

# NLMK

**Q2 2013**  
**US GAAP CONSOLIDATED RESULTS**



Moscow, 12 August 2013

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# INTERNATIONAL STEEL MARKET

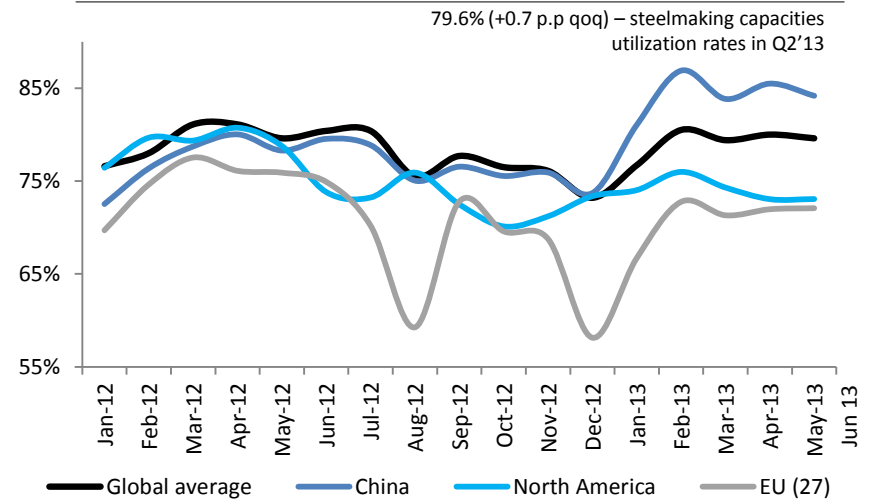
## DEMAND AND SUPPLY

- Q2'13 steel supply continued to grow
  - Global steel production was up by 1.6% qoq\*
  - Traders and consumers started to destock (in China and USA steel stocks down by 3% and 6% qoq)
- Seasonal pick up in demand did not fully offset the oversupply

## PRICES

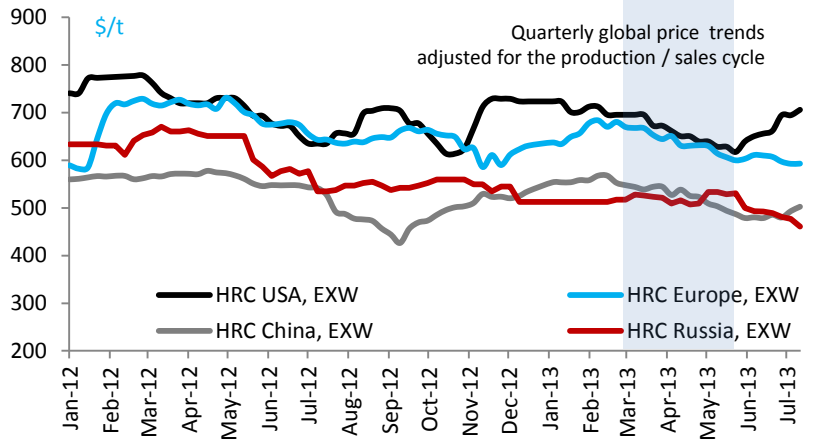
- Q2'13 steel prices in China, the USA and Europe down by 6-8%

## STEELMAKING CAPACITY UTILIZATION



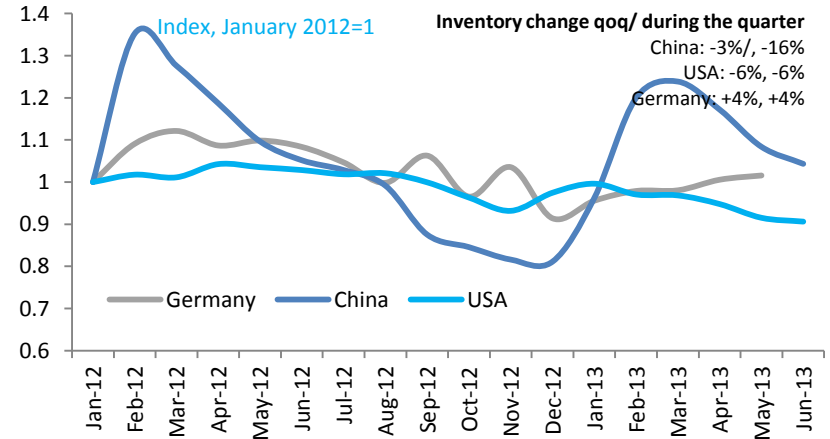
Sources: World Steel Association

## PRICES FOR HOT ROLLED FLAT STEEL



Sources: Metal Bulletin  
\* - average daily output growth

## STEEL INVENTORIES



Sources: CRU, Bloomberg (China statistic, Metals Service Center Inst.)

# RUSSIAN STEEL MARKET

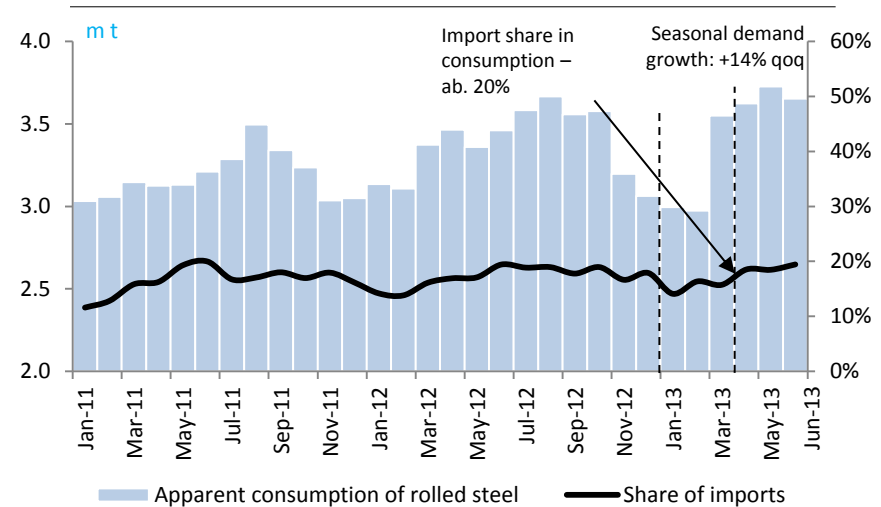
## DEMAND AND SUPPLY

- Q2'13 seasonal growth in demand of 14% qoq\* to 11 m t
  - Demand from construction up by 16% qoq
  - Demand from pipe producers, machinery and other industries up 12% qoq
- In 6M 2013 demand grew by 3% yoy to 20.4 m t with construction (+9% yoy) as the key driver
- Imports represent a significant portion of ASU (or 20% of total)
  - Imports contributed about 40% of the extra steel consumption

## PRICES

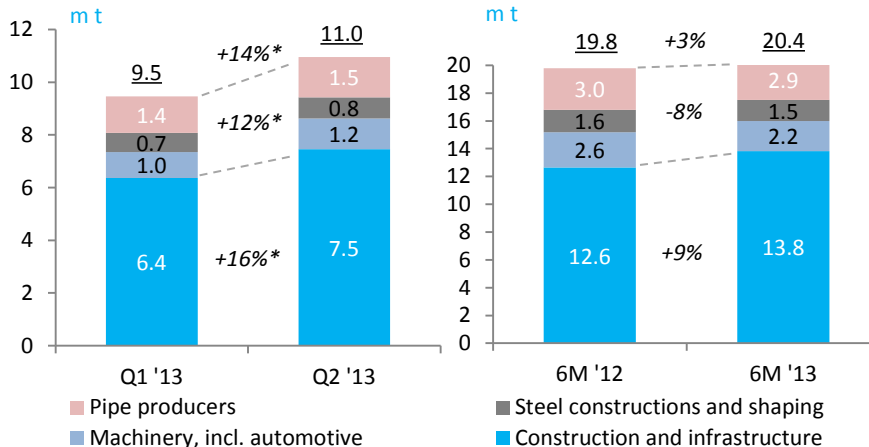
- Steel prices denominated in Rubles remained flat

## STEEL DEMAND IN RUSSIA, MONTHLY



Sources: Metal Expert

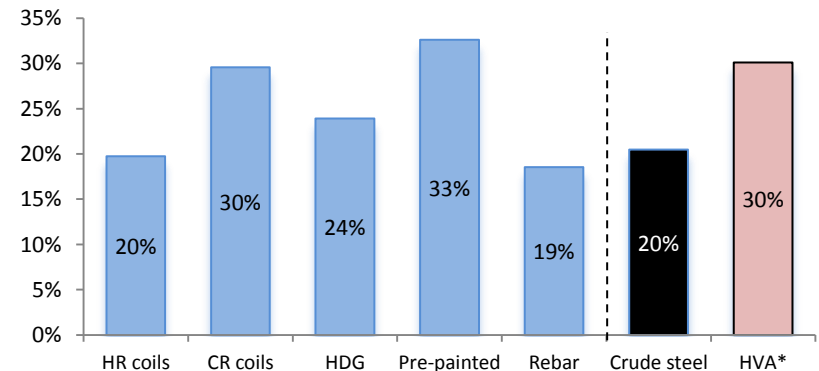
## STEEL DEMAND BY SECTOR IN RUSSIA



Sources: Metal Expert.

\* - daily average

## NLMK'S SHARE IN RUSSIAN STEEL PRODUCT OUTPUT



Sources: Metal Expert.

\* - computation for HVA share in the products where NLMK has presence

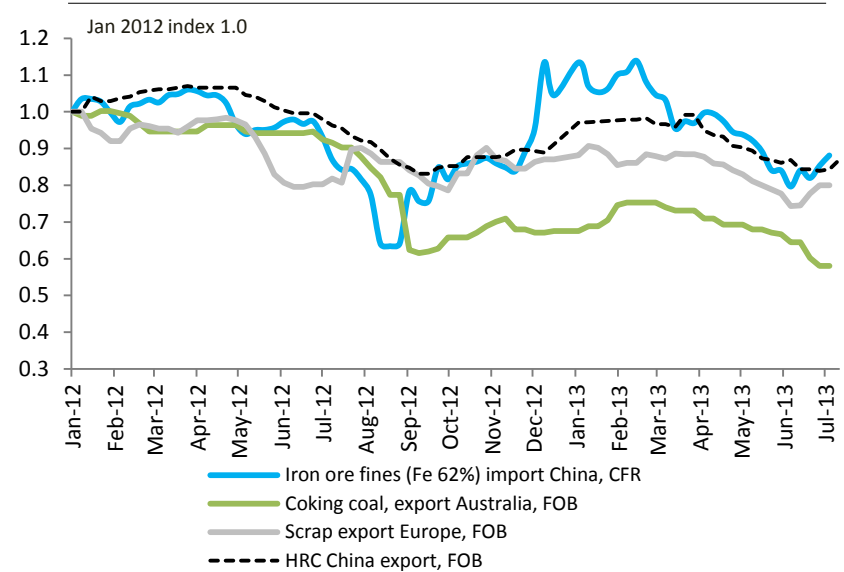
# RAW MATERIALS MARKET

## PRICES AND DEMAND IN INTERNATIONAL MARKETS

- Correlation between raw material and steel price trends
  - Global prices for iron ore, coking coal and scrap declined by 15%, 6% and 7%, respectively
  - Iron ore and scrap prices improved in July
- Raw materials demand remains solid as steel output expands
  - Chinese imports of iron ore were up by 5% yoy
  - Iron ore inventories at Chinese ports hit bottom in March '13 and started to recover

