NORNICKEL

PRESS RELEASE

February 26, 2019

Public Joint Stock Company «Mining and Metallurgical Company «NORILSK NICKEL»
(PJSC «MMC «NORILSK NICKEL», «Nornickel», the «Company», the «Group»)

NORNICKEL REPORTS FULL YEAR 2018 AUDITED CONSOLIDATED IFRS FINANCIAL RESULTS

Moscow – PJSC MMC Norilsk Nickel, the largest refined nickel and palladium producer in the world, reports today IFRS financial results for the full year ended December 31, 2018.

2018 HIGHLIGHTS

- Consolidated revenue increased 28% y-o-y to USD 11.7 billion on the back of improved metal prices, higher copper output and sale of palladium from earlier accumulated stocks;
- EBITDA expanded 56% y-o-y to USD 6.2 billion owing to higher metal revenue, ramp-up of the Bystrinsky project and lower operating expenses driven by efficiency gains;
- EBITDA margin reached 53%, a leading level among the global diversified metals and mining majors;
- CAPEX decreased 22% y-o-y to USD 1.6 billion driven by completion of Bystrinsky project and downstream reconfiguration as well as optimization of investment schedules;
- Net working capital decreased by almost USD 1.3 billion to USD 0.9 billion as a result of palladium destocking and optimization of capital structure;
- Free cash flow increased to USD 4.9 billion;
- Net debt/EBITDA ratio returned to 1.1x as of the end of 2018;
- Cash interest paid decreased 14% to USD 551 million owing to optimization of debt portfolio despite rising market interest rates;
- In October 2018, the Company paid interim dividend for 1H2018 in the amount of RUB 776 (approximately USD 11.65) per ordinary share for the total amount of approximately USD 1.8 billion;
- In January 2018, Moody's rating agency raised Nornickel credit rating to the investment grade level, "Baa3", and changed the outlook from "Stable" to "Positive". As result, Nornickel got assigned investment grade credit ratings by all three major international rating agencies, including Fitch and S&P Global.

RECENT DEVELOPMENTS

- On February 12, 2019, Moody's upgraded the Company's credit rating to "Baa2" with a "Stable" outlook in the wake of raising Russia's sovereign ceiling for foreign currency debt to "Baa2" and upgrade of Russia's sovereign rating to investment grade level of "Baa3" with "Stable" outlook.

KEY CORPORATE HIGHLIGHTS

USD million (unless stated otherwise)	**2018**	**2017**	**Change,%**
Revenue	11,670	9,146	28%
EBITDA[1]	6,231	3,995	56%
EBITDA margin	53%	44%	9 p.p.
Net profit	3,059	2,123	44%
Capital expenditures	1,553	2,002	(22%)
Free cash flow[2]	4,931	(173)	n.a.
Net working capital[2]	867	2,149	(60%)
Net debt[2]	7,051	8,201	(14%)
Net debt, normalized for the purpose of dividend calculation[4]	5,160	7,495	(31%)
Net debt/12M EBITDA	1.1x	2.1x	(1.0x)
Net debt/12M EBITDA for dividends calculation	0.8x	1.9x	(1.1x)
Dividends paid per share (USD)[3]	21.3	18.8	13%

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 and deposits with maturity of more than 90 days

MANAGEMENT DISCUSSION AND ANALYSIS

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

«The year 2018 was marked for us by favourable developments in macro environment and strong operating performance. The markets of pretty much all our core commodities except for platinum, posted strong gains, inflation pressure on our cost base was subdued as the domestic inflation in Russia was running at low levels. We increased copper and palladium sales volumes by approximately 20% and got first tangible results in the form of operating cash cost savings from our long-term efficiency program, including digitalization projects, and generated almost USD 100 million from Bystrinskoye copper project.

As result, in 2018, our topline expanded 28% y-o-y to USD 11.7 billion, while EBITDA increased 56% to USD 6.2 billion, reaching the highest level since 2011. With EBITDA margin of 53%, Nornickel became one of the most profitable global diversified mining majors in 2018.

As promised to our shareholders, we reduced net working capital to less than USD 900 million by the year-end. We consider USD 1 billion as a sustainable level of working capital in the medium-term.

Capital expenditures reduced to USD 1.6 billion as a number of large capital-intensive projects such as downstream reconfiguration in the Polar division and construction of Bystrinsky copper project were completed in 2017.

The year 2018 was also a record year for our free cash flow, which reached almost USD 5 billion. The Company's leverage returned to mid-cycle average, with Net debt/EBITDA ratio falling to 1.1x. After the rating upgrade from Moody's in January 2018, Nornickel was assigned investment grade credit ratings by all three major rating agencies.

Solid financial performance in 2018 and robust commodity markets improve our financial strength and provide a good platform to support the management' strategy to further advance Nornickel on the path of sustainable growth. We have started the second phase of a very ambitious environmental program, launched infrastructure and digitalization projects and initiated a number of other initiatives supported by the Russian state as national priorities in the medium term. The Company is also looking to make final investment decisions on some of what we consider as potentially attractive growth opportunities, while our productivity improvement program should yield further positive results. Overall, we are expecting an increase of our capital investments to USD 2.2 – 2.3 billion in 2019.

We anticipate that Nornickel will maintain a leading position in the global metals and mining sector in terms of shareholders returns and reiterate our focus on sustainable value creation for all shareholders by developing the world's best Tier 1 assets".

HEALTH AND SAFETY

The lost time injury frequency rate (LTIFR) decreased 48% y-o-y in 2018 from 0.44 to 0.23, reaching historical lows and remaining below the global mining industry average. At the same time number of lost time injuries dropped two times y-o-y (from 60 to 32) and total recordable fatal accidents decreased 25% y-o-y (from 8 to 6) driven the by the roll out of cardinal basic safety rules and improvement of management system. The management considers the health and safety of its employees with a zero fatality rate as the key strategic priority and continues to implement a wide range of initiatives targeting further improvement of the health and safety records. In 2018, selected initiatives included the following:

- 45 internal audits of Occupational safety and Health management systems
- 105 employees were fired for violation of cardinal safety rules.

