

Press release

07 April 2011

NLMK Group Q4 and FY 2010 RAS Financial Results

NLMK (LSE: NLMK) today announces its Q4 and FY 2010 Russian Accounting Standards (RAS) financial results for its major companies¹.

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 30, 2011.*

In 2010 NLMK's major companies showed an overall year-on-year improvement in financial performance due to a recovery in prices and sales.

More detailed information on NLMK's main production site and its subsidiaries' Q4 and FY 2010 Russian Accounting Standards (RAS) financial results is presented below.

Q4 and FY 2010 RAS Financial Results for NLMK Group, (‘000 RUR, except for percentages)

Novolipetsk (Main Production Site)

	Q4 2010	Q3 2010	Q4 2010/Q3 2010	2010	2009	2010 / 2009
Revenue	50,110,978	47,785,426	4.87%	179,927,371	128,574,663	39.94%
Gross profit	11,870,418	12,932,983	-8.22%	49,238,143	34,231,646	43.84%
Operating profit	6,268,294	8,002,040	-21.67%	28,898,913	17,375,288	66.32%
Net profit	4,194,502	13,841,724	-69.70%	32,383,820	23,998,490	34.94%

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

VIZ-Stal

	Q4 2010	Q3 2010	Q4 2010/Q3 2010	2010	2009	2010 / 2009
Revenue	2,624,802	2,400,949	9.32%	9,768,171	9,495,159	2.88%
Gross profit	692,269	771,419	-10.26%	3,219,287	4,969,236	-35.22%
Operating profit	425,203	562,022	-24.34%	2,372,708	4,339,844	-45.33%
Net profit	305,142	454,330	-32.84%	1,846,244	2,490,025	-25.85%

Stoilensky

	Q4 2010	Q3 2010	Q4 2010/Q3 2010	2010	2009	2010 / 2009
Revenue	7,270,024	7,338,464	-0.93%	26,518,480	15,205,293	74.40%
Gross profit	5,115,115	5,277,245	-3.07%	18,348,063	7,832,101	134.27%
Operating profit	4,808,819	5,002,165	-3.87%	17,248,727	6,618,540	160.61%
Net profit	3,883,395	3,990,387	-2.68%	13,812,671	5,669,718	143.62%

NSMMZ²

	Q4 2010	Q3 2010	Q4 2010/Q3 2010	2010	2009	2010 / 2009
Revenue	8,792,003	9,277,002	-5.23%	28,283,894	19,330,772	46.32%
Gross profit	1,669,134	2,192,608	-23.87%	5,468,277	1,981,805	175.92%
Operating profit	512,493	1,235,468	-58.52%	2,224,110	-257,651	
Net profit	1,600,740	-190,065		-509,022	-9,424,067	-94.60%

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

Altai-Koks

	Q4 2010	Q3 2010	Q4 2010/Q3 2010	2010	2009	2010 / 2009
Revenue	8,637,989	7,592,289	13.77%	30,581,300	15,729,353	94.42%
Gross profit	2,086,365	1,891,574	10.30%	8,407,527	2,883,350	191.59%
Operating profit	1,687,972	1,762,155	-4.21%	7,409,213	1,728,742	328.59%
Net profit	1,243,035	1,020,793	21.77%	5,385,204	2,188,588	146.06%

NTK (Transportation Company)

	Q4 2010	Q3 2010	Q4 2010/Q3 2010	2010	2009	2010 / 2009
Revenue	5,354,125	4,177,487	28.17%	13,172,287	4,922,247	167.61%
Gross profit	355,594	343,264	3.59%	1,134,268	673,206	68.49%
Operating profit	310,289	309,649	0.21%	990,647	431,858	129.39%
Net profit	301,306	242,214	24.40%	831,984	319,264	160.59%

Key Results

- Improved 2010 financial performance for Novolipetsk**

The 5% quarter-on-quarter increase in revenue was driven by higher sales on the back of the seasonal drop in prices. Overall, the year-on-year 40% revenue growth is attributable to a recovery in demand for key products both in domestic and export markets.