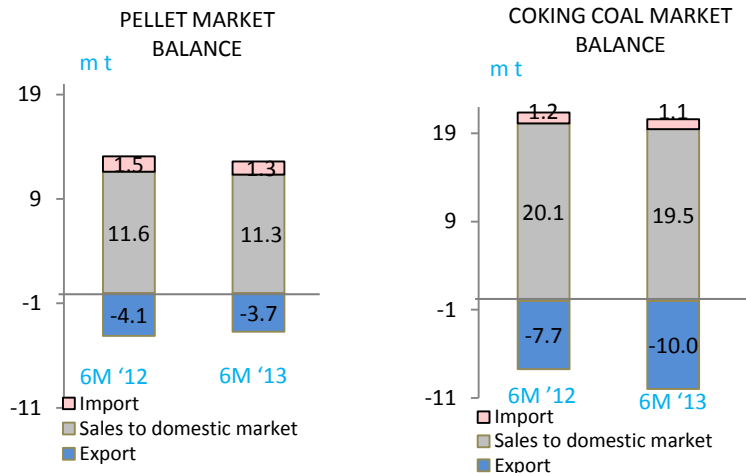
## RUSSIAN RAW MATERIALS MARKET REMAINS OVERSUPPLIED

## GLOBAL RAW MATERIAL PRICES



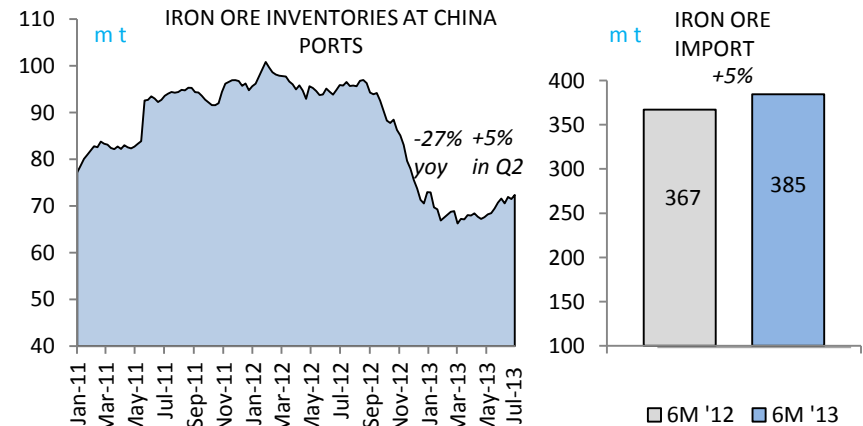
Sources: Metal Bulletin

## RUSSIA: RAW MATERIALS MARKET BALANCE



Sources: Metal Expert

## CHINA: IRON ORE IMPORT AND INVENTORIES



Sources: Bloomberg

# PRODUCTION RESULTS

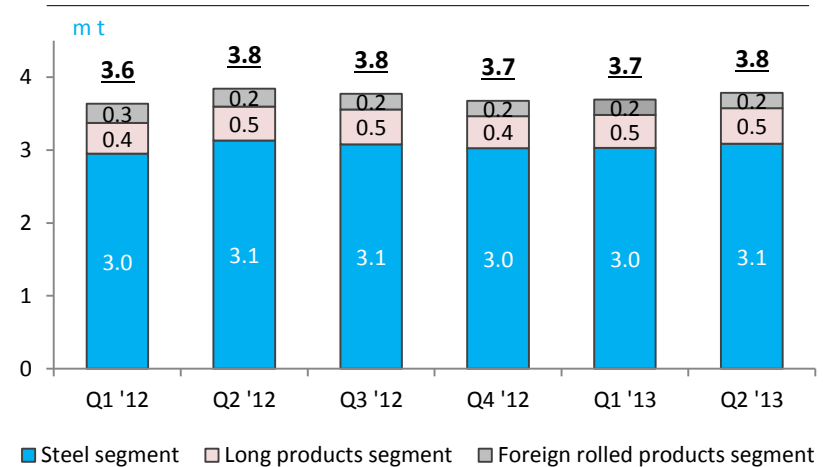
## HIGH CAPACITY UTILIZATION RATES

- Growth in crude steel production in Q2'13 to 3.785 m t (+2% qoq)
- Average capacity utilization rate: 94%
  - Novolipetsk - 96%
  - NLMK Russia Long - 90%
  - NLMK Indiana - 87%

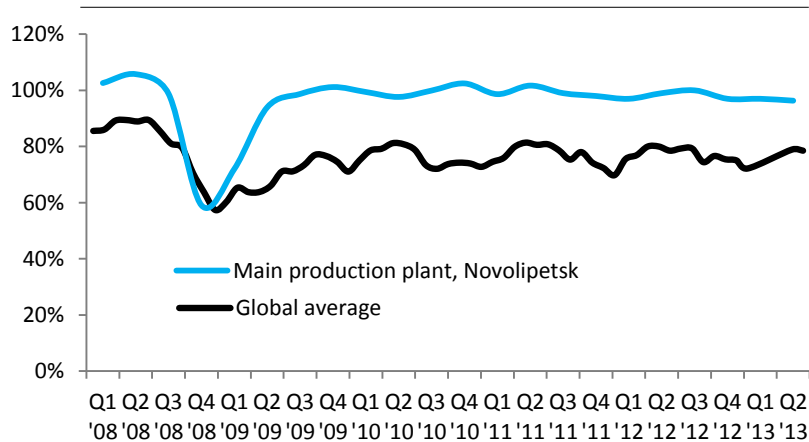
## OUTLOOK

- Q3 crude steel production to grow up to 3.9 m t (+4% qoq)
  - 100k t will be produced at the newly launched NLMK Kaluga mini-mill

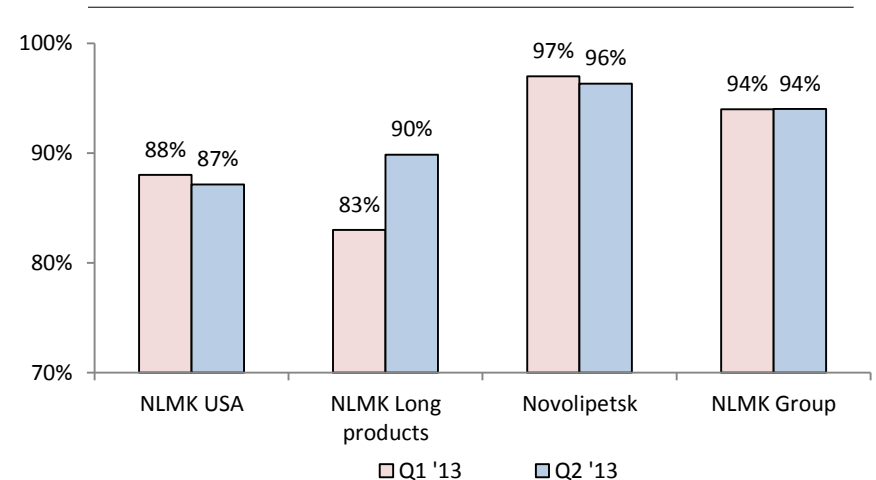
## NLMK: STEEL PRODUCTION



## STEELMAKING CAPACITY UTILIZATION



## NLMK: STEELMAKING CAPACITY UTILIZATION



# SALES GEOGRAPHY

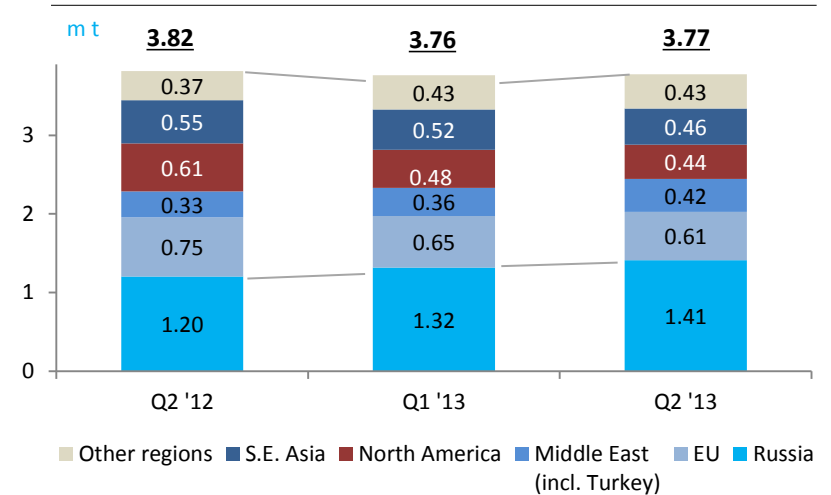
## SALES IN RUSSIA CONTINUE TO GROW

- Flat total sales volumes in Q2 – 3.77 m t
- Russian sales +7% qoq and +17% yoy
  - Long product sales +8% qoq and flat yoy
  - Flat product sales +4% qoq and +4% yoy
  - Slab sales to pipe producers grew to 0.18 m t

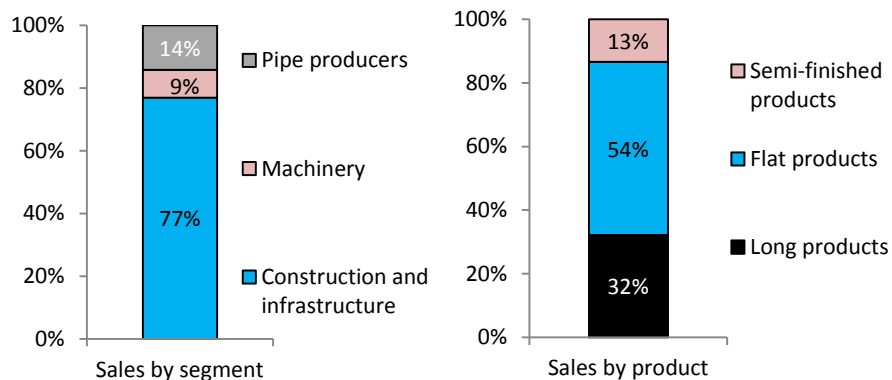
## INTERNATIONAL SALES DOWN 3% QOQ

- Sales to external markets: 2.36 m t
  - Europe: -6% to 0.61 m t
  - N. America: -9% to 0.44 m t
  - Higher sales to M. East +16% supported by stable demand

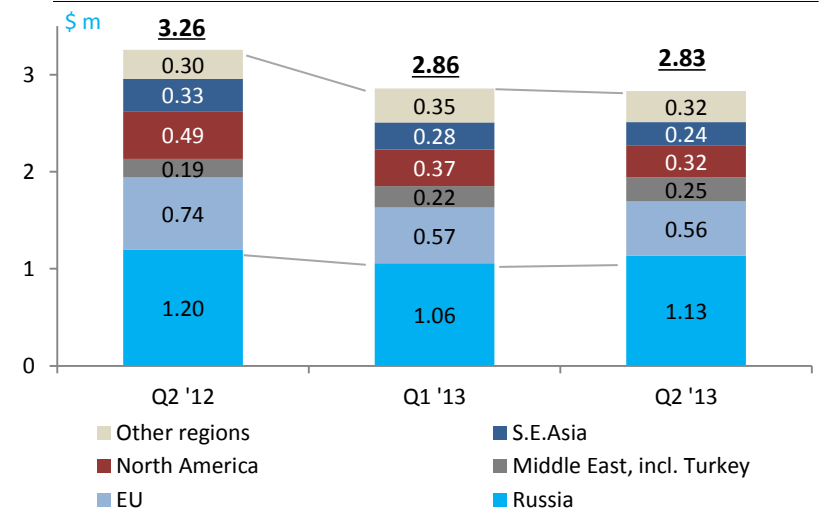
## STEEL SALES BY REGION



## NLMK SALES IN RUSSIA BY INDUSTRY and BY PRODUCT



## REVENUE BY REGION



# SALES STRUCTURE

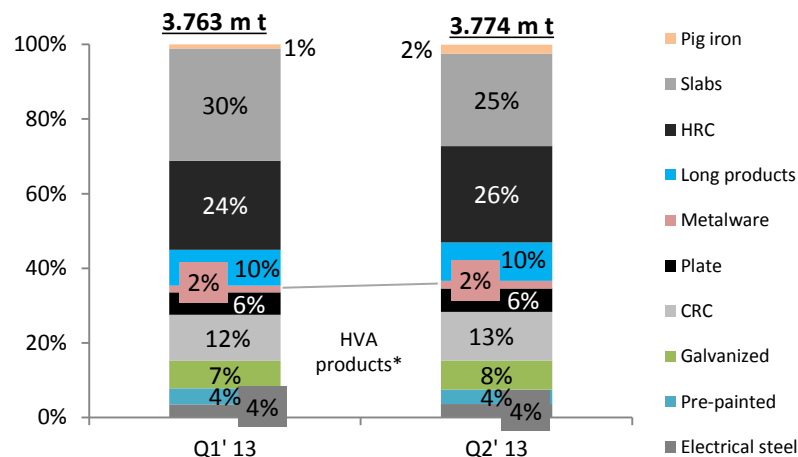
## SALES STRUCTURE IMPROVED

- Share of finished steel 73% (+4 p.p. qoq)

