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## NLMK GROUP Q1 2019 IFRS FINANCIAL RESULTS

NLMK Group (LSE: NLMK, MOEX: NLMK), a vertically integrated steelmaker, has published today its Q1 2019 financial results<sup>1</sup>.

**Q1 2019 key highlights:**

'000 t/\$ m	Q1 2019	Q4 2018	qoq	Q1 2018	yoy
Steel product sales	4,614	4,643	-1%	4,146	11%
Revenue	2,869	3,013	-5%	2,794	3%
EBITDA <sup>2</sup>	695	847	-18%	812	-14%
EBITDA margin	24%	28%	-4 p.p.	29%	-5 p.p.
Net income <sup>3</sup>	382	509	-25%	502	-24%
Free cash flow <sup>4</sup>	678	502	35%	599	13%
Net debt <sup>5</sup>	915	891	3%	883	4%
Net debt/EBITDA <sup>5</sup>	0.26x	0.25x		0.31x	

- **Group revenue in Q1 2019** decreased by 5% qoq to \$2.87 bn, amid lower average sales prices.
- **Year-on-year, the revenue increased by 3%** thanks to a higher sales volume (+11% yoy), which was offset by lower average sales prices.
- **EBITDA totalled \$695 m** (-18% qoq; -14% yoy): this reduction was driven by narrowing price to raw material spreads amid declining steel prices.
- **Free cash flow increased by 35% qoq to \$678 m** driven by working capital release.
- **Net debt/EBITDA remained low at 0.26x.**

<sup>1</sup> 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.

<sup>2</sup> EBITDA is defined as operating profit before equity share in the results of joint ventures, impairment of capital assets and losses from fixed assets retirement, adjusted to depreciation and amortization. EBITDA calculations and further details are presented in the Appendix.

<sup>3</sup> Profit for the period attributable to NLMK shareholders.

<sup>4</sup> 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.

<sup>5</sup> Net debt is calculated as the sum of long-term and short-term borrowings less cash and cash equivalents, as well as short-term deposits at period end. Net debt / EBITDA is represented by net debt as at the end of the reporting period and EBITDA as last 12 months EBITDA. Net debt calculations are presented in the Appendix.

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## NLMK GROUP Q1 2019 IFRS CONSOLIDATED FINANCIAL RESULTS

### Key highlights

#### Comment from NLMK Group CFO Shamil Kurmashov:

"In Q1 2019 there was a multidirectional trend in steel consumption in our key markets: in Russia and the US demand grew qoq, while in the EU there was a slowdown in activity among steel product consumers.

"NLMK revenue declined by 5% qoq to \$2.9 bn due to steel price adjustment. Year-on-year, revenue increased by 3% yoy, due to, among other things, strong slab sales to captive rolling assets early last year. In Q1 2019, 56% of steel products were sold in the Group's home markets - in Russia, the EU, and the US.

"Sales of the finished steel inventories in the context of steel price correction and the seasonality factor led to an 18% qoq reduction in EBITDA (-14% yoy). The Company managed to increase its free cash flow substantially, reaching \$678 m (+35% qoq) on the back of leaner finished steel inventories in the supply chain and a seasonal reduction in scrap inventory. In addition, in Q1 2019 the Company maintained a low capex level, which created a solid foundation for quarterly dividend payout. The Company's debt remained low in the end of Q1 2019: Net debt/EBITDA ratio stood at 0.26x."



## TELECONFERENCE

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

Tuesday, 23 April 2019

- 10:00 a.m. – New York
- 3:00 p.m. – London
- 5:00 p.m. – Moscow

To join the conference call and web-cast, the participants are invited to dial:

**U.S. number:**

+1 929 477 0448 (local access) // 888 599 8686 (toll free)

**UK number:**

+44 330 336 9126 (local access) // 0800 358 63 6377 (toll free)

**Russian number:**

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

**Conference code: 6867092**

To join the webcast, please follow the link:

<https://webcasts.egs.com/nlmk20190423>.

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

## MANAGEMENT COMMENTS

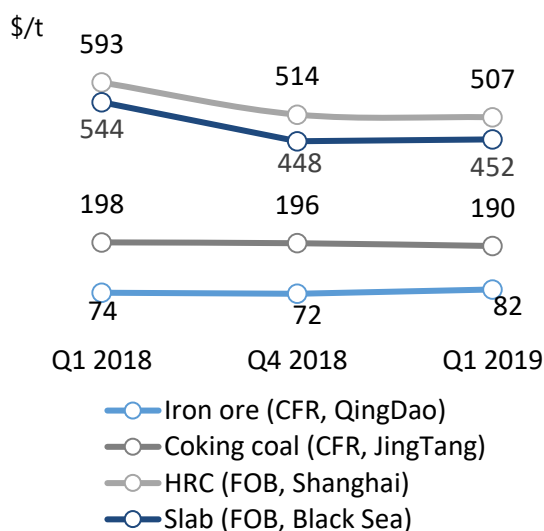
### Q1 2019 market review

- **Steel exports from China** gained 4% qoq (+12% yoy) supported by higher export vs. domestic prices.
- **Consumption in the US** went up 1% qoq (+5 yoy)\* driven by a growing demand from machine-building and construction industries.
- **European** demand fell by 2% qoq (-4% yoy) against slower consumption rates in the automotive industry.
- **In Russia**, there was a 1% qoq recovery in demand (+ 5% yoy), in particular for flat products among machine builders and white goods manufacturers and in construction.

### Q1 2019 prices

- **Raw material prices:** average global coal prices fell by 7% qoq (-10% yoy); iron ore prices gained 15% qoq (+11% yoy) due to the incident at the open pit mine of one of the largest iron ore producers in early February 2019.
- **Market prices\*\* for steel products:** 8-12% qoq decline in the US market (-9-10% yoy); 2-7% qoq decline in Europe (-10-16% yoy).
- **In Russia**, prices for steel products declined by 0.3-1% qoq (-12-16% yoy) in dollar terms.
- **Slab export prices** (FOB Black Sea) climbed 1% qoq (-17% yoy) backed by expectations of limited supply in the first half of 2019.

