



NLMK Q4 2011 Trading update

NLMK, the LSE-listed leading Russian steel producer, today announces the following regular trading update for Q4 2011 and FY2011.

Q4 and FY2011 Operating Highlights¹

- Production,* FY2011²

- Crude steel: 12.0 million tonnes (+3.6% year-on-year, hereinafter for annual figures)
- Finished products: 13.1 million tonnes (+12.4%)

- Q4 2011

- Crude steel: 3.2 million tonnes (+9.6% quarter-on-quarter, hereinafter for quarterly figures)
- Finished products: 3.8 million tonnes (+8.3%)

- Sales, FY2011

- Finished products: 12.9 million tonnes (+9.6%), including
 - Slabs: 3.2 million tonnes (-17%)
 - Flat products: 7.1 million tonnes (+25.2%)
 - Long products: 1.3 million tonnes (+11.6%)

- Q4 2011

- Finished products: 3.6 million tonnes (+7.0%), including
 - Slabs: 0.8 million tonnes (+40.8%)
 - Flat products: 2.0 million tonnes (-7.9%),
Including high-value added products: 1.2 million tonnes
 - Long products: 0.3 million tonnes (-1.7%)

Outlook

In Q1 2012 we expect production output to grow 15% quarter-on-quarter, to 3.6 million tonnes, largely driven by the planned increase in utilization rates at Novolipetsk's new steelmaking capacities, as well as the completion of Electric Arc Furnace (EAF) repairs at NLMK's Long Products Division.

** - Production data for NLMK Group and the Lipetsk site is presented in the Appendix*

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Disclaimer

This announcement may contain a number of forward-looking statements relating to, among others, the financial condition and results of operations of the Company. Such forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by them and are based on assumptions regarding the Company's present and future business strategies and the environment in which the Company and its subsidiaries operate both now and in the future. Forward-looking statements speak only as at the date of this announcement and save as required by applicable legal and/or regulatory requirements the Company expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements.

Sales volumes²**NLMK Group:**

Million, t	Q4 2011	Q3 2011	Q4 11/ Q3 11	Q4 2010	Q4 11/ Q4 10	2011	2010	2011 / 2010
Pig iron	0.448	0.229	95.5%	0.077	482.0%	0.962	0.582	65.2%
Slabs	0.790	0.561	40.8%	1.108	-28.7%	3.180	3.835	-17.1%
Flats	2.045	2.220	-7.9%	1.395	46.6%	7.101	5.673	25.2%
Billets	0.003	0.010	-70.3%	0.096	-96.9%	0.082	0.263	-68.9%
Long products	0.294	0.299	-1.7%	0.331	-11.2%	1.292	1.158	11.6%
Metalware	0.046	0.070	-34.0%	0.053	-12.3%	0.239	0.220	8.8%
Total	3.626	3.389	7.0%	3.059	18.5%	12.856	11.731	9.6%

Novolipetsk (NLMK's main production site in Lipetsk)

Million, t	Q4 2011	Q3 2011	Q4 11/ Q3 11	Q4 2010	Q4 11/ Q4 10	2011	2010	2011 / 2010
Pig iron	0.305	0.349	-12.6%	0.147	107.5%	0.947	0.637	48.7%
Slabs	1.129	0.991	14.0%	1.150	-1.8%	4.131	3.953	4.5%
Hot-rolled steel³	0.516	0.539	-4.2%	0.509	1.5%	1.994	2.020	-1.3%
Cold-rolled steel	0.318	0.367	-13.3%	0.350	-9.0%	1.425	1.519	-6.2%
Hot-dip galvanized steel	0.123	0.146	-15.6%	0.177	-30.4%	0.534	0.579	-7.9%
Pre-painted steel	0.131	0.130	1.0%	0.089	47.6%	0.488	0.333	46.5%
Dynamo steel	0.071	0.059	20.5%	0.083	-14.9%	0.280	0.267	5.1%
Transformer steel	0.020	0.021	-4.7%	0.012	69.6%	0.066	0.040	63.8%
Total	2.614	2.602	0.5%	2.516	3.9%	9.866	9.349	5.5%

