PRESS RELEASE

NORNICKEL

Public Joint Stock Company "Mining and Metallurgical Company "NORILSK NICKEL" (PJSC "MMC "Norilsk Nickel", "Nornickel" or the "Company")

NORNICKEL REPORTS FULL YEAR 2019 AUDITED CONSOLIDATED IFRS FINANCIAL RESULTS

Moscow, February 26, 2020 – PJSC MMC Norilsk Nickel the world's largest of palladium and high-grade nickel and a major producer of platinum and copper, reports audited consolidated IFRS financial results for the full year ended December 31, 2019.

2019 HIGHLIGHTS

- Consolidated revenue increased 16% y-o-y to USD 13.6 billion owing to higher production volumes of all key metals and growth of palladium and nickel prices;
- EBITDA expanded 27% y-o-y to USD 7.9 billion owing to higher metal revenue and tight control of operating expenses, with EBITDA margin reaching 58%. Reported EBITDA includes negative impact of the USD 190 million provisions accrued in respect of the upcoming shutdown of certain production facilities at Kola Division;
- EBITDA generated by the Bystrinsky project that was fully commissioned in September 2019 amounted to USD 349 million;
- CAPEX decreased 15% y-o-y to USD 1.3 billion owing to the completion of large investment projects in 2018;
- The Company made final investment decisions on strategic growth projects such as the expansion of the Talnakh concentrator (TOF-3 project) and the development of South Cluster mining project and also updated its environmental programme, which is scheduled to go into active construction phase in 1H2020;
- Net working capital increased to USD 1.0 billion in line with the medium-term target level;
- Free cash flow amounted to USD 4.9 billion, almost unchanged y-o-y;
- Net debt/EBITDA ratio decreased to 0.9x as of December 31, 2019;
- Cash interest paid decreased 17% y-o-y to USD 460 million owing to the ongoing optimization of debt portfolio;
- At the annual Capital Markets Day in November, the Company provided its strategic vision until 2030 with the focus on development prospects of Taimyr mining operations, debottlenecking of downstream assets and dramatic reduction of sulfur dioxide emissions at both key operating units in Russia: Polar division and Kola MMC.

RECENT DEVELOPMENTS

- On January 14, 2020, the Company paid interim dividend for the nine months of 2019 in the amount of RUB 604.09 (approximately USD 9.9) per ordinary share for the total of approximately USD 1.6 billion;
- On February 20, 2020, the Company entered into agreement to revise terms and conditions of the USD 2.5 billion syndicated term loan originally signed in December 2017 with a group of international banks, whereby increasing the total facility amount to USD 4.15 billion, reducing the interest rate and rescheduling the repayment of outstanding amount from the period of December 2020 - December 2022 to the period of February 2023 - February 2025.

KEY CORPORATE HIGHLIGHTS

USD million (unless stated otherwise)	**2019**	**2018**	**Change,%**
Revenue	13,563	11,670	16%
EBITDA[1]	7,923	6,231	27%
EBITDA margin	58%	53%	5 p.p.
Net profit	5,966	3,059	95%
Capital expenditures	1,324	1,553	(15%)
Free cash flow[2]	4,889	4,931	(1%)
Net working capital[2]	985	867	14%
Net debt[2]	7,060	7,051	0%
Net debt, normalized for the purpose of dividend calculation[4]	4,952	5,160	(4%)
Net debt/12M EBITDA	0.9x	1.1x	(0.2x)
Net debt/12M EBITDA for dividends calculation	0.6x	0.8x	(0.2x)
Dividends paid per share (USD)[3]	26.3	21.3	23%

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

"2019 became one of the most successful years for our Company in the last decade owing to a combination of strong operating performance and favorable macro tailwinds.

Increased mining volumes, steady ramp-up of new projects and completion of downstream reconfiguration programme drove output of all our key metals higher. This growth combined with strong nickel and palladium prices translated into a 16% revenue increase to 13.6 billion US dollars. Nonetheless amidst benign macro environment we continued to execute on operating efficiency programme and disciplined cost controls that enabled cash operating cost to remain in line with Russian CPI. As a result, our EBITDA increased 27% to 7.9 billion US dollars with EBITDA margin expanding to 58%. Following the management decision to radically reduce harmful emissions at our operations located on the Kola Peninsula, the Company accrued a provision of almost 200 million US dollars for the upcoming shutdown of certain production facilities of Kola MMC.

Net income almost doubled to 6 billion US dollars, while free cash flow amounted to approximately 5 billion US dollars for the second year in a row.

Our leverage remained low with net debt/EBITDA ratio decreasing to 0.9x. Owing to ongoing management efforts aiming at the optimization of debt portfolio, our interest paid decreased by more than 90 million US dollars. Overall, maintaining financial stability remains among our top strategic priorities.

Having completed last year our 5-year strategic cycle focusing mainly on the reconfiguration and modernization of downstream assets, we set up a solid base for further development of our business. In November last year, the next step was announced, when the investment community was presented with our new 10-year strategy setting ambitious targets for organic growth and radical reduction of environmental footprint.

By 2030, we plan to increase mined ore volumes at Talnakh deposit holding over 2 billion tonnes of ore reserves, by 75% to 30 million tonnes. As part of this strategy during the last year a number of key projects received final investment approvals such as the South Cluster, Talnakh Concentrator expansion and brownfield expansion of operating Talnakh mines.

In addition, we have approved a new holistic environmental programme that targets to bring sulfur capturing at our assets in line with the best-in-class global benchmarks. Upon the programme completion sulfur dioxide emissions at the Polar division are scheduled to decrease by 90% by 2025 and at the Kola division – by 85% already by 2021.

This production growth strategy and comprehensive environmental programme will require substantial increase in capital investments. Thus, already in 2020 we expect CAPEX to increase to 2.2-2.5 billion US dollars.

Last year we delivered again industry-leading returns to our investors."

HEALTH AND SAFETY

The lost time injury frequency rate (LTIFR) increased from 0.23 in 2018 to 0.32 in 2019, but remained well below the global mining industry average. At the same time, lost time injuries increased 40% y-o-y (from 32 to 44). Regretfully, in 2019 Company recorded the increase in the number of fatal accidents (from 6 to 9), partly due to the group accident at Taymirsky mine when we suffered 3 casualties in October 2019. According to the investigation, this accident was let to happen due to unsatisfactory organization of works caused by a combination of managerial and technical issues. Each fatal accident has been duly reported to the Board of Directors and has been thoroughly investigated in order to prevent fatalities in the future. The Company's management considers the health and safety of employees as the key strategic priority aiming to bring fatality rate to zero. A wide range of programmes and various initiatives to prevent occupational injuries and fatalities are being rolled out and implemented.

Overall, in 2019:

- **81 internal audits** of HSE management system were held;
- **221 violations of cardinal safety rules were identified leading to dismissal of 159 employees** (versus 105 in 2018);

In May 2019, the Company conducted an annual independent assessment of the current level of the occupational safety culture has been conducted and made numerous changes to the HSE systems of the Group. According to this assessment, **the Company's integral score was raised to 2.8 points (out of the maximum of 4 according to Bradley Curve) in 2019 up from 2.6 points in 2017 (and compared to 1.4 points in 2014)**, close to global mining industry average of 3.0 points.

