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NLMK GROUP Q2 2018 IFRS FINANCIAL RESULTS¹

NLMK Group (MICEX and LSE: NLMK) is pleased to announce an EBITDA growth of 13% qoq to a record \$915 m. Net income grew by 16% qoq to \$581 m.

Q2 2018 key highlights

k t/\$ million	Q2 2018	Q1 2018	QoQ	Q2 2017	YoY	6M 2018	6M 2017	YoY
Sales volumes	4,384	4,146	6%	4,195	4%	8,530	7,869	8%
Revenue	3,112	2,794	11%	2,544	22%	5,906	4,700	26%
EBITDA ²	915	812	13%	603	52%	1,727	1,221	41%
EBITDA margin	29%	29%	0 p.p.	24%	+5 p.p.	29%	26%	+3 p.p.
Profit for the period ³	581	502	16%	342	70%	1,083	664	63%
Free cash flow ⁴	288	599	-52%	325	-11%	887	533	66%
Net debt ⁵	976	883	11%	1,045	-7%	976	1,045	-7%
Net debt/EBITDA ⁵	0.31x	0.31x		0.43x		0.31x	0.43x	

- **Group revenue in Q2 2018 grew by 11% to \$3.11 bn (+22% yoy)**, driven by the seasonal uptick in sales (+6% qoq), while average sales prices grew by 5% qoq.
- **EBITDA grew by 13% qoq to \$915 m (+52% yoy)**, due to the widening of spreads, growth of sales, and an improved product mix.
- **Net income grew by 16% qoq (+70% yoy)**, driven by higher operating profit and the weakening of the ruble.
- **Q2 free cash flow decreased by 52% qoq to \$288 m**, impacted by the temporary increase in working capital due to growth of prices and sales volumes.
- **Net debt/EBITDA remained flat at 0.31x.**

¹ Consolidated financial results are prepared under IFRS. Reporting periods of the Company are 3M, 6M, 9M and 12M. Quarterly figures are derived by computational method, including segmental results. Figures for comparable periods can differ from figures published earlier as a result of rounding off to whole numbers.

² EBITDA is defined as operating profit before equity share in the results of joint ventures, impairment of capital assets and losses from fixed assets retirement, adjusted to depreciation. 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 credits and loans 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 period and EBITDA is presented as Last 12 months EBITDA. Net debt calculations are presented in the Appendix.

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NLMK GROUP Q2 2018 IFRS CONSOLIDATED FINANCIAL RESULTS

Key highlights

Comment from NLMK Group Deputy CFO Nelli Meshcheryakova:

“In Q2 2018, NLMK’s revenue grew by 11% qoq to \$3.1 bn, driven by growth of sales, growth of sales prices and an improved revenue mix. 62% of steel products were sold in the Group’s home markets of Russia, the EU, and the US.

“Favorable market conditions enabled the Company to reach a ten-year high EBITDA of \$915 m. The widening of steel product/raw material price spreads, an improved product mix, and gains from completed capex projects and operational efficiency programs were the key factors behind the growth of EBITDA this quarter. EBITDA margin was 29%.

“Operational efficiency gains totaled \$39 m, gains from investment projects totaled \$51 m. The cumulative impact from these projects and initiatives reached 10% of the quarter EBITDA.

“Free cash flow decreased qoq by 52% to \$288 m, against the backdrop of a high Q1 base, and the temporary increase in working capital due to the growth of steel product sales volumes and prices.

“Net debt / EBITDA remained flat at 0.31x, one of the lowest ratios in the industry.”



TELECONFERENCE

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

Tuesday, 31 July 2018

- 10:00 a.m. – USA (New York)
- 3:00 p.m. – Great Britain (London)
- 5:00 p.m. – Russia (Moscow)

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

US number:

+1 929-477-0402 (local access) // 888-204-4368 (toll free)

UK number:

+44 330 336 9411 (local access) // 0800 279 7204 (toll free)

Russian number:

+7 495 646 9190 (local access) // 8 10 8002 8675011 (toll free)

Conference code: 4393379

To join the webcast, please follow the link: <https://webcasts.egs.com/nlmk20180731>

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

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



MANAGEMENT COMMENTS

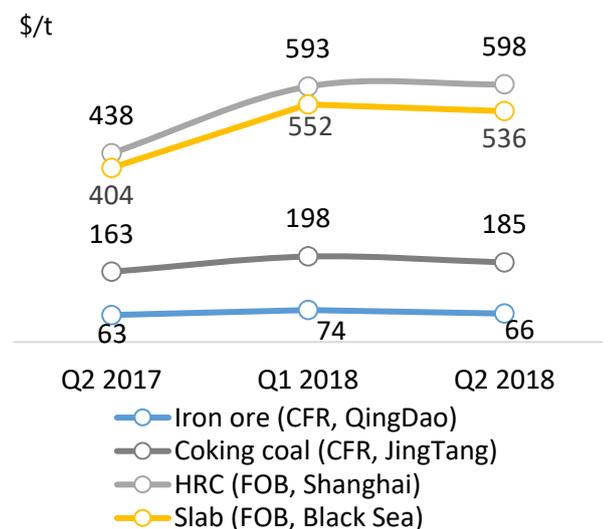
Q2 2018 market overview

- **Steel exports from China** remained flat yoy. The 34% growth qoq was driven by the low Q1 base during a period of steel production constraints. Over H1 2018, export dropped by 14% yoy.
- **Demand in the US** grew by 2% qoq (flat yoy over H1 2018)*, supported by growth in the automotive and construction sectors.
- **European** demand grew 1% qoq (+2% yoy over H1 2018), riding on economic recovery.
- **Russia** saw a seasonal recovery in demand by 8% qoq (+1% yoy over H1 2018).

