

Press release

5 April 2012

Q4 2011 and FY 2011 RAS Financial Results of key Russian companies of NLMK

NLMK (LSE: NLMK) today announces its Q4 2011 and FY 2011 Russian Accounting Standards (RAS) financial results for its major companies¹.

More detailed information on NLMK's main production site and its subsidiaries' Q4 2011 and FY 2011 Russian Accounting Standards (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 published on March 27, 2012.

¹ VIZ-Stal, Stoilensky, NSMMZ (a main asset of Long Products Division), Altai-Koks

Q4 and FY 2011 RAS Financial Results for the key Russian companies of NLMK,
(‘000 RUR, except for percentages)

Novolipetsk (Main Production Site)

	Q4 2011	Q3 2011	Q4 2011/ Q3 2011	2011	2010	2011 / 2010
Revenue	58 283 064	57 802 797	0.83%	221 178 073	179 937 083	22.92%
Gross profit	9 444 546	11 719 601	-19.41%	47 154 109	49 247 855	-4.25%
Operating profit	1 783 110	6 807 351	-73.81%	24 421 334	28 898 913	-15.49%
Net profit	-4 036 549	3 677 704		34 667 418	32 383 820	7.05%

VIZ-Stal

	Q4 2011	Q3 2011	Q4 2011/ Q3 2011	2011	2010	2011 / 2010
Revenue	2 798 401	2 532 053	10.52%	9 779 529	9 768 171	0.12%
Gross profit	529 764	473 258	11.94%	1 642 540	3 219 287	-48.98%
Operating profit	261 161	173 419	50.60%	614 076	2 372 708	-74.12%
Net profit	186 740	217 998	-14.34%	529 288	1 846 244	-71.33%

Stoilensky

	Q4 2011	Q3 2011	Q4 2011/ Q3 2011	2011	2010	2011 / 2010
Revenue	10 622 599	10 773 167	-1.40%	40 513 702	26 518 480	52.78%
Gross profit	7 890 118	8 271 886	-4.62%	30 531 754	18 348 063	66.40%
Operating profit	7 420 241	7 799 981	-4.87%	28 763 000	17 248 727	66.75%
Net profit	5 204 308	7 860 004	-33.79%	23 909 869	13 812 671	73.10%

NSMMZ ²

	Q4 2011	Q3 2011	Q4 2011/ Q3 2011	2011	2010	2011 / 2010
Revenue	7 589 717	8 500 012	-10.71%	34 489 998	28 283 894	21.94%
Gross profit	667 504	1 267 727	-47.35%	4 976 678	5 468 277	-8.99%
Operating profit	-525 045	474 184		756 214	2 224 110	-66.00%
Net profit	-13 100 479	-664 396	x19.7 times	-14 975 035	-509 022	x2.8 times

² NSMMZ is the main asset of the Long Products Division.

Altai-Koks

	Q4 2011	Q3 2011	Q4 2011/ Q3 2011	2011	2010	2011 / 2010
Revenue	10 945 813	10 846 165	0.92%	41 060 379	30 581 300	34.27%
Gross profit	981 744	1 242 247	-20.97%	6 480 087	8 529 221	-24.02%
Operating profit	526 704	701 674	-24.94%	4 251 941	7 409 213	-42.61%
Net profit	127 514	463 465	-72.49%	2 979 777	5 385 204	-44.67%

Key highlights

- **NLMK increased its net profit in 2011**

2011 sales revenue increased by 23% y-o-y driven by higher sales both in domestic and export markets backed by growth in production volumes after the launch of new BF and BOF in the end of the last year. Higher average selling prices on a yearly basis as well as improvement in the product mix also supported sales revenue growth.

Q4 sales revenue was largely flat. Gross profit declined by 9% q-o-q impacted by higher production costs as raw materials prices were higher coupled with the cost related to the scheduled maintenance. These factors were also behind decline in gross profit for 2011.

Overall deterioration of the market environment and subsequent reduction in operating margins, FX rate change and other minor factors predetermined Q4 net loss.

The sale of the stake in Independent Transportation Company (stands for NTK) positively contributed to the growth in net income for 2011 (+7%).

- **VIZ-Stal increased its operating results in Q4 2011**

Stable prices of the transformer (grain-oriented) steel in the global market coupled with the growth in the sales volumes in Q4 2011 drove sales revenue, gross profit and operating profit by 11%, 12% and 51% accordingly.

FX rate changes negatively impacted net profit (-14% q-o-q).

Financial performance in 2011 was generally weaker due to higher production costs (partially as a result of increased prices for slabs supplied from Novolipetsk).

- **Strong results of Stoilensky**

Sales revenue in Q4 remained flat q-o-q. In 2011 revenue grew by 53% due to higher selling prices and increased sales volumes as the company was ramping up its new beneficiation capacity.

Gross profit and operating profit in Q4 were sequentially lower by 5% as cost of production marginally increased due to scheduled maintenance works. 2011 gross profit further improved by 1.5 times driven by better iron ore prices that outpaced growth in production costs.

In 2011 company's net profit jumped by 1.7 times largely due to growth in prices and sales volumes. An additional factor impacting the bottom line was net gain from FX changes in *intersegment* loans in foreign currency.

- **NSMMZ (Long steel division main asset) increased revenue in 2011**

Sales revenue in Q4 2011 was down by 11% q-o-q as market demand was seasonally subdued leading to weaker volumes and prices. These factors contributed to a 47% in gross profit as cost of production remained high on the back of stable scrap prices. During the quarter the company used billets purchased from the third parties as a feedstock for finished steel production (since one of the EAFs was idled during the repairs work due to transformer failure) which also supported higher production costs. Operating costs in Q4 was also impacted by maintenance expenses and write downs of the one-off expenses related to the business operations.

Q4 2011 net loss grew impacted by the provision on bad loans.

2011 sales revenue increased by 22% driven by higher sales volumes and improved pricing. Gross profit was under pressure declining by 9% y-o-y as cost of production remained high on the back of the stronger raw

material prices. Transportation costs also negatively impacted operating profit that went down by 66%.

Net loss in 2011 was also related to high level of debt burned and hence significant interest expenses.

- **Altai-Koks increased revenue on a year-on-year basis**

Sales revenue in Q4 was largely flat (+1%), gross profit declined by 21% driven largely by increasing production costs.

Lower operating profit in Q4 coupled with the negative effect of FX changes drove net profit down by 72%

On a year-on-year basis 2011 sales revenue jumped by 34% driven by higher sales volumes and improved prices.

Growing prices for coking coal throughout the year coupled with the growth in the selling expenses depressed company's gross profit and operating profit by 24% and 43% accordingly.

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