

NLMK

Q2 and H1 2011

Financial and Production Results

US GAAP

Consolidated Financial Statements

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KEY HIGHLIGHTS

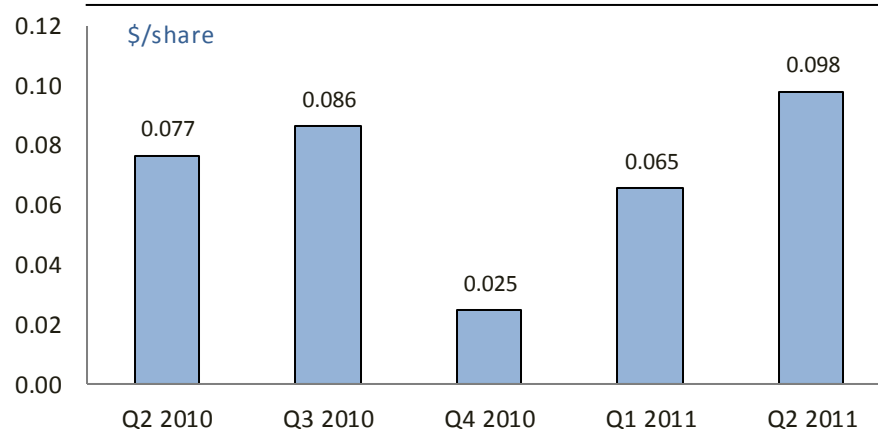
FINANCIAL PERFORMANCE

- Revenue:
 - Q2 2011 \$2.982 bn (+26% q-o-q)
- Production cost:
 - Q2 2011 \$1.785 bn (+22% q-o-q)
- EBITDA:
 - Q2 2011 \$837 mln (+43% q-o-q)
- EBITDA margin:
 - Q2 2011 28% (+3 p.p. q-o-q)

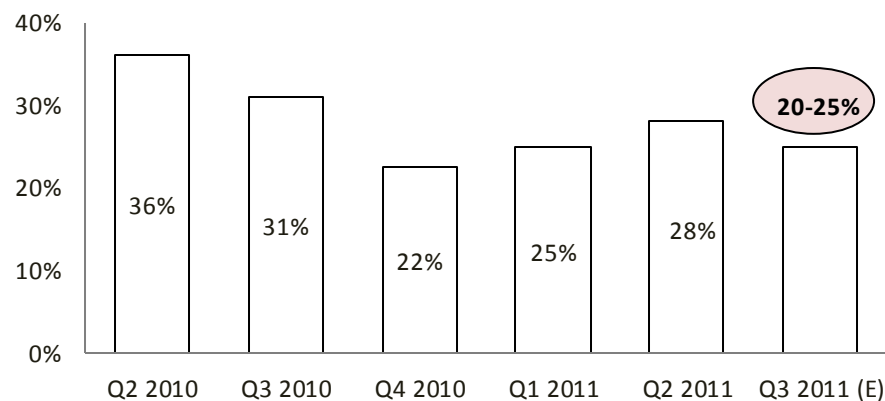
Q2 2011 OPERATING RESULTS

- Crude steel production: 3.0 m t, +3% q-o-q
- Sales: 3.1 m t, +13% q-o-q
- HVA sales: 0.9 m t, +5% q-o-q
- Average selling price: \$826/t (+11%)
- Cash cost per tonne of slabs \$406, +12% q-o-q

EARNINGS PER SHARE



EBITDA MARGIN



PRODUCTION

CRUDE STEEL PRODUCTION GROWTH

- NLMK Group steel output: 3.0 m t, +3% q-o-q
- Lipetsk site – 2.4 m t, +3% q-o-q
- Long Products Division – 0.5 m t, +5% q-o-q
- NLMK Indiana – 0.2 m t, -2% q-o-q

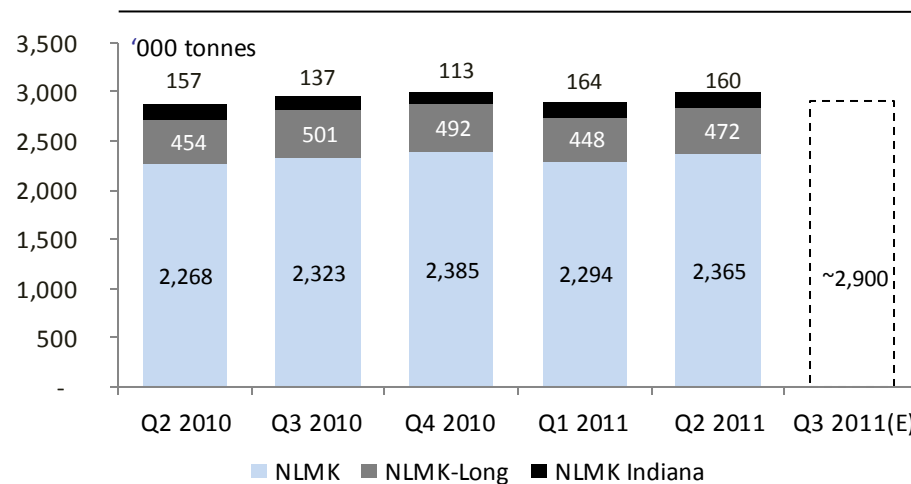
Q2 2011 STEELMAKING CAPACITIES UTILISATION

- Lipetsk site– 99%
- Long Products Division– 91%
- NLMK Indiana – 88%

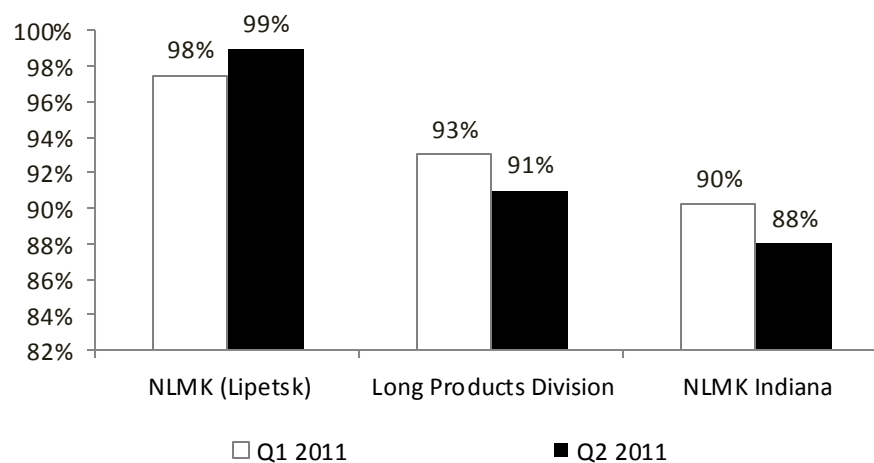
Q3 2011 OUTLOOK

- Total production around 2.9 m t, -4% q-o-q

CRUDE STEEL PRODUCTION



STEELMAKING CAPACITIES UTILISATION



SALES AND REVENUE IN Q2 2011

SALES VOLUMES INCREASED BY 13% Q-O-Q

- Seasonal growth of steel consumption and demand
- HVA sales increased to 927,000 t (+5%)

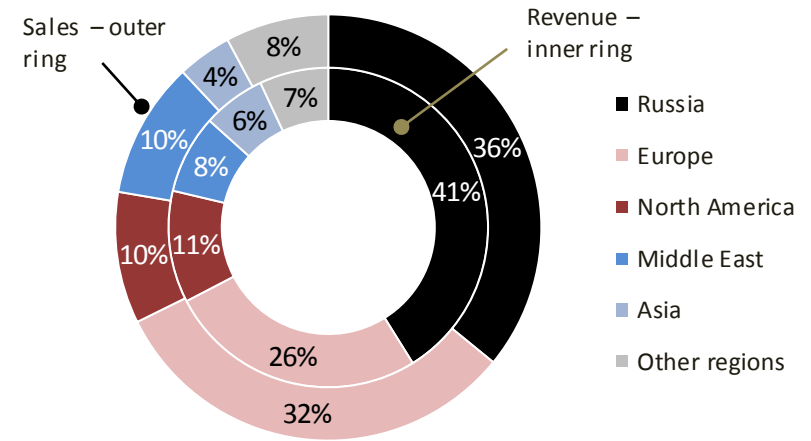
GROWING EXPOSURE TO DOMESTIC MARKET

- Share of domestic sales up 36% (+1 p.p. q-o-q)

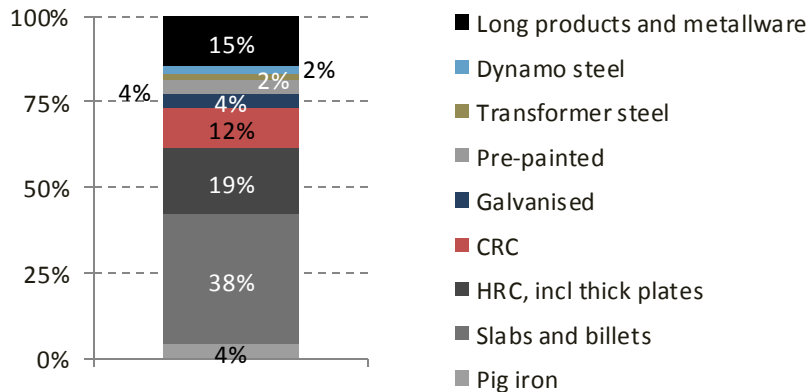
Q3 2011 OUTLOOK

- Sales to remain flat
- Better products mix following consolidation of SIF

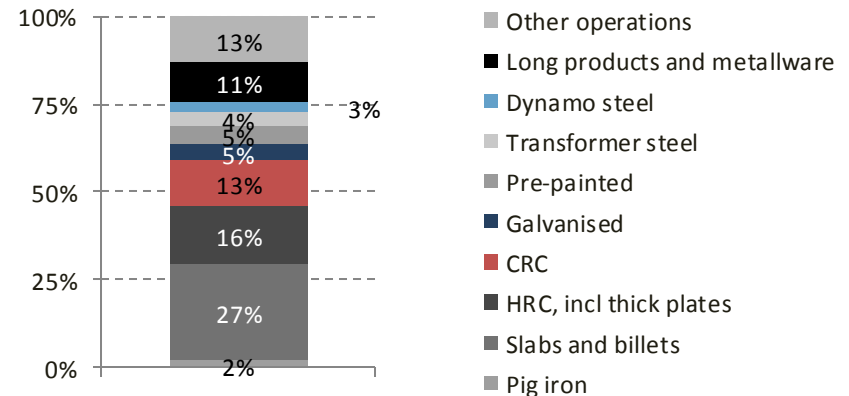
SALES AND REVENUE BY REGIONS Q2 2011



SALES BY PRODUCTS Q2 2011



REVENUE BY PRODUCT Q2 2011



KEY DRIVERS

STEEL PRICES GROWTH (+11% Q-O-Q)

