

The background of the slide is a photograph of an industrial worker. The worker is wearing a blue hard hat and a high-visibility orange and dark blue work suit with reflective stripes. He is standing on a steel structure, looking towards the right. In the foreground, a large steel beam is suspended by two chains and hooks, hanging from above. The background shows a clear blue sky with some light clouds and the upper part of a ship's mast and rigging.

**Q2 AND H1'14 US GAAP
CONSOLIDATED FINANCIAL RESULTS**

Moscow, 07 August 2014

DISCLAIMER

This document is confidential and has been prepared by NLMK (the “Company”) solely for use at the presentation of the Company and may not be reproduced, retransmitted or further distributed to any other person or published, in whole or in part, for any other purpose.

This document does not constitute or form part of any advertisement of securities, any offer or invitation to sell or issue or any solicitation of any offer to purchase or subscribe for, any shares in the Company or Global Depositary Shares (GDSs), nor shall it or any part of it nor the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or investment decision.

No reliance may be placed for any purpose whatsoever on the information contained in this document or on assumptions made as to its completeness. No representation or warranty, express or implied, is given by the Company, its subsidiaries or any of their respective advisers, officers, employees or agents, as to the accuracy of the information or opinions or for any loss howsoever arising, directly or indirectly, from any use of this presentation or its contents.

The distribution of this document in other jurisdictions may be restricted by law and any person into whose possession this document comes should inform themselves about, and observe, any such restrictions.

This document may include forward-looking statements. These forward-looking statements include matters that are not historical facts or statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, strategies, and the industry in which the Company operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions you that forward-looking statements are not guarantees of future performance and that the Company’s actual results of operations, financial condition and liquidity and the development of the industry in which the Company operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Company’s results of operations, financial condition and liquidity and the development of the industry in which the Company operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in future periods. The Company does not undertake any obligation to review or confirm analysts’ expectations or estimates or to update any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation.

By attending this presentation you agree to be bound by the foregoing terms.

CONTENT

- **1. Strategy implementation**
 2. Key results
 3. Financial highlights
 4. Segment results

STRATEGY 2017: SECURING FUTURE LEADERSHIP

1

Leadership in operational efficiency

- Achieve best-in-class operational efficiency standards across production chain

2

World-class resource base

- Scale up efficient iron ore mining platform
- Reduce consumption of expensive resources

3

Leading positions in strategic markets

- Increase market share in Russia/CIS
- Improve utilization rates at the US and European facilities

4

Leadership in sustainability & safety

- Minimize environmental footprint
- Promote safe operating practices
- Develop motivated and engaged workforce

OPERATIONAL EFFICIENCY PROGRAMS

- 6M'14 cost saving reached \$133 m - over 50% of the Strategy 2017 target
- Q2'14 effect totaled \$63 m (compared to 2013)

STEEL SEGMENT

- Decrease in c/coal costs while maintaining coke quality and lower coal yields for coke production
- Higher blast furnace productivity – up to 10%
- Reduction of conversion yields and lower share of non-conforming product output at BOF operations
- Technological materials substitution with cheaper ones

MINING SEGMENT

- Iron ore concentrate capacity at Stoilensky was increased by 0.5 m tpa through enhanced productivity of the equipment

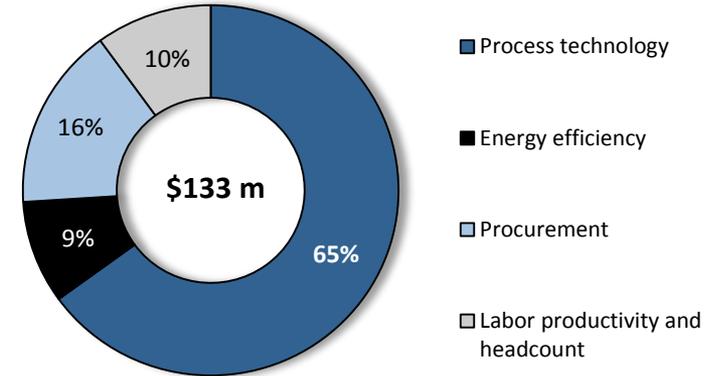
FOREIGN ROLLED PRODUCTS SEGMENT

- Personnel optimization by 2%
- Change in salary schemes

INVESTMENT AIMED AT LEADERSHIP IN EFFICIENCY

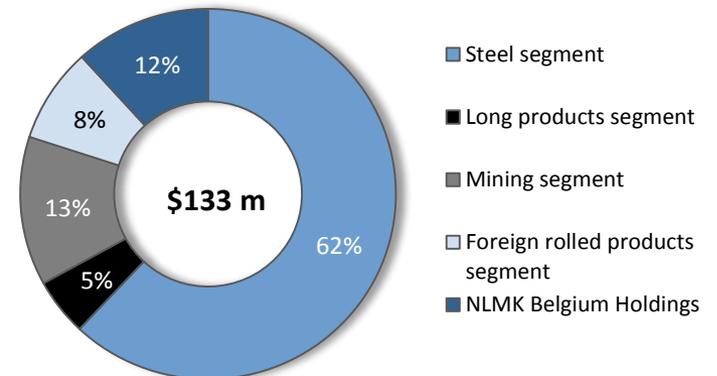
- In June 2014 - launch of new generator at the Lipetsk site increased captive generating capacity by 50 MW to 482 MW
- Self-sufficiency in electricity went up from 52% to 58%. Effect on EBITDA of \$15 m pa

6M'14 OPERATIONAL EFFICIENCY GAINS BY FUNCTIONAL AREA



* Including operational efficiency programs at NBH assets.
Not including effect from new generator launch at Lipetsk site

6M'14 OPERATIONAL EFFICIENCY GAINS BY SEGMENT



2 WORLD CLASS RESOURCE BASE

• STOILENSKIY MINE DEVELOPMENT: PELLETIZING PLANT

- Contractor selection and beginning of active construction stage – May 2014
- Project status at the end of Q2'14:
 - Zero cycle activities completed – 100%
 - Building steelwork erection – 13%
 - Invested into the project as at June 2014: \$185 m
- Commissioning – September 2016

• PULVERISED COAL INJECTION TECHNOLOGY (PCI)

- Apr-14: PCI installed at BF#4 drove total BF capacity equipped with PCI technology from 8% to 31%
- PCI integration at BF#6-7 in 2016-2017
- Technology effects:
 - Reduction of coke consumption by 20%
 - Reduction of natural gas consumption by 60%

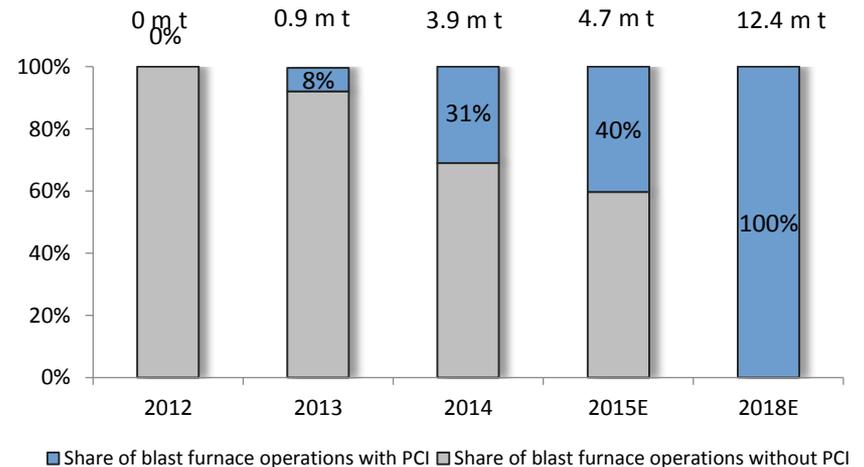
• OPTIMIZATION OF COKING TECHNOLOGY

- Reduction of coal imports down to zero in 2014 (0.3 m t of imported coal in 2013)

PELLETIZING PLANT CONSTRUCTION AT STOILENSKY



PCI TECHNOLOGY AT LIPETSK SITE



3 LEADERSHIP IN STRATEGIC MARKETS

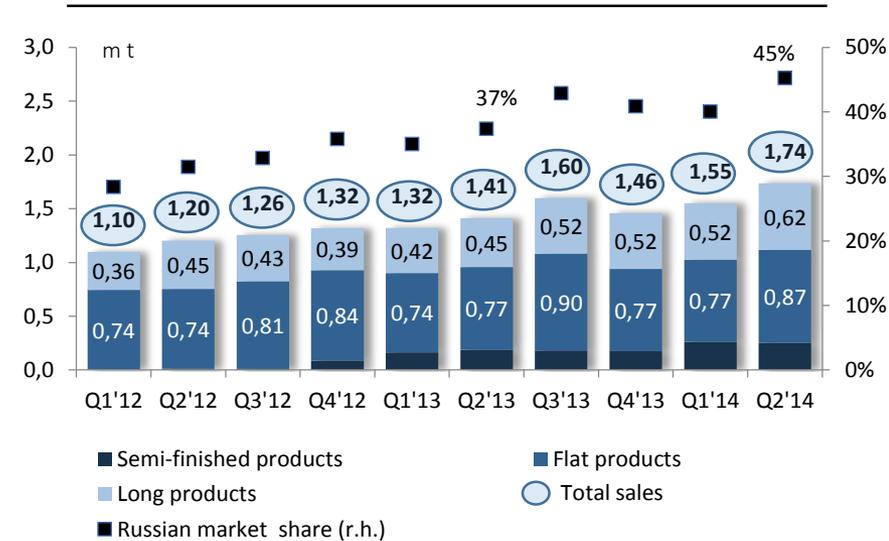
• STRENGTHENING OF MARKET POSITIONS IN RUSSIA

- Record sales in Russia in Q2'14: 1.74 m t
- Share of sales to the domestic market: 45%
- Increased sales across all products:
 - Flat steel, including HVA* products (+8.3% H1'14/H1'13)
 - Long products driven by NLMK Kaluga (+31.2% H1'14/H1'13)
 - Semi-finished products (+45% H1'14/H1'13) on the back of the significant increase in slab sales to the Russian market

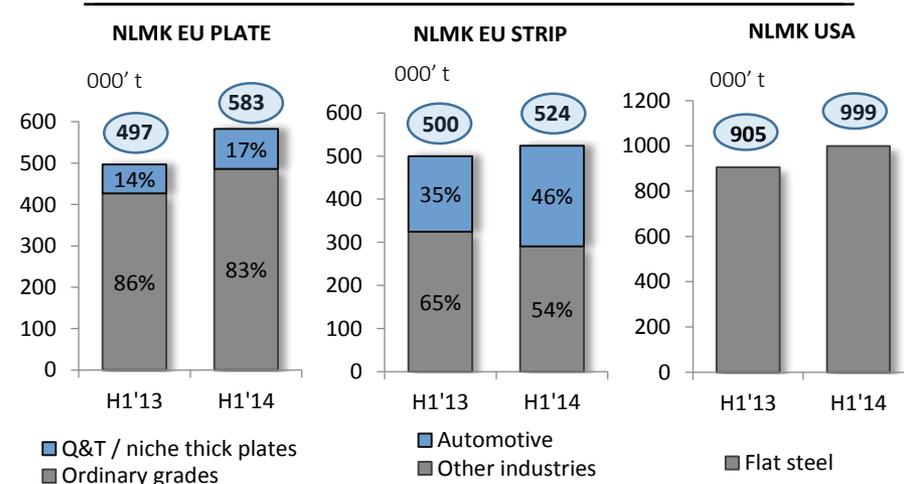
• INTERNATIONAL MARKETS DEVELOPMENTS

- International assets sales growth by 204,000 t in H1'14 (+10.7% H1'14/H1'13)
- Targeted segment sales development in accordance with the Strategy 2017
 - NLMK EU Strip: sales of flat products for automotive in Europe went up to 0.234 m t (+33% H1'14/H1'13, 46% of sales in H1'14)
 - NLMK EU Plates: sales of niche plates went up to 97,000 t (+39% H1'14/H1'13, 17% of sales in H1'14)

