2013 IFRS FINANCIAL RESULTS

April 7, 2014

Moscow

NORILSK NICKEL

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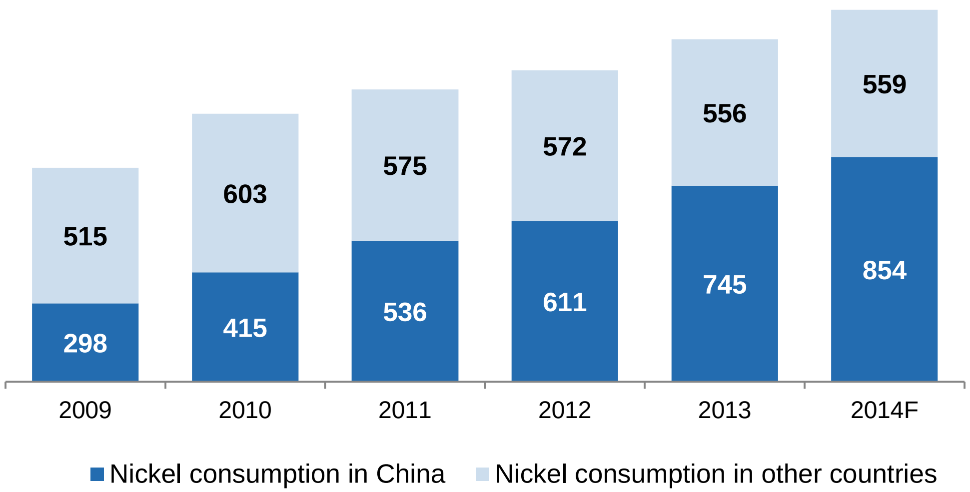
2013 Highlights

- **Financial performance driven by new strategy with a focus on capital discipline and FCF generation.**
- **Revenue** amounted to USD 11.5 billion, down 7% y-o-y; lower nickel and copper prices and lower sales volumes of nickel and PGM were positively offset by resilient palladium prices.
- **EBITDA** decreased 15% y-o-y to USD 4.2 billion, EBITDA margin remained strong at 37%.
- **Net OCF** grew 20% y-o-y to USD 4.1 billion driven by cost control measures and working capital release.
- **CAPEX** decreased by 27% y-o-y to USD 2.0 billion driven by improved discipline in capital allocation.
- Interim **dividends for 9 months of 2013** were paid in the amount of RUB 220.7 (approximately USD 6.7) per ordinary share in December 2013 confirming the Company’s commitment to industry-leading dividend targets.
- **Leverage remains conservative** with Net Debt to EBITDA ratio at 1.1x as of year-end 2013 and strong liquidity position in the form of cash and undrawn credit facilities totaling USD 4 billion.
- **Continued progress on corporate governance, disclosure and transparency standards.**

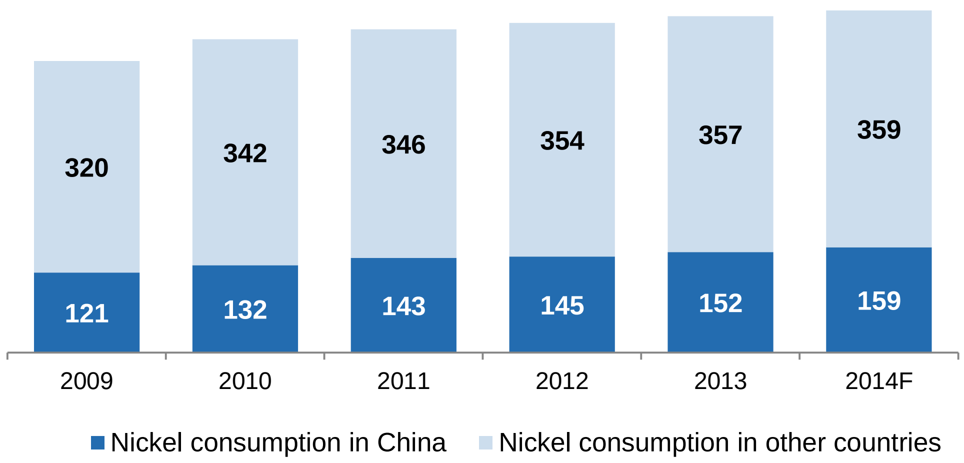
Markets Overview

Nickel Consumption: All about Chinese Stainless

Primary nickel consumption in stainless steel to grow by 9% in 2014F, kt



Primary nickel consumption in non-stainless steel industries to grow by 2% in 2014F, kt



❑ **In 2013 primary nickel consumption in stainless steel (72% of total consumption) increased by 10% y-o-y:**

- China up 22%;
- The rest of the world down 3%;

❑ **In 2013 total primary nickel consumption increased by 8% y-o-y, mainly in stainless steel sector:**

- China up 19%;
- The rest of the world down 2%;

❑ **2014 outlook: total primary nickel consumption is expected to increase by 7% y-o-y:**

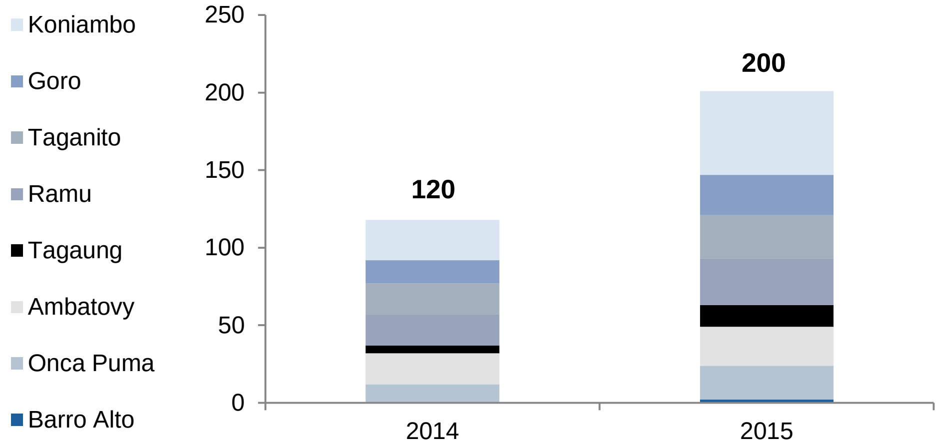
- China up 13%;
- The rest of the world up 1%;

Source: Company data

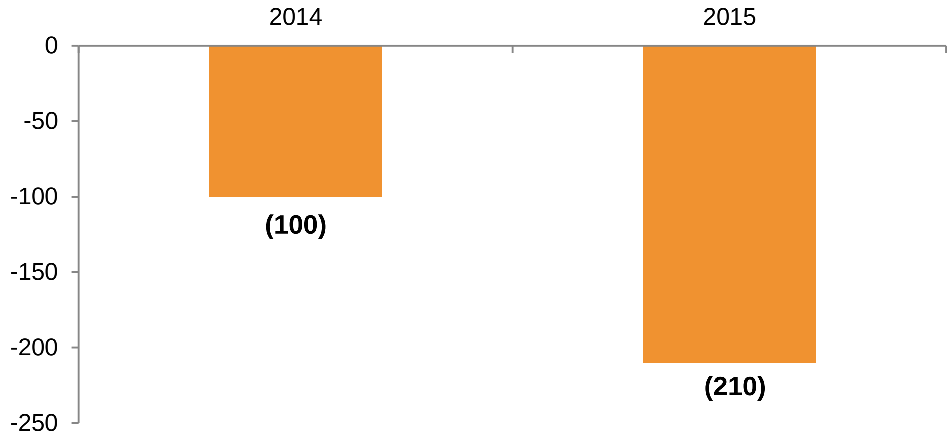
NORILSK NICKEL

Primary Nickel Production: The Dusk of NPI in 2014

Production growth at new mines vs 2013, kt



NPI production losses vs 2013, kt



- **In 2013 total primary nickel production increased by 8% y-o-y**:
  - **Growth of NPI** to 488 kt in 2013;
  - **New nickel mines:** ramp-up of Ravenshorpe (Australia), Ramu (Papua New Guinea), Ambatovy (Madagascar), Indoferro (Indonesia), Koniambo (New Caledonia), Tagaung (Myanmar) and Taganito (Philippines);
  - **Shut downs of high cost capacity:** Falcondo (Dominican Republic) and Fortaleza (Brazil), in 2012 – Yuzhuralnickel (Russia) and Nicaro (Cuba);

- **2014 outlook: total primary nickel production down 3% y-o-y**:
  - **Output decrease** due to shut down in 2013 of the high cost production of Falcondo (Dominican Republic) and Fortaleza (Brazil);
  - **Maintenance works** at Barro Alto (Brazil) and Punta Gorda (Cuba);
  - **Reduction of NPI output** to 394 kt (first NPI output in Indonesia, such as Indoferro, can start only in 2015).

Source: Company data

The Primary Nickel Market: Moving to Deficit?

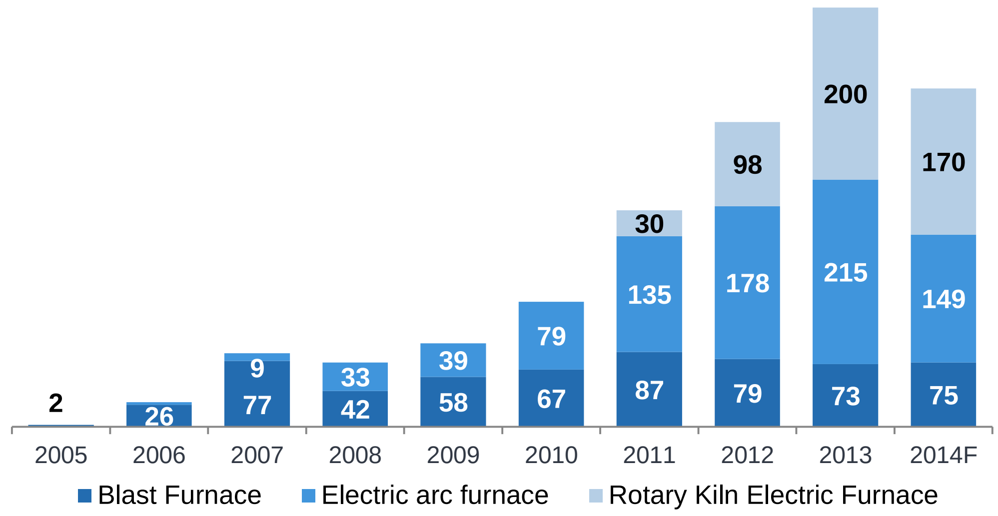
Market Highlights

- Nickel market surplus driven mostly by growing Chinese nickel pig iron (NPI), which is now set to decline.
- Ore from Indonesia fed circa 80% of Chinese NPI production and kept production costs low.

