



# NLMK Corporate Presentation

September 2016

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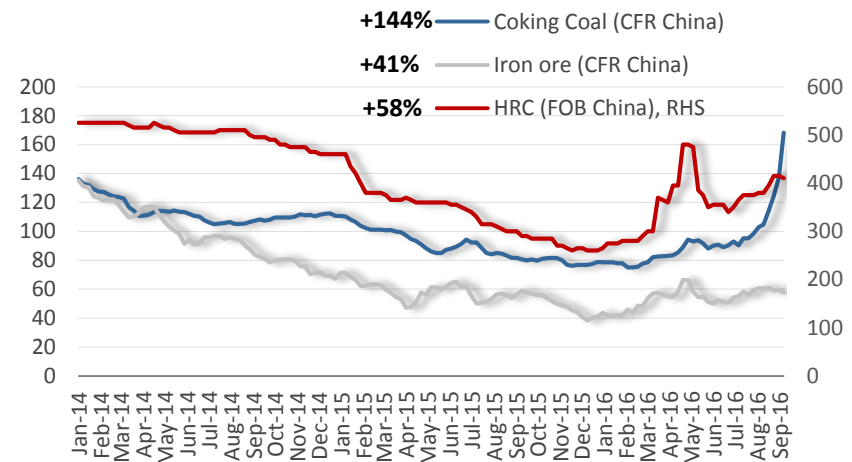
# Q&A

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# Q: STEEL PRICE DRIVERS AND OUTLOOK?

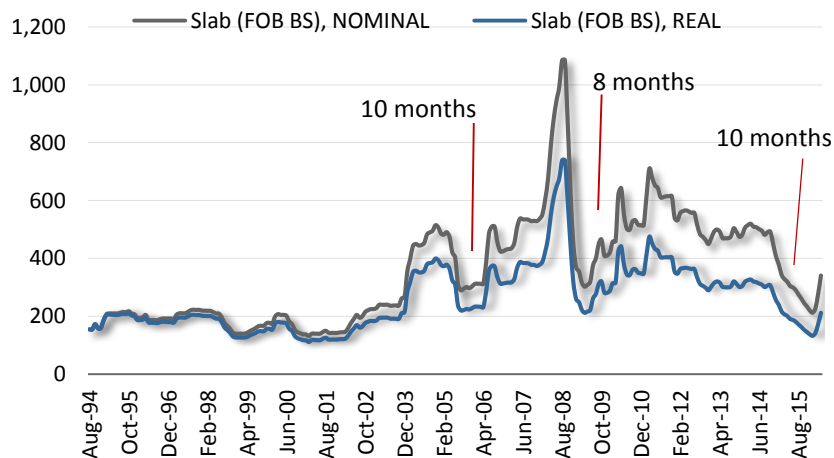
- ~50% YTD growth in steel & raw materials prices
  - Steel inventories build up in China and US
  - End-user demand stabilized (though dynamics is uneven)
- A/D measures reduce imports pressure on DM
- Chinese steel exports continue to impact prices
  - Trends of last few weeks –exports went down as domestic demand improves and steel prices increased
- 2015 collapse in steel prices is a 3<sup>rd</sup> episode over the last 20 years

## STEEL & RAW MATERIALS PRICES UP YTD



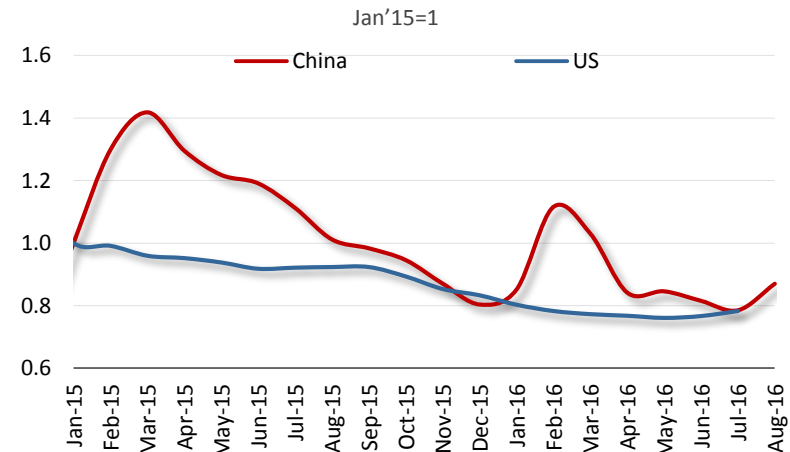
Source: Metal Bulletin, NLMK estimates. Prices excl. 18% VAT

## CYCLICAL RECOVERY



Source: Metal Bulletin, NLMK estimates. Prices excl. 18% VAT

## STEEL INVENTORIES REMAIN LOW



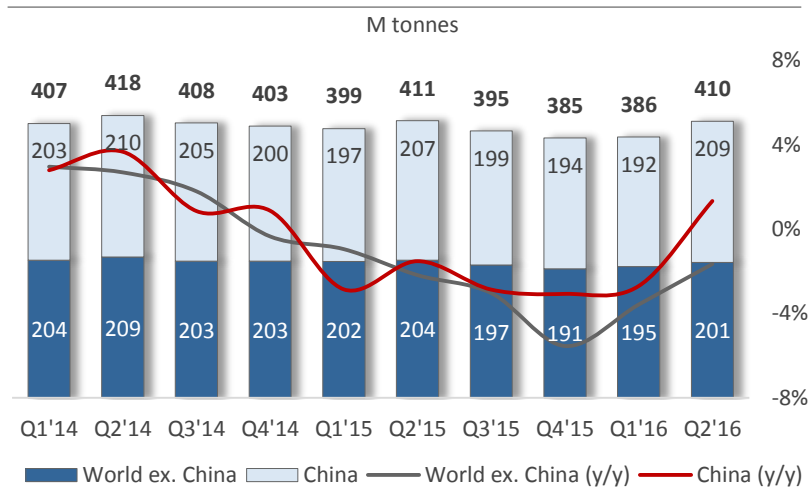
Source: Metal Bulletin, NLMK estimates. Prices excl. 18% VAT

**Steel prices recovered as a result of cost push and low inventories**

# Q: ANY SUPPLY RESPONSE?

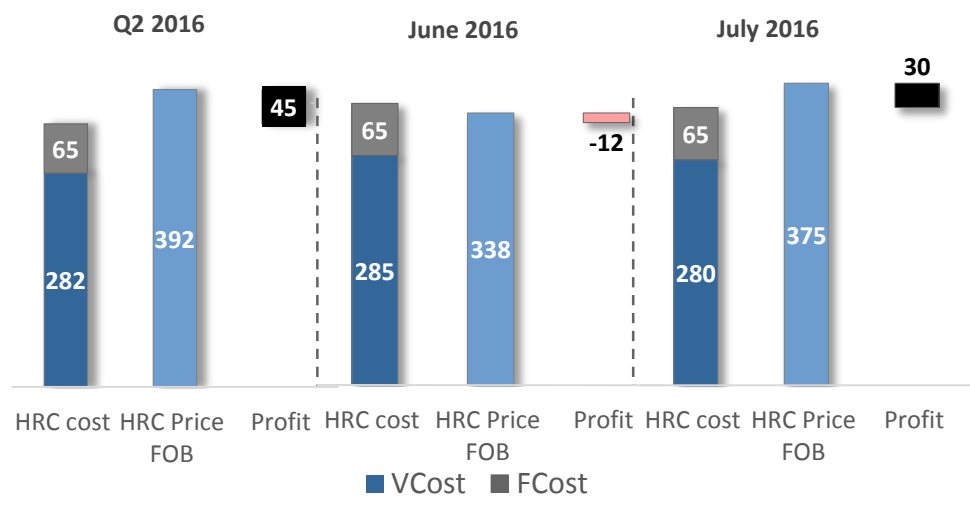
- **Q2 global steel output down -0.2% yoy to 410 mt**
  - Q2 Chinese output up by 1% yoy
  - World ex-China (incl. DMs) output down by -2% yoy
  - Chinese steel exports up by 6% qoq to 29.4 mt
- **Supply response is limited**
  - China announced 21.3 mt cuts YTD (48% of target for 2016)
- **Chinese steel profitability improved while supply response is not significant**

## STEEL OUTPUT DOWN YOY

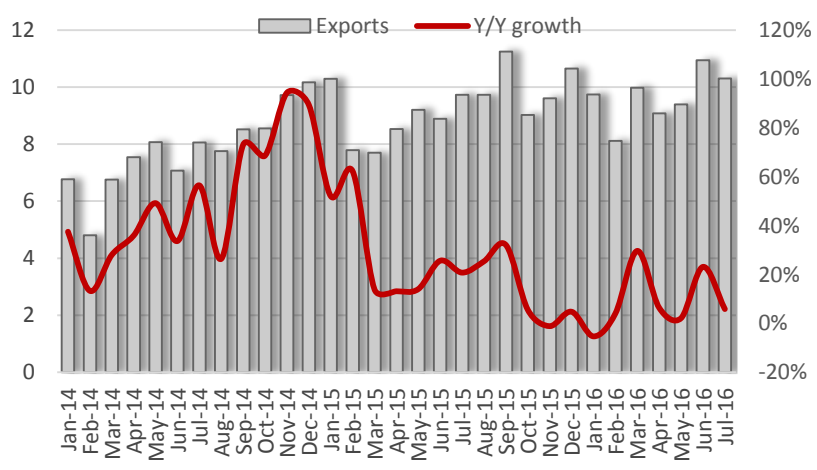


Source: Worldsteel

## CHINESE STEEL PROFITABILITY IMPROVED



## CHINESE STEEL EXPORTS REMAIN ELEVATED



Profitability improved for marginal cost mills

# Q: RUSSIAN STEEL MARKET S/D AND PRICING?

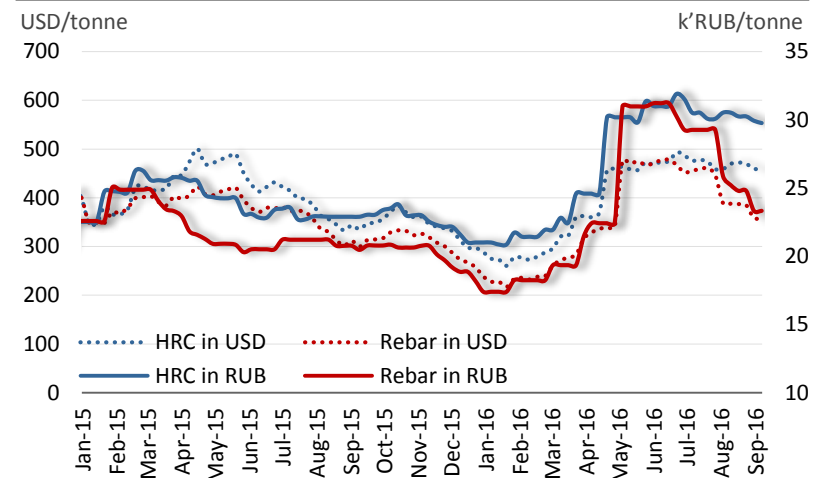
## • Supply / Demand remain balanced

- 7m'16 output was down to 41.4 m t (-1% yoy)
- 7m'16 steel demand was 18.6 m t (-1.7% yoy)
- Stable imports, supply discipline and steel price growth in global markets continue to support domestic prices

## • Prices

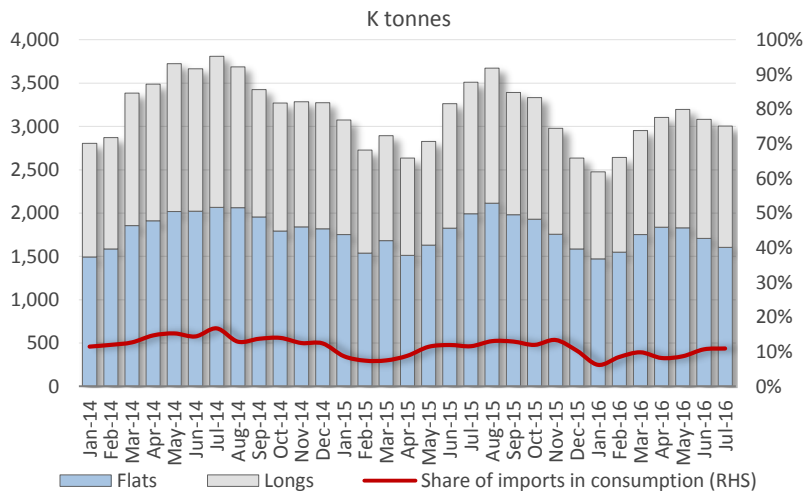
- **+40-50% YTD** driven by a) growth in raw materials prices, b) restocking
- ... while high level of Chinese exports and muted steel demand recovery cap any steel price upside
- **-7% QTD** due to seasonal slowdown in demand across regions

## RUSSIA: STEEL PRICES (EXW)



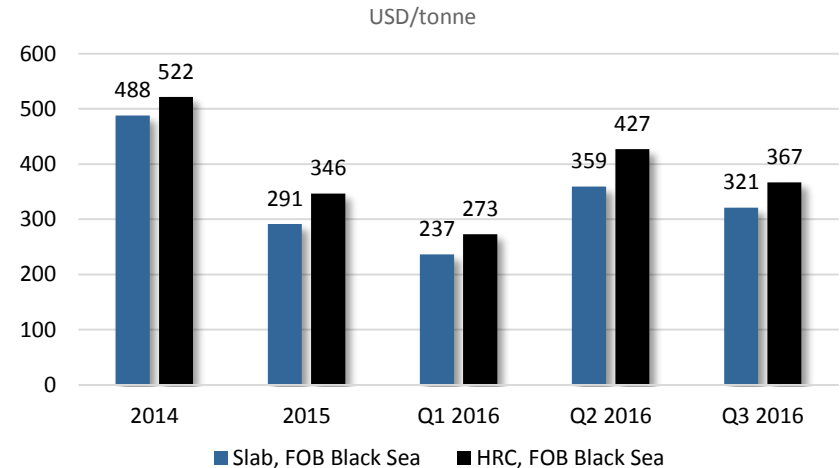
Source: Metal Bulletin, NLMK estimates. Prices excl. 18% VAT

## RUSSIA: FLAT & LONG STEEL CONSUMPTION



Source: Metal Expert

## RUSSIAN STEEL EXPORT PRICES



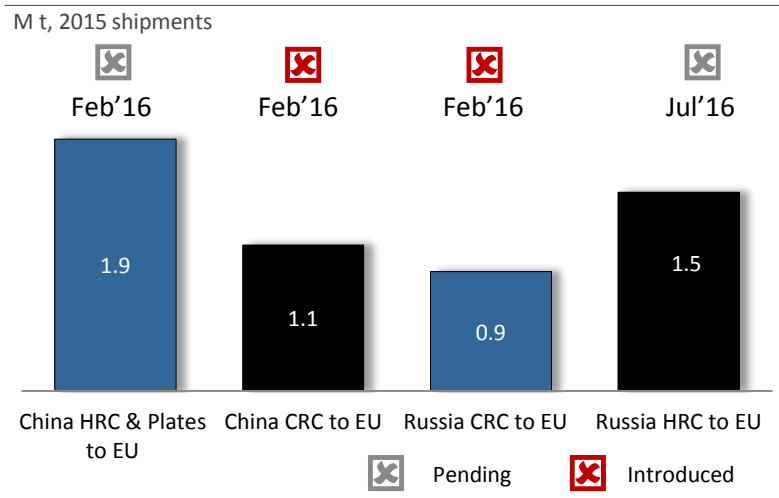
Source: Metal Bulletin

**Demand downturn offset by lower imports**

# Q: PROTECTIONISM IMPLICATION FOR NLMK?

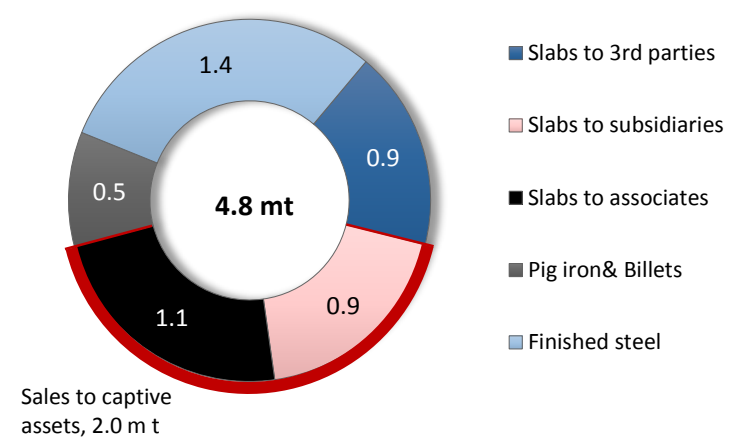
- **Benefits for NLMK International (EU & USA)**
  - A/D measures led to price uplift in the protected regions
  - NLMK EU CRC capacity – 0.9 m t pa (2015 utilization at 55%)
  - NLMK US CRC capacity – 0.9 m t pa with run rate c. 89%
  - NLMK EU HRC capacity – 2.2 m t with run rate c. 62%
- **Increased demand for 0%-duty slabs sales**
  - Growth in sales to international subsidiaries
  - Increased demand from independent re-rollers (since crude steel production ramp up requires extra working capital investments)
  - ... leading to \$105/t (+50%) YTD slab prices growth

