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Press release

14 April 2017

1Q 2017 NLMK GROUP TRADING UPDATE*

In 1Q 2017, NLMK Group sales grew by 1% qoq to 3.7 m t. Steel output totaled 4.2 m t (flat qoq), with facilities running at 96% capacity**

1Q 2017 highlights:

- Group sales grew by 1% to 3.68 m t (-11% yoy), the growth in flat steel sales by NLMK Group's Russian and international divisions offsetting the fall in long steel sales caused by the seasonal slowdown in demand.
- Finished product sales increased by 7% to 2.44 m t (-5% yoy), driven by the growth in flat product sales from the Lipetsk site to export markets and a high level of demand in NLMK USA and NBH sales markets.
- Steel output** totaled 4.21 m t (flat qoq and +4% yoy).
- Market shares in NLMK Group total sales:
 - share of product sales by Group companies in regions where products are manufactured (hereinafter referred to as 'home markets') totaled 63% (-2 p.p. qoq and +1 p.p. yoy) due to the seasonal drop in sales in Russia by 26% qoq (-35% yoy)
 - share of sales to third parties in markets external to countries where products are manufactured (hereinafter referred to as 'export markets') totaled 37% (+2 p.p. qoq and -1 p.p. yoy)

* Hereinafter 1Q 2017 output and sales figures are preliminary and can be updated. ** Hereinafter taking into account NBH performance



NLMK Group's 1Q 2017 operating performance

Steel output (with NBH): 4.21 m t – flat qoq (+4% yoy) against the backdrop of strong sales in markets outside Russia. This offset the seasonal drop in demand in Russia. Group's steelmaking capacity utilization rate grew to 96% (+1 p.p. qoq and +3 p.p. yoy), including 100% at NLMK Lipetsk.

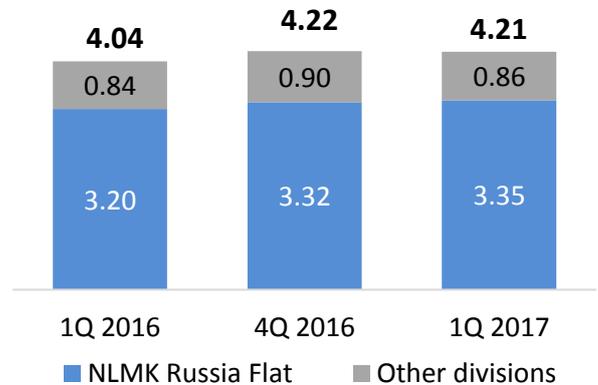
Sales: 3.68 m t – growth by 1% qoq due to the increase in export sales by NLMK Russia Flat (+24% qoq), and growth of sales by NLMK's facilities in Europe and the US (to +33% qoq). The year-on-year drop (-11% yoy) was associated with the delay in the recognition of NLMK Russia Flat export sales and lower sales of long products.

Sales breakdown: sales of finished steel increased by 7% qoq to 2.44 m t (-5% yoy), driven by the 16% qoq (-1% yoy) growth of flat steel deliveries. The share of finished products increased to 66% (+3 p.p. qoq and +4 p.p. yoy). Intragroup slab deliveries (including NBH) grew by 29% qoq and 54% yoy to 1.18 m t. Together with the decrease in export billet sales, sales of semis to third parties decreased by a 32% qoq to 0.59 m t (-46% yoy).

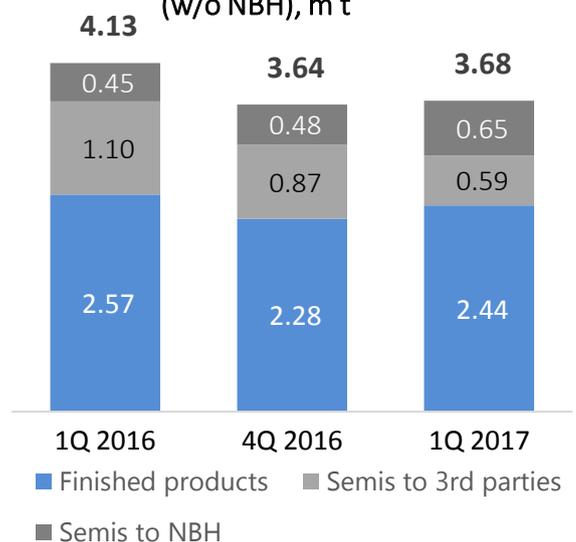
Sales in home markets decreased by 7% qoq to 2.23 m t (-15% yoy) against the backdrop of the seasonal slowdown in demand from the Russian construction sector, coupled with high stock levels maintained by traders, that accounted for a 28% qoq drop in sales to the Russian market, to 1.01 m t (-35% yoy). Delayed recognition of export sales (about 250,000 t) served as an additional factor. Meanwhile, sales of our international assets in their respective home markets of Europe and the USA increased by 23% qoq to 1.22 m t (+16% yoy), supported by strong demand from automotive, shipbuilding and infrastructure sectors. Sales in home markets accounted for 63% (-2 p.p. qoq and +1 p.p. yoy) in Group's total sales.

