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NLMK GROUP Q3 2017 IFRS FINANCIAL RESULTS¹

NLMK Group (MICEX and LSE: NLMK) is pleased to announce a 64% sequential growth in free cash flow in Q3 2017, to \$533 m, and a 7% growth in EBITDA to \$648 m.

Key highlights

k t/\$ million	Q3 2017	Q2 2017	QoQ	Q3 2016	YoY	9M 2017	9M 2016	YoY
Sales volumes, k t	4,240	4,195	1%	4,220	0%	12,109	12,290	-1%
Revenue	2,551	2,544	0%	2,225	15%	7,250	5,671	28%
EBITDA ²	648	603	7%	674	-4%	1,869	1,423	31%
EBITDA margin	25%	24%	+1 p.p.	30%	-5 p.p.	26%	25%	+1 p.p.
Profit for the period ³	357	342	4%	386	-8%	1,022	627	63%
Free cash flow ⁴	533	325	64%	474	12%	1,066	906	18%
Net debt ⁵	743	1,045	-29%	771	-4%	743	771	-4%
Net debt/EBITDA ⁵	0.31x	0.43x		0.44x		0.31x	0.44x	

Group revenue in Q3 totalled \$2.55 bn (flat qoq), driven by higher sales (+1% qoq) and 100% steelmaking capacity utilization rates (+2 p.p. qoq).

- **Q3 EBITDA growth to \$648 m** (+7% qoq) was driven by the widening of spreads between steel product and raw material prices. 9M EBITDA increased by 31% yoy to \$1,869 m, supported by Strategy 2017 projects, and growth of steel product prices.
- **Q3 free cash flow grew by 64% qoq to \$533 m**, driven by growth of financials, decrease in working capital, and conservative capex. 9M free cash flow grew by 18% yoy to \$1,066 m.
- **Net debt/EBITDA decreased to 0.3x**, driven by higher profitability and lower net debt.

¹ Consolidated financial results are prepared under IFRS. Reporting periods of the Company are 3M, 6M, 9M and 12M. Quarterly figures are derived by computational method, including segmental results. Figures for comparable periods can differ from figures published earlier as a result of rounding off to whole numbers.

² EBITDA is defined as operating profit before equity share in net losses of associates and other companies accounted for using the equity method, impairment and write-off of assets, adjusted to depreciation and amortization. For detailed information and calculations for this indicator please refer to the Appendix.

³ Profit for the period attributable to NLMK shareholders.

⁴ Free cash flow is determined as net cash from operations plus interest received net of interest paid and capital investment. Free cash flow calculations are presented in the Appendix.

⁵ Net debt is calculated as the sum of LT and ST credits and loans less cash and cash equivalents, as well as ST financial investments at period end. Net debt / EBITDA is represented by net debt as at the end of the period and EBITDA is presented as Last 12 months EBITDA. Net debt calculations are presented in the Appendix.



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NLMK GROUP Q3 2017 IFRS CONSOLIDATED FINANCIAL RESULTS

Key highlights

Comment from NLMK Group acting CFO Sergey Karataev:

“Q3 sales in our home markets hit an all-time high of 2.88 m t, ensuring high steelmaking capacity utilization rates.

“The Group posted solid financials. The widening of spreads between prices for steel products and raw materials, Strategy 2017 projects, including operational efficiency programmes, were the key drivers for EBITDA growth to \$648 m (+7% qoq). EBITDA margin was 25% (+1 p.p. qoq).

“Q3 Strategy 2017 project gains were \$105 m vs. \$106 m in the previous quarter. 9M structural effect from Strategy 2017 execution was \$269 m, or 103% of the 2017 target, including \$84 m from operational efficiency programmes.

“Execution of investment projects planned as part of Strategy 2017 continues. Expansion of Stoilensky’s beneficiation capacities, construction of a briquetting plant at NLMK Lipetsk, and a number of other projects will have a positive impact on the 2018 financials.

“Growth of operating cash flow, conservative capex, and efficient working capital management have enabled a 64% qoq increase in free cash flow to an all-time high of \$533 m.

“In Q3, NLMK successfully bought back Eurobonds due in 2018 and 2019 for a total of \$317 m with a coupon rate of 4.45% and 4.95%, respectively, using proceeds from a new 7-year Eurobond placement for a total of \$500 m with a coupon rate of 4.0%.

“Net debt/EBITDA ratio decreased to 0.3x.”



TELECONFERENCE

NLMK is pleased to invite the investment community to a conference call with the Company management:

Friday, 27 October 2017

- 10:00 a.m. – USA (New York)
- 3:00 p.m. – Great Britain (London)
- 5:00 p.m. – Russia (Moscow)

To join the conference call, participants are invited to dial:

US number:

+1 719-325-2202 (local access) // 800-239-9838 (toll free)

UK number:

+44 (0)330 336 9105 (local access) // 0800 358 6377 (toll free)

Russian number:

+7 495 213 1767 (local access) // 8 800 500 9283 (toll free)

Conference code: 7076075

To connect to the webcast, please follow the link: <http://www.audio-webcast.com/cgi-bin/visitors.ssp?fn=visitor&id=4987>.

* We recommend participants start dialing in 5-10 minutes in advance to avoid waiting.

We recommend participants download the presentation in advance from NLMK's website: www.nlmk.com



MANAGEMENT COMMENTS

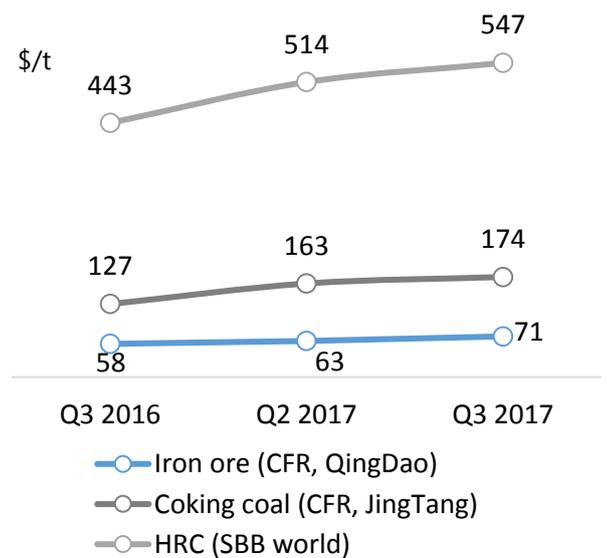
Q3 2017 market overview

- **Global steel production** was up by +1% qoq to 431 m t.
- **Chinese steel exports** were down by 8% qoq and by 34% yoy driven by the recovering internal demand, trade restrictions, and cuts in steelmaking capacities.
- **Demand in the US** remained high due to stable demand from the construction, automotive and oil & gas sectors.
- **Europe** saw a seasonal weakening in demand in Q3; growth from the beginning of the year totaled about 2.5%.
- **In Russia**, consumption continued to recover qoq and yoy, supported by strong demand from the construction and pipe & tube sectors, as well as machine-building. Steel consumption grew by 6% from the beginning of the year compared to the same period in 2016.

