RNS Announcement

09 November

NLMK GROUP CONSOLIDATED US GAAP RESULTS FOR 9M AND Q3 2012

9M 2012 FINANCIAL AND OPERATING RESULTS

- Revenue: $9,354 million (+8% y-o-y)
- EBITDA: $1,511 million (-20%)
- EBITDA margin: 16.2% (-5.5 p.p.)
- Net profit: $617 million (-49%)
- Cash flow from operations: $1,491 million (+0,4%)
- Capex: $1,157 million (-24%)
- Revenue per tonne of steel: $813 (-13%)
- Steel output: 11,2 million tonnes (+28%)
- Steel product sales: 11.5 million tonnes (+24%)

Q3 2012 FINANCIAL AND OPERATING RESULTS

- Revenue: $3,002 million (-8% q-o-q)
- EBITDA: $483 million (-19%)
- EBITDA margin: 16.1% (-2.2 p.p.)
- Net profit: $167 million (-40%)
- Cash flow from operations: $684 million (+125%)
- Capex: $347 million (-23%)
- Revenue per tonne of steel: $787 (-8%)
- Steel output: 3.8 million tonnes (-2%)
- Steel product sales: 3.8 million tonnes (0%)

OUTLOOK

We expect Q4 steel output to be 3.7 million tonnes (-2%), and in 2012, steel production will grow by 25% to approximately 15 million tonnes.

In view of the weak market conditions and the seasonal consumer slowdown, in Q4 steel prices hit bottom for 2012. Low production costs and a balanced sales mix allowed the Company to partially offset the adverse impact of external factors on its financial performance. Nonetheless, we expect Q4 revenue to be down by 5% largely due to lower selling prices, profit will further decrease.

In the beginning of Q1 2013, we anticipate a minor pick-up in demand in a number of regions, driven by restocking.

KEY HIGHLIGHTS

'000 tonnes / US$ million	**Q3 2012[1]**	Q2 2012	Change, %	**9M 2012**	9M 2011	Change, %
Steel products sales	**3,816**	3,818	0%	**11,506**	9,288	+24%
Incl. HVA[2]	**1,351**	1,450	-7%	**4,206**	3,201	+31%
Revenue	**3,002**	3,257	-8%	**9,354**	8,675	+8%
Operating profit	**262**	425	-38%	**942**	1,423	-34%
EBITDA[3]	**483**	596	-19%	**1,511**	1,883	-20%
EBITDA margin (%)	**16%**	18%		**16%**	22%	
Net profit[4]	**167**	278	-40%	**617**	1,204	-49%
Net debt[5]	**3,470**	3,564	-3%	**3,470**	2,933	+18%
Net debt/EBITDA[6]	**1.84**	1.90		**1.84**	1.23	

Notes:

[1] *Reporting periods of the Company are 9M and H1 2012. Q3 figures are derived by computational method. The same assumption applies to the calculation of segmental financial results.*

[2] *High value added (HVA) products include plates, cold-rolled, galvanised, pre-painted and electrical steel, and metalware.*

[3] *EBITDA calculations are presented in the Appendix. EBITDA is calculated as operating profit adjusted to loss or gain from impairment losses (including goodwill) and depreciation and amortisation.*

[4] *Net profit attributable to NLMK shareholders.*

[5] *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.*

[6] *Net debt / EBITDA is represented by net debt as at the end of the period and EBITDA is presented as Last 12 months EBITDA.*

CONFERENCE CALL DETAILS

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

Friday, 09 November, 2012

08:00 (New York)

13:00 (London)

17:00 (Moscow)

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

https://eventreg1.conferencing.com/webportal3/reg.html?Acc=097741&Conf=185889

or dial

International Call-in Number: +44 (0)20 7162 0025

US Call-in Number: +1 334 323 6201

Conference ID: 925211

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

The conference call replay will be available through 14 November 2012

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

US Replay Number: +1 954 334 0342

Replay Access Code: 925211

About NLMK:

NLMK is an international vertically-integrated steelmaking company with production facilities located in Russia, Europe and the US. The liquid steel capacity of its operating units exceeds 15 mtpy. The Company generated $11.7 billion of revenues and a 19.5% EBITDA margin for the full year 2011. The Company's shares and GDSs are traded on the MICEX-RTS and LSE, respectively.