### Steel prices declined despite growing iron ore prices



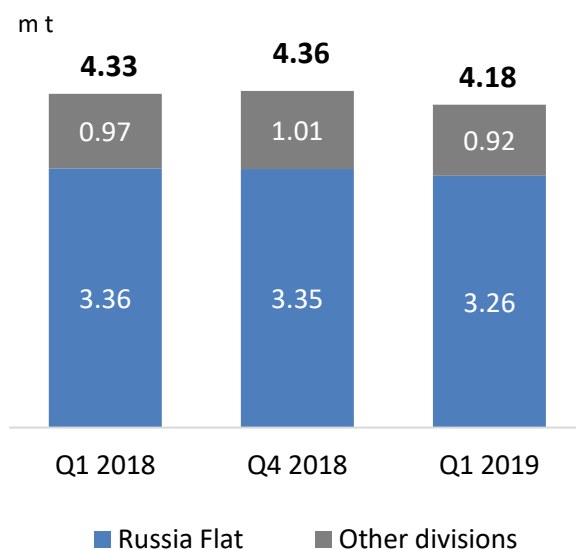
\* Data on trends for steel consumption in regional markets are estimates.

\*\* 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.

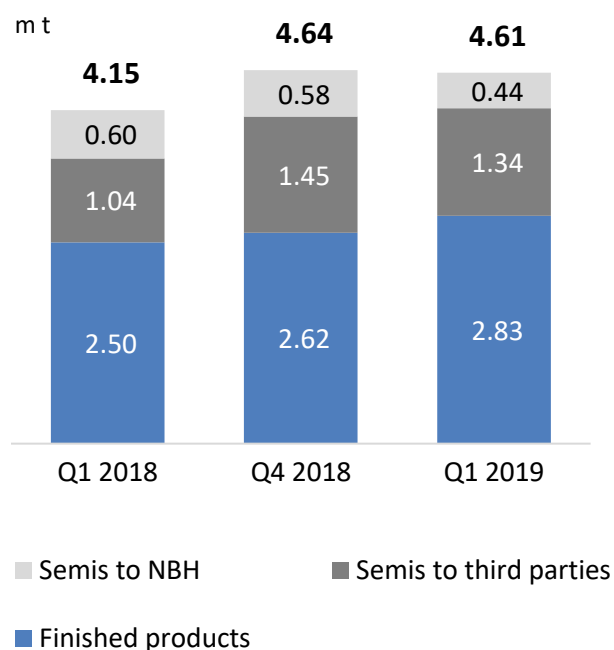
### Q1 2019 output and sales breakdown:

- **Steel output\*** dropped by 4% qoq (-3% yoy) to 4.18 m t driven by overhauls in NLMK's blast furnace operations as well as seasonally lower steel output at NLMK Russia Long. Steel capacity utilization\*\* remained high at 96% (-2 p.p. qoq).
- **Sales** remained almost flat qoq. Higher sales of flat steel and slabs accumulated in ports by the end of 2018 offset the seasonal reduction in long product sales and lower pig iron exports due to overhauls.
- **Finished steel sales** increased by 8% qoq to 2.83 m t (+13% yoy), mainly due to higher sales of hot-rolled steel after the completion of repairs at NLMK's hot-rolling mill.
- **Sales of semis** to third parties went down by 7% qoq to 1.3 m t (+28% yoy) amid lower pig iron sales.  
Slab deliveries to NBH, NLMK's joint venture, fell by 24% qoq (-26% yoy) to 0.44 m t following reduced slab demand from the Group's European companies.
- **Sales in home markets (with NBH)** increased by 5% qoq (flat yoy) to 2.65 m t: the growth in Russia was 3% qoq (+8% yoy) thanks to higher demand for semis for oil & gas pipes; sales in the US increased by 19% qoq (+9% yoy) driven by higher demand for flat steel; sales of the Group's European companies fell by 3% qoq (-20% yoy) due to the strike at NLMK Clabecq and lower demand amid expectations of lower prices for slabs and finished steel.

### Year-on-year steel output reduction due to overhauls\*\*:



### Consolidated sales remained almost flat qoq



\* Hereinafter NLMK Group steel output and sales in home markets include NBH. Consolidated sales are given without NBH. Sales to home markets mean sales of the Group's companies in the regions, where production capacities are located in Russia, Europe and the USA.

\*\* Excluding production capacities that are undergoing planned maintenance.

## NLMK GROUP KEY FINANCIALS

### Q1 2019 revenue

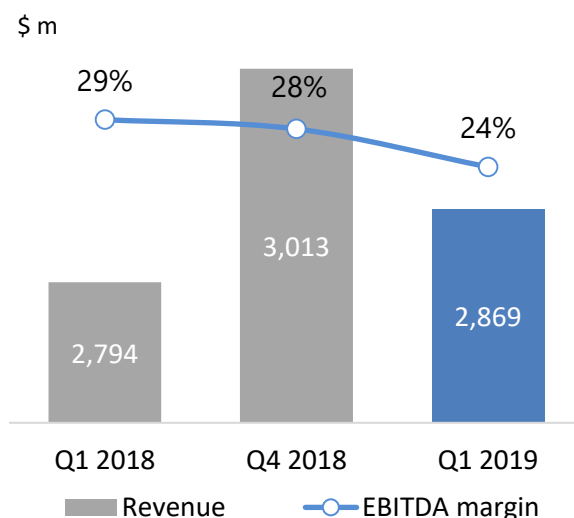
- Revenue totalled \$2.87 bn (-5% qoq) amid a 4% qoq reduction in average sales prices as well as 1% lower sales volumes qoq. Year-on-year, revenue was up by 3%: despite an 11% yoy increase in sales, average sales prices were 8% lower yoy.
- The share of finished steel in the revenue increased to 66% (+4 p.p. qoq) with the share of high value added products growing by 1 p.p. qoq amid declining pig iron sales.
- The share of the Russian and the European markets in the Group's consolidated revenue increased by 2 p.p. to 33% and 19%, respectively. The share of the US market shrank by 1 p.p. to 20% due to reduced pig iron exports from Russia.
- The Group's revenue from sales in home markets (Russia, the US and the EU), including NBH JV sales, increased by 2 p.p. qoq to 63% supported by an increase in NLMK USA's sales.