Q3 2017 prices

- **Raw material prices:** average global coal prices increased by 7% qoq (+37% yoy); iron ore prices increased by 13% qoq (+22% yoy).
- **Market prices* for steel products:** +1.5% qoq (+2-8% yoy) growth in the US; +5-8% qoq (+24-28% yoy) growth in the EU.
- **Prices for steel products in the Russian market** were lower by 5-10% qoq (+0-20% yoy). Prices recovered towards the end of Q3, driven by growing demand.
- **Export prices** (FOB Black Sea) grew by 10-20% qoq (+39-43% yoy), due to lower Chinese export.

Growth of steel prices driven by stronger demand and lower Chinese export



* Market prices reflect the level of prices for a given calendar period and differ from the average sales prices of the Company and its segments due to the time lag of the production & sales cycle.

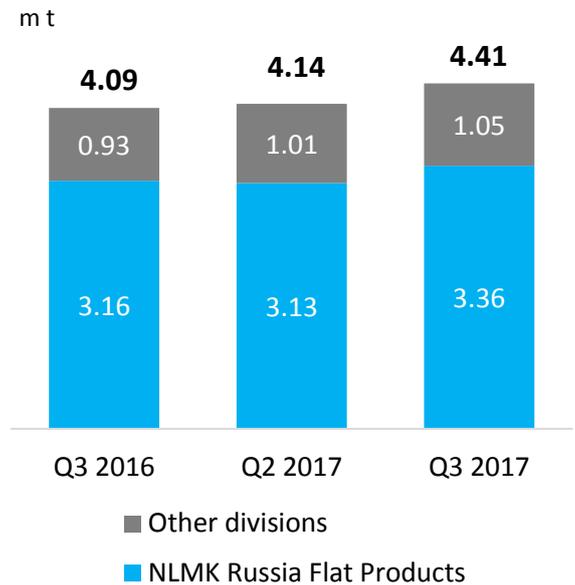


Output and sales mix

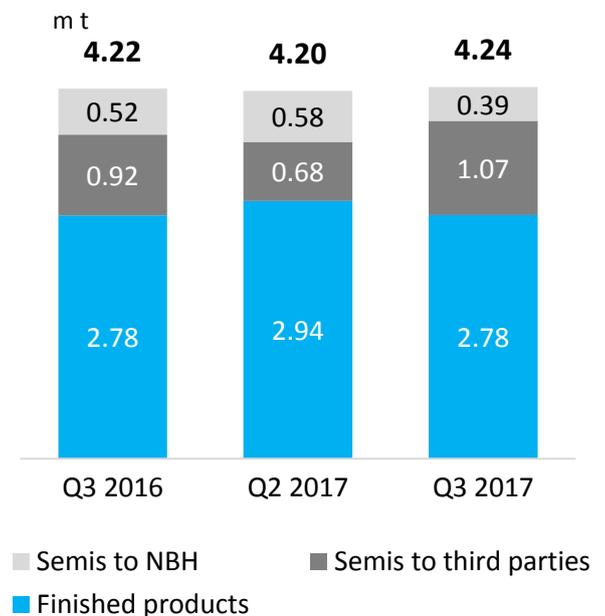
Q3 2017 highlights:

- **Growth of steel output (with NBH):** +6% qoq and +8% yoy, due to increased output at NLMK Lipetsk driven by stronger demand in the Russian and international markets. Group steelmaking capacity utilization rate grew by 2 p.p. to 100%*.
- **Growth of sales (w/o NBH):** +1% qoq (flat yoy), driven by the increase in sales in Russia (+21% qoq), supported by the seasonal uptick in demand in the construction sector, and growth of semis export.
- **Sales breakdown:** Sales of semis grew to 1.46 m t (+16% qoq, +1% yoy), due to the increase in pig iron export to 0.17 m t (x3 qoq, +67% yoy), driven by higher product margins, and growth of slab sales to pipe and tube manufacturers in Russia (+17% qoq and -1% yoy).
- **Finished product** sales decreased by 5% qoq to 2.78 m t (flat yoy), due to a high sales base in Q2, build-up of HRC stock for further processing ahead of Hot-rolling mill overhaul in Q4, and the delay in the recognition of a part of NLMK Lipetsk shipments to the next quarter. The share of finished products in total sales decreased to 66% (-4 p.p. qoq, flat yoy).
- **Slab deliveries** to subsidiaries and affiliates (NBH) totalled 56% of total slab sales by NLMK Lipetsk; the 25% drop qoq (-6% yoy) to 0.96 m t was associated with inventory normalization at these facilities.

Growth of steel output driven by stronger demand (with NBH)



Growth of sales by 1% qoq driven by semis sales (w/o NBH)



*Without production capacities that are undergoing planned maintenance



9M 2017 highlights:

- **Steel output (with NBH)** grew by 3% yoy to 12.8 m t, with capacities running at 98%.
- **Sales to external customers** decreased by 1% to 12.1 m t, due to the increase in slab deliveries to the Group's companies and NBH by 12% yoy to 3.4 m t.
- **Finished steel sales increased by 3%** yoy to 8.16 m t, driven by the growth in HRC and HDG sales to the Russian and export markets.

Sales markets (with NBH)

- Group sales to its home markets in Q3 hit an all-time high at 2.88 m t (+8% qoq, +7% yoy), supported by the surge in sales in Russia (+21% qoq) and in the US (+2% qoq), with the share of 'home' markets growing to 67% (+3 p.p. qoq and +3 p.p. yoy). Sales to export markets decreased by 5% qoq to 1.42 m t (-5% yoy).

