end of the reporting period and EBITDA as last 12 months EBITDA. Net debt calculations are presented in the Appendix.



## 9M 2021 key highlights

- **Revenue grew by 69% yoy to \$11.6 bn** amid higher average sales prices and an increase in the share of finished products in the sales portfolio.
- **EBITDA grew by a factor of 3.1 yoy to \$5.5 bn** due to wider steel products/raw materials price spreads and the implementation of Strategy 2022 projects. EBITDA margin was 48% (+22 p.p. yoy).
- **Free cash flow increased by a factor of 2.8 yoy to \$2.4 bn** driven by EBITDA growth. This was partially offset by the outflow of funds for working capital replenishment amid growing steel and raw material prices.
- **Net profit increased by a factor of 5.5 yoy up to \$3.8 bn** driven by gross profit growth.

### Comment from NLMK Group CFO Shamil Kurmashov:

“In Q3 2021, average steel prices grew across all key sales markets. In the US, prices hit new highs. Starting from the middle of the quarter, demand growth in export markets slowed down, coupled with the ongoing recovery of local production and imports. The decrease in steel production and declining exports in China supported global steel prices, leading to an adjustment of iron ore prices at the same time. Australia coal export prices continued to climb amid restocking activities in India, Europe, and Japan.

In August 2021, NLMK Lipetsk performed equipment repairs following an incident in the steelmaking production oxygen supply infrastructure. Capacity utilization rates recovered after the repairs, reaching 98% in September. In this context, the Company’s sales totalled 4.1 m t (-4% qoq). Favourable pricing conditions contributed to an increase in NLMK Group’s revenue by 10% qoq to \$4.6 bn, and EBITDA growth by 11% qoq to \$2.3 bn. EBITDA margin remained flat vs. the Q2 level of 50%. Free cash flow increased by 29% qoq to \$1.1 bn.

Net debt grew by 40% qoq to \$2.7 bn due to working capital increase and dividend payments outflow in Q3 2021. Net debt/EBITDA remained practically flat at 0.43x.

In line with the Group’s Dividend Policy, the management recommended the NLMK Board of Directors to pay \$1.1 bn in Q3 2021 dividends.”



## TELECONFERENCE

NLMK is pleased to invite the investment community to a conference call with the Company management:

Thursday, 21 October 2021

- 10:30 a.m. – New York
- 15:30 p.m. – London
- 17:30 p.m. – Moscow

To join the conference call and webcast, the participants are invited to dial:

**US number:**

+1 929 477 0324 (local access) // 800 479 1004 (toll free)

**UK number:**

+44 (0) 330 336 9127 (local access) // 0800 358 6377 (toll free)

**Russian number:**

+7 495 213 1767 (local access) // 8 800 500 9283 (toll free)

**Conference code: 8105625**

To join the webcast, please follow the link:

<https://www.webcast-eqs.com/nlmk20211021>

*\* We recommend participants start dialling 5-10 minutes in advance to avoid waiting.*



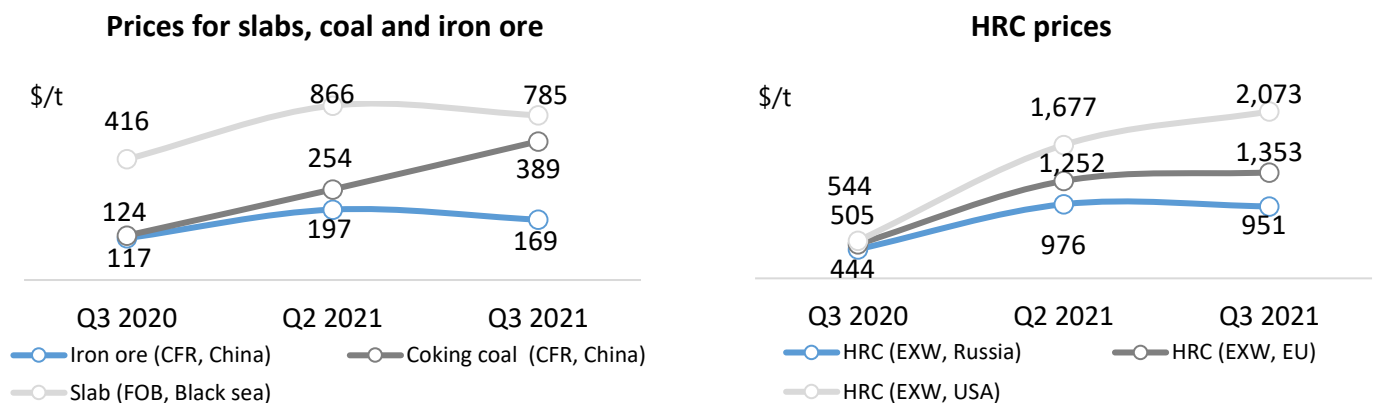
## MANAGEMENT COMMENTS

### Q3 2021 market review

- Global steel demand growth rates slowed down in Q3 2021, driven by a decrease in the effect of deferred consumption and by weaker industrial output growth. Other limiting factors included supply chain disruptions amid a shortage of ships and a shortage of electronic components.
- Steel consumption in the EU decreased by 5% qoq (+35% yoy) due to the seasonal decline in economic activity in August and a negative demand trend in the automotive segment amid a shortage of semiconductors. Demand for steel products in the United States increased by 6% qoq (+34% yoy) driven by industrial production growth and an extra liquidity inflow contributing to an uptick in business activity.
- Demand for steel products in China went down by 15% qoq (-13% yoy) amid stricter government regulation. Reduced state support measures and a tightening credit policy caused a drop in housing construction in Q3 2021. Pursuing the goal to reduce controlled emissions, China introduced more restrictions on energy resource consumption, causing a decline in output in energy-intensive industries.
- In Russia consumption of steel products decreased by 12% qoq (-12% yoy) amid slower growth rates in the construction and industrial production sectors.

### Q3 2021 prices

- **Coal prices:** Australian coking coal prices grew by 88% qoq (+121% yoy) amid high steel output outside of China. Coking coal prices in China increased by 53% qoq (+212% yoy) due to decreased internal output and reduced supplies from Mongolia.
- **Iron ore raw material prices** decreased by 14% qoq (+44% yoy) amid declining steel output in China and growth of supply from Brazil and Australia in September 2021.
- **Market prices\*\* for flat steel** in the USA increased by 23% qoq (+247% yoy) against the backdrop of stable demand in industrial sectors of the economy and repairs of several large blast furnaces in September. In the EU, prices grew by 7% qoq (+ 136% yoy). However, in August and September prices in the European market declined amid a seasonal slowdown in demand, an increase in import supply and growth of stocks.
- **Dollar-denominated prices for steel products on the Russian market** grew by 2% qoq (+125% yoy). Dollar-denominated rebar prices grew by 10% qoq (+94% yoy).
- **Slab prices in export destinations** (FOB Black Sea) decreased by 9% qoq (+89 % yoy).



\*Data on steel consumption trends on regional markets are estimates.