METAL MARKETS

Nickel in 2018 – deficit expanded to 130 kt (approximately 6% of global consumption) driven by resilient demand growth in stainless steel and booming battery sector; by the year end exchange inventories were down 47% (or -191 kt) to approximately 32 days of global consumption which was already below historical average; average LME price was up 26% year-on-year with some volatility in 4Q 2018 as bearish macroeconomic expectations and fears of China-US trade war prevailed in the market sentiment.

Strong industrial demand, primarily from stainless steel and fast growing battery sector, coupled with a steady drawdown of exchange stocks drove nickel price up sharply in 1H2018. On June 7, 2018, the LME nickel cash settlement price closed at $15,750 per tonne reaching the highest level since 2014.

However, in 2H 2018, the sentiment turned bearish on the entire base metals basket, where consumption growth is heavily reliant on Chinese demand as the expectations were building that the US-China trade tensions might end in a full-scale trade war. This negative sentiment was exacerbated by the news from Tsingshan of its plans to build an HPAL (high-pressure acid leaching) nickel plant in Indonesia in a joint venture with GEM, BRUNP, and Indonesia Morowali industrial Park with target capacity of 50 kt at an unprecedentedly low capital cost of USD 14,000 per tonne. As the reported capital cost was remarkably lower than any other similar HPAL projects realized globally so far, this implied a material downside risk to the long-held market consensus view on long-term incentive price. We hold a cautious view on the project as the announced project parameters and construction timeline (also unprecedented for this type of project of 2 years) are yet to be proven. Nonetheless, the weak sentiment dragged the LME price below $12,000 per tonne in 4Q2018.

The LME nickel price averaged USD 13,122 per tonne in 2018, up 26% y-o-y.

In 2018, global nickel consumption increased 7% y-o-y (or 112 kt) primarily on the back of strong stainless production growth in Indonesia. Stainless demand elsewhere was by and large unchanged, with China's consumption down 1% and the rest of Asia being flat, where a drop in stainless output in Taiwan was offset by marginal growth in Japan, Korea and India. Primary nickel demand in the European stainless sector was slightly down y-o-y and the US was flat.

Nickel demand from the battery sector increased by 40% y-o-y, with the demand from Li-ion batteries alone exceeding 100 kt in 2018. As the production of nickel sulphates (an intermediate product used in the production of battery cathodes) was lagging behind the demand, the consumers were tapping into nickel inventories. We estimate that 56 kt of briquettes were withdrawn from LME warehouses for the ultimate consumption in the battery sector. The battery demand growth was driven not just by the rising EV production volumes, but also by the technological shift of battery cathodes' chemistry towards more nickel-intensive formulations. Thus, if in 2016 the most popular technology was NCM 1:1:1 (with a share of nickel in the cathode material of 21%), in 2018, NCM 5:3:2 and NCM 6:2:2 became the prevailing cathode chemistries, with nickel share of cathode materials of 32% and 38%, respectively.

Nickel consumption in other sectors such as alloys, specialty steels and plating increased modestly by approximately 2% y-o-y.

Similar to demand, Indonesia was also the main driver of global nickel supply, which increased 7% y-o-y (or +150 kt). In 2018, the country exported 18 million tonnes of ore to China helping the recovery of Chinese NPI output to the 2014 levels of approximately 470 kt of nickel contained. In addition, Indonesia itself produced more than 250 kt of nickel in NPI as domestic NPI projects continued to ramp up and new projects were launched. Overall, global output of low-grade nickel increased 16% y-o-y (or by 170 kt) in 2018.

In a contrast to NPI, production of high-grade nickel decreased 2% y-o-y (or by 22 kt) in 2018 driven primarily by lower output in Canada. As we have been pointing out over the past couple of years, many conventional nickel mines were heavily underinvested, with CAPEX underspent inevitably to take its toll.

By the year-end 2018, the combined nickel inventories at LME and Shanghai Futures Exchange (SHFE) reduced almost by half to 219 kt from 410 kt owing to strong physical demand. We estimate that the bulk of stocks withdrawn from the exchange warehouses were consumed, as the apparent market deficit reached 130 kt. We believe that approximately 30% of all stocks withdrawn from the exchanges were relocated to off-exchange warehouses for strategic stockpiling by financial players and consumers anticipating consumption growth.

Nickel outlook – neutral; we expect persisting, yet narrowing deficits in 2019-2021 as Indonesia and China continue to increase NPI output; the demand from stainless sector is expected to be robust; EV story continues to be the key demand growth driver in the medium- and long-term as the xEV penetration grows and the share of nickel-intensive cathode materials keeps growing alongside.

In 2019, we expect the apparent nickel deficit to decrease to approximately 50 kt from 130 kt in 2018 as the ramp-up of NPI capacities in Indonesia and their recovery in China will outpace the growth of demand. We see however a risk to supply outlook, as the majority of holders of the export quota for laterite nickel ore have not been fulfilling their obligations to build local processing facilities. The market has already seen some friction in quota policy from the Indonesian authorities and we expect that it will continue to become more stringent, potentially capping the ore supply and hence, the NPI output in China.

We will be watching out for further announcements on large-scale HPAL projects in Indonesia as well as the status updates on the Tsinghan's 50 ktpa project. While we believe that laterite leaching could become one of the prospective alternatives to provide new battery grade nickel material, we consider it by no means being of low capital intensity and technological simplicity. HPAL projects have been notorious not only for their high CAPEX, which historically was in the range of USD 50,000 – 100,000 per tonne of capacity, but also for significant budget overruns and major ramp-up delays. In our opinion, the economics of laterite leaching projects drastically deteriorated recently as the by-product credit for cobalt (often contained in laterite ores) has reduced alongside falling payable cobalt price. We do not expect a recovery in cobalt price in the medium term due to a looming oversupply of cobalt intermediates.

In 2019, we expect a 4% global nickel demand growth in stainless steel driven mainly by Indonesia. Nickel consumption in specialty steels and alloys should increase by approximately 3% driven largely by aerospace, petrochemical and chemical processing industries.

In our view, nickel consumption in battery sector will increase by approximately 20% in 2019, which would be below 2018 growth rate as the shift to the NCM 8:1:1 formulation (nickel share in cathode material of 48%) will unfold gradually and could take a few years. Overall, we believe that EV penetration growth will remain the key driver for high-grade nickel demand in the next 5-7 years.