METAL MARKETS

Nickel in 2019 – market deficit narrowed to 42 kt as strong Chinese stainless demand (+13% y-o-y) was negatively offset by soft nickel consumption in stainless steel elsewhere; supply from Indonesia accelerated driven by continued ramp-up of NPI production and surge of nickel ore shipments in Q4 ahead of the export ban; exchange inventories were down 31 kt y-o-y to 191 kt; LME nickel price was up 6% y-o-y as on the news that Indonesian ore export ban would be brought forward built positive momentum in Q3.

In 1H2019, nickel price was under pressure from overall negative macro sentiment due to trade tensions between the US and China as well as weakening global manufacturing PMI. The market sentiment changed in August when the Indonesian government announced that the export ban on nickel ore would be brought forward by two years to January 1, 2020 as it wanted to push the investors to process more of the country's ore resources onshore. The price surged to a multi-year record of USD 18,625 per tonne in September, but in October-December the rally lost all its steam due to the stagnation of global stainless demand, soft EV sales in China and collapse of nickel premiums.

In 2019, average LME nickel price increased 6% y-o-y to USD 13,936 per tonne.

Developments on the supply side in 2019 were dominated by strong expansion of NPI (nickel pig iron) output in China and Indonesia, which combined were up almost 32% y-o-y driven by the availability of relatively cheap high-grade ore. Following the announcement of the ore export ban Indonesian ore shipments to China in 4Q2019 almost doubled y-o-y as the Chinese consumers tried to stockpile the feed. High-grade nickel production was up 1% y-o-y mainly driven by higher production from Nornickel, Jinchuan and BHP.

Demand dynamics was mixed across various geographies. The stainless steel nickel demand in China was up +13% y-o-y with a noticeable slowdown in the second half of the year. Stainless consumption by stainless producers in other regions was weak owing to the contraction of global PMI: Europe was down 7% y-o-y, Japan – down –10%, while South Korea was flat. Indonesia that had been expected to become one of the main drivers of the global stainless growth in 2019, did not increase its stainless output and thus nickel consumption as it struggled to penetrate export markets following introduction of trade barriers against Indonesian stainless in China, India and the USA.

Battery industry demand was up 38% y-o-y in 1H2019, where China was leading the growth with NCM cathode material production increasing by 50%. However, in 2H2019, as government subsidies for NEVs (new energy vehicles, including battery cars and all kinds of hybrids) in China reduced, NEV sales contracted sharply, leading to the annual electric car sales in 2019 of just 1.2 mln units, falling 40% short of initially expected 2 mln vehicles. Total global consumption of nickel in the battery sector reached 179 kt, +26% up y-o-y.

Nickel demand in other industries was almost flat. Specialty steels and alloys sector increased nickel consumption by 2% y-o-y, while plating was down 1%.

Combined nickel inventories at LME and SHFE decreased –16% y-o-y to 191 kt by the year-end reflecting the market being in deficit. However, the withdrawal of nickel from exchanges reversed in 4Q2019 when almost 90 kt were delivered back to LME warehouses. In our view, the key drivers for taking the metal off-warrant were expected growth in demand from the battery sector in 2020-21, Indonesian export ore ban and delays in the construction of Morowali HPAL project. However, dismal EV sales and stagnant stainless market in 2H2019 together with accumulation of ample nickel ore stocks in China ahead of the Indonesian ore ban pushed nickel price down. As paper gains of speculators started to evaporate and cost of carrying massive physical longs became too expensive, we believe that it was decided to return the metal to the exchange warehouses in order to free up cash. In 1Q2020, this trend intensified with combined LME and SHFE stocks increasing 60 thousand tonnes YTD.

Nickel outlook – neutral; we expect balanced market in 2020 as Indonesia continues growing its NPI production, while Chinese NPI is anticipated to be modestly down; Indonesian ban on the export of ore effected from January 1, 2020, is not expected to have a substantial effect on the market in the short-term, but should have a more material impact on the global supply in the medium-term, in our opinion; batteries for electric vehicles are expected to continue to be the key demand growth driver in the medium- and long-term supported by the roll out of regulations in most major car markets stimulating transition to carbon free cars; coronavirus outbreak in China has negatively affected the market sentiment and created short-term market uncertainty both on the demand and supply side.

We expect nickel market to be balanced in 2020 as Indonesia continues ramping up and commissioning of its NPI projects, which are expected to bring additional 150 kt of nickel units. Although Indonesian export ban will reduce the availability of ore feed to Chinese NPI smelters, the ore inventories (14 mln tonnes) accumulated in the country ahead of the ban and a potential increase of ore supply from the Philippines should mitigate this negative effect in the short-term, in our view. Thus, we expect Chinese NPI to decrease approximately 75 kt in 2020.

Production of high-grade nickel is also expected to increase in 2020, with nickel chemicals expected to grow by 16 kt mainly due to the commissioning of $NiSO_4$ production by BHP and Jinchuan, and refined nickel growing by 41 kt reflecting the recent upward revisions of production guidance by Sherritt and Eramet.

Primary nickel consumption is expected to increase by 85 kt (+3%) to 2,538 kt in 2020. Primary nickel demand in Chinese stainless is expected to moderate to a 2% growth as the GDP growth rate is forecasted to slow down. Stainless demand in the rest of Asia is anticipated to increase +10% (as Delong should start to ramp up its capacities in Indonesia), while European consumption of nickel in stainless is expected to decrease 4% y-o-y as local producers, in our view, will continue to face strong competition from Asia with the local end use demand staying weak. The US nickel consumption is expected to slightly recover (+1% y-o-y) on the back of stable stainless output supported by effective import tariffs.

The growth rate of global nickel demand from battery material producers should moderate, in our view, to 17% y-o-y (down from 26% in 2019) reaching a combined volume of 210 kt in China, Japan and South Korea. The growth in EV penetration in 2019 in China was grossly disappointing with NEV sales posting a 4% reduction to 1.2 mln units (December 2019 monthly sales were down 31% y-o-y). The Chinese government goal to reach 5 million NEV sales by 2025, in our view, is now looking a bit stretched. Nevertheless, the shift to nickel-intensive NCM 8:1:1 chemistry in battery cathodes is well under way, with this technology expected to become mainstream in the next five years, which should support the steady growth of demand for nickel. Europe should also boost its EV production, in our view, as major OEMs will have to meet new emission legislation requirements and CO_2 targets.

However, the recent outbreak of coronavirus in China poses a downside risk to our assumptions. While there are some signs that epidemic might be on a decline, major uncertainty remains. The Chinese government restrictions on mobility, extended work holidays and mandatory closures have imposed a significant disruption to the supply chain and already had a significant impact on end consumption. The extent of demand disruption makes it unlikely that the Q1 2020 losses can be fully recouped in 2Q and 3Q 2020, as the supply is also yet to recover as many migrant workers should return to mines and smelters. In addition, the ramp-up of new NPI capacity in Indonesia could be also delayed as according to on-the-ground sources, Chinese workers involved in the construction of NPI smelters and HPAL facilities in Indonesia have been put on a quarantine.