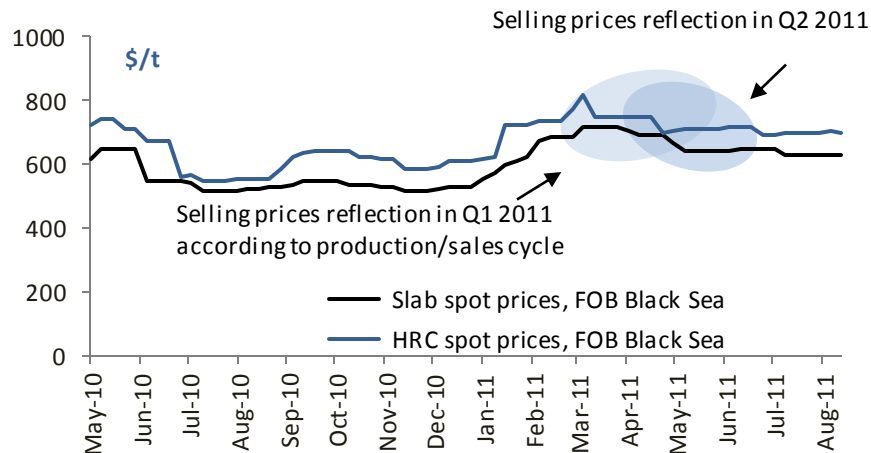
- Supported by seasonal uptick in demand
- Cost push dynamics in the global steel market followed by increase in global raw materials prices

GEOGRAPHICAL SALES STRUCTURE IMPROVEMENT

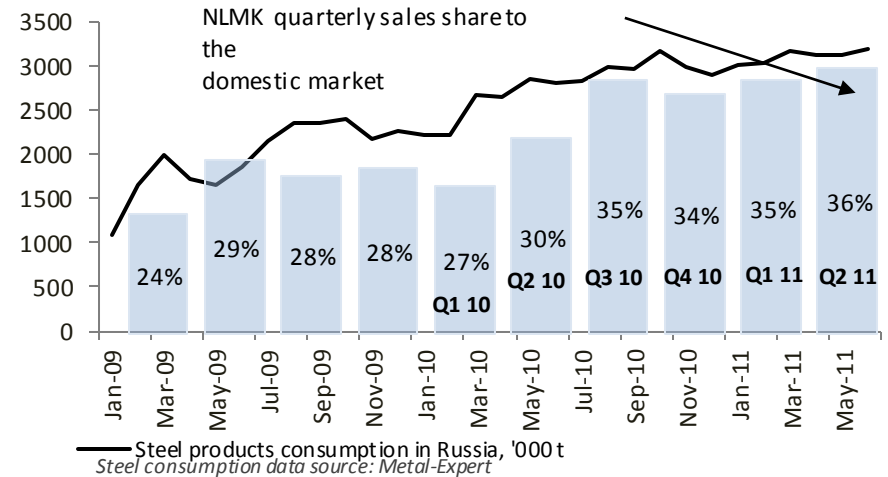
- Domestic sales share growth

PRODUCTION COSTS UNDER CONTROL

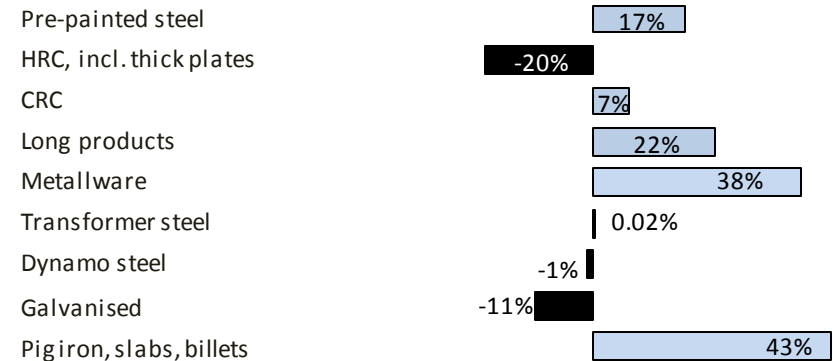
EFFECT OF LAGGING REALIZED PRICE



DOMESTIC MARKET SALES



CHANGE IN SALES VOLUME*



PRODUCTION COSTS

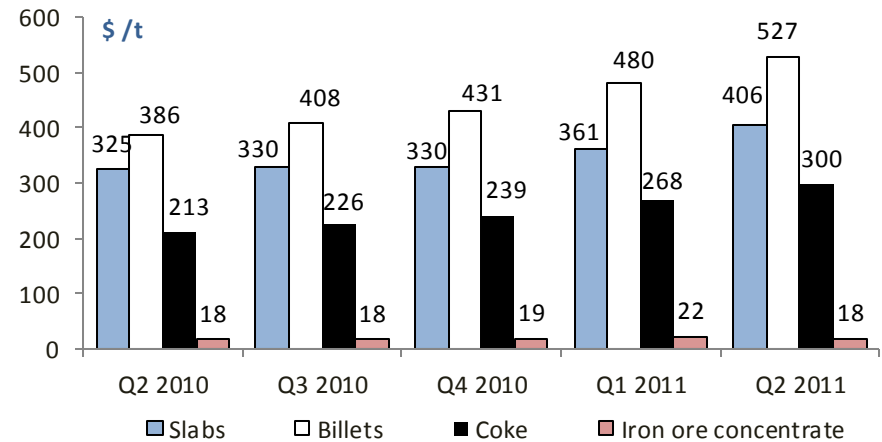
PRODUCTION COSTS GROWTH LAGS BEHIND AV.SELLING PRICE

- Impact from further growth in raw materials prices capped by upstream vertical integration
- Depletion of low cost raw materials inventory formed in the previous period

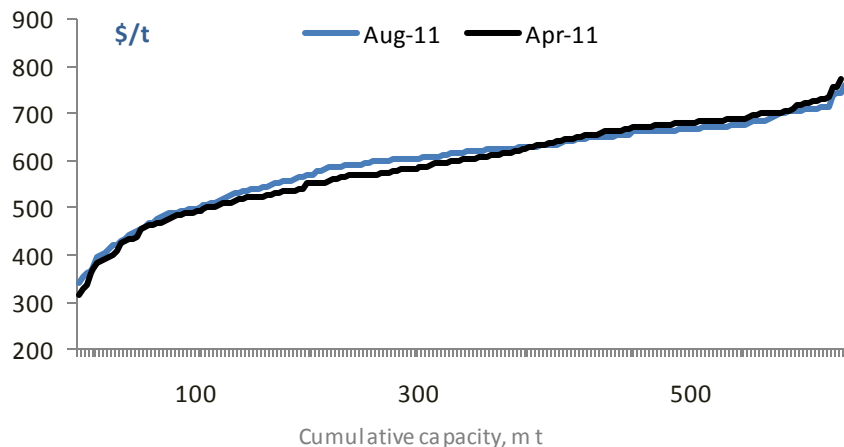
FX RATE EFFECT

- Stronger RUB contributed 50% of the incremental growth in costs per t of slab

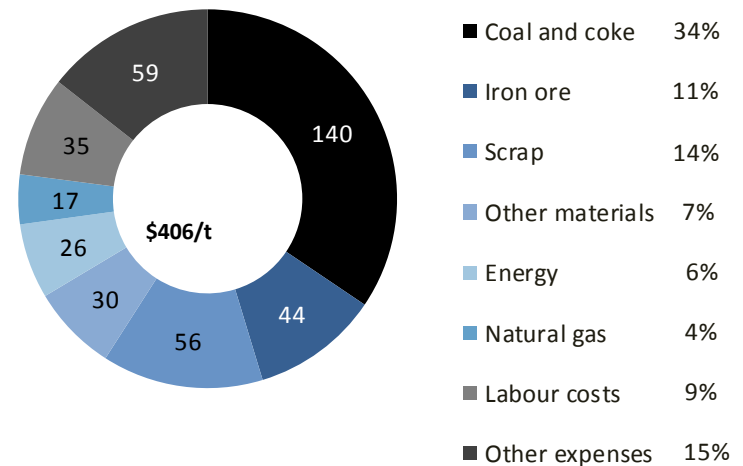
CASH COSTS OF PRODUCTS



GLOBAL SLAB OPERATING COSTS (BOF route)