## RECENTLY AFFECTED PRODUCTS

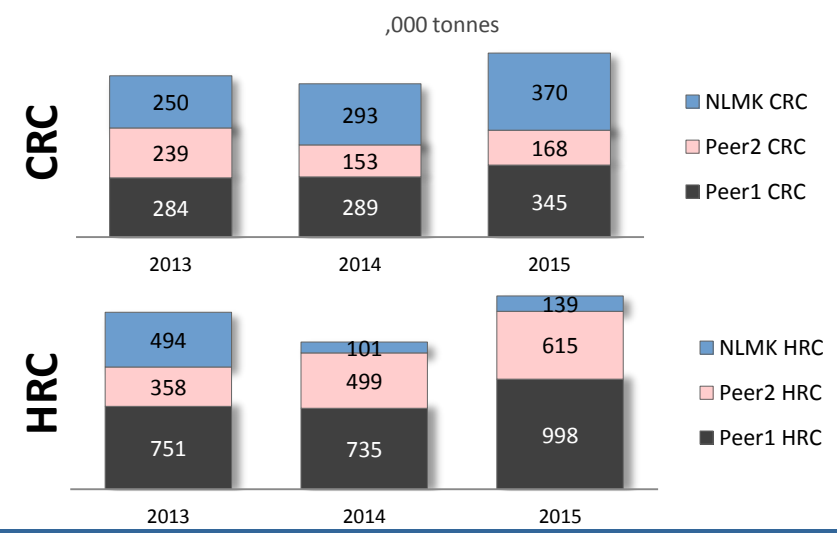


Source: Metal Expert, Eurostat

## EXPORTS FROM RUSSIAN ASSETS, 6M'16



## RUSSIAN EXPORTS TO EU BY PEER GROUP



Increase “domestic” sales in USA and EU and higher slabs demand globally



# Q: RECENT PERFORMANCE AND OUTLOOK?

## Q2'16 KEY HIGHLIGHTS

- Revenue: \$1,869 m (+19% qoq; -13% yoy)
- EBITDA: \$460 m (+59% qoq; -4% yoy)
- EBITDA margin: 25% (+7 p.p. qoq; +3 p.p. yoy)
- Net profit: \$185 m (3.3x qoq; +15 % yoy)
- Capex: \$160 m (+33% qoq; -13% yoy)
- Free cash flow\*: \$158m (-43% qoq; -7 % yoy)

## FINANCIAL POSITION AS OF THE END OF Q2'16

- Net Debt: \$1,161 m (+20% qoq; +3% yoy)
- Net Debt/EBITDA: 0.7x (0.6x as of 31/12/15)

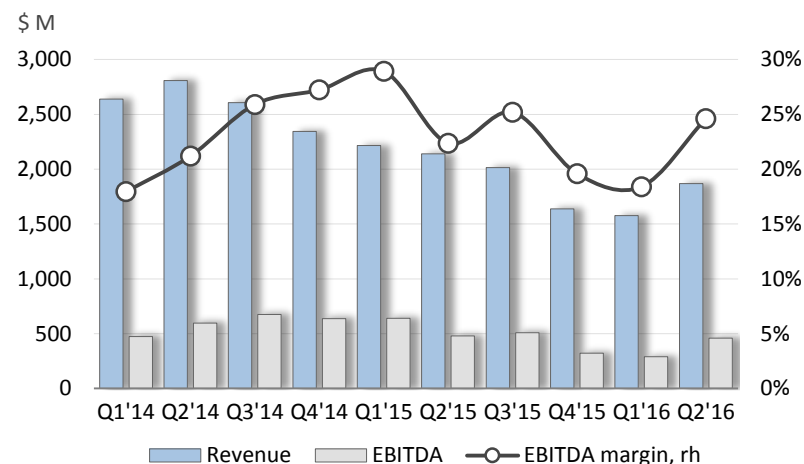
## Q3 OUTLOOK

- Output/sales volumes to remain high
- Capacity utilization rates at 100% for core assets
- Costs remain under control
- Conservative capex

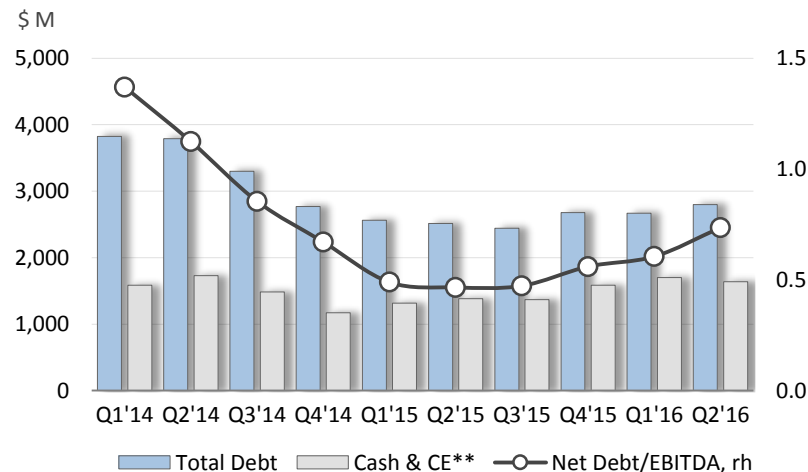
\* Free cash flow = operational cash flow minus capex minus advances for VAT payments on imported equipment minus net interest payments

\*\* Cash & CE stands for Cash & Cash Equivalents and short-term investments

## IMPROVEMENT IN FINANCIAL PERFORMANCE



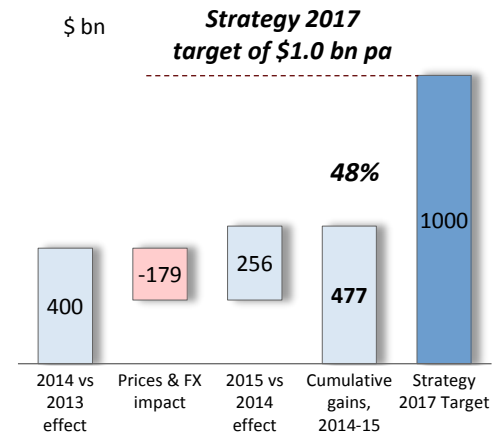
## FINANCIAL POSITION REMAINS STRONG



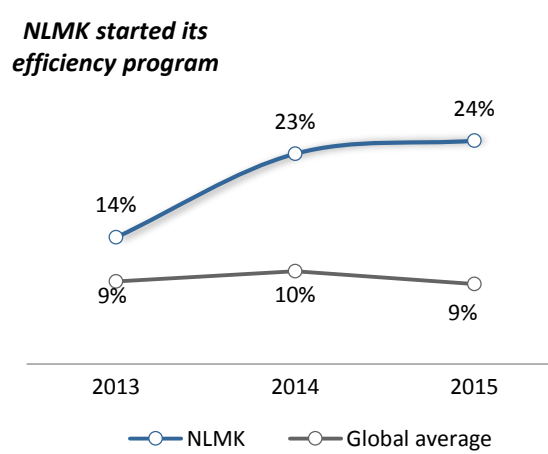


# Q: WHAT IS YOUR STRATEGY EXECUTION PROGRESS?

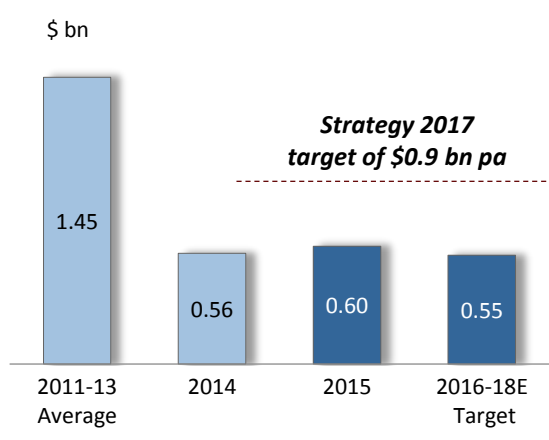
## ANNUAL GAINS VS. 2013



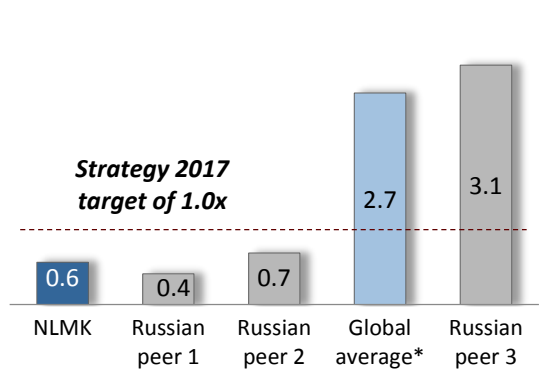
## PROFITABILITY GROWTH



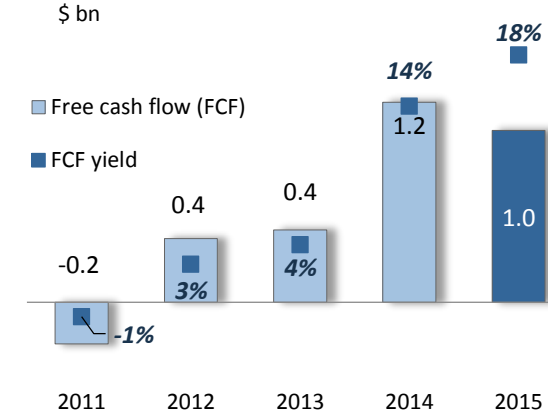
## CAPEX REDUCTION



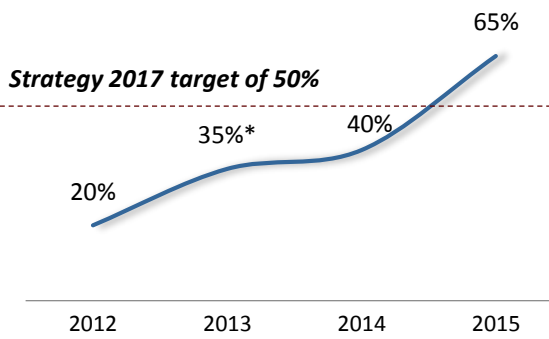
## CONSERVATIVE LEVERAGE



## SUSTAINABLE POSITIVE FCF\*



## INCREASED DIVIDEND PAYOUT



Source: Latest reported financials  
\* Based on Bloomberg Intelligence global steel producers index

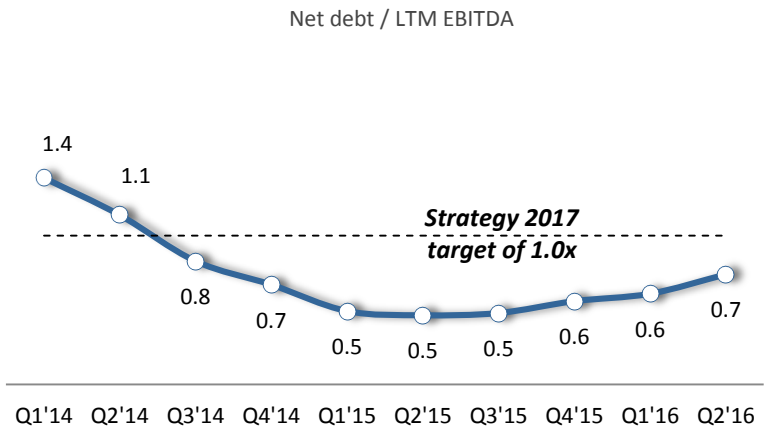
\*Free cash flow (available to shareholders and creditors) = operational cash flow minus capex minus net interest payments  
FCF yield = Free cash flow / market cap

\* In 2013 US GAAP consolidated net profit adjusted for one-off non-monetary factors (creation of reserves), and for expenses related to previous periods

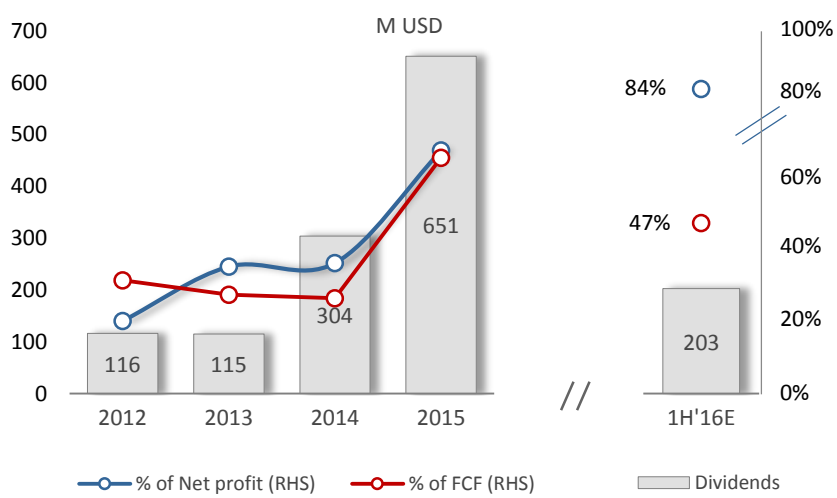
# Q: CAPITAL DEPLOYMENT?

- Leverage targets achieved – ND/EBITDA below 1.0x
- Structurally low capex phase since 2014
- New policy to return cash to shareholders
  - New Dividend Policy from March'15
    - Quarterly dividend payments
    - If Net debt/EBITDA < 1.0x dividend will be between 50% of FCF and 50% of Net income
    - If Net debt/EBITDA > 1.0x dividend will be between 30% of FCF and 30% of Net income
  - Latest announcements:
    - 2Q'16 dividends of RUB 6,473 m, or RUB 1.08 per share, which is equivalent to **55% of Net profit or 64% of FCF**

