



Investor presentation

November 2020

This document is confidential and has been prepared by NLMK (the "Company") solely for use at the presentation of the Company and may not be reproduced, retransmitted or further distributed to any other person or published, in whole or in part, for any other purpose.

This document does not constitute or form part of any advertisement of securities, any offer or invitation to sell or issue or any solicitation of any offer to purchase or subscribe for, any shares in the Company or Global Depositary Shares (GDSs), nor shall it or any part of it nor the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or investment decision.

No reliance may be placed for any purpose whatsoever on the information contained in this document or on assumptions made as to its completeness. No representation or warranty, express or implied, is given by the Company, its subsidiaries or any of their respective advisers, officers, employees or agents, as to the accuracy of the information or opinions or for any loss howsoever arising, directly or indirectly, from any use of this presentation or its contents.

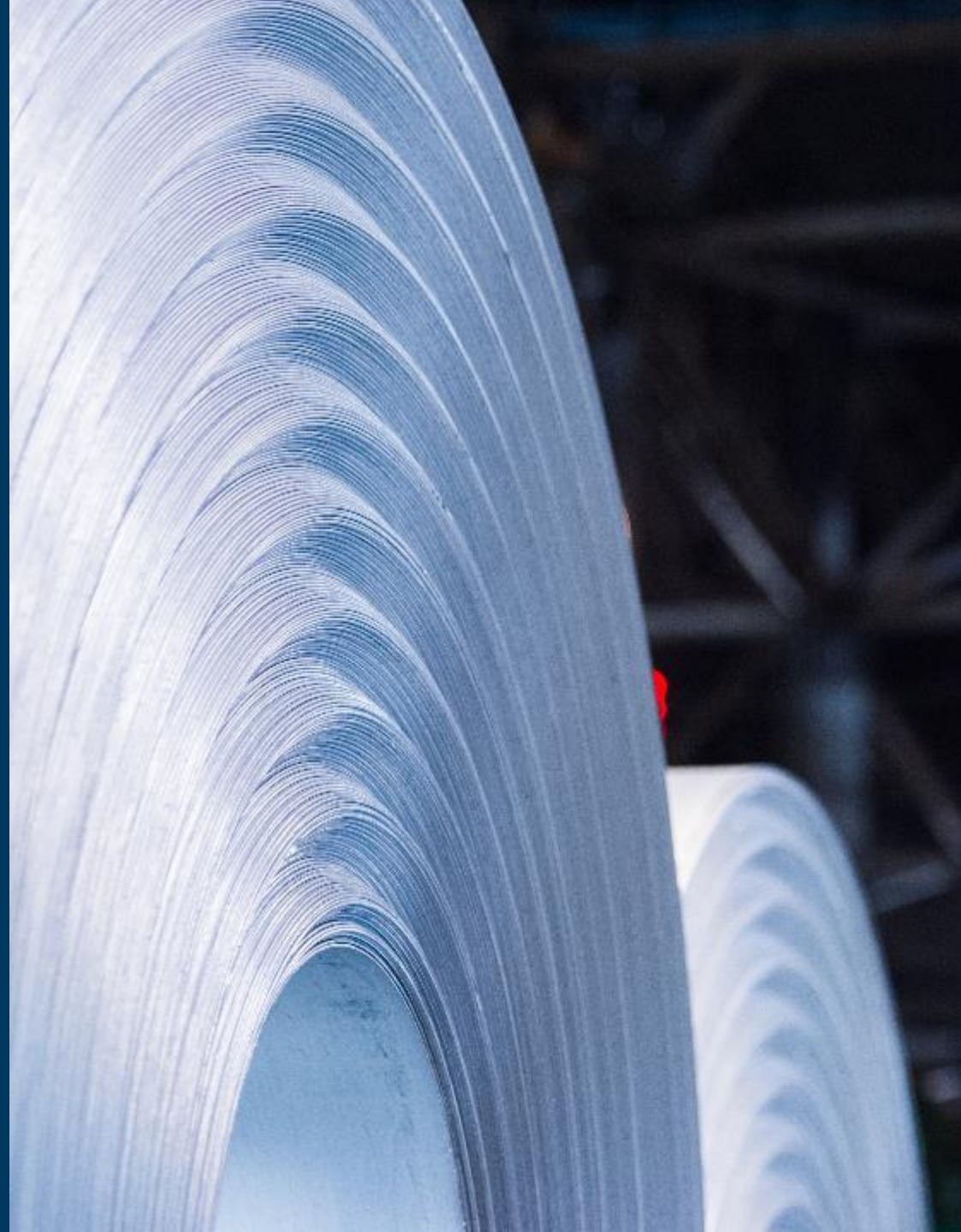
The distribution of this document in other jurisdictions may be restricted by law and any person into whose possession this document comes should inform themselves about, and observe, any such restrictions.

This document may include forward-looking statements. These forward-looking statements include matters that are not historical facts or statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies, and

the industry in which the Company operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions you that forward-looking statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and liquidity and the development of the industry in which the Company operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Company's results of operations, financial condition and liquidity and the development of the industry in which the Company operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in future periods. The Company does not undertake any obligation to review or confirm analysts' expectations or estimates or to update any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation.

[By attending this presentation you agree to be bound by the foregoing terms.](#)

- **NLMK at a glance**
 - Market update
 - Strategy 2022 highlights
 - Strategy 2022 execution
 - Capital allocation
 - NLMK's performance
 - Appendix



#1 producer in Russia*

TOP-20 globally*

Strong positions on the domestic and global markets (i.e. #1 in global slabs trade, TOP-5 in electrical steel**)

Balanced and diversified production chain

- Vertical integration
- Steel production in Russia
- Downstream – in the EU, the US, Russia

One of the most diversified steelmakers globally

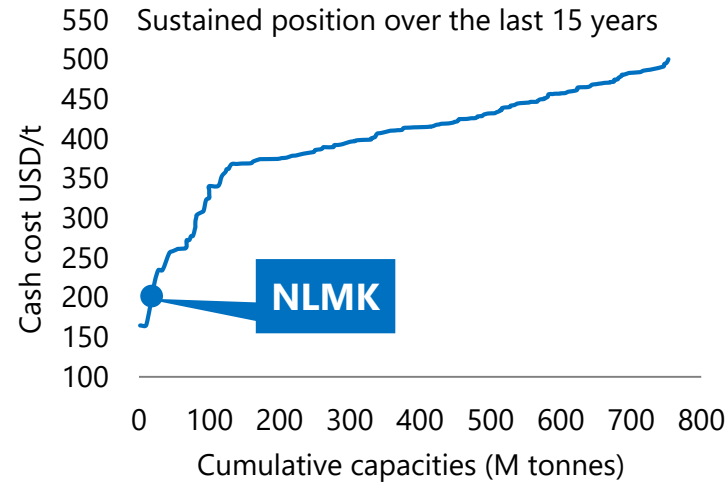
- Geography of operations
- Product portfolio
- Customers
- Sales regions (>70 countries)

One of the most profitable globally

Investment grade ratings from Moody's, S&P and Fitch (Baa2/BBB-/BBB)

*in terms of crude steel production ** electrical grain oriented (GO) steel

NLMK IS ONE OF THE LOWEST COST STEEL PRODUCERS



Source: World Steel Dynamics, Sep'20 data

LTM* FINANCIALS SNAPSHOT

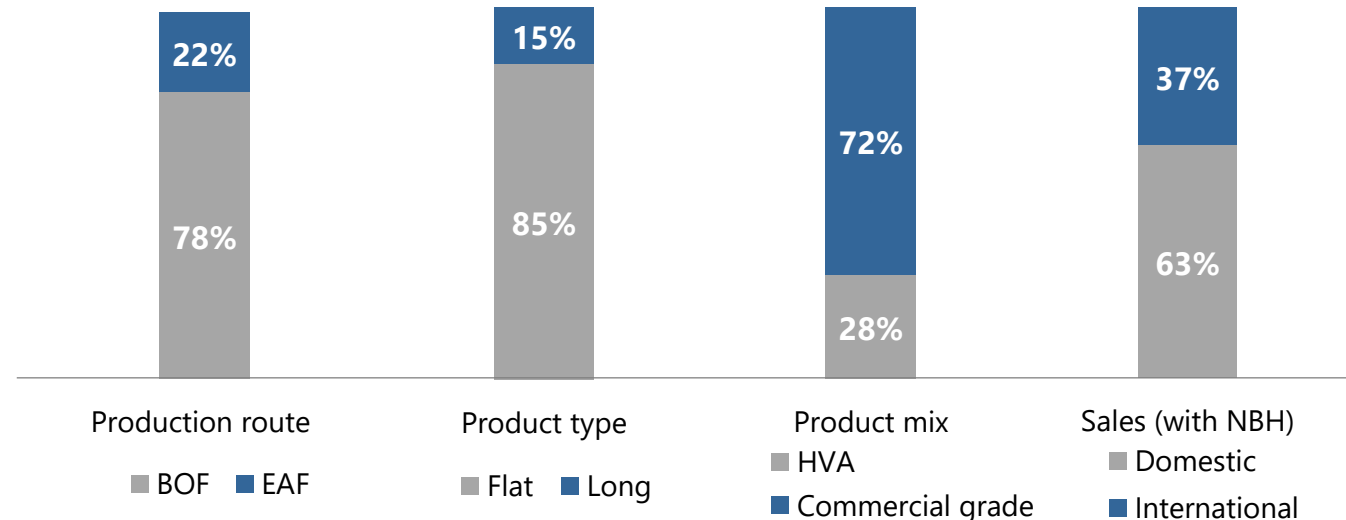
\$2.2 bn - EBITDA

24% - EBITDA MARGIN

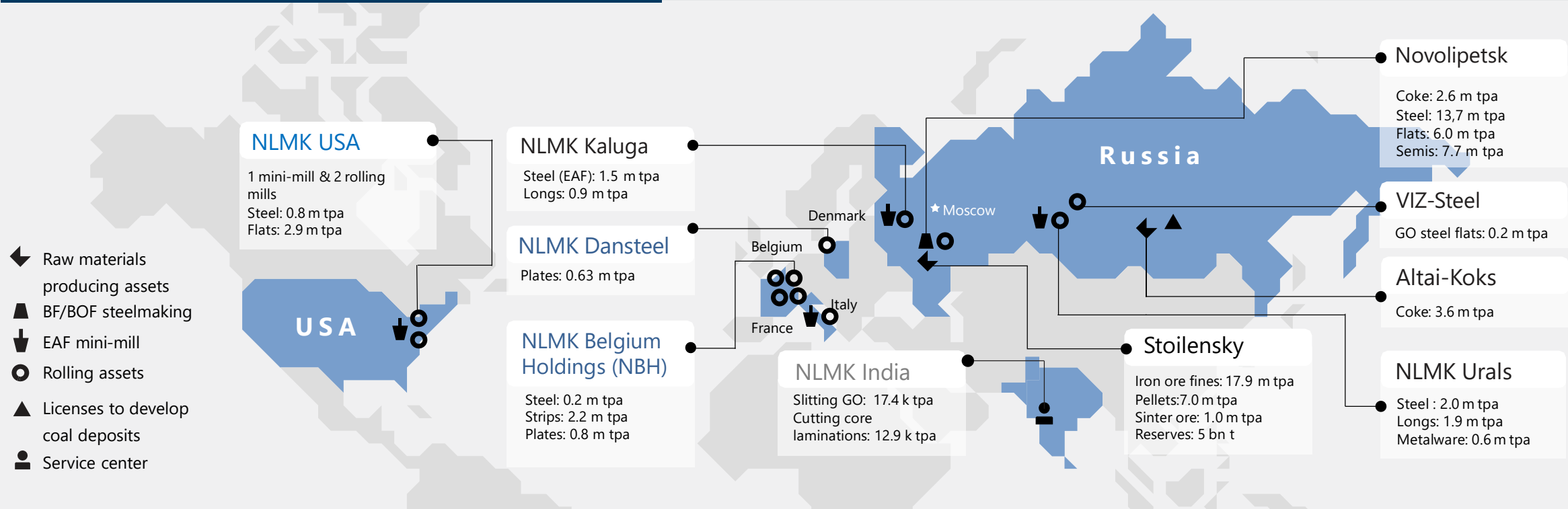
\$1.9 bn - NET DEBT

0.87x - NET DEBT/EBITDA

DIVERSIFIED BUSINESS MODEL, LTM*



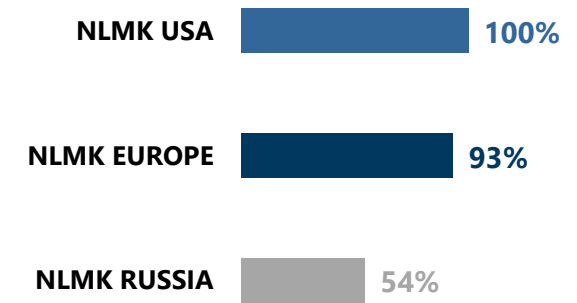
* Source: NLMK data, financial and operating results as of Q3'20 (LTM)



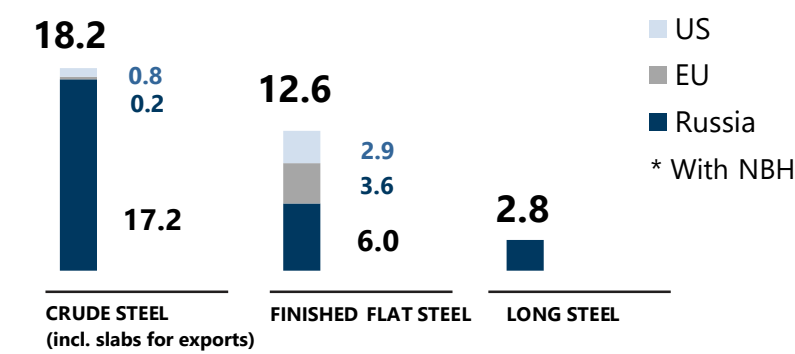
RAW MATERIALS SUFFICIENCY



„HOME MARKET“ SALES*, %



CAPACITY STEEL VS DOWNSTREAM, m t pa**



* Sales in the regions where the products are manufactured
 ** Effective capacities, at current shifts and product mix

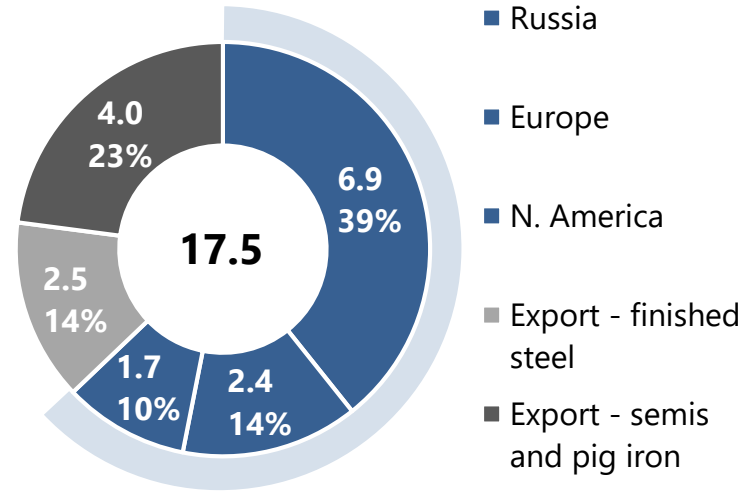
63% of NLMK's sales were made in markets where the Group operates (home markets)

Global shipments with strong domestic footprint

- About 37% of NLMK's deliveries was export
- Well diversified geography of sales with customers in more than 70 countries

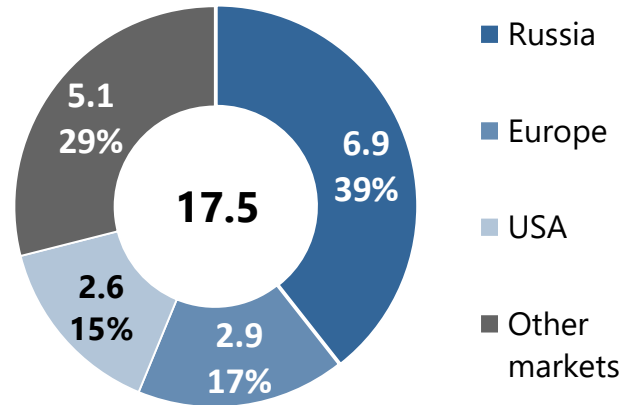
Finished steel was 61% of total shipments without NBH and 73% with NBH LTM

NLMK: HOME MARKET SALES WITH NBH*, m t



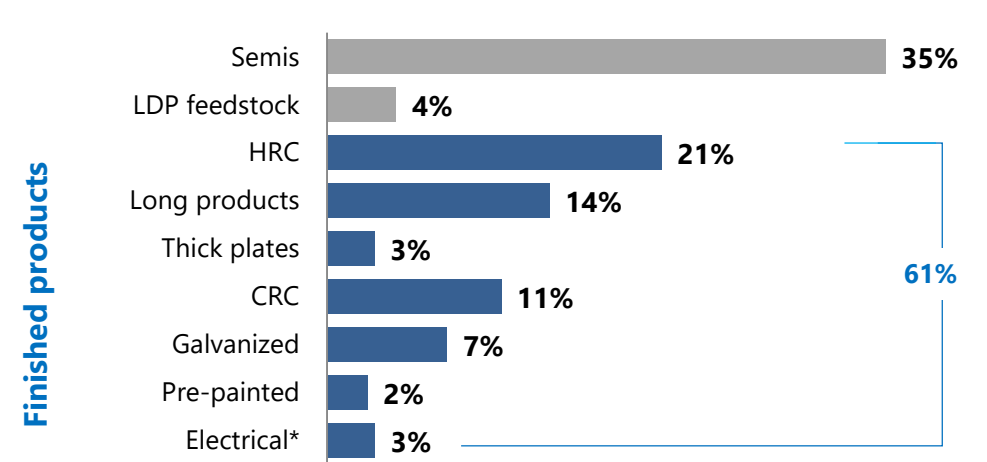
Home markets sales – 11 m t

MARKET STRUCTURE, WITH NBH , m t**



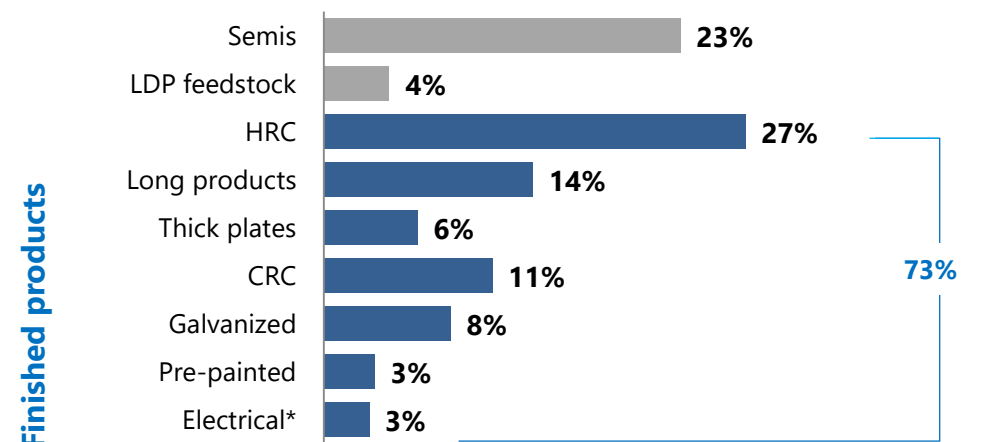
* Sales in the regions where the products are manufactured

~61% OF SALES W/O NBH WERE FINISHED STEEL PRODUCTS



*Transformer and dynamo steel

73% OF SALES WITH NBH WERE FINISHED STEEL PRODUCTS



** Incl. export sales from the Russia Flat and Long to related markets

NLMK's key principles of sustainable development:

- Creating long-term shareholder value
- Caring about health, wellbeing and development of employees
- Treating environment responsibly
- Delivering value-added products to our customers
- Adhering to high ethical standards in conducting business
- Developing, supporting and respecting the interests of local communities
- Maintaining transparency & high quality information disclosure

Selected non-financial indicators for 2019 were independently verified

WE SUPPORT



NLMK IS THE UN GLOBAL COMPACT'S PARTICIPANT



ENVIRONMENT



HEALTH & SAFETY

1.91 t/t

NLMK's CO₂ specific emissions target by 2023

56%

Reduction in LTIFR since 2013

97%

of water used in production is recycled

16k

More than 16K employees passed safety trainings in 2019

4th

Every 4th tonne of steel is made of scrap



SOCIAL

53%

Reduction in air emissions intensity (per tonne of steel) 2000-2018

18k

In 2019, 18,000 of training sessions were achieved at NLMK's Corporate University

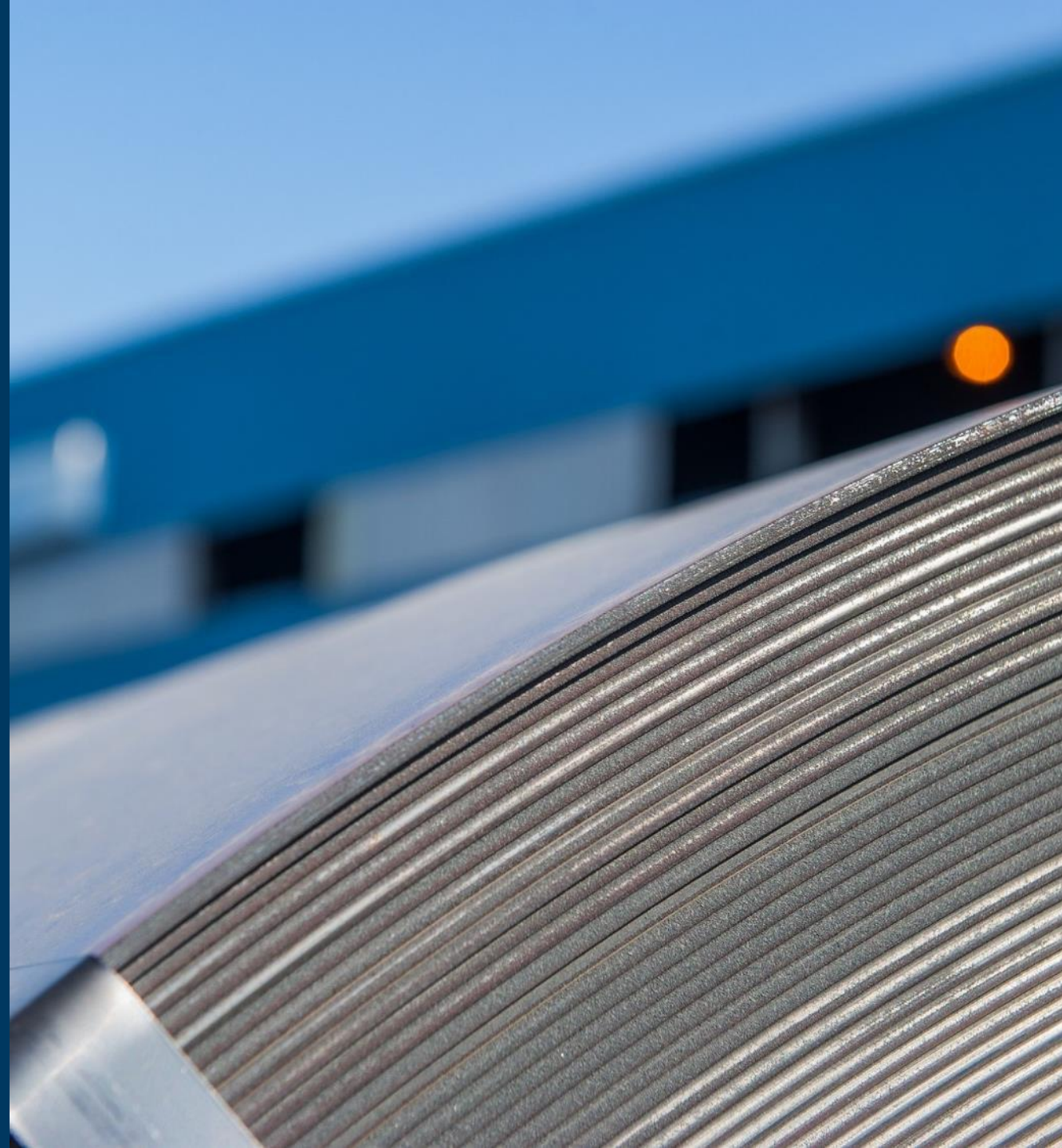
92%

of generated waste is reused

5.6%

Turnover rate

- NLMK at a glance
- **Market update**
 - Strategy 2022 highlights
 - Strategy 2022 execution
 - Capital allocation
 - NLMK's performance
 - Appendix



The spread of the virus affected all regions

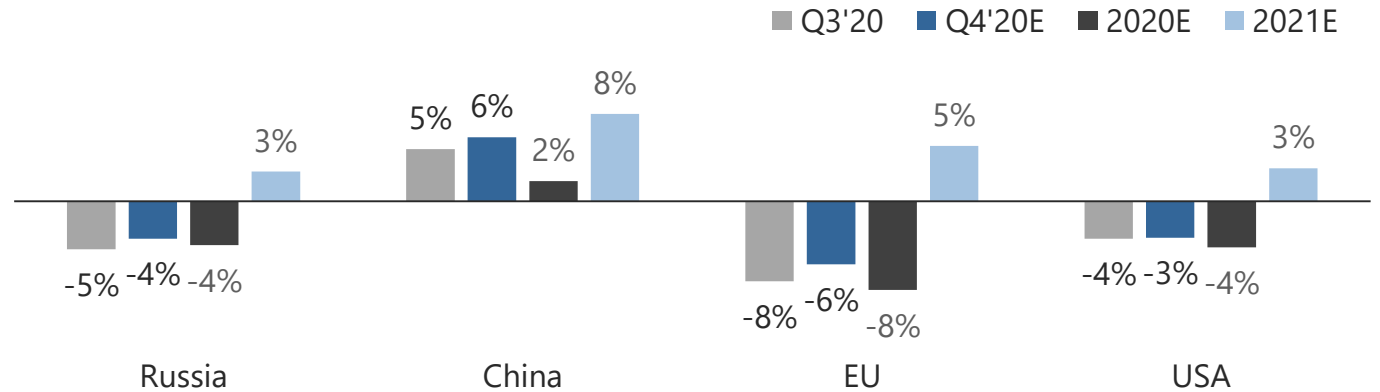
- China registered its first decline in GDP since 1992 in Q1'20, but recovered fast owing to significant fiscal and monetary support and is expected to be the only country with positive GDP in 2020
- Russia, the EU and the US showed single-digit decline in Q3'20 yoy