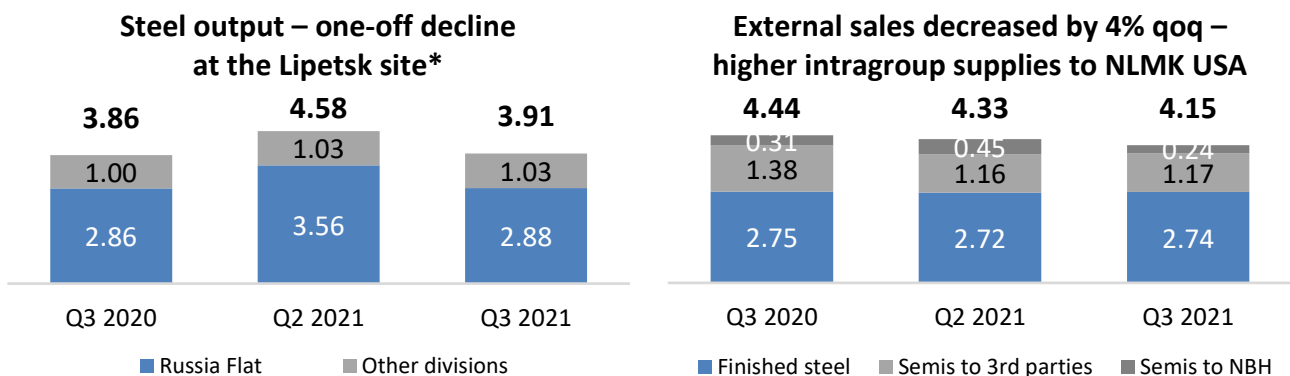
\*\* Market prices reflect the level of prices for a given calendar period and differ from the average sales prices of the Company on segments due to the time lag of the production & sales cycle.

### Q3 2021 output and sales breakdown

- **Steel output** went down by 15% qoq (+1% yoy) to 3.9 m t due to the incident in the steelmaking production oxygen supply infrastructure at the Lipetsk site in August and the subsequent repairs.
- **Sales** decreased to 4.1 m t (-4% qoq; -7% yoy) with the reduction of slab supply to NBH and export markets caused by the decline in steel output.
- **Sales mix:** the share of semi-finished products was 34% (-3 p.p. qoq; -4 p.p. yoy) as slab and billet supplies to third parties declined. Exports of square billet went down driven by a decrease in the product margin caused by the export duties on steel introduced in Russia for the period from August to December 2021. Sales of finished products amounted to 2.7 m t (+1% qoq, flat yoy).
- **Sales in the “home” markets** reached 2.8 m t (flat qoq and yoy). US sales grew by +17% qoq (+60% yoy) amid strong end demand. In the EU, sales increased by 7% qoq (-12% yoy). In Russia sales dropped by 7% qoq (-9% yoy) due to the slowdown in end demand and purchasing activity of traders in anticipation of further price reduction. Export sales increased by 2% qoq to 1.4 m t. The 21% yoy decrease was due to the high base of Q3 2020, when supplies were being made to non-traditional export destinations.

### 9M 2021 output and sales breakdown

- **Steel output** increased to 12.9 m t (+8% yoy) as upgrades were completed at NLMK BF and BOF operations and following output growth at NLMK Russia Long Products and NLMK USA.
- **Sales** totalled 12.4 m t (-7% yoy) with the resumption of intra-group slab deliveries to NLMK USA (+0.9 m t yoy) amid a strong demand trend in the region (last year, NLMK USA was rolling slabs from external markets) and a decrease in pig iron production taking into account repairs at NLMK’s BF operations in Q1-Q3 2021.
- **Sales mix:** sales of semi-finished products to third parties decreased by 21% yoy driven by the growth of slab deliveries to NLMK USA and NLMK DanSteel. Slab shipments to NBH totalled 1.2 m t (-23% yoy) amid the La Louvière Hot Strip Mill upgrade in H1 2021. Sales of finished products increased by 3% yoy to 8.2 m t.
- **Sales on “home” markets** increased by 2% yoy to 8.3 m t driven by the steel consumption increase in Russia and in the USA. Sales in export markets decreased by 23% yoy to 4.0 m t due to the high base of 9M 2020, when sales were reallocated to export.



\* Hereinafter NLMK Group steel output and sales on home markets include NBH. Consolidated sales are given without NBH. Sales to home markets mean sales of the Group’s companies in the regions, where production capacities are located in Russia, Europe, and the US.



## NLMK GROUP KEY FINANCIALS

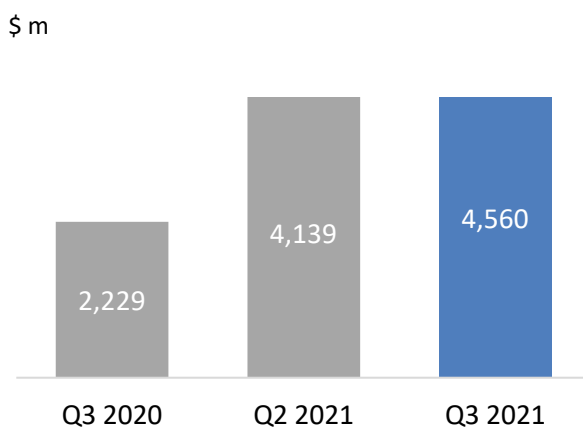
### Q3 2021 revenue

- Revenue grew by 10% qoq to \$4.6 bn (+2x yoy) due to an increase in steel product prices.
- Revenue from semi-finished product sales went down by 4% qoq to \$1.1 bn (+77% yoy) driven by a decrease in slab supplies to NBH and the Russian market against the backdrop of a decrease in steel output, as well as due to a decrease in the export of billets. The share of semi-finished products in total revenue was down by 3 p.p. qoq to 24% (-3 p.p. yoy).
- Revenue from sales of finished products increased by 16% qoq to \$3.2 bn (+2.2x yoy) due to the growth of rolled steel sales and prices in the key markets. The share of finished rolled steel in the consolidated revenue totalled 69% (+3 p.p. qoq; +4 p.p. yoy).
- The share of the Russian market in total revenue went down to 37% (-6 p.p. qoq; -9 p.p. yoy) due to the slowdown in end demand and purchasing activity of the traders expecting a further steel price downturn. The US share increased to 25% (+6 p.p. qoq; +12 p.p. yoy) due to high demand and record-high prices in the region. The EU share was 18% (+1 p.p. qoq; +7 p.p. yoy).

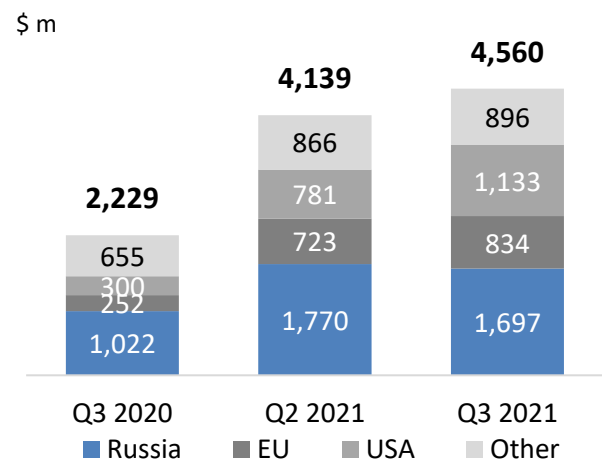
### 9M 2021 revenue

- Revenue increased by 69% yoy to \$11.6 bn due to higher sales prices on all key markets, which was partially offset by the decrease in sales to external customers as slab supplies were redistributed to NLMK USA (see above).
- Revenue from semi-finished product sales increased by 43% yoy to \$2.9 bn amid an increase in average prices, which was partially offset by the increase of intragroup slab supplies. The share of semi-finished products in total revenue decreased by 4 p.p. yoy to 25%.
- Revenue from finished product sales increased by 84% yoy to \$7.9 bn. The share of finished products in the revenue totalled 69% (+6 p.p. yoy).
- The share of the Russian market remained flat year-on-year at 41%. The share of revenue from sales to Asian markets restored to traditional levels, amounting to 2% (-8 p.p. yoy) due to the recovery of demand on the traditional sales markets. The share of the North American region increased to 20% (+4 p.p. yoy), and the share of the EU region grew to 18% (+2 p.p. yoy).

