PRESS RELEASE

March 6, 2018

Public Joint Stock Company «Mining and Metallurgical Company «NORILSK NICKEL»
(PJSC «MMC «NORILSK NICKEL», «Nornickel», the «Company», the «Group»)

NORNICKEL REPORTS FULL YEAR 2017 AUDITED CONSOLIDATED IFRS FINANCIAL RESULTS

Moscow – PJSC MMC Norilsk Nickel, one of the largest refined nickel and palladium producer in the world, reports today IFRS financial results for the full year ended December 31, 2017.

2017 HIGHLIGHTS

- Consolidated revenue increased 11% y-o-y to USD 9.1 billion on the back of higher realized metal prices;
- EBITDA was up 2% y-o-y to a robust USD 4 billion owing to higher metal revenue that was partly negatively offset by RUB appreciation against USD, one-off increase in social-related expenses and accumulation of palladium stock to deliver under the 2018 contracts;
- EBITDA margin amounted to an industry-leading level of 44%;
- CAPEX increased by 17% y-o-y to USD 2 billion as Bystrynsky copper project (Chita) was in its final construction stage and the Bystrinsky concentrator was launched into hot commissioning at the end of 2017, while the upgrade of nickel refining facilities at Kola entered into active construction;
- Reported net debt/EBITDA ratio increased to 2.1x as of the end of 2017 driven mostly by the payment of dividend for 2016 and interim dividend for 2017 and one-off increase of working capital;
- Net debt/EBITDA ratio for the purposes of calculating final dividend for 2017 amounted to 1.88x;
- Major refinancing activities were completed in 2017, with new funding raised at record low interest rates, enabling a reduction of interest cost by over USD 150 million;
- In October 2017, the Company paid interim dividend for 1H2017 in the amount of RUB 224.2 per ordinary share (approximately USD 3.8 per ADR);
- In December 2017, Nornickel signed a 5-year USD 2.5 billion syndicated facility agreement with a group of international banks at Libor +1.5%.

RECENT DEVELOPMENTS

- On January 30, 2018 Moody's rating agency has raised Nornickel credit rating to the investment grade level "Baa3" and changed the outlook from "Stable" to "Positive". Therefore, Nornickel currently has investment grade credit ratings from all three international rating agencies Fitch, Moody's and S&P Global.

KEY CORPORATE HIGHLIGHTS

USD million (unless stated otherwise)	**2017**	**2016**	**Change,%**
Revenue	9,146	8,259	11%
EBITDA[1]	3,995	3,899	2%
EBITDA margin	44%	47%	(3 p.p.)
Net profit	2,123	2,531	(16%)
Capital expenditures	2,002	1,714	17%
Free cash flow[2]	(173)	1,591	(111%)
Net working capital[2]	2,149	455	5x
Net debt[2]	8,201	4530	81%
Net debt, normalized for the purpose of dividend calculation[4]	7,495	n.a.	n.a.
Net debt/12M EBITDA	2.1x	1.2x	0.9x
Net debt/12M EBITDA for dividends calculation	1.88x	n.a.	n.a.
Dividends paid per share (USD)[3]	18.8	7.8	141%

1) A non-IFRS measure, for the calculation see the notes below.
2) A non-IFRS measure, for the calculation see an analytical review document ("Data book") available in conjunction with Consolidated IFRS Financial Results on the Company's web site.
3) Paid during the current period
4) Normalized on interim dividends and deposits with maturity of more than 90 days

MANAGEMENT DISCUSSION AND ANALYSIS

The President of Nornickel, Vladimir Potanin, commented on the results:

«2017 was an exceptionally important year for Nornickel as it was marked by the successful completion of a number of key development projects started in 2013-2014.

With the upgraded Talnakh concentrator reaching its nameplate parameters and producing higher quality concentrates, Nadezhda smelting capacities expanded and Kola refining operations increased we managed to fully compensate for the idled metallurgical facilities of old Nickel Plant and increase production volumes of our key metals from own Russian feed by 7-15% year-on-year.

In the end of last October, we launched the Bystrinsky project in Zabaykalsky Kray that became the largest mining operation built in Russia from scratch for the last ten years. For us it is not just a new asset that will deliver additional 70 thousand tons of copper and 250 thousand ounces of gold per annum, but also a perfect opportunity to implement the most advanced technological, social, human capital management and environmental solutions.

As the global economic growth synchronized the optimism of investors returned to commodity market leading to a recovery of base metal and PGM prices in the second half of 2017. Therefore, our revenue was up 11% y-o-y to USD 9.1 billion and EBITDA amounted to USD 4 billion with a strong margin of 44%. Capital expenditures increased to USD 2 billion driven by the continuing downstream reconfiguration program, expansion of high-margin brownfield mining projects and the final stage of construction of Bystrinsky project. We continued investments in IT infrastructure including automated operating systems and shared service center. We have also finished a milestone project of delivering high-speed fiber cable to Norilsk.

I would like to highlight that we took the advantage of favourable market conditions on global capital markets and historically low interest rates to substantially decrease our cost of capital. During the last year we prepaid expensive rouble loans for the total amount of RUB 60 billion, issued two Eurobonds for USD 1.5 billion with a historically low coupons for our Company, renegotiated the terms of bilateral credit facilities for the total amount of USD 2.5 billion and signed a USD 2.5 billion syndicated facility with a group of international banks at lowest rate available for Russian corporates.

At the same time, we are not going to rest on our laurels and set even more ambitious goals for the years to come.

The most important target for us is the cardinal improvement of environmental situation in Norilsk and Kola. Last year we decided to start Sulfur project that is aimed to decrease sulfur dioxide emissions in the Polar division by 75% by 2023. This is a colossal project that includes the construction of large facilities for the production of sulfuric acid with its further neutralization and will require from us around USD 2.5 billion of investments.

As we believe in the future demand for our key metals we prepare a pipeline of new growth opportunities and within next couple of years will explore the possibility of development of South Cluster, further expansion of Talnakh Concentrator and joint venture with Russian Platinum to develop disseminated ores in the southern part of Norilsk industrial area.

During the last five years we deliver industry-leading returns to our investors and I am sure that the realization of our plans for the next five years will give a huge impetus to the Company's development and proved for sustainable value creation for all shareholders».

HEALTH AND SAFETY

The lost time injury frequency rate (LTIFR) increased from 0.35 in 2016 to 0.43 in 2017, but remained in line with the global mining industry average. At the same time total recordable fatal accidents dropped 46% y-o-y (from 13 to 7) driven by the roll out of new corporate standards of safety, launch of video information systems and a risk control initiatives aimed at the reduction of safety-related risks.

Each fatal accident has been reported to the Board of Directors and has been thoroughly investigated in order to prevent fatalities in future. The Company's management considers the health and safety of employees with a zero fatality rate as the key strategic priority and continues to implement a wide range of programmes to prevent occupational injuries.

