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Press release

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Q1 2021 NLMK Group Trading Update

NLMK Group (LSE: NLMK, MOEX: NLMK) increased steel output by 12% qoq (+4% yoy) to 4.4 m t. Consolidated sales declined by 7% qoq to 3.9 m t (-13% yoy) driven by a decrease in commercial pig iron sales amid repairs at NLMK Lipetsk BF operations coupled with an increase in intragroup slab sales.

Q1 2021 highlights:

- Steel output grew to 4.4 m t (+12% qoq; +4% yoy) with a post-overhaul increase in NLMK equipment productivity, as well as with the completion of planned maintenance at the Russia Long Products segment.
- External sales decreased by 7% qoq (-13% yoy) to 3.9 m t with the decrease in commercial pig iron sales against the backdrop of completed overhauls at one of NLMK Lipetsk blast furnaces, and due to recovering intragroup slab deliveries to NLMK USA to meet local demand for finished rolled products (in stocks at the end of Q1). Additionally, stocks have piled up at the end of the quarter at the Black Sea ports due to unfavourable weather conditions; corresponding steel volumes will be sold in Q2 2021.
- Sales on 'home' markets increased by 4% qoq (-10% yoy) to 2.7 m t.
- Sales on export markets decreased to 1.2 m t (-21% qoq; -12% yoy) with a decline in pig iron sales and an increase in intragroup slab deliveries.

* Hereinafter, Q1 2021 output and sales figures are preliminary and can be updated. Hereinafter, NLMK Group steel output and sales on 'home' markets are shown taking into account NBH performance. Product sales are shown without taking into account NBH performance. Sales to NLMK Group's 'home' markets are understood to be sales by NLMK Group companies in the regions where the products are produced in Russia, the EU, and the US.



NLMK Group's Q1 2021 operating performance

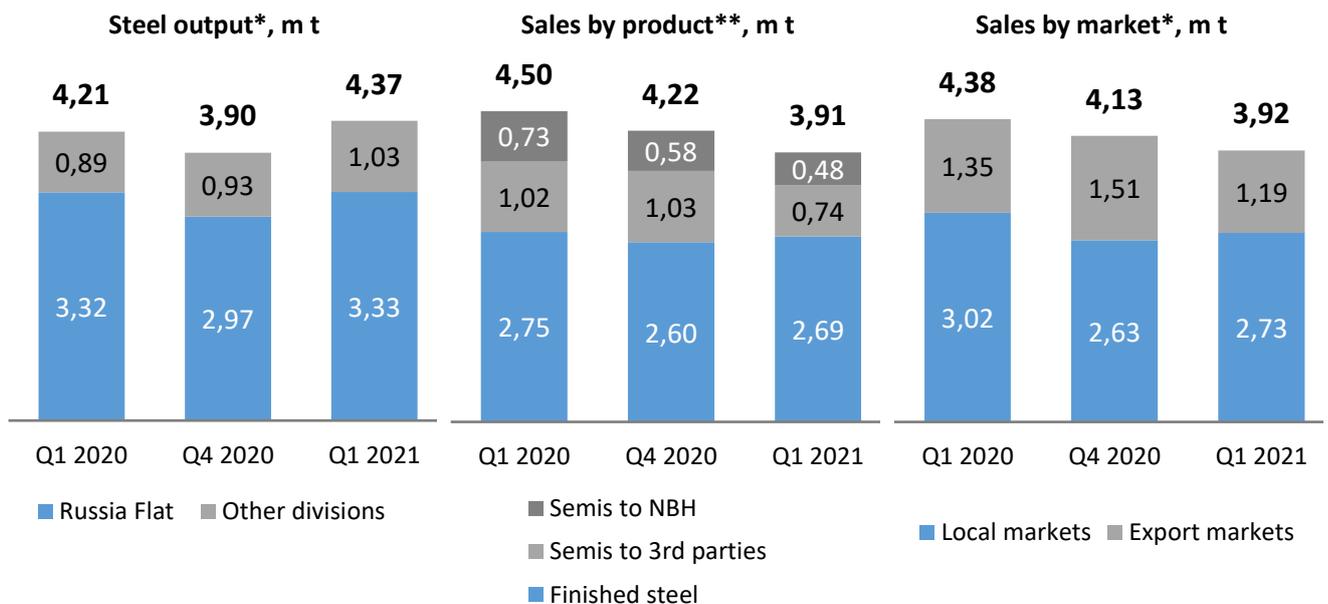
Steel output increased by 12% qoq to 4.4 m t (+4% yoy) with equipment ramp-up to full capacity following the completion of overhauls at the Lipetsk site in Q4 2020 and growth of utilization rates at the Russia Long Products segment to 97% (+5 p.p. qoq).