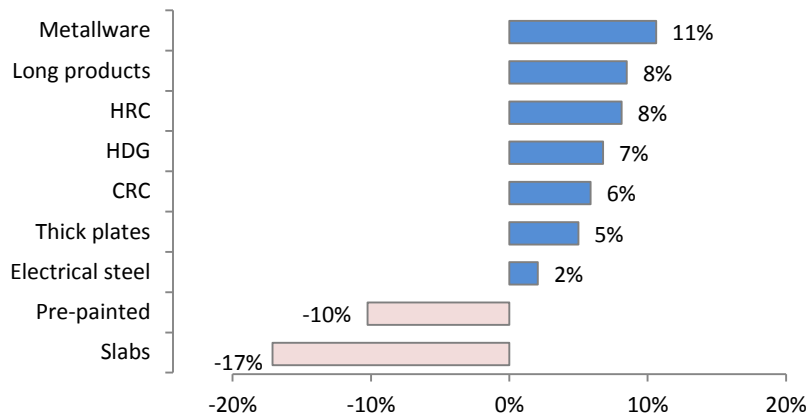
## GROWTH IN SALES OF VALUE ADDED : 1.38 M T, +4% QOQ

- Demand for galvanized steel in Russia increased
- Lower sales of pre-painted steel as sales of more profitable galvanized steel increased
- Growth in thick plates sales driven by ramp up of the new rolling capacity in Europe
- Metalware sales were strong supported by the seasonal uptick in demand

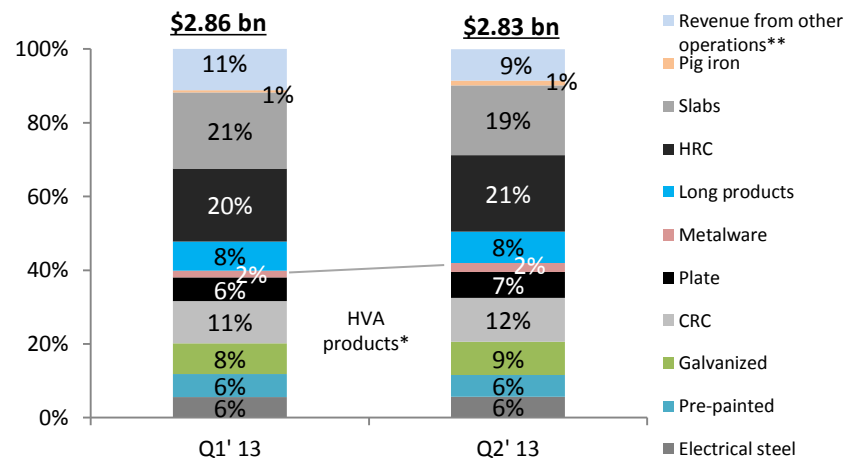
## SALES BY PRODUCT



## Q2/Q1 CHANGE IN SALES BY PRODUCT



## REVENUE BY PRODUCTS



\* High value added products

\*\* Note: Revenue from other operations include revenues from sales of iron ore, coke, scrap and others



# 2013 INVESTMENTS

## CAPEX PROGRAMME

- Investments decrease as the Company enters into a less capital intensive growth phase
- Focus on efficiency improvements and niche product development
- Conservative investment approach
- Capex flexibility under various market scenarios

## NOVOLIPETSK DEVELOPMENT PROGRAMME

- Installation of equipment for pulverized coal injection into blast furnaces (hot testing at BF#5)
- Construction of a new turbine-generator (to increase self-sufficiency in electricity)

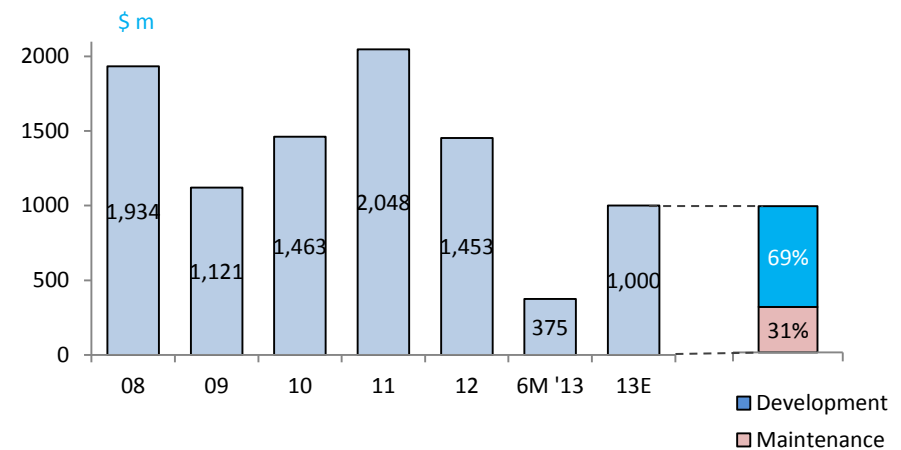
## STRENGTHENING OF VERTICAL INTEGRATION

- Pelletizing plant construction at Stoilensky
- Development of the scrap collecting network

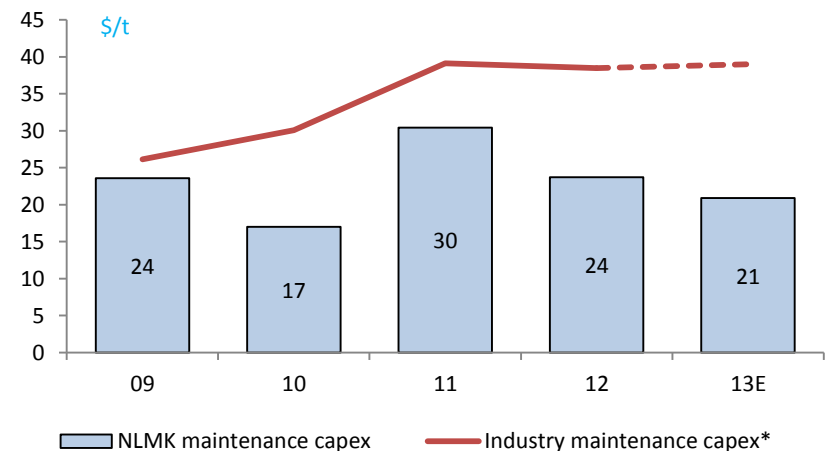
## PROTECTION OF THE ENVIRONMENT

- Biochemical cleaning of waste water at Novolipetsk coke production (2<sup>nd</sup> stage)

## CAPEX TRENDS



## MAINTENANCE CAPEX PER TONNE OF STEEL



\* Data for European producers that account for over 10% of the global crude steel production

# NLMK KALUGA: RUSSIAN REBAR & SCRAP MARKETS

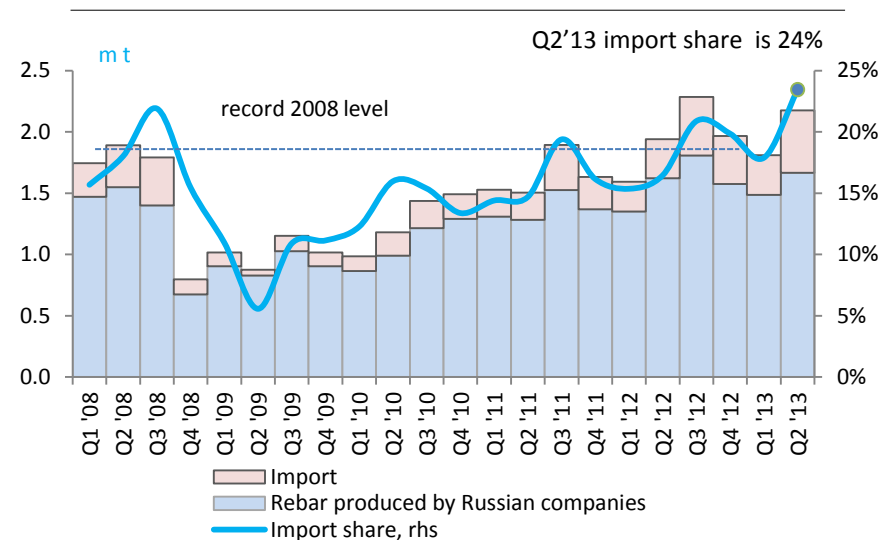
## REBAR MARKET IN H1 '13

- Consumption of long products used in construction +11%
- Rebar consumption +14% yoy and x1.9 to H1'10
- Rebar Import jumped 60% yoy, x3 to H1'10
- Regional supply/demand imbalance

## RUSSIAN SCRAP MARKET: REGIONAL IMBALANCE

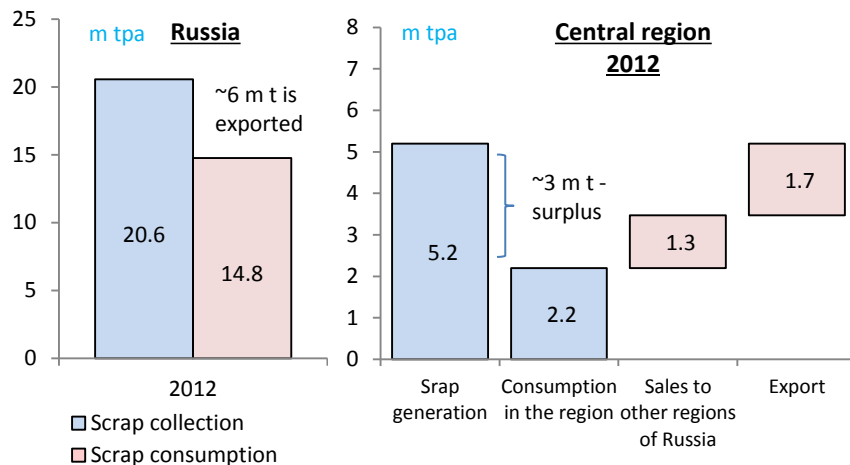
- Central region accounts for 25% of total scrap collection and for 50% of exports
- Shortage in long product supply to Central region was 3.8 m t in 2012

## REBAR MARKET, CONSUMPTION IN RUSSIA



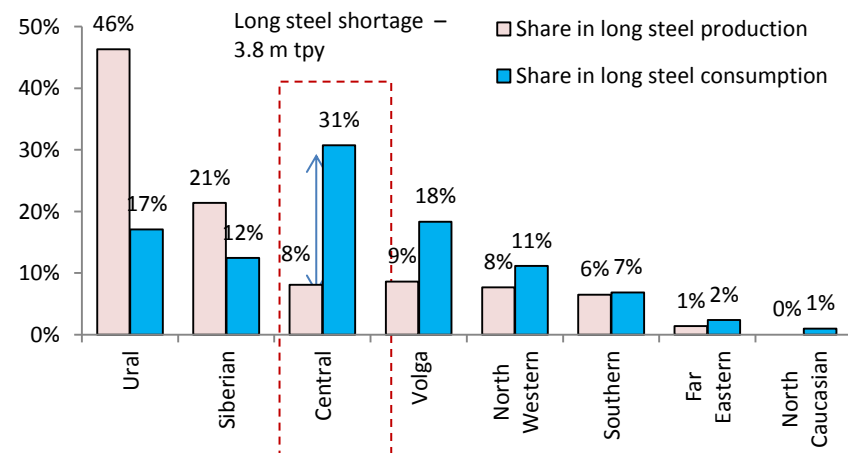
Sources: Metal Expert

## SCRAP MARKET BALANCE IN RUSSIA AND THE CENTRAL REGION



Sources: Metal Expert, Russian Railways, NLMK estimates

## LONG STEEL PRODUCTION/CONSUMPTION BALANCE BY REGIONS



Sources: Metal Expert. Data for 2012.

