



Corporate presentation



November 2018

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■ **Market overview**

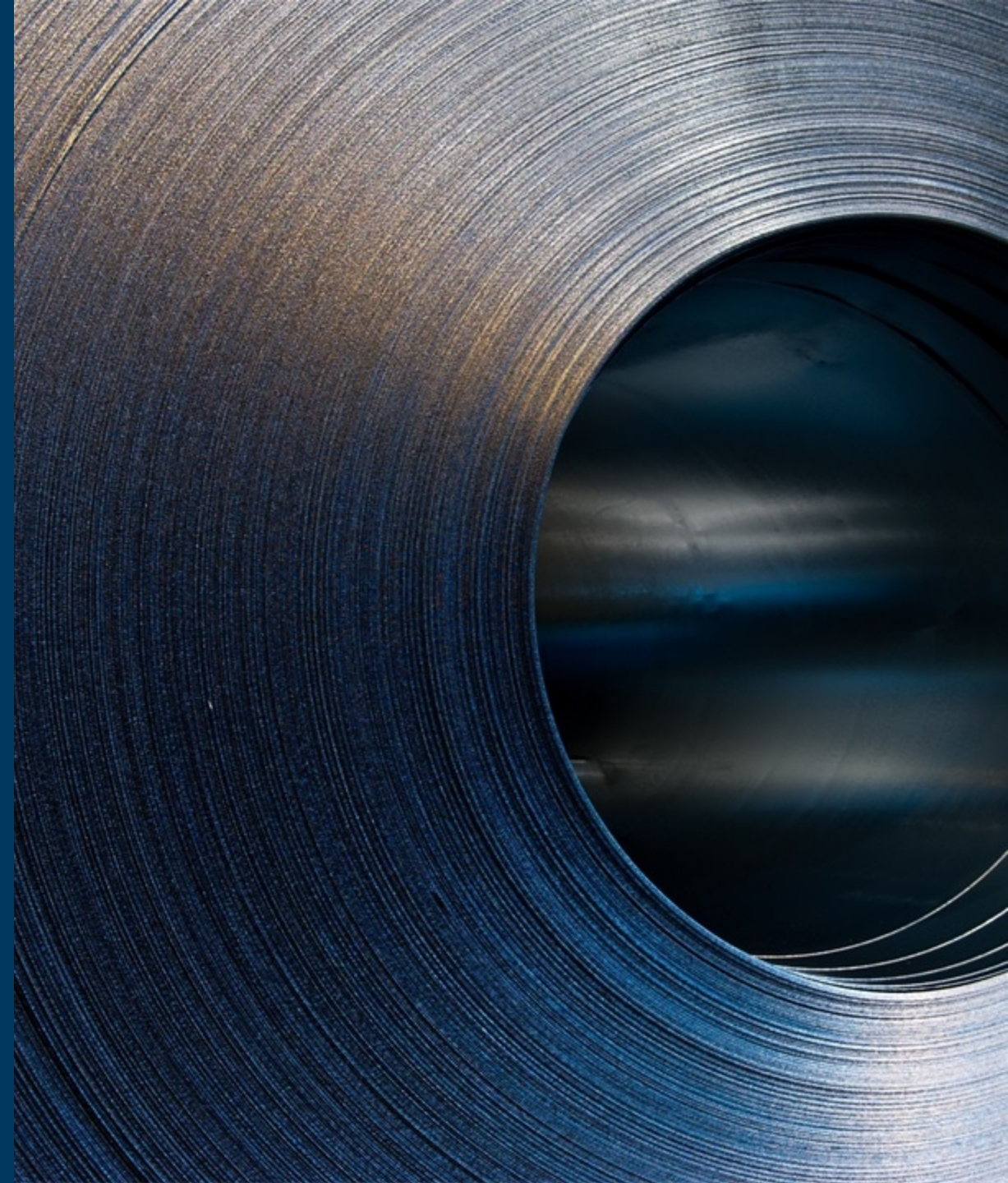
About NLMK

NLMK's performance

Strategy execution and
shareholders returns capability

ESG

Appendix



STEEL DEMAND GROWTH ACROSS KEY MARKETS REMAINS ROBUST YTD

- Sequential qoq uptick in consumption in the US and China in Q3'18
- In Russia, demand was up 1% qoq; ytd it is down 1,1%
- EU experienced seasonal slowdown in consumption qoq; ytd growth remains positive

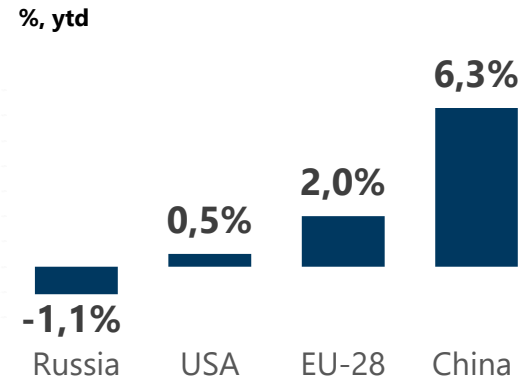
CHINESE OUTPUT CONTINUED TO POST NEW RECORD HIGHS WHILE EXPORTS WERE NOTICEABLY LOWER QOQ

- Production was up 2% qoq in Q3'18 to reach 242 m t
- Exports fell 13% qoq to 18 m t

US AND EU IMPORTS DECLINED IN Q3'18

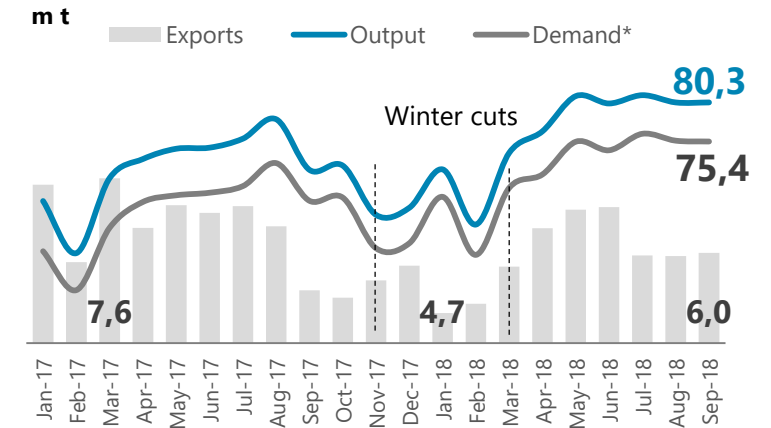
- The US imports dropped 4% qoq to 8 m t
- EU imports also slipped following the imposition of provisional safeguard measures

DEMAND IS RISING YET THE PACE OF GROWTH IS SLOWING



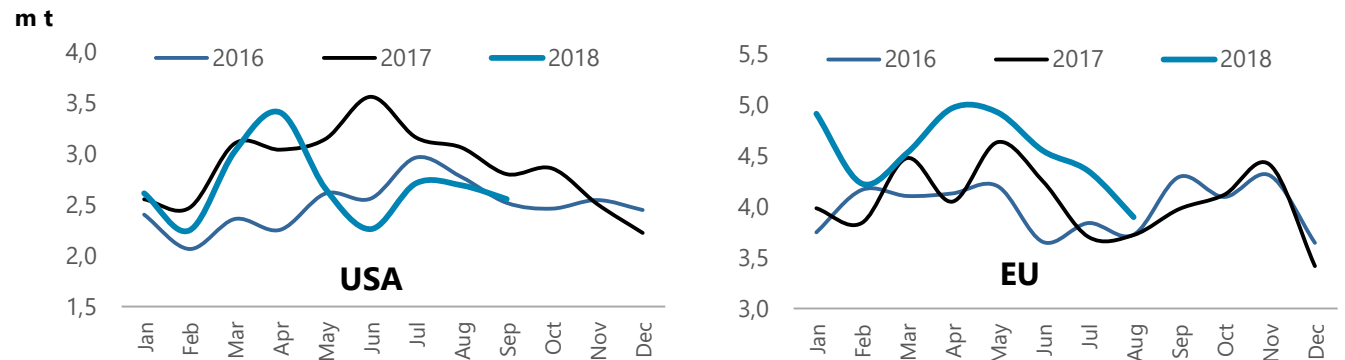
Source: worldsteel, Bloomberg, CRU, Eurofer, Metal Expert, estimates

CHINESE EXPORTS DROPPED QOQ AHEAD OF NEW ROUND OF WINTER CUTS



Source: Bloomberg, * Apparent crude steel demand estimates

THE US IMPORTS STABLE; THE EU IMPORTS STEADILY DECLINING



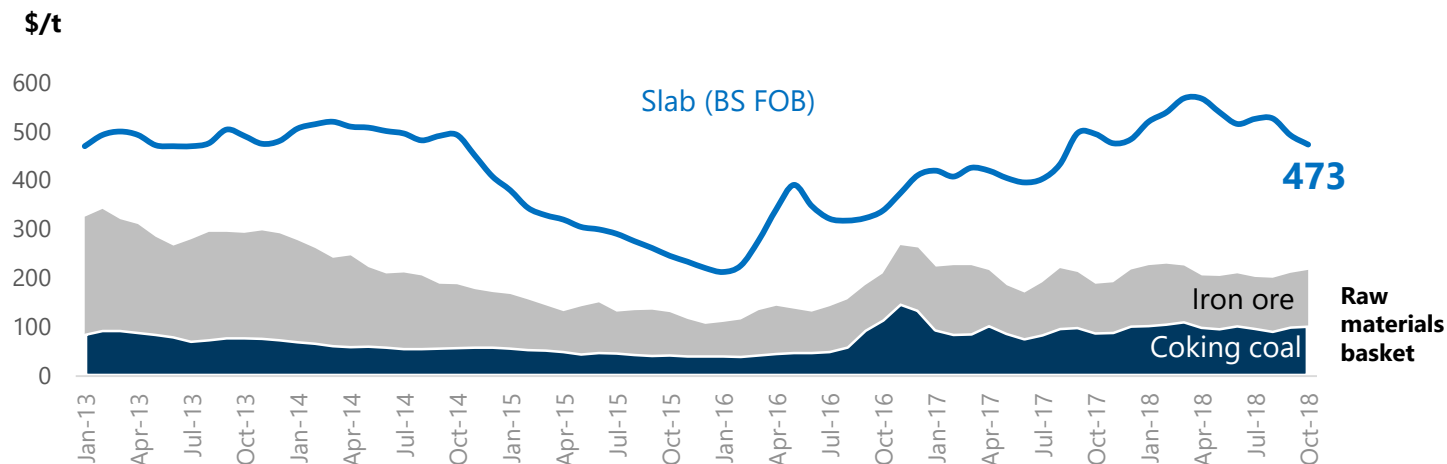
Source: Bloomberg, US DoC preliminary data, Eurostat

STEEL PRICES WEAKENED WORLDWIDE

- The US prices remained high, on average, in Q3'18 but started shifting towards more normalized levels in late July
- Average prices in the EU were lower qoq driven by seasonal slowdown during summer months
- Russia: ruble prices were rising during the quarter but still averaged lower qoq in dollar terms due to currency devaluation; export prices were lower amid soft interest from the EU and Turkey
- Chinese export prices were down due to weaker demand on export markets while domestic prices in RMB were higher qoq

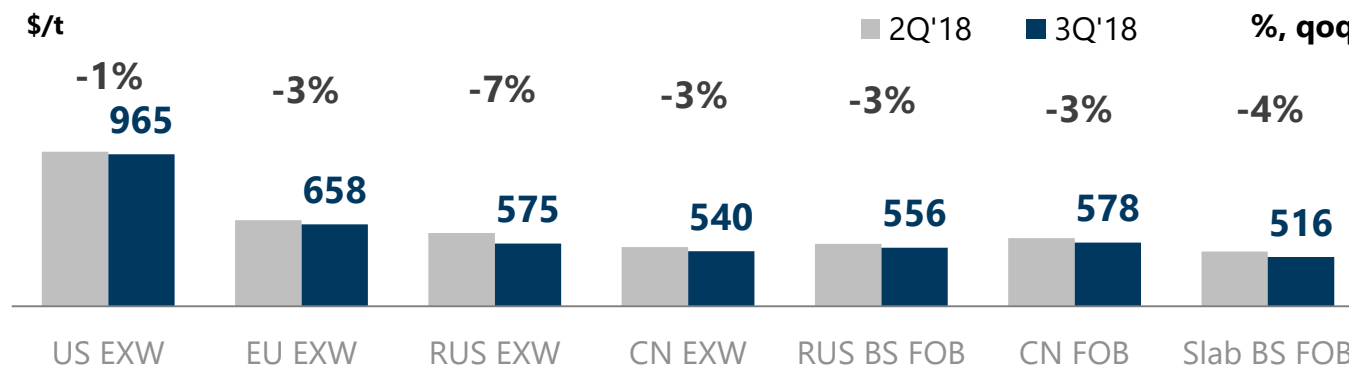
SPREADS HAVE NARROWED MARGINALLY AS RAW MATERIAL PRICES REMAINED FLAT

STEEL/RAW MATERIALS SPREAD HAS NARROWED IN Q3'18



Source: Metal Expert. Raw materials basket is calculated using production ratios for one tonne of steel: iron ore price x 1,6 + coking coal price x 0,6

HRC PRICES WERE LOWER QOQ



Source: SBB, Bloomberg, excl. VAT. Quoted prices can be different from NLMK's realized prices

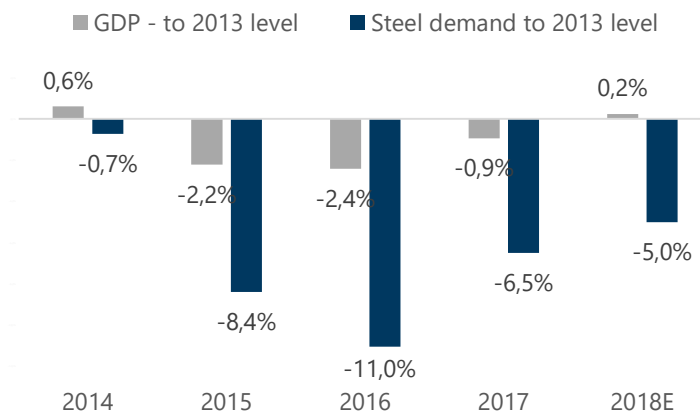
DOMESTIC CONSUMPTION WAS DOWN 1.1% YOY DURING 9M'18; 2018 OUTLOOK: FLAT YOY

4Q'18 DOMESTIC PRICES ARE SOFTENING DUE TO SEASONAL FACTORS

EXPORT PRICES ARE DOWN AS TRADE TENSIONS ESCALATE AND CONTINUOUSLY EVOLVE

RUSSIAN STEEL DEMAND DROP OVERSHOOT GDP DECLINE

k t

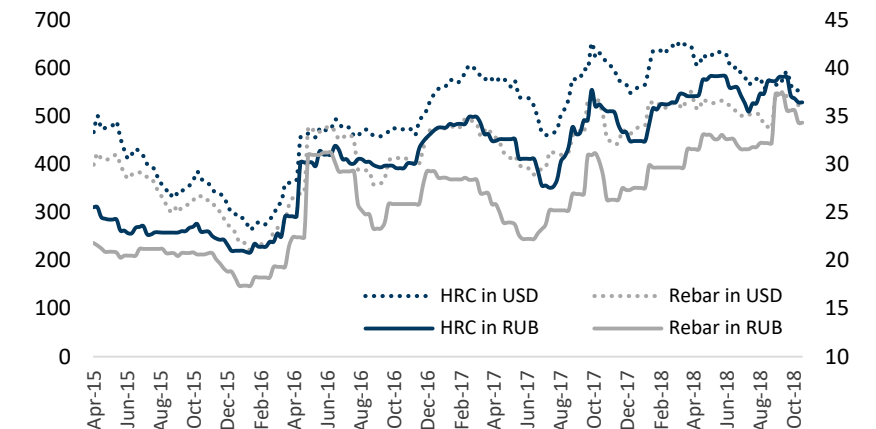


Source: Rosstat, Metal Expert, Worldsteel

RUSSIA: HOME STEEL PRICES ARE TRACKING GLOBAL BENCHMARKS

\$/t

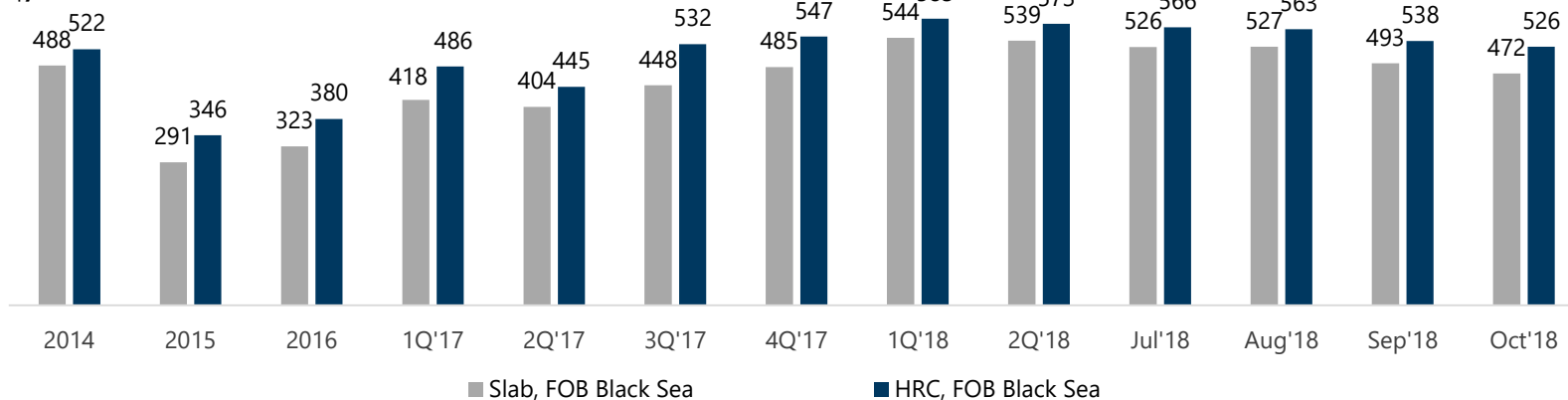
k'RUB/t



Source: Metal Expert, NLMK estimates. Prices excl. 18% VAT

RUSSIAN STEEL EXPORT PRICES

\$/t



Source: Metal Expert

**CURRENT CAPEX PROPOSAL
TO THE GOVERNMENT
RELATED TO
INFRASTRUCTURE SPENDING
IS C. RUB 6.8 TRN (~\$100BN)**

- Government plans to provide RUB 3.1 trn (~\$46 bn)
- Rail road development should be largely financed by RZhD

PLAN	SECTOR	IMPLEMENTATION
To increase volumes of completed housing construction to 120m sq pa vs 80m sq pa currently	Real Estate	Renovation program in Moscow and its possible spreading to other regions; Ministry of Construction to propose instruments to reduce regulation burden. Up to 2.8 m t pa of extra steel demand is expected as a result by 2024
To modernize roads and double expenditure on road construction	Transportation	296 projects including bridges (river Lena bridge, Volga bridge in Nizhny Novgorod, etc.)
To lower mortgage rates below 8% by 2024	Real Estate	Currently c.9.4%
To grow capacity of BAM, Trans-Siberian 1.5x to 180mt in six years	Transportation	Estimated capex of RUB 550 bn (\$8 bn)
Rail road projects	Transportation	104 projects including high-speed railroad Moscow-Kazan and Ekaterinburg – Chelyabinsk
To expand capacity of the Northern Sea Route traffic	Transportation	
Expand network of regional airports	Transportation	155 sites identified incl. Chelyabinsk. Stavropol, Voronezh, Orenburg, etc.
Sakhalin bridge (was proposed to be assessed in July by President Putin)	Transportation	Estimated capex of RUB 540 bn (\$8 bn)
Housing construction based on project financing not purchaser financing (DDU)	Real Estate	Developed road-map, started in June , may lead to consolidation in the industry through better conditions for large developers (potential benefits in LR, possible adverse effect in SR)

Market overview

- **About NLMK**

NLMK's performance

Strategy execution and
shareholders returns capability

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Appendix



#1 PRODUCER IN RUSSIA*

TOP-20 GLOBALLY*

STRONG POSITIONS IN LOCAL AND GLOBAL MARKETS (I.E. #1 IN GLOBAL SLABS TRADE, TOP-5 IN ELECTRICAL STEEL)**

BALANCED AND DIVERSIFIED PRODUCTION CHAIN

- Vertical integration
- Steel production is in Russia
- Downstream – in EU, USA, Russia

ONE OF THE MOST DIVERSIFIED STEELMAKERS GLOBALLY

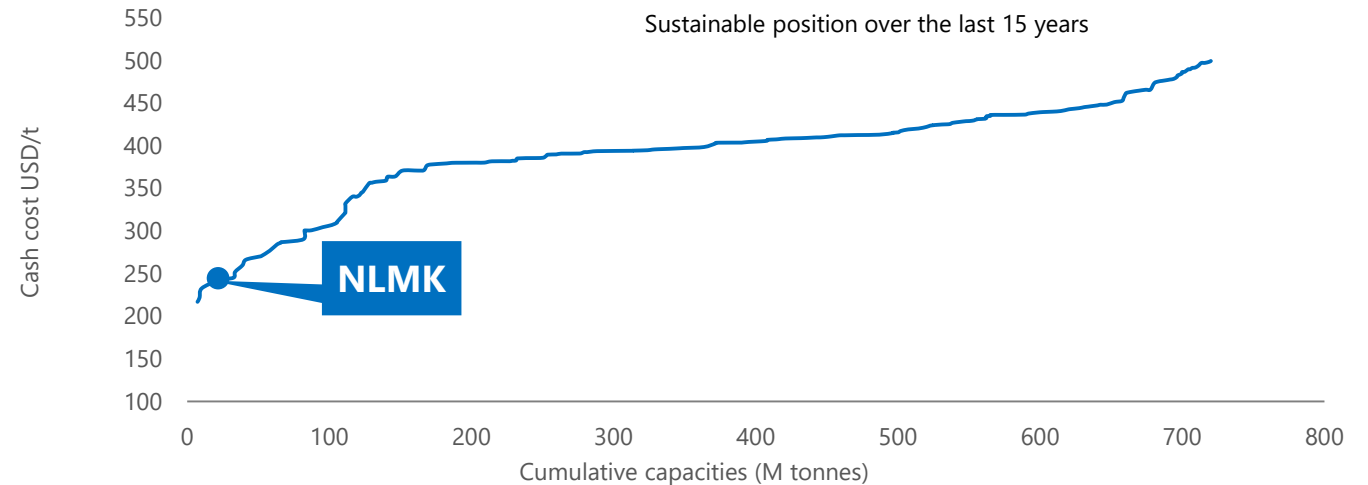
- Geography of operations
- Product portfolio
- Customers
- Sales regions (70 countries)

ONE OF THE MOST PROFITABLE GLOBALLY

INVESTMENT GRADES FROM MOODY'S, S&P AND FITCH (BAA3/BBB-/BBB-)

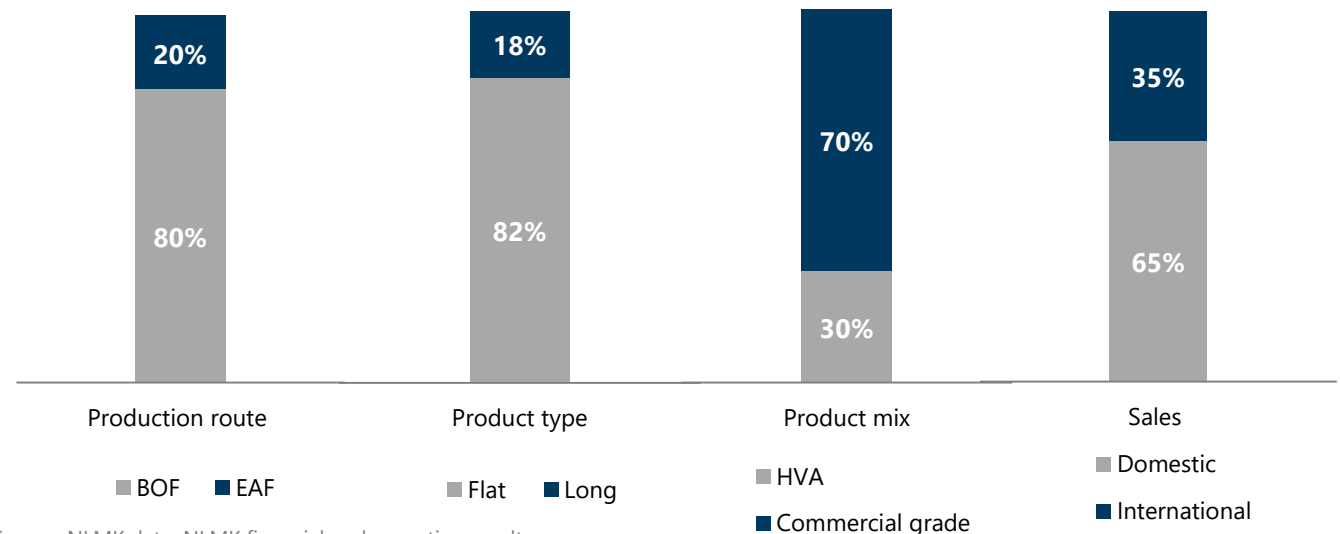
*in terms of crude steel production ** electrical grain oriented (GO) steel

