
Q1 2013 RAS Financial Results of NLMK Group's major Russian companies

Note: Russian accounting standards (RAS) results differ materially from US GAAP 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 May 2013.

Novolipetsk (NLMK's main production site in Lipetsk)

'000 RUB	Q1 2013	Q4 2012	Q1 2012	Q1 2013/ Q4 2012	Q1 2013/ Q1 2012
Revenue	55,815,862	57,301,536	60,446,405	-2.6%	-7.7%
Gross profit	6,645,490	8,159,924	8,053,757	-18.6%	-17.5%
Operating profit	319,466	1,284,572	2,293,509	-75.1%	-86.1%
Net profit	-274,363	4,195,977	3,437,568		-108.0%

Q1 revenue declined 2.6% due to a marginal decrease in steel product sales. An additional factor contributing to the decline were lower average steel prices negatively impacted by a softer USD/RUB FX rate for export sales nominated in US currency.

Gross profit went down by 19% as top line remained under pressure while costs remained stable impacted by seasonal repair and maintenance works and the growth in iron ore prices. The bulk of iron ore supplies (over 80%) were delivered by NLMK's subsidiary, Stoilensky.

Net loss resulted from the contraction in operating profit. A significant decline in net profit was mainly due to an effect of high base as in Q4 2012 Novolipetsk received dividend payments from its subsidiaries.

In Q2, we expect an improvement in operating results largely driven by the seasonal improvement in steel demand in the domestic market.

VIZ-Steel

'000 RUB	Q1 2013	Q4 2012	Q1 2012	Q1 2013/ Q4 2012	Q1 2013/ Q1 2012
Revenue	2,146,989	2,042,923	2,024,400	5.1%	6.1%
Gross profit	-73,324	162,831	164,928		
Operating profit	-311,671	-78,459	-70,672	297.2%	341.0%
Net profit	-282,811	-194,045	-133,225	45.7%	112.3%

A 5% growth in revenue was attributable to higher sales volumes as Q4 2012 export sales were recognized with a delay.

As market conditions continued to remain challenging, the decrease in transformer steel prices outpaced that of HRC costs, a key substrate for transformer steel manufacturing, leading to a growth in operating loss in Q1 2013.

Stoilensky

'000 RUB	Q1 2013	Q4 2012	Q1 2012	Q1 2013/ Q4 2012	Q1 2013/ Q1 2012
Revenue	9,854,255	10,303,534	9,174,935	-4.4%	7.4%
Gross profit	6,865,038	6,609,975	6,706,763	3.9%	2.4%
Operating profit	6,023,296	5,777,057	6,220,043	4.3%	-3.2%
Net profit	5,040,757	4,362,999	4,254,733	15.5%	18.5%

A sequential decline in revenue of 4% was caused by lower sales of iron ore concentrate and sinter ore.

Operating profit went up by 4% driven by a decrease in production costs due to lower expenses related to scheduled maintenance.

Operational results as well as FX rate differences had a positive effect on the net profit.

Altai-Koks

'000 RUB	Q1 2013	Q4 2012	Q1 2012	Q1 2013/ Q4 2012	Q1 2013/ Q1 2012
Revenue	8,261,694	7,528,267	11,140,223	9.7%	-25.8%
Gross profit	875,321	773,963	1,932,216	13.1%	-54.7%
Operating profit	487,685	368,128	1,576,539	32.5%	-69.1%
Net profit	307,331	339,192	1,162,636	-9.4%	-73.6%

Q1 revenue went up by almost 10% qoq, mainly due to increased sales to Novolipetsk.

Gross profit and operating profit grew by 13% and 33%, respectively, due to a lower level of provisions in Q1 compared to Q4. On a year-on-year basis, operating results decreased as the selling price/input cost spread narrowed.

NSMMZ ¹

'000 RUB	Q1 2013	Q4 2012	Q1 2012	Q1 2013/ Q4 2012	Q1 2013/ Q1 2012
Revenue	8,119,572	8,156,215	8,058,394	-0.5%	0.8%
Gross profit	773,503	1,100,850	1,333,170	-29.7%	-42.0%
Operating profit	36,453	98,948	341,626	-63.2%	-89.3%
Net profit	-800,027	112,688	-288,689		

¹ NSMMZ is the key asset of the NLMK Long Products Division

Q1 2013 revenue remained almost flat qoq (-0.4%), as the seasonal decline in long steel prices was offset by the increase in steel product sales.

Gross profit and operating profit were down by 30% and 63%, respectively, impacted by the seasonal margin squeeze between selling prices and input costs (ferrous scrap).

The company's net loss is still attributable to its high debt level. Bad debt provision served as an additional factor negatively impacting financial results*. Net profit in the previous period was mainly attributable to the recovery of bad debt allowance.

**recognition of bad debt provisions in accordance with the accounting policy*

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About NLMK

NLMK is one of the leading global steelmakers. Its 2012, steel output totalled 14.9 mt, with 94% produced in Russia, where the Company's share in production reached 20%. In 2013, the Company expects a further increase in production to 15.5 mt.

In the Russian market, NLMK is a leading producer of cold-rolled, dynamo, transformer and pre-painted steel. It is also one of the largest producers of galvanized steel and rebar.

The Company is a global leader in the slab and transformer steel markets.