

## Key segmental highlights

USD million (unless stated otherwise)	2016	2015	Change
<b>Revenue</b>	8,259	8,542	(3%)
Group GMK <sup>1</sup>	6,194	6,590	(6%)
Group KGMK <sup>2</sup>	664	773	(14%)
NN Harjavalta	727	757	(4%)
Other metallurgical	7	30	(77%)
Other non- metallurgical	1,699	1,182	44%
Eliminations	(1,032)	(790)	31%
<b>EBITDA</b>	3,899	4,296	(9%)
Group GMK <sup>1</sup>	3,883	4,429	(12%)
Group KGMK <sup>2</sup>	117	257	(54%)
NN Harjavalta	45	63	(29%)
Other metallurgical	(11)	(12)	(8%)
Other non-metallurgical	119	(81)	(247%)
Eliminations	112	26	4x
Unallocated	(366)	(386)	(5%)
<b>EBITDA margin</b>	47%	50%	(3 p.p.)
Group GMK <sup>1</sup>	63%	67%	(4 p.p.)
Group KGMK <sup>2</sup>	18%	33%	(15 p.p.)
NN Harjavalta	6%	8%	(2 p.p.)
Other metallurgical	(157%)	(40%)	(117 p.p.)
Other non- metallurgical	7%	(7%)	14 p.p.

## Revenue

### REVENUE BY SEGMENT

In 2016, revenue of Group GMK segment decreased 6% y-o-y, while revenue of Group KGMK segment was down by 14% y-o-y, to USD 6,194 million and USD 664 million, respectively. In both segments the revenue decline was primarily driven by lower realized metal prices. In Group GMK segment this negative effect was partly offset by the sale of metal stocks.

Revenue of NN Harjavalta decreased 4% y-o-y to USD 727 million. This was primarily driven by lower realized metal prices, which was partly compensated for by an

increase of metals output resulting from the reconfiguration of the Company's metallurgical facilities in Russia.

Revenue of Other metallurgical segment decreased 77% y-o-y to USD 7 million following the sale of international assets in 2015.

Revenue of Other non-metallurgical segment increased 44% y-o-y to USD 1,699 million owing to the increased revenue of the Group's trading subsidiaries, resulting from recovery in metal prices and the sale of metal stocks in 2016.

<sup>1</sup> Includes Polar division and subsidiaries, supporting production in Norilsk.

<sup>2</sup> Includes Kola MMC and subsidiaries located in Monchegorsk agglomeration.

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## Sales volume and revenue

	2016	2015	Change
<b>REFINED METALS</b>			
<b>Russian operations</b>			
Nickel, thousand t	218	197	11%
Copper, thousand t	374	343	9%
Palladium, koz	2,779	2,464	13%
Platinum, koz	669	590	13%
<b>Finland</b>			
Nickel, thousand t	53	43	23%
<b>SEMI-PRODUCTS</b>			
<b>Finland</b>			
Copper cake, copper, thousand t <sup>1</sup>	10	13	(23%)
<b>Botswana</b>			
Nickel concentrate, nickel, thousand t <sup>1</sup>	-	1	(100%)
Nickel concentrate, copper, thousand t <sup>1</sup>	-	1	(100%)
<b>South Africa</b>			
Nickel concentrate, nickel, thousand t <sup>1</sup>	13	4	225%
Nickel concentrate, copper, thousand t <sup>1</sup>	6	2	3x
<b>METAL SALES</b>			
<b>Group</b>			
Nickel, thousand t <sup>2</sup>	271	240	13%
Copper, thousand t <sup>2</sup>	374	343	9%
Palladium, koz <sup>2</sup>	2,779	2,464	13%
Platinum, koz <sup>2</sup>	669	590	13%
Gold, koz <sup>2</sup>	155	93	67%
Rhodium, koz <sup>2</sup>	85	84	1%
Cobalt, thousand t <sup>2</sup>	5	5	-
Silver, koz <sup>2</sup>	2,565	1,915	34%
Semi-products, nickel, thousand t <sup>1</sup>	13	5	160%
Semi-products, copper, thousand t <sup>1</sup>	15	16	(6%)
Semi-products, palladium, koz <sup>1</sup>	115	100	15%
Semi-products, platinum, koz <sup>1</sup>	43	39	10%
Semi-products, gold, koz <sup>1</sup>	9	9	-
Semi-products, silver, koz <sup>1</sup>	148	142	4%

<sup>1</sup> Metal volumes are given in respect of metals contained in semi-products.<sup>2</sup> All information is reported on the 100% basis, excluding sales of metals purchased from third parties.

