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NLMK Group Q2 and 6M 2021 IFRS Financial Results

NLMK Group's EBITDA (LSE, MOEX: NLMK) in Q2 2021 totalled \$2.1 bn; EBITDA margin grew by 9 p.p. qoq to 50%. Free cash flow (FCF) reached \$864 m. NLMK Group Board of Directors recommended approving Q2 2021 dividends in the amount of 13.62 RUB/share (127% of the FCF).

Key highlights

k t/\$ million	Q2 2021	Q1 2021	QoQ	Q2 2020	YoY	6M 2021	6M 2020	YoY
Sales volumes	4,329	3,908	11%	4,352	-1%	8,237	8,857	-7%
Revenue	4,139	2,867	44%	2,174	90%	7,006	4,631	51%
EBITDA ²	2,052	1,166	76%	582	3.5x	3,218	1,176	2.7x
EBITDA margin	50%	41%	+9 p.p.	27%	+23 p.p.	46%	25%	+21 p.p.
Profit for the period ³	1,359	775	75%	77	17.6x	2,134	366	5.8x
Free cash flow ⁴	864	452	91%	304	2.8x	1,316	635	2.1x
Net debt ⁵	1,963	2,087	-6%	1,830	7%	1,963	1,830	7%
Net debt/EBITDA ⁵	0.42x	0.65x		0.79x		0.42x	0.79x	

Q2 2021 key highlights

- **Revenue grew by 44% qoq to \$4.1 bn (+90% yoy)** with an increase in steel product prices and production and sales volumes.
- **EBITDA grew by 76% qoq to \$2.1 bn (+3.5x yoy)** amid increased sales and wider price spreads. EBITDA margin grew by 9 p.p. qoq to 50%.
- **Free cash flow grew by 91% qoq to \$864 m (+2.8x yoy)**, driven by stronger financial performance.
- **Net profit grew by 75% qoq to \$1.4 bn (+18x yoy).**

¹ Consolidated financial results are prepared under IFRS. Reporting periods of the Company are 3M, 6M, 9M and 12M. Quarterly figures are obtained by calculation, including in the segment reporting. Figures for comparable periods may differ from figures posted earlier because of rounding off to integers.

² EBITDA is the operating profit before equity share in financial results of joint ventures, impairment of capital assets and losses from retirement of fixed assets, allowed for amortization and depreciation. EBITDA calculations and further details are presented in the Appendix.

³ Profit for the period attributable to NLMK shareholders.

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

⁵ Net debt is calculated as the sum of 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.



6M 2021 key highlights

- **Revenue grew by 51% yoy to \$7.0 bn** amid higher average sales prices and an increase in the share of finished products in the sales portfolio.
- **EBITDA grew by a factor of 2.7 yoy to \$3.2 bn** due to the widening of the steel products/raw materials price spreads and the implementation of Strategy 2022 projects. EBITDA margin was 46% (+21 p.p. yoy).
- **Free cash flow increased by a factor of 2.1 yoy to \$1.3 bn**, driven by EBITDA growth. This was partially offset by higher investment and the outflow of funds for working capital replenishment amid growing prices.
- **Net profit increased by a factor of 5.8 yoy to \$2.1 bn** due to gross profit growth, and last year's low baseline effect amid NBH investment cost impairment.

Comment from NLMK Group CFO Shamil Kurmashov:

"In Q2 2021, steel prices continued to grow across all key markets. In the US and the EU, prices hit new highs. Steel product consumption grew due to the realization of deferred demand and government support measures. Steel capacity utilization rates reached pre-crisis levels as facilities that were stopped during the first wave of the pandemic were relaunched. The outstripping growth in steel consumption relative to production led to a decrease in inventories to all-time lows, which brought about a further increase in prices.

"Sales growth and favourable pricing conditions contributed to an increase in NLMK Group's revenue by 44% qoq to \$4.1 billion, and an EBITDA growth by 76% qoq to \$2.1 billion. EBITDA margin reached 50%. Free cash flow increased by 91% to \$864 million.

"Net debt/EBITDA stood at 0.4x; net debt decreased by 6% qoq to \$2 billion.

"In line with the Group's Dividend Policy, the management recommended to the NLMK Board of Directors to pay \$1.1 billion in Q2 2021 dividends.



TELECONFERENCE

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

Thursday, 22 July 2021

- 10:30 a.m. – New York
- 3:30 p.m. – London
- 5:30 p.m. – Moscow

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

US number:

+1 334-777-6978 (local access) // 800-367-2403 (toll free)

UK number:

+44 (0)330 027 1846 (local access) // 0800 031 4838 (toll free)

Russian number:

+7 499 609 1260 (local access) // 8 800 100 9471 (toll free)

Conference code: 3727268

To join the webcast, please follow the link:

<https://www.webcast-egs.com/nlmk20210722>

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

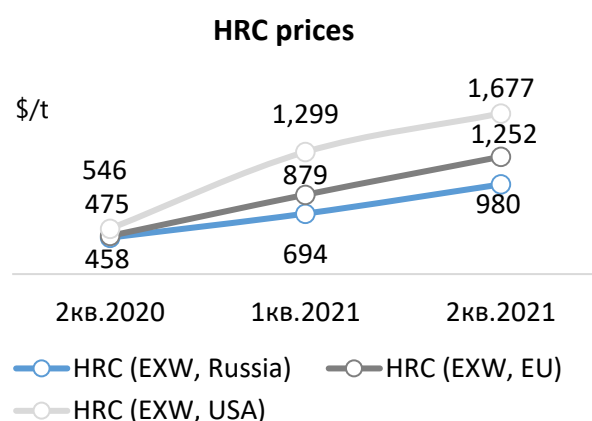
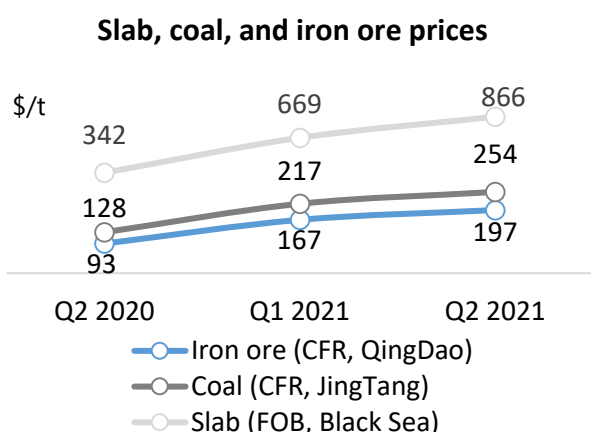
MANAGEMENT COMMENTS

Q2 2021 market review

- Demand for steel in international markets continued to recover, coupled with a seasonal uptick in activity and the realization of deferred consumption. In Q2 2021, demand outside China exceeded the pre-crisis levels of 2019.
- A shortage of steel products persists in the Western markets, the USA, and the EU. Final demand for steel grew stronger due to state support measures in the field of infrastructure projects. In the durable goods segment, consumption increased due to social support programmes. Capacity utilization rates reached 80%, having recovered to the level of Q2 2019, while inventory levels remain low. Steel consumption in the US increased by 9% qoq (+41% yoy), and by 12% qoq (+43% yoy) in the EU.
- In China, demand for steel products increased by 11% qoq (+8% yoy), supported by increased activity in the construction sector. Compared to Q2 2019, consumption increased by 14%.
- In Russia* consumption of metal products increased seasonally by 8% qoq. The 19% year-on-year growth is due to the low base of 2020 and higher rates of national projects implementation.