NLMK SALES IN RUSSIA



FOREIGN ASSETS SALES **



*HVA - high value added products. HVA includes cold-rolled, galvanized, pre-painted and electrical steel

** Sales of foreign assets include sales of NBH companies

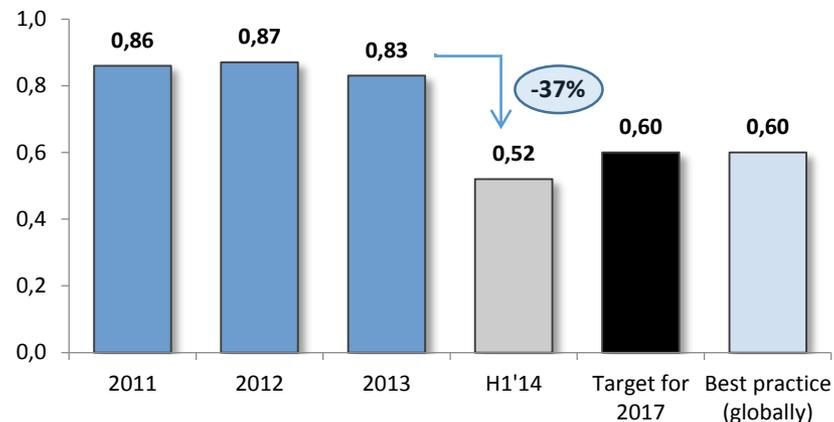
• PROGRESS IN OCCUPATIONAL HEALTH & SAFETY

- LTIFR* reduced by 37% compared to 2013
- Current LTIFR is below the industry average and at best practice level

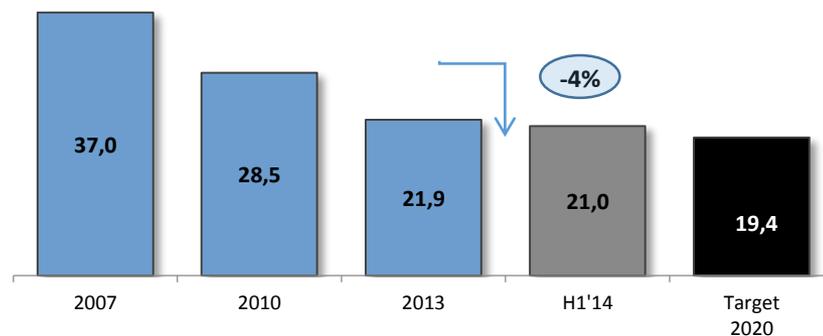
• NEW STAGE OF ENVIRONMENTAL PROGRAM

- Reduction of atmospheric emissions by 4% compared to 2013
- Large-scale environmental projects implemented at the Lipetsk site (\$87 mln capex invested as at the end of Q2'14 – 70% completion)
 - Biological treatment of waste water at coke-chemical operations
 - Infrastructure facility upgrade in the refractory workshop
 - Upgrade of central aspiration system at sintering operations

LOST TIME INJURY FREQUENCY RATE (LTIFR)



AIR EMISSIONS, KG/T OF STEEL



CONTENT

1. Strategy implementation
- **2. Key results**
3. Financial highlights
4. Segment results

PRODUCTION RESULTS

- Q2'14 STEEL OUTPUT:**

- 3.8 m t, -3% qoq due to repairs at the Lipetsk site

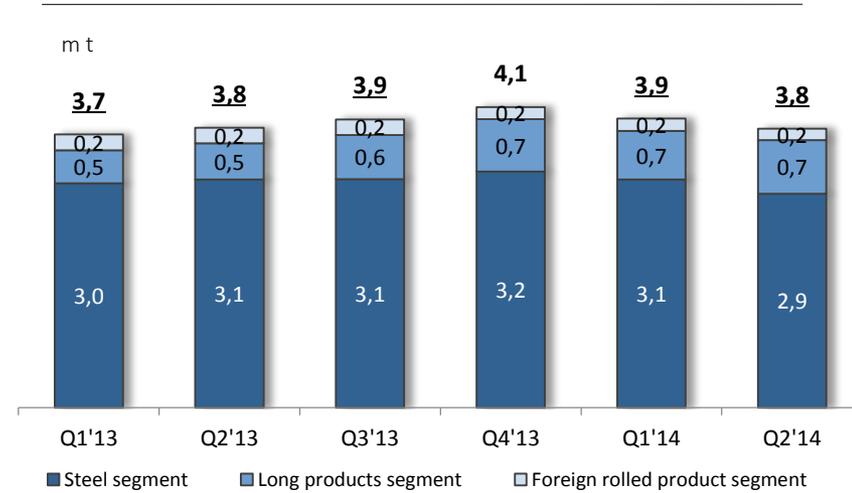
- Q2'14 UTILIZATION RATES:**

- NLMK Group: 94% (+2 p.p. qoq)
- Steel segment: 98% (adjusting to repairs)
- NLMK Long Products segment: 92% at NSMMZ and 77% of EAF and 100% of rolling capacity at NLMK Kaluga
- NLMK Indiana: 81%

- H1'14 STEEL OUTPUT:**

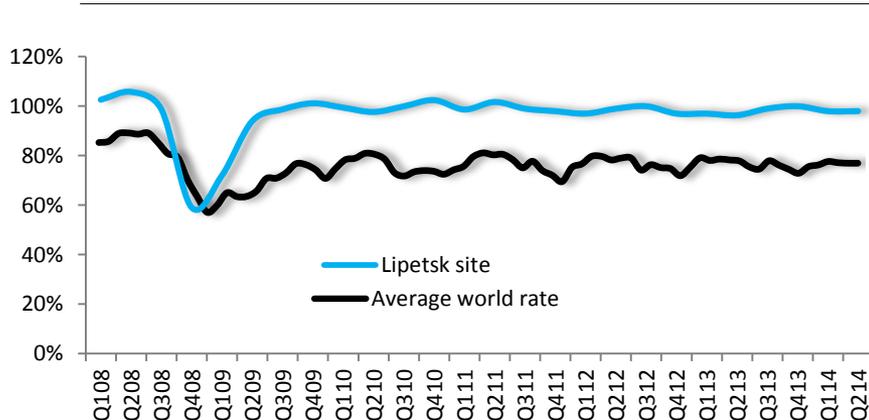
- 7.7 m t, +3% yoy (driven by increased run rates at NLMK Kaluga)

STEEL OUTPUT*



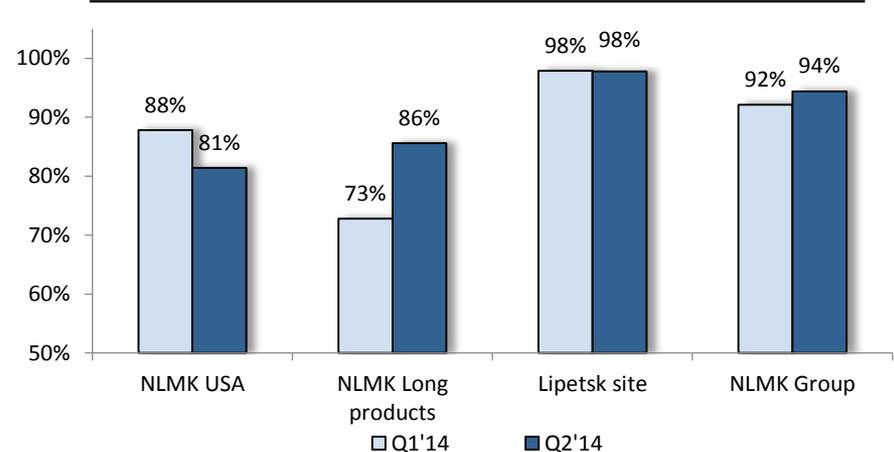
* NLMK Verona production volumes excluded from total since Q4'13

STEELMAKING CAPACITIES UTILIZATION RATES



Sources: utilization rates as per WSA data

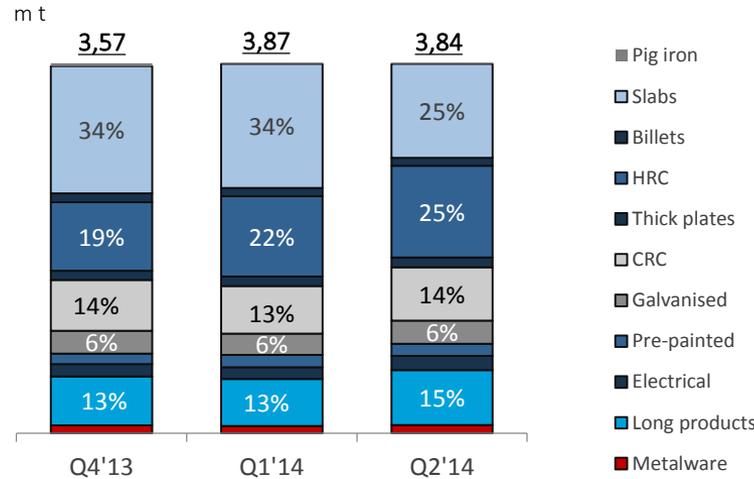
UTILIZATION RATES BY SITE



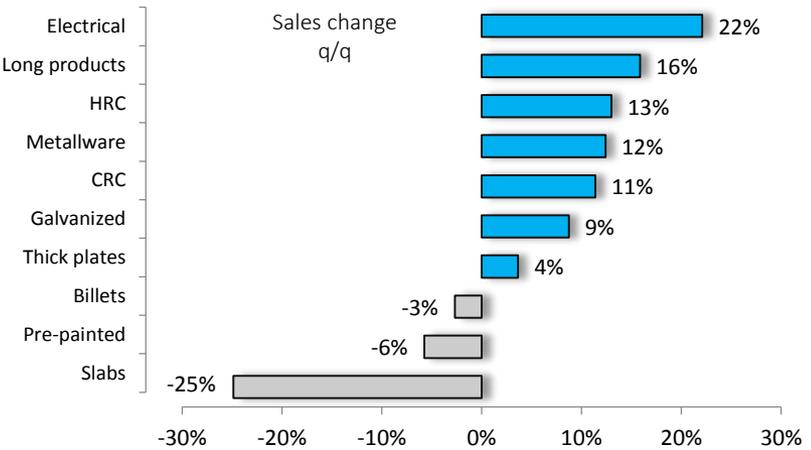
SALES STRUCTURE

- Q2'14: SHARE OF ROLLED STEEL 72% (+8 P.P.)**
 - Rolled steel sales increased to 2.8 m t (+12% qoq)
 - Higher long product and metalware sales +15% qoq
 - Higher electrical steel sales +22% qoq
- SLAB SALES +10% YOY – SLAB SALES TO NBH RECOGNIZED AS EXTERNAL SALES SINCE Q4'13**
- LONG PRODUCT SALES +41% YOY DRIVEN BY NLMK KALUGA LAUNCH**

