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Press release

31 October 2016

Q3 AND 9M 2016 NLMK GROUP CONSOLIDATED FINANCIAL RESULTS UNDER IFRS

In Q3, revenue increased by 19% qoq to \$2.2 bn, driven by a 7% qoq growth in sales to 4.2 m t. EBITDA increased by 46% qoq to \$673 m; EBITDA margin reached 30% (+5 p.p. qoq), including 18% for NLMK's international companies. Net income doubled qoq to \$385 m. Net debt / EBITDA decreased to 0.4x.

Q3 2016 highlights

- Sales increased by 7% qoq to 4.2 m t (+2% yoy); with the share of finished products of 66% of total sales (+1 p.p. qoq and -2 p.p. yoy)
- Revenue grew to \$2,225 m (+19% qoq and +10% yoy), driven by the increase in sales and prices for steel products
- EBITDA increased by 46% qoq to \$673 m (+32% yoy)
- EBITDA margin expanded to 30% (+5 p.p. qoq and +5 p.p. yoy)
- Net income* doubled qoq to \$385 m (-6% yoy)
- Capex decreased to \$104 m (-35% qoq and -29% yoy)
- Free cash flow increased to \$474 m (a threefold increase qoq and +28% yoy)

9M 2016 highlights

- Group sales increased by 2% yoy to 12.3 m t
- Revenue totalled \$5,671 m (-11% yoy) due to the drop in average prices for steel products
- EBITDA was \$1,423 m (-13% yoy)
- EBITDA margin was 25% (-1 p.p. yoy)
- Capex decrease to \$384 m (-14% yoy)
- 9M 2016 free cash flow was \$906 m (+2% yoy)
- Operational efficiency gains: \$48 m
- Net debt fell to \$0.7 bn (-37% vs. end of 2015)

Q4 2016 Outlook

Q4 results will soften sequentially into a low season but profitability is expected to improve on a year on year basis.

* Income for the period attributable to NLMK shareholders



TELECONFERENCE

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

Monday, 31 October 2016

- 10:00 am: USA (New York)
- 2:00 pm: Great Britain (London)
- 5:00 pm – Russia (Moscow)

To join the conference call, please, dial:

US Number:

+1719 457 2086 (Local access) // 1800 274 0251 (Toll free)

United Kingdom Number:

+44(0)20 3043 2002 (Local access) // 0800 358 6377 (Toll free)

Russian Number:

+7495 213 1767 (Local access) // 8 800 500 9283 (Toll free)

Conference ID: 6857625

To join the webcast please follow the link:

<http://www.audio-webcast.com/cgi-bin/visitors.ssp?fn=visitor&id=4033>

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

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



Q3 AND 9M 2016 CONSOLIDATED FINANCIAL RESULTS UNDER IFRS¹

Key highlights

k t/\$ million	Q3 2016	Q2 2016	QoQ	Q3 2015	YoY	9M 2016	9M 2015	YoY
Sales volumes	4,220	3,943	7%	4,123	2%	12,289	12,092	2%
Revenue	2,225	1,869	19%	2,016	10%	5,671	6,371	-11%
EBITDA ²	673	460	46%	508	32%	1,423	1,628	-13%
EBITDA margin	30%	25%	+5 p.p.	25%	+5 p.p.	25%	26%	-1 p.p.
Profit for the period ³	385	185	2,1x	410	-6%	627	891	-30%
Free cash flow ⁴	474	158	3x	372	28%	906	886	2%
Net debt ⁵	687	1,161	-41%	1,071	-36%	687	1,071	-36%
Net debt/EBITDA ⁵	0.39x	0.74x		0.47x		0.39x	0.47x	

Notes:

¹ Consolidated financial results are prepared under IFRS. Reporting periods of the Company are 3M, 6M, 9M and 12M. Quarterly figures are derived by computational method. The same assumption applies to the calculation of segmental financial result

² EBITDA is calculated as operating profit adjusted to loss from impairment of investments, fixed assets and intangible assets (including goodwill) and depreciation and amortization. EBITDA calculations are presented in the Appendix.

³ Net profit attributable to NLMK shareholders.

⁴ Free cash flow is determined as net cash from operational activity (with net interest expenses) net of capital investment and changes in advances VAT payments on imported equipment. Free cash flow calculations are presented in the Appendix.