Q2 2021 prices

- **Raw material prices:** Australian coking coal prices grew by 6% qoq (+12% yoy) amid restocking in India, Japan and South Korea. With the continued ban on coal imports from Australia, coking coal prices in China increased by 17% qoq (+98% yoy) due to increased steel production and limited supplies from Mongolia.
- **The increase in prices for iron ore raw materials** (+18% qoq; +112% yoy) was triggered by a shortage in the market associated with record volumes of steelmaking in China, increased demand in other regions, and limited supplies from Brazil.
- **Market prices** for flat steel** increased by 28% qoq (+179% yoy) in the US, and by 44% qoq (+155% yoy) in the EU, due to the implementation of infrastructure projects and supported by consumer demand.
- **Dollar-denominated prices for steel products on the Russian market** increased by 36% qoq (+114% yoy). Dollar-denominated rebar prices grew by 13% qoq (+78% yoy).
- **Slab prices in export destinations** (FOB Black Sea) increased by 29% qoq (+153% yoy).



*Data on steel consumption trends on 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.

Q2 2021 output and sales breakdown

Steel output increased by 5% to 4.6 m t (+19% yoy) with NLMK steelmaking equipment ramp-up after the overhaul.

Sales reached 4.3 m t (+11% qoq; -1% yoy) due to an increase in the export of slabs to Middle Easter and EU markets.

Sales mix: the share of semi-finished products increased qoq against the backdrop of an increase in the supply of pig iron, billets, and slabs to third parties by 57% qoq. Sales of finished products amounted to 2.7 m t (+1% qoq, +12% yoy).

Sales in the 'home' markets reached 2.8 m t (+1% qoq; +19% yoy). Sales to the Russian market increased by 8% qoq to 1.8 m t (+26% yoy) with the start of the construction season. Sales in the US increased by 17% qoq amid increased shipments of NLMK slabs with a corresponding growth of rolled steel capacity utilization rates. In the EU, sales decreased by 28% qoq (-18% yoy) due to the upgrade of the NLMK La Louvière hot strip mill (a Strategy 2022 project).

Sales in export markets increased by 20% qoq to 1.4 m t (-30% yoy).

6M 2021 output and sales breakdown

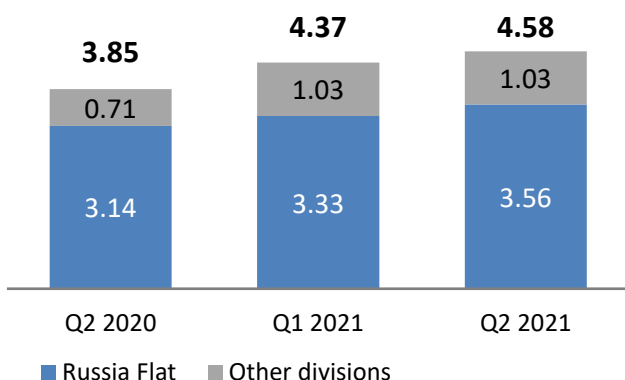
Steel output increased by 11% yoy with the completion of the overhauls at NLMK Lipetsk's steelmaking operations.

Sales amounted to 8.2 m t (-7% yoy) following the redistribution of slab supplies to NLMK USA amid a strong consumption trend in the region, which resulted in the need to stockpile slabs in the intragroup supply chain.

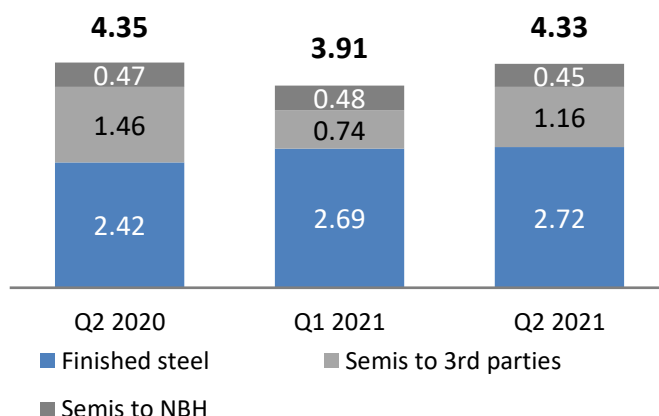
Sales mix: sales of semi-finished products to third parties decreased by 23% yoy with the resumption of slab deliveries to NLMK USA. Shipments of NBH slabs totalled 0.93 m t (-23% yoy). Sales of finished rolled products grew by 5% yoy to 5.4 m t.

Sales on 'home' markets increased by 3% to 5.5 m t, supported by sales growth in Russia and the United States. Sales in export markets decreased by 23% to 2.6 m t due to the high base in the same period last year (non-traditional export markets).

Steel output grew following steelmaking operation upgrades at NLMK Lipetsk*



Sales increased by 11% qoq as export slab sales grew



* Hereinafter NLMK Group steel output and sales on 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 US.

NLMK GROUP KEY FINANCIALS

Q2 2021 revenue

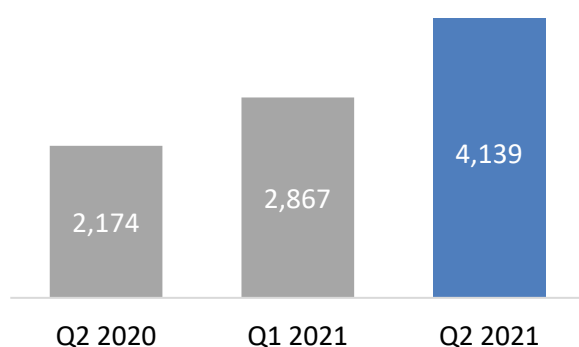
- Revenue grew by 44% qoq to \$4.1 bn (+90% yoy) due to an increase in sales volumes and average sales prices for steel products.
- Revenue from semi-product sales totalled \$1.2 bn (+73% qoq; +61% yoy), due mainly to higher sales volumes of slabs to export markets. The share of semi-finished products in total revenue increased by 5 p.p. qoq and reached 28% (-5 p.p. yoy).
- Revenue from sales of finished products increased by 32% qoq to \$2.8 bn (+108% yoy), due to an increase in sales volumes and prices of steel products in key markets. The share of finished products in consolidated revenue totalled 67% (-6 p.p. qoq, +6 p.p. yoy).
- The share of the Russian market in total revenue went down to 43% (-3 p.p. qoq; +6 p.p. yoy) as a result of increased export supplies from the Russian companies. The US share increased to 19% (+4 p.p. qoq; +5 p.p. yoy) amid a strong market due to a shortage of steel in the region, while the EU share remained flat qoq at 17% (+1 p.p. yoy).