VIZ-Stal

Million, t	Q4 2011	Q3 2011	Q4 11/ Q3 11	Q4 2010	Q4 11/ Q4 10	2011	2010	2011 / 2010
<i>Transformer steel</i>	0.044	0.044	1.6%	0.044	1.2%	0.169	0.154	10.2%

Stoilensky

Million, t	Q4 2011	Q3 2011	Q4 11/ Q3 11	Q4 2010	Q4 11/ Q4 10	2011	2010	2011 / 2010
<i>Iron ore concentrate</i>	3.369	3.460	-2.6%	3.046	10.6%	13.174	12.023	9.6%
<i>Sinter ore</i>	0.429	0.409	4.9%	0.459	-6.5%	1.692	1.805	-6.3%

Altai-Koks

Million, t	Q4 2011	Q3 2011	Q4 11/ Q3 11	Q4 2010	Q4 11/ Q4 10	2011	2010	2011 / 2010
<i>Coke (dry)</i>	1.019	1.006	1.3%	0.866	17.6%	3.805	3.363	13.1%

Long Products Division⁴

Million, t	Q4 2011	Q3 2011	Q4 11/ Q3 11	Q4 2010	Q4 11/ Q4 10	2011	2010	2011 / 2010
<i>Billets</i>	0.000	0.013	-100.0%	0.085	-100.0%	0.090	0.252	-64.2%
<i>Rebar</i>	0.268	0.277	-3.3%	0.222	20.9%	1.179	0.871	35.3%
<i>Wire rod</i>	0.024	0.025	-2.5%	0.109	-77.7%	0.133	0.260	-49.0%
<i>Metalware</i>	0.046	0.070	-34.0%	0.053	-12.3%	0.239	0.220	8.8%
<i>Ferrous and nonferrous scrap⁵</i>	0.743	0.968	-23.3%	0.853	-12.9%	3.263	3.569	-8.6%

NLMK Europe Strip products⁶

Million, t	Q4 2011	Q3 2011	Q4 11/ Q3 11	Q4 2010	Q4 11/ Q4 10	2011*	2010	2011 / 2010
<i>Hot-rolled steel</i>	0.222	0.178	24.3%	0.223	-0.4%	0.890	1.004	-11.3%
<i>Cold-rolled steel</i>	0.021	0.023	-11.4%	0.026	-18.8%	0.095	0.095	-0.4%
<i>Coated steel</i>	0.086	0.084	2.1%	0.068	26.9%	0.353	0.334	5.5%

Plate products (including DanSteel)⁶

Million, t	Q4 2011	Q3 2011	Q4 11/ Q3 11	Q4 2010	Q4 11/ Q4 10	2011*	2010	2011 / 2010
Plates	0.243	0.244	-0.5%	0.227	7.2%	1.032	0.918	12.4%
Incl. NLMK DanSteel	0.089	0.083	7.5%	0.095	-6.0%	0.382	0.348	9.6%

NLMK USA (including NLMK Indiana)⁶

Million, t	Q4 2011	Q3 2011	Q4 11/ Q3 11	Q4 2010	Q4 11/ Q4 10	2011*	2010	2011 / 2010
Hot-rolled steel	0.176	0.209	-15.7%	0.184	-4.2%	0.832	0.864	-3.6%
Incl. NLMK Indiana	0.121	0.139	-12.8%	0.113	7.2%	0.568	0.562	1.2%
Cold-rolled steel	0.105	0.111	-5.3%	0.111	-5.4%	0.497	0.487	2.1%
Galvanized steel	0.082	0.097	-15.4%	0.052	57.8%	0.325	0.288	12.8%

¹ Q4 2011 production and sales data is preliminary and subject to further update

² Excluding inter-group operations and including sales of trading companies

³ Including hot-rolled pickled steel

⁴ Long Products Division includes the following companies: NSMMZ, UZPS and other scrap collecting facilities

⁵ Including sales of NSMMZ

⁶ NLMK's international business divisions (except DanSteel A/S and NLMK Indiana Inc) are part of the Group since 01 July 2011

*FY2011 data includes the performance of rolling assets that were previously part of the JV with Duferco (first 6M 2011) and is given for reference only.