Q2 2018 prices

- **Raw material prices:** average global coal prices decreased by 7% qoq (+13% yoy); iron ore prices dropped by 11% qoq (+5% yoy).
- **Market prices** for steel products:** 10-15% qoq growth in the US market (+23-44% yoy); 1-2% qoq decline in Europe (+12-20% yoy).
- **Prices for steel products in the Russian market** in dollar terms decreased by 1-2% qoq (+10-13% yoy).
- **Slab export prices** (FOB Black Sea) decreased by 1-3% qoq (+33% yoy), supported by a stabilized demand for semis.

Steel prices stabilized due to stable demand and a decline in raw material prices



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

** 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.



Output and sales mix

Q2 2018 highlights:

- **Steel output*** grew by 1% qoq (+6% yoy) to 4.38 m t. Group steelmaking capacity** utilization rate grew by 1 p.p. yoy to 99%.
- **Sales** reached 4.38 m t (+6% qoq), driven by growth of demand for finished products in the Russian and the US market.
- **Finished steel sales** grew by 9% qoq to 2.73 m t, driven by the seasonal recovery in demand in Russia, and an uptick in business activity in the US. The share of finished products in total sales increased by 2 p.p. qoq to 62% (-8 p.p. yoy).
- **Sales of semis** to third parties decreased by 5% qoq to 0.99 m t (+47% yoy).

Slab deliveries to NBH, NLMK's joint venture, grew by 10% qoq (+13% yoy) to 0.66 m t, due to the accumulation of slab stocks at European facilities ahead of the seasonal maintenance in Q3.

- **Sales to home markets grew** in Q2 by 1% to 2.65 m t (-1% yoy), driven by the seasonal recovery in buyer activity in Russia, and growth of demand in the US. The share of 'home' sales totaled 62% (-1 p.p. qoq and -2 p.p. yoy). Sales to external markets increased by 6% qoq to 1.64 m t (+10% yoy).

H1 2018 highlights:

- **Steel output*** grew by 4% yoy to 4.38 m t, driven by growth of output at Russian facilities. **Sales** reached 8.53 m t (+8% yoy), due to higher export sales of pig iron and slabs.

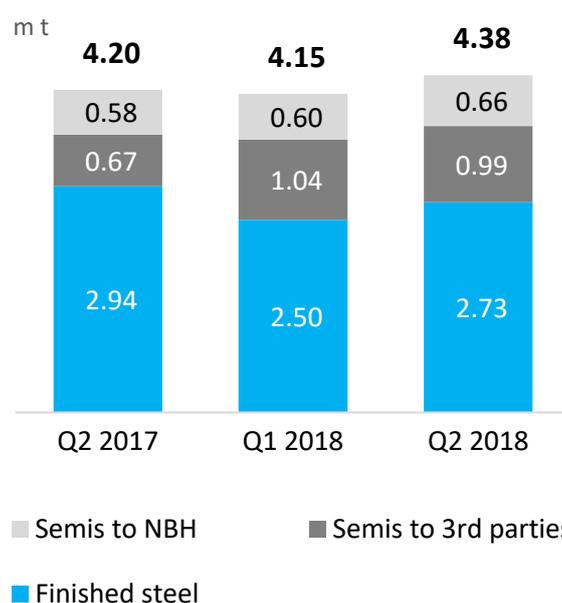
* Hereinafter NLMK Group steel output and local sales include NBH. Consolidated sales are given without NBH. Sales to home markets mean sales of the Group's companies in the regions, where production capacities are located in Russia, Europe and the USA.

** Without production capacities that are undergoing planned maintenance.

Steel output maintained at maximum level



Consolidated sales increased driven by seasonal growth of demand in Russia





Operational efficiency projects

- In Q2 2018, EBITDA gains from operational efficiency projects amounted to \$39 m; gains from capex projects amounted to \$51 m, which is cumulatively 10% of the quarter EBITDA.

Debt management

- **Net debt** grew by 11% qoq to \$976 m, due to the payment of dividends for Q4 2017 and Q1 2018. At the same time, net debt/EBITDA remained flat qoq at 0.31x due to a higher EBITDA.
- **Total debt** decreased by 11% qoq (-13% yoy) to \$2,100 m due to repayment of ST debt.

Investment

- NLMK Group's Q2 2018 investment reduced by 11% qoq to \$116 m, due to the completion of a number of Strategy 2017 projects and a period of preparatory activities related to projects included into the new investment program.

Dividends

- In Q2 2018, cash outflow for Q4 2017 and Q1 2018 dividend payments totaled \$383 m.
- At the Annual General Shareholders' Meeting (AGM) held on 8 June 2018 in Lipetsk, NLMK shareholders approved the payment of FY2017 dividends of 14.04 rubles per share (considering the previously paid interim dividends, the amount outstanding to be paid for Q4 2017 is 3.36 rubles per share, for a total of 20.14 bn rubles, or \$326 m). Shareholders also approved the payment of dividends for Q1 2018 in the amount of 5.73 rubles per share, for a total of 34.34 bn rubles, or \$556 m. ([See press release](#))



NLMK GROUP KEY FINANCIALS

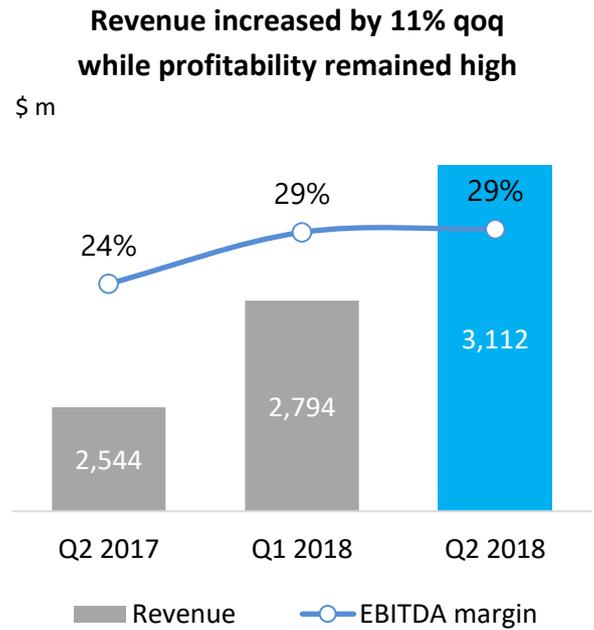
Revenue

Q2 2018 highlights:

- Revenue in Q2 2018 totaled \$3.11 bn (+11% qoq) due to a 6% qoq growth of sales and a 5% growth of average sales prices. The 22% yoy growth in revenue was driven by a 4% increase in sales volumes and a 17% increase in prices yoy.
- The share of finished steel in the revenue increased by 4 p.p. qoq with the share of high added value products growing by 1 p.p. qoq, supported by the seasonal uptick in demand.
- The share of the US market in the Group's consolidated revenue increased by 3 p.p., while the share of the EU market remained flat; the share of the Russian market in the revenue decreased by 2 p.p. qoq to 33% due to outstripping sales growth in the US, the Middle East and Turkey.
- The Group's revenue from sales in home markets (Russia, the USA and the EU), including NBH JV sales, reduced by 2 p.p. qoq to 66% due to a seasonal decline in sales of NLMK's European companies.

H1 2018 highlights:

- Revenue for H1 2018 totaled \$5.91 bn (+26% yoy), driven by the growth of prices.
- The US and EU shares in the Group's consolidated revenue increased by 1 p.p. and 2 p.p. yoy, respectively. The share of the Russian market in the revenue dropped by 1 p.p. yoy to 34%.
- The Group's revenue from sales in home markets, including NBH JV sales, dropped by 1 p.p. qoq to 67% due to outstripping growth of export sales.



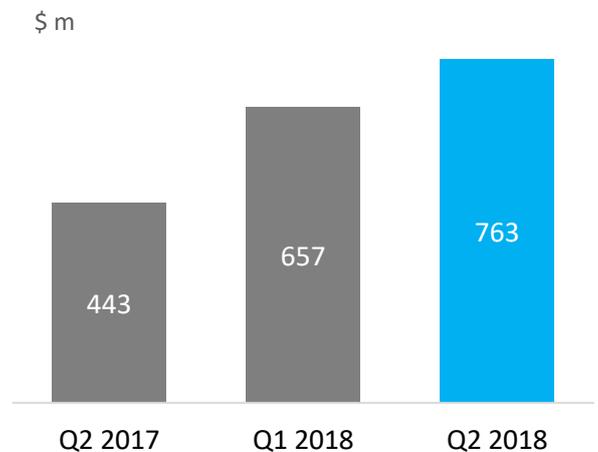


Operating profit

Q2 2018 highlights:

- Operating profit* increased by 16% qoq to \$763 m (+72% yoy), driven by growth of revenue, expansion of price spreads, operational efficiency projects and the weakening of the ruble.
- Commercial expenses increased by 1% qoq (+10% yoy) to \$214 m, due to the growth of sales volumes, partially offset by the weakening of the ruble.
- Growth of G&A expenses by 9% qoq to \$94 m was associated with the accrual of an additional reserve for personnel bonus payments.

Operating profit increased by 16% qoq, driven by spread expansion



H1 2018 highlights:

- Operating profit* increased by 55% yoy to \$1.42 bn, driven by the expansion of price spreads, as well as operational efficiency and investment projects gains.
- Commercial expenses increased by 12% yoy to \$426 m due to growing sales volumes.
- G&A expenses increased by 10% yoy to \$180 m due to payroll indexation.

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



Net profit*

- **Growth of net profit in Q2 2018 by 16% qoq** (+70% yoy) to \$581 m, associated mainly with gross profit growth.
- **Net profit in H1 2018** increased by 63% yoy, supported by growth of profit from operations.

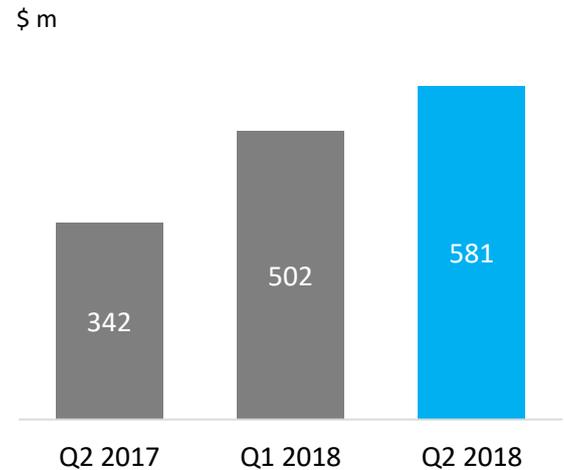
* Profit for the period, attributable to NLMK shareholders

Free cash flow

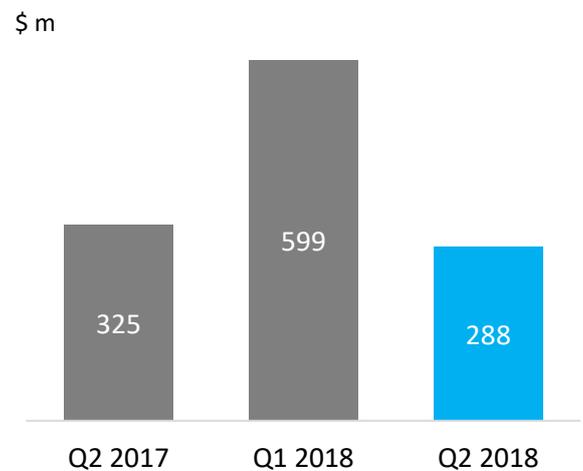
Q2 2018 highlights:

- **Free cash flow totaled \$288 m** (-52% qoq and -11% yoy) given the high base of the previous quarter and the decline in operating cash flow.
- **Operating cash flow reduction by 44% qoq** (-8% yoy) to \$412 m was driven by the need for working capital financing.
- **Cash outflows for working capital financing** amounted to \$356 m (vs. \$58 m of inflows in Q1), mainly due to:
 - +\$272 m: an increase in accounts receivable, driven by the growth of finished steel sales volumes and prices;
 - +\$127 m: an increase in stocks with rising prices, and scrap stockpiling to support growing output volumes, including winter stock. The increase in stocks was also impacted by the increase in the balance of finished products at NLMK Russia Long Products Division. Corresponding stocks will be sold in Q3 2018;
 - -\$42 m: decrease in accounts payable amid declining raw material purchase prices.