IMF's base case forecast implies a rebound in 2021 depending on the strength of the second wave of COVID-19 and vaccines' success/coverage

- Global GDP growth will be led by China (+8% yoy), while Indian economy could grow by 9%
- GDP in the US and the EU could increase by 3%-5% yoy due to the low base effect

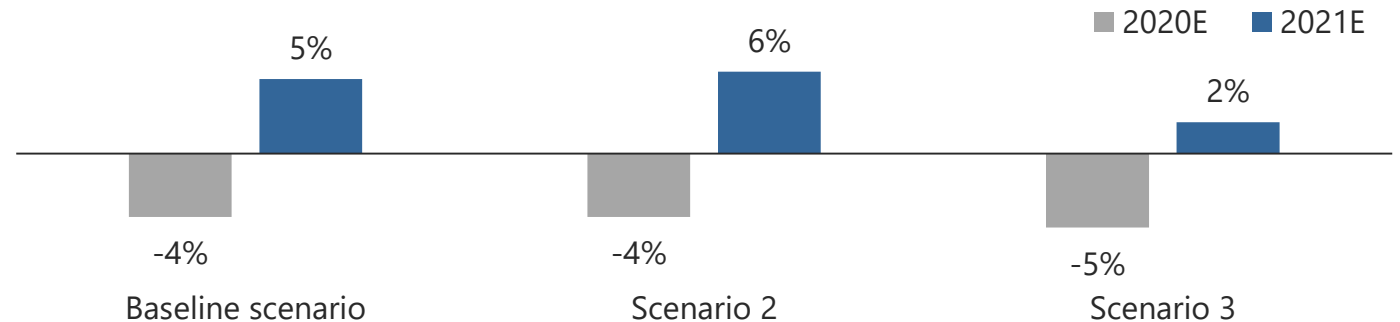
With the COVID-19 pandemic continuing to spread, many countries have slowed reopening and some are reinstating partial lockdowns

GDP DYNAMICS IN KEY REGIONS, yoy



Source: Bloomberg consensus, IMF 2020E and 2021E baseline scenario

GLOBAL GDP DYNAMICS – SCENARIOS, yoy



Baseline scenario: assumes that social distancing will continue into 2021 but will subsequently fade over time
 Scenario 2: all things in the fight against Covid-19 go much better than assumed in the baseline
 Scenario 3: Covid-19 containment proves much more difficult
 Source: IMF October 2020 outlook

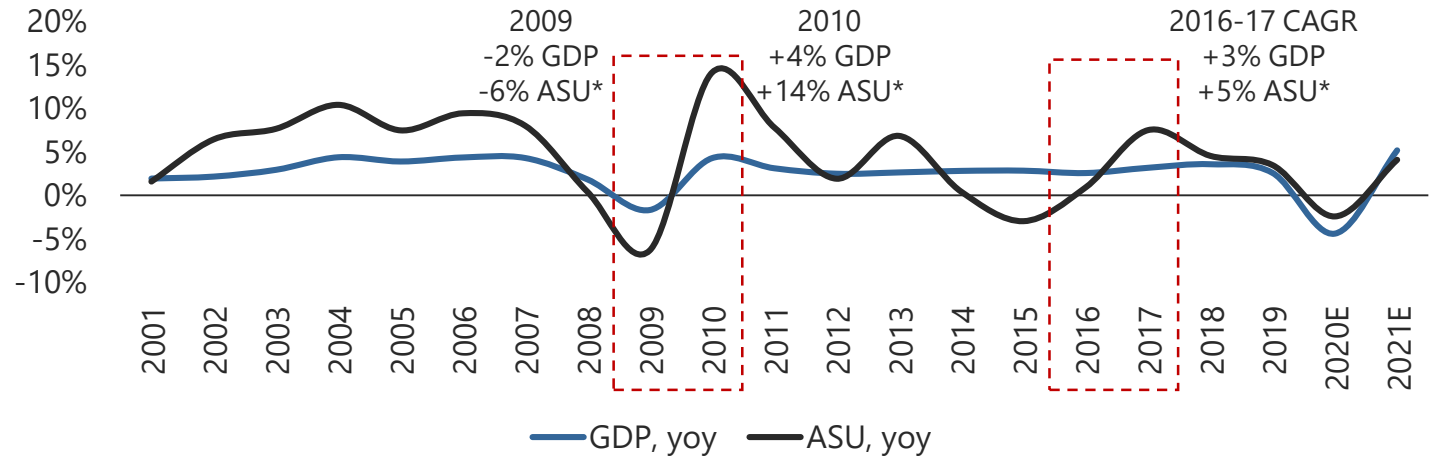
Historically, every 1 p.p. change in global GDP leads to a 2-3 p.p. change in apparent steel consumption, on average

- This year, a 4% drop in global GDP could lead to just 2% decrease in steel demand owing to strong performance in China
- Next year, with the expected rebound in global GDP of 5%, growth in steel demand could conservatively reach 4% yoy

Construction and infrastructure will be the key steel savior in 2020, as even under strict containment measures most of the countries continued activities in these sectors

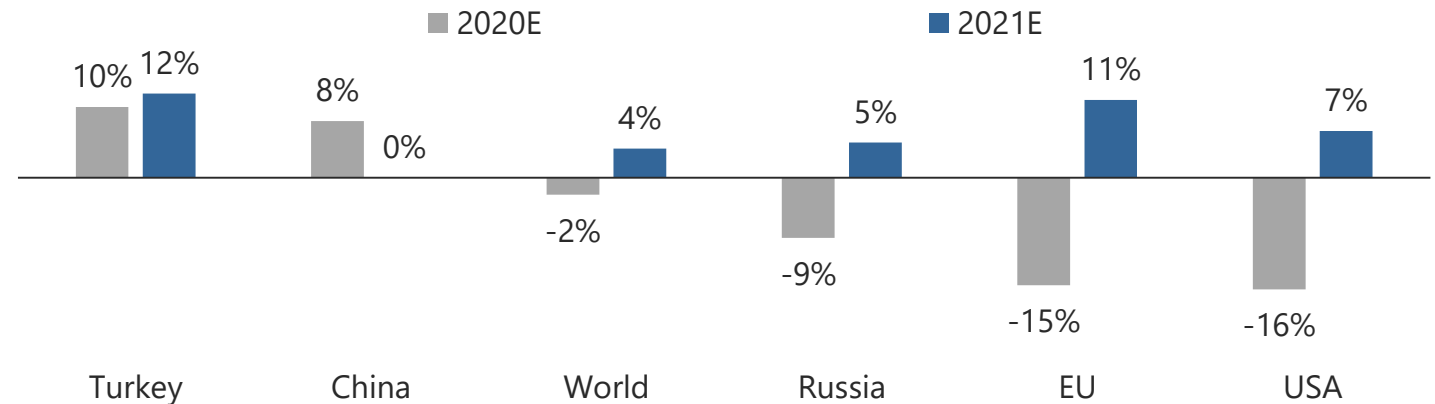
Global steel consumption next year is expected to exceed the 2019 level by 1.6%

GLOBAL STEEL DEMAND DYNAMICS VS GDP



Source: Bloomberg, worldsteel, analysts estimates

STEEL DEMAND FORECAST FOR 2020-2021



Source: worldsteel, Eurofer, AISI, estimates

* ASU – apparent steel use = output + imports - exports

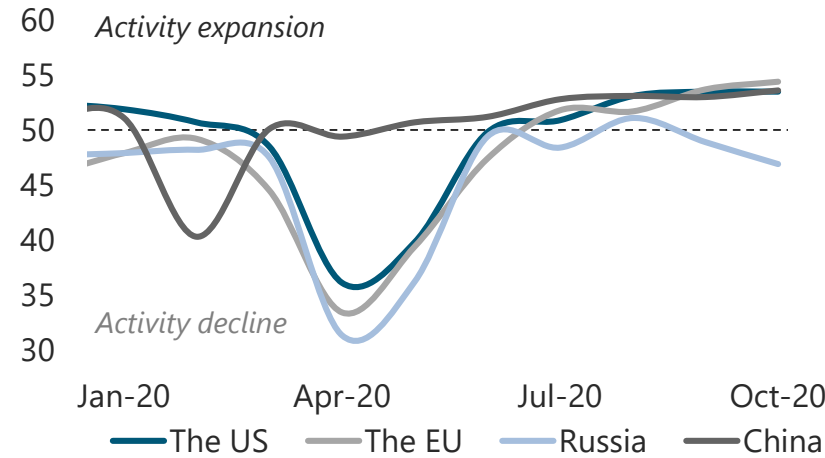
In Oct-Nov, the sentiment continued to improve in key regions except Russia, where business activity was influenced by high geopolitical uncertainty

Steel demand and output improved qoq during 3Q'20 with easing restrictions across the production chain

Iron ore prices remained elevated as a result of strong demand from Chinese mills and other regions

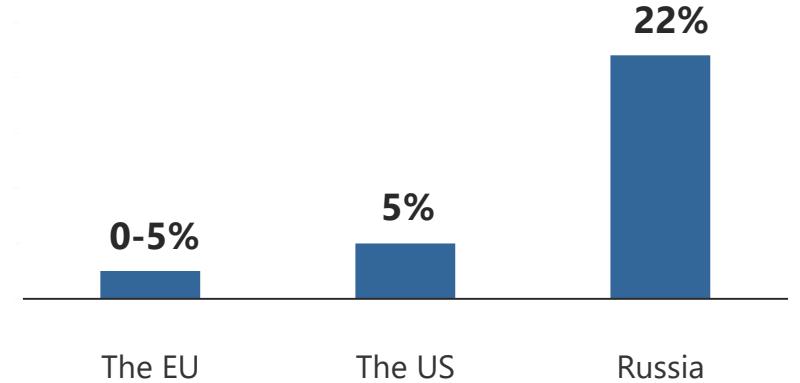
Coking coal prices fell to c.\$100/t in mid-Nov due to imposed restrictions in China on HCC imports

MANUFACTURING PMI



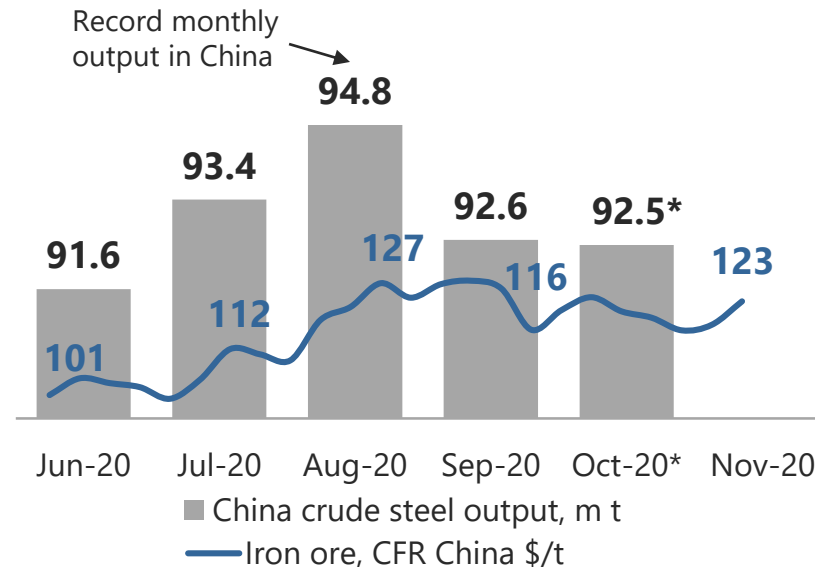
Source: Bloomberg

STEEL DEMAND IN KEY REGIONS, Q3'20, QOQ



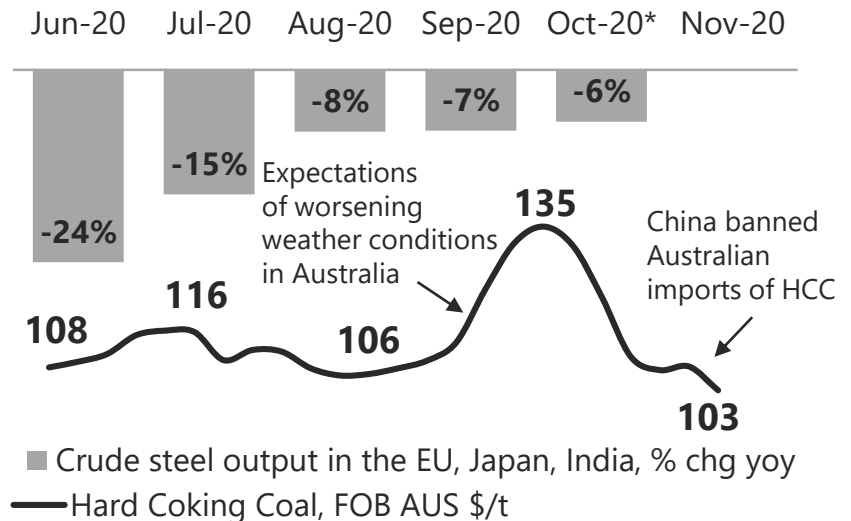
Source: Worldsteel, Bloomberg, Eurofer, Metal Expert, estimates

CHINESE STEEL OUTPUT AND IRON ORE PRICES



Source: Bloomberg, *consensus estimates

KEY COAL IMPORTERS' STEEL OUTPUT AND HCC PRICES



Source: Bloomberg, *consensus estimates

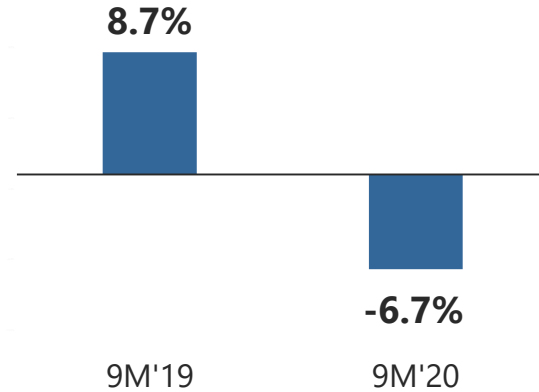
Apparent domestic demand was down 6.7% yoy during 9M'20

Domestic flat prices in RUB terms were marginally higher in mid-Nov'20. Prices in USB were almost flat in Oct-Nov'20

Export prices have been in recovery mode since July on robust demand from Asia and gradual resumption of global economic activity

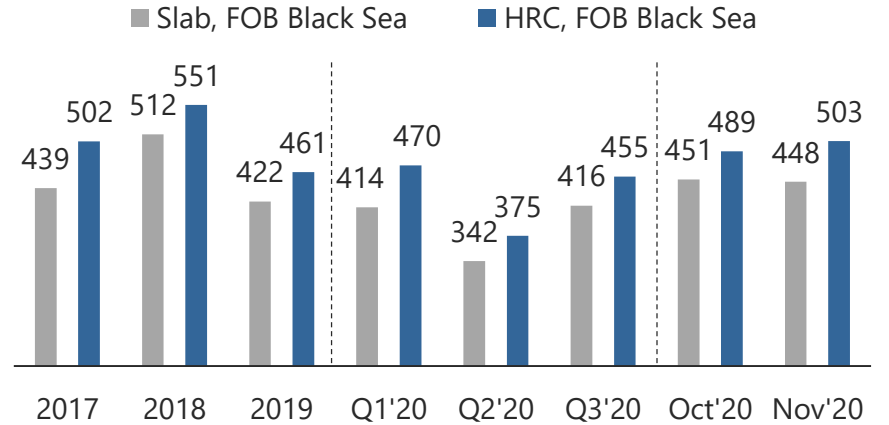
Export slab prices surpassed pre-COVID level in early Sep and are hovering at \$450-460/t since then

RUSSIAN STEEL DEMAND, % yoy



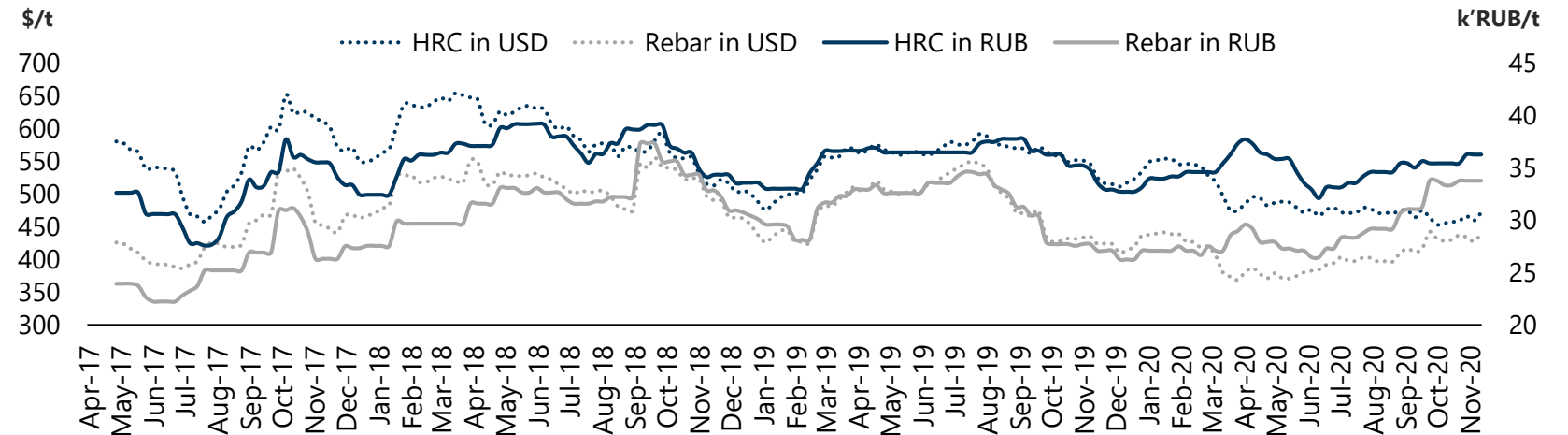
Source: Metal Expert, NLMK estimates

RUSSIAN STEEL EXPORT PRICES, \$/t



Source: Metal Expert

RUSSIAN DOMESTIC STEEL PRICES



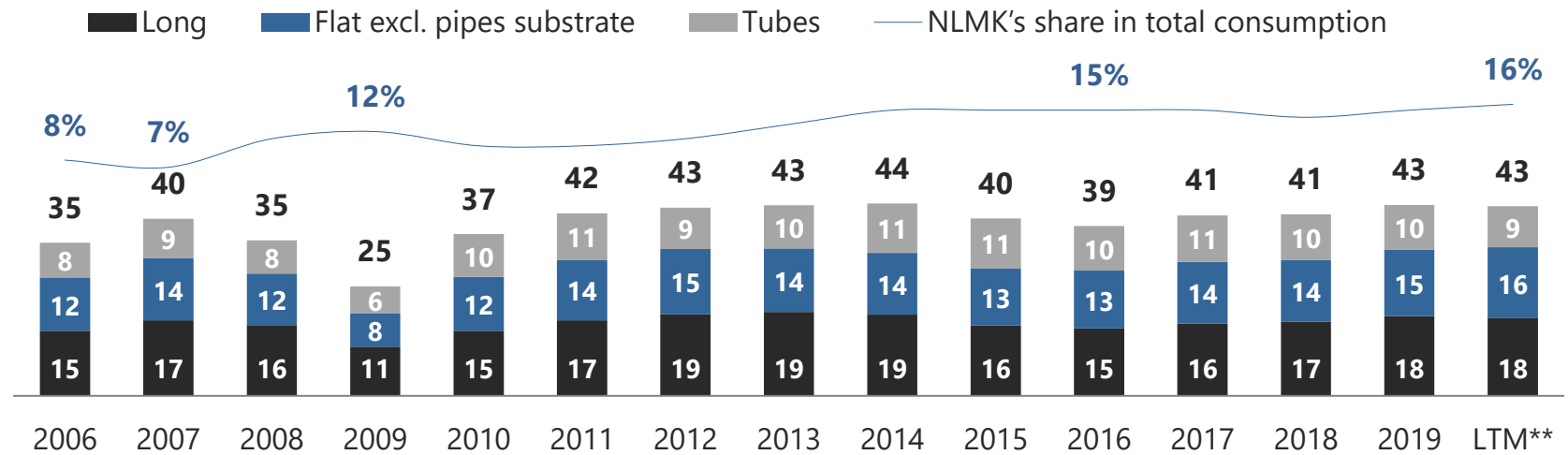
Source: Metal Expert, NLMK estimates. Prices excl. VAT

In 2009, the GFC shed almost 10 m t of Russian demand for steel. COVID-19 has had much smaller impact on steel consumption in Russia thus far

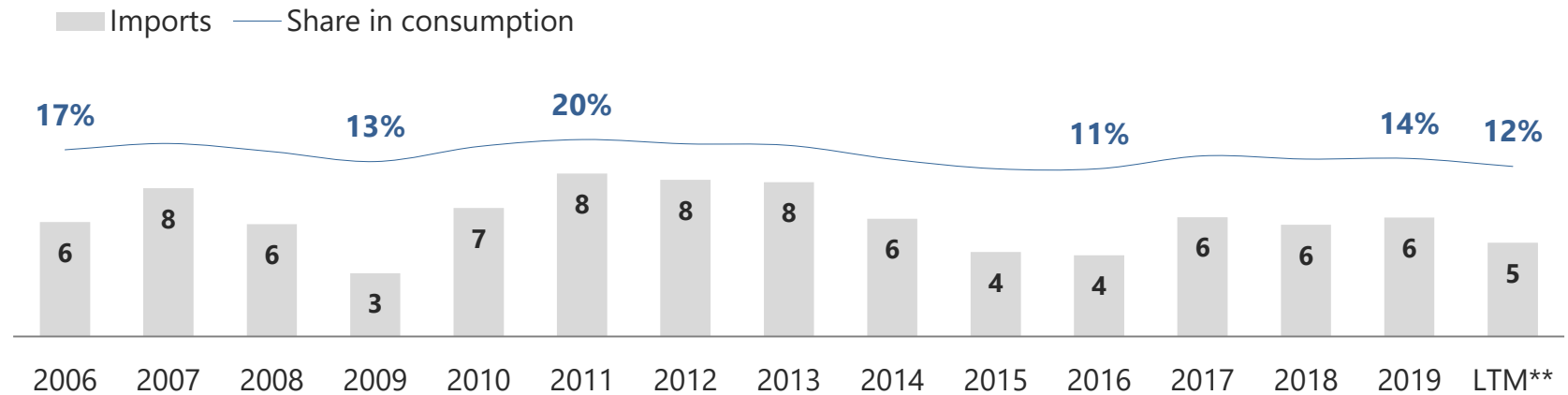
Since the expansion into long products, NLMK's share has been stable, or ~15% of the Russian ASU

During economic downturns (usually accompanied by FX devaluation) import's share in Russia's ASU tends to decline significantly

APPARENT STEEL USAGE (ASU)* IN RUSSIA, m t



FINISHED STEEL IMPORTS IN RUSSIA, m t



* ASU – apparent steel use = output + imports - exports

Source: Metal Expert, NLMK estimates. ** LTM = Oct'19-Sep'20

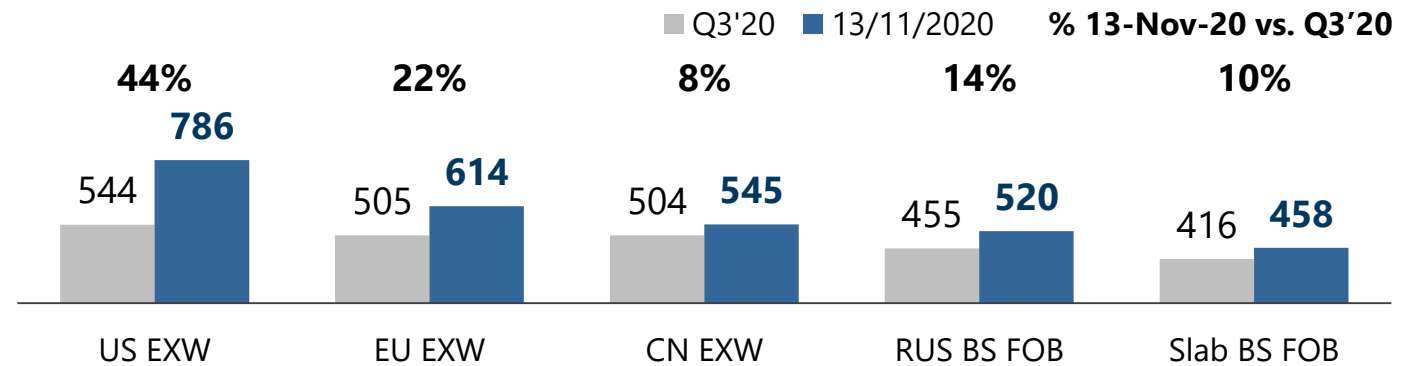
Flat steel prices in Oct-Nov continued to improve across key regions, reflecting uneven pace of recovery due to the Covid-19 pandemic

- **In China**, price growth marginally cooled down in Oct-Nov as steel output has been at record levels for several months in a row
- **In the EU and the US**, prices were almost flat qoq with upward trend starting to emerge in late Sep backed by strong Chinese market resulting in 22-44% increase in mid-Nov vs. Q3'20 averages
- **In Russia**, export prices advanced in mid-Nov on the back of increased demand in Turkey and strong demand from Asia, while domestic prices were only marginally up in dollar terms

Steel prices in the US and the EU as well as export quotations in Russia have been above the pre-COVID levels since the end of Q3'20

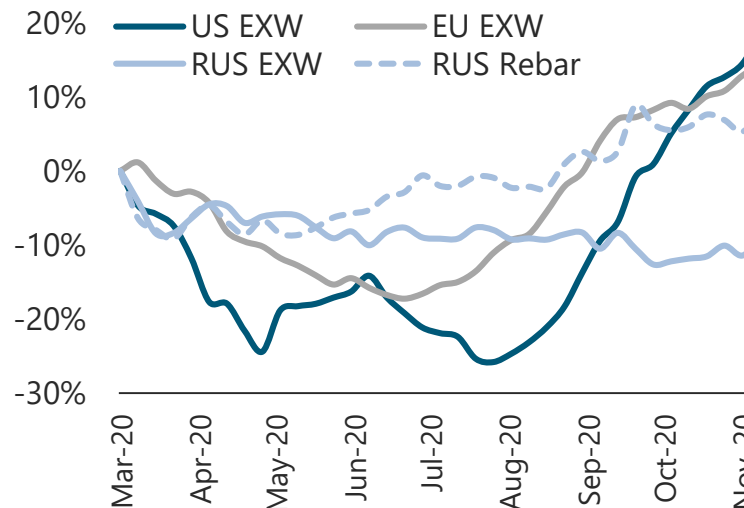
Steel spreads stood firm; elevated iron ore prices were offset by decline in coking coal quotations and growth in steel prices

