

# NLMK

**Q3 2013**  
**US GAAP CONSOLIDATED RESULTS**



Moscow, 8 November 2013

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# INTERNATIONAL STEEL MARKET

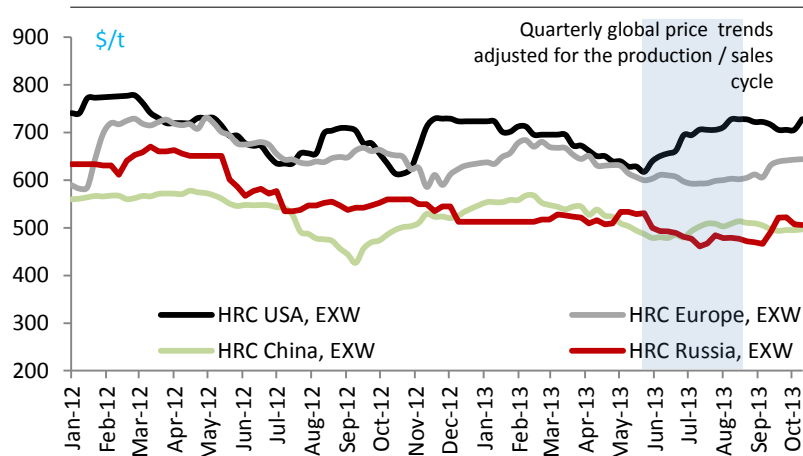
## DEMAND AND SUPPLY

- Average utilization rate in Q3 went down to 77.2% (- 2.4 p.p.)
- Seasonal slowdown in demand and production in August was followed by a recovery in demand by the end of Q3

## PRICES

- Average prices in Q3 declined qoq
  - In Russia and Europe prices for HRC went down by 6% and 2%, respectively
  - In USA prices for HRC jumped by 10%
- At the end of Q3, prices began recovering supported by strengthening in demand and an uptick in raw materials prices

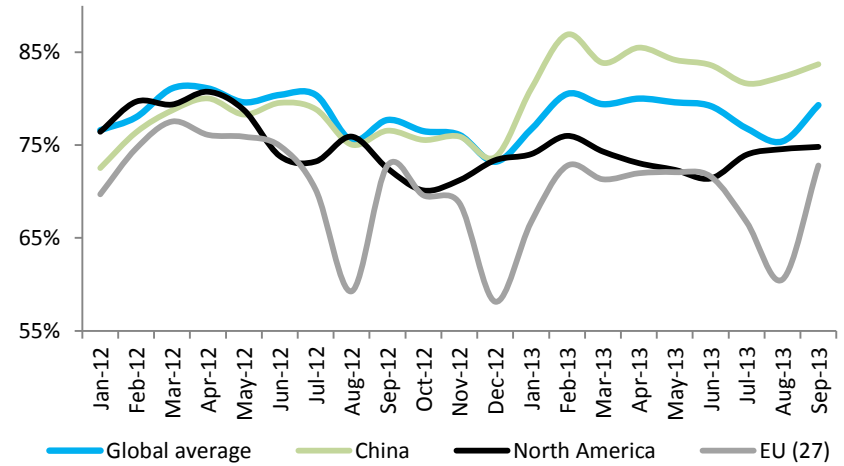
### PRICES FOR HRC



Source: Metal Bulletin

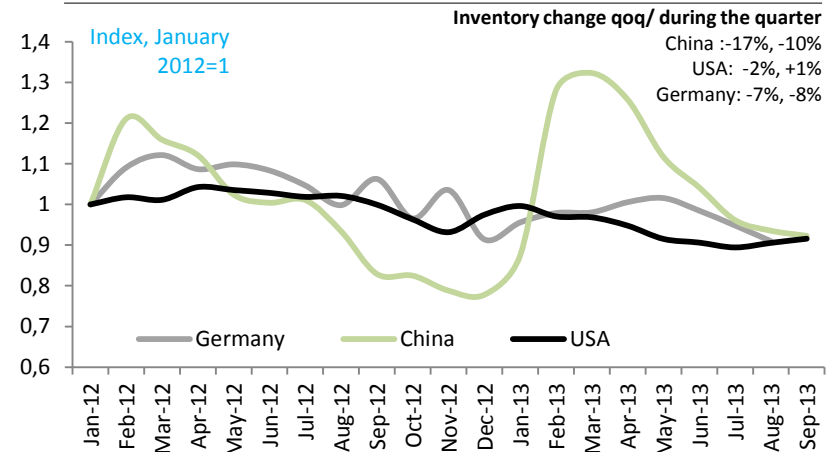
\* - average daily output growth

### STEELMAKING CAPACITY UTILIZATION



Source: World Steel Association

### STEEL PRODUCTS INVENTORIES



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

# RUSSIAN STEEL MARKET

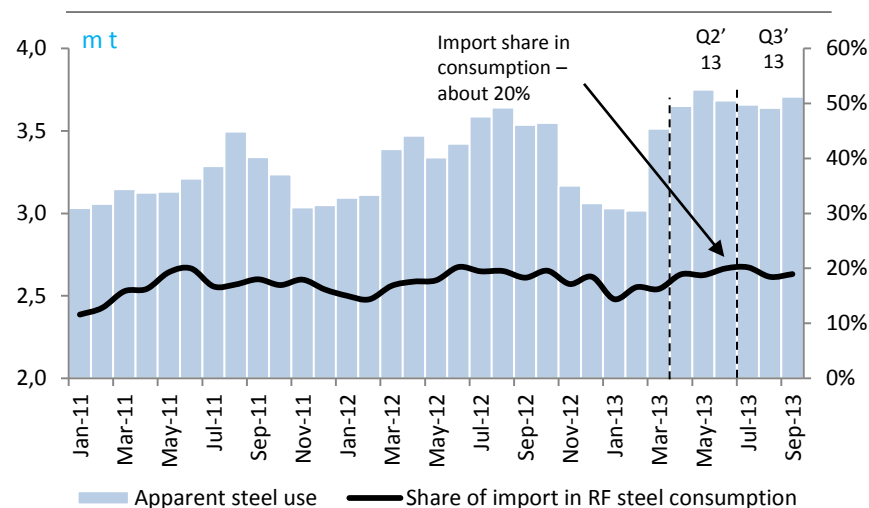
## DEMAND AND SUPPLY

- 9M'13: steel consumption increased to 31.7 m t (+3.5% yoy)
- Growth driven by the construction sector (+8% yoy)
- Import represents a significant share of ASU or 20%
- Imported volumes for 9M'13: up 6% to 5.8 m t yoy
  - Long product import up 28% yoy to 2.8 m t
  - Flat product import down 9% yoy to 3 m t

## PRICES

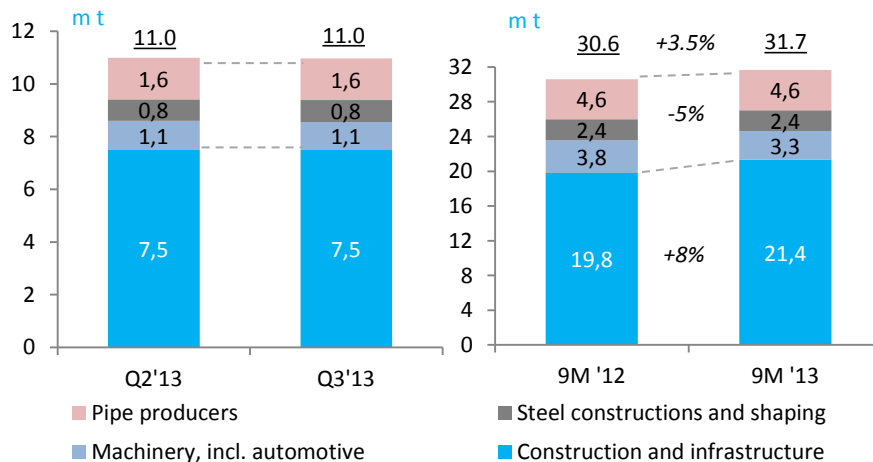
- HRC prices (in US\$) down 6% driven by a RUB decline by 4%
- Long products increased by 1% qoq

## STEEL CONSUMPTION TREND



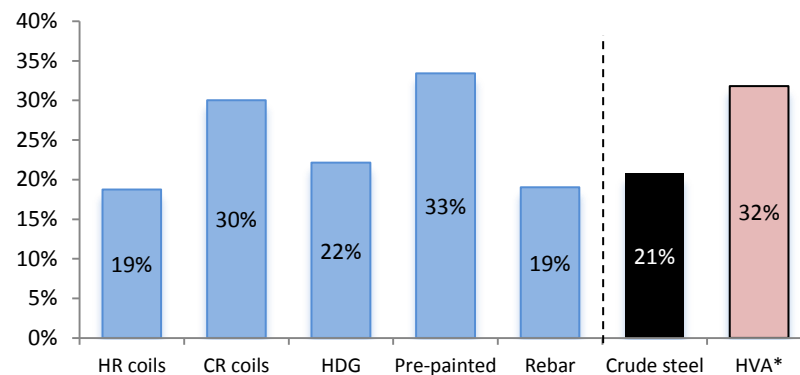
Source: Metal Expert

## STEEL DEMAND BY SECTOR IN RUSSIA



Source : Metal Expert

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



Source: Metal Expert

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

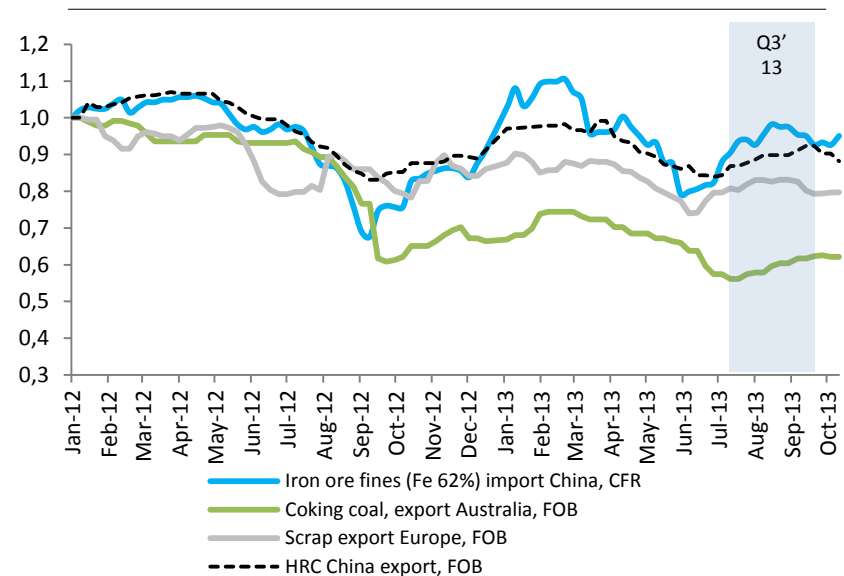
# RAW MATERIALS MARKET

## PRICES AND DEMAND IN INTERNATIONAL MARKETS

- During Q3 prices for main raw materials were recovering from the bottom values in Q2, providing a cost push for steel prices in H2'13
- Global prices for iron ore and coking coal went up in Q3'13 by 13% and 5%, respectively
- Demand for raw materials on the international markets remains high.
- In 9M 2013, iron ore import to China increased by 9% yoy

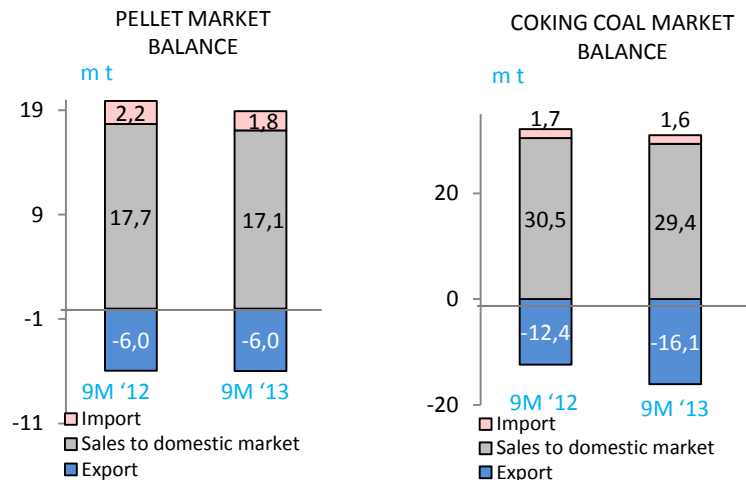
## RAW MATERIALS MARKET IN RUSSIA REMAINS OVERSUPPLIED

## GLOBAL RAW MATERIAL PRICES



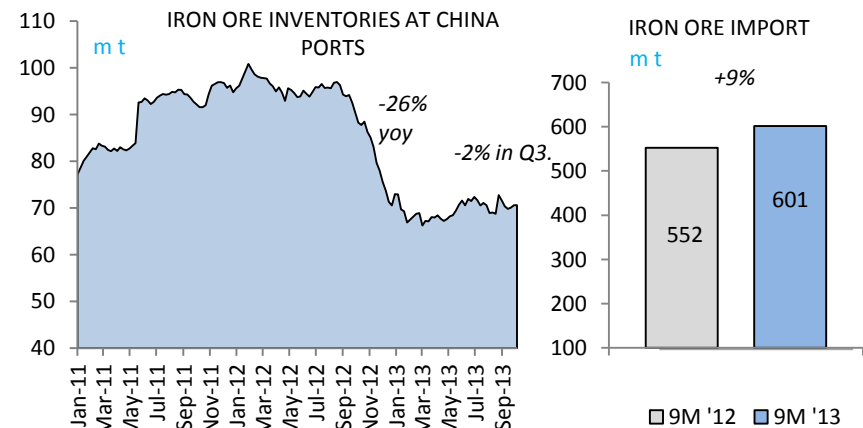
Source: Metal Bulletin

## RUSSIA: RAW MATERIALS MARKET BALANCE



Source: Metal Expert.

