



# Novolipetsk Steel

January 30 – February 1, 2008

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Troika Dialog: The Russia Forum

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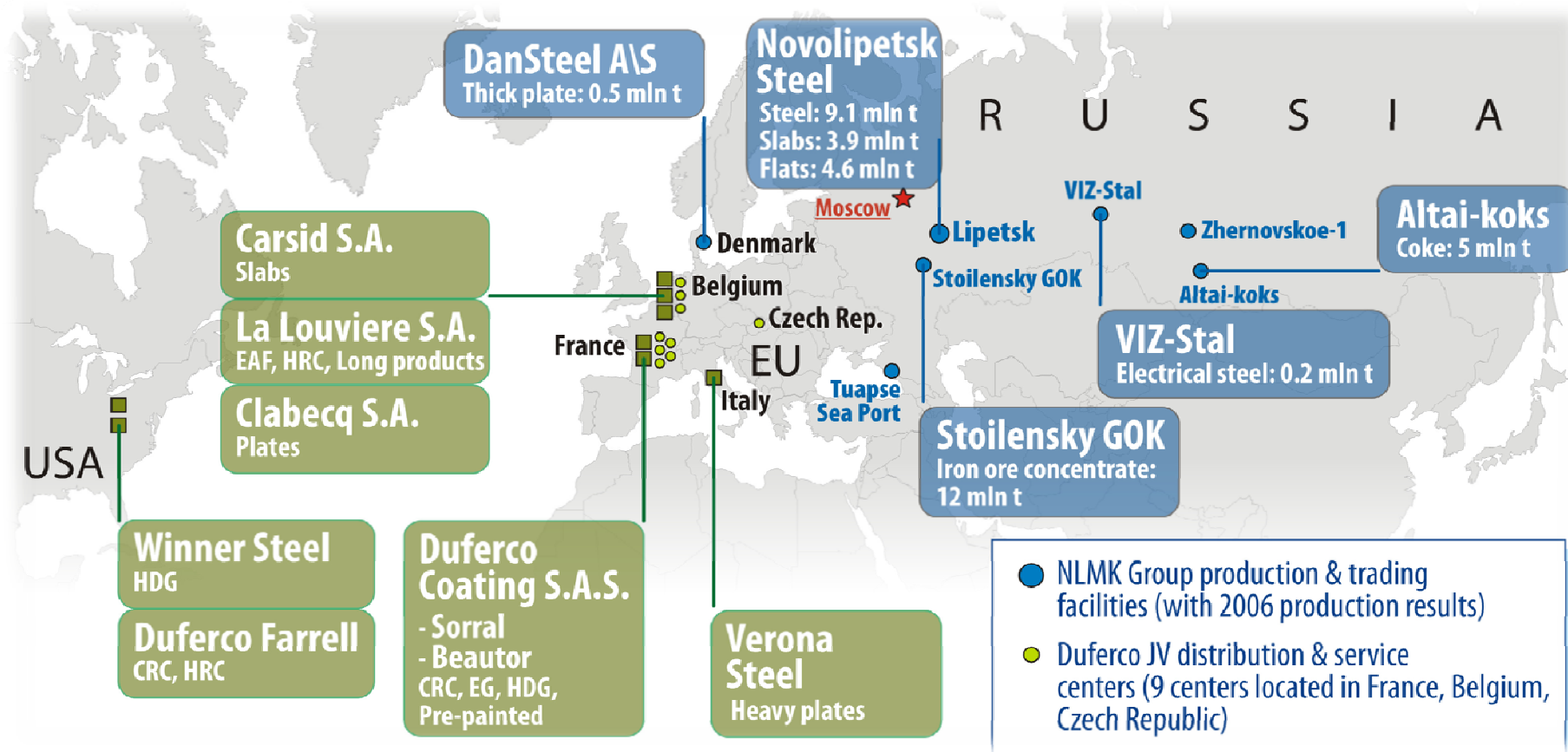
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# NLMK – Key Facts

## Global presence



	Crude steel	Rolled steel		Crude steel	Rolled steel
<b>NLMK Group<sup>1</sup></b>	9.1m t	5.4m t	<b>JV with Duferco</b>	2.1m t <sup>2</sup>	4.2m t <sup>3</sup>

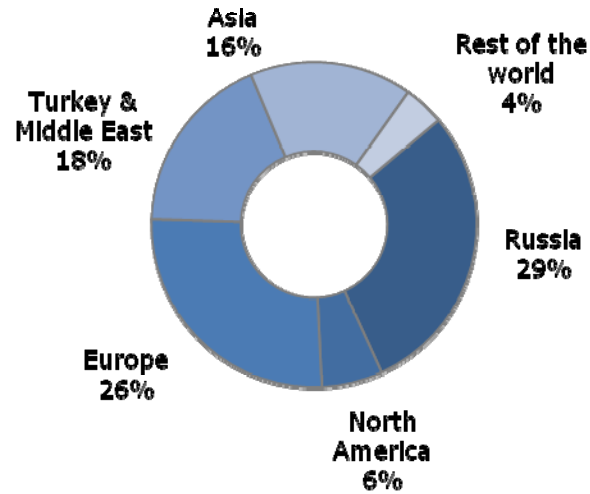
1. 2007 production includes Lipetsk production site, DanSteel and VIZ-Stal  
 2. 2007 production volumes  
 3. 2007 shipments including Winner Steel

# NLMK – Key Facts

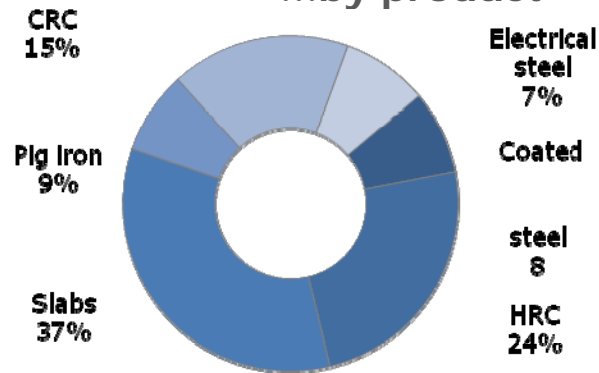
Market leadership in slabs and high value-added (HVA) products

Sales:

...by region<sup>1</sup>



...by product<sup>1</sup>

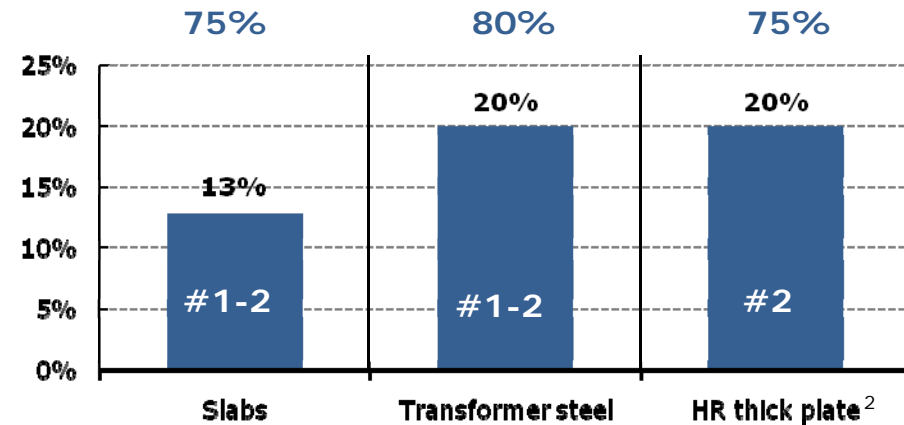


Global market position

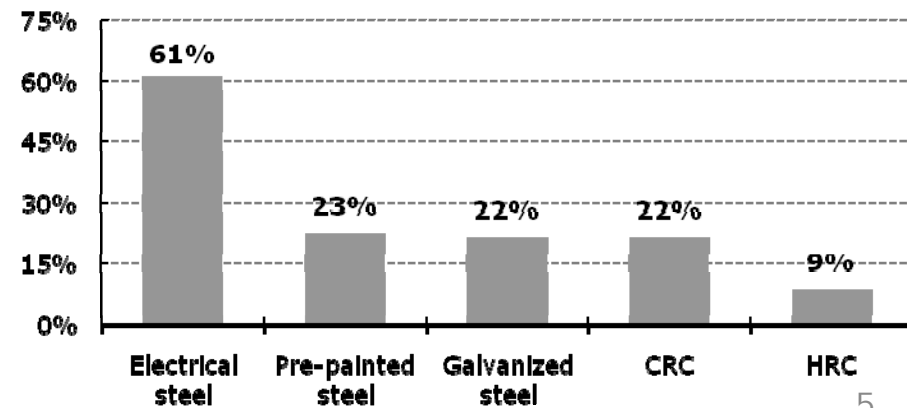
World

EU

Top 5 producers (market share)<sup>3</sup>



Domestic market position<sup>3</sup>



1. 2007 numbers, tonnage-wise 2. including JV with Duferco Group production volumes 3. Metal Expert, company estimates

# NLMK Dynamic Growth

Continuous development in both domestic and international dimensions

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- **Russia – platform for efficient crude steel production growth**
  - Substantial and growing self-sufficiency in basic raw materials
  - One of the lowest-cost steel producers with 40% growth on track
  - Development of HVA product portfolio
- **Russian market – fast growth of finished products sales**
  - Strong presence in all fast growing segments: construction, machinery, infrastructure
  - Value-added niches in focus for Capex projects: cold rolled, HDG, pre-painted, electrical
  - Possibility of sales growth by products transfer from export markets
- **International market – growth by acquisitions of existing producers**
  - Slab supply gives basis for fast increase of output and earnings
  - New acquisitions to bring both market and product add-ons enable technology transfer
  - Restructuring of acquired assets to boost efficiency and synergies