HRC PRICES IN KEY REGIONS AND RUSSIAN EXPORT SLAB PRICES, \$/t

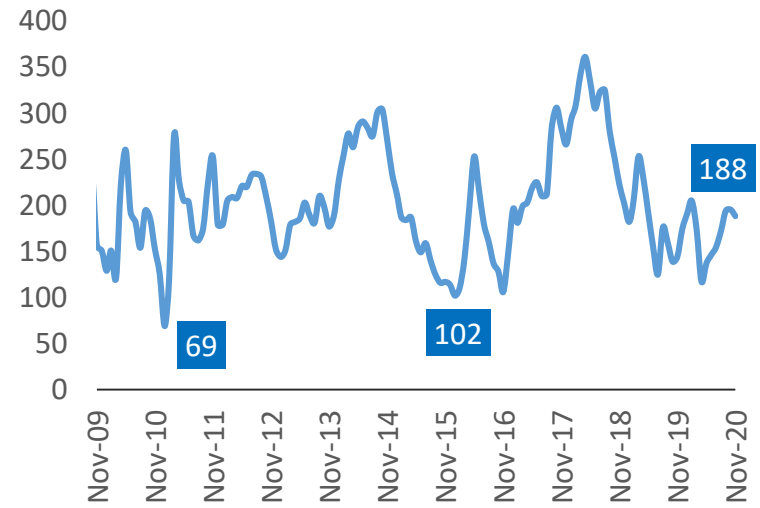


Source: Bloomberg, excl. VAT. Quoted prices can be different from NLMK's realized prices

STEEL PRICES DYNAMICS IN KEY REGIONS, index



SLAB / RAW MATERIALS SPREAD, \$/t



Source: Metal Expert, Bloomberg

Raw materials basket is calculated using production ratios for one tonne of steel: iron ore price x 1.6+ coking coal price x 0.6

- NLMK at a glance
- Market update
- **Strategy 2022 highlights**
 - Strategy 2022 execution
 - Capital allocation
 - NLMK's performance
 - Appendix



Targeted structural effect of Strategy 2022 is extra \$1.25 bn of EBITDA

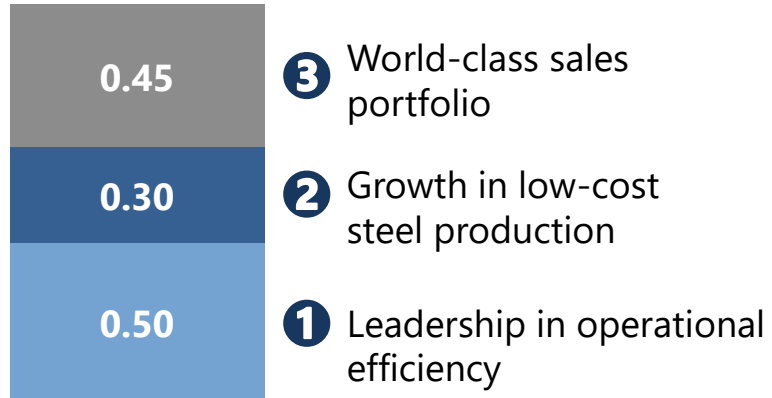
Operational efficiency improvements (no capex) to contribute almost half of the target

Effect is balanced across strategy targets that should reduce execution risks

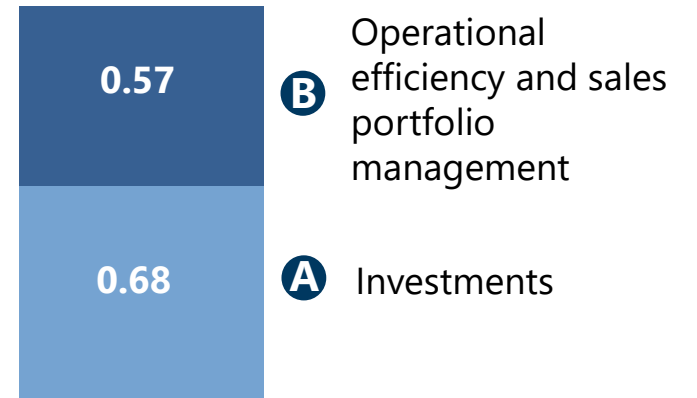
Russian Flat division to generate 2/3 of target effect, however sizable gains targeted across the whole value chain

Slab cost reduction of \$27/t to be achieved through operational efficiency and investments

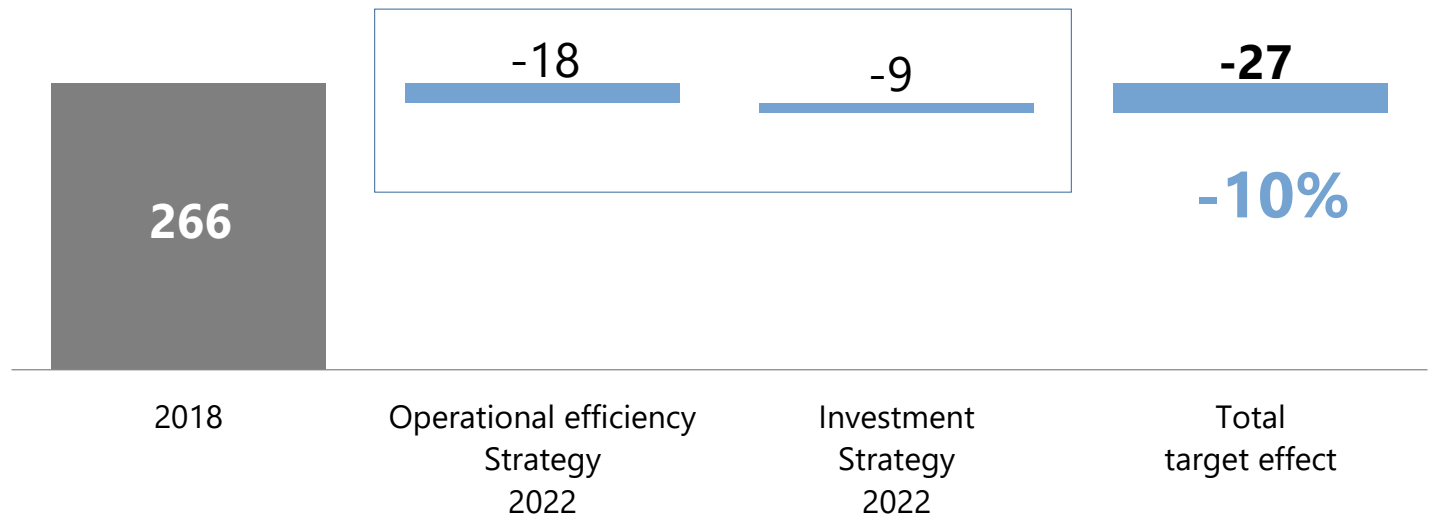
BY STRATEGIC OBJECTIVE: \$1.25 bn



BY SOURCE: \$1.25 bn



EFFECT ON SLAB CASH COSTS BY 2022, \$/t



Source: NLMK data, NLMK Annual Report 2018

Development capex under Strategy 2022 to total \$2.1 bn

Investment portfolio remains flexible

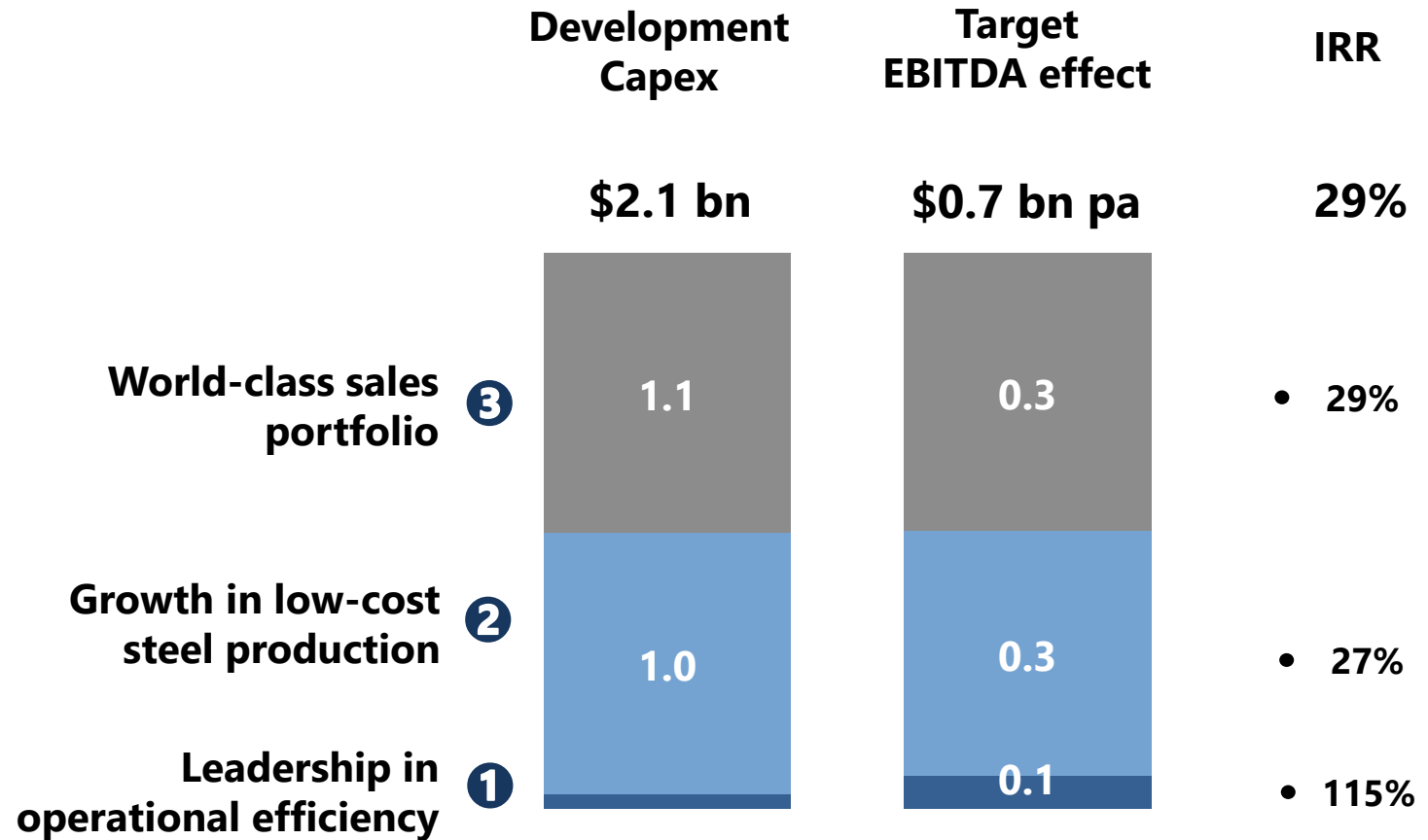
Focus is on low-risk projects that meet strict investment criteria

IRR is the key metric used to assess projects. Hurdle rate is 25%

Overall IRR for development capex program is 29%

Conservative pricing assumptions are used for key projects: forecasted prices and spreads at or below 5Y average

CAPEX & EFFECTS, \$ bn



Source: NLMK data, NLMK Annual Report 2018

Key focus areas of operational improvements with zero or minor capex

- Production growth along integrated value chain
- Lower cost of steel - targeted slab cash cost reduction of \$18/t

Target setting

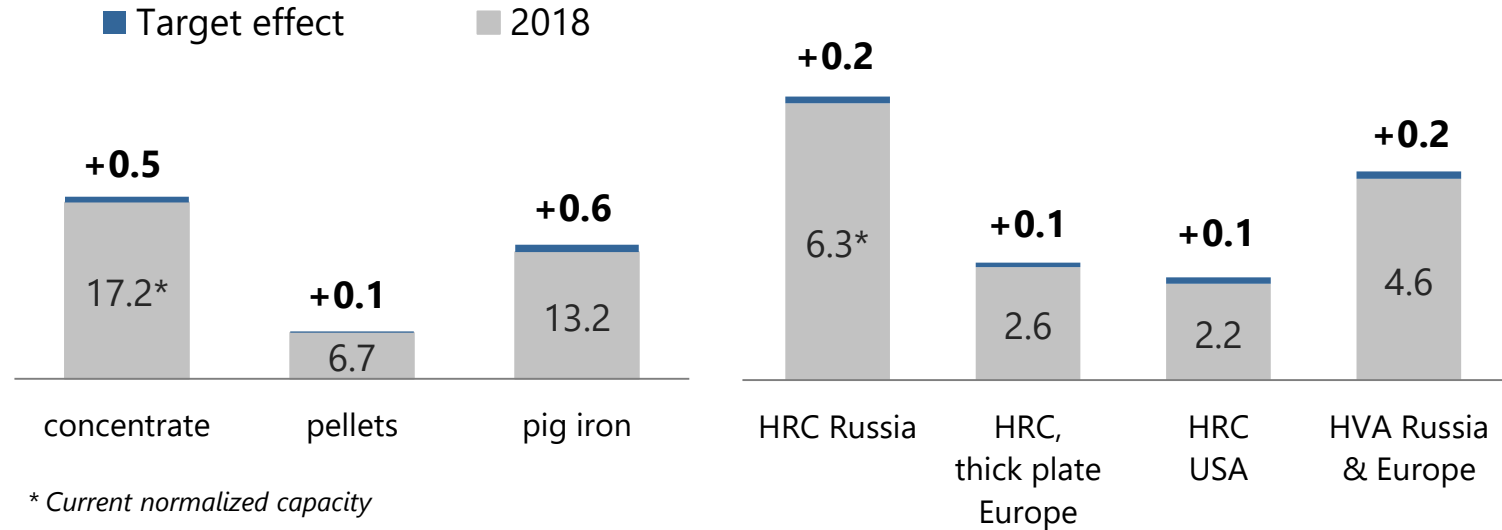
- Technology based
- Internal benchmarking
- Peers' best practice

NLMK Production System to drive the process

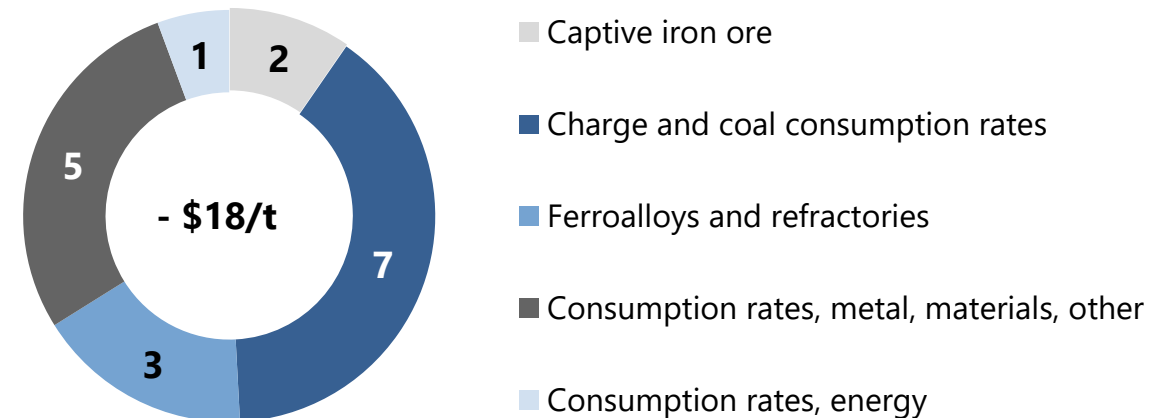
- Ongoing technology development with the highest impact in the hot end production
- High engagement of operational personnel

Labor productivity to grow by 25% across the Group

GROWTH IN PRODUCTION THROUGH IMPROVED OPERATIONAL EFFICIENCY, m t



TARGETED REDUCTION IN SLAB CASH COSTS RELATIVE TO 2018, RUSSIA FLAT, \$/t



Source: NLMK data, NLMK Annual Report 2018

Target structural EBITDA gain of (+) \$500 m pa

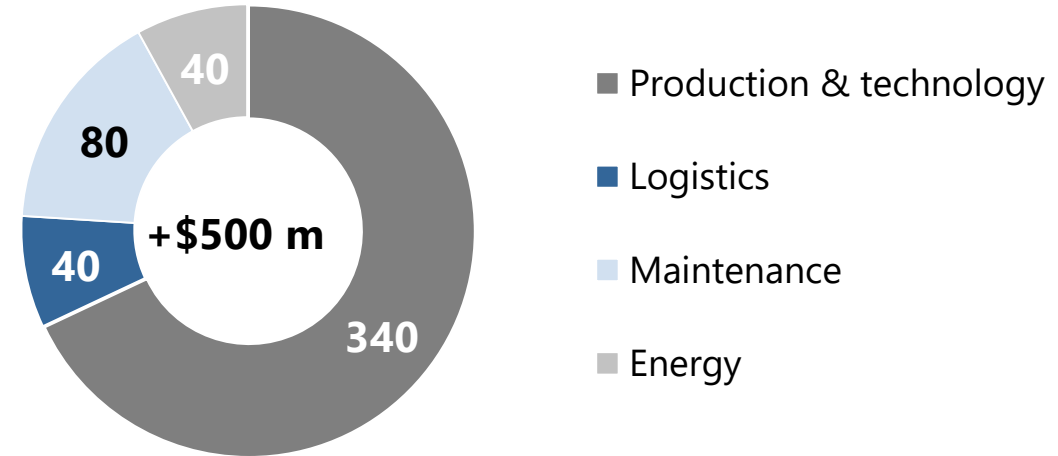
Minor CAPEX requirements of \$50 m

The largest gains to come from production processes and technology

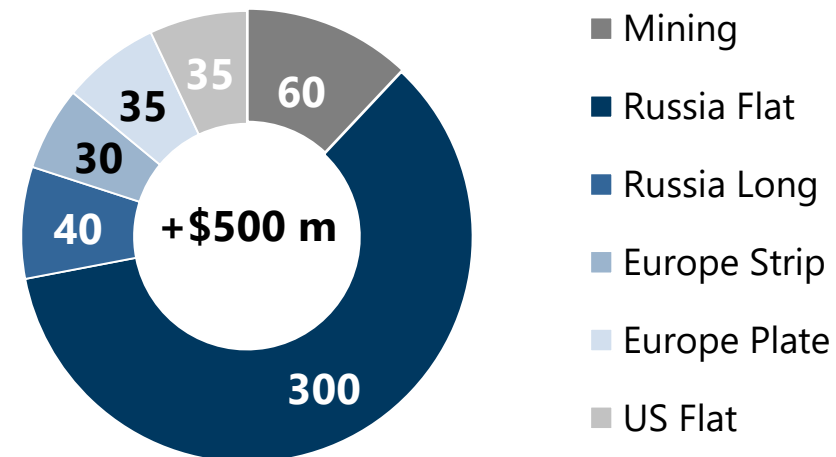
Russia Flat division to contribute the most

- Lower cost of steel
- Better yields
- Improved logistics and overhauls
- Removed bottlenecks
- Higher quality and productivity

TARGET EBITDA GAIN BY 2023 VS 2018, BY AREA, \$ m pa



TARGET EBITDA GAIN BY 2023 VS 2018, BY DIVISION, \$ m pa



'No-regret' growth project to increase steel production to 14.2 m t pa (+1 m t)

- Continuous casting upgrade at NLMK Lipetsk - superior quality slabs
- Concentrate and pellets output to rise by 2.3 m t and 1.2 m t pa, respectively – 100% integration in iron ore
- Infrastructure debottlenecking

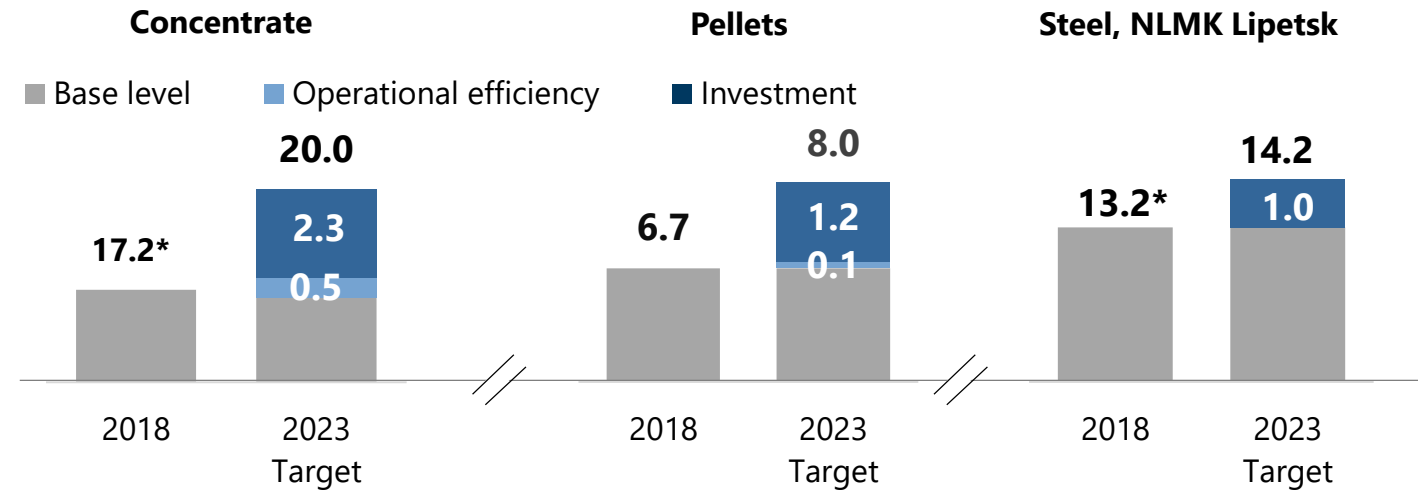
Increase in energy self-sufficiency at Russia Flat

- A 300 MW power plant project to recover by-product fuel gases
- 94% energy self-sufficiency at NLMK Lipetsk

Reduction of premium coal grades in total consumption

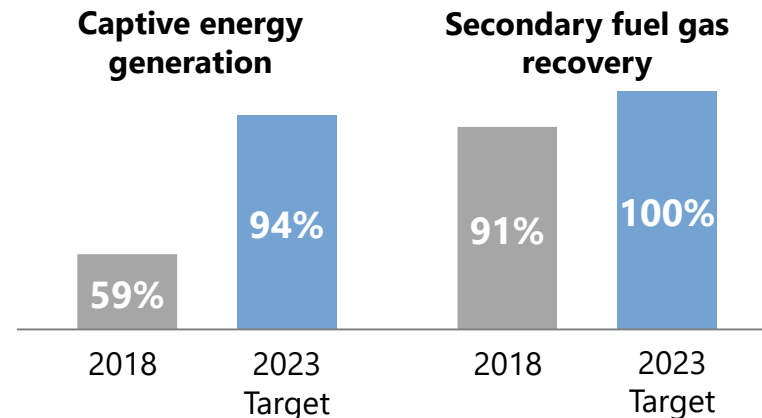
- Coal charge stamping project to reduce premium grades consumption from 4.2 m t to 3.8 m t (from 45% to 40%)

PRODUCTION VOLUMES, m t

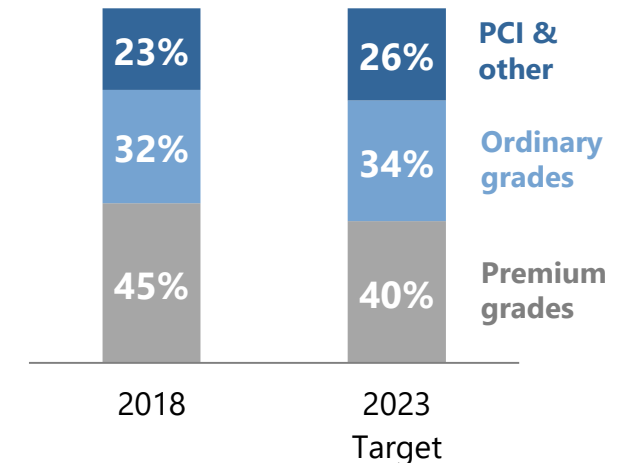


* Normalized capacity

ENERGY SELF-SUFFICIENCY TARGETS, NLMK LIPETSK



COAL CONSUMPTION BY GRADE



Source: NLMK data, NLMK Annual Report 2018

Target structural EBITDA gain of (+) \$300 m pa

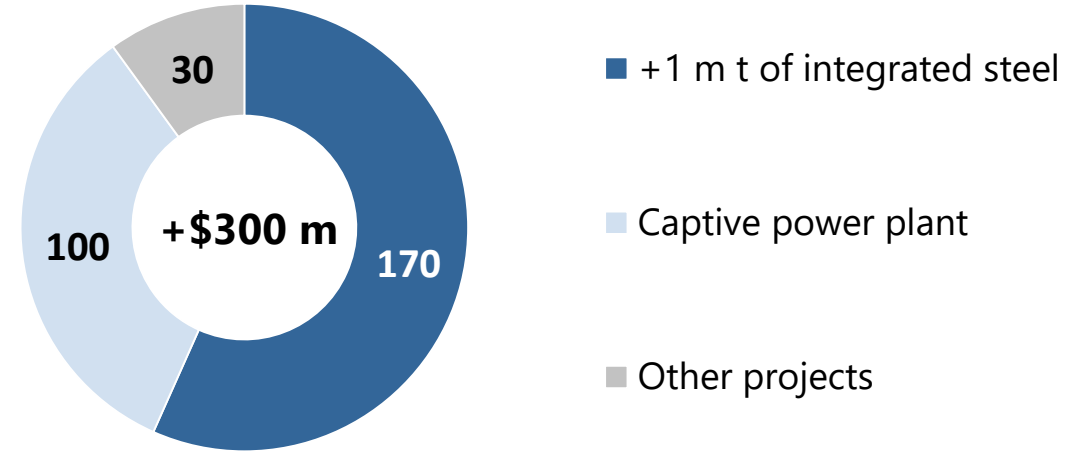
Targeted slab cash cost reduction of \$9/t