Delivery of Strategy 2017

- In Q3 2017, total impact on EBITDA from the execution of Strategy 2017 projects was \$105 m; 9M 2017 impact was \$269 m, or 103% of the 2017 annual target.
- Gains from investment projects in Q3 totalled \$59 m, including \$45 m from Stoilensky projects: Pelletizer and High Pressure Grinding Rolls technology at beneficiation sections 1&4. Gains from operational efficiency projects in Q3 totalled \$46 m.

Debt management

- **Decrease in net debt** by 29% qoq to \$743 m, driven by the growth of free cash flow by 64% qoq to \$533. Net/EBITDA decreased to 0.3x.
- **Total debt grew by 6% qoq** (+2% yoy) to \$2,555 m. In September, NLMK Group successfully bought back Eurobonds (7-year notes with a coupon rate of 4.95% for a total of \$211 due in 2019 and 5-year notes with a coupon rate of 4.45% for a total of \$396 due in 2018) for a total of \$317 m, using proceeds from a new 7-year Eurobond placement for a total of \$500 m with a coupon rate of 4.0%, and maturity in September 2024. As a result of these transactions, the Group's average debt maturity increased from 3.4 to 4.3 years, with the weighted average loan portfolio cost decreasing to 3.9%.
- **Financial guarantees** for NBH liabilities decreased to \$293 m (-4% qoq) due to lower drawdown from the Company's revolving line.
- **Growth of financial costs** by 63% qoq to \$31 m was associated with commission expenses for the early Eurobond repayment in Q3 2017.

Investment

- NLMK Group Q3 2017 investment grew by 9% to \$120 m, due to a part of the payments being made for the installation of the pulverized coal injection system (PCI), and the growth in equipment maintenance capex at NLMK Lipetsk and Stoilensky.

Dividends

- At the Extraordinary General Shareholder Meeting (EGM) held on September 29, NLMK shareholders approved payment of Q2 2017 dividends of RUB 3.20 per share. ([See Press release](#))
- In Q3 2017, cash outflow for dividend payments totalled \$221 m.



NLMK GROUP KEY FINANCIALS

Revenue

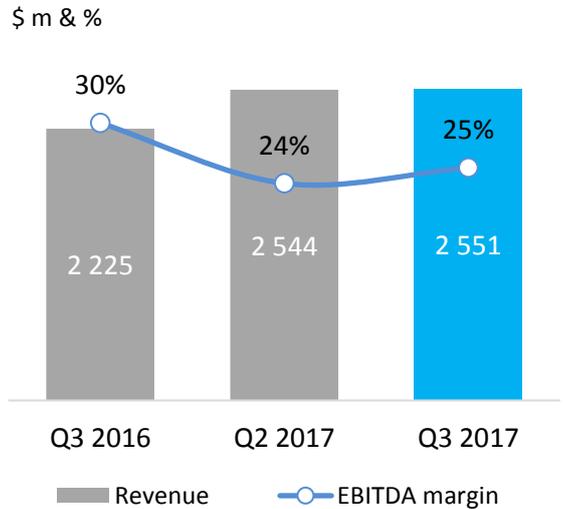
Q3 2017 highlights

- Revenue in Q3 2017 was flat qoq at \$2.55 bn (+15% yoy), driven by a 1% qoq increase in sales volumes. Weighted average sales prices went down, as the share of semis in the sales mix increased (+16% qoq, +1% yoy). The 15% yoy growth of revenue was supported by the 15% growth of average steel product prices, and the increase in sales volumes.
- Taking into account sales by associated companies (NBH), the share of Group's revenue from sales to home markets grew by 4 p.p. qoq to 72%. Russian market share in the Group's revenue increased by 6 p.p. qoq, driven by the seasonal uptick in demand.

9M 2017 highlights

- 9M 2017 revenue increased by 28% yoy to \$7.25 bn, driven by the 31% yoy growth in steel product prices.
- Share of revenue from finished product sales climbed to 69%, supported by the 3% yoy increase in flat steel and HVA deliveries, coupled with a decrease in the share of semis sales.
- Share of revenue from sales to home markets grew to 70% (+1 p.p. yoy), the increase accounted for by the Russian (+21% yoy) and the US (+39% yoy) markets.

Stabilization of revenue qoq driven by growth of sales margins





Operating profit

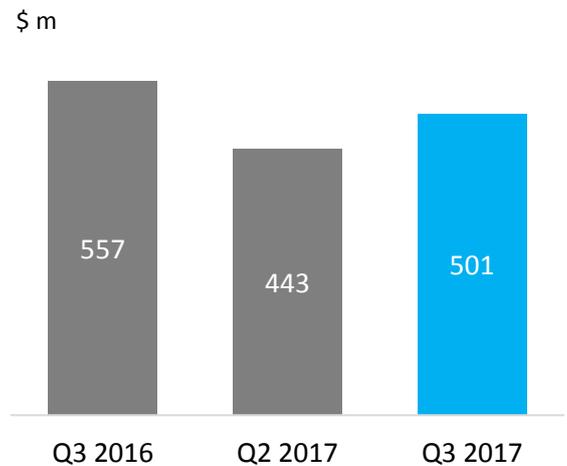
Q3 2017 highlights

- Operating profit* grew by 13% qoq to \$501 m (-10% yoy), driven by the widening of spreads for steel products and raw materials, and Strategy 2017 gains.
- Growth of commercial expenses by 1% qoq (+2% yoy) to \$197 m was associated with the increase in sales (+1% qoq and yoy).
- Decrease in G&A expenses by 11% qoq to \$80 m was associated with a high Q2 base due to 2016 bonus payments, and the weakening of the RUB FX rate qoq.

9M 2017 highlights

- Operating profit* increased by 30% yoy, due to gains from Strategy 2017 operational efficiency programmes and investment projects, and the widening of price spreads.
- Growth of commercial expenses by 10% yoy to \$577 m, driven by the increase in the Group's steel product export, and the strengthening of the RUB FX rate by 16% yoy.
- The 4% yoy growth of G&A expenses to \$244 m was associated with 2016 personnel payments, and the strengthening of the RUB FX rate yoy.

Growth of operating profit by 13% qoq driven by widening of spreads



* Operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets.



Net profit*

- **Growth of net profit in Q3 by 4% qoq** (-8% yoy) to \$357 m was driven by growth of profit from operations that enabled offsetting the increase of financial expenses related to early repayment of debt.
- **Net profit in 9M 2017 gained 63% yoy** due to the growth in profit from operations.