Growth of net profit by 16% qoq supported by operating profit growth



Free cash flow reduced due to a temporary increase in the working capital





NLMK Russia Flat Products

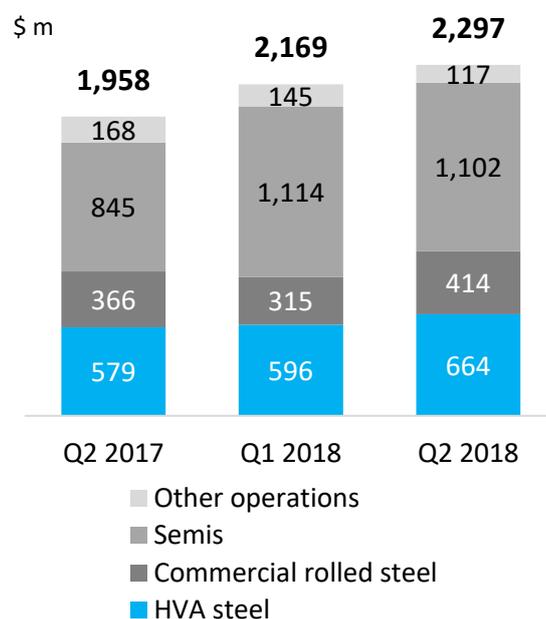
Q2 2018 highlights:

- **Sales grew** by 3% qoq to 3.43 m t, supported by the seasonally strong demand for steel products in the Russian market. The 3% yoy growth of sales was attributable mainly to the recovering demand for HVA products in Russia, and an upturn in pig iron sales to third parties in export markets. The share of finished steel in the sales breakdown increased to 43% (+5 p.p. qoq, -5 p.p. yoy).
- **Total revenue** of the Segment grew by 6% qoq (+17% yoy) to \$2.3 bn, driven by growth of revenue from sales to third parties amid the seasonal demand recovery in the Russian market. The increase in the share of finished steel and HVA products contributed to an increase in average sales prices by 3% qoq. Year-on-year revenue growth of 17% was associated with a 3% increase in sales volume, as well as a 14% increase in average sale prices amid rising global quotes and a higher share of finished steel in the sales portfolio.
- **EBITDA** increased by 17% qoq (+77% yoy) to \$612 m, due to the expansion of price spreads for steel and primary raw materials, as well as an increase in the share of finished steel in the Segment's total sales.

H1 2018 highlights:

- **Sales in H1 2018** grew by 6% yoy to 6.77 m t, which is associated with the growth of finished steel sales in the Russian market, and an increase in pig iron and slabs exports.
- **Revenue** went up by 22% yoy, driven by rising prices for steel products and growth of sales.
- **EBITDA** increased by 59% yoy, resulting from price spread expansion, implementation of capex projects, operational efficiency measures, and the impact of ruble exchange rate fluctuations.

Revenue increased by 6% qoq with growing finished steel sales



EBITDA increased by 17% qoq, driven by expanding spreads





NLMK Russia Long Products

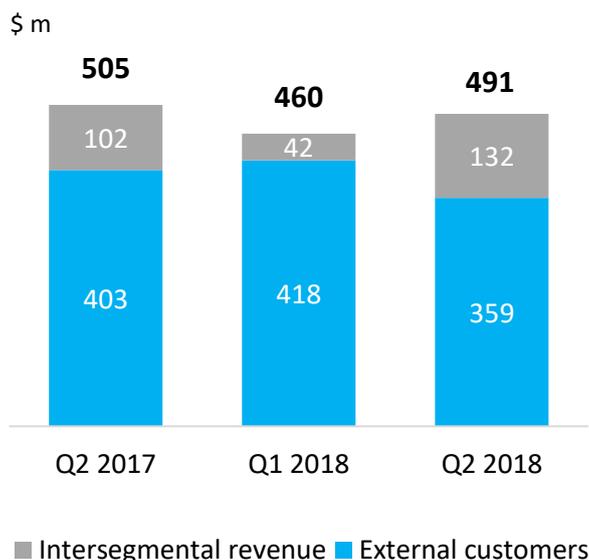
Q2 2018 highlights:

- **Sales** in Q2 2018 went down by 17% qoq (-32% yoy) to 0.64 m t, due to strong demand in Q1 and a decline in business activity during the World Cup.
- **Revenue** in Q2 2018 increased by 7% qoq to \$491 m (-3% yoy), supported by the growth of average sales prices. The year-on-year decrease in revenue was associated with a drop in steel product sales, partially offset by the increase in prices.
- **EBITDA** of the Segment in Q2 2018 reduced by 15% qoq to \$52 m, driven by narrowing price spreads and the weakening of the ruble, and higher maintenance and transportation costs. Substantial year-on-year EBITDA growth (4x) is attributable to widening price spreads.