CAPEX requirement: \$990 m

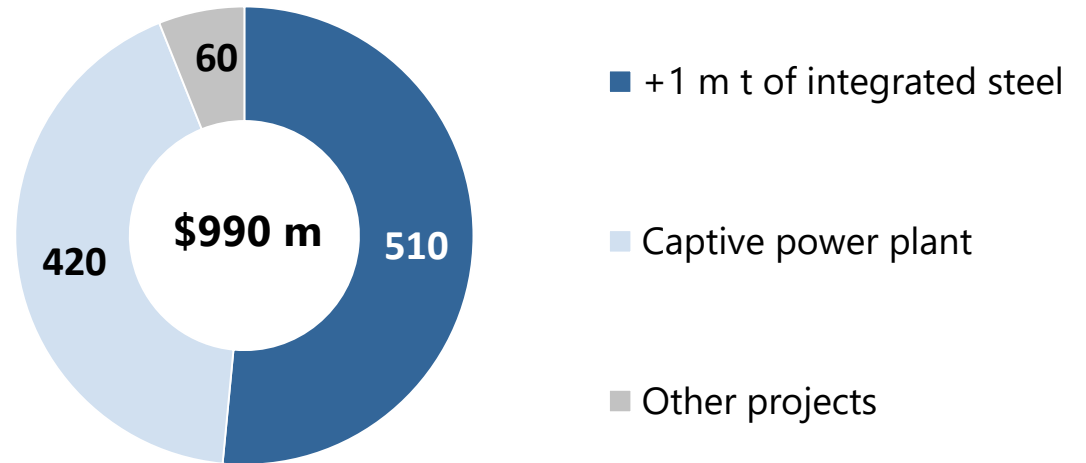
- +1 m t of integrated steel: \$510 m
- Captive power plant: \$420 m

IRR on investments: 27%

TARGET EBITDA GAIN BY 2023 VS 2018, \$ m pa



TOTAL REQUIRED CAPEX 2019-2023, \$ m



Targeted structural EBITDA gain of (+) \$450 m pa

- 60% of the effect to be generated by the Russian divisions and 40% by the European and the US divisions

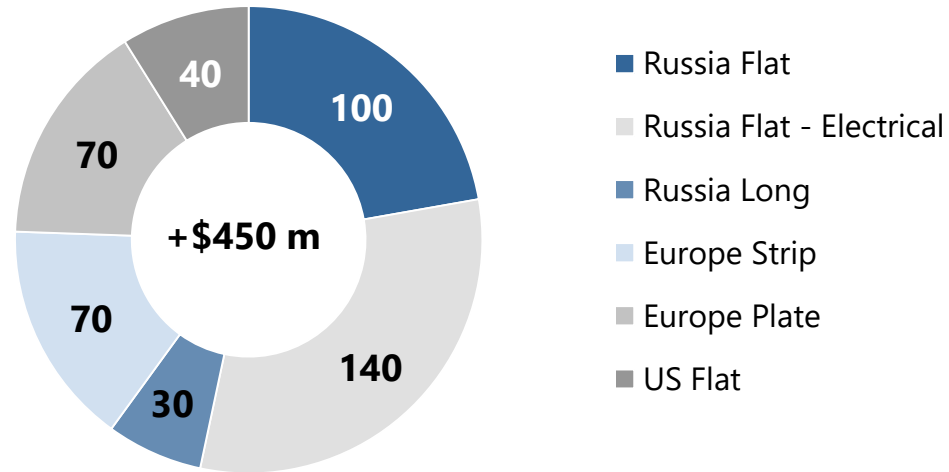
CAPEX requirement: \$1,060 m

IRR on investments: 29%

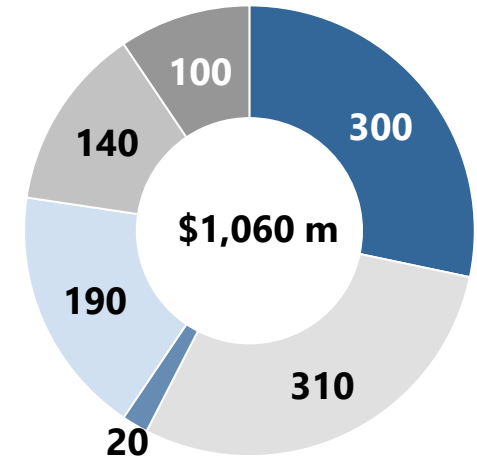
HVA products development – key objectives:

- To ensure an offtake for increased steel volumes
- To generate additional margins
- To reduce volatility of commodity segments

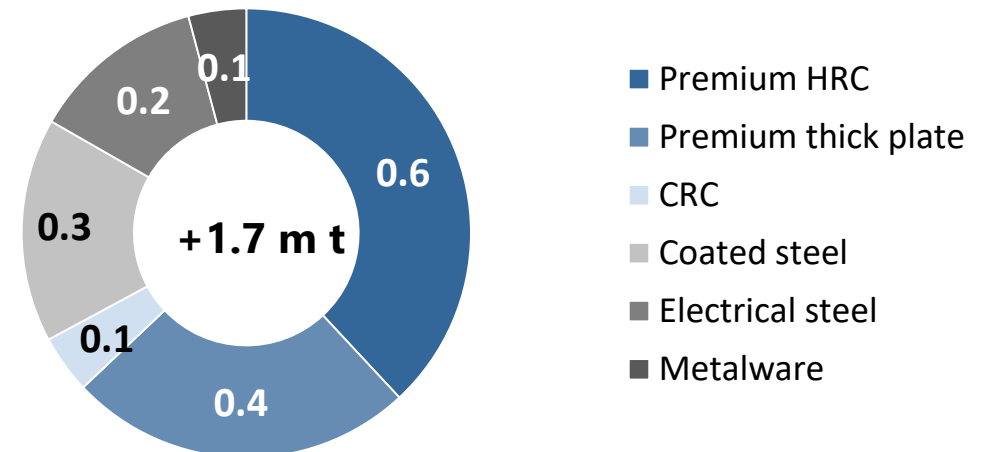
TARGETED EBITDA GAIN BY 2023 VS 2018, \$ m pa



TOTAL REQUIRED CAPEX, 2019-2023, \$ m



TARGETED INCREASE IN HVA PRODUCTS BY 2023, m t



Source: NLMK data, NLMK Annual Report 2018

Russia Flat: New galvanizing line at NLMK Lipetsk

- Rising demand for coated products in Russia
- Additional HDG capacity of +0.4 m t to be partially used to feed existing pre-painted capacity
- Premium coatings and high strength grades

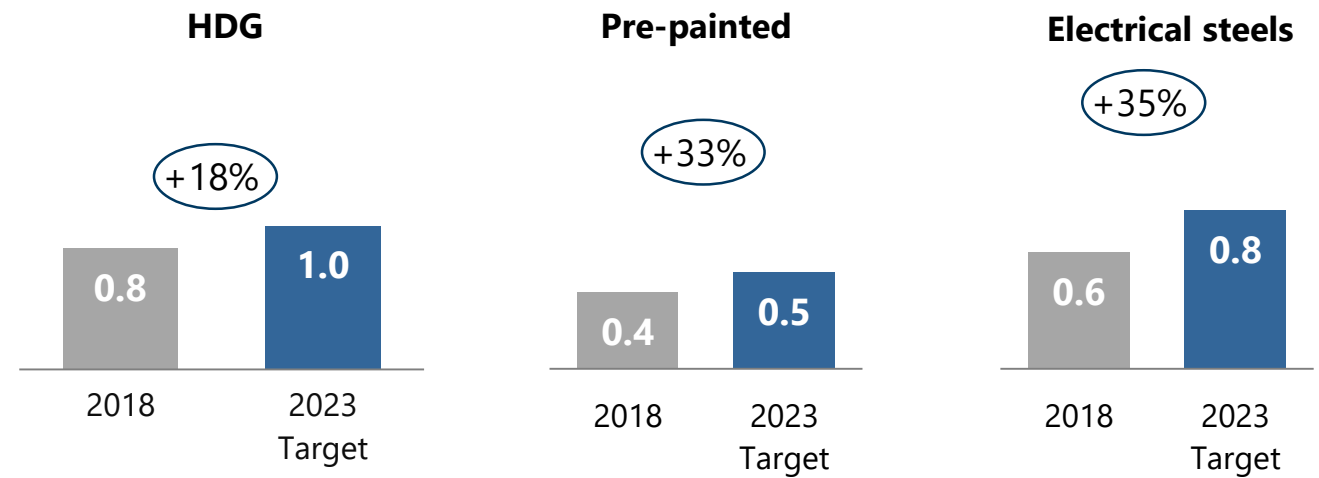
Russia Flat: Increased electrical steel output (GO and NGO) for the global market

- Expected boom in global production of EVs, energy-efficient equipment and transformers
- High grade GO output: +0.1 m t
- Premium grade NGO production for electric vehicles & energy-efficient motors: +0.1 m t

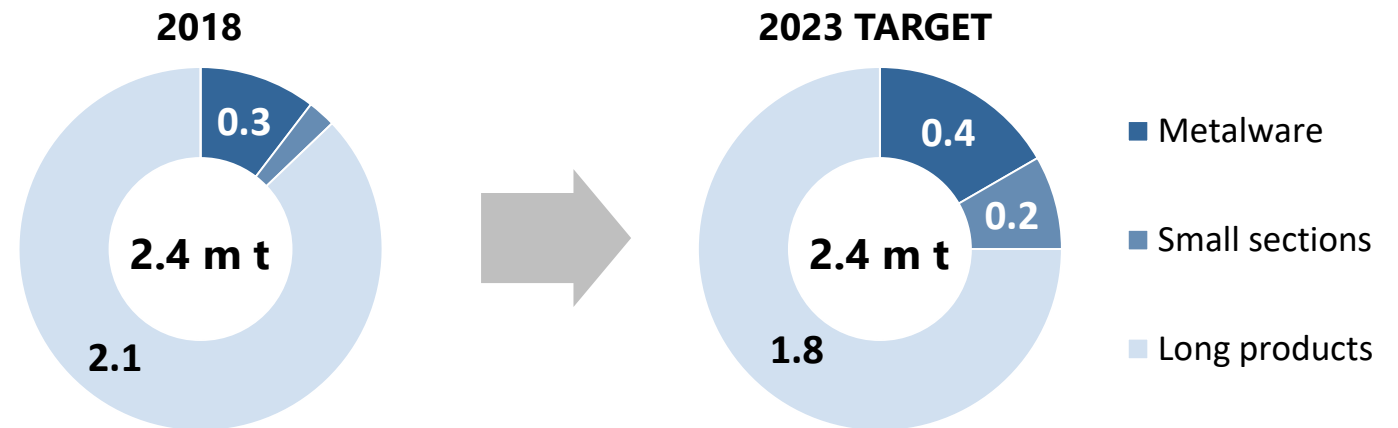
Russia Long: Improved product mix

- Switch from rebar to higher margin shapes: +0.2 m t, advanced metalware products: +65 k t
- Volumes to the Russian market: +0.5 m t (+28%)
- Direct rebar sales to construction end-users to achieve 33% of the portfolio (2018: 25%)

SALES TARGETS FOR SELECTED HVA PRODUCTS, RUSSIA FLAT, m t



TARGETED LONG PRODUCT MIX IMPROVEMENT, m t



Home markets sales – 1.7 m t

Home markets sales – 2.2 m t

Source: NLMK data, NLMK Annual Report 2018

Europe Strip: Increased exposure to fast growing premium segments

- Sales of thin and high-strength steel +0.6 m t. Wider accessible market, market share stays at the same level. Premium coatings: +0.1 m t
- Upgrade of hot strip mill and HDG line
- Europe Strip capacity utilization to reach 80-85%

Europe Plate: Premium plates at Dansteel

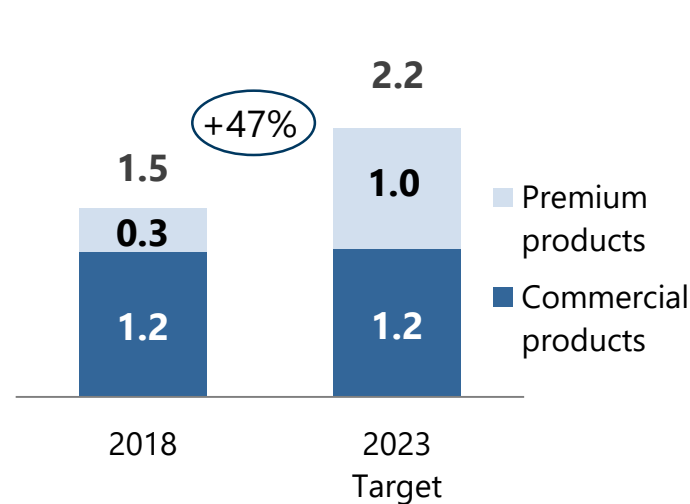
- Additional demand for thick plates for windmills production: 8-11 m t until 2023 and another 12-20 m t in 2023-2030
- +0.2 m t of thick plates for wind generation & pressure vessels at Dansteel
- Key projects: accelerated cooling system and new reheating furnace

Europe Plate: Mix improvement at Clabecq & Verona

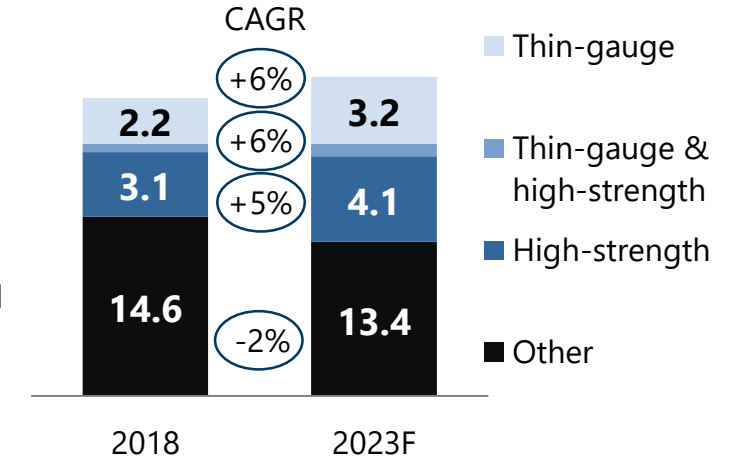
- +0.2 m t of Q&T and DQ plates at Clabecq with corresponding reduction in commercial grades
- Europe Plate capacity utilization to reach 80%

US division's strategy is under review

EUROPE STRIP TARGET SALES, m t

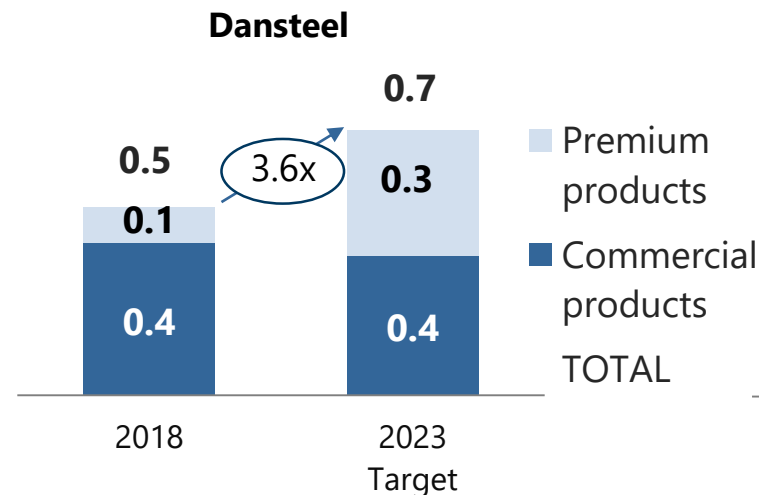


HR STEEL DEMAND FORECAST, EU-12, m t

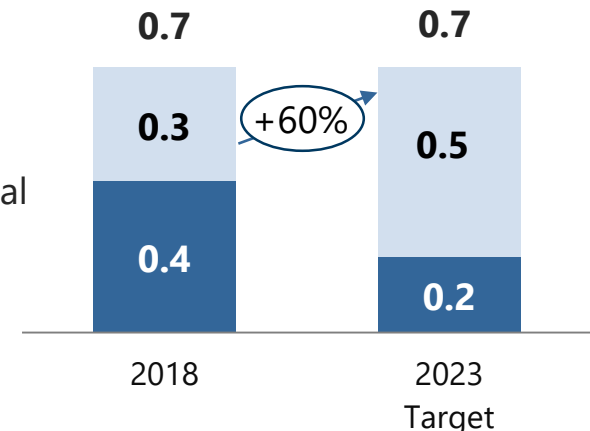


Source: CRU, customers data

TARGET PLATES SALES, m t



Clabecq & Verona (NBH)



Source: NLMK data, NLMK Annual Report 2018

Safety development programs

- Safety culture programs & communications
- Contractors management
- Safety risk management

Targeted 35% drop in LTIFR relative to 2018 and zero fatalities

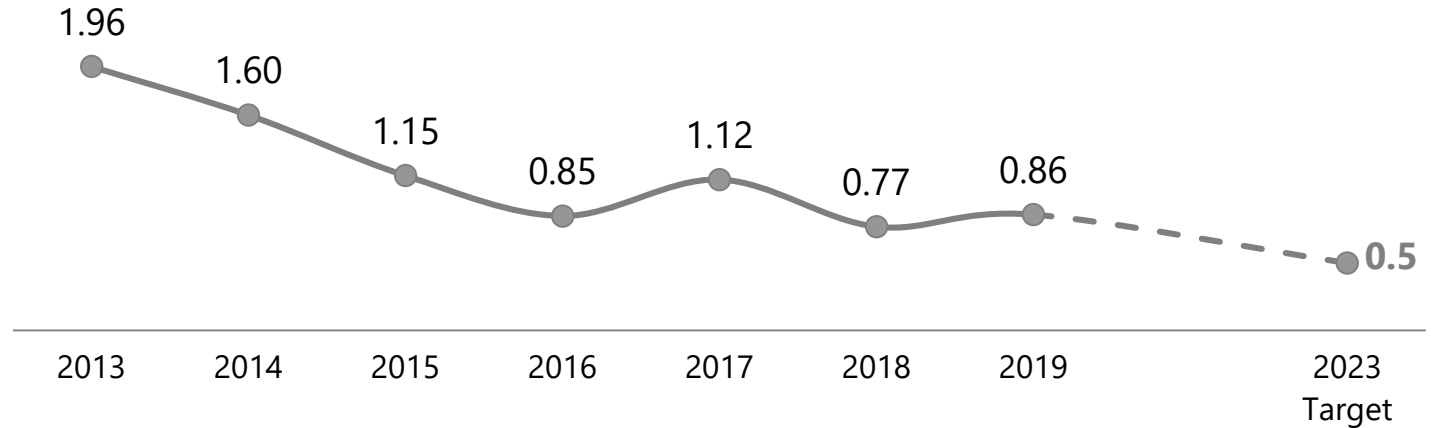
- LTIFR of 0.5 corresponds to TOP-20 steel companies, as per 2017 WSA ranking

Environmental programs' focus

- Further reduction in environmental footprint
- Waste recycling: metallurgical briquette plant with a capacity of 700 kt pa

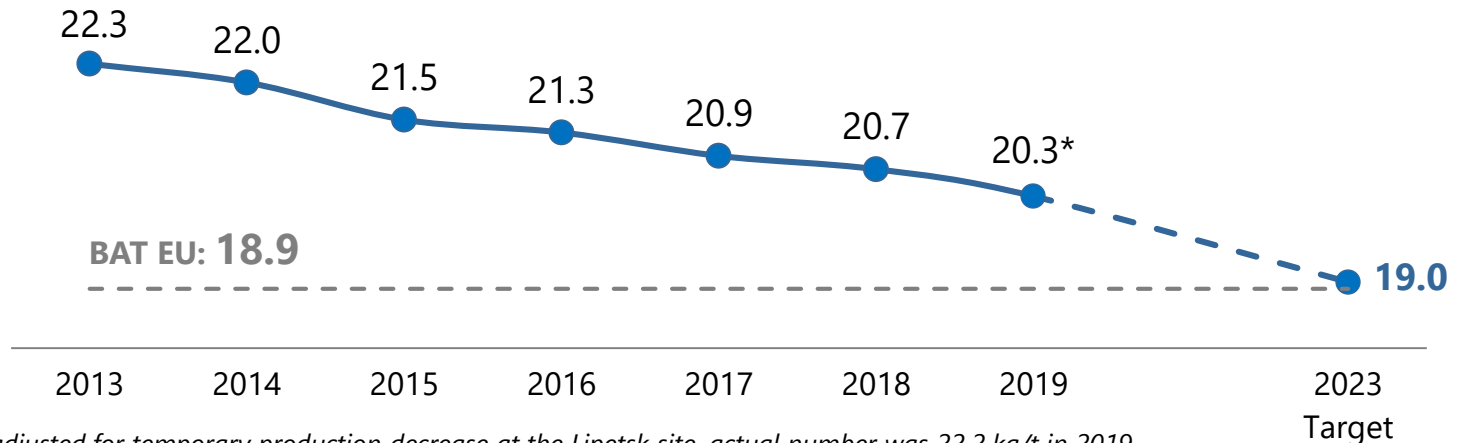
Specific air emissions to reach 19.0 kg/t of steel at NLMK Lipetsk

GROUP SAFETY TARGETS, LTIFR*, EMPLOYEES & CONTRACTORS



* LTIFR refers to Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million man-hours worked, employees and contractors

SPECIFIC AIR EMISSIONS, NLMK LIPETSK, kg/t of steel



*adjusted for temporary production decrease at the Lipetsk site, actual number was 22.2 kg/t in 2019
Source: NLMK data, NLMK Annual Report 2019

- NLMK at a glance
- Market update
- Strategy 2022 highlights
- **Strategy 2022 execution**
 - Capital allocation
 - NLMK's performance
 - Appendix



Total effect from Strategy 2022 implementation amounted to \$170 m during 9M'20

Contributions from the operational efficiency programs have already exceeded our annual target of \$100 m

Investment projects delivered \$46 m of gains mainly aimed at increasing iron ore concentrate production and recycling of previously accumulated waste at newly-built briquetting plant in Lipetsk

Key development projects targeting low-cost steel output growth were launched in Q3'20 (now under ramp up)

- Coal charge stamping at Altai-Koks
- New beneficiation section at Stoilensky

STRATEGY 2022 EFFECTS, \$ m pa



COAL CHARGE STAMPING, ALTAI KOKS



NEW ADDITIONAL BENEFICIATION UNIT, STOILENSKY



- NLMK at a glance
- Market update
- Strategy 2022 highlights
- Strategy 2022 execution
- **Capital allocation**
 - NLMK's performance
 - Appendix



Dividend policy remains intact

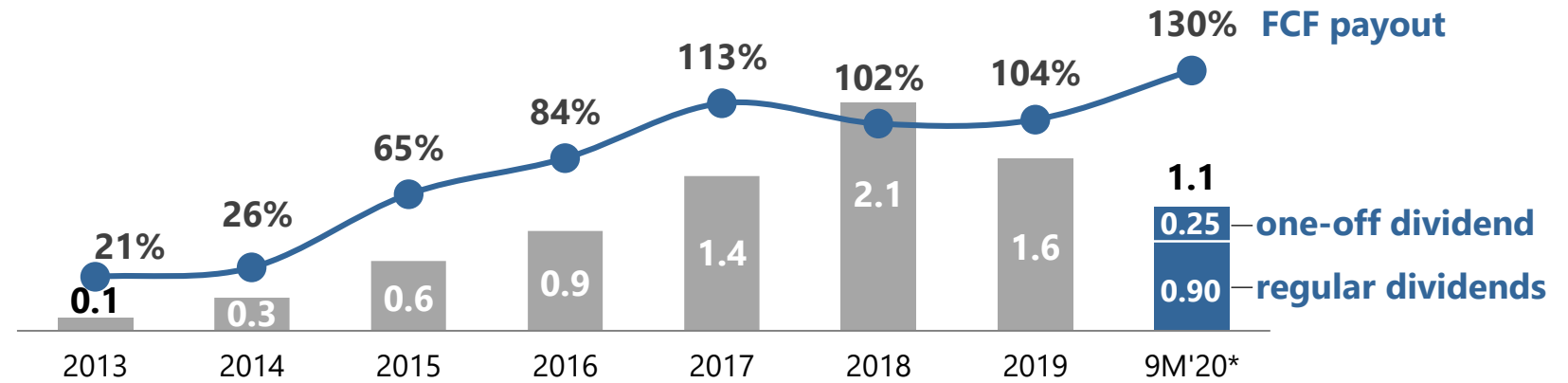
- Minimum 100% of FCF if ND/EBITDA is below 1.0x
- Minimum 50% of FCF if ND/EBITDA is above 1.0x

Higher capex during the strategy cycle is not affecting dividend payments

- Free cash flow to be calculated assuming normalized capex of \$0.7 bn pa for the purposes of dividend payments

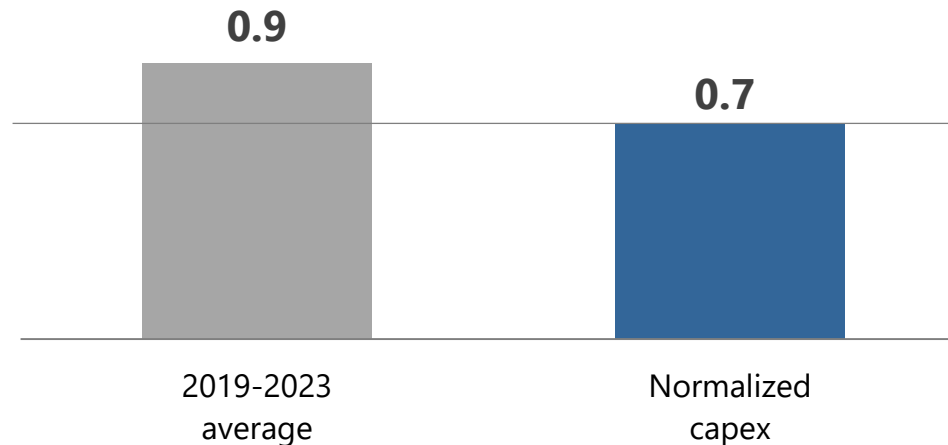
BoD recommendation for Q3'20 dividends amounts to \$500 m, including \$250 m one-off aimed at compensating the decrease in dividends in Q4'19

DIVIDENDS, \$ bn



* Dividends recommended by the Board of Directors for Q3'20 are subject to shareholders' approval

