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## Press release

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# Q2 2017 NLMK GROUP TRADING UPDATE\*

**In Q2 2017, NLMK Group sales grew by 13% qoq and 5% yoy to 4.2 m t. Steel output\*\* totaled 4.1 m t (-2% qoq), with facilities running at 98% capacity.**

### Q2 2017 highlights:

- Group sales grew by 13% qoq to 4.15 m t (+5% yoy), driven by the seasonal uptick in sales of finished products in the Russian market.
- Finished product sales increased by 19% to 2.90 m t (+12% yoy), driven by the growth of sales by NLMK Russia Flat and NLMK Russia Long division, primarily in their 'home markets'\*\*\*. Additional factor in sales growth was delayed recognition of Q1 sales (please see page 2 for details).
- Steel output totaled 4.14 m t (-2% qoq & -3% yoy) due to planned maintenance at NLMK Lipetsk, including the successful completion of activities to launch the pulverized coal injection (PCI) units at BF-6 and BF-7. Forecasted steel output for NLMK Group for 2017 remains at the level of 16.8 m t.
- NLMK Group sales in 'home markets' grew by 17% qoq to 2.63 m t, driven by a 44% qoq & a 9% yoy increase in deliveries to Russian consumers. Sales to 'home markets' accounted for 64% (+2 p.p. qoq & -1 p.p. yoy) of Group sales.
- In Q2 2017, Stoilensky Pelletizer reached its planned capacity of 6 m t of pellets per year following ramp-up.

\* Hereinafter Q2 2017 & H1 2017 output and sales figures are preliminary and can be updated.

\*\*Hereinafter NLMK Group steel output is shown taking into account NBH performance.

\*\*\*Sales to NLMK Group home markets are understood to be sales by NLMK Group companies in the regions where the products are produced in Russia, the EU and the USA.



## NLMK Group's Q2 2017 operating performance

**Steel output (with NBH):** 4.14 m t – (-2% qoq & -3% yoy), an insignificant decrease in output as a result of planned maintenance at NLMK Lipetsk, including the successful completion of activities to launch the pulverized coal injection (PCI) units at BF-6 & BF-7. As a result, over 90% of the plant's blast furnace operations are now covered by the PCI technology.

Group's steelmaking capacity utilization rate was 98%.

**Sales:** 4.15 m t – growth by 13% qoq (+5% yoy) due to the increase in sales in Russia (+44% qoq), including the delay in the recognition of Q1 sales of 0.1 m t.

**Sales breakdown:** finished steel sales grew by 19% qoq to 2.90 m t (+12% yoy), driven by the 72% qoq (+52% yoy) increase in long product sales and the 8% qoq (+3% yoy) increase in flat steel sales, mainly in the Russian market. The share of finished products increased to 70% (+4 p.p. qoq & +5 p.p. yoy).

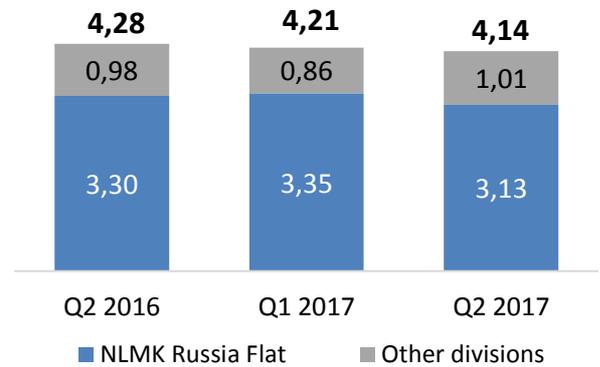
Intragroup slab deliveries (including NBH) accounted for 77% of total slab sales by NLMK Lipetsk, the 8% qoq (+1% yoy) growth to 1.27 m t being attributable to the increase in semis deliveries to NLMK USA against the backdrop of anticipated growth in the American market.

**Sales in home markets\*** increased by 17% qoq to 2.63 m t (+4% yoy), due to the recovery in demand from machine-builders and white goods manufacturers in Russia. Sales to home markets accounted for 64% (+2 p.p. qoq & -1 p.p. yoy) of total sales.

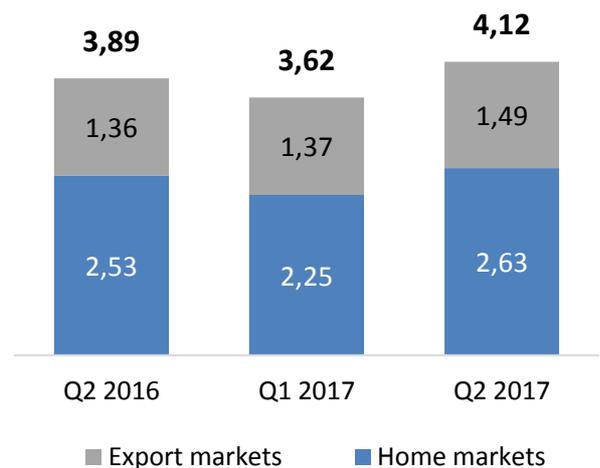
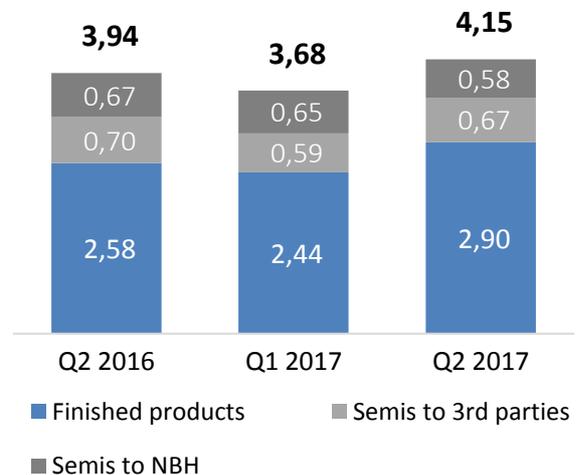
**Sales in external markets\*** increased by 9% qoq to 1.49 m t (+9% yoy), accounting for 36% of total deliveries, against the backdrop of higher export sales by NLMK Russia companies. Key export destinations included the Middle East (incl. Turkey), the EU and Latin America.