External sales declined to 3.9 m t (-7% qoq; -13% yoy) due to reduced sales of pig iron and recovering slab deliveries to NLMK USA (241,000 t in Q1 2021) to meet local demand for finished rolled products (in stocks at the end of Q1; will be processed into finished products and sold in Q2).

Sales mix: sales of semi-finished products to third parties decreased by 29% qoq (-27% yoy) to 0.7 m t with recovering slab deliveries to NLMK USA. Slab shipments to NBH decreased by 18% qoq (-35% yoy) to 0.5 m t due to the upgrade of the NLMK La Louvière Hot Strip Mill. Sales of finished products totalled 2.7 m t (+3% qoq; -2% yoy) due to increased demand for rebar and plate ([Appendix 2](#)).

Sales on 'home' markets increased by 4% qoq (-10% yoy), amounting to 2.7 m t. Sales in Russia increased by 4% qoq to 1.7 m t supported by high demand for long products. In the US, sales growth totalled 16% qoq, reaching 0.4 m t, due to increased capacity utilization. In the EU, sales decreased by 4% qoq to 0.6 m t against the backdrop of planned equipment upgrades ([Appendix 14](#)).

Sales on export markets decreased by 21% qoq to 1.2 m t (-12% yoy).



*With NBH; ** Without NBH



Global prices in Q1 2021:

Average raw material prices:

- Australian coking coal prices grew by 15% qoq (-19% yoy) amid active restocking by steel producers outside of China at the start of the year. In China, coking coal prices increased by 48% qoq (+39% yoy) due to the current ban on imports from Australia, as well as disruptions in supplies from Mongolia. By the end of the reporting period, there was a decline in prices against the backdrop of restrictions on steel production in one of the key regions of China, coupled with an increase in the local supply of coking coal. Dollar-denominated coal prices in Russia increased by 41% qoq (-19% yoy), following global prices, and fuelled by Chinese consumers' interest in Russian grades of coking coal.
- Iron ore prices grew by 27 % qoq (+85% yoy), supported by strong demand in China and a seasonal shortage of scrap steel.
- Scrap prices in the US and EU increased by 29% qoq (+62% yoy) due to limited supply, impacted by seasonal factors, and reduced scrap generation in the automotive sector. In Russia, dollar-denominated prices increased by 34% qoq (+53% yoy) due to high steelmaking capacity utilization rates amid a shortage of raw materials caused by abnormally cold weather in a number of regions.

Average steel product prices:

- There was an increase in steel product prices across all key regions, due to the continued recovery in business activity, resulting in steel product demand outstripping supply. The high price of the raw materials basket served as an additional factor.
- In Russia, dollar-denominated prices for uncoated flat steel grew by 44% qoq (+39% yoy); rebar prices grew by 44% qoq (+52% yoy).
- Slab prices (FOB Black Sea) increased by 31% qoq (+65% yoy), following the growth in demand in export markets.
- Average flat steel prices in the US grew by 53% qoq (+89% yoy). Prices for hot-rolled products at the end of March reached all-time highs, approaching \$1,500/t.
- In the EU countries, dollar-denominated flat steel prices increased by an average of 34% qoq (+58% yoy), reaching peak values since 2008.



SEGMENTAL PERFORMANCE

NLMK RUSSIA FLAT PRODUCTS¹

Q1 2021 performance

Steel output grew by 12% qoq (flat yoy) to 3,3 m t as equipment reached full capacity after the completion of overhauls at the NLMK Lipetsk BOF operations in Q4 2020 ([Appendix 9](#)).

