

NLMK

Financial and Production results Q1 2012

US GAAP

Consolidated Financial Statements

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KEY HIGHLIGHTS

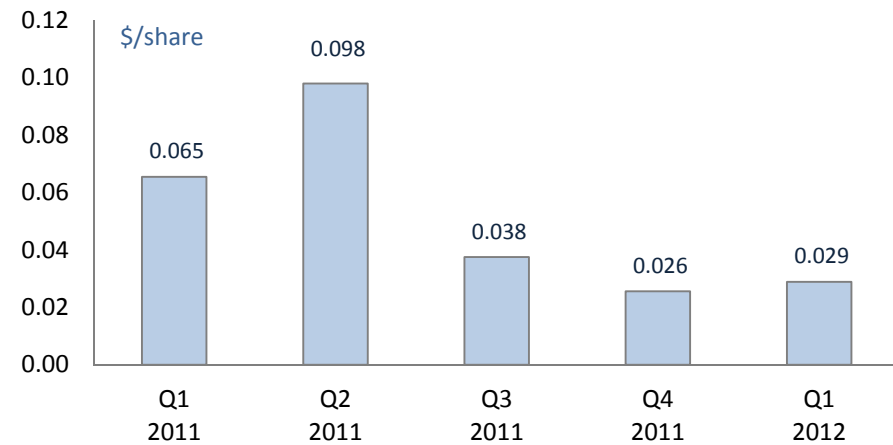
FINANCIAL PERFORMANCE

- Revenue \$3,094 m (+1% q-o-q)
- Operating profit \$255 m (+5% q-o-q)
- EBITDA*: \$432 m (+17% q-o-q);
- EBITDA margin 14%
- Net profit: \$173 m (+13% q-o-q)
- Operating cash flow : \$502 m (+57% q-o-q)
- CAPEX: \$358 m (-8% y-o-y)
- Net debt/EBITDA: 1.69

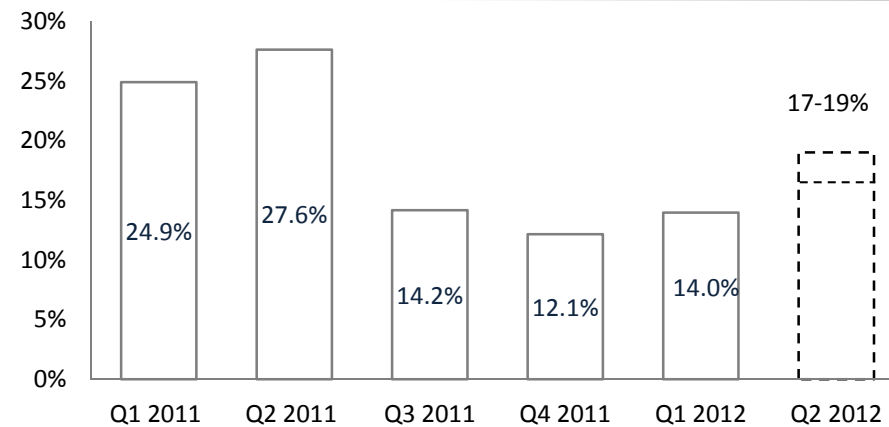
OPERATING RESULTS

- Crude steel production: 3.635 m t (+15% q-o-q)
- Sales: 3.857 m t (+9% q-o-q)
- incl. foreign asset sales 1.1 m t (+17% q-o-q)
- Cash cost per tonne of slabs : \$395 (-2% q-o-q)

EARNINGS PER SHARE



EBITDA MARGIN



*EBITDA = Operating profit + depreciation & amortization + losses on disposals of property, plant and equipment + impairment losses

PRODUCTION

Q1 2012 STEEL PRODUCTION GROWTH

- NLMK Group steel output: 3.635 m t (+15% q-o-q)
- Novolipetsk: 2.950 m t (+9%)
- Long Products division: 0.423 m t (+54%)
- Foreign Rolled Products division*: 0.262 m t (+33%)

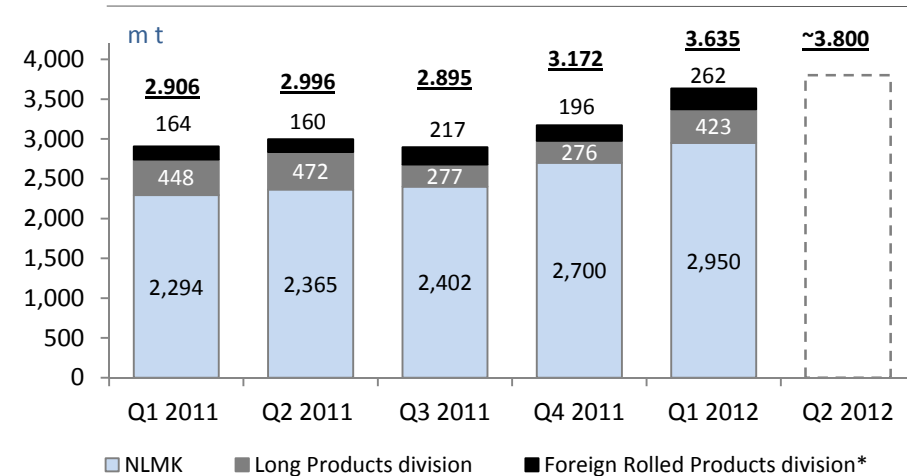
SUSTAINABLY HIGH CAPACITY LOAD AT KEY FACILITIES IN Q1 2012

- Novolipetsk – 96%
- Long Products division – 77%
- Foreign Rolled Products division* – 89%

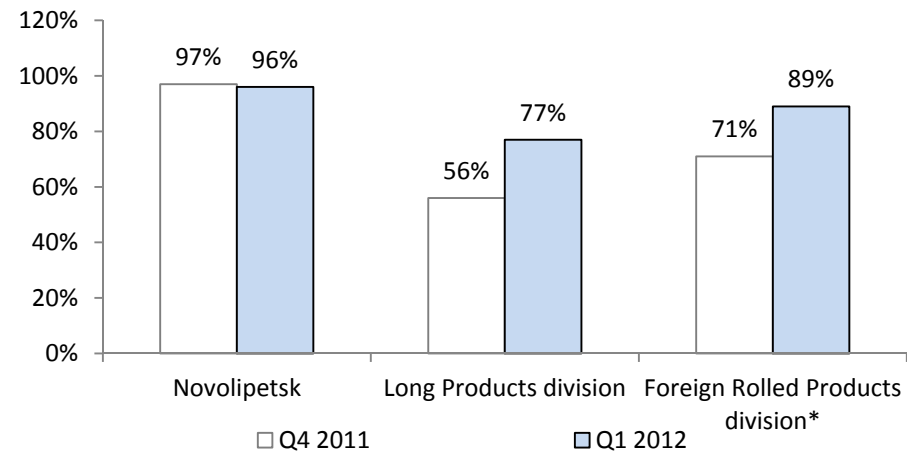
Q2 2012 OUTLOOK

- Crude steel output 3.8 m t (+5% q-o-q)

CRUDE STEEL PRODUCTION



STEELMAKING CAPACITY UTILISATION



* Following the consolidation of SIF, NLMK's Foreign Rolled Products segment comprises EAF capacities at NLMK Verona and NLMK Indiana

