



12M 2016 AND Q4 2016 IFRS RESULTS

6 MARCH 2017

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CONTENTS

- **Key highlights**

Segmental information

Annex

STRATEGY EXECUTION TRANSLATES INTO SUPERIOR RESULTS

- Record operating results

- Crude steel output 16.6 m t (+4% yoy)
- Sales 15.9 mt (+1% yoy) driven by increase in sales at “home” markets

- Operational efficiency drives profitability improvement

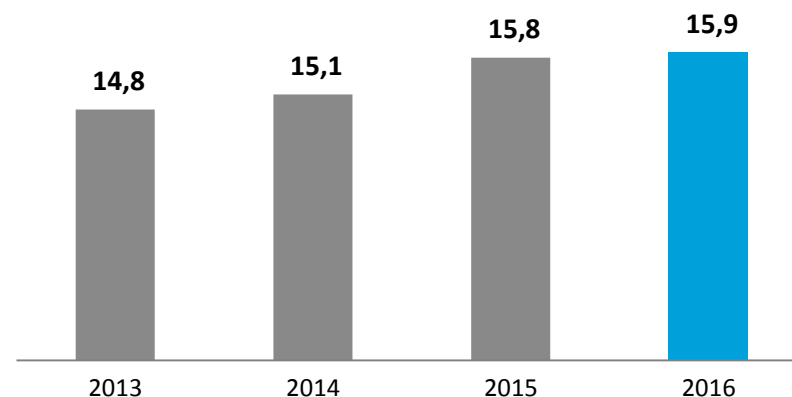
- EBITDA: \$1,941 m (flat yoy)
- EBITDA margin: 25% (+1 p.p. yoy)

- Growth in profitability and moderate capex result in solid FCF

- Free cash flow*: \$1,089 m (+9% yoy)
- Net debt / EBITDA: 0.36x (-37%)

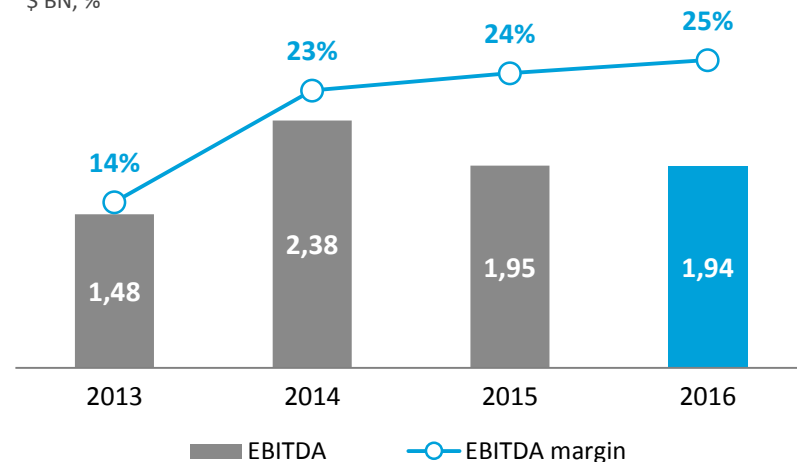
NLMK sales

MT



NLMK EBITDA and EBITDA margin

\$ BN, %



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

IMPROVED PROFITABILITY ACROSS THE BUSINESSES

- **2016 EBITDA \$1,941 m, flat yoy, margin +1 p.p.**

- **Russian Flat Products**

- (-) Narrowed flat steel to raw material price spreads yoy, mostly due to week 1Q16 steel prices
- (+) Higher sales to Russian market
- (+) Higher sales of finished products
- (+) Operational efficiency & investments projects effects

- **Russian Long Products**

- (+) Widening of rebar/scrap spreads
- (+) Sales volumes growth, including exports

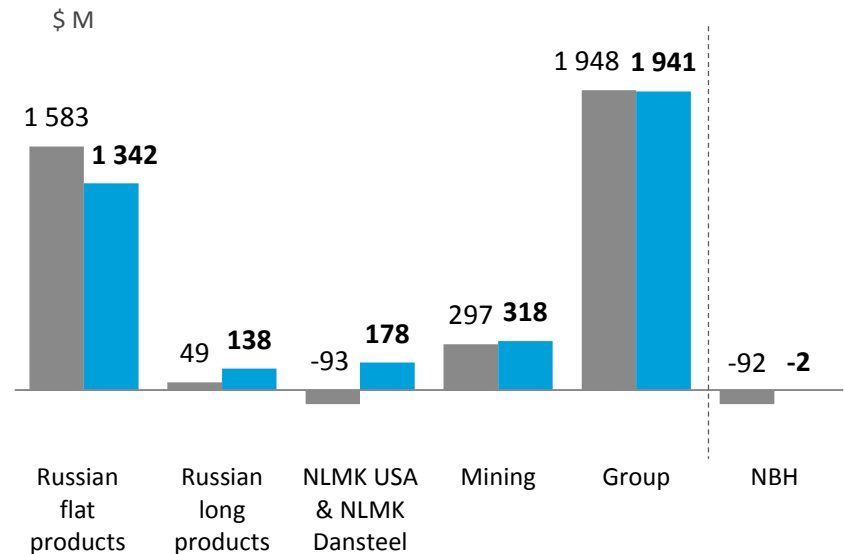
- **NLMK USA, NLMK DanSteel and NBH**

- (+) Widening steel price spreads to semis (most pronounced in US)
- (+) Higher sales volumes

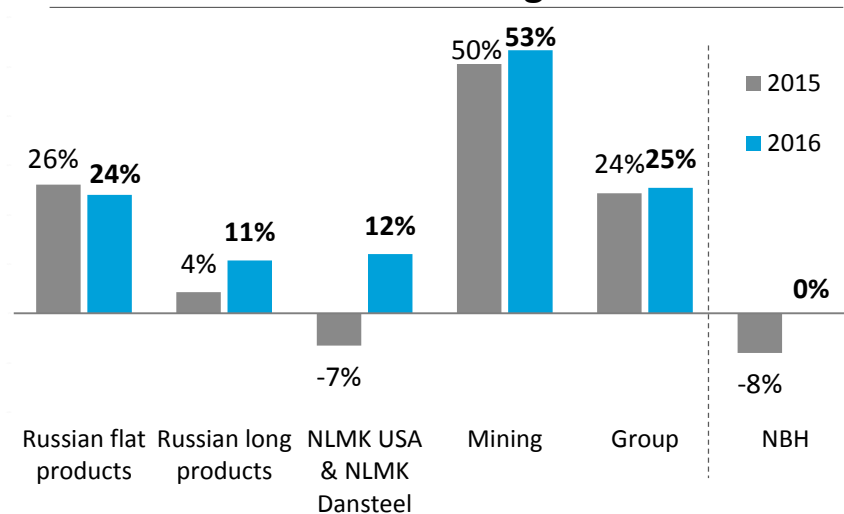
- **Mining**

- (+) Launch of the pelletizing plant
- (+) Higher sales volumes, including pellets