NLMK IS THE LOWEST COST STEEL PRODUCER

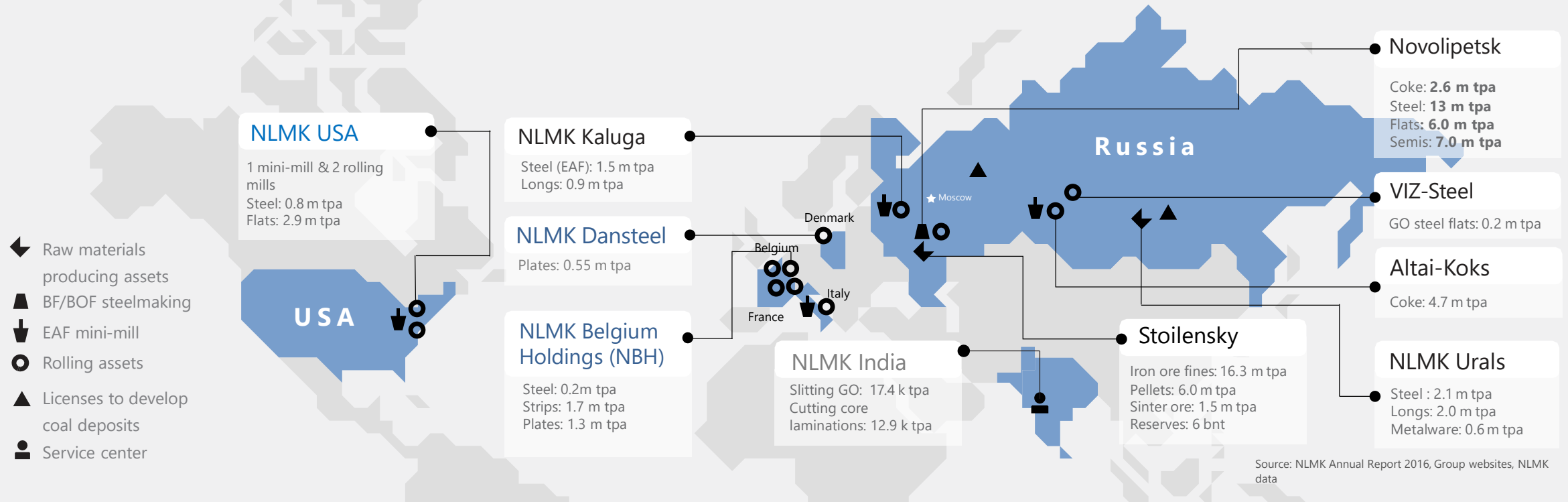


Source: World Steel Dynamics, Jul'18 data

DIVERSIFIED BUSINESS MODEL

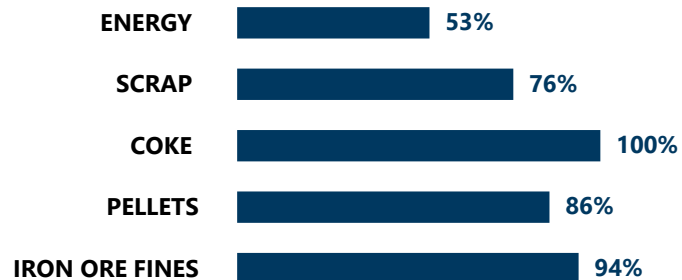


Source: NLMK data, NLMK financial and operating results



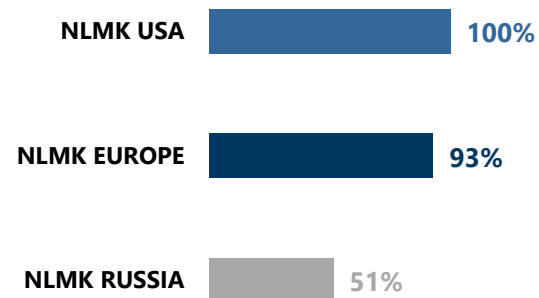
RAW MATERIALS SUFFICIENCY

%



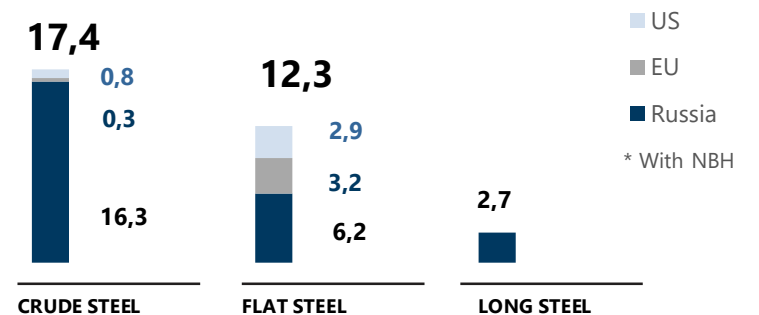
„DOMESTIC“ SALES

%



CAPACITY STEEL VS DOWNSTREAM

m tpa*



Source: NLMK financial and operating results, as of 9M '18, NLMK Annual Report 2017, NLMK data

INCREASED INTERNATIONAL INTEGRATION

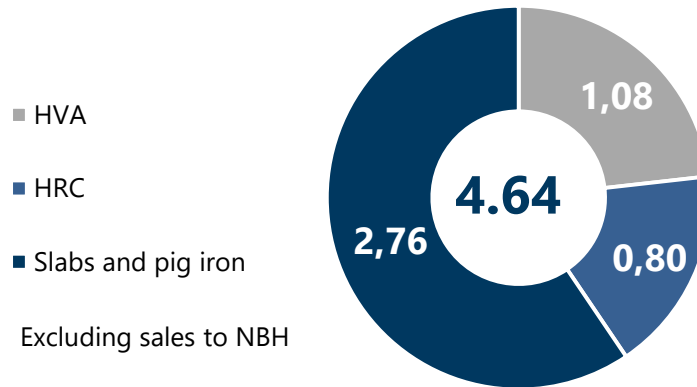
- About 2/3 of NLMK Russia's slabs exports are delivered to its international subsidiaries
- Up to 90% of foreign subsidiaries' slabs needs are covered by NLMK Russia
- NLMK USA and NLMK Europe produce and sell locally downstream products made of mother-company's feedstock

FLEXIBILITY TO RELOCATE SHIPMENTS WITHIN EXPORT MARKETS REFLECTING DEMAND DYNAMICS AND TRADE RESTRICTIONS

- Almost no shipments of recently affected products to the EU and/or the US

NLMK RUSSIA: FLAT EXPORTS TO 3RD PARTIES, LTM

m t

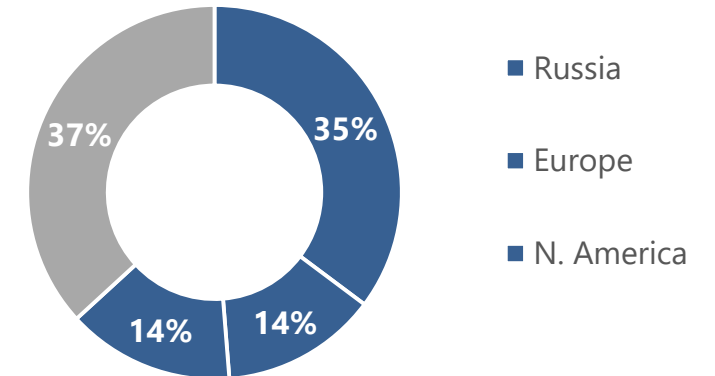


Excluding sales to NBH

Source: NLMK operating results

63% OF SALES ARE MADE IN HOME MARKETS, LTM

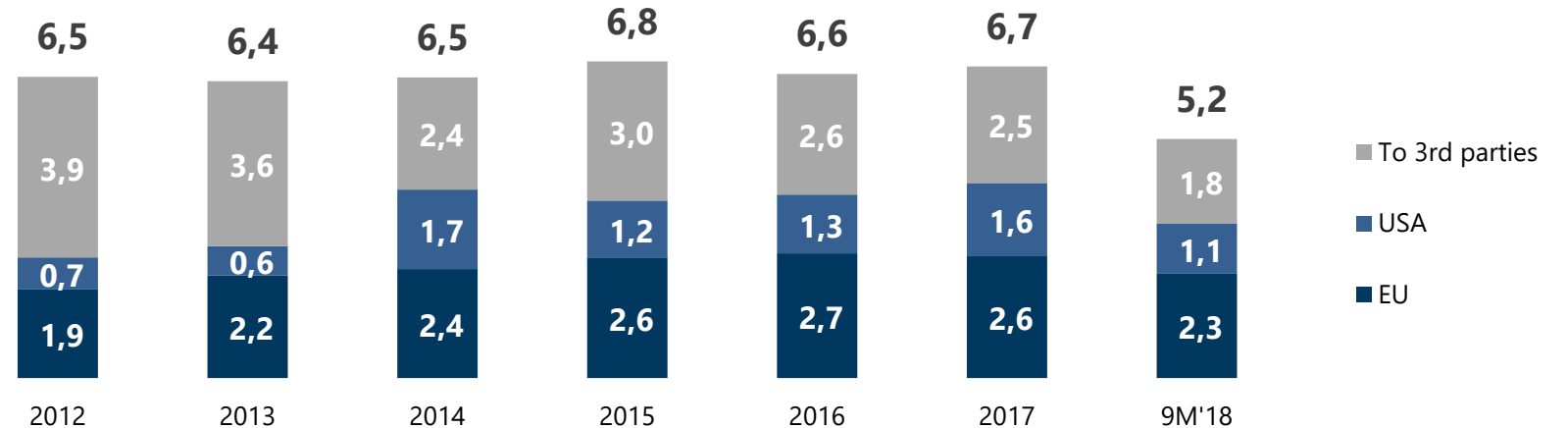
%



Source: NLMK operating results

SLABS SALES FROM NLMK'S RUSSIAN FLAT DIVISION

m t



Source: NLMK operating results

Market overview

About NLMK

- **NLMK's performance
in Q3'18**

Strategy execution
and shareholders returns
capability

ESG

Appendix



Q3 2018 SALES INCREASED BY 1% QOQ (FLAT YOY) TO 4.4 MT

FINISHED STEEL IS 66% OF THE SALES PORTFOLIO

- +4 pp qoq, flat yoy

31% OF THE SALES ARE HIGH VALUE ADDED PRODUCTS

GLOBAL SALES WITH STRONG DOMESTIC FOOTPRINT

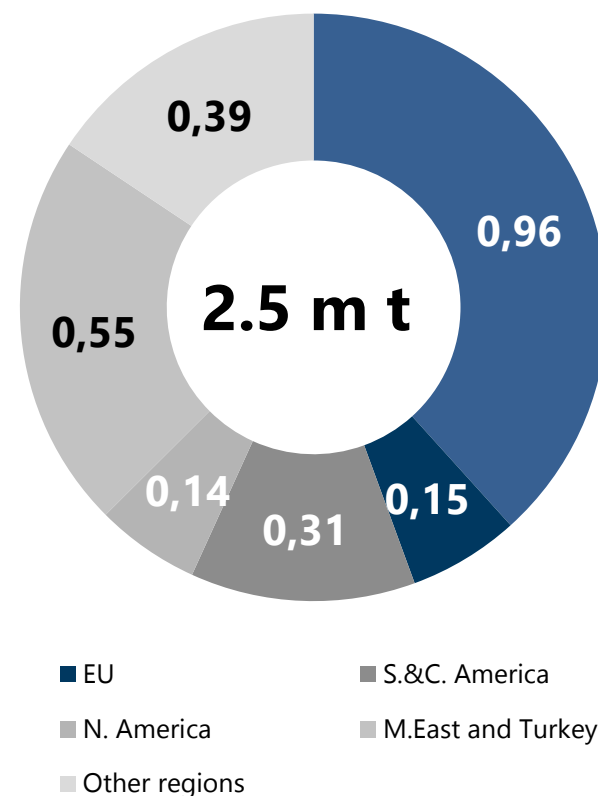
- 64% of the group's sales are made in our home markets – Russia, Europe, the US

BUSINESS MODEL OFFERS THE EDGE OVER PEERS LEADING TO STRONG SALES BEATING THE MARKET

~38% OF NLMK RUSSIA'S EXPORTS ARE SALES TO OWN ASSETS

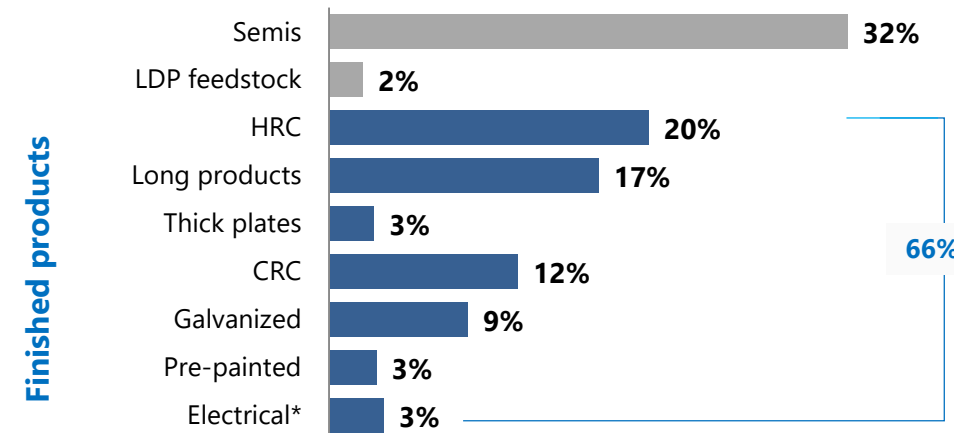
SALES TO CAPTIVE ASSETS 38%

EXPORT TO 3RD PARTIES 62%



Source: NLMK financial and operating results

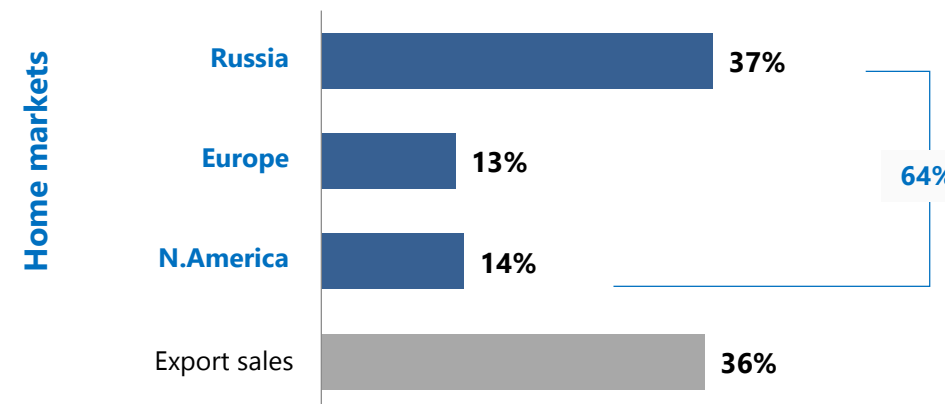
~66% OF SALES ARE FINISHED STEEL PRODUCTS



*Transformer and dynamo steel

Source: NLMK financial and operating results

2/3 OF SALES ARE MADE IN MARKETS WHERE WE OPERATE



Source: NLMK operating results

SHIPMENTS ROSE 1% QOQ

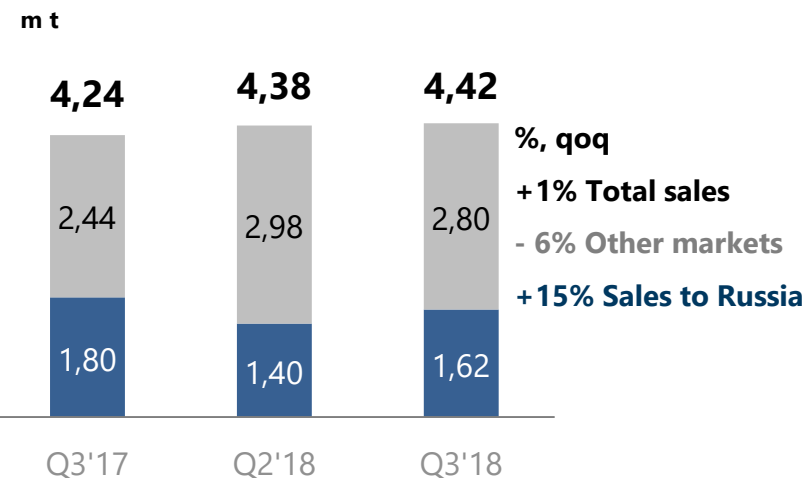
- Sales increased by 35 k t qoq to 4.42 m t
- This was driven by growth in long product sales in Russia
- Sales of flat products were down 6% qoq due to steel inventories build up at ports. The stocks will be sold in October-November, which will be reflected in Q4'18 results

STRONG SHIPMENTS OF RUSSIAN LONG PRODUCTS OFFSET A DECLINE IN SALES AT OTHER DIVISIONS

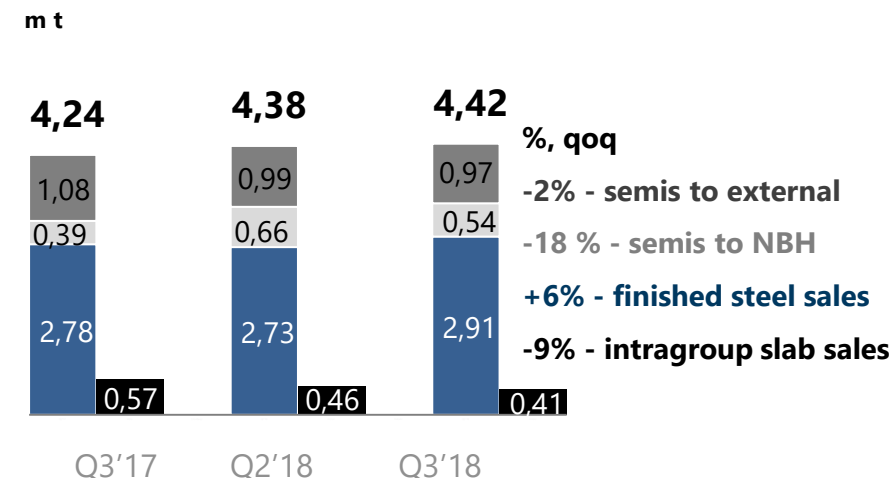
- Local sales in the US fell 8% qoq with consumers expecting the downward price trend that started in July to continue
- Sales by the European divisions decreased (Dansteel by 11%; NBH by 18% qoq) due to seasonal maintenance repairs

PRODUCT MIX IMPROVED WITH 6% QOQ GROWTH IN FINISHED STEEL SALES

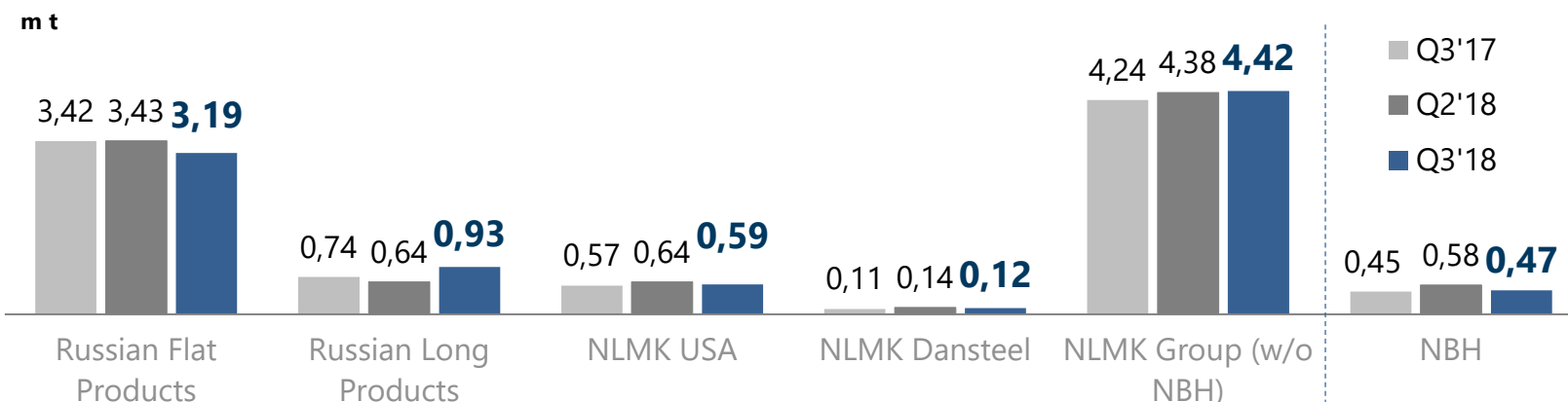
SHIPMENTS GROWTH QOQ ON HIGHER DEMAND



RIISING SALES AND MIX IMPROVEMENT



Q3'18: RUSSIAN LONG PRODUCTS DIVISION DROVE SALES UP



REVENUE WAS UP 0,5% QOQ ON HIGHER SHIPMENTS AND THE SHARE OF HVA PRODUCTS

EBITDA HIT 10-YEAR RECORD LEVEL DRIVEN BY IMPROVED PRODUCT MIX, LOWER COAL PRICES AND WEAKER RUBLE

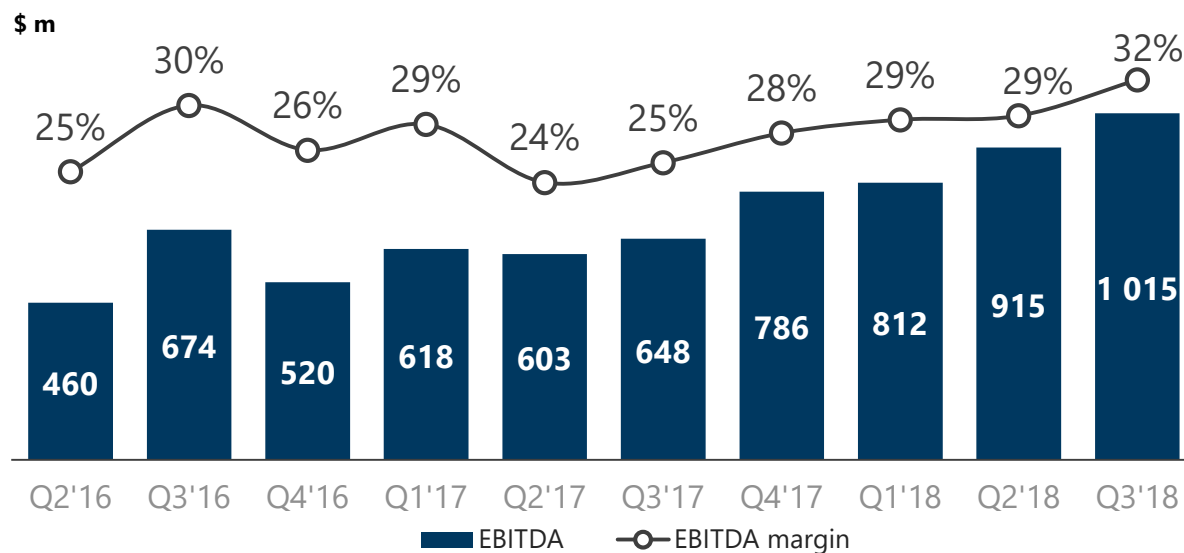
- Revenue: \$3,127 m (+0,5% qoq, +23% yoy)
- EBITDA: \$1,015 m (+11% qoq, +57% yoy)
- EBITDA margin: 32% (+3pp qoq, +7pp yoy)
- Net income*: \$646 m (+11% qoq, +81% yoy)

