2016 Strategy Update
New Platform to Deliver on Assets Modernization

London, May 2016
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Strategy Update 2016 – Agenda

- Strategic vision | Andrey Bugrov
- Operations Update | Sergey Dyachenko
- Investment Governance and Portfolio Update | Sergey Dubovitskiy
- Markets | Anton Berlin
- Financial Strategy and Results | Sergey Malyshev
- Corporate Governance | Andrey Bugrov
Strategic vision

Andrey BUGROV
Deputy Chairman of the Board, Senior Vice-President
Strategic Goals for 2016–2018 – “Three Years of Assets Modernization”

2013–2015

“Round 1”: Building Efficiency Platform

- ROIC/Tier I/capital discipline strategy adopted
- Refocusing on Tier I assets
- Successive “quick wins” – CapEx, working capital, operating costs
- Non-core and Non-Tier I disposals

2016–2018

“Round 2”: Assets Modernization

- Delivering on downstream reconfiguration / Closure of 1942 Nickel Plant
- Advancing on Environmental Protection / “One site” solution for the sulfur project
- Redefining copper value chain
- Launch of the new asset – Bystrinskiy project
- Verification of the business case for upstream growth optionality
Despite Challenging Commodity Market Environment…

… Norilsk Delivered Industry-leading Financial Results While Maintaining Conservative Leverage

Net Debt/EBITDA, 2015

<table>
<thead>
<tr>
<th>Peer</th>
<th>Net Debt/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer 1</td>
<td>1.1x</td>
</tr>
<tr>
<td>Peer 2</td>
<td>1.8x</td>
</tr>
<tr>
<td>Peer 3</td>
<td>2.7x</td>
</tr>
<tr>
<td>Peer 4</td>
<td>3.0x</td>
</tr>
<tr>
<td>Peer 5</td>
<td>3.6x</td>
</tr>
</tbody>
</table>

Note: the peers group includes Rio Tinto, BHP Billiton, Vale, Glencore, Anglo American
Capital Discipline in Numbers – Quick Wins of Norilsk Strategy “Round 1”

1. Operational Efficiency

Nickel Equivalent Unit Cash Cost (2012=100%)

-39%

2. Capital Discipline

Capital Expenditures (US$ in bn)

Guidance

2013: 2.0
2014: 1.3
2015: 1.7

3. Release of Unproductive Capital

Economic Impact of Initiatives (US$ in bn)

NWC’13–15 Reduction (1)
Non-core Assets Sales

2.0
0.8

Note: 1. Adjusted for external factors and one-off effects.
Industry-Leading Shareholder Returns

While the Global Metals & Mining Industry Lost Almost US$1.0 trillion in Shareholder Value…

Market Capitalisation of MSCI World Metals & Mining Index (US$ in trln)

Norilsk Nickel Delivered Positive and Industry Leading Total Shareholder Return, 2013–2016 YTD¹

Sources: Bloomberg, Companies data; The peer group includes Rio Tinto, BHP Billiton, Vale, Glencore, Anglo American.

Note: 1. For Norilsk Nickel and peers total shareholder return calculated as the total percentage change in share price, inclusive of all dividends paid and announced (ex-div date) in a period from April 2013 to April 2016. For indices and commodities – percentage change index from April 1, 2013 to April 1, 2016.
Strategic Focus for 2016–2018 – “Round 2”
Balanced, Modern and Environmentally Friendly Assets

**Balanced Ni smelting capacity**

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity, Mtpa</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.9</td>
</tr>
<tr>
<td>2016</td>
<td>2.4</td>
</tr>
</tbody>
</table>

**Comprehensive solution for “SO₂ problem” in Ni stream**
- Nickel plant shutdown in 2016
- SO₂ capturing project is under way

**Modern and flexible Ni-refining capacity**

<table>
<thead>
<tr>
<th>Capacity, Ktpa</th>
<th>Tank-house-2</th>
<th>NNH</th>
<th>Tank-house-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td></td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>+</td>
<td></td>
<td>+</td>
</tr>
</tbody>
</table>

**Copper Chain**

**New «copper configuration»—comprehensive solution for “SO₂ problem” in Cu stream (“One-site solution”)**

**Nadezhda Plant**

- Smelting (Copper plant)
- Upgrade of existing Sulphur production facility at the Copper plant
- Shutdown of the most polluting facilities

**Copper Plant**

- Electrowinning (Copper plant)
- Sulphur production from low-sulphur gases to be concentrated on one site – Nadezhda Sulphur Project
Strategic Focus for 2016–2018: Verification of Upstream Business Case and Strategic Options

Focus on Talnakh development

Verified mine plan - to maintain Norilsk Nickel metal production level in the long-term

Talnakh ore production, Mt

- 14.8 in 2015
- 15.5–16 in 2020
- 17.5–18.5 in 2025

+20–25%

Strategic options for future partnerships

1. Chita project – building a new mining center in Siberia / Far East region in partnership with Chinese and other potential investors
2. South Cluster:
   - potential development option – investment case for ore production growth up to 6Mtpa
   - partnerships to de-risk the project considered
Responsible Corporate Citizen in Dialogue with Stakeholders and Partnership with Government

Support of major nation-wide sports and cultural projects*
- Golden Mask Art Festival
- Football Union of Russia, CSKA Basketball Club, Sochi 2014 Olympic Games, Krasnoyarsk 2019 Winter Universiade, Golden Mask National Performance Arts Festival, Rosa Khutor Olympic Ski Resort

Sustainable development of territories
- Norilsk Airport (Alykel) reconstruction
- Norilsk City infrastructure:
  - Kindergartens
  - Hospitals
  - Water park
  - Shopping mall
  - Churches
- Fiber-optic high-speed internet to Norilsk
- Pasvik Natural Reserve

Employees partnership and motivation
- Renewed 3-year collective bargaining agreement
- ‘Our home’ and ‘My home’ housing programs
- ‘Cumulative equity pension’ program
- Relocation program for Norilsk citizens
- Subsidies on the basic food basket in Norilsk

Partnership with the Government
- Stable fiscal environment
- Early cancellation of export duties on nickel and copper
- Railroad to Bystrinsky project
- Co-financing of Norilsk Airport reconstruction
- Dialogue on support for environmental program
- Strategic partnerships with state-owned banks

* Football Union of Russia, CSKA Basketball Club, Sochi 2014 Olympic Games, Krasnoyarsk 2019 Winter Universiade, Golden Mask National Performance Arts Festival, Rosa Khutor Olympic Ski Resort
Promotions in the Top Management Team

Sergey Dubovitskiy  
Vice President  
Head of Strategy

- Joined Norilsk Nickel in 2013 as Head of Strategic Planning Department
- Spearheaded the development and updates of the corporate strategy, supervised capital investment policy
- Prior experience: 6 years in strategy function in the oil & gas industry and McKinsey&Co
- Holds MBA from INSEAD Business School

Vladimir Zhukov  
Vice President  
Head of Investor Relations

- Joined Norilsk Nickel as IR Director in 2013
- 15 years of experience in the metals and mining industry
- Prior experience: Metals and mining equity research analyst at HSBC, Lehman Brothers/Nomura, Alfa Bank
- Holds PhD from the University of Nottingham Business School
Operational Priorities

Uncompromised Focus on Health, Safety and Environment

1. Health & Safety culture change
   - Strategic aspiration for “Clean Norilsk” – with material progress achieved at both NN sites in 2016

2. “On Time/On Budget” Project Delivery
   - First phase of modernization is close to completion:
     - Talnakh concentrator – upgraded
     - Nadezhda smelter – upgraded
     - Norilsk nickel smelter shutdown – 75% complete
   - 15 mining (brownfield extensions) projects commissioned
   - Bystrinskiy project on track

3. Next Round of Modernization & Strategic Optionality
   - Second phase of modernization: comprehensive solutions for environmental issues:
     - cost-effective
     - based on new technologies/“no dogma” approach to solution space definition
   - Optionality for strategic partnerships – priority for scalable options with low risk and relatively short lead time (South Cluster)
Operations Update

- Focus on health, safety and environment – world-class standards
- Downstream reconfiguration is on track – over 50% of projects commissioned
- Major Upstream projects are on track
- Potential development projects – value creation options in case of market recovery
Adherence to High Health & Safety Standards – Progress Update

LTIFR Dynamics

<table>
<thead>
<tr>
<th>Year</th>
<th>LTIFR (1*10^-6)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>0.46</td>
<td>-24%</td>
</tr>
<tr>
<td>2015</td>
<td>0.61</td>
<td></td>
</tr>
</tbody>
</table>