EBITDA 2016 by divisions

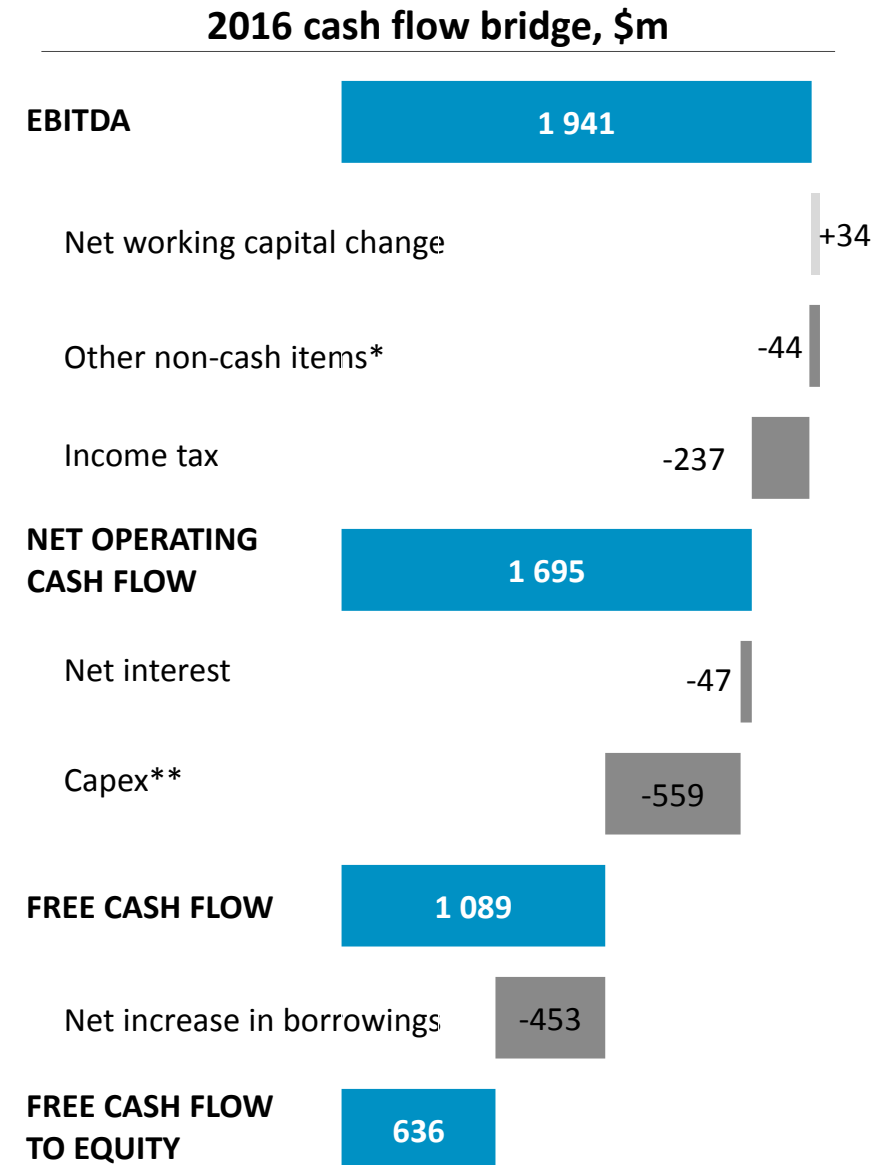


EBITDA margin



FREE CASH FLOW GROWTH

- **Net operating cash flow increased by 3% yoy**
- **Stable working capital**
 - Growth in accounts payables offsets inventory building driven by increased prices
- **2016 Capex below guidance: \$559 m, -6% yoy**
 - Payments for some of the projects rescheduled to 2017, including payments for the pelletizer
- **Free cash flow increased by 9% yoy**
- **Net repayment of borrowings of \$453 m**
- **Solid base for dividends payments**



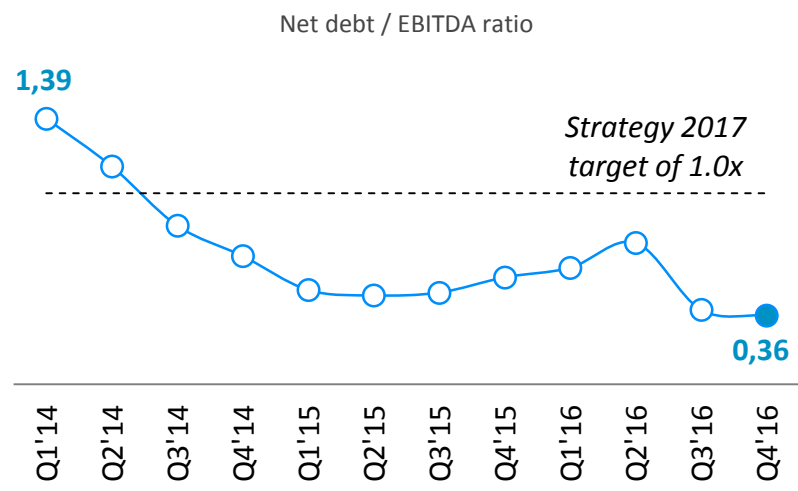
* Foreign currency exchange gains, other income/(expenses)

** Including capitalized interest of \$37 m

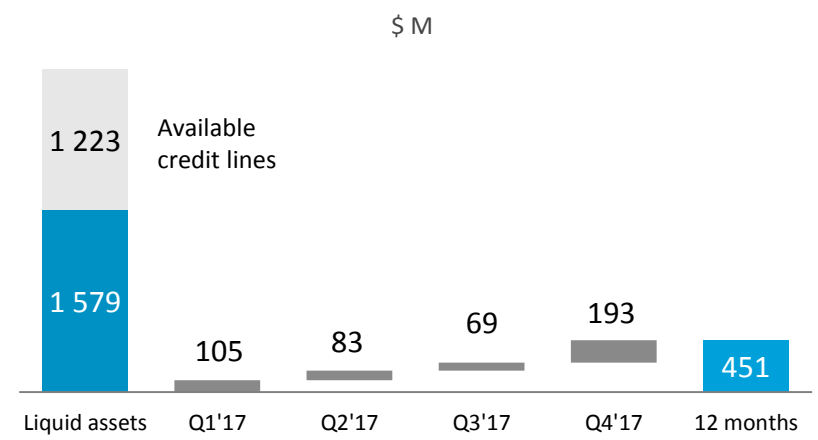
CONTINUING DEBT PORTFOLIO OPTIMIZATION

- **Net Debt / 12M EBITDA: 0.36x**
 - Net Debt: \$0.69 bn (-37% yoy)
 - Total Debt: \$2.27 bn (-15% yoy)
- **Active debt management: debt maturity extended**
 - USD 700m Eurobonds issue and USD 571 m Eurobonds buyback – June 2016
 - RUB 15bn Bonds repayment – July - August 2016
 - USD 200m PXF prepayment – November 2016
- **Robust liquidity position**
- **Investment grade ratings from Fitch and S&P**