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

⁶ Net Debt/EBITDA ratios for 3Q and 9M 2015 are presented based on management accounting and might differ from the previously disclosed figures.

Comment from NLMK Group CFO Grigory Fedorishin:

"In Q3 2016, NLMK revenue grew by 19% qoq to \$2.2 bn, driven by the increase in deliveries and the increase in average sales prices; and improvements to the structure of sales. The Group's local markets, Russia, the EU, and the US, accounted for approximately 66% of steel product sales.

"The increase in the revenue, coupled with operational efficiency gains, supported a 46% qoq increase in EBITDA to \$673 m. Group's EBITDA margin gained 5 p.p. qoq to 30%, hitting its highest since Q2 2010. NLMK Group's international companies in the US and Europe posted a Q3 EBITDA margin of 18% on the back of improved market conditions, hitting a peak since 2008.

"Gains from operational efficiency programmes (projects not requiring capex), rolled out across all Group sites, totalled \$48 m for 9M 2016 vs. 2015.

"In November 2016, Stoilensky is planning to receive the first output of pellets at its new pelletizing plant, the latter covering 100% of the Group's iron ore pellet needs. This will enable the company to achieve a reduction in steel production costs, consolidating its position as one of the most cost-efficient manufacturers in the world.

"The increase in operating cash flow (+76% qoq) supported a threefold increase in free cash flow qoq to \$474 m; and a 37% decrease in net debt vs. the beginning of 2016 to \$0.7 bn. Net debt to EBITDA was 0.4x.

"Q3 dividends will be recommended at a meeting of NLMK's Board of Directors on 17 November 2016."



MANAGEMENT COMMENTS

- **Market overview**

Global steel consumption decreased by 2% qoq to 400 m t. Exports of steel products from China fell by 5% qoq.

Apparent steel use in Europe was seasonally weak vs. the previous quarter. Compared to the same period last year, there was an ongoing recovery in demand in Europe. Demand in the US in Q3 decreased marginally due to stable demand from the construction sector.

Consumption in Russia remained flat qoq on the back of significant stocks accumulated by service companies during a period of active price growth in Q2 2016. Steel output fell by 1% qoq to 17.7 m t. Imports saw a seasonal increase of 31%.

- **Prices**

Prices in Europe declined insignificantly qoq due to the seasonal weakening in demand; posting an uptick in the last month of the quarter.

Prices in the US decreased throughout the quarter on the back of a high premium to Chinese export quotations; posting nonetheless a 1-5% average increase qoq.

Prices for flat products in the Russian market increased by 5-10% qoq in dollar terms, due mainly to the strengthening of the exchange rate.

- **Production and sales**

Q3 2016

Steel output totalled 4.04 m t (-4% qoq and -1% yoy). This decrease was due mainly to planned repairs of a blast furnace at the Lipetsk site, following which its productivity increased by 200,000 tpa. The decrease in output was partially offset by a 4% qoq increase in steel output at NLMK Russia Long Products.

Sales increased by 7% qoq (+2% yoy) to 4.22 m t, due mainly to the increase in the sales of long products (+45% qoq) and semis (+6% qoq).

Finished steel sales increased by 8% qoq to 2.78 m t (+1% yoy) driven by higher long product sales, including exports. Share of finished products totalled 66% (+1 p.p. qoq and -2 p.p. yoy). Sales of semis increased by 6% qoq to 1.44 m t (+6% yoy), driven by higher export sales of billets; and the recognition of Q2 sales to external markets.

9M 2016

9M Group steel output increased by 2% yoy to 12.3 m t, driven by the growth in output at NLMK Kaluga (+24% yoy) and NLMK USA (+18% yoy), with high output levels maintained at the Lipetsk site. Steelmaking capacity utilization rates gained 1 p.p. to 95%.

Group sales climbed 2% to a record 12.3 m t. Total finished product sales increased by 3% yoy to 7.9 m t.



- **Sales markets**

'000 t	Total	Sales markets				
		Russia	EU	North America	Middle East	Other
NLMK Group	4,220	1,714	873	567	321	745
Division deliveries to third parties::						
Russian Flat Products	2,287	1,165	186	111	248	577
Russian Long Products	869	549	70	10	58	182
International subsidiaries and affiliates, incl.:						
<i>NLMK USA</i>	444	-	-	444	-	-
<i>European rolling assets (NLMK Dansteel and NBH)</i>	585	-	530	26	2	27

Local markets, i.e. Russia, the EU, and the US, where finished products are manufactured, accounted for 66% of the Group's sales (including NBH sales). A significant share of exports goes to the Middle East (including Turkey) and South East Asia.

