



NORNICKEL



2019 Financial Results Presentation
February 26, 2020

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2019 Financial Performance Highlights

Consolidated Revenue

\$13.6bn

up 16% vs 2018

- + Realized metal prices (Pd, Ni, Rh)
- + Production volume
- Realized metal prices (Cu, Co, Pt)

Free Cash Flow

\$4.9bn

unchanged y-o-y

- + Higher EBITDA
- + Lower Capex
- Increase of income tax payments on higher taxable income

EBITDA

\$7.9bn

up 27% vs 2018

- + Productivity/efficiency gains
- + Ramp-up of Bystrinsky Project
- Domestic inflation
- Provision for shutdown of certain Kola production facilities

CAPEX

\$1.3bn

down 15% vs 2018

- ✓ Adjustment of sulfur project investment schedule
- ✓ Optimization of investment schedules of some projects

EBITDA margin

58%

up 5 p.p. vs 2018

- ✓ **One of the industry leading margins**

Net Debt/EBITDA ratio

0.9x

down 0.2 b.p. vs 2018

- ✓ **Below mid-cycle level**
- ✓ In February 2019, Moody's upgraded Nor Nickel to "Baa2" with "Stable" outlook
- ✓ Investment grade credit ratings reiterated by all three major international rating agencies

Net Working Capital

\$1.0bn

up 14% vs Dec'31

- + Reduction of Rostec concentrate inventory
- Appreciation of RUB against USD
- Increase in accounts receivable

Interim 2019 dividends

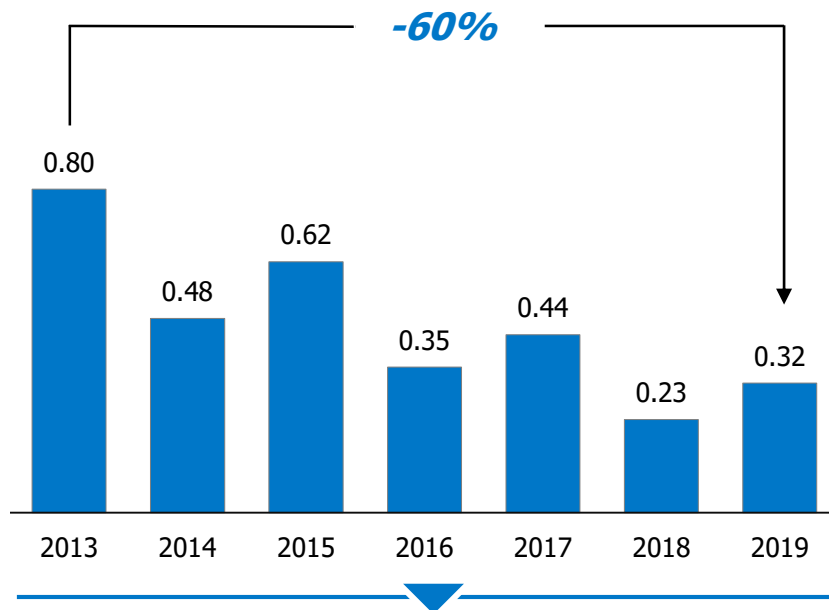
\$3.7bn

- ✓ Interim 1H19 dividend of USD 13.78 per share paid in Oct.19
- ✓ Interim 9M19 dividend of USD 9.91 per share paid in Jan.20

Health & Safety Update

LTIFR Reduced by 60% since 2013

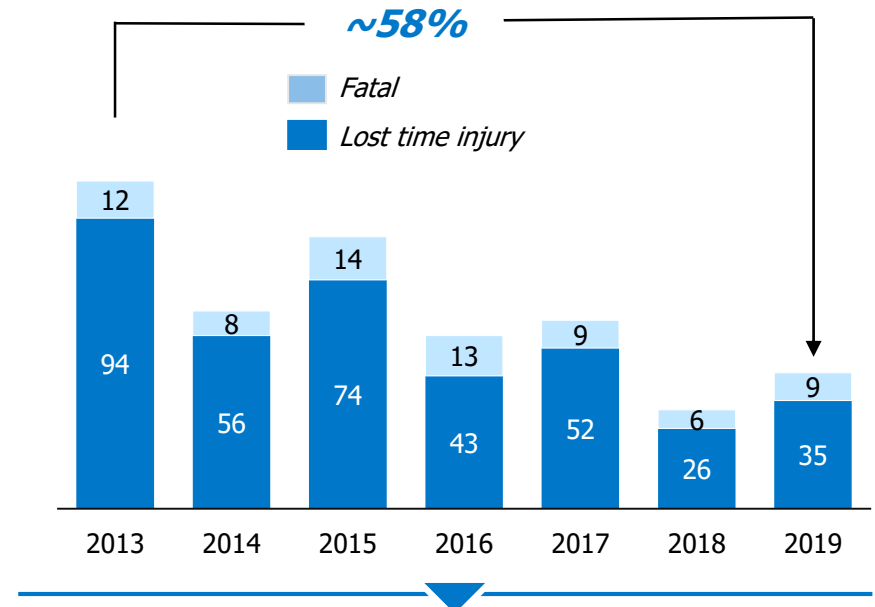
LTIFR (1×10^{-6})



- Company is committed to create a strong safety culture at all levels of the organization

Accident Statistics Improved by Almost 60% since 2013

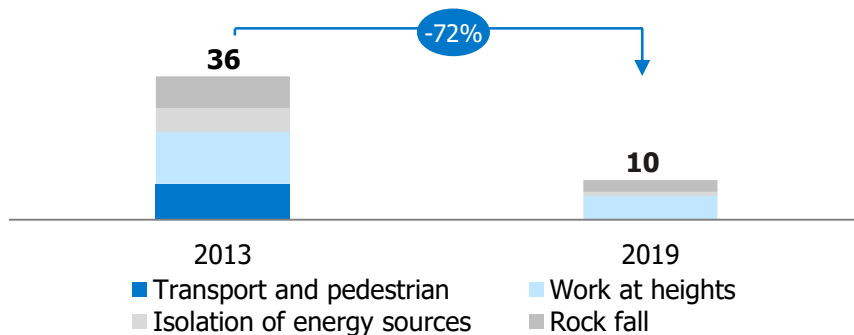
Employees



- Regular internal audits of occupational safety and health management system (81 audits in 2019)
- 221 violations of cardinal safety rules were identified leading to dismissal of 159 employees (versus 105 in 2018)

Selected Labour Safety Initiatives

Tackling 4 Most Common Causes of Accidents



Selective Initiatives to Improve Industrial Safety and Labour Protection

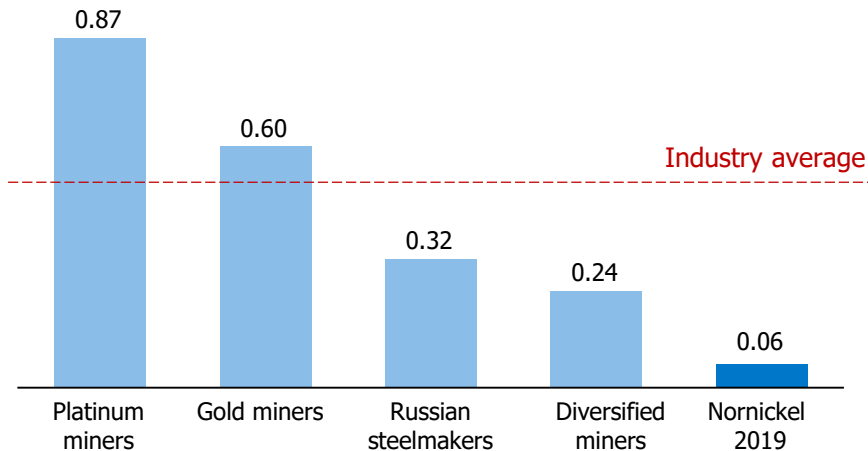
Standard	Description
Transport and pedestrian	<ul style="list-style-type: none"> Roll out of electronic positioning systems in all underground mines for transport and employees has been launched 80% of transport at Polar Division equipped with on-board video recording systems
Work at heights	<ul style="list-style-type: none"> Construction of special training sites Roll out of special training programs Introduction of new safety measures and tools to prevent falling from heights
Isolation of energy sources	<ul style="list-style-type: none"> All electrical equipment is tested and checked regularly Roll out of special training programs Installation of special «blocking devices» to prevent injury
Rock fall	<ul style="list-style-type: none"> New roof bolt setting equipment and fully grouted roof bolts purchased Underground moving equipment fitted with protective canopies

Source: Company data

Health & Safety: Strong Performance Relative to Industry

LTIFR Remains Below the Global Mining Industry Average

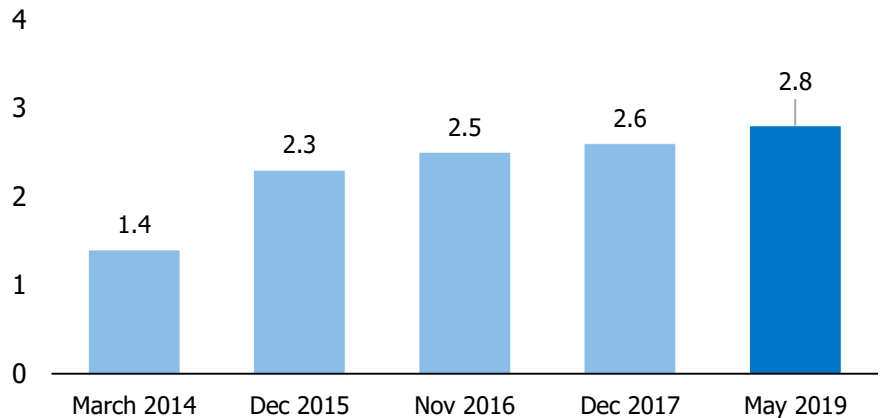
LTIFR ⁽¹⁾ per 200k hours



- LTIFR remains below the global mining industry average
- Commitment to the principles of sustainable development

Assessment of Occupational Safety Culture: Score Significantly Improved Since 2014

Bradley Curve Indicator



- Improvements in safety culture driven by application of risk mitigation standards, safety communication campaign and dedicated risk mitigation programmes

