

Investor presentation



September 2019

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- **NLMK at a glance**
 - Market update
 - Strategy 2022 highlights
 - Strategy 2022 execution
 - Shareholder distributions
 - NLMK's performance
 - Appendix



#1 producer in Russia*

TOP-20 globally*

Strong positions on the domestic and global markets (i.e. #1 in global slabs trade, TOP-5 in electrical steel)**

Balanced and diversified production chain

- Vertical integration
- Steel production in Russia
- Downstream – in the EU, the US, Russia

One of the most diversified steelmakers globally

- Geography of operations
- Product portfolio
- Customers
- Sales regions (>70 countries)

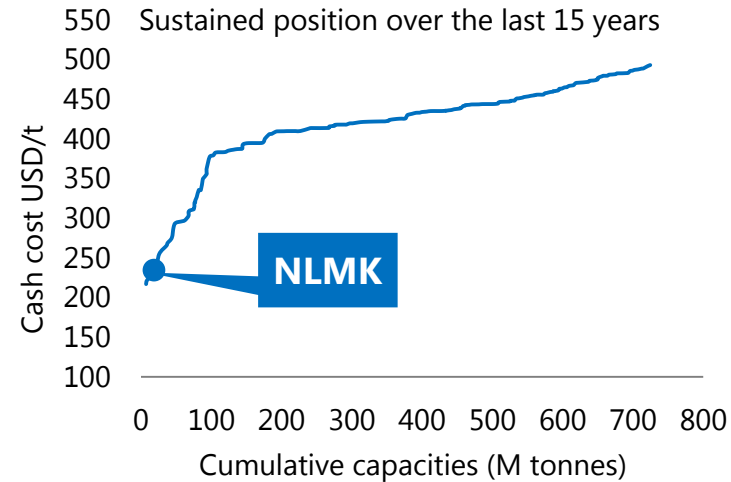
One of the most profitable globally

Investment grade ratings from Moody's, S&P and Fitch (Baa2/BBB-/BBB)

- Moody's and Fitch upgraded NLMK's rating by one notch in 2019

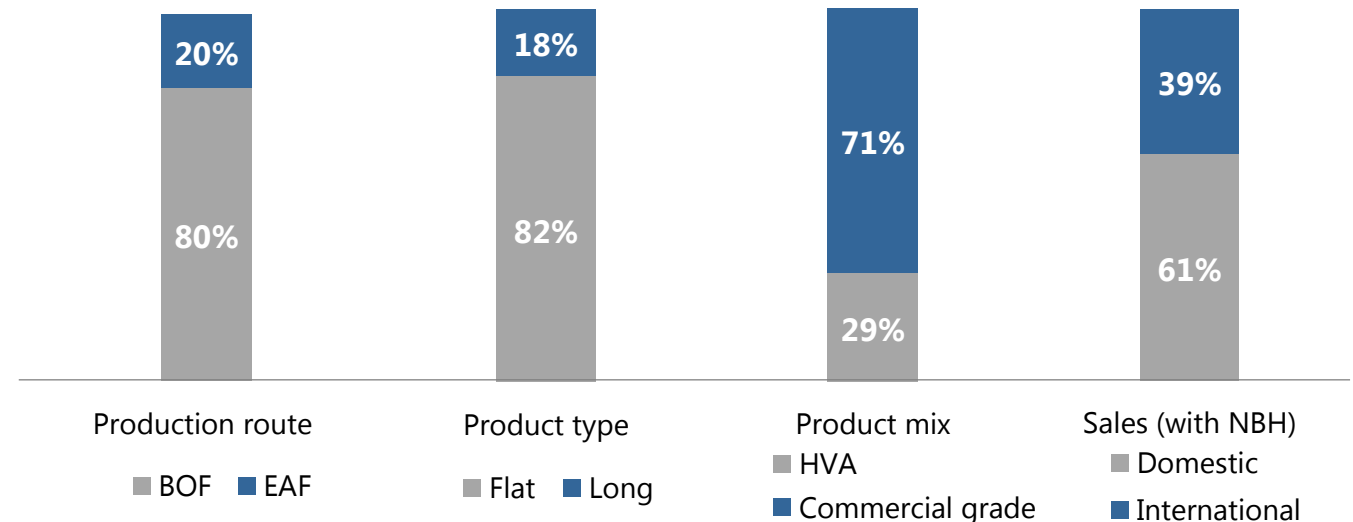
**in terms of crude steel production ** electrical grain oriented (GO) steel*

NLMK IS THE LOWEST COST STEEL PRODUCER



Source: World Steel Dynamics, Jun'19 data

DIVERSIFIED BUSINESS MODEL



Source: NLMK data, financial and operating results as of FY2018

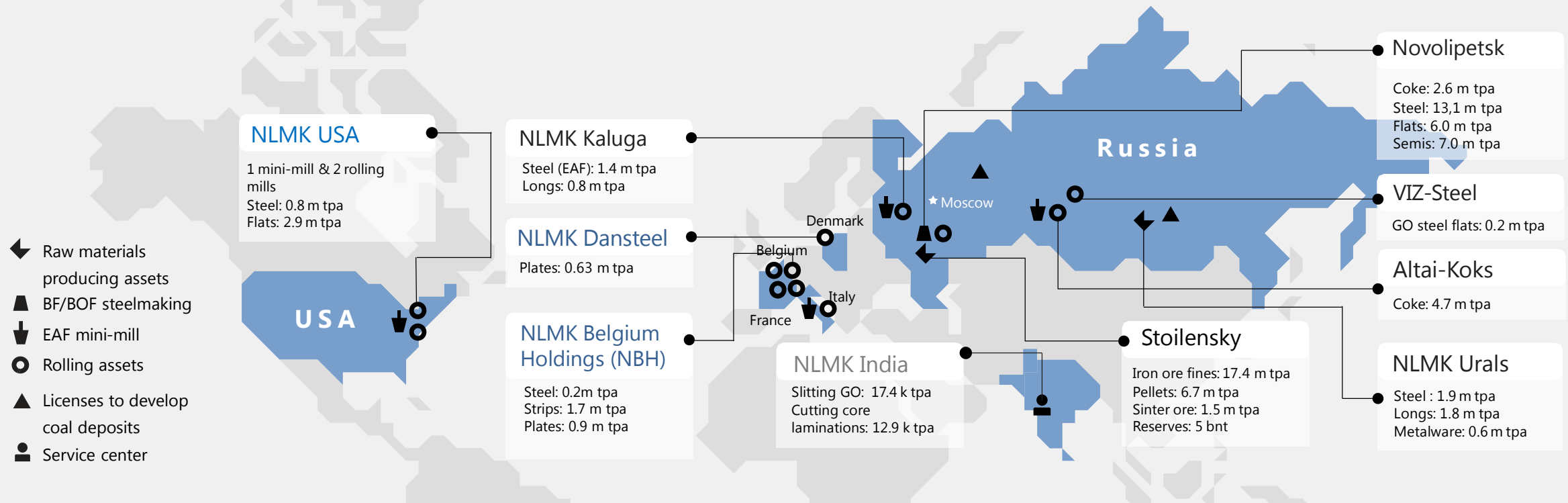
2018 FINANCIALS SNAPSHOT

\$3.6 bn - EBITDA

30% - EBITDA MARGIN

\$0.9 bn - NET DEBT

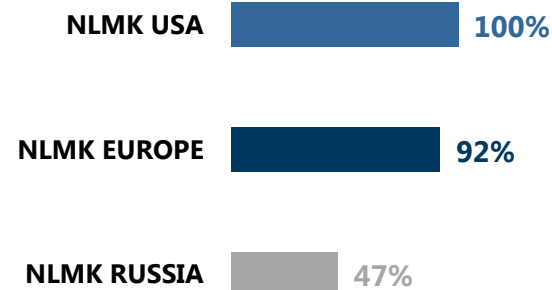
0.25x - NET DEBT/EBITDA



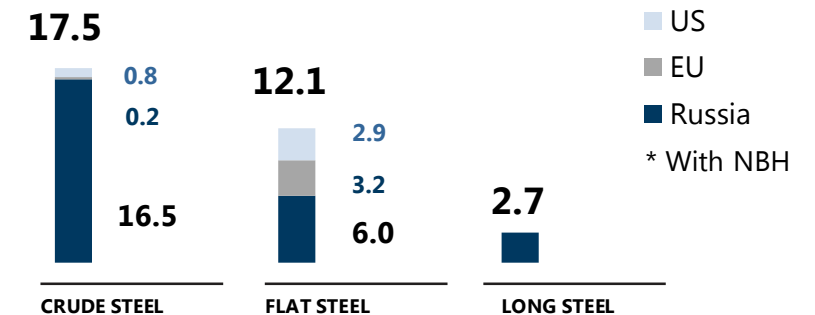
RAW MATERIALS SUFFICIENCY



„HOME MARKET“ SALES*, %



CAPACITY STEEL VS DOWNSTREAM, m tpa**



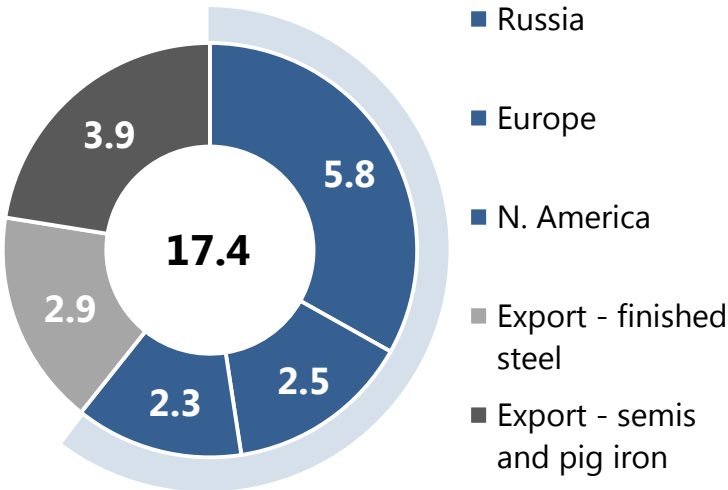
61% of NLMK's 2018 sales were made in markets where the Group operates (home markets)

Global shipments with strong domestic footprint

- About 40% of NLMK's 2018 deliveries was export
- Well diversified geography of sales with customers in more than 70 countries

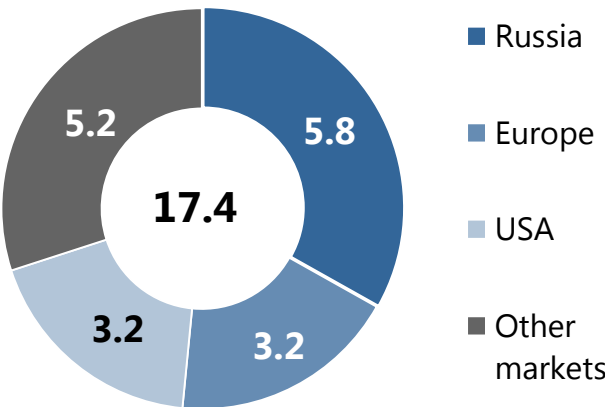
Finished steel was 61% of total shipments without NBH and 74% with NBH in 2018

NLMK: HOME MARKET SALES*, 2018, m t



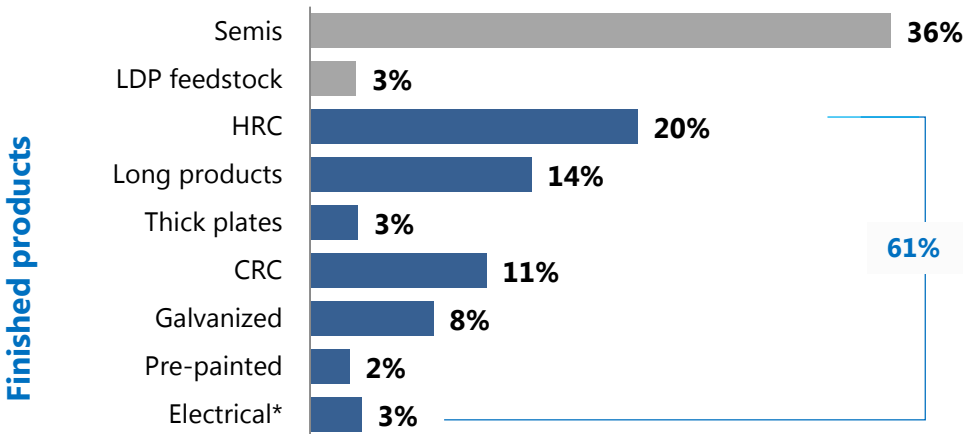
Home markets sales - 10.5 m t

MARKET STRUCTURE, WITH NBH , m t**



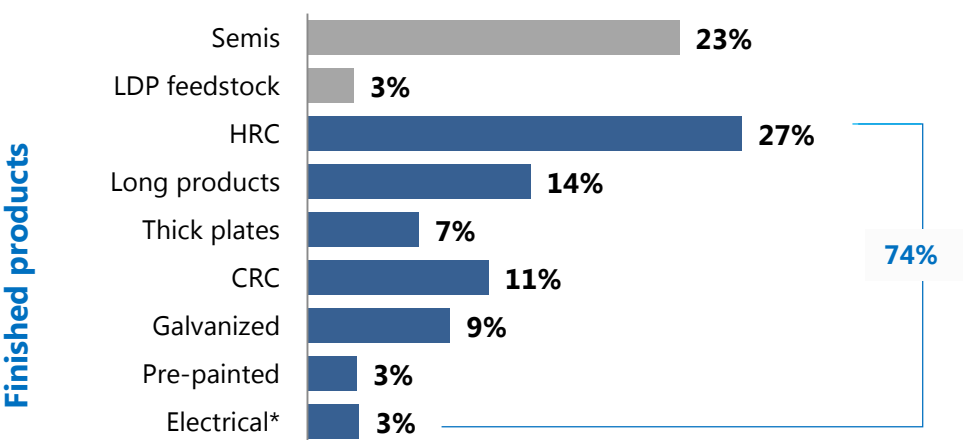
* Sales in the regions where the products are manufactured

~61% OF SALES W/O NBH WERE FINISHED STEEL PRODUCTS



*Transformer and dynamo steel

74% OF SALES WITH NBH WERE FINISHED STEEL PRODUCTS



** Incl. export sales from the Russia Flat and Long to related markets

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Economic activity in key regions has softened over recent months - only the US PMI remains in the expansion zone

Apparent steel demand increased yoy in Q2'19 in the US, China and Russia but not in Europe

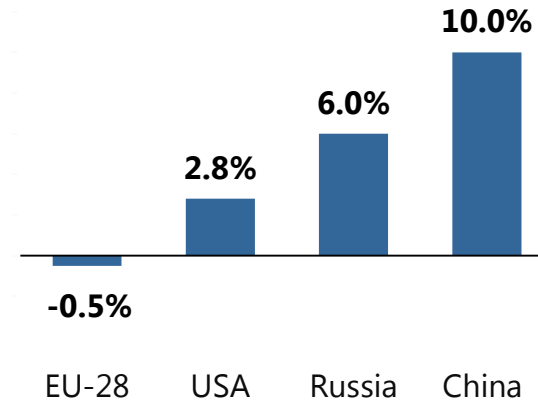
Chinese output continued to break records in Q2'19...

- Production was up 11% yoy
- Exports were down 14% yoy

...which coincided with iron ore supply disruptions in Brazil and Australia - prices surged as a result to \$120/t in Jul'19

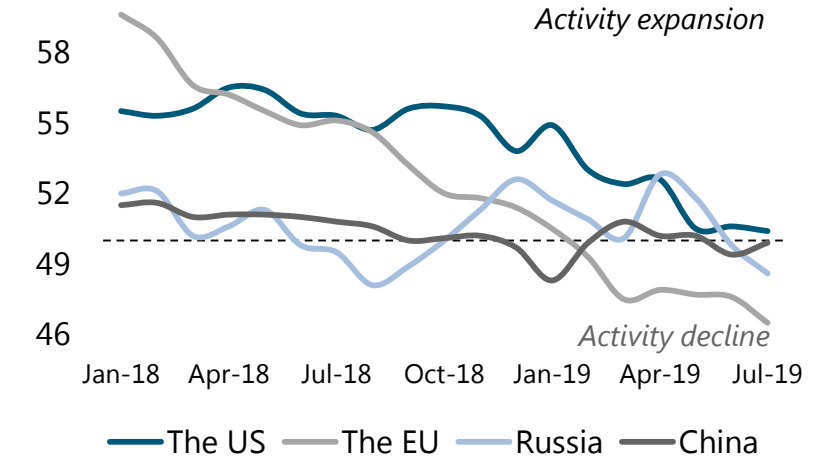
Marginal drop in Chinese steel output coupled with rising run rate at local iron ore mines as well as resumption of iron ore exports from Brazil and Australia led to lower iron ore prices in Aug'19 (\$100/t)

STEEL DEMAND DYNAMICS IN KEY REGIONS, Q2'19, yoy



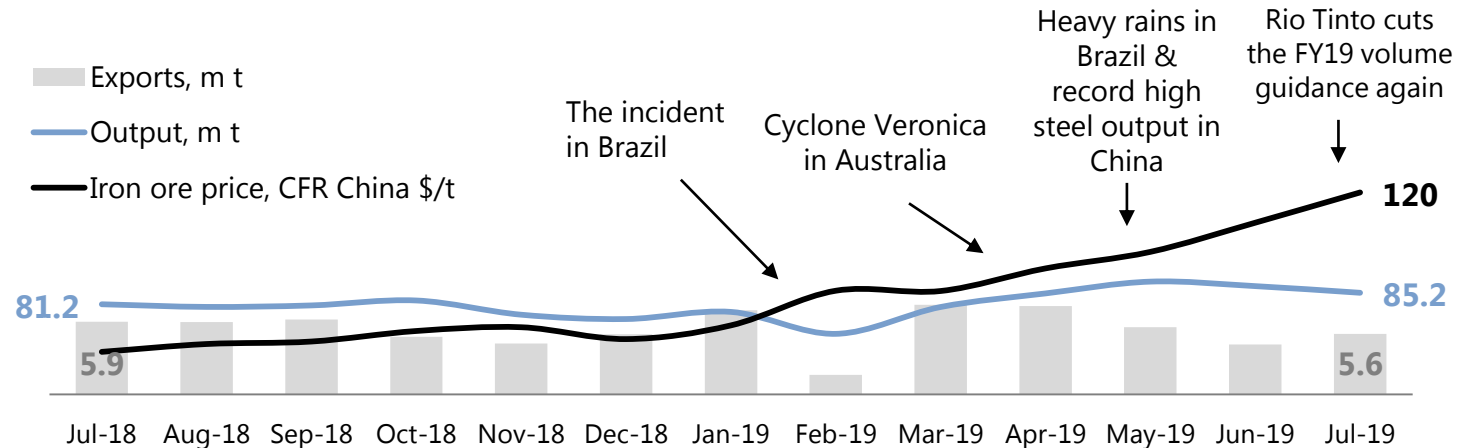
Source: Worldsteel, Bloomberg, CRU, Eurofer, Metal Expert, estimates

MANUFACTURING PMI



Source: Bloomberg

CHINESE STEEL OUTPUT, STEEL EXPORTS AND IRON ORE PRICE



Source: Bloomberg

HRC prices declined qoq in Q3'19* (QTD) in most geographies; Russian market remains resilient

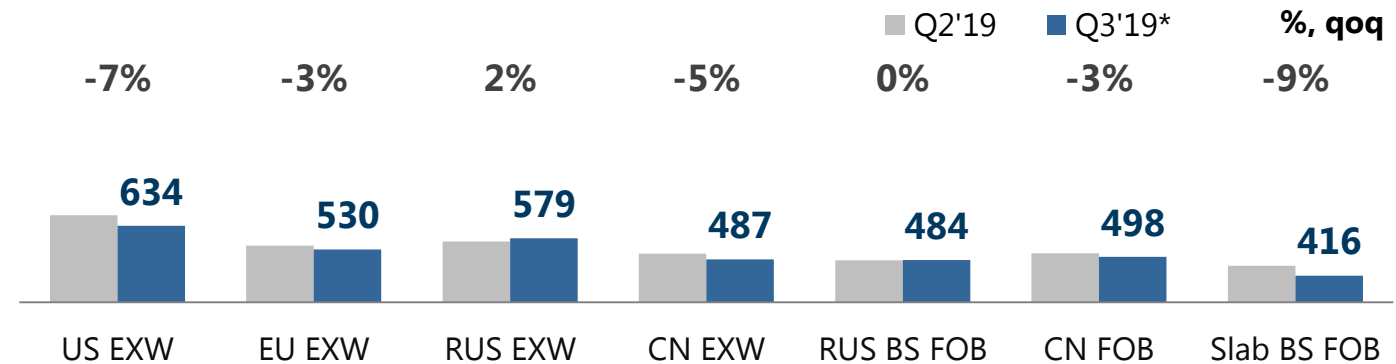
- Prices in Russia are supported by seasonally strong demand in Q3'19*
- The US HRC prices are softer qoq although prices were growing since the end of June
- Average prices in the EU were lower qoq on the back of summer slowdown
- Chinese export prices decreased 3% qoq, while domestic prices fell 5% qoq post cost drop and FX devaluation

Average spreads are down 20% qoq in Q3'19* on elevated iron ore prices and lower steel quotes

In the US and the EU, average gross profits per tonne of HRC entered a negative territory in Q2'19

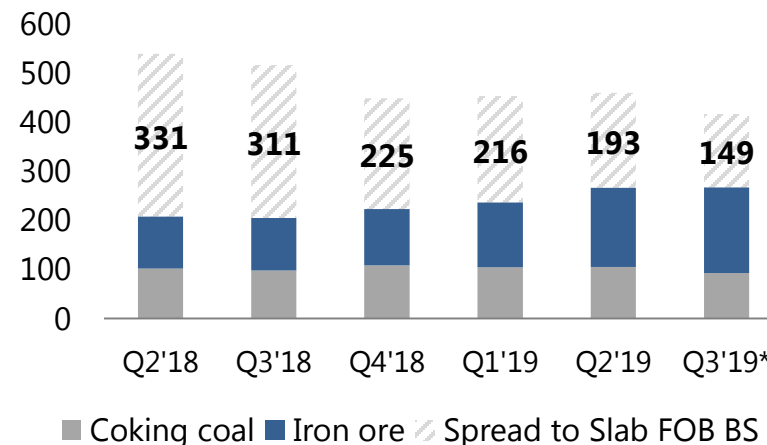
* Jul-Aug'19 data

HRC PRICES DOWN QOQ IN Q3'19* IN MOST GEOGRAPHIES; RUSSIAN RPICES REMAIN STABLE, \$/t



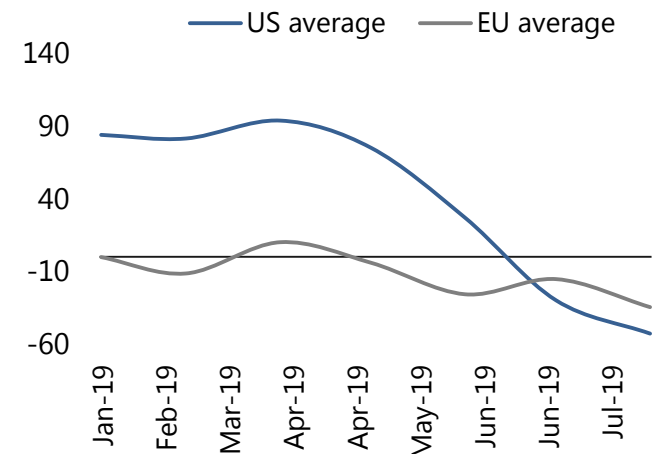
Source: Bloomberg, excl. VAT. Quoted prices can be different from NLMK's realized prices

STEEL / RAW MATERIALS SPREADS, \$/t



Source: Metal Expert, Bloomberg, raw materials basket is calculated using production ratios for one tonne of steel: iron ore price x 1,6+ coking coal price x 0,6

HRC GROSS PROFIT IN THE US, THE EU, \$/t



Source: Metal Expert, Bloomberg, CRU
Gross profit = HRC EXW – HRC production cost, incl. slab feedstock

Apparent domestic demand was up 11% yoy during 7m'19 on stronger than expected construction season

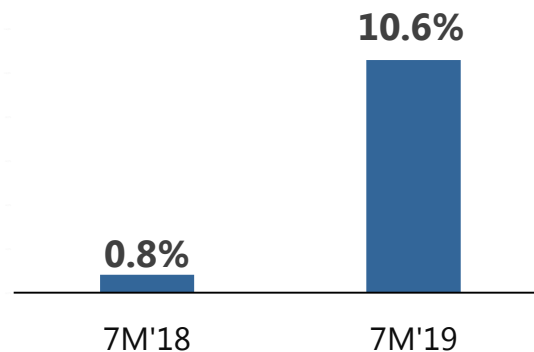
Demand for rebar was up y-o-y during every month since Sep 2018 driven by construction as well as industrial and infrastructure projects