### Q1 2019 operating profit

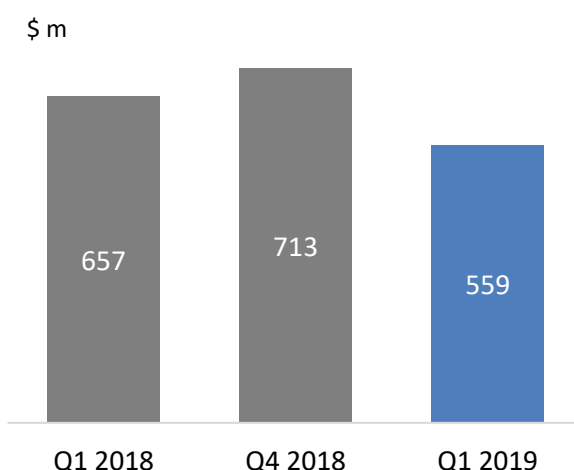
- Operating profit\* decreased by 22% qoq to \$559 m (-15% yoy), driven by lower revenue and higher cash cost against inventory sales (more expensive raw materials) and strengthening of the ruble.
- Commercial expenses declined by 12% qoq to \$226 m driven by lower export sales and strengthening of the ruble. The year-on-year increase in commercial expenses was associated with the higher volume of exports.
- A 24% qoq reduction of G&A expenses to \$82 m was associated with the accrual of year-end bonuses in Q4 2018. Year-on-year reduction was set against the strengthening of the ruble.

\* Operating profit before equity share in results of joint ventures, impairment of capital assets and losses from fixed assets retirement.

### 5% revenue reduction on declining sales prices



### 22% qoq reduction in operating profit due to destocking



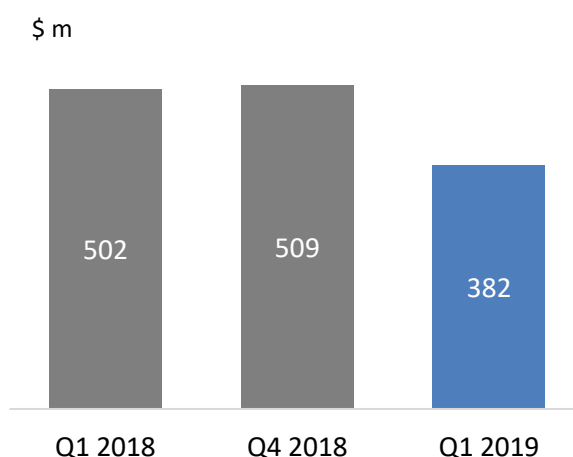
## Q1 2019 net profit\*

- **A 25% qoq net profit reduction** to \$382 m was mainly due to lower revenues and a higher effective income tax rate. In Q4 2018, the tax rate was lower due to the recognition of tax losses incurred earlier by NLMK USA. A 24% yoy reduction was due to higher cost of sales and exchange rate differences.

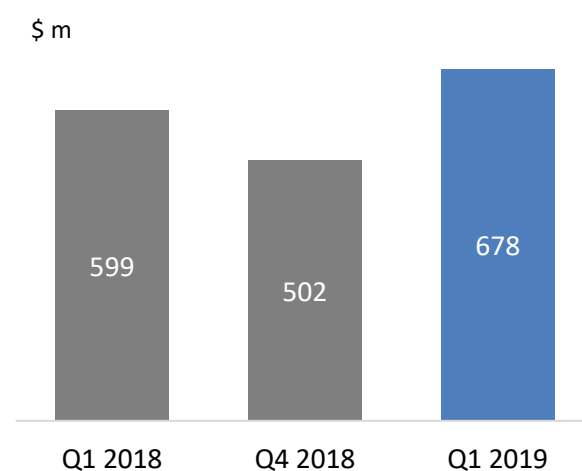
## Q1 2019 free cash flow

- **Free cash flow increased by 35% qoq** to \$678 m (+13% yoy) supported by working capital release and low capex level.
- **Operating cash flow increased** by 12% qoq (+15% yoy) to \$851 m driven by the release of the working capital.
- **Cash inflows from working capital reduction** totalled \$262 m (vs. \$46 m of inflows in Q4 2018) due to:
  - +\$65 m: a decrease in receivables driven by declining volumes of finished steel sales and lower sales prices;
  - +\$302 m: inventory reduction, due to the sales of rolled steel accumulated in ports in late 2018. The inventory levels were also impacted by a seasonal reduction in scrap stocks;
  - -\$107 m: a decrease in payables driven by lower purchases of raw materials from third parties by Russian flat products segment and slabs by NLMK USA.

## 23% qoq reduction in net profit on lower revenues and higher effective tax rate



## Free cash flow increased driven by working capital release



\* Profit for the period, attributable to NLMK shareholders



## Investment

- NLMK Group's Q1 2019 investment reduced by 29% qoq to \$178 m on the back of the relatively high base of the previous quarter and a period of preparatory activities related to new investment projects.

## Dividends

- In Q1 2019, cash outflow for dividend payments totalled \$547 m.
- At the Annual General Shareholders' Meeting (AGM) held on 19 April 2019 in Lipetsk, NLMK shareholders approved the payment of Q4 2018 dividends of 5.80 rubles per share, or 100% of NLMK Group's free cash flow over the period.
- On 19 April 2019, the Board of Directors recommended that shareholders approve the payment of Q1 2019 dividends in the amount of 7.34 rubles per share, or 100% of the free cash flow.

