



Moscow, May 27, 2021 — Norinickel, the world's largest producer of palladium and high-grade nickel and a major producer of platinum and copper presents the seventh review of the nickel and platinum group metals (PGM) markets prepared in alliance with ICBC Standard Bank on the basis of a fundamental analysis of world economic and industry data.

Full reports are available on [Norinickel's website](#).

Platinum Group Metals

In 2020, the PGMs industry felt the pinch from the COVID-19 pandemic, with the entire value chain from miners and scrap collectors to auto manufacturers and other industrial users experiencing the consequences of the crisis. Nevertheless, despite emerged constraints, market participants showed great flexibility and timely took the required measures, which allowed them to mitigate the pandemic's influence. Thanks to the massive support from the governments and central banks, the experts see a continued recovery of the PGMs market in 2021. The COVID-19 influence is not over yet and markets still experience aftershocks — e.g. the shortage of semiconductors reducing the automotive production by 2-3 million vehicles this year and with the impact expected in 2022 as well. However, the analysts expect that the automotive market and PGM consumption will recover to the pre-COVID levels

Palladium

The rebound in the automotive industry in the second half of 2020, especially in China, and processing capacities outages in South Africa kept the palladium market in a 0.3Moz deficit in 2020. This year, the experts see an impressive recovery in automotive demand and other industrial applications almost to the pre-COVID levels, although partially subdued by the chip shortage. This recovering demand will be met by the rebounding supply from South Africa and other regions as well as recycling. However, the suspension of Norinickel's concentrator and Oktyabrsky and Taimyrsky mines have widened the expected deficit of current supply vs demand to 0.9Moz in 2021 vs the previous estimate of a balanced market. This deficit will be partially eased by the supply from stocks, including the metal, which was produced but was not sold by Norinickel in 2020, and supply from other stocks accumulated previously.

Platinum

The platinum market (excluding investment) was in a surplus of 0.2Moz in 2020. The decline in industrial and jewellery consumption was offset by the reduced refined metal supply caused by the outages at processing facilities in South Africa, as well as lower scrap collection and SiC-based catalysts recycling challenges. At the same time, robust investment demand was able to absorb the excessive metal in full.

This year, the experts note the recovering mine production and recycling as well as the release of work-in-progress material in South Africa, while the demand rebound, although quite impressive, is not yet strong enough to consume all the metal units hitting the market in 2021. The experts expect the platinum market to be in a surplus of 1Moz (excl. investment) this year roughly the same compared to the previous estimate.

Nickel

Since the December report, the experts revised the market surplus for both 2020 and 2021. They currently estimate the surplus at 76 kt of nickel in 2020 (108 kt previously) and at 52 kt in 2021 (75 kt previously).

The experts believe that the post-COVID recovery of primary nickel demand by 15% year-on-year in 2021 will be offset by the massive expansion of the Indonesian nickel pig iron (NPI) capacities.

In 2022, they expect the surplus to exceed 100 kt on the back of a continuing expansion of low-grade nickel. An accelerated growth in the battery sector with its ever-tightening requirements for ESG-compliance and respective supply curtailments could mitigate the surplus.

The future market balance will be determined by the pace of electrification, the experts said. Currently, the electric vehicle market is growing at a double-digit rate thanks to the legislation support, government incentives, battery chemistry as well as the cost optimisation. The experts maintain the view that the long-term growth in nickel demand will primarily come from the battery sector and at a robust pace.

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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