SLAB CASH COST, Q2 2011



DEBT POSITION

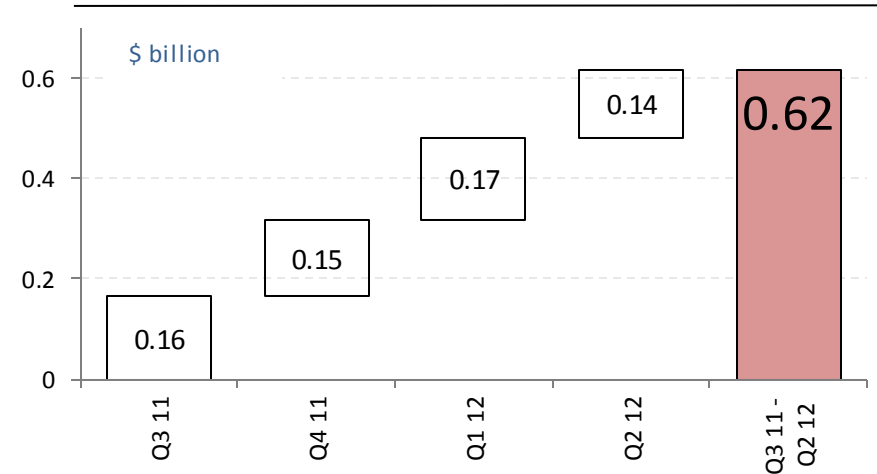
TOTAL DEBT \$2.61 BILLION:

- ST debt \$0.54 billion
- LT debt \$2.07 billion
 - 3 RUR bond issues
 - EBRD loan
 - LT part of PXF

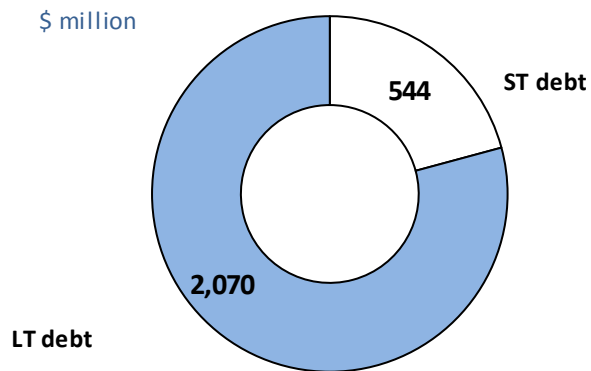
\$1.11 BILLION OF LIQUID FUNDS²

NET DEBT/ LTM EBITDA 0.57

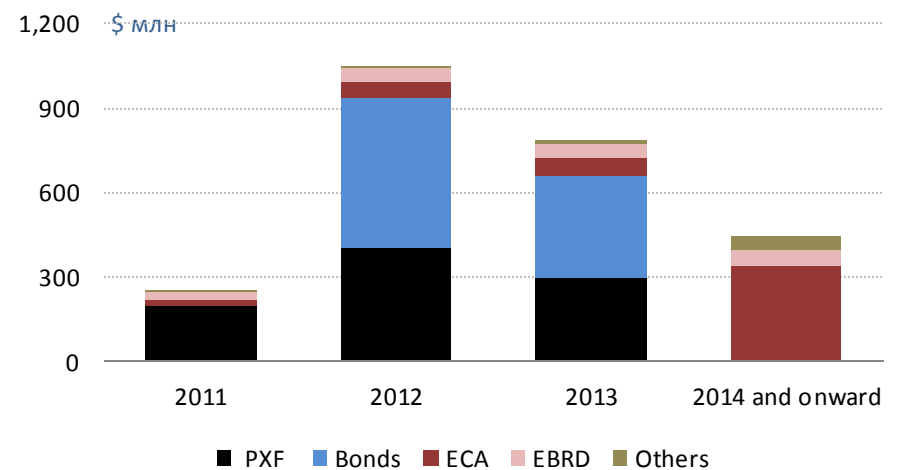
SHORT TERM DEBT PAYMENT¹



DEBT STRUCTURE



DEBT MATURITY



1. Management data, incl. interest payments, can be different from consolidated financial statements
 2. Cash and cash equivalents + ST financial investments

INVESTMENTS

CRUDE STEEL CAPACITY GROWTH

- 40% increase in capacity to 17.3 m t per annum (2012)
- Quality improvement +30 new grades of steel

INCREASE IN FINISHED STEEL CAPACITY

- Rolling capacity growth
- HVA grades capacity increase
- Niche products quality improvement

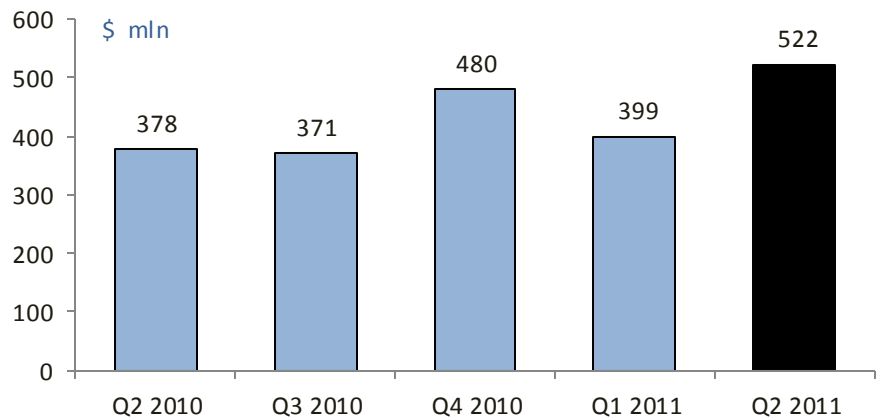
MANAGEMENT OF VERTICAL INTEGRATION

- Expansion of the mine and construction of new enrichment facilities at Stoilensky (ongoing)
- Development of coal deposits
- Expansion of scrap collecting facilities

INCREASE IN PRODUCTION EFFICIENCY

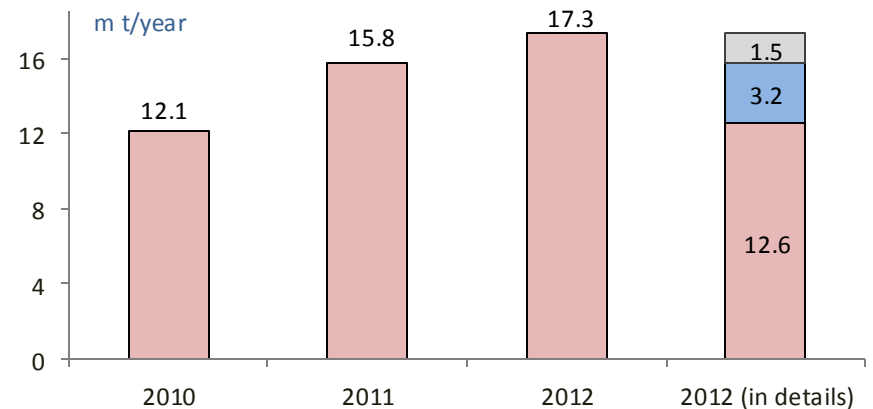
- Higher degree of electricity self-sufficiency and efficiency
- Resource efficient technologies

INVESTMENTS DYNAMICS*



* Cash Flow Statement data: Purchases and construction of property, plant and equipment

GROWTH OF STEEL PRODUCTION CAPACITIES*



- Kaluga Mill
- BF №7 and new converter (September 2011)
- Current capacities

* As at end of the period, incl. SIF capacity (0.3 mln t) after 2011

Q2 2011 CASH FLOW BRIDGE

CHANGE IN CASH

Effect of exchange rate changes

Dividends

FREE CASH FLOW

Other financial operations¹

Net borrowings

Acquisition and construction of PPE

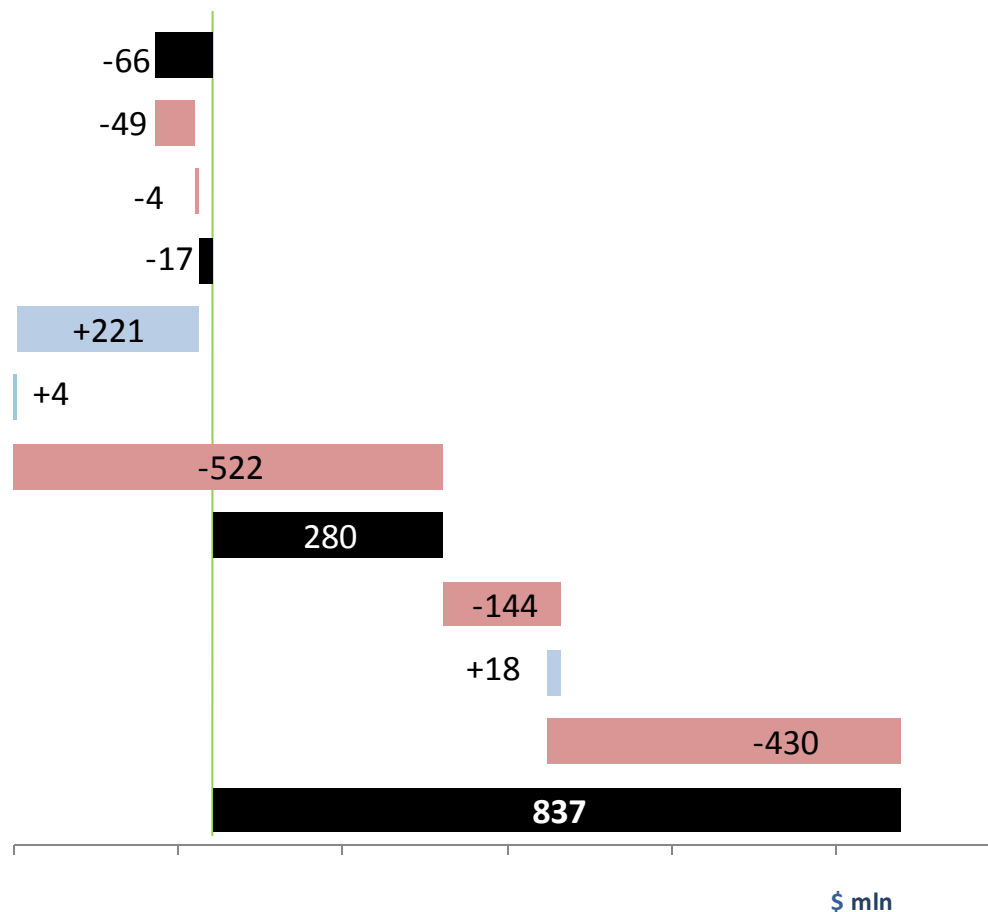
CASH FLOW FROM OPERATIONS

Income tax

Other and non-cash operations²

Change in working capital

EBITDA³



¹ Other financing activities include losses/(gains) on disposals of property, plant and equipment, gain from disposal of subsidiaries, acquisitions of stake in existing subsidiaries and settlement of abandoned acquisition and change in restricted cash funds as well as other financial corrections