2019 demand outlook: +2-3% yoy based on consensus estimates

Domestic prices rebounded in March, holding on in Q2-Q3'19

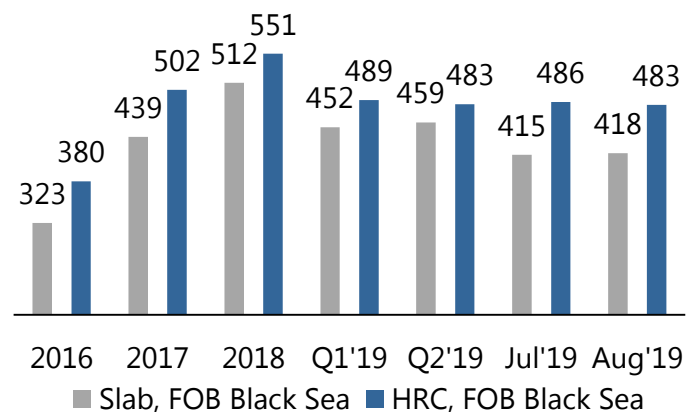
Export prices for rolled products reached local minimums in May, rebounded in June and have stayed at these levels in July-August

RUSSIAN STEEL DEMAND, % yoy



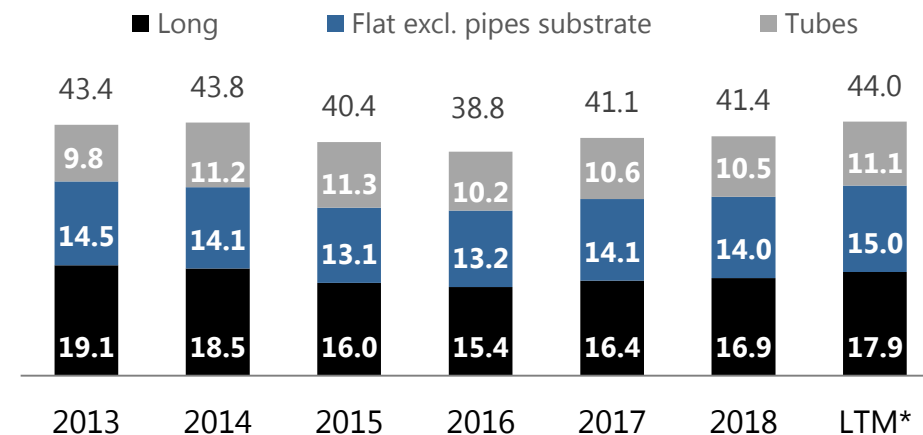
Source: Metal Expert, NLMK estimates

RUSSIAN STEEL EXPORT PRICES, \$/t



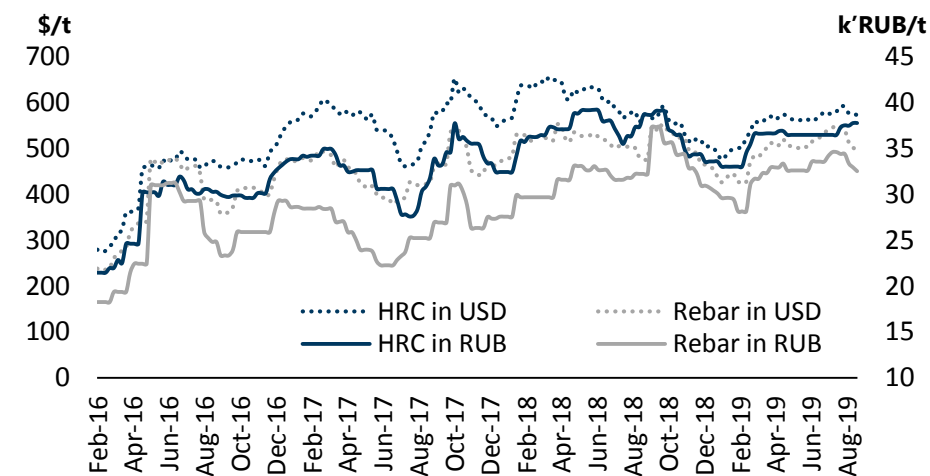
Source: Metal Expert

RUSSIAN STEEL DEMAND DYNAMICS, m t



Source: Metal Expert, NLMK estimates, *Aug'18 - Jul'19

RUSSIA: LOCAL STEEL PRICES ARE TRACKING GLOBAL BENCHMARKS



Source: Metal Expert, NLMK estimates. Prices excl. VAT

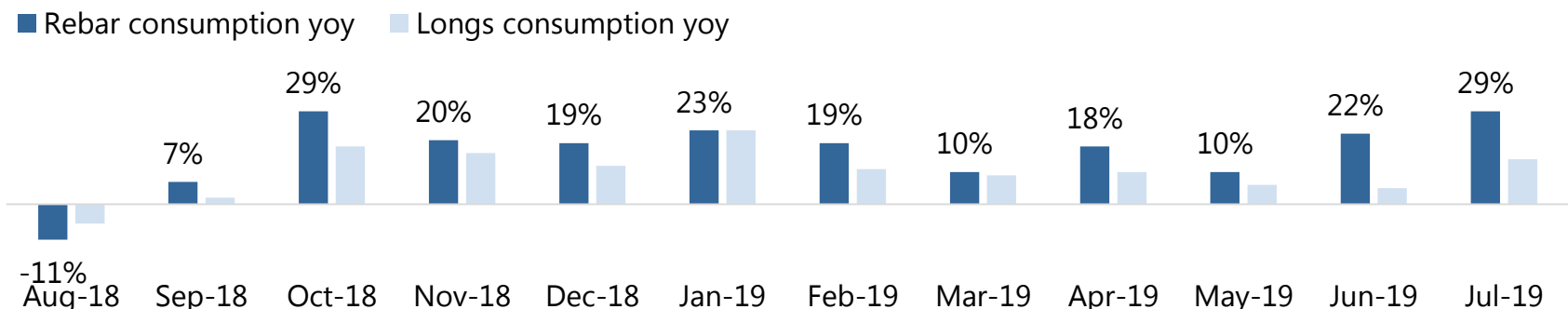
Current capex plan related to infrastructure spending is c. RUB 6.3 trn (~\$100bn)

- Government could provide RUB 3.1 trn (~\$46 bn)
- Rail road development should be largely financed by RZhD

Approximately RUB 40 bn was spent in H1'19 on major infrastructure national projects

PLAN	SECTOR	IMPLEMENTATION
To increase the volume of completed housing construction to 120m sq pa vs 80m sq pa currently	Real Estate	Renovation program in Moscow and its possible spreading to other regions; Ministry of Construction to propose instruments to reduce regulation burden.
To lower mortgage rates below 8% by 2024	Real Estate	Currently c.10%
To modernize roads and double expenditure on road construction	Transportation	296 projects including bridges (river Lena bridge, Volga bridge in Nizhny Novgorod, etc.)
To grow capacity of BAM, Trans-Siberian 1.5x to 180mt in six years	Transportation	Estimated capex of RUB 550 bn (\$8 bn)
Rail road projects	Transportation	104 projects including high-speed railroad Moscow-St.Peterburg and Ekaterinburg – Chelyabinsk
To expand capacity of the Northern Sea Route traffic	Transportation	Estimated capex of RUB 580 bn (\$8.5 bn)
Expand network of regional airports	Transportation	155 sites identified incl. Chelyabinsk. Stavropol, Voronezh, Orenburg, etc, - estimated capex of RUB 270 bn (\$4 bn)

YOY APPARENT LONG STEEL CONSUMPTION IN RUSSIA, LTM



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Targeted structural effect of Strategy 2022 is extra \$1.25 bn of EBITDA

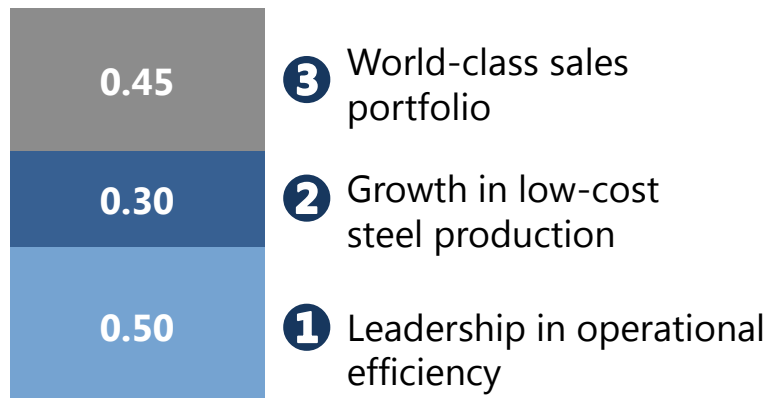
Operational efficiency (no capex) to contribute almost half of the target

Effect is balanced across strategy targets that should reduce execution risks

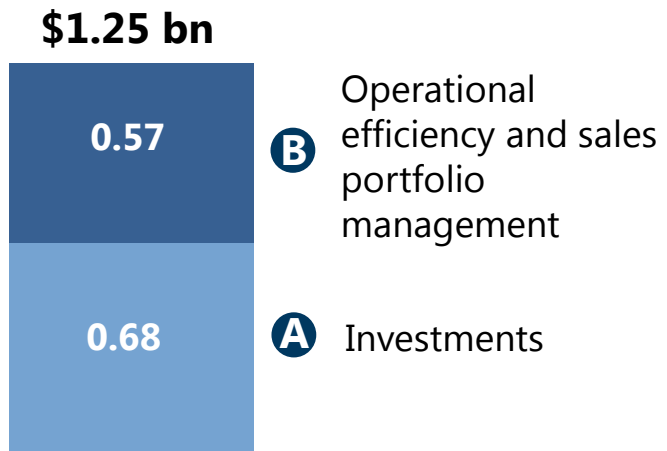
Russian Flat division to generate 2/3 of target effect, however sizable gains targeted across the whole value chain

Slab cost reduction of \$27/t to be achieved through operational efficiency and investments

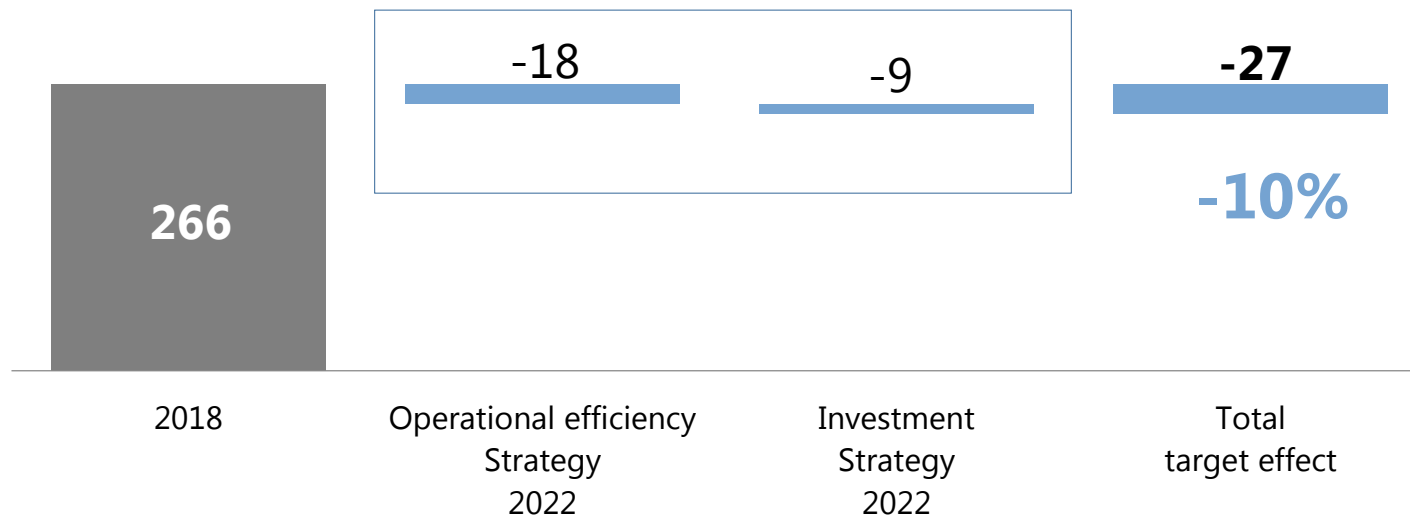
BY STRATEGIC OBJECTIVE: \$1.25 bn



BY SOURCE:



EFFECT ON SLAB CASH COSTS BY 2022, \$/t



Source: NLMK data, NLMK Annual Report 2018

Key focus areas of operational improvements with zero or minor capex

- Production growth along integrated value chain
- Lower cost of steel - targeted slab cash cost reduction of \$18/t

Target setting

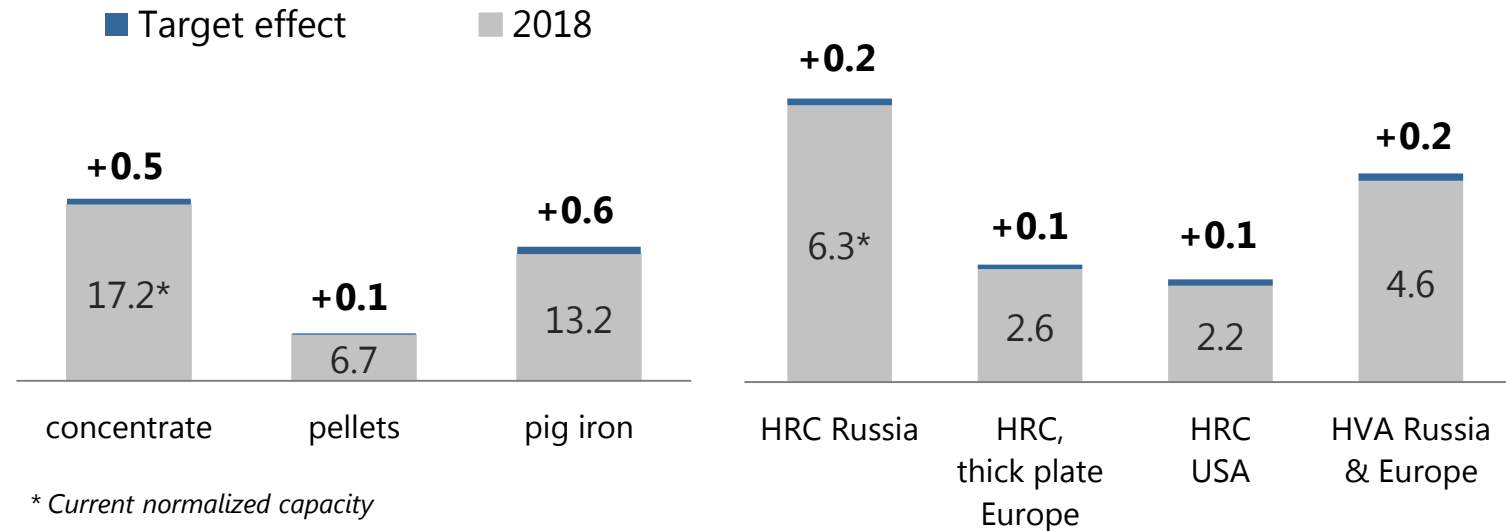
- Technology based
- Internal benchmarking
- Peers' best practice

NLMK Production System to drive the process

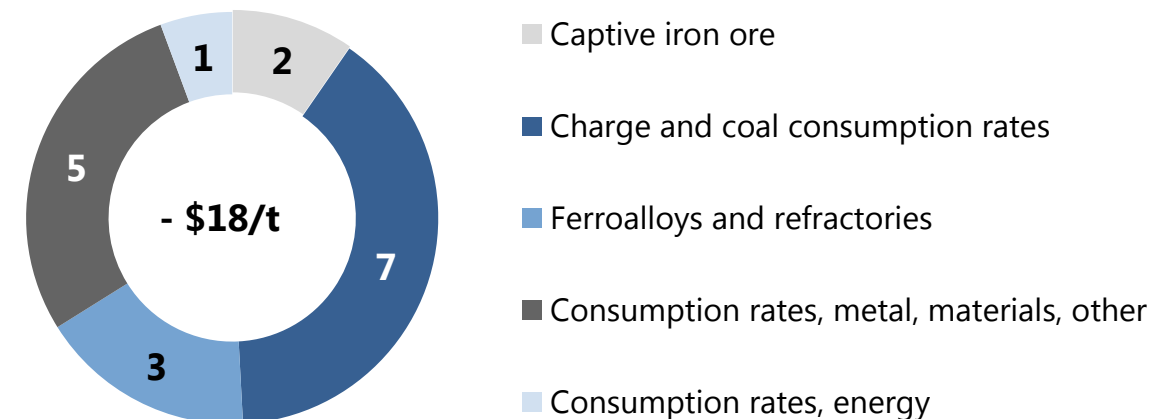
- Ongoing technology development with the highest impact in the hot end production
- High engagement of operational personnel

Labor productivity to grow by 25% across the Group

GROWTH IN PRODUCTION THROUGH IMPROVED OPERATIONAL EFFICIENCY, m t



TARGETED REDUCTION IN SLAB CASH COSTS RELATIVE TO 2018, RUSSIA FLAT, \$/t



Source: NLMK data, NLMK Annual Report 2018

Target structural EBITDA gain of (+) \$500 m pa

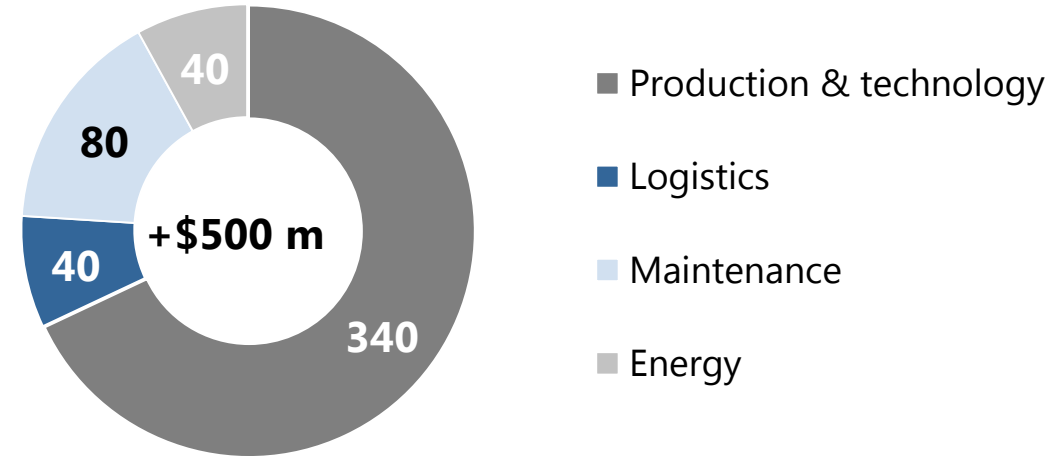
Minor CAPEX requirements of \$50 m

The largest gains to come from production processes and technology

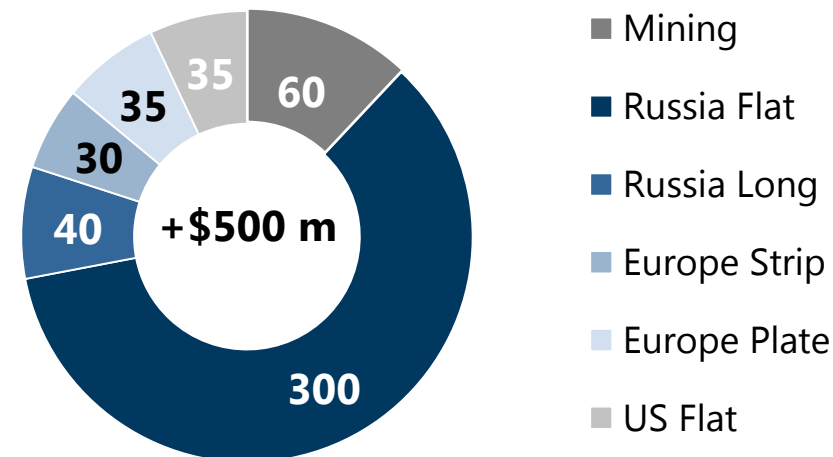
Russia Flat division to contribute the most

- Lower cost of steel
- Better yields
- Improved logistics and overhauls
- Removed bottlenecks
- Higher quality and productivity

TARGET EBITDA GAIN BY 2023 VS 2018, BY AREA, \$ m pa



TARGET EBITDA GAIN BY 2023 VS 2018, BY DIVISION, \$ m pa



'No-regret' growth project to increase steel production to 14.2 m t pa (+1 m t)

- Continuous casting upgrade at NLMK Lipetsk - superior quality slabs
- Concentrate and pellets output to rise by 2.3 m t and 1.2 m t pa, respectively – 100% integration in iron ore
- Infrastructure debottlenecking

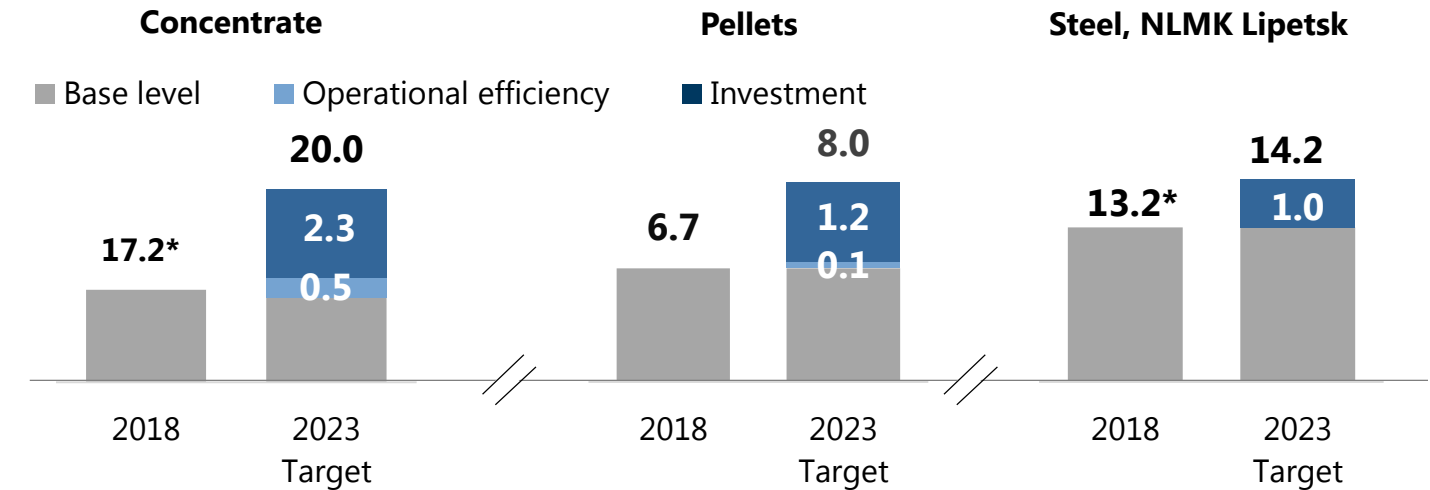
Increase in energy self-sufficiency at Russia Flat

- A 300 MW power plant project to recover by-product fuel gases
- 94% energy self-sufficiency at NLMK Lipetsk

Reduction of premium coal grades in total consumption

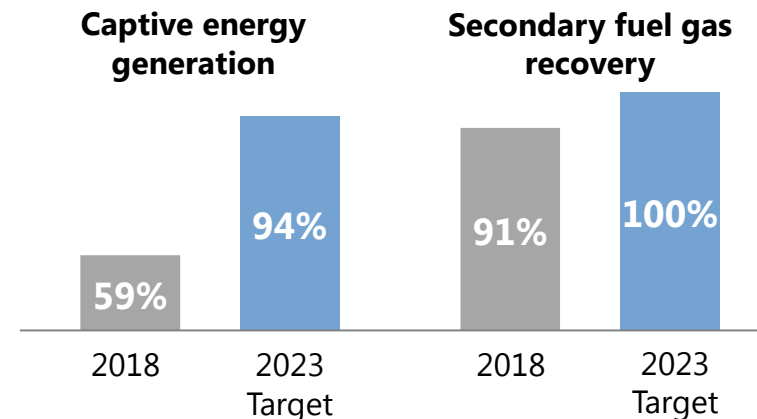
- Coal charge stamping project to reduce premium grades consumption from 4.2 m t to 3.8 m t (from 45% to 40%)

