



**Q3 AND 9M 2012
US GAAP CONSOLIDATED RESULTS**

**OLEG BAGRIN, CHIEF EXECUTIVE OFFICER AND
CHAIRMAN OF MANAGEMENT BOARD**

GALINA AGLYAMOVA, CHIEF FINANCIAL OFFICER



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INTERNATIONAL MARKETS

DEMAND

- Weaker demand on major markets
- Global run rates declined

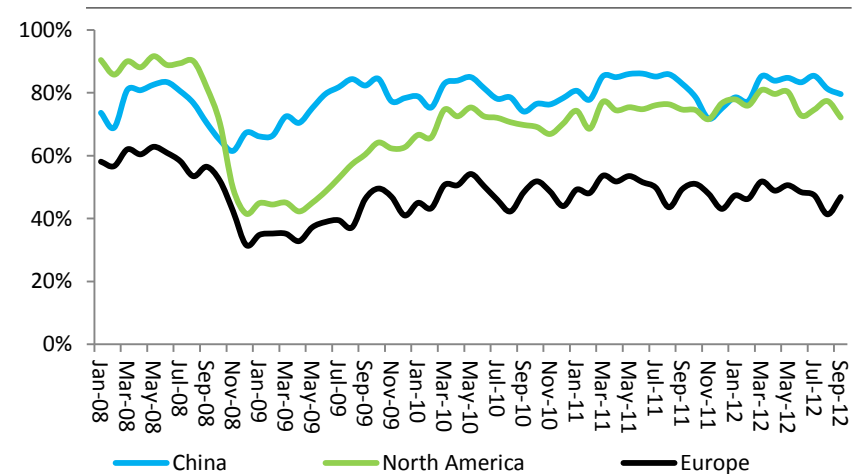
PRICES

- Raw materials prices under pressure from lower steel capacity utilization
- Steel prices continued to decline across all regions with Russia being less impacted

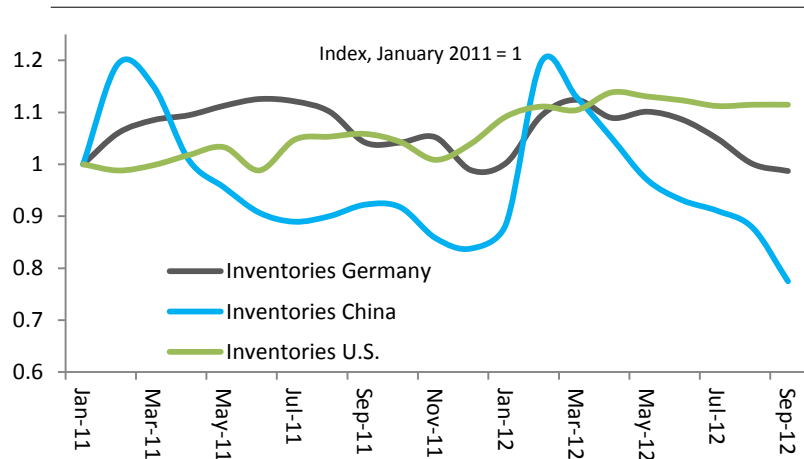
INVENTORIES

- Steel stock remain low in developed economies
- Sizable decline in Chinese inventories

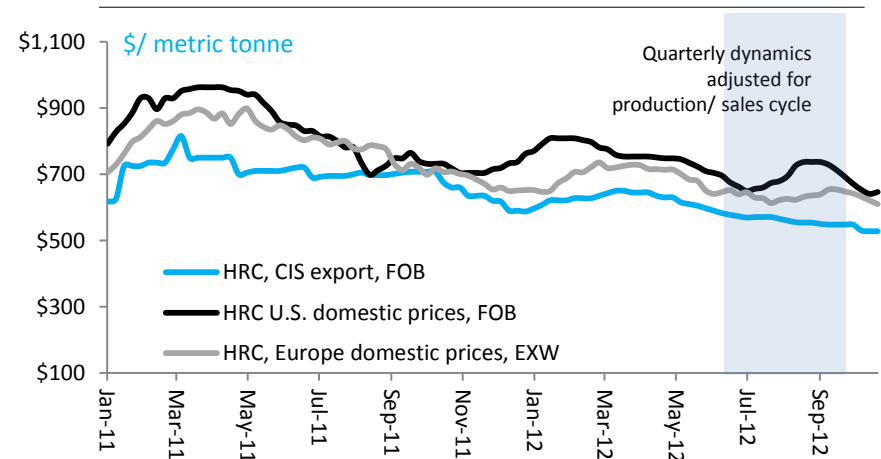
STEELMAKING CAPACITIES UTILISATION



STEEL INVENTORIES



FLAT STEEL PRICES BY REGION



RUSSIAN MARKET

DEMAND

- Stable on the back of economic growth. Apparent steel use increased by 5% in Q3
- Consumption by construction industry surpassed the peak of 2008

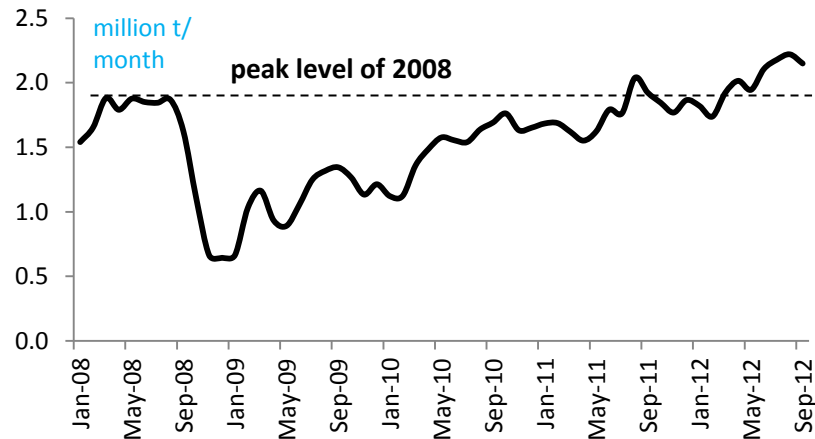
PRICES

- Flat steel prices for ordinary grades declined in line with global trends, value added remained stable
- The demand for long steel improved on the back of the increased activity in the construction sector

