2016 HIGHLIGHTS

SUCCESSFUL EXECUTION OF STRATEGY 2017*

SUBSTANTIAL NET GAIN FROM STRATEGIC INITIATIVES

$ m

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain</td>
<td>0</td>
<td>235</td>
<td>440</td>
<td>547</td>
</tr>
</tbody>
</table>

GROWTH OF BUSINESS PROFITABILITY

CONSISTENT GROWTH OF PROFITABILITY

$ bn

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>14%</td>
<td>23%</td>
<td>24%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Continental growth of Sales volumes

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ m t</td>
<td>14.8</td>
<td>15.1</td>
<td>15.8</td>
<td>15.9</td>
</tr>
</tbody>
</table>

The Group’s self-sufficiency in pellets increased to 100%

November 2016: Pelletizing Plant launched at Stoilensky, with a capacity of 6 m t of pellets per year.

7% growth in core equipment productivity

Blast Furnace #6 capacity increased by 7% to 3.1 mtpa in October 2016, following major overhaul.

2016 PLATTS GLOBAL METALS AWARDS

NLMK Group received the Steel Industry Leadership Award from global analytical agency S&P Global Platts in May 2016.

RELATED DOCUMENTS:

- Strategy in Action, p. 27
- Key performance indicators, p. 32

* With NBH.
**STRENGTHENING FINANCIAL STANDING**

**LOW LEVERAGE (NET DEBT / EBITDA)**

- 2013: 1.8
- 2014: 0.7
- 2015: 0.6
- 2016: 0.4

In 2016, NLMK posted record operating results, steel output growing to 16.6 m t, and sales increasing to 15.9 m t.

**STABLE FINANCIALS AND DEBT REDUCTION**

EBITDA margin expanded for a third year running to 25% in a weak market, due largely to gains from Strategy 2017. Debt was at a comfortable level below target.

**GROWTH IN NUMBER OF INDEPENDENT DIRECTORS**

Independent directors represent an overall majority on NLMK’s Board of Directors. 2 of the 3 committees are chaired by independent directors.

**ENHANCING OCCUPATIONAL HEALTH AND SAFETY**

**CONSISTENT LTIFR’ REDUCTION (NLMK GROUP)**

- 2013: 2.03
- 2014: 1.55
- 2015: 1.12
- 2016: 0.82

A 7-year Eurobond was issued in June 2016 for $700 million with a coupon rate of 4.5% and a maturity date of June 2023. This was used to cover short-term debt.

**INCREASING CORPORATE GOVERNANCE**

**INCREASE IN NUMBER OF INDEPENDENT DIRECTORS ON THE BOARD**

<table>
<thead>
<tr>
<th>2012/14</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent directors</td>
<td>62%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Shareholders elected 5 independent members to the Group’s Board of Directors in June 2016, which represents an overall majority.

**RESPONSIBLE LEadership**

NLMK Group was ranked among the leaders in the 2016 rating compiled by the Russian Union of Industrialists and Entrepreneurs, in the ‘Accountability and Transparency’ and ‘Vector of Sustainable Development’ categories.

**EFFICIENT CORPORATE GOVERNANCE**

NLMK Group was ranked in the 2016 rating compiled by the Russian Union of Industrialists and Entrepreneurs, in the ‘Accountability and Transparency’ and ‘Vector of Sustainable Development’ categories.

→ For more details

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*LTIFR — Lost Time Injury Frequency Rate.**

**Without Chairman of the Board of Directors.
Dear colleagues,

In 2016, NLMK Group once again performed exceptionally well, with a record high in both production and sales, leverage reaching a minimum and profitability growth for a third year running. Our occupational safety record is among the best in the global steel industry, and we further enhanced environmental performance.

Market conditions

→ For more details please refer to p.36 Market Review

2016 proved to be a challenge. The year began with steel prices at a 12 year low and ended with price hikes in key steelmaking raw materials.

Unprecedented Chinese steel exports coupled with anaemic demand in several regions triggered a wave of protectionism and stronger localization of both supply and demand for steel products.

NLMK leadership

→ For more details please refer to p.38 2016 Financial and Operating Performance

Vertical integration, cost control, sales diversification and a flexible business model enable NLMK to grow throughout the value chain and deliver outstanding operational and financial performance.

Our EBITDA margin reached 25%, compared to the industry average of 10%. Free cash flow increased and with it our level of liquidity, shoring up the Company’s financial sustainability, as reflected by one of the highest credit ratings among Russian steel companies.

We were able to significantly increase dividends without jeopardizing financing for major investment projects.

Our successes were recognized by the expert community, with S&P Global Platts announcing NLMK as winner of the Industry Leadership Awards — Steel in 2016.

Strategy 2017 in action

→ For more details please refer to p.27 Strategy in Action

Over the past four years, we have implemented over a hundred investment projects and around 2,500 operational efficiency projects, which generated net gains of $547 million. Operational efficiency and employee initiatives contributed about 70% of this.

Active employee engagement in continuous improvement processes not only impacts our bottom line today but also establishes the corporate culture that lays a strong foundation for the long-term growth and sustainable leadership of NLMK Group.

Our successes were recognized by the expert community, with S&P Global Platts announcing NLMK as winner of the Industry Leadership Awards — Steel in 2016.

NLMK to grow throughout the value chain.
In 2016, NLMK Group solidified its position on ‘home’ markets of Russia, Europe and the USA. A drop in demand couldn’t prevent a sharp upturn in delivery of finished products in Russia and the USA. Our European operations were back to black thanks to an increase in sales of finished products that outstripped the market.

Captive production of iron ore pellets will deliver a gain of about $150 million as early as 2017 by eliminating the need to buy expensive stock from the market.

Looking to the future

We are counting on the gain from investment projects executed by NLMK companies to be around $300 million over the next two years. We expect further gains of more than $150 million from our operational efficiency projects.

We have begun development of a new strategic programme: Strategy 2022. We are discussing a number of developmental scenarios but it’s already clear the new cycle will be based on operational efficiency, profitable growth and innovation.

One team

A well-balanced development strategy, highly efficient operations and the professionalism and engagement of our employees in business processes enable NLMK Group to look to the future with confidence.

We’re proud of what we have achieved and fully recognize that our achievements were made possible thanks to the contribution of our international team, united by the common goal of leadership for NLMK Group.

I would like to express my sincere gratitude to our shareholders, customers, suppliers and contractors. I thank our employees across all of our divisions and companies for their commitment which enables NLMK Group to achieve its potential and be recognized as the leader of the global steel industry.

2017 will be decisive for NLMK both in terms of delivery of Strategy 2017, and in terms of further development.

The event of the year in the Russian metals & mining industry was the launch of the Stoilensky pelletizing plant, one of the largest and most modern in Europe.

Vertical integration, control over costs, diversification of sales, and a flexible business model.

→ Please see p.27 Strategy in Action for more details

* LTIFR — Lost Time Injury Frequency Rate.
NLMK Group is a leading international manufacturer of high-quality steel products with a vertically integrated business model.

<table>
<thead>
<tr>
<th>PRODUCTION CAPACITIES</th>
<th>22% OF RUSSIA’S STEEL PRODUCTION</th>
<th>EFFICIENT VERTICAL INTEGRATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 MILLION TONNES PER YEAR</td>
<td>Leading steelmaker in Russia and among Top 20 leading steelmakers globally</td>
<td>55% Self-sufficiency in energy</td>
</tr>
<tr>
<td>0.4x NET DEBT/EBITDA</td>
<td>0.4x</td>
<td>75% Self-sufficiency in scrap</td>
</tr>
<tr>
<td>Solid financial standing supported by a balanced financial policy and stable free cash flow generation</td>
<td></td>
<td>90% Self-sufficiency in iron ore concentrate</td>
</tr>
<tr>
<td>100% STEELMAKING CAPACITY UTILIZATION RATE</td>
<td>$194 CASH COST PER TONNE OF SLABS</td>
<td>100% Self-sufficiency in pellets and coke</td>
</tr>
<tr>
<td>Capacity utilization of key sites running at 100% vs. a global average of about 70%</td>
<td>Most competitive cash cost among global steel manufacturers</td>
<td></td>
</tr>
<tr>
<td>25% EBITDA MARGIN</td>
<td>25% Stable growth in profitability over the last few years against a backdrop of market instability thanks to execution of Strategy 2017</td>
<td></td>
</tr>
</tbody>
</table>

HIGH STANDARDS OF SUSTAINABILITY

NLMK sustainability KPIs are in line with or approaching the level of best global practices for the steel industry, as a result of the Company’s comprehensive initiatives:

- Group LTIFR* is 0.82 (0.34 for NLMK’s Russian companies) vs. best practice of 0.6;
- Specific air emissions are 20.8 kg/t vs. best practice of 18.9 kg/t.

* LTIFR — Lost Time Injury Frequency Rate (per million man-hours worked).
PRODUCTS

NLMK's steel products are used in a number of industries, from construction and engineering to the manufacture of power-generating equipment and offshore wind turbines.

PERFORMANCE

NLMK has the most competitive cash cost among global manufacturers and one of the highest levels of profitability in the industry.