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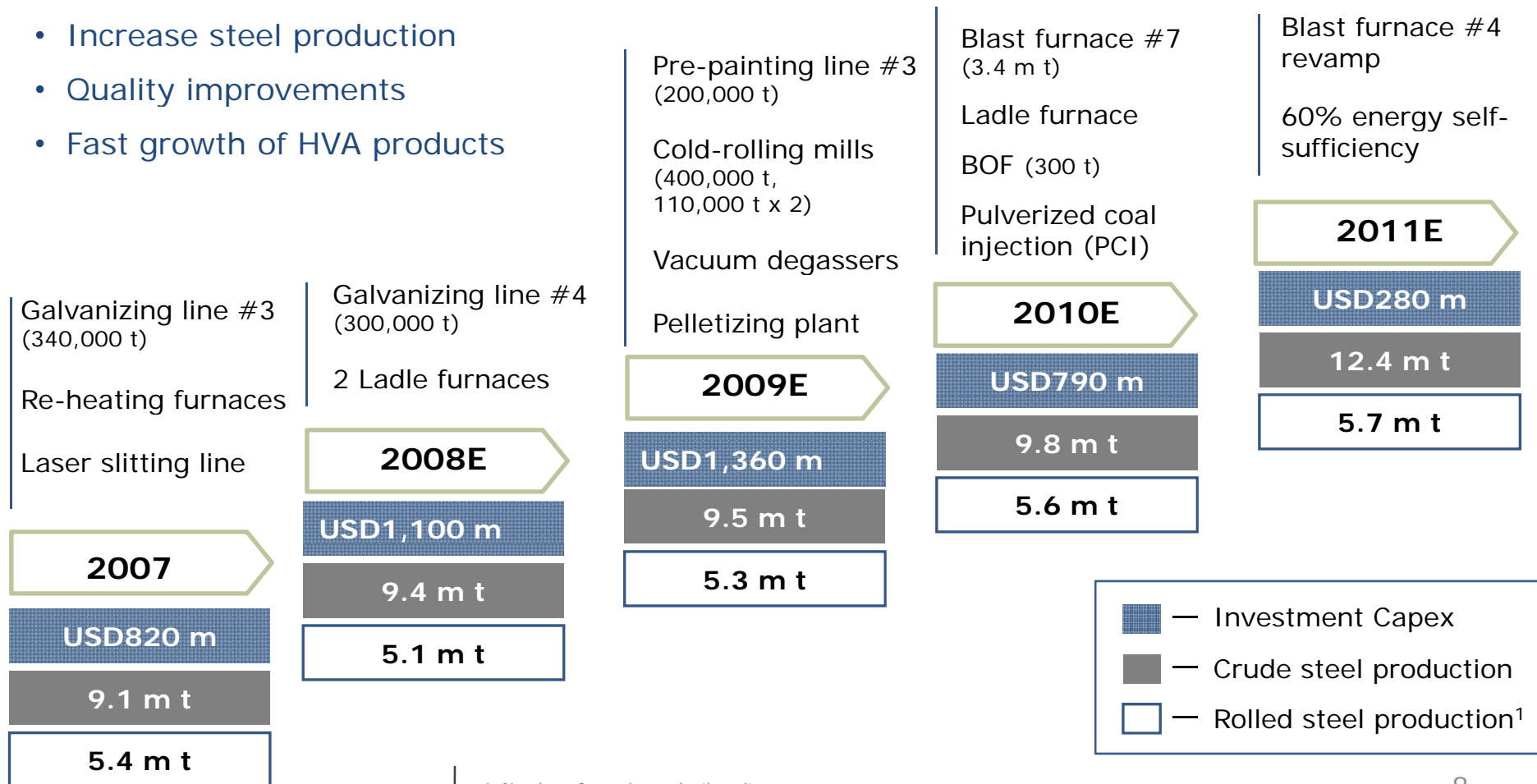
# Enhancement of Production Platform

Capex drives improvements in volume and efficiency

Total Investment Capex: USD4.4 bn

## Main Goals

- Increase steel production
- Quality improvements
- Fast growth of HVA products



1. Numbers for main production site



# Domestic Market Strategy

Preferred supplier for growing industries

Hot-rolled steel	880,000 t
Cold-rolled steel	763,000 t
Galvanized steel	426,000 t
Pre-painted steel	340,000 t
Electrical steel	202,000 t
<b>Total</b>	<b>2,786,000 t</b>

~26% of sales

Machine-building & automotive industry

Cold-rolled & galvanized steel

38%

~ 64% of sales

Construction

Galvanized, pre painted, hot rolled steel

>30%

~ 5% of sales

Power-equipment manufacturing

Electrical steel

c.70%

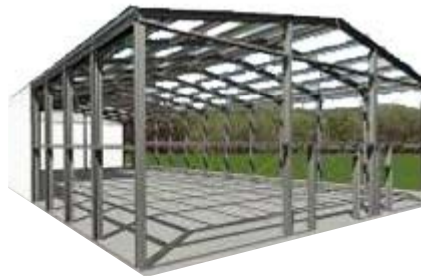
Domestic market share



# Domestic Market Strategy - Construction

Growing multi-product segment

## Non-residential construction



### Hot-rolled steel

Roll-formed sections	Water pipes
Sectioned pipes	Angles and shapes

### Hot dip-galvanized steel

Framed sections	Internal hardware
Vent and ceiling systems	Water-gas pipes

### Pre-painted steel

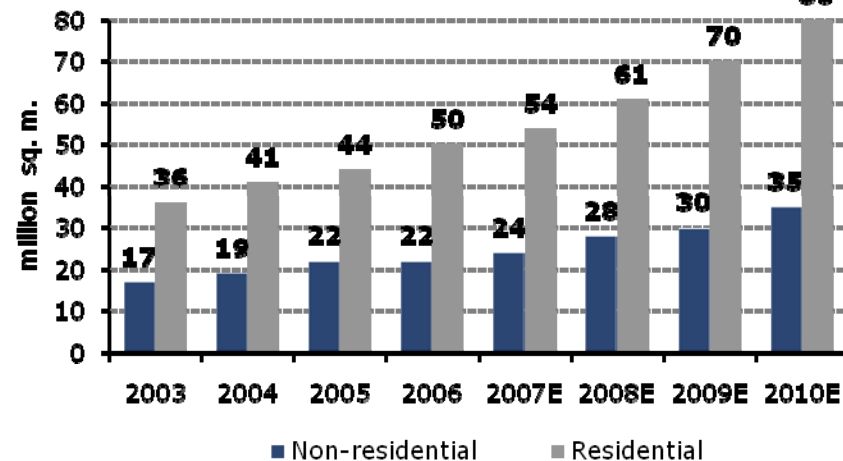
'Sandwich' panels	Metal tiles
Corrugated board	Siding

## Residential construction



- Over 60% of NLMK's domestic sales go into construction
- Over 30% share in the Russian construction flat steel segment
- 32% salable products (HRC, galvanized and pre-painted steel) increase by 2012