Health and Safety Culture Change

<table>
<thead>
<tr>
<th>Period</th>
<th>DuPont Production Safety Culture Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 14</td>
<td>1.40</td>
</tr>
<tr>
<td>Mar 15</td>
<td>2.10</td>
</tr>
<tr>
<td>Mar 16</td>
<td>2.30</td>
</tr>
</tbody>
</table>

- Ongoing implementation of Group safety standards in key areas
- Production safety training and assessment program under way

Strategic Objectives:

1. Zero-fatality on production sites
2. Sustainable LTIFR improvement – two-year average went down by more than 20%
# Progress in Implementation of “Environmental Roadmap for New Norilsk”

<table>
<thead>
<tr>
<th>Project</th>
<th>Impact</th>
</tr>
</thead>
</table>
| Talnakh concentrator upgrade & expansion     | • Increased Sulphur content in tailings  
|                                              | • Enables moving smelting operations from Nickel to Nadezhda plant                           |
| Nickel plant agglomeration facility shutdown | • SO₂ emissions in residential areas to decrease by 170-190 ktpa                             |
| Nickel plant electric furnaces and anode smelters shutdown | • SO₂ emissions in residential areas to decrease by 160-180 ktpa                             |

- Emissions from facilities located outside of residential areas
- Emissions from facilities located within the city of Norilsk area

**Polar Division SO₂ Emissions Impact**

<table>
<thead>
<tr>
<th>Year</th>
<th>Emissions in Residential Areas cut by 30-35%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.8 (15%)</td>
</tr>
<tr>
<td>2017</td>
<td>1.5-1.6</td>
</tr>
</tbody>
</table>

**Emissions in residential areas cut by 30-35%**
“One Site” Solution

Previous solution: "Two sites – two independent projects"

- Nadezhda plant
- Copper plant

New solution: Single project with a number of modernization initiatives

- Nadezhda plant
- Copper plant

- Sulphur project #1
- Sulphur project #2
- Cu cathodes

- Achievements:
  - Achievement of regulatory targets for emissions reduction
  - Maintenance of copper production capacity
  - Projected CAPEX saving (to be specified based on detailed engineering)

Construction of new converters based on new technology of “weak” gases treatment
Nadezhda Sulphur Dioxide Capturing Project – Progress to Date

November’15
- Tender process Stage 1 was completed with a decision to separate detailed engineering and construction phases

December’15
- Feasibility study completed and approved by the government’s technical expertise («Glavgosexpertisa»)

January’16
- Stage 2 tender initiation

February’16
- Engineering survey on site is in progress

April’16
- Construction site preparation is in progress

May’16
- Detailed engineering contract awarded to one of the world leaders in engineering and construction market – SNC Lavalin

Dialogue with Russian Government on support measures for the Company’s environmental program launched
Production Reconfiguration Program – Overview

### Reconfiguration Program

**Assets Location**

<table>
<thead>
<tr>
<th>Polar Division</th>
<th>Kola Division</th>
<th>NN Harjavalta</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 Mines</td>
<td>Norilsk Concentrator</td>
<td>Copper Smelter</td>
</tr>
<tr>
<td>Talnakh Concentrator</td>
<td>Nadezhda Smelter</td>
<td>Copper Refinery</td>
</tr>
<tr>
<td>Kola Nickel Refinery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Mines</td>
<td>Zapolvarny Concentrator</td>
<td>Nickel Smelter</td>
</tr>
<tr>
<td>Ni cathodes</td>
<td>Ni salts</td>
<td>Harjavalta Refinery</td>
</tr>
<tr>
<td>Precious metals refinery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fe conc.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Mining**
- 7 Mines
- Talnakh Concentrator
- Zapolvarny Concentrator

**Concentrating**
- Norilsk Concentrator
- Zapolvarny Concentrator

**Smelting**
- Copper Smelter
- Nadezhda Smelter
- Nickel Smelter

**Refining**
- Copper Refinery
- Nickel Refinery

### Impact

- **Overall cost saving and improved recovery**
- **SO₂ emissions reduction by 15%** resulting from concentrator upgrade and Nickel plant shutdown; significant decrease of emissions in residential areas
- **Energy consumption reduction by Polar Division**
Reconfiguration Program – On-time Delivery in Progress

1. Nickel plant shutdown

   - 2014: Reconfiguration Program
   - 2015: Phase 1 completed
   - 2016: 75% of smelting capacity is down
   - >2017: Complete plant shutdown

2. Talnakh concentrator upgrade and capacity expansion

   - Phase 1 completed
   - Phase 2 completed

3. Nadezhda smelter upgrade

   - Smelter upgrade (phase 1) completed
   - Nadezhda plant upgrade completed; all Nickel smelting operations moved to Nadezhda

4. Kola downstream upgrade

   - Re-launch of the Nickel Tankhouse-1
   - Cobalt electrowinning facility launched
   - Concentrate briquetting facility launched

5. Kola refining upgrade and expansion

   - FS completed, regulatory approvals received, contractor selected
   - Construction works with gradual commissioning in 2017–2019
Nickel Plant Decommissioning – Two Main Facilities Shut Down in April

Current state

- To date – 75% of smelting capacity is down

Next steps

- All facilities to be shut down by October 2016
- 2016+ – closure and site rehabilitation
## Talnakh Concentrator Upgrade (Phase 2) – Successfully Completed

### Phase 1
- Optimized utilization
- Increased of nickel recovery rate by 1 p.p.

### Phase 2 – upgrade & capacity expansion to 10.2 mtpa
- Capacity increase up to **10.2 mtpa**
- Concentrate volume decrease enables Nickel plant shutdown
- Recovery improvement:
  - Impact of new technology (7.7 mtpa): Ni up to 1%
  - Impact of re-directing volumes from Norilsk concentrator to Talnakh (2.5 mtpa): Ni – 2 %, Cu – 2 %, PGM – up to 4 %

Completed in 2014

**Commissioned in May, 2016**

### Phase 3 (potential) – capacity expansion to 16.0 mtpa

Next steps:
- Update of project design as well as budget & schedule
- Confirmation of economic impact

Completed in 2014

**Commissioned in May, 2016**

### Reconfiguration Program

<table>
<thead>
<tr>
<th>Smelting capacity, Mmtpa</th>
<th>1.9</th>
<th>2.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Moving of all Ni smelting operations to Nadezhda plant

- **Norilsk concentrator**
- **Talnakh concentrator**
- **Nadezhda plant**
- **Nickel plant**
- **Kola refinery**
- **NNH**

- **Upgraded facilities**
  - Smelting
  - Concentrate drying
  - Filtering

### Upgrade of smelting, concentrate drying and filtering facilities
## Kola Downstream Modernisation: Launch of New Facilities and Added Synergy with Polar

### Reconfiguration Program

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Concentrate briquetting facility commissioned</td>
</tr>
<tr>
<td>2</td>
<td>Launch of cobalt cathodes production</td>
</tr>
<tr>
<td>3</td>
<td>Re-launch of Ni Tankhouse-1</td>
</tr>
</tbody>
</table>

**1. Concentrate briquetting facility commissioned**
- >30 ktpa reduction of SO₂ emissions
  - Reduction of emissions in the concentrate preparation stage (Zapolyarny production site)

**2. Launch of cobalt cathodes production**
- +US$25m EBITDA
  - Additional profitability compared to selling Co concentrate

**3. Re-launch of Ni Tankhouse-1**
- +45 ktpa of nickel production capacity
  - Additional capacity to balance production during reconfiguration program
Chlorine Leaching Technology in Kola Downstream – Targeting Further Efficiency Gains in 2018–2019

Reconfiguration Program

<table>
<thead>
<tr>
<th>What has been done?</th>
<th>Next steps</th>
<th>Expected impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Project design completed</td>
<td>▪ Equipment delivery</td>
<td>▪ Increase of extraction rate by &gt;1.0 p.p.</td>
</tr>
<tr>
<td>▪ Regulatory approvals received</td>
<td>▪ Construction works with staged commissioning of new chlorine leaching technology</td>
<td>▪ Decrease in unit cost at refining stage by ~10%</td>
</tr>
<tr>
<td>▪ EPC-contractor selected, construction contract signed</td>
<td>▪ Full capacity from 2019</td>
<td>▪ Improvement of work-in-progress turnover</td>
</tr>
<tr>
<td>▪ Zinc-recovery circuit is under construction</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Kola Ni refining capacity, ktpa