NLMK POSITION ON THE DOMESTIC MARKET

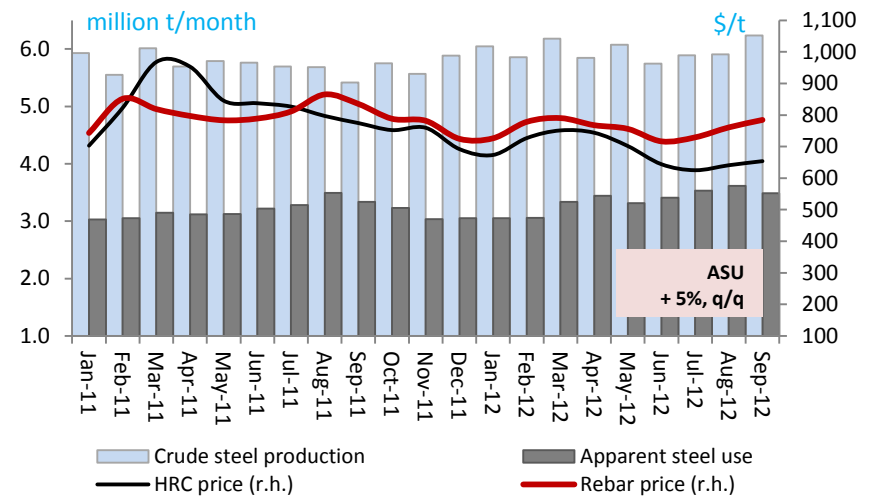
- Company's share in steel production achieved 20%
- Leading positions in industries with sustainable demand

STEEL DEMAND IN CONSTRUCTION



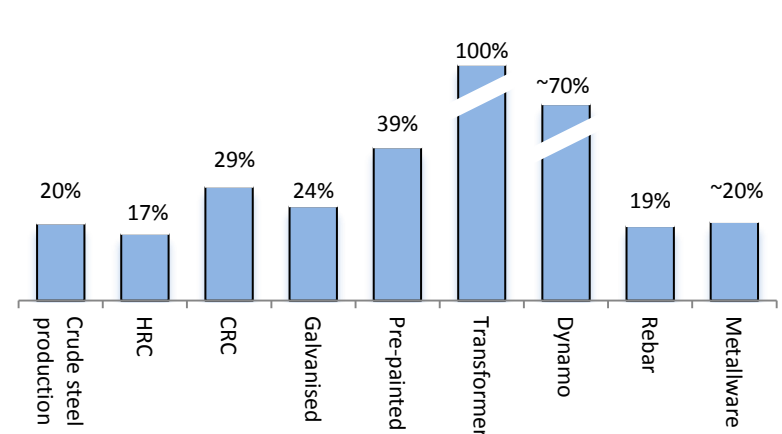
Sources: Rosstat, Company's data

CRUDE STEEL PRODUCTION, STEEL USE AND PRICES



Sources: Metal-Expert, Metal Bulletin

NLMK POSITIONS IN RUSSIAN MARKET



Production data for 9M 2012

Sources: Chermet, Metal-Expert, Company's data

PRODUCTION

STABLE OUTPUT IN Q3 2012

- Novolipetsk (Steel segment) 3.076 m t
(-2% q-o-q)
- NLMK Long Steel 0.479 m t
(+3% q-o-q)
- Foreign rolled products segment 0.216 m t
(-13% q-o-q)

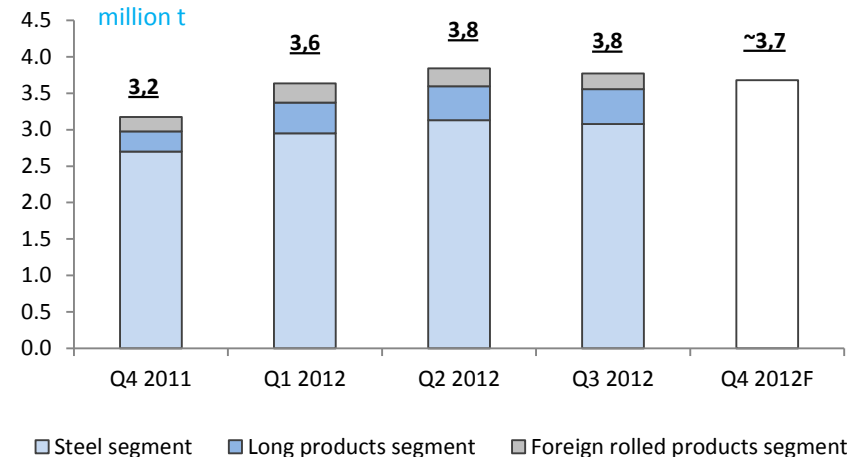
CAPACITY UTILIZATION 96%

- Novolipetsk (Steel segment) 100% (+1 p.p.)
- NLMK Long Steel 86% (+1 p.p.)
- Foreign rolled products segment 91% (-3 p.p.)

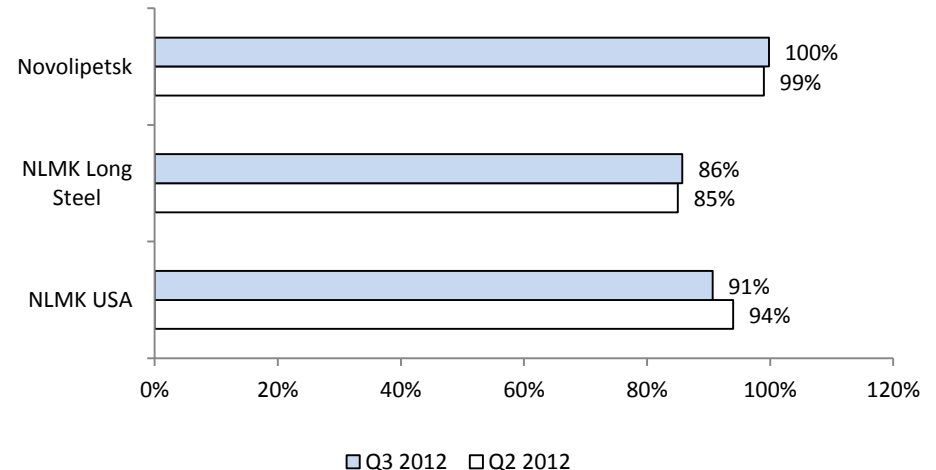
OUTLOOK

- Q4 '12: 3.7 m t (-2 % q-o-q)
- 2012: 15 m t (+25% y-o-y)

