

NLMK'S CORE ASSET OF THE GROUP IS NOVOLIPETSK (LIPETSK OPERATIONS).

The company's capacity is 13 m t of crude steel. It produces flat steel and semis (slabs). The company operates state-of-the art equipment and boasts the lowest cost of steel production globally.

The company is pursuing further efficiency improvements benefiting from economy of scale, advanced R&D/Engineering capabilities, modern assets and skillful team.

The company was name the Best Steel Company globally by S&P Platts and top5 Most competitive steel companies by World Steel Dynamics (WSD, USA).

In 2016 for its second to none progress in efficiency improvement, 100% capacity utilization rate and profitability growth. The company is in the middle of its Strategy 2017 results delivery and confirms its plan to add a structural annual gain of another \$500 m till the end of 2017.

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, forwarding-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.

ABOUT NLMK

TOP20 steelmakers producers in the world

Business value chain:

- o Raw materials in Russia (up to 100% sufficiency)
- Steel-making in Russia (95% of total)
- Value added downstream in Russia, Europe and USA
- Lowest cost steel producer globally
- Capacity utilization is 100% through the cycle
- USD15 bn invested in modernization/development from 2005
- Global customers' base:
 - Shipbuilders, automotive, energy generation and transmission, construction, wind-mills, large diameter pipes, etc.

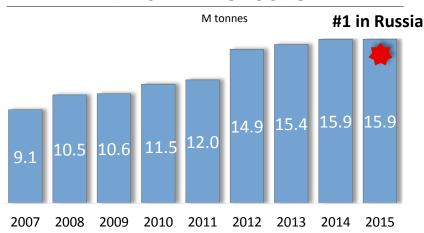
Financial stable company

- Highest credit ratings in Russia (investment grade from Fitch)
- Net debt to EBITDA of 0.6x

Global recognition

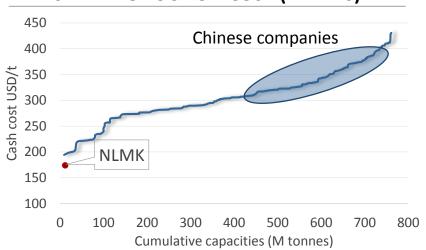
- Best steel company globally in 2016 (by S&P Platts)
- TOP5 most competitive companies globally (WSD)

NLMK STEEL PRODUCTION



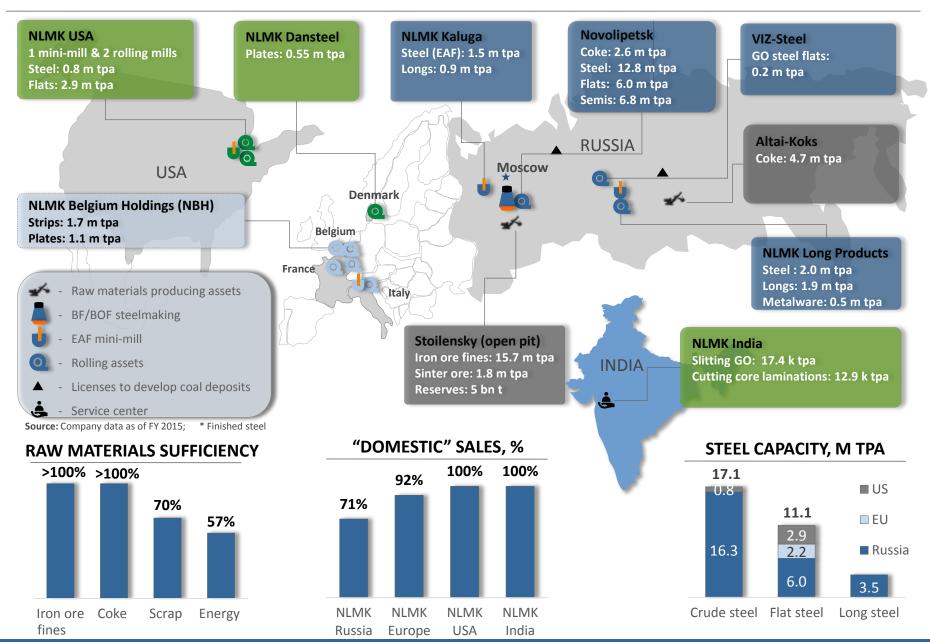
Source: NLMK

SLAB PRODUCTION COST (APR '16)