- **Strategy 2017: operational efficiency programmes**

In 2016, NLMK continued to implement its operational efficiency programmes. 9M 2016 gains totalled \$48 m (vs. the 2015 cost base).

- **Strategy 2017: key investment projects**

Pelletizing plant. Planned launch: November 2016. Production capacity: 6 mtpa (100% of the Group's needs). Total investment into the plant: RUB 41 bn (\$640 m), with 80% already invested as at the end of Q3 2016. The plant's iron ore concentrate requirements will be covered by concentrate that is currently being sold off in the export market (up to 4.5 mtpa), and the expansion of iron ore concentrate production capacities (an additional 1.5 mtpa) by 2018.

Expansion of iron ore concentrate production capacity. In 2016, Stoilensky implemented high pressure grinding rollers (HPGR) at 2 of its 4 beneficiation sections, adding 800,000 tpa to its concentrate production capacity (see [press release](#)). The second HPGR implementation stage is planned for 2017, following which total concentrate production capacity will be boosted by 1.5 mtpa. 1st stage capex totalled RUB 5 bn (\$75 m).

The anticipated consolidated economic impact of the Stoilensky projects on Group EBITDA is approximately \$150 m per annum (at current price levels).

- **Capex**

Capex decreased by 35% qoq (-29% yoy) to \$104 m, including \$78 m maintenance capex. 9M 2016 capex totalled \$384 m (-14% yoy), including \$222 m maintenance capex.

Total 2016 capex are estimated at \$600 m.

- **Debt management**

Q3 2016 net debt decreased by 41% qoq to \$687 m (-37% to the beginning of 2016) due to the significant increase in free cash flow. Net debt/EBITDA as at 30 September 2016 stood at 0.4x.

Group's total debt as at 30 September 2016 decreased by 11% qoq (-7% yoy) to \$2,498 m, including 15% of short-term debt comprised of ruble bonds and revolving credit lines for working capital financing.



In Q3, the Group paid off series B0-11, B0-12 and B0-14 ruble bonds for a total of RUB 15 bn (\$232 m) from its own funds.

Financial guarantees for NBH liabilities totalled \$273 m (flat qoq).

Interest payments in Q3 2016 were \$21 m, or 3% of EBITDA.

KEY FINANCIALS

- **Revenue**

Q3 2016

Q3 2016 revenue increased by 19% qoq to \$2,225 m (+10% yoy), due to a 7% qoq increase in sales volumes (+2% yoy), improvements to the product mix, and the growth of average sales prices. Another factor with a positive impact of the revenue was the delay in the recognition of sales: with an up to 2 month after shipment delay in the recognition of sales for export operations, the revenue reflects high export prices from the end of Q2 2016.

Revenue per tonne of steel products sold was \$527 (+11% qoq and +8% yoy).

The share of revenue from sales to the Russian market grew to 42% (+3 p.p. qoq, +1 p.p. yoy). The share of revenue from sales to the USA decreased to 17% (-2 p.p. qoq and -2 p.p. yoy). The share of revenue from sales to the EU was 16% (-3 p.p. qoq and -4 p.p. yoy); and 7% (-2 p.p. qoq and -1 p.p. yoy) for the Middle East and Turkey. Considering the sales of NBH subsidiaries, the share of local markets in total revenue was 66%.

9M 2016

9M 2016 revenue dropped by 11% yoy to \$5,671 m due to the fall in average sales prices that were partially offset by a 2% yoy increase in sales and a 4% yoy increase in HVA deliveries.

Revenue per tonne of steel products sold fell by 12% yoy to \$461, pressured by the price factor.

The share of revenue from sales to the Russian market increased by 1 p.p. to 40%; with sales to the European Union accounting for 18% (-2 p.p. yoy); and sales to the US accounting for 18% (flat yoy). The share of international sales totalled 24% (+1 p.p. yoy), 8% (-1 p.p. yoy) to the Middle East and Turkey.

- **Operating profit**

Q3 2016

Q3 2016 operating profit* spiked by 61% qoq to \$556 m (+52% yoy) due to the widening of spreads between raw material and finished product prices; as well as operational efficiency gains.