\*Including NBH.

Steel output, m t



Sales breakdown by product (w/o NBH), m t





**Price trends:** Raw material prices throughout the quarter followed mixed trends: average global coal prices remained flat qoq (growing 1.8x yoy), while iron ore prices decreased by 26% qoq (+13% yoy). Average prices for steel products decreased in the home markets of the US, Europe and Russia by 3-5% qoq (+10-20% yoy). The strengthening of the ruble exchange rate also supported the growth in prices in the Russian market in dollar terms. Export prices (FOB Black Sea) also decreased by 2-10% qoq (+5-10% yoy).



## Segmental performance

### NLMK Russia Flat<sup>1</sup>

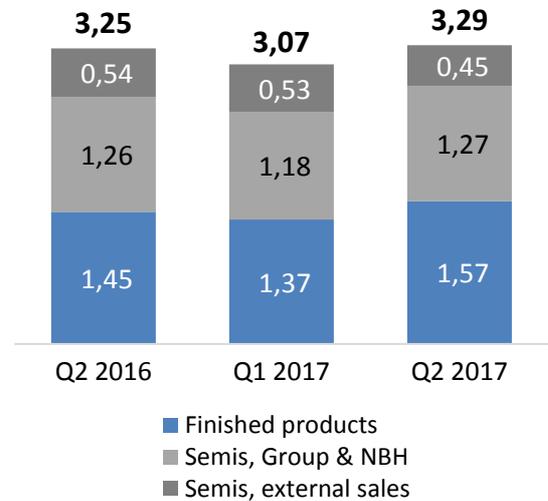
**Steel output** at NLMK Lipetsk totaled 3.13 m t (-7% qoq & -5% yoy), due to planned BOF & BF maintenance at NLMK Lipetsk.

**Sales** grew by 7% qoq to 3.29 m t (+1% yoy), driven by the increase in finished product deliveries to the Russian market, growth of slab deliveries to NLMK USA, and the delay in the recognition of export sales deals made in Q1 2017.

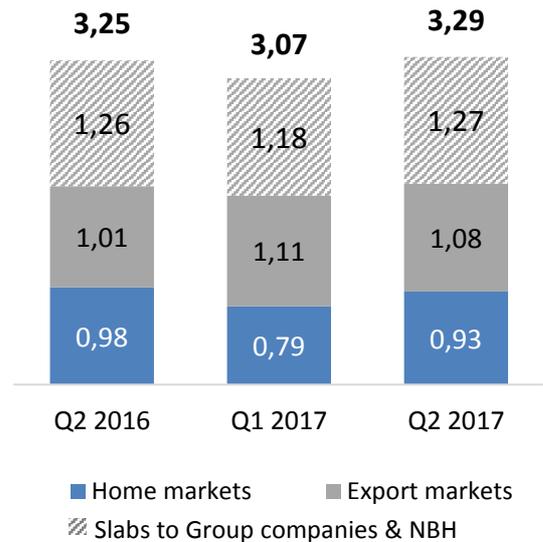
**Sales breakdown:** Sales of finished products increased by 15% to 1.57 m t (+8% yoy) due to the seasonal uptick in sales in Russia. Sales of semis to third parties totaled 0.45 m t (-15% qoq & -17% yoy), due to the increase in the supply of slabs to Group companies and to NBH to 1.27 m t (+8% qoq & +1% yoy).

**Sales markets:** Sales in Russia increased by 19% qoq to 0.93 m t (-4% yoy) against the backdrop of the seasonal recovery in demand, accounting for 28% (+2 p.p. qoq & -2 p.p. yoy) in total sales of the segment. Sales of semis to international rolling assets of the Group & NBH totaled 1.27 m t (+8% qoq & +1% yoy), due to higher deliveries to NLMK USA. Sales to third parties in external (export) markets remained at 1.1 m t (flat qoq & +7% yoy), key destinations being the Middle East, Latin America, Europe and Asia.

Sales breakdown, m t



Sales by market, m t



<sup>1</sup>NLMK Russia Flat companies include NLMK Lipetsk, VIZ-Steel, and Altai-Koks. Export sales are calculated including the corresponding share of trading companies.