6M 2021 revenue

- Revenue increased by 51% yoy to \$7.0 bn due to higher sales prices on all key markets, which was partially offset by the decrease in sales as slab supplies were redistributed to NLMK USA amid a strong consumption trend in the region.
- Revenue from semi-finished product sales increased by 27% yoy to \$1.8 bn amid an increase in average prices and an improvement in the sales structure with lower pig iron sales. The share of semi-finished products in total revenue decreased by 5 p.p. yoy to 26%.
- Revenue from finished product sales increased by 65% yoy to \$4.9 bn. The share of finished products in the revenue totalled 70% (+6 p.p. yoy).
- Russian market share increased to 44% (+5 p.p. yoy) vs. last year's low baseline. The share of revenue from sales to Asian markets restored to traditional levels, amounting to 2% in H1 2021 (-6 p.p. yoy) due to demand recovery on traditional sales markets. The share of the North American region remained flat at 17% (+0 p.p. yoy); the EU share decreased to 17%.

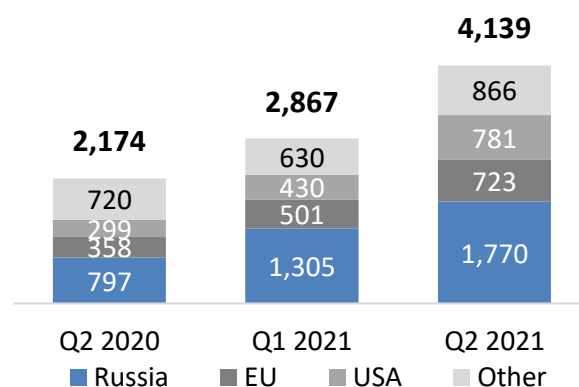
**Revenue grew by 44% qoq
following the increase in prices ...**

\$ m



**...and sales volumes
on traditional markets**

\$ m



Q2 2021 EBITDA

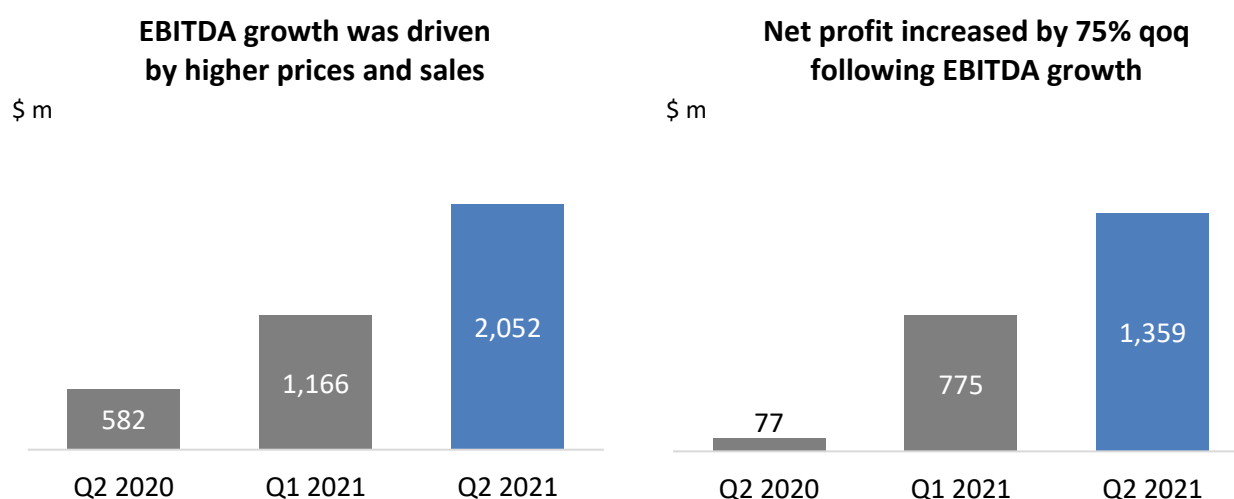
- EBITDA* grew by 76% qoq to \$2.1 bn (+3.5x yoy) with wider steel/raw material price spreads and higher steel product sales, as well as due to ongoing operational efficiency programmes.
- Commercial costs increased by 16% qoq to \$216 m (-5% yoy) following overall sales growth.
- General and administrative expenses increased by 20% qoq to \$116 m (+41% yoy) amid accrual of Long-Term Incentive Programme reserves and annual salary indexation at NLMK's Russian companies.

6M 2021 EBITDA

- EBITDA increased by a factor of 2.7 yoy to \$3.2 bn, due to wider price spreads and a weaker ruble, as well as due to the implementation of Strategy 2022 projects.
- Commercial costs decreased by 9% yoy to \$402 m due to lower exports.
- General and administrative expenses increased by 27% yoy to \$213 m amid accrual of Long-Term Incentive Programme reserves and annual salary indexation at NLMK's Russian companies.

Net profit**

- Net profit in Q2 2021 grew by 75% qoq to \$1.4 bn as EBITDA increased.
- Net profit in 6M 2021 increased by a factor of 5.8 yoy to \$2.1 bn.



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

**Profit for the period, attributable to NLMK shareholders.

Q2 2021 free cash flow

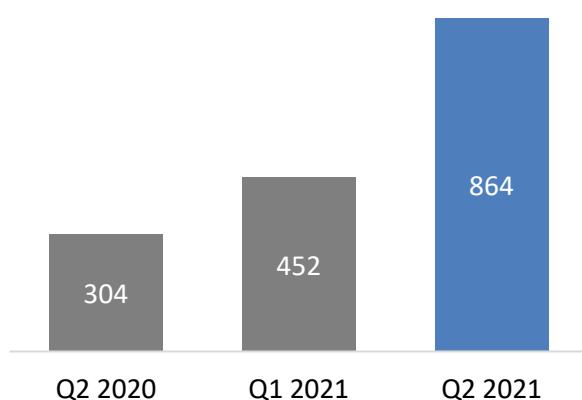
- Free cash flow increased by 91% qoq to \$864 m (+2.8x yoy) following EBITDA growth, which was partially offset by higher investment and an outflow of funds for working capital replenishment amid growing prices.
- Operational cash flow grew by 80% qoq to \$1.2 bn.
- **The outflow of funds for working capital replenishment** amounted to \$430 m due to:
 - - \$290 m: increased accounts receivable due to higher steel product prices
 - - \$395 m: higher prices of inventory stocks, seasonal scrap inventory replenishment, increased inventory at NLMK USA due to output growth in Q2-Q3 2021
 - + \$252 m: increased accounts payable due to increased purchases of scrap and slabs by NLMK USA, an increase in advance payments received, and an increase in VAT arrears amid higher sales prices in Russia.

