



NORNICKEL

PRESS RELEASE

30 April 2020

Public Joint Stock Company «Mining and Metallurgical Company «NORILSK NICKEL» (PJSC “MMC “Norilsk Nickel”, “Nornickel” or the “Company”) the world’s largest of palladium and high-grade nickel and a major producer of platinum and copper.

NORNICKEL UPDATES ON THE BUSINESS IMPACT OF COVID-19

Moscow - PJSC MMC Norilsk Nickel provides an update on the measures taken to combat the spread of COVID-19 and the current business impact of the virus on the Company’s operations, sales, investments and financial position.

HEALTH, SAFETY AND SOCIAL SUPPORT

Nornickel reiterates that the health and safety of its employees and their family member as well as the support of social infrastructure in the regions of its operations has always been the top priority. Since the outbreak of the epidemic, the Company has successfully transitioned to remote working more than 10,000 of its employees.

In addition to [earlier announced measures](#) Nornickel has unveiled new initiatives of comprehensive assistance and support to regional authorities and local communities as part of COVID-19 pandemic response.

In total, the Company has allocated over 10.5 billion roubles (circa USD 140 million) to combat the coronavirus outbreak and mitigate its impact on employees and local communities. The funds will be mainly used to purchase medical equipment and supplies, personal protective gear, and to develop medical infrastructure in the regions of its operations.

Nornickel continues paying full salaries to all the employees, including those who do not have remote working capabilities as well as employees with children who are not able to perform their job duties following the closure of kindergartens. Furthermore, the personnel of continuously operating units temporarily receives additional hardship payments.

In order to support small and medium enterprises Nornickel has granted rent holidays to more than 150 small businesses that are tenants of the Company’s properties.

In addition, Nornickel has launched a charity movement “Volunteers Rush to Rescue” to help deliver food, medicines, and other essential supplies to those in need, educate senior citizens on how to access to various services online.

OPERATIONS

All production assets of the Company operate in a business-as-usual mode, while dedicated emergency response teams continuously monitor the situation on sites.

Owing to vertically-integrated business model with in-house energy and transport infrastructure Nornickel has not been experiencing so far any material disruptions to its operations or logistics.

Thus, the Company confirms its full year 2020 production guidance given at the Capital Markets Day in November 2019 as follows:

- Nickel: 225-235 kt;
- Copper: 420-440 kt + 55-65 kt from Bystrinsky project;
- Palladium: 2,648-2,777 koz;
- Platinum: 611-675 koz.

DISTRIBUTION AND SALES

In spite of the significant contraction of global demand for the Company's metals owing to the effective shutdown of most of business activities across pretty much all key geographies, Nor nickel is not having any material issues with sales of its products. As of today, there have been only a few requests from our clients to postpone or to cancel insignificant volumes of metal deliveries that have been promptly redirected to other buyers.

However, the high level of uncertainty related to COVID-19 pandemic does not allow us to make an accurate assessment of perspectives and recovery rates of business activities globally and as a result of the demand outlook for our products. For this reason, we see certain downside risks to our 2020 sales volumes, which could fall short of production targets, and as result a risk of increasing refined and/or work-in-progress inventories that would lead to a build-up of working capital on the balance sheet.

CAPITAL INVESTMENTS

Nornickel sees a downside risk to its latest 2020 CAPEX guidance of USD 2.2-2.5 billion owing to a combination of the following macroeconomic and operating factors:

- Rouble depreciation against US dollar following the plunge in oil price;
- Potential delays in receiving equipment critical for the implementation of key investment projects;
- Potential delays in mobilization of construction contractors for strategic projects in the Polar division due to quarantine and mobility restrictions in Russia and in Norilsk region.

FINANCIAL POSITION

The management's priority is to deliver on financial obligations to all of the Company's stakeholders. Nornickel also reiterates its commitment to investment grade credit rating from major international rating agencies.

In order to strengthen its financial position amidst highly volatile commodity markets and in anticipation of paying the final 2019 dividend, the Company has drawn down some of its existing credit lines establishing a cash position of approximately USD 5 billion. Together with untapped credit facilities, Nornickel's total liquidity position currently exceeds USD 7 billion, which is sufficient to cover all debt maturities over the next three years without refinancing.

Owing to the corporate initiatives aiming at the mitigation of the impact of COVID-19 on the Company's employees and local communities, Nornickel expects to book a number of one-off operating expenses including hardship payments, social and charities expenses, and a negative carry interest due to credit line drawdowns.

In addition, owing to Russian rouble depreciation against the US Dollar by over 25% in 1Q 2020 the Company is also expecting to book losses related to currency revaluation of its USD-nominated debt, which will negatively impact the net profit. This loss, however, is neither cash, nor operating and therefore is not going to affect EBITDA and cash flows.

The Company does not also exclude the risk of increase in working capital by the end of 2020 owing to potentially higher inventories of saleable metal as well as lower factoring volumes and advance payments from international clients should their financial position and credit ratings to deteriorate.

Nornickel's President Vladimir Potanin commented,

"In spite of the coronavirus pandemic, owing to our own initiatives as well as the government's actions to combat the spread of the virus all our production units continue to operate business-as-usual so far. Amidst a very volatile macroeconomic environment and global economic recession, we do not only forego our social obligations, but on the contrary substantially increase support to our employees, local communities and regional authorities by providing both financial and managerial resources to mitigate the negative impact of COVID-19. In these times of unprecedentedly extreme uncertainty for the global economy providing a financial outlook is incredibly challenging. Nonetheless, I would like to reassure that the solid financial strength of Nornickel gives us a high level of confidence that we will be able to successfully overcome this crisis."

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

MMC Norilsk Nickel is a diversified mining and metallurgical company, the world's largest producer of palladium and high-grade 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.

MMC Norilsk Nickel shares are listed on the Moscow and on the Saint-Petersburg Stock Exchanges, ADRs are traded over the counter in the US and on the London, Berlin and Frankfurt Stock Exchanges.

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