

# Novolipetsk Steel (NLMK)

## FY'10 and Q4'10

### Financial and Production Results

US GAAP

Consolidated Financial Statements

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# Key highlights

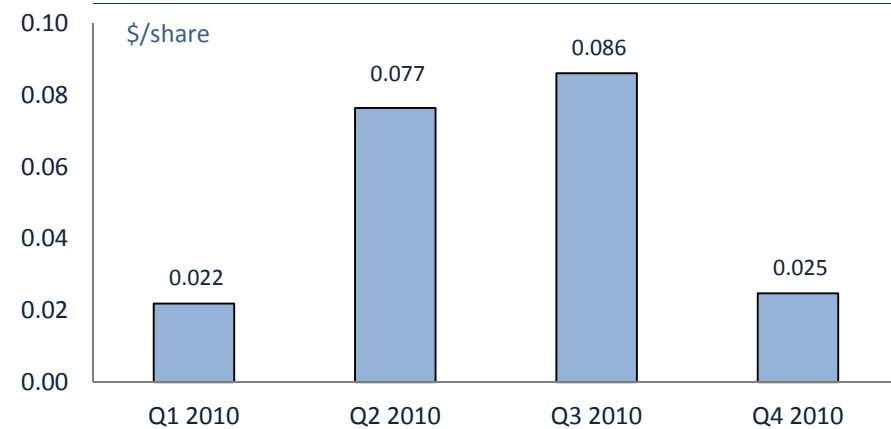
## FY2010 FINANCIAL PERFORMANCE

- Sales: 11.7 m t, +11% to 2009
- Revenue: \$8,351 bn, +36% y-o-y
- EBITDA \$2,349 bn, +63% y-o-y
- EBITDA margin 28%, +5 p.p. y-o-y
- Net income \$1,255 bn, +484% y-o-y
- Investments \$1.5 bn, +31% y-o-y

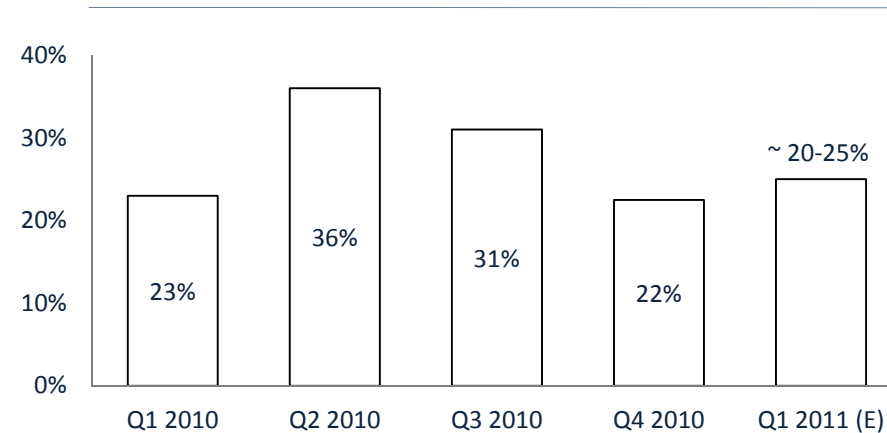
## Q4 2010 OPERATING RESULTS

- Sales: 3.0 m t, unchanged
- HVA sales: 0.9 m t, unchanged
- Average sales price \$672/t, -2% q-o-q
- Cash cost per tonne of slabs \$330, unchanged

## EARNINGS PER SHARE



## EBITDA MARGIN



# PRODUCTION

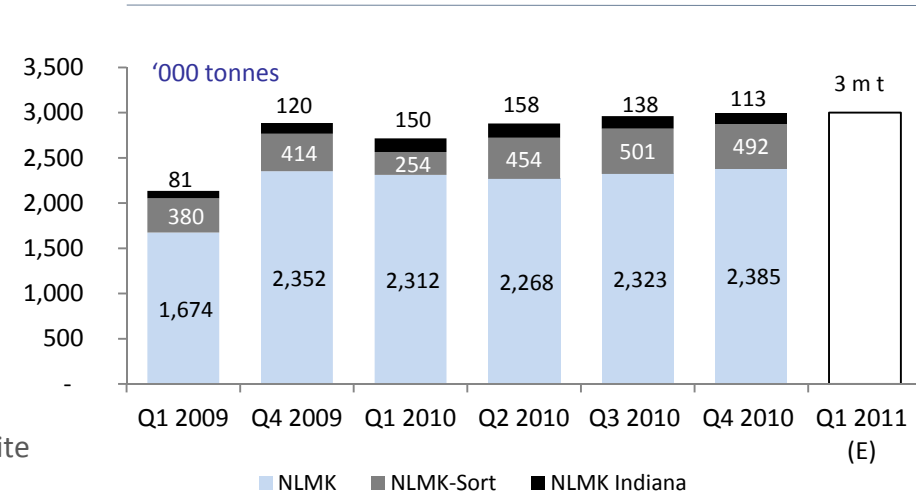
## CRUDE STEEL PRODUCTION GROWTH IN 2010

- NLMK Group steel output: 11.5 m t, +9%
- Lipetsk site – 9.3 m t, +9%
- Long Products Division – 1.7 m t, 0%
- NLMK Indiana – 0.6 m t, +42%

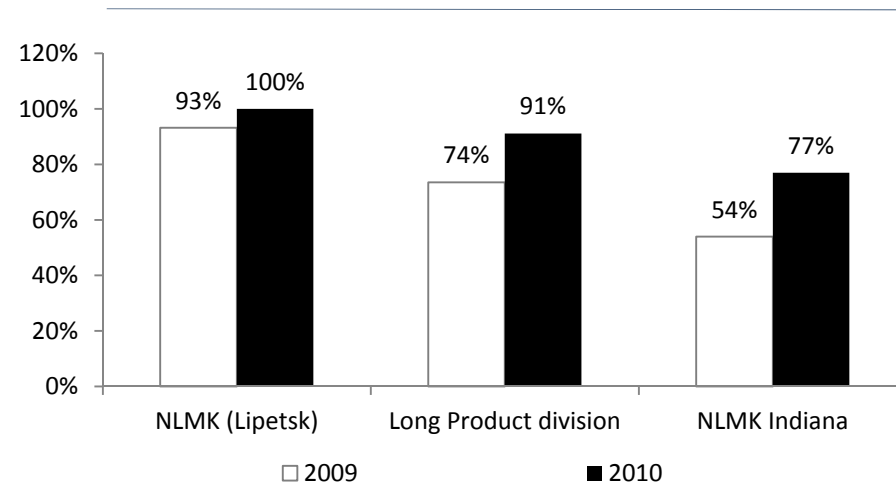
## 2011 OUTLOOK

- Total production to grow by around 10%
- Growth due to steelmaking capacity increase at Lipetsk Site (BF #7 launch and BOF expansion/upgrade)

## CRUDE STEEL PRODUCTION



## STEELMAKING CAPACITIES UTILISATION



# SALES AND REVENUE IN 2010

## SALES VOLUME GROWTH

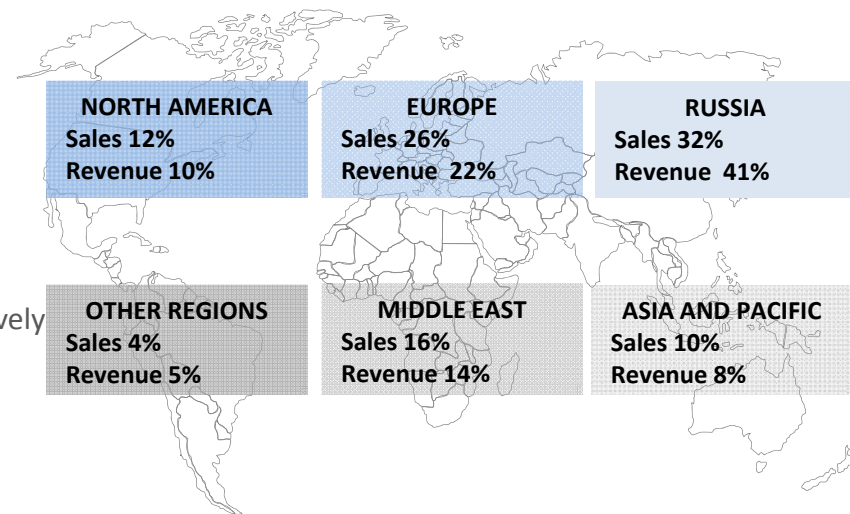
- 11.7 m t, +11% y-to-y

## +19% - GROWTH OF HVA PRODUCTS

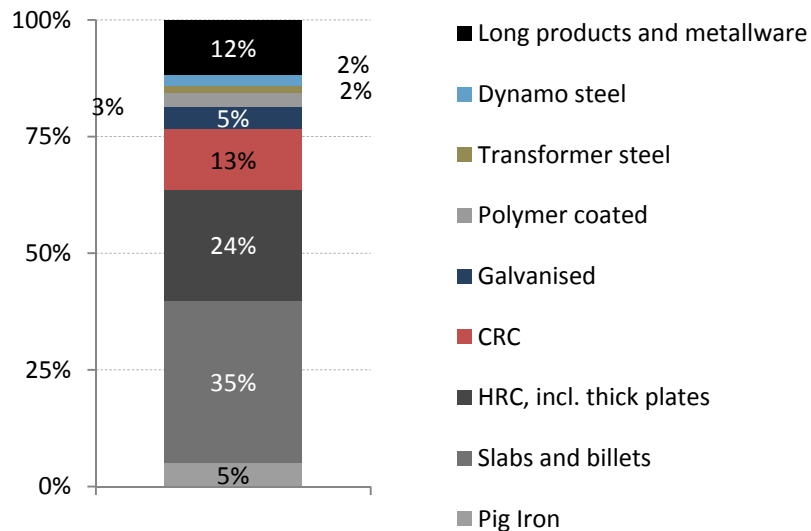
## SUSTAINABLE DEMAND IN INT'L AND LOCAL MARKETS