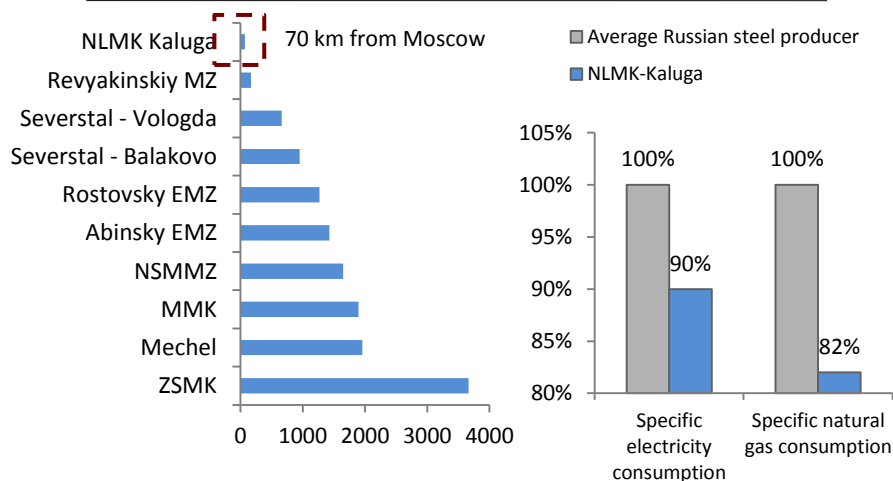
# NLMK KALUGA: PROJECT OVERVIEW

## MODERN EAF MINI-MILL WITH A CAPACITY OF 1.5 M TPA

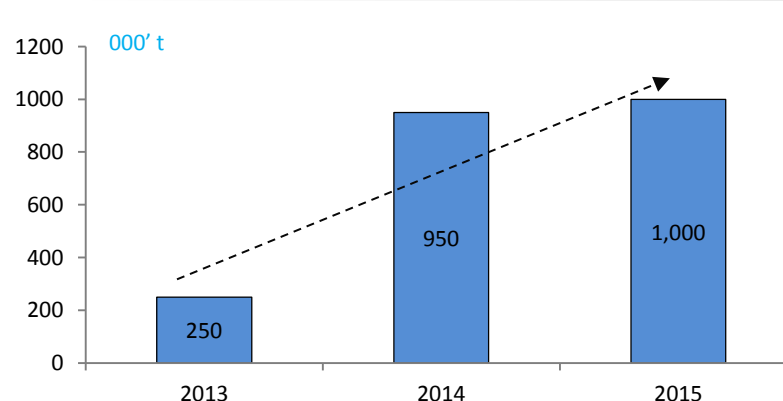
- Product mix in high demand by the construction industry: rebar and sections
- Favorable geographic location: 70 km from Moscow – region with a highly concentrated level of consumption
- Total investments: \$1.2 billion (80% spent till 2013)
- Cost advantage (logistics, modern equipment, scrap collecting network)



## NLMK KALUGA COMPETITIVE ADVANTAGES



## NLMK KALUGA PRODUCTION PLAN

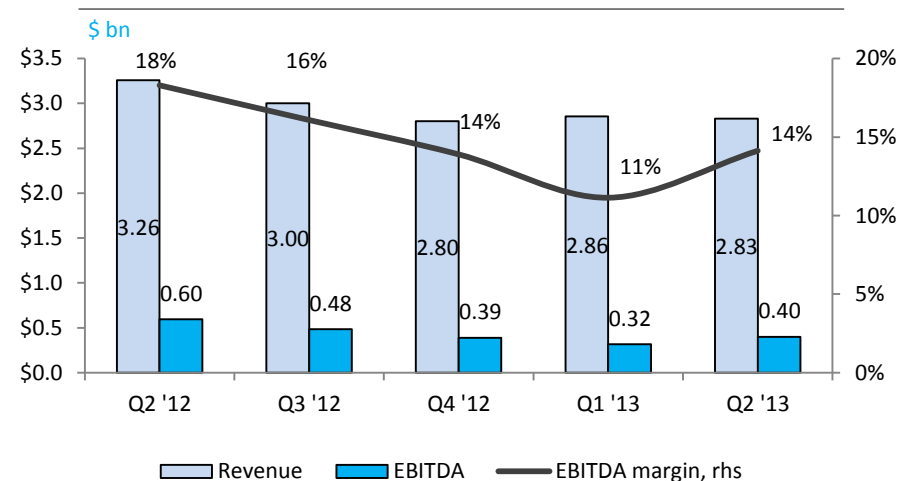


# KEY HIGHLIGHTS

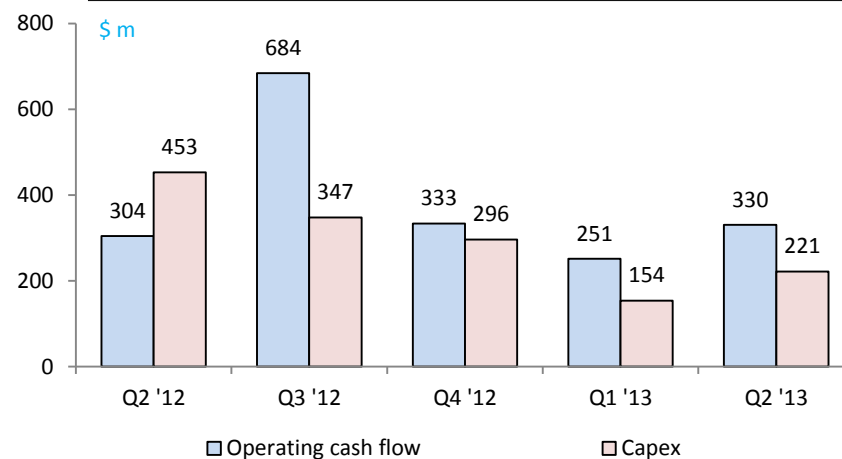
## FINANCIAL RESULTS

- Revenue \$2,829 m (-1% qoq)
- EBITDA \$400 m (+26%)
- EBITDA margin 14% (+3 p.p.)
- Net income \$34 m
- Operating cash flow \$330 m (+32%)
- Investments \$221 m (+44%)
- Net debt \$3,424 m (-1%)
- Net debt/EBITDA 2.15

## REVENUE AND EBITDA MARGIN



## OPERATING CASH FLOW AND INVESTMENTS\*



\*to ensure comparability, Q1'13 operating cash flow is adjusted to the classification used in H1'13. Interest income from placing cash in deposits in H1'13 is included into cash flow from investing activities. In the statements published in Q1'13, this interest income was included into operating cash flow.

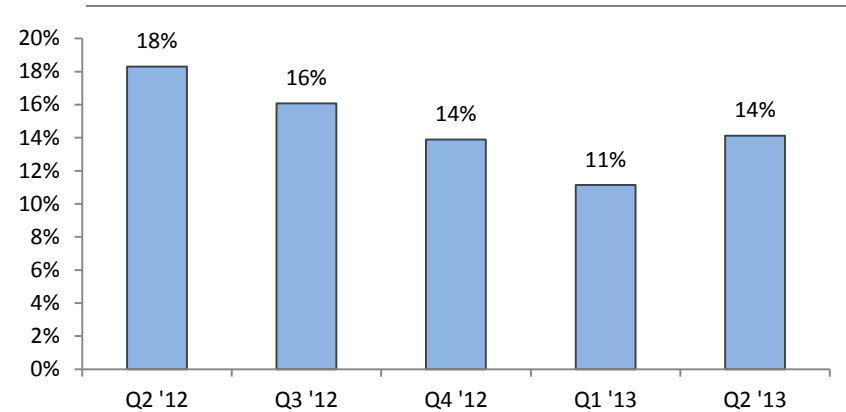
# GROUP PROFITABILITY

Q2 EBITDA WENT UP BY 26% TO \$400 MILLION

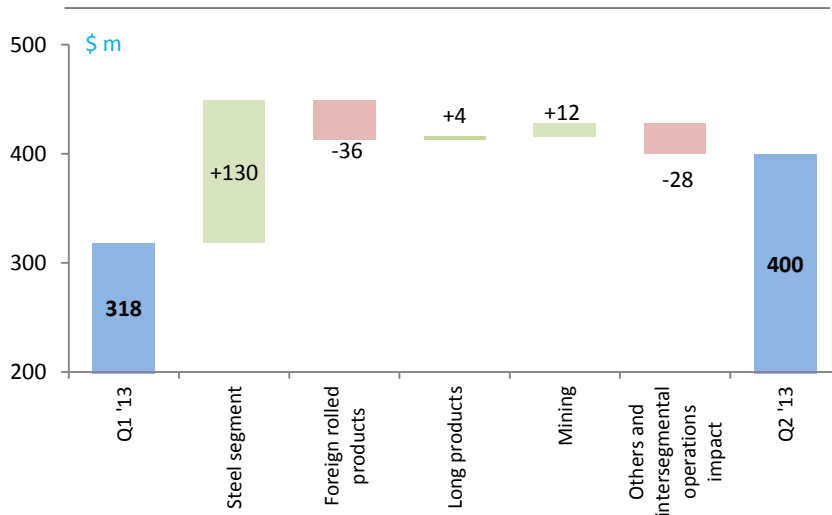
EBITDA MARGIN GREW BY 3 P.P. TO 14%

- Revenue was stable qoq (-1%)
  - Improved product mix partially offset lower prices
- Production costs down by 3% to \$2,058 m, despite higher value added product sales
  - Lower expenses for feedstock materials
  - Cost optimization programs effect
  - FX rate effect as RUB softened vs. US\$ by 4% qoq
- SG&A down by 10% to \$372 m driven by, among other factors, the change in sales geography

