



NORILSK NICKEL



2016 Strategy Update

New Platform to Deliver on Assets Modernization

London, May 2016

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Strategy Update 2016 – Agenda

- Strategic vision | Andrey Bugrov
- Operations Update | Sergey Dyachenko
- Investment Governance and Portfolio Update | Sergey Dubovitskiy
- Markets | Anton Berlin
- Financial Strategy and Results | Sergey Malyshev
- Corporate Governance | Andrey Bugrov



NORILSK NICKEL



Strategic vision

Andrey BUGROV

Deputy Chairman of the Board,
Senior Vice-President

Strategic Goals for 2016–2018 – “Three Years of Assets Modernization”

2013–2015

“Round 1”: Building Efficiency Platform

- ROIC/Tier I/capital discipline strategy adopted
- Refocusing on Tier I assets
- Successive “quick wins” – CapEx, working capital, operating costs
- Non-core and Non-Tier I disposals



2016–2018

“Round 2”: Assets Modernization

- Delivering on downstream reconfiguration / Closure of 1942 Nickel Plant
- Advancing on Environmental Protection / “One site” solution for the sulfur project
- Redefining copper value chain
- Launch of the new asset – Bystrinskiy project
- Verification of the business case for upstream growth optionality



Capital Discipline in Action – Delivery on Norilsk Strategy “Round 1”

Despite Challenging Commodity Market Environment...

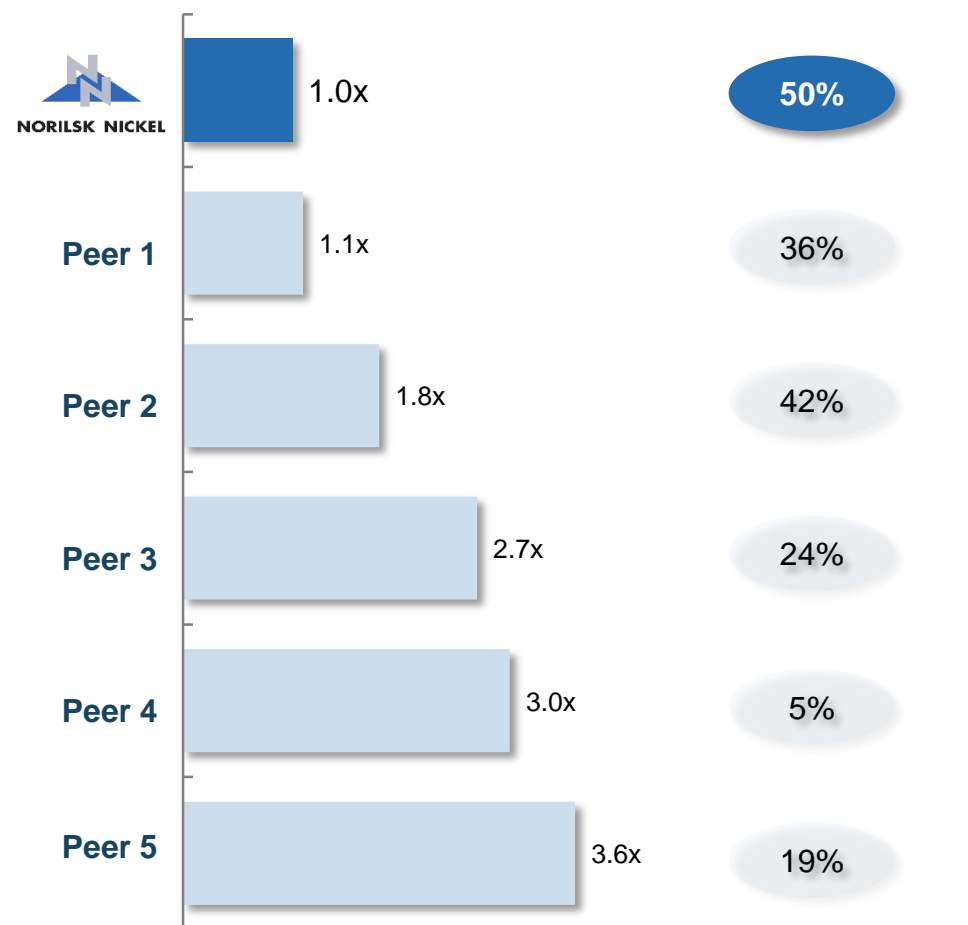
Bloomberg commodity index, bp



... Norilsk Delivered Industry-leading Financial Results While Maintaining Conservative Leverage

Net Debt/EBITDA, 2015

EBITDA Margin, 2015



NORILSK NICKEL

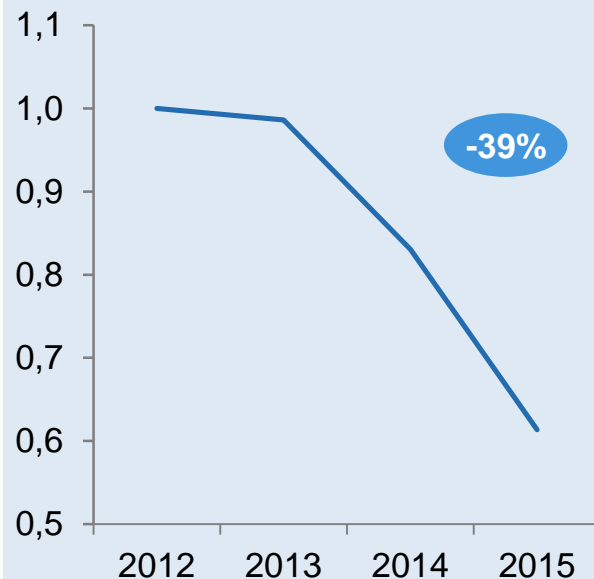
Note: the peers group includes Rio Tinto, BHP Billiton, Vale, Glencore, Anglo American

Capital Discipline in Numbers – Quick Wins of Norilsk Strategy “Round 1”

1

Operational Efficiency

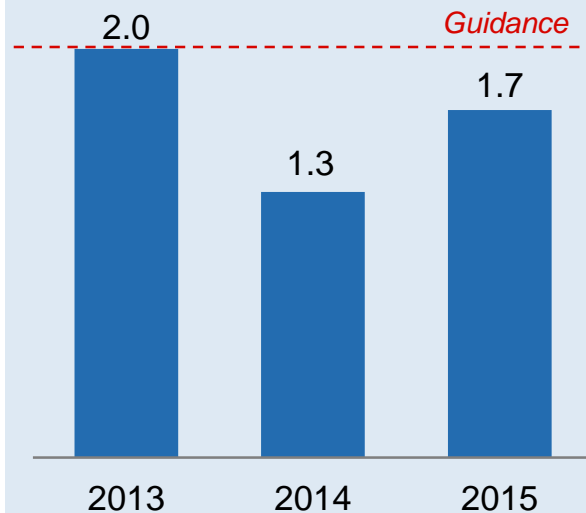
Nickel Equivalent Unit Cash Cost
(2012=100%)



2

Capital Discipline

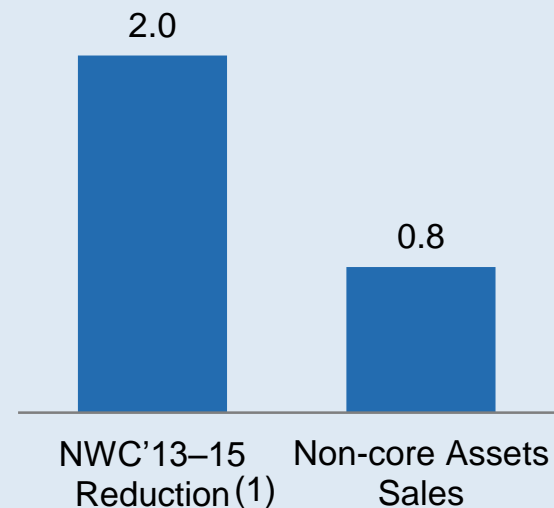
Capital Expenditures
(US\$ in bn)



3

Release of Unproductive Capital

Economic Impact of Initiatives
(US\$ in bn)



Note: 1. Adjusted for external factors and one-off effects.

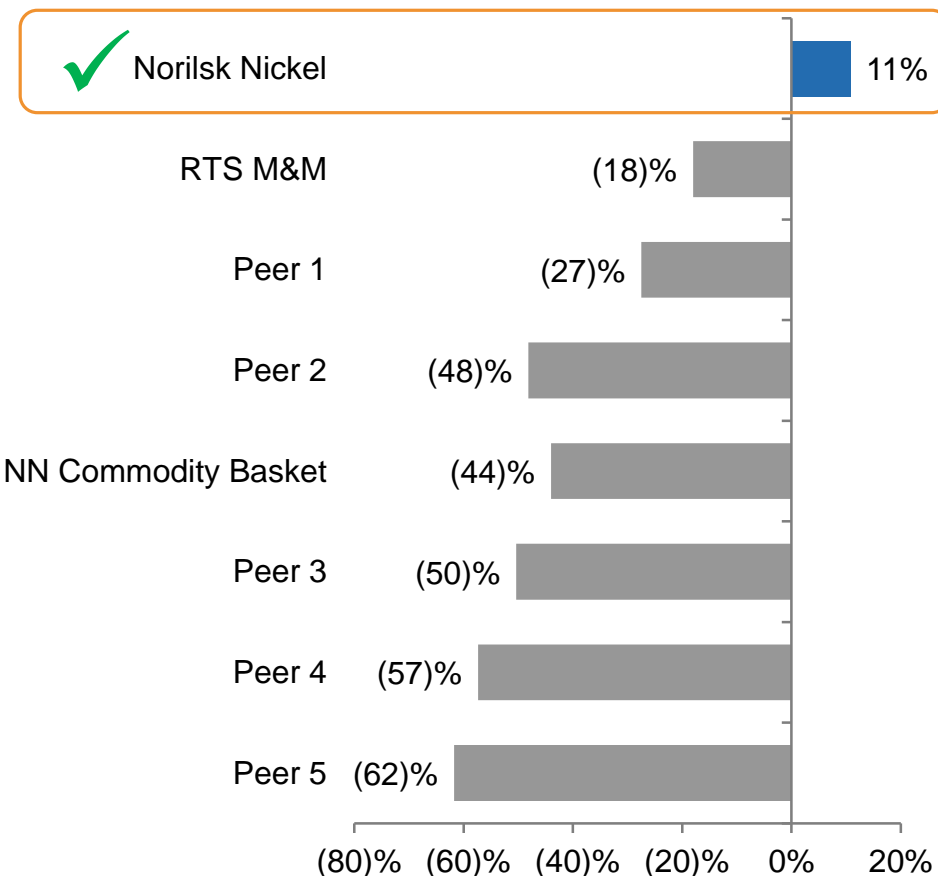
Industry-Leading Shareholder Returns

While the Global Metals & Mining Industry Lost Almost US\$1.0 trillion in Shareholder Value...

Market Capitalisation of MSCI World Metals & Mining Index
(US\$ in trln)



Norilsk Nickel Delivered Positive and Industry Leading Total Shareholder Return, 2013–2016 YTD¹



Strategic Focus for 2016–2018 – “Round 2”

Balanced, Modern and Environmentally Friendly Assets

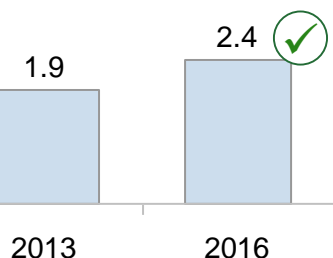


Implemented (in execution) at the 1st stage of the reconfiguration program

Nickel Chain

Balanced Ni smelting capacity

Nadezhda smelting capacity, Mtpa



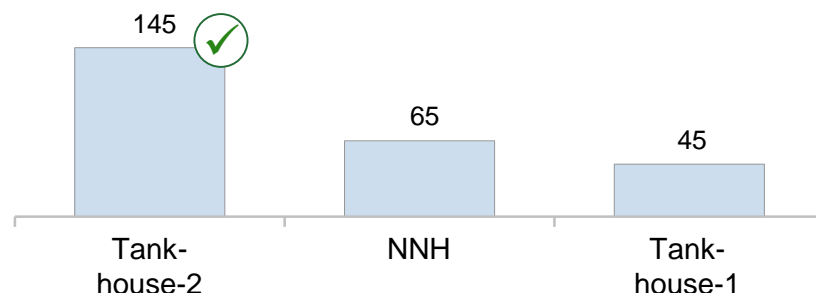
Comprehensive solution for “SO₂ problem” in Ni stream



- Nickel plant shutdown in 2016
- SO₂ capturing project is under way

Modern and flexible Ni-refining capacity

Ni refining capacities, Ktpa

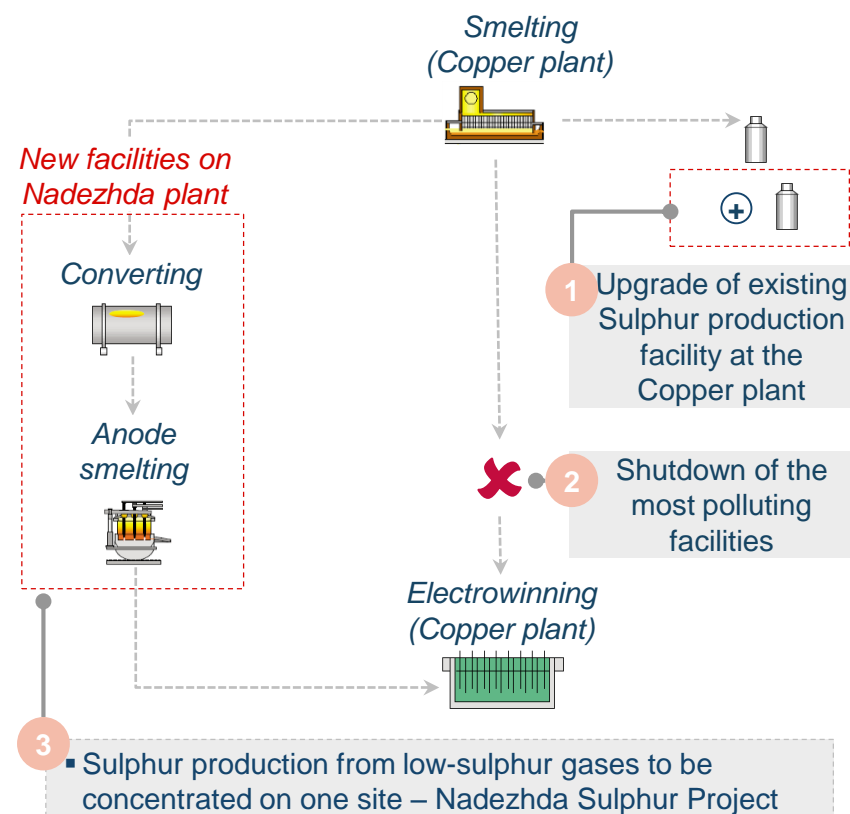


Copper Chain

New «copper configuration»—comprehensive solution for “SO₂ problem” in Cu stream (“One-site solution”)

Nadezhda Plant

Copper Plant



Smelting

Refining

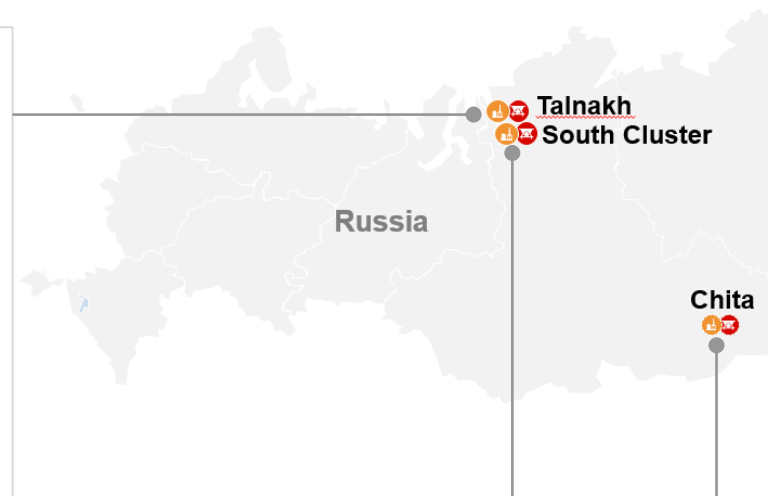
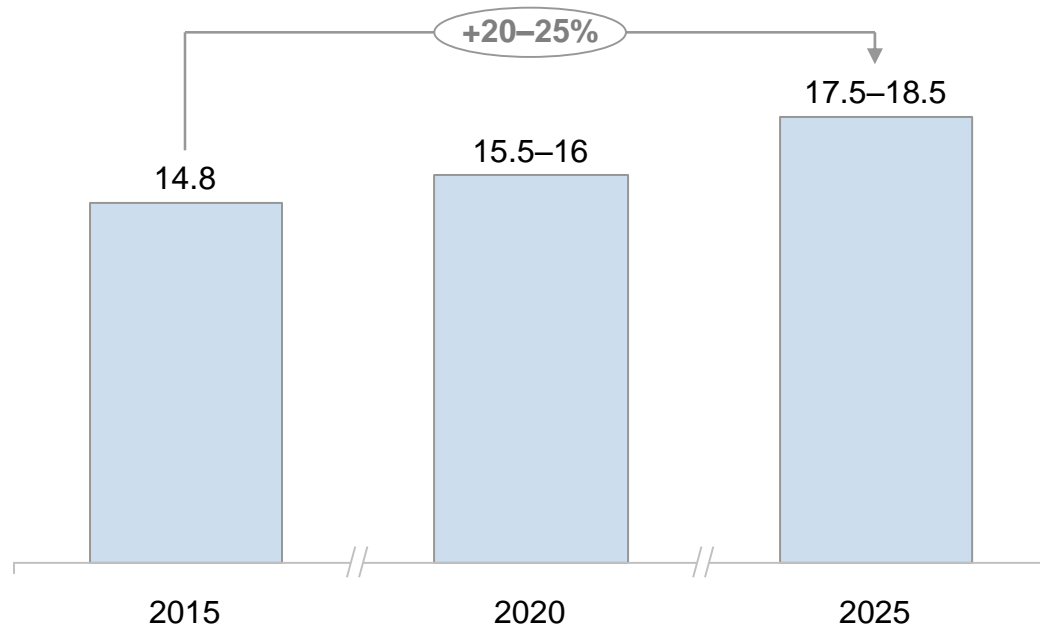


Strategic Focus for 2016–2018: Verification of Upstream Business Case and Strategic Options

Focus on Talnakh development

Verified mine plan - to maintain Norilsk Nickel metal production level in the long-term

Talnakh ore production, Mt



Strategic options for future partnerships

1

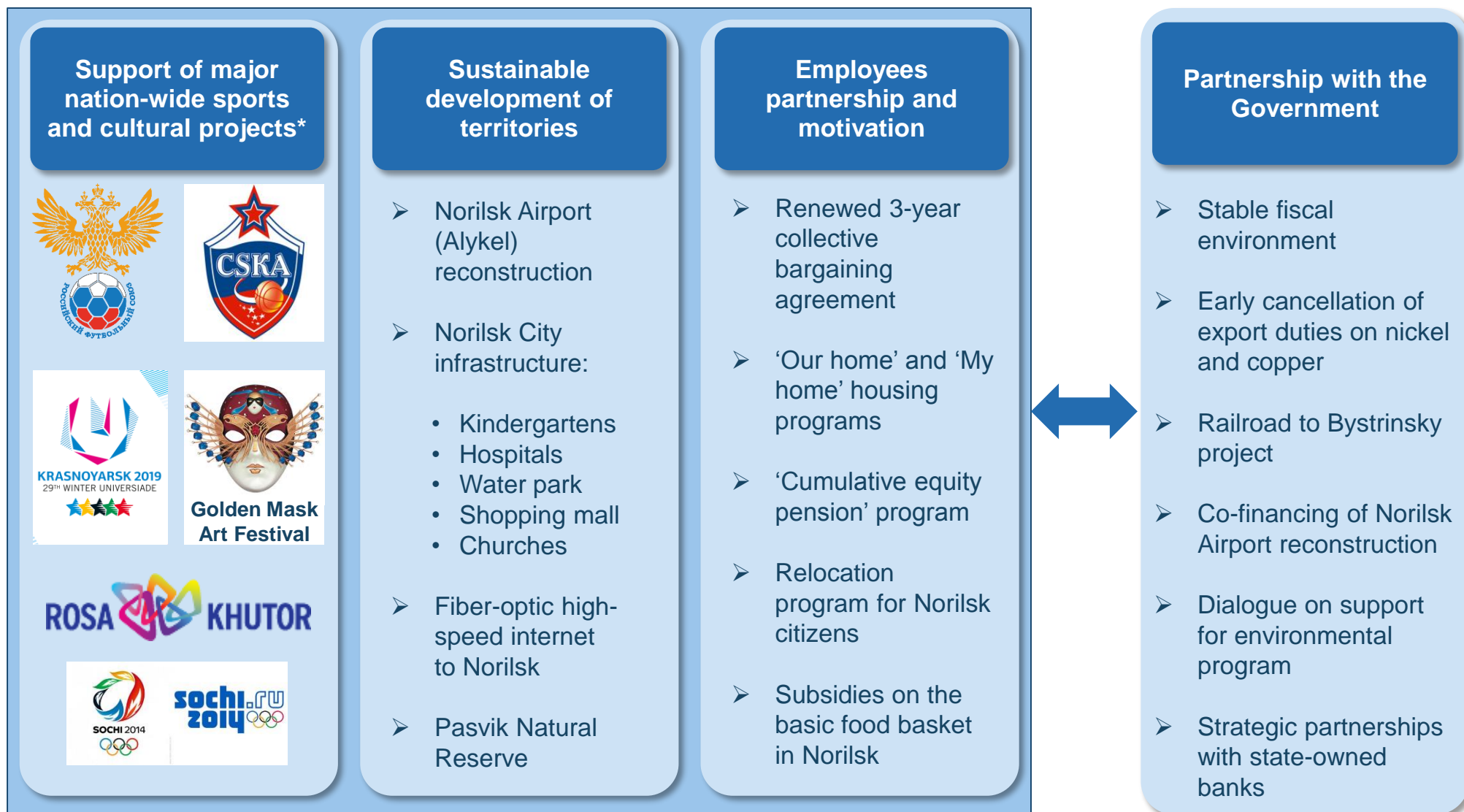
Chita project – building a new mining center in Siberia / Far East region in partnership with Chinese and other potential investors

2

South Cluster:

- potential development option – investment case for ore production growth up to 6Mtpa
- partnerships to de-risk the project considered

Responsible Corporate Citizen in Dialogue with Stakeholders and Partnership with Government



* Football Union of Russia, CSKA Basketball Club, Sochi 2014 Olympic Games, Krasnoyarsk 2019 Winter Universiade, Golden Mask National Performance Arts Festival, Rosa Khutor Olympic Ski Resort

Promotions in the Top Management Team

Sergey Dubovitskiy
Vice President
Head of Strategy



- Joined Norilsk Nickel in 2013 as Head of Strategic Planning Department
- Spearheaded the development and updates of the corporate strategy, supervised capital investment policy
- Prior experience: 6 years in strategy function in the oil & gas industry and McKinsey&Co
- Holds MBA from INSEAD Business School

Vladimir Zhukov
Vice President
Head of Investor Relations



- Joined Norilsk Nickel as IR Director in 2013
- 15 years of experience in the metals and mining industry
- Prior experience: Metals and mining equity research analyst at HSBC, Lehman Brothers/Nomura, Alfa Bank
- Holds PhD from the University of Nottingham Business School

Operational Priorities

1

Uncompromised Focus on Health, Safety and Environment



- **Health & Safety culture change**
- **Strategic aspiration for “Clean Norilsk”** – with material progress achieved at both NN sites in 2016

2

“On Time/On Budget” Project Delivery



- **First phase of modernization** is close to completion:
 - Talnakh concentrator – upgraded
 - Nadezhda smelter – upgraded
 - Norilsk nickel smelter shutdown – 75% complete
- **15 mining** (brownfield extensions) **projects commissioned**
- **Bystrinskiy project on track**

3

Next Round of Modernization & Strategic Optionality



- **Second phase of modernization:** comprehensive solutions for environmental issues:
 - cost-effective
 - based on new technologies/“no dogma” approach to solution space definition
- **Optionality for strategic partnerships** – priority for scalable options with low risk and relatively short lead time (South Cluster)





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Operations Update

Sergey DYACHENKO

First Vice-President
Chief Operating Officer

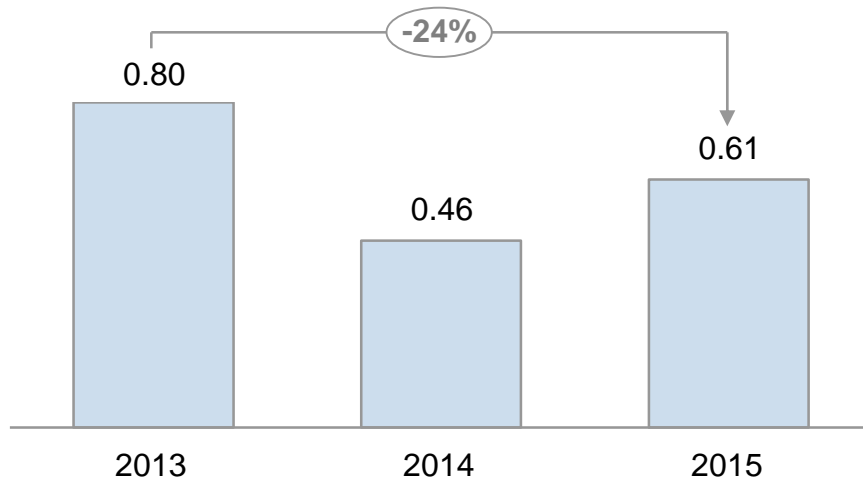
Operations Update



Adherence to High Health & Safety Standards – Progress Update

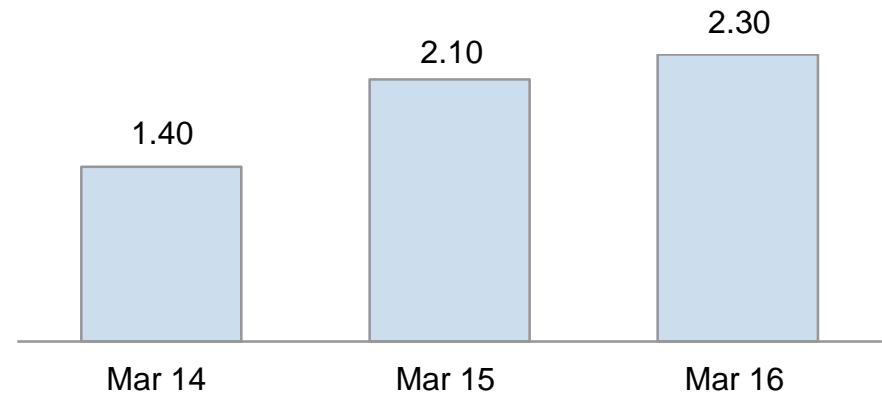
LTIFR Dynamics

1*10⁻⁶



Health and Safety Culture Change

DuPont production safety culture index



- Ongoing implementation of Group safety standards in key areas
- Production safety training and assessment program under way

Strategic Objectives:

- 1** Zero-fatality on production sites
- 2** Sustainable LTIFR improvement – two-year average went down by more than 20 %

Progress in Implementation of “Environmental Roadmap for New Norilsk”

“Environmental roadmap”
(completed and close to completion projects)



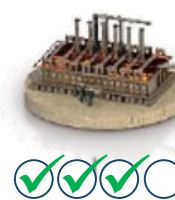
Talnakh concentrator upgrade & expansion

- Increased Sulphur content in tailings
- Enables moving smelting operations from Nickel to Nadezhda plant



Nickel plant agglomeration facility shutdown

- SO₂ emissions in residential areas to decrease by 170-190 ktpa

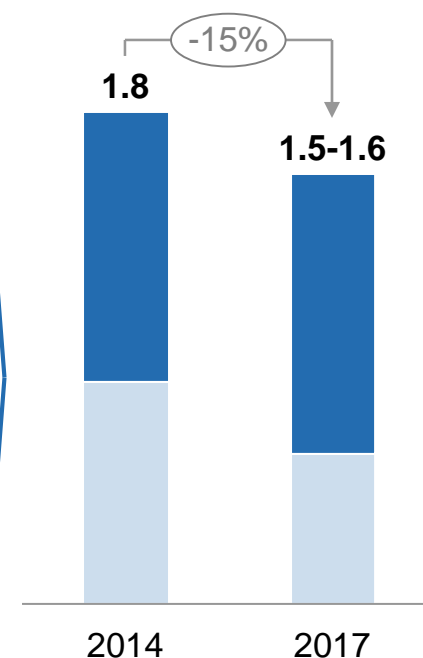


Nickel plant electric furnaces and anode smelters shutdown

- SO₂ emissions in residential areas to decrease by 160-180 ktpa

Polar Division SO₂ Emissions Impact

(mtpa)

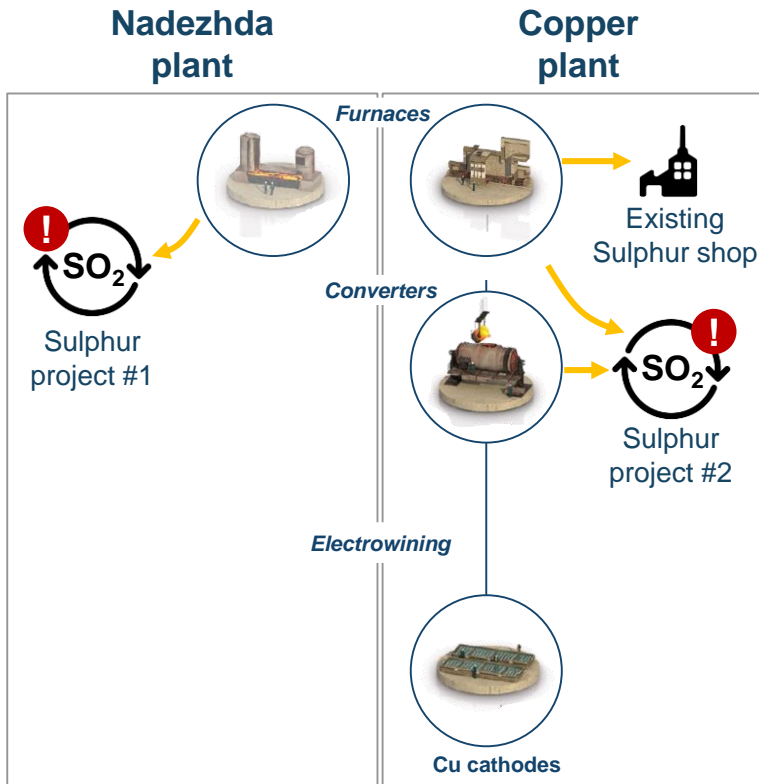


Emissions in residential areas cut by 30-35%

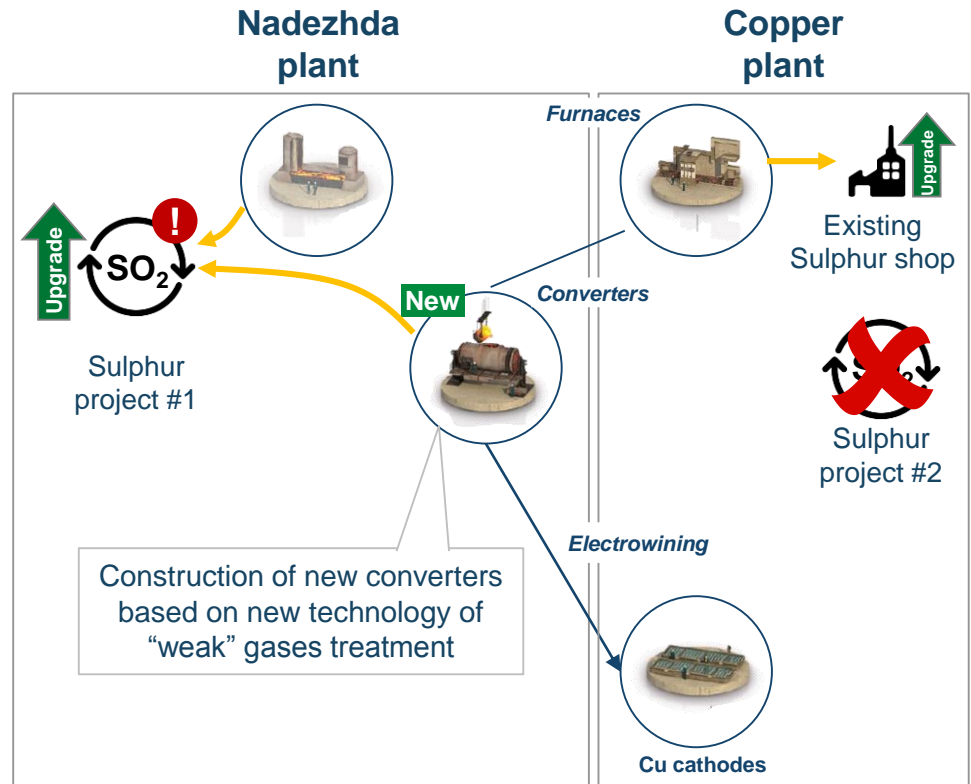
- Emissions from facilities located outside of residential areas
- Emissions from facilities located within the city of Norilsk area

“One Site” Solution

Previous solution: “Two sites – two independent projects”

