



ABOUT NLMK

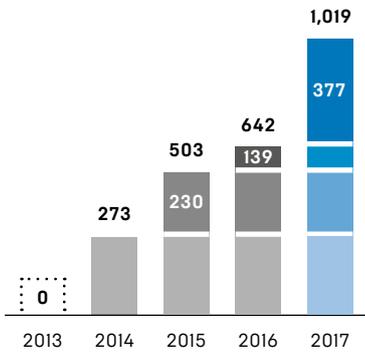
REPORT/2017

2017 HIGHLIGHTS

SUCCESSFUL EXECUTION OF STRATEGY 2017

SUBSTANTIAL STRUCTURAL GAIN FROM STRATEGIC INITIATIVES*

\$ m



102%

of Strategy 2017 targets met, with

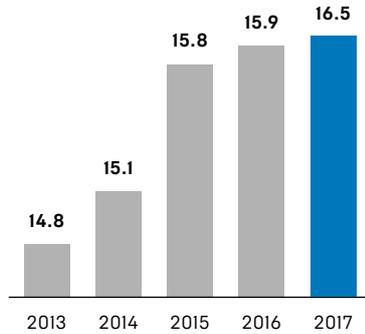
70%

achieved through management initiatives [for more details, please refer to Strategy 2017 Results]

RECORD OPERATING RESULTS

CONTINUOUS GROWTH OF SALES VOLUMES

m t



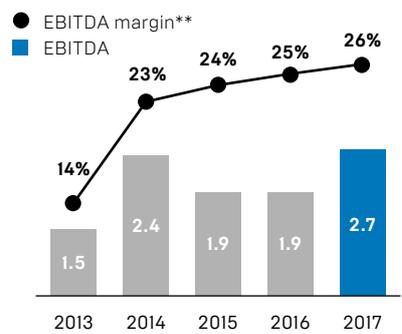
90%

of blast furnace capacities equipped with PCI technology

GROWTH OF BUSINESS PROFITABILITY

CONSISTENT GROWTH OF PROFITABILITY

\$ bn



EBITDA margin is expanding for the **fourth** year running

* With NBH

** See the Glossary on p. 46

KEY FACTS AND FIGURES

Setting records in operations

In 2017, NLMK posted record operating results, steel output growing to 17.1 m t, and sales increasing to 16.5 m t.

Stable financials and debt reduction

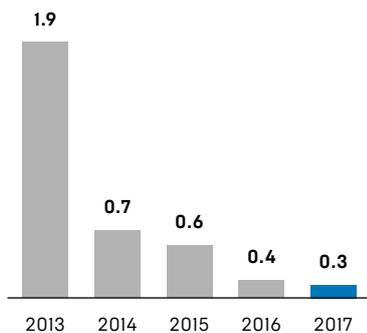
EBITDA margin expanded for a fourth year running to 26% in a weak market. Debt was at a comfortable level below target.

Successful Strategy 2017 accomplishment

The Strategy 2017 target of \$1 billion in annual EBITDA gains has been achieved. Strategy 2017 delivered structural annual EBITDA gain of \$1,019 m. Management initiatives contributed around \$740 m (over 70%) to the result.

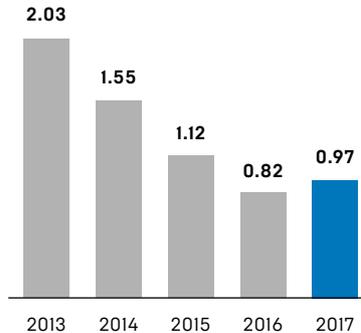
STRENGTHENING FINANCIAL STANDING

LOW LEVERAGE (NET DEBT/EBITDA)



ENHANCING OCCUPATIONAL HEALTH AND SAFETY

53% INJURY RATES REDUCTION VS 2013 (LTIFR*, NLMK Group)



IMPROVING CORPORATE GOVERNANCE

INCREASE IN NUMBER OF INDEPENDENT DIRECTORS ON THE BOARD**



A 7-year Eurobond was issued in September 2017 for

\$500 million

with a coupon rate of 4.0% and a maturity date of September 2024. This was used to cover short-term debt

NLMK was awarded the gold medal in the '100 Best Russian Organizations. Ecology and Environmental Management' competition

Index provider MSCI added NLMK to the MSCI Emerging Markets and MSCI Russia indices in May 2017

[→ For more details](#)



CEO STATEMENT

OLEG BAGRIN

President and CEO of NLMK Group
[Chairman of the Management Board]*

Dear colleagues,

Change can only happen if a team has a common goal. Leadership, cooperation and support must be common values. Only then can the team function as one, and the company as a single production chain stretching from Altai to the USA.

Following this course, we have become a single team and proven ourselves capable of rising to any challenge, no matter how complex.

In 2017, NLMK Group continued to consistently improve its operating and financial performance: NLMK sales hit an all-time high of 16.5 m t; profitability has been on the rise for five years running, hitting 26% in 2017. 2017 EBITDA** grew by 37% yoy to \$2.7 bn, a record high since 2009. NLMK Group's high creditworthiness and the success of its business model received high acclaim from international rating agencies: NLMK's credit ratings have been upgraded by S&P and Moody's over the last 18 months. NLMK currently has investment grade ratings from all three international rating agencies.

Vertical integration, cost control, sales diversification and a flexible business model enable NLMK to grow throughout the value chain and deliver outstanding operational and financial performance.

We were able to significantly increase dividends without jeopardizing financing for major investment projects.

Market conditions

In 2017, the steel market rebounded following a challenging 2016. Steel consumption in Russia grew for the first time in several years. A drop in Chinese exports and increased demand in the Company's key markets pushed steel product prices up, and key raw material prices followed suit.

Strategy 2017 in action

Successful execution of Strategy 2017 was the key driver behind improved financials. We rose to the most important challenges of this five-year cycle, restoring the efficiency of the business, achieving self-sufficiency in iron ore, and improving safety. The figures speak for themselves. Compared to 2012, we have increased steel output by 2 million tonnes, reduced the cost of production by 25%, doubled our profitability, leverage is down to a minimum, and the injury rate has dropped by 50%. Company profits in 2017 reached a post-2008 high. Last year's results showed net gains from Strategy 2017 projects exceeded \$1 billion, with around 70% generated by operational efficiency initiatives. This wasn't driven by the market or anything short-term,

NLMK Group posted record high sales vs. 2013, well ahead of market growth rates.

The scale of NLMK's business, the quality of our strategy and execution will ensure that we use available growth options to continue generating shareholder returns going forward.

* Oleg Bagrin held the position of President (Chairman of the Management Board) until 12 March 2018

** See the Glossary on p. 46

Vertical integration, control over costs, diversification of sales, and a flexible business model



Successful execution of Strategy 2017 laid a solid foundation for our next strategic cycle: Strategy 2022.

this came about through structural transformation. We implemented over 3,000 operational efficiency projects, a twelvefold increase in just five years. We will see further gains of about \$200 million during 2018 driven by recently completed investment projects, including Stoilensky pelletizing plant and integration of PCI technology at Lipetsk's BF Shop No. 2.

HAVING COMPLETED ITS STRATEGIC CYCLE, NLMK GROUP HAS CONSOLIDATED ITS LEADING POSITION. GAINS FROM ALL STRATEGY 2017 PROJECTS EXCEEDED \$1 BN IN 2017

Looking to the future

2018 sees the beginning of a new five-year strategic cycle. NLMK's technology, the quality of our team, the scale of our business and, most importantly, the unique potential for growth and efficiency our company enjoys within the steel industry will open up a multitude of opportunities. After successful completion of the previous strategic cycle, our team today has the right, the duty even, to set more ambitious goals than ever before.

One team

In the common cause of realizing Strategy 2017, it was not just the contribution of

individual people that was important, but above all the contribution of the team that our large, international company represents.

I'm extremely grateful to my team for this contribution, and most importantly for your engagement and for your capacity to rethink and to sacrifice some principles and convictions that were perhaps mistaken. The willingness to rethink, the willingness to change – these are the qualities for which I'd like to thank you the most. The most important outcome of this Strategy is that it is not about the past, but about the future; we have succeeded in creating the best team in the steel industry, without dissidents or skeptics, which will continue, calmly and confidently, to move forward. This is the most important outcome of our Strategy.

We're proud of what we have achieved and fully recognize that our achievements were made possible thanks to the contribution of our international team, united by the common goal of leadership for NLMK Group.

I would like to express my sincere gratitude to our shareholders, customers, suppliers and contractors. I thank our employees across all of our divisions and companies for their commitment which enables NLMK Group to achieve its potential and be recognized as the leader of the global steel industry.

GROWTH OF SALES VS. 2013

+11%

GROWTH OF EBITDA MARGIN TO

26%

GROWTH OF LABOUR PRODUCTIVITY VS. 2013 BASE

+27%

GAINS FROM STRATEGY 2017

+\$1^{BN}

DECREASE IN LTIFR* VS. 2013

-53%

→ For more details, please see [Strategy 2017 Results on p.31](#)

COMPANY PROFILE

NLMK Group is the largest integrated steelmaker in Russia and one of the most efficient in the world.

PRODUCTION CAPACITIES

>17 MILLION
TONNES
PER YEAR

0.35x

NET DEBT/EBITDA

A stable financial position supported by a balanced financial policy and growth of positive free cash flow

98%

UTILIZATION RATE OF NLMK GROUP'S STEELMAKING CAPACITY

Capacity utilization of the key site running at 100% vs. a global average of about 70%

23%

OF STEEL PRODUCTION IN RUSSIA

No.1 steelmaker in Russia and among TOP 20 leading steelmakers globally

\$250

CASH COST PER TONNE OF SLABS

Among TOP 3 most cost-efficient steelmakers globally

EFFICIENT VERTICAL INTEGRATION

53%

Self-sufficiency in energy

92%

Self-sufficiency in iron ore concentrate

76%

Self-sufficiency in scrap

86%

Self-sufficiency in iron ore pellets, >100% self-sufficiency in coke

26% EBITDA
MARGIN

Stable growth in profitability over the last few years, driven by consistent execution of Strategy 2017. Global average does not exceed 15%

HIGH STANDARDS OF SUSTAINABILITY

NLMK sustainability KPIs are in line with or approaching the level of best global practices for the steel industry, as a result of the Company's comprehensive initiatives:

- Group LTIFR* is 0.97 (0.51 for NLMK's Russian companies) vs. best practice of 0.6;
- Specific air emissions are 20.5 kg/t vs. best practice of 18.9 kg/t

NLMK OPERATES PRODUCTION FACILITIES IN RUSSIA, EUROPE AND THE UNITED STATES. THE COMPANY'S STEEL PRODUCTION CAPACITY EXCEEDS 17 MILLION TONNES PER YEAR.

* LTIFR – Lost Time Injury Frequency Rate (per million man-hours worked). See the Glossary on p. 46

PRODUCTS

NLMK Group's steel products are used in various industries, from construction and machine building to the manufacturing of power-generation equipment and offshore windmills.

PERFORMANCE

NLMK has the most competitive cash cost among global manufacturers and one of the highest profitability levels in the industry. In 2017, the Company generated \$10.065 billion in revenue and \$2.655 billion in EBITDA. As of 31 December 2017, Net debt/EBITDA stood at 0.35x. The company has investment grade credit ratings from S&P, Moody's and Fitch.

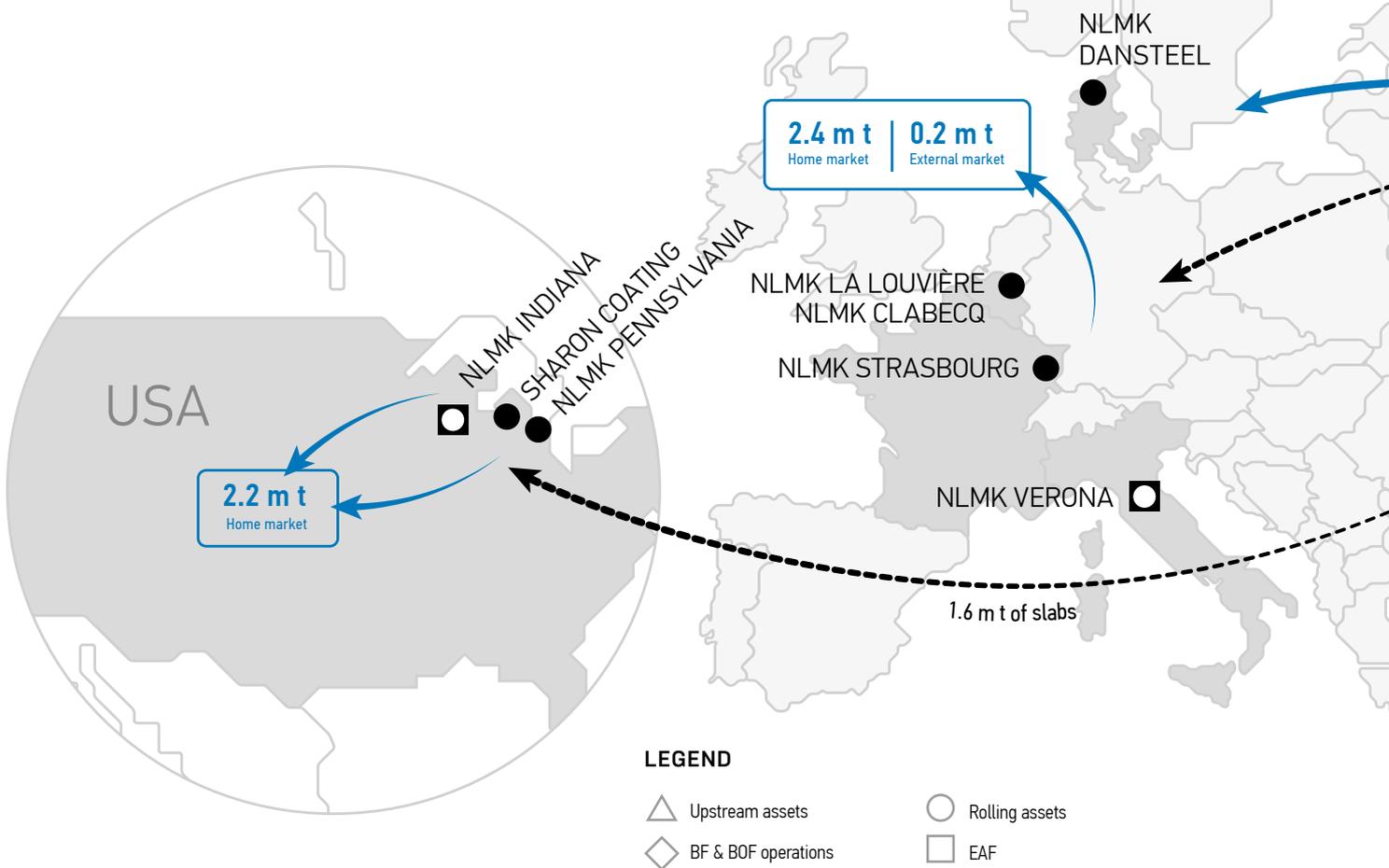
SHARES

NLMK's ordinary shares with a 16% free-float are traded on the Moscow Stock Exchange (ticker "NLMK") and its global depository shares are traded on the London Stock Exchange (ticker "NLMK:LI"). The share capital of the Company is divided into 5,993,227,240 shares with a par value of RUB1.