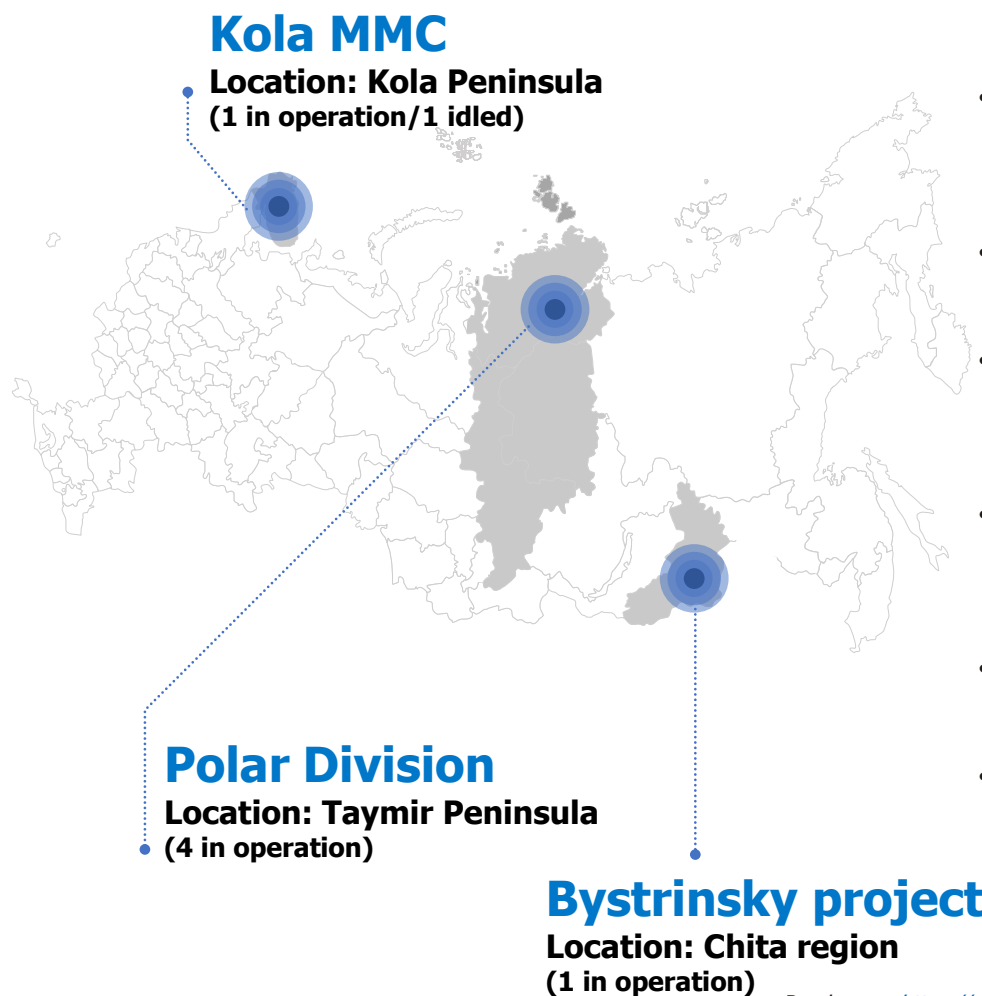
Strategic Objectives

- **Zero-fatality on production sites** – zero tolerance policy towards workplace fatalities
- **Continuous improvement** – reduction of occupational injuries by 15% each year

Source: Company data, Renaissance Capital

Notes: 1. Industry data on LTIFR based on 2018 data

Norilsk Nickel Tailings Facilities Overview



Key Facts:

- **Norilsk Nickel operates 6 tailing dams** (5 upstream, 1 downstream) owned by the Company
- **All tailing dams have safety zones** and are located far from production sites and local communities
- **No environmental accidents have been recorded** in the past 5 years
- **No orders have been received from the government agencies** mandating to fix any potential accident issues
- Mandatory **comprehensive** internal and external (including independent experts and government agencies) **audits are conducted regularly**
- **Each facility has an emergency plan certified by the government's agency**
- **Nornickel prepared a special report at the request of the Church of England Pensions Board**, which provides more insight into tailings storage facilities management

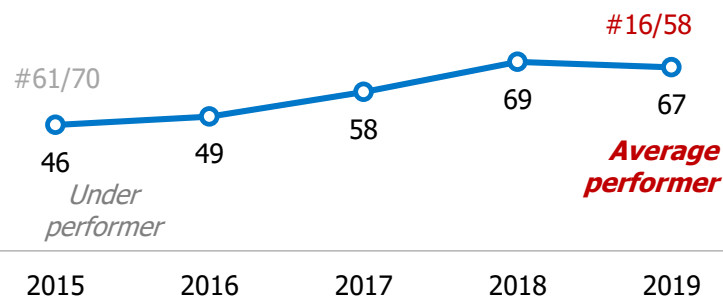
Read more: https://www.nornickel.com/files/en/investors/esg/Norilsk_Nickel_tailings_report_ENG_final.pdf

ESG Assessment Highlights

Gradual Improvement of ESG Ratings

Sustainalytics ESG Score: 67 points (out of 100),
Rated «Average Performer» since 2017

Rating in the global industry



FTSE4Good

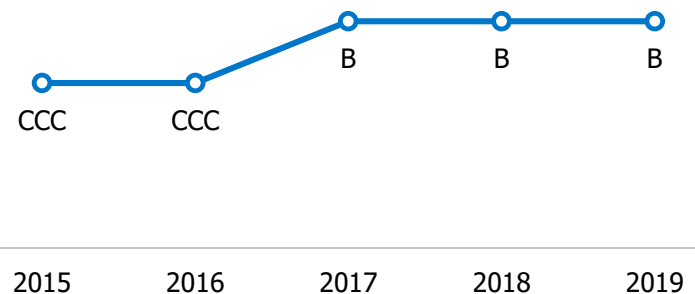
**Reiterated as an index
constituent in June 2019**

Score of **3.0/5.0** ⁽¹⁾ vs. 2.5 sector
average (up from 2.4 in 2017)

ROBECOSAM
We are Sustainability Investing.

**Overall ESG score 37 (out of
100)** updated in September 2019

MSCI ESG Score: Rated «B» since 2017



Rating updated in February 2020

Governance score **6/10** ⁽²⁾
Environmental score **2/10**
Social score **2/10**



**Rating updated to «C» in October
2019** from «C-»

Read more: <https://www.nornickel.com/investors/esg/>

Source: Company and public data

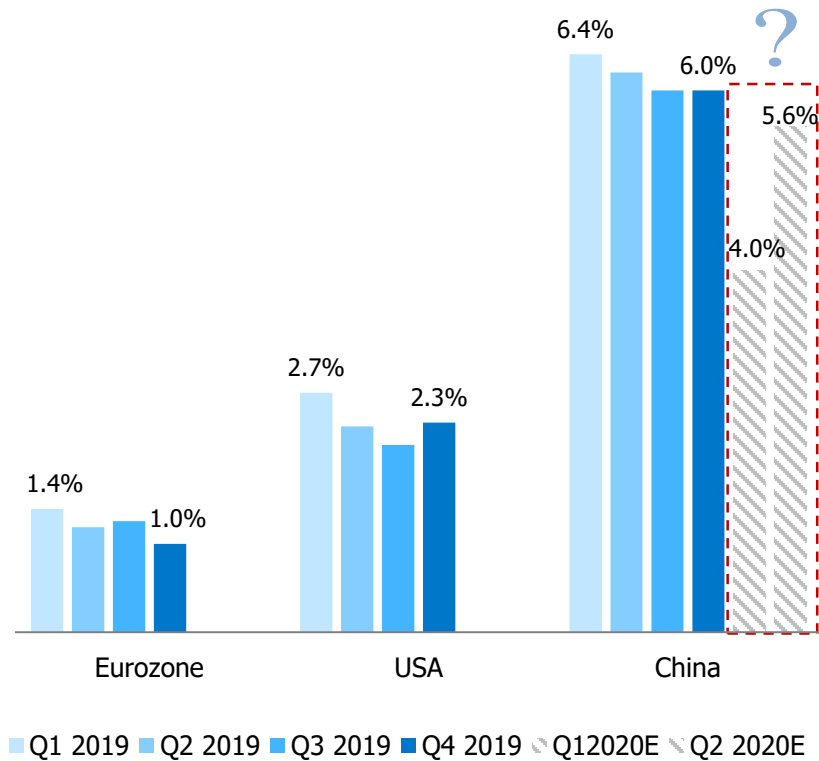
Note: 1. Of which 5 – is the highest; 2. of which 1 – is low, 10 – is high risk