MARKET

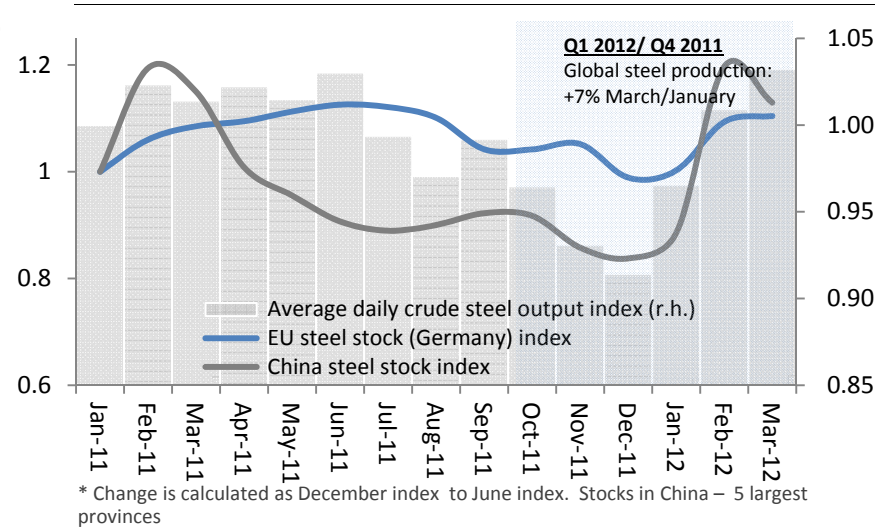
GRADUAL RECOVERY IN GLOBAL PRODUCTION

DOMESTIC MARKET DEMAND GROWTH DRIVEN BY INCREASED SEASONAL ACTIVITY IN CONSTRUCTION AND INFRASTRUCTURE

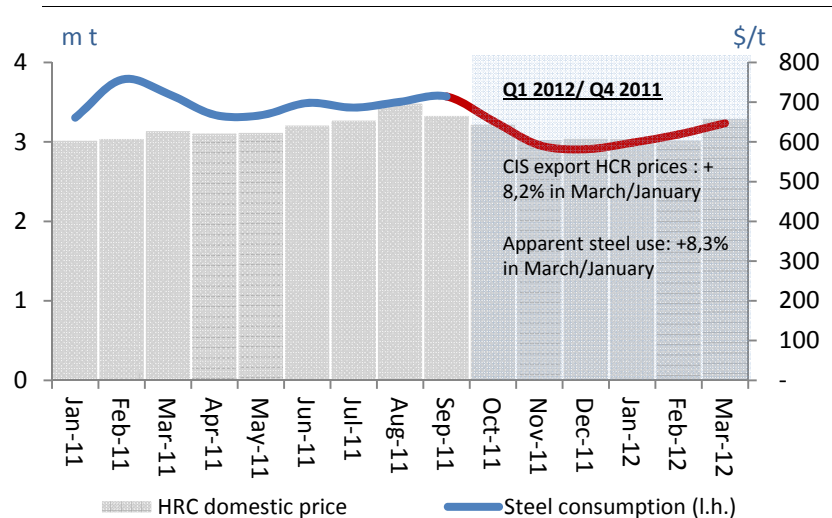
NLMK GROUP INCREASED SALES BY 9%

MARKET STEEL PRICES UPWARD TREND IN Q1 2012

GLOBAL STEEL MARKET

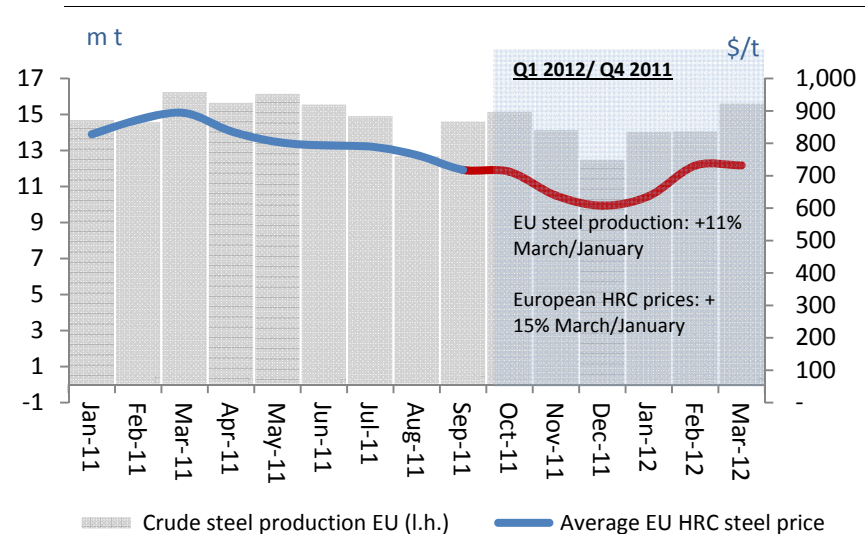


DOMESTIC STEEL MARKET



* Sources: Steel consumption – Metal Experttr. Prices – Metal Bulletin

EU STEEL MARKET



* Sources: Steel output – WSA. Prices – Metal Bulletin

SALES BY REGION

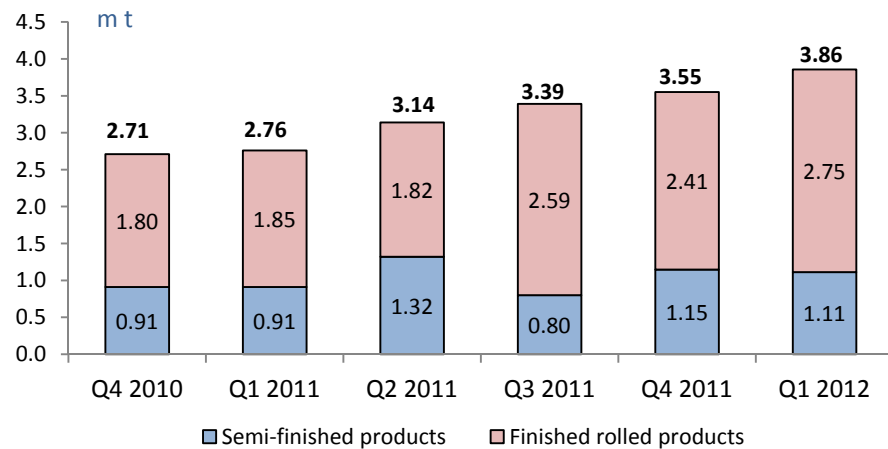
CONSISTENT GROWTH OF SALES: +9% Q-O-Q

- The wide geographic spread of sales allowed to take advantage of growing demand in key markets...
- ... and to offset the seasonal demand slowdown on the domestic market

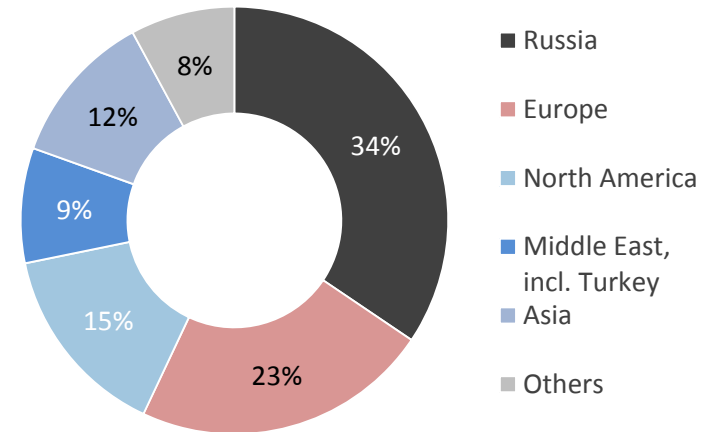
FOREIGN ROLLED PRODUCTS SEGMENT SALES INCREASE

- Foreign companies' sales amounted to 1.1 m t, + 17% to the previous quarter
- Finished rolled products share in Group's product portfolio was 71%.

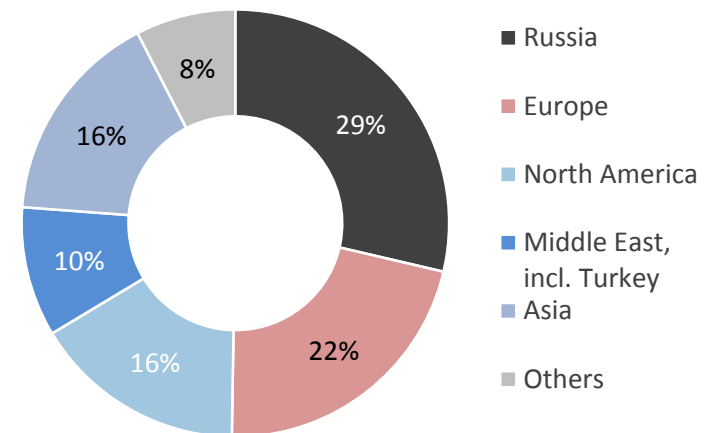
FINISHED PRODUCT SALES GROWTH



REVENUE BY REGIONS, Q1 2012



SALES BY REGIONS, Q1 2012



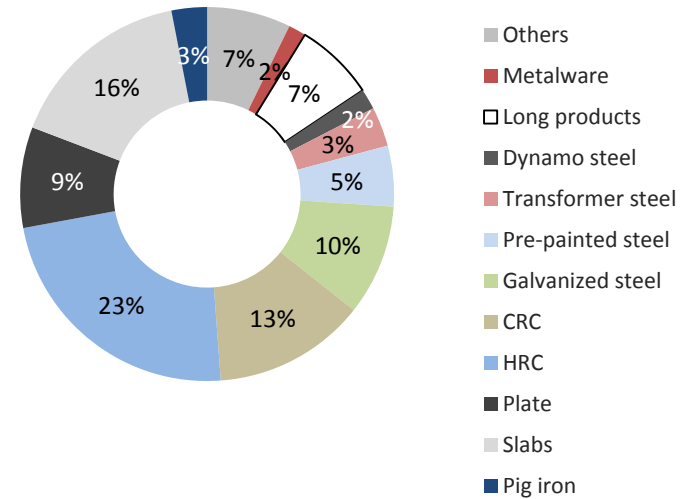
SALES STRUCTURE

FINISHED PRODUCT SALES INCREASED +9% Q-O-Q

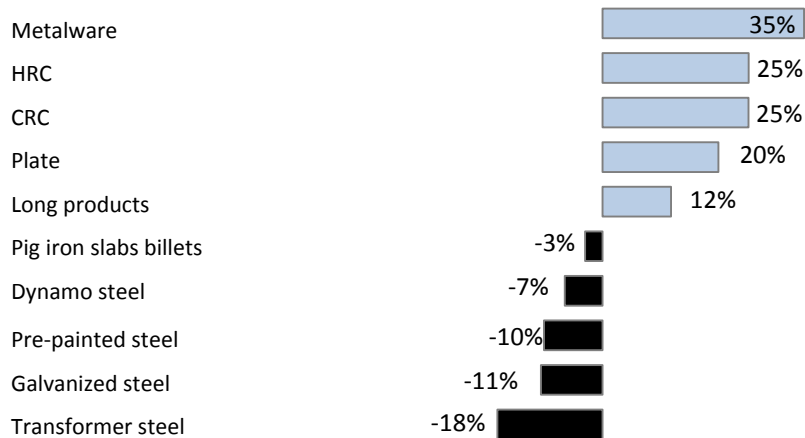
SELLING PRICES DROPPED ON 5% Q-O-Q

- Falling prices reflect the weak market conditions in the previous quarter, taking into account the production and supply cycle in export transactions
- In Q2 2012 prices are expected to grow reflecting the end-Q1 2012 increase and stabilization in foreign markets