## CHINA: IRON ORE IMPORT AND INVENTORIES



Source: Bloomberg

# PRODUCTION RESULTS

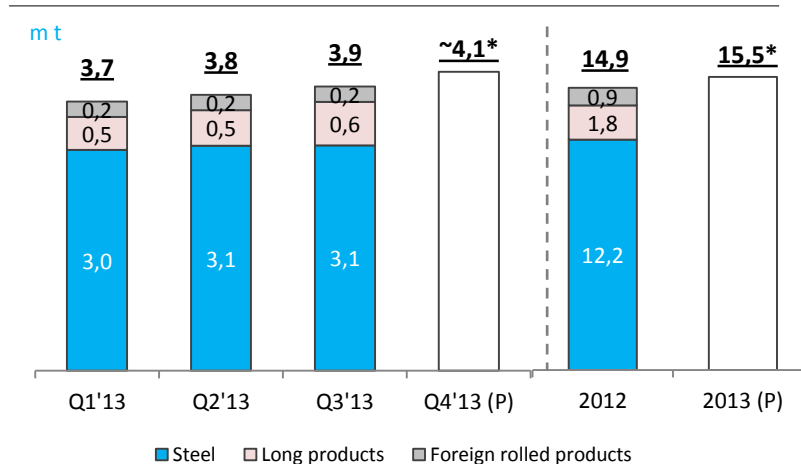
## HIGH CAPACITY UTILIZATION RATES

- Growth in steel production in Q3'13 to 3.9 m t (+3% qoq)
- Average capacity utilization rate 96%
  - Lipetsk plant – 99%
  - NLMK Indiana – 91%
  - NLMK Russia Long – 90%

## CRUDE STEEL PRODUCTION OUTLOOK

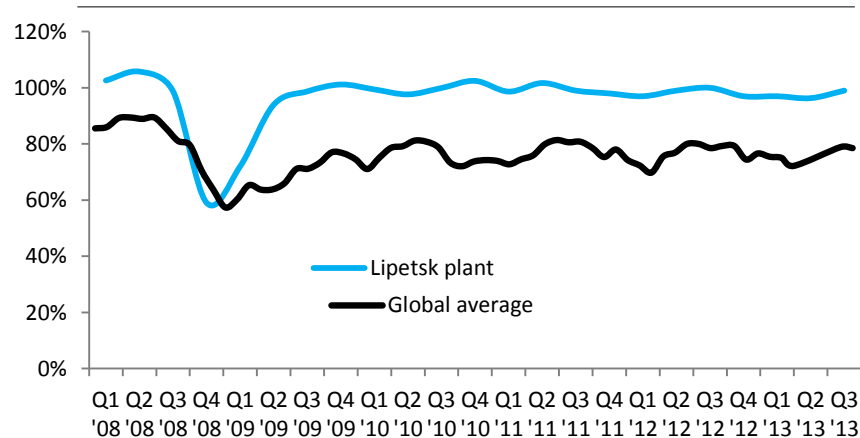
- Q4'13 steel output up by 200,000 t, (+5% qoq) to 4.1 m t driven by NLMK Kaluga production of 290,000 t
- 2013 steel output of 15.5 m t, +4% yoy

## NLMK: STEEL PRODUCTION

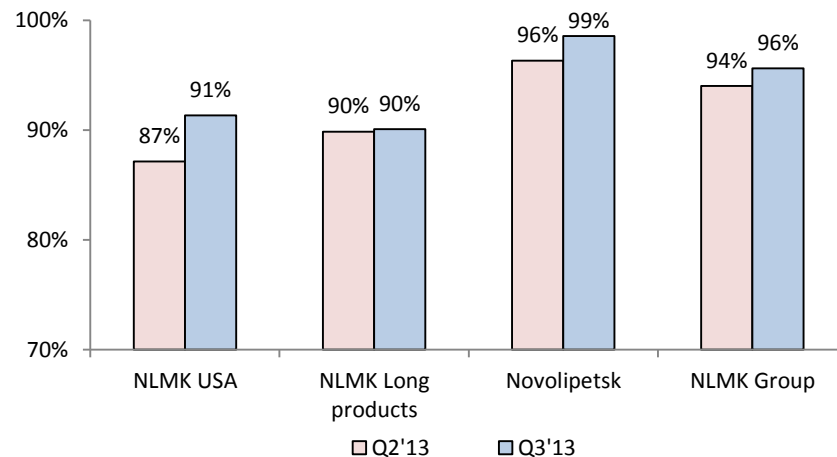


\* Excluding NLMK Verona output in Q4'13

## STEELMAKING CAPACITY UTILIZATION



## NLMK: STEELMAKING CAPACITY UTILIZATION



# SALES GEOGRAPHY

## Q3 SALES TOTALED 3.72 M T (-1% QOQ)

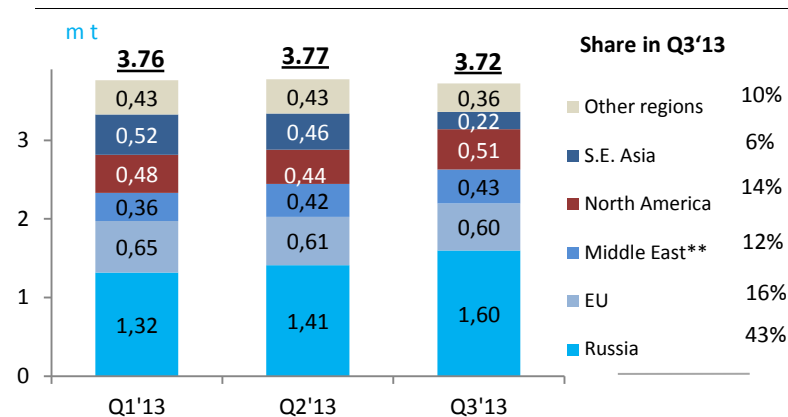
## SALES IN RUSSIA +13% QOQ, +22% YOY\* TO 1.6 M T, INCL.

- Flat steel sales: 0.9 m t, +17% qoq
- Long products sales: 0.44 m t, +16% qoq
- Wide slabs (for tube production) 0.142 m t, -21% qoq

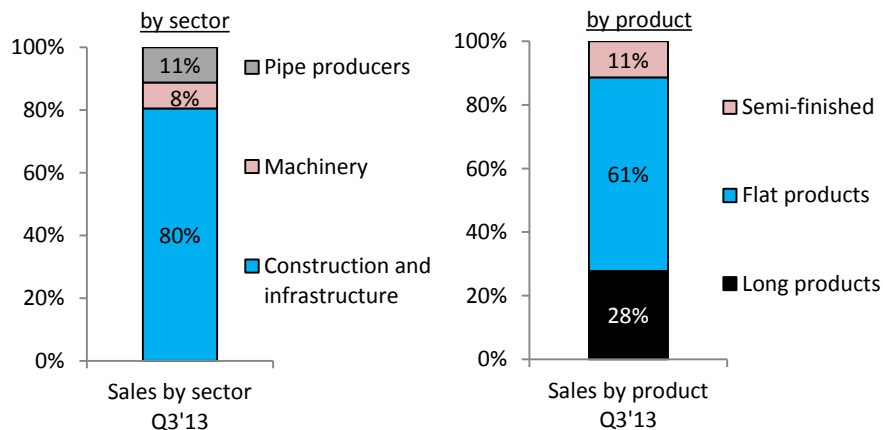
## INTERNATIONAL SALES -10% QOQ TO 2.13 M T

- Seasonal decline in sales in Europe by 3% to 0.6 m t,
- Asian sales went down to 0.22 m t
- Sales in North America grew 17% supported by improved market conditions

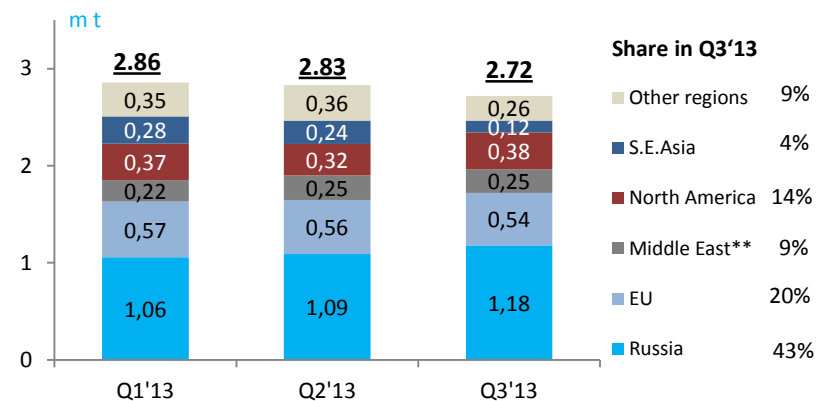
## STEEL SALES BY REGION



## NLMK SALES IN RUSSIA



## REVENUE BY REGION



\*yoy changes are 9M'13 vs. 9M'12

\*\* Middle East includes Turkey

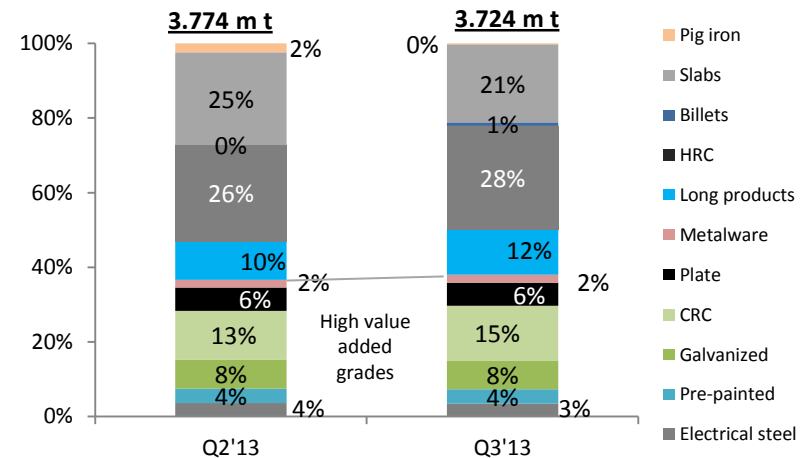
# SALES STRUCTURE

## FINISHED STEEL SALES GREW 6% TO 2.9 M T

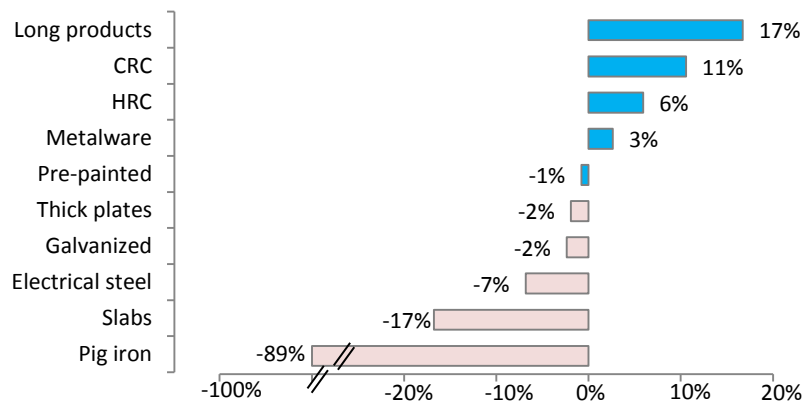
- Share of finished steel grew 5 p.p. qoq to 78%
- Pig iron sales down to 9,000 t, compared to 91,000 t in Q2
- Slab sales to third parties down 17% driven by increased demand for finished steel and growth in slab sales to Foreign rolled products segment
- Seasonal growth of long product and metalware sales