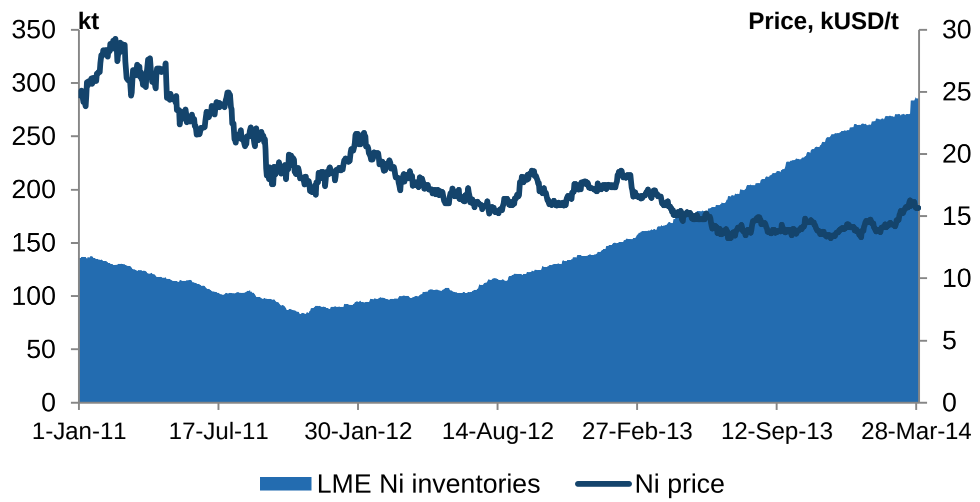
Outlook

- China's nickel consumption will remain strong – over 50% of global consumption.
- Indonesian ban to drive market into deficit as soon as 2015 if the ban is effectively enforced and remains unaltered.
- High level of LME nickel stocks and ore inventory in China will keep nickel price in 2014 under cap; most of ore inventories expected to be consumed through the year.

NPI production to reduce 19% in 2014F



LME nickel price up 13%, inventories up 9% YTD



Nickel market surplus to dissolve in 2014F

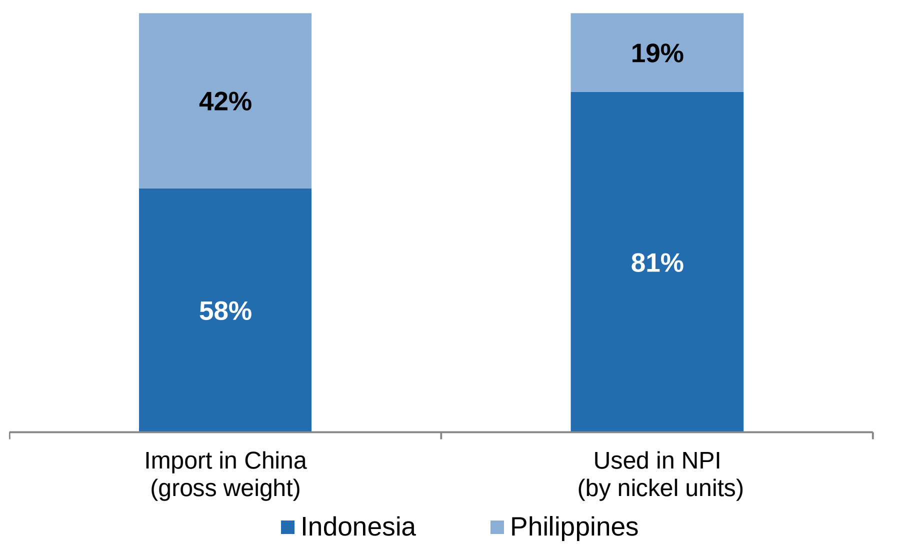
Demand/Supply, kt	2012	2013	2014F
Consumption in stainless steel industry	1,183	1,301	1,418
Consumption in other industries	499	509	518
TOTAL CONSUMPTION	**1,682**	**1,810**	**1,936**
High quality nickel production	990	1,068	1,087
Low quality nickel production	805	916	860
TOTAL PRODUCTION	**1,795**	**1,984**	**1,947**
MARKET BALANCE	**+113**	**+174**	**+11**

Source: Company data

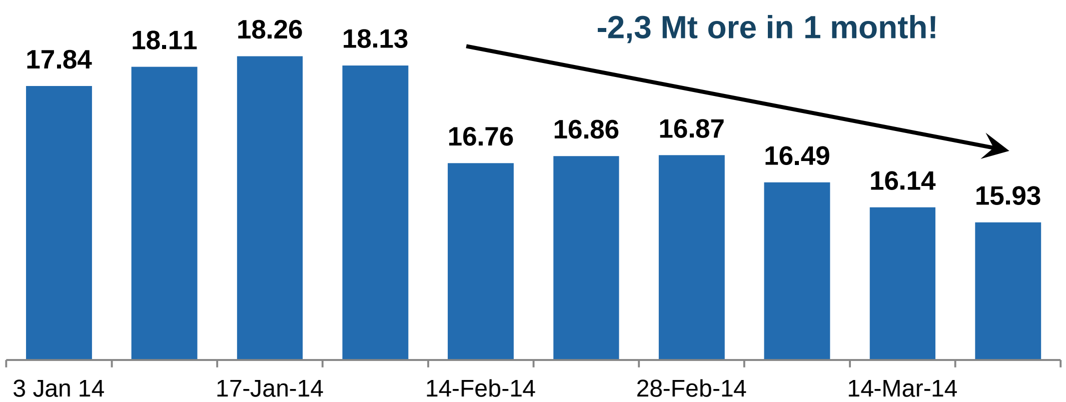
Impact of the Indonesian ban: Major Reduction in NPI Feed

- **80% of nickel units are sourced from Indonesia:** Ore supply from Indonesia (High grade Ni 1.8%) is the primary NPI; and over 60% of ore imported to China from Philippines goes into ferrous steel (not NPI).
- **Limited expansion in ore mining volumes in Philippines:** New mining projects at Philippines are prohibited by current ecological regulation.
- **Low quality of ore from Philippines:** Even assuming that all ore imported from Philippines to China was used in NPI production, it would generate only approximately 270 kt of NPI output as this feed has lower Ni content (below 1.5%).
- **Chinese nickel ore days of consumption overstated:** There is ~25 mln. mt of nickel ore stock in China (accumulated in ports and by NPI producers). These stocks include low-grade Philippine ore as well as off-grade ore stored for years at Chinese ports.
- **Shortage of quality NPI feed already in 2H14:** High grade NPI producers are likely to face feed shortage already in April-May 2014, massive shortage in 2H 2014

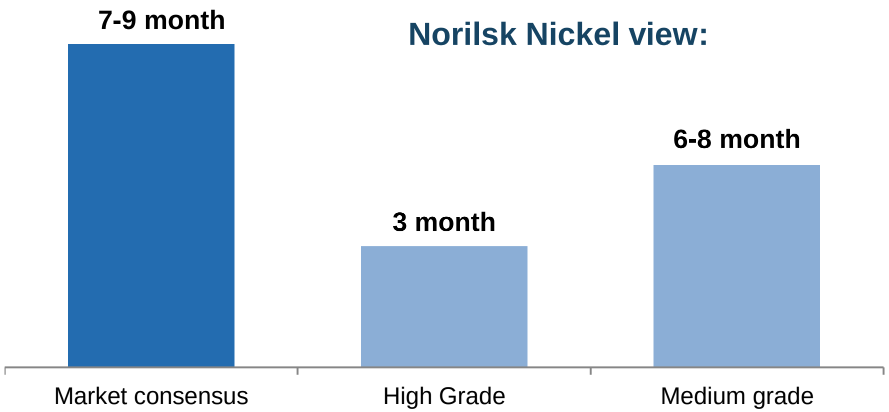
China import of nickel ore by country in 2013



Nickel ore inventories in main 7 Chinese ports, Mt



Nickel ore availability in China for NPI



Source: China custom statistics, Company data

Impact of the Indonesian Ban: Rising NPI Cash Cost

- **About half of China NPI production was unprofitable at 2013 nickel price levels.**

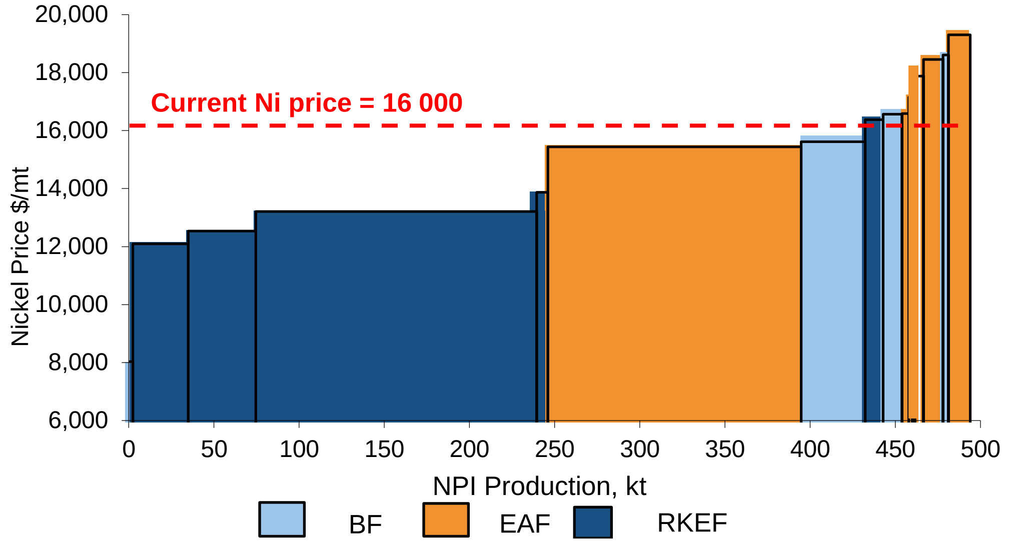
- **RKEF is the lowest cost process:** but only two plants (Fujian Dingxin, Guadong Guangxin) enjoy costs at level of 12,000 USD/t Ni due to:
  - Own mines in Indonesia;
  - Located near ports;
  - Integrated with Stainless Steel producers;

- **Sole reliance of RKEF on high-grade material:** it consumes only Indonesian ore. The switch to Philippines ore will drive cash cost up by at least USD2,500/t.