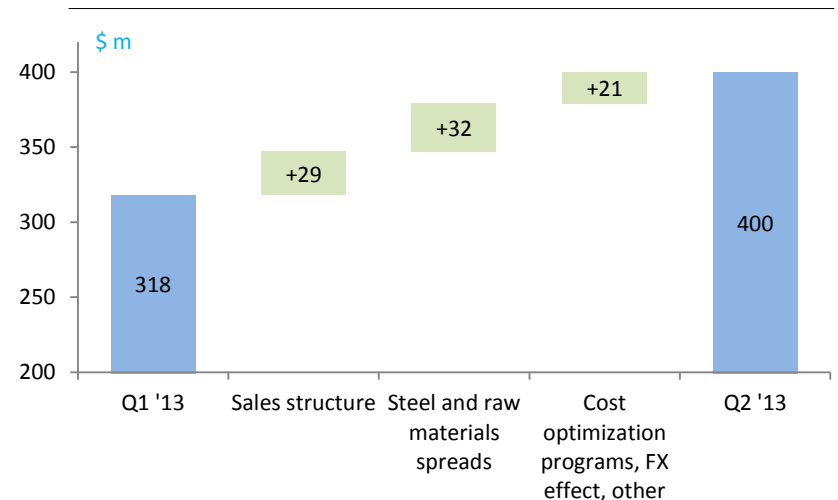
EBITDA MARGIN



EBITDA CHANGE BY SEGMENT



EBITDA: FACTOR ANALYSIS



# CASH FLOW

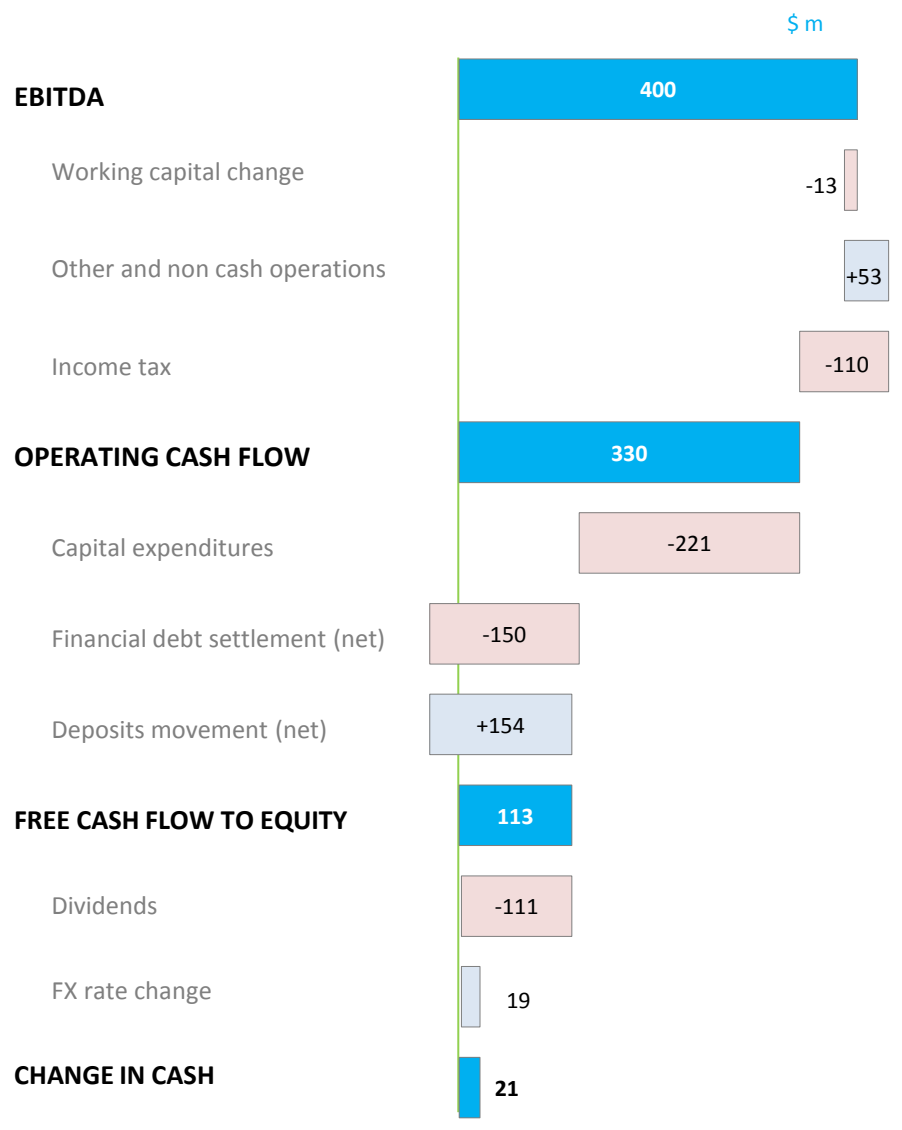
## POSITIVE FREE CASH FLOW

- Working capital remains stable
- Investments down x2 yoy to \$221 m
  - Major investment projects completed
- Net cash outflow related to financial debt settlement was \$150 m
  - Settlement of RUB bonds
  - Full settlement of PXF, attracted in 2008
- Positive free cash flow to equity

## DIVIDEND PAYMENTS FOR 2012

- 2012 dividends are \$116 m, or 20 % of net income
  - In compliance with NLMK dividend policy
- Q2 dividend cash payments were \$111 m

## Q2'13 CASH FLOW



# DEBT LEVERAGE TRENDS

## FINANCIAL DEBT

- Net debt \$3.42 bn (-1%)
- Total financial debt \$4.79 bn (-3%)
- Cash and equivalents<sup>1</sup> \$1.36 bn (-9%)
- Net debt / 12M EBITDA 2.15

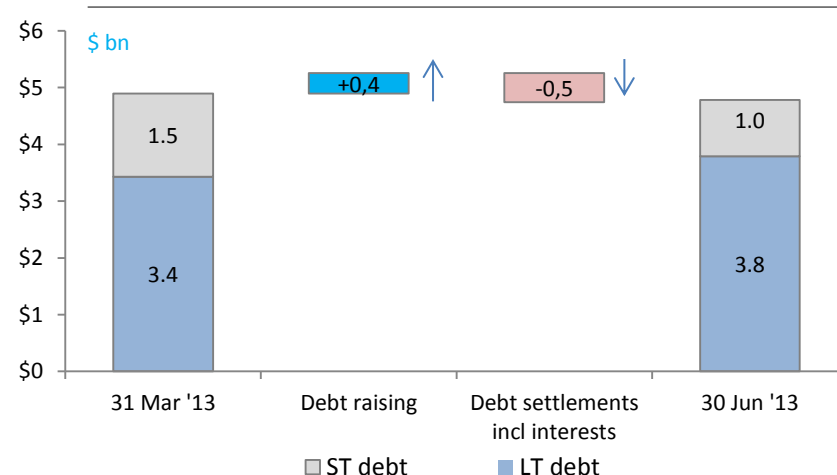
## DEBT PORTFOLIO OPTIMIZATION

- Short term debt reduced to \$0.99 bn (-33%)
- Average debt maturity increased to 3.4

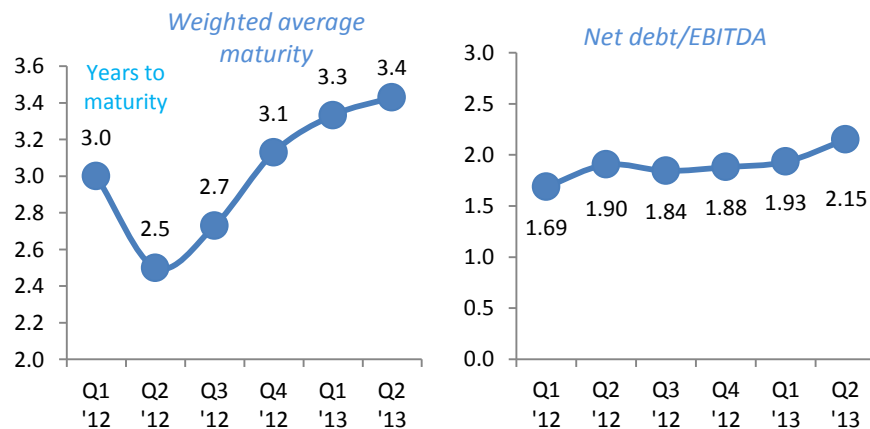
## RATING

- Investment credit rating (Moody's, Fitch)

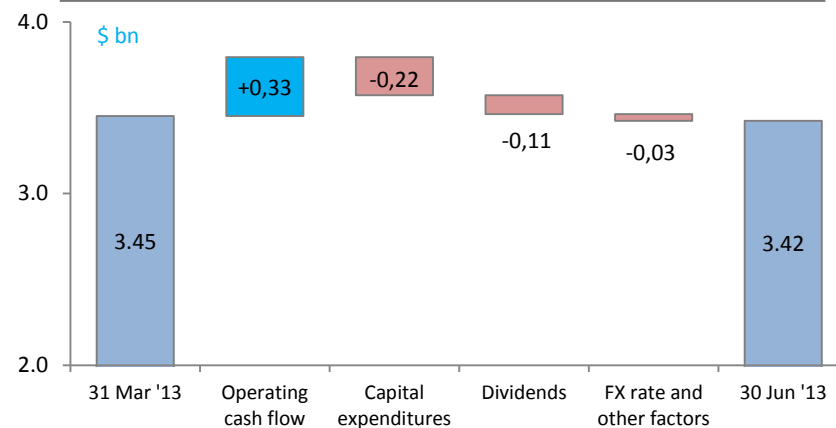
## CHANGE IN DEBT POSITION



## MATURITY AND NET DEBT/EBITDA



## NET DEBT CHANGE



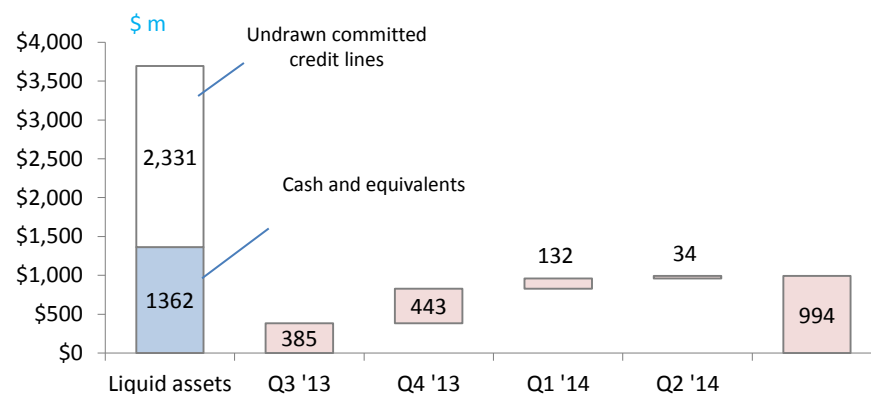
1. Cash and equivalents and ST deposits

# SETTLEMENT OF FINANCIAL LIABILITIES

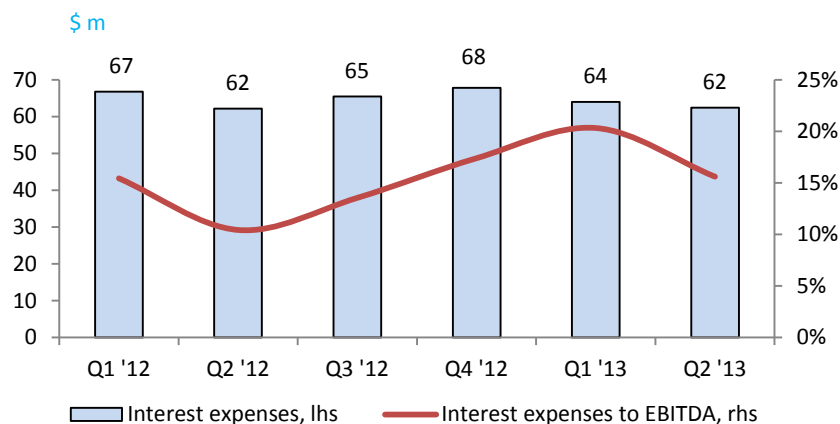
## MATURITY SCHEDULE

- Substantial liquidity cushion and instruments available for debt portfolio restructuring
- Short term debt \$0.99 bn (-33% qoq)
  - ECA financing
  - Credit lines for working capital financing
- Long term debt \$3.79 bn (+10% qoq)
  - Eurobonds and ruble bonds
  - Long term part of ECA
  - European operations' long term debt

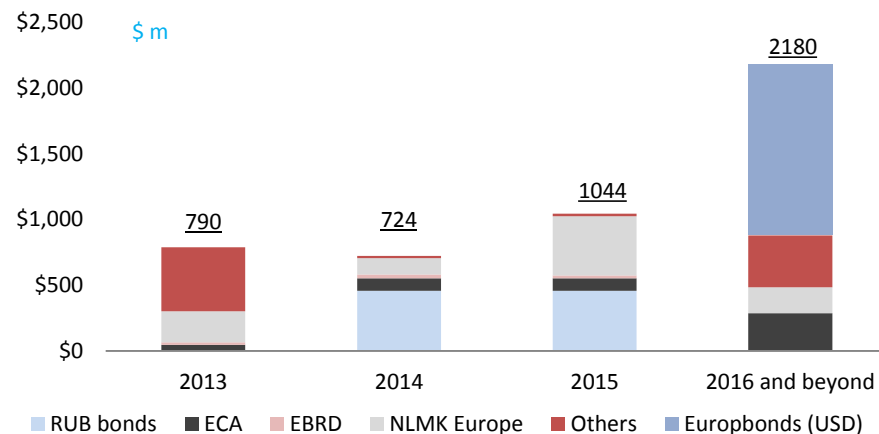
## LIQUIDITY AND ST DEBT MATURITY<sup>1</sup>



## INTEREST EXPENSES<sup>3</sup>



## TOTAL DEBT MATURITY<sup>2</sup>



1. ST maturity payments include interests accrued and bond coupon payments

2. Maturity payments do not include interest

3. Quarterly figures are derived by computational method. Reporting periods are 12M, 9M, 6M and Q1 2012 and Q1, 6M 2013. Including capitalized interest.