- Growing sales to EU and N. America +51% and +108% respectively
- Sales growth to JV rolling capacities in EU

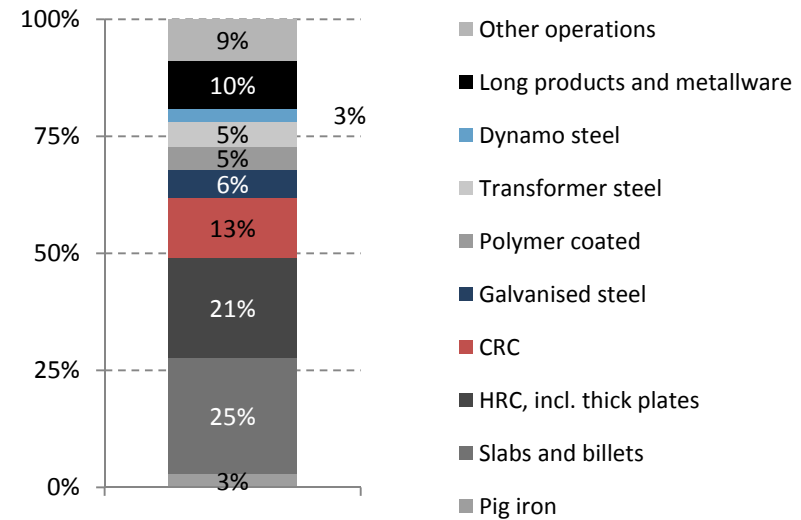
## SALES AND REVENUE BY REGIONS IN 12M 2010



## SALES BY PRODUCTS 12M 2010



## REVENUE BY PRODUCT 12M 2010



# KEY DRIVERS

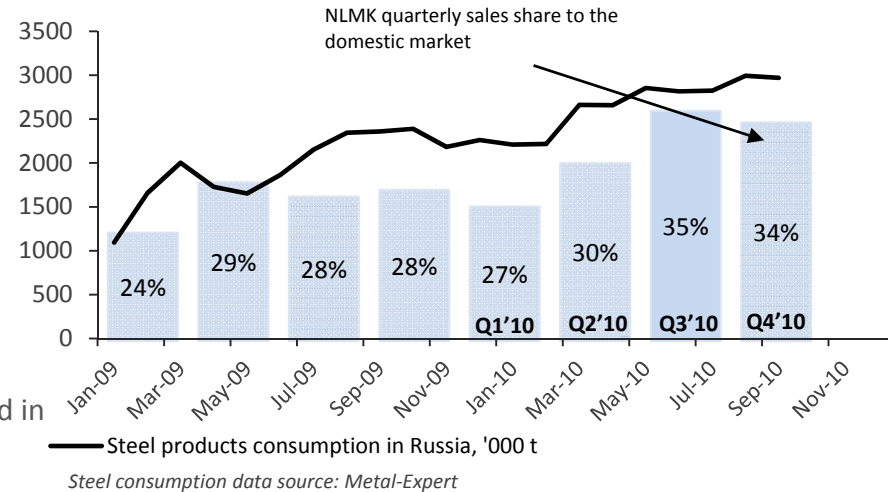
## 2010: +5 P.P.-GROWING SHARE IN DOMESTIC MARKET SALES

- Spurred by recovering demand in Russia
- Leading to improved sales mix
- Supported by growing HVA capacities in niche products (thin galvanized steel)

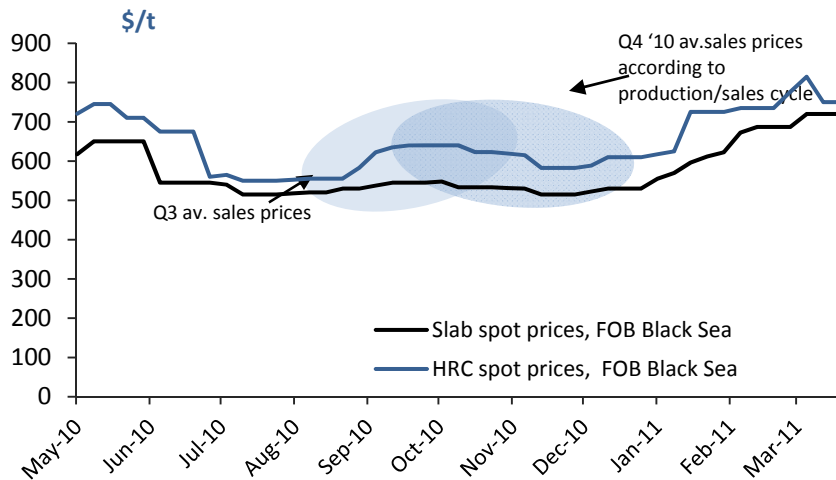
## Q4 '10: STABLE DEMAND IN DOMESTIC/EXPORT MARKETS

- High level of both production and sales
- ... supported by growing demand in Russia (+3% q-o-q)
- ... and sustainable demand for key products in export markets incl. S.E.Asia with +128% q-o-q
- Substantial growth in prices in the end of Q4'10 will be recorded in Q1'11 sales revenue due to production and sales cycle delay

## DOMESTIC MARKET SALES

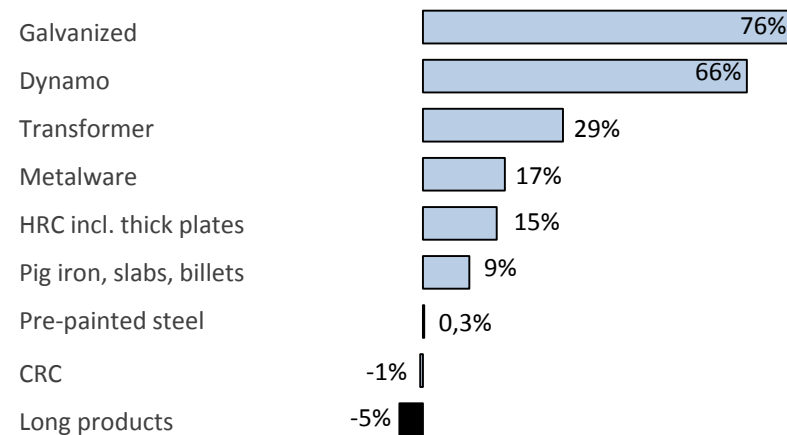


## AVERAGE SELLING PRICES



Data source: Steel Business Briefing

## GROWING SALES IN VALUE ADDED PRODUCTS\*



\* On a y-o-y basis. Tonnagewise

# PRODUCTION COSTS

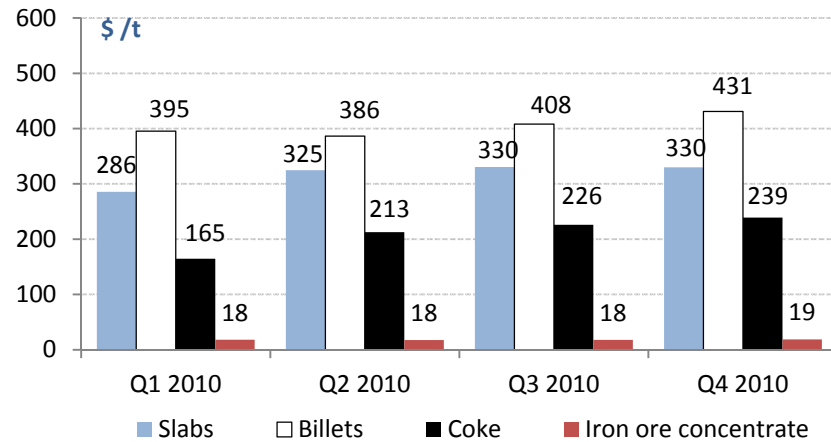
## 2010: COSTS UNDER CONTROL

- Some of the lowest production costs in the industry
- Vertical integration offset growth in raw material prices

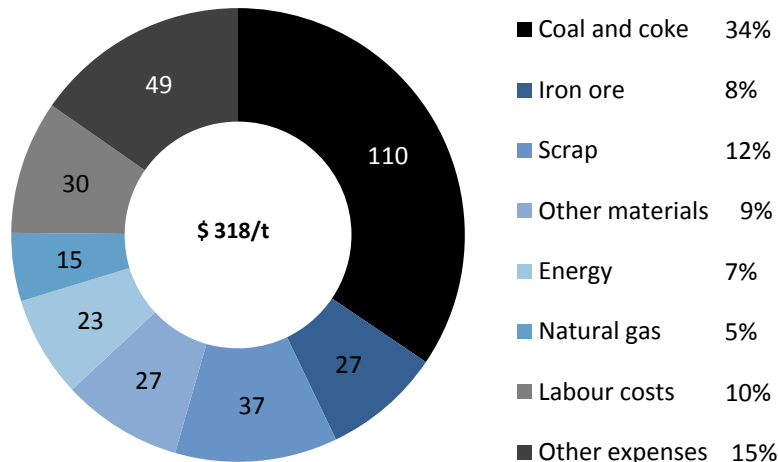
## Q4 '10 COSTS SEQUENTIALLY FLAT

- Lower priced inventory formed in Q3 decreased impact of growing prices on raw materials
- Slab cash costs remained flat q-o-q at \$330/t
- Billets cash cost (EAF-route) at \$431/t, +6% q-o-q