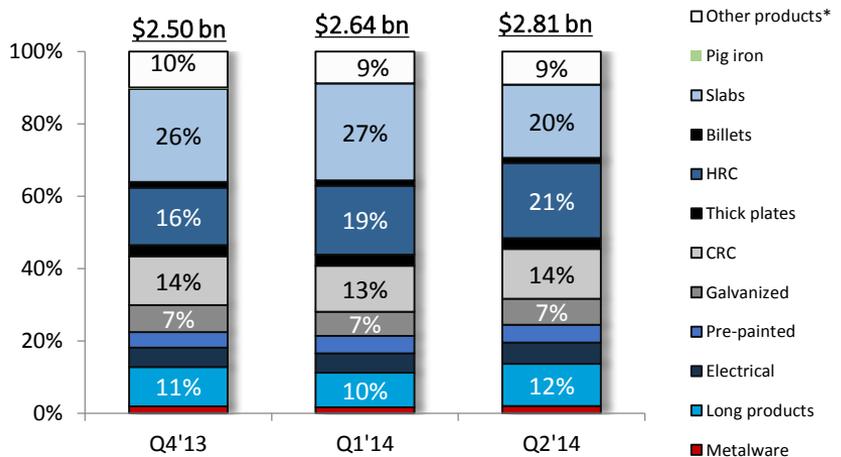
SALES STRUCTURE BY PRODUCT



SALES MIX CHANGE BY PRODUCT



REVENUE BY PRODUCT



KEY HIGHLIGHTS

• Q2'14 FINANCIAL RESULTS

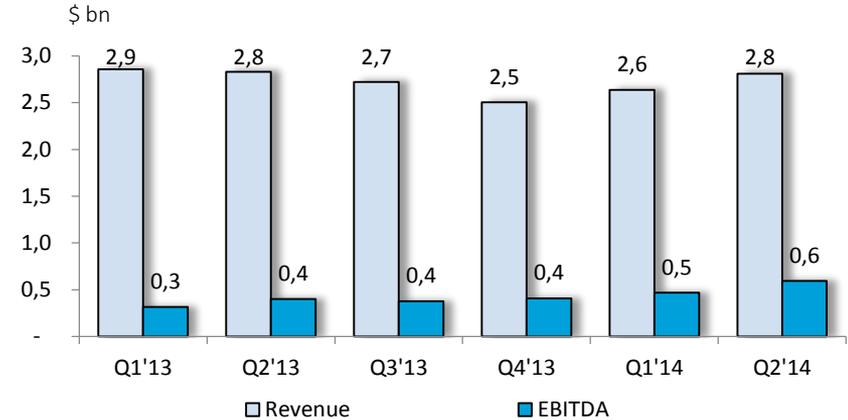
- Revenue \$2,808 m (+6% qoq)
- EBITDA \$594 m (+27% qoq)
- EBITDA margin 21.2% (+3.5 p.p.)
- Net debt \$2,103 m (-9% qoq)
- Net debt/12M EBITDA 1.14x

• ONGOING PROFITABILITY GROWTH

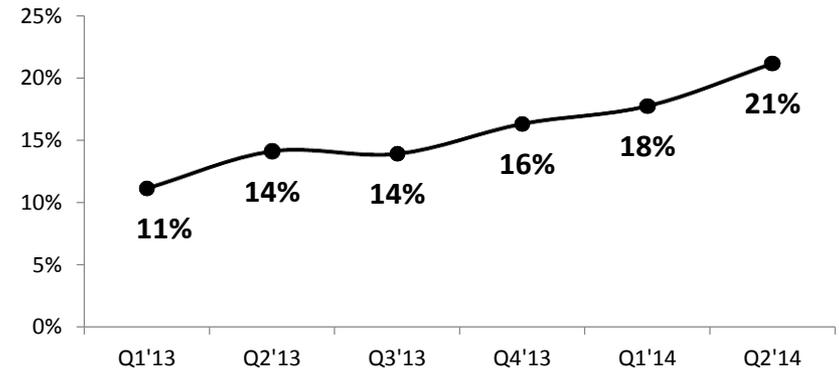
• H1'14 FINANCIAL RESULTS

- Revenue \$5,446 m (-4% yoy)
- EBITDA \$1,063 m (+48% yoy)
- EBITDA margin 19.5% (+6.9 p.p. yoy)

REVENUE AND EBITDA



EBITDA MARGIN, %



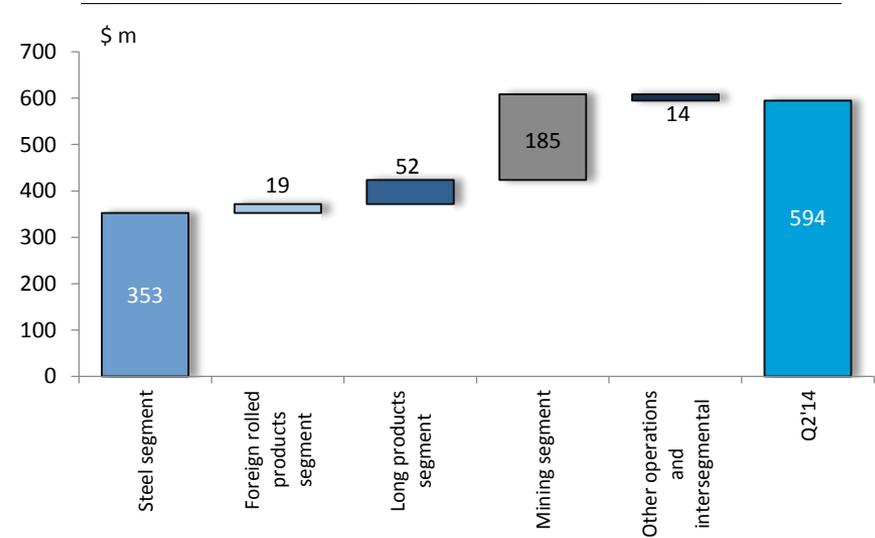
CONTENT

1. Strategy implementation
2. Key results
- **3. Financial highlights**
4. Segment results

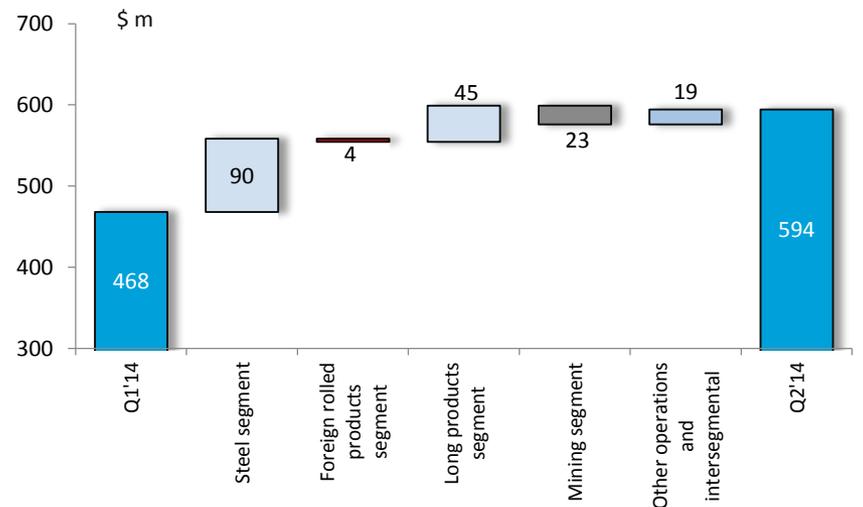
PROFITABILITY

- **EBITDA Q2'14: \$594 M (+27% QOQ)**
- **EBITDA MARGIN 21.2%**
 - (+) Efficiency improvement programs
 - (+) Sales structure optimization
 - (-) Insignificant reduction in sales
 - (+) Increase in prices in the domestic market
 - (-) Insignificant reduction in export prices
 - (+) Lower prices for iron ore
 - (-) Higher prices for scrap

SEGMENT CONTRIBUTION TO Q2'14 EBITDA



EBITDA CHANGE BY SEGMENT (QOQ)

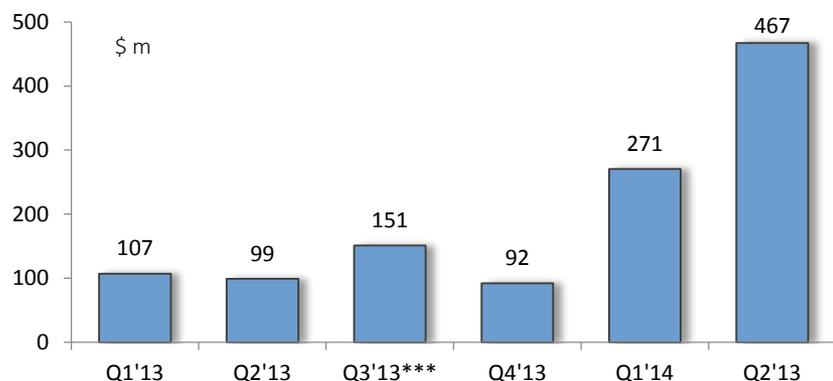


CASH FLOW

- FREE CASH FLOW TO THE FIRM:
\$467 M IN Q2'14 (+72% QOQ)**

- EBITDA \$594 m (+27% qoq)
- Investment \$151 m (+15% qoq)
- Cash release from working capital +\$144 m driven by inventory reduction

FREE CASH FLOW TO THE FIRM CHANGE



* Including interest paid (w/o capitalized interest) of \$19 m and interest received of \$9 m

** Including capitalized interest of \$18 m

*** 3Q 2013 cash flow does not include \$123 m, received for sale of 20.5% NBH stake

Q2'14 CASH FLOW BRIDGE

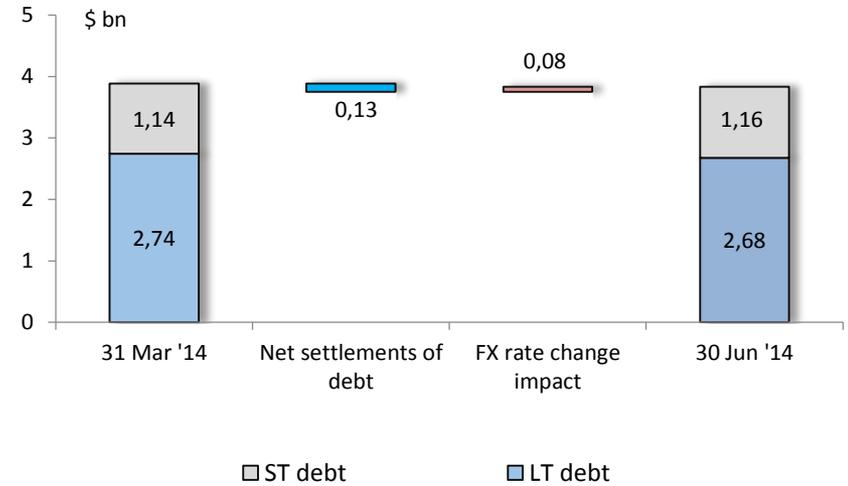


DEBT POSITION

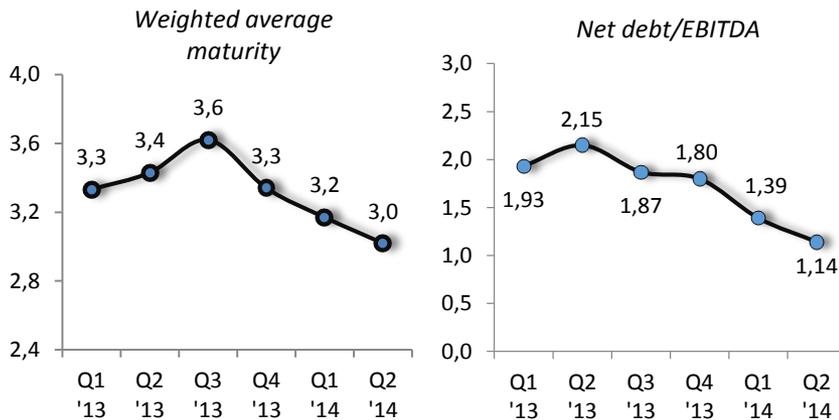
CONSISTENT REDUCTION OF NET DEBT AND LIQUIDITY GROWTH

- Net debt \$2.10 bn (-9% qoq)
- Gross debt \$3.83 bn (-1% qoq)
- Cash and equivalents* \$1.73 bn (+9% qoq)
- Net debt / 12M EBITDA 1.14x (-0.25 p.p.)