#### Revenue increased by 10 % qoq due to higher sales prices...



#### ... and sales in the USA and the EU markets





### Q3 2021 EBITDA

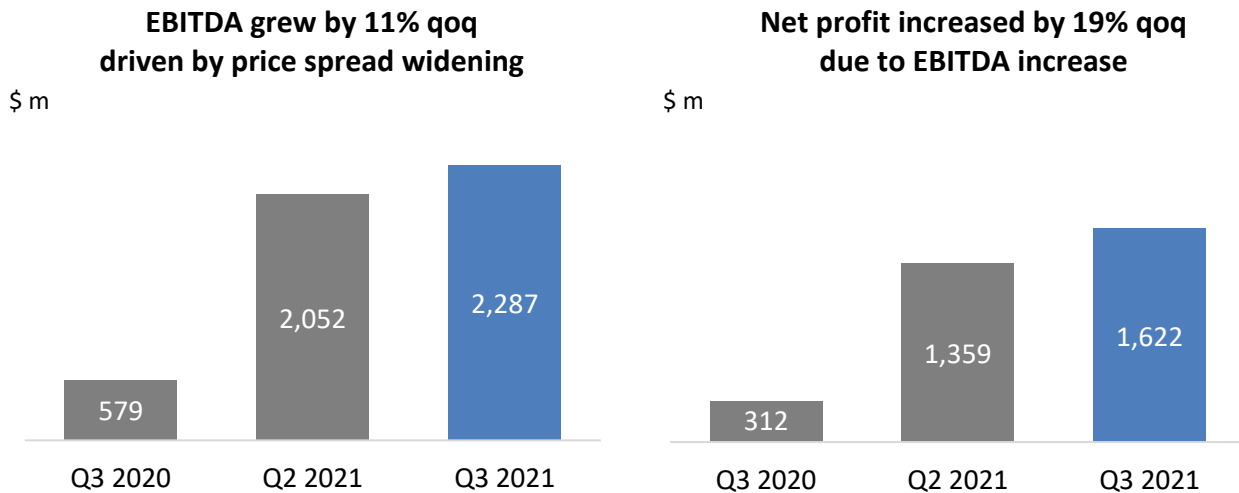
- EBITDA\* grew by 11% qoq to \$2.3 bn (+3.9x yoy), due mainly to wider steel/raw material price spreads.
- Commercial costs increased by 7% qoq to \$231 m (+11% yoy) due to increased transportation costs and reduced intra-group deliveries.
- General and administrative expenses decreased by 5% qoq to \$110 m due to the high base of the previous quarter, when an additional reserve for bonus payments was accrued.

### 9M 2021 EBITDA

- EBITDA grew by a factor of 3.1 yoy to \$5.5 bn due to wider price spreads and a weaker ruble, and to the implementation of Strategy 2022 projects.
- Commercial costs decreased by 2% yoy to \$633 m driven by intragroup supply growth, to NLMK USA facilities in particular.
- General and administrative expenses increased by 28% yoy to \$323 m amid accrual of the Long-Term Incentive Programme reserves and annual salary indexation at NLMK’s Russian companies.

### Net profit\*\*

- Net profit in Q3 2021 increased by 19% qoq to \$1.6 bn amid EBITDA growth.
- Net profit in 9M 2021 increased by a factor of 5.5 yoy to \$3.8 bn.



\* EBITDA used in NLMK’s financial releases is calculated as operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets, adjusted to depreciation and amortization. EBITDA is not an indicator of operating profit, operating activity or liquidity under IFRS, and NLMK discloses it because equivalent indicators could be used by investors and analysts. That said, NLMK’s EBITDA should not be viewed on a standalone basis, or in place of profit before tax, or cash flows from operations, as defined by IFRS, or as an indicator of operational efficiency, or as the sum of free cash funds that NLMK can invest into business development. NLMK’s EBITDA margin and EBITDA might not be comparable to similar indicators disclosed by other companies as there are no commonly accepted rules for calculating them. For instance, NLMK’s EBITDA is calculated similar to what is termed as ‘Adjusted EBITDA’ in other companies, as NLMK’s EBITDA excludes other profit/loss items in addition to interest payments, income tax, depreciation and amortization.

\*\*Profit for the period, attributable to NLMK shareholders.



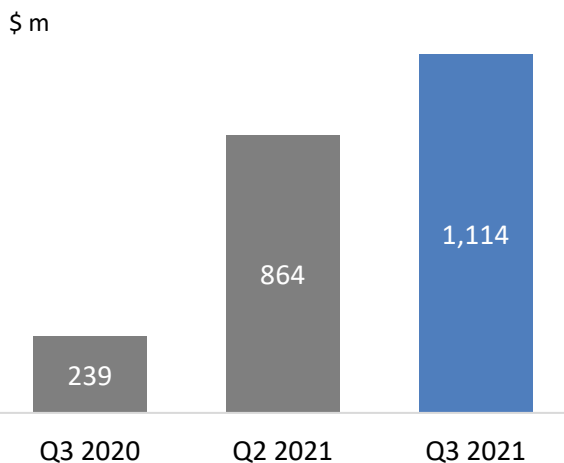
### Q3 2021 free cash flow

- Free cash flow increased by 29% qoq to \$1.1 bn (+4.7x yoy) following EBITDA growth and investment reduction, which was partially offset by working capital growth.
- Operational cash flow increased by 11% qoq to \$1.4 bn.
- **The outflow of funds for working capital replenishment** totalled \$451 m due to:
  - -\$223 m: an increase in advance payments for export duties in the Russian Federation, as well as an increase in VAT recoverable receivables against the backdrop of a decrease in prices for steel products with an increase in prices for raw materials.
  - -\$262 m: an increase in the cost of raw materials and finished products in stocks, a seasonal increase in scrap stocks.
  - +\$50 m: increased accounts payable amid coal price growth.