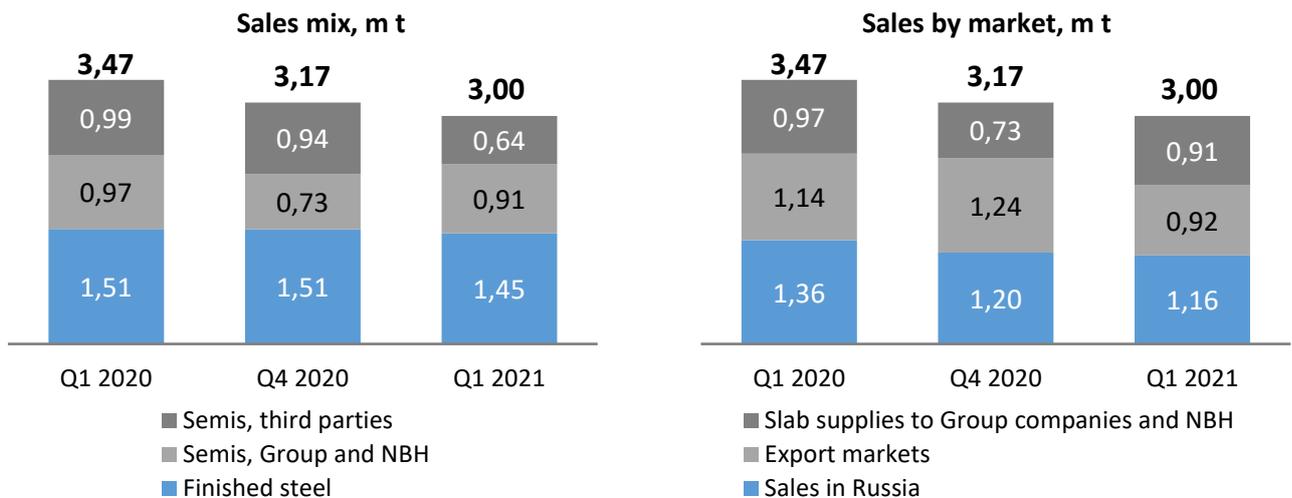
Sales in the Segment were down by 6% qoq to 3.0 m t (-14% yoy) due to lower pig iron sales amid repairs at NLMK Lipetsk BF operations and stocks piling up in the Black Sea ports due to bad weather conditions ([Appendix 2](#)).

Sales mix: sales of semis to third parties decreased by 33% qoq to 0.6 m t (-36% yoy), while sales to NLMK Group companies and NBH grew to 0.9 m t (+25% qoq; -6% yoy) amid recovering slab supplies to NLMK USA.

Finished steel sales decreased by 4% qoq to 1.5 m t (-4% yoy), due to inventory growth driven by a higher share of export shipments with longer sales recognition periods. ([Appendix 3](#)).

Sales markets: sales in Russia declined by 3% qoq to 1.2 m t (-15% yoy) amid seasonally lower demand ([Appendix 3](#)).

Product exports were down by 7% qoq to 1.8 m t (-13% yoy) due to lower pig iron sales. The main export destinations in Q1 2021 were the EU, Turkey, the US, and Mexico.



¹ NLMK Russia Flat companies include NLMK Lipetsk, VIZ-Steel, and Altai-Koks. Export sales are calculated including the corresponding share of trading companies.