We also do not expect that potential trade war between China and the US could have a material negative impact on nickel demand as even if all nickel-bearing goods imported from China were completely displaced from the US market (~20kt Ni pa), manufacturers from other regions would fill the niche. The trade war could, nevertheless, possess a greater risk at the macro level impacting the income levels and echoing at the local nickel end-use in China.

Copper in 2018 – strong demand pushed the market into a small deficit; price was volatile as concerns over the demand implications from the US-China trade conflict and global economic slowdown offset robust industry fundamentals; double-digit growth of copper imports to China alleviated concerns over weak industrial consumption in the country; the supply disruption rate was abnormally low, while scrap market remained constrained.

Copper price was on a rollercoaster in 2018. In 1H2018, expectations of potential labour-related supply disruptions at copper mines in Chile and Peru supported by the low level of exchange inventories and EV-related positive market sentiment pushed the copper price to a 4-year high of USD 7,300 per tonne. An escalation of the US-China trade tensions, successful negotiations between miners and trade unions in Latin America and rising investors' pessimism on the expectations of global economic slowdown brought copper price down to USD 5,800 per tonne in August 2018. In 4Q18, the price stabilized in the range of USD 5,950 and USD 6,300 per tonne.

In 2018, the average LME copper price increased 6% y-o-y to USD 6,523 per tonne.

In 2018, we estimate that global copper demand increased 3% y-o-y to 23.7 mln tonnes driven mostly by grid development in China, which was supported by a moderate industrial consumption growth in Europe and the US. Weathering out the market concerns over sustainability of copper demand growth in China, the country recorded a very robust increase of refined copper (+13% y-o-y) and copper concentrate (+14% y-o-y) imports. We estimate that the market shifted into a small deficit of 120 kt deficit in 2018, while the exchange stocks dropped 35% by the year end to 351 kt, which indicated a very tight inventories level of 5 days of global consumption.

Copper outlook – neutral; Chinese demand growth of approximately 2% in 2019 is expected to be sufficient enough to keep the market in a small deficit, which we forecast at approximately 320 kt; some major uncertainties remain.

In 2019, we expect that the Chinese copper demand (especially in concentrates) will remain robust driven by the government stimulus measures launched in 2018, which aimed at infrastructure expansion and support of consumer demand. At the same time, we forecast that the supply will lag behind the demand as new production from the ramping up greenfield projects in Panama and Ecuador will be offset by output reduction in Chile and Indonesia. Overall, in our view, the market will remain in apparent deficit of approximately 320 kt or 1.3% of the global demand, which we do not consider material and thus not suggesting any significant upside risks to spot copper price.

The main risks to our copper market balance forecast include the Chinese stimulus being not sufficient to support the demand, the US-China trade tensions not getting resolved and global supply disruption ratio remaining at the abnormally low level of 2018.

Palladium in 2018 – price rallied to almost USD 1,300 per ounce in late December 2018 as the demand reached the all-time high of 10.7 mln ounces and structural deficit extended; premium to platinum expanded to USD 400 per ounce with no signs of reverse substitution by the industrial users; physical market was tight despite sales from ETFs and other above-ground stocks.

After a short-term downward price correction in 1H 2018, palladium resumed its rally heading to all-time high of USD 1,440 per ounce in January 2019. In 2018, the market was in a structural deficit (ex. ETFs or other stock movements) for the ninth consecutive year in a row. Nonetheless, only in the last two years the apparent market deficit started to translate into real physical tightness on the spot market as price sensitive stocks had been depleted and metal lease rates increased five-fold as the forward curve went into backwardation.

In 2018, the average LBMA palladium price increased 18% y-o-y to USD 1,029 per troy ounce.

In 2018, gross palladium demand reached an all-time high of 10.7 mln ounces (+2% y-o-y) mostly driven by automotive sector, which increased metal consumption 3% y-o-y to 8.6 mln ounces. Within the automotive sector the following developments were supportive of palladium demand:

- Higher palladium offtake by the value chain in anticipation of tighter environmental regulations rolled over in Europe, China, US, coupled with the launch of technically challenging Real Driving Emission (RDE) testing;
- Powertrain shift to gasoline hybrids, SUVs and light trucks.

In 2018, gross supply was flat y-o-y. Mine production decreased 2% y-o-y driven by mine closures and smelting bottlenecks in South Africa, while the recycled volumes were up 11% y-o-y fully offsetting the primary supply decline.

Spot palladium market practically dried out. Elevated lease rates at the end of the summer and early autumn of 2018 indicated that the market was very tight as the metal available for spot purchases was in shortage. Release of stocks from palladium ETFs, which reduced below 1 mln ounces for the first time since 2009, and supply of the extra metal by Nornickel's Palladium Fund eased the market tightness to some extent.

Palladium outlook –positive; market deficit expected to amount to 0.8 mln ounces in 2019 driven by strong demand on the back of tighter emission regulations in all major markets; no reverse substitution into platinum is anticipated due to technical challenges; palladium remains the metal of choice for gasoline catalytic converters.

In 2019, we expect the palladium consumption to grow 500 koz to 11.2 mln ounces owing to strong demand from autocatalyst producers. In spite of slowing auto sales in China, we believe that the launch of China's 6 emission standard by July 2020 will provide additional demand for PGMs already in 2019, as the industry will have to restock these metals across the entire fabrication value chain. Moreover, the introduction of real driving emission tests coupled with rising hybridization of the light vehicles will put additional requirements on the car emission systems implying additional demand for palladium.

In 2018 and year-to-date 2019, there has been no indications from the industry of the substitution of palladium with platinum in gasoline vehicles despite a substantial price difference. Contrary to a common market misbelief, platinum and palladium are not fully interchangeable and typically, more than one PGM is needed for a catalyst. Palladium has better thermal durability and better NOx reduction properties than platinum, and therefore, it is more efficient in contemporary gasoline vehicles.

In 2019, we expect primary supply to increase 280koz to 7.1 mln ounces on the back of ramp-up of Stillwater's Blitz project and increase of production in South Africa as a result of processing of the previously accumulated stocks in the pipeline. Recycled volumes are forecasted to grow by 80koz to 3.3 mln ounces. Increase of gross supply, in our opinion, will not be able to match rising demand and thus we are forecasting that the structural deficit will persist in 2019 and will reach approximately 0.8 mln ounces.