CRUDE STEEL PRODUCTION, QUARTERLY



CAPACITY UTILIZATION



SALES GEOGRAPHY

HIGHER SALES TO RUSSIAN MARKET

- +4% q-o-q beating absolute record level

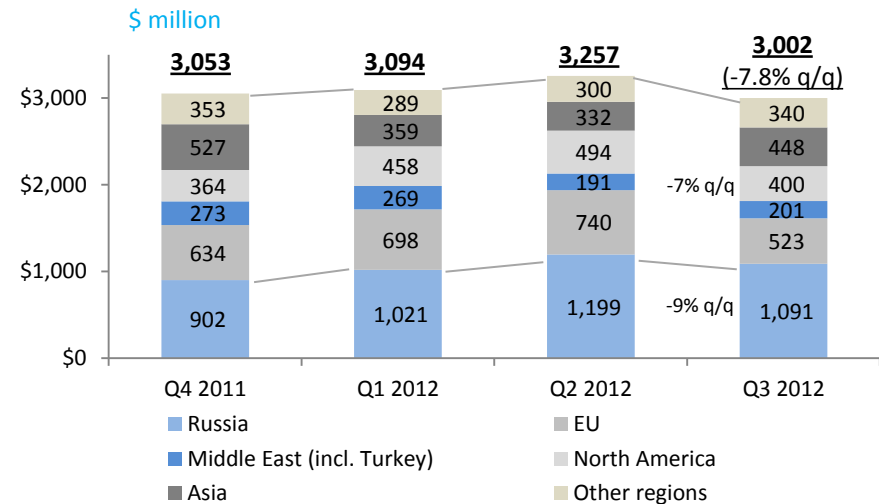
GROWTH OF INTERNATIONAL SALES

- Lower demand from European and USA markets offset by increased supplies to S.E. Asia and other

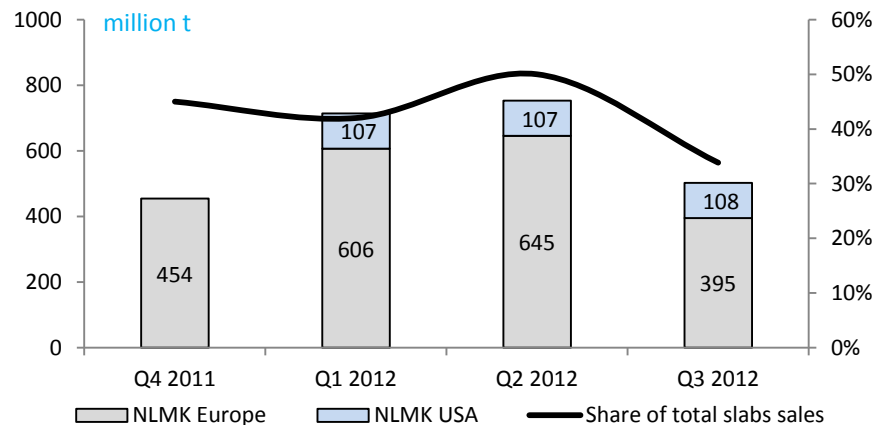
LOWER SLAB SUPPLIES TO OWN ROLLING ASSETS

- About 0.5 m t delivered in Q3 (-33% q/q) and 2 m t in 9M 2012

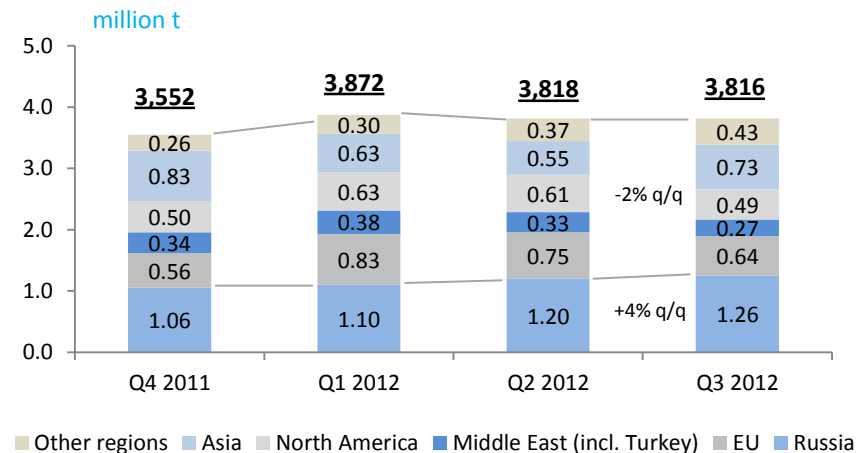
REVENUE BY REGION



SLABS SUPPLIES TO OWN ROLLING ASSETS



SALES BY REGION



SALES STRUCTURE

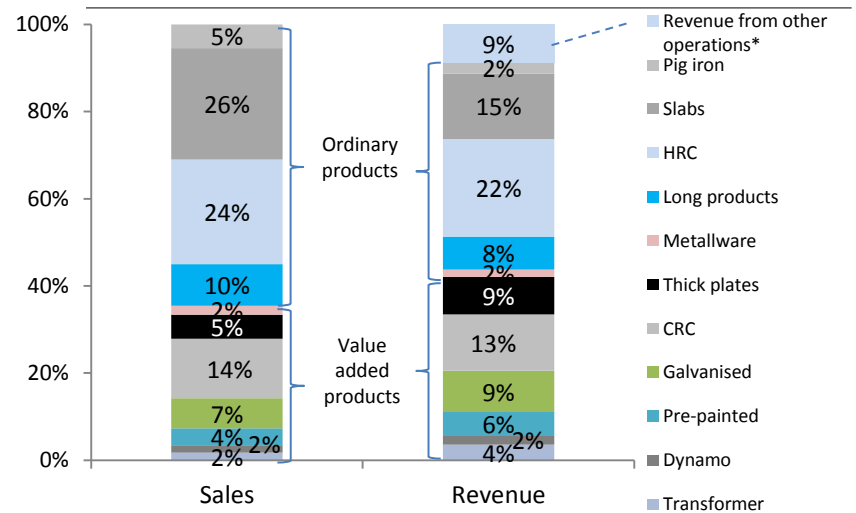
CHANGE IN SALES MIX

- Growth in slabs sales to 3rd parties
- ... as European subsidiaries decreased utilization rates due to seasonality and overall demand weakness
- Thick plates lower q-o-q due to upgrade of rolling operations at NLMK DanSteel