Sales in external markets grew to 1.39 m t (+10% qoq and -12% yoy), accounting for 37% of the Group's total sales (with NBH), against the backdrop of higher export sales by the NLMK Russia Flat segment, due to, among other factors, delayed recognition of 4Q 2016 sales in external markets. Key export destinations included the Middle East (incl. Turkey), the EU and Latin America.

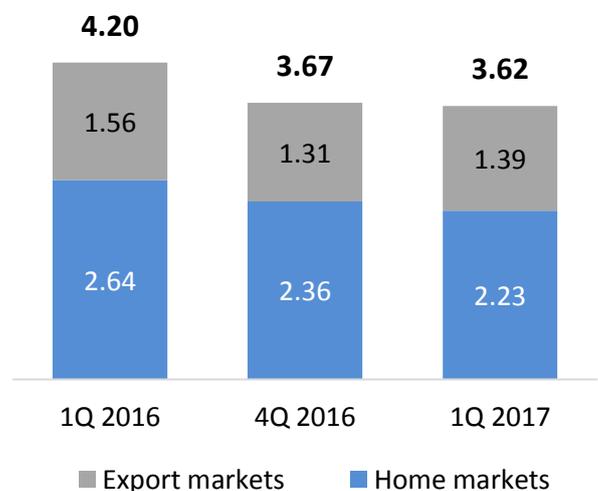
Steel output, m t



Sales breakdown by product (w/o NBH), m t



Sales by market (with NBH), m t





Price trends: Raw material prices throughout the quarter followed mixed trends: global coal prices eased by 30% qoq (2x growth yoy), while iron ore prices climbed by 20% qoq (+78% yoy). Average prices for steel products grew by 10-20% qoq (+50-90% yoy) in the home markets of the US, Europe and Russia against the backdrop of growing Chinese prices and contracting exports from China. The strengthening of the ruble exchange rate also supported the growth in internal Russian prices in dollar terms. Export prices (FOB Black Sea) also climbed by 5-12% qoq (+40-80% yoy).

Segmental performance

NLMK Russia Flat¹

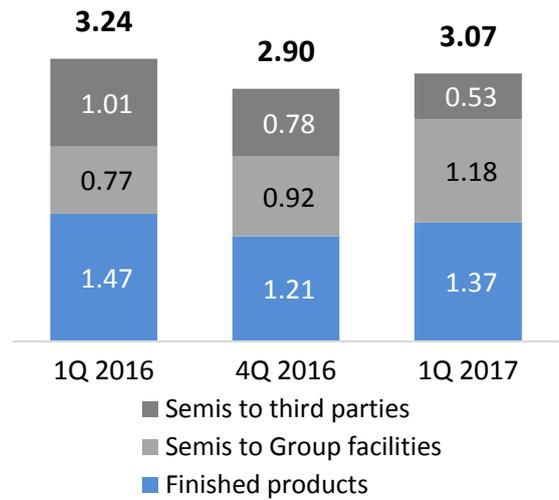
Steel output at NLMK Lipetsk (with facilities running at full capacity) grew by 1% qoq (+5% yoy) to 3.35 m t, driven by the increase in equipment productivity as a result of operational efficiency programme.

Sales grew by 6% qoq to 3.07 m t (-5% yoy), driven by the increase in finished product exports to 0.7 m t (+65% qoq and +13% yoy) due to restocking by traders, growth of intragroup slab sales to the US and Europe, and the delay in 4Q 2016 sales recognition.

