

11 May 2012

NLMK Group Q1 2012 RAS Financial Results

NLMK (LSE: NLMK) today announces its Q1 2012 Russian Accounting Standards (RAS) financial results for its major companies¹.

More detailed information on NLMK's Q1 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 on 17 May 2012.

Q1 2012 RAS Financial Results for NLMK Russia, (‘000 RUR, except for percentages)

Novolipetsk (NLMK's Parent company)

	Q1 2012	Q4 2011	Q1 2011	Q1 2012/ Q4 2011	Q1 2012/ Q1 2011
Revenue	60 446 405	58 283 064	44 498 123	3.71%	35.84%
Gross profit	8 053 757	9 444 546	10 345 926	-14.73%	-22.16%
Operating profit	2 293 509	1 783 110	5 648 334	28.62%	-59.39%
Net profit	3 437 568	-4 036 549	6 962 482		-50.63%

VIZ-Stal

	Q1 2012	Q4 2011	Q1 2011	Q1 2012/ Q4 2011	Q1 2012/ Q1 2011
Revenue	2 024 400	2 798 401	2 266 190	-27.66%	-10.67%
Gross profit	164 928	529 764	318 734	-68.87%	-48.26%
Operating profit	-70 672	261 161	84 583		
Net profit	-133 225	186 740	47 195		

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

Stoilensky

	Q1 2012	Q4 2011	Q1 2011	Q1 2012/ Q4 2011	Q1 2012/ Q1 2011
Revenue	9 174 935	10 622 599	8 299 087	-13.63%	10.55%
Gross profit	6 706 763	7 890 118	6 057 811	-15.00%	10.71%
Operating profit	6 220 043	7 420 241	5 729 454	-16.17%	8.56%
Net profit	4 254 732	5 204 308	4 610 229	-18.25%	-7.71%

NSMMZ

	Q1 2012	Q4 2011	Q1 2011	Q1 2012/ Q4 2011	Q1 2012/ Q1 2011
Revenue	8 058 394	7 589 717	8 787 521	6.18%	-8.30%
Gross profit	843 698	667 504	1 789 338	26.40%	-52.85%
Operating profit	341 626	-525 045	687 307		-50.29%
Net profit	-288 690	-12 723 130	-399 153	-97.73%	-27.67%

Altai-Koks

	Q1 2012	Q4 2011	Q1 2011	Q1 2012/ Q4 2011	Q1 2012/ Q1 2011
Revenue	11 140 223	10 945 813	8 988 115	1.78%	23.94%
Gross profit	1 932 216	981 744	2 122 515	96.81%	-8.97%
Operating profit	1 576 539	526 704	1 577 201	199.32%	-0.04%
Net profit	1 162 636	127 514	1 246 312	x9 times	-6.71%

Key highlights

- **Quarter-on-quarter improvements for Novolipetsk**

Novolipetsk Q1 2012 revenue grew 3.7% q-o-q and 35.8% y-o-y driven by increased sales volumes.

Operating profit grew 28.6% q-on-q mainly supported by higher sales volumes and lower prices for coking coal and iron ore. Raw materials prices declined following the steel price adjustments and the seasonal decline in consumer demand earlier this year.

A substantial increase in net profit for Q1 2012 is attributable to the low base effect in the previous quarter largely related to the recognition of financial investments provision.

- **Weaker financial performance in Q1 2012 for Viz-Stal**

VIZ-Stal's posted weaker q-o-q financial performance due to lower sales prices and volumes, associated in part with the delay in the recognition of export sales.

Alongside operating factors, negative effect in FX movements also contributed to the overall decline in Q1 net profit.

Lower sales prices in international markets and lower sales volumes were behind the weaker financial results on the y-on-y basis.

- **Y-on-y growth in Stoilensky's operating performance**

Lower iron ore volumes and selling prices were the key drivers behind the 13.6% sequential decline in the first quarter sales revenue.

On the y-on-y basis Q1 2012 revenue grew by 10.6% driven by increased export sales and by higher selling prices for iron ore concentrate and sinter ore.

Gross profit went down by 15% q-on-q due to lower sales revenues. The y-on-y growth in gross profit is attributable to better operating results.

Net profit decreased sequentially on the back of lower operating profit. It was additionally pressured by other expenses largely related to the negative effect of the FX rate movements.

- **NSMMZ's improved operating performance**

Q1 2012 sales revenue increased by 6% q-o-q supported by better production and sales volumes. Gross profit surged by 26% q-o-q as the Company managed to decrease production costs by using in-house billets following transformer repairs at one of its EAFs. This factor also helped to achieve an operating profit (compared to operating loss in the previous quarter).

Net loss in Q1 2012 resulted from the high debt burden of the Company. However, the Company significantly improved its bottom line both on the quarterly and yearly basis following significant improvements in its operating performance in Q1 2012. An additional factor that positively affected the bottom line of the Company was a low base effect as the Company incurred bad debt provision in Q4 2011.

- **Altai-Koks' improved financial results**

Q1 sales revenue increased by 2% q-o-q and by 23.9% y-o-y driven by higher sales volumes despite some softening in the coke prices.

Gross profit almost doubled increasing by 97% q-o-q driven by a decrease in production costs due to lower coking coal concentrate purchase prices. Gross profit declined by 9% y-on-y as coke prices went down while coal prices were higher y-o-y.

Net profit growth (increased by a factor of nine q-on-q) was attributable mostly to the growth in operating profit in Q1 2012.

* * *

For more information:

Sergey Takhiev

Investor Relations

NLMK

st@nlmk.com

+7 495 9151575