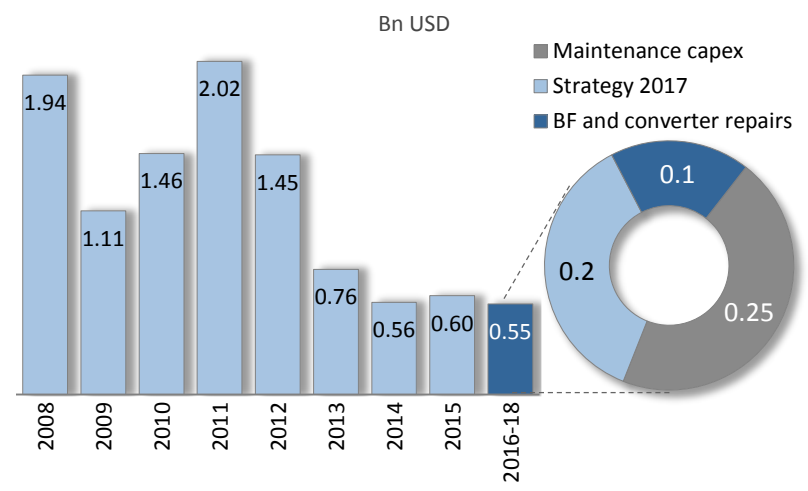
## DELEVERAGING TARGETS ACHIEVED



## DIVIDEND HISTORY



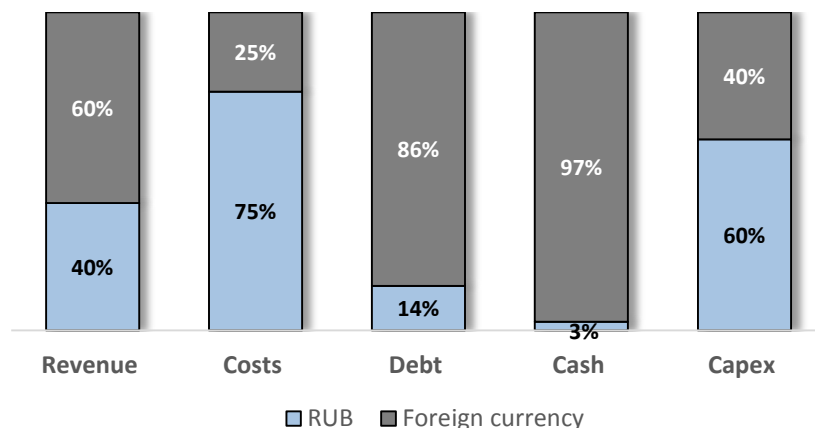
## STRUCTURALLY LOW CAPEX



# Q: FX RATES CHANGE EXPOSURE?

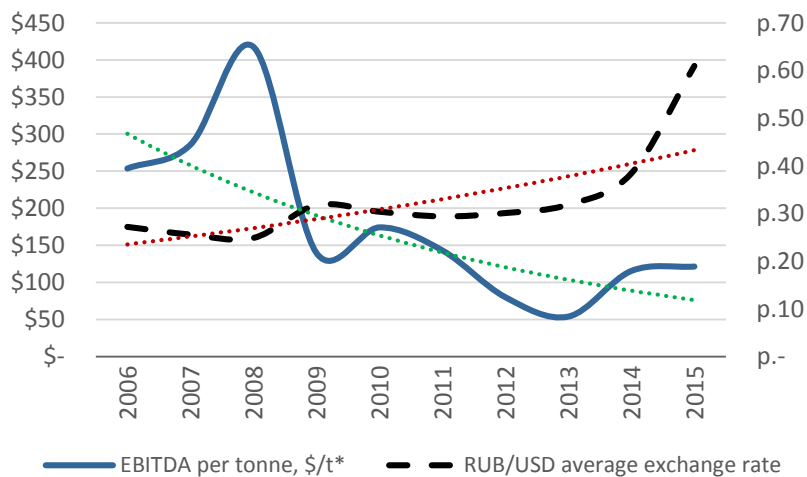
- Revenue/Cost FX split provides a solid cushion in volatile commodity prices fluctuation
- At current rate levels (~65 RUB/\$)  
1 RUB/\$ movement translates into ≈\$10 m pa. of EBITDA effect
- Flexibility in sales mix (by product and region) allows to react quickly to FX rate changes
- No hedging instruments used

## FINANCIAL RESULTS AND BALANCE SHEET CURRENCY STRUCTURE

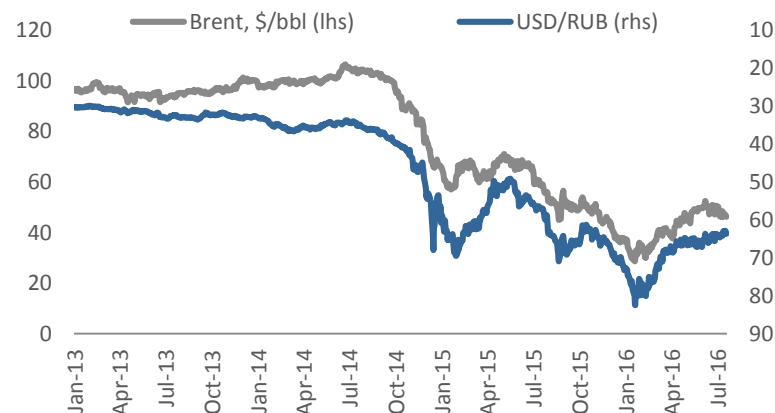


Source: NLMK

## HISTORICAL DATA



## RUB/\$ FX RATE VS OIL PRICE



Source: Bloomberg

# CONTENT

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- 
- About NLMK
  - Strategy 2017
  - Operating & Financial results
  - Market overview
  - Appendix
-



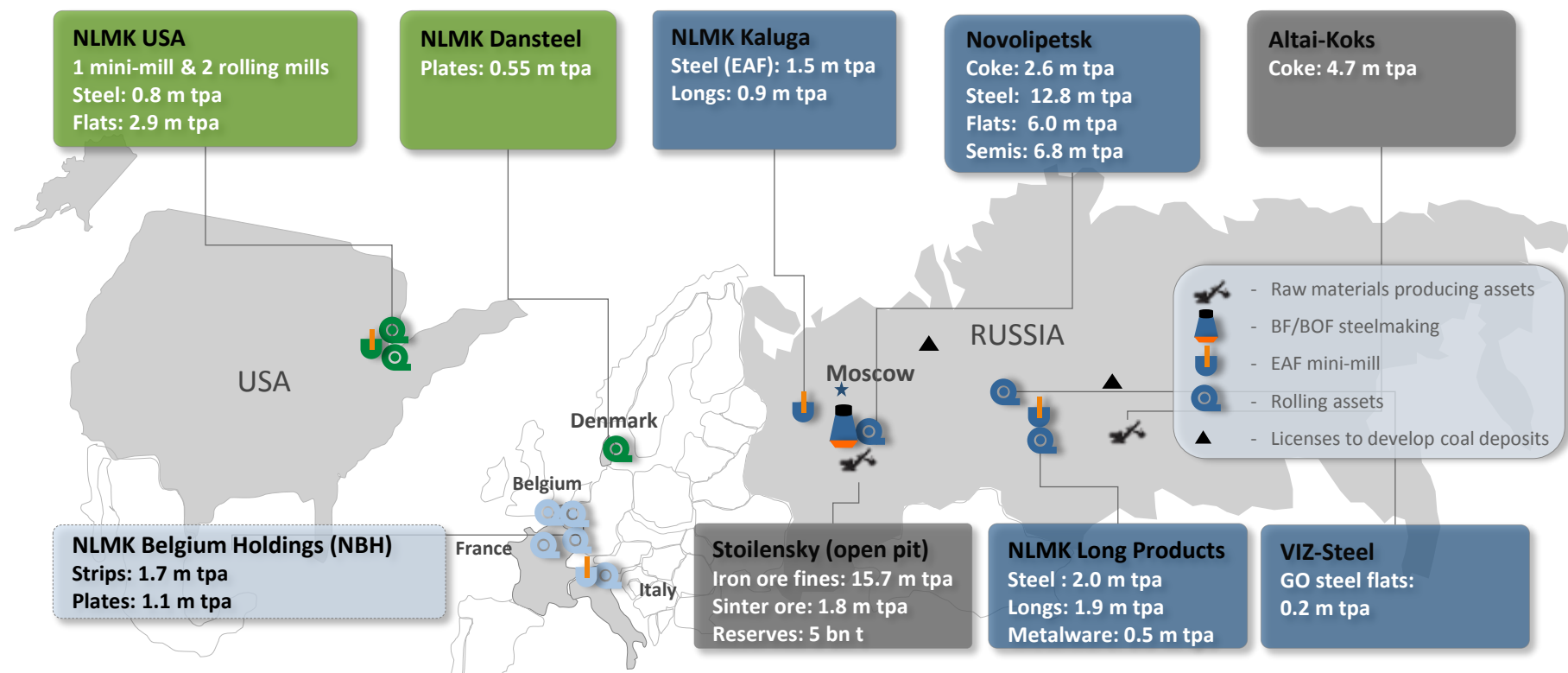
# ABOUT NLMK

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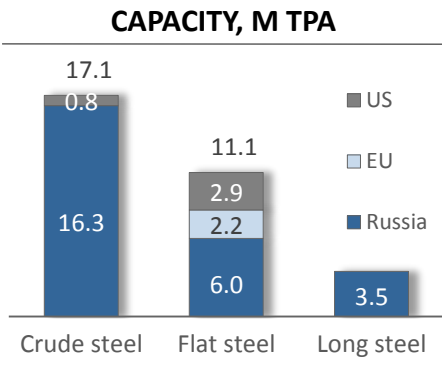
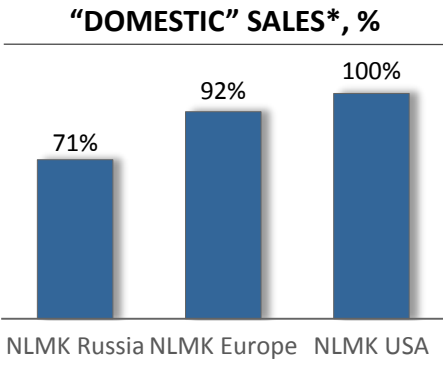
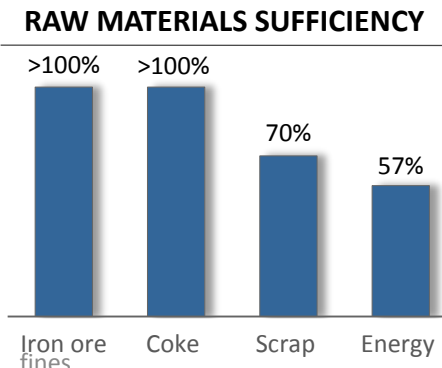


For more visuals go to [instagram.com/nlmk\\_group](https://www.instagram.com/nlmk_group)

# GEOGRAPHY & PRODUCTION CAPACITY



Source: Company data as of FY 2015; \* Finished steel

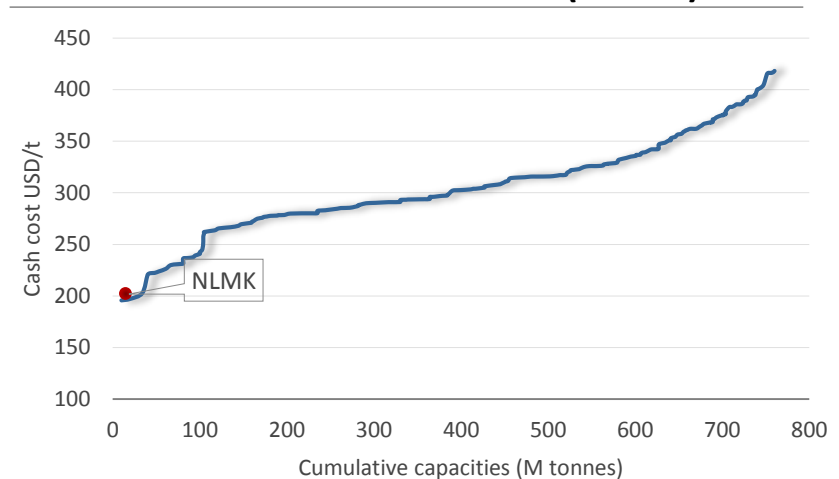


Well positioned and diversified value chain

# KEY COMPETITIVE ADVANTAGES

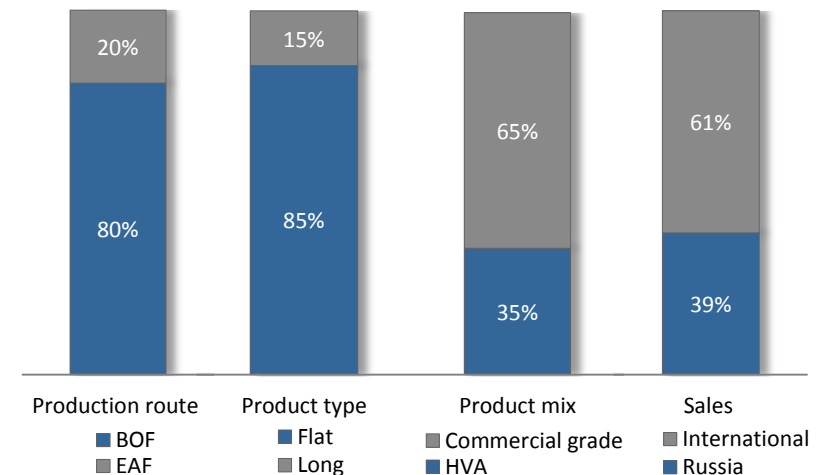
- **The largest steelmaker in Russia with 1st quartile costs and one of the highest profitability levels globally**
- **Balanced and diversified production chain**
  - All upstream assets and 95% of steelmaking capacity (80% BOF, 20% EAF) located in Russia
  - Self-sufficiency in raw materials: iron ore 85%, coke 100%, scrap 85%, energy 60% (Lipetsk Site)
  - 15 m tpa downstream facilities in Russia, EU and the US source slabs from Russian operations
- **One of the most diversified steelmakers globally**
  - Up to 100% of finished rolled products produced in Russia, EU and the US are sold locally
  - Diversified product portfolio (flat 82%, long 18%) with c. 30% of high value added
  - Diversified customer base (from infrastructure to automotive and energy) in more than 70 countries
- **100% utilization, 28 p.p. above industry average**
- **Low risk growth opportunities across the existing production platform**
  - Scalable value chain: growth options in upstream, midstream and downstream
  - Low capex due to organic/brownfield growth options

## SLAB PRODUCTION COST (JUL'16)



Source: World Steel Dynamics

## DIVERSIFIED BUSINESS MODEL





# STRATEGY 2017: PROGRESS

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# FOUR PILLARS OF STRATEGY 2017

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

# 1 LEADERSHIP IN OPERATIONAL EFFICIENCY

- Continued growth of efficiency projects portfolio

- 350 new projects launched in 6M'16

- 6M'16 savings: \$37 m

- Russian Flat Products

- Productivity improvements: +191 k t of pig iron, +113 k t of HRC output

- Russian Long Products

- Lower consumption of energy and materials
- Lower use of metalics in charge

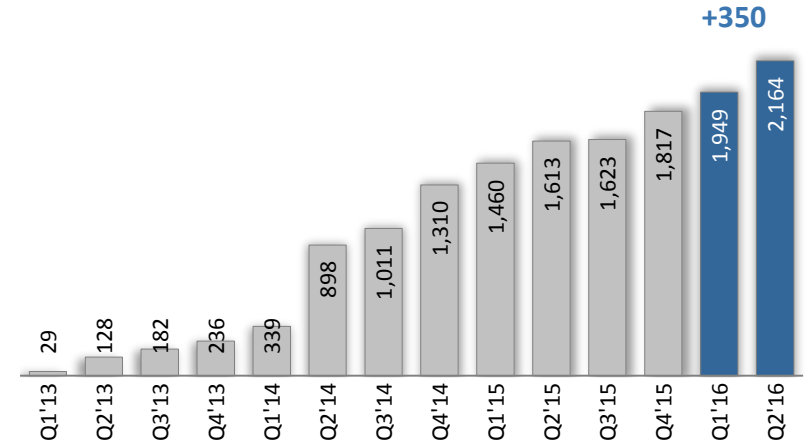
- Mining

- +55 k t of iron ore concentrate production

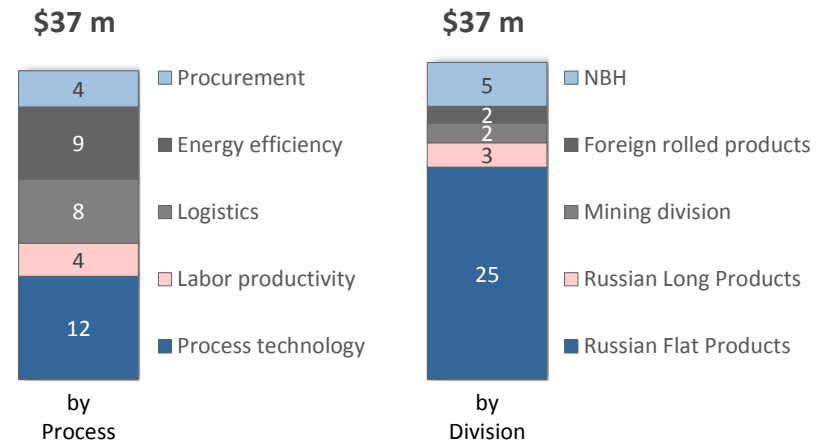
- International operations

- Best ever productivity and quality at EU Flat Products
- Significantly higher capacity utilization at US division
- Continued labor cost reduction

## GROWING NUMBER OF EFFICIENCY PROJECTS



## 6M'16 OPERATIONAL EFFICIENCY GAINS\*



\* Using 6M'16 prices vs 2015 base level@ 70.26 USD/RUB exchange rate

# 2 WORLD CLASS RESOURCE BASE

- **Growth in low cost iron ore concentrate production to feed new pellet plant**

## - Efficiency improvements:

- Cumulative 2 m tpa of additional concentrate output vs 2013 level
- New all-time production record in 6M'16
- Further productivity improvements targeted