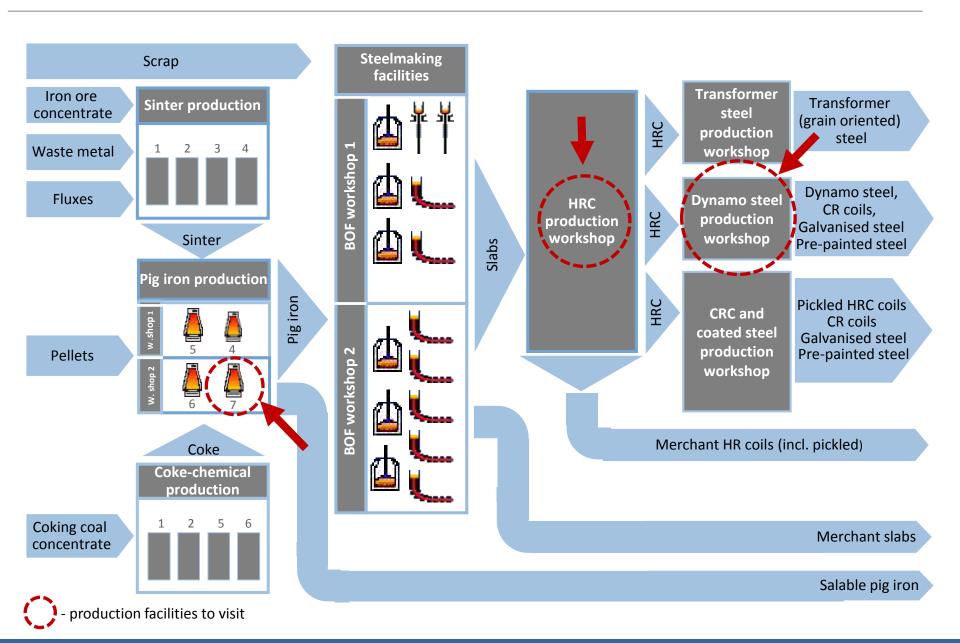


Source: World Steel Dynamics

GEOGRAPHY & PRODUCTION CAPACITY



NOVOLIPETSK PRODUCTION FLOW



VALUE CHAIN

Captive raw materials

Iron ore: Stoilensky



Scrap: NLMK Russia Longs



Suppliers

<u>Coke:</u> Altai-Koks Novolipetsk



Limestone and dolomite:

Stagdok, Dolomit





Steel-making

BOF: Novolipetsk



EAF:
NLMK Russia Longs,



Rolling

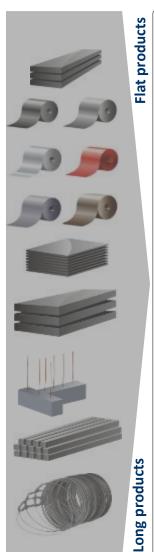
NLMK Russia Flats (Novolipetsk)

NLMK Plate EU

NLMK Flat EU

NLMK Flat USA

NLMK Russia Longs



Customers













LIPETSK KEY HIGHLIGHTS

Hot end capacity: 13 m tpa of steel

o BFs number: 5

BFs capacity: 13 m tpa

BOFs number: 6 in two workshops

Rolling capacities

HRC mill: up to 6 m tpa

CRC mills* up to: 3.6 m tpa

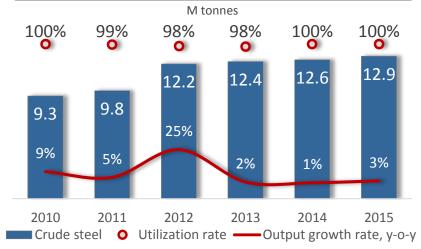
Coated mills up to: 1.8 m tpa

Grain-oriented steel up to: 0.1 m tpa

Products:

- Merchant pig iron
- Merchant slabs (incl niche products): up to 7 mln t
- o Flat steel: ~6 mln t, main routes:
 - HRC -> customers
 - HRC -> CRC -> customers
 - HRC -> CRC -> HDG -> customers
 - HRC -> CRC -> HDG -> Pre-painted -> customers
 - HRC -> CRC electrical steel -> customers

Growth rates of output and utilization rates



Source: NLMK

Lipetsk: semis & finished steel output



^{*} Including non-grain oriented (dynamo) steel

BF OPERATIONS

Hot end capacity: over 13 m tpa of pig iron

Raw materials requirements for 13 mtpa:

o Pellets: ~7.0 m t

Iron ore concentrate: ~11.4 m t

o Coke: ~5.4 m t

Natural gas: ~1.3 bn m3

Output:

Over 90% of pig iron is further processed at BOFs

Optimization:

2012: 6 BFs with annual capacity of 12.6 mpta

o 2016: 5 BFs with annual capacity of >13 mtpa

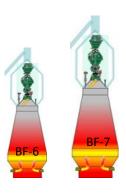
PCI technology:

At 40% of capacity currently (in'17 – up to 90%).