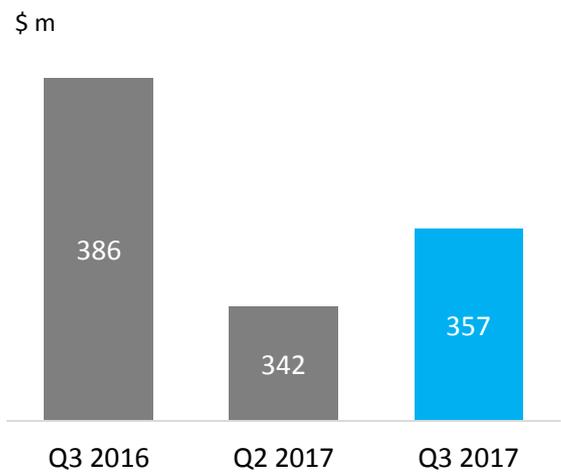
* Profit for the period, attributable to NLMK shareholders

Free cash flow

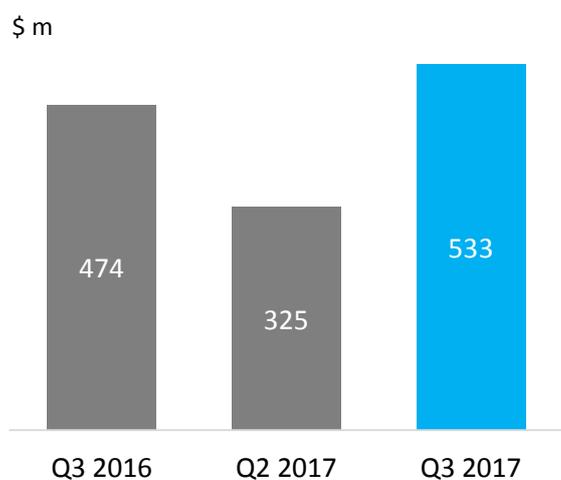
Q3 2017 highlights

- **Free cash flow hit an all-time high** of \$533 m (+64% qoq and +12% yoy) due to the growth of cash inflow from operations.
- **Growth of operating cash flow** by 47% qoq (+12% yoy) to \$663 m, driven by the increase in sales margins, and efficient working capital management.
- **Release of cash funds due to decrease in working capital** totalled \$109 m (vs. an outflow of \$66 m in Q2 2017):
 - improved accounts receivable turnover and growth of advance payments received against the backdrop of an increased share of flat steel sales in the Russian market;
 - decrease in recoverable VAT budget debt;
- These factors behind the decrease in working capital were partially offset by the growth of semis and rolled steel inventories at the Group's facilities in the US to support the growth of sales, and the seasonal growth in scrap inventories at the Russian production sites.

Increase in net profit by 4% qoq due to operating activities



Free cash flow hit all-time high in Q3





NLMK Russia Flat Products

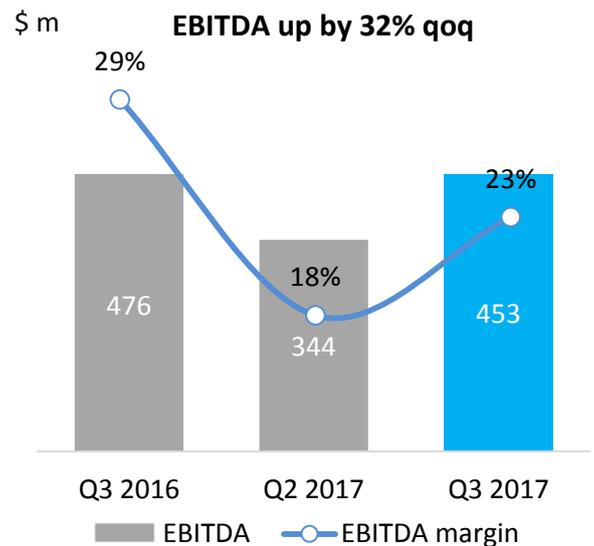
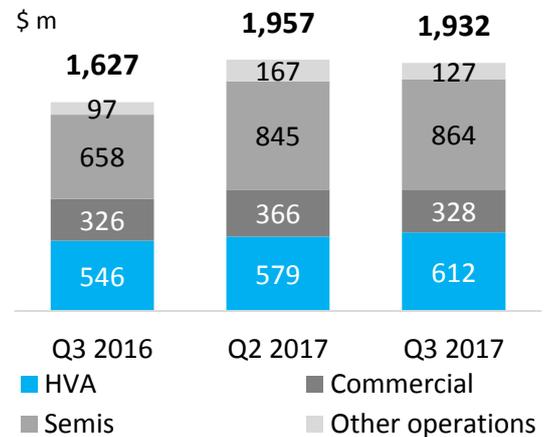
Q3 2017 highlights:

- **Sales grew** by 3% qoq to 3.42 m t (+4% yoy), driven by strong demand from the construction, machine-building, and white goods sectors; higher pig iron exports, and slab supplies to tube and pipe manufacturers in the domestic market. Q3 sales were affected by the build-up of HRC stock for further processing ahead of the Hot-rolling mill overhaul in Q4, and the delay in the recognition of a part of NLMK Lipetsk sales to the next quarter. The share of finished steel in total sales fell to 45% (-3 p.p. qoq, -2 p.p. yoy).
- **Total revenue** of the segment decreased by 1% qoq (+19% yoy) to \$1.93 bn, due to the increase in the share of semis, resulting in lower average sales prices. Revenue growth yoy was driven by the 30%-40% growth of average semis prices, and 7%-12% growth of average rolled product prices.
- **EBITDA** climbed by 32% qoq to \$453 m, due to the widening of spreads between prices for steel and main raw materials.

9M 2017 highlights:

- **Sales** in 9M 2017 remained flat yoy at 9.8 m t.
- **Total revenue** climbed by 35% yoy, driven by the recovery in steel product prices compared to the relatively low level at the beginning of 2016.
- **EBITDA** increased by 15% yoy to \$1,167 m, driven by the 33% yoy growth of finished product prices, and gains from Strategy 2017 projects.