NLMK RUSSIA LONG PRODUCTS²

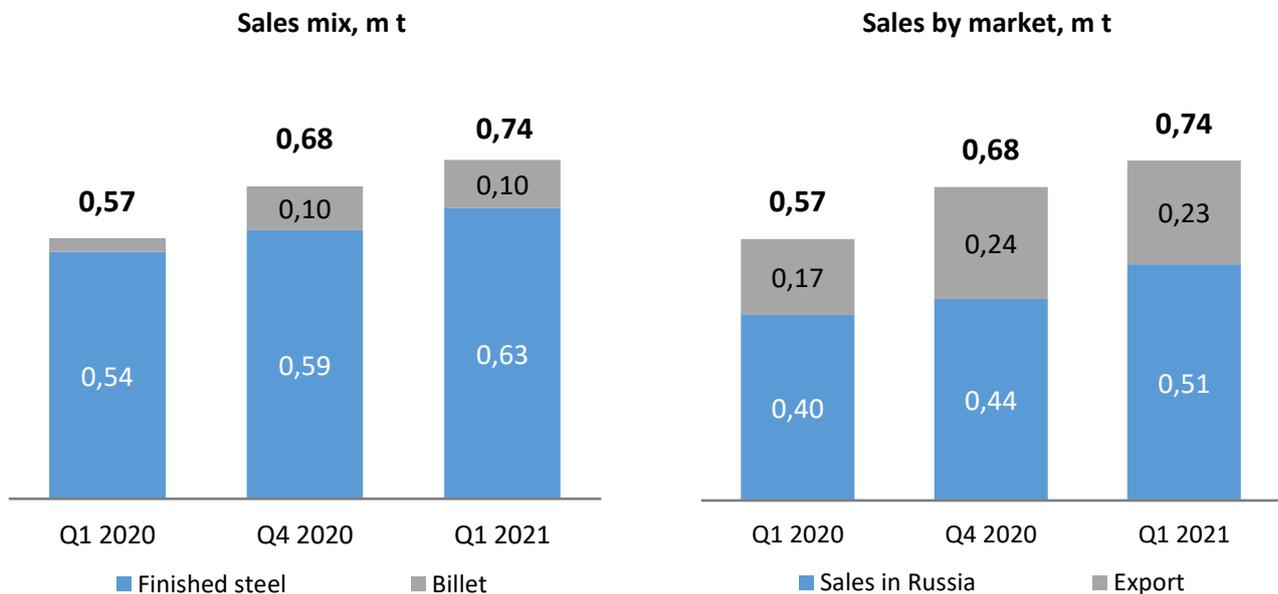
Q1 2021 performance

Steel output increased by 11% qoq to 0.8 m t (+20% yoy) ([Appendix 9](#)) against the low base of the previous quarter, when planned maintenance was underway.

Sales increased by 8% qoq to 0.7 m t (+30% yoy), due mainly to strong demand for rebar from service centres on the Russian market ([Appendix 4](#)). Finished products accounted for 86% of the sales (flat qoq; -9 p. p. yoy). Sales of finished products grew by 8% qoq to 0.6 m t (+18% yoy).

Sales markets: sales on the Russian market reached 0.5 m t (+17% qoq; +27% yoy), due to large traders restocking their rebar inventories amid expectations of further growth in demand. The share of the Russian market was 69% (+5 p.p. qoq; -2 p.p. yoy). Export sales totalled 0.2 m t.

Scrap: scrap sales decreased seasonally vs. the previous quarter by 41% to 0.8 m t (+8% yoy). NLMK Group companies accounted for 98% of total scrap sales ([Appendix 4](#)).



² NLMK Russia Long companies include NLMK Ural, NLMK Metalware, NLMK Kaluga, and scrap collecting facilities. Export sales of long products are calculated taking into account the corresponding share of trading companies' sales.