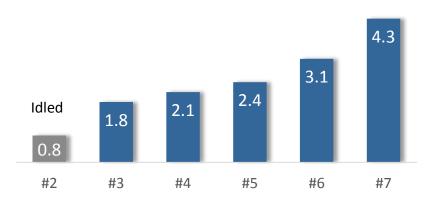
 Economics: 20-25% drop in coke consumption, 70-80% drop in nat. gas.

Effect on costs: ~\$5/t



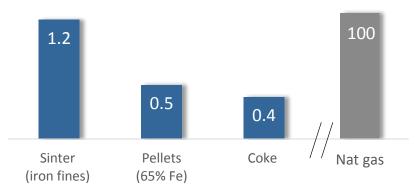


OF BLAST FURNACES & CAPACITY (MT) Total over 13 mtpa



Source: NLMK

GENERIC RATIOS FOR 1 T OF PIG IRON OUTPUT



BASIC OXYGEN FURNACE (BOF) OPERATIONS

Steelmaking capacity: 13 m tpa of steel

- BOFs number 6 in two workshops
- Capacity per molt: BOF shop #1 154t, BOF shop #2 320t

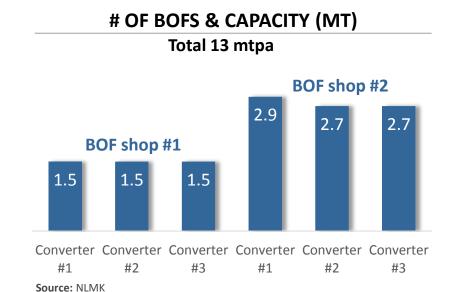
Raw materials requirements for 13 mtpa:

- Pig iron: ~12.2 mt
- Scrap: ~1.3 mt (purchased scrap)
- Ferroalloys: ~0.16 mt (incl. own produced)

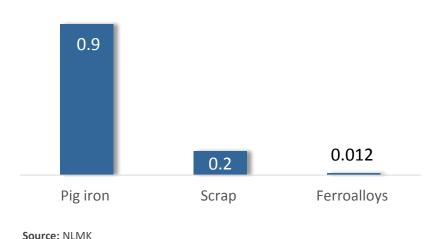
Output:

- 100% of steel passed of Secondary Metallurgy processing
- o 100% of steel is casted into slabs
- 50% of slabs are merchant.
- 50% of slabs are processed into downstream

Converter Ladle Furnace Continuous casting



GENERIC RATIOS FOR 1 T OF CRUDE STEEL OUTPUT



HRC MILL 2000

HRC mill capacity is: up to 6 m tpa

- Continuous HR mill 2000 (width of mill rolls: 2000 mm)
- Number of furnaces: 5 (slab heating)
- Number of stands: 12
- Length of technological line: 1.2 kilometer
- O Slab thickness 200-250 mm, HRC thickness 1,45-25 mm

Raw materials for 6 mtpa:

- Slabs: 6.2 mt (scrap returns to BOF operations)
- o Electricity: 440 m kWh

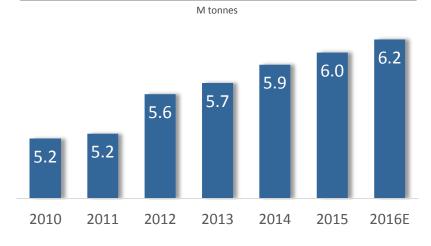
• Output:

 >50% of HRC mill output is processed into CRC and further down the value chain

Heated Slabs HRC

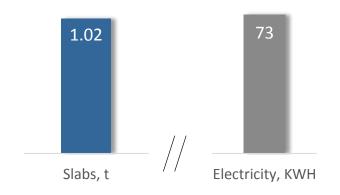


HRC mill output grows 7Ys due to efficiency



Source: NLMK

Generic ratios for 1 t of HRC

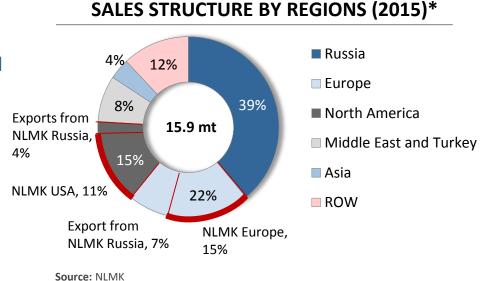


WHERE WE SELL

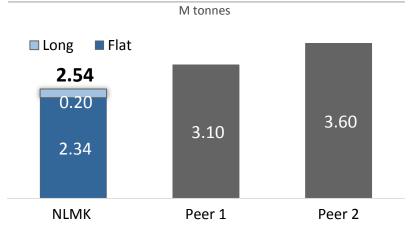
*Group sales

Source: NLMK, Metal Expert

- Lipetsk operations sell 36% of the output in the local market
- Russian sales represent 69% of the total finished steel output of the plant
- Semis are manly sold to export markets

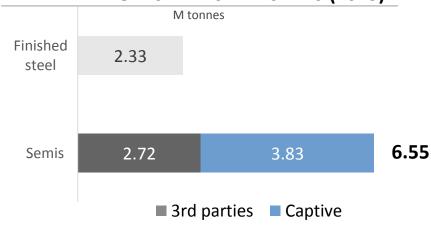


EXPORTS OF FINISHED STEEL OF TOP3* (2015)



**Sales by NLMK Russia Flat
Source: NLMK

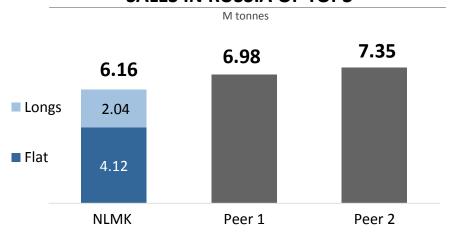
KEY NLMK EXPORTS ITEMS ARE SEMIS (2015)**



LIPETSK SALES IN RUSSIA & MARKET POSITION

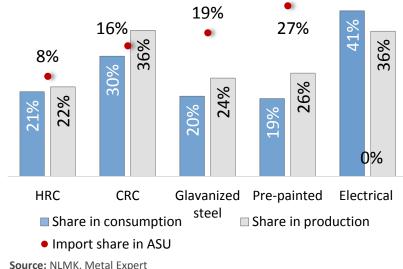
- Lipetsk produces wide range of flat steel products
- The company is one of the largest producers of value added flat steel in Russia
- The largest producer of niche slabs for LDP production
- **Sales strategy:**
 - Domestically a supplier of value added products with special qualities and service
 - Exports low cost and low lead time supplier of commercial grades / semis
 - 2/3 of exports are slabs to captive operations in EU & US

SALES IN RUSSIA OF TOP3*



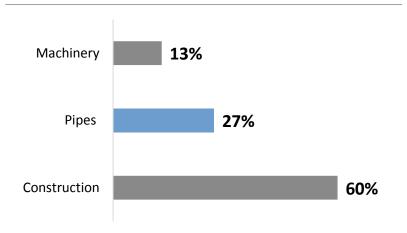
*Group sales Source: NLMK, Metal Expert

LIPETSK SHARE IN THE RUSSIAN STEEL MARKET



Source: NLMK, Metal Expert

NLMK SALES BY SECTOR IN RUSSIA



STRATEGY 2017: KEY HIGHLIGHTS FOR LIPETSK

\$0 capex projects:

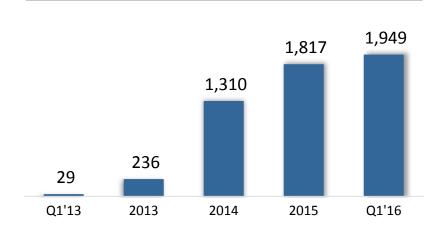
Source: NLMK

- Productivity improvements: +325k tpa of slabs and
 +124k tpa of hot rolled coil output
- Lower resource utilization: -24 kg/t of coking coal consumption , -4 kg/t of metallics in charge
- +113 GW/h (+3.2%) growth of energy generation

