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NLMK GROUP 12M AND Q4 2019 IFRS FINANCIAL RESULTS

NLMK Group (LSE, MOEX: NLMK) today announced its Q4 and 12M 2019 financial results¹. Q4 revenue amounted to \$2,312 m, with an EBITDA margin of 21%. Free cash flow (FCF) in Q4 grew to \$338 m (+36% qoq). NLMK Board of Directors recommended approving Q4 dividends in the amount of RUB 5.16/share (148% of FCF) in line with NLMK's Dividend Policy.

Key highlights

k t/\$ million	Q4 2019	Q3 2019	QoQ	Q4 2018	YoY	2019	2018	YoY
Sales volumes	4,172	4,015	4%	4,643	-10%	17,069	17,591	-3%
Revenue	2,312	2,576	-10%	3,013	-23%	10,554	12,046	-12%
EBITDA ²	480	654	-27%	847	-43%	2,564	3,589	-29%
EBITDA margin	21%	25%	-4 p.p.	28%	-7 p.p.	24%	30%	-6 p.p.
Profit for the period ³	200	343	-42%	509	-61%	1,339	2,238	-40%
Free cash flow ⁴	338	249	36%	502	-33%	1,523	2,027	-25%
Net debt ⁵	1,786	1,736	3%	891	2x	1,786	891	2x
Net debt/EBITDA ⁵	0.70x	0.59x		0.25x		0.70x	0.25x	

12M 2019 key highlights

- **Revenue decreased by 12% yoy to \$10.6 bn** amid falling steel product prices and lower sales due to major repairs at NLMK Lipetsk BF and BOF operations.
- **EBITDA totalled \$2.6 bn (-29% yoy)** amid a decrease in revenue and narrower steel/raw material spreads. EBITDA margin was down to 24% (-6 p.p. yoy).
- **Free cash flow totalled \$1.5 bn.** The 25% decrease yoy is associated with the decrease in EBITDA and growth of capex as part of Strategy 2022 implementation.

Q4 2019 highlights

- **Revenue decreased by 10% qoq to \$2.3 bn** amid a decrease in average sales prices and an increase in the share of semi-finished products in the sales portfolio.
- **EBITDA decreased to \$480 m (-27% qoq)** due to an outstripping decrease in steel prices relative to raw materials. EBITDA margin decreased to 21% (-4 p.p. qoq).
- **Free cash flow grew to \$338 m (+36% qoq)** amid a decrease in stock prices and a set of working capital management measures.



NLMK GROUP Q4 2019 IFRS CONSOLIDATED FINANCIAL RESULTS

Key highlights

Comment from NLMK Group CFO Shamil Kurmashov:

“The situation on steel product markets in 2019 was rather challenging. H2 2019 saw prices fall below the cycle average. The dive was so deep, we estimate that 80% of global HRC production was loss-making. The margins in the sector were further pressured by increasing prices for raw materials.

“Amid the low phase of the market NLMK carried out major overhauls at its blast furnace and BOF operations, resulting in a 3% yoy reduction in steel sales in 2019.

“NLMK Group revenue in 2019 decreased by 12% year-on-year. EBITDA was \$2.6 billion, which is 29% lower than the previous year. The major factor to drive down our financial performance was the decline in prices for steel products. EBITDA margin decreased by 6 p.p. yoy to 24%.

“In 2019, we saw the first gains from Strategy 2022. The total structural effect on EBITDA from operational efficiency programmes and investment programme projects exceeded \$200 m per annum (relative to the 2018 cost base).

“Net debt/EBITDA ratio reached 0.7x. The growth was associated with the active implementation phase of our investment programme as part of Strategy 2022, and a higher dividend payout in line with NLMK’s new Dividend Policy adopted in March 2019.

“Free cash flow totalled \$1.5 bn. A positive free cash flow and maintaining the net debt/EBITDA ratio below 1.0x enabled NLMK management to recommend the Company’s Board of Directors to pay out Q4 dividends in the amount of \$500 m.”

¹ Consolidated financial results are prepared under IFRS. Reporting periods of the Company are 3M, 6M, 9M and 12M. Quarterly figures are obtained by calculation, including in the segment reporting. Figures for comparable periods may differ from figures posted earlier because of rounding off to integers.

² EBITDA is the operating profit before equity share in financial results of joint ventures, impairment of capital assets and losses from retirement of fixed assets, allowed for amortization and depreciation. EBITDA calculations and further details are presented in the Appendix.

³ Profit for the period attributable to NLMK shareholders.

⁴ Free cash flow is determined as net cash from operations plus interest received net of interest paid and capital investment. Free cash flow calculations are presented in the Appendix.

⁵ Net debt is calculated as the sum of long-term and short-term borrowings less cash and cash equivalents, as well as short-term deposits at period end. Net debt / EBITDA is represented by net debt as at the end of the reporting period and EBITDA as last 12 months EBITDA. Net debt calculations are presented in the Appendix.



TELECONFERENCE

NLMK is pleased to invite the investment community to a conference call with the Company management:

Wednesday, 12 February 2020

- 09:00 a.m. – New York
- 2:00 p.m. – London
- 5:00 p.m. – Moscow

To join the conference call and web-cast, the participants are invited to dial:

U.S. number:

+1 334-777-6978 (local access) // 800-367-2403 (toll free)

UK number:

+44 (0)208 089 2860 (local access) // 0800 756 33 33 (toll free)

Russian number:

+7 (499) 609 12 60 (local access) // 8 800 100 36 87 (toll free)

Conference code: 4293086

To join the webcast, please follow the link: <https://webcasts.egs.com/nlmk20200212>

We recommend participants start dialling 5-10 minutes in advance to avoid waiting.



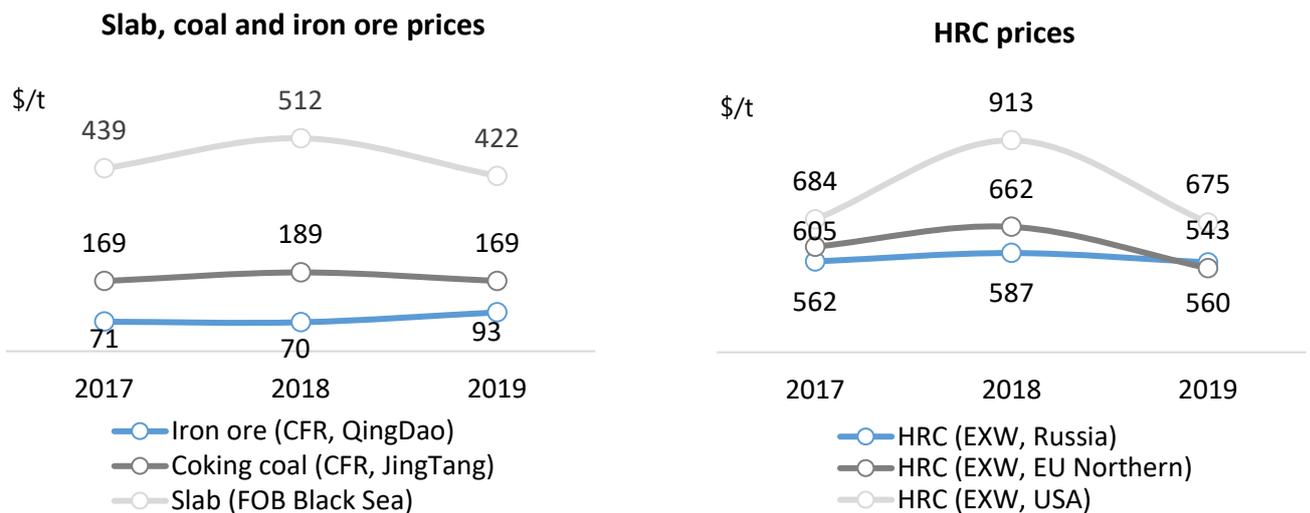
MANAGEMENT COMMENTS

2019 market review*

- **Global steel output** grew by 3.5% yoy up to 1.85 bn t.
- **Chinese steel exports** declined by 7% yoy, down to 60 m t, net exports decreased by 8% yoy, down to 47 m t due to growth in domestic consumption (+8% yoy) outstripping production output growth (+7% yoy).
- **U.S. consumption** decreased by 1% yoy* amid a weakening in demand in the pipe and tube, machine building, automotive and energy sectors.
- **European** demand declined by 4% yoy due to weak consumption in the automotive sector, machine building and white goods manufacturing.
- **Russian** consumption increased by 8% yoy, up to 45 m t, breaking the 2014 record, due to demand in the construction and energy sectors.