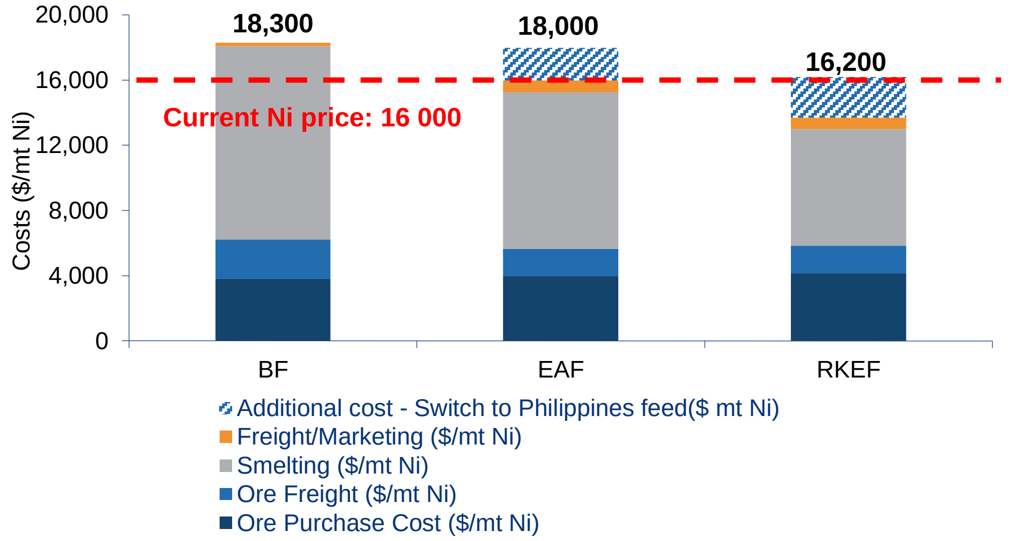
- **EAF production has high production cost:** its existence is already unsustainable at current price levels. Use of Philippian ore will cause costs to increase further. BF production High production cost and environmental issues make BF production unfavorable for NPI production.

- **Switch to Philippines ore require higher spot nickel price**: the majority of NPI production unprofitable at current price levels.

NPI C1 cost curve in 2013 by main producers



NPI average cash cost in 2013 by main production process



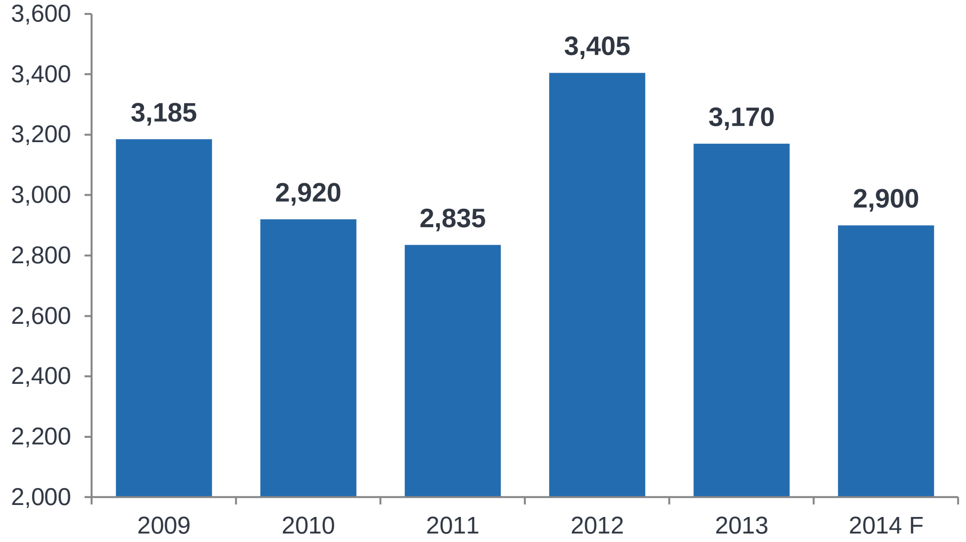
Source: Company data

Refined Copper Market Remains Balanced

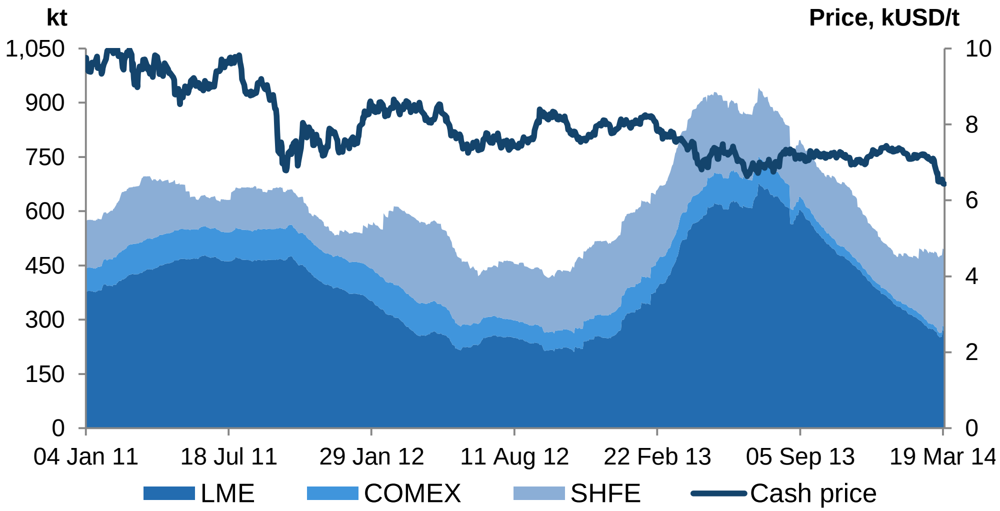
Major Market Themes

- Demand growth in China and other developing countries offsets demand stagnation in developed economies, especially in the EU.
- Substantial growth of mine production in 2013-2015 as a result of large-scale investments into production growth at existing production sites and development of new projects.
- Non-exchange stocks in China are an important copper market buffer which absorbs the metal at low price levels and releases it for consumption at high prices.

China refined copper imports, kt



LME copper price down 14% and LME inventories down 27% YTD



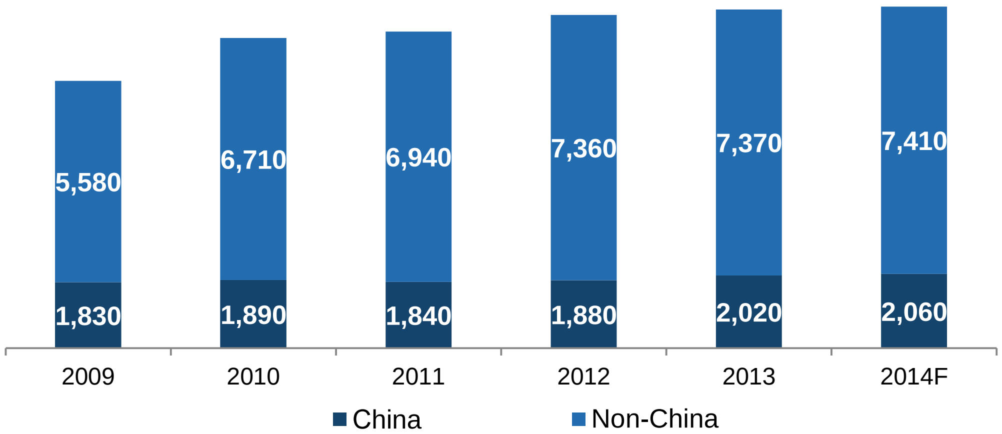
Copper market will remain in surplus in 2014F

Demand/Supply, kt	2012	2013	2014 F
Copper rod fabrication	14,500	15,520	16,460
Other copper consumption	5,100	5,180	5,490
TOTAL CONSUMPTION	**19,600**	**20,700**	**21,950**
Mine production	16,740	17,660	18,770
Recycling	3,390	3,220	3,500
TOTAL PRODUCTION	**20,130**	**20,880**	**22,270**
MARKET BALANCE	**+530**	**+180**	**+320**

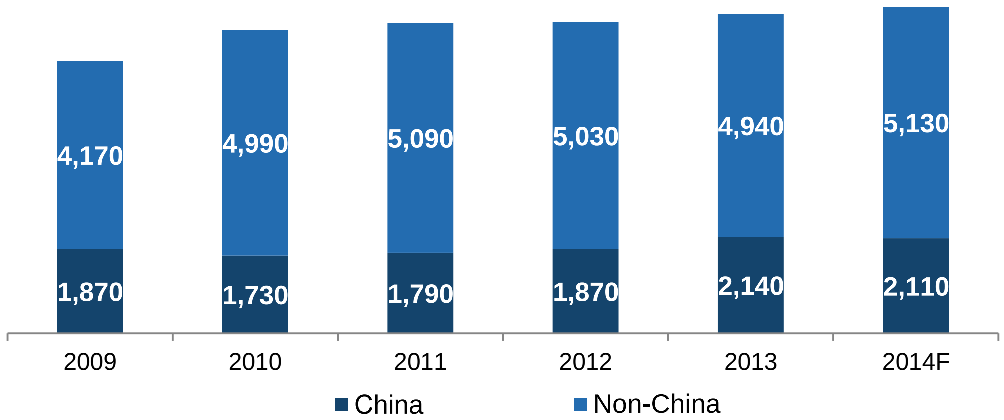
Source: LME, COMEX, SHFE, Antaike

Rising Palladium & Platinum Consumption in Autos

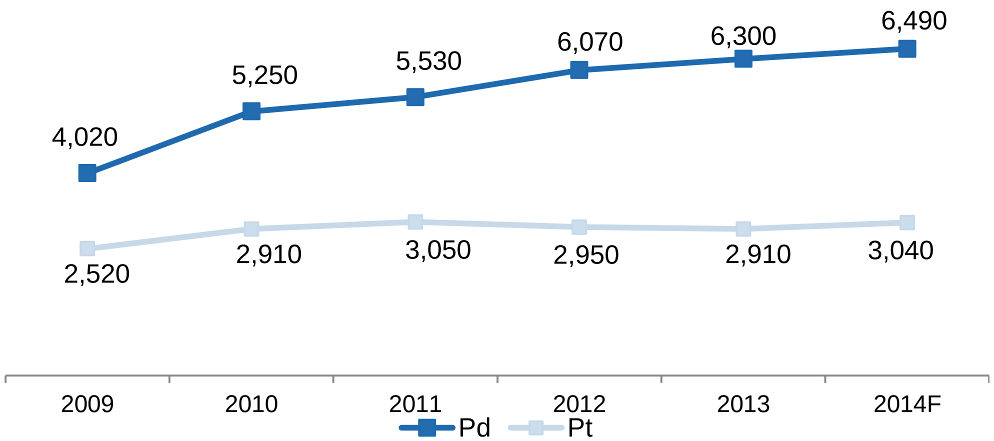
Palladium global consumption: up 1% y-o-y in 2014F, koz