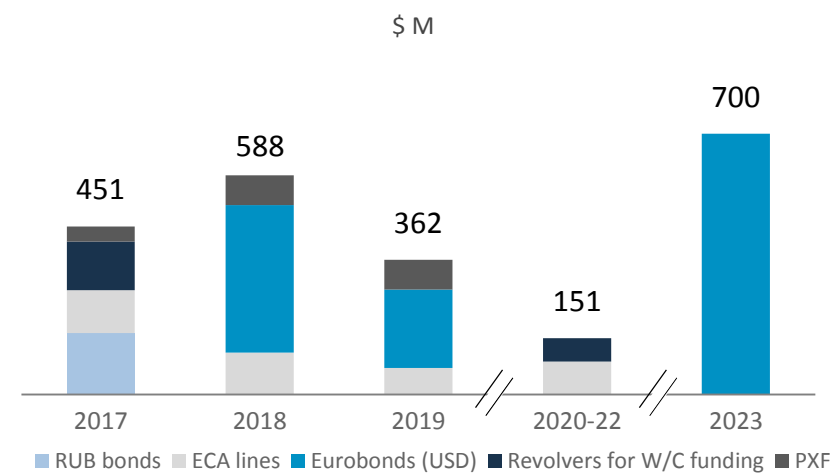
The targets for leverage maintained



Robust liquidity position and minimal ST debt*



Debt maturity significantly extended*



* Without interest payments

CONTENTS

Key highlights

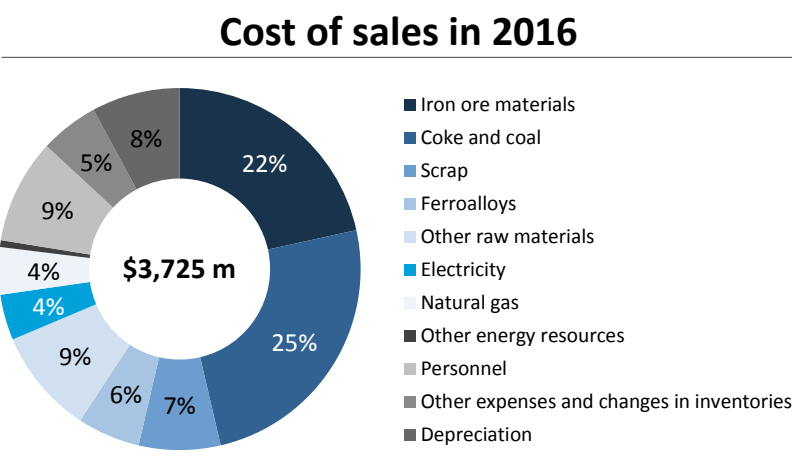
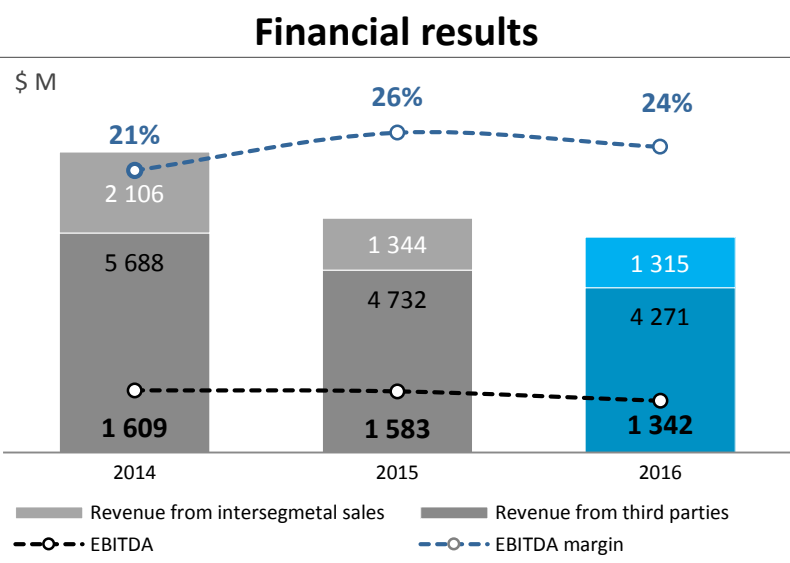
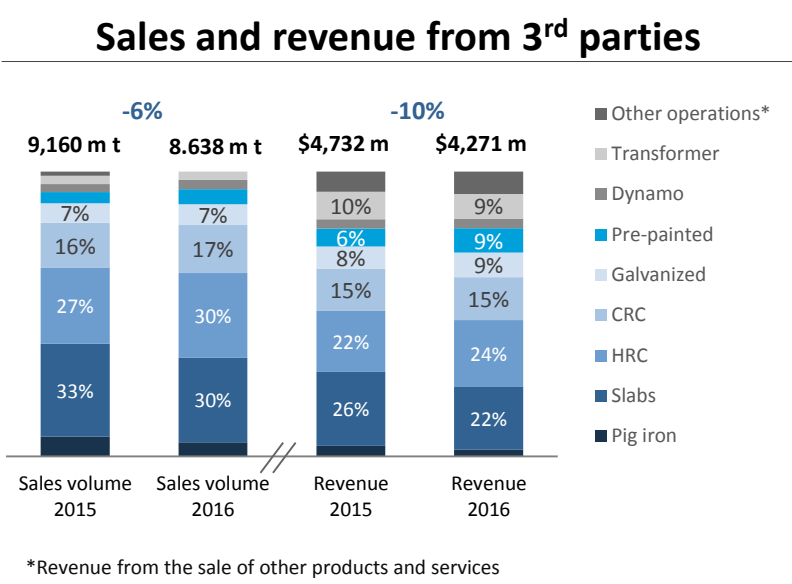
- **Segmental information**

Annex



RUSSIAN FLAT PRODUCTS

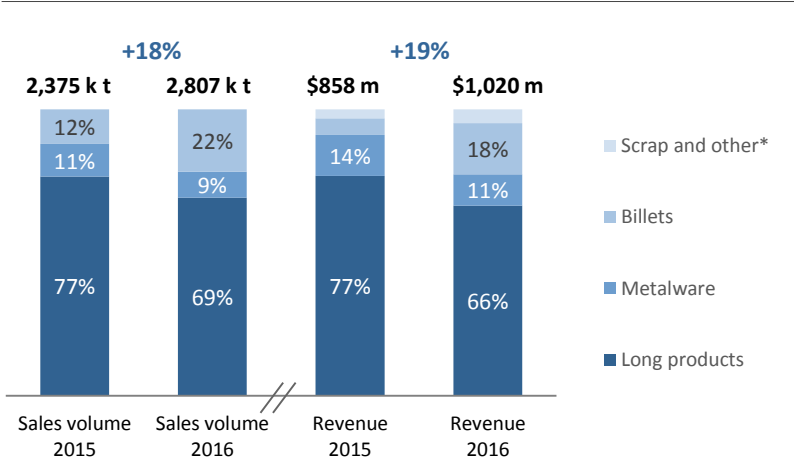
- Sales to 3rd parties down by 6% yoy**
 - (-) Decrease of pig iron sales by 44% yoy
 - (+) Increase of finished steel sales by 3% yoy
- External revenue down by 10% yoy**
 - (-) Lower average prices yoy, mostly due to Q1'16 weak steel prices
 - (+) Higher finished steel sales
- EBITDA margin maintained at 24%**
 - (-) Narrowing steel to raw materials price spreads
 - (+) Operational efficiency gains