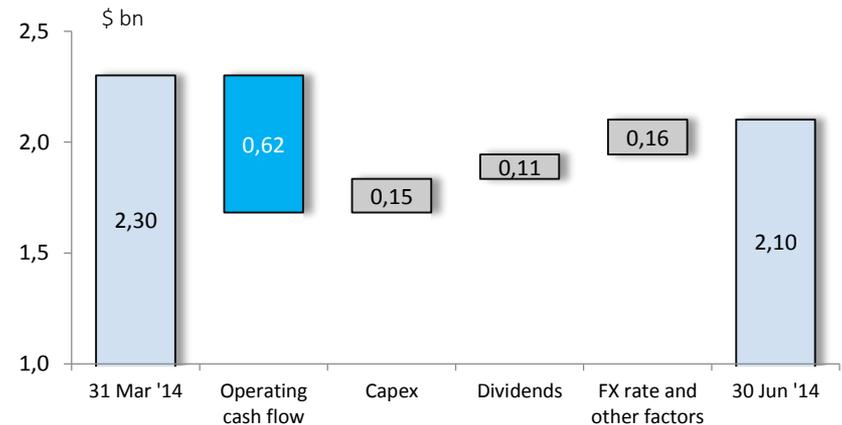
CHANGE IN DEBT POSITION IN Q2'14



MATURITY AND NET DEBT/EBITDA



NET DEBT CHANGE IN Q2'14



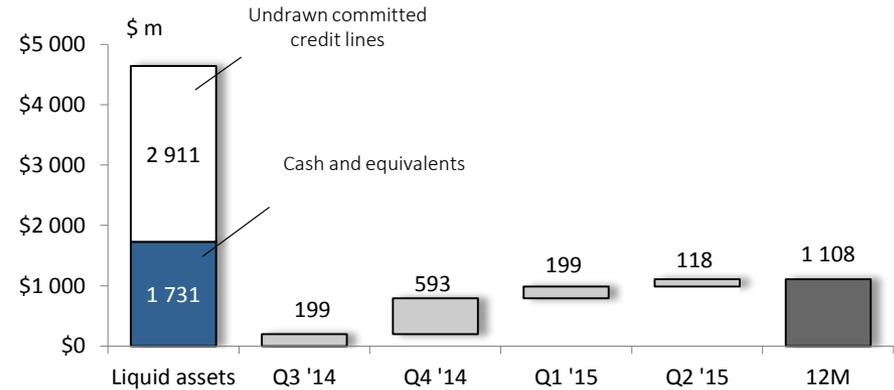
* Cash and equivalents and short term investments

LIQUIDITY AND DEBT SETTLEMENT

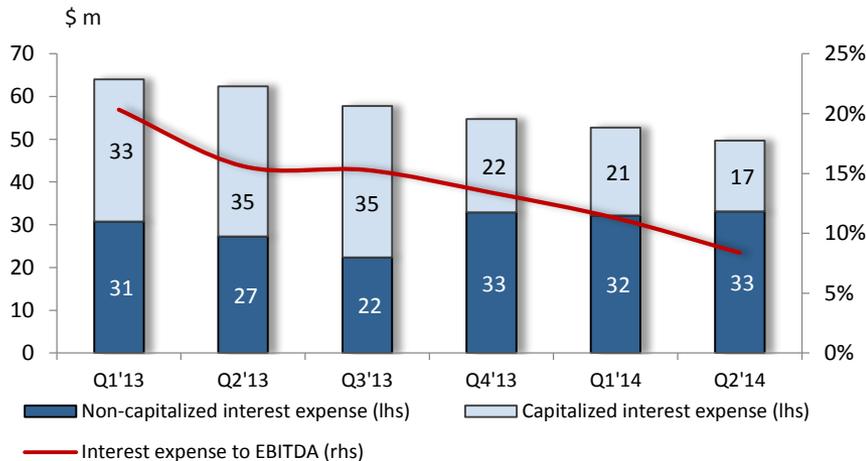
- **STRONG LIQUIDITY POSITION**
- **COMFORTABLE MATURITY SCHEDULE**

- Short term deb \$1.16 bn
 - Ruble bonds
 - Revolving credit lines for working capital financing
 - ECA financing
- Long term debt \$2.68 bn
 - Eurobonds and ruble bonds
 - Long term part of ECA financing

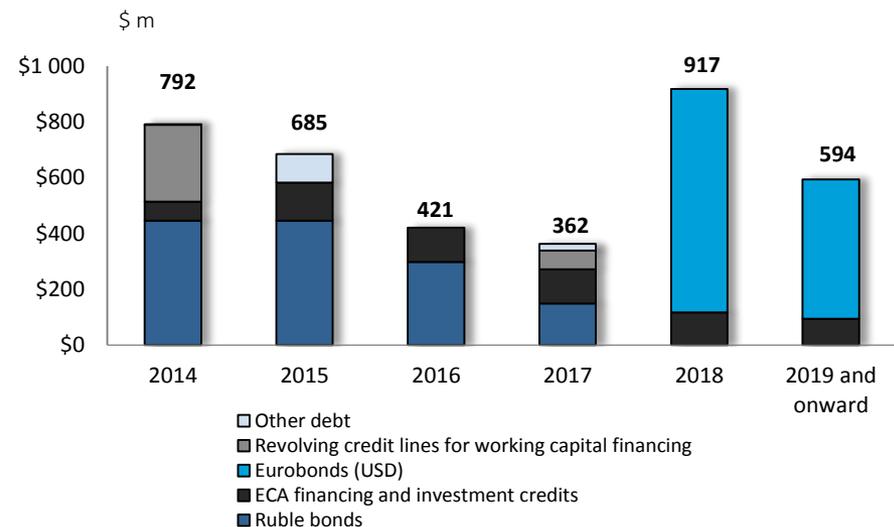
LIQUID ASSETS AND SHORT-TERM DEBT MATURITY*



INTEREST EXPENSES**



TOTAL DEBT MATURITY SCHEDULE***



* ST maturity payments without interest accrued

** Quarterly figures are derived by computational method on the basis of quarterly reports

*** Maturity payments do not include interest payments

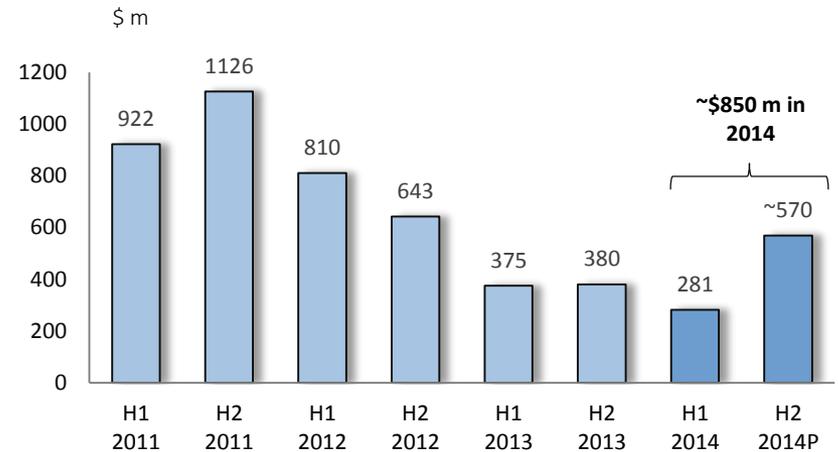
INVESTMENT PROGRAM 2014

• OVERALL INVESTMENTS IN 2014 – \$850 M

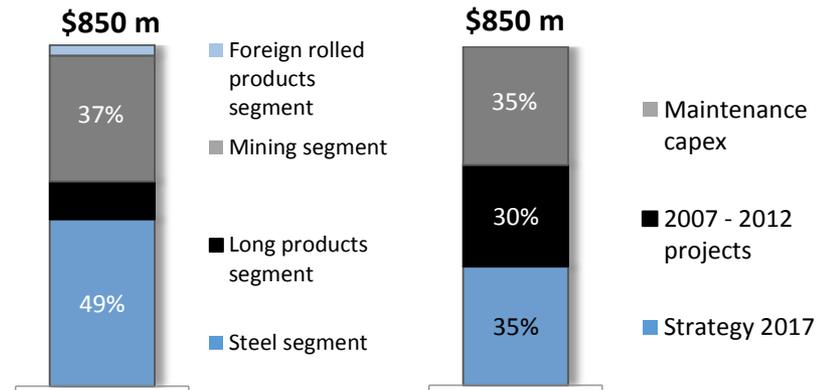
- Investments into Strategy 2017 projects: 35% of total investments
 - Active phase of pelletizing plant construction at Stoilensky to start in H2 2014
 - Steel segment – PCI integration, steelmaking capacities development
- Payments for projects realized in 2007-2012: 30% of total investments
 - NLMK Kaluga
 - All payments for projects 2007-2012 to be made in 2014
- Maintenance capex – 35%

• SOURCE OF INVESTMENT FINANCING – OPERATING CASH FLOW

INVESTMENT DYNAMICS



INVESTMENT STRUCTURE IN 2014



Q3'14 OUTLOOK

- **MARKET**

- Russia and the USA – relatively stable demand and prices for steel products
- Europe – seasonal slowdown in demand

- **STEEL PRODUCTION**

- Group crude steel production to grow by 5% q-o-q to 4.0 m t

- **FINANCIAL RESULTS**

- Financial results are expected at a level comparable to or marginally better than Q2

CONTENT

1. Strategy implementation
2. Key results
3. Financial highlights
- **4. Segment results**

SEGMENT RESULTS OVERVIEW

• STEEL SEGMENT

- Strong market environment in the domestic market
- Maintained spreads between prices for steel and raw materials
- Efficiency improvement programs