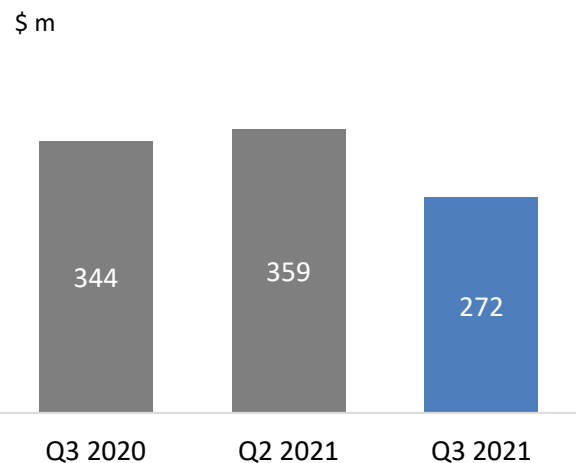
### 9M 2021 free cash flow

- Free cash flow increased by a factor of 2.8 yoy to \$2.4 bn, driven mainly by EBITDA growth. This was partially offset by the outflow of funds for working capital replenishment.
- **The outflow of funds for working capital replenishment** totalled \$1.2 m due to:
  - -\$817 m: an increase in accounts receivable amid higher prices for steel products, an increase in VAT recoverable receivables due to the increase in prices for raw materials and advances on export duties.
  - -\$772 m: growth of inventory prices, an increase in inventories at NLMK USA amid increased production, a seasonal increase in scrap stocks.
  - +\$429 m: an increase in accounts payable due to higher coal prices, an increase in advance payments from the customers against the backdrop of a strong market, an increase in VAT payable amid growing sales prices in the Russian market.

**Free cash flow increased by 29% qoq driven by EBITDA growth**



**Investment decreased by 24 % qoq**







## Investment

- The Group's investment in Q3 2021 decreased by 24% qoq to \$272 m (-21% yoy) considering the high base of Q2 2021, when pellet cars were purchased. In addition, the Q3 investment load was partially shifted to NBH, where projects for hot strip mills and plate mills are being implemented as part of Strategy 2022.
- The Group's 9M 2021 investment totalled \$863 m (+1% yoy).

## Dividends

- In Q3 2021 the Company paid out \$1.7 bn in dividends.
- On 21 October 2021 the Board of Directors recommended that shareholders approve the payment of Q3 2021 dividends in the amount of RUB 13.33 per share.

## Strategy 2022 execution

- In Q3 2021 operational efficiency programmes added \$49 m to our EBITDA (hereinafter vs. the 2020 cost base); investment project gains totalled \$90 m.
- In 9M 2021 structural EBITDA gains from operational efficiency programmes totalled \$119 m; investment projects added \$129 m.

## Debt management

- **Total debt** in Q3 2021 grew by 20% qoq to \$3.4 bn amid the Group's drawdown on working capital funding lines.
- **Net debt** increased by 40% qoq to \$2.7 bn amid cash outflow to pay out dividends for Q1-Q2 2021 and working capital growth on a strong market. Net debt/EBITDA remained practically flat, at 0.43x (0.42x as of 30.06.2021).
- **The weighted average interest** on debt liabilities decreased by 0.3 p.p. qoq to a record low of 2.4% (-0.6 p.p. yoy) driven by debt portfolio optimization.



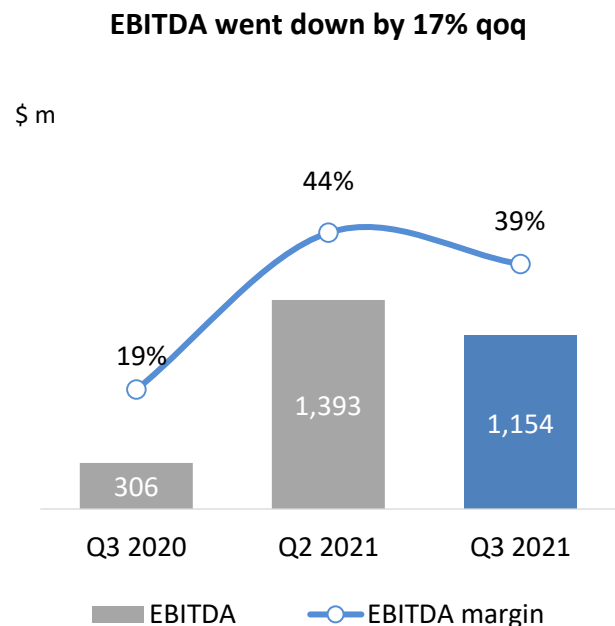
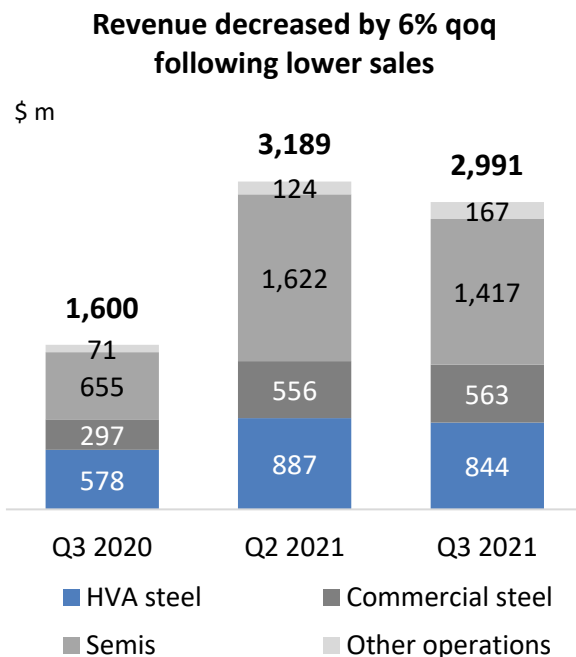
## NLMK Russia Flat Products

### Q3 2021 highlights

- **Sales** decreased by 15% qoq to 3.0 m t (-9% yoy) amid lower slab output due to the incident in the steelmaking production oxygen supply infrastructure at the Lipetsk site.
- **Revenue** in the Segment decreased by 6% qoq to \$3.0 bn (+87% yoy) following lower sales, which was partially offset by increased steel product prices.
- **EBITDA** totalled \$1.2 bn (-17% qoq; +3.8x yoy) as sales went down and export tariffs were accrued, which was partially offset by investment project gains as part of Strategy 2022.

### 9M 2021 highlights

- **Sales** in the Segment went down by 7% yoy to 9.5 m t as a result of reduced pig iron and finished steel shipments due to planned repairs at the BF operations in Q1-Q3 2021 and hot and cold rolling mills in Q2 2021, as well as an increase in the average slab supply lead time as shipments to NLMK USA were resumed.
- **Revenue** grew by 66% yoy to \$8.3 bn due to higher average sales prices and an increased share of finished products in sales, which was partially offset by lower shipments. The share of revenue from inter-segmental operations went up to 24% (+7 p.p. yoy).
- **EBITDA** increased by a factor of 3.4 yoy to \$3.3 bn, due mainly to wider steel product/raw materials spreads and implementation of Strategy 2022 projects.