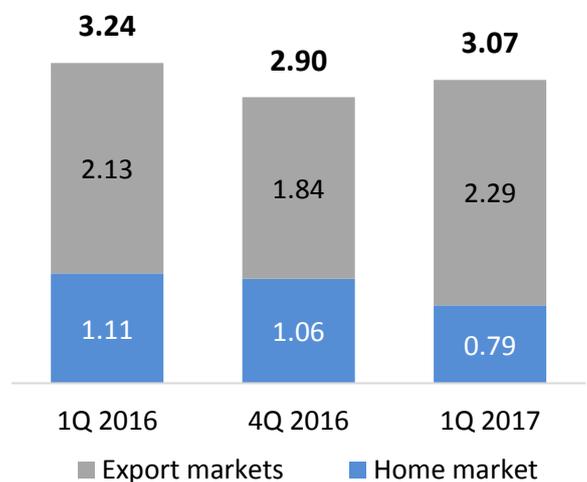
Sales breakdown: Sales in Russia eased by 26% qoq to 0.79 m t (-29% yoy) due to seasonally weaker demand from construction, high inventory levels at steel traders and pipe manufacturers as well as the high yoy base of 1Q 2016 sales. The 24% qoq growth to 2.29 m t (+7% yoy) in sales to external markets was driven by a stronger demand for finished products in the Middle Eastern, European and Asian markets, and the growth in intragroup slab deliveries.

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

Sales breakdown, m t



Sales by market, m t





NLMK Russia Long²

Steel output totaled 0.62 m t (-16% qoq and -2% yoy). This decrease was associated with the seasonal drop in demand for long products.

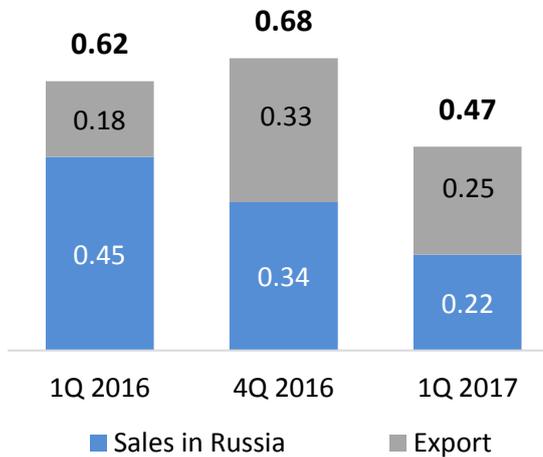
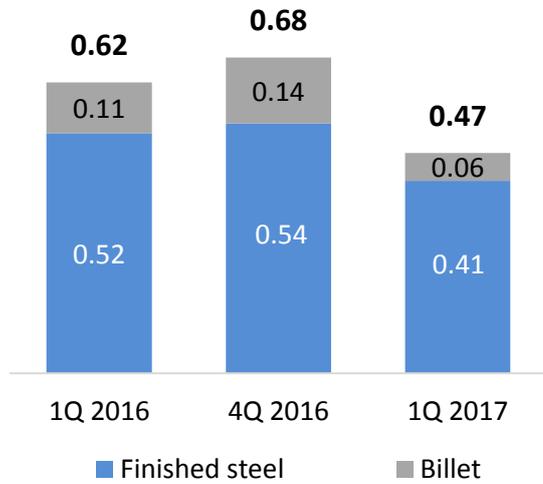
Sales: the 30% qoq and 24% yoy drop was associated with steel product stocks accumulated by consumers and traders in 4Q 2016. In addition to this, NLMK Long Products companies decreased their export deliveries (mainly billet) vs. 4Q in response to the drop in profitability in external markets.

Sales breakdown: Sales to external markets totaled 0.25 m t (-25% qoq and +43% yoy), accounting for 53% (+4 p.p. qoq and +25 p.p. yoy) of Segment sales. Key export destinations for long products in 1Q 2017 were the Middle East (incl. Turkey) and North Africa.

Scrap: Scrap sales decreased by 41% qoq (+21% yoy) to 0.74 m t against the backdrop of the seasonal decrease in scrap collection. Intragroup scrap sales accounted for 98%.