<table>
<thead>
<tr>
<th></th>
<th>Tankhouse-1</th>
<th>Tankhouse-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before</td>
<td>165 45</td>
<td>120</td>
</tr>
<tr>
<td>After</td>
<td>190 45</td>
<td>145</td>
</tr>
</tbody>
</table>
Reconfiguration Program Impact

### Capital Expenditures

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Expenditure Range (US$ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013–2019</td>
<td>260–290</td>
</tr>
<tr>
<td></td>
<td>340–360</td>
</tr>
<tr>
<td></td>
<td>400–420</td>
</tr>
<tr>
<td></td>
<td>1,010–1,070</td>
</tr>
</tbody>
</table>

**% Complete (May 2016):**
- 1,010–1,070
- 400–420
- 340–360
- 260–290

### Expected Impact

- **Government Support through the Cancellation of Ni and Cu Export Duties (Starting from August, 2014)**
- **Cost Optimization**
- **Improved Recovery Rates**
- **Work-in-progress Metal Release**

**Average Yearly EBITDA Impact Starting from 2018**
- US$250–300m
### Priority Upstream Brownfield Projects

#### Project Highlight

<table>
<thead>
<tr>
<th>Reserves covered by projects</th>
<th>Taimyrskiy Mine</th>
<th>Oktyabrskiy Mine</th>
<th>Komsomolskiy Mine²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ni¹</td>
<td>63 mt of ore</td>
<td>59 mt of ore</td>
<td>24 mt of ore</td>
</tr>
<tr>
<td>Cu¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PGM¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>63 mt of ore</td>
<td>59 mt of ore</td>
<td>24 mt of ore</td>
</tr>
<tr>
<td>Ore grade</td>
<td>2.3%</td>
<td>1.0%</td>
<td>1.5%</td>
</tr>
<tr>
<td>7.3 g/t</td>
<td>7.6 g/t</td>
<td>5.3 g/t</td>
<td></td>
</tr>
</tbody>
</table>

#### Project description

**Taimyrskiy Mine**
- Ore production ramp up to 3.9 mtpa by 2022
- Next stage to be launched in 2016
- CapEx 2016–2018: US$201m
- Completion: 52%

**Oktyabrskiy Mine**
- Maintain production at 5.0–5.2 mtpa until 2023
- Next stage to be launched in 2017
- CapEx 2016–2018: US$113m
- Completion: 40%

**Komsomolskiy Mine²**
- Maintain production at 3.8–4.1 mtpa until 2020
- Next stage to be launched in 2016
- CapEx 2016–2018: US$140m
- Completion: 47%

#### CapEx, US$m (actual 2015)

<table>
<thead>
<tr>
<th>Project</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taimyrskiy Mine</td>
<td>72.0</td>
</tr>
<tr>
<td>Oktyabrskiy Mine</td>
<td>70.0</td>
</tr>
<tr>
<td>Komsomolskiy Mine²</td>
<td>45.0</td>
</tr>
</tbody>
</table>

#### Completed in 2015

<table>
<thead>
<tr>
<th>Project</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taimyrskiy Mine</td>
<td>7,600m of underground shafts and drifts</td>
</tr>
<tr>
<td>Oktyabrskiy Mine</td>
<td>7,100m of underground shafts and drifts</td>
</tr>
<tr>
<td>Komsomolskiy Mine²</td>
<td>4,700m of underground shafts and drifts</td>
</tr>
</tbody>
</table>

#### On time/On budget

- ✔️ / ✔️

**Note:**
1. Ore grade.
2. Komsomolskiy mine data doesn’t include Skalistyi mine (Skalistyi mine is illustrated on a separate slide).
Skalisty Mine: Project Development on Track

**Project Highlight**

- **Ventilation Shaft**
  - 647 m (2013)
  - 490 m (2014)
  - 235 m (2015)

- **Main Shaft**
  - 150 m (2013)

- **Auxiliary Shafts**
  - 302 m (2014)

- **Ventilation Shaft**
  - 443 m (2015)

- **2200 m**

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**Project overview**

- Production capacity – 2.4 mtpa
- Ore reserves – 58 mt
- Estimated Project IRR > 30%
- CapEx 2016–2018: ~ US$650m,
  2015 CapEx ~ US$256m

**Project timeline**

- Commissioned mining capacity – 500 ktpa in 2015
- Next launch – 150 ktpa in 2016
- Completion of ventilation shaft #10 in 2018
- Completion of main shaft by 2019

**Project update**

- Progress in 2015:
  
  - 678m Shaft sinking
  - 2,200m Development
### Bystrinsky Project – Pit Design Optimization Results

**Operational profile**
- Pit optimization resulted in significant reduction in waste stripping
- This in turn allowed to convert additional 40mt of ore resources into mineable reserves

**Waste stripping**

**Upstream**

**Reserves & Resources:** 336 Mt
- Cu – 0.64%
- Fe – 20%
- Au – 0.8 g/t

**Capacity:** 10 Mtpa

**Production profile**

- Ore production and processing, Mt:
  - 2017: 2
  - 2018: 8
  - 2019: 9
  - 2020–2045: 10

**Annual production**

<table>
<thead>
<tr>
<th></th>
<th>2018–2020 (av.)</th>
<th>2021+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cu (in concentrate)</td>
<td>45–50</td>
<td>70–75</td>
</tr>
<tr>
<td>Au (in concentrate)</td>
<td>250–260</td>
<td>250–260</td>
</tr>
<tr>
<td>Fe (magnetite concentrate)</td>
<td>2000–2100</td>
<td>~2900</td>
</tr>
</tbody>
</table>

**Indicators at 1Q16 macro conditions**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CapEx’16–18</td>
<td>0.9</td>
</tr>
<tr>
<td>EBITDA’20+</td>
<td>0.4–0.5</td>
</tr>
<tr>
<td>IRR</td>
<td>&gt;30%</td>
</tr>
</tbody>
</table>

Source: Norilsk Nickel.
Bystrinsky Project: 45% Complete

Railway link to the project site is near completion (227 km, 3.7 mtpa capacity). Project financed in partnership with the Russian Government:
- Trial operation launched in December 2015, full commissioning in 2016

An agreement reached with «FGC UES» regarding power line construction and operation:
- 220kv power line construction is in progress. Commissioning is scheduled for 2Q17

Waste stripping at the open pits Ildikanskyi and Bystrinsky-2 is on schedule:
- 3m m³ of waste rock moved in 2015

Construction of main facilities/ordering of equipment on track:
- Contractors have been hired for the construction works (concentrator, camp, etc.);
- Ongoing construction of more than 20 facilities (ore supply, warehouses, etc.);
- All concentrator equipment has been ordered (Outotec, FL Smidth)
Bystrinsky Project: 45% Complete

Project Highlight

Primary Crusher Construction

Crushed Ore Stockpile

Administration Building

Mechanical Workshops

Source: Company data.
Further Conversion of Norilsk Unique Resource Base into Development Opportunities

Reserves and Resources – Polar Division (at 01/01/2016), mt

<table>
<thead>
<tr>
<th></th>
<th>2015 Strategy</th>
<th>Current state</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves covered by approved projects</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Resources confirmed for development by desktop studies</td>
<td>85%</td>
<td>56%</td>
</tr>
<tr>
<td>Reserves for further review</td>
<td>29%</td>
<td>2,103</td>
</tr>
</tbody>
</table>

Comments

- In addition to approved projects (15% of reserves) over 50% of reserves and resources were subject to desktop studies during 2015–2016
- Long-term development scenarios were identified – potential ore production increase of 5–7 Mtpa by 2025–2030
- Potential development scenarios:
  - Talnakh upstream projects
  - South Cluster development projects
  - Talnakh concentrator upgrade (3rd stage)
- Next stage – project design and schedule development, commencing Investment Committee procedures
Long-term Mining Outlook for Polar Division

Upstream Development Scenarios, mtpa (ore)

- South Cluster potential development option: marginal returns – “zero”-NPV (@20%) at YTD spot
- Base production profile is stress tested and demonstrates robust profitability even in “gloomy” market scenarios

Potential Talnakh concentrator upgrade (phase 3):
- Enables South Cluster development
- Provides efficiency gains through improved recoveries

Next steps:
- 2016–1H17:
  - Update of project design and economic model
  - Detailed scheduling
- 2H17: Final investment decision

Polar Division concentrating capacity after Talnakh-2: 19 Mtpa
Expansion of concentrating capacity after Talnakh-3: to 25 Mtpa

*Base case ore production profile: Talnakh + “sunset” South Cluster*
Screening for Potential Long-term Opportunities

**Strategic criteria:**

- Regions where NN can build on its competitive edge – Russian Federation
- Preferred products (metals) basket
- Potential to become Tier I asset
- Risk mitigation options (project financing, partnerships, etc.)