VALUE ADDED STEEL SALES AT 35% OF TOTAL

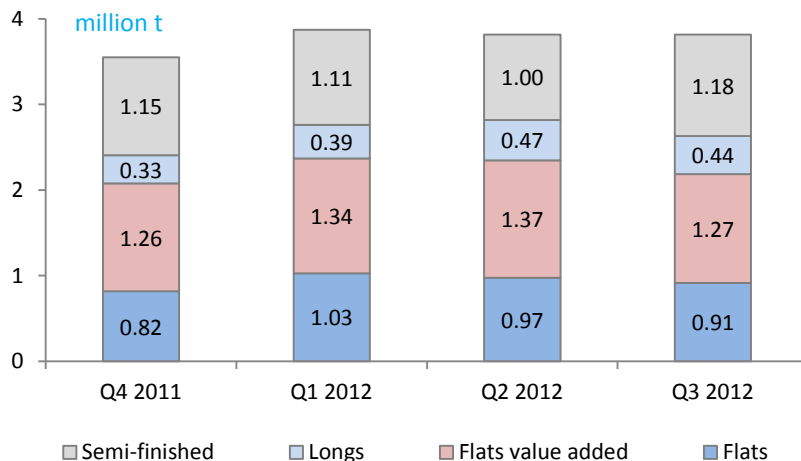
- Strong domestic demand supported value added sales

SALES AND REVENUE BY PRODUCT

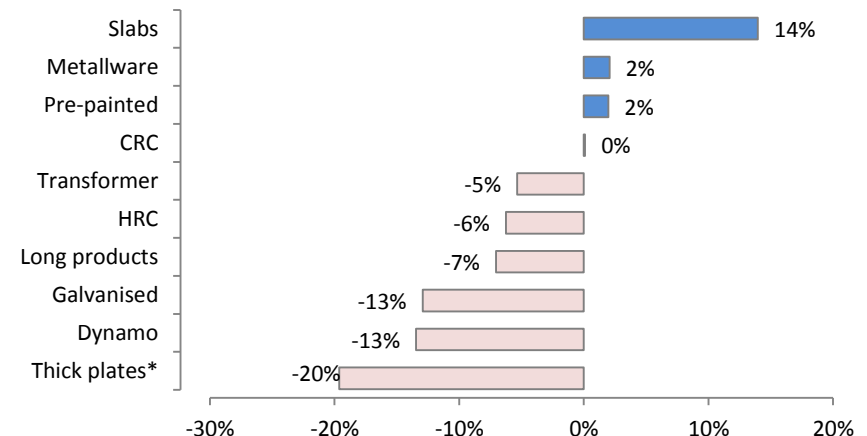


*Note: Revenue from other operations include revenues from sales of iron ore, coke, scrap and others

STEEL PRODUCTS SALES



CHANGE IN SALES STRUCTURE Q3/Q2



*Lower thick plates sales partially relates to the launch of new mill at NLMK DanSteel

STRATEGIC DEVELOPMENTS

GROWTH IN CRUDE STEEL CAPACITY

- Blast Furnace #7 / BOF 3.4 m tpa project completed. Utilisation rates of the new capacities are at maximum
- Improved steel quality, +30 new steel grades
- Kaluga mini mill (1.5 m tpa of long steel) to be operation in 2013

FINISHED PRODUCTS OUTPUT GROWTH

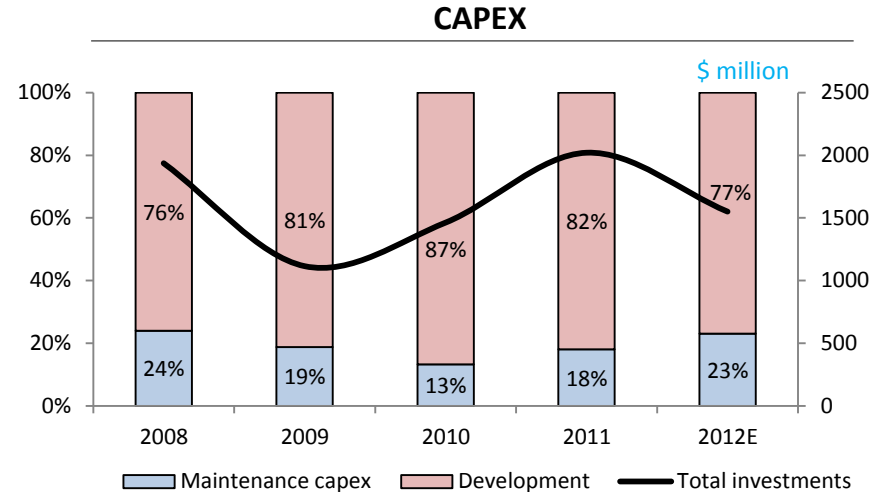
- Growth in rolling capacity for value added products
- Improved quality of the existing (incl niche) products (NLMK DanSteel rolling mill upgrade)

VERTICAL INTEGRATION

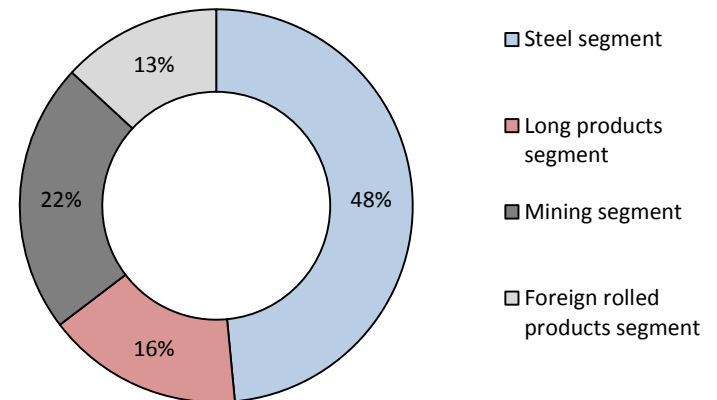
- Iron ore capacity growth with continued expansion of Stoilensky
- Coke-chemical projects (PCI, tar pitch, etc.) to reduce energy costs
- Expansion of scrap capacity