² Non-cash transactions include corrections for coordinating net profit and net operating cash flow excluding depreciation & amortization, losses/(gains) on disposals of property, plant and equipment, accretion expense on asset retirement obligations, losses/(gains) on financial investment and losses/(gains) from discontinued operations

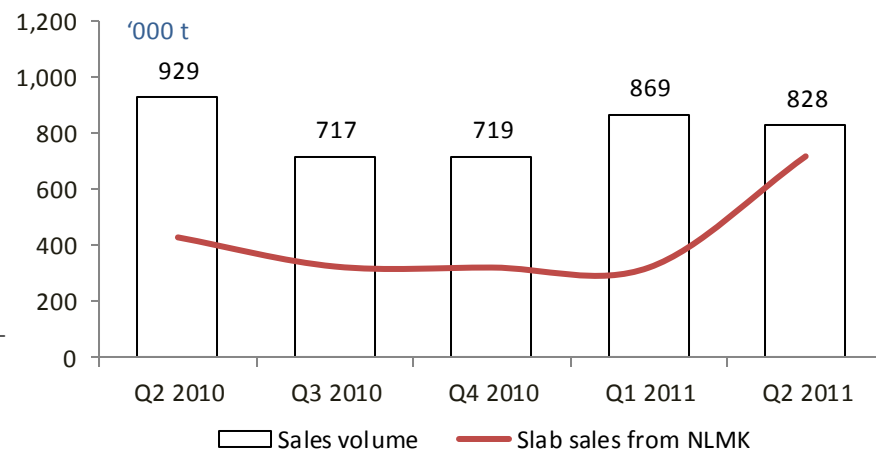
³ EBITDA = Net income (after minorities) + income tax ± interest expense/(income) + depreciation ± losses/(gains) on disposals of property, plant and equipment and impairment losses ± losses/(gains) on financial investment ± losses/(gains) from disposal of subsidiaries + accretion expense on asset retirement obligations – gains on loan restructuring -(+) gains (losses) on discontinued operations + equity in net (earnings) / losses of associates – (+) net foreign currency exchange + settlement of agreement on the dispute and other extraordinary expenses.

STEEL INVEST AND FINANCE HIGHLIGHTS*

OPERATING RESULTS

- Stable sales volumes
- Sales structure by product:
 - 37% of sales – HRC and P&O,
 - 20% - plates,
 - 20% - CRC,
 - 21% - coated steel.
- In Q2 NLMK slab sales to SIF grew to 719,000 tonnes (+70% q-o-q). This growth was mainly attributable to delay in recognition of the Q1'11 slab sales

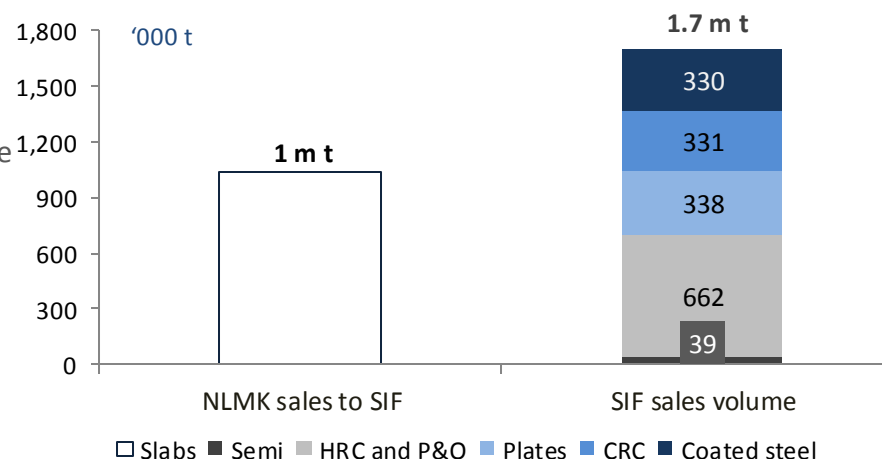
SIF SALES



Q2 2011 FINANCIAL PERFORMANCE **

- SIF revenue from flat steel sales up 3% q-o-q to \$850 million (preliminary data)
- EBITDA margin of 1%
- Higher production cost negatively impacted profitability of the operations

SIF IMPACT TO NLMK SALES IN H1 2011



*data for rolling assets which have been included in NLMK Group since July, 1 2011

** management date

OUTLOOK

NLMK GROUP Q3 2011 OUTLOOK

- Steel production is expected to be ~ 2.9 m t
- Further increase of HVA share in sales
- Revenue growth is expected to be at 10-15% q-o-q
- EBITDA margin is expected to be at 20-25% q-o-q

FY 2011 OUTLOOK

- Steel production is expected to be about 12.5 m t
- Growth in high value added products sales following consolidation of the rolling assets in EU and USA
- Russian sales to further increase on the back of the better demand and incremental growth in finished steel capacity
- Capex to exceed \$ 2 bn

APPENDIX

INVESTMENT PROGRAM AND SEGMENTS RESULTS

BF PRODUCTION (2011)

BLAST FURNACE

- Location: Lipetsk
- Capacity: 3.4 m t pa
- Goal: expand steel output at the main site
- Launch date: Q3 2011

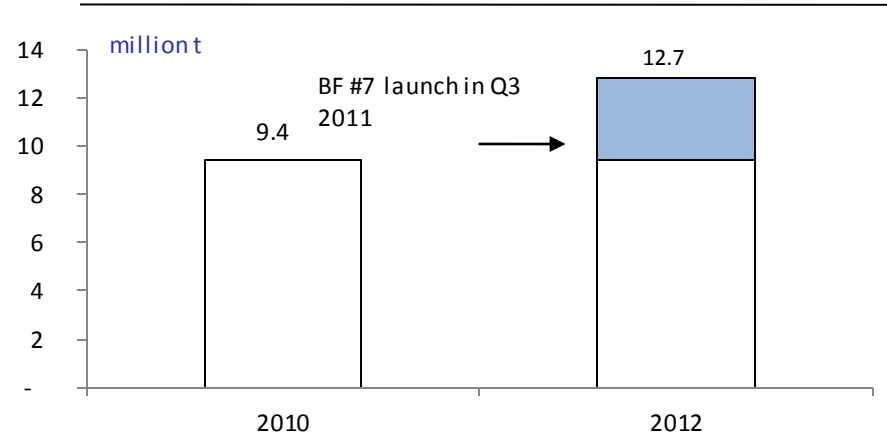
CONSTRUCTION OF POWER PLANT

- Capacity: 150 MW
- Partially financed via EBRD loan
- Energy self-sufficiency*: 56%

PCI TECHNOLOGY INTEGRATION**

- Over 90% of BF production to be equipped with PCI
- Launch date: 2012-2013
- Total investments: about \$200 m
- Effect: coke and gas consumption in pig iron production reduced by >20% and >70% respectively

PIG IRON PRODUCTION CAPACITY (LIPETSK)



* Lipetsk site

** Pulverized coal injection

STEELMAKING (2011)

NEW CONVERTER

- Launch date: 2011, Lipetsk site
- Goal: processing of BF# 7 pig iron output
- Together with a new converter Novolipetsk total steelmaking capacities will be 12.4 m t pa