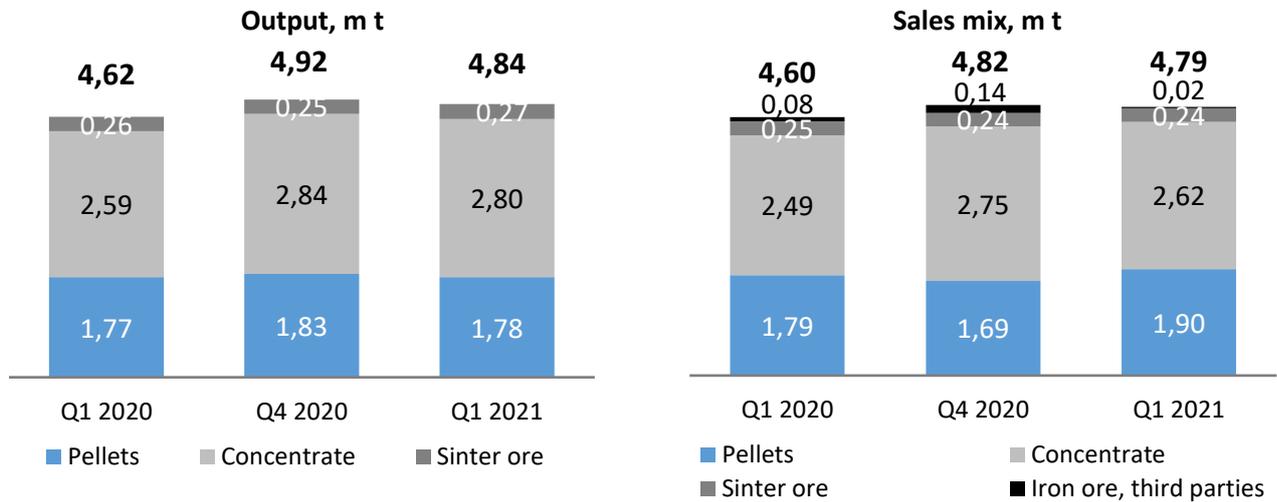
MINING AND PROCESSING OF RAW MATERIALS

Q1 2021 performance

Iron ore output decreased by 1% qoq (+4% yoy) to 4.8 m t due to maintenance works in January 2021 ([Appendix 12](#)).

Iron ore sales declined by 1% qoq to 4.8 m t (+4% yoy), following output volumes. ([Appendix 5](#)).

Sales to third parties totalled 22,000 t (-84% qoq; -70% yoy) due to higher NLMK Lipetsk needs.



NLMK USA

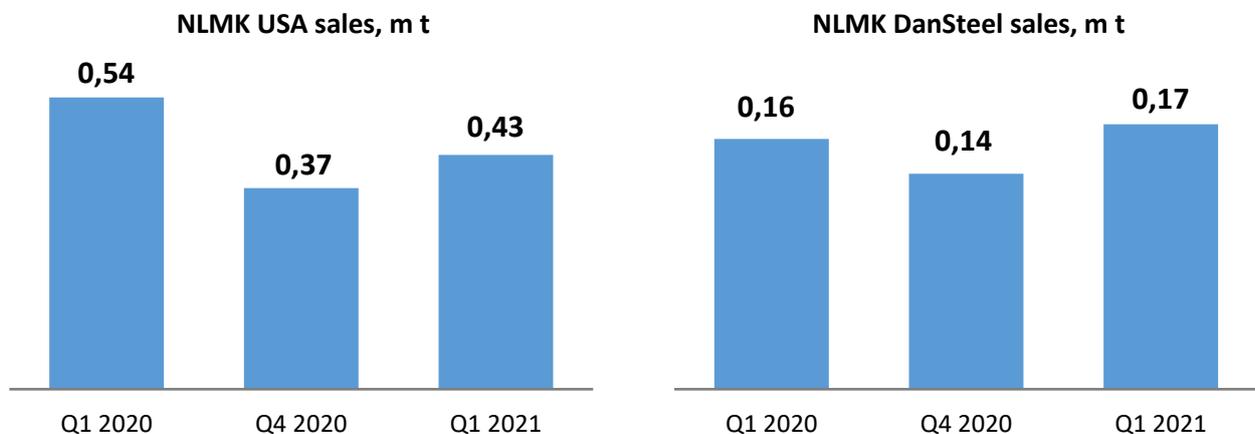
Q1 2021 performance

Sales in the Segment increased by 16% qoq to 0.43 m t (-20% yoy), due to higher sales of hot-rolled and galvanized steel driven by higher demand across all main sectors. The strike at NLMK Pennsylvania ended in March ([Appendix 6](#)).

NLMK DANSTEEL

Q1 2021 performance

Sales increased to 0.17 m t (+23% qoq, +6% yoy) backed by continued recovery in demand from the wind energy, transport machine building, and the automotive industries in the EU. ([Appendix 7](#)).