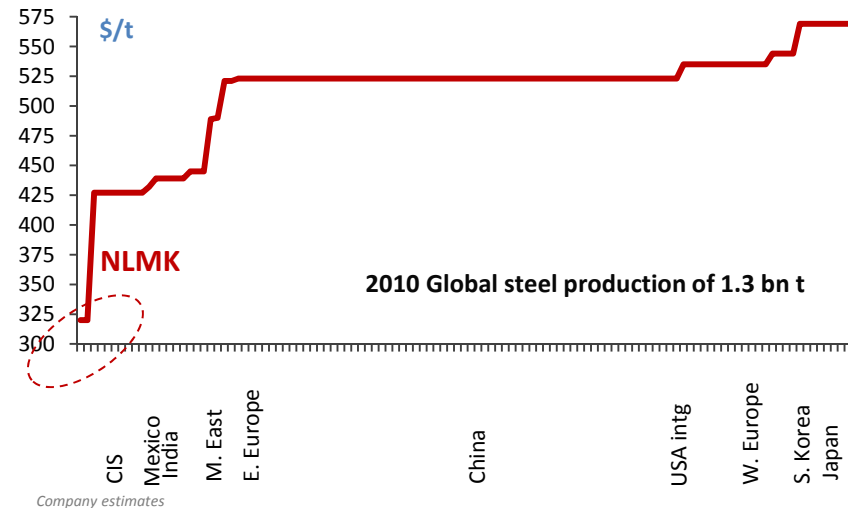
## CASH COSTS OF PRODUCTS



## 2010 SLAB CASH COST



## GLOBAL STEEL CASH COSTS



# DEBT POSITION

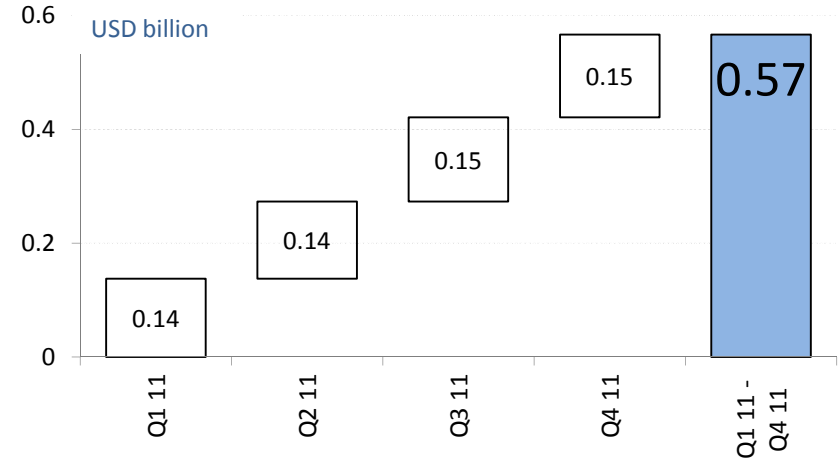
## TOTAL DEBT \$2.62 BILLION:

- ST debt \$0.53 billion
- LT debt \$2.1 billion including
  - 3 RUB bond issues
  - EBRD, obtained in Q3 2010
  - LT part of PXF

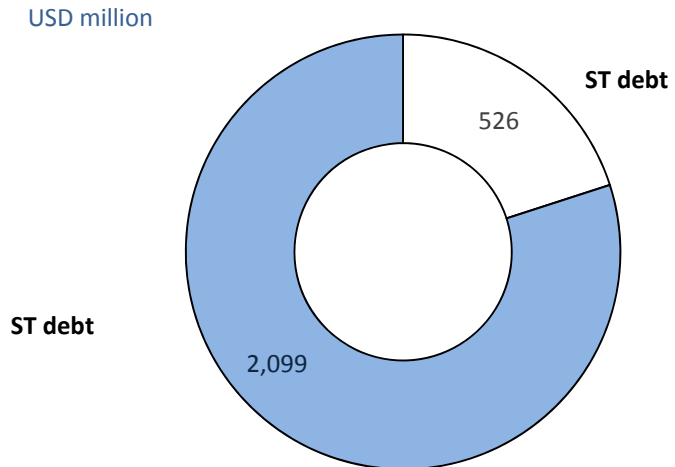
## USD1.17 BILLION OF LIQUID FUNDS<sup>2</sup>

## NET DEBT / LTM EBITDA 0.62

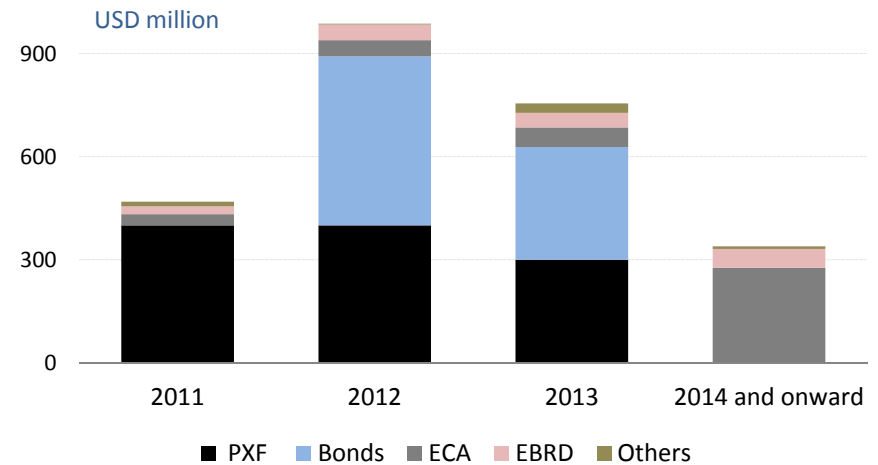
### SHORT TERM DEBT PAYMENT<sup>1</sup>



### DEBT STRUCTURE



### DEBT MATURITY



1. Incl interest payments  
 2. Cash and cash equivalents + ST financial investments



# INVESTMENTS

## CRUDE STEEL CAPACITY GROWTH

- 40% increase in capacity to 17.4 m t per annum (2012)
- Quality improvement +30 new grades of steel

## INCREASE IN FINISHED STEEL CAPACITY

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

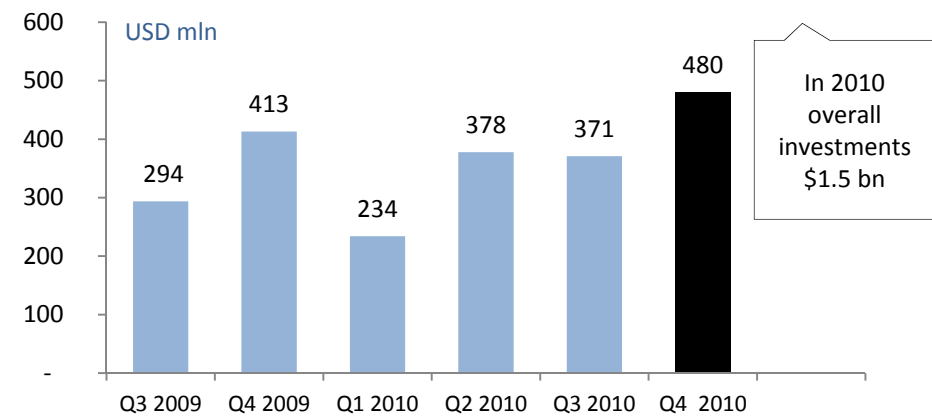
## MANAGEMENT OF VERTICAL INTEGRATION

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

## INCREASE IN PRODUCTION EFFICIENCY

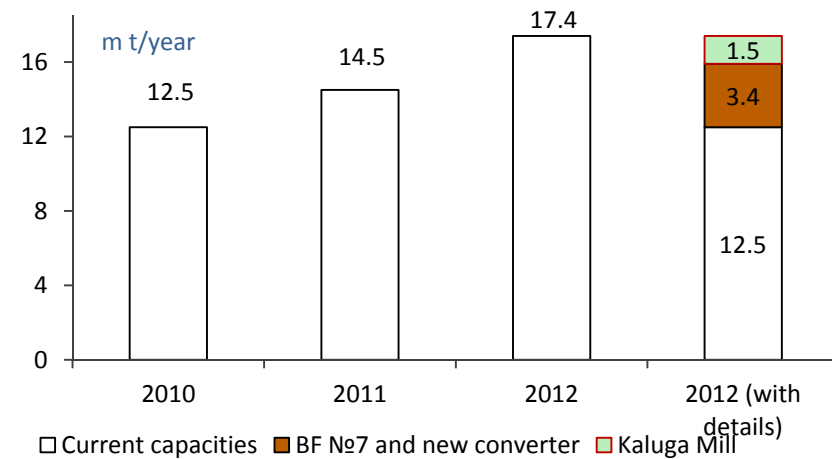
- Higher degree of electricity self-sufficiency and efficiency
- Resource efficient technologies

