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NLMK Group Q3 and 9M 2020 IFRS Financial Results

NLMK Group (LSE: NLMK, MOEX: NLMK) is pleased to announce that in Q3 2020 its revenue increased by 3% qoq to \$2.2 bn, EBITDA totalled \$579 m (-1% qoq). NLMK Board of Directors recommended approving Q3 2020 dividends in the amount of RUB 6.43/share.

Key highlights

k t/\$ million	Q3 2020	Q2 2020	qoq	Q3 2019	yoy	9M 2020	9M 2019	yoy
Sales volumes	4,443	4,352	2%	4,015	11%	13,300	12,897	3%
Revenue	2,229	2,174	3%	2,576	-13%	6,860	8,242	-17%
EBITDA ²	579	582	-1%	654	-11%	1,755	2,084	-16%
EBITDA margin	26%	27%	-1 p.p.	25%	+1 p.p.	26%	25%	+1 p.p.
Profit for the period ³	312	77	4.1x	343	-9%	678	1,139	-40%
Free cash flow ⁴	239	304	-21%	249	-4%	874	1,185	-26%
Net debt ⁵	1,946	1,830	6%	1,736	12%	1,946	1,736	12%
Net debt/EBITDA ⁵	0.87x	0.79x		0.59x		0.87x	0.59x	

Q3 2020 key highlights

- **Revenue increased to \$2.2 bn** (+3% qoq) as sales of steel products grew by 2% qoq to 4.4 m t. A 13% yoy reduction was due to a drop in prices for steel products and an increase in the share of semi-finished products in the sales mix.
- **EBITDA totalled \$579 m** (-1% qoq). An increase in sales, an improvement in the product portfolio structure, and the devaluation of the ruble offset the negative effect from production losses during the restoration of the conveyor gallery at Stoilensky in September 2020. EBITDA margin was 26% (-1 p.p. qoq; +1 p.p. yoy).
- **Free cash flow totalled \$239 m** (-21% qoq) with higher investment spending against the backdrop of the second stage of major overhauls at NLMK Lipetsk BF and BOF operations and other Strategy 2022 projects.
- **Net profit increased 4-fold qoq to \$312 m** against the low base of the previous quarter when investments in NBH were impaired (a non-cash transaction).

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.



9M 2020 key highlights

- **Revenue decreased by 17% yoy to \$6.9 bn** due to the drop in steel product prices and the increase in the share of semi-finished products in total sales by 4 p.p. to 40%.
- **EBITDA decreased by 16% yoy to \$1.8 bn**, driven by the decrease in revenue. EBITDA margin was 26% (+1 p.p. yoy).
- **Free cash flow decreased by 26% yoy to \$874 m**, following the decrease in EBITDA and growth of capex as part of Strategy 2022.
- **Net profit decreased by 40% yoy to \$678 m**, against the backdrop of lower revenue and the recognition of NBH investment impairment in the amount of \$120 m in Q2 2020. Without taking this non-cash transaction into account, net profit would have totalled \$798 m.

Comment from NLMK Group CFO Shamil Kurmashov:

“In Q3 2020 global business activity began to recover gradually, driving an uptick in demand for steel in our traditional sales markets and an increase in steel product prices. Nonetheless, the growing amount of new COVID-19 cases in a number of regions in September and uncertainty about future measures aimed at countering the pandemic could slow the global economic recovery.

“NLMK Group demonstrated strong operating and financial results in the past quarter. Revenue grew by 3% qoq to \$2.2 bn, supported by an increase in steel product sales and a higher share of finished products in the sales portfolio. EBITDA margin was 26%. Free cash flow was \$239 m, supported, among other factors, by efficient working capital management.

“Structural gain from Strategy 2022 projects in 9M 2020 totalled \$170 m relative to the 2019 cost base. The impact of operational efficiency programmes on EBITDA totalled \$124 m; the impact of capex projects totalled \$46 m.

“Net debt/EBITDA stood at 0.87x, total debt decreased by 5% qoq, and the share of short-term debt decreased due to the restructuring and extension of a part of the credit lines.

“Strong performance and current market conditions enabled the company management to recommend NLMK Board of Directors to pay Q3 2020 dividends in the amount of \$500 m. This sum includes one-off dividends of \$250 on top of the Dividend Policy aimed at compensating the decrease in dividends in Q4 2019 following the resolution of the Meeting of Shareholders held on 24 April 2020.”



TELECONFERENCE

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

Wednesday, October 21, 2020

- 10:00 am (New York)
- 3:00 pm (London)
- 5:00 pm (Moscow)

To join the conference call, please dial:

US Number:

+1 929-477-0402 (Local access) // 888-204-4368 (Toll free)

United Kingdom Number:

+44 (0)330 336 9411 (Local access) // 0800 279 7204 (Toll free)

Russian Number:

+7 495 646 9190 (Local access) // 8 10 800 2867 5011 (Toll free)

Conference ID: 7391657

To join the webcast (with registration form), please follow the link <https://webcasts.eqs.com/nlmk20201021>

**We recommend that participants start dialing in 10-15 minutes prior to ensure a timely start of the conference call.*

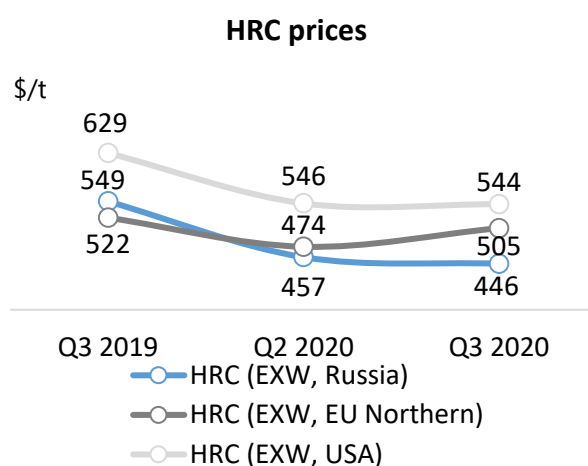
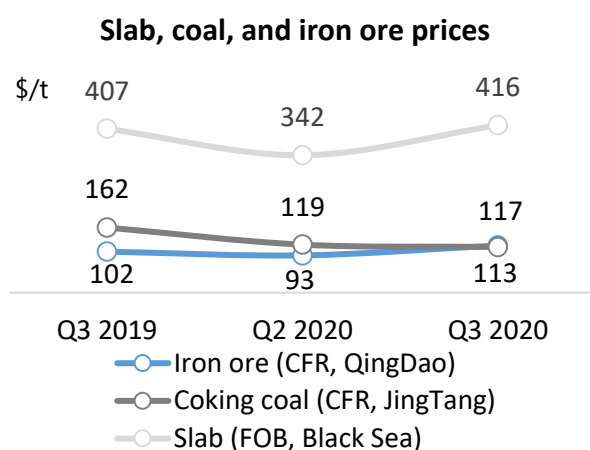
MANAGEMENT COMMENTS

Q3 2020 market review

- Q3 2020 saw an increase in demand for steel amid a gradual recovery in global business activity. Thanks to the state support programme, China became a net importer of steel products for the first time in many years as a result of strong growth in domestic consumption. Market conditions also improved in the US, EU, and other key regions.
- Consumption of steel products in Russia increased by 15-20% qoq*, practically reaching the Q3 2019 level, with the recovery of seasonal demand from the construction sector. Demand for rebar grew by 30% qoq.
- Alongside the recovery in steel demand, manufacturers around the world began to resume previously suspended operations, resulting in an average global utilization rate of more than 80%, returning to pre-crisis levels.