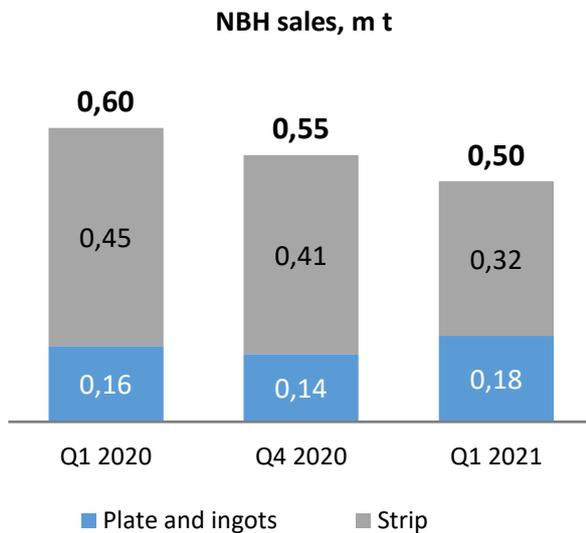




JOINT VENTURE – NLMK Belgium Holdings (NBH)³

Q1 2021 performance

Sales declined by 10% qoq to 0.5 m t (-18% yoy), due to lower shipments of hot-rolled products against the backdrop of the planned NLMK La Louvière Hot Strip Mill upgrade (Strategy 2022 project). ([Appendix 8](#)).



Note: data to the diagrams is presented in tables in the Appendix, and is also available as a separate Excel sheet.

³ NBH assets include producers of plate NLMK Clabecq (Belgium), NLMK Verona (Italy) and producers of strip products NLMK La Louvière (Belgium) and NLMK Strasbourg (France).



Appendices

Appendix 1. NLMK Group operating highlights

Production, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
Crude steel production (without NBH)	4.307	3.863	11%	4.171	3%
Crude steel production (with NBH)	4.365	3.904	12%	4.211	4%
Capacity utilization	95%	94%	+1 p.p.	95%	0 p.p.
Sales, m t					
Semi-finished steel ⁵	1.217	1.616	-25%	1.751	-30%
Finished steel	2.690	2.604	3%	2.753	-2%
<i>Flat</i>	2.056	2.018	2%	2.214	-7%
<i>Long and metalware</i>	0.635	0.587	8%	0.539	18%
Total consolidated sales	3.908	4.220	-7%	4.505	-13%
Sales to home markets of the Group ⁶	70%	64%	+6 p.p.	69%	+1 p.p.
Sales to external markets	30%	36%	-6 p.p.	31%	-1 p.p.
For information: slab sales to foreign subsidiaries and affiliates	0.911	0.728	25%	0.970	-6%
Segment sales					
Russia Flat Products	2.997	3.172	-6%	3.469	-14%
Russia Long Products	0.740	0.682	8%	0.569	30%
Mining	4.785	4.819	-1%	4.604	4%
NLMK USA	0.431	0.370	16%	0.537	-20%
DanSteel	0.174	0.142	23%	0.164	6%
Forreference: NBH Sales	0.495	0.549	-10%	0.605	-18%

⁵ Including commercial pig iron, slabs and billets

⁶ Home markets: Russia for the Russian assets of NLMK Group, North America for NLMK USA, and the EU market for NLMK DanSteel and NBH

Appendix 2. NLMK Russia Flat Products sales by product

Sales, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
Pig iron	0.032	0.437	-93%	0.292	-89%
Slabs incl.	1.514	1.229	23%	1.665	-9%
Slab sales to foreign subsidiaries and affiliates	0.911	0.728	25%	0.970	-6%
to NLMK USA, NLMK Dansteel	0.432	0.146	> 100%	0.235	83%
to NBH	0.479	0.582	-18%	0.734	-35%
Hot-rolled steel	0.666	0.701	-5%	0.641	4%
Cold-rolled steel	0.387	0.374	3%	0.416	-7%
Galvanized steel	0.184	0.203	-9%	0.216	-15%
Pre-painted steel	0.081	0.082	-2%	0.097	-17%
Dynamo steel	0.065	0.068	-4%	0.072	-10%
Transformer steel	0.067	0.078	-14%	0.070	-4%
incl. VIZ-Steel	0.038	0.045	-14%	0.037	4%
Total products	2.997	3.172	-6%	3.469	-14%
Coke sales from Altai-Koks	0.774	0.775	0%	0.829	-7%
incl. to Novolipetsk	0.664	0.532	25%	0.689	-4%