PRODUCTION VOLUMES, m t

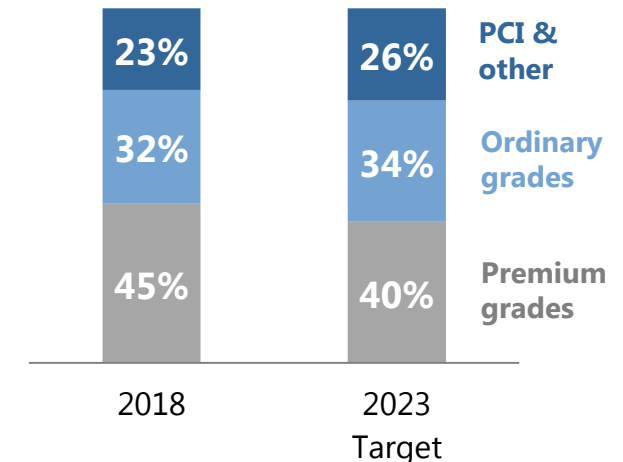


* Normalized capacity

ENERGY SELF-SUFFICIENCY TARGETS, NLMK LIPETSK



COAL CONSUMPTION BY GRADE



Source: NLMK data, NLMK Annual Report 2018

Target structural EBITDA gain of (+) \$300 m pa

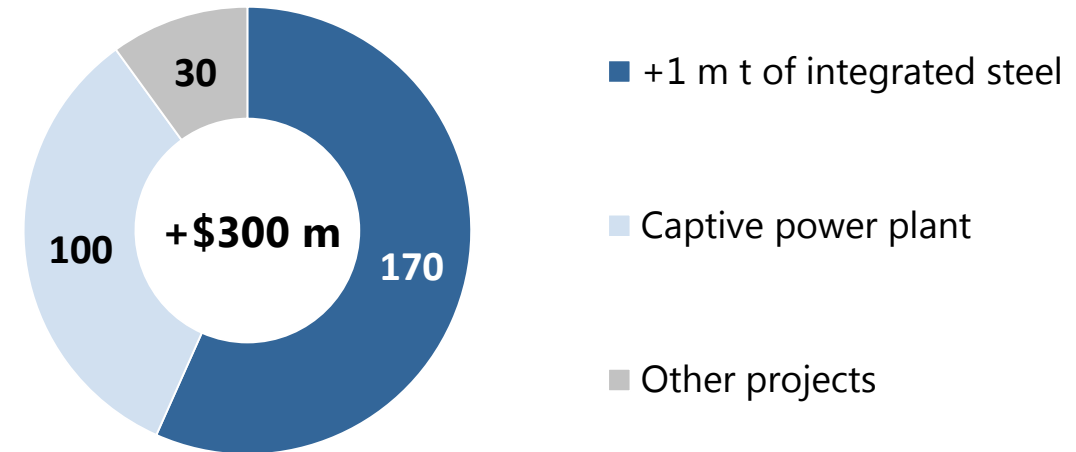
Targeted slab cash cost reduction of \$9/t

CAPEX requirement: \$990 m

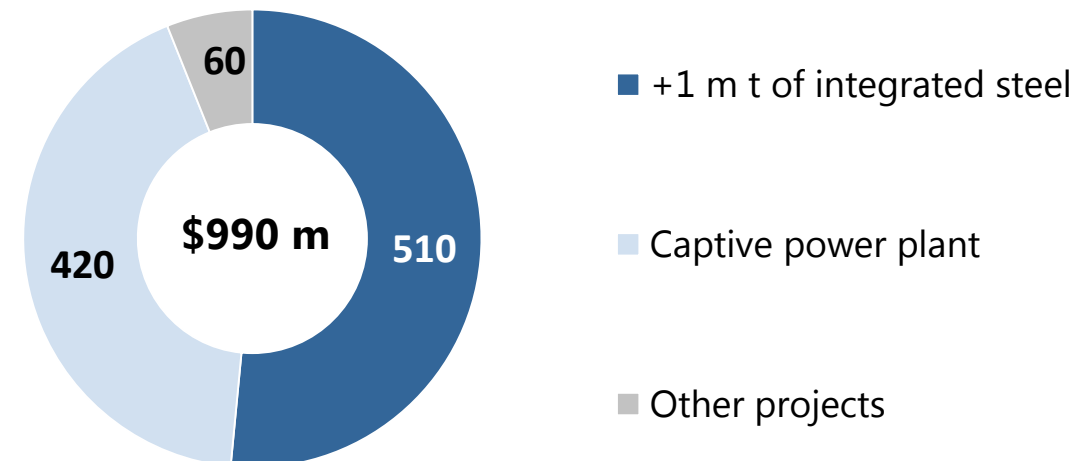
- +1 m t of integrated steel: \$510 m
- Captive power plant: \$420 m

IRR on investments: 27%

TARGET EBITDA GAIN BY 2023 VS 2018, \$ m pa



TOTAL REQUIRED CAPEX 2019-2023, \$ m



Targeted total sales growth: +0.6 m t

- Steel production growth
- Structural sales of pig iron and billets to be lower than during strong 2018
- Slab supplies from the 3rd parties assumed to increase to 0.4 m t (2018: 0.3 m t)

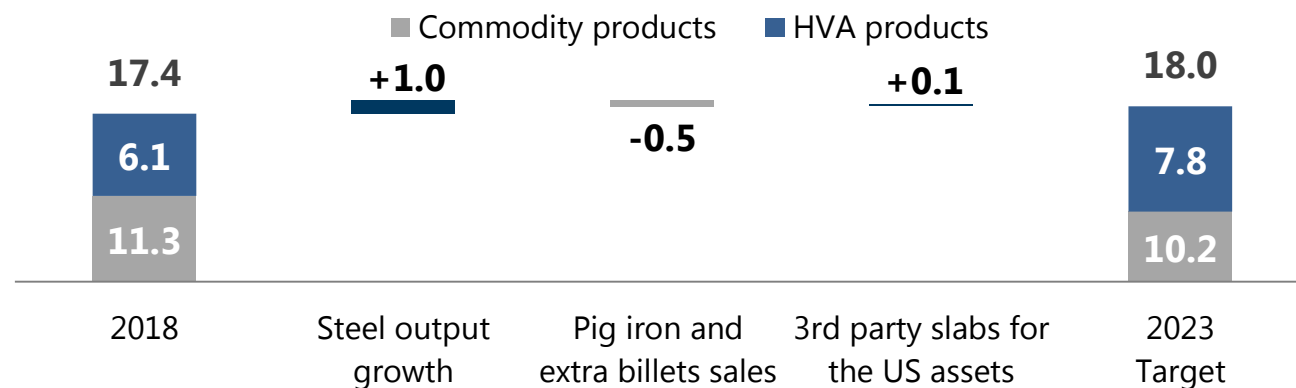
New steel volumes to be converted into high value added (HVA) products: +1.7 m t

Targeted growth of sales by regions:

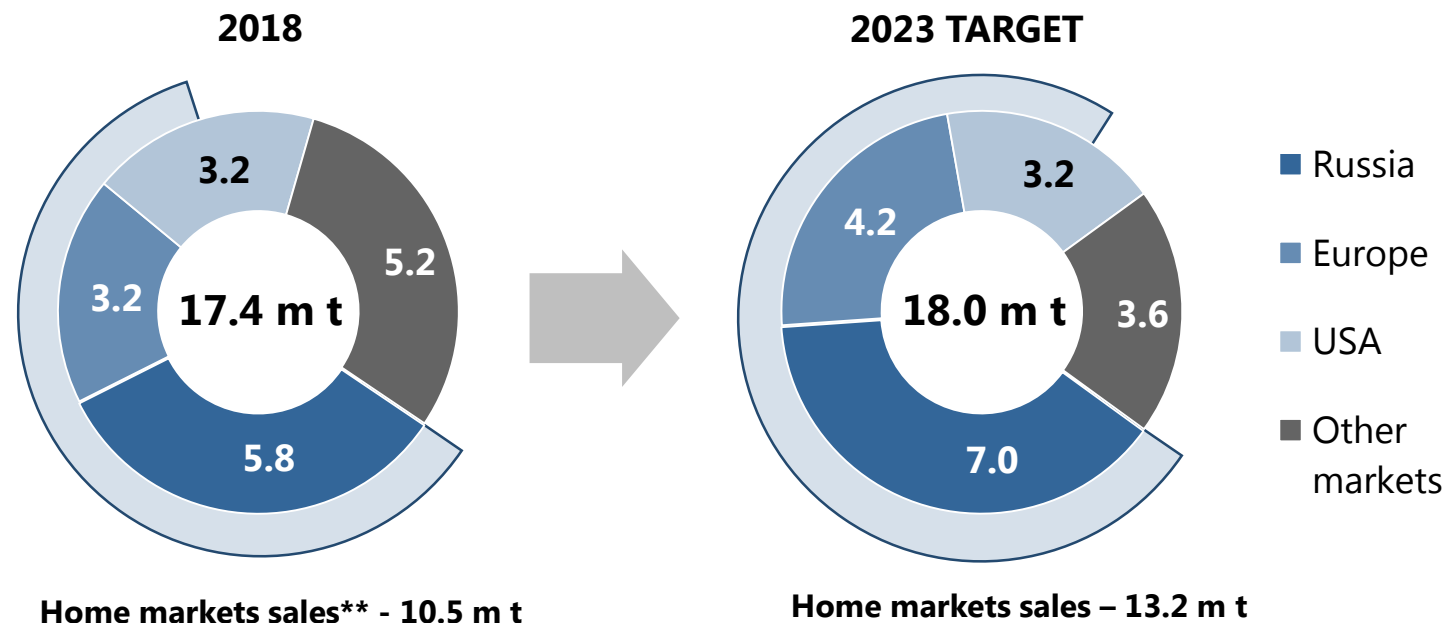
- Russian market: +1.2 m t (+22%), growth from 33% to 39% of total sales
- European market: +1 m t (+32%)
- US market: +0.3 m t (+13%) at the US division to be offset by decrease in pig iron sales from Russia (0.3 m t in 2018)

Targeted growth in home markets (Russia, Europe and the US): +2.7 m t

TARGET SALES PRODUCT MIX IMPROVEMENT, WITH NBH, m t



TARGET MARKET STRUCTURE IMPROVEMENT*, WITH NBH , m t



* Incl. export sales from the Russia Flat and Long to related markets ** Sales in the regions where the products are manufactured

Source: NLMK data, NLMK Annual Report 2018

Russia Flat: New galvanizing line at NLMK Lipetsk

- Rising demand for coated products in Russia
- Additional HDG capacity of +0.4 m t to be partially used to feed existing pre-painted capacity
- Premium coatings and high strength grades

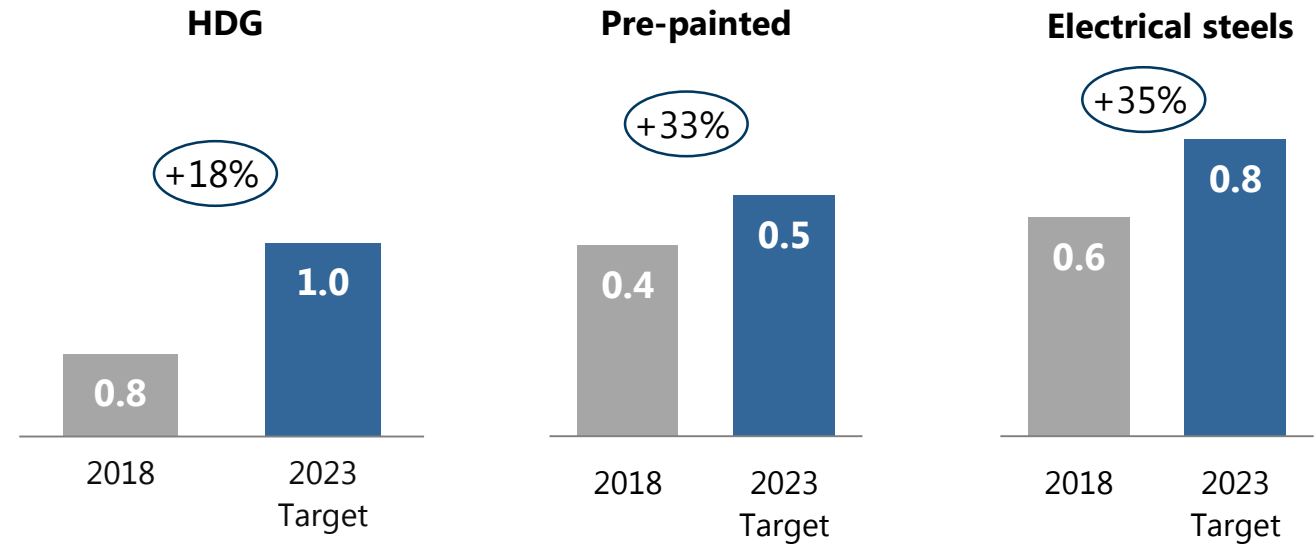
Russia Flat: Increased electrical steel output (GO and NGO) for the global market

- Expected boom in global production of EVs, energy-efficient equipment and transformers
- High grade GO output: +0.1 m t
- Premium grade NGO production for electric vehicles & energy-efficient motors: +0.1 m t

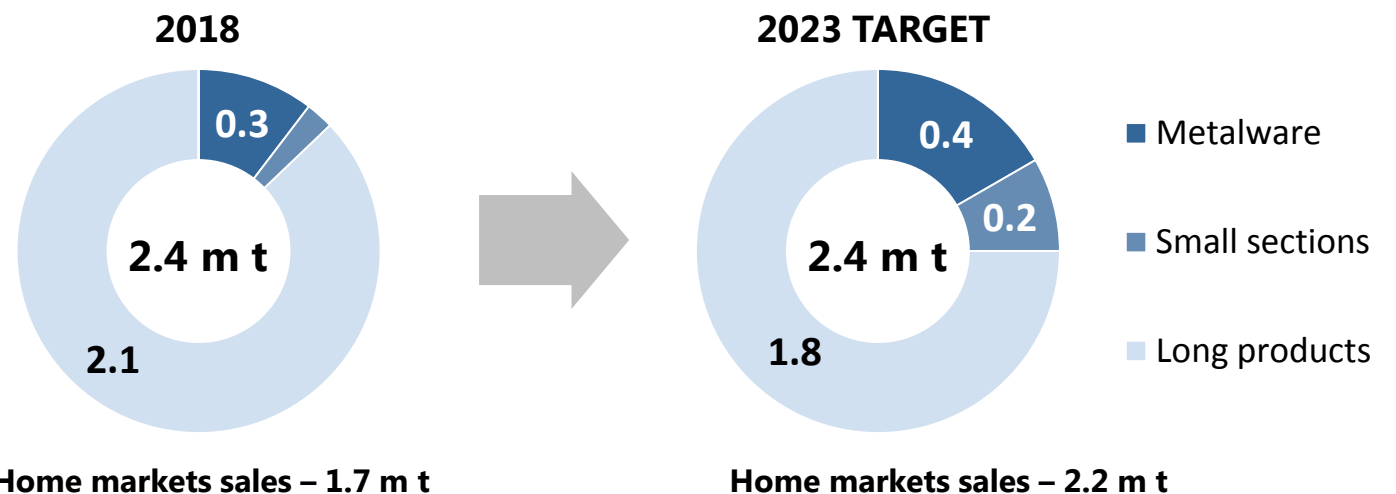
Russia Long: Improved product mix

- Switch from rebar to higher margin shapes: +0.2 m t, advanced metalware products: +65 k t
- Volumes to the Russian market: +0.5 m t (+28%)
- Direct rebar sales to construction end-users to achieve 33% of the portfolio (2018: 25%)

SALES TARGETS FOR SELECTED HVA PRODUCTS, RUSSIA FLAT, m t



TARGETED LONG PRODUCT MIX IMPROVEMENT, m t



Source: NLMK data, NLMK Annual Report 2018

Europe Strip: Increased exposure to fast growing premium segments

- Sales of thin and high-strength steel +0.6 m t. Wider accessible market, market share stays at the same level. Premium coatings: +0.1 m t
- Upgrade of hot strip mill and HDG line
- Europe Strip capacity utilization to reach 80-85%

Europe Plate: Premium plates at Dansteel

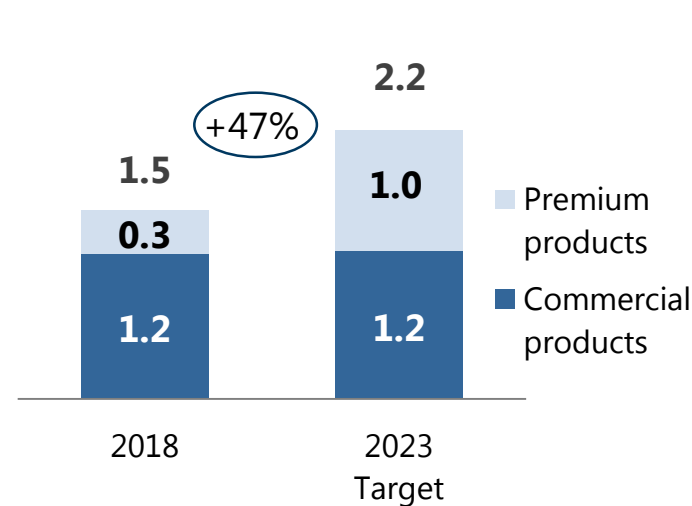
- Additional demand for thick plates for windmills production: 8-11 m t until 2023 and another 12-20 m t in 2023-2030
- +0.2 m t of thick plates for wind generation & pressure vessels at Dansteel
- Key projects: accelerated cooling system and new reheating furnace

Europe Plate: Mix improvement at Clabecq & Verona

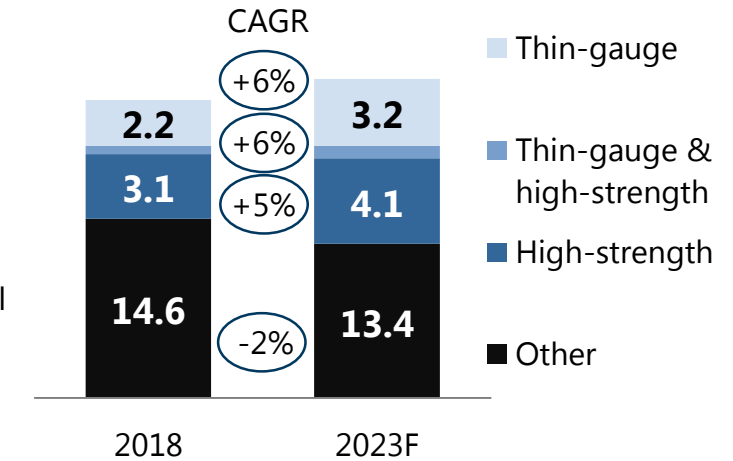
- +0.2 m t of Q&T and DQ plates at Clabecq with corresponding reduction in commercial grades
- Europe Plate capacity utilization to reach 80%

US division's strategy is under review

EUROPE STRIP TARGET SALES, m t

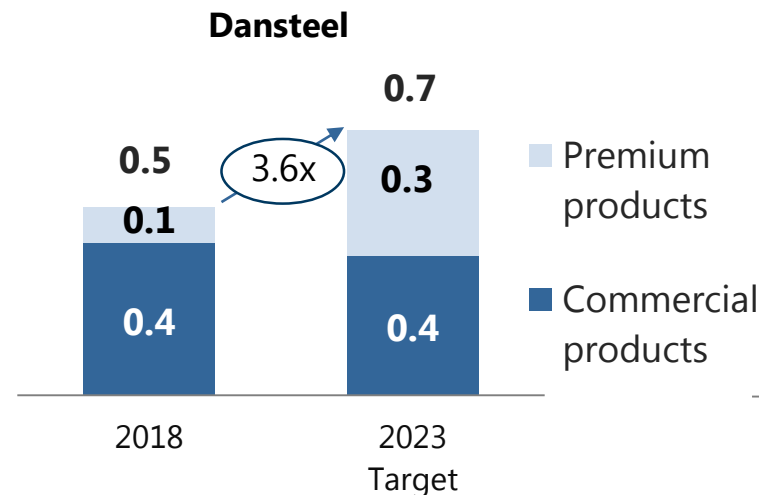


HR STEEL DEMAND FORECAST, EU-12, m t

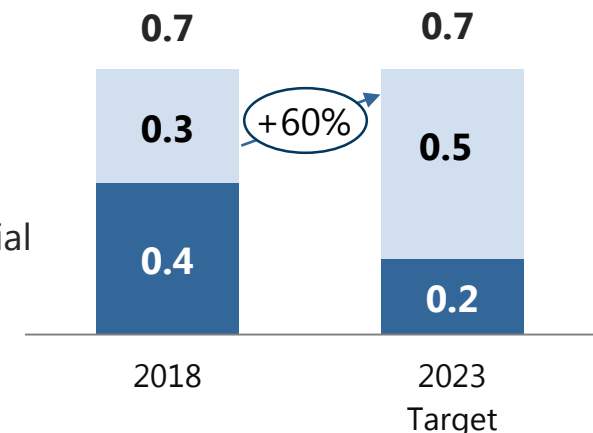


Source: CRU, customers data

TARGET PLATES SALES, m t



Clabecq & Verona (NBH)



Source: NLMK data, NLMK Annual Report 2018

Targeted structural EBITDA gain of (+) \$450 m pa

- 60% of the effect to be generated by the Russian divisions and 40% by the European and the US divisions

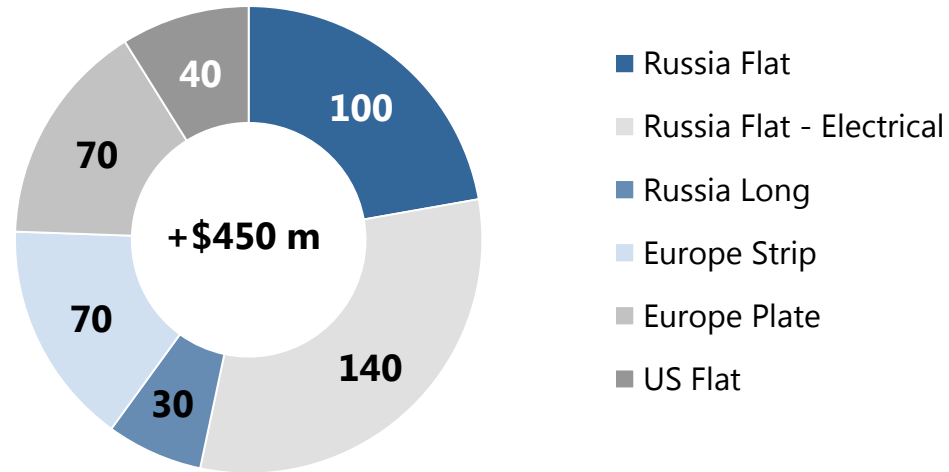
CAPEX requirement: \$1,060 m

IRR on investments: 29%

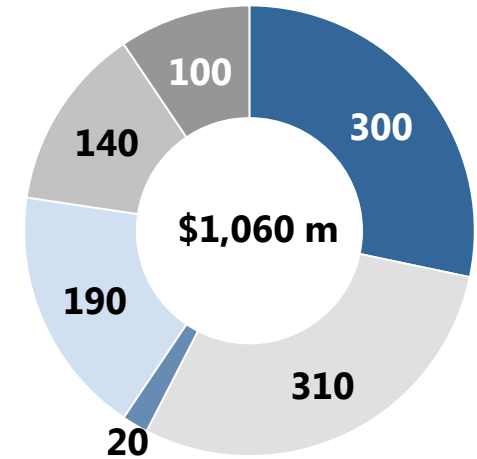
HVA products development – key objectives:

- To ensure an offtake for increased steel volumes
- To generate additional margins
- To reduce volatility of commodity segments

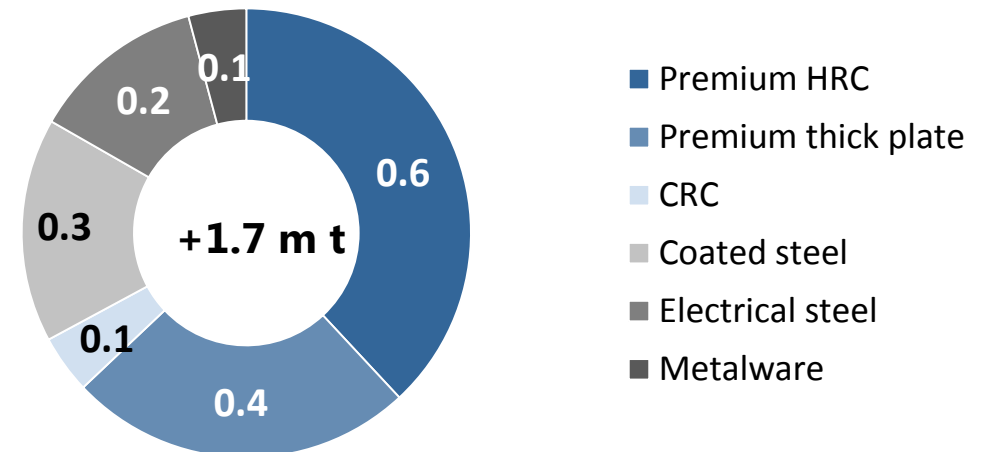
TARGETED EBITDA GAIN BY 2023 VS 2018, \$ m pa



TOTAL REQUIRED CAPEX, 2019-2023, \$ m



TARGETED INCREASE IN HVA PRODUCTS BY 2023, m t



Source: NLMK data, NLMK Annual Report 2018

Safety development programs

- Safety culture programs & communications
- Contractors management
- Safety risk management