Platinum in 2018 – pressure from lower automotive and jewelry demand combined with the stable supply drove the price to 10-year lows.

In 2018, platinum price continued its downward trend, which started in 2017. Soft demand from automotive and jewelry sectors as well as overall strong anti-diesel sentiment pushed the price to its multi-year lows of approximately USD 800 per ounce by the year-end. Improvement of the PGM basket prices (supported by palladium and minor PGMs) had a positive effect on the financial performance of South African miners, as a result of which, in our view, they will likely to delay the restructuring of their operations.

In 2018, the average LBMA platinum price decreased 7% y-o-y to USD 880 per troy ounce.

Platinum outlook – cautiously positive; automotive and jewelry demand to stabilize in 2019; no incentive to make investments into new mining projects at current price levels; potential supply rationalization still feasible.

In 2019, we expect the automotive demand for platinum to be flat as the anti-diesel story is gradually fading away. In our opinion, the concerns over diesels are grossly overblown as the technology is critical to ensure the EU fleet's compliance with the CO_2 targets in 2021-2025 (especially for heavy-duty engines). We also expect the stabilization of jewelry demand together with increase in platinum consumption in electronics and other industrial applications.

We forecast that supply in 2019 will increase 6% to 8.9 mln ounces driven mostly by recycling and additional ounces coming from processing of stocks accumulated in the producers' pipeline in South Africa. We have reasonable expectations that industry rationalization could take place as, for instance, subject to the completion of Sibanye's acquisition of Lonmin, Rustenburg operations might face some curtailments.

In our view, most of negative news for platinum are already priced-in. We believe that the risk-reward trade-off is now more skewed to upside as we anticipate normalization of industrial consumption and rebound of investment demand. For instance, platinum ETF holdings are 15% up 2019 to-date.

KEY SEGMENTAL HIGHLIGHTS[1]

USD million (unless stated otherwise)	**2018**	**2017**	**Change,%**
Revenue	**11,670**	**9,146**	**28%**
GMK Group	9,742	7,447	31%
KGMK Group	911	897	2%
NN Harjavalta	1,026	840	22%
GRK Bystrinskoye	8	15	(47%)
Other mining	108	128	(16%)
Other non-metallurgical	1,514	1,286	18%
Eliminations	(1,639)	(1,467)	12%
EBITDA	**6,231**	**3,995**	**56%**
GMK Group	6,602	4,559	45%
KGMK Group	190	182	4%
NN Harjavalta	71	61	16%
GRK Bystrinskoye	96	(65)	n.a.
Other mining	(6)	(3)	100%
Other non-metallurgical	50	18	3x
Eliminations	(13)	(34)	(62%)
Unallocated	(759)	(723)	5%
EBITDA margin	**53%**	**44%**	**9 p.p.**
GMK Group	68%	61%	7 p.p.
KGMK Group	21%	20%	1 p.p.
NN Harjavalta	7%	7%	0 p.p.
GRK Bystrinskoye	n.a.	n.a.	n.a.
Other mining	(6%)	(2%)	(4 p.p.)
Other non-metallurgical	3%	1%	2 p.p.

1) Segments are defined in the consolidated financial statements

In 2018, revenue of Group GMK segment increased 31% to USD 9,742 million. This was primarily driven by higher realized metal prices, sales of palladium stock accumulated in 2017 and higher copper production volumes.

The revenue of Group KGMK segment increased 2% to USD 911 million. The main growth driver was higher realized metal prices, which was partly offset by lower revenue from tolling operations of Polar Division's feed due to depreciation of Russian rouble.

Revenue of NN Harjavalta increased 22% to USD 1,026 million mainly due to higher realized metal prices.

Revenue of GRK Bystrinskoye generated during the hot commissioning phase is included into other operating income and expenses.

Revenue of Other mining segment decreased 16% to USD 108 million mostly driven by lower Nkomati production volumes that was partly offset by higher realized metal prices.

Revenue of Other non-metallurgical segment increased 18% to USD 1,514 million owing to higher turnover of Palladium Fund.

In 2018, EBITDA of GMK Group segment increased 45% to USD 6,602 million owing primarily to higher revenue and depreciation of Russian rouble.

EBITDA of Group KGMK segment increased 4% to USD 190 million primarily owing to the increased revenue and lower cash costs due to depreciation of Russian rouble.

EBITDA of NN Harjavalta increased by USD 10 million to USD 71 million owing primarily to increased revenue.

EBITDA of GRK Bystrinskoye segment amounted to USD 96 million due to the revenue generated during the hot commissioning stage. In 2018, EBITDA of GRK Bystrinskoye segment also includes financial result from intersegment sales of concentrates.

EBITDA of Other non-metallurgical segment increased by USD 32 million to USD 50 million.

EBITDA of Unallocated segment decreased 5% to a negative USD 759 million. Higher selling, general and administrative expenses were partly offset by lower one-off social expenses.

SALES VOLUME AND REVENUE	**2018**	**2017**	**Change,%**
Metal sales			
Group			
Nickel, thousand tons[1]	217	216	0%
from own Russian feed	208	206	1%
from 3d parties feed	2	9	(78%)
in semi-products[3]	7	1	7x
Copper, thousand tons[1,2]	455	386	18%
from own Russian feed	431	365	18%
from 3d parties feed	–	3	(100%)
in semi-products[3]	24	18	33%
Palladium, koz[1]	2,974	2,450	21%
from own Russian feed	2,913	2,353	24%
from 3d parties feed	–	52	(100%)
in semi-products[3]	61	45	36%
Platinum, koz[1]	668	667	0%
from own Russian feed	657	639	3%
from 3d parties feed	–	18	(100%)
in semi-products[3]	11	10	10%
Average realized prices of refined metals produced by the Group			
Metal			
Nickel (USD per tonne)	13,531	10,704	26%
Copper (USD per tonne)	6,566	6,202	6%
Palladium (USD per oz)	1,025	858	19%
Platinum (USD per oz)	877	949	(8%)
Revenue, USD million[4]			
Nickel	3,013	2,416	25%
including semi-products	175	113	55%
Copper	2,977	2,422	23%
including semi-products	144	141	2%
Palladium	3,674	2,434	51%
including semi-products	98	87	13%
Platinum	596	654	(9%)
including semi-products	20	31	(35%)
Other metals	702	489	44%
including semi-products	55	52	6%
Revenue from metal sales	**10,962**	**8,415**	**30%**
Revenue from other sales	708	731	(3%)
Total revenue	**11,670**	**9,146**	**28%**