6M 2021 free cash flow

- Free cash flow doubled yoy and reached \$1.3 bn, due mainly to a higher EBITDA. This was partially offset by the outflow of funds for working capital replenishment.
- **The outflow of funds for working capital replenishment** totalled \$719 m due to:
 - - \$594 m: increased accounts receivable due to higher steel product prices and the effect of the low baseline in late 2020 (faster settlements with buyers amid high demand)
 - - \$510 m: higher inventory prices and growth of inventory stocks at NLMK USA amid production growth
 - + \$379 m: increased accounts payable due to higher prices and purchase volumes of scrap and slabs by NLMK USA, an increase in advance payments received, and an increase in VAT arrears amid higher sales prices in Russia.

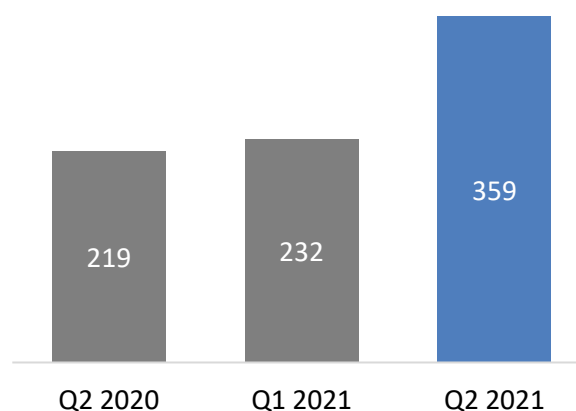
**Free cash flow went up by 91% qoq
due to an increase in EBITDA**

\$ m



**Investment went up by 55% qoq
as part of annual plan**

\$ m





Investment

- The Group's investment in Q2 2021 increased by 55% qoq to \$359 m (+64% yoy) as part of the annual plan.
- The Group's investment in 6M 2021 grew by 17% yoy to \$591 m following the final stage in NLMK Lipetsk BF and BOF operations upgrade.

Dividends

- In Q2 2021 the Company paid out \$592 m in dividends.
- On 22 July 2021 the Board of Directors recommended that shareholders approve the payment of Q2 2021 dividends in the amount of RUB 13.62 per share.

Strategy 2022 execution

- In 6M 2021 structural EBITDA gains from operational efficiency programmes totalled \$68 m (to the 2020 cost baseline).
- Investment projects during the same period added \$44 m to EBITDA.

Debt management

- **Total debt** in Q2 2021 decreased by 3% qoq to \$2.8 bn amid a planned partial repayment of the revolving lines and due to currency rate differences. In June, NLMK Group concluded a transaction to float an issue of 5-year Eurobonds for a total of €500 m with an annual interest rate of 1.45%. The funds received during the issuance were directed to buy back outstanding Eurobonds with repayment dates in 2023 and 2024.
- **Net debt** went down by 6% qoq to \$2.0 bn due to the decrease in overall debt and the growth of free cash flow. Net debt/EBITDA totalled 0.42x vs. 0.65x in Q1 2021.
- **The weighted average interest** on debt liabilities decreased by 0.4 p.p. qoq to 2.7% (-0.7 p.p. yoy), driven by debt portfolio optimization.

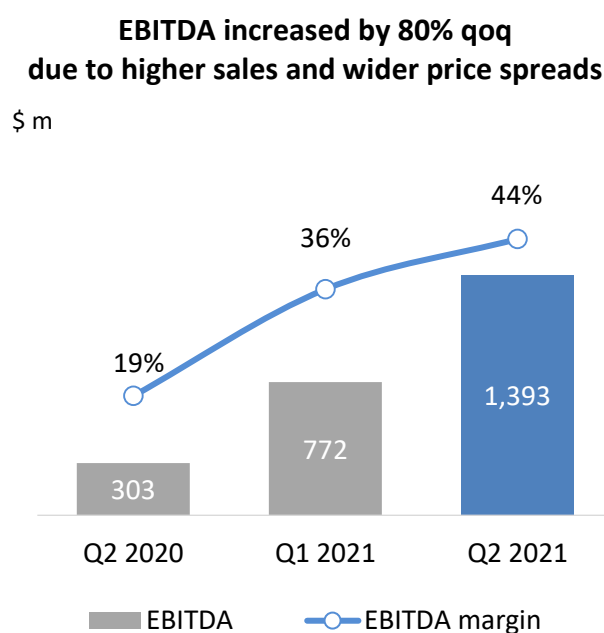
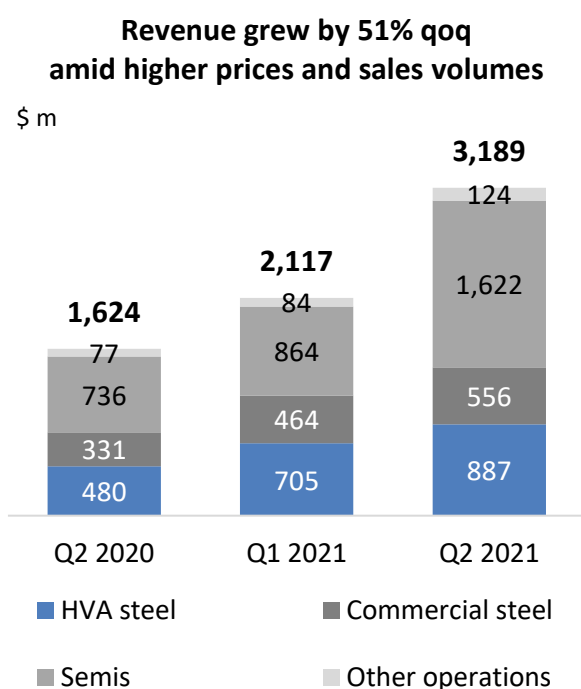
NLMK Russia Flat Products

Q2 2021 highlights

- **Sales** grew by 18% qoq (+3% yoy) to 3.5 m t amid higher sales, both to the Russian market (+7% qoq, +16% yoy) and to export markets (+24% qoq, -3% yoy).
- **Revenue** in the Segment grew by 51% qoq to \$3.2 bn (+96% yoy) due to increased sales volumes and average sales prices.
- **EBITDA** stood at \$1.4 bn (+80% qoq, +4.6x yoy) due to wider steel product/raw material price spreads, higher sales volumes, and the effects of operational efficiency programmes and investment projects.