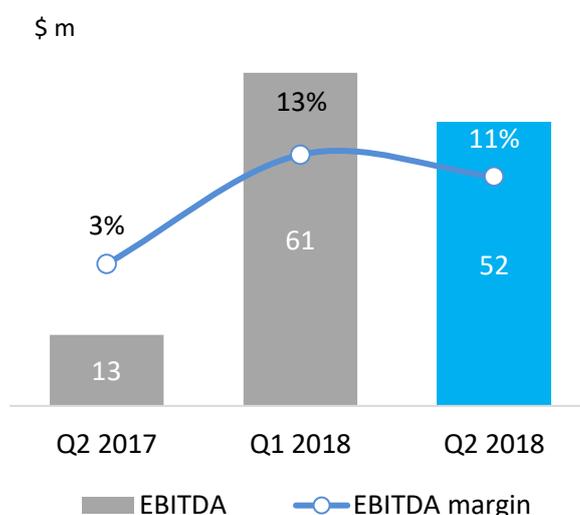
H1 2018 highlights:

- **Sales in H1 2018** remained flat at 1.41 m t.
- **Revenue** grew by 23% yoy, driven by rising prices for steel products.
- A 3.5x growth of **EBITDA** year-on-year was fueled by widening price spreads and operational efficiency gains.

Revenue grew by 7% qoq driven by the rise in sales prices



Qoq revenue reduction amid narrowing price spreads





Mining and Processing of Raw Materials

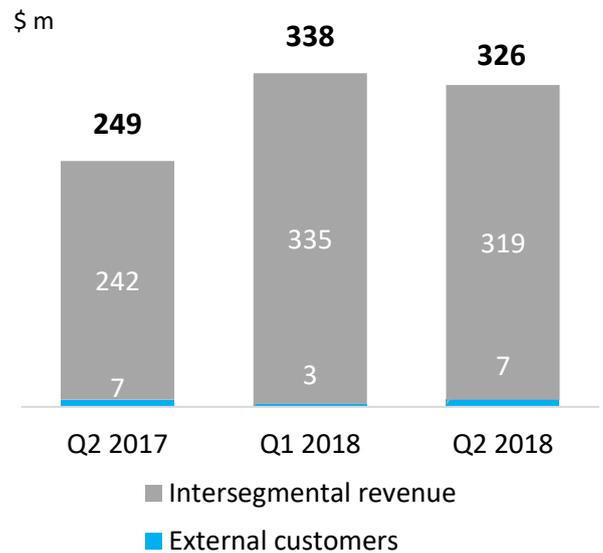
Q2 2018 highlights:

- **Sales** of iron ore in Q2 2018 remained flat qoq at 4.52 m t (+3% yoy): pellets sales totaled 1.68 m t (-1% qoq), concentrate sales totaled 2.46 m t (flat qoq).
- **Revenue** in Q2 2018 dropped by 4% qoq to \$326 m (+31% yoy) due to a slump in average sale prices. The year-on-year increase is associated with growing prices (+27%), following the rise in global quotes and a higher share of pellets in the sales mix.
- **EBITDA** went down by 4% qoq to \$243 m (+38% yoy) with the revenue, due to the narrowing price spread; EBITDA margin remained flat at last quarter's record high 75%.

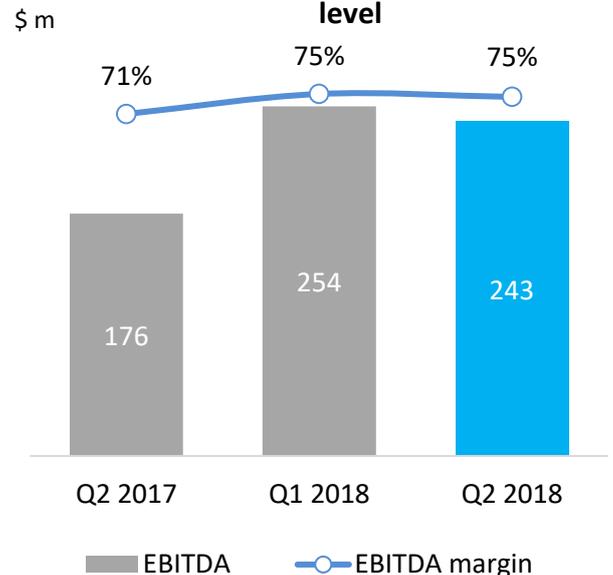
H1 2018 highlights:

- **Sales in H1 2018** improved by 6% yoy to 9.03 m t, driven by increased equipment productivity.
- **Revenue** went up by 36% yoy, driven by a rise in iron ore prices and a higher share of pellets in the sales mix.
- **EBITDA** increased by 45% yoy due to widening price spreads and capex project gains.

Revenue reduction by 4% qoq, driven by a fall in iron ore prices



EBITDA margin remained at last quarter's level



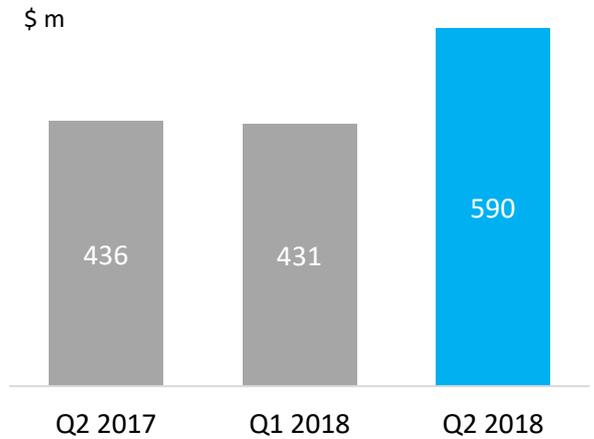


NLMK USA

Q2 2018 highlights:

- **Sales increased** by 15% qoq to 0.64 m t (+14% yoy), supported by stronger market demand.
- **Revenue** grew by 37% qoq to \$590 m, supported by higher sales volumes and better sale prices by an average of 19% amid rising demand and trade restrictions imposed on steel imports. Year-on-year revenue growth of 35% is attributable to the same factors.
- **EBITDA increased by 90% qoq** to \$76 m (+23% yoy) against the backdrop of the widening slab/ finished steel price spread, and growth of sales volumes. EBITDA margin gained 4 p.p. qoq.