## NLMK Russia Long<sup>2</sup>

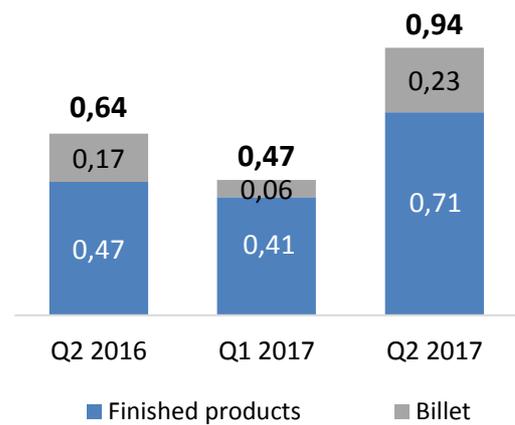
**Steel output** grew to 0.80 m t (+28% qoq & +7% yoy), as deliveries grew to the Russian and export markets.

**Sales:** the 98% qoq & 47% yoy growth to 0.94 m t was associated with the seasonal uptick in deliveries to the Russian market, as well as improved conditions in export markets. The growth of export sales was associated with an expanded geography of sales following international quality certificates being obtained for NLMK Russia Long products against the backdrop of intensified competition in the Russian market.

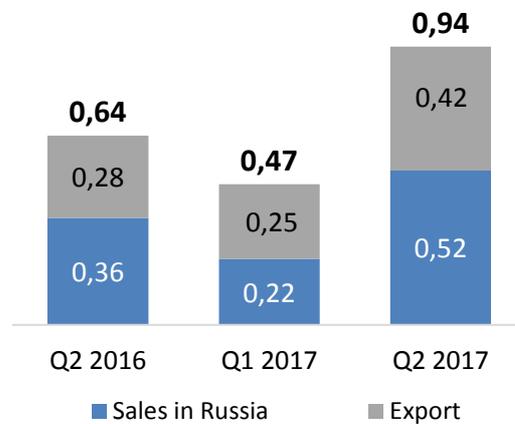
**Sales breakdown:** Sales in Russia grew by 2.3x qoq to 0.52 m t (+44% yoy), accounting for 56% of sales (+9 p.p. qoq & -1 p.p. yoy). Exports grew to 0.42 m t (+66% qoq & +51% yoy). Key export destinations for long products were the Middle East (incl. Turkey) and North Africa.

**Scrap:** Scrap sales doubled qoq (-1% yoy) to 1.39 m t against the backdrop of the seasonal increase in scrap collection. Intragroup scrap sales accounted for 99%.

Sales by product, m t



Sales by market, m t



<sup>2</sup> NLMK Russia Long companies include NLMK Ural, NLMK Metalware, NLMK Kaluga and scrap collecting facilities. Export long product sales are calculated including the corresponding share of trading companies.



### Mining and processing of raw materials

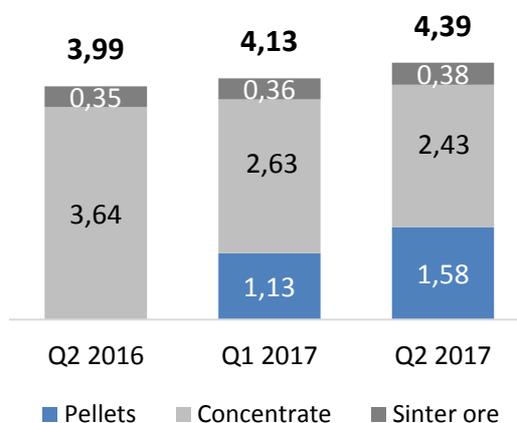
**Output** of iron ore increased by 9% qoq (+3% yoy), against the backdrop of increased Pelletizer capacity utilization and higher productivity of mining and beneficiation equipment.

**Production of pellets** grew to 1.62 m t (+48% qoq), in line with the planned Pelletizer ramp-up: design capacity reached following start-up activities in Q1.

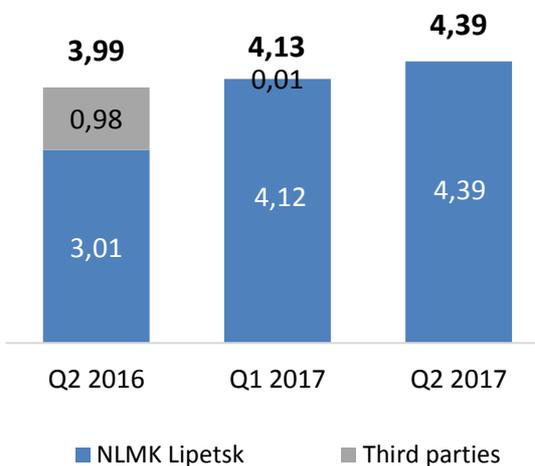
**Sales of iron ore raw materials** totaled 4.39 m t (+6% qoq & +10% yoy), including 1.58 m t (+39% qoq) of pellets.

**Sales breakdown:** Almost all of Stoilensky products in H1 2017 were supplied to NLMK Lipetsk. Stoilensky sales down the line will also be focused on meeting NLMK Lipetsk's raw material needs.

### Sales by product, m t



### Sales by destination, m t





### NLMK USA<sup>3</sup>

**Steel output** decreased by 15% qoq to 0.15 m t (-15% yoy), due to the growth of finished products rolled from slabs supplied by NLMK Lipetsk.

Rolled product output increased by 3% qoq to 0.54 m t (+7% yoy) against the backdrop of restocking in Q2.

**Sales** remained flat qoq at 0.56 m t (+7% yoy), while HVA sales gained 6% qoq (+8% yoy).

**Slab deliveries** from NLMK Lipetsk increased by 40% qoq to 0.55 m t (+23% yoy) to ensure optimal levels of slab stocks against the backdrop of growing demand in the US market.