NET DEBT DECREASED 11% QOQ ON THE BACK OF EBITDA GROWTH

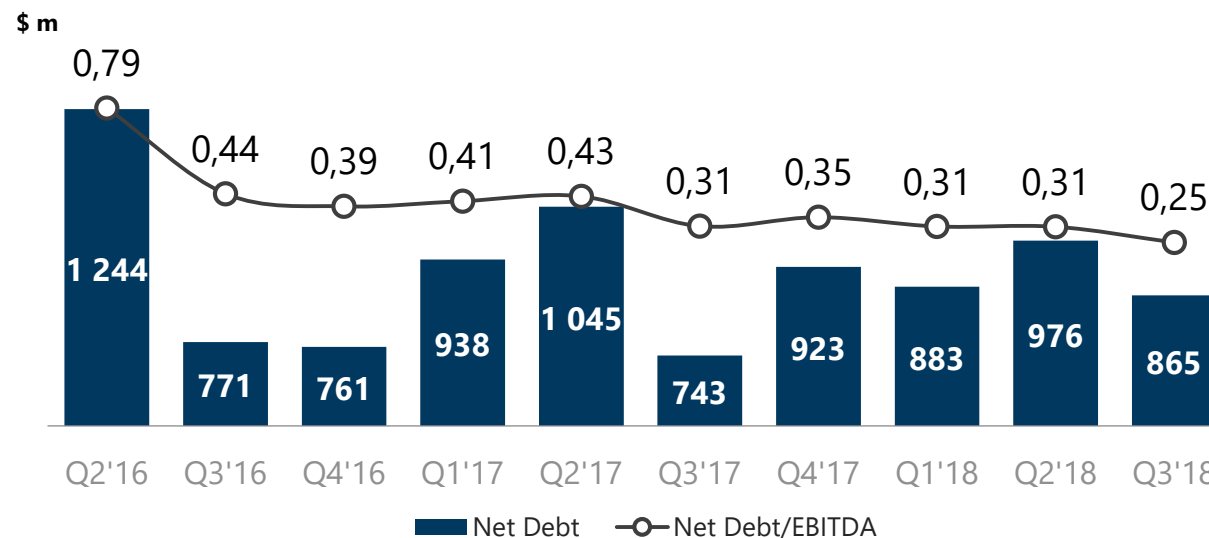
NET DEBT TO EBITDA HIT 10-YEAR LOW LEVEL

- Net debt / EBITDA**: 0.25x (flat qoq, -0.12 yoy)

PROFITABILITY CONTINUED TO EXPAND



Q3'18 LEVERAGE REMAINS LOW



* Profit for the period attributable to NLMK shareholders

** For detailed information and calculations for this indicator please refer to the Appendix of Financial release.

RUSSIAN FLAT PRODUCTS: EBITDA UP ON EXPANDING PRICE SPREADS

- (+) Wider spreads driven by reduced coking coal prices
- (-) Sales decreased 7% qoq

RUSSIAN LONG PRODUCTS: EBITDA UP 35% ON STRONG SALES

- (+) Sales volumes increased 46% qoq due to release of inventories on strong post-World Cup demand
- (-) Price spreads narrowed as long steel prices fell

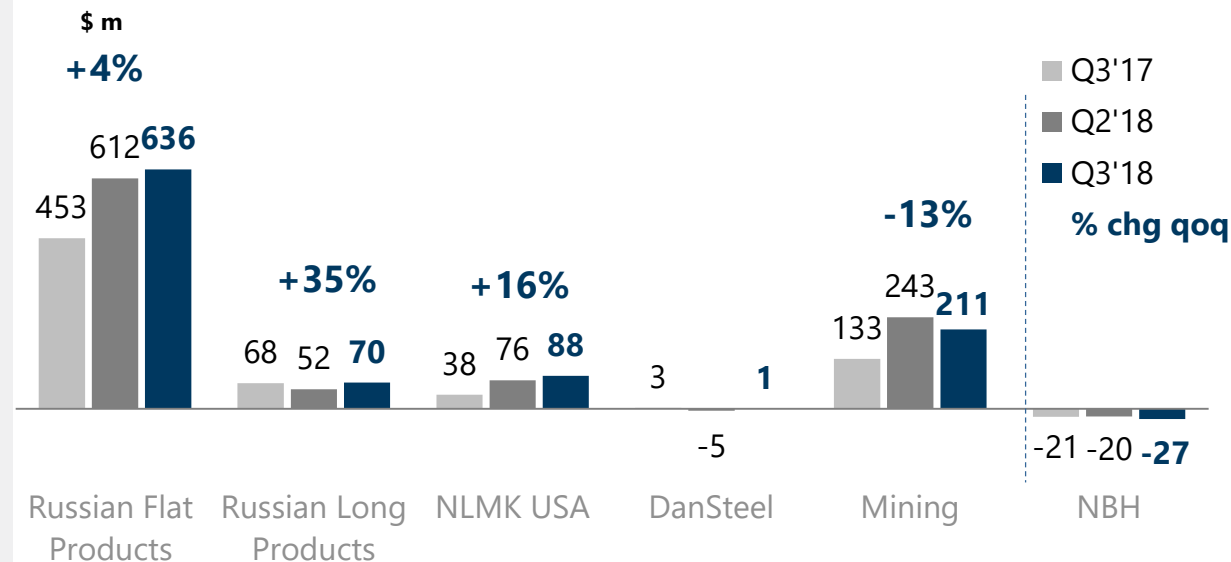
NLMK USA: EBITDA up 16% on higher steel prices

NLMK DANSTEEL: EBITDA reverted to positive on higher price spreads of plate to slab

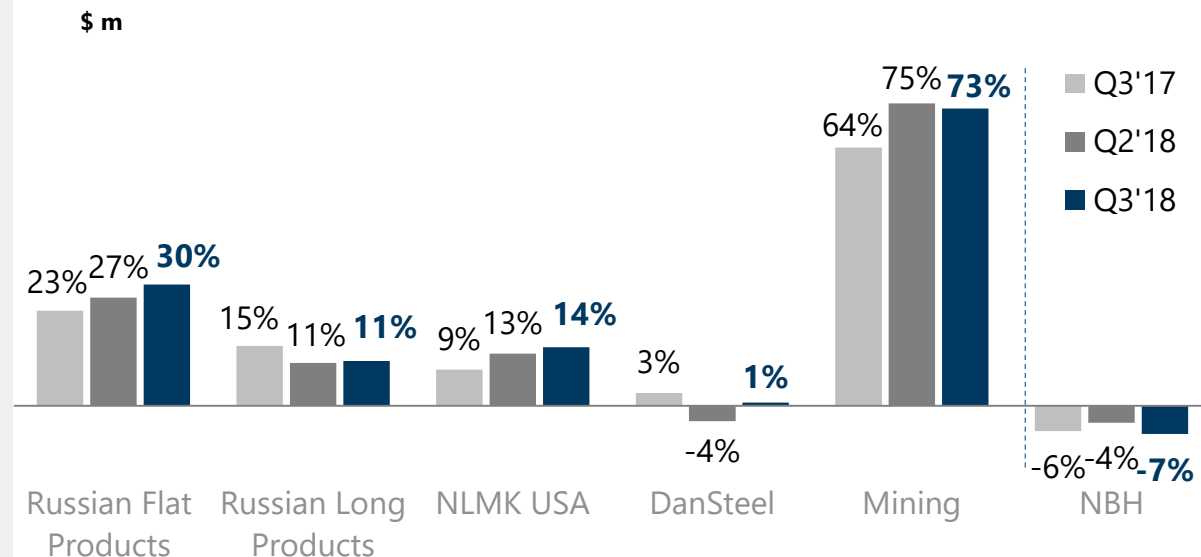
MINING: MARGINS REMAINED HIGH despite moderate correction

NBH: EBITDA remained negative on narrow price spreads between rolled plate and strip products and slabs

EBITDA BY DIVISIONS



EBITDA MARGIN BY DIVISIONS



FREE CASH FLOW INCREASED TO \$638 M

NET OPERATING CASH FLOW UP 2X QOQ TO \$831 M

WORKING CAPITAL STABLE:

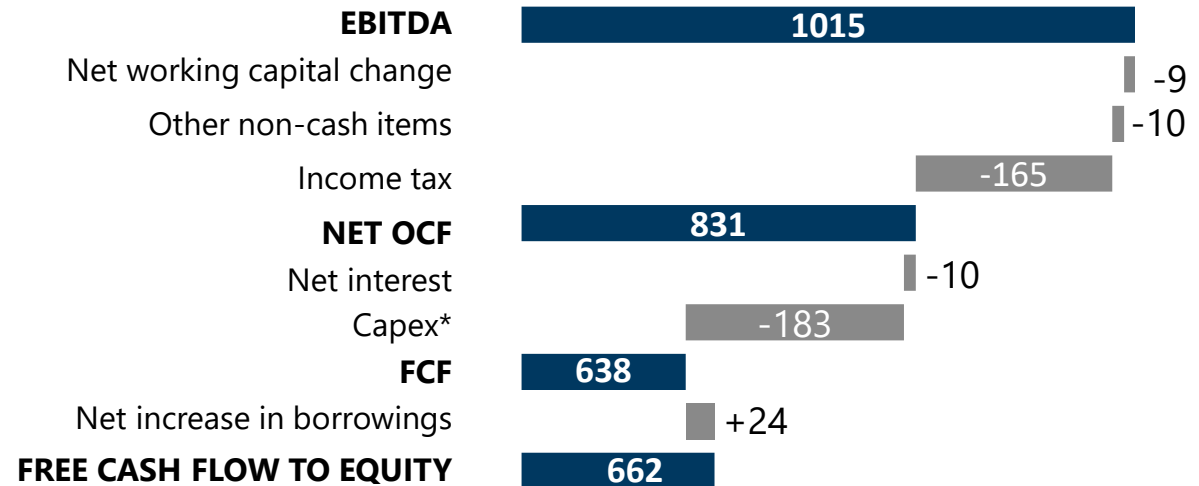
- (+) \$49 m decrease in accounts receivables on faster payments from contractors
- (-) \$57 m increase in inventories mainly due to increase in finished steel inventories at ports following growth in export shipments as well as stocking of scrap for winter season

CAPEX ROSE TO \$183 M DUE TO MATERIAL MAINTENANCE PROJECTS STARTED IN THE RUSSIAN FLAT PRODUCTS DIVISION:

- Capital repair of BOF No 2
- Capital repair of blast furnace No 6
- Reconstruction of reheating furnace in HR shop

Q3'18 FCF BRIDGE

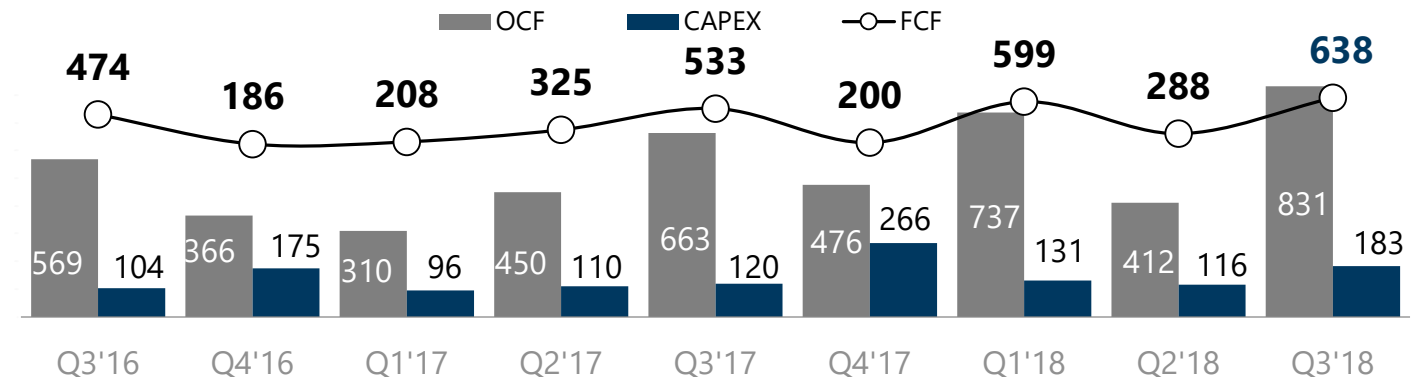
\$ m



* Including capitalized interest of \$6m

OPERATING CF, CAPEX*, FCF

\$ m



* Excluding NBH

NLMK HAS LEADING POSITIONS IN VALUE ADDED PRODUCTS WITH DEMAND OUTSTRIPPING SUPPLY

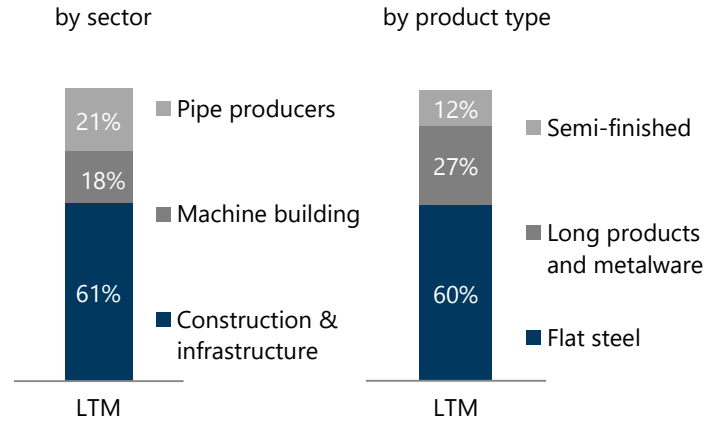
THE COMPANY HAS EXPOSURE TO NICHE PRODUCTS:

- LDP feedstock
- The only transformer steel producer in Russia

THIS IS FURTHER SUPPORTED BY DIVERSIFICATION INTO FLAT / LONG PRODUCTS

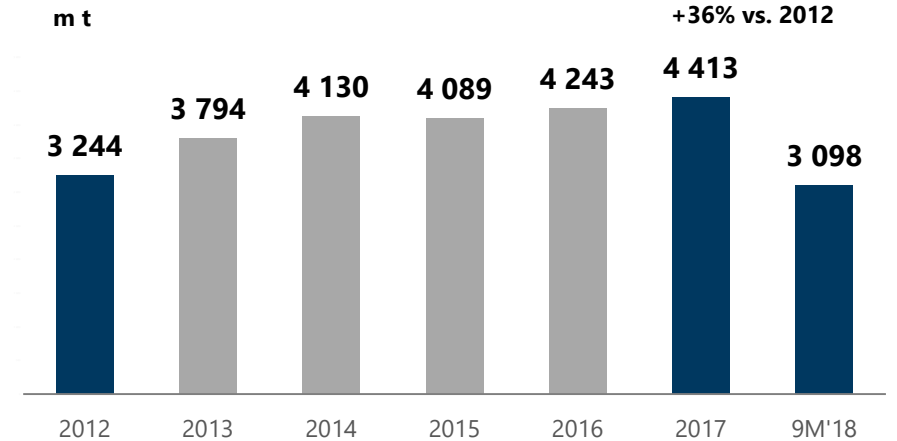
NLMK ALSO HAS THE FLEXIBILITY TO RELOCATE SHIPMENTS FROM DOMESTIC TO EXPORT MARKETS AND VICE VERSA

NLMK: SALES TO THE RUSSIAN MARKET



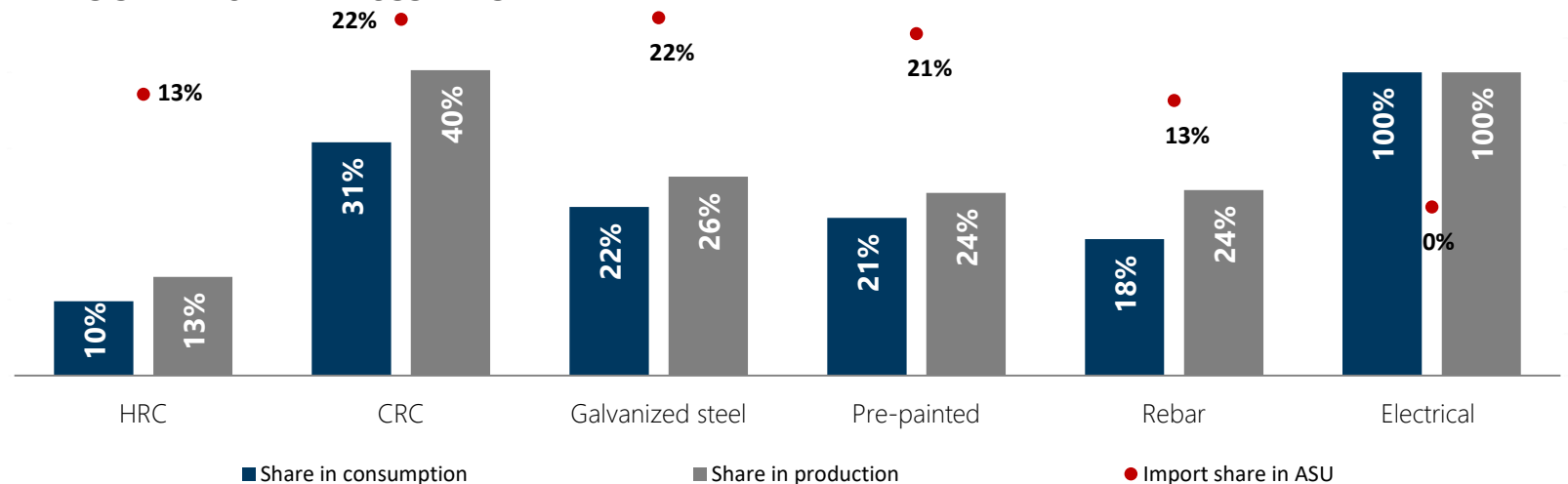
Source: NLMK's financial and operating results

NLMK: FLAT STEEL SALES IN RUSSIA



Source: NLMK financial and operating results

NLMK'S SHARE ON THE RUSSIAN STEEL MARKET



Source: NLMK operating results, Metal Expert, 9m'18

Market overview

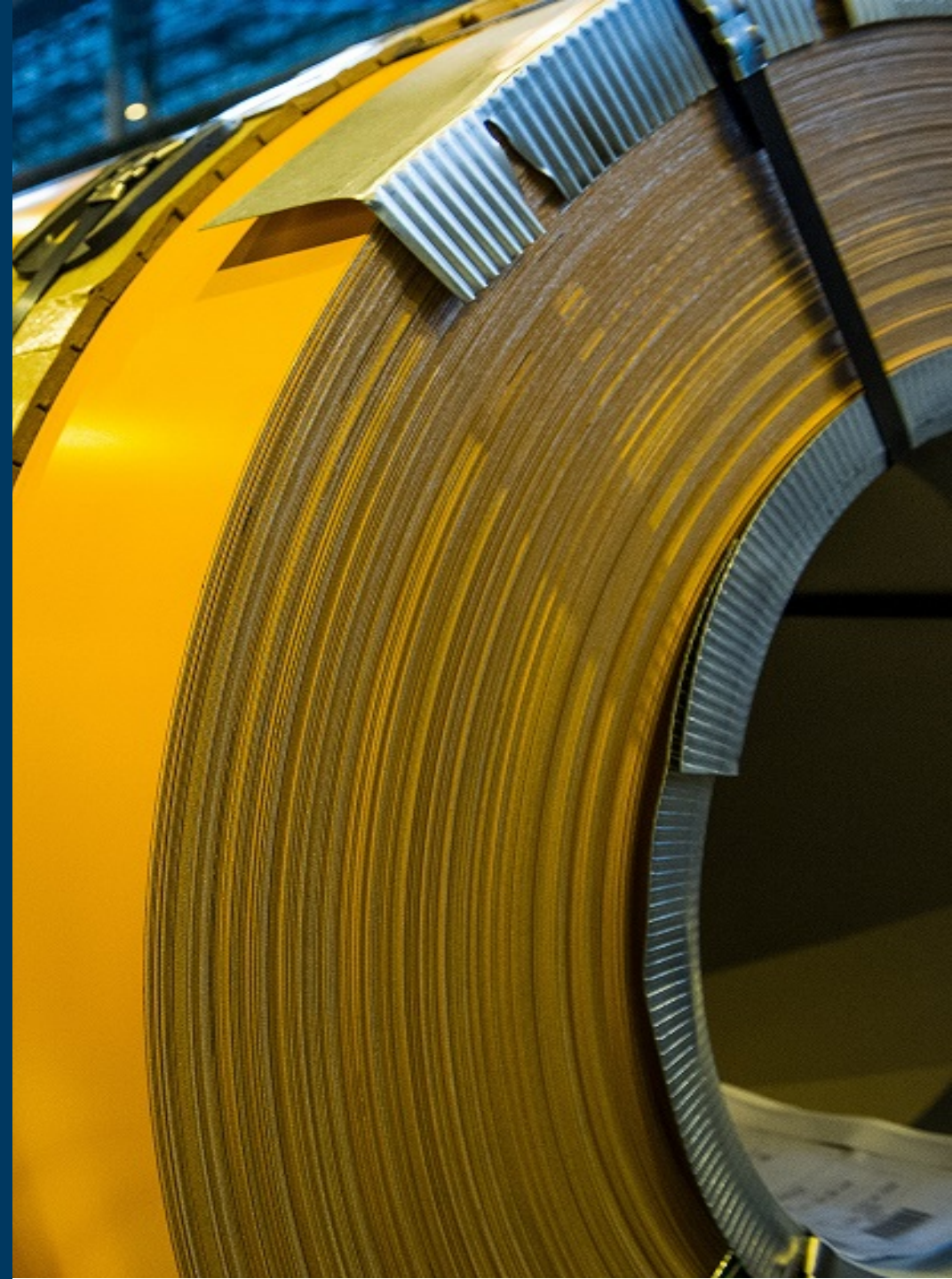
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Appendix



TOTAL DEBT INCREASED BY 1% QOQ TO \$2,123 M

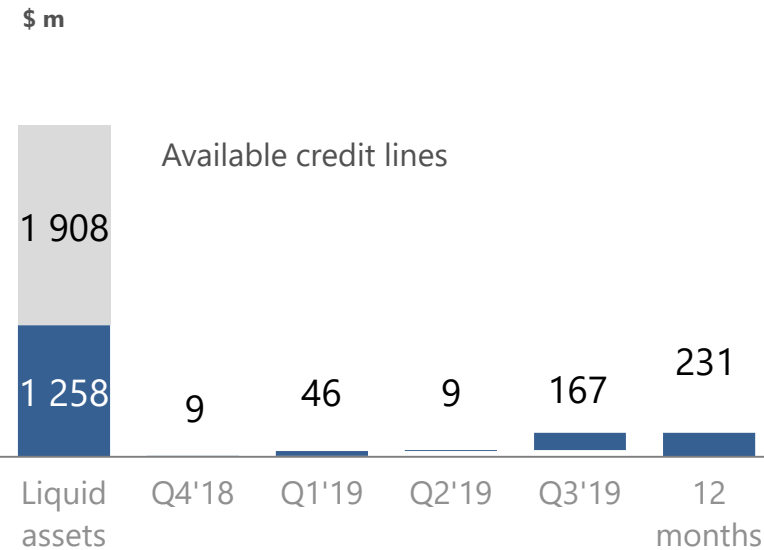
NET DEBT / 12M EBITDA ACHIEVED 10-YEAR LOW LEVEL OF 0.25X IN Q3'18

- Net debt decreased to \$0.9 bn (-11% qoq) on EBITDA growth
- Total debt increased by 1% qoq to \$2.1 b (-17% yoy)
- Liquidity up to \$1.3 bn (+12% qoq)