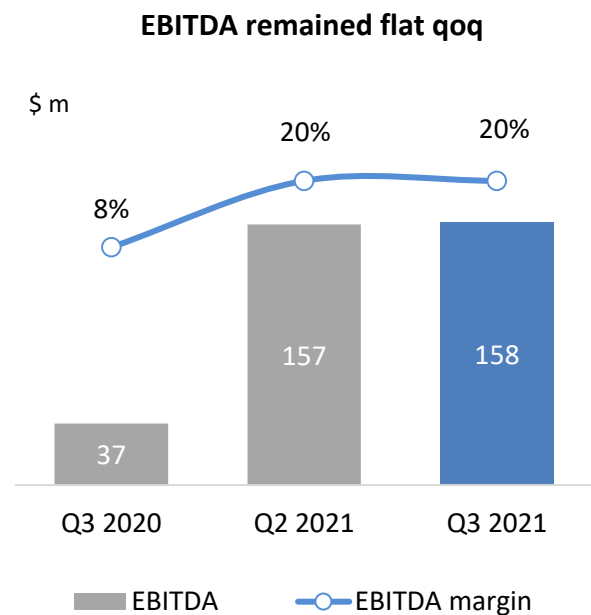
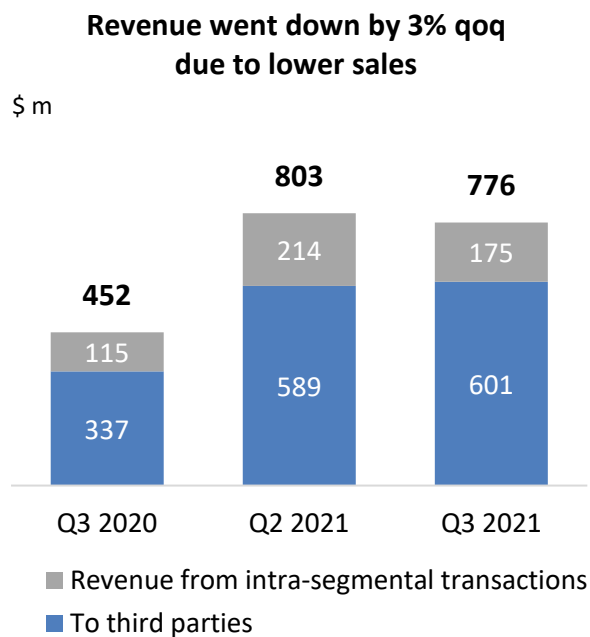
## NLMK Russia Long Products

### Q3 2021 highlights

- **Sales** decreased by 9% qoq to 0.75 m t (-7% yoy) amid lower export shipments of billets following the introduction of export tariffs for steel products in Russia on 1 August 2021.
- **Revenue** went down by 3% qoq to \$776 m (+72% yoy) following the decrease in sales. Revenue from inter-segmental operations decreased by 18% qoq to \$175 m amid a temporary decrease of demand for scrap from the Lipetsk site.
- **EBITDA** stood at \$158 m, 1% higher qoq, due to wider long product/scrap price spreads, which was offset by lower sales.

### 9M 2021 highlights

- **Sales** grew by 17% yoy to 2.3 m t against the backdrop of last year's low baseline, when the production programme was limited due to the COVID-19 pandemic.
- **Revenue** increased by 92% yoy to \$2.1 bn following the increase in sales and average sales prices for finished products. Revenue from operations with external buyers increased by 93% yoy to \$1.6 bn.
- **EBITDA** grew to \$405 m (+6.6x yoy) as demand recovered in the construction segment and the rebar/scrap spread widened. The operational efficiency programme and Strategy 2022 investment projects had an additional positive effect.





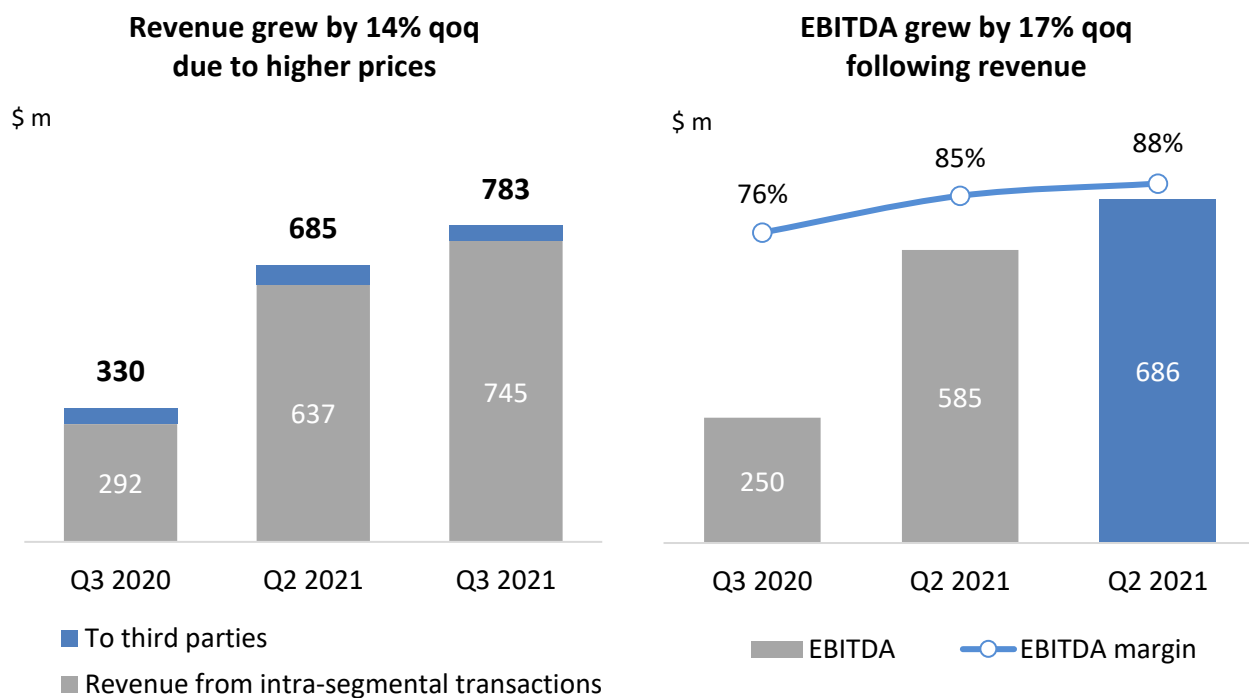
## Mining and Processing of Raw Materials

### Q3 2021 highlights

- **Sales** decreased by 6% qoq to 4.8 m t (+18% yoy) as demand went down due to the incident in the steelmaking production oxygen supply infrastructure at the Lipetsk site. The segment's concentrate output grew by 1% qoq to 5.1 m t. The corresponding growth of stocks in the division will be offset in subsequent quarters via shipments to Lipetsk to support steel output growth.
- **Revenue** was up by 14% qoq to \$783 m (+2.4x yoy) due to higher dollar-denominated prices of concentrate and pellets: 19% qoq (+115% yoy) and 29% qoq (+104% yoy), respectively.
- **EBITDA** grew by 17% qoq to \$686 m (+2.7x yoy) as revenue increased.

### 9M 2021 highlights

- **Sales** reached 14.8 m t (+9% yoy) as a result of investment into expanding concentrate production capacities and against the low baseline of Q3 2020.
- **Revenue** increased to \$2.0 bn (+2x yoy), due mainly to higher global prices for raw materials and sales growth.
- **EBITDA** totalled \$1.7 bn (+2.3x yoy) against the backdrop of increased prices on raw materials markets and investment project gains.