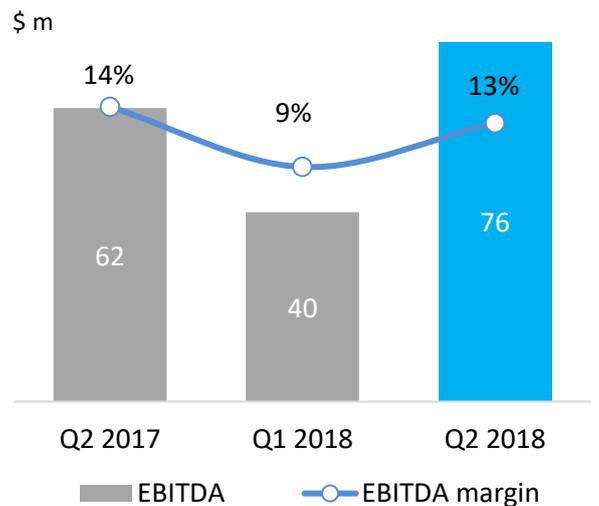
Revenue grew by 37% qoq amid higher volumes and sale prices



H1 2018 highlights:

- **Sales in H1 2018** climbed 6% yoy to 1.19 m t, driven by higher HRC sales.
- **Revenue** increased by 22% yoy, driven by rising prices for steel products.
- **EBITDA** fell by 11% yoy to \$116 m, impacted by duties following the introduction of trade restrictions in the US market and low price spreads in Q1 2018.

EBITDA increased by 90% qoq, driven by expanding spreads





NLMK DanSteel*

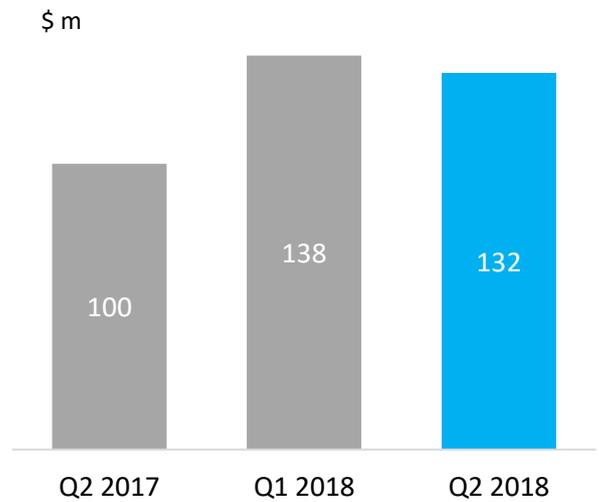
Q2 2018 highlights:

- **Plate sales** dropped by 4% qoq due to the seasonal contraction in demand (+22% yoy). Year-on-year sales grew, supported by stronger demand from the key consumers of plate.
- **Revenue reduced** by 4% qoq to \$132 m (+32% yoy), following weaker sales performance. Year-on-year revenue growth is attributable to better sales performance and higher sales prices.
- **EBITDA** amounted to (-) \$5 m (flat qoq) vs. (-) \$1 m in Q2 2017, backed by narrowing spreads.

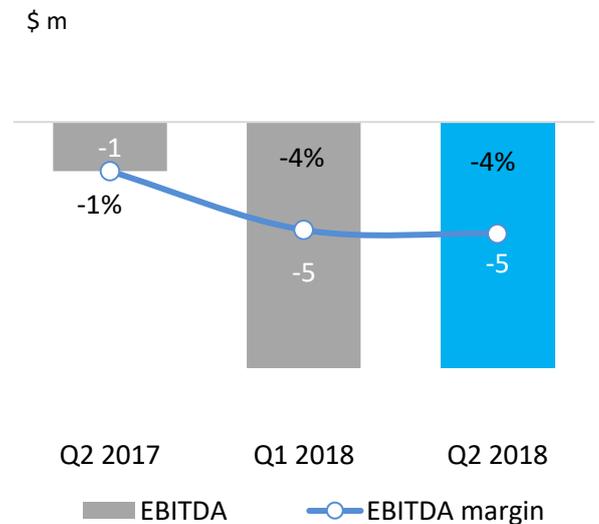
H1 2018 highlights:

- **Sales in H1 2018** climbed by 13% yoy to 0.28 m t thanks to increased demand for steel.
- **Revenue** went up by 31% yoy driven by rising prices for steel products (+16% yoy) and better sales performance.
- **EBITDA** went down to \$ (-) 10 m due to the narrowing of the slab/plate price spread.

Quarter-on-quarter revenue drop due to seasonal demand contraction



Financial performance at Q1 2018 level



* NLMK DanSteel and plate distribution network.



JV performance (NBH)

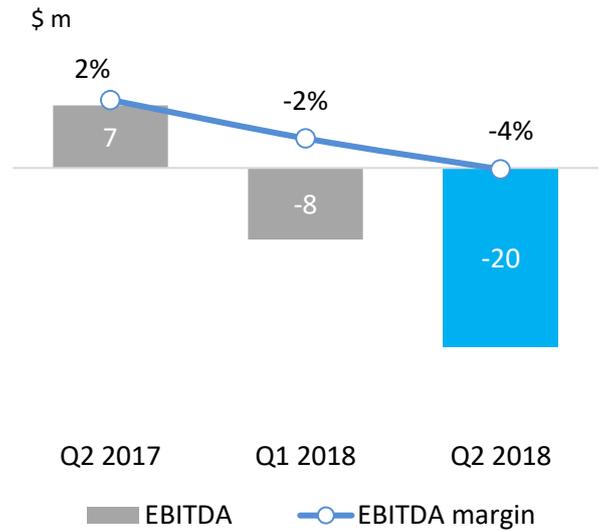
Q2 2018 highlights:

- **NBH sales** dropped by 10% to 0.58 m t (+4% yoy) due to the seasonal slow-down in business activity in the European market.
- **Revenue** reduced by 7% qoq to \$486 m (+18% yoy), due to lower sales volumes.
- **NBH EBITDA** was (-) \$20 m vs. (-) \$8 m in Q1 2018, due to a decline in sales and high slab prices.

