



NORNICKEL

PRESS RELEASE

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

NORILSK NICKEL HOSTS 2018 ANNUAL CAPITAL MARKETS DAY: ADVANCING ON THE PATH OF SUSTAINABLE GROWTH

London – PJSC "MMC "Norilsk Nickel", the largest refined nickel and palladium producer in the world, hosted today its annual Capital Markets Day. The Company's management has presented to the investment community the priorities of the new strategic cycle.

- **Health, safety and environment:** zero tolerance for fatalities and target of 20% annual reduction of LTIFR have been reiterated; the comprehensive environmental programme aiming to reduce sulphur dioxide emissions at both the Polar and Kola Divisions has been launched.
- **Efficiency improvements:** The new operating efficiency targets of labour productivity growth by 12-15% by 2020 and increase of metal production by 5-8% in the short-term have been announced.
- **Long-term growth targets:** The ambition to transform from a 'steady state' operation to a long-term growth story has been revealed with a strategic target for metal production growth from the existing asset base of 15-25% by 2025+ aiming to capture rising demand for nickel, copper and palladium driven by the structural changes in automotive sector.
- **Assessment of "blue sky" growth opportunities:** Evaluation of a unique mining project – potentially the world's largest greenfield PGM cluster (Arctic Palladium) is under way.

Health, Safety and Environment at the top of strategic agenda

The Company has reiterated its firm commitment to deliver major improvements in ESG performance. The target to dramatically decrease sulphur dioxide emissions from smelting operations in Russia has been confirmed, with a plan to reduce by at least 4-fold emissions in Norilsk by 2023 and 2-fold in Nickel town at the border with Norway.

The first phase of the programme has been successfully completed resulting in the 11% reduction of sulphur dioxide emissions at the Polar Division and approximately 30% reduction at Kola Division, while the emissions within the city of Norilsk residential area have been reduced by 30-35%.

In September 2018, the Company announced the launch of the second phase in the form of modernization of Sulphur production shop at the Copper Plant. The other key components of the second phase include construction of Sulphur dioxide capturing facilities and Sulphuric acid neutralization plant at Nadezhda smelter and modernization of Copper smelter.

Operating efficiency programme for 2018-2020

In the last five years, the Company modernized and streamlined its processing facilities and established a much leaner and efficient metallurgical footprint. Nornickel has announced an operating efficiency programme aiming for further improvement of the utilization of the existing asset base that is expected to generate 5-8% metal production growth in the short-term as well as 12-15% labour productivity improvement by 2020, while total cash cost inflation is expected to remain at or below CPI.

The programme will support the Company's balance sheet amid the Company's new investment cycle.

Transition to long-term growth to capture prospective metals demand

With the downstream reconfiguration project completed and the efficiency programme on track, Nornickel has outlined its new long-term growth ambitions.

The Company has announced long-term strategic growth targets for the existing mining assets for base metal production of 15% and for PGMs of 25% by 2025+. This production growth will be driven by the brownfield expansion of Talnakh mines as well as the development of South Cluster alongside the 3rd stage of Talnakh concentrator upgrade. Final investment decisions are expected in 2019.

Nornickel has indicated that it is considering additional value opportunities outside its current operational perimeter. This includes evaluation of the joint venture development of potentially the world's largest greenfield PGM project, Arctic Palladium.

The Company has further outlined opportunities in downstream cooperation, particularly, within the battery materials sector. Nornickel believes that being the world's largest producer of Class-1 nickel products, it has a strong competitive advantage to become the leading supplier to the fast growing battery materials industry.

Capital investment commitment reiterated

The Company has updated its medium term capital investment plans. On average, Nornickel is planning to invest up to USD 2.3bn in 2019 and USD 2.3-2.6 billion per annum in 2020-2022 under the 'baseline' investment programme, which includes environmental projects. In total, over the four-year period of 2019-2022 Nornickel is going to invest USD 10.5-11.5 billion, of which USD 1.3-1.5 billion capex could be potentially allocated to prospective growth projects, such as South Cluster and Talnakh Concentrator expansion, subject to final investment decisions on these.

Financial performance is on track to deliver on short-term targets

Nornickel is expecting over USD 300 million of additional EBITDA in 2018 thanks to the increase in production volumes and labour productivity. The Company is on track to reduce its working capital to USD 1 billion by YE2018 with working capital as of September 30, 2018 estimated at USD 1.4 billion.

Commenting on today's event **Nornickel's President Vladimir Potanin said,**

"New corporate strategy and the management's efforts that followed since the new team stepped in 2013 resulted in Nornickel delivering the global industry leading total

shareholder returns. This was specially challenging in 2018 taking into account turbulent external environment.

I believe that the new strategic cycle that Nornickel has entered will change the investors' perception of the company to a growth story. Our ambitions are supported by a sustainable financial model and the strategy that relies on long-term competitive advantages of the world's best Tier 1 assets. A number of prospective value creation opportunities outside our traditional perimeter in both upstream and downstream have been identified, which we will be further exploring in the coming years.

Nornickel has adopted a comprehensive digitalization strategy with pilot projects, expected to generate payback in a very short period of less than 2 years. Overall, we believe that our digitalization ambitions could develop the company into one of the technological leaders not just in Russia, but in the global mining industry.

Nornickel is committed to remain at the forefront of the Russian metals & mining industry in terms of its environmental and social responsibility and to be one of the largest contributors to the national economic growth."

The Strategy Day presentation is available on the Company's website here: <https://www.nornickel.com/investors/cmd/#2018>

The webcast of the event is available here: http://webcast.openbriefing.com/19112018_cmd_2018/

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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