**Screening approach**

1. **East Siberia** – “home” region for NN/still underexplored
2. **Far East** – vast undeveloped resource potential and links to target Asian market

- Potential Copper greenfields
- Brownfield exploration
- Maslovske
- New exploration licenses
- Prospects around Chita project
**Production Guidance**

### Production Guidance from Russian Feedstock

<table>
<thead>
<tr>
<th></th>
<th>Ni/Cu – kt, PGM – t (saleable metal)</th>
<th>PGM</th>
<th>Cu</th>
<th>Ni</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2015</strong></td>
<td></td>
<td>99</td>
<td>353</td>
<td>224</td>
</tr>
<tr>
<td><strong>2016</strong></td>
<td></td>
<td>88-93</td>
<td>342-352</td>
<td>206-212</td>
</tr>
<tr>
<td><strong>2017</strong></td>
<td></td>
<td>95-100</td>
<td>370-380</td>
<td>215-220</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td></td>
<td>95-100</td>
<td>420-440</td>
<td>215-220</td>
</tr>
</tbody>
</table>

- The Company will maintain stable production levels after 2016
- Copper volumes growth due to grade increase (and from 2018 – due to launch of Bystrinskiy project)

- One-off increase of work-in-progress due to Nickel plant shutdown and moving refining operations to Kola division
Investment Governance and Portfolio Update

Sergey DUBOVITSKIY
Vice-President
Head of Strategy
<table>
<thead>
<tr>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Focus on Tier I Assets</strong></td>
</tr>
<tr>
<td>■ Most non-Tier 1 assets successfully exited, Stage II Strategic review underway</td>
</tr>
<tr>
<td><img src="image1.png" alt="Image" /></td>
</tr>
<tr>
<td><strong>Optimal Value Chain Footprint</strong></td>
</tr>
<tr>
<td>■ Unprecedented production reconfiguration program on track</td>
</tr>
<tr>
<td><img src="image2.png" alt="Image" /></td>
</tr>
<tr>
<td><strong>Capital and Investment Discipline</strong></td>
</tr>
<tr>
<td>■ Quality of investment governance enhanced</td>
</tr>
<tr>
<td>■ Stay-in-business CapEx and working capital optimized down to industry averages</td>
</tr>
<tr>
<td><img src="image3.png" alt="Image" /></td>
</tr>
<tr>
<td><strong>Social Responsibility</strong></td>
</tr>
<tr>
<td>■ Enhanced focus on Health &amp; Safety</td>
</tr>
<tr>
<td>■ Norilsk’s city area emissions cut by 30–35%</td>
</tr>
<tr>
<td><img src="image4.png" alt="Image" /></td>
</tr>
</tbody>
</table>
Strategic Context – Rise in Volatility Combined with Weak Prices…

Ni Spot Prices -60%, Ni Price Volatility +80%

Lessons Learnt from Previous Downturns: Number of Weeks When Ni Price Was Below Top Quartile of Cost Curve

Number of weeks with the price below upper cost quartile (years with average annual price below upper cost quartile only)

Source: Bloomberg, Norilsk Nickel data;
Note: Rolling annual volatility.
Driven by Tectonic Shift in Chinese Economic Model

GDP and Investments Growth Rate in China is Slowing Down


Structural Shift in Chinese Economy: Growth in Services, Reduction in Industry

... Impacting Negatively Metal Intensity of the Chinese Growth

Fixed-Asset Investments Growth
The Lowest Level Since 2000

China Fixed Assets Investments (Exc. Rural Households)
Cumulative YoY growth

Ni Demand Growth Rate in China to Normalize

…. Challenge the Validity of Many Investment Decisions in the Industry

Global Miners’ CapEx + M&A: Volatile Capital Intensity Tends to Overact in Up and Down Turns

(US$ in bn)

Source: Bloomberg, Norilsk Nickel data; Total CapEx includes major diversified peers – BHP Billiton, Rio Tinto, Vale, Anglo American, Glencore and Norilsk Nickel.
Norilsk Investment Strategy in the Industry Context

Global Miners Investments

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment (US$ in bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010–2012</td>
<td>224</td>
</tr>
<tr>
<td>2013–2015</td>
<td>158</td>
</tr>
<tr>
<td>2016–2018</td>
<td>61</td>
</tr>
</tbody>
</table>

Norilsk Nickel CapEx

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment (US$ in bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010–2012</td>
<td>6.6</td>
</tr>
<tr>
<td>2013–2015</td>
<td>4.9</td>
</tr>
<tr>
<td>2016–2018</td>
<td>4.9</td>
</tr>
</tbody>
</table>

- Robust (low-risk/high profitability) projects portfolio
- Enhanced focus on investment discipline (improved investment governance system implemented in 2013–2015)
- Consistent/solid investment program through the cycle

Source: Bloomberg, Norilsk Nickel data.
Strategic Priorities – Focus on Investment Discipline
US$1.0bn of Capital Investment Savings in 2014–2015

Annual CapEx (Norilsk Nickel)

(US$ in bn)

- Portfolio of highly profitable commercial projects – stress tested under spot macro parameters
- Major commercial projects are delivered on time/on budget (see details on the next slide)
- Stay-in-business investments optimized to industry benchmark levels

<table>
<thead>
<tr>
<th>Year</th>
<th>Stay-in-business Projects</th>
<th>Commercial Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2.0</td>
<td>0.7</td>
</tr>
<tr>
<td>2013</td>
<td>2.0</td>
<td>1.0</td>
</tr>
<tr>
<td>2014</td>
<td>1.3</td>
<td>0.7</td>
</tr>
<tr>
<td>2015</td>
<td>1.7</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Guidance / market expectation

- Stay-in-business Projects
- Commercial Projects

Norilsk Nickel
Strategic Priorities – Focus on Investment Discipline
Delivery On Key Investment Projects

**Schedule Deviation, % of Investments**
83% of Investments – On Schedule since 2013

- 83%
- 13%
- 4%
- Accelerated 19%

**Budget Deviation, % of Investments**
>95% of investments – On Budget/with Savings

- 96%
- 4%

- **Rigorous investment governance procedures in action**
- **Low-risk projects portfolio**
- **FX impact tailwind**
### Strategic Priorities – Focus on Investment Discipline

**Stress-tested Profitability of 2013 Upstream Projects Portfolio**

<table>
<thead>
<tr>
<th>Portfolio of Upstream Projects – Approved by the Investment Committee in 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IRR as of 01.01.2013 Based on Original Macro Parameters</strong></td>
</tr>
<tr>
<td>Project</td>
</tr>
<tr>
<td>Skalistaya Mine Projects</td>
</tr>
<tr>
<td>Komsomolsky Mine Projects</td>
</tr>
<tr>
<td>Taimyrsky Mine Projects</td>
</tr>
<tr>
<td>Oktyabrsky Mine Projects</td>
</tr>
<tr>
<td><strong>IRR as of 01.01.2013 Based on Spot Macro Parameters</strong></td>
</tr>
<tr>
<td>Project</td>
</tr>
<tr>
<td>Skalistaya Mine Projects</td>
</tr>
<tr>
<td>Komsomolsky Mine Projects</td>
</tr>
<tr>
<td>Taimyrsky Mine Projects</td>
</tr>
<tr>
<td>Oktyabrsky Mine Projects</td>
</tr>
</tbody>
</table>

Note: 1. Average 1Q16 macro parameters.
Strategic Priorities – Focus on Investment Discipline
Robust Returns of Current Upstream Projects Portfolio

Returns (Point-forward) Sensitivity of Approved Upstream Projects Portfolio\(^1\) to Macro Scenarios
As of 01.01.2016

<table>
<thead>
<tr>
<th>Ni price</th>
<th>RUB/US$ FX Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>45</td>
</tr>
<tr>
<td>3 000</td>
<td>55</td>
</tr>
<tr>
<td>6 000</td>
<td>60</td>
</tr>
<tr>
<td>9 000</td>
<td>65</td>
</tr>
<tr>
<td>12 000</td>
<td>70</td>
</tr>
<tr>
<td>15 000</td>
<td>75</td>
</tr>
<tr>
<td>18 000</td>
<td>80</td>
</tr>
</tbody>
</table>

- **IRR 59%** — At Average 1Q16 Macro Parameters
- **IRR 60%** — Other Actual (Short-term) Macro Data Points in 2Q15–1Q16

**Area of Returns Below 20%**

Note: 1. Excluding projects with launch in 2016.
Strategic Priorities – Focus on Investment Discipline
Stay-in-business CAPEX Optimisation