Markets Update

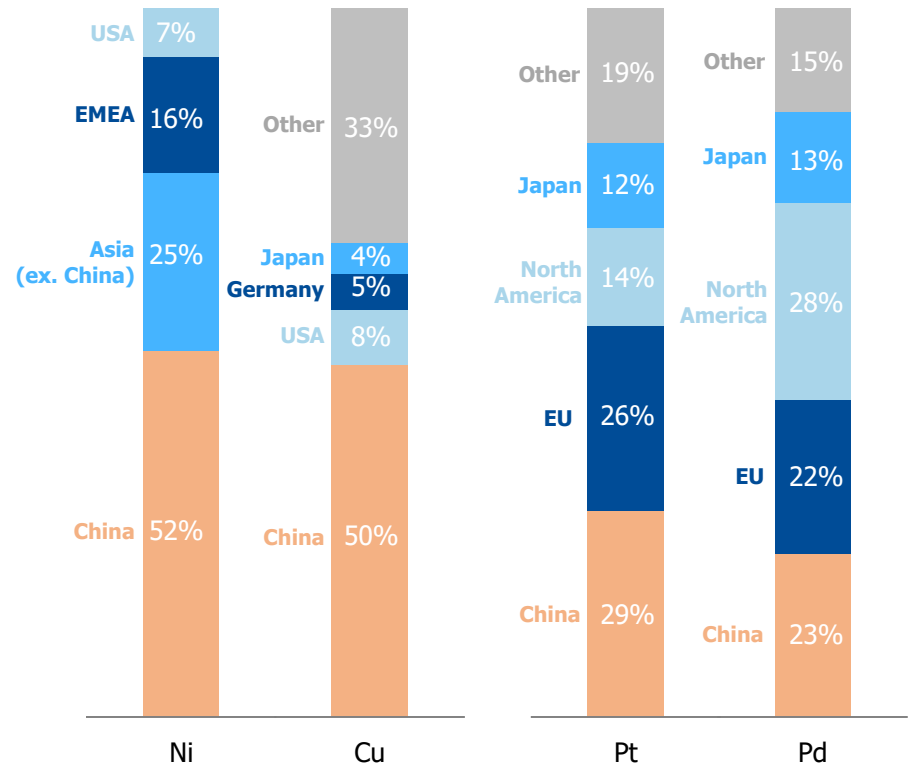
Challenging Macro Environment

Global Economic Growth is Subdued,
Coronavirus Poses a Downside Risk

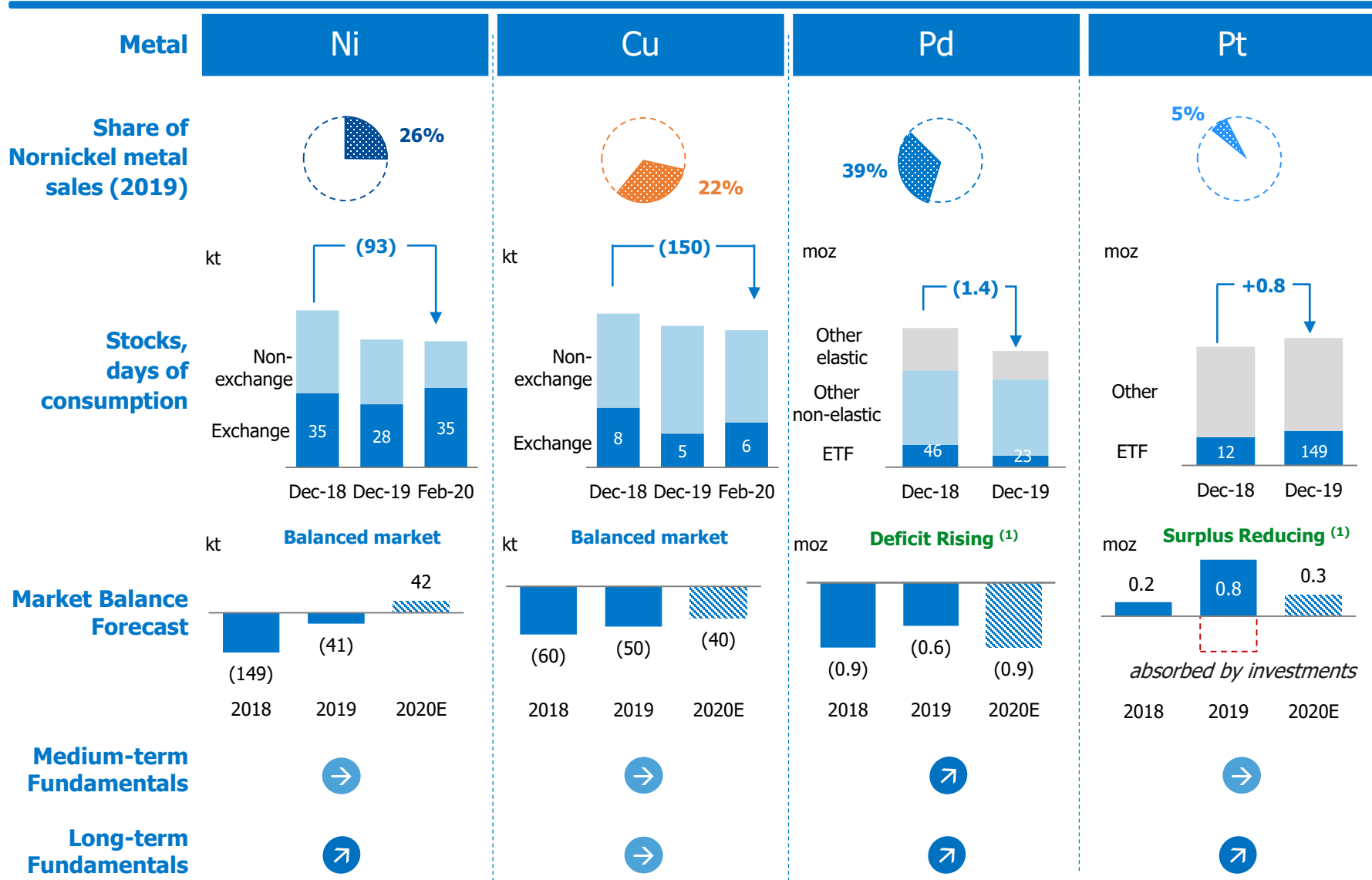
GDP growth



China is One of the Largest Consumers of Norilsk
Nickel's Core Metals



Metal Markets Outlook — View on Fundamentals



Source: Company estimates

Notes: Figures may not sum up due to rounding

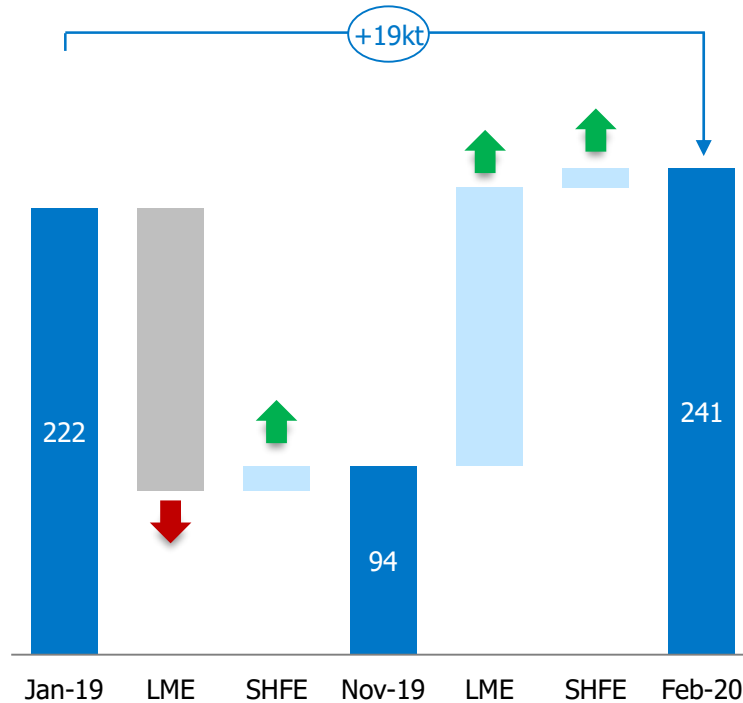
1. Including ETF for 2020 YTD, excluding 2021 forecast

Nickel Exchange Stocks Rebounded to 2018 Levels

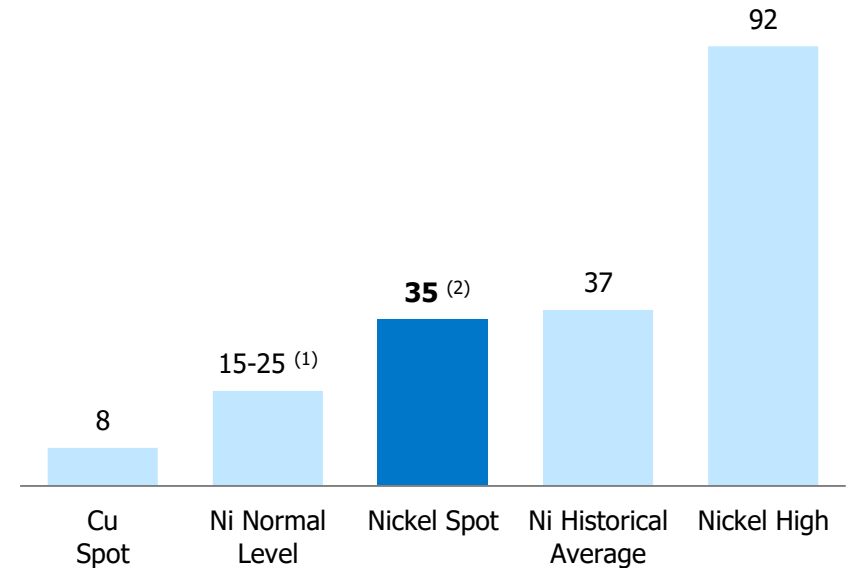
Exchange Inventories Restored After Reaching Lows in November 2019

Inventories Declined by Over 50% from Peak Levels in 2015 But Still Above Normal

Ni, kt



Days of consumption



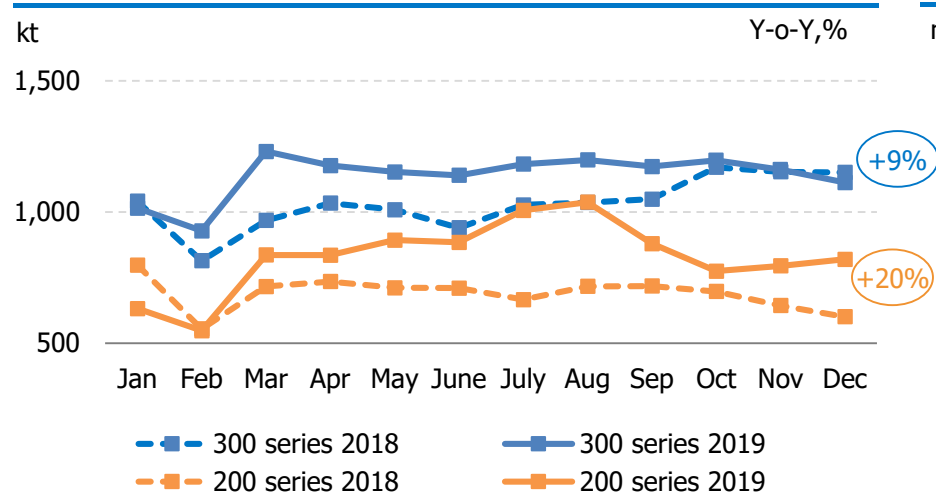
Sources: Company estimates, LME, SHFE, SMM