² NLMK Russia Long companies include NLMK Ural, NLMK Metalware, NLMK Kaluga and scrap collecting facilities. Export long product sales are calculated including the corresponding share of trading companies

Sales by product, m t





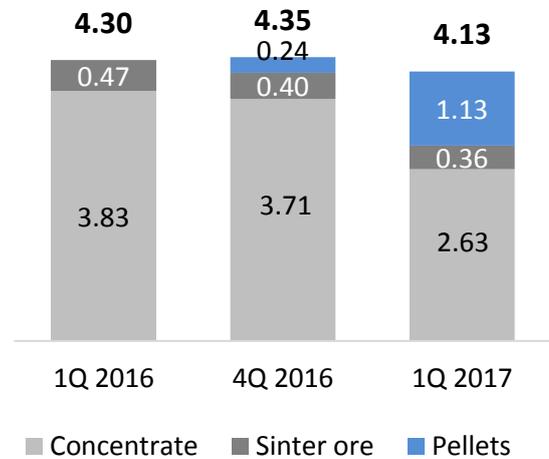
Mining and processing of raw materials

Output of iron ore decreased by 3% qoq (-6% yoy) to 4,09 m t, due to the change in Fe content requirements for concentrate further used in the production of pellets. Pellet output reached 1.1 m t, including 0.4 m t in March.

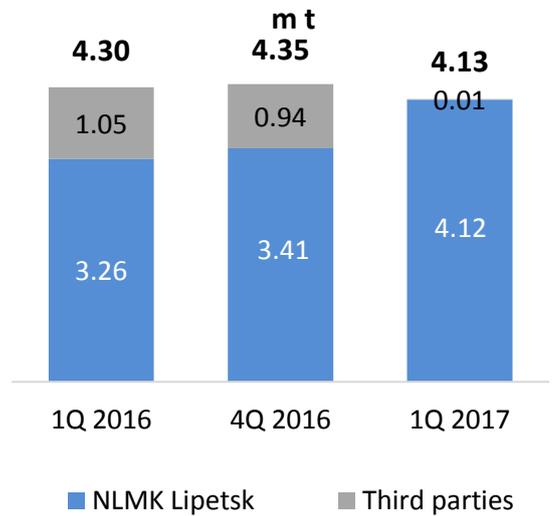
Sales of iron ore raw materials totaled 4.13 m t (-5% qoq and -4% yoy), including 1.13 m t of pellets.

Sales breakdown: Over 99% of Stoilensky products were supplied to NLMK Lipetsk (78% in 4Q 2016, 76% in 1Q 2017).

Sales by product, m t



Sales by destination, m t





NLMK USA³

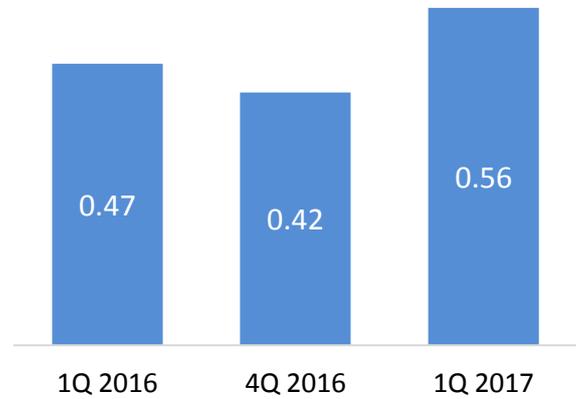
Steel output increased by 53% qoq to 0.18 m t (+15% yoy); flat steel output increased by 27% qoq to 0.53 m t (+16% yoy) against the backdrop of strong demand for the Division's products in its home market.

Sales grew by 33% qoq to 0.56 m t (+20% yoy), driven by the uptick in demand from OCTG and construction sectors.

Slab deliveries from NLMK Lipetsk increased by 37% qoq to 0.39 m t (+146% yoy).

³ NLMK USA includes NLMK Indiana, NLMK Pennsylvania, and Sharon Coating. Data for NLMK USA is presented in metric tonnes

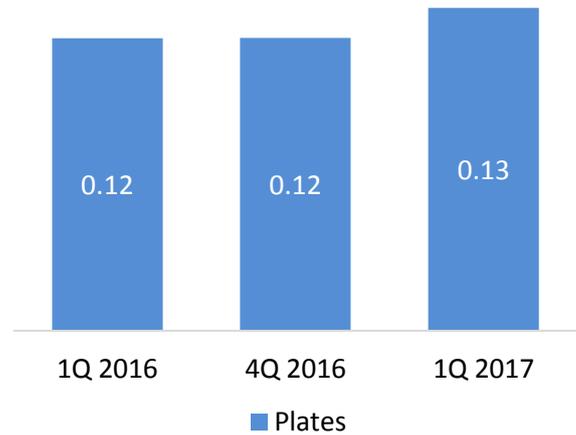
NLMK USA sales, m t



NLMK Dansteel

Sales of thick plates grew by 10% qoq to 0.13 m t (+10% yoy) against the backdrop of stable demand from shipbuilding and infrastructure sectors, and successful competition with imports and other European manufacturers.