MANAGEMENT COMMENTS

NLMK Group operating review

Q4 review

NLMK Group's steel production in Q4 2011 amounted to 3.2 million tonnes (+9.6% quarter-on-quarter). The Group's steelmaking facilities were running at about 91% (97% at the Lipetsk production site; 56% at the Long Products Division; and 74% at NLMK's international divisions, including 71% at NLMK Indiana and 79% at NLMK Verona).

Blast Furnace #7 (BF-7) utilization rates at Novolipetsk (NLMK's main production site in Lipetsk) continued to increase as planned. As a result, steel output in Lipetsk grew to 2.7 million tonnes (+12% quarter-on-quarter), given the scheduled BF-5 repairs in October 2011. Launching the new BF-7 and the new BOF in Q4 allowed the Company to additionally produce some 0.4 million tonnes of slabs.

In Q4 the Group's sales grew 7% quarter-on-quarter to 3.6 million tonnes, driven by increased steel product sales from the Lipetsk site on the back of stable sales by NLMK's international assets which totalled 0,935 million tonnes (-1% quarter-on-quarter).

The Group's domestic sales grew 11% quarter-on-quarter to 1,263 million tonnes, or 35% of total sales, supported by stable demand in the Russian market, particularly from the construction industry and service centres.

Exports accounted for 65% of sales, with the bulk going to our traditional markets, Europe, the Middle East and South-East Asia.

The steel market weakened on the back of the seasonal slowdown in a number of regions. In addition, the process of destocking initiated in mid Q3 by trading companies and end consumers in Europe. As a consequence dollar prices in the export markets decreased in the range of 2-10%.

The Group's steel production grew 3.6% to 12 million tonnes, mostly driven by the launch of the new BF-7 (and a new BOF) in H2 2011 at the Lipetsk site.

2011 review

Following the consolidation of the JV with Duferco rolling assets in H2 2011, total annual sales grew more significantly to a record 12.9 million tonnes. This had an impact on the growth of HVA sales that reached 4.5 million tonnes (+29% year-on-year). This growth was additionally supported as the new pre-painting line at Novolipetsk reached design capacity.

FY2011 domestic sales reached a record 4.5 million tonnes, topping the previous peak of 3.8 million tonnes set in 2008 (+20%). The Company held a share of 47% in the domestic pre-painted steel market, 20% in galvanized steels, 32% in cold-rolled steels, and 14-17% in the rebar and wire rod market.

NLMK Group businesses produced 7.3 million tonnes of finished products, including 4.8 million tonnes by Russian companies and 2.5 million tonnes by foreign assets (since the consolidation of the JV with Duferco starting from July 1, 2011), accounting for 37% and 19%, respectively, of total steel output.

2011 slab deliveries to the Group's international rolling assets, including the JV with Duferco, consolidated in H2, totalled 1.6 million tonnes.

Novolipetsk (NLMK's main production site in Lipetsk)

Q4 review

Q4 crude steel production amounted to 2.7 million tonnes, +12% quarter-on-quarter, due to stable demand and higher utilization rates at the new blast furnace. Steelmaking

facilities were running at 97% capacity.

Novolipetsk sales performance was slightly better compared to Q3 (2.6 million tonnes sold), with flat steel products accounting for around 45%. Hot-rolled sales were down 4% quarter-on-quarter on the back of the seasonal drop in demand. Traditionally, during these periods the Company performs scheduled repairs. Nonetheless, pre-painted and non-grain oriented (dynamo) steel sales were higher than in Q3: +1% and 20%, respectively. Transformer steel sales contracted mildly (-5% quarter-on-quarter).

Average sales prices were down 3%-10%, pressured by the seasonal slowdown in the domestic market from the construction sector, as well as the weakening conditions in our export markets. This did not apply to pre-painted and electrical steels that were in stable demand throughout Q4.

2011 review

In 2011 steel product sales grew 5.5%. High value added product sales increased 2%, driven by the stable demand in the domestic market from construction and machine-building companies, including car manufacturers. Year-on-year slab sales grew almost 5% to a record 4.1 million tonnes as the Company started up BF-7 and launched its new BOF. A third of slabs were delivered to NLMK Europe's rolling assets.

VIZ-Stal

Q4 review

In Q4 transformer steel sales grew 2% quarter-on-quarter to 44,000 tonnes, with approximately 77% going to export. Output remained in line with Q3 (42,400 tonnes).