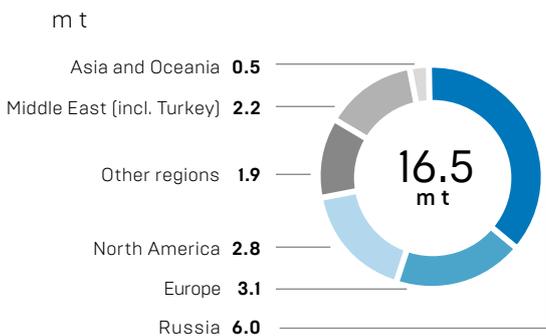
OUR TEAM

Our corporate culture, which targets continuous development and brings together more than 53,000 professionals across multiple regions, serves as a solid foundation for further growth.

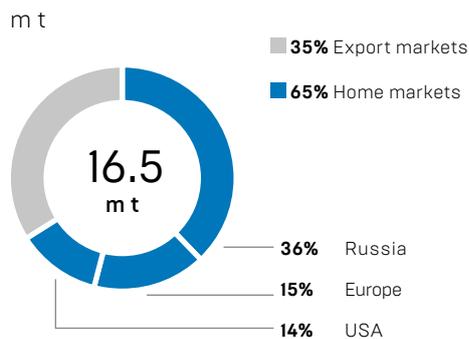
WHERE WE MAKE AND MARKET STEEL



STEEL PRODUCT SALES BY REGION

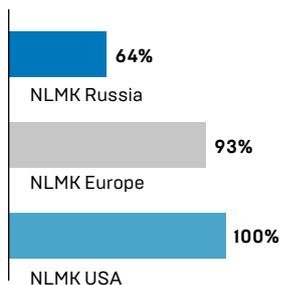


STEEL PRODUCT SALES BY MARKET



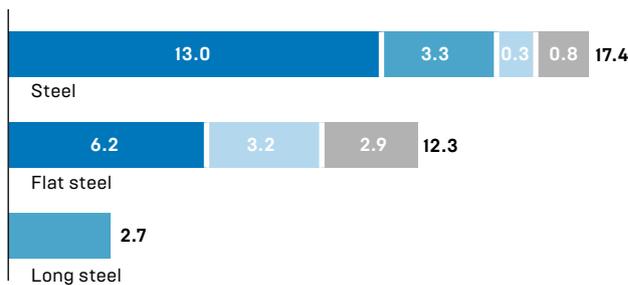


SHARE OF FINISHED STEEL SALES IN HOME MARKETS



NLMK PRODUCTION CAPACITIES

m t ■ NLMK Russia Flat ■ NLMK Russia Long ■ NLMK Europe ■ NLMK USA



NLMK 2017

WHAT WE MAKE AND MARKET



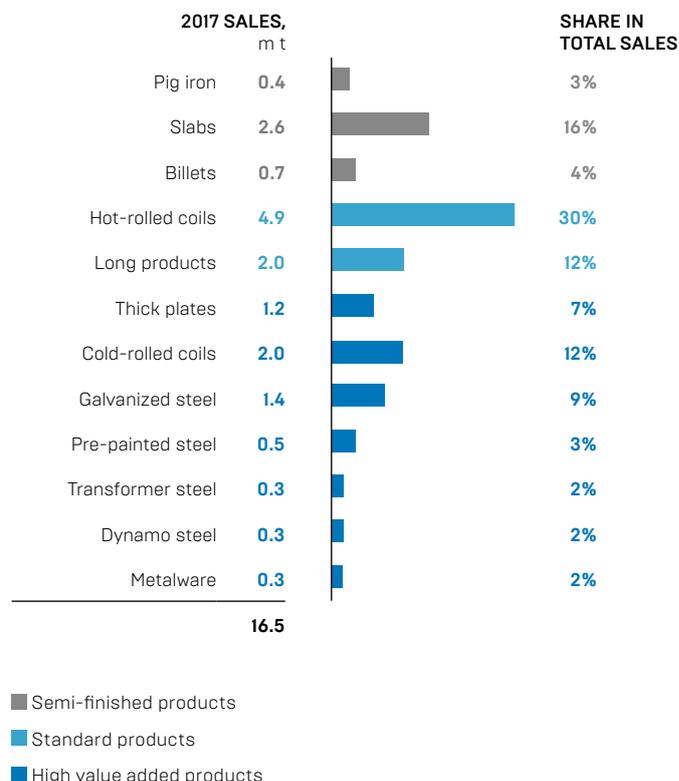
NLMK 2017 steel product sales: 16.5 M T

NLMK IS A LEADING SUPPLIER OF HIGH-QUALITY STEEL PRODUCTS IN KEY SALES MARKETS

NLMK has a balanced product mix that includes semi-finished, high value added and niche products.

Flat steel accounts for around 80% of total output, 20% is accounted for by long steel used in construction.

NLMK SALES TO THIRD PARTIES (WITH NBH)



OUR PRODUCTS

	 SEMI-FINISHED PRODUCTS	 THICK PLATE	 HOT-ROLLED STEEL	 COLD-ROLLED STEEL
PRODUCTS	<p>Semi-finished steel products for further processing: slabs are processed into flat steel products; billets are processed into long steel products.</p> <p>A wide range of semi products, both standard and niche products with specific chemical composition, physical properties and dimensions.</p>	<p>Flat steel products. A range of standard products and niche abrasion-resistant and high-strength plates.</p> <p>Produced at NLMK Group's European plants from slabs supplied by NLMK Lipetsk.</p>	<p>Flat steel products that have been hot-rolled.</p> <p>A wide range of hot-rolled steel in sheets and coils with a variety of performance characteristics.</p>	<p>Flat steel products that have been cold-rolled</p> <p>A wide range of cold-rolled steel sheets and coils with a variety of performance characteristics, including niche high ductility products.</p>
SHARE OF TOTAL SALES	23%	7%	30%	12%
CONSUMING SECTORS	Steelmaking, pipe industry.	Lifting and transport equipment, offshore wind power engineering, drilling platforms, shipbuilding, pipelines, boilers, tanks for aggressive environment (pressure, temperature, load, etc.).	Pipe industry, steel structures, shipbuilding, machine building, high-pressure vessels, yellow machinery, commercial, residential and infrastructure construction.	Automotive manufacturing, machine building, pipe industry, yellow machinery and white goods, commercial, residential and infrastructure construction.
SITES	NLMK Lipetsk NLMK Kaluga	NLMK Dansteel NLMK Clabecq NLMK Verona	NLMK Lipetsk NLMK La Louvière NLMK Indiana NLMK Pennsylvania	NLMK Lipetsk NLMK La Louvière NLMK Pennsylvania
MARKET SHARE*	<i>Global market</i> 23%	<i>European market</i> 9%	<i>Russian market</i> 12%	<i>Russian market</i> 31%

* NLMK's share in apparent consumption.

KEY FACTS AND FIGURES

Balanced product mix

NLMK's product portfolio includes semi-finished products, as well as rolled steel with standard properties and unique products.

Consumers in home markets

Our key customers in all our markets are the construction and the machine building industries, including automotive manufacturers, as well as the wind energy sector, shipbuilding and yellow goods manufacturers in Europe. In Russia, we also supply our products to the pipe sector.

NLMK's position in the global market

NLMK is one of the 20 largest steel producers in the world. The Company sells steel to 70 countries around the world. NLMK holds around 23% of the global slab market and is one of the world's largest producers of transformer steel.



COATED STEEL

Galvanized and pre-painted steel from hot-rolled and cold-rolled steel.

Available in coils, strip and sheets.

12%

Automotive manufacturing, yellow and white goods, construction, facing materials.

NLMK Lipetsk
NLMK Strasbourg
Sharon Coating

Russian market
21%
galvanized steel

21%
pre-painted steel



ELECTRICAL STEEL

Dynamo (non-grain-oriented) and transformer (grain-oriented) electrical steel. Includes a range of standard products with ordinary properties, and unique high-permeability steel.

Available in coils, strip and sheets.

3%

Electrical machines, transformers, power engineering, instrument making.

NLMK Lipetsk
VIZ-Steel

Russian market
74%
dynamo steel

~100%
transformer steel



LONG PRODUCTS

Rebar in rods and coils, wire rod, sections.

12%

Construction.

NLMK Ural
NLMK Kaluga

Russian market
18%
rebar



METALWARE

A wide range of low-carbon metalware. This includes wire and secondary products, with various coatings and surface finishes, nails, fasteners.

2%

Construction, machine building.

NLMK Metalware

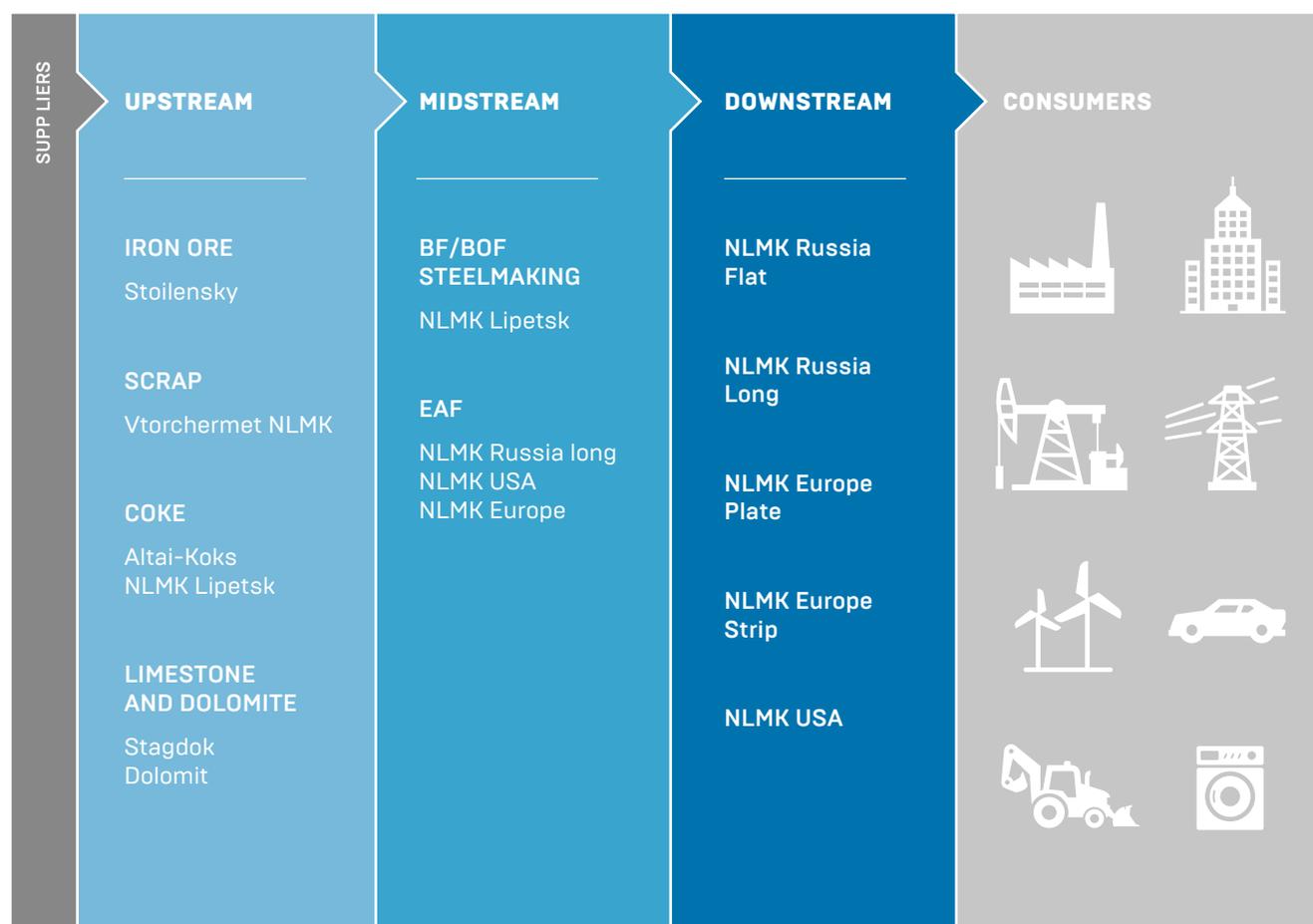
Russian market
20%
metalware

NLMK GROUP'S BUSINESS MODEL

A flexible and well-balanced business model secures industry leadership for NLMK Group.

VALUE CHAIN

Up to 100% of resource needs covered by the previous link in the chain





UPSTREAM

The status of one of the most cost-efficient steelmakers in the world is achieved through a world-class resource base with leading-edge technology for mining and processing, an optimal process environment and the professionalism of the NLMK team.

Up to 100% of raw materials produced are used in the steel production stage further along the value chain.

NLMK ADVANTAGES

➤ CAPTIVE ELECTRIC ENERGY

is generated primarily through the recovery of by-product gases from coke and blast furnace operations.

➤ CAPTIVE PRODUCTION OF COKE

guarantees NLMK high-quality coke products, which boosts the efficiency of operations further along the value chain.

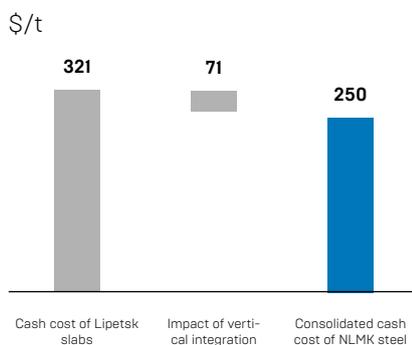
➤ IRON ORE PRODUCTION

Stoilensky is one of the most efficient iron ore producers in the world, located 250 km from the Group's main production facility in Lipetsk. Stoilensky's iron ore reserves are upward of 5 billion tonnes, concentrate cash cost is ca. \$12 per tonne.