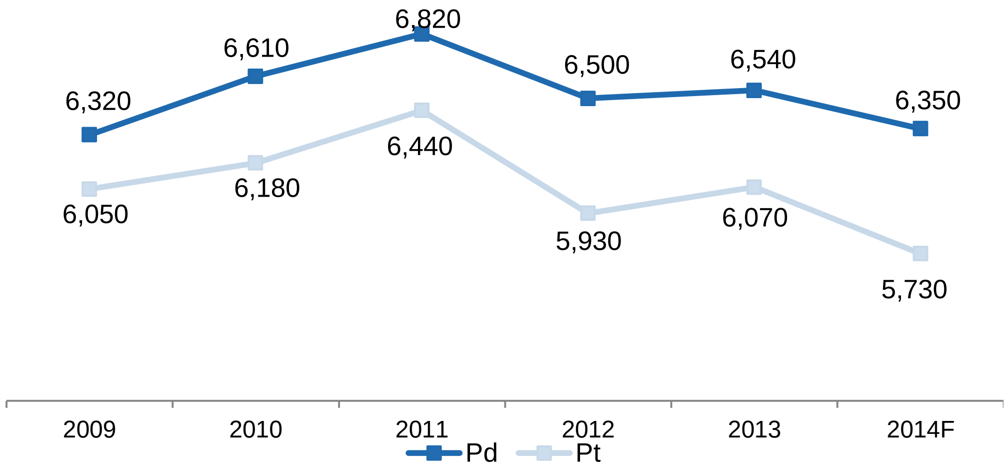
Platinum global consumption: up 2% y-o-y in 2014F, koz



Consumption in autos: palladium – up 3% y-o-y and platinum – up 4% y-o-y in 2014F, koz



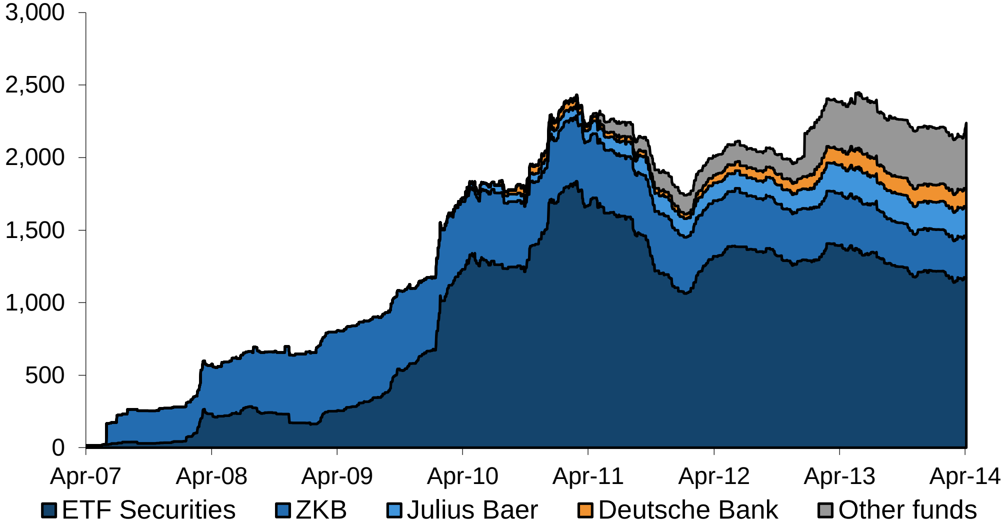
Mining volumes of palladium – down 3% y-o-y and platinum down 5% y-o-y in 2014F, koz



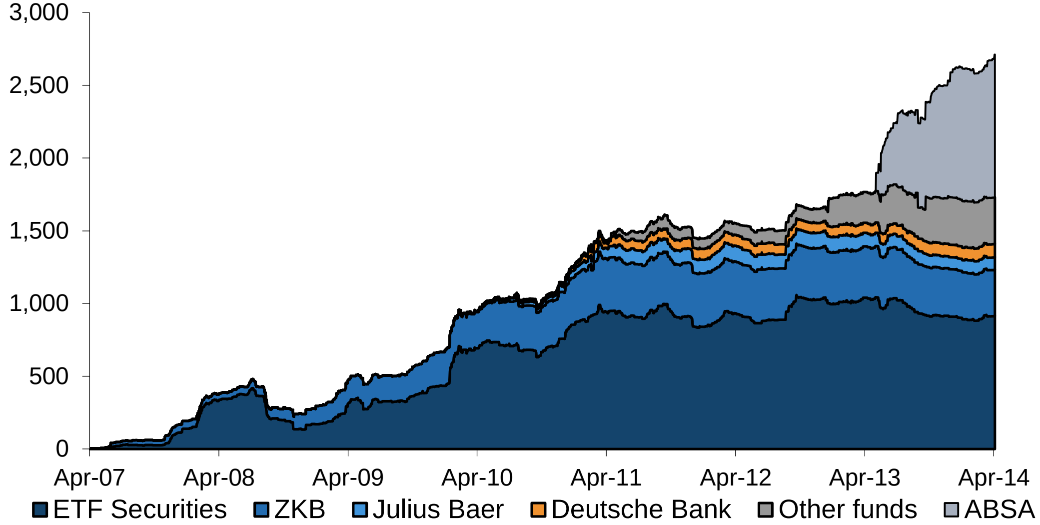
Source: Company data

Palladium and Platinum Physical Investments 2009-2013

Palladium ETFs holdings up 1% in 2014 YTD, koz



Platinum ETFs holdings up 3% in 2014 YTD, koz



Global palladium market: major structural deficit

Demand/Supply, koz	2012	2013	2014F
Automotive	6,070	6,300	6,490
Other industrial consumption	3,180	3,100	2,970
Investment demand	470	90	160
TOTAL DEMAND	**9,720**	**9,490**	**9,620**
Mine production	6,500	6,540	6,360
Recycling	1,680	1,900	2,180
Deliveries from stockpiles	1,030	100	0
TOTAL SUPPLY	**9,210**	**8,540**	**8,540**
MARKET BALANCE	**(510)**	**(950)**	**(1,080)**

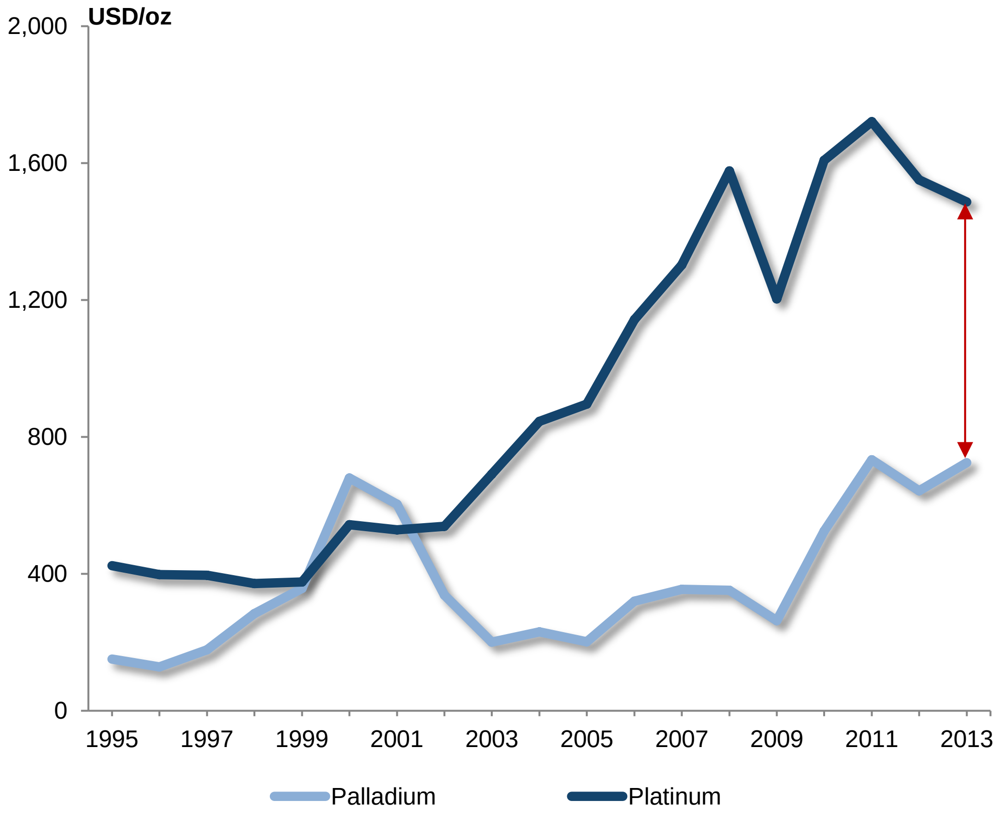
Global platinum market: deficit holds

Demand/Supply, koz	2012	2013	2014F
Automotive	2,950	2,910	3,040
Other industrial consumption	3,950	4,180	4,200
Investment demand	580	1,120	320
TOTAL DEMAND	**7,430**	**8,210**	**7,560**
Mine production	5,930	6,070	5,750
Recycling	1,330	1,440	1,580
TOTAL SUPPLY	**7,260**	**7,510**	**7,330**
MARKET BALANCE	**(220)**	**(700)**	**(230)**