## HIGH VALUE ADDED GRADES SALES UP 2% TO 1.41 M T

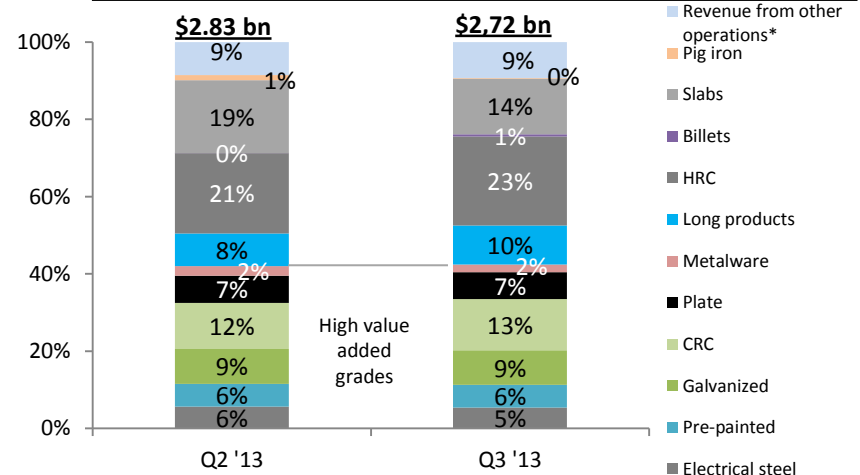
### SALES BY PRODUCT



### CHANGE IN SALES BY PRODUCT Q3/Q2



### REVENUE BY PRODUCT



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



# OPERATIONAL EFFICIENCY

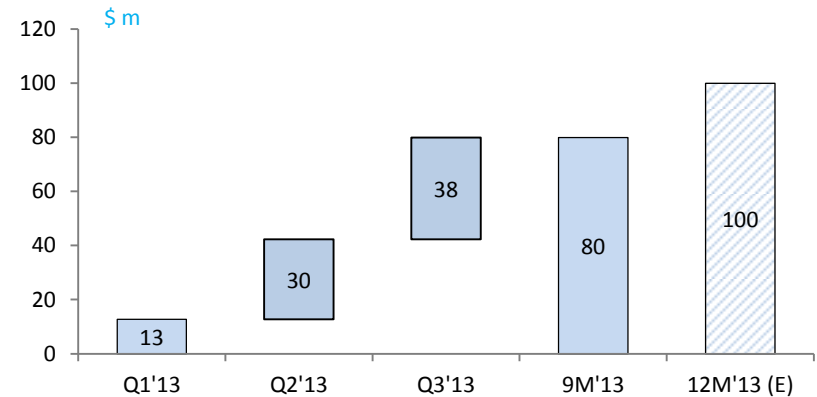
## IMPROVING HOT-END OPERATIONAL EFFICIENCY

- The program covers production and auxiliary processes
- Target level of savings in 2013: c. \$100 m\*
- Effect of \$80 m achieved in 9M13

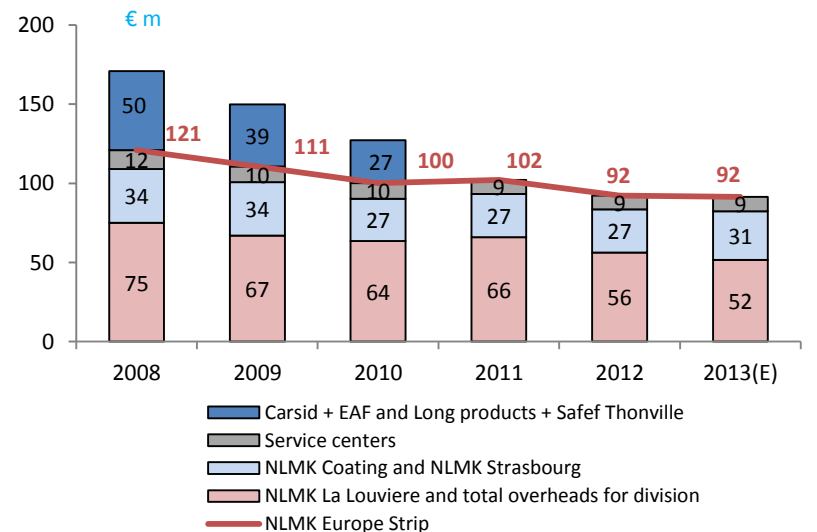
## RESTRUCTURING OF EUROPEAN ASSETS

- Restructuring program is being implemented since 2008
  - Change in asset perimeter and transition to a re-roller model
  - Consistent cost reduction through optimization programs
- NLMK La Louviere Restructuring Agreement (March 2013)
  - Headcount optimization by 30%
  - Fixed costs reduction by \$30 m/y (full effect in 2014)
- Involvement of the Belgian state-owned company SOGEPA as a strategic partner in European assets
  - Sale of 20.5% interest in NLMK Belgium Holdings (NBH) for €91 m (\$123 m)
  - SOGEPA participation in governance

## PRODUCTION COSTS REDUCTION WITHIN “RAPID IMPROVEMENTS” PROGRAM



## FIXED COSTS OF NLMK EUROPE STRIP



\* Gains from “quick improvements” program in hot-end operations at Novolipetsk and Altai-Koks. The program was announced in February 2013.

# KEY HIGHLIGHTS

## Q3 FINANCIAL RESULTS

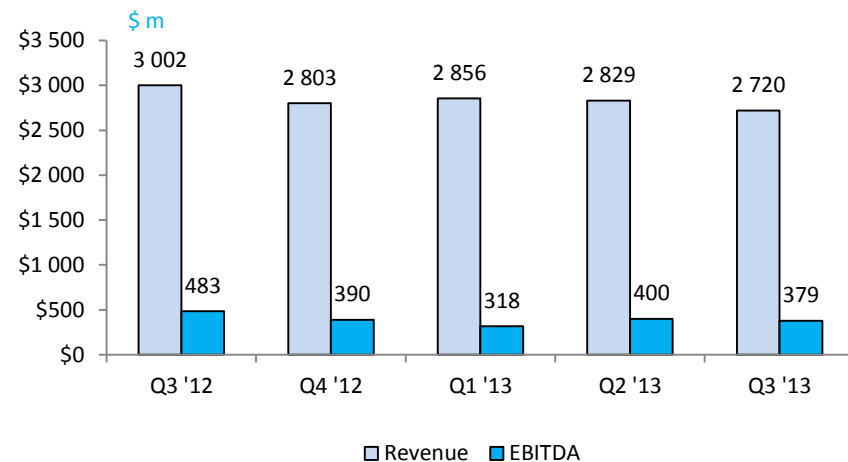
• Revenue	\$2 720 m (-4% qoq)
• EBITDA	\$379 m (-5% qoq)
• EBITDA margin	13.9% (-0.2 p.p.)
• Net income	\$138 m
• Operating cash flow*	\$449 m (+36%)
• Investments**	\$281 m
• Net debt***	\$2 772 m (-19%)
• Net debt/12M EBITDA***	1.87
• Cash and cash equivalents	\$1 351 m
• Free cash flow	\$274 m

\* Operating cash flow w/o interest income expenses

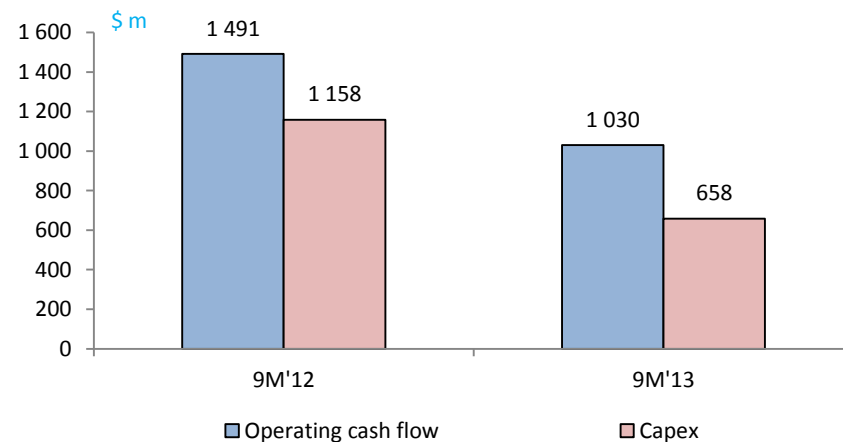
\*\* Investments include capitalized interest expense

\*\*\* Net debt w/o NBH debt, guaranteed by NLMK Group

## REVENUE AND EBITDA



## OPERATING CASH FLOW AND INVESTMENTS\*\*

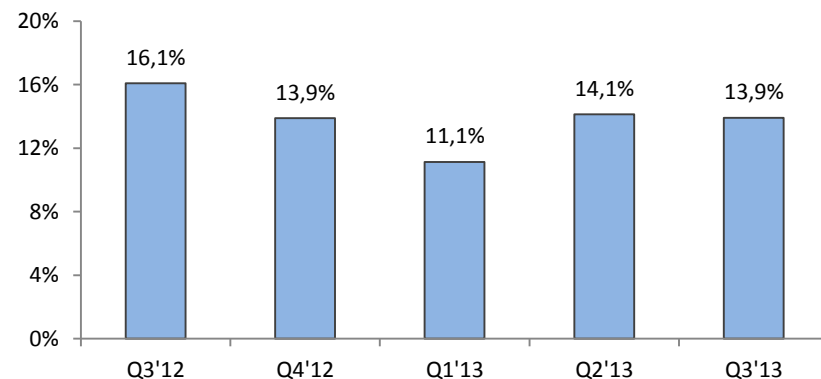


# PROFITABILITY

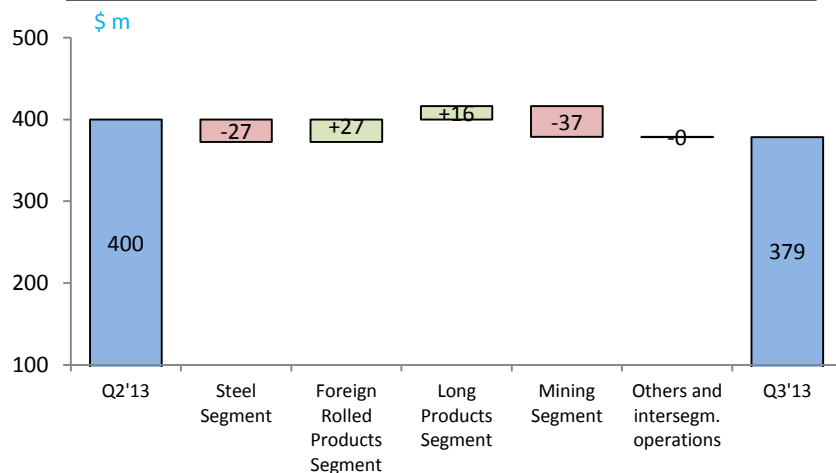
## Q3'13 EBITDA WAS \$379 MILLION

- Revenue declined by 4%
  - Growth in value added product sales partially offset weaker prices and lower pig iron sales volume
- Stable profitability at 13.9%
  - (-) Decline in steel prices outpacing that of raw materials – narrowing price spreads
  - (+) Sales structure improvement
  - (+) Cost reduction program
  - (+) RUB/US\$ rate down 4% qoq