For more information:

NLMK

Investor Relations:

+7 (495) 915-1575

e-mail: st@nlmk.com

MANAGEMENT COMMENTS

- **Production and sales**
  Q3 utilisation rates remained high, bringing steel output to 3,722 million tonnes (-2%). The Group sales stayed at a record 3.8 million tonnes, including 35% of high value added.
  In 9M 2012, crude steel production increased by 28% to 11.2 million tonnes, with 94% produced by the Group's Russian assets. NLMK's Russian assets accounted for around 20% of the country's total steel output, securing NLMK Group's leadership among Russian steel producers.

- **Sales markets**
  In Q3, the Company capitalised on increased demand from construction and machine-building in Russia, growing its sales to these sectors to 1.05 million tonnes (+4%) and 0.12 million tonnes (+5%), or approximately 84% and 9% of total sales, respectively.
  Weaker sales in Europe, including by NLMK Europe's rolling assets, were offset by the growth in slab sales from Novolipetsk to South-East Asia and the Middle East.

- **Sales structure**
  In Q3, NLMK Group increased slightly the share of slab sales in its sales mix: slab sales to third parties totaled 977,000 tonnes (+14% q-o-q).
  With the high demand and stable prices in the domestic market, the share of high value added sales reached 35% (or 1.35 million tonnes).

- **Pricing trends**
  Deterioration in the pricing environment started in the mid-second quarter continued well into the third quarter, putting significant pressure on ordinary grade products – pig iron, slabs and HRC. Prices in the Russian market remained relatively stable, supported by high demand from construction. Year-on-year, however, prices were an average 5-10% lower.
  In Europe, with the seasonal softening in demand, coupled with the persistent economic slowdown, steel product consumption slumped, putting pressure on prices across the board resulting in a sequential decline of 2-7% and 10% on a year-on-year basis. Inventory levels for trading companies and end consumers are still at a low level.
  In the USA, prices were pressured by imports, which added to the weakening in the market conditions. In Q4, however, US producers are attempting to increase prices for their products in order to restore production profitability.

- **Production costs**
  In Q3, the Group's production costs decreased by 5% to $2,095 million. Slab cash costs at the Lipetsk site were down by 8% to $383/t, due to lower raw material prices, management efforts to streamline operational expenses, and the weakening of the RUB/US FX rate.

- **Capex programme**
  Q3 investments decreased by 23% to $347 million. 9M 2012 investments were down by 24% to $1,157 million, with maintenance capex accounting for approximately 30%.
  NLMK continues to implement its key Technical Upgrade Programme projects, including the construction of the NLMK Kaluga mini-mill (1.5 million tonnes of steel and long products per year). The first stage is scheduled for launch in 2013.

  Stoilensky continues the expansion of its open pit iron ore mine, and the construction of the 4 mt/y capacity Beneficiation Plant. Preparatory activities are under way for the construction of the 6 mt/y capacity Pelletising Plant to produce metallised pellets.

  In the second half of October, NLMK DanSteel completed the construction of its new Plate Mill (including the Plate Mill Stand 4300), enabling the production of a new type of product, 4300 mm wide and 5-200 mm thick plates, widely used in the energy industry, including the construction of oil and gas drilling platforms, and in shipbuilding.

Novolipetsk is in the process of introducing Pulverised Coal Injection (PCI) technology for its blast furnace operations. PCI commissioning and start-up activities for NLMK's 2.6 million tonne BF-5 (accounts for approximately 20% of the total BF capacity at Novolipetsk) are scheduled for early 2013. We are planning to gradually develop these technologies in 2013-2014. PCI technologies are used to reduce natural gas and coke consumption for pig iron production by injecting steam coals into the blast furnace.

- **Debt management**
  On September 27, NLMK closed its debut US$500 million 7-year Eurobond offering with an annual coupon rate of 4.95%, the lowest coupon ever achieved for a benchmark Eurobond issue among Russia's non-state-owned companies.
  The proceeds from the issue will be used for the refinancing of NLMK's current debt.
  In October 2012 NLMK repaid a 3-year RUB10 billion bond issue.
  At the end of Q3, the share of US$-denominated debt in the Company's debt portfolio increased by 5 p.p. The average maturity increased to 2.7 years (from 2.5 years at the end of Q2).