## NLMK USA

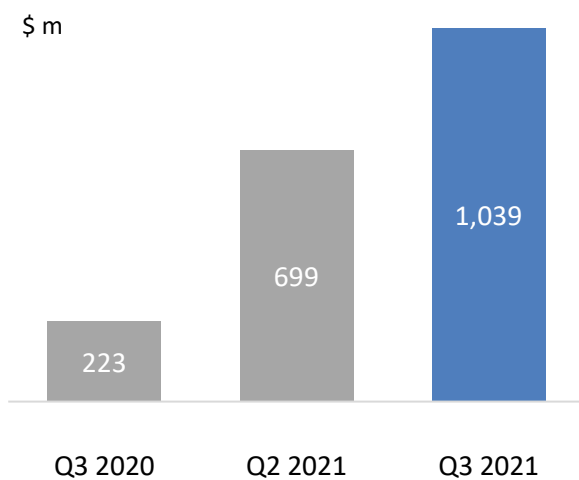
### Q3 2021:

- **Sales** increased by 17% qoq to 0.6 m t (+60% yoy) due to high demand for steel and additional measures aimed at supporting infrastructure construction in the US.
- **Revenue** grew by 49% qoq to \$1.0 bn (+4.7x yoy) amid increased sales and record-high steel product prices.
- **EBITDA** increased by 66% qoq to \$354 m (+\$366 m yoy) as sales went up and the flat steel/slab spread improved.

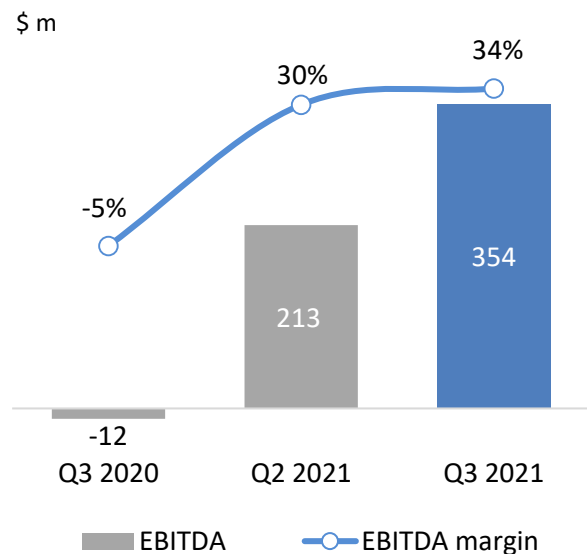
### 9M 2021 highlights

- **Sales** increased by 23% yoy to 1.5 m t as demand for steel in the US recovered and capacity utilization grew.
- **Revenue** grew by a factor of 2.6 yoy to \$2.1 bn due to higher sales and increased steel prices.
- **EBITDA** increased to \$632 m (+\$663 m yoy) amid wider price spreads and higher sales.

**Revenue increased by 49% qoq  
as prices and sales grew**



**EBITDA was up by 66% qoq  
as market conditions improved**





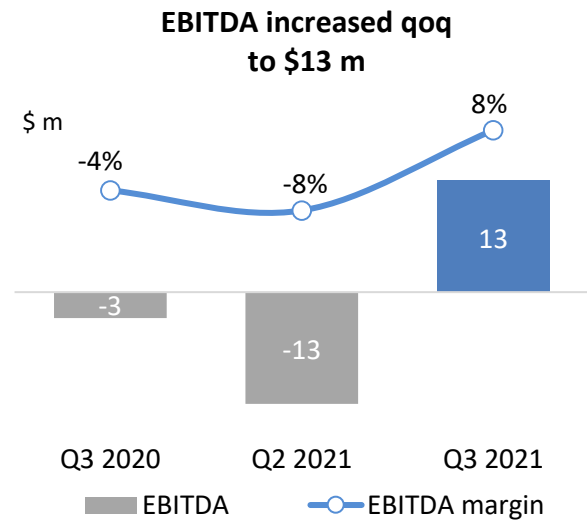
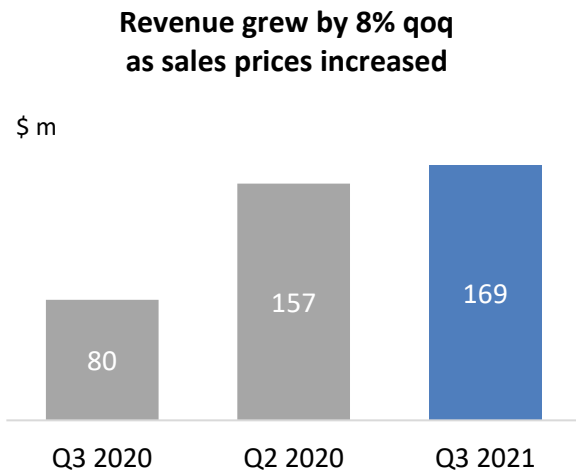
**NLMK DanSteel\***

**Q3 2021 highlights**

- **Sales** of plate went down by 20% qoq to 0.13 m t (+34% yoy) amid planned equipment repairs and seasonally low demand.
- **Revenue** grew by 8% qoq to \$169 m (+2.1x yoy) due to higher sales prices for plate, which was partially offset by lower sales volumes.
- **EBITDA** increased by \$26 m qoq to \$13 m (+\$16 m yoy) as the plate/slab spread widened.

**9M 2021 highlights**

- **Sales** were up by 22% yoy to 0.47 m t against the low Q3 2020 baseline during the COVID-19 pandemic.
- **Revenue** increased by 54% yoy to \$470 m amid higher sales and favourable pricing conditions.
- **EBITDA** stood at -\$4 m due to shipments in Q1-Q2 2021 based on long-term contracts, signed before steel product prices went up.



\* NLMK Dansteel and the plate distribution network



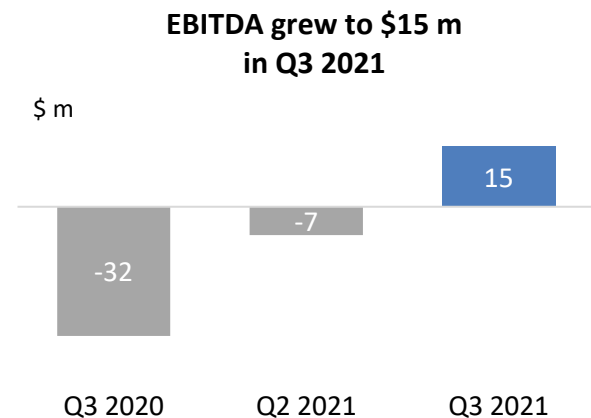
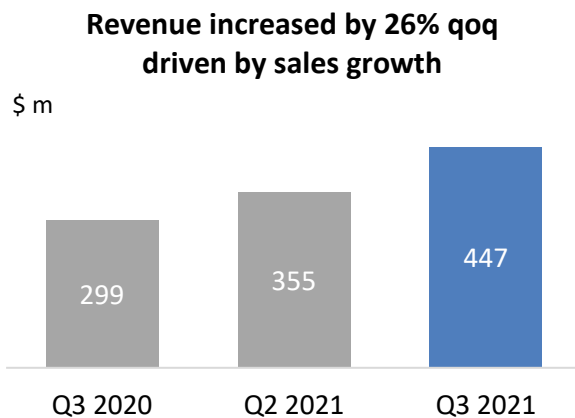
## JV performance (NBH)

### Q3 2021 highlights

- **NBH Sales** grew by 16% qoq to 0.4 m t following the completion of the first stage of the Hot Strip Mill upgrade at NLMK La Louvière (a Strategy 2022 project). The mill's step-by-step ramp-up impacted the year-on-year sales trend (-17%).
- **Revenue** increased by 26% qoq to \$447 m (+49% yoy) amid growing sales and higher European market prices.
- **EBITDA** grew to \$15 m vs. -\$7 m in Q2 2021 (+\$47 m yoy) as sales increased and flat steel/slab price spreads improved.

