



1H 2022 Financial Results

Investor Presentation
August, 2022

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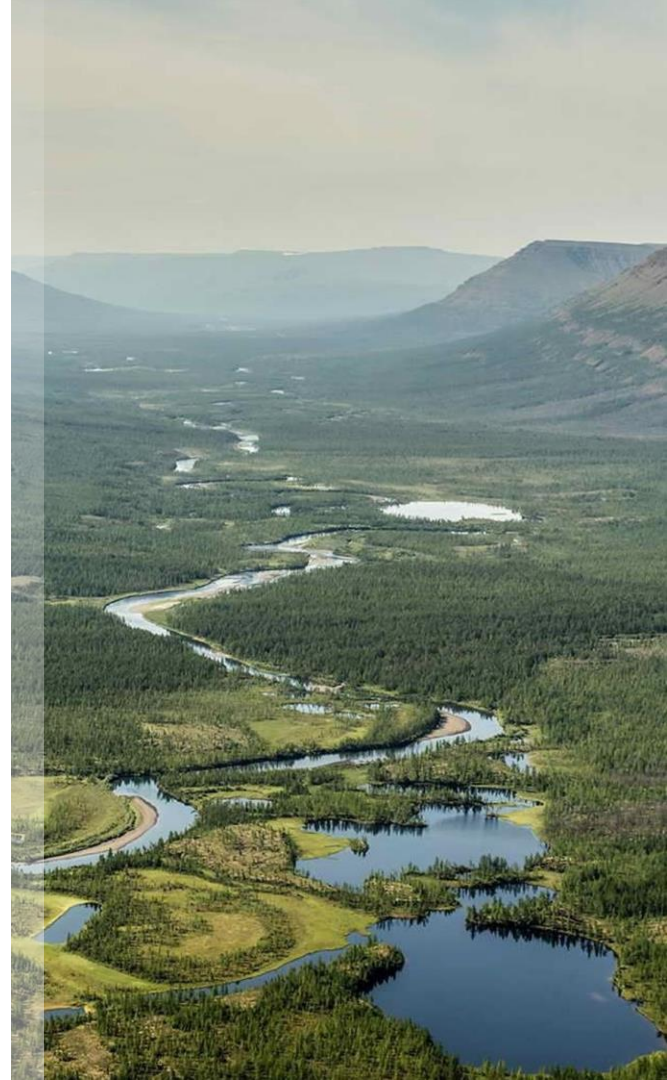
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1H 2022 Financial Performance Highlights

Revenue \$9.0 bn same level vs 1H 2021	<ul style="list-style-type: none"> + Return to full production capacity after temporary suspension in 2021 + Higher realized prices (Ni, Cu, Co) - Logistics disruptions - Sale of Ni from stock in 2021 	FCF \$1.1 bn down 25% vs 1H 2021	<ul style="list-style-type: none"> + Repayment of environmental damages in 1H 2021 + Lower income tax payments - Higher net working capital - Lower EBITDA - Sulphur programme and strategic commercial projects
EBITDA \$4.8 bn down 16% vs 1H 2021	<ul style="list-style-type: none"> - Domestic inflation - Salary indexation ahead of inflation - Increase in taxation (MET) - One-off motivation bonuses to personnel - Environmental provision increase 	CAPEX \$1.8 bn up 83% vs 1H 2021	<ul style="list-style-type: none"> + Investment in key projects (Sulphur programme and strategic commercial projects) + Increase in capital repairs and modernization of core assets
EBITDA margin 53% down 11 p.p. vs 1H 2021	<ul style="list-style-type: none"> ✓ Leading position among global diversified mining majors 	ND/EBITDA 1.1x up 2x vs Dec'31 2021	<ul style="list-style-type: none"> ✓ Conservative debt management ✓ Leverage ratio at the level of global diversified mining majors
NWC \$3.8 bn up 3x vs Dec'31 2021	<ul style="list-style-type: none"> - Appreciation of RUB against USD - Outstanding balances due/from customers - Accumulation of metal stocks + Income tax receivable 	Cash Returns¹ \$40.5² full DPS for the year 2021	<ul style="list-style-type: none"> ✓ 2021 is the last financial year when the Shareholders Agreement is in place

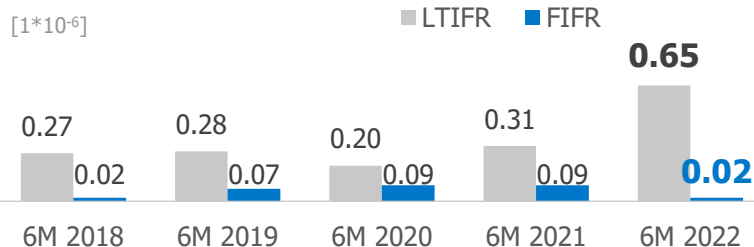
Note: 1. Paid in 2022 based on the results of 2021 FY including interim dividends, 2. Rub 1,644.57 at the exchange rate as of dividend payment date.

Sustainable Development Update

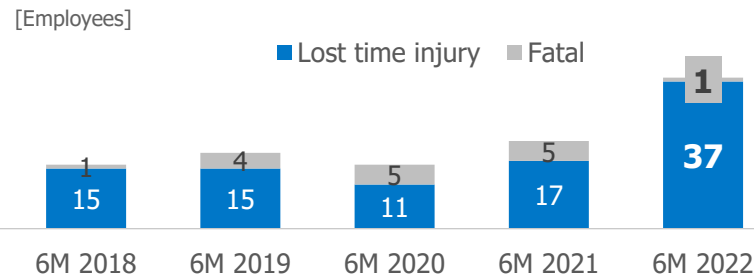


Health and Safety Update

LTIFR and FIFR Dynamics

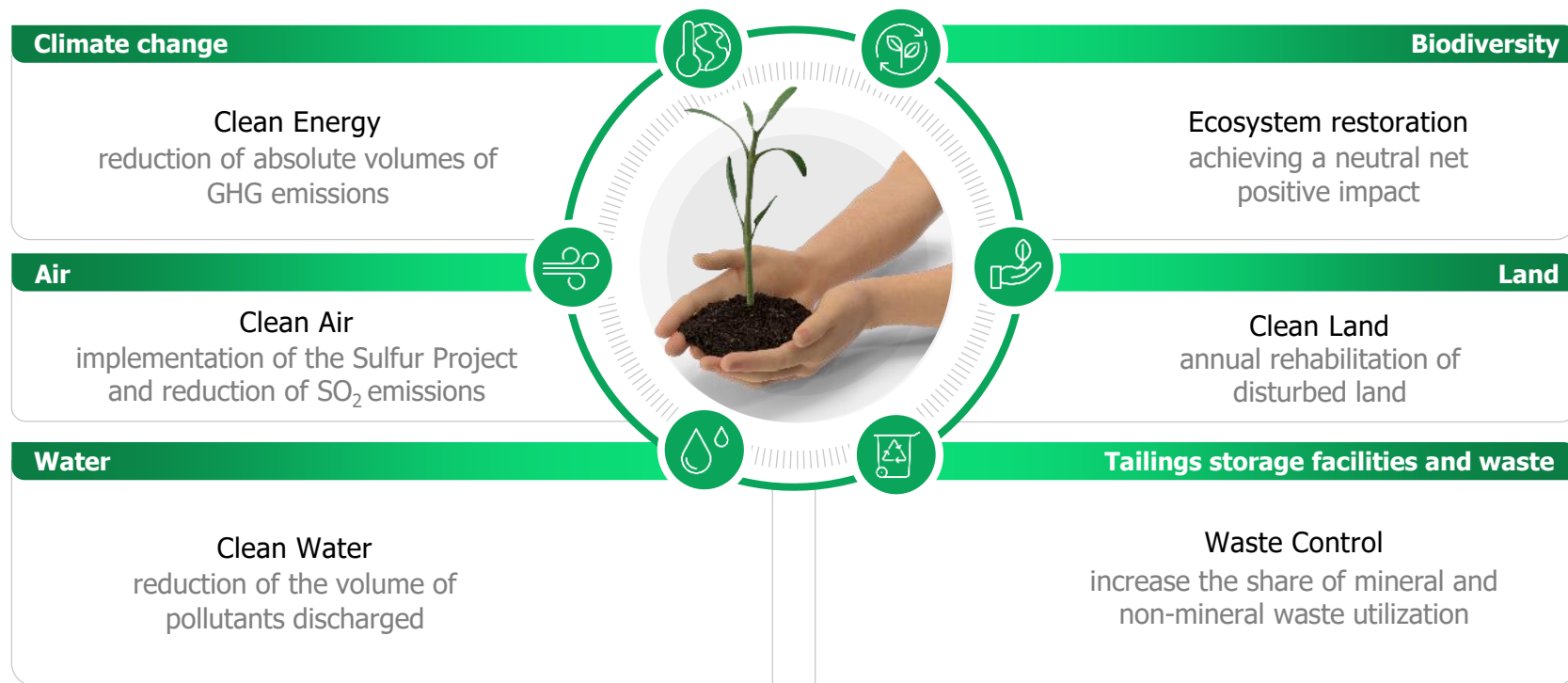


Number of Accidents



- In 1H 2022 the number of lost time injuries increased to 37 from 17 in 1H 2021 driven by the shift of the management focus towards improving the reporting and injuries data collection transparency
- Regretfully, we tragically suffered one fatal accident during the reported period (compare to 5 accidents in 1H 2021)
- In 2022 the Company continue to implement:
 - ✓ a new approach setting 2022 KPIs is implemented
 - ✓ a pilot project on the transformation of safety culture is launched (Norilsk Concentrator)
 - ✓ a program to improve the employees' skills in operating hazardous production facilities is implemented
- The management reiterates its major strategic focus of transforming Norilsk Nickel into a zero-fatality mining company

Selected Environmental and Climate Change Targets

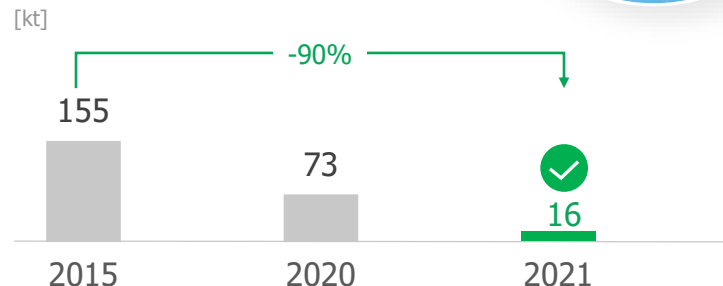


Environmental Program: Reduction of SO₂ Emissions on Track

Nornickel's target – achieve industry-leading SO₂ emissions reduction rate

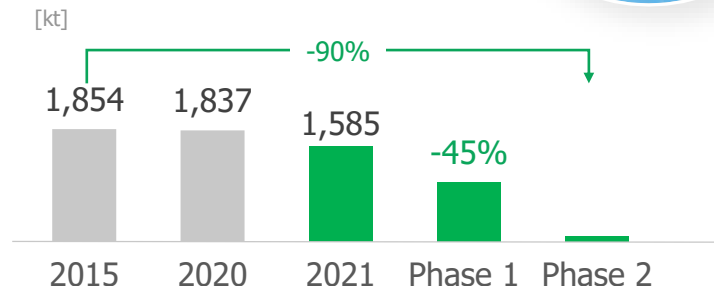
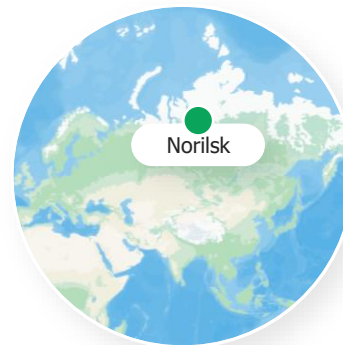
Kola Division:

SO₂ emissions 90% cut from 2015 ahead of target delivered (target – 85%)



Norilsk Division:

SO₂ emissions 14% cut in 2021; Sulphur Project is actively on track

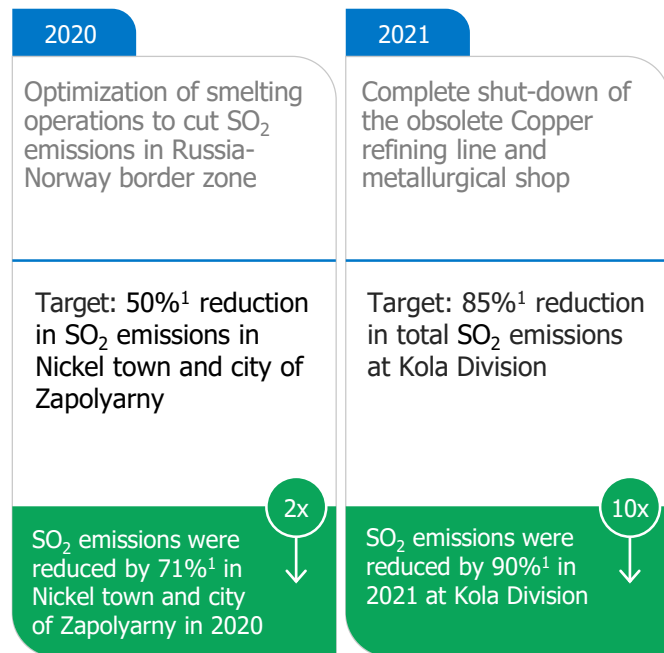


Source: Company data

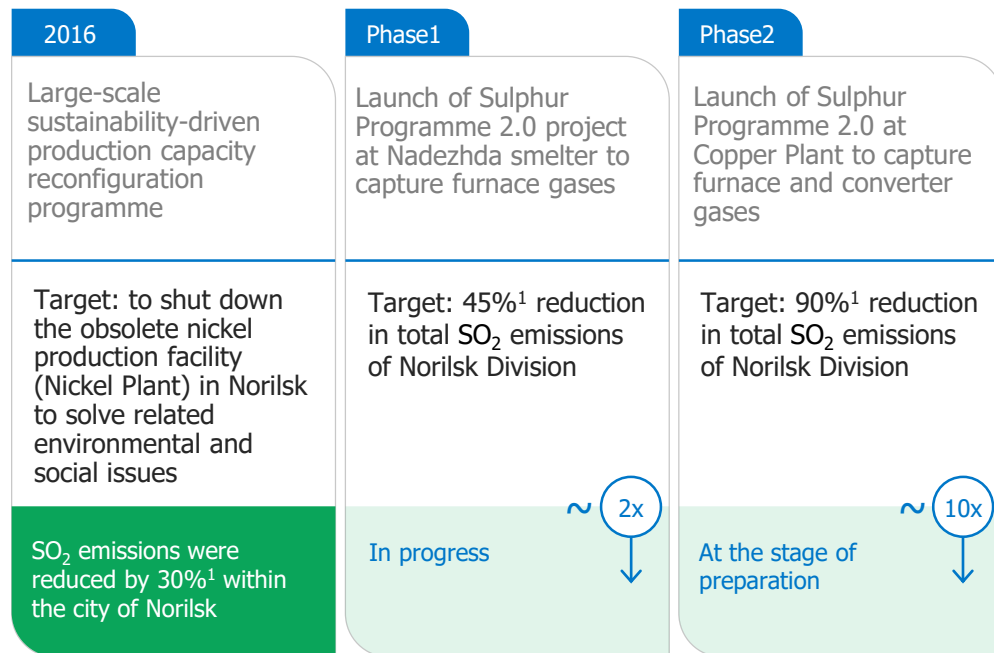
More details: <https://www.nornickel.com/sustainability/environment/air/>

Sulphur Programme 2.0: Environmental Roadmap

Kola Division



Norilsk Division



Source: Company data

Note: 1. Compare to «base» 2015 year

Sulphur Programme 2.0: Current Progress at Nadezhda Smelter

Construction progress as of July 2022: installation of heat exchangers and contact devices



Source: Company data

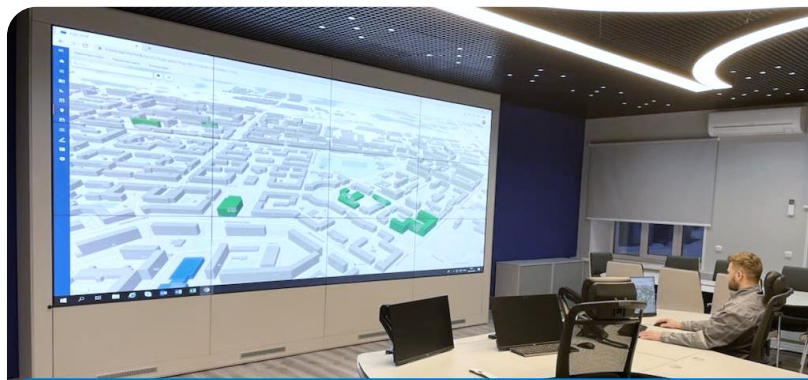
Physical Risks: Monitoring of Permafrost-Based Foundations in Norilsk



In 2020, satellite monitoring of permafrost-based structures was launched



In 2021, a new permafrost-based foundations monitoring system was launched



Monitoring center launched in December 2021

Source: Company data

Note: 1. IDS - Automated information-and-diagnostic system

More details [Nornickel to consolidate Norilsk permafrost data](#) [News and Press-releases - Nornickel](#)

Program target: 1,500 of assets to be equipped with real-time sensors, which will be plugged into the IDS system

Phase 1

- Fuel storages and other buildings hosting large groups of people or cultural heritage buildings
Completed in 2021

Phase 2

- Facilities of Norilsk Fuel and Energy Company (NTEK), tailing dams and ponds of Norilsk Division
Due for completion by 2024

Phase 3

- Buildings and structures of Norilsk Division, including main mining and processing facilities, long structures (pipelines, bridges and etc), railroad infrastructure

Phase 4

- All remaining facilities located in Norilsk Industrial area, including overpasses, pipelines and power lines

Clean-up and Collection of Legacy Waste in Norilsk Area

Major Legacy Waste Collection and Land Reclamation Programme in Norilsk Area

- In 2020, a dedicated work with territories and landscaping department was created within Norilsk Division, including 750 employees and 121 units of specialized machinery and equipment
- The programs includes demolition of old abandoned buildings and structures, pipelines, utility lines and networks, and the removal of scrap metal accumulated around industrial sites within the city of Norilsk and its neighboring area
- Target: cleaning of unused objects – 467 abandoned buildings and structures, 2.6+ mt of waste and scrap metal

2022 Targets:

- Land area cleaned up of waste and old equipment >2 mln м2
- Obsolete buildings and structures dismantled >100 buildings
- Waste collected: up to 400 kt of waste and up to 45 kt of scrap



Source: Company data

More details:

<https://www.nornickel.com/news-and-media/press-releases-and-news/nornickel-implements-rub-40-bn-programme-to-clean-up-norilsk/type=news>

Biodiversity: Reducing a Negative Impact

Nornickel recognizes the importance of biodiversity conservation

- Conducting on an annual basis the Great Norilsk Expedition (1&2) with the Russian Academy of Sciences in order to carry out a comprehensive study of Norilsk area
- Supporting of natural reserves in the areas of company's presence studying and protecting rare and endangered species listed in the Red Book of the Russian Federation
- Implementation of a multi year corporate programme to breed and release valuable fish species into Siberian rivers to replenish their populations
- Launch of a large-scale scientific biodiversity study in three Russian regions with Nornickel presence to determine the areas of the Company's environmental impact and assess the current biodiversity status within their ecosystems (the study has been completed in the Trans-Baikal Territory, is being conducted in the Norilsk Industrial Region)
- [Nornickel will finance scientific research by the Russian Federal Research Institute of Fisheries and Oceanography \(VNIRO\)](#), which will assess aquatic bioresources and their habitat in 2023-2051 as a complementary support of the restoration programme



Social Policy: Nornickel Historical Support of Indigenous People

2022 Plans:

Norilsk Division:

- [Implementation of the 5-year program](#) to protect the original habitat and support traditional activities of the indigenous peoples of Taymir Region in amount of ₽2 bn
- Improvement of the life quality: construction of residential buildings, social and medical infrastructure
- Development of educational and cultural projects: advanced training of teachers at remote settlement schools, attraction of new specialists, publication of learning materials in native language)
- Projects in support of traditional activities (building shop for processing fish, wild reindeer, organization of expert assessment of the fishery capacity, reindeer pastures and etc)
- Development of tourist projects in the region
- [Conducting the 3d round of consultations on Free, Prior and Informed Consent \(FPIC\)](#) process for resettlement of the Tukhard village. The construction of a new settlement for 600-700 people is scheduled for completion by 2026

Kola Division:

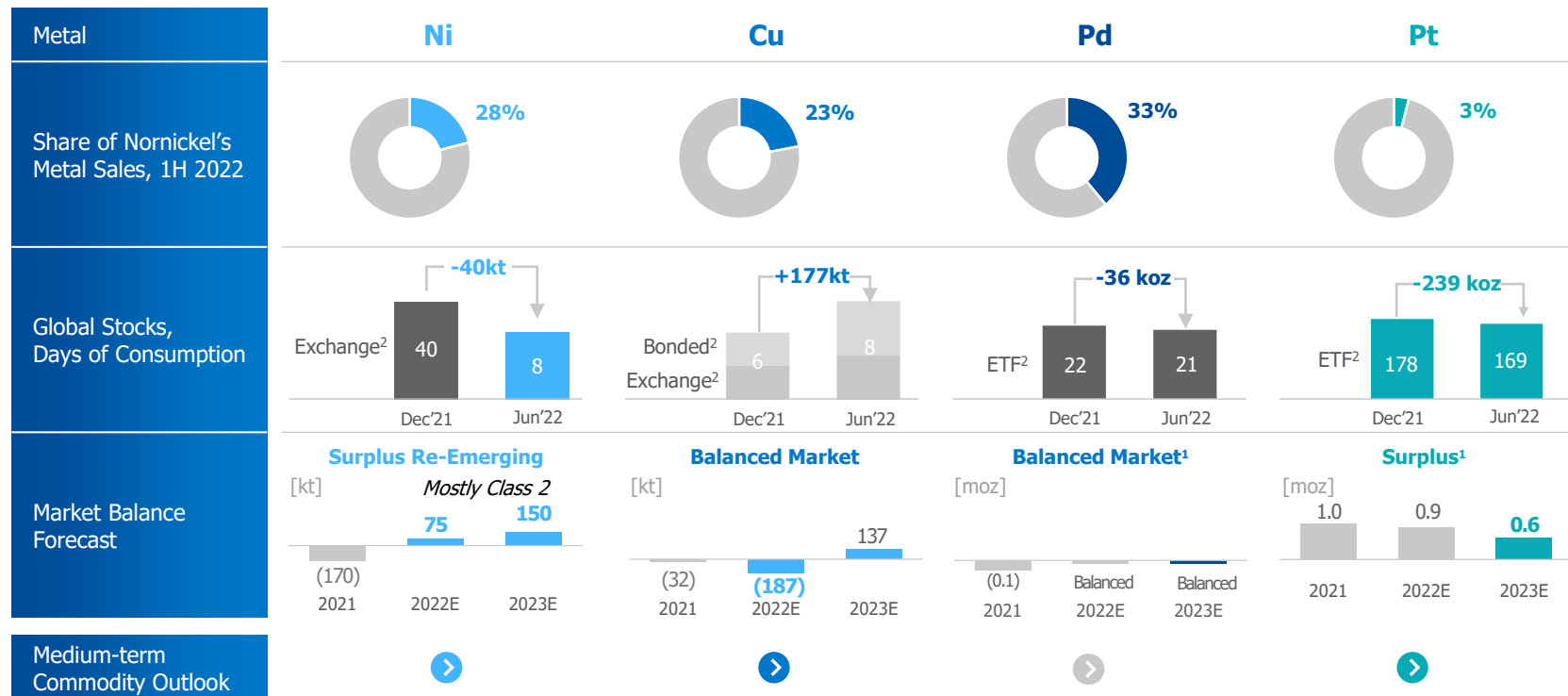
- Support of Saami culture projects (organization of ethnic holidays, creation of open-air museum, publication of learning materials in native language) and health programs for Saami people
- [Conduction the consultations with indigenous communities](#) in the villages of Lovozero and Krasnoshchelye in Russia's northwest region on the potential lithium mining project



Markets Update



Metal Markets: Outlook on Medium-Term Fundamentals

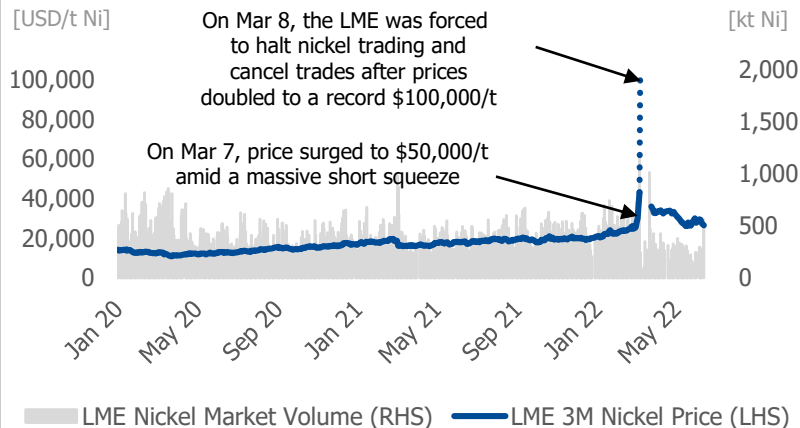


Source: Company estimates. Figures may not sum up due to rounding

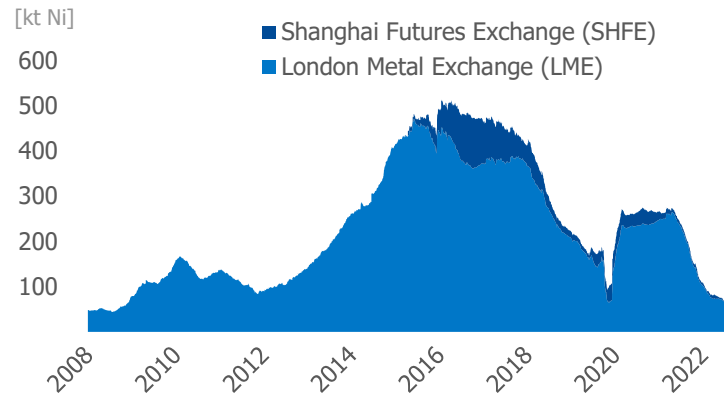
Notes: 1. Excluding investments, 2. In days of consumption

Nickel Market: Speculations Have Caused Unprecedented Price Volatility

LME Nickel Price Has Been Extremely Volatile in 2022



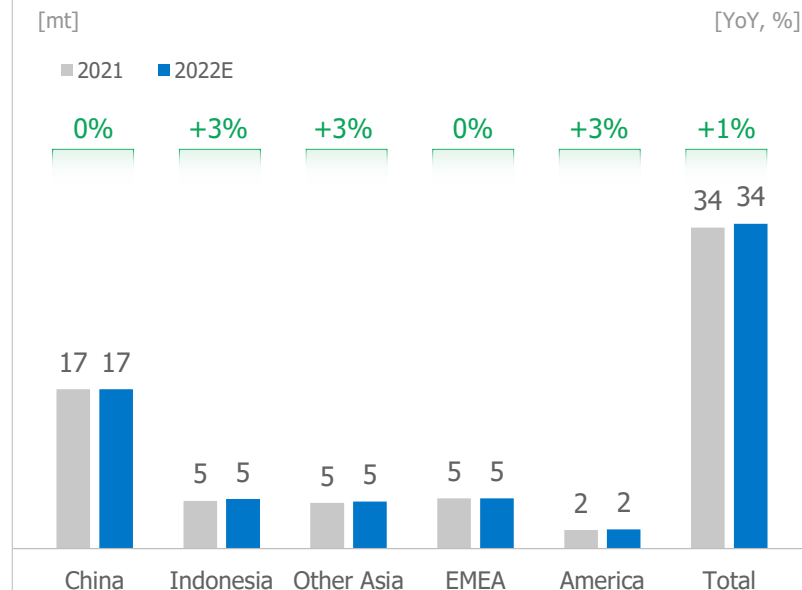
Nickel Exchange Stocks Declined to the Level Last Seen in 2008 and Now Amount to Less Than 10 Days of Global Consumption



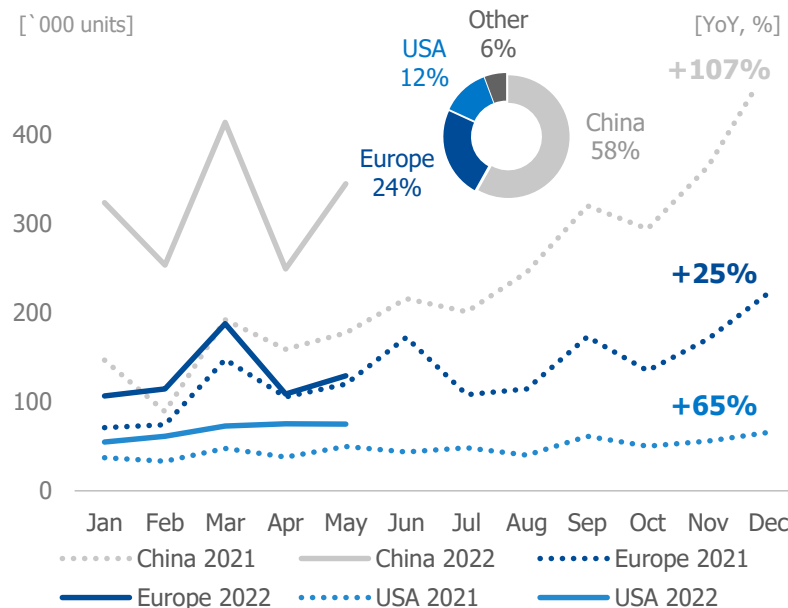
- Allegedly, the nickel price spike was caused by a massive short covering by China's Tsingshan Group
- Nickel exchange inventories declined by 69kt Ni (-36% YTD) in 1H 2022, indicating robust demand of high-grade nickel
- At the end of 1H 2022, commodity prices were under the pressure of macroeconomic factors, including rising interest rates by the central banks and slowdown of major economies across the globe

Nickel Demand: Surging NEV Sales Maintain Their Pace of Growth, While Stainless Steel Output Is Stagnating

Stainless Steel: Production of Ni-Containing 300 Series Steel is Expected to Grow by +1% YoY in 2022E



Global BEV Equivalent Sales¹ in Jan-May 2022 Increased +70% YoY, China Is the Centerpiece of Growth



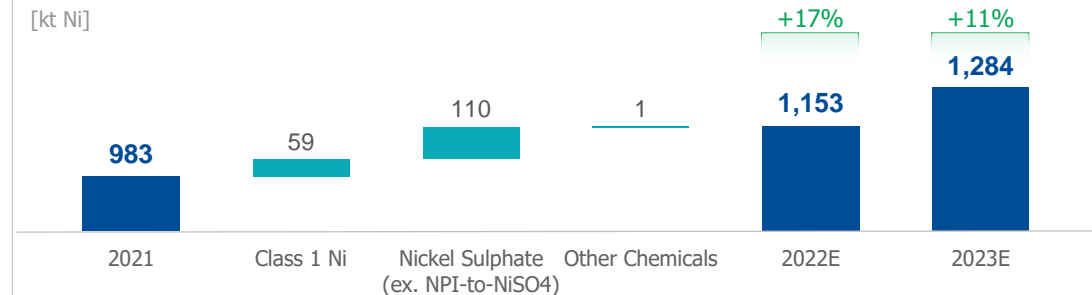
Sources: Zijlsteel, Eurofer, SMR, METI, TSIIA, ISSF, SNE Research, Company estimates

Notes: 1. BEV equivalent – HEV and PHEV are recalculated according to the relative battery capacity ratio: HEV 2KWh vs PHEV 12KWh vs BEV 55KWh

Nickel Production Is Growing Due to Low-Grade/High-Carbon Supply

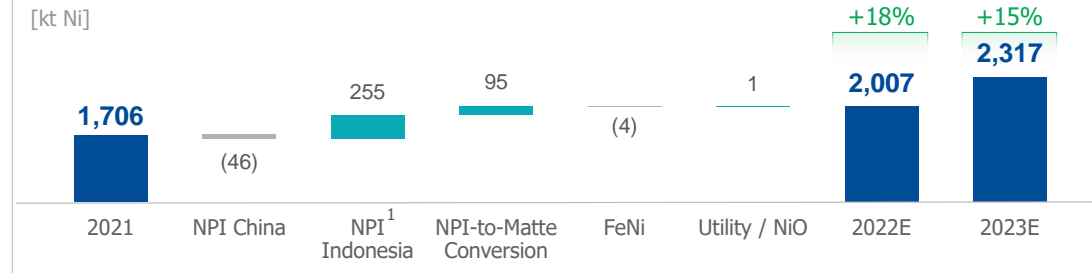
High-Grade Nickel Production: Nickel Chemicals for the EV Sector – the Key Driver of High-Grade Supply Growth