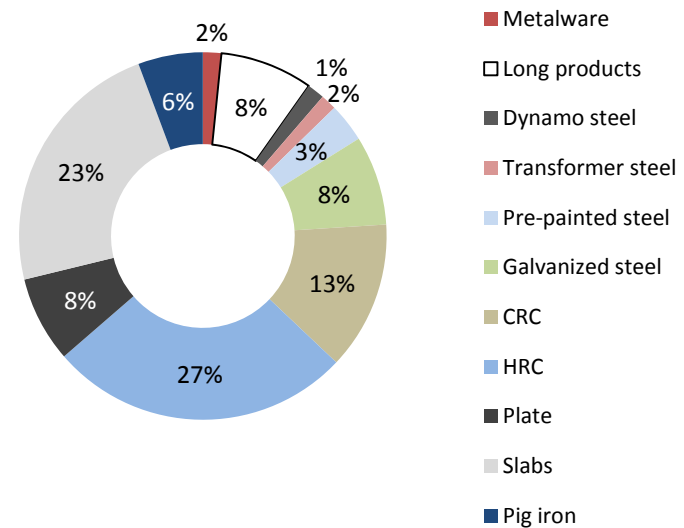
REVENUE BY PRODUCT, Q1 2012



QUARTERLY PRODUCT MIX CHANGE*



SALES BY PRODUCT, Q1 2012



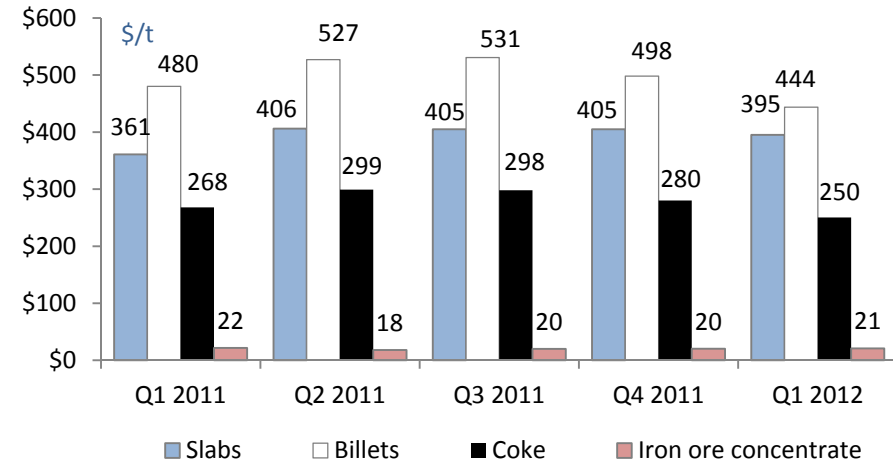
* Q1 2012 vs Q4 2011, in natural terms.

PRODUCTION COSTS

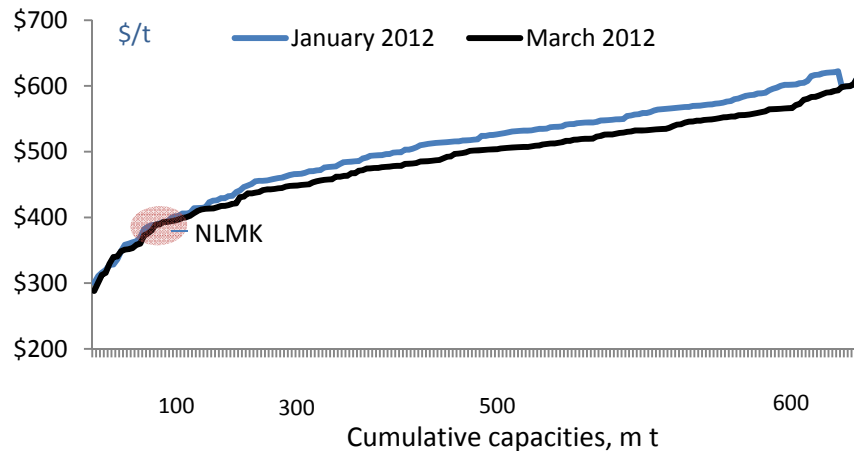
KEY FACTORS

- Slabs (converter steel, Lipetsk) \$395/t (-2,5%), partly reflecting the negative dynamics on the raw materials market
- NLMK Long Products billet \$444/t (-11%) due to increased capacity utilization
- NLMK Indiana slabs \$577/t (0%).

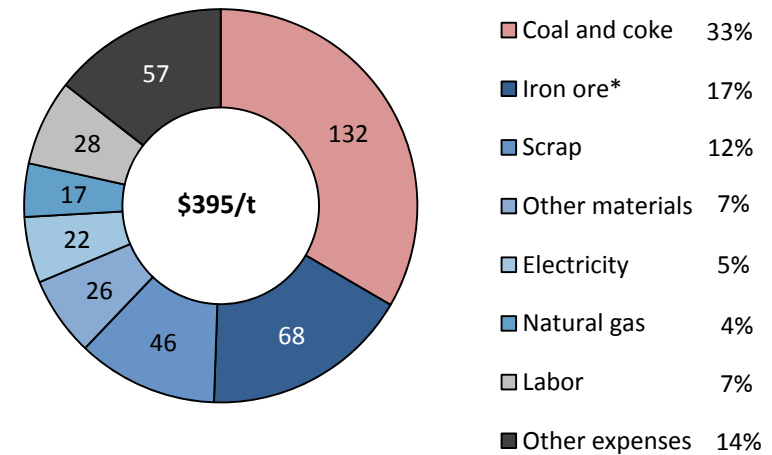
CASH COST BY PRODUCTS



GLOBAL SLAB PRODUCTION COSTS



SLAB CASH COST, Q1 2012



* The item "Iron ore" refers to the cost of purchased pellets

PROFITABILITY SUMMARY

STEEL AND MINING SEGMENTS TRADITIONALLY GENERATE A MAJOR PART OF EBITDA

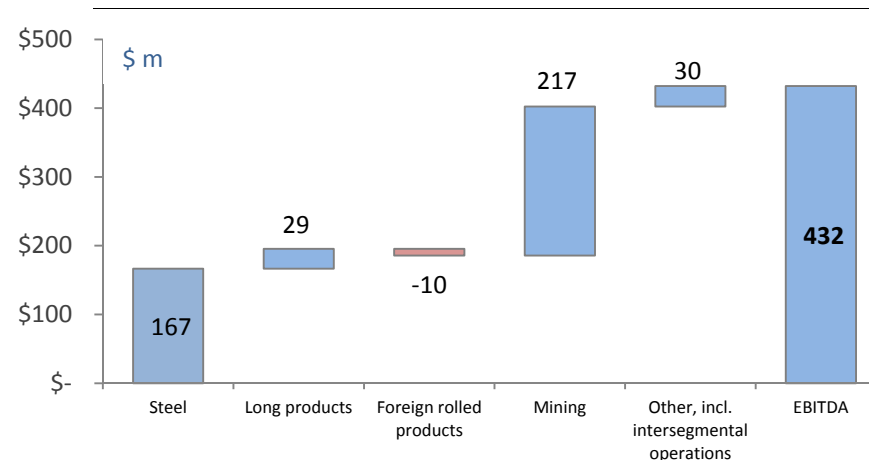
- Q1 saw a slight deterioration of profitability on the back of a decrease in steel and iron ore prices q-o-q

LONG PRODUCTS AND FOREIGN ROLLED PRODUCTS SEGMENTS IMPROVED RESULTS SIGNIFICANTLY

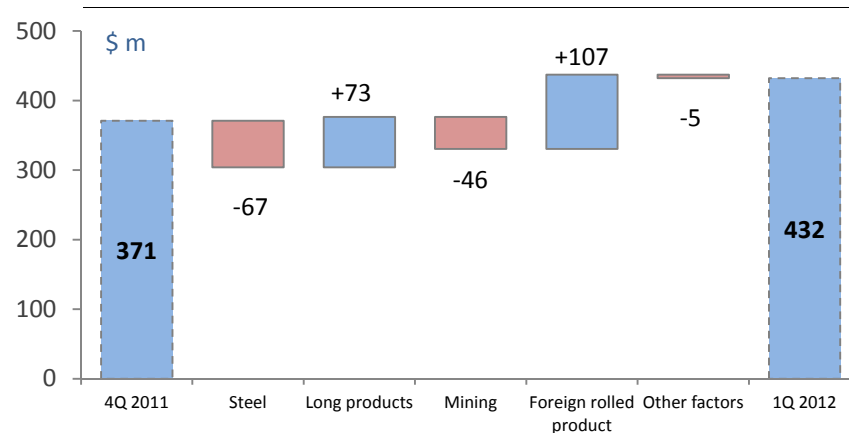
- Long products segment demonstrating EBITDA margin over 8% on the back of utilization rate growth
- Foreign rolled products segment having processed a significant part of expensive inventories and improved production results almost achieved the break-even point – segment margin amounted to -1%

NLMK GROUP WILL CONTINUE TO IMPROVE THE EFFICIENCY OF THE FOREIGN SEGMENT

SEGMENTS' CONTRIBUTION TO EBITDA IN Q1 2012



EBITDA BRIDGE Q1 2012*



*- EBITDA calculated based on segment's operating profit and depreciation

DEBT POSITION

TOTAL DEBT LEVEL \$4.47 BN

LIQUID ASSETS ¹ \$0.937 BN

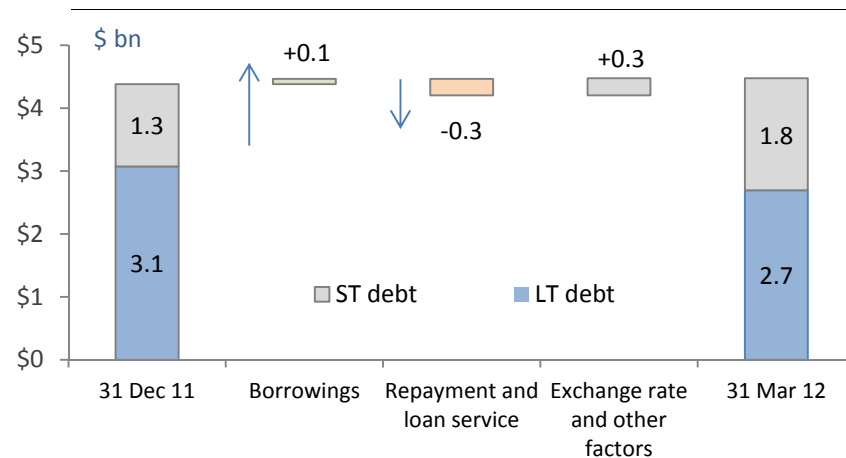
NET DEBT / 12M EBITDA 1.69

BALANCED STRUCTURE OF THE DEBT AND CASH FUNDS

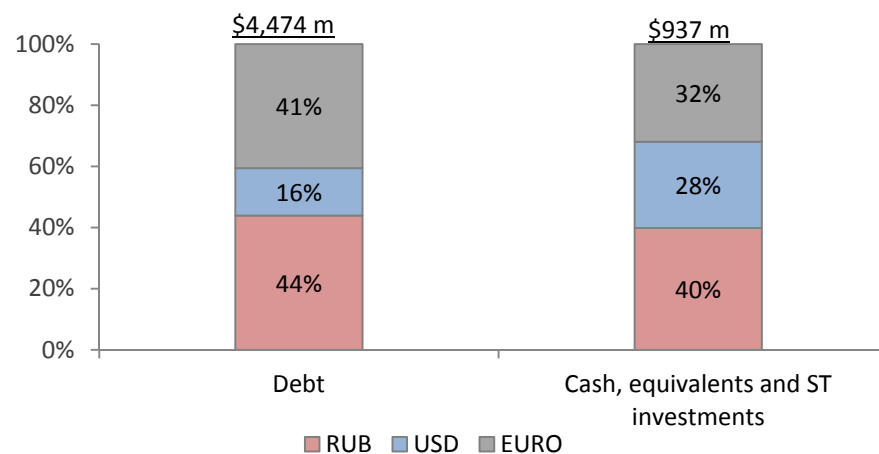
AT THE MOMENT NLMK HAS AN INVESTMENT RATING FROM ALL THREE LARGEST CREDIT RATING AGENCIES