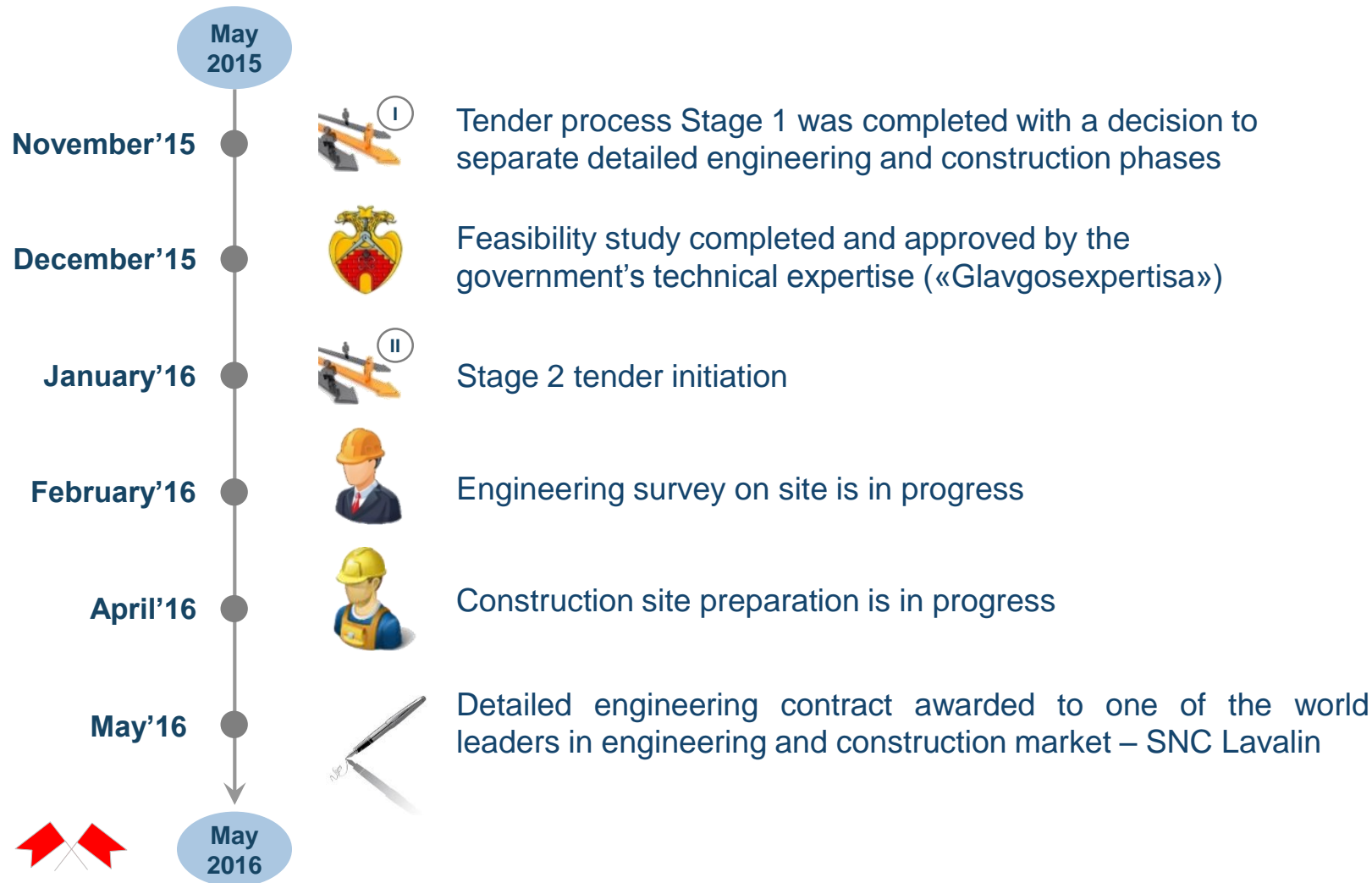


New solution: Single project with a number of modernization initiatives



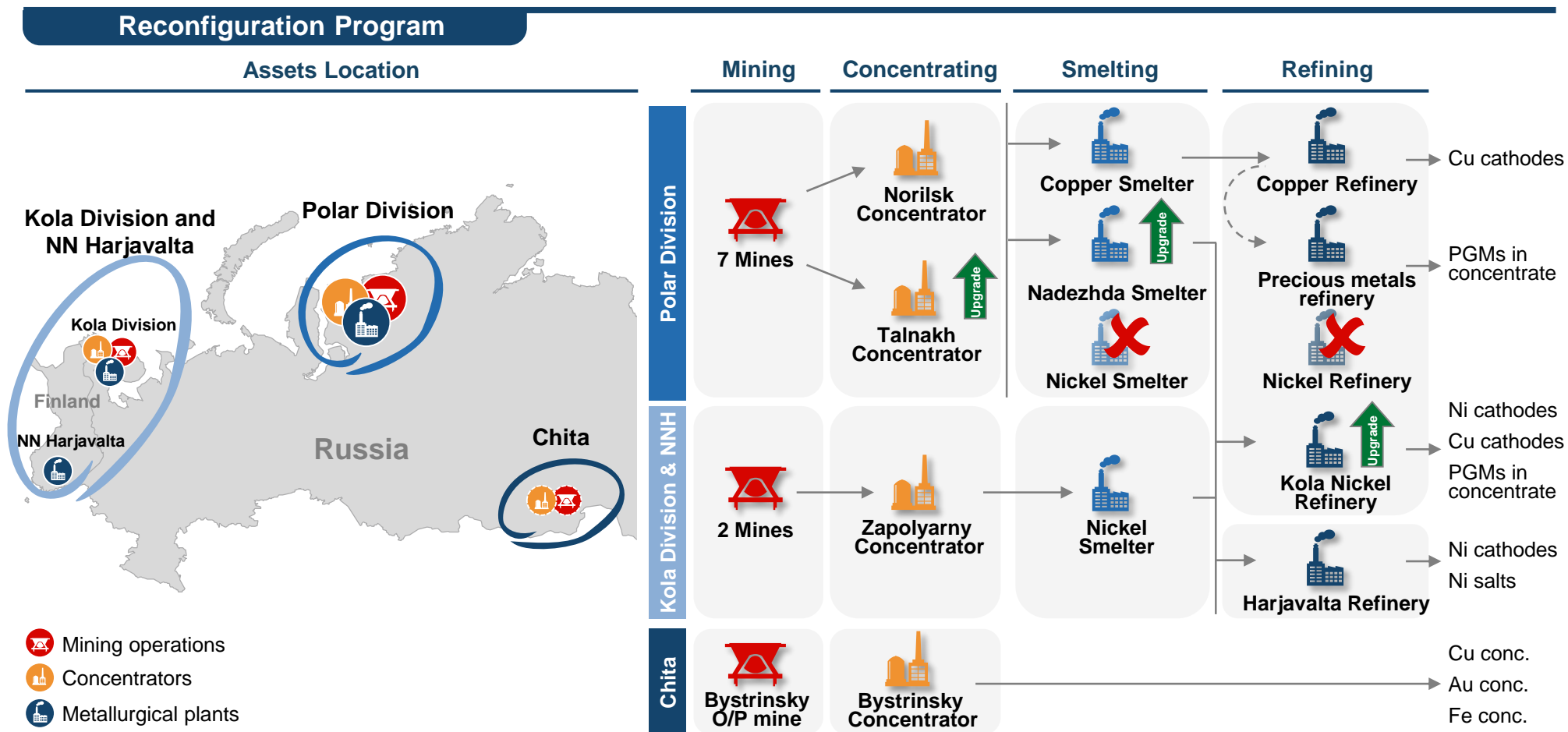
- Achievement of regulatory targets for emissions reduction
- Maintenance of copper production capacity
- Projected CAPEX saving (to be specified based on detailed engineering)

Nadezhda Sulphur Dioxide Capturing Project – Progress to Date



Dialogue with Russian Government on support measures for the Company's environmental program launched

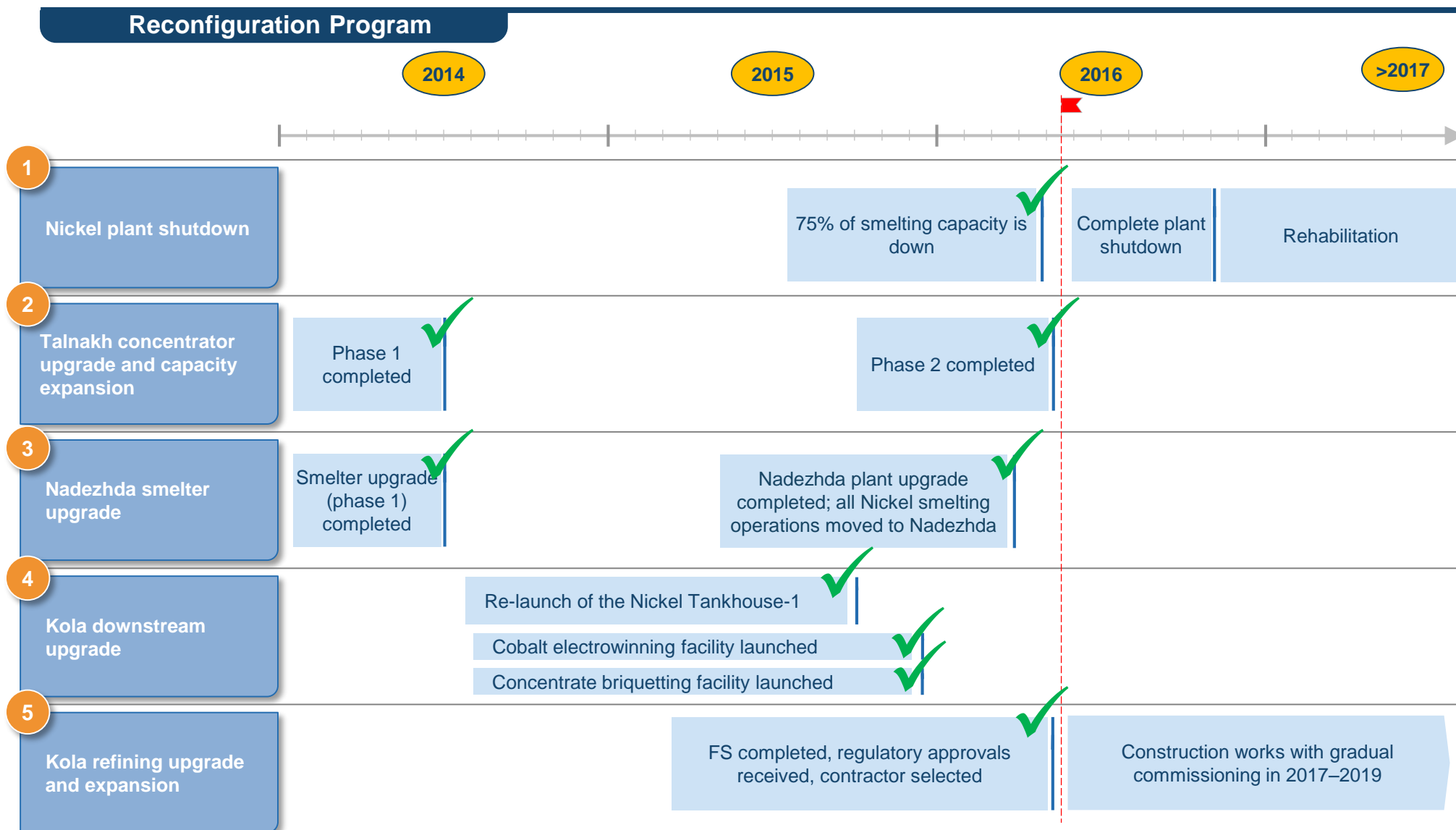
Production Reconfiguration Program – Overview



Reconfiguration impact

- Overall cost saving and improved recovery
- SO₂ emissions reduction by 15% resulting from concentrator upgrade and Nickel plant shutdown; significant decrease of emissions in residential areas
- Energy consumption reduction by Polar Division

Reconfiguration Program – On-time Delivery in Progress



1 Nickel Plant Decommissioning – Two Main Facilities Shut Down in April

Reconfiguration Program

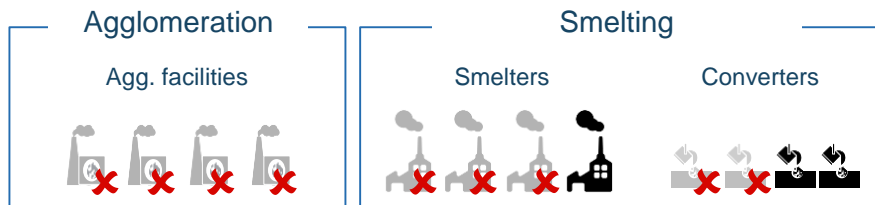
Current state



Next steps



- To date – **75%** of smelting capacity is down



- All facilities to be shut down by October 2016
- 2016+ – closure and site rehabilitation

Talnakh Concentrator Upgrade (Phase 2) – Successfully Completed

Reconfiguration Program

Phase 1



- Optimized utilization
- Increased of nickel recovery rate by 1 p.p.

Completed in 2014

Phase 2 – upgrade & capacity expansion to 10.2 mtpa



- Capacity increase up to **10.2 mtpa**
- Concentrate volume decrease enables Nickel plant shutdown
- Recovery improvement:
 - Impact of new technology (7.7 mtpa): Ni up to 1%
 - Impact of re-directing volumes from Norilsk concentrator to Talnakh (2.5 mtpa): Ni – 2 %, Cu – 2 %, PGM – up to 4 %

Commissioned in May, 2016

Phase 3 (potential) – capacity expansion to 16.0 mtpa



Next steps:

- Update of project design as well as budget & schedule
- Confirmation of economic impact



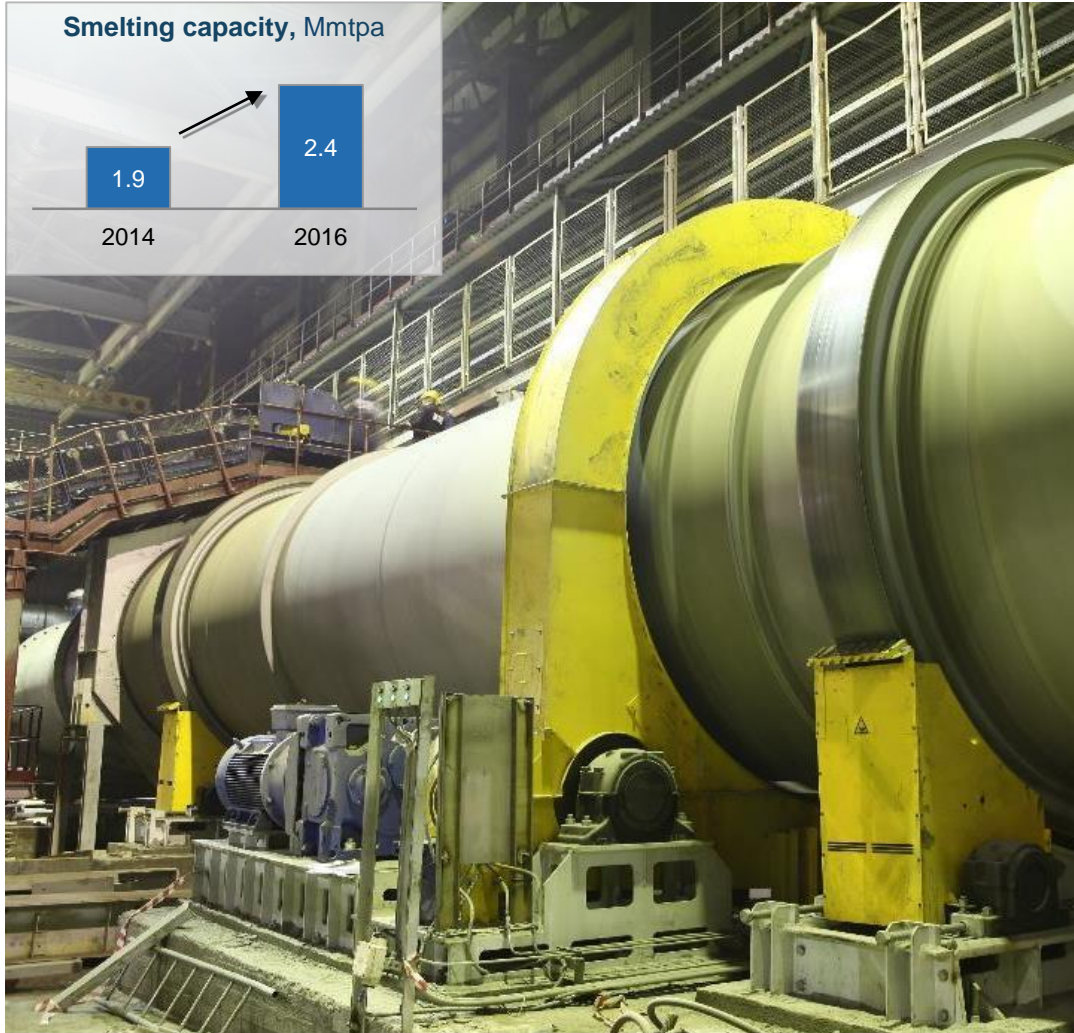
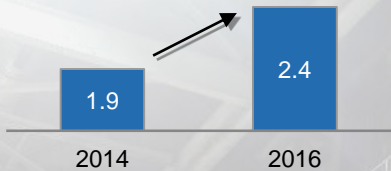


3

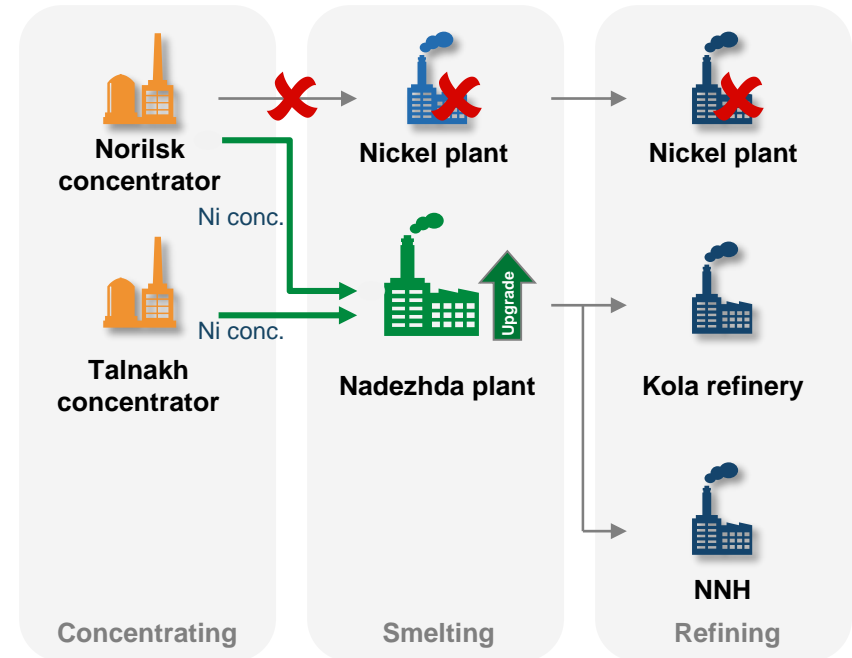
“Single Stream” Smelting at Nadezhda Plant – “On Track” Commissioning in March 2016

Reconfiguration Program

Smelting capacity, Mmtpa



Moving of all Ni smelting operations to Nadezhda plant



- Upgrade of smelting, concentrate drying and filtering facilities



Kola Downstream Modernisation: Launch of New Facilities and Added Synergy with Polar

Reconfiguration Program

1

Concentrate briquetting facility
commissioned



>30 ktpa
reduction
of SO₂ emissions

*Reduction of emissions in the
concentrate preparation stage
(Zapolyarny production site)*

2

Launch of cobalt cathodes
production



+US\$25m
EBITDA

*Additional profitability compared
to selling Co concentrate*

3

Re-launch of Ni
Tankhouse-1



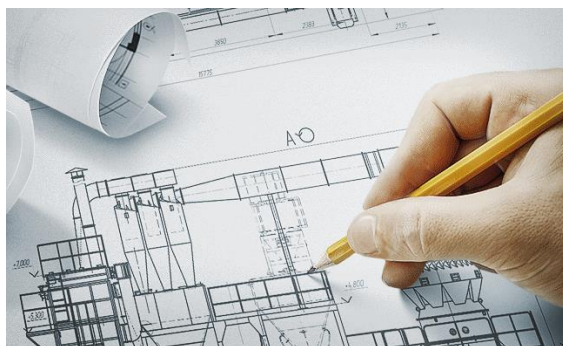
+45 ktpa
of nickel production
capacity

*Additional capacity to balance
production during
reconfiguration program*

Chlorine Leaching Technology in Kola Downstream – Targeting Further Efficiency Gains in 2018–2019

Reconfiguration Program

What has been done?



- Project design completed
- Regulatory approvals received
- EPC-contractor selected, construction contract signed
- Zinc-recovery circuit is under construction

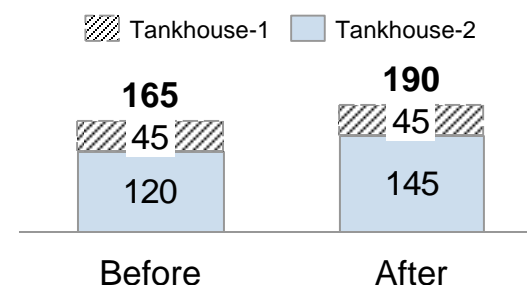
Next steps



- Equipment delivery
- Construction works with staged commissioning of new chlorine leaching technology
- Full capacity from **2019**

Expected impact

Kola Ni refining capacity, ktpa



- Increase of extraction rate by >1.0 p.p.
- Decrease in unit cost at refining stage by ~10%
- Improvement of work-in-progress turnover

Reconfiguration Program Impact

Capital Expenditures

(US\$ in m)

% Complete
(May 2016)




1,010–1,070

400–420

340–360

260–290

2013–2019

-  Talnakh conc. upgrade (Phase 2)
-  Nadezhda upgrade and Nickel Pl. shutdown
-  Kola Refinery Upgrade



Expected Impact



**Government Support through
the Cancellation of Ni and Cu
Export Duties
(Starting from August, 2014)**



Cost Optimization



Improved Recovery Rates



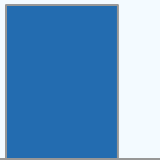
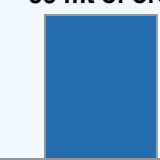
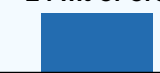



Work-in-progress Metal Release

**Average Yearly
EBITDA Impact
Starting from 2018
US\$250–300m**



Priority Upstream Brownfield Projects

Project Highlight

	Taimyrskiy Mine	Oktyabrskiy Mine	Komsomolskiy Mine ²
Reserves covered by projects			
Total	<div> <div>63 mt of ore</div>  <div> <div>2.3%</div> <div>3.5%</div> <div>7.3 g/t</div> </div> </div>	<div> <div>59 mt of ore</div>  <div> <div>1.0 %</div> <div>3.1%</div> <div>7.6 g/t</div> </div> </div>	<div> <div>24 mt of ore</div>  <div> <div>1.5%</div> <div>1.8%</div> <div>5.3 g/t</div> </div> </div>
Project description	<ul style="list-style-type: none"> Ore production ramp up to 3.9 mtpa by 2022 Next stage to be launched in 2016 CapEx 2016–2018: US\$201m Completion: 52% 	<ul style="list-style-type: none"> Maintain production at 5.0–5.2 mtpa until 2023 Next stage to be launched in 2017 CapEx 2016–2018: US\$113m Completion: 40% 	<ul style="list-style-type: none"> Maintain production at 3.8–4.1 mtpa until 2020 Next stage to be launched in 2016 CapEx 2016–2018: US\$140m Completion: 47%
CapEx, US\$m (actual 2015)	<div>72.0</div> 	<div>70.0</div> 	<div>45.0</div> 
Completed in 2015	<ul style="list-style-type: none"> 7,600m of underground shafts and drifts Launch of 0.8 mtpa capacity 	<ul style="list-style-type: none"> 7,100m of underground shafts and drifts Launch of 1.0 mtpa capacity 	<ul style="list-style-type: none"> 4,700m of underground shafts and drifts Launch of 0.7 mtpa capacity
On time/ On budget	✓ / ✓	✓ / ✓	✓ / ✓

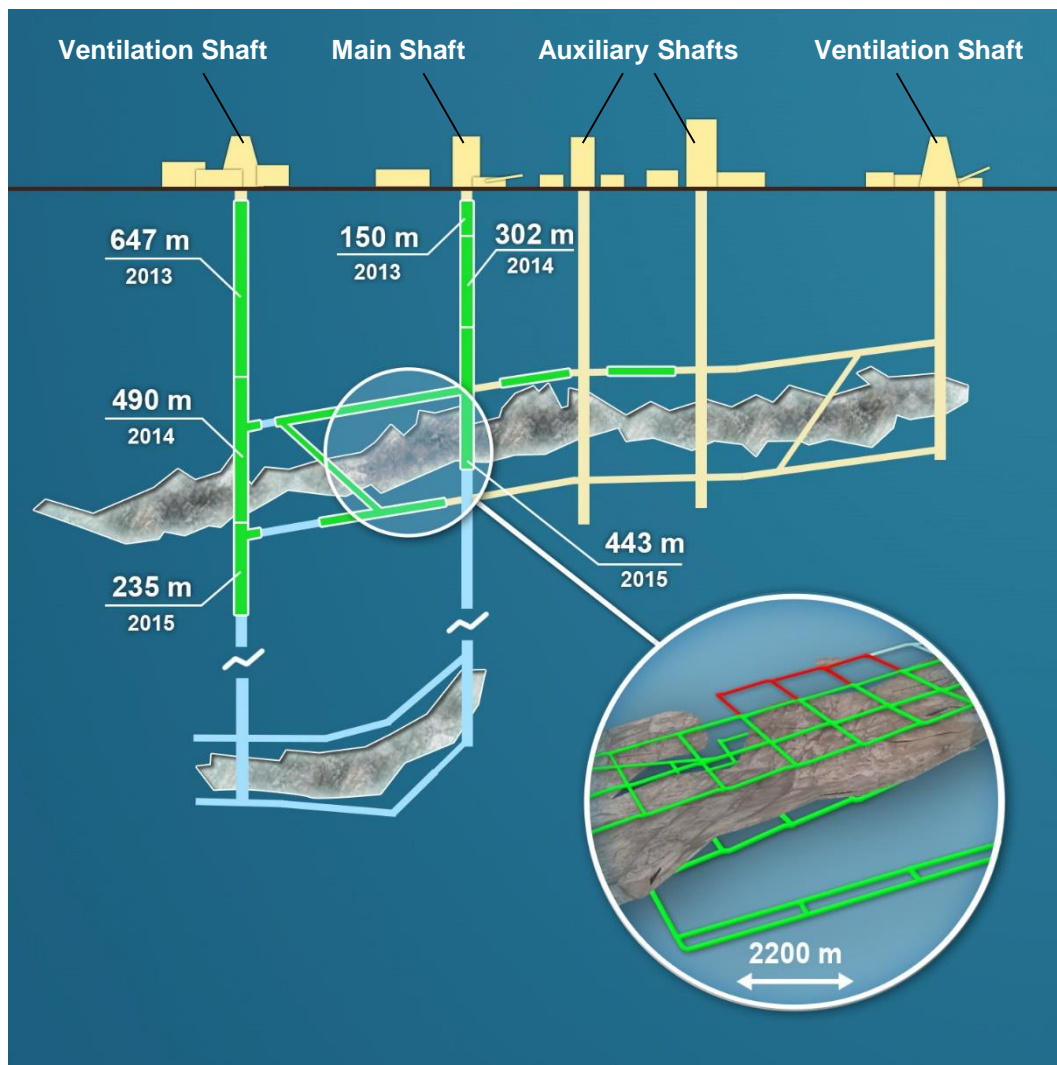
Note: 1. Ore grade.

2. Komsomolskiy mine data doesn't include Skalistiy mine (Skalistiy mine is illustrated on a separate slide).



Skalisty Mine: Project Development on Track

Project Highlight



Project overview

- Production capacity – 2.4 mtpa
- Ore reserves – 58 mt
- Estimated Project IRR > 30%
- CapEx 2016–2018: ~ US\$650m, 2015 CapEx ~ US\$256m

Project timeline

- Commissioned mining capacity – 500 ktpa in 2015
- Next launch – 150 ktpa in 2016
- Completion of ventilation shaft #10 in 2018
- Completion of main shaft by 2019

Project update

- Progress in 2015:

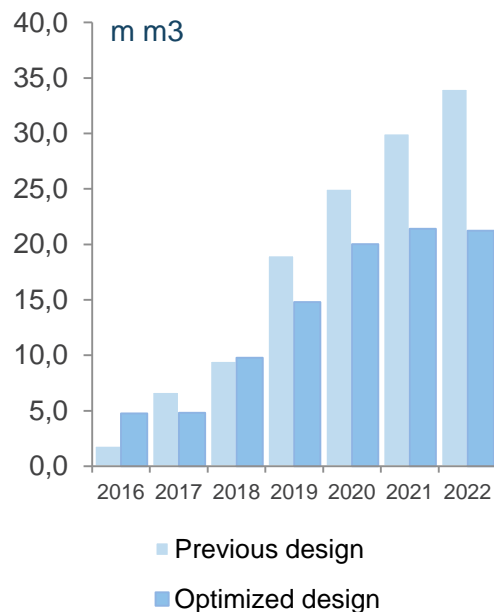


Bystrinsky Project – Pit Design Optimization Results

Operational profile

- Pit optimization resulted in significant reduction in waste stripping
- This in turn allowed to convert additional 40mt of ore resources into mineable reserves

Waste stripping



Upstream

Reserves & Resources: 336 Mt ↑

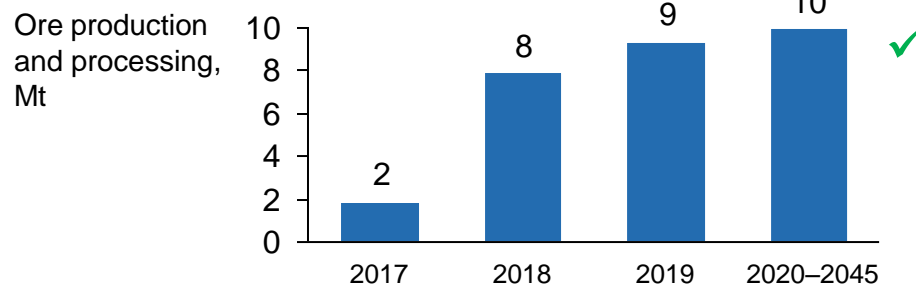
Cu – 0.64%

Fe – 20%

Au – 0.8 g/t

Capacity: 10 Mtpa ✓

Production profile



Annual production		2018–2020 (av.)	2021+	
Cu (in concentrate)	kt	45–50	70–75	✓
Au (in concentrate)	koz	250–260	250–260	✓
Fe (magnetite concentrate)	kt	2000–2100	~2900	✓

Indicators at 1Q16 macro conditions

(US\$ in bn)

CapEx'16–18

0.9

EBITDA'20+

0.4–0.5

IRR

>30%

Source: Norilsk Nickel.

Bystrinsky Project: 45% Complete

Project Highlight



Railway link to the project site is near completion (227 km, 3.7 mtpa capacity). Project financed in partnership with the Russian Government:

- Trial operation launched in December 2015, full commissioning in 2016



An agreement reached with «FGC UES» regarding power line construction and operation:

- 220kv power line construction is in progress. Commissioning is scheduled for 2Q17



Waste stripping at the open pits Ildikanskyi and Bystrinsky-2 is on schedule:

- 3m m³ of waste rock moved in 2015



Construction of main facilities/ordering of equipment on track:

- Contractors have been hired for the construction works (concentrator, camp, etc.);
- Ongoing construction of more than 20 facilities (ore supply, warehouses, etc.);
- All concentrator equipment has been ordered (Outotec, FL Smidth)

Bystrinsky Project: 45% Complete

Project Highlight

Primary Crusher Construction



Crushed Ore Stockpile



Administration Building



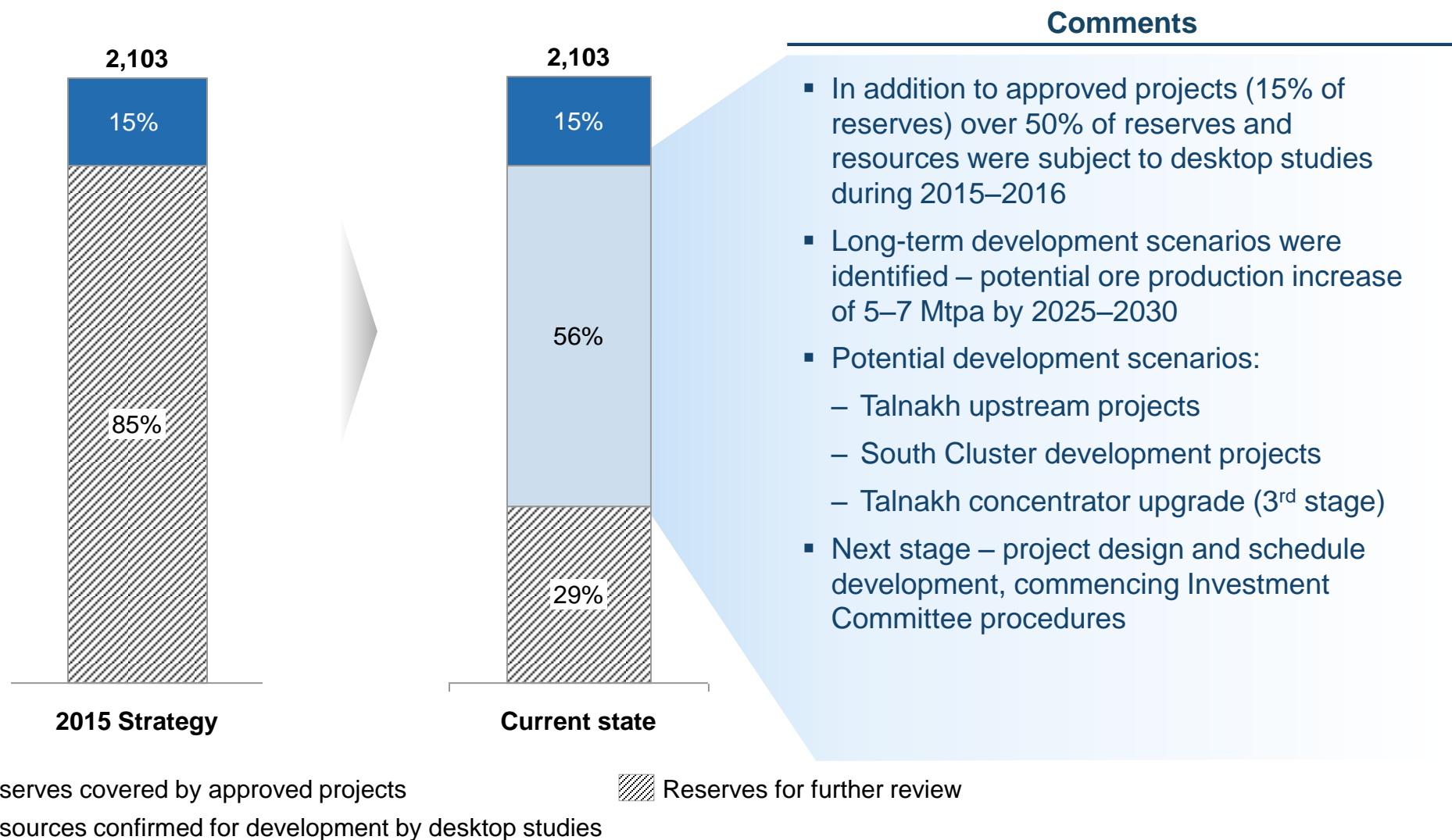
Mechanical Workshops



Source: Company data.