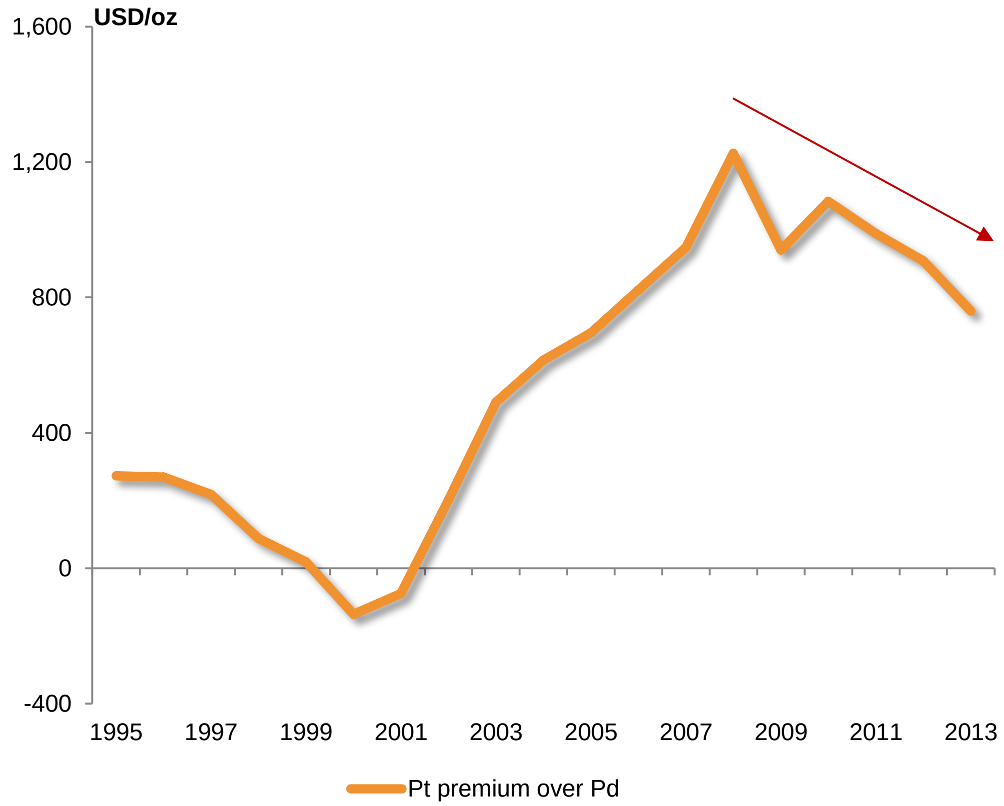
Source: Company data

Discount of Palladium to Platinum Not Sustainable

Palladium is Undervalued Relative to Platinum



The Price Gap is Narrowing



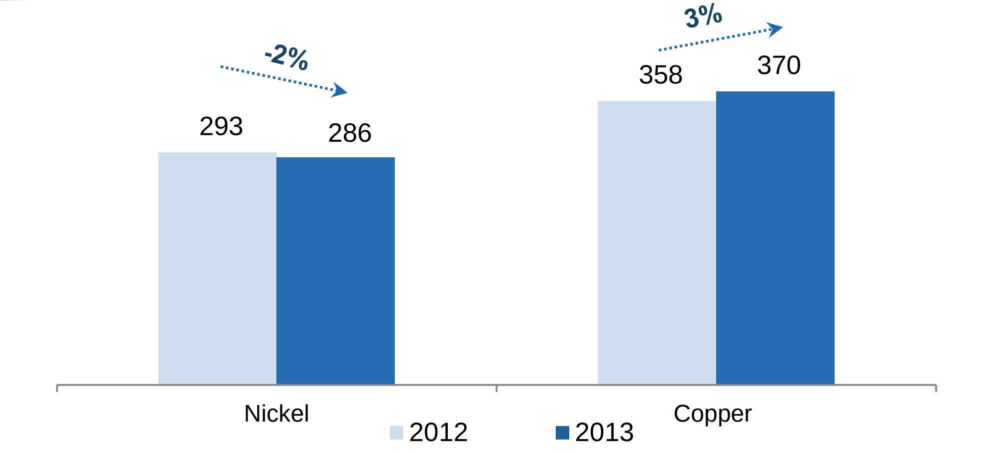
- Palladium and platinum come from the same mines, with similar processing costs
- Both metals have almost equal importance to the automotive sector, which represents 70% of the PGM demand
- The current discount of palladium to platinum has limited justification based on fundamentals; this discount has been reducing since 2008

Source: Company data

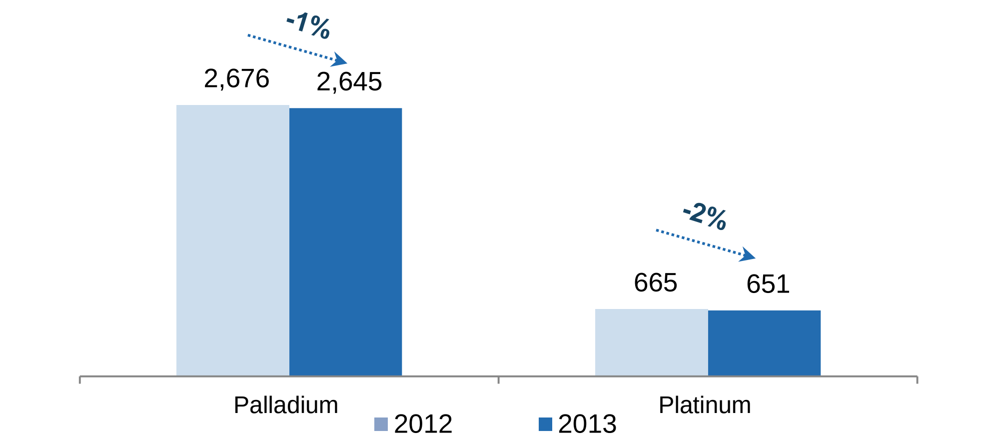
2013 Financial Results

Sales & Distribution Results: Soft Nickel Performance

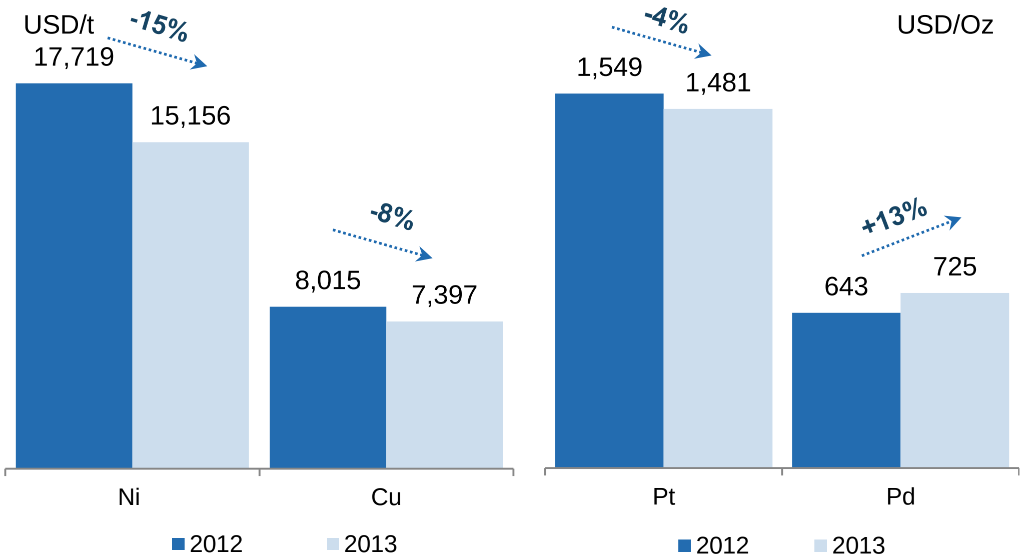
Base metals sales volumes: Nickel down 2% y-o-y, kt



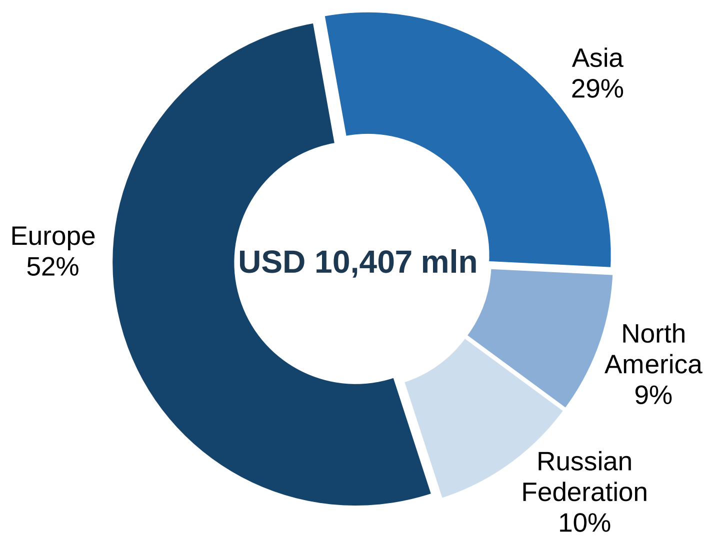
PGM sales volumes: small down in 2013, koz