Q3 2020 prices

- Raw material prices:** average global coal prices dropped by 5% qoq due to weak demand from key consumer regions (Japan, India, and Europe) amid the COVID-19 pandemic and import restrictions in China; iron ore prices grew by 26% qoq, driven by a record steel output volume in China and uncertainty around supply volumes from major exporting countries.
- Market prices** for flat steel** were pressured by weak demand amid the COVID-19 pandemic, despite the high cost of the commodity basket on the global market. Prices in the US decreased by 1% qoq (-23% yoy), euro-denominated prices in Europe decreased by 1% qoq (-16% yoy), but dollar-denominated prices increased by 5% qoq (-4% yoy) due to the weakening of the US dollar.
- Uncoated steel prices in the Russian market** denominated in dollars dropped by 3% qoq (-21% yoy). Rebar prices in dollar terms climbed 1% qoq (-21% yoy).
- Export slab prices** (FOB Black Sea) grew by 22% qoq (+2% yoy).



* Data on steel consumption trends on regional markets are estimates.

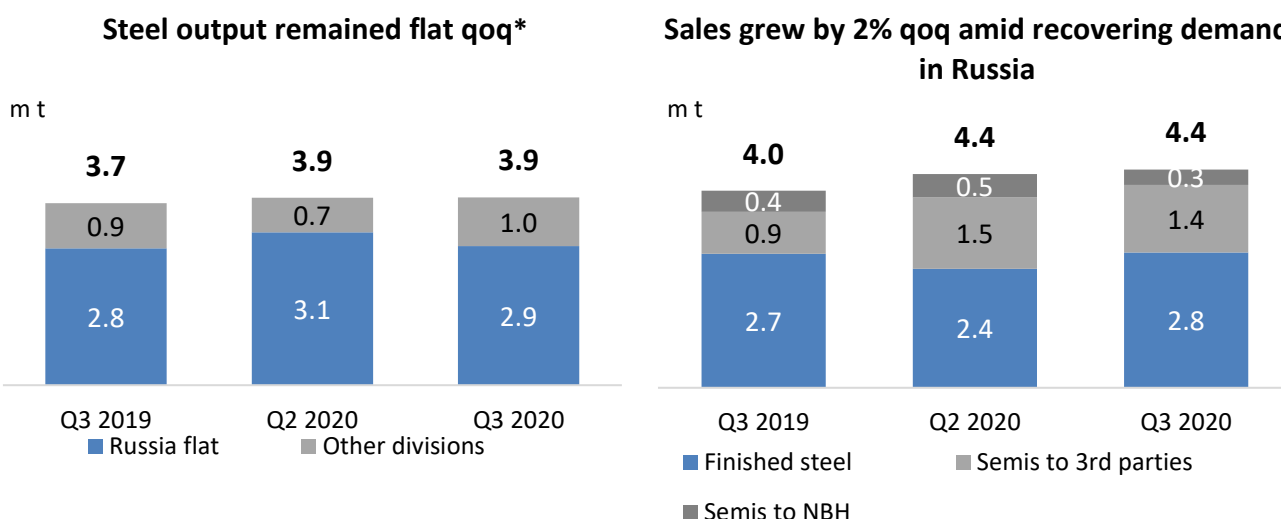
** Market prices reflect the level of prices for a given calendar period and differ from the average sales prices of the Company and its segments due to the time lag of the production & sales cycle.

Q3 2020 output and sales breakdown

- **Steel output*** grew by 3% yoy to 3.9 m t driven by higher steel output by NLMK's Russian facilities (flat qoq). The qoq decline in steel output in the Russia Flat Products segment, related to the start of the second stage of large-scale capital repairs at NLMK Lipetsk BF and BOF operations, was offset by the recovery in utilization rates in the Russia Long Products and NLMK USA segments.
- **Sales** grew by 2% qoq to 4.4 m t, the share of finished products in the sales portfolio increased amid the launch of overhauls at NLMK Lipetsk hot-end operations (see above). Year-on-year, sales volumes grew by 11% to 4.4 m t due mainly to increased demand for pig iron.
- **Sales of semi-finished products** to third parties increased by 61% yoy, due to the growth of pig iron export sales. Quarter-on-quarter, sales of semi-finished products to third parties decreased by 5% to 1.4 m t with the start of overhauls at NLMK Lipetsk hot-end operations. Slab deliveries to NBH decreased by 35% qoq to 0.3 m t (-28% yoy).
- **Sales of finished products** grew by 14% qoq to 2.8 m t against the backdrop of a recovery in demand for steel products on the Russian market. Year-on-year, sales of finished products grew by 1% due to higher demand for long and hot-rolled products from the construction sector in Russia.
- **Sales on 'home' markets** grew by 19% qoq due to a gradual recovery in demand on the markets where NLMK Group operates.

9M 2020 output and sales breakdown

- **Steel output*** remained flat year-on-year.
- **Sales** increased by 3% yoy to 13.3 m t with increased demand for pig iron. Sales of semis to third parties increased by 28% yoy to 3.9 m t, due to increased export sales of pig iron. Slab sales to NBH decreased by 4% yoy to 1.5 m t.
- Sales of finished products decreased by 5% yoy to 7.9 m t amid weak demand in April-May 2020 and sales redistribution to semi-finished products. Sales on 'home' markets reduced by 4% yoy to 8.1 m t, due to the slowdown in the US and EU sales during the economic crisis amid the COVID-19 pandemic.



* 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

Q3 2020 revenue

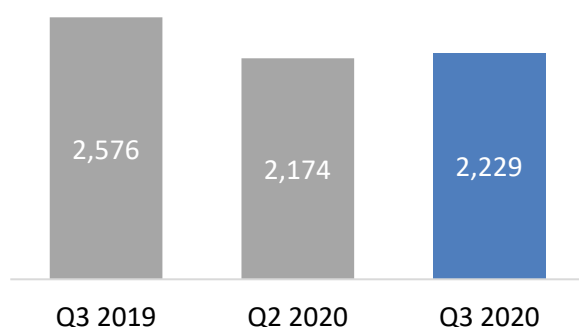
- Revenue grew by 3% qoq to \$2.2 bn as sales of steel products grew by 2% qoq reaching 4.4 m t. Year-on-year, revenue was down by 13% due to a drop in prices for steel products and an increase in the share of semi-finished products in the sales mix.
- The share of finished products increased by 5 p.p. qoq to 66%, while the share of high value-added products increased by 3 p.p. to 37%. The share of semi-finished products in the revenue decreased by 4 p.p. qoq to 29% due to reduced slab sales associated with planned overhauls and a recovery in demand for finished products in Russia.
- The share of the Russian market in the revenue recovered to 46% (+9 p.p. qoq; +1 p.p. yoy). The share of Asian countries was 14% (-1 p.p. qoq; +13 p.p. yoy), while the EU share was down to 11% (-5 p.p. qoq; -3 p.p. yoy), and the US share was down to 14% (-1 p.p. qoq; -3 p.p. yoy).