Copper in 2019 – balanced market amidst volatile macro environment; weak first and end-use consumption coupled with demand uncertainty due to geopolitical tensions, while supply disruption rate was running at 4% below historical average, put a downward pressure on the price that decreased 8% y-o-y.

Throughout 2019 copper price was trending lower due to weakening global manufacturing sector and disappointing grid investment in China, but remained bound within a range of USD 5,500-6,500 per tonne. In December, copper attempted to recover above USD 6,000 per tonne level as market sentiment improved owing to a Phase-1 trade deal between the US and China was signed. Nonetheless, the market sentiment abruptly deteriorated in the first weeks of 2020 due to the outbreak of the new coronavirus in China, which threatened the global economic growth as a result copper price went below USD 5,500 in the end of January.

The average LME copper price in 2019 decreased 8% y-o-y to USD 6,000 per tonne.

In terms of fundamentals, copper market in 2019 was by and large balanced, recording a marginal deficit of just 50 kt (accounting for approximately 0.2% of total market). Global refined copper demand increased just 80 kt (or +0.3% y-o-y), on our estimates, to 23.6 mln tonnes as a very modest consumption growth in China (120 kt), the rest of Asia (40 kt) and Americas (40 kt) was accompanied by for a major contraction in Europe (-120 kt). Expectations that China would boost its grid investments in 2H2019 did not materialize as the State Grid mandated its regional branches to be more rational about capital expenditures. In Europe manufacturing sector was weak owing to the soft demand from automotive and electrical industries.

In 2019, the refined copper production increased by 100 kt (+0.3% y-o-y) to 23.6 mln tonnes. The increase was driven by the ramp-up of new mines in Russia and Panama, brownfield expansions in Latin America and African copper belt and destocking of copper concentrates. Mine disruptions amounted to approximately 4% of global supply falling short of the 5-6% historic average, leading to global supply running slightly above market expectations.

Exchange stocks remained flat at 304 kt reflecting a well-balanced market overall.

Copper outlook – neutral; the market to remain balanced in 2020, in our view; the coronavirus epidemic has already had a negative impact on the commodity markets sentiment pushing down the prices of metals; the timing and the pace of economic recovery from coronavirus is likely to be a major swing factor for both supply and demand in 2020.

We anticipate that copper market will remain largely balanced in the near-term running a marginal deficit of less than 0.2% (or 50 kt) of the global consumption. The refined copper demand is expected to increase by 0.4 mln tonnes (+1.5% y-o-y) to 24.0 mln tonnes.

We expect China to lead this growth increasing its copper consumption by 100 kt in 2020. As of 1 January 2020, the Chinese Ministry of Finance approved the issue of RMB 1 trillion worth of special local government bonds to finance infrastructure investments including such copper-intensive sectors as railways and electrical grid. In addition, we believe that, the development of 5G infrastructure should also become a material growth driver of copper consumption this year. European and American consumption should also rebound from the low of 2019 increasing by approximately a combined of approximately 150 kt in 2020 led by robust demand in end-use products.

We admit, however, that the coronavirus poses a downside risk for the pace of demand recovery and undermine our demand assumptions, particularly, in 1Q2020. At the moment, due to large uncertainty about the duration and the ultimate health impact of the epidemic, we cannot quantify its impact on copper demand and supply, neither can time the market recovery. If the virus is contained by the end of this March, we find it reasonable to assume that the consumption losses could be recovered during the rest of this year, given that China has plenty of spare capacities across all coper-consuming value chain.

Supply is expected to increase 1.5% y-o-y to 23.9 mln tonnes in 2020 and almost match the copper demand.

Production, on our estimates, will increase following the ramp-up of new mines (Cobre Panama, Bystrinskoe, Sentinel) as well as brownfield expansions in Chile (Escondida, Collahuasi, El Abra, Caserones, Ministro Hales), Indonesia (Grasberg), DRC (Kamoto, Metalkol) and Zambia (Nchanga). We do not expect any major (above the historical average of 5% of mined production) supply disruptions that could materially affect market balance in 2020.

Palladium in 2019 – strong rally through the year with price setting record highs almost on a daily basis and reaching almost USD 2,800 per ounce in February 2020; despite premium to platinum expanding to more than USD 1,700 per ounce, the widely-discussed substitution still has not been happening; market continued to be in a structural deficit driven by strong automotive sector demand owing to tightening of emission legislation in all major car producing markets.

Palladium price delivered another year of exceptionally strong performance reaching almost USD 2,000 per ounce by the end of 2019 and then skyrocketing further to USD 2,800 per ounce in February 2020.

The average LBMA palladium price in 2019 increased 50% y-o-y to USD 1,538 per ounce.

In 2019, we estimate the market deficit at 550 koz. Industrial consumption increased 5% y-o-y (or by 440 koz) to 11.5 mln ounces driven by robust demand from the automotive industry following the rollout of stricter environmental regulations in practically all largest car markets, including China 6 in China, Tier 3 in the US, Euro 6d in the EU, and Bharat 6 in India. The spot market continued to be extremely tight with leasing rates jumping from 5% in January 2019 to 30-40% in January 2020. Nonetheless, since the price rally did not result in any inflows into palladium ETFs, this indicates, in our view, that the price surge was predominantly driven by industrial consumers, not speculative buyers.

Palladium premium to platinum ranged USD 400-1,000 per ounce in 2019, but widened to as much as USD 1,700 per ounce in Feb 2020. Widely held expectations of the past two years that the substitution of palladium with platinum in autocatalysts was imminent still have not materialized. Platinum-based formulations proved to be inefficient at operating at high temperatures, which are common for the modern gasoline car engines, and at neutralization of CH, CO and NOx emissions. On top of that, as far as we understand, OEMs are too busy with a transition of their internal combustion engines to EV technologies and thus do not want to spend both engineering, research and financial resources on new auto catalyst technologies.

In 2019, primary palladium supply increased 6% y-o-y to 7.3 mln ounces driven mainly by the release of work-in-progress inventory by Nornickel and South African producers. Recycled volumes increased 11% y-o-y to 3.5 mln ounces with processing capacities being fully utilized, on our estimates, in 2019.

Palladium outlook – positive; market deficit to reach 0.9 mln ounces in 2020 driven by continuing increase in loadings in autocatalysts on the back of further roll-out of China-6 standard and introduction of RDE tests in Europe; substitution with platinum is expected to be limited as an effective technical solution is not available; physical shortage of rhodium may lead to extra demand for palladium.