6M 2021 highlights

- **Sales** went down by 5% yoy to 6.5 m t amid planned repairs in rolling shops and an increase in the average period of slab delivery as supplies to NLMK USA resumed.
- **Revenue** grew by 56% yoy to \$5.3 bn due to an increase in average sales prices, which was partially offset by lower sales and a higher share of semi-finished products. The share of revenue from inter-segmental operations went up to 27% (+8 p.p. yoy).
- **EBITDA** increased by a factor of 3.3 yoy to \$2.2 bn, due mainly to wider steel product/raw material price spreads and a weaker ruble.



NLMK Russia Long Products

Q2 2021 highlights

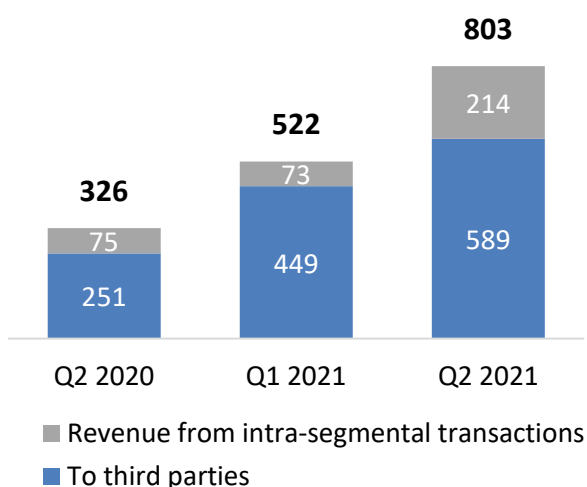
- **Sales** grew by 11% qoq to 0.8 m t (+38% yoy) due to increased shipments to the Russian market (+10% qoq; +54% yoy) and to export (+11% qoq; +11% yoy) amid higher demand ahead of the construction season.
- **Revenue** increased by 54% qoq to \$803 m (+2.5x yoy) following the growth of sales volumes and prices. Revenue from inter-segmental operations almost tripled, reaching \$214 m as a result of the seasonal increase in scrap collection.
- **EBITDA** totalled \$157 m (+74% qoq) due mainly to wider rolled product/scrap price spreads and higher sales.

6M 2021 highlights

- **Sales** grew by 34% yoy to 1.6 m t against the backdrop of last year's low baseline, when the production programme was limited due to the COVID-19 pandemic.
- **Revenue** increased by a factor of 2.1 yoy to \$1.3 bn following the growth of sales and average sales prices for long products. Revenue from operations with external buyers doubled, reaching \$1.0 bn.
- **EBITDA** went up to \$247 m amid demand recovery in the construction segment and a wider rebar/scrap price spread. The operational efficiency programme had an additional positive impact.

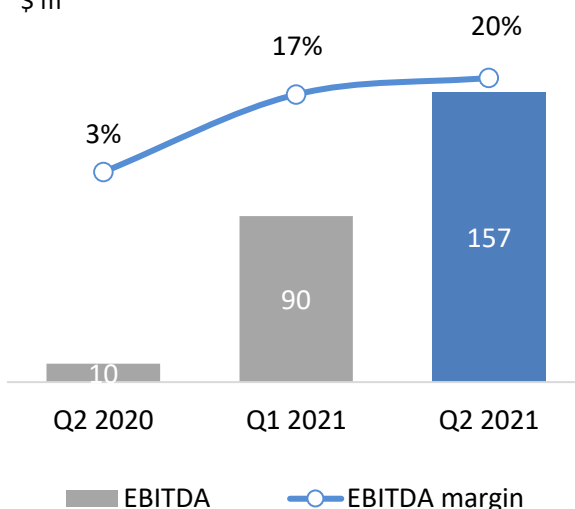
**Revenue grew by 54% qoq
due to increased sales volumes and prices**

\$ m



**EBITDA went up by 74% qoq
due to demand in the construction segment**

\$ m



Mining and Processing of Raw Materials

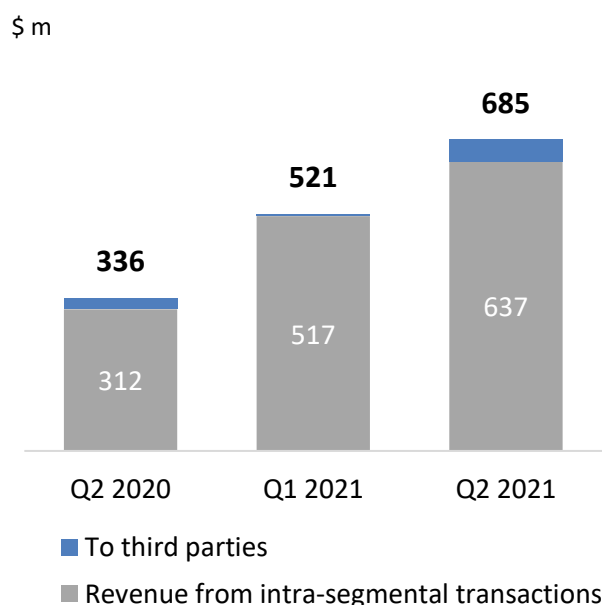
Q2 2021 highlights

- **Sales** increased by 8% qoq (+6% yoy) to 5.2 m t due to growth of output driven by investment programme gains and growth of raw material demand from NLMK Lipetsk.
- **Revenue** grew by 31% qoq to \$685 m (+2x yoy) due to higher sales volumes and an increase in ruble-denominated sales prices for concentrate (16% qoq; +144% yoy) and pellets (29% qoq; +173% yoy).
- **EBITDA** increased by 35% qoq to \$585 m (+2.4x yoy) due to higher production and sales volumes and improving market conditions.

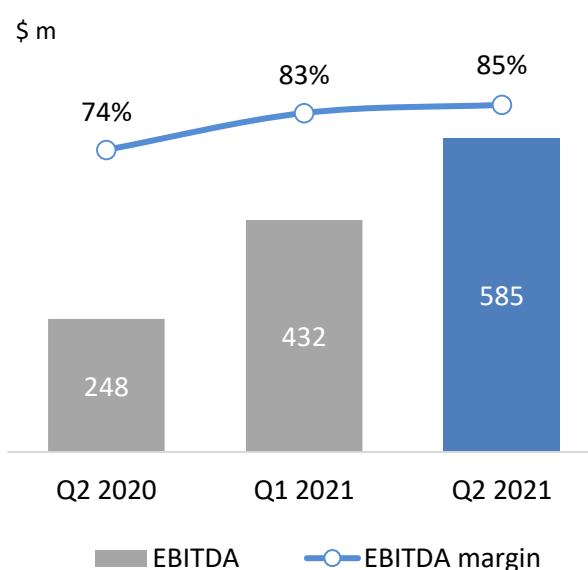
6M 2021 highlights

- **Sales** reached 10 m t (+5% yoy) due to growth of output driven by investment programme gains and the implementation of operational efficiency programmes.
- **Revenue** grew to \$1.2 bn (+86% yoy) due mainly to the increase of global raw material prices and higher sales.
- **EBITDA** totalled \$1.0 bn (+2.1x yoy) amid a positive price trend on raw material markets and investment project implementation.