• LONG PRODUCTS SEGMENT

- Seasonal growth in demand and prices for steel

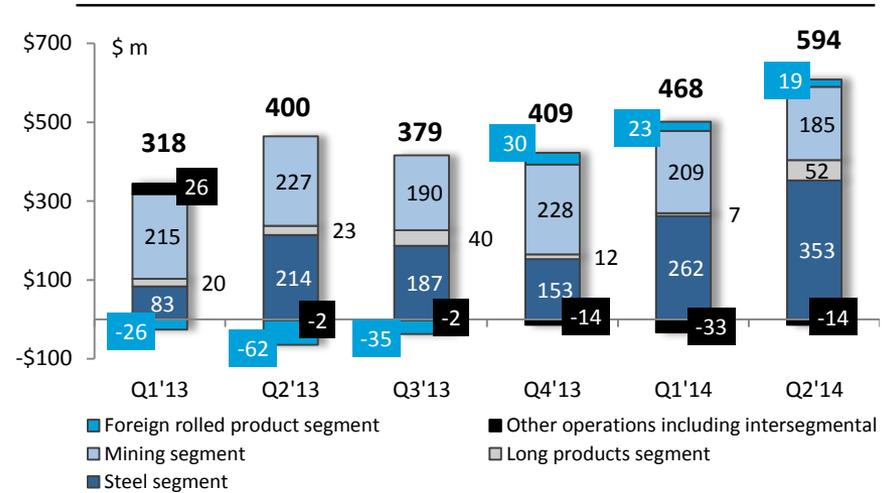
• MINING SEGMENT

- Decline in iron ore prices

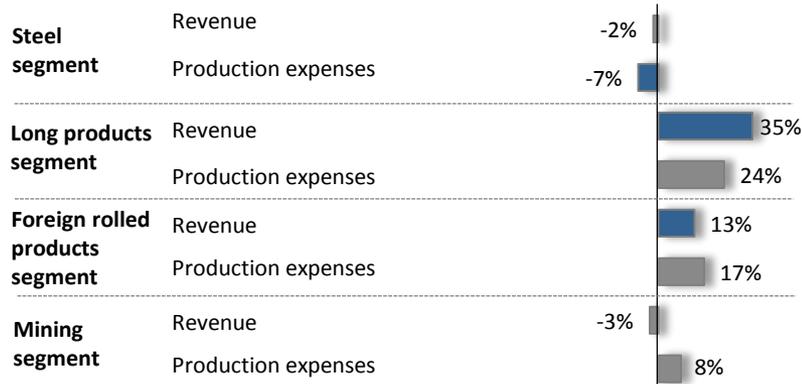
• FOREIGN ROLLED PRODUCTS SEGMENT

- Narrower spreads between prices for finished products and slabs
- Higher sales volumes

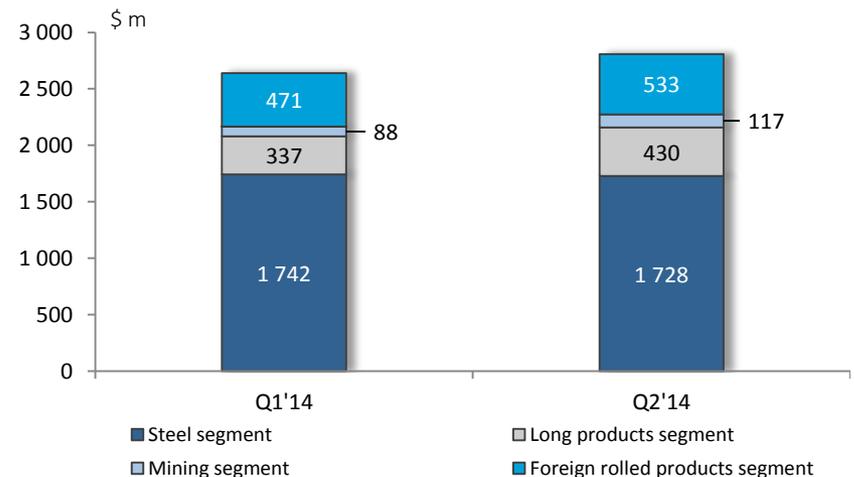
EBITDA BY SEGMENT 2013-2014



SEGMENT RESULTS CHANGE



REVENUE FROM THIRD PARTIES BY SEGMENT



STEEL SEGMENT

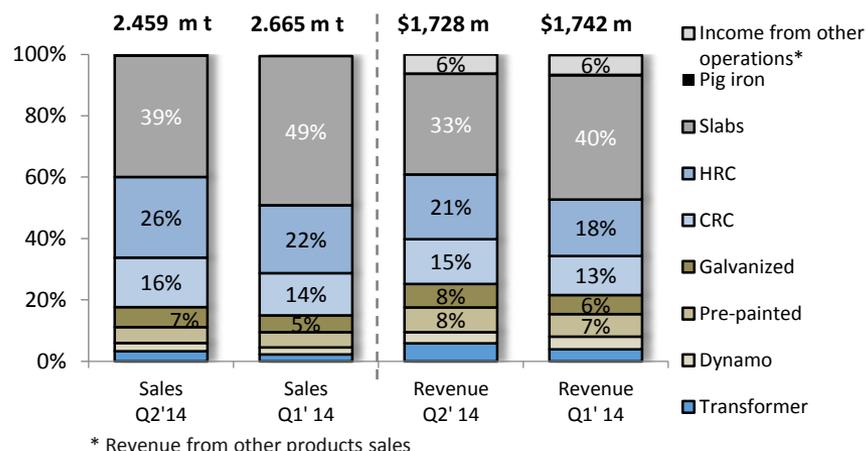
• INSIGNIFICANT Q2'14 TOTAL REVENUE DECLINE QOQ

- Seasonal recovery in demand and price improvement in the domestic market
- Lower sales volumes (-8% qoq) on the back of lower slab sales (-25% qoq)
- Sales structure improvement: sales of rolled products increased by 9% qoq to 1.49 m t

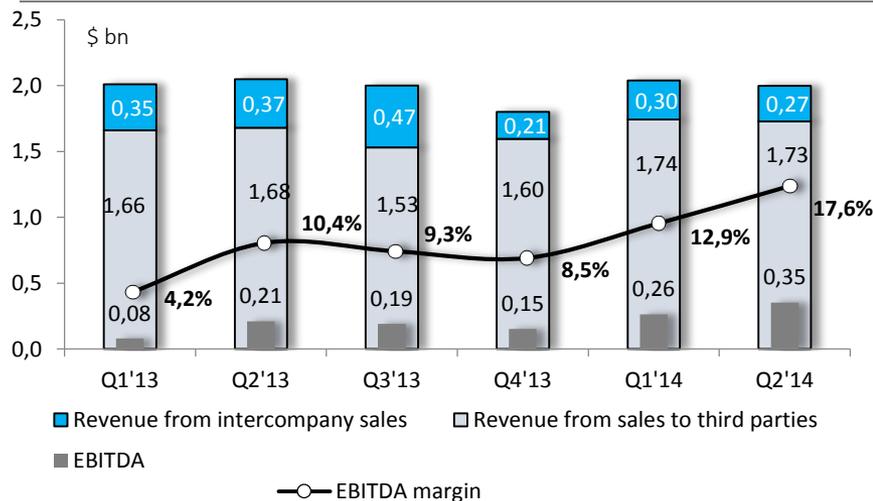
• EBITDA MARGIN INCREASED TO 18%

- Widened spreads between prices for steel and raw materials
- Efficiency improvement programs

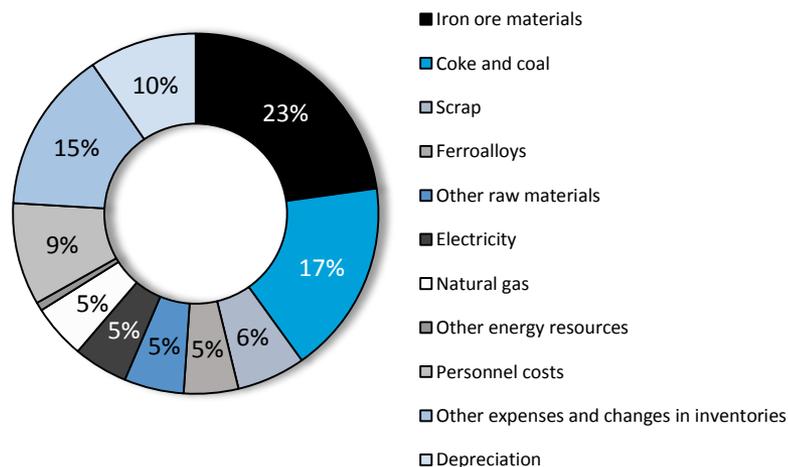
SALES AND REVENUE FROM THIRD PARTIES



SEGMENT REVENUE AND EBITDA



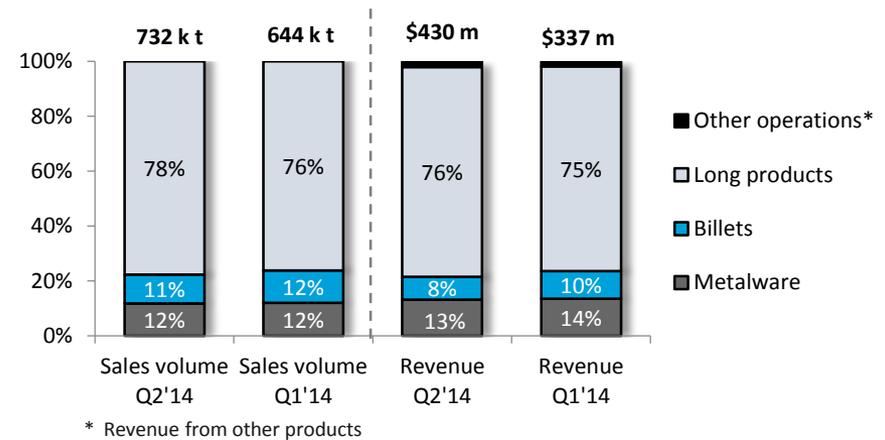
COST OF SALES, Q2'14



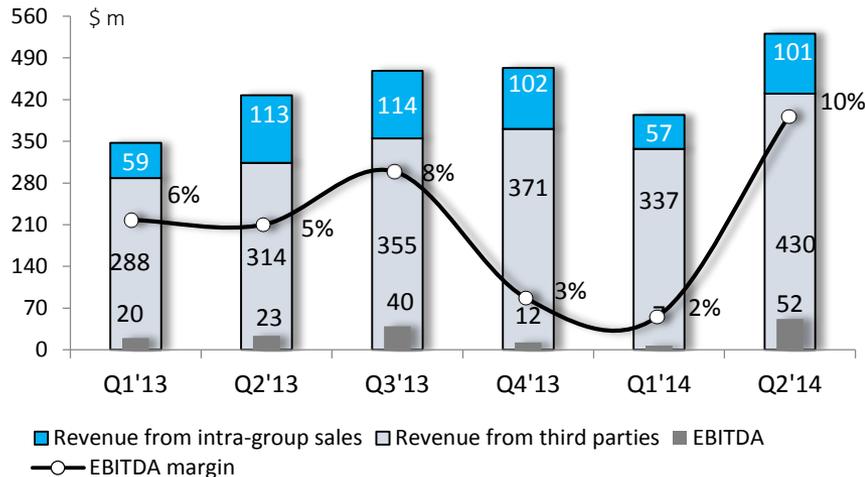
LONG PRODUCTS SEGMENT

- **SALES GROWTH BY 13%**
 - Seasonal demand growth in the domestic market
- **EXTERNAL REVENUE GROWTH BY 28%**
 - Sales volume growth
 - Favorable pricing environment
- **INTERSEGMENT REVENUE GROWTH**
 - Intragroup scrap sales: increase in volumes and prices
- **EBITDA MARGIN UP TO 10%**
 - Higher capacity utilization rates
 - Widened spreads between finished steel and scrap

