



OJSC Novolipetsk Steel
07 May 2007

Q1 2007 RAS Financial Results for NLMK Group's major companies

Novolipetsk Steel (NLMK) (LSE: NLMK) today announces Q1 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 the 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.

Q1 2007 RAS financial results NLMK Group's Russian companies (in thousands of rubles, except for percentages)

OJSC "Novolipetsk Steel"

	Q1 2007	Q4 2006	Q1 2006	Change (%)	
				Q107 /Q406	Q107 /Q106
Revenue	36 526 665	37 699 792	27 886 491	-3.1%	31.0%
Gross profit	14 084 426	16 766 698	11 710 355	-16.0%	20.3%
Operating profit	11 491 241	13 772 413	10 413 889	-16.6%	10.3%
Net profit	9 545 498	5 508 466	15 053 814	73.3%	-36.6%

LLC "VIZ Stal"***

	Q1 2007	Q4 2006	Q1 2006	Change (%)	
				Q107 /Q406	Q107 /Q106
Revenue	4 168 237	4 367 236	3 670 490	-4.6%	13.6%
Gross profit	2 690 970	2 651 933	2 030 955	1.5%	32.5%

Operating profit	2 587 454	2 549 792	1 918 593	1.5%	34.9%
Net profit	1 937 175	1 855 579	1 435 061	4.4%	35.0%

OJSC “Stoilensky GOK”

	Q1 2007	Q4 2006	Q1 2006	Change (%)	
				Q107 /Q406	Q107 /Q106
Revenue	5 437 608	5 400 300	2 730 628	0.7%	99.1%
Gross profit	3 885 818	3 897 539	1 467 890	-0.3%	164.7%
Operating profit	3 671 604	3 643 978	1 314 596	0.8%	179.3%
Net profit	3 000 039	2 835 663	1 048 534	5.8%	186.1%

OJSC “Altai-koks”***

	Q1 2007	Q4 2006	Q1 2006	Change (%)	
				Q107 /Q406	Q107 /Q106
Revenue	3 472 679	3 897 581	2 124 568	-10.9%	63.5%
Gross profit	788 149	1 216 797	341 154	-35.2%	131.0%
Operating profit	284 279	456 419	170 913	-37.7%	66.3%
Net profit	160 674	169 632	69 034	-5.3%	132.7%

OJSC “TMTP”

	Q1 2007	Q4 2006	Q1 2006	Change (%)	
				Q107 /Q406	Q107 /Q106
Revenue	536 768	593 216	562 337	-9.5%	-4.5%
Gross profit	317 227	370 678	372 885	-14.4%	-14.9%
Operating profit	299 053	351 978	355 454	-15.0%	-15.9%
Net profit	233 639	295 940	231 500	-21.1%	0.9%

LLC “NTK”

	Q1 2007	Q4 2006	Q1 2006	Change (%)
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				Q107 /Q406	Q107 /Q106
Revenue	385 939	388 168	115 710	-0.6%	233.5%
Gross profit	167 138	154 010	48 783	8.5%	242.6%
Operating profit	124 953	106 621	18 358	17.2%	580.6%
Net profit	93 204	75 548	13 170	23.4%	607.7%

OJSC “Lipetskcombank”

	Q1 2007	Q4 2006	Q1 2006	Change (%)	
				Q107 /Q406	Q107 /Q106
Total interest and similar income	322 028	296 896	236 545	8.5%	36.1%
Net interest and similar income	179 359	141 929	114 889	26.4%	56.1%
Income before income tax	70 964	53 648	38 868	32.3%	82.6%
Net profit	48 874	45 776	26 134	6.8%	87.0%

Highlights

- ◆ **NLMK’s financial results decreased in Q1 2007 compared to Q4 2006 due to a weak pricing environment**

Slab, hot-rolled and cold-rolled steel prices in Q1 2007 were below the record levels of Q4 2006 due to seasonal factors. The weak pricing environment negatively impacted NLMK’s financial results in Q1 2007 compared to the previous reporting period. Steel prices started to rebound only towards the end of Q1 2007.