**Production Assets Maintenance**
- Implementation of risk assessment tools and long-term equipment replacement programs

**Energy Assets Maintenance**
- Strategy review for Energy business – revised technological solutions

**Approach**
- Implementation of Total Cost of Ownership approach
- Enhanced tendering procedures/Review of payment terms

**Examples**

<table>
<thead>
<tr>
<th>Example: capitalized maintenance dynamics</th>
<th>Example: Energy business strategy review</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="chart.png" alt="Graph showing Roubles vs. US$ inflation" /></td>
<td><img src="chart.png" alt="Graph showing energy business strategy" /></td>
</tr>
<tr>
<td>2012-2013 average</td>
<td>2015-2016 average</td>
</tr>
<tr>
<td>Roubles – zero inflation</td>
<td>US$ – &gt;40% optimization</td>
</tr>
<tr>
<td>Up to 20% of CapEx savings (excl. FX impact) while maintaining the same level of energy supply security (see next slide for more details)</td>
<td></td>
</tr>
</tbody>
</table>

### PV CAPEX in Energy Assets in 2016–2018

(US$ in m)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value (US$ m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Business Strategy “2012”</td>
<td>890</td>
</tr>
<tr>
<td>Revision of The Projects Portfolio</td>
<td>-220</td>
</tr>
<tr>
<td>Cost and Payment Schedule Optimization</td>
<td>-120</td>
</tr>
<tr>
<td>CapEx Program in the Same Scope</td>
<td>550</td>
</tr>
<tr>
<td>Additional Projects</td>
<td>+170</td>
</tr>
<tr>
<td>“Nov 2015” Strategy</td>
<td>720</td>
</tr>
</tbody>
</table>

-19–20%

- **Review of Gas Midstream development strategy based on revised technological solution**
- **Investments synchronized with demand dynamics**
- **Additional projects identified due to more rigorous planning process and risk assessment**
# 2016 Investment Plan

**US$0.5bn Optimization Vis-à-Vis the Guidance**

<table>
<thead>
<tr>
<th>Growth projects</th>
<th>500–550</th>
<th>Chita Copper Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Tier-1 status confirmed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>De-risking strategy in implementation – partnership and project financing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Base Investment Program

<table>
<thead>
<tr>
<th>Guidance</th>
<th>2.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving vis-à-vis the Guidance</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>240–270</td>
</tr>
<tr>
<td>330–370</td>
</tr>
<tr>
<td>140–160</td>
</tr>
<tr>
<td>250–290</td>
</tr>
<tr>
<td>430–490</td>
</tr>
</tbody>
</table>

### Downstream Reconfiguration
- Nickel Plant shutdown, completion of Nadezhda Plant upgrade, Talnakh concentrator upgrade – Phase 2 launch

### Upstream Projects
- Brownfield extension projects to maintain current production level

### Other Commercial Projects
- Efficiency improvement projects and initiatives (IT, automation, R&D, exploration, etc.)

### Maintenance of Infrastructure Assets
- Investments in Energy (gas, power) and Logistics (ports, fleet) assets

### Maintenance of Production Assets
- Investments in maintenance of production assets (equipment replacement, fulfilment of regulatory requirements, etc.)

### 2016 Plan US$ in m

<table>
<thead>
<tr>
<th>2016 Plan US$ in m</th>
</tr>
</thead>
<tbody>
<tr>
<td>250–290</td>
</tr>
<tr>
<td>330–370</td>
</tr>
<tr>
<td>140–160</td>
</tr>
<tr>
<td>250–290</td>
</tr>
<tr>
<td>430–490</td>
</tr>
</tbody>
</table>

## Cumulative CAPEX 2016–2018

<table>
<thead>
<tr>
<th>(US$ in bn)</th>
<th>Goals / Context</th>
<th>Potential Co-funding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth Projects</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>~0.9</td>
<td>Chita Copper Project</td>
<td>Project completion in 4Q2017 and ramp-up</td>
</tr>
<tr>
<td>TBD</td>
<td>Optional Projects</td>
<td>Investment decisions subject to market conditions and strategic review results</td>
</tr>
<tr>
<td><strong>Environmental Program</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TBD</td>
<td>Sulphur Dioxide Capturing Project</td>
<td>First phase of “One-Site Sulphur Project”</td>
</tr>
<tr>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.4</td>
<td>Reconfiguration</td>
<td>Full completion in 2019</td>
</tr>
<tr>
<td>1.2–1.4</td>
<td>Upstream Projects</td>
<td>Brownfield projects to maintain current level of production</td>
</tr>
<tr>
<td>0.4–0.5</td>
<td>Other Commercial Projects</td>
<td>Process upgrades (IT infrastructure, automation), R&amp;D, exploration, etc.</td>
</tr>
<tr>
<td>1.9–2.3</td>
<td>Stay-in-business Projects</td>
<td>Mandatory CapEx – to ensure undisrupted production processes and meeting of all obligations</td>
</tr>
</tbody>
</table>

## Base Investment Program

- **2016–2018**

<table>
<thead>
<tr>
<th>Year</th>
<th>Range (US$ in bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016–2018</td>
<td>0.5–0.6</td>
</tr>
<tr>
<td>2016–2018</td>
<td>1.2–1.4</td>
</tr>
<tr>
<td>2016–2018</td>
<td>0.4–0.5</td>
</tr>
<tr>
<td>2016–2018</td>
<td>1.9–2.3</td>
</tr>
</tbody>
</table>
Norilsk Asset Portfolio – Status Update

Norilsk Asset Portfolio

- Core Assets
  - Kola
  - Bystrinsky
  - Maslovskoe
- Tier I
  - Polar: Talnakh Cluster
  - Gas UpstreamCo
  - Nnh
- Strategic Review
  - Polar: South Cluster (PGM/Tail Co)
- Non-Tier I/Supporting Business
  - Honeymoon Well
  - Nkomati (50%)
  - Arkhangelsk Port
  - Inter Rao (13.2%)
  - Tati Nickel (85%)
  - Nordavia
  - Australian assets
  - Minority stakes in power grid companies
  - Other non-core assets

Cash Proceeds & Foregone Liabilities

- Closed: US$0.8bn
- In Closing: US$0.6bn(2)

Note: 1. Closure pending due to regulatory approvals
2. Including proceeds from the sale of 0.79% treasury shares (US$158m).
## Norilsk’s Legacy Assets – Status Update

<table>
<thead>
<tr>
<th>Overview</th>
<th>Pro-Forma Revenue</th>
<th>Core/tier 1?</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(FY’15, US$ in bn)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>~0.4</td>
<td>✓/✗</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **PGM-rich mines (open pit & underground) with own concentrating facility located within Polar Division**

- **Upstream cluster of 4 developed gas fields in close proximity to the Polar Division**

- **Norilsk Polar “South Cluster”**

- **Norilsk gas upstream**
Bystrinsky Project De-Risking Plan – Implemented

Realized De-Risking Initiatives:

**Leveraging Public-Private Partnerships:**
- Railway link construction on track; to be completed by the end of the year
- Agreement with Federal Grid and VTB bank on construction and financing of grid infrastructure

**Bringing high-quality strategic partners:**
- Sale of a minority stake (13.33%) to a consortium of Chinese investors. Binding agreement signed in 2015

**Securing project financing:**
- US$800m facility from Sberbank for 8 years approved; first installment received in May 2016

Project Status

- **Project Launch:** On track, planned for 4Q17
- **Residual CAPEX:** ~US$0.9bn

Best-in-class mining greenfield project

Tier-1 status in Norilsk portfolio

Norilsk reiterates its strategic interest in operating the project and increasing its footprint in the region
Adaptive Dividend Targets Providing Superior Shareholder Returns and Balanced Financial Model

**Uses**

- **New Dividend Targets with Improved Flexibility**
  - Dividend Floor 3.65
  - Environmental Projects & Chita
  - Base CapEx 4.4
  - Dependent on Net debt/EBITDA

- **Highly Profitable, Disciplined CapEx Programme**

**Sources**

- **Highest quality Tier I mining assets – strong margins and cash generation even at cycle lows**
- **Ample liquidity – US$6bn in cash and committed credit lines as of 1Q16**
- **Project financing for Bystrinskiy Project (up to US$0.8bn)**
- **Proceeds from the sale of non-core assets (executed/signed transactions)**

Further strategic optionality – ongoing strategic review and non-core asset disposal programs, potential pre-payment/streaming options