1) All information is reported on the 100% basis, excluding sales of metals and semi-products purchased from third parties and Nkomati
2) Excludes finish goods, produced by GRK "Bystynskoe"
3) Metal volumes represent metals contained in semi-products
4) Includes metals and semi-products purchased from third parties and Nkomati

Nickel

Nickel sales contributed 27% to the Group's total metal revenue in 2018 (vs 29% in 2017). The decrease by 2 p.p. was driven by an increase of copper and palladium sales volumes, which were partly offset by nickel price outperforming other metals' prices.

In 2018, nickel revenue increased 25% y-o-y (or by +USD 597 million) to USD 3,013 million primarily due to higher realized metal price.

The average realized price of refined nickel produced from own feed increased 26% to USD 13,531 per tonne in 2018 (vs USD 10,704 per tonne in 2017).

Sales volume of refined nickel produced from own Russian feed, increased by 1% (or +2 thousand tonnes) to 208 thousand tons.

Sales volume of nickel produced from third-party feed decreased 78% y-o-y to 2 thousand tonnes as Harjavalta reduced the processing volumes of third-party feed.

In 2018, sales of nickel in semi-products increased 55% y-o-y to USD 175 million primarily owing to higher sales volume of semi-products.

Copper

In 2018, copper sales accounted for 27% of the Group's total metal sales, increasing 23% (or +USD 555 million) y-o-y to USD 2,977 million primarily owing to higher sales volume (+USD 435 million) as well as higher realized price (+USD 120 million).

The average realized price of refined copper increased 6% from USD 6,202 per tonne in 2017 to USD 6,566 per tonne in 2018.

Physical volume of refined copper sales from the Company's own Russian feed increased 18% (or +66 thousand tons) to 431 thousand tons (excluding copper in concentrates, produced by GRK "Bystrinskoe") owing to higher copper production from concentrate purchased from Rostec.

Sales of refined copper, produced from third-party feed were completely ceased (reduction by 3 thousand tons).

Revenue from copper in semi-products in 2018 slightly increased 2% to USD 144 million.

Palladium

In 2018, palladium remained the largest contributor to the Group's total revenue, accounting for 34% (+ 5 p.p. y-o-y). Palladium revenue increased 51% (or +USD 1,240 million) to USD 3,674 million. The positive impact of higher sales volume (+USD 526 million) was amplified by increased realized price (+USD 406 million).

The average realized price of refined palladium produced from own feed increased 19% from USD 858 per troy ounce in 2017 to USD 1,025 per troy ounce in 2018.

Physical volume of refined palladium sales from the Company's own Russian feed in 2018 increased 24% (or +560 thousand troy ounces) to 2,913 thousand troy ounces. The increase in sales volume was driven by the sale of own metals from stock accumulated in the Company's Palladium Fund in 2017.

Refined palladium sales from third-party feed were completely ceased as processing of low-margin third-party feed was terminated in 2018.

Revenue of palladium in semi-products in 2018 increased by 13% to USD 98 million.

Additional USD 593 million to palladium revenue in 2018 was contributed by the resale of metal purchased from third parties (vs USD 285 million in 2017).

Platinum

In 2018, platinum sales (5% of the Group's total metal revenue) decreased 9% (or -USD 58 million) to USD 596 million following the decline of realized platinum price (-USD 51 million), which was exacerbated by lower sales volume (-USD 7 million).

Physical volume of refined platinum sales from the Company's own Russian feed in 2018 increased by 3% (or +18 thousand troy ounces) to 657 thousand troy ounces.

Revenue of platinum in semi-products in 2018 decreased 35% to USD 20 million primarily due to decrease of sales volume of platinum in purchased semi-products.

Other metals

In 2018, revenue from other metals increased 44% (+USD 213 million) to USD 702 million, primarily owing to higher revenue from cobalt (up 91%), rhodium (up 84%) and gold (up 11%).

Other sales

In 2018, other sales decreased 3% to USD 708 million, primarily owing to Russian rouble depreciation (-USD 47 million). Revenue increase in real terms was primarily driven by increase in fuel and gas prices and higher revenue from services provided by transport subsidiaries of the Group to third parties.

COST OF METAL SALES

Cost of metal sales

In 2018, the cost of metal sales increased 14% (or +USD 568 million) to USD 4,536 million. Main factors contributing to it were:

- Decrease in cash operating costs by 2% (or -USD 81 million);
- Increase in depreciation charges by 4% (or +USD 23 million);
- Change in metal inventories y-o-y primarily due to sales of palladium accumulated in 2017 (cost of metal sales increase by +USD 626 million).

Cash operating costs

In 2018, total cash operating costs decreased by 2% (or -USD 81 million) to USD 3,774 million.

The positive effect of Russian rouble depreciation (-USD 200 million) was partly offset by inflationary growth of cash operating costs by +USD 104 million.

Cost increase driven by the processing of Rostec concentrate (+USD 193 million) was partly offset by lower volumes of refined metals purchased for resale (-USD 100 million) and headcount reduction (-USD 58 million) as part of the 2018-2020 efficiency and cost optimization programme.