Notes: 1. According to markets participants, customers

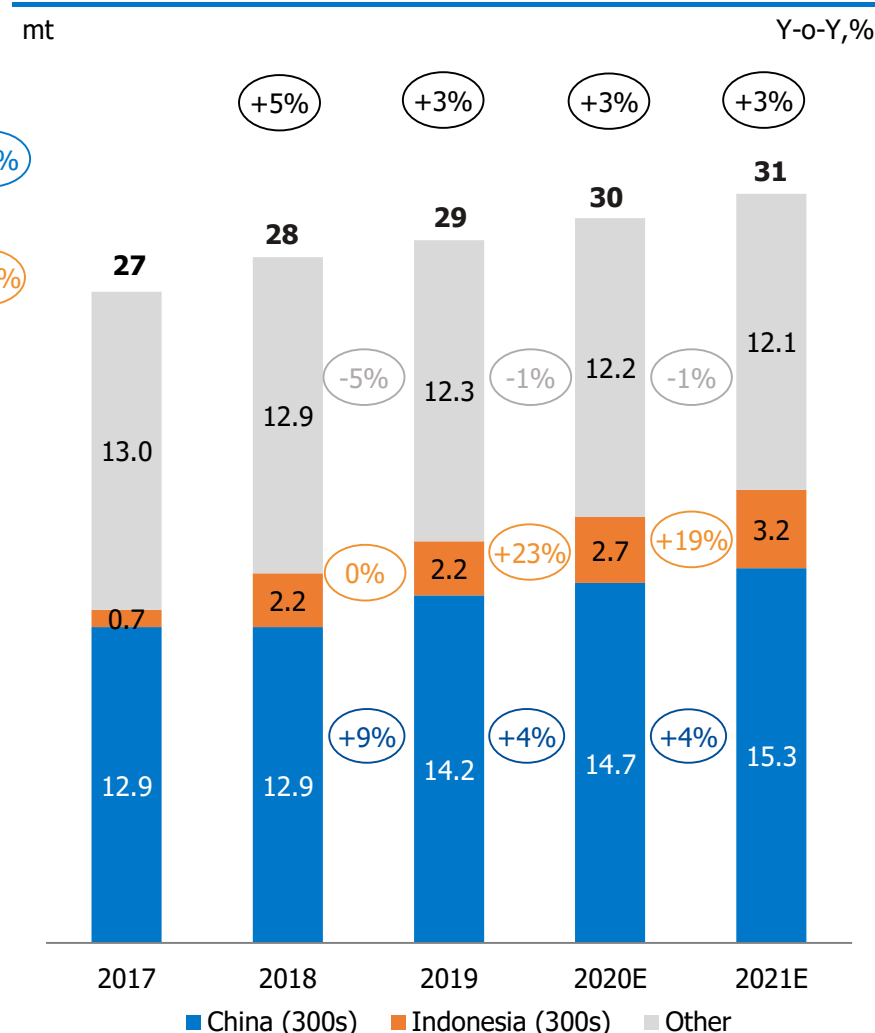
2. As of 10 February 2020

China Stainless Growth to Subside in 2020

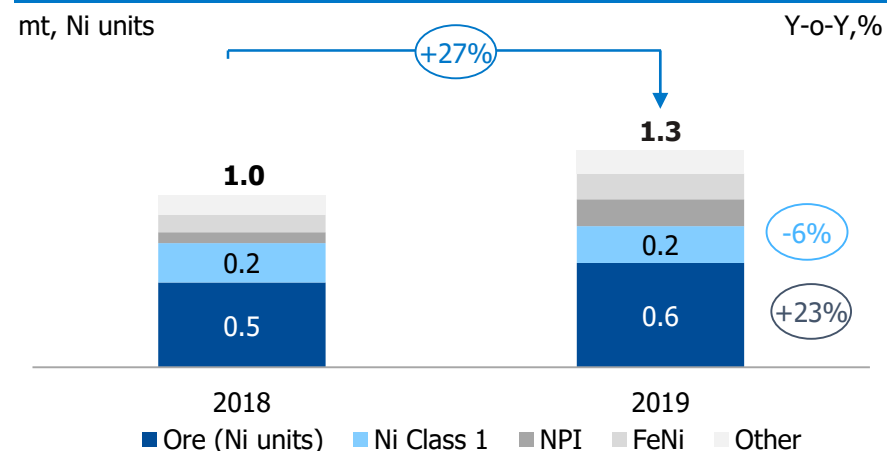
Stainless Production in China in 2019



Growth of 300 Series in 2020 Should be Supported by Indonesia



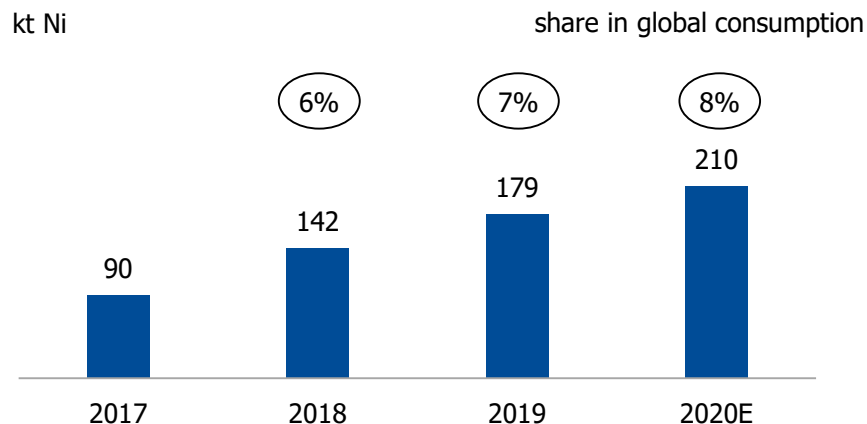
Increase of Ni Imports to China in 2019



Sources: Company Data, Nieba, SMM

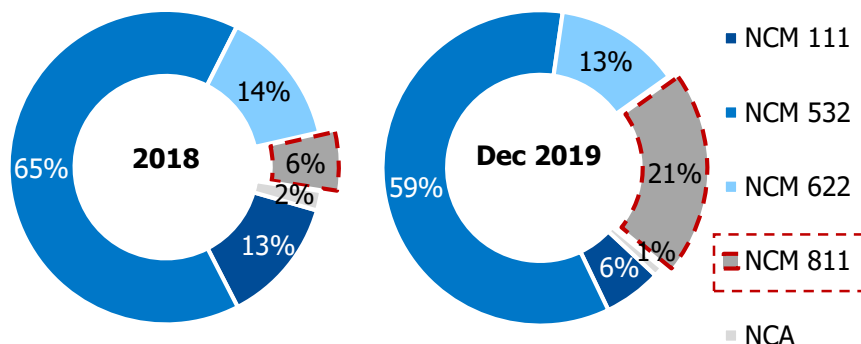
Nickel Consumption in Batteries — Continues to Rise From a Small Base

Demand in EV Li-ion Batteries Rising Fast, but Still Small at 7% of Global Ni Consumption

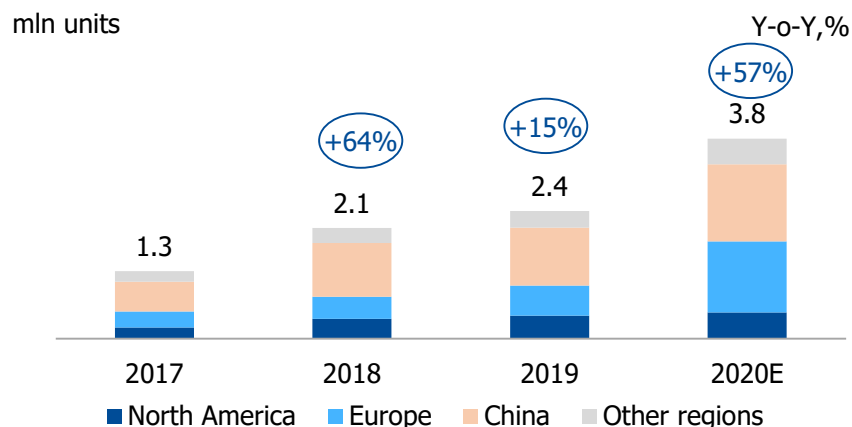


Within NCM Cathodes Chemistry Shifting towards Higher Ni Loadings in China

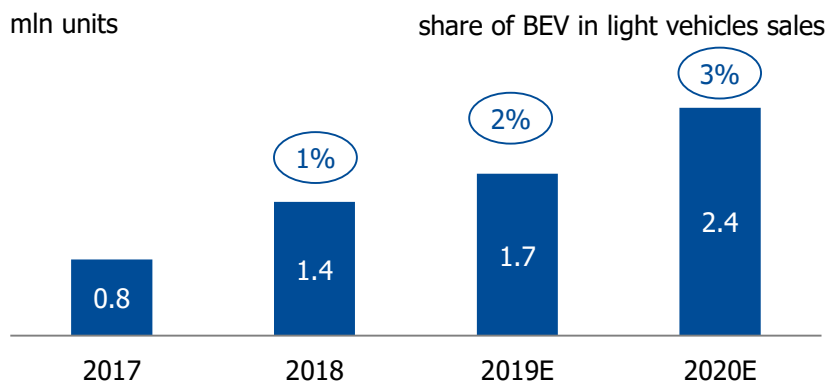
breakdown of PCAM production by type in China



Global NEV Sales Growth Significantly Moderated in 2019



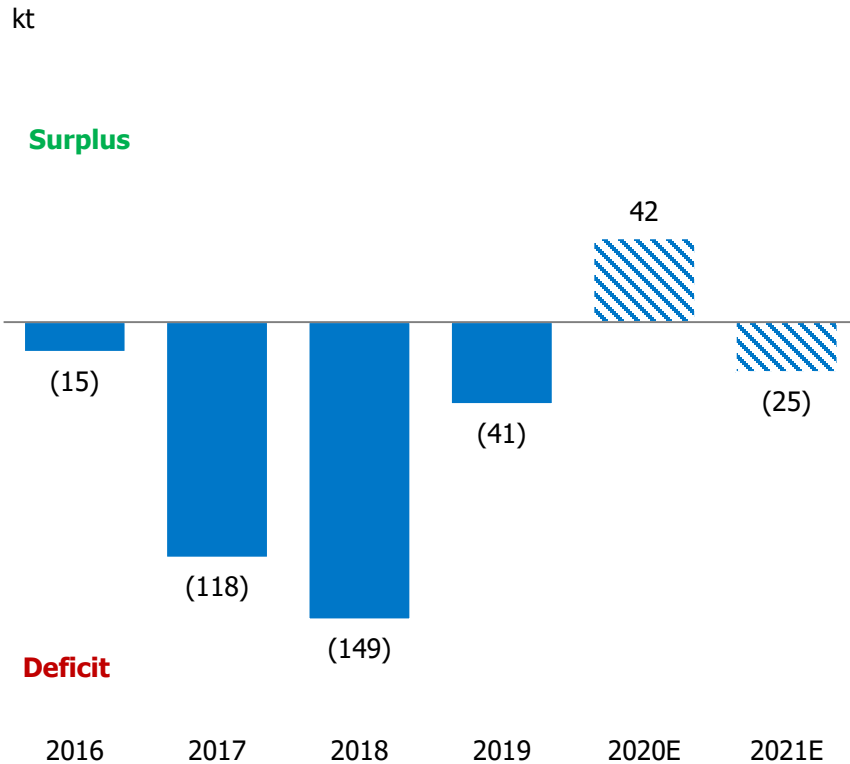
Electric Vehicles Account for 2% of the Global Light Vehicles



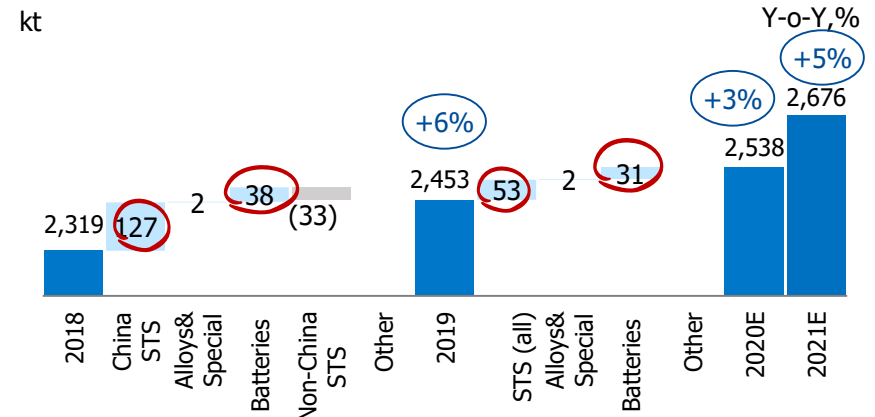
Sources: Company Data, CIAP, LMCA

Nickel Expected to be a Balanced Market in 2020-2021

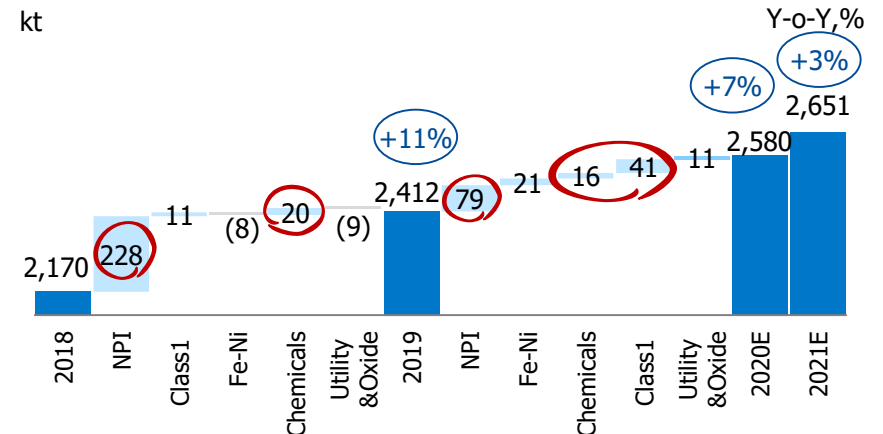
Balanced Market in 2019-2021,
A Marginal Surplus in 2020