Targeted 35% drop in LTIFR relative to 2018 and zero fatalities

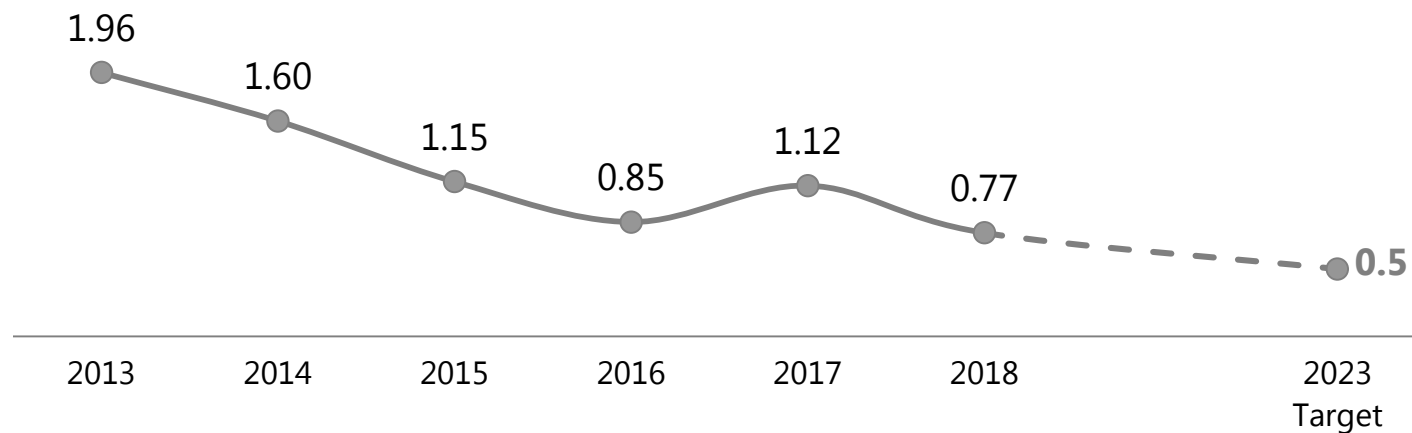
- LTIFR of 0.5 corresponds to TOP-20 steel companies, as per 2017 WSA ranking

Environmental programs' focus

- Further reduction in environmental footprint
- Waste recycling: metallurgical briquette plant with a capacity of 700 kt pa

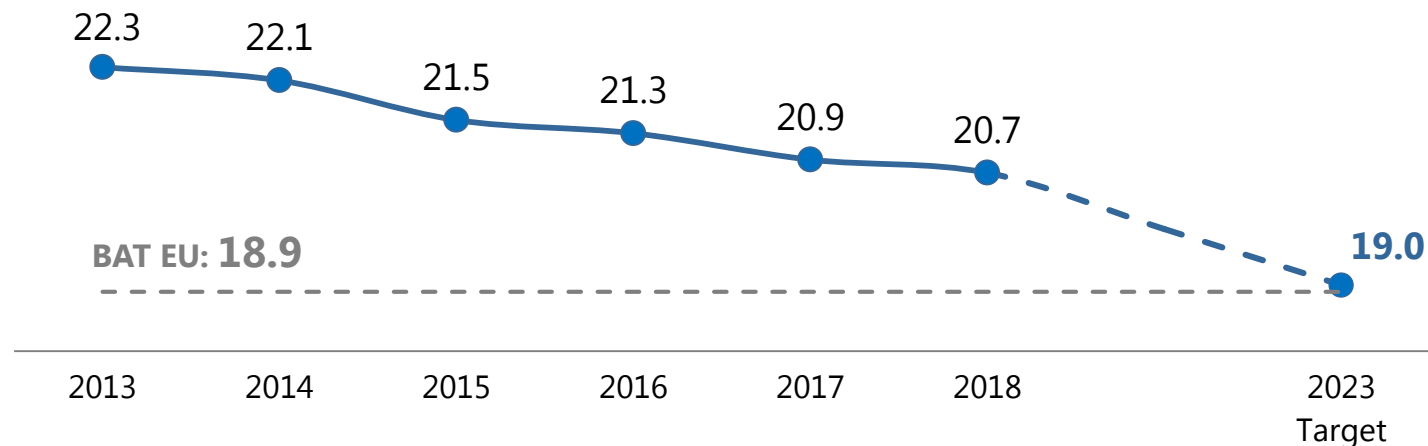
Specific air emissions to reach 19.0 kg/t of steel at NLMK Lipetsk

GROUP SAFETY TARGETS, LTIFR*, EMPLOYEES & CONTRACTORS



* LTIFR refers to Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million man-hours worked, employees and contractors

SPECIFIC AIR EMISSIONS, NLMK LIPETSK, kg/t of steel



Source: NLMK data, NLMK Annual Report 2018

Development capex under Strategy 2022 to total \$2.1 bn

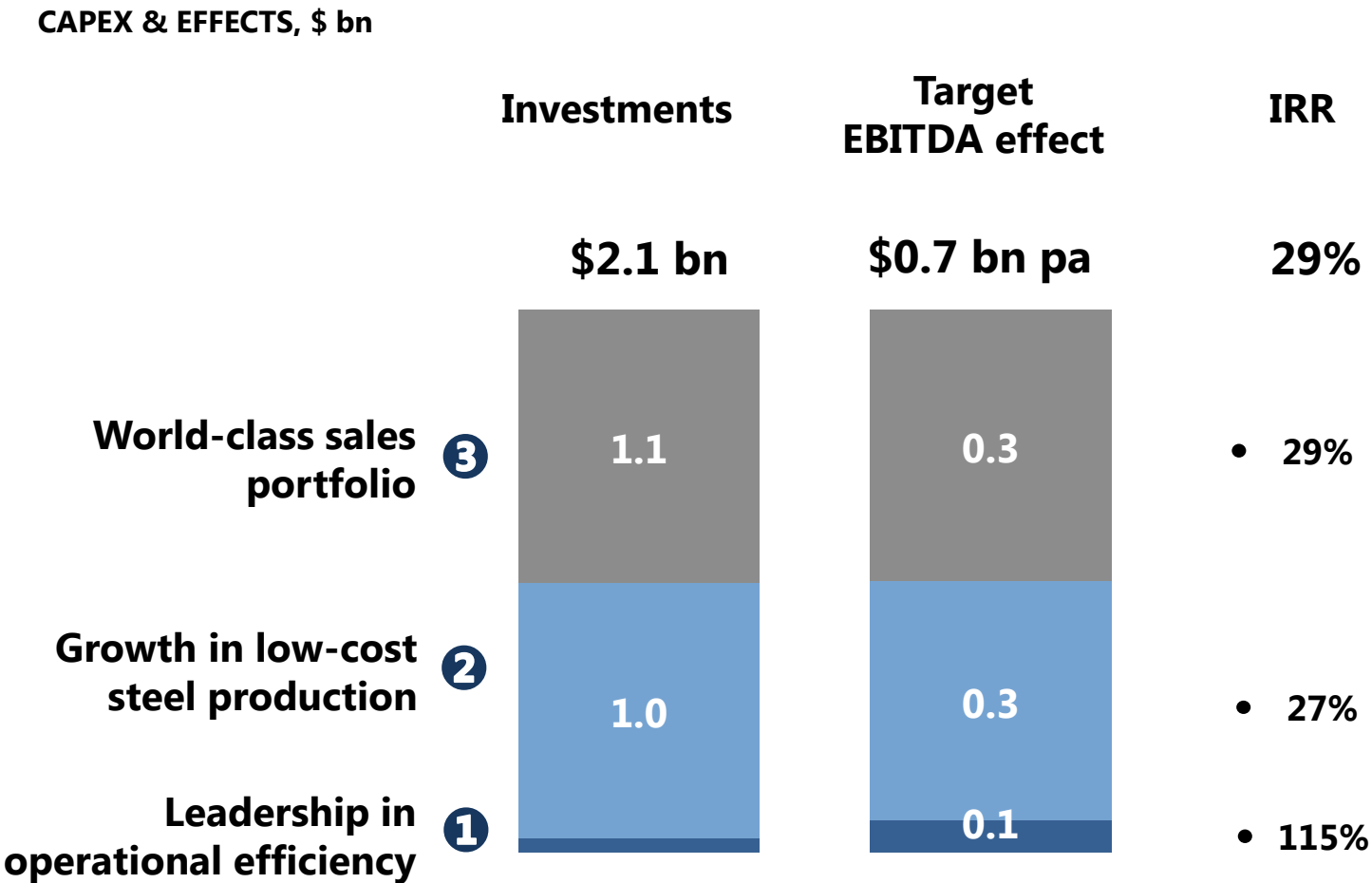
Investment portfolio remains flexible

Focus is on low-risk projects that meet strict investment criteria

IRR is the key metric used to assess projects. Hurdle rate is 25%

Overall IRR for development capex program is 29%

Conservative pricing assumptions are used for key projects: forecasted prices and spreads at or below 5Y average



Source: NLMK data, NLMK Annual Report 2018

NLMK has guided for higher capex related to “no-regret” growth and development:

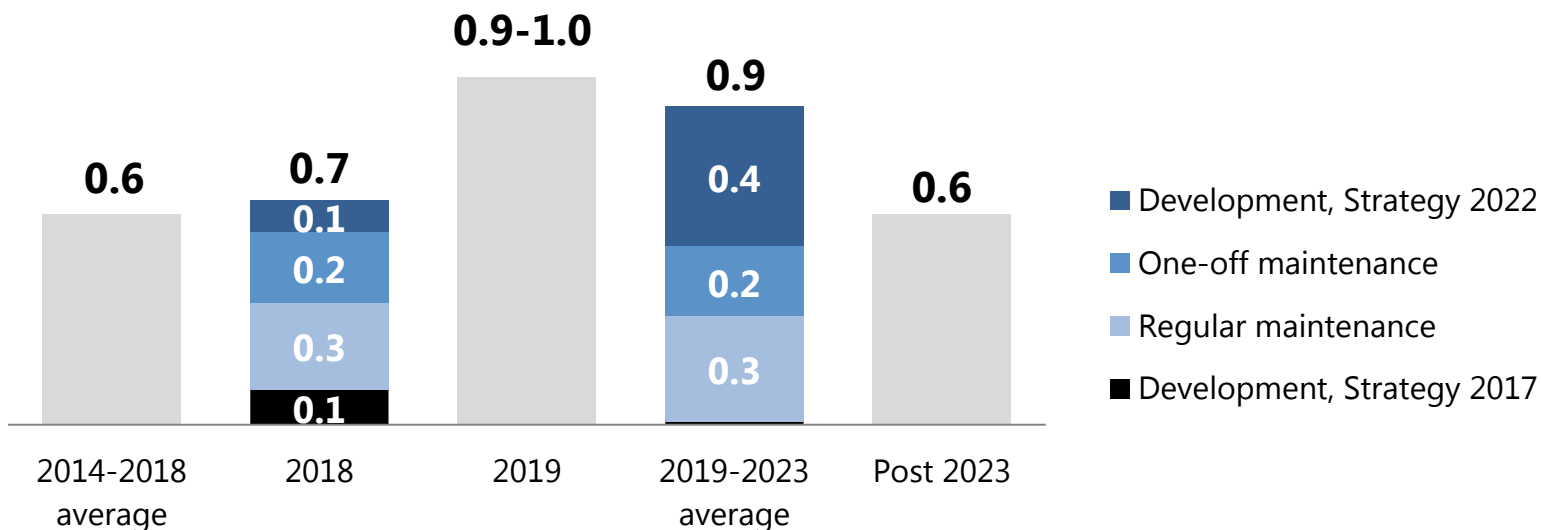
- Large maintenance projects include BF and BOF overhauls in 2019-2020 (\$0.25 bn of capex carried over from prior years)
- Strategy 2022 investments are expected to peak in 2019-2020
- Average capex of \$0.9 bn pa
- Capex program remains flexible

Post 2023 normalized capex at \$0.6 bn pa

Lower 2019-2020 steel output

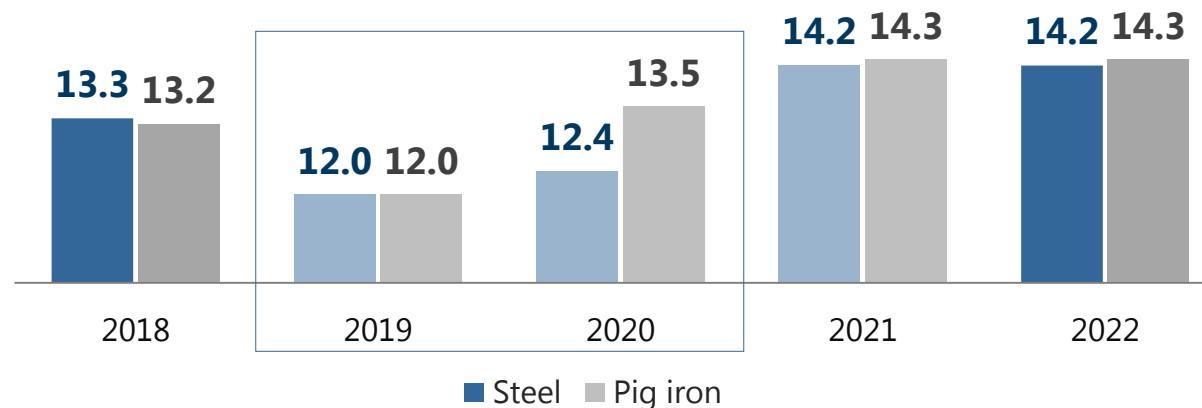
- Impacts slab sales to 3rd parties only, no downstream sales to be lost
- Will be partially offset by higher pig iron and iron ore concentrate sales

CAPEX, \$ bn



STEEL PRODUCTION AT THE LIPETSK SITE IN 2018-2022, m t

BF / BOF repairs at NLMK Lipetsk



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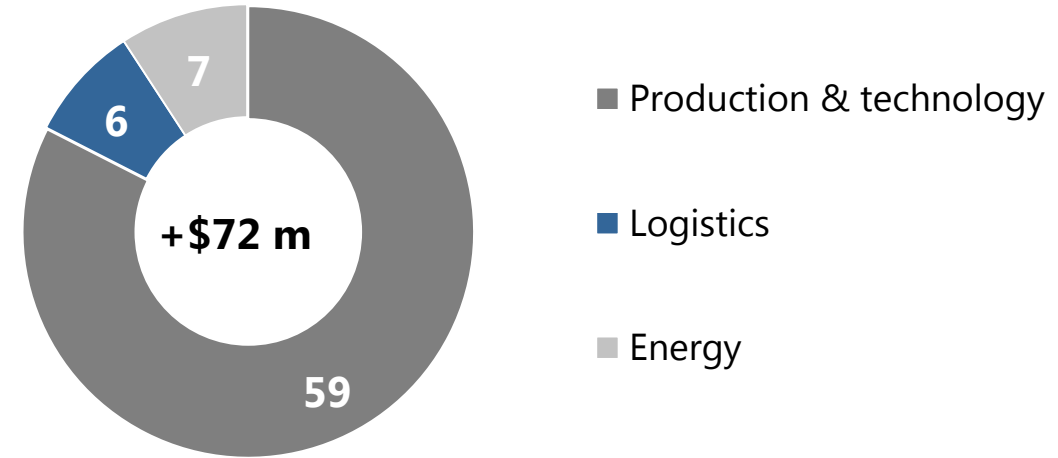


H1'19 gains totaled \$72 m, including:

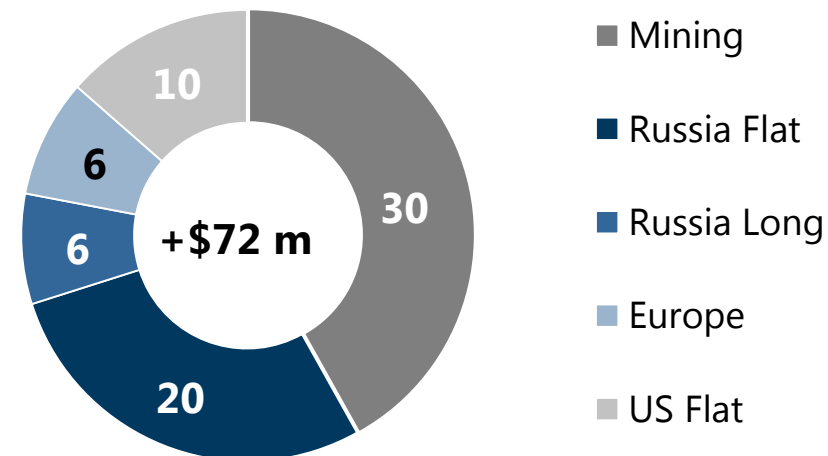
- \$30 m: additional iron ore concentrate output
- \$15 m: yields, productivity and quality improvements as well as lower processing materials consumption at foreign assets
- \$6 m: fuel economy, use of alternative means of transportation, increase in static loading

The mining and Russia Flat divisions contributed 70% of total effect in H1'19

EBITDA GAINS FROM OPERATIONAL EFFICIENCY IN H1'19, BY AREA, \$ m



EBITDA GAINS FROM OPERATIONAL EFFICIENCY IN H1'19, BY DIVISION, \$ m



+1 m t of integrated steel

- Targets: + 1 m t of slabs pa, +2.3 m t of concentrate pa, +1.2 m t of pellets pa
- EBITDA gains: \$170 m pa
- Timeline: full effect in 2021
- Project status:
 - assembling works of continuous casting machine #9
 - start of construction and installation works of an additional beneficiation section
- Capex spent: c. \$100 m (20% of total required)

BF#6 overhaul to finish in the beginning of Q4'19

BF#4 overhaul to take place during Q2'20-Q3'20

Coal charge stamping project at Altai Koks to finish by the end of Q4'19

Investment initiatives gains (mainly aimed at increasing iron ore concentrate production at Stoilensky) contributed \$29 m in H1'19



Stoilensky: Construction works of beneficiation section



NLMK Lipetsk: CCM#9 assembling works

Premium plates at Dansteel

- Target: +0.25 m t of niche premium plate pa
- Timeline: +0.14 m t in 2020, full effect in 2022
- Accelerated cooling system (ACC) status: hot testing and fine-tuning
- New reheating furnace status: project design, contract signed with equipment suppliers
- Capex spent: c.\$45 m (42% of total required)



Dansteel: Accelerated cooling system system installed

Hot strip mill upgrade at La Louviere

- Target: +0.6 m t pa of thin and high-strength steel
- Timeline: +0.2 m t in 2021, full effect in 2022
- Project status: contract signed with equipment suppliers
- Capex spent: c.\$12 m (8% of total required)

Continuous safety improvement

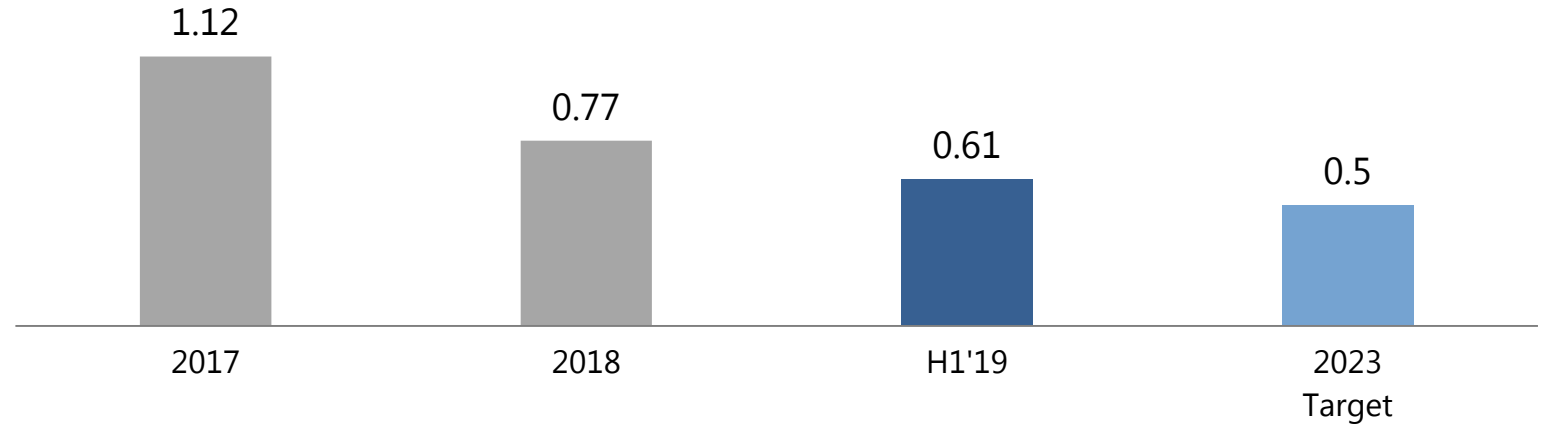
- LTIFR in H1'19 was 21% lower vs. 2018

Environmental program is on track

- Coke and chemical by-product recovery complex launched: two-fold reduction in air emissions at coke and chemical operations

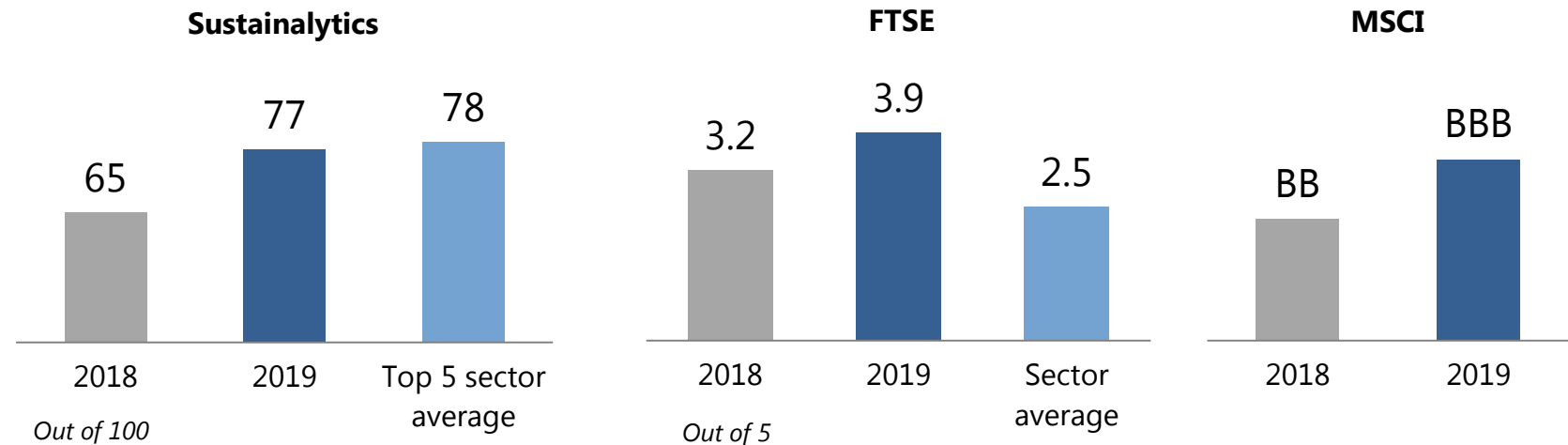
NLMK's ESG ratings have substantially improved following the release of 2018 GRI-compliant annual report

GROUP LTIFR*, EMPLOYEES & CONTRACTORS



** LTIFR refers to Lost Time Injury Frequency Rate, the number of lost time injuries occurring in a workplace per 1 million man-hours worked, employees and contractors*

NLMK: ESG RATINGS UPGRADES



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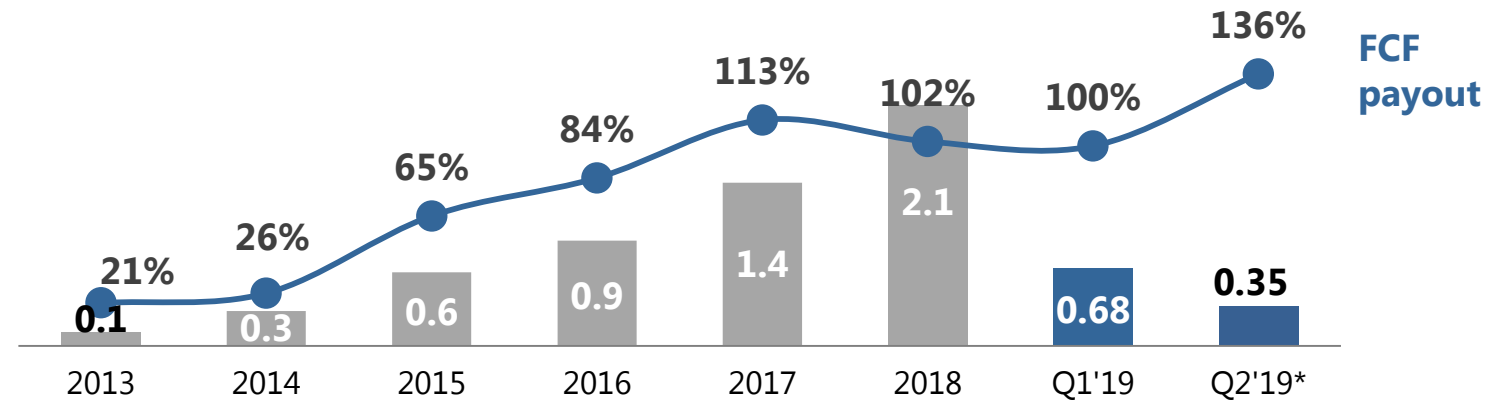
Updated dividend policy

- Minimum 100% of FCF if ND/EBITDA is below 1.0x
- Minimum 50% of FCF if ND/EBITDA is higher 1.0x