## - Debottlenecking adding additional 1.2 m tpa:

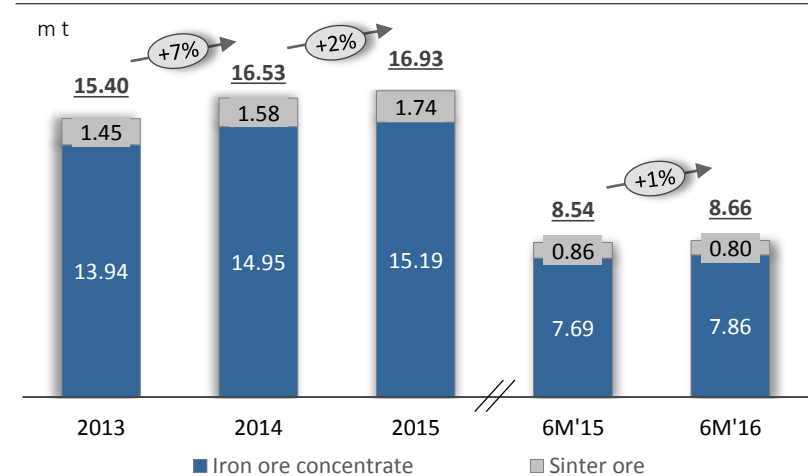
- 50% of crushing facilities equipped with HPGR\* technology resulting in 10% productivity increase

- **Pellet plant to be launched in Q3'16**

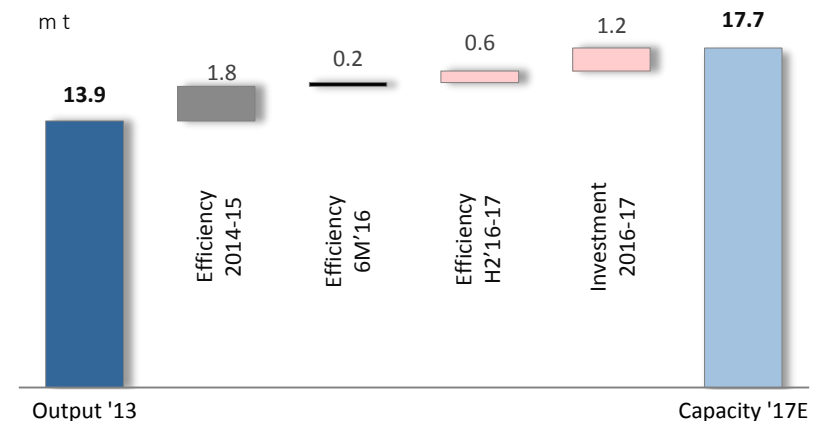
- Capex of \$650 m (81% invested as of June 2016)
- From 0% to 100% pellets needs of BF operations (~6 m tpa)
- Slabs cost reduction (~\$15/t)

- **90% of BF operations will be covered by PCI technology by H1'17**

## IRON ORE OUTPUT GROWTH



## IRON ORE GROWTH TARGETS\*\*



\* HPGR = High Pressure Grinding Rolls

\*\* By the end of 2017 total capacity of Stoilensky might be negatively impacted by 0.4Mt due to external factors, such as lower quality of iron ore

# 3 LEADERSHIP IN STRATEGIC MARKETS

## • 6M'16 Group sales reached all time high

- Driven by sales growth in strategic markets and improved product mix

## • 67% local sales in Russia, the EU and the US target end customers and value added products

## • NLMK Russia: sales growth of 2%

- **Russian Flat Products:** 10% growth in local sales with a 3% growth in coated steels (and +43% qoq as the new HDG line is ramping up)
- **Russian Long Products:** sales flat despite weaker market with 22% growth in sections
- Markets: 70% of finished steel sold locally

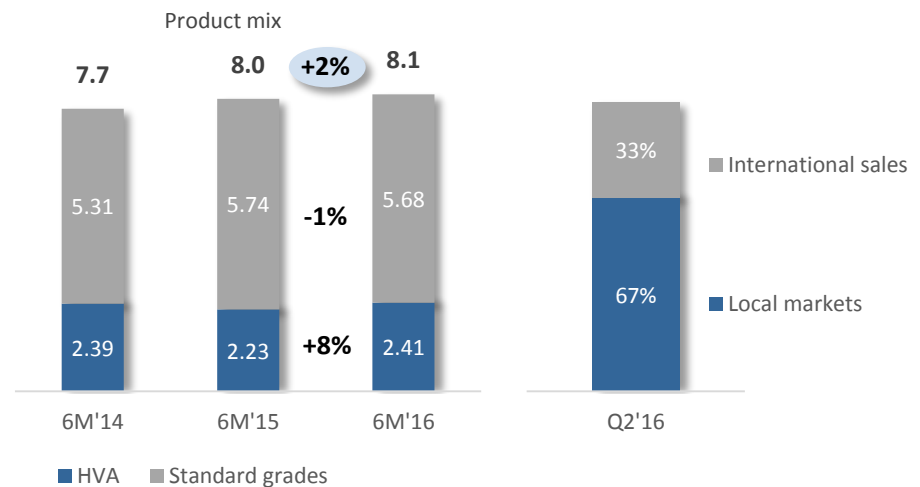
## • NLMK Europe: sales growth of 6%

- **EU Plate Products:** 18% growth in Q&T plate sales
- **EU Flat Products:** 13% growth in sales to automotive
- Markets: 95% of sales to European automotive, construction and equipment manufacturing

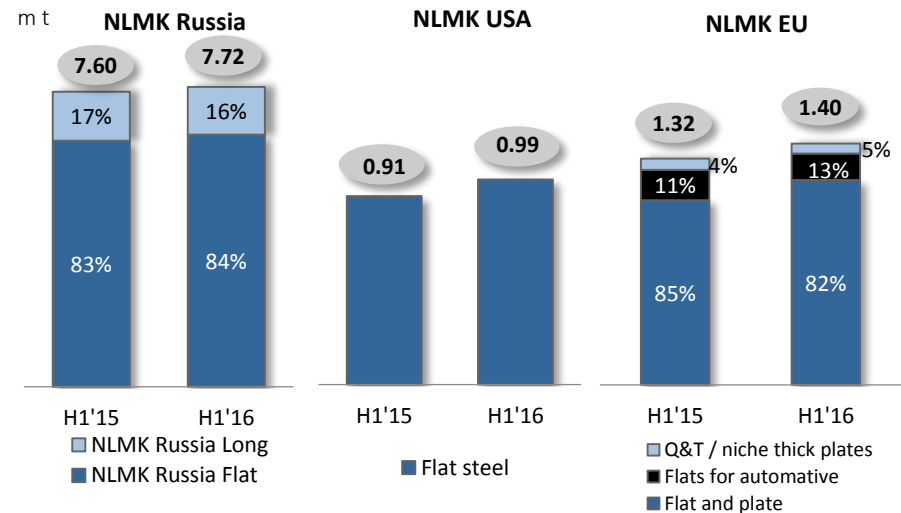
## • NLMK USA: sales growth of 9%

- **US Flat Products** sales up by 9% yoy to 1 m t
- Markets: 100% of sales to US customers in processing, pipe and automotive industries

## NLMK GROUP SALES, 6M'16



## SALES BY DIVISION, 6M'16

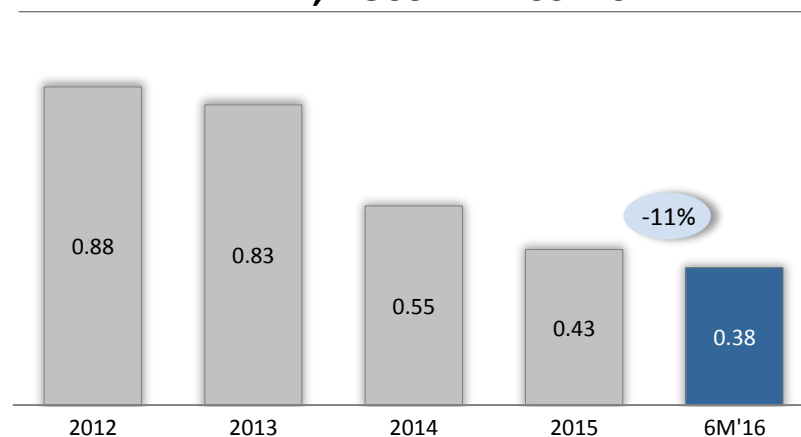




# 4 LEADERSHIP IN SUSTAINABILITY AND SAFETY

- **Relentless focus on safe operating practices**
  - Russian operations LTIFR\* YTD 11% lower vs. 2015
  - 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**
  - Stable air emissions at the main integrated plant
- **Labor productivity increased by another 4%**

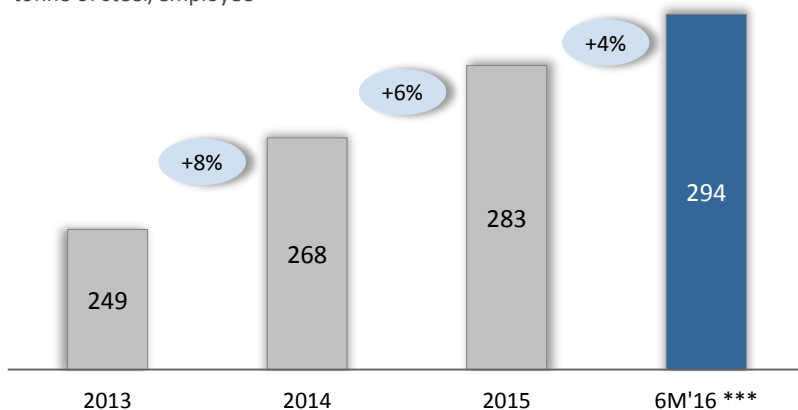
## LTIFR\*, RUSSIAN ASSETS



\* LTIFR – Lost Time Injury Frequency Rate (per 1 mln man-hours worked). Russian assets include Russian Flat Products, Russian Long Products, Mining

## LABOR PRODUCTIVITY\*\*

tonne of steel/employee

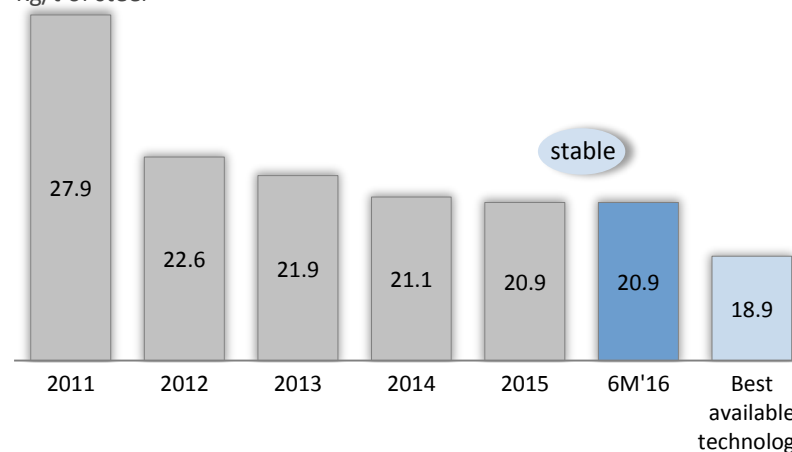


\*\* Productivity calculated as steel output divided by the number of employees

\*\*\* Based on the annualized figure

## AIR EMISSIONS, RUSSIAN ASSETS

Kg/t of steel





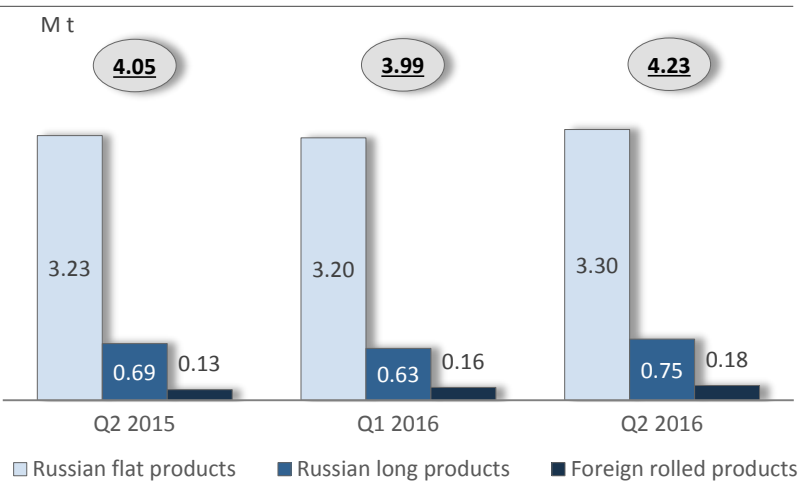
# OPERATING AND FINANCIAL HIGHLIGHTS

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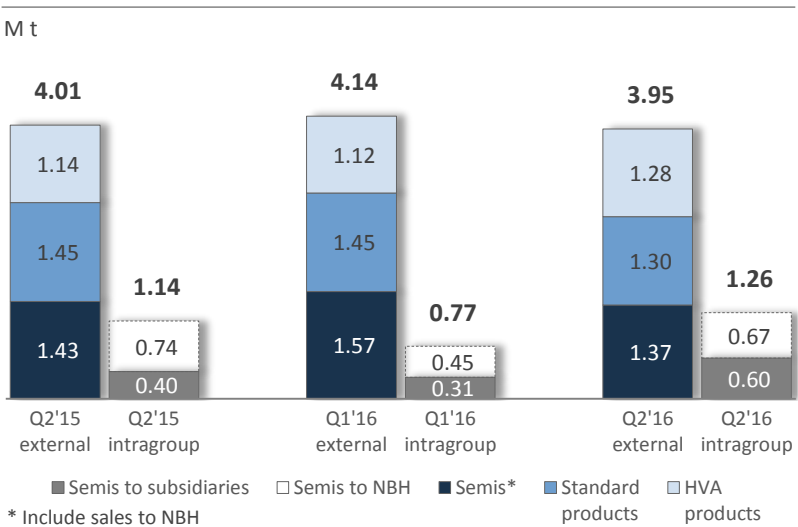
# Q2'16 NLMK OUTPUT AND SALES

- **Group steel production grew by 6% qoq to a record level of 4.2 m t**
  - Significant production growth across all divisions
- **Group capacity utilization up by 6 pp to 100%**
  - Growth in utilization rates across all divisions
- **Steel sales down by 5% qoq to 4.0 m t as a result of intragroup sales surging 90%**
  - Sales of finished products flat qoq
  - HVA products sales up by 14% qoq to 1.1 m t
  - Slab sales to subsidiaries and associates: 1.3 m t (74% of total slab sales)

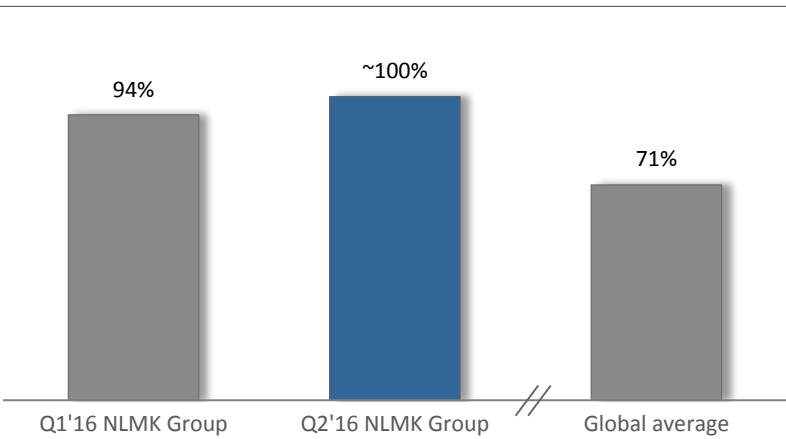
## STEEL PRODUCTION



## SALES STRUCTURE



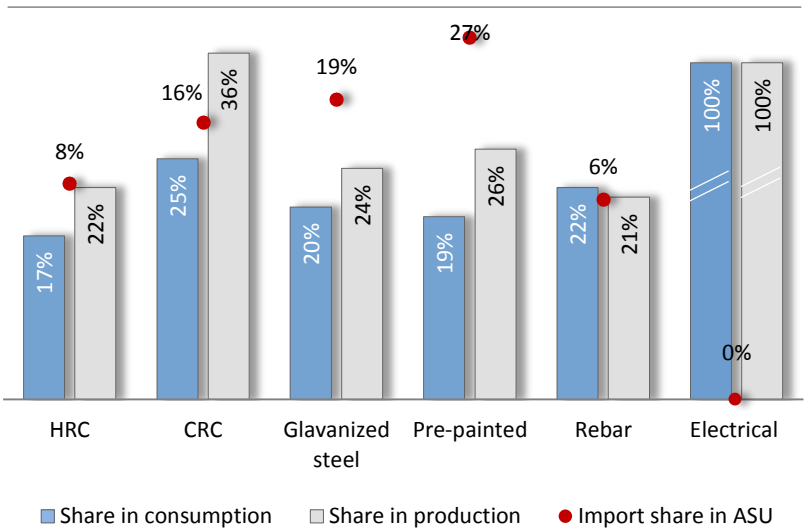
## NLMK GROUP UTILIZATION RATES



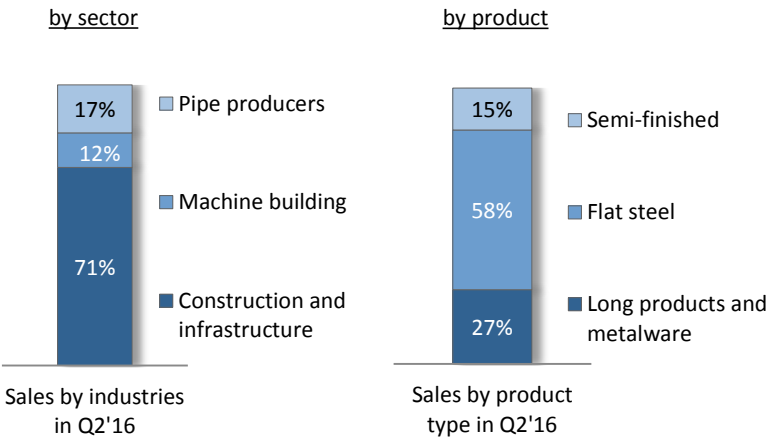
# SALES IN RUSSIA

- **NLMK has leading positions in value added product with demand outpacing supply**
- **Exposure to niche products:**
  - (LDP feedstock) – long term contract till 2019
  - Monopolist at electrical steel market (high value added product with the highest margin)
- **Diversification to flat / long products**
- **Flexibility to relocate shipments from domestic to export markets and vice versa**