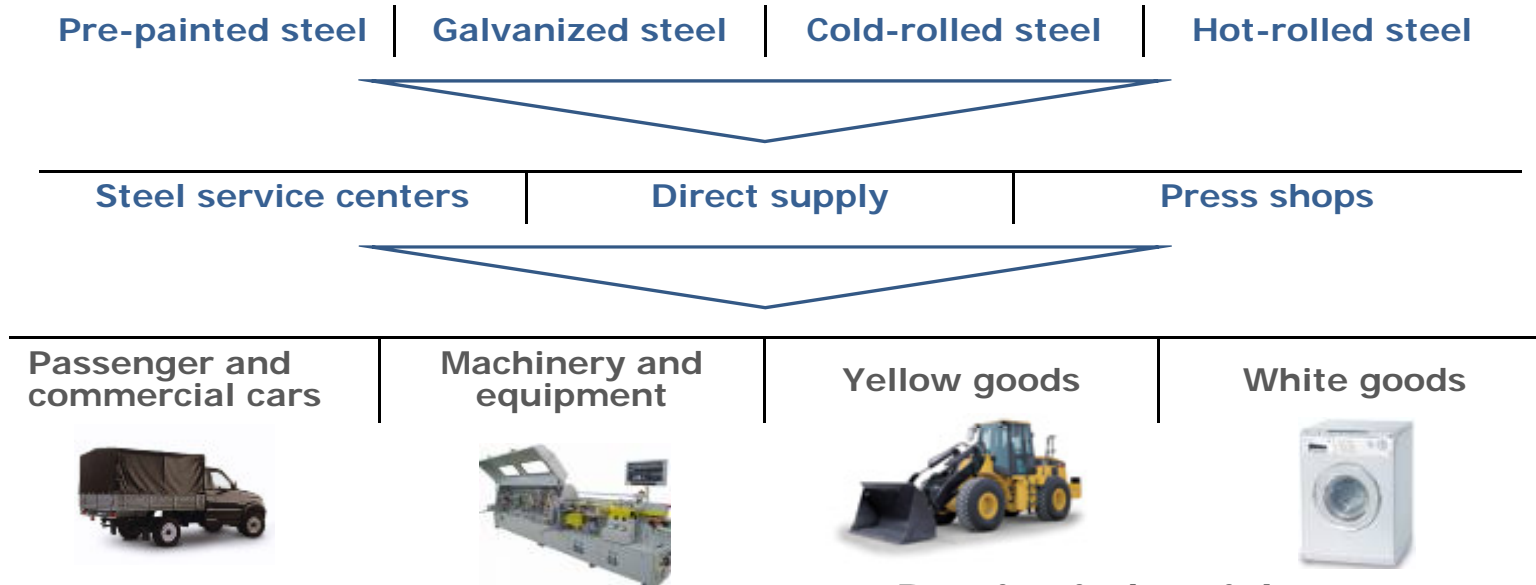
## Construction growth



Source: Goskomstat, company estimates

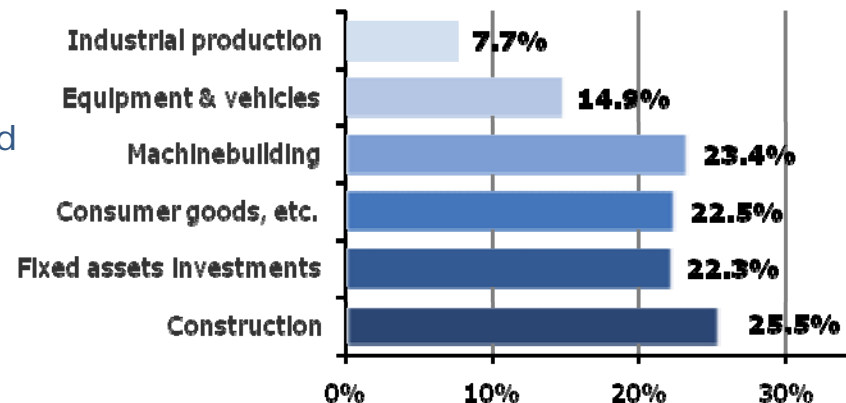
# Domestic Market Strategy – Machinery

Maintain leadership and capture growth



- Machine building and white goods segments enjoy strong investments inflow and government support
- Over 2.8 million washing-machines to be produced in Russia by 2010 – about 40% growth
- 29% salable products (HRC, CRC, galvanized and pre-painted steel) increase by 2012

**Russian industrial sector growth  
H1 2007 vs. H1 2006**

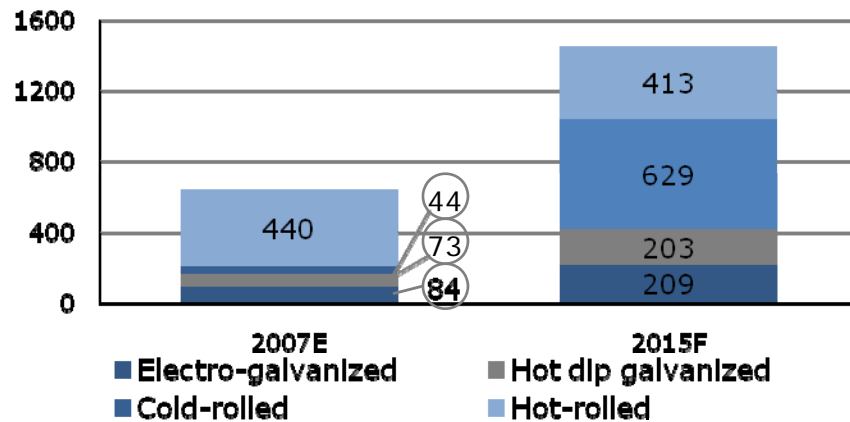


Source: Goskomstat, company estimates

# Domestic Market Strategy - Automotive

Bid for higher quality for global customers

### Russian auto-steel market



Source: company estimates

### NLMK client base

#### Auto producers

• Renault		• Direct supply contract
• Volvo		• Certificate

#### Auto parts producers

▪ Magnetto	Rolled product supply for interior/exterior parts production
▪ Gonvarri	

Customer base includes all major local auto producers

### Auto manufacturing in Russia annual growth of 6% for 2007-15



Source: Company estimates

### Duferco JV case

- NLMK supplies slabs to Duferco JV for auto sheet manufacturing
- Major global auto producers consume Duferco JV products



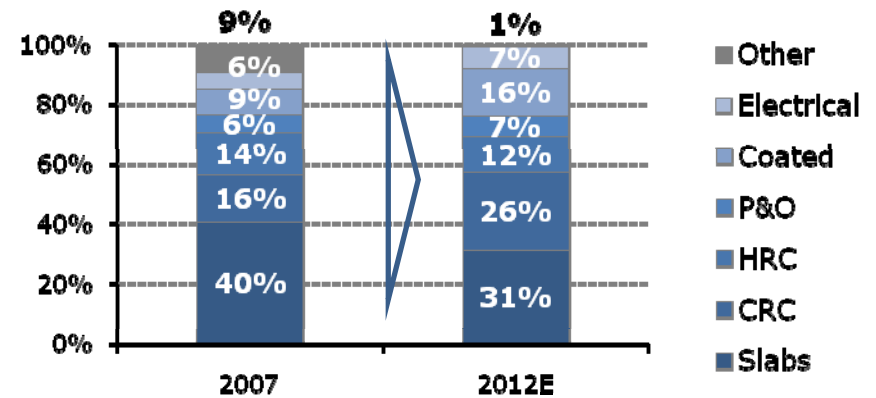
- NLMK gains recognition from leading auto producers launching operations in Russia
- NLMK transfers auto sheet technology from Duferco JV facilities

# Portfolio Development and Earnings Growth

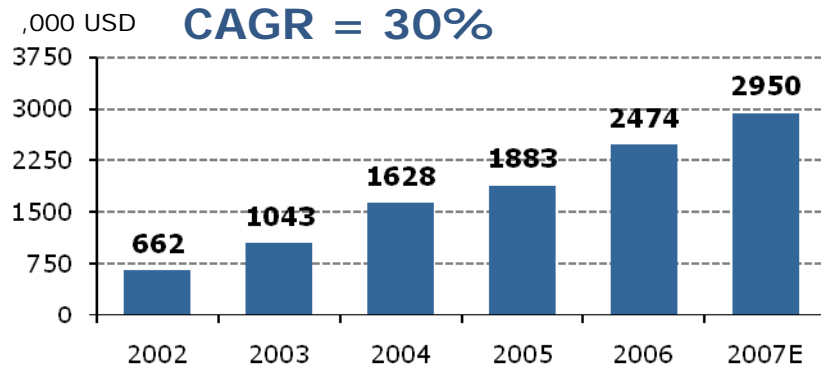
Maintain position as key supplier of HVA products in Russia

- HVA products sales are concentrated in Russia
- Domestic economy growth drives earnings increase
- Customer base located in the European Russia close to main production site

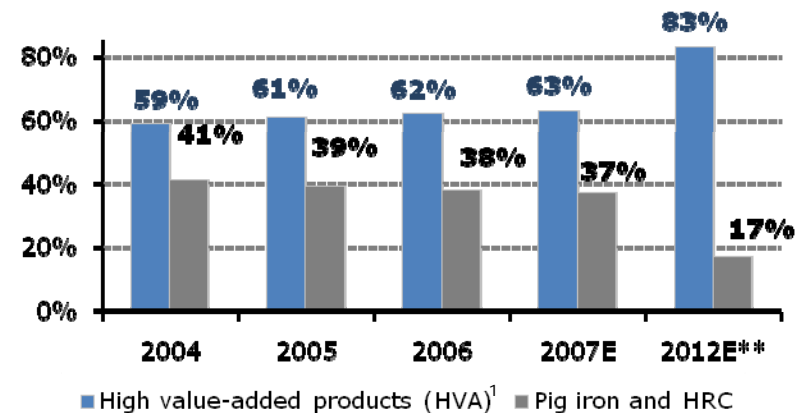
NLMK (main site) production 2007 vs. 2012E



NLMK domestic market sales (2002–2007E)



Domestic sales revenue distribution



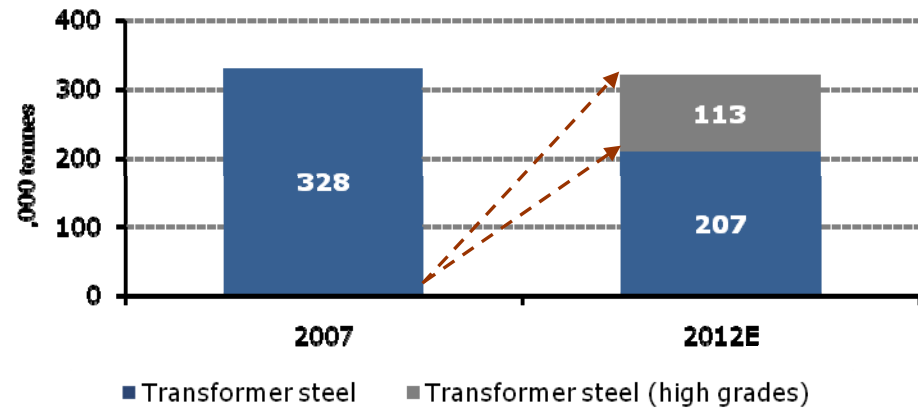
1. includes CRC, HDG, pre-painted and electrical steels

# Global High-value-added Market Presence

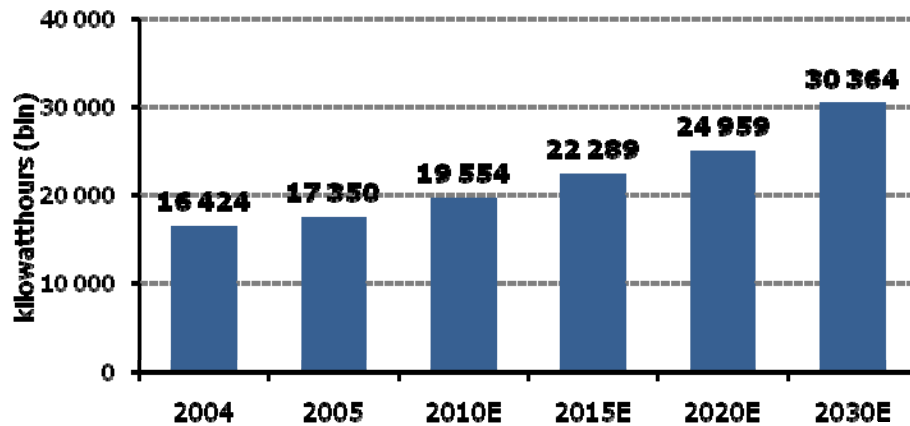
Global niche player – high-margin product development