AS OF 30.04.2012 LIQUIDITY SUPPLY OF UNDRAWN COMMITTED CREDIT LINES - \$1 BN

CHANGES IN DEBT PORTFOLIO



CURRENCY OF DEBT AND CASH FUNDS²



1. Cash and cash equivalents + ST financial investments

2. As of 31.03.2012

DEBT MATURITY

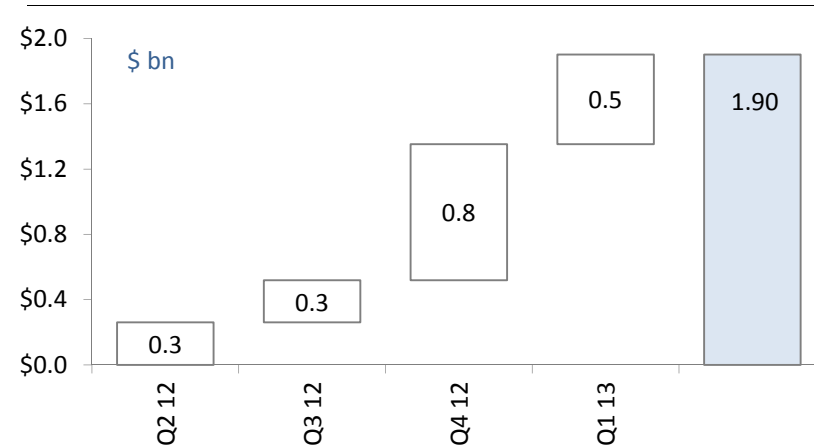
DEBT MATURITY SCHEDULE

- ST debt \$1.8 bn
incl. ST part of PXF, SIF external debt and 3 issues of ruble bonds
- LT debt \$2.69 bn
incl 3 issues of bonds, LT part of PXF and ECA
.. as well as SIF's LT debt

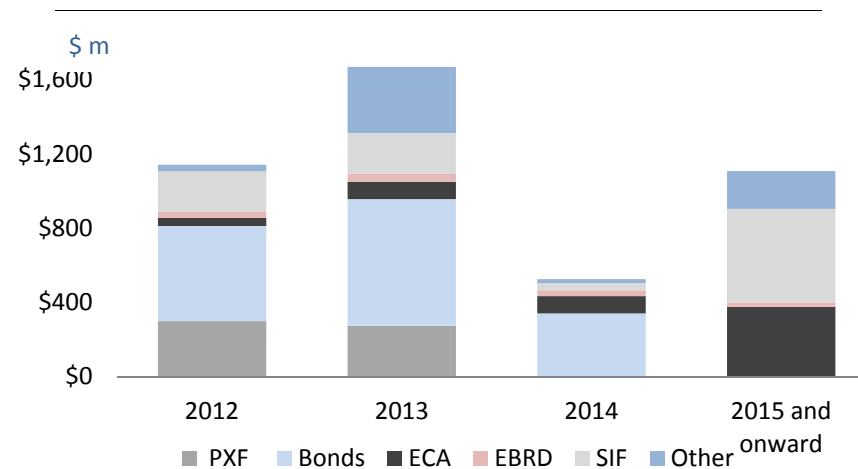
3M 2012 CASH FLOW FROM OPERATIONS \$0.5 BN

3M 2012 INTEREST PAYMENTS \$69 M³

ST DEBT MATURITY¹



ST DEBT MATURITY²



1. The ST maturity payments include interests accrued and bond coupon payments in 2012
 2. The maturity payments do not include interests
 3. At the exchange rate as of 31.03.2012

INVESTMENTS

INCREASE OF STEEL PRODUCTION

- Construction of BF-7 with a capacity of 3.4 m t of pig iron/year is completed. New capacity utilization is growing
- Quality improvement, +30 new grades of steel
- Construction of Kaluga mill (EAF) with a capacity of 1.5 mtpy will be completed at the end of 2012.

FINISHED STEEL PRODUCTION GROWTH

- HVA production capacity increase
- Niche product quality improvement

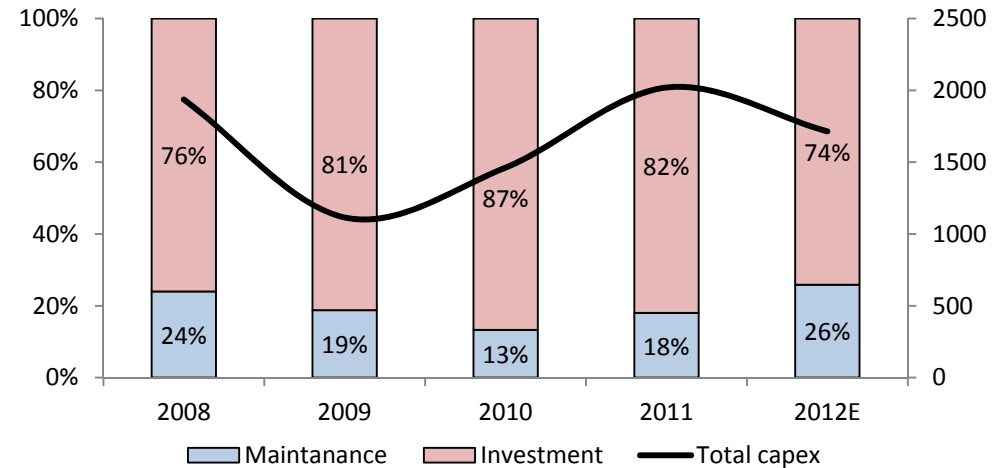
STRONGER VERTICAL INTEGRATION

- Expansion of the mine and construction of new beneficiation facilities at Stoilensky (ongoing)
- Development of coal deposits
- Expansion of scrap collecting facilities

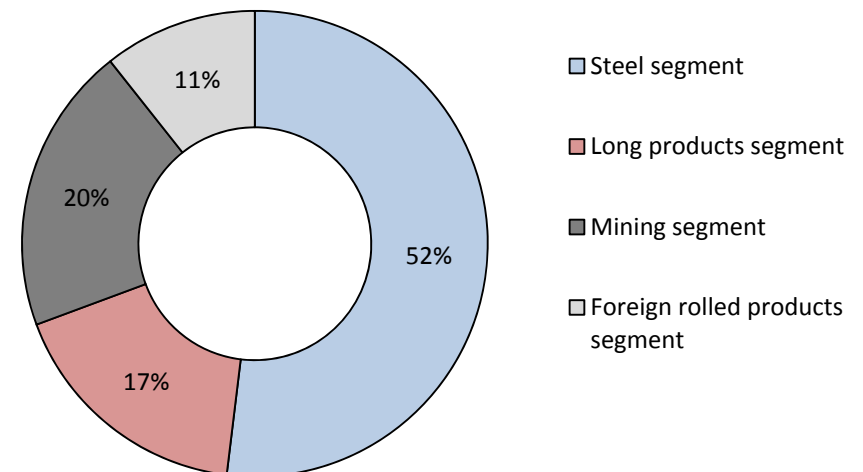
INCREASE IN PRODUCTION EFFICIENCY

- Higher degree of electricity self-sufficiency and efficiency

INVESTMENT DYNAMICS



INVESTMENTS BY SEGMENT, 2012 (ESTIMATE)



EXPANSION OF IRON ORE PRODUCTION (2012-14)

PELLETIZING PLANT

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

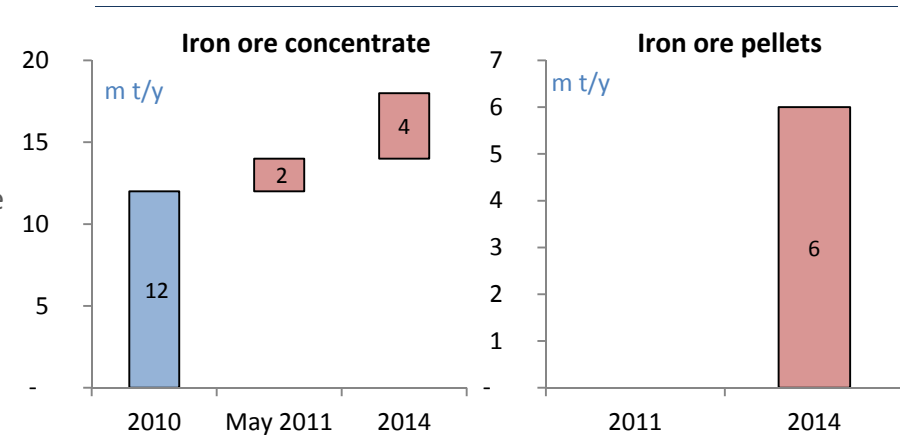
BENEFICIATION PLANT, 5th SECTION

- Location: Stoilensky (Stary Oskol)
- Capacity: +4 mtpy (2014)
- Goal: pelletizing plant sufficiency in iron ore concentrate