RUSSIAN LONG PRODUCTS

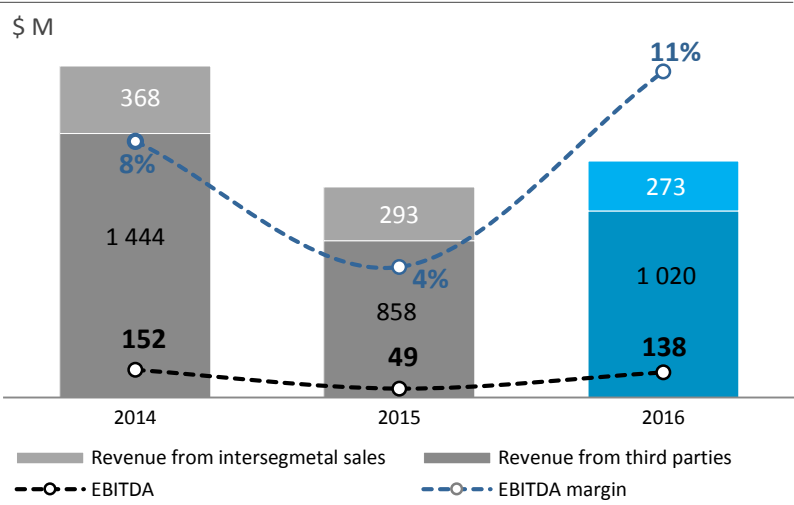
- **Sales to 3rd parties up by 18% yoy**
 - (+) Higher exports - 39% of sales (up from 14% in 2015)
- **External revenue up by 19% yoy**
 - (+) Increase in sales volumes
 - (+) Higher selling prices
- **EBITDA increased to \$138 M**
 - (+) Widening long steel to scrap price spreads
 - (+) Operational efficiency gains

Sales and revenue from 3rd parties

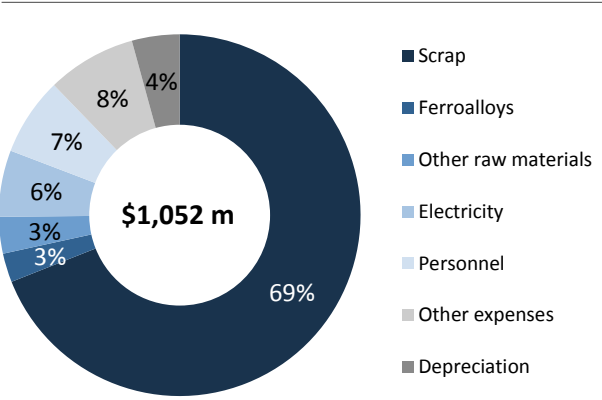


* Revenue from the sale of scrap, other products (ex. by-products) and services

Financial results



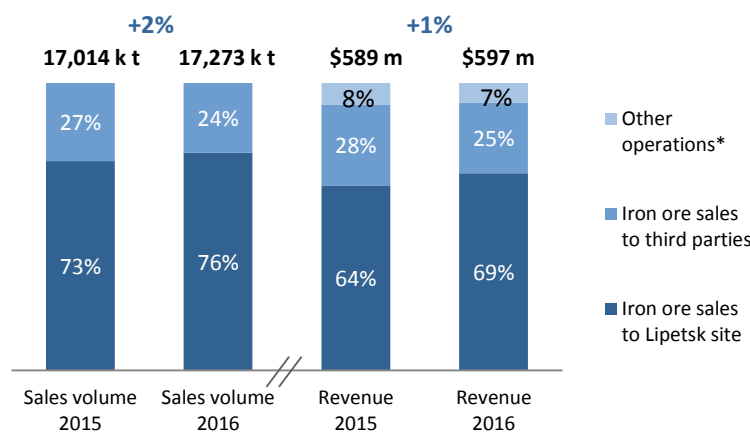
Cost of sales in 2016



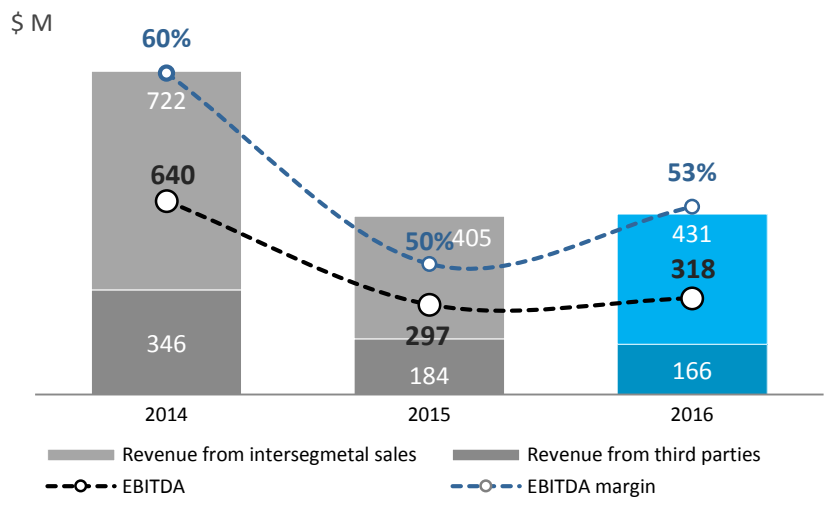
MINING

- Sales volumes up by 2% yoy
 - (+) Sales to Novolipetsk grew by 6% yoy to 13.1 m t, including pellets sales of 0.2 mt
- Revenue up by 1% yoy
 - (+) Increase of sales prices in the Q4'16
- EBITDA of \$318 M, EBITDA margin at 53%
- Pellet plant launched in November 2016

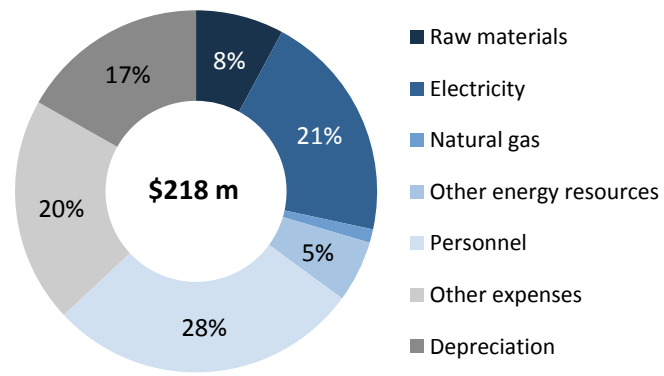
Lower 3rd party sales on the back of pelletizer launch