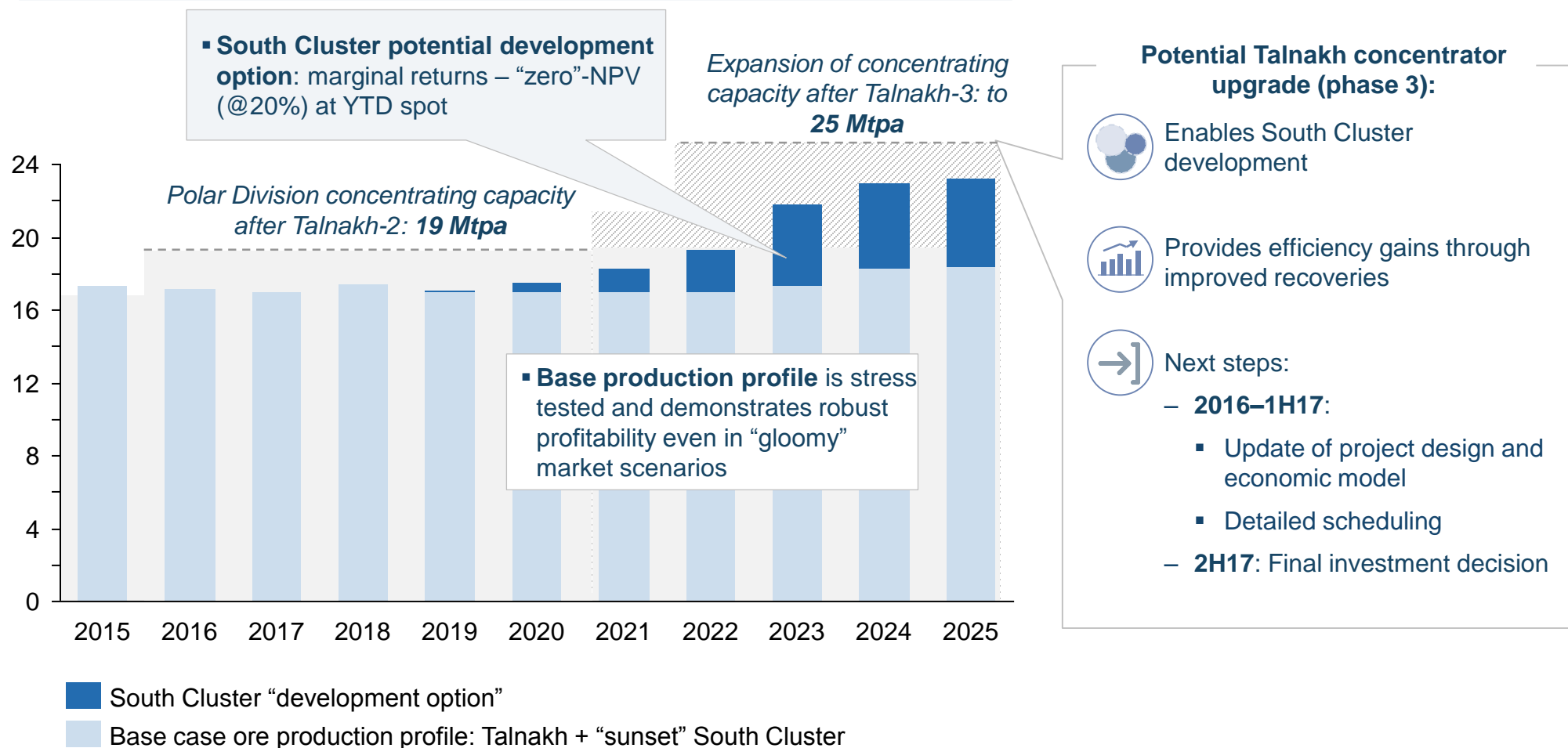
Further Conversion of Norilsk Unique Resource Base into Development Opportunities

Reserves and Resources – Polar Division (at 01/01/2016), mt



Long-term Mining Outlook for Polar Division

Upstream Development Scenarios, mtpa (ore)

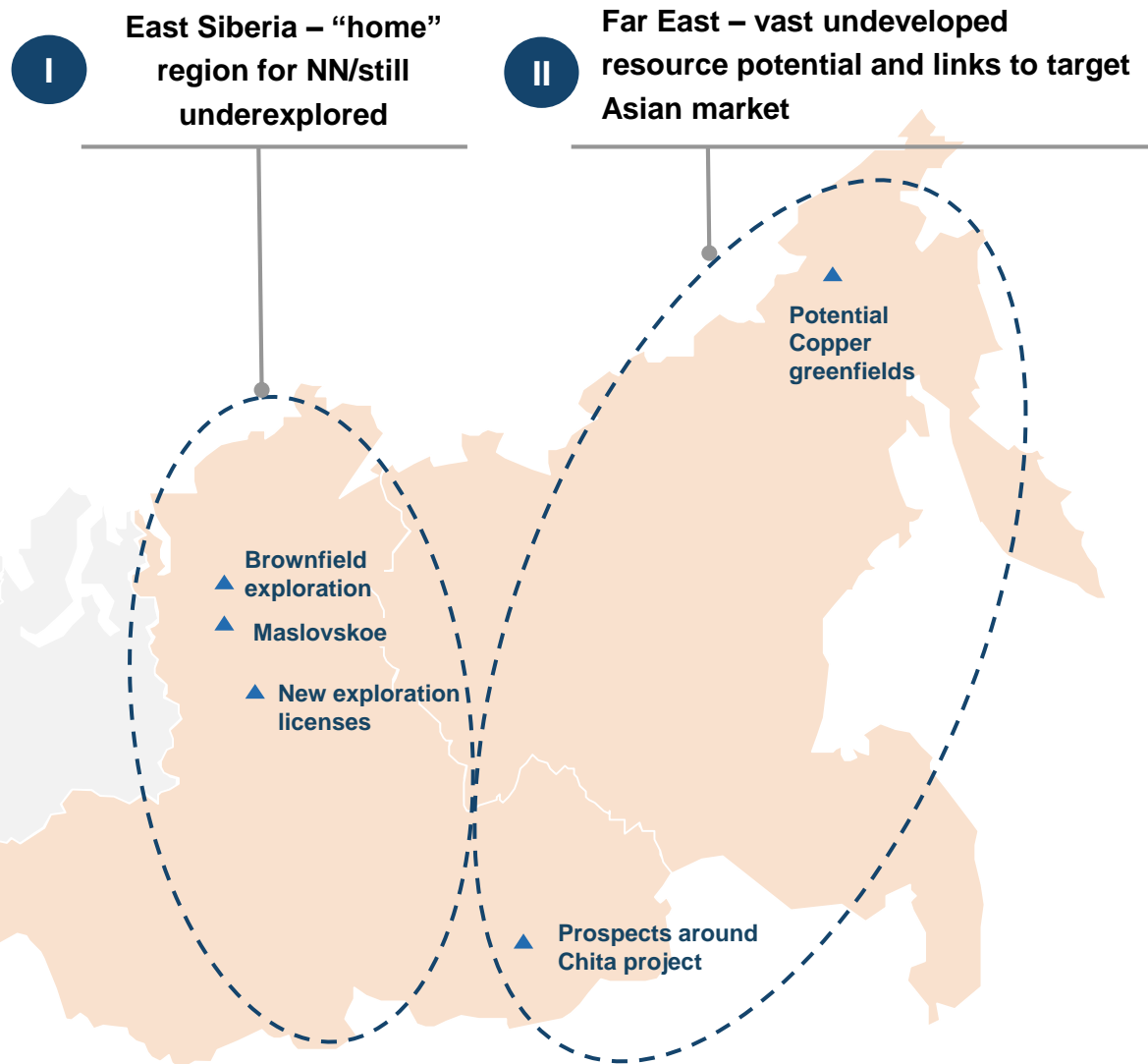


Screening for Potential Long-term Opportunities

Screening approach

Strategic criteria:

- Regions where NN can build on its competitive edge – Russian Federation
- Preferred products (metals) basket
- Potential to become Tier I asset
- Risk mitigation options (project financing, partnerships, etc.)

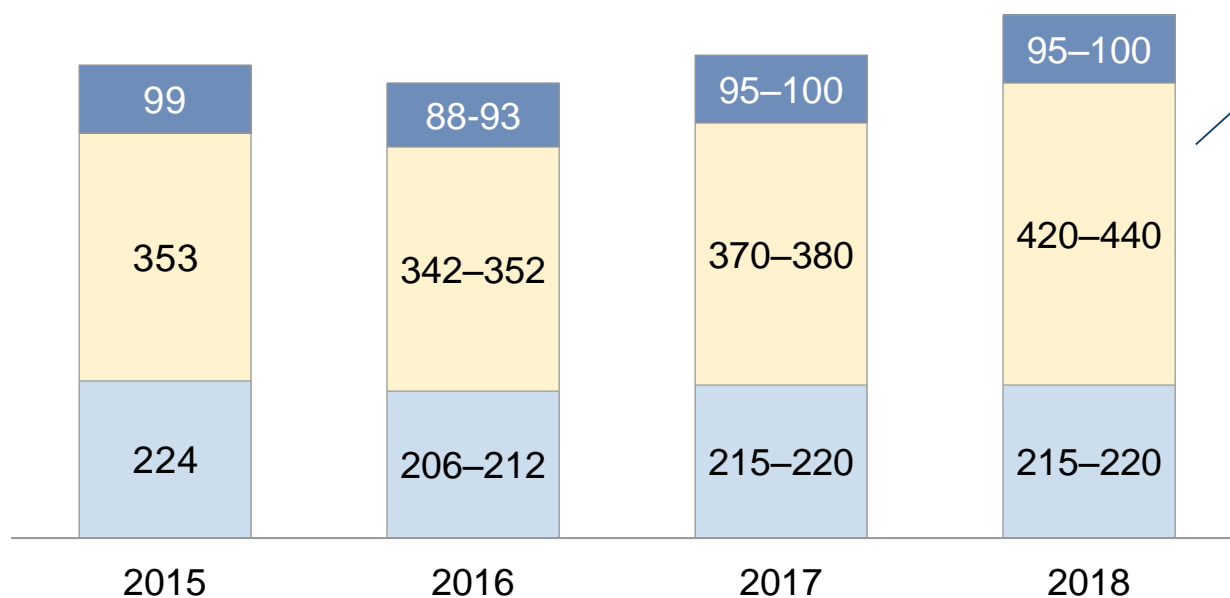


Production Guidance

Production Guidance from Russian Feedstock

Ni/Cu – kt, PGM – t
(saleable metal)

PGM Cu Ni



- The Company will maintain stable production levels after 2016
- Copper volumes growth due to grade increase (and from 2018 – due to launch of Bystrinskiy project)

- One-off increase of work-in-progress due to Nickel plant shutdown and moving refining operations to Kola division



NORILSK NICKEL



Investment Governance and Portfolio Update

Sergey DUBOVITSKIY
Vice-President
Head of Strategy

Norilsk's Strategic Principles – Set Out in 2013

Progress

Focus on Tier I Assets

- Most non-Tier 1 assets successfully exited, Stage II Strategic review underway



Optimal Value Chain Footprint

- Unprecedented production reconfiguration program on track



Capital and Investment Discipline

- Quality of investment governance enhanced
- Stay-in-business CapEx and working capital optimized down to industry averages



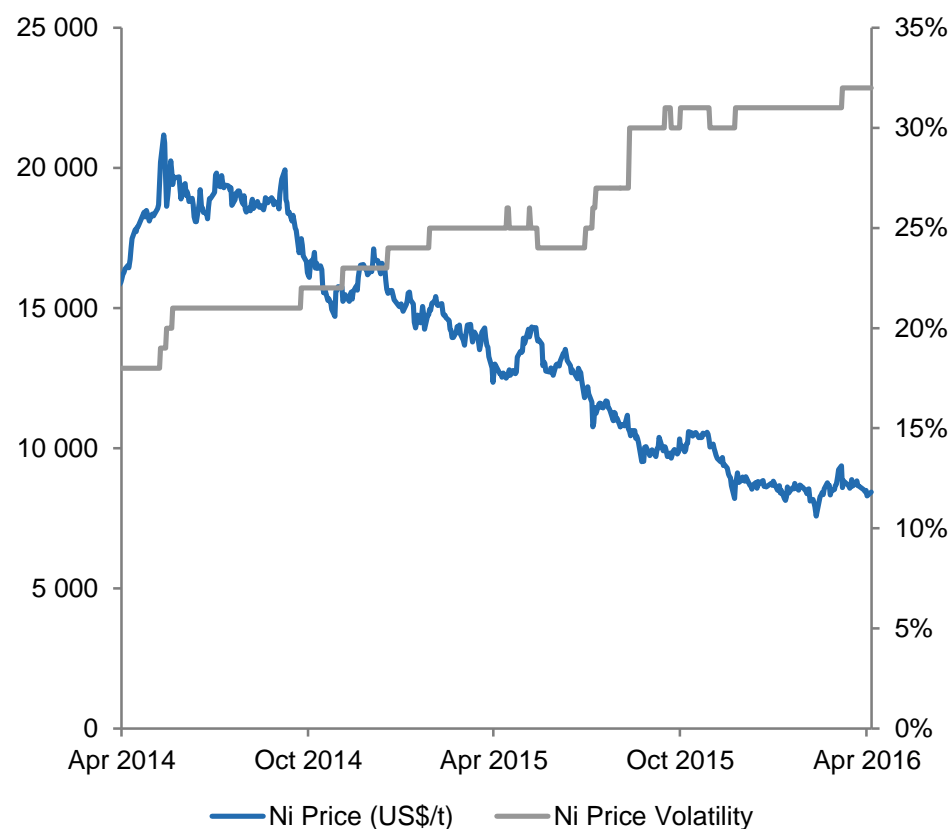
Social Responsibility

- Enhanced focus on Health & Safety
- Norilsk's city area emissions cut by 30–35%

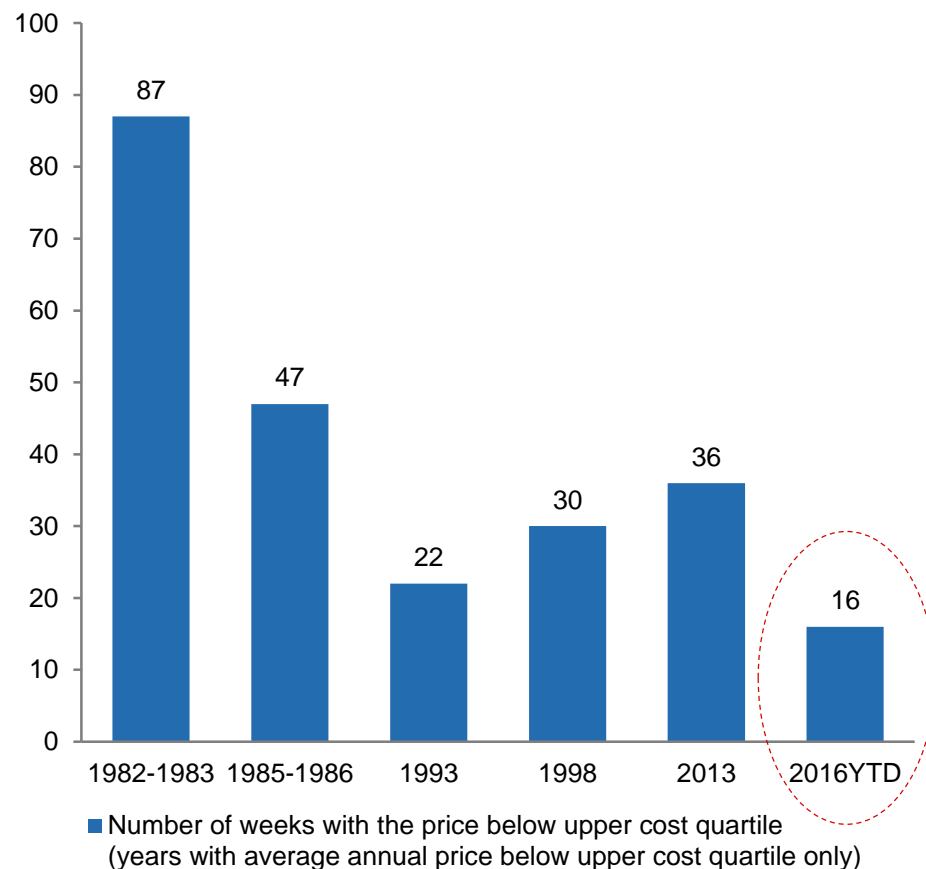


Strategic Context – Rise in Volatility Combined with Weak Prices...

Ni Spot Prices -60%, Ni Price Volatility +80%

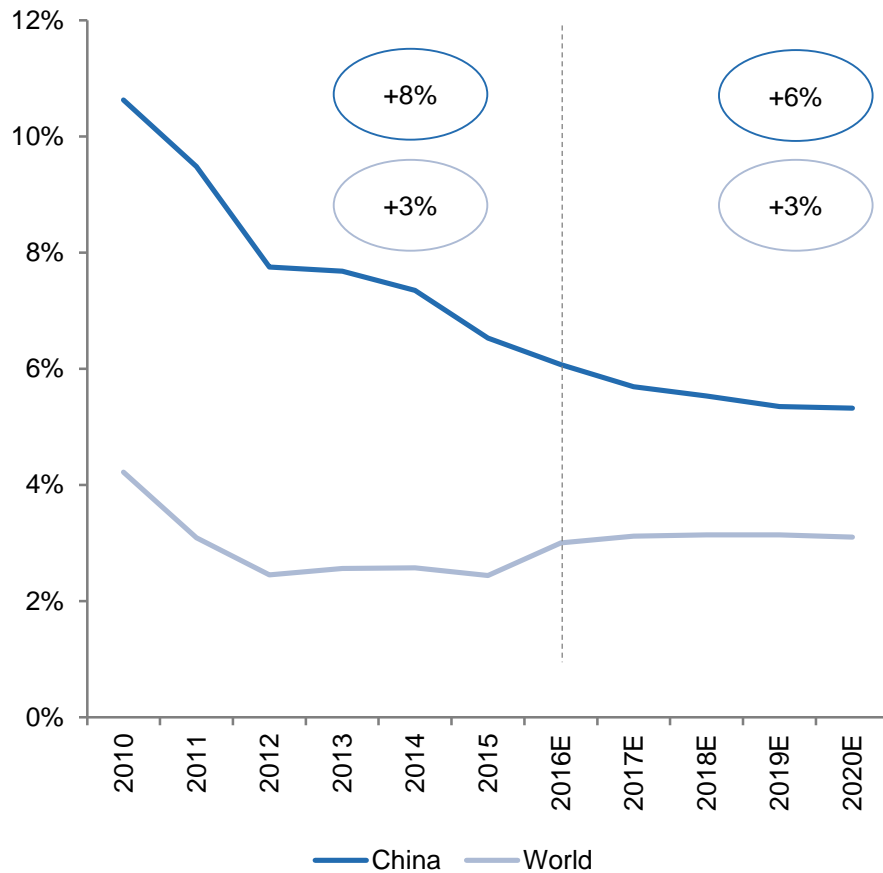


Lessons Learnt from Previous Downturns: Number of Weeks When Ni Price Was Below Top Quartile of Cost Curve

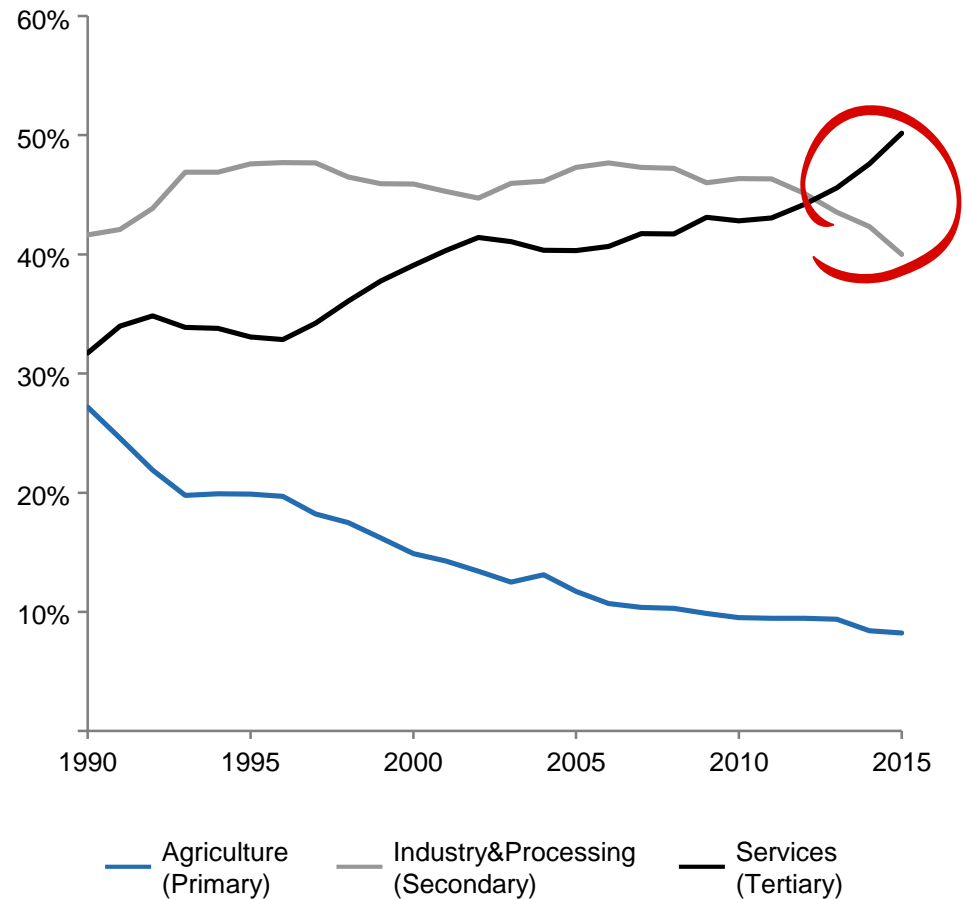


... Driven by Tectonic Shift in Chinese Economic Model

GDP and Investments Growth Rate in China is Slowing Down



Structural Shift in Chinese Economy: Growth in Services, Reduction in Industry

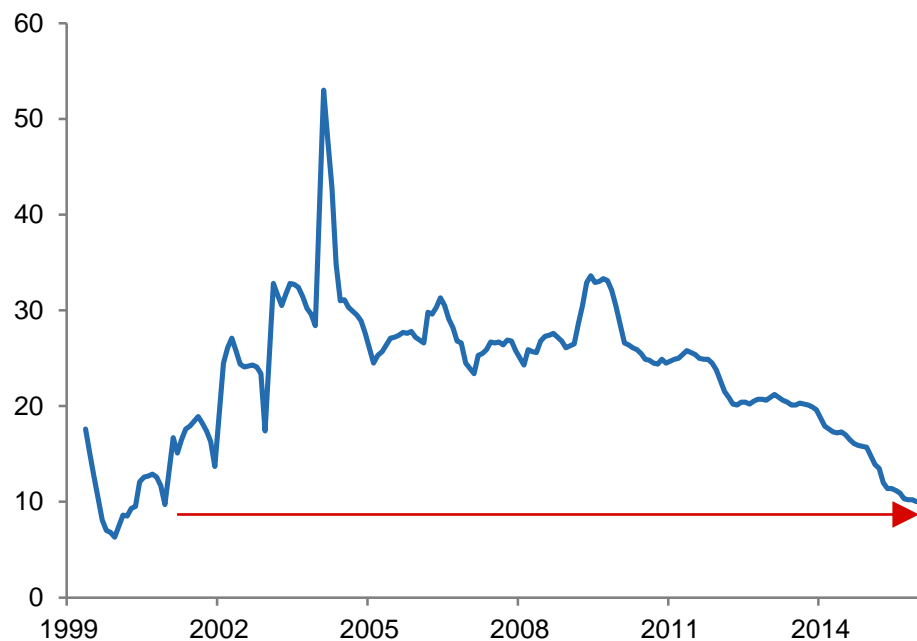


Source: Bloomberg, Norilsk Nickel data, World Bank.

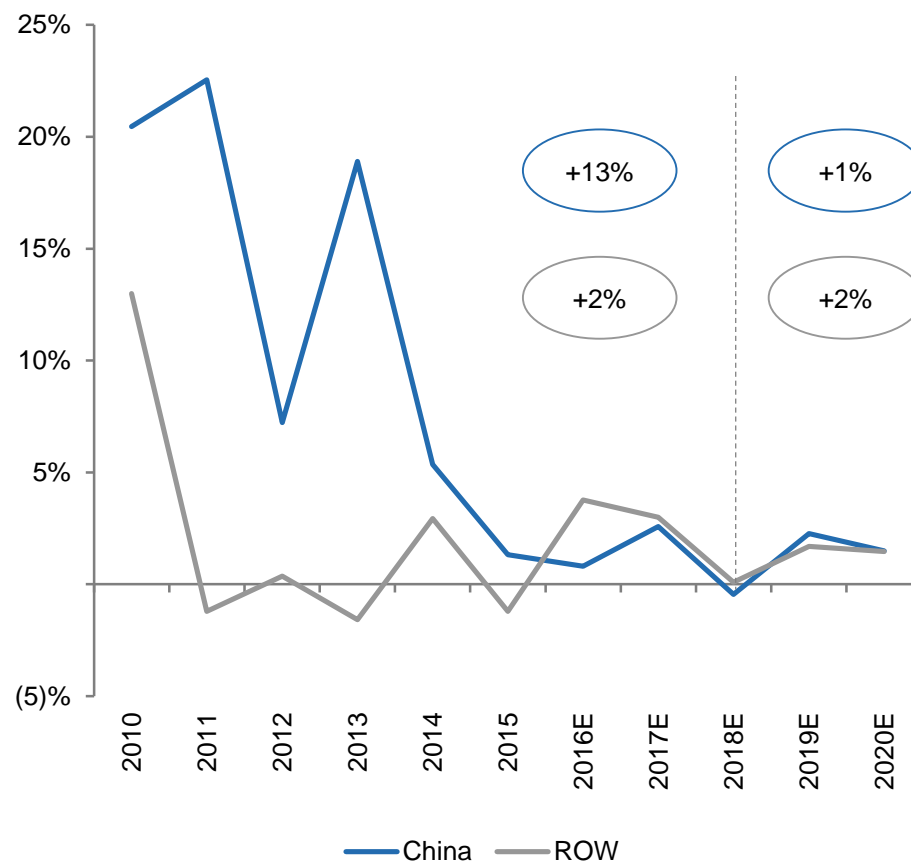
... Impacting Negatively Metal Intensity of the Chinese Growth

Fixed-Asset Investments Growth The Lowest Level Since 2000

China Fixed Assets Investments (Exc. Rural Households)
Cumulative YoY growth



Ni Demand Growth Rate in China to Normalize



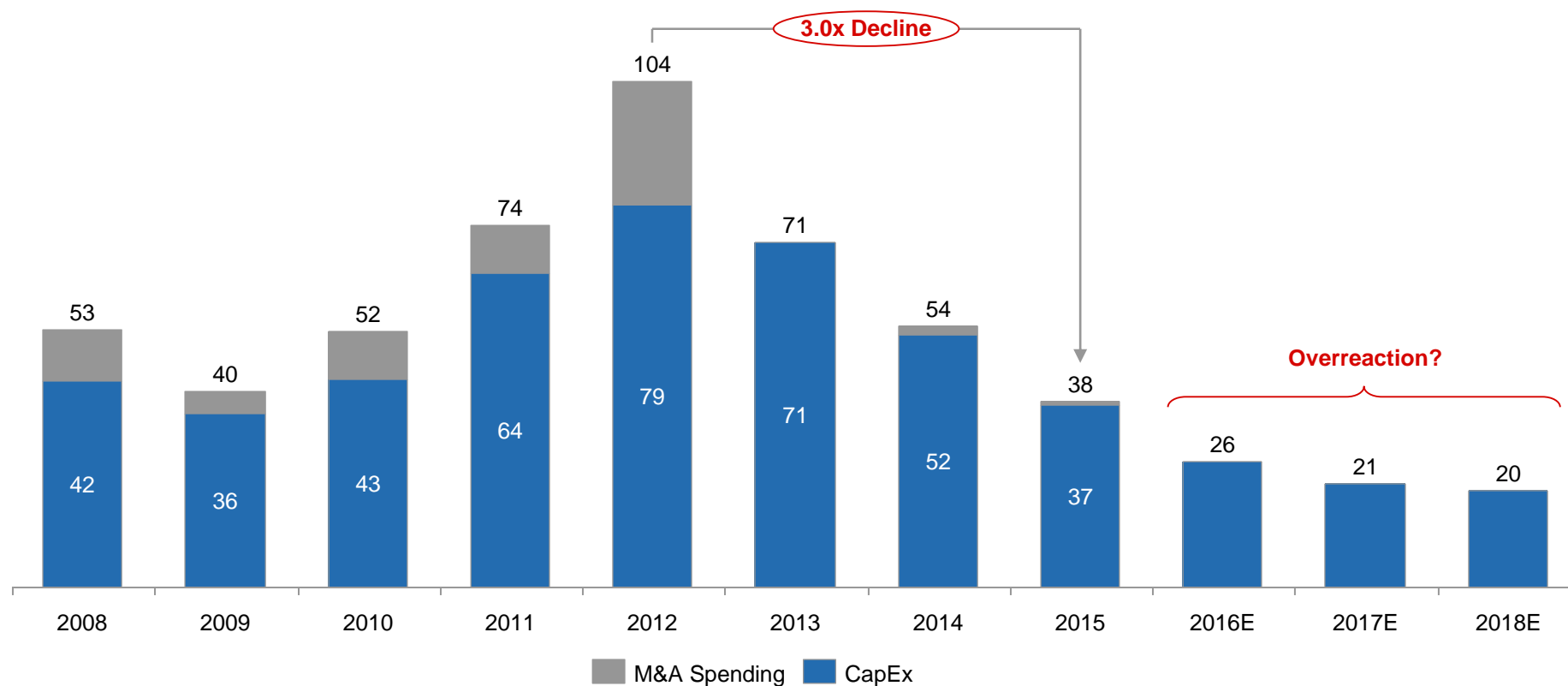
+XX% Average growth rate in 2000–2015, 2016–2020E

Source: Bloomberg, Norilsk Nickel data, JP Morgan Research, NBS Research data, World Bank.

.... Challenge the Validity of Many Investment Decisions in the Industry

Global Miners' CapEx + M&A: Volatile Capital Intensity Tends to Overact in Up and Down Turns

(US\$ in bn)

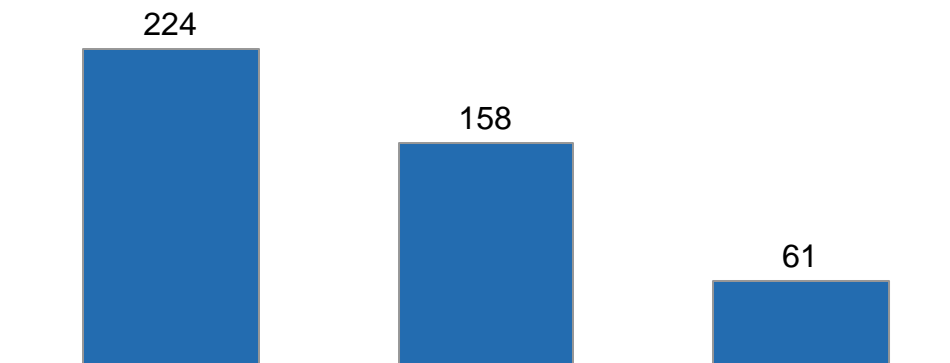


Source: Bloomberg, Norilsk Nickel data; Total CapEx includes major diversified peers – BHP Billiton, Rio Tinto, Vale, Anglo American, Glencore and Norilsk Nickel.

Norilsk Investment Strategy in the Industry Context

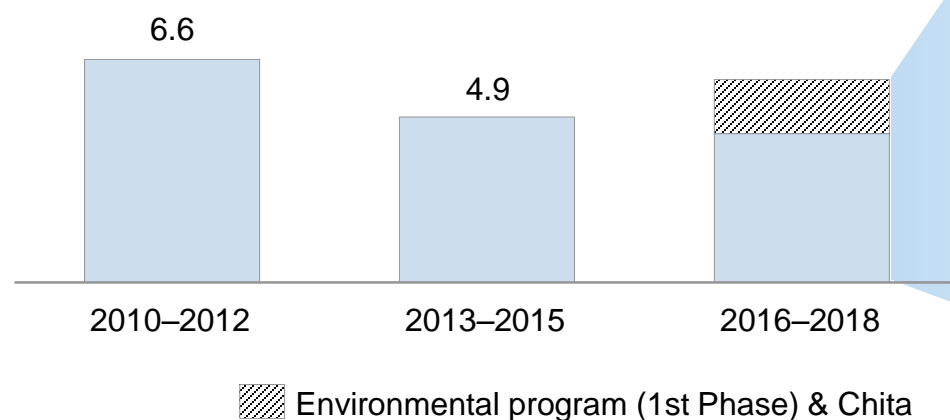
Global Miners Investments

(US\$ in bn)



Norilsk Nickel CapEx

(US\$ in bn)



- Robust (low-risk/high profitability) projects portfolio
- +
- Enhanced focus on investment discipline (improved investment governance system implemented in 2013–2015)
- =
- **Consistent/solid investment program through the cycle**

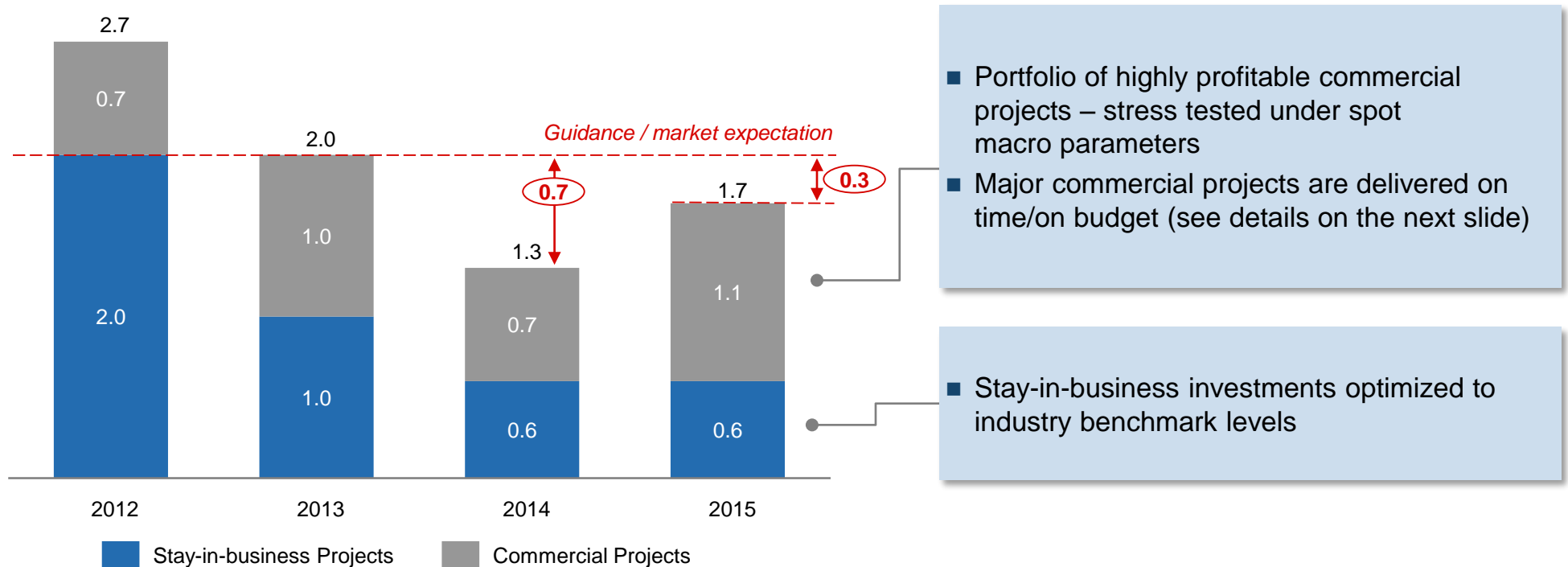
Source: Bloomberg, Norilsk Nickel data.

