



OJSC Novolipetsk Steel

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Q3 2007 RAS Financial Results for NLMK Group's major companies

Novolipetsk Steel (NLMK) (LSE: NLMK) today announces Q3 2007 Russian Accounting Standards (RAS) financial results for the Group's major Russian companies.

The filing of RAS accounting results is a Russian regulatory requirement. In addition, NLMK has been preparing financial reports in accordance with US GAAP accounting standards since 1998. RAS accounting results differ materially from US GAAP accounting results and are not comparable to financial statements prepared in accordance with US GAAP. The RAS accounting results of the Group's major Russian companies are not indicative of the financial condition or results of these entities under US GAAP. Reference should be made only to consolidated financial statements prepared in accordance with US GAAP for information with respect to NLMK Group's financial condition and results of operations.

Q3 2007 RAS financial results NLMK Group's Russian companies
(in thousands of rubles, except for percentages)

OJSC "Novolipetsk Steel"

	3Q 2007	2Q 2007	3Q 2006	Change, %	
				3Q 2007 / 2Q 2007	3Q 2007 / 3Q 2006
Revenue	39 555 687	37 905 957	40 042 814	4.4%	-1.2%
Gross profit	16 170 311	16 290 219	20 213 504	-0.7%	-20.0%
Operating profit	13 292 804	12 870 720	17 540 661	3.3%	-24.2%
Net profit	10 288 479	10 671 952	18 963 400	-3.6%	-45.7%

LLC "VIZ Stal"

	3Q 2007	2Q 2007	3Q 2006	Change, %	
				3Q 2007 / 2Q 2007	3Q 2007 / 3Q 2006
Revenue	4 623 608	4 782 405	3 940 902	-3.3%	17.3%
Gross profit	3 128 953	3 050 821	2 262 677	2.6%	38.3%
Operating profit	3 015 888	2 937 185	2 163 596	2.7%	39.4%
Net profit	2 287 211	2 225 540	1 622 989	2.8%	40.9%

OJSC "Stoilensky GOK"

	3Q 2007	2Q 2007	3Q 2006	Change, %	
				3Q 2007 / 2Q 2007	3Q 2007 / 3Q 2006
Revenue	5 124 340	5 247 014	4 500 124	-2.3%	13.9%
Gross profit	3 700 018	3 801 925	3 157 659	-2.7%	17.2%
Operating profit	3 483 111	3 574 143	2 894 308	-2.5%	20.3%
Net profit	2 916 719	2 929 726	2 277 966	-0.4%	28.0%

OJSC "Altai-koks"

	3Q 2007	2Q 2007	3Q 2006	Change, %	
				3Q 2007 / 2Q 2007	3Q 2007 / 3Q 2006
Revenue	4 185 395	4 088 115	2 957 527	2.4%	41.5%
Gross profit	1 234 830	949 389	790 140	30.1%	56.3%
Operating profit	737 566	381 217	412 766	93.5%	78.7%
Net profit	519 448	249 820	254 859	107.9%	103.8%

OJSC "TMTP"

	3Q 2007	2Q 2007	3Q 2006	Change, %	
				3Q 2007 / 2Q 2007	3Q 2007 / 3Q 2006
Revenue	504 428	493 834	539 690	2.1%	-6.5%
Gross profit	298 745	276 883	327 080	7.9%	-8.7%
Operating profit	281 014	259 619	309 436	8.2%	-9.2%
Net profit	223 013	207 369	247 450	7.5%	-9.9%

LLC "NTK"

	3Q 2007	2Q 2007	3Q 2006	Change, %	
				3Q 2007 / 2Q 2007	3Q 2007 / 3Q 2006
Revenue	441 872	438 455	274 884	0.8%	60.7%
Gross profit	165 904	164 335	85 599	1.0%	93.8%
Operating profit	126 945	122 862	53 821	3.3%	135.9%
Net profit	98 206	92 828	37 889	5.8%	159.2%

Highlights

- **NLMK's financial results increased in Q3 2007 compared to Q2 2007, driven by growing sales volumes and a favorable pricing environment**

The restoration of production levels at NLMK's Blast Furnace #6 coupled with growing prices on a number of steel products resulted in sales revenue and operating profit increasing by 4.4% and 3.3% respectively as compared with the previous quarter. The divestment of Lipetskombank and substantial gains from minorities in the previous quarter contributed to a slight decrease in net profit of OJSC "Novolipetsk Steel" as compared with Q2 2007.