We expect industrial palladium consumption to increase by 100 koz in 2020 as growing automotive demand (+300 koz) will be offset negatively by the substitution that is taking place in more price sensitive industries such as jewelry, dental and electronics. In spite of a downward revision of global car sales forecasts by 3-5%, we estimate palladium loadings in light-duty petrol (gasoline) vehicles to increase by approximately 5-7% y-o-y following the nationwide adaptation of China 6 emission standard and introduction of real-drive emission (RDE) tests for European automakers.

We do not anticipate any major palladium substitution with platinum in the near term, owing to the technological challenges related with the differences in certain chemical properties of the two metals, making them not fully interchangeable in the modern autocatalysts. According to our industry knowledge, currently, automakers have a little appetite for changes in the catalysts chemistry as their engineering resources are focused on meeting new tighter emission legislation and RDE testing, and they do not have enough resources to conduct new catalyst formulation testing.

In 2020, primary palladium supply is likely to decrease 2% y-o-y to 7.1 mln ounces, in our view, due to lower output in Russia and South Africa following very strong production volumes in 2019 driven by the one-off release of work-in-progress inventories. Recycling is expected to remain flat at approximately 3.5 mln ounces as capacity constraints do not allow to increase processing volumes.

Platinum in 2019 – market surplus was offset by healthy investment demand; industrial consumption remained soft due to automotive and jewelry sectors.

Platinum price was relatively stable throughout 2019, with a modest rally in the end of the year spilling over into January 2020, when the price climbed above USD 1,000 per ounce for the first time since 2017. The price was supported by strong investment demand as ETF inflows amounted to 1.4 mln ounces in 2019.

Fundamental factors, however, were rather weak as diesel share of new car sales in Europe continued to shrink and jewelry demand (particularly in China) was subdued. Total industrial consumption of platinum decreased 3% y-o-y to 7.8 mln ounces.

Primary refined production increased 3% y-o-y to 6.3 mln ounces, while recycling was up 8% y-o-y to 2.3 mln ounces.

The average LBMA platinum price decreased 2% y-o-y to USD 863 per ounce.

Platinum outlook – neutral; weak automotive demand to persist; substitution of palladium in autocatalysts is not happening; rationalization of supply in South Africa is expected to be put on the back burner due to strong PGM basket price owing to rhodium and palladium prices.

In 2020, we expect platinum demand to be flattish y-o-y at 7.8 mln ounces. The automotive demand will remain soft as the global car market is stagnating and the diesel ratio in Europe should continue to decrease, in our opinion. Jewelry sector demand in China will also continue to struggle as platinum is no longer considered a premium metal by local consumers. We expect glass industry to be the only sector to increase platinum demand in 2020.

Primary supply is expected to decrease 3% y-o-y to 8.4 mln ounces driven mostly by higher base in 2019, when Nornickel and South African producers released substantial volumes of PGMs from work-in-progress inventory. Although we may see some supply rationalization by Sibanye following its recent acquisition of Lonmin, we do not expect any major steps in this direction from other South African producers as the rally in palladium and rhodium prices resulted in a dramatic improvement of their cash flows.

KEY SEGMENTAL HIGHLIGHTS[1]

USD million (unless stated otherwise)	**2019**	**2018**	**Change,%**
Revenue	**13,563**	**11,670**	**16%**
GMK Group	13,836	9,742	42%
South cluster	864	–	p.p.
KGMK Group	3,115	911	3x
NN Harjavalta	1,172	1,026	14%
GRK Bystrinskoye	201	8	n.a.
Other mining	133	108	23%
Other non-metallurgical	1,412	1,514	(7%)
Eliminations	(7,170)	(1,639)	4x
EBITDA	**7,923**	**6,231**	**27%**
GMK Group	9,522	6,602	44%
South cluster	475	–	n.a.
KGMK Group	58	190	(69%)
NN Harjavalta	74	71	4%
GRK Bystrinskoye	349	96	4x
Other mining	(31)	(6)	5x
Other non-metallurgical	31	50	(38%)
Eliminations	(1,770)	(13)	n.a.
Unallocated	(785)	(759)	3%
EBITDA margin	**58%**	**53%**	**5 p.p.**
GMK Group	69%	68%	1 p.p.
South cluster	55%	n.a.	n.a.
KGMK Group	2%	21%	(19 p.p.)
NN Harjavalta	6%	7%	(1 p.p.)
GRK Bystrinskoye	n.a.	n.a.	n.a.
Other mining	(23%)	(6%)	(17 p.p)
Other non-metallurgical	2%	3%	(1 p.p.)

1) Segments are defined in the consolidated financial statements

In 2H2019, the Group updated its management accounting system in line with business changes. As a result, the South Cluster segment was separated from GMK Group segment in 2019.

In 2019, revenue of Group GMK segment increased 42% to USD 13,836 million. This was primarily driven by the growth of intersegmental sales revenue due to the launch of direct sales of semi-products to KGMK Group, which was additionally supported by higher refined metals production volumes and palladium price.

The revenue of South cluster segment amounted to USD 864 million.

The revenue of Group KGMK segment increased more than three times to USD 3,115 million due to the launch of direct sales of semi-products supplied by GMK Group segment.

Revenue of NN Harjavalta increased 14% to USD 1,172 million. Higher sales volumes were supported by higher nickel price.

Revenue of GRK Bystrinskoye amounted to USD 201 million, which included sales of semi-products since the full commissioning of Bystrinsky project in September 2019.

Revenue of Other mining segment increased 23% to USD 133 million mostly driven by higher semi-products sales volumes and palladium price.

Revenue of Other non-metallurgical segment decreased 7% to USD 1,412 million. Lower sales volumes of Palladium Fund were partly compensated by higher palladium prices.

In 2019, EBITDA of GMK Group segment increased 44% to USD 9,522 million owing primarily to higher revenue and depreciation of Russian rouble. EBITDA of GMK Group segment included profit from the sale of semi-products to Group KGMK segment, which was eliminated from EBITDA of the Group.

The EBITDA of South cluster segment amounted to USD 475 million.

EBITDA of Group KGMK segment decreased 69% to USD 58 million primarily owing to the start of direct purchases of GMK Group segment semi-products.

EBITDA of NN Harjavalta increased by USD 3 million to USD 74 million.

EBITDA of GRK Bystrinskoye segment increased by USD 253 million and amounted to USD 349 million due to higher production volumes.

EBITDA of Other non-metallurgical segment decreased 38% to USD 31 million following one-off expenses in 2019.

EBITDA of Unallocated segment insignificantly changed 3% to a negative USD 785 million.