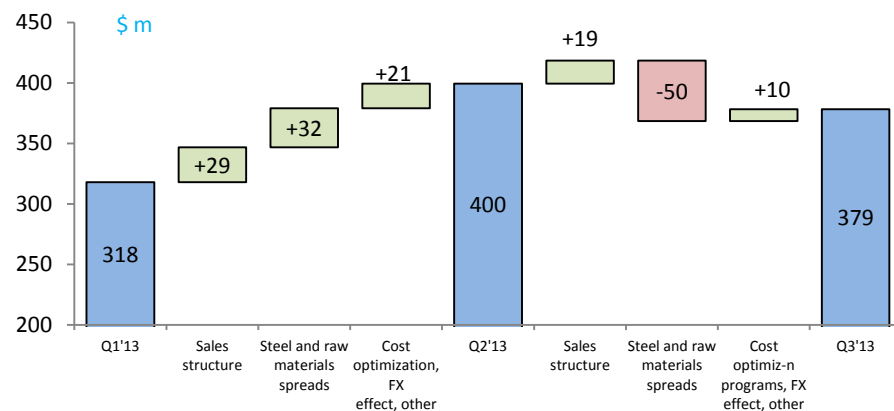
## EBITDA MARGIN



## SEGMENT EBITDA CHANGES



## EBITDA: FACTOR ANALYSIS

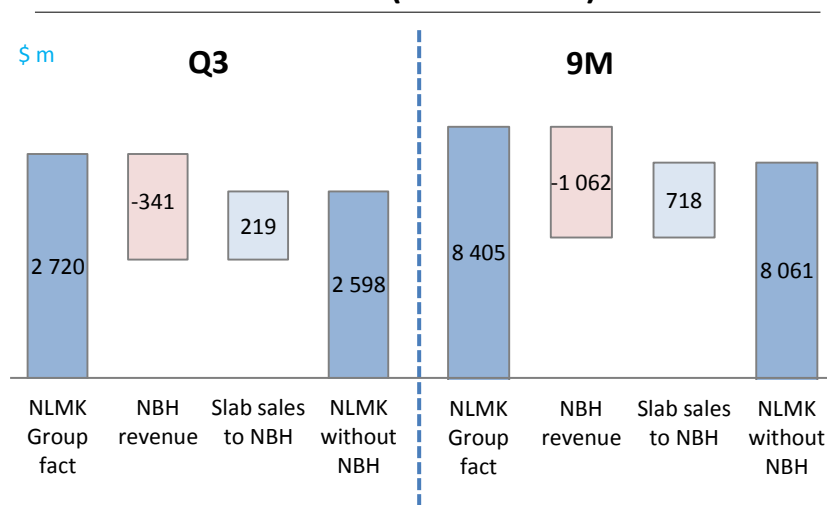


# NBH EQUITY SALE IMPACT

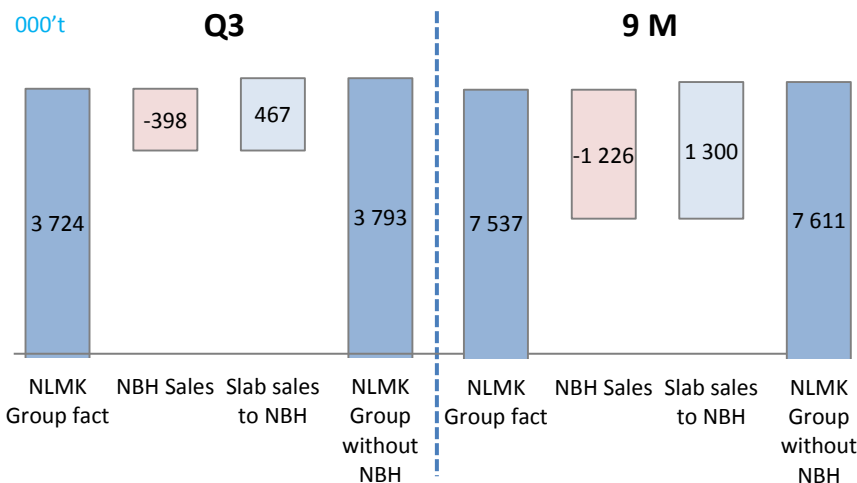
## NBH DECONSOLIDATION

- Accounting by the equity method and exclusion from consolidated figures
- Impact on balance sheet starting from Q3'13
  - Minor impact on shareholder capital (see slide 24)
  - Financial debt reduction by \$757 m
- Impact on operating results starting from Q4'13
  - Exclusion of sales and revenue
  - Exclusion of operating results (EBITDA)
  - 79.5% of net income of the entity will be recognized in PL

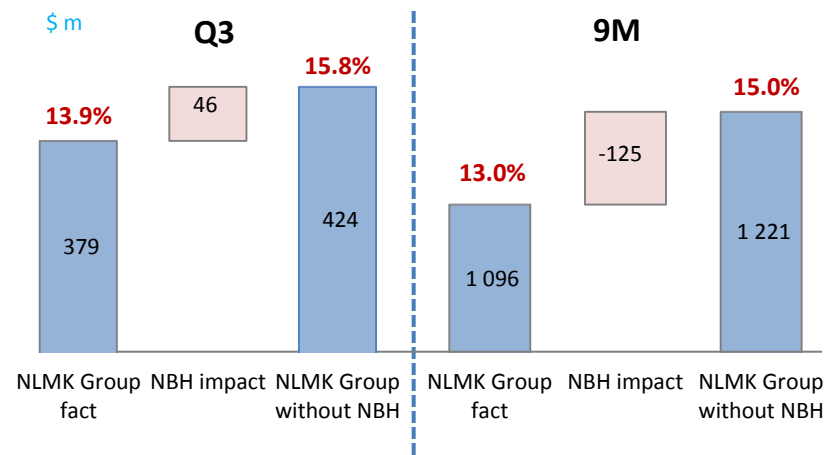
## REVENUE (PROFORMA)



## STEEL SALES (PROFORMA)



## EBITDA (PROFORMA)



# CASH FLOW

## POSITIVE FREE CASH FLOW

- Release of working capital: \$125 m
- Control over investment project implementation
  - Investments of \$ 281 m significantly lower the operating cash flow
  - Investment reduction as key projects are implemented
- Cash from NBH shares sale \$123 m
- Net outflow from borrowings \$199 m
- Free Cash Flow (FCFF) in Q3 was \$274 m\*

\*Excluding cash, placed on ST bank deposits

## CASH FLOW BRIDGE IN Q3'13

### EBITDA

Working capital change  
Other and non cash operations  
Income tax  
Net interests

### OPERATING CASH FLOW

Capital expenditures  
Cash from NLMK Belgium Holdings sale

### FREE CASH FLOW OF THE COMPANY

Net repayment of borrowings  
Other financial operations  
Cash outflow

### FREE CASH FLOW TO EQUITY

Change in deposits  
FX rate change

### CHANGE IN CASH

379

+125

+4

-59

-17

432

-281

+123

274

-199

+6

-77

3

-381

-27

-405

\$ m

# DEBT POSITION

## FINANCIAL DEBT

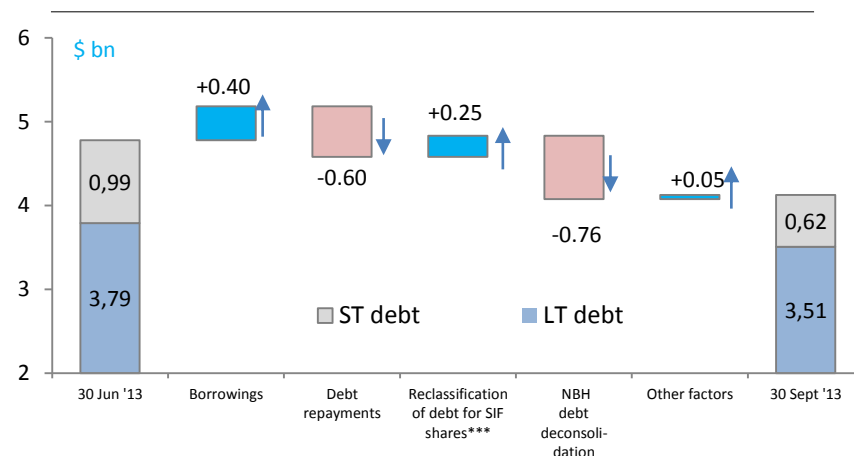
- Net debt\* \$2.77 bn (-19%)
- Total debt \$4.12 bn (-14%)
- Cash and equivalents \*\* \$1.35 bn (-1%)
- Net debt/ 12M EBITDA\* 1.87

## NLMK BELGIUM HOLDINGS LIABILITIES DECONSOLIDATION

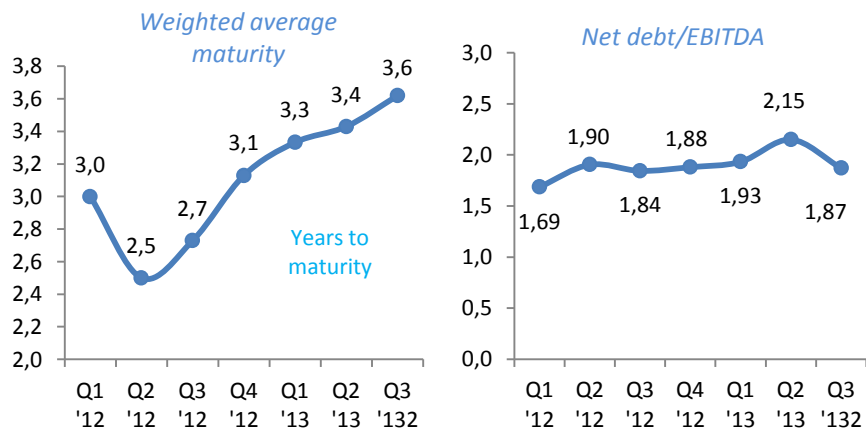
## CONSISTENT NET DEBT REDUCTION

## INVESTMENT CREDIT RATING (MOODY'S, FITCH)

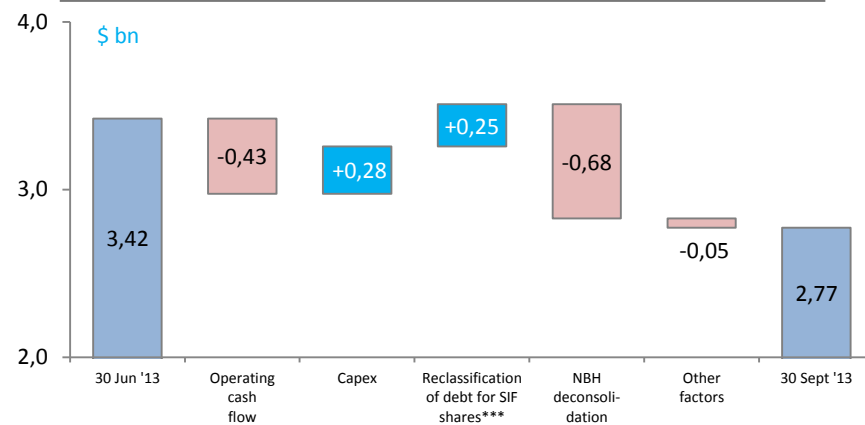
## CHANGE IN DEBT POSITION



## MATURITY AND NET DEBT/EBITDA



## NET DEBT CHANGE



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

\*\*Cash and equivalents and ST deposits

\*\*\* In Q3, \$252 of debt for SIF shares was included into financial debt; previously it was included in accounts payable, as they are reassigned to the bank