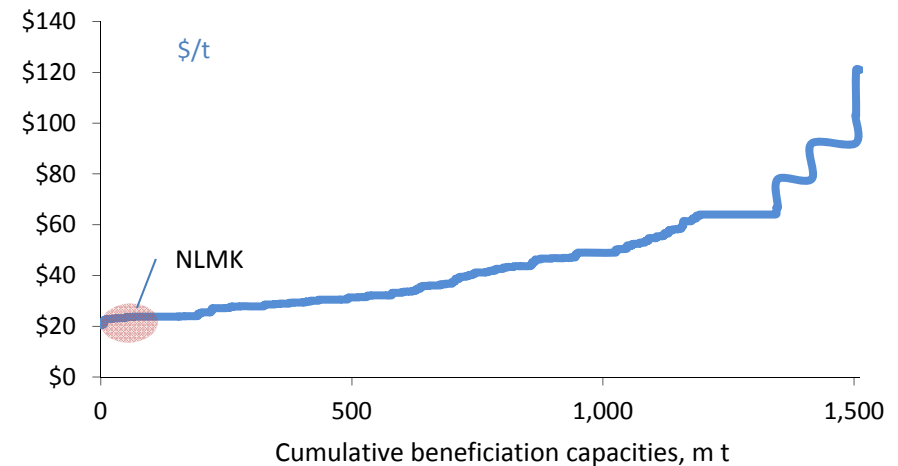
OPEN PIT EXPANSION

- Location: Stoilensky (Stary Oskol)
- +30% growth in iron ore extraction
- Goal: ensure the enriched ore production growth required for supplying the beneficiation capacities (beneficiation plant)

IRON ORE PRODUCTION CAPACITIES



GLOBAL IRON ORE PRODUCTION COSTS



LONG PRODUCTS (2012-13)

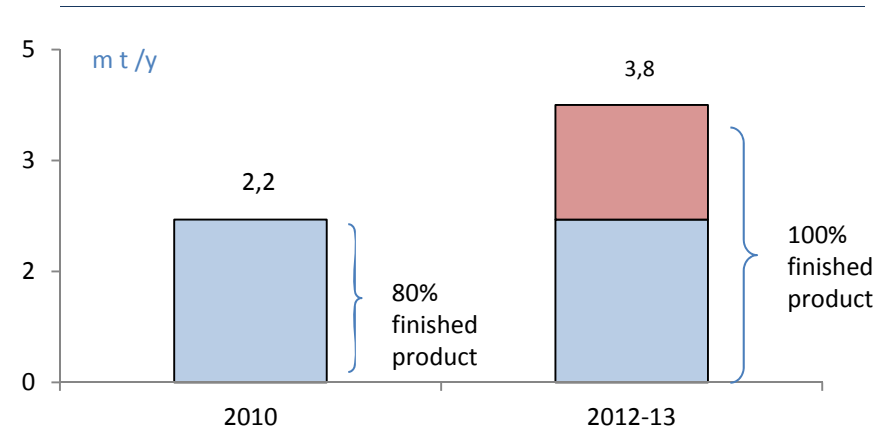
KALUGA MINI-MILL (EAF) CONSTRUCTION

- Capacity: 1.55 mtpy of steel
- Total investments: c. \$1.2 bn
- Extended product mix for construction

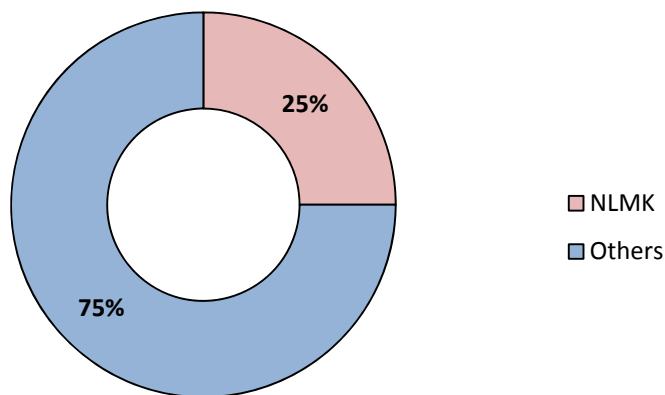
PROJECT ADVANTAGES

- Lower cash coast: (1) closeness to raw material sources and (2) modern production facilities
- Higher selling prices (EXW): (1) higher share of premium grades and (2) closeness to major customers

STEEL AND LONG PRODUCT CAPACITY



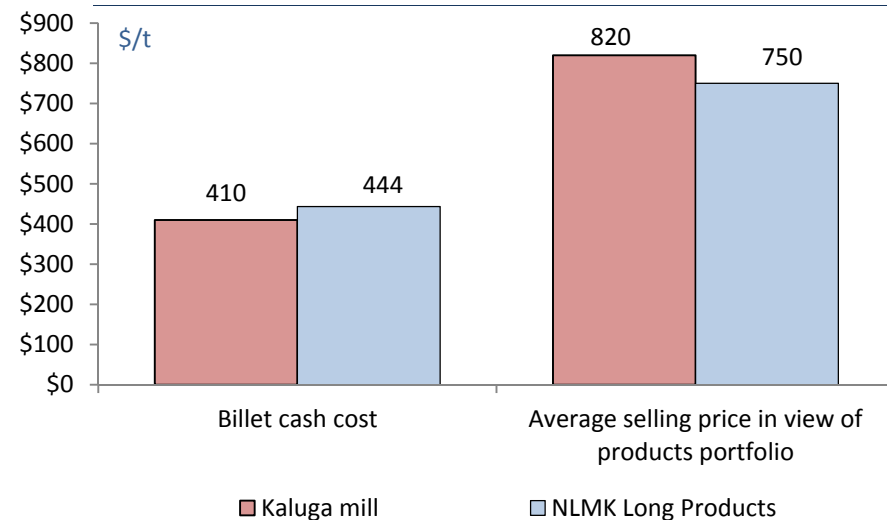
ESTIMATION OF NLMK SHARE ON RUSSIAN LONG PRODUCTS MARKET* IN 2013



* Long products production capacities for construction. Company estimates

** NLMK Long Products – current production capacities

KALUGA MILL/NLMK LONG PRODUCTS**



OUTLOOK

PRODUCTION

- In Q2 2012 crude steel production will amount to ~ 3.8 m t (+5% q-o-q)
- 12M 2012 crude steel production can exceed 15 m t

FINANCIAL INDICATORS

- Revenue in Q2 will increase by 10%
- Q2 2012 EBITDA margin will be in the range of 17%-19%

INVESTMENTS

- In 2012 total Capex will be at around \$1.7 billion

APPENDIX

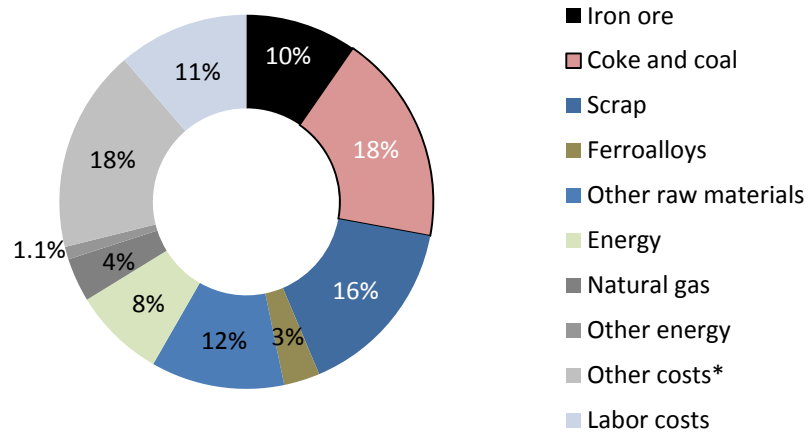
SEGMENT PERFORMANCE

SEGMENTS RESULTS

COST OF SALES GROWTH AS A RESULT OF INCREASED PRODUCTION VOLUMES PARTIALLY OFFSET BY LOWER PURCHASED RAW MATERIAL PRICES IN THE PRODUCTION COST STRUCTURE

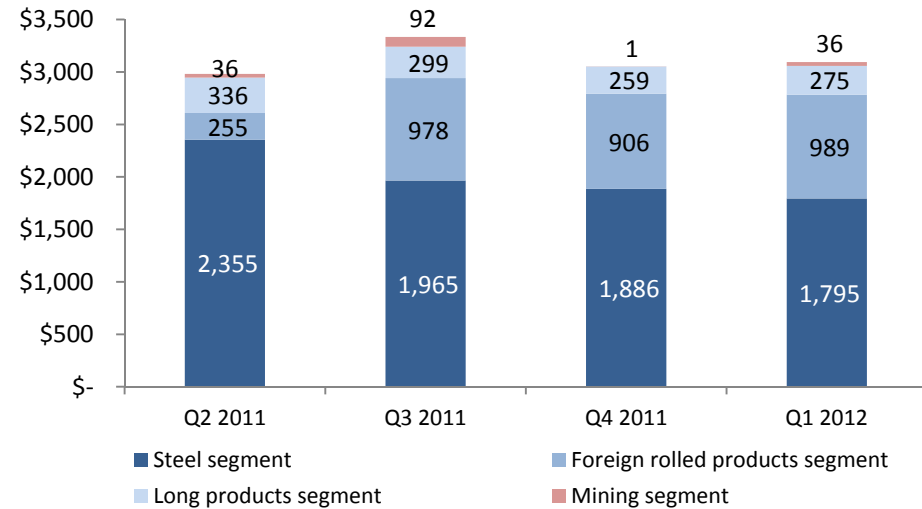
OPERATING PROFIT INCREASED DRIVEN BY IMPROVEMENT OF FOREIGN ROLLED PRODUCTS SEGMENT AND LONG PRODUCTS SEGMENT PERFORMANCE