Overall, in 2017:

- **38 internal audits** of HSE management system were held;
- **152 employees were fired** for violation of cardinal health and safety rules (versus 148 in 2016);
- **132 employees opted to refuse work** assignments as they could potentially threaten their life and health (versus 162 in 2016).

In 2017, Dupont Science and Technology LLC conducted an annual independent assessment of the current level of the occupational safety culture as well as changes to the HSE systems of the Group made during the year. According to this assessment, the company's integral score has been raised to 2.6 points in 2017 from 2.5 points in 2016 (1.4 points in 2014).

METAL MARKETS

Nickel in 2017 – price recovered in 2H on the back of strong global stainless and alloys demand; electric vehicles-related battery story contributed to the positive sentiment; a reduction of Class 1 nickel output from sulphide deposits was offset positively by the booming nickel pig iron (NPI) production in Indonesia and recovery in Chinese output; combined LME and SHFE inventories were albeit down 55 thousand tons y-o-y, but remained high at approximately 70 days of global consumption at the year-end 2017.

After a weak performance in 1H2017 driven by the removal of ore export ban in Indonesia and de facto cancelation of the suspension orders (result of a prior environmental audit) issued to nickel mines in Philippines, nickel price recovered strongly from USD 9,000 per ton in the end of June to USD 12,750 per ton by the end of December. This price performance was driven by a combination of macro- and industry-specific factors. On the one hand, the weakening US Dollar and improving sentiment towards global economic growth were supportive for all commodities prices. On the other hand, growing investors' interest towards nickel as one of the key raw materials for the prospective battery sector combined with a strong demand from stainless steel (STS) industry and moderate supply growth resulted in a sizeable nickel market deficit of 105 thousand tons.

In 2017, the average LME nickel price increased 8% y-o-y to USD 10,411 per ton.

Global nickel consumption in 2017 increased 5% y-o-y. While the growth rates of Chinese stainless demand were moderating in 2017 to 3% y-o-y from a very strong 10% growth in 2016, the nickel consumption in stainless steel in the rest of Asia increased over 27% y-o-y, propelled by the ramp-up of Indonesian STS mills, with the Americas' demand also strong, up 7% y-o-y owing to the output increase by largest US mills. European stainless demand was practically unchanged. Nickel demand in the battery sector expanded by a very impressive 29% to exceed 100 thousand tons on the back of a 40% rise in the battery electric vehicles (BEV) and plug-in hybrid vehicles (PHEV) global production volumes. The battery sector demand for nickel however remained a small fraction of global demand, accounting for just under 5%.

Global nickel supply in 2017 increased 2% y-o-y, mainly in the form of Class-2 nickel products produced from laterite ores. In 2017, Indonesia doubled its NPI production to over 170 thousand tons of nickel units, while also resuming the export of unprocessed ore, which amounted to 4 mln tons (approximately 40 thousand tons of nickel units) and were mainly destined to China. Ore supply from the Philippines were also recovering due to the policy change as the nickel mines, suspended as a result of 2016 environmental audit, were allowed to resume their operations. At the same time, production of Class-1 (high-grade) nickel decreased by approximately 60 thousand tons in 2017 , which was a result of the years of underinvestment into sulphide mines owing to weak nickel pricing environment, with additional production cuts related to the reconfiguration of nickel processing plants in Russia and Canada. Cathode nickel (a Class-1 product) suffered major production losses being down almost 150 thousand tons in the last two years. Therefore, while combined LME and SHFE exchange inventories decreased just over 10% or 55 thousand tons in 2017, the exchange stocks of full-plate cathodes were down almost 50% or 110 thousand tons. Since the full-plate cathodes are the preferred Class-1 nickel product for both the financial speculators and Chinese industrial consumers the tightening market balance of this specific product drove up its premiums to record high levels of up to USD 300 per ton (as published by price reporting agencies).

Nickel outlook – neutral short-term, positive medium-term; in spite of anticipated solid demand growth rates in 2018 we expect nickel market deficit to reduce to 15 thousand tons from 105 thousand tons in 2017 owing to ramp-up of NPI production in Indonesia and recovery of ore export volumes from Indonesia and the Philippines; battery sector remains a highly prospective, but still a relatively marginal driver of global nickel demand; we expect it to become a material consumer of nickel possibly from 2020s onwards subject to the EV penetration growth; in the medium term, we see tightening Class 1 nickel market balance, thus commanding a premium over Class 2 products and potential nickel market bifurcation.

In 2018, we anticipate economic growth in all key regions, which should be supportive of solid nickel demand. Primary nickel demand is expected to increase 6% y-o-y on the back of strong stainless steel output in China and continuing ramp-up of stainless production in Indonesia. We forecast another strong year in the demand in batteries as well as nickel alloys, with the latter being driven by expansion in aerospace and oil and gas sectors.

However, the ongoing ramp-up of NPI capacities in Indonesia (which are expected to add 76 thousand tons in 2018) and the strong outlook for the export of ore from the country as export quotas are now exceeding 30 million wet tons (over 300 thousand tons of nickel units) are likely to result in an accelerated growth of supply, thus reducing substantially the major apparent market deficit of 2017. Upside risks to our nickel market base case forecasts in 2018 are related to weather conditions, which may impede shipments of ore from the Philippines and Indonesia to China, and potential regulatory action in the Philippines, where the government may yet again adjust its policy towards the mining sector.

In the long run, we see very good prospects for the battery sector becoming the main driver of global nickel consumption. The forthcoming shift in favour of more nickel-intensive technologies (NCM and NCA) in battery cathode material alongside the growing share of electric vehicles in the global cars' production should drive up strongly the demand for Class 1 nickel products towards 2025. By this year, we forecast that an incremental annual increase in nickel uptake from batteries could exceed 500 thousand tons (which equals almost half of the current consumption of Class 1 nickel). Until then the price recovery will be subject to the drawdown of nickel exchange inventories, which remains at 70 days of global consumption. In addition, we see major potential for further substitution of Class 1 nickel products in STS with Class 2, thus making the former available to cover any incremental demand coming from the battery and other sectors.

Copper in 2017 – strong price rally in 2H was supported by supply disruptions and solid investor demand on the back of improving global economic sentiment and weakening US Dollar; by the year end copper price settled above USD 7,000 per ton reaching a 3-year maximum.

In 2017, copper price maintained a robust upward trend as the market sentiment was migrating from initially forecasted surplus to a balanced market with a marginal deficit of approximately 50 thousand tons as the supply disruptions in Chile and Indonesia came above expectations. Copper price volatility of the 1H 2017 diminished in the 2H 2017 as the investors' appetite towards commodities improved owing to improving global economic growth outlook, weakening of US Dollar and positive sentiment coming from the long-term EV story. A strong rally pushed copper price above USD 7,200 per ton by the year end.

The average LME copper price in 2017 increased 27% y-o-y to USD 6,166 per ton.

Copper outlook – neutral; price is well above the cash-cost curve; the market is expected to remain well-balanced in the medium term, while upcoming labour contracts re-negotiations in Chile and Peru may create upside risks in the short-term.