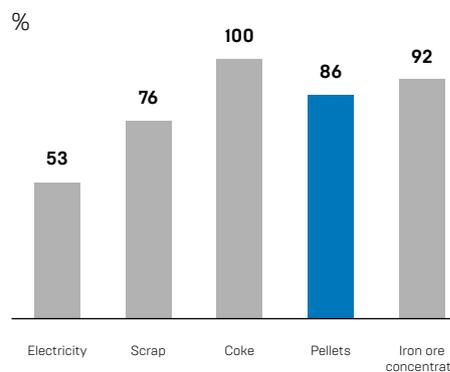
➤ NLMK'S SCRAP COLLECTION AND PROCESSING NETWORK

NLMK's scrap collection and processing network is the largest in Russia and secures stable delivery of scrap to NLMK Group's Russian steelmaking facilities.

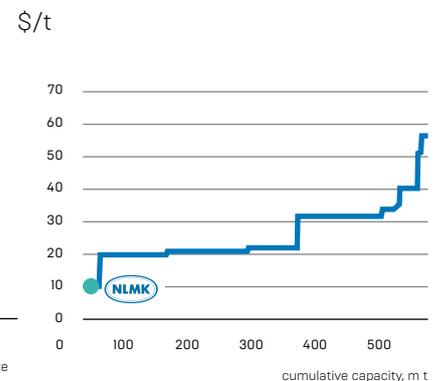
IMPACT OF VERTICAL INTEGRATION ON REDUCTION IN CASH COST PER 1 TONNE OF STEEL IN 2017



SELF-SUFFICIENCY IN KEY RESOURCES



IRON ORE CONCENTRATE PRODUCTION COST IN 2017*



2017 FACTS AND FIGURES

IRON ORE PRODUCTION

17.1 MT

INCLUDING 6 M T OF PELLETS

COKE OUTPUT

6.9 MT

EXCEEDS 100% OF NLMK LIPETSK'S NEEDS

PRODUCTION COST OF IRON ORE CONCENTRATE

\$12 PER TONNE

DEVELOPMENT IN 2017

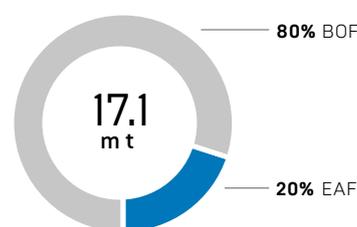
PELLETIZING PLANT REACHED ITS DESIGN CAPACITY OF

6 MTPA

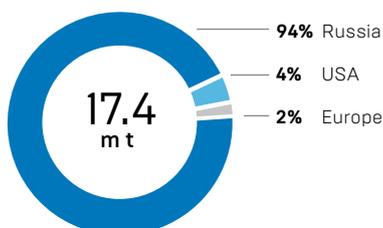
MIDSTREAM

Leading-edge equipment and finely tuned business processes enable the production of high-quality cost-efficient steel products. NLMK Group's steel production capacity exceeds 17 million tonnes per year, 95% of which is made in Russia.

NLMK STEEL PRODUCTION (BY TYPE)



NLMK STEEL PRODUCTION (BY REGION)



NLMK ADVANTAGES

↗ COST LEADERSHIP

NLMK is among the global leaders in cost. Over the past five years, the Company has consolidated its leadership: the gap between NLMK's production cost and the industry average has increased from 25% to 36%. NLMK Group enjoys sustainable cost leadership through its unique business model that ensures high utilization rates, efficient vertical integration and upgraded production capacities. The production cost of Lipetsk steel in 2017 was \$250 per tonne, compared to an industry average of \$390 per tonne.

↗ SALES VS. FURTHER PROCESSING

77% of NLMK steel is processed into finished products, 23% is sold as semi-finished steel. NLMK produces both flat and long steel products, and our reputation as a reliable supplier ensures stable demand for the Group's product offering.

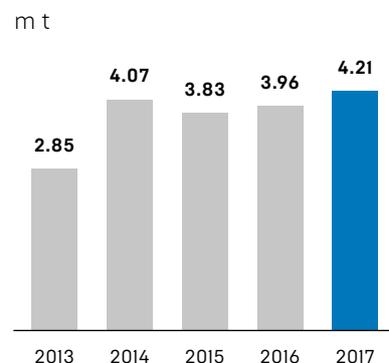
↗ HIGH CAPACITY UTILIZATION

An expansive product offering and rolling facilities located in the regions of consumption, i.e. in Russia, Europe and the United States, enable NLMK to maintain a high-capacity utilization rate of 98% throughout the cycle.

↗ OPTIMAL LOGISTICS

Production facilities located in regions with developed infrastructure and proximity to raw material sources lowers outlay on logistics as well as related risks.

SLAB SUPPLIES TO SUBSIDIARIES AND AFFILIATES



2017 FACTS AND FIGURES

17.1 MT
(WITH NBH)
STEEL PRODUCTION

98%
NLMK GROUP STEELMAKING CAPACITY UTILIZATION RATE

\$250
PERTONNE SLAB CASH COST OF THE LIPETSK SITE

90%
DEVELOPMENT IN 2017
OF BLAST FURNACE CAPACITIES ARE EQUIPPED WITH THE PULVERIZED COAL INJECTION (PCI) TECHNOLOGY. GUARANTEE TESTS OF PCI SYSTEMS AT BLAST FURNACES NO. 6 AND 7 COMPLETED

DOWNSTREAM

Finished products are made locally for the Company's strategic markets of Russia, the EU and the USA, in close proximity to consumers. With a total production capacity of finished products in excess of 15 million tonnes, NLMK can process as much as 90% of captive crude steel at its own rolling facilities.

The Group can satisfy up to 100% of internal demand for slabs from its main steelmaking facility in Lipetsk.

NLMK ADVANTAGES

➤ HIGH QUALITY

The use of captive raw materials in rolled steel production guarantees high quality and short lead times. The Company's products are certified to international standards.

➤ BALANCED PRODUCT PORTFOLIO

NLMK's extensive steel product offering, from standard types of hot-rolled steel to custom electrical steels and other niche products, allows the Company to diversify sales by sector, reducing the dependency for sales volume on demand fluctuations in individual sectors.

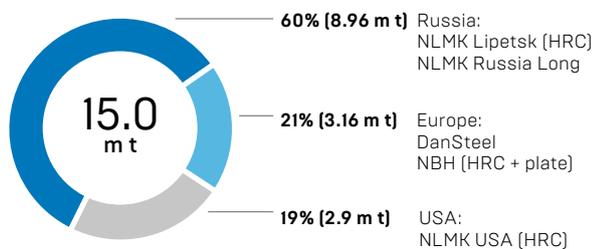
➤ DIVERSIFICATION OF SALES

An expansive geographical breakdown of sales and a flexible marketing policy create a global footprint, with the agility to divert sales of steel products to the most attractive market, ensuring full utilization of production capacity throughout the value chain.

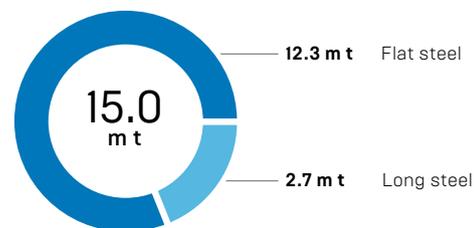
➤ OPTIMAL PRODUCTION FOOTPRINT

Due to the location of NLMK Group's rolling operations in strategic markets, 65% of steel is sold in the region where it was produced. This allows the Company to meet the customers' most challenging delivery timescales and respond rapidly to local demand fluctuations.

NLMK'S ROLLING CAPACITIES



DOWNSTREAM CAPACITY BREAKDOWN



2017 FACTS AND FIGURES

12.8 MT

FINISHED STEEL OUTPUT
(WITH NBH)

+11%

GROWTH IN SALES TO
HOME MARKETS VS. 2013

SALES TO MORE THAN
70 COUNTRIES AROUND
THE WORLD

82%

FLAT STEEL

18%

LONG STEEL

DEVELOPMENT IN 2017

NLMK USA: SHARON COATING RE-STARTED ITS NO. 2 HOT-DIP GALVANIZING LINE WITH A CAPACITY OF APPROXIMATELY

226 k TONNES PER YEAR

WITH THE RE-LAUNCH OF THE SECOND LINE, SHARON COATING'S EFFECTIVE CAPACITY INCREASED BY 43%.

NLMK'S INTEGRATED PROCESS ENVIRONMENT

Over the past decade, NLMK has transformed from a local steel producer into a global steel company with control over every production stage, from raw materials extraction to the sale of HVA products to consumers.

NLMK Group is an integrated process environment that stretches from the Urals in Russia to the Great Lakes in the USA.

All our facilities across the globe share common values and work for a common goal.

NLMK RUSSIA

UPSTREAM

PRODUCTION SITES:

Stoilensky
Dolomit
Stagdok

FUNCTIONS:

Covers the Group's demand for raw materials

PRODUCTS:

Iron ore concentrate, pellets, sinter ore, limestone, dolomite

CONSUMERS:

INTERNAL: NLMK Lipetsk

HEADCOUNT:

7,000
PEOPLE

PRODUCTION:

IRON ORE
17.1 MT
(0% yoy)

FLUXES
6.3 MT
(-1% yoy)

REVENUE:

\$944 M
(+58% yoy)

EBITDA:

\$642 M
(+102% yoy)

INVESTMENTS:

\$116 M
(-47% yoy)

EXTERNAL: steelmakers, road construction, agriculture

STOILENSKY COMPLETED STAGE 2 OF ITS HIGH PRESSURE GRINDING ROLLS (HPGR) PROJECT AT ITS BENEFICIATION PLANT. IT WILL ADD A TOTAL OF ABOUT 1.8 M T OF CAPACITY, AND TOGETHER WITH OTHER INITIATIVES WILL ENABLE THE COMPANY TO BRING CONCENTRATE OUTPUT UP TO 17.4 M T PA BY 2018.

SALES:

IRON ORE CONCENTRATE: 9.6 m t

PELLETS: 6 m t

SINTER ORE: 1.5 m t

LIMESTONE: 3.7 m t
(78% to the Lipetsk site)

DOLOMITE: 2.3 m t
(73% to the Lipetsk site)



NLMK RUSSIA FLAT

PRODUCTION SITES*:

NLMK Lipetsk
VIZ-Steel
Altai-Koks

FUNCTIONS:

Steel production, including semis for international divisions, and flat products

PRODUCTS:

Coke, pig iron, slabs, hot-rolled steel, cold-rolled steel, galvanized steel, pre-painted steel, grain-oriented and non-grain oriented steel

INTRA-GROUP SALES:

SUPPLIES TO NLMK USA:
1.6 m t (+25% yoy)
SUPPLIES TO NLMK EUROPE:
2.6 m t (-2% yoy)

HEADCOUNT:

30,500
PEOPLE

PRODUCTION CAPACITIES:

STEEL
13.0 MT

FLAT PRODUCTS
6.2 MT

PRODUCTION:

COKE: 6.9 m t (+0% yoy)
PIG IRON: 12.8 m t (+1% yoy)
STEEL: 13.2 m t (+2% yoy)
COMMODITY SEMIS:
6.7 m t (+3% yoy)
FINISHED STEEL:
5.9 m t (+1% yoy)

TOTAL REVENUE:

\$7,659 M
(+37% yoy)

EBITDA:

\$1,722 M
(+28% yoy)

INVESTMENTS:

\$422 M
(+40% yoy)

STEELMAKING CAPACITY UTILIZATION:

100%

CONSUMERS:

INTERNAL: international divisions
EXTERNAL: construction, pipe production, automotive industry, machine building, white goods, yellow machinery, instrumentation engineering, power industry, and other sectors

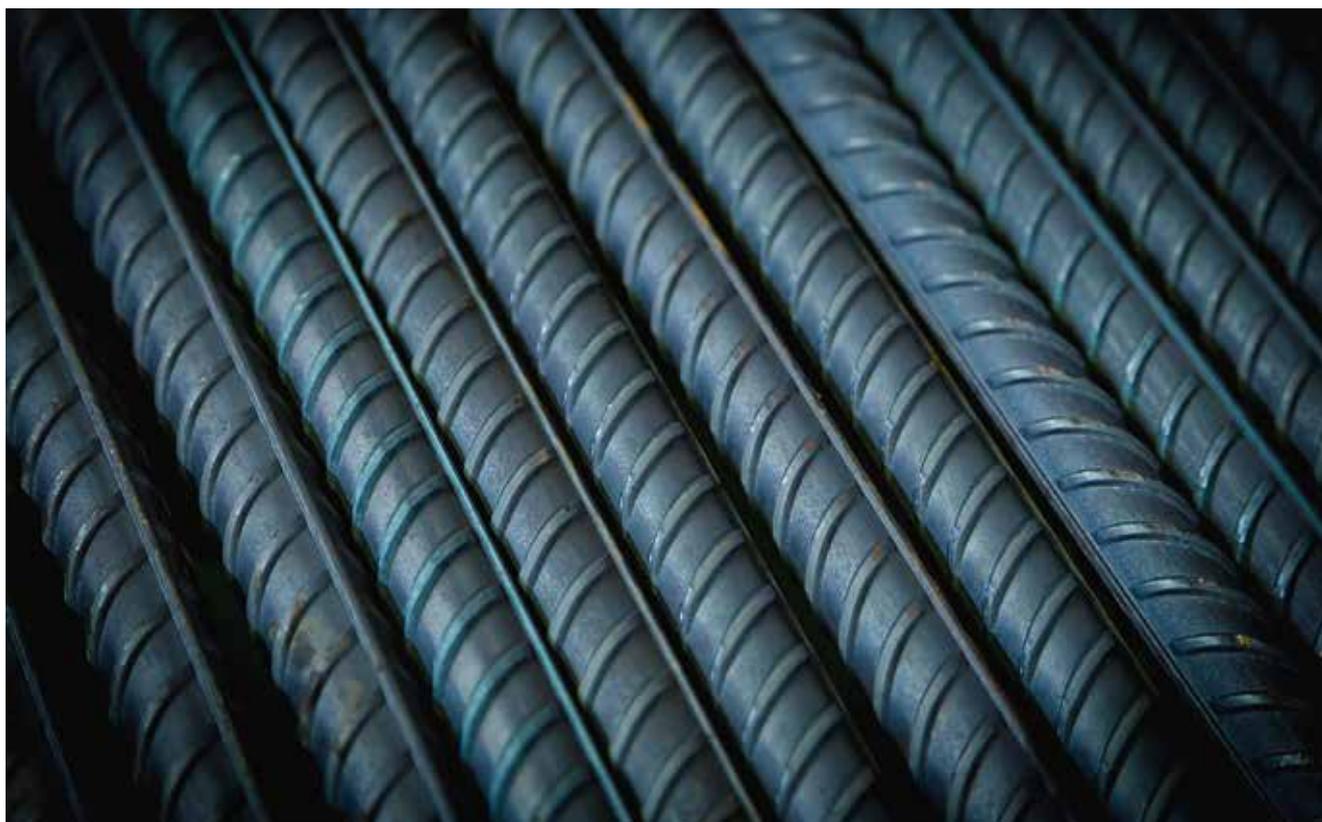
SALES OF FINISHED STEEL TO EXTERNAL CONSUMERS INCREASED BY 4% YOY TO 5.8 M T, THEIR SHARE IN TOTAL SALES WAS 66%