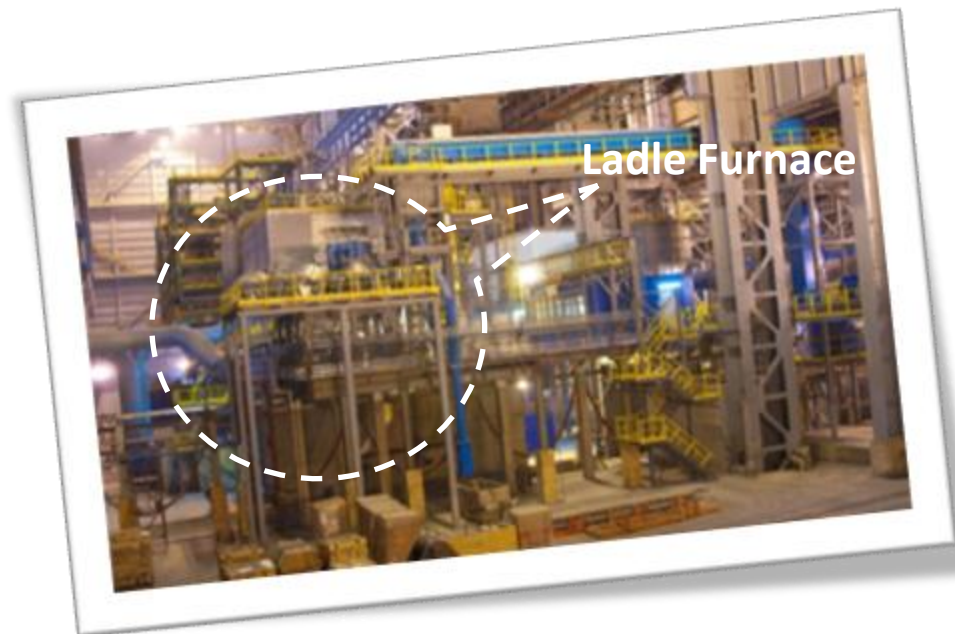
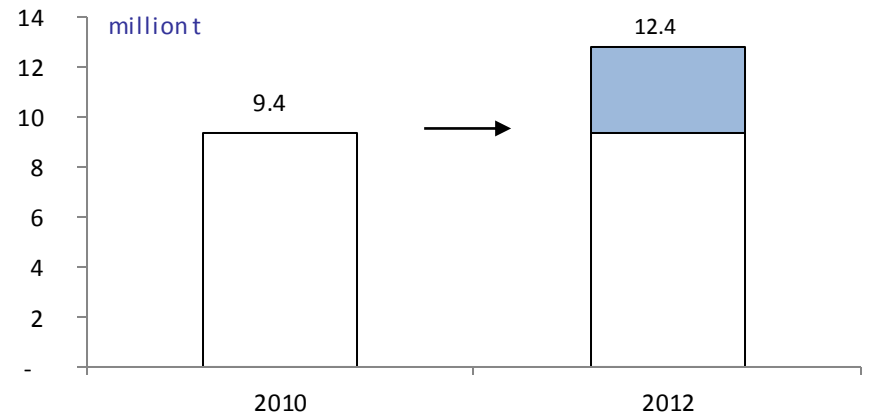
LADLE FURNACES and VACUUM DEGASSER

- Capacity: 12.4 m t pa (or 100% of crude steel produced at the Lipetsk site will be processed)
- Goals:
 - Reduced impurity content, chemical & physical uniformity
 - ... new grades of steel, incl. for the automotive industry

CONTINUOUS CASTING MASHINE #8

- Capacity: 2 mln t of slabs up to 350x2200 mm

STEELMAKING CAPACITY (LIPETSK)



EXPANSION OF ROLLING CAPACITIES (2011)

EXPANSION OF HRC PRODUCTION

- Location: Lipetsk site
- Upgrading of the existing Mill 2000
- Capacity growth: +400,000 tonnes by 2014

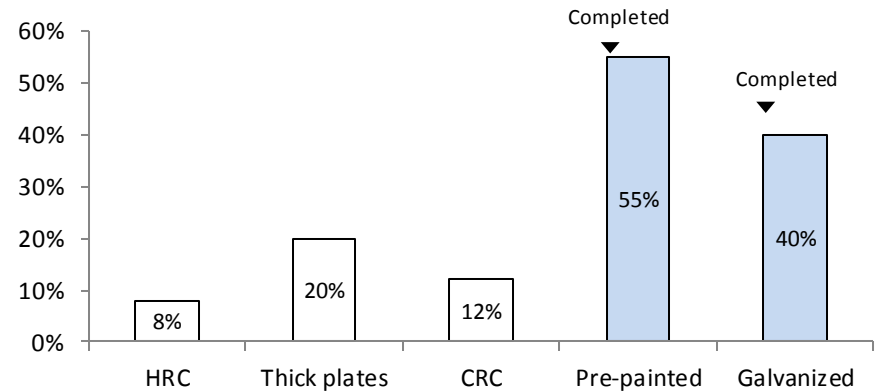
EXPANSION OF PLATE PRODUCTION

- Location: DanSteel (Denmark)
- Upgrading of existing capacities
- Capacity growth: +20% to 0.6 m tpa

CRC MILL

- Location: Lipetsk site
- New mill
- Capacity growth: +350,000 tonnes

FLAT STEEL PRODUCTION GROWTH

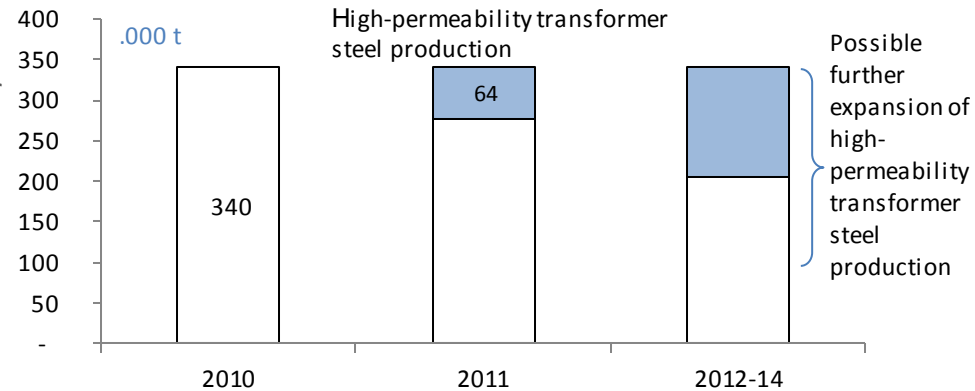


HIGH GRADE TRANSFORMER STEEL (2011-2012)

PRODUCTION UPGRADES AT NOVOLIPETSK

- Status: 80% complete
- Capacity: about 64,000 t pa of high-permeability transformer steel
- Launch date: 2012
- Total investments: above \$300 m
- Improved quality and stronger market positions

TRANSFORMER STEEL PRODUCTION CAPACITIES



PRODUCTION UPGRADES AT VIZ-STAL

- Improved quality of products
- Capacity: 70,000 t pa of high-permeability transformer steel
- Launch date: end-2014 (expected)

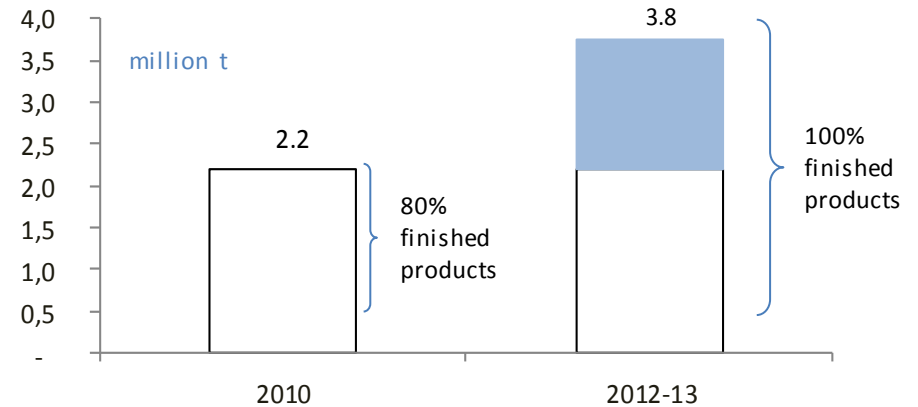


LONG PRODUCTS (2012-13)

KALUGA MINI-MILL (EAF)

- Location: Kaluga region
- Capacity: 1.55 m t pa
- Total investments: c. \$1.2 bn
- Extended product mix for construction
- Launch date: 2012 (1st stage)

STEEL AND FINISHED PRODUCT CAPACITY



EXPANSION OF IRON ORE PRODUCTION (2011-2014)

OPEN PIT EXPANSION

- Location: Stoilensky (Stary Oskol)
- +30% growth in iron ore raw extraction
- Goal: maintain 100% self-sufficiency in low cost iron ore

PELLETIZING PLANT

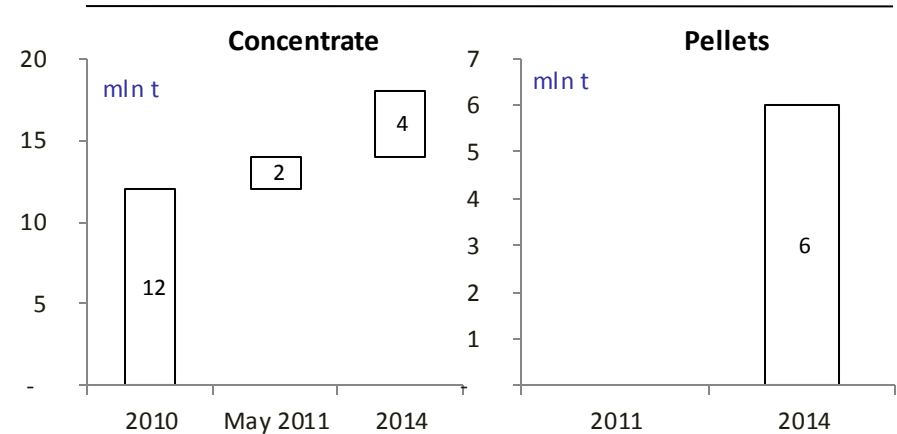
- Location: Stoilensky (Stary Oskol)
- Capacity: +6 m t pa (since 2014)
- Goal: maintain 100% self-sufficiency in low cost iron ore

BENEFICIATION PLANT, 5th SECTION

- Location: Stoilensky (Stary Oskol)
- Capacity: +4 m t pa (since 2006)