2019 prices

- **Raw material prices:** average global coal prices decreased by 11% yoy due to weak demand in India and import restrictions in China; iron ore prices increased by 34% yoy amid disruptions of supply from Brazil and Australia.
- **Market prices** for flat products:** decreased by 23-27% yoy in the U.S, bottoming out in early Q4 2019, followed by a gradual recovery. Prices in Europe decreased by an average 15-20% yoy, but starting from mid-Q4 the region also saw a recovery in prices.
- **Russian prices for steel products**, as denominated in dollars, decreased by 3-6% yoy, following global prices. The more gradual decline in prices is associated with strong consumption growth rates on the Russian steel market.
- **Slab export prices** (FOB Black Sea) decreased by 18% yoy, following global prices for finished products.



*Data on steel consumption trends on regional markets are estimates.

** Market prices reflect the level of prices for a given calendar period and differ from the average sales prices of the Company and its segments due to the time lag of the production & sales cycle.



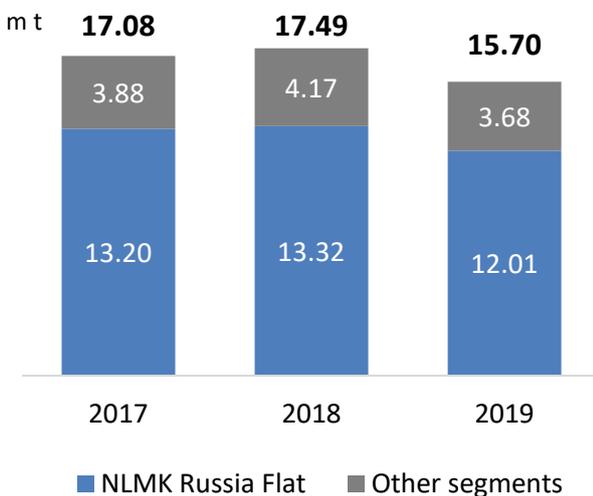
12M 2019 output and sales breakdown

- **Steel output*** decreased by 10% yoy to 15.7 m t amid capital repairs at NLMK Lipetsk BF and BOF operations, and low demand for billets on export markets.
- **Sales** decreased by 3% yoy, down to 17.1 m t, following the decline in production output, which was partially offset by selling off stocks accumulated by the end of 2018 at the beginning of the year.
- **Finished steel sales** increased by 3% yoy, up to 11.1 m t. HVA sales increased by 2% yoy up to 5.1 m t. The share of HVA in the sales portfolio grew by 1 p.p. to 30%.
- **Sales of semis to 3rd parties** decreased by 12% yoy, down to 3.9 m t amid lower sales of pig iron and billets. Slab sales to NBH went down by 12% yoy to 2.1 m t, due to NLMK Clabecq restructuring and optimization of slab stocks at the European sites in H2 2019.
- **Sales on “home” markets (w/ NBH)** increased to a record high of 11.4 m t (+7% yoy) due to the increase in Russian sales to 6.6 m t (+15% yoy). U.S. sales decreased by 3% yoy due to lower demand for uncoated flats. Sales of NLMK’s European companies remained flat yoy.

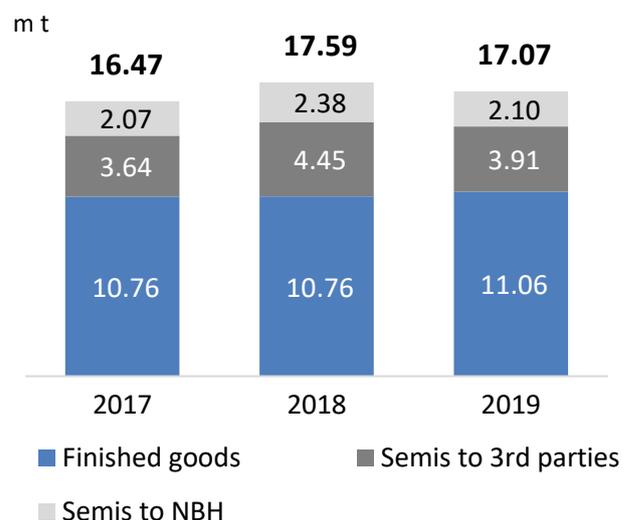
Q4 2019 output and sales breakdown

- **Steel output*** increased by 1% qoq, up to 3.8 m t, following the completion of major repairs at NLMK Lipetsk BF and BOF operations.
- **Sales** increased by 4% qoq to 4.2 m t due an increase in pig iron sales following the completion of repairs at NLMK Lipetsk.
- **Sales of finished products** grew by 1% qoq to 2.7 m t amid an increase in HRC sales following the completion of the HSM upgrade at NLMK Lipetsk and an increase in deliveries of finished long products.

2019 steel output decreased amid capital repairs*:



Sales down due to semis



* Hereinafter NLMK Group steel output and sales in “home” markets include NBH. Consolidated sales are given without NBH. Sales to “home” markets mean sales of the Group’s companies in the regions, where production capacities are located in Russia, Europe and the U.S.



NLMK GROUP KEY FINANCIALS

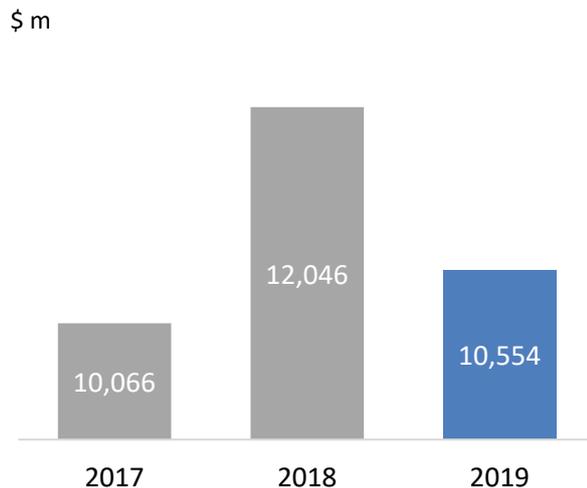
12M 2019 revenue

- Revenue totalled \$10.55 bn (-12% yoy). The increase in the share of finished and HVA products in the sales mix partially offset the 10% yoy reduction in average sales prices and the decrease in steel product sales volumes.
- The share of finished steel in the revenue grew to 68% (+3 p.p. yoy). The share of HVA products totalled 38% (+2 p.p. yoy) amid lower sales of semis.
- The share of the Russian market in the revenue grew by 7 p.p. yoy to 41%, driven by a 15% increase in steel product sales in the Russian market yoy. The shares of the US (18%) and the EU (18%) were down by 3 p.p. and 1 p.p. yoy, respectively.
- The share of the Group's revenue from sales on its home markets (Russia, the US and the EU), including NBH JV sales, grew by 5 p.p. yoy to 71%.