CONSOLIDATED PRODUCTION COSTS, Q1 2012

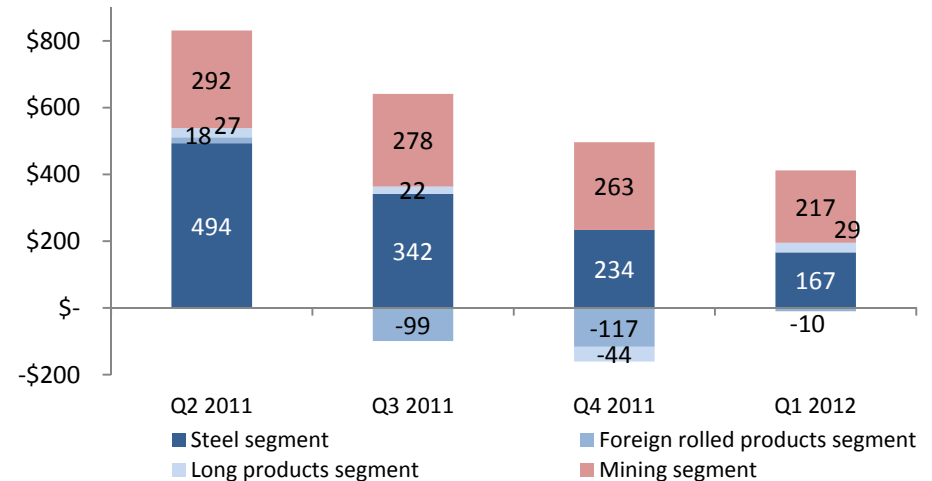


* Incl. auxiliary materials, repair expenses, change in inventories and other expenses

SALES REVENUE FROM 3rd PARTIES



EBITDA BY SEGMENTS



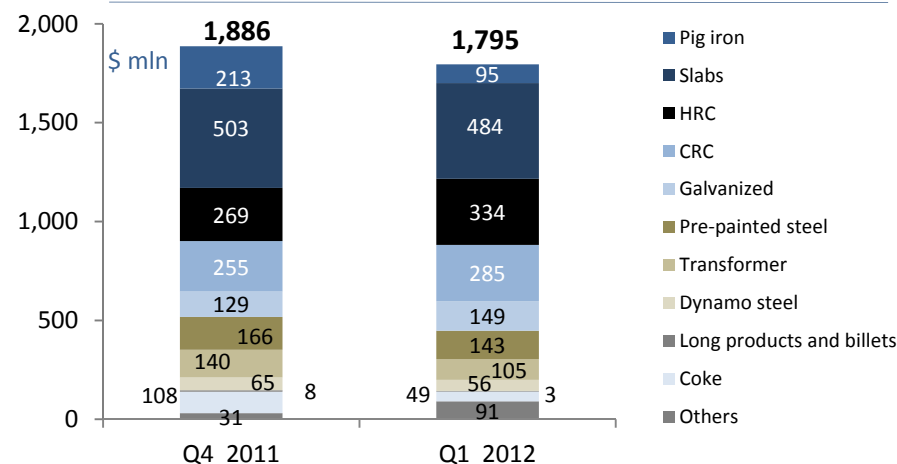
STEEL SEGMENT

**GROWTH OF NEW CAPACITY UTILIZATION
PREDETERMINED PRODUCTION INCREASE**

**DECREASE OF REVENUE FROM EXTERNAL CUSTOMERS
DRIVEN BY SALES PRICE REDUCTION**

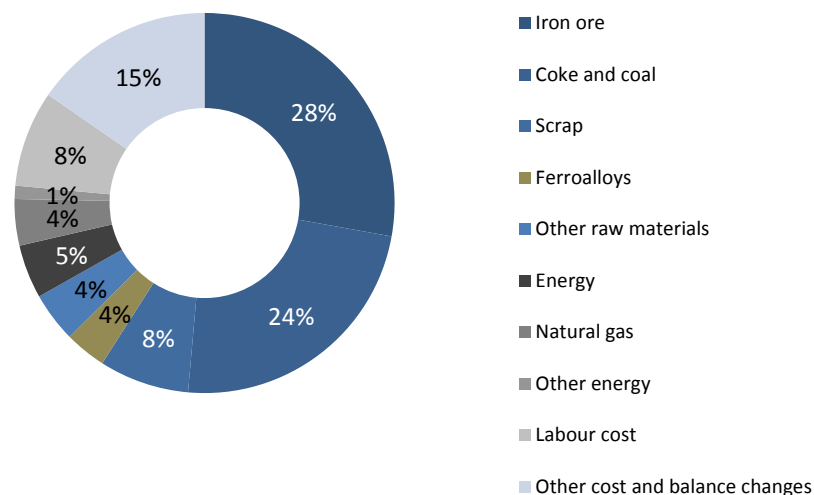
**NEGATIVE TREND IN OPERATING PROFIT IS DUE TO
DECLINE IN STEEL PRICES, AS WELL AS NEGATIVE
CURRENCY RATE IMPACT**

SALES REVENUE FROM 3rd PARTIES BY PRODUCT



('000 tonnes)	Q1 2012	Q4 2011 ¹	Change	Q1 2012	Q1 2011	Change
Steel production	2 950	2 700	9%	2 950	2 294	29%
Steel sales ² (\$ mln)	2 363	2 267	4%	2 363	2 131	11%
Revenue	2 217	2 217	0%	2 217	1 943	14%
<i>Incl external customers</i>	1 795	1 886	(5%)	1 795	1 837	(2%)
Cost of sales	(1 840)	(1 761)	4%	(1 840)	(1 459)	26%
Operating profit	78	157	(50%)	78	256	(69%)
- margin	4%	7%		4%	13%	

STEEL SEGMENT PRODUCTION COST, Q1 2012



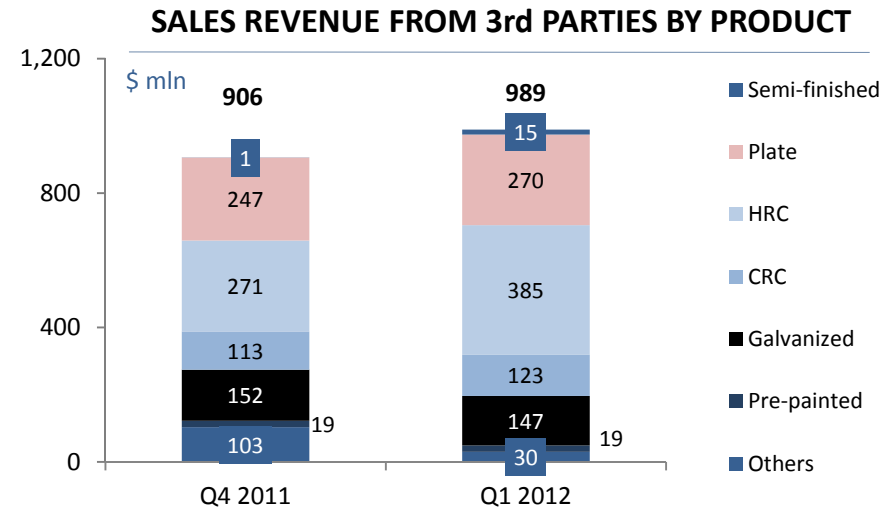
1. Based on management data

2. Sales to third parties including sales of the other segments performed by traders (trading operations are the part of the steel segment), excluding sales to other segments

FOREIGN ROLLED PRODUCTS SEGMENT

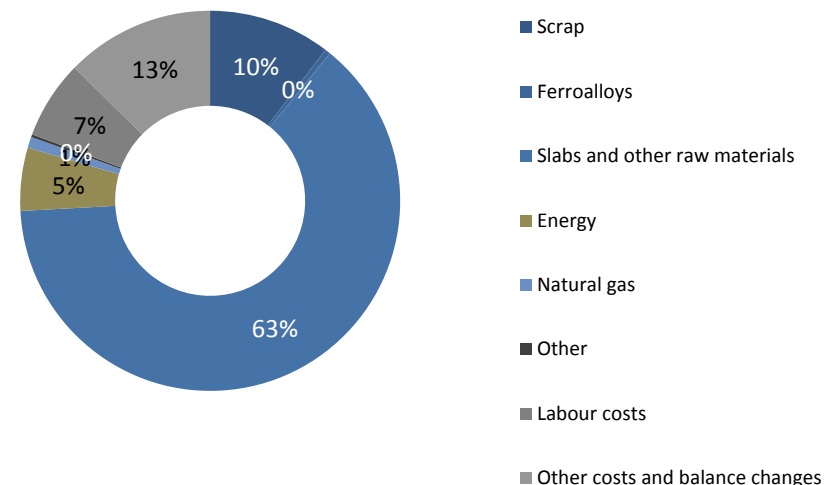
INCREASED DEMAND BOOSTED STEEL PRODUCTS SALES VOLUME GROWTH AND STEEL OUTPUT INCREASE

INDICATORS DIFFER SIGNIFICANTLY FROM Q1 2011 RESULTS AS THE 7 SIF COMPANIES JOINED THE GROUP IN H2 2011



FOREIGN ROLLED PRODUCTS SEGMENT PRODUCTION COST, Q1 2012

('000 tonnes)	Q1 2012	Q4 2011 ¹	Change	Q1 2012	Q1 2011	Change
Steel production	262	196	34%	262	164	60%
Steel sales ²	1 122	960	17%	1 122	278	303%
(\$ mln)						
Revenue	989	909	9%	989	242	308%
<i>incl. external customers</i>	989	906	9%	989	242	308%
Cost of sales	(972)	(932)	4%	(972)	(228)	327%
Operating profit	(63)	(130)	(52%)	(63)	4	
- margin	-6%	-14%		-6%	2%	



