

# NLMK

8 November 2013

Press release

## Q3 AND 9M 2013 CONSOLIDATED FINANCIAL RESULTS UNDER US GAAP<sup>1</sup>

### KEY HIGHLIGHTS

'000 t/\$ million	Q3 2013	Q2 2013	Changes, qoq in %	9M 2013	9M 2012	Changes, qoq in %
Sales volumes	3,724	3,774	-1%	11,261	11,506	-2%
Including high value added products <sup>2</sup>	1,414	1,382	+2%	4,127	4,206	-2%
Revenue	2,720	2,829	-4%	8,405	9,354	-10%
Operating profit	149	180	-17%	440	942	-53%
EBITDA <sup>3</sup>	379	400	-5%	1,096	1,511	-27%
EBITDA margin (%)	13.9%	14.1%	-0.2 p.p.	13.0%	16.2%	-3.2 p.p.
Net income/(loss) <sup>4</sup>	138	34	x 4.1	209	617	-66%
Net debt <sup>5,6</sup>	2,772	3,424	-19%	2,772	3,470	-20%
Net debt/EBITDA <sup>5,6</sup>	1.87	2.15		1.87	1.84	

An improved sales structure allowed partially offsetting the reduction in sales volumes (-1% qoq, or 50,000 tonnes to 3.724 million tonnes) and average selling prices for steel products. The Company's Q3 revenue was \$2.7 billion (-4% qoq). Q3 EBITDA was \$379 million (-5% qoq); Q3 EBITDA margin stayed flat at 14%. The Company's net income increased by \$104 million to \$138 million.

### OUTLOOK

In Q4 we expect our steel production to grow by 5% qoq to 4.1 million t, with approximately 290,000 tonnes coming from NLMK Kaluga. 2013 steel output is expected to reach approximately 15.5 million tonnes<sup>7</sup>.

#### Note:

<sup>1</sup> Consolidated financial results are prepared based on US GAAP. Reporting periods of the Company are 3M, 6M and 9M 2013. Q2 and Q3 figures are derived by computational method. The same assumption applies to the calculation of segmental financial results.

<sup>2</sup> High value added (HVA) products include plates, cold-rolled, galvanized, pre-painted and electrical steel, and metalware.

<sup>3</sup> EBITDA calculations are presented in the Appendix. EBITDA is calculated as operating profit adjusted to loss from impairment of fixed assets and intangible assets (including goodwill) and depreciation and amortization.

<sup>4</sup> Net profit attributable to NLMK shareholders.

<sup>5</sup> Net debt and Net debt/EBITDA ratio as of 30 September 2013 do not include NLMK guarantees for NBH financial debt.

<sup>6</sup> Net debt is calculated as the sum of LT and ST credits and loans less cash and cash equivalents, as well as ST financial investments at period end. Net debt / EBITDA is represented by net debt as at the end of the period and EBITDA is presented as Last 12 months EBITDA.

<sup>7</sup> Q4 2013 production volumes do not include NLMK Verona output.

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

Friday, November 8, 2013

- 08:00 (New York)
- 13:00 (London)
- 17:00 (Moscow)

To join the conference call, please, register on-line:

<https://eventreg2.conferencing.com/webportal3/reg.html?Acc=515384&Conf=214044>

or dial

International Call-in Number: +44 (0)20 7162 0125

US Call-in Number: +1 334 323 6203

Conference ID: 938148

\*We recommend that participants register on-line to avoid waiting in a queue or to start dialing in 5-10 minutes prior to ensure a timely start to the conference call.

The conference call replay will be available through 15 November 2013

International Replay Number: +44 (0) 20 7031 4064

US Replay Number: +1 954 334 0342

Replay Access Code: 938148

It is recommended that participants download presentation in advance on NLMK's web-site [www.nlmk.com](http://www.nlmk.com)

Contacts:

NLMK

Sergey Takhiev

Investor Relations

+7 495 915 1575

[st@nlmk.com](mailto:st@nlmk.com)

## MANAGEMENT COMMENTS

Grigory Fedorishin, NLMK CFO, commented on the Q3 2013 results:

“In Q3, conditions in the steel product markets remained challenging, pressured by the weak demand, coupled with a structural steelmaking overcapacity in the world, and high pricing volatility for key raw materials.