## Debt management

- **Net debt** increased by 3% qoq to \$915 m due to the addition of lease liabilities in the amount of \$79 m (in line with the new IFRS standard) and the use of the existing loan facility to fund Stoilensky's capex. Due to lower EBITDA, Net debt/EBITDA ratio increased slightly and now stands at 0.26x (vs. 0.25x at the end of the previous quarter).
- **Total debt** increased by 1% qoq to \$2,096 m due to the inclusion of lease liabilities in the debt. An 11% yoy reduction was due to the repayment of the best part of the short-term debt and the lack of massive borrowings over the past 12 months.

## Q2 2019 outlook

- Steel output will go down by 6-8% qoq due to the start of BF 6 overhaul and repairs underway in BOF shop No. 2 at NLMK Lipetsk. As a consequence, a qoq decline in sales is expected with expansion of the finished steel's share in the sales portfolio.

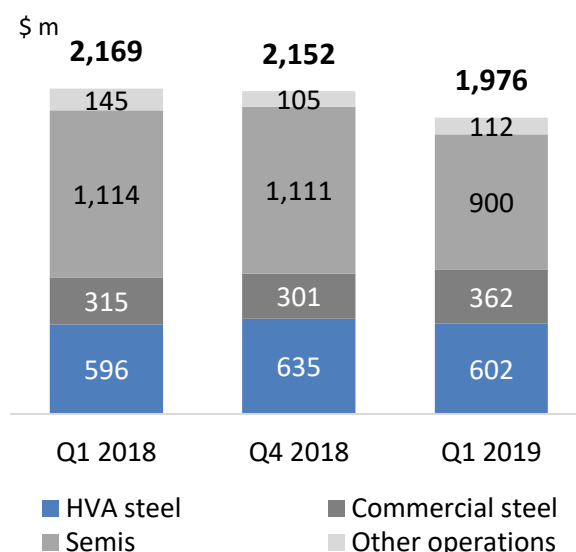


## NLMK Russia Flat Products

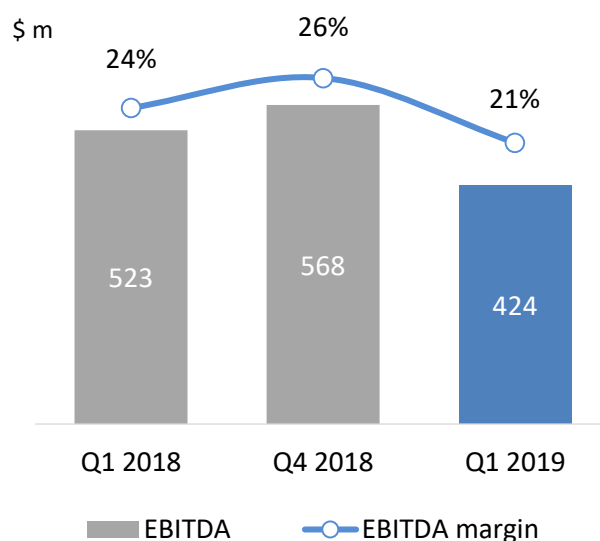
### Q1 2019 highlights:

- **Sales** of the Segment reduced by 4% qoq driven by lower pig iron sales and demand for slabs among the Group's international companies. Year-on-year, the sales grew by 2% supported by the sales of inventory accumulated in ports in December 2018 and a higher demand for finished steel.
- **Revenue** of the Segment decreased by 8% qoq to \$2 bn due to a 4% qoq decline in average sales prices and lower sales volumes. The 9% yoy decrease in the Segment's revenue was also associated with lower prices for steel products, which was partially offset by a 2% increase in sales volumes.
- **EBITDA** reduced by 25% qoq (-19% yoy) to \$424 m, due to narrowing price to primary raw materials spreads and sales of accumulated inventories with a higher cash cost.

### 8% qoq revenue reduction on lower prices



### EBITDA reduced by 25% qoq on inventory sales

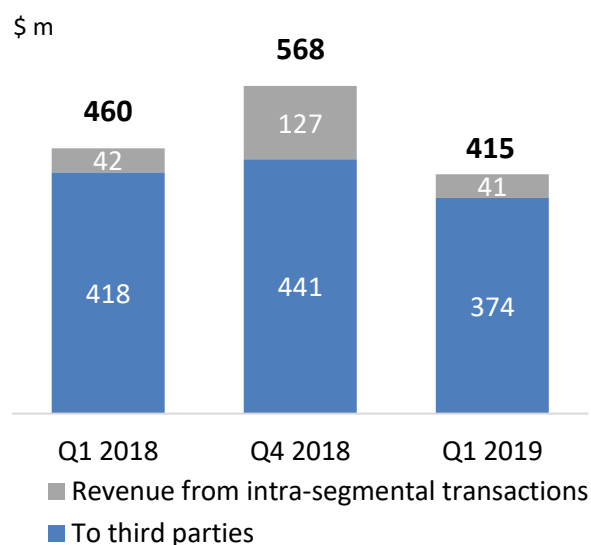


## NLMK Russia Long Products

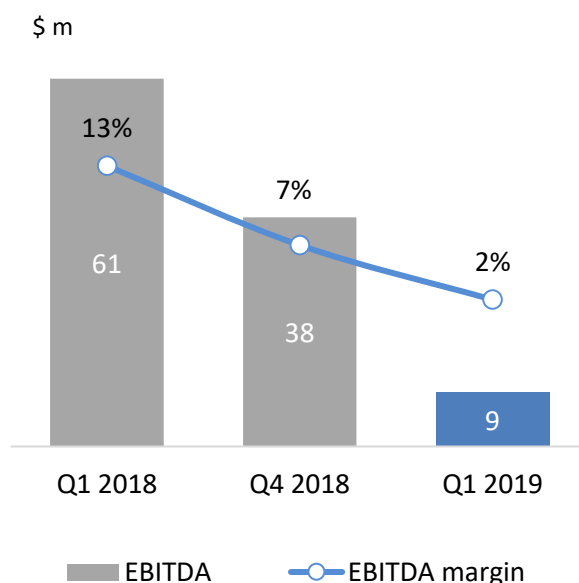
### Q1 2019 highlights:

- **Sales** in Q1 2019 declined by 9% qoq (flat yoy) to 0.77 m t, which is due to seasonally low demand for long products and a decline in billet exports on lower profitability, which was partially offset by sales of inventories accumulated in ports.
- **Revenue** in Q1 2019 dropped by 27% qoq to \$415 m (-10% yoy), driven by lower volumes and a decline in average sales prices. Year-on-year revenue reduction was also mainly associated with lower prices.
- **EBITDA** of the Segment in Q1 2019 reduced by 76% qoq to \$9 m impacted by ruble appreciation, decline in sales and narrowing price spreads amid high scrap prices. The year-on-year EBITDA reduction (-85%) was also associated with a significant narrowing of price spreads.

### 27% qoq revenue reduction on lower prices



### Quarter-on-quarter EBITDA reduction amid narrowing price spreads

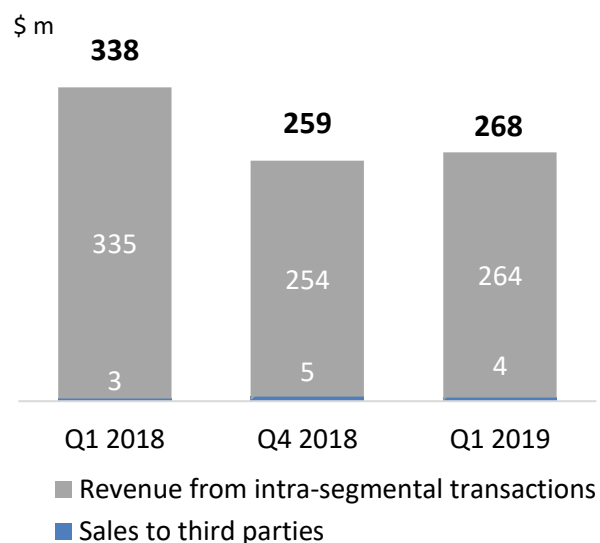


## Mining and Processing of Raw Materials

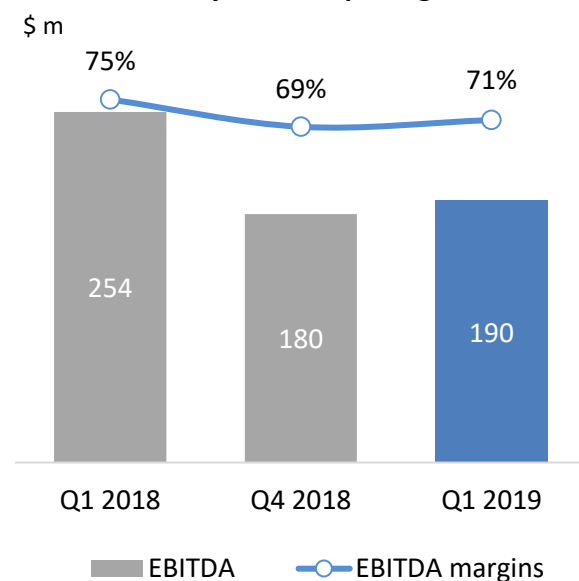
### Q1 2019 highlights:

- **Sales** of iron ore in Q1 2019 dropped by 3% qoq to 4.59 m t (+2% yoy). The quarter-on-quarter decline is associated with a reduction in concentrate and sinter ore shipments to NLMK Lipetsk.
- **Revenue** in Q1 2019 increased by 3% qoq to \$268 m (-21% yoy), driven by higher average sales prices. The year-on-year decline was associated with significantly lower prices in Q1 2019.
- **EBITDA** increased by 6% qoq to \$190 m (-25% yoy) following the revenue and supported by operational efficiency programmes. In Q1 2019, EBITDA margins reached 71%.

### 3% qoq revenue growth driven by rising iron ore prices



### Quarter-on-quarter increase in EBITDA margins driven by iron ore price growth

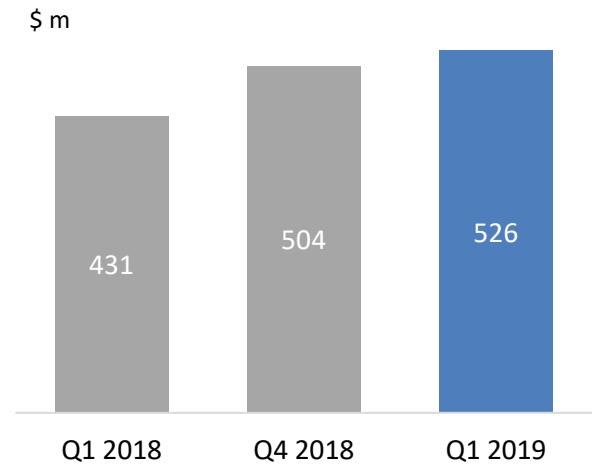


## NLMK USA

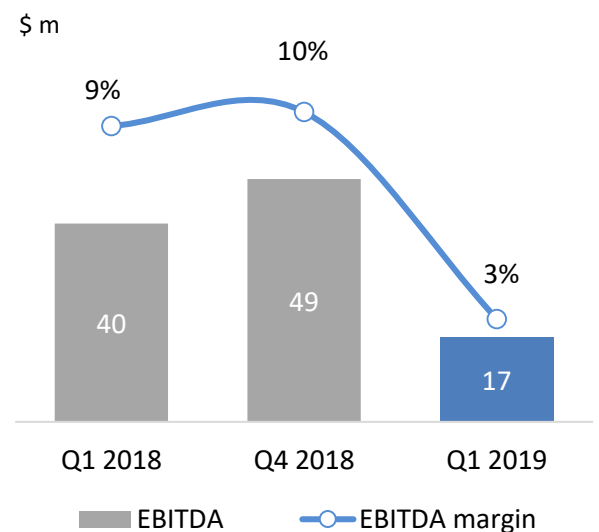
### Q1 2019 highlights:

- **Sales increased** by 19% qoq to 0.6 m t (+9% yoy) supported by stronger demand from service centres, pipe, construction, and machine-building industries.
- **Revenue** increased by 4% qoq to \$526 m thanks to growing steel product sales, which was partially offset by declining prices by an average 12%. Year-on-year 22% revenue increase was attributed to sales growth and higher sales prices.
- **EBITDA reduced by 65% qoq** to \$17 m (-58% yoy) amid rapid decline in finished steel prices and consumption of slabs out of stocks with higher costs. EBITDA margins lost 7 p.p. qoq.