IMPROVED EFFICIENCY

- Growth of self-sufficiency and efficient use of energy



CAPEX BY SEGMENTS, 2012E



HIGHLIGHTS

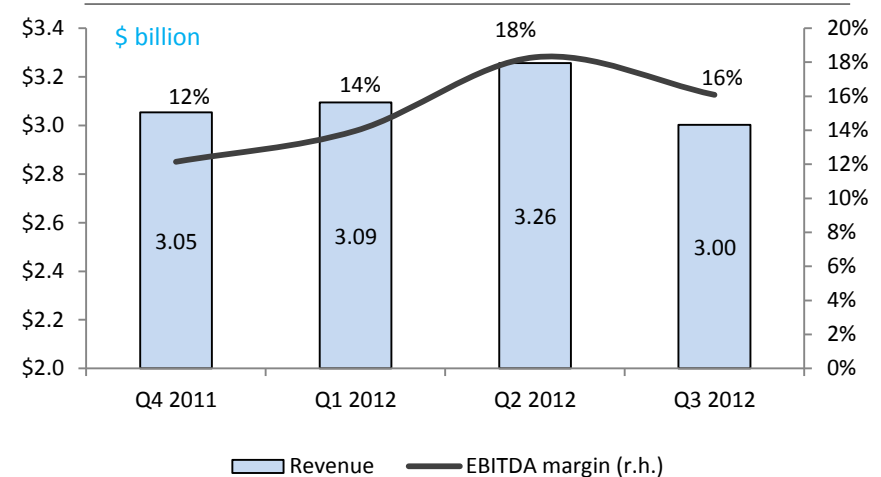
Q3 '12 FINANCIAL RESULTS

- Revenue \$3,002 m (-8% q-o-q),
- EBITDA \$483 m (-19%),
- EBITDA margin 16.1% (-2.2 p.p.),
- Net profit: \$167 million (-40%),
- EPS \$0,03,
- Operating cash flow: \$684 m (+125%),
- CAPEX: \$347 m (-23%),
- Net debt/EBITDA: 1.84

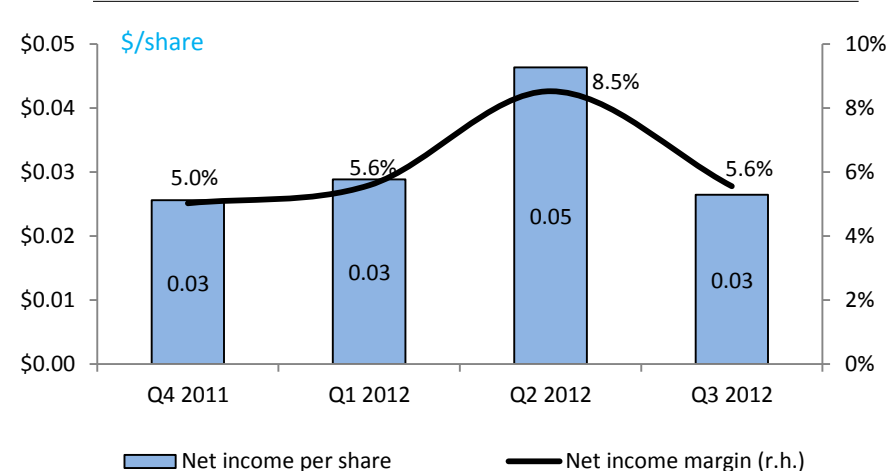
Q3 '12 OPERATING RESULTS

- Steel output: 3.772 m t (-2%),
- Steel sales: 3.816 m t (0%),
- Revenue/t: \$787 (-8%),
- Slab cash cost at Lipetsk plant : \$383 (-7%).

REVENUE AND EBITDA MARGIN



EPS



PRODUCTION COSTS

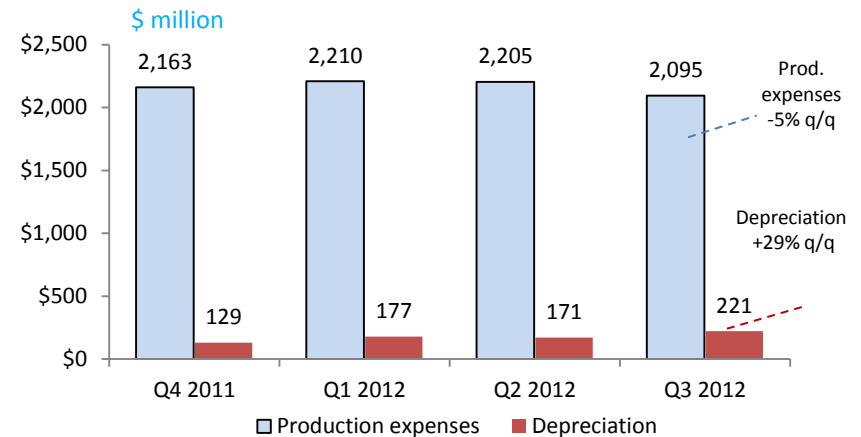
PRODUCTION COSTS DOWN BY 5%

- Impacted by lower prices for raw materials
- Strict control over operating expenses and overheads
- Lower consumption of pellets supplied by 3rd parties
- Slab cash cost decreased by 7% to \$383/t.

