

**Statement of material fact on the data, submitted or provided by the Issuer to the respective body (institution) of a foreign state, to a foreign stock exchange and (or) other institutions under a foreign law for the purpose of data disclosure or provision to foreign investors in relation to the distribution or circulation of the Issuer's securities outside the Russian Federation,**

**Statement on insider information**

**1. General information**

- 1.1. Full name of the Issuer: **Novolipetsk Steel**
- 1.2. Abbreviated name of the Issuer: **NLMK**
- 1.3. Domicile of the Issuer: **2, Metallurgov sq., Lipetsk, Russia**
- 1.4. OGRN of the Issuer: **1024800823123**
- 1.5. TIN of the Issuer: **4823006703**
- 1.6. The Issuer's unique ID assigned by the registering authority: **00102-A**
- 1.7. Web-site used by the Issuer for information disclosure: **<http://www.lipetsk.nlmk.ru>;  
<http://www.e-disclosure.ru/portal/company.aspx?id=2509>**

**2. Content**

2.1. Type and brief content of the data (kind and title of the document) submitted or provided by the Issuer to the respective body (respective institution) of a foreign state, to a foreign stock exchange and (or) other institutions under a foreign law for the purpose of their disclosure or provision to foreign investors, as well as other identification attributes of the Issuer's issue-grade securities whose distribution or circulation outside the Russian Federation is the reason for the submission or provision of the subject data:

**Press release**

31.10.2016

**FINANCIAL PERFORMANCE OF NLMK GROUP IN Q3 AND 9M 2016 UNDER IFRS**

**In Q3, revenue increased by 19% qoq to \$2.2 bn, driven by a 7% qoq growth in sales to 4.2 m t. EBITDA increased by 46% qoq to \$673 m; rate of return reached 30% (+5 p.p. qoq), including rate of return of Foreign Rolling Assets segment that reached 18%. Net income doubled qoq to \$385 m. Net debt / EBITDA decreased to 0.4x.**

**Key Performances for Q3 2016**

- Sales increased by 7% qoq to 4.2 m t (+2% yoy), with the share of finished products of 66% of total sales portfolio (+1 p.p. qoq and -2 p.p. yoy).
- Revenue grew to \$2,225 m (+19% qoq and +10% yoy), driven by the increase in sales and prices for steel products
- EBITDA increased by 46% qoq to \$673 m (+32% yoy)
- EBITDA margin increased to 30% (+5 p.p. qoq and +5 p.p. yoy)
- Net income doubled qoq to \$385 m (-6% yoy)
- Capex went down to \$104 m (-35% qoq and -29% yoy)
- Free cash flow increased to \$474 m (a threefold increase qoq and +28% yoy)

**Key Performances for 9M 2016**

- The Group's sales grew by 2% yoy to 12.3 m t.
- Revenue totalled \$5,671 m (-11% yoy) due to the drop in average prices for steel products
- EBITDA made \$1,423 m (-13% yoy)
- EBITDA margin was 25% (-1 p.p. yoy)
- Capex went down to \$384 m (-14% yoy)
- 9M 2016 free cash flow was \$906 m (+2% yoy)

- Effect from operational efficiency program implementation: \$48 m
- Net debt decreased to \$ 0.7 bn (-37% by the end of 2015)

#### **Q4 2016 outlook .**

- Q4 financial results will be influenced by the seasonal weakening of demand. However profitability is expected to improve vs. the corresponding quarter last year.

#### **TELECONFERENCE**

NLMK invites the investment community to take part in a teleconference with the Company's Management:

Monday, 31 October 2016

- 10:00 – USA (New York)
- 14:00 – UK (London)
- 17:00 – Russia (Moscow)

In order to join the teleconference, the participants may dial:

#### **Number for the USA:**

+1719 457 2086 (local) // 1800 274 0251 (free call)

#### **Number for the UK:**

+44(0)20 3043 2002 (local) // 0800 358 6377 (free call)

#### **Number for Russia:**

+7495 213 1767 (local) // 8 800 500 9283 (free call)

#### **Conference code:** 6857625

To connect to the web-cast you're kindly requested to click on the link: <http://www.audio-webcast.com/cgi-bin/visitors.ssp?fn=visitor&id=4033>.

\*For the avoidance of a long wait for dial-up we recommend dialling the number 5-10 minutes before the conference call starts.

We recommend that the participants should look through the presentation in advance at NLMK's web-site: [www.nlmk.com/ru](http://www.nlmk.com/ru)

Identification attributes of the Issuer's issue-grade securities whose distribution or circulation outside the Russian Federation is the reason for the submission or provision of the subject data:

Issue-grade securities in circulation outside the Russian Federation: ***uncertified registered common shares, state registration number 1-01-00102-A dd. 09.04.2004, ISIN RU0009046452.***

Summary of the issue program (type of the program) related to the foreign Issuer's depositary securities certifying the rights in respect of the stock of the corresponding category (type): ***Global Depositary Shares issued by Deutsche Bank Trust Company Americas in accordance with Rule 144A, as well as Regulation S of the US Securities Act. Each Global Depositary Share (ISIN: US67011E2046) certifies rights to 10 common shares of NLMK.***

Name of the foreign trade arranger(-s) in charge of circulation of the Issuer's shares (depositary securities representing rights in respect of the Issuer's shares): ***London Stock Exchange plc.***

2.2. The date when the data were submitted or provided by the Issuer to the respective body (institution) of a foreign state, to a foreign stock exchange and (or) other institutions under a foreign law for the purpose of their disclosure or provision to foreign investors: ***31 October 2016.***

2.3. The website where the text of the document was published, containing the data submitted or provided by the Issuer to the respective body (institution) of a foreign state, to a foreign stock exchange and (or) other institutions under a foreign law for the purpose of their disclosure or provision to foreign investors in relation to the distribution or circulation of the Issuer's securities outside the Russian Federation: ***www.nlmk.com/ru.***

2.4. The date of the web publishing of the document containing the data submitted or provided by the Issuer to the respective body (institution) of a foreign state, to a foreign stock exchange and

(or) other institutions under a foreign law for the purpose of their disclosure or provision to foreign investors in relation to the distribution or circulation of the Issuer's securities outside the Russian Federation: **31 October 2016.**

### 3. Signature

**3.1. Authorized representative  
of NLMK by virtue of  
Power of Attorney No.43 dd. 01.02.2016**

\_\_\_\_\_  
(signature)

**V.A. Loskutov**

**3.2. Date: 31 October 2016**

Stamp