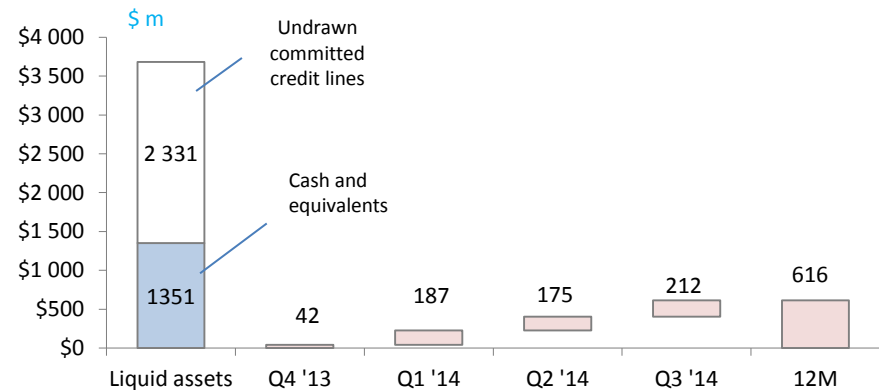
# SETTLEMENT OF FINANCIAL LIABILITIES

## SIGNIFICANT LIQUIDITY POSITION

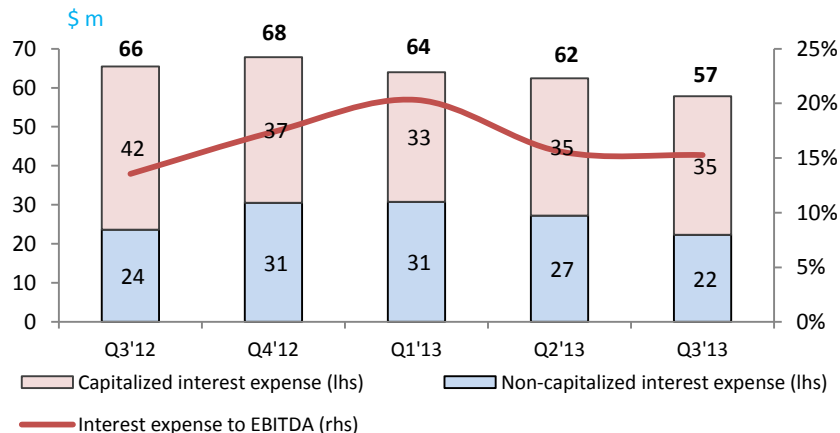
## COMFORTABLE MATURITY SCHEDULE

- Short term debt \$0.62 bn, (-38% qoq)
  - Ruble bonds
  - Credit lines
  - ECA- financing
- Long term debt \$3.51 bn, (-7% qoq)
  - Eurobonds and ruble bonds
  - Long term part of ECA

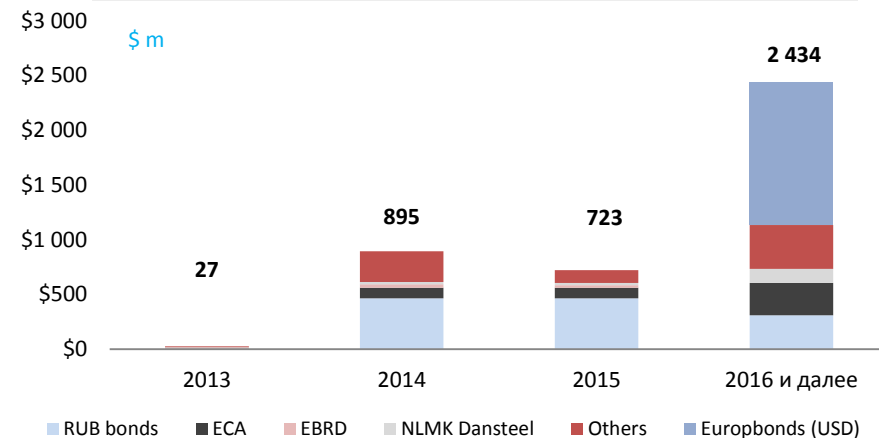
## LIQUIDITY AND ST DEBT MATURITY\*



## INTEREST EXPENSES\*\*



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



\* ST maturity payments with interest accrued and debt maturity schedule

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

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

# OUTLOOK

## STEEL PRODUCTION

- Steel output in Q4'13 will grow by 5% to 4.1 m t, driven by production growth at NLMK Kaluga
- In 2013 steel production will reach 15.5 m t (or +4% y/y)

## FINANCIALS

- In Q4, we expect steel prices to soften due to the seasonal slowdown in demand and projected decline in steel raw material prices
- The company continues to work on offsetting the negative impact of market conditions by improving technical and business process efficiency



# SEGMENTS

# SEGMENT CONTRIBUTION – Q3 '13

## STEEL SEGMENT

- Decline in steel prices
- Product mix improvement
- Ongoing cost optimization

## LONG PRODUCTS SEGMENT

- Seasonal sales growth (incl. contribution from NLMK-Kaluga)
- High capacity utilization

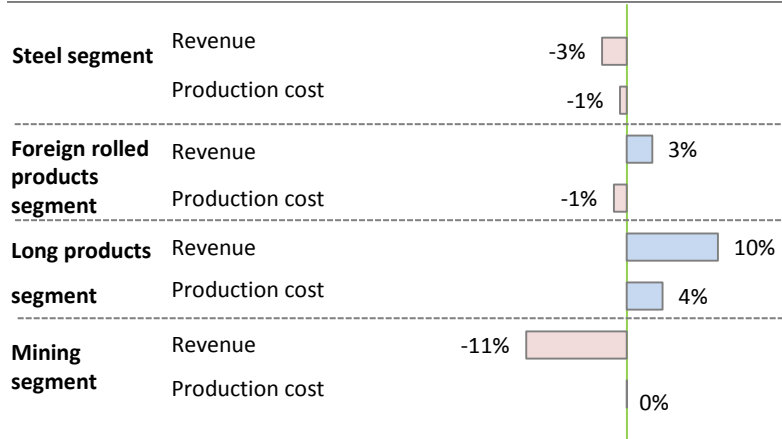
## MINING SEGMENT

- Lower iron ore prices
- Cost increase driven by electricity tariffs inflation

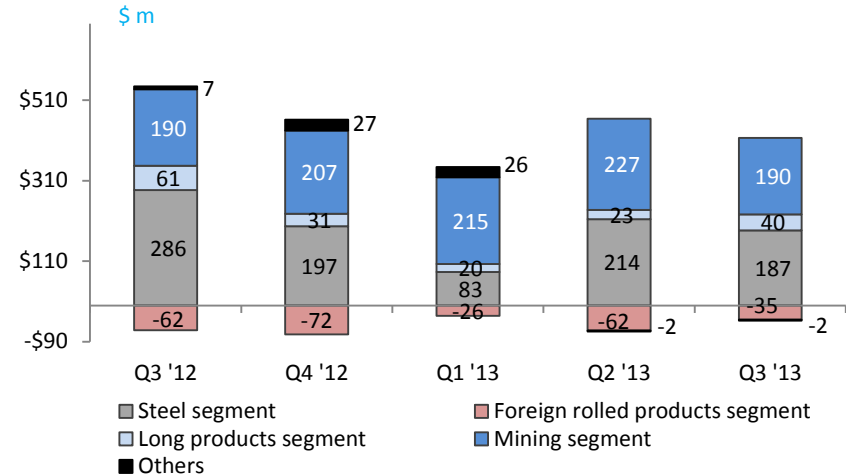
## FOREIGN ROLLED PRODUCTS SEGMENT

- NLMK USA operating results improvement
- Seasonal reduction in NLMK Europe performance

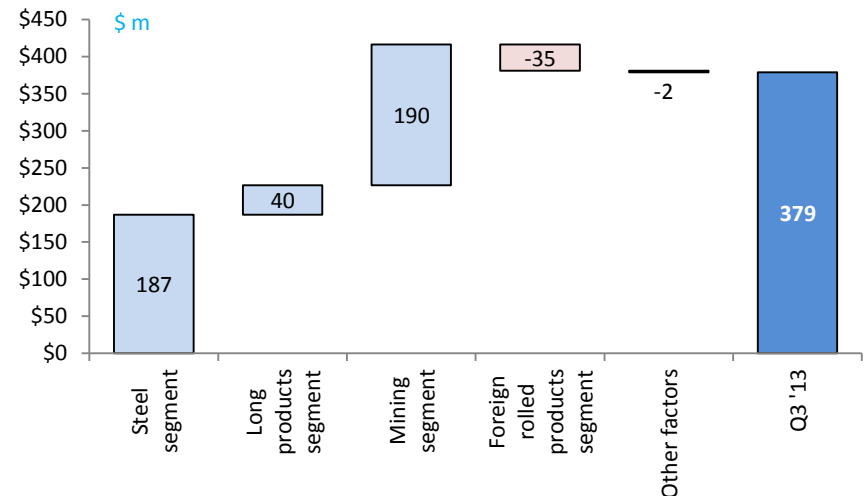
### SEGMENT FINANCIAL INDICATORS CHANGE Q3/Q2



### SEGMENT EBITDA



### SEGMENT CONTRIBUTION TO Q3 EBITDA



# STEEL SEGMENT

## EXPORT SALES REDUCTION BY 7% TO 2.21 M T

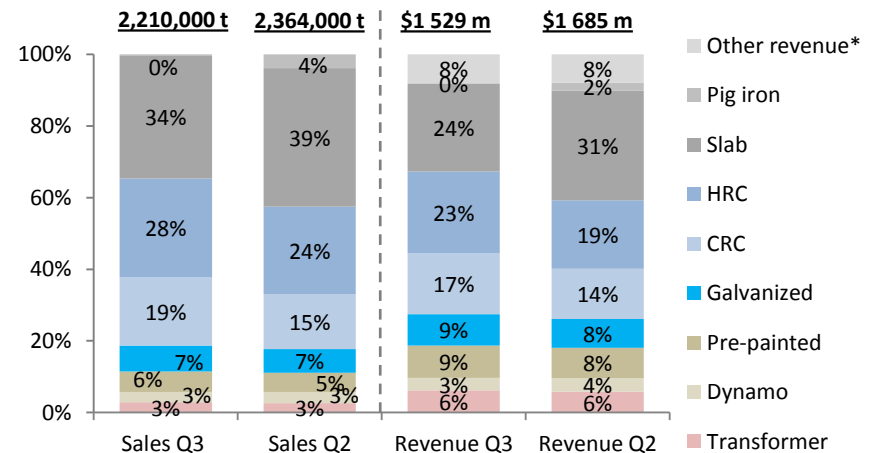
- Growth of domestic sales incl. finished products
- Export sales decrease
- Increase of intersegment slab supply

## DECLINE IN AVERAGE SELLING PRICES

## KEEPING PROFITABILITY

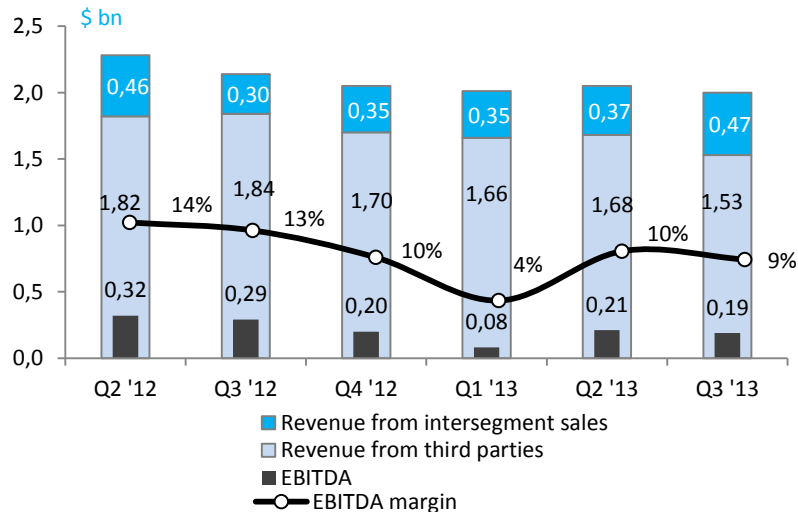
- Cost optimization programs
- SG&A costs reduced by 6%
- Average RUB/USD FX rate decreased by 4% qoq