**NLMK USA sales, m t**



<sup>3</sup> NLMK USA includes NLMK Indiana, NLMK Pennsylvania, and Sharon Coating. Data for NLMK USA is presented in metric tonnes.

### NLMK Dansteel

**Sales** of thick plates dropped by 16% qoq (-21% yoy), due to the decrease of orders accepted against the backdrop of maintenance activities at the end of Q1 2017.

**NLMK Dansteel sales, m t**





#### Associated companies - NLMK Belgium Holdings (NBH)<sup>4</sup>

**NBH sales** dropped by 7% to 0.56 m t (-10% yoy) against the backdrop of intensified competition with flat steel imports in the European market. At the same time, H1 2017 sales grew by 1% yoy to 1.15 m t.

**Sales of flat steel** totaled 0.35 m t (-9% qoq & -12% yoy).

**Sales of thick plate** and ingots decreased by 4% qoq to 0.20 m t.

**Slab deliveries** from NLMK Lipetsk in Q2 2017 totaled 0.58 m t (-10% qoq & -13% yoy).



<sup>4</sup>NBH assets include producers of thick plates NLMK Clabecq (Belgium), NLMK Verona (Italy) and producers of flat steel NLMK La Louvière (Belgium) and NLMK Strasbourg (France).

*Note: All figures from the diagrams can be found in the tables in the Appendix. They can also be downloaded as a separate Excel file.*



## Appendices

### Appendix 1. NLMK Group operating highlights

| Output, m t  | Q2<br>2017   | Q1<br>2017   | QoQ        | Q2<br>2016   | YoY         | H1<br>2017   | H1<br>2016   | YoY        |
|--|--------------|--------------|------------|--------------|-------------|--------------|--------------|------------|
| Steel output (without NBH)   | 4.082        | 4.152        | -2%        | 4.228        | -3%         | 8.234        | 8.222        | 0%         |
| Steel output (with NBH)  | 4.144        | 4.210        | -2%        | 4.283        | -3%         | 8.354        | 8.327        | 0%         |
| Capacity utilization (with NBH), %                                     | 98%          | 95%          | +3 p.p.    | 97%          | +1 p.p.     | 97%          | 95%          | +2 p.p.    |
| <b>Consolidated sales</b>  |              |              |            |              |             |              |              |            |
| Semi-finished steel <sup>5</sup>                                       | 1.257        | 1.236        | 2%         | 1.363        | -8%         | 2.492        | 2.919        | -15%       |
| Finished steel   | 2.897        | 2.443        | 19%        | 2.581        | 12%         | 5.339        | 5.151        | 4%         |
| <i>Flat steel</i>  | 2.187        | 2.029        | 8%         | 2.115        | 3%          | 4.217        | 4.169        | 1%         |
| <i>Long steel and metalware</i>  | 0.710        | 0.413        | 72%        | 0.466        | 52%         | 1.123        | 0.982        | 14%        |
| <b>Total consolidated sales</b>  | <b>4.153</b> | <b>3.679</b> | <b>13%</b> | <b>3.944</b> | <b>5%</b>   | <b>7.832</b> | <b>8.070</b> | <b>-3%</b> |
| Sales to home markets of the Group <sup>6</sup>                        | 64%          | 62%          | +2 p.p.    | 65%          | -1 p.p.     | 63%          | 64%          | -1 p.p.    |
| Sales to external markets  | 36%          | 38%          | -2 p.p.    | 35%          | +1 p.p.     | 37%          | 36%          | +1 p.p.    |
| For reference:<br>slab sales to foreign subsidiaries<br>and affiliates | 1.270        | 1.180        | 8%         | 1.262        | 1%          | 2.450        | 2.029        | 21%        |
| <b>Segment sales</b>   |              |              |            |              |             |              |              |            |
| Russia Flat  | 3.286        | 3.074        | 7%         | 3.251        | 1%          | 6.360        | 6.493        | -2%        |
| Russia Long  | 0.935        | 0.473        | 98%        | 0.635        | 47%         | 1.408        | 1.260        | 12%        |
| Mining   | 4.392        | 4.127        | 6%         | 3.989        | 10%         | 8.519        | 8.291        | 3%         |
| NLMK USA   | 0.559        | 0.562        | 0%         | 0.522        | 7%          | 1.120        | 0.991        | 13%        |
| NLMK Dansteel  | 0.112        | 0.134        | -16%       | 0.141        | -21%        | 0.246        | 0.263        | -6%        |
| <b>For reference: NBH sales</b>  | <b>0.556</b> | <b>0.599</b> | <b>-7%</b> | <b>0.614</b> | <b>-10%</b> | <b>1.153</b> | <b>1.141</b> | <b>1%</b>  |

<sup>5</sup> Including commercial pig iron, slabs and billets

<sup>6</sup> Home markets: Russia for the Russian assets of NLMK Group, North America for NLMK USA and the EU market for NLMK Dansteel and NBH