CAPEX, \$ bn



+ \$0.2 bn of additional dividends payments pa

CAPEX level used for adjusted FCF calculation

2020 CAPEX guidance of \$1.1 bn

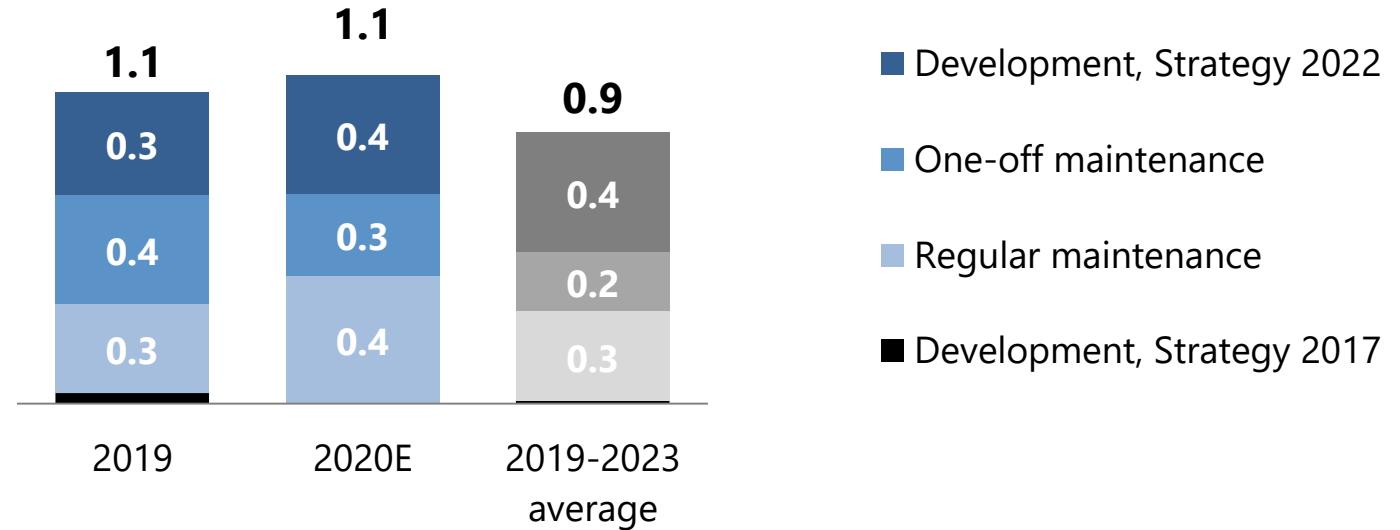
Investments to peak in 2020-2021 due to completion of large maintenance projects and active phase of Strategy 2022 execution

2020 capex estimate of \$1.1 bn:

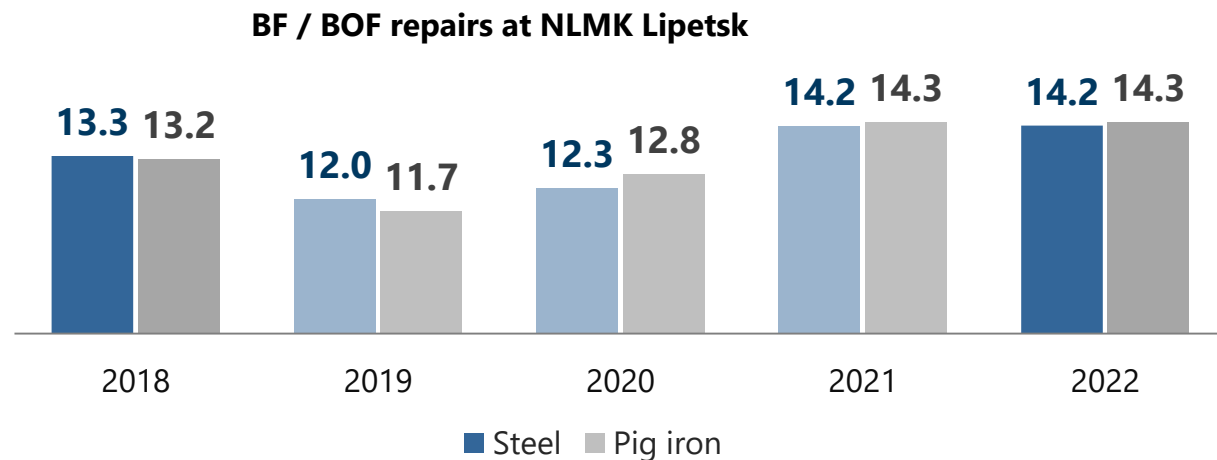
- \$0.4 bn: structural maintenance capex
- \$0.3 bn: final payments for BF#6 and BOF#2; active phase of BF#4 and BOF#3 repairs at Lipetsk
- \$0.4 bn: Strategy 2022 projects

Overall, we continue to expect capex to average about \$0.9 bn pa through the cycle

CAPEX, \$ bn



STEEL PRODUCTION AT THE LIPETSK SITE IN 2018-2022, m t



- NLMK at a glance
- Market update
- Strategy 2022 highlights
- Strategy 2022 execution
- Capital allocation
- **NLMK's performance**
- Appendix



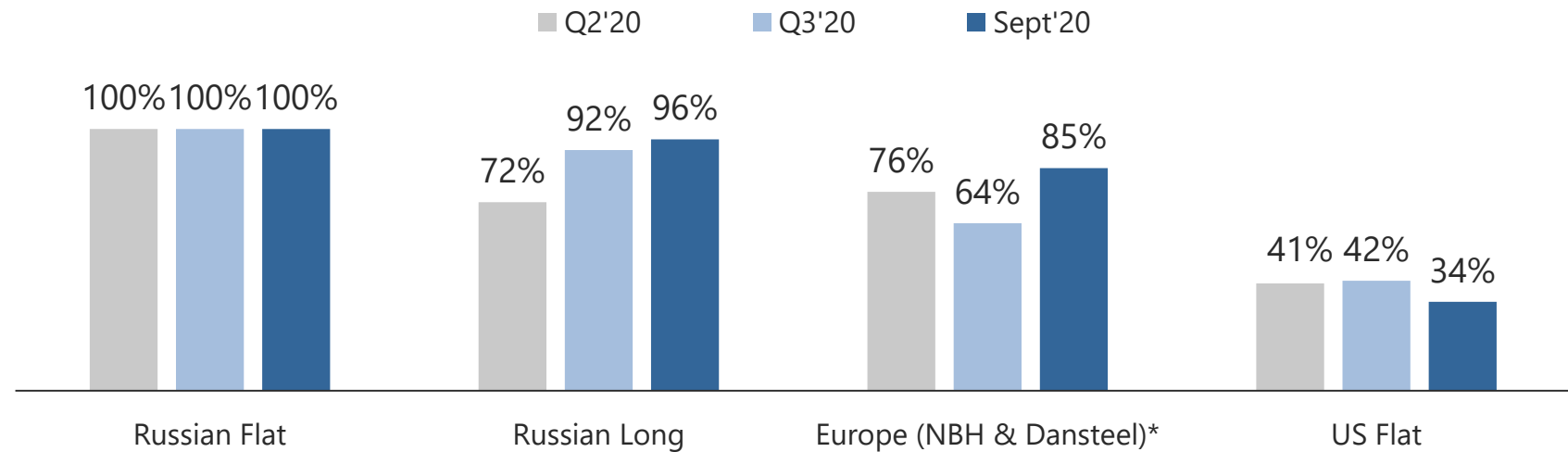
Russian assets

- NLMK Lipetsk site continues to run at 100% utilization
- Long products – capacity utilization rates recovered owing to the delayed demand effect and traditional construction season
- NLMK’s Q3’20 export share has decreased due to demand recovery in Russia and lower slab sales

Towards the end of the quarter, utilization rates at NLMK’s European companies recovered to 85%, but were subdued in the summer months

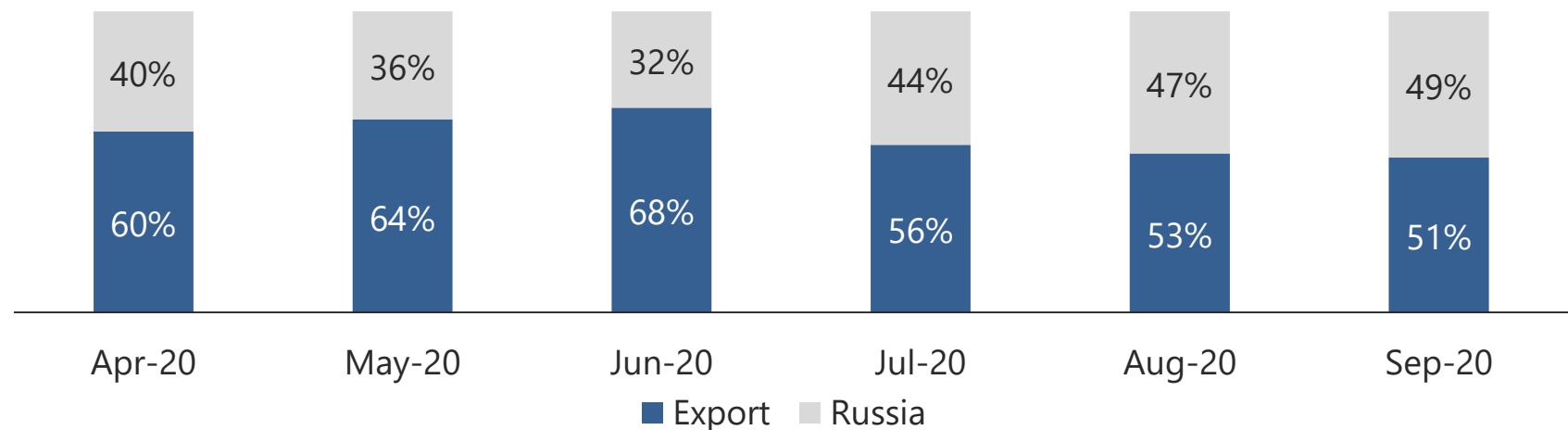
The rolling capacity utilization rate at the US plants remains low due to the strike at NLMK Pennsylvania

CAPACITY UTILIZATION, %



* incl. Europe Plate (Clabecq and Verona mills) and Europe Strip which are part of NBH

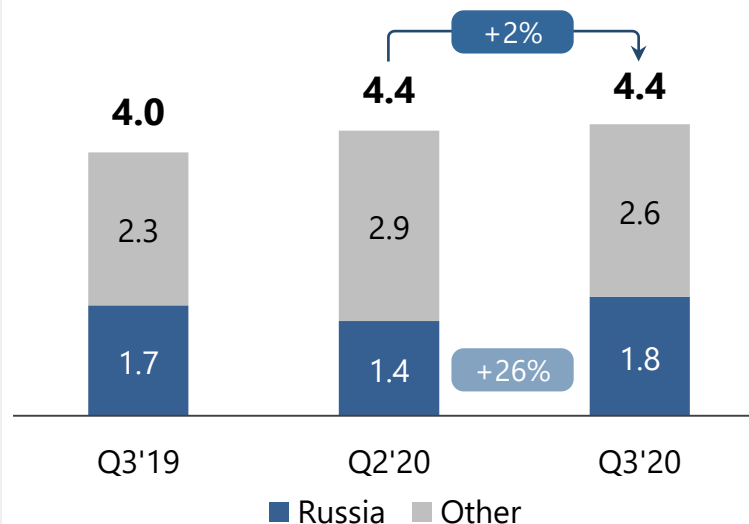
EXPORT SHARE OF NLMK’S RUSSIAN ASSETS’ SALES, %



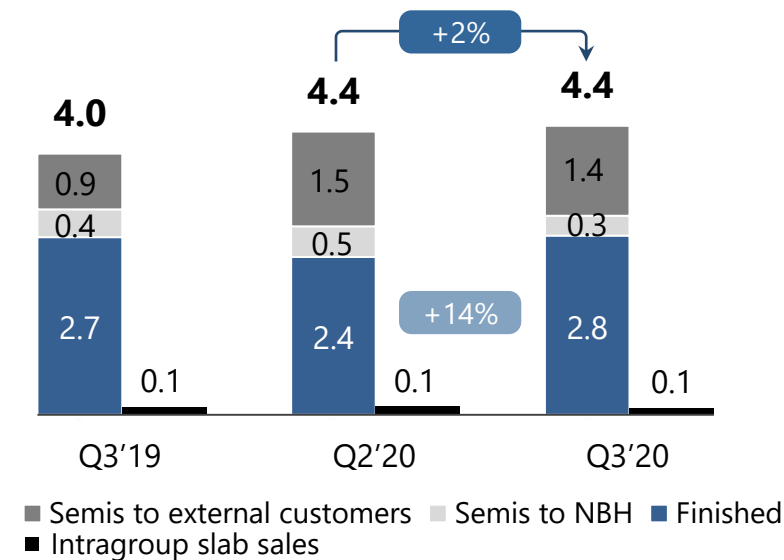
Shipments increased by 2% qoq to 4.4 m t mainly due to uptick in long steel sales

- Sales in Russia grew by 26% qoq
- Finished steel sales were up by 14% qoq amid the delayed demand effect and the start of the construction season
- Deliveries of semi-finished products decreased qoq with the start of the second stage of overhauls at NLMK Lipetsk

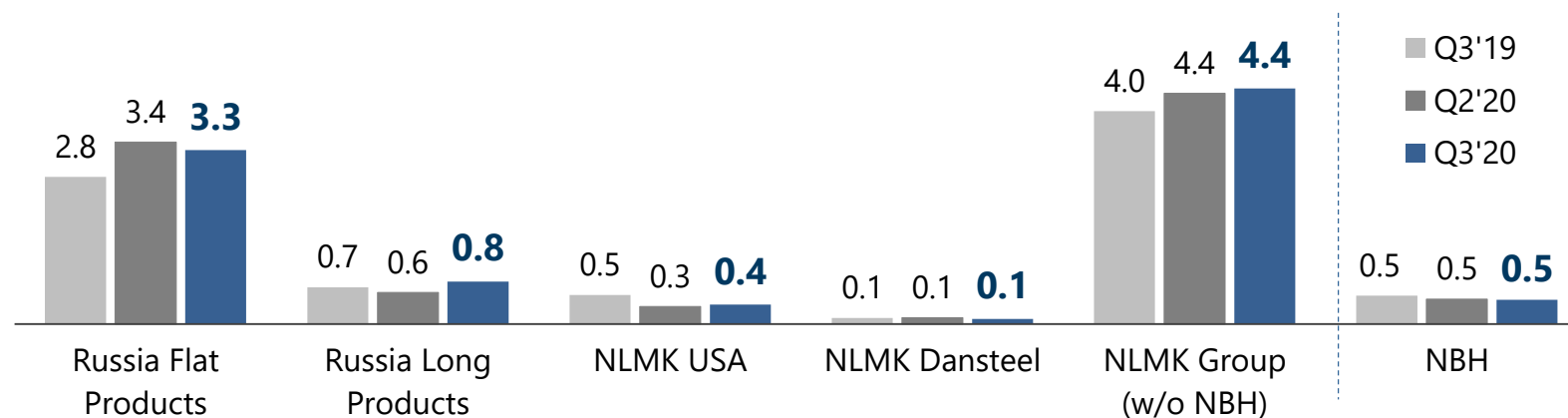
SALES TO THE RUSSIAN MARKET RECOVERED



SHARE OF FINISHED PRODUCTS INCREASED



SALES INCREASED QOQ ON THE BACK OF HEALTHY DEMAND IN RUSSIA



Revenue recovered by 3% qoq due to higher deliveries and improved sales mix

EBITDA stood at \$579 m (-1% qoq): widening spreads and ruble depreciation partially offset negative impact of an incident at Stoilensky of \$60 m

- Mainly lower share of captive iron ore as well as reduced shipments of iron ore to 3rd parties
- Excluding this one-off effect, Q3'20 EBITDA would be \$639 m

EBITDA margin was solid at 26% (-1 p.p. qoq)

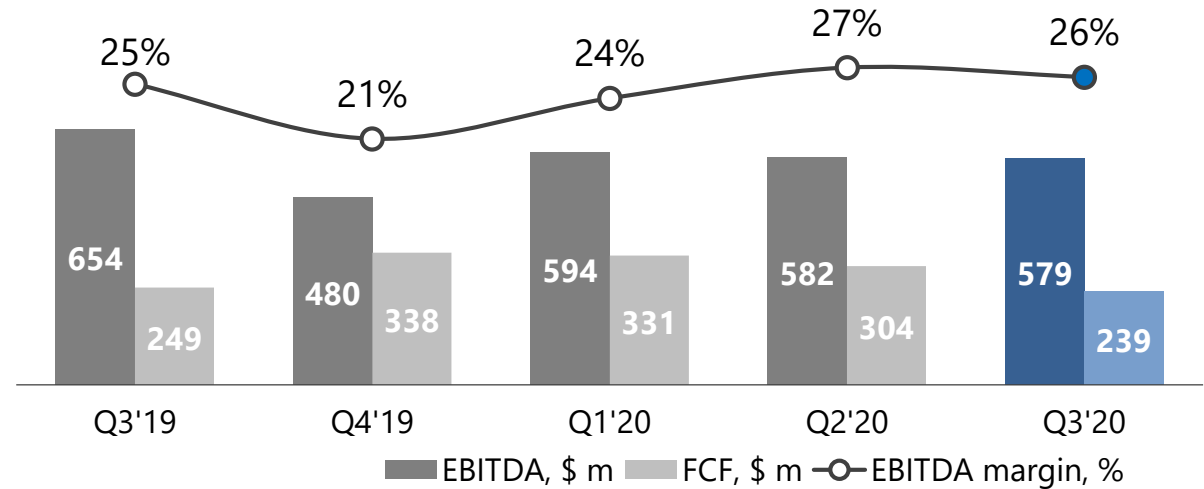
- Revenue: \$2,229 m (+3% qoq, -13% yoy)
- EBITDA: \$579 m (-1% qoq, -11% yoy)
- EBITDA margin: 26% (-1 p.p. qoq, +1 p.p. yoy)
- FCF: \$239 m (-21% qoq; -4% yoy)

Net debt-to-EBITDA ratio* was 0.87x

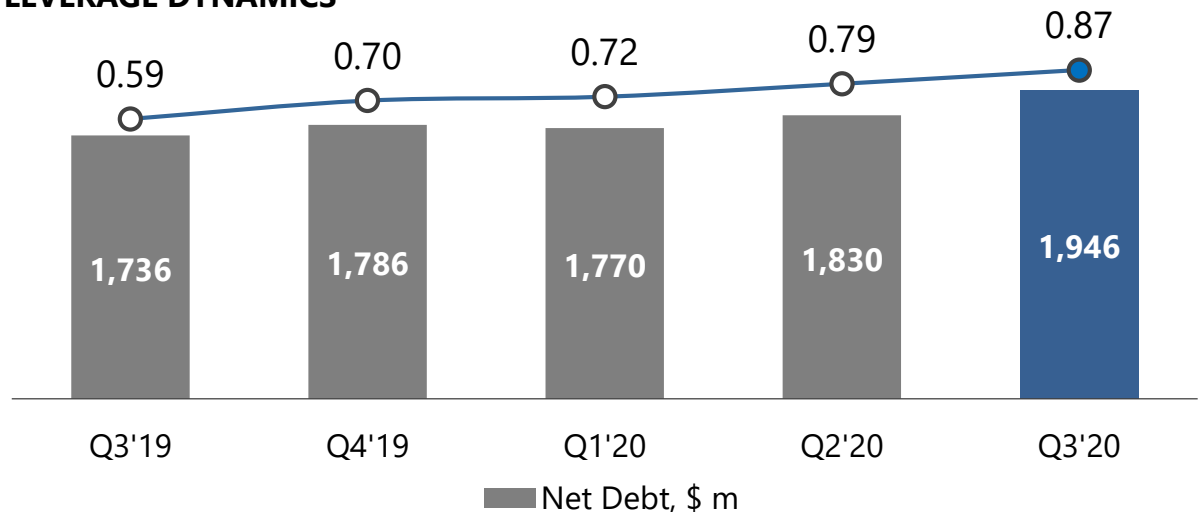
- Total debt: \$3.2 bn (-5% qoq)
- Net debt: \$1.9 bn (+6% qoq)

* For detailed information and calculations for this indicator please refer to the Appendix of NLMK Group Q3 and 9M 2020 IFRS Financial Results

FCF, EBITDA AND MARGIN DYNAMICS



LEVERAGE DYNAMICS



Russian Flat products: EBITDA was \$306 m (+1% qoq)

- (-) Lower shipments amid the start of the second phase of repairs at BF & BOF shops at NLMK Lipetsk
- (-) Reduced share of captive iron ore
- (+) Improved product mix & ruble depreciation

Russian Long products: EBITDA recovered to \$37 m

- (+) Increased deliveries on the back of construction season and deferred demand of 2Q
- (+) Improved product mix
- (+) Higher scrap / rebar spread

NLMK USA: EBITDA declined to -\$12 m

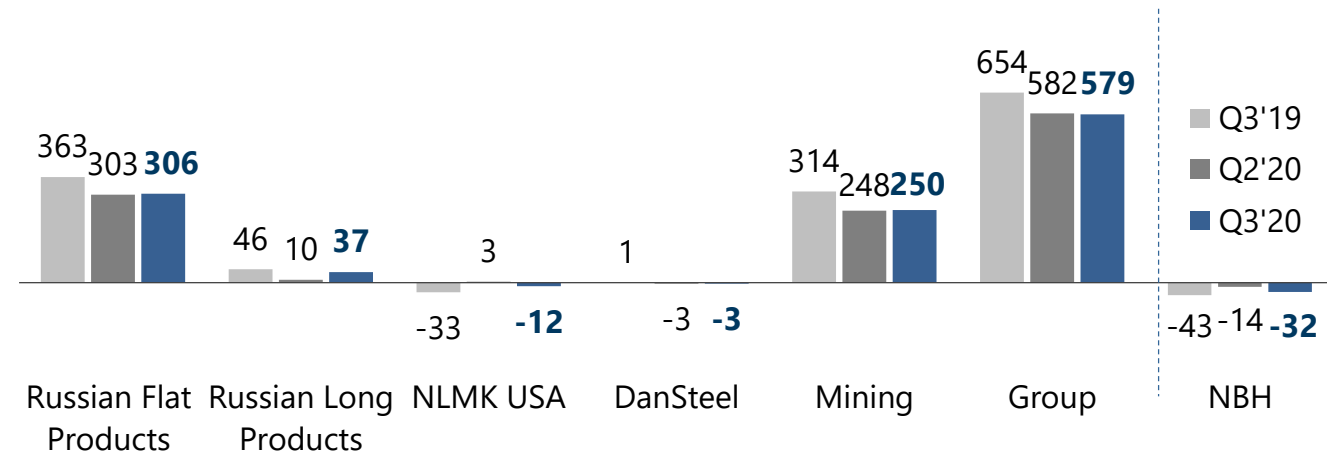
- (-) Narrower slab / HRC price spreads
- (+) Higher shipments

Mining: EBITDA increased by 1% qoq

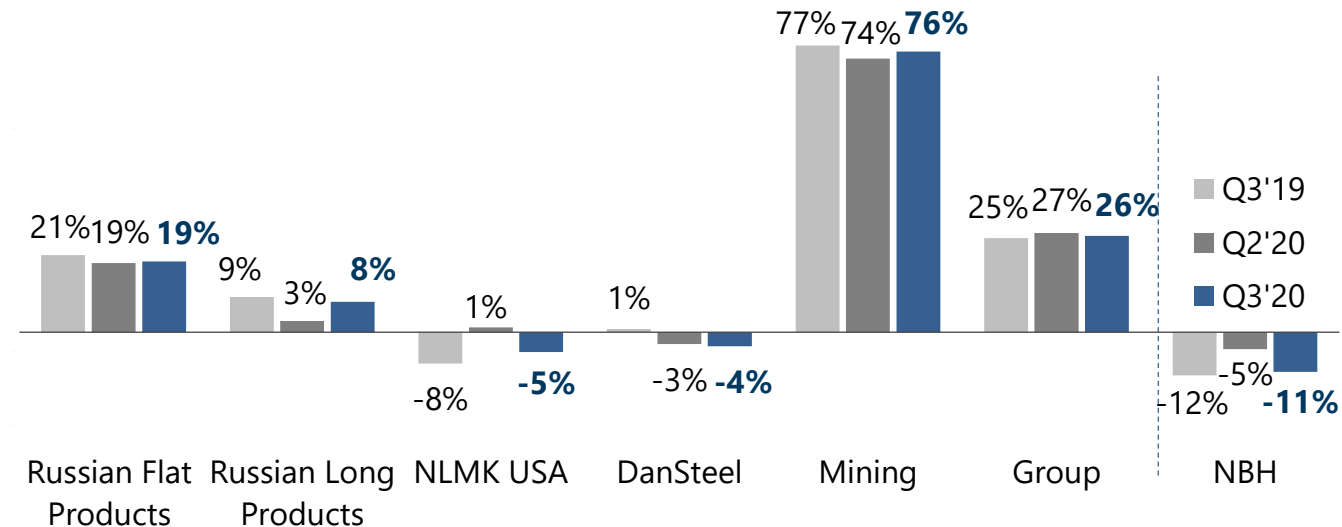
- (-) Incident at ore supply conveyor gallery at Stoilensky
- (+) Higher prices
- (+) Investment projects & operational efficiency gains

NBH: EBITDA decreased to -\$32 m mainly due to lower finished products prices and reduced utilization rates