“In this challenging environment, the Company grew its sales of high value added products in its key sales markets. Domestic sales grew significantly on the back of the seasonal increase in demand from the construction sector and the additional sales of products coming from NLMK Kaluga. These factors largely offset the deterioration in the pricing environment, and the Company’s Q3 revenue totaled \$2,720 million (-4% qoq).

“An improved sales structure, operational efficiency programs, and a reduction in SG&A expenses supported the EBITDA margin at c.14%.

“As part of an ongoing restructuring of its European assets, aimed at further efficiency improvements and cost optimization, the Group brought in a strategic investor, the Belgian state-owned SOGEPA, for NLMK Belgium Holdings (NBH) that includes all NLMK Europe assets except Dansteel. In the course of the transaction, SOGEPA acquired a 20.5% stake in the company, for a purchase price of EUR 91 million. We will continue to review available options for further developing our European rolling assets as part of NLMK Group’s overall strategy, which aims to boost the company’s efficiency.

“Proactive debt management and the sale of NBH shares brought our financial debt down by \$652 million. At the end of Q3, Net debt/EBITDA stood at x1.87.

“Q3 capex was \$281 million (+27% qoq). As the capital intensity of our investment program decreases, NLMK investments in 2013, including maintenance, will total approximately \$850 million, 40-45% lower year-on-year.

“Working capital optimization measures released an additional \$125 million while Q3 steel output increased by 3% to 3.9 million tonnes, including at new capacities.

“In Q4, we expect steel product prices to decline, pressured by the seasonally softening in demand and expected price decrease for raw materials. NLMK continues to work on mitigating the negative market factors through improving the efficiency of its operations and business processes.”

**MANAGEMENT COMMENTS (CONTINUED)**

- **Market review**

Q3 average global steel product prices hit their yearly low in July and August, pressured by steel oversupply and the seasonal slowdown in demand. Prices saw a mild recovery at the end of Q3, supported by restocking at customers and trading companies and growing raw material prices, while in Q4 the prices leveled off.

- **Production and sales structure**

NLMK Group's steel production in Q3 was 3.9 million tonnes (+3% qoq). Utilization rates were 96%. Steel product sales totals 3.7 million tonnes (-1% qoq).

In Q3, the sales structure improved, with the share of finished products growing by 6% to 2.9 million tonnes. Flat steel sales increased by 4%, mostly driven by higher sales in Russia and the US. Long steel and metalware sales grew by 14%, supported by a record level of demand for steel for construction in the region; this additional demand being met by increased production at NLMK Kaluga. Sales of high value added products went up by 2% to 1.4 million tonnes. Third party sales of slabs decreased by 17% to 0.8 million tonnes, their share in total sales going down by 4 p.p. to 21%.

- **Sales markets**

NLMK grew its sales in Russia by 13% to 1.6 million tonnes on the back of higher demand from its key consumers and first deliveries from NLMK Kaluga. Slab deliveries to our international assets increased to 0.9 million tonnes (+51% qoq) due to a delay in the recognition of sales to our US rolling assets. Export sales from Russia fell by 6 p.p. to 32%. Traditionally, the key international markets were the Middle East, Europe, the USA, and South East Asia<sup>1</sup>.

NLMK Group's international rolling assets accounted for 25% (flat qoq) in total sales, with NLMK Europe selling 0.49 million tonnes (-4% qoq), and NLMK USA selling 0.45 million tonnes (+5% qoq).

- **Prices**

Sales prices from our Russian assets to the domestic and export markets decreased following the decline in global average prices. As the RUB weakened against the US\$, prices in dollar terms in the domestic market fell by \$10-15 qoq.

In Europe, average prices fell due to the seasonal weakening in buyer activity; at the end of the quarter this trend reversed. Increased demand for flat steel in the US, and higher scrap prices lead to an increase in Q3 prices in the region.