THIRD PARTIES SALES AND REVENUE STRUCTURE

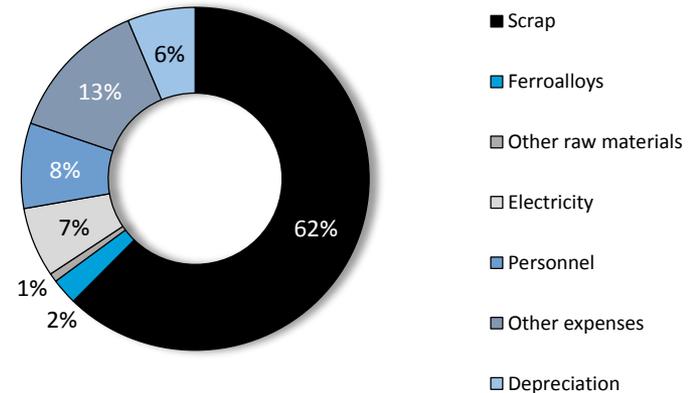


SEGMENT REVENUE AND EBITDA



* Revenue from intra-group sales is represented mostly by ferrous scrap deliveries to the Lipetsk site

COST OF SALES IN Q2 '14



MINING SEGMENT

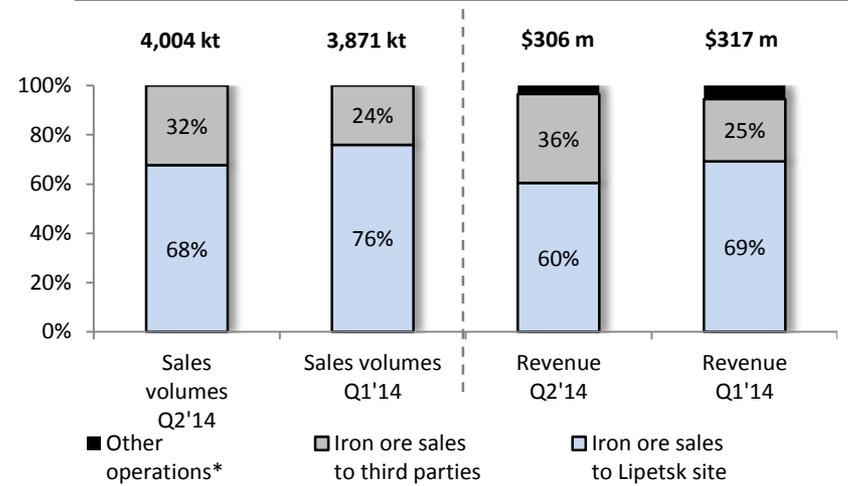
REVENUE DECLINE BY 3% QOQ

- Decline in iron ore prices (3-10% qoq)
- Iron ore sales growth (3% qoq) to 4 m t
 - 2.7 m t (-8% qoq) – to the Lipetsk site
 - 1.3 m t (+39% qoq) – to third parties (63% to Russia and 37% to international markets)

EBITDA MARGIN DECLINE TO 60%

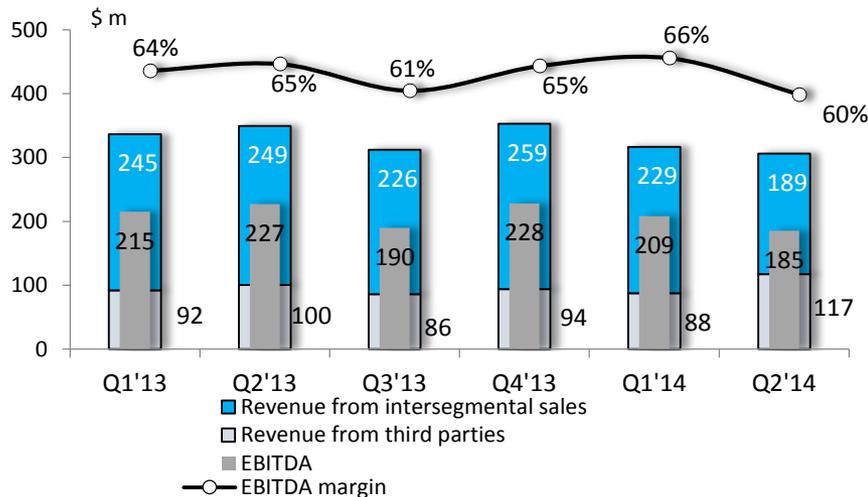
- (-) Lower global iron ore prices
- (+) Efficiency improvement program

SALES AND REVENUE STRUCTURE

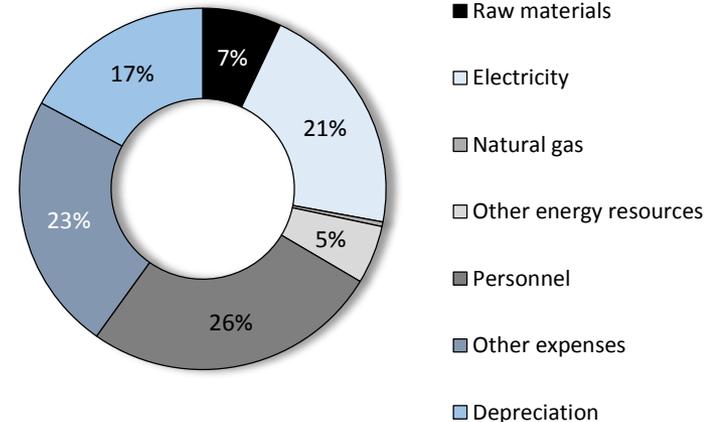


* Other operations include limestone and dolomite sales

SEGMENT REVENUE AND EBITDA



COST OF SALES IN Q2'14



FOREIGN ROLLED PRODUCTS SEGMENT

- SEGMENT SALES UP BY 16% QOQ**

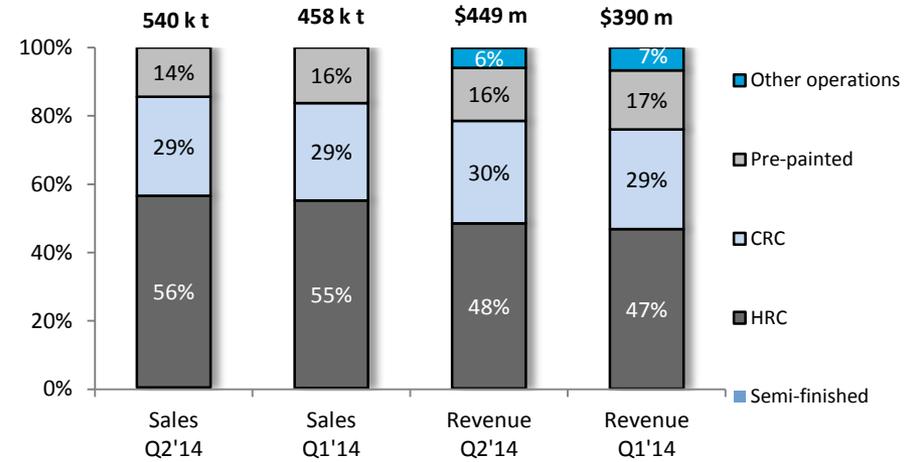
- NLMK USA sales growth (+18% qoq) driven by favorable market conditions
- NLMK Dansteel thick plate sales went up by 4% qoq

- REVENUE UP BY 13% QOQ**

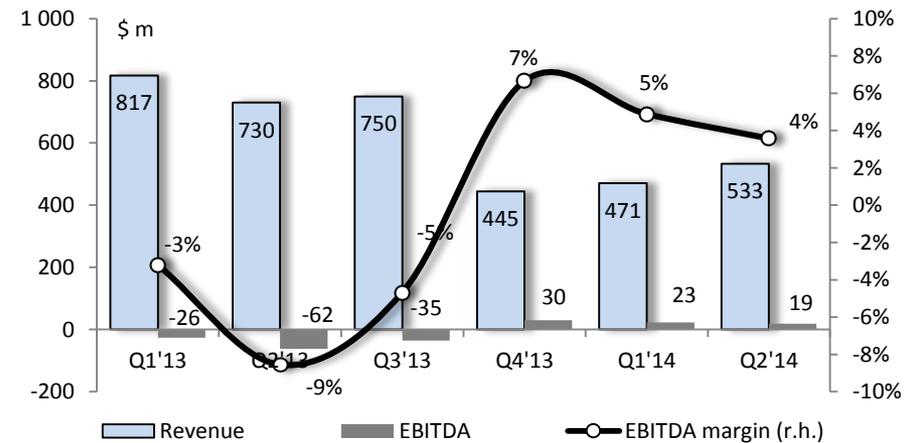
- PROFITABILITY DECLINE**

- Narrowed spreads between prices for slabs and rolled products

NLMK USA SALES AND REVENUE STRUCTURE



SEGMENT REVENUE AND EBITDA



APPENDICES

[Rate this presentation >>](#)

SALES GEOGRAPHY

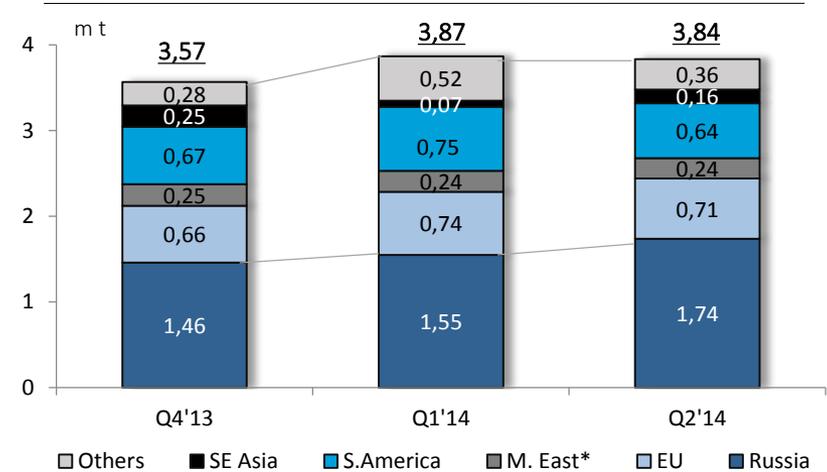
• SALES IN Q2'14: 3.8 M T (0% QOQ)

- Higher sales to the Russian market to 1.74 m t (+12% qoq)
 - Flat steel sales 0.866 m t (+13% qoq)
 - Long products sales 0.697 m t (+18% qoq)
- Sales to export markets 2.10 m t (-9% qoq)
 - Sales to Asia increased
 - Insignificant reduction of sales to Europe and USA