SALES VOLUME AND REVENUE	2019	2018	Change,%
Metal sales			
Group			
Nickel, thousand tonnes[1]	230	217	6%
from own Russian feed	213	208	2%
from 3d parties feed	3	2	50%
in semi-products[3]	14	7	2x
Copper, thousand tonnes[1,2]	479	455	5%
from own Russian feed	433	431	0%
in semi-products[3]	46	24	92%
Palladium, koz[1]	2,988	2,974	0%
from own Russian feed	2,890	2,913	(1%)
in semi-products[3]	98	61	61%
Platinum, koz[1]	714	668	7%
from own Russian feed	698	657	6%
in semi-products[3]	16	11	45%
Rhodium, koz[1]	78	62	26%
from own Russian feed	69	62	11%
in semi-products[3]	9	–	100%
Cobalt, thousand tonnes [1]	7	4	75%
from own Russian feed	5	3	67%
from 3d parties feed	2	1	2x
Gold, koz[1,2]	235	161	46%
from own Russian feed	184	155	19%
in semi-products[3]	51	6	9x
Average realized prices of refined metals produced by the Group			
Metal			
Nickel (USD per tonne)	14,355	13,531	6%
Copper (USD per tonne)	6,047	6,566	(8%)
Palladium (USD per oz)	1,524	1,025	49%
Platinum (USD per oz)	862	877	(2%)
Rhodium (USD per oz)	3,948	2,194	80%
Cobalt (USD per tonne)	26,756	68,604	(61%)
Gold (USD per oz)	1,393	1,264	10%
Revenue, USD million[4]			
Nickel	3,388	3,013	12%
including semi-products	285	175	63%
Copper	2,877	2,977	(3%)
including semi-products	257	144	78%
Palladium	5,043	3,674	37%
including semi-products	194	98	98%
Platinum	628	596	5%
including semi-products	27	20	35%
Other metals	915	702	30%
including semi-products	172	55	3x
Revenue from metal sales	**12,851**	**10,962**	**17%**
Revenue from other sales	712	708	1%
Total revenue	**13,563**	**11,670**	**16%**

1) All information is reported on the 100% basis, excluding sales of refined metals purchased from third parties and semi-products purchased from Nkomati.
2) Includes semi-products, produced by GRK "Bystrynskoe" after ramp-up of Bystrinsky project that was fully commissioned in September 2019.
3) Metal volumes represent metals contained in semi-products.
4) Includes metals and semi-products purchased from third parties and Nkomati. Includes revenue from semi-products, produced by GRK "Bystrynskoe", after ramp-up of Bystrinsky project that was fully commissioned in September 2019.

Nickel

Nickel sales contributed 26% to the Group's total metal revenue in 2019, down from 27% in 2018. A 1 p.p. decrease was driven by palladium price that outperformed nickel price in the reported period.

In 2019, nickel revenue was up by 12% amounting to USD 3,388 million. The growth was driven both by higher realized nickel price (+USD 188 million) and increase in sales volume (+USD 187 million).

The average realized price of refined nickel increased 6% to USD 14,355 per tonne in 2019 vs USD 13,531 per tonne in 2018.

Sales volume of refined nickel produced from own Russian feed, increased by 2% (or +5 thousand tonnes) to 213 thousand tonnes owing to higher production volumes.

Sales volume of nickel produced from third-party feed increased 50% to 3 thousand tonnes primarily due to the increased processing of third-party feed at Harjavalta refinery.

In 2019, sales of nickel in semi-products increased 63% to USD 285 million primarily owing to higher sales volume of semi-products.

Copper

In 2019, copper sales accounted for 22% of the Group's total metal sales, decreasing 3% (or -USD 100 million) to USD 2,877 million primarily owing to lower realized price (-USD 227 million) which was partly compensated by higher sales volume (+USD 127 million).

The average realized price of refined copper decreased 8% from USD 6,566 per tonne in 2018 to USD 6,047 per tonne in 2019.

Physical volume of refined copper sales from the Company's own Russian feed remained unchanged at 433 thousand tons.

Revenue from copper in semi-products in 2019 increased 78% to USD 257 million primarily due to the ramp-up of Bystrinsky project that was fully commissioned in September 2019.

Palladium

In 2019, palladium accounted for 39% of total metal revenue, increasing 5 p.p. y-o-y. Palladium revenue increased 37% (or +USD 1,369 million) to USD 5,043 million due to higher realized price (+USD 1,484 million) and increased sales volume (+USD 34 million).

The average realized price of refined palladium increased 49% from USD 1,025 per troy ounce in 2018 to USD 1,524 per troy ounce in 2019.

Physical volume of refined palladium sales from the Company's own Russian feed remained stable y-o-y and amounted to 2,890 thousand troy ounces in 2019. Higher base effect in 2018 (from the sale of metal from stock accumulated in the Company's Palladium Fund in 2017) was compensated by higher sales volume in 2019 due to release of work-in-progress inventory.

Revenue of palladium in semi-products increased 98% to USD 194 million in 2019 primarily owing to higher sales volume of semi-products.

In 2019, revenue from the resale of palladium purchased from third parties amounted to USD 444 million (vs USD 593 million in 2018).

Platinum

In 2019, platinum sales increased 5% (or +USD 32 million) to USD 628 million and remained at 5% of the Group's total metal revenue. The higher sales volume (+USD 42 million) was partly compensated by decline of realized platinum price (-USD 10 million).

Physical volume of refined platinum sales from the Company's own Russian feed in 2019 increased 6% (or +41 thousand troy ounces) to 698 thousand troy ounces primarily due to release of PGM work-in-progress inventory.

Revenue of platinum in semi-products in 2019 increased 35% to USD 27 million primarily due to higher sales volume of semi-products.

Other metals

In 2019, revenue from other metals increased 30% (or +USD 213 million) to USD 915 million. This was primarily due to higher revenue from gold (+USD 123 million) mainly due to the ramp-up of Bystrinsky project, higher revenue from rhodium (+USD 155 million) resulting from the increase in price, which was partly negatively compensated by decrease in cobalt revenue (-USD 108 million) primarily due to price decrease.

Other sales

In 2019, other sales increased 1% to USD 712 million. Revenue growth in real terms that was primarily driven by higher fuel sales volumes was offset by the negative effect of Russian rouble depreciation.

COST OF SALES

Cost of metal sales

In 2019, the cost of metal sales was unchanged and amounted to USD 4,509 million. Main factors contributing to it were as follows:

- Increase in cash operating costs by 2% (or +USD 75 million);
- Increase in depreciation and amortisation by 13% (or +USD 82 million);
- Change in metal inventories y-o-y leading to cost of metal sales decrease of USD 153 million.

Cash operating costs

In 2019, total cash operating costs increased 2% (or +USD 75 million) to USD 3,818 million.

The positive effect of Russian rouble depreciation was fully offset by inflationary growth of cash operating costs.

Cash operating costs related to Bystrinsky project after its full commissioning amounted to USD 62 million in 2019.

USD million	**2019**	**2018**	**Change,%**
Labour	1,295	1,283	1%
Materials and supplies	712	727	(2%)
Purchases of refined metals for resale	438	430	2%
Purchases of raw materials and semi-	402	436	(8%)
Third party services	239	200	20%
Mineral extraction tax and other levies	221	212	4%
Electricity and heat energy	155	143	8%
Fuel	101	87	16%
Transportation expenses	88	70	26%
Sundry costs	167	155	8%
Total cash operating costs	**3,818**	**3,743**	**2%**
Depreciation and amortisation	735	653	13%
(Increase)/decrease in metal inventories	(44)	109	n.a.
Total cost of metal sales	**4,509**	**4,505**	**0%**

Labour

In 2019, labour costs increased 1% (or USD 12 million) to USD 1,295 million amounting to 34% of the Group's total cash operating costs driven by the following:

- -USD 44 million - cost decrease owing to the Russian rouble depreciation against US Dollar;
- +USD 52 million - increase in real terms primarily driven by the indexation of salaries and wages in line with the terms of collective bargaining agreement;
- +USD 15 million - cost increase driven by ramp-up of Bystrinsky project that was fully commissioned in September 2019;
- -USD 15 million - cost decrease following the decrease of production staff headcount primarily due to disposal of a subsidiary.