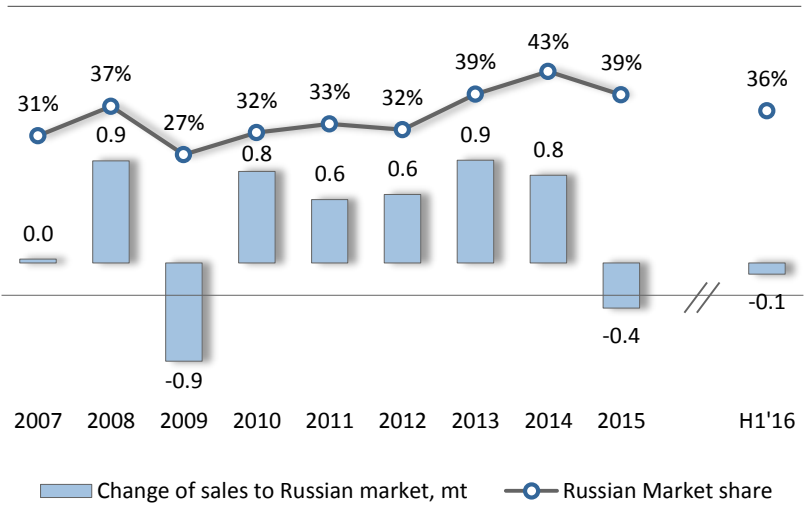
NLMK SHARE IN THE RUSSIAN STEEL MARKET



SALES BY SECTOR AND PRODUCT



SHARE OF RUSSIAN MARKET IN TOTAL SALES

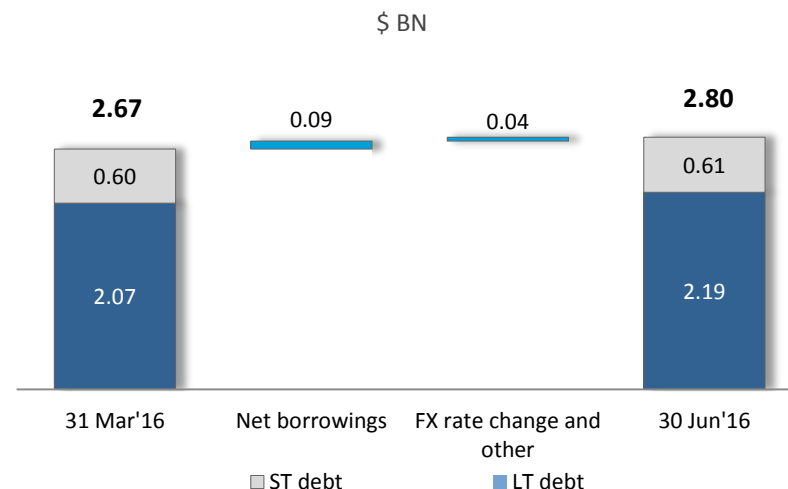




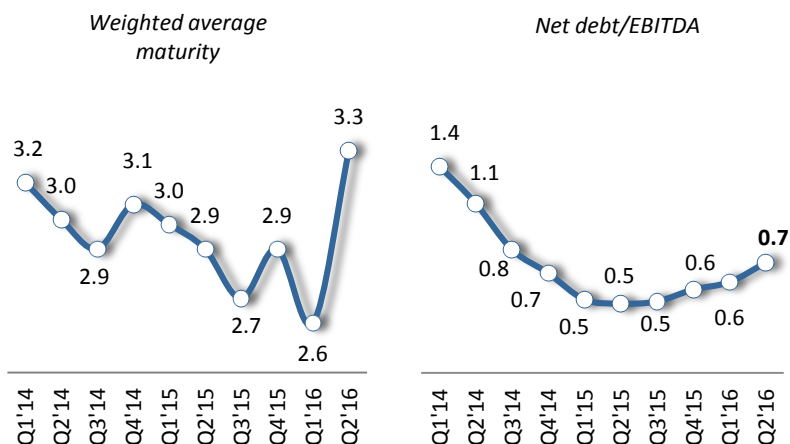
# DEBT POSITION

- Improved maturity profile from 2.6 years to 3.3 years
- New Eurobond issued at record low coupon rate
  - \$700 m Eurobonds with coupon 4.5% and maturity in 2023
  - Refinanced of \$571 m of existed Eurobonds with maturity in 2017-18 and coupons of 4.95% and 4.45%
- Strong ex-dividend liquidity maintained with cash and equivalents of \$1.6 bn (-9% qoq, -2% yoy)
- NET DEBT / 12M EBITDA: 0.7x (+0.1 p. qoq)
  - Net Debt: \$1.16 bn (+20% qoq, +3% yoy)
  - Total Debt: \$2.80 bn (+5% qoq, +5% yoy)

## FINANCIAL DEBT CHANGE IN Q2'16



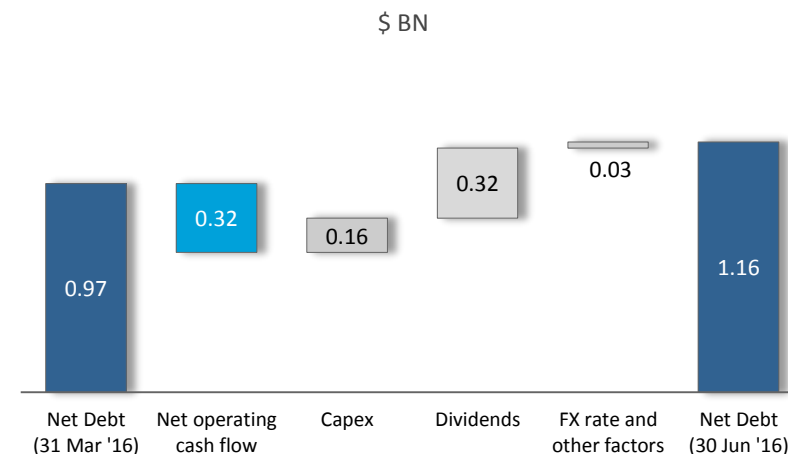
## DEBT MATURITY AND LEVERAGE



\* Cash and cash equivalents and short term investments

\*\* include interest accrued

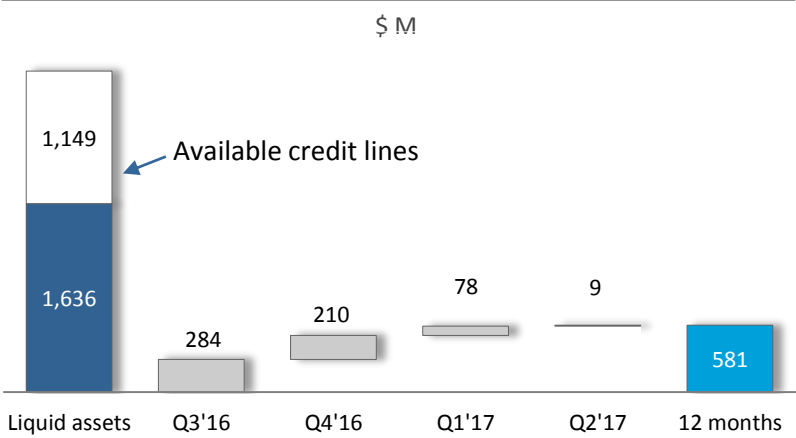
## NET DEBT CHANGE IN Q2'16



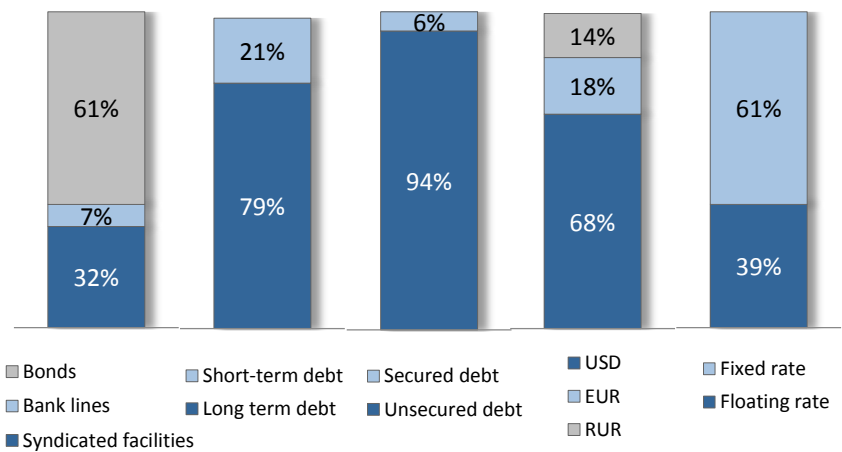
# LIQUIDITY AND DEBT MATURITY PROFILE

- Strong liquidity position of \$1.6 bn with additional \$1.1 bn of credit lines
- Comfortable debt maturity profile
  - ST debt \$0.58 bn\* incl. revolver lines for W/C financing, RUB bonds, short term part of ECA-backed financing
  - LT debt \$2.19 bn, incl. Eurobonds, RUB bonds, PXF and LT part of ECA-backed financing

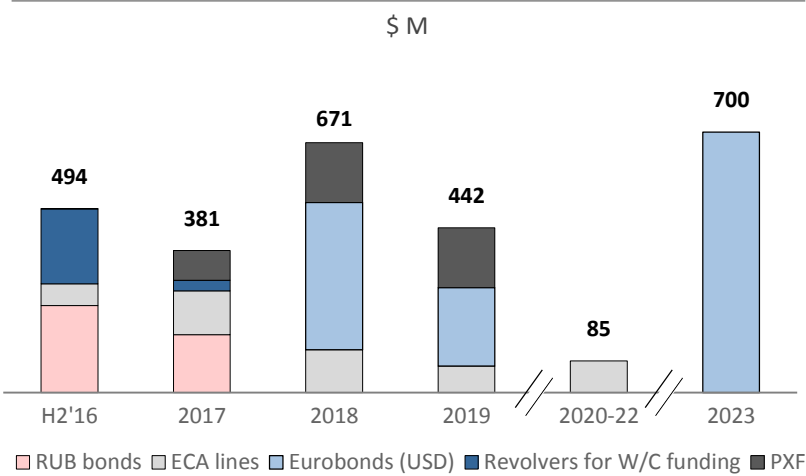
LIQUIDITY AND ST-DEBT PAYMENTS\*



FINANCIAL DEBT STRUCTURE, Q2 2016



DEBT MATURITY\*

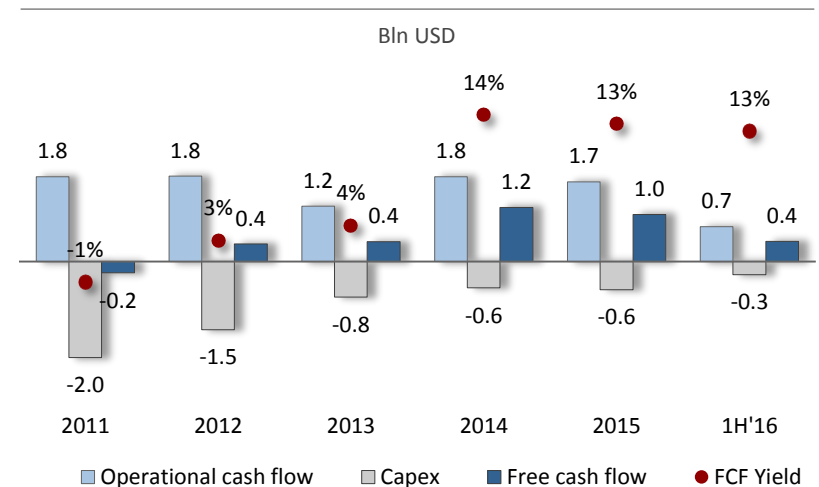


\* - without interest payments

# FREE CASH FLOW AND CAPITAL DEPLOYMENT

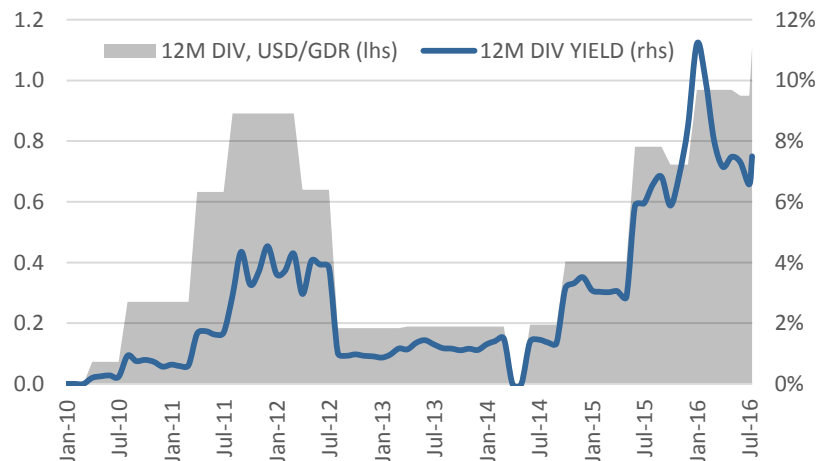
- **Structural increase in free cash flow driven by**
  - Improved profitability & Less capital intensive growth
- **Debt at minimal levels**
- **Dividend Policy**
  - Quarterly dividend payments
  - If Net debt/EBITDA < 1.0x dividend will be between 50% of FCF and 50% of Net profit
  - If Net debt/EBITDA > 1.0x dividend will be between 30% of FCF and 30% of Net profit
- **Latest announcements:**
  - 2Q'16 dividends of RUB 6,473 m, or RUB 1.08 per share, which is equivalent to 55% of Net profit or 64% of FCF

## FREE CASH FLOW



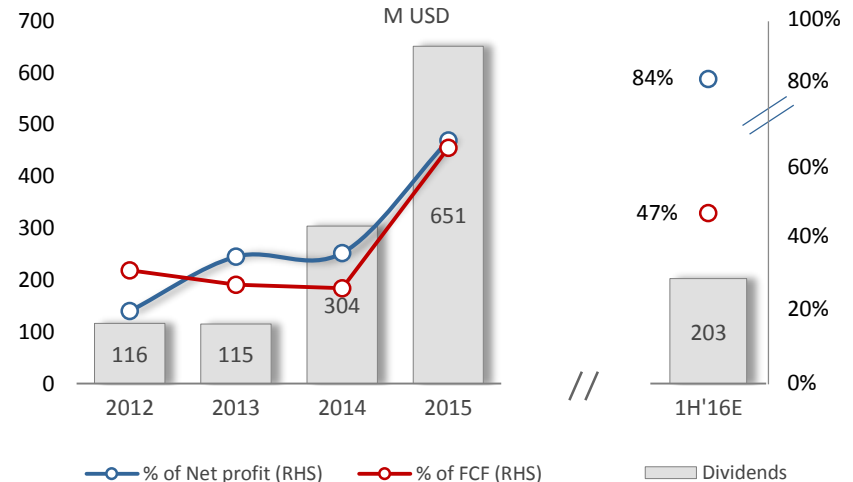
Free cash flow = operational cash flow minus capex minus net interest payments  
 FCF yield = Free cash flow / market cap; H1'16 FCF Yield is calculated on annualized basis

## DIVIDEND YIELD



Dividend yield calculated based on the declared dividends for the past 12 months divided by the last share price for the month.