## REVENUE FROM METAL SALES

### Average realized prices of metals produced by Norilsk Nickel in Russia from its own feed

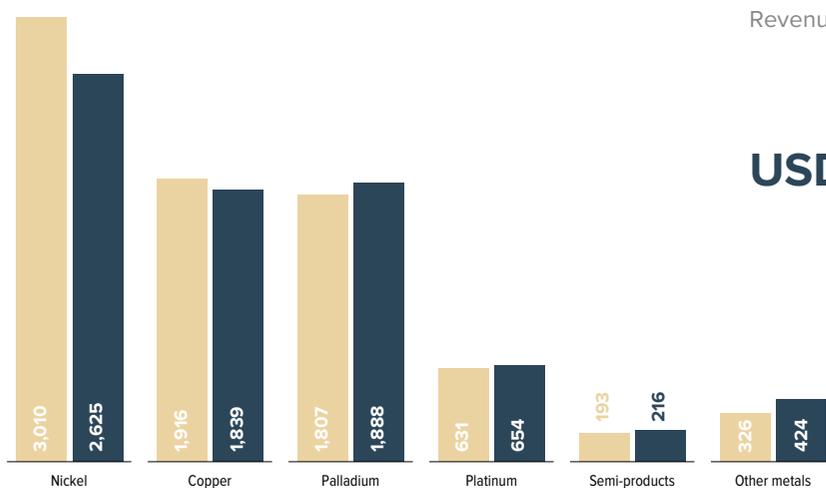
Metal	2016	2015	Change
Nickel (USD / t)	9,720	11 962	(19%)
Copper (USD / t)	4,912	5,585	(12%)
Palladium (USD / oz)	614	695	(12%)
Platinum (USD / oz)	977	1,057	(8%)
Cobalt (USD / t)	24,091	26,291	(8%)
Gold (USD / oz)	1,254	1,162	8%
Rhodium (USD / oz)	669	884	(24%)

### Revenue

USD mln	2016	2015	Change
Nickel	2,625	3,010	(13%)
Copper	1,839	1,916	(4%)
Palladium	1,888	1,807	4%
Platinum	654	631	4%
Semi-products	216	193	12%
Other metals	424	326	30%
Revenue from metal sales	7,646	7,883	(3%)
Revenue from other sales	613	659	(7%)
<b>Total revenue</b>	<b>8,259</b>	<b>8,542</b>	<b>(3%)</b>

### Revenue from metal sales, USD mln

● 2015 ● 2016



Revenue from metal sales in 2016

USD **7,646** mln

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### Nickel

Nickel remained the largest contributor to the Group's revenue comprising 34% of total metal sales in 2016 down from 38% in 2015 as nickel price fell the most relative to other metals within the Company's commodity basket.

In 2016, nickel revenue decreased by 13% y-o-y (or USD 385 million) to USD 2,625 million primarily due to lower nickel price (–USD 612 million) and reduction in re-sale of nickel purchased from third parties to meet contractual obligations (–USD 71 million), which was partly offset by higher sales volume of nickel produced from own feed (+USD 298 million).

The average realized price of nickel produced in Russia from own feed decreased by 19% y-o-y to USD 9,720 per tonne in 2016 from USD 11,962 per tonne in 2015.

Sales volume of nickel produced in Russia from own feed increased by 10% y-o-y (or 20 kt) to 215 kt. The increase in sales volume was primarily driven by the sale of metal from a temporary stock accumulated by the Company in the fourth quarter 2015.

The volume of nickel sales from purchased semi-products increased by 1 kt to 3 kt in 2016.