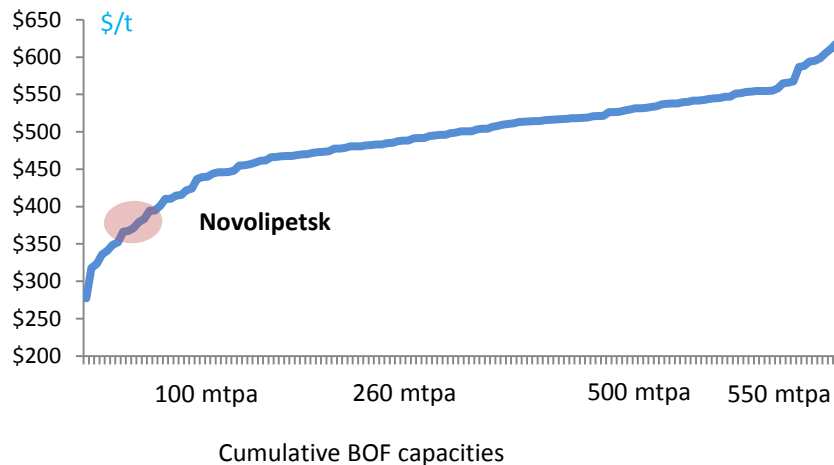
DEPRECIATION

- Growth by 29% following growth in PPE

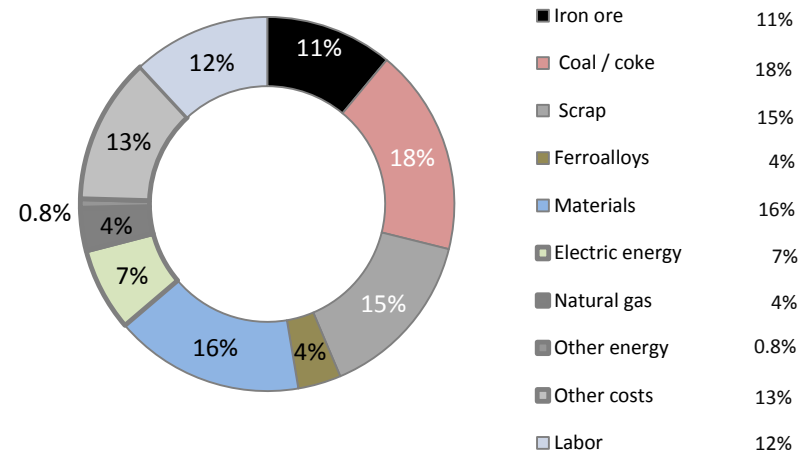
COST OF GOODS SOLD



CASH COST FOR BOF STEEL GLOBALLY



CONSOLIDATED PRODUCTION COSTS Q3 2012



PROFITABILITY

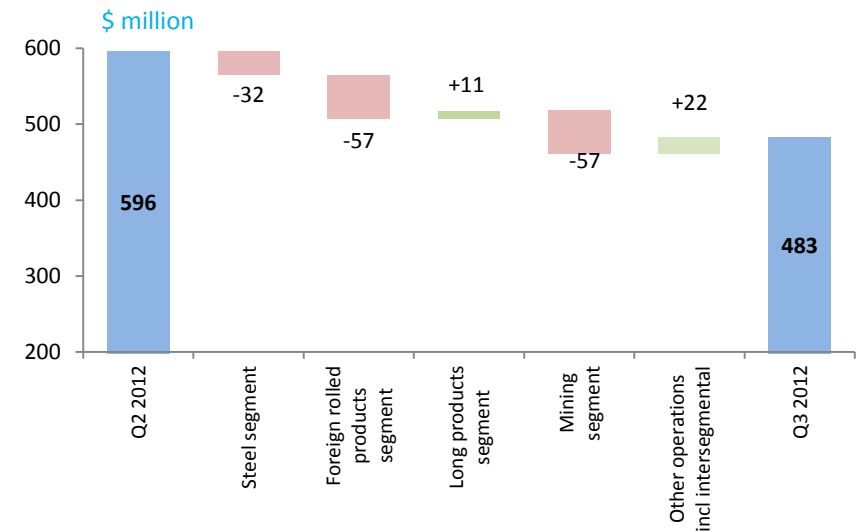
EBITDA DYNAMICS

- In Q3 overall EBITDA declined mainly due to weakening market environment
- A decline in steel prices outpaces the decline for raw materials negatively contributing to the company's profitability

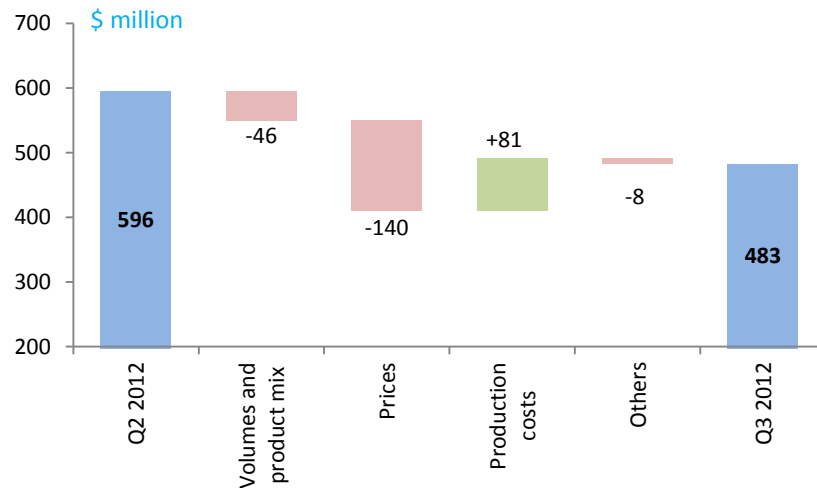
KEY FACTORS BEHIND EBITDA CHANGE

- Lower steel prices and change in the product mix was partially compensated by the reduced production costs

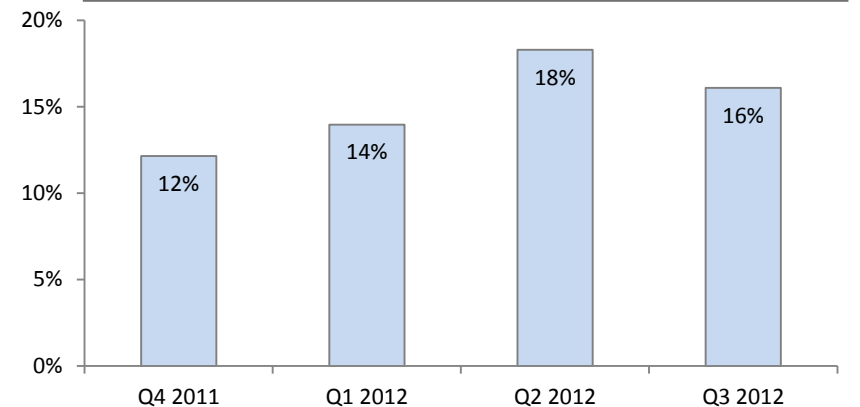
EBITDA CHANGE BY SEGMENT



EBITDA: FACTOR ANALYSIS



EBITDA MARGIN



CASH FLOW

SIGNIFICANT CASH GROWTH

- Over \$1bn of cash inflow in Q3

OPERATING CASH FLOW INCREASED

- \$684 of cash from operation activities including
 - \$483 m EBITDA and
 - \$273 m from working capital changes

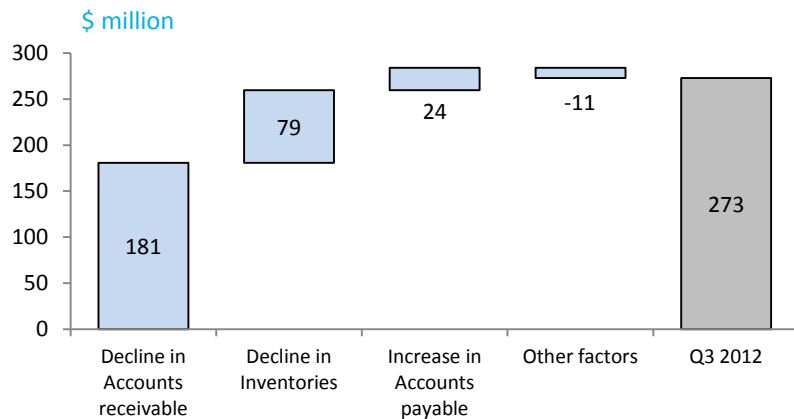
GROWTH IN CASH FROM FINANCIAL ACTIVITIES

- RUB bond (approximately US\$320 million) and Euro bond (US\$500 million) placements.