# OUTLOOK – Q3'13

## MARKET OVERVIEW

- Globally run rates remain high aggravating the supply/demand imbalance while the market continues to be soft
- End user demand continues to be anemic due to lower activity in a number of regions. In Russia we expect stable demand from the construction sector
- Pricing environment for steel products and raw materials remains volatile

## STEEL PRODUCTION

- NLMK steel output in Q3 is expected to exceed Q2'13 level with 3.9 m t (+4%) driven by the NLMK Kaluga ramp-up

## FINANCIALS

- Q3 '13 revenue is expected to remain sequentially flat
- Profitability will be driven by steel/raw material price spreads that continue to be volatile
- The Company will continue to optimize its cost base through the entire value chain to offset the weaker pricing environment and cost inflation

# SEGMENTS

# SEGMENT CONTRIBUTION – Q2 '13

## STEEL SEGMENT

- Two-fold profit growth on the back of the widened steel products/raw materials spread and cost optimization programmes

## LONG PRODUCTS SEGMENT

- Stable conditions in the long products market
- Outpacing growth in expenses due to the seasonal increase in scrap prices

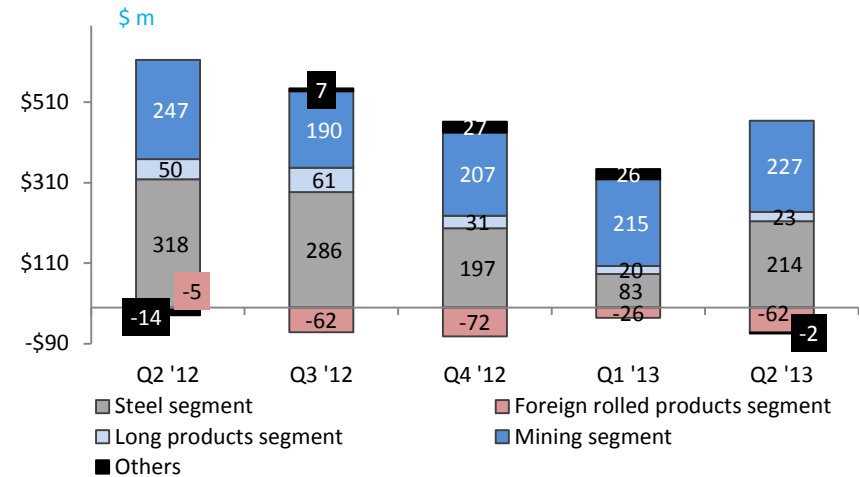
## MINING SEGMENT

- High level of profitability maintained

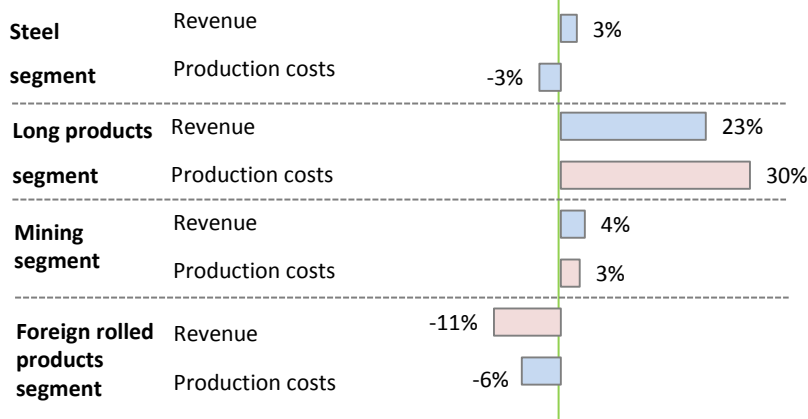
## FOREIGN ROLLED PRODUCTS SEGMENT

- Segment losses increased due to deteriorated market conditions in Europe and USA and one-off factors, incl. inventory impairment to market value

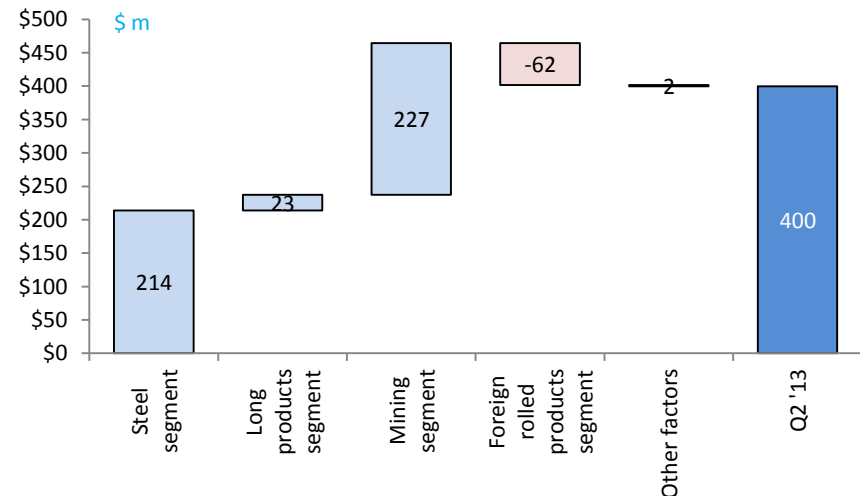
## SEGMENT EBITDA



## SEGMENT FINANCIAL INDICATORS



## SEGMENT CONTRIBUTION TO Q2 EBITDA



# STEEL SEGMENT

## STABLE SALES VOLUMES

- Domestic steel sales growth, including higher slab sales
- HVA sales growth

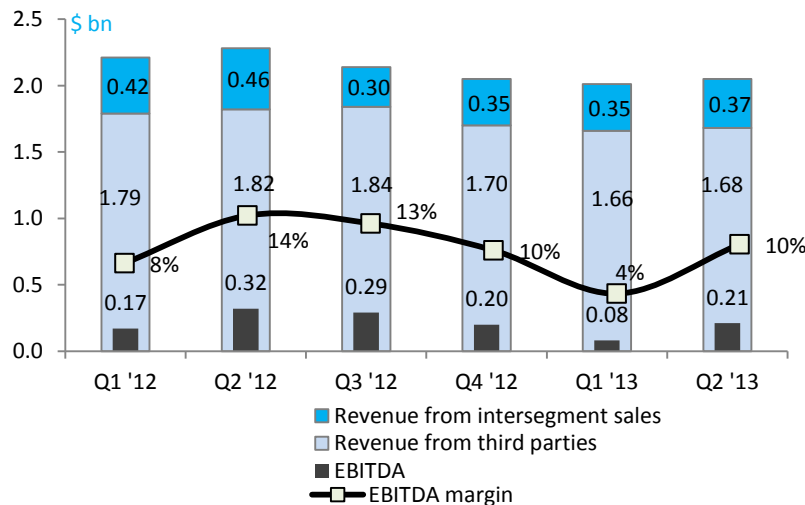
## PROFITABILITY INCREASE

- Steel products/raw materials spread recovery
- The delay in export revenue recognition partially reflects Q1 '13 results
- Q2'13 cash cost of slab decreased by 4% to \$348/t

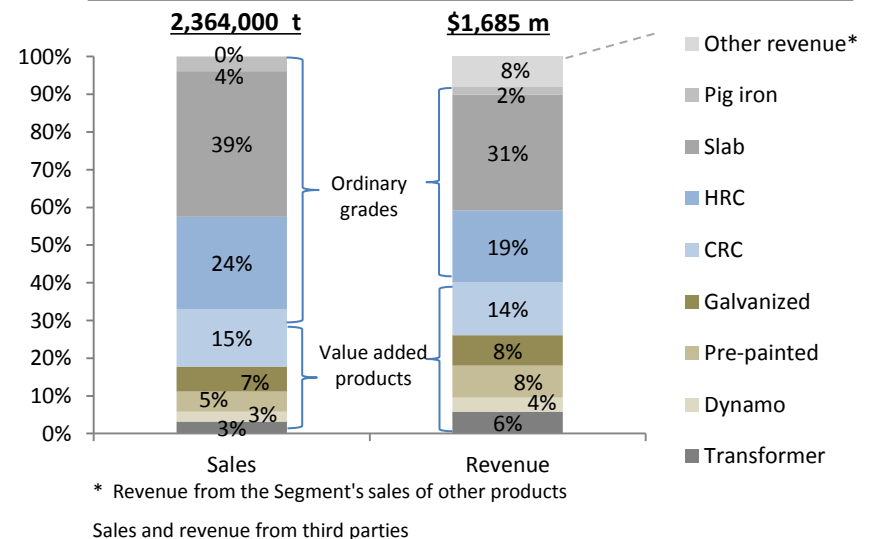
## FX RATES IMPACT

- Average RUB/USD FX rate decreased by 4% qoq
- 90% of the Segment's expenses are nominated in RUB

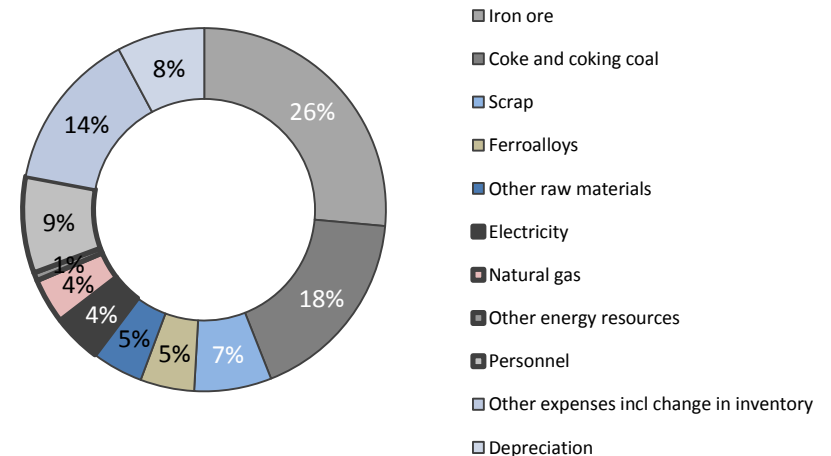
## REVENUE AND EBITDA



## SALES AND REVENUE STRUCTURE IN Q2 '13



## COST OF SALES STRUCTURE IN Q2 '13



# LONG PRODUCTS SEGMENT

## REVENUE AND SALES GROWTH

- Sales volumes up by 9%
- Segment revenue from third parties increased by 9%
- Significant intersegment revenue growth by 92% - due to increased demand for scrap from the Steel segment

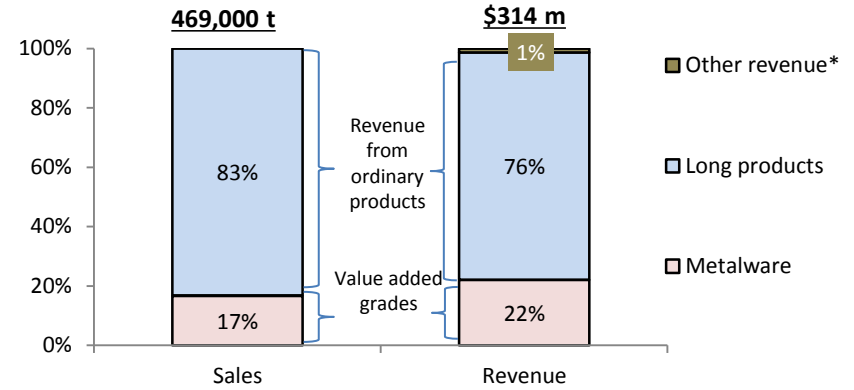
## EBITDA MARGIN 5%

- Long products/scrap spread narrowed

## PRODUCTION EXPENSE GROWTH

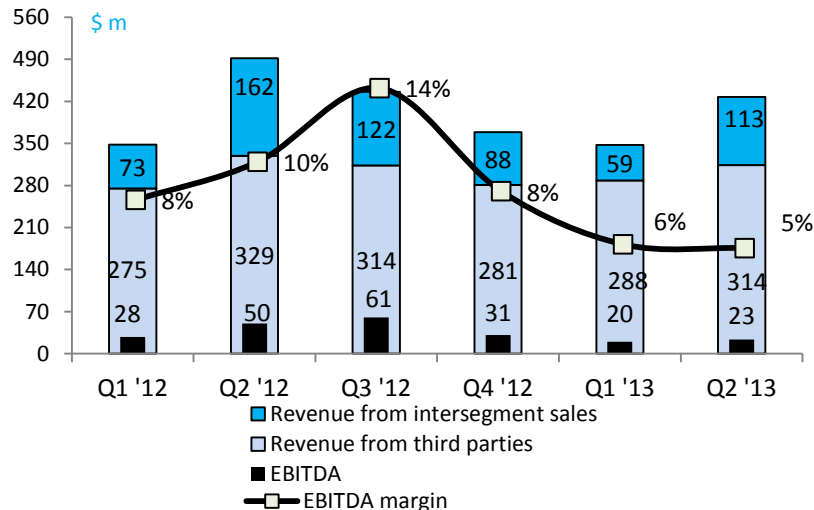
- Long product sales growth lead to higher purchases of scrap to secure growing production volumes