### 9M 2021 highlights

- **NBH sales** went down by 21% yoy to 1.2 m t amid rolling capacity upgrades in H1 2021.
- **Revenue** increased by 24% yoy to \$1.2 bn as a result of higher steel product prices.
- **EBITDA** totalled \$16 m vs. -\$65 m the year before due to wider price spreads, which was partially offset by lower sales volumes.





## Appendix No. 1: Operating and financial results

### (1) Sales markets

k t	Total	Sales markets					
		Russia	EU	North America	Middle East and Turkey	Central and South America	Other
NLMK Group (with NBH)	4,203	1,698	912	713	417	239	223
Division sales to third parties:							
NLMK Russia Flat	2,365	1,140	312	122	377	230	184
NLMK Russia Long	747	554	123	-	36	5	29
International subsidiaries and affiliates, incl.:	1,091	5	477	590	4	4	11
<i>NLMK USA</i>	586	-	-	586	-	-	-
<i>European rolling facilities (NLMK DanSteel and NBH)</i>	505	5	477	4	4	4	11

### (2) NLMK Russia Flat

k t/\$ million	Q3 2021	Q2 2021	QoQ	Q3 2020	YoY	9M 2021	9M 2020	YoY
Steel product sales, incl.:	2,983	3,527	-15%	3,281	-9%	9,507	10,182	-7%
external customers	2,364	2,387	-1%	2,870	-18%	6,834	8,204	-17%
semis to NBH	239	451	-47%	308	-23%	1,169	1,514	-23%
intersegmental sales	380	689	-45%	102	3.7x	1,504	464	3.2x
Revenue, incl.:	2,991	3,189	-6%	1,600	87%	8,297	5,012	66%
external customers	2,422	2,275	6%	1,425	70%	6,293	4,185	50%
intersegmental operations	569	914	-38%	175	3.3x	2,004	827	2.4x
EBITDA	1,154	1,393	-17%	306	3.8x	3,319	964	3.4x
EBITDA margin	39%	44%	-5 p.p.	19%	+20 p.p.	40%	19%	+21 p.p.

### (3) NLMK Russia Long

k t/\$ million	Q3 2021	Q2 2021	QoQ	Q3 2020	YoY	9M 2021	9M 2020	YoY
Steel product sales	747	818	-9%	802	-7%	2,305	1,965	17%
Revenue, incl.:	776	803	-3%	452	72%	2,101	1,094	92%
external customers	601	589	2%	337	78%	1,639	848	93%
intersegmental operations	175	214	-18%	115	52%	462	246	88%
EBITDA	158	157	1%	37	4.3x	405	61	6.6x
EBITDA margin	20%	20%	0 p.p.	8%	+12 p.p.	19%	6%	+13 p.p.





#### (4) Mining Segment

k t/\$ million	Q3 2021	Q2 2021	QoQ	Q3 2020	YoY	9M 2021	9M 2020	YoY
Iron ore products sales, incl.:	4,845	5,159	-6%	4,112	18%	14,789	13,596	9%
sales to Lipetsk plant	4,587	4,881	-6%	3,954	16%	14,231	12,912	10%
Revenue, incl.:	783	685	14%	330	2.4x	1,989	978	2x
external customers	38	48	-21%	38	0%	90	72	25%
intersegmental operations	745	637	17%	292	2.6x	1,899	906	2.1x
EBITDA	686	585	17%	250	2.7x	1,703	725	2.3x
EBITDA margin	88%	85%	+3 p.p.	76%	+12 p.p.	86%	74%	+12 p.p.

#### (5) NLMK USA

k t/\$ million	Q3 2021	Q2 2021	QoQ	Q3 2020	YoY	9M 2021	9M 2020	YoY
Steel product sales	586	502	17%	366	60%	1,519	1,234	23%
Revenue, incl.:	1,039	699	49%	223	4.7x	2,141	838	2.6x
external customers	1,039	699	49%	223	4.7x	2,141	838	2.6x
intersegmental operations	-	-	0%	-	0%	-	-	0%
EBITDA	354	213	66%	(12)	29.5x	632	(31)	20.4x
EBITDA margin	34%	30%	+4 p.p.	-5%	+39 p.p.	30%	-4%	+34 p.p.

#### (6) NLMK DanSteel

k t/\$ million	Q3 2021	Q2 2021	QoQ	Q3 2020	YoY	9M 2021	9M 2020	YoY
Steel product sales	130	162	-20%	97	34%	465	383	22%
Revenue, incl.:	169	157	8%	80	2.1x	470	305	54%
external customers	169	157	8%	79	2.1x	470	304	55%
intersegmental operations	-	-	0%	1.0	-100%	-	1	-100%
EBITDA	13	(13)	1x	(3)	4.3x	(4)	-	0%
EBITDA margin	8%	-8%	+16 p.p.	-4%	+12 p.p.	-1%	0%	-1 p.p.

#### (7) NBH

k t/\$ million	Q3 2021	Q2 2021	QoQ	Q3 2020	YoY	9M 2021	9M 2020	YoY
Steel product sales	384	329	17%	461	-17%	1,208	1,534	-21%
Revenue, incl.:	447	355	26%	299	49%	1,224	989	24%
external customers	434	344	26%	286	52%	1,188	953	25%
intersegmental operations	13.0	11.0	18%	13.0	0%	36	36	0%
EBITDA	15	(7)	2.1x	(32)	0.5x	16	(65)	0.2x
EBITDA margin	3%	-2%	+5 p.p.	-11%	+14 p.p.	1%	-7%	+8 p.p.



### (8) Sales by product

k t	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Pig iron	245	133	30	437	389
Slabs	1,068	1,337	1,082	1,083	1,215
Thick plates	131	163	175	145	97
Hot-rolled steel	1,023	904	957	947	887
Cold-rolled steel	390	406	431	424	480
Galvanized steel	320	334	279	273	315
Pre-painted steel	69	96	81	82	129
Transformer steel	69	77	67	78	64
Dynamo steel	55	62	65	68	66
Billet	90	139	105	96	86
Long products	600	599	572	522	642
Metalware	57	80	63	65	74
Other metal products*	29	-	-	-	-
<b>ИТОГО</b>	<b>4,146</b>	<b>4,329</b>	<b>3,908</b>	<b>4,220</b>	<b>4,443</b>

### (9) Sales by region

k t	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Russia	1,695	1,818	1,677	1,643	1,817
European Union	869	890	805	852	482
Middle East, including Turkey	413	507	536	567	580
North America	713	624	468	604	562
Central and South America	238	325	225	184	49
CIS	86	76	91	101	135
Asia and Oceania	114	68	23	190	794
Rest of World	18	21	82	79	25
<b>TOTAL</b>	<b>4,146</b>	<b>4,329</b>	<b>3,908</b>	<b>4,220</b>	<b>4,443</b>

### (10) Revenue by region

Region	Q3 2021		Q2 2021		Q1 2021	
	\$ million	share	\$ million	\$ million	share	\$ million
Russia	1,697	37%	1,769	43%	1,306	46%
European Union	834	18%	723	17%	501	17%
Middle East, including Turkey	398	9%	407	10%	343	12%
North America	1,133	25%	781	19%	430	15%
Central and South America	218	5%	255	6%	140	5%
CIS	125	3%	84	2%	74	3%
Asia and Oceania	105	2%	98	2%	33	1%
Rest of World	50	1%	22	1%	40	1%
<b>TOTAL</b>	<b>4,560</b>	<b>100%</b>	<b>4,139</b>	<b>100%</b>	<b>2,867</b>	<b>100%</b>