[kt Ni]



Low-Grade Nickel Production: 300ktpa+ Addition in Low-Grade Supply on the Commissioning of New Capacities in Indonesia

[kt Ni]



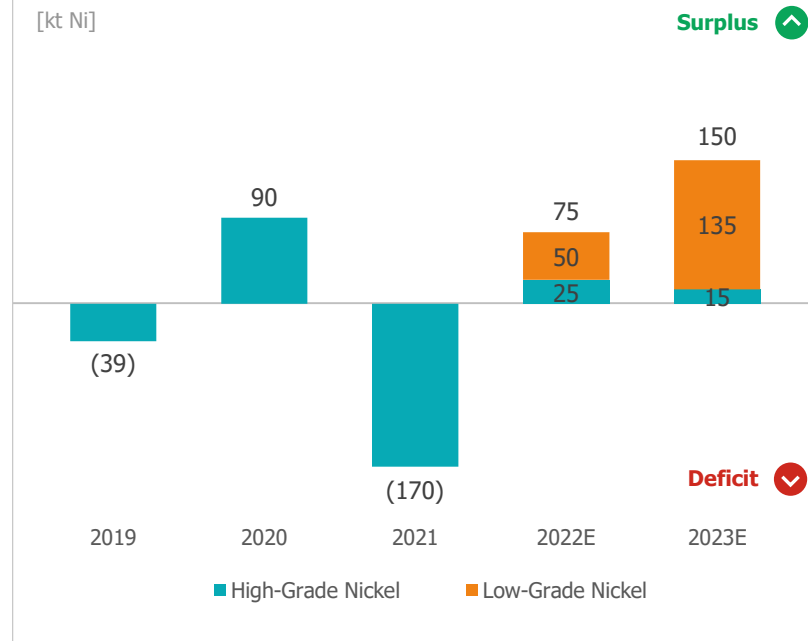
- 2022E: recovery of Class 1 Ni production following temporary disruptions in 2021 and growing supply of nickel compounds (mostly HPAL projects in Indonesia) alongside major expansion of carbon-intensive Indonesian NPI
- 2023E: ramp-up of new facilities in Indonesia to continue, but excessive capacities are expected to be underutilized

Sources: Felo, Mysteel, Company estimates

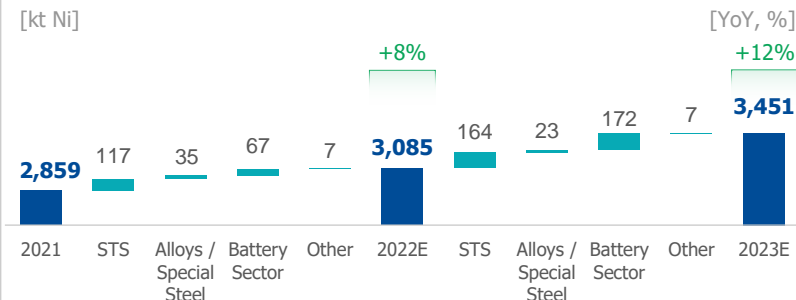
Notes: 1. Excluding NPI-to-matte conversion

Nickel Market Balance: Surplus of Low-Grade Nickel, High-Grade Market Balanced, Risk of Oversupply Remains

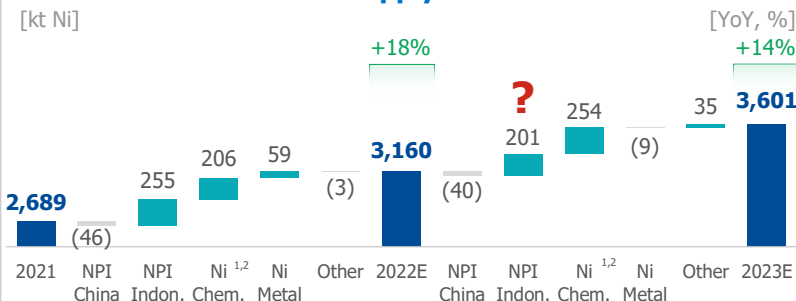
Surplus in 2022-2023E Concentrated in LG Nickel, but High Uncertainty Due to Risks of Global Recession



Nickel Demand Is Driven by the Battery Sector for EVs



Production: Indonesian NPI and Nickel Compounds – the Main Contributors of Supply Growth

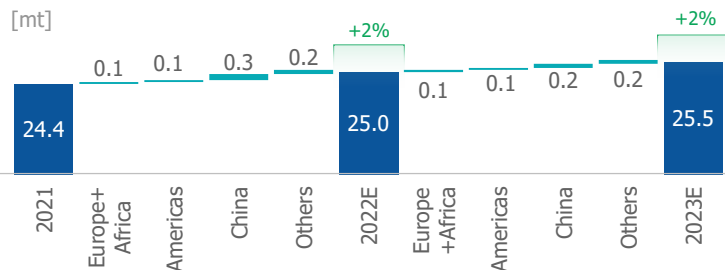


Source: Company estimates

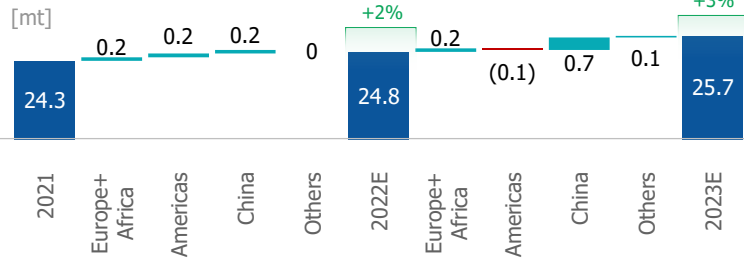
Notes: 1. Excluding Class 1 Ni dissolution in order to avoid double counting, 2. Including NPI-to-matte conversion for nickel sulphate production

Copper Market: Balanced Market in 2022-2023

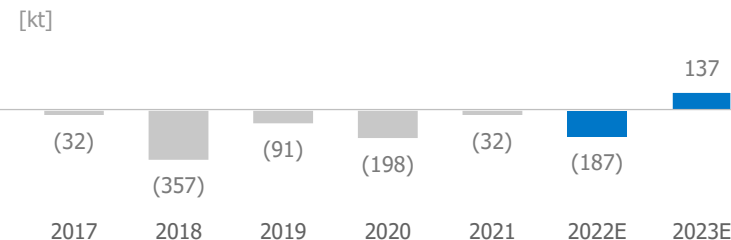
Refined Copper Consumption is Expected to Increase by 2% in 2022



Refined Copper Production is Expected to Increase by 2% in 2022



Market Balance: Nonmaterial Deficit in 2022 (less than 1% of global consumption)



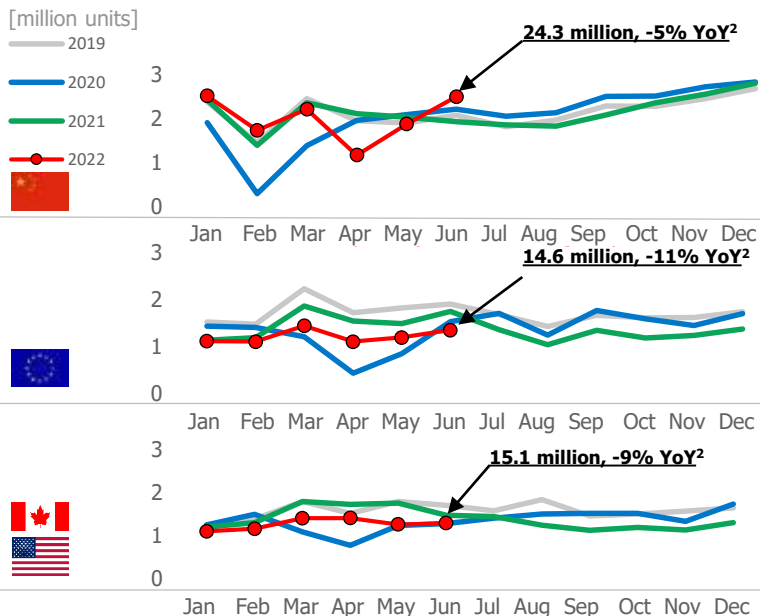
- **Global copper demand** is expected to grow by 2% to 25.5 Mt in 2022, although the risk of a slowdown in the global economy poses risks to this forecast. Car electrification and investment in renewable energy is the main driver of copper demand
- **Global mined copper** production is expected to grow by 3% in 2022. New mines in Africa, as well as expansion of existing mines in Indonesia and Latin America, will push production to about 22 Mt. **Refined copper production** will also increase by 2% y/y in 2022 to 24.8 Mt due to increased smelter and refinery capacity utilization

Source: Company estimates, CRU

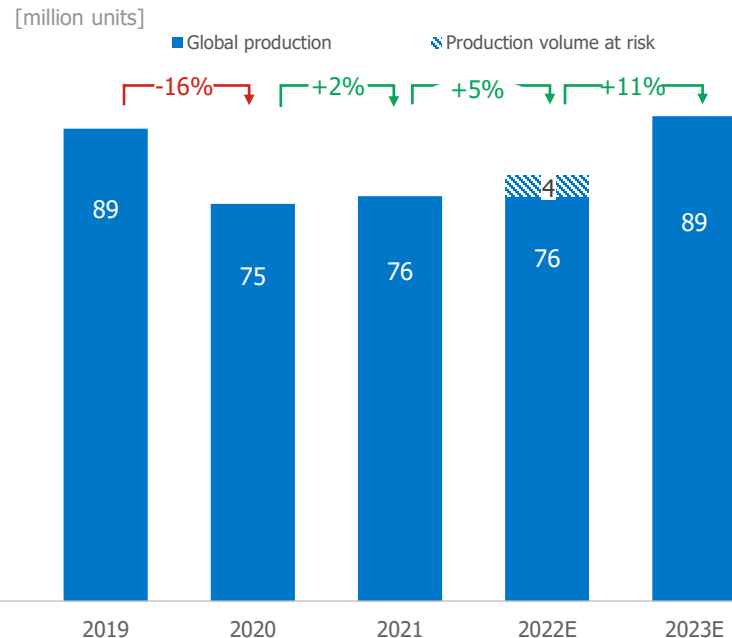
Note: Figures may not sum up due to rounding

PGMs: Global Automotive Market Recovery is Deferred to 2023 Due to Continuing Interruptions in the Supply Chain

Annualized Global Light Vehicles Sales ¹ Were at 78 Million Units in 1H 2022 (-5% YoY²)



Automotive Production: Lack of Semiconductors and Supply Chain Interruptions Impacts Vehicle Output