EBITDA BY DIVISION, \$ m



EBITDA MARGIN BY DIVISION, %



Net operating cash flow rose by 8% qoq to \$591 m due to working capital release

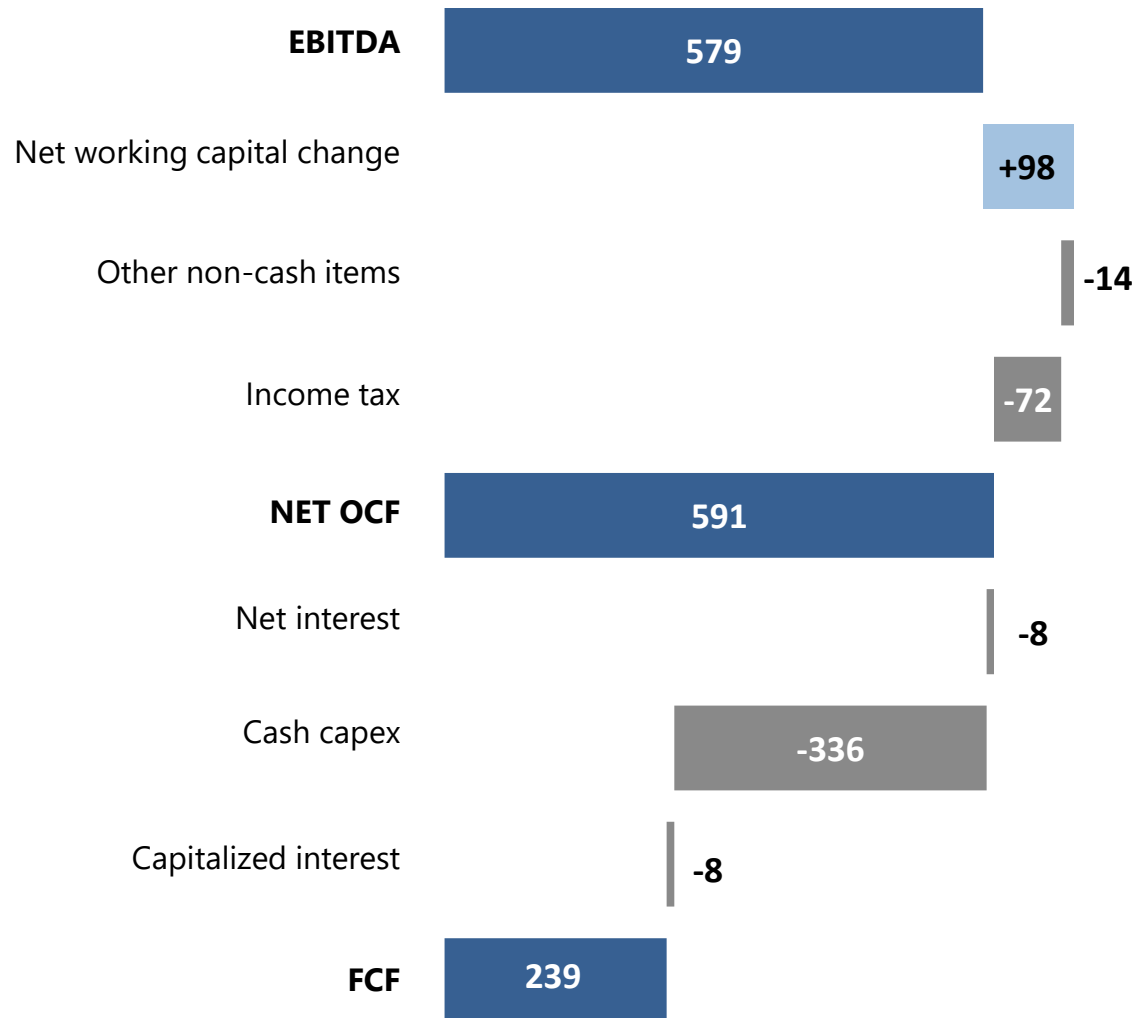
Working capital release amounted to \$98 m

- (-) \$37 m: increase in receivables due to steel prices growth
- (+) \$49 m: slabs inventory reduction at NLMK USA and destocking of finished products driven by strong demand in Russia
- (+) \$93 m: increase in payables driven by higher purchases of raw materials from 3rd parties

Capex in Q3'20 expanded to \$344 m (+57% qoq) due to the start of the second phase of major capital repairs at NLMK Lipetsk

FCF declined to \$239 m vs. \$304 m in Q2'20

Q3'20 FCF BRIDGE, \$ m



Total debt down 5% qoq to \$3.2 bn following scheduled repayment of working capital lines

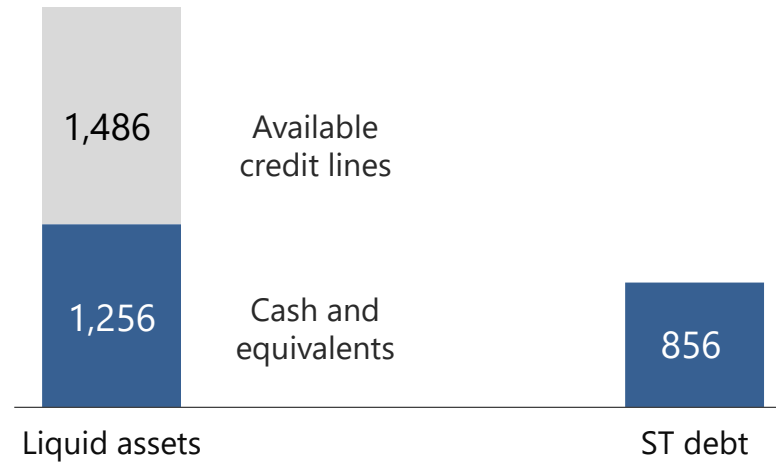
Net debt / 12M EBITDA stood at 0.87x

- Net debt rose by 6% qoq to \$1.9 bn
- Liquidity of \$1.3 bn fully covers ST debt
- c. \$1.5 bn is available through undrawn credit lines

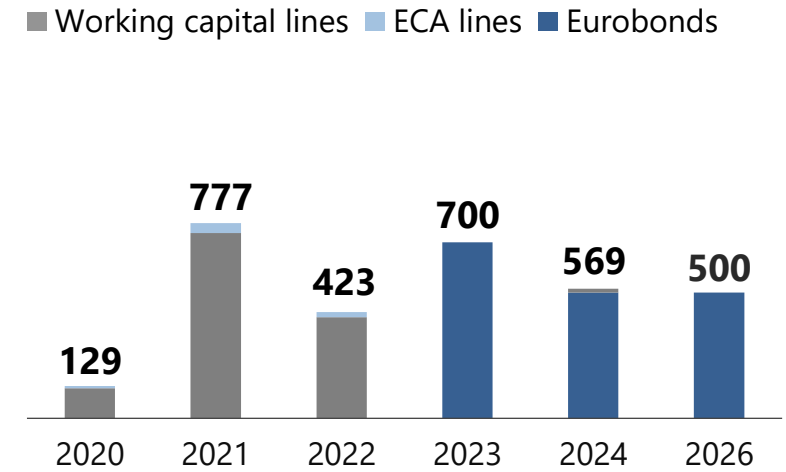
Average cost of debt decreased to 3%

At least half of working capital lines maturing in 2021 could be rolled over or refinanced

LIQUIDITY AND SHORT-TERM DEBT, \$ m

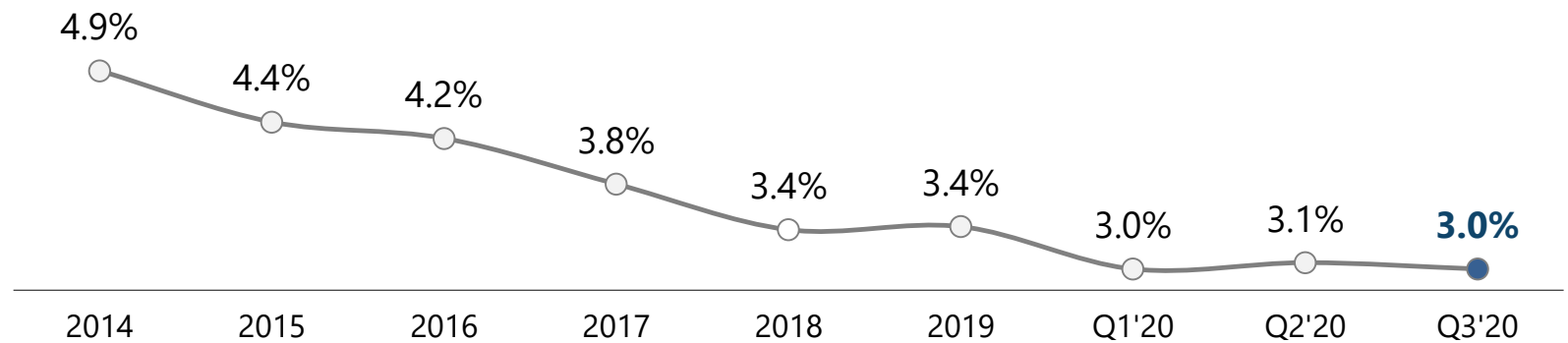


DEBT* MATURITY, \$ m



* Excluding interest payments

COST OF DEBT REMAINS LOW, %



- NLMK at a glance
- Market update
- Strategy 2022 highlights
- Strategy 2022 execution
- Capital allocation
- NLMK's performance
- **Appendix**



Steel capacity utilization is above 90% through the cycle

Steel output growth in 2013-2018 driven by efficiency improvements

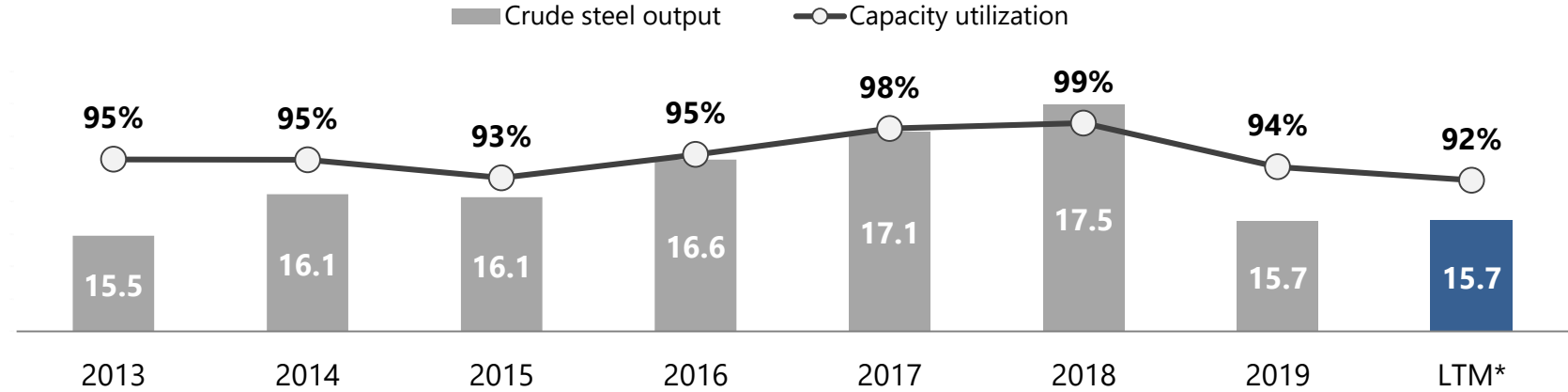
Lower steel production in 2019-2020 due to major overhauls at the Lipetsk site

62% of sales are finished products

46% of finished products sales are high value added products

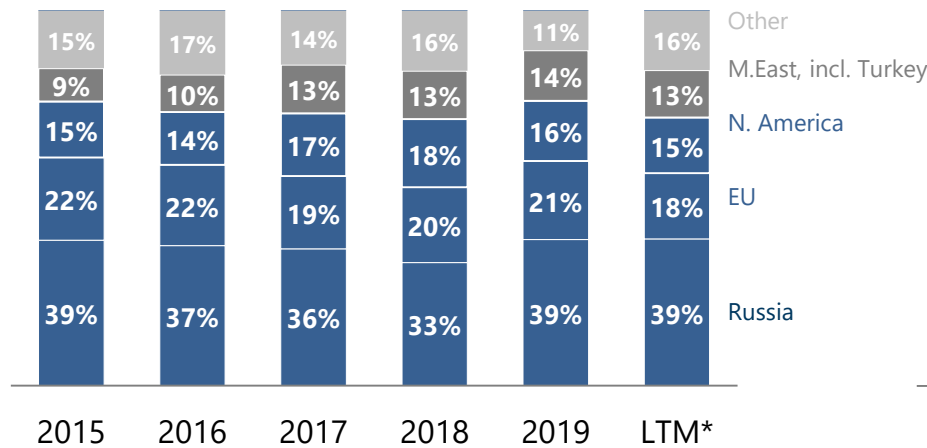
Strong domestic footprint with more than 2/3 of sales made in our home markets – Russia, Europe, USA

STEEL PRODUCTION, m t

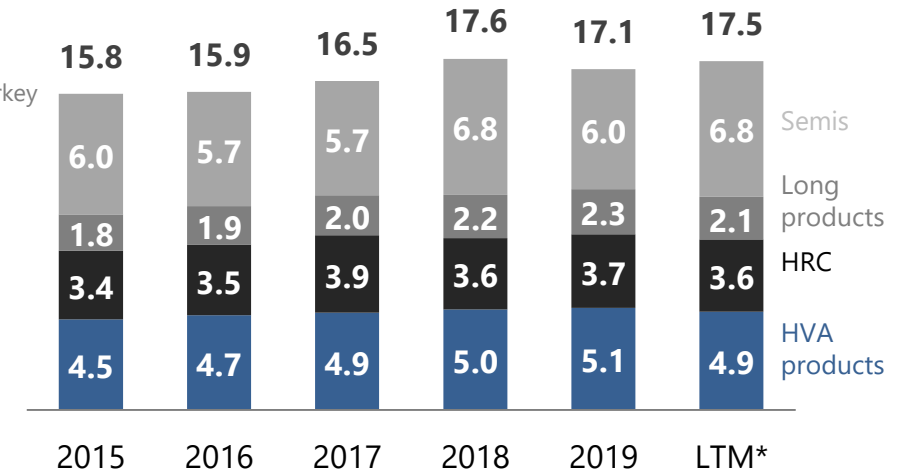


Source: NLMK operating results, with NBH

SHIPMENTS STRUCTURE W/O NBH BY REGIONS



SALES STRUCTURE W/O NBH BY PRODUCT, m t



* LTM = Oct'19-Sep'20

NLMK holds leading positions in Russia in HVA production

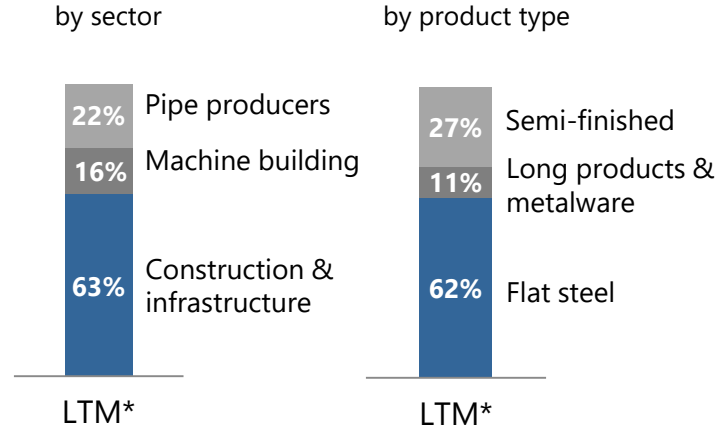
The company has exposure to niche products:

- LDP feedstock
- The only transformer steel producer in Russia

This is further supported by diversification into flat / long products

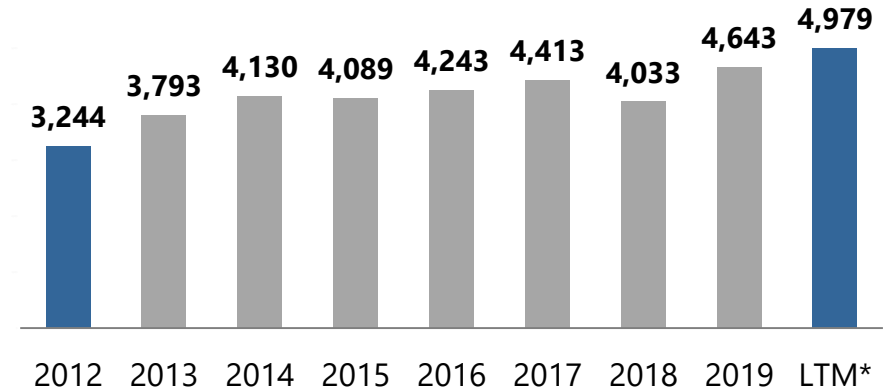
NLMK also has the flexibility to relocate shipments from domestic to export markets and vice versa

NLMK: SALES TO THE RUSSIAN MARKET



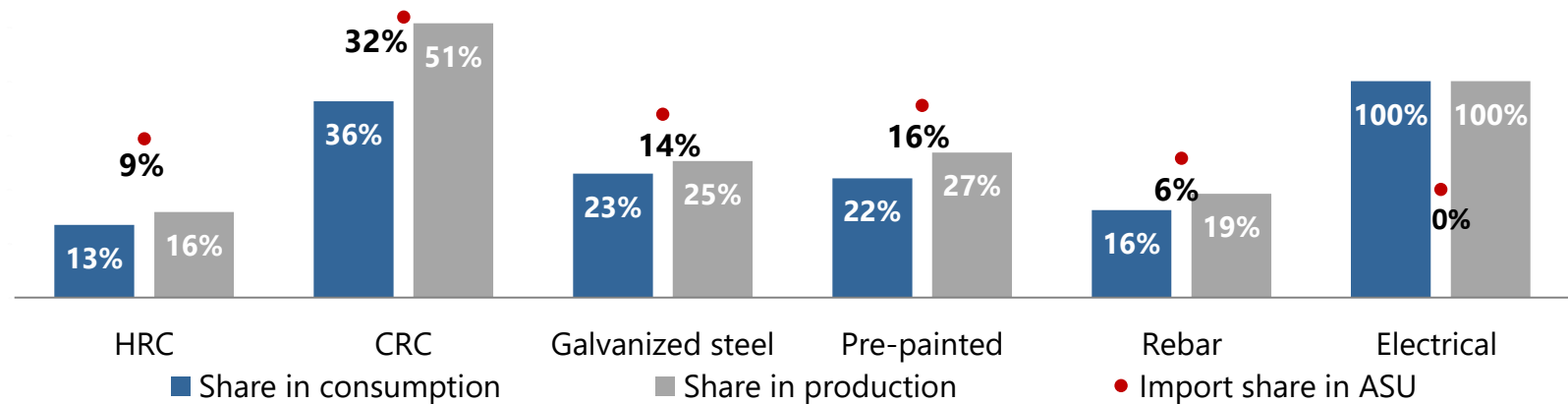
Source: NLMK financial and operating results for Q3'20

NLMK: FLAT STEEL SALES IN RUSSIA, m t



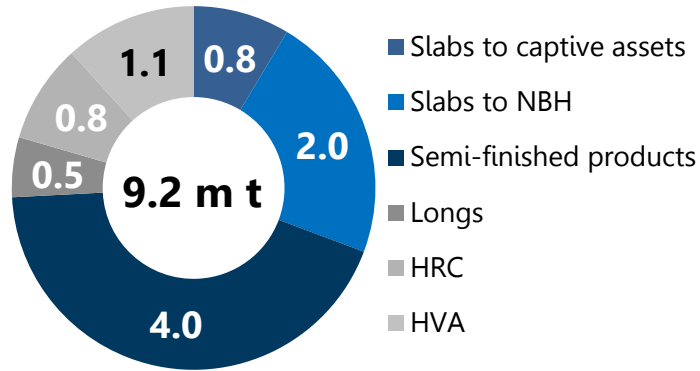
* LTM = Oct'19-Sep'20

NLMK'S SHARE ON THE RUSSIAN STEEL MARKET, H1'20



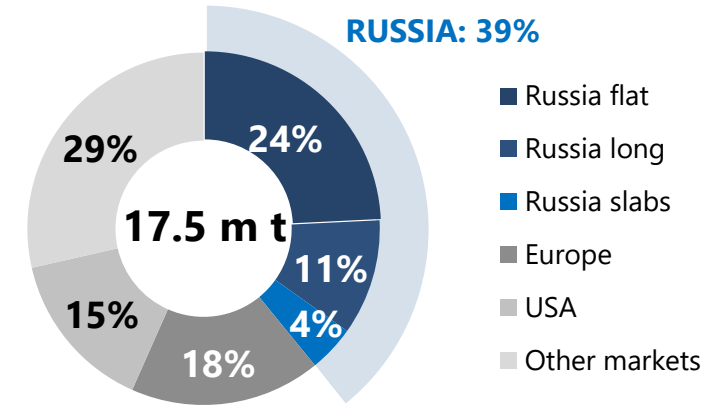
Source: NLMK financial and operating results for Q2'20, Metal Expert

NLMK - EXPORTS FROM RUSSIA BY PRODUCT, LTM, m t



Source: NLMK financial and operating results as of Q3'20

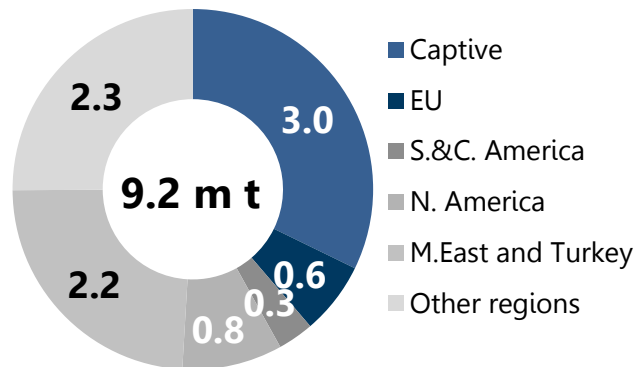
NLMK GROUP - SALES BREAKDOWN W/O NBH, LTM, m t



Source: NLMK financial and operating results as of Q3'20

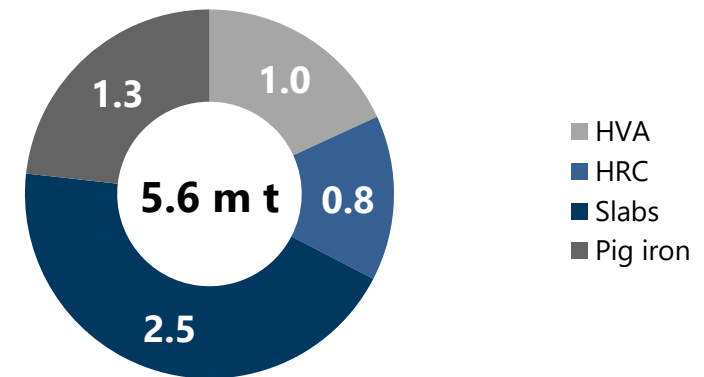
NLMK - EXPORTS FROM RUSSIA BY DESTINATION, LTM, m t

SALES TO CAPTIVE ASSETS 32%
EXPORTS TO 3RD PARTIES 68%



Source: NLMK financial and operating results as of Q3'20

NLMK - FLAT EXPORTS FROM RUSSIA TO 3RD PARTIES, LTM, m t



Source: NLMK financial and operating results as of Q3'20

Significant portion of NLMK's exports and total shipments is not subject to import restrictions

- Semis are usually not subject to trade measures
- Sales in home markets from local assets are free from barriers

Recent trade barriers in the EU

- Specific trade restriction measures, including quotas were implemented in Feb 2019 until July 2021
- After the exhaustion of the quotas, a 25% tariff will be applied

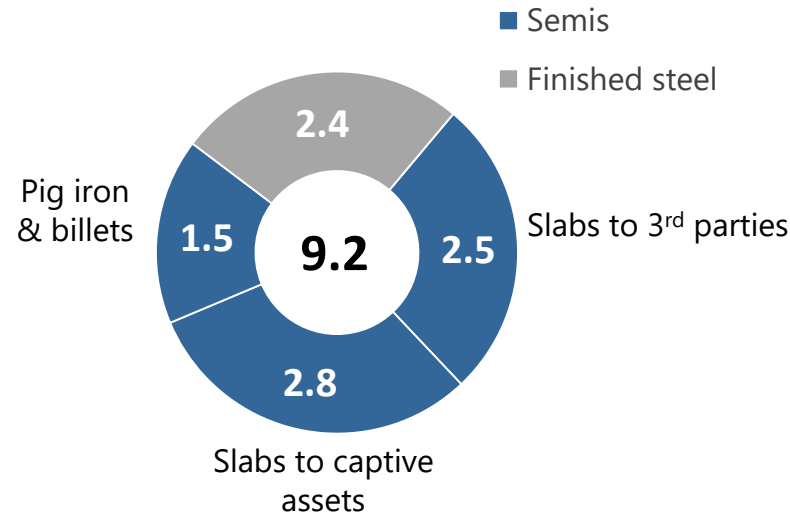
USA trade barriers: section 232, 25% tariff on almost all shipments from Russia

For reference: NLMK International (EU & US) rolling capacity

- NLMK EU HRC capacity: 2.2 m t* (installed 2.2 m tpa)
- NLMK EU CRC capacity: 0.4 m t*
- NLMK EU Plate capacity: 1.4 m t*
- NLMK USA HRC capacity: 2.9 m t* (with 0.8 m tpa of captive EAF capacity)