SALES TO EXTERNAL CUSTOMERS:

COMMODITY PIG IRON: 0.4 m t (+18% yoy)
SLABS: 2.5 m t (-4% yoy)
HOT-ROLLED STEEL: 2.7 m t (+2% yoy)
COLD-ROLLED STEEL: 1.4 m t (-2% yoy)
GALVANIZED STEEL: 0.7 m t (+15% yoy)
PRE-PAINTED STEEL: 0.4 m t (-12% yoy)
NGO STEEL: 0.3 m t (+5% yoy)
GO STEEL: 0.3 m t (+5% yoy)

EXTERNAL SALES GEOGRAPHY:

Russia (51% of sales), Turkey, Latin America, the European Union, North America, Middle East, the CIS



NLMK RUSSIA LONG

PRODUCTION SITES:

Scrap collecting facilities
NLMK Vtorchermet
NLMK Ural
NLMK Kaluga
NLMK Metalware

FUNCTIONS:

Processes scrap for the Group's steelmaking capacities in Russia
Long products and metalware production

PRODUCTS:

Scrap, billets, rebar, wire rod, sections, metalware

HEADCOUNT:

8,900
PEOPLE

PRODUCTION CAPACITIES:

STEEL
3.3 MT

LONG PRODUCTS
2.7 MT

STEELMAKING CAPACITY

UTILIZATION: **92%**

TOTAL REVENUE:

\$1,794^M (+39% yoy)

EBITDA:

\$152^M (+10% yoy)

INVESTMENTS:

\$22^M (+38% yoy)

CONSUMERS:

Construction, machine building

TOTAL SALES OF WIRE ROD INCREASED BY 60% YOY TO 0.3 M T, DRIVEN BY THE EXPANSION OF SALES GEOGRAPHY. TOTAL SALES OF LONG STEEL PRODUCTS AND BILLETS INCREASED YOY BY 6% TO REACH 3 M T

PRODUCTION:

SCRAP PROCESSING: 2.3 m t (+11% yoy)

STEEL: 3.0 m t (+5% yoy)

LONG PRODUCTS: 1.9 m t (+2% yoy)

METALWARE: 0.3 m t (+4% yoy)

SALES TO EXTERNAL CUSTOMERS:

BILLETS: 0.7 m t (+12% yoy)

LONG PRODUCTS: 2.0 m t (+4% yoy)

METALWARE: 0.3 m t (+4% yoy)

EXTERNAL SALES GEOGRAPHY:

Russia (54% of sales), the European Union, North Africa



NLMK USA

PRODUCTION SITES:

NLMK Pennsylvania
NLMK Indiana
Sharon Coating

FUNCTIONS:

Produces flat steel from slabs supplied by NLMK Lipetsk, as well as from in-house slabs

PRODUCTS:

Hot-rolled steel, cold-rolled steel, galvanized steel

SALES GEOGRAPHY:

100% of sales in the USA

HEADCOUNT:

1,100
PEOPLE

PRODUCTION CAPACITIES:

STEEL
0.8 ^{MT}

FLAT PRODUCTS
2.9 ^{MT}

TOTAL REVENUE:

\$1,670 ^M [+44% yoy]

EBITDA:

\$197 ^M [+11% yoy]

INVESTMENTS:

\$28 ^M [+47% yoy]

STEELMAKING CAPACITY

UTILIZATION: **81%**

THE DIVISION INCREASED ITS FLAT STEEL SALES BY 21%, SUPPORTED BY THE GROWTH OF CONSUMER ACTIVITY IN THE US MARKET

PRODUCTION:

STEEL: 0.6 m t [+11% yoy]
FLAT PRODUCTS: 2.2 m t [+21% yoy]

SALES:

HOT-ROLLED STEEL: 1.2 m t [+31% yoy]
COLD-ROLLED STEEL: 0.5 m t [-9% yoy]
GALVANIZED STEEL: 0.5 m t [+40% yoy]

CONSUMERS:

Construction, pipe production, automotive industry, machine building, white goods and yellow machinery production



NLMK EUROPE

NLMK EUROPE STRIP

PRODUCTION

SITES:

NLMK La Louvière*
NLMK Strasbourg*

FUNCTIONS:

Produces flat steel from slabs supplied by NLMK Lipetsk

PRODUCTS:

Hot-rolled steel, cold-rolled steel, galvanized steel, pre-painted steel

PRODUCTION:

FLAT PRODUCTS:

1.4 m t (+6% yoy)

HEADCOUNT:

900
PEOPLE

PRODUCTION CAPACITIES:

FLAT PRODUCTS
1.7 MT

ROLLING CAPACITY UTILIZATION:

80%

RENAUD MORETTI WAS APPOINTED CEO OF NLMK EUROPE STRIP. HE BECAME HEAD OF MAINTENANCE SERVICE AT LA LOUVIÈRE IN 2006, WHICH AT THE TIME WAS PART OF NLMK AND DUFERCO JV. HE LATER MANAGED COLD-ROLLING OPERATIONS AND WAS EXECUTIVE DIRECTOR AT NLMK LA LOUVIÈRE.

SALES:

HOT-ROLLED STEEL: 1.0 m t (+2% yoy)
COLD-ROLLED STEEL: 0.05 m t (-14% yoy)
GALVANIZED STEEL: 0.2 m t (-15% yoy)
PRE-PAINTED STEEL: 0.1 m t (+3% yoy)

CONSUMERS:

Construction industry, pipe manufacturers, automotive industry, machine building, manufacturers of white goods and yellow goods

SALES GEOGRAPHY:

93% of sales in the European Union



NLMK EUROPE PLATE

PRODUCTION FACILITIES:

NLMK DanSteel
NLMK Clabecq*
NLMK Verona*

FUNCTIONS:

Produces plates from slabs supplied by NLMK Lipetsk, as well as from captive slabs

PRODUCTS:

Niche steel semis, plates, including Quard and Quend grades

HEADCOUNT:

1,200
PEOPLE

PRODUCTION CAPACITIES:

STEEL
0.2^{MT}

THICK PLATES
1.5^{MT}

ROLLING CAPACITY UTILIZATION:

78%

IN 2017, THE SALES OF QUARD AND QUEND NICHE PLATES INCREASED BY 14% YOY TO 101,000 T

SALES:

PLATE: 1.2 m t (-1% yoy)

SALES GEOGRAPHY:

93% of sales in the European Union

CONSUMERS:

Producers of heavy vehicles and loading equipment, offshore wind turbines, drilling rigs, shipbuilding sector, producers of pipes, boilers, and reservoirs for hostile environment

PRODUCTION:

STEEL: 0.2 m t (+11% yoy)

THICK PLATES: 1.2 m t (-3% yoy)

NLMK PRODUCTION SYSTEM

NLMK PRODUCTION SYSTEM IS BASED ON THE FOLLOWING PRINCIPLES:

- ↗ BALANCED OBJECTIVES
- ↗ SYSTEMATIC ACHIEVEMENT OF RESULTS THROUGH PROCESS IMPROVEMENT
- ↗ TRANSPARENCY AND OBJECTIVITY OF INFORMATION, CONTINUOUS IMPROVEMENT
- ↗ ENGAGEMENT OF PERSONNEL OF ALL LEVELS IN JOINT PROBLEM SOLVING
- ↗ LEADERSHIP SUPPORT

NLMK Production System is a business management approach based on a combination of processes and optimization tools, which maximize the use of existing resources and eliminate losses.

The key elements of NLMK Production System are lean tools, training systems, visual efficiency control and feedback loops. The core of the system are the Company's employees: their attitude, behaviour, perceptions and engagement in processes.

The development and rollout of NLMK Production System have quickly gone from strength to strength. Strategic goals have been defined, a set of effective tools established and a system of optimization programmes launched. Later, more lean tools were adopted, which the Company needed to apply to the fullest to tackle business challenges and capture maximum value.

TECHNICAL MODEL

- Goal setting system, medium-term potential and short-term goals
- KPI system
- Production System tools: measurement, analysis, standardization and improvement tools.

MANAGEMENT SYSTEMS

Efficiency management through visual control systems and feedback loops.

EMPLOYEE POTENTIAL

Training and coaching for swift and sustainable introduction of new working practices that enable employees to improve performance.

EMPLOYEE MINDSET AND BEHAVIOUR

- Development of discipline and culture in the workplace by establishing and supporting behaviour which promotes and safeguards transformation results;
- Management engagement: leader role model, "tone at the top".

SOLID PERFORMANCE

- Financial: creating more value, profitability increase
- Operational: higher output with lower operational costs
- Cultural: "zero failure" culture aimed at bridging gaps and eliminating defects, customized training and shared best practices, appropriate behaviour.

KEY FACTS AND FIGURES

NLMK Production System (PS)

Systematic use of a suite of tools and practices for increasing production efficiency and engaging personnel in the continuous improvement process.

Initial stage of PS implementation complete

Strategic goals are established and a set of efficient tools created based on best global practices; a system of optimization programmes is being implemented.

New stage of the Production System

NLMK Production System began a new development stage, which aims to involve each and every employee of the Company in the process of continuous improvement. It kicked off with a pilot project at NLMK Kaluga, which has already yielded results.

Development in 2017

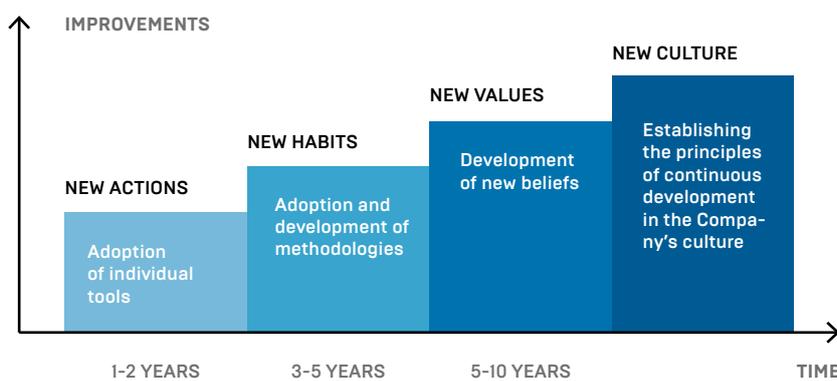
Key principles of the new stage of NLMK Production System development

1. There is always room for improvement. Even if a lot has already been done in terms of operational efficiency, there is always something in the processes that can be improved
2. Openness. This is a value of ours that enables us to maintain our position in the market. Knowing about the problems allows us to address them quickly and to benefit from the result
3. Employees share the principles of NLMK PS. Each employee needs to share our vision of the management system and the Production System
4. Engagement and responsibility. Each employee has the right to know about the goals and the main priorities of the Company. Each employee knows what impact their day-to-day effort has on the Company's overall performance, and has their own area of responsibility for solving issues.



“It is important for us not just to achieve a financial impact, but also to establish a teamwork-based system at our sites and to build a partnership between production sites and the operational efficiency team. This is the only way for the Production System to stop being a collection of projects and start being a real system. Our objective for the next strategic cycle is to engage people in active participation; every employee should have at least one idea. So, in five years' time, we should see a completely different company with a radically transformed production culture.”

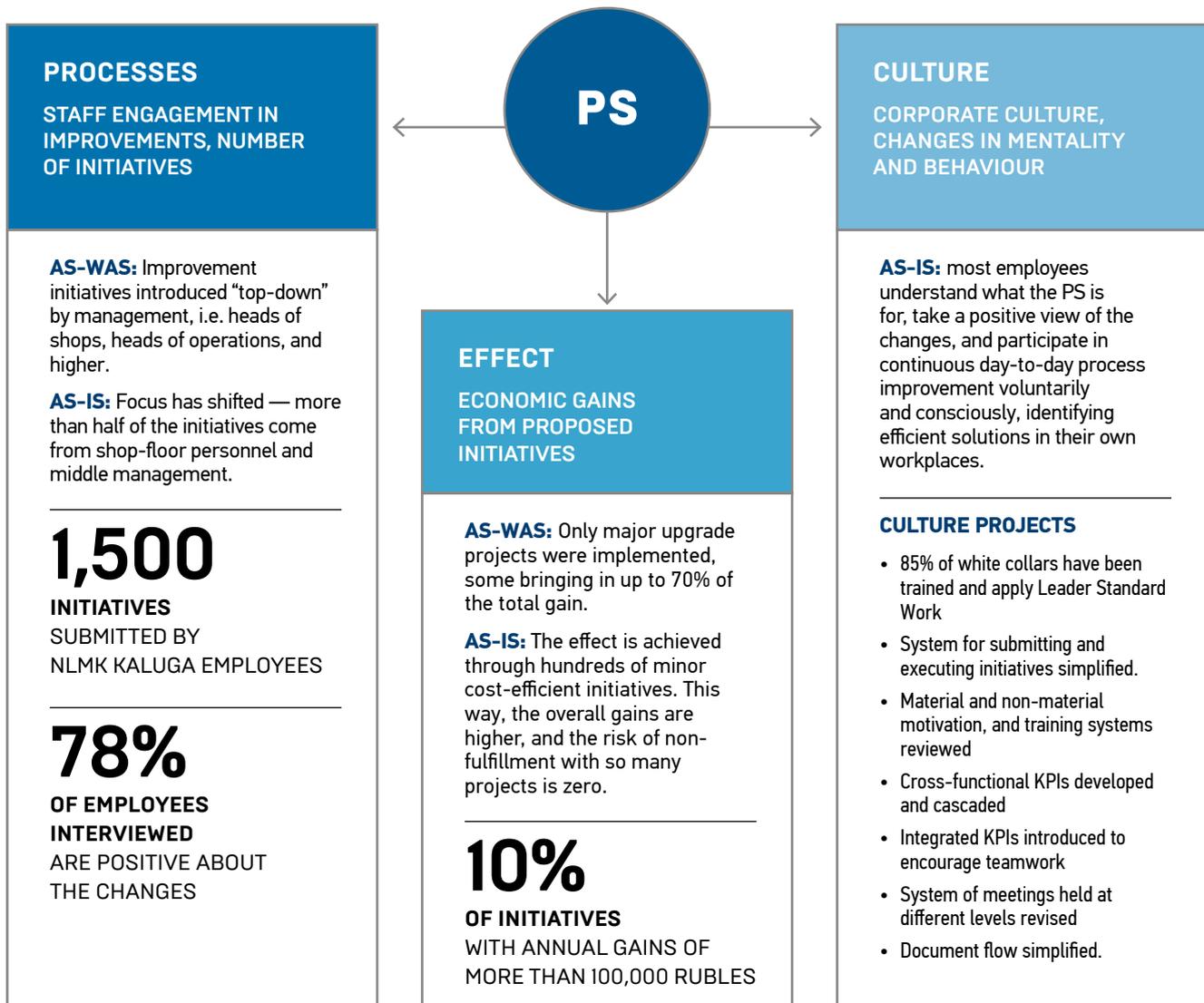
TATIANA AVERCHENKOVA,
Vice President, Operational Efficiency



In the reporting year, NLMK Production System entered a new development stage, which aims to involve each and every employee of the Company in the process of continuous improvement. It kicked off with a pilot project at NLMK Kaluga in collaboration with DuPont, a leader in the hi-tech

marketplace, covering a wide range of activities: processes, repairs, logistics, occupational health and safety. 2017 saw the first results: more than 1,500 initiatives (with a total of 1,218 people working at the plant) were adopted at NLMK Kaluga thanks to the Production System.