DECREASE IN CAPEX

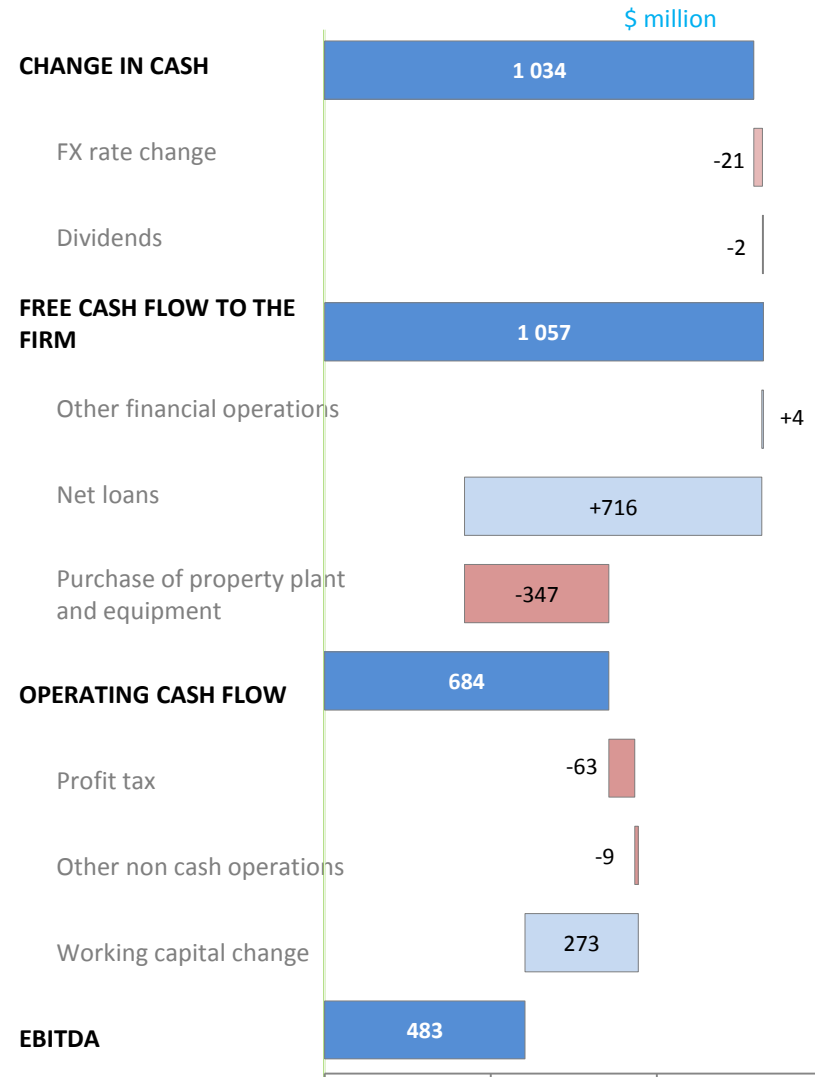
- 23% q-o-q to US\$347 million

Q3 2012 CASH INFLOW AS A RESULT OF WORKING CAPITAL MOVEMENTS



Cash flow statement data

Q3'12 CASH BRIDGE



DEBT

DEBT POSITION

- Net debt \$3.47 billion (-3%)
- Net debt / 12M EBITDA 1.84 (down from 1.9)
- Cash and equivalents¹ \$1.814 billion (+133%)
- Gross debt \$5.28 billion (+22%)

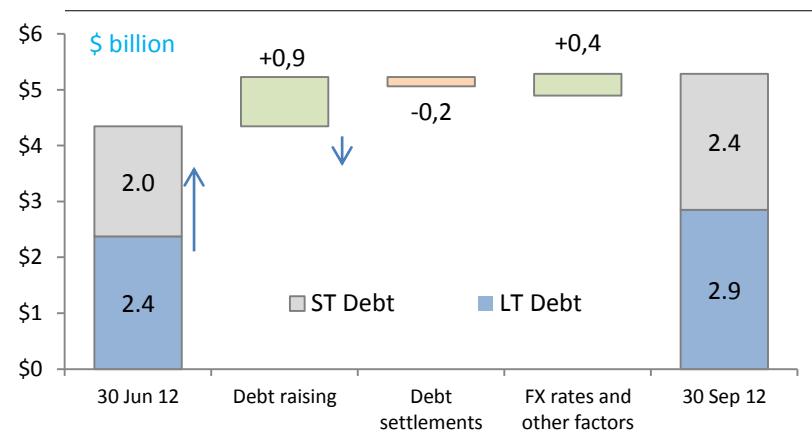
DEBT MANAGEMENT

- In Q3 NLMK placed debut Eurobonds and additional RUR notes totaling \$883 million
- Average debt maturity extended to 2.7 years

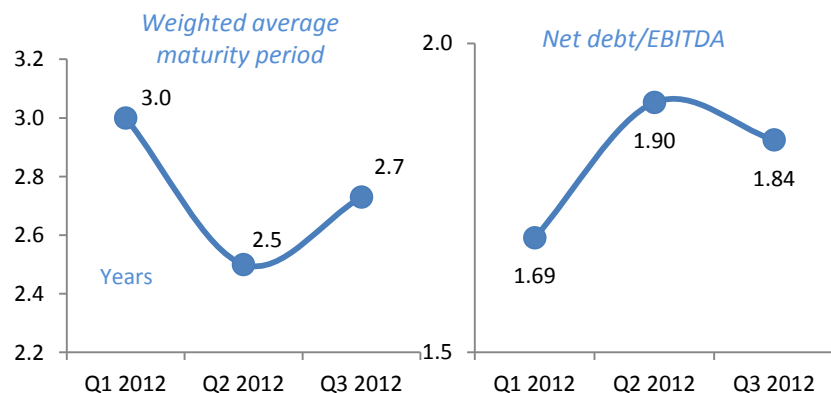
RATING

- Investment grade rating (S&P, Moody's, Fitch)