We believe that the recent copper price rally, taking the price above USD 7,000 per ton was mostly driven by macro factors, including improving economic growth outlook, rising speculative investor demand (in part fueled by rising oil prices) and historically strong negative correlation against US Dollar. In 2018, we do not see any major demand growth triggers as the Chinese copper consumption (accounting for approximately 50% of the world's demand) growth rates are moderating to 3% annually, whereas EV revolution is yet to gain critical mass to trigger a step change in copper consumption. On the supply side, we expect that a number of large projects, which were delayed or put on hold in 2015-2016, will ramp-up in 2018-2019 to their full capacity as almost all of them are profitable at spot copper (and by-product) prices. We therefore forecast by-and-large balanced copper market in 2018, with a marginal deficit of less than 0.5% of consumption, and do not expect any further material increase in copper price. However, the upcoming expiration of a large number of collective bargaining agreements in Latin America pose, in our view, some risk of labour unrest at the copper mines with a total production volumes of approximately 6.9 mln tons (or 30% of global primary copper production). If the strikes cause major disruptions (as at Escondida a year ago) copper market may develop a larger deficit and lead to higher price volatility.

Palladium in 2017 – a 42% y-o-y price rally driven by both solid industry fundamentals and tightness on the spot market; apparent deficit reached 0.8 mln troy ounces; palladium yielding a premium over platinum for the first time since 2001.

In 2017, palladium was the best performing commodity in our core metals' basket rallying 42% y-o-y to an average annual price of USD 869 per troy ounce. The price growth significantly accelerated in 2H 2017, and in October palladium beat psychological threshold of USD 1,000 per troy ounce, achieving a price premium over platinum for the first time in sixteen years.

In 2017, palladium industrial consumption reached a new all-time high of 10.6 mln troy ounces driven by the strong demand from automotive (+3% y-o-y) and chemical (+21% y-o-y) industries. Automotive growth was driven by the strong global car sales (+4% y-o-y) mostly in Asia, and recovering Russia and Brazil, which were coupled with an increase in SUV market share in the US, ongoing reduction of diesel share in Europe as well as tightening environmental legislation across many regions, requiring higher palladium loadings per vehicle. The decline in palladium ETF holdings that had been seen in the market since mid-2016 fully stopped in July-August 2017, indicating that the profit-taking period was over and investors' sentiment turned again bullish. Since November 2016, net long positions on NYMEX in palladium increased by around 2 million troy ounces.

In 2017, primary palladium production increased by 3% to 6.9 mln ounces, while recycling amounted to 2.9 mln ounces. As result of higher demand and almost flattish supply, we estimate that the apparent deficit in the palladium market expanded to 0.8 mln troy ounces driving further utilization of above-the-ground stocks. The latter we believe have already significantly depleted over the last couple of years, as a result of which a physical tightness in the palladium market has emerged.

Palladium outlook – positive; market deficit to widen on the back of continuing demand growth from automotive sector and lack of new primary supply; no immediate threat from electric vehicles

In 2018, we forecast that palladium consumption will increase to 11.1 million troy ounces, with a market apparent deficit widening to 1.2 mln troy ounces (excluding investment demand and stocks movement). Trends in the global automotive industry are long term and remain intact, which should be supportive of strong palladium consumption:

- Global car production is expected to increase by 2% y-o-y driven primarily by Pacific Asia region and Europe;
- Powertrain shift from diesel into gasoline is continuing, with the market share of diesel cars having already fallen below 50% in both Europe and India;
- New environmental regulations in China, North America and Europe will force automakers and their suppliers to update catalyst and in most cases to increase palladium loadings per vehicle that are estimated to grow by around 20% in 2017-2025;
- Increase in the number of hybrid vehicles, relying on gasoline engines using palladium-based catalysts, remains one of the key trends in the global auto industry switching to more environmentally friendly fleet, with their market share expected to reach approximately 10% by 2025.

On the supply side, we do not anticipate any major upside surprises as the capital investments of major PGMs producers are running at their lowest level for the past eight years and regulatory environment in South Africa remains volatile. However, we expect an increase of recycling volumes as the new wave of vehicles with higher PGM loadings should reach the scrap market in 2019-2021, which should cover some of the anticipated market deficit in the mid-term.

Platinum in 2017 – balanced market, but price was under pressure owing to weakening automotive and jewelry demand and bearish speculative bets on diesel market trends in Europe; started to trade at discount to palladium for the first time since 2001.

Platinum price was volatile through the last year, trading in the range from USD 880 to 1,000 per troy ounce, and strongly underperforming palladium. The lukewarm performance of platinum was driven by both weak automotive (-1% y-o-y) and jewelry (-2% y-o-y) demand. Moreover, negative industrial sentiment towards diesel engines triggered by Volkswagen's scandal and aggressive anti-diesel campaign by European policymakers incentivized bearish bets of investors, reflected in the 50% increase in short speculative positions on platinum during 2017. Primary mine supply marginally increased (+2% y-o-y) driven mostly by higher production volumes in RSA, Zimbabwe and Russia, while North American supply decreased on the back of lower PGM ore grades.

The average platinum price in 2017 was down 4% y-o-y to USD 949 per troy ounce.

Platinum outlook – neutral; falling market share of diesel cars and negative overall sentiment towards diesel combined with a stable primary supply will keep market in surplus; price is likely to follow palladium owing to potential mutual substitution

The platinum market is expected to remain in a marginal surplus in 2018 of approximately 300 thousand troy ounces net of investment demand. Diesel substitution with gasoline and hybrids in light vehicles is likely to continue, we believe, thus negatively affecting the global industrial demand. This trend, however, could be partly offset by a sustainable growth of platinum use in heavy-duty vehicles in order to meet tighter CO2 emissions standards. We also expect jewelry demand to recover slightly from the low base of 2017 driven mostly by India and the US.

We expect global primary platinum supply in 2018 to remain unchanged from last year as a marginal production increase in South Africa will be offset negatively by lower output in the rest of the world. In the medium term, we do not expect any material supply growth at least until 2021-2022, when Platreef and Waterberg projects are scheduled to launch. Nevertheless, taking into consideration weak spot platinum price as well as volatile business and regulatory environment in South Africa, we see a risk of delays at these projects.

KEY SEGMENTAL HIGHLIGHTS[1]

USD million (unless stated otherwise)	2017	2016	Change,%
Revenue	**9,146**	**8,259**	**11%**
Group GMK	7,671	6,194	24%
Group KGMK	888	664	34%
NN Harjavalta	840	727	16%
Other metallurgical	141	84	68%
Other non-metallurgical	1,266	1,699	(25%)
Eliminations	(1,660)	(1,109)	50%
Consolidated EBITDA	**3,995**	**3,899**	**2%**
Group GMK	4,701	3,883	21%
Group KGMK	169	117	44%
NN Harjavalta	84	45	87%
Other metallurgical	(53)	(11)	5x
Other non-metallurgical	114	119	(4%)
Eliminations	(377)	112	n.a.
Unallocated	(643)	(366)	76%
EBITDA margin	**44%**	**47%**	**(3 п.п.)**
Group GMK	61%	63%	(2 p.p.)
Group KGMK	19%	18%	1 p.p.
NN Harjavalta	10%	6%	4 p.p.
Other metallurgical	(38%)	(13%)	(25 p.p.)
Other non-metallurgical	9%	7%	2 p.p.