Global Demand: Batteries Continue to Grow, Stainless Growth Sways Between China and Indonesia



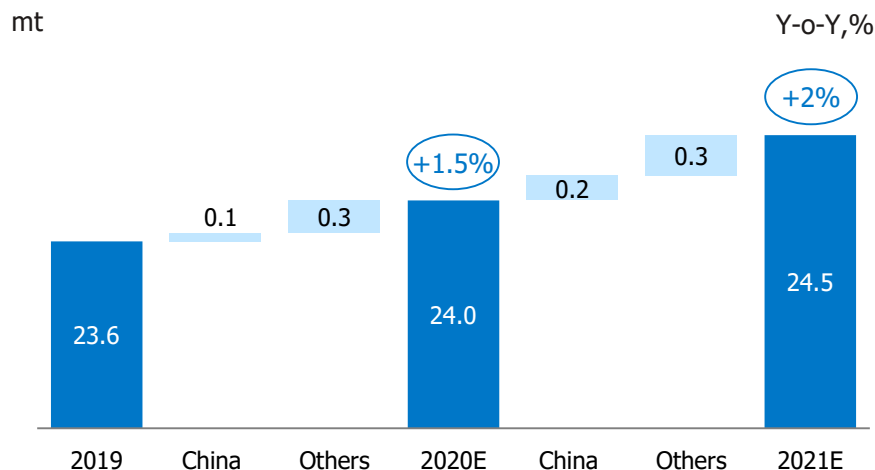
Supply Growth Accelerating on NPI Ramp-Up in Indonesia and Recovery of Class 1 Ni



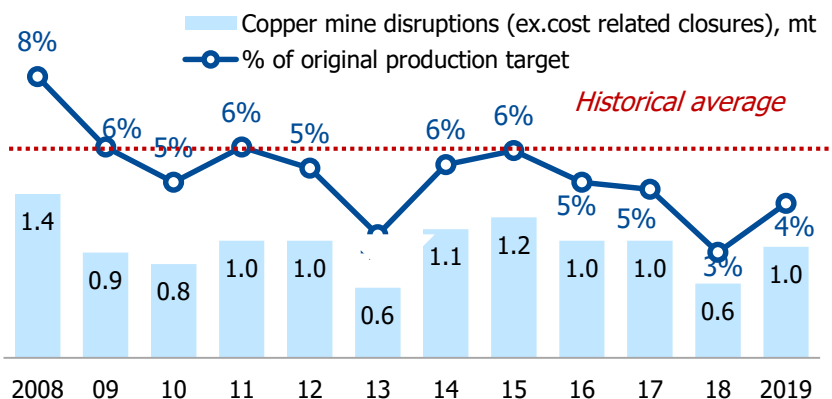
Source: Company estimates

Copper: Demand Concerns Prevail in 2019-2020

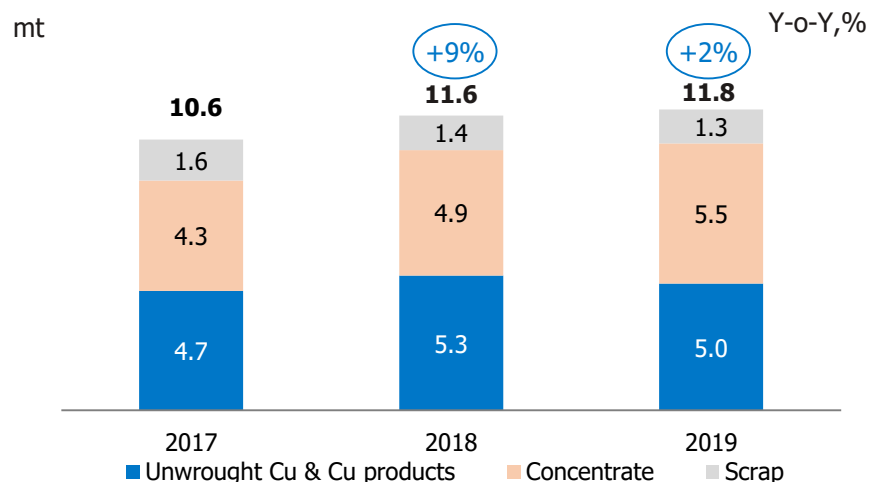
Global Copper Consumption: Southeast Asia to Lead Growth in 2020-2021



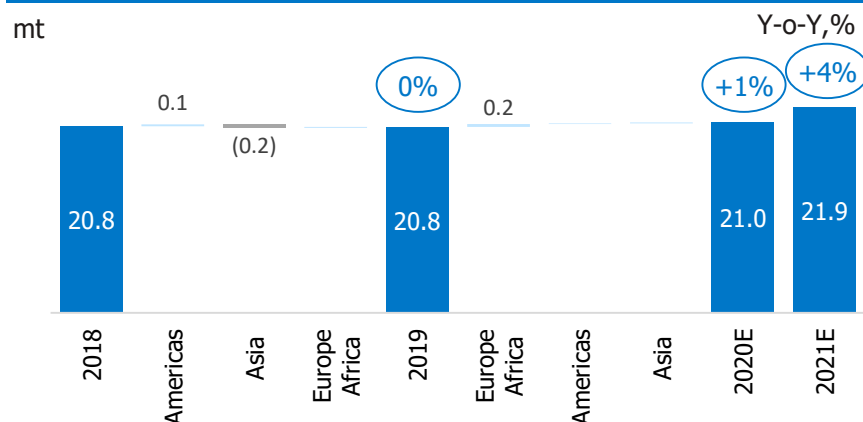
Copper Supply Disruptions in 2019: Below Historical Average



Growth of Copper Imports to China Moderating: 2% in 2019 vs. 9% in 2018

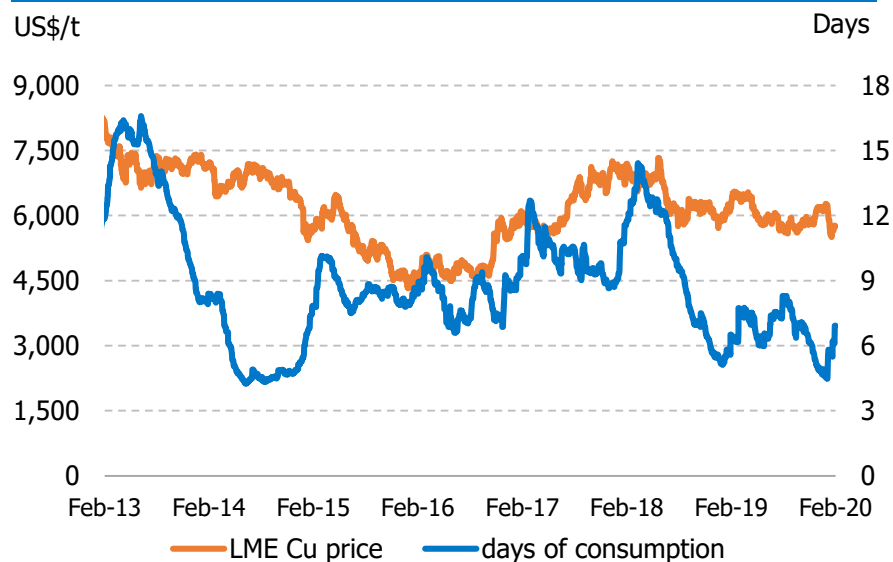


Global Mined Copper Supply: Little Growth Expected in 2020

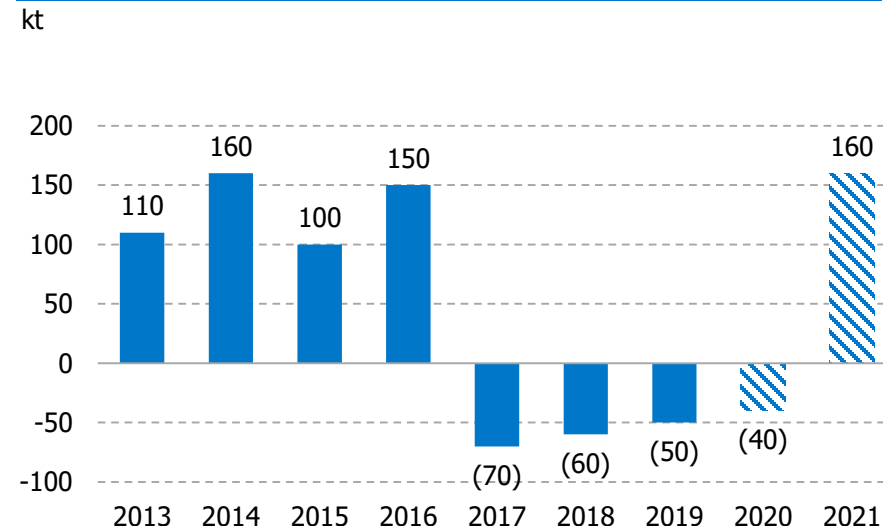


Copper – Sustaining a Balanced Market, Inventories Remain at Low Levels

Visible Copper Inventories Still Remain Near Multi-Year Lows



Copper Market Balance: Marginal Deficits to Reduce in 2020



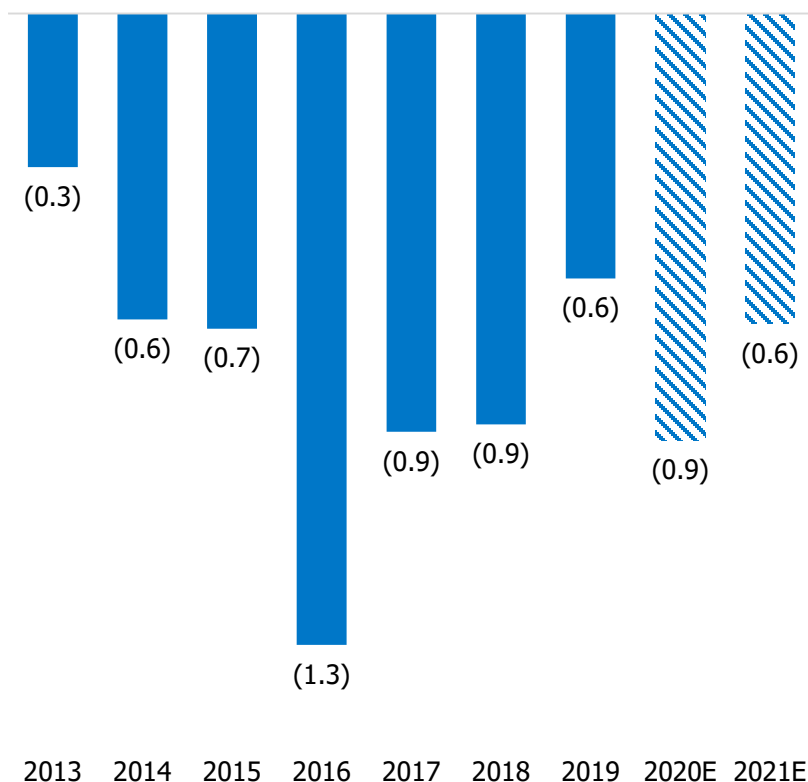
- + Exchange inventories running near lows
- + Phase-1 of trade agreement between USA and China
- + Upside risk as supply disruption could be higher than average due to the coronavirus