## DIVIDEND HISTORY



**Superior Free Cash Flow generation to support dividend payments**

# MARKET OVERVIEW

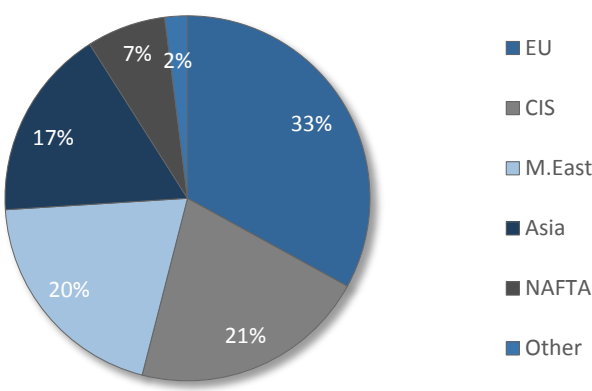
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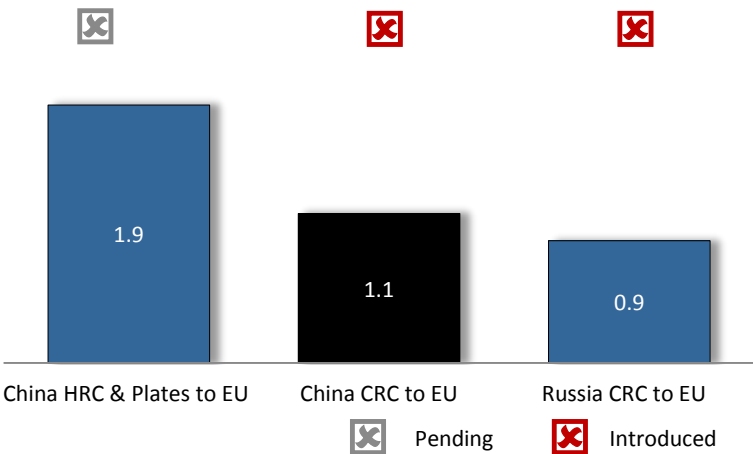
# PROTECTIONISM

- Recent trade barriers
- Europe:
  - Feb'16: Duty against Russian CRC of 19.8% to 26.2%
  - Feb'16: Duty against Chinese CRC of 13.8% to 16%
  - Feb'16: A/D investigation against Chinese HRC/Plates
  - May'16: China rejected economy status
- Turkey:
  - Jan'16: Proposed duty against Russian HRC of 9% lifted

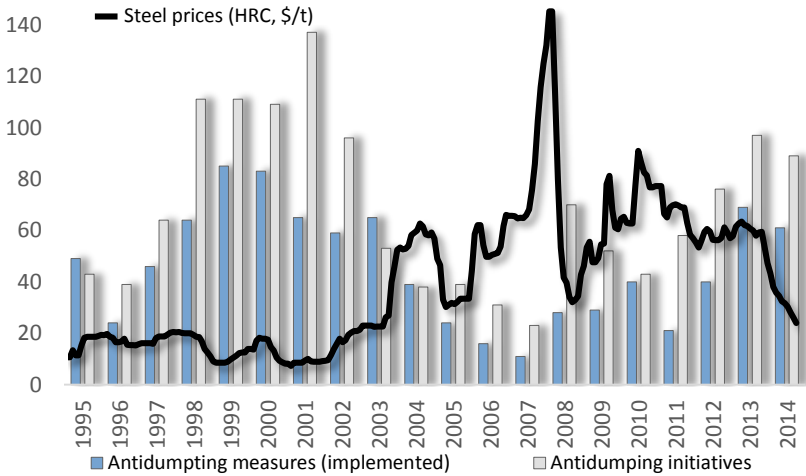
RUSSIAN EXPORTS OF FLAT STEEL



RECENTLY AFFECTED PRODUCTS



INCREASE IN TRADE BARRIERS  
ONCE STEEL PRICES REACH BOTTOM (\$/T)



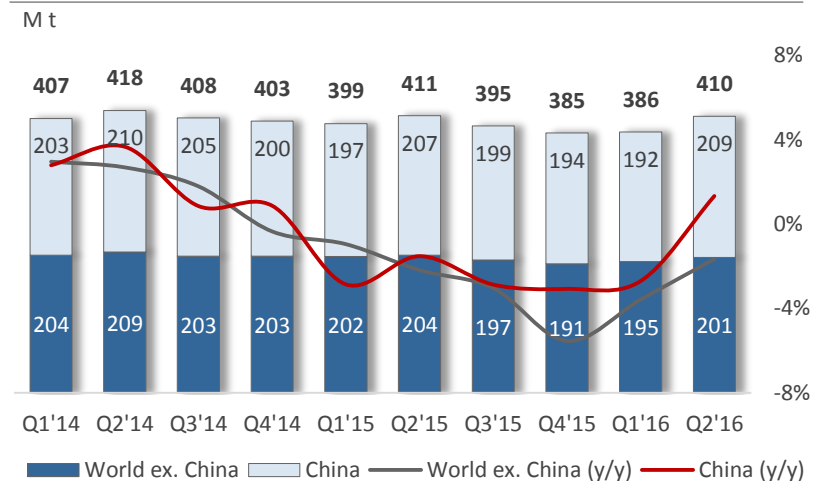
Source: World Bank

Source: Metal Expert, Eurostat

# Q2'16 GLOBAL STEEL MARKET TRENDS

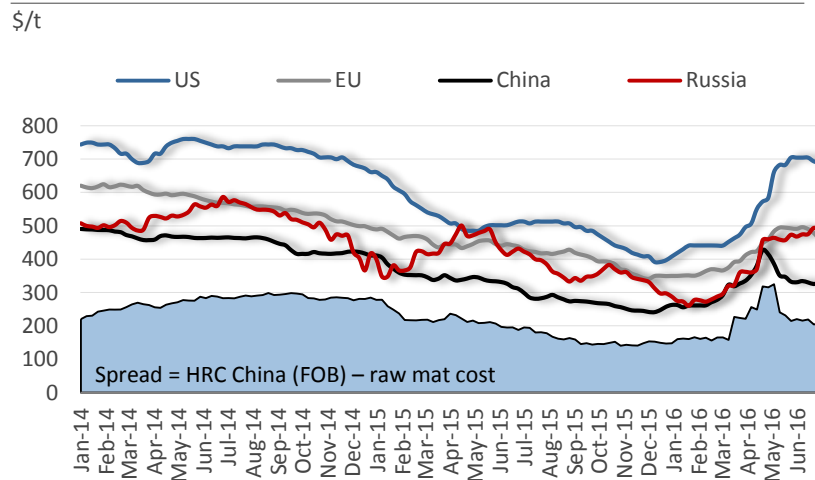
- **Global steel output up 6% qoq to 410 m t (-0,2% yoy)**
  - China output grew by 9% qoq (+1% yoy)
  - World ex-China increased output by 3% qoq (-2% yoy)
- **Steel demand is mixed across regions**
- **Chinese steel exports up 1.6 m t qoq to 29.4 m t**
- **Raw materials basket grew by 16% qoq**
- **Steel inventories remained low across regions**
- **Global steel prices up by over 30% qoq driven by cost push and low inventory levels**

## STEEL OUTPUT



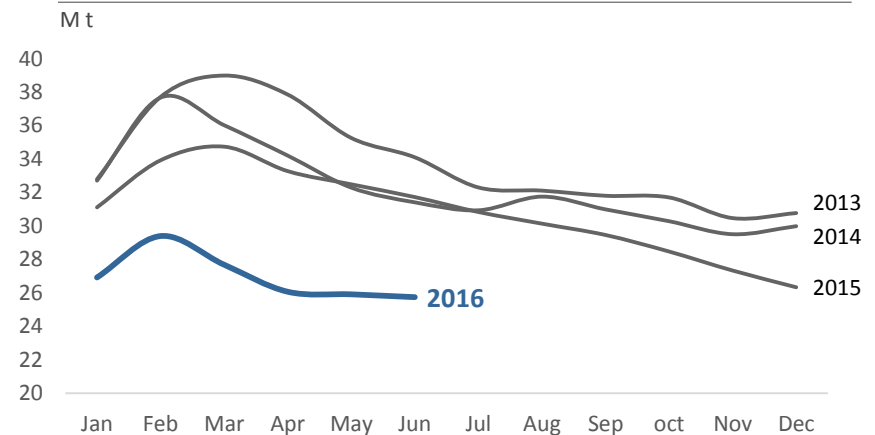
Source: Worldsteel

## HRC PRICES (EXW) BY REGIONS



Source: Metal Bulletin

## STEEL INVENTORIES REMAIN LOW



Source: Bloomberg

**Steel prices recovered as a result of cost push and low inventories**



# EUROPEAN STEEL MARKET

- Supply / Demand

- 7m'16 steel output declined to 95.8 m t (-6% yoy)
- Jul'16 output was 13.0 m t (-6% mom; -5% yoy)
- 2016 ASU is anticipated to grow by 1.1% driven by improved underlying demand owing to the consumer spending strengthening
- 1H'16 imports up by 11% yoy (in Jun'16 down by 27% yoy)

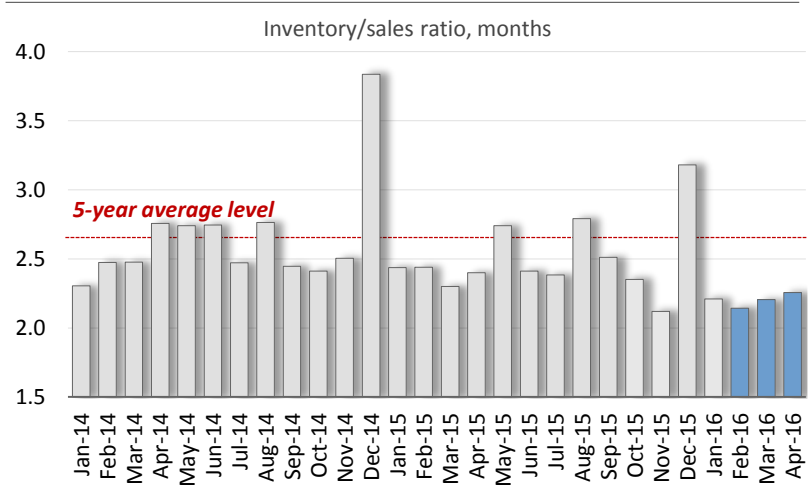
- Prices

- EU HRC prices +32% YTD (-4% QTD due to seasonally lower demand)
- EU Plate prices +42% YTD (-6% QTD)

- Inventories

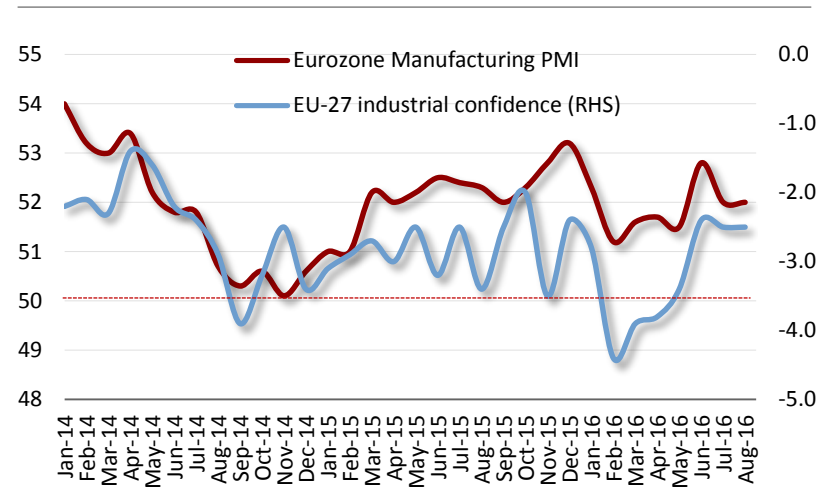
- Inventories at low levels

GERMANY: STEEL INVENTORY



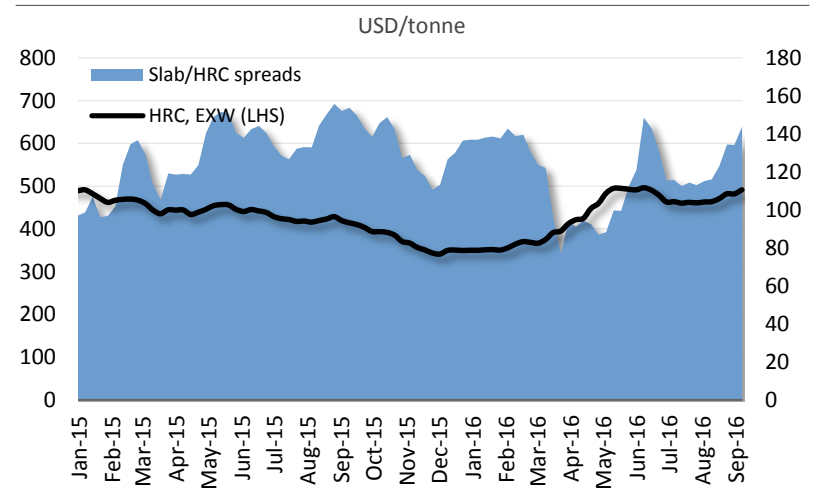
Source: CRU

INDUSTRIAL SECTOR INDICATORS



Source: Eurostat

HRC SPREADS



Source: Metal Bulletin

# US STEEL MARKET

- Supply / Demand

- 7m'16 production flat at 46.9 m t
- Jul'16 output was 6.9 m t (+1% mom; -2% yoy)
- 7m'16 imports down 25%
- Autos remain a bright spot, construction grows but at a slower pace

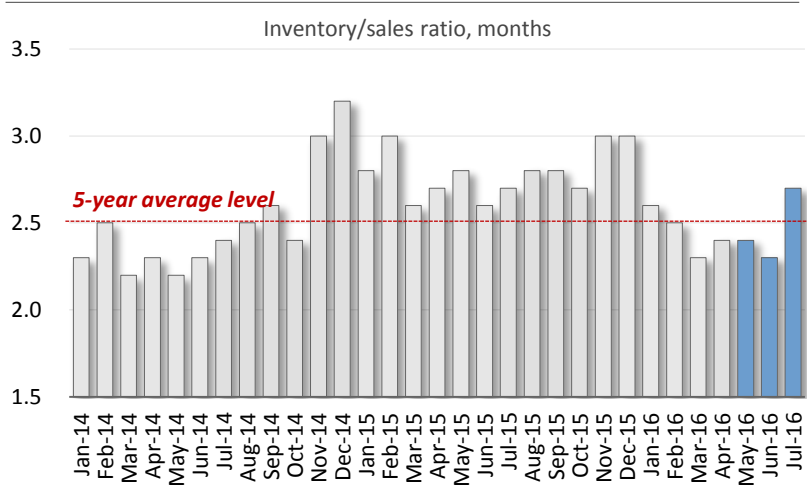
- Prices

- AD measures provided positive effects, yet prices may have peaked:
  - HRC prices up by 61% YTD (-8% QTD)
  - CRC prices up by 61% YTD (-5% QTD)

- Inventories

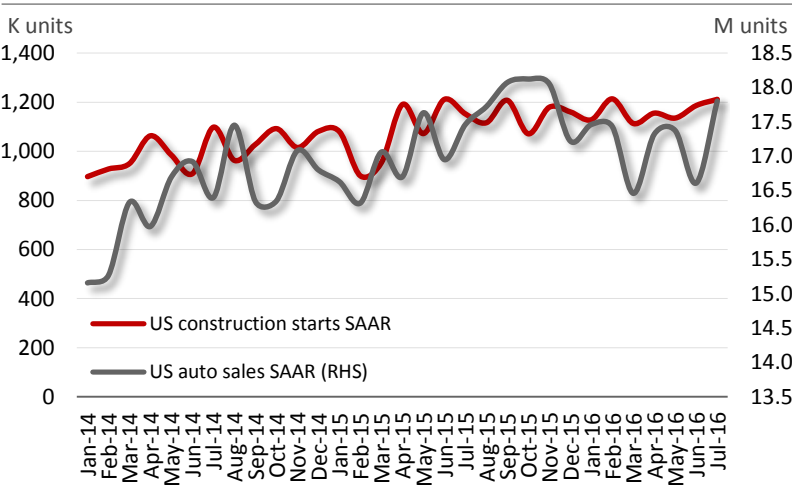
- Inventories buildup amid falling import volumes