1) Segments are defined in the consolidated financial statements

In 2017, revenue of Group GMK segment increased by 24% to USD 7,671 million. This was primarily driven by higher realized metal prices and transition of NN Harjavalta to the Company's own Russian feed. This positive effect was partly compensated by lower sales volume in 2017 owing to accumulation of palladium in 2017 and release of stock in 2016.

The revenue of Group KGMK segment increased by 34% to USD 888 million mainly due to the increase in revenue from processing of the feed coming from Polar division.

Revenue of NN Harjavalta increased by 16% to USD 840 million. This was primarily driven by higher realized metal prices and increased metal production from the Company's own Russian feed.

Revenue of Other metallurgical segment increased by 68% to USD 141 million. This was primarily driven by higher realized metal prices.

Revenue of Other non-metallurgical segment decreased by 25% to USD 1,266 million. This was driven primarily by changes of inter-segment revenue streams driven by transition to Group's own Russian feed and accumulation of metal stock in 2017.

In 2017, EBITDA of Group GMK segment increased by 21% to USD 4,701 million owing primarily to higher realized metal prices partly offset by lower sales volume in 2017 owing to accumulation of stock in 2017 due to Palladium fund activities and higher base effect of release of stock in 2016 as well as increased cash costs on the back of the Russian rouble appreciation against US Dollar.

EBITDA of Group KGMK segment increased by 44% to USD 169 million primarily owing to the increased sales volume and higher margin of tolling operations.

EBITDA of NN Harjavalta increased by 87% to USD 84 million primarily due to higher revenue and processing the Company's own Russian feed instead of low-margin third parties feed.

EBITDA of Other metallurgical segment decreased five times to negative USD 53 million primarily due to one-off expenses.

EBITDA of Other non-metallurgical segment decreased by USD 5 million to USD 114 million.

EBITDA of Unallocated segment decreased by 76% to negative USD 643 million primarily due to increased social expenses of the Group.

SALES VOLUME AND REVENUE	2017	2016	Change,%
Metal sales			
Group			
Nickel, thousand tons[2]	215	271	(21%)
from own Russian feed	206	229	(10%)
from 3d parties feed	9	42	(79%)
Copper, thousand tons[2]	368	374	(2%)
from own Russian feed	365	369	(1%)
from 3d parties feed	3	5	(40%)
Palladium, koz[2]	2,405	2,779	(13%)
from own Russian feed	2,353	2,758	(15%)
from 3d parties feed	52	21	148%
Platinum, koz[2]	657	669	(2%)
from own Russian feed	639	661	(3%)
from 3d parties feed	18	8	125%
Gold, koz[2]	141	155	(9%)
Rhodium, koz[2]	68	85	(20%)
Cobalt, thousand tons[2]	3	5	(40%)
Silver, koz[2]	2,469	2,565	(4%)
Semi-products, nickel, thousand tons[1]	17	13	31%
Semi-products, copper, thousand tons[1]	28	15	87%
Semi-products, palladium, koz[1]	138	115	20%
Semi-products, platinum, koz[1]	48	43	12%
Semi-products, gold, koz[1]	8	9	(11%)
Semi-products, silver, koz[1]	528	148	4x
Average realized prices of metals produced by Norilsk Nickel			
Metal			
Nickel (USD per tonne)	10,704	9,701	10%
Copper (USD per tonne)	6,202	4,911	26%
Palladium (USD per oz)	858	614	40%
Platinum (USD per oz)	949	977	(3%)
Cobalt (USD per tonne)	41,977	22,962	83%
Gold (USD per oz)	1,259	1,254	0%
Rhodium (USD per oz)	1,085	668	62%
Revenue, USD million			
Nickel	2,304	2,625	(12%)
Copper	2,281	1,839	24%
Palladium	2,346	1,888	24%
Platinum	623	654	(5%)
Semi-products	424	216	96%
Other metals	437	424	3%
Revenue from metal sales	**8,415**	**7,646**	**10%**
Revenue from other sales	731	613	19%
Total revenue	**9,146**	**8,259**	**11%**

1) Metal volumes represent metals contained in semi-products.
2) All information is reported on the 100% basis, excluding sales of metals purchased from third parties.

Nickel

Nickel sales accounted for 27% of the Group's total metal revenue in 2017 down from 34% in 2016. The decrease by 7 p.p. was driven by the reduction of sales volumes following a decrease of metal production from third party feed and stronger performance of palladium and copper relative to nickel price.

In 2017, nickel revenue decreased by 12% (or USD 321 million) to USD 2,304 million primarily due to lower sales volumes (USD 593 million) owing to decrease of Nickel production from third parties feed and the higher base effect as temporary metal stock was sold in 2016, which was partly offset positively by higher nickel price (USD 267 million).

Additional USD 5 million to nickel revenue in 2017 was contributed by the re-sale of purchased metal to fulfil the Company's contractual obligations.

The average realized nickel price increased 10% to USD 10,704 per tonne in 2017 from USD 9,701 per tonne in 2016.

Sales volume of nickel produced by the Company from its own Russian feed decreased by 10% (or 23 thousand tons) to 206 thousand tons. The decrease was primarily driven by the sale of metal from a temporary stock in 2016.

Sales volume of nickel produced from third parties feed decreased by 79% in 2017 to 9 thousand tons as Harjavalta started the processing of the Company's own Russian feed.

Copper

In 2017, copper sales accounted for 27% of the Group's total metal sales, increasing 24% (or USD 442 million) to USD 2,281 million primarily owing to higher realized copper price (USD 483 million) that was partly negatively offset by the decrease in sales volume (USD 41 million).

The average realized copper price increased 26% from USD 4,911 in 2016 to USD 6,202 per tonne in 2017.

Physical volume of copper sales from the Company's own Russian feed decreased by 1% (or 4 thousand tons) to 365 thousand tons. The decrease owing to the higher base effect as copper from temporary metal stock was sold in 2016 was partly positively offset by the copper sales, produced from concentrate purchased from Rostec.

The volume of copper sales from purchased semi-products decreased by 2 thousand tons to 3 thousand tons in 2017.

Palladium

In 2017, palladium became the largest contributor to the Group's revenue, accounting for 28% of the Group's total metal revenue, up by 3 p.p. The palladium revenue increased 24% (or USD 458 million) to USD 2,346 million. The positive impact of higher realized price (USD 681 million) was partly negatively offset by the reduction of sales volume (USD 324 million) mainly owing to the higher base effect as temporary metal stock was sold in 2016 and stock accumulation in 2017 in Palladium fund.