Higher iron ore price ensured EBITDA growth

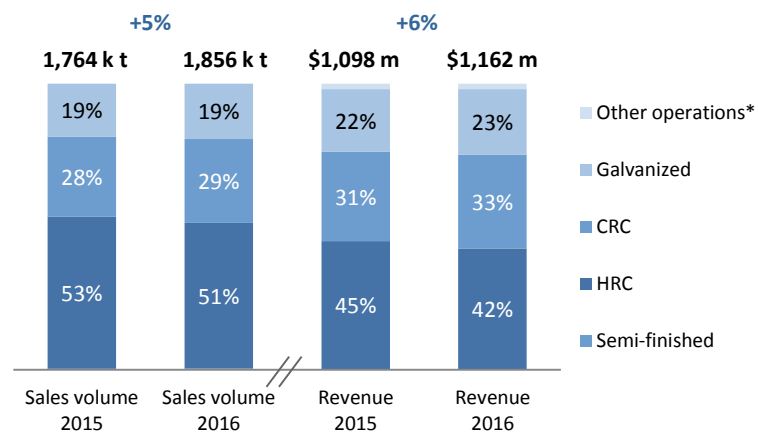


Cost of sales in 2016



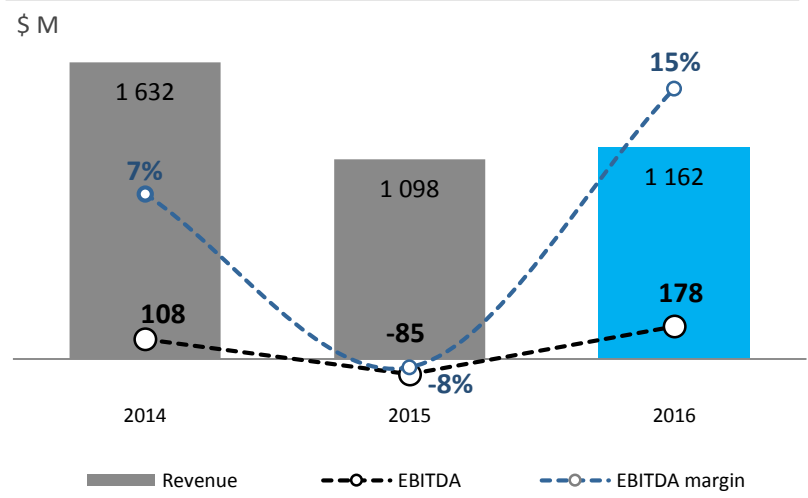
- **Sales volume up by 5% yoy**
 - (+) Successful competition with imports
 - (+) Stronger demand from automotive & machine-building
- **Revenue grew by 6% yoy**
 - (+) Higher sales volume
 - (+) Higher average sales prices yoy
- **Better profitability of segment**
 - (+) Widening finished steel to slab spreads

Sales and revenue from 3rd parties

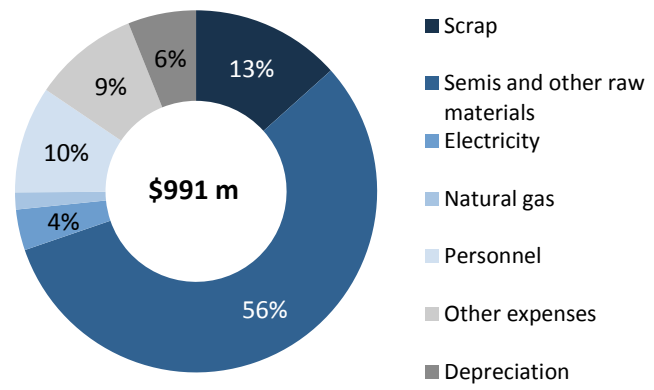


* Revenue from the sale of other products and services

Financial results



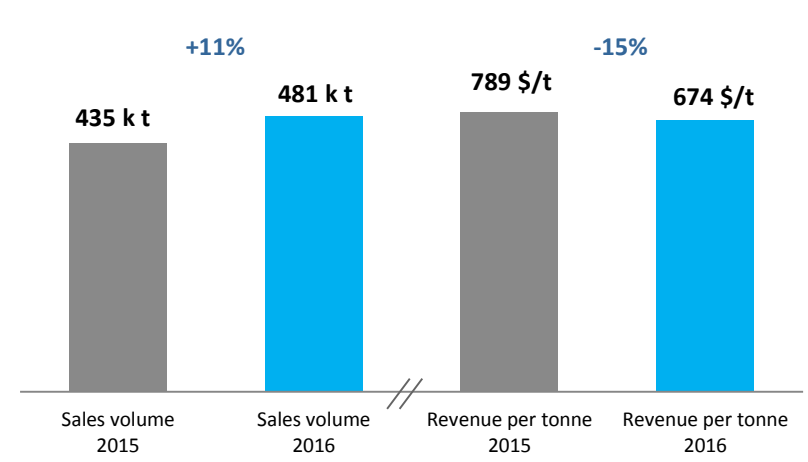
Cost of sales in 2016



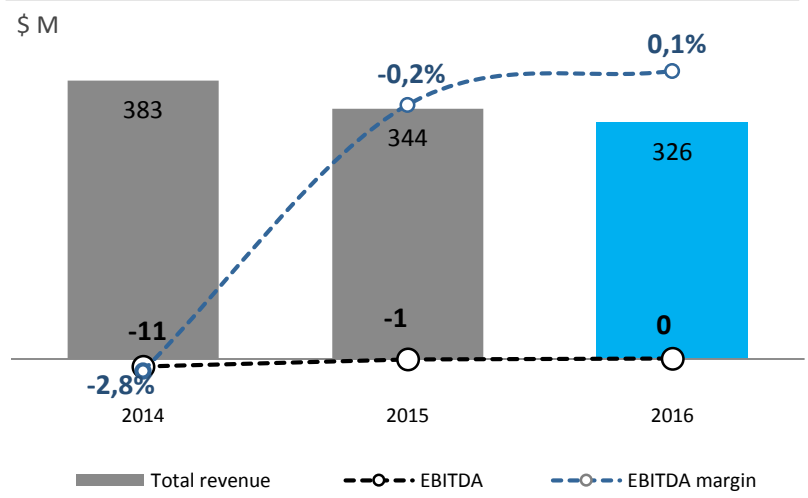
NLMK DANSTEEL

- **Sales volume up by 11% yoy**
 - (+) Stronger demand from N. European shipbuilders, offshore platform producers, etc.
- **Revenue down by 5% yoy**
 - (+) Higher sales volume
 - (-) Negative price dynamics due to import pressure
- **Profitability improvement achieved**
 - (+) Growth in utilization rates