Growth of semis share behind decrease in average prices and revenue





NLMK Russia Long Products

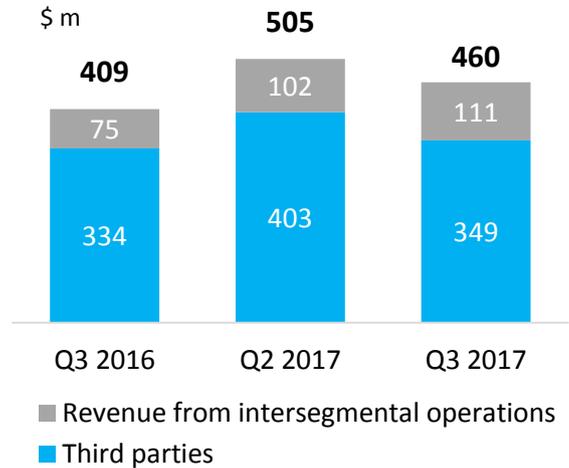
Q3 2017 highlights:

- **Sales** in Q3 2017 dropped by 21% qoq (-15% yoy) to 0.74 m t, due to the effect of high base in Q2 (Q2 sales hit an all-time high of 0.94 m t), and less intensive purchasing by traders that were destocking in Q3 ahead of the construction season wind-down.
- **Total revenue** in Q3 2017 was \$460 m (-9% qoq and +12% yoy). The qoq decrease was associated with the drop in sales (-21%), offset by growth of export prices for commercial billets, and growth of rebar prices in the Russian market.
- **EBITDA** in Q3 2017 posted a 5-fold growth to \$68 m, driven by the widening of spreads, affected by the growth of long product prices.

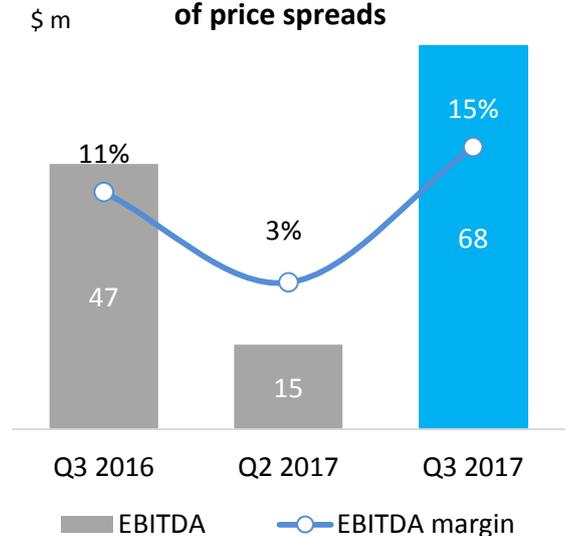
9M 2017 highlights:

- **Sales** of long products grew by 1% yoy to 2.1 m t, driven by higher export, supported by a wider sales geography.
- **Revenue** in 9M 2017 increased by 33% yoy to \$1,231 m, due to the 32% yoy growth of long product sales prices.
- **Revenue from intersegmental operations** increased by 46% yoy, due to the increase in the volume and price of scrap supplied to NLMK Lipetsk.
- **EBITDA** grew to \$100 m, (+2% yoy), due to the widening of price spreads for long products and raw materials.

Revenue down by 9% qoq due to effect of high base in Q2



Growth of profit driven by widening of price spreads





Mining and Processing of Raw Materials

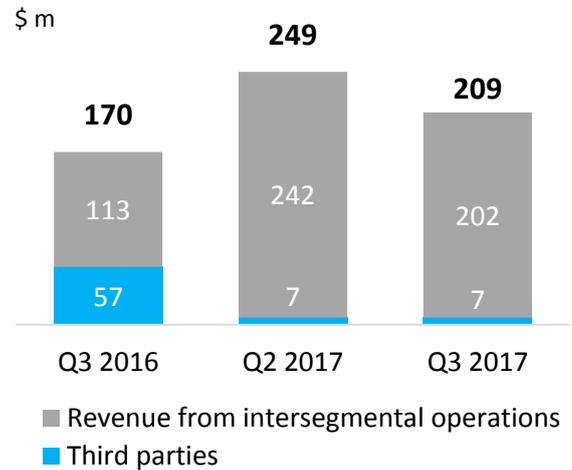
Q3 2017 highlights:

- **Sales** of iron ore in Q3 2017 totalled 4.39 m t (flat qoq and -5% yoy), including 1.68 m t of pellets (+6% qoq).
- **Revenue** in Q3 2017 totalled \$209 m (-16% qoq and +23% yoy), against the backdrop of the decrease in average sales prices for iron ore concentrate and pellets by 16% qoq. Growth compared to Q3 2016 was associated with the growth of iron ore prices (+12%), the growth of sales (+10%), and the change in the sales mix related to the production and sale of pellets.
- **EBITDA** decreased by 24% qoq (+48% yoy) to \$133 m due to the decrease in average iron ore prices.

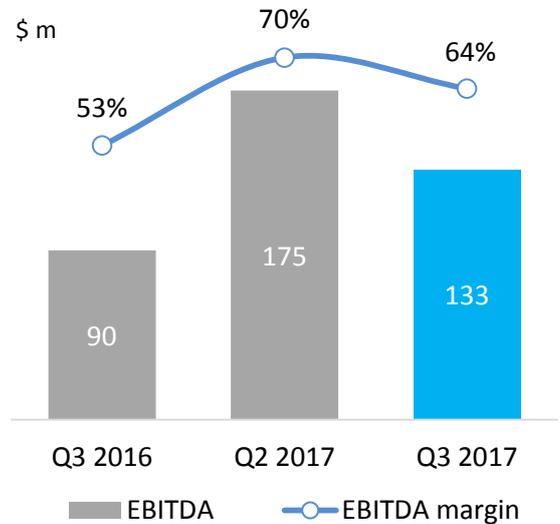
9M 2017 highlights:

- **Sales** of iron ore remained flat yoy at 12.9 m t. There was a shift in the sales mix towards pellets.
- **Revenue** grew to \$696 m (+65% yoy).
- **EBITDA** doubled yoy to \$476 m.