- **Shareholder meeting**
  On October 25, 2012 NLMK shareholders at an Extraordinary General Meeting ("EGM") elected Mr. Oleg Bagrin as NLMK President (Chairman of the Management Board). Mr. Bagrin has been serving as Member of the Board of Directors since 2004.

NLMK's KEY FINANCIALS

- **Revenue**
  NLMK Group's Q3 2012 revenue decreased by 8% to US$3 billion, adversely impacted by weaker prices and changes in the sales mix.
- **Production costs (COGS)**
  Q3 production costs (excluding depreciation and amortisation) decreased by 5% to US$2,095 million, due to lower prices for raw materials and reduced consumption of pellets purchased from the third parties. Changes to the product sales mix in Q3 served as an additional factor in driving NLMK's production costs down. With approximately 70% of the Group's production costs being RUB-denominated, the further depreciation of the RUB/US$ FX rate also had a positive impact of NLMK's costs.
- **Depreciation and amortisation**
  Amortisation charges in Q3 amounted to approximately US$221 million (+29% quarter-on-quarter), due to the growth in property, plant and equipment.
- **SG&A**
  SG&A expenses decreased by 2% to US$99 million due to persistent optimisation measures.
  Selling expenses decreased sequentially by 10% to US$279 million, driven mainly by the changes in the geography and structure of sales.
- **Interest expenses**
  Part of the interest payments were capitalised under US GAAP standards. Interest expenses in the amount of US$24 million were recognised in the P&L statement in Q3 due to the gradual commissioning of new equipment. Without the capitalisation effect, Q3 interest payments totalled US$65 million (+5% quarter-on-quarter).
- **Operational profit**
  Operational profit decreased by 38% quarter-on-quarter to US$262 million, pressured mostly by the weakening in prices in NLMK's key markets, and still elevated production costs.
- **Net profit**
  Net profit decreased by 40% quarter-on-quarter to US$167 million, due to lower profit from main activities, and an increase in the recognition of interest expenses. The net profit margin was 5.6%, (-2.9 p.p. quarter-on-quarter).
- **Cash flow from operations**
  Cash flow from operations increased by 125% quarter-on-quarter to US$684 million, driven mainly by the significant working capital improvement: US$181 million were released from accounts receivable, and US$79 were released from inventories.
  Improved supplier relations added an extra US$24 million to the Group's cash flow from operations.
- **Cash flow from investment activities**
  Net outflow decreased by 44% quarter-on-quarter to US$337 million, including US$347 million (-23% quarter-on-quarter) capex. This sequential decline resulted from management efforts aimed at investment cash outflow optimisation, and the annual installment paid under the agreement to purchase the rolling assets of Steel Invest and Finance in Q2 2012.
- **Cash flow from financial activities**
  Net inflow amounted to US$707 million (x6.4 quarter-on-quarter), supported by the RUB bond (approximately US$320 million) and Euro bond (US$500 million) placements.

Steel segment*

US$ million	Q3 2012	Q2 2012	Change, %	9M 2012	9M 2011	Change, %
Crude steel production, ‘000 tonnes	3,076	3,130	-2%	9,157	7,060	+30%
Coke production, ‘000 tonnes	1,805	1,823	-1%	5,424	4,893	+11%
Revenue from external customers	1,836	1,816	+1%	5,447	6,157	-12%
Revenue from intersegmental operations	295	462	-36%	1,180	654	+80%
Gross profit	439	536	-18%	1,352	1,730	-22%
Operating profit	152	237	-36%	467	918	-49%
Profit after income tax	248	348	-29%	710	953	-26%

In Q3 2012, revenue from external customers increased to US$1,836 million (+1% quarter-on-quarter). Revenue from intersegmental operations decreased to US$295 million (-36% quarter-on-quarter), due to lower slab deliveries to the Group’s international rolling assets and their partial shift towards external customers.