SHORT-TERM DEBT REQUIREMENTS ARE LOW

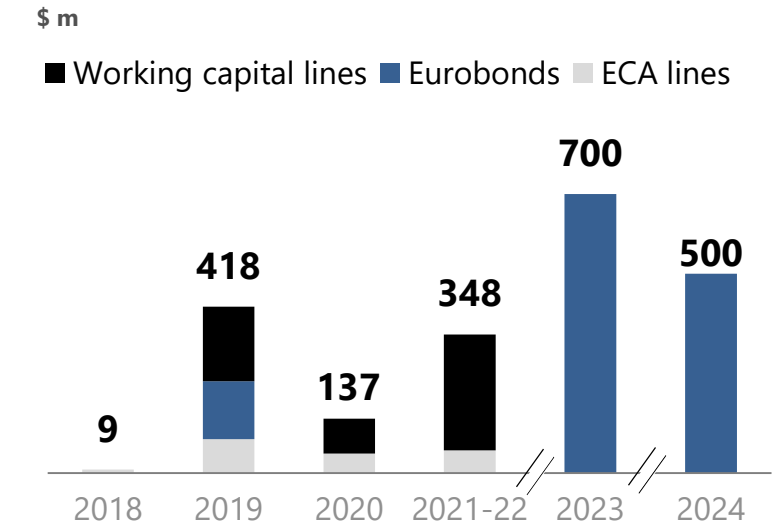
DEBT MATURITY IS WELL DISTRIBUTED WITH SOLID REFINANCING AND REDEMPTION OPTIONS

LIQUIDITY AND SHORT-TERM DEBT*



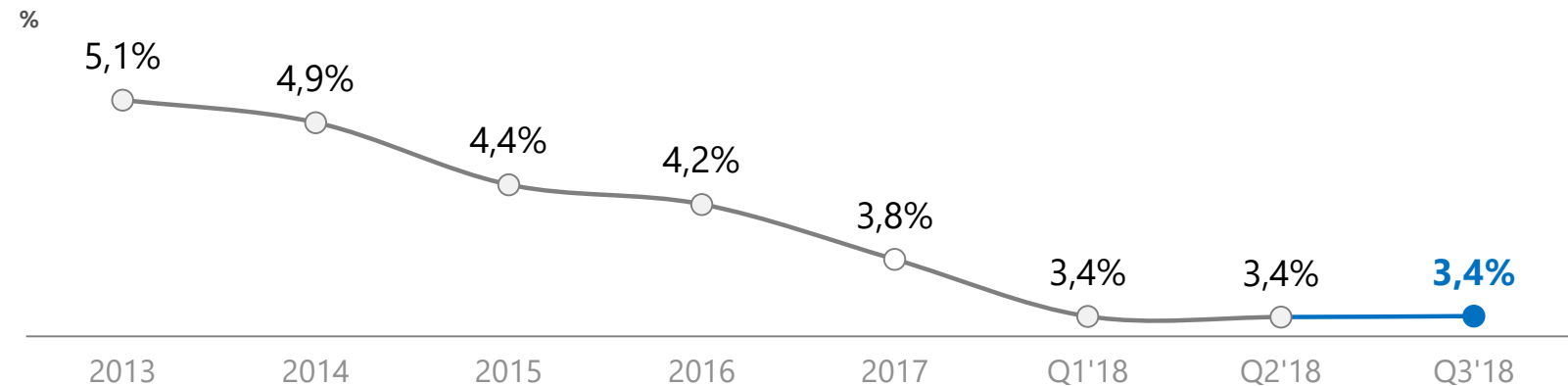
* Excluding interest payments and working capital lines

DEBT** MATURITY



** Excluding interest payments

COST OF DEBT REMAINS LOW



2018 CAPEX ESTIMATE OF \$0.65-0.7 BN

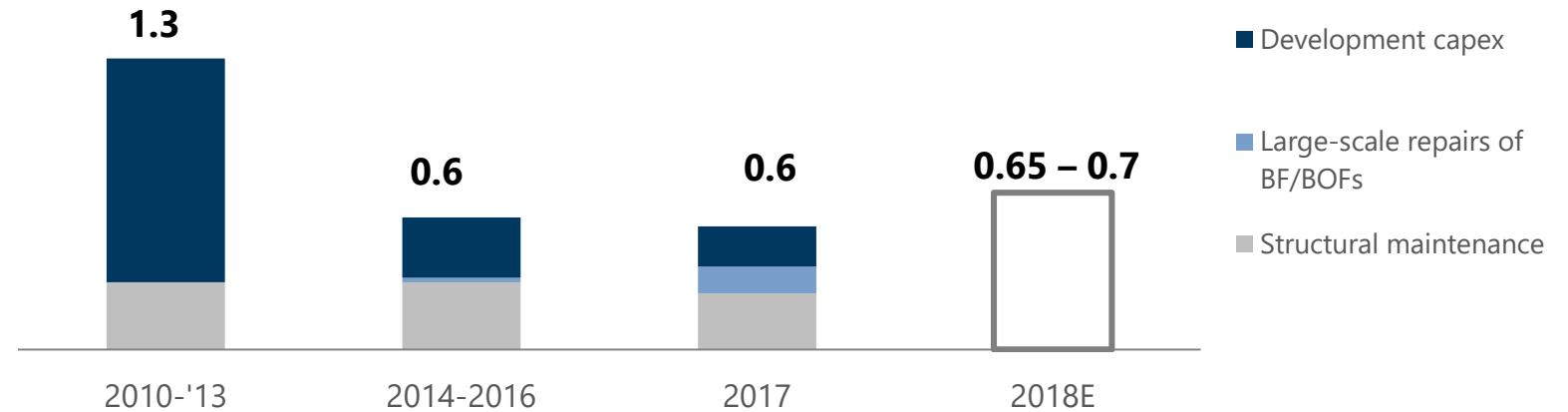
- \$300 m: structural (core) maintenance capex
- c.\$100 m: large-scale repairs of Lipetsk BF/BOFs
- \$250-300 m: development capex incl. final payments for Strategy 2017

2019-22 MAINTENANCE + EXTRA REPAIRS AT \$0.4 BN PA

- Structural maintenance capex at \$280-320 m pa
- Large-scale BF/BOFs repairs at the Lipetsk site of \$150 m pa on average, including BF#6 in 2019 and BF#4 in 2020
- Development capex to include “no-regret growth” projects, including continuous casting machine (CCM-9) and expansion at SGOK

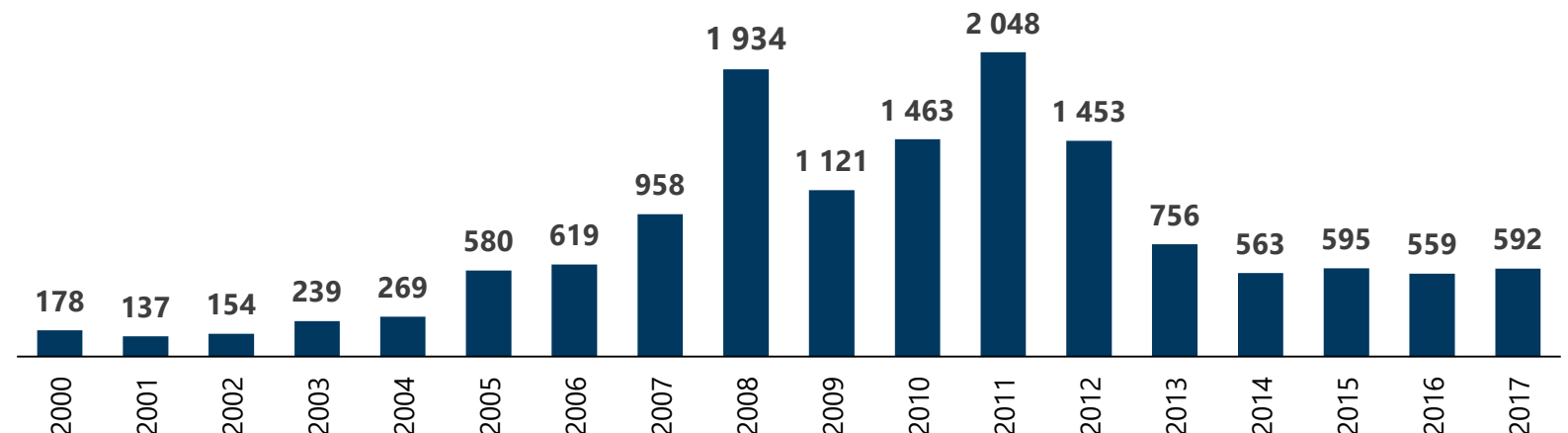
TOTAL ANNUAL CAPEX (P.A.)

\$ bn



NLMK CONSISTENTLY REINVESTS CAPITAL IN DEVELOPMENT

\$ m



ACCUMULATED LIQUIDITY IS USED AS A SOURCE TO PAY DIVIDENDS

THE COMPANY WILL STICK TO ITS CURRENT DIVIDEND POLICY OF PAYING 50% OF NI/FCF IF NLMK'S ND/EBITDA IS BELOW 1.0X

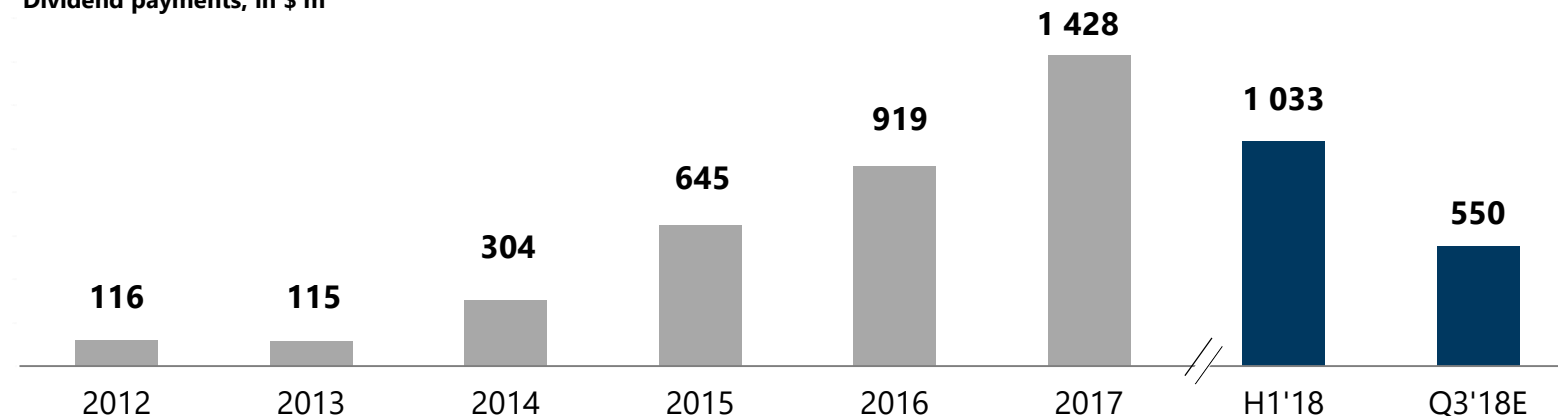
APPROVED H1'18 DIVIDENDS: \$1 033 M

RECOMMENDED Q3'18 DIVIDENDS: C. \$550 M, ANNUALIZED YIELD* OF 14%

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

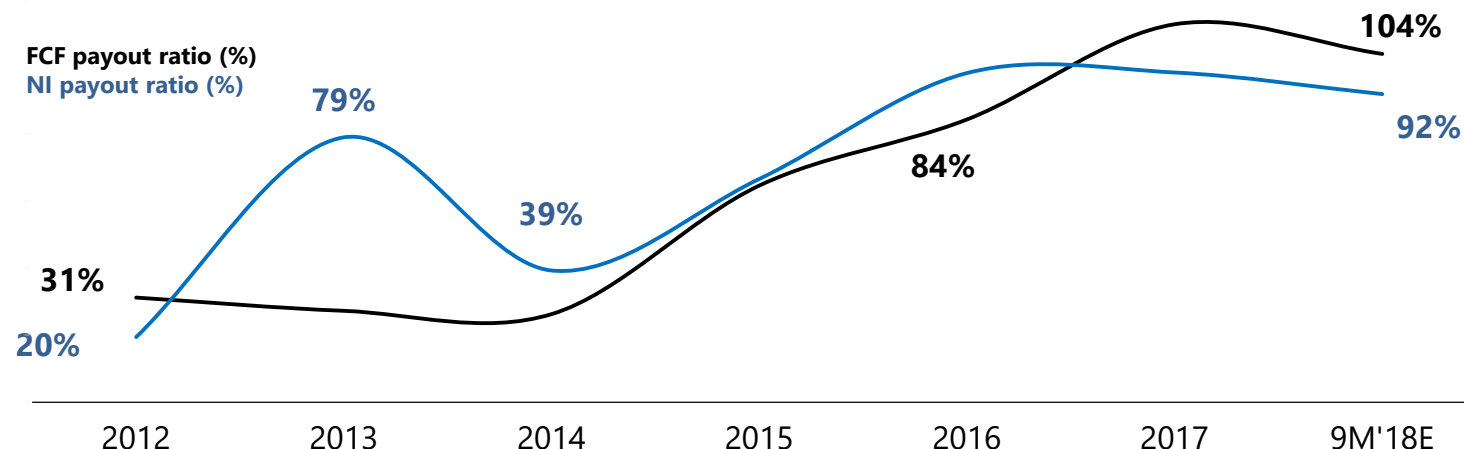
GROWTH IN FCF RESULTED IN HIGHER DIVIDENDS

Dividend payments, in \$ m



DIVIDENDS PAYOUT

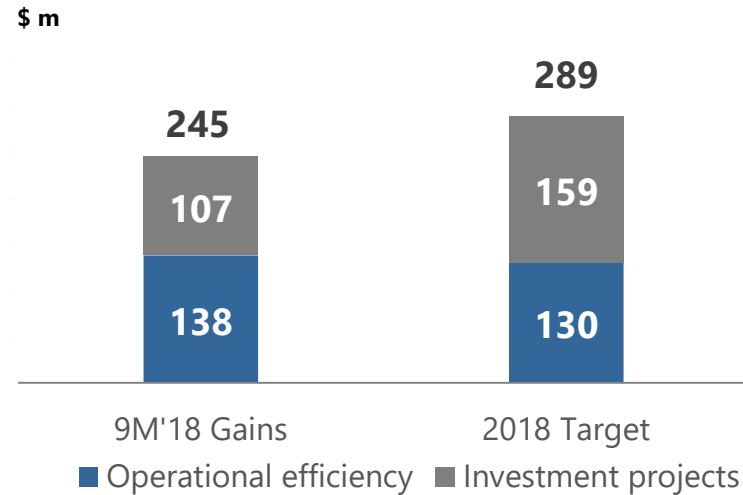
FCF payout ratio (%)
NI payout ratio (%)



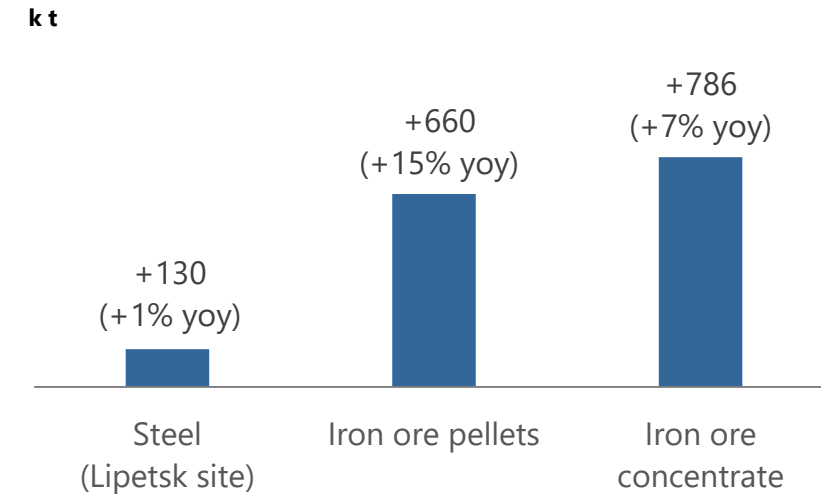
STRATEGY GAINS CONTRIBUTED \$245 M DURING 9M'18, OR 85% OF THE ANNUAL TARGET

- Effects of full implementation of PCI technology on BF-6 and BF-7
- Increase of iron ore concentrate and pellets production at Stoilensky GOK
- Additional volume of steel production
- Optimization of raw materials consumption
- Efficiency of logistics
- 302 new projects were launched during 9M'18

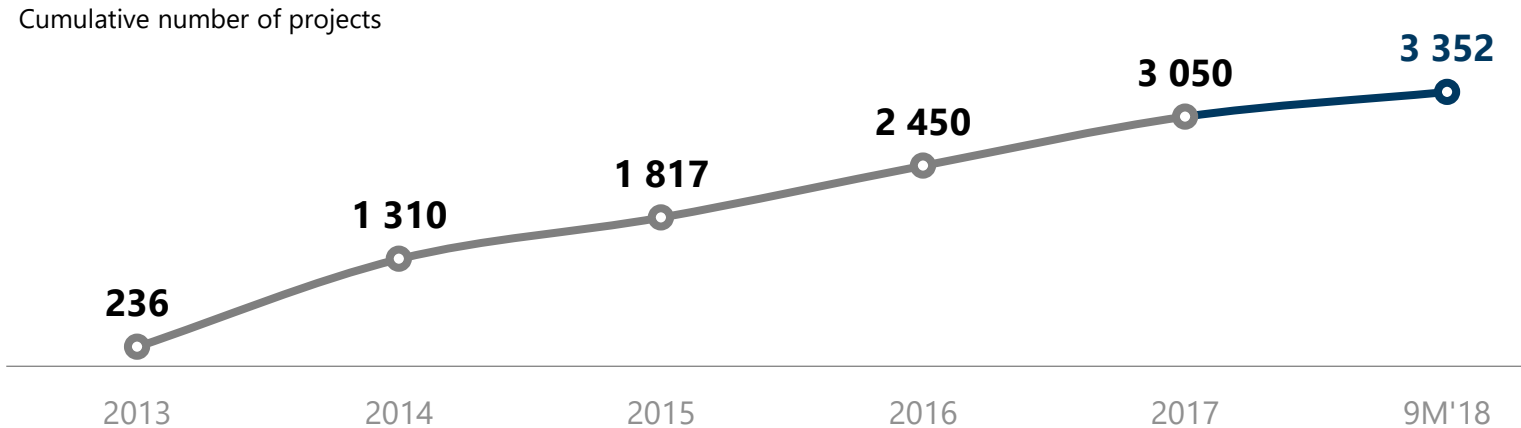
EBITDA GAINS FROM STRATEGY (OPERATIONAL EFFICIENCY AND INVESTMENT PROJECTS) vs 2017



PRODUCTION INCREASE: 9M 2018 vs 9M 2017



THE NUMBER OF EFFICIENCY PROJECTS KEEPS RISING



STRATEGY 2017 TARGETS ANNOUNCED BY VLADIMIR LISIN, CHAIRMAN OF THE BOARD OF DIRECTORS, AT 2014 CAPITAL MARKETS DAY

STRATEGY 2017 LEVERS:

1. **Operational efficiency:** best in class production costs and productivity
2. **World class resource base:** efficient upstream integration, wider use of cheaper resources
3. **Market leadership:** improved utilization rates, sales growth in core markets
4. **Leadership in sustainability & safety:** minimal environmental footprint, safe operating practices, motivated and engaged workforce



IN 2014-2017 STRATEGY EXECUTION DELIVERED \$1,019 M OF GAINS, FULLY ON TARGET

IN 2017, GAINS REACHED \$377 M EXCEEDING GUIDANCE OF \$260 M:

- \$169 m: iron ore pellets and concentrate production growth after new facilities commissioning
- \$20 m: PCI technology implementation
- \$11 m: slag processing facility launch
- \$97 m: other efficiency improvements (productivity growth, lower energy consumption, procurement and freight savings)

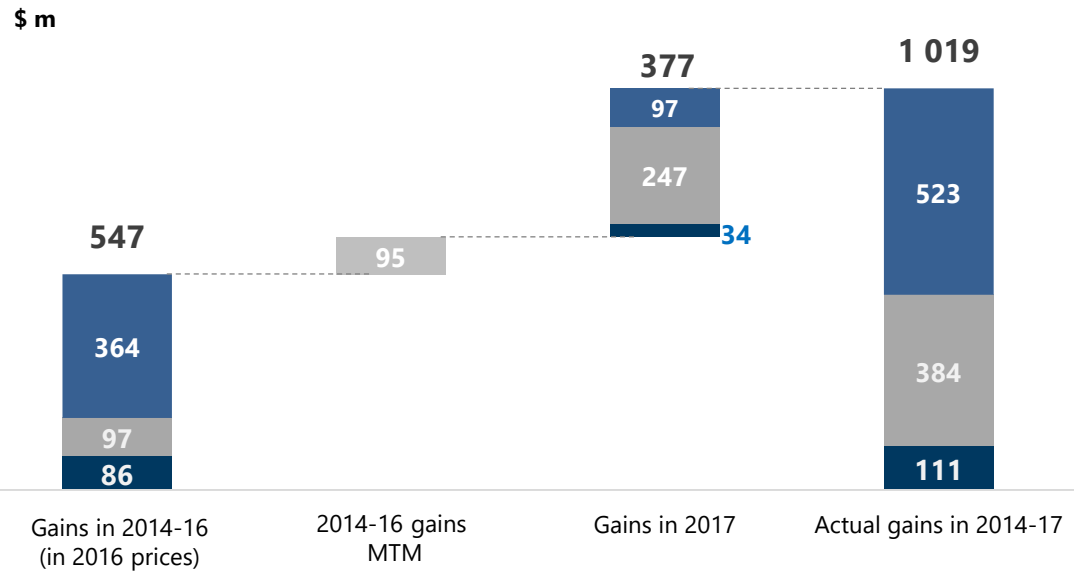
BETTER MARKET CONDITIONS LIFTED THE VALUE OF PRIOR YEARS GAINS BY \$95 M



STRATEGY 2017 TARGET NET GAINS



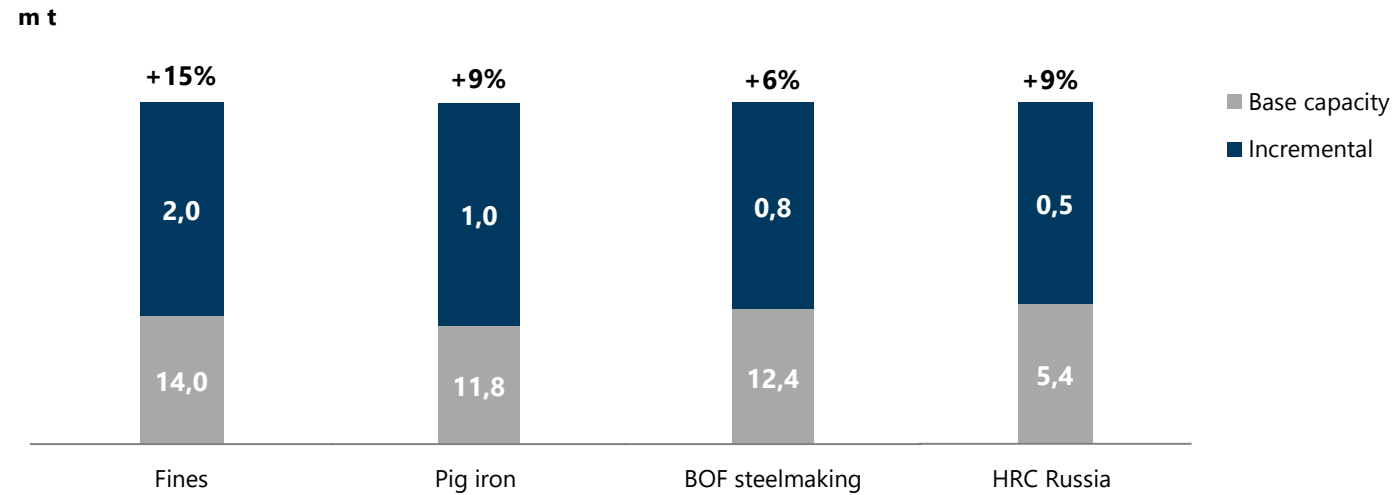
STRATEGY 2017 RESULTS BUILD-UP IN 2014-2017



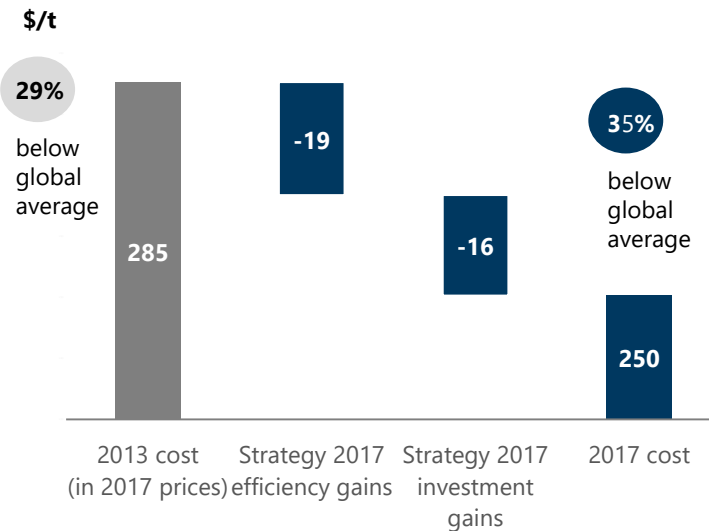
OPERATIONAL EFFICIENCY CONTRIBUTION 2014-17: \$523 M PA, 158% OF TARGET

- Number of efficiency projects grew 13x to 3,050 as NLMK Production System feeds through divisions and corporate functions
- Productivity improvements across the entire production chain
- Savings led to widening of NLMK's cost advantage vs the industry