## INVESTMENTS DYNAMICS

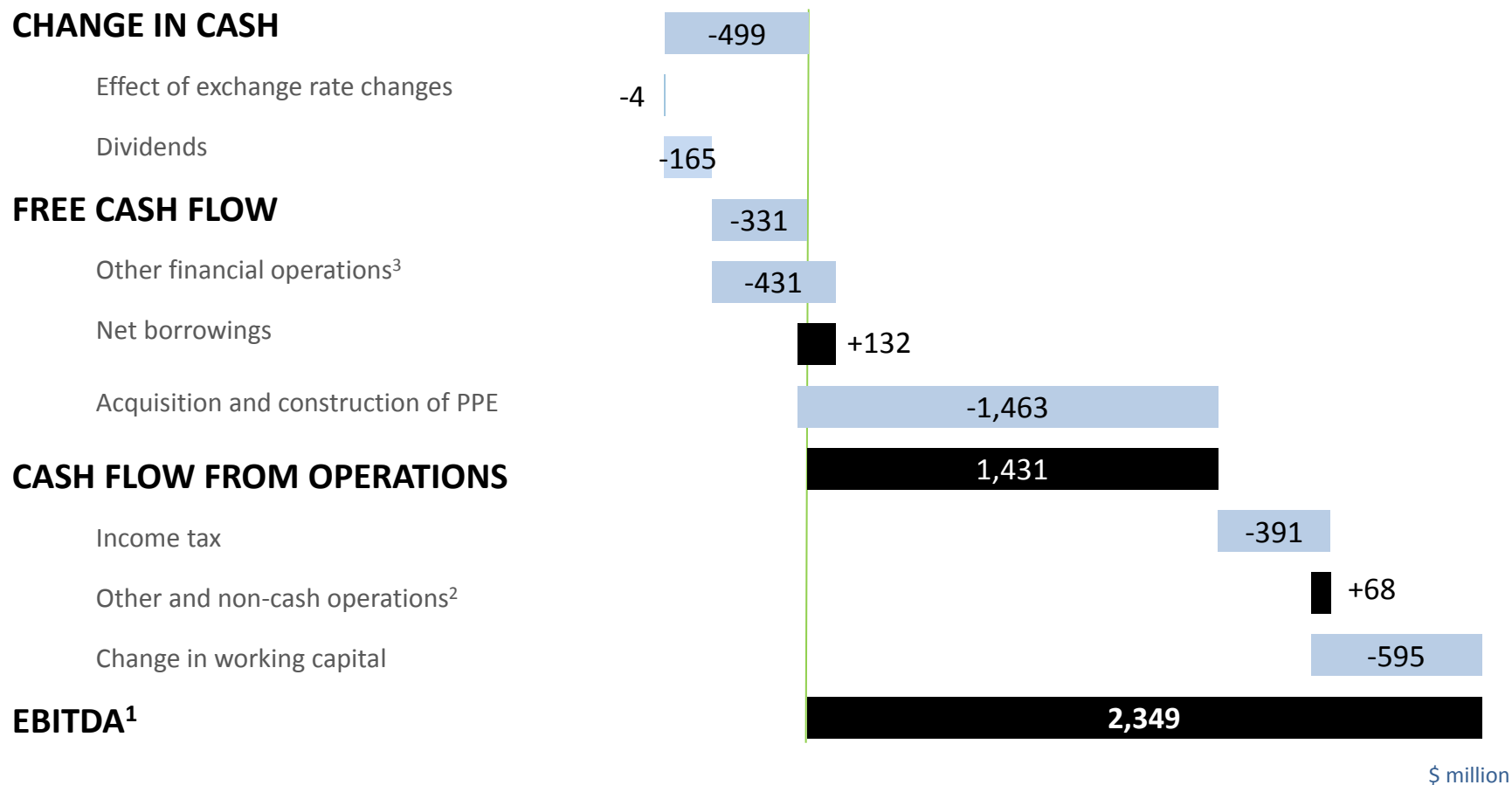


\* Cash Flow Statement data: Purchases and construction of property, plant and equipment

## GROWTH OF STEEL PRODUCTION CAPACITIES



# 2010 CASH FLOW BRIDGE



<sup>1</sup> EBITDA = Net income (after minorities) + income tax ± interest expense/(income) + depreciation ± losses/(gains) on disposals of property, plant and equipment and impairment losses ± losses/(gains) on financial investment ± losses/(gains) from disposal of subsidiaries + accretion expense on asset retirement obligations – gains on loan restructuring-(+)gains (losses) on discontinued operations + equity in net (earnings) / losses of associates –(+) net foreign currency exchange + settlement of agreement on the dispute and other extraordinary expenses.

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

<sup>3</sup> Other financing activities include losses/(gains) on disposals of property, plant and equipment, gain from disposal of subsidiaries, acquisitions of stake in existing subsidiaries and settlement of abandoned acquisition and change in restricted cash funds as well as other financial corrections

# OUTLOOK

## Q1'11 OUTLOOK

- Production and sales to remain sequentially flat at 3 m tpa
- EBITDA margin is expected to be at 20-25%
- Average selling price to grow by 10-20% q-o-q driven by higher prices for raw materials and higher buying activity from steel consuming sectors

## FY2011 OUTLOOK

- Steel production to grow by around 10%
- Growing sales of high value added products
- Capex to exceed \$2 bn

# APPENDIX

## **INVESTMENT PROGRAM AND SEGMENTS RESULTS**

# BF PRODUCTION (2011)

## BLAST FURNACE

- Location: Lipetsk
- Status: over 80% complete
- Capacity: 3.4 m t pa
- Goal: expand steel output at the main site

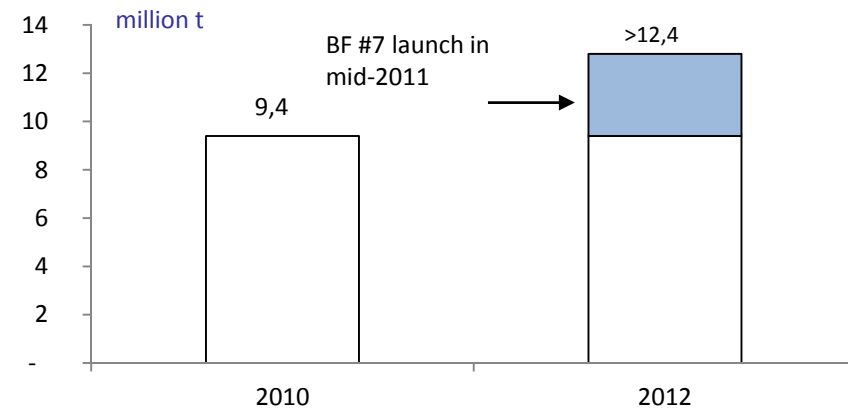
## CONSTRUCTION OF POWER PLANT

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

## PCI TECHNOLOGY INTEGRATION\*\*

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

## PIG IRON PRODUCTION CAPACITY (LIPETSK)

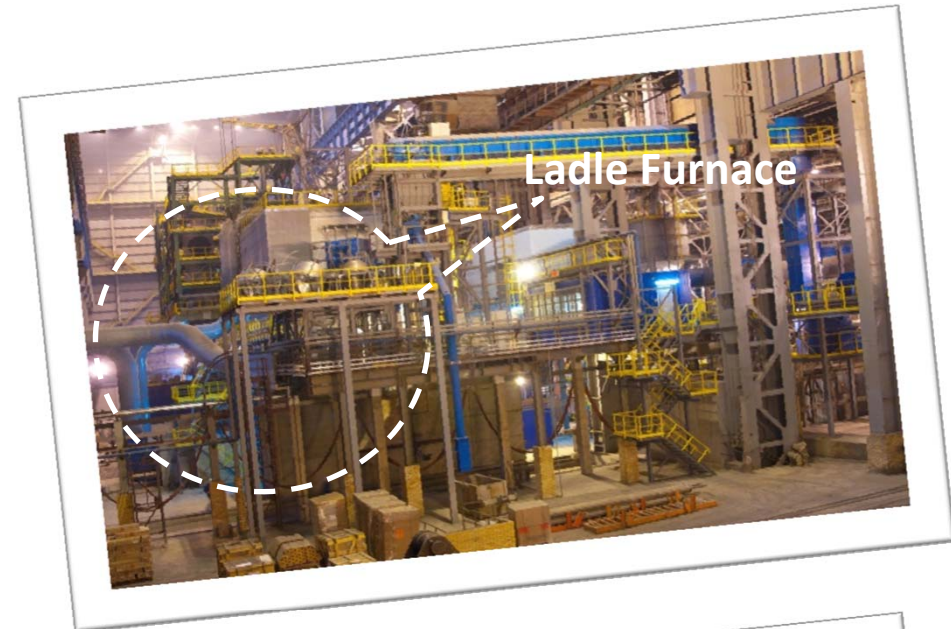


\* Sufficiency rate based on increased steel capacity to 12.4 m tpa at Lipetsk site  
\*\* Pulverized coal injection

# STEELMAKING (2011)

## LADLE FURNACES and VACUUM DEGASSER

- Location and installation date: Lipetsk site, 2010-11
- Capacity: 12.4 m t pa (or 100% of crude steel produced at the Lipetsk site will be processed)
- Goals:
  - Reduced impurity content, chemical & physical uniformity
  - ... new grades of steel, incl. for the automotive industry



## GAS EXHAUST DUCTS

- Location and installation date: Lipetsk site, 2009-2010
- Details: a secondary emissions collection and cleaning system at BOF shop#1 (40% of crude steel produced at the Lipetsk site)
- Goals:
  - Reduced environmental impact
  - Higher equipment reliability at BOF Shop #1
  - Potential use of waste gas for on-site power generation



# EXPANSION OF ROLLING CAPACITIES (2011)

## EXPANSION OF HRC PRODUCTION

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

## EXPANSION OF PLATE PRODUCTION

- Location: DanSteel (Denmark)
- Upgrading of existing capacities
- Capacity growth: +70,000 tonnes

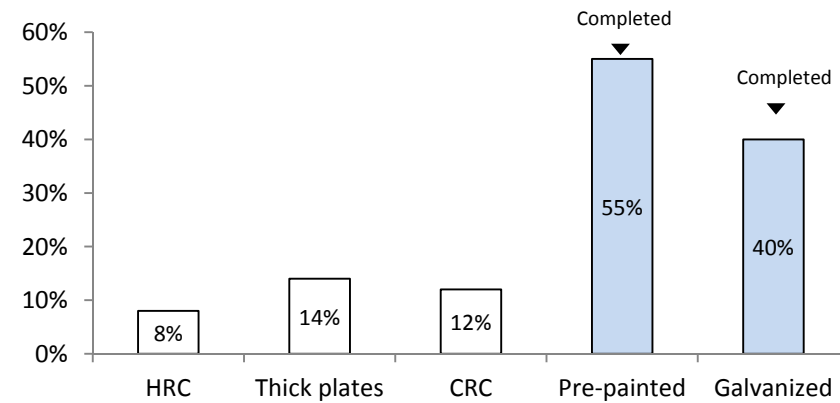
## CRC MILL

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

## COLOUR-COATING LINE

- Location: Lipetsk site
- New line
- Capacity growth: +200,000 tonnes
- Launch date: March 2011