Q3 EBITDA was US$286 million (-10% q-o-q); the EBITDA margin was 13%. Lower profitability was primarily due to lower average selling prices.

9M 2012 revenue was largely in line with 9M 2011 (-3%). However, there was a shift towards intersegmetal sales, explained by the fact that last year slab sales to the international rolling assets prior to their consolidation starting from Q3 2011 were reflected as sales to external customers. The effect from the weakening of prices for steel products in 2012 was partially offset by the significant increase in sales.

9M profit decreased year-on-year as a result of lower average product prices. However, the decrease was capped by higher sales and lower raw material prices in Q3 2012.

Outlook:

Despite the consumer slowdown, we expect the segment’s operating results and utilisation rates in Q4 to remain at high levels, supported, among other factors, by slab supplies to the Group’s international rolling assets. Scheduled maintenance and repair activities are planned for the Novolipetsk rolling equipment during this period.

**As part of the consolidation of Steel Invest and Finance rolling assets, the Group’s segment reporting breakdown was adjusted (see Note #22 to Consolidated US GAAP Results for 12M 2011).*

- A separate Foreign Rolled Products segment was formed, alongside Steel Invest and Finance comprising NLMK Indiana and NLMK DanSteel, which used to be included in the Steel segment (in H1 2011 results).

- Results for Altai-Koks were included in the Steel segment (it previously formed a separate Coke-chemical segment).
The Steel segment comprises: Novolipetsk (Lipetsk site), VIZ-Stal (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*

US$ million	Q3 2012	Q2 2012	Change, %	9M 2012	9M 2011	Change, %
Long products and metalware production, '000 tonnes	457	443	+3%	1 320	1 197	+10%
Revenue from external customers	314	329	-5%	918	895	+3%
Revenue from intersegmental operations	122	162	-25%	358	514	-30%
Gross profit	78	84	-7%	217	179	+21%
Operating profit	40	29	+38%	76	10	+659%
Profit after income tax	-7	-31	-78%	-60	-153	-61%

Higher output in Q3 2012 was supported by the stable demand from construction in the Russian market. Higher output in 9M 2012 was supported by full utilisation rates (note: one of the two EAF's had to be idled since July 2011 due to transformer repairs).

In Q3, revenue from external customers declined by 5% q-o-q, primarily due to a slight decrease in sales volumes. Intersegmental revenues were down, mostly as a result of lower volumes of scrap deliveries to the Lipetsk site following the partial replacement of scrap with pig iron at the Novolipetsk BOF operations.

In 9M 2012, almost all long product sales were sold in Russia, supported by increased demand from the local construction sector. As export sales (done through traders that are part of the Steel segment) contracted, revenue from intersegmental operations fell by 30% to US$358 million.

In Q3 2012, the Segment's EBITDA was largely flat as compared to Q2 at US$61 million, and the EBITDA margin was 14%. 9M EBITDA increased by 78% year-on-year to US$139 million; the EBITDA margin was 11%, supported by higher average selling prices and improved operating performance.

Losses after income tax were mostly associated with interest expenses from intercompany loans provided by the main production site in Lipetsk.

Outlook:

Given the seasonal slowdown in demand from the construction sector, we expect the segment's operating performance to level off in Q4. We believe, the segment's performance will also be affected by a seasonal reduction in scrap sales to third parties and scheduled maintenance and repair works.

** The Long products segment includes the financial performance of the Long Products Division companies: NSMMZ, UZPS, scrap collecting and processing facilities, and others. The core activities of these companies are ferrous and non-ferrous scrap collection and processing, steelmaking (EAF-based) and long products and metalware manufacturing.*

Mining segment*

US$ million	Q3 2012	Q2 2012	Change, %	9M 2012	9M 2011	Change, %
Sales of iron ore concentrate and sinter ore, '000 tonnes	3,777 931 **	3,910 780**	-3,4% +19.4%	11,169 2,017 **	11,068 950 **	+0,9% +112.2%
Revenue from external customers	93	86	+9%	214	148	+45%
Revenue from intersegmental operations	222	274	-19%	777	931	-17%
Gross profit	216	259	-17%	702	809	-13%
Operating profit	173	230	-25%	606	746	-19%
Profit after income tax	117	238	-51%	482	662	-27%

Q3 iron ore concentrate sales were 3.8 million tonnes (-3% quarter-on-quarter). The segment's 9M 2012 operating performance increased as the Group's beneficiation capacities were expanded in mid-2011.