Strategic Priorities – Focus on Investment Discipline

US\$1.0bn of Capital Investment Savings in 2014–2015

Annual CapEx (Norilsk Nickel)

(US\$ in bn)

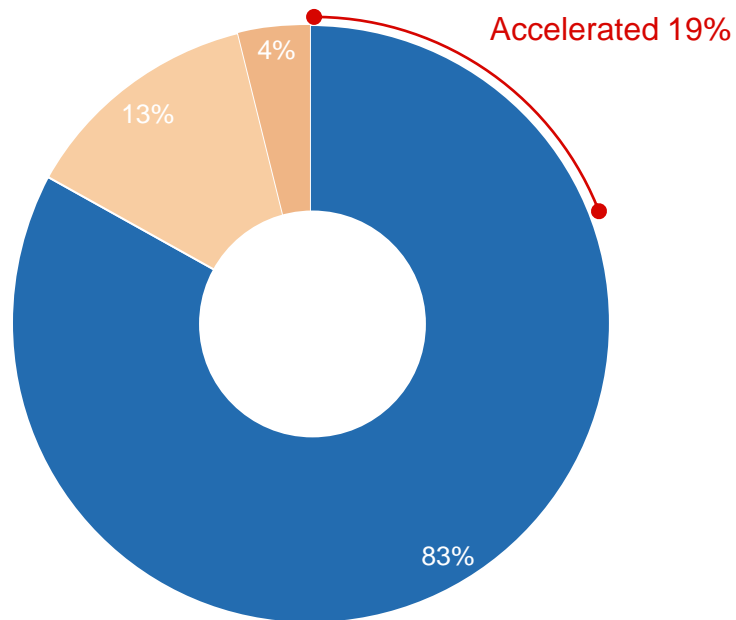


Strategic Priorities – Focus on Investment Discipline

Delivery On Key Investment Projects

Schedule Deviation, % of Investments

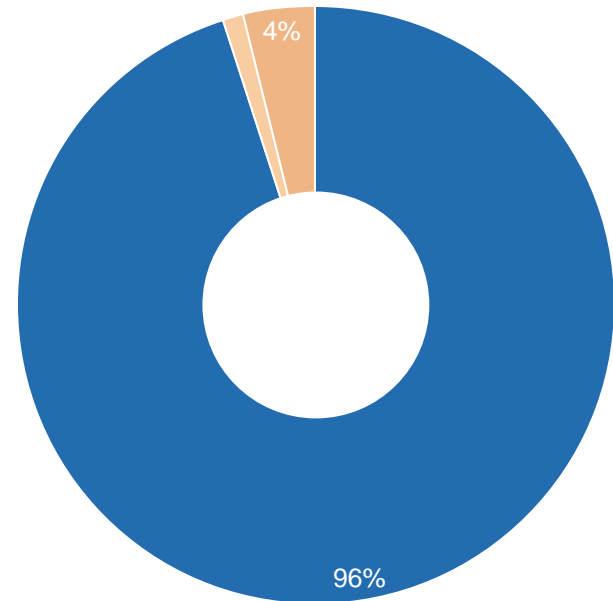
83% of Investments – On Schedule since 2013



■ On Schedule
■ Up to 6m Deviation
■ Over 6m delay

Budget Deviation, % of Investments

>95% of investments – On Budget/with Savings



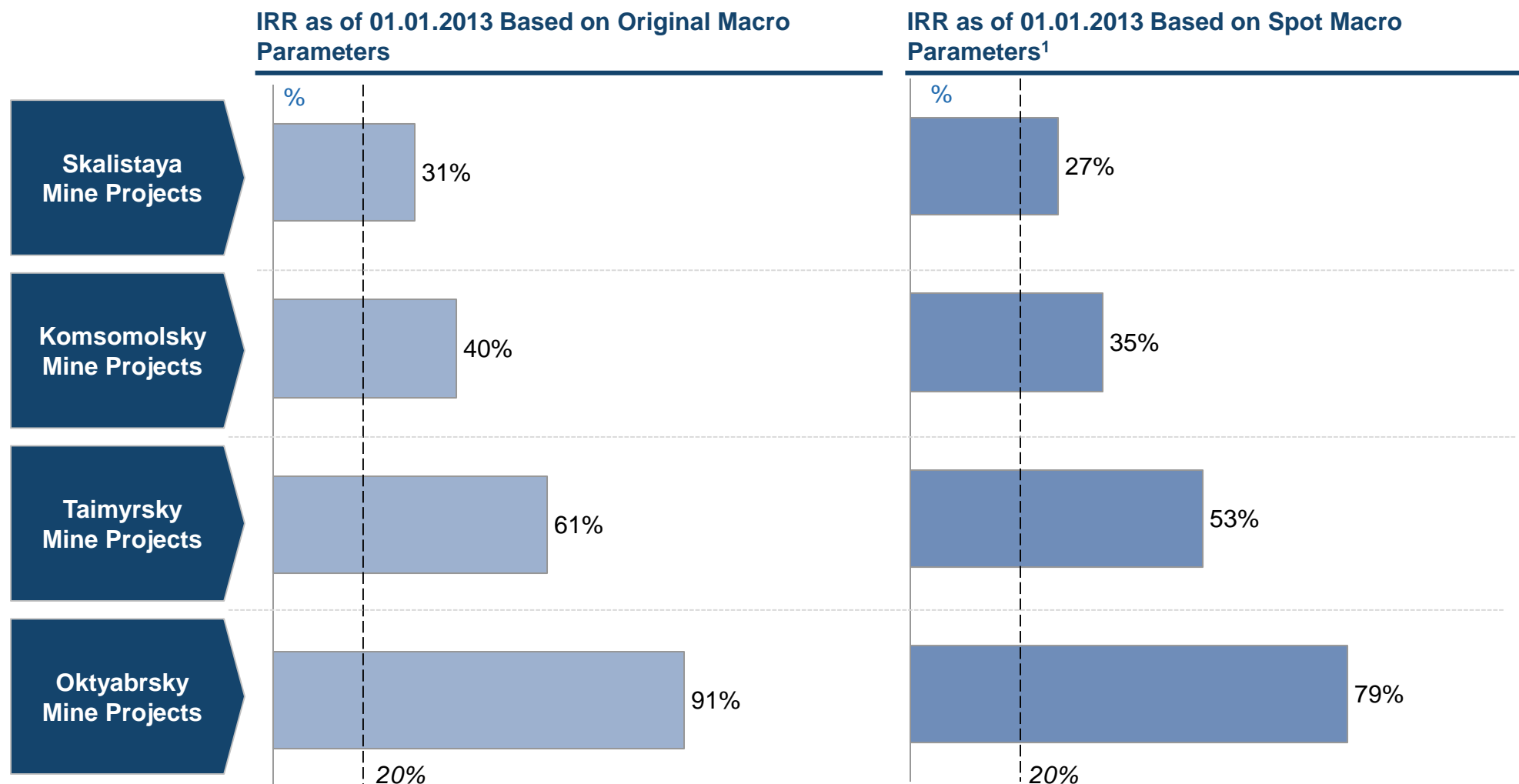
■ On Budget/with Savings
■ Overspending Up to 20%
■ Overspending More than 20%

- Rigorous investment governance procedures in action
- Low-risk projects portfolio
- FX impact tailwind

Strategic Priorities – Focus on Investment Discipline

Stress-tested Profitability of 2013 Upstream Projects Portfolio

Portfolio of Upstream Projects – Approved by the Investment Committee in 2013

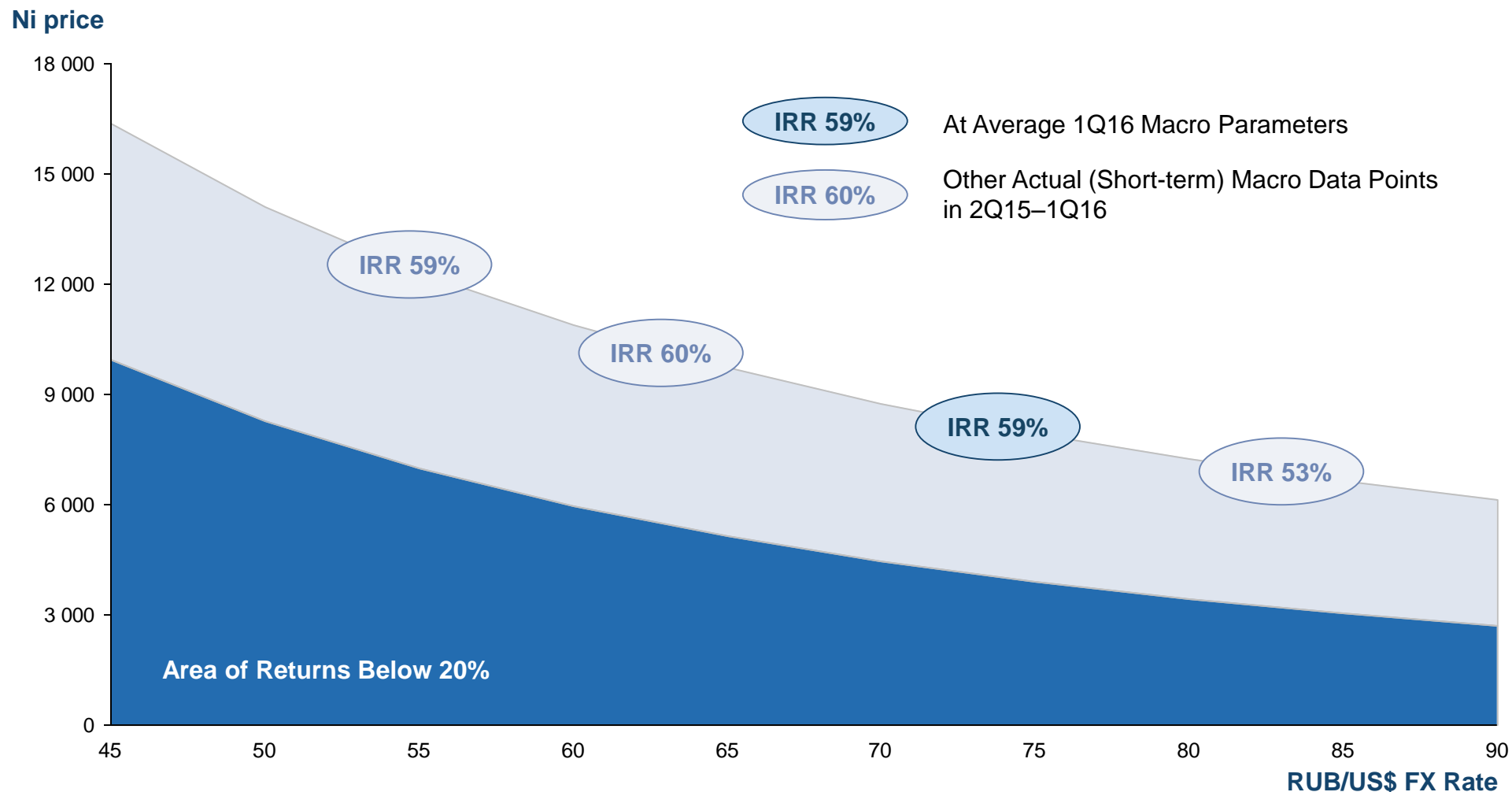


Note: 1. Average 1Q16 macro parameters.

Strategic Priorities – Focus on Investment Discipline

Robust Returns of Current Upstream Projects Portfolio

Returns (Point-forward) Sensitivity of Approved Upstream Projects Portfolio¹ to Macro Scenarios
As of 01.01.2016



Note: 1. Excluding projects with launch in 2016.

Strategic Priorities – Focus on Investment Discipline

Stay-in-business CAPEX Optimisation

Production Assets Maintenance



- Implementation of risk assessment tools and long-term equipment replacement programs
- Implementation of Total Cost of Ownership approach
- Enhanced tendering procedures/Review of payment terms

Energy Assets Maintenance

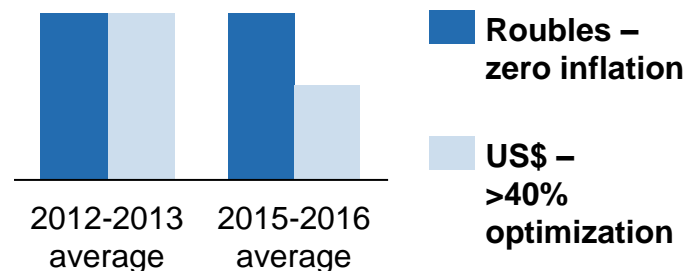


- Strategy review for Energy business – revised technological solutions

Approach

Examples

Example: capitalized maintenance dynamics



Example: Energy business strategy review

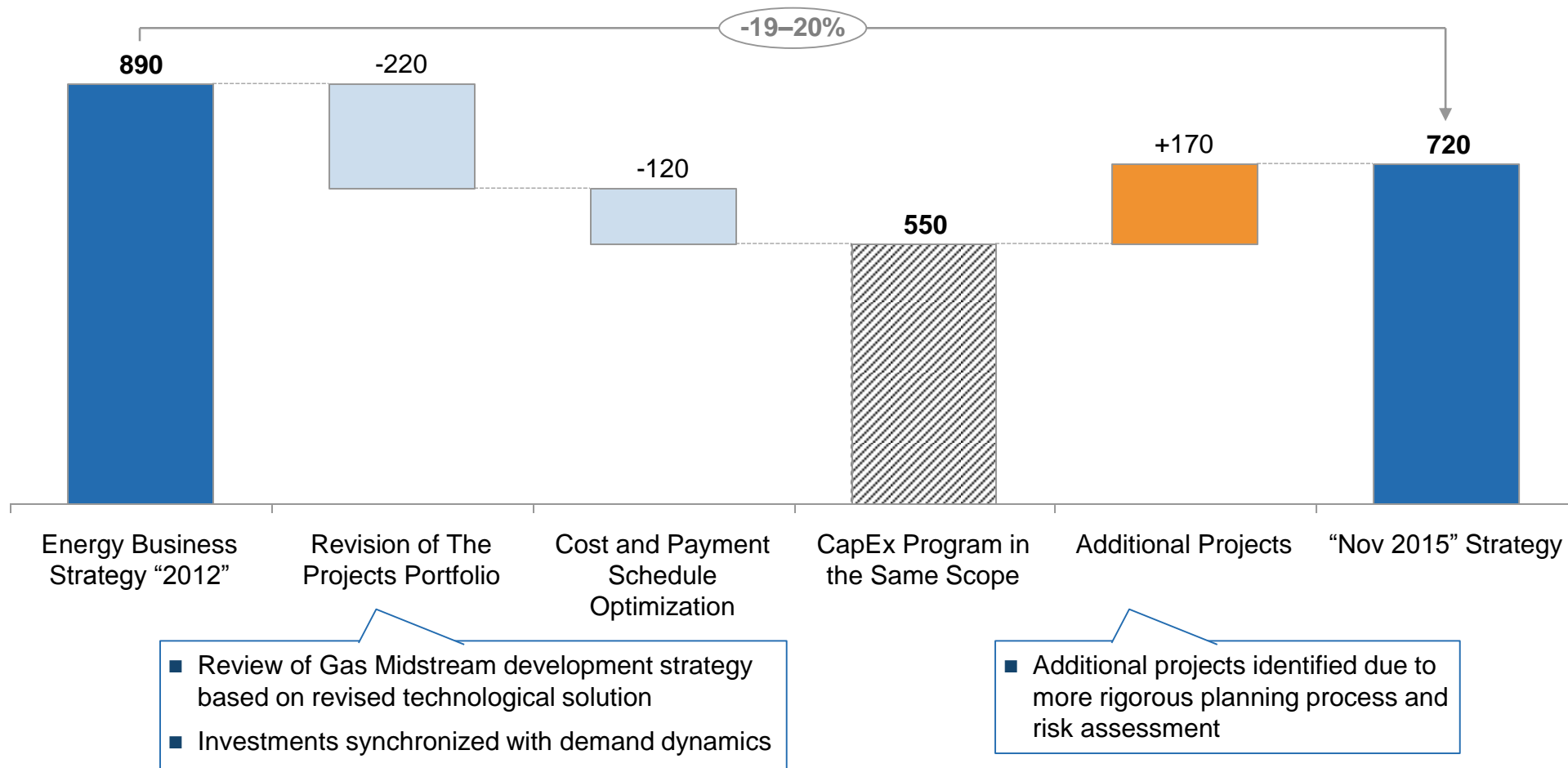
- Up to 20% of CapEx savings (excl. FX impact) while maintaining the same level of energy supply security (see next slide for more details)



Energy Business Strategy Review – Optimization of CAPEX Program for 2016–2018 by 20 %

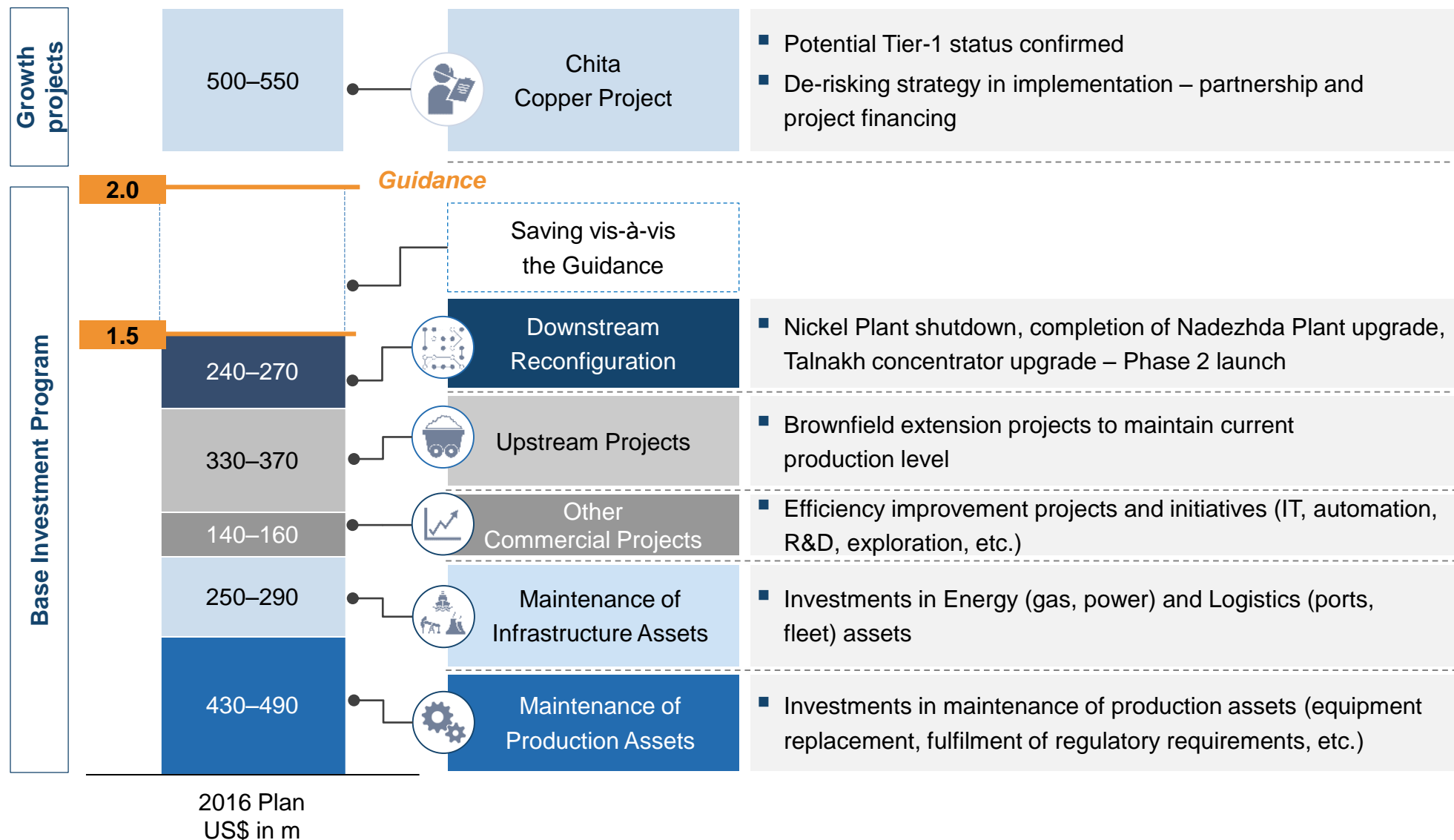
PV CAPEX in Energy Assets in 2016–2018

(US\$ in m)



2016 Investment Plan








US\$0.5bn Optimization Vis-à-Vis the Guidance



2016–2018 CAPEX Target – US\$2bn p.a.

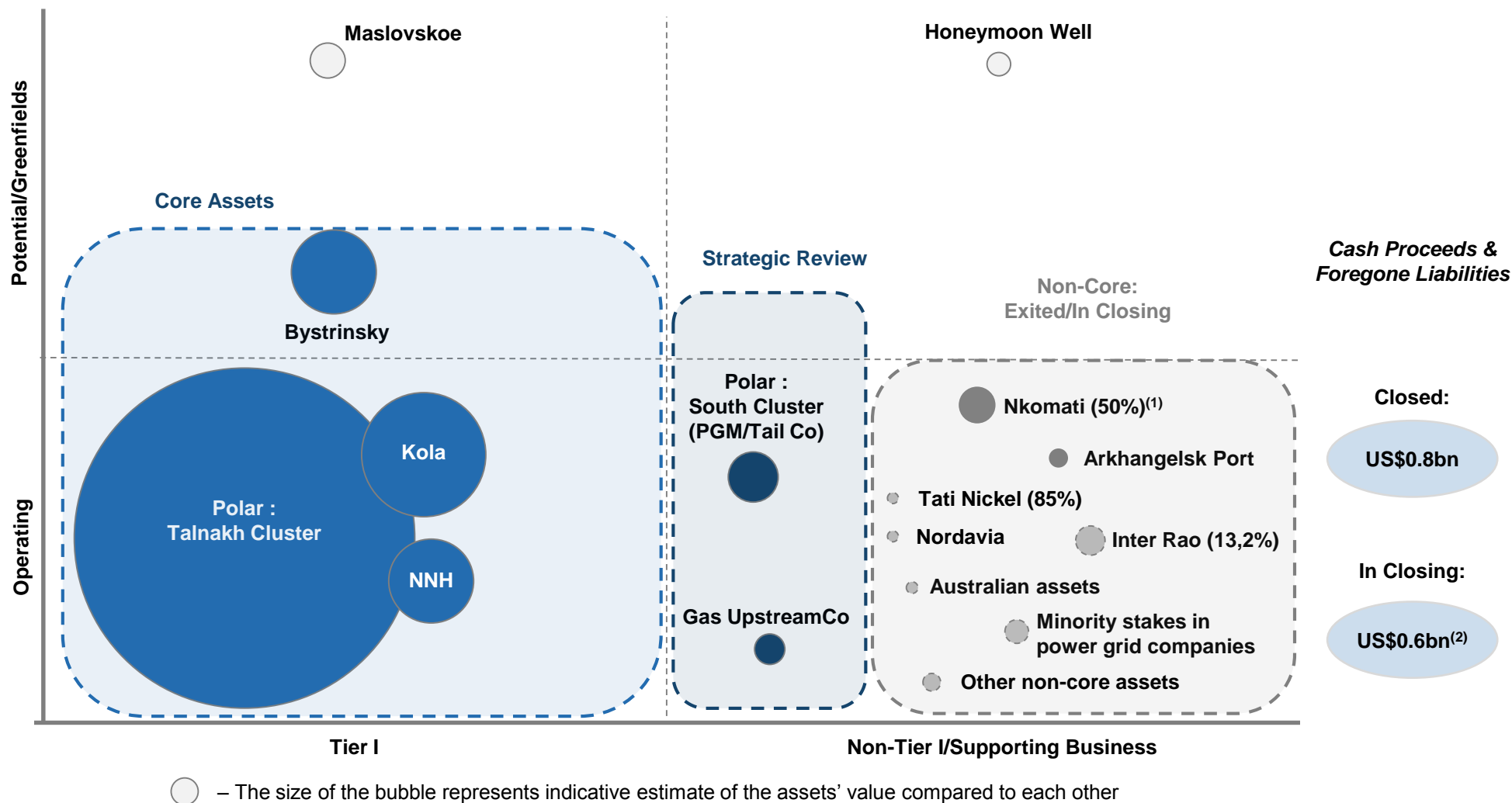
Cumulative CAPEX 2016–2018

(US\$ in bn)

			Goals / Context	Potential Co-funding
Growth Projects	~0.9	 Chita Copper Project	■ Project completion in 4Q2017 and ramp-up	■ Partnership and project financing
	TBD	 Optional Projects ■ Talnakh conc. (Ph.3) ■ South Cluster	■ Investment decisions subject to market conditions and strategic review results	■ Partnership for South Cluster considered
Environmental Program	TBD	 Sulphur Dioxide Capturing Project	■ First phase of “One-Site Sulphur Project”	■ Government support discussed
Base Investment Program	+			
	0.5–0.6	 Reconfiguration	■ Full completion in 2019	
	1.2–1.4	 Upstream Projects	■ Brownfield projects to maintain current level of production	
	0.4–0.5	 Other Commercial Projects	■ Process upgrades (IT infrastructure, automation), R&D, exploration, etc.	
	1.9–2.3	 Stay-in-business Projects	■ Mandatory CapEx – to ensure uninterrupted production processes and meeting of all obligations	
2016–2018				

Norilsk Asset Portfolio – Status Update

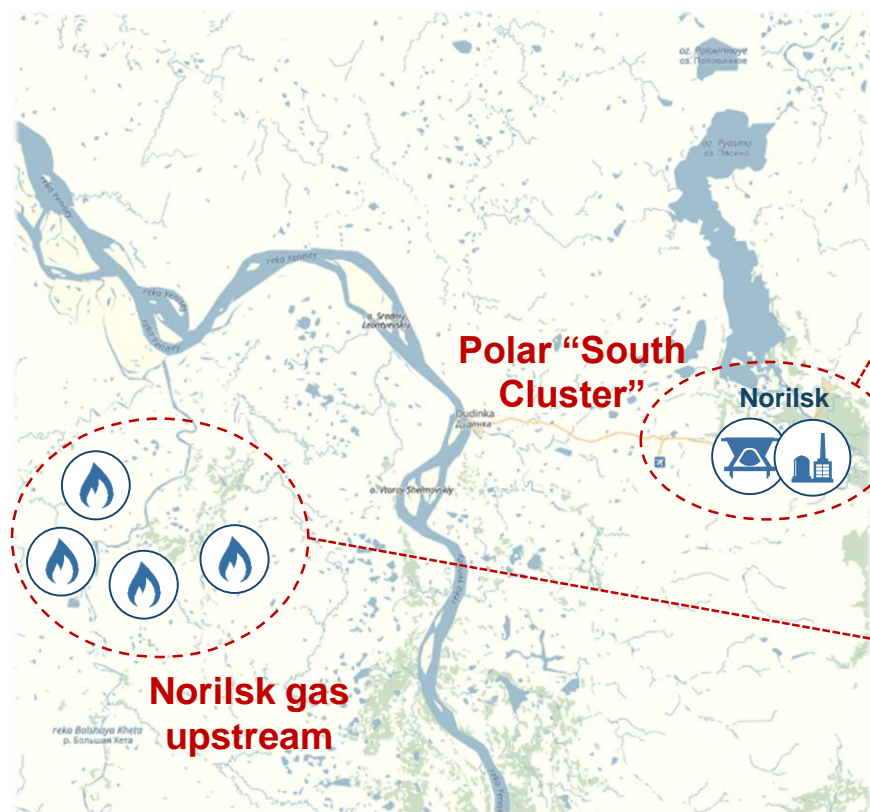
Norilsk Asset Portfolio







Note: 1. Closure pending due to regulatory approvals

2. Including proceeds from the sale of 0.79% treasury shares (US\$158m).

Norilsk's Legacy Assets – Status Update



Overview	Pro-Forma Revenue	Core/tier 1?	Status
	(FY'15, US\$ in bn)		
<ul style="list-style-type: none"> PGM-rich mines (open pit & underground) with own concentrating facility located within Polar Division 	 ~0.4		<ul style="list-style-type: none"> Asset perimeter defined, business case under review Strategic options considered (incl. potential partnerships)
<ul style="list-style-type: none"> Upstream cluster of 4 developed gas fields in close proximity to the Polar Division 	 ~0.1		<ul style="list-style-type: none"> Ongoing legal restructuring of gas business into Upstream and Downstream companies

Bystrinsky Project De-Risking Plan – Implemented

Realized De-Risking Initiatives:

Project Status

- Project Launch:
On track, planned for 4Q17
- Residual CAPEX:
~US\$0.9bn

Leveraging Public-Private Partnerships:

- Railway link construction on track; to be completed by the end of the year
- Agreement with Federal Grid and VTB bank on construction and financing of grid infrastructure

Bringing high-quality strategic partners:

- Sale of a minority stake (13.33 %) to a consortium of Chinese investors. Binding agreement signed in 2015

Securing project financing:

- US\$800m facility from Sberbank for 8 years approved; first installment received in May 2016

✓ **Best-in-class mining greenfield project**

✓ **Tier-1 status in Norilsk portfolio**

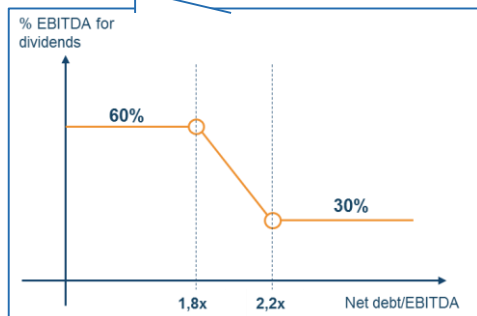
✓ **Norilsk reiterates its strategic interest in operating the project and increasing its footprint in the region**



Adaptive Dividend Targets Providing Superior Shareholder Returns and Balanced Financial Model

Uses

New Dividend Targets with Improved Flexibility



Highly Profitable, Disciplined CapEx Programme

Dependent on
Net debt/EBITDA

Dividend
Floor
3.65

Environmental
Projects & Chita

Base CapEx
4.4

2016–2018

Sources

Highest quality Tier I mining assets – strong margins and cash generation even at cycle lows

Ample liquidity – US\$6bn in cash and committed credit lines as of 1Q16

Project financing for Bystrinskiy Project (up to US\$0.8bn)

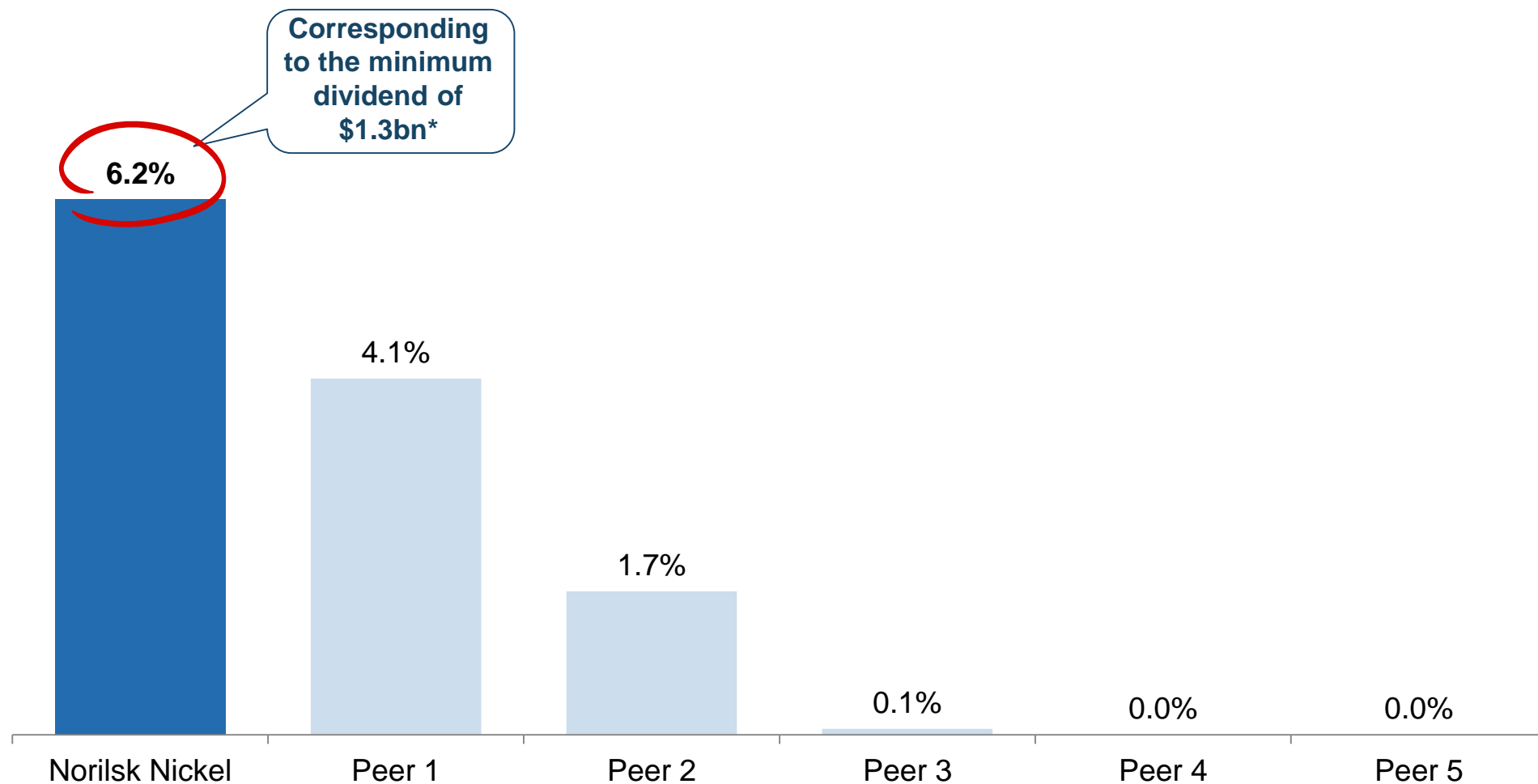
Proceeds from the sale of non-core assets (executed/signed transactions)

Further strategic optionality – ongoing strategic review and non-core asset disposal programs, potential pre-payment/streaming options



Superior Shareholder Returns

Leading Mining Companies - Projected Dividend Yield for 2016 FY



Key Takeaways

1

Norilsk in the industry context – consistent and solid investment program through the cycle

2

“All-in” CAPEX Target for 2016-2018 – US\$ 2bn p.a.
(incl. “Base Investment Program”, Chita, 1st Phase of Environmental Program and potential options)

3

“Base investment program”:

- US\$ 4.4bn cumulatively for 2016-2018
- Portfolio of verified investments: optimized stay-in-business CAPEX levels and stress-tested commercial projects

4

Portfolio Review: non-core assets disposal program well advanced; ongoing strategic review of the “legacy” assets; de-risking plan for Bystrinskiy project implemented

5

Strategic financial model enhanced through adaptive dividend targets – balanced and providing superior shareholder returns



NORILSK NICKEL

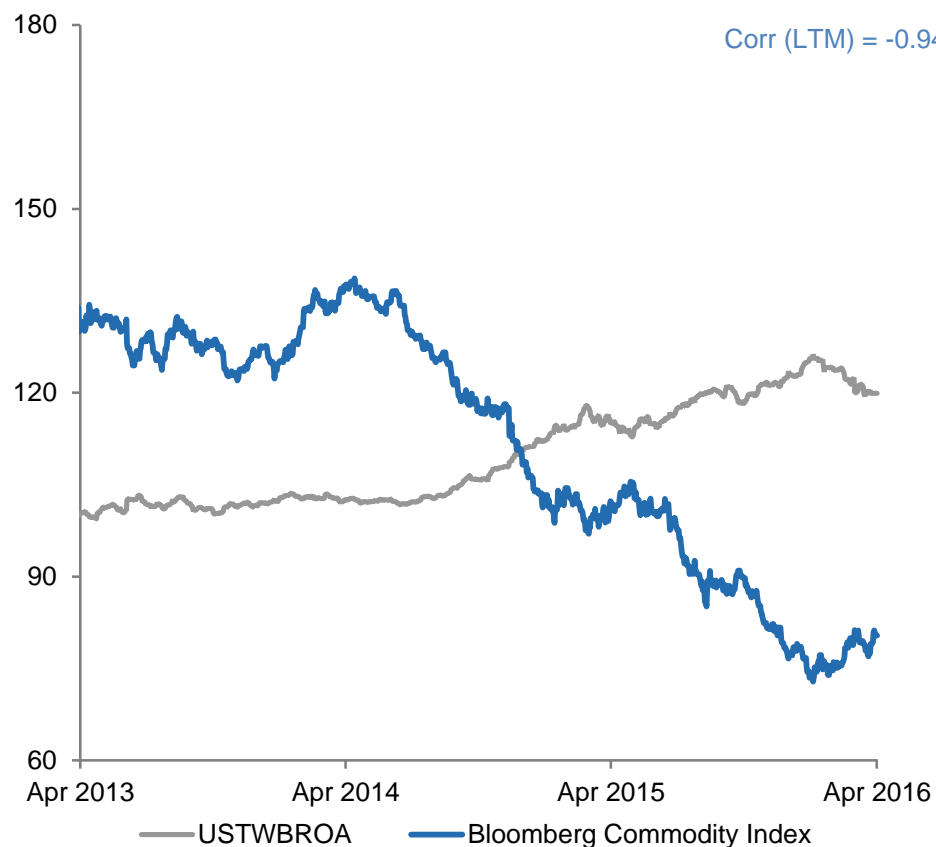


Markets

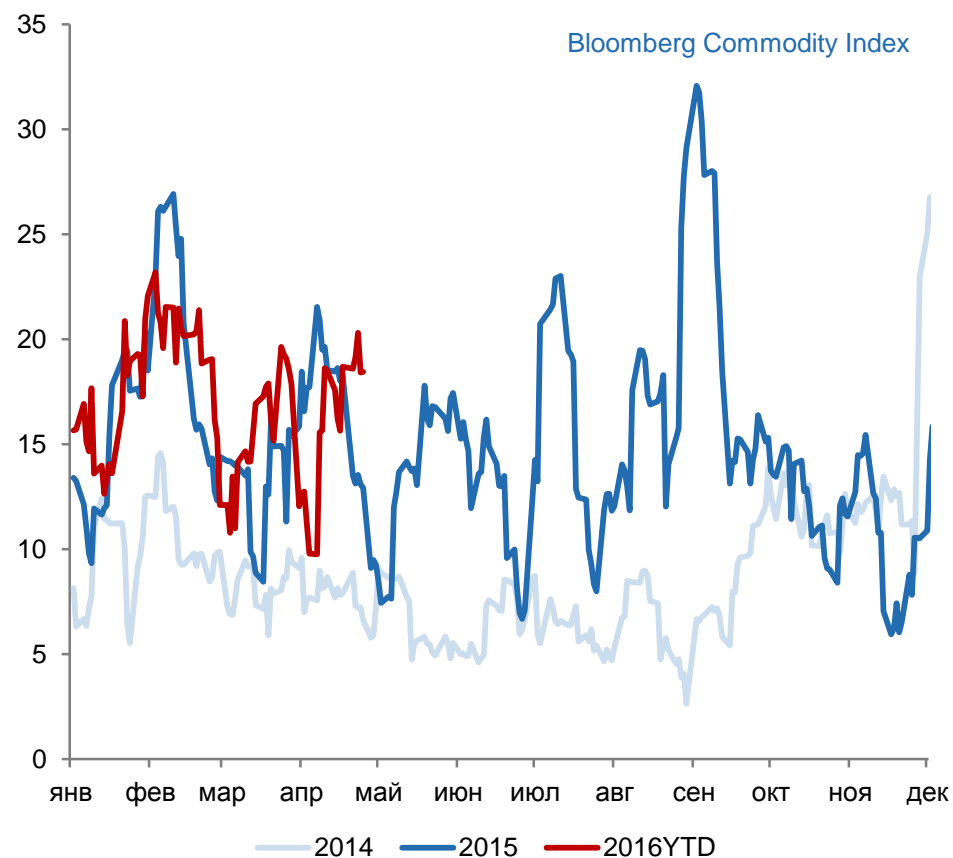
Anton BERLIN
Head of Strategic Marketing

Macro-Driven Commodity Prices, Increased Volatility

Commodity Prices are Inversely Correlated with Trade-Weighted US Dollar



Commodity Price Volatility Increased in 2015-2016



Source: Company data, Bloomberg, WoodMackenzie; As of 25th April 2016.