Gross profit was down 8% quarter-on-quarter, driven mainly by higher Q4 production costs brought on by higher coal and scrap prices. Novolipetsk posted double digit year-on-year gross profit growth (+44%) attributable to rising average sales prices and the streamlined sales structure.

Net profit dropped 70% quarter-on-quarter, driven mainly by one-off losses including the year-end allocations to valuation reserves.

The 35% year-on-year increase in net profit is attributable to improved results from core operations.

- Higher sales for VIZ-Stal**

Despite the decline in prices during the reviewed period, increased transformer steel sales pushed Q4 revenue up 9%, while year-on-year growth totaled 3%.

Gross profit decreased by 10% quarter-on-quarter and by 35% year-on-year as a result of lower steel market prices as well as higher prices for HRC used as a substrate in electrical steel production. This product is supplied by Novolipetsk.

Q4 net profit reduced as a result of lower operating profit. The year-on-year 26% decline in net profit was impacted mainly by lower income from core activities.

- **Improved 2010 financial performance for Stoilensky**

Q4 revenue remained almost flat sequentially but increased 74% on a year-on-year basis driven mainly by rising iron ore prices.

Gross profit fell 3% sequentially due to Q4 2010 higher cash costs related to major equipment repairs. In 2010 gross profit grew 2.3 fold owing to a climb in iron ore prices that stayed greatly ahead of the cash cost curve.

Stoilensky's 2010 net profit was 2.4 times higher year-on-year benefitting from a recovery in market prices for the Company's products.

- **Growth in financial performance for NSMMZ**

A seasonal decline in demand for NSMMZ products in Q4 resulted in the Company's revenues, gross profit and operating profit falling by 5%, 24% and 59% respectively. Rising scrap prices (the Company's key raw material) were outstripping product price growth, placing further pressure on Q4 performance.

Overall, 2010 saw a significant year-on-year improvement in the Company's operating performance. Operating profit grew 2.7 fold driven by rising steel prices and recovering demand.

Management efforts to streamline production costs and improve operating performance strengthened the Company's 2010 financials.

- **Bottom line improvement at Altai-Koks**

Prices and sales grew against a backdrop of improving market conditions, driving Altai-Koks revenues up by 14% in Q4 quarter-on-quarter, almost doubling the Company's 2010 revenue.

With coal prices running ahead of coke prices, the Company's gross profit was up 10% quarter-on-quarter. 2010 gross profit grew 2.9 fold.

Changes in the sales structure resulted in higher transportation costs, curbing the Q4 operating profit (-4%). Outstanding performance and lower business expenses related to larger deliveries to the Parent company pushed the Company's 2010 operating profit up 4.2 fold.

Net profit grew 22% quarter-on-quarter. Improved operating performance resulted in a 2.5 fold net profit increase in 2010.

- **Better financials for NTK**

NTK's Q4 operating profit increased, driven by higher shipping volumes, use of in-house rolling stock, as well as a larger number of third party clients brought in to reduce empty runs.

Better Q4 financials can also be explained by R&M and purchase/sales transactions being reflected in the financial statement of the entity: NTK acquired gondolas for the benefit of third parties earlier in 2010, and is currently using them through an operating lease.

NTK's 2010 revenue was up 2.7 times due to the reflection of the results for the purchase/sales transaction for rail cars (gondolas) acquired by NTK for the benefit of third parties at an auction in June 2010. Additional factors for this growth included higher shipping volumes effectuated by in-house rolling stock and growth in rail freight tariffs in 2010.

2010 financial performance was mainly driven by in-house rolling fleet expansion, higher shipping volumes using in-house rolling stock and lower costs associated with empty runs.

NLMK
Investor Relations
Tel: +7 495 915 1575

Email: ir@nlmk.com