Decrease in revenue by 16% qoq due to weakening in iron ore prices



Decrease in profitability qoq pressured by lower iron ore prices





NLMK USA

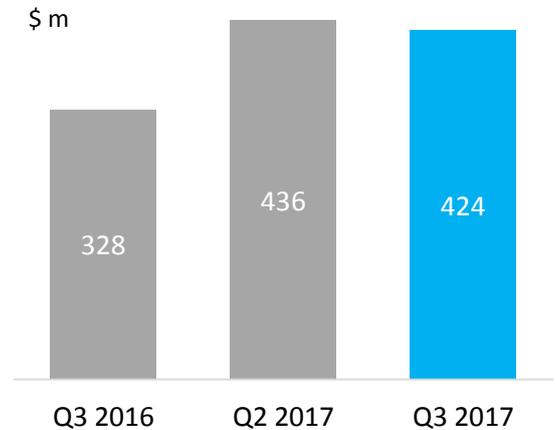
Q3 2017 highlights:

- **Sales** grew by 2% qoq to 0,57 m t (+28% yoy), driven by strong demand, including from OCTG producers.
- **Revenue** decreased by 3% qoq (+29% yoy) to \$424 m, due to the decrease in average sales prices by an average 5% that was partially offset by the 2% qoq increase in sales. Growth of revenue compared to Q3 2016 was driven by the increase in sales prices for HVA products, with a 3 p.p. increase in the share of HDG in the sales mix.
- **EBITDA** was \$38 m (-39% qoq, -52% yoy), driven by outstripping growth of slab prices.
- **EBITDA margin** was 9% (-5 p.p. qoq, -15 p.p. yoy), due to the narrowing of price spreads qoq.

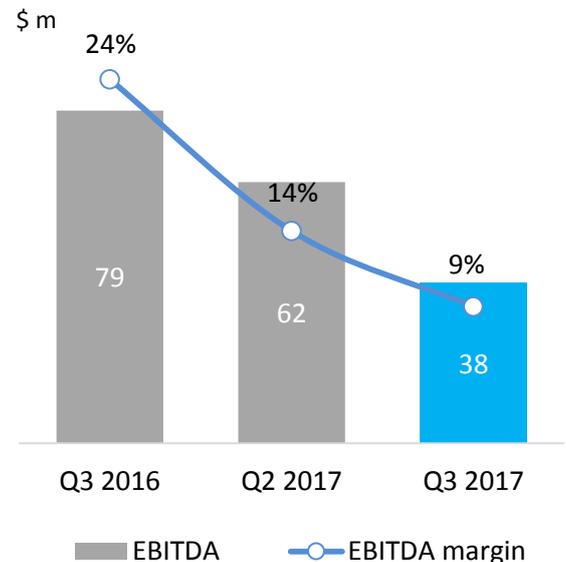
9M 2017 highlights:

- **Sales** grew by 18% yoy to 1.7 m t due to the growth in demand for HRC and HDG in the US market.
- **Revenue** grew by +43% yoy to \$1,259 m, supported by the 21%-26% growth in steel product prices, and the 18% growth of sales.
- **EBITDA** stood at \$168 m (+18% yoy), driven by the 18% increase in sales.
- **EBITDA margin** was down to 13%.

Decrease of revenue by 3% qoq due to lower average sales prices



Profitability down by 9% due to higher slab purchase prices





NLMK DanSteel

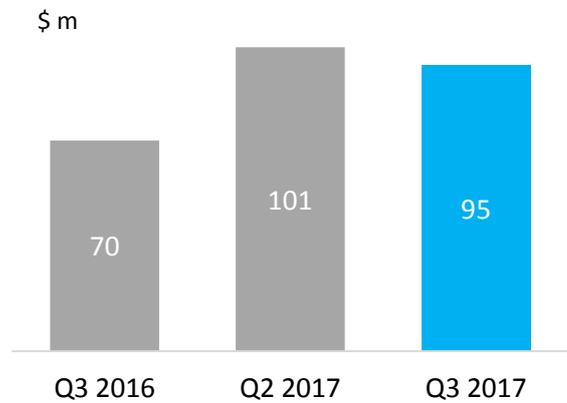
Q3 2017 highlights:

- **Sales** of thick plate decreased by 5% qoq (+10% yoy), due to the seasonal weakening in demand in the EU market.
- **Revenue down by 6% qoq** to \$95 m (+36% yoy), due to the 5% decrease in sales. Growth of revenue compared to Q3 2016 was driven by the 10% growth of thick plate sales to the EU market, and the 23% growth of average sales prices.
- **EBITDA** was \$3 m due to the widening of the thick plate/slab price spread.

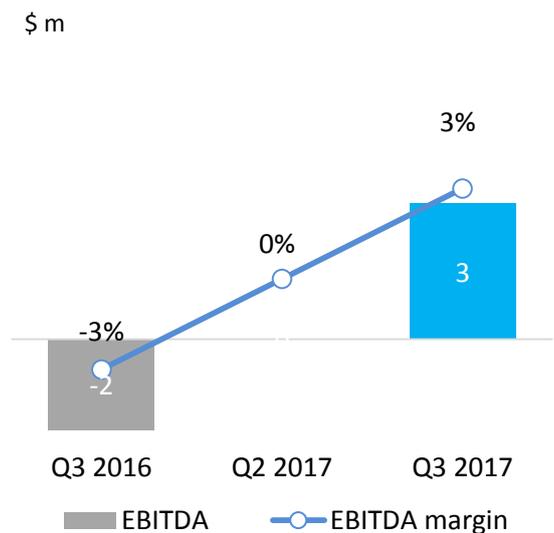
9M 2017 highlights:

- **Sales** were down by 2% yoy to 0.35 m t, due to the decrease in accepted orders as a result of maintenance activities at the end of Q1 2017.
- **Revenue** grew by 28% yoy to \$301 m, driven by the increase in thick plate prices in key sales markets.
- **EBITDA** grew to \$8 m, supported by the widening of price spreads.
- **EBITDA margin** grew to 3%.

Decrease in revenue qoq due to seasonally weaker demand



Growth of profitability qoq driven by wider spread





Associated company performance (NBH)

Q3 2017 highlights:

- **NBH sales decreased** by 20% to 0.45 m t (-8% yoy), due to the seasonal weakening in demand, and growth of competition with imports from Turkey, Indian, and S. Korea.
- **Revenue** decreased by 18% qoq to \$338 m (+18% yoy), due to the decrease in sales.
- **NBH EBITDA** was -\$21 m, due to the narrowing of spreads and the 20% drop in sales.