Sales volume of nickel produced by Norilsk Nickel Harjavalta increased by 23% y-o-y in 2016 to 53 kt as Harjavalta started to process the Company's own Russian feed in line with downstream reconfiguration.



### Copper

In 2016, copper sales accounted for 24% of the Group's total metal sales, down 4% y-o-y (or USD 77 million) to USD 1,839 million primarily owing to lower realized copper price (–USD 231 million) which was partly offset by the increase in sales volume (+USD 154 million).

The average realized price of copper produced in Russia from own feed was down by 12% y-o-y to USD 4,912 per tonne in 2016 from USD 5,585 in 2015.

Physical volume of copper sales from Russian feed increased by 9% y-o-y (or 29 kt) to 369 kt. The increase in sales volumes was driven by sale of metal from the temporary stock, which was built in the fourth quarter 2015.



### Palladium

In 2016, palladium sales accounted for 25% of the Group's total metal revenue. The Group's palladium revenue increased by 4% y-o-y (or by USD 81 million) to USD 1,888 million. The negative impact of lower realized price (–USD 201 million) was partly offset by the increased sales volumes (+USD 193 million). Additional USD 184 million of palladium revenue in 2016 came from the re-sale of metal purchased in the open market to fulfil the Company's contractual obligations (vs USD 95 million in 2015).

Sales of palladium produced in Russia from own feed remained unchanged y-o-y at USD 1,692 million. The revenue decline owing to lower realized palladium price (down 12% y-o-y) from USD 695 per troy ounce in 2015 to USD 614 per troy ounce in 2016 was fully compensated by higher palladium sales volume (up 13% y-o-y) resulting from the sale of metal from temporary stock.



### Platinum

In 2016, platinum sales accounted for 9% of the Group's total metal revenue. The platinum revenue increased by 4% y-o-y (or by USD 23 million) to USD 654 million primarily due to higher volumes of platinum sales (+USD 77 million) which was partly negatively offset by both lower realized platinum price (–USD 46 million) and lower re-sale of platinum purchased from third parties to meet contractual obligations (–USD 8 million).

The revenue from platinum produced in Russia from own feed increased by 6% y-o-y to USD 645 million. The revenue increased despite an 8% y-o-y decline in the average realized platinum price (from USD 1,057 per troy ounce in 2015 to USD 977 per troy ounce in 2016), which was fully offset by the increase in sales volumes (up 15% y-o-y) resulting from the sale of metal from temporary stock.

### Other metals

The other metals revenue was up 30% y-o-y (or by USD 98 million) to USD 424 million owing to the increase in gold (up 80%), silver (up 46%) and cobalt (up 15%) revenues which was partly negatively offset by lower rhodium revenue (down 23%).

Increase of revenue from other metals was driven by the physical sale volumes owing to stock sale (USD 103 million), partly offset by lower realized prices (–USD 5 million).

### Semi-products

In 2016, semi-products revenue (copper cake and nickel concentrate) increased by 12% y-o-y (or by USD 23 million) to USD 216 million, and accounted for 3% of the Group's total metal revenue. The increase was mainly driven by higher physical sales to third parties instead of intragroup sales for further processing.

### OTHER SALES

In 2016, the other sales revenue of USD 613 million was down by 7% y-o-y primarily due to Russian rouble depreciation against US dollar (negative effect of USD 51 million) and divestiture of non-core assets (negative effect of USD 73 million), which was partly positively offset by the increase of prices of services provided to third parties (positive effect by USD 16 million). Additionally, the other sales increased in real terms (USD 62 million) primarily as result of higher revenue of the Company's transport subsidiaries.

## Cost Of Metal Sales

### COST OF METALS SALES

In 2016, the cost of metal sales increased by 15% y-o-y (or by USD 486 million) to USD 3,651 million owing to:

- Reduction of cash operating costs by 3% y-o-y (USD 92 million);
- Decrease in depreciation charges by 4% y-o-y (USD 20 million);
- Change in metal inventories y-o-y (cost increase by USD 598 million) due to the sale of temporary metal stock.

Total cost of metal sales in 2016

USD **3,651** mln