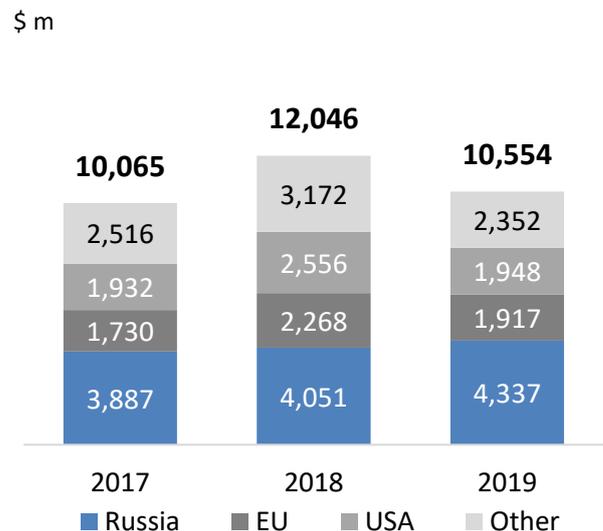
Q4 2019 revenue

- Revenue totalled \$2.31 bn (-10% qoq) due to a drop in steel product prices and a higher share of pig iron in the sales mix, which was partially offset by an increase in total sales by 4% qoq.
- Revenue in the Russian market totalled \$1.07 bn, or 8% less than in the previous quarter. The decline was due to price adjustments. The share of the Russian market in the Group's consolidated revenue grew by 1 p.p. qoq to 46%. Revenue from sales in the EU remained flat qoq at \$0.38 bn with the market share in total revenue growing by 1 p.p. qoq to 16%. Revenue in the US declined to \$0.41 bn (-4% qoq).
- The share of the Group's revenue from sales on its home markets, including NBH JV sales, grew by 2 p.p. qoq to 74%.

Revenue dropped by 12% yoy due to lower steel prices and sales volumes...



...amid declining exports during major overhauls





12M 2019 EBITDA

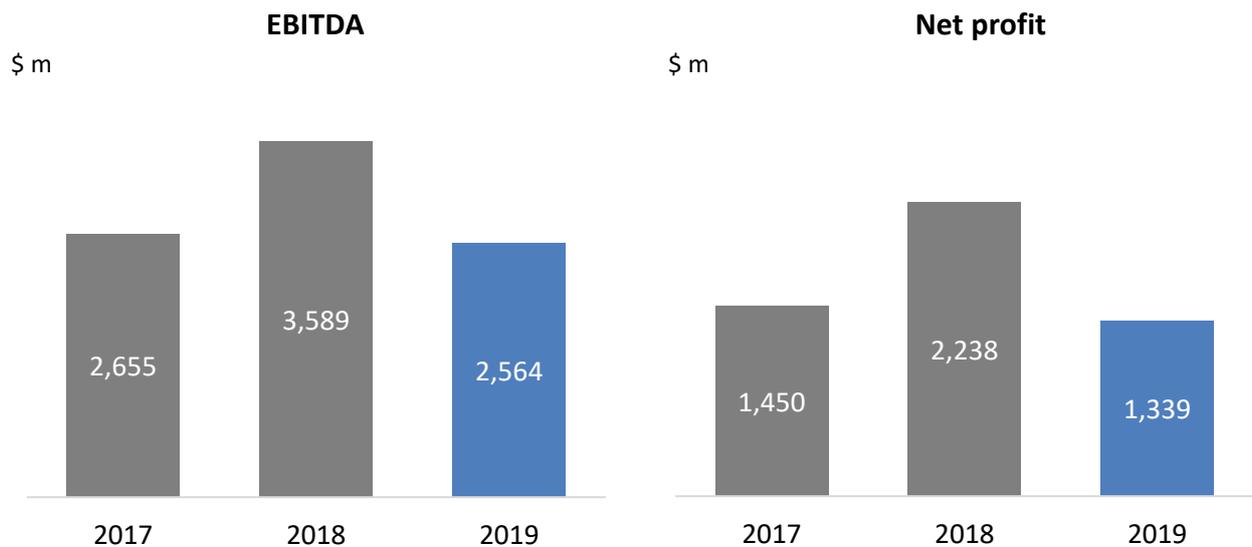
- EBITDA went down by 29% yoy to \$2.56 bn due to the narrowing of steel/raw material price spreads, which was partially offset by an improvement in the product portfolio structure and operational efficiency gains.
- Commercial expenses decreased by 5% yoy to \$843 m, due to lower export volumes.
- G&A expenses decreased by 6% yoy to \$352 m, driven by cost optimization.

Q4 2019 EBITDA

- EBITDA* reduced by 27% qoq to \$480 m, due to the narrowing of steel/raw material price spreads.
- Commercial expenses increased to \$213 m (+5% qoq), due to higher sales and transportation costs driven by an increase in exports.
- G&A expenses remained flat qoq.

Net profit**

- 12M 2019 net profit decreased by 40% yoy due to the decrease in EBITDA and higher effective income tax rate (NLMK USA loss).
- Q4 net profit decreased by 42% qoq to \$200 m, following the decline in EBITDA.



* EBITDA used in NLMK's financial releases is calculated as operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets, adjusted to depreciation and amortization. EBITDA is not an indicator of operating profit, operating activity or liquidity under IFRS, and NLMK discloses it because equivalent indicators could be used by investors and analysts. That said, NLMK's EBITDA should not be viewed on a standalone basis, or in place of profit before tax, or cash flows from operations, as defined by IFRS, or as an indicator of operational efficiency, or as the sum of free cash funds that NLMK can invest into business development. NLMK's EBITDA margin and EBITDA might not be comparable to similar indicators disclosed by other companies as there are no commonly accepted rules for calculating them. For instance, NLMK's EBITDA is calculated similar to what is termed as 'Adjusted EBITDA' in other companies, as NLMK's EBITDA excludes other profit/loss items in addition to interest payments, income tax, depreciation and amortization.

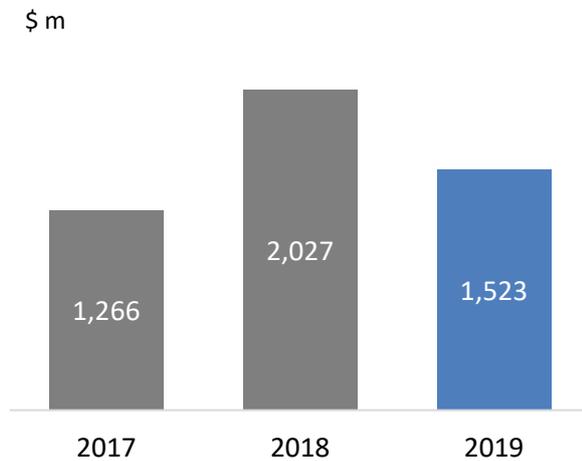
** Profit for the period, attributable to NLMK shareholders.