Sales revenue, gross profit and operating profit increased in Q1 2007 compared to Q1 2006 due mainly to the growth of prices and sales volumes as well as changes to delivery terms. The lower growth rate of operating profit compared to gross profit was caused by increased SG&A expenses associated with changes to delivery terms in March 2006.

Net profit in Q1 2007 amounted to RUR 9.5 billion. The 73.3% net profit increase in Q1 2007 compared to Q4 2006 is primarily attributable to impairment losses and accretion expense on asset retirement obligations of the Prokopievskugol Group of Companies. Net profit decreased by 37% in Q1 2007 compared to Q1 2006 caused by lower gains on financial investments. The proceeds from the divestment of NLMK’s stake in Lebedinsky GOK in Q1 2006 substantially exceeded the proceeds from the divestment of energy assets in Q1 2007

- ◆ **VIZ-Stal’s sales revenue decreased in Q1 2007 compared to Q4 2006**

Sales revenue declined slightly during the reporting period due to the decrease of sales volumes. The apparent slight decrease in VIZ-Stal’s sales volumes is due to the fewer number of calendar days in Q1 2007 against Q4 2006. The strong pricing environment resulted in an

increase of VIZ Stal's sales revenue in Q1 2007 compared to Q1 2006. The decrease in production costs also contributed to the growth of gross profit, operating profit and net profit.

➤ **Stoilensky GOK demonstrates stable financial results increase compared to Q1 2006**

The strong pricing environment combined with the increase of Stoilensky GOK sales volumes in Q1 2007 compared to Q1 2006 resulted in an increase of sales by 99.1% and 0.7% compared to Q1 2006 and Q4 2006 respectively. Growing iron ore prices and sales volumes resulted in gross profit and operating profit increase in Q1 2007 compared to Q1 2006 by 164.7% and 179.3% respectively. The gross profit and operating profit in Q1 2007 were close to the level of Q4 2006.

Net profit at Stoilensky GOK in Q1 2007 amounted to RUR 3 bln. Net profit increased by 5.8% compared to Q4 2006 and 186.1% compared to Q1 2006. The net profit increase increase was primarily attributable to growth of sales revenue and interest income.

➤ **Financial results decrease at OJSC "Altai-koks"**

Altai-koks financial results decrease in Q1 2007 compared to Q4 2006 is due to a continuing weak pricing environment as well as growing coal concentrate prices.

Increased coke sales volumes, following the commissioning of coke battery #5 and substantial growth of chemical products prices in Q1 2007 compared to the same period of the previous year, resulted in an improvement in financial results.

➤ **Financial results increase at OJSC «Lipetskcombank»**

The improvement of OJSC Lipetskcombank's financial results was primarily attributable to growth of the credit portfolio.. As a result, net profit in Q1 2007 amounted to RUR 48.9 mln, an increase of 6.8% and 87.0% compared to Q4 2006 and Q1 2006 respectively.

➤ **US dollar weakness and low volume of transshipments resulted in OJSC "TMTP" financial results deterioration**

A decrease in the volume of transshipments, due to poor weather conditions resulted in lower sales revenue and profits in Q1 2007 compared with Q1 and Q4 of the previous year. Moreover, another factor contributing to the decrease in the company's financial results was US dollar weakness because the sea port tariffs are regulated by state authorities and denominated in US dollars.

➤ **Financial results increase at LLC "NTK"**

The growing volume of logistics and transportation services, as well as the ongoing optimization of the transportation routes resulted in a substantial growth of financial results of LLC "NTK" in Q1 2007 compared to the same period of the last year. Increased quantity of shipments by company owned railcars enabled LLC "NTK" to cut railcars usage fees paid to "Russian Railways", which, in turn, contributed to the increase of sales revenue and net income of LLC "NTK".

** Indicated companies of the Group include: Novolipetsk Steel (NLMK), LLC "VIZ Stal", Stoilensky GOK, OJSC "Altai-koks", OJSC "Lipetskcombank", LLC "NTK" and OJSC "TMTP".*

*** VIZ Stal forms part of NLMK's Group since August 2006*

**** Altai-koks forms part of NLMK's Group since April 2006.*

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