- Over 20% EBITDA generated from transformer (GO) steel while it represents only 5% of sales by volumes
- USD400 mln capex to increase high-grade GO steel output
- NLMK - 20% globally. 4 producers maintain over 60% global transformer steel market share
- High entry barriers to the segment

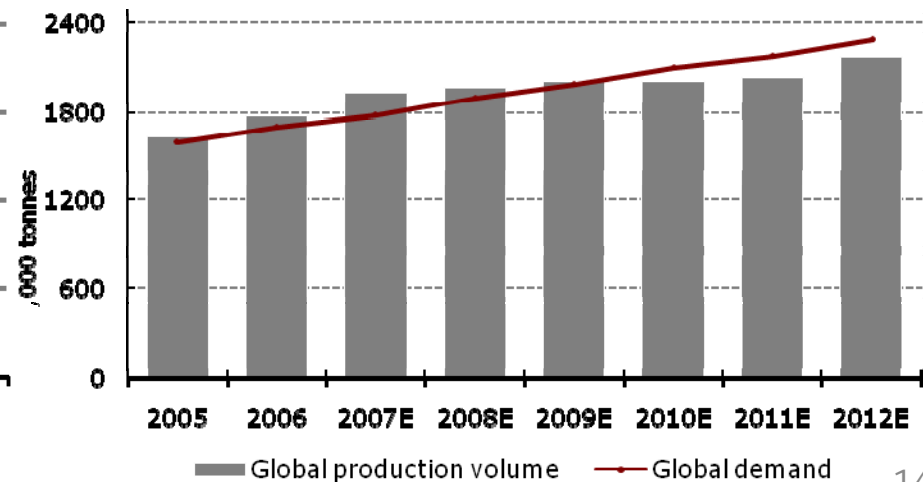
NLMK's transformer steel production



World electric power generation



Transformer steel market



Source: Energy Information Administration (EIA); World Markets Research Center, company estimates

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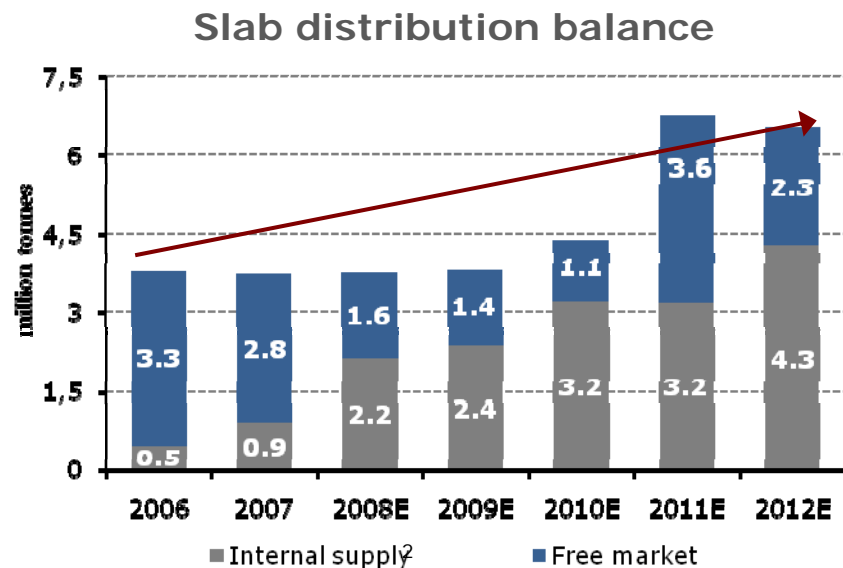
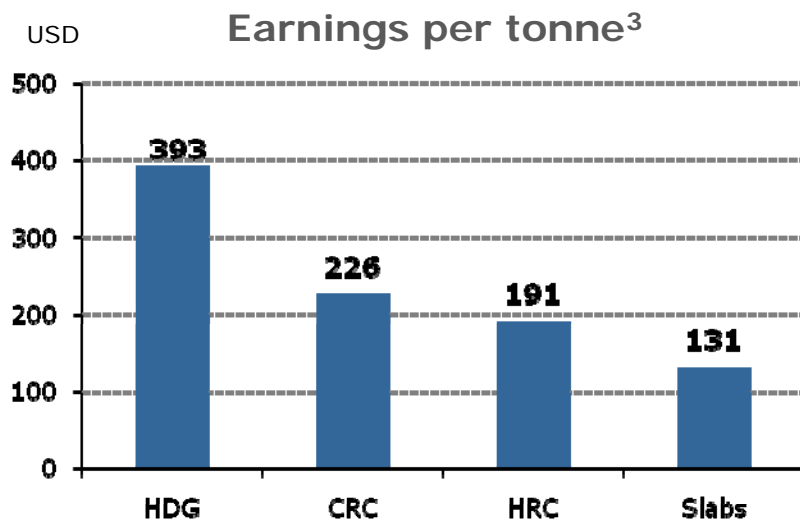
# Global Growth Strategy

Improving earnings quality by increasing internal slab re-rolling

- Global slab supply is expected to grow faster than supply of finished product
- NLMK plans to decrease share of slabs at the open market
- Earnings per tonne of finished products are greater than those of slabs

## Slab supply

	2007	2012E
DanSteel A/S	0.6 m t	0.6 m t
Duferco JV	0.3 m t	3.6 m t
Free market <sup>1</sup>	2.8 m t	2.3 m t
Share of sales	30%	19%



1. excluding sales to DanSteel and Duferco JV companies

2. supply to DanSteel and Duferco JV companies

3. H1 2007 results for Lipetsk production site based on Russian Accounting Standards (RAS) management accounts



# Joint Venture with Duferco Group

## Pursuing dynamic growth in finished output

- Production profiles make NLMK and Duferco natural partners. Total synergy effect: USD55 m per annum for 2012-2016
- Access to distribution and service network
- Technology transfer and certification of upstream products with EU customers
- Total investment capex of USD420 million

### Duferco JV production by 2012E:

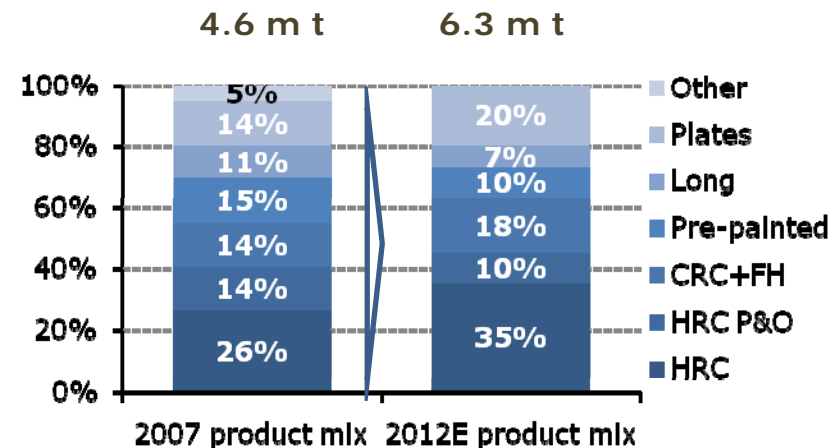
+ 39% of finished products

+ 56% of HVA products

### Joint Venture slab supply balance

	2007	2012E
JV internal slabs	1.7 m t	2.8 m t
NLMK slabs to JV	0.4 m t	3.6 m t
External slabs to JV	2.1 m t	0

### Joint Venture salable product mix 2007 vs. 2012E



# Future M&A approach

Pursuing value enhancing opportunities

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## M&A opportunities

### Downstream vertical integration

**Key drivers:**

- Securing slab supply
- Improving earnings quality
- Technology transfer

**Example:**

- Winner Steel acquisition

### Gaining niche market-share

**Key drivers:**

- Commercial synergies due to market share increase
- Optimization of product mix and logistics
- Cost savings on R&D

**Example:**

- VIZ-Stal acquisition
- Duferco JV and DanSteel thick plate market share

### Large scale horizontal acquisitions

**Key drivers:**

- Fast growth of earnings
- Regional and product diversification
- One-time sizable growth

**Example:**

- Bid for Erdemir

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# Outlook

## Revised steel price forecast for 2008

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### Current forecast

- Favorable market situation with global steel prices stable or increasing compared to 2007

### Key market drivers

- Commodities cycle on the rise with iron ore and coal prices to grow in 2008
- Slowdown in the growth rate of Chinese steel industry. Removal of export tax rebates by the Chinese government
- Growing demand in the Russian market supported by strong economic growth, infrastructure boom. No significant plans announced to introduce new rolling capacity in 2008
- Price discipline due to high degree of concentration in core markets (EU, US, Russia, Brazil) and ongoing industry consolidation

# Outlook

## Long-term sustainable development

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We are pursuing the following strategic goals:

- Increase efficient self-sufficiency in basic raw materials
- Maintain key competitive advantage in low cost production of slabs
- Fully capture growing demand in the Russian market
- Strengthen market presence in HVA product niches in core export markets
- Capex program brings over 45% increase in EBITDA after 2011
- Be profitability leader in steel industry
- Participate in international industry consolidation