STEEL INVENTORIES



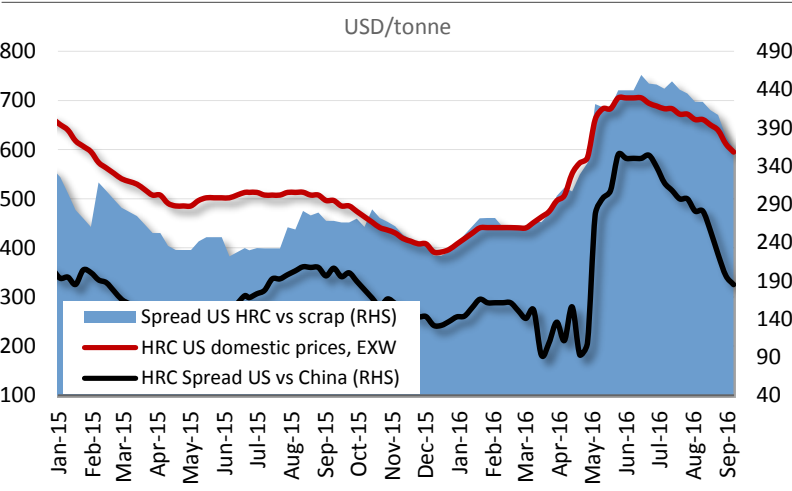
Source: Bloomberg

CONSUMING SECTORS INDICATORS



Source: US Census Bureau, Ward's Automotive Group

US STEEL PRICES



Source: Metal Bulletin

# RUSSIA: SIGNIFICANT IMPROVEMENT IN PRICES

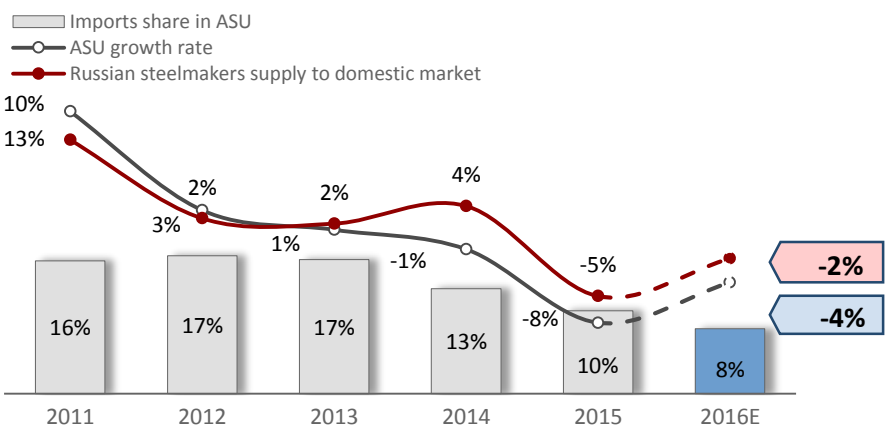
- '16 outlook improved

- Demand to decline by 4% (instead of -10% in Dec'15)
- Output unevenly declines (TOP-3 maintain volumes, increase market share) leading to price/supply discipline
- Imports to further decline driven by better global prices, FX volatility, tariffs raised by Russia

- NLMK strengthens its positions in Russia

- Including niche and premium sectors such as wide slabs for LDP, coated steel and transformer steel

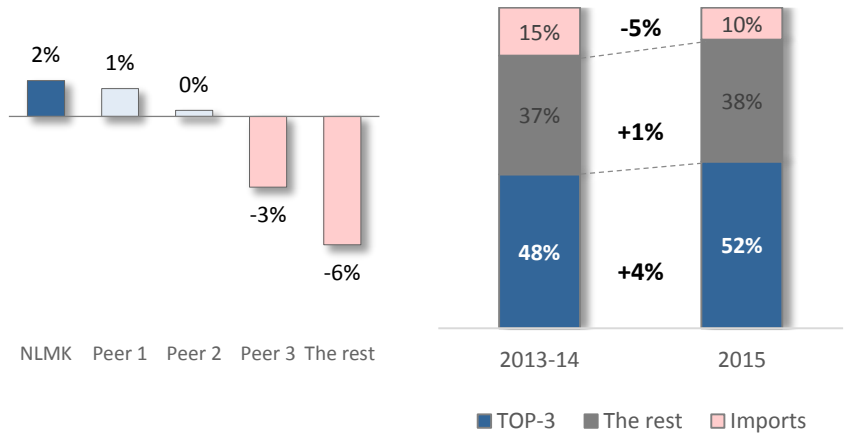
## STEEL CONSUMPTION & SUPPLY TRENDS



Source: Metal Expert, NLMK estimates

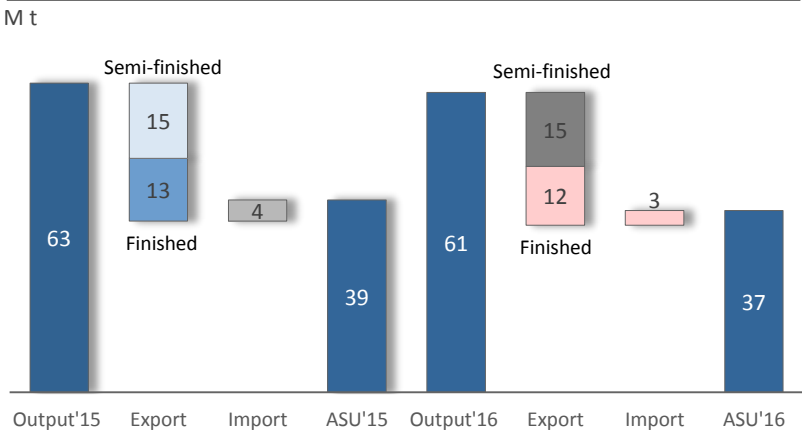
## RUSSIAN MAJORS 2015 (YOY) STEEL OUTPUT

Supply by players



Source: Russian assets companies' data

## RUSSIAN STEEL MARKET BALANCE



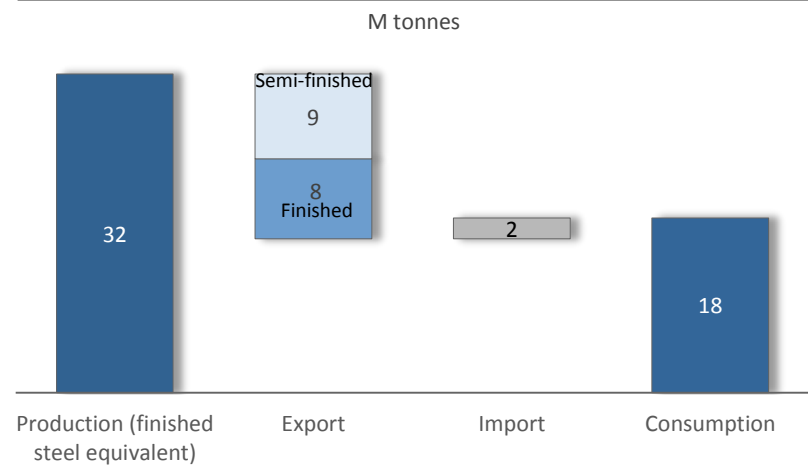
Source: Metal Expert, NLMK estimates

Imports substitution helped majors to grip market share and raise prices

# STEEL IMPORTS IN RUSSIA

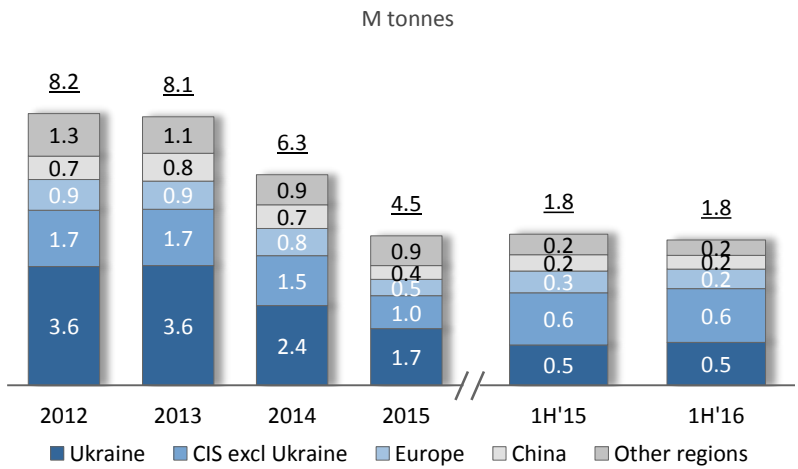
- Imports structure
  - 2015 Flats / longs / pipes: 55% / 35% / 10%
  - 7m'16 Flats / longs / pipes: 68% / 19% / 13%
- Imports declined in 2015...
  - 2015 imports declined by 28% yoy to 4.5 m t (from Ukraine dropped by 30% yoy to 1.7 m t)
  - 7m'16 imports decreased by 6% yoy to 2.2 m t
- ...driven by
  - RUB weakening led to softer pricing environment making imports less attractive
  - New capacity added competing with imports

RUSSIAN STEEL MARKET BALANCE 7M'16



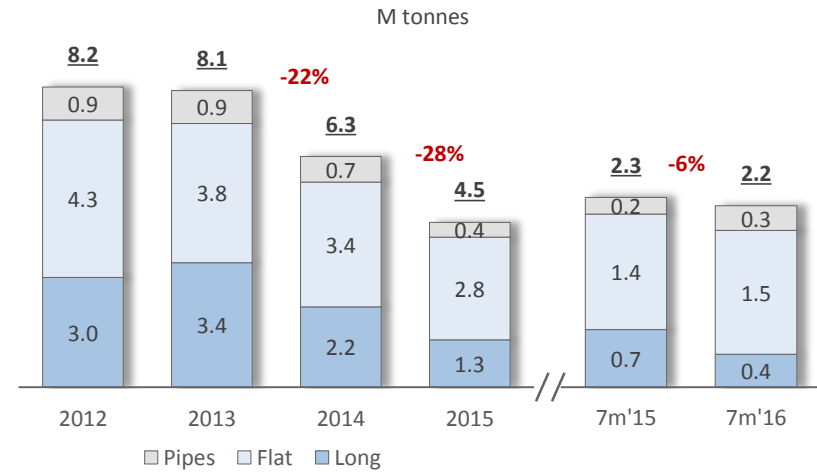
Source: Metal Expert, NLMK estimates

STEEL IMPORTS BY REGION 1H'16



Source: Metal Expert, Federal Customs Service, Comtrade, NLMK estimates

STEEL IMPORTS BY PRODUCT 7M'16



Source: Metal Expert, NLMK estimates

# APPENDIX

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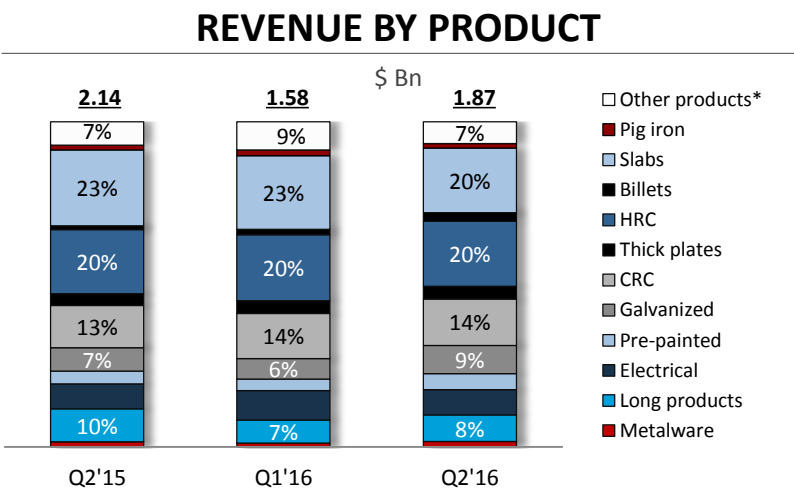
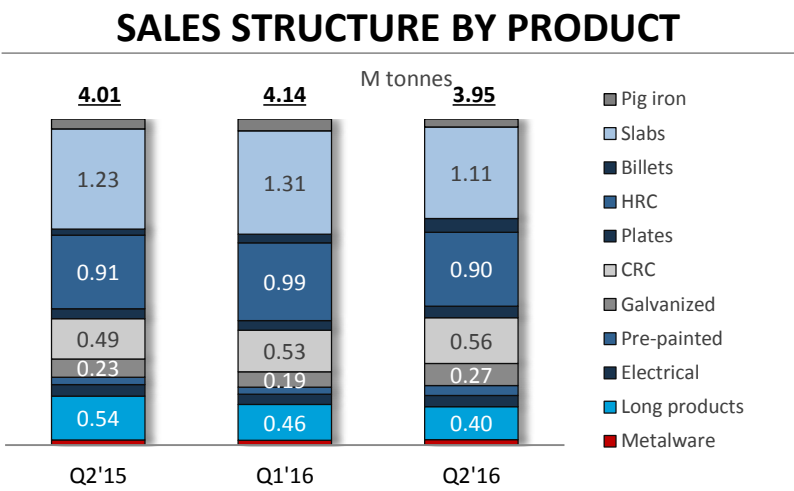
# SALES STRUCTURE

- Q2'16: SALES DECREASED BY 5% QoQ TO 3.95 MT

- 5% qoq of semi-finished
- +8% qoq high value added products
- +18% qoq Flats
- +37% qoq Longs

- Q2'16: REVENUE UP 18% QoQ TO \$1.87 BN

- (+) Uptick in steel prices



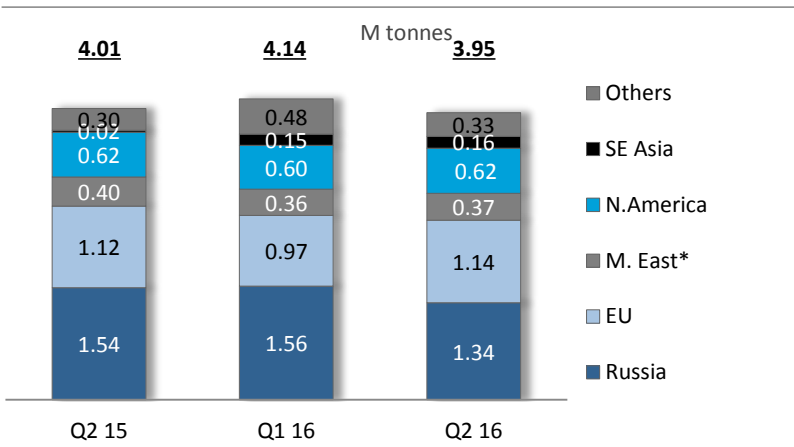
\* Revenue from Other operations includes sales of other products (iron ore, coke, scrap and others)



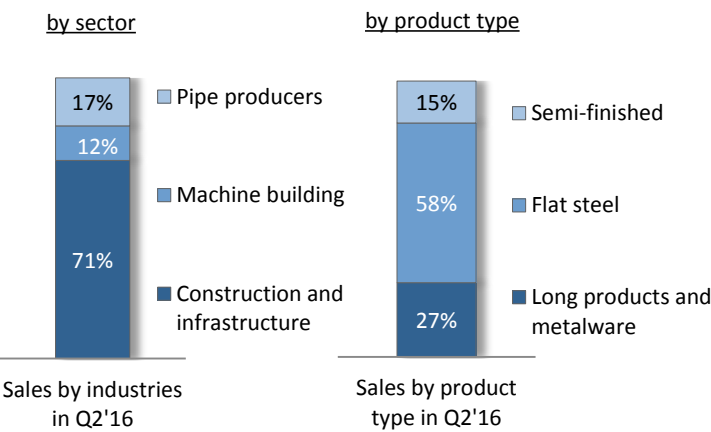
# SALES GEOGRAPHY

- GROUP SALES DOWN BY 5% QoQ
- SALES TO RUSSIAN MARKET DECLINED 14% QoQ...
- ... WHILE GLOBAL SALES INCREASED BY 1% QoQ
  - +3% qoq in North America
  - +17% qoq in European Union
  - +3% qoq to Middle East, incl. Turkey