Appendix 3. NLMK Russia Flat Products sales by region and product

Sales, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
Russian market	1.162	1.200	-3%	1.363	-15%
Semi-finished products	0.197	0.122	62%	0.289	-32%
Hot-rolled steel	0.414	0.497	-17%	0.493	-16%
Cold-rolled steel	0.262	0.270	-3%	0.257	2%
Galvanized steel	0.179	0.198	-10%	0.199	-10%
Pre-painted steel	0.080	0.081	-1%	0.097	-17%
Dynamo steel	0.021	0.018	13%	0.018	12%
Transformer steel	0.010	0.014	-26%	0.010	3%
Export markets	1.833	1.972	-7%	2.106	-13%
Semi-finished products	1.348	1.544	-13%	1.668	-19%
Hot-rolled steel	0.253	0.203	25%	0.148	71%
Cold-rolled steel	0.125	0.104	20%	0.159	-21%
Galvanized steel	0.005	0.006	-4%	0.017	-67%
Pre-painted steel	0.001	0.001	-46%	0.000	33%
Dynamo steel	0.044	0.050	-11%	0.054	-18%
Transformer steel	0.057	0.064	-11%	0.060	-5%
Total sales	2.995	3.172	-6%	3.469	-14%

Appendix 4. NLMK Russia Long Products sales by product

Sales, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
Billet	0.105	0.095	10%	0.030	> 100%
Rebar	0.508	0.477	7%	0.389	31%
Sections	0.002	0.000	> 100%	0.028	-93%
Wire rod	0.062	0.045	37%	0.057	8%
Metalware	0.063	0.065	-2%	0.065	-3%
Total steel products	0.740	0.682	8%	0.569	30%
Ferrous and non-ferrous scrap, incl.	0.808	1.380	-41%	0.747	8%
to NLMK Ural	0.324	0.482	-33%	0.328	-1%
to NLMK Kaluga	0.270	0.412	-35%	0.172	57%
to NLMK Lipetsk	0.199	0.467	-57%	0.227	-12%

Appendix 5. Mining Division sales

Sales, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
Iron ore concentrate	2.621	2.879	-9%	2.566	2%
incl. to NLMK Lipetsk	2.621	2.749	-5%	2.491	5%
Sinter ore	0.265	0.253	5%	0.250	6%
incl. to NLMK Lipetsk	0.243	0.244	0%	0.250	-3%
Pellets	1.899	1.687	13%	1.788	6%
incl. to NLMK Lipetsk	1.899	1.687	13%	1.788	6%
Total iron ore	4.785	4.819	-1%	4.604	4%



Appendix 6. NLMK USA sales

Sales, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
Hot-rolled steel	0.292	0.251	17%	0.280	4%
Cold-rolled steel	0.044	0.050	-13%	0.111	-61%
Galvanized steel	0.095	0.069	37%	0.146	-35%
Total NLMK USA ⁷	0.431	0.370	16%	0.537	-20%

⁷ NLMK USA also sells non-significant volumes of merchant slabs not included into total rolled steel sales.

Appendix 7. NLMK DanSteel sales

Sales, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
Thick plates	0.174	0.142	23%	0.164	6%

Appendix 8. NBH (associated companies) sales

Sales, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
Hot-rolled steel	0.236	0.334	-29%	0.362	-35%
Cold-rolled steel	0.008	0.010	-23%	0.010	-19%
Coated steel	0.074	0.065	14%	0.077	-4%
Total flat steel	0.318	0.409	-22%	0.449	-29%
Semi-finished (ingots)	0.021	0.013	58%	0.014	45%
Thick plates	0.156	0.127	23%	0.141	11%
Total steel products	0.495	0.549	-10%	0.605	-18%