**Revenue increased by 31% qoq
due to higher prices and sales**



**EBITDA increased by 35% qoq
following revenue growth**



NLMK USA

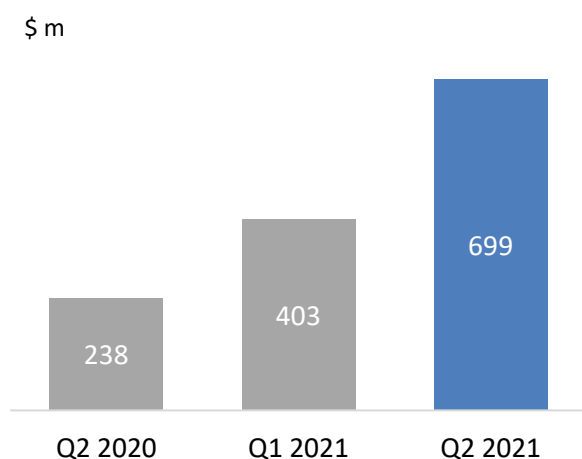
Q2 2021 highlights

- **Sales** grew by 17% qoq to 0.5 m t (+52% yoy) amid increased production capacity utilization rates due to high demand on the US market.
- **Revenue** went up by 73% qoq to \$699 m (+2.9x yoy) following higher sales and amid record high steel product prices.
- **EBITDA** grew by a factor of 3.3 qoq to \$213 m (+71x yoy) following higher sales volumes and improved flat steel/slab price spread, and due to operational efficiency gains.

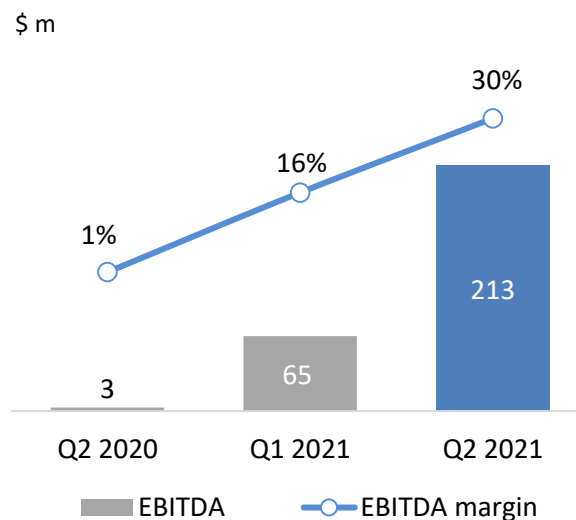
6M 2021 highlights

- **Sales** increased by 8% yoy to 0.9 m t, following the recovery of steel product demand.
- **Revenue** increased by 79% yoy to \$1.1 bn, driven by higher sales and higher steel prices.
- **EBITDA** grew to \$278 m amid wider price spreads and higher sales.

Revenue went up by 73% qoq following higher prices and sales



EBITDA grew by a factor of 3.3 qoq amid wider price spreads



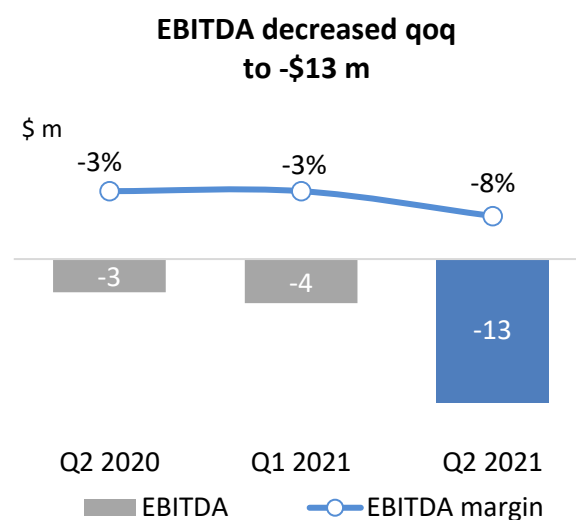
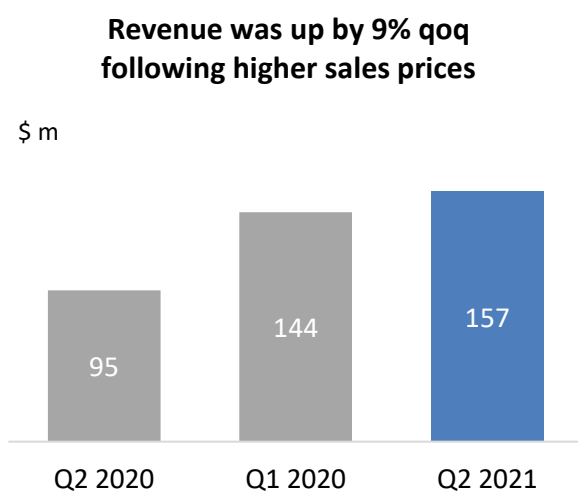
NLMK DanSteel*

Q2 2021 highlights

- **Sales** of plate went down by 7% qoq to 0.16 m t (+33% yoy) amid an optimization of the order portfolio and the high baseline of Q1 2021, when some of the volumes shipped at the end of last year were recognized.
- **Revenue** grew by 9% qoq to \$157 m due to higher plate sales prices, which was partially offset by lower sales.
- **EBITDA** decreased to -\$13 m, due mainly to shipments under long-term contracts signed before the period of spiking prices for products and slabs.

6M 2021 highlights

- **Sales** went up by 17% yoy to 0.3 m t against the backdrop of the low baseline of the same period last year during the COVID-19 pandemic.
- **Revenue** increased by 34% yoy to \$301 m following higher sales and favourable market conditions.
- **EBITDA** was down to -\$17 m (see above).



* NLMK DanSteel and the plate sales network.