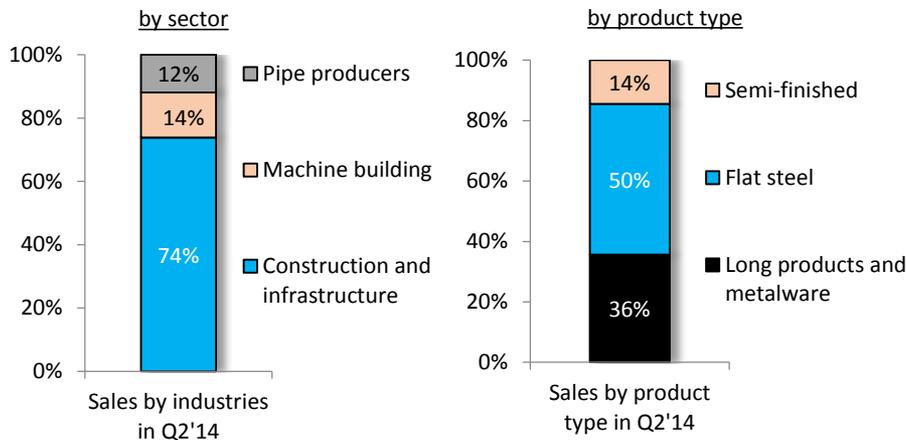
• IN H1'14 SALES: 7.70 M T (+2% YOY)

- Sales to Russia increased to 3.29 m t (+20% yoy)
- Sales to Europe (+14% yoy) and USA (+51% yoy)

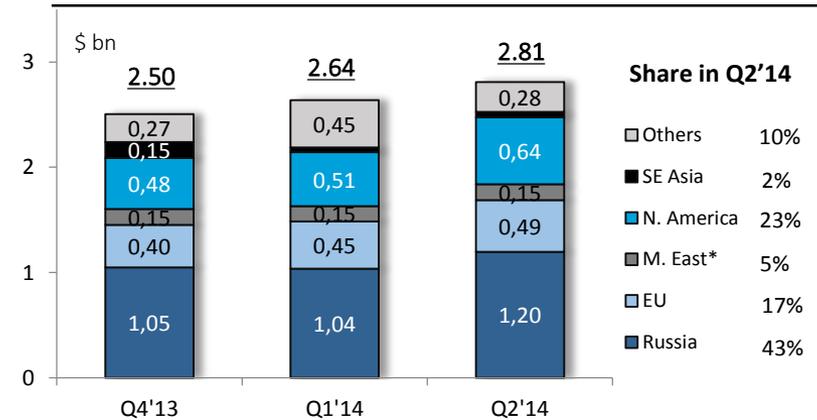
STEEL PRODUCT SALES BY REGION



NLMK SALES TO THE RUSSIAN MARKET



REVENUE BY REGION

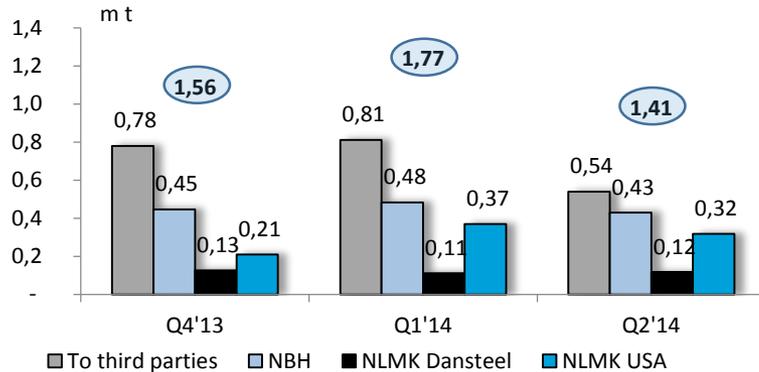


Share in Q2'14	
Others	10%
SE Asia	2%
N. America	23%
M. East*	5%
EU	17%
Russia	43%

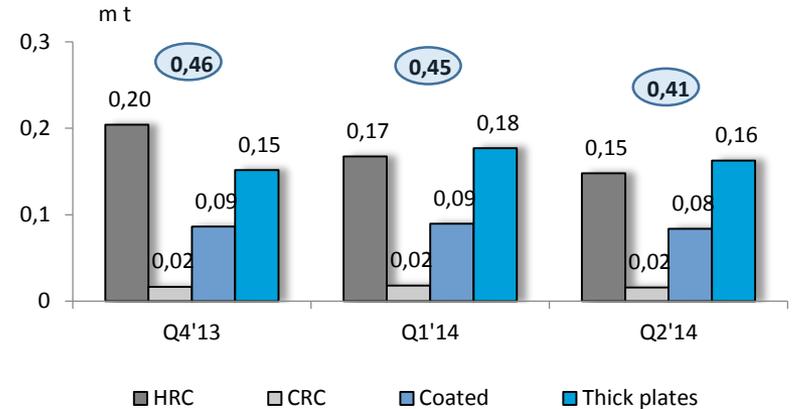
* Incl. Turkey

FOREIGN ASSETS PERFORMANCE

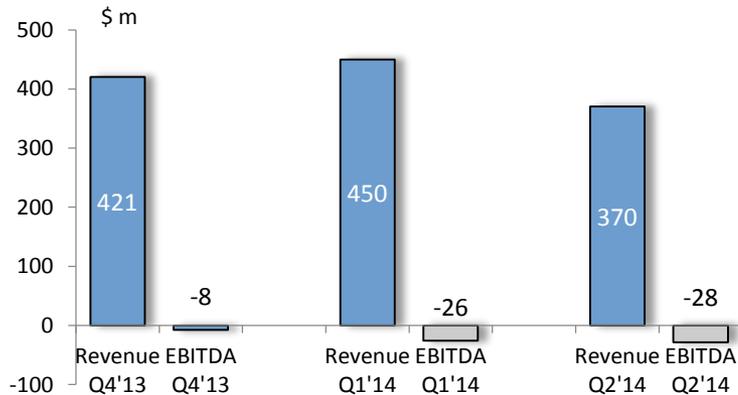
SLAB SALES BY THE STEEL SEGMENT



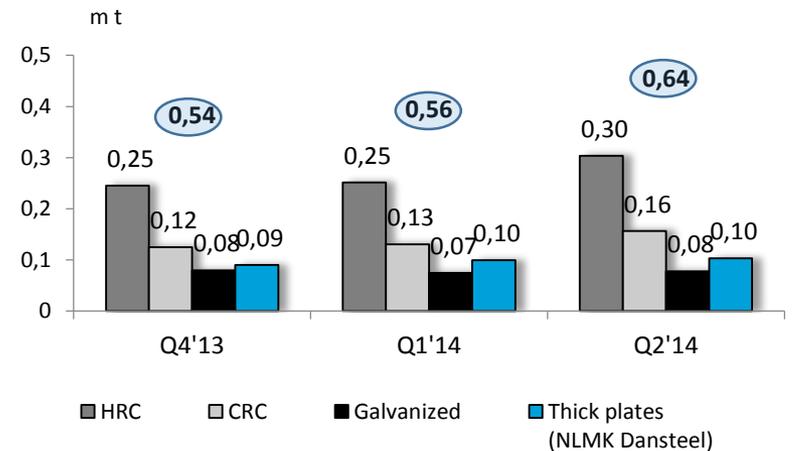
NBH ROLLED PRODUCT SALES



NBH FINANCIAL RESULTS



NLMK USA AND NLMK DANSTEEL ROLLED PRODUCT SALES



CASH COST OF SLABS

SLAB CONSOLIDATED CASH COST STRUCTURE (AT LIPETSK SITE)

Cost item	Q2'14	Q1'14	Δ,\$/t
Coke and coking coal	\$79	\$78	-\$1
Iron ore	\$56	\$62	-\$6
Scrap	\$32	\$29	+\$3
Other materials	\$30	\$27	+\$3
Electricity	\$19	\$19	\$0
Natural gas	\$20	\$22	-\$2
Personnel	\$28	\$29	+\$1
Other expenses	\$43	\$43	\$0
Total	\$308	\$310	-\$2

CASH COST OF SLABS (AT LIPETSK SITE), 2012-2014

Period	\$/t
Q1'12	\$395
Q2'12	\$411
Q3'12	\$383
Q4'12	\$361
2012	\$388
Q1'13	\$364
Q2'13	\$348
Q3'13	\$329
Q4'13	\$349
2013	\$348
Q1'14	\$310
Q2'14	\$308

SEGMENT INFORMATION

Q2 2014 (million USD)	Steel	Foreign rolled products	Long products	Mining	All other	Totals	Intersegmental operations and balances	Consolidated
Revenue from external customers	1 728	533	430	117	0	2 808		2 808
Intersegment revenue	271		101	189		561	(561)	
Gross profit	466	24	74	208	(0)	771	(44)	727
Operating income/(loss)	207	(1)	23	168	(1)	396	(14)	382
<i>as % of net sales</i>	10%	(0%)	4%	55%		12%	0%	14%
Income / (loss) from continuing operations before minority interest	469	(13)	(2)	99	0	555	(336)	219
<i>as % of net sales</i>	23%	(2%)	(0%)	32%		16%	0%	8%
Segment assets including goodwill ¹	12 737	1 867	2 661	2 337	121	19 724	(3 860)	15 863

Q1 2014 (million USD)	Steel	Foreign rolled products	Long products	Mining	All other	Totals	Intersegmental operations and balances	Consolidated
Revenue from external customers	1 742	471	337	88	0	2 638		2 638
Intersegment revenue	296		57	229		582	(582)	
Gross profit	406	32	21	226	(0)	684	(70)	614
Operating income/(loss)	128	3	(22)	193	(1)	301	(32)	269
<i>as % of net sales</i>	6%	1%	(5%)	61%		9%	0%	10%
Income / (loss) from continuing operations before minority interest	101	(7)	(58)	204	(0)	241	(24)	217
<i>as % of net sales</i>	5%	(1%)	(15%)	65%		7%	0%	8%
Segment assets including goodwill ²	12 194	1 969	2 508	2 402	115	19 187	(3 981)	15 206

¹ as of 30.06.2014

² as of 31.03.2014

QUARTERLY DATA: CONSOLIDATED STATEMENT OF INCOME

<i>(mln USD)</i>	Q2 2014	Q1 2014	Q2 2014/Q1 2014		H1 2014	H1 2013	H1 2014/H1 2013	
			+/-	%			+/-	%
Sales revenue	2 808	2 638	170	6%	5 446	5 685	(239)	(4%)
Production cost	(1 869)	(1 825)	(44)	2%	(3 694)	(4 183)	488	(12%)
Depreciation and amortization	(212)	(199)	(13)	7%	(411)	(427)	16	(4%)
Gross profit	727	614	113	18%	1 341	1 076	265	25%
General and administrative expenses	(84)	(92)	8	(9%)	(177)	(231)	55	(24%)
Selling expenses	(225)	(212)	(13)	6%	(437)	(484)	47	(10%)
Taxes other than income tax	(35)	(40)	5	(13%)	(75)	(69)	(6)	9%
Operating income	382	269	113	42%	651	291	360	124%
Gain / (loss) on disposals of property, plant and equipment	(3)	(0)	(3)	595%	(4)	(6)	2	(33%)
Gains / (losses) on investments	4	(0)	4		4	(4)	7	(203%)
Interest income	9	7	2	25%	16	22	(6)	(29%)
Interest expense	(33)	(32)	(1)	3%	(65)	(58)	(7)	12%
Foreign currency exchange loss, net	(62)	46	(108)	(234%)	(16)	(32)	16	(50%)
Other expense, net	(11)	(7)	(5)	70%	(18)	(18)	0	(2%)
Income from continuing operations before income tax	285	283	2	1%	567	195	372	190%
Income tax	(66)	(65)	(1)	1%	(131)	(127)	(4)	3%
Equity in net earnings/(losses) of associate	(60)	(44)	(16)		(105)	0	(105)	
Net income	159	173	(14)	(8%)	331	68	263	384%
Less: Net loss / (income) attributable to the non-controlling interest	(0)	1	(1)		1	3	(2)	(72%)
Net (loss) / income attributable to OJSC Novolipetsk Steel stockholders	158	174	(15)	(9%)	332	72	261	364%
EBITDA	594	468	126	27%	1 063	718	345	48%

Consolidated financial results are prepared based on US GAAP. Reporting periods of the Company are 3M, 6M, 9M and 12M. Quarterly figures (with the exception of Q1) are derived by computational method.