NLMK KALUGA PRODUCTION SYSTEM DEVELOPMENT



In 2017, NLMK Production System moved to a new transformation stage in the Sinter Plants at NLMK Lipetsk and at Stoilensky. At the technical diagnostics stage, NLMK Lipetsk project team worked out more than 200 measures with a full-year economic gain of over 2 billion rubles. At 2017 year-end, 29 initiatives were implemented; the rest will be put into practice in 2018.

Another project is planned for kick-off for steelmaking operations.

Plans for 2018

In 2018, the third wave of the NLMK Production System development project kicks off at NLMK Ural, NLMK Metalware and NLMK Ural Service.

Consistent development of NLMK Production System will cover all NLMK Group companies, creating a culture of engagement and teamwork, and taking the Company to a new level of development. This will be a team of like-minded people, ready and willing to tackle any challenge.

We strive to forge the underlying principles of the NLMK Production System into

the framework of our corporate culture. This is the key factor that will secure the Company's competitive edge, and consolidate our market position. This will not

only unlock the internal potential of the Company, but also create value for all our stakeholders: our employees will be engaged in achieving high performance results and continuous

development, local communities and municipalities will stand assured of the sustainability of our business, and our shareholders will receive stable return in the form of dividends.

STAGE 3 MILESTONES



PROJECT PARTICIPANTS

More than 3,000 employees from NLMK Ural, NLMK Metalware and NLMK Ural Service



AREAS

Culture, processes, logistics, energy, maintenance, OHS



GEOGRAPHY

Nizhniye Sergi, Revda, Beryozovsky



PROJECT TEAM

More than 60 employees from NLMK Ural, NLMK Metalware, NLMK Ural Service, and VIZ-Steel

TEAM TRAINING

MID-JULY



TEAM TRAINING

43
PEOPLE

PRIORITY SETTING

(TECHNICAL AND CULTURAL DIAGNOSTICS)

JULY-AUGUST



BEHAVIOURAL INTERVIEWS ON THE CULTURE OF PRODUCTION

220
PEOPLE



KICK-OFF MEETINGS

1,380
PEOPLE



SURVEY ON THE CULTURE OF PRODUCTION

1,900
PEOPLE

AUGUST-SEPTEMBER



'MIRROR SESSIONS', FIRST RESULTS

1,380
PEOPLE



BRAINSTORMING IDEAS FOR IMPROVEMENT

2,600
PEOPLE

INTEGRATION OF NLMK PS

INTO DAY-TO-DAY ACTIVITIES

OCTOBER-FEBRUARY



MENTORSHIP AND LINE ROUNDS



ENGAGEMENT IN IDENTIFICATION AND ELIMINATION OF LOSSES



FEEDBACK FOR COLLEAGUES AND SUBORDINATES

1,200
PEOPLE

RESEARCH AND DEVELOPMENT



“Steel companies used to put emphasis on production volumes, but now it is vital to shift focus to consumer requirements. A number of global steel companies have realized this over the last few decades after undergoing significant changes. The competition between steel producers has become acute. It is only possible to get ahead by producing higher quality products and focusing on consumer requirements.

Research demands are constantly changing together with the market. R&D is not just building a beautiful modern building somewhere in Lipetsk or Belgium simply so you can proudly show it to guests. The R&D department has to be an organic part of NLMK and make a real contribution to its financial success.

We must offer steel products that will further the success of our customers' businesses. This is the traditional approach of NLMK.”

DR. BRUNO CHARLES DE COOMAN,
Vice President, Research and
Development

NLMK has a comprehensive approach to innovation management. We are consistently developing our product mix, optimizing our production and auxiliary processes to increase operational efficiency, and mastering new technologies to boost equipment productivity. We rely on advanced digital solutions for cost optimization.

Conventional metallurgy developed a standard approach to research.

Emphasis was on production and key technologies: blast furnaces, steel smelting, rolling, etc. This approach has been the driving force behind advancements in the steel industry for decades. At the same time another area has emerged — new materials production. We need innovation if NLMK Group is to continue creating optimal solutions that cover a wide range of applications. Developing and improving existing solutions is not enough — we need something entirely new. We need materials that will be the cornerstone of a new industrial revolution. We need to develop new products with unique properties, to improve processes, and to introduce efficient digital solutions.

R&D

In 2017, NLMK Group established a new line of Research and Development that will support the Group in corporate R&D projects. Dr. Bruno Charles De Cooman was

appointed Vice President for Research and Development.

Priority areas for research and development:

- High-tech zinc-aluminium-manganese (ZAM) coatings. These alloys have incredible corrosion resistance, they can be used in the construction and automotive industries
- New high-strength steel grades for the automotive industry.

BIG DATA

In 2017, the company established its Data Analysis and Modelling Department. Its main task is to reduce production costs and to improve the efficiency of the company's production and business processes using modern analytical methods, machine learning and optimization algorithms.

In order to solve tasks, accurate data on various production processes is needed. A typical task requires terabytes of data collected over

the course of several years. The total volume of data that has to be accumulated and processed throughout the entire Group can be counted in petabytes.

Around ten Big Data projects are planned for implementation in the near future. Expected economic gains of these projects are estimated at close to 3 billion rubles.

Andzhey Arshavskiy was appointed to the role of Director for Data Analysis and Modelling.

INNOVATION IN TECHNOLOGY CASE STUDIES

NLMK is implementing innovative solutions developed either internally or by bringing in the expertise of third party R&D contractors.

NLMK AND SAP CO-INNOVATION LAB CASE STUDY

NLMK Group created a Co-Innovation Lab, the first of its kind in the Russian steel sector, in partnership with SAP.

NLMK Group's specialists work with SAP developers and researchers to develop new solutions in the area of the Internet of Things, machine learning, predictive analytics and production planning systems

In the context of this cooperation, a pilot 3D positioning system for shop-floor employees of hot-dip galvanizing line No.1 has been developed at NLMK Group's

Lipetsk site. The system enables real-time tracking and analysis of equipment operating mode changes and employee positioning. The tracking information, amassed in a database, is later analyzed to enhance Operational Health and Safety (OHS), Human Resource and contractor management practices. The system will notify about OHS risks and eliminate them in advance. Now the system is being prepared for full-scale industrial operations.

HIGH PRESSURE GRINDING ROLLER (HPGR) TECHNOLOGY AT STOILENSKY

Stoilensky was the first among Russian mining companies to introduce the high-pressure grinding rollers (HPGR) technology.

The project was launched in December 2013. Two press rolls with a total capacity of 650 t/h were installed on each of the four crushing and beneficiation sections downstream of the fine crushing stage. The commissioning work was completed in Q4 2017 and the equipment was put into operation.

The modernization process is based on the introduction of an additional grinding stage into the current crushing and processing flow. The HPGRs were installed to supplement the existing cone crushers and ball mills in the sections of the beneficiation plant. This enabled a boost in energy efficiency, a reduction in the size of crushed

ore, and an increase in the productivity of the ball mills.

Operating evidence showed that the technology is very promising. It enabled a 13% increase in the production capacity of each upgraded section of the facility without additional investment costs associated with the construction of new production buildings:

- Labour efficiency has increased by 30%
- The project created 80 new jobs
- Iron ore concentrate production capacity increased by 2.0 million tonnes per year; quartzite production capacity grew by 5 million tonnes per year
- Savings on electricity total ~\$1 million per year
- The project paid off in less than 3 years.

STRATEGY 2017

STRATEGY 2017 TARGETS:

- NET GAINS OF \$1.0 BN PA VS. 2013 EBITDA
- STRUCTURAL REDUCTION OF ANNUAL CAPEX
- CONSERVATIVE LEVERAGE: NET DEBT/ EBITDA OF 1.0X
- STABLE POSITIVE FREE CASH FLOW
- DIVIDEND PAYMENTS IN ACCORDANCE WITH A REVISED DIVIDEND POLICY

Strategy 2017 has a modular structure and includes projects designed to improve the Group's operating efficiency and business processes, as well as to increase self-sufficiency in strategic resources and secure leadership in strategic markets.

KEY ELEMENTS OF STRATEGY 2017:

1 LEADERSHIP IN OPERATIONAL EFFICIENCY

Increased productivity delivered by an investment programme and development of the NLMK Production System.

Target net gain from leadership in efficiency: \$330 million per year vs. 2013

2 WORLD-CLASS RESOURCE BASE

Increased self-sufficiency in key raw materials and lower consumption of expensive resources.

Target net gain from world-class resource base: \$480 million per year vs. 2013

3 LEADING POSITIONS IN STRATEGIC MARKETS

An increase in the share of HVA products in sales mix and in NLMK Group's sales on its 'home' markets, and greater presence in lucrative segments.

Target net gain from leadership in strategic markets: \$190 million per year vs. 2013

4 LEADERSHIP IN SUSTAINABILITY AND SAFETY

Ongoing initiatives to boost environmental performance through fine-tuning production processes and compliance with the very highest occupational health and safety standards, industry leadership in labour productivity and occupational training for personnel.

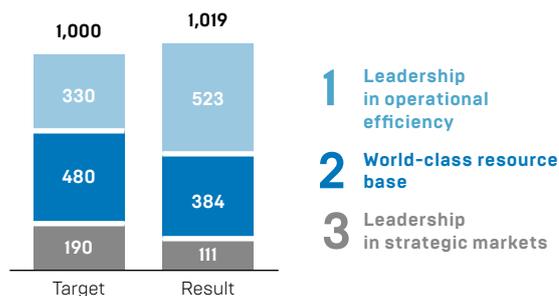


RELATED DOCUMENTS:

- [Strategy 2017 announcement, February 2014 presentation](#)
- [Strategy page, website](#)
- [Strategy 2017 results release](#)

STRATEGY 2017 EBITDA GAINS,

\$ m



STRATEGY 2017 RESULTS

REPORT OF THE BOARD OF DIRECTORS ON THE COMPANY'S PRIORITY DEVELOPMENT AREAS

“NLMK Group has successfully completed this strategic cycle. Over these past years, we have consolidated NLMK's leadership as one of the most efficient steel companies in the world.”

“Last year's results showed net gains from Strategy 2017 projects exceed \$1 billion, with over 70% generated by operational improvement initiatives. This was not driven by the markets or pricing, this came about through the Group's structural transformation. Over the last five years, we implemented over 100 investment projects and over 3,000 operational efficiency projects.

“We've grown steel output to an all-time high, while boosting profitability. Decreased leverage and structural increase in profitability enabled higher dividends. This would not have been possible without concerted effort of NLMK Group's employees, all of our 55,000 people, working towards a common goal across 12 time zones. One of the most important outcomes of Strategy 2017 is clearly a step forward in developing NLMK as a single and committed team.

“NLMK has regained its leadership among Russian peers in terms of market value, and I am grateful to our shareholders for their trust.

“2018 sees the beginning of a new five-year strategic cycle. NLMK's technology, the quality of our team, the scale of our business and, most importantly, the unique potential for growth and efficiency our company enjoys within the industry will open up many new opportunities.”

OLEG BAGRIN
President and CEO of NLMK Group
(Chairman of the Management Board)

KEY ACHIEVEMENTS OF STRATEGY 2017

STRATEGY 2017 TARGET OF \$1 BILLION ANNUAL EBITDA GAINS HAS BEEN ACHIEVED*:

STRUCTURAL ANNUAL EBITDA GAIN AMOUNTED TO \$1,019 MILLION**

OPERATING EFFICIENCY PROGRAMMES CONTRIBUTED AROUND \$740 MILLION (OVER 70%) TO THE RESULT.

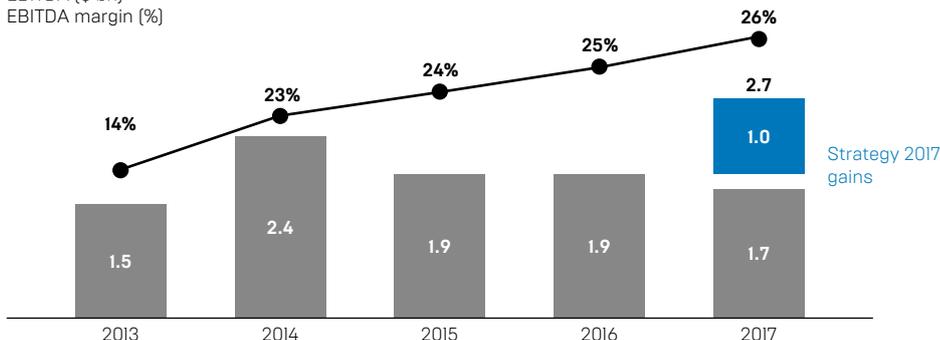
ADDITIONAL GAINS OF AROUND \$160 MILLION IN 2018 EXPECTED TO COME FROM RECENTLY COMPLETED INVESTMENT PROJECTS.

FULL SELF-SUFFICIENCY IN IRON ORE AND PELLETS HAS BEEN ACHIEVED WITH POSITIVE NPV OF THE INVESTMENTS.

NLMK SALES GREW FASTER THAN RESPECTIVE MARKETS ACROSS ALL THE GROUP'S DIVISIONS.