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# Financial Results

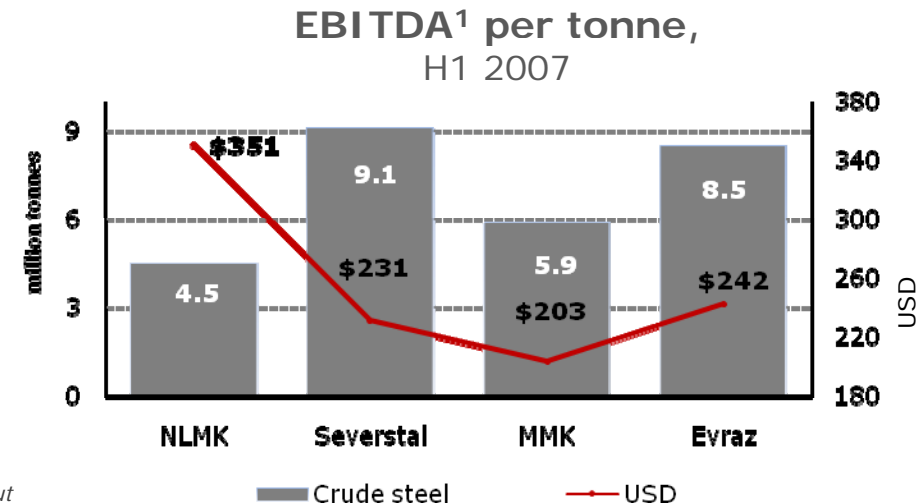
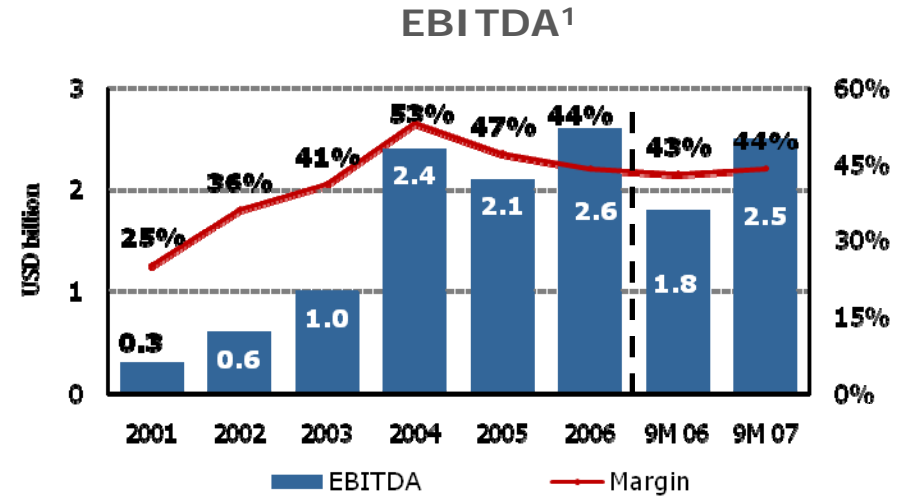
## Superior financial performance

- Historical performance 2001-2006

- EBITDA CAGR of 43%
- Average EBITDA margin above 40%
- Average ROE of 27%

- 9M 2007 financial highlights

- Sales revenue of USD5,546 m
- EBITDA of USD2,463 m, margin of 44%
- Operating cash flow of USD1,979 m
- Net income of USD1,657 m
- Return on equity (ROE) of 28%



<sup>1</sup> EBITDA is calculated as the sum total of net profit, net interest expense, income tax, loss on disposal of fixed assets, impairment losses, accretion expense on asset retirement obligation, depreciation and amortization (without gain | (loss) on investments, income from discontinued operations, gain from disposal of subsidiaries and gain on loan restructuring).

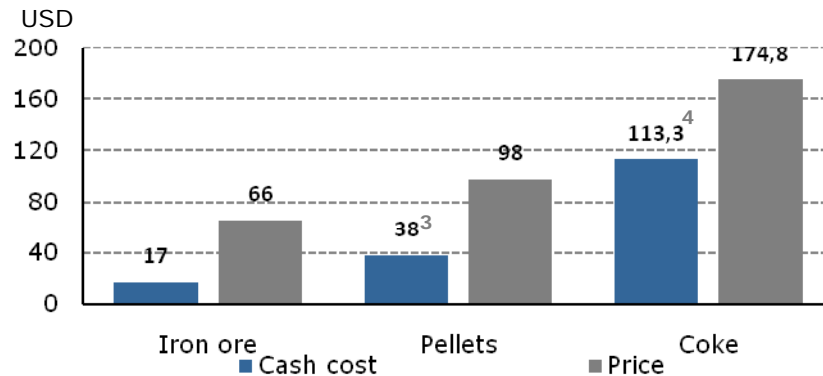
# Raw Material Self-Sufficiency

Integration into highly efficient upstream assets

- 100% iron ore concentrate self-sufficiency
- 140 years mine life
- Over USD500 m investment Capex
- Over 100% self-sufficiency in coke
- Cost savings on halting 4 coke batteries in Lipetsk

Iron ore		
	2007 <sup>1</sup>	2012E <sup>1</sup>
Iron ore concentrate	11.6 m t	12.7 m t
Pellets	0 m t	3.0 m t
External sales <sup>2</sup>	0.5 m t	0.9 m t

**Iron ore, coke and pellets**  
Cash cost vs. price, 2007



Coke		
	2007 <sup>1</sup>	2012E <sup>1</sup>
Altai-koks	3.8 m t	4.2 m t
Lipetsk site	4.1 m t	2.1 m t
Altai-koks sales to NLMK	0.8 m t	2.2 m t
Altai-koks sales to Duferco JV	0.1 m t	0.7 m t
External sales	2.6 m t	1.3 m t

1. Sales volumes;

2. Includes sales of iron ore concentrate and sinter ore;

3. Company's pellets costs estimates in 9M 2007 values. Pelletizing plant of 3 m t capacity to be commissioned in 2009

4. 2007 Altai-koks production cash cost



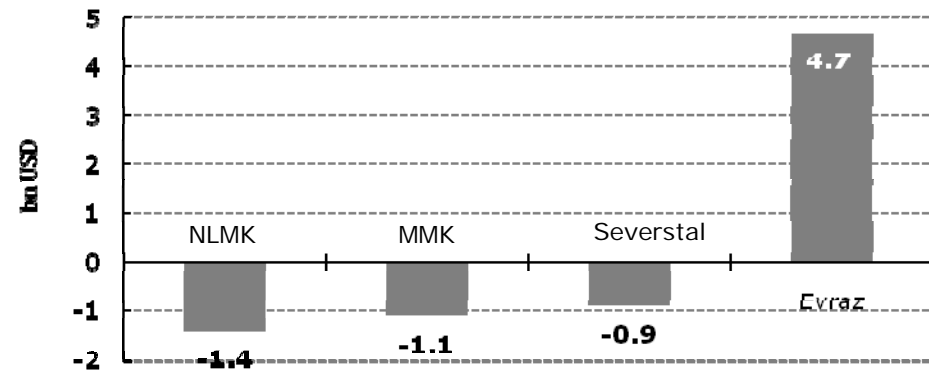
# Financial Position

Best positioned for growth through Capex and M&A

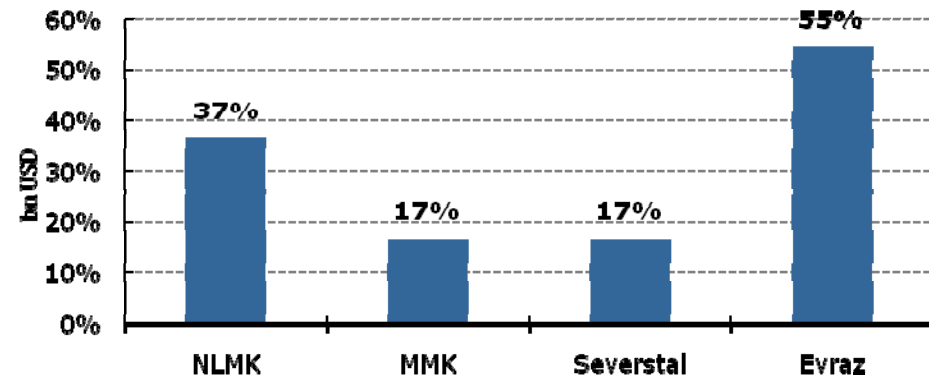
- Leading credit ratings among Russian steelmakers
- NLMK is comfortable with 30% gearing
- NLMK is well protected against a possible liquidity crisis
- Strong financial position and cash flow generation provides flexibility for further growth through global acquisitions
- Capex coverage ratio for 9M 2007<sup>1</sup> is 3.2

S&P	BB-	BB	BB+
	Evraz	MMK Severstal	NLMK
Moody's	Ba3	Ba2	Ba1
		MMK Severstal Evraz	NLMK
Fitch	BB-	BB	BB+
	Severstal	Evraz MMK	NLMK