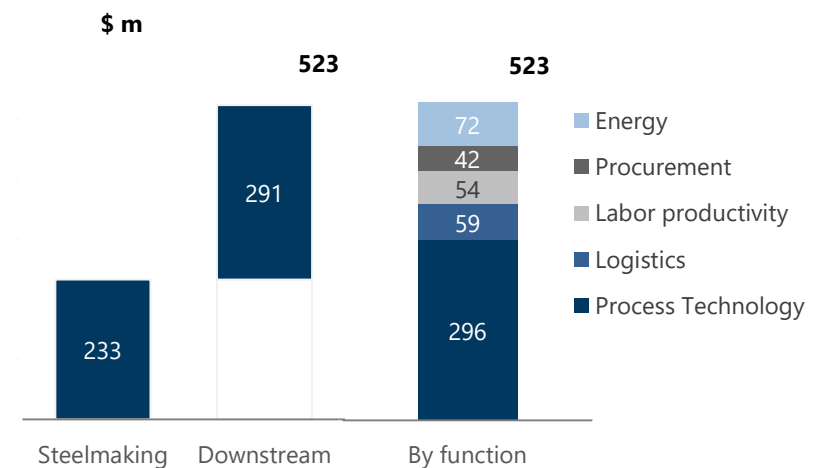
PRODUCTIVITY GROWS ACROSS PRODUCTION CHAIN



COST ADVANTAGE EXPANDED ON STRATEGY GAINS



EFFICIENCY GAINS BY DIVISION/FUNCTION



**EARNINGS IMPACT IN 2014-17: \$384 M PA
(80% OF TARGET, TARGET WILL BE HIT IN 2018
AS NEWLY LAUNCHED FACILITIES RAMP UP)**

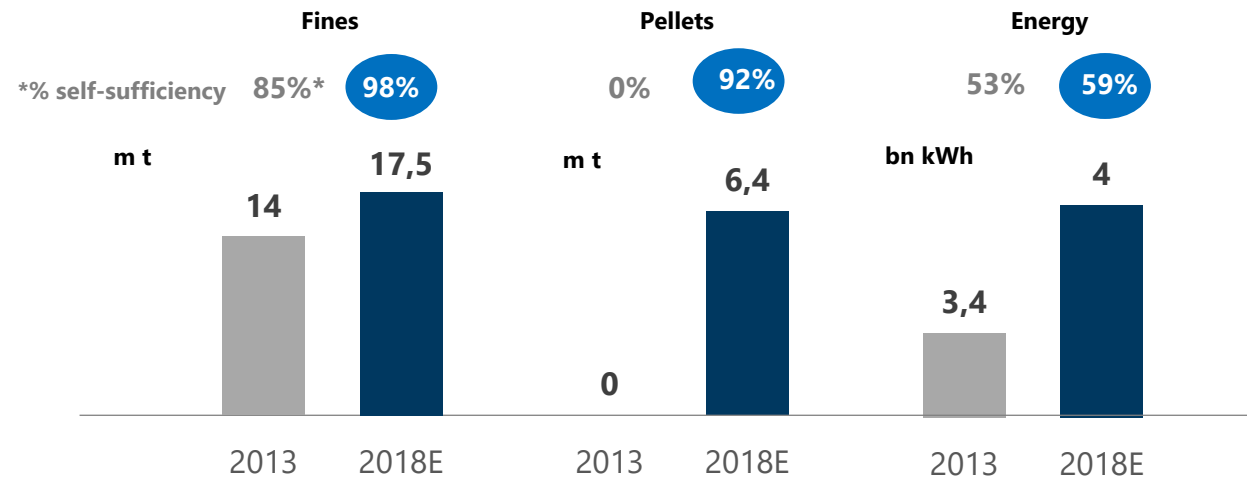
**BETTER SELF-SUFFICIENCY IN KEY RESOURCES
THROUGH INVESTMENTS AND PRODUCTIVITY
GROWTH**

- 6 m t of iron ore pellets produced at the new facility in 2017, sufficiency up from 0% to 92%
- Iron ore fines output is up by 2.1 m t to 16.1 m t pa in 2017
- Iron ore projects contributed \$250 m (65%) of upstream gains

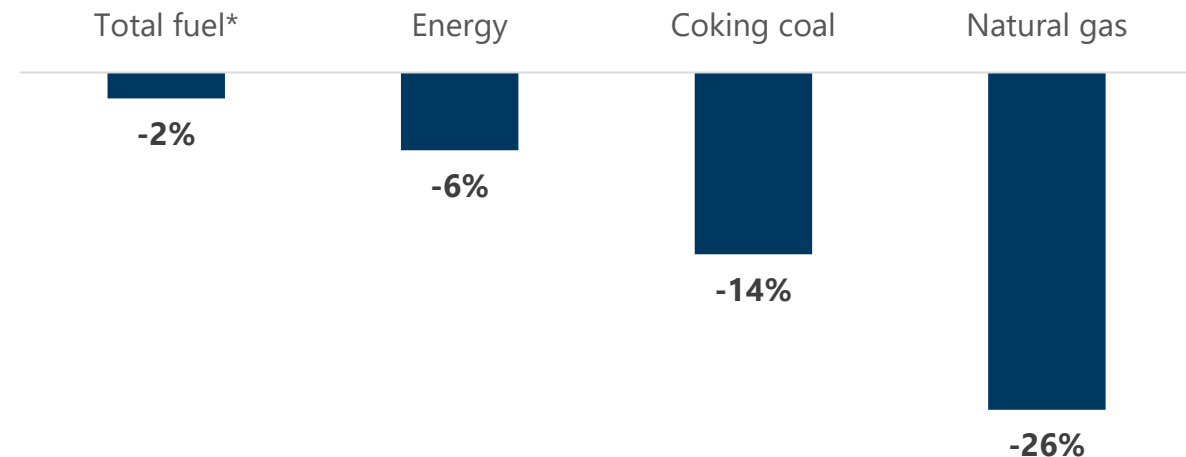
**LOWER CONSUMPTION AND REPLACEMENT
OF EXPENSIVE MATERIALS**

- Purchased energy consumption down by 6% driven by co-generation and efficient by-products use
- Coking coal and natural gas usage dropped by 14% and 26% due to PCI technology roll-out
- Total specific fuel consumption decreased by 2% driven by process technology improvements

SELF-SUFFICIENCY IN KEY RESOURCES WILL IMPROVE FURTHER



STRUCTURAL REDUCTION IN RESOURCE CONSUMPTION



Note: NLMK Russia gross feedstock consumption, 2017 vs. 2013, in 2017 volumes
*per tonne of Fe-containing materials in BF production

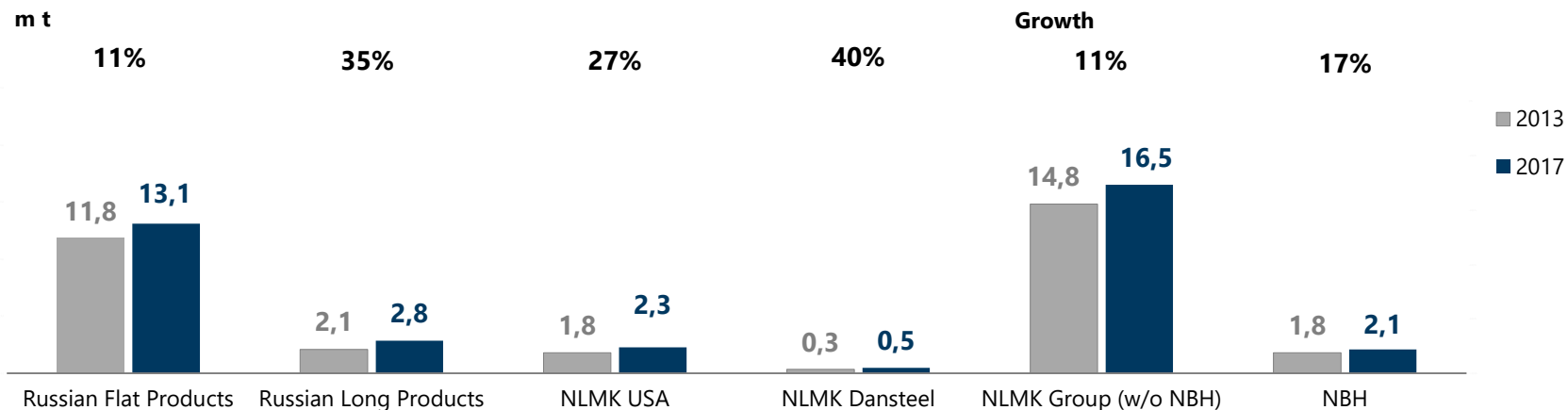
Earnings impact in 2014-17: \$111 M PA (60% OF TARGET MAINLY DUE TO DETERIORATION OF THE RUSSIAN MARKET)

2017 SALES TO HOME MARKETS INCREASED BY +1 M T VS THE 2013 LEVEL

ALL BUSINESS SEGMENTS SHOWED DOUBLE-DIGIT SALES GROWTH VS THE 2013 LEVEL

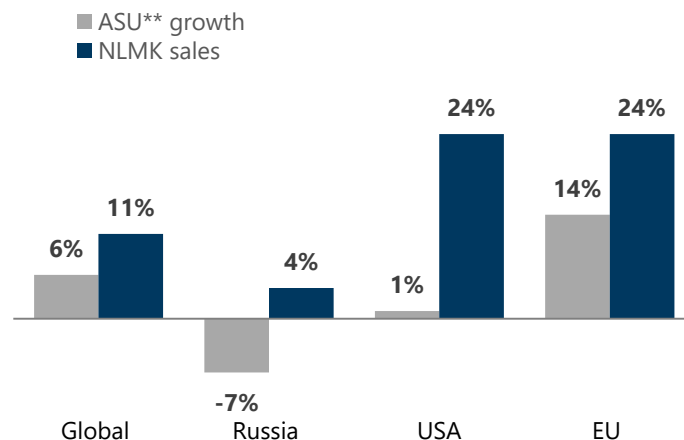
BETTER MIX: SALES GROWTH VS 2013 COMES ONLY FROM FINISHED PRODUCTS

ALL DIVISIONS DEMONSTRATED STRONG GROWTH VS 2013

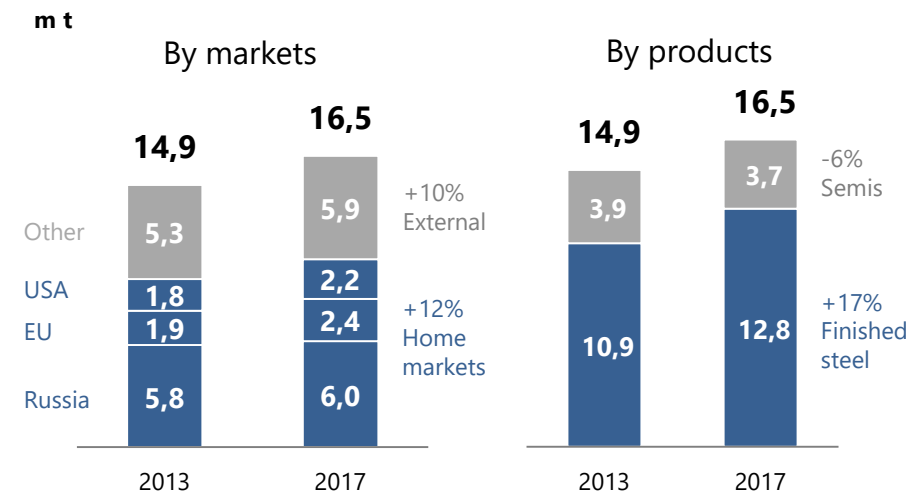


NLMK SALES* OUTPACED MARKET GROWTH

2017 vs 2013 levels



SALES STRUCTURE IMPROVED



* Including NBH sales

** ASU: apparent steel use

RELENTLESS FOCUS ON SAFE OPERATING PRACTICES

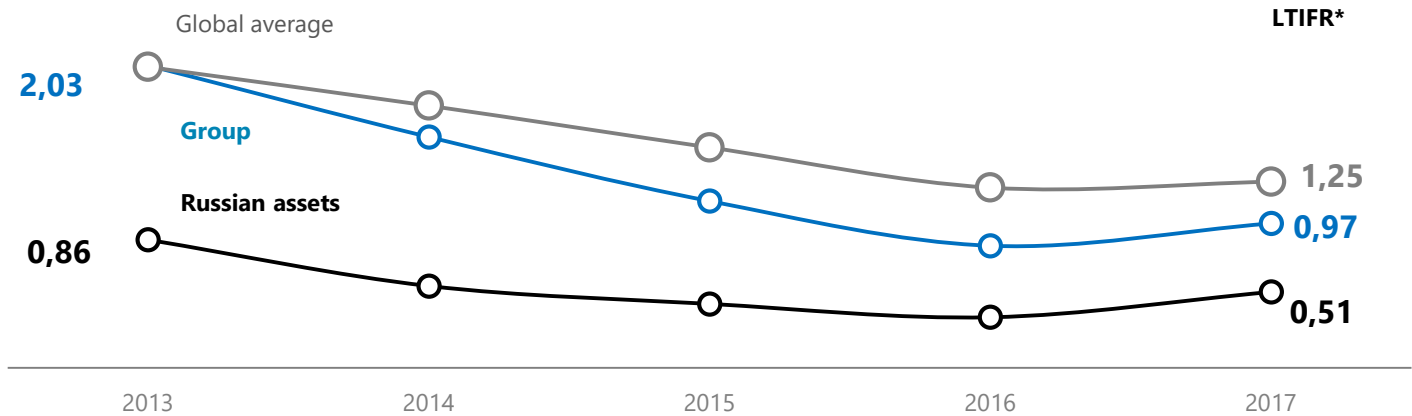
- LTIFR* of Group operations down by 53% vs 2013 level to 0,97
- LTIFR* of Russian operations down by 41% vs 2013 level to 0,51

FURTHER REDUCTION IN ENVIRONMENTAL FOOTPRINT

- Air emissions down by 6% from 2013 levels
- De-dusting units modernization, waterless slag cooling technology

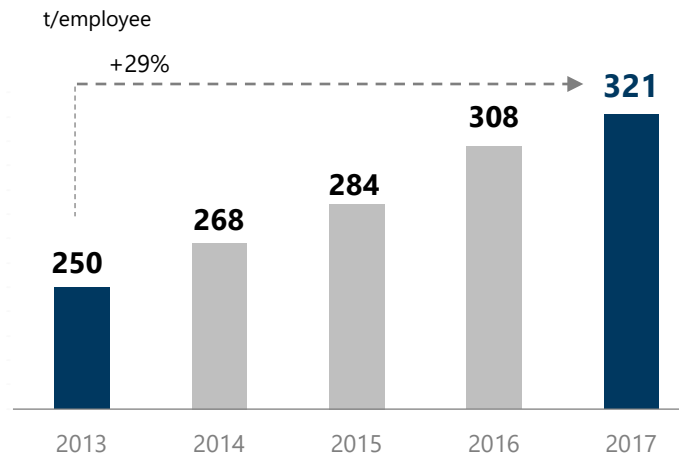
LABOR PRODUCTIVITY** RATES IMPROVED BY 29% VS 2013 LEVEL ON THE BACK OF PRODUCTION GROWTH AND OPERATIONAL EFFICIENCY

FOCUS ON SAFETY TRANSLATED INTO INDUSTRY LEADING RESULTS



*LTIFR – Lost Time Injury Frequency Rate (per 1 mln man-hours worked) for Group employees . Russian assets include Russian Flat Products, Russian Long Products, Russian Mining

LABOR PRODUCTIVITY INCREASED BY 29%



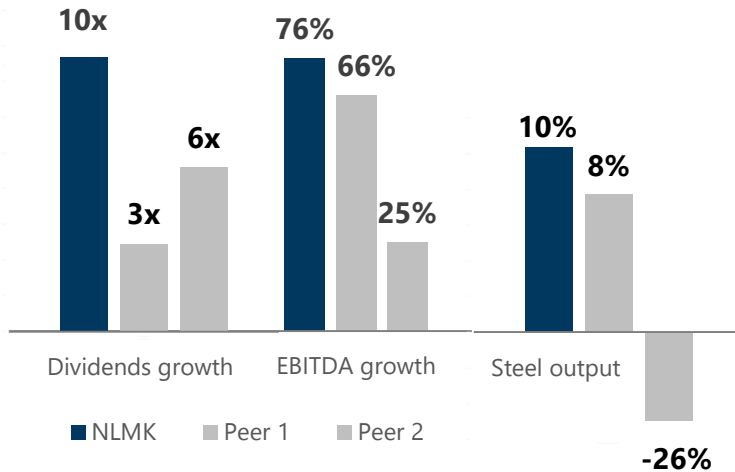
A 6% DROP IN AIR EMISSIONS SINCE STRATEGY INCEPTION



** Productivity calculated as steel output divided by the number of employees (including NBH)

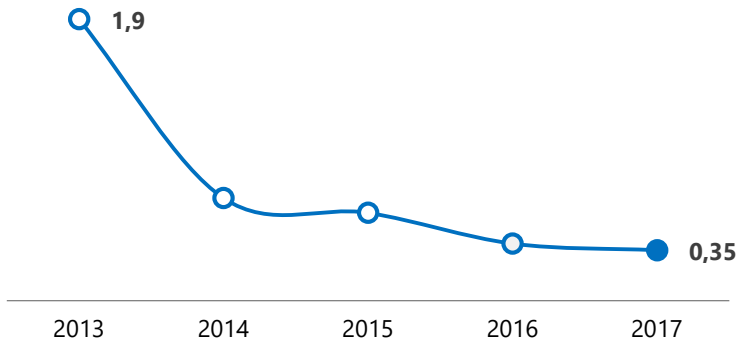
✓ IMPRESSIVE GROWTH STORY

2017/2013



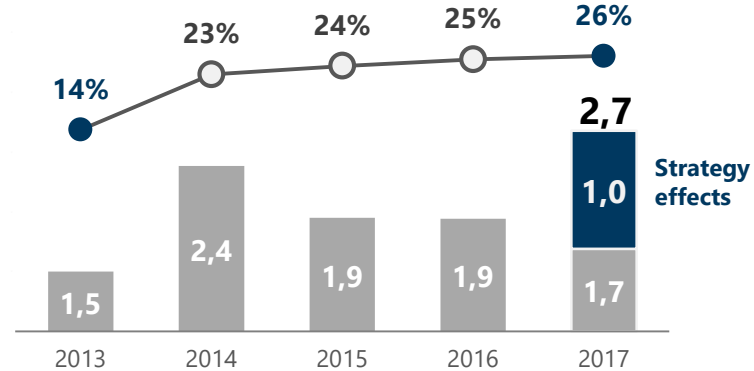
✓ LEVERAGE BELOW TARGET LEVEL

Net Debt/EBITDA ratio



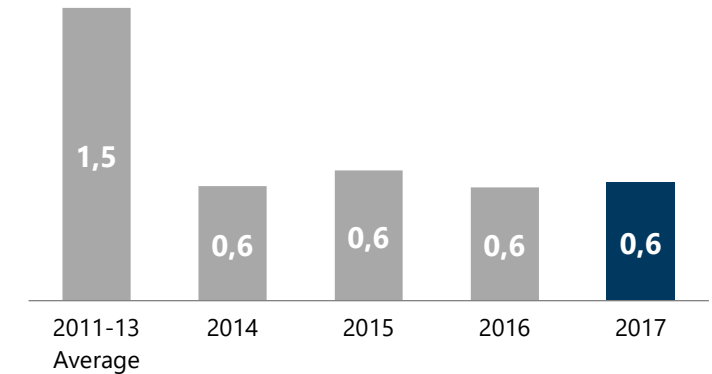
✓ STRUCTURAL PROFITABILITY GROWTH

EBITDA (\$ bn), EBITDA margin (%)



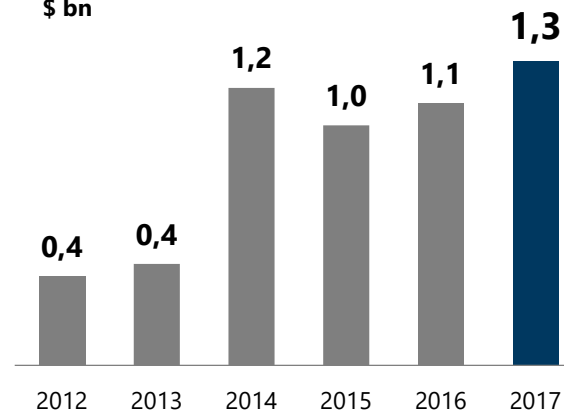
✓ CONSERVATIVE CAPEX

\$ bn



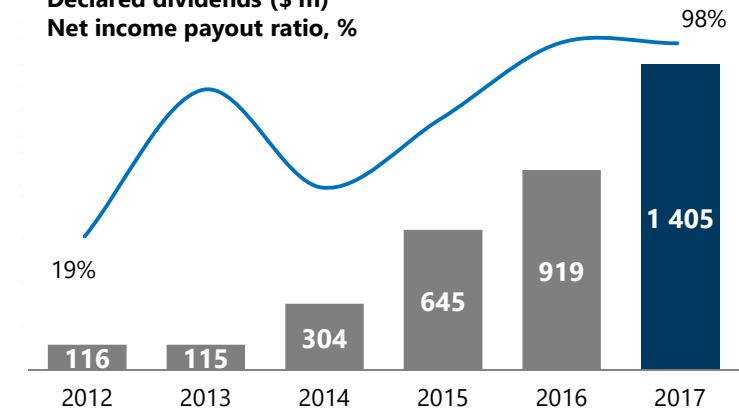
✓ STABLE POSITIVE FCF

\$ bn



✓ SUPERIOR SHAREHOLDER RETURNS

Declared dividends (\$ m)
Net income payout ratio, %



Free cash flow (available to shareholders and creditors) = operational cash flow minus capex minus net interest payments
FCF yield = Free cash flow / market cap

2014-2017: \$1,019 M GAINS EXCEED STRATEGY 2017 TARGET OF \$1,000 M

2018: GAINS OF \$159 M from investments completed in 2016-17

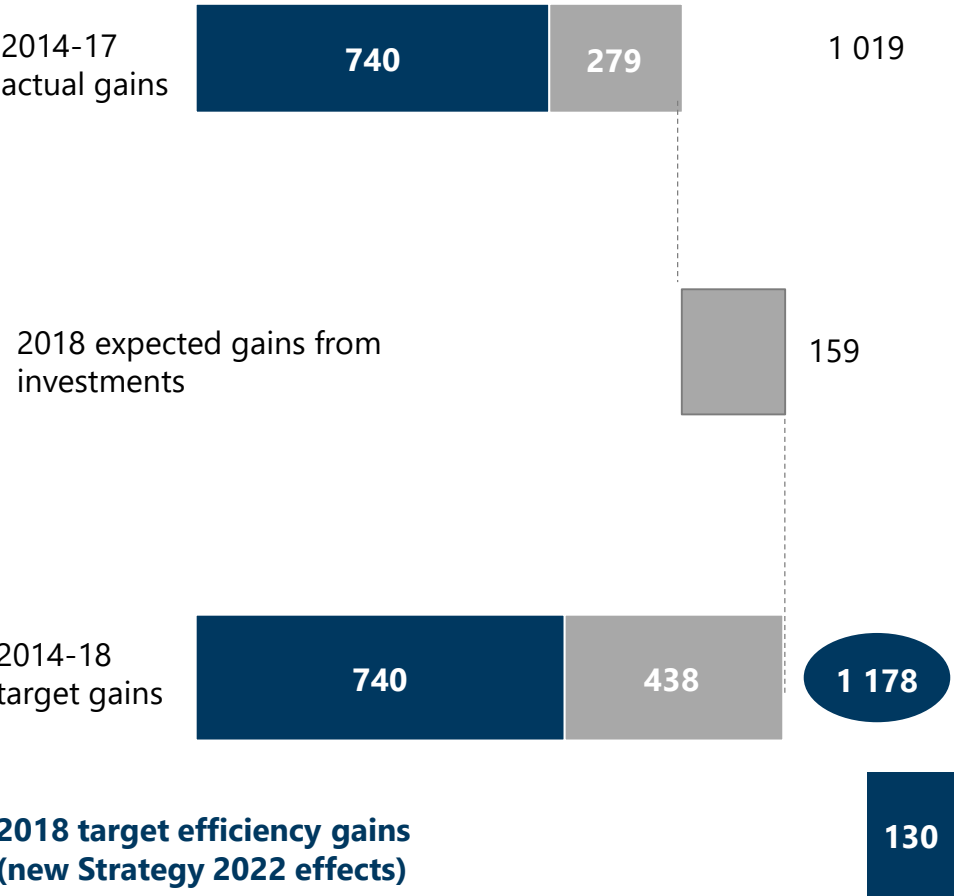
- c.\$63 m: iron ore fines output growth (+0.8 m tpa)
- c.\$57 m: PCI technology ramp-up (full calendar year effect)
- c.\$15 m: new energy generator launch
- c.\$9 m: slag briquetting plant launch

TOTAL STRATEGY 2017 EFFECT OF ~\$1,180 M EXPECTED BY THE END OF 2018

2018 OPERATIONAL EFFICIENCY GAINS OF ~\$130 M WILL BE REPORTED AS STRATEGY 2022 EFFECTS

STRATEGY 2017 NET GAINS

\$ m



Management initiatives Investments

COMBINATION OF EFFICIENCY, GROWTH AND INNOVATIONS BACKED BY SUSTAINABILITY AND SAFETY

OPERATIONAL EFFICIENCY & COMMERCIAL EXCELLENCE



NLMK Production System development
Coke making technology upgrade to reduce consumption of deficit coal grades
New investment program aimed to reduce raw materials & energy consumption
Supply chain optimization
Customer service development
Expansion of distribution & service networks

VALUE-CREATIVE GROWTH

Brownfield development of integrated steel value chain based on low-cost resource base
Growth in selected high value added products
Downstream integration to protect value and capture extra margin
Market share increase in attractive markets



SUSTAINABILITY

New health & safety programs
New program on environmental footprint reduction



INNOVATIONS

New B2B channels and digital interfaces
Digital technologies in operations
Human capital development to support innovative growth



TARGET: TO REACH 14 MT PA OF CRUDE STEEL (+ 1 M T PA)

HOW: DEBOTTLENECKING OF STEEL-MAKING...