### 4% qoq revenue growth amid higher sales volumes



### 65% qoq EBITDA decline on narrowing spreads

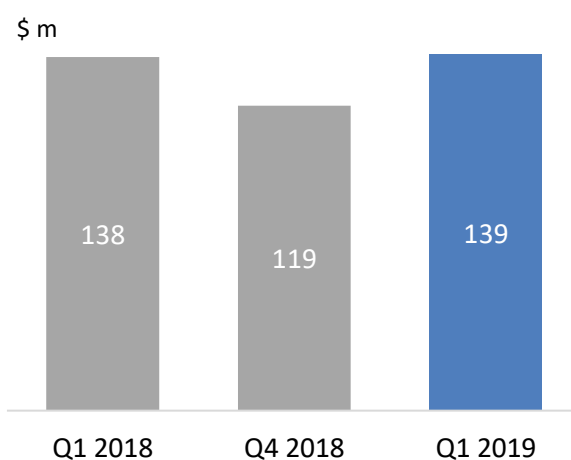


## NLMK DanSteel\*

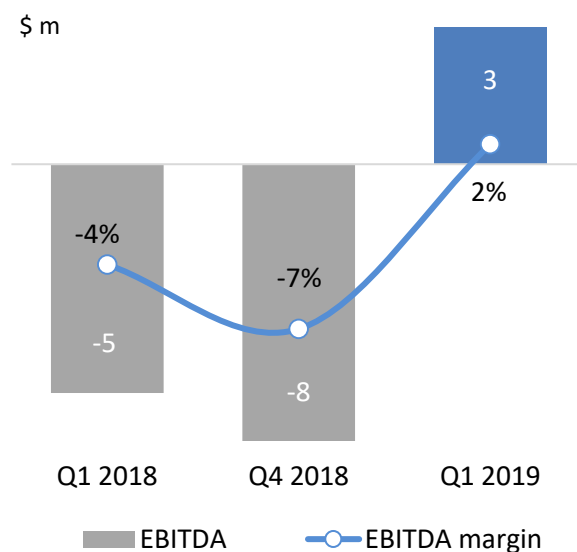
### Q1 2019 highlights:

- **Sales** of plate increased by 22% qoq (+3% yoy) driven by seasonal growth in demand for plate.
- **Revenue increased by** 17% qoq to \$139 m (+1% yoy) following stronger sales performance, which was partially offset by a decline in plate prices. Slight revenue growth year-on-year was also associated with an increase in the Segment's sales volume.
- **EBITDA** reached \$3 m vs. (-) \$8 m in Q4 2018 supported by widening slab/plate spread and stronger sales.

### Quarter-on-quarter revenue growth on seasonally strong demand



### Positive financial performance on widening spreads



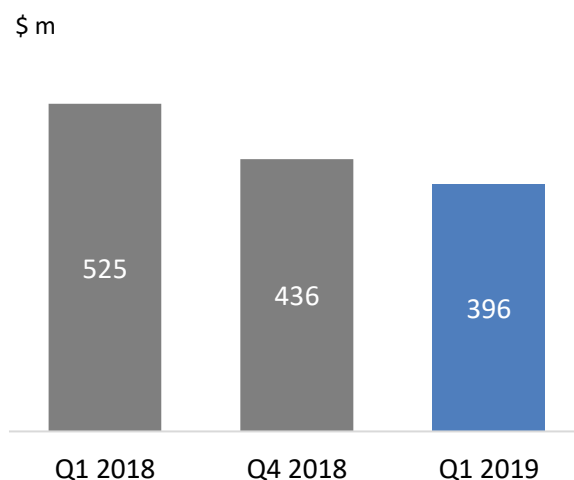
\*NLMK DanSteel and plate distribution network.

## JV performance (NBH)

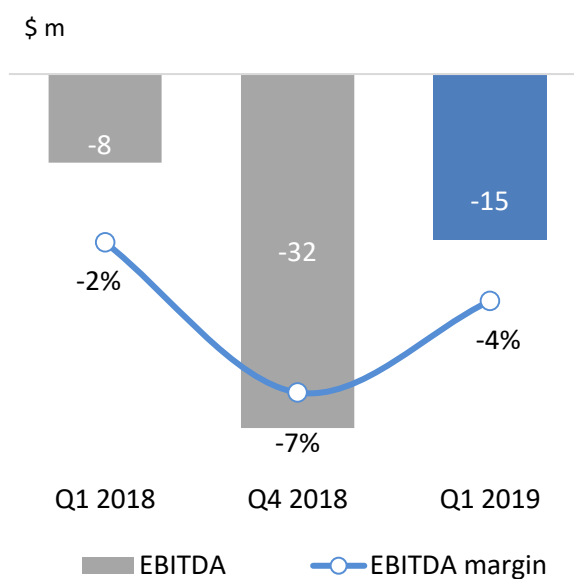
### Q1 2019 highlights:

- **NBH sales** declined by 5% to 0.51 m t (-20% yoy) driven by low capacity utilization at NLMK Clabecq due to the strike.
- **Revenue** decreased by 9% qoq to \$0.4 bn following weaker sales performance. A 25% reduction year-on-year was also caused by weaker sales, which was partially offset by rising prices.
- **EBITDA** totalled (-) \$15 m vs. (-) \$32 m and (-) \$8 m in Q4 2018 and Q1 2018, respectively. EBITDA improvement in Q1 2019 was driven by spreads expansion and efficiency improvement programmes.