- **Investment programme**

Q3 capex totaled \$281 million; 9M capex totaled \$658 million, -43% yoy.

- **European asset restructuring**

As part of the restructuring of its European assets, NLMK brought in SOGEPA (Société Wallonne de Gestion et de Participations S.A.), a Belgian state-owned company, as a strategic investor into NLMK Europe. For a purchase price of EUR 91.1 million SOGEPA acquired a 20.5% stake in NLMK Belgium Holdings S.A. (NBH), which comprises NLMK Europe's operating and trading companies, excluding NLMK Dansteel. Under the agreement, SOGEPA is granted the right to participate in the governance of NBH and its subsidiaries, including joint decision-making with NLMK Group on key issues through its representatives in the NBH Board of Directors.

---

<sup>1</sup> - key sales regions include third party sales and do not include intragroup slab sales.

This agreement resulted in the loss of control over NBH. NBH results will therefore no longer be included into interim condensed consolidated financial statements (deconsolidation) starting from 30 September 2013. Starting from Q4 2013, NBH financials will be reflected in the statements under the equity method. NLMK Group's remaining 79.5% NBH shares will be accounted for as long-term financial investments into an associated company.

- **Debt management**

As at the end of Q3'13, net debt was down by \$0.65 billion (19% qoq) to \$2.8 billion driven mainly by a positive free cash flow over the period of \$274 million (including proceeds from the sale of a stake in NBH of \$123 million) and the deconsolidation of NBH financial liabilities from the Group's financial liabilities for a total of \$757 million, as well as other factors. The bulk of this NBH debt was raised to finance the working capital of its operating and sales assets, secured by corresponding inventories and receivables. In Q3, \$252 million of liabilities for the acquisition of SIF were reclassified as financial debt since they were reassigned to a bank. Previously, this amount was part of other liabilities. \$150 million of the amount is a part of short-term liabilities.

Throughout the quarter, net repayment of debt (net of borrowings) was \$199 million. Net debt to 12M EBITDA ratio was 1.87.

In October 2013, NLMK closed the order book for its BO-13 exchange bond issues (see [press release](#)), with a value of RUB 5 billion, a maturity period of 10 years, and a put option in 4 years after the date of placement. The rate of coupons 1-8 for these issues will be 8.05%. Proceeds from the placement of the bonds will be used for general corporate purposes.

## KEY FINANCIALS

- **Revenue**

Q3 revenue was down by 4% qoq to \$2,720 million. Top line was impacted mainly by lower average selling prices on the back of an insignificant decrease in steel product sales (-1%), which was partially offset by an improved sales structure, with the share of HVA products growing to 38% (+1 p.p. qoq).

9M'13 revenue was down by 10% yoy to \$8,405 million, pressured by lower average selling prices and a 0.245 million t decline in sales, driven by a 0.427 million t drop in pig iron sales partially offset by the growth in steel products sales of 0.182 million t.

- **Operating profit**

Q3 operating profit decreased by 17% qoq to \$149 million, pressured mostly by the narrowing of steel product/raw materials spreads.

*Production costs* sequentially decreased by 3% to \$1,993 million. This decrease was related to the savings achieved under cost optimization programs across the Group's production sites. The weakening of the RUB against the \$ had an additional positive impact on costs.

*Q3 general and administrative expenses* were down by 4% to \$108 million.

*Commercial expenses* were down by 7% to \$212 million, as the share of export sales from NLMK's Russian sites in total sales decreased.

9M'13 operating profit was \$440 million, 53% down yoy, pressured mostly by the narrowing of the finished products/raw materials spreads.

9M'13 production costs were \$6,175 million (-5% yoy), due to the results achieved through cost cutting programmes, the 2% reduction in sales, and the weakening of the RUB against the US\$.

- **Net profit**

Q3'13 net profit jumped 4.1 times qoq to \$138 million. This significant increase was factored by positive FX rate differences in the amount of \$52 million (in Q2 there was a \$5 million loss).

Interest expenses (excluding capitalized interest) in Q3 went down by 18% to \$22 million. Total interest expenses (including capitalized interest) declined (6% qoq to \$58 million) largely due to FX rate impact.