Q3 EBITDA was US$190 million (-23% quarter-on-quarter) driven by lower iron ore prices; the EBITDA margin was 60%. 9M EBITDA was US$654 million (-16% year-on-year); the EBITDA margin was 66% (-6 p.p.). Weaker average selling prices compared to 9M 2011 lead to the change in the segment's profit.

Outlook:

Ongoing control over production costs supported by stable sales should allow the segment to maintain high operating results and margins in Q4 2012.

** 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*

US$ million	Q3 2012	Q2 2012	Change, %	9M 2012	9M 2011	Change, %
Steel products sales, '000 tonnes	913	1,128	-19%	3,171	1,704	+86%
Revenue from external customers	759	1,026	-26%	2,774	1,475	+88%
Revenue from intersegmental operations	1	-	-	1	0,2	+582%
Gross profit	-52	+23	-328%	-12	-38	-68%
Operating profit	-110	-56	+96%	-229	-175	+31%
Profit after income tax	-109	-61	+78%	-233	-171	+36%

In Q3, deteriorating conditions in the international markets, notably in Europe, adversely impacted the Foreign rolled products segment sales which went down by 19% to 0.9 million tonnes.

As sales and prices weakened, Q3 revenue declined by 26% to US$759 million. Cash cost optimisation efforts and lower prices for purchased slabs were not able to fully offset the decrease in revenue, leading to an increase in the segment losses.

The segment's Q3 EBITDA amounted to -US$62 million; the margin was -8%.

The significant year-on-year change is associated with the consolidation of the rolling assets of Steel Invest and Finance (JV with Duferco) starting from July 2011.

Outlook:

The segment companies will continue to work on cutting costs and maximising sales, ensuring higher efficiency for the segment in the medium-term.

** The Foreign Rolled Products segment comprises steelmaking companies located outside Russia, including rolling assets in Europe (NLMK Europe) and the USA (NLMK USA), including those that became part of the Group starting from July 2011. NLMK Europe is represented by thick plates producers NLMK DanSteel (Denmark, the company was part of the Steel segment until July 1, 2011), 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 (part of the Steel segment until July 1, 2011).*

Appendix

(1) EBITDA*

$ million	9M 2012	9M 2011	Q3 2012	Q2 2012
Operating profit	942	1,423	262	425
Minus:				
Impairment losses				-
Depreciation and amortisation	-569	-460	-221	-171
EBITDA	**1,511**	**1,883**	**483**	**596**

*Note: * Effective from 2012 the Company is changing 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 amortisation.*

(2) Sales by region in 2011-2012

(in '000 tonnes)

Region	9M 2012	9M 2011	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Russia	3,558	3,211	1,255	1,203	1,100	1,056	1,113
EU	2,227	2,304	639	754	834	561	676
Middle East incl. Turkey	976	1,264	270	327	379	341	473
North America	1,734	1,225	493	611	629	505	561
Asia and Oceania	1,905	507	730	549	627	827	202
Other regions	1,106	776	428	373	304	262	361
TOTAL	11,506	9,288	3,816	3,818	3,872	3,552	3,386

(3) Sales by products in 2011-2012

(in '000 tonnes)

Product type	9M 2012	9M 2011	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Pig iron	568	514	207	142	220	448	229
Slabs	2,726	2,432	977	858	892	698	561
Hot-rolled thick plates	761	454	209	260	292	243	244
Hot-rolled steel	2,917	2,051	914	975	1,029	817	892
Cold-rolled steel	1,545	1,220	522	521	501	402	502
Galvanised steel	870	576	263	302	305	341	313
Pre-painted steel	434	372	153	150	132	147	144
Transformer steel	177	173	60	63	54	66	62
Dynamo steel	201	214	66	76	59	63	60
Billets	0	84	0	0	0	0	10
Long products	1,087	1,006	366	394	327	281	299
Metalware	218	193	78	77	63	46	70
TOTAL	11,506	9,288	3,816	3,818	3,872	3,552	3,386