Higher capex during strategy cycle is not affecting dividend payments

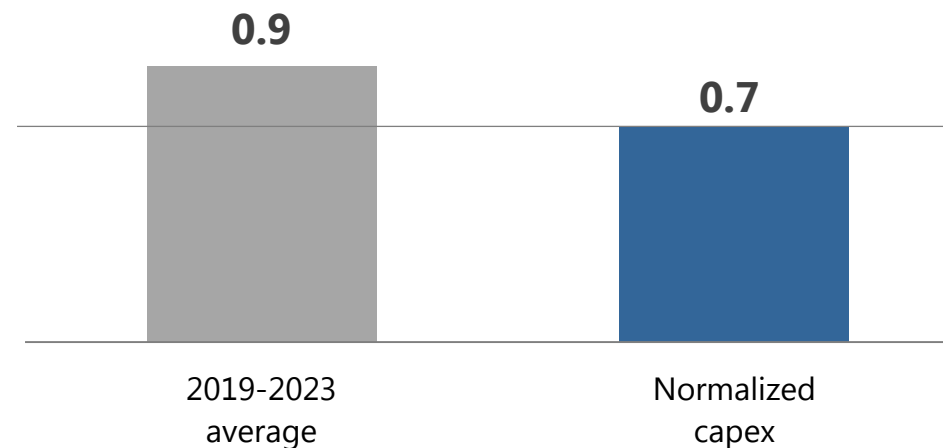
- Free cash flow to be calculated assuming normalized capex of \$0.7 bn pa for the purposes of dividend payments

DELIVERED DIVIDENDS GROWTH, \$ bn



* Dividends recommended by the Board of Directors, subject to shareholders' approval on 27-Sep-19 EGM

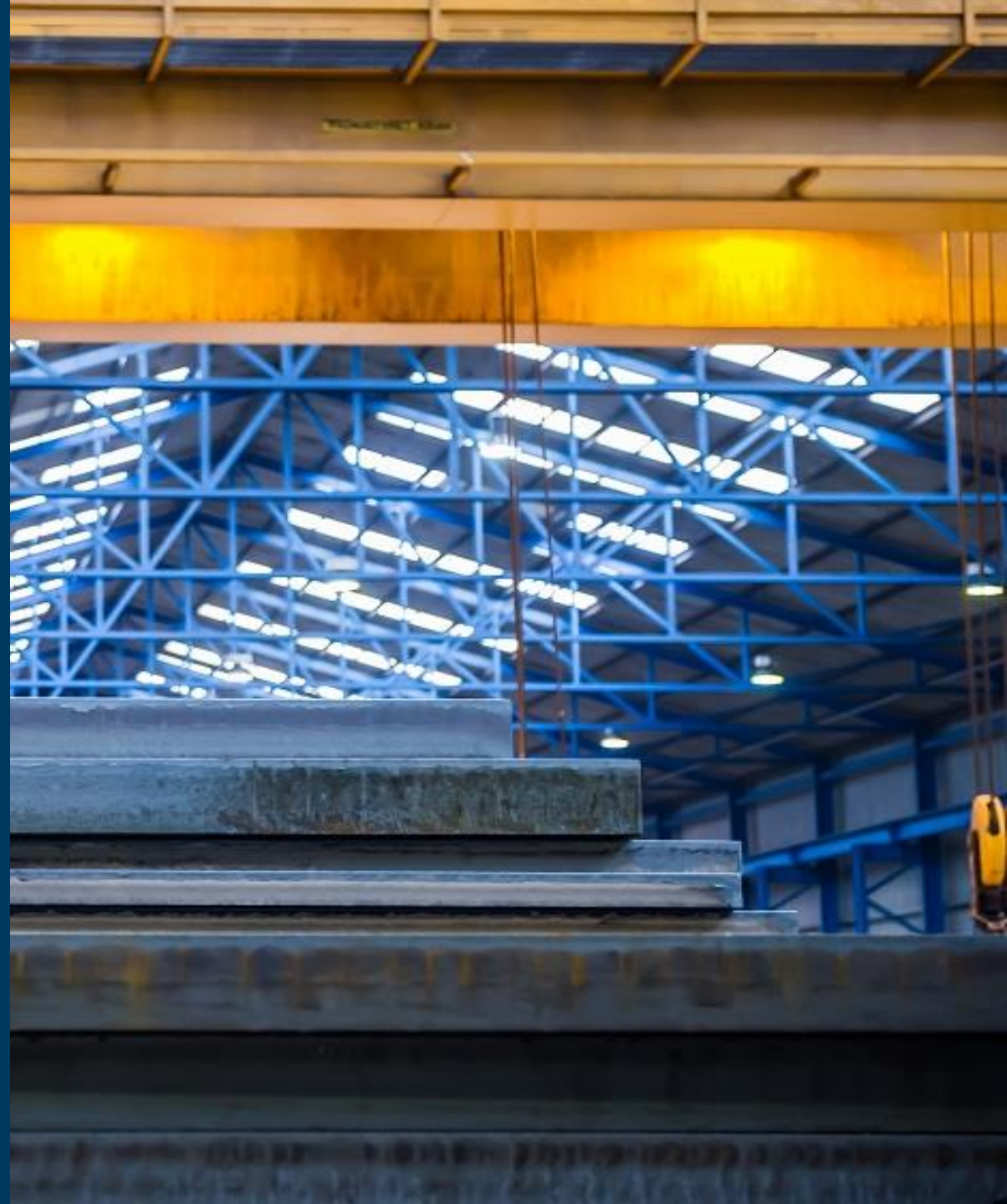
CAPEX, \$ bn



+ \$0.2 bn of additional dividends payments pa

CAPEX level used for adjusted FCF calculation

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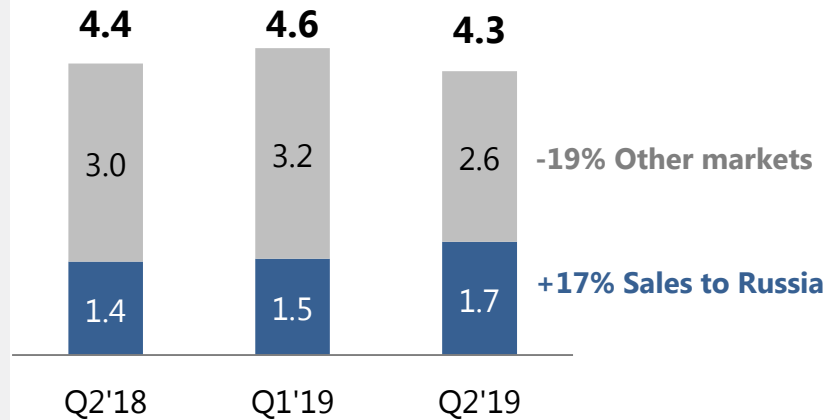
Sales declined 7% qoq to 4.3 m t mainly on lower slabs deliveries driven by scheduled maintenance at BF & BOF shops at NLMK Lipetsk

- Higher HVA sales share (+2 p.p. qoq)
- Shipments of semis to 3-rd parties down 39% qoq due to ongoing repairs at NLMK Lipetsk
- Lower intragroup slab sales: alternative sourcing in the US corresponds to lower steel production in Lipetsk

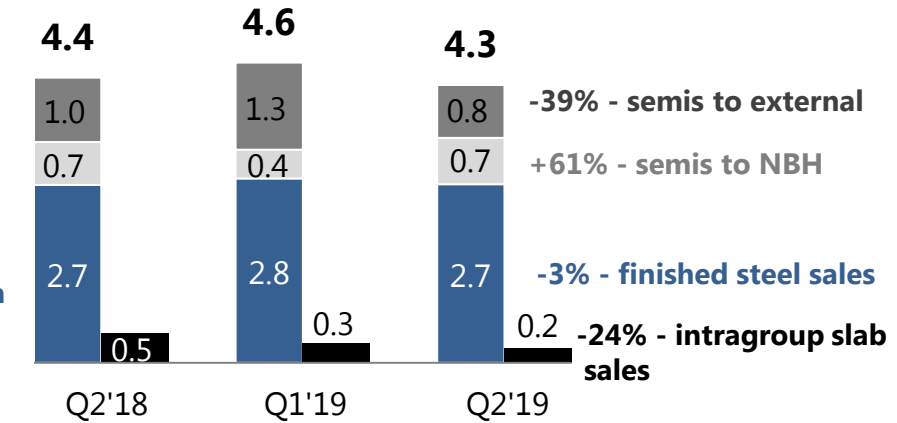
Shipments by segments:

- Lower sales at Russia Flat (-10% qoq) due to large-scale maintenance; mix changed in favor of finished goods
- Lower deliveries of long products qoq with decline in export sales partially offset by higher domestic shipments
- Sales in the US fell 3% qoq to 0.6 m t amid an anticipated drop in prices
- Shipments from Dansteel were down on lower demand amid high stocks. Sales at NBH grew 20% qoq on higher demand

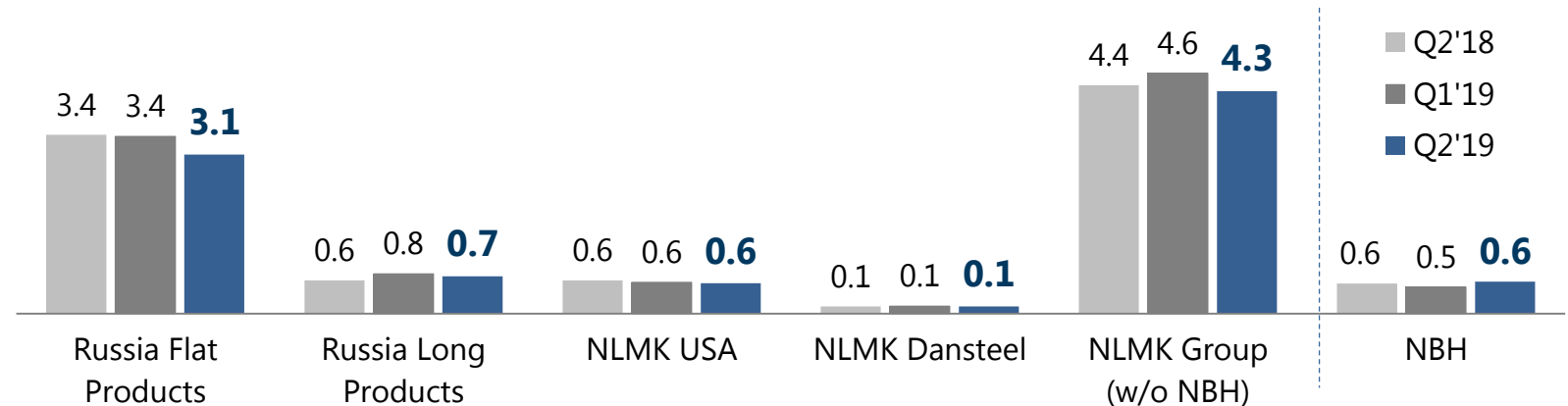
INCREASED SHIPMENTS TO RUSSIA, m t
%, qoq



HIGHER SHARE OF FINISHED PRODUCT SALES, m t
%, qoq



Q2'19: SALES DOWN QOQ ON MAINTENANCE AT THE LIPETSK SITE, m t



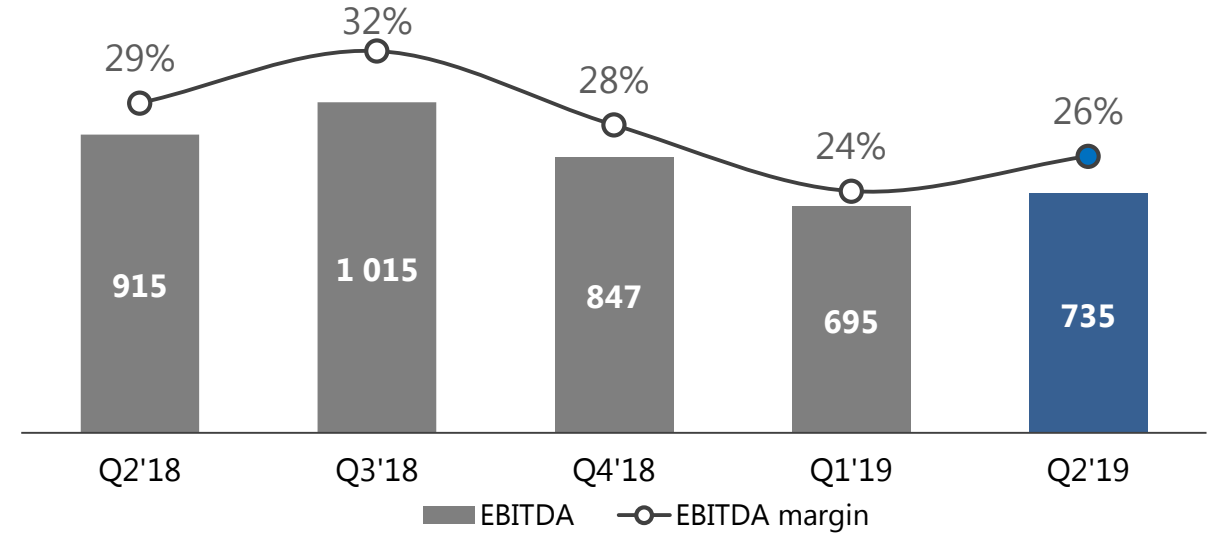
Revenue was down 3% qoq on lower shipments

EBITDA increased 6% qoq driven by wider spreads to raw materials and improved product mix

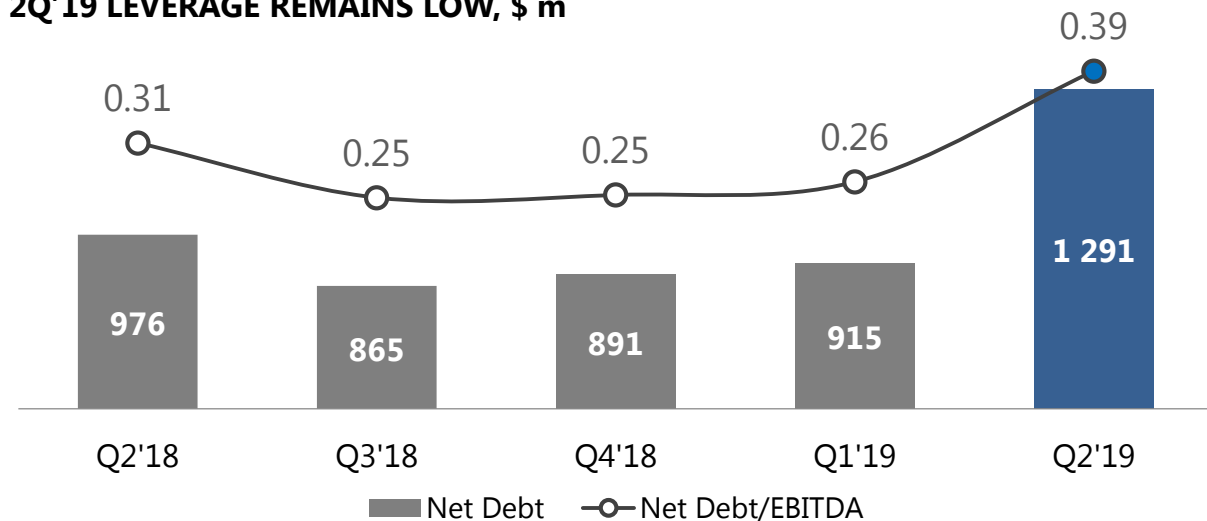
- Revenue: \$2,797 m (-3% qoq, -10 % yoy)
- EBITDA: \$735 m (+6 % qoq, -20% yoy)
- EBITDA margin: 26% (+2pp qoq, -3pp yoy)
- Net income*: \$414 m (+8 % qoq, -29% yoy)

Net debt-to-EBITDA remained at low level of 0.39x**

EBITDA ROSE 6% QOQ AND MARGIN INCREASED TO 26%, \$ m



2Q'19 LEVERAGE REMAINS LOW, \$ m



* Profit for the period attributable to NLMK shareholders

** For detailed information and calculations for this indicator please refer to the Appendix

Russian Flat products: EBITDA up by 7% qoq on prices growth and improved product mix

- (+) Widening spreads driven by steel prices recovery
- (+) Share of finished products in the mix increased
- (+) Operational efficiency program
- (-) Slab sales down on BF & BOF reconstruction

Russian Long products: higher EBITDA qoq on seasonally strong prices coupled with better mix

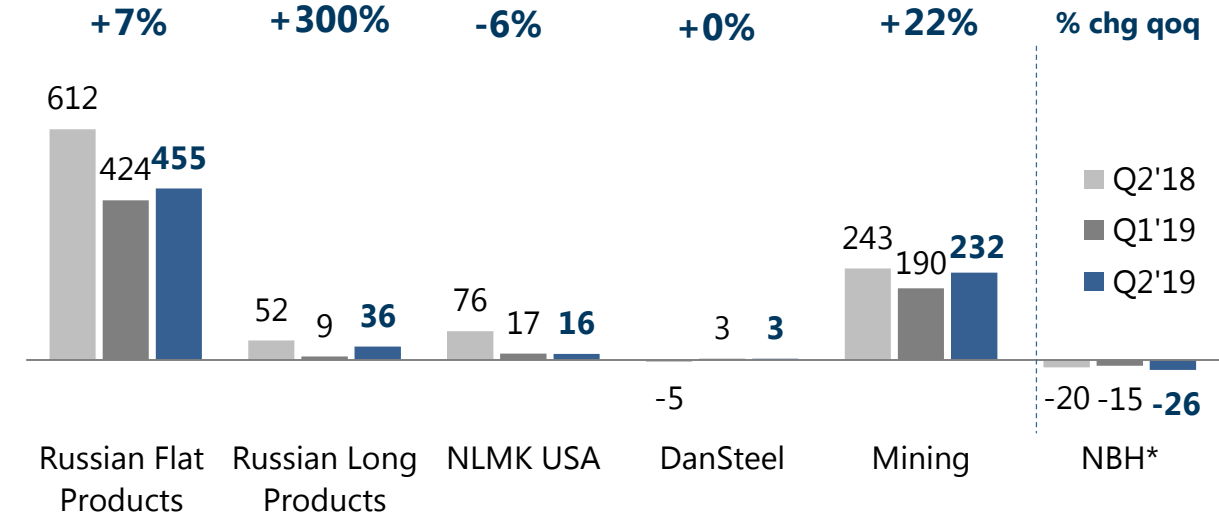
- (+) Price spreads between rebar and scrap improved
- (+) Better product mix: share of finished products up 12pp qoq
- (-) Total sales volumes down 7% qoq on lower export sales
- (-) FX effect of ruble appreciation

NLMK USA: EBITDA slipped 6% qoq on price correction for finished steel combined with expensive slabs in stock

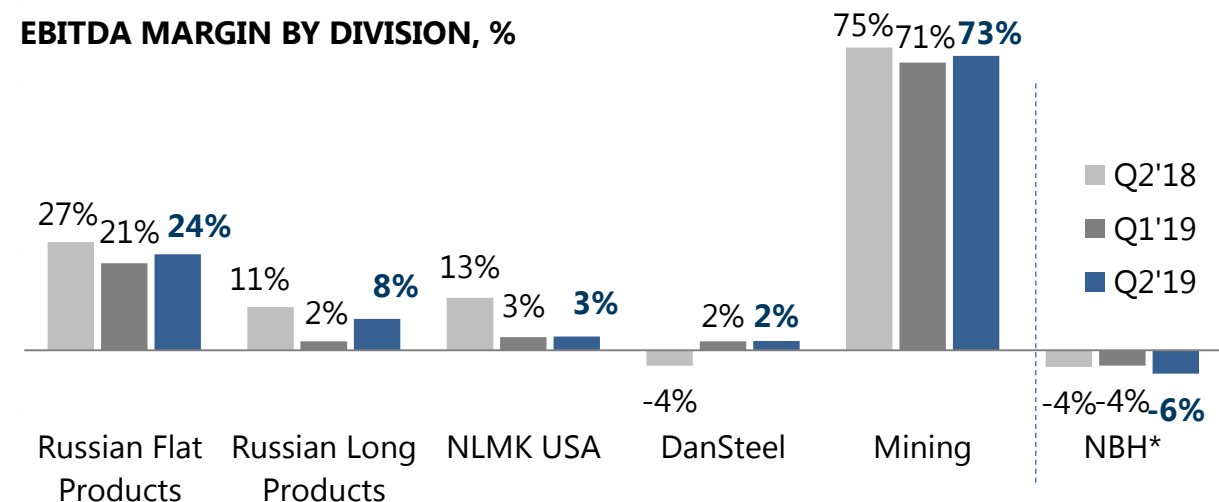
Mining: EBITDA & margins rose on the back of higher prices supported by operational efficiency improvements

NBH: EBITDA fell on narrow spreads and weak demand

EBITDA BY DIVISION, \$ m



EBITDA MARGIN BY DIVISION, %



* Excluding one-off non-operating accrual for NLMK Clabecq restructuring costs in the amount of \$23 m

Net operating cash flow decreased by 42% qoq to \$494 m

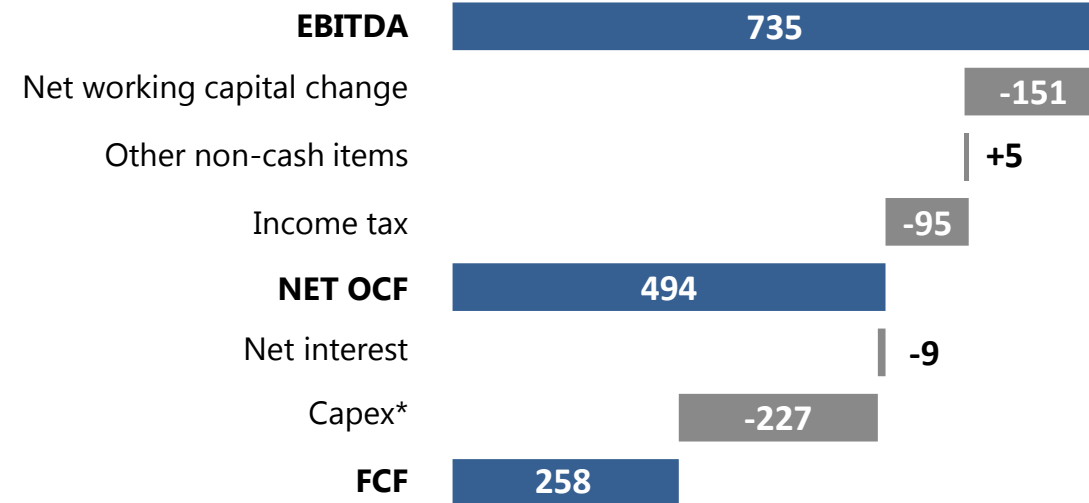
Working capital buildup of \$151 m:

- (-) \$147 m increase in accounts receivables on higher sales of flat and long products in Russia
- (-) \$128 m increase in inventories: external slabs at NLMK USA, seasonal increase in scrap stock at Russian sites, normalization of NLMK Lipetsk finished products inventory after reduction in Q1
- (+) \$122 m increase in accounts payables due to slab purchases from 3rd parties at NLMK USA

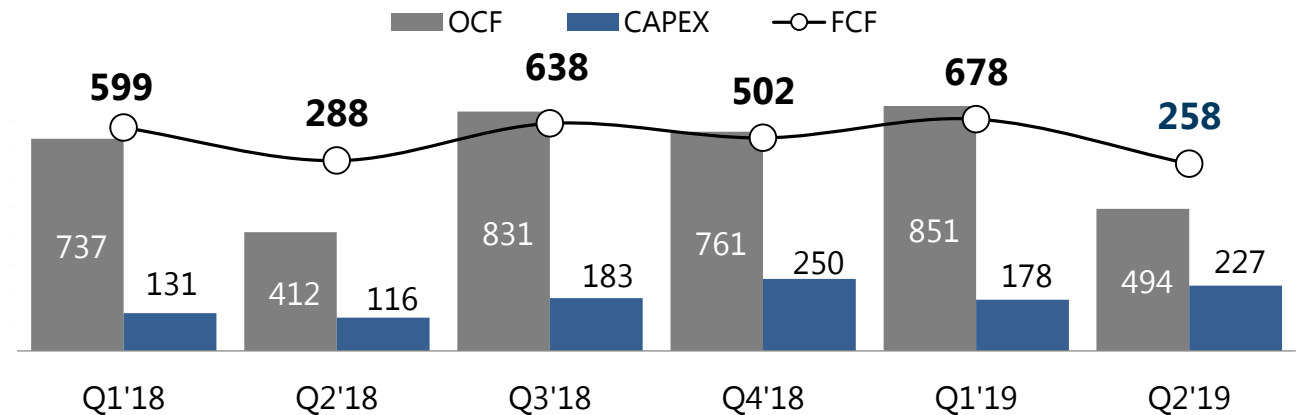
Capex increased to \$227 m in 2Q'19 driven by the launch of the new investment projects

Free cash flow decreased to \$258 m (-62% qoq; -10% yoy). The qoq trend was associated with high base effect in Q1'19 – the sale of inventories accumulated in ports in December 2018