Additional USD 285 million to palladium revenue in 2017 was contributed by the re-sale of purchased metal to fulfil the Company's contractual obligations (vs USD 184 million in 2016).

Platinum

In 2017, platinum sales accounted for 7% of the Group's total metal revenue and decreased by 5% (or USD 31 million) to USD 623 million due to lower volumes of platinum sales owing to the higher base effect as metal stock was sold in 2016 (USD 11 million) and lower realized platinum price (USD 20 million) down 3% from USD 977 per oz in 2016 to USD 949 per oz in 2017.

Other metals

In 2017, revenue from other metals increasing 3% (or USD 13 million) to USD 437 million owing to the increase in rhodium (up 30%) and cobalt (up 8%) sales which was partly negatively offset by lower gold (down 9%) and silver (down 5%) revenue.

Semi-products

In 2017, semi-products revenue (primarily copper cake and nickel concentrate) increased by USD 208 million (or 96%) to USD 424 million, and accounted for 5% of the Group's total metal revenue. This increase was mainly driven by higher physical sales to third parties instead of processing these semis at the Company's own refineries.

Other sales

In 2017, other sales were up by 19% or USD 731 million primarily owing to the Russian rouble appreciation (USD 80 million) and revenue increase in real terms driven by the increase of prices for services provided to third parties (USD 13 million), and higher revenue from transport and consumer services subsidiaries of the Group, which was partly offset negatively by the divestiture of non-core assets.

COST OF METAL SALES

Cost of metals sales

In 2017, the cost of metal sales increased by 9% (or USD 335 million) to USD 3,968 million owing to:

- Increase in cash operating costs by 33% (USD 965 million);
- Increase in depreciation charges by 38% (USD 174 million);
- Change in metal inventories y-o-y (cost of metal sales decrease by USD 804 million).

Cash operating costs

In 2017, total cash operating costs increased by 33% (or USD 965 million) to USD 3,852 million.

The negative effect of currencies appreciation (RUB and ZAR) amounted to USD 312 million.

The inflationary growth of cash operating costs by USD 115 million was exacerbated by an increase in metal purchase costs (USD 346 million) and increase of the mineral extraction tax (USD 83 million) resulting from the change in legislation in 2017. Mineral extraction tax increased following the cancellation of PGM export duties in September, 2016.

Cash operating costs structure in 2017 and 2016 was affected by consolidation of 50% of Nkomati joint operation.

USD million	**2017**	**2016**	**Change,%**
Cash operating costs			
Labour	1,377	1,145	20%
Purchases of metals for resale	530	184	188%
Purchases of raw materials and semi-products	297	292	2%
Materials and supplies	703	520	35%
Mineral extraction tax and other levies	221	122	81%
Third-party services	204	170	20%
Electricity and heat energy	132	101	31%
Fuel	81	60	35%
Production costs related to joint operation	93	79	18%
Transportation expenses	64	71	(10%)
Sundry costs	150	143	5%
Total cash operating costs	**3,852**	**2,887**	**33%**
Depreciation and amortisation	630	456	38%
(Increase)/decrease of metal inventories	(514)	290	n.a.
Total cost of metal sales	**3,968**	**3,633**	**9%**

Labour

In 2017, labour costs increased by 20% (or USD 231 million) to USD 1,377 million amounting to 36% of the Group's total cash operating costs driven by the following:

- USD 162 million – cost increase owing to the Russian rouble appreciation against US Dollar;
- USD 50 million – cost decrease following the decrease of production staff headcount owing primarily to the Nickel pant closure and ongoing downstream reconfiguration program.
- USD 119 million – other increase in real terms primarily driven by the indexation of RUB-denominated salaries and wages.

Purchases of metals for resale

In 2017, expenses on the purchase of metals for resale increased 3 times (or by USD 346 million) to USD 530 million. Metal purchase increase is primarily due to piling up metal stocks to meet additional demand of the Company's key clients, primarily palladium.

Purchases of raw materials and semi-products

In 2017, expenses on the purchase of raw materials and semi-products increased by 2% (or by USD 5 million) to USD 297 million driven by the following:

- USD 58 million – cost increase owing to higher semi-products prices;
- USD 140 million – cost increase owing to the processing of copper concentrate purchased from Rostec;
- USD 82 million – cost increase owing to purchase of semi-products from Nkomati for further resale to third parties;
- USD 275 million – cost reduction resulting from the decrease of purchased semi-products from third parties for processing at NN Harjavalta as part of ongoing downstream reconfiguration program.

Materials and supplies

In 2017, materials and supplies expenses increased by 35% (or USD 183 million) to USD 703 million driven by the following:

- USD 62 million – negative effect of the Russian rouble appreciation;
- USD 11 million – inflationary growth in materials and supplies;
- USD 110 million – cost increase in line with the ongoing downstream reconfiguration program.

Third-party services

In 2017, cost of third party services increased by 20% (or USD 34 million) to USD 204 million.

The negative effect of the Russian rouble appreciation amounted to USD 18 million.

The cost increase owing to higher volumes of repairs, tolling services, and other production services (USD 37 million) was mostly offset by cost decrease due to the termination of Nkomati concentrate processing (USD 21 million).

Mineral extraction tax and other levies

In 2017, mineral extraction tax and other levies increased by 81% (or USD 99 million) to USD 221 million.

The negative effect of the Russian rouble appreciation amounted to USD 18 million.

Cash cost increase in real terms by USD 81 million was primarily driven by the higher mineral extraction tax resulting from the change in legislation (USD 83 million), resulting from cancellation of PGM export duties in 2016 for metals, produced by the Company.

Change in mineral extraction tax rate in January 2017 was mostly compensated by cancellation of PGM export duties in September 2016.

Electricity and heat energy

In 2017, electricity and heat energy expenses increased by 31% (or USD 31 million) to USD 132 million driven by the following:

- USD 10 million – negative effect of the Russian rouble appreciation;
- USD 22 million – increase in expenses owing to higher consumption of energy due to the ongoing downstream reconfiguration program (Polar division feed processing at Kola MMC, which purchases electricity from third parties) and energy tariffs inflationary growth.

Fuel

In 2017, fuel expenses increased by 35% (or USD 21 million) to USD 81 million driven by the following:

- USD 8 million – negative effect of the Russian rouble appreciation;
- USD 15 million – higher fuel oil and other oil products prices.

Transportation expenses

In 2017, transportation expenses decreased by 10% (or USD 7 million) to USD 64 million driven by the following:

- USD 7 million – negative effect of the Russian rouble appreciation;
- USD 14 million – costs decrease driven by transportation of Nkomati concentrate to third parties instead of NN Harjavalta production facilities.

Sundry costs

In 2017, sundry costs increased by 5% (or USD 7 million) to USD 150 million, driven by the following:

- USD 19 million – negative effect of the Russian rouble appreciation;
- USD 12 million – decrease in insurance expenses owing to the renegotiation of property insurance agreements on the same insurance cover terms.