Appendix 9. NLMK Group steel output

Production, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
NLMK Lipetsk	3.331	2.970	12%	3.325	0%
NLMK Long Products	0.789	0.708	11%	0.659	20%
incl. NLMK Kaluga	0.333	0.349	-5%	0.256	30%
NLMK Indiana (NLMK USA)	0.187	0.185	1%	0.188	-1%
NLMK Group (without NBH)	4.307	3.863	11%	4.171	3%
<i>For reference</i>					
NBH, NLMK Europe (EAF)	0.059	0.041	43%	0.039	50%
NLMK Group (with NBH)	4.365	3.904	12%	4.211	4%



Appendix 10. NLMK Group steel product output (without NBH)

Production, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
Merchant pig iron	0.091	0.316	-71%	0.342	-73%
Merchant slabs	1.192	1.164	2%	1.413	-16%
Flat steel	2.096	2.024	4%	2.240	-6%
Merchant billets	0.088	0.124	-29%	0.040	> 100%
Long products	0.597	0.506	18%	0.544	10%
Metalware	0.072	0.064	11%	0.068	6%
Total products	4.135	4.198	-2%	4.647	-11%

Appendix 11. NLMK Russia Flat Products steel product output

Production, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
Merchant pig iron	0.091	0.316	-71%	0.342	-73%
Merchant slabs	1.624	1.311	24%	1.649	-2%
Hot-rolled steel	0.696	0.702	-1%	0.674	3%
Cold-rolled steel	0.408	0.403	1%	0.404	1%
Galvanized steel	0.189	0.203	-7%	0.209	-9%
Pre-painted steel	0.097	0.077	27%	0.109	-11%
Dynamo steel	0.062	0.062	-2%	0.062	-1%
Transformer steel	0.067	0.072	-6%	0.065	4%
Total steel products	3.235	3.145	3%	3.513	-8%

Appendix 12. Output of main raw materials

Production, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
Coke	1.375	1.397	-2%	1.448	-5%
NLMK Lipetsk	0.599	0.608	-1%	0.606	-1%
Altai-Koks	0.775	0.788	-2%	0.841	-8%
Iron ore	4.841	4.920	-2%	4.618	5%
Iron ore concentrate	2.800	2.836	-1%	2.589	8%
Sinter ore	0.266	0.252	6%	0.255	4%
Pellets	1.775	1.832	-3%	1.774	0%
Ferrous scrap	0.428	0.678	-37%	0.374	14%



Appendix 13. NLMK Group steel product sales (without NBH)

Sales, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
Semi-finished	1.217	1.616	-25%	1.751	-30%
Pig iron	0.030	0.437	-93%	0.292	-90%
Slabs	1.082	1.083	0%	1.430	-24%
Billet	0.105	0.096	9%	0.030	> 100%
Flat steel	2.056	2.018	2%	2.214	-7%
Plate	0.175	0.145	21%	0.164	7%
Hot-rolled steel	0.957	0.947	1%	0.921	4%
Cold-rolled steel	0.431	0.424	2%	0.528	-18%
Galvanized steel	0.279	0.273	2%	0.362	-23%
Pre-painted steel	0.081	0.082	-2%	0.097	-17%
Transformer steel	0.067	0.078	-14%	0.070	-4%
Dynamo steel	0.065	0.068	-4%	0.072	-10%
Long products	0.635	0.587	8%	0.539	18%
Long	0.572	0.522	10%	0.474	21%
Metalware	0.063	0.065	-2%	0.065	-3%
Total steel products	3.908	4.220	-7%	4.505	-13%

Appendix 14. NLMK Group home and export steel product sales (with NBH)

Sales, m t	Q1 2021	Q4 2020	QoQ	Q1 2020	YoY
Home	2.733	2.628	4%	3.022	-10%
Russia	1.676	1.604	4%	1.767	-5%
USA	0.431	0.370	16%	0.537	-20%
EU	0.626	0.654	-4%	0.718	-13%
Export	1.188	1.507	-21%	1.354	-12%
Total steel products	3.921	4.135	-5%	4.375	-10%