- Downside risk for demand due to uncertainty over the coronavirus implications
- Global economy growth is slowing
- + Potential supply disruption events (e.g. negotiations with labour unions) in sight

Palladium Market Remains in Structural Deficit

Global Palladium Market Balance: Large Deficit Persisting ⁽¹⁾

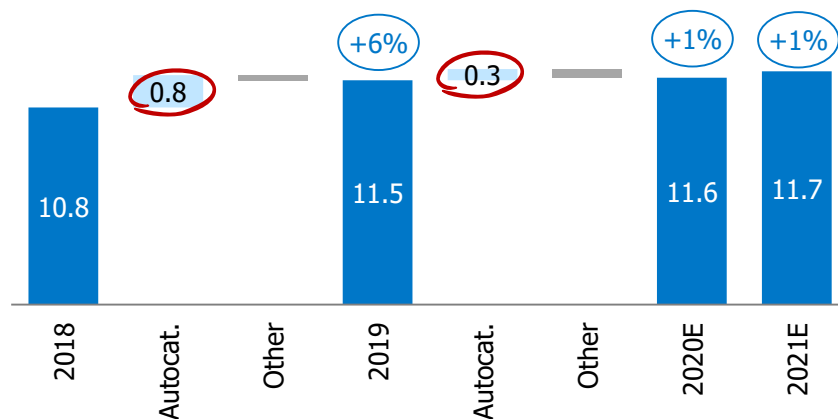
moz



Strong Autocatalyst Demand Helps Keeping Palladium in Deficit

moz

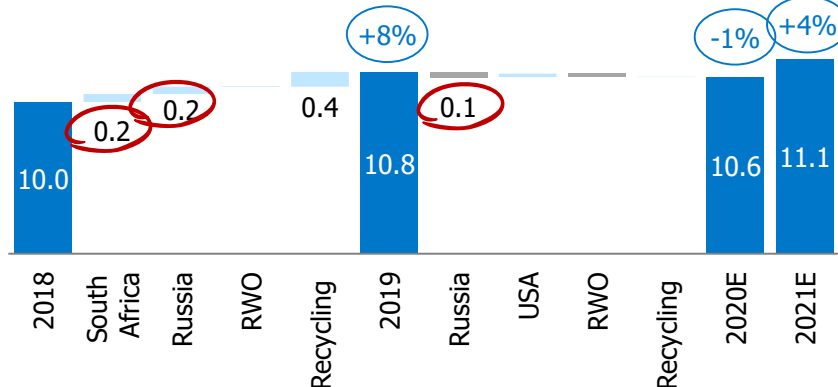
Y-o-Y, %



Supply Outlook: Production Growth is Constrained

moz

Y-o-Y, %

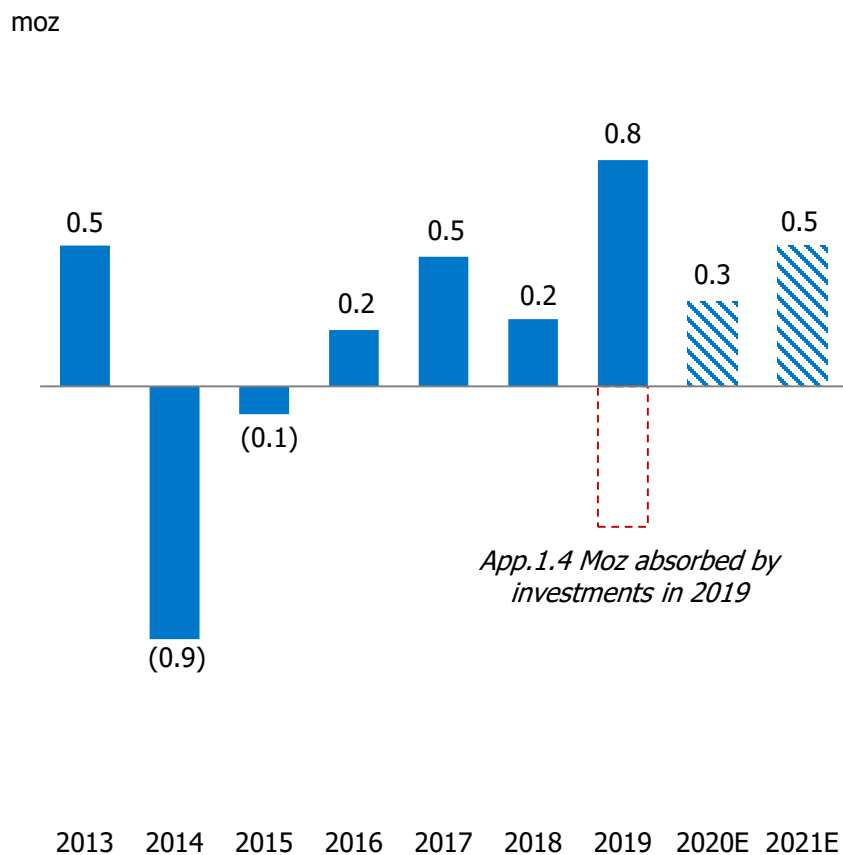


Source: Company data

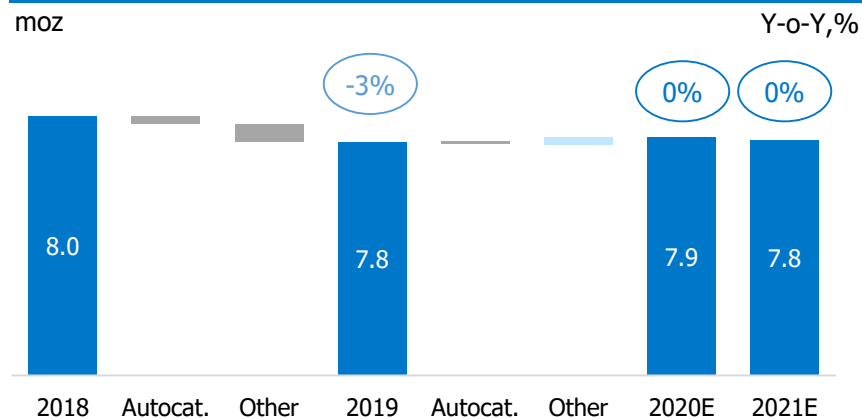
Note: 1. Including ETF for 2020 YTD, excluding 2021 forecast

Platinum: Market Remains in Structural Surplus

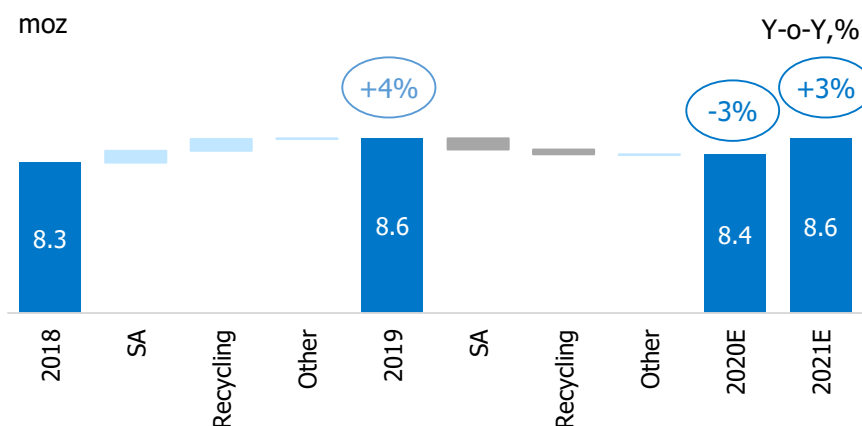
Platinum Market Balance ⁽¹⁾: Surplus Expanded in 2019, but Strong Investment Demand Absorbed All Excess Supply



Demand Should Stabilize in 2020-2021



Increase in Supply in 2019 Driven by a One-off Release of Work-in-Progress Inventories



Source: Company data

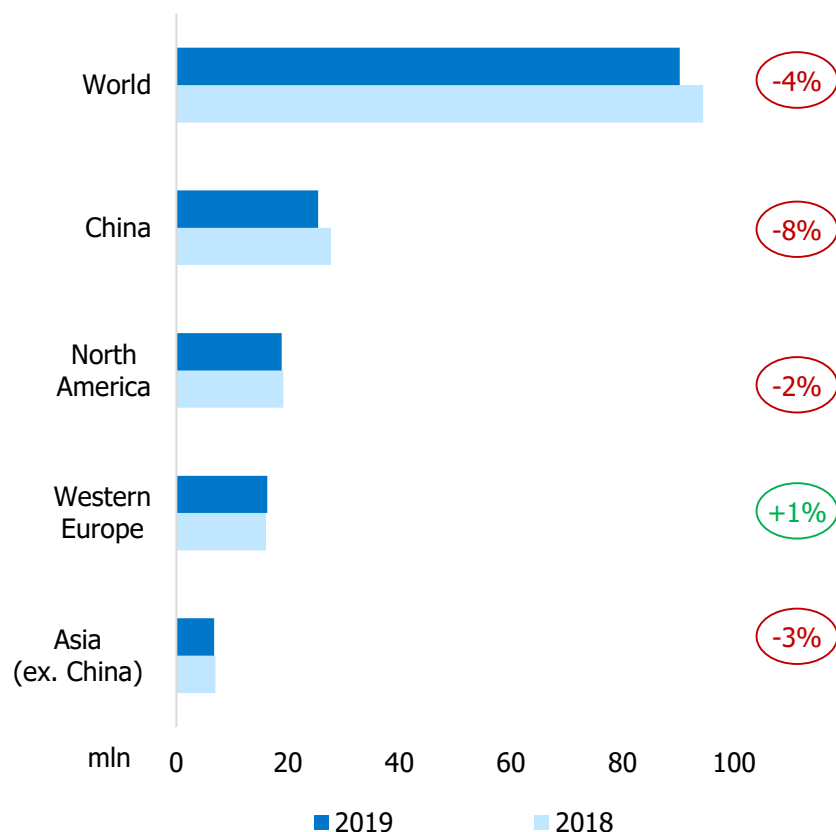
Note: 1. Including ETF for 2020 YTD, excluding 2021 forecast