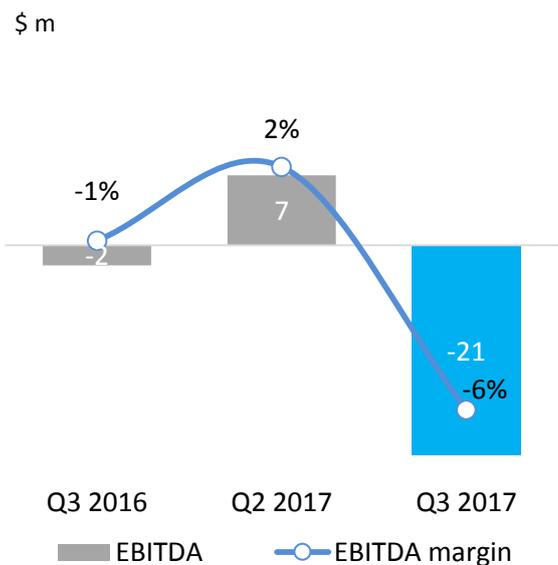
9M 2017 highlights:

- **Sales** in 9M 2017 decreased by 2% yoy to 1.60 m t.
- **Revenue** was up by 27% yoy to \$1,146 m, driven by the growth of sales prices.
- **EBITDA** increased to \$2 m vs. -\$3 m the previous year, supported by higher prices and an improved sales mix.

Decrease in sales by 20% qoq due to intensified import competition



Decrease in profitability due to seasonal market slow-down





Appendix #1. Operating and financial results

(1) Sales market

'000 t	Total	Sales markets				
		Russia	EU	North America	Middle East and Turkey	Other markets
NLMK Group	4,302	1,800	661	781	501	558
Division sales to third parties:						
NLMK Russia Flat	2,443	1,362	114	194	433	340
NLMK Russia Long	737	439	36	6	61	196
International subsidiaries and affiliates, incl.:	1,122	0	511	582	7	22
<i>NLMK USA</i>	568	0	0	568	0	0
<i>European rolling facilities (NLMK Dansteel and NBH)</i>	554	0	511	14	7	22

(2) NLMK Russia Flat

k t/\$ million	Q3 2017	Q2 2017	QoQ	Q3 2016	YoY	9M 2017	9M 2016	YoY
Steel product sales, incl.:	3,425	3,328	3%	3,302	4%	9,822	9,795	0%
external cutmores	2,443	2,004	22%	2,287	7%	6,296	6,709	-6%
semis to NBH	386	582	-34%	523	-26%	1,615	1,642	-2%
intersegmental sales	596	743	-20%	492	21%	1,911	1,444	32%
Revenue, incl.:	1,932	1,957	-1%	1,627	19%	5,603	4,160	35%
external customers	1,481	1,323	12%	1,256	18%	3,974	3,180	25%
intersegmental operations	451	634	-29%	371	22%	1,629	980	66%
EBITDA	453	344	32%	476	-5%	1,167	1,018	15%
EBITDA margin	23%	18%	+5 p.p.	29%	-6 p.p.	21%	24%	-3 p.p.

(3) NLMK Russia Long

k t/\$ million	Q3 2017	Q2 2017	QoQ	Q3 2016	YoY	9M 2017	9M 2016	YoY
Steel product sales	737	935	-21%	869	-15%	2,145	2,129	1%
Revenue, incl.:	460	505	-9%	409	12%	1,231	927	33%
external customers	349	403	-13%	334	4%	972	749	30%
intersegmental operations	111	102	9%	75	48%	259	178	46%
EBITDA	68	15	4,5x	47	45%	100	98	2%
EBITDA margin	15%	3%	+12 p.p.	11%	+4 p.p.	8%	11%	-3 p.p.



(4) Mining Segment

k t/\$ million	Q3 2017	Q2 2017	QoQ	Q3 2016	YoY	9M 2017	9M 2016	YoY
Iron ore products sales, incl.:	4,387	4,392	0%	4,636	-5%	12,906	12,928	0%
sales to Lipetsk plant	4,387	4,392	0%	3,406	29%	12,897	9,673	33%
Revenue, incl.:	209	249	-16%	170	23%	696	422	65%
external customers	7	7	0%	57	-88%	18	120	-85%
intersegmental operations	202	242	-17%	113	79%	678	302	2,2x
EBITDA	133	175	-24%	90	48%	476	222	2,1x
EBITDA margin	64%	70%	-6 p.p.	53%	+11 p.p.	68%	53%	+15 p.p.

(5) NLMK USA

k t/\$ million	Q3 2017	Q2 2017	QoQ	Q3 2016	YoY	9M 2017	9M 2016	YoY
Steel product sales	568	559	2%	444	28%	1,689	1,435	18%
Revenue, incl.:	424	436	-3%	328	29%	1,259	880	43%
external customers	424	436	-3%	328	29%	1,259	880	43%
intersegmental operations	-	-	0%	-	0%	-	-	0%
EBITDA	38	62	-39%	79	-52%	168	142	18%
EBITDA margin	9%	14%	-5 p.p.	24%	-15 p.p.	13%	16%	-3 p.p.

(6) NLMK DanSteel

k t/\$ million	Q3 2017	Q2 2017	QoQ	Q3 2016	YoY	9M 2017	9M 2016	YoY
Steel product sales	107	112	-5%	97	10%	353	359	-2%
Revenue, incl.:	95	101	-6%	70	36%	301	236	28%
external customers	94	101	-7%	70	34%	300	235	28%
intersegmental operations	1.0	-	0%	-	0%	1	1	0%
EBITDA	3	-	0%	(2)	1,5x	8	1	8x
EBITDA margin	3%	0%	+3 p.p.	-3%	+6 p.p.	3%	0%	+3 p.p.