Purchases of raw materials and semi-products

In 2019, purchases of raw materials and semi-products decreased 8% (or USD 34 million) to USD 402 million driven by the following:

- -USD 15 million - cost decrease owing to the Russian rouble depreciation against US Dollar;
- -USD 73 million - cost decrease owing to lower volumes of Rostec concentrate processing;
- +USD 29 million - cost increase owing to higher volumes of purchased semi-products from Boliden for processing at NN Harjavalta;
- +USD 24 million - cost increase driven by higher purchases of Nkomati concentrate.

Purchases of refined metals for resale

In 2019, expenses related to purchase of refined metals for resale increased 2% to USD 438 million owing to the increase in palladium price, most of which was offset negatively by decrease of purchased volume.

Materials and supplies

In 2019, materials and supplies decreased 2% (or USD 15 million) to USD 712 million driven by the following factors:

- -USD 18 million - positive effect of the Russian rouble depreciation;
- +USD 13 million - cost increase driven by commissioning of Bystrinsky project;
- -USD 10 million - lower materials and supplies expenses primarily related to lower consumption of materials, which was partly offset by inflationary growth of expenses.

Third-party services

In 2019, cost of third party services increased 20% (or USD 39 million) to USD 239 million mainly driven by:

- -USD 7 million - positive effect of the Russian rouble depreciation;
- +USD 15 million - costs increase primarily due to higher PGM refining costs due to release of PGM work-in-progress inventory and tariffs revision;
- +USD 10 million - cost increase owing to the commissioning of Bystrinsky project;
- +USD 13 million - cost increase mainly driven by higher Nkomati stripping costs.

Mineral extraction tax and other levies

In 2019, mineral extraction tax and other levies increased by 4% (or USD 9 million) to USD 221 million driven by the following:

- -USD 7 million - positive effect of the Russian rouble depreciation;
- +USD 13 million - cost increase driven by higher volumes of ore mined.

Electricity and heat energy

In 2019, electricity and heat energy expenses increased by USD 12 million to USD 155 million driven by the following:

- -USD 7 million - positive effect of the Russian rouble depreciation;
- +USD 14 million - cost increase driven by inflationary growth of expenses;
- +USD 3 million - cost increase owing to the commissioning of Bystrinsky project.

Fuel

In 2019, fuel expenses increased 16% (or USD 14 million) to USD 101 million driven by the following:

- -USD 3 million - positive effect of the Russian rouble depreciation;
- +USD 6 million - higher oil price;
- +USD 5 million - cost increase driven by commissioning of Bystrinsky project.

Transportation expenses

In 2019, transportation expenses increased 26% (or +USD 18 million) to USD 88 million driven by the following:

- -USD 1 million - positive effect of the Russian rouble depreciation;
- +USD 9 million - costs increase driven by higher volumes of third-party transportation services in Norilsk industrial region;
- +USD 10 million - cost increase owing to the commissioning of Bystrinsky project.

Sundry costs

In 2019, sundry costs increased 8% (or +USD 12 million) to USD 167 million mainly driven by inflationary growth of expenses and commissioning of Bystrinsky project.

Depreciation and amortisation

In 2019, depreciation and amortisation expenses increased 13% (or USD 82 million) to USD 735 million.

Positive effect of Russian rouble depreciation amounted to -USD 19 million.

Depreciation charges in real terms increased by USD 101 million mainly due to transfers from construction in progress to production assets and full commissioning of Bystrinsky project.

(Increase)/d*ecrease in metal inventories*

In 2019, comparative effect of change in metal inventory amounted to -USD 153 million resulting in a decrease of cost of metal sales, primarily driven by accumulation of work -in-process and semi-products in 2019 excluding the changes in Rostec concentrate.

COST OF OTHER SALES

In 2019, cost of other sales increased by USD 62 million to USD 684 million.

Cost of other sales increased primarily due to higher fuel sales, higher repairs and inflationary cost growth, which were partly positively compensated by the Russian rouble depreciation.

SELLING AND DISTRIBUTION EXPENSES

USD million	**2019**	**2018**	**Change,%**
Marketing expenses	45	31	45%
Transportation expenses	43	39	10%
Staff costs	15	14	7%
Other	14	8	75%
Total	**117**	**92**	**27%**

In 2019, selling and distribution expenses increased 27% (or USD 25 million) to USD 117 million primarily due to increase in marketing expenses (USD 14 million).

GENERAL AND ADMINISTRATIVE EXPENSES

USD million	**2019**	**2018**	**Change,%**
Staff costs	601	569	6%
Third party services	117	96	22%
Taxes other than mineral extraction tax and income tax	77	103	(25%)
Depreciation and amortisation	69	38	82%
Transportation expenses	15	9	67%
Rent expenses	5	23	(78%)
Other	54	52	4%
Total	**938**	**890**	**5%**

In 2019, general and administrative expenses increased 5% (or USD 48 million) to USD 938 million. Positive effect of Russian rouble depreciation amounted to -USD 24 million. Changes of the general and administrative expenses in real terms were primarily driven by the following:

- +USD 48 million – increase in staff costs mainly due to one-off payments related to management bonuses, as well as salaries indexation;
- +USD 23 million – increase of third party services related to the automatization of production processes and roll out of digital technologies;
- -USD 24 million – reduction of property tax owing to changes in tax legislation in 2019.

OTHER OPERATING EXPENSES, NET

USD million	**2019**	**2018**	**Change,%**
Social expenses	224	207	8%
Provision on production facilities shut	190	–	100%
Change in other provisions	39	21	86%
Net income earned during the pre-commissioning stage	(192)	(106)	81%
Other, net	42	(27)	n.a.
Total	**303**	**95**	**3x**

In 2019, other operating expenses, net increased by USD 208 million to USD 303 million driven by the following factors:

- Provision related to shut down of certain production facilities located at Kolskaya GMK (+USD 190 million);
- Net income generated by GRK "Bystrinskoye" from products sale during the hot commissioning stage (-USD 86 million);
- Change in other provisions, primarily including provision for obsolete and slow-moving inventory (+USD 18 million).

FINANCE COSTS, NET

USD million	**2019**	**2018**	**Change,%**
Interest expense, net of amounts	340	382	(11%)
Unwinding of discount on provisions and payables	84	100	(16%)
Changes in fair value of non-current	64	46	39%
Interest expense on lease liabilities	12	2	6x
Fair value (gain)/loss on the cross-currency interest rate swap	(199)	51	n.a.
Other, net	5	(1)	n.a.
Total	**306**	**580**	**(47%)**

The 47% decrease in finance costs in 2019 was primarily attributed to a change in the fair value of cross-currency interest rate swaps due to appreciation of Russian ruble against the US dollar as of December 31, 2019 as compared to the exchange rate as of December 31, 2018.