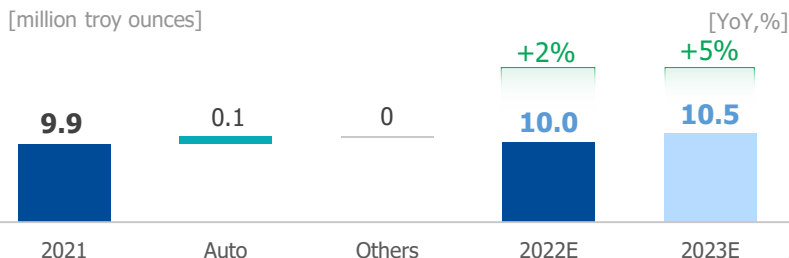


Source: Company estimates

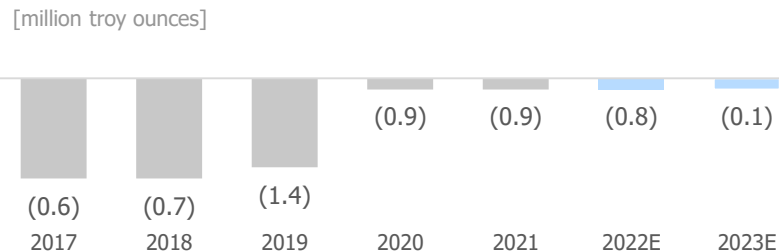
Notes 1: Light-duty vehicles up to 6 tonnes 2. In January-June, annualized 3. YTD 2022 vs YTD 2021

Palladium Market is Balanced in Mid-Term Due to Weaker Demand From the Automotive Industry

Demand: The Pace of Automotive Market Recovery is Below Initial Expectations for 2022



Market Balance¹: Industrial Demand for Palladium is Equal to Supply in 2022-2023



Supply: Lower Supply from SA to be Offset by Resuming Growth of Secondary Supply as Automotive Market Recovers in 2H 2022

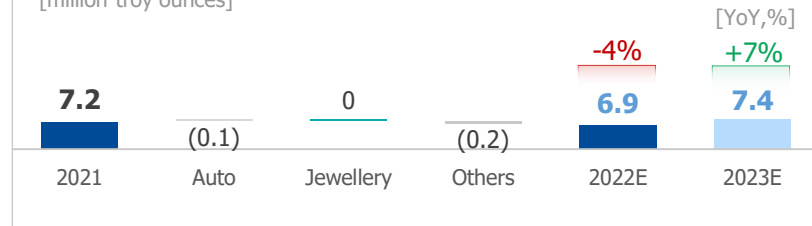


- Supply in 2022E** is growing as a result of recovering Nor Nickel's production. However, the downside risk remains due to the infrastructure flooding at the Stillwater mine and a potential strike at the Sibanye-Stillwater assets in South Africa. Lower recycling volumes remains likely if car availability does not improve in 2H 2022
- Demand in 2022E:** the automotive sector is expected to recover in 2H 2022 and reach around 76-80 million units by year-end. Consumption in other applications remains at the same level as last year

Platinum Market Surplus Narrows Amid Lower Output in South Africa and Despite Weaker Demand

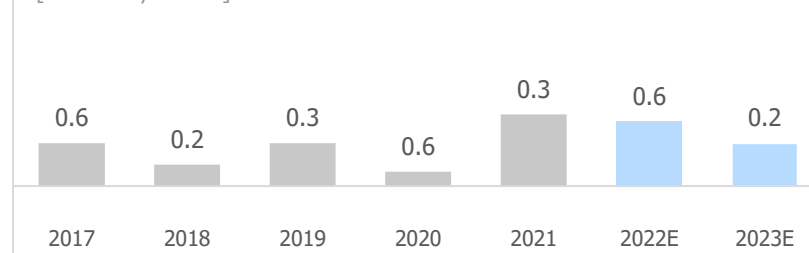
Demand from Automakers Declines due to a Slow Recovery in the Auto Industry, a Decrease in Diesel Share in the EU and Loadings Optimization In China's HD Trucks

[million troy ounces]



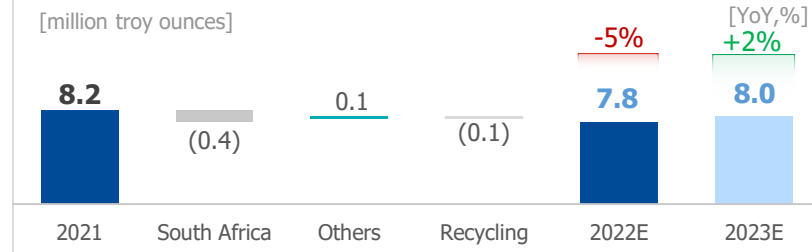
Market Balance¹: Surplus Narrows Amid Reduced Supply and Gradual Recovery in the Auto Industry

[million troy ounces]



Supply: Unfinished Negotiations with Unions and Power Supply Outages in South Africa Threaten a More Significant Loss Of Production

[million troy ounces]

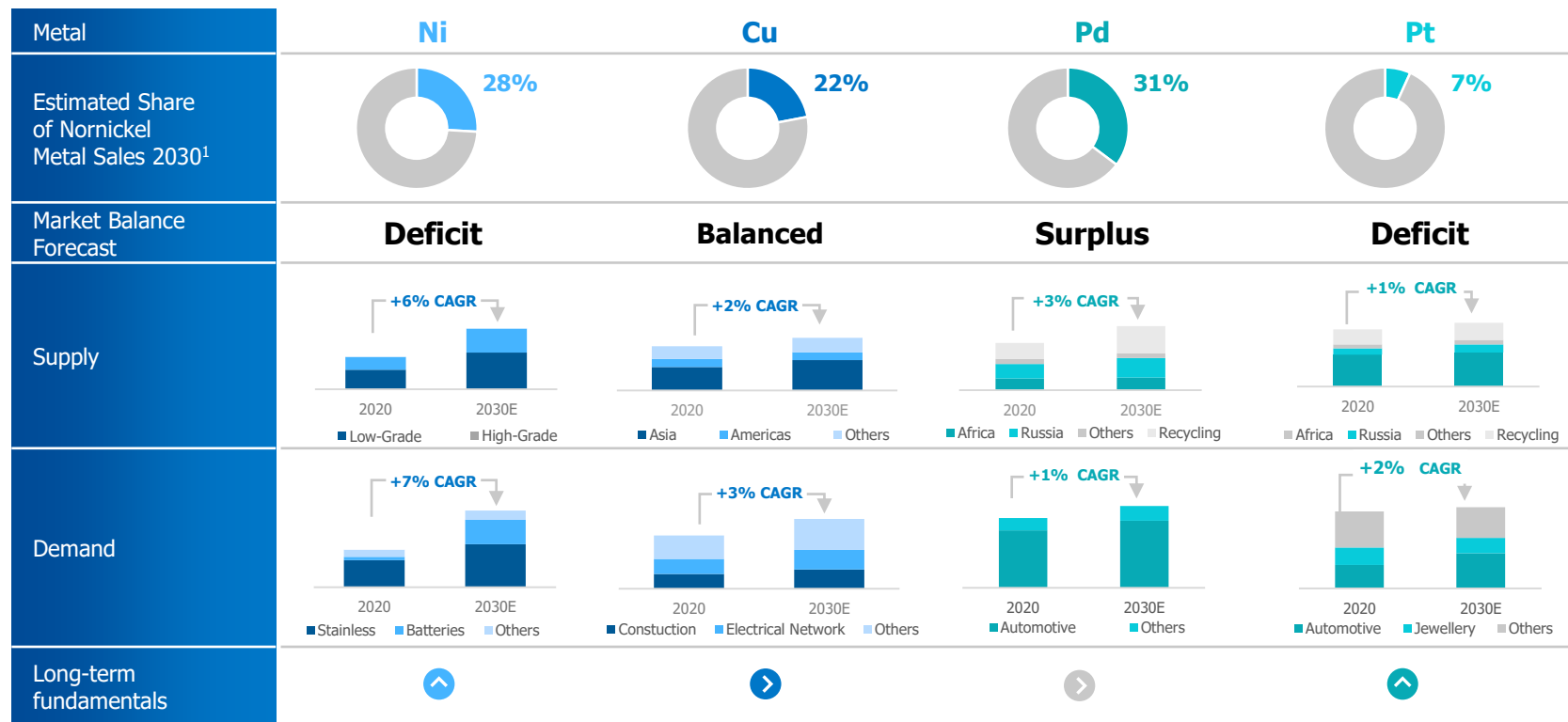


- **Supply in 2022E:** metal supply is reduced due to the end of processing of accumulated inventories of work in progress material, power outages and adverse weather conditions in South Africa, as well as the declining availability of used diesel autocatalysts
- **Demand in 2022E:** platinum consumption in the automotive industry continues to be under pressure due to the declining share of diesel vehicles in the sales mix and their replacement by gasoline hybrids and electric vehicles. Substitution of palladium with platinum in gasoline catalysts is not significant enough to reverse the trend

Source: Company estimates

Notes: 1. Excluding ETF

Metal Markets: Outlook on Long-Term Fundamentals



Source: Company estimates. Figures may not sum up due to rounding.

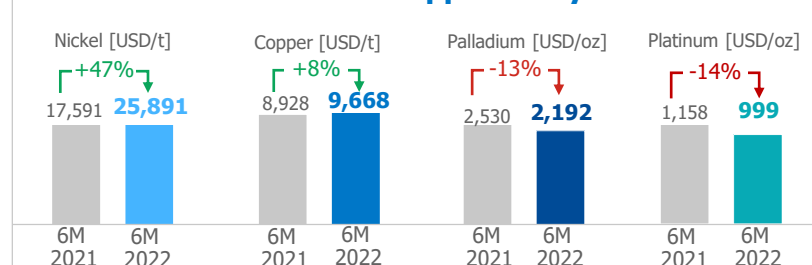
Note: 1. Revenue estimate is based on production forecast from Nor Nickel Strategy Day Presentation Nov 2021, LT consensus price forecast and CPI projections by the US Congressional Budget Office

Financial Update

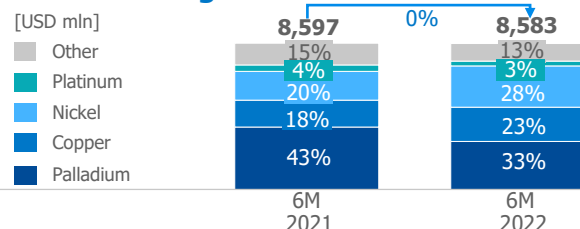


Consolidated Metal Revenue Remains Constant – at the Level of 1H 2021

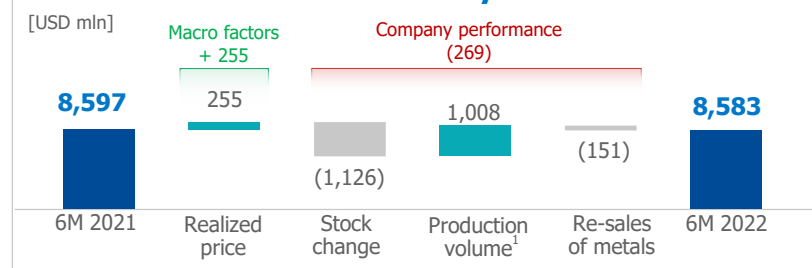
Realized Metals Prices: Supported by Ni and Cu