9M 2020 revenue

- Revenue decreased by 17% yoy to \$6.9 bn, due to lower steel product prices, a higher share of semi-finished products in the sales portfolio, and low demand in the US and EU amid the pandemic.
- The share of semi-finished products in the revenue increased by 4 p.p. yoy to 30% as a result of growing pig iron sales to third parties; the share of finished products decreased by 4 p.p. yoy to 64%. The share of revenue from high value-added products totalled 37% (-1 p.p. yoy).
- The Russian market share in the revenue increased to 41% (+1 p.p. yoy). The US and EU shares in the consolidated revenue reduced by 3 p.p. yoy to 16% and 16%, respectively.

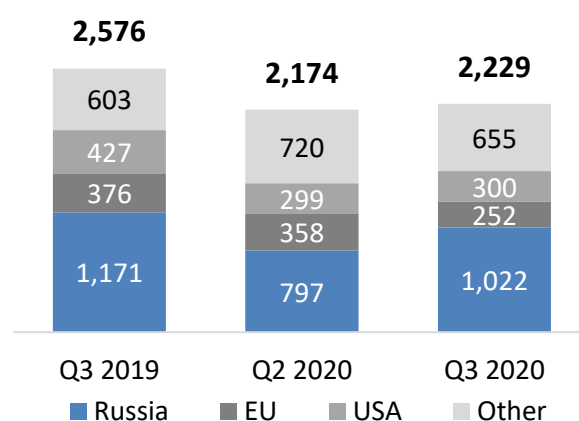
Revenue increased by 3% qoq supported by higher sales volumes...

\$ m



...amid recovering demand in Russia

\$ m



Q3 2020 EBITDA

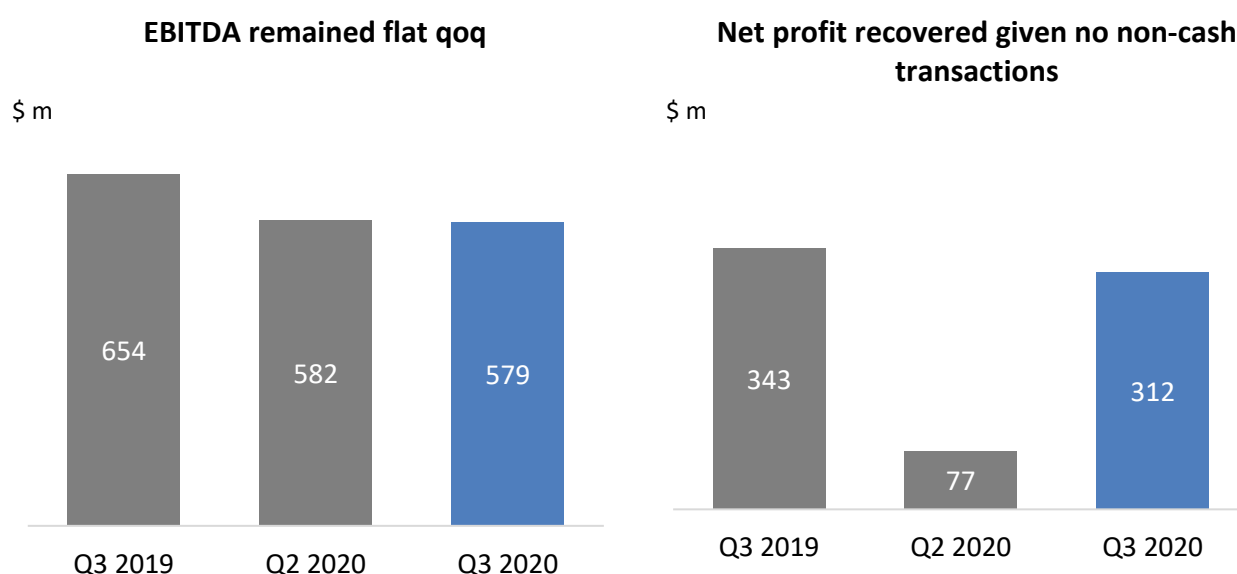
- EBITDA* went down by 1% qoq to \$579 m (-11% yoy). Widening spreads and ruble depreciation enabled offsetting the negative impact of the incident at Stoilensky in September (\$60 m) that resulted in a decrease in the share of captive iron ore in NLMK's consumption and reduced iron ore sales to third parties. Excluding this one-off effect, Q3'20 EBITDA would be \$639 m.
- Commercial expenses went down by 8% qoq (+3% yoy) to \$208 m, due to lower transport costs associated with the normalization of the share of export sales for the Group's Russian companies.
- General and administrative expenses grew by \$2 m (+2% qoq; -8% yoy).

9M 2020 EBITDA

- EBITDA went down by 16% yoy to \$1.8 bn amid narrowing steel/raw material price spreads, which was partially offset by operational efficiency gains and the ruble depreciation.
- Commercial expenses increased by 3% yoy to \$647 m due to higher exports.
- General and administrative expenses decreased by 3% yoy to \$252 m.

Net profit**

- Q3 2020 net profit recovered to \$312 m (4x growth qoq; -9% yoy) due to the low base of the previous quarter, associated with the recognition of the impairment of a \$120 m investment in NBH. 9M 2020 net profit decreased by 40% yoy to \$678 m due to lower operating profit and impairment of the NBH investment.



* 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.

Q3 2020 free cash flow

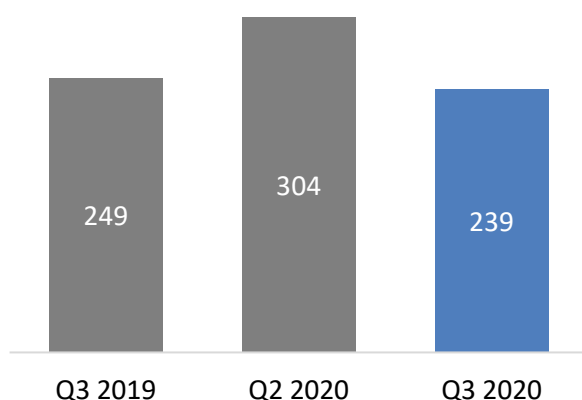
- Free cash flow went down by 21% qoq to \$239 m with higher capex after the start of the active stage of NLMK Lipetsk large-scale capital repairs and amid active execution of Strategy 2022 projects. Year-on-year, free cash flow was 4% lower amid the reduction in EBITDA, which was partially offset by cash inflows from working capital.
- Operating cash flow grew by 8% qoq to \$591 m due to cash inflows from working capital.
- **Cash inflow from working capital** totalled \$98 m due to:
 - -\$37 m: an increase in receivables due to higher sales prices of steel products;
 - + \$49 m: slab inventory reduction at NLMK USA, as well as finished products inventory, against the backdrop of strong demand in Russia and a shorter transport leg with a decrease in the export share;
 - + \$93 m: an increase in payables due to increased purchases of third-party raw materials.