- Unutilized pig iron capacity at the Russian Flat division
- Upgrade of continuous-casting machines & infrastructure

... SUPPLEMENTED BY LOW COST RAW MATERIALS

- Brownfield expansion of iron ore fines output to 19.7 m t pa
- Pushing pelletizer capacity up to 7.3 m t pa

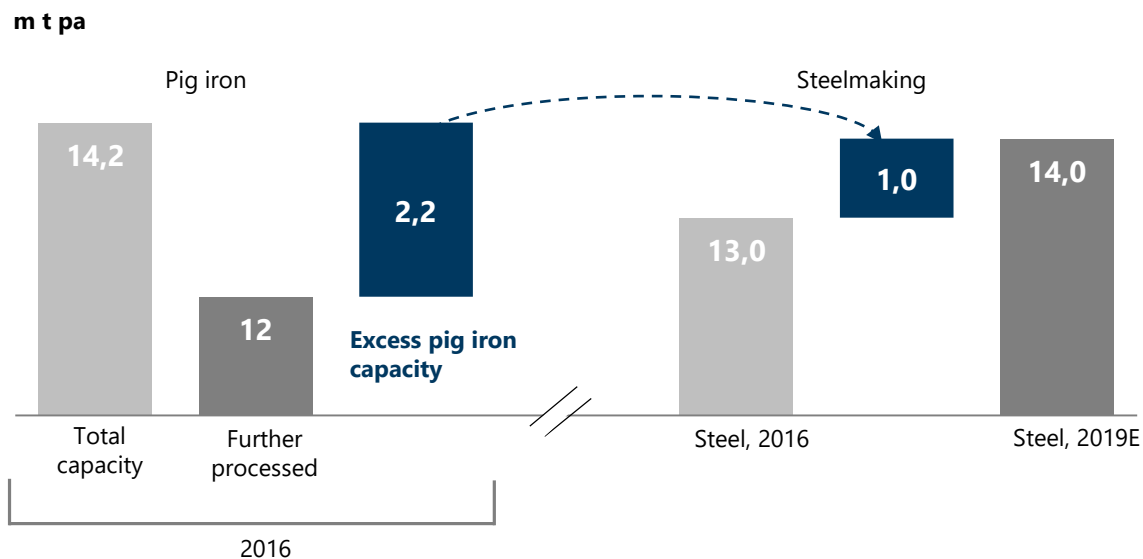
ECONOMICS:

- Additional output: 1 m t pa of low cost slabs
- Total capex for steelmaking and raw materials: \$400-500 m (\$400-500/t)
- Impact on EBITDA: +\$100-150 m (in 2016 prices)
- Completion: 2019

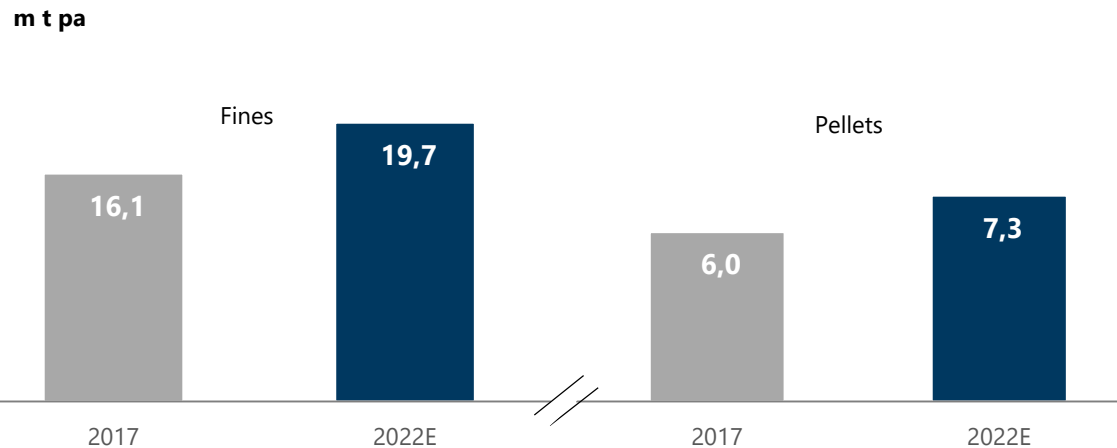
MARKETS FOR NEW VOLUMES:

- Growing sales to captive downstream assets in in the EU and the USA
- Selling new volumes to the merchant slabs market
- Acquiring efficient re-rolling capacity in growing markets

DEBOTTLENECKING OF STEEL CAPACITY AT THE RUSSIAN FLAT DIVISION



PRODUCTION GROWTH AT SGOK



Market overview

About NLMK

NLMK's performance

Strategy execution

and shareholders

returns capability

- **ESG**

Appendix



LONG-TERM
USE OF PRODUCTS AND
RESOURCES THANKS TO:

RECOVERY AND RE-USE

REPAIRS AND UPGRADES

RECYCLING

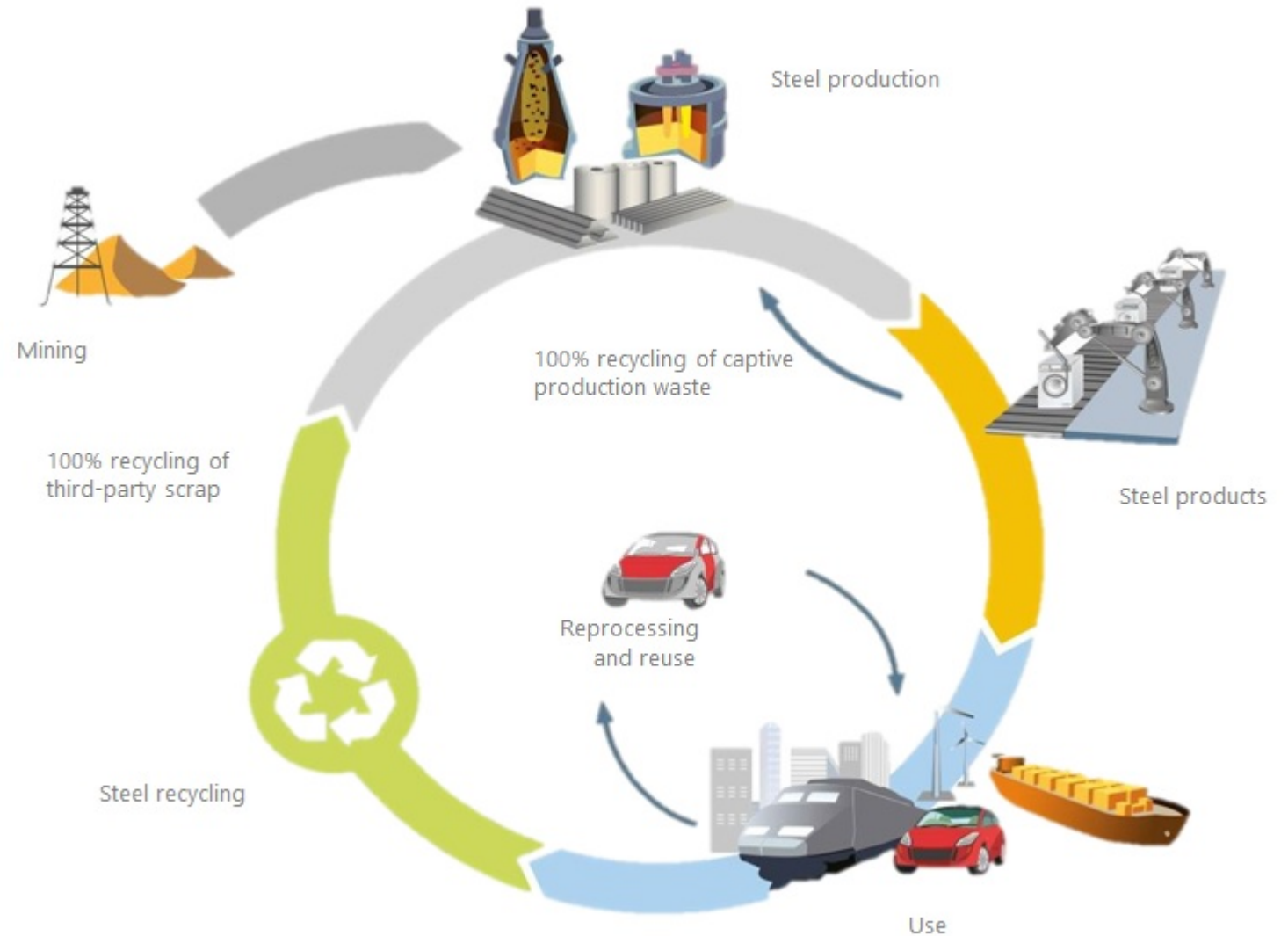


REDUCED ENVIRONMENTAL
FOOTPRINT

ECONOMIC STABILITY IN ACCESS
TO RESOURCES

NEW BUSINESS OPPORTUNITIES

EMPLOYMENT BOOST



Source: worldsteel



CSR HUB (08/2018)

Company	Score
China Steel Corp	60
POSCO	58
NLMK	56
Severstal	51
US steel	47



Sustainalytics (08/2018)

Company	Score
China Steel Corp	78
NLMK	65
JFE Holdings	60
Severstal	54
Nucor Corp	50



MSCI (07/2018)

Company	Score
China Steel Corp	BBB
POSCO	BBB
NLMK	BB
ArcelorMittal	B
Severstal	CCC



FTSE4Good

FTSE4Good (07/2018)

Company	Score*
Tata Steel	3.9
NLMK	3.2
Norilsk Nickel	3.1
Basic Materials Avg	2.5
Iron&Steel Avg	2

*Score / Rating: 0 to 5 (higher scores are better)

CURRENTLY NLMK HAS A SOLID ESG POSITION compared to peers. We aim to improve it through the implementation of Strategy 2022

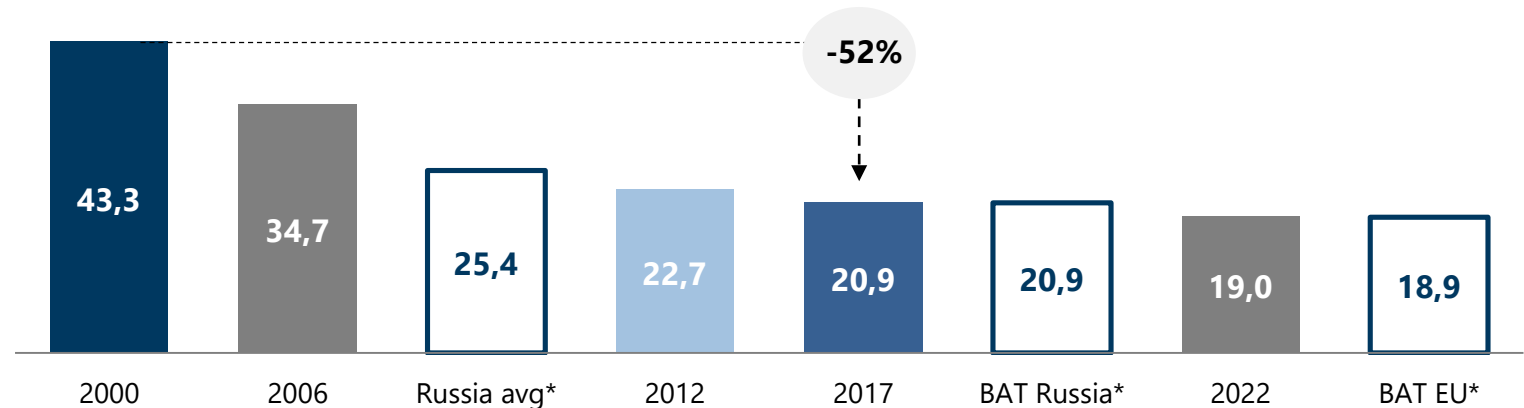
AIR QUALITY IN LIPETSK HAS SUBSTANTIALLY IMPROVED IN THE PAST 17 YEARS

- Lipetsk is currently one of cleanest cities based on Russian official air quality index
- At the same time, about 80% of NLMK's emissions consist of CO, which is not deemed as dangerous in many developed countries
- Specific air emissions have dropped 52% since 2000 and further 9% reduction is targeted by 2022

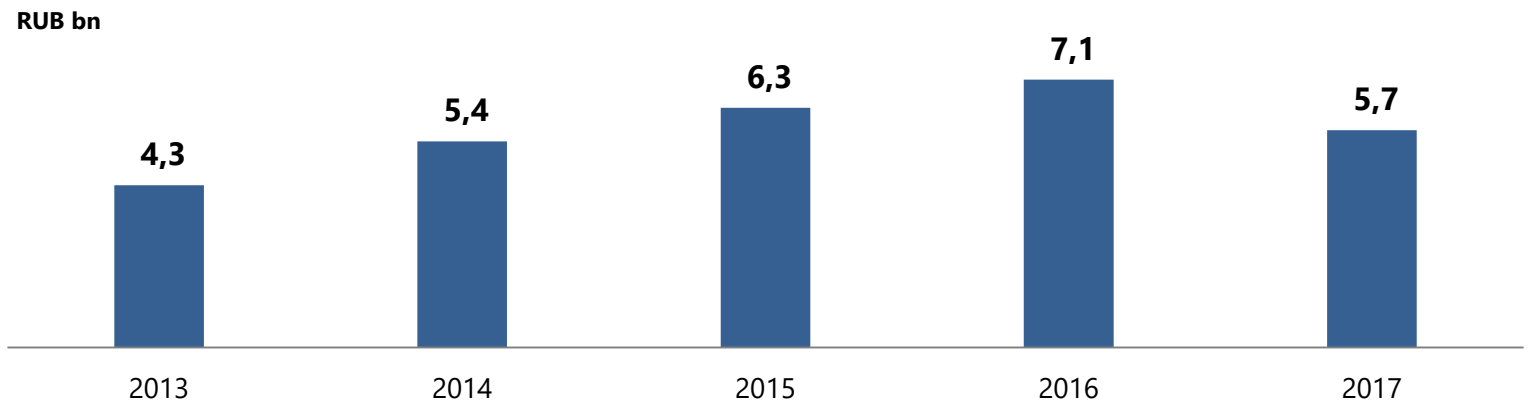
NLMK GROUP HAS INVESTED MORE THAN RUB 28 BN SINCE 2013 IN PROJECTS AIMED AT REDUCING ENVIRONMENTAL FOOTPRINT

- Closed water loop system, where the water used in the production process is treated and then recycled
- Green energy facility (top-pressure recovery turbine) that generates energy using excess blast furnace gas pressure

NLMK'S LIPETSK SITE: SPECIFIC AIR EMISSIONS DYNAMICS, kg/t



NLMK*: INVESTMENTS IN ENVIRONMENTAL PROJECTS



* NLMK's Russian assets only

GROWING INVOLVEMENT OF INDEPENDENT DIRECTORS

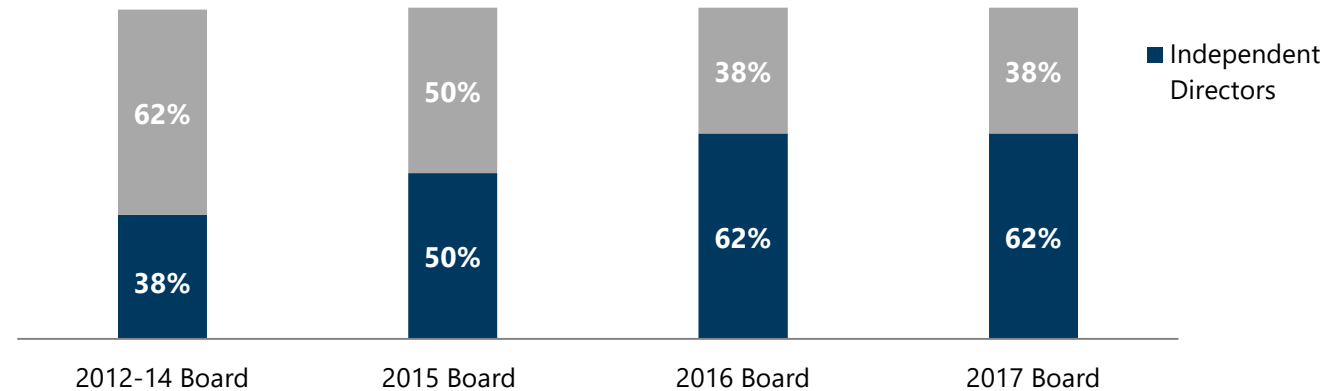
- The number of Independent Directors has increased
- Audit Committee, HR, Remunerations and Social Policy Committee are chaired by Independent Directors
- Independent Directors make up the majority in each of the committees

ONE OF THE INDUSTRY'S MOST TRANSPARENT COMPANIES

- Europe 500 – the Best European Investor Relations, according to the Survey by Extel in 2014-2015 (ranked in top 100)
- **IR Magazine perception study 2017:**
- Among leading exponents of investor relations in the European steel sector
- Top-3 'Best in country' among Russian companies
- FTSE4Good index constituent according to the latest review (Jul'18)

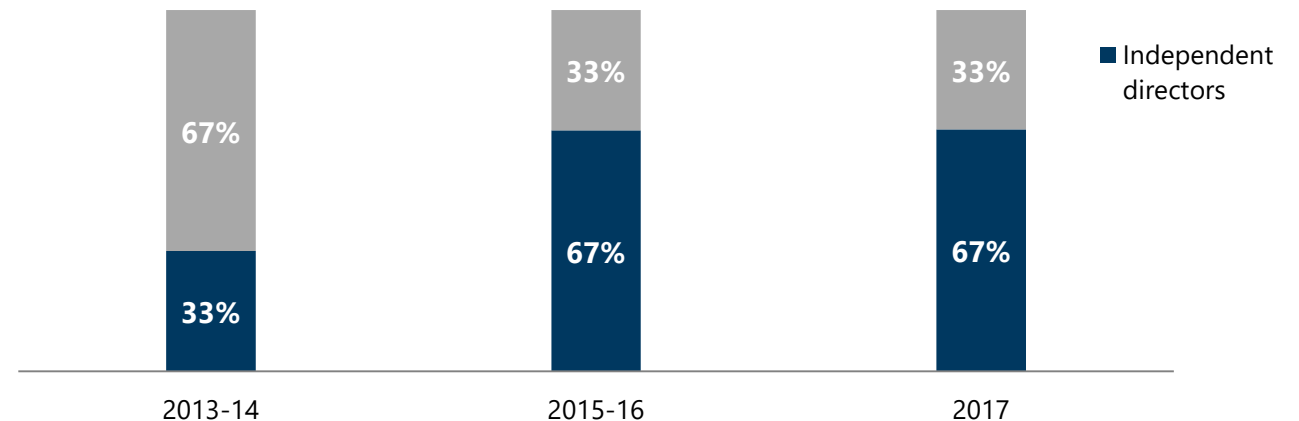
DIVIDEND POLICY PROVIDES VISIBILITY AND PREDICTABILITY FOR DEBT- AND EQUITY HOLDERS

BOARD: % OF INDEPENDENT DIRECTORS



Source: NLMK annual reports, without Chairman of the BoD

% OF COMMITTEES CHAIRED BY AN INDEPENDENT DIRECTOR



Source: NLMK annual reports, without Chairman of the BoD

Market overview

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and shareholders returns
capability
ESG

- **Appendix**



**2017 SALES INCREASED
BY 3% YOY TO 16.5 MT**

**FINISHED STEEL IS 65%
(+1 PP) OF THE SALES
PORTFOLIO**

**30% OF THE FINISHED
STEEL SALES ARE HIGH
VALUE ADDED PRODUCTS**

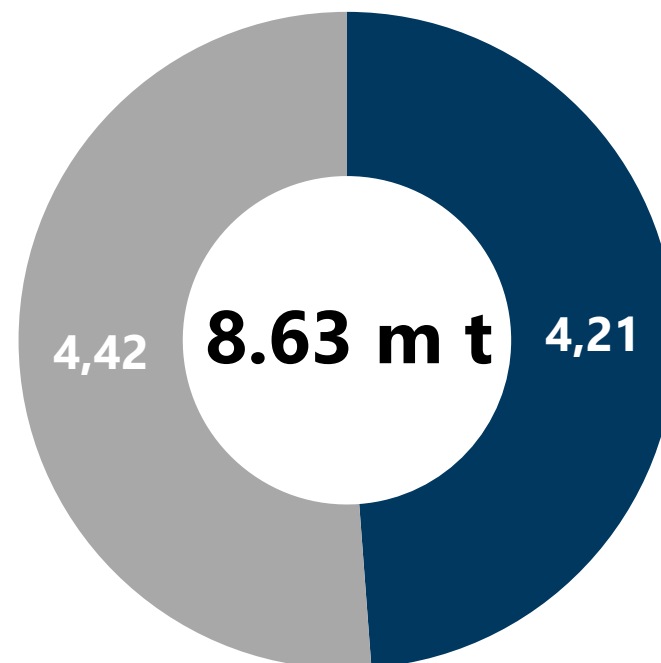
**GLOBAL SALES WITH
STRONG DOMESTIC
FOOTPRINT WITH 65% OF
THE GROUP'S SALES MADE
IN OUR HOME MARKETS –
RUSSIAN, EUROPE, USA**