## Q2 '13 SALES AND REVENUE STRUCTURE

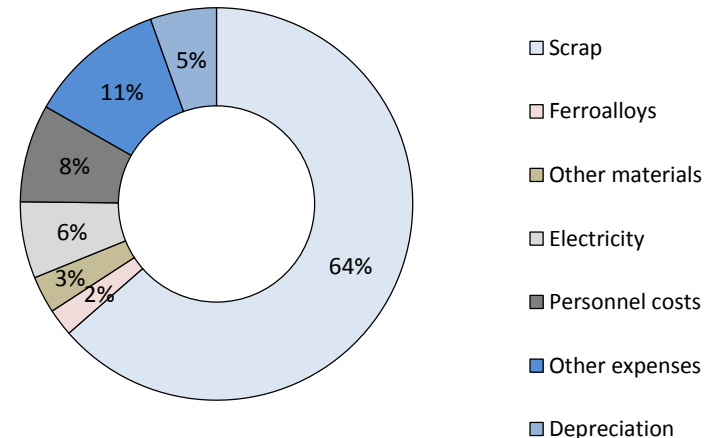


\* Revenue from other product sales

## REVENUE AND EBITDA



## COST OF SALES STRUCTURE IN Q2 '13



# MINING SEGMENT

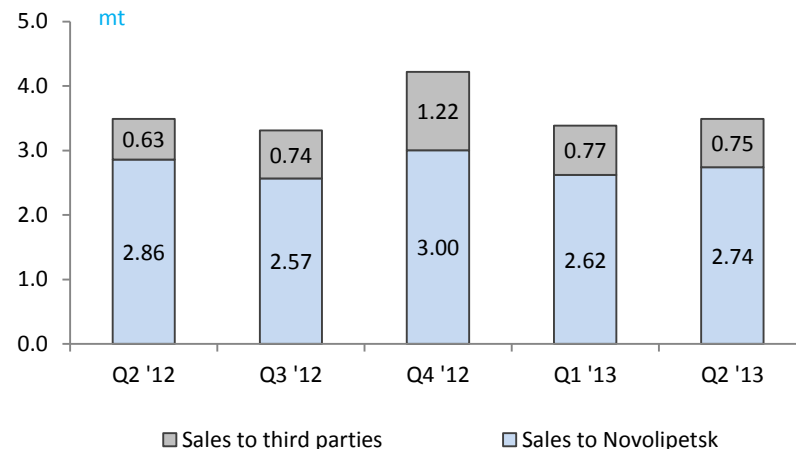
## SEGMENT REVENUE INCREASED

- Intersegment sales went up - higher Novolipetsk purchases of iron ore concentrate

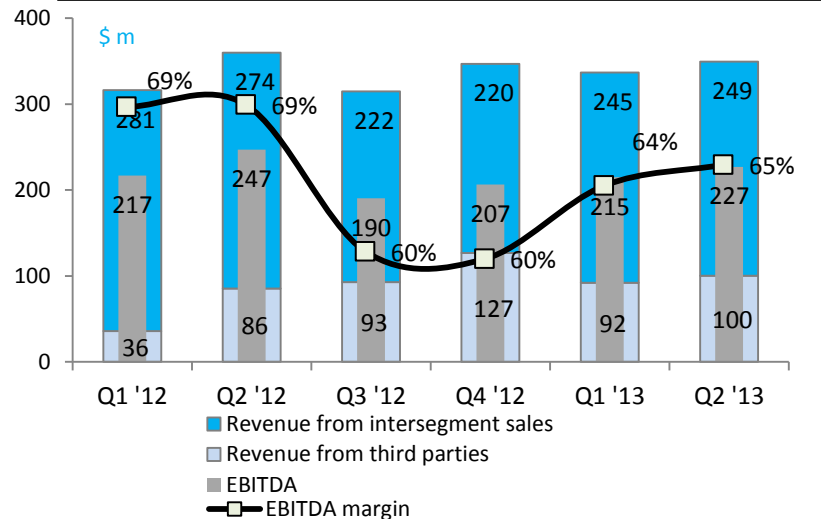
## PROFIT AND MARGIN GROWTH

- EBITDA margin up to 65% by 1 p.p.
- Iron ore concentrate cash cost was \$21.8/t (-\$0.7/t qoq) – due to lower amount of repairs and RUB depreciation against USD

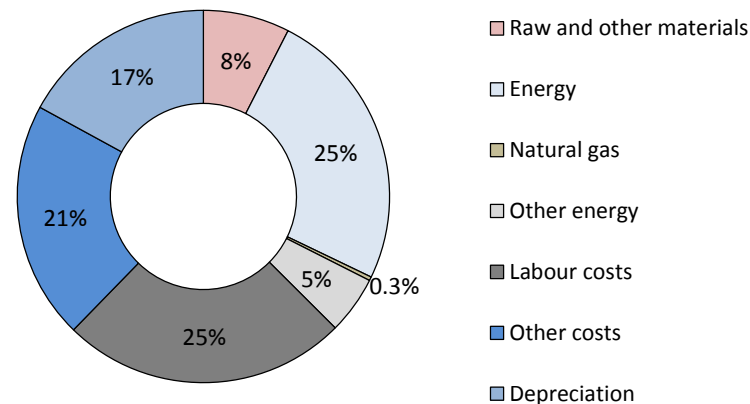
## IRON ORE CONCENTRATE SALES



## REVENUE AND EBITDA



## COST OF SALES STRUCTURE IN Q2 '13



# FOREIGN ROLLED PRODUCTS SEGMENT

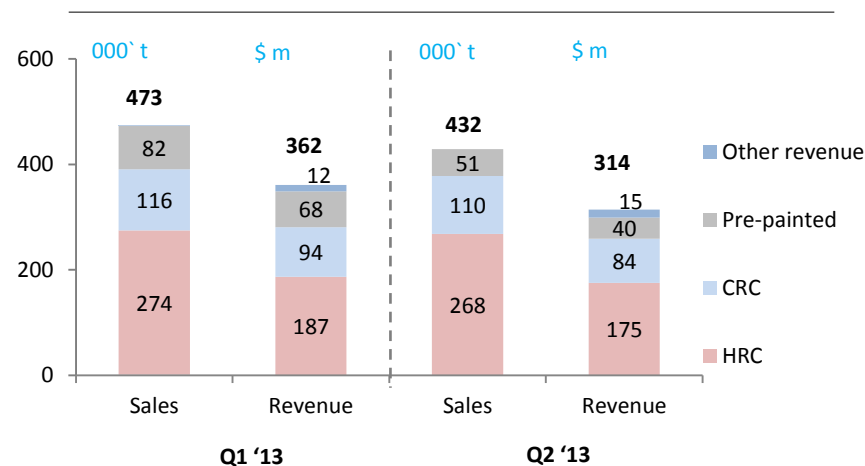
## SALES DECREASED BY 2%

- Lower demand from the USA construction sector
- Plate shipments from NLMK DanSteel increased following the completion of rolling mill reconstruction
- Higher demand for coated steel in the EU

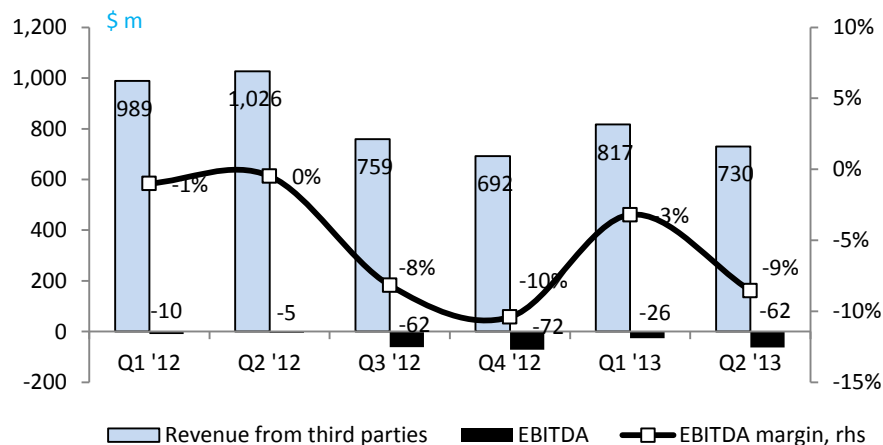
## NEGATIVE FINANCIAL INDICATORS

- Finished products/semi-finished steel spreads narrowed
- One-off factor: semi-finished and finished product inventory impairment to current market prices (-\$15 m) – will positively contribute to H2 '13 results.

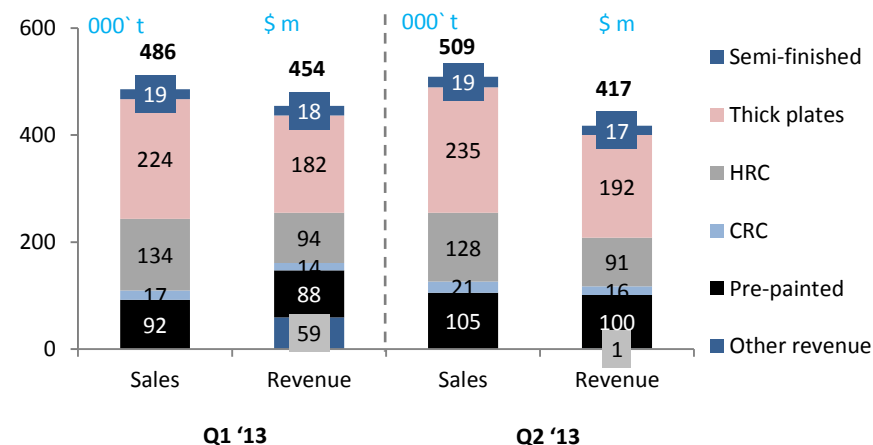
## NLMK USA SALES AND REVENUE



## REVENUE AND EBITDA



## NLMK EUROPE SALES AND REVENUE



# APPENDICES



# APPENDIX

**Q2 '13 CONSOLIDATED CASH COST OF SLABS  
(AT LIPETSK SITE), \$/T**

Coke and coking coal	\$91
Iron ore	\$64
Scrap	\$37
Other materials	\$31
Electricity	\$21
Natural gas	\$18
Personnel	\$33
Other expenses	\$53
<b>Total</b>	<b>\$348</b>

**CASH COST OF SLABS  
(AT LIPETSK SITE), 2012-2013, \$/T**

Q1'12	\$395
Q2'12	\$411
Q3'12	\$383
Q4'12	\$361
Q1'13	\$364
Q2'13	\$348

# SEGMENTAL INFORMATION

<b>Q2 2013</b> (million USD)	<b>Steel</b>	<b>Foreign rolled products</b>	<b>Long products</b>	<b>Mining</b>	<b>All other</b>	<b>Totals</b>	<b>Intersegmental operations and balances</b>	<b>Consolidated</b>
Revenue from external customers	1 685	730	314	100	0	2 829		2 829
Intersegment revenue	371	1	113	249		734	(734)	
Gross profit	352	(44)	43	242	0	592	(40)	552
Operating income/(loss)	81	(110)	2	209	(0)	182	(2)	180
<i>as % of net sales</i>	4%	(15%)	1%	60%				6%
Income / (loss) from continuing operations before minority interest	253	(182)	(42)	211	0	241	(208)	33
<i>as % of net sales</i>	12%	(25%)	(10%)	60%				1%
Segment assets including goodwill <sup>1</sup>	13 419	3 662	2 721	2 292	54	22 148	(4 510)	17 638