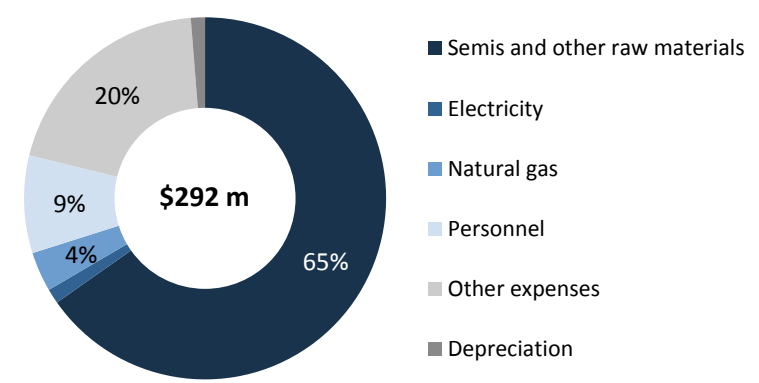
Sales and revenue from 3rd parties



Financial results



Cost of sales in 2016



CONTENTS

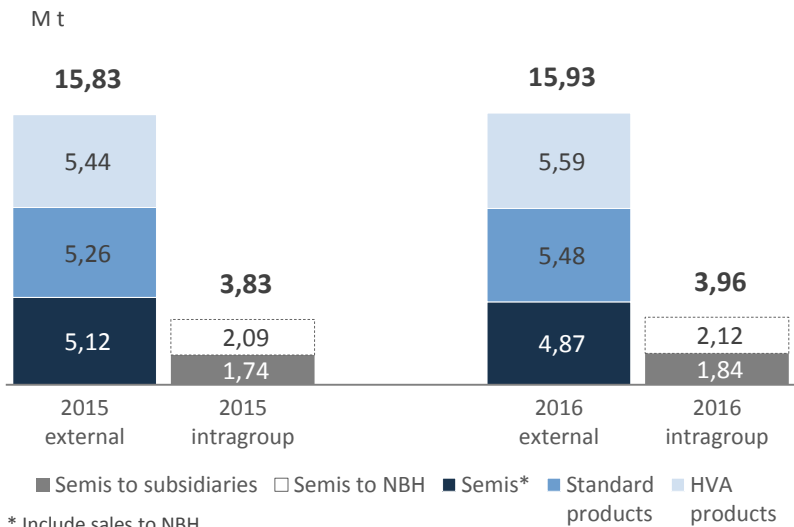
Key highlights

Segmental information

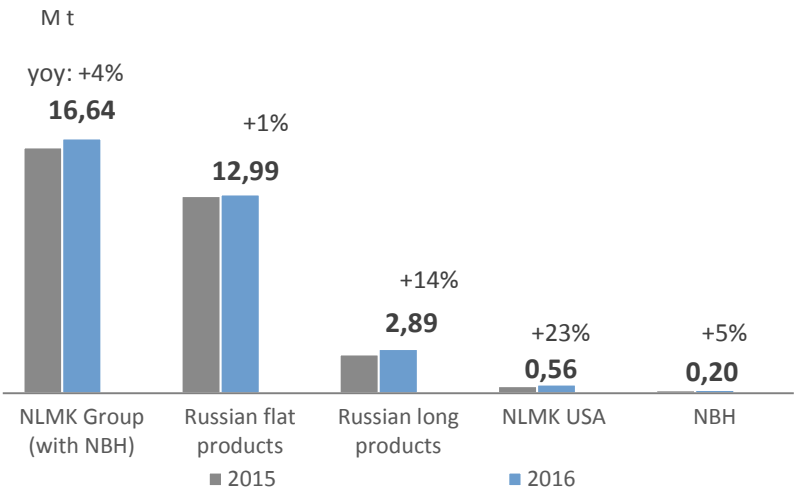
■ **Annex**

2016 OPERATIONAL RESULTS

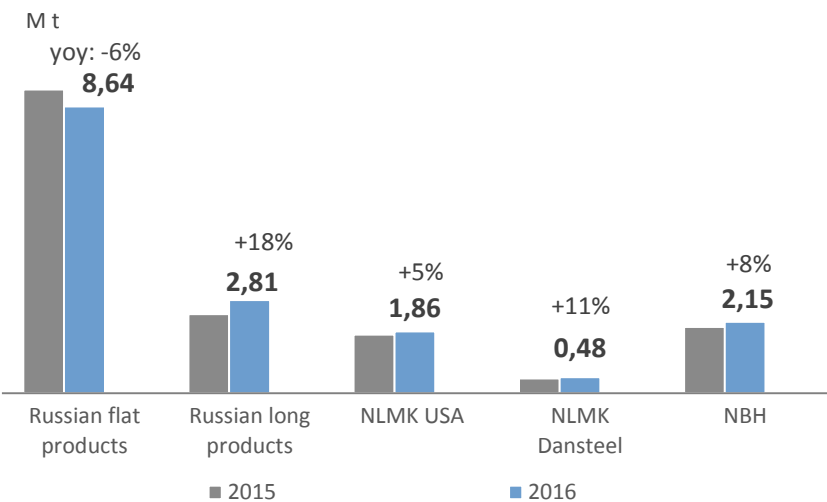
Higher share of high value-added products



Steel production grew at all segments



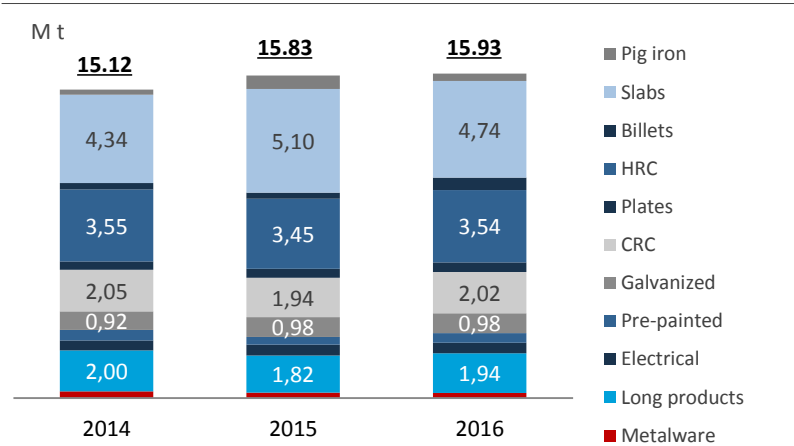
Increase of foreign segments and longs sales



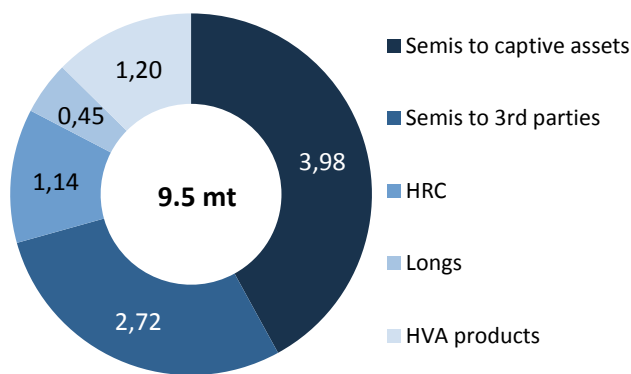
SALES STRUCTURE

- **2016 Sales up by 1% yoy to 15.93 Mt**
 - -44% yoy pig iron sales
 - +4% yoy finished steel
 - +4% yoy Flats
 - +5% yoy Longs
 - +4% yoy HVA products
- **Revenue down by 5% yoy to \$7.64 bn**