**2016–2018**
Superior Shareholder Returns

Leading Mining Companies - Projected Dividend Yield for 2016 FY

Corresponding to the minimum dividend of $1.3bn*

<table>
<thead>
<tr>
<th>Company</th>
<th>Dividend Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norilsk Nickel</td>
<td>6.2%</td>
</tr>
<tr>
<td>Peer 1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Peer 2</td>
<td>1.7%</td>
</tr>
<tr>
<td>Peer 3</td>
<td>0.1%</td>
</tr>
<tr>
<td>Peer 4</td>
<td>0.0%</td>
</tr>
<tr>
<td>Peer 5</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Note: 1. Projected dividend yield (ex-date) based on 2016 FY (including interim and final dividends for 2016 FY) - minimal definition of the “floor”, to be increased by Nkomati deal proceeds.
Key Takeaways

Norilsk in the industry context – consistent and solid investment program through the cycle

(incl. “Base Investment Program”, Chita, 1st Phase of Environmental Program and potential options)

“Base investment program”:
– US$ 4.4bn cumulatively for 2016-2018
– Portfolio of verified investments: optimized stay-in-business CAPEX levels and stress-tested commercial projects

Portfolio Review: non-core assets disposal program well advanced; ongoing strategic review of the “legacy” assets; de-risking plan for Bystrinskiy project implemented

Strategic financial model enhanced through adaptive dividend targets – balanced and providing superior shareholder returns
Macro-Driven Commodity Prices, Increased Volatility

Commodity Prices are Inversely Correlated with Trade-Weighted US Dollar

Source: Company data, Bloomberg, WoodMackenzie; As of 25th April 2016.

Note: USTWBROA Index is a broad trade-weighted USD index relative to other world currencies, as reported by the US Federal Reserve.
Lowering of the Cost Curve Driven by Currencies and Oil Price Depreciation

Mining Currencies and Oil Price Decline vs. USD

End of March 2016/ End of December 2014,

C1 Nickel Total Projects Cash Costs (ex. Norilsk) Down 23% Driven Mainly by Currencies & Oil

Source: Company data, Bloomberg, WoodMackenzie.
Note: C1 cash cost 2016 updated as of April, 2016
Speculative Pressure Running High on Demand Concerns

Speculative Pressure on Metals Running High: Change in Exchange Trading Positions

1Q 2016/4Q 2014¹

Ni Speculations at Record High Levels: LME Turnover Over 200x of Physical Market

Mt

Source: Company data.
Note: 1. NYMEX,LME data used for metal trading positions.
Sharp Downward Adjustment of Consensus Forecasts

Nickel LME Forward Curve: No Sense of Direction

<table>
<thead>
<tr>
<th>Spot</th>
<th>3M</th>
<th>15M</th>
<th>27M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 2015</td>
<td></td>
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<tr>
<td>Jun 2015</td>
<td></td>
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<tr>
<td>Apr 2016</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

US$/t

Analyst Consensus Ni Price Forecast: Sharp Downward Adjustment, Bullish Outlook Retained

<table>
<thead>
<tr>
<th>Spot</th>
<th>3M</th>
<th>15M</th>
<th>27M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 2015</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Jul 2015</td>
<td></td>
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<tr>
<td>Apr 2016</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Sep 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Company data, Bloomberg.
Nickel Market: Little Guidance from Inventory Movements

Total Exchange Inventories Up 19% in 2015, Relocation from LME to SHFE

LME Inventories: Relocation Between Asian Warehouses Since 2H 2015

Source: Bloomberg, Company data;
Ni-Intensive Stainless Steel in China – Healthy Demand

Variety of Chinese Sources: Ni-intensive Stainless Steel Production Up 5–11% in 2015

... with Modest Growth Rates Continuing into 1Q 2016

Source: Company data, Umetal, BGRIMM, TSSINFO
China – Nickel Destocking in 2015 and Surge of Ni Imports

Implied Ni Units Destocking in China Excluding Build Up of SHFE Inventory (48 kt) in 2015

Strong Increase of Fe-Ni and Refined Ni Imports to China in 2015 Extended into 1Q 2016

Source: Company data, China customs statistics, Bloomberg, TSSINFO, UMETAL.
Supply Rigidity – Investment Cycle

Major Ni Projects Ramp-up When Ni Market is Trending Downward

High Reported Ni Stocks: After 3Y of Potential Drawdowns Inventory Would Still Run High

- Industry inertia (cycles)
- Barriers to exit/re-entry
- Political considerations

- Constant inventory re-allocation
- Unknown off-exchange stocks

Source: Bloomberg, Norilsk Nickel data
Slow Response From Supply Side Helped by Lowering Cost Curve

1Q 2016 Average Ni Cash Cost (C1) Down 23% vs. 4Q 2014

- Flattening of the Cost Curve
- Decreasing marginal cost – reduced support for Ni price

Only a Quarter of Loss Making Capacity Runs a Shut-Down Risk

At Spot Price, Over 70% of Global Nickel Production is Making a Cash Loss …

... but Only 17% Run a Shut-down Risk

Ni Industry Has Entered a Major Restructuring Phase

Production cuts and shut-downs, kt

Most of the Ni Industry Became EBITDA Negative Only in 2H 2015 …

Pressure on Loss Making Ni Producers Rising Rapidly

EBITDA Ni Segments

Ni price, US$/t

Re-based to Nickel Price, US$/t

Performance H-o-H

Source: Bloomberg, Norilsk Nickel data

Note: Combined EBITDA includes results of Anglo American, Glencore, Sherritt, BHP Billiton and ERAMET nickel business units
Nickel Feed for China: Philippines

Nickel Ore Imports from Philippines to China Were Down 26% in 2015 and Continue to Fall in 2016

- 2015 YoY: (26)%
- 1Q 2016 YoY: (25)%

Mine Life of Nickel Ore Reserves with Ni Grade >1.5% in Philippines is Less than 3 Years

- 2.6 Number of Years

Source: Company data, China customs statistics, Bloomberg
Nickel Feed for China: Indonesia

Only 3 Projects in Indonesia Have High Probability of Completion

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Process</th>
<th>Status</th>
<th>Start Year</th>
<th>Capacity, Kt pa Ni</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indoferro</td>
<td>BF</td>
<td>Started</td>
<td>2013</td>
<td>18</td>
</tr>
<tr>
<td>PT Cahaya Modern Metal Industry</td>
<td>BF</td>
<td>Started</td>
<td>2014</td>
<td>4</td>
</tr>
<tr>
<td>Tsingshan</td>
<td>RKEF</td>
<td>Started</td>
<td>2015</td>
<td>30</td>
</tr>
<tr>
<td>Tsingshan 2–3 stages</td>
<td>RKEF</td>
<td>High</td>
<td>2015</td>
<td>60-120</td>
</tr>
<tr>
<td>9 projects</td>
<td>RKEF, BF</td>
<td>Medium</td>
<td>2016-2018</td>
<td>70</td>
</tr>
<tr>
<td>8 projects</td>
<td>RKEF, BF, Leach</td>
<td>Low</td>
<td>2016-2017</td>
<td>150</td>
</tr>
</tbody>
</table>

Indonesia NPI Output Forecast for 2015-2017

Source: Company data, China customs statistics, Bloomberg.
Nickel Market Moving into Deficit in 2016

Moderate Supply Cuts Have Been Triggered …

... while Global Consumption Holds …

… and Growth Reliant on China

Source: Company data.
Palladium Market in Structural Deficit

Palladium ETFs Holdings Change: Driven by the Macro Concerns

Koz

<table>
<thead>
<tr>
<th>Year</th>
<th>Holdings</th>
<th>Change</th>
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<tbody>
<tr>
<td>2008</td>
<td>381</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>507</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>1,104</td>
<td>(520)</td>
</tr>
<tr>
<td>2011</td>
<td>430</td>
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<tr>
<td>2012</td>
<td>24</td>
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<tr>
<td>2013</td>
<td>904</td>
<td>(703)</td>
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<td>2014</td>
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<td>(24)</td>
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<tr>
<td>2015</td>
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</tr>
<tr>
<td>2016YTD</td>
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</table>

Global Palladium Market: Structural Deficit

Kt

<table>
<thead>
<tr>
<th>Year</th>
<th>Surplus/(Deficit), Koz</th>
</tr>
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<tbody>
<tr>
<td>2010</td>
<td>1,015</td>
</tr>
<tr>
<td>2011</td>
<td>(435)</td>
</tr>
<tr>
<td>2012</td>
<td>(225)</td>
</tr>
<tr>
<td>2013</td>
<td>(655)</td>
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<td>2014</td>
<td>(1,622)</td>
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<tr>
<td>2015</td>
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<td>2016E</td>
<td></td>
</tr>
<tr>
<td>2017E</td>
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</tbody>
</table>