SHARES

NLMK's ordinary shares, with a 16% free-float, are traded on the Moscow Exchange (ticker “nlMK”) and its global depositary shares are traded on the London Stock Exchange (ticker “NLMK:LI”).

GLOBAL LEADERSHIP

In 2016, NLMK Group received the Steel Industry Leadership Award from S&P Global Platts, a global analytical agency.

OUR TEAM

Our corporate culture, which targets continuous development and brings together more than 54,000 professionals across multiple regions, serves as a solid foundation for further growth.
Intragroup flows of raw materials in Russia

Slab supplies from NLMK Lipetsk to NLMK USA & NLMK Europe

Steel product sales to 3rd parties in home and export markets

SHARE OF FINISHED STEEL SALES IN HOME MARKETS

NLMK PRODUCTION CAPACITIES

<table>
<thead>
<tr>
<th></th>
<th>NLMK Russia Flat</th>
<th>NLMK Russia Long</th>
<th>NLMK Europe</th>
<th>NLMK USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel</td>
<td>13.0</td>
<td>3.5</td>
<td>0.3</td>
<td>0.8</td>
</tr>
<tr>
<td>Flat steel and plates</td>
<td>6.0</td>
<td>3.5</td>
<td>2.9</td>
<td></td>
</tr>
<tr>
<td>Long steel</td>
<td>2.9</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
WHAT WE MAKE AND MARKET
**NLMK 2016 steel product sales: 15.9 m t.**

**NLMK is a leading supplier of high-quality steel products in key sales markets**

NLMK has a balanced product mix that includes semi-finished, high-value added and niche products. Flat steel accounts for around 80% of total output, 20% is accounted for by long steel used in construction.

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**NLMK SALES TO THIRD PARTIES (WITH NBH)**

<table>
<thead>
<tr>
<th>2016 SALES, m t</th>
<th>SHARE IN TOTAL SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pig iron</td>
<td>0.4</td>
</tr>
<tr>
<td>Slabs</td>
<td>2.7</td>
</tr>
<tr>
<td>Billets</td>
<td>0.6</td>
</tr>
<tr>
<td>Hot-rolled coils</td>
<td>4.5</td>
</tr>
<tr>
<td>Long products</td>
<td>1.9</td>
</tr>
<tr>
<td>Thick plates</td>
<td>1.2</td>
</tr>
<tr>
<td>Cold-rolled coils</td>
<td>2.1</td>
</tr>
<tr>
<td>Galvanized steel</td>
<td>1.2</td>
</tr>
<tr>
<td>Pre-painted steel</td>
<td>0.5</td>
</tr>
<tr>
<td>Transformer steel</td>
<td>0.2</td>
</tr>
<tr>
<td>Dynamo steel</td>
<td>0.3</td>
</tr>
<tr>
<td>Metalware</td>
<td>0.3</td>
</tr>
</tbody>
</table>

**15.9**

- Semi-finished products
- Standard products
- High value added products
## OUR PRODUCTS

### SEMI-FINISHED PRODUCTS

- **Products**: Semi-finished steel products for further processing: slabs are processed into flat steel products, billets are processed into long steel products.
- **A wide range of semi-products, both standard and niche products with specific chemical composition, physical properties and dimensions.**

### THICK PLATE

- **Flat steel products**: A range of standard products and niche abrasion-resistant and high-strength plates.
- **Produced at NLMK Group’s European plants from slabs supplied by NLMK Lipetsk.**

### HOT-ROLLED STEEL

- **Flat steel products that have been hot-rolled**: A wide range of hot-rolled steel in sheets and coils with a variety of physical properties and performance characteristics.

### COLD-ROLLED STEEL

- **Flat steel products that have been cold-rolled**: A wide range of cold-rolled steel sheets and coils with a variety of physical properties and performance characteristics, including niche high ductility products.

### SHARE OF TOTAL SALES

- **21%**
- **7%**
- **28%**
- **13%**

### CONSUMING SECTORS

- **Steelmaking, pipe industry.**
- **Lifting and transport equipment, offshore wind power engineering, drilling platforms, shipbuilding, pipelines, boilers, tanks for aggressive environment (pressure, temperature, load, etc.).**
- **Pipe industry, steel structures, shipbuilding, machine building, high-pressure vessels, yellow machinery, commercial, residential and infrastructure construction.**
- **Automotive manufacturing, machine building, pipe industry, yellow machinery and white goods, commercial, residential and infrastructure construction.**

### SITES

<table>
<thead>
<tr>
<th>Sites</th>
<th>NLMK Lipetsk</th>
<th>NLMK Dansteel</th>
<th>NLMK Lipetsk</th>
<th>NLMK Lipetsk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NLMK Kaluga</td>
<td>NLMK Clabecq</td>
<td>NLMK La Louvière</td>
<td>NLMK La Louvière</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NLMK Verona</td>
<td>NLMK Indiana</td>
<td>NLMK Pennsylvania</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>NLMK Pennsylvania</td>
<td></td>
</tr>
</tbody>
</table>

### MARKET SHARE*

- **Global slab market**: 12%
- **European market**: 15%
- **Russian market**: 11%
- **Russian market**: 27%

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* NLMK’s share in apparent consumption.
**Key Facts and Figures**

**Balanced product portfolio**
NLMK's product portfolio includes semi-finished products, as well as rolled steel with standard properties and unique products.

**Consumers in home markets**
Our key customers in all our markets are the construction and the machine building industries, including automotive manufacturers, as well as the wind energy sector, ship building and yellow goods manufacturers in Europe. In Russia, we also supply our products to the pipe sector.

**NLMK's position in the global steelmaking sector**
NLMK is one of the 20 largest steel producers in the world. The Company sells steel to 70 countries around the world. NLMK holds around 12% of the global slab market and is one of the world's largest producers of transformer steel.

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**Coated Steel**
Galvanized and pre-painted steel from hot-rolled and cold-rolled steel.
Available in coils, strip and sheets.

**Electrical Steel**
Dynamo (non-grain-oriented) and transformer (grain-oriented) electrical steel. Includes a range of standard products with ordinary properties and unique high-permeability steel.
Available in coils, strip and sheets.

**Long Products**
Rebar in rods and coils, wire rod, sections.

**Metalware**
A wide range of low-carbon metalware. This includes wire and secondary products, with various coatings and surface finishes, nails, fasteners.

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**Key Performance Indicators**

<table>
<thead>
<tr>
<th>Industry</th>
<th>NLMK</th>
<th>Russian Market</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galvanized steel</td>
<td>24%</td>
<td>20%</td>
<td>24%</td>
</tr>
<tr>
<td>Pre-painted steel</td>
<td>~100%</td>
<td>76%</td>
<td>~100%</td>
</tr>
<tr>
<td>Dynamo steel</td>
<td>11%</td>
<td>20%</td>
<td>2%</td>
</tr>
<tr>
<td>Transformer steel</td>
<td>12%</td>
<td>~100%</td>
<td>2%</td>
</tr>
<tr>
<td>Rebar</td>
<td>4%</td>
<td>21%</td>
<td>2%</td>
</tr>
</tbody>
</table>

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**NLMK Lipetsk**
NLMK Strasbourg
VIZ-Steel

**NLMK Lipetsk**

**NLMK Ural**
NLMK Kaluga

**NLMK Metalware**

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**About NLMK**
13
A flexible and well-balanced business model secures industry leadership for NLMK Group.
UPSTREAM

Worldwide cost leadership is achieved through a world-class resource base with leading-edge technology for mining and processing, an optimal process environment and the professionalism of the NLMK team.

Up to 100% of raw materials produced are used in the steel production stage further along the value chain.

NLMK ADVANTAGES

➤ CAPTIVE ELECTRIC ENERGY

is generated primarily through the recovery of by-product gases from coke and blast furnace operations.

➤ CAPTIVE PRODUCTION OF COKE

guarantees NLMK high-quality coke products, which boosts the efficiency of operations further along the value chain.

➤ IRON ORE PRODUCTION

Stoilensky is one of the most efficient iron ore producers in the world, with a production cost of around $10/tonne of iron ore concentrate. Stoilensky’s iron-ore reserves are upward of 5 billion tonnes. It is located 250 km from the Group’s main production facility in Lipetsk.

➤ NLMK’S SCRAP COLLECTION AND PROCESSING NETWORK

is the largest in Russia and secures stable delivery of scrap to NLMK Group’s Russian steelmaking facilities.

Impact of vertical integration on reduction in cash cost per 1 tonne of steel in 2016

<table>
<thead>
<tr>
<th>Cash cost of Lipetsk slabs</th>
<th>Impact of vertical integration</th>
<th>Consolidated cash cost of NLMK steel</th>
</tr>
</thead>
<tbody>
<tr>
<td>$225</td>
<td>$31</td>
<td>$194</td>
</tr>
</tbody>
</table>

Self-sufficiency in key resources

<table>
<thead>
<tr>
<th>Electricity</th>
<th>Scrap</th>
<th>Coke</th>
<th>Pellets</th>
<th>Iron ore concentrate</th>
</tr>
</thead>
<tbody>
<tr>
<td>55%</td>
<td>75%</td>
<td>100%</td>
<td>100%</td>
<td>90%</td>
</tr>
</tbody>
</table>

| Ore reserves of around 5 bn t |

Iron ore production

- 17.2 M T in 2016 including 0.2 M T of pellets
- 6.9 M T production cost of iron ore concentrate
- $10 production cost of iron ore concentrate per M T

Launch of pelletizing plant with a production capacity of 6 M T of pellets per year

High pressure grinding roller (HPGR) technology at Stoilensky to boost concentrate output by 1 M T

* After pelletizing plant ramp-up.
Leading-edge equipment and finely-tuned business processes enable the production of quality steel with a low production cost. NLMK Group's steel production capacity exceeds 17 million tonnes per year, 95% of which is made in Russia.