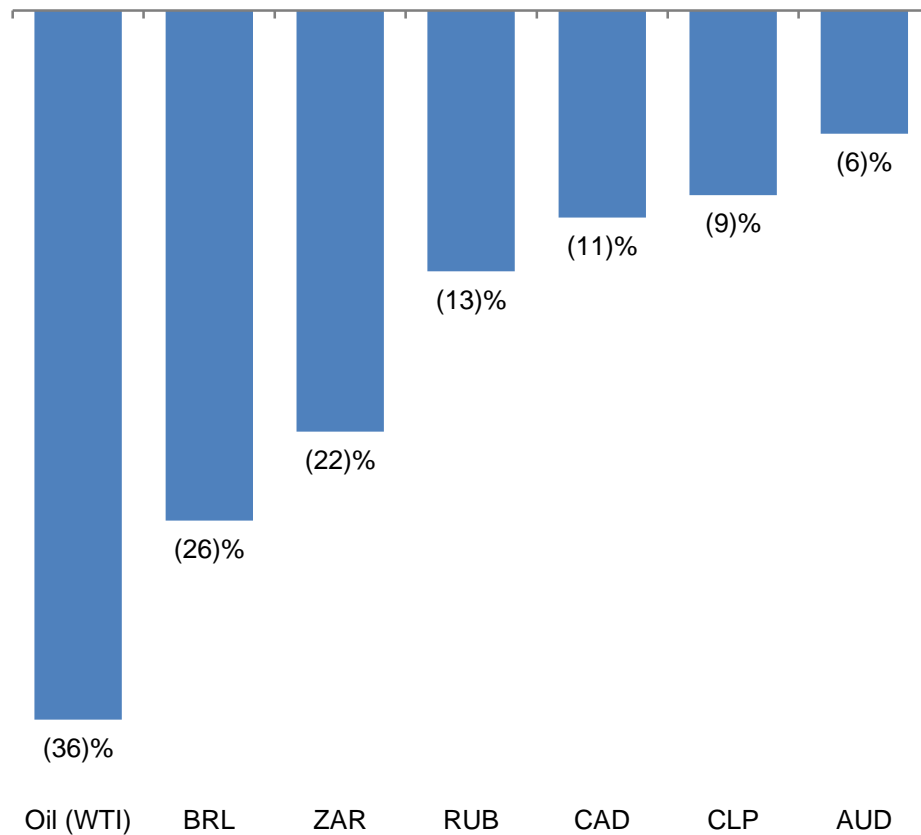
Note: USTWBROA Index is a broad trade-weighted USD index relative to other world currencies, as reported by the US Federal Reserve.



Lowering of the Cost Curve Driven by Currencies and Oil Price Depreciation

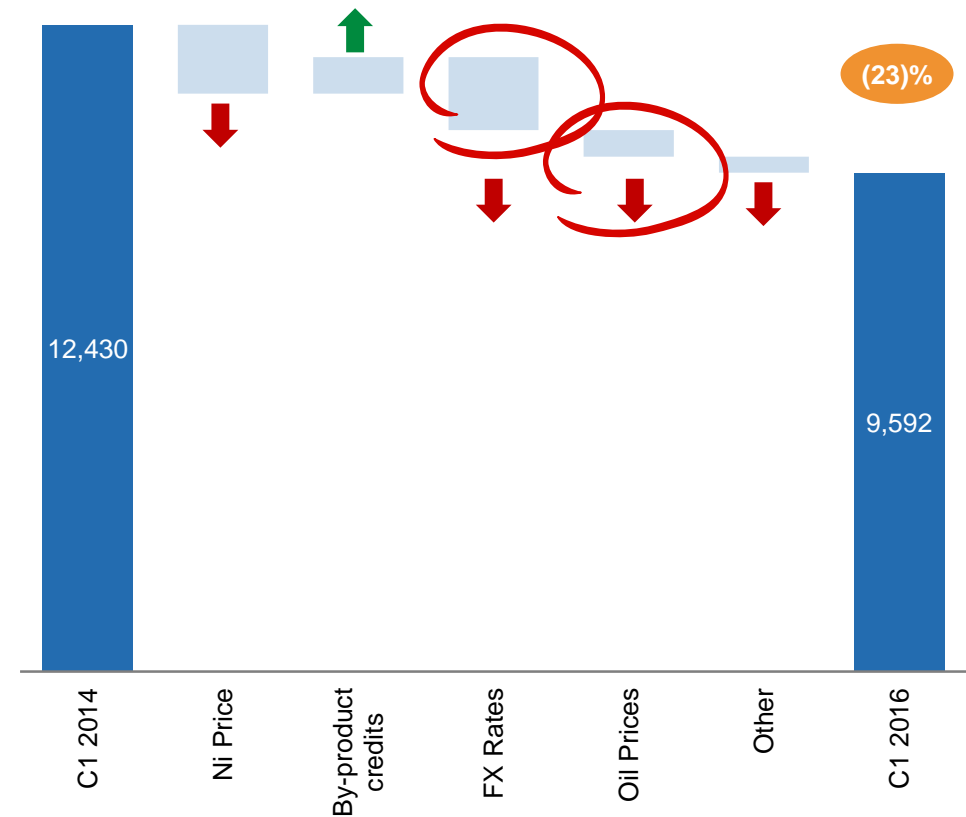
Mining Currencies and Oil Price Decline vs. USD

End of March 2016/ End of December 2014,



C1 Nickel Total Projects Cash Costs (ex. Norilsk) Down 23% Driven Mainly by Currencies & Oil

US\$/t

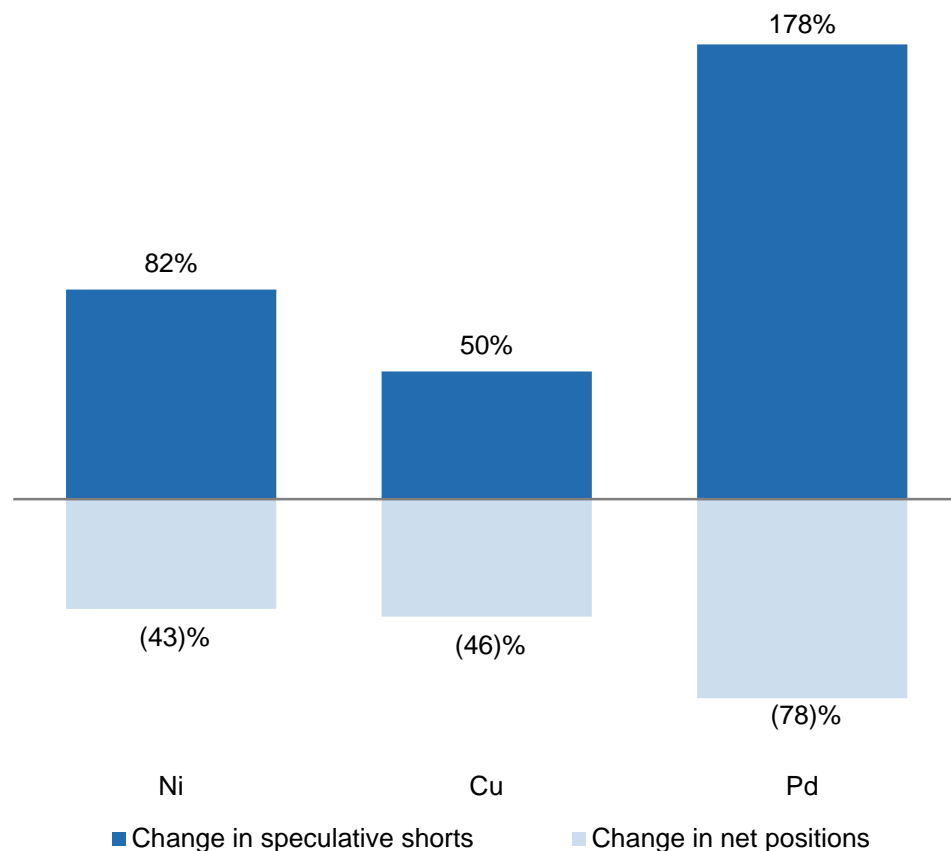


Source: Company data, Bloomberg, WoodMackenzie.
Note: C1 cash cost 2016 updated as of April, 2016

Speculative Pressure Running High on Demand Concerns

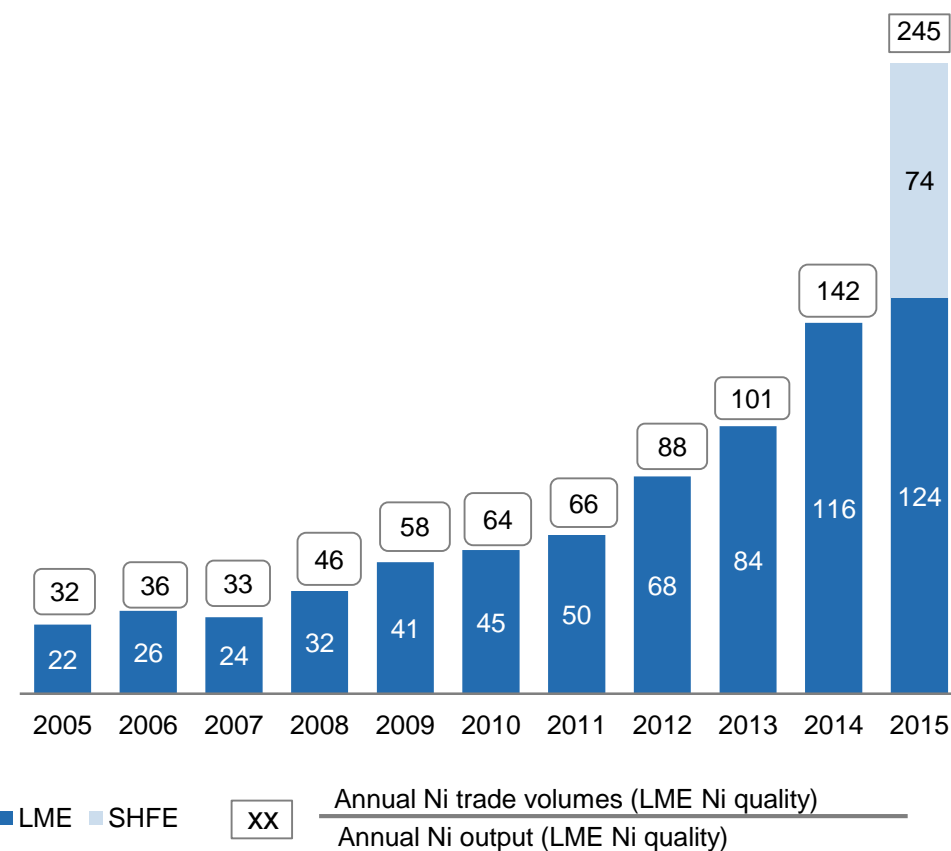
Speculative Pressure on Metals Running High: Change in Exchange Trading Positions

1Q 2016/4Q 2014¹



Ni Speculations at Record High Levels: LME Turnover Over 200x of Physical Market

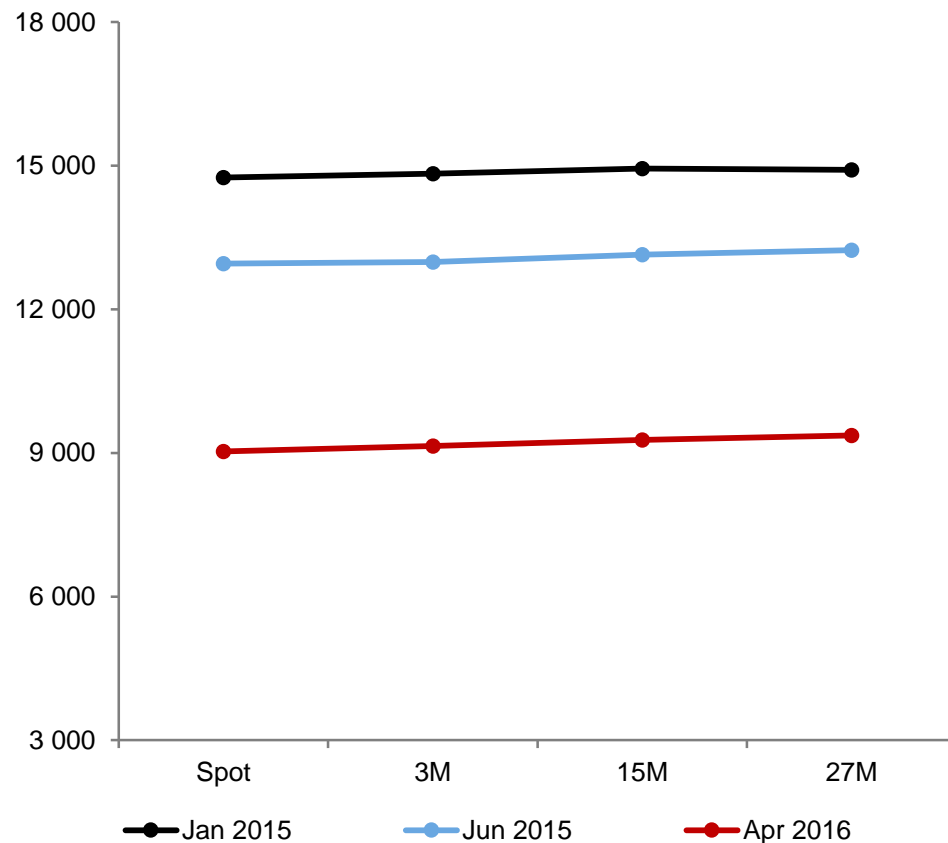
Mt



Sharp Downward Adjustment of Consensus Forecasts

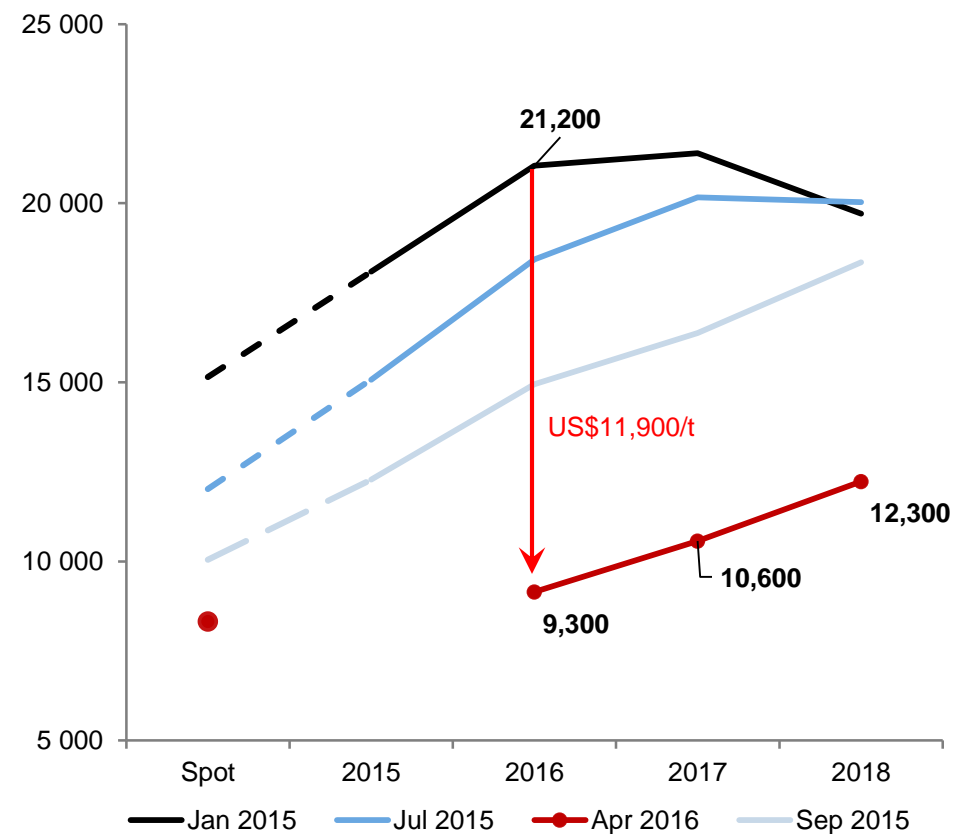
Nickel LME Forward Curve: No Sense of Direction

US\$/t



Analyst Consensus Ni Price Forecast: Sharp Downward Adjustment, Bullish Outlook Retained

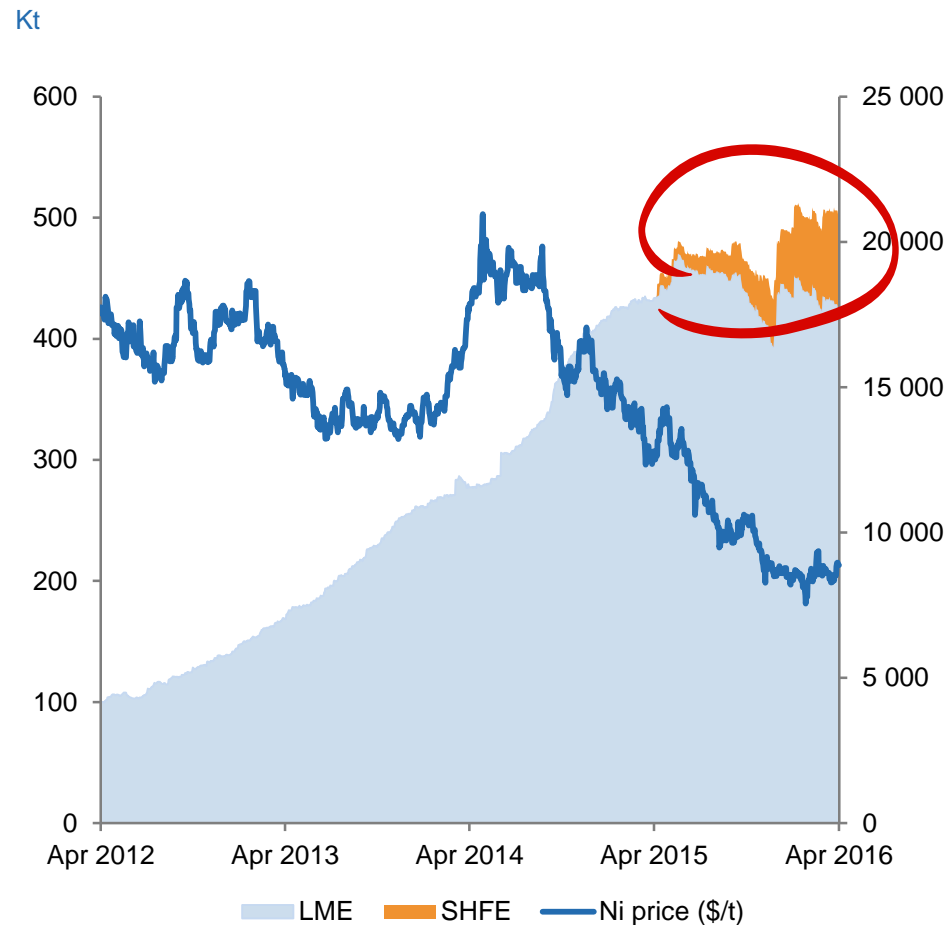
US\$/t



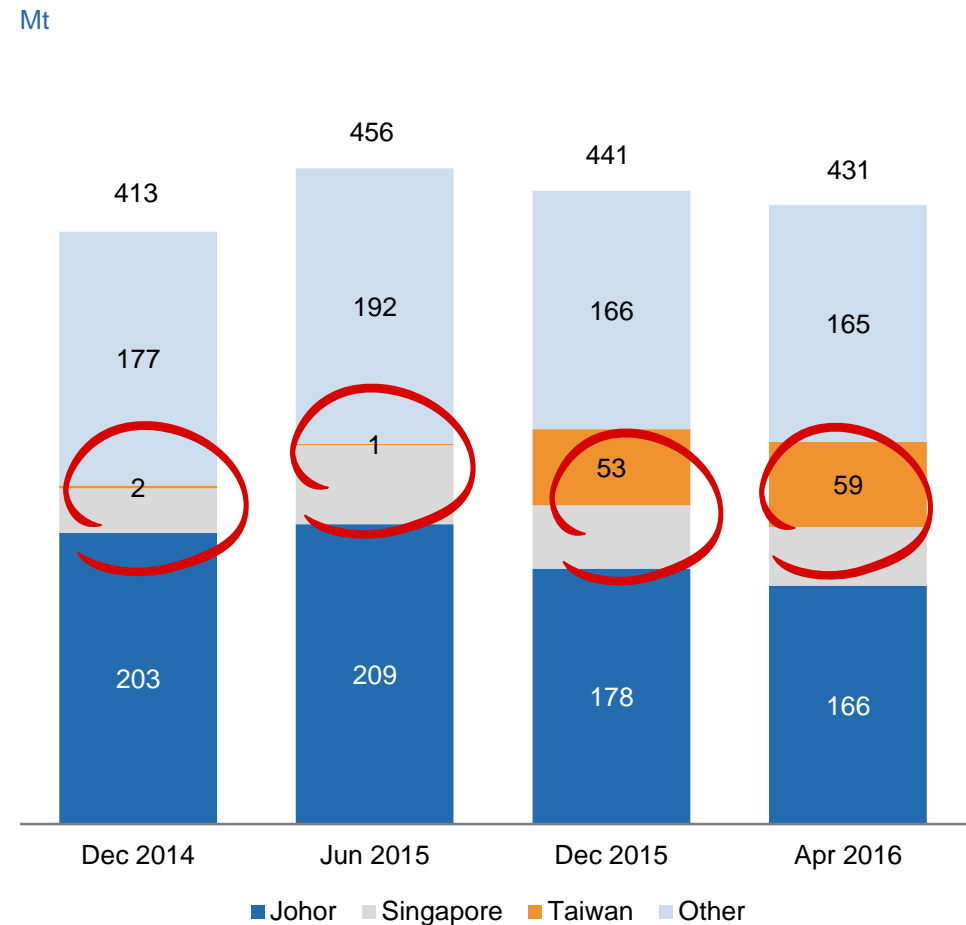
Source: Company data, Bloomberg.

Nickel Market: Little Guidance from Inventory Movements

Total Exchange Inventories Up 19% in 2015, Relocation from LME to SHFE



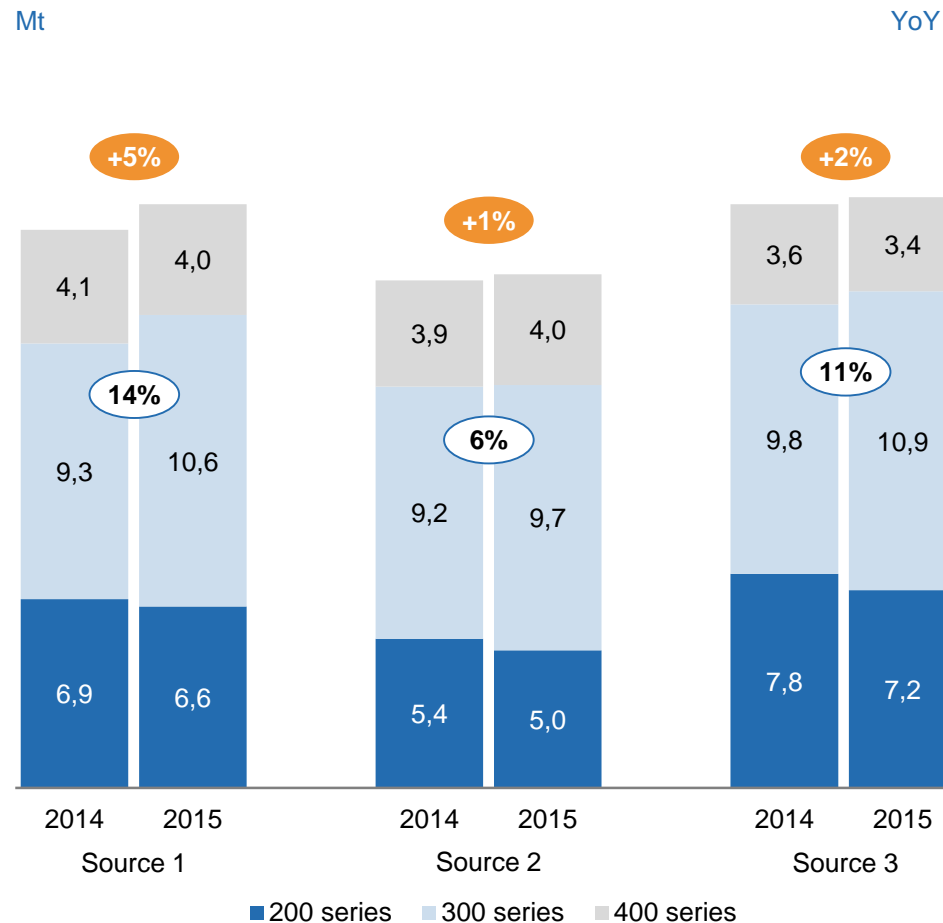
LME Inventories: Relocation Between Asian Warehouses Since 2H 2015



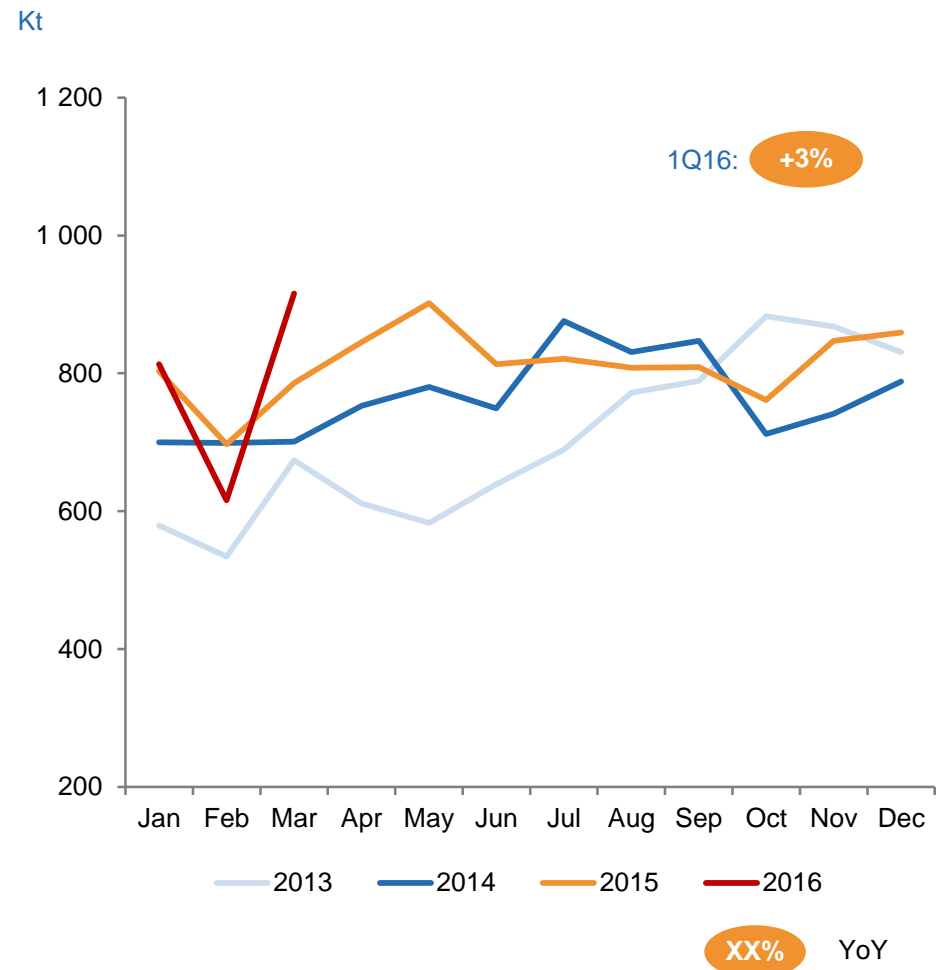
Source: Bloomberg, Company data;

Ni-Intensive Stainless Steel in China – Healthy Demand

Variety of Chinese Sources: Ni-intensive Stainless Steel Production Up 5–11% in 2015