Q2'19 FCF BRIDGE, \$ m



OPERATING CF, CAPEX*, FCF, \$ m



* Including capitalized interest of \$1m

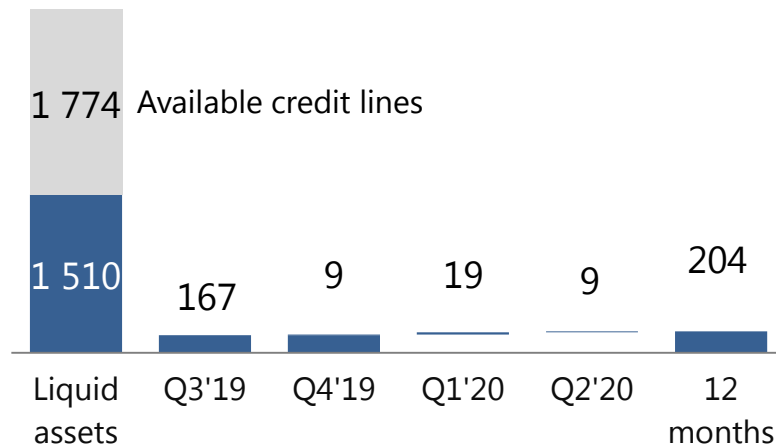
Total debt rose by 34% qoq to \$2.8 bn

- New \$500 m 7Y Eurobonds issue with 4.7% coupon
- The use of revolving loan facility

Net debt / 12M EBITDA stayed at comfortably low level of 0.39x

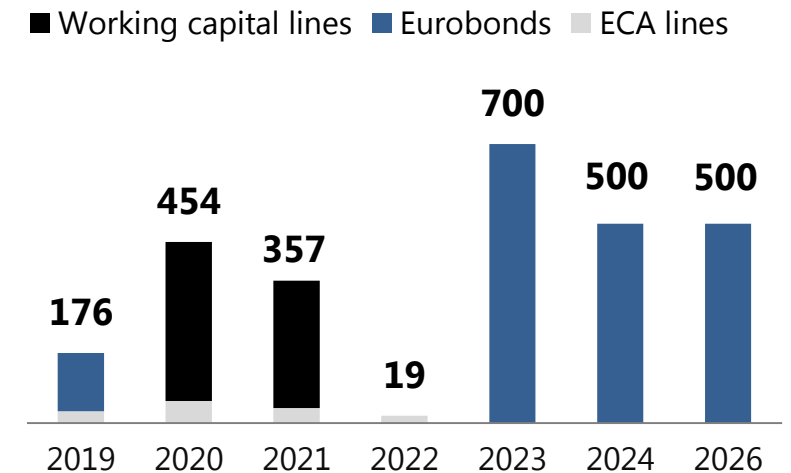
- Net debt rose 41% qoq to \$1.29 bn
- Liquidity of \$1.5 bn is substantially above ST debt

LIQUIDITY AND SHORT-TERM DEBT*, \$ m



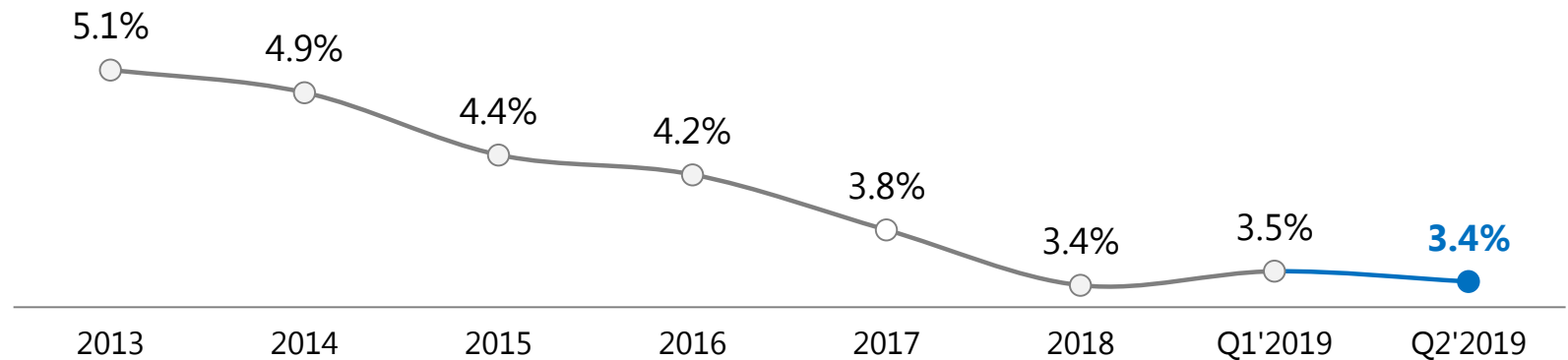
* Excluding interest payments and working capital lines

DEBT** MATURITY, \$ m



** Excluding interest payments

COST OF DEBT REMAINS LOW, %



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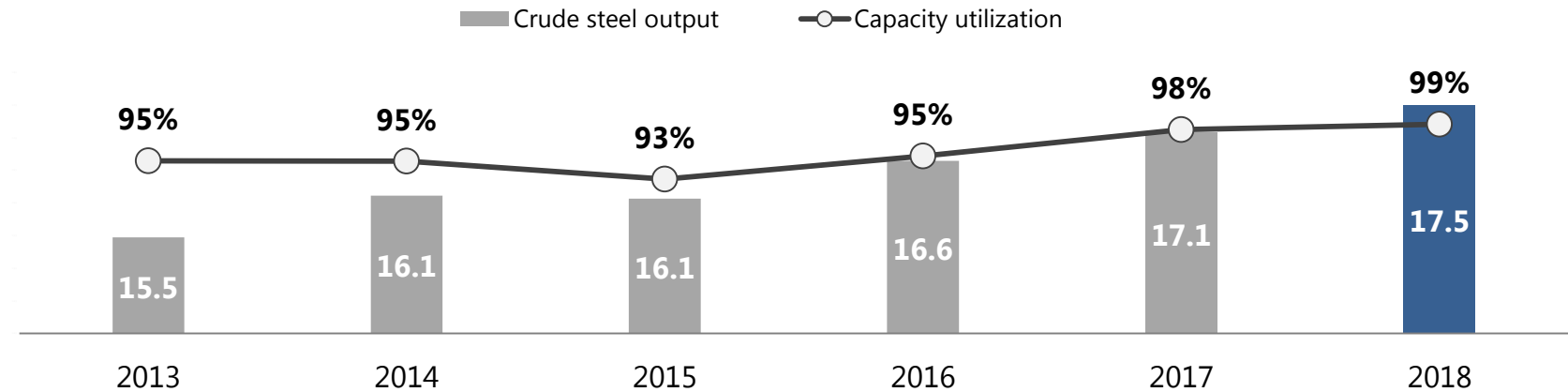
Steel capacity utilization is well above 90% through the cycle

Steel output growth driven by efficiency improvements

47% of the finished steel sales are high value added products

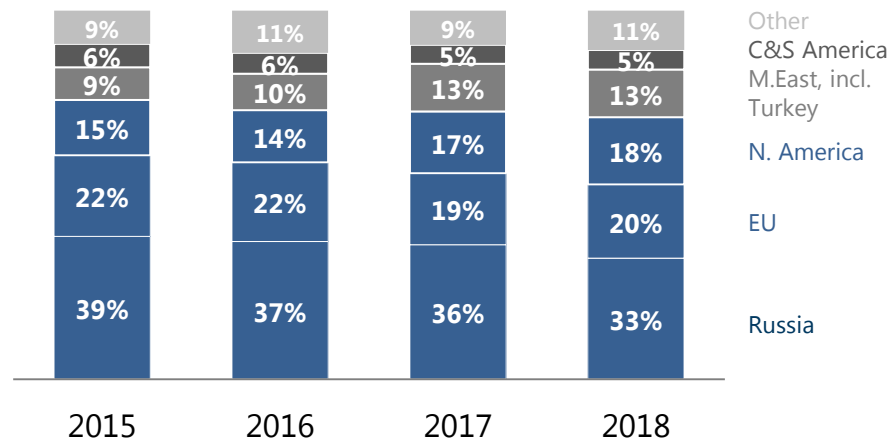
Strong domestic footprint with 2/3 of sales made in our home markets – Russia, Europe, USA

STEEL PRODUCTION, 2013-2018, m t

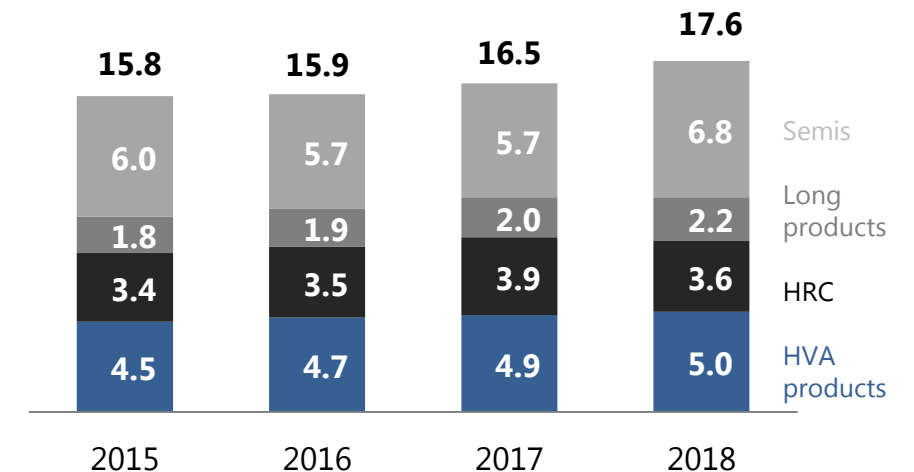


Source: NLMK operating results, with NBH

SHIPMENTS STRUCTURE W/O NBH BY REGIONS, 2015-2018



SALES STRUCTURE W/O NBH BY PRODUCT, 2015-2018, m t



NLMK holds leading positions in Russia in HVA production

Domestic demand for HVA continues to outstrip supply

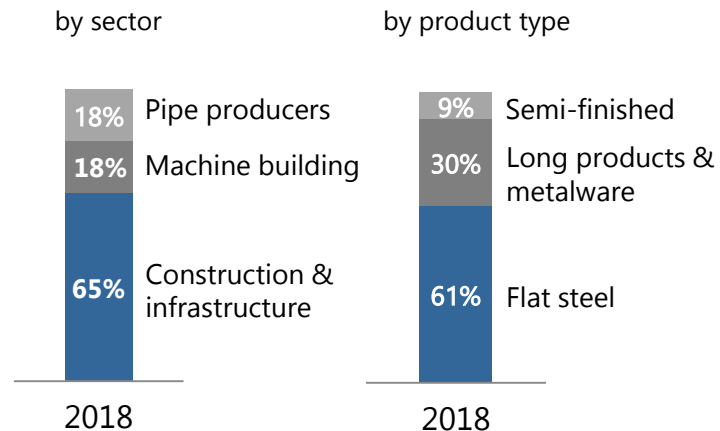
The company has exposure to niche products:

- LDP feedstock
- The only transformer steel producer in Russia

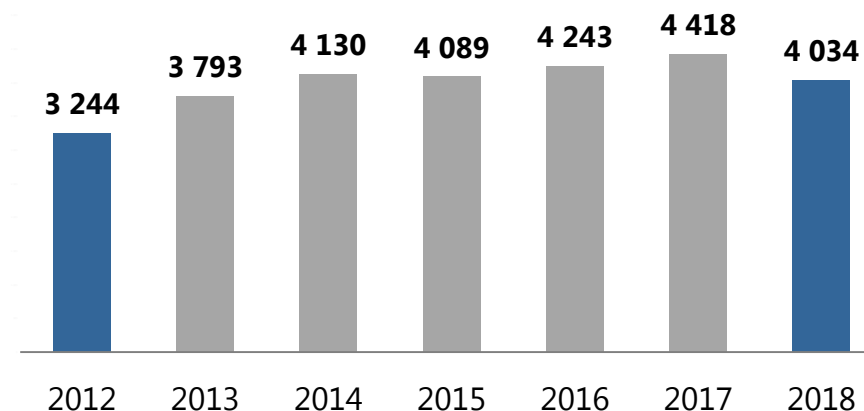
This is further supported by diversification into flat / long products

NLMK also has the flexibility to relocate shipments from domestic to export markets and vice versa

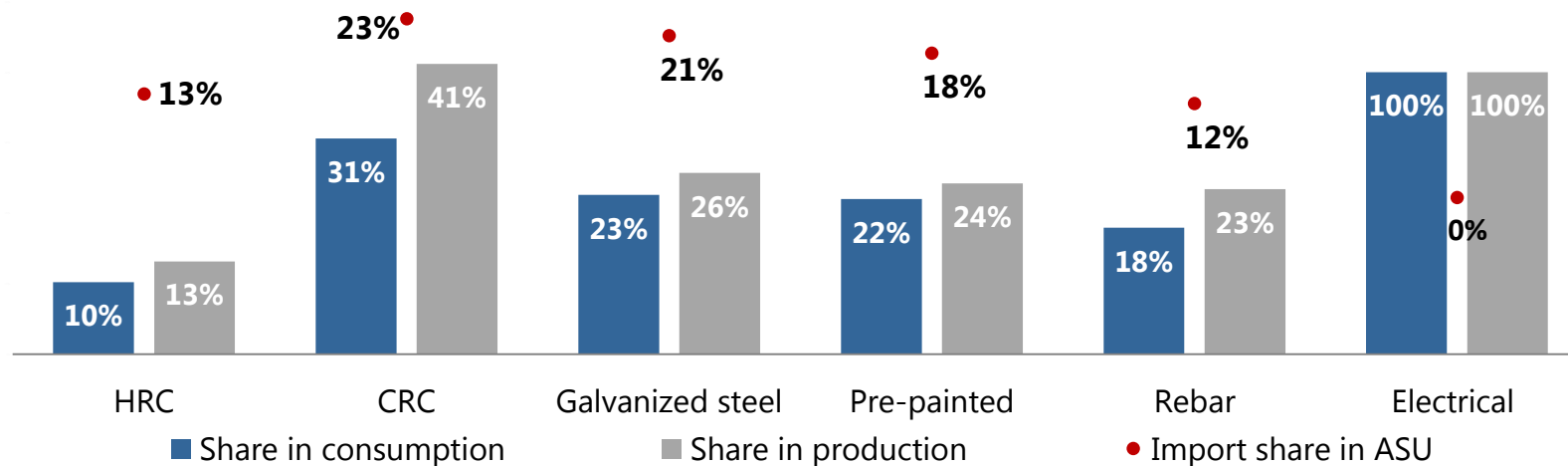
NLMK: SALES TO THE RUSSIAN MARKET



NLMK: FLAT STEEL SALES IN RUSSIA, m t

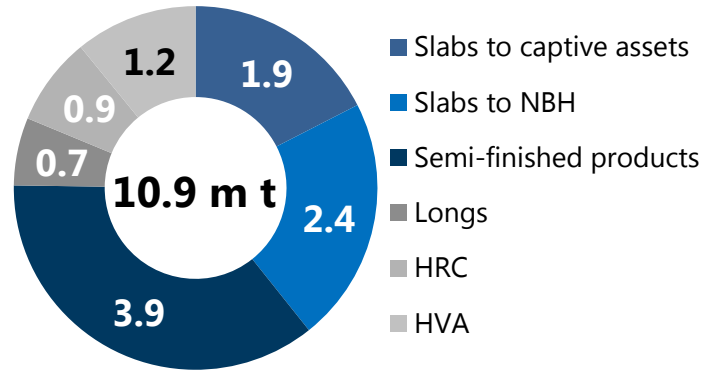


NLMK'S SHARE ON THE RUSSIAN STEEL MARKET

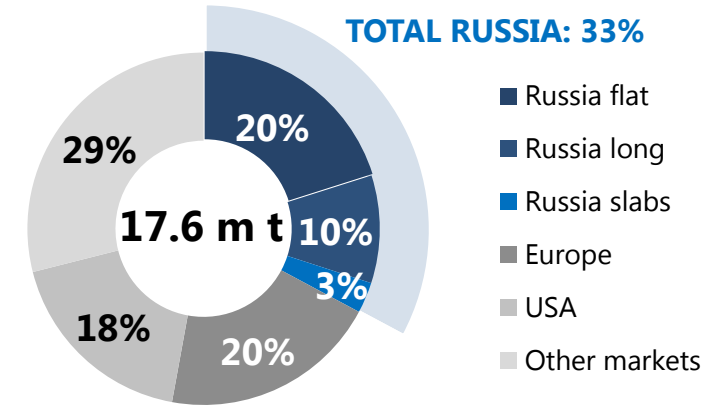


Source: NLMK financial and operating results for 2018, Metal Expert

NLMK RUSSIA'S EXPORTS BY PRODUCT, 2018, m t

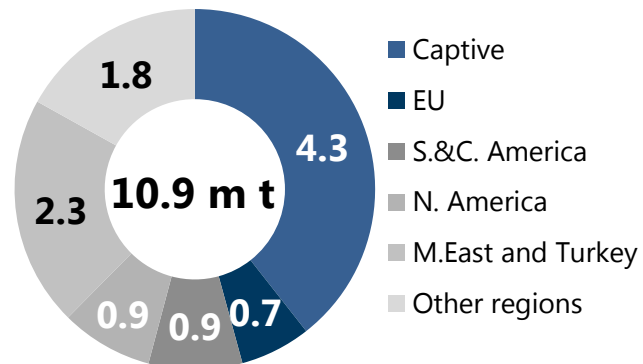


NLMK GROUP SALES BREAKDOWN W/O NBH, 2018, m t

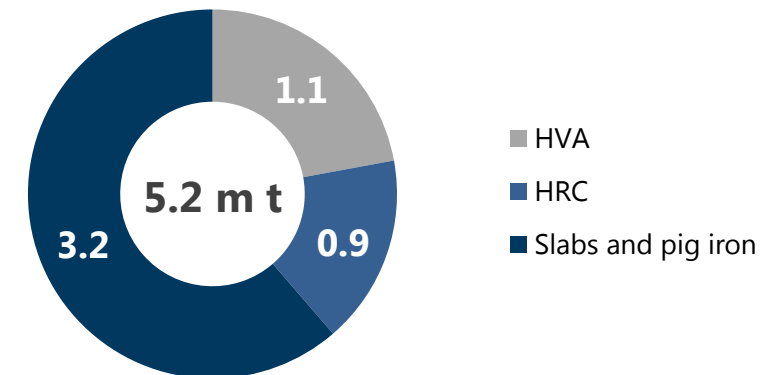


NLMK RUSSIA'S EXPORTS BY DESTINATION, 2018, m t

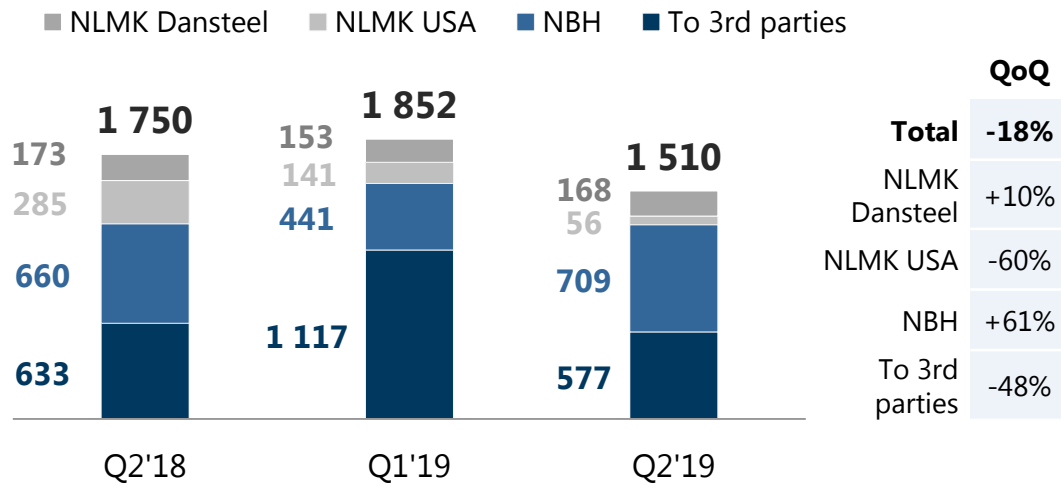
SALES TO CAPTIVE ASSETS 39%
EXPORTS TO 3RD PARTIES 61%



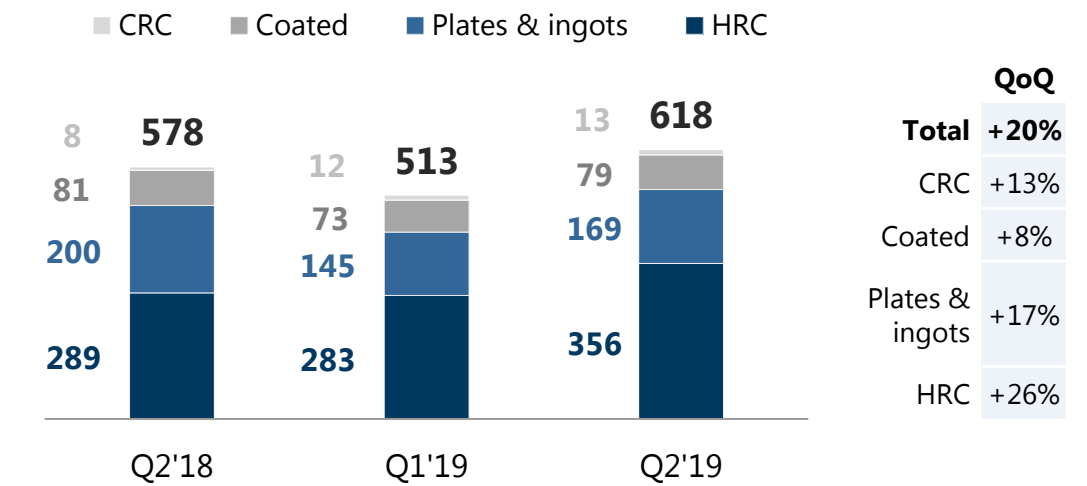
NLMK RUSSIA: FLAT EXPORTS TO 3RD PARTIES, 2018, m t



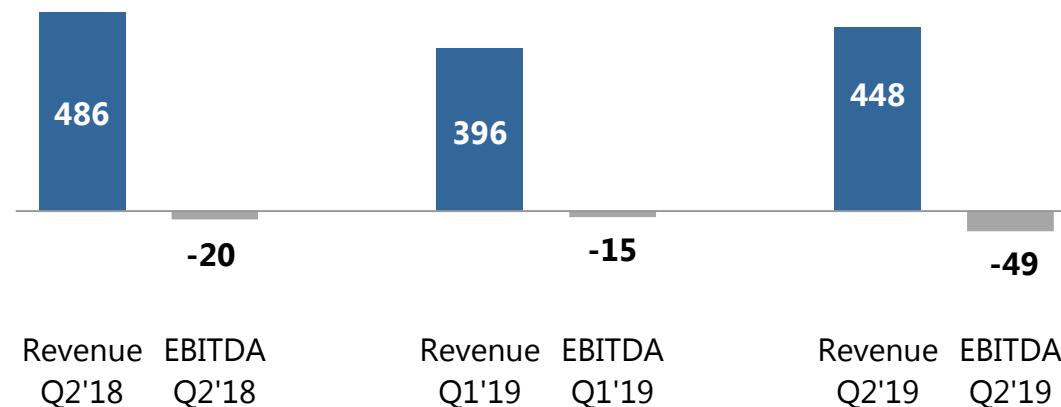
SLABS SALES FROM THE RUSSIAN FLAT PRODUCTS DIVISION, k t



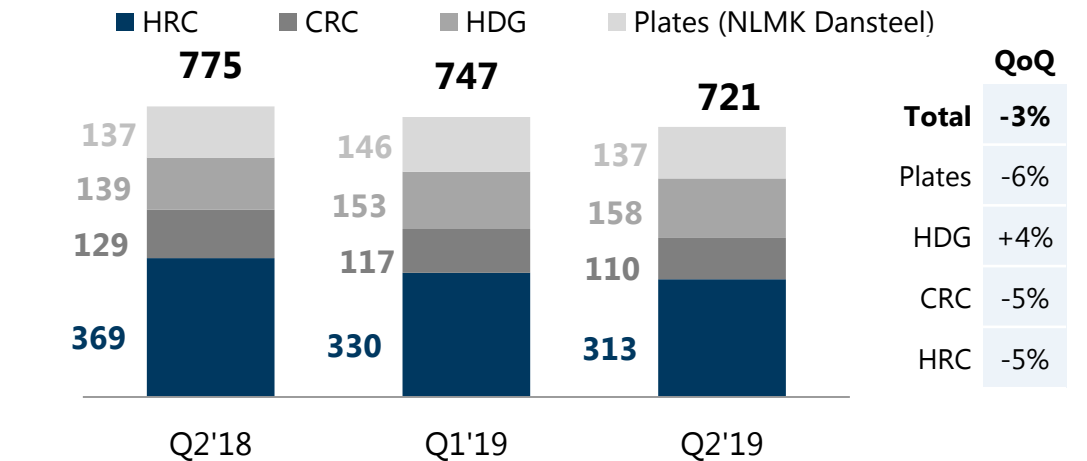
NBH ROLLED PRODUCTS SALES, k t



NBH FINANCIAL RESULTS, \$ m



NLMK USA AND NLMK DANSTEEL SALES, k t



Free cash flow up to \$2 bn (+60% yoy) on EBITDA growth and constant working capital management