NLMK's 9M'13 net profit decreased to \$209 million (-66% yoy). This decrease was mostly associated with lower profit from main activities.

- **Cash flow**

Operating cash flow in Q3 went up by 36% to \$449 million, due largely to the release of working capital. 9M'13 operating cash flow totaled \$1,030 million (-31% yoy). This reduction was largely attributable to lower yoy operating profit.

Capital expenditures in Q3 totaled \$281 million. 9M'13 capital expenditures reduced by 43% to \$658 million.

A substantial amount of cash (\$381 million) was deposited to short-term accounts in Q3. Net cash received as a result of the NLMK Belgium Holdings stake sales transaction was reflected in the caption "Disposal of investment" totaling \$46 million.

In Q3, net cash outflow from financing activities (\$208 million) was related to a steady reduction in net debt levels. Dividend payments and funds borrowed, including the Eurobond placement in Q1 (\$800 million) were largely behind the 9M'13 net cash outflow from financing activities of \$135 million.

Following the elimination of the NBH financial debt (see comments above related to European assets restructuring) the share of LT liabilities increased to 85% (+6 p.p.) in the financial debt portfolio as of 30 September 2013.

As at the end of Q3'13 cash and cash equivalents and short term investments were \$1.35 billion, including \$516 million of short term deposits and other liquid assets.

**Steel Segment \***

\$ million	Q3 2013	Q2 2013	Change, %	9M 2013	9M 2012	Change, %
Steel product sales, '000 tonnes	<b>3,144</b>	2,999	+5%	<b>9,108</b>	8,987	+1%
including third party sales, '000 tonnes	<b>2,210</b>	2,364	-7%	<b>6,947</b>	7,036	-1%
Revenue from external customers	<b>1,529</b>	1,685	-9%	<b>4,873</b>	5,447	-11%
Revenue from intersegmental operations	<b>472</b>	371	+27%	<b>1,189</b>	1,180	+1%
EBITDA	<b>187</b>	214	-13%	<b>484</b>	771	-37%
EBITDA margin	<b>9%</b>	10%	-1 p.p.	<b>8%</b>	12%	-4 p.p.

Q3 Steel Segment sales increased by 5% qoq totaling 3.1 million tonnes. Sales to external customers decreased by 7% qoq to 2.2 million tonnes due to higher sales to the Foreign Rolled Products segment.

Q3 revenue from external customers was down by 9% qoq to \$1.529 million due to increased intersegmental sales and a weaker pricing environment.

Q3 EBITDA was \$187 million, a sequential decline of 13%, pressured by price softening. This factor was partially offset by the savings from the ongoing efficiency improvement program undertaken at the production assets of the segment. Q3 EBITDA margin was 9% (-1 p.p.).

9M revenue from external customers declined by 11% yoy due to lower average steel prices.

9M EBITDA declined by 37% yoy to \$484 million resulting from the significantly narrowed steel products/raw materials spreads.

**Outlook:**

Seasonal slowdown in the domestic market demand, volatility in steel prices, as well as scheduled maintenance in Q4'13 could negatively impact the Segment's financial results, at the same time, the ongoing efficiency improvement program will support profitability.

*\*The Steel Segment comprises: Novolipetsk (Lipetsk site), VIZ-Steel (a producer of electrical steel), trading companies Novexco Limited, Cyprus and Novex Trading S.A., Switzerland, Altai-Koks (Russia's largest non-integrated coke manufacturer), as well as a number of service companies.*

**Long Products Segment \***

\$ million	Q3 2013	Q2 2013	Change, %	9M 2013	9M 2012	Change, %
Long products and metalware sales, '000 tonnes	<b>570</b>	469	+21%	<b>1,469</b>	1,299	+13%
Revenue from external Customers	<b>355</b>	314	+13%	<b>957</b>	918	+4%
Revenue from intersegmental operations	<b>114</b>	113	0%	<b>286</b>	358	-20%
EBITDA	<b>40</b>	23	+70%	<b>83</b>	139	-41%
EBITDA margin	<b>8%</b>	5%	+3 p.p.	<b>7%</b>	11%	-4 p.p.