Investment projects effects start feeding through

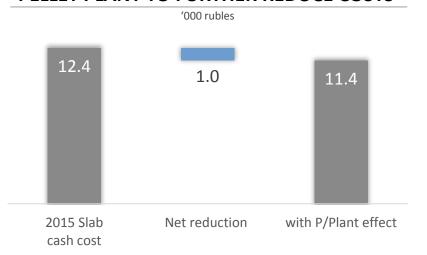
 Stoilensky development – one of the key projects to drive down costs

GROWING NUMBER OF EFFICIENCY PROJECTS

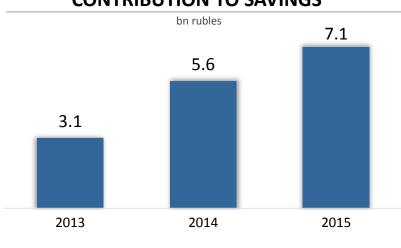


Source: NLMK

PELLET PLANT TO FURTHER REDUCE COSTS



CONTRIBUTION TO SAVINGS*



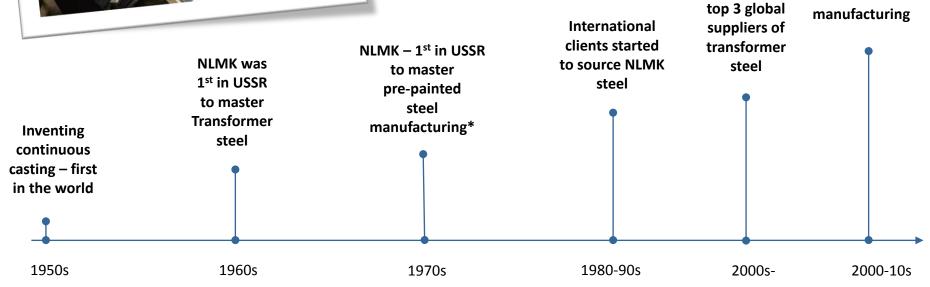
* In 2015 prices Source: NLMK



INNOVATION IS IN THE HEART OF NLMK BUSINESS MODEL



R&D: NLMK employs 1,174 researchers and engineers in R&D registering over 200 active patents

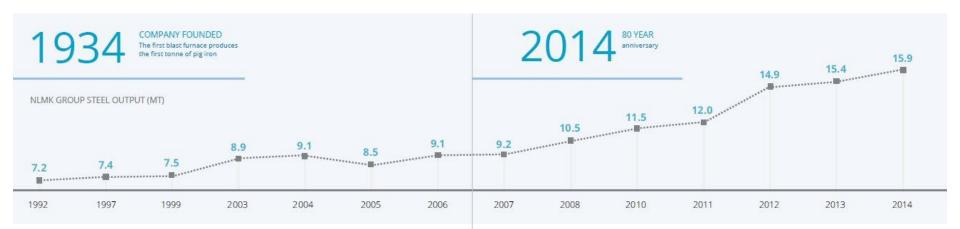


Massive R&D investment in transformer

steel

NLMK ranked

KEY MILE-STONES



1941-1950

Second World War and post-war restoration

Evacuation of equipment during the war Restoration of production in the postwar period

1950-1991

Development of steel production prompted by innovations

Intensive development of crude steel and rolled steel production at the Lipetsk site is aided by the best domestic and international technologies

1992-1999

Emergence of a vertically integrated group

Privatization of NLMK

Acquiring Stagdok and Dolomit

 The Company starts to build its raw materials base, covering its flux needs

2000-2003

Active equipment upgrades at the Lipetsk site

Energy, coke and chemical, and steelmaking capacities are actively upgraded at the Lipetsk site

 Production increases to 8.9 mt. energy self-sufficiency rises to 40%

2004-2006

Shaping of NLMK Group's raw materials and rolling segments

NLMK acquires Stoilensky

NLMK acquires Altai-Koks

 Significant hedging of raw material risks

NLMK acquires VIZ-Steel

NLMK acquires DanSteel A/S later renamed NLMK Dansteel

NLMK and the Duferco Group create a joint venture consisting of one steelmaking and five rolling mill companies, and a network of steel service centres in Europe and the USA

- Production of finished products from slabs supplied by the Lipetsk site begins close to end customers
- Further product mix and geographic diversification