... with Modest Growth Rates Continuing into 1Q 2016

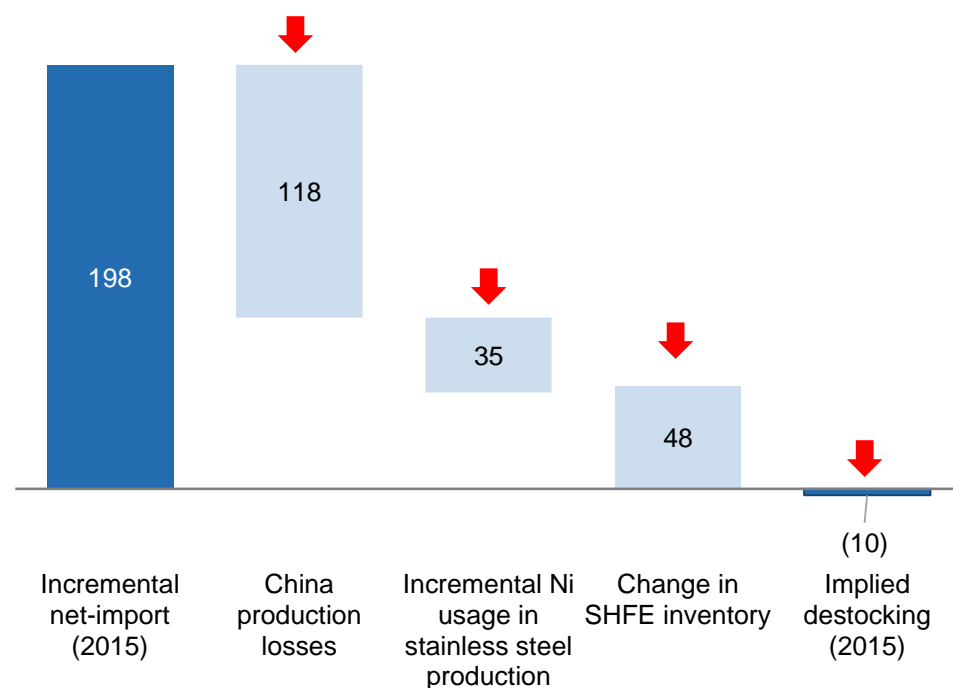


Source: Company data, Umetal, BGRIMM, TSSINFO

China – Nickel Destocking in 2015 and Surge of Ni Imports

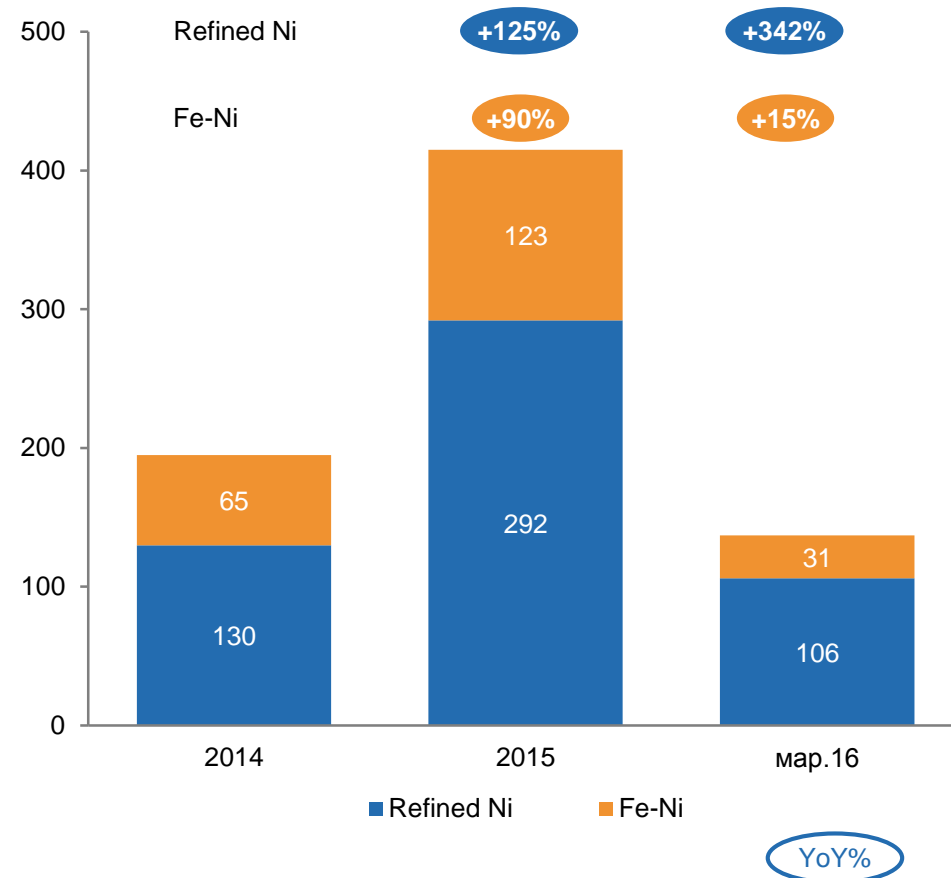
Implied Ni Units Destocking in China Excluding Build Up of SHFE Inventory (48 kt) in 2015

Ni Units, Kt



Strong Increase of Fe-Ni and Refined Ni Imports to China in 2015 Extended into 1Q 2016

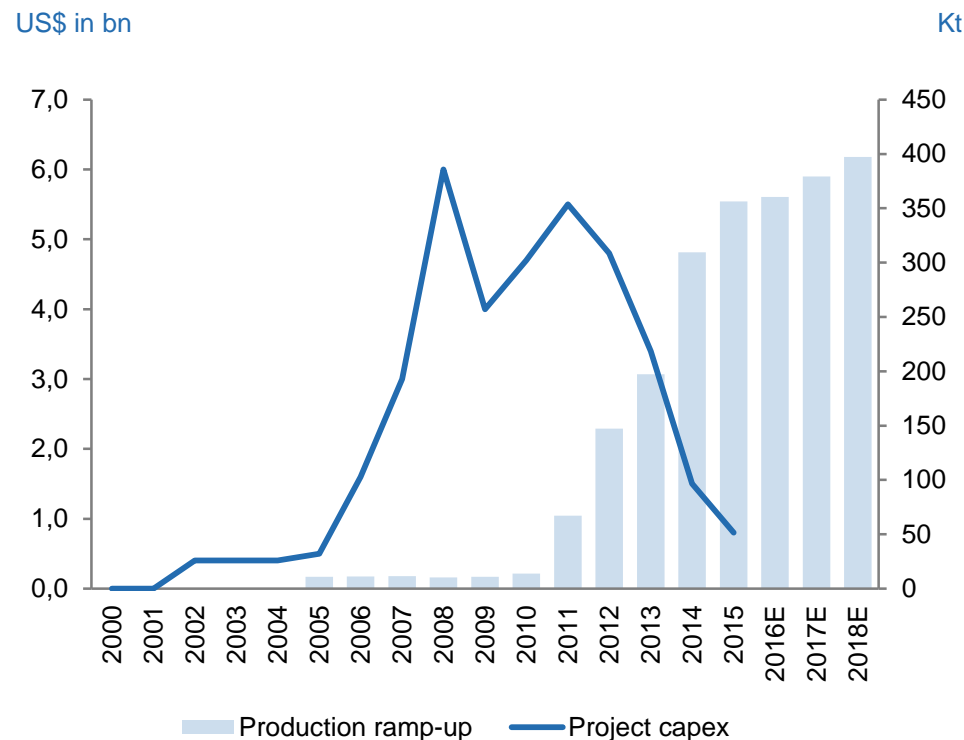
Ni Units, Kt



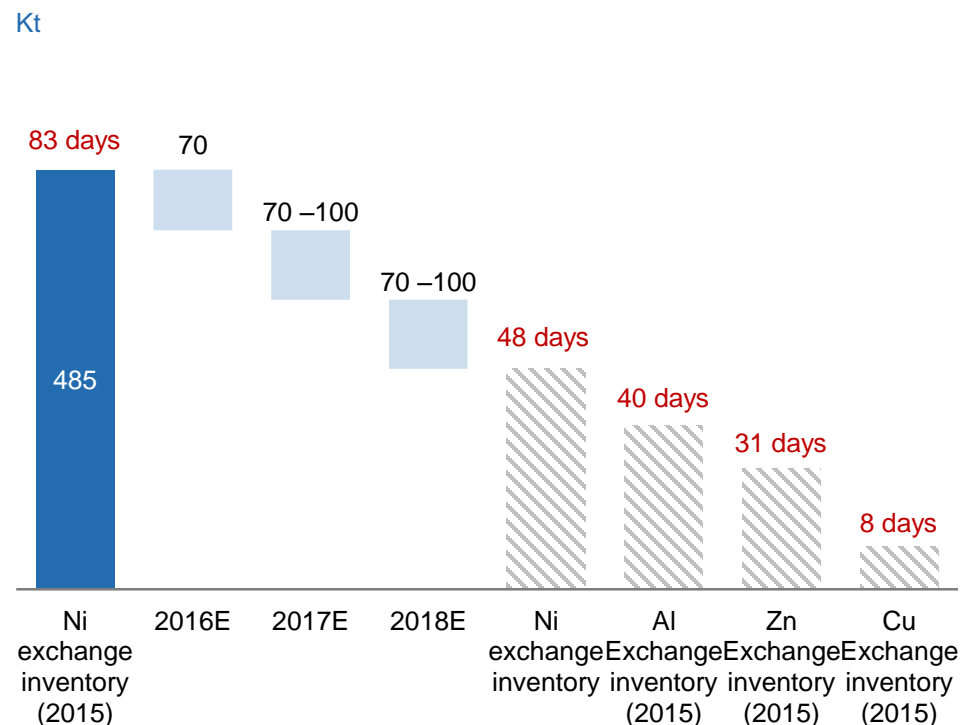
Source: Company data, China customs statistics, Bloomberg, TSSINFO, UMETAL.

Supply Rigidity – Investment Cycle

Major Ni Projects Ramp-up When Ni Market is Trending Downward



High Reported Ni Stocks: After 3Y of Potential Drawdowns Inventory Would Still Run High



- Industry inertia (cycles)
- Barriers to exit/re-entry
- Political considerations

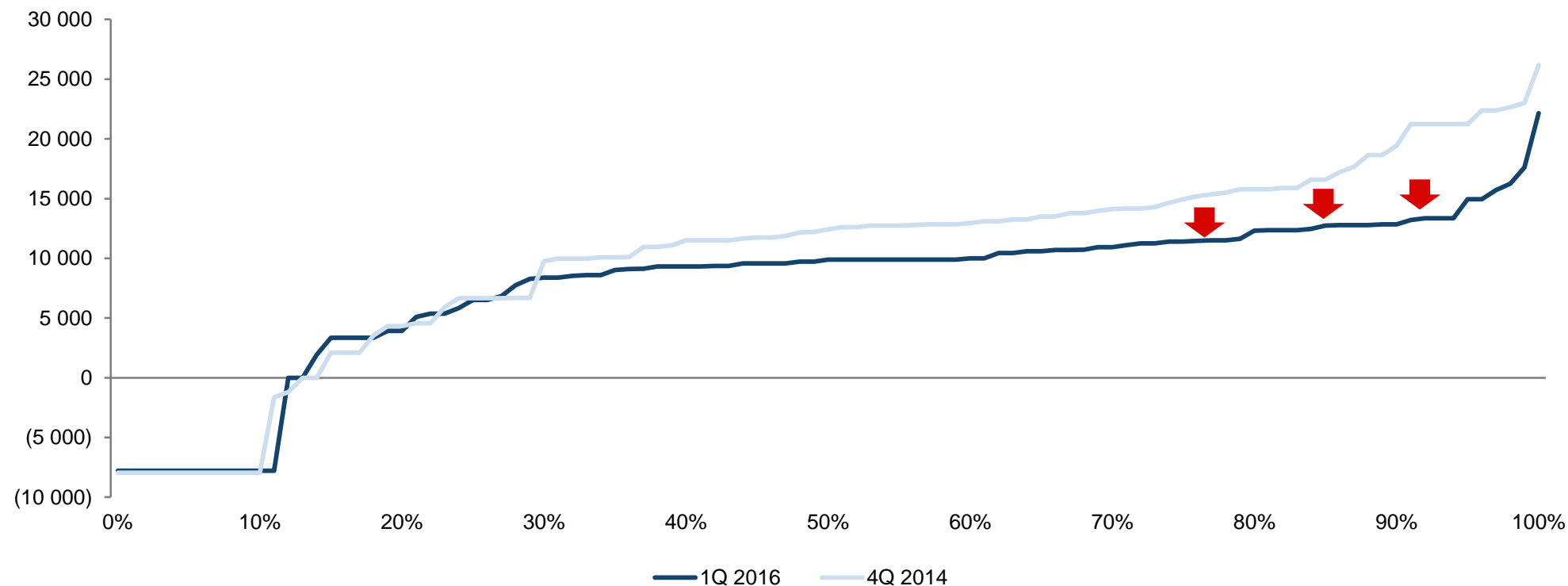
- Constant inventory re-allocation
- Unknown off-exchange stocks

Source: Bloomberg, Norilsk Nickel data

Slow Response From Supply Side Helped by Lowering Cost Curve

1Q 2016 Average Ni Cash Cost (C1) Down 23% vs. 4Q 2014

US\$/t



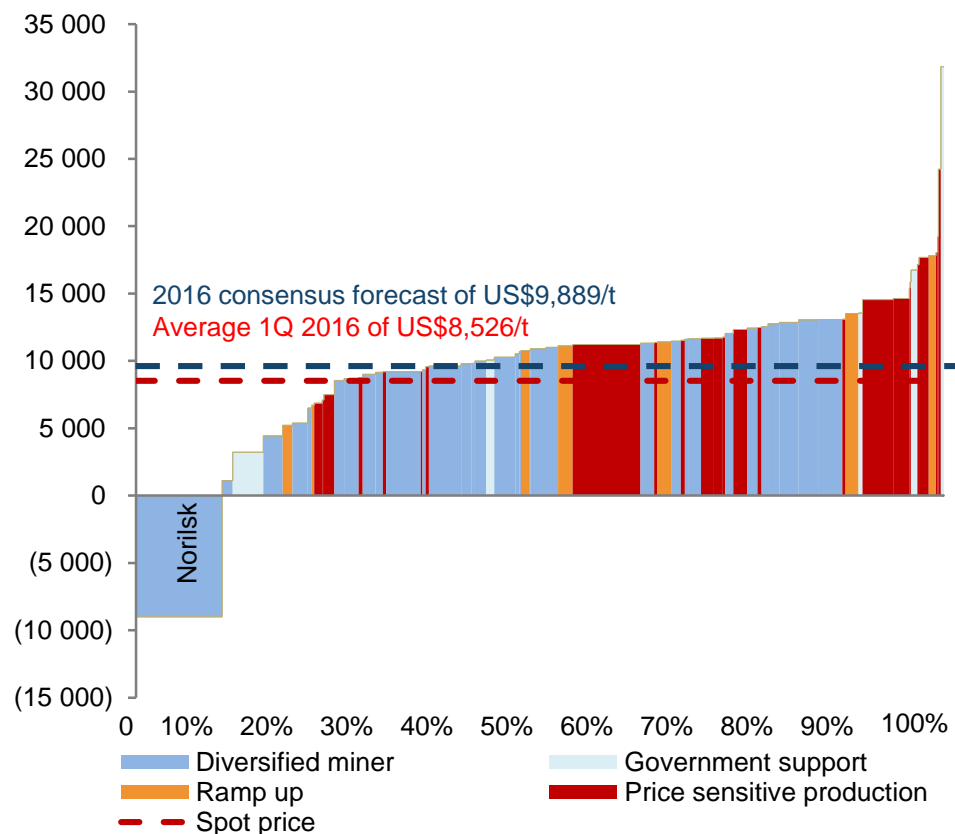
- Flattening of the Cost Curve
- Decreasing marginal cost – reduced support for Ni price

Source: Bloomberg, Norilsk Nickel data, WoodMackenzie.

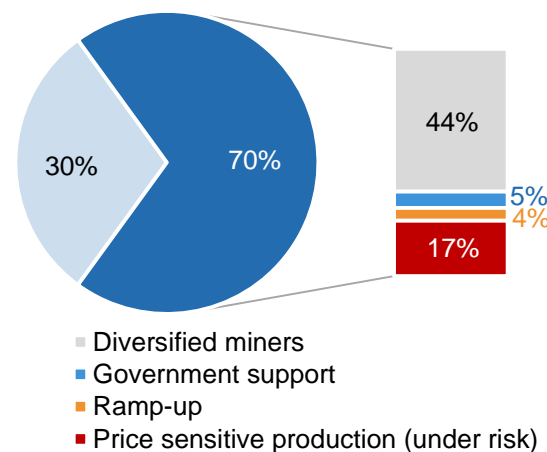
Only a Quarter of Loss Making Capacity Runs a Shut-Down Risk

At Spot Price, Over 70% of Global Nickel Production is Making a Cash Loss ...

US\$/t

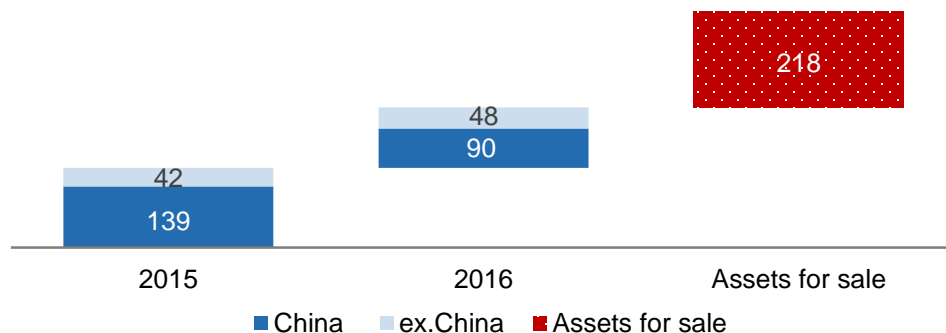


... but Only 17% Run a Shut-down Risk



Ni Industry Has Entered a Major Restructuring Phase

Production cuts and shut-downs, kt



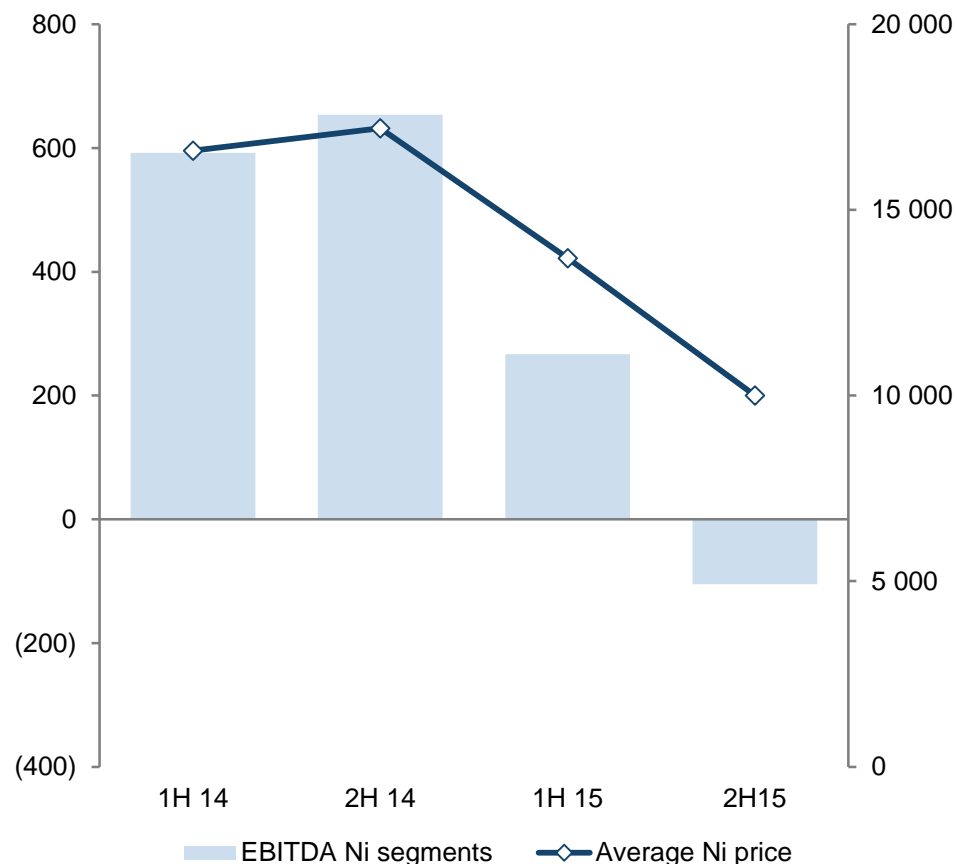
Source: WoodMackenzie, Bloomberg.

Pressure on Loss Making Ni Producers Rising Rapidly

Most of the Ni Industry Became EBITDA Negative Only in 2H 2015 ...

EBITDA Ni Segments

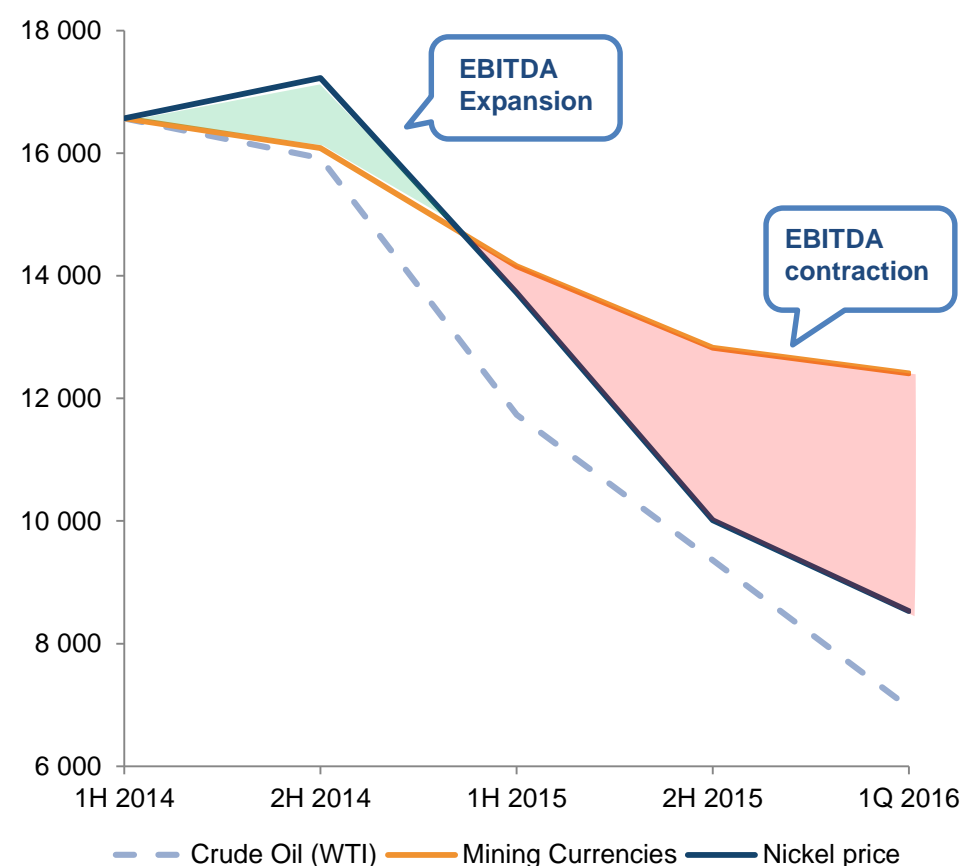
Ni price, US\$/t



... Pressure on CFs is Mounting in 1H 2016

Re-based to Nickel Price, US\$/t

Performance H-o-H

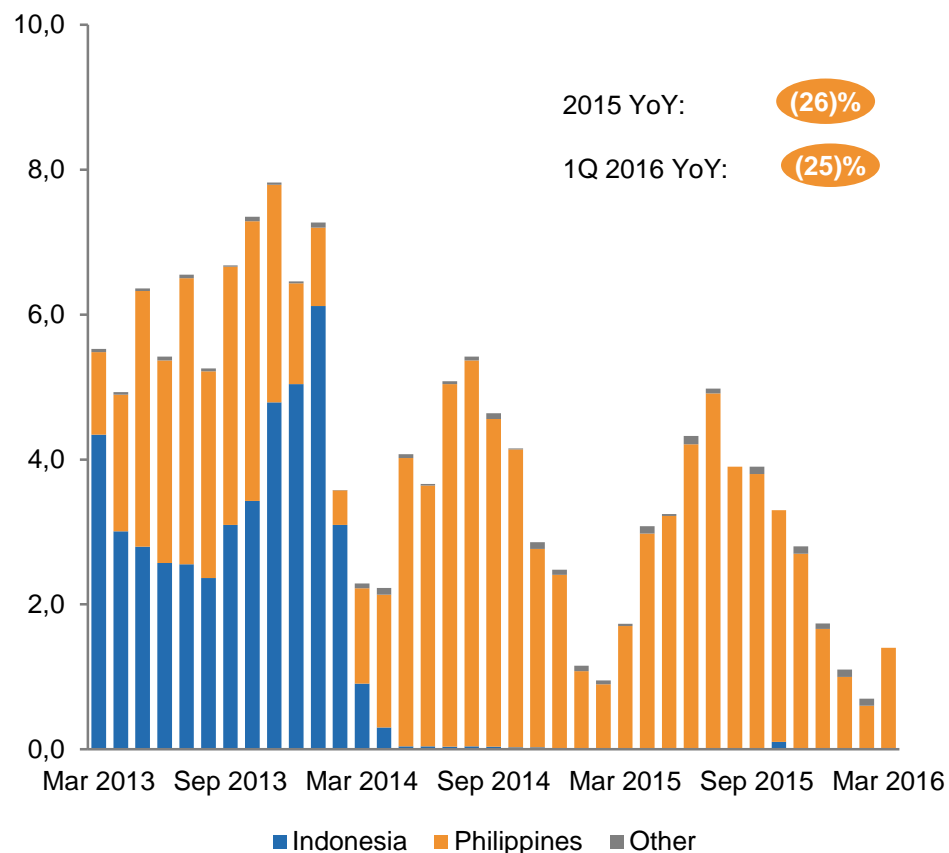


Source: Bloomberg, Norilsk Nickel data
Note: Combined EBITDA includes results of Anglo American, Glencore, Sherritt, BHP Billiton and ERAMET nickel business units

Nickel Feed for China: Philippines

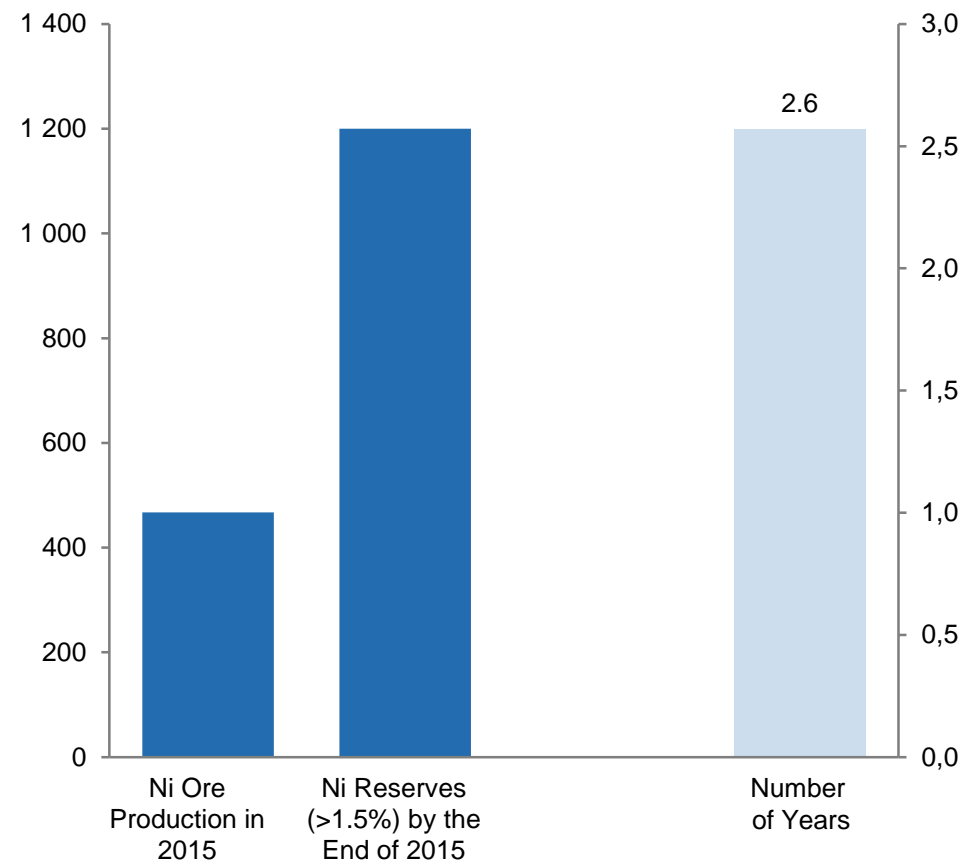
Nickel Ore Imports from Philippines to China Were Down 26% in 2015 and Continue to Fall in 2016

Mt



Mine Life of Nickel Ore Reserves with Ni Grade >1.5% in Philippines is Less than 3 Years

Ni Units, Kt



Source: Company data, China customs statistics, Bloomberg

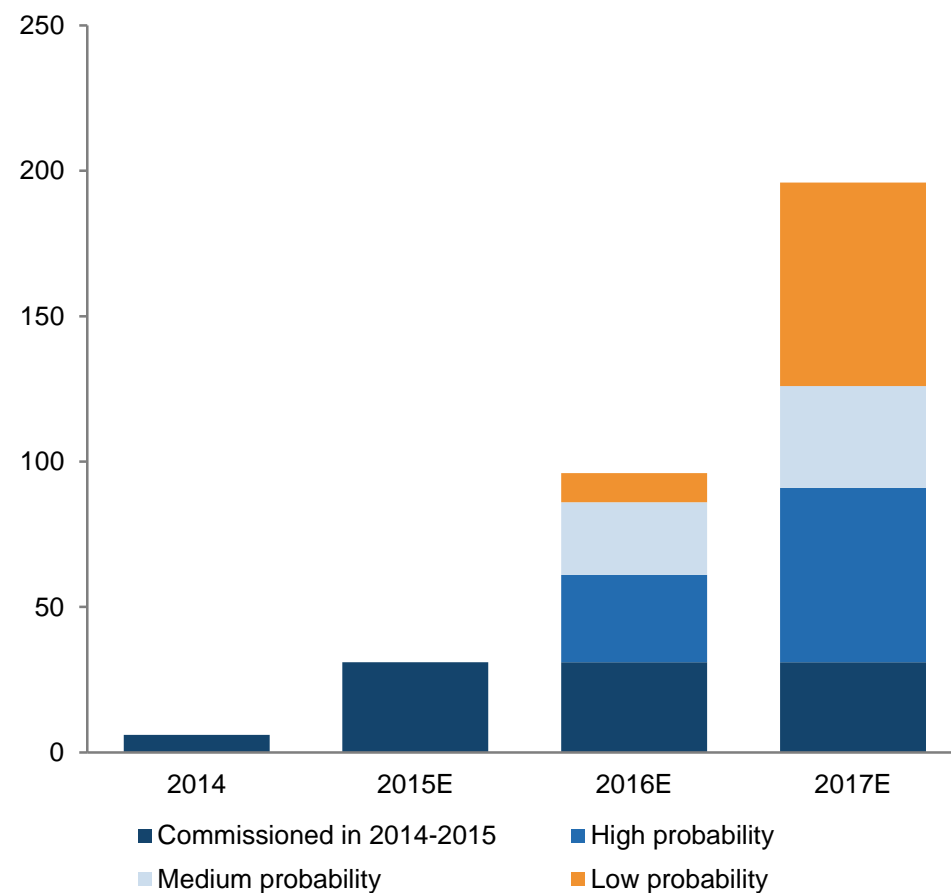
Nickel Feed for China: Indonesia

Only 3 Projects in Indonesia Have High Probability of Completion

Project Name	Process	Status	Start Year	Capacity, Kt pa Ni
Indoferro	BF	Started	2013	18
PT Cahaya Modern Metal Industry	BF	Started	2014	4
Tsingshan	RKEF	Started	2015	30
Tsingshan 2-3 stages	RKEF	High	2015	60-120
9 projects	RKEF, BF	Medium	2016-2018	70
8 projects	RKEF, BF, Leach	Low	2016-2017	150

Indonesia NPI Output Forecast for 2015-2017

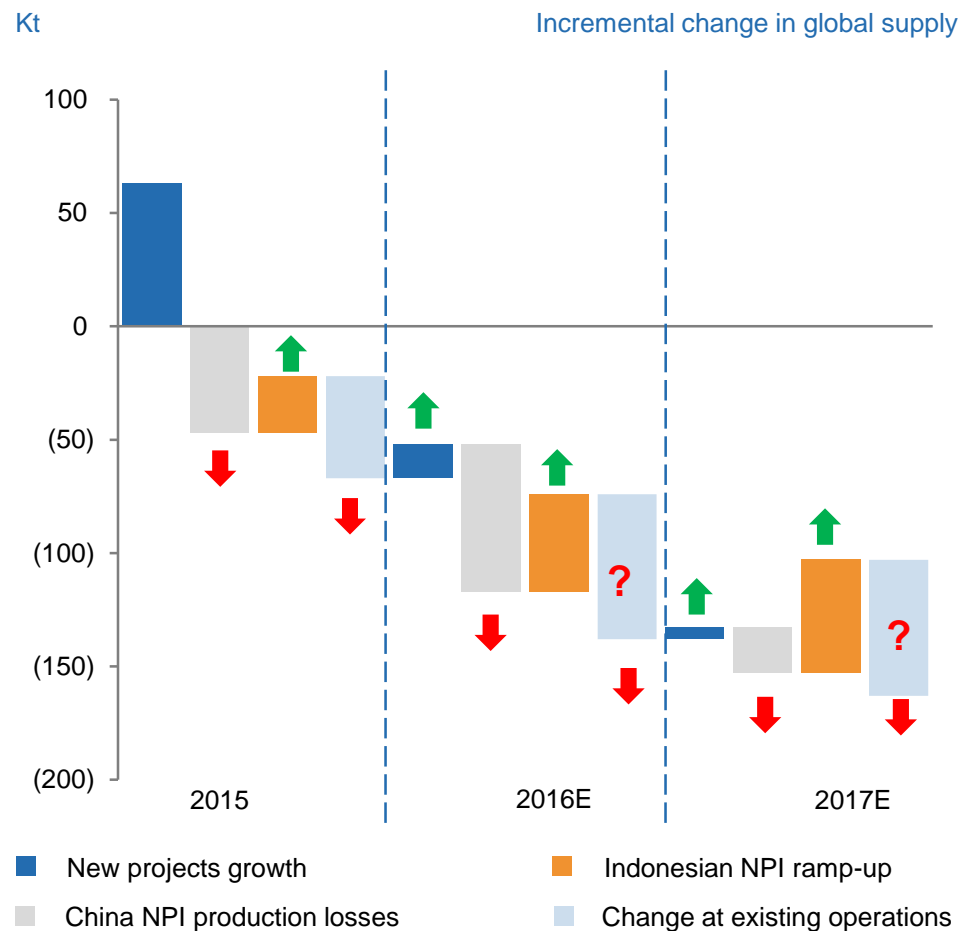
Ni Units, Kt



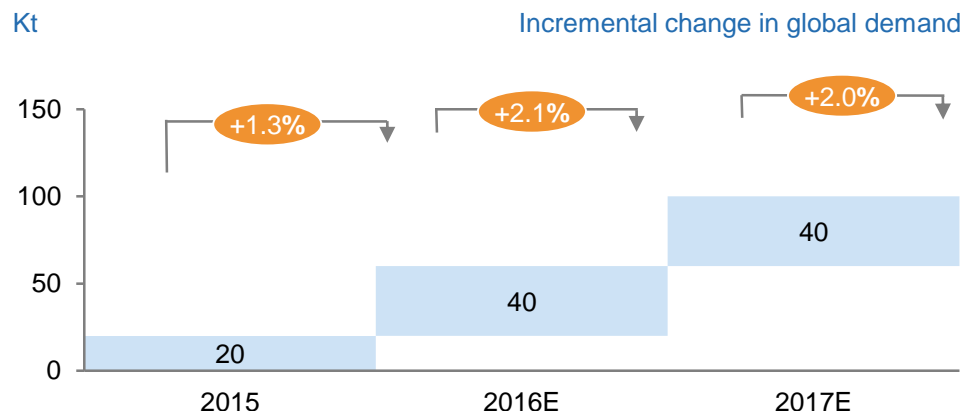
Source: Company data, China customs statistics, Bloomberg.