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

The 5% qoq increase (-3% yoy) in commercial expenses was associated with the increase in steel product sales (+7% qoq).

9M 2016

9M 2016 operating profit * decreased by 8% yoy to \$1,091 m to the narrowing of spreads between raw material and finished product prices. This was partially offset by operational efficiency gains and a 2% yoy increase in sales.



- **Net profit***

Q3 2016 net profit was \$385 m, more than double the Q2 2016 level (-6% yoy), on the back of higher profit from operating activities.

9M 2016 net profit was \$627 m (-30% yoy).

* Profit for a period attributable to key shareholders

- **Free cash flow**

Q3 2016

Q3 2016 free cash flow increased to \$474 m (x3 qoq and +28% yoy). The increase was associated with a 76% qoq (+5% yoy) growth of operating cash flow and a 35% qoq (-29% yoy) capex reduction.

Q3 working capital outflow was \$1 m. The seasonal increase in raw material stocks at Russian production sites (incl. winter scrap stocks) was almost fully offset by initiatives to optimize other working capital elements.

9M 2016

9M 2016 free cash flow was \$906 m (+2% yoy) on the back of conservative investment in 2016, and optimization of working capital.



Russian Flat Products*

k t/\$ million	Q3 2016	Q2 2016	QoQ	Q3 2015	YoY	9M 2016	9M 2015	YoY
Steel product sales, incl.:	3,302	3,241	2%	3,437	-4%	9,770	9,779	0%
external cutmores	2,287	1,979	16%	2,466	-7%	6,709	6,842	-2%
semis to NBH	523	665	-21%	429	22%	1,642	1,638	0%
intersegmental sales	492	596	-17%	543	-9%	1,419	1,298	9%
Revenue, incl.:	1,625	1,392	17%	1,545	5%	4,154	4,766	-13%
external customers	1,254	992	26%	1,223	3%	3,173	3,694	-14%
intersegmental operations	372	400	-7%	322	16%	981	1,072	-8%
EBITDA	476	309	54%	403	18%	1,018	1,308	-22%
EBITDA margin	29%	22%	+7 p.p.	26%	+3 p.p.	25%	27%	-2 p.p.

Q3 2016

Total steel product sales of the segment increased by 2% qoq to 3.3 m t (-4% yoy), driven by a 19% qoq surge in sales to the Russian market to 1.17 m t. Slab deliveries to NLMK's rolling assets in Europe and the USA dropped on the back of additional slab sales in Q2.

The increase in sales prices was the key driver behind the growth of the segment's revenue to \$1.63 bn (+17% qoq and +5% yoy). Revenue from third-party sales gained 26% qoq to \$1.25 bn (+3% yoy) due to higher sales and the price factor.

Segment EBITDA increased by 54% qoq to \$476 m (+18% yoy) due to the widening of spreads between finished steel and raw material prices; and the increase in sales. Segment Q3 2016 EBITDA margin grew to 29% (+7 p.p. qoq and +3 p.p. yoy).

9M 2016

Segment sales remained stable at 9.77 m t, while finished product sales increased by 6% yoy to 4.48 m t on the back of a 9% yoy increase in sales to the internal market to 2.6 m t. Segment total sales in Russia gained 5% yoy to 3.26 m t.

Total revenue of the segment was \$4.15 bn (-13% yoy), including \$3.17 bn (-14% yoy) from third-party sales. The decrease in the revenue was associated with lower price levels in 2016.

Segment EBITDA plunged 22% yoy to \$1,018 m, due to the narrowing of spreads between finished steel and raw material prices, that was partially offset by structural operational efficiency gains. Segment 9M 2016 EBITDA margin was 25% (-2 p.p. yoy).

*The Russian Flat Products Segment comprises: Novolipetsk (Lipetsk site), VIZ-Steel (a producer of electrical steel), trading companies Novexco Limited, Cyprus and Novex Trading S.A., Switzerland, Altai-Koks (Russia's largest non-integrated coke manufacturer), as well as a number of service companies.