In 2011 VIZ-Stal's output and sales of transformer steel totalled 171,000 and 169,000, respectively, roughly 10% up year-on-year, driven by the gradually recovering demand. Sales were additionally supported by the significant quality improvements achieved through the Company's ongoing equipment and process upgrade programs.

2011 review

In mid-2011, VIZ-Stal launched a new Reverse Cold Rolling Mill supplied by Andritz-Sundwig, completing another stage of its program aimed at expanding its capacity and producing new high quality grades of transformer steel.

Stoilensky

Q4 review

In Q4 the Plant's mining and processing capacities continued to run at high utilization rates. Iron ore concentrate production was 12% higher than in Q4 2010, totalling 3.463 million tonnes. This was driven by the launch of an additional 2 mtpy Beneficiation Section in mid 2011.

Iron ore concentrate sales, the bulk of which went to Novolipetsk (89% of total sales), were almost flat sequentially (-3% quarter-on-quarter) at 3.4 million tonnes. Sinter ore sales increased 5% quarter-on-quarter, with 35% going to Novolipetsk.

2011 review

2011 iron ore concentrate production increased 11% to 13.3 million tonnes; sinter ore production was 1.7 million tonnes, an 105,000 tonne decrease year-on-year.

89% and 35% of iron ore concentrate and sinter ore were delivered to the main site in Lipetsk, and the remainder sold to the third parties.

The Company continues to implement its development project aimed at further expanding its mining and beneficiation (+ 4 million tonnes of concentrate) capacities, and building the new 6 mtpy Pelletizing Plant, expected to become operational in 2014.

Altai-Koks

<i>Q4 review</i>	In Q4 coke output and sales remained sequentially flat at 998,000 and 1,019 million tonnes. 79% went to Novolipetsk, with the remaining part sold to other consumers in the domestic and export markets.
<i>2011 review</i>	<p>In 2011 the Company produced 3.78 million tonnes of coke (+13% year-on-year). Coke sales totaled 3.8 million tonnes, with the bulk (69%) delivered to Novolipetsk, where pig iron and steelmaking capacities were expanded in 2011.</p> <p>Together with coke produced at Novolipetsk, NLMK Group's total coke production increased by 9% year-on-year to 6.34 million tonnes. About 82% was consumed in-house, with the remaining part sold to external consumers.</p>

NLMK Long Products

<i>Q4 review</i>	<p>In Q4 sales fell by 12% to 339,000 tonnes, due to the seasonal contraction of demand from construction.</p> <p>Steel output remained sequentially flat at 276,000 tonnes. While one of its two EAFs was undergoing repairs, the Company partially covered its billet needs by purchases from external suppliers, which allowed it to maintain a significant part of its market share. In the end of January 2012, following repairs to the transformer, the second EAF was re-launched, and currently both EAFs with a total capacity of 2.2 million tonnes are running as planned.</p> <p>Q4 long steel prices went down as expected (4-9%), pressured by the seasonal contraction in demand from construction in the domestic market.</p>
<i>2011 review</i>	<p>FY2011 NLMK Long Product sales totaled 1.6 million tonnes of long flats and billets, 40,000 tonnes up year-on-year despite the fact that the Company's steelmaking capacities were running at 50% in H2 2011 after one of its two EAFs was stopped. Finished product sales grew 15% year-on-year to 1.55 million tonnes; rebar sales grew 35.5% to 1.18 million tonnes.</p> <p>A complete set of EAF equipment has arrived and is being installed at the Company's Kaluga Mini Mill site. As part of the project in 2012, EAF and rolling complexes will be put in operation, with an output of up to 1.5 mtpy of liquid steel, as well as long products and profiles.</p>

NLMK International operating performance

In Q4 NLMK International's sales remained stable at 935,000 tonnes, insignificantly (-1%) down quarter-on-quarter. Steel production totalled 196,000 tonnes, including 130,000 at NLMK Indiana, where the EAF was running at around 71%, and around 67,000 at Verona (part of NLMK Europe Plate Products).