9M 2020 free cash flow

- Free cash flow declined by 26% yoy to \$874 m due mainly to lower EBITDA and an 18% yoy increase in investment, which was partially offset by cash inflows from working capital.
- **Cash inflow from working capital** totalled \$240 m due to:
 - + \$28 m: reduction of receivables due to declining steel product prices;
 - + \$198 m: decrease in inventory amid lower cost of raw materials and steel products, and improved efficiency of working capital management;
 - + \$18 m: increase in payables in Q3 2020.

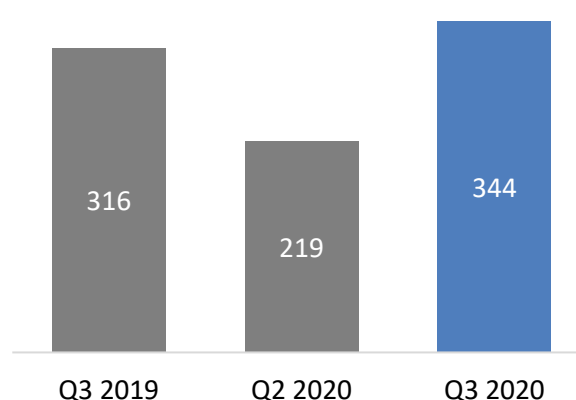
Free cash flow reduced by 21% qoq due to investment growth

\$ m



Investment grew by 57% qoq amid major overhauls

\$ m





Investment

- The Group's investment in Q3 2020 increased by 57% qoq to \$344 m (+9% yoy) amid repairs at the NLMK Lipetsk blast furnace and basic oxygen furnace operations and active execution of Strategy 2022 projects.
- The Group's investment in 9M 2020 went up by 18% yoy to \$851 m.

Dividends

- In Q3 2020, NLMK paid out \$270 m in dividends.
- On 21 October 2020, the Board of Directors recommended that shareholders approve the payment of Q3 2020 dividends in the amount of 6.43 rubles per share (for a total of \$500 m). This amount includes one-off dividends on top of the Dividend Policy (\$250 m) aimed at compensating the decrease in dividends in Q4 2019 following the resolution of the Meeting of Shareholders held in April 2020.

Strategy 2022 execution

- In Q3 2020, structural EBITDA gains from Strategy 2022 execution totalled \$55 m (relative to the 2019 base), including operational efficiency gains of \$25 m, and capex project gains of \$30 m.
- During 9M 2020, operational efficiency improvements contributed \$124 m to EBITDA, capex projects added \$46 m. Projects aimed at increasing output at Stoilensky and NLMK's Briquetting Plant accounted for the bulk of the effect.

Debt management

- **Total debt** in Q3 2020 went down by 5% qoq to \$3.2 bn due to the repayment of a part of short-term debt in line with the payment schedule. Short-term debt in the amount of \$340 m was restructured or prolonged and included into long-term debt.
- **Net debt** grew by 6% qoq to \$1.9 bn due to increased investment and high dividend payments. Net debt/EBITDA stood at 0.87x.

Q4 2020 outlook

- We expect that the increase in steel output at NLMK Lipetsk in Q4 2020 following the completion of major capital repairs at the site's hot-end operations will support the achievement of the NLMK Lipetsk steel output estimate of 12.2-12.3 m t in 2020 communicated earlier. Corresponding projects form part of the modernization programme which will enable an increase in NLMK Lipetsk's steel output to 14.2 m t per year starting from 2021.

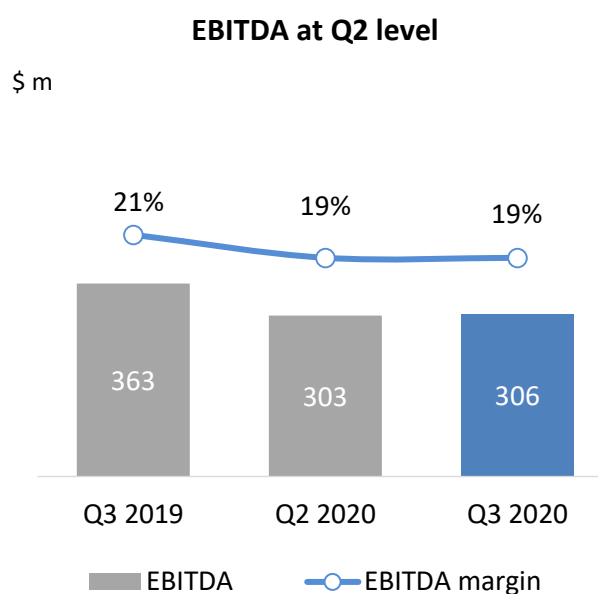
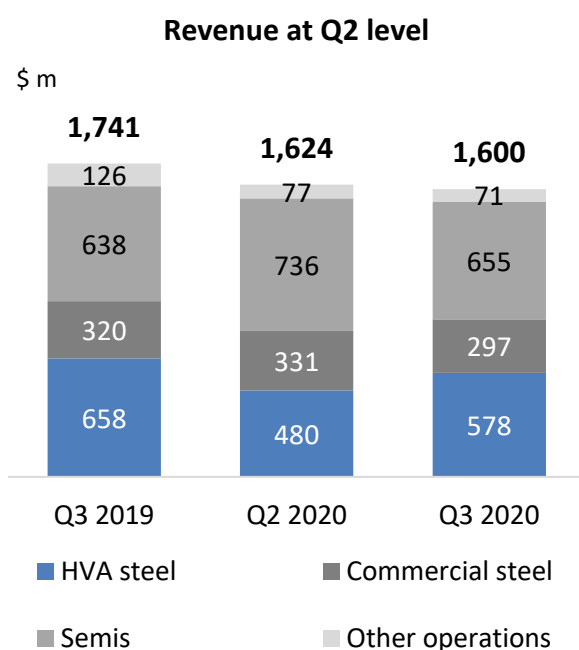
NLMK Russia Flat Products

Q3 2020 highlights

- **Sales** went down by 4% qoq to 3.3 m t, following the decrease in output due to major repairs at NLMK Lipetsk. Year-on-year, sales grew by 18% due to the sale of additional pig iron volumes.
- **Revenue** in the Segment decreased slightly by 1% qoq to \$1.6 bn (-8% yoy) following the drop in sales, which was partially offset by an increase in average sales prices and an improvement in the product portfolio mix.
- **EBITDA** went up by 1% qoq to \$306 m. Improved sales mix and a weaker ruble offset the impact from the growth of the share of third party iron ore used in production.