Nickel Market Moving into Deficit in 2016

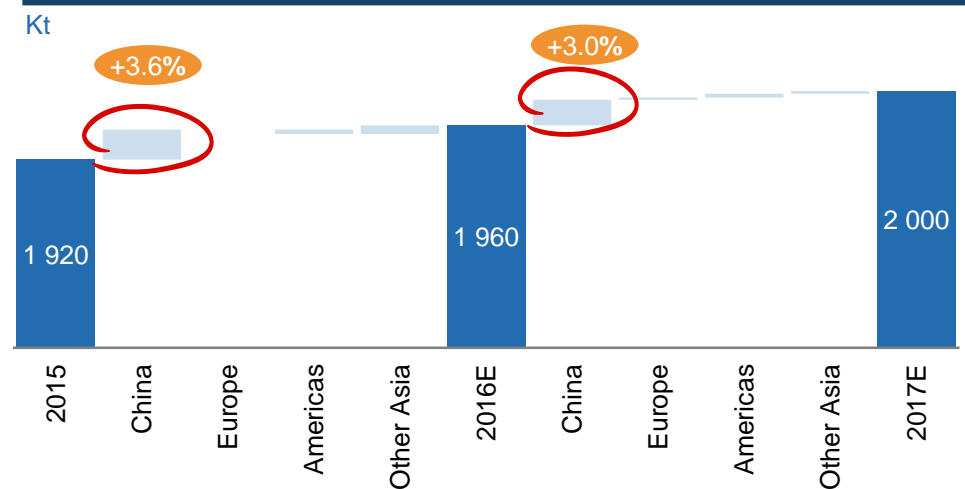
Moderate Supply Cuts Have Been Triggered ...



... while Global Consumption Holds ...



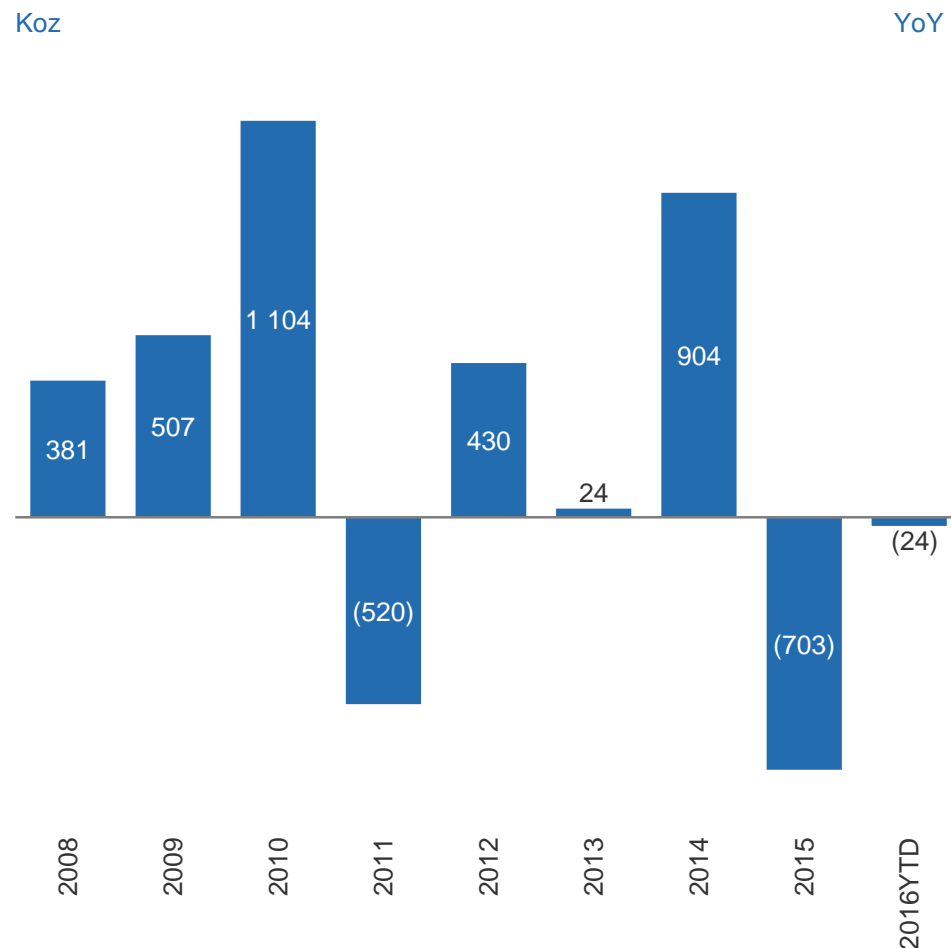
... and Growth Reliant on China



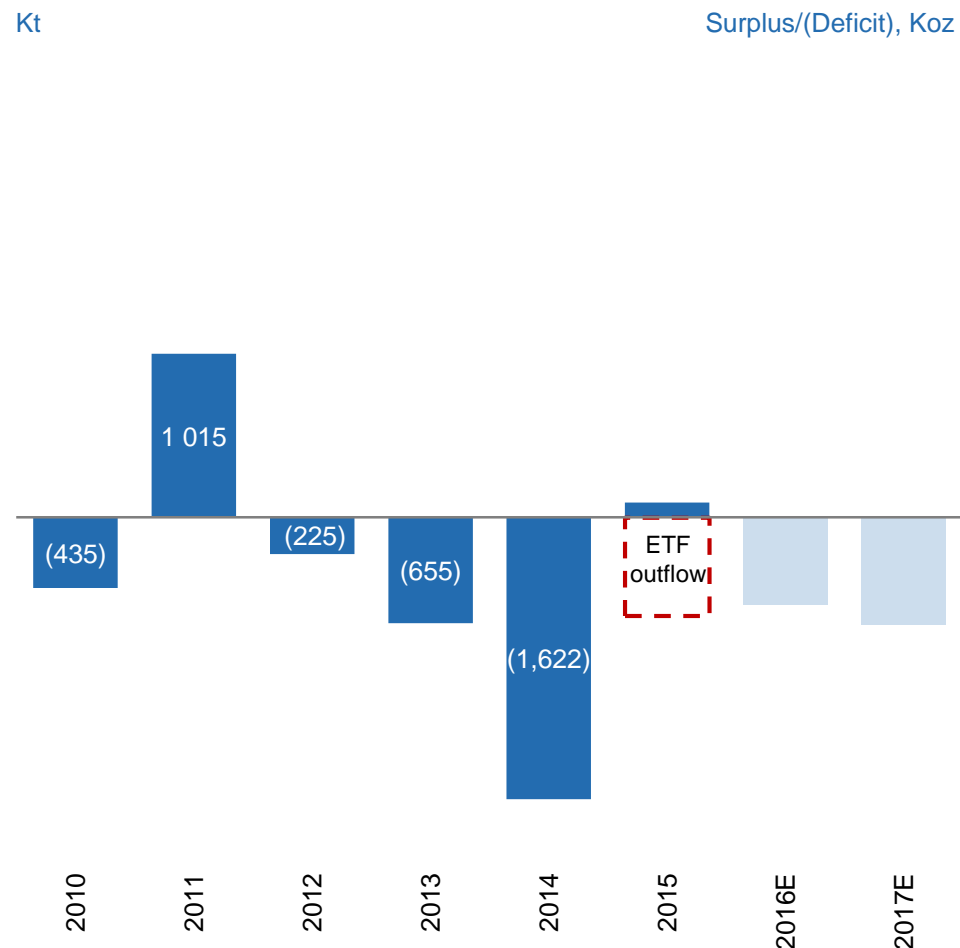
Source: Company data.

Palladium Market in Structural Deficit

Palladium ETFs Holdings Change: Driven by the Macro Concerns



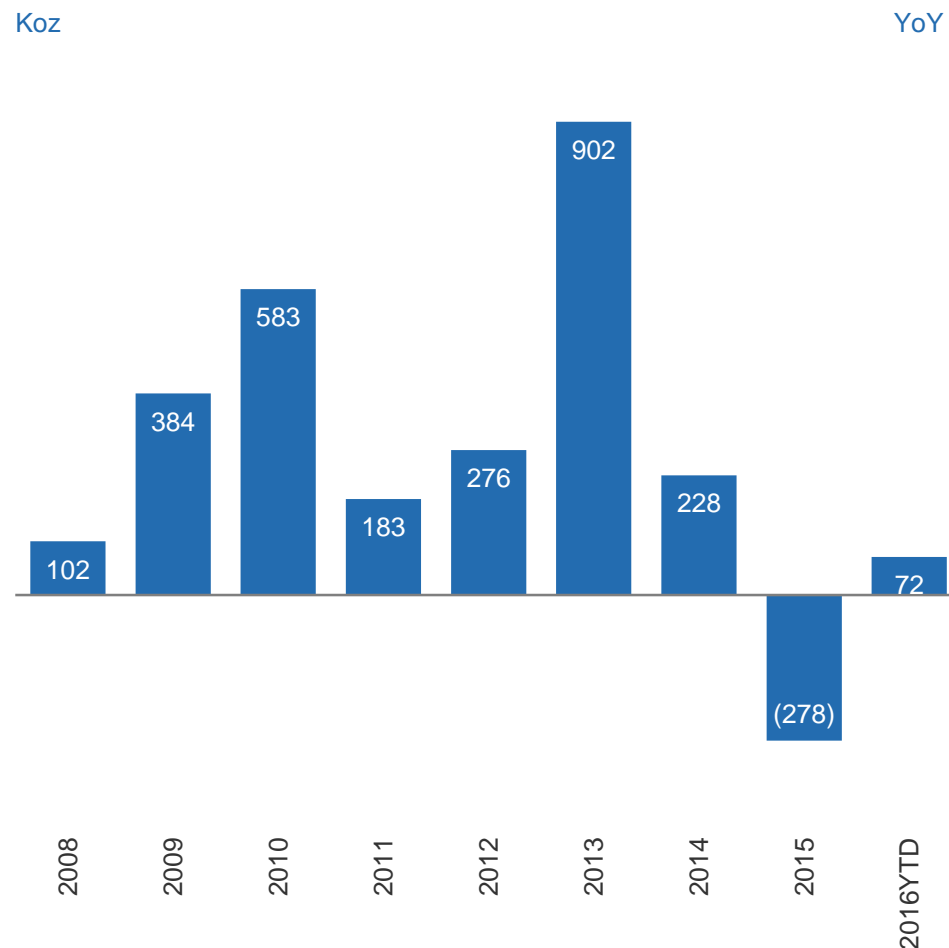
Global Palladium Market: Structural Deficit



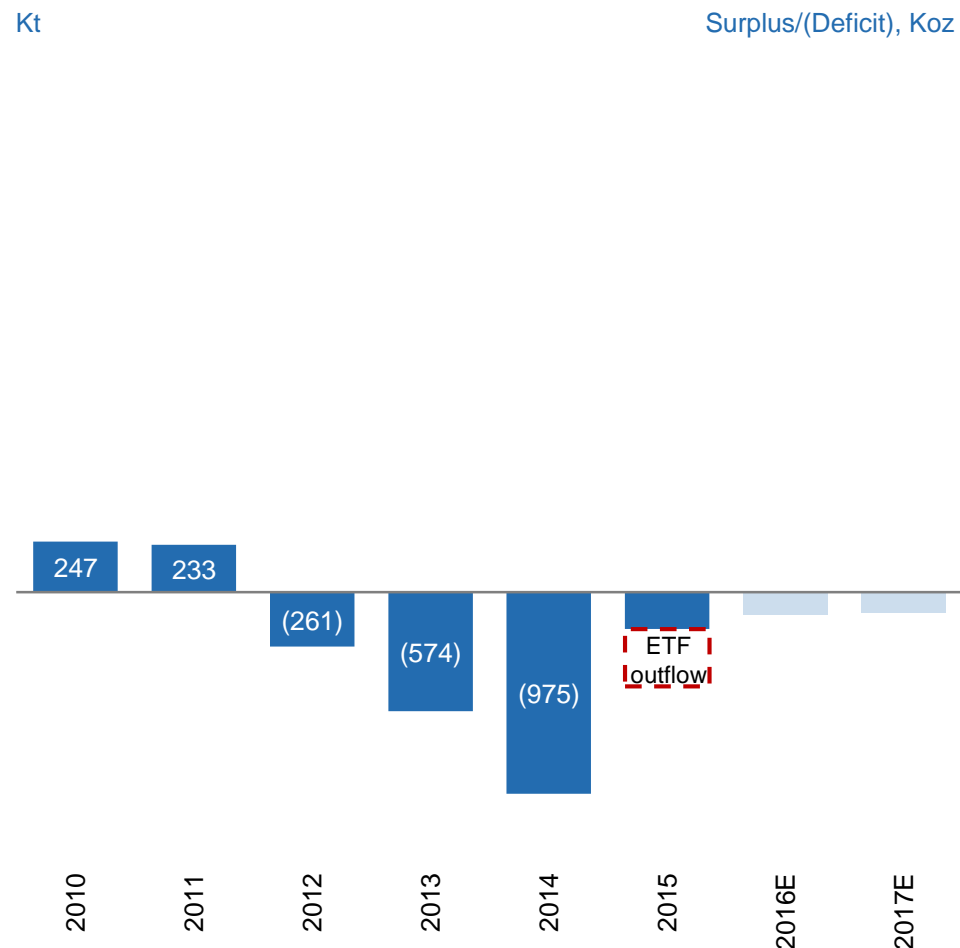
Source: Norilsk Nickel data.

Platinum Market – Deficit Holds

Platinum ETFs Holdings Change: 2015 Outflow Reversed in 2016



Global Platinum Market: Deficit Holds



Source: Norilsk Nickel data.

PGM Demand Drivers In Automotive Industry – Tightening Environmental Regulations

Increasing Complexity of Emission Systems and Powertrains Requires Higher PGM Loadings

Gasoline	<ul style="list-style-type: none"> Requires soot (particulate matter) filter (Euro 6c) = more PGMs
Diesel	<ul style="list-style-type: none"> Requires advanced NOx control (SCR, LNT, SCR-LNT)
Hybrid	<ul style="list-style-type: none"> Smaller engines but frequent “cold start” requires more PGMs loadings
Direct injection	<ul style="list-style-type: none"> Cooler exhaust gas, higher HC and soot requires more PGMs in catalyst
Gasoline Lean burn	<ul style="list-style-type: none"> Requires LNT = more PGMs
Fuel Cell	<ul style="list-style-type: none"> Current ~30 g Pt per vehicle Pd for hydrogen production and storage

Tightening Emission Legislation

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Europe	Eu 6b		Eu 6c/RDE Phase 1				RDE Phase 2/95 g/km CO ₂			EU 7?	
North America EPA	Tier 2		Tier 3 Phase In: NMOG + Nox, PM Tightening								
North America CARB	LEV III Phase In: NMOG + Nox, PM Tightening						LEV III Further Tightening				
Japan	JP09			JP18?							
South Korea (Gasoline)	K-ULEV	K-ULEV 70					K-SULEV?				
South Korea (Diesel)	Eu 6b				Eu 6c						
China (Beijing)	BJ5 (EU 5)		BJ6			BJ6 Phase 2					
China (Nationwide)	China 4 (EU 4)			China 5 (EU 5)			China 6				
India	BS4 (EU 4)					BS6 (EU 6)					
Indonesia	EU 2		EU 4								
Thailand	EU 4			EU 5						EU 6	

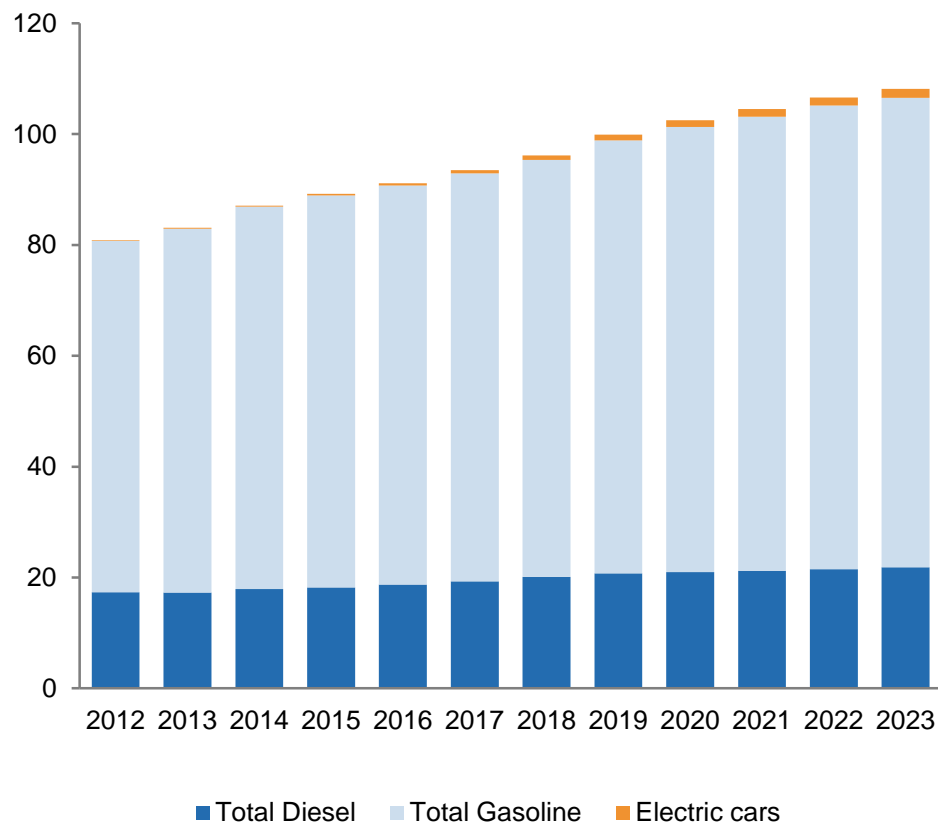


Source: Norilsk Nickel analysis ,Johnson Matthey

PGM Demand Drivers In Automotive Industry – Rising Vehicle Production

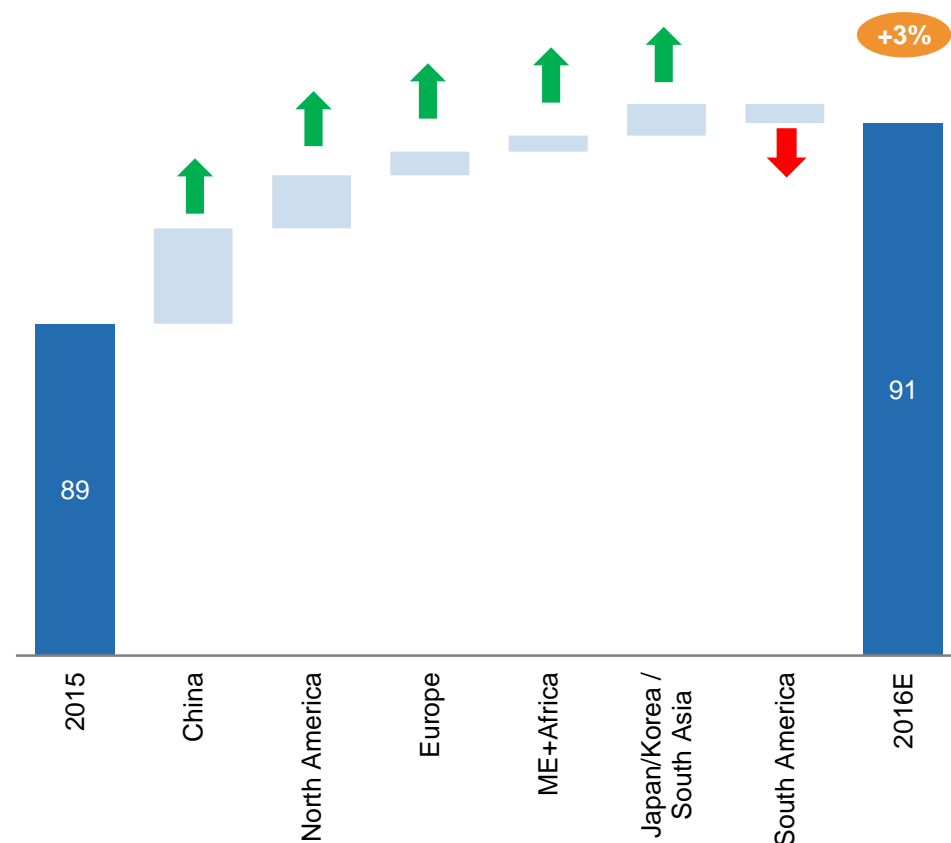
Total Number of Vehicles Forecasted to Increase: Gasoline Remains the Main Driver

Mln Units



Global Light Vehicle Sales Expected to Grow in 2016

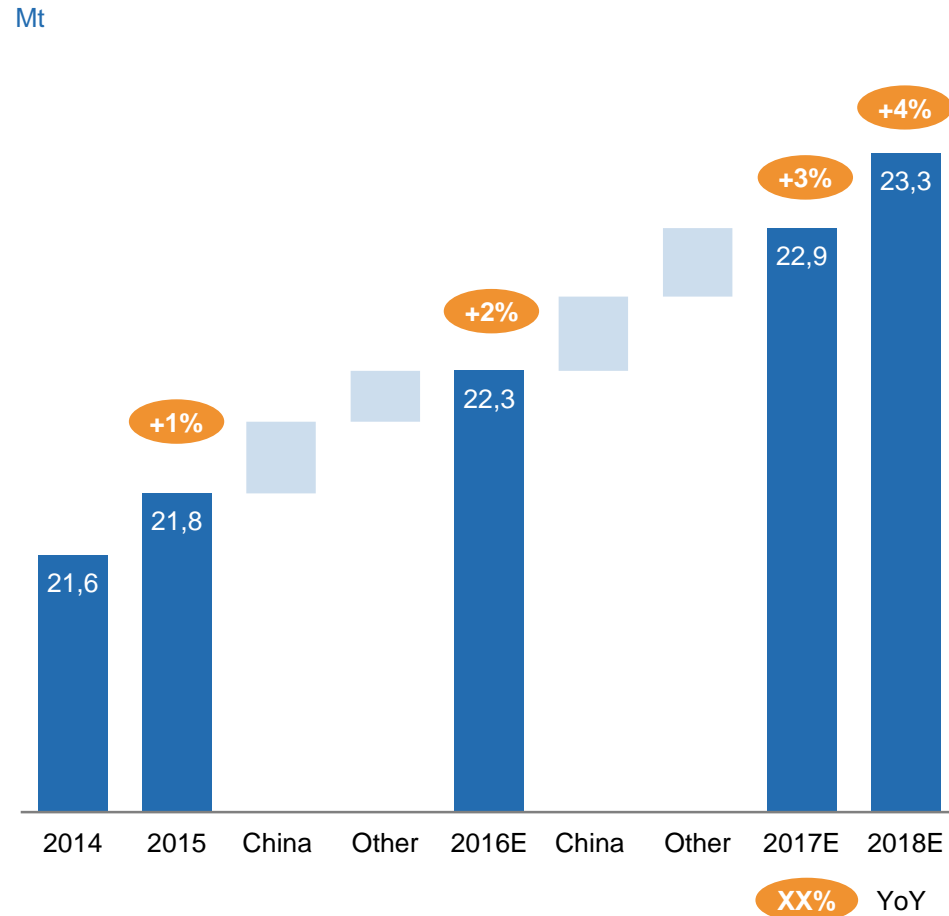
Mln Units



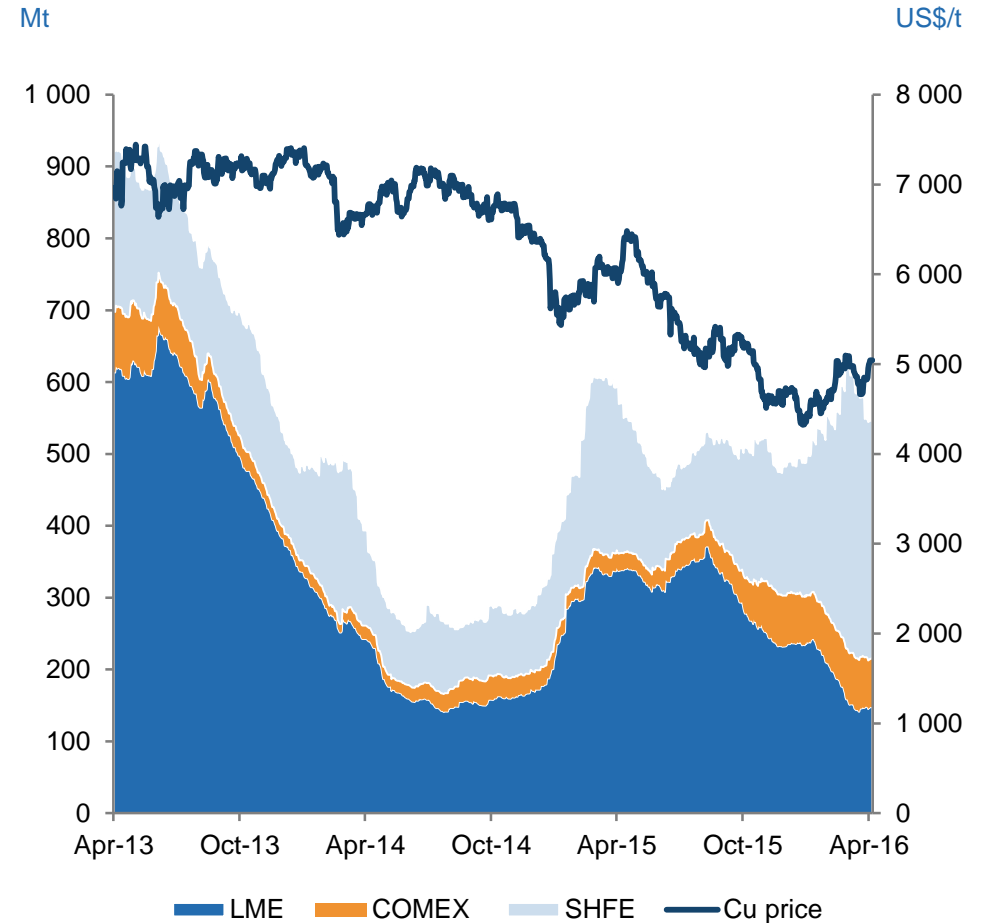
Source: Norilsk Nickel analysis, IHS estimates

Copper Market: China Driven Demand and Low Global Inventories

China Remains the Main Driver for Cu Consumption Growth



LME Copper Price Near Multi Year Lows while Inventories Run Tight

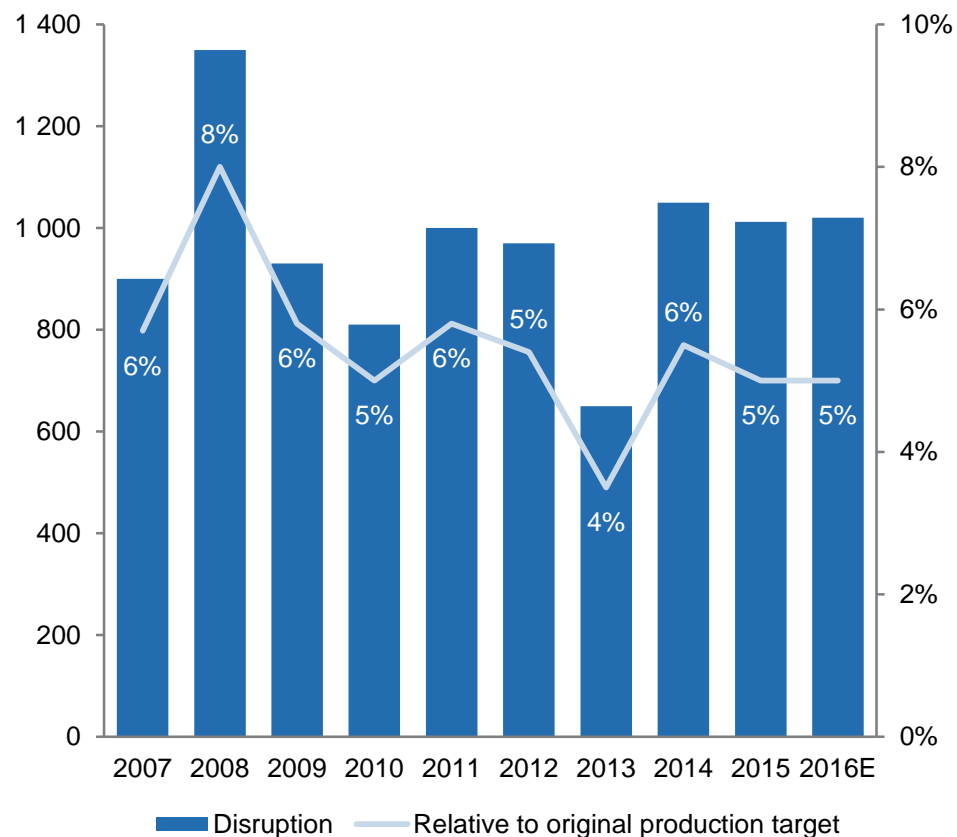


Source: Company data, Macquaire Research, Wood Mackenzie.

Copper Market Remains Balanced, Supply Disruptions - Limited

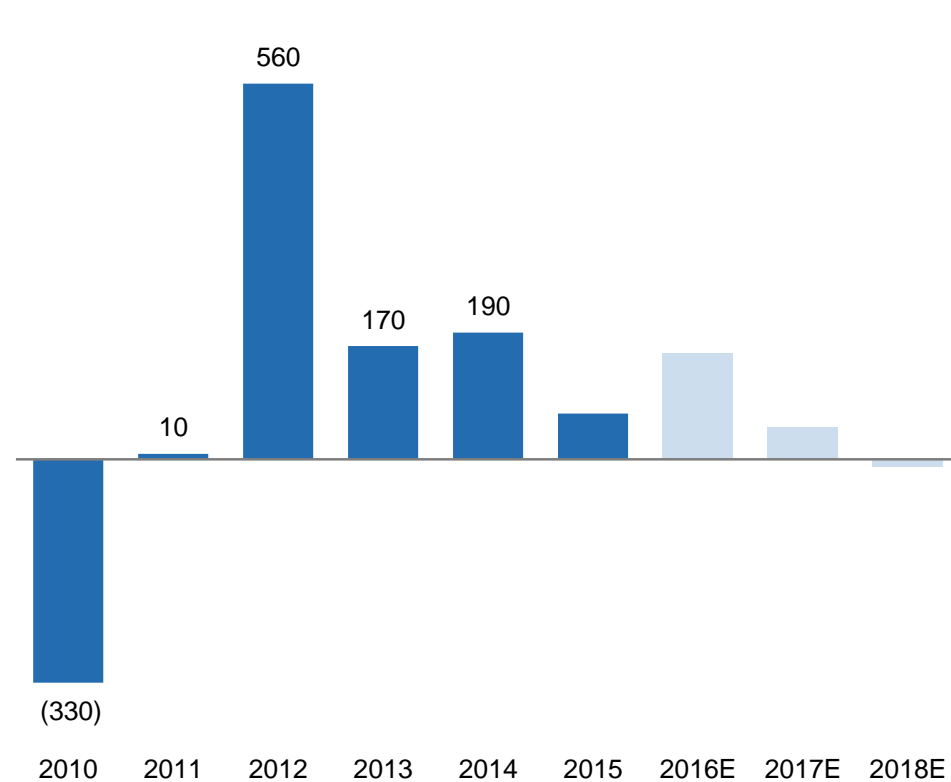
Copper Supply Disruptions: Unfold in 2015 at 5% in Line with Historical Average

Kt




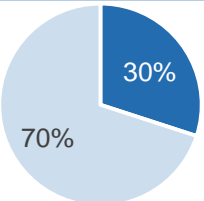


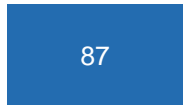
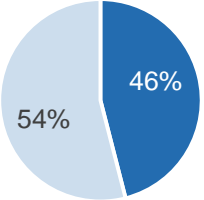



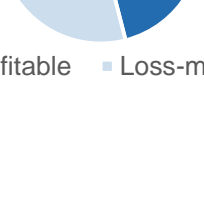



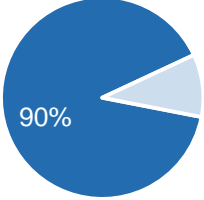


Copper Supply/Demand Balance

Kt



Source: Company data, Macquaire Research, Wood Mackenzie

Metal Markets Outlook

Metal	Inventory (days of consumption)	Loss making production (% of cost curve)	Forecasted market balance	Medium-term fundamentals
Nickel	 <p>■ Exchange ▨ Off-exchange</p>	 <p>■ Profitable ▨ Loss-making</p>	<p>Kt</p> <p>Deficit</p>  <p>■ 2016E ▨ 2017E</p>	
Palladium	 <p>■ ETF</p>	 <p>■ Profitable ▨ Loss-making¹</p>	<p>Koz</p> <p>Deficit</p>  <p>■ 2016E ▨ 2017E</p>	
Platinum	 <p>■ ETF</p>	 <p>■ Profitable ▨ Loss-making¹</p>	<p>Koz</p> <p>Deficit</p>  <p>■ 2016E ▨ 2017E</p>	
Copper	 <p>■ Exchange inventory</p>	 <p>■ Profitable ▨ Loss-making</p>	<p>Kt</p> <p>Balanced</p>  <p>■ 2016E ▨ 2017E</p>	





NORILSK NICKEL



Financial Strategy and Results

Sergey MALYSHEV
Senior Vice-President
Chief Financial Officer

Financial Policy Framework...