## FLAT STEEL PRODUCTION GROWTH



# HIGH GRADE TRANSFORMER STEEL (2011-2012)

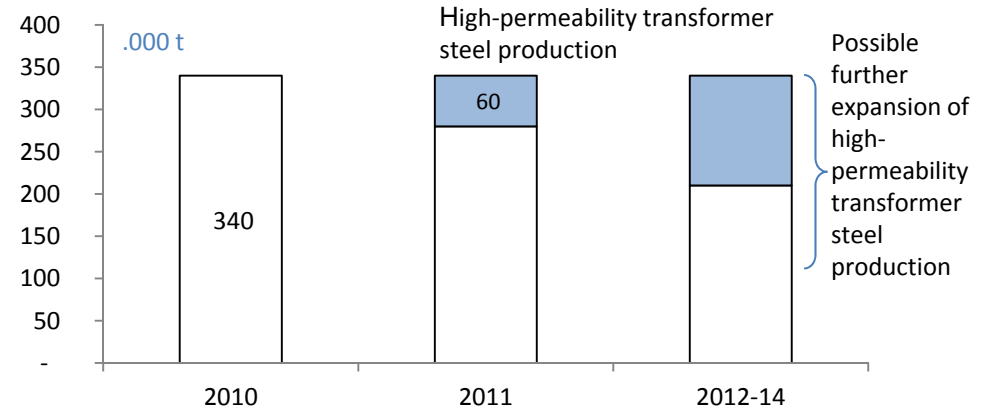
## PRODUCTION UPGRADES AT NOVOLIPETSK

- Status: 80% complete
- Capacity: 60,000 t pa of high-permeability transformer steel
- Launch date: end-2011 (expected)
- Total investments: above \$300 m
- Improved quality and stronger market positions

## PRODUCTION UPGRADES AT VIZ-STAL

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

## TRANSFORMER STEEL PRODUCTION CAPACITIES



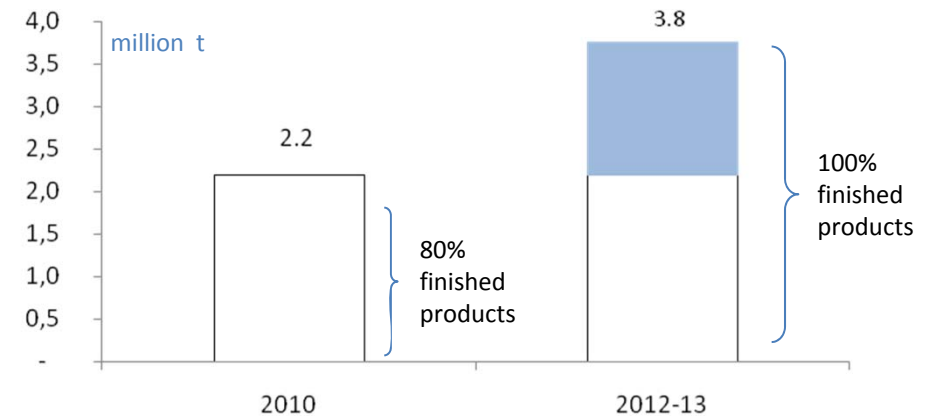


# LONG PRODUCTS (2012-13)

## KALUGA MINI-MILL (EAF)

- Location: Kaluga region
- Status: >25% complete
- Capacity: 1.55 m t pa
- Total investments: c. \$1.2 bn
- Extended product mix for construction

## STEEL AND FINISHED PRODUCT CAPACITY



## ROLLING MILL IN BEREZOVSKY

- Capacity: 1 m t pa
- Total investments: c. \$140 m
- Goal: Processing capacity growth; Improved quality of products and stronger market positions
- Launch date: End-2010



# EXPANSION OF IRON ORE PRODUCTION (2011)

## OPEN PIT EXPANSION

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

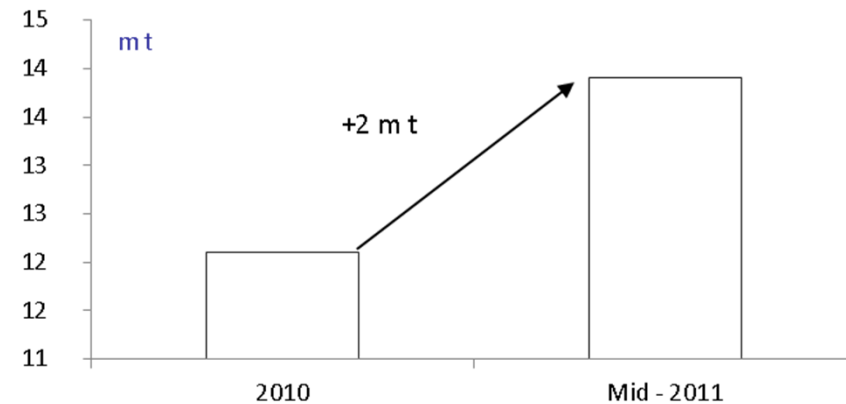
## PELLETIZING PLANT

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

## BENEFICIATION PLANT, 4<sup>th</sup> SECTION

- Location: Stoilensky (Stary Oskol)
- Capacity: +4 m t pa (since 2006)
- Goal: maintain 100% self-sufficiency in low cost iron ore

## IRON ORE CONCENTRATE PRODUCTION CAPACITIES



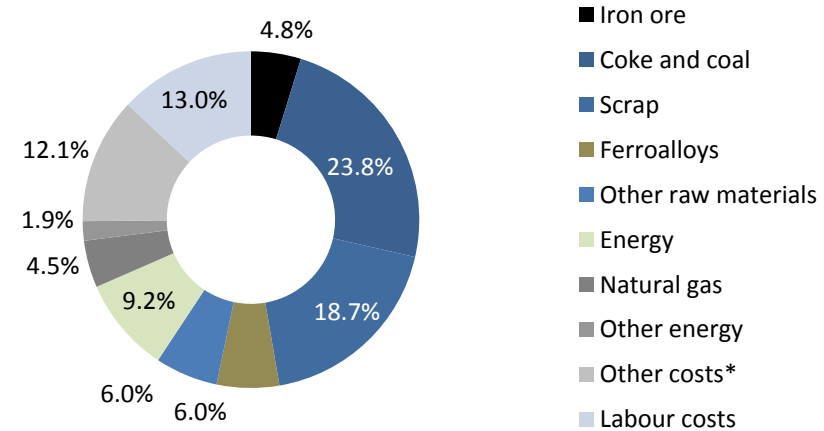
# SEGMENTAL PERFORMANCE

## STEEL SEGMENT DDROVE GROUP FINANCIALS IN 2010

- Revenue from third parties \$7,161 mln (86% of consolidated revenue)
- Operating profit USD 1,084 mln (60% of the Group operating profit)