Russian Long Products*

k t/\$ million	Q3 2016	Q2 2016	QoQ	Q3 2015	YoY	9M 2016	9M 2015	YoY
Steel product sales**	869	635	37%	638	36%	2,129	1,881	13%
Revenue, incl.:	410	329	24%	308	33%	929	943	-2%
external customers	334	250	34%	220	52%	749	717	4%
intersegmental operations	76	79	-4%	88	-14%	179	226	-20%
EBITDA	48	55	-12%	27	77%	99	66	50%
EBITDA margin	12%	17%	-5 p.p.	9%	+3 p.p.	11%	7%	+4 p.p.

Q3 2016

The seasonally high demand in the Russian market and stable demand in export markets supported a 37% to 0.87 m t (+36% yoy) increase in sales.

Segment's total revenue spiked by 24% qoq to \$410 m (+33% yoy), driven by the increase in sales volumes (+37% qoq and +36% yoy), offsetting the negative price trend for long products. The surge in revenue from intersegmental operations is associated with the seasonal pick-up in sales from scrap deliveries to the Lipetsk site.

The 37% qoq increase in the volume of deliveries partially offset the narrowing of spreads for long steel. As a result, EBITDA decreased by 12% qoq to \$48 m (+77% yoy); EBITDA margin was 12% (-5 p.p. qoq and +3 p.p. yoy).

9M 2016

Segment sales in the reporting period increased by 13% yoy to 2.13 m t, as long product exports (to the Middle East, North Africa and the EU) increased threefold to 0.77 m t (36% of total sales).

Segment's total revenue for the reporting period dropped by 2% yoy to \$929 m, the increase in sales volumes only partially offsetting the low price levels seen in 2016.

EBITDA grew to \$99 m (+50% yoy) supported by higher volumes (+13% qoq); the widening of spreads between long product and scrap prices; and gains from operational efficiency programmes. EBITDA margin was 11% (+4 p.p. yoy).

* Russian Long Products: NLMK Ural (former NSMMZ), NLMK Metalware, NLMK Kaluga, and scrap treatment facilities. The core activities of these companies are steelmaking (EAF-based), long products and metalware manufacturing, and ferrous scrap collection and processing

** Starting from Q1 2016, long product sales to external markets through export traders are reflected in Russian Long Products performance



Mining Segment*

k t/\$ million	Q3 2016	Q2 2016	QoQ	Q3 2015	YoY	9M 2016	9M 2015	YoY
Iron ore concentrate and sinter ore sales, incl.:	4,636	3,989	16%	4,352	7%	12,928	12,530	3%
sales to Lipetsk plant	3,406	3,010	13%	3,272	4%	9,673	9,165	6%
Revenue, incl.:	170	145	17%	143	19%	422	444	-5%
external customers	57	38	48%	40	43%	120	142	-15%
intersegmental operations	113	107	5%	103	9%	302	302	0%
EBITDA	91	74	24%	77	19%	223	215	4%
EBITDA margin	54%	51%	+3 p.p.	54%	0 p.p.	53%	48%	+5 p.p.

Q3 2016

Iron ore concentrate and sinter ore sales totalled 4.64 m t (+16% qoq and +7% yoy), driven by the increase in supplies to the Lipetsk site; as well as the recognition of Q2 concentrate exports in Q3 sales.

Segment's total revenue went up by 17% qoq to \$170 m (+19% yoy), supported by a 16% qoq (+7% yoy) increase sales volumes and an increase in iron ore prices.

Segment's EBITDA increased to \$91 m (+24% qoq and +19% yoy) on the back of the growth in sales volumes; EBITDA margin grew to 54% (+3 p.p. qoq and flat yoy).

9M 2016

Iron ore concentrate and sinter ore sales climbed to 12.9 m t (+3% yoy), including 9.67 m t (+6% yoy) shipped to the Lipetsk site, enabled by the upgrading of beneficiation equipment, including the introduction of high pressure grinding rollers, a technology that is new for Russia.

The decline in average iron ore prices was the key factor pushing the segment's total revenue down by 5% yoy to \$422 m.

9M 2016 EBITDA was \$223 m (+4% yoy). The increase in sales volumes coupled with control over production costs and operational efficiency gains fully offset the decrease in product prices. EBITDA margin was 53% vs. 48% in 9M 2015.

*NLMK's Mining Segment comprises Stoilensky (the Group's key mining asset), Dolomit and Stagdok. These companies mainly supply raw materials to NLMK's production facilities in Lipetsk and also sell limited volumes outside the Group.