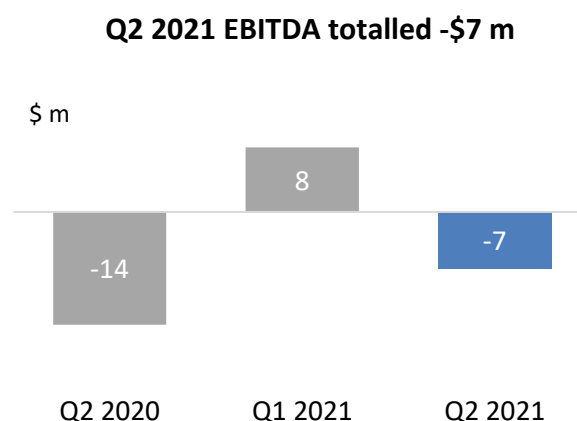
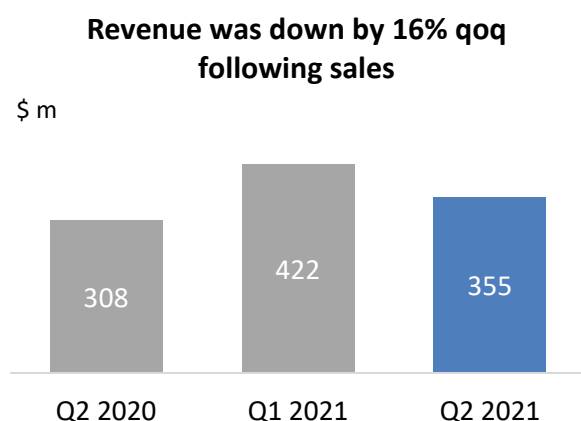
JV performance (NBH)

Q2 2021 highlights

- **NBH sales** decreased by 34% qoq (-30% yoy) to 0.33 m t amid the drop in production due to the planned upgrade of the hot strip mill at NLMK La Louvière (a Strategy 2022 project).
- **Revenue** was down by 16% qoq to \$355 m. The decrease in sales was partially offset by price growth.
- **EBITDA** totalled -\$7 m vs. \$8 m in Q1 2021 amid decreased production of strip products at NLMK La Louvière, which was partially offset by improved products/slabs price spreads.

6M 2021 highlights

- **NBH sales** went down by 23% yoy to 0.82 m t, due mainly to lower HRC production at NLMK La Louvière.
- **Revenue** increased by 13% yoy to \$777 m, following higher steel product prices.
- **EBITDA** stood at \$1 m vs. -\$33 m the year before, driven by wider price spreads, which was offset by lower sales.





Appendix No. 1: Operating and financial results

(1) Sales markets

k t	Total	Sales markets					
		Russia	EC	Russia	Middle East and Turkey	Russia	Other
NLMK Group (with NBH)	4,194	1,821	730	627	510	330	178
Division sales to third parties:							
NLMK Russia Flat	2,388	1,249	185	116	435	320	81
NLMK Russia Long	818	567	102	0	71	0	78
International subsidiaries and affiliates, incl.:	988	4	442	511	4	9	19
NLMK USA	502	0	0	502	0	0	0
European rolling facilities (NLMK DanSteel and NBH)	486	4	442	8	4	9	19

(2) NLMK Russia Flat

k t/\$ million	Q2 2021	Q1 2021	QoQ	Q2 2020	YoY	6M 2021	6M 2020	YoY
Steel product sales, incl.:	3,527	2,997	18%	3,432	3%	6,524	6,902	-5%
external customers	2,387	2,082	15%	2,834	-16%	4,469	5,334	-16%
semis to NBH	451	479	-6%	472	-5%	930	1,206	-23%
intersegmental sales	689	435	58%	126	5,5x	1,124	361	3,1x
Revenue, incl.:	3,189	2,117	51%	1,624	96%	5,306	3,412	56%
external customers	2,275	1,596	43%	1,384	64%	3,871	2,760	40%
intersegmental operations	914	521	75%	240	3,8x	1,435	652	2,2x
EBITDA	1,393	772	80%	303	4,6x	2,165	658	3,3x
EBITDA margin	44%	36%	+8 p.p.	19%	+25 p.p.	41%	19%	+22 p.p.

(3) NLMK Russia Long

k t/\$ million	Q2 2021	Q1 2021	QoQ	Q2 2020	YoY	6M 2021	6M 2020	YoY
Steel product sales	818	740	11%	594	38%	1,558	1,163	34%
Revenue, incl.:	803	522	54%	326	2,5x	1,325	642	2,1x
external customers	589	449	31%	251	2,3x	1,038	511	2x
intersegmental operations	214	73	2,9x	75	2,9x	287	131	2,2x
EBITDA	157	90	74%	10	15,7x	247	24	10,3x
EBITDA margin	20%	17%	+3 p.p.	3%	+17 p.p.	19%	4%	+15 p.p.

(4) Mining Segment

k t/\$ million	Q2 2021	Q1 2021	QoQ	Q2 2020	YoY	6M 2021	6M 2020	YoY
Iron ore products sales, incl.:	5,159	4,785	8%	4,880	6%	9,944	9,484	5%
sales to Lipetsk plant	4,881	4,763	2%	4,428	10%	9,645	8,957	8%
Revenue, incl.:	685	521	31%	336	2x	1,206	648	86%
external customers	48	4	12x	24	100%	52	34	53%
intersegmental operations	637	517	23%	312	2x	1,154	614	88%
EBITDA	585	432	35%	248	2,4x	1,017	475	2,1x
EBITDA margin	85%	83%	+2 p.p.	74%	+11 p.p.	84%	73%	+11 p.p.

(5) NLMK USA

k t/\$ million	Q2 2021	Q1 2021	QoQ	Q2 2020	YoY	6M 2021	6M 2020	YoY
Steel product sales	502	431	17%	330	52%	933	867	8%
Revenue, incl.:	699	403	73%	238	2,9x	1,102	615	79%
external customers	699	403	73%	238	2,9x	1,102	615	79%
intersegmental operations	-	-	0%	-	0%	-	-	0%
EBITDA	213	65	3,3x	3	71x	278	(19)	14,6x
EBITDA margin	30%	16%	+14 p.p.	1%	+29 p.p.	25%	-3%	+28 p.p.

(6) NLMK DanSteel

k t/\$ million	Q2 2021	Q1 2021	QoQ	Q2 2020	YoY	6M 2021	6M 2020	YoY
Steel product sales	162	174	-7%	122	33%	336	286	17%
Revenue, incl.:	157	144	9%	95	65%	301	225	34%
external customers	157	144	9%	95	65%	301	225	34%
intersegmental operations	-	-	0%	-	0%	-	-	0%
EBITDA	(13)	(4)	3,3x	(3)	4,3x	(17)	3	-5,7x
EBITDA margin	-8%	-3%	-5 p.p.	-3%	-5 p.p.	-6%	1%	-7 p.p.

(7) NBH

k t/\$ million	Q2 2021	Q1 2021	QoQ	Q2 2020	YoY	6M 2021	6M 2020	YoY
Steel product sales	329	495	-34%	468	-30%	824	1,073	-23%
Revenue, incl.:	355	422	-16%	308	15%	777	690	13%
external customers	344	410	-16%	297	16%	754	667	13%
intersegmental operations	11.0	12.0	-8%	11.0	0%	23	23	0%
EBITDA	(7)	8	-0,9x	(14)	-50%	1	(33)	0x
EBITDA margin	-2%	2%	-4 p.p.	-5%	+3 p.p.	0%	-5%	+5 p.p.