Metals prices: Pd price was up strongly



Revenue breakdown: Europe is the largest market



Source: Company data

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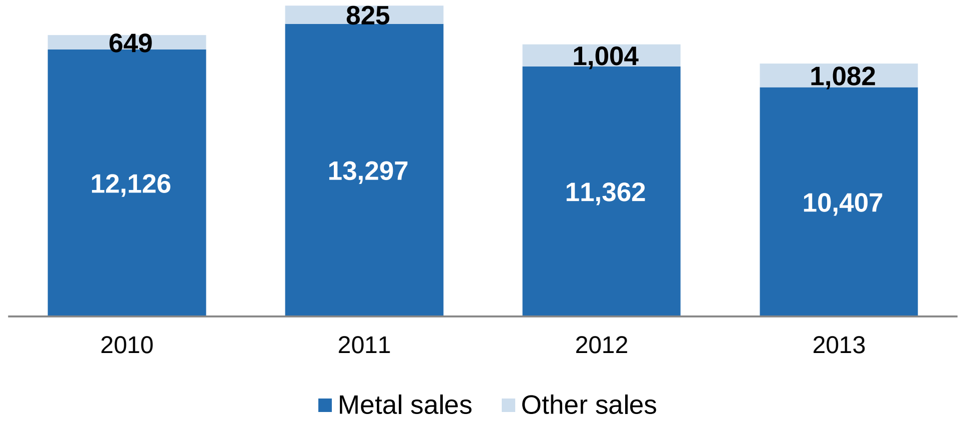
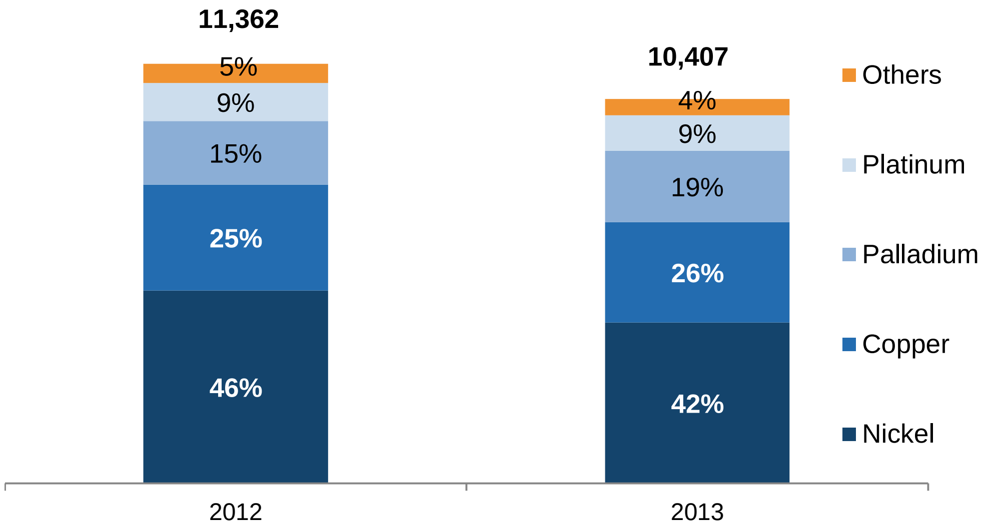
Revenue Decline Mitigated By Strong Palladium Market

Revenue down 7% y-o-y in 2013, USD mln



Revenue breakdown by metals, USD mln



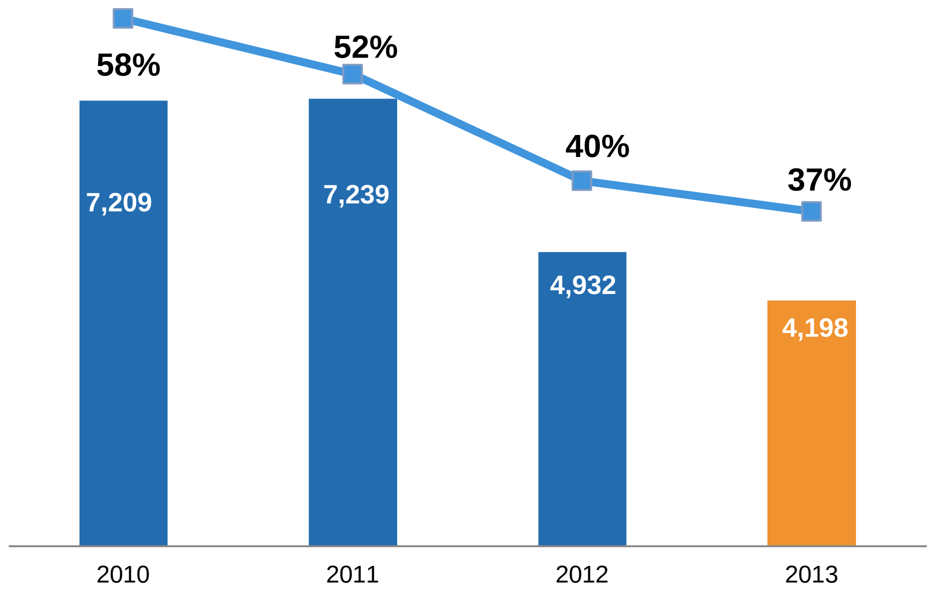
- Revenue down by 7% to USD 11.5 billion in 2013 y-o-y due to:
  - Decrease in realized prices of base and precious metals (except palladium);
  - and decline of nickel and PGM metals sales volumes;
- Changes in realized prices:
  - **Down**: nickel by 14,5%, copper by 8%, platinum by 4%;
  - **Up:** palladium by 13%;
  - In line with the market prices (LME and LPPM);
- EBITDA decreased 15% y-o-y to USD 4.2 billion with a strong EBITDA margin of 37%.

Source: Company data

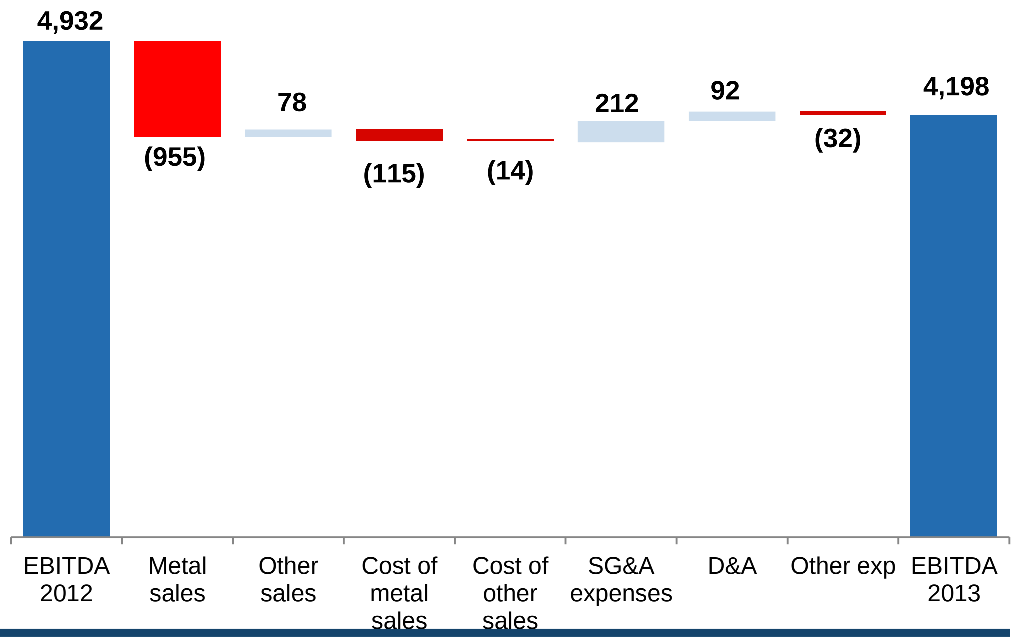
Strong Profitability: Resilient EBITDA Margin

- EBITDA decreased by 15% y-o-y to USD 4.2 bn mostly due to weak prices of nickel and copper and lower sales volumes of nickel and PGM metals.
- Cash operating costs (before by-product credits) decreased by 6% y-o-y mostly due to:
  - lower costs of semi-finished products and raw materials purchased from 3rd parties;
  - lower costs of outsourced services;
- SG&A was down 13% y-o-y mostly on a 27% decrease in export customs duties, which reduced as a result of lowering export duties by the Russian government and a reduction in taxable base owing to lower metal prices.
- Depreciation & amortization charges increased 12% y-o-y to USD 881 mln.

EBITDA (USD mln) & EBITDA margin (%)



EBITDA bridge, USD mln



Source: Company data

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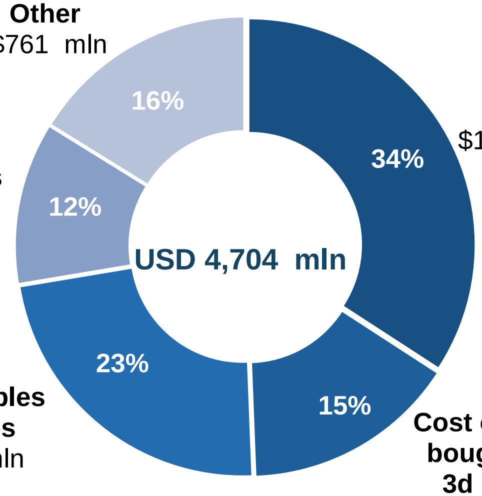
Improving Management Control of Cash Costs

- Operating cash cost (before by-product credits) were down 6% y-o-y:
  - expenses on acquisition of raw materials decreased 22% y-o-y owing to lower metal prices;
  - consumables and spares decreased by 13% y-o-y mostly due to improved procurement procedures and Norilskgazprom consolidation;
  - third part services were down 17% y-o-y due to effective management;
- Labour costs grew 7% y-o-y on RUB inflation.