(4) Revenue by region

Region	9M 2012		Q3 2012		Q2 2012	
	$ million	Share, %	$ million	Share, %	$ million	Share, %
Russia	3,311	35.4	1,167	38.9	1,123	34.5
EU	1,961	21.0	523	17.4	740	22.7
Middle East incl. Turkey	661	7.1	155	5.2	237	7.3
North America	1,351	14.4	400	13.3	494	15.2
Asia and Oceania	1,140	12.2	448	14.9	332	10.2
Other regions	930	9.9	310	10.3	331	10.2
TOTAL	9,354	100	3,002	100	3,257	100

(5) Working capital

$ million	30.09. 2012	30.06. 2012	31.03. 2012	31.12. 2011	30.09. 2011	30.06. 2011	31.03. 2011
Current assets	6,287	5,230	5,714	5,504	5,644	4,811	4,438
Cash and cash equivalents	1,803	769	926	797	830	911	977
Short term investments	11	10	11	227	59	202	265
Accounts receivable	1,559	1,642	1,786	1,573	1,694	1,669	1,295
Inventories	2,819	2,733	2,904	2,828	2,939	1,923	1,784
Other current assets, net	96	76	87	78	122	106	116
Current liabilities	4,155	3,579	3,577	2,940	3,163	2,141	1,831
Accounts payable	1,713	1,582	1,783	1,623	2,098	1,535	1,252
Short-term debt	2,434	1,971	1,781	1,306	1,031	544	553
Other current liabilities	9	26	12	11	34	62	26
Working capital	2,133	1,651	2,137	2,564	2,481	2,670	2,607

(6) Consolidated production costs for products sold

$ million	9M 2012		Q3 2012		Q2 2012	
	$ million	Share, %	$ million	Share, %	$ million	Share, %
Iron ore	687	11	226	11	248	11
Coke and coal	1 172	18	358	17	410	19
Scrap	981	15	311	15	323	15
Ferroalloys	229	4	77	4	83	4
Other raw materials	961	15	315	15	391	18
Energy	485	7	154	7	156	7
Natural gas	242	4	81	4	77	4
Other fuel and energy resources	59	1	17	1	18	1
Labour expenses	761	12	248	12	263	12
Other expenses	836	13	290	14	276	13
Changes in the balance of semifinished products, WIP and finished goods	96	1	19	1	-40	-2
Production costs	6 510	100	2 095	100	2,205	100

OJSC NLMK
Interim condensed consolidated balance sheets
as at September 30, 2012 and December 31, 2011 (unaudited)
(All amounts in thousands of US dollars, except for share data)

	As at September 30, 2012	As at December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	1,802,885	797,169
Short-term investments	10,726	227,279
Accounts receivable and advances given, net	1,558,727	1,572,641
Inventories, net	2,819,055	2,828,433
Other current assets	42,333	59,355
Deferred income tax assets	53,768	18,887
	6,287,494	**5,503,764**
Non-current assets		
Long-term investments	13,055	8,420
Property, plant and equipment, net	11,458,385	10,569,828
Intangible assets, net	146,286	158,611
Goodwill	778,068	760,166
Deferred income tax assets	239,902	237,113
Other non-current assets	25,358	19,274
	12,661,054	**11,753,412**
Total assets	**18,948,548**	**17,257,176**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other liabilities	1,712,590	1,622,679
Short-term borrowings	2,433,534	1,306,263
Current income tax liability	8,628	10,994
	4,154,752	**2,939,936**
Non-current liabilities		
Deferred income tax liability	752,242	713,666
Long-term borrowings	2,850,077	3,073,535
Other long-term liabilities	272,880	424,878
	3,875,199	**4,212,079**
Total liabilities	**8,029,951**	**7,152,015**
Commitments and contingencies	-	-
Stockholders' equity		
NLMK stockholders' equity		
Common stock, 1 Russian ruble par value – 5,993,227,240 shares issued and outstanding at September 30, 2012 and December 31, 2011	221,173	221,173
Statutory reserve	10,267	10,267
Additional paid-in capital	306,391	306,391
Accumulated other comprehensive loss	(1,177,829)	(1,489,442)
Retained earnings	11,603,984	11,098,635
	10,963,986	**10,147,024**
Non-controlling interest	**(45,389)**	**(41,863)**
Total stockholders' equity	**10,918,597**	**10,105,161**
Total liabilities and stockholders' equity	**18,948,548**	**17,257,176**