Q3 sales went up by 21% qoq to 0.57 million tonnes, driven by the start of sales from NLMK Kaluga. This factor offset the negative impact of lowering prices for long products and the weaker RUB rate, and contributed to a revenue growth of 13% to \$355 million.

Improved sales volumes supported a 70% growth in EBITDA to \$40 million; EBITDA margin reached 8% (+3 p.p.).

9M'13 sales uptick (+13% to 1.47 million tonnes) is associated with the start of sales from NLMK Kaluga on the back of increased demand from the construction sector in the central region of Russia. Higher sales offset the yoy reduction in average prices contributing to the 4% growth in revenue from third parties (to \$957 million).

9M'13 EBITDA declined by 41% yoy to \$83 million due to narrowed spreads between long steel and scrap prices, and higher costs for energy and railway transportation. 9M'13 EBITDA margin was 7% (-4 p.p.).

**Outlook:**

In Q4 '13 we expect our operating results to improve driven by higher utilization rates at NLMK Kaluga. Although the Segment's results could be impacted by the seasonal slowdown in the Russian construction sector.

*\*The Long Products Segment covers the financials of NSMMZ, NLMK Metalware, NLMK Kaluga, and scrap treatment facilities. The core activities of these companies are steelmaking (EAF-based), long products and metalware manufacturing, and ferrous scrap collection and processing.*



**Mining Segment \***

\$ million	Q3 2013	Q2 2013	Change, %	9M 2013	9M 2012	Change, %
Production of concentrate and sinter ore, '000 tonnes	<b>3,913</b>	3,849	+2%	<b>11,534</b>	11,700	-1%
Sales of concentrate and sinter ore, '000 tonnes	<b>3,860</b>	3,863	0%	<b>11,471</b>	11,169	+3%
including third party sales, '000 tonnes**	<b>935</b>	970	-4%	<b>2,881</b>	2,432	+18%
Revenue from external customers	<b>86</b>	100	-14%	<b>278</b>	214	30%
Revenue from intersegmental operations	<b>226</b>	249	-9%	<b>720</b>	777	-7%
EBITDA	<b>190</b>	227	-16%	<b>632</b>	654	-3%
EBITDA margin	<b>61%</b>	65%	-4 p.p.	<b>63%</b>	66%	-3 p.p.

Q3 output of iron ore concentrate went up by 2% to 3.913 million tonnes. Iron ore concentrate and sinter ore total sales were unchanged qoq at 3.86 million tonnes.

Q3 revenue declined due to lower iron ore prices. Q3 EBITDA declined by 16% to \$190 million driven by weaker prices and an increase in electric energy tariffs.

9M revenue from third parties increased to \$278 million largely as a result of higher yoy sales offsetting lower yoy prices.

Lower yoy sales prices for iron ore drove the 9M EBITDA down 3% to \$632 million. 9M EBITDA margin was 63% (-3 p.p. yoy)

**Outlook:**

Q4 operating performance of the segment could be negatively impacted by the expected reduction in international raw materials prices and a seasonal slowdown in demand for steel products and raw materials in the domestic market.

\* NLMK's Mining Segment comprises Stoilensky (the Group's key mining asset), Dolomit and Stagdok. These companies mainly supply raw materials to NLMK's production facilities in Lipetsk and also sell limited volumes outside the Group.

\*\* Sales to third parties.

## Foreign Rolled Products Segment\*

\$ million	Q3 2013	Q2 2013	Change, %	9M 2013	9M 2012	Change, %
Steel product sales, '000 tonnes	<b>945</b>	941	0%	<b>2,845</b>	3,170	-10%
Revenue from external customers	<b>749</b>	730	+3%	<b>2,295</b>	2,774	-17%
Revenue from intersegmental operations	<b>1</b>	1	-14%	<b>2</b>	1	+27%
EBITDA	<b>-35</b>	-62	-44%	<b>-124</b>	-76	62%

Q3 steel sales were flat qoq. NLMK USA sales went up by 5%, NLMK Europe sales declined by 4%. The Segment's revenue went up by 3% to \$749 million on the back of stable sales and significant improvements in pricing in the USA.