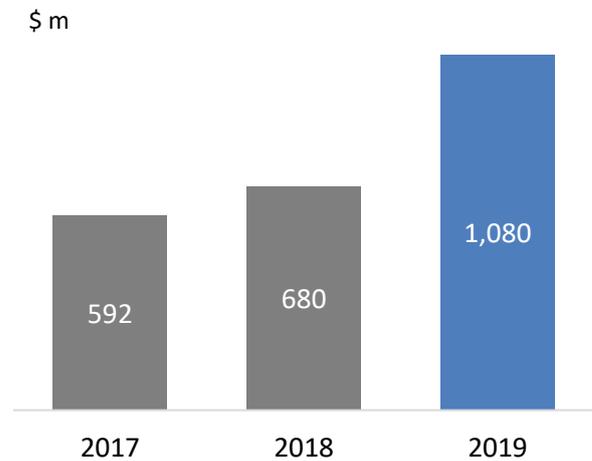
2019 free cash flow

- Free cash flow decreased by 25% yoy to \$1.5 bn with a reduction in cash flow from operating activities and higher capex as part of Strategy 2022.
- Operating cash flow decreased by 4% yoy to \$2.6 bn, driven by the reduction in EBITDA, which was partially offset by the release of cash from working capital.
- **Cash inflow from working capital** totalled \$465 m (vs. an outflow of \$261 m during 2018) due to:
 - +\$314 m: a decrease in receivables driven by lower steel product sales volumes and prices;
 - +\$284 m: inventory reduction due to lower prices, lower exports of slabs and long products, as well as inventory optimization across the supply chain;
 - -\$132 m: decrease in payables.

High conversion of financial result to free cash flow in 2019



Investment grew by 59% yoy in line with targets

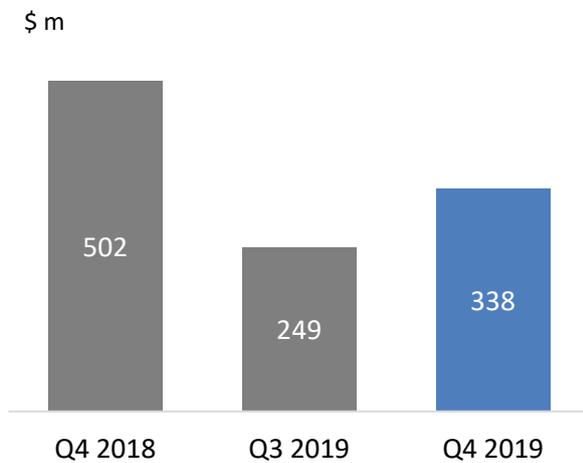




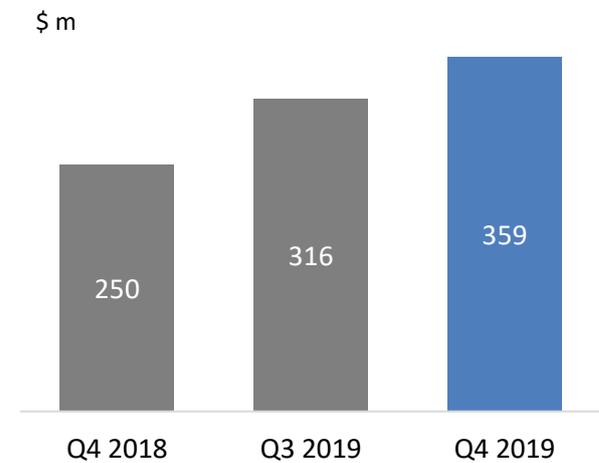
Q4 2019 free cash flow

- Free cash flow increased by 36% qoq to \$338 m, driven by working capital release.
- Operating cash flow grew by 25% qoq to \$710 m.
- **Cash released from working capital** totalled \$334 m due to:
 - +\$238 m: a decrease in receivables driven by lower steel product prices and faster settlements with buyers;
 - +\$91 m: a seasonal decrease in stocks of scrap, finished flat and long products, as well as declining prices for steel products.

Q4 2019 free cash flow increased by 36% due to working capital optimization



Investment grew by 14% qoq as part of active phase of investment programme





Investment

- NLMK Group's 12M 2019 investment increased by 59% yoy to \$1.1 bn in line with the guidance. The growth in investment was associated with the overhauls of the BF and BOF operations at NLMK Lipetsk and the active phase of the investment programme as part of Strategy 2022.
- NLMK Group's Q4 2019 investment increased by 14% qoq to \$359 m.

Dividends

- In Q4 2019, NLMK paid out \$347 m in dividends.
- On 12 February 2020, the Board of Directors recommended that shareholders approve the payment of Q4 2019 dividends in the amount of 5.16 rubles per share, which is equivalent to 148% of the free cash flow.

Strategy 2022 execution

- Structural EBITDA gains from operational efficiency improvements totalled \$173 m (relative to the 2018 cost base), including the effect of NLMK Clabecq restructuring. The main part of the gains came from NLMK Russia Flat and the Mining Segments.
- EBITDA gains from the investment programme as part of Strategy 2022 totalled \$41 m, due mainly to projects aimed at increasing Stoilensky's output.

Debt management

- **Total debt** in 2019 increased by 28% yoy to \$2.66 bn, which was associated with the placement of \$500 m 7-year Eurobonds. Quarter-on-quarter, the Company's total debt decreased by 1% due to the scheduled repayment of Eurobonds.
- **Net debt** in 2019 reached \$1.79 bn, driven by the implementation of the investment programme as part of Strategy 2022, coupled with a cash outflow towards dividend payments. Net debt/EBITDA stood at 0.7x. Quarter-on-quarter, net debt increased by 3%.

Q1 2020 outlook

- We expect steel output at NLMK Lipetsk to increase to the level of the same period last year following the completion of overhauls at the plant's blast furnace and BOF operations in Q4 2019.



NLMK Russia Flat

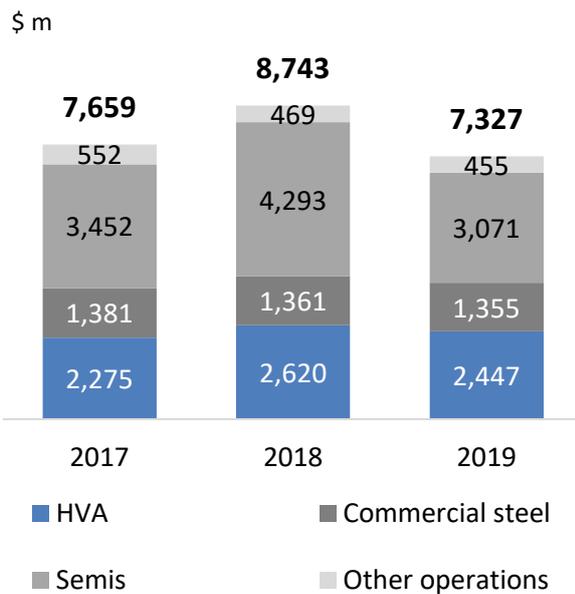
12M 2019 highlights:

- **Sales** decreased by 8% yoy, down to 12.46 m t amid major repairs at NLMK Lipetsk BF and BOF operations.
- **Revenue** decreased by 16% yoy, amid lower prices for steel products throughout the year and lower sales. The revenue shortfall was partially offset by an improved portfolio structure: the share of revenue generated by finished product sales grew by 1 p.p. yoy to 64%
- **EBITDA** decreased by 36% yoy amid narrower steel/raw material spreads.