STRUCTURAL PROFITABILITY GROWTH

EBITDA (\$ bn)
EBITDA margin (%)



NLMK 2017

* NLMK Group results are presented with NBH for the 2014-2017 period

** See the Glossary on p. 46

1 GLOBAL LEADERSHIP IN EFFICIENCY

TARGET: COST REDUCTION AND GROWTH IN PRODUCTIVITY

Enhancing operational efficiency is an ongoing process, which encompasses all of the Group's operations and stages of production. Over the past four years, we have implemented more than 3,000 efficiency enhancement initiatives, which required zero or minimal capex.

Structural EBITDA gain of \$523 million per year, or 158% of the declared target. This has led to a reduction in the production costs and an increase in productivity:

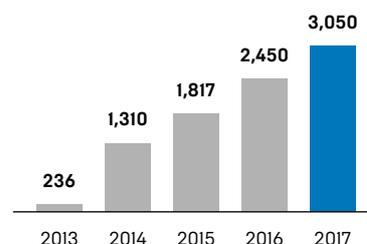
- Maintained cost leadership: 2017 cash cost per tonne of steel decreased by 12% from 2013 level (at constant prices). This secured

NLMK's global cost leadership in the sector with cost advantage vs. industry average widening from 25% in 2013 to 36% in 2017

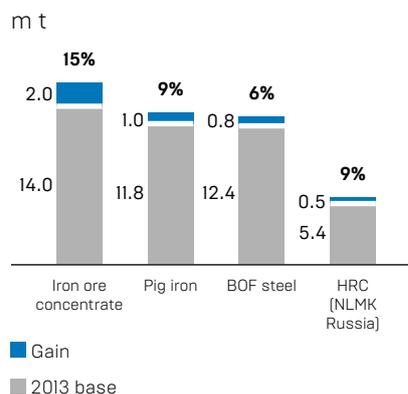
- Increased productivity: NLMK increased steel output by 0.8 million tonnes (+6%), HRC output grew by 0.5 million tonnes (+9%) per year from the 2013 levels through the use of best practices
- Increased efficiency of auxiliary operations (energy, logistics, procurement) driven by the rollout of NLMK Production System resulted in additional gains of \$228 million.

STRUCTURAL EBITDA GAIN OF \$523 MILLION PER YEAR, OR 158% OF THE ANNOUNCED TARGET

OPERATIONAL EFFICIENCY PROJECTS



NLMK GROUP EQUIPMENT PRODUCTIVITY GROWTH IN 2013-2017



CASE STUDY

90%

OF NLMK BLAST FURNACE CAPACITY COVERED BY RESOURCE-SAVING PCI



90% OF NLMK BLAST FURNACE CAPACITY COVERED BY RESOURCE-SAVING PCI

This technology involves co-injecting natural gas and fine coal particles into the blast furnace, resulting in reduced coke consumption. Replacing expensive raw materials with cheaper alternatives, such as switching from coking coal to steam coal, reduces the cost of pig iron production by approximately 5%. This will enable a 30% decrease in the consumption of expensive coke; and a 50% reduction in the consumption of natural gas.

The PCI project was executed at Blast Furnace Shop No. 2 in two stages. Starting from May 2017, the technology was tested at Blast Furnace No. 6, and then at Blast Furnace No. 7 starting from June Guarantee tests confirmed that both blast furnaces have reached a PCI level of 160 kg/t of pig iron. Previously, this resource-saving technology was introduced at Blast Furnace No. 5 (2.7 million tonnes per year) and Blast Furnace No. 4 (1.8 million tonnes per year).

2 WORLD-CLASS RESOURCE BASE

TARGET: GREATER SELF-SUFFICIENCY IN KEY RAW MATERIALS AND LOWER CONSUMPTION OF EXPENSIVE RESOURCES

Structural EBITDA gain of \$384 million per year:

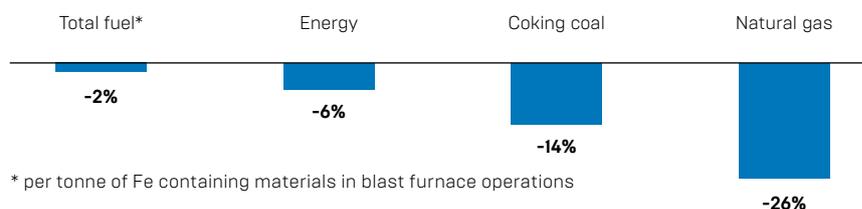
- Over 50% of this result was delivered by the new pelletizing plant reaching its design capacity (commissioned in November 2016) and an increase of iron ore concentrate output at Stoilensky
- Reduced consumption of expensive resources through new technologies introduced at NLMK Lipetsk: total energy consumption reduced by 6%, coking coal consumption – by 14%, and natural gas consumption – by 26%.

Additional carry-over effects from Strategy 2017 resource projects of \$160 million are expected in 2018. In particular:

- NLMK will increase output of iron ore concentrate to 17.5 million tonnes per year
- Coke consumption is set to decrease further with the ramp-up of PCI systems at NLMK Lipetsk.

STRUCTURAL EBITDA GAIN OF \$384 MILLION PER YEAR IN 2014-2017

RESOURCE CONSUMPTION AT NLMK LIPETSK, 2017 VS. 2013



CASE STUDY

INTRODUCTION OF HIGH PRESSURE GRINDING ROLLS (HPGR) TECHNOLOGY,

\$9 MILLION PER YEAR IN CURRENT PRICES

NLMK GROUP INCREASES IRON ORE CONCENTRATE OUTPUT BY 0.8 MILLION TONNES

NLMK Group has commissioned four more high-pressure grinding roll (HPGR*) units, boosting productivity of Stoilensky's Beneficiation Plant by 0.8 million tonnes of iron ore concentrate to 17.4 million tonner per year. As a result, Stoilensky has now covered 100% of the Group's blast furnace needs in iron ore concentrate with a Fe content of over 65%. Investment amounted to RUB 4.5 billion.

NLMK began implementing HPGR technology, unparalleled in Russia, in 2016. This project to implement HPGR's at the four sections of the Beneficiation Plant will add a total of about 1.8 million tonnes of capacity, and together with our other initiatives will enable NLMK to bring concentrate output up to 17.4 million tonnes per year by 2018.

3 LEADERSHIP IN STRATEGIC MARKETS

Structural gain of \$111 million per year, or 58% of the target level. Gains fell short of the target level due to the slump in the Russian steel market in 2014-2016, which was partly offset by:

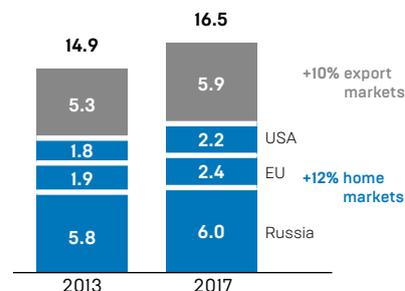
- Sales hitting an all-time high of 16.5 million tonnes in 2017, climbing for the fourth year running (+11% vs. 2013)
- Sales in NLMK Group's home markets of Russia, the EU, and the USA grew by 12% vs. 2013 to 10.7 million tonnes. Sales growth by the Group's divisions significantly outperformed steel consumption

growth in its home markets. The share of home markets in total sales grew to 65% in 2017

- Sales of finished products increased by 17%, from 10.9 million tonnes in 2013 to 12.8 million tonnes in 2017.

STRUCTURAL EBITDA GAIN OF \$111 MILLION PER YEAR

BREAKDOWN OF STEEL PRODUCT SALES

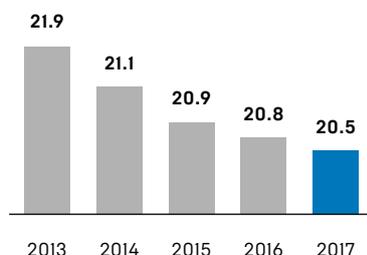


4 LEADERSHIP IN SUSTAINABILITY AND SAFETY

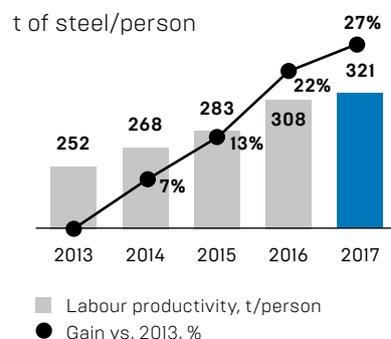
Leadership in sustainability and safety is a priority area for NLMK Group.

- Lost Time Frequency Rate (LTIFR*) declined by 53% to 0.97 vs. 2013 for the Group, and by 41% to 0.51 for the Russian operations
- Specific air emissions were reduced by 6% to 20.5 kg/t vs. the 2013 level
- Employee productivity grew by 29% vs. 2013, driven by process automation and increased output.

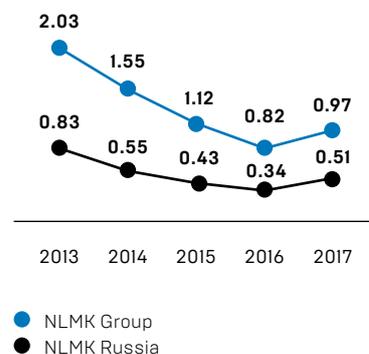
REDUCTION OF SPECIFIC AIR EMISSIONS (NLMK's Russian operations)



NLMK GROUP LABOUR PRODUCTIVITY



NLMK LTIFR*



* See the Glossary on p. 46

KEY FACTS AND FIGURES:

Strategy 2017 gains

Strategy 2017 delivered structural annual EBITDA gain of \$1,019 million. Operational efficiency programmes contributed around \$740 million (over 70%) to the result.

Strategy effects in 2018

The Company expects additional gains of around \$160 million in 2018 generated by recently completed investment projects.

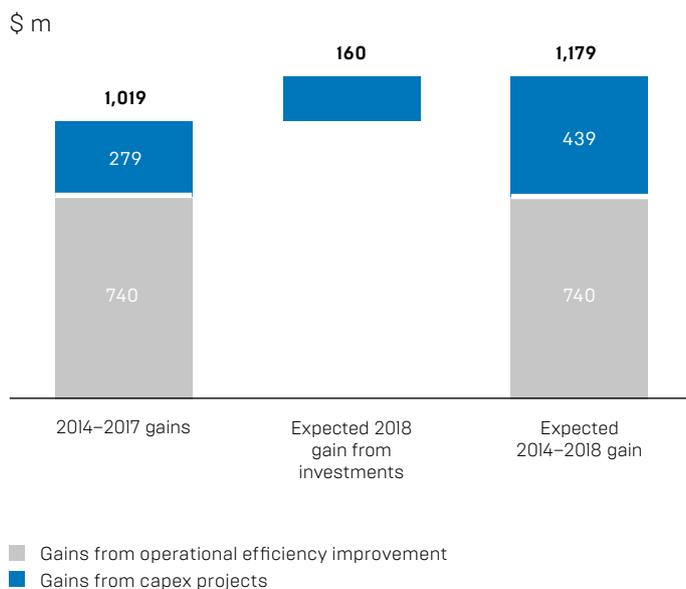
Key objectives of Strategy 2022 defined

A balanced combination of long-term growth projects, further enhancement of operational efficiency and integration of innovative solutions.

STRATEGY 2017 RESULTS IN 2018

The Company expects additional gains of around \$160 million in 2018 generated by recently completed investment projects.

EXPECTED GAINS OF STRATEGY 2017



KEY ELEMENTS OF STRATEGY 2022

Strategy 2022, the next phase in the development of the Company that is currently being developed, will be announced in 2018.

This new phase of NLMK's strategy will involve a balanced combination of long-term growth projects, further enhancement of operational efficiency and integration of innovative solutions. The Company remains dedicated to excellence in safety and sustainability.

A new important element of the new strategic cycle is digital innovation. At the same time, digitalization is not a goal in itself, but rather a tool for achieving the Company's strategic objectives. The Company has set up several Centers of Excellence: the Big Data Lab and the SAP Co-Innovation Lab.

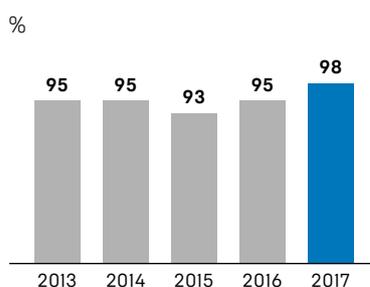
Strategy 2022 aims to maintain a balance between investment in growth projects, a conservative financial policy and high returns to NLMK shareholders. The Company will maintain the current level of dividend payments at a conservative debt leverage of Net debt/EBITDA in the range of 1.0-1.5x.

