



NLMK

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Q1 2008 RAS Financial Results for NLMK Group's major Russian companies

Novolipetsk Steel (NLMK) (LSE: NLMK) today announces Q1 2008 Russian Accounting Standards (RAS) financial results for the Group's major Russian companies¹.

RAS accounting results differ materially from US GAAP accounting results and are not comparable to financial statements prepared in accordance with US GAAP. The RAS accounting results of the Group's major Russian companies are not indicative of the financial condition or results of these entities under US GAAP. Reference should only be made to consolidated financial statements prepared in accordance with US GAAP for information with respect to NLMK Group's financial condition and results of operations. US GAAP results are to be announced in June, 2008.

Q1 2008 RAS financial results NLMK Group's Russian companies

(in thousands of rubles, except for percentages)

Novolipetsk Steel

	Q1 2008	Q4 2007	Q1 2007	Change, %	
				Q1 2008 / Q4 2007	Q1 2008 / Q1 2007
Revenue	38 608 829	40 892 267	36 526 665	-5.58%	5.70%
Gross profit	13 539 094	15 286 015	13 968 178	-11.43%	-3.07%
Operating profit	9 781 391	12 104 664	11 374 993	-19.19%	-14.01%
Net profit	7 417 181	9 918 002	9 545 498	-25.21%	-22.30%

VIZ-Stal

	Q1 2008	Q4 2007	Q1 2007	Change, %	
				Q1 2008 / Q4 2007	Q1 2008 / Q1 2007
Revenue	4 864 255	4 645 322	4 168 237	4.71%	16.70%
Gross profit	3 073 639	3 110 084	2 690 970	-1.17%	14.22%
Operating profit	2 945 498	2 983 910	2 587 454	-1.29%	13.84%
Net profit	2 351 668	2 373 746	1 937 175	-0.93%	21.40%

Stoilensky GOK

	Q1 2008	Q4 2007	Q1 2007	Change, %	
				Q1 2008 / Q4 2007	Q1 2008 / Q1 2007
Revenue	6 128 790	5 674 144	5 437 608	8.01%	12.71%
Gross profit	4 322 708	3 969 132	3 885 818	8.91%	11.24%
Operating profit	4 098 984	3 688 897	3 671 604	11.12%	11.64%
Net profit	3 490 869	3 085 238	3 000 040	13.15%	16.36%

Altai-Koks

	Q1 2008	Q4 2007	Q1 2007	Change, %	
				Q1 2008 / Q4 2007	Q1 2008 / Q1 2007
Revenue	6 295 902	5 771 797	3 472 679	9.08%	81.30%
Gross profit	1 748 776	2 716 561	756 143	-35.63%	131.28%
Operating profit	1 121 908	2 228 681	284 279	-49.66%	294.65%
Net profit	811 782	1 546 874	160 674	-47.52%	405.24%

TMTP

	Q1 2008	Q4 2007	Q1 2007	Change, %	
				Q1 2008 / Q4 2007	Q1 2008 / Q1 2007
Revenue	434 757	432 879	536 768	0.43%	-19.00%
Gross profit	251 109	271 717	317 277	-7.58%	-20.85%
Operating profit	233 213	252 870	299 053	-7.77%	-22.02%
Net profit	179 220	196 982	233 639	-9.02%	-23.29%

NTK

	Q1 2008	Q4 2007	Q1 2007	Change, %	
				Q1 2008 / Q4 2007	Q1 2008 / Q1 2007
Revenue	581 799	536 823	385 939	8.38%	50.75%
Gross profit	215 960	181 435	167 138	19.03%	29.21%
Operating profit	165 784	126 144	124 952	31.42%	32.68%
Net profit	134 069	93 907	93 204	42.77%	43.84%

Highlights

- **Decrease in Novolipetsk Steel's non-consolidated financial results**

The financial results of the main production site in Lipetsk were lower compared to the previous quarter. This was primarily due to lower export sales revenue, as the delivery basis was changed from CPT to FOB from January 2008. The reason for this delivery basis change was to increase control over the quality and period of delivery of NLMK Group's products to its overseas customers. This enlarged the gap (approximately two weeks) between the date of product sale and the date of sales revenue recognition in the Company's financial accounts. At the same time, Q1 2008 production volumes exceeded that of Q4 2007.

The key drivers of NLMK's revenue growth in Q1 2008 on quarter-on-quarter basis were an increase in prices for steel products and a change in the steel products sales structure so that the share of high value-added products in total products sales increased. Gross profit decreased due to an increase in prices for basic raw materials (on a non-consolidated basis). Q1 2007 proceeds from the disposal of energy assets was an additional factor that contributed to a decrease in net profit in Q1 2008 on a year-on-year.

- **VIZ-Stal financial results growth as compared to Q1 2007**

VIZ-Stal Q1 2008 financial results grew compared to the corresponding period last year due to price increases and growth in sales volumes.

VIZ-Stal results remained largely at the level of the previous quarter. A slight decrease in net profit is due to temporary changes in saleable product mix as well as seasonal factors.

- **Stoilensky GOK steady financial growth**

The growth of Stoilensky GOK's Q1 2008 financial results on a year-on-year basis was due to an increase in iron ore concentrate and sinter ore prices, while production costs traditionally remain low.

- **Altai-koks financial results q-o-q growth**

The increase in Altai-koks' key financial results compared to Q1 2007 was driven by coke price growth that began in H2 2007.

The q-o-q growth in Altai-koks' sales revenue was due to an increase in sales volumes as well as a strong pricing environment for the Company's key products. A decrease in profit is mainly attributable to an increase in coal concentrate prices.

- **Decrease in TMTP financial results**

The y-o-y decrease in TMTP's Q1 2008 financial results was mainly due to a reduction in bulk cargo transshipment volumes. The recognition of adjustments related to annual maintenance expenditures in 2007 caused the decrease in Q1 2008 gross profit on q-o-q basis.

- **Increase in NTK's financial results**

The substantial increase in NTK's financial results in Q1 2008 compared to the analyzed periods is attributable to expanding transportation volumes in leased railway cars as well as increasing volumes of third party owned railway cars operation services.

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