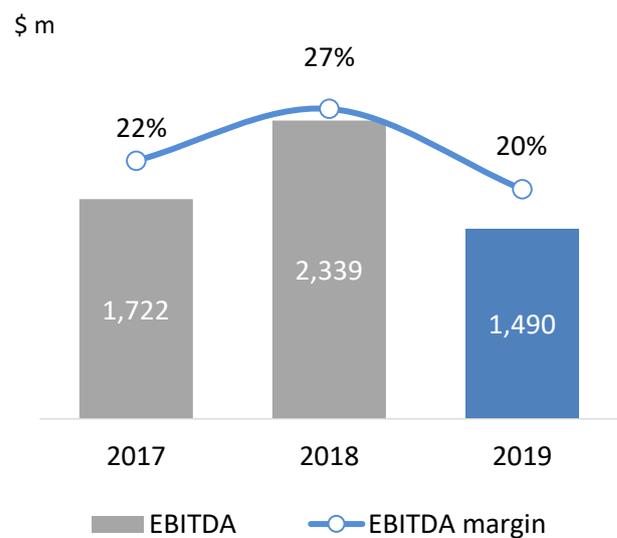
Q4 2019 highlights:

- **Sales** increased by 16% qoq against the backdrop of higher semis sales following the completion of repairs at NLMK Lipetsk blast furnace and BOF operations.
- **Revenues** of the Segment decreased by 3% qoq to \$1.7 bn, driven by an increased share of semis in the sales portfolio and a decrease in average sales prices.
- **EBITDA** decreased to \$248 m amid narrower price spreads, which was partially offset by operational efficiency gains.

2019 revenue decreased by 16% yoy amid lower prices and sales



EBITDA decreased by 36% yoy amid lower prices for steel products





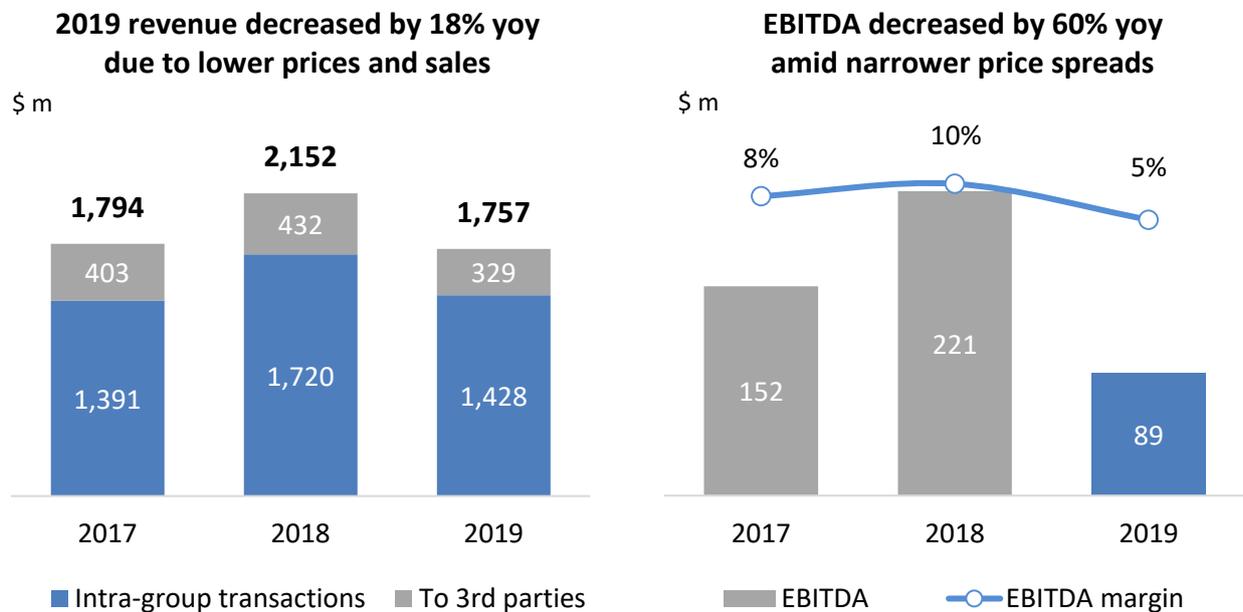
NLMK Russia Long

12M 2019 highlights:

- **Sales** decreased by 10% yoy to 2.85 m t due to a decrease in billet exports.
- **Revenue** decreased by 18% yoy due to lower sales and prices for long products.
- **EBITDA** decreased by 60% yoy, following a narrowing of price spreads, which was partially offset by operational efficiency gains and a weaker ruble.

Q4 2019 highlights:

- **Sales** decreased by 3% qoq, down to 0.67 m t, as billet exports were discontinued due to low margins.
- **Revenue** in Q4 2019 totalled \$389 m (-20% qoq), due to weak prices for long products and lower sales of billets and scrap.
- **EBITDA** of the Segment was -\$2 m. The decrease from \$46 m last quarter was due to a narrower scrap/rebar spread and lower sales.





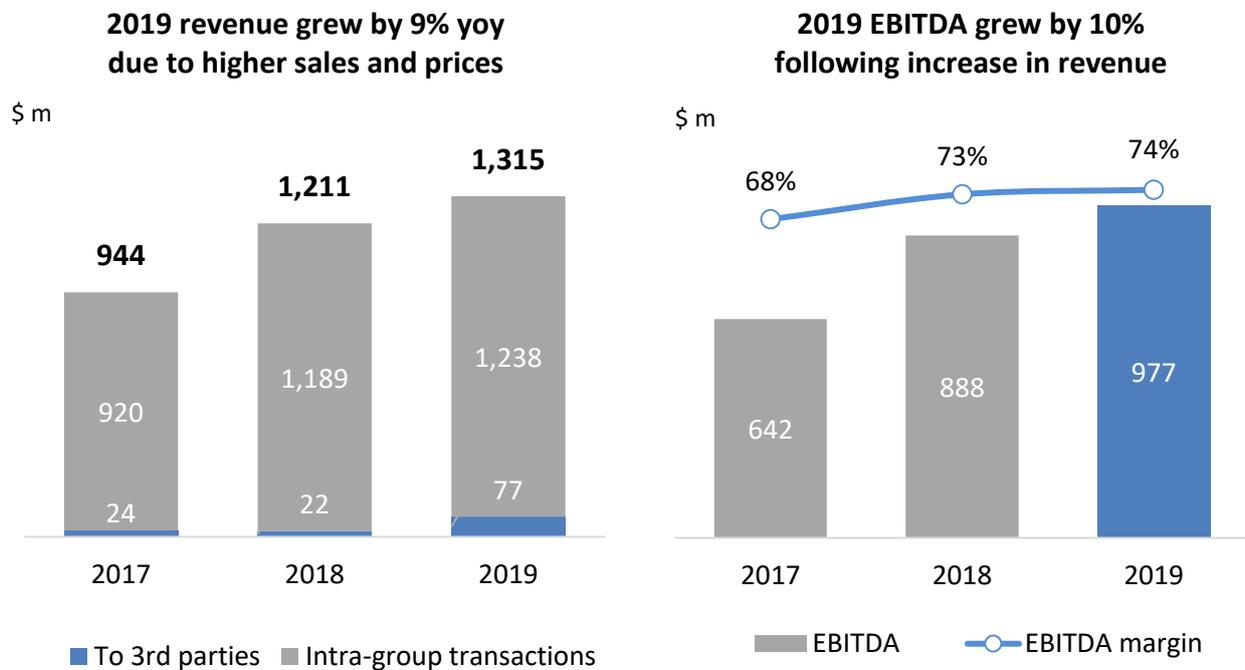
Mining Segment

12M 2019 highlights:

- **Sales** remained flat yoy at 18.45 m t due to shipments of iron ore being redirected to 3rd parties amid a temporary decrease in demand from NLMK Lipetsk.
- **Revenue** increased by 9% yoy, supported by higher iron ore sales and prices.
- **EBITDA** increased by 10% yoy following the increase in revenue. EBITDA margin grew to 74%.