2007

Development of the long products division

NLMK/Duferco joint venture acquires Sharon Coating (formerly Winner Steel), an American rolled steel manufacturer

 Further product and geographic diversification

NLMK acquires 50% plus one share in Maxi-Group

 Diversification into long products and metalware, and higher self-sufficiency in scrap in the domestic market

2008

Optimization of the sales system and further geographic diversification

NLMK acquires international trading companies Novexco (Cyprus) and Novex Trading (Switzerland)

 Development of an effective sales system, optimization of commodity flows, and further enhancement of the Company's presence in the core export markets

NLMK acquires Beta Steel (later renamed NLMK Indiana), a US-based steel and rolled product manufacturer

 Diversification into hot-rolled coils in the USA

2011

Expansion of operations

NLMK commissions a new steelmaking complex: the 3.4 mt Blast Furnace No. 7 and a new basic oxygen furnace

- NLMK's low-cost production base in Russia expands by a third
- Stable supply of slabs to NLMK's international rolling assets secured

NLMK acquires Steel Invest and Finance rolling assets, formerly part of the NLMK Duferco joint venture

- Growth of HVA production capacities
- Balancing of expanding low-cost steel production in Russia with downstream operations close to end users

NLMK Clabecq launches a unique quenching and tempering line, expanding its product mix to include high-strength abrasion-resistant Q&T plates

 Expansion of the Company's presence in niche segments

2012

Consolidation of leadership

With a 20% share of the market, NLMK becomes Russia's leading steelmaker. expanding its steelmaking capacity. in a low-cost region

NLMK continues to upgrade its steelmaking capacity at the Lipetsk site

- Secondary treatment facilities allow the Company to produce specialized grades of steel that are in high demand on the market
- Facilities to produce wide and thick slabs expand NLMK's semi-finished product mix
- International assets are almost fully supplied by in-house slabs; NLMK begins to supply slabs to largediameter pipe manufacturers

NLMK DanSteel revamps its thick plate rolling mill, designed for plates of 5-200 mm in thickness and widths of up to 4,000 mm

 Consolidation of positions in the plate markets, including new high-growth markets such as offshore drilling platform manufacturing and the offshore wind sector

2013

Launch of NLMK Kaluga mini-mill

NLMK Group launches a large-scale programme to enhance efficiency at all of its sites

NLMK launches a next-generation EAF mill. NLMK Kaluga

- Increased long product production in an undersupplied region
- Strengthening of the Company's position in the promising Russian market

2014

Beginning of a new phase of **NLMK Strategy**

In February 2014, NLMK announced new phase of the Company's development

- Increasing efficiency is a key principle of the new strategy
- Completion of investment phase, structural reduction of investment

Celebration of NLMK 80 year anniversary

All-time record of operating results

Sufficient improvement of NLMK's position on strategic markets (Russia, USA and Europe)

LEADERSHIP IN SUSTAINABILITY AND SAFETY

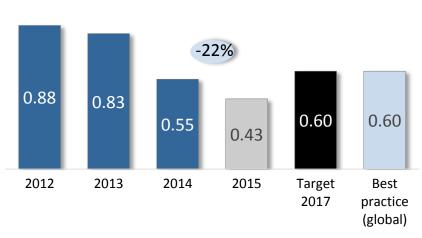
Relentless focus on safe operating practices

- Russian operations LTIFR* down by 22% yoy (at or better than global best practice level)
- Proactive management of risks to life and health of employees and contractors
- Continued focus on accidents and fatalities prevention
- Improvement of employees' H&S awareness, competence and motivation at all Group facilities

Further reduction of environmental footprint

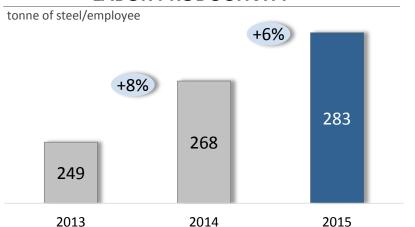
 Air emissions at the main integrated plant reduced by 1% while output increased

LTIFR*, RUSSIAN ASSETS



Source: NLMK

LABOR PRODUCTIVITY**



* LTIFR – Lost Time Injury Frequency Rate (per 1 mln man-hours worked). Russian assets include Russian Flat Products, Russian Long Products, Mining. ** Productivity calculated as steel output divided by the number of employees

AIR EMISSIONS, RUSSIAN ASSETS