### 9% qoq revenue reduction on lower output and sales



### Losses due to low capacity utilization



## Appendix No.1. Operating and financial results

### (1) Sales markets

'000 t	Total	Sales markets					
		Russia	EU	North America	Middle East and Turkey	C. and S. America	Other
NLMK Group (with NBH)	4,686	1,451	1,035	657	712	247	584
Division sales to third parties:							
NLMK Russia Flat	2,658	1,026	321	51	675	246	341
NLMK Russia Long	768	426	92	0	30	0	220
International subsidiaries and affiliates, incl.:	1,259	0	622	606	7	1	23
NLMK USA	601	0	0	601	0	0	0
European rolling facilities (NLMK DanSteel and NBH)	659	0	622	5	7	1	23

### (2) NLMK Russia Flat Products

'000 t/\$ m	Q1 2019	Q4 2018	qoq	Q1 2018	yoy
Steel product sales, incl.:	3,403	3,557	-4%	3,338	2%
external customers	2,658	2,588	3%	2,080	28%
semis to NBH	441	577	-24%	600	-26%
intersegmental sales	304	392	-22%	658	-54%
Revenue, incl.:	1,976	2,152	-8%	2,169	-9%
external customers	1,624	1,642	-1%	1,471	10%
intersegmental transactions	352	510	-31%	698	-50%
EBITDA	424	568	-25%	523	-19%
EBITDA margin	21%	26%	-5 p.p.	24%	-3 p.p.

### (3) NLMK Russia Long Products

'000 t/\$ m	Q1 2019	Q4 2018	qoq	Q1 2018	yoy
Steel product sales	768	841	-9%	770	0%
Revenue, incl.:	415	568	-27%	460	-10%
external customers	374	441	-15%	418	-11%
intersegmental transactions	41	127	-68%	42	-2%
EBITDA	9	38	-76%	61	-85%
EBITDA margin	2%	7%	-5 p.p.	13%	-11 p.p.

#### (4) Mining Segment

'000 t/\$ m	Q1 2019	Q4 2018	qoq	Q1 2018	yoy
Iron ore products sales, incl.:	4,589	4,751	-3%	4,510	2%
to NLMK Lipetsk	4,589	4,751	-3%	4,510	2%
Revenue, incl.:	268	259	3%	338	-21%
external customers	4	5	-20%	3	33%
intersegmental transactions	264	254	4%	335	-21%
EBITDA	190	180	6%	254	-25%
EBITDA margin	71%	69%	+2 p.p.	75%	-4 p.p.

#### (5) NLMK USA

'000 t/\$ m	Q1 2019	Q4 2018	qoq	Q1 2018	yoy
Steel product sales	601	504	19%	553	9%
Revenue, incl.:	526	504	4%	431	22%
external customers	526	504	4%	431	22%
intersegmental transactions	-	-	0%	-	0%
EBITDA	17	49	-65%	40	-58%
EBITDA margin	3%	10%	-7 p.p.	9%	-6 p.p.

#### (6) NLMK Dansteel

'000 t/\$ m	Q1 2019	Q4 2018	qoq	Q1 2018	yoy
Steel product sales	146	120	22%	142	3%
Revenue, incl.:	139	119	17%	138	1%
external customers	139	119	17%	138	1%
intersegmental transactions	-	-	0%	-	0%
EBITDA	3	(8)	0,4x	(5)	0,6x
EBITDA margin	2%	-7%	+9 p.p.	-4%	+6 p.p.



## (7) Sales by product

'000 t	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Pig iron	47	295	142	201	258
Slabs	1,559	1,527	1,172	1,293	1,170
Plate	146	120	121	137	142
Hot-rolled steel	1,016	827	875	1,036	833
Cold-rolled steel	509	476	516	491	441
Galvanized Steel	348	325	379	336	305
Pre-painted steel	89	111	128	101	87
Transformer steel	71	70	69	73	68
Dynamo steel	61	53	79	77	72
Billet	173	201	198	157	215
Long products	526	578	664	426	494
Metalware	69	62	73	56	62
<b>TOTAL</b>	<b>4,614</b>	<b>4,643</b>	<b>4,418</b>	<b>4,384</b>	<b>4,146</b>

## (8) Sales by region

'000 t	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Russia	1,451	1,407	1,618	1,404	1,343
EU countries	987	886	810	913	920
Middle East (incl. Turkey)	709	521	547	665	542
North America	654	806	738	841	813
Central and South America	246	124	310	297	213
CIS	122	135	118	87	91
Asia and Oceania	180	639	69	31	21
Other regions	264	126	208	146	203
<b>TOTAL</b>	<b>4,614</b>	<b>4,643</b>	<b>4,418</b>	<b>4,384</b>	<b>4,146</b>

## (9) Revenue by region

Region	Q1 2019		Q4 2018		Q3 2018	
	\$ m	share	\$ m	share	\$ m	share
Russia	935	33%	940	31%	1,118	36%
EU countries	539	19%	522	17%	489	16%
Middle East (incl. Turkey)	372	13%	300	10%	339	11%
North America	561	20%	637	21%	682	22%
Central and South America	127	4%	78	3%	185	6%
CIS	106	4%	118	4%	95	3%
Asia and Oceania	106	4%	353	12%	55	2%
Other regions	123	4%	64	2%	163	5%
<b>TOTAL</b>	<b>2,869</b>	<b>100%</b>	<b>3,013</b>	<b>100%</b>	<b>3,127</b>	<b>100%</b>

## (10) EBITDA\*

\$ m	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Operating income**	559	713	879	763	657
minus:					
Depreciation and amortization	(136)	(134)	(136)	(152)	(155)
<b>EBITDA</b>	<b>695</b>	<b>847</b>	<b>1,015</b>	<b>915</b>	<b>812</b>

\* EBITDA, used in NLMK's financial releases, is calculated as operating profit before equity share in the results of joint ventures, impairment of capital assets and losses from fixed assets retirement, adjusted to depreciation and amortization. Under IFRS, EBITDA is not an indicator of operating profit, operating activity or liquidity, and NLMK discloses it because investors and analysts could use equivalent indicators. 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 results of joint ventures, impairment of capital assets and losses from fixed assets retirement.