KEY PERFORMANCE INDICATORS

BUSINESS MODEL EFFICIENCY

STEELMAKING CAPACITY UTILIZATION

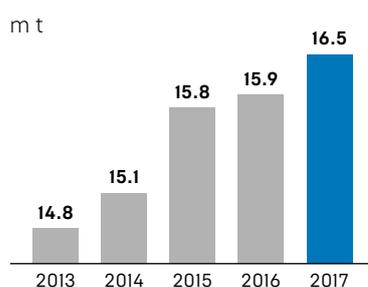
Utilization rate of crude steel production capacities



2017 targets met

STEEL PRODUCT SALES

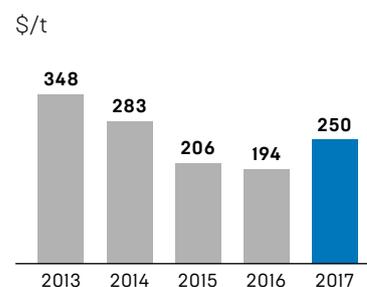
Total sales of steel products to external consumers of all NLMK Group facilities



Steel product sales growth secured

SLAB CASH COST

Consolidated cash cost for slab production at NLMK Lipetsk



Leadership in cash cost sustained and reinforced

2017 COMMENTS

Thanks to efficient sales portfolio management and an advantage of low-cost production, NLMK managed to ensure high utilization rate of steelmaking capacities

Sales reached a record 16.5 million tonnes (+3%) in 2017, driven by recovering demand in NLMK's home markets of Russia, Europe and the USA, and growing demand in export markets

Slab cash cost at NLMK Lipetsk grew by 29% to \$250 per tonne in 2017 due to a surge in prices for main raw materials. NLMK was able to retain its cost leadership despite the growth of raw material prices

2018 TRENDS

UTILIZATION RATE OF STEELMAKING CAPACITIES AT ALL NLMK GROUP'S FACILITIES WILL REMAIN HIGH, WITH PRODUCTION LEVEL MAINTAINED

NLMK GROUP PLANS TO KEEP ITS SALES VOLUME AT THE 2017 LEVEL

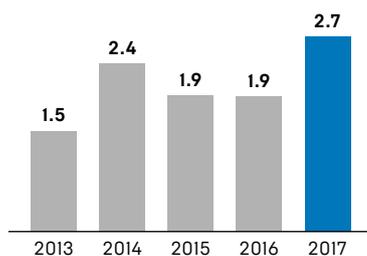
HIGHER SELF-SUFFICIENCY IN IRON ORE WILL HAVE A POSITIVE IMPACT ON THE CASH COST OF STEEL

FINANCIAL PERFORMANCE

EBITDA

Profit before taxes, interest and depreciation received from NLMK Group's core businesses

\$ bn

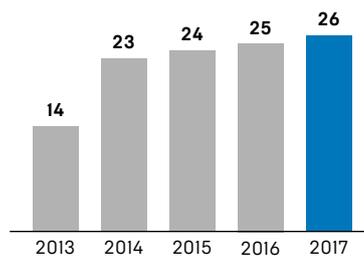


2017 targets exceeded by 40%

EBITDA MARGIN

Profitability of the Company's operations before interest, taxes and depreciation

%

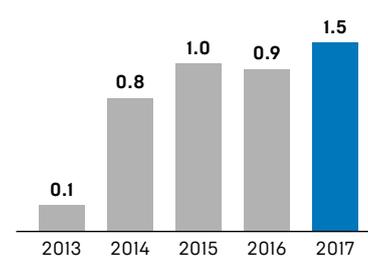


2017 targets exceeded

NET PROFIT

NLMK Group's profit after income and expense. One of the elements used to determine dividend payments

\$ bn



Not applicable

2017 COMMENTS

Strong profit in 2017 was largely driven by higher sales margins and Strategy 2017 gains

An increase in EBITDA margin was supported by wider price spreads and structural gains from operational efficiency improvement programme

A 55% increase in net profit was driven by higher profitability of core businesses

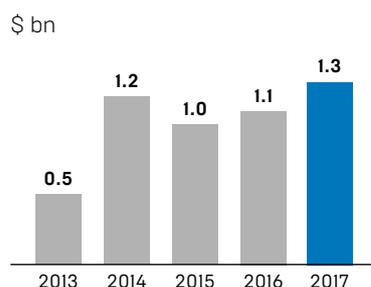
2018 TRENDS

IN 2018, WE EXPECT TO RETAIN THE HIGH LEVEL OF FINANCIAL PERFORMANCE ACHIEVED IN 2017

FINANCIAL PERFORMANCE

FREE CASH FLOW

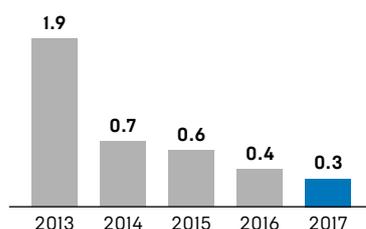
Net cash flow after investment and interest payments refers to cash that the Company can use to strengthen liquidity, repay liabilities, pay dividends, or for other corporate needs



Target – positive cash flow – achieved

NET DEBT / EBITDA

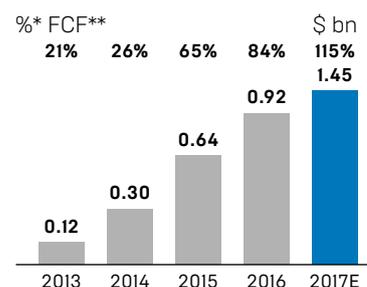
The Company's financial debt adjusted for the value of liquid assets, and then divided by EBITDA, characterizes the Company's debt leverage. Used as a trigger to determine the share of dividends to be paid. NLMK Group's target indicator stands at 1.0x



Debt leverage does not exceed target values

DIVIDENDS

Cash paid to shareholders according to the Company's dividend policy and based on its financial situation and prospects for development



In line with NLMK's dividend policy

2017 COMMENTS

Consistently high free cash flow is secured by substantial profit, conservative capex policy and low cost of debt servicing

Thanks to a substantial free cash flow, net debt/EBITDA ratio is maintained below the target set out in Strategy 2017

Thanks to a stable financial position and the growth of free cash flow, dividend payments increased by ca. 58% to \$1.45 billion

2018 TRENDS

STRUCTURAL PROFITABILITY GROWTH, STABLE CAPEX LEVEL CREATE CONDITIONS FOR A POSITIVE FREE CASH FLOW

THE LEVEL OF DEBT LEVERAGE IS EXPECTED TO REMAIN BELOW 1.0-1.5X TARGET

THE COMPANY WILL ADHERE TO ITS DIVIDEND POLICY, EXCESS LIQUIDITY WILL BE RETURNED TO SHAREHOLDERS IN THE FORM OF QUARTERLY DIVIDENDS

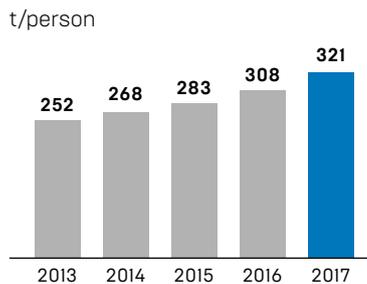
* Share of free cash flow (FCF)

** FCF = free cash flow

SUSTAINABILITY PERFORMANCE

LABOUR PRODUCTIVITY

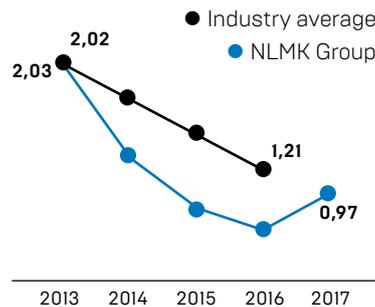
Tonnes of crude steel per employee



Labour productivity continues to grow

LTIFR*

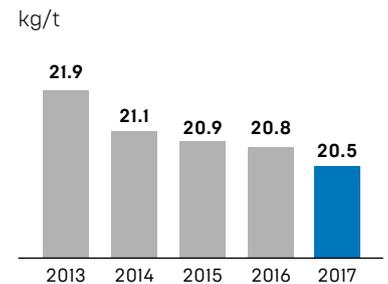
Lost time injury frequency rate across NLMK Group



Rates below global industry average

SPECIFIC AIR EMISSIONS

All types of air emissions (gases, dust, etc.) per tonne of crude steel



Emission level lower than last year

2017 COMMENTS

Growth in labour productivity in 2017 was driven by increased operational efficiency

Group LTIFR was maintained at below the industry average thanks to management's operational safety improvement initiatives

Consistent reduction of air emissions thanks to environmental initiatives, and investments in environmental projects and better environmental safety standards

2018 TRENDS

OPERATIONAL EFFICIENCY IMPROVEMENT PROGRAMME AND FACILITY UPGRADES WILL ENSURE PRODUCTIVITY GROWTH

THE COMPANY TARGETS A REDUCTION IN GROUP LTIFR TO 0.85 OR LOWER

REDUCTION OF SPECIFIC EMISSIONS BY 0.1 KG/T OF STEEL VS. 2017

MARKET REVIEW

Global steel production grew by 5% in 2017 to 1.69 billion tonnes; global average capacity utilization was 71.8%, according to Worldsteel Association.

GLOBAL STEEL MARKET WAS ON THE RISE IN 2017 AFTER A SLOWDOWN IN CONSUMPTION IN 2015-2016

Steel production in China (50% of global steel output) increased by 5% up to 845 million tonnes. Global apparent steel consumption grew by 5% yoy to 1,587 billion, and by 8% yoy to 737 million tonnes in China. Steel consumption in developed countries grew by 2.8%. At the same time, export from China reduced by

31% yoy to 76 million tonnes, driven by the recovery of domestic demand for steel in China and a nationwide campaign to close inefficient steelmaking capacity. As a result, as much as 115 million tonnes of steelmaking capacity was closed in China in 2016–2017.

US MARKET

Steel production in the US increased by 4% to 82 million tonnes in 2017, capacity utilization was 74%.

Steel consumption increased by 6% in 2017 to 98 million tonnes, driven by growing demand from the construction, automotive, and oil and gas sectors. Import of steel products increased by 15% to 34 million tonnes, while exports increased by 7% to 9 million tonnes.

EU MARKET

Steel production increased by 4% to 168 million tonnes.

Apparent consumption of steel in the EU in 2017 grew by 3% yoy to 162 million tonnes, driven by stronger demand from the construction, machine building and pipe sectors. Import of flat and long steel reduced by 1% to 26 million tonnes; export reduced by 3% to 23 million tonnes. An uptick in demand was also seen among “green energy” customers, i.e. manufacturers of windmills and power equipment.

RUSSIAN MARKET

Apparent consumption of finished steel grew by 5% in 2017, against a backdrop of economic recovery.

Steel output in Russia in 2017 increased by 1% to 70.6 million tonnes, while imports of rolled steel grew by 47% to 6.3 million tonnes and exports by 5% to 14.4 million tonnes.

KEY FACTS AND FIGURES

Global steel production

Production increased to 1.69 billion tonnes (+5%) [above the 2014 peak value of 1.66 billion tonnes]. Global steelmaking capacity utilization increased to 71.8%. Continued growth of protectionism.

Regional trends

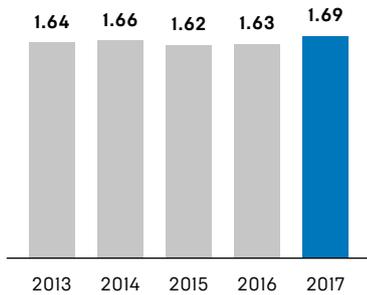
Demand in the Group's home markets (Russia, the US and the EU) continued to increase, supported by economic growth.

Slowdown of exports from China and price trends

Growth of domestic demand, trade restrictions and closure of excess capacity led to a downturn in exports. Prices for steel and raw materials continued to grow in 2017.

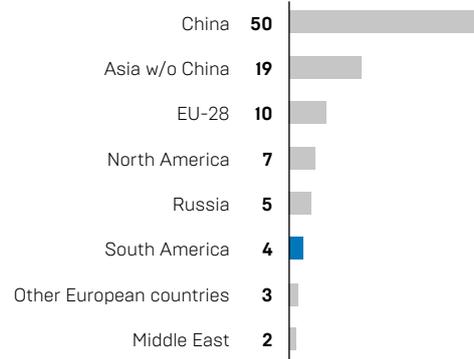
GLOBAL STEEL PRODUCTION

bn t



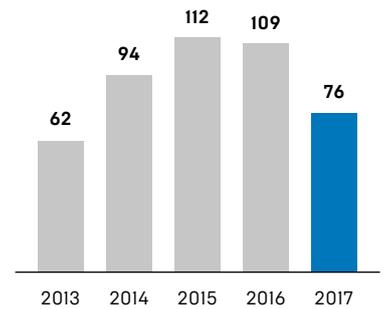
REGIONAL BREAKDOWN OF STEEL PRODUCTION

%



CHINESE EXPORTS

m t



Source: Bloomberg

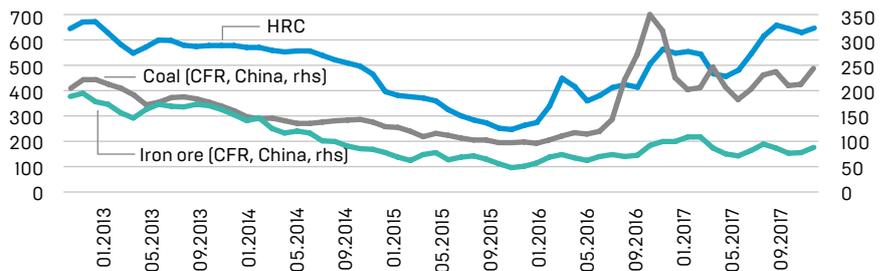
PRICE TRENDS

Global average prices for coal and ore grew by 26% yoy and by 22% yoy, respectively, driven by the growth of global demand for steel and supply balance recovery. Average steel product prices grew by 15–35% vs. 2016, amid the reduction in export supplies from China.

GLOBAL PRICES

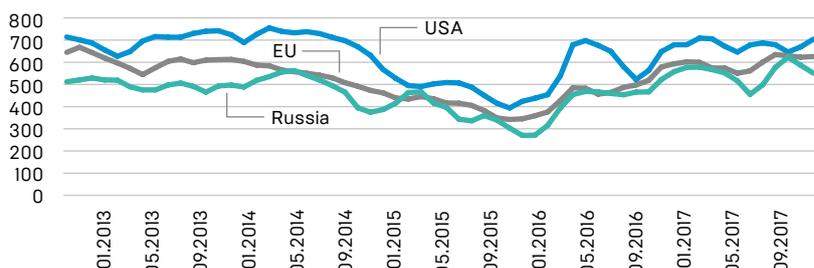
Source: Metal Bulletin, SBB

\$/t



HRC 'DOMESTIC' PRICES

\$/t w/o VAT



2017 FINANCIAL AND OPERATING REVIEW



KEY FACTS AND FIGURES

Record operational performance

All-time high output and sales thanks to a unique business model and quality of facilities.

Sustainable profitability growth

Cost leadership, growing vertical integration and implementation of optimization programmes enable profitability growth despite a weak market.

Financial flexibility

Increase in profitability and low leverage enable great financial flexibility and deliver high returns for shareholders.



“In 2017, NLMK Group continued to consistently improve its operating and financial performance.

“Successful execution of Strategy 2017 was the key driver behind improved financials, with net gains from strategy projects exceeding \$1 bn. Non-capital intensive operational efficiency projects accounted for more than half of Strategy 2017 gains.

“NLMK Group’s high creditworthiness and the success of its business model received high acclaim from international rating agencies: NLMK’s credit ratings have been upgraded by S&P and Moody’s over the last 18 months. NLMK currently has investment grade ratings from all three international rating agencies.

“High level of free cash flow, low leverage and conservative capex enable the company to increase its dividend payments. 9M 2017 dividends totalled about \$1.1 bn.”

SERGEY KARATAEV,
NLMK Group acting CFO

OPERATING PERFORMANCE

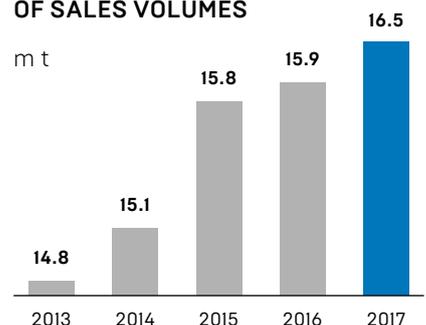
Growth of steel output*: +3% yoy due to the growth in productivity at NLMK Lipetsk and the increase in capacity utilization rates at NLMK Russia Long Products and NLMK USA divisions. Group steelmaking capacity utilization rate grew by 3 p.p. to 98%**.