OJSC NLMK
Interim condensed consolidated statements of income
for the nine months ended September 30, 2012 and 2011 (unaudited)
(All amounts in thousands of US dollars, except for earnings per share amounts)

	For the nine months ended September 30, 2012	For the nine months ended September 30, 2011
Revenue	**9,353,666**	**8,675,117**
Cost of sales		
Production cost	(6,510,018)	(5,617,718)
Depreciation and amortization	(569,121)	(459,988)
	(7,079,139)	**(6,077,706)**
Gross profit	**2,274,527**	**2,597,411**
General and administrative expenses	(335,057)	(365,567)
Selling expenses	(870,643)	(690,591)
Taxes other than income tax	(127,015)	(117,781)
Operating income	**941,812**	**1,423,472**
Loss on disposals of property, plant and equipment	(37,566)	(23,234)
Gains / (losses) on investments, net	(159)	68,981
Interest income	18,468	19,852
Interest expense	(37,959)	-
Foreign currency exchange gain / (loss), net	(10,792)	44,834
Other income / (expenses), net	(34,994)	3,948
Income before income tax	**838,810**	**1,537,853**
Income tax expense	(223,451)	(400,047)
Income, net of income tax	**615,359**	**1,137,806**
Equity in net earnings of associates	333	54,048
Net income	**615,692**	**1,191,854**
Add: Net loss attributable to the non-controlling interest	**1,729**	**12,309**
Net income attributable to NLMK stockholders	**617,421**	**1,204,163**
Income per share – basic and diluted:		
Net income attributable to NLMK stockholders per share (US dollars)	0.1030	0.2009
Weighted-average shares outstanding, basic and diluted (in thousands)	5,993,227	5,993,227

OJSC NLMK
Interim condensed consolidated statements of cash flows
for the nine months ended September 30, 2012 and 2011 (unaudited)
(thousands of US dollars)

	For the nine months ended September 30, 2012	For the nine months ended September 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**615,692**	**1,191,854**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	569,121	459,988
Loss on disposals of property, plant and equipment	37,566	23,234
Losses / (gains) on investments, net	159	(68,981)
Equity in net earnings of associates	(333)	(54,048)
Deferred income tax (income) / expense	(2,170)	34,284
(Gains) / losses on derivative financial instruments	(7,184)	4,819
Other	8,248	91,913
Changes in operating assets and liabilities		
Decrease in accounts receivable	74,681	23,118
Decrease / (increase) in inventories	128,192	(489,604)
Decrease in other current assets	19,218	11,116
Increase in accounts payable and other liabilities	50,187	244,176
(Decrease) / increase in current income tax payable	(2,207)	13,080
Net cash provided by operating activities	**1,491,170**	**1,484,949**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases and construction of property, plant and equipment	(1,157,451)	(1,528,985)
Proceeds from sale of property, plant and equipment	23,861	15,958
Purchases of investments and placement of bank deposits	(33,552)	(270,589)
Withdrawal of bank deposits, proceeds from sale of other investments and loans settled	260,743	691,308
Payments for acquisition of interests in new subsidiaries	(156,510)	(41,751)
Net cash used in investing activities	**(1,062,909)**	**(1,134,059)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings and notes payable	1,319,717	829,950
Repayment of borrowings and notes payable	(551,416)	(1,171,552)
Capital lease payments	(17,200)	(29,805)
Dividends to shareholders	(115,880)	(247,286)
Proceeds from disposal of assets to the company under common control	-	313,246
Net cash provided by / (used in) financing activities	**635,221**	**(305,447)**
Net increase in cash and cash equivalents	**1,063,482**	**45,443**
Effect of exchange rate changes on cash and cash equivalents	(57,766)	36,609
Cash and cash equivalents at the beginning of the year	797,169	747,979
Cash and cash equivalents at the end of the period	**1,802,885**	**830,031**