Financial Policy Goals

Recent Achievements

1

Profitability

- Maintain industry leading profitability by containing operating costs while benefiting from rouble devaluation

- Industry leading US\$ unit cost improvement in 2012–2015
- Industry leading EBITDA margin

2

Prudent Balance Sheet Management

- Maintaining investment grade credit ratings
- Balanced debt structure in terms of currencies, maturities, and financing sources
- Defensive liquidity management

- Debt maturity extended
- Funding sources diversified (Chinese credit line, Sberbank project financing etc.)
- Above-average liquidity and comfortable leverage ratios

3

Working Capital Management

- Following significant improvement in previous years, maintain achieved levels of net working capital

- Working capital stable despite one-off increases; some release expected in 2016

4

Financial Disclosure

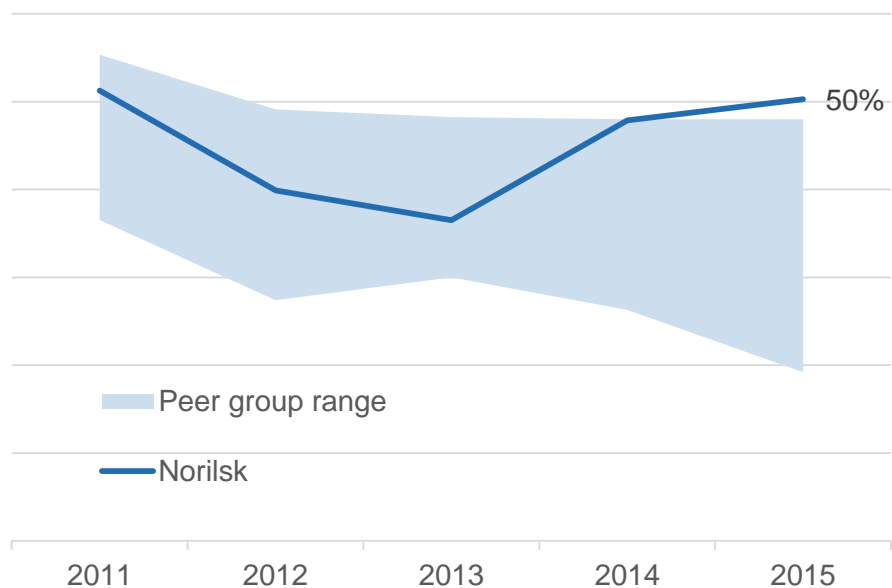
- Gradually speed up publication of IFRS financials

- 2015 audited results published in mid-March (vs late March in previous years)

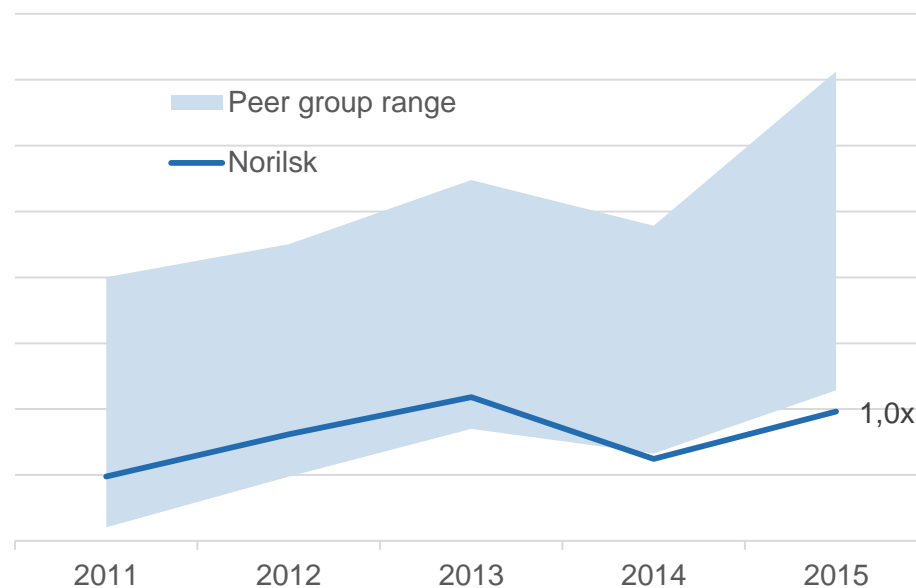


... Resulting in Global Leadership on Margins and Balance Sheet Strength

EBITDA margin, 2011–2015



Net debt/EBITDA, 2011–2015



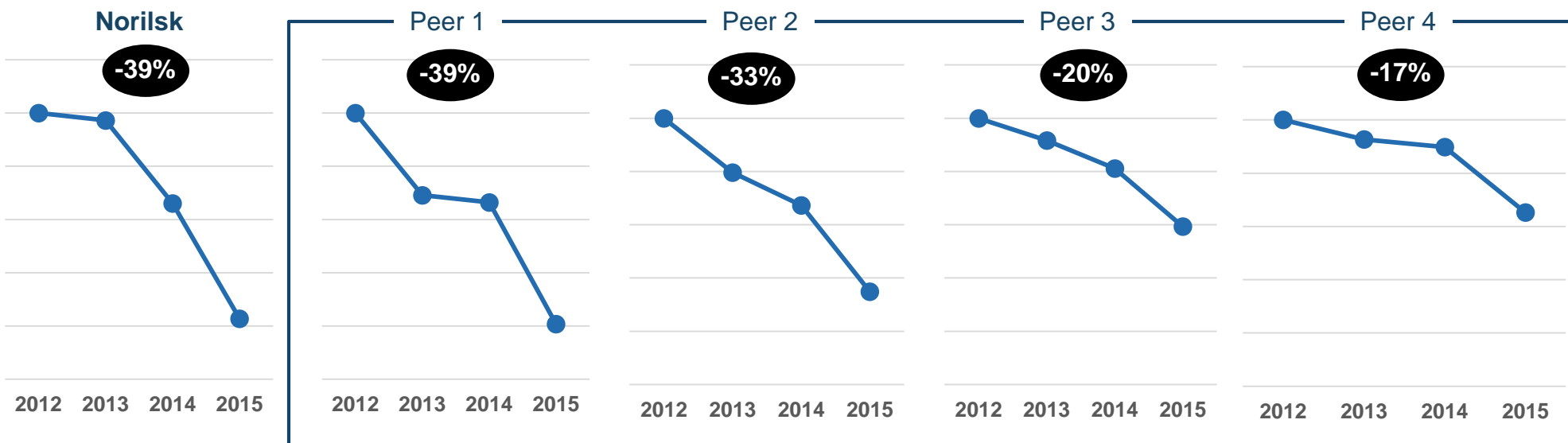
- Company's leading cost position and conservative financial policy allow Norilsk to maintain strong standing through the commodity cycle



Unit Costs Under Control Despite Some Headwinds

Profitability

Unit costs in US\$, 2012 = 100%



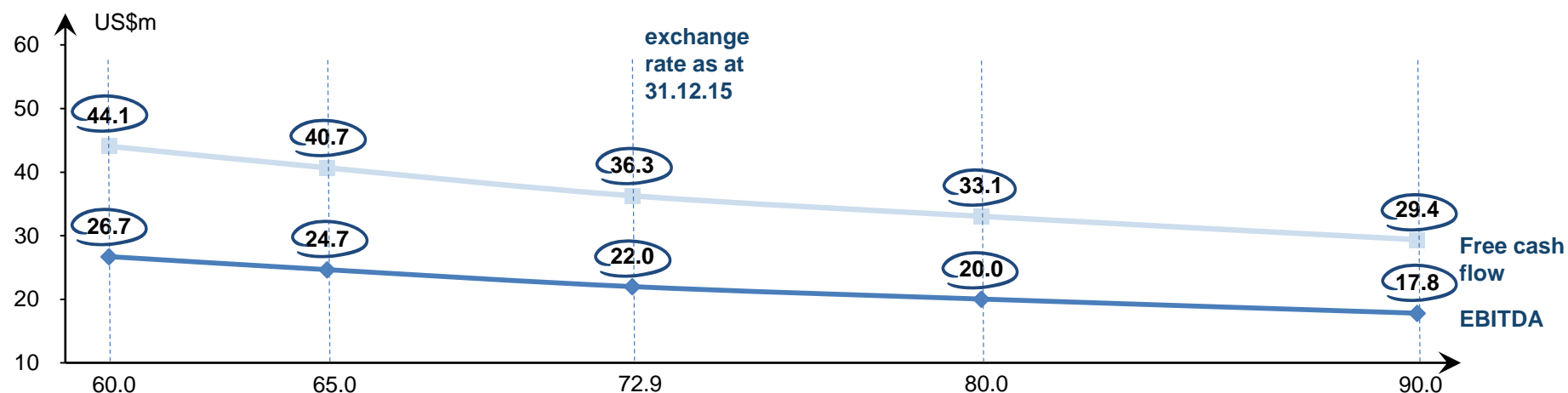
- Despite some of the negative underlying trends (ore degradation, depletion of low-cost secondary feedstock, catch-up inflation of consumables and salaries etc.) the company managed to outperform peers
- Tight cost controls were greatly helped by the US\$ appreciation starting from 2H14

Peer group includes Rio Tinto, Glencore (industrial assets only), Vale, and Anglo American.

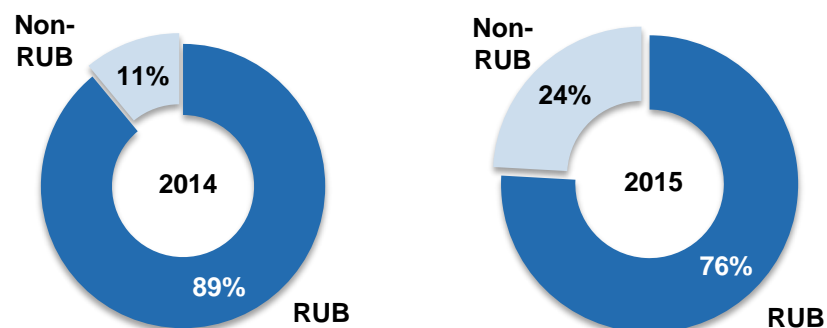
EBITDA and FCF Strongly Supported by FX

Profitability

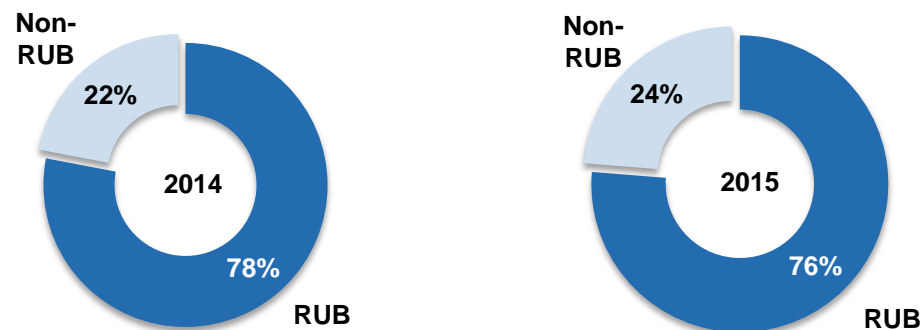
- At the year-end US\$/RUB rate of 72.9, 1% change in exchange rate translates into EBITDA change of US\$ 22.0m, FCF change of US\$ 36.3m



Share of Foreign Currency in Company CapEx



Share of Foreign Currency in Company OPEX

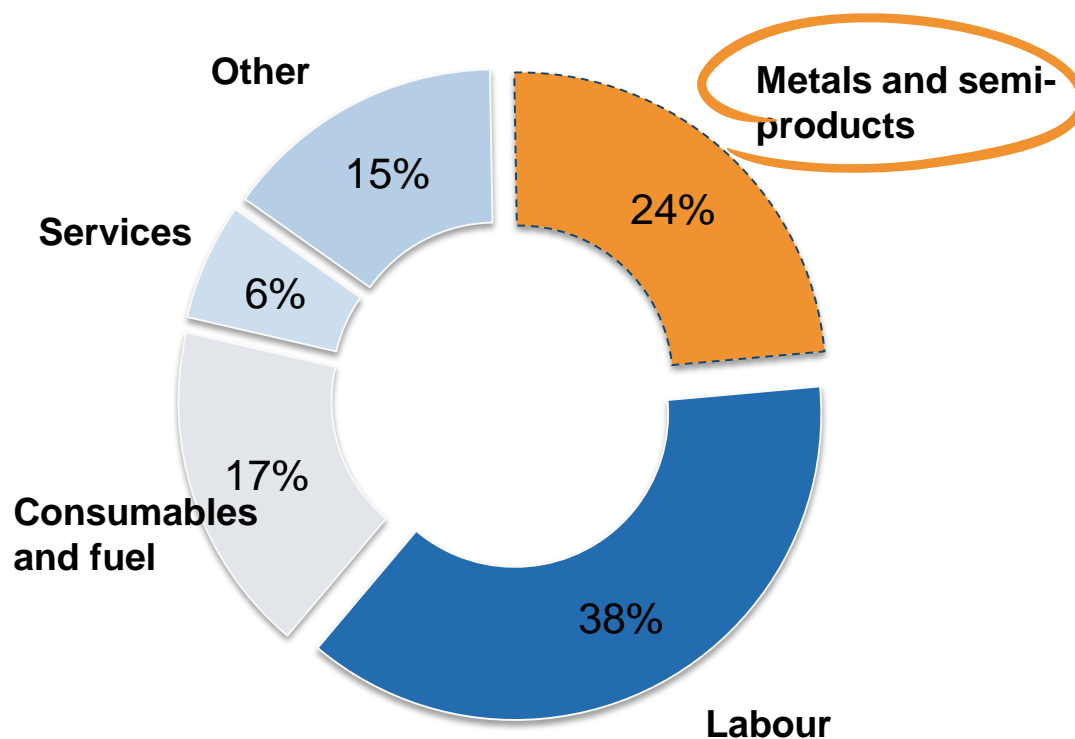


Source: Company data.

Labour to Drive Costs Going Forward

Profitability

2015 Cash Cost Structure



- With third party feedstock gradually phased out in 2016–2017, the cost base will be dominated by RUB-denominated labour (c.50% of the total)
- With wages linked to Russian CPI, costs will be driven mainly by domestic inflation as estimated by the Federal Statistics Service
- RUB cost inflation expected at around 12% year-on-year in 2016 on the back of wage increases, carryover consumables inflation from last year, and one-off maintenance outlays in the wake of Nickel plant closure

Balance Sheet Management: Staying Conservative

Balance Sheet



Strong credit standing

- Net debt/EBITDA of 1.0x as of year-end
- Rating agencies supportive of the balanced dividend policy



Liquidity

- Liquidity levels above industry average
- New committed loan facilities in 2015 and 2016



Flexibility

- Debt portfolio fully unsecured, no restrictive covenants
- No large short-term repayments
- Multiple funding options and unconstrained access to capital markets



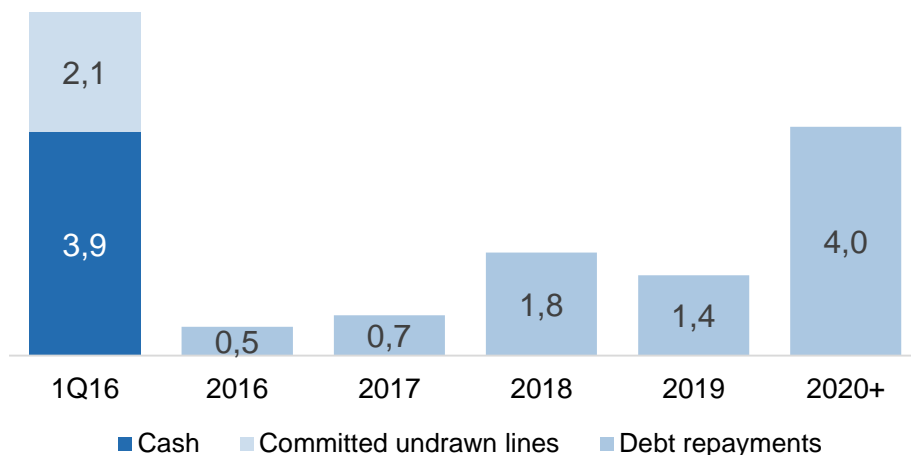
Defensive Liquidity Management

Balance Sheet

- Norilsk's cash covers three years of debt repayments, with over 90% of cash held in hard currency
- Above-average levels of liquidity allow for greater flexibility and provide cushion against one-off spikes in volatility
- Landmark first-in-class RMB5bn syndicated backstop revolving credit facility signed with Chinese banks in Jan 2016

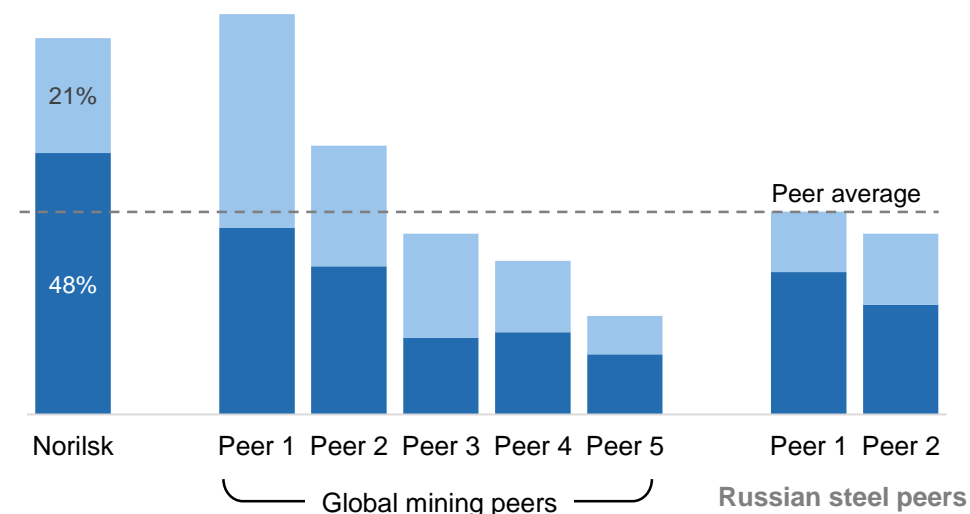
Liquidity and Debt Repayment Schedule, 1Q16-end

US\$ in bn



Liquidity Position vs. Peer Group

Cash & available committed credit lines/Revenue, %



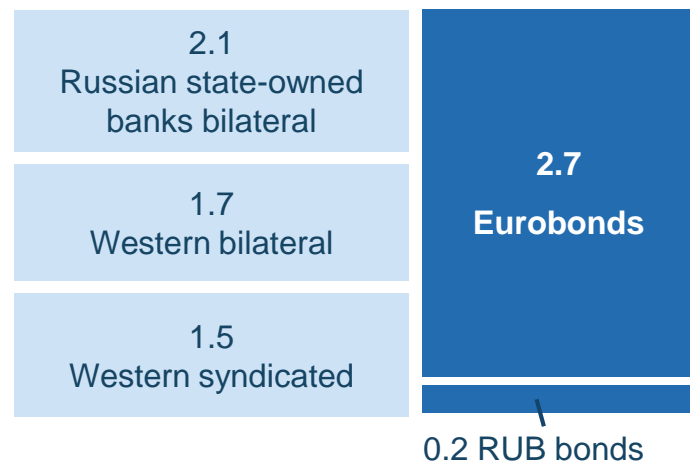
Note: Global mining peers include BHP Billiton, Rio Tinto, Glencore, Vale, Anglo American. Russian steel peers include Severstal and NLMK.

Norilsk Retains Unfettered Access to a Wide Range of Funding Options, Including Capital Markets

Balance Sheet

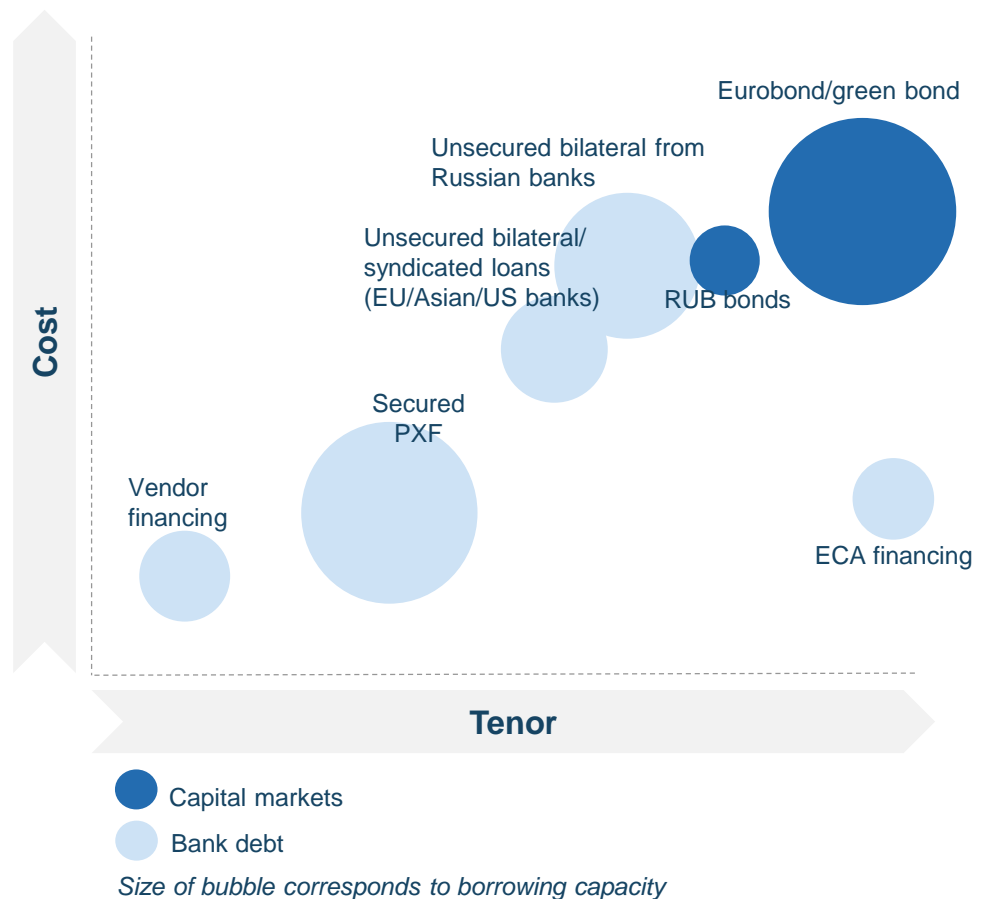
Current Portfolio Structure

US\$ in bn



100% unsecured
86% long-term
76% in US\$ (natural hedge vs revenue)
No restrictive covenants

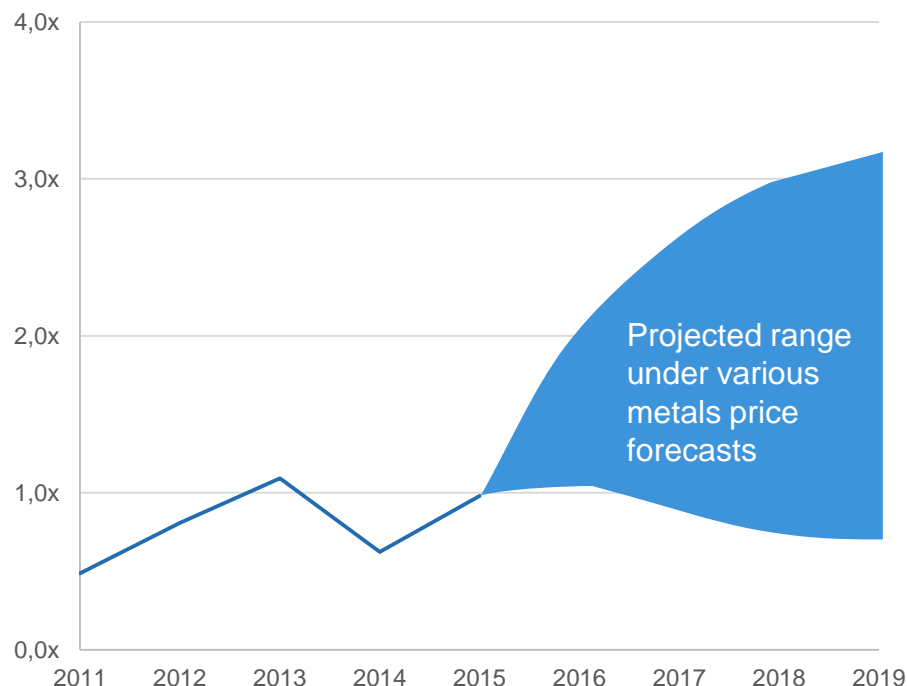
Further Funding Options Available (Illustrative)



New Dividend Targets to Keep Leverage in Check

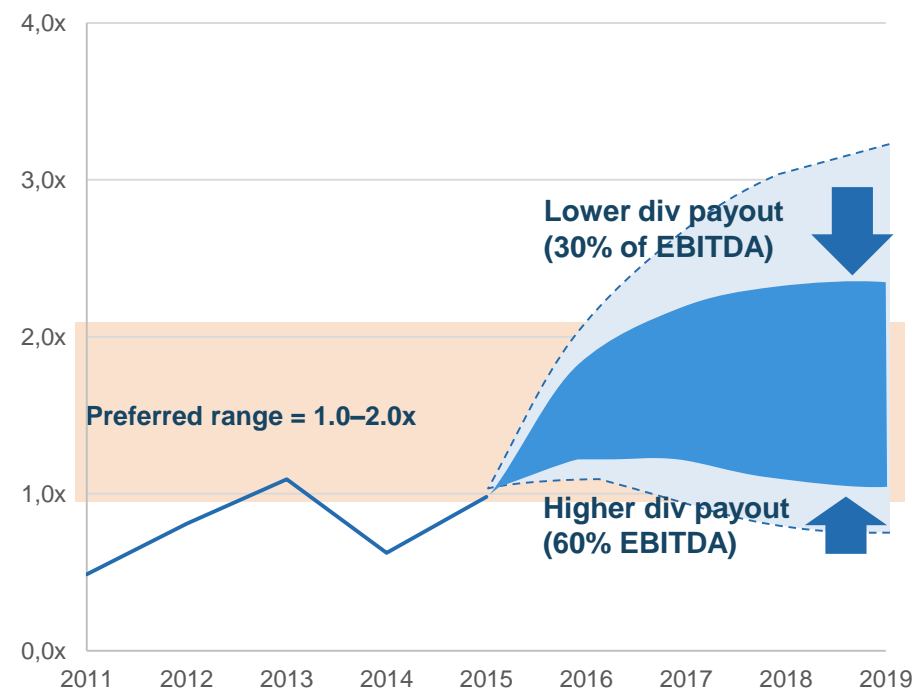
Balance Sheet

Net Debt/EBITDA, Old Dividend Targets



- Given poor performance of metal prices and increased volatility, the company was facing significant uncertainty with regard to future leverage

Net Debt/EBITDA, Current Dividend Targets






- “Self-balancing” dividend targets provide for lower payout under bearish price scenarios, stabilizing the debt within preferred range of 1–2 times EBITDA
- New dividend targets safeguard balance sheet while ensuring efficient capital structure



Adherence to Investment Grade Credit Metrics Ensures Strong Rating Performance

Balance Sheet








Resilience to the Country Risk

	STANDARD & POOR'S RATINGS SERVICES McGRAW HILL FINANCIAL	MOODY'S	Fitch Ratings
 NORILSK NICKEL	BBB-	Ba1	BBB-
 LUKOIL	BBB-	Ba1	BBB-
 GAZPROM	BB+	Ba1	BBB-

- Norilsk Nickel is one of only two Russian corporates with two investment grade ratings
- Norilsk Nickel's S&P rating is above the Russian sovereign* and Gazprom, reflecting the Company's resilience to country risk
- Norilsk Nickel's Moody's and Fitch ratings are at the level of the country ceiling

Recognition of Strong Performance and Credit Metrics

MOODY'S

	Pre-review rating		Post-review rating
 bhpbilliton	A1	▼ (-2)	A3
 CODELCO	A1	▼ (-2)	A3
 RioTinto	A3	▼ (-1)	Baa1
 GLENCORE INTERNATIONAL plc	Baa2	▼ (-1)	Baa3
 NORILSK NICKEL	Ba1	▶	Ba1
 ANGLO AMERICAN	Baa3	▼ (-3)	Ba3
 VALE	Baa3	▼ (-3)	Ba3

- During Moody's recent review of the global commodity sector, Norilsk Nickel ratings were affirmed even as the majority of metals & mining majors were downgraded by multiple notches,

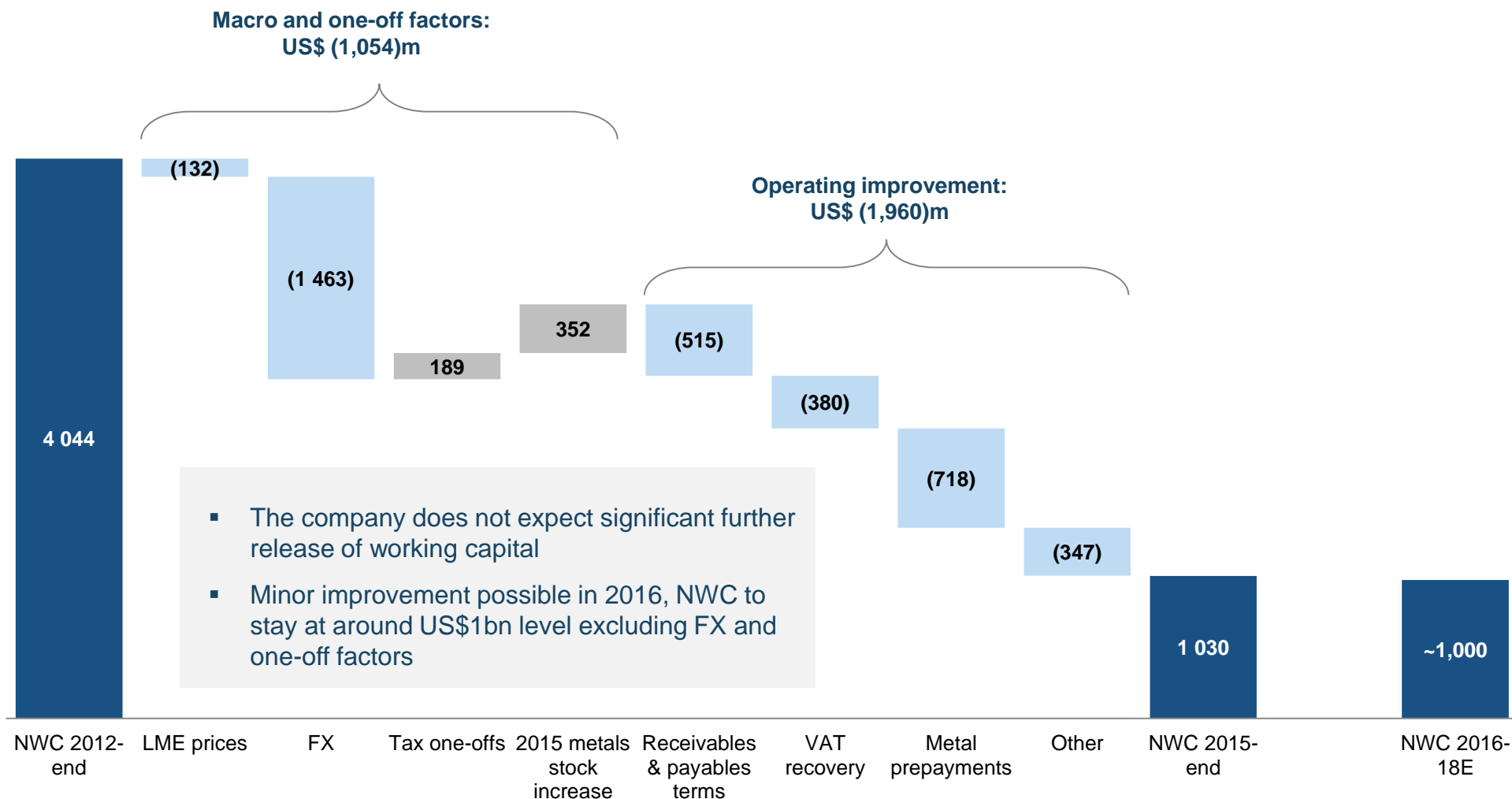
Source: Credit Rating Agencies

* Current Russian Sovereign are: BB+ for Standard and Poor's; Ba1 for Moody's; BBB- for Fitch Ratings.

Net Working Capital to Stay Around Current Levels

Net Working Capital, US\$m

Working Capital





NORILSK NICKEL

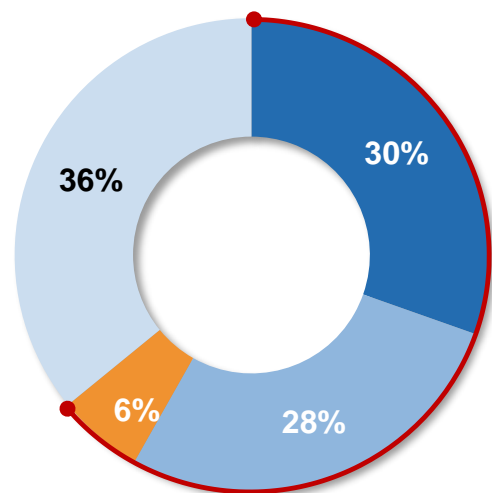


Corporate Governance

Andrey BUGROV

Deputy Chairman of the Board,
Senior Vice-President

Shareholder Structure



64%
of the shares are
owned by the
parties to the
Shareholder
Agreement since
December 2012

■ Interros

■ UC Rusal

■ Crispian Investments Limited

■ Free Float



Vladimir Potanin

CEO of Norilsk Nickel

Founder and President, Interros



Oleg Deripaska

President, Member of the

Board of Directors, UC RUSAL

Crispian Investments Limited

The principal beneficiaries are:

- Mr. Roman Abramovich
- Mr. Alexandr Abramov
- Mr. Alexandr Frolov

Balanced Board of Directors

Board of Directors consists of 13 members (incl. 2 executive)

**5
Independent
Directors⁽¹⁾**


INTERROS **4
Directors**


RUSAL **4
Directors**

Audit Commission
chaired by
independent director

Strategy Committee
chaired by Rusal
representative

Budget Committee
chaired by Interros
representative

**CG, Nomination and
Remuneration
Committee**
chaired by
independent director



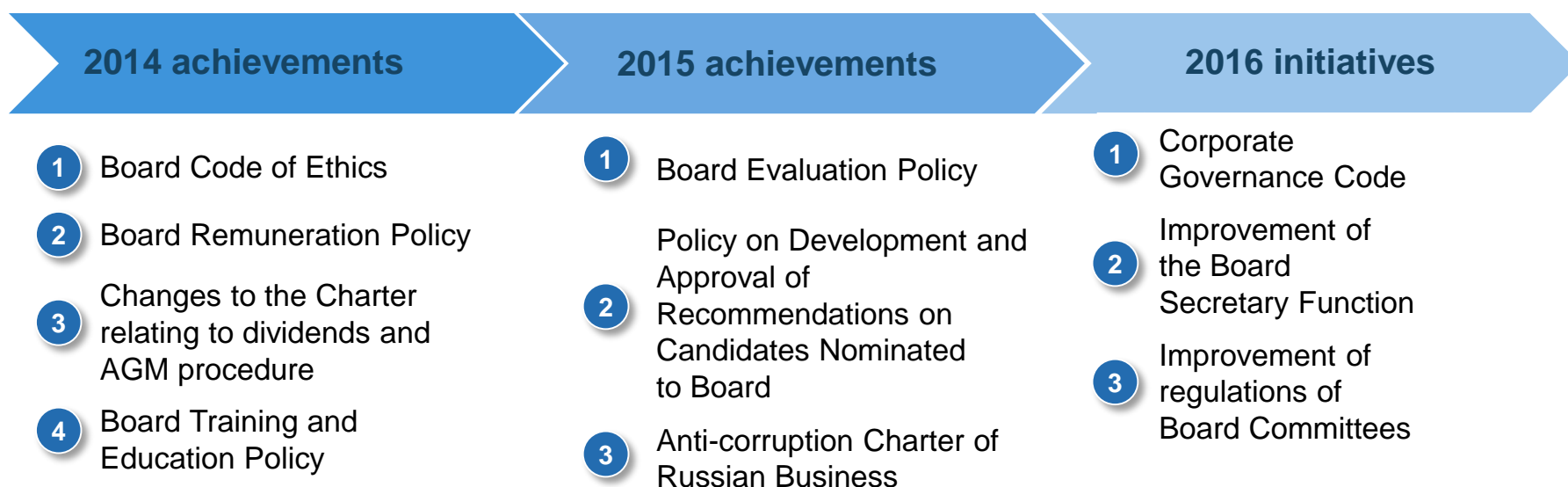
Gareth Peter Penny
Non-Executive Independent Chairman

- 22 years of mining experience with De Beers and Anglo American
- CEO of De Beers in 2006–2010
- Non-executive Board member of Julius Baer Holdings Limited



Corporate Governance Initiatives

- A benchmarking study on the existing corporate governance practices vs. global best practices was prepared by an independent consultant in 2H13
- A number of Corporate Governance initiatives were developed and approved by the Board of Directors in 2014–2015



Board Approach to Corporate Governance Well Established



Priority of sustainable value creation

- Long-term investments and reinvesting in future growth
- Capital allocation priorities; portfolio of businesses and assets fit
- Integration of sustainability and ESG matters into strategic and operational planning



Long-term strategic vision

- Risk assessment
- Constant testing of Strategy viability
- Compensation practices encouraging and rewarding long-term growth, promote implementation of strategy



Transparency of the Board involvement

- Full Board involvement in Strategy: guidance, debates and oversight
- Well-functioning system of the Board Committees
- Right mix of Directors on the Board
- Supportive culture for independent oversight