## Appendix 2. NLMK Russia Flat sales by product

| Sales, m t  | Q2<br>2017   | Q1<br>2017   | QoQ       | Q2<br>2016   | YoY       | H1<br>2017   | H1<br>2016   | YoY        |
|---|--------------|--------------|-----------|--------------|-----------|--------------|--------------|------------|
| Pig iron  | 0.059        | 0.056        | 5%        | 0.094        | -38%      | 0.114        | 0.244        | -53%       |
| Slabs, incl.  | 1.659        | 1.651        | 1%        | 1.705        | -3%       | 3.310        | 3.330        | -1%        |
| Slab sales to foreign subsidiaries<br>and affiliates, incl. | 1.270        | 1.180        | 8%        | 1.262        | 1%        | 2.450        | 2.029        | 21%        |
| NLMK USA, NLMK Dansteel                                     | 0.688        | 0.533        | 29%       | 0.596        | 15%       | 1.220        | 0.911        | 34%        |
| NBH   | 0.582        | 0.647        | -10%      | 0.665        | -13%      | 1.229        | 1.119        | 10%        |
| Hot-rolled steel  | 0.712        | 0.653        | 9%        | 0.618        | 15%       | 1.365        | 1.365        | 0%         |
| Cold-rolled steel   | 0.436        | 0.356        | 23%       | 0.407        | 7%        | 0.792        | 0.793        | 0%         |
| Galvanized steel  | 0.164        | 0.146        | 13%       | 0.171        | -4%       | 0.310        | 0.283        | 9%         |
| Pre-painted steel   | 0.102        | 0.075        | 35%       | 0.119        | -14%      | 0.177        | 0.210        | -16%       |
| Dynamo steel  | 0.087        | 0.082        | 7%        | 0.073        | 19%       | 0.169        | 0.131        | 29%        |
| Transformer steel   | 0.067        | 0.056        | 18%       | 0.064        | 4%        | 0.123        | 0.136        | -10%       |
| incl. from VIZ-Steel  | 0.040        | 0.036        | 10%       | 0.042        | -4%       | 0.076        | 0.084        | -9%        |
| <b>Total steel products</b>                                 | <b>3.286</b> | <b>3.074</b> | <b>7%</b> | <b>3.251</b> | <b>1%</b> | <b>6.360</b> | <b>6.493</b> | <b>-2%</b> |
| Coke sales from Altai-Koks <sup>5</sup>                     | 1.037        | 1.012        | 2%        | 1.058        | -2%       | 2.049        | 1.933        | 6%         |
| incl. to NLMK Lipetsk                                       | 0.749        | 0.810        | -7%       | 0.823        | -9%       | 1.559        | 1.526        | 2%         |



### Appendix 3. NLMK Russia Flat sales by region and by product

| Sales, m t             | Q2 2017      | Q1 2017      | QoQ        | Q2 2016      | YoY        | H1 2017      | H1 2016      | YoY         |
|------------------------|--------------|--------------|------------|--------------|------------|--------------|--------------|-------------|
| <b>Russian market</b>  | <b>0.934</b> | <b>0.788</b> | <b>19%</b> | <b>0.977</b> | <b>-4%</b> | <b>1.722</b> | <b>2.090</b> | <b>-18%</b> |
| Semi-finished products | 0.100        | 0.120        | -17%       | 0.202        | -51%       | 0.220        | 0.468        | -53%        |
| Hot-rolled steel       | 0.352        | 0.273        | 29%        | 0.283        | 25%        | 0.625        | 0.734        | -15%        |
| Cold-rolled steel      | 0.211        | 0.167        | 26%        | 0.192        | 10%        | 0.378        | 0.369        | 2%          |
| Galvanized steel       | 0.147        | 0.134        | 10%        | 0.160        | -8%        | 0.281        | 0.267        | 5%          |
| Pre-painted steel      | 0.101        | 0.071        | 42%        | 0.116        | -13%       | 0.171        | 0.207        | -17%        |
| Dynamo steel           | 0.014        | 0.013        | 6%         | 0.014        | 1%         | 0.027        | 0.025        | 8%          |
| Transformer steel      | 0.009        | 0.009        | 1%         | 0.010        | -9%        | 0.019        | 0.019        | -3%         |
| <b>Export markets</b>  | <b>2.352</b> | <b>2.286</b> | <b>3%</b>  | <b>2.274</b> | <b>3%</b>  | <b>4.638</b> | <b>4.402</b> | <b>5%</b>   |
| Semi-finished products | 1.618        | 1.586        | 2%         | 1.596        | 1%         | 3.204        | 3.106        | 3%          |
| Hot-rolled steel       | 0.360        | 0.380        | -5%        | 0.335        | 7%         | 0.739        | 0.630        | 17%         |
| Cold-rolled steel      | 0.226        | 0.188        | 20%        | 0.216        | 5%         | 0.414        | 0.424        | -2%         |
| Galvanized steel       | 0.017        | 0.012        | 43%        | 0.012        | 43%        | 0.029        | 0.016        | 81%         |
| Pre-painted steel      | 0.001        | 0.005        | -76%       | 0.003        | -60%       | 0.006        | 0.003        | 71%         |
| Dynamo steel           | 0.073        | 0.069        | 7%         | 0.059        | 24%        | 0.142        | 0.106        | 34%         |
| Transformer steel      | 0.057        | 0.047        | 22%        | 0.053        | 7%         | 0.104        | 0.117        | -11%        |
| <b>Total sales</b>     | <b>3.286</b> | <b>3.074</b> | <b>7%</b>  | <b>3.251</b> | <b>1%</b>  | <b>6.360</b> | <b>6.493</b> | <b>-2%</b>  |