Source: Norilsk Nickel data.
Platinum Market – Deficit Holds


<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016YTD</th>
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<tbody>
<tr>
<td>Outflow</td>
<td>102</td>
<td>384</td>
<td>583</td>
<td>183</td>
<td>276</td>
<td>902</td>
<td>228</td>
<td>72</td>
<td>(278)</td>
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</table>

Global Platinum Market: Deficit Holds

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(Deficit), Koz</td>
<td>247</td>
<td>233</td>
<td>(261)</td>
<td>(574)</td>
<td>(975)</td>
<td>ETF Outflow</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Norilsk Nickel data.
PGM Demand Drivers In Automotive Industry – Tightening Environmental Regulations

Increasing Complexity of Emission Systems and Powertrains Requires Higher PGM Loadings

- **Gasoline**
  - Requires soot (particulate matter) filter (Euro 6c) = more PGMs

- **Diesel**
  - Requires advanced NOx control (SCR, LNT, SCR-LNT)

- **Hybrid**
  - Smaller engines but frequent “cold start” requires more PGMs loadings

- **Direct injection**
  - Cooler exhaust gas, higher HC and soot requires more PGMs in catalyst

- **Gasoline Lean burn**
  - Requires LNT = more PGMs

- **Fuel Cell**
  - Current ~30 g Pt per vehicle
  - Pd for hydrogen production and storage

---

**Tightening Emission Legislation**

<table>
<thead>
<tr>
<th>Year</th>
<th>Europe</th>
<th>North America EPA</th>
<th>North America CARB</th>
<th>Japan</th>
<th>South Korea (Gasoline)</th>
<th>South Korea (Diesel)</th>
<th>China (Beijing)</th>
<th>China (Nationwide)</th>
<th>India</th>
<th>Indonesia</th>
<th>Thailand</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Eu 6b</td>
<td>Tier 2</td>
<td>LEV III Phase In:</td>
<td>JP09</td>
<td>K-ULEV</td>
<td>Eu 6b</td>
<td>BJ5 (EU 5)</td>
<td>China 4 (EU 4)</td>
<td>BS4 (EU 4)</td>
<td>EU 2</td>
<td>EU 4</td>
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<tr>
<td>2016</td>
<td>Eu 6c/RDE Phase 1</td>
<td>Tier 3 Phase In: NMOG + Nox, PM Tightening</td>
<td>LEV III Phase In: NMOG + Nox, PM Tightening</td>
<td></td>
<td>K-ULEV 70</td>
<td>Eu 6c</td>
<td>BJ6</td>
<td>China 5 (EU 5)</td>
<td>BS6 (EU 6)</td>
<td>EU 4</td>
<td>EU 5</td>
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<tr>
<td>2017</td>
<td>RDE Phase 2/95 g/km CO₂</td>
<td>LEV III Further Tightening</td>
<td></td>
<td></td>
<td>K-SULEV?</td>
<td></td>
<td>BJ6 Phase 2</td>
<td>China 6</td>
<td></td>
<td></td>
<td>EU 6</td>
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<td>2018</td>
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<td>2025</td>
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</tr>
</tbody>
</table>

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Source: Norilsk Nickel analysis, Johnson Matthey
PGM Demand Drivers In Automotive Industry – Rising Vehicle Production

Total Number of Vehicles Forecasted to Increase: Gasoline Remains the Main Driver

Global Light Vehicle Sales Expected to Grow in 2016

Source: Norilsk Nickel analysis, IHS estimates
Copper Market: China Driven Demand and Low Global Inventories

China Remains the Main Driver for Cu Consumption Growth

LME Copper Price Near Multi Year Lows while Inventories Run Tight

Source: Company data, Macquaire Research, Wood Mackenzie.
Copper Market Remains Balanced, Supply Disruptions - Limited

Copper Supply Disruptions: Unfold in 2015 at 5% in Line with Historical Average

Copper Supply/Demand Balance

Source: Company data, Macquaire Research, Wood Mackenzie
## Metal Markets Outlook

<table>
<thead>
<tr>
<th>Metal</th>
<th>Inventory (days of consumption)</th>
<th>Loss making production (% of cost curve)</th>
<th>Forecasted market balance</th>
<th>Medium-term fundamentals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nickel</td>
<td><img src="image" alt="Graph" /></td>
<td><img src="image" alt="Graph" /></td>
<td><img src="image" alt="Graph" /></td>
<td><img src="image" alt="Graph" /></td>
</tr>
<tr>
<td>Palladium</td>
<td><img src="image" alt="Graph" /></td>
<td><img src="image" alt="Graph" /></td>
<td><img src="image" alt="Graph" /></td>
<td><img src="image" alt="Graph" /></td>
</tr>
<tr>
<td>Platinum</td>
<td><img src="image" alt="Graph" /></td>
<td><img src="image" alt="Graph" /></td>
<td><img src="image" alt="Graph" /></td>
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<tr>
<td>Copper</td>
<td><img src="image" alt="Graph" /></td>
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<td><img src="image" alt="Graph" /></td>
<td><img src="image" alt="Graph" /></td>
</tr>
</tbody>
</table>

Source: Company data; Note: 1. South Africa and Zimbabwe
Financial Strategy and Results

Sergey MALYSHEV
Senior Vice-President
Chief Financial Officer
## Financial Policy Framework…

<table>
<thead>
<tr>
<th>Financial Policy Goals</th>
<th>Recent Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Profitability</td>
<td></td>
</tr>
</tbody>
</table>
| ▪ Maintain industry leading profitability by containing operating costs while benefiting from rouble devaluation | ▪ Industry leading US$ unit cost improvement in 2012–2015  
▪ Industry leading EBITDA margin |
| **2** Prudent Balance Sheet Management |                     |
| ▪ Maintaining investment grade credit ratings  
▪ Balanced debt structure in terms of currencies, maturities, and financing sources  
▪ Defensive liquidity management | ▪ Debt maturity extended  
▪ Funding sources diversified (Chinese credit line, Sberbank project financing etc.)  
▪ Above-average liquidity and comfortable leverage ratios |
| **3** Working Capital Management |                     |
| ▪ Following significant improvement in previous years, maintain achieved levels of net working capital | ▪ Working capital stable despite one-off increases; some release expected in 2016 |
| **4** Financial Disclosure |                     |
| ▪ Gradually speed up publication of IFRS financials | ▪ 2015 audited results published in mid-March (vs late March in previous years) |
... Resulting in Global Leadership on Margins and Balance Sheet Strength

- Company’s leading cost position and conservative financial policy allow Norilsk to maintain strong standing through the commodity cycle
Unit Costs Under Control Despite Some Headwinds

Despite some of the negative underlying trends (ore degradation, depletion of low-cost secondary feedstock, catch-up inflation of consumables and salaries etc.) the company managed to outperform peers.

Tight cost controls were greatly helped by the US$ appreciation starting from 2H14.

Peer group includes Rio Tinto, Glencore (industrial assets only), Vale, and Anglo American.
EBITDA and FCF Strongly Supported by FX

- At the year-end US$/RUB rate of 72.9, 1% change in exchange rate translates into EBITDA change of US$ 22.0m, FCF change of US$ 36.3m

Share of Foreign Currency in Company CapEx

Share of Foreign Currency in Company OPEX

Source: Company data.
Labour to Drive Costs Going Forward

2015 Cash Cost Structure

- **Labour**: 38%
- **Consumables and fuel**: 17%
- **Services**: 6%
- **Other**: 15%
- **Metals and semi-products**: 24%

---

- With third party feedstock gradually phased out in 2016–2017, the cost base will be dominated by RUB-denominated labour (c.50% of the total)
- With wages linked to Russian CPI, costs will be driven mainly by domestic inflation as estimated by the Federal Statistics Service
- RUB cost inflation expected at around 12% year-on-year in 2016 on the back of wage increases, carryover consumables inflation from last year, and one-off maintenance outlays in the wake of Nickel plant closure
Balance Sheet Management: Staying Conservative

Strong credit standing
- Net debt/EBITDA of 1.0x as of year-end
- Rating agencies supportive of the balanced dividend policy

Liquidity
- Liquidity levels above industry average
- New committed loan facilities in 2015 and 2016

Flexibility
- Debt portfolio fully unsecured, no restrictive covenants
- No large short-term repayments
- Multiple funding options and unconstrained access to capital markets
Norilsk’s cash covers three years of debt repayments, with over 90% of cash held in hard currency. Above-average levels of liquidity allow for greater flexibility and provide cushion against one-off spikes in volatility. Landmark first-in-class RMB5bn syndicated backstop revolving credit facility signed with Chinese banks in Jan 2016.

