

**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 depository securities certifying the rights in respect of the stock of the corresponding category (type): ***Global Depository 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 Depository 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 (depository 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**

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**V.A. Loskutov**

(signature)

**3.2. Date: 31 October 2016**

Stamp