NLMK Dansteel sales, m t





Associated companies - NLMK Belgium Holdings (NBH)⁴

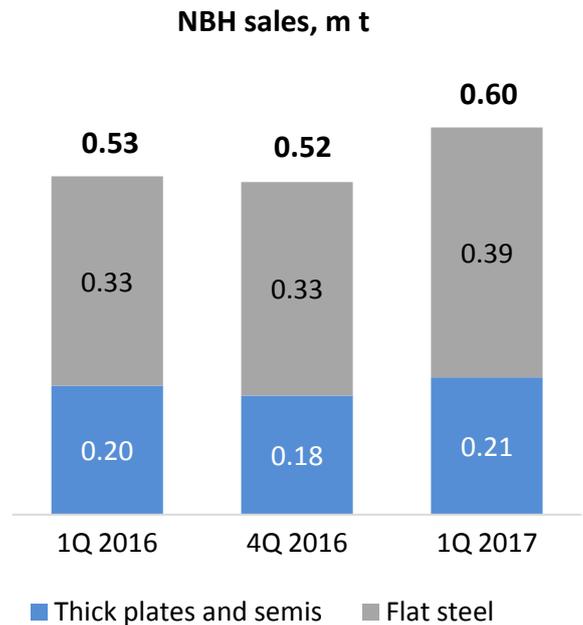
NBH sales grew by 16% qoq to 0.60 m t (+14% yoy), driven by the recovery in demand in the European market.

Sales of flat steel grew to 0.39 m t (+17% qoq and +19% yoy), due to the increase in deliveries to the automotive and machine-building sectors, as well as import restrictions imposed on similar products.

Sales of thick plates grew by 15% qoq to 0.19 m t (+10% yoy), driven by stable demand from machine-building, shipbuilding and infrastructure sectors.

Slab deliveries from NLMK Lipetsk in 1Q 2017 increased by 35% qoq to 0.65 m t (+43% yoy).

⁴NBH assets include producers of thick plates NLMK Clabecq (Belgium), NLMK Verona (Italy) and producers of flat steel NLMK La Louvière (Belgium) and NLMK Strasbourg (France)



Note: All figures from the diagrams can be found in the tables in the Appendix. They can also be downloaded as a separate Excel file.



Appendices

Appendix 1. NLMK Group operating highlights

Output, m t	1Q 2017	4Q 2016	QoQ	1Q 2016	YoY
Steel output (without NBH)	4,152	4,172	0%	3,995	4%
Steel output (with NBH)	4,210	4,223	0%	4,044	4%
Capacity utilization, %	96%	95%	+1 p.p.	93%	+3 p.p.
Consolidated sales					
Semi-finished steel ⁵	1,236	1,352	-9%	1,556	-21%
Finished steel	2,441	2,283	7%	2,570	-5%
<i>Flat steel</i>	2,028	1,746	16%	2,054	-1%
<i>Long steel and metalware</i>	0,413	0,537	-23%	0,516	-20%
Total consolidated sales	3,677	3,635	1%	4,126	-11%
Sales to home markets of the Group ⁶	63%	65%	-2 p.p.	62%	+1 p.p.
Sales to external markets	37%	35%	+2 p.p.	38%	-1 p.p.
For information: slab sales to foreign subsidiaries and affiliates	1,180	0,915	29%	0,768	54%
Segment sales					
Russia Flat	3,072	2,896	6%	3,242	-5%
Russia Long	0,473	0,678	-30%	0,625	-24%
Mining	4,127	4,345	-5%	4,303	-4%
Foreign Rolled Products	0,695	0,543	28%	0,590	18%
For information: NBH sales	0,603	0,518	16%	0,526	14%