**NLMK ADVANTAGES**

**COST Leadership**

NLMK is among the global leaders in cost. NLMK Group enjoys sustainable cost leadership through its unique business model and efficient vertical integration. The production cost of Lipetsk steel in 2016 was $194 per tonne, compared to an industry average of $340 per tonne.

**SALES VS. FURTHER PROCESSING**

71% of NLMK steel is processed into finished products, 29% is sold as semi-finished steel. NLMK produces both flat and long steel products, and our reputation as a reliable supplier ensures stable demand for the Group’s product offering.

**HIGH CAPACITY UTILIZATION**

An expansive product offering and diversification of the Company’s sales geography allow NLMK to maintain a high-capacity utilization rate.

NLMK's facility in Lipetsk, home to 80% of the Group's steel production capacity, posted 100% capacity utilization throughout the cycle in 2016, while the Group average was 95%.

**OPTIMAL LOGISTICS**

Production facilities located in regions with developed infrastructure and proximity to raw material sources lowers outlay on logistics as well as related risks.

**SLAB SUPPLIES TO SUBSIDIARIES AND AFFILIATES**

<table>
<thead>
<tr>
<th>Year</th>
<th>m t</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-12</td>
<td>2.25</td>
</tr>
<tr>
<td>2013</td>
<td>2.85</td>
</tr>
<tr>
<td>2014</td>
<td>4.07</td>
</tr>
<tr>
<td>2015</td>
<td>3.83</td>
</tr>
<tr>
<td>2016</td>
<td>3.96</td>
</tr>
</tbody>
</table>

**2016 FACTS AND FIGURES**

- **Steel Production**: 16.6 M T (incl. NBH)
- **NLMK Group Steelmaking Capacity Utilization Rate**: 95%
- **Production Cost of Lipetsk Steel**: $194
- **Development in 2016**: The scheduled overhaul of Blast Furnace No.6 (BF-6) in Lipetsk increased its productivity by 7% to 3.1 M T
Finished products are made locally for the Company’s strategic markets of Russia, the EU and the USA, in close proximity to consumers. With a total production capacity of finished products in excess of 15 million tonnes, NLMK can process as much as 90% of captive crude steel at its own rolling facilities.

**NLMK ADVANTAGES**

**HIGH QUALITY**

The use of captive raw materials in rolled steel production guarantees high quality and short lead times. The Company’s products are certified to international standards.

**BALANCED PRODUCT PORTFOLIO**

NLMK’s extensive steel product offering, from standard types of hot-rolled steel to custom electrical steels and other niche products, allows the Company to diversify sales by sector, reducing the dependency for sales volume on demand fluctuations in individual sectors.

**DIVERSIFICATION OF SALES**

An expansive geographical breakdown of sales and a flexible marketing policy create a global footprint, with the agility to divert sales of steel products to the most attractive market, ensuring full utilization of production capacity throughout the value chain.

**OPTIMAL PRODUCTION FOOTPRINT**

Due to the location of NLMK Group’s rolling operations in strategic markets, 65% of steel is sold in the region where it was produced. This allows the Company to meet the customers’ most challenging delivery timescales and respond rapidly to local demand fluctuations.

**NLMK ROLLING CAPACITY BREAKDOWN (FLAT STEEL)**

- **58%** (8.9 m t) Russia:
  - NLMK Lipetsk (HRC)
  - NLMK Russia Long
- **23%** (3.5 m t) Europe:
  - Dansteel
  - NBH (HRC + plate)
- **19%** (2.9 m t) USA:
  - NLMK USA (HRC)

**Manufacturing of Finished Products**

- **+8%** Growth in sales to home markets vs. 2013
- **82%** of output is flat steel
- **18%** is long products

**Lipetsk Site**:

- Overhaul of Hot-Dip Galvanizing Line No. 1
- Increased production capacity of HDG products by 1% to **1.25 MT**
NLMK’S INTEGRATED PROCESS ENVIRONMENT

Over the past decade, NLMK has transformed from a local steel producer into a global steel company with control over every production stage, from raw material extraction to the sale of HVA products to consumers. NLMK Group is an integrated process environment that stretches from the Urals in Russia to the Great Lakes in the USA. All our facilities across the globe share common values and work for a common goal.

VALUE CHAIN

Up to 100% of resource needs covered by previous link in the chain
### NLMK RUSSIA

#### UPSTREAM

**PRODUCTION FACILITIES:**
- Stoilensky
- Dolomit
- Stagdok

**FUNCTIONS:**
Providing raw materials to NLMK Group production facilities

**PRODUCTS:**
- Iron ore concentrate, pellets, sinter ore, limestone, dolomite

**HEADCOUNT:**
- **7,100** PEOPLE

**PRODUCTION:**
- **IRON ORE**
  - 17.2 M T (+1% yoy)
- **FLUXES**
  - 6.3 M T (–9% yoy)

**TOTAL REVENUE:**
- **$597 M** (+1% yoy)

**EBITDA:**
- **$318 M** (+7% yoy)

**INVESTMENTS:**
- **$218 M** (–23% yoy)

**CONSUMERS:**
- **INTERNAL:** NLMK Group’s Lipetsk site
- **EXTERNAL:** steelmakers, road construction industry, agriculture

#### NLMK RUSSIA FLAT

**PRODUCTION FACILITIES:**
- NLMK Lipetsk (the Lipetsk site)
- VIZ-Steel
- Altai-Koks

**FUNCTIONS:**
Steel production, including semis for international subsidiaries and flat products

**PRODUCTS:**
- Coke, pig iron, slabs, hot-rolled steel, cold-rolled steel, galvanized steel, pre-painted steel, grain-oriented and non-grain oriented steel

**HEADCOUNT:**
- **34,800** PEOPLE

**PRODUCTION CAPACITIES:**
- **STEEL**
  - 13.0 M T
- **FLAT PRODUCTS**
  - 6.0 M T

**TOTAL REVENUE:**
- **$5,586 M** (–8% yoy)

**EBITDA:**
- **$1,342 M** (–15% yoy)

**INVESTMENTS:**
- **$301 M** (+13% yoy)

**PRODUCTION:**
- **COKE**
  - 6.9 M t (+1% yoy)
- **PIG IRON**
  - 12.7 M t (+1% yoy)
- **STEEL**
  - 13.0 M t (+1% yoy)
- **COMMODITY SEMIS**
  - 6.6 M t (–2% yoy)
- **FINISHED STEEL**
  - 5.8 M t (+2% yoy)

**STEELMAKING CAPACITY UTILIZATION:**
- **100%**

**CONSUMERS:**
- **INTERNAL:** NLMK Group international rolling divisions
- **EXTERNAL:** construction industry, pipe manufacturers, automotive industry, machine building, manufacturers of white goods and yellow goods, power industry and other sectors

**SALES:**
- **IRON ORE CONCENTRATE:** 15.4 m t (incl. 74% to the Lipetsk site)
- **PELLETS:** 0.24 m t (100% to the Lipetsk site)
- **SINTER ORE:** 1.6 m t (78% to the Lipetsk site)
- **LIMESTONE:** 2.2 m t (80% to the Lipetsk site)
- **DOLOMITE:** 3.6 m t (75% to the Lipetsk site)

**IN NOVEMBER 2016, STOILENSKY LAUNCHED A PELLETIZING PLANT WITH A PRODUCTION CAPACITY OF 6 MILLION TONESS, WHICH WILL MEET 100% OF NLMK GROUP’S DEMAND FOR PELLETS.**

**SALES OF FINISHED ROLLED STEEL TO EXTERNAL CONSUMERS INCREASED BY 3% YOY TO 5.7 M T, THE SHARE IN TOTAL SALES WAS 66% (+6 P.P. YOY)**

**SALES TO EXTERNAL CUSTOMERS:**
- **COMMODITY PIG IRON:** 0.4 M T (–44% YOY)
- **SLABS:** 2.6 M T (–13% YOY)
- **HOT-ROLLED STEEL:** 2.6 M T (+3% YOY)
- **COLD-ROLLED STEEL:** 1.5 M T (+2% YOY)
- **GALVANIZED STEEL:** 0.6 M T (–5% YOY)
- **PRE-PAINTED STEEL:** 0.5 M T (+23% YOY)
- **NGO STEEL:** 0.3 M T (+10% YOY)
- **GO STEEL:** 0.2 M T (–11% YOY)

**EXTERNAL SALES GEOGRAPHY:**
- Russia (51% of sales), European Union, North America, Middle East, Latin America, the CIS
**NLMK Russia Long**