### (11) EBITDA\*

\$ million	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Operating income**	2,132	1,899	1,016	758	437
minus:					
Depreciation and amortization	(155)	(153)	(150)	(132)	(142)
<b>EBITDA</b>	<b>2,287</b>	<b>2,052</b>	<b>1,166</b>	<b>890</b>	<b>579</b>

\* EBITDA used in NLMK's financial releases is calculated as operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets, adjusted to depreciation and amortization. EBITDA is not an indicator of operating profit, operating activity or liquidity under IFRS, and NLMK discloses it because equivalent indicators could be used by investors and analysts. That said, NLMK's EBITDA should not be viewed on a standalone basis, or in place of profit before tax, or cash flows from operations, as defined by IFRS, or as an indicator of operational efficiency, or as the sum of free cash funds that NLMK can invest into business development. NLMK's EBITDA margin and EBITDA might not be comparable to similar indicators disclosed by other companies as there are no commonly accepted rules for calculating them. For instance, NLMK's EBITDA is calculated similar to what is termed as 'Adjusted EBITDA' in other companies, as NLMK's EBITDA excludes other profit/loss items in addition to interest payments, income tax, depreciation and amortization.

\*\* Operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets

### (12) Free cash flow

\$ million	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net cash provided operating activities	1,388	1,247	691	524	591
Interest paid	(4)	(25)	(8)	(25)	(9)
Interest received	2	1	1	3	1
Advance VAT payments on imported equipment	-	-	-	-	-
<b>Capex</b>	<b>(272)</b>	<b>(359)</b>	<b>(232)</b>	<b>(273)</b>	<b>(344)</b>
<b>Free Cash Flow</b>	<b>1,114</b>	<b>864</b>	<b>452</b>	<b>229</b>	<b>239</b>

### (13) Net debt

\$ million	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Short-term borrowings	1,423	831	857	1,054	856
Long-term borrowings	1,985	2,002	2,069	2,432	2,346
Cash and cash equivalents	(542)	(748)	(489)	(842)	(755)
Short-term deposits	(127)	(122)	(350)	(149)	(501)
<b>Net debt</b>	<b>2,739</b>	<b>1,963</b>	<b>2,087</b>	<b>2,495</b>	<b>1,946</b>



#### (14) Production of main products

k t	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
<b>Crude steel, incl.:</b>	<b>3,867</b>	<b>4,523</b>	<b>4,307</b>	<b>3,863</b>	<b>3,824</b>
Steel Segment	2,877	3,557	3,331	2,970	2,864
Long products Segment, incl.:	811	777	789	708	786
NLMK Kaluga	307	310	333	349	361
Foreign Rolled Products Segment	179	189	187	185	173
<b>Finished products, incl.:</b>	<b>2,886</b>	<b>2,756</b>	<b>2,764</b>	<b>2,594</b>	<b>2,614</b>
Flat steel	2,211	2,104	2,096	2,024	1,957
Long steel	675	652	669	570	657
<b>Coke (6% moisture), incl.:</b>	<b>1,405</b>	<b>1,498</b>	<b>1,463</b>	<b>1,486</b>	<b>1,506</b>
NLMK Lipetsk	643	644	638	647	647
Altai-Koks	762	853	825	839	858

#### (15) Slab sales, including intra-group sales to NLMK Group companies

k t	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Sales to 3rd parties, incl.:	830	886	603	502	907
Export	667	667	406	380	797
Sales to subsidiaries & associates	534	1,130	911	728	410
Sales to NBH	239	451	479	582	308
<b>TOTAL</b>	<b>1,364</b>	<b>2,016</b>	<b>1,514</b>	<b>1,230</b>	<b>1,318</b>

#### (16) Export shipments of steel products from Group's Russian companies to third party consumers

k t	Q3 2021	Q2 2021	QoQ	Q3 2020	YoY	9M 2021	9M 2020	YoY
<b>Semi-finished products</b>	<b>1,002</b>	<b>939</b>	<b>7%</b>	<b>1,271</b>	<b>-21%</b>	<b>2,483</b>	<b>3,279</b>	<b>-24%</b>
Pig iron	245	133	84%	389	-37%	409	1,048	-61%
Slabs	667	667	0%	797	-16%	1,740	2,000	-13%
Billets	90	139	-35%	85	6%	334	231	45%
<b>Flat products</b>	<b>393</b>	<b>347</b>	<b>13%</b>	<b>416</b>	<b>-5%</b>	<b>1,225</b>	<b>1,445</b>	<b>-15%</b>
HRC	218	162	35%	160	36%	632	660	-4%
CRC	78	74	6%	148	-47%	277	442	-37%
HDG	5	5	-11%	8	-40%	16	32	-51%
Coated	1	1	6%	1	-16%	3	2	22%
Dynamo	34	39	-13%	47	-28%	117	142	-18%
Transformer	57	66	-14%	52	11%	181	167	8%
<b>Long products</b>	<b>103</b>	<b>112</b>	<b>-8%</b>	<b>169</b>	<b>-39%</b>	<b>335</b>	<b>415</b>	<b>-19%</b>
<b>Total</b>	<b>1,498</b>	<b>1,398</b>	<b>7%</b>	<b>1,856</b>	<b>-19%</b>	<b>4,044</b>	<b>5,139</b>	<b>-21%</b>



## (17) Segmental information

Q3 2021

\$ million	Russian Flat Steel	Russian Long Products	Mining	NLMK USA	NLMK DanSteel and Plate Distribution Network	Investments in NBH	Totals	Intersegmental operations and balances	NBH deconsolidation	Consolidated
Revenue from external customers	2,422	601	38	1,039	169	434	4,703	-	(143)	4,560
Intersegment revenue	569	175	745	-	-	13	1,502	(1,489)	(13)	-
Gross profit	1,373	202	683	367	25	44	2,694	(94)	(48)	2,552
Operating income/(loss)	1,050	147	656	347	10	1	2,211	(74)	(5)	2,132
Income / (loss) before minority interest	833	121	517	272	2	(2)	1,743	(107)	(8)	1,628
Segment assets including goodwill	8,427	1,119	3,092	1,391	507	1,696	16,232	(2,883)	(1,505)	11,844

Balance figures presented as of 30.09.2021

Q2 2021

\$ million	Russian Flat Steel	Russian Long Products	Mining	NLMK USA	NLMK DanSteel and Plate Distribution Network	Investments in NBH	Totals	Intersegmental operations and balances	NBH deconsolidation	Consolidated
Revenue from external customers	2,275	589	48	699	157	344	4,112	-	27	4,139
Intersegment revenue	914	214	637	-	-	11	1,776	(1,765)	(11)	-
Gross profit	1,581	190	583	219	5	22	2,600	(243)	(107)	2,250
Operating income/(loss)	1,292	147	556	203	(16)	(21)	2,161	(198)	(64)	1,899
Income / (loss) before minority interest	997	121	410	181	(6)	(24)	1,679	(155)	(160)	1,364
Segment assets including goodwill	8,704	1,100	2,990	1,287	508	1,637	16,226	(3,473)	(1,439)	11,314

Balance figures presented as of 30.06.2021