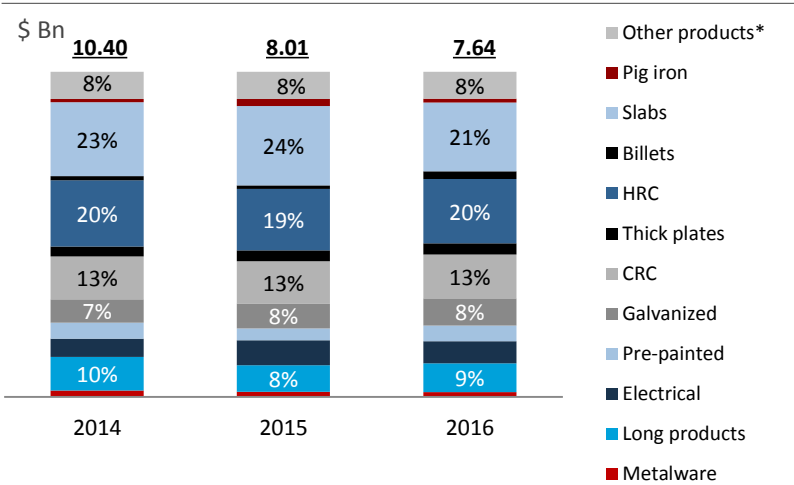
Sales structure by product



NLMK Russia sales to external markets



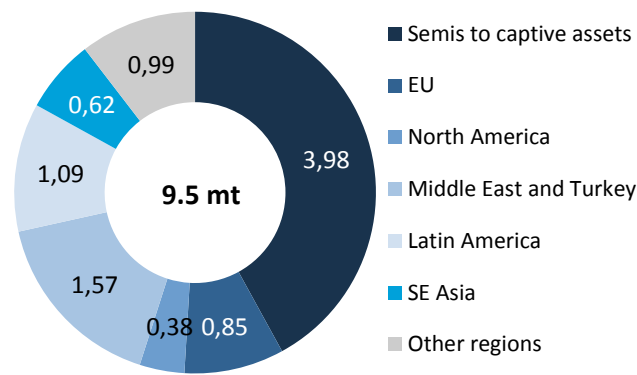
Revenue split by product



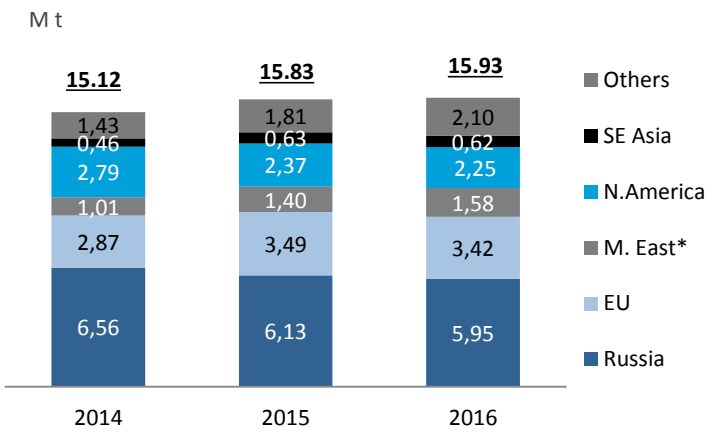
* Revenue from Other operations includes sales of other products (iron ore, coke, scrap and others)

SALES GEOGRAPHY

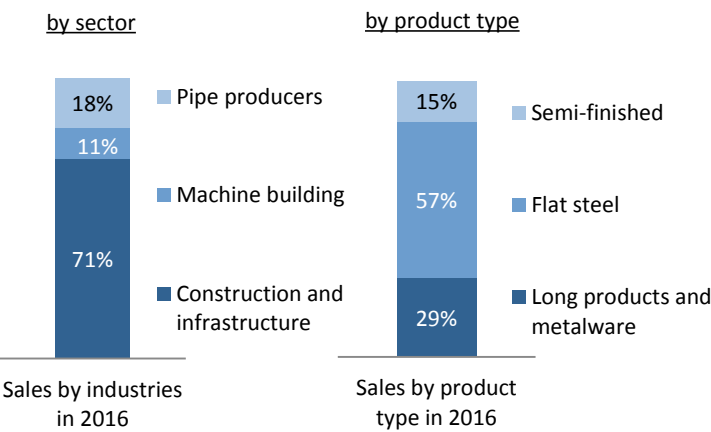
NLMK Russia: sales to external markets



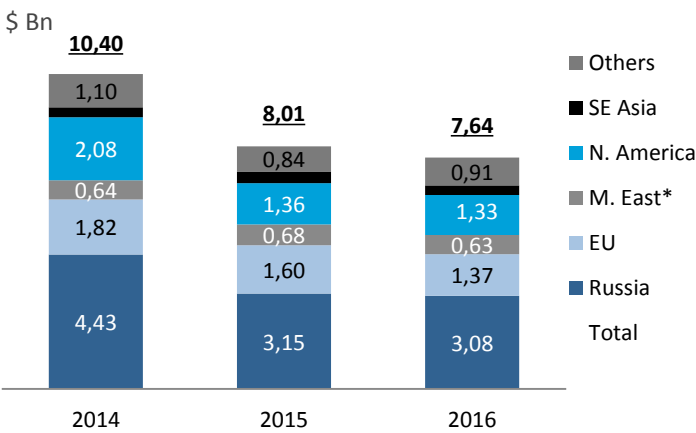
NLMK Group: steel product sales by region