Goal: pelletizing plant sufficiency in iron ore concentrate

IRON ORE PRODUCTION CAPACITIES



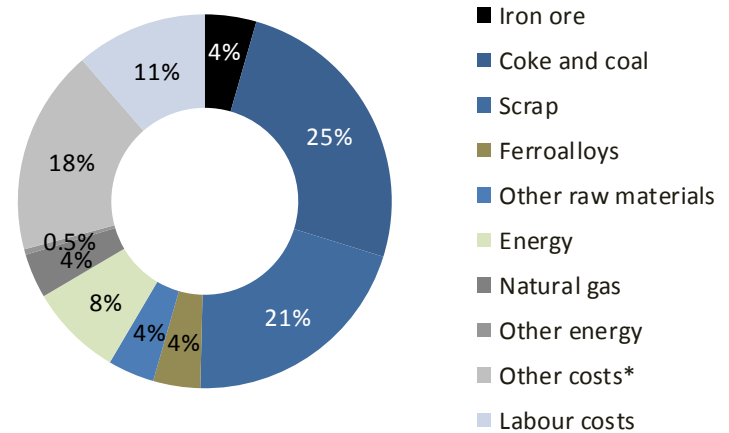
SEGMENTAL PERFORMANCE

STEEL SEGMENT DROVE GROUP FINANCIALS IN Q2 2011

- Revenue from third parties \$2.520 mln (84 of consolidated revenue)
- Operating profit \$354 mln (51% of the Group operating profit)

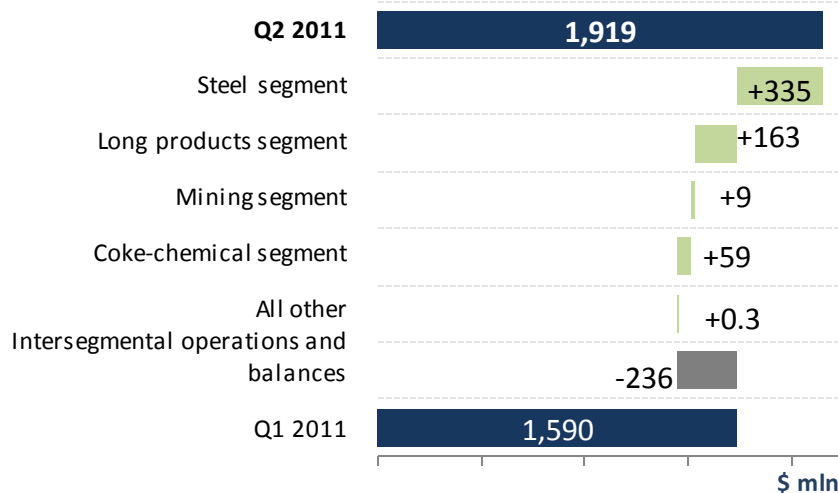
OPERATING PROFIT INCREASE BOTH DUE TO SALES VOLUMES AND PRICE GROWTH AND EFFICIENT EXPENSES CONTROL

CONSOLIDATED PRODUCTION COST, Q2 2011

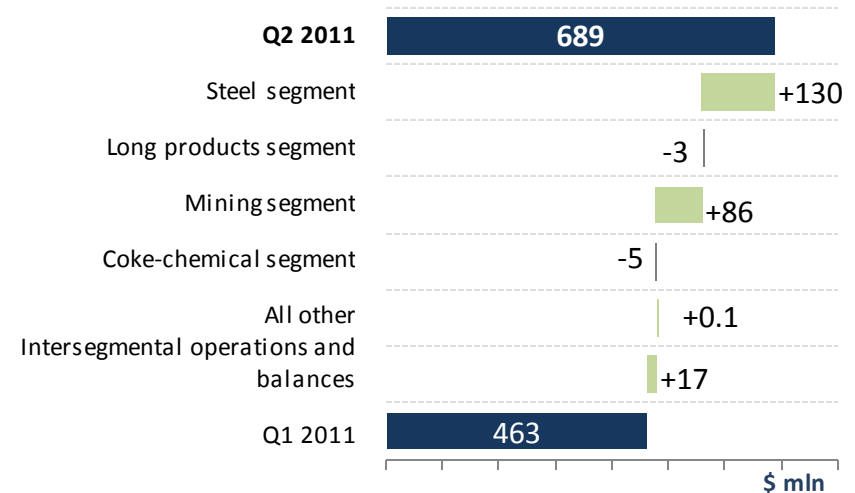


* incl : repairs, change in inventories and other expenses

COST OF SALES CHANGES



OPERATING PROFIT CHANGES



STEEL SEGMENT

PRODUCTION AND SALES VOLUMES GROWTH

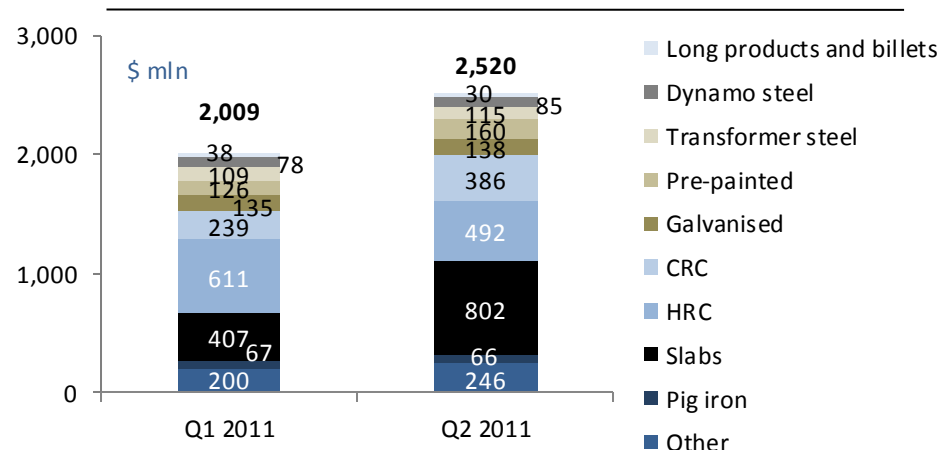
HVA SALES REVENUE INCREASING

OPERATING PROFIT MARGIN INCREASING

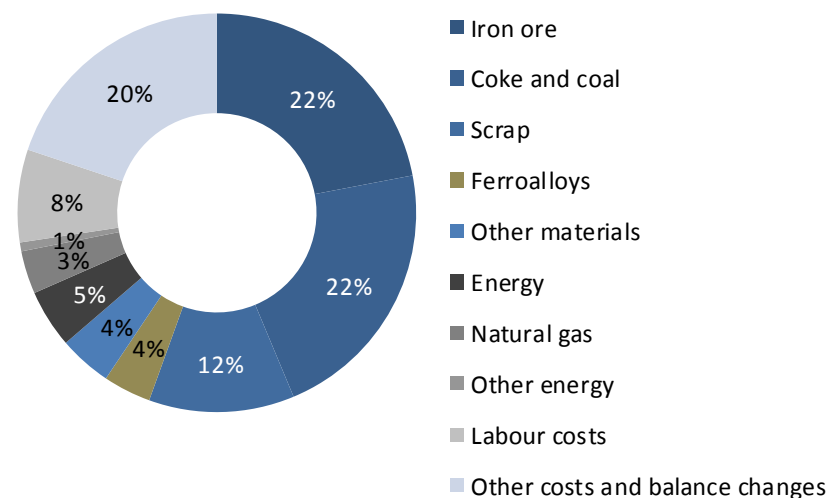
POSITIVE EXPECTATIONS FOR Q3 2011 ON OPERATING INDICATORS

('000 tonnes)	Q2 2011	Q1 2011	Change	H1 2011	H1 2010	Change
Steel production	2,525	2,458	3%	4,982	4,887	2%
Steel sales ¹	2,699	2,416	12%	5,114	5,127	0%
(\$ mln)						
Revenue	2,567	2,058	25%	4,624	3,391	36%
<i>Incl. external customers</i>	2,520	2,009	25%	4,529	3,338	36%
Cost of sales	(1,950)	(1,615)	21%	(3,565)	(2,426)	47%
Operating profit	354	224	58%	578	574	1%
- margin	14%	11%		13%	17%	

SALES REVENUE FROM 3rd PARTIES BY PRODUCT



STEEL SEGMENT PRODUCTION COSTS, Q2 2011



1. Incl. sales of other segment's products by traders of steel segment

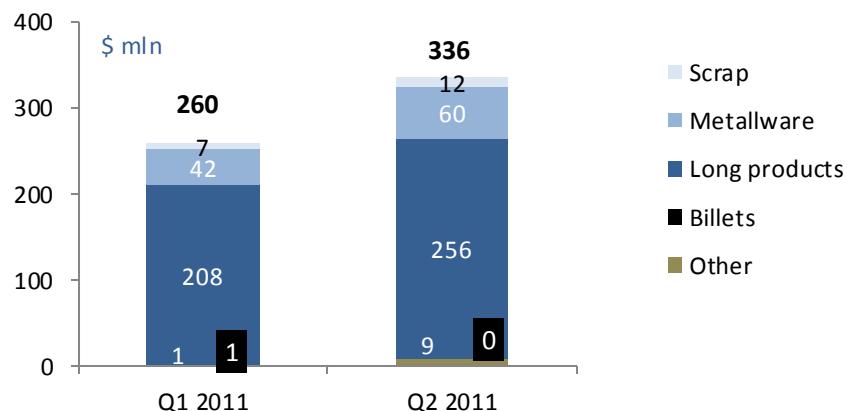
LONG PRODUCTS SEGMENT

SEGMENT'S REVENUE INCREASING DUE TO CONSTRUCTION SECTOR DEMAND IMPROVEMENT

Q2 2011 OPERATING PROFIT DECREASING AS A RESULT OF SCRAP PRICES GROWTH AND INCREASE OF KALUGA PLANT ADMINISTRATIVE EXPENSES