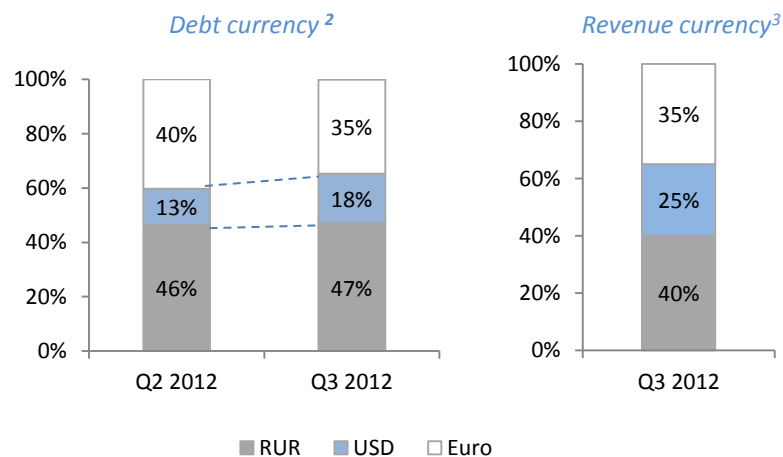
CHANGE IN DEBT POSITION



AVERAGE MATURITY AND NET DEBT/EBITDA²



CURRENCY OF THE DEBT AND REVENUE



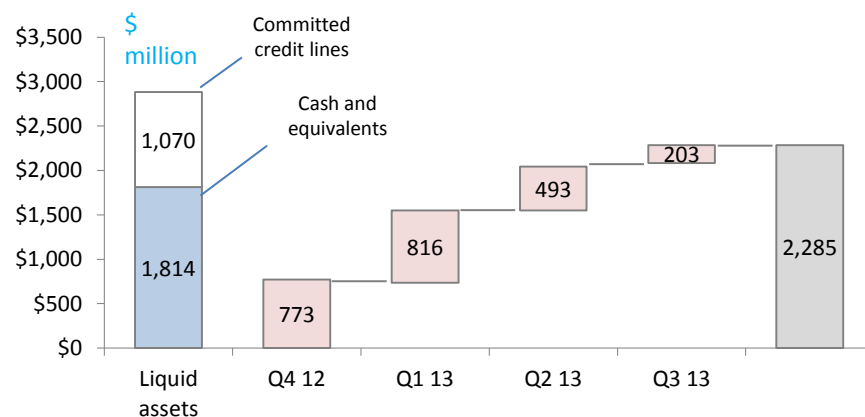
1. Cash and equivalents and ST deposits
 2. As of 30.09.2012r.
 3. Management accounts data

MATURITY

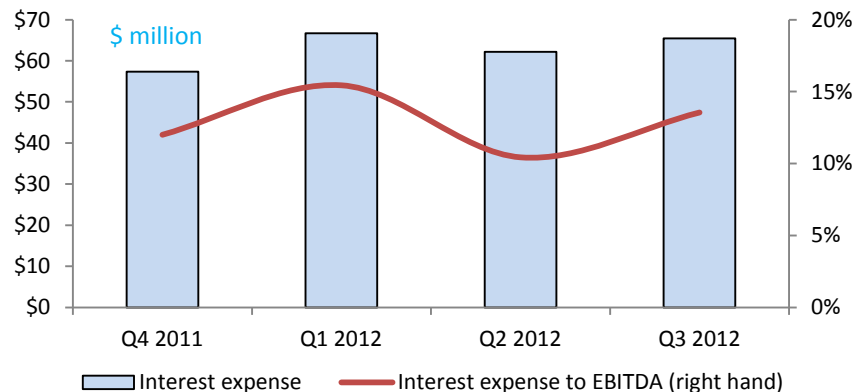
DEBT MATURITY

- Substantial liquidity cushion and portfolio of instruments for debt restructuring
- Short-term debt \$2.43 billion
 - Settlement of RUR three year notes in Q4 2012
 - Short term part of PXF
- Long term debt \$2.85 billion
 - incl. RUR notes and long term part of PXF, ECA and liabilities of SIF

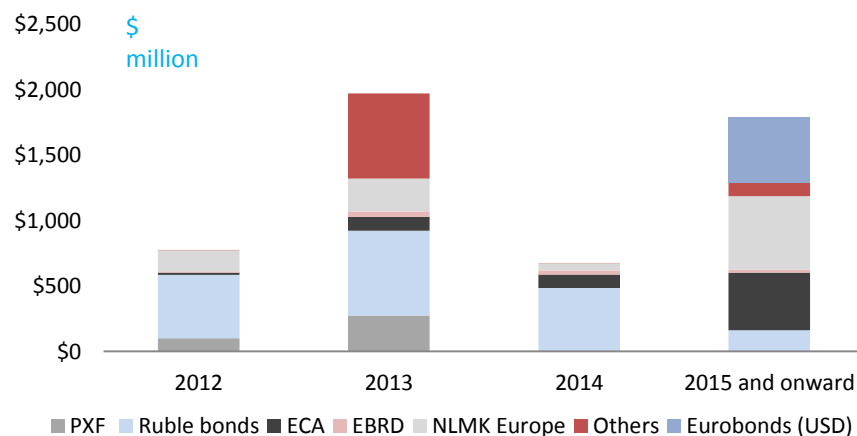
LIQUID ASSETS AND ST DEBT MATURITY¹



INTEREST EXPENSE³



TOTAL DEBT MATURITY²



1. The ST maturity payments include interests accrued and bond coupon payments in 2012

2. The maturity payments do not include interests

3. Quarterly figures are derived by computational method based on reporting data for the 9M, 12M 2011 and for the 3M, 6M, 9M 2012.

OUTLOOK

PRODUCTION OUTLOOK

- Q4 2012: steel output to be at 3.7 m t, -2% q-o-q
- 12M 2012: 15 m t, + 25% y-o-y

FINANCIALS

- Revenue will decline by 1-5% q-o-q mainly due to lower seasonal demand

MARKET OUTLOOK

- Steel prices hit the bottom in Q4 2012
- Lower seasonal activity for the overall steel sector in the end of the year
- 2013 steel demand is likely to remain weak with possible anemic growth as compared to 2012

NLMK
Investor relations

Russia, 115054, Moscow
Bakhrushina str, 18, bldg 1

t. +7 495 915 15 75

f. +7 495 915 79 04

ir@nlnk.com

www.nlnk.com