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

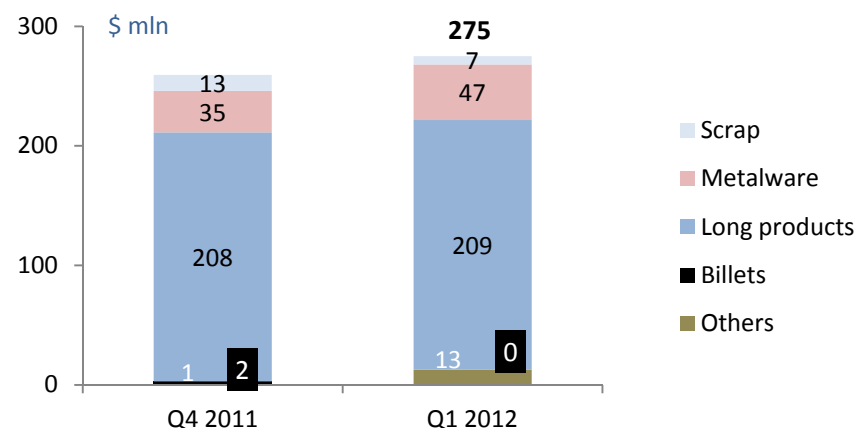
LONG PRODUCTS SEGMENT

INCREASE IN REVENUE TO EXTERNAL CUSTOMERS BY 6% DUE TO SALES VOLUME GROWTH TO EXTERNAL CUSTOMERS

STEEL PRODUCTION GROWTH IN Q1 2012 DUE TO EAF RE-LAUNCH

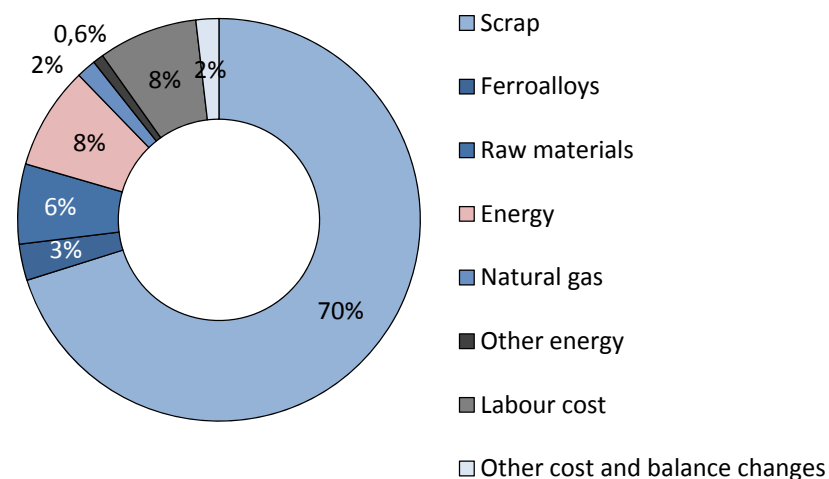
INCREASE OF SEGMENT PROFITABILITY DRIVEN BY LOWER PRODUCTION COSTS

SALES REVENUE FROM 3rd PARTIES BY PRODUCT



(^{'000 tonnes})	Q1 2012	Q4 2011 ¹	Change	Q1 2012	Q1 2011	Change
Steel production	423	276	54%	423	448	(6%)
Steel sales	388	377	3%	388	393	(1%)
In NLMK Group ²	16	53	(70%)	16	36	(57%)
(\$ mln)						
Revenue	348	385	(10%)	348	371	(6%)
<i>incl. external customers</i>	275	259	6%	275	260	6%
Cost of sales	(293)	(356)	(18%)	(293)	(310)	(5%)
Operating profit	7	(65)	(111%)	7	7	9%
- margin	2%	-17%		2%	2%	

LONG PRODUCTS SEGMENT PRODUCTION COST, Q1 2012



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

MINING SEGMENT

IRON ORE CONCENTRATE PRODUCTION INCREASED AGAINST Q1 2011 DUE TO CAPACITY EXPANSION

SALES VOLUME DECREASED TO THE PREVIOUS PERIOD IS DUE TO SEASONAL FACTOR

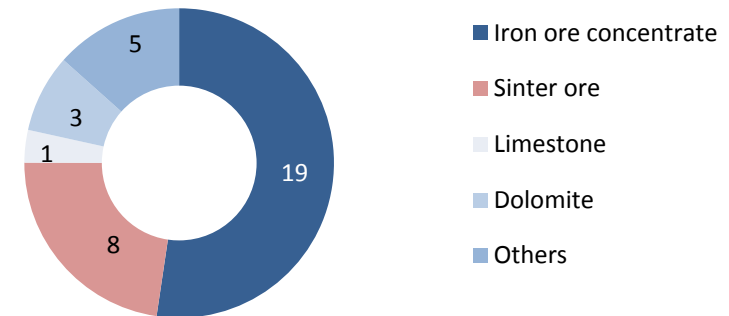
REDUCTION OF SALES REVENUE FROM EXTERNAL CUSTOMERS AND INTERSEGMENTAL OPERATIONS CAUSED BY LOWER IRON ORE PRICES

('000 tonnes)	Q1 2012	Q4 2011 ¹	Change	Q1 2012	Q1 2011	Change
Production						
iron ore concentrate	3 497	3 463	1%	3 497	2 933	19%
sinter ore	413	436	(5%)	413	413	0%
Sales						
iron ore concentrate	3 084	3 369	(8%)	3 084	2 883	7%
<i>in NLMK Group¹</i>	2 896	3 428	(16%)	2 896	2 883	0%
sinter ore	398	429	(7%)	398	414	(4%)
(\$ mln)						
Revenue	316	361	(12%)	316	294	7%
<i>incl. external customers</i>	36	1		36	20	78%
Cost of sales	(89)	(95)	(6%)	(89)	(84)	5%
Operating profit	203	246	(17%)	203	196	3%
- margin	64%	68%		64%	67%	

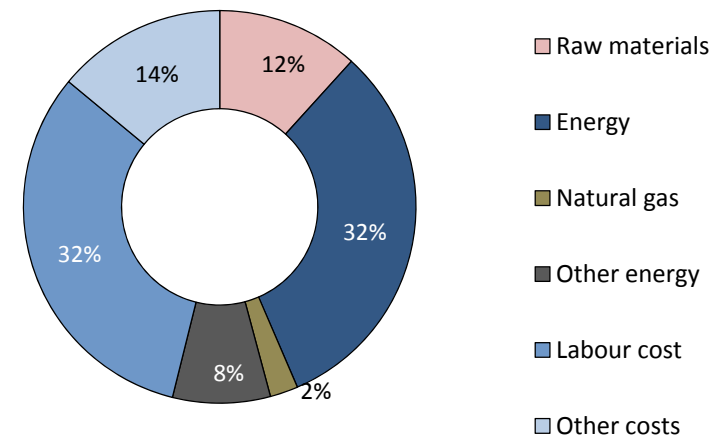
1. Incl. sales of other segment's products by traders of steel segment

SALES REVENUE FROM 3rd PARTIES BY PRODUCT Q1 2012

\$ mln



MINING SEGMENT PRODUCTION COSTS, Q1 2012



SEGMENTAL INFORMATION

1Q 2012								
(million USD)	Steel	Foreign rolled products	Mining	Long products	All other	Totals	Intersegmental operations and balances	Consolidated
Revenue from external customers	1 795	989	275	36		3 094		3 094
Intersegment revenue	423		73	281		776	(776)	
Gross profit	378	17	54	228	(0)	677	30	708
Operating income/(loss)	78	(63)	7	203	(0)	225	30	255
<i>as % of net sales</i>	4%	(6%)	2%	64%				8%
Income / (loss) from continuing operations before minority interest	113	(63)	(23)	127	(1)	154	20	174
<i>as % of net sales</i>	5%	(6%)	(6%)	40%				6%
Segment assets including goodwill ¹	14 281	4 329	2 769	2 217	59	23 655	(5 047)	18 609

4Q 2011								
(million USD)	Steel	Foreign rolled products	Mining	Long products	All other	Totals	Intersegmental operations and balances	Consolidated
Revenue from external customers	1 886	906	259	1	1	3 109		3 109
Intersegment revenue	331	3	126	360		764	(764)	
Gross profit	456	(23)	29	266	0	729	33	762
Operating income/(loss)	157	(130)	(65)	246	(0)	207	35	242
<i>as % of net sales</i>	7%	(14%)	(17%)	68%				8%
Income / (loss) from continuing operations before minority interest	207	(155)	(164)	178	2	68	56	123
<i>as % of net sales</i>	9%	(17%)	(43%)	49%				4%
Segment assets including goodwill ²	13 061	4 226	2 472	1 871	46	21 675	(4 418)	17 257

¹ as at 31.03.2012

² as at 31.12.2011

CONSOLIDATED STATEMENT OF INCOME

<i>(mln USD)</i>	Q1 2012	Q4 2011	Q1 2012/Q4 2011		Q1 2012	Q1 2011	Q1 2012/Q1 2011	
			+/-	%			+/-	%
Sales revenue	3 094	3 053	41	1%	3 094	2 359	735	31%
Production cost	(2 210)	(2 163)	(47)	2%	(2 210)	(1 466)	(744)	51%
Depreciation and amortization	(177)	(129)	(48)	38%	(177)	(124)	(53)	43%
Gross profit	708	762	(55)	(7%)	708	769	(61)	(8%)
General and administrative expenses	(136)	(191)	55	(29%)	(136)	(85)	(51)	60%
Selling expenses	(280)	(282)	2	(1%)	(280)	(186)	(94)	50%
Taxes other than income tax	(36)	(47)	11	(23%)	(36)	(34)	(2)	7%
Operating income	255	242	13	5%	255	463	(208)	(45%)
Gain / (loss) on disposals of property, plant and equipment	(0)	(6)	6	(98%)	(0)	(6)	6	(98%)
Gains / (losses) on investments	0	(57)	57	0%	0	(3)	4	0%
Interest income	6	10	(3)	(34%)	6	9	(3)	(33%)
Interest expense	(0)		(0)		(0)		(0)	
Foreign currency exchange loss, net	21	(26)	47		21	23	(3)	(11%)
Other expense, net	(31)	(18)	(13)	70%	(31)	(14)	(17)	121%
Income from continuing operations before income tax	251	144	106	74%	251	473	(222)	(47%)
Income tax	(77)	(21)	(56)	267%	(77)	(107)	30	(28%)
Equity in net earnings/(losses) of associate	0	0	(0)	(61%)	0	15	(15)	(99%)
Net income	174	124	50	41%	174	381	(207)	(54%)
Less: Net loss / (income) attributable to the non-controlling interest	(1)	30	(31)		(1)	11	(12)	
Net (loss) / income attributable to OJSC Novolipetsk Steel stockholders	173	153	19	13%	173	392	(219)	(56%)
EBITDA	432	371	61	17%	432	587	(155)	(26%)

* Q1 2012, Q1 2011, are official reporting periods. Q4 2011 figures are derived by computational method.