NLMK Russia: sales to the Russian market



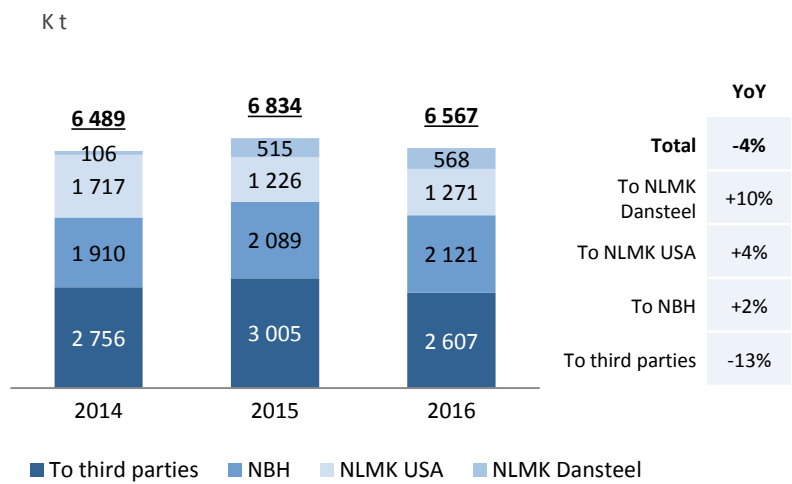
NLMK Group: revenue by region



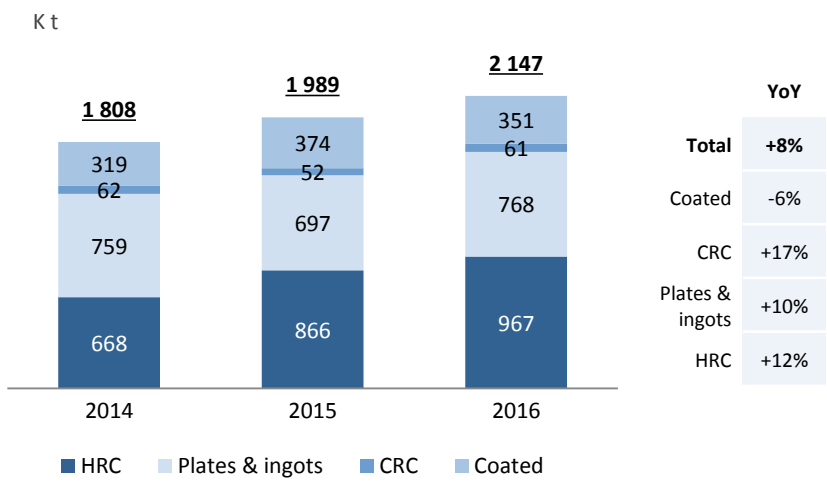
* incl. Turkey

FOREIGN ASSETS PERFORMANCE

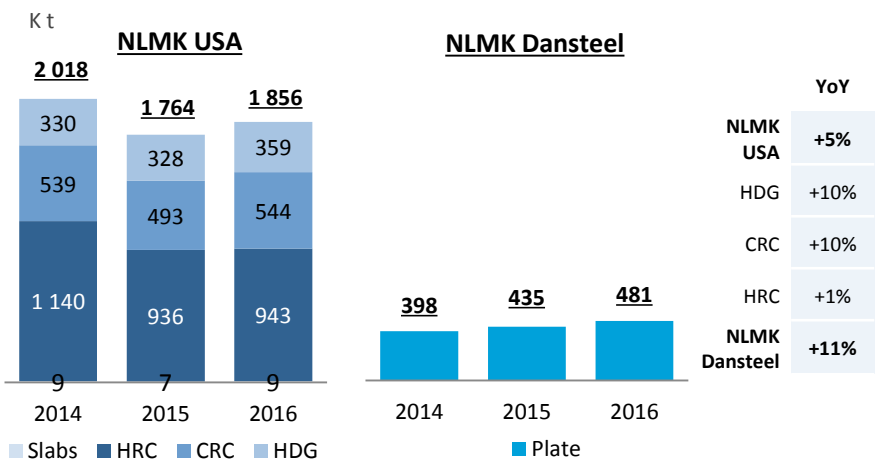
Slabs sales from Russian Flat Division



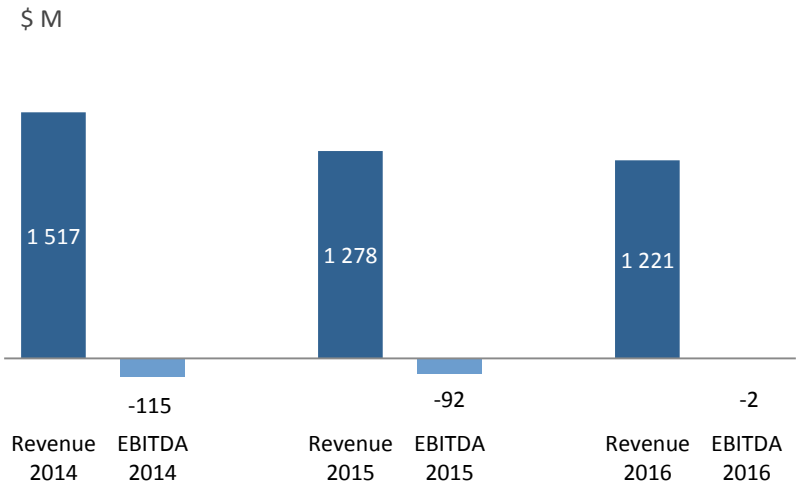
NBH Rolled product sales



NLMK USA and NLMK Dansteel sales

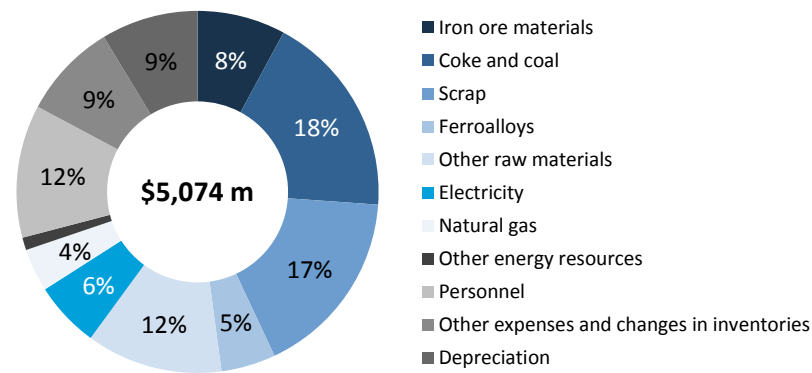


NBH financial results

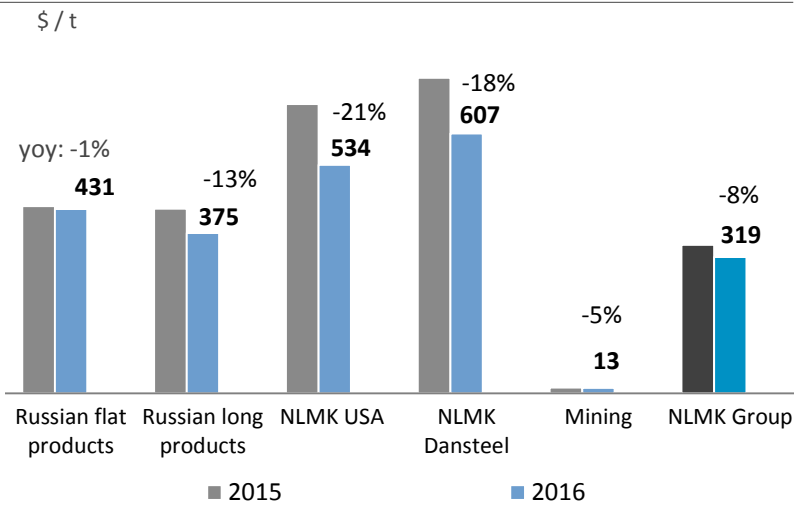


COST ANALYSIS

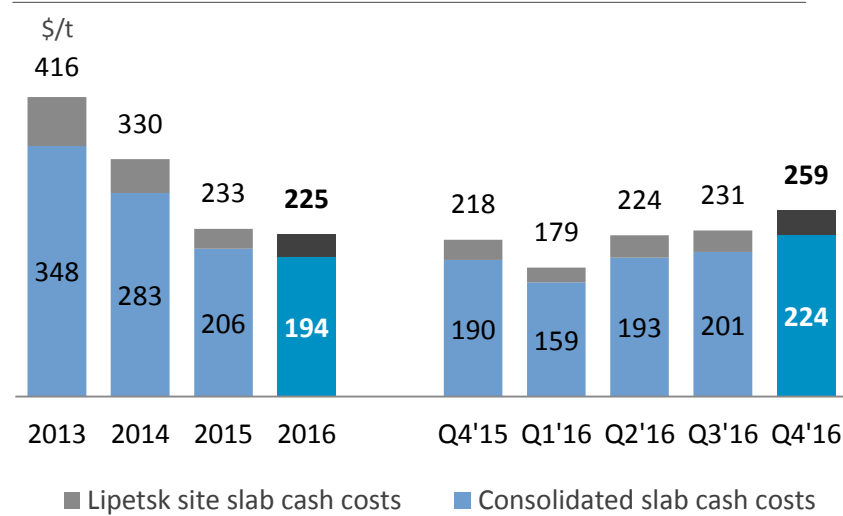
2016 NLMK Group costs of sales



Costs per tonne of sales by segment



2016 NLMK slab cash costs decreased by 5% yoy





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