Net Debt as at 30.06.07



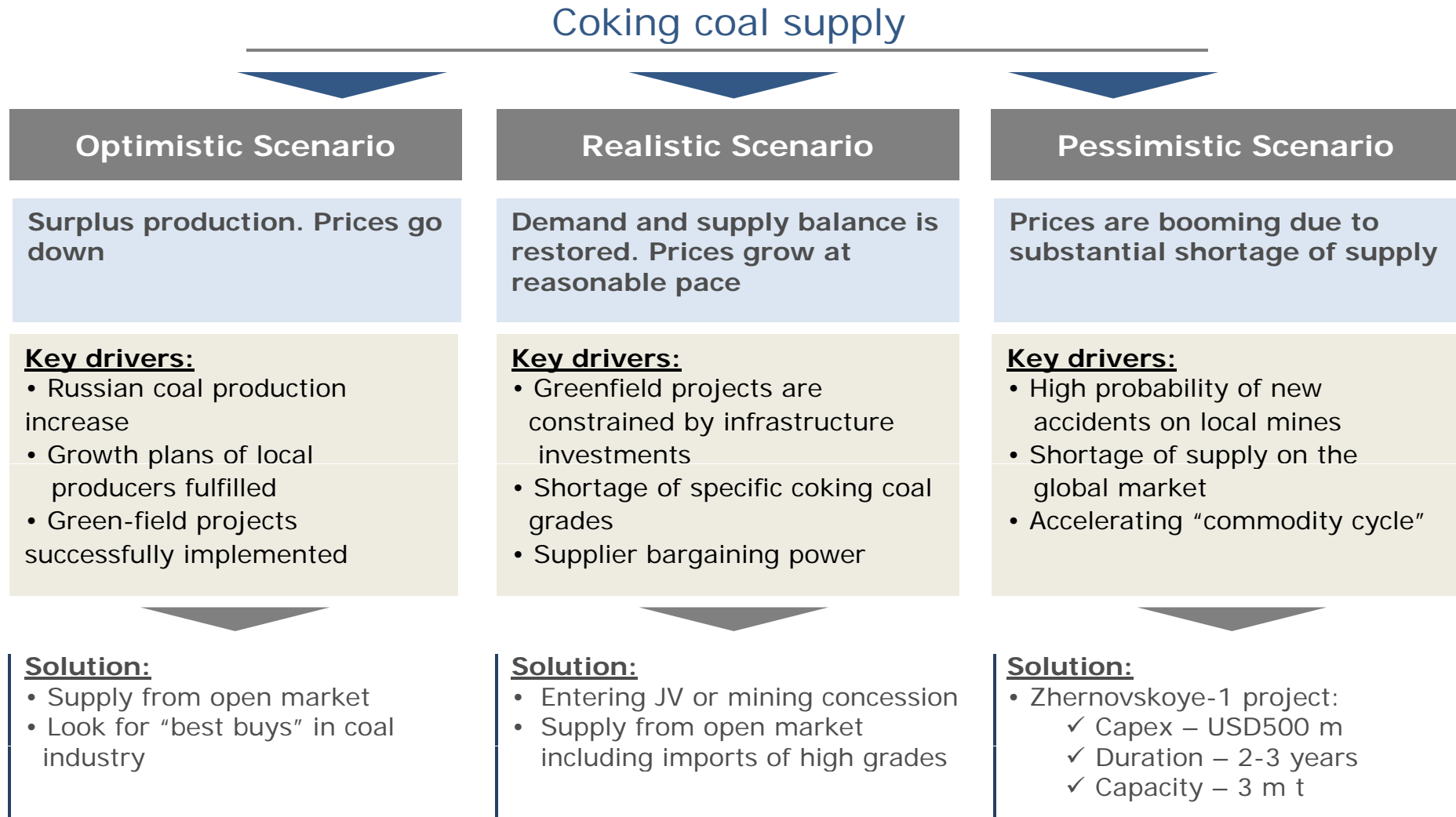
Free cash flow<sup>2</sup> / EBITDA 2006 (%)



<sup>1</sup> Capex coverage ratio = Free cash flow from operations / Capex  
<sup>2</sup> Free cash-flow = Cash flow from operations – total Capex

# Raw Material Self-sufficiency

Coking coal supply solutions – multiple sustainable options



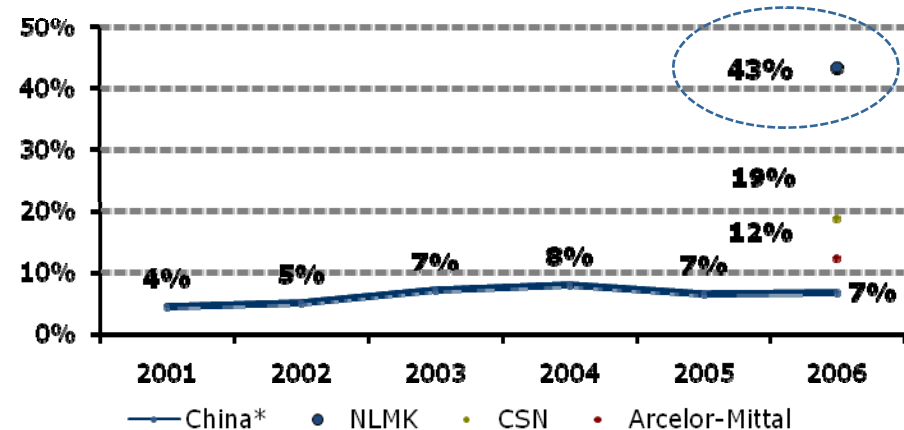
# Chinese Steel Industry

## Reevaluating the risks

### Key factors balancing Chinese steel industry growth:

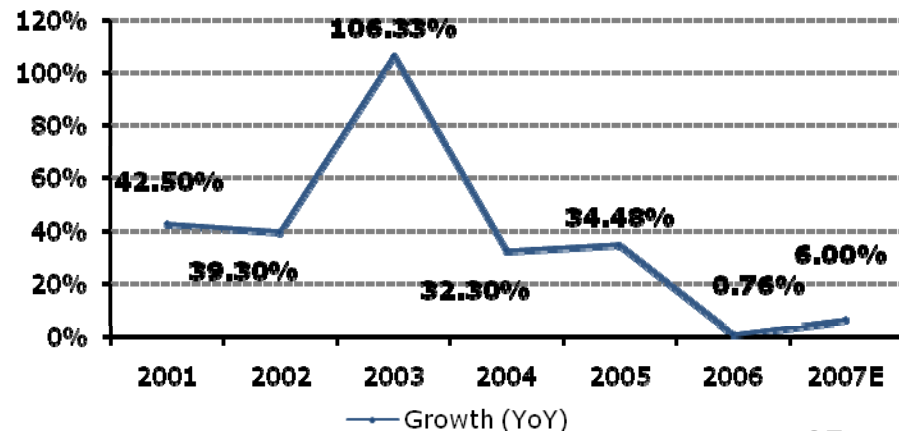
- Falling fixed asset investment growth in steel industry in China
- Chinese government has already cut most of the VAT export rebates for steel products to 0-5%
- Iron ore and coking coal prices are expected to grow 20-30% in 2008. China is a high-cost producer dependent on external supplies of iron ore and coking coal
- The margins of Chinese steelmakers are too low to absorb cost increases and export taxes
- Costs are becoming the key driving factor in mid-term perspective. Cost pressure should be seen most clearly in China
- About 65 m t of obsolete iron and steelmaking capacities to be shut down in 2007, and by 2010 over 150 m t of capacities to be shut down.

Profitability = EBT / Sales Revenue



\* Only covers CISA members, representing 80% of total China's steel production (source: IISI)

Investment in the steel sector (China)