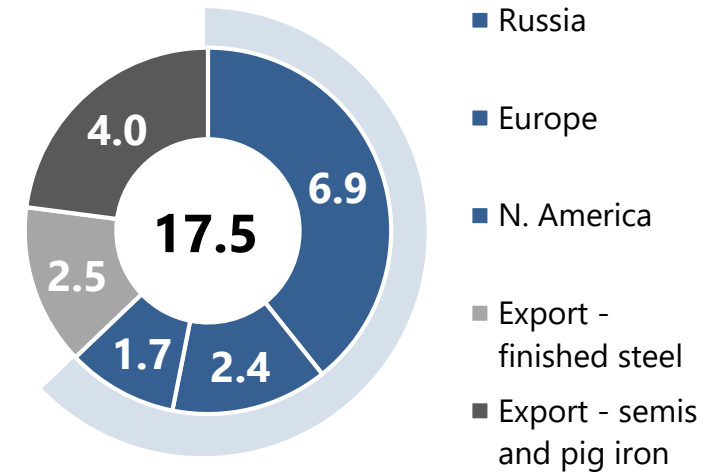
* @current shifts

95% OF NLMK'S EXPORTS FROM RUSSIA WAS NOT SUBJECT TO IMPORT RESTRICTIONS, LTM, m t



Free from import restrictions 8.7 m t

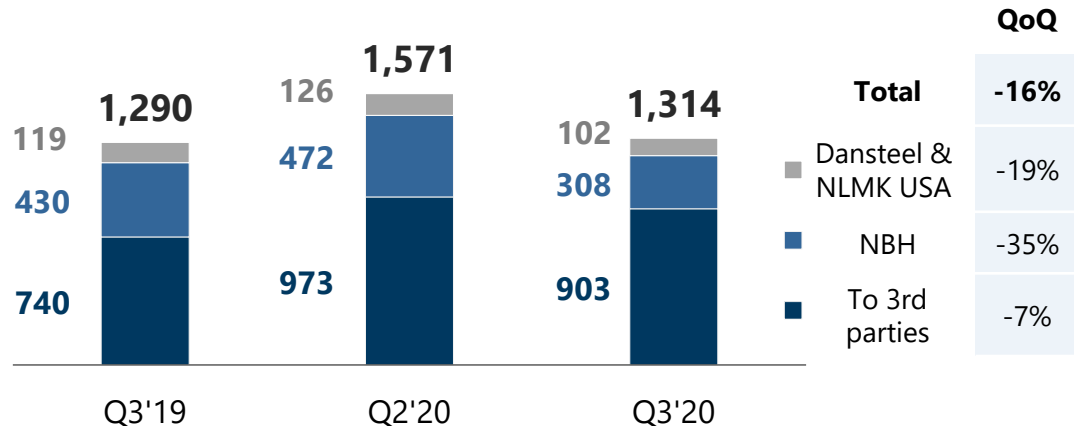
SALES BY REGION**, LTM, m t



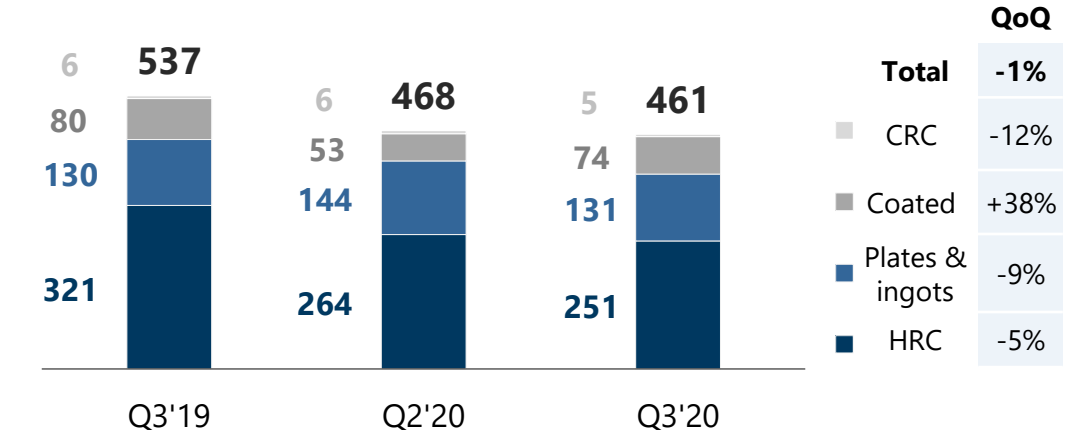
Home markets

** Including NBH

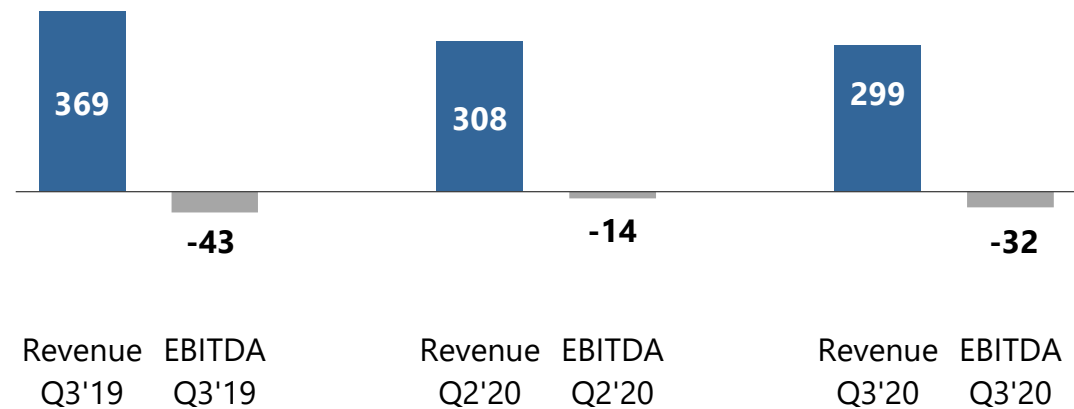
SLABS SALES FROM THE RUSSIAN FLAT PRODUCTS DIVISION, k t



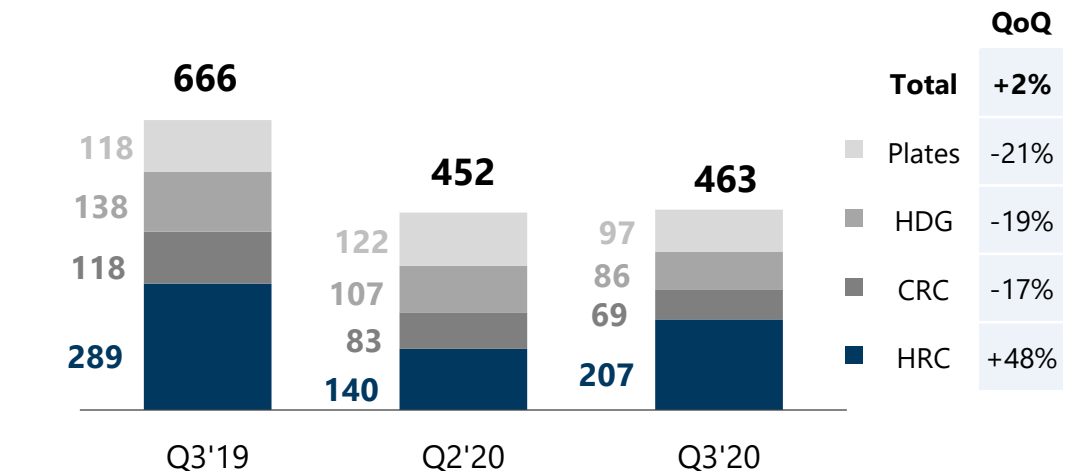
NBH ROLLED PRODUCTS SALES, k t



NBH FINANCIAL RESULTS, \$ m



NLMK USA AND NLMK DANSTEEL SALES, k t



Continuous improvements across the board resulted in NLMK's ESG ratings upgrades by the leading research agencies in the area of sustainability

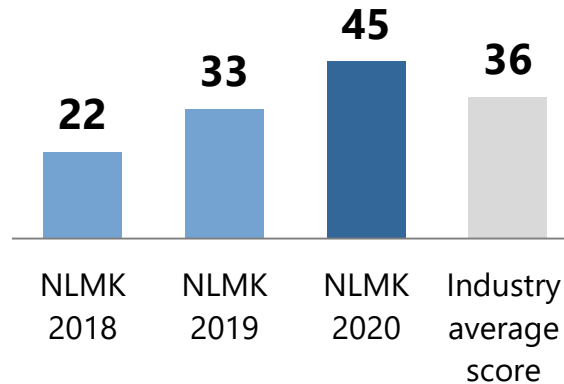
Sustainalytics revised NLMK's ESG rating score from the 31.5 in 2019 to 28 this year: the lower the number – the stronger management of ESG issues by a company

NLMK is currently ranked among top-3 steel companies analyzed by Sustainalytics

NLMK remained a constituent of the FTSE4Good Index following June 2020 review

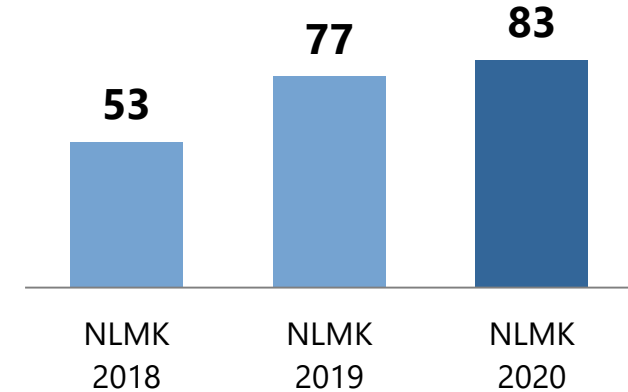
ROBECOSAM

Out of 100



SUSTAINALYTICS

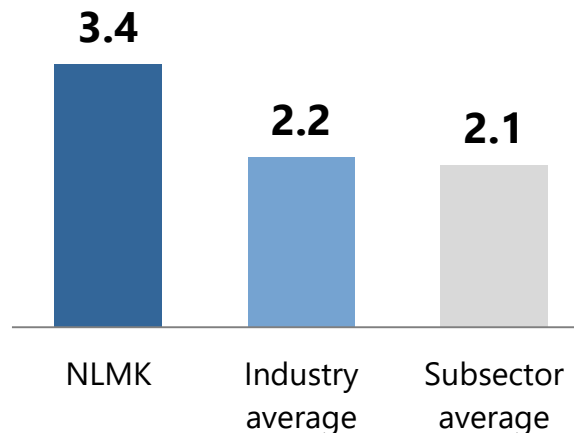
Out of 100



FTSE4Good

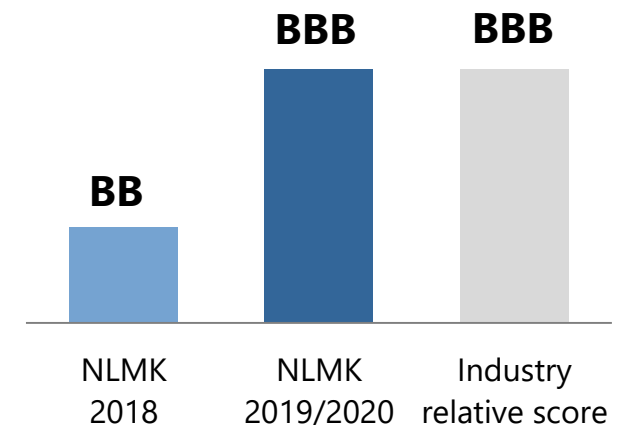
FTSE RUSSELL ESG RATING

Max 5



MSCI

Max AAA





NLMK's tailings dam was put into operation in 1984

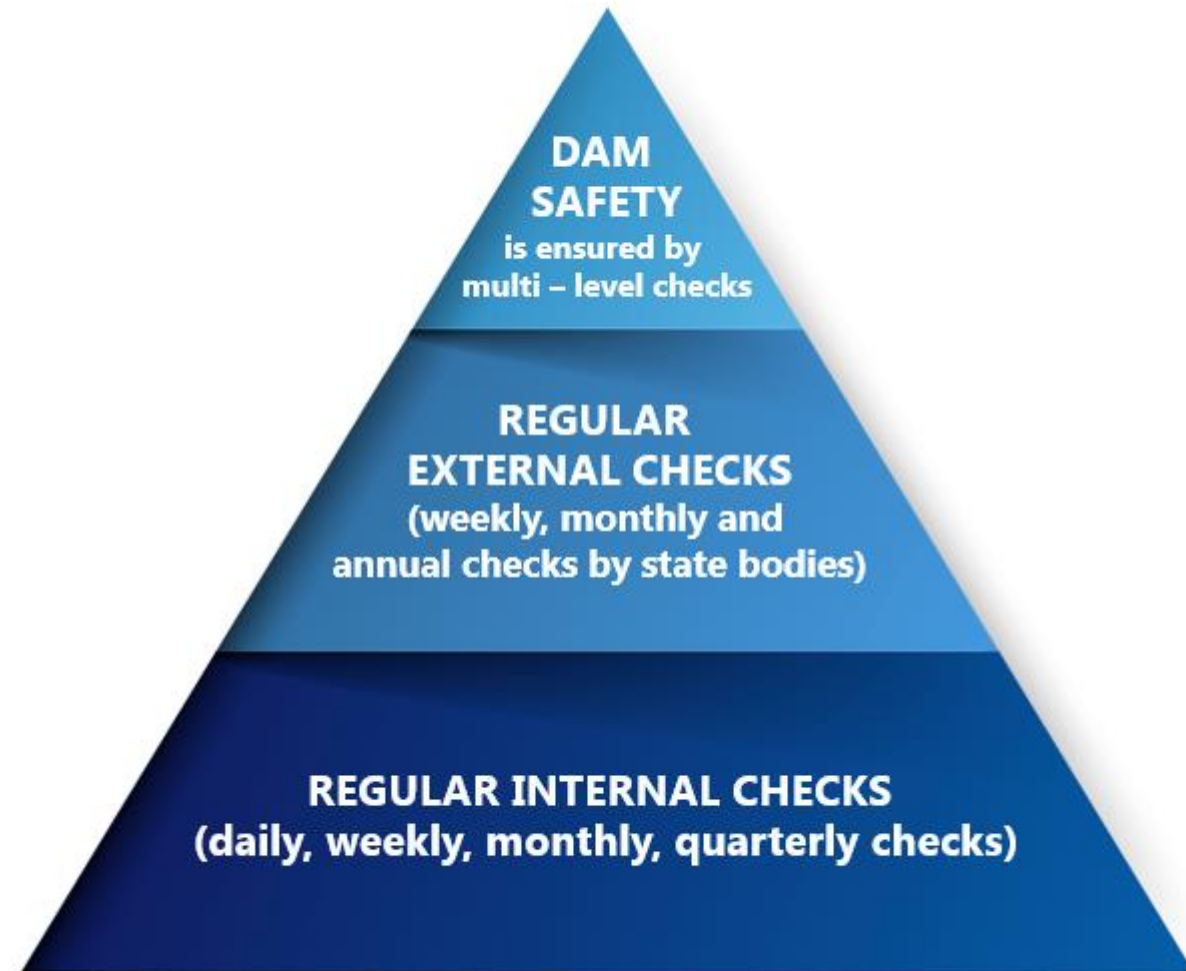
Tailings dam development plan was independently audited

Emergency preparedness is regularly assessed and response procedures are developed

Safety drills are regularly performed with the participation of Russia's Ministry of Emergency Situations

Water recycling system is in place

NLMK responded to the Church of England Pensions Board request



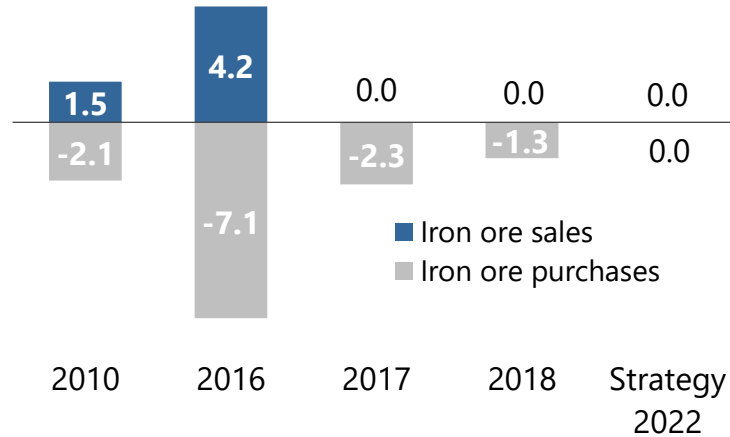
Gradual decline in reliance on volatile iron ore market

- No iron ore supplies to the third parties in 2017 - 2018 after the launch of the pelletizing plant
- Reduced purchases of third-party's iron ore
- Strategy 2022: 100% self-sufficiency with growing output at the Lipetsk site

Consistent optimization of coking coal consumption

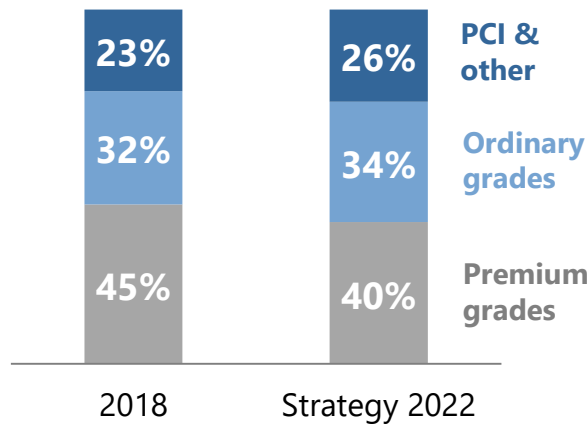
- Phase 1 - done: substituted imported coking coal with Russian grades after the launch of optimization measures at the Lipetsk site with no loss in coke quality
- Phase 2 - done: to roll out the PCI technology and introduce coking additives to optimize feedstock consumption as well as to raise coke quality
- Phase 3 - done: develop upstream technologies (charge stamping commissioned in Q3'2020)

IRON ORE BALANCE, m t



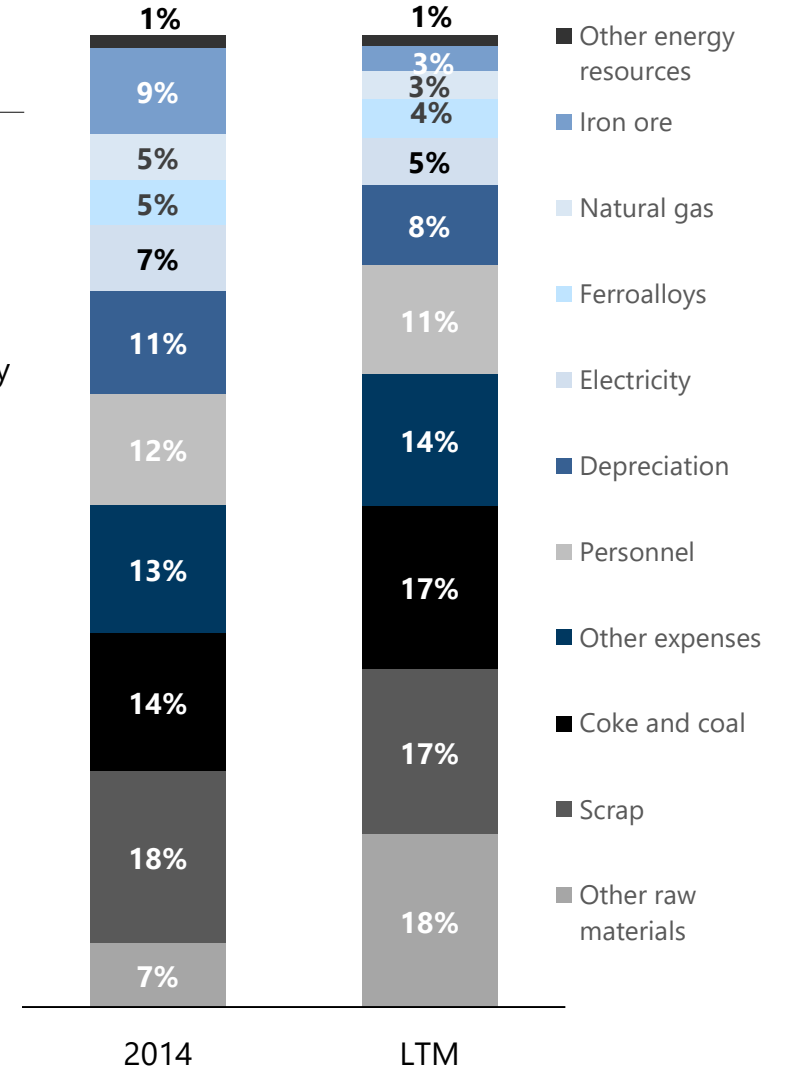
Source: NLMK financial and operating results for FY2018

COAL CONSUMPTION BY GRADE



Source: NLMK financial and operating results for FY2018

COST OF SALES STRUCTURE



Source: NLMK financial and operating results for Q3'20

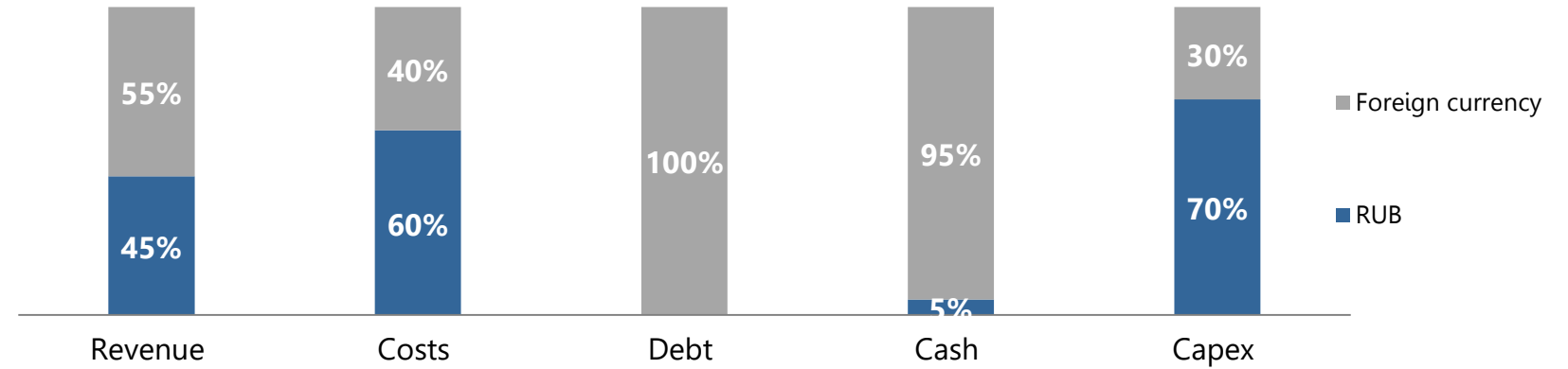
Revenue/cost FX split provides a solid cushion in volatile commodity prices fluctuation

NLMK's EBITDA sensitivity to 1 rub change translates into \$7 m effect on EBITDA on annual basis

The company's flexibility in sales mix (by product and region) allows to react quickly to FX rate changes

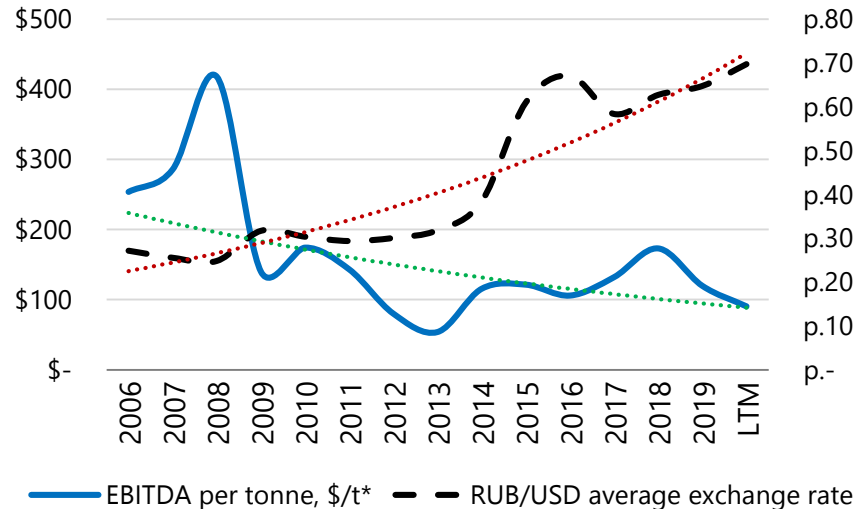
Hedging accounting: the amount of hedged revenue aligns the amount of payments on bonds and bonds' coupons

FINANCIAL RESULTS AND BALANCE SHEET CURRENCY STRUCTURE, AS AT 30 SEPTEMBER 2020



Source: Q3'20 data

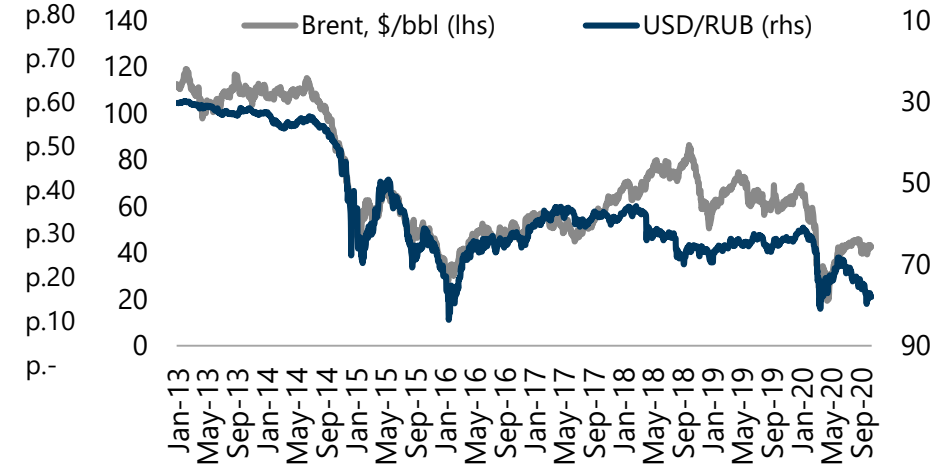
HISTORICAL DATA



Source: NLMK data

* Russian Flat Products data

\$/RUB FX RATE VS OIL PRICE



Source: Bloomberg

Russian coal market is oversupplied with 30% of output exported...