<b>Q1 2013</b> (million USD)	<b>Steel</b>	<b>Foreign rolled products</b>	<b>Long products</b>	<b>Mining</b>	<b>All other</b>	<b>Totals</b>	<b>Intersegmental operations and balances</b>	<b>Consolidated</b>
Revenue from external customers	1 659	816	288	92	0	2 856		2 856
Intersegment revenue	346	1	59	245		650	(650)	
Gross profit	260	(6)	46	232	0	531	(8)	524
Operating income/(loss)	(36)	(74)	(2)	197	(0)	84	26	111
<i>as % of net sales</i>	(2%)	(9%)	(1%)	58%				4%
Income / (loss) from continuing operations before minority interest	(39)	(91)	(36)	164	0	(2)	37	35
<i>as % of net sales</i>	(2%)	(11%)	(10%)	49%				1%
Segment assets including goodwill <sup>2</sup>	13 987	3 753	2 791	2 408	56	22 995	(4 485)	18 510

<sup>1</sup> as at 30.06.2013

<sup>2</sup> as at 31.03.2013

# QUARTERLY DATA: CONSOLIDATED STATEMENT OF INCOME

<i>(mln USD)</i>	Q2 2013	Q1 2013	Q2 2013/Q1 2013		6M 2013	6M 2012	6M 2013/6M 2012	
			+/-	%			+/-	%
Sales revenue	2 829	2 856	(27)	(1%)	5 685	6 351	(666)	(10%)
Production cost	(2 058)	(2 125)	67	(3%)	(4 183)	(4 415)	232	(5%)
Depreciation and amortization	(220)	(207)	(12)	6%	(427)	(348)	(79)	23%
<b>Gross profit</b>	<b>552</b>	<b>524</b>	<b>28</b>	<b>5%</b>	<b>1 076</b>	<b>1 589</b>	<b>(513)</b>	<b>(32%)</b>
General and administrative expenses	(112)	(120)	8	(7%)	(231)	(237)	5	(2%)
Selling expenses	(227)	(257)	30	(12%)	(484)	(592)	107	(18%)
Taxes other than income tax	(33)	(36)	3	(10%)	(69)	(81)	12	(14%)
<b>Operating income</b>	<b>180</b>	<b>111</b>	<b>69</b>	<b>62%</b>	<b>291</b>	<b>680</b>	<b>(389)</b>	<b>(57%)</b>
Gain / (loss) on disposals of property, plant and equipment	(4)	(2)	(3)	171%	(6)	(37)	32	(85%)
Gains / (losses) on investments	(3)	(1)	(2)	281%	(4)	(1)	(3)	274%
Interest income	12	10	2	19%	22	12	10	78%
Interest expense	(27)	(31)	3	(11%)	(58)	(14)	(44)	306%
Foreign currency exchange loss, net	(5)	(27)	22	(81%)	(32)	2	(34)	
Other expense, net	(10)	(8)	(2)	23%	(18)	(32)	14	(43%)
<b>Income from continuing operations before income tax</b>	<b>143</b>	<b>53</b>	<b>90</b>	<b>169%</b>	<b>195</b>	<b>610</b>	<b>(414)</b>	<b>(68%)</b>
Income tax	(110)	(18)	(92)	523%	(127)	(161)	34	(21%)
Equity in net earnings/(losses) of associate	0	0	(0)	(4%)	0	0	(0)	(57%)
<b>Net income</b>	<b>33</b>	<b>35</b>	<b>(2)</b>	<b>(7%)</b>	<b>68</b>	<b>449</b>	<b>(381)</b>	<b>(85%)</b>
Less: Net loss / (income) attributable to the non-controlling interest	1	2	(2)		3	1	2	135%
<b>Net (loss) / income attributable to OJSC Novolipetsk Steel stockholders</b>	<b>34</b>	<b>38</b>	<b>(4)</b>	<b>(11%)</b>	<b>72</b>	<b>451</b>	<b>(379)</b>	<b>(84%)</b>
<b>EBITDA</b>	<b>400</b>	<b>318</b>	<b>82</b>	<b>26%</b>	<b>718</b>	<b>1 028</b>	<b>(310)</b>	<b>(30%)</b>

# CONSOLIDATED CASH FLOW STATEMENT

(mln. USD)	Q2 2013	Q1 2013	Q2 2013/Q1 2013		6M 2013	6M 2012	6M 2013/6M 2012	
			+ / -	%			+ / -	%
<b>Cash flow from operating activities</b>								
<b>Net income</b>	33	35	(2)	(7%)	68	449	(381)	(85%)
<b>Adjustments to reconcile net income to net cash provided by operating</b>								
Depreciation and amortization	220	207	12	6%	427	348	79	23%
Loss on disposals of property, plant and equipment	4	2	3	171%	6	37	(32)	(85%)
(Gain)/loss on investments	3	1	2	281%	4	1	3	274%
Interest income	(12)	(10)	(2)	19%	(22)		(22)	
Interest expense	27	31	(3)	(11%)	58		58	
Equity in net earnings of associate	(0)	(0)	0	(4%)	(0)	(0)	0	(57%)
Defferd income tax (benefit)/expense	41	(40)	81	(202%)	1	(5)	6	
Loss / (income) on forward contracts	15	(6)	21		8	(0)	9	
Other movements	12	49	(37)	(75%)	61	(20)	82	
<b>Changes in operating assets and liabilities</b>								
Increase in accounts receivables	(20)	(102)	82	(81%)	(122)	(106)	(16)	15%
Increase in inventories	26	75	(49)	(65%)	101	49	52	105%
Decrease/(increase) in other current assets	(3)	5	(8)		2	12	(10)	(84%)
Increase in accounts payable and other liabilities	(18)	(17)	(2)	11%	(35)	26	(61)	
Increase/(decrease) in current income tax payable	2	22	(20)	(91%)	24	16	7	44%
<b>Net cash provided from operating activities*</b>	330	251	79	32%	581	807	(226)	(28%)
<b>Cash flow from investing activities</b>								
Proceeds from sale of property, plant and equipment	(0)	1	(2)		1	10	(9)	(87%)
Purchases and construction of property, plant and equipment	(221)	(154)	(67)	44%	(375)	(810)	435	(54%)
Proceeds from sale / (purchases) of investments, net	0	9	(8)	(99%)	9	(0)	9	
(Placement) / withdrawal of bank deposits, net	160	(160)	320		0	231	(231)	
Prepayment for acquisition of interests in new subsidiaries						(157)	157	
Acquisition of additional stake in existing subsidiary		(10)	10		(10)		(10)	
<b>Net cash used in investing activities</b>	(61)	(313)	252	(80%)	(374)	(726)	352	(48%)
<b>Cash flow from financing activities</b>								
Proceeds from borrowings and notes payable	362	852	(491)	(58%)	1 214	437	777	178%
Repayments of borrowings and notes payable	(512)	(553)	41	(7%)	(1 065)	(384)	(681)	177%
Capital lease payments	(6)	(7)	1	(21%)	(13)	(11)	(2)	17%
Dividends to shareholders	(111)	(0)	(111)		(111)	(114)	3	(3%)
<b>Net cash used in financing activities</b>	(266)	292	(559)	(191%)	26	(72)	98	
<b>Net increase / (decrease) in cash and cash equivalents</b>	2	230	(227)	(99%)	232	8	223	
Effect of exchange rate changes on cash and cash equivalents	19	39	(20)	(52%)	58	(36)	94	
Cash and cash equivalents at the beginning of the period	1 220	951	269	28%	951	797	154	19%
<b>Cash and cash equivalents at the end of the period</b>	1 241	1 220	21	2%	1 241	769	472	61%

Q1 2013, 6M 2013 and 6M 2012 are official reporting periods. Q2 2013 figures are derived by computational method.

\*to ensure comparability, Q1'13 operating cash flow is adjusted to the classification used in H1'13. Interest income from placing cash in deposits in H1'13 is included into cash flow from investing activities. In the statements published in Q1'13, this interest income was included into operating cash flow.

# CONSOLIDATED BALANCE SHEET

	as at 30.06.2013	as at 31.03.2013	as at 31.12.2012	as at 30.09.2012	as at 30.06.2012	as at 31.03.2012	as at 31.12.2011
(mln. USD)							
<b>ASSETS</b>							
<b>Current assets</b>	<b>5 537</b>	<b>5 834</b>	<b>5 469</b>	<b>6 287</b>	<b>5 230</b>	<b>5 714</b>	<b>5 504</b>
Cash and cash equivalents	1 241	1 220	951	1 803	769	926	797
Short-term investments	121	271	107	11	10	11	227
Accounts receivable, net	1 497	1 557	1 491	1 559	1 642	1 786	1 573
Inventories, net	2 530	2 689	2 827	2 819	2 733	2 904	2 828
Deferred income tax assets	121	71	63	54	28	24	19
Other current assets, net	27	25	30	42	47	63	59
<b>Non-current assets</b>	<b>12 101</b>	<b>12 677</b>	<b>12 988</b>	<b>12 661</b>	<b>11 873</b>	<b>12 895</b>	<b>11 753</b>
Long-term investments, net	17	20	19	13	9	9	8
Property, plant and equipment, net	10 981	11 442	11 753	11 458	10 716	11 664	10 570
Intangible assets	129	136	142	146	148	159	159
Goodwill	753	776	786	778	752	802	760
Other non-current assets, net	31	36	38	25	17	17	19
Deferred income tax assets	189	266	250	240	230	244	237
<b>Total assets</b>	<b>17 638</b>	<b>18 510</b>	<b>18 458</b>	<b>18 949</b>	<b>17 103</b>	<b>18 609</b>	<b>17 257</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>							
<b>Current liabilities</b>	<b>2 647</b>	<b>2 940</b>	<b>3 302</b>	<b>4 155</b>	<b>3 579</b>	<b>3 577</b>	<b>2 940</b>
Accounts payable and other liabilities	1 609	1 412	1 462	1 713	1 582	1 783	1 623
Short-term borrowings	994	1 484	1 816	2 434	1 971	1 781	1 306
Current income tax liability	44	45	24	9	26	12	11
<b>Non-current liabilities</b>	<b>4 695</b>	<b>4 678</b>	<b>4 065</b>	<b>3 875</b>	<b>3 329</b>	<b>3 880</b>	<b>4 212</b>
Long-term borrowings	3 792	3 459	2 816	2 850	2 373	2 693	3 074
Deferred income tax liability	746	765	792	752	690	762	714
Other long-term liabilities	157	454	457	273	266	425	425
<b>Total liabilities</b>	<b>7 342</b>	<b>7 619</b>	<b>7 367</b>	<b>8 030</b>	<b>6 908</b>	<b>7 457</b>	<b>7 152</b>
<b>Stockholders' equity</b>							
Common stock	221	221	221	221	221	221	221
Statutory reserve	10	10	10	10	10	10	10
Additional paid-in capital	257	257	306	306	306	306	306
Other comprehensive income	(1 736)	(1 224)	(997)	(1 178)	(1 738)	(613)	(1 489)
Retained earnings	11 538	11 620	11 582	11 604	11 437	11 272	11 099
<b>NLMK stockholders' equity</b>	<b>10 290</b>	<b>10 885</b>	<b>11 123</b>	<b>10 964</b>	<b>10 237</b>	<b>11 196</b>	<b>10 147</b>
Non-controlling interest	6	7	(33)	(45)	(42)	(45)	(42)
<b>Total stockholders' equity</b>	<b>10 296</b>	<b>10 892</b>	<b>11 090</b>	<b>10 919</b>	<b>10 195</b>	<b>11 151</b>	<b>10 105</b>
<b>Total liabilities and stockholders' equity</b>	<b>17 638</b>	<b>18 510</b>	<b>18 458</b>	<b>18 949</b>	<b>17 103</b>	<b>18 609</b>	<b>17 257</b>

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