9M 2020 highlights

- Sales grew by 10% yoy to 10.2 m t due to strong Q1 2020 performance and a quick recovery of demand in Russia in Q3 2020.
- **Revenue** was down by 11% yoy to \$5 bn as steel product prices decreased, which was partially offset by higher sales.
- **EBITDA** decreased by 22% yoy to \$964 m amid narrowing spreads.



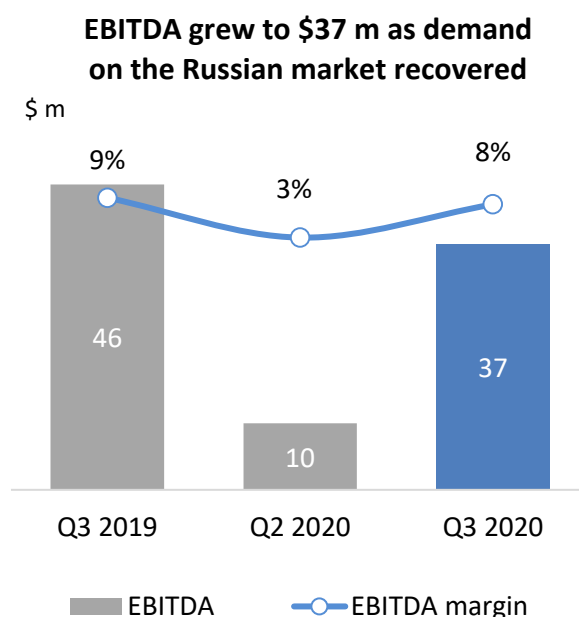
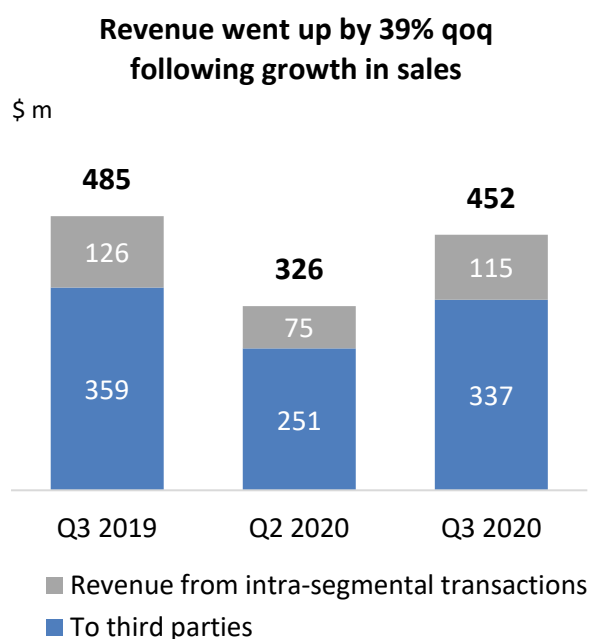
NLMK Russia Long Products

Q3 2020 highlights

- **Sales** grew by 35% qoq to 0.8 m t (+16% yoy), supported by the significant growth of the Russian long products market, associated with the previous quarter's low base effect amid the COVID-19 pandemic, and the shift in the start of the construction season.
- **Revenue** went up by 39% qoq to \$452 m following the growth in sales. Year-on-year, revenue was down by 7% due to long product and billet prices decreasing by 18% and 13% yoy, respectively.
- **EBITDA** in the Segment totalled \$37 m, with higher sales and a lower share of billet in the sales mix, and wider rebar/scrap price spread.

9M 2020 highlights

- **Sales** went down by 10% yoy to 2 m t amid lower demand for long products in 2020.
- **Revenue** decreased by 20% yoy to \$1.1 bn, following lower sales and prices.
- **EBITDA** totalled \$61 m (-33% yoy) due to lower sales and the change in the sales mix, and narrower rebar/scrap spreads, which was partially offset by operational efficiency programme gains.



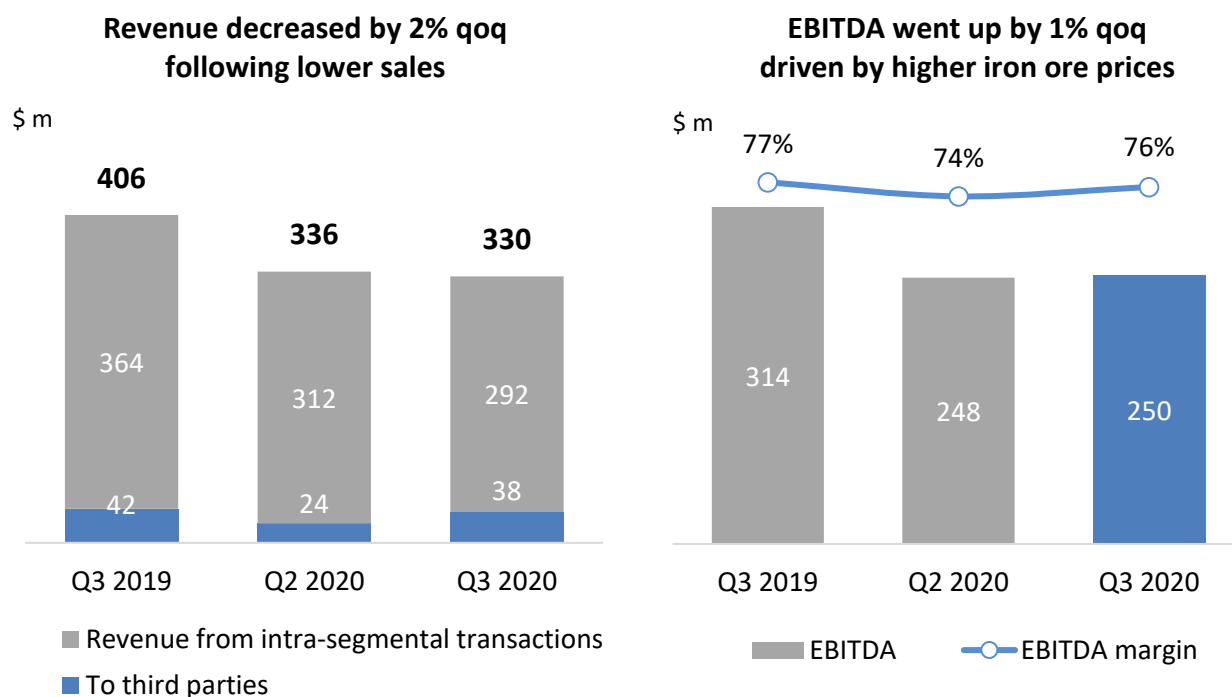
Mining and Processing of Raw Materials

Q3 2020 highlights

- **Sales** were down by 16% qoq to 4.1 m t (-14 % yoy) due to the accident that led to a collapse of an ore supply conveyor gallery on 7 September, 2020. On 22 September, 2020 [Stoilensky resumed production](#) of iron ore products.
- **Revenue** decreased by 2% qoq to \$330 m (-19% yoy) following sales, which was partially offset by ruble-denominated prices for pellets and concentrate increasing by 12% and 23% qoq, respectively.
- **EBITDA** went up by 1% qoq to \$250 m, driven by higher prices and operational efficiency programmes, as well as capex projects. The accident (see above) was the key constraining factor.