Furthermore, despite the increase in total debt, the average cost of the Group's debt portfolio decreased moderately owing to the monetary policies easing undertaken by the Federal Reserve of the USA and the Bank of Russia, both of which had a positive impact on debt obligations with a floating interest rate.

In 2019, Nornickel continued to optimize its debt portfolio aiming at the extension of debt maturity, which allowed to optimize a number of the Group's bilateral credit facilities totaling USD 962 million.

INCOME TAX EXPENSE

In 2019 income tax expense increased 85% to USD 1 558 million driven mostly by the increase of taxable profit.

The effective income tax rate in 2019 of 20.7% was above the Russian statutory tax rate of 20%, which was primarily driven by non-deductible social expenses.

The breakdown of the income tax expense:

USD million	**2019**	**2018**	**Change,%**
Current income tax expense	1,924	812	2x
Deferred tax (benefit)/expense	(366)	31	n.a.
Total	**1,558**	**843**	**85%**

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

USD million	2019	2018	Change,%
Russian Federation	1,883	789	2x
Finland	16	11	45%
Rest of the world	25	12	2x
Total	**1,924**	**812**	**2x**

EBITDA

USD million	2019	2018	Change,%
Operating profit	**7,036**	**5,416**	**30%**
Depreciation and amortisation	911	765	19%
Impairment of non-financial assets	(24)	50	n.a.
EBITDA	**7,923**	**6,231**	**27%**
EBITDA margin	**58%**	**53%**	**5 p.p.**

In 2019, EBITDA increased 27% (or +USD 1,692 million) to USD 7,923 million with the EBITDA margin amounting to 58% (up from 53% in 2018) owing to higher metal revenue and stringent cost control.

STATEMENT OF CASH FLOWS

USD million	2019	2018	Change,%
Cash generated from operations before changes in working capital and income tax	**8,226**	**6,339**	**30%**
Movements in working capital	(307)	941	n.a.
Income tax paid	(1,910)	(787)	2x
Net cash generated from operating activities	**6,009**	**6,493**	**(7%)**
Capital expenditure	(1,324)	(1,553)	(15%)
Other investing activities	204	(9)	n.a.
Net cash used in investing activities	**(1,120)**	**(1,562)**	**(28%)**
Free cash flow	**4,889**	**4,931**	**(1%)**
Interest paid	(460)	(551)	(17%)
Dividends paid	(4,166)	(3,369)	24%
Other financing activities	1,003	(384)	n.a.
Net cash used in financing activities	**(3,623)**	**(4,304)**	**(16%)**
Effects of foreign exchange differences	130	(91)	n.a.
Net change in cash and cash	**1,396**	**536**	**3x**

In 2019, free cash flow remained stable at approximately USD 4.9 billion. Lower cash generated from operating activities was almost offset by lower cash used in investing activities.

In 2019, net cash generated from operating activities decreased 7% to USD 6.0 billion primarily driven by comparative effect of working capital increase in 2019 (versus decrease in 2018) and increase in income tax payments due to higher taxable profit and changes in intra-group operations which was partly positively offset by increase in EBITDA in 2019.

Interest paid reduced 17% to USD 460 million as a result of the optimization of debt portfolio.

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

USD million	**2019**	**2018**
Change of the net working capital in the balance sheet	**(118)**	**1,282**
Foreign exchange differences	112	(277)
Change in income tax payable	(26)	(5)
Change of long term components of working	(158)	131
Settlement of tax reserves	(9)	(143)
Other changes including reserves	(108)	(47)
Change of working capital per cash flow	**(307)**	**941**

Capital investments breakdown by project is presented below:

USD million	**2019**	**2018**	**Change,%**
Polar Division, including:	502	696	(28%)
Skalisty mine	58	218	(73%)
Taymirsky mine	67	71	(6%)
Komsomolsky mine	54	44	23%
Oktyabrsky mine	27	40	(33%)
Talnakh Concentrator	14	29	(52%)
Sulfur project	24	36	(33%)
Other Polar Division project	258	258	0%
Kola MMC	221	292	(24%)
Bystrinsky (Bystrinsky) project	103	168	(39%)
Other production projects	489	386	27%
Other non-production assets	9	11	(18%)
Total	**1,324**	**1,553**	**(15%)**

In 2019, CAPEX decreased 15% (-USD 229 million) primarily due to adjustment of sulfur project schedule and optimization of certain production projects investment schedules.

DEBT AND LIQUIDITY MANAGEMENT

USD million	**As of 31 December 2019**	**As of 31 December 2018**	**Change, USD million**	**Change,%**
Non-current loans and	8,533	8,208	325	4%
Current loans and	1,087	209	878	5x
Lease liabilities	224	22	202	10x
Total debt	**9,844**	**8,439**	**1,405**	**17%**
Cash and cash equivalents	2,784	1,388	1,396	2x
Net debt	**7,060**	**7,051**	**9**	**0%**
Net debt /12M EBITDA	0.9x	1.1x	(0.2x)	

As of December 31, 2019, the Company’s total debt increased by 17% (or USD +1,405 million) to USD 9,844 million as compared to December 31, 2018. The increase of total debt owed to new debt raised in the second half of 2019 in the form of two bond issues on the Russian and international debt capital markets, respectively, for a total amount of more than USD 1.1 billion, and recognition of obligations under lease contracts stemming from application of IFRS 16 Leases, which became effective on January 1, 2019.

In spite of the increase in total debt, the Company's net debt remained virtually unchanged due to doubling of the amount of cash and cash equivalents. Net debt/12M EBITDA ratio decreased from 1.1x as of December 31, 2018 to 0.9x as of the end of 2019 entirely due to an increase in 12M EBITDA.

On February 12, 2019, international rating agency Moody’s upgraded the Company’s credit rating from “Baa3” with “Positive” outlook to “Baa2” with “Stable” outlook in the wake of change of Russia's credit rating to investment grade “Baa3” with “Stable” outlook. As of December 31, 2019, Nornickel had investment grade credit ratings assigned from all three international rating agencies Fitch, Moody’s and S&P Global, and Russian rating agency “Expert RA”.