**Liquidity and Debt Repayment Schedule, 1Q16-end**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash (bn)</th>
<th>Committed undrawn lines (bn)</th>
<th>Debt repayments (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q16</td>
<td>2.1</td>
<td>3.9</td>
<td>0.5</td>
</tr>
<tr>
<td>2016</td>
<td>0.5</td>
<td>0.7</td>
<td>1.8</td>
</tr>
<tr>
<td>2017</td>
<td>1.8</td>
<td>1.4</td>
<td>0.7</td>
</tr>
<tr>
<td>2018</td>
<td>1.4</td>
<td>4.0</td>
<td>1.8</td>
</tr>
<tr>
<td>2019</td>
<td>4.0</td>
<td>0.5</td>
<td>1.4</td>
</tr>
</tbody>
</table>

**Liquidity Position vs. Peer Group**

<table>
<thead>
<tr>
<th>Year</th>
<th>Global mining peers</th>
<th>Russian steel peers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>21%</td>
<td>48%</td>
</tr>
<tr>
<td>2017</td>
<td>Peer 1</td>
<td>Peer 2</td>
</tr>
<tr>
<td>2018</td>
<td>Peer 3</td>
<td>Peer 4</td>
</tr>
<tr>
<td>2019</td>
<td>Peer 5</td>
<td>Peer 6</td>
</tr>
<tr>
<td>2020+</td>
<td>Peer average</td>
<td>Peer 2</td>
</tr>
</tbody>
</table>

Note: Global mining peers include BHP Billiton, Rio Tinto, Glencore, Vale, Anglo American. Russian steel peers include Severstal and NLMK.
Norilsk Retains Unfettered Access to a Wide Range of Funding Options, Including Capital Markets

Current Portfolio Structure
US$ in bn

- 2.1 Russian state-owned banks bilateral
- 1.7 Western bilateral
- 1.5 Western syndicated
- 2.7 Eurobonds
- 0.2 RUB bonds

100% unsecured
86% long-term
76% in US$ (natural hedge vs revenue)
No restrictive covenants

Further Funding Options Available (Illustrative)

Cost

- Eurobond/green bond
- RUB bonds
- Unsecured bilateral from Russian banks
- Unsecured bilateral/syndicated loans (EU/Asian/US banks)
- Secured PXF
- Vendor financing
- ECA financing

Tenor

- Capital markets
- Bank debt

Size of bubble corresponds to borrowing capacity

Balance Sheet

Size of bubble corresponds to borrowing capacity
New Dividend Targets to Keep Leverage in Check

- Given poor performance of metal prices and increased volatility, the company was facing significant uncertainty with regard to future leverage.

- “Self-balancing” dividend targets provide for lower payout under bearish price scenarios, stabilizing the debt within preferred range of 1–2 times EBITDA.
- New dividend targets safeguard balance sheet while ensuring efficient capital structure.
### Resilience to the Country Risk

<table>
<thead>
<tr>
<th>Norilsk Nickel</th>
<th>Moody’s</th>
<th>Fitch Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BBB-</td>
<td>Ba1</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Lukoil</th>
<th>Moody’s</th>
<th>Fitch Ratings</th>
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<tbody>
<tr>
<td></td>
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<td>Ba1</td>
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</table>

<table>
<thead>
<tr>
<th>Gazprom</th>
<th>Moody’s</th>
<th>Fitch Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BB+</td>
<td>Ba1</td>
</tr>
</tbody>
</table>

- Norilsk Nickel is one of only two Russian corporates with two investment grade ratings
- Norilsk Nickel’s S&P rating is above the Russian sovereign* and Gazprom, reflecting the Company’s resilience to country risk
- Norilsk Nickel's Moody's and Fitch ratings are at the level of the country ceiling

### Recognition of Strong Performance and Credit Metrics

<table>
<thead>
<tr>
<th>Company</th>
<th>Pre-review rating</th>
<th>Post-review rating</th>
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<tbody>
<tr>
<td>bhpbilliton</td>
<td>A1</td>
<td>▼ -2</td>
</tr>
<tr>
<td>CODELCO</td>
<td>A1</td>
<td>▼ -2</td>
</tr>
<tr>
<td>RIO TINTO</td>
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<tr>
<td>GLENCORE</td>
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<td>NORILSK NICKEL</td>
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<td>ANGLO AMERICAN</td>
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<tr>
<td>VALE</td>
<td>Baa3</td>
<td>▼ -3</td>
</tr>
</tbody>
</table>

- During Moody’s recent review of the global commodity sector, Norilsk Nickel ratings were affirmed even as the majority of metals & mining majors were downgraded by multiple notches,
Net Working Capital to Stay Around Current Levels

- The company does not expect significant further release of working capital.
- Minor improvement possible in 2016, NWC to stay at around US$1bn level excluding FX and one-off factors.

Net Working Capital, US$m

- Operating improvement: US$ (1,960)m
- Macro and one-off factors: US$ (1,054)m

- NWC 2012-end: 4,044
- Operating improvement: 1,030
- Other: ~1,000
- NWC 2015-end: 1,030
- NWC 2016-18E: ~1,000

- LME prices
- FX
- Tax one-offs
- 2015 metals stock increase
- Receivables & payables terms
- VAT recovery
- Metal prepayments
- Other

- Net Working Capital, US$m
- Macro and one-off factors
- Operating improvement
- NWC 2012-end
- NWC 2015-end
- NWC 2016-18E
Corporate Governance

Andrey BUGROV
Deputy Chairman of the Board,
Senior Vice-President
Shareholder Structure

64% of the shares are owned by the parties to the Shareholder Agreement since December 2012

- **Interros**
- **UC Rusal**
- **Crispian Investments Limited**
- **Free Float**

**Vladimir Potanin**
CEO of Norilsk Nickel
Founder and President, Interros

**Oleg Deripaska**
President, Member of the Board of Directors, UC RUSAL

**Crispian Investments Limited**
The principal beneficiaries are:

- Mr. Roman Abramovich
- Mr. Alexandr Abramov
- Mr. Alexandr Frolov
Balanced Board of Directors

Board of Directors consists of 13 members (incl. 2 executive)

- 5 Independent Directors
- 4 Directors
- 4 Directors

- Audit Commission chaired by independent director
- Strategy Committee chaired by Rusal representative
- Budget Committee chaired by Interros representative
- CG, Nomination and Remuneration Committee chaired by independent director

Gareth Peter Penny
Non-Executive Independent Chairman

- 22 years of mining experience with De Beers and Anglo American
- CEO of De Beers in 2006–2010
- Non-executive Board member of Julius Baer Holdings Limited

Source: Norilsk Nickel.
Note: 1. Including Chairman of the Board of Directors. In accordance with the criteria set out in the Russian Federal law “On Joint Stock Companies” No. 208-FZ dated 26 December 1995, as amended, and the Company’s own criteria, which differ in certain respects from the criteria for independent directors that are set out in the U.K. Corporate Governance Code.
Corporate Governance Initiatives

- A benchmarking study on the existing corporate governance practices vs. global best practices was prepared by an independent consultant in 2H13

- A number of Corporate Governance initiatives were developed and approved by the Board of Directors in 2014–2015

### 2014 achievements

1. Board Code of Ethics
2. Board Remuneration Policy
3. Changes to the Charter relating to dividends and AGM procedure
4. Board Training and Education Policy

### 2015 achievements

1. Board Evaluation Policy
2. Policy on Development and Approval of Recommendations on Candidates Nominated to Board
3. Anti-corruption Charter of Russian Business

### 2016 initiatives

1. Corporate Governance Code
2. Improvement of the Board Secretary Function
3. Improvement of regulations of Board Committees

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Corporate Governance Code

Improvement of the Board Secretary Function

Improvement of regulations of Board Committees
Board Approach to Corporate Governance Well Established

- **Priority of sustainable value creation**
  - Long-term investments and reinvesting in future growth
  - Capital allocation priorities; portfolio of businesses and assets fit
  - Integration of sustainability and ESG matters into strategic and operational planning

- **Long-term strategic vision**
  - Risk assessment
  - Constant testing of Strategy viability
  - Compensation practices encouraging and rewarding long-term growth, promote implementation of strategy

- **Transparency of the Board involvement**
  - Full Board involvement in Strategy: guidance, debates and oversight
  - Well-functioning system of the Board Committees
  - Right mix of Directors on the Board
  - Supportive culture for independent oversight