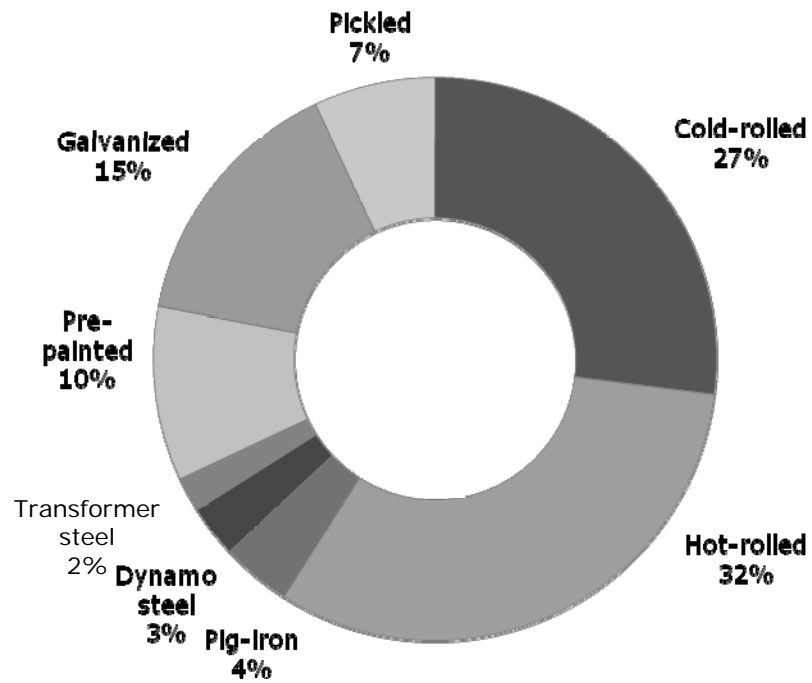


Source: Company estimates

# 2007 Sales

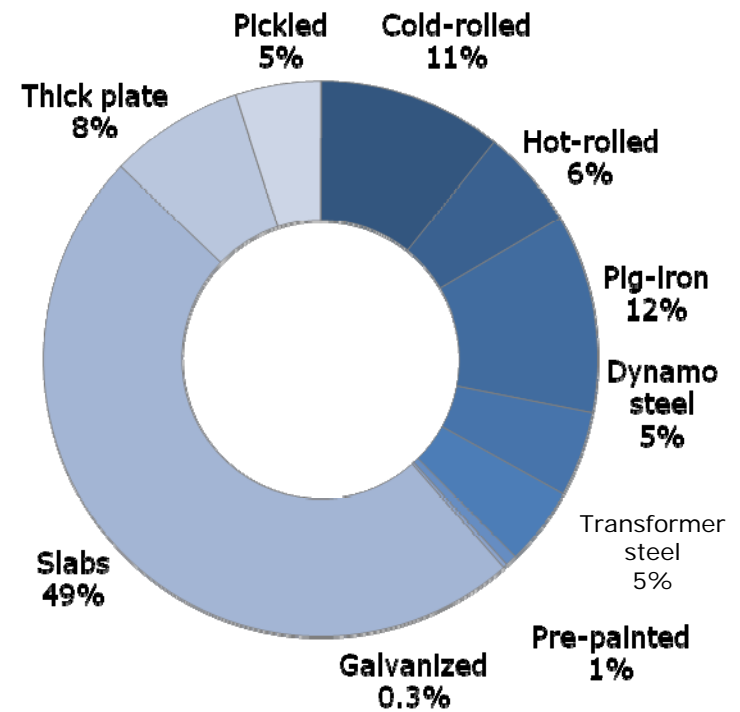
Domestic vs. export, tonnes

## Domestic market



Total Domestic sales in 2007  
2.8 million tonnes

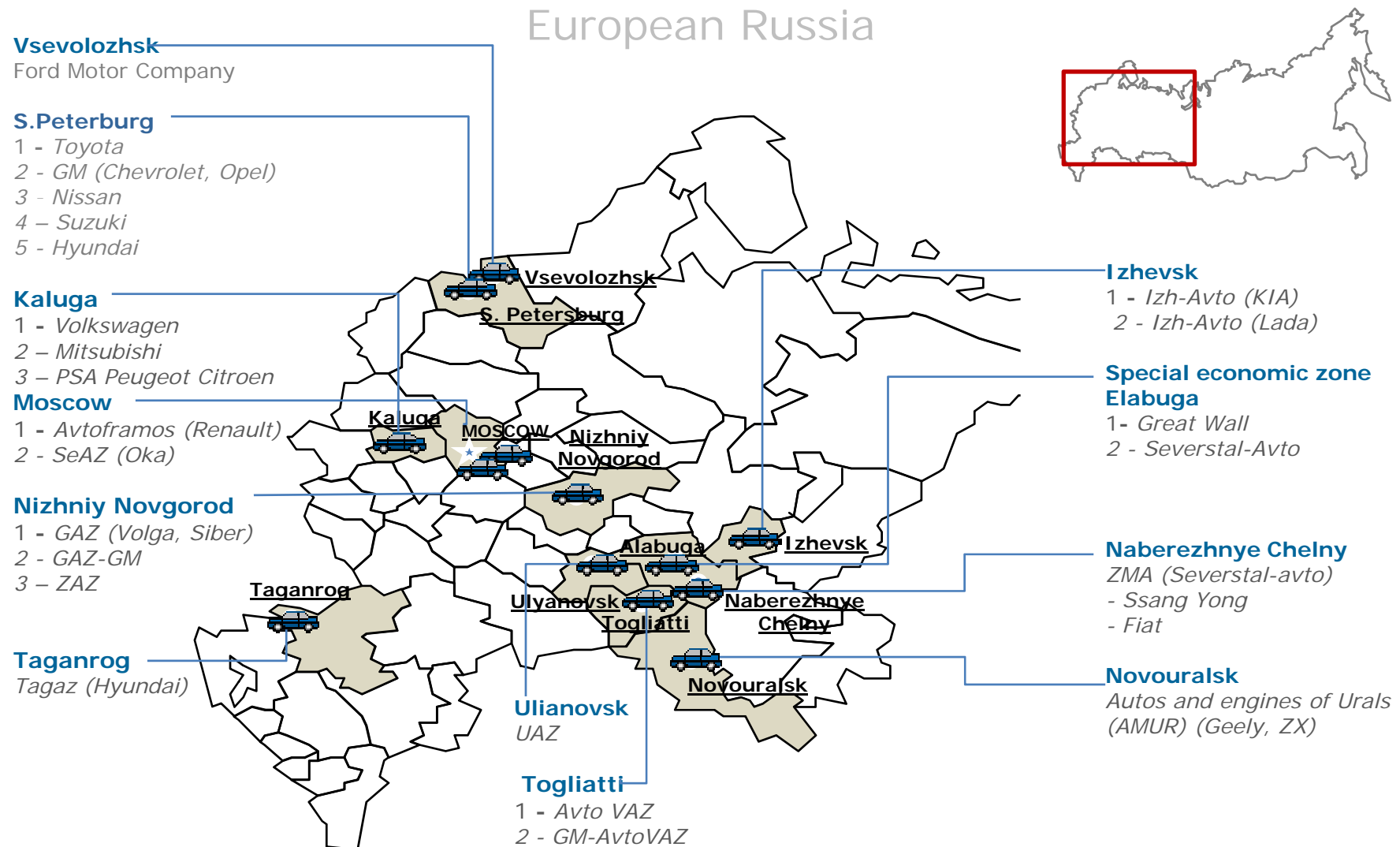
## Export market



Total Export sales in 2007  
6.3 million tonnes

# Automotive industry

## Car manufacturers



# Balance Sheet

<i>(mln. USD)</i>	30.09.2007	30.06.2007	31.03.2007	31.12.2006	30.09.2006
<b>ASSETS</b>					
<b>Current assets</b>	<b>3 904</b>	<b>3 629</b>	<b>3 484</b>	<b>3 050</b>	<b>3 556</b>
Cash and cash equivalents	1 388	1 349	898	665	1 342
Short-term investments	144	137	37	37	53
Accounts receivable, net	1 194	1 110	1 252	1 150	1 100
Inventories, net	1 043	936	874	857	751
Other current assets, net	134	97	370	331	299
Restricted cash	-	-	9	8	10
Current assets, held for sale	-	-	44	-	-
<b>Non-current assets</b>	<b>6 105</b>	<b>5 783</b>	<b>5 821</b>	<b>5 667</b>	<b>4 734</b>
Long-term investments, net	880	861	856	810	5
Property, plant and equipment, net	4 409	4 128	3 985	3 988	3 770
Intangible assets	192	191	195	199	202
Goodwill	591	571	567	560	636
Other non-current assets, net	33	32	104	110	121
Non-current assets, held for sale	-	-	114	-	-
<b>Total assets</b>	<b>10 009</b>	<b>9 412</b>	<b>9 305</b>	<b>8 717</b>	<b>8 290</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>Current liabilities</b>	<b>992</b>	<b>980</b>	<b>943</b>	<b>993</b>	<b>1 232</b>
Accounts payable and other liabilities	860	830	718	664	978
Short-term borrowings	52	72	99	249	119
Current income tax liability	80	78	84	80	136
Current liabilities, held for sale	-	-	41	-	-
<b>Non-current liabilities</b>	<b>640</b>	<b>597</b>	<b>819</b>	<b>781</b>	<b>605</b>
Long-term borrowings	19	19	51	48	14
Deferred income tax liability	593	564	552	538	537
Other long-term liabilities	28	14	41	195	55
Non-current liabilities, held for sale	-	-	175	-	-
<b>Total liabilities</b>	<b>1 631</b>	<b>1 576</b>	<b>1 762</b>	<b>1 774</b>	<b>1 838</b>
<b>Minority interest</b>	<b>119</b>	<b>109</b>	<b>136</b>	<b>133</b>	<b>129</b>
<b>Stockholders' equity</b>	<b>8 258</b>	<b>7 726</b>	<b>7 406</b>	<b>6 809</b>	<b>6 323</b>
Common stock	221	221	221	221	221
Statutory reserve	10	10	10	10	10
Additional paid-in capital	52	52	52	2	2
Other comprehensive income	1 038	738	680	590	485
Retained earnings	6 936	6 704	6 443	5 986	5 605
<b>Total liabilities and stockholders' equity</b>	<b>10 009</b>	<b>9 412</b>	<b>9 305</b>	<b>8 717</b>	<b>8 290</b>