Q4 2019 highlights:

- **Sales** of iron ore decreased by 5% qoq to 4.56 m t due to planned maintenance.
- **Revenue** decreased by 21% qoq to \$321 m, due to lower sales and a 5% qoq price adjustment for concentrate and a 19% price adjustment for pellets.
- **EBITDA** decreased by 23% qoq to \$241 m, following the decrease in revenue, which was partially offset by operational efficiency gains. EBITDA margin stood at 75% (-2 p.p. qoq).





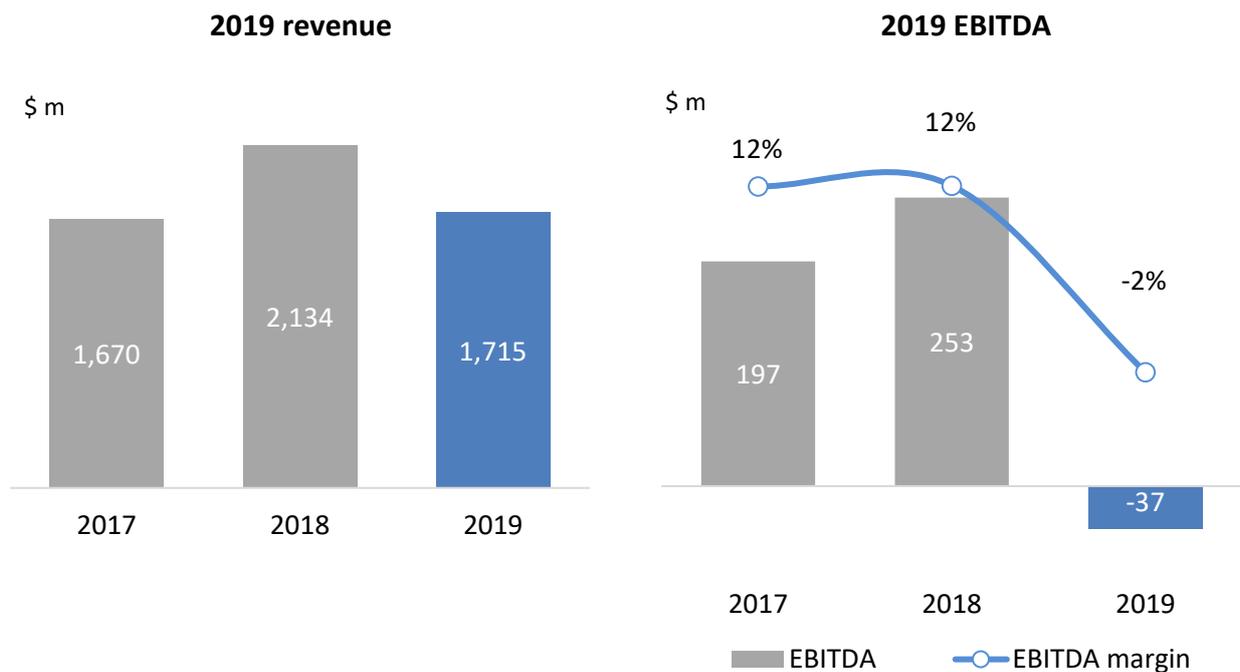
NLMK USA

12M 2019 highlights:

- **Sales** decreased by 3% yoy to 2.2 m t as demand for HRC from the pipe and tube, machine building, automotive and energy sectors declined.
- **Revenue** decreased by 20% yoy, due to a steel price adjustment in the U.S.
- **EBITDA** was -\$37 m against last year's earnings of \$253 m. The indicator took a steep dive due to a narrowing of slab/rolled steel spreads related to rolled product price adjustments, and the use of Lipetsk slabs purchased in early 2019, with a 25% import tariff priced into slabs. NLMK USA stopped purchasing Lipetsk slabs in Q2 2019. Excluding import tariffs from the stock, 2019 EBITDA would be +\$27 m.

Q4 2019 highlights:

- **Sales** decreased by 14% qoq to 0.47 m t, amid a seasonal weakening of steel purchases.
- **Revenue** decreased by 18% qoq to \$322 m (-36% yoy), due to a decrease of sales prices on the U.S. market and lower sales.
- **EBITDA** was -\$37 m (vs -\$33 m the previous quarter) amid narrower price spreads.





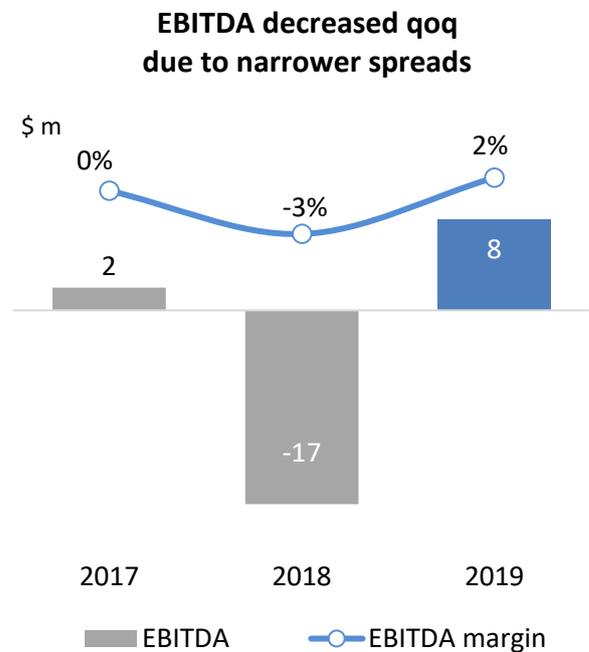
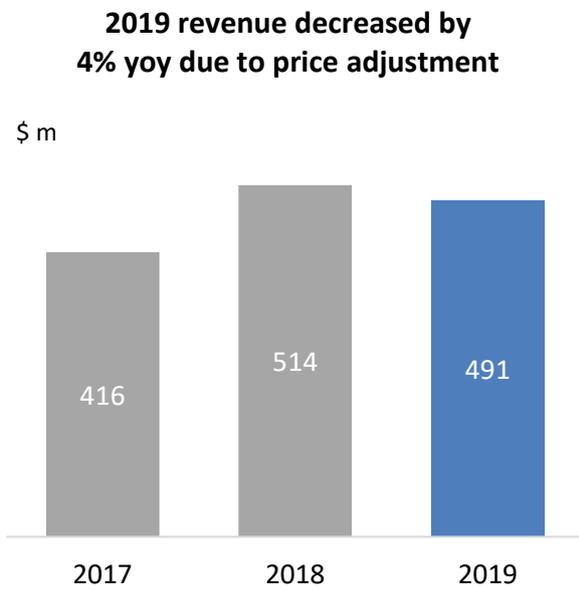
NLMK Dansteel*

12M 2019 highlights:

- **Sales** increased by 2% yoy to 0.5 m t, supported by an uptick in demand from the wind power industry.
- **Revenue** decreased by 4% yoy, pressured by a price adjustment for steel products.
- **EBITDA** was \$8 m (vs. a \$17 m loss the previous year), supported by a wider plate/slab price spread and product mix expansion following investment programme implementation.

Q4 2019 highlights:

- **Sales** of plate grew by 9% qoq to 0.13 m t, due to the completion of planned maintenance and an uptick in demand in November and December.
- **Revenue** declined by 1% qoq to \$110 m due to lower plate prices.
- **EBITDA** remained flat qoq at \$1 m.



*NLMK Dansteel and plate distribution network.