## (11) Free cash flow

\$ m	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net cash from operating activities	851	761	831	412	737
Interest paid	(11)	(12)	(13)	(14)	(17)
Interest received	16	3	3	6	10
Capex	(178)	(250)	(183)	(116)	(131)
<b>Free cash flow</b>	<b>678</b>	<b>502</b>	<b>638</b>	<b>288</b>	<b>599</b>

## (12) Net debt

\$ m	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Short-term borrowings	224	398	429	256	481
Long-term borrowings	1,872	1,677	1,694	1,844	1,884
Cash and cash equivalents	(736)	(1,179)	(1,196)	(962)	(732)
Short-term deposits	(445)	(5)	(62)	(162)	(750)
<b>Net debt</b>	<b>915</b>	<b>891</b>	<b>865</b>	<b>976</b>	<b>883</b>

### (13) Production of core products

'000 t	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
<b>Crude steel, incl.:</b>	<b>4,128</b>	<b>4,314</b>	<b>4,377</b>	<b>4,326</b>	<b>4,269</b>
Steelmaking segment	3,263	3,350	3,320	3,294	3,359
Long products segment, incl.:	693	823	885	851	746
NLMK Kaluga	276	363	376	375	325
Foreign Rolled Products Segment	171	141	172	181	164
<b>Rolled steel, incl.:</b>	<b>2,721</b>	<b>2,624</b>	<b>2,734</b>	<b>2,869</b>	<b>2,724</b>
Flat steel	2,129	2,023	2,088	2,229	2,162
Long steel	592	601	646	640	562
<b>Coke (6% moisture), incl.:</b>	<b>1,531</b>	<b>1,622</b>	<b>1,635</b>	<b>1,556</b>	<b>1,603</b>
NLMK Lipetsk	634	650	656	648	637
Altai-Koks	897	972	979	909	966

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

'000 t	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Sales to 3rd parties, incl.:	1,118	949	630	634	571
Export:	950	896	537	480	368
Sales to subsidiaries & affiliates	735	954	956	1,118	1,254
Sales to NBH	441	577	542	660	600
<b>TOTAL</b>	<b>1,853</b>	<b>1,903</b>	<b>1,586</b>	<b>1,751</b>	<b>1,825</b>

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

'000 t	Q1 2019	Q4 2018	qoq	Q1 2018	yoy
<b>Semi-finished products</b>	<b>1,166</b>	<b>1,387</b>	<b>-16%</b>	<b>837</b>	<b>39%</b>
Pig iron	47	295	-84%	257	-82%
Slabs	950	896	6%	368	2,6x
Billet	169	196	-14%	212	-21%
<b>Flat products</b>	<b>635</b>	<b>474</b>	<b>34%</b>	<b>476</b>	<b>33%</b>
Hot-rolled steel	312	192	62%	211	48%
Cold-rolled steel	186	165	13%	115	62%
Galvanized steel	29	21	39%	30	-3%
Pre-painted steel	1	2	-32%	2	-40%
Dynamo steel	45	37	21%	60	-25%
Transformer steel	62	57	8%	59	5%
<b>Long products</b>	<b>174</b>	<b>174</b>	<b>0%</b>	<b>196</b>	<b>-11%</b>
<b>Total</b>	<b>1,975</b>	<b>2,035</b>	<b>-3%</b>	<b>1,510</b>	<b>31%</b>



# **(16) Segmental information**

<b>Q1 2019</b>	<b>NLMK Russia Flat Products</b>	<b>NLMK Russia Long Products</b>	<b>Mining and processing of raw materials</b>	<b>NLMK USA</b>	<b>NLMK DanSteel</b>	<b>Investment in NBH</b>	<b>Total</b>	<b>Intersegmental operations and balances</b>	<b>NBH deconsolidation</b>	<b>Consolidated</b>
<b>\$ m</b>										
Revenue from external customers	1,624	374	4	526	139	385	3,052	-	(183)	2,869
Intersegmental revenue	352	41	264	-	-	11	668	(657)	(11)	-
Gross profit / (loss)	594	41	175	24	14	14	862	13	6	881
Operating profit / (loss)	346	(4)	163	2	-	(31)	476	32	51	559
Income / (loss) less profit tax	239	(10)	106	3	(1)	(33)	304	20	58	382
Segment assets including goodwill	6,891	1,124	2,185	980	382	1,455	13,017	(1,615)	(1,228)	10,174

*Balance figures presented as of 31.03.2019*

<b>Q4 2018</b>	<b>NLMK Russia Flat</b>	<b>NLMK Russia Long</b>	<b>Mining and processing of raw materials</b>	<b>NLMK USA</b>	<b>NLMK DanSteel</b>	<b>Investment in NBH</b>	<b>Total</b>	<b>Intersegmental operations and balances</b>	<b>NBH deconsolidation</b>	<b>Consolidated</b>
<b>\$ m</b>										
Revenue from external customers	1,642	441	5	504	119	426	3,137	-	(124)	3,013
Intersegmental revenue	510	127	254	-	-	10	901	(891)	(10)	-
Gross profit / (loss)	785	80	165	55	9	(7)	1,087	(16)	24	1,095
Operating profit / (loss)	492	25	151	35	(10)	(50)	643	3	67	713
Income / (loss) less profit tax	507	21	156	100	(14)	(121)	649	(150)	10	509
Segment assets including goodwill	6,822	1,150	2,081	1,019	373	1,531	12,976	(1,748)	(1,284)	9,944

*Balance figures presented as of 31.12.2018*