



NLMK

Press release

28 March 2014

12M 2013 RAS Financial Results of NLMK Group's major Russian companies

***Note:** Russian accounting standards (RAS) results differ materially from US GAAP results and are not comparable to financial statements prepared in accordance with US GAAP. Reference should be made only to consolidated financial statements prepared in accordance with US GAAP for information with respect to NLMK Group's financial condition and results of operations that were published 27 March 2014.*

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About NLMK:

NLMK is a vertically-integrated steelmaking company with production facilities located in Russia, Europe and the US. The crude steel capacity of its operating units is approximately 17 m tpa. The Company generated US\$ 10.9 billion in revenues and US\$ 1.5 billion in EBITDA in 2013. The Company's ordinary shares and GDSs are traded on the Moscow Stock Exchange (MICEX-RTS) and LSE, respectively.

Novolipetsk (NLMK's main production site in Lipetsk)

'000 RUB	12M 2013	12M 2012	12M 13/ 12M 12
Revenue	225,491,728	240,122,719	-6.1%
Gross profit	25,762,495	34,333,308	-25.0%
Operating profit	-640,661	8,126,429	
Net profit	-12,828,714	21,317,524	

Revenue declined by 6.1% due to a 3-10% reduction in average selling prices for steel products. Gross profit went down due to the decline in revenue, and an increase in average prices for iron ore, as well as an increase in costs for the products and services of natural monopolies. These factors were partially offset by cost optimization programmes.

Key factors behind the RUB 12.83 billion net loss include a decline in profit from operations (including the significant increase in depreciation), and one-off factors, such as creating supplementary reserves for investments at NLMK's international companies, allocating funds to support the financial recovery of a number of subsidiaries within the Long Products division, and exchange rate losses. These factors were partially offset by intra-group dividends.

VIZ-Steel

'000 RUB	12M 2013	12M 2012	12M 13/ 12M 12
Revenue	7,575,706	8,784,708	-13.8%
Gross profit	7,301	988,806	-99.3%
Operating profit	-922,276	16,426	
Net profit	-989,645	-141,077	

Revenue and profit indicators declined due mostly to negative year-on-year trends in average selling prices and lower transformer steel sales.

Stoilensky

'000 RUB	12M 2013	12M 2012	12M 13/ 12M 12
Revenue	41,069,389	39,751,899	3.3%
Gross profit	28,546,986	27,788,287	2.7%

Operating profit	25,190,050	24,696,777	2.0%
Net profit	24,656,899	19,629,329	25.6%

Improved conditions in the iron ore market led to a 3.3% increase in revenue. Strict control over production costs allowed offsetting the increase in costs for the products and services of natural monopolies and led to a 2% increase in operating profit.

The significant increase in net income was attributable to higher profit from operations and FX rate gains.

Altai-Koks

'000 RUB	12M 2013	12M 2012	12M 13/ 12M 12
Revenue	29,746,613	38,340,547	-22.4%
Gross profit	3,900,393	6,328,147	-38.4%
Operating profit	2,056,449	4,595,199	-55.2%
Net profit	1,691,428	3,511,925	-51.8%

Revenue went down by 22% due mostly to negative pricing trends in the coke market and to lower sales.

With strict control over costs and cost optimization programmes, operating profit went down by RUB 2.5 billion while revenue went down by RUB 8.6 billion. Net income declined mostly due to the decrease in profit from operations.

NSMMZ¹

'000 RUB	12M 2013	12M 2012	12M 13/ 12M 12
Revenue	34,056,599	35,604,056	-4.3%
Gross profit	4,270,765	6,220,128	-31.3%
Operating profit	540,199	2,044,236	-73.6%
Net profit	17,217,229	-1,444,781	

The marginal 4.3% decline in revenue was attributable to lower average prices for long products.

Due to lower profits and higher prices for raw materials and electricity, operating profit went down by 73.6%.

2013 net income was attributable to the recovery of the 2011 intragroup debt allowance, and cash funds received from NLMK to finance the financial recovery of the company.

¹ NSMMZ is the key asset of NLMK Long Products Division.