**Production Facilities:**
- Votrchermet NLMK scrap collection and processing network
- NLMK Ural
- NLMK Kaluga
- NLMK Metalware

**Functions:**
- Processing of scrap for the Group’s steelmaking operations in Russia
- Production of long products and metalware

**Products:**
- Scrap, billets, rebars, wire rod, sections, metalware

---

| **Headcount:** | 9,000 People |
| **Production Capacities:** | |
| **Steel:** | 3.5 M T |
| **Long Products:** | 2.9 M T |
| **Steelmaking Capacity Utilization:** | 82% |
| **Total Revenue:** | $1,293 M (+12% yoy) |
| **EBITDA:** | $138 M (+181% yoy) |
| **Investments:** | $16 M (–35% yoy) |

---

**External Sales Geography:**
- Russia (59% of sales), European Union, North Africa

---

**The Division's Total Sales of Steel Products Increased YoY by 18% to Reach 2.8 Million Tonnes, Thanks to Expansion of Sales Geography**

**Production:**
- Scrap Treatment: 2.1 m t (–6% yoy)
- Steel: 2.9 m t (+14% yoy)
- Long Products: 1.9 m t (+1% yoy)
- Metalware: 0.3 m t (–5% yoy)

**Sales to External Customers:**
- Billets: 0.6 m t (+14% yoy)
- Long Products: 1.9 m t (+6% yoy)
- Metalware: 0.3 m t (–4% yoy)
**NLMK USA**

**PRODUCTION FACILITIES:**
- NLMK Pennsylvania
- NLMK Indiana
- Sharon Coating

**FUNCTIONS:**
Production of flat steel from slabs shipped from NLMK Lipetsk, in addition to slabs produced by NLMK USA itself

**PRODUCTS:**
- Hot-rolled steel
- Cold-rolled steel
- Galvanized steel

**SALES GEOGRAPHY:**
100% of sales in the USA

---

**HEADCOUNT:**
1,000 PEOPLE

**PRODUCTION CAPACITIES:**
- STEEL: 0.8 MT
- FLAT PRODUCTS: 2.9 MT

**TOTAL REVENUE:**
$1,162 M (+6% yoy)

**EBITDA:**
$178 M (+29% yoy)

**INVESTMENTS:**
$19 M (-2% yoy)

**STEELMAKING CAPACITY UTILIZATION:**
73%

---

**THE DIVISION’S SALES INCREASED BY 5% IN SPITE OF A 5% REDUCTION IN US STEEL CONSUMPTION**

**PRODUCTION:**
- STEEL: 0.6 m t (+23% yoy)
- FLAT PRODUCTS: 1.8 m t (+2% yoy)

**SALES:**
- HOT-ROLLED STEEL: 0.9 m t (+1% yoy)
- COLD-ROLLED STEEL: 0.5 m t (+10% yoy)
- GALVANIZED STEEL: 0.4 m t (+10% yoy)

**CONSUMERS:**
- Construction industry, pipe manufacturers, automotive industry, machine building, manufacturers of white goods and yellow goods
NLMK Europe

NLMK Europe Strip

Production Facilities:
- NLMK La Louvière*
- NLMK Strasbourg*

Functions:
Production of flat steel from slabs shipped from NLMK Lipetsk

Products:
- Hot-rolled steel, cold-rolled steel, galvanized steel, pre-painted steel

Production Capacities:

<table>
<thead>
<tr>
<th>Flat Products</th>
<th>1.7 M T</th>
</tr>
</thead>
</table>

Rolling Capacity Utilization:
84%

Headcount:
900 People

Sales:
- Hot-rolled steel: 1.0 M t (+12% yoy)
- Cold-rolled steel: 0.1 M t (+17% yoy)
- Galvanized steel: 0.3 M t (−16% yoy)
- Pre-painted steel: 0.1 M t (+8% yoy)

Consumers:
Construction industry, pipe manufacturers, automotive industry, machine building, manufacturers of white goods and yellow goods

Sales Geography:
92% of sales within the European Union

NLMK La Louvière demothballed a second cold-rolling line with a 150,000 t capacity on the back of strong demand.
### NLMK Europe Plate

**Production Facilities:**
- NLMK Dansteel
- NLMK Clabecq*
- NLMK Verona*

**Functions:**
Production of plates from slabs shipped from NLMK Lipetsk in addition to semis produced by NLMK Europe itself.

**Products:**
Niche steel semis, thick plates, including branded Quard and Quend grades.

---

In 2016, the sales of Quard and Quend niche plates increased by 25% yoy to 89,000 tonnes, accounting for 23% (+2 p.p. yoy) of total sales.

<table>
<thead>
<tr>
<th>Headcount:</th>
<th>1,200 People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Capacities:</td>
<td></td>
</tr>
<tr>
<td>Steel:</td>
<td>0.2 M T</td>
</tr>
<tr>
<td>Thick Plates:</td>
<td>1.8 M T</td>
</tr>
<tr>
<td>Rolling Capacity Utilization:</td>
<td>87%</td>
</tr>
</tbody>
</table>

**Sales:**
- Plate: 1.2 M t (+12% yoy)

**Sales Geography:**
92% of sales within the European Union

**Consumers:**
Producers of heavy vehicles and loading equipment, offshore wind turbines, drilling rigs, shipbuilding sector, pipe manufacturers, boilers and vessels designed for use in hostile environments.

**Production:**
- Steel: 0.2 M t (+5% yoy)
- Plate: 1.2 M t (+8% yoy)

---

* Part of NLMK Belgium Holdings.
NLMK Production System is a business management approach based on a combination of processes and optimization tools which maximize the use of existing resources and eliminate losses.

BUILDING A CULTURE OF CONTINUOUS IMPROVEMENT

NLMK Production System covers 100% of the Group companies

The key elements of NLMK Production System are lean tools, training systems, visual efficiency control and feedback loops. The core of the system are the Company’s employees: their attitude, behaviour, perceptions and engagement in processes.

NLMK Group began developing its Production System in 2009, bringing together the best practices of leading global manufacturers such as Toyota and BMG, selecting tools suitable as solutions for specific applications and adapting them for NLMK Group’s environment, or developing in-house ones where necessary. The challenge then was to develop an integrated system of tools like those we know so well today, such as 6S, A3, the control charts and the initiative system.

The development and roll-out of the NLMK Production System have quickly gone from strength to strength. Strategic goals have been defined, a set of effective tools established and a system of optimization programmes launched.

Today NLMK Production System covers every company within the Group and 42 production stages, providing 11 efficiency improvement tools and enabling online monitoring of 280 technical and financial indicators, of which 95% are within 10% of their targets.

During the scale up of NLMK Production System it became clear there are areas which require improvement and further development.

The main objective of the new stage is to change the approach to production management, engaging employees of all levels in the continuous improvement process by changing their way of thinking and their behaviour.
nlmK production System (nlmK pS)
Systematic use of a suite of tools and practices for increasing production efficiency and engaging personnel in continuous improvement process.

Initial stage of PS implementation complete
Strategic goals are established and a set of efficient tools created based on best global practices, a system of optimization programmes is being implemented.

Corporate culture transformation
The key task at hand is to alter approach to production management, engaging employees at all levels in the process of continuous improvement through changes in thinking and behaviour.

Progress in 2016
In 2016, NLMK Production System began the transition to a new development stage which aims to involve each and every employee of the Company in the process of continuous improvement. It kicked off with a pilot project at NLMK Kaluga in collaboration with DuPont, a leader in the hi-tech marketplace. During the project, a team of NLMK specialists will receive invaluable experience engaging personnel and further upscaling the Production System throughout NLMK Group.

“... creating more value, profitability increase;...
... higher output with lower operational costs;
... “zero failure” culture aimed at bridging gaps and eliminating defects, customized training and shared best practices, appropriate behaviour.

EMPLOYEE POTENTIAL
Training and coaching for swift and sustainable introduction of new working practices that enable employees to improve performance.

TECHNICAL MODEL
- Goal setting system, medium-term potential and short-term goals;
- KPI system;
- Production System tools: measurement, analysis, standardization and improvement tools.

MANAGEMENT SYSTEMS
Efficiency management through visual control systems and feedback loops.

Improvements, New Values, New Culture
Establishing the principles of continuous development in the company’s culture

“... only be achieved if the Company’s operations are organized as a single business process aimed at achieving strategic objectives by optimizing the use of material and intellectual resources. For this reason, the development and roll-out of NLMK Production System is currently the Company’s key optimization process.”

TATIANA AVERCHENKHOVA,
Vice President, Operational Efficiency
Strategy 2017 has a modular structure and includes projects designed to improve the Group’s operating efficiency and business processes, as well as to increase self-sufficiency in strategic resources and ensure leadership in strategic markets.

**GOALS OF STRATEGY 2017**

- **AN ANNUAL NET GAIN OF $1 BILLION VS. 2013 EBITDA**
- **A SIGNIFICANT REDUCTION IN ANNUAL CAPEX**
- **CONServative leverage: Target net debt/EBITDA of 1.0x**
- **StABLE POSITIVE FREE CASH FLOW**
- **PAYMENT OF DIVIDENDS ACCORDING TO NLMK GROUP’S REVISED DIVIDEND POLICY**

**KEY ELEMENTS OF STRATEGY 2017 ARE:**

1. **GLOBAL LEADERSHIP IN EFFICIENCY**
   
   Increased productivity delivered by an investment programme and development of the NLMK Production System.
   