### Appendix 4. NLMK Russia Long sales by product

| Sales, m t                                  | Q2 2017      | Q1 2017      | QoQ              | Q2 2016      | YoY        | H1 2017      | H1 2016      | YoY        |
|---|--------------|--------------|------------------|--------------|------------|--------------|--------------|------------|
| Commercial billet                           | 0.226        | 0.060        | > 100%           | 0.169        | 34%        | 0.286        | 0.278        | 3%         |
| Rebar                                       | 0.536        | 0.297        | 81%              | 0.346        | 55%        | 0.833        | 0.758        | 10%        |
| Sections                                    | 0.009        | 0.003        | > 100%           | 0.010        | -8%        | 0.012        | 0.025        | -51%       |
| Wire rod                                    | 0.093        | 0.055        | 69%              | 0.046        | > 100%     | 0.147        | 0.074        | > 100%     |
| Metalware                                   | 0.072        | 0.059        | 22%              | 0.065        | 10%        | 0.130        | 0.126        | 4%         |
| <b>Total steel products</b>                 | <b>0.935</b> | <b>0.473</b> | <b>98%</b>       | <b>0.635</b> | <b>47%</b> | <b>1.408</b> | <b>1.260</b> | <b>12%</b> |
| <b>Ferrous and non-ferrous scrap, incl.</b> | <b>1.387</b> | <b>0.666</b> | <b>&gt; 100%</b> | <b>1.394</b> | <b>-1%</b> | <b>2.053</b> | <b>2.009</b> | <b>2%</b>  |
| to NLMK Ural                                | 0.462        | 0.242        | 91%              | 0.465        | -1%        | 0.703        | 0.644        | 9%         |
| to NLMK Kaluga                              | 0.420        | 0.204        | > 100%           | 0.396        | 6%         | 0.624        | 0.609        | 2%         |
| to NLMK Lipetsk                             | 0.488        | 0.203        | > 100%           | 0.488        | 0%         | 0.690        | 0.696        | -1%        |



## Appendix 5. Mining Division sales

| Sales, m t                  | Q2 2017      | Q1 2017      | QoQ        | Q2 2016      | YoY         | H1 2017      | H1 2016      | YoY         |
|-----------------------------|--------------|--------------|------------|--------------|-------------|--------------|--------------|-------------|
| <b>Iron ore concentrate</b> | <b>2.434</b> | <b>2.630</b> | <b>-7%</b> | <b>3.635</b> | <b>-33%</b> | <b>5.064</b> | <b>7.465</b> | <b>-32%</b> |
| incl. to NLMK Lipetsk       | 2.434        | 2.620        | -7%        | 2.679        | -9%         | 5.054        | 5.613        | -10%        |
| <b>Pellets</b>              | <b>1.581</b> | <b>1.134</b> | <b>39%</b> | <b>0.000</b> | <b>-</b>    | <b>2.716</b> | <b>0.000</b> | <b>-</b>    |
| incl. to NLMK Lipetsk       | 1.581        | 1.134        | 39%        | 0.000        | -           | 2.716        | 0.000        | -           |
| <b>Sinter ore</b>           | <b>0.377</b> | <b>0.364</b> | <b>4%</b>  | <b>0.353</b> | <b>7%</b>   | <b>0.740</b> | <b>0.827</b> | <b>-10%</b> |
| incl. to NLMK Lipetsk       | 0.377        | 0.364        | 4%         | 0.331        | 14%         | 0.740        | 0.654        | 13%         |

## Appendix 6. NLMK USA sales

| Sales, m t                        | Q2 2017      | Q1 2017      | QoQ       | Q2 2016      | YoY       | H1 2017      | H1 2016      | YoY        |
|-----------------------------------|--------------|--------------|-----------|--------------|-----------|--------------|--------------|------------|
| Hot-rolled steel                  | 0.295        | 0.311        | -5%       | 0.278        | 6%        | 0.606        | 0.520        | 16%        |
| Cold-rolled steel                 | 0.127        | 0.135        | -6%       | 0.148        | -14%      | 0.262        | 0.290        | -9%        |
| Galvanized steel                  | 0.135        | 0.111        | 21%       | 0.095        | 41%       | 0.246        | 0.178        | 39%        |
| <b>Total NLMK USA<sup>7</sup></b> | <b>0.559</b> | <b>0.562</b> | <b>0%</b> | <b>0.522</b> | <b>7%</b> | <b>1.120</b> | <b>0.991</b> | <b>13%</b> |

<sup>7</sup> NLMK USA also sells non-significant volumes of merchant slabs not included into total rolled steel sales. In 1Q 2017 slab sales totaled 4,000 t

## Appendix 7. Dansteel sales

| Sales, m t   | Q2 2017      | Q1 2017      | QoQ         | Q2 2016      | YoY         | H1 2017      | H1 2016      | YoY        |
|--------------|--------------|--------------|-------------|--------------|-------------|--------------|--------------|------------|
| Thick plates | <b>0.112</b> | <b>0.134</b> | <b>-16%</b> | <b>0.141</b> | <b>-21%</b> | <b>0.246</b> | <b>0.263</b> | <b>-6%</b> |