9M 2020 highlights

- **Sales** were down by 2% yoy to 13.6 m t due to the accident (see above), which was partially offset by the growth of equipment productivity.
- **Revenue** decreased to \$978 m (-2% yoy) following lower sales.
- **EBITDA** totalled \$725 m (-1% yoy).



NLMK USA

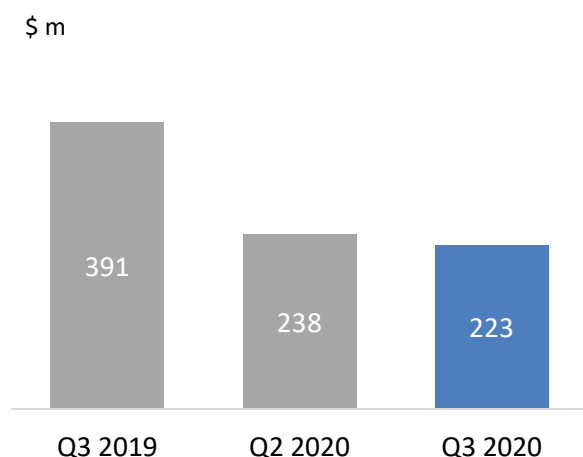
Q3 2020 highlights

- **Sales** increased by 11% qoq to 0.37 m t due to higher HRC shipments, supported by the completion of planned repairs at the NLMK Indiana plant and the gradual recovery of business activity on the US market. Year-on-year, sales were 33% lower due to low NLMK Pennsylvania capacity utilization rates amid the strike.
- **Revenue** went down by 6% qoq to \$223 m (-43% yoy) as the share of HRC in the sales mix increased and average sales prices slumped.
- **EBITDA** totalled -\$12 m (vs. \$3 m the previous quarter) amid narrower slab/rolled steel spreads. The negative trend was partially offset by higher sales and operational efficiency programme gains.

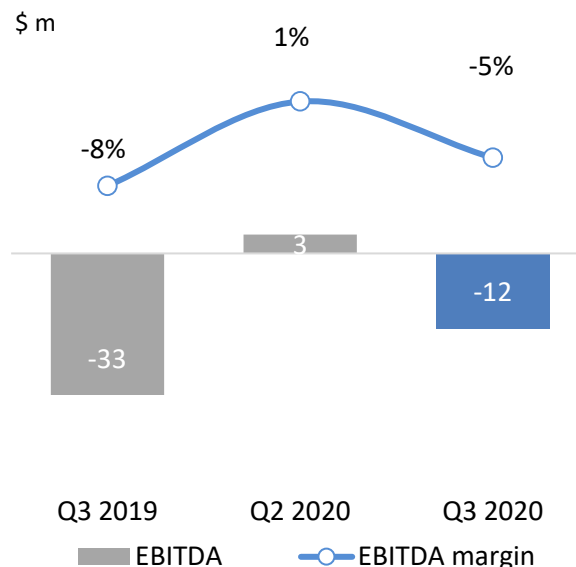
9M 2020 highlights

- **Sales** stood at 1.2 m t (-29% yoy) as steel consumption decreased in the US, pressured by the consequences of the COVID-19 pandemic.
- **Revenue** dropped by 40% yoy to \$838 m due to a steel price adjustment and lower sales, which was partially offset by a 3 p.p. increase in the share of high value-added products, which reached 49%.
- **EBITDA** decreased to -\$31 m vs. \$0 m the previous year due to narrower price spreads and rolled product price adjustments.

**Revenue went down by 6% qoq
due to lower average sales prices**



**EBITDA totalled -\$12 m
amid narrower spreads**



NLMK DanSteel*

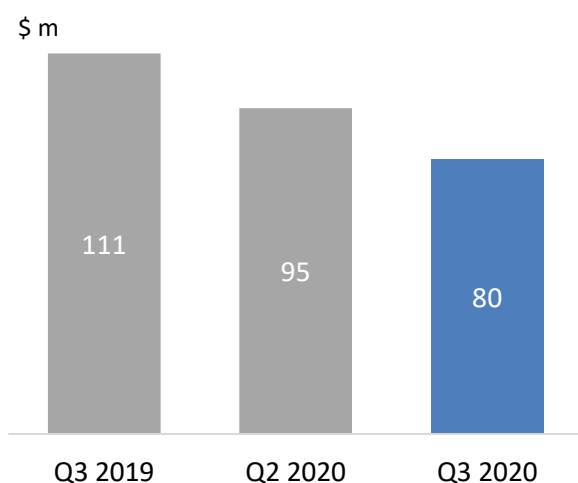
Q3 2020 highlights

- **Sales** of plate were down by 21% qoq to 0.1 m t (-18% yoy) due to weak demand amid the COVID-19 pandemic.
- **Revenue** decreased by 16% qoq to \$80 m. Lower sales were partially offset by plate prices growing by 4% qoq.
- **EBITDA** totalled -\$3 m (flat qoq).

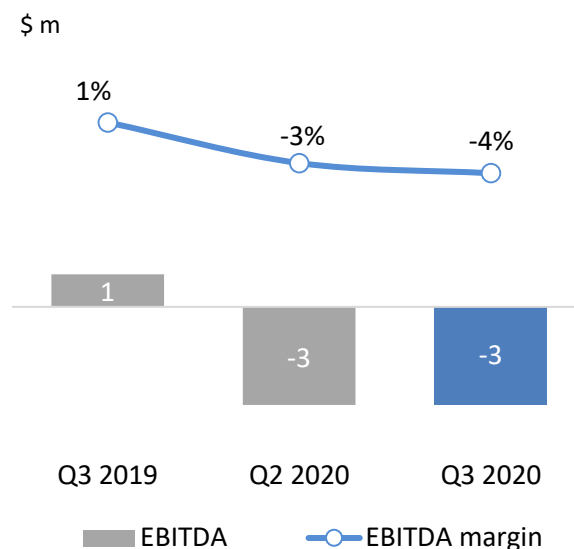
9M 2020 highlights

- **Sales** stood at 0.38 m t (-4% yoy) as plate consumption decreased in Q2-Q3 2020 due to the pandemic.
- **Revenue** was down by 20% yoy to \$305 m, mainly due to the plate price adjustment.
- **EBITDA** totalled \$0 m (vs. \$7 m the previous year) due to narrower plate/slab spreads.

**Revenue decreased by 16% qoq
due to lower sales**



EBITDA flat qoq



* NLMK DanSteel and plate distribution network.