Foreign Rolled Products Segment*

k t/\$ million	Q3 2016	Q2 2016	QoQ	Q3 2015	YoY	9M 2016	9M 2015	YoY
Steel product sales	541	663	-18%	590	-8%	1,794	1,731	4%
Revenue, incl.:	398	400	-1%	359	11%	1,115	1,160	-4%
external customers	398	400	-1%	359	11%	1,115	1,160	-4%
intersegmental operations	-	-	0%	-	0%	-	-	0%
EBITDA	74	56	31%	(12)	6,1x	141	(67)	2,1x
EBITDA margin	18%	14%	+4 p.p.	-3%	+21 p.p.	13%	-6%	+19 p.p.

Q3 2016

Segment's sales totalled 0.54 m t (-18% qoq and -8% yoy) due to the weakening of demand on the back of the normalization of stocks in the American market and the seasonal weakening of demand in the European market.

Segment's revenue decreased by 1% qoq to \$398 m (+11% yoy), with the factor of higher prices offsetting the decrease in sales volumes.

The widening of spreads between finished product and slab prices was the key driver supporting segment EBITDA growth to \$74 m (+31% qoq, EBITDA loss in Q3 2015 of \$12 m). Segment's EBITDA margin was 18%, hitting its highest since 2008.

9M 2016

Segment's sales grew by 4% in the reporting period to 1.79 m t, due to restocking by traders; and trade restrictions imposed on the American market against imports of rolled products.

Segment's revenue decreased by 4% yoy to \$1,115 m, due to the decrease in steel product prices that was partially offset by a 4% yoy growth of sales volumes.

Segment's 9M 2016 EBITDA was \$141 m (vs. a loss of \$67 m in 9M 2015), supported by the widening of spreads and higher sales volumes. Segment's EBITDA margin was 13%.

NBH (associated company) results

NBH product sales dropped by 20% qoq to 0.49 m t due to the seasonal weakening in demand and pressure from imports.

NBH revenue contracted by 14% qoq to \$287 m, pressured by lower sales volumes, resulting in an EBITDA loss of \$3 m (vs. a \$6 m EBITDA gain in Q2 2016 and a \$19 m loss in Q3 2015).

NBH steel product sales in 9M 2016 grew by 5% yoy to 1.63 m t, driven by improved market conditions in Europe. The uptick in sales capped EBITDA loss at \$4 m (loss in 9M 2015 was \$36 m).

*Foreign Rolled Products Segment is represented by NLMK USA and NLMK Dansteel (Denmark). NLMK USA includes NLMK Pennsylvania, Sharon Coating and NLMK Indiana.



Appendix 1. Operating and financial results

(1) Sales by product

k t	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Pig iron	105	84	135	153	222
Slabs	1,145	1,110	1,313	1,351	1,096
Thick plates	97	141	121	111	94
Hot-rolled steel	940	896	990	754	990
Cold-rolled steel	527	555	528	435	539
Galvanized steel	264	267	194	218	297
Pre-painted steel	138	119	91	84	111
Transformer steel	56	64	72	74	69
Dynamo steel	79	73	58	64	67
Billet	193	169	109	117	44
Long products	607	401	456	317	521
Metalware	69	65	60	60	73
TOTAL	4,220	3,943	4,126	3,737	4,123

(2) Sales by region

k t	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Russia	1,714	1,327	1,548	1,413	1,765
Europe Union	873	958	819	773	785
Middle East, including Turkey	321	398	396	336	340
North America	567	622	603	454	769
Asia and Oceania	152	200	155	210	61
Rest of World	593	438	605	550	403
TOTAL	4,220	3,943	4,127	3,737	4,123

(3) Revenue by region

Region	Q3 2016		Q2 2016		Q1 2016	
	\$ million	share	\$ million	share	\$ million	share
Russia	944	42%	720	39%	588	37%
Europe Union	354	16%	352	19%	316	20%
Middle East, including Turkey	148	7%	164	9%	133	8%
North America	378	17%	360	19%	283	18%
Asia and Oceania	79	4%	93	5%	76	5%
Rest of World	322	14%	181	10%	182	12%
TOTAL	2,225	100%	1,869	100%	1,577	100%



(4) EBITDA

\$ million	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Operating income	556.1	346.1	189.0	202.0	366.2
minus:	-	-	-	-	-
Depreciation and amortization	(116.6)	(114.0)	(101.2)	(118.8)	(141.6)
EBITDA	672.7	460.1	290.2	320.8	507.8