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 sales by product

Sales, m t	1Q 2017	4Q 2016	QoQ	1Q 2016	YoY
Pig iron	0,056	0,086	-35%	0,150	-63%
Slabs incl.	1,651	1,605	3%	1,625	2%
Slab sales to foreign subsidiaries and affiliates, incl.	1,180	0,915	29%	0,768	54%
to NLMK USA, NLMK Dansteel	0,533	0,436	22%	0,315	69%
to NBH	0,647	0,479	35%	0,453	43%
Hot-rolled steel	0,653	0,504	30%	0,747	-13%
Cold-rolled steel	0,356	0,300	19%	0,386	-8%
Galvanized steel	0,146	0,162	-10%	0,112	30%
Pre-painted steel	0,075	0,112	-32%	0,091	-17%
Dynamo steel	0,082	0,075	10%	0,058	41%
Transformer steel	0,055	0,054	2%	0,072	-24%
incl. from VIZ-Steel	0,036	0,031	17%	0,042	-13%
Total products	3,072	2,896	6%	3,242	-5%
Coke sales from Altai-Koks ⁵	1,012	1,044	-3%	0,875	16%
incl. to NLMK Lipetsk	0,810	0,814	-1%	0,703	15%



Appendix 3. NLMK Russia Flat sales by region and product

Sales, m t	1Q 2017	4Q 2016	QoQ	1Q 2016	YoY
Russian market	0,788	1,058	-26%	1,114	-29%
Semi-finished products	0,120	0,278	-57%	0,266	-55%
Hot-rolled steel	0,273	0,306	-11%	0,452	-40%
Cold-rolled steel	0,167	0,189	-12%	0,178	-6%
Galvanized steel	0,134	0,151	-12%	0,108	24%
Pre-painted steel	0,071	0,109	-35%	0,091	-22%
Dynamo steel	0,013	0,014	-7%	0,011	17%
Transformer steel	0,009	0,010	-9%	0,009	3%
Export markets	2,285	1,838	24%	2,128	7%
Semi-finished products	1,586	1,413	12%	1,510	5%
Hot-rolled steel	0,380	0,198	92%	0,296	28%
Cold-rolled steel	0,188	0,110	71%	0,208	-10%
Galvanized steel	0,012	0,011	12%	0,004	> 100%
Pre-painted steel	0,005	0,002	> 100%	0,001	> 100%
Dynamo steel	0,069	0,061	13%	0,047	47%
Transformer steel	0,046	0,043	5%	0,063	-28%
Total sales	3,072	2,896	6%	3,242	-5%

Appendix 4 NLMK Russia Long sales by product

Sales, m t	1Q 2017	4Q 2016	QoQ	1Q 2016	YoY
Commercial billet	0,060	0,141	-58%	0,109	-45%
Rebar	0,297	0,412	-28%	0,413	-28%
Sections	0,003	0,003	7%	0,015	-79%
Wire rod	0,055	0,058	-5%	0,028	97%
Metalware	0,059	0,065	-10%	0,060	-3%
Total steel products	0,473	0,678	-30%	0,625	-24%
Ferrous and non-ferrous scrap, incl.	0,741	1,265	-41%	0,615	21%
to NLMK Ural	0,267	0,371	-28%	0,178	50%
to NLMK Kaluga	0,213	0,377	-43%	0,214	0%
to NLMK Lipetsk	0,243	0,500	-51%	0,209	17%



Appendix 5. Mining Division sales

Sales, m t	1Q 2017	4Q 2016	QoQ	1Q 2016	YoY
Iron ore concentrate	2,630	3,709	-29%	3,829	-31%
incl. to NLMK Lipetsk	2,620	2,808	-7%	2,934	-11%
Pellets	1,134	0,236	> 100%	0,000	-
incl. to NLMK Lipetsk	1,134	0,236	> 100%	0,000	-
Sinter ore	0,364	0,400	-9%	0,473	-23%
incl. to NLMK Lipetsk	0,364	0,365	0%	0,323	13%

Appendix 6. NLMK USA sales

Sales, m t	1Q 2017	4Q 2016	QoQ	1Q 2016	YoY
Hot-rolled steel	0,311	0,213	46%	0,242	28%
Cold-rolled steel	0,135	0,114	19%	0,142	-5%
Galvanized steel	0,111	0,093	20%	0,082	35%
Total NLMK USA⁷	0,562	0,421	33%	0,469	20%

⁷ NLMK USA also sells non-significant volumes of merchant slabs not included into total rolled steel sales. In 1Q 2017 slab sales totaled 4,000 t

Appendix 7. Dansteel sales

Sales, m t	1Q 2017	4Q 2016	QoQ	1Q 2016	YoY
Thick plates	0,134	0,121	10%	0,121	10%