## Appendix 8. NBH (associated companies) sales

| Sales, m t                                   | Q2 2017      | Q1 2017      | QoQ        | Q2 2016      | YoY         | H1 2017      | H1 2016      | YoY       |
|--|--------------|--------------|------------|--------------|-------------|--------------|--------------|-----------|
| Hot-rolled steel                             | 0.257        | 0.278        | -8%        | 0.283        | -9%         | 0.535        | 0.508        | 5%        |
| Cold-rolled steel                            | 0.015        | 0.016        | -10%       | 0.019        | -24%        | 0.031        | 0.033        | -7%       |
| Coated steel                                 | 0.080        | 0.091        | -13%       | 0.097        | -18%        | 0.171        | 0.184        | -7%       |
| <b>Total flat steel</b>                      | <b>0.351</b> | <b>0.386</b> | <b>-9%</b> | <b>0.400</b> | <b>-12%</b> | <b>0.737</b> | <b>0.726</b> | <b>2%</b> |
| Semi-finished (ingots)                       | 0.022        | 0.020        | 9%         | 0.020        | 9%          | 0.043        | 0.046        | -8%       |
| Thick plates                                 | 0.182        | 0.193        | -6%        | 0.194        | -6%         | 0.375        | 0.369        | 2%        |
| <b>Total steel products, including flats</b> | <b>0.556</b> | <b>0.599</b> | <b>-7%</b> | <b>0.614</b> | <b>-10%</b> | <b>1.155</b> | <b>1.141</b> | <b>1%</b> |



## Appendix 9. NLMK Group steel output

| Output, m t                     | Q2 2017      | Q1 2017      | QoQ        | Q2 2016      | YoY        | H1 2017      | H1 2016      | YoY       |
|---------------------------------|--------------|--------------|------------|--------------|------------|--------------|--------------|-----------|
| NLMK Lipetsk                    | 3.133        | 3.352        | -7%        | 3.301        | -5%        | 6.485        | 6.503        | 0%        |
| NLMK Long Products              | 0.795        | 0.619        | 28%        | 0.745        | 7%         | 1.414        | 1.380        | 3%        |
| incl. NLMK Kaluga               | 0.361        | 0.271        | 33%        | 0.342        | 6%         | 0.632        | 0.643        | -2%       |
| NLMK Indiana (NLMK USA)         | 0.153        | 0.181        | -15%       | 0.181        | -15%       | 0.334        | 0.339        | -1%       |
| <b>NLMK Group (without NBH)</b> | <b>4.082</b> | <b>4.152</b> | <b>-2%</b> | <b>4.228</b> | <b>-3%</b> | <b>8.234</b> | <b>8.222</b> | <b>0%</b> |
| <i>for reference</i>            |              |              |            |              |            |              |              |           |
| NBH, NLMK Europe (EAF)          | 0.062        | 0.059        | 6%         | 0.056        | 11%        | 0.120        | 0.105        | 15%       |
| <b>NLMK Group (with NBH)</b>    | <b>4.144</b> | <b>4.210</b> | <b>-2%</b> | <b>4.283</b> | <b>-3%</b> | <b>8.354</b> | <b>8.327</b> | <b>0%</b> |

## Appendix 10. NLMK Group steel product output (w/o NBH)

| Output, m t                 | Q2 2017      | Q1 2017      | QoQ       | Q2 2016      | YoY        | H1 2017      | H1 2016      | YoY        |
|-----------------------------|--------------|--------------|-----------|--------------|------------|--------------|--------------|------------|
| Merchant pig iron           | 0.103        | 0.029        | > 100%    | 0.155        | -33%       | 0.132        | 0.314        | -58%       |
| Merchant slabs              | 0.810        | 1.179        | -31%      | 1.067        | -24%       | 1.989        | 2.358        | -16%       |
| Flat steel                  | 2.189        | 2.114        | 4%        | 2.134        | 3%         | 4.303        | 4.148        | 4%         |
| Merchant billets            | 0.195        | 0.093        | > 100%    | 0.158        | 23%        | 0.287        | 0.327        | -12%       |
| Long products               | 0.533        | 0.421        | 26%       | 0.499        | 7%         | 0.954        | 0.901        | 6%         |
| Metalware                   | 0.072        | 0.059        | 22%       | 0.070        | 2%         | 0.130        | 0.129        | 1%         |
| <b>Total steel products</b> | <b>3.901</b> | <b>3.894</b> | <b>0%</b> | <b>4.083</b> | <b>-4%</b> | <b>7.795</b> | <b>8.176</b> | <b>-5%</b> |

## Appendix 11. NLMK Russia Flat steel product output

| Output, m t                 | Q2 2017      | Q1 2017      | QoQ        | Q2 2016      | YoY        | H1 2017      | H1 2016      | YoY        |
|-----------------------------|--------------|--------------|------------|--------------|------------|--------------|--------------|------------|
| Merchant pig iron           | 0.103        | 0.029        | > 100%     | 0.155        | -33%       | 0.132        | 0.314        | -58%       |
| Merchant slabs              | 1.498        | 1.711        | -12%       | 1.663        | -10%       | 3.210        | 3.269        | -2%        |
| Hot-rolled steel            | 0.686        | 0.688        | 0%         | 0.685        | 0%         | 1.374        | 1.376        | 0%         |
| Cold-rolled steel           | 0.405        | 0.370        | 9%         | 0.388        | 4%         | 0.774        | 0.791        | -2%        |
| Galvanized steel            | 0.181        | 0.176        | 3%         | 0.174        | 4%         | 0.357        | 0.290        | 23%        |
| Pre-painted steel           | 0.112        | 0.106        | 6%         | 0.114        | -2%        | 0.218        | 0.213        | 2%         |
| Dynamo steel                | 0.079        | 0.077        | 2%         | 0.076        | 4%         | 0.156        | 0.136        | 15%        |
| Transformer steel           | 0.061        | 0.058        | 5%         | 0.065        | -6%        | 0.119        | 0.132        | -10%       |
| <b>Total steel products</b> | <b>3.125</b> | <b>3.215</b> | <b>-3%</b> | <b>3.320</b> | <b>-6%</b> | <b>6.340</b> | <b>6.522</b> | <b>-3%</b> |