The substantial growth of raw materials prices in Q3 2007 as compared with Q3 2006 resulted in increased production costs at the main production site in Lipetsk. This factor contributed to the profit decrease. The increase in production costs was mainly influenced by prices of iron ore, the main supplier of which is Stoilensky GOK.

The 45.7% decrease y-o-y in net profit of Novolipetsk Steel is mainly attributed to a non-recurring gain from the divestment of NLMK's interest in KMA-Ruda in Q3 2006.

- **A substantial increase of financial results of LLC VIZ-Stal in Q3 2007 compared to Q3 2006**

A RUR 682.7 million increase in sales revenue, or 17.3% growth y-o-y, is primarily attributable to the strong pricing environment on grain-oriented steel and increased sales volumes.

An increase in sales revenue coupled with a decrease of production costs in Q3 2007 as compared with the corresponding period of the previous year resulted in operating profit improving by RUR852.3 million, or 39.4%, while net profit increased RUR664.2 million, or 40.9%.

- **Stoilensky GOK demonstrates strong financial results compared to the corresponding period**

In Q3 2007 sales revenue increased by RUR624.2 million, or 13.9% y-o-y, as a result of increased iron and sinter ore prices shipped to NLMK's production site in Lipetsk. In addition, better mining conditions of the deposit resulted in an increase of sales volumes of sinter ore during the reporting period.

An increase in operating profit by RUR588.8 million in Q3 2007, or 20.3% y-o-y, is due to sales revenue growth coupled with a minor increase of production costs and a decrease in SG&A expenses.

An additional driver of net profit growth in Q3 2007 is a positive balance of other expenses and profits as well as increase of interest received from deposits, and, as a result, net profit in Q3 2007 reached RUR2,916.7 million, an increase by RUR638.8 million or 28.0% y-o-y.

- **Strong growth of financial results at Altai-koks**

Q3 2007 sales revenue amounted to RUR4,185.4 million, a 41.5% increase as compared with the corresponding period. The main factors contributing to the strong results are the growth of sales volumes following the start of operation of new coke battery #5 and a favorable pricing environment.

The removal of export duty for coke in July of 2007 and changing sales mix, with increased domestic market sales, coupled with growth of production volumes and prices resulted in a substantial increase in operating and net profit amounting to RUR737.6 million and RUR519.4 million, respectively.

- **Decrease in financial results of Tuapse Sea Port (TMTP) compared to the previous year and its growth in 2007**

The decrease of Q3 2007 financial results is primary attributable to the drop in USD/RUR exchange rate. The USD/RUR exchange rate fluctuations have a substantial impact on sea port financial results because the freight turnover tariffs are regulated by the Russian governmental agencies and fixed in US dollars. The additional factor contributing to the decrease of the financial results is a declining dry freight turnover due to labour disputes between employees and the sea port administration.

Sales revenue and operating profit in Q3 2007 increased by 2.1% and 8.2% correspondingly as compared with Q2 2007, due to growth in turnover volumes of oil products and port fleet services.

- **A substantial improvement in financial performance of LLC NTK compared to the previous year**

The growing volume of logistics and transportation services in Q3 2007 compared to Q3 2006 resulted in improved financial results. The additional factor contributing to this favorable financial performance is the utilization of company owned railcars since September 2006. This approach enabled OJSC "NTK" to cut railcars usage fees paid to "Russian Railways" and thus decreased transportation costs. These factors contributed to an increase of Q3 2007 net profit by 159.2% y-o-y while sales revenue for the reporting period grew by 60.7% y-o-y.

The growth of Q3 2007 results as compared to the previous quarter is attributable to increased volume of logistics and transportation services and freight turnover.