Sales dropped by 10% qoq amid business activity slow-down



Weaker performance amid narrowing spreads





Appendix No.1. Operating and financial results

(1) Sales markets

'000 t	Total	Sales markets				
		Russia	EU	North America	Middle East and Turkey	Other markets
NLMK Group	4,299	1,404	784	845	678	302
Division sales to third parties:	4,299	1,404	784	845	678	302
NLMK Russia Flat	2,308	1,076	87	203	545	252
NLMK Russia Long	639	328	85	0	103	18
International subsidiaries and affiliates, incl.:	1,352	0	612	643	30	32
<i>NLMK USA</i>	638	0	0	638	0	0
<i>European rolling facilities (NLMK Dansteel and NBH)</i>	715	0	612	5	30	32

(2) NLMK Russia Flat

k t/\$ million	Q2 2018	Q1 2018	QoQ	Q2 2017	YoY	6M 2018	6M 2017	YoY
Steel product sales, incl.:	3,433	3,338	3%	3,328	3%	6,770	6,397	6%
external cutmores	2,311	2,082	11%	2,004	15%	4,393	3,854	14%
semis to NBH	660	600	10%	582	13%	1,259	1,229	2%
intersegmental sales	462	656	-30%	743	-38%	1,118	1,314	-15%
Revenue, incl.:	2,297	2,169	6%	1,958	17%	4,466	3,672	22%
external customers	1,638	1,471	11%	1,324	24%	3,109	2,494	25%
intersegmental operations	659	698	-6%	634	4%	1,357	1,178	15%
EBITDA	612	523	17%	346	77%	1,135	714	59%
EBITDA margin	27%	24%	+3 p.p.	18%	+9 p.p.	25%	19%	+6 p.p.

(3) NLMK Russia Long

k t/\$ million	Q2 2018	Q1 2018	QoQ	Q2 2017	YoY	6M 2018	6M 2017	YoY
Steel product sales	639	770	-17%	935	-32%	1,409	1,408	0%
Revenue, incl.:	491	460	7%	505	-3%	951	771	23%
external customers	359	418	-14%	403	-11%	777	623	25%
intersegmental operations	132	42	3,1x	102	29%	174	148	18%
EBITDA	52	61	-15%	13	4x	113	32	3,5x
EBITDA margin	11%	13%	-2 p.p.	3%	+8 p.p.	12%	4%	+8 p.p.



(4) Mining Segment

k t/\$ million	Q2 2018	Q1 2018	QoQ	Q2 2017	YoY	6M 2018	6M 2017	YoY
Iron ore products sales, incl.:	4,518	4,510	0%	4,392	3%	9,028	8,519	6%
sales to Lipetsk plant	4,518	4,510	0%	4,392	3%	9,028	8,510	6%
Revenue, incl.:	326	338	-4%	249	31%	664	487	36%
external customers	7	3	2,3x	7	0%	10	11	-9%
intersegmental operations	319	335	-5%	242	32%	654	476	37%
EBITDA	243	254	-4%	176	38%	497	343	45%
EBITDA margin	75%	75%	0 p.p.	71%	+4 p.p.	75%	70%	+5 p.p.

(5) NLMK USA

k t/\$ million	Q2 2018	Q1 2018	QoQ	Q2 2017	YoY	6M 2018	6M 2017	YoY
Steel product sales	638	553	15%	559	14%	1,191	1,120	6%
Revenue, incl.:	590	431	37%	436	35%	1,021	835	22%
external customers	590	431	37%	436	35%	1,021	835	22%
intersegmental operations	-	-	0%	-	0%	-	-	0%
EBITDA	76	40	90%	62	23%	116	130	-11%
EBITDA margin	13%	9%	+4 p.p.	14%	-1 p.p.	11%	16%	-5 p.p.

(6) NLMK DanSteel

k t/\$ million	Q2 2018	Q1 2018	QoQ	Q2 2017	YoY	6M 2018	6M 2017	YoY
Steel product sales	137	142	-4%	112	22%	278	246	13%
Revenue, incl.:	132	138	-4%	100	32%	270	206	31%
external customers	132	138	-4%	100	32%	270	206	31%
intersegmental operations	-	-	0%	-	0%	-	-	0%
EBITDA	(5)	(5)	0%	(1)	5x	(10)	5	-2x
EBITDA margin	-4%	-4%	0 p.p.	-1%	-3 p.p.	-4%	2%	-6 p.p.



(7) Sales by product

k t	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Pig iron	201	258	141	176	57
Slabs	1,293	1,170	1,363	1,136	974
Thick plates	137	142	122	107	112
Hot-rolled steel	1,036	833	901	979	1,046
Cold-rolled steel	491	441	476	489	515
Galvanized steel	336	305	302	358	300
Pre-painted steel	101	87	96	133	102
Transformer steel	73	68	72	63	66
Dynamo steel	77	72	68	62	87
Billet	157	215	252	148	226
Long products	426	494	500	514	638
Metalware	56	62	65	75	72
TOTAL	4,384	4,146	4,360	4,240	4,195

(8) Sales by region

k t	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Russia	1,404	1,343	1,707	1,800	1,493
EU countries	913	920	761	664	866
Middle East, incl. Turkey	665	542	421	464	546
North America	841	813	696	776	640
Central and South America	297	213	228	228	217
CIS countries	87	91	102	126	112
Asia and Oceania	31	21	167	15	173
Other regions	146	203	278	166	148
TOTAL	4,384	4,146	4,360	4,240	4,195