Net operating cash flow increased by 44% yoy to \$2.7 bn

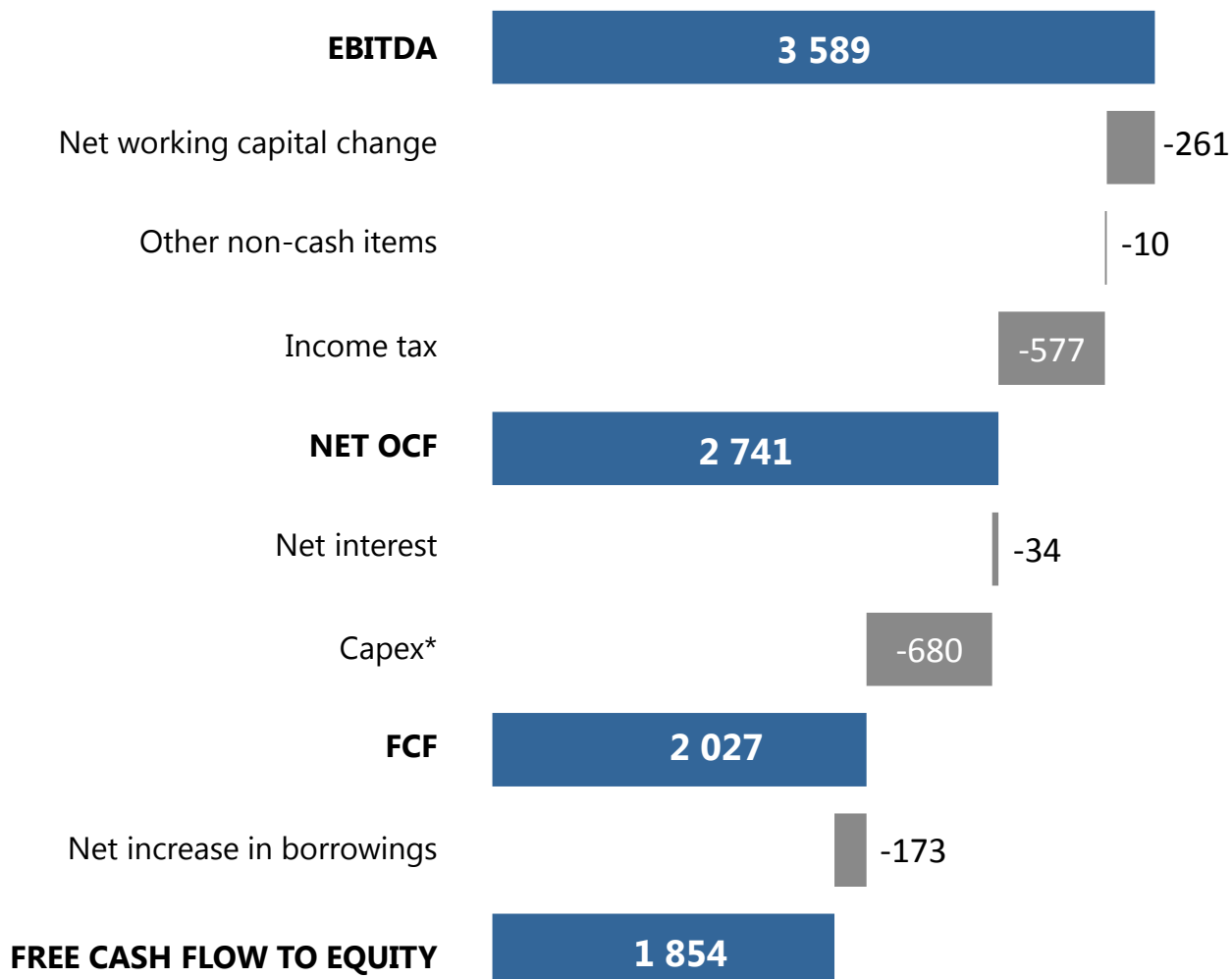
Working capital outflow of \$261 m:

- (-) \$258 m increase in accounts receivable on steel prices growth and higher shipments
- (-) \$187 m increase in inventories mainly due to raw materials prices increase
- (+) \$177 m increase in payables as a result of rising prices for raw materials and the growth of externally sourced slabs purchases by NLMK USA

Capex rose to \$680 m due to growth in number of projects in active stage, including capital repairs in the Russian Flat:

- Capital repair of BOF No 2
- Capital repair of blast furnace No 6
- Reconstruction of reheating furnace in HR shop

2018 FCF BRIDGE, \$ m



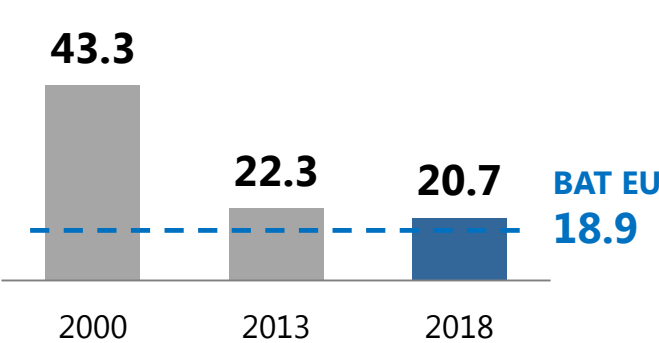
* Including capitalized interest of \$21m

NLMK has delivered significant progress on minimizing environmental impact from its operations

Leveraging strong track record & expertise for further improvements

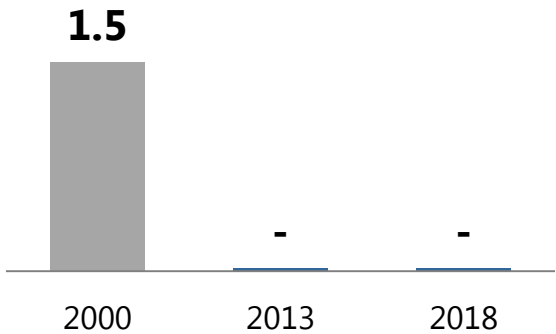
SPECIFIC AIR EMISSIONS

Kg/t of steel, NLMK integrated operations



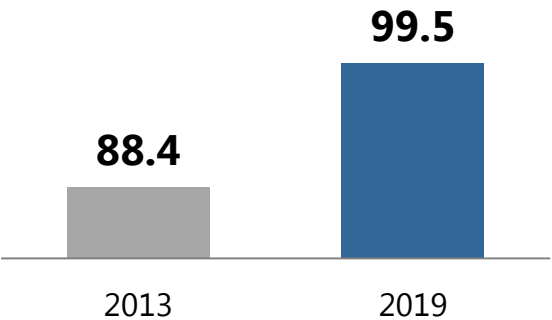
WATER DISCHARGE

Kg/t of steel, NLMK integrated operations



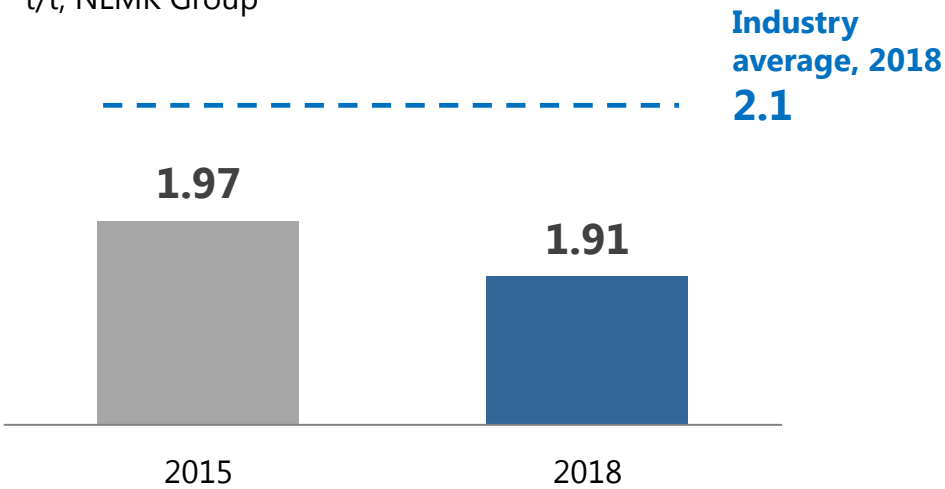
RECYCLING OF GENERATED FE-CONTAINING WASTE

%, NLMK integrated operations



DIRECT & INDIRECT CO₂ EMISSIONS

t/t, NLMK Group



Source: industry average as per Science Based Targets

Significant portion of NLMK's exports and total shipments is not subject to import restrictions

- Semis are usually not subject to trade measures
- Sales in home markets from local assets are free from barriers

EU recent trade barriers

- Specific trade restriction measures, including quotas were implemented in Feb 2019 until July 2021
- After the exhaustion of the quotas, a 25% tariff will be applied

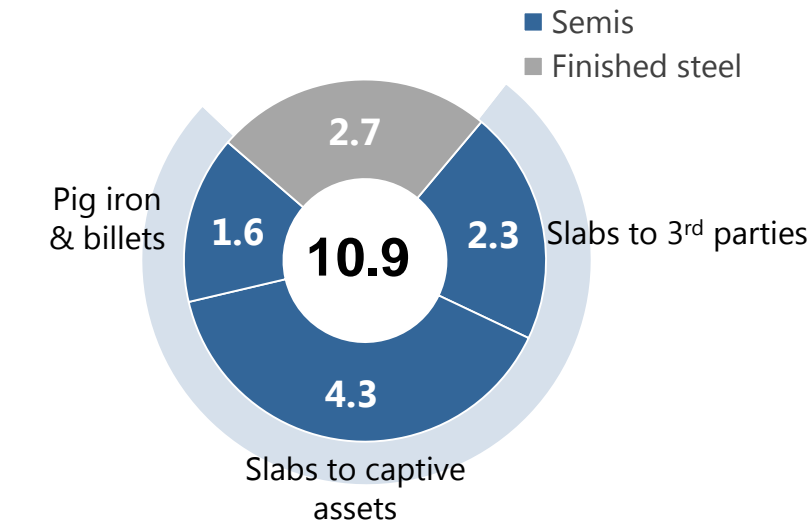
USA recent trade barriers: section 232, 25% tariff on all shipments from Russia

For reference: NLMK International (EU & USA) rolling capacity

- NLMK EU HRC capacity: 1.7 m t* (installed 2.2 m tpa)
- NLMK EU CRC capacity: 0.4 m t*
- NLMK EU Plate capacity: 1.5 m t*
- NLMK USA HRC capacity: 2.9 m t* (with 0.8 m tpa of captive EAF capacity)

* @current shifts

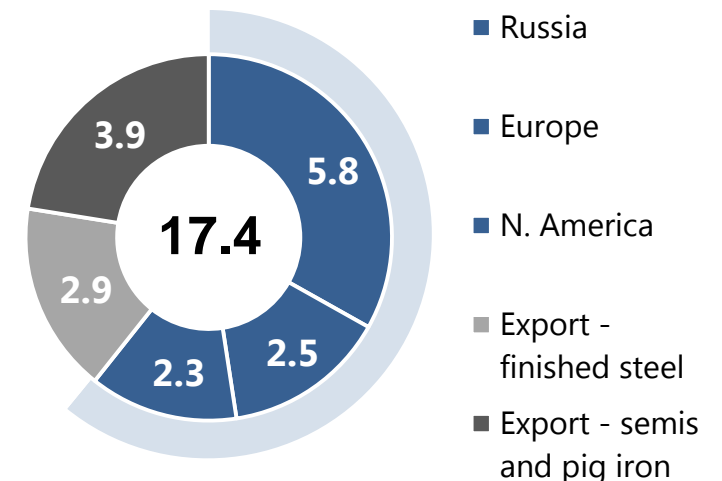
76% OF NLMK'S EXPORTS FROM RUSSIA WAS NOT SUBJECT TO IMPORT RESTRICTIONS, 2018, m t



Free from import restrictions 8.3 m t

** Including NBH

SALES BY REGION**, 2018, m t



Home markets

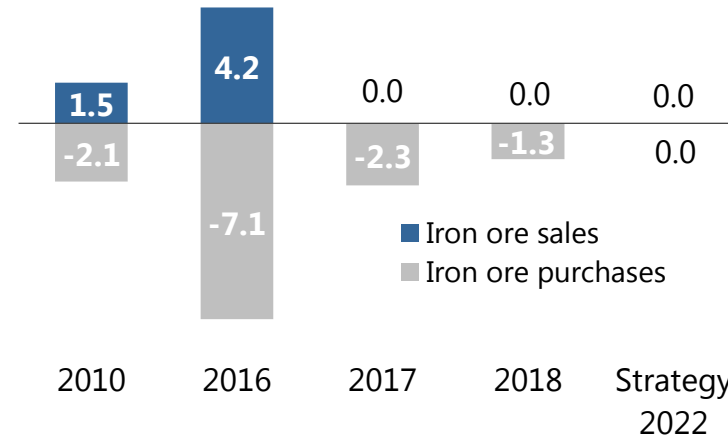
Gradual decline in reliance on volatile iron ore market

- No iron ore supplies to the third parties in 2017 - 2018 after the launch of the pelletizing plant
- Reduced purchases of third-party's iron ore
- Strategy 2022: 100% self-sufficiency with growing output at the Lipetsk site

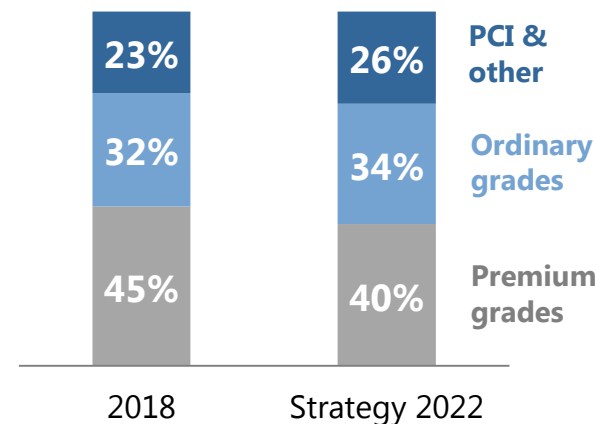
Consistent optimization of coking coal consumption

- Phase 1 - done: substituted imported coking coal with Russian grades after the launch of optimization measures at the Lipetsk site with no loss in coke quality
- Phase 2 - done: to roll out the PCI technology and introduce coking additives to optimize feedstock consumption as well as to raise coke quality
- Phase 3 – in progress: develop upstream technologies (charge stamping)

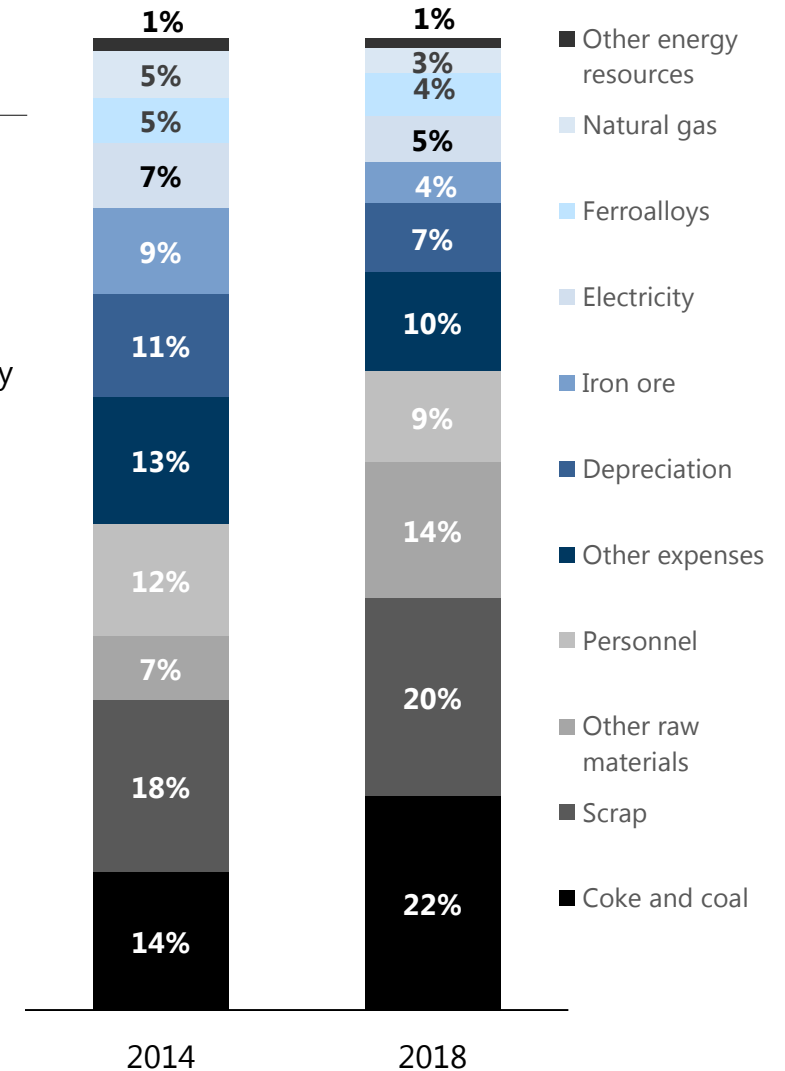
IRON ORE BALANCE, m t



COAL CONSUMPTION BY GRADE



COST OF SALES STRUCTURE



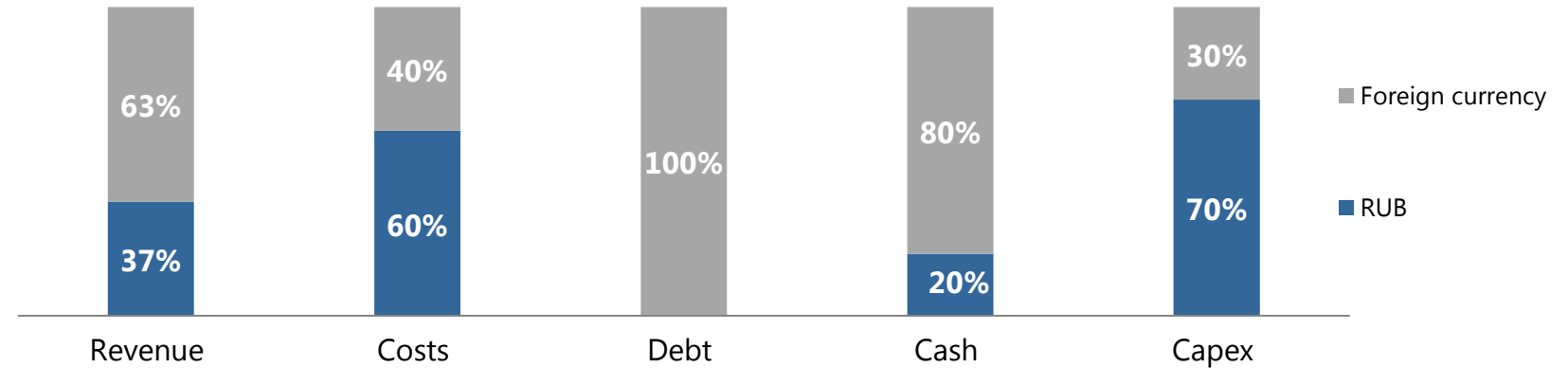
Revenue/cost FX split provides a solid cushion in volatile commodity prices fluctuation

NLMK's EBITDA sensitivity to 1 rub change translates into \$8 m effect on EBITDA

The company's flexibility in sales mix (by product and region) allows to react quickly to FX rate changes

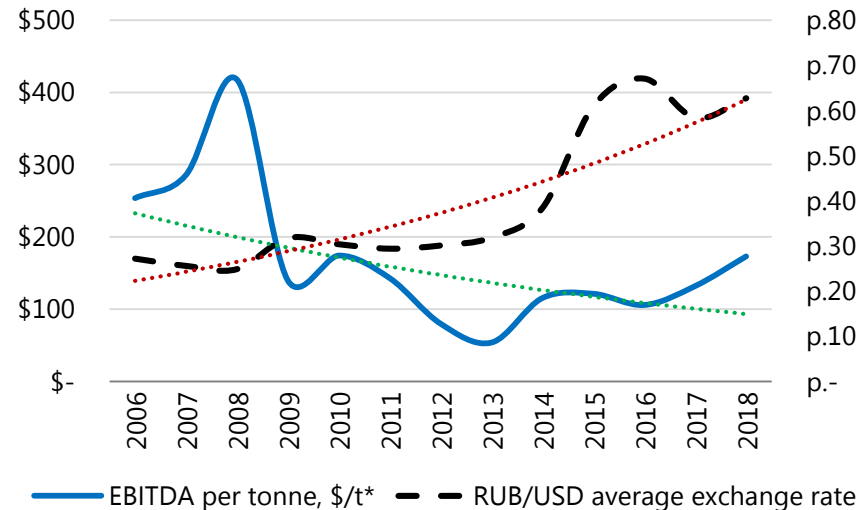
No hedging instruments used

FINANCIAL RESULTS AND BALANCE SHEET CURRENCY STRUCTURE



Source: H1'19 data

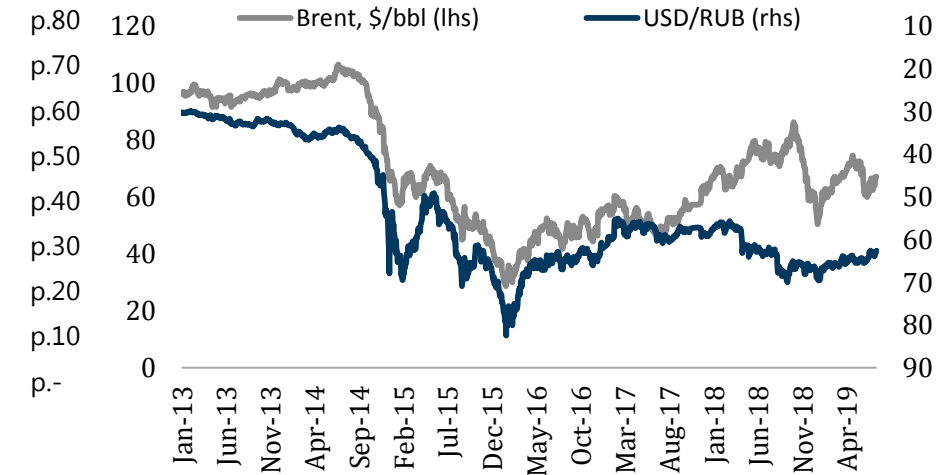
HISTORICAL DATA



Source: NLMK data

* Russian Flat Products data

\$/RUB FX RATE VS OIL PRICE



Source: Bloomberg

Russian coal market is oversupplied with 30% of output exported...