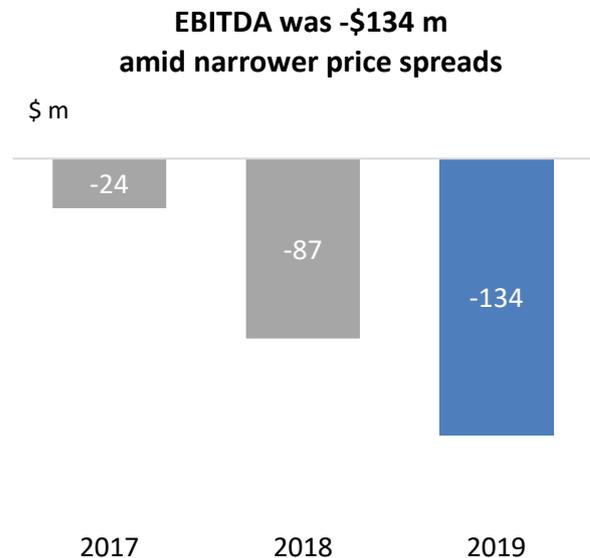
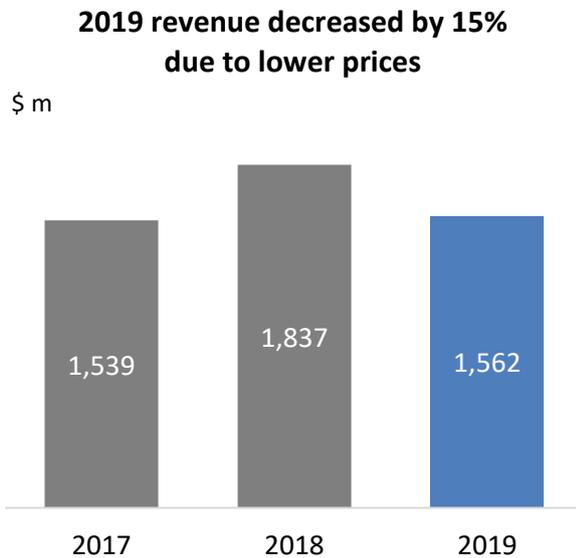
JV performance (NBH)

12M 2019 highlights:

- **NBH sales** decreased by 2% down to 2.19 m t due to lower plate sales related to NLMK Clabecq restructuring.
- **Revenue** decreased by 15% yoy to \$1.56 bn, mainly due to lower steel product sales prices.
- **EBITDA** was -\$134 m (-\$111 m, excluding non-operating provisions for NLMK Clabecq accrued in Q2) vs. -\$87 m the previous year, amid narrower rolled product/slab price spreads and lower plate sales.

Q4 2019 highlights:

- **NBH sales** decreased by 3% qoq to 0.52 m t, due to lower HRC sales related to weaker demand in the automotive and machine building sectors, and due to high stocks on the consumer side.
- **Revenue** decreased by 5% qoq, down to \$0.35 bn, due to lower sales and average sales prices.
- **EBITDA** was -\$27 m vs. -\$43 m in Q3 2019.





Appendix. Operating and financial results

(1) Sales markets

'000 t	Total	Sales markets					
		Russia	EU	North America	Middle East and Turkey	C. and S. America	Other markets
NLMK Group	4,167	1,805	750	729	557	74	251
Division sales to third parties:							
NLMK Russia Flat	2,375	1,270	50	254	552	69	180
NLMK Russia Long	674	535	100	0	0	0	39
International subsidiaries and affiliates, incl.:	1,118	0	601	476	5	5	32
<i>NLMK USA</i>	472	0	0	472	0	0	0
<i>European rolling facilities (NLMK Dansteel and NBH)</i>	646	0	601	3	5	5	32

(2) NLMK Russia Flat

k t/\$ million	Q4 2019	Q3 2019	QoQ	Q4 2018	YoY	2019	2018	YoY
Steel product sales, incl.:	3,226	2,776	16%	3,557	-9%	12,460	13,516	-8%
external cutmores	2,375	2,226	7%	2,588	-8%	9,381	9,203	2%
semis to NBH	523	430	22%	577	-9%	2,104	2,379	-12%
intersegmental sales	328	119	2,7x	392	-16%	975	1,934	-50%
Revenue, incl.:	1,687	1,741	-3%	2,152	-22%	7,327	8,743	-16%
external customers	1,347	1,482	-9%	1,642	-18%	5,897	6,327	-7%
intersegmental operations	340	259	31%	510	-33%	1,430	2,416	-41%
EBITDA	248	363	-32%	568	-56%	1,490	2,339	-36%
EBITDA margin	15%	21%	-6 p.p.	26%	-11 p.p.	20%	27%	-7 p.p.

(3) NLMK Russia Long

k t/\$ million	Q4 2019	Q3 2019	QoQ	Q4 2018	YoY	2019	2018	YoY
Steel product sales	674	693	-3%	841	-20%	2,850	3,185	-10%
Revenue, incl.:	389	485	-20%	568	-32%	1,757	2,152	-18%
external customers	316	359	-12%	441	-28%	1,428	1,720	-17%
intersegmental operations	73	126	-42%	127	-43%	329	432	-24%
EBITDA	(2)	46	-0.04x	38	-0,1x	89	221	-60%
EBITDA margin	-1%	9%	-10 p.p.	7%	-8 p.p.	5%	10%	-5 p.p.



(4) Mining Segment

k t/\$ million	Q4 2019	Q3 2019	QoQ	Q4 2018	YoY	2019	2018	YoY
Iron ore products sales, incl.:	4,560	4,784	-5%	4,751	-4%	18,446	18,377	0%
sales to Lipetsk plant	4,440	4,420	0%	4,751	-7%	17,850	18,377	-3%
Revenue, incl.:	321	406	-21%	259	24%	1,315	1,211	9%
external customers	15	42	-64%	5	3x	77	22	3,5x
intersegmental operations	306	364	-16%	254	20%	1,238	1,189	4%
EBITDA	241	314	-23%	180	34%	977	888	10%
EBITDA margin	75%	77%	-2 p.p.	69%	+6 p.p.	74%	73%	+1 p.p.

(5) NLMK USA

k t/\$ million	Q4 2019	Q3 2019	QoQ	Q4 2018	YoY	2019	2018	YoY
Steel product sales	472	549	-14%	504	-6%	2,205	2,285	-3%
Revenue, incl.:	322	391	-18%	504	-36%	1,715	2,134	-20%
external customers	322	391	-18%	504	-36%	1,715	2,134	-20%
intersegmental operations	-	-	0%	-	0%	-	-	0%
EBITDA	(37)	(33)	12%	49	-0,8x	(37)	253	-0,1x
EBITDA margin	-11%	-8%	-3 p.p.	10%	-21 p.p.	-2%	12%	-14 p.p.

(6) NLMK DanSteel

k t/\$ million	Q4 2019	Q3 2019	QoQ	Q4 2018	YoY	2019	2018	YoY
Steel product sales	128	118	9%	120	7%	529	520	2%
Revenue, incl.:	110	111	-1%	119	-8%	491	514	-4%
external customers	110	111	-1%	119	-8%	490	513	-4%
intersegmental operations	-	-	0%	-	0%	1	1	0%
EBITDA	1	1	0%	(8)	-0,1x	8	(17)	-0,5x
EBITDA margin	1%	1%	0 p.p.	-7%	+8 p.p.	2%	-3%	+5 p.p.

(7) NBH

k t/\$ million	Q4 2019	Q3 2019	QoQ	Q4 2018	YoY	2019	2018	YoY
Steel product sales	518	537	-3%	540	-4%	2,185	2,229	-2%
Revenue, incl.:	349	369	-5%	436	-20%	1,562	1,837	-15%
external customers	332	348	-5%	426	-22%	1,502	1,772	-15%
intersegmental operations	17.0	21.0	-19%	10.0	70%	60	65	-8%
EBITDA	(27)	(43)	-37%	(32)	-16%	(134)	(87)	54%
EBITDA margin	-8%	-12%	+4 p.p.	-7%	-1 p.p.	-9%	-5%	-4 p.p.