CONSOLIDATED BALANCE SHEET

	as at 31.03.2012	as at 31.12.2011	as at 30.09.2011	as at 30.06.2011	as at 31.03.2011	as at 31.12.2010	as at 31.12.2009
(mln. USD)							
ASSETS							
Current assets	5 714	5 504	5 644	4 811	4 438	4 105	3 877
Cash and cash equivalents	926	797	830	911	977	748	1 247
Short-term investments	11	227	59	202	265	423	452
Accounts receivable, net	1 786	1 573	1 694	1 669	1 295	1 260	913
Inventories, net	2 904	2 828	2 939	1 923	1 784	1 580	1 134
Deferred income tax assets	24	19	53	44	51	43	72
Other current assets, net	63	59	69	62	65	52	58
Current assets, held for sale							
Non-current assets	12 895	11 753	11 440	11 140	10 713	9 794	8 625
Long-term investments, net	9	8	9	932	728	688	468
Property, plant and equipment, net	11 664	10 570	10 275	9 436	9 223	8 382	7 316
Intangible assets	159	159	173	177	181	181	203
Goodwill	802	760	728	534	528	495	557
Other non-current assets, net	244	19	10	22	25	26	68
Deferred income tax assets	17	237	245	38	28	21	12
Total assets	18 609	17 257	17 084	15 951	15 150	13 899	12 502
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current liabilities	3 577	2 940	3 163	2 141	1 831	1 652	1 417
Accounts payable and other liabilities	1 783	1 623	2 098	1 535	1 252	1 107	841
Short-term borrowings	1 781	1 306	1 031	544	553	526	557
Current income tax liability	12	11	34	62	26	19	19
Non-current liabilities	3 880	4 212	3 849	2 539	2 718	2 693	2 475
Long-term borrowings	2 693	3 074	2 791	2 070	2 074	2 099	1 939
Deferred income tax liability	762	714	705	455	450	401	396
Other long-term liabilities	425	425	353	14	194	194	140
Total liabilities	7 457	7 152	7 012	4 680	4 549	4 345	3 892
Stockholders' equity							
Common stock	221	221	221	221	221	221	221
Statutory reserve	10	10	10	10	10	10	10
Additional paid-in capital	306	306	306	306	99	99	112
Other comprehensive income	(613)	(1 489)	(1 391)	(108)	(241)	(917)	(797)
Retained earnings	11 272	11 099	10 945	10 984	10 654	10 261	9 171
NLMK stockholders' equity	11 196	10 147	10 092	11 414	10 742	9 675	8 718
Non-controlling interest	(45)	(42)	(21)	(144)	(141)	(121)	(108)
Total stockholders' equity	11 151	10 105	10 072	11 270	10 601	9 554	8 610
Total liabilities and stockholders' equity	18 609	17 257	17 084	15 951	15 150	13 899	12 502

CONSOLIDATED CASH FLOW STATEMENT

<i>(mln. USD)</i>	Q1 2012	Q4 2011	Q1 2012/Q4 2011		Q1 2012	Q1 2011	Q1 2012/Q1 2011	
			+/-	%			+/-	%
Cash flow from operating activities								
Net income	174	124	50	41%	174	381	(207)	(54%)
Adjustments to reconcile net income to net cash provided by operating								
Depreciation and amortization	177	129	48	38%	177	124	53	43%
Loss on disposals of property, plant and equipment	0	6	(6)	(98%)	0	6	(6)	(98%)
(Gain)/loss on investments	(0)	57	(57)		(0)	3	(4)	
Equity in net earnings of associate	(0)	(0)	0	(61%)	(0)	(15)	15	(99%)
Defferd income tax (benefit)/expense	(5)	11	(17)	(148%)	(5)	11	(17)	(147%)
Loss / (income) on forward contracts						(8)	8	
Other movements	5	(67)	72		5	5	0	
Changes in operating assets and liabilities								
Increase in accounts receivables	(58)	107	(165)	(154%)	(58)	54	(112)	
Increase in inventories	195	121	74	61%	195	(88)	283	(322%)
Decrease/(increase) in other current assets	2	2	(1)	(25%)	2	(9)	10	(121%)
Increase in accounts payable and other liabilities	13	(147)	160	(109%)	13	71	(58)	(82%)
Increase/(decrease) in current income tax payable	0	(23)	24	(102%)	0	6	(6)	(94%)
Net cash provided from operating activities	502	320	182	57%	502	542	(40)	(7%)
Cash flow from investing activities								
Proceeds from sale of property, plant and equipment	3	11	(8)	(73%)	3	5	(2)	(44%)
Purchases and construction of property, plant and equipment	(358)	(519)	161	(31%)	(358)	(387)	29	(8%)
Proceeds from sale of investments	239	26	213	812%	239	429	(190)	(44%)
Placement of bank deposits and purchases of other investments	(8)	(253)	245	(97%)	(8)	(251)	243	(97%)
Net cash used in investing activities	(123)	(735)	611	(83%)	(123)	(203)	80	(39%)
Cash flow from financing activities								
Proceeds from borrowings and notes payable	86	1 137	(1 051)	(92%)	86	15	72	488%
Repayments of borrowings and notes payable	(264)	(512)	248	(48%)	(264)	(123)	(142)	116%
Capital lease payments	(5)	(3)	(2)	77%	(5)	(13)	8	(63%)
Dividends to shareholders	(0)	(269)	269		(0)	(0)	(0)	
Net cash used in financing activities	(183)	354	(537)	(152%)	(183)	(121)	(62)	51%
Net increase / (decrease) in cash and cash equivalents	196	(61)	257		196	218	(22)	(10%)
Effect of exchange rate changes on cash and cash equivalents	(68)	28	(96)		(68)	11	(79)	
Cash and cash equivalents at the beginning of the period	797	830	(33)	(4%)	797	748	49	7%
Cash and cash equivalents at the end of the period	926	797	129	16%	926	977	(52)	(5%)

* Q1 2012, Q1 2011, are official reporting periods. Q4 2011 figures are derived by computational method.

Q1 2012 CASH FLOW BRIDGE

CHANGE IN CASH

Effect of exchange rate changes

129

-68

Dividends

-0,13

FREE CASH FLOW

196

Other financial operations¹

+229

Net borrowings

-178

Acquisition and construction of PPE

-358

CASH FLOW FROM OPERATIONS

502

Income tax

-77

Other and non-cash operations²

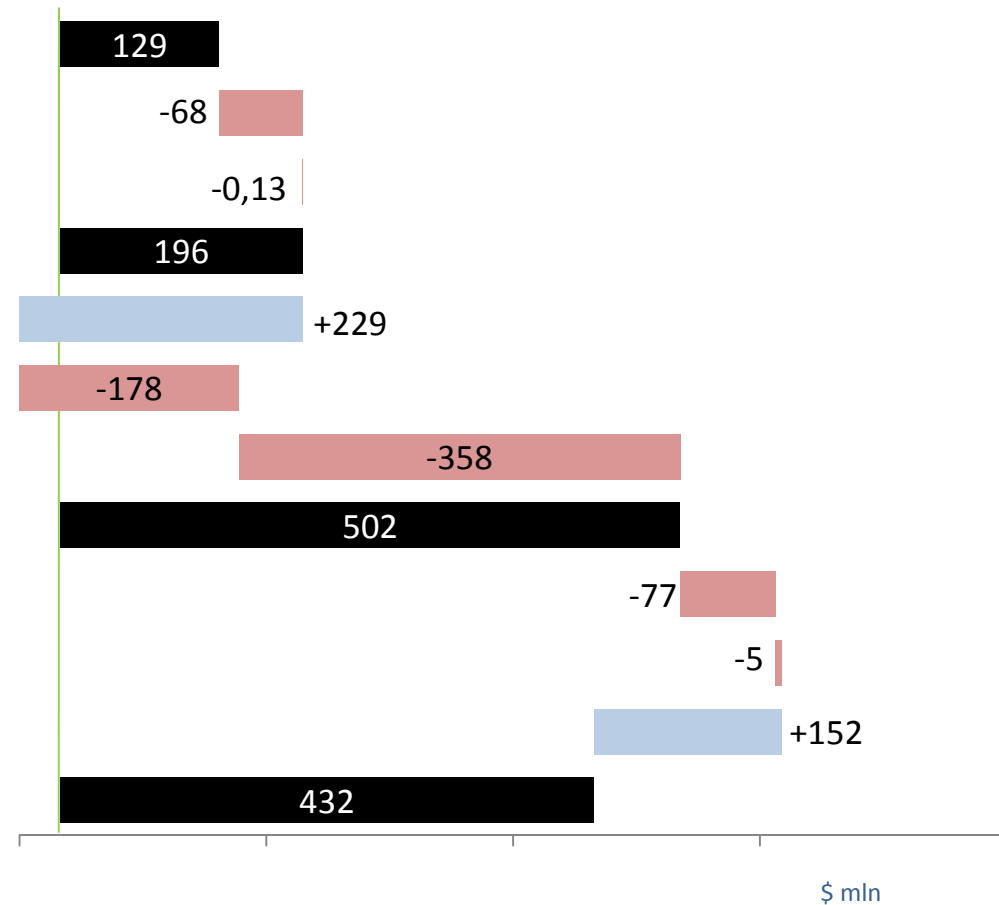
-5

Change in working capital

+152

EBITDA³

432



¹ Other financing activities include gains on disposals of property, plant and equipment, acquisition of financial investments, acquisitions of stakes in existing subsidiaries, gains from disposal of companies under common control, retirement of subsidiaries, changes in restricted cash funds, payments related to claim settlements, as well as other financial corrections.

² Non-cash transactions include corrections for coordinating operating profit and net operating cash flow excluding depreciation & amortization.

³ EBITDA = Operating profit + depreciation & amortization + losses on disposals of property, plant and equipment + impairment losses

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