Production costs related to joint operation

In 2017, production costs related to joint operation increased by 18% (or USD 14 million) to USD 93 million, driven by the following:

- USD 8 million – negative effect of the South African rand appreciation;
- USD 6 million – increase in expenses owing to the higher sales volume of Nkomati concentrates.

Depreciation and amortisation

In 2017, depreciation and amortisation increased by 38% (or USD 174 million) to USD 630 million.

Russian rouble appreciation amounted to depreciation and amortisation increase by USD 62 million.

Depreciation charges increased in real terms by USD 112 million mainly due to additions to production assets at the Company's operating subsidiaries in Russia in 2H2016 and in 2017.

(Increase)/decrease of metal inventories

In 2017, comparative effect of change in metal inventory amounted to USD 804 million resulting in a decrease in cost of metal sales, driven by the following:

- USD 729 million – sale of metal from temporary stock in 2016 as part of reconfiguration programme, as well as a built-up of palladium stock and accumulation of metal stock in 2017 to meet additional demand of the Company's key customers.
- USD 75 million – comparative effect of change in work-in-progress, primarily due to higher accumulation of work-in-progress at Russian subsidiaries of the Group in 2017 as part of ongoing downstream reconfiguration program and due to start of Rostec copper concentrate processing in 2017.

COST OF OTHER SALES

In 2017, cost of other sales increased by 24% (or USD 124 million) to USD 632 million.

Russian rouble appreciation amounted to cost of other sales increase by USD 72 million.

Cost of other sales increased in real terms by USD 52 million comprised of USD 96 million increase in expenses resulting from higher transportation services, indexation of RUB-denominated salaries and wages and growth of other services, which were partly offset positively by the sale of non-core assets resulting in a cost reduction of USD 44 million.

SELLING AND DISTRIBUTION EXPENSES

USD million	**2017**	**2016**	**Change,%**
Transportation expenses	38	23	**65%**
Staff costs	13	13	0%
Marketing expenses	14	7	100%
Export duties	1	61	(98%)
Other	9	7	29%
Total	**75**	**111**	**(32%)**

Selling and distribution expenses decreased 32% (or USD 36 million) to USD 75 million due to the cancellation of PGM export duties in September 2016 as part of Russian Federation's WTO membership terms (USD 60 million cost reduction), which was partly negatively offset by increase of transportation expenses primarily due to increase of semi-product sales.

GENERAL AND ADMINISTRATIVE EXPENSES

USD million	**2017**	**2016**	**Change,%**
Staff costs	478	376	27%
Taxes other than mineral extraction tax and income tax	79	58	36%
Third party services	72	55	31%
Depreciation and amortisation	32	20	60%
Rent expenses	25	19	32%
Transportation expenses	8	6	33%
Other	65	47	38%
Total	**759**	**581**	**31%**

In 2017, general and administrative expenses increased by 31% (or USD 178 million) to USD 759 million. Rouble appreciation contributed to USD 71 million cost increase. General and administrative expenses increased in real terms due to the following:

- USD 38 million – increase in staff costs mainly due to salaries indexation;
- USD 30 million – increase of costs, resulting from the automatization of production processes and roll out of new IT systems, including USD 17 million of staff costs;
- USD 20 million –higher property tax and amortisation charges.

OTHER NET OPERATING EXPENSES

USD million	**2017**	**2016**	**Change,%**
Social expenses	303	111	173%
Change in allowance for doubtful debts	19	14	36%
Change in allowance for obsolete and slow-moving inventory	11	(2)	n.a.
Change in provision for reconfiguration of production facilities	(4)	(33)	(88%)
Other	33	(6)	n.a.
Total	**362**	**84**	**4x**

In 2017, other net operating expenses increased by USD 278 million to USD 362 million owing to one-off social expenses including an estimated provisional cost of long-term social agreement with the government of Zabaikalsky Krai and expenses attributed to the development of skiing resort in Sochi.

Other increase of other net operating expenses was primarily driven by change in allowances for doubtful debts, obsolete and slow-moving inventory and other current assets in line with annual stock counts as well as reversal of provision for reconfiguration of production facilities in 2016.

FINANCE COSTS

USD million	**2017**	**2016**	**Change,%**
Interest expense on borrowings net of amounts capitalized	386	403	(4%)
Unwinding of discount on provisions and payables	133	46	189%
Other	16	4	4x
Total	**535**	**453**	**18%**

Increase in finance costs by 18% y-o-y to USD 535 million was mainly driven by increase of Unwinding of discount on provisions and payables.

In 2017, the Company reduced the average cost of debt to the level of 4.6% as of year-end 2017 from 5.1% as of year-end 2016 due to the consistent implementation of financial policy targets that enabled to partially offset the multiple increase of base rates (Libor) in the current period.

Major factors of the decrease of the average cost of debt:

- Reduction of funding cost of more expensive Rouble denominated debt in credit portfolio by its substitution by Dollar denominated debt in 1H2017, together with the reduction of interest rate of the bilateral Rouble denominated credit line in the amount of RUB 60 billion in October 2017.
- Partial refinancing of more expensive bilateral credit lines by proceeds of 5-year syndicated facility in the amount of USD 2.5 billion under which Nornickel has achieved one of the lowest interest rates of Libor 1M+1.50% per annum available for Russian corporates on international syndicated market since 2008 for the transactions of such size and term. In addition, Nornickel managed to reduce interest rates under the rest Dollar denominated bilateral credit lines within the Group's portfolio.
- In July 2017, the Company reached an agreement with PJSC Sberbank to reduce interest rate under GRK Bystrinskoye LLC project financing by issuing guarantee on behalf of PJSC MMC Norilsk Nickel to secure performance obligations of GRK Bystrinskoye LLC.

INCOME TAX EXPENSE

In 2017 income tax expense decreased by 3% to USD 719 million driven mostly by the decrease of taxable profit, partly offset by Russian rouble appreciation against US Dollar in 2017.

The effective income tax rate in 2017 of 25.3% was above the Russian statutory tax rate of 20%, which was primarily driven by non-deductible social expenses, as well as an increase in provisions for impairment of property, plant and equipment.

USD million	**2017**	**2016**	**Change,%**
Current income tax expense	686	686	0%
Deferred tax expense	35	59	(41%)
Total	**721**	**745**	**(3%)**

The breakdown of the current income tax expense by tax jurisdictions:

USD million	**2017**	**2016**	**Change,%**
Russian Federation	672	679	(1%)
Finland	8	5	60%
Rest of the world	6	2	3x
Total	**686**	**686**	**0%**

EBITDA

USD million	**2017**	**2016**	**Change,%**
Operating profit	3,123	3,281	(5%)
Depreciation and amortisation	645	557	16%
Impairment of non-financial assets	227	61	4x
EBITDA	**3,995**	**3,899**	**2%**
EBITDA margin	**44%**	**47%**	**(3 p.p.)**

In 2017, EBITDA increased by 2% (or USD 96 million) to USD 3,995 million with the EBITDA margin amounting to 44% (down from 47% in 2016). Increase in metal prices was almost offset by lower sales volume in 2017 owing to accumulation of stock in 2017 and release of temporary metal stock in 2016 as well as increased cash costs on the back of the Russian rouble appreciation against US Dollar and one-off increase in social expenses.