## SALES AND REVENUE STRUCTURE

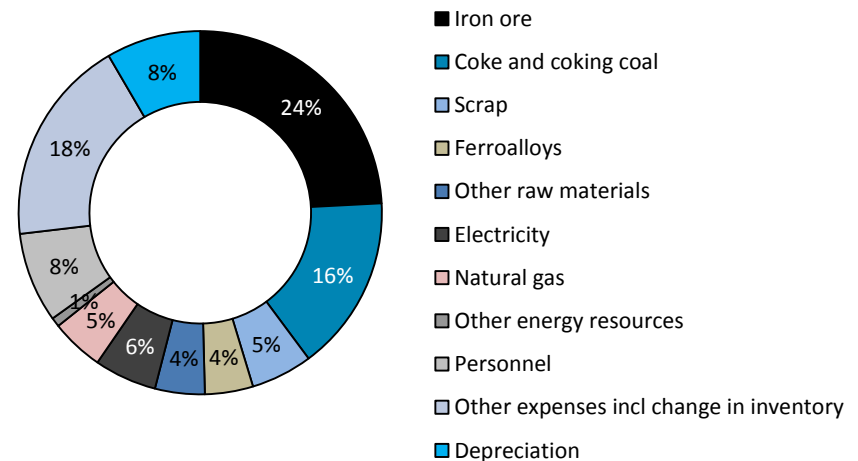


\* Revenue from the Segment's sales of other products

## REVENUE AND EBITDA



## COST OF SALES STRUCTURE IN Q3 '13



# LONG PRODUCTS SEGMENT

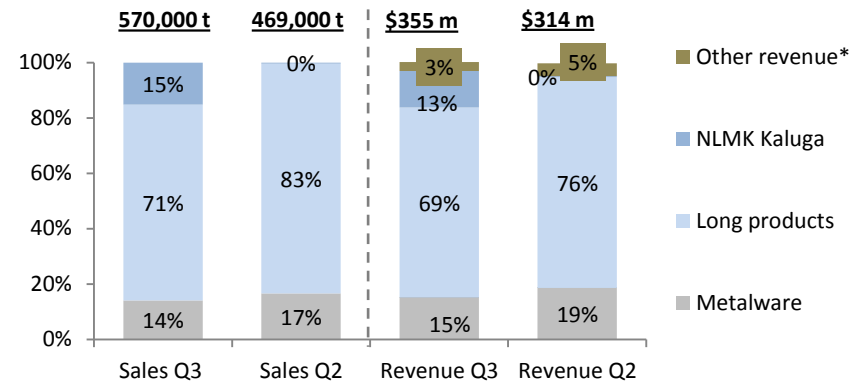
## SALES AND REVENUE GROWTH

- Sales increased by 21% to 570,000 t including sales from NLMK Kaluga (+86'000 t)
- Stable pricing environment supported by a seasonal improvement in demand
- Total segment revenue grew by 10% to \$468 m
  - 24% of total revenue – scrap sales to Lipetsk site (Steel segment)

## SEGMENT'S PROFITABILITY GROWTH TO 8% (+ 3 P.P.)

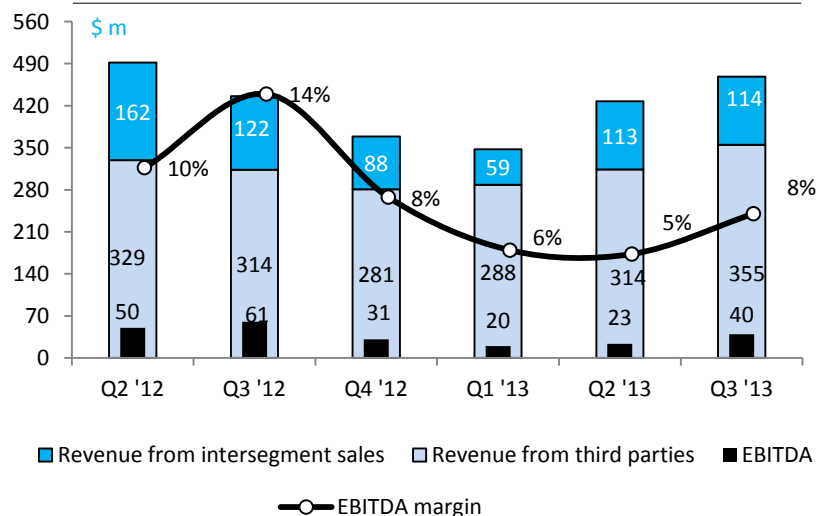
- Widening spreads between long products and scrap
- Production costs per tonne reduction due to sales growth

## SALES AND REVENUE STRUCTURE

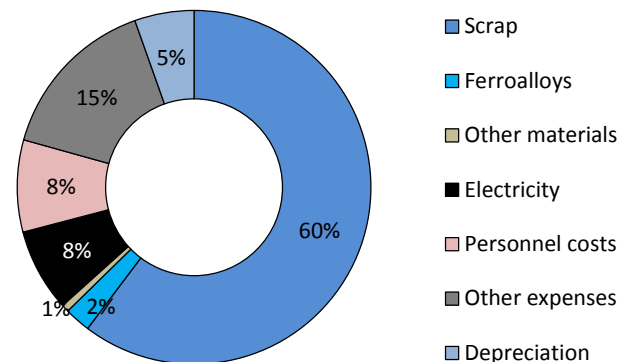


\* Revenue from other product sales

## REVENUE AND EBITDA



## COST OF SALES STRUCTURE IN Q3 '13



\* - Revenue from intersegment sales mainly include scrap supplies to the Lipetsk site

# MINING SEGMENT

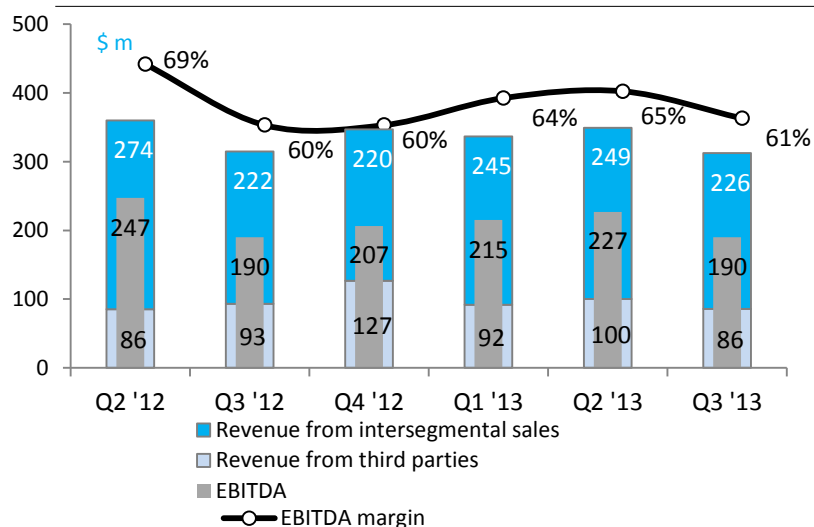
## REVENUE DECLINE QOQ

- Stable sales – 3.86 m t (flat, qoq)
  - 76% to Lipetsk site
- Decline in average selling prices

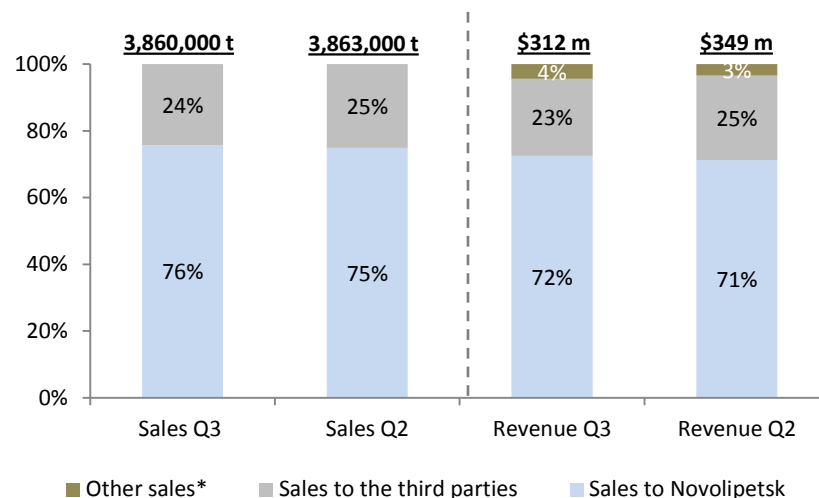
## LOWER EBITDA MARGIN (-4 P.P. TO 61%)

- Iron ore concentrate cash cost of \$23/t
- Electricity tariff inflation
- Scheduled repairs and maintenance

## REVENUE AND EBITDA

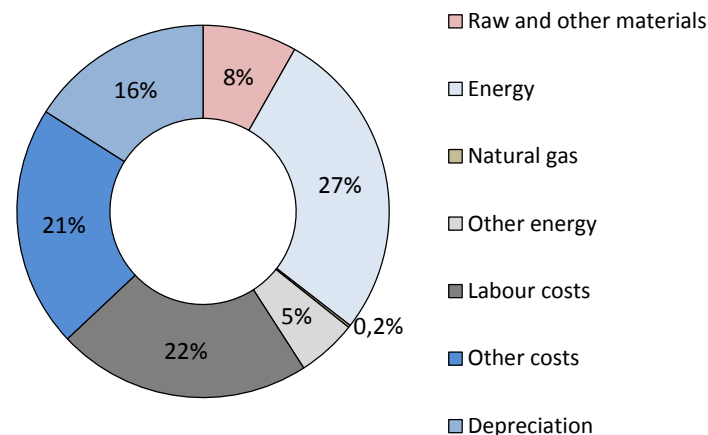


## SALES AND REVENUE STRUCTURE



\* Other sales include sales of limestone and dolomite

## COST OF SALES STRUCTURE IN Q3 '13



# FOREIGN ROLLED PRODUCTS SEGMENT

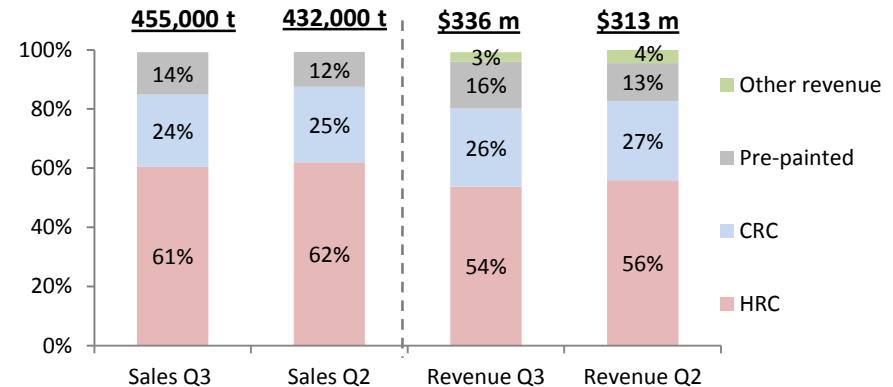
## SALES FLAT QOQ

- Demand growth for HRC and galvanized steel on the US market
- Seasonally weaker demand on the European market

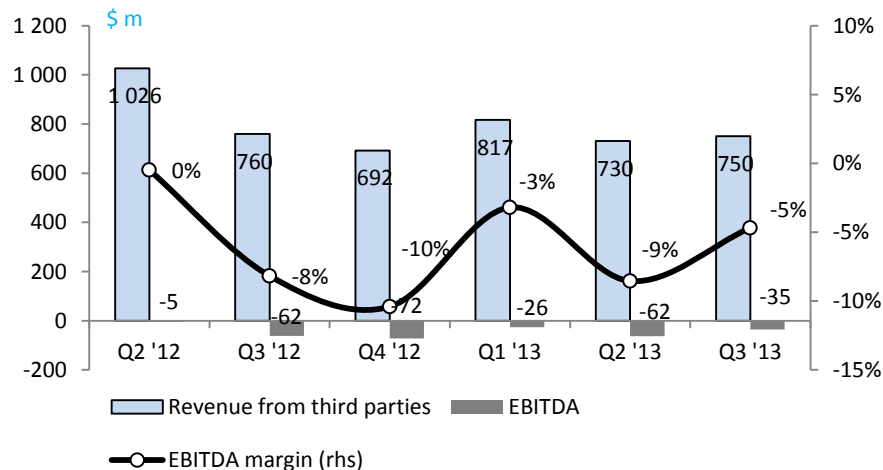
## FINANCIAL PERFORMANCE IMPROVEMENT

- Positive impact of European asset restructuring programs partially offset the seasonal decline in demand
- NBH Q3 EBITDA loss was \$ 37 m