USD million	2018	2017	Change,%
Labour	1,311	1,392	(6%)
Materials and supplies	727	732	(1%)
Purchases of raw materials and semi-products	436	297	47%
Purchases of refined metals for resale	430	530	(19%)
Mineral extraction tax and other levies	212	221	(4%)
Third-party services	200	242	(17%)
Electricity and heat energy	143	143	0%
Fuel	87	81	7%
Transportation expenses	70	65	8%
Sundry costs	158	152	4%
Total cash operating costs	**3,774**	**3,855**	**(2%)**
Depreciation and amortisation	653	630	4%
Decrease/(increase) in metal inventories	109	(517)	n.a.
Total cost of metal sales	**4,536**	**3,968**	**14%**

Labour

In 2018, labour costs decreased by 6% (or -USD 81 million) to USD 1,311 million amounting to 35% of the Group's total cash operating costs driven by the following:

- -USD 89 million – cost decrease owing to the Russian rouble depreciation against US Dollar;
- -USD 58 million – cost decrease following the headcount reduction as part of 2018-2020 efficiency and cost optimization programme;
- +USD 66 million – increase in real terms primarily driven by the indexation of RUB-denominated salaries and wages in line with collective bargaining agreement.

Purchases of raw materials and semi-products

In 2018, purchases of raw materials and semi-products increased 47% (or USD 139 million) to USD 436 million driven by the following:

- +USD 193 million – cost increase owing to the processing of copper concentrate purchased from Rostec;
- -USD 24 million – cost decrease owing to lower volumes of semi-products purchased from Nkomati;
- -USD 23 million – cost reduction owing to lower volumes of purchased semi-products from third parties for processing at NN Harjavalta.

Purchases of metals for resale

In 2018, expenses related to purchase of metals for resale decreased 19% (or USD 100 million) to USD 430 million owing to lower metal volumes acquired by the Company's Palladium Fund.

Materials and supplies

In 2018, materials and supplies expenses decreased by 1% (or USD 5 million) to USD 727 million driven by the following factors:

- -USD 48 million – positive effect of the Russian rouble depreciation;
- +USD 32 million – inflationary growth in materials and supplies expenses;
- +USD 14 million – increase in consumption of process materials that was partly offset by a reduction in repairs.

Third-party services

In 2018, cost of third party services decreased by 17% (or USD 42 million) to USD 200 million mainly driven by:

- -USD 15 million – positive effect of the Russian rouble depreciation;
- -USD 27 million – costs decrease primarily due to lower repairs and outsourced concentrates recovery.

Mineral extraction tax and other levies

In 2018, mineral extraction tax and other levies decreased 4% (or by -USD 9 million) to USD 212 million driven by the depreciation of Russian rouble.

Electricity and heat energy

In 2018, electricity and heat energy expenses were flat year on year and amounted to USD 143 million. Positive effect of Russian rouble depreciation was partly offset by energy price inflation.

Fuel

In 2018, fuel expenses increased by 7% (or +USD 6 million) to USD 87 million driven by the following:

- -USD 5 million – positive effect of the Russian rouble depreciation;
- +USD 11 million – higher oil prices.

Transportation expenses

In 2018, transportation expenses increased by 8% (or +USD 5 million) to USD 70 million driven by the following:

- -USD 4 million – positive effect of the Russian rouble depreciation;
- +USD 7 million – costs increase driven by outsourcing of Kola MMC transportation activities and increase in metal production volumes.

Sundry costs

In 2018, sundry costs increased by 4% (or +USD 6 million) to USD 158 million.

Depreciation and amortisation

In 2018, depreciation and amortisation expenses increased by 4% (or +USD 23 million) to USD 653 million.

Positive effect of Russian rouble depreciation amounted to -USD 37 million.

Depreciation charges increased by +USD 60 million mainly due to transfers from construction in progress to production assets at the Company's operating subsidiaries in Russia and completion of downstream reconfiguration in 2H2017.

Decrease/(increase) in metal inventories

In 2018, comparative effect of change in metal inventory amounted to USD 626 million resulting in an increase of cost of metal sales, driven by the following:

- +USD 510 million – comparative effect of change in finished goods inventories owing primarily to the sale of palladium stock accumulated in 2017;
- +USD 116 million – comparative effect of slower growth of work-in-progress inventory relative to the prior year that resulted in cost increase.

COST OF OTHER SALES

In 2018, cost of other sales decreased by -USD 10 million to USD 622 million.

Russian rouble depreciation contributed to the reduction of the cost of other sales by -USD 41 million.

Cost of other sales increased in real terms by +USD 31 million primarily due to inflation, higher volumes of services provided by the Group's transportation subsidiaries, indexation of RUB-denominated salaries and wages, and growth of other services.

SELLING AND DISTRIBUTION EXPENSES

USD million	**2018**	**2017**	**Change,%**
Transportation expenses	39	38	3%
Marketing expenses	31	14	2x
Staff costs	14	13	8%
Other	8	10	(20%)
Total	**92**	**75**	**23%**

In 2018, selling and distribution expenses increased 23% (or +USD 17 million) to USD 92 million primarily due to increase of marketing expenses (+USD 17 million), including sponsorship of various sport activities.

GENERAL AND ADMINISTRATIVE EXPENSES

USD million	**2018**	**2017**	**Change,%**
Staff costs	541	478	13%
Taxes other than mineral extraction tax and income tax	103	79	30%
Third party services	93	97	(4%)
Depreciation and amortisation	38	32	19%
Rent expenses	23	25	(8%)
Transportation expenses	9	8	13%
Other	52	40	30%
Total	**859**	**759**	**13%**

In 2018, general and administrative expenses increased 13% (or +USD 100 million) to USD 859 million. Positive effect of Russian rouble depreciation amounted to -USD 50 million. General and administrative expenses increased in real terms primarily due to the following:

- +USD 95 million – increase in staff costs mainly due to one-off payments related to bonuses paid for the completion of key projects, changes in the Management Board as well as salary indexation;
- +USD 29 million – higher property tax owing to changes in tax legislation in 2018 and additions of property, plant and equipment on the books of Polar division and GRK "Bystrinskoye"

OTHER OPERATING INCOME AND EXPENSES

USD million	2018	2017	Change,%
Social expenses	207	303	(32%)
Change in allowance for obsolete and slow-moving inventory	15	11	36%
Change in allowance for expected credit losses	6	19	(68%)
Net income earned during the pre-commissioning stage	(106)	–	(100%)
Other, net	(27)	29	n.a.
Total	**95**	**362**	**(74%)**

In 2018, other net operating expenses decreased -USD 267 million to USD 95 million driven by the following factors:

- Decrease of social expenses by -USD 96 million primarily owing to the completion of large-scale one-off social projects;
- Net income earned by GRK "Bystrinskoye" from products sale during the hot commissioning stage (-USD 106 million).