Appendix 8. NBH (associated companies) sales

Sales, m t	1Q 2017	4Q 2016	QoQ	1Q 2016	YoY
Hot-rolled steel	0,282	0,226	25%	0,225	25%
Cold-rolled steel	0,015	0,017	-9%	0,014	9%
Coated steel	0,092	0,090	2%	0,087	5%
Total flat steel	0,389	0,333	17%	0,326	19%
Semi-finished (ingots)	0,020	0,018	15%	0,026	-21%
Thick plates	0,193	0,167	15%	0,175	10%
Total steel products, including flats	0,603	0,518	16%	0,526	14%

Appendix 9. NLMK Group steel output

Output, m t	1Q 2017	4Q 2016	QoQ	1Q 2016	YoY
NLMK Lipetsk	3,352	3,319	1%	3,202	5%
NLMK Long Products	0,619	0,735	-16%	0,634	-2%
incl. NLMK Kaluga	0,271	0,347	-22%	0,301	-10%
NLMK Indiana (NLMK USA)	0,181	0,118	53%	0,158	15%
NLMK Group (without NBH)	4,152	4,172	0%	3,995	4%
<i>for information</i>					
NBH, NLMK Europe (EAF)	0,059	0,051	14%	0,049	20%
NLMK Group (with NBH)	4,210	4,223	0%	4,044	4%



Appendix 10. NLMK Group steel product output

Output, m t	1Q 2017	4Q 2016	QoQ	1Q 2016	YoY
Merchant pig iron	0,029	0,080	-64%	0,159	-82%
Merchant slabs	1,179	1,337	-12%	1,291	-9%
Flat steel	2,117	1,918	10%	2,013	5%
Merchant billets	0,093	0,140	-34%	0,169	-45%
Long products	0,421	0,513	-18%	0,402	5%
Metalware	0,059	0,066	-10%	0,059	-1%
Total steel products	3,897	4,054	-4%	4,094	-5%

Appendix 11. NLMK Russia Flat steel product output

Output, m t	1Q 2017	4Q 2016	QoQ	1Q 2016	YoY
Merchant pig iron	0,029	0,080	-64%	0,159	-82%
Merchant slabs	1,711	1,773	-3%	1,606	7%
Hot-rolled steel	0,688	0,626	10%	0,691	-1%
Cold-rolled steel	0,370	0,329	12%	0,402	-8%
Galvanized steel	0,176	0,174	1%	0,116	51%
Pre-painted steel	0,106	0,122	-13%	0,099	7%
Dynamo steel	0,077	0,080	-4%	0,060	28%
Transformer steel	0,058	0,042	37%	0,067	-14%
Total steel products	3,215	3,227	0%	3,201	0%

Appendix 12. Output of main raw materials

Output, m t	1Q 2017	4Q 2016	QoQ	1Q 2016	YoY
Coke (dry weight)	1,632	1,651	-1%	1,498	9%
NLMK Lipetsk	0,606	0,613	-1%	0,613	-1%
Altai-Koks	1,027	1,038	-1%	0,885	16%
Iron ore	4,085	4,208	-3%	4,336	-6%
Iron ore concentrate	2,610	3,518	-26%	3,931	-34%
Sinter ore	0,379	0,402	-6%	0,405	-6%
Pellets	1,096	0,288	> 100%	0,000	0%
Ferrous scrap	0,334	0,539	-38%	0,278	20%



Appendix 13. NLMK Group steel product sales

Sales, m t	1Q 2017	4Q 2016	QoQ	1Q 2016	YoY
Semi-finished	1,236	1,352	-9%	1,556	-21%
Pig iron	0,054	0,041	32%	0,135	-60%
Slabs	1,122	1,170	-4%	1,313	-15%
Billets	0,060	0,141	-58%	0,109	-45%
Flat steel	2,028	1,746	16%	2,054	-1%
Thick plates	0,134	0,121	10%	0,121	10%
Hot-rolled steel	0,964	0,717	34%	0,990	-3%
Cold-rolled steel	0,461	0,413	12%	0,528	-13%
Galvanized steel	0,257	0,255	1%	0,194	32%
Pre-painted steel	0,075	0,112	-32%	0,091	-17%
Transformer steel	0,055	0,054	2%	0,072	-24%
Dynamo steel	0,082	0,075	10%	0,058	41%
Long products	0,413	0,537	-23%	0,516	-20%
Long steel	0,355	0,472	-25%	0,456	-22%
Metalware	0,059	0,065	-10%	0,060	-3%
Steel product sales	3,677	3,635	1%	4,126	-11%