(9) Revenue by region

Region	Q2 2018		Q1 2018		Q4 2017	
	\$ m	share	\$ m	share	\$ m	share
Russia	1,024	33%	969	35%	1,134	40%
EU countries	662	21%	594	21%	512	18%
Middle East, incl. Turkey	413	13%	323	12%	223	8%
North America	696	22%	541	19%	478	17%
Central and South America	172	6%	121	4%	126	4%
CIS countries	79	3%	113	4%	104	4%
Asia and Oceania	46	1%	36	1%	109	4%
Other regions	20	1%	98	4%	126	4%
TOTAL	3,112	100%	2,794	100%	2,815	100%



(10) EBITDA*

\$ million	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Operating income**	763.0	657.0	615.0	501.0	443.0
minus:	-	-	-	-	-
Depreciation and amortization	(152.0)	(155.0)	(171.0)	(147.0)	(160.0)
EBITDA	915.0	812.0	786.0	648.0	603.0

* EBITDA used in NLMK's financial releases is calculated as operating profit before share of results of joint ventures, impairment of non-current assets and loss on disposals of property, plant and equipment, 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 share of results of joint ventures, impairment of non-current assets and loss on disposals of property, plant and equipment

(11) Free cash flow

\$ million	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Net cash provided operating activities	412.0	737.0	476.0	677.0	450.0
Interest paid	(14.0)	(17.0)	(21.0)	(16.0)	(21.0)
Interest received	6.0	10.0	11.0	6.0	6.0
Advance VAT payments on imported equipment	-	-	-	-	-
Capex	(116.0)	(131.0)	(266.0)	(120.0)	(110.0)
Free Cash Flow	288.0	599.0	200.0	547.0	325.0

(12) Net debt

\$ million	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Short-term borrowings	256.0	481.0	380.0	653.0	915.0
Long-term borrowings	1,844.0	1,884.0	1,901.0	1,902.0	1,499.0
Cash and cash equivalents	(962.0)	(732.0)	(301.0)	(598.0)	(760.0)
Short-term deposits	(162.0)	(750.0)	(1,057.0)	(1,214.0)	(609.0)
Net debt	976.0	883.0	923.0	743.0	1,045.0



(13) Production of main products

k t	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Crude steel, incl.:	4,326	4,269	4,253	4,363	4,082
Steel Segment	3,294	3,359	3,356	3,356	3,134
Long products Segment, incl.:	851	746	755	860	795
NLMK-Kaluga	375	325	347	375	361
Foreign Rolled Products Segment	181	164	142	146	153
Finished products, incl.:	2,869	2,724	2,595	2,743	2,793
Flat steel	2,229	2,162	2,079	2,125	2,189
Long steel	640	562	515	618	604
Coke (6% moisture), incl.:	1,640	1,616	1,646	1,670	1,635
Novolipetsk	648	637	655	667	654
Altai-Koks	993	979	991	1,002	981

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

k t	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Sales to 3rd parties, incl.:	634	571	908	751	392
Export	480	368	640	504	295
Sales to subsidiaries & associates	1,118	1,254	807	958	1,270
Sales to NBH	660	600	456	386	582
TOTAL	1,751	1,825	1,714	1,709	1,661

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

k t	Q2 2018	Q1 2018	QoQ	Q2 2017	YoY	6M 2018	6M 2017	YoY
Semi-finished products	832	837	-1%	574	45%	1,668	1,040	60%
Pig iron	199	257	-22%	54	3,7x	455	103	4,4x
Slabs	480	368	31%	295	63%	848	651	30%
Billets	152	212	-28%	226	-32%	365	285	28%
Flat products	556	476	17%	681	-18%	1,032	1,339	-23%
HRC	257	211	22%	360	-29%	468	738	-37%
CRC	155	115	34%	171	-10%	270	321	-16%
HDG	19	30	-35%	18	9%	49	28	71%
Coated	2	2	-10%	2	9%	4	6	-33%
Dynamo	61	60	2%	73	-17%	121	142	-15%
Transformer	62	59	6%	57	9%	121	104	17%
Long products	162	190	-15%	165	-2%	352	369	-5%
Total	1,549	1,503	3%	1,421	9%	3,052	2,748	11%



(16) Segmental information

Q2 2018										
\$ million	Russian Flat Steel	Russian Long Products	Mining	NLMK USA	NLMK DanSteel and Plates Distribution Network	Investments in NBH	Totals	Intersegmental operations and balances	NBH deconsolidation	Consolidated
Revenue from external customers	1,638	359	7	590	132	469	3,195	-	(83)	3,112
Intersegment revenue	659	132	319	-	-	17	1,127	(1,110)	(17)	-
Gross profit	782	86	230	81	9	15	1,203	(75)	(34)	1,094
Operating income/(loss)	523	36	214	61	(8)	(38)	788	(44)	19	763
Income / (loss) before minority interest	429	55	200	59	(8)	(43)	692	(93)	(17)	582
Segment assets including goodwill	7,438	1,308	2,128	1,037	351	1,667	13,929	(2,004)	(1,454)	10,471

Balance figures presented as of 30.06.2018

Q1 2018										
\$ million	Russian Flat Steel	Russian Long Products	Mining	NLMK USA	NLMK DanSteel and Plates Distribution Network	Investments in NBH	Totals	Intersegmental operations and balances	NBH deconsolidation	Consolidated
Revenue from external customers	1,471	418	3	431	138	504	2,965	-	(171)	2,794
Intersegment revenue	698	42	335	-	-	21	1,096	(1,075)	(21)	-
Gross profit	705	90	237	42	8	18	1,100	(98)	(23)	979
Operating income/(loss)	433	44	222	26	(7)	(28)	690	(56)	23	657
Income / (loss) before minority interest	384	31	181	25	(8)	(32)	581	(83)	6	504
Segment assets including goodwill	8,052	1,244	2,139	1,014	351	1,706	14,506	(1,815)	(1,461)	11,230

Balance figures presented as of 31.03.2018