JV performance (NBH)

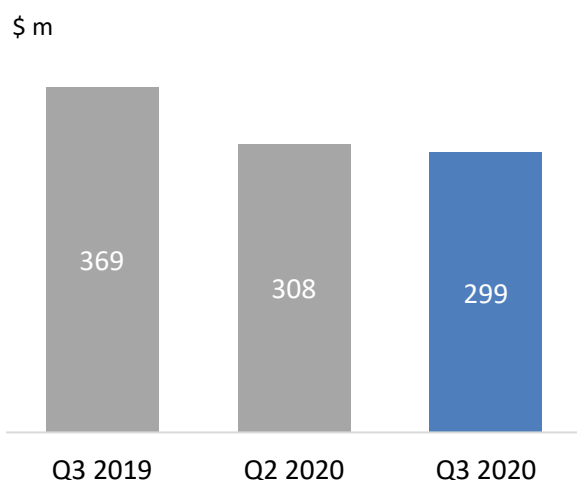
Q3 2020 highlights

- **NBH sales** remained almost flat qoq at 0.5 m t. Year-on-year, sales decreased by 14% amid weak demand on the European market.
- **Revenue** was down by 3% qoq to \$299 m, following a price adjustment by an average 2% qoq.
- **EBITDA** decreased to -\$32 m vs. -\$14 m the previous quarter due to lower finished product prices and reduced average capacity utilization rates.

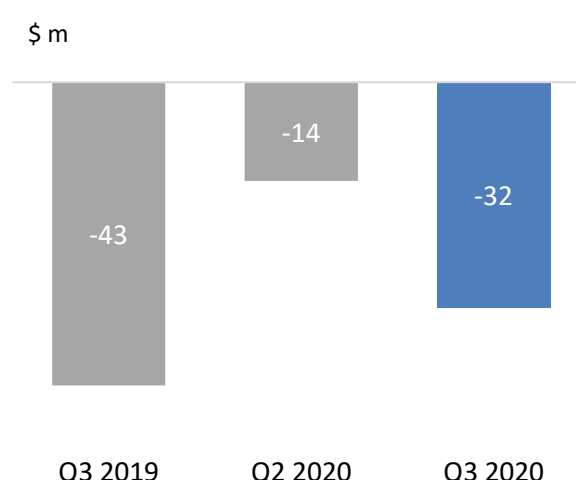
9M 2020 highlights

- **NBH sales** decreased by 8% yoy to 1.5 m t due to lower demand for steel products in Q2 2020 amid the COVID-19 pandemic.
- **Revenue** dropped by 18% yoy to \$989 m due to lower steel product sales prices and a decrease in sales.
- **EBITDA** totalled -\$65 m vs. -\$107 m the previous year. Losses in the Segment were due to unfavourable market conditions amid low prices. The relative decrease in losses vs. the previous year was due, among other factors, to last year's accrual of non-operating provisions for NLMK Clabecq restructuring.

Revenue decreased by 3% qoq following steel prices



EBITDA totalled -\$32 m in Q3 2020





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)	4,589	1,817	677	517	589	57	932
Division sales to third parties:							
NLMK Russia Flat	2,872	1,266	37	148	527	49	845
NLMK Russia Long	802	551	94	0	52	0	105
International subsidiaries and affiliates, incl.:	915	0	546	369	9	8	-18
NLMK USA	364	0	0	364	0	0	0
European rolling facilities (NLMK DanSteel and NBH)	580	0	524	9	7	7	33

(2) NLMK Russia Flat

k t/\$ million	Q3 2020	Q2 2020	qoq	Q3 2019	yoy	9M 2020	9M 2019	yoy
Steel product sales, incl.:	3,281	3,432	-4%	2,776	18%	10,182	9,234	10%
external customers	2,870	2,834	1%	2,226	29%	8,204	7,006	17%
semis to NBH	308	472	-35%	430	-28%	1,514	1,580	-4%
intersegmental sales	102	126	-19%	119	-14%	464	647	-28%
Revenue, incl.:	1,600	1,624	-1%	1,741	-8%	5,012	5,640	-11%
external customers	1,425	1,384	3%	1,482	-4%	4,185	4,550	-8%
intersegmental operations	175	240	-27%	259	-32%	827	1,090	-24%
EBITDA	306	303	1%	363	-16%	964	1,242	-22%
EBITDA margin	19%	19%	0 p.p.	21%	-2 p.p.	19%	22%	-3 p.p.

(3) NLMK Russia Long

k t/\$ million	Q3 2020	Q2 2020	qoq	Q3 2019	yoy	9M 2020	9M 2019	yoy
Steel product sales	802	594	35%	693	16%	1,965	2,176	-10%
Revenue, incl.:	452	326	39%	485	-7%	1,094	1,368	-20%
external customers	337	251	34%	359	-6%	848	1,112	-24%
intersegmental operations	115	75	53%	126	-9%	246	256	-4%
EBITDA	37	10	3,7x	46	-20%	61	91	-33%
EBITDA margin	8%	3%	+5 p.p.	9%	-1 p.p.	6%	7%	-1 p.p.

(4) Mining Segment

k t/\$ million	Q3 2020	Q2 2020	qoq	Q3 2019	yoy	9M 2020	9M 2019	yoy
Iron ore products sales, incl.:	4,112	4,880	-16%	4,784	-14%	13,596	13,886	-2%
sales to NLMK Lipetsk	3,954	4,428	-11%	4,420	-11%	12,912	13,411	-4%
Revenue, incl.:	330	336	-2%	406	-19%	978	994	-2%
external customers	38	24	58%	42	-10%	72	62	16%
intersegmental operations	292	312	-6%	364	-20%	906	932	-3%
EBITDA	250	248	1%	314	-20%	725	736	-1%
EBITDA margin	76%	74%	+2 p.p.	77%	-1 p.p.	74%	74%	0 p.p.

(5) NLMK USA

k t/\$ million	Q3 2020	Q2 2020	qoq	Q3 2019	yoy	9M 2020	9M 2019	yoy
Steel product sales	366	330	11%	549	-33%	1,234	1,733	-29%
Revenue, incl.:	223	238	-6%	391	-43%	838	1,393	-40%
external customers	223	238	-6%	391	-43%	838	1,393	-40%
intersegmental operations	-	-	0%	-	0%	-	-	0%
EBITDA	(12)	3	-4x	(33)	-64%	(31)	-	-
EBITDA margin	-5%	1%	-6 p.p.	-8%	+3 p.p.	-4%	0%	-4 p.p.

(6) NLMK DanSteel

k t/\$ million	Q3 2020	Q2 2020	qoq	Q3 2019	yoy	9M 2020	9M 2019	yoy
Steel product sales	97	122	-21%	118	-18%	383	401	-4%
Revenue, incl.:	80	95	-16%	111	-28%	305	381	-20%
external customers	79	95	-17%	111	-29%	304	380	-20%
intersegmental operations	1.0	-	-	-	0%	1	1	0%
EBITDA	(3)	(3)	0%	1	-3x	-	7	-100%
EBITDA margin	-4%	-3%	-1 p.p.	1%	-5 p.p.	0%	2%	-2 p.p.