Automotive Sales Decline but PGM Loadings Increase

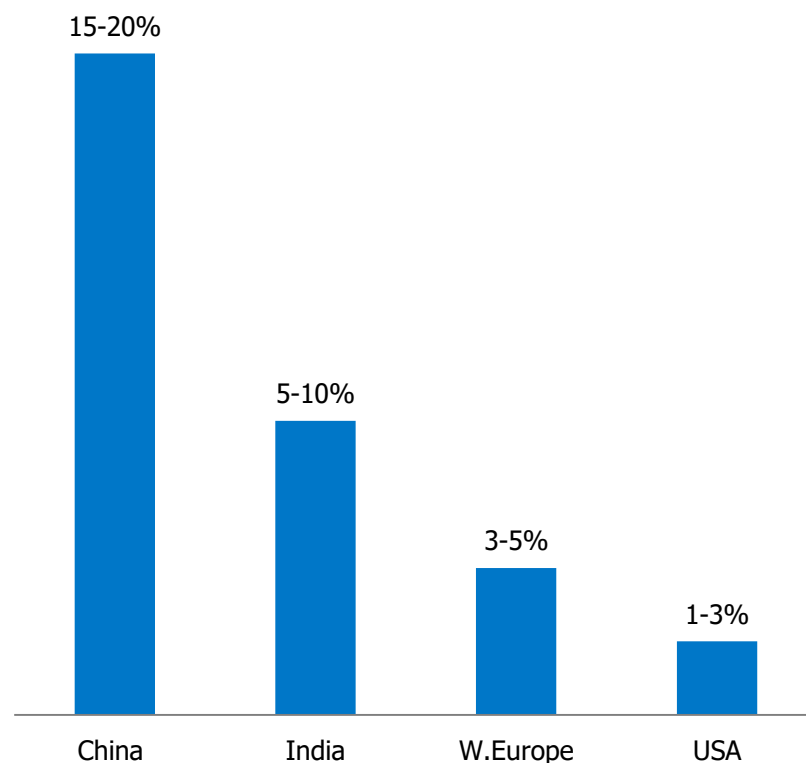
Global Automotive Sales ⁽¹⁾ Decreased by 4%,
China Tumbled by 8% in 2019

Estimated Increase in Pd Loadings in 2019 due to
Stricter Emission Regulations and Introduction of RDE
Despite Engine Downsizing

Y-o-Y, %



Average PGM loadings per vehicle, change in 2019

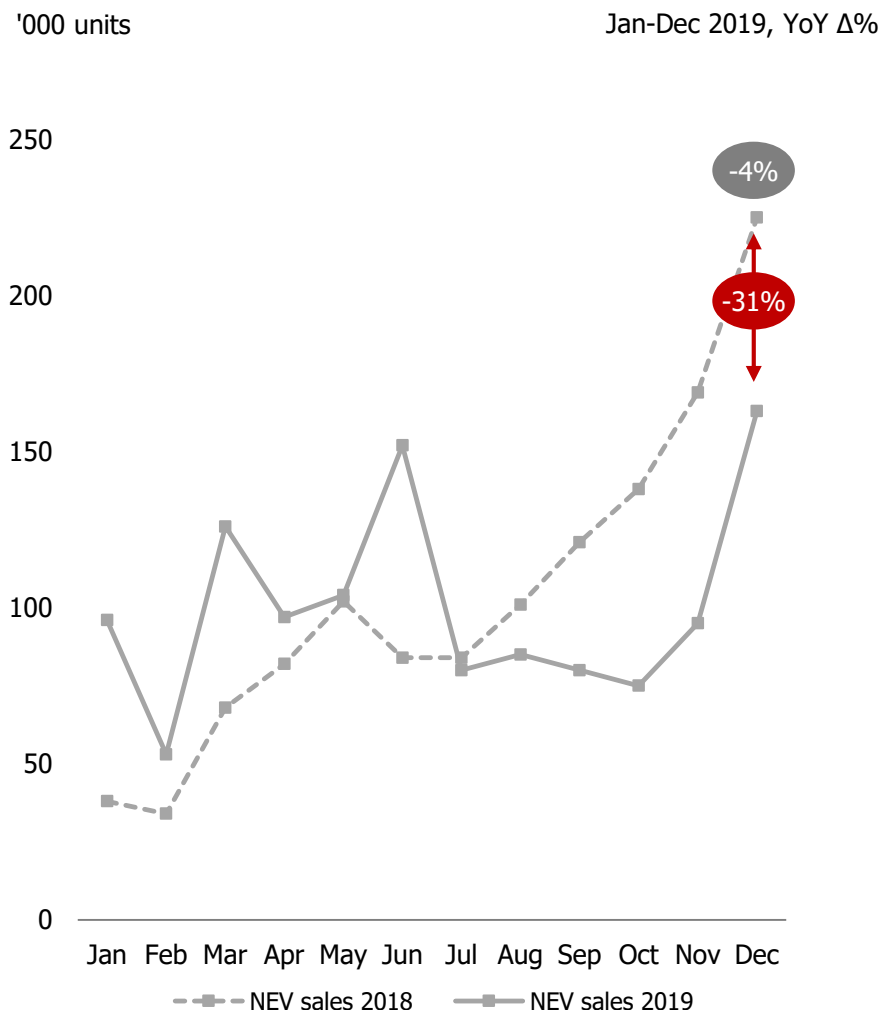


Source: LMCA, IHS, Marklines

Note: 1. Light-duty vehicles (up to 6 tonnes), North America – USA and Canada, Asia including Japan and Korea

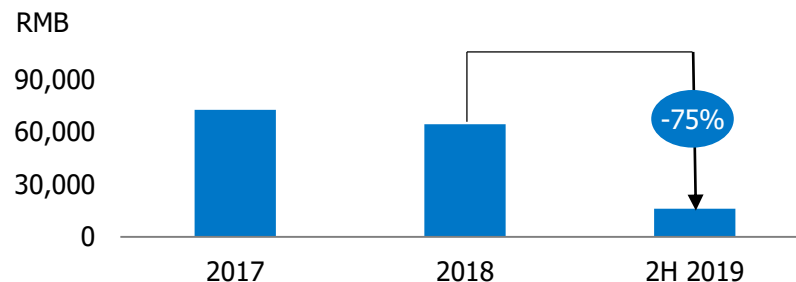
EV Sales Are Very Sensitive to Subsidy Policy: the Case of China

Sales of NEV Decreased in 2H 2019 Due to Tightening of Subsidy Policies



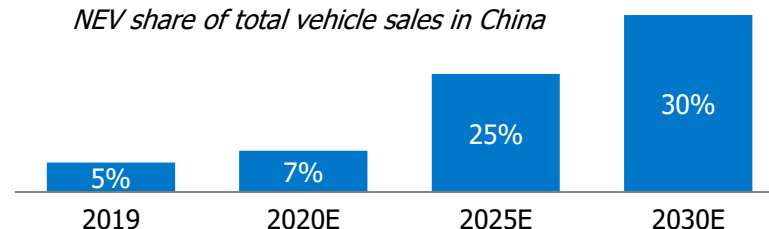
Chinese Government Reducing Subsidies on BEVs and Shifting to Dual Credit System

Subsidy per BEV ⁽¹⁾



New Government Targets for Sales

NEV share of total vehicle sales in China



The Government Incentivizes OEMs to Produce BEVs with Longer Driving Range

Vehicle type	Max points earned
BEV with long drive range ⁽²⁾	6
PHEV > 80 km	2
50 km < PHEV < 80 km	1

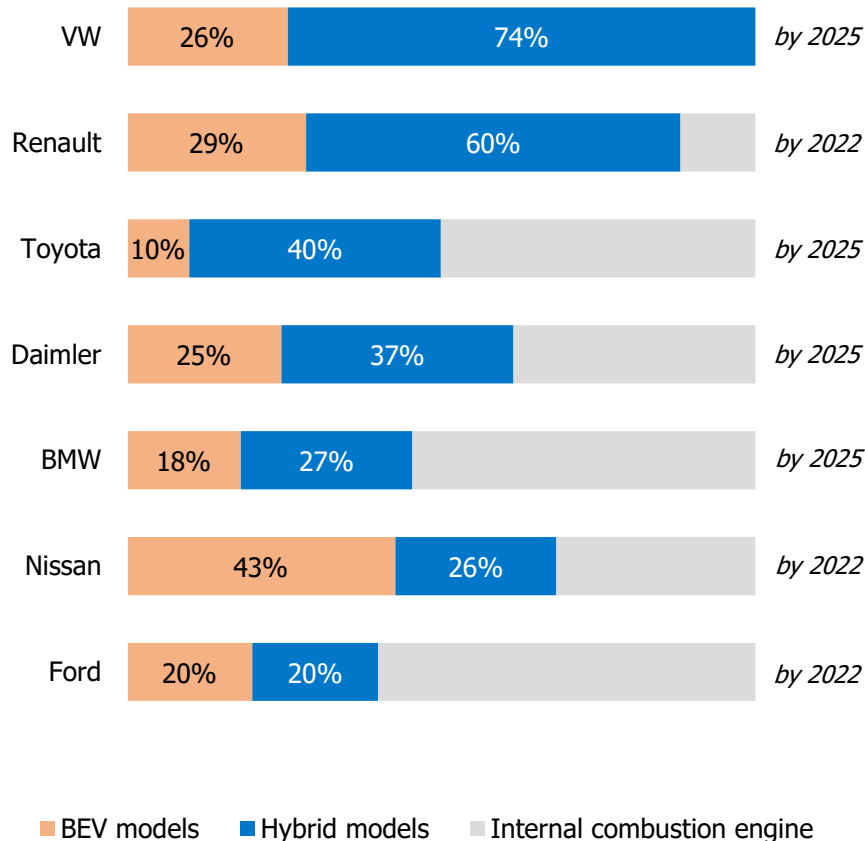
Notes: 1. For a vehicle with 300 km range, 140 Wh/kg, +25% energy efficiency bonus and including maximum provincial incentive

2. Points earned for 1 BEV = $(0.012 \times \text{Driving range (km)} + 0.8) \times \text{Correction factor for energy efficiency}$