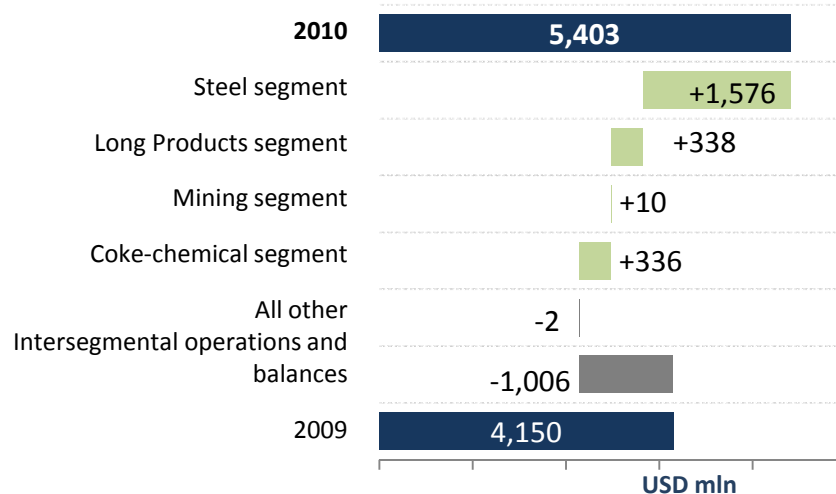
## OPERATING PROFIT ON Y-O-Y BASIS DRIVEN BY SALES REVENUE IMPROVEMENT

## CONSOLIDATED PRODUCTION COST, 12M 2010

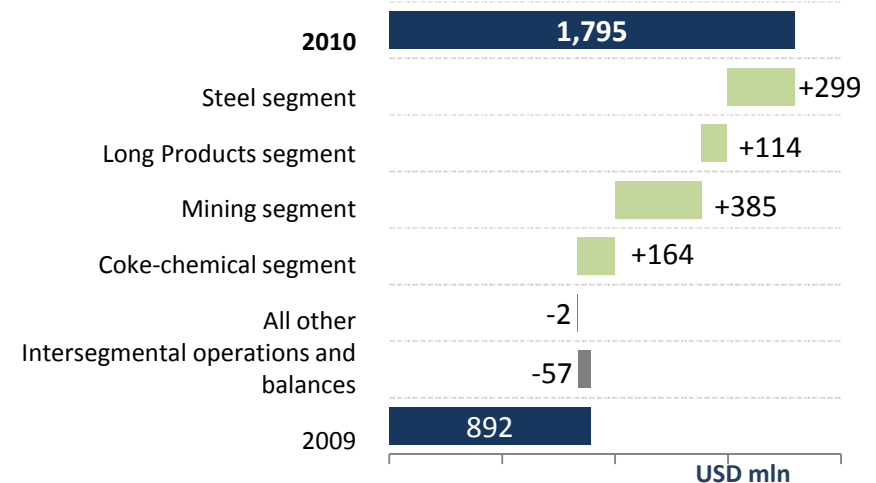


\* incl : repairs, change in inventories and other expenses

## COST OF SALES CHANGES



## OPERATING PROFIT CHANGES



# STEEL SEGMENT

**+11% STEEL PRODUCTION GROWTH RELATIVE TO 2009**

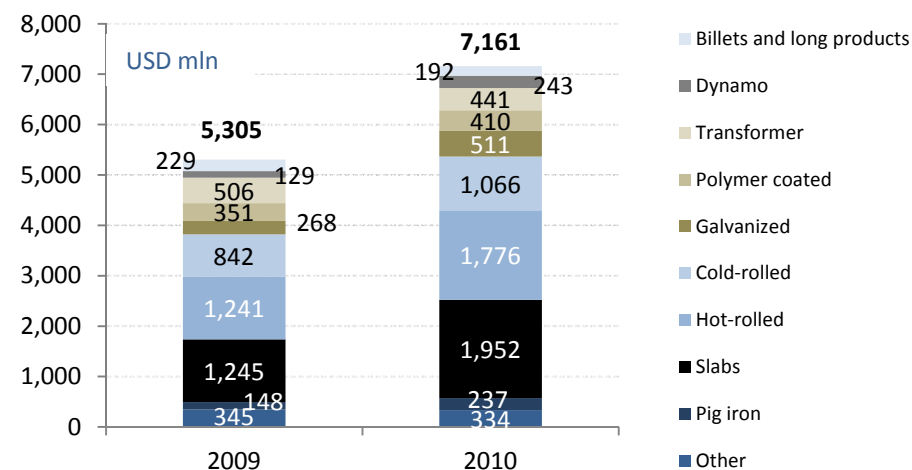
**STABLE STEEL SALES VOLUMES**

**SALES PROFITABILITY STABLE AT PREVIOUS YEAR LEVEL**

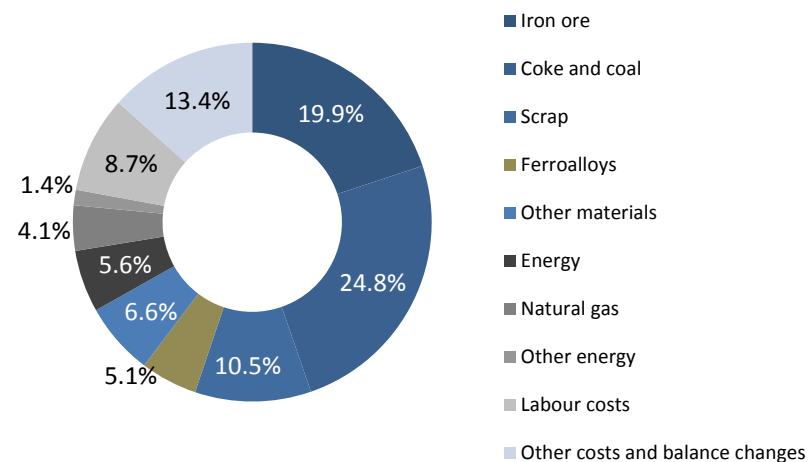
<i>(tonnes '000)</i>	12M 2010	12M 2009	Change	Q4 2010	Q3 2010	Change
Steel production	<b>9,846</b>	8,899	11%	<b>2,497</b>	2,461	1%
Steel sales <sup>1</sup>	<b>10,464</b>	9,518	10%	<b>2,688</b>	2,648	2%
<b>(USD mln)</b>						
Revenue	<b>7,291</b>	5,404	35%	<b>1,965</b>	1,934	2%
<i>incl. external customers</i>	<b>7,161</b>	5,305	35%	<b>1,920</b>	1,903	1%
Cost of sales	<b>(5,393)</b>	(3,817)	41%	<b>(1,568)</b>	(1,399)	12%
Operating profit / (loss)	<b>1,084</b>	785	38%	<b>199</b>	310	(36%)
- margin	<b>15%</b>	15%		<b>10%</b>	16%	

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

**SALES REVENUE FROM 3rd PARTIES BY PRODUCT**



**STEEL SEGMENT PRODUCTION COSTS, 12M 2010**



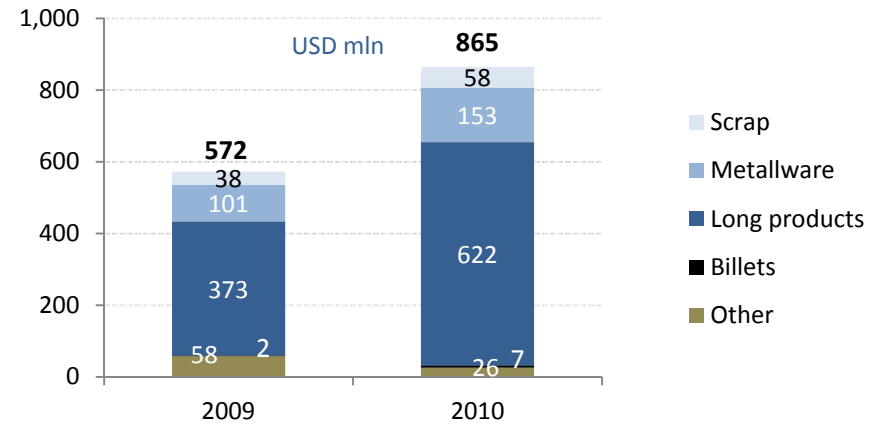
# LONG PRODUCTS SEGMENT

## STEEL PRODUCTION AT PREVIOUS YEAR LEVEL

**+4% STEEL PRODUCTS SALES INCREASING IN 2010**

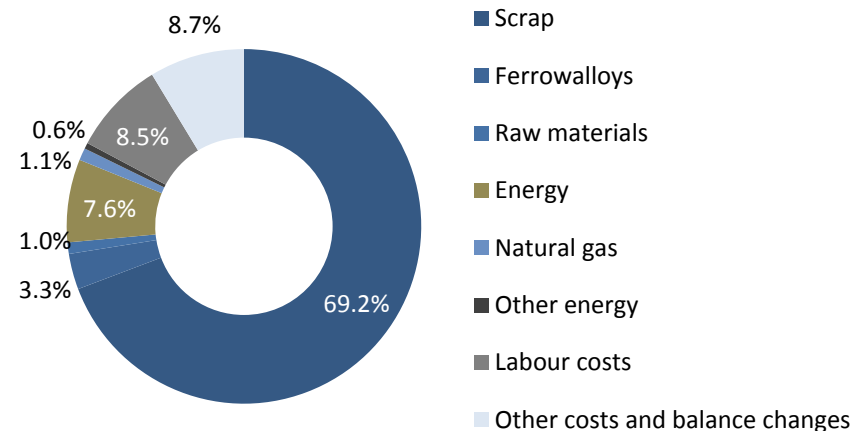
**+56% SALES REVENUE GROWTH RELATIVE TO 2009**

## SALES REVENUE FROM 3rd PARTIES BY PRODUCT



(tonnes '000)	12M 2010	12M2009	Change	Q4 2010	Q3 2010	Change
Steel production	<b>1,701</b>	1,715	(1%)	<b>492</b>	501	(2)%
Steel sales	<b>1,607</b>	1,544	4%	<b>441</b>	517	(15)%
In NLMK Group <sup>1</sup>	<b>341</b>	462	(26%)	<b>109</b>	145	(25)%
(USD mln)						
Revenue	<b>1,377</b>	882	56%	<b>376</b>	447	(16)%
incl. external customers	<b>865</b>	572	51%	<b>236</b>	258	(9)%
Cost of sales	<b>(1,168)</b>	(831)	41%	<b>(322)</b>	(361)	(11)%
Operating profit/(loss)	<b>(28)</b>	(142)	(80%)	<b>(59)</b>	42	(239)%
- margin	<b>-2%</b>	-16%		<b>-16%</b>	9%	