**BUSINESS MODEL OFFERS
THE EDGE OVER PEERS
LEADING TO STRONG SALES
BEATING THE MARKET**

**~50% OF NLMK RUSSIA'S EXPORTS
ARE SALES TO OWN ASSETS**

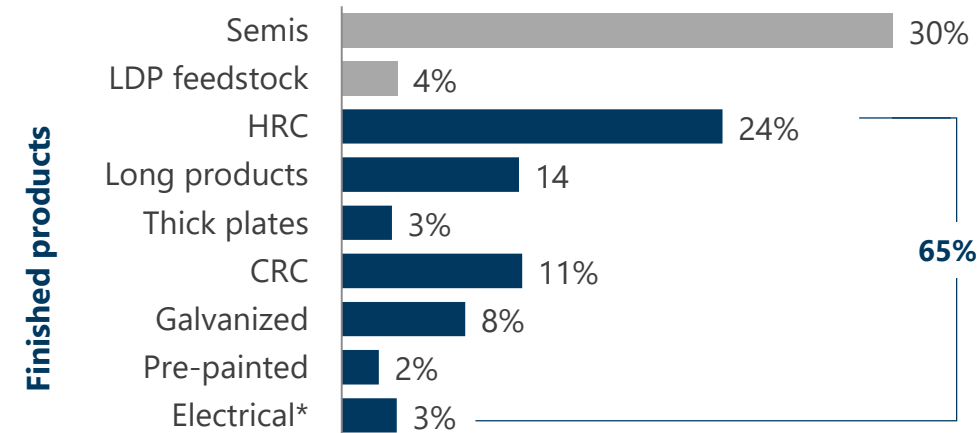
SALES TO CAPTIVE ASSETS 49%

EXPORT TO 3RD PARTIES 51%



Source: NLMK financial and operating results

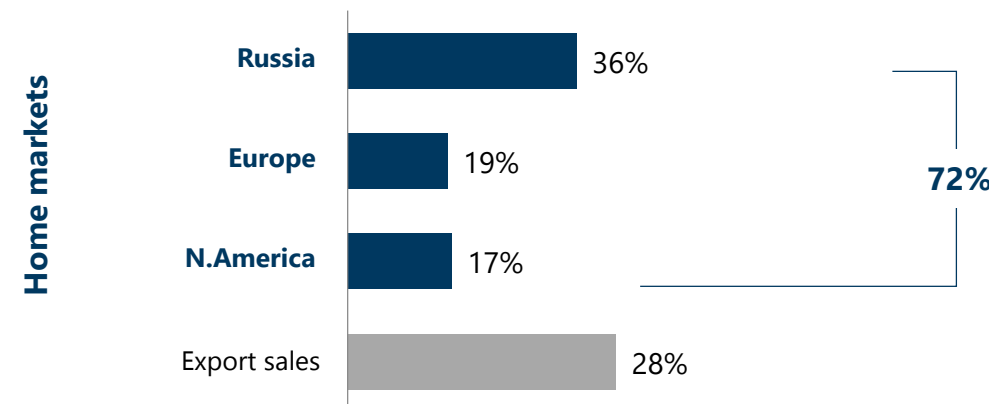
~62% OF SALES ARE FINISHED STEEL PRODUCTS



*Transformer and dynamo steel

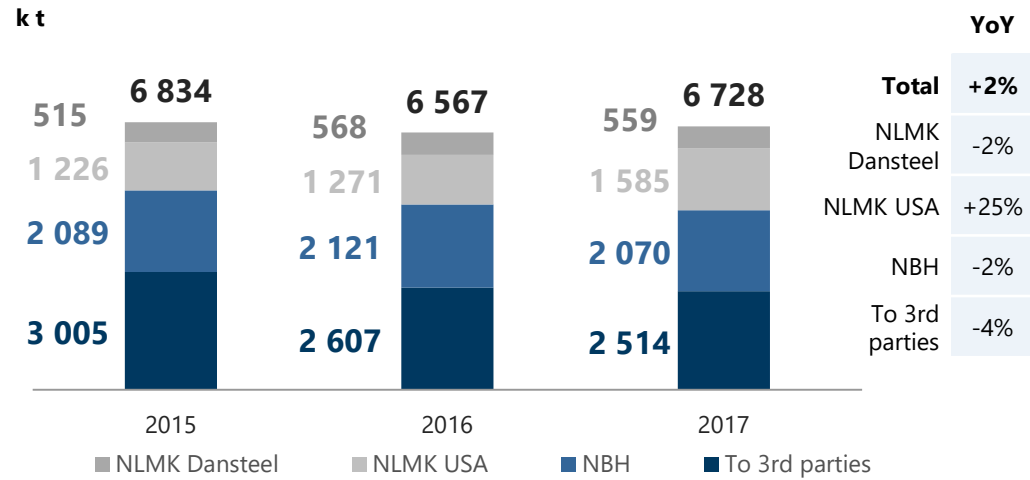
Source: NLMK financial and operating results

2/3 OF SALES ARE MADE IN MARKETS WHERE WE OPERATE

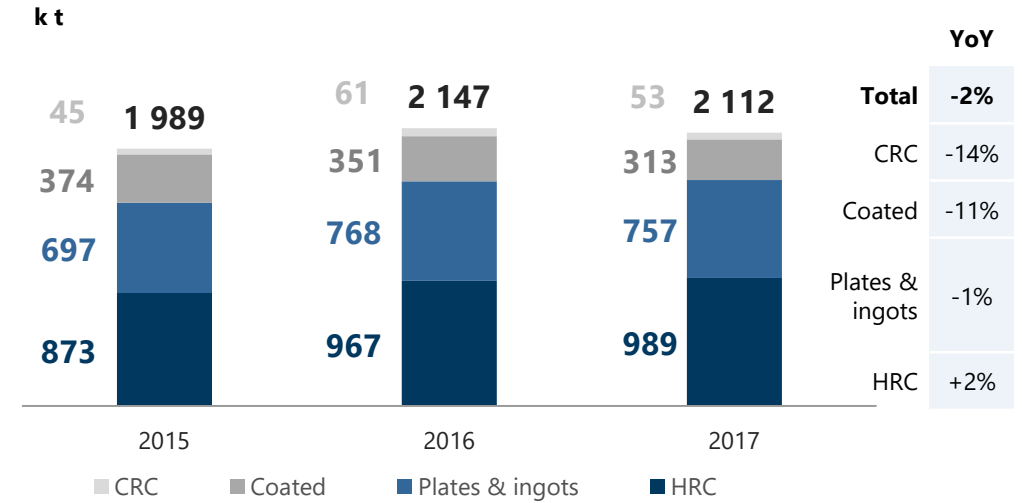


Source: NLMK operating results

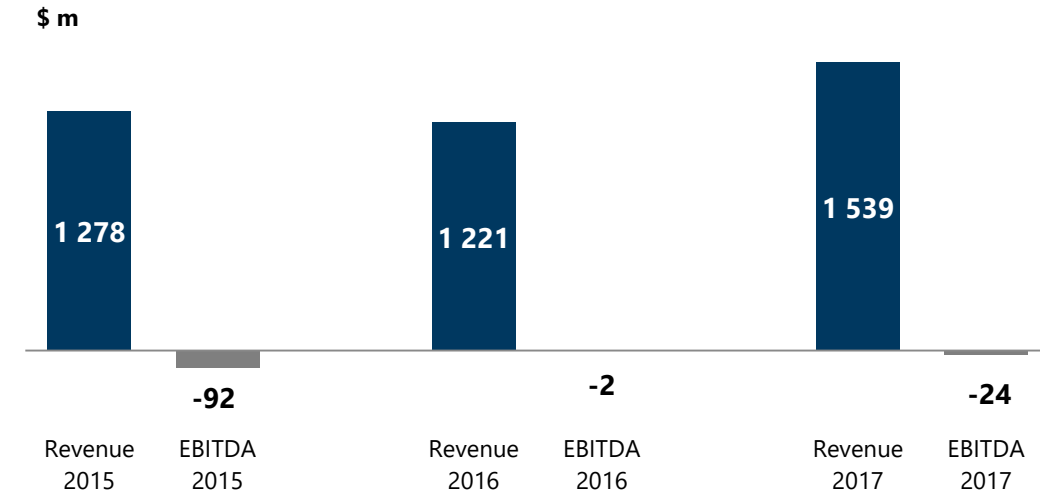
SLABS SALES FROM THE RUSSIAN FLAT DIVISION



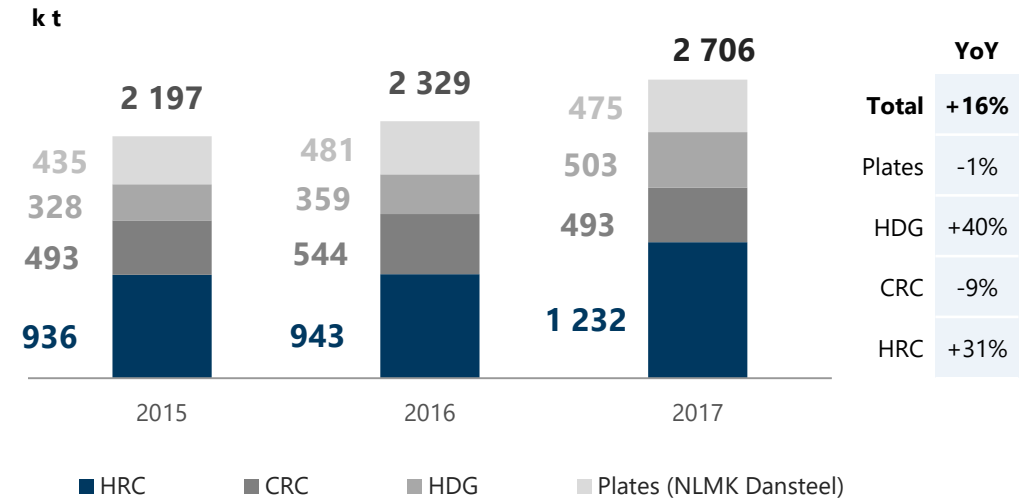
NBH: ROLLED PRODUCT SALES



NBH: FINANCIAL RESULTS



NLMK USA AND NLMK DANSTEEL: SALES



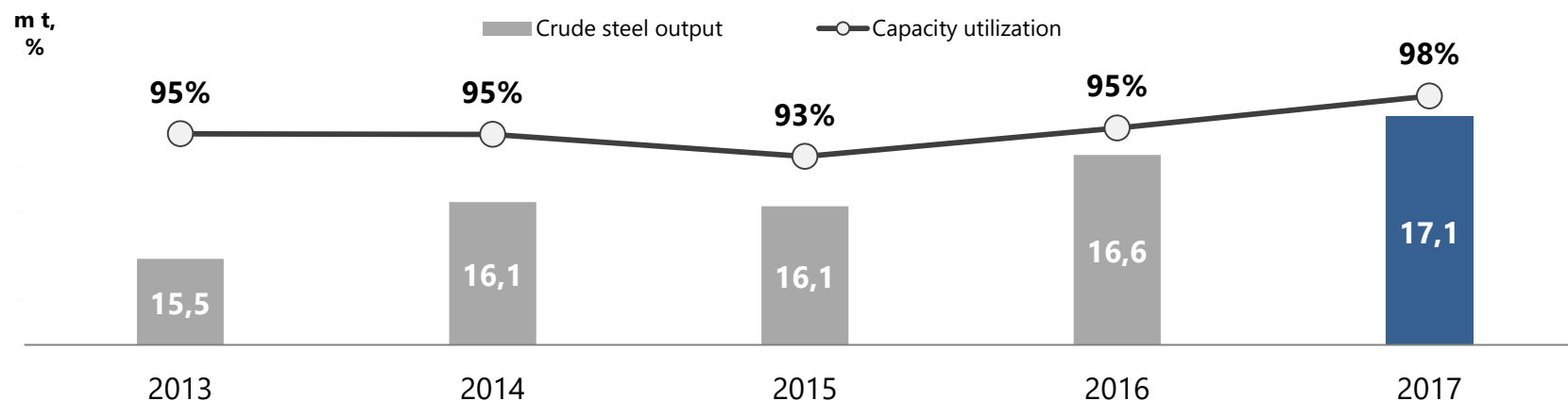
STEEL CAPACITY UTILIZATION IS WELL ABOVE 90% THROUGH THE CYCLE

STEEL OUTPUT GROWTH DRIVEN BY EFFICIENCY IMPROVEMENTS

45% OF THE FINISHED STEEL SALES ARE HIGH VALUE ADDED PRODUCTS

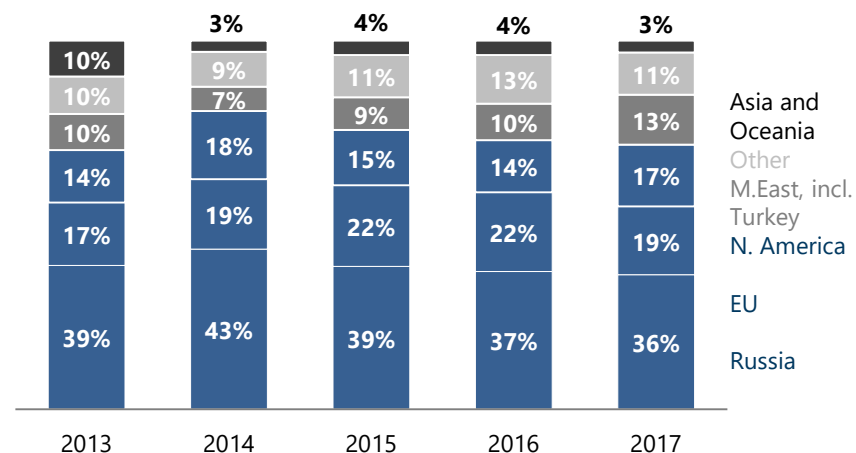
STRONG DOMESTIC FOOTPRINT WITH 2/3 OF SALES MADE IN OUR HOME MARKETS – RUSSIAN, EUROPE, USA

STEEL PRODUCTION, 2013-2017



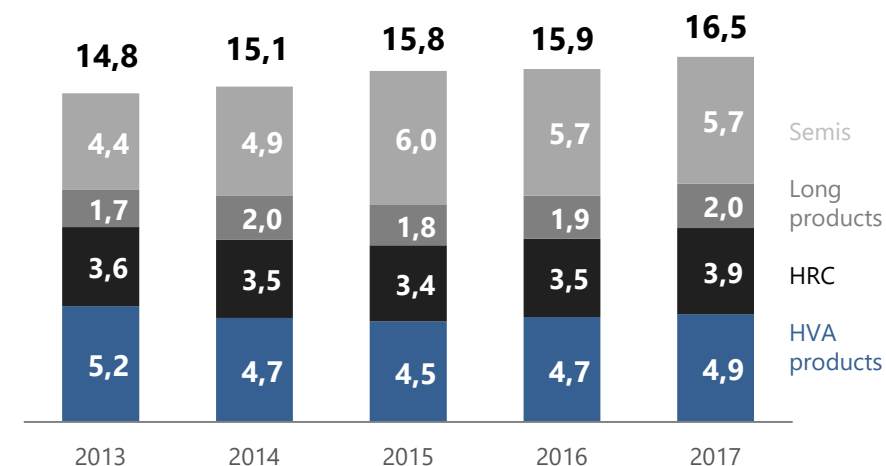
Source: NLMK operating results, with NBH

SALES STRUCTURE BY REGIONS, 2013-2017



Source: NLMK operating results

SALES STRUCTURE BY PRODUCT, 2013-2017



Source: NLMK operating results

NET OPERATING CASH FLOW EXPANDED BY 12% YOY TO \$1,9 BN

- (+) Stronger sales supported higher earnings
- (-) Working capital buildup of \$380m:
 - Higher inventories on price inflation (\$221m)
 - A/R growth driven by higher sales and prices
 - Seaport stocks higher on exports & inventories growth

CAPEX STOOD AT \$592 M (+6% YOY)

- (+) Start of BF's major overhaul and pellets plant payments
- (-) Capex carry-overs to 2018 of ~\$100 m

FREE CASH FLOW INCREASED BY 16% YOY TO \$1,266 M, A 5 YEARS RECORD

2017 CF BRIDGE

\$ m

EBITDA	2 655	
Net working capital change	-380	
Other non-cash items*	-41	
Income tax	-335	
NET OPERATING CASH FLOW	1 899	
Net interest	-41	
Capex**	-592	
FREE CASH FLOW	1 266	
Net increase in borrowings	-105	
FREE CASH FLOW TO EQUITY	1 161	

* Other income/(expenses)

** Including capitalized interest of \$6m

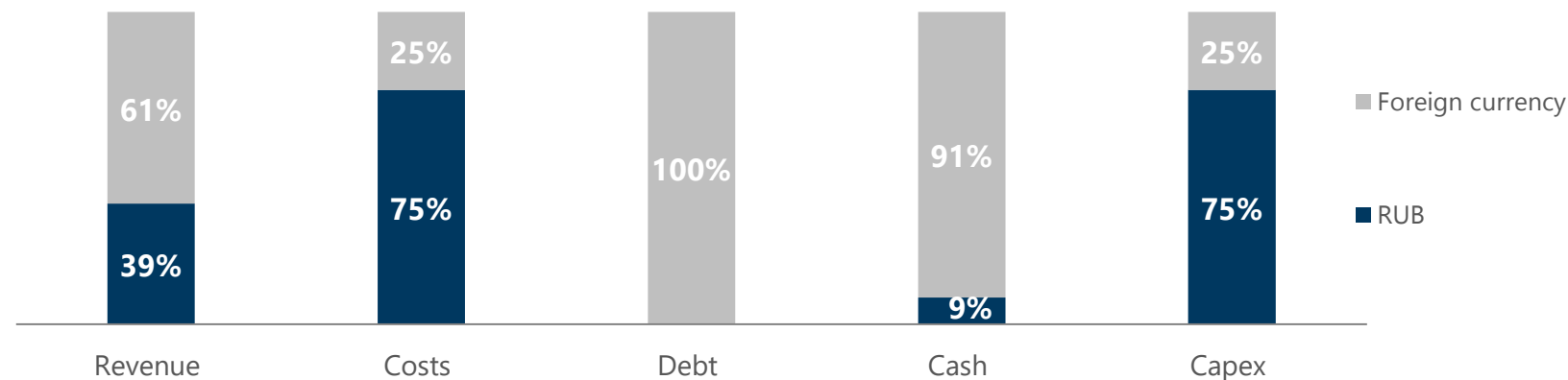
REVENUE/COST FX SPLIT PROVIDES A SOLID CUSHION IN VOLATILE COMMODITY PRICES FLUCTUATION

NLMK'S EBITDA SENSITIVITY TO 1% FX CHANGE IS C. \$8 M; 1 RUB CHANGE TRANSLATES INTO \$14 M EFFECT ON EBITDA

THE COMPANY'S FLEXIBILITY IN SALES MIX (BY PRODUCT AND REGION) ALLOWS TO REACT QUICKLY TO FX RATE CHANGES

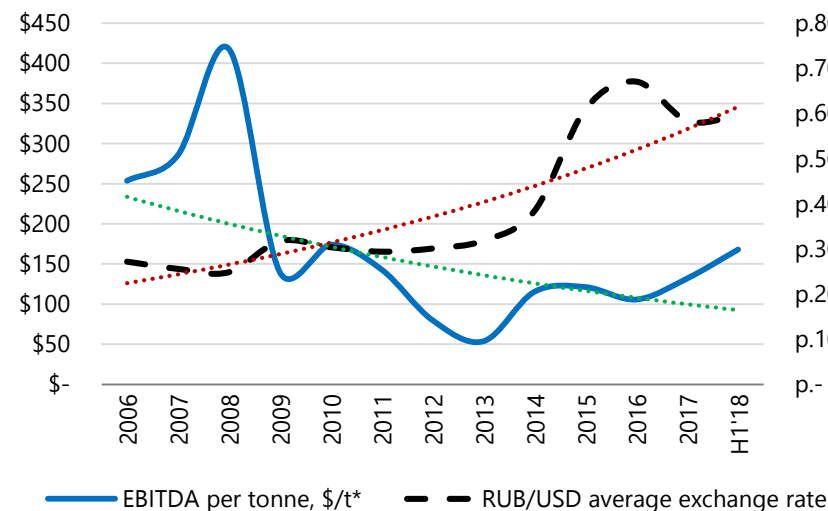
NO HEDGING INSTRUMENTS USED

FINANCIAL RESULTS AND BALANCE SHEET CURRENCY STRUCTURE



Source: 2017 data

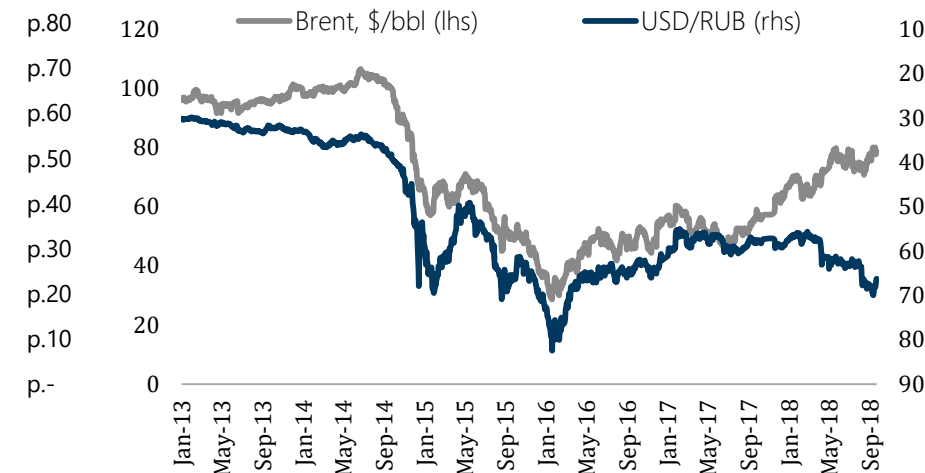
HISTORICAL DATA



Source: NLMK data

* Russian Flat Products data

\$/RUB FX RATE VS OIL PRICE



Source: Bloomberg

RUSSIAN COAL MARKET IS OVERSUPPLIED WITH 30% OF OUTPUT EXPORTED...