Q3-Q4 2011 CRUDE STEEL PRODUCTION IS EXPECTED TO DECREASE AS A RESULT OF PROBLEMS WITH THE POWER EQUIPMENT ON OJSC NSMMZ

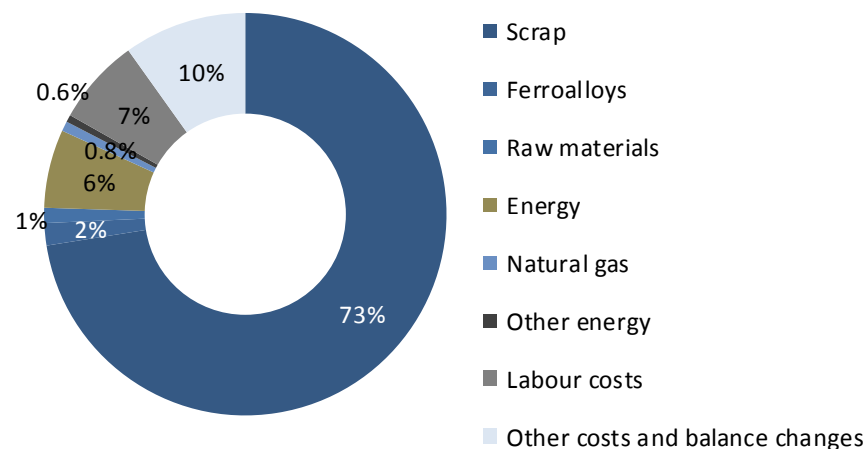
SALES REVENUE FROM 3rd PARTIES BY PRODUCT



('000 tonnes)	Q2 2011	Q1 2011	Change	H1 2011	H1 2010	Change
Steel production	472	448	5%	920	708	30%
Steel sales	485	393	23%	878	649	35%
in NLMK Group ¹	48	36	31%	84	88	(4%)

(\$ mln)	Q2 2011	Q1 2011	Change	H1 2011	H1 2010	Change
Revenue	535	371	44%	906	554	64%
Incl. external customers	336	260	30%	596	371	61%
Cost of sales	(472)	(310)	53%	(782)	(485)	61%
Operating profit/(loss)	4	7	(39%)	11	(11)	
- margin	1%	2%		1%	(2%)	

LONG PRODUCTS PRODUCTION COSTS, Q2 2011



1. Incl. sales of other segment's products by traders of steel segment

MINING SEGMENT

**PRODUCTION AND SALES GROWTH DUE TO ADDITIONAL
BENEFECIATION SECTION (CAPACITY 2 MLN T) LAUNCH IN
Q2**

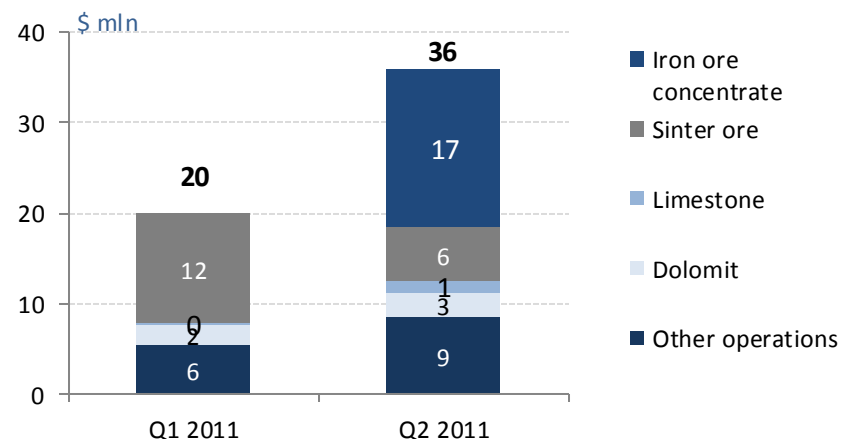
**IMPROVING SEGMENT'S FINANCIAL INDICATORS DUE TO
SALES AND IRON ORE PRICES RISE**

CONCENTRATE CASH COST DECREASE FROM \$22 TO \$18

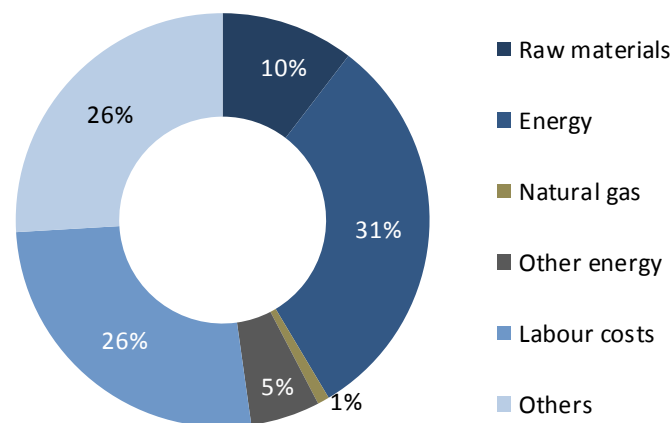
71% - OPERATING PROFIT MARGIN

('000 tonnes)	Q2 2011	Q1 2011	Change	H1 2011	H1 2010	Change
Production						
iron ore concentrate	3,468	2,933	18%	6,401	5,937	8%
sinter ore	434	413	5%	847	808	5%
Sales						
iron ore concentrate	3,462	2 883	20%	6,345	5,926	7%
in NLMK Group ¹	3,309	2 883	15%	6,193	5,926	5%
sinter ore	440	414	6%	855	838	2%
(\$ mln)						
Revenue	400	294	36%	694	415	67%
Incl. external customers	36	20	78%	56	38	49%
Cost of sales	(93)	(84)	10%	(178)	(161)	11%
Operating profit	282	196	44%	478	226	112%
- margin	71%	67%		69%	54%	

SALES REVENUE FROM 3rd PARTIES BY PRODUCT



MINING SEGMENT PRODUCTION COSTS, Q2 2011



1. Incl. sales of other segment's products by traders of steel segment

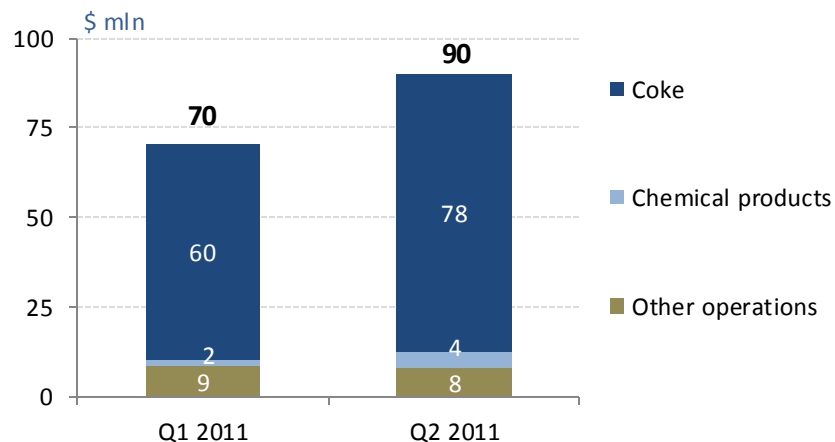
COKE-CHEMICAL SEGMENT

SALES VOLUME AND SEGMENT PRODUCTS PRICE
INCREASING

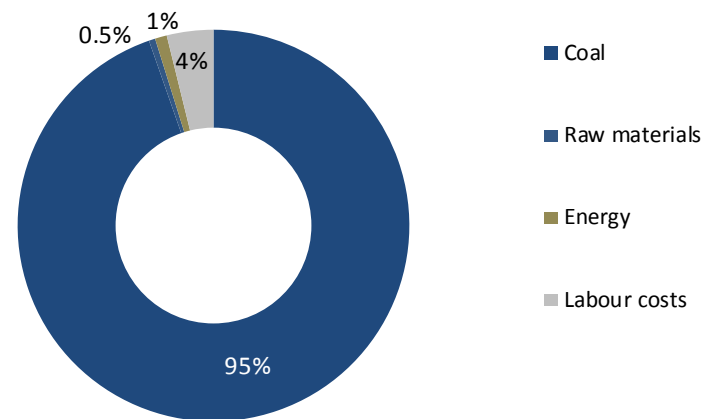
COOKING COAL PRICES RISE AND AS A RESULT

OPERATING MARGIN DECREASE

SALES REVENUE FROM 3rd PARTIES BY PRODUCT



COKE-CHEMICAL PRODUCTION COSTS, Q2 2011



('000 tonnes)	Q2 2011	Q1 2011	Change	H1 2011	H1 2010	Change
Production						
coke 6% moisture	1,008	901	12%	1,909	1,762	8%
Sales						
dry coke	922	848	9%	1,771	1,687	5%
In NLMK Group ¹	712	679	5%	1,391	1,379	1%
(\$ mln)						
Revenue	367	307	20%	674	477	42%
Incl. external customers	90	70	28%	160	106	51%
Cost of sales	(294)	(235)	25%	(529)	(335)	58%
Operating profit	48	53	(9%)	101	122	(17%)
- margin	13%	17%		15%	26%	

1. Incl. sales of other segment's products by traders of steel segment

SEGMENTAL INFORMATION

Q2 2011 (million USD)	Steel	Long products	Mining	Coke-chemical	All other	Totals	Intersegmental operations and balances	Consolidated
Revenue from external customers	2,520	336	36	90	0.5	2,982		2,982
Intersegment revenue	47	199	364	277		887	(887)	
Gross profit	616	63	307	73	0.2	1,060	3	1,063
Operating income/(loss)	354	4	282	48	(0.2)	688	1	689
<i>as % of net sales</i>	14%	1%	71%	13%		18%		23%
Income / (loss) from continuing operations before minority interest	348	(40)	223	38	0.3	569	(16)	553
<i>as % of net sales</i>	14%	(8%)	56%	10%		15%		19%
Segment assets including goodwill ¹	14,311	2,594	1,671	971	54	19,602	(3,651)	15,951