## LONG PRODUCTS PRODUCTION COSTS, 12M 2010



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

# MINING SEGMENT

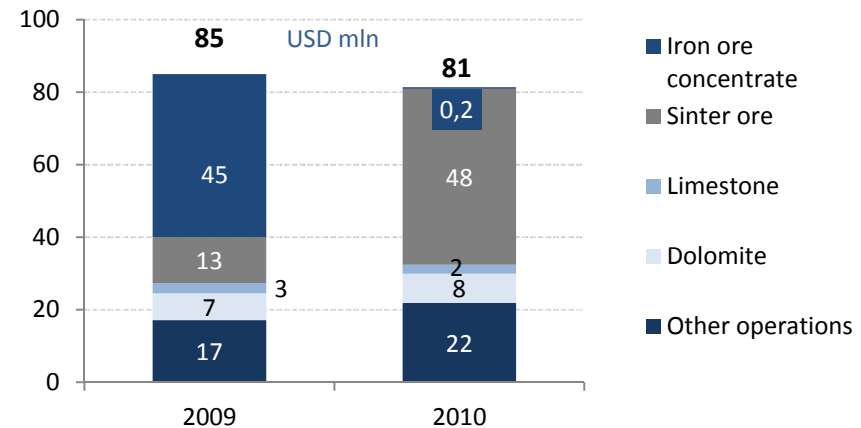
**+11% IRON ORE CONCENTRATE PRODUCTION GROWTH RELATIVE TO 2009**

**SINTER ORE SALES DECREASING DUE TO GROWTH OF LIPETSK SITE SUPPLIES**

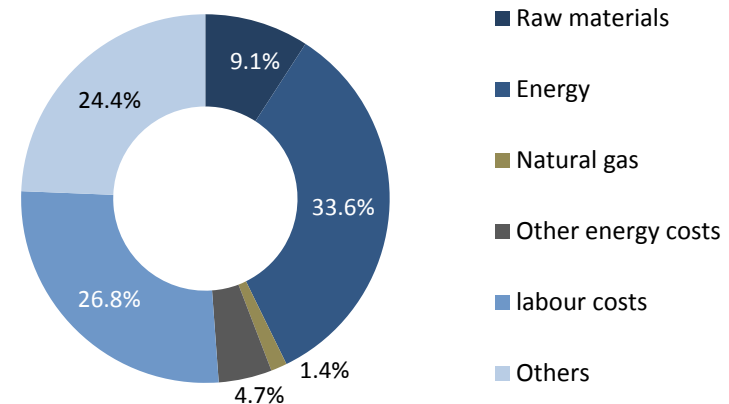
**CONSIDERABLE GROWTH OF OPERATING PROFIT RELATIVE TO 2009**

(tonnes '000)	12M 2010	12M2009	Change	Q4 2010	Q3 2010	Change
<b>Production</b>						
iron ore concentrate	<b>12,083</b>	1,931	11%	<b>3,103</b>	3,043	2%
sinter ore	<b>1,762</b>	1,690	4%	<b>464</b>	490	(5)%
<b>Sales</b>						
Iron ore concentrate	<b>12,023</b>	11,875	1%	<b>3,046</b>	3,051	(0)%
In NLMK Group <sup>1</sup>	<b>12,019</b>	10,815	11%	<b>3,045</b>	3,048	(0)%
Sinter ore	<b>1,805</b>	1,996	(10)%	<b>459</b>	508	(10)%
<b>(USD mln)</b>						
Revenue	<b>913</b>	515	77%	<b>247</b>	251	(2)%
incl. external customers	<b>81</b>	85	(4)%	<b>21</b>	23	(10)%
Cost of sales	<b>(309)</b>	(299)	3%	<b>(76)</b>	(72)	3%
Operating profit	<b>545</b>	160	241%	<b>156</b>	163	(4)%
- margin	<b>60%</b>	31%		<b>63%</b>	65%	

**SALES REVENUE FROM 3rd PARTIES BY PRODUCT**



**MINING SEGMENT PRODUCTION COSTS, 12M 2010**



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

# COKE-CHEMICAL SEGMENT

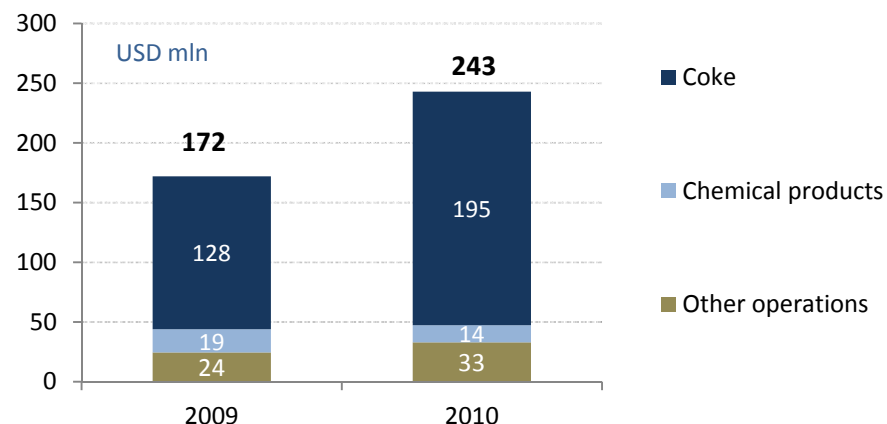
## COKE PRODUCTION VOLUMES AND SALES GROWTH RELATIVE TO 2009

AS CONSEQUENCE - REVENUE INCREASING

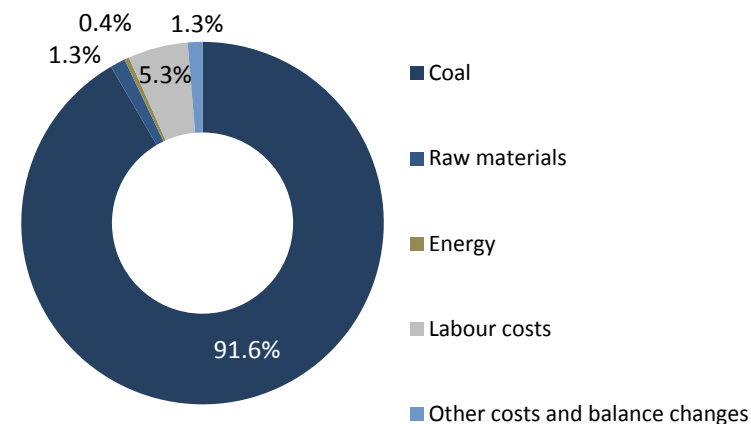
PROFITABILITY EXCEEDS 20% IN 2010

(tonnes '000)	12M 2010	12M2009	Change	Q4 2010	Q3 2010	Change
Production						
coke 6% moisture	3,562	3,147	13%	938	862	9%
Sales						
dry coke	3,363	3,039	11%	866	810	7%
In NLMK Group <sup>1</sup>	2,693	2,323	16%	629	685	(8)%
(USD mln)						
Revenue	1,006	502	100%	281	248	13%
<i>incl. external customers</i>	243	172	41%	89	47	89%
Cost of sales	(738)	(402)	84%	(215)	(188)	14%
Operating profit	225	60	272%	49	53	(7)%
- margin	22%	12%		18%	21%	

## SALES REVENUE FROM 3<sup>rd</sup> PARTIES BY PRODUCT



## COKE –CHEMICAL PRODUCTION COSTS, 12M 2010



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

# SEGMENTAL INFORMATION

2010								
(million USD )	Steel	Long products	Mining	Coke-chemical	All other	Total	Intersegmental operations and balances	Consolidated
Revenue from external customers	7 161	865	81	243	1	8 351		8 351
Intersegment revenue	130	512	831	763	0	2 236	(2 236)	
Depreciation and amortization	(309)	(74)	(57)	(29)	(0)	(469)		(469)
Gross profit	1 898	209	604	268	0	2 978	(30)	2 948
Operating income/(loss)	1 084	(28)	545	225	(1)	1 824	(30)	1 795
<i>as % of net sales</i>	15%	(2%)	60%	22%		17%		21%
Income / (loss) from continuing operations before minority interest	1 372	(245)	428	176	2	1 733	(401)	1 331
<i>as % of net sales</i>	19%	(18%)	47%	17%		16%		16%
Segment assets including goodwill <sup>1</sup>	12 433	2 276	1 195	824	43	16 772	(2 873)	13 899
Capital expenditures	(1 071)	(254)	(126)	(8)	(3)	(1 463)		(1 463)

2009								
(million USD )	Steel	Long products	Mining	Coke-chemical	All other	Total	Intersegmental operations and balances	Consolidated
Revenue from external customers	5 305	572	85	172	5	6 140		6 140
Intersegment revenue	99	310	430	330	0	1 170	(1 170)	
Depreciation and amortization	(293)	(73)	(81)	(30)	(1)	(478)		(478)
Gross profit	1 587	52	217	100	2	1 958	31	1 990
Operating income/(loss)	785	(142)	160	60	1	865	27	892
<i>as % of net sales</i>	15%	(16%)	31%	12%		12%		15%
Income / (loss) from continuing operations before minority interest	1 240	(401)	140	40	2	1 022	(609)	413
<i>as % of net sales</i>	23%	(45%)	27%	8%		14%		7%
Segment assets including goodwill <sup>1</sup>	10 543	2 105	1 001	753	42	14 444	(1 942)	12 502
Capital expenditures	(858)	(181)	(80)	(2)	(0)	(1 121)		(1 121)

<sup>1</sup> as at 31.12.2010

<sup>2</sup> as at 31.12.2009



# CONSOLIDATED STATEMENT OF INCOME

<i>(mln USD)</i>	Q4 2010*	Q3 2010*	Q4 2010/Q3 2010		12M 2010	12M 2009	12M 2010/12M 2009	
			+ / -	%			+ / -	%
Sales revenue	2 266	2 232	35	2%	8 351	6 140	2 211	36%
Production cost	(1 476)	(1 260)	(216)	17%	(4 933)	(3 672)	(1 261)	34%
Depreciation and amortization	(112)	(111)	(1)	1%	(469)	(478)	9	(2%)
Gross profit	678	860	(182)	(21%)	2 948	1 990	959	48%
General and administrative expenses	(61)	(74)	14	(19%)	(263)	(297)	34	(11%)
Selling expenses	(192)	(187)	(5)	3%	(709)	(655)	(54)	8%
Taxes other than income tax	(33)	(29)	(4)	13%	(123)	(102)	(21)	21%
Impairment losses	(58)		(58)		(58)	(44)	(15)	33%
Operating income	334	569	(235)	(41%)	1 795	892	903	101%
Gain / (loss) on disposals of property, plant and equipment	8	(4)	13		(10)	(4)	(5)	118%
Gains / (losses) on investments	(18)	(2)	(15)		(28)	(11)	(17)	157%
Interest income	11	13	(2)	(18%)	45	60	(15)	(25%)
Interest expense	8	(15)	23	0%	(16)	(171)	155	(91%)
Foreign currency exchange loss, net	(6)	80	(86)	(107%)	(59)	(78)	19	(24%)
Other expense, net	(18)	19	(37)	(192%)	(5)	(93)	88	
Income from continuing operations before income tax	320	660	(340)	(52%)	1 722	595	1 128	190%
Income tax	(89)	(126)	36	(29%)	(391)	(182)	(209)	115%
Equity in net earnings/(losses) of associate	(88)	(13)	(75)	566%	(107)	(315)	208	(66%)
Net income	142	521	(379)	(73%)	1 224	98	1 126	1148%
Less: Net loss / (income) attributable to the non-controlling interest	6	(5)	11		31	117	(86)	(73%)
Net (loss) / income attributable to OJSC Novolipetsk Steel stockholders	149	516	(368)	(71%)	1 255	215	1 040	484%
EBITDA	493	695	(202)	(29%)	2 349	1 444	904	63%

\* 12M 2010, 12M 2009, are official reporting periods. Q3 and Q4 2010 figures are derived by computational method. This assumption is related to calculation of segmental financial results.