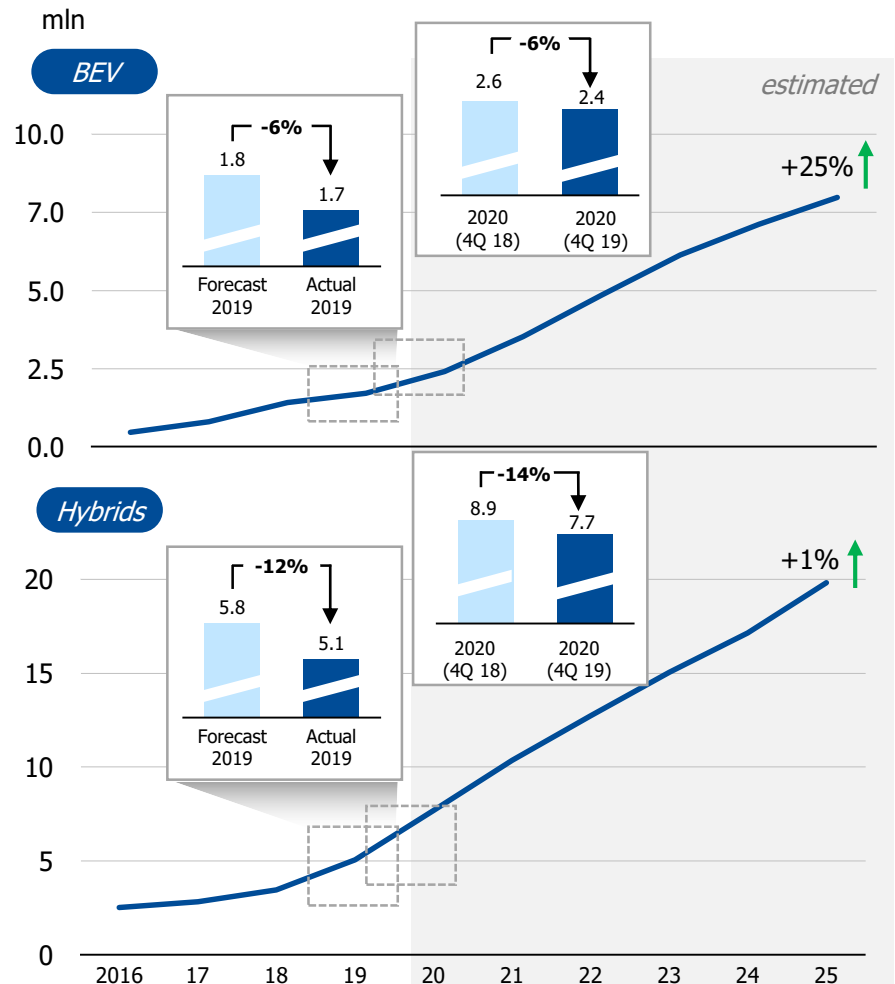
Fleet Electrification Targets Imply Active Hybridization

Major Automakers' Plans: Hybrids and Internal Combustion Engines to Dominate

LV production



NEVs Outlook: Weak 2019 Led to ST Downgrades, But LT Expectations Getting More Aggressive...



Source: Company Data, announcements by OEMs, LMCA

Premium of Palladium to Platinum is Sustainable in the Mid-Term

Palladium Premium to Platinum Owes to Stronger Fundamentals...



... as Pd Loadings in Gasoline Vehicles are Supported by Higher Fair Value-in-Use

	Palladium	Platinum
Thermal durability	Higher	Lower
HC and CO oxidation at low temperatures	Higher	Lower
NOx reduction	Higher	Lower

- Palladium performs better than platinum in gasoline vehicles
- Introduction of Real Driving Emission tests incentivises «over engineering» and higher palladium loadings
- Long-term stability/reliability of supply is supportive of palladium demand
- Progress in the development of prospective mining projects should mitigate structural deficit in the medium-term

Source: Company data

Rhodium - Small But Important Component of Auto Catalysts

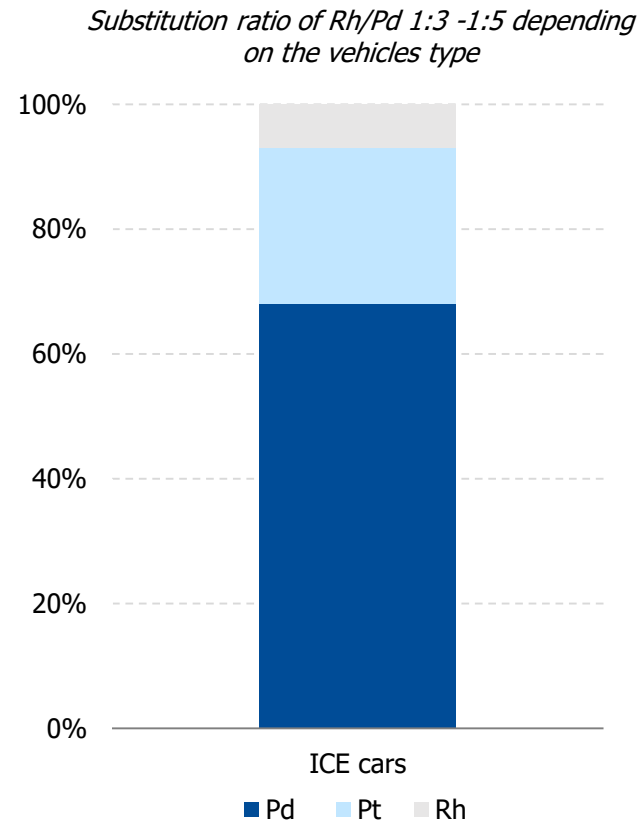
Rhodium Strongly Outperforms Palladium,
Already Up >50% in 2020YTD Setting 11-year Record

Swapping Rh for Pd in Catalytic Converters
Contributes to Palladium Tightness

USD/oz








Average metal loadings per ICE (inc. PHEV) vehicles, gr



Source: Thompson Reuters, Johnson Matthey research

Nornickel's Metal Basket Content by Light Vehicle Type

	 Gasoline	 Diesel	 Hybrid incl. PHEV ⁽¹⁾	 BEV ⁽²⁾	 FCEV ⁽³⁾
CAGR ⁽³⁾	(1%)	(1%)	+24%	+26%	+30%
Market Share ⁽⁴⁾	59%	14%	17%	8%	<1%
Ni	Stainless Steel & Parts		+Batteries		
	2-4 kg	2-4 kg	5-15 kg	30-110 kg	2-3 kg
Cu	Wires & Parts		+Electric Motor, Generator Winding		
	20-25 kg	20-25 kg	45-50 kg	75-80 ⁽⁵⁾ kg	70-75 kg
PGM	Catalysts				Fuel Cell
	2-5 g	3-6 g	2-6 g	-	25-35 g
Pt:Pd ratio	1:4	8:1	1:4		
Metal value per vehicle, US\$ ⁽⁶⁾	370-890	250-480	610-1,180	Up to 1,500	Up to 1,600

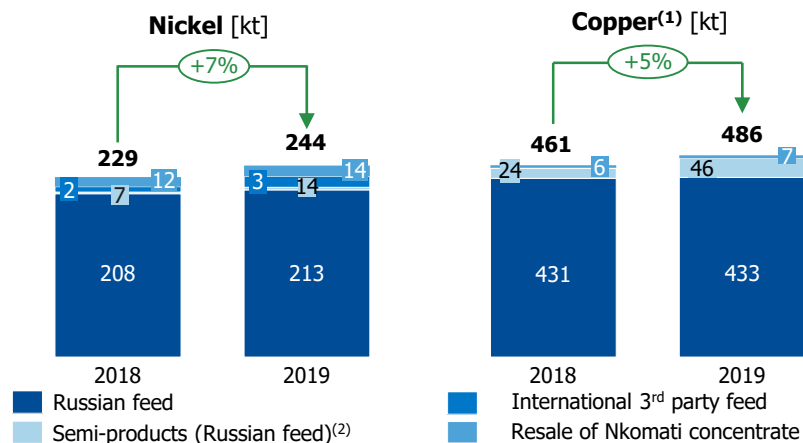
Sources: Company estimates, LMC Automotive, Bloomberg

Notes: 1. Plug-in hybrid electric vehicles, 2. Battery electric vehicles, 3. Fuel cell electric vehicles, 3. CAGR for 2018-2025E, 4. Expected market share in 2025 based on production, 5. Excluding additional infrastructure demand of 1-8 kg per charger, 6. Metal values calculated at spot prices as of February 21,2020

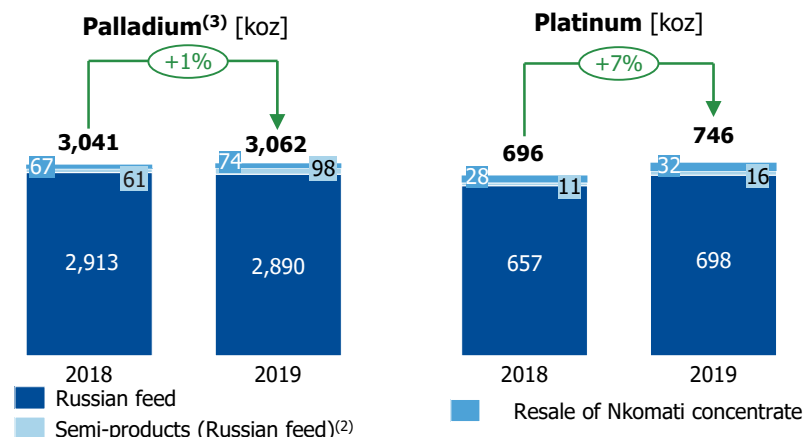
2019 Financial Results

Metal Sales Volumes and Realized Prices

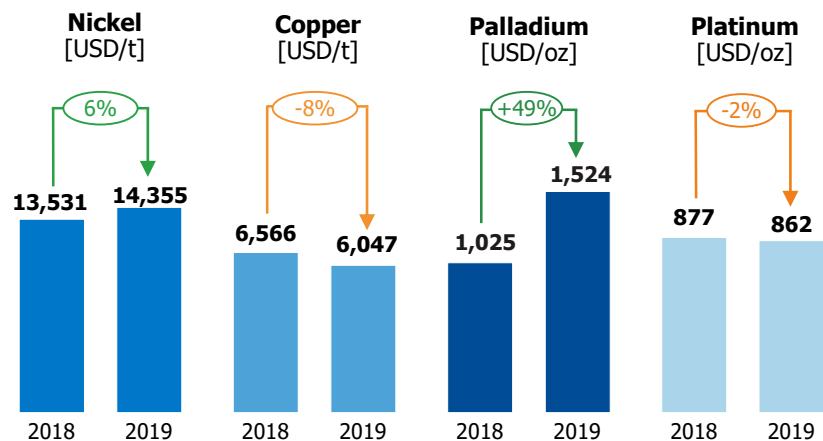
Base Metals Sales: Up on Higher Production Volumes



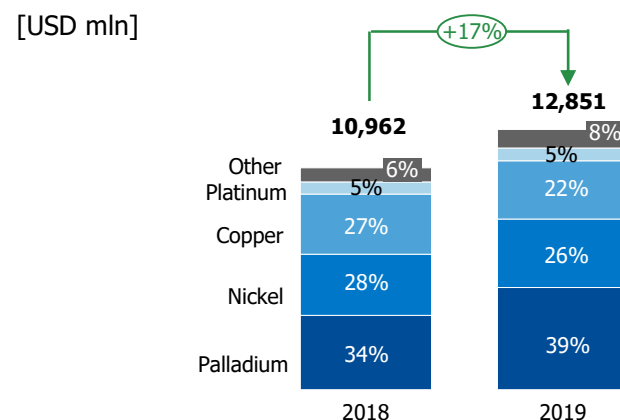
PGM Sales: Increase in Platinum on Higher Production Volumes



Realized Prices: Strong Rally in Palladium Driven by Market Deficit, Mixed Performance of Base Metals



Sales Breakdown by Metal: Palladium Contribution Up to Almost 40%