   Target net gain from leadership in efficiency: $330 million per year vs. 2013

2. **WORLD-CLASS RESOURCE BASE**
   
   Increased self-sufficiency in key raw materials and lower consumption of expensive resources.
   
   Target net gain from world-class resource base: $480 million per year vs. 2013

3. **LEADERSHIP IN STRATEGIC MARKETS**
   
   An increase in the share of HVA products in sales mix and in NLMK Group’s sales on its ‘home’ markets, and greater presence in lucrative segments.
   
   Target net gain from leadership in strategic markets: $190 million per year vs. 2013

4. **LEADERSHIP IN SUSTAINABILITY AND SAFETY**
   
   Ongoing initiatives to boost environmental performance through fine-tuning production processes and compliance with the very highest occupational health and safety standards, industry leadership in labour productivity and occupational training for personnel.

**EXPECTED IMPACT OF STRATEGY 2017 ON EBITDA**

<table>
<thead>
<tr>
<th>$ m</th>
<th>Global leadership in efficiency</th>
<th>World-class resource base</th>
<th>Leadership in strategic markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>330</td>
<td></td>
<td>480</td>
<td>190</td>
</tr>
</tbody>
</table>

**RELATED DOCUMENTS:**

- Strategy in Action, p. 27
- Strategy 2017 announcement, 2014 (PDF)
- Strategy page (website)
- Capital Markets Day presentation, 2017 (PDF)
“NLMK Group continues to implement its strategy. Our goals of strengthening NLMK’s position as one of the world’s most efficient steelmaking companies and generating $1 billion of EBITDA per year remain unchanged.”

“We’ve accomplished a lot over the past three years, the long-term financial impact of our strategy to date is an annual net gain of $547 million, despite the challenging market conditions.

“We achieved record steel output and improved profitability. NLMK’s debt leverage is several times below the industry average, and a moderate capex plan enables us to generate significant free cash flow.

Our shareholders enjoy the full benefit of our financial success through high and stable dividends.

“In 2017, we will continue closing in on our targets, while developing the next phase of our strategy, Strategy 2022, focusing on further consolidation of our competitive advantages and seizing value-creative growth opportunities that our flexible business model opens for us.”

OLEG BAGRIN,
NLMK Group President and CEO
(Chairman of the Management Board)
STRATEGY IN ACTION

1 GLOBAL LEADERSHIP IN EFFICIENCY

Target: Cost reduction and growth in productivity

Enhancing operational efficiency is an ongoing process which encompasses all of the Group’s operations and stages of production. Over the past three years we have implemented around 2,500 efficiency enhancement initiatives, which required zero or minimal capex.

Operational Efficiency Projects

This has led to significant cost reduction and growth in production:

- Cost leadership maintained: in 2016, the slab cash cost decreased by almost 50% from the 2013 level to $194 per tonne, which is 43% below the industry average.
- Equipment productivity increased: NLMK Group increased pig iron output by 1 million tonnes, while total HRC output at NLMK Lipetsk increased by 500,000 tonnes from the 2013 level.

Steel Cash Cost, $/t

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>NLMK</td>
<td>236</td>
<td>1310</td>
<td>1817</td>
<td>2450</td>
</tr>
<tr>
<td>Industry average</td>
<td>480</td>
<td>360</td>
<td>340</td>
<td>194</td>
</tr>
</tbody>
</table>

Net gain of $364 million per year, or 110% of the declared target

NLMK Group Equipment Productivity Growth 2013-2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron ore concentrate</td>
<td>14.0</td>
<td>12.4</td>
<td>12.4</td>
<td>12.4</td>
</tr>
<tr>
<td>Pig iron</td>
<td>2.0</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>BOF steel</td>
<td>16.0</td>
<td>8.0</td>
<td>6.5</td>
<td>4.0</td>
</tr>
<tr>
<td>HRC (NLMK Russia)</td>
<td>0.5</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Case Study

Overhaul boosts furnace performance by 7%

NLMK put Blast Furnace No.6 (BF-6) back into operation after a scheduled overhaul at the Group’s main production site in Lipetsk. The overhaul enables uninterrupted operation of the blast furnace and excellent product quality for the long term. It also increases the maximum output of the furnace by 7%, from 2.9 million to 3.1 million tonnes per year.

Additionally, a new gas treatment system has been introduced at BF-6, which provides a five-fold increase in the efficiency of blast furnace gas treatment. The overpressure produced by blast furnace gas is to be utilized by the top-pressure recovery turbine, a ‘green’ energy generating facility with a 14 MW capacity.
Target: greater self-sufficiency in key raw materials and lower consumption of expensive resources

- Self-sufficiency in iron ore increased from 80% in 2013 to 90% in 2016. StoiLensky Pelletizing Plant was launched in November 2016 with a production capacity of 6 million tonnes of pellets per year and the potential to increase output to 7.2 million tonnes.

- Lower consumption of expensive resources vs. 2013: key production sites have reduced consumption of all types of resources, from Fe materials to natural gas.

In 2017-2018, additional gains are expected from completed and late stage Strategy 2017 investment projects, such as:

- Ramp-up of StoiLensky Pelletizing Plant, with output of 5.5 million tonnes of pellets anticipated in 2017.

- An 1.7 million tonnes per year increase in iron ore fines output during 2017, to reach 16.6 million tonnes by 2018, in order to increase feedstock supply to the newly launched Pelletizing Plant.

- There are also projects aimed at reducing consumption of expensive resources through substitution with cheaper alternatives. The Company plans to expand usage of pulverized coal injection (PCI) technology in 2017 across blast furnace operations and increase energy production from secondary energy resources.

Net gain in 2014-2016 of $97 million, or 20% of the target level

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th>2016 VS. 2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>-1%</td>
<td></td>
</tr>
<tr>
<td>Fe materials</td>
<td>-2%</td>
<td></td>
</tr>
<tr>
<td>Coking coal</td>
<td>-2%</td>
<td></td>
</tr>
<tr>
<td>Coke</td>
<td>-6%</td>
<td></td>
</tr>
<tr>
<td>Natural gas</td>
<td>-12%</td>
<td></td>
</tr>
</tbody>
</table>

Commissioning of StoiLensky Pelletizing Plant

The launch of the key investment project of Strategy 2017 enables NLMK Group to reduce the cost of iron ore used in blast furnace operations at NLMK Lipetsk, which results in a lower cash cost of NLMK steel.

The Pelletizing Plant has a design capacity of 6 million tonnes of pellets per year, while the plant’s equipment allows for a 20% expansion of capacity to reach 7.2 million tonnes of pellets per year.

The high-tech facility took two years to build. The active phase of the project, the largest in its region, began in 2014 and required total investment of around $680 million (RUB 34 billion).

The best available technology and hardware was selected during the design phase. The largest induration furnace in Europe ensures the high performance of the plant, with a production output of 780 tonnes of pellets per hour.
LEADERSHIP IN STRATEGIC MARKETS

TARGET: HIGHER CAPACITY UTILIZATION RATES, GROWTH OF SALES IN KEY MARKETS

- Sales reached a record 15.9 million tonnes in 2016, climbing for a third year running. Total sales volume has grown 7% vs. 2013.
- Sales in NLMK Group’s home markets of Russia, the EU and the USA grew by 8% vs. 2013 to 10.3 million tonnes. Sales growth by the Group’s divisions outperformed the growth of steel consumption in its home markets, which collectively accounted for 65% of sales in 2016.
- The share of finished products in total sales increased by 12%, from 10.9 million tonnes in 2013 to 12.2 million tonnes in 2016.

LEADERSHIP IN SUSTAINABILITY AND SAFETY

TARGET: ENSURE WORKPLACE SAFETY, MINIMIZE ENVIRONMENTAL FOOTPRINT, ENHANCE LABOUR PRODUCTIVITY

Leadership in sustainability and safety is a priority for NLMK Group.

- LTIFR declined to 0.82 for the consolidated Group and to 0.34 for Russian assets, representing a 60% improvement on 2013 levels.
- Specific air emissions reduced by 5% to 20.8 kg/t vs. 2013.
- Employee productivity grew by 22% vs. 2013.

REDUCTION OF SPECIFIC AIR EMISSIONS (NLMK Russia)

<table>
<thead>
<tr>
<th>Year</th>
<th>kg/t of steel</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>21.9</td>
</tr>
<tr>
<td>2014</td>
<td>21.1</td>
</tr>
<tr>
<td>2015</td>
<td>20.9</td>
</tr>
<tr>
<td>2016</td>
<td>20.8</td>
</tr>
</tbody>
</table>

LTIFR*

<table>
<thead>
<tr>
<th>Year</th>
<th>NLMK Group</th>
<th>NLMK Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2.03</td>
<td>0.86</td>
</tr>
<tr>
<td>2014</td>
<td>0.82</td>
<td>0.34</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* LTIFR — Lost Time Injury Frequency Rate
NLMK is confident that the Strategy 2017 target of an annual net gain of $1 billion will be achieved in 2017-2018, thanks to increased returns on capex and operational efficiency projects, including scale-up of the NLMK Production System.