Higher revenue and the ongoing restructuring program allowed to reduce EBITDA loss to (-)\$35 million (in Q2 the loss was (-)\$62 million).

9M'13 EBITDA loss of \$124 million (against the \$76 million loss in 9M'12 EBITDA) was largely attributable to stoppages at our Belgium plants (due to restructuring), pickling line repairs at NLMK La Louvière in Q2'13 and Q3'13, and the start of operations (together with the mastering of a new technology) at NLMK Dansteel's new rolling mill during the 9M'13.

NBH assets' EBITDA loss in Q3 was \$46 million. 9M'13 NBH EBITDA loss was \$125 million.

Following the sale of a stake in NBH, starting from Q4'13 profits and losses of NBH and its subsidiaries will be accounted for in NLMK's consolidated financial results under the equity method.

NBH operating and financial results will be disclosed separately, in the section "Investments in associates".

Financial results of NLMK Dansteel and NLMK USA will remain in the Foreign Rolled Products Segment results.

## Outlook

In Q4, we are recording an insignificant increase in steel prices in the USA, due to stable demand from key consumers and slightly lower levels of supply in the region. We are seeing an average increase in prices of \$25/tonne compared to end Q3, and this upward pricing trend could extend to the end of the year.

In Europe, prices for steel products stabilized in the middle of Q4 after the recent \$30/tonne uptick in October. Demand from traders is expected to decelerate towards the end of the year due to seasonal destocking before the beginning of the new period.

\* The Foreign Rolled Products Segment before the 1<sup>st</sup> October 2013 comprised steelmaking companies located outside Russia. These are rolling assets in Europe (NLMK Europe) and the USA (NLMK USA). NLMK Europe is represented by thick plate producers NLMK Dansteel (Denmark), NLMK Clabecq (Belgium), NLMK Verona (Italy) and strip product producers NLMK La Louvière (Belgium), NLMK Coating (France), NLMK Strasbourg (France). NLMK USA includes NLMK Pennsylvania, Sharon Coating, NLMK Indiana.

**Appendix****(1) EBITDA\***

\$ million	Q3 2013	Q2 2013	9M 2013	9M 2012
Operating profit	149	180	440	942
Minus:				
Impairment losses	0	0	0	0
Depreciation and amortization	-230	-220	-656	-569
<b>EBITDA</b>	<b>379</b>	<b>400</b>	<b>1,096</b>	<b>1,511</b>

\* Effective from 2012 the Company has changed the formula for EBITDA calculation in order to simplify and make the calculation of this indicator more transparent for external users. From Q1 2012, EBITDA is calculated as operating profit adjusted to loss or gain from impairment losses (including goodwill) and depreciation and amortization.

**(2) Sales by product**

('000 tonnes)

Product	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Pig iron	9	91	42	46	207	142	220
Slabs	780	937	1,130	1,236	977	858	892
Thick plates	230	235	224	163	209	260	292
Hot-rolled steel	1,031	973	900	841	914	975	1,029
Cold-rolled steel	546	494	466	469	522	521	501
Galvanized steel	287	294	276	257	263	302	305
Pre-painted steel	144	145	161	142	153	150	132
Transformer steel	63	61	66	50	60	63	54
Dynamo steel	64	75	68	74	66	76	59
Billet	34	1	0	0	0	0	0
Long products	455	390	359	333	366	394	327
Metalware	80	78	71	67	78	77	63
<b>TOTAL</b>	<b>3,724</b>	<b>3,774</b>	<b>3,763</b>	<b>3,678</b>	<b>3,816</b>	<b>3,818</b>	<b>3,872</b>

**(3) Sales by region**

('000 tonnes)