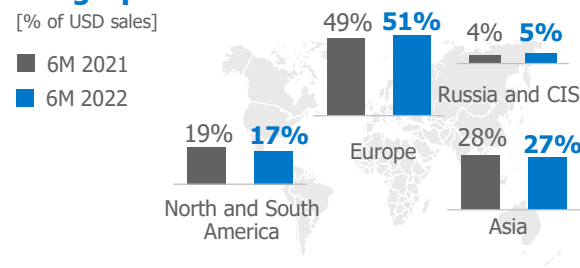
Sales Breakdown by Metals: Pd is the Largest Contributor



Consolidated Metal Revenue Dynamics



Geographical Breakdown of Sales



Note 1. Growth in production volume driven by complete production recovery after the temporary suspension of operations at Oktyabrsky and Taimyrsky mines and Norilsk Concentrator in 1H2021

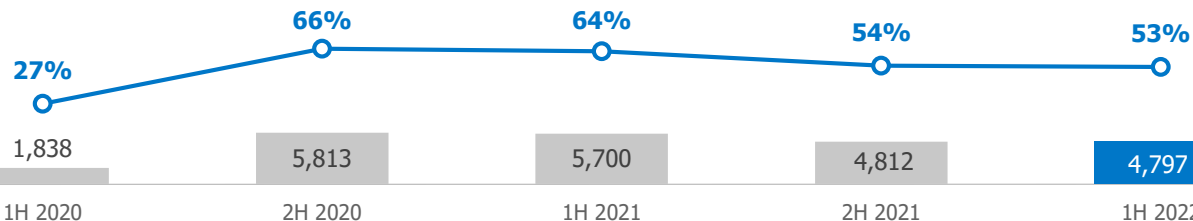
EBITDA Decrease under the Impact of Macro Factors, Maintaining High EBITDA Margin

EBITDA Margin

[USD mln]

■ EBITDA

○ EBITDA margin



EBITDA Dynamics

[USD mln]

Russian macro factors (171)

One-off factors (230)

Operating factors (502)

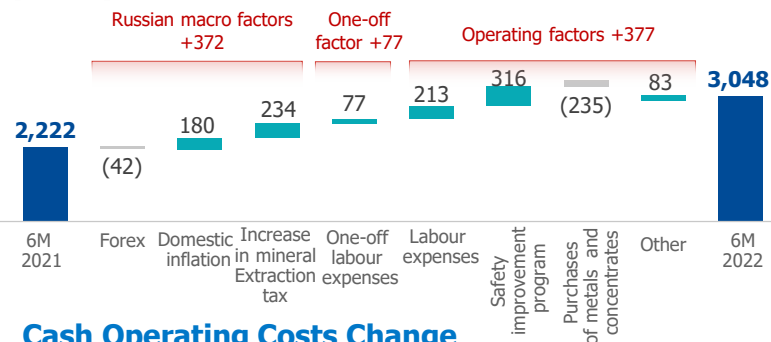


Note 1. Accrual of provision for the damage caused to water resources claimed by Rosrybolovstvo, 2. Increase in production volume as a result of full capacity utilization of Oktyabrskiy and Taymirskiy mines and Norilsk Concentrator after temporary suspension in 2021

Cash Operating Costs under Inflation and Mineral Extraction Tax Pressure

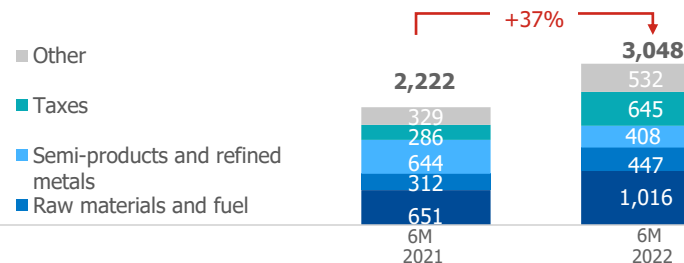
Cash Costs Dynamics

[USD mln]



Cash Operating Costs Change

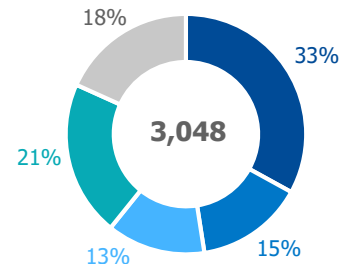
[USD mln]



6M 2022 Cash Costs Breakdown

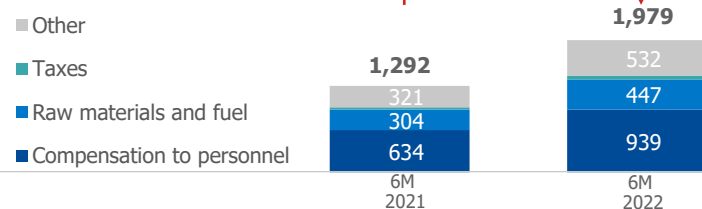
[USD mln]

- Compensation to personnel
- Raw materials and fuel
- Semi-products and refined metals
- Taxes
- Other

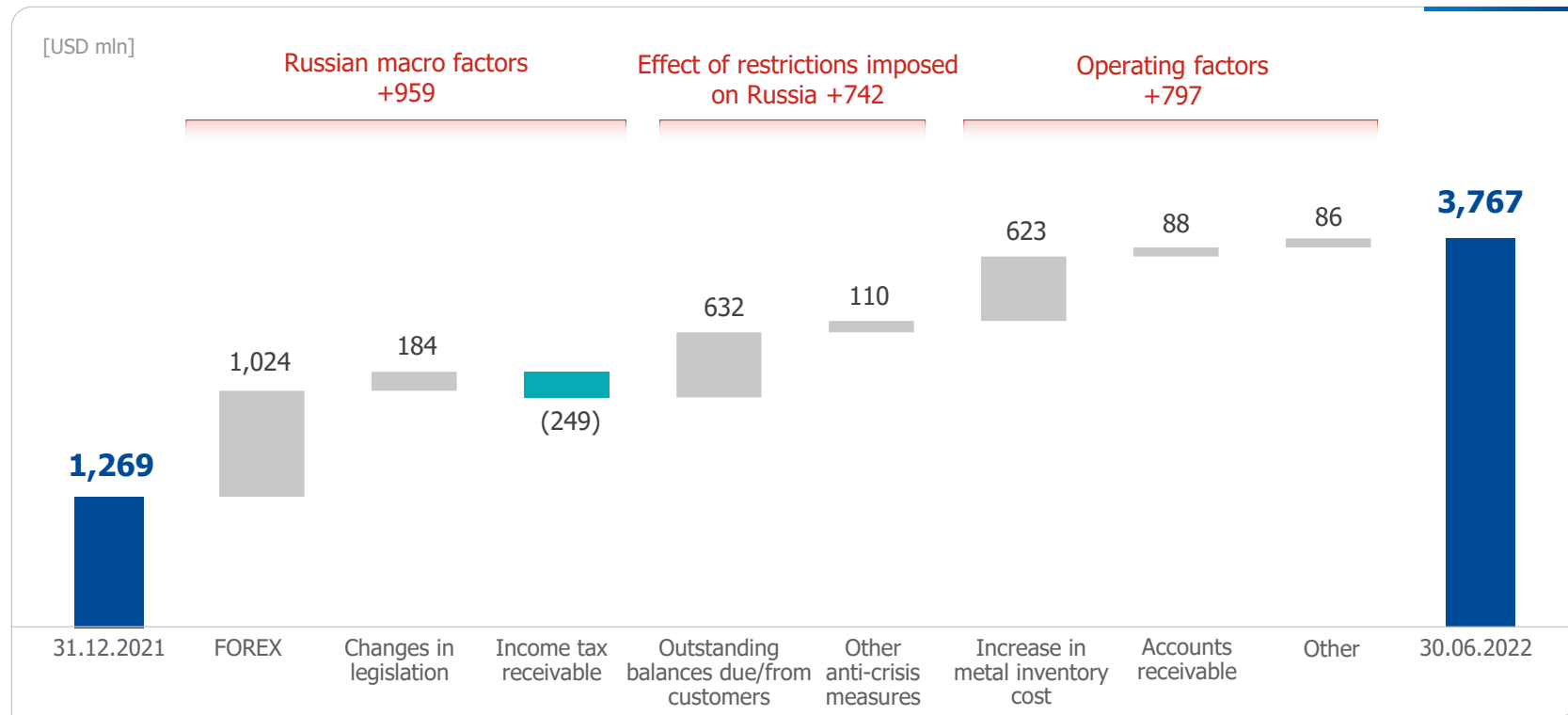


Adjusted Cash Costs (Forex, Purchases of External Semi-Products and Refined Metals, One-Off Labour Expenses and MET)

[USD mln]



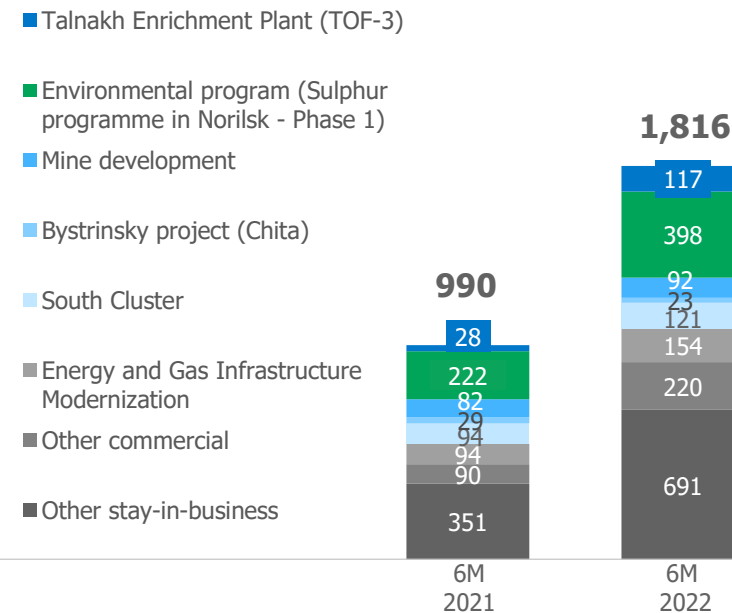
Net Working Capital Changes in 1H 2022



Capital Investments Growth in Accordance with Strategic Plans¹

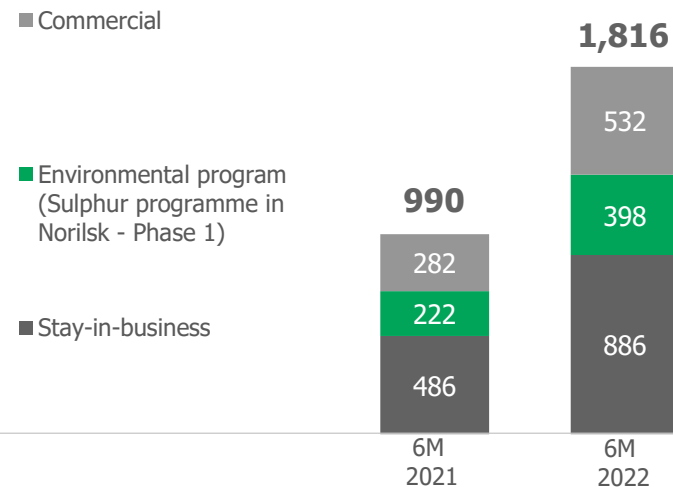
CAPEX¹ Breakdown by Projects

[USD mln]