Attachment A

CONSOLIDATED INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017

US Dollars million

	For the year ended 31 December		
	2019	**2018**	**2017**
Revenue			
Metal sales	12,851	10,962	8,415
Other sales	712	708	731
Total revenue	**13,563**	**11,670**	**9,146**
Cost of metal sales	(4,509)	(4,505)	(3,939)
Cost of other sales	(684)	(622)	(632)
Gross profit	**8,370**	**6,543**	**4,575**
General and administrative expenses	(938)	(890)	(788)
Selling and distribution expenses	(117)	(92)	(75)
Impairment of non-financial assets	24	(50)	(227)
Other operating expenses, net	(303)	(95)	(362)
Operating profit	**7,036**	**5,416**	**3,123**
Foreign exchange gain/(loss), net	694	(1,029)	159
Finance costs, net	(306)	(580)	(535)
Gain from disposal of subsidiaries	2	–	20
Income from investments	98	95	77
Profit before tax	**7,524**	**3,902**	**2,844**
Income tax expense	(1,558)	(843)	(721)
Profit for the year	**5,966**	**3,059**	**2,123**
Attributable to:			
Shareholders of the parent company	5,782	3,085	2,129
Non-controlling interests	184	(26)	(6)
	5,966	**3,059**	**2,123**
EARNINGS PER SHARE			
Basic and diluted earnings per share attributable to shareholders of the parent company (US Dollars per	36.5	19.5	13.5

Attachment B

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019, 2018 AND 2017

US Dollars million

	At 31 December		
	2019	**2018**	**2017**
ASSETS			
Non-current assets			
Property, plant and equipment	11,993	9,934	10,960
Intangible assets	215	163	148
Other financial assets	223	141	192
Deferred tax assets	98	73	77
Other non-current assets	370	386	732
	12,899	**10,697**	**12,109**
Current assets			
Inventories	2,475	2,280	2,689
Trade and other receivables	362	204	327
Advances paid and prepaid expenses	74	75	71
Other financial assets	51	147	99
Income tax receivable	68	92	82
Other taxes receivable	644	271	296
Cash and cash equivalents	2,784	1,388	852
Other current assets	117	97	110
	6,575	**4,554**	**4,526**
TOTAL ASSETS	**19,474**	**15,251**	**16,635**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	6	6	6
Share premium	1,254	1,254	1,254
Translation reserve	(4,899)	(5,343)	(4,490)
Retained earnings	7,452	7,306	7,557
Equity attributable to shareholders of the parent company	**3,813**	**3,223**	**4,327**
Non-controlling interests	474	250	331
	4,287	**3,473**	**4,658**
Non-current liabilities			
Loans and borrowings	8,533	8,208	8,212
Lease liabilities	180	16	24
Provisions	674	365	464
Trade and other long-term payables	37	200	402
Derivative financial instruments	–	61	–
Deferred tax liabilities	60	385	407
Other long-term liabilities	281	185	116
	9,765	**9,420**	**9,625**
Current liabilities			
Loans and borrowings	1,087	209	813
Lease liabilities	44	6	4
Trade and other payables	1,706	1,551	783
Dividends payable	1,553	6	6
Employee benefit obligations	393	307	377
Provisions	100	77	189
Derivative financial instruments	–	5	24
Income tax payable	36	35	9
Other taxes payable	503	162	147
	5,422	**2,358**	**2,352**
TOTAL LIABILITIES	**15,187**	**11,778**	**11,977**
TOTAL EQUITY AND LIABILITIES	**19,474**	**15,251**	**16,635**

Attachment C

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017
US Dollars million

	For the year ended 31 December		
	2019	**2018**	**2017**
OPERATING ACTIVITIES			
Profit before tax	**7,524**	**3,902**	**2,844**
Adjustments for:			
Depreciation and amortisation	911	765	645
Impairment of non-financial assets	(24)	50	227
Loss on disposal of property, plant and equipment	19	1	9
Gain from disposal of subsidiaries	(2)	–	(20)
Change in provisions and allowances	220	61	41
Finance costs and income from investments, net	208	485	458
Foreign exchange (gain)/loss, net	(694)	1,029	(159)
Other	64	46	58
	8,226	**6,339**	**4,103**
Movements in working capital:			
Inventories	48	297	(346)
Trade and other receivables	(122)	102	(174)
Advances paid and prepaid expenses	14	(5)	10
Other taxes receivable	(331)	(15)	(5)
Employee benefit obligations	62	11	9
Trade and other payables	(247)	676	(1,118)
Provisions	(35)	(28)	(48)
Other taxes payable	304	(97)	2
Cash generated from operations	**7,919**	**7,280**	**2,433**
Income tax paid	(1,910)	(787)	(670)
Net cash generated from operating activities	**6,009**	**6,493**	**1,763**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(1,262)	(1,480)	(1,940)
Purchase of intangible assets	(62)	(73)	(62)
Purchase of other non-current assets	–	(104)	(88)
Loans issued	(3)	(7)	(18)
Proceeds from repayment of loans issued	54	13	48
Net change in deposits placed	78	5	(80)
Proceeds from sale of other financial assets	–	–	9
Proceeds from disposal of property, plant and equipment	10	3	29
(Net cash outflow)/net cash inflow from disposal of subsidiaries	(20)	–	99
Interest and other investment income received	85	81	67
Net cash used in investing activities	**(1,120)**	**(1,562)**	**(1,936)**

Attachment C

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017 (CONTINUED)
US Dollars million

	For the year ended 31 December		
	2019	2018	2017
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	3,212	2,173	4,233
Repayments of loans and borrowings	(2,163)	(2,547)	(3,140)
Payments of lease liabilities	(45)	(9)	(10)
Dividends paid	(4,166)	(3,369)	(2,971)
Dividends paid to non-controlling interest	(1)	(1)	(1)
Interest paid	(460)	(551)	(642)
Proceeds from sale of a non-controlling interest in a subsidiary	–	–	294
Net cash used in financing activities	**(3,623)**	**(4,304)**	**(2,237)**
Net change in cash and cash equivalents	**1,266**	**627**	**(2,410)**
Cash and cash equivalents at the beginning of the year	**1,388**	**852**	**3,325**
Effects of foreign exchange differences on balances of cash and cash equivalents	130	(91)	(63)
Cash and cash equivalents at the end of the year	**2,784**	**1,388**	**852**

Attachment D

NET WORKING CAPITAL

USD million	**31/12/2019**	**31/12/2018**	**Change**	**incl. effects of foreign exchange differences**
Refined metals and other metal products	407	526	(119)	45
Work-in-process and semi-products	1,334	1,134	200	136
Materials and supplies, net	734	620	114	79
Trade and other receivables	362	204	158	9
Advances paid and prepaid expenses	74	75	(1)	9
Taxes receivable	712	363	349	48
Employee benefit obligations	(393)	(307)	(86)	(39)
Trade and other payables*	(1,706)	(1,551)	(155)	(138)
Taxes payable	(539)	(197)	(342)	(37)
Total working capital	**985**	**867**	**118**	**112**

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

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

ABOUT THE COMPANY

PJSC «MMC «NORILSK NICKEL» is a diversified mining and metallurgical company, the world's largest producer of palladium and high-grade metal nickel and a major producer of platinum and copper. The company also produces cobalt, rhodium, silver, gold, iridium, ruthenium, selenium, tellurium, sulphur and other products.

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

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

Media Relations:

Phone: +7 (495) 785 58 00

Email: pr@nornik.ru

Investor Relations:

Phone: +7 (495) 786 83 20

Email: ir@nornik.ru