Region	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Russia	1,597	1,411	1,320	1,317	1,255	1,203	1,100
EU	599	615	653	597	639	754	834
Middle East incl. Turkey	431	419	360	303	270	327	379
North America	513	438	482	451	493	611	629
Asia and Oceania	220	457	515	508	730	549	627
Other regions	363	435	435	502	428	373	304
<b>TOTAL</b>	<b>3,724</b>	<b>3,774</b>	<b>3,763</b>	<b>3,678</b>	<b>3,816</b>	<b>3,818</b>	<b>3,872</b>

**(4) Revenue by region**

Region	Q3 2013		Q2 2013		Q1 2013		9M 2013	
	\$ million	share, %	\$ million	share, %	\$ million	share, %	\$ million	share, %
Russia	1,179	43%	1,135	40%	1,057	37%	3,325	40%
EU	540	20%	557	20%	573	20%	1 670	20%
Middle East incl. Turkey	247	9%	253	9%	223	8%	723	9%
North America	378	14%	323	11%	373	13%	1 074	13%
Asia and Oceania	120	4%	242	9%	282	10%	644	8%
Other regions	256	10%	319	11%	348	12%	968	12%
<b>TOTAL</b>	<b>2,720</b>	<b>100%</b>	<b>2,829</b>	<b>100%</b>	<b>2,856</b>	<b>100%</b>	<b>8,405</b>	<b>100%</b>

**(5) Working capital**

\$ million	30.09. 2013	30.06. 2013	31.03. 2013	31.12. 2012	30.09. 2012	30.06. 2012
<b>Current assets</b>	<b>4,918</b>	<b>5,537</b>	<b>5,834</b>	<b>5,469</b>	<b>6,287</b>	<b>5,230</b>
Cash and cash equivalents	835	1,241	1,220	951	1,803	769
Short term investments	516	121	271	107	11	10
Accounts receivable	1,540	1,497	1,557	1,491	1,559	1,642
Inventories	1,897	2,530	2,689	2,827	2,819	2,733
Other current assets, net	129	148	97	93	96	76
<b>Current liabilities</b>	<b>1,760</b>	<b>2,647</b>	<b>2,940</b>	<b>3,302</b>	<b>4,155</b>	<b>3,579</b>
Accounts payable	1,104	1,609	1,412	1,462	1,713	1,582
Short-term debt	616	994	1,484	1,816	2,434	1,971
Other current liabilities	40	44	45	24	9	26
<b>Working capital</b>	<b>3,158</b>	<b>2,890</b>	<b>2,894</b>	<b>2,167</b>	<b>2,133</b>	<b>1,651</b>

**(6) Production of main products 2012-2013**

('000 tonnes)

Products	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
<b>Coke 6% moisture, incl.</b>	<b>1,666</b>	<b>1,628</b>	<b>1,727</b>	<b>1,692</b>	<b>1,805</b>	<b>1,823</b>
Novolipetsk	651	625	635	650	649	649
Altai-Koks	1,016	1,004	1,093	1,041	1,157	1,175
<b>Crude steel, incl.</b>	<b>3,897</b>	<b>3,785</b>	<b>3,693</b>	<b>3,674</b>	<b>3,772</b>	<b>3,843</b>
Steel Segment	3,089	3,086	3,032	3,027	3,076	3,130
Long Products Segment	597	488	450	436	479	465
Incl. NLMK-Kaluga	105	11				
Foreign Rolled Products Segment	211	211	211	211	216	247
<b>Rolled products / finished products, incl.</b>	<b>2,804</b>	<b>2,762</b>	<b>2,682</b>	<b>2,493</b>	<b>2,603</b>	<b>2,800</b>
Flat steel	2,274	2,309	2,237	2,072	2,146	2,357
Long steel	530	453	444	421	457	443

**(7) Slab sales, including to NLMK Group companies**

('000 tonnes)

	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Sales to third parties, incl.	780	937	1,130	1,236	977	858
Export	638	756	979	1,173	973	847
Domestic market	142	181	151	63	4	10
Sales to subsidiaries	933	616	513	628	500	750
<b>Total</b>	<b>1,713</b>	<b>1,553</b>	<b>1,643</b>	<b>1,864</b>	<b>1,477</b>	<b>1,608</b>