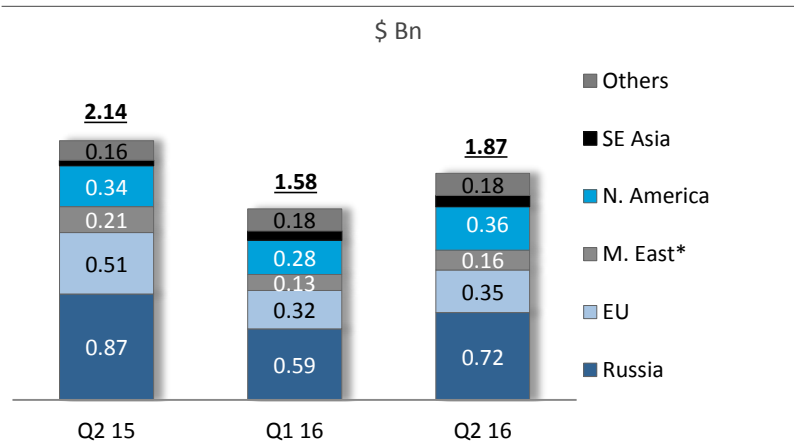
## STEEL PRODUCT SALES BY REGION



## NLMK SALES TO THE RUSSIAN MARKET



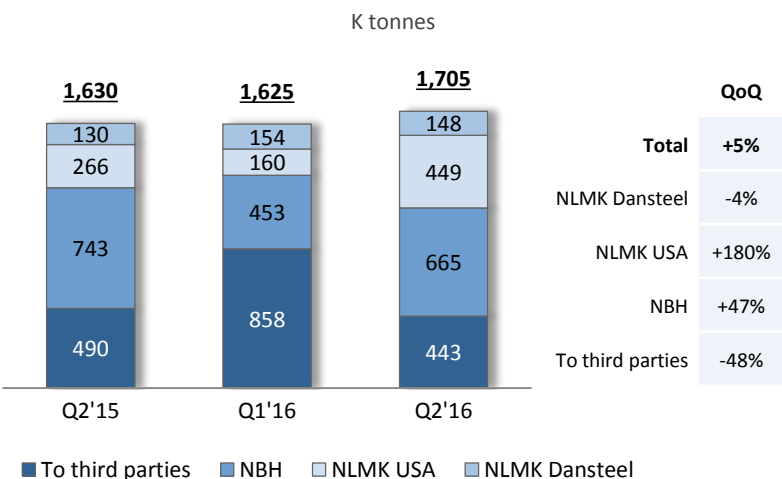
## REVENUE BY REGION



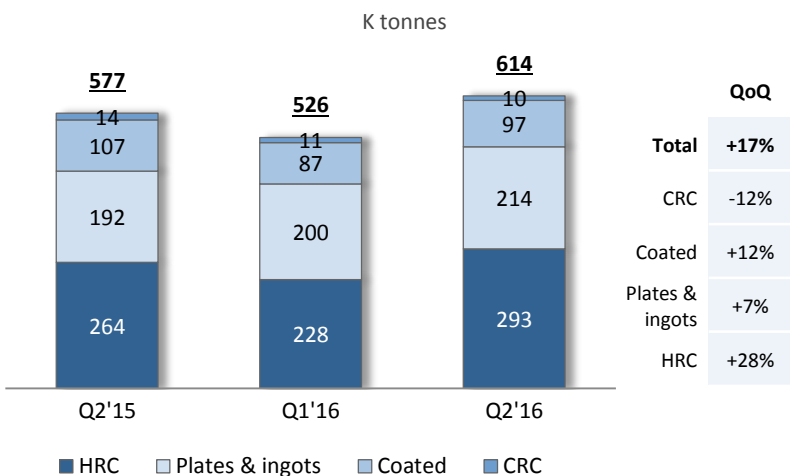
\* incl. Turkey

# FOREIGN ASSETS PERFORMANCE

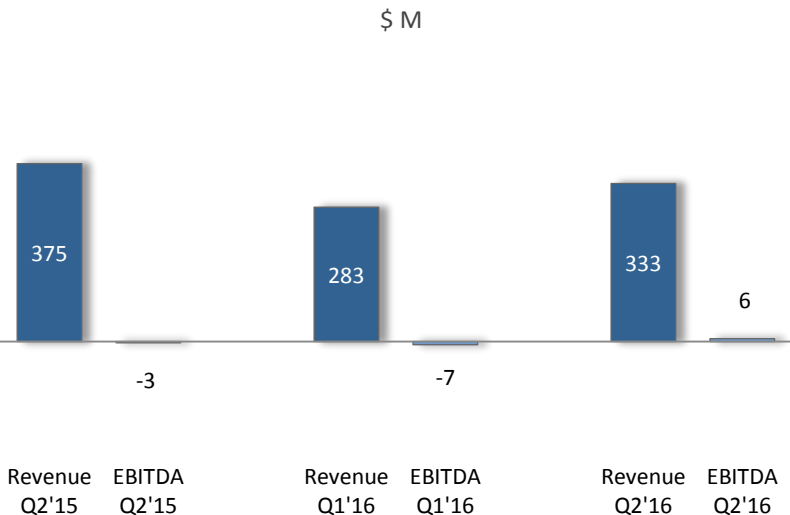
## SLABS SALES FROM RUSSIAN FLAT DIVISION



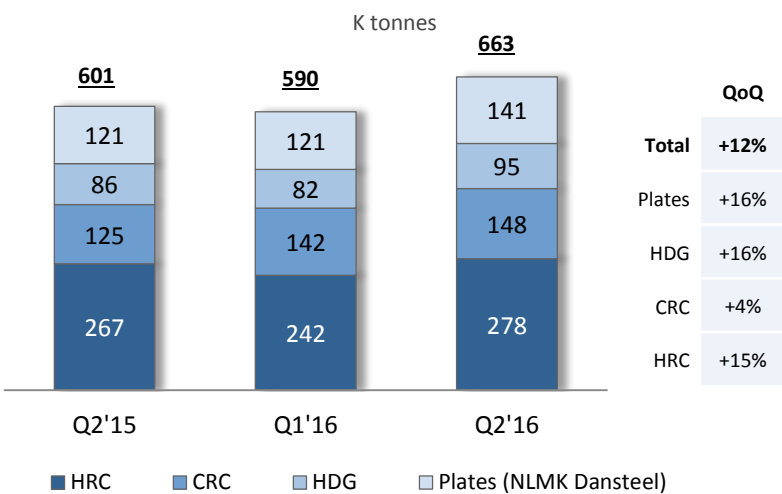
## NBH ROLLED PRODUCT SALES



## NBH FINANCIAL RESULTS



## NLMK USA AND NLMK DANSTEEL SALES

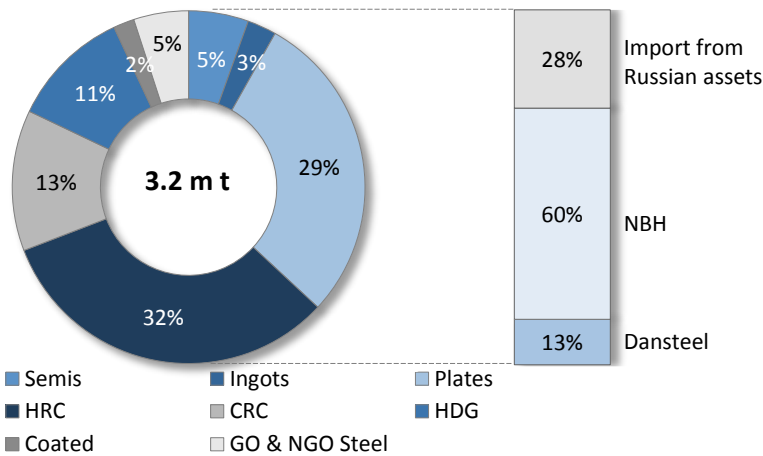


Uptick in sales both in the US and Europe markets

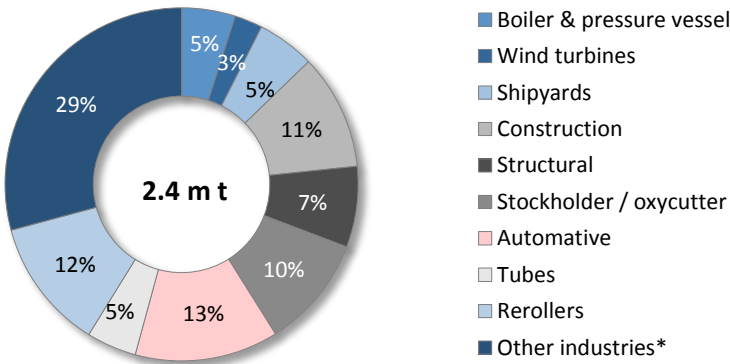
# SALES IN EUROPE

- 73% of sales in EU market – products manufactured in Europe (DanSteel & NBH)
- 94% of all manufactured steel sold locally
- Highly diversified product mix with >60% of HVA
- Diverse industry exposure
  - Machinery, automotive, wind-mills
  - Key clients: Daimler-Crysler, Volvo, Fiat, PSA, Renault, VW, Caterpillar, Dong Energy
  - DanSteel controls 1/3 of plates supply to German shipbuilders, with sales booked up to 2018

SALES BY PRODUCT & PRODUCER, 2015

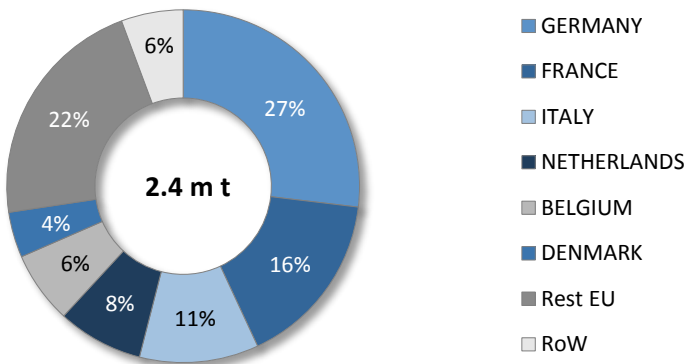


DANSTEEL & NBH SALES BY INDUSTRY, 2015



\* incl. SSC & Merchants

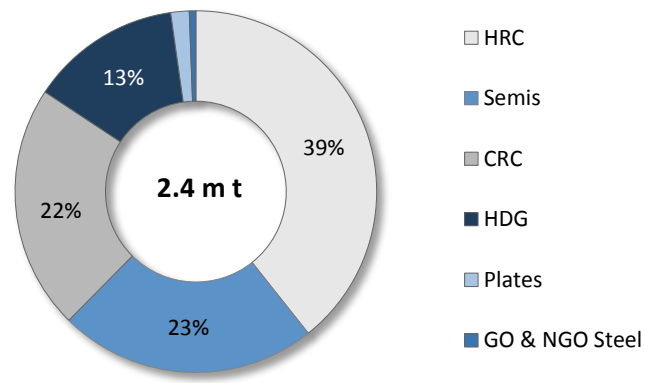
DANSTEEL & NBH SALES BY COUNTRY, 2015



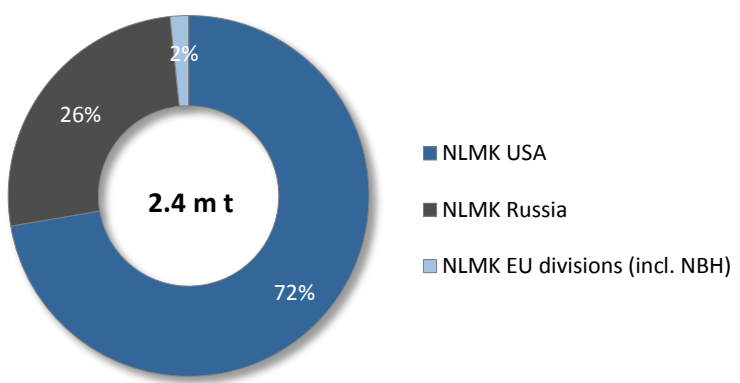
# SALES IN THE USA

- 100% of locally produced products sold locally
- 72% of USA sales produced by NLMK USA division
- ~60% of product mix – finished steel, incl. 35% - HVA products
- Well-diversified product mix of NLMK USA by industry

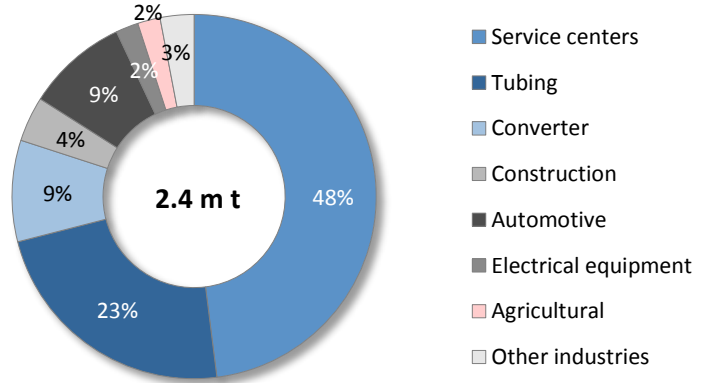
SALES BY PRODUCT IN THE USA, 2015



SALES IN THE USA BY SOURCE, 2015



SALES BY INDUSTRY, 2015



# WORLD CLASS CORPORATE GOVERNANCE PRACTICES

- **Growing involvement of independent directors**

- Increase in the number of Independent Directors in 2015
- Audit Committee; HR, Remunerations and Social Policy Committee are chaired by Independent Directors
- Independent Directors make up the majority in each of the committees

- **Board committees meet on a regular basis**

- **Accountable management team focused on governance**

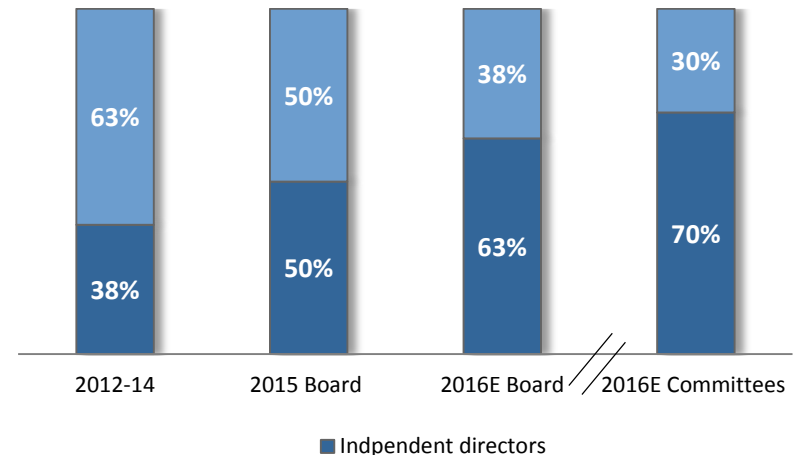
- Long-term remuneration with clear KPIs set
- Internal controls and risk management set as a group function reporting to the Audit Committee chaired by Independent director
- Corporate Secretary set as a group function

- **One of the industry's most transparent companies**

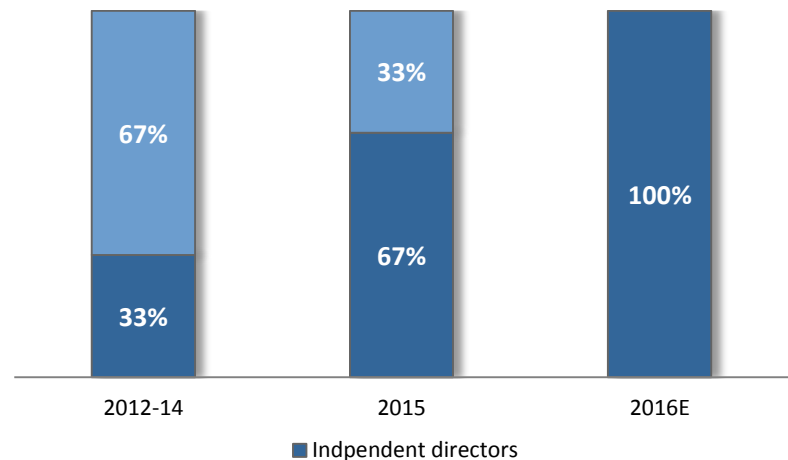
- Europe 500 – Best European Shareholder Relations Survey by Extel in 2014-2015 (ranked in top 100)

- **New dividend policy improves visibility and predictability for debt- and equity holders**

## BOARD: % OF INDEPENDENT DIRECTORS



## % OF COMMITTEES WITH ID MAJORITY







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