Growth of sales***: +3% yoy, due to the growth in sales in home and export markets.

Sales breakdown: growth of finished product sales by +5% yoy, accounted for mainly by HRC and HDG. The share of finished products in total sales increased to 65% (+1 p.p. yoy). Sales of semi-finished products remained flat yoy.

Sales breakdown by region: sales in Russia and the US grew by 1% yoy (to 6 m t) and by 23% yoy (to 2.8 m t), respectively, driven by the growth of demand. Sales in the Middle East (incl. Turkey) grew by 40% yoy, which is practically in line with sales volumes to the US market.

CONTINUOUS GROWTH OF SALES VOLUMES

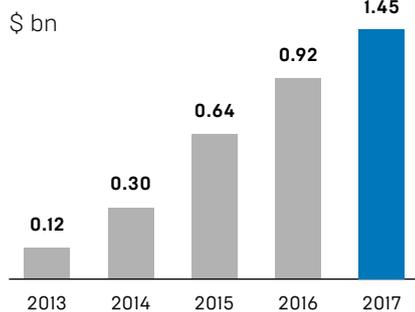


* Steel output with NBH

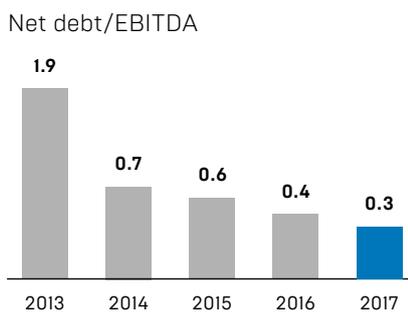
** Without production capacities that are undergoing planned maintenance

*** Consolidated sales without NBH

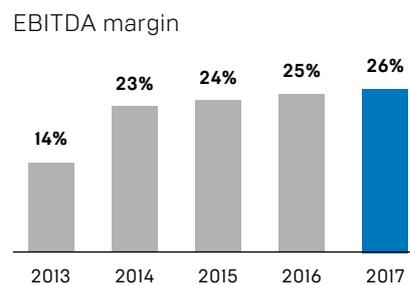
HIGHER DIVIDENDS



LOWER DEBT



CONSISTENT GROWTH OF PROFITABILITY



Sales in home markets grew by 4% to an all-time high of 10.7 m t, driven by stronger demand from key consumers in Russia and the US. Sales in the EU decreased by 3% yoy, as a result of competition with imports. Home markets accounted for 65% of total sales (flat yoy).

Sales in export markets grew to 5.7 m t (+3% yoy) due to the growth in the export of semis.

FINANCIAL REVIEW

REVENUE

Revenue grew to \$10.1 bn (+32% yoy), driven by the growth of sales volumes and average sales prices.

The share of revenue from finished product sales remained flat yoy at 67%.

The share of NLMK Group's revenue (with NBH) from sales to home markets remained flat (69%).

OPERATING PROFIT*

Operating profit grew by 37% yoy to \$2 bn, driven by the growth of steel

product sales volumes and prices, and Strategy 2017 gains.

NET PROFIT

Growth of net profit in 12M 2017 by 55% yoy and in Q4 by 20% yoy was driven by the growth of profit from core operations.

FREE CASH FLOW

Free cash flow grew by 16% to \$1.3 bn due to the growth of inflow from operations.

Growth of operating cash flow by 12% yoy to \$1.9 bn was driven by the increase in sales margins.

12M 2017 FINANCIAL AND OPERATING REVIEW NET INCOME GREW BY 55% YOY TO \$1.45 BN	STEEL PRODUCT SALES INCREASED TO A RECORD 16.5 MT	EBITDA GREW TO \$2.7 BN <i>(+37% yoy), driven by improved sales economics and Strategy 2017 gains</i>	GROUP REVENUE TOTALLED \$10.1 BN <i>(+32% yoy), driven by the growth of average steel product prices, increase in volume and growth of share of finished product sales</i>
	NET DEBT/EBITDA** DECREASED TO 0.35x <i>(0.39x in 2016) on strong business profitability</i>	FREE CASH FLOW INCREASED BY \$174 M TO \$1.27 BN <i>driven by growth of cash flow from operations (+12% yoy) and moderate growth of capex (+6% yoy)</i>	

* 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

** See the Glossary on p. 46

Outflow of cash funds due to increase in working capital totalled \$380 m (vs. a release of \$37 m in 2016):

- Growth of prices: increase in the cost of raw materials and WIP, resulting in an increase of \$221 m
- Growth of accounts receivable due to the growth of sales volumes
- Growth of slab inventories at the European and US sites to support the growth in demand
- The above-mentioned factors were partially offset by the decrease in raw material stocks, the decrease in stocks of finished products at NLMK Russia Long Products due to sales being shifted to export, and the growth of accounts payable.

INVESTMENT

NLMK Group 2017 investment grew by 6% to \$592 m, due to the launch of the BF-6 overhaul project at NLMK Lipetsk, and the growth in payments to contractors under the Pelletizing Plant construction project at Stoilensky.

DIVIDENDS

In 2017, dividend payments totalled \$1,283 m.

NLMK Group's Board of Directors recommended NLMK shareholders approve Q4'17 dividends of RUB 3.36 per share. Q4'17 dividend yield* will total 9.1%.

Taking into account declared dividends for Q1-Q3'17, 12M'17 accrued dividends could total RUB 14.04 per share, which is equivalent to 100% of NLMK Group's 2017 net profit.

DEBT LEVERAGE

Total debt grew by 1% yoy to \$2.3 bn, with debt structure changing towards an increased share of LT debt to 83% in 2017 (vs. 79% in 2016). In September, NLMK Group bought back Eurobonds for a total of \$317 m, using proceeds from a new 7-year Eurobond placement for a total of \$500 m. In October 2017, NLMK repaid ruble bonds for a total of 10 bn rubles.

Net debt grew by 21% yoy to \$923 m due to the decrease in cash and cash equivalents on the balance sheet, used for dividend payments. Net debt/ EBITDA decreased to 0.35x compared to 0.39x in 2016 due to the increase in profitability.

Financial guarantees for NBH liabilities totalled \$304 m (+19% yoy), including due to the strengthening of the EUR/US\$ FX rate.

Decrease of financial costs by 17% yoy to \$87 m was associated with the reduction in the average debt portfolio rate (from 4.2% to 3.8% at the end of 2017).

SEGMENTAL ANALYSIS

Russian Flat Products

EBITDA climbed by 28% yoy to \$1.7 bn, driven by the widening of spreads between prices for steel and main raw materials, and Strategy 2017 gains. EBITDA margin was 22% (-2 p.p. yoy), triggered by the outstripping growth of raw material prices (primarily coking coal) and the strengthening of the ruble FX rate.

Russian Long Products

EBITDA increased by 10% to \$152 m. Lower growth rates compared to revenue were associated with the narrowing of spreads triggered by the late start of the construction season in Russia and growth of scrap prices. Growth of scrap prices outstripped the decrease in the EBITDA margin by 3 p.p. to 8%.

Mining Segment

EBITDA doubled yoy to \$0.64 bn, supported by growth of average prices and increase in the share of pellet supplies.

NLMK USA

EBITDA was \$0.2 bn (+11% yoy), supported by the growth of sales, partially offset by the narrowing of spreads.

NLMK DanSteel and plate distribution network

EBITDA grew to \$2 m due to the widening of the price spread between thick plate and slabs.

Joint venture (NBH)

EBITDA was -\$24 m, due mainly to the narrowing of price spreads between finished steel and slabs.



RELATED DOCUMENTS:

- [2017 IFRS financial press release](#)
- [5-year highlights](#)

* Dividend yield is calculated as the sum of dividends for the period converted at the exchange rate at the end of the reporting period, annualized by multiplying the amount for the quarter by 4 and divided by the total market capitalization of the company on the last day of the relevant period

GLOSSARY

HIGH-PRESSURE GRINDING ROLLERS (HPGR) TECHNOLOGY

An iron ore crushing technology employed in the production of concentrate. HPGR has a superior ore crushing capacity to conventional methods. Feed is subjected to high pressure by the rolls, which not only crush the ore but cause micro-cracks that disrupt its mineral-crystalline structure. The resulting supply of iron ore for onward processing at Stoilensky requires less additional fine grinding, which delivers significant savings in resources.

PULVERIZED COAL INJECTION (PCI) TECHNOLOGY

This technology involves feeding natural gas and fine coal granules into the blast furnace, which enables a reduction in the consumption of expensive raw materials. Replacing expensive raw materials with cheaper alternatives, such as switching from natural gas and coal to a mix of power-generating coal, reduces the cost of pig iron and steel production without affecting quality.

IRON ORE PELLETS

An enriched form of iron ore moulded into small circular pellets that are used in the steelmaking processes. Has an iron (Fe) content of around 65%. A pelletizing plant was launched in November 2016 at Stoilensky to produce pellets for NLMK operations.

EBITDA

Profit before taxes, interest and depreciation received from NLMK Group's core businesses. EBITDA is calculated as operating profit before equity share in net losses of associated and other companies accounted for using the equity method, impairment and write-off of assets, adjusted to depreciation.

NET PROFIT

NLMK Group's profit after income and expense. One of the elements used to determine dividend payments. Net profit is calculated as profit for the period attributable to NLMK shareholders.

FREE CASH FLOW

Net cash flow after investment and interest payments refers to cash that the Company can use to strengthen liquidity,

repay liabilities, pay dividends or for other corporate needs. Free cash flow is calculated as net cash from operating activities plus interest received net of interest paid and capital investments.

NET DEBT

Net debt is calculated as the sum of long-term and short-term credits and loans less cash and cash equivalents, as well as short-term deposits at period end.

NET DEBT/EBITDA

The Company's financial debt adjusted for the value of liquid assets, divided by EBITDA, characterizes the Company's debt leverage. Used as a trigger to determine the share of dividends to be paid. NLMK Group's target indicator stands at 1.0x. Net debt / EBITDA ratio is calculated based on net debt as at the end of the reporting period and EBITDA for the last 12 months.

OPERATIONAL EFFICIENCY GAINS

Structural increase in EBITDA generated by the implementation of initiatives to increase productivity and/or reduce cash cost, mainly as a result of improvements to business processes, optimization of technologies etc., which require zero or minimal investment.

INVESTMENT PROJECTS GAINS

Structural increase in EBITDA generated by the implementation of investment projects, such as the effect of cost reduction following the launch of the Stoilensky pelletizing plant.

HOME MARKETS

Markets where production of steel products is located, for instance, the Russian market is the home market for NLMK Russia, North America is the home market for NLMK USA, EU countries are the home market for NLMK Europe.

LTIFR

Lost Time Injury Frequency Rate per 1,000,000 man-hours worked.

10-YEAR HIGHLIGHTS

FINANCIAL PERFORMANCE*, \$ m

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sales revenue	11,699	6,140	8,351	11,729	12,157	10,818	10,396	8,008	7,636	10,065
Net income**	2,279	215	1,255	1,358	596	145	773	967	935	1,450
EBITDA	4,689	1,414	2,322	2,254	1,900	1,480	2,381	1,943	1,943	2,655
EBITDA margin, %	40%	23%	28%	19%	16%	14%	23%	24%	25%	26%
Operating cash flow	2,781	1,394	1,431	1,315	1,825	1,333	1,806	1,622	1,699	1,899
Investments	1,934	1,121	1,463	2,048	1,453	756	563	595	559	592
Net debt	850	1,241	1,471	3,356	3,631	2,843	1,666	1,161	761	923
Free cash flow	846	273	-32	-243	371	536	1,153	992	1,092	1,266
Dividend per share, \$	0.0786	0.0071	0.0632	0.0627	0.0193	0.0192	0.0507	0.1076	0.1535	—

OPERATING PERFORMANCE, '000 t

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Steel production	10,955	10,614	11,544	12,112	14,923	15,429	15,921	15,866	16,438	16,850
Steel production with NBH	10,955	10,614	11,544	12,112	14,923	15,469	16,108	16,060	16,641	17,076
Total steel sales	10,261	10,600	11,730	12,840	15,184	14,831	15,147	15,829	15,925	16,469
Finished product sales	5,995	6,324	7,051	8,664	10,607	10,929	10,223	9,793	10,211	10,759
Sales to home markets	4,246	3,485	4,644	6,012	8,684	9,535	10,605	10,140	10,225	10,650

SUSTAINABLE DEVELOPMENT INDICATORS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
NLMK Group headcount, '000 people	70.1	62.8	59.4	60	62.5	62.1	60.1	56.7	54	53.2
Labour productivity, t of steel /person, Lipetsk site	249	269	308	329	406	420	437	463	482	502
LTIFR for NLMK Group's Russian assets	n/a	n/a	n/a	0.87	0.87	0.86	0.55	0.43	0.34	0.51
Specific air emissions, kg/t of steel	30.5	30.4	28.5	26.1	22.6	21.9	21.1	20.9	20.8	20.5



ABOUT NLMK

2017

This brochure gives an overview of the structure, business model, strategy, and performance of the Group over the past decade.

“The scale of NLMK’s business, the quality of our strategy, and execution will ensure that we use available growth options to continue creating shareholder returns going forward.”

Oleg Bagrin,

President and CEO of NLMK Group*



OUR TEAM

2017

Detailed information on NLMK Group’s team, talent development, occupational safety policy, and financial contribution to the development of local communities, and much more.

“In the common cause of realizing Strategy 2017, it was not just the contribution of individual people that was important, but above all the contribution of the team that our large, international company represents.”

Oleg Bagrin,

President and CEO of NLMK Group*



GOVERNANCE

2017

This brochure aims to showcase NLMK Group’s corporate governance practices, how the process of continuous improvement of corporate governance is arranged, and how we ensured our leadership in investor relations.

“In 2017, the Company continued to actively improve its corporate governance practices as part of the corporate governance reform.”

Stanislav Shekshnia,

Independent Director, Chairman of the Human Resources, Remuneration and Social Policies Committee



ENVIRONMENT

2017

In this brochure we talk about how advanced technologies, efficient processes, and environmentally friendly approaches ensure our leadership as an environmentally-oriented company.

“Our goal is to minimize our environmental footprint. And we will continue to implement the best available technologies.”

Galina Khristoforova,

NLMK Group’s Director for the Environment

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* Oleg Bagrin held the position of President (Chairman of the Management Board) until 12 March 2018