NLMK Europe

Strip Products

<i>Q4 review</i>	<p>Q4 strip product sales for NLMK La Louviere, NLMK Coating and NLMK Strasbourg totalled 328,000 tonnes (+14% quarter-on-quarter); the Hot Strip Mill was running at around 50%, -4 p.p.</p> <p>The product mix remained largely unchanged.</p> <p>Q4 2011 pricing trends were inconsistent across products. On average, euro prices remained in line with Q3 2011.</p> <p>In the beginning of Q1, demand in the flat steel market grew as end consumers continued to refill their stock, reduced during H2 2011.</p>
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Plate Products (incl. NLMK DanSteel)

Q4 review

Sales remained sequentially flat. Consolidated thick plate sales at NLMK DanSteel, NLMK Verona and NLMK Clabecq amounted to 243,000 tonnes. Q4 thick plate output contracted mildly quarter-on-quarter due to somewhat weaker demand. Rolling capacities were running at around 57%. Besides plates, NLMK Verona produced 67,000 tonnes (+12% quarter-on-quarter) of steel, with the bulk being processed into finished products and the rest, around 13,000 tonnes, sold as billets.

Euro prices for the products of the segment fell an average 3%, in line with market trends.

NLMK Clabecq continued to increase capacity utilization rates at its new 250,000 tpy Quenching & Tempering Line to manufacture better quality thick plates. The Line was launched in mid-Q4 2011.

NLMK USA (incl. NLMK Indiana)

Q4 review

NLMK's North American sales contracted mildly as consumers and service centres continued to destock: Q4 sales totalled 364,000 tonnes (-13% quarter-on-quarter), while average sales prices fell an average 6%. Prices picked up somewhat at the end of 2011, the trend crossing over to 2012.

US assets produced around 367,000 tonnes of flat steel products (-15% quarter-on-quarter). NLMK Indiana's EAF was running at around 71%. The overall capacity utilization rate for its hot strip mills was around 56%

In 2011 NLMK Indiana set a new Annual tonnage record in the history of the Company of over 673,000 cast tons.

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Appendix

NLMK Group Q4 2011⁶ production:

Million, t	Q4 2011	Q3 2011	Q4 11/ Q3 11	Q4 2010	Q4 11/ Q4 10	2011	2010	2011 / 2010
Pig iron	2.777	2.513	10.5%	2.338	18.8%	9.793	9.265	5.7%
Crude steel	3.172	2.894	9.6%	2.988	6.2%	11.968	11.547	3.6%
Salable pig iron	0.308	0.349	-11.9%	0.147	108.6%	0.929	0.649	43.3%
Salable slabs	1.035	0.517	100.2%	1.033	0.2%	3.272	3.614	-9.5%
Flat steel	2.089	2.255	-7.4%	1.400	49.2%	7.245	5.710	26.9%
Billets	0.000	0.004	-100.0%	0.088	-100.0%	0.070	0.247	-71.5%
Long steel	0.304	0.294	3.2%	0.329	-7.8%	1.307	1.183	10.4%
Metalware	0.045	0.072	-37.7%	0.053	-16.4%	0.239	0.221	8.3%
Total	3.780	3.491	8.3%	3.051	23.9%	13.062	11.624	12.4%

Novolipetsk production volumes in Q4 2011:

Million, t	Q4 2011	Q3 2011	Q4 11/ Q3 11	Q4 2010	Q4 11/ Q4 10	2011	2010	2011 / 2010
Pig iron	2.777	2.513	11%	2.338	18.8%	9.793	9.265	6%
Crude steel	2.700	2.402	12%	2.382	13.3%	9.760	9.288	5%
Salable slabs	1.448	0.947	53%	1.089	32.9%	4.366	3.981	10%
Hot-rolled steel⁷	0.493	0.534	-8%	0.500	-1.5%	1.995	2.027	-2%
Cold-rolled steel	0.343	0.366	-6%	0.340	1.0%	1.448	1.497	-3%
Galvanized steel	0.137	0.152	-10%	0.178	-23.0%	0.562	0.604	-7%
Pre-painted steel	0.135	0.131	3%	0.086	56.3%	0.494	0.339	46%
Dynamo steel	0.064	0.060	7%	0.080	-19.7%	0.275	0.275	0%
Transformer steel	0.019	0.021	-12%	0.013	44.0%	0.067	0.042	59%

⁶ Excluding inter-group operations

⁷ Including hot-rolled pickled steel