(7) Sales by product

k t	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Pig iron	176	57	54	41	105
Slabs	1,136	974	1,122	1,170	1,145
Thick plates	107	112	134	121	97
Hot-rolled steel	979	1,046	962	717	940
Cold-rolled steel	489	515	460	413	527
Galvanized steel	358	300	256	255	264
Pre-painted steel	133	102	75	112	138
Transformer steel	63	66	56	54	55
Dynamo steel	62	87	82	75	79
Billet	148	226	60	141	193
Long products	514	638	355	472	607
Metalware	75	72	59	65	69
TOTAL	4,240	4,195	3,674	3,635	4,220

* w/o NBH

(8) Sales by region

k t	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Russia	1,800	1,493	1,008	1,357	1,714
Europe Union	626	866	910	774	873
Middle East, including Turkey	494	571	704	468	321
North America	776	649	645	456	567
Asia and Oceania	15	309	45	115	152
Rest of World	528	307	362	465	593
TOTAL	4,240	4,195	3,674	3,635	4,220

(9) Revenue by region

Region	Q3 2017		Q2 2017		Q1 2017	
	\$ million	share	\$ million	share	\$ million	share
Russia	1,116	44%	928	36%	710	33%
Europe Union	388	15%	461	18%	413	19%
Middle East, including Turkey	227	9%	283	11%	336	16%
North America	519	20%	486	19%	448	21%
Asia and Oceania	25	1%	99	4%	43	2%
Rest of World	276	11%	287	11%	206	10%
TOTAL	2,551	100%	2,544	100%	2,156	100%



(10) EBITDA*

\$ million	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Operating income**	501	443	472	398	557
minus:	-	-	-	-	-
Depreciation and amortization	(147)	(160)	(146)	(120)	(117)
EBITDA	648	603	618	518	674

* EBITDA used in NLMK's financial releases is calculated as operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets, adjusted to depreciation and amortization. EBITDA is not an indicator of operating profit, operating activity or liquidity under IFRS, and NLMK discloses it because equivalent indicators could be used by investors and analysts. That said, NLMK's EBITDA should not be viewed on a standalone basis, or in place of profit before tax, or cash flows from operations, as defined by IFRS, or as an indicator of operational efficiency, or as the sum of free cash funds that NLMK can invest into business development. NLMK's EBITDA margin and EBITDA might not be comparable to similar indicators disclosed by other companies as there are no commonly accepted rules for calculating them. For instance, NLMK's EBITDA is calculated similar to what is termed as 'Adjusted EBITDA' in other companies, as NLMK's EBITDA excludes other profit/loss items in addition to interest payments, income tax, depreciation and amortization.

** Operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets

(11) Free cash flow

\$ million	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Net cash provided operating activities	663	450	310	397	591
Interest paid	(16)	(21)	(11)	(20)	(22)
Interest received	6	6	5	15	9
Capex	(120)	(110)	(96)	(175)	(104)
Free Cash Flow	533	325	208	218	474

(12) Net debt

\$ million	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Short-term borrowings	653	915	872	468	386
Long-term borrowings	1,902	1,499	1,471	1,801	2,112
Cash and cash equivalents	(598)	(760)	(610)	(610)	(527)
Short-term deposits	(1,214)	(609)	(796)	(898)	(1,200)
Net debt	743	1,045	938	761	771



(13) Production of main products*

k t	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Crude steel, incl.:	4,363	4,082	4,152	4,172	4,044
Steel Segment	3,357	3,134	3,352	3,319	3,163
Long products Segment, incl.:	860	795	619	735	778
NLMK-Kaluga	375	361	271	347	354
Foreign Rolled Products Segment	146	153	181	118	103
Finished products, incl.:	2,744	2,793	2,594	2,497	2,581
Flat steel	2,123	2,189	2,114	1,918	2,015
Long steel	622	604	480	579	566
Coke (6% moisture), incl.:	1,664	1,630	1,599	1,597	1,610
Novolipetsk	667	654	644	652	657
Altai-Koks	997	976	955	944	953

*W/o NBH

(14) Slab sales, including intra-group sales to NLMK Group companies

k t	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Sales to 3rd parties, incl.:	751	392	475	691	622
Export	504	295	356	460	427
Sales to subsidiaries & associates	958	1,270	1,180	915	1,015
Sales to NBH	386	582	647	479	523
TOTAL	1,709	1,661	1,655	1,606	1,637

(15) Export shipments of steel products from Russian assets of the Group to third party consumers

k t	Q3 2017	Q2 2017	QoQ	Q3 2016	YoY	9M 2017	9M 2016	YoY
Semi-finished products	816	574	42%	724	13%	1,856	2,078	-11%
Pig iron	174	54	3,3x	104	67%	278	320	-13%
Slabs	504	295	71%	427	18%	1,156	1,288	-10%
Billets	138	226	-39%	193	-29%	423	470	-10%
Flat products	402	681	-41%	591	-32%	1,741	1,871	-7%
HRC	147	360	-59%	313	-53%	885	943	-6%
CRC	112	171	-35%	155	-28%	433	563	-23%
HDG	38	18	2,1x	11	3,5x	66	27	2,5x
Coated	3	2	2,1x	3	14%	9	6	41%
Dynamo	49	73	-33%	64	-24%	191	171	12%
Transformer	52	57	-8%	45	16%	156	162	-3%
Long products	161	165	-3%	135	19%	530	314	69%
Total	1,379	1,421	-3%	1,450	-5%	4,127	4,263	-3%



(16) Segmental information

Q3 2017					NLMK DanSteel and Plates Distribution Network	Investments in NBH	Totals	Intersegmental operations and balances	NBH deconsoli- dation	Consolidated
\$ million	Russian Flat Steel	Russian Long Products	Mining	NLMK USA						
Revenue from external customers	1,481	349	7	424	94	333	2,688	-	(137)	2,551
Intersegment revenue	451	111	202	-	1	5	770	(765)	(5)	-
Gross profit	604	97	124	40	12	(10)	867	(80)	10	797
Operating income/(loss)	367	49	107	24	1	(40)	508	(47)	40	501
Income / (loss) before minority interest	541	41	82	23	(1)	(42)	644	(306)	20	358
Segment assets including goodwill	8,291	1,231	2,186	989	321	1,625	14,643	(2,050)	(1,429)	11,164

Balance figures presented as of 30.09.2017

Q2 2017					NLMK DanSteel and Plates Distribution Network	Investments in NBH	Totals	Intersegmental operations and balances	NBH deconsoli- dation	Consolidated
\$ million	Russian Flat Steel	Russian Long Products	Mining	NLMK USA						
Revenue from external customers	1,323	403	7	436	101	384	2,654	-	(110)	2,544
Intersegment revenue	634	102	242	-	-	27	1,005	(978)	(27)	-
Gross profit	505	49	152	65	10	30	811	(35)	(30)	746
Operating income/(loss)	256	(5)	140	47	(2)	(11)	425	7	11	443
Income / (loss) before minority interest	376	(6)	112	45	(3)	(11)	513	(176)	5	342
Segment assets including goodwill	7,497	1,205	2,071	949	314	1,646	13,682	(1,645)	(1,442)	10,595

Balance figures presented as of 30.06.2017