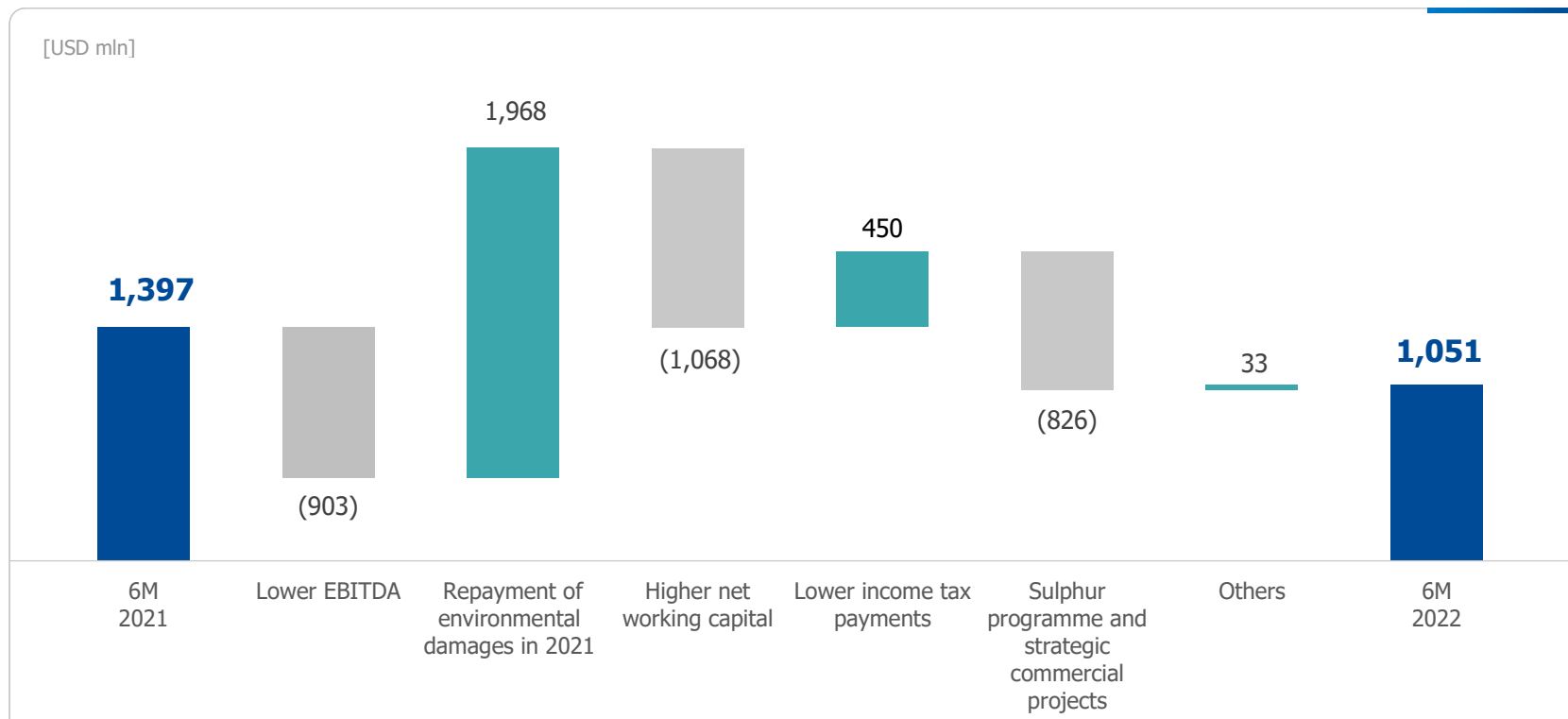
CAPEX¹ Allocation by Type

[USD mln]



Note: 1. CAPEX in Cash flow statement, net of VAT

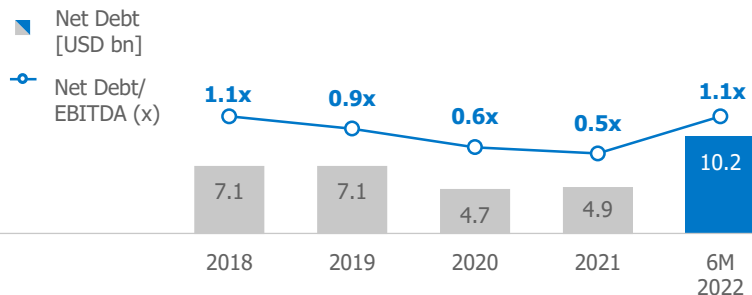
Free Cash Flow Decreased to USD 1.1bn



Note 1.Excluding the payment of environmental damages in 2021

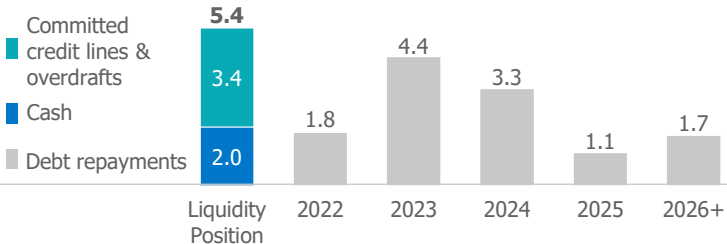
Conservative Balance Sheet Management

Leverage Dynamics



Liquidity and Debt Repayment Schedule¹

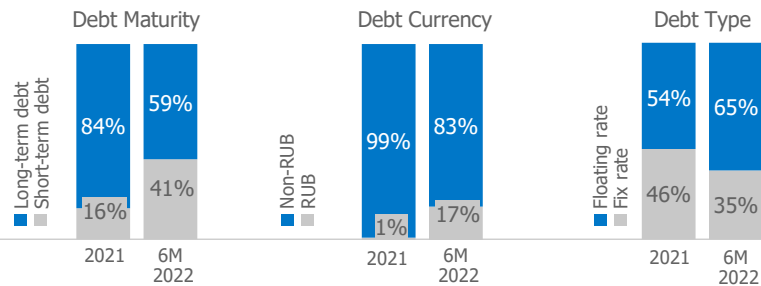
[USD bn]



Proactive Debt Management in 2022

- The Company reasserts its intentions to honor financial obligations fully in line with transactional documentation and to continue proactively engaging with Russian state authorities and key infrastructural entities in the securities market in order to preserve full compliance with existing regulations
- Meanwhile, given regulatory limitations, that have recently been introduced by foreign and Russian authorities, as well as «voluntary» sanctions, proclaimed by major foreign infrastructural entities, the risks of late payments as a result of non-performance by the international clearing or payment infrastructure should not be ruled out by the bondholders
- The company continues refinancing its debt obligations seizing every existing opportunity, for example, during 1H2022 two new committed revolving loan facilities in the amount of USD 400 mln and RUB 40 bn maturing in 2027 and 2025 respectively were signed

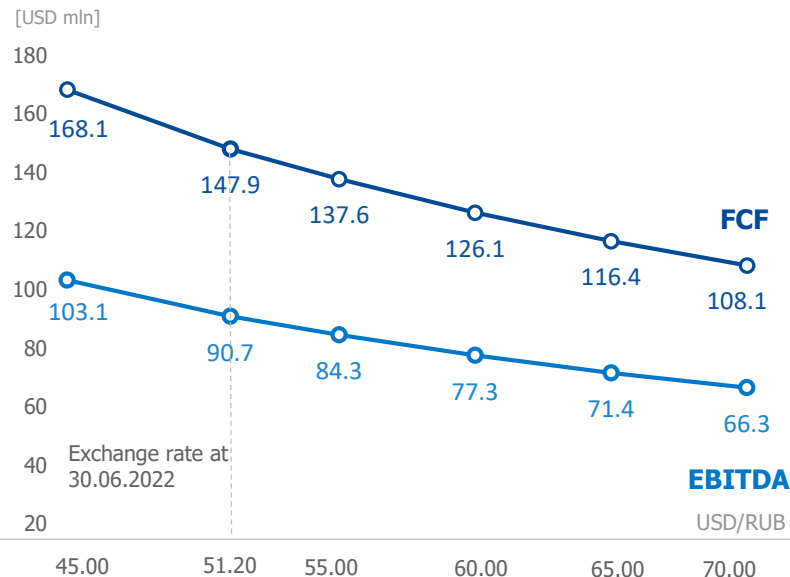
Change in Debt Structure¹



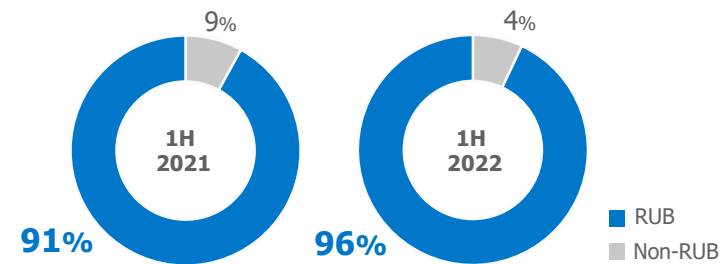
Note: 1. Debt includes liabilities under lease agreements. RUB liabilities with currency swap applied disclosed as USD liabilities at the rate of swap initiation

Financial Results Sensitivity to USD/RUB Exchange Rate

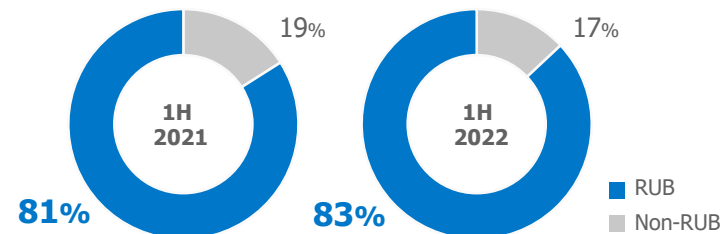
At USD/RUB Rate of 51.2, 1% Change in Exchange Rate Translates into EBITDA Change of USD90.7 mln, FCF Change of USD147.9 mln