- ... hence, Russian coking coal trades with a 30-40% discount vs global

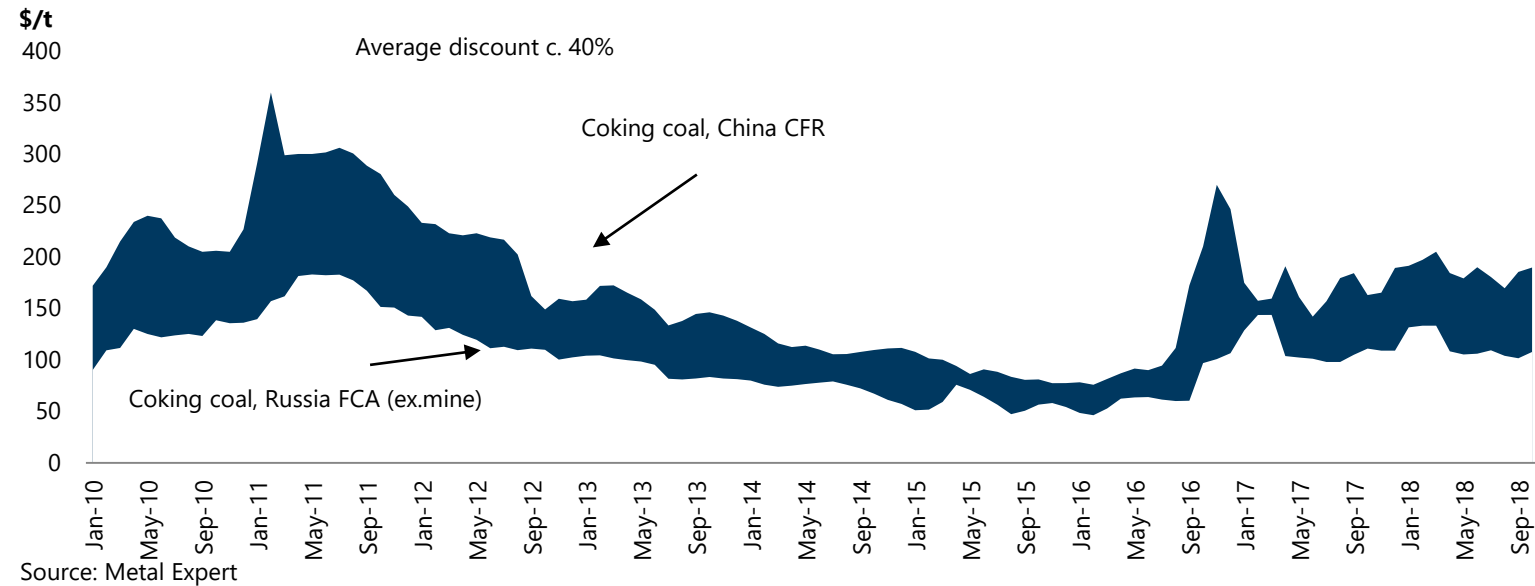
NLMK RELIES ON RUSSIAN COAL SUPPLIERS

NLMK HAS OVER 100% SUFFICIENCY IN COKE (COAL PROCESSING)

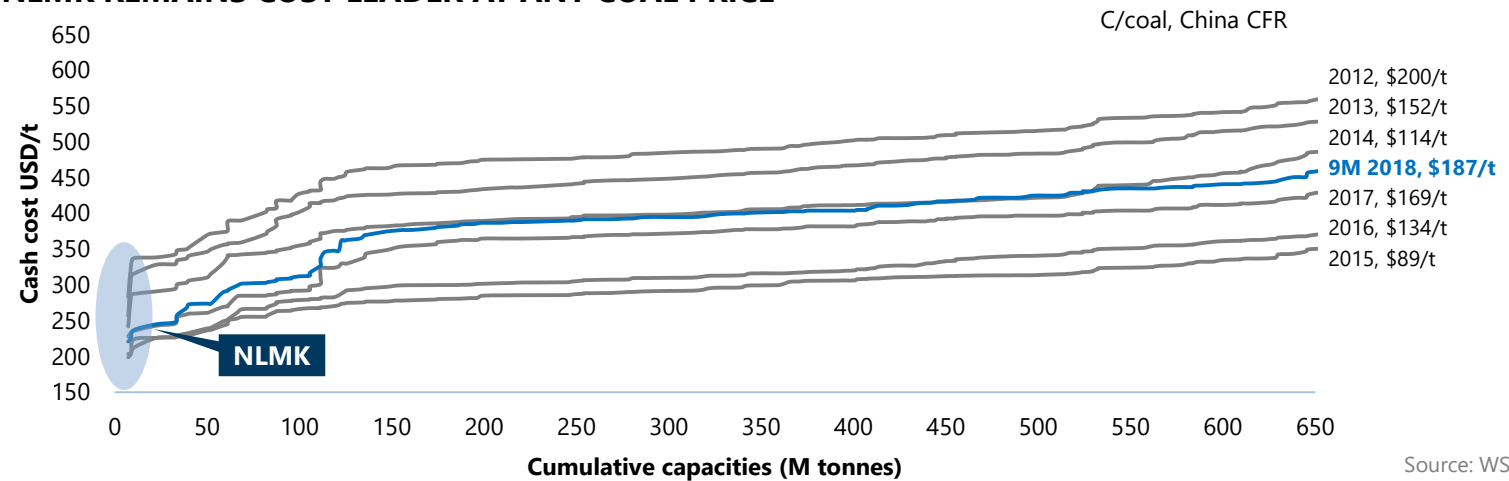
SINCE Q2'17 90% OF BFS ARE EQUIPPED WITH PULVERIZED COAL INJECTION (PCI) TECHNOLOGY

- PCI reduces consumption of coke and natural gas by 30-50%

RUSSIAN COAL PRICES ARE 40% CHEAPER VS GLOBAL



NLMK REMAINS COST LEADER AT ANY COAL PRICE

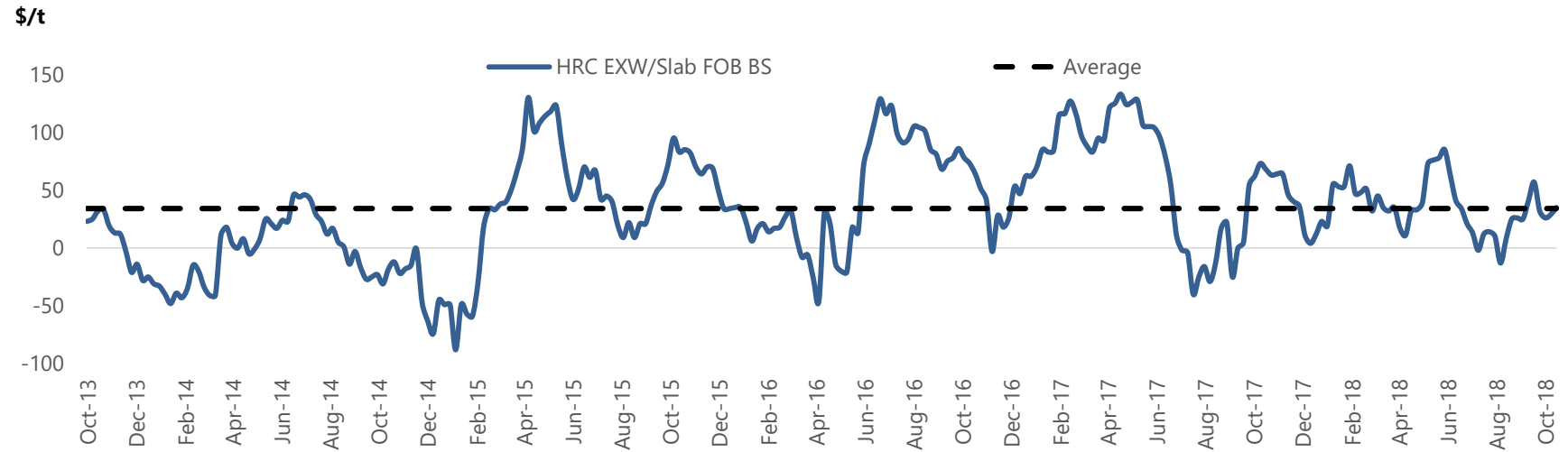


DOMESTIC PRICE PREMIUM ON THE RUSSIAN MARKET HAS RECOVERED FROM RECENT TROUGH CAUSED BY SHARP FX DEPRECIATION

IN THE US, SPREADS BETWEEN DOMESTIC HRC AND IMPORTED SLAB REMAIN HIGH (ON A SPOT BASIS) SINCE THE END OF 2017

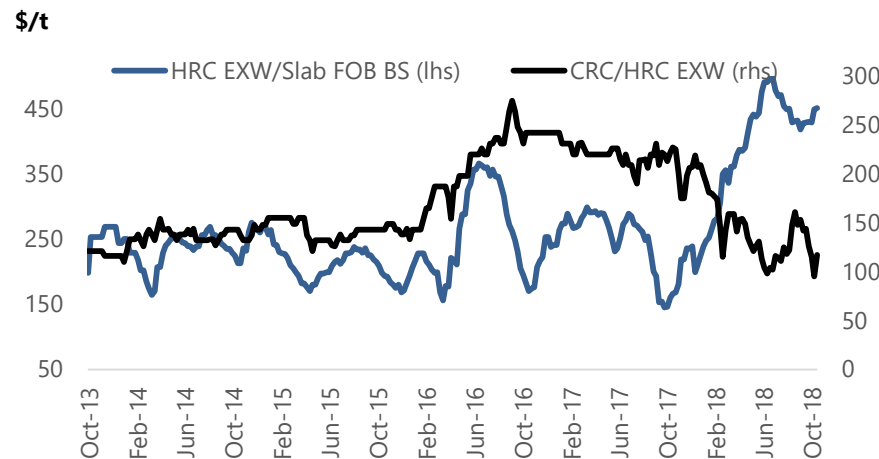
STEEL SPREADS IN EU ARE IMPROVING ON THE BACK OF STRONG LOCAL PRICES AND MARGINALLY SOFTENING SLAB PRICES

DOMESTIC PRICE PREMIUM IN RUSSIA



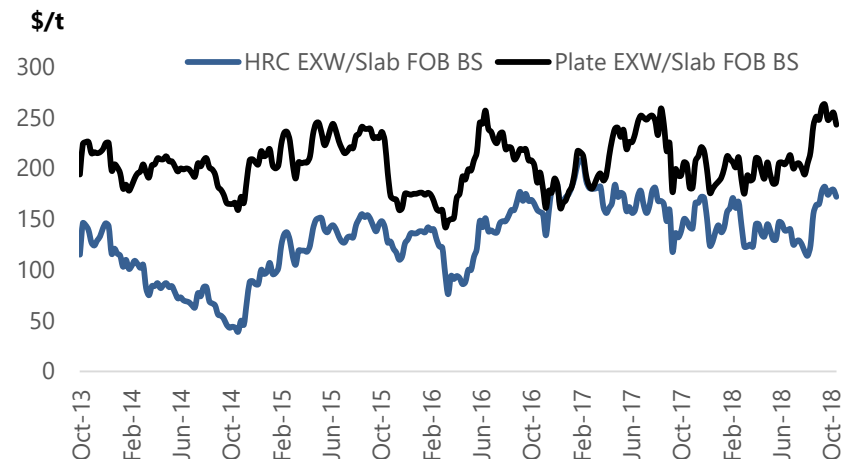
Source: Bloomberg, Metal Expert

STEEL SPREADS IN THE US



Source: Bloomberg, Metal Expert

STEEL SPREADS IN THE EU



Source: Bloomberg, Metal Expert

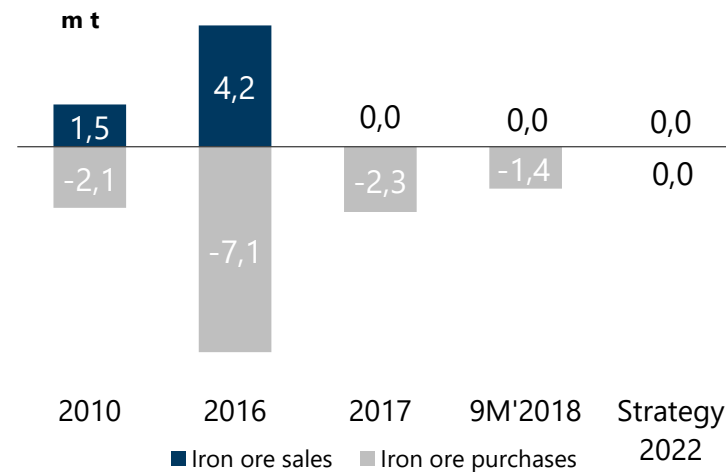
GRADUAL DECLINE IN RELIANCE ON VOLATILE IRON ORE MARKET

- No iron ore supplies to the third parties in 2017- 9m'2018 after the launch of the pelletizing plant
- Reduced purchases of third-party's iron ore
- Strategy 2022: 100% self-sufficiency with growing output at the Lipetsk site

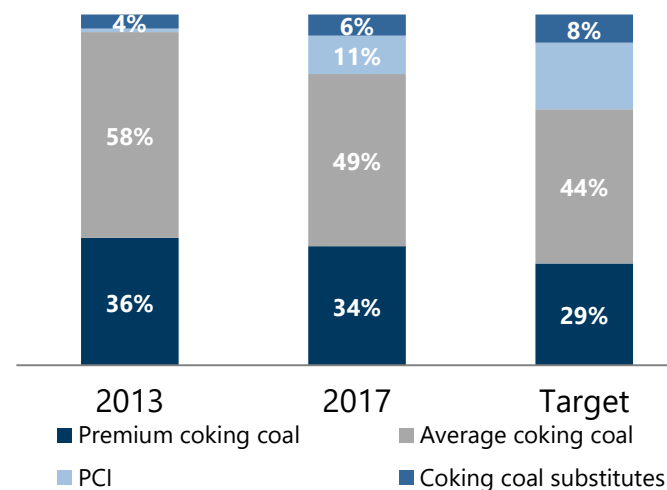
CONSISTENT OPTIMIZATION OF COKING COAL CONSUMPTION

- Phase 1: to substitute imported coking coal with the Russian grades after the launch of optimization measures at the Lipetsk site with no loss in coke quality
- Phase 2: to roll out the PCI technology and introduce coking additives to optimize feedstock consumption as well as to raise coke quality
- Next steps: develop upstream technologies (charge stamping, PCI rollout)

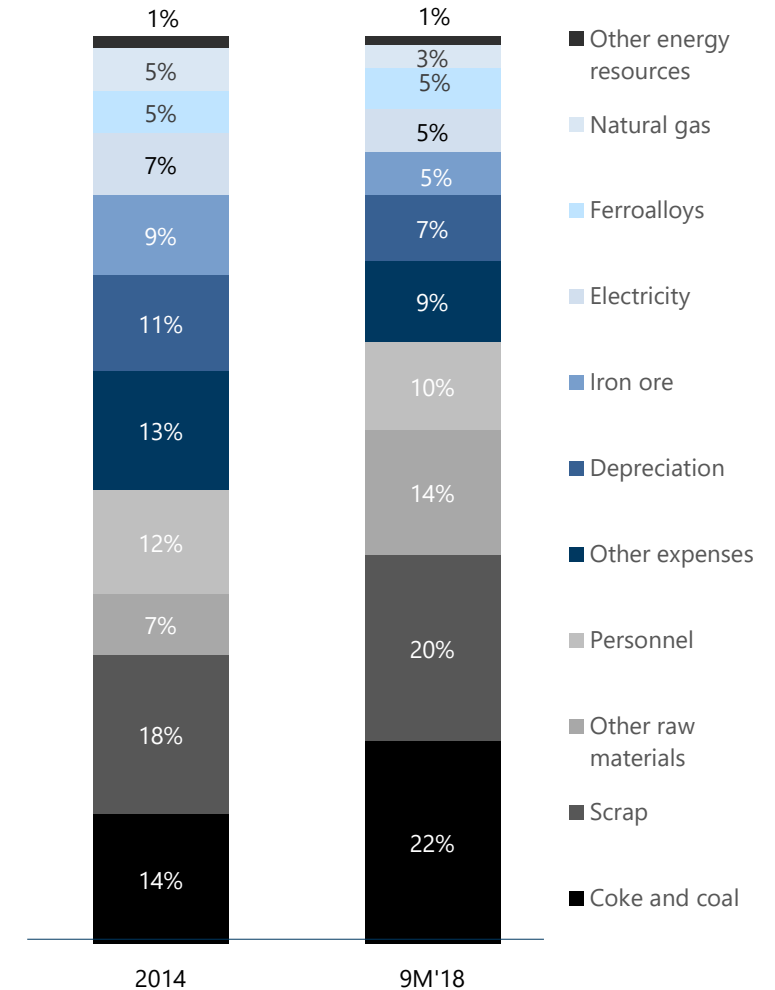
NLMK'S IRON ORE BALANCE



NLMK: COKING COAL PURCHASES



NLMK: COST OF SALES STRUCTURE



EU RECENT TRADE BARRIERS

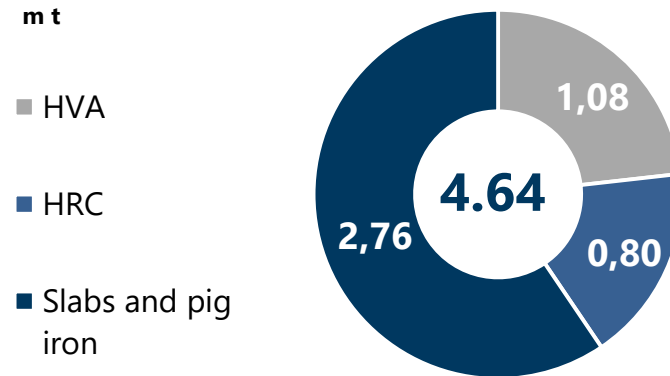
- The safeguard measures (quota limits), set to last 200 days (until Feb'19), slabs are excluded
- HRC from 5 countries: fixed charge per tonne on HRC import prices

USA RECENT TRADE BARRIERS: SECTION 232, 25% TARIFF ON ALL SHIPMENTS FROM RUSSIA

FOR REFERENCE: NLMK INTERNATIONAL (EU & USA) ROLLING CAPACITY

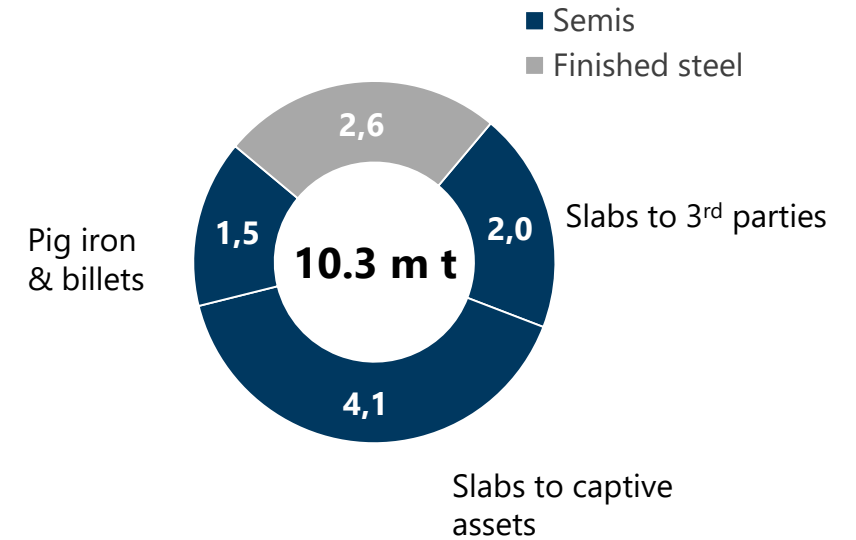
- NLMK EU HRC capacity: 1.7 m t @ current shifts (installed 2.2 m tpa)
- NLMK EU CRC capacity: 0.7 m t @ current shifts
- NLMK EU Plate capacity: 1.8 m t
- NLMK USA HRC capacity: 2.9 m tpa (with 0.8 m tpa of captive EAF capacity)

NLMK RUSSIA FLAT EXPORTS TO 3RD PARTIES LTM

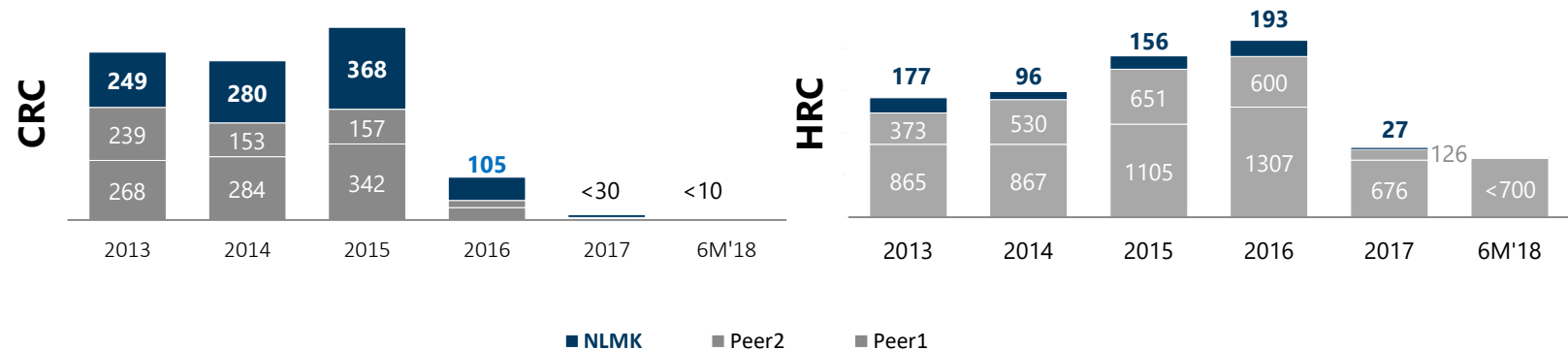


Source: NLMK operating results

NLMK: TOTAL EXPORTS FROM RUSSIAN ASSETS, LTM



EU: RUSSIAN EXPORTS BY PEERS, K T



UKRAINE IS THE MAIN STEEL IMPORTER INTO RUSSIA

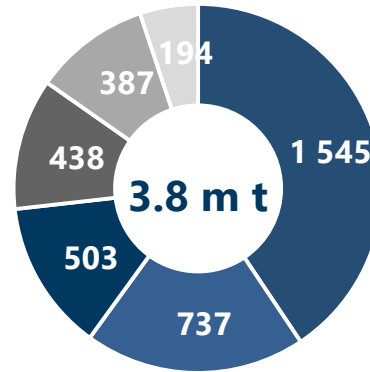
- Representing 36% of LTM imports

KHAZAKHSTAN IS THE SECOND LARGEST IMPORTER

- Representing 25% of LTM imports

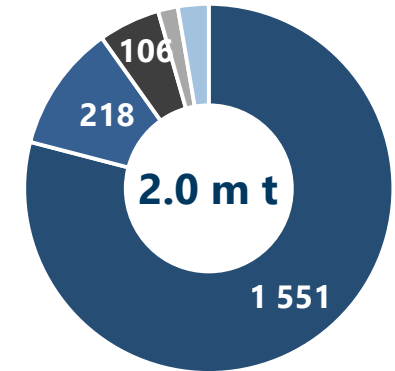
LTM FLAT STEEL IMPORTS

kt



LTM LONG AND SEMIS STEEL IMPORTS (excl. pipes)

kt



Source: Metal Expert

KEY FINANCIALS SUMMARY

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	2013	2014	2015	2016	2017	9M'18
Income Statement (\$ m)						
Revenue	10 818	10 396	8 008	7 636	10 065	9 033
Cost of sales	(8 666)	(7 389)	(5 496)	(5 074)	(6 798)	(5 762)
Gross profit	2 153	3 007	2 512	2 562	3 267	3 271
SG&A	(1 544)	(1 419)	(1 125)	(1 075)	(1 236)	(972)
EBITDA	1 480	2 381	1 943	1 943	2 655	2 742
Operating income	609	1 588	1 387	1 487	2 031	2 299
Finance expenses	(122)	(137)	(95)	(105)	(87)	(55)
Other expense/income	(68)	(315)	29	(210)	(121)	(103)
Pre-tax income	419	1 136	1 321	1 172	1 823	2 141
Income tax	(255)	(362)	(353)	(233)	(371)	(407)
Minority	19	1	1	4	2	5
Net income	145	773	967	935	1 450	1 729
EBITDA margin	14%	23%	24%	25%	26%	30%
EBITDA/t sales	100	157	123	122	161	212
EPS	0,02	0,13	0,16	0,16	0,24	0,29

	2013	2014	2015	2016	2017	9M'18
Production (m t)						
Crude steel						
Group	15.5	15.9	15.9	16.4	16.9	13.0
With NBH	15.5	16.1	16.0	16.6	17.1	13.1
Sales						
Semi-finished steel	4.4	4.9	6.0	5.7	5.7	4.8
Finished steel	10.5	10.2	9.8	10.2	10.8	8.1
Flat	8.5	7.9	7.7	8.0	8.5	6.4
Longs and metalware	2.0	2.3	2.1	2.2	2.3	1.8
Total consolidated sales	14.8	15.1	15.8	15.9	16.5	12.9
For info: NBH Sales	1.7	1.8	2.0	2.2	2.1	1.7
Slabs sales to NLMK						
USA and Dansteel	1.1	2.2	1.7	1.8	2.1	1.5
Slabs to NBH	1.7	1.9	2.1	2.1	2.1	1.8

	2013	2014	2015	2016	2017	9M'18
Balance Sheet (\$ m)						
Cash	1 455	1 171	1 586	1 580	1 585	1 258
Inventories	2 124	1 563	1 205	1 549	1 879	1 863
Accounts receivable	1 459	1 123	921	955	1 215	1 402
Other current assets	8	5	9	19	32	15
Fixed assets	9 892	5 614	4 452	5 328	5 549	4 937
Investments	419	106	118	181	205	80
Other non-current assets	1 096	768	627	627	531	507
Total assets	16 453	10 349	8 918	10 239	10 996	10 327
Short-term debt	1 137	804	560	468	380	429
Accounts payable	1 162	776	565	888	1 029	1 096
Other current liabilities	22	47	189	373	590	535
Long-term debt	3 054	1 964	2 116	1 801	1 901	1 694
Other non-current liabilities	681	501	351	399	450	378
Minority interest	28	15	12	18	17	16
Total shareholders' equity	10 399	6 257	5 137	6 310	6 646	6 195
Total liabilities and equity	16 453	10 349	8 918	10 239	10 996	10 327
Net Debt	2 843	1 666	1 161	761	923	865
Cash flow statement (\$ m)						
Net income	164	774	968	939	1 452	1 734
Depreciation	871	794	556	456	624	443
Changes in working capital	(11)	(128)	(11)	37	(380)	(307)
Other	309	367	109	267	203	110
Operating cash flow	1 333	1 806	1 622	1 699	1 899	1 980
Capex	(756)	(563)	(595)	(559)	(592)	(430)
Acquisitions	0	0	0	0	(1)	(4)
Other	(259)	(383)	(780)	249	(165)	956
Investing cash flow	(1 016)	(946)	(1 375)	(310)	(758)	522
Change in debt	(20)	(801)	97	(453)	(105)	(136)
Dividends	(114)	(226)	(395)	(583)	(1 283)	(1 410)
Other	(91)	(121)	(79)	(84)	(71)	(45)
Financing cash flow	(224)	(1 147)	(377)	(1 120)	(1 459)	(1 591)
Effect of Forex	(75)	(134)	(76)	(2)	9	(16)
Free cash flow	536	1 153	992	1 092	1 266	1 525



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