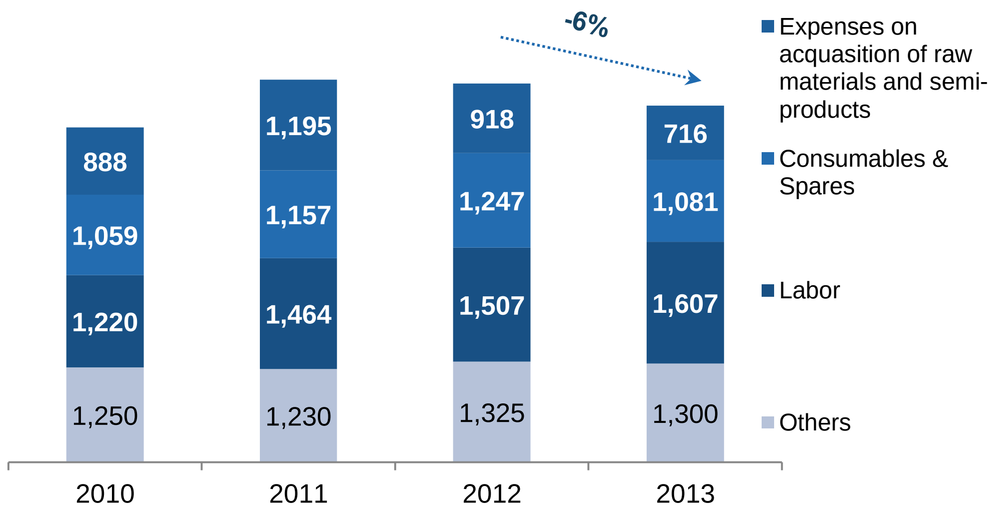
2013 Cash costs before by-product credits, USD mln



Total cash costs down 6% y-o-y, USD mln

USD mln	FY2013	FY2012	Y-o-Y Change, %
Cash operating costs			
Labour	1,607	1,507	7%
Consumables and spare parts	1,081	1,247	(13%)
Expenses on acquisition of raw materials and semi-products	716	918	(22%)
Outsourced third party services	539	651	(17%)
Tax directly attributable to cost of goods sold	274	193	42%
Utilities	214	216	(1%)
Transportation	156	156	0%
Sundry costs	117	109	7%
Cash operating costs (before credits)	**4,704**	**4,997**	**(6%)**
Revenue from sale of by-product metals	(9)	(22)	(59%)
Total cash operating costs	**4,695**	**4,975**	**(6%)**

Largest components of cash costs: down 6%, USD mln



Source: Company data

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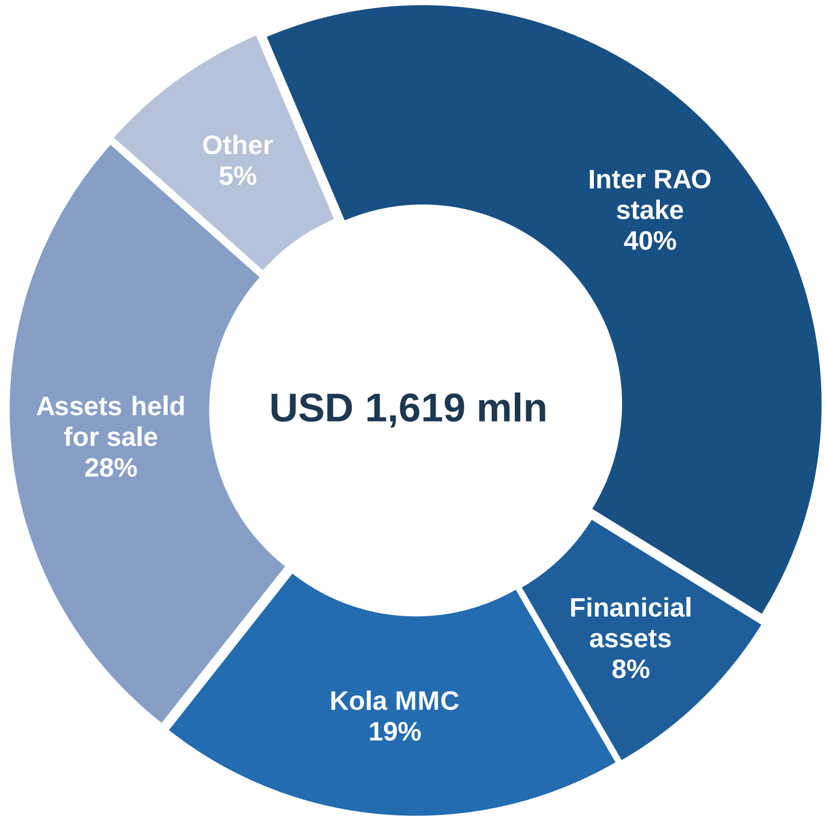
2013 Non-cash Impairments Charges

Stemming from new strategy, a comprehensive review of asset profitability by business units and business lines has been carried out:

- Impairment of PPE amounted to USD 841 million of which:
  - USD 448 million revaluation of assets classified as held for sale;
  - USD 307 million impairment of Kola MMC upstream operations;

Market-to-market revaluation of financial assets:

- Loss from investments in Inter RAO of USD 651 million.
- Losses from other financial assets include revaluation of shares of FSK UES, Rosseti, Talvivaara and other financial investments for USD 127 million.

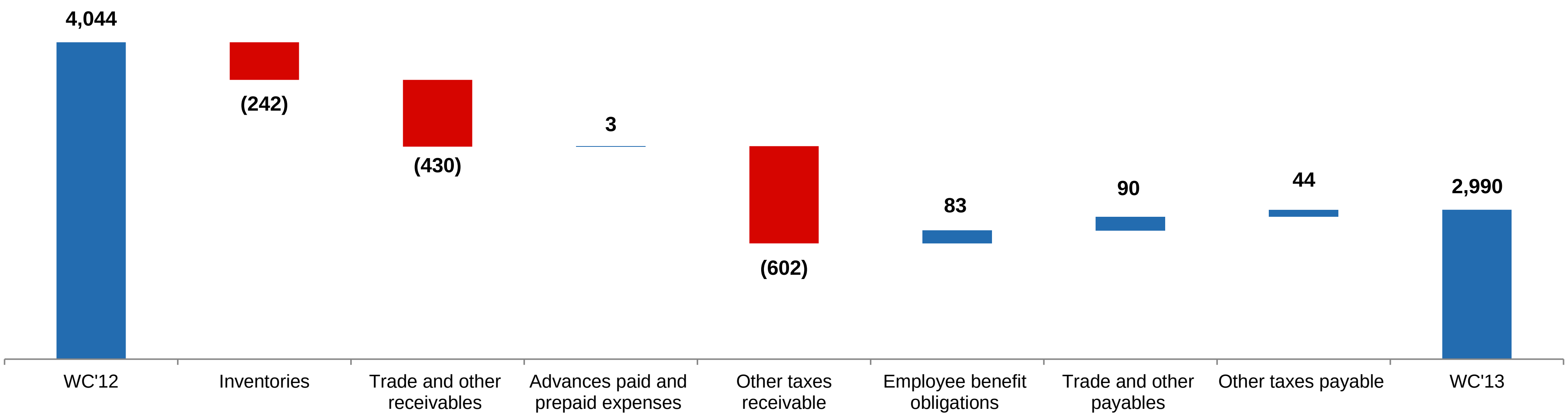


Source: Company data

Working Capital Release of USD 1.1 billion in 2013

- Net Working Capital reduced to USD3 billion as of December 31, 2013 from USD4 billion as of December 31, 2012 owing to the following factors:
  - Reduction of inventories by 8% y-o-y driven by lower stocks at Harjavalta and Tati Nickel, lower metal prices and ruble devaluation;
  - Reduction of trade and other receivables by 40% y-o-y due to increased turnover and the use of factoring;
  - Reduction of tax receivables by 51% y-o-y on the back of streamlined VAT returns and consolidation of group income tax payments;

Working Capital bridge, USD mln

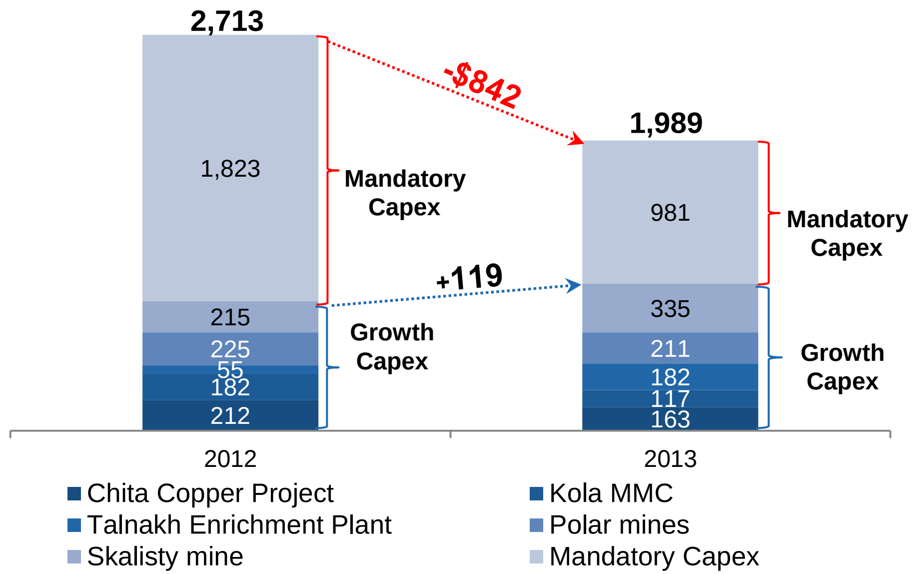


Source: Company data

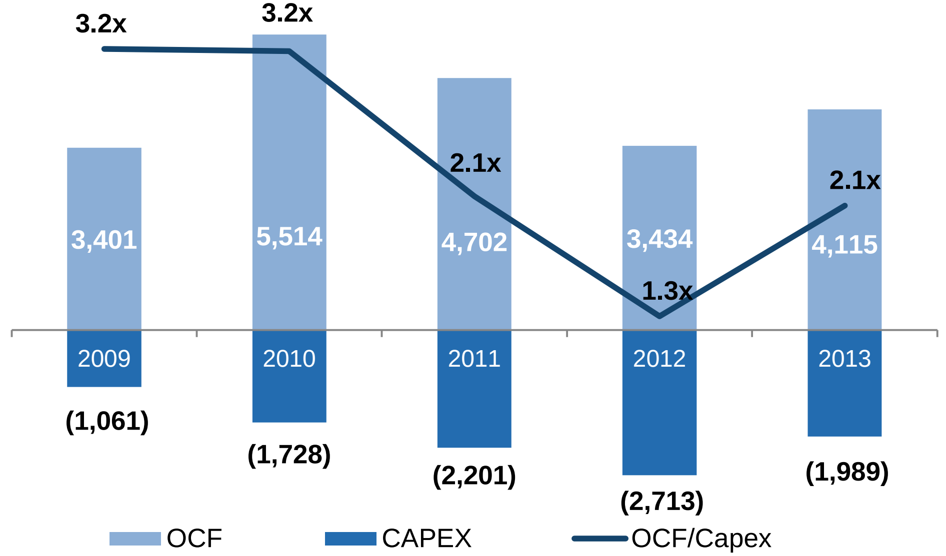
Capital Expenditures Discipline Driven by New Strategy