## Appendix 12. Output of main raw materials

| Output, m t              | Q2 2017      | Q1 2017      | QoQ        | Q2 2016      | YoY        | H1 2017      | H1 2016      | YoY        |
|--------------------------|--------------|--------------|------------|--------------|------------|--------------|--------------|------------|
| <b>Coke (dry weight)</b> | <b>1.631</b> | <b>1.632</b> | <b>0%</b>  | <b>1.660</b> | <b>-2%</b> | <b>3.264</b> | <b>3.158</b> | <b>3%</b>  |
| NLMK Lipetsk             | 0.615        | 0.606        | 2%         | 0.608        | 1%         | 1.220        | 1.221        | 0%         |
| Altai-Koks               | 1.016        | 1.027        | -1%        | 1.052        | -3%        | 2.043        | 1.937        | 5%         |
| <b>Iron ore</b>          | <b>4.433</b> | <b>4.085</b> | <b>9%</b>  | <b>4.321</b> | <b>3%</b>  | <b>8.517</b> | <b>8.657</b> | <b>-2%</b> |
| Iron ore concentrate     | 2.433        | 2.610        | -7%        | 3.928        | -38%       | 5.042        | 7.859        | -36%       |
| Sinter ore               | 0.379        | 0.379        | 0%         | 0.393        | -4%        | 0.758        | 0.798        | -5%        |
| Pellets                  | 1.621        | 1.096        | 48%        | 0.000        | 0%         | 2.717        | 0.000        | 0%         |
| <b>Ferrous scrap</b>     | <b>0.619</b> | <b>0.333</b> | <b>86%</b> | <b>0.620</b> | <b>0%</b>  | <b>0.952</b> | <b>0.898</b> | <b>6%</b>  |

## Appendix 13. NLMK Group steel product sales (w/o NBH)

| Sales, m t                 | Q2 2017      | Q1 2017      | QoQ        | Q2 2016      | YoY        | H1 2017      | H1 2016      | YoY         |
|----------------------------|--------------|--------------|------------|--------------|------------|--------------|--------------|-------------|
| <b>Semi-finished</b>       | <b>1.257</b> | <b>1.236</b> | <b>2%</b>  | <b>1.363</b> | <b>-8%</b> | <b>2.492</b> | <b>2.919</b> | <b>-15%</b> |
| Pig iron                   | 0.057        | 0.054        | 5%         | 0.084        | -32%       | 0.111        | 0.218        | -49%        |
| Slabs                      | 0.974        | 1.122        | -13%       | 1.110        | -12%       | 2.096        | 2.422        | -13%        |
| Billets                    | 0.226        | 0.060        | > 100%     | 0.169        | 34%        | 0.286        | 0.278        | 3%          |
| <b>Flat steel</b>          | <b>2.187</b> | <b>2.029</b> | <b>8%</b>  | <b>2.115</b> | <b>3%</b>  | <b>4.217</b> | <b>4.169</b> | <b>1%</b>   |
| Thick plates               | 0.112        | 0.134        | -16%       | 0.141        | -21%       | 0.246        | 0.263        | -6%         |
| Hot-rolled steel           | 1.007        | 0.964        | 4%         | 0.896        | 12%        | 1.971        | 1.885        | 5%          |
| Cold-rolled steel          | 0.513        | 0.461        | 11%        | 0.555        | -7%        | 0.974        | 1.083        | -10%        |
| Galvanized steel           | 0.299        | 0.257        | 17%        | 0.267        | 12%        | 0.556        | 0.461        | 21%         |
| Pre-painted steel          | 0.102        | 0.075        | 35%        | 0.119        | -14%       | 0.177        | 0.210        | -16%        |
| Transformer steel          | 0.067        | 0.056        | 18%        | 0.064        | 4%         | 0.123        | 0.136        | -10%        |
| Dynamo steel               | 0.087        | 0.082        | 7%         | 0.073        | 19%        | 0.169        | 0.131        | 29%         |
| <b>Long products</b>       | <b>0.710</b> | <b>0.413</b> | <b>72%</b> | <b>0.466</b> | <b>52%</b> | <b>1.123</b> | <b>0.982</b> | <b>14%</b>  |
| Long steel                 | 0.638        | 0.355        | 80%        | 0.401        | 59%        | 0.993        | 0.857        | 16%         |
| Metalware                  | 0.072        | 0.059        | 22%        | 0.065        | 10%        | 0.130        | 0.126        | 4%          |
| <b>Steel product sales</b> | <b>4.153</b> | <b>3.679</b> | <b>13%</b> | <b>3.944</b> | <b>5%</b>  | <b>7.832</b> | <b>8.070</b> | <b>-3%</b>  |