NET PROFIT BEFORE NON-CASH WRITE-OFFS AND FOREIGN EXCHANGE DIFFERENCES

USD million	2017	2016	Change,%
Net profit	**2,123**	**2,531**	**(16%)**
Impairment of non-financial assets	227	214	6%
Foreign exchange gain	(159)	(491)	(68%)
(Gain)/loss from disposal of subsidiaries and assets classified as held for sale	(20)	4	n.a.
Net profit before non-cash write-offs and foreign exchange differences	**2,171**	**2,258**	**(4%)**

STATEMENT OF CASH FLOWS

USD million	2017	2016	Change,%
Cash generated from operations before changes in working capital and income tax	**4,103**	**3,958**	**4%**
Movements in working capital	(1,670)	83	n.a.
Income tax paid	(670)	(530)	26%
Net cash generated from operating activities	**1,763**	**3,511**	**(50%)**
Capital expenditure	(2,002)	(1,714)	17%
Other investing activities	66	(206)	(132%)
Net cash used in investing activities	**(1,936)**	**(1,920)**	**1%**
Net cash used in financing activities	**(2,237)**	**(2,399)**	**(7%)**
Effects of foreign exchange differences on balances of cash and cash equivalents	(63)	35	n.a.
Net decrease in cash and cash	**(2,473)**	**(773)**	**3x**

In 2017, net cash generated from operating activities decreased by 50% y-o-y to USD 1.8 billion primarily driven by the increase in working capital in 2017 following the optimisation of trade financing terms, partial payment of payables due to Rostec and increase of metal stock.

Reconciliation of the net working capital changes between the balance sheet and cash flow statement is presented below.

USD million	2017	2016
Change of the net working capital in the balance sheet	**(1,694)**	**575**
Foreign exchange differences	115	38
Change in income tax payable	(7)	(161)
Other changes, including reserves	(84)	(369)[1]
Change of working capital per cash flow	**(1,670)**	**83**

1) Includes one-off effect of copper concentrate purchase from Rostec.

Capital investments breakdown by projects is presented below:

USD million	**2017**	**2016**	**Change,%**
Polar Division, including:	860	884	(3%)
Skalisty mine	216	153	41%
Taymirsky mine	93	68	37%
Komsomolsky mine	18	40	(55%)
Oktyabrsky mine	69	59	17%
Talnakh Concentrator	89	253	(65%)
Reconstruction/modernisation of production facilities related to closing of Nickel plant	11	24	(54%)
Kola MMC	228	89	156%
Chita (Bystrinsky) project	449	269	67%
Other production projects	391	421	(7%)
Other non-production assets	12	4	3x
Intangible assets	62	47	32%
Total	**2,002**	**1,714**	**17%**

In 2017, CAPEX increased by 17% to USD 2.0 billion. The growth was mainly due to the completion of construction and start of hot commissioning of Bystrinsky mining and concentration complex (Bystrinsky project) in Zabaykalsky region, as well as to the ramp-up of projects related to the modernisation of nickel refining facilities at Kola MMC in line with the Company's reconfiguration program.

DEBT AND LIQUIDITY MANAGEMENT

USD million	**As of 31 December 2017**	**As of 31 December 2016**	**Change, USD million**	**Change,%**
Long-term	8,236	7,276	960	13%
Short-term	817	579	238	41%
Total debt	**9,053**	**7,855**	**1,198**	**15%**
Cash and cash equivalents	852	3,325	(2,473)	(74%)
Net debt	**8,201**	**4,530**	**3,671**	**81%**
Net debt /12M EBITDA	2.1x	1.2x	0.9x	
Net debt /12M EBITDA for dividend payments	1.88x	n.a.	n.a.	

As of December 31, 2017, the Company's total debt amounted to USD 9,053 million which represents 15% increase (USD 1,198 million) compared to year-end 2016. The Company's debt portfolio remains predominantly long-term. As of December 31, 2017, the share of long-term debt in the total debt portfolio amounted to 91% (or USD 8,236 million) as compared to 93% (or USD 7,276 million) as of the year-end 2016.

Net debt/EBITDA ratio increased to 2.1x as of the year-end 2017 from 1.2x as of year-end 2016. Such increase was caused by the growth of Net debt by 81% to USD 8,201 million as a result of 74% decrease in Cash and cash equivalents to USD 852 million. Substantial decrease of Cash and cash equivalents was mainly caused by the increase of working capital, in particular due to the early repayment of advances from off-takers in the amount of USD 650 million, as the margin under these advances at the end of the year was twice as higher than the one under the bank loans available for the Company. By the beginning of 2018 the Company reached agreements with a number of its off-takers on new terms of the advances. In February 2018, Nornickel entered into a new advance transaction for the amount of USD 300 million with one of its counterparties. The Company also continues to balance its liquidity cushion with more flexible and cost efficient financial instruments such as committed reserved credit lines. As of December 31, 2017, the Group maintained additional liquidity sources in form of committed reserved credit lines in the total amount of more than USD 3 billion.

In 2017, Nornickel continued to optimize its debt portfolio in order to improve its profile, further reduce average cost of debt and maintain its average maturity profile in line with the year-end 2016.

In 2017 Nornickel reduced the share of more expensive Rouble denominated debt in its portfolio from 29% as of the year-end 2016 to 15% as of December 31, 2017, by prepayment of Rouble denominated credit facilities in the amount of RUB 60 billion and successful placement of two Eurobond issues totaling USD 1.5 billion. In April 2017, Nornickel issued USD 1 billion Eurobond maturing in 2023 with an annual coupon rate of 4.10% that was inside the Company's outstanding Eurobonds' curve. In June 2017, the Group closed a USD 500 million Eurobond offering maturing in 2022 with an annual coupon rate of 3.849%. The coupon was fixed at the lowest level ever for the Company's issuances on international debt capital markets.

In December 2017, the Company signed a 5-year syndicated facility in the amount of USD 2.5 billon with 15 international banks from America, Europe and Asia. The funds were used to partially refinance the existing bilateral credit lines and provide for liquidity reserve to address the Company's funding needs in 1H2018, in particular for repayment of Eurobond issue maturing in April 2018. Such strategy enabled the Company to eliminate refinancing risks for the next two years in 2018-2019.

In 2017, the Company's credit ratings assigned by S&P Global and Fitch remained at investment grade level of "BBB-" with "Stable" outlooks. As of the year-end 2017, the Company's credit rating assigned by Moody's remained at the level of "Ba1" with "Stable" outlook capped by Russia's sovereign country celling. On January 29, 2018, Moody's rating agency raised Nornickel credit rating to the investment grade level "Baa3" with "Positive" outlook following the change of Russia's country ceiling for foreign currency debt to "Baa3" and the outlook on sovereign rating to "Positive" from "Stable". Therefore, currently Nornickel has investment grade credit ratings from all three international rating agencies Fitch, Moody's and S&P Global.