- **CAPEX decreased by 27% y-o-y** to USD 2 billion in 2013.
- **Growth Capex up 13% y-o-y to USD 1 billion:**
  - Development of Skalisty mine and brownfields at Taimyrsky, Oktyabrsky and Komsomolskaya mines as key upstream projects at Polar Division;
  - Upgrade and expansion of Talnakh Concentrator;
  - Modernization of Kola MMC;
  - Development of Chita project;
- **Mandatory Capex down 46% y-o-y to USD 981 million:**
  - Focus on securing reliable energy and gas supplies;
  - Other investments were primarily social projects;
- **Investment program covered by its own funds with OCF/Capex ratio just over 2x.**

CAPEX breakdown, USD mln



Strong CF generation, USD mln



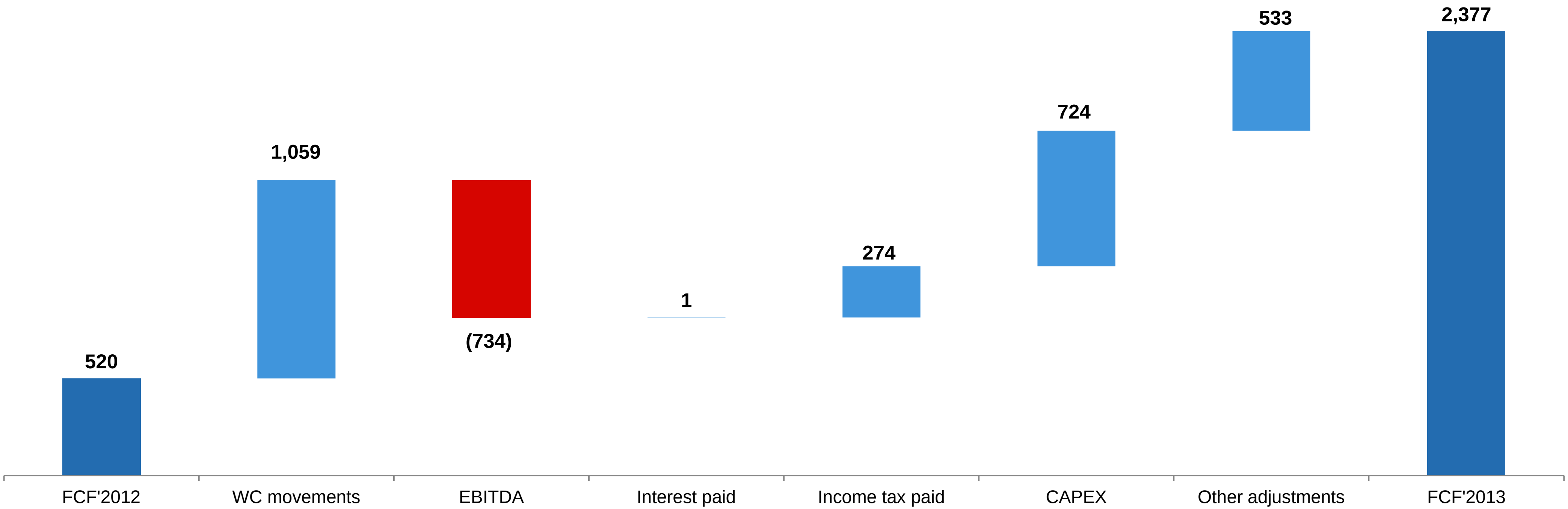
Source: Company data

NORILSK NICKEL

Management Focus on FCF Generation

- Free cash flow (before financing) increased 4 times y-o-y to USD 2.4 billion driven by the following factors:
  - USD 554 million of working capital reduction in 2013 as compared to working capital increase of USD 505 million in 2012 ;
  - CAPEX savings of USD 724 million due to disciplined approach to capital allocation;
  - lower income tax paid as a result of lower pre-tax income;

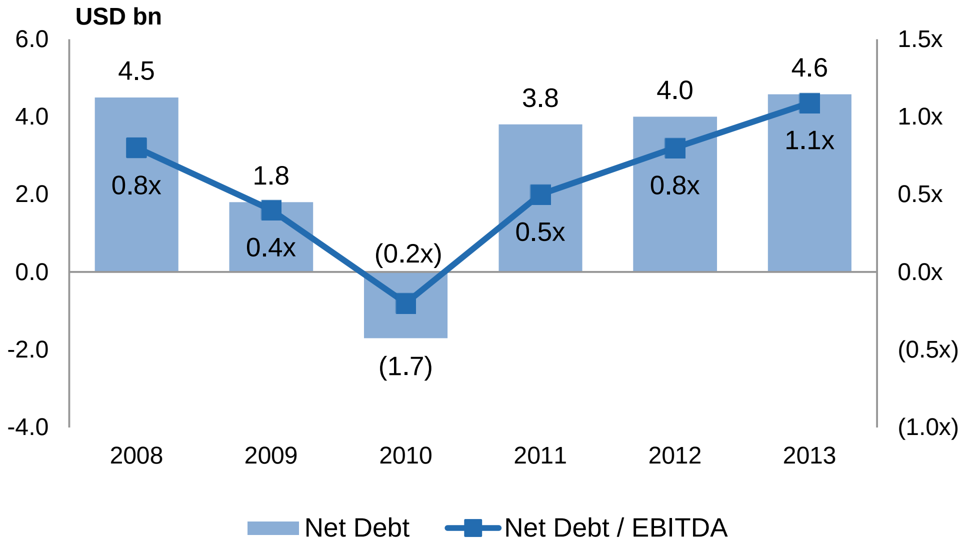
FCF bridge, USD mln



Source: Company data

Maintaining Conservative Balance Sheet

Leverage: 1.1x Net debt/EBITDA ratio in 2013



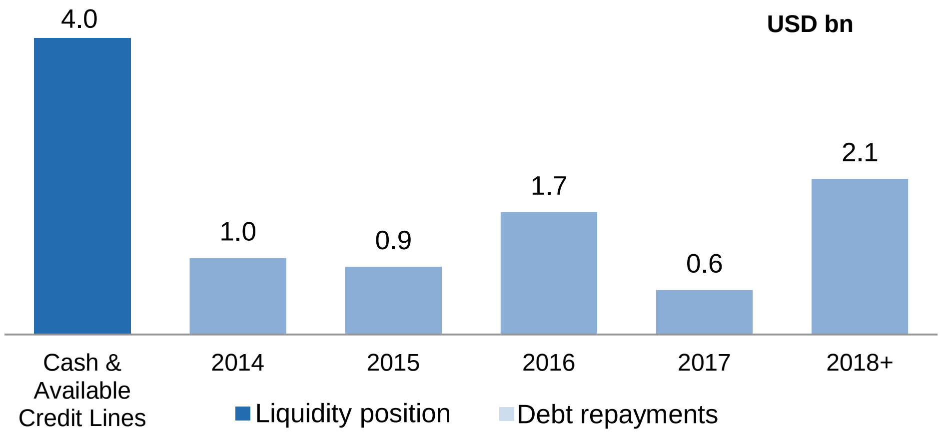
Strong Liquidity Position as of YE 2013

- Strong liquidity supported by USD1.6bn of cash and cash equivalents
- Available credit lines of USD2.4bn
- Overall liquidity comfortably covers short-term refinancing needs (USD1bn)

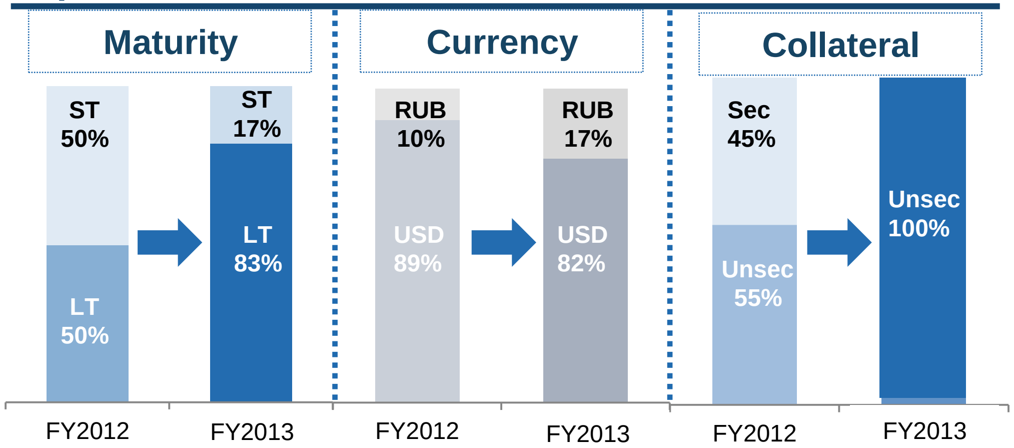
Proactive Debt & Leverage Management

- Low to negative leverage maintained through the cycle
- Comfortable leverage[1] (1.1x) as of YE 2013 despite challenging market conditions
- Debt diversification with good access to capital markets
  - RUB bonds and Eurobonds have been successfully issued, new 50 billion RUB programme registered in 1Q 2014

Liquidity and Debt Repayment Schedule[2]



Improved Debt Structure[3]



Source: Company data, 1. Net Debt to Adjusted EBITDA , 2,3 As of December 31,2013

2014 Outlook

- We expect nickel market to be balanced in 2014, but developing a sizeable deficit in 2015 subject to the ban on the export of nickel ore from Indonesia sustained and terms unchanged
- We expect nickel price will continue to recover in 2014-2015;
- We expect copper price to remain broadly unchanged as China's demand remains strong;
- Widening structural deficit in the palladium market is expected to lead to a reduction of palladium to platinum discount going forward;
- CAPEX for the FY2014 not to exceed USD 2.0 billion;
- Net Debt to EBITDA ratio is expected not to increase in 2014;
- Strategy update in May

Q&A Session