# CONSOLIDATED BALANCE SHEET

	as at 31.12.2010	as at 30.09.2010	as at 30.06.2010	as at 31.03.2010	as at 31.12.2009	as at 30.09.2009	as at 30.06.2009	as at 31.03.2009	as at 31.12.2008
(mln. USD)									
<b>ASSETS</b>									
<b>Current assets</b>	<b>4 105</b>	<b>4 372</b>	<b>4 150</b>	<b>4 091</b>	<b>3 877</b>	<b>3 854</b>	<b>4 161</b>	<b>4 271</b>	<b>5 346</b>
Cash and cash equivalents	748	780	953	1 157	1 247	1 642	1 591	1 546	2 160
Short-term investments	423	726	465	424	452	126	467	338	8
Accounts receivable, net	1 260	1 189	1 213	1 065	913	908	882	1 187	1 488
Inventories, net	1 580	1 564	1 401	1 324	1 134	1 052	1 031	1 050	1 556
Deferred income tax assets	43	52	58	59	72	33	95	45	
Other current assets, net	52	62	59	62	58	93	94	90	100
Current assets, held for sale									34
<b>Non-current assets</b>	<b>9 794</b>	<b>9 508</b>	<b>8 713</b>	<b>8 938</b>	<b>8 625</b>	<b>8 596</b>	<b>8 178</b>	<b>7 526</b>	<b>8 718</b>
Long-term investments, net	688	729	387	402	468	720	748	719	816
Property, plant and equipment, net	8 382	7 987	7 532	7 688	7 316	7 026	6 612	6 032	6 826
Intangible assets	181	187	190	201	203	211	213	211	235
Goodwill	495	554	541	572	557	603	577	530	614
Other non-current assets, net	26	20	41	49	68	36	28	34	34
Deferred income tax assets	21	31	23	26	12				
Non-current assets, held for sale									194
<b>Total assets</b>	<b>13 899</b>	<b>13 880</b>	<b>12 863</b>	<b>13 029</b>	<b>12 502</b>	<b>12 450</b>	<b>12 339</b>	<b>11 797</b>	<b>14 065</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>									
<b>Current liabilities</b>	<b>1 652</b>	<b>1 802</b>	<b>1 640</b>	<b>2 581</b>	<b>1 417</b>	<b>1 998</b>	<b>2 264</b>	<b>2 279</b>	<b>2 980</b>
Accounts payable and other liabilities	1 107	1 171	1 058	963	841	997	1 109	1 162	1 879
Short-term borrowings	526	595	539	544	557	957	1 126	1 090	1 080
Current income tax liability	19	36	43	26	19	44	29	27	10
Current liabilities, held for sale									11
<b>Non-current liabilities</b>	<b>2 693</b>	<b>2 636</b>	<b>2 427</b>	<b>2 581</b>	<b>2 475</b>	<b>2 059</b>	<b>2 149</b>	<b>2 111</b>	<b>2 361</b>
Long-term borrowings	2 099	2 059	1 828	1 992	1 939	1 571	1 668	1 709	1 930
Deferred income tax liability	401	384	392	409	396	371	358	288	297
Other long-term liabilities	194	194	207	180	140	116	123	113	129
Non-current liabilities, held for sale									5
<b>Total liabilities</b>	<b>4 345</b>	<b>4 438</b>	<b>4 067</b>	<b>4 114</b>	<b>3 892</b>	<b>4 057</b>	<b>4 414</b>	<b>4 390</b>	<b>5 341</b>
Minority interest									
<b>Stockholders' equity</b>									
Common stock	221	221	221	221	221	221	221	221	221
Statutory reserve	10	10	10	10	10	10	10	10	10
Additional paid-in capital	99	99	99	112	112	112	118	138	52
Other comprehensive income	(917)	(886)	(1 134)	(596)	(797)	(738)	(1 066)	(1 659)	(550)
Retained earnings	10 261	10 113	9 718	9 303	9 171	8 877	8 713	8 762	8 956
<b>NLMK stockholders' equity</b>	<b>9 675</b>	<b>9 556</b>	<b>8 915</b>	<b>9 050</b>	<b>8 718</b>	<b>8 483</b>	<b>7 997</b>	<b>7 472</b>	<b>8 690</b>
<b>Non-controlling interest</b>	<b>(121)</b>	<b>(115)</b>	<b>(118)</b>	<b>(136)</b>	<b>(108)</b>	<b>(89)</b>	<b>(71)</b>	<b>(64)</b>	<b>33</b>
<b>Total stockholders' equity</b>	<b>9 554</b>	<b>9 442</b>	<b>8 796</b>	<b>8 915</b>	<b>8 610</b>	<b>8 393</b>	<b>7 926</b>	<b>7 408</b>	<b>8 723</b>
<b>Total liabilities and stockholders' equity</b>	<b>13 899</b>	<b>13 880</b>	<b>12 863</b>	<b>13 029</b>	<b>12 502</b>	<b>12 450</b>	<b>12 339</b>	<b>11 797</b>	<b>14 065</b>

# CONSOLIDATED CASH FLOW STATEMENT

(mln. USD)	Q4 2010*	Q3 2010*	Q4 2010/Q3 2010		12M 2010	12M 2009	12M 2010/12M 2009	
			+ / -	%			+ / -	%
<b>Cash flow from operating activities</b>								
<b>Net income</b>	142	521	(379)	(73%)	1 224	98	1 126	1148%
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>								
Depreciation and amortization	112	111	1	1%	469	478	(9)	(2%)
Loss on disposals of property, plant and equipment	(8)	4	(13)	(292%)	10	4	5	118%
(Gain)/loss on investments	18	2	15		28	11	17	157%
Equity in net earnings of associate	88	13	75	566%	107	315	(208)	(66%)
Defferd income tax (benefit)/expense	6	9	(3)	(36%)	34	34	(1)	(2%)
Loss / (income) on forward contracts	(1)	(2)	1	(57%)	(4)	(471)	467	
Loss of impairment	58		58		58	44	15	33%
Other movements	90	(25)	114		100	22	78	357%
<b>Changes in operating assets and liabilities</b>								
Increase in accounts receivables	(72)	56	(128)	(229%)	(356)	494	(850)	(172%)
Increase in inventories	(20)	(125)	105	(84%)	(458)	331	(789)	(238%)
Decrease/(increase) in other current assets	10	(1)	11	(820%)	6	17	(12)	(68%)
Increase in accounts payable and oher liabilities	19	2	17	966%	214	11	203	
Increase/(decrease) in current income tax payable	(17)	(8)	(9)	113%	(0)	6	(6)	(100%)
<b>Net cash provided from operating activities</b>	424	558	(133)	(24%)	1 431	1 394	37	3%
<b>Cash flow from investing activities</b>								
Proceeds from sale of property, plant and equipment	12	9	3	31%	26	13	14	107%
Purchases and construction of property, plant and equipment	(480)	(371)	(109)	29%	(1 463)	(1 121)	(342)	31%
Settlement of abandoned acquisition						(234)	234	(100%)
Proceeds from sale of investments	303	100	202	202%	450	510	(60)	(12%)
Placement of bank deposits and purchases of other investments	(102)	(613)	511	(83%)	(832)	(536)	(296)	55%
Acquisition of new subsidiaries	(28)		(28)		(28)		(28)	
Loan issued						(404)	404	
<b>Net cash used in investing activities</b>	(296)	(875)	579	(66%)	(1 847)	(1 771)	(76)	4%
<b>Cash flow from financing activities</b>								
Proceeds from borrowings and notes payable	114	281	(167)	(59%)	934	1 077	(143)	(13%)
Repayments of borrowings and notes payable	(128)	(64)	(65)	102%	(802)	(1 540)	738	(48%)
Capital lease payments	(10)	(10)	1	(8%)	(46)	(69)	23	(33%)
Dividends paid to minority shareholder of existing subsidiaries						(0)	0	
Dividends to shareholders	(122)	(43)	(79)	185%	(165)	(2)	(163)	
<b>Net cash used in financing activities</b>	(145)	164	(309)	(188%)	(79)	(535)	456	(85%)
<b>Net increase / (decrease) in cash and cash equivalents</b>	(16)	(152)	136	(89%)	(495)	(912)	416	(46%)
<i>Effect of exchange rate changes on cash and cash equivalents</i>	(15)	(21)	5		(4)	(1)	(3)	
<i>Cash and cash equivalents at the beginning of the period</i>	780	953	(173)	(18%)	1 247	2 160	(913)	(42%)
<b>Cash and cash equivalents at the end of the period</b>	748	780	(32)	(4%)	748	1 247	(499)	(40%)

\* 12M 2010, 12M 2009, are official reporting periods. Q3 and Q4 2010 figures are derived by computational method. This assumption is related to calculation of segmental financial results.

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