- ... hence, Russian coking coal trades with a 30-40% discount vs global

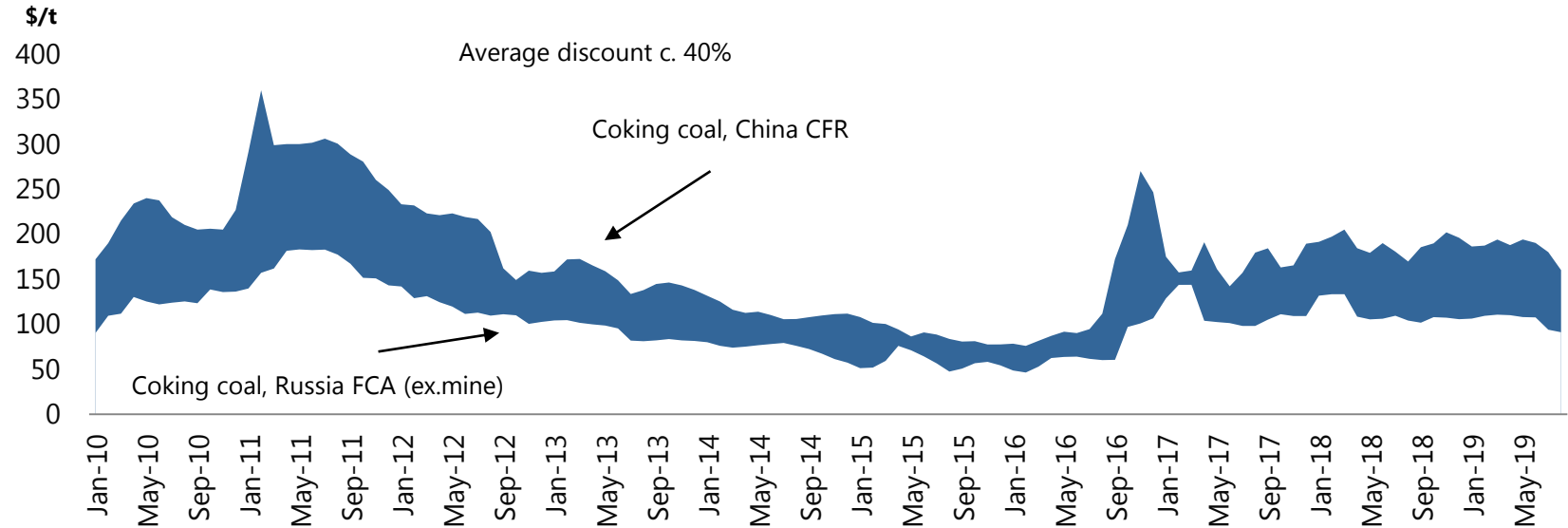
NLMK relies on Russian coal suppliers

NLMK has over 100% sufficiency in coke (coal processing)

Since Q2'17 90% of BF's at Lipetsk are equipped with pulverized coal injection (PCI) technology

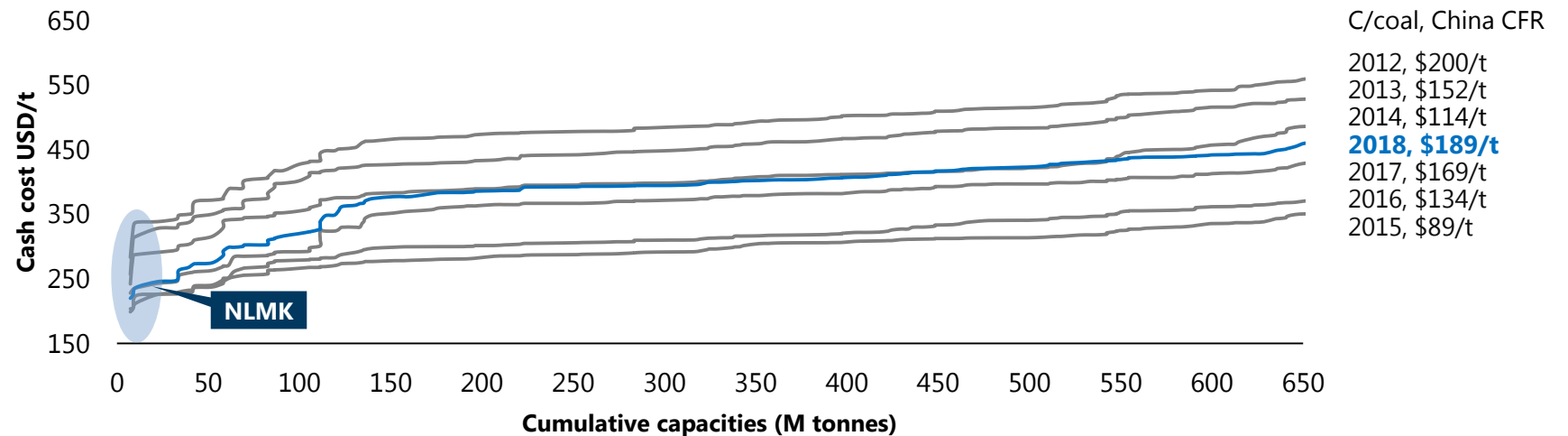
- PCI reduces consumption of coke and natural gas by 30-50%

RUSSIAN COAL PRICES ARE 40% LOWER VS GLOBAL



Source: Metal Expert

NLMK REMAINS COST LEADER AT ANY COAL PRICE

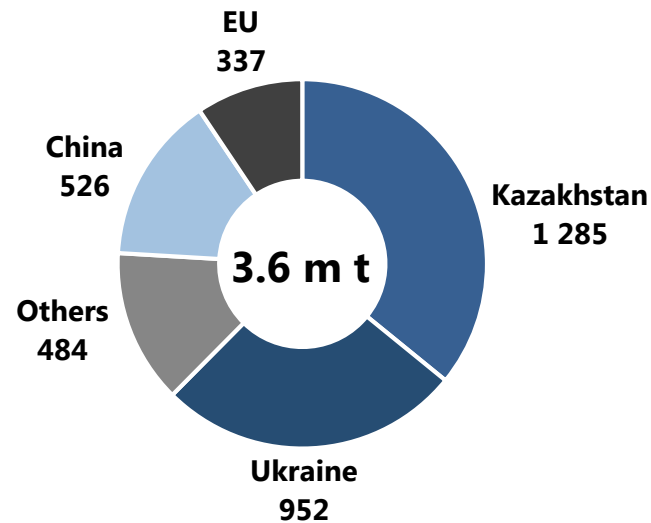


Source: WSD

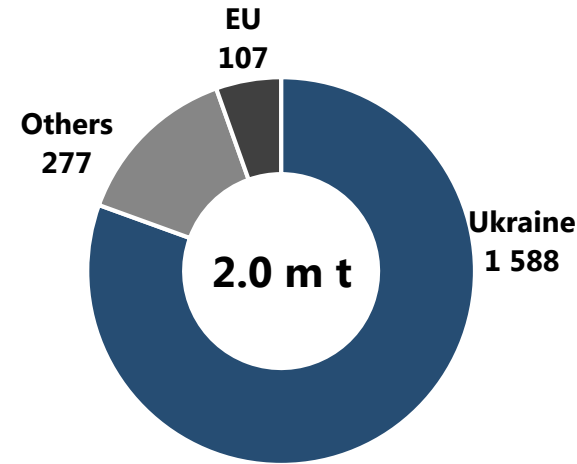
Ukraine is the main steel importer into Russia (46% of imports), particularly of long products

Kazakhstan is the second largest importer (23% of imports), predominately of flat steel

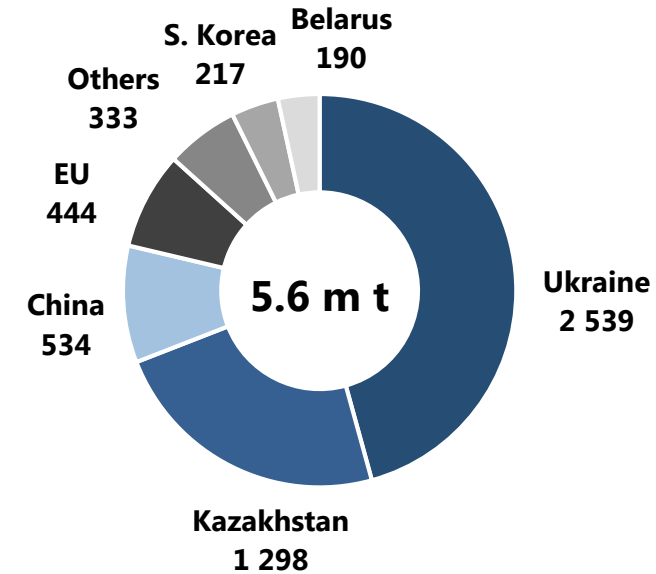
LTM FLAT STEEL IMPORTS, k t



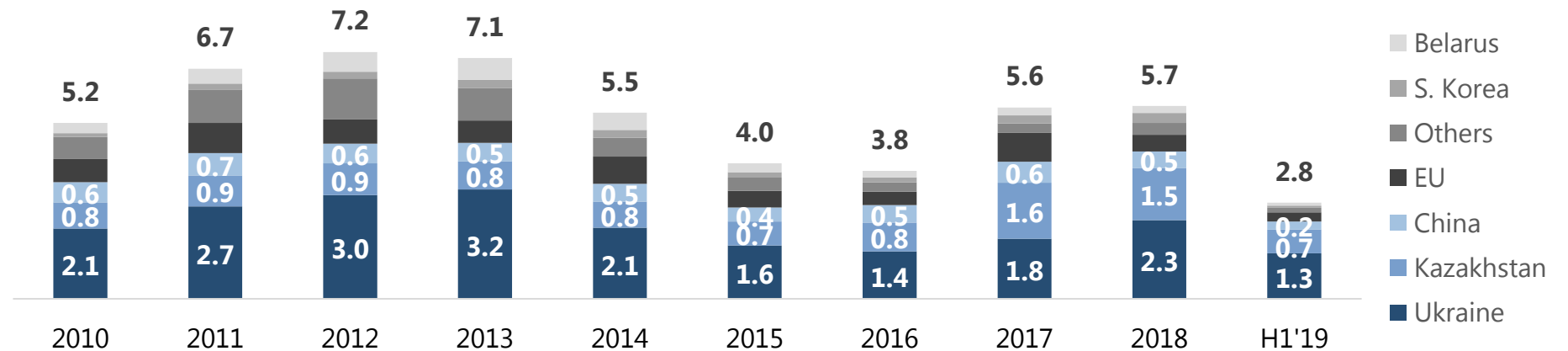
LTM LONG AND SEMIS STEEL IMPORTS (excl. pipes), k t



LTM TOTAL IMPORTS (excl. pipes), k t



TOTAL IMPORTS (excl. pipes), m t



In 2014-2018, Strategy 2017 delivered \$1,348 m of net gains*, well above initial target

Operational efficiency projects driven by NLMK Production System contributed c.\$700 m

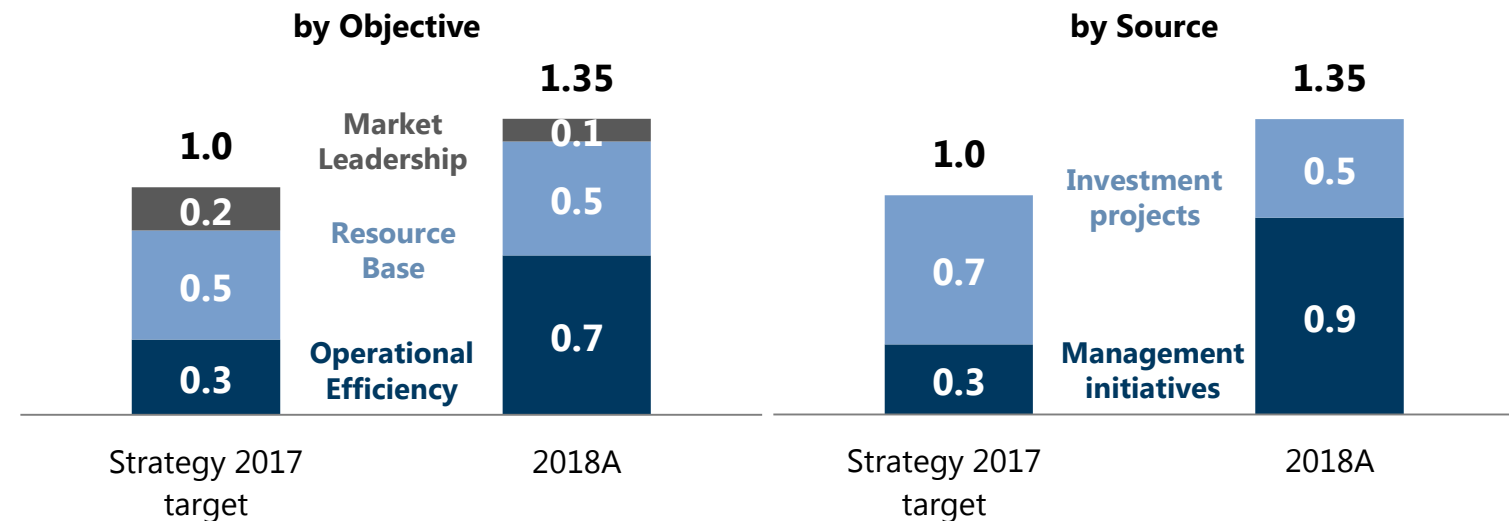
Investment projects mainly focused on upstream operations generated c.\$500 m

Higher downstream capacity utilization and sales growth brought c.\$150 m

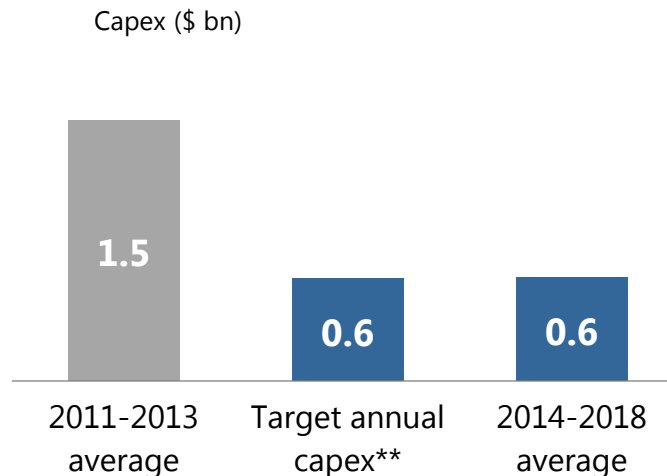
Capex was lower relative to previous cycle and stayed in line with target of \$600 m pa

Strategy 2017 projects were the main driver behind profitability growth from 14% in 2013 to 30% in 2018

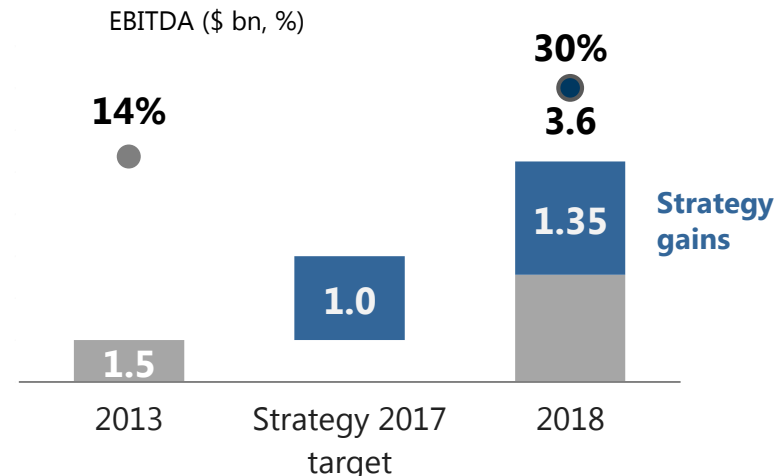
✓ STRATEGY NET GAINS RELATIVE TO TARGET, \$ bn



✓ LOWER CAPITAL INTENSITY



✓ STRUCTURAL PROFITABILITY GROWTH

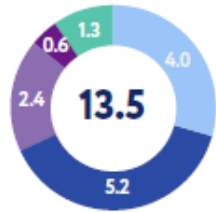


*All numbers include NBH results unless otherwise stated

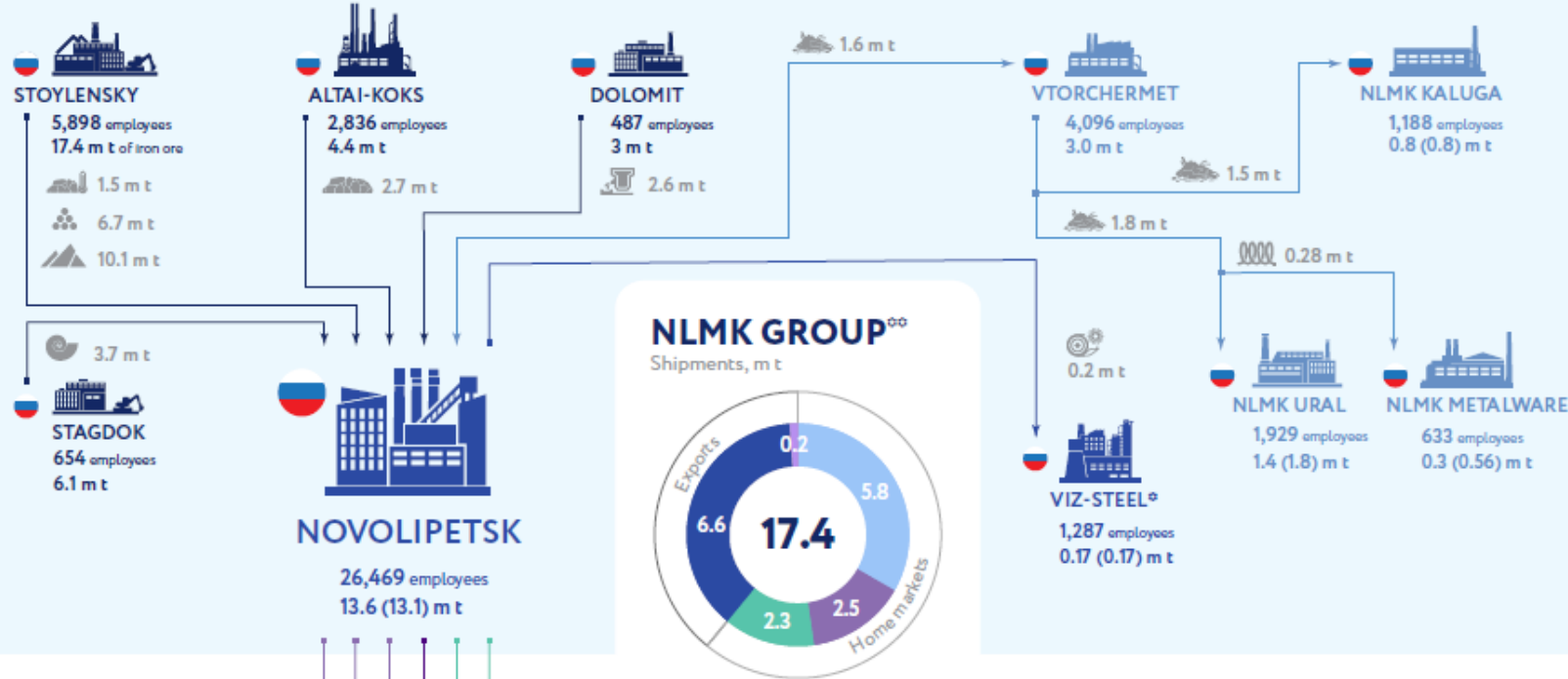
** Updated (reduced) capex target of 2015

NLMK RUSSIA

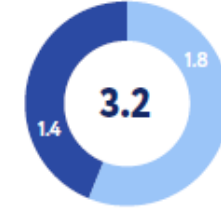
RUSSIAN FLAT Shipments, m t



■ Slabs to Danscoel
■ Slabs to NLMK USA
■ Slabs to NBH
■ Export to 3rd parties
■ Home markets



RUSSIAN LONG Shipments, m t



■ Home markets
■ Exports

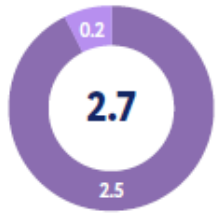
Figures are for 2018FY

XX m t production
(XX m t capacity)

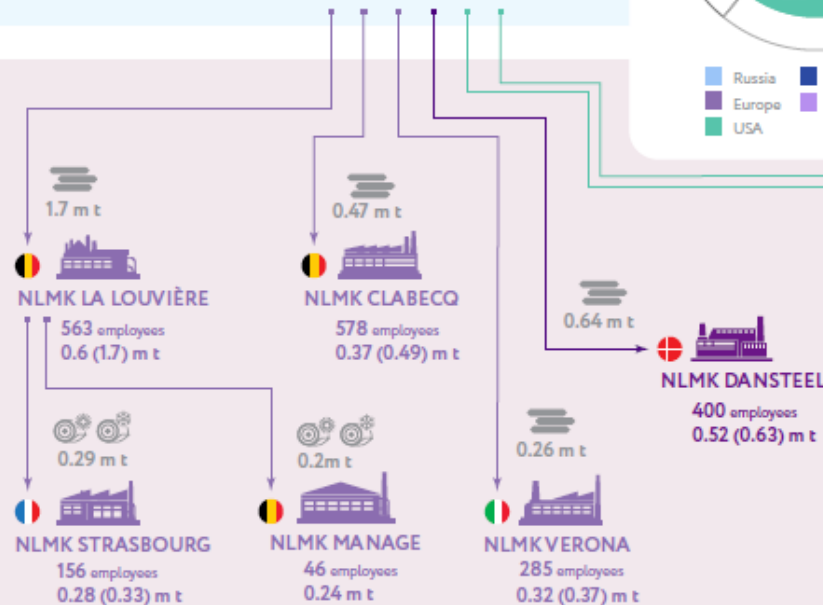
* VIZ-Steel also ships 0.04 m t of transformer steel (GOES) to NLMK India (219 employees, 0.04 (0.04) m t)

NLMK EUROPE

EU Shipments, m t



■ Home markets
■ Exports

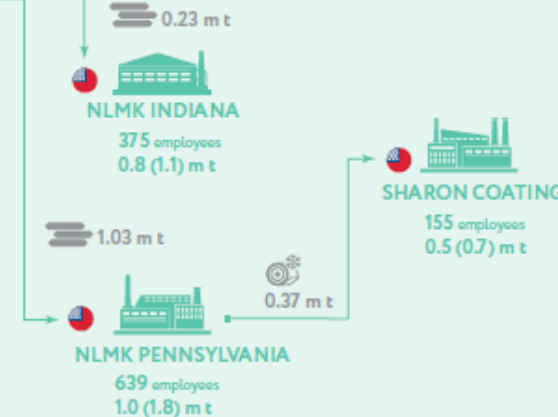


NLMK USA

USA Shipments, m t



■ All shipments are in home market



■ Slabs

** A sum of shipments by regions (Russia, USA, Europe) less slab sales to captive assets (Russia)

	2013	2014	2015	2016	2017	2018
Income Statement (\$ m)						
Revenue	10 818	10 396	8 008	7 636	10 065	12 046
Cost of sales	(8 666)	(7 389)	(5 496)	(5 074)	(6 798)	(7 680)
Gross profit	2 153	3 007	2 512	2 562	3 267	4 366
SG&A	(1 544)	(1 419)	(1 125)	(1 075)	(1 236)	(1 354)
EBITDA	1 480	2 381	1 943	1 943	2 655	3 589
Operating income	609	1 588	1 387	1 487	2 031	3 012
Finance expenses	(122)	(137)	(95)	(105)	(87)	(70)
Other expense/income	(68)	(315)	29	(210)	(121)	(213)
Pre-tax income	419	1 136	1 321	1 172	1 823	2 729
Income tax	(255)	(362)	(353)	(233)	(371)	(486)
Minority	19	1	1	4	2	5
Net income	145	773	967	935	1 450	2 238
EBITDA margin	14%	23%	24%	25%	26%	30%
EBITDA/t sales	100	157	123	122	161	204
EPS	0,02	0,13	0,16	0,16	0,24	0,37

	2013	2014	2015	2016	2017	2018
Production (m t)						
Crude steel						
Group	15.5	15.9	15.9	16.4	16.9	17.3
With NBH	15.5	16.1	16.0	16.6	17.1	17.5
Sales						
Semi-finished steel	4.4	4.9	6.0	5.7	5.7	6.8
Finished steel	10.5	10.2	9.8	10.2	10.8	10.8
Flat	8.5	7.9	7.7	8.0	8.5	8.4
Longs and metalware	2.0	2.3	2.1	2.2	2.3	2.4
Total consolidated sales	14.8	15.1	15.8	15.9	16.5	17.6
For info: NBH Sales	1.7	1.8	2.0	2.2	2.1	2.2
Slabs sales to NLMK USA and Dansteel	1.1	2.2	1.7	1.8	2.1	1.9
Slabs to NBH	1.7	1.9	2.1	2.1	2.1	2.4

	2013	2014	2015	2016	2017	2018
Balance Sheet (\$ m)						
Cash	1 455	1 171	1 586	1 580	1 585	1 184
Inventories	2 124	1 563	1 205	1 549	1 879	1 816
Accounts receivable	1 459	1 123	921	955	1 215	1 326
Other current assets	8	5	9	19	32	10
Fixed assets	9 892	5 614	4 452	5 328	5 549	4 798
Investments	419	106	118	181	205	159
Other non-current assets	1 096	768	627	627	531	637
Total assets	16 453	10 349	8 918	10 239	10 996	9 944
Short-term debt	1 137	804	560	468	380	398
Accounts payable	1 162	776	565	888	1 029	1 122
Other current liabilities	22	47	189	373	590	553
Long-term debt	3 054	1 964	2 116	1 801	1 901	2 073
Other non-current liabilities	681	501	351	399	450	1 677
Minority interest	28	15	12	18	17	15
Total shareholders' equity	10 399	6 257	5 137	6 310	6 646	5 834
Total liabilities and equity	16 453	10 349	8 918	10 239	10 996	9 944
Net Debt	2 843	1 666	1 161	761	923	891
Cash flow statement (\$ m)						
Net income	164	774	968	939	1 452	2 243
Depreciation	871	794	556	456	624	577
Changes in working capital	(11)	(128)	(11)	37	(380)	(261)
Other	309	367	109	267	203	182
Operating cash flow	1 333	1 806	1 622	1 699	1 899	2 741
Capex	(756)	(563)	(595)	(559)	(592)	(680)
Acquisitions	0	0	0	0	(1)	(4)
Other	(259)	(383)	(780)	249	(165)	974
Investing cash flow	(1 016)	(946)	(1 375)	(310)	(758)	290
Change in debt	(20)	(801)	97	(453)	(105)	(173)
Dividends	(114)	(226)	(395)	(583)	(1 283)	(1 888)
Other	(91)	(121)	(79)	(84)	(71)	(58)
Financing cash flow	(224)	(1 147)	(377)	(1 120)	(1 459)	(2 119)
Effect of Forex	(75)	(134)	(76)	(2)	9	(34)
Free cash flow	536	1 153	992	1 092	1 266	2 027



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