FINANCE COSTS

USD million	2018	2017	Change,%
Interest expense on borrowings net of amounts capitalized	384	386	(1%)
Unwinding of discount on provisions and payables	100	133	(25%)
Changes in fair value of cross-currency interest rate swap	51	–	100%
Changes in fair value of non-current liabilities	46	–	100%
Other, net	(1)	16	n.a.
Total	**580**	**535**	**8%**

Increase in finance costs by 8% y-o-y to USD 580 million was mainly driven by changes in fair value of derivative contracts, namely cross-currency interest rate swaps, and non-current liabilities. Interest expense on borrowings (net of amounts capitalized) marginally decreased.

The Company managed to maintain the average cost of debt at the prior-year level, despite an increase of base interest rates (LIBOR) in the reporting period, as the result of a number of debt optimization initiatives, including:

- Refinancing some relatively expensive bilateral credit lines with the proceeds of 5-year USD 2.5 billion syndicated term loan, secured by the Company at the end of 2017 at interest rate of Libor 1M+1.50% per annum;
- Decrease in the effective interest rate on a number of existing credit lines totaling USD 755 million; and
- Early termination of relatively expensive GRK "Bystrinskoe" Project Finance Loan in August 2018.

INCOME TAX EXPENSE

In 2018, income tax expense increased by 17% to USD 843 million driven mostly by the increase of taxable profit, partly offset by Russian rouble depreciation against US Dollar in 2018.

The effective income tax rate in 2018 of 21.6% was above the Russian statutory tax rate of 20%, which was primarily driven by non-deductible social expenses.

USD million	**2018**	**2017**	**Change,%**
Current income tax expense	812	686	18%
Deferred tax expense	31	35	(11%)
Total	**843**	**721**	**17%**

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

USD million	**2018**	**2017**	**Change,%**
Russian Federation	789	672	17%
Finland	11	8	38%
Other countries	12	6	100%
Total	**812**	**686**	**18%**

EBITDA

USD million	**2018**	**2017**	**Change,%**
Operating profit	5,416	3,123	73%
Depreciation and amortisation	765	645	19%
Impairment of non-financial assets	50	227	(78%)
EBITDA	**6,231**	**3,995**	**56%**
EBITDA margin	**53%**	**44%**	**9 p.p.**

In 2018, EBITDA increased by 56% (or +USD 2,236 million) to USD 6,231 million with the EBITDA margin amounting to 53% (up from 44% in 2017) owing to higher metal revenue, decrease of one-off social expenses and Russian rouble depreciation.

NET PROFIT BEFORE NON-CASH WRITE-OFFS AND FOREIGN EXCHANGE DIFFERENCES

USD million	**2018**	**2017**	**Change,%**
Net profit	**3,059**	**2,123**	**44%**
Impairment of non-financial assets	50	227	(78%)
Foreign exchange loss/(gain), net	1,029	(159)	n.a.
Gain from disposal of subsidiaries	–	(20)	100%
Net profit before non-cash write offs and foreign exchange differences	**4,138**	**2,171**	**91%**

STATEMENT OF CASH FLOWS

USD million	2018	2017	Change,%
Cash generated from operations before changes in working capital and income tax	**6,339**	**4,103**	**54%**
Movements in working capital	941	(1,670)	n.a.
Income tax paid	(787)	(670)	17%
Net cash generated from operating activities	**6,493**	**1,763**	**4x**
Capital expenditure	(1,553)	(2,002)	(22%)
Other investing activities	(9)	66	n.a.
Net cash used in investing activities	**(1,562)**	**(1,936)**	**(19%)**
Free cash flow	**4,931**	**(173)**	**n.a.**
Interest paid	(551)	(642)	(14%)
Other financing activities	(3,753)	(1,595)	2x
Net cash used in financing activities	**(4,304)**	**(2,237)**	**92%**
Effects of foreign exchange differences on balances of cash and cash equivalents	(91)	(63)	44%
Net increase/(decrease) in cash and cash equivalents	**536**	**(2,473)**	**n.a.**

In 2018, free cash flow increased to USD 4.9 billion primarily due to higher cash generated from operating activities and lower CAPEX.

In 2018, net cash generated from operating activities increased 4-fold to USD 6.5 billion primarily driven by the increase in EBITDA and decrease of working capital in 2018 (versus increase in 2017).

Interest paid reduced by 14% to USD 551 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	2018	2017
Change of the net working capital in the balance sheet	**1,282**	**(1,694)**
Foreign exchange differences	(277)	115
Change in income tax payable	(5)	(7)
Other changes including reserves	(59)	(84)
Change of working capital per cash flow	**941**	**(1,670)**

Capital investments breakdown by project is presented below:

USD million	**2018**	**2017**	**Change,%**
Polar Division, including:	696	860	(19%)
Skalisty mine	218	216	1%
Taymirsky mine	71	93	(24%)
Komsomolsky mine	44	18	2x
Oktyabrsky mine	40	69	(42%)
Talnakh Concentrator	29	89	(67%)
Sulphur project	36	37	(3%)
Other Polar Division projects	258	338	(24%)
Kola MMC	292	228	28%
Chita (Bystrinsky) project	168	449	(63%)
Other production projects	386	453	(15%)
Other non-production assets	11	12	(8%)
Total	**1,553**	**2,002**	**(22%)**

In 2018, CAPEX decreased by 22% to USD 1.6 billion primarily due to the completion of Talnakh Concentrator modernization and the construction of Chita project as well as the projects related to the development of Pelyatkinskoye gas condensate field.

DEBT AND LIQUIDITY MANAGEMENT

USD million	**As of 31 December 2018**	**As of 31 December 2017**	**Change, USD million**	**Change,%**
Long-term	8,224	8,236	(12)	0%
Short-term	215	817	(602)	(74%)
Total debt	**8,439**	**9,053**	**(614)**	**(7%)**
Cash and cash equivalents	1,388	852	536	63%
Net debt	**7,051**	**8,201**	**(1,150)**	**(14%)**
Net debt /12M EBITDA	1.1x	2.1x	(1.0x)	

As of December 31, 2018, the Company's total debt decreased by 7% (or –USD 614 million) from December 31, 2017 and amounted to USD 8,439 million. The Company's debt portfolio remained predominantly long-term at the end of 2018 with the share of long-term debt of 97% (or USD 8,224 million) as compared to 91% (or USD 8,236 million) as of December 31, 2017.