(5) Free cash flow

\$ million	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Net cash provided operating activities	562.3	319.1	421.1	246.0	537.2
Interest paid	(21.4)	(10.7)	(31.7)	(7.5)	(31.1)
Interest received	8.5	8.9	3.4	19.7	6.7
Advance VAT payments on imported equipment	28.4	-	2.2	2.6	3.7
Capex	(103.6)	(159.7)	(120.5)	(149.6)	(145.0)
Free Cash Flow	474.2	157.6	274.5	111.2	371.5

(6) Production of main products

k t	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Crude steel, incl.:	4,044	4,227	3,995	3,864	4,079
Steel Segment	3,163	3,301	3,202	3,255	3,310
Long products Segment, incl.:	778	745	634	528	619
NLMK-Kaluga	354	342	301	284	284
Foreign Rolled Products Segment	103	181	158	81	151
Finished products, incl.:	2,579	2,703	2,474	2,236	2,671
Flat steel	2,013	2,134	2,013	1,832	2,045
Long steel	566	569	461	404	626
Coke (6% moisture), incl.:	1,072	1,153	1,109	1,004	1,144
Novolipetsk	657	647	652	655	646
Altai-Koks	415	505	457	349	498

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

k t	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Sales to 3rd parties, incl.:	622	444	860	901	667
Export	427	253	609	703	415
Sales to subsidiaries & associates	1,015	1,262	768	893	972
Sales to NBH	523	665	453	450	429
TOTAL	1,637	1,706	1,627	1,793	1,639



(8) Export shipments from Russian assets of the Group to third parties

k t	Q3 2016	Q2 2016	QoQ	Q3 2015	YoY	9M 2016	9M 2015	YoY
Semi-finished products	724	503	44%	671	8%	2,078	1,960	6%
Pig iron	104	82	27%	220	-53%	320	491	-35%
Slabs	427	253	69%	415	3%	1,288	1,389	-7%
Billets	193	169	14%	36	5,3x	470	80	5,8x
Flat products	591	678	-13%	628	-6%	1,872	1,865	0%
HRC	313	335	-7%	276	13%	943	867	9%
CRC	155	216	-28%	207	-25%	563	608	-7%
HDG	11	12	-9%	28	-62%	27	47	-44%
Coated	3	3	4%	2	89%	6	4	58%
Dynamo	64	59	8%	56	14%	171	162	6%
Transformer	45	53	-15%	59	-23%	162	177	-9%
Long products	135	97	39%	40	3,4x	314	179	75%
Total	1,450	1,279	13%	1,339	8%	4,264	4,004	6%



(9) Segments information

Q3 2016 \$ million	Russian flat products	Foreign rolled products	Russian long products	Mining	Investments in NBH	All other	Totals	Intersegmental operations and balances	NBH deconsoli- dation	Consolidated
Revenue from external customers	1,254	398	334	57	277	3	2,323	-	(98)	2,225
Intersegment revenue	372	-	76	113	11	-	570	(560)	(11)	0
Gross profit	611	82	80	109	12	1	895	(42)	(12)	841
Operating income/(loss)	400	56	36	81	(22)	(0)	551	(17)	22	556
Income / (loss) before minority interest	282	54	27	59	(24)	(1)	398	(23)	12	387
Segment assets including goodwill	7,258	1,055	1,089	1,772	1,494	10	12,678	(1,433)	(1,265)	9,980

¹ Balance figures presented as of September 30, 2016

Q2 2016 \$ million	Russian flat products	Foreign rolled products	Russian long products	Mining	Investments in NBH	All other	Totals	Intersegmental operations and balances	NBH deconsoli- dation	Consolidated
Revenue from external customers	992	400	250	38	321	3	2,005	-	(135)	1,869
Intersegment revenue	400	-	79	107	12	-	598	(586)	(12)	(0)
Gross profit	456	66	85	93	14	1	713	(63)	(14)	637
Operating income/(loss)	236	38	43	63	(13)	0	367	(34)	13	346
Income / (loss) before minority interest	141	35	38	45	(42)	0	216	(51)	21	187
Segment assets including goodwill	7,175	1,082	1,051	1,792	1,471	12	12,584	(1,598)	(1,234)	9,752

¹ Balance figures presented as of June 30, 2016