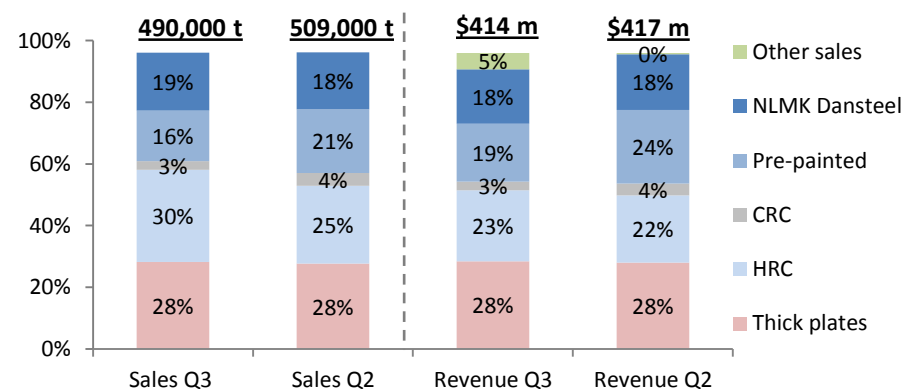
## NLMK USA SALES AND REVENUE



## REVENUE AND EBITDA



## NLMK EUROPE SALES AND REVENUE



# APPENDICES

# IMPACT OF NBH STAKE SALE

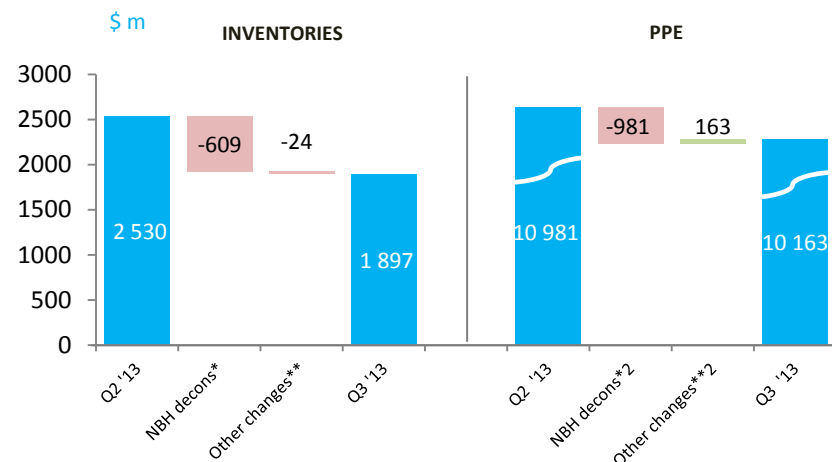
30 SEPTEMBER 2013 – SALE OF 20.5% STAKE IN NBH

JOINT CONTROL – DECONSOLIDATION OF ASSETS UNDER US GAAP

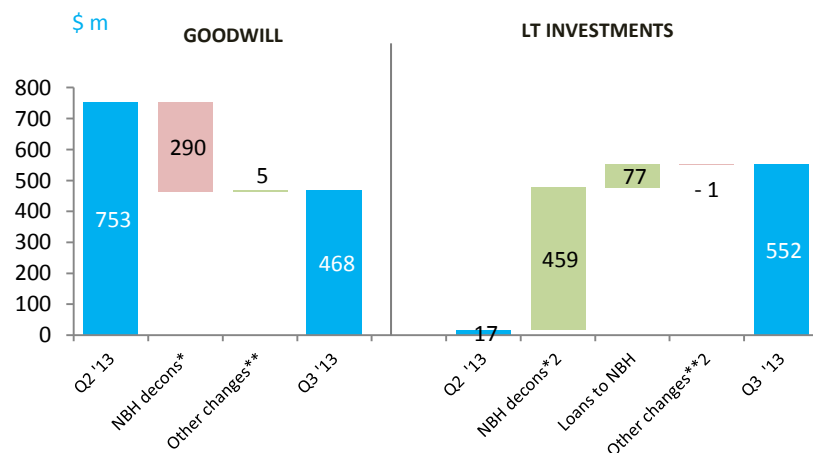
## FINANCIAL RESULTS FROM NBH SALE

- Positive results of \$19 m (see *Gains / (losses) on investments* caption of the income statement)

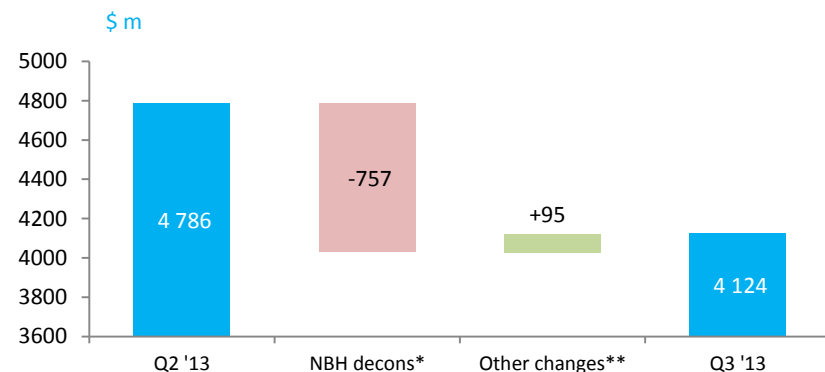
## ASSETS CHANGE IN Q3



## GOODWILL AND LT INVESTMENTS CHANGE



## FINANCIAL DEBT CHANGE



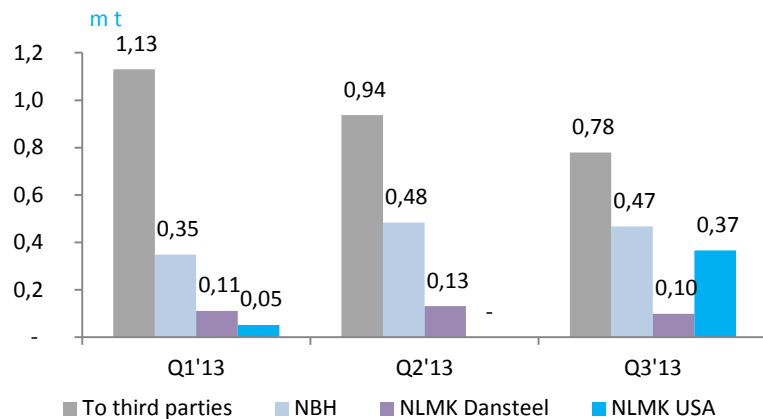
\* NBH balance at deconsolidation date

\*\* Q3 changes including intercompany balances between NLMK Group and NBH

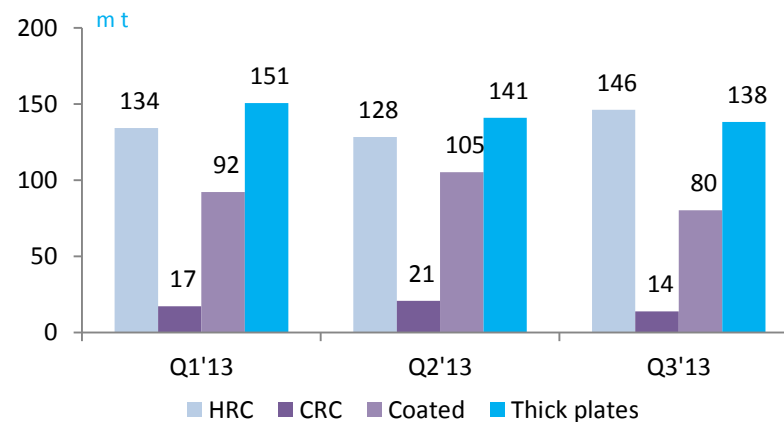


# FOREIGN ASSET PERFORMANCE

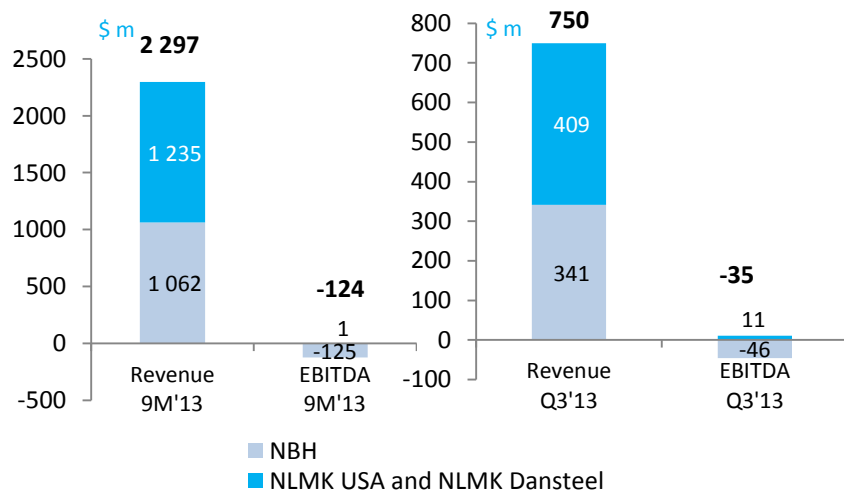
## LIPETSK SITE SLAB SALES IN 2013



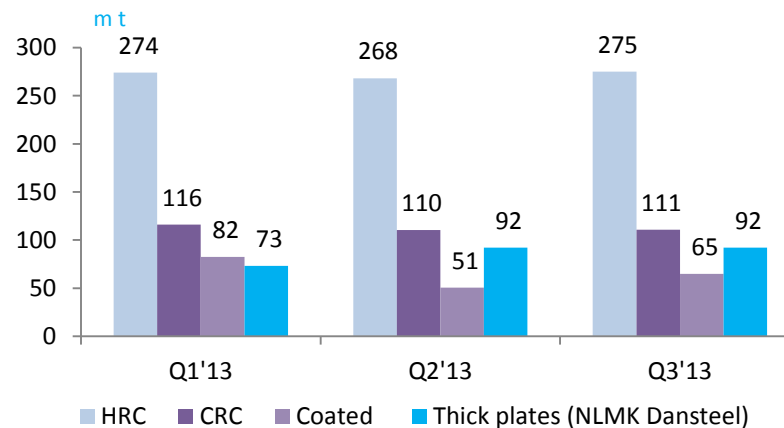
## NBH STEEL SALES



## FOREIGN ASSET FINANCIALS



## NLMK USA AND NLMK DANSTEEL STEEL SALES



# NLMK KALUGA

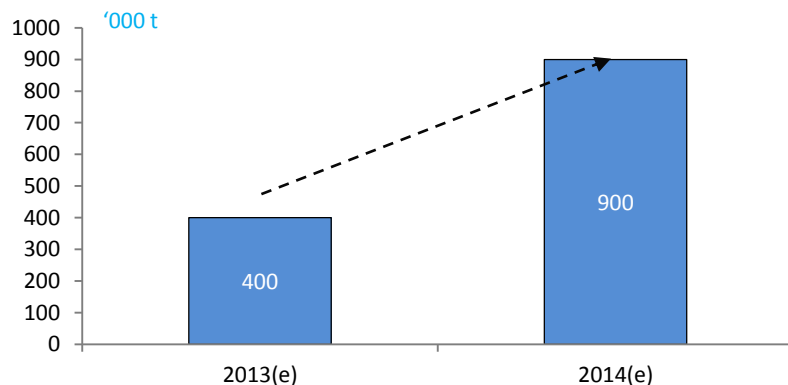
## 2013 RESULTS

- The plant is operating in hot testing mode
- In Q4'13 maximum capacity utilization is expected
- 75% of Q3 sales in Moscow and Moscow region

