

PRESS RELEASE

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NLMK Group Q2 2012 RAS Financial Results

NLMK (LSE: NLMK) today announces its Q2 2012 Russian Accounting Standards (RAS) financial results for its major companies¹.

More detailed information on NLMK's Q2 2012 RAS financial results is presented below.

Note: Russian Accounting Standards (RAS) accounting results differ materially from US GAAP accounting results and are not comparable to financial statements prepared in accordance with US GAAP. Reference should be made only to consolidated financial statements prepared in accordance with US GAAP for information with respect to NLMK Group's financial condition and results of operations to be published in August 2012.

Q2 2012 RAS Financial Results for NLMK Russia, (‘000 RUB, except for percentages)

Novolipetsk (NLMK's parent company)

	Q2 2012	Q1 2012	Q2 2011	Q2 2012/ Q1 2012	Q2 2012/ Q2 2011
Revenue	62 595 821	60 446 405	60 594 089	3.56%	3.30%
Gross profit	11 426 387	8 053 757	15 644 036	41.88%	-26.96%
Operating profit	4 469 142	2 293 509	10 182 539	94.86%	-56.11%
Net profit	10 609 017	3 437 568	28 063 781	208.62%	-62.20%

VIZ-Stal

	Q2 2012	Q1 2012	Q2 2011	Q2 2012/ Q1 2012	Q2 2012/ Q2 2011
Revenue	2 567 990	2 024 400	2 182 884	26.85%	17.64%
Gross profit	374 150	164 928	320 784	126.86%	16.64%
Operating profit	150 265	-70 672	94 913		58.32%
Net profit	222 877	-133 225	77 356		188.12%

Stoilensky

¹ VIZ-Stal, Stoilensky, NSMMZ (key asset of our Long Products Division), and Altai-Koks

	Q2 2012	Q1 2012	Q2 2011	Q2 2012/ Q1 2012	Q2 2012/ Q2 2011
Revenue	10 691 825	9 174 935	10 818 849	16.53%	-1.17%
Gross profit	7 735 612	6 706 763	8 311 939	15.34%	-6.93%
Operating profit	7 061 863	6 220 043	7 813 323	13.53%	-9.62%
Net profit	7 346 280	4 254 733	6 235 328	72.66%	17.82%

NSMMZ ²

	Q2 2012	Q1 2012	Q2 2011	Q2 2012/ Q1 2012	Q2 2012/ Q2 2011
Revenue	9 850 183	8 058 394	9 612 749	22.24%	2.47%
Gross profit	1 329 992	843 698	1 252 109	57.64%	6.22%
Operating profit	740 972	341 625	119 767	116.90%	x6 times
Net profit	-65 343	-288 691	-811 007	-77.37%	-91.94%

² NSMMZ is a key asset of NLMK Long Products Division.

Altai-Koks

	Q2 2012	Q1 2012	Q2 2011	Q2 2012/ Q1 2012	Q2 2012/ Q2 2011
Revenue	10 388 923	11 140 223	10 280 286	-6.74%	1.06%
Gross profit	2 266 491	1 932 216	2 133 579	17.30%	6.23%
Operating profit	1 814 582	1 576 539	1 446 362	15.10%	25.46%
Net profit	1 396 944	1 162 636	1 142 487	20.15%	22.27%

KEY HIGHLIGHTS

- **Improved financials for Novolipetsk**

In Q2 2012 NLMK revenue increased 4% q-o-q driven by higher product prices coupled with stable sales. Y-o-y revenue climbed 3% as sales grew 15% while prices dropped 6% y-o-y and share of semi-finished products in total sales increased. The growth in revenue was the main factor driving gross profit and operating profit up 42% and 95% q-o-q, respectively. Novolipetsk profit margins also increased, by 3 p.p. q-o-q.

Q2 net profit totalled RUB10,609 million, more than tripling q-o-q, as a result of the distribution of dividends for 2011 from NLMK's subsidiaries.

Y-o-y net profit contracted by 62%, pressured by lower operating profit and the fact that Q2 2011 financials included the divestment of NTK (Independent Transportation Company).

- **Improved financials for VIZ-Stal**

The seasonal growth in demand supported an increase in transformer steel sales. As a result, Q2 2012 revenue grew 27% q-o-q and 18% y-o-y.

The 27% increase in gross profit q-o-q was supported by higher demand for high value-added flat steel products. The decrease in fixed costs per tonne of steel in Q2 served as an additional growth factor for the financial and operating performance of the company.

VIZ-Stal's Q2 net profit totalled RUB223 million (against a RUB133 million loss in Q1), supported by higher operating income, as well as the positive effect of FX differences.

- **Improved financials for Stoilensky**

Revenue grew 17% q-o-q, impacted mainly by higher sales of iron ore concentrate to the parent company, as well as to the external market.

Gross profit and operating profit increased 15% and 13% q-o-q, respectively, driven by the growth in revenue.

Net profit increased 1.7 times q-o-q, with positive FX differences being included into Other income.

- **Higher operating profit and lower net loss for NSMMZ**

The seasonal pick-up in demand for long products from the local construction sector led to significant increase in sales. This was the key driver for the 22% revenue growth q-o-q.

Revenue growth was the main factor for the 117% q-o-q increase in operating profit.

The company's net loss is still determined by its high debt burden. The company was able to significantly reduce its losses, mainly due to by high financial results from operating activities.

The company was able to reduce its losses y-o-y by partially repaying its loan.

- **Improved financials for Altai-Koks**

As product prices fell, the company's revenue reduced mildly (-7%). The impact of this factor was partially offset by the 5% increase in sales.

The opportunity to cut production costs was ensured by coal concentrate price adjustments, the use of captive tar pitch starting from Q2, as well as lower consumption rates supported by high battery utilization and satisfactory charge quality. These factors drove gross profit and operating profit up 17% and 15% q-o-q, respectively, and 6% and 26% y-o-y.

Sales margins grew 3 p.p. q-o-q, as production cost reduced at a higher pace than revenue.

The 20% increase in net profit q-o-q was determined by the higher operating profit.

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