Q1 2011 (million USD)	Steel	Long products	Mining	Coke-chemical	All other	Totals	Intersegmental operations and balances	Consolidated
Revenue from external customers	2,009	260	20	70		2,359		2,359
Intersegment revenue	49	111	274	237		671	(671)	
Gross profit	442	61	210	72	(0.05)	785	(16)	769
Operating income/(loss)	224	7	196	53	(0.3)	480	(16)	463
<i>as % of net sales</i>	11%	2%	67%	17%		16%		20%
Income / (loss) from continuing operations before minority interest	238	(57)	161	40	0.2	383	(17)	365
<i>as % of net sales</i>	12%	(15%)	55%	13%		13%		15%
Segment assets including goodwill ²	13,619	2,450	1,460	914	54	18,497	(3,347)	15,150

¹ as at 30.06.2011

² as at 31.03.2011

CONSOLIDATED STATEMENT OF INCOME

	Q2 2011	Q1 2011	Q2 2011/Q1 2011		H1 2011	H1 2010	H1 2011/H1 2010	
(mln USD)			+ / -	%			+ / -	%
Sales revenue	2,982	2,359	623	26%	5,341	3,853	1,488	39%
Production cost	(1,785)	(1,466)	(319)	22%	(3,250)	(2,197)	(1,054)	48%
Depreciation and amortization	(135)	(124)	(11)	9%	(259)	(246)	(13)	5%
Gross profit	1,063	769	294	38%	1,832	1,411	421	30%
General and administrative expenses	(96)	(85)	(11)	13%	(181)	(128)	(53)	41%
Selling expenses	(241)	(186)	(54)	29%	(427)	(330)	(97)	29%
Taxes other than income tax	(37)	(34)	(3)	9%	(71)	(61)	(11)	17%
Operating income	689	463	226	49%	1,153	891	261	29%
Gain / (loss) on disposals of property, plant and equipment	(16)	(6)	(11)	179%	(22)	(14)	(9)	63%
Gains / (losses) on investments	(10)	(3)	(7)	199%	(13)	(8)	(5)	68%
Interest income	9	9	(0)	(1%)	19	21	(2)	(11%)
Interest expense				0%		(9)	9	0%
Foreign currency exchange loss, net	8	23	(15)	(65%)	31	(134)	165	
Other expense, net	17	(14)	31		3	(6)	9	
Income from continuing operations before income tax	697	473	225	48%	1,170	742	428	58%
Income tax	(144)	(107)	(37)	35%	(252)	(176)	(76)	43%
Equity in net earnings/(losses) of associate	38	15	22	145%	53	(6)	59	
Net income	591	381	210	55%	972	560	411	73%
Less: Net loss / (income) attributable to the non-controlling interest	(4)	11	(15)		8	30	(22)	(74%)
Net (loss) / income attributable to OJSC Novolipetsk Steel stockholders	587	392	195	50%	979	590	389	66%
EBITDA	837	585	252	43%	1,422	1,161	261	23%

* H1 2011, Q1 2011, are official reporting periods. Q2 2011 figures are derived by computational method. This assumption is related to calculation of segmental financial results.

CONSOLIDATED BALANCE SHEET

	as at 30.06.2011	as at 31.03.2011	as at 31.12.2010	as at 30.09.2010	as at 30.06.2010	as at 31.03.2010	as at 31.12.2009	as at 31.12.2008
(mln. USD)								
ASSETS								
Current assets	4,811	4,438	4,105	4,372	4,150	4,091	3,877	5,346
Cash and cash equivalents	911	977	748	780	953	1,157	1,247	2,160
Short-term investments	202	265	423	726	465	424	452	8
Accounts receivable, net	1,669	1,295	1,260	1,189	1,213	1,065	913	1,488
Inventories, net	1,923	1,784	1,580	1,564	1,401	1,324	1,134	1,556
Deferred income tax assets	44	51	43	52	58	59	72	
Other current assets, net	62	65	52	62	59	62	58	100
Current assets, held for sale								34
Non-current assets	11,140	10,713	9,794	9,508	8,713	8,938	8,625	8,718
Long-term investments, net	932	728	688	729	387	402	468	816
Property, plant and equipment, net	9,436	9,223	8,382	7,987	7,532	7,688	7,316	6,826
Intangible assets	177	181	181	187	190	201	203	235
Goodwill	534	528	495	554	541	572	557	614
Other non-current assets, net	22	25	26	20	41	49	68	34
Deferred income tax assets	38	28	21	31	23	26	12	
Non-current assets, held for sale								194
Total assets	15,951	15,150	13,899	13,880	12,863	13,029	12,502	14,065
LIABILITIES AND STOCKHOLDERS' EQUITY								
Current liabilities	2,141	1,831	1,652	1,802	1,640	1,533	1,417	2,980
Accounts payable and other liabilities	1,535	1,252	1,107	1,171	1,058	963	841	1,879
Short-term borrowings	544	553	526	595	539	544	557	1,080
Current income tax liability	62	26	19	36	43	26	19	10
Current liabilities, held for sale								11
Non-current liabilities	2,539	2,718	2,693	2,636	2,427	2,581	2,475	2,361
Long-term borrowings	2,070	2,074	2,099	2,059	1,828	1,992	1,939	1,930
Deferred income tax liability	455	450	401	384	392	409	396	297
Other long-term liabilities	14	194	194	194	207	180	140	129
Non-current liabilities, held for sale								5
Total liabilities	4,680	4,549	4,345	4,438	4,067	4,114	3,892	5,341
Stockholders' equity								
Common stock	221	221	221	221	221	221	221	221
Statutory reserve	10	10	10	10	10	10	10	10
Additional paid-in capital	306	99	99	99	99	112	112	52
Other comprehensive income	(108)	(241)	(917)	(886)	(1,134)	(596)	(797)	(550)
Retained earnings	10,984	10,654	10,261	10,113	9,718	9,303	9,171	8,956
NLMK stockholders' equity	11,414	10,742	9,675	9,556	8,915	9,050	8,718	8,690
Non-controlling interest	(144)	(141)	(121)	(115)	(118)	(136)	(108)	33
Total stockholders' equity	11,270	10,601	9,554	9,442	8,796	8,915	8,610	8,723
Total liabilities and stockholders' equity	15,951	15,150	13,899	13,880	12,863	13,029	12,502	14,065

CONSOLIDATED CASH FLOW STATEMENT

	Q2 2011	Q1 2011	Q2 2011/Q1 2011		H1 2011	H1 2010	H1 2011/H1 2010	
(mln. USD)			+ / -	%			+ / -	%
Cash flow from operating activities								
Net income	591	381	210	55%	972	560	411	73%
Adjustments to reconcile net income to net cash provided by operating activities								
Depreciation and amortization	135	124	11	9%	259	246	13	5%
Loss on disposals of property, plant and equipment	16	6	11	179%	22	14	9	63%
(Gain)/loss on investments	10	3	7	199%	13	8	5	68%
Equity in net earnings of associate	(38)	(15)	(22)		(53)	6	(59)	
Defferd income tax (benefit)/expense	(6)	11	(17)	(148%)	6	18	(12)	(68%)
Loss / (income) on forward contracts	12	(8)	20	(263%)	5	(1)	6	
Other movements	(7)	5	(12)	(238%)	(2)	35	(37)	
Changes in operating assets and liabilities								
Increase in accounts receivables	(443)	54	(497)		(389)	(340)	(49)	15%
Increase in inventories	(118)	(88)	(30)	34%	(206)	(313)	107	(34%)
Decrease/(increase) in other current assets	3	(9)	12		(5)	(3)	(2)	75%
Increase in accounts payable and oher liabilities	91	71	19	27%	162	193	(31)	(16%)
Increase/(decrease) in current income tax payable	37	6	31	516%	43	25	18	70%
Net cash provided from operating activities	284	542	(258)	(48%)	827	449	378	84%
Cash flow from investing activities								
Proceeds from sale of property, plant and equipment	2	5	(3)	(62%)	7	6	2	26%
Purchases and construction of property, plant and equipment	(522)	(399)	(123)	31%	(922)	(612)	(309)	51%
Proceeds from sale of investments	89	429	(340)	-79%	517	48	470	
Placement of bank deposits and purchases of other investments	(7)	(251)	244	(97%)	(258)	(118)	(140)	
Prepayment for acquisition of interests in new subsidiaries	(150)		(150)		(150)		(150)	
Net cash used in investing activities	(589)	(216)	(372)	172%	(805)	(677)	(128)	19%
Cash flow from financing activities								
Proceeds from borrowings and notes payable	235	15	220	1502%	250	539	(289)	(54%)
Repayments of borrowings and notes payable	(232)	(123)	(109)	89%	(354)	(610)	256	(42%)
Capital lease payments	(25)		(25)		(25)	(26)	1	(3%)
Proceeds from disposal of assets to the company under common control	313		313		313		313	
Dividends to shareholders	(4)	(0)	(4)	3003%	(4)	(0)	(3)	
Net cash used in financing activities	288	(108)	396	(366%)	180	(98)	278	
Net increase / (decrease) in cash and cash equivalents	(17)	218	(235)		202	(327)	528	
<i>Effect of exchange rate changes on cash and cash equivalents</i>	(49)	11	(61)		(38)	33	(71)	(216%)
<i>Cash and cash equivalents at the beginning of the period</i>	977	748	229	31%	748	1,247	(499)	(40%)
Cash and cash equivalents at the end of the period	911	977	(66)	(7%)	911	953	(42)	(4%)

* H1 2011, Q1 2011, are official reporting periods. Q2 2011 figures are derived by computational method. This assumption is related to calculation of segmental financial results.

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