OPEX Break Up by Currency¹



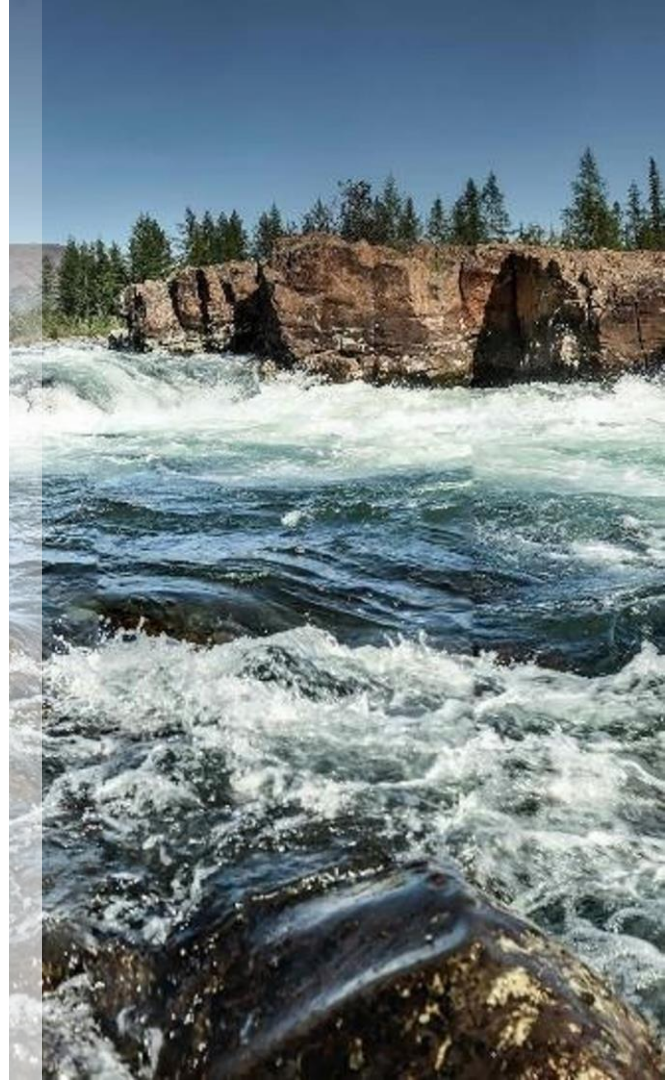
CAPEX Break Up by Currency



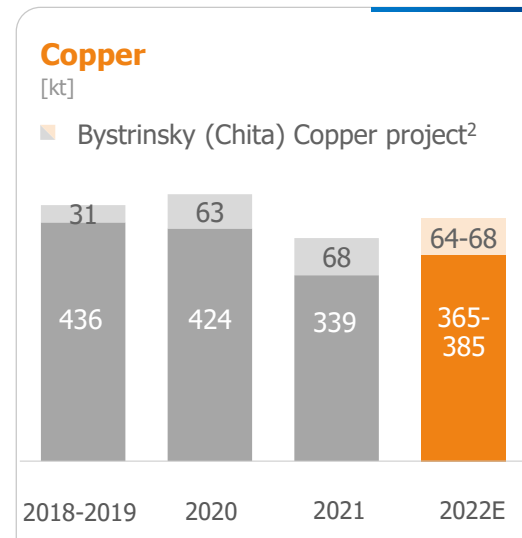
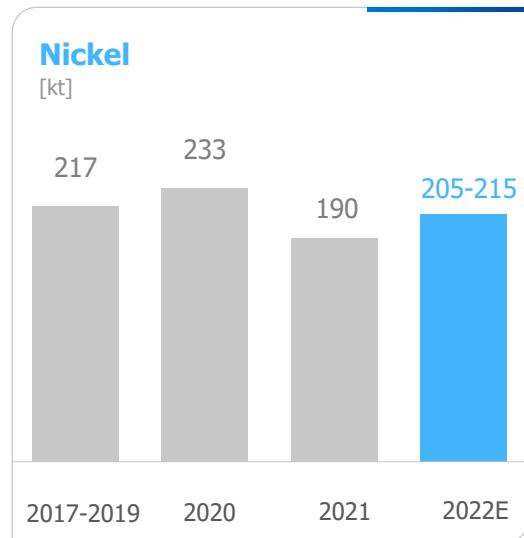
Note: 1. Cash costs (change in stock excluded), Cost of non-metal sales, SG&A; normalized by cost of refined metals for resale



Operations and Strategy Update



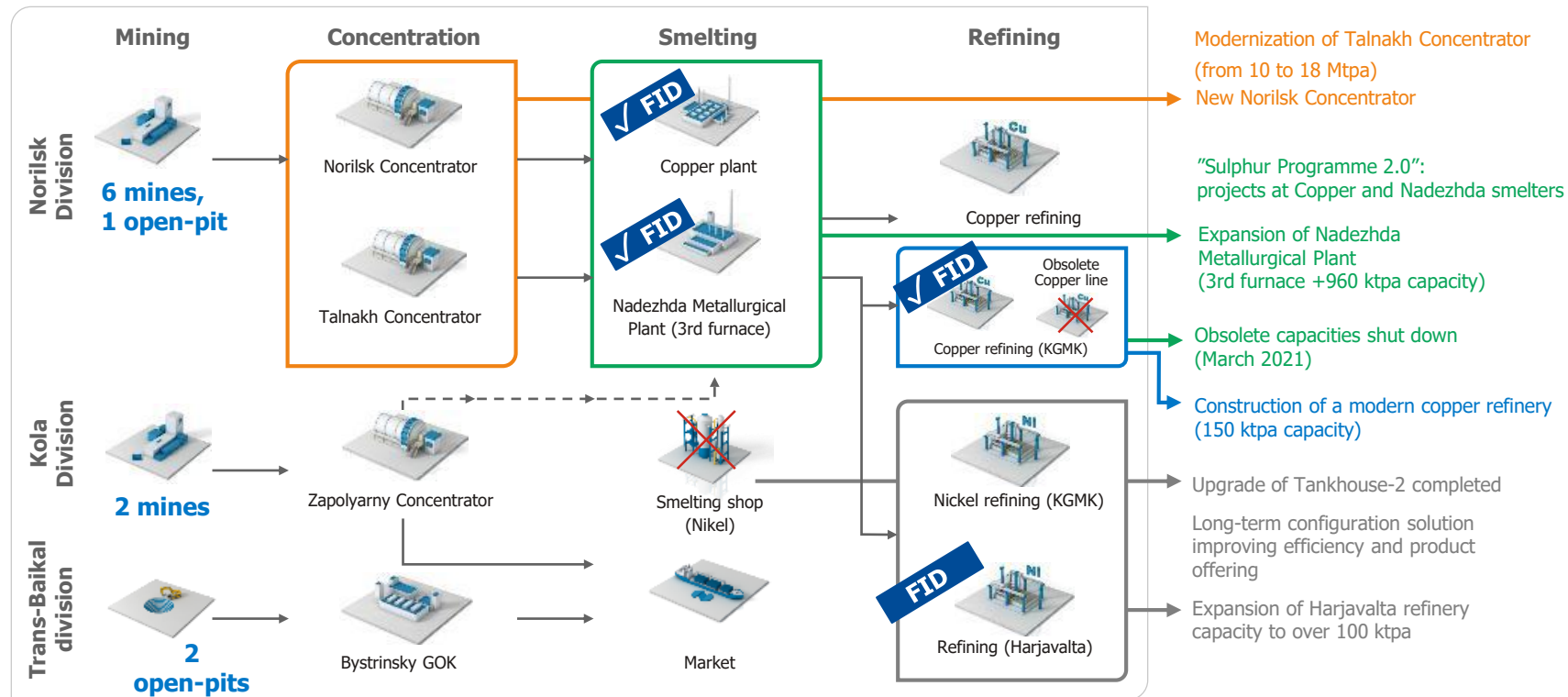
2022 Production Guidance Reiterated¹



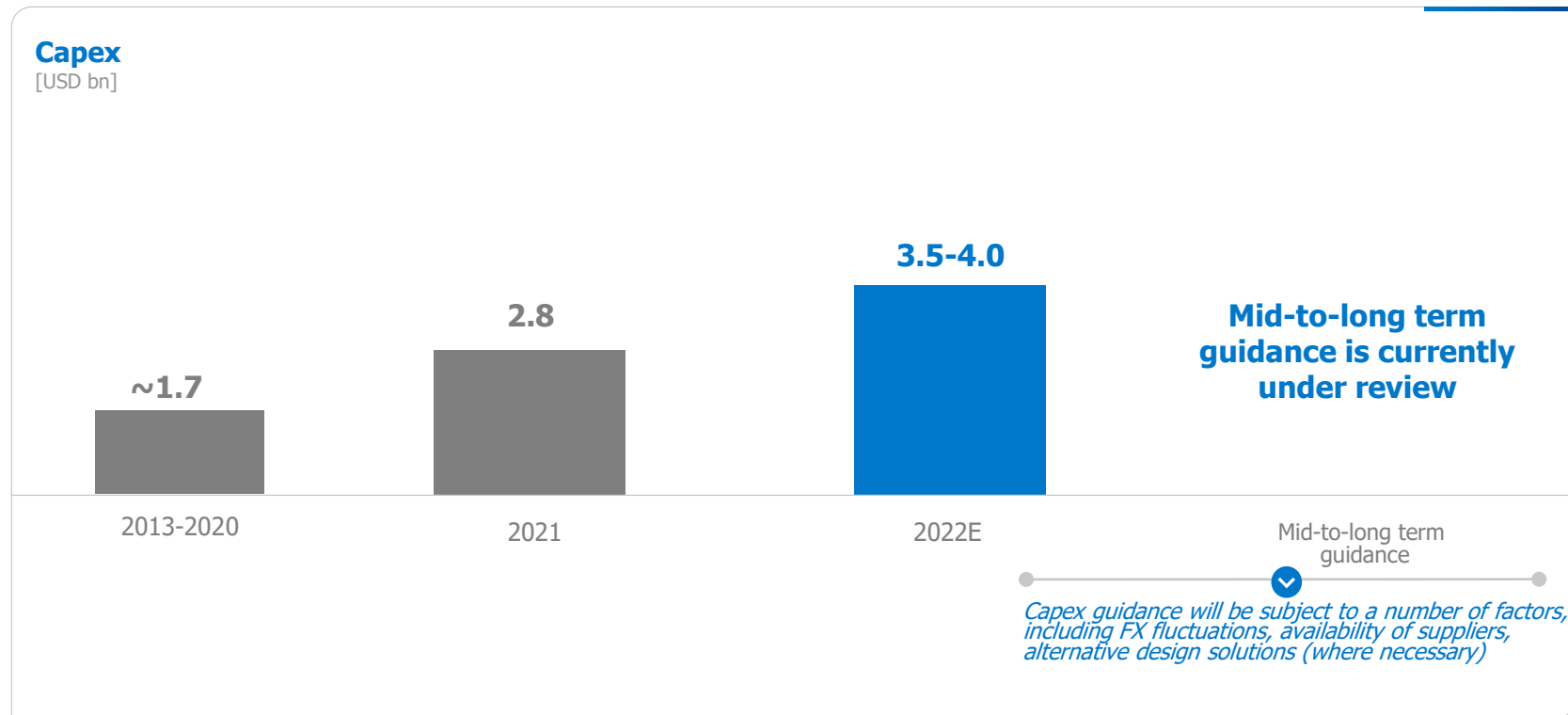
- Taking into account the ongoing measures to minimize the negative implications from the geopolitical situation, we reiterate previously announced production guidance from own Russian feed for FY2022

Notes: 1. Metals produced from own feedstock (including metals in saleable semi-products), excluding Nkomati,
2. Concentrator was commissioned in September 2019, full capacity reached in 2020

Production Flow and Key Projects Update



CAPEX Guidance Update





Thanks for
attention