(8) Sales by product

k t	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Pig iron	253	54	156	47	295
Slabs	1,172	1,173	1,288	1,559	1,527
Thick plates	128	118	137	146	120
Hot-rolled steel	912	852	901	1,016	827
Cold-rolled steel	473	533	498	509	476
Galvanized steel	331	338	331	348	325
Pre-painted steel	113	117	100	89	111
Transformer steel	66	63	74	71	70
Dynamo steel	50	75	68	61	53
Billet	1	60	78	173	201
Long products	596	568	570	526	578
Metalware	77	65	68	69	62
TOTAL	4,172	4,015	4,268	4,614	4,643

(9) Sales by region

k t	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Russia	1,805	1,682	1,704	1,451	1,407
European Union	787	674	1,130	987	886
Middle East, including Turkey	556	633	409	709	521
North America	727	606	748	654	806
Central and South America	73	164	24	246	124
CIS	91	114	106	122	135
Asia and Oceania	69	21	61	180	639
Rest of World	64	122	85	264	126
TOTAL	4,172	4,015	4,268	4,614	4,643

(10) Revenue by region

Region	Q4 2019		Q3 2019		Q2 2019	
	\$ million	share	\$ million	share	\$ million	share
Russia	1,073	46%	1,170	45%	1,158	41%
European Union	377	16%	376	15%	625	22%
Middle East, including Turkey	246	11%	321	12%	230	8%
North America	408	18%	427	17%	551	20%
Central and South America	40	2%	94	4%	25	1%
CIS	88	4%	100	4%	110	4%
Asia and Oceania	54	2%	29	1%	55	2%
Rest of World	26	1%	58	2%	43	2%
TOTAL	2,312	100%	2,576	100%	2,797	100%



(11) EBITDA*

\$ million	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Operating income**	338	512	593	559	713
minus:					
Depreciation and amortization	(142)	(142)	(142)	(136)	(134)
EBITDA	480	654	735	695	847

* EBITDA used in NLMK's financial releases is calculated as operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets, adjusted to depreciation and amortization. EBITDA is not an indicator of operating profit, operating activity or liquidity under IFRS, and NLMK discloses it because equivalent indicators could be used by investors and analysts. That said, NLMK's EBITDA should not be viewed on a standalone basis, or in place of profit before tax, or cash flows from operations, as defined by IFRS, or as an indicator of operational efficiency, or as the sum of free cash funds that NLMK can invest into business development. NLMK's EBITDA margin and EBITDA might not be comparable to similar indicators disclosed by other companies as there are no commonly accepted rules for calculating them. For instance, NLMK's EBITDA is calculated similar to what is termed as 'Adjusted EBITDA' in other companies, as NLMK's EBITDA excludes other profit/loss items in addition to interest payments, income tax, depreciation and amortization.

** Operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets

(12) Free cash flow

\$ million	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net cash provided operating activities	710	568	494	851	761
Interest paid	(22)	(4)	(12)	(11)	(12)
Interest received	9	1	3	16	3
Advance VAT payments on imported equipment	-	-	-	-	-
Capex	(359)	(316)	(227)	(178)	(250)
Free Cash Flow	338	249	258	678	502

(13) Net debt

\$ million	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Short-term borrowings	468	389	544	224	398
Long-term borrowings	2,188	2,288	2,257	1,872	1,677
Cash and cash equivalents	(713)	(421)	(1,142)	(736)	(1,179)
Short-term deposits	(157)	(520)	(368)	(445)	(5)
Net debt	1,786	1,736	1,291	915	891



(14) Production of main products

k t	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Crude steel, incl.:	3,749	3,714	3,940	4,128	4,314
Steel Segment	2,977	2,818	2,952	3,264	3,350
Long products Segment, incl.:	603	719	802	693	823
NLMK-Kaluga	215	256	349	276	363
Foreign Rolled Products Segment	169	176	185	171	141
Finished products, incl.:	2,642	2,725	2,784	2,717	2,624
Flat steel	2,058	2,071	2,129	2,129	2,023
Long steel	584	653	655	588	601
Coke (6% moisture), incl.:	1,487	1,418	1,417	1,531	1,622
Novolipetsk	652	655	644	634	650
Altai-Koks	834	762	774	897	972

(15) Slab sales, including intra-group sales to NLMK Group companies

k t	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Sales to 3rd parties, incl.:	648	743	579	1,118	949
Export	473	532	314	950	896
Sales to subsidiaries & associates	851	550	933	735	954
Sales to NBH	523	430	709	441	577
TOTAL	1,499	1,292	1,512	1,853	1,903

(16) Export shipments of steel products from Russian assets of the Group to third party consumers

k t	Q4 2019	Q3 2019	QoQ	Q4 2018	YoY	2019	2018	YoY
Semi-finished products	726	641	13%	1,387	-48%	3,073	3,916	-22%
Pig iron	253	54	4,7x	295	-14%	510	890	-43%
Slabs	473	532	-11%	896	-47%	2,270	2,281	0%
Billets	-	55	-100%	196	-100%	293	745	-61%
Flat products	381	452	-16%	474	-20%	1,959	2,019	-3%
HRC	151	183	-17%	192	-21%	854	869	-2%
CRC	130	158	-17%	165	-21%	633	601	5%
HDG	12	5	2,3x	21	-42%	53	84	-36%
Coated	1	1	-40%	2	-68%	4	7	-40%
Dynamo	33	54	-38%	37	-10%	182	220	-17%
Transformer	54	51	5%	57	-6%	231	237	-2%
Long products	138	144	-4%	174	-21%	560	701	-20%
Total	1,245	1,237	1%	2,035	-39%	5,591	6,636	-16%



(17) Segmental information

Q4 2019					NLMK DanSteel and Plates Distribution Network	Investments in NBH	Totals	Intersegmental operations and balances	NBH deconsoli- dation	Consolidated
\$ million	Russian Flat Steel	Russian Long Products	Mining	NLMK USA						
Revenue from external customers	1,347	316	15	322	110	332	2,442	-	(130)	2,312
Intersegment revenue	340	73	306	-	-	17	736	(719)	(17)	-
Gross profit	395	24	230	(33)	13	(7)	622	7	20	649
Operating income/(loss)	165	(15)	212	(51)	(2)	(47)	262	15	61	338
Income / (loss) before minority interest	462	(16)	172	(82)	(3)	(53)	480	(304)	24	200
Segment assets including goodwill	7,483	1,160	2,120	840	371	1,318	13,292	(1,752)	(1,056)	10,484

Balance figures presented as of 31.12.2019

Q3 2019					NLMK DanSteel and Plates Distribution Network	Investments in NBH	Totals	Intersegmental operations and balances	NBH deconsoli- dation	Consolidated
\$ million	Russian Flat Steel	Russian Long Products	Mining	NLMK USA						
Revenue from external customers	1,482	359	42	391	111	348	2,733	-	(157)	2,576
Intersegment revenue	259	126	364	-	-	21	770	(749)	(21)	-
Gross profit	504	72	309	(26)	11	(13)	857	(73)	38	822
Operating income/(loss)	280	34	285	(48)	(2)	(53)	496	(62)	78	512
Income / (loss) before minority interest	660	26	232	(50)	(3)	(52)	813	(545)	76	344
Segment assets including goodwill	7,499	1,201	2,360	921	361	1,330	13,672	(2,126)	(1,168)	10,378

Balance figures presented as of 30.09.2019