(8) Sales by product

k t	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Pig iron	133	30	437	389	368
Slabs	1,337	1,082	1,083	1,215	1,445
Thick plates	163	175	145	97	122
Hot-rolled steel	904	957	947	887	904
Cold-rolled steel	406	431	424	480	405
Galvanized steel	334	279	273	315	292
Pre-painted steel	96	81	82	129	96
Transformer steel	77	67	78	64	65
Dynamo steel	62	65	68	66	62
Billet	139	105	96	86	116
Long products	599	572	522	642	426
Metalware	80	63	65	74	53
TOTAL	4,329	3,908	4,220	4,443	4,352

(9) Sales by region

k t	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Russia	1,818	1,677	1,643	1,817	1,447
European Union	890	805	852	482	767
Middle East, including Turkey	507	536	567	580	553
North America	624	468	604	562	472
Central and South America	325	225	184	49	44
CIS	76	91	101	135	76
Asia and Oceania	68	23	190	794	899
Rest of World	21	82	79	25	95
TOTAL	4,329	3,908	4,220	4,443	4,352

(10) Revenue by region

Region	Q2 2021		Q1 2021		Q4 2020	
	\$ million	share	\$ million	share	\$ million	share
Russia	1,769	43%	1,306	46%	992	42%
European Union	723	17%	501	17%	447	19%
Middle East, including Turkey	407	10%	343	12%	296	12%
North America	781	19%	430	15%	342	14%
Central and South America	255	6%	140	5%	95	4%
CIS	84	2%	74	3%	64	3%
Asia and Oceania	98	2%	33	1%	103	4%
Rest of World	22	1%	40	1%	46	2%
TOTAL	4,139	100%	2,867	100%	2,385	100%

(11) EBITDA*

\$ million	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Operating income**	1,899	1,016	758	437	437
minus:					
Depreciation and amortization	(153)	(150)	(132)	(142)	(145)
EBITDA	2,052	1,166	890	579	582

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

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

(12) Free cash flow

\$ million	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net cash provided operating activities	1,247	691	524	591	549
Interest paid	(25)	(8)	(25)	(9)	(28)
Interest received	1	1	3	1	2
Advance VAT payments on imported equipment	-	-	-	-	-
Capex	(359)	(232)	(273)	(344)	(219)
Free Cash Flow	864	452	229	239	304

(13) Net debt

\$ million	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Short-term borrowings	831	857	1,054	856	1,219
Long-term borrowings	2,002	2,069	2,432	2,346	2,139
Cash and cash equivalents	(748)	(489)	(842)	(755)	(1,121)
Short-term deposits	(122)	(350)	(149)	(501)	(407)
Net debt	1,963	2,087	2,495	1,946	1,830

(14) Production of main products

k t	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Crude steel, incl.:	4,523	4,307	3,863	3,824	3,809
Steel Segment	3,557	3,331	2,970	2,864	3,145
Long products Segment, incl.:	777	789	708	786	610
NLMK Kaluga	310	333	349	361	272
Foreign Rolled Products Segment	189	187	185	173	53
Finished products, incl.:	2,756	2,764	2,594	2,614	2,467
Flat steel	2,104	2,096	2,024	1,957	1,978
Long steel	652	669	570	657	489
Coke (6% moisture), incl.:	1,498	1,463	1,486	1,506	1,530
NLMK Lipetsk	644	638	647	647	643
Altai-Koks	853	825	839	858	887

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

k t	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Sales to 3rd parties, incl.:	886	603	502	907	973
Export	667	406	380	797	796
Sales to subsidiaries & associates	1,130	911	728	410	598
Sales to NBH	451	479	582	308	472
TOTAL	2,016	1,514	1,230	1,318	1,571

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

k t	Q2 2021	Q1 2021	QoQ	Q2 2020	YoY	6M 2021	6M 2020	YoY
Semi-finished products	939	541	74%	1,280	-27%	1,480	2,008	-26%
Pig iron	133	30	4,4x	368	-64%	163	659	-75%
Slabs	667	406	64%	796	-16%	1,073	1,203	-11%
Billets	139	105	33%	116	20%	244	146	67%
Flat products	347	486	-29%	591	-41%	833	1,029	-19%
HRC	162	253	-36%	352	-54%	415	500	-17%
CRC	74	125	-41%	135	-45%	199	294	-32%
HDG	5	5	0%	8	-28%	11	24	-55%
Coated	1	1	92%	0	2,2x	1	1	82%
Dynamo	39	44	-12%	42	-6%	83	95	-13%
Transformer	66	57	15%	55	20%	123	115	7%
Long products	112	121	-8%	110	1%	232	245	-5%
Total	1,398	1,148	22%	1,981	-29%	2,545	3,282	-22%



(17) Segmental information

Q2 2021					NLMK DanSteel and Plates Distribution Network	Investments in NBH	Totals	Intersegmental operations and balances	NBH deconsoli- dation	Consolidated
\$ million	Russian Flat Steel	Russian Long Products	Mining	NLMK USA						
Revenue from external customers	2,275	589	48	699	157	344	4,112	-	27	4,139
Intersegment revenue	914	214	637	-	-	11	1,776	(1,765)	(11)	-
Gross profit	1,581	190	583	219	5	22	2,600	(243)	(107)	2,250
Operating income/(loss)	1,292	147	556	203	(16)	(21)	2,161	(198)	(64)	1,899
Income / (loss) before minority interest	997	121	410	181	(6)	(24)	1,679	(155)	(160)	1,364
Segment assets including goodwill	8,704	1,100	2,990	1,287	508	1,637	16,226	(3,473)	(1,439)	11,314

Balance figures presented as of 30.06.2021

Q1 2021					NLMK DanSteel and Plates Distribution Network	Investments in NBH	Totals	Intersegmental operations and balances	NBH deconsoli- dation	Consolidated
\$ million	Russian Flat Steel	Russian Long Products	Mining	NLMK USA						
Revenue from external customers	1,596	449	4	403	144	410	3,006	-	(139)	2,867
Intersegment revenue	521	73	517	-	-	12	1,123	(1,111)	(12)	-
Gross profit	927	119	411	70	10	38	1,575	(184)	(70)	1,321
Operating income/(loss)	687	79	392	54	(7)	(6)	1,199	(157)	(26)	1,016
Income / (loss) before minority interest	530	63	319	52	(19)	(7)	938	(102)	(58)	778
Segment assets including goodwill	7,315	984	2,195	810	453	1,373	13,130	(2,013)	(1,165)	9,952

Balance figures presented as of 31.03.2021