# Income Statement

<i>(mln. USD)</i>	3Q 2007	2 Q 2007	3 Q 2007/ 2 Q 2007		9 m 2007	9 m 2006	9 m 2007/ 9 m 2006	
			+ / -	%			+ / -	%
<b>Sales revenue</b>	<b>1 936</b>	<b>1 859</b>	<b>78</b>	<b>4,2%</b>	<b>5 546</b>	<b>4 285</b>	<b>1 261</b>	<b>29,4%</b>
Production cost	(862)	(833)	(30)	3,5%	(2 525)	(1 988)	(537)	27,0%
Depreciation and amortization	(99)	(95)	(4)	4,2%	(297)	(250)	(47)	18,9%
<b>Gross profit</b>	<b>975</b>	<b>931</b>	<b>44</b>	<b>4,7%</b>	<b>2 723</b>	<b>2 047</b>	<b>676</b>	<b>33,0%</b>
<b>General, administrative and selling expenses</b>	<b>(178)</b>	<b>(187)</b>	<b>9</b>	<b>-5,0%</b>	<b>(542)</b>	<b>(371)</b>	<b>(171)</b>	<b>46,1%</b>
General and administrative expenses	(52)	(43)	(8)	19,6%	(159)	(129)	(29)	22,6%
Selling expenses	(106)	(118)	12	-10,1%	(318)	(208)	(110)	53,1%
Taxes other than income tax	(19)	(25)	6	-23,2%	(59)	(34)	(25)	75,1%
Accretion expense on asset retirement obligations	(0)	(0)	0	-11,8%	(6)	-	(6)	-
<b>Operating income</b>	<b>797</b>	<b>744</b>	<b>53</b>	<b>7,2%</b>	<b>2 182</b>	<b>1 676</b>	<b>505</b>	<b>30,2%</b>
<b>Other income/(expense)</b>								
Loss on disposals of property, plant and equipment	(5)	(7)	2	-33,4%	(25)	(5)	(20)	416,0%
Gain / (loss) on investments	(0)	(2)	2	-94,9%	(4)	395	(399)	-100,9%
Interest income	23	20	4	18,8%	68	83	(14)	-17,5%
Interest expense	(3)	(4)	1	-27,1%	(15)	(19)	5	-23,4%
Foreign currency exchange loss, net	41	3	37	1061,3%	56	(72)	128	-177,7%
Gain from disposal of subsidiaries	1	82	(81)	-99,3%	82	-	82	-
Other expense, net	(5)	(12)	7	-57,9%	(3)	(11)	8	-71,3%
<b>Income from continuing operations before income tax and minority interest</b>	<b>850</b>	<b>824</b>	<b>25</b>	<b>3,1%</b>	<b>2 342</b>	<b>2 047</b>	<b>295</b>	<b>14,4%</b>
Income tax	(217)	(207)	(10)	4,9%	(641)	(522)	(119)	22,8%
<b>Income from continuing operations before minority interest</b>	<b>632</b>	<b>617</b>	<b>15</b>	<b>2,5%</b>	<b>1 700</b>	<b>1 525</b>	<b>176</b>	<b>11,5%</b>
Minority interest	(6)	(6)	0	-0,7%	(18)	(16)	(3)	16,6%
Equity in net earnings of associate	(34)	(2)	(31)	1269,2%	(26)	0	(26)	-5297,0%
<b>Income from continuing operations</b>	<b>592</b>	<b>608</b>	<b>(16)</b>	<b>-2,6%</b>	<b>1 656</b>	<b>1 509</b>	<b>147</b>	<b>9,7%</b>
<b>Discontinued operations</b>								
Gain from operations of discontinued subsidiary	0	0	(0)	-10,0%	1	227	(225)	-99,5%
Income tax	-	-	-	-	-	(51)	51	-100,0%
<b>Income from discontinuing operations</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>-10,0%</b>	<b>1</b>	<b>175</b>	<b>(174)</b>	<b>-99,3%</b>
<b>Net income</b>	<b>592</b>	<b>608</b>	<b>(16)</b>	<b>-2,6%</b>	<b>1 657</b>	<b>1 685</b>	<b>(27)</b>	<b>-1,6%</b>
<b>EBITDA</b>	<b>893</b>	<b>822</b>	<b>70</b>	<b>8,5%</b>	<b>2 463</b>	<b>1 828</b>	<b>636</b>	<b>34,8%</b>

Note: H1 2007 and Q1 2007 and H1 2006 are official reporting periods. Q2 2007 numbers are derived by computational method.

<sup>1</sup> Excluding quarterly adjustments from discontinued operations

<sup>2</sup> EBITDA is calculated as the sum of net profit, net interest expense, income tax, loss on disposal of fixed assets, impairment losses, accretion expense on asset retirement obligation, depreciation and amortization (without gain/ (loss) on investments, income from discontinued operations, gain from disposal of subsidiaries and gain on loan restructuring).

# Cash Flow Statement

<i>(mln. USD)</i>	3 Q 2007	2 Q 2007	3 Q 2007/ 2 Q 2007		9 m 2007	9 m 2006	9 m 2007/ 9 m 2006	
			+ / -	%			+ / -	%
<b>Cash flow from operating activities</b>								
<b>Net income</b>	<b>592</b>	<b>608</b>	<b>(16)</b>	<b>-3%</b>	<b>1 657</b>	<b>1 685</b>	<b>(27)</b>	<b>-2%</b>
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>								
Minority interest	6	6	0	1%	20	16	4	23%
Depreciation and amortization	99	95	4	4%	297	250	47	19%
Loss on disposals of property, plant and equipment	5	7	(2)	-33%	25	5	20	416%
(Gain)/loss on investments	0	2	(2)	-95%	4	(395)	399	-101%
Gain from operations of discontinued subsidiary	-	-	-	-	(82)	-	(82)	-
Gain from disposal of subsidiaries	80	(82)	162	-198%	(1)	(227)	225	-99%
Equity in net earnings of associate	34	2	31	1269%	26	(0)	26	-5297%
Defferd income tax (benefit)/expense	10	7	3	38%	57	(13)	71	-523%
Gain on loan restructuring	-	30	(30)	-100%	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Accretion expense on asset retirement obligations	0	0	(0)	-12%	6	-	6	-
Other movements	6	1	5	451%	4	27	(23)	-84%
<b>Changes in operating assets and liabilities</b>								
Increase in accounts receivables	(44)	118	(162)	-137%	(62)	(156)	94	-60%
Increase in inventories	(72)	(56)	(16)	29%	(152)	(69)	(83)	121%
Decrease/(increase) in other current assets	(33)	18	(51)	-276%	(43)	(0)	(43)	28465%
Increase in loans provide by the subsidiary bank	(1)	(103)	102	-99%	(105)	(65)	(40)	63%
Increase in accounts payable and oher liabilities	11	259	(248)	-96%	349	(118)	467	-397%
Increase/(decrease) in current income tax payable	(0)	(7)	7	-98%	(21)	90	(111)	-123%
	-	-	-	-	-	-	-	-
<b>Net cash provided from operating activities</b>	<b>612</b>	<b>908</b>	<b>(295)</b>	<b>-33%</b>	<b>1 979</b>	<b>1 029</b>	<b>950</b>	<b>92%</b>
<b>Cash flow from investing activities</b>								
Acquisitions of subsidiaries	-	-	-	-	-	(1 348)	1 348	-
Proceeds from disposal of discontinued operations	-	-	-	-	-	275	(275)	-
Proceeds from adjustment of the original purchase price of subsidiaries	0	0	(0)	-	38	-	38	-
Proceeds from sale of property, plant and equipment	0	5	(5)	-95%	7	9	(2)	-23%
Purchases and construction of property, plant and equipment	(221)	(222)	2	-1%	(616)	(415)	(201)	48%
Proceeds from sale of investments	(0)	3	(3)	-101%	6	450	(444)	-99%
Purchase of investments	(9)	(1)	(9)	1485%	(45)	(44)	(1)	2%
Loan issued	(3)	(133)	130	-	(137)	-	(137)	-
Disposal of subsidiaries, net of cash disposed \$106,800	(0)	(59)	59	-	(60)	-	(60)	-
Movement of restricted cash	(0)	(0)	0	-97%	(1)	(2)	1	-34%
<b>Net cash used in investing activities</b>	<b>(233)</b>	<b>(407)</b>	<b>174</b>	<b>-43%</b>	<b>(807)</b>	<b>(1 074)</b>	<b>267</b>	<b>-25%</b>
<b>Cash flow from financing activities</b>								
Proceeds from borrowings and notes payable	10	7	2	32%	40	12	28	232%
Repayments of borrowings and notes payable	(34)	(55)	21	-39%	(259)	(127)	(132)	104%
Capital lease payments	(1)	(1)	0	-31%	(2)	-	(2)	-
Proceeds from disposal of assets to the company under common control	-	-	-	-	78	-	78	-
Payments to controlling shareholders for transfer of interests in subsidiary	-	-	-	-	-	(104)	104	-100%
Dividends paid to minority shareholder of existing subsidiaries	(13)	(8)	(5)	67%	(22)	-	(22)	-
Dividends to shareholders	(343)	(4)	(339)	8677%	(348)	(432)	85	-20%
<b>Net cash used in financing activities</b>	<b>(381)</b>	<b>(60)</b>	<b>(321)</b>	<b>531%</b>	<b>(512)</b>	<b>(651)</b>	<b>139</b>	<b>-21%</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(2)</b>	<b>440</b>	<b>(443)</b>	<b>-101%</b>	<b>660</b>	<b>(696)</b>	<b>1 356</b>	<b>-195%</b>
Effect of exchange rate changes on cash and cash equivalents	42	10	32	319%	63	114	(51)	-45%
Cash and cash equivalents at the beginning of the period	1 349	898	450	50%	665	1 924	(1 259)	-65%
<b>Cash and cash equivalents at the end of the period</b>	<b>1 388</b>	<b>1 349</b>	<b>40</b>	<b>3%</b>	<b>1 388</b>	<b>1 342</b>	<b>46</b>	<b>3%</b>



# Glossary

## Steel and financial terms

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- **BOF** – basic oxygen furnace  
*A pear-shaped furnace, lined with refractory bricks, that refines molten iron from the blast furnace and scrap into steel*
- **BF** – blast furnace  
*A towering cylinder with heat-resistant bricks, used by integrated steel-mills to smelt iron from ore.*
- **Crude steel** - steel is a primary form of hot molten metal
- **CRC** – cold-rolled coil
- **FH** - full-hard
- **GO** – cold rolled grain-oriented steel or *transformer* steel
- **HDG** – hot dip galvanized steel
- **HRC** – hot-rolled coil
- **HVA** – high value-added product  
*Includes CRC, HDG, pre-painted and electrical steels*
- **NGO** – cold rolled non-grain-oriented steel or *dynamo* steel
- **PCI** – pulverized coal injection technology
- **P&O** – pickled and oiled coils
- **Pellet** – fine particle of iron ore mixed with clay and roasted into hard round balls for blast furnace feed
- **VOD** – vacuum oxygen decarburization
- **WB** – walking beam furnace.
- **bn** - billion
- **Capex** - capital expenditure
- **CAGR** – compound annual growth rate
- **GAAP** – Generally Accepted Accounting Principles
- **EU** – European Union
- **E** - estimated
- **F** - forecasted
- **FY** - full year
- **H** – half-year
- **JV** - Joint venture
- **IRR** – internal rate of return
- **IISI** – International Iron and Steel Institute
- **DPP** – discounted pay-back period
- **m** - million
- **M&A** - mergers and acquisitions
- **RAS** – Russian Accounting Standards
- **R&D** – Research and development
- **TPY** - tonnes per year
- **t** - metric tonne, 1000 kilogram
- **YOY** - year on year
- **USD** - United States dollar
- **,000** - thousand

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