Net debt/12M EBITDA ratio reduced to 1.1x as of December 31, 2018 from 2.1x as of December 31, 2017. The reduction of leverage resulted both from the decline of net debt by 14% to USD 7,051 million through the increase in cash and cash equivalents by 63% to USD 1,388 million and decrease in the Company's total debt and from increase of EBITDA by 56% (or +USD 2,236 million). Substantial growth of cash and cash equivalents was driven, inter alia, by the increase in advances received from customers in the amount of USD 900 million during 2018 at cost on par or lower of the cost of bank financing available for the Company. In 2018, the Company continued to build up and diversify its liquidity position, increasing committed credit lines to USD 4,290 million by December 31, 2018, and having registered in Q4 2018 the 30-year bond programme for a total amount of RUB 300 billion or the equivalent in other currencies.

In 2018, Nornickel continued to optimize its debt portfolio aiming at the extension of debt maturity and a reduction of foreign exchange risks of its financial liabilities, which allowed to maintain short-term debt refinancing risk as well as the share of RUB-denominated debt in the debt portfolio at a low level.

On January 29, 2018, Moody’s upgraded the Company’s credit rating to investment grade level of “Baa3” with “Positive” outlook in the wake of change of Russia's sovereign ceiling for foreign currency debt to “Baa3” from “Ba1” and change of Russia’s sovereign outlook to “Positive” from “Stable”. In Q4 2018, S&P Global and Fitch affirmed the Company’s credit ratings at investment grade level of “BBB-“ with “Stable” outlook. On November 30, 2018, Russian rating agency “Expert RA” assigned Nornickel its highest Russian credit rating “ruAAA” with “Stable” outlook. Therefore, as of December 31, 2018, Nornickel had investment grade credit ratings assigned from all three international rating agencies Fitch, Moody’s and S&P Global, and Russian credit agency “Expert RA”.

Attachment A

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018
US Dollars million

	For the year ended 31 December 2018	For the year ended 31 December 2017
Revenue		
Metal sales	10,962	8,415
Other sales	708	731
Total revenue	**11,670**	**9,146**
Cost of metal sales	(4,536)	(3,968)
Cost of other sales	(622)	(632)
Gross profit	**6,512**	**4,546**
General and administrative expenses	(859)	(759)
Selling and distribution expenses	(92)	(75)
Impairment of non-financial assets	(50)	(227)
Other operating income and expenses	(95)	(362)
Operating profit	**5,416**	**3,123**
Foreign exchange (loss)/gain, net	(1,029)	159
Finance costs	(580)	(535)
Gain from disposal of subsidiaries	–	20
Income from investments	95	77
Profit before tax	**3,902**	**2,844**
Income tax expense	(843)	(721)
Profit for the year	**3,059**	**2,123**
Attributable to:		
Shareholders of the parent company	3,085	2,129
Non-controlling interests	(26)	(6)
	3,059	**2,123**
EARNINGS PER SHARE		
Basic and diluted earnings per share attributable to shareholders of the parent company (US Dollars per share)	19.5	13.5

Attachment B

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

US Dollars million

	At 31 December 2018	At 31 December 2017
ASSETS		
Non-current assets		
Property, plant and equipment	9,934	10,960
Intangible assets	163	148
Other financial assets	141	192
Deferred tax assets	73	77
Other non-current assets	386	732
	10,697	**12,109**
Current assets		
Inventories	2,280	2,689
Trade and other receivables	204	327
Advances paid and prepaid expenses	75	71
Other financial assets	147	99
Income tax receivable	92	82
Other taxes receivable	271	296
Cash and cash equivalents	1,388	852
Other current assets	97	110
	4,554	**4,526**
TOTAL ASSETS	**15,251**	**16,635**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	6	6
Share premium	1,254	1,254
Translation reserve	(5,343)	(4,490)
Retained earnings	7,306	7,557
Equity attributable to shareholders of the parent company	**3,223**	**4,327**
Non-controlling interests	250	331
	3,473	**4,658**
Non-current liabilities		
Loans and borrowings	8,224	8,236
Provisions	365	464
Trade and other long-term payables	200	402
Derivative financial instruments	61	–
Deferred tax liabilities	385	407
Other long-term liabilities	185	116
	9,420	**9,625**
Current liabilities		
Loans and borrowings	215	817
Trade and other payables	1,551	783
Dividends payable	6	6
Employee benefit obligations	307	377
Provisions	77	189
Derivative financial instruments	5	24
Income tax payable	35	9
Other taxes payable	162	147
	2,358	**2,352**
TOTAL LIABILITIES	**11,778**	**11,977**
TOTAL EQUITY AND LIABILITIES	**15,251**	**16,635**

Attachment C

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018
US Dollars million

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

Attachment C

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

US Dollars million

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

Attachment D

NET WORKING CAPITAL

USD million	**31/12/2018**	**31/12/2017**	**Change**	**incl. effects of foreign exchange differences**
Finished goods	526	655	(129)	(81)
Work-in-process	1,134	1,329	(195)	(234)
Other inventories	620	705	(85)	(126)
Trade and other receivables	204	327	(123)	(15)
Advances paid and prepaid expenses	75	71	4	(17)
Taxes receivable	363	378	(15)	(61)
Employee benefit obligations	(307)	(377)	70	64
Trade and other payables	(1,551)	(783)	(768)	165
Taxes payable	(197)	(156)	(41)	28
Total working capital	**867**	**2,149**	**(1,282)**	**(277)**

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 refined nickel and palladium and a leading producer of platinum, cobalt, copper and rhodium. The company also produces gold, silver, iridium, selenium, ruthenium and tellurium.

The production units of NORILSK NICKEL Group include the Polar Division, located at the Norilsk Industrial District on Taimyr Peninsula, Kola Mining and Metallurgical Company located on the Kola Peninsula and Bystrinski GOK in the Zabaikalsky region in Russia as well as Harjavalta nickel refinery in Finland.

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

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