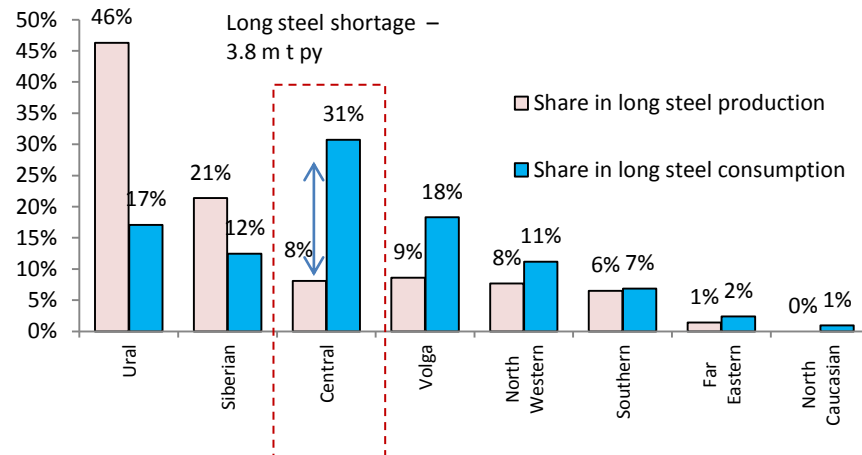
## 2014 PRODUCTION PLAN

- 2014 production will be about 0.9 m t

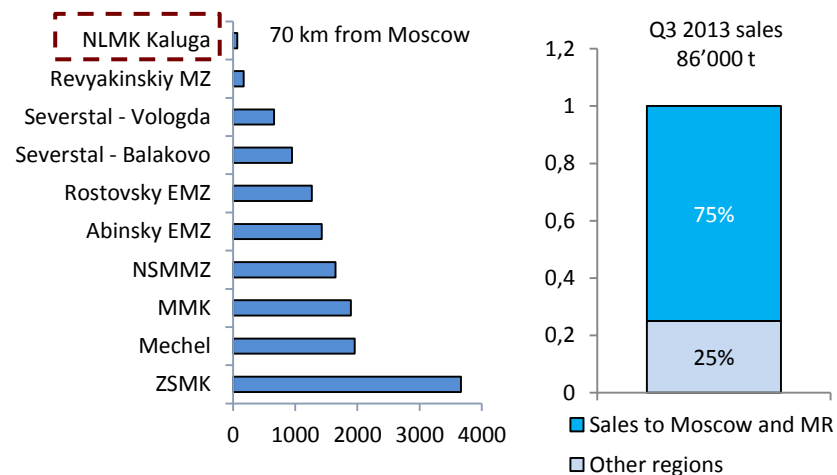
### NLMK KALUGA PRODUCTION PLAN



### LONG STEEL PRODUCTION/CONSUMPTION BALANCE BY REGION IN 2012



### MOSCOW AND MOSCOW REGION – NEAREST AND KEY SALES MARKET



# CASH COST OF SLABS

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

Cost item	Q3'13	Q2'13	Δ, \$/t
Coke and coking coal	\$84	\$91	-\$7
Iron ore	\$60	\$64	-\$4
Scrap	\$29	\$37	-\$8
Other materials	\$27	\$31	-\$4
Electricity	\$23	\$21	+\$2
Natural gas	\$21	\$18	+\$3
Personnel	\$33	\$33	0
Other expenses	\$52	\$53	-\$1
<b>Total</b>	<b>\$329</b>	<b>\$348</b>	<b>-\$19</b>

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

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

# SEGMENTAL INFORMATION

<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 / (loss)	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>	2%	(11%)	4%	55%				5%
Income / (loss), net of income tax	258	(84)	(4)	144	0	313	(175)	138
<i>as % of net sales</i>	13%	(11%)	(1%)	46%				5%
Segment assets including goodwill <sup>1</sup>	13 325	2 039	2 787	2 272	52	20 475	(4 170)	16 305

<b>Q2 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	1 685	730	314	100	0	2 829		2 829
Intersegment revenue	371	1	113	249		734	(734)	
Gross profit / (loss)	352	(44)	43	242	0	592	(40)	552
Operating income/(loss)	81	(110)	2	209	(0)	182	(2)	180
<i>as % of net sales</i>	4%	(15%)	1%	60%				6%
Income / (loss), net of income tax	253	(182)	(42)	211	0	241	(208)	33
<i>as % of net sales</i>	12%	(25%)	(10%)	60%				1%
Segment assets including goodwill <sup>1</sup>	13 419	3 662	2 721	2 292	54	22 148	(4 510)	17 638

<sup>1</sup> as at 30.09.2013

<sup>2</sup> as at 30.06.2013

# QUARTERLY DATA:

## CONSOLIDATED STATEMENT OF INCOME

	Q3 2013	Q2 2013	Q3 2013/Q2 2013		9M 2013	9M 2012	9M 2013/9M 2012	
(mln USD)			+/-	%			+/-	%
Revenue	2 720	2 829	(110)	(4%)	8 405	9 354	(949)	(10%)
Production cost	(1 993)	(2 058)	65	(3%)	(6 175)	(6 510)	335	(5%)
Depreciation and amortization	(230)	(220)	(10)	4%	(656)	(569)	(87)	15%
Gross profit	497	552	(54)	(10%)	1 573	2 275	(702)	(31%)
General and administrative expenses	(108)	(112)	4	(4%)	(339)	(335)	(4)	1%
Selling expenses	(212)	(227)	15	(7%)	(696)	(871)	174	(20%)
Taxes other than income tax	(28)	(33)	4	(13%)	(97)	(127)	30	(23%)
Operating income	149	180	(31)	(17%)	440	942	(502)	(53%)
Loss on disposals of property, plant and equipment	(11)	(4)	(7)	174%	(17)	(38)	21	(55%)
Gains / (losses) on investments	26	(3)	29		23	(0)	23	0%
Interest income	10	12	(2)	(15%)	32	18	14	74%
Interest expense	(22)	(27)	5	(18%)	(80)	(38)	(42)	112%
Foreign currency exchange gain / (loss), net	52	(5)	57		21	(11)	31	
Other expense, net	(7)	(10)	3	(29%)	(26)	(35)	9	(27%)
Income before income tax	197	143	55	38%	393	839	(446)	(53%)
Income tax expense	(59)	(110)	51	(46%)	(186)	(223)	37	(17%)
Equity in net earnings of associate	0	0	(0)	(5%)	0	0	(0)	(34%)
Net income	138	33	105	319%	207	616	(409)	(66%)
Add: Net loss attributable to the non-controlling interest	(1)	1	(1)		2	2	1	42%
Net income attributable to NLMK stockholders	138	34	104	309%	209	617	(408)	(66%)
EBITDA	379	400	(21)	(5%)	1 096	1 511	(415)	(27%)

9M 2013 and 9M 2012 are official reporting periods. Q2 2013 and Q3 2013 figures are derived by computational method.

# CONSOLIDATED CASH FLOW STATEMENT

	Q3 2013	9M 2013	9M 2012	9M 2013/9M 2012	
(mln. USD)				+ / -	%
<b>Cash flow from operating activities</b>					
<b>Net income</b>	138	207	616	(409)	(66%)
<b>Adjustments to reconcile net income to net cash provided by operating</b>					
Depreciation and amortization	230	656	569	87	15%
Loss on disposals of property, plant and equipment	11	17	38	(21)	(55%)
(Gains) / losses on investments, net	(26)	(23)	0	(23)	
Interest income	(10)	(32)		(32)	
Interest expense	22	80		80	
Equity in net earnings of associates	(0)	(0)	(0)	0	(34%)
Deferred income tax expense / (benefit)	20	20	(2)	22	
Gains on derivatives	(16)	(7)	(7)	(0)	2%
Other	(45)	17	8	8	
<b>Changes in operating assets and liabilities</b>					
(Increase) / decrease in accounts receivable	(295)	(417)	75	(492)	
Decrease in inventories	51	152	128	24	19%
Decrease in other current assets	4	6	19	(13)	(70%)
Increase in accounts payable and other liabilities	368	333	50	283	
Increase/(decrease) in current income tax payable	(3)	21	(2)	23	
<b>Cash provided from operating activities</b>	449	1 030	1 491	(461)	(31%)
Interest received	7	28			
Interest paid	(24)	(71)			
<b>Net cash provided from operating activities*</b>	432	987	1 491		
<b>Cash flow from investing activities</b>					
Proceeds from sale of property, plant and equipment	2	3	24	(21)	(87%)
Purchases and construction of property, plant and equipment	(281)	(658)	(1 157)	500	(43%)
Proceeds from sale of investments, net	11	19	0	19	
(Placement) / withdrawal of bank deposits, net	(381)	(403)	227	(630)	
Prepayment for acquisition of interests in new subsidiaries			(157)		
Disposal of investments	46	46			
Acquisition of additional stake in existing subsidiary		(10)		(10)	
<b>Net cash used in investing activities</b>	(604)	(1 002)	(1 063)	61	(6%)
<b>Cash flow from financing activities</b>					
Proceeds from borrowings and notes payable	402	1 664	1 320	344	26%
Repayments of borrowings and notes payable	(601)	(1 666)	(551)	(1 115)	202%
Capital lease payments	(7)	(19)	(17)	(2)	13%
Dividends to shareholders	(3)	(113)	(116)	2	(2%)
<b>Net cash (used in) / provided by financing activities</b>	(208)	(135)	635	(770)	
<b>Net (decrease) / increase in cash and cash equivalents</b>	(381)	(150)	1 063	(1 213)	
Effect of exchange rate changes on cash and cash equivalents	(25)	34	(58)	92	
Cash and cash equivalents at the beginning of the period	1 241	951	797	154	19%
<b>Cash and cash equivalents at the end of the period</b>	835	835	1 803	(968)	(54%)

# CONSOLIDATED BALANCE SHEET

	as at 30.09.2013	as at 30.06.2013	as at 31.03.2013	as at 31.12.2012	as at 30.09.2012	as at 30.06.2012	as at 31.03.2012
(mln. USD)							
<b>ASSETS</b>							
<b>Current assets</b>	<b>4 918</b>	<b>5 537</b>	<b>5 834</b>	<b>5 469</b>	<b>6 287</b>	<b>5 230</b>	<b>5 714</b>
Cash and cash equivalents	835	1 241	1 220	951	1 803	769	926
Short-term investments	516	121	271	107	11	10	11
Accounts receivable and advances given, net	1 540	1 497	1 557	1 491	1 559	1 642	1 786
Inventories, net	1 897	2 530	2 689	2 827	2 819	2 733	2 904
Deferred income tax assets	120	121	71	63	54	28	24
Other current assets, net	9	27	25	30	42	47	63
<b>Non-current assets</b>	<b>11 388</b>	<b>12 101</b>	<b>12 677</b>	<b>12 988</b>	<b>12 661</b>	<b>11 873</b>	<b>12 895</b>
Long-term investments, net	552	17	20	19	13	9	9
Property, plant and equipment, net	10 163	10 981	11 442	11 753	11 458	10 716	11 664
Intangible assets	121	129	136	142	146	148	159
Goodwill	468	753	776	786	778	752	802
Other non-current assets	32	31	36	38	25	17	17
Deferred income tax assets	50	189	266	250	240	230	244
<b>Total assets</b>	<b>16 305</b>	<b>17 638</b>	<b>18 510</b>	<b>18 458</b>	<b>18 949</b>	<b>17 103</b>	<b>18 609</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>							
<b>Current liabilities</b>	<b>1 760</b>	<b>2 647</b>	<b>2 940</b>	<b>3 302</b>	<b>4 155</b>	<b>3 579</b>	<b>3 577</b>
Accounts payable and other liabilities	1 104	1 609	1 412	1 462	1 713	1 582	1 783
Short-term borrowings	616	994	1 484	1 816	2 434	1 971	1 781
Current income tax liability	40	44	45	24	9	26	12
<b>Non-current liabilities</b>	<b>4 147</b>	<b>4 695</b>	<b>4 678</b>	<b>4 065</b>	<b>3 875</b>	<b>3 329</b>	<b>3 880</b>
Long-term borrowings	3 508	3 792	3 459	2 816	2 850	2 373	2 693
Deferred income tax liability	578	746	765	792	752	690	762
Other long-term liabilities	61	157	454	457	273	266	425
<b>Total liabilities</b>	<b>5 906</b>	<b>7 342</b>	<b>7 619</b>	<b>7 367</b>	<b>8 030</b>	<b>6 908</b>	<b>7 457</b>
<b>Stockholders' equity</b>							
Common stock	221	221	221	221	221	221	221
Statutory reserve	10	10	10	10	10	10	10
Additional paid-in capital	257	257	257	306	306	306	306
Other comprehensive income	(1 772)	(1 736)	(1 224)	(997)	(1 178)	(1 738)	(613)
Retained earnings	11 676	11 538	11 620	11 582	11 604	11 437	11 272
<b>NLMK stockholders' equity</b>	<b>10 392</b>	<b>10 290</b>	<b>10 885</b>	<b>11 123</b>	<b>10 964</b>	<b>10 237</b>	<b>11 196</b>
<b>Non-controlling interest</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>(33)</b>	<b>(45)</b>	<b>(42)</b>	<b>(45)</b>
<b>Total stockholders' equity</b>	<b>10 399</b>	<b>10 296</b>	<b>10 892</b>	<b>11 090</b>	<b>10 919</b>	<b>10 195</b>	<b>11 151</b>
<b>Total liabilities and stockholders' equity</b>	<b>16 305</b>	<b>17 638</b>	<b>18 510</b>	<b>18 458</b>	<b>18 949</b>	<b>17 103</b>	<b>18 609</b>

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