Attachment A

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

US Dollars million

	For the year ended 31 December 2017	For the year ended 31 December 2016
Revenue		
Metal sales	8,415	7,646
Other sales	731	613
Total revenue	**9,146**	**8,259**
Cost of metal sales	(3,968)	(3,633)
Cost of other sales	(632)	(508)
Gross profit	**4,546**	**4,118**
General and administrative expenses	(759)	(581)
Selling and distribution expenses	(75)	(111)
Impairment of non-financial assets	(227)	(61)
Other net operating expenses	(362)	(84)
Operating profit	**3,123**	**3,281**
Foreign exchange gain, net	159	491
Finance costs	(535)	(453)
Impairment of available-for-sale investments	–	(153)
Gain/(loss) from disposal of subsidiaries and assets classified as held for sale	20	(4)
Income from investments, net	77	114
Profit before tax	**2,844**	**3,276**
Income tax expense	(721)	(745)
Profit for the year	**2,123**	**2,531**
EARNINGS PER SHARE		
Basic and diluted earnings per share attributable to shareholders of the parent company (US Dollars per share)	13.5	16.1

Attachment B

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017

US Dollars million

	At 31 December 2017	At 31 December 2016
ASSETS		
Non-current assets		
Property, plant and equipment	10,960	9,306
Intangible assets	148	94
Other financial assets	192	190
Other taxes receivable	1	2
Deferred tax assets	77	72
Other non-current assets	731	1,013
	12,109	**10,677**
Current assets		
Inventories	2,689	1,912
Trade and other receivables	327	173
Advances paid and prepaid expenses	71	66
Other financial assets	99	8
Income tax receivable	82	82
Other taxes receivable	296	277
Cash and cash equivalents	852	3,325
Other current assets	110	3
	4,526	**5,846**
TOTAL ASSETS	**16,635**	**16,523**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	6	6
Share premium	1,254	1,254
Translation reserve	(4,490)	(4,778)
Retained earnings	7,557	7,340
Equity attributable to shareholders of the parent company	**4,327**	**3,822**
Non-controlling interests	331	74
	4,658	**3,896**
Non-current liabilities		
Loans and borrowings	8,236	7,276
Provisions	464	441
Trade and other long-term payables	402	523
Deferred tax liabilities	407	355
Other long-term liabilities	116	50
	9,625	**8,645**
Current liabilities		
Loans and borrowings	817	579
Trade and other payables	783	1,613
Dividends payable	6	1,164
Employee benefit obligations	377	301
Provisions	189	183
Derivative financial instruments	24	1
Income tax payable	9	2
Other taxes payable	147	139
	2,352	**3,982**
TOTAL LIABILITIES	**11,977**	**12,627**
TOTAL EQUITY AND LIABILITIES	**16,635**	**16,523**

Attachment C

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

US Dollars million

	For the year ended 31 December 2017	For the year ended 31 December 2016
OPERATING ACTIVITIES		
Profit before tax	**2,844**	**3,276**
Adjustments for:		
Depreciation and amortisation	645	557
Impairment of non-financial assets	227	61
Impairment of available for sale investments	–	153
Loss on disposal of property, plant and equipment	9	16
(Gain)/loss from disposal of subsidiaries and assets classified as held for sale	(20)	4
Change in provisions and allowances	41	13
Finance costs and income from investments, net	458	360
Foreign exchange gain, net	(159)	(491)
Other	58	9
	4,103	**3,958**
Movements in working capital:		
Inventories	(346)	(751)
Trade and other receivables	(174)	(3)
Advances paid and prepaid expenses	10	13
Other taxes receivable	(5)	(36)
Employee benefit obligations	9	44
Trade and other payables	(1,118)	835
Provisions	(48)	(45)
Other taxes payable	2	26
Cash generated from operations	**2,433**	**4,041**
Income tax paid	(670)	(530)
Net cash generated from operating activities	**1,763**	**3,511**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,940)	(1,667)
Purchase of other financial assets	–	(150)
Purchase of intangible assets	(62)	(47)
Purchase of other non-current assets	(88)	(31)
Loans issued	(18)	(103)
Proceeds from repayment of loans issued	48	–
Net change in deposits placed	(80)	(10)
Proceeds from sale of other financial assets	25	10
Proceeds from disposal of property, plant and equipment	29	1
Proceeds from disposal of subsidiaries and assets classified as held for sale	99	3
Interest received	51	74
Net cash used in investing activities	**(1,936)**	**(1,920)**

Attachment C

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

US Dollars million

	For the year ended 31 December 2017	For the year ended 31 December 2016
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	4,233	936
Repayments of loans and borrowings	(3,140)	(1,741)
Financial lease payments	(10)	(5)
Dividends paid	(2,971)	(1,232)
Dividends paid to non-controlling interest	(1)	–
Interest paid	(642)	(591)
Proceeds from sale of a non-controlling interest in a subsidiary	294	80
Sale of own shares from treasury stock	–	154
Net cash used in financing activities	**(2,237)**	**(2,399)**
Net decrease in cash and cash equivalents	**(2,410)**	**(808)**
Cash and cash equivalents at the beginning of the year	**3,325**	**4,098**
Effects of foreign exchange differences on balances of cash and cash	(63)	35
Cash and cash equivalents at the end of the year	**852**	**3,325**

Attachment D

NET WORKING CAPITAL

USD million	**31/12/2017**	**31/12/2016**	**Change**	**incl. effects of foreign exchange differences**
Finished goods	655	310	345	19
Work-in-process	1,329	901	428	54
Other inventories	705	701	4	36
Trade and other receivables	327	173	154	4
Advances paid and prepaid expenses	71	66	5	4
Taxes receivable	378	359	19	19
Employee benefit obligations	(377)	(301)	(76)	(18)
Trade and other payables*	(783)	(1,613)	830	6
Taxes payable	(156)	(141)	(15)	(9)
Total working capital	**2,149**	**455**	**1,694**	**115**

*Net working capital doesn't include balances with derivative financial instruments.

This announcement contains inside information in accordance with Article 7 of EU Regulation 596/2014 of 16 April 2014.

Full name and position of person making the announcement - Vladimir Zhukov, Vice - president, Investor Relations

ABOUT THE COMPANY

PJSC «MMC NORILSK NICKEL» is a diversified mining and metallurgical company, the world's largest producer of refined nickel and palladium and a leading producer of platinum, cobalt, copper and rhodium. The company also produces gold, silver, iridium, selenium, ruthenium and tellurium.

The production units of «NORILSK NICKEL» Group are located at the Norilsk Industrial District, on the Kola Peninsula and Chita region in Russia as well as in Finland and South Africa.

PJSC «MMC «NORILSK NICKEL» shares are listed on the Moscow and on the Saint-Petersburg Stock Exchanges. PJSC «MMC «NORILSK NICKEL» ADRs trade over the counter in the US and on the London and Berlin Stock Exchanges.

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