- ... hence, Russian coking coal trades with a 30-40% discount vs global

NLMK relies on Russian coal suppliers

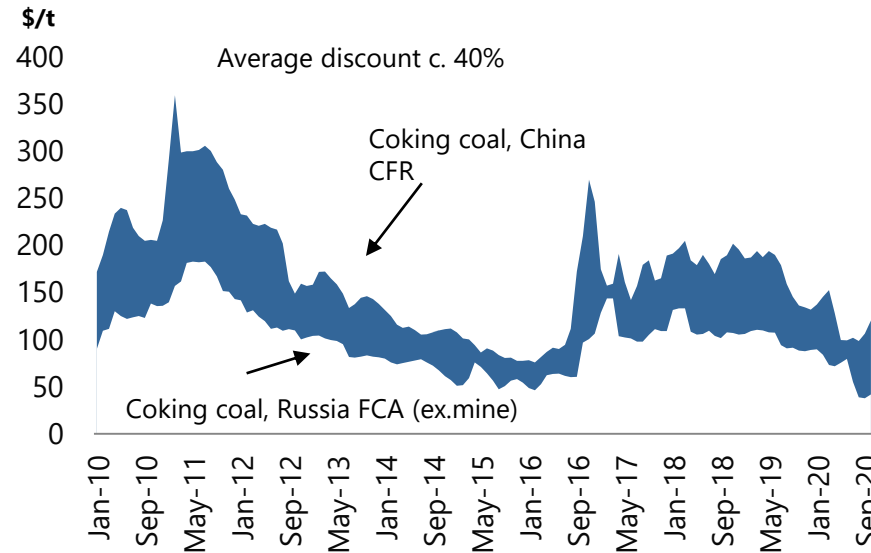
NLMK has over 100% sufficiency in coke (coal processing)

Since Q2'17 90% of BFs at Lipetsk are equipped with pulverized coal injection (PCI) technology

- PCI reduces consumption of coke and natural gas by 30-50%

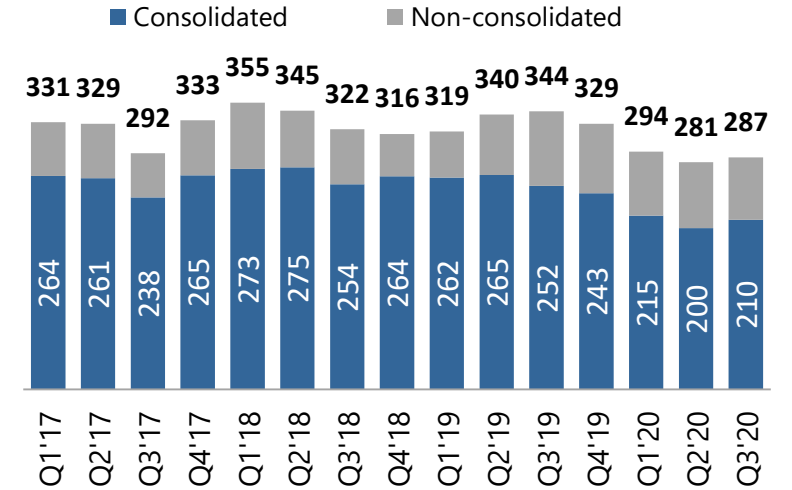
Coal charge stamping commissioned in Q3'2020

RUSSIAN COAL PRICES ARE 40% LOWER VS GLOBAL

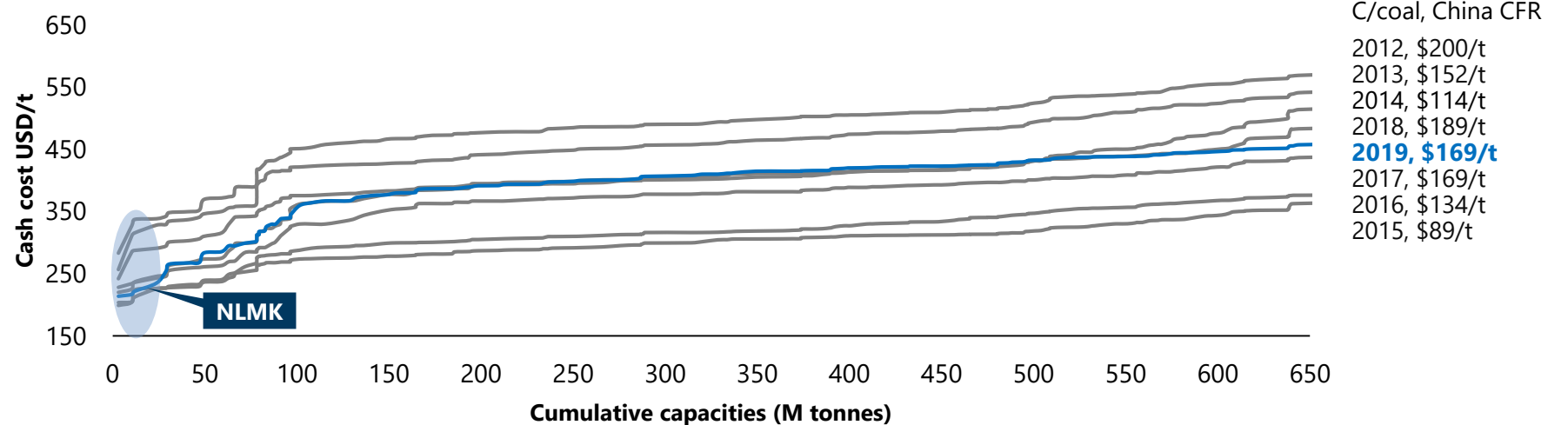


Source: Metal Expert

NLMK'S CASH COST OF SLABS



NLMK REMAINS COST LEADER AT ANY COAL PRICE

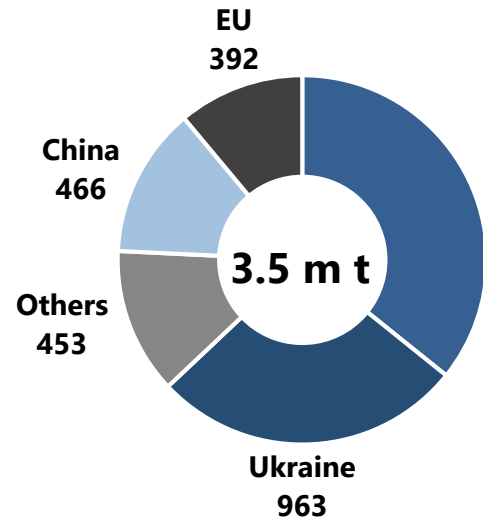


Source: WSD

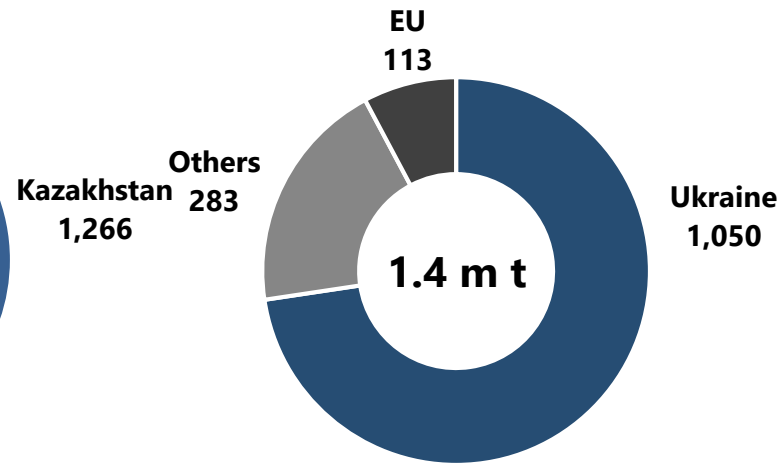
Ukraine is the main steel importer into Russia (41% of imports LTM), particularly of long products

Kazakhstan is the second largest importer (27% of imports), predominately of flat steel

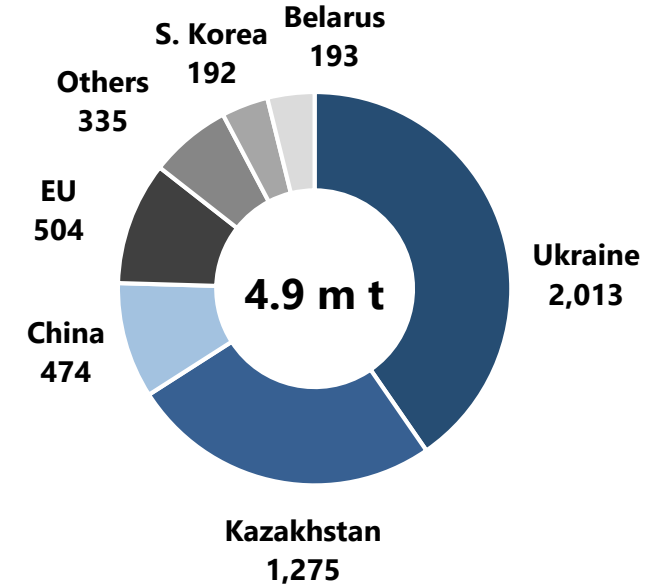
LTM* FLAT STEEL IMPORTS, k t



LTM LONG AND SEMIS STEEL IMPORTS (excl. pipes), k t

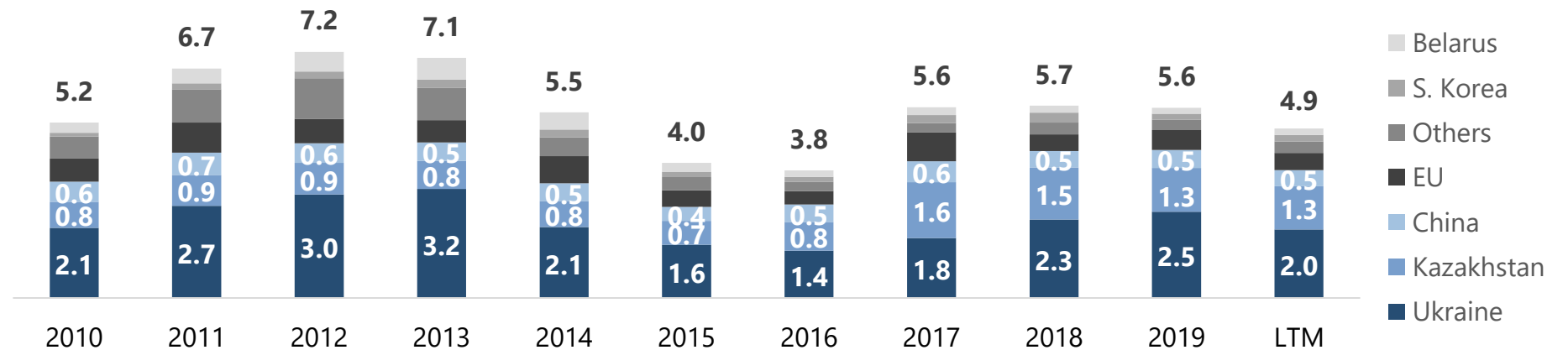


LTM TOTAL IMPORTS (excl. pipes), k t



* July 2019 – June 2020

TOTAL IMPORTS (excl. pipes), m t



Source: Metal Expert

In 2014-2018, Strategy 2017 delivered \$1,348 m of net gains*, well above initial target

Operational efficiency projects driven by NLMK Production System contributed c.\$700 m

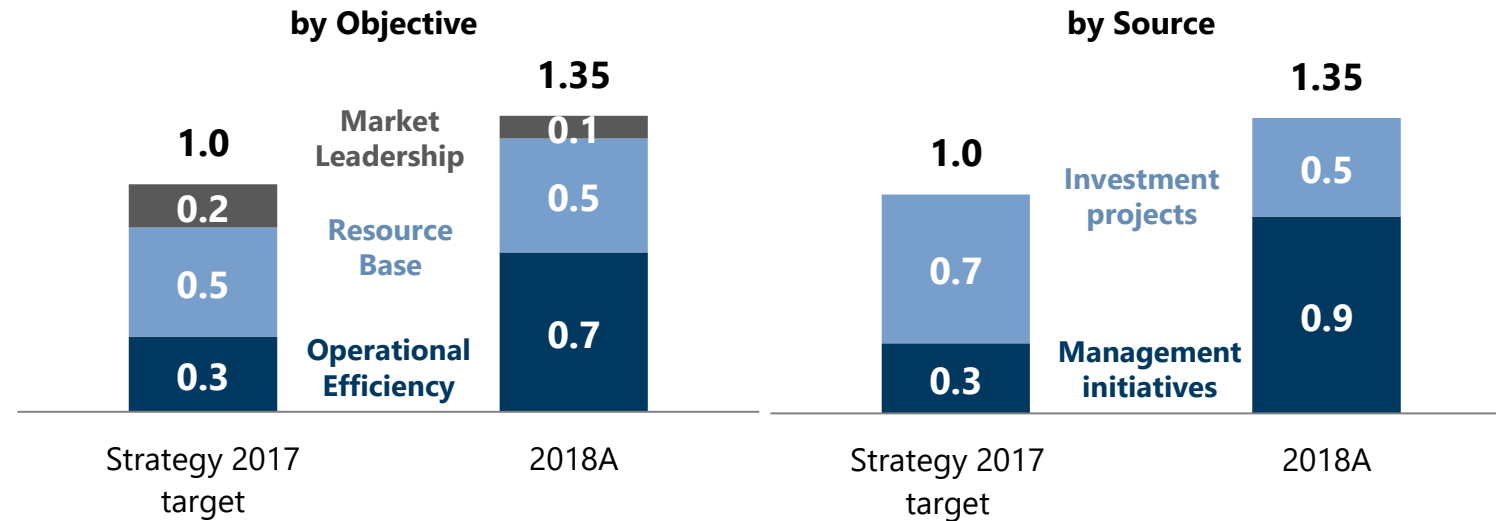
Investment projects mainly focused on upstream operations generated c.\$500 m

Higher downstream capacity utilization and sales growth brought c.\$150 m

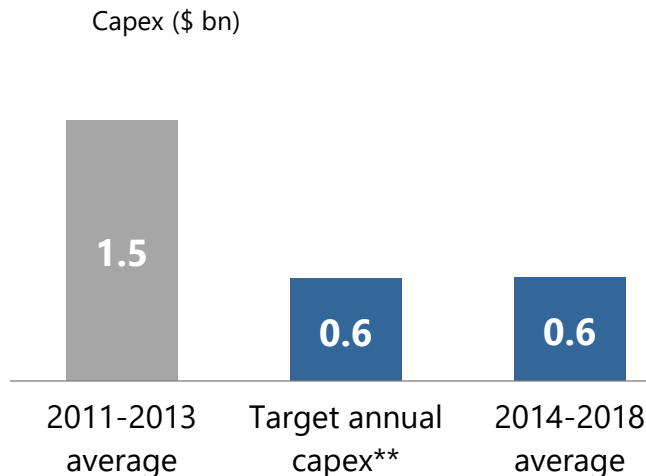
Capex was lower relative to previous cycle and stayed in line with target of \$600 m pa

Strategy 2017 projects were the main driver behind profitability growth from 14% in 2013 to 30% in 2018

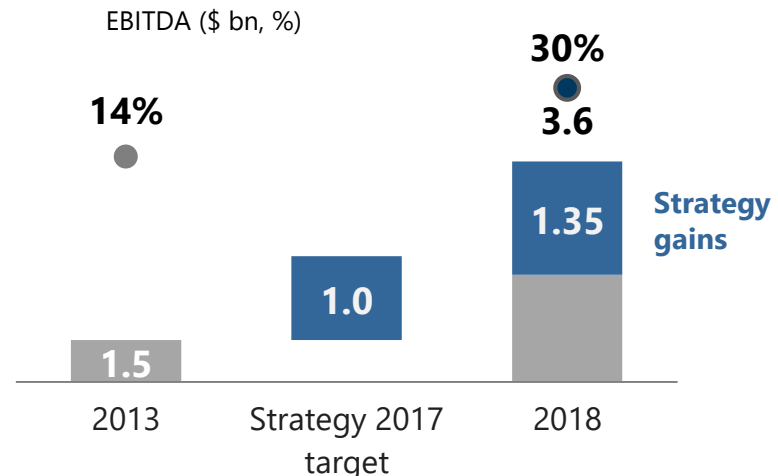
✓ STRATEGY NET GAINS RELATIVE TO TARGET, \$ bn



✓ LOWER CAPITAL INTENSITY



✓ STRUCTURAL PROFITABILITY GROWTH



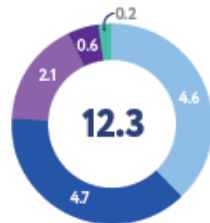
*All numbers include NBH results unless otherwise stated

** Updated (reduced) capex target of 2015

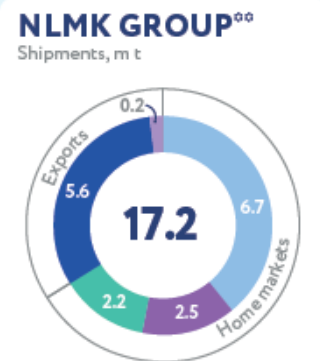
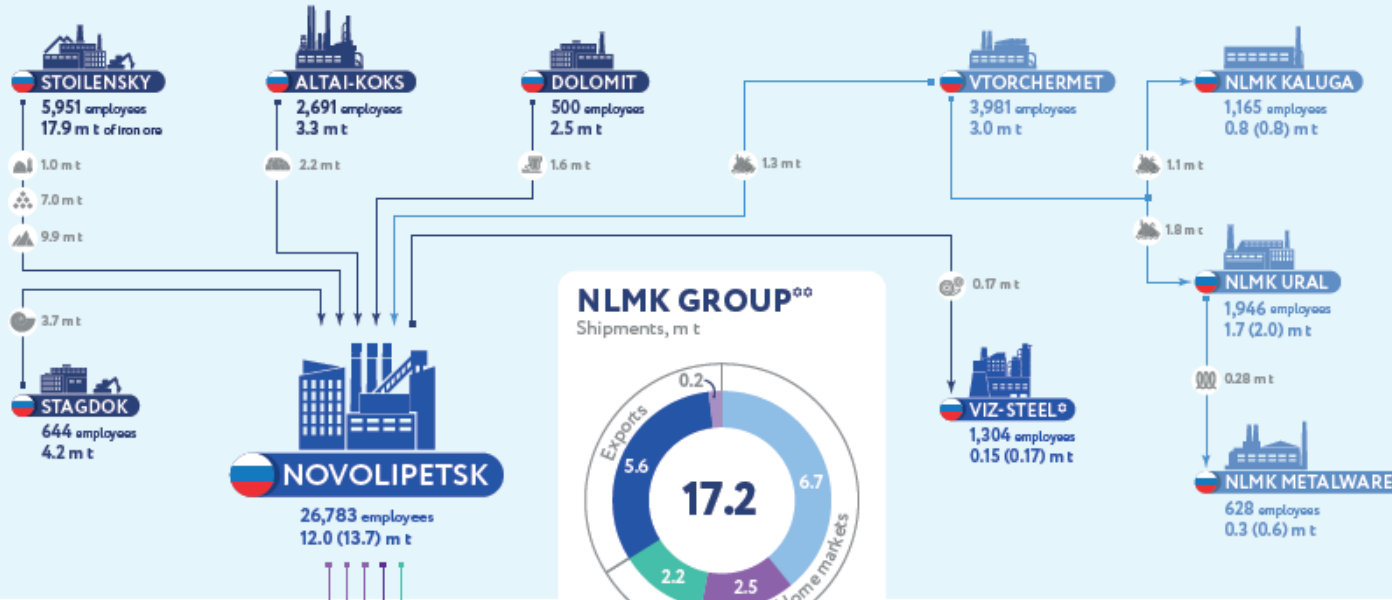
NLMK RUSSIA

RUSSIAN FLAT

Shipments, m t

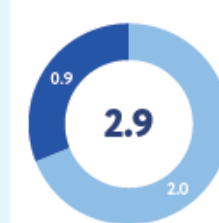


- Slabs to Dansteel
- Slabs to NLMK USA
- Slabs to NBH
- Export to 3rd parties
- Home markets



RUSSIAN LONG

Shipments, m t

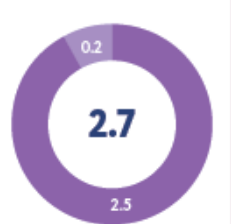


- Home markets
- Exports

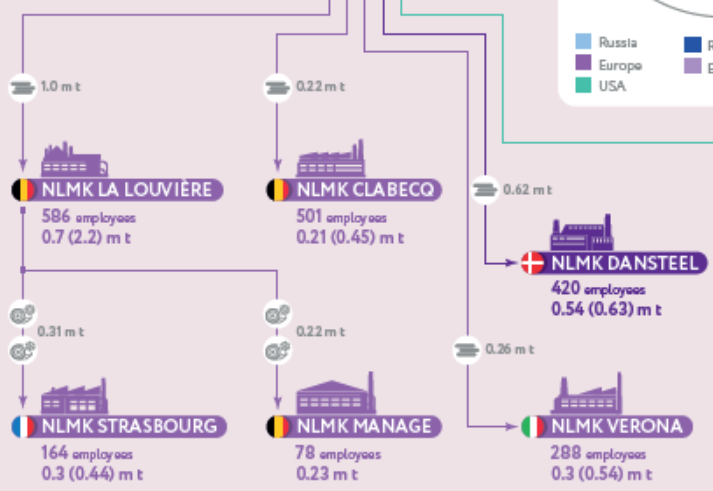
NLMK EUROPE

EU

Shipments, m t



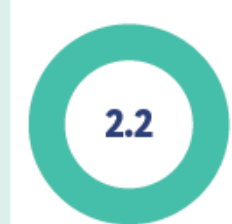
- Home markets
- Exports



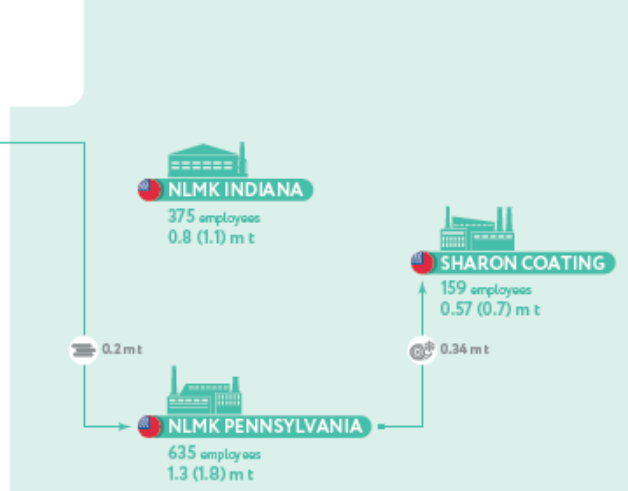
NLMK USA

USA

Shipments, m t



- All shipments are in home market



- Sinter ore
- Limestone
- Scrap
- Slabs
- Wire rope
- Cold-rolled steel (CRC)
- Fluxes
- Pellets
- Coke
- Iron ore concentrate
- Hot-rolled steel (HRC)

XX m t production (XX m t capacity) Figures are for 2019FY
 * Viz Steel also ships 0.04 m t of transformer steel (GOES) to NLMK India (205 employees, 0.04 (0.04) m t)
 ** A sum of shipments by regions (Russia, USA, Europe) less slab sales to captive assets (Russia)

KEY FINANCIALS

(\$ m)	2014	2015	2016	2017	2018	2019	LTM
Income Statement							
Revenue	10,396	8,008	7,636	10,065	12,046	10,554	9,172
Cost of sales	(7,389)	(5,496)	(5,074)	(6,798)	(7,680)	(7,303)	(6,258)
Gross profit	3,007	2,512	2,562	3,267	4,366	3,251	2,914
SG&A	(1,419)	(1,125)	(1,075)	(1,236)	(1,354)	(1,249)	(1,263)
EBITDA	2,381	1,943	1,943	2,655	3,589	2,564	2,235
Operating income	1,588	1,387	1,487	2,031	3,012	2,002	1,651
Finance expenses	(137)	(95)	(105)	(87)	(70)	(68)	(84)
Other expense/income	(315)	29	(210)	(121)	(213)	(140)	(338)
Pre-tax income	1,136	1,321	1,172	1,823	2,729	1,794	1,229
Income tax	(362)	(353)	(233)	(371)	(486)	(453)	(351)
Minority	1	1	4	2	5	2	0
Net income	773	967	935	1,450	2,238	1,339	878
EBITDA margin	23%	24%	25%	26%	30%	24%	24%
EBITDA/t sales	157	123	122	161	204	150	131
EPS	0.13	0.16	0.16	0.24	0.37	0.22	0.15

(m t)	2014	2015	2016	2017	2018	2019	LTM
Production							
Crude steel							
Group	15.9	15.9	16.4	16.9	17.3	15.5	15.6
With NBH	16.1	16.0	16.6	17.1	17.5	15.7	15.7
Sales							
Semi-finished steel	4.9	6.0	5.7	5.7	6.8	6.0	6.8
Finished steel	10.2	9.8	10.2	10.8	10.8	11.1	10.7
Flat	7.9	7.7	8.0	8.5	8.4	8.5	8.3
Longs and metalware	2.3	2.1	2.2	2.3	2.4	2.5	2.4
Total consolidated sales	15.1	15.8	15.9	16.5	17.6	17.1	17.5
For info: NBH Sales	1.8	2.0	2.2	2.1	2.2	2.2	2.1
Slabs sales to NLMK USA and Dansteel	2.2	1.7	1.8	2.1	1.9	1.0	0.8
Slabs to NBH	1.9	2.1	2.1	2.1	2.4	2.1	2.0

(\$ m)	2014	2015	2016	2017	2018	2019	LTM
Balance Sheet							
Cash	1,102	1,515	1,508	1,358	1,184	870	1,256
Inventories	1,563	1,205	1,549	1,879	1,816	1,634	1,219
Accounts receivable	1,123	921	955	1,228	1,326	1,047	890
Other current assets	5	9	19	19	10	14	18
Fixed assets	5,614	4,452	5,328	5,549	4,807	6,039	5,112
Investments	106	118	181	205	159	223	174
Other non-current assets	768	627	627	531	628	527	454
Total assets	10,349	8,918	10,239	10,996	9,944	10,484	9,218
Short-term debt	804	560	468	380	398	468	856
Accounts payable	776	565	888	1,029	1,122	1,124	937
Other current liabilities	47	189	373	590	553	350	382
Long-term debt	1,964	2,116	1,801	1,901	1,677	2,188	2,346
Other non-current liabilities	501	351	399	450	360	407	384
Minority interest	15	12	18	17	15	17	10
Total shareholders' equity	6,257	5,137	6,310	6,646	5,834	5,947	4,313
Total liabilities and equity	10,349	8,918	10,239	10,996	9,944	10,484	9,218
Net Debt	1,666	1,161	761	923	891	1,786	1,946
Cash flow statement							
Net income	774	968	939	1,452	2,243	1,341	878
Depreciation	794	556	456	624	577	562	584
Changes in working capital	(128)	(11)	37	(380)	(261)	465	574
Other	367	109	267	203	182	255	431
Operating cash flow	1,806	1,622	1,699	1,899	2,741	2,623	2,467
Capex	(563)	(595)	(559)	(592)	(680)	(1,080)	(1,210)
Acquisitions	0	0	0	(1)	(4)	(1)	0
Other	(383)	(780)	249	(165)	974	(330)	(91)
Investing cash flow	(946)	(1,375)	(310)	(758)	290	(1,411)	(1,301)
Change in debt	(801)	97	(453)	(105)	(173)	515	450
Dividends	(226)	(395)	(583)	(1,283)	(1,888)	(2,120)	(1,192)
Other	(121)	(79)	(84)	(71)	(58)	(63)	(92)
Financing cash flow	(1,147)	(377)	(1,120)	(1,459)	(2,119)	(1,668)	(834)
Effect of Forex	(134)	(76)	(2)	9	(34)	(10)	(128)
Free cash flow	1,153	992	1,092	1,266	2,027	1,523	1,212



Dmitriy Kolomytsyn, CFA
Director, Corporate Finance, IR

Ekaterina Kokareva, CFA
Head of IR



Address

40, Bolshaya Ordynka Str., Bldg. 3
Moscow, 119017, Russia



IR E-mail Address

ir@nlmk.com



Phone Number

Office: +7 495 504 05 04



nlmkonair



nlmk_group



nlmk group