### Expected Results of Strategy 2017 in 2017-2018

$1 billion objective will be met in late 2018

In 2017–2018, NLMK Group will unlock a further $0.46 billion through launch of investment projects and implementation of operational efficiency programmes.

The key development vectors of Strategy 2022 have been established

A combination of long-term growth projects, ongoing operational efficiency initiatives and the implementation of innovative solutions.

### Key Facts and Figures


Structural net gain in EBITDA was $547 mpa in 2016, which is over 25% of total 2016 EBITDA.

### Key Elements of Strategy 2022

The Company is actively developing the next phase of its strategy, Strategy 2022, which is scheduled for announcement in early 2018.

This new phase of NLMK’s strategy will involve a balanced combination of long-term growth projects, further enhancement of operational efficiency and integration of innovative solutions. The Company remains dedicated to excellence in safety and sustainability.

In Strategy 2022, NLMK Group will target a balance between investments in growth projects, a conservative financial policy and high returns for NLMK shareholders.
# KEY PERFORMANCE INDICATORS

## BUSINESS MODEL EFFICIENCY

### STEELMAKING CAPACITY UTILIZATION

*Utilization rate of crude steel production capacities*

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>95</td>
</tr>
<tr>
<td>2014</td>
<td>96</td>
</tr>
<tr>
<td>2015</td>
<td>93</td>
</tr>
<tr>
<td>2016</td>
<td>95</td>
</tr>
</tbody>
</table>

2016 targets met

### STEEL PRODUCT SALES

*Total sales of steel products to external consumers of all NLMK Group’s facilities*

<table>
<thead>
<tr>
<th>Year</th>
<th>MT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>14.8</td>
</tr>
<tr>
<td>2014</td>
<td>15.1</td>
</tr>
<tr>
<td>2015</td>
<td>15.8</td>
</tr>
<tr>
<td>2016</td>
<td>15.9</td>
</tr>
</tbody>
</table>

2016 targets exceeded

### SLAB CASH COST

*Consolidated cash cost for slab production at NLMK Lipetsk*

<table>
<thead>
<tr>
<th>Year</th>
<th>$/t</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>348</td>
</tr>
<tr>
<td>2014</td>
<td>283</td>
</tr>
<tr>
<td>2015</td>
<td>206</td>
</tr>
<tr>
<td>2016</td>
<td>194</td>
</tr>
</tbody>
</table>

Target reduction in cash cost related to initiatives employed achieved

### 2016 COMMENTS

NLMK Group was able to ensure high utilization rate of steelmaking capacity thanks to a balanced sales portfolio and its cost advantage.

Sales reached a record 15.93 million tonnes (+1%) in 2016, driven by increased sales of HVA products and strong positions in ‘home’ markets (markets where production facilities are located).

Slab cash cost at NLMK Lipetsk decreased by 5% to $194 per tonne in 2016, thanks primarily to the implementation of operational efficiency programmes.

### 2017 TRENDS

**Utilization rate of steelmaking capacities at all NLMK Group’s facilities will remain high**

**NLMK Group plans to maintain a high sales volume and further increase the share of finished products sold**

**The cost of steel will be positively impacted upon by the launch of the pelletizing plant delivering a reduction in raw material costs**
FINANCIAL PERFORMANCE

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>EBITDA MARGIN</th>
<th>NET PROFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxes, interest and depreciation received from NLMK Group’s core businesses</td>
<td>Profitability of the Company’s operations before interest, taxes and depreciation</td>
<td>NLMK Group’s profit after income and expenses. One of the elements used to determine dividend payments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>$ bn</th>
<th>%</th>
<th>$ bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5</td>
<td>14%</td>
<td>0.15</td>
</tr>
<tr>
<td>2.4</td>
<td>23%</td>
<td>0.77</td>
</tr>
<tr>
<td>1.9</td>
<td>24%</td>
<td>0.97</td>
</tr>
<tr>
<td>1.9</td>
<td>25%</td>
<td>0.94</td>
</tr>
</tbody>
</table>

2016 targets exceeded by over 20% 2016 targets exceeded

2016 COMMENTS

Strong profit in 2016 was largely driven by gains from Strategy 2017 initiatives, which offset the negative impact of market factors

In spite of challenging market conditions an increase in EBITDA margin was achieved thanks to net gains from operational efficiency programme and optimized sales portfolio

A 3% decrease in net profit was largely the result of exchange rate fluctuations and the effect of one-off items in 2015

2017 TRENDS

WE EXPECT SIGNIFICANT STRUCTURAL NET GAINS DRIVEN BY THE IMPLEMENTATION OF STRATEGY 2017 CAPEX AND OPTIMIZATION PROJECTS THAT WILL BOOST NLMK GROUP’S PROFITABILITY
FINANCIAL PERFORMANCE

FREE CASH FLOW

Net cash flow after investment and interest payments refers to cash that the Company can use to strengthen liquidity, repay liabilities, pay dividends or for other corporate needs

$ bn

2016 targets exceeded

NET DEBT / EBITDA

The Company’s financial debt adjusted for the value of liquid assets, and then divided by EBITDA, characterizes the Company’s debt leverage. Used as a trigger to determine the share of dividends to be paid. NLMK Group’s target indicator stands at 1.0x

$ bn

2016 targets exceeded

DIVIDENDS

Cash paid to shareholders according to the Company’s dividend policy and based on its financial situation and prospects for development

$ bn

Above the target level of the dividend policy

2016 COMMENTS

Consistently high free cash flow is secured by substantial profit, conservative capex policy and low cost of debt servicing

Thanks to a substantial free cash flow, net debt/EBITDA ratio is maintained below the target set out in Strategy 2017

Thanks to a stable financial position and the growth of free cash flow, dividend payments increased by almost 50% to $0.9 billion

2017 TRENDS

The company is expecting a positive free cash flow. The level of debt leverage is expected to remain below 1.0x target. The Company will adhere to its dividend policy, excess liquidity will be returned to shareholders in the form of dividends
SUSTAINABILITY PERFORMANCE

**LABOUR PRODUCTIVITY**

*Tonnes of crude steel per employee*

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>252</td>
<td>268</td>
<td>283</td>
<td>308</td>
</tr>
</tbody>
</table>

2016 targets exceeded

**LTIFR**

*Lost time injury frequency rate across NLMK Group*

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.03</td>
<td>1.55</td>
<td>1.12</td>
<td>0.82</td>
</tr>
</tbody>
</table>

2016 targets exceeded

**SPECIFIC AIR EMISSIONS**

*All types of air emissions (gases, dust, etc.) per tonne of crude steel*

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.9</td>
<td>21.1</td>
<td>20.9</td>
<td>20.8</td>
</tr>
</tbody>
</table>

2016 targets met

**2016 COMMENTS**

Growth in labour productivity in 2016 driven by increased operational efficiency

There was a gradual reduction in occupational injury rates thanks to the management’s operational safety improvement initiatives

NLMK has continued to reduce air emissions thanks to significant investment in environmental projects and increased environmental safety standards

**2017 TRENDS**

**FURTHER GROWTH IN LABOUR PRODUCTIVITY IS EXPECTED ACROSS NLMK GROUP**

**THE COMPANY TARGETS AN ONGOING REDUCTION IN THE INJURY FREQUENCY RATE VS. 2016**

**REDUCTION OF SPECIFIC EMISSIONS BY 0.1 KG/T STEEL VS. 2016**
MARKET REVIEW

Global steel production increased by 1% in 2016 to 1.628 billion tonnes, and capacity utilization stood at an international average 69.3%, according to World Steel Association.

STEEL MARKET RECOVERY IN 2016 AFTER PRICES HIT A 10-YEAR LOW

Steelmaking in China, which holds a 50% share in worldwide production, increased by 1.6% to 807 million tonnes. Apparent worldwide demand in 2016 was up by 1.1% year-on-year to 1.516 billion tonnes, while demand in China alone increased by 1.3% year-on-year to 681 million tonnes.

Steel consumption in developed markets remained flat year-on-year, while Chinese steel exports contracted by 3% year-on-year to 109 million tonnes. The increase in trade investigations on international markets continued apace in 2016, in support of domestic producers.

USA MARKET

Steel production in the USA in 2016 remained at the same level as the previous year.

Imports of steel products decreased by 15% to 30 million tonnes, while steel product exports decreased by 7% to 8.5 million tonnes.

Consumption of finished steel products in 2016 decreased by 4.7% to 91.6 million tonnes, against the backdrop of destocking by consumers and trading companies and a reduction in demand from the energy sector.

EU MARKET

Steel production in the EU declined in 2016 for the second consecutive year to 162 million tonnes, which is a 2.3% year-on-year decrease.

Apparent consumption of steel in the EU in 2016 increased by 2.3% year-on-year to 157.4 million tonnes, thanks to upward trends in key sectors, aside from construction (-0.2%).

RUSSIAN MARKET

There was a 4% decrease in apparent consumption of finished steel during 2016, against a backdrop of continued economic slowdown.

Russian steel production in 2016 remained unchanged at 70.8 million tonnes, thanks to a 9% increase in exports alongside a 4% decrease in imports.

Prices on the Russian steel market demonstrated a recovery throughout 2016 in line with that of global steel prices.
Global steel production
A moderate recovery of production (+1%) to 1.63 billion tonnes, which is below the 2014 peak value of 1.66 billion tonnes. Low steelmaking capacity utilization rate in the world of 69.3%. Continued growth of protectionism.

Regional trends
EU and US markets saw demand recover. In Russia, the drop in demand decelerated, with production levels kept stable.

Slowdown of exports from China
China’s exports surged, resulting in a slump in prices at the end of 2015. This trend ceased in 2016. Prices for steel and raw materials at the beginning of 2016 hit a 10-year low.

Global steel production in 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (bn t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.59</td>
</tr>
<tr>
<td>2013</td>
<td>1.64</td>
</tr>
<tr>
<td>2014</td>
<td>1.66</td>
</tr>
<tr>
<td>2015</td>
<td>1.62</td>
</tr>
<tr>
<td>2016</td>
<td>1.63</td>
</tr>
</tbody>
</table>

Regional breakdown of steel production in 2016

<table>
<thead>
<tr>
<th>Region</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>49.6</td>
</tr>
<tr>
<td>Asia w/o China</td>
<td>18.3</td>
</tr>
<tr>
<td>EU-28</td>
<td>10.0</td>
</tr>
<tr>
<td>North America</td>
<td>6.8</td>
</tr>
<tr>
<td>Russia</td>
<td>4.3</td>
</tr>
<tr>
<td>South America</td>
<td>2.4</td>
</tr>
<tr>
<td>Other European countries</td>
<td>2.2</td>
</tr>
<tr>
<td>Middle East</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Chinese exports

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports (m t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>55.8</td>
</tr>
<tr>
<td>2013</td>
<td>62.3</td>
</tr>
<tr>
<td>2014</td>
<td>93.8</td>
</tr>
<tr>
<td>2015</td>
<td>112.4</td>
</tr>
<tr>
<td>2016</td>
<td>109.0</td>
</tr>
</tbody>
</table>

Price trends
Prices for raw materials and steel products recovered during 2016 from the ten-year low experienced at the turn of the year. The price of iron ore concentrate and coal increased 2x and 2.5x, respectively, from the beginning of the year. Average steel product prices remained relatively flat year-on-year; despite 60-90% price spikes since the beginning of the year tied mainly to raw material price increases.

Global prices

<table>
<thead>
<tr>
<th>Source: Metal Bulletin</th>
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<tbody>
<tr>
<td>$/t</td>
</tr>
<tr>
<td>Iron ore (CFR, China, rhs)</td>
</tr>
<tr>
<td>Coking coal (CFR, China, rhs)</td>
</tr>
<tr>
<td>HRC (SBB world)</td>
</tr>
</tbody>
</table>

HRC ‘DOMESTIC’ PRICES

<table>
<thead>
<tr>
<th>Source: Metal Bulletin</th>
</tr>
</thead>
<tbody>
<tr>
<td>$/t w/o VAT</td>
</tr>
<tr>
<td>EU</td>
</tr>
<tr>
<td>USA</td>
</tr>
<tr>
<td>Russia</td>
</tr>
</tbody>
</table>
2016 FINANCIAL AND OPERATING REVIEW
**OPERATING PERFORMANCE**

Crude steel output: all-time high crude steel output of 16.64 million tonnes (+4% yoy) achieved on the back of improved equipment productivity across NLMK Group sites.

Sales hit an all-time high of 15.93 m t (+1%) in 2016. This growth was the result of an improved sales mix and strong performance in NLMK’s ‘home’ markets (markets where production is localized).

‘Home’ markets accounted for 65% of sales in 2016. Sales to external markets were primarily exports from our Russian operations to the Middle East and Turkey, Europe and Latin America.

Sales of finished goods increased by 4% yoy to reach 10.21 million tonnes, thanks to a 5% yoy increase in long product sales, driven mainly by exports, and a 4% yoy increase in flat products sales predominantly in the ‘home’ markets of Russia, Europe and the USA. The share of finished product sales totalled 64% (+2 p.p. yoy).

**CONTINUOUS GROWTH OF SALES VOLUMES**

<table>
<thead>
<tr>
<th>m t</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td></td>
<td>14.8</td>
<td>15.1</td>
<td>15.8</td>
<td>15.9</td>
</tr>
</tbody>
</table>

**NLMK’s business model, which is built on operational efficiency, a world-class resource base, and leading positions in key markets, has delivered strong operational and financial results.**

“Our proximity to end consumers in the markets where we operate and our well-oiled supply chain from Russia have supported high capacity utilization and sales growth to an all-time record 15.9 million tonnes.

“The gradual recovery of prices from their early 2016 bottom, increased productivity and operational efficiency emerged as the main factors driving EBITDA margin expansion to 25%.

“Increasing profitability and restrained investment have led to a free cash flow of $1.1 billion and a reduction of net debt to $0.7 billion. This strengthening of the Company’s financial standing has enabled NLMK to increase dividend payout to above our Dividend Policy targets.”

**GRIGORY FEDORISHIN, NLMK Group Senior, Vice President and Deputy CEO**
**FINANCIAL REVIEW**

**REVENUE**

2016 revenue contracted by 5% to $7,636 m due to somewhat lower average sales prices. At the same time, 2016 saw an improvement in the sales mix, with the revenue share of finished products climbing to 67% (+3 p.p. yoy).

‘Home’ markets accounted for 70% of 2016 revenue (flat yoy). Operations in external markets accounted for 30% of revenue, including 8% from sales to the Middle East and Turkey, and 4% from sales to South East Asia.

**OPERATING PROFIT**

Operating profit* in 2016 was up 7% yoy to $1,489 m, against a backdrop of a decrease in costs which outstripped and offset the drop in sales prices.

**FREE CASH FLOW**

Free cash flow in 2016 was up 9% yoy to $1,089 m, against a backdrop of growth in operating profit and a 6% reduction in capex.

Operating cash flow in 2016 was up 3% yoy to $1,695 m, taking into account the $34 million decrease in working capital at year-end: growth of payables fully offset the growth of inventory.

Capex in 2016 was down by 6% yoy to $559 million, with maintenance capex totalling $296 million.

**DIVIDENDS**

The cash outflow for dividends in 2016 amounted to $583 million, which includes dividend pay-out for Q4 2015 and Q1-Q3 2016.

At a meeting held on 3 March 2017, the NLMK Group Board of Directors recommended shareholders approve dividends of RUB 3.38 per share.
for Q4 2016. The total amount of dividends recommended for Q4 2016 was $347 m (at the prevailing FX rate). Taking into consideration the dividends which had already been paid for Q1-Q3 2016, this represents 83% of the free cash flow and 97% of net profit for 2016.

DEBT LEVERAGE

NLMK’s total debt decreased by 15% to $2.27 billion.

Short-term liabilities account for 21% of debt. These are represented by ruble bonds, targeted investment loans and revolving credit lines to finance working capital.

Net debt in 2016 was down by 37% yoy to $0.69 billion as a result of growth in free cash flow. Net debt/EBITDA at the end of 2016 was 0.4x (0.6x at the end of 2015).

Debt portfolio optimization resulted in the average maturity of the Company’s debt increasing from 2.9 years to 3.6 years due to the following measures:

• In June 2016, the Company announced a buyback offer for its outstanding Eurobonds (7-year bonds with a coupon rate of 4.95% for a total of $500 million due in 2019 and 5-year bonds with a coupon rate of 4.45% for a total of $800 million due in 2018). Investors took up the offer to a total of $571 million. The buyback in July 2016 was financed by a new issue of 7-year Eurobonds for a total of $700 million with a coupon rate of 4.5% due in 2023.

• In Q3 2016, NLMK paid off a total of RUB 15 billion ($232 million) of ruble bonds using its own funds.

• In Q4 2016, NLMK paid off $200 million, ahead of schedule, of the $400 million PXF (pre-export finance) loan taken out in 2015. Interest payments in 2016 decreased to $104 million (-13% yoy), including $40 million of capitalized interest expenses accounted for as capex.

SEGMENTAL ANALYSIS

Russian Flat Products

EBITDA was down in 2016 by 15% yoy to $1,342 million as a result of the 3% reduction in sales volume and 8% reduction in revenue. These factors were partially offset by operational efficiency gains, and an improved sales mix. EBITDA margin was 24% (-2 p.p. yoy).

Russian Long Products

EBITDA in 2016 increased 2.8 times yoy to $138 million, thanks to an 18% increase in sales volume, a widening of the spreads between long product and scrap prices, and operational efficiency gains. EBITDA margin increased to 11% in 2016 (+7 p.p. yoy).

Mining Segment

EBITDA in 2016 was up by 7% yoy to $318 million, with a 2% increase in sales volume to 17.3 million tonnes, and productivity improvements from operational efficiency enhancements. EBITDA margin was 53% (+3 p.p. yoy).

NLMK USA

EBITDA increased to $178 million, driven by both widening spreads between the price of feedstock slabs from NLMK Lipetsk and finished products, and a 5% increase in sales volume to 1.9 million tonnes. EBITDA margin was 15% vs. -9% the previous year.

NLMK DanSteel and plate sales network

EBITDA came back into the black to $0.3 million (+0.1% EBITDA margin) as a result of an 11% increase in sales volume to 500,000 tonnes and operational efficiency gains that partially offset the decline in prices.

Associated company (NBH) results

In spite of decreasing average sales prices, the widening of price spreads, an 8% increase in sales volume to 2.2 million tonnes and operational efficiency gains enabled the Company to almost break-even in 2016 EBITDA at (-) $2 million, compared to a (-) $92 m loss in 2015.
**GLOSSARY**

**HIGH-PRESSURE GRINDING ROLLS (HPGR) TECHNOLOGY**

An iron ore crushing technology employed in the production of iron ore concentrate. HPGR, which is new to the Russian market, has a superior ore crushing capacity to conventional methods. Feed is subjected to high pressure by the rolls, which not only crush the ore but cause micro-cracks that disrupt its mineral-crystalline structure. The resulting supply of iron ore for onward processing at Stoilensky requires less additional fine grinding, which delivers a significant saving in resources such as grinding charge, balls and electricity.

**PULVERIZED COAL INJECTION (PCI) TECHNOLOGY**

This technology involves feeding natural gas and fine coal granules into the blast furnace, which enables a reduction in the consumption of expensive raw materials. Usage of natural gas and coke is reduced through introduction of a cheaper alternative mix of power-generating coal. This delivers a reduction in the cash cost of pig iron, and therefore the cost of steelmaking, without afecting quality and efficiency.

**IRON ORE PELLETS**

An enriched form of iron ore moulded into small circular pellets which are used in the steelmaking processes. Has an iron (Fe) content of around 65%. A pelletizing plant was launched in November 2016 at Stoilensky to produce pellets for NLMK operations.

**NLMK PRODUCTION SYSTEM**

An approach to business management based on a combination of processes and optimization tools which maximize the use of existing resources and eliminate losses.

**OPERATIONAL EFFICIENCY GAINS**

Net gains in EBITDA generated by the implementation of initiatives to increase productivity and/or reduce cash cost, mainly as a result of improvement to business processes, optimization of technologies etc., which require zero or minimal investment.

**INVESTMENT PROJECT EFFECTS**

Net gains in EBITDA generated by the implementation of investment projects, such as the effect of the anticipated cost reduction following the launch of the Stoilensky pelletizing plant.

**HOME MARKETS**

Markets where production of steel products is located, for instance, the Russian market is the ‘home’ market for NLMK Russia, North America is the ‘home’ market for NLMK USA, EU countries are the ‘home’ market for NLMK Europe.

**LTIFR**

Lost Time Injury Frequency Rate per 1,000,000 man-hours worked.
## 10-YEAR HIGHLIGHTS

### FINANCIAL PERFORMANCE, $ m

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</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>7,719</td>
<td>11,699</td>
<td>6,140</td>
<td>8,351</td>
<td>11,729</td>
<td>12,157</td>
<td>10,818</td>
<td>10,396</td>
<td>8,008</td>
<td>7,636</td>
</tr>
<tr>
<td>Net income**</td>
<td>2,247</td>
<td>2,279</td>
<td>215</td>
<td>1,255</td>
<td>1,315</td>
<td>596</td>
<td>145</td>
<td>733</td>
<td>967</td>
<td>935.1</td>
</tr>
<tr>
<td>EBITDA</td>
<td>3,412</td>
<td>4,689</td>
<td>1,414</td>
<td>2,322</td>
<td>2,254</td>
<td>1,900</td>
<td>1,480</td>
<td>2,381</td>
<td>1,948</td>
<td>1,941</td>
</tr>
<tr>
<td>EBITDA margin, %</td>
<td>44</td>
<td>40</td>
<td>23</td>
<td>19</td>
<td>16</td>
<td>14</td>
<td>14</td>
<td>24</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>2,524</td>
<td>2,781</td>
<td>1,394</td>
<td>1,431</td>
<td>1,315</td>
<td>1,825</td>
<td>1,333</td>
<td>1,806</td>
<td>1,651</td>
<td>1,695</td>
</tr>
<tr>
<td>Investments</td>
<td>958</td>
<td>1,934</td>
<td>1,121</td>
<td>1,463</td>
<td>2,048</td>
<td>1,453</td>
<td>756</td>
<td>563</td>
<td>595</td>
<td>559</td>
</tr>
<tr>
<td>Net debt</td>
<td>302</td>
<td>842</td>
<td>796</td>
<td>1,454</td>
<td>3,355</td>
<td>2,736</td>
<td>1,598</td>
<td>1,091</td>
<td>1,091</td>
<td>689</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>1,566</td>
<td>846</td>
<td>273</td>
<td>–32</td>
<td>–243</td>
<td>371</td>
<td>536</td>
<td>1,153</td>
<td>997</td>
<td>1,089</td>
</tr>
<tr>
<td>Dividend per share, $(2016E)</td>
<td>0.123</td>
<td>0.079</td>
<td>0.007</td>
<td>0.063</td>
<td>0.063</td>
<td>0.061</td>
<td>0.019</td>
<td>0.051</td>
<td>0.108</td>
<td>0.152</td>
</tr>
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### OPERATING PERFORMANCE, '000 t

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Steel production (w/o NBH)</td>
<td>10,840</td>
<td>10,955</td>
<td>10,614</td>
<td>11,544</td>
<td>11,968</td>
<td>14,923</td>
<td>15,429</td>
<td>15,921</td>
<td>15,866</td>
<td>16,438</td>
</tr>
<tr>
<td>Total steel sales</td>
<td>9,230</td>
<td>10,261</td>
<td>10,600</td>
<td>11,730</td>
<td>12,840</td>
<td>15,184</td>
<td>14,831</td>
<td>15,126</td>
<td>15,863</td>
<td>15,925</td>
</tr>
<tr>
<td>Finished product sales</td>
<td>5,280</td>
<td>5,995</td>
<td>6,324</td>
<td>7,051</td>
<td>8,664</td>
<td>10,607</td>
<td>10,929</td>
<td>10,223</td>
<td>9,793</td>
<td>10,211</td>
</tr>
<tr>
<td>Sales to home markets</td>
<td>3,353</td>
<td>4,246</td>
<td>3,485</td>
<td>4,644</td>
<td>6,012</td>
<td>8,684</td>
<td>9,537</td>
<td>10,605</td>
<td>10,173</td>
<td>16,438</td>
</tr>
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### SUSTAINABLE DEVELOPMENT INDICATORS

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</thead>
<tbody>
<tr>
<td>NLMK Group headcount, '000 people</td>
<td>60.2</td>
<td>70.1</td>
<td>62.8</td>
<td>59.4</td>
<td>60</td>
<td>62.5</td>
<td>62.1</td>
<td>60.1</td>
<td>56.7</td>
<td>54.0</td>
</tr>
<tr>
<td>Labour productivity, t of steel / person</td>
<td>260</td>
<td>249</td>
<td>269</td>
<td>308</td>
<td>329</td>
<td>406</td>
<td>420</td>
<td>437</td>
<td>463</td>
<td>482</td>
</tr>
<tr>
<td>LTIFR for NLMK Group’s Russian assets</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>0.87</td>
<td>0.87</td>
<td>0.86</td>
<td>0.55</td>
<td>0.43</td>
<td>0.34</td>
</tr>
<tr>
<td>Specific air emissions, kg/t of steel</td>
<td>37.0</td>
<td>30.5</td>
<td>30.4</td>
<td>28.5</td>
<td>26.1</td>
<td>22.6</td>
<td>21.9</td>
<td>21.1</td>
<td>20.9</td>
<td>20.8</td>
</tr>
</tbody>
</table>

* Financial statements starting from 2013 are prepared based on IFRS; prior to 2013 financials are US GAAP-based (for reference purposes)
** Income for the period, attributable to NLMK shareholders
Detailed information on NLMK Group’s team, talent development, occupational safety policy and financial contribution to the development of local communities, and much more.

“We’re proud of what we have achieved and fully recognize that our achievements were made possible thanks to the contribution of our international team, united by the common goal of leadership for NLMK Group.”

Oleg Bagrin,
President and CEO of NLMK Group

In this brochure we talk about how advanced technologies, efficient processes and environmentally friendly approaches ensure our leadership as an ‘environmentally-oriented’ company.

“We adopt new technologies and solutions in an effort to reduce our environmental footprint.”

Galina Khristoforova,
NLMK Group’s Director for the Environment

This brochure aims to showcase NLMK Group’s corporate governance practices, how the process of continuous improvement of corporate governance is arranged, and how we ensured our leadership in investor relations.

“In everything we do, we try to be very attentive to best practices. At the same time, we know – we remember – that corporate governance is the area where continuous evolution is a more effective way of progressing, compared to revolutionary transformation. So we’re very attentive to what is going on outside of the company and we’re applying best practices step by step.”

Stanislav Shekshnia,
Independent Director, Chairman of the Human Resources, Remuneration and Social Policies Committee

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