(7) NBH

k t/\$ million	Q3 2020	Q2 2020	qoq	Q3 2019	yoy	9M 2020	9M 2019	yoy
Steel product sales	461	468	-1%	537	-14%	1,534	1,667	-8%
Revenue, incl.:	299	308	-3%	369	-19%	989	1,213	-18%
external customers	286	297	-4%	348	-18%	953	1,170	-19%
intersegmental operations	13.0	11.0	18%	21.0	-38%	36	43	-16%
EBITDA	(32)	(14)	2,3x	(43)	-26%	(65)	(107)	-39%
EBITDA margin	-11%	-5%	-6 p.p.	-12%	+1 p.p.	-7%	-9%	+2 p.p.

(8) Sales by product

k t	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Pig iron	389	368	292	253	54
Slabs	1,215	1,445	1,430	1,172	1,173
Thick plates	97	122	164	128	118
Hot-rolled steel	887	904	921	912	852
Cold-rolled steel	480	405	528	473	533
Galvanized steel	315	292	362	331	338
Pre-painted steel	129	96	97	113	117
Grain-oriented steel	64	65	70	66	63
Non-grain-oriented steel	66	62	72	50	75
Billet	86	116	30	1	60
Long products	642	426	474	596	568
Metalware	74	53	65	77	65
TOTAL	4,443	4,352	4,505	4,172	4,015

(9) Sales by region

k t	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Russia	1,817	1,447	1,767	1,805	1,682
European Union	482	767	1,026	787	674
Middle East, including Turkey	580	553	529	556	633
North America	562	472	826	727	606
Central and South America	49	44	134	73	164
CIS	135	76	91	91	114
Asia and Oceania	794	899	23	69	21
Rest of World	25	95	108	64	122
TOTAL	4,443	4,352	4,505	4,172	4,015

(10) Revenue by region

Region	Q3 2020		Q2 2020		Q1 2020	
	\$ million	share	\$ million	share	\$ million	share
Russia	1,022	46%	797	37%	1,009	41%
European Union	252	11%	358	16%	505	21%
Middle East, including Turkey	246	11%	250	11%	241	10%
North America	300	13%	299	14%	485	20%
Central and South America	22	1%	23	1%	70	3%
CIS	52	2%	58	3%	75	3%
Asia and Oceania	315	14%	333	15%	29	1%
Rest of World	20	1%	57	3%	43	2%
TOTAL	2,229	100%	2,174	100%	2,457	100%

(11) EBITDA calculation*

\$ million	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Operating income**	437	437	439	338	512
minus:					
Depreciation and amortization	(142)	(145)	(155)	(142)	(142)
EBITDA	579	582	594	480	654

* 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 calculation

\$ million	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net cash provided operating activities	591	549	617	710	568
Interest paid	(9)	(28)	(2)	(22)	(4)
Interest received	1	2	4	9	1
Advance VAT payments on imported equipment	-	-	-	-	-
Capex	(344)	(219)	(288)	(359)	(316)
Free Cash Flow	239	304	331	338	249

(13) Net debt calculation

\$ million	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Short-term loans and credit lines	856	1,219	1,678	468	389
Long-term loans and credit lines	2,346	2,139	1,799	2,188	2,288
Cash and cash equivalents	(755)	(1,121)	(1,456)	(713)	(421)
Short-term bank deposits	(501)	(407)	(251)	(157)	(520)
Net debt	1,946	1,830	1,770	1,786	1,736

(14) Production of main products

k t	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Crude steel, incl.:	3,824	3,809	4,171	3,749	3,714
Steel Segment	2,864	3,145	3,325	2,977	2,818
Long products Segment, incl.:	786	610	659	603	719
NLMK Kaluga	361	272	256	215	256
Foreign Rolled Products Segment	173	53	188	169	176
Finished products, incl.:	2,614	2,467	2,852	2,642	2,725
Flat steel	1,957	1,978	2,240	2,058	2,071
Long steel	657	489	612	584	653
Coke (6% moisture), incl.:	1,506	1,530	1,540	1,487	1,418
NLMK Lipetsk	647	643	645	652	655
Altai-Koks	858	887	895	834	762

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

k t	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Sales to 3rd parties, incl.:	907	973	696	648	743
Export	797	796	406	473	532
Sales to subsidiaries & associates	410	598	970	851	550
Sales to NBH	308	472	734	523	430
TOTAL	1,318	1,571	1,665	1,499	1,292

(16) Export shipments of steel products from Group's Russian companies to third parties

k t	Q3 2020	Q2 2020	qoq	Q3 2019	yoy	9M 2020	9M 2019	yoy
Semi-finished products	1,271	1,280	-1%	641	98%	3,279	2,347	40%
Pig iron	389	368	6%	54	7.2x	1,048	257	4.1x
Slabs	797	796	0%	532	50%	2,000	1,797	11%
Billets	85	116	-26%	55	55%	231	293	-21%
Flat products	416	591	-30%	452	-8%	1,445	1,578	-8%
HRC	160	352	-55%	183	-13%	660	703	-6%
CRC	148	135	10%	158	-6%	442	503	-12%
HDG	8	8	8%	5	60%	32	42	-22%
Coated	1	0	2.9x	1	32%	2	4	-46%
Non-grain-oriented	47	42	13%	54	-13%	142	149	-5%
Grain-oriented	52	55	-6%	51	0%	167	177	-6%
Long products	169	110	54%	144	18%	415	422	-2%
Total	1,856	1,981	-6%	1,237	50%	5,139	4,346	18%



(17) Segmental information

Q3 2020					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	1,425	337	38	223	79	286	2,388	-	(159)	2,229
Intersegment revenue	175	115	292	-	1	13	596	(583)	(13)	-
Gross profit	457	62	248	(16)	5	(6)	750	(18)	20	752
Operating income/(loss)	218	26	224	(26)	(6)	(47)	389	(13)	61	437
Income / (loss) before minority interest	441	24	170	(26)	(11)	(50)	548	(290)	54	312
Segment assets including goodwill	6,756	859	1,592	655	403	1,362	11,627	(1,281)	(1,128)	9,218

Balance figures presented as of 30.09.2020

Q2 2020					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	1,384	251	24	238	95	297	2,289	-	(115)	2,174
Intersegment revenue	240	75	312	-	-	11	638	(627)	(11)	-
Gross profit	455	34	245	1	9	15	759	26	(26)	759
Operating income/(loss)	213	(1)	221	(11)	(6)	(28)	388	32	17	437
Income / (loss) before minority interest	355	(7)	178	(11)	(7)	(30)	478	(275)	(126)	77
Segment assets including goodwill	7,196	922	1,661	724	368	1,385	12,256	(983)	(1,143)	10,130

Balance figures presented as of 30.06.2020