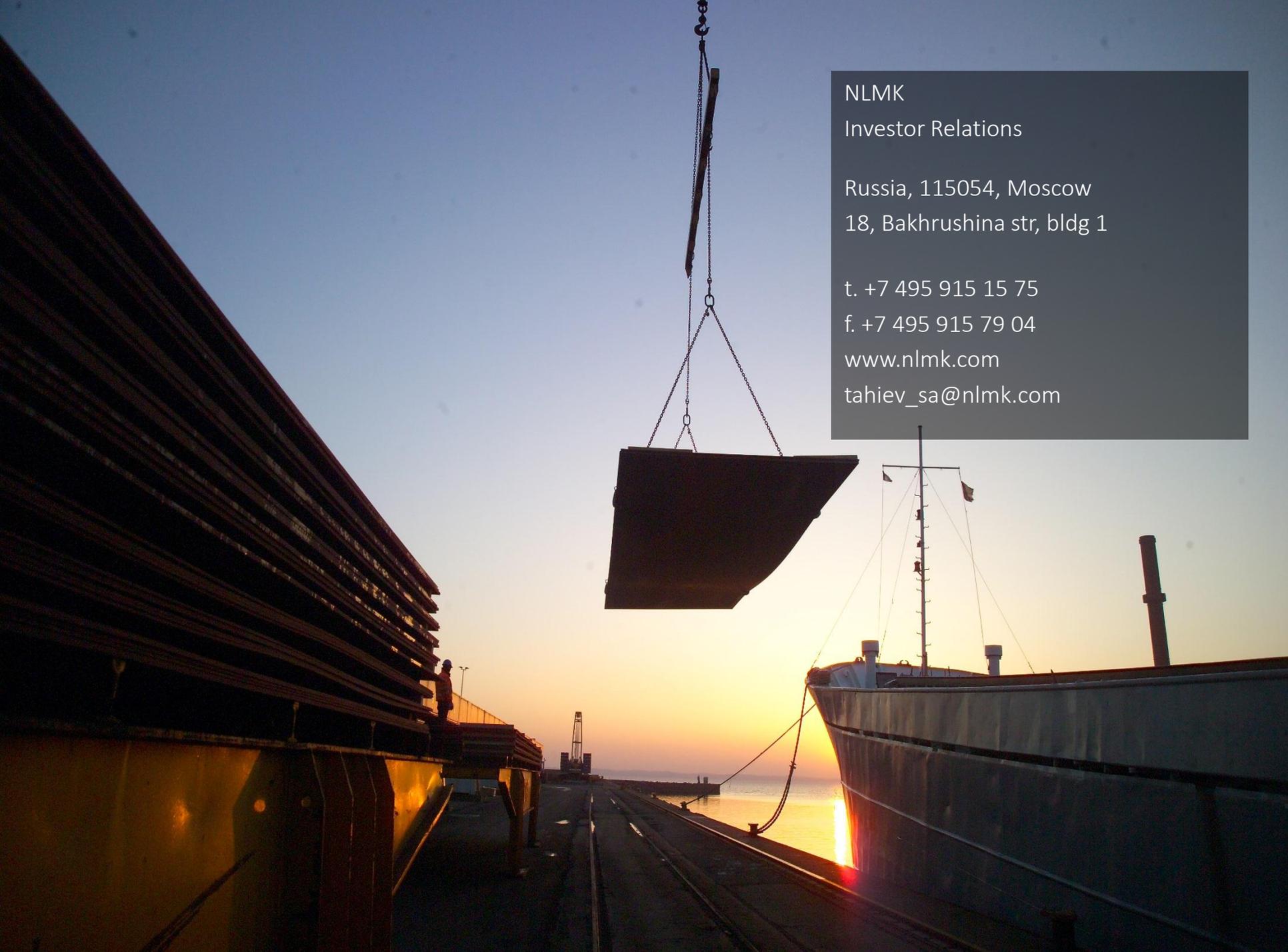
CONSOLIDATED CASH FLOW STATEMENT

	Q2 2014	Q1 2014	Q2 2014/Q1 2014		H1 2014	H1 2013	H1 2014/H1 2013	
(mln. USD)			+ / -	%			+ / -	%
Cash flow from operating activities								
Net income	159	173	(14)	(8%)	331	68	263	384%
Adjustments to reconcile net income to net cash provided by operating								
Depreciation and amortization	212	199	13	7%	411	427	(16)	(4%)
Loss on disposals of property, plant and equipment	3	0	3	595%	4	6	(2)	(33%)
(Gain)/loss on investments	(4)	0	(4)		(4)	4	(7)	(203%)
Interest income	(9)	(7)	(2)	25%	(16)	(22)	6	(29%)
Interest expense	33	32	1	3%	65	58	7	12%
Equity in net earnings of associate	60	44	16	36%	105	(0)	105	
Defferd income tax (benefit)/expense	27	(8)	36	(442%)	19	1	19	
Loss / (income) on forward contracts	(4)	6	(10)	(165%)	2	8	(6)	(74%)
Other movements	7	(6)	13	(216%)	1	62	(61)	(98%)
Changes in operating assets and liabilities								
Increase in accounts receivables	72	(228)	300	(132%)	(156)	(122)	(34)	28%
Increase in inventories	102	230	(128)	(56%)	332	101	231	229%
Decrease/(increase) in other current assets	3	(11)	13	(126%)	(8)	2	(10)	(517%)
Increase in accounts payable and oher liabilities	(23)	(3)	(20)	686%	(26)	(35)	9	(26%)
Increase/(decrease) in current income tax payable	(10)	13	(23)	(172%)	4	24	(20)	(85%)
Cash provided from operating activities	630				1 066	581	485	83%
Interest received	9	5	3	60%	14		14	
Interest paid	(20)	(40)	20	(50%)	(61)		(61)	
Net cash provided from operating activities*	618	401	217	54%	1 019	581	438	75%
Cash flow from investing activities								
Proceeds from sale of property, plant and equipment	3	4	(1)	(21%)	6	1	5	390%
Purchases and construction of property, plant and equipment	(151)	(131)	(20)	15%	(281)	(375)	94	(25%)
Proceeds from sale / (purchases) of investments, net	11	(69)	81	(116%)	(58)	9	(67)	
(Placement) / withdrawal of bank deposits, net	(139)	(183)	44	(24%)	(323)	0	(323)	
Acquisition of additional stake in existing subsidiary						(10)	10	(100%)
Net cash used in investing activities	(276)	(380)	104	(27%)	(655)	(374)	(281)	75%
Cash flow from financing activities								
Proceeds from borrowings and notes payable	9	2	7	366%	11	1 214	(1 203)	(99%)
Repayments of borrowings and notes payable	(144)	(149)	5	(3%)	(293)	(1 065)	772	(73%)
Capital lease payments	(6)	(6)	0	(2%)	(11)	(13)	1	(9%)
Dividends to shareholders	(111)	(0)	(111)		(111)	(111)	(0)	0%
Net cash used in financing activities	(252)	(152)	(99)	65%	(404)	26	(430)	
Net increase / (decrease) in cash and cash equivalents	91	(131)	222	(169%)	(40)	232	(273)	(117%)
Effect of exchange rate changes on cash and cash equivalents	18	(9)	28	(303%)	9	58	(48)	(84%)
Cash and cash equivalents at the beginning of the period	830	970	(140)	(14%)	970	951	19	2%
Cash and cash equivalents at the end of the period	939	830	109	13%	939	1 241	(302)	(24%)

Consolidated financial results are prepared based on US GAAP. Reporting periods of the Company are 3M, 6M, 9M and 12M 2013. Quarterly figures (with the exception of Q1) are derived by computational method.

CONSOLIDATED BALANCE SHEET

	as at 30.06.2014	as at 31.03.2014	as at 31.12.2013	as at 30.09.2013	as at 30.06.2013	as at 31.03.2013	as at 31.12.2012
(mln. USD)							
ASSETS							
Current assets	5 138	4 966	5 102	4 918	5 537	5 834	5 469
Cash and cash equivalents	939	830	970	835	1 241	1 220	951
Short-term investments	792	753	485	516	121	271	107
Accounts receivable, net	1 561	1 544	1 438	1 540	1 497	1 557	1 491
Inventories, net	1 735	1 731	2 124	1 897	2 530	2 689	2 827
Deferred income tax assets	96	90	78	120	121	71	63
Other current assets, net	16	17	8	9	27	25	30
Non-current assets	10 725	10 241	11 182	11 388	12 101	12 677	12 988
Long-term investments, net	466	443	501	552	17	20	19
Property, plant and equipment, net	9 610	9 162	10 003	10 163	10 981	11 442	11 753
Intangible assets	93	110	116	121	129	136	142
Goodwill	452	428	463	468	753	776	786
Other non-current assets, net	62	39	40	32	31	36	38
Deferred income tax assets	43	58	59	50	189	266	250
Total assets	15 863	15 206	16 284	16 305	17 638	18 510	18 458
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current liabilities	2 307	2 242	2 317	1 760	2 647	2 940	3 302
Accounts payable and other liabilities	1 125	1 068	1 176	1 104	1 609	1 412	1 462
Short-term borrowings	1 157	1 141	1 119	616	994	1 484	1 816
Current income tax liability	25	33	22	40	44	45	24
Non-current liabilities	3 329	3 361	3 693	4 147	4 695	4 678	4 065
Long-term borrowings	2 676	2 743	3 038	3 508	3 792	3 459	2 816
Deferred income tax liability	602	566	599	578	746	765	792
Other long-term liabilities	51	52	55	61	157	454	457
Total liabilities	5 635	5 603	6 009	5 906	7 342	7 619	7 367
Stockholders' equity							
Common stock	221	221	221	221	221	221	221
Statutory reserve	10	10	10	10	10	10	10
Additional paid-in capital	257	257	257	257	257	257	306
Other comprehensive income	(2 159)	(2 739)	(1 897)	(1 772)	(1 736)	(1 224)	(997)
Retained earnings	11 873	11 829	11 655	11 676	11 538	11 620	11 582
NLMK stockholders' equity	10 202	9 579	10 247	10 392	10 290	10 885	11 123
Non-controlling interest	26	25	28	7	6	7	(33)
Total stockholders' equity	10 228	9 603	10 275	10 399	10 296	10 892	11 090
Total liabilities and stockholders' equity	15 863	15 206	16 284	16 305	17 638	18 510	18 458



NLMK

Investor Relations

Russia, 115054, Moscow
18, Bakhrushina str, bldg 1

t. +7 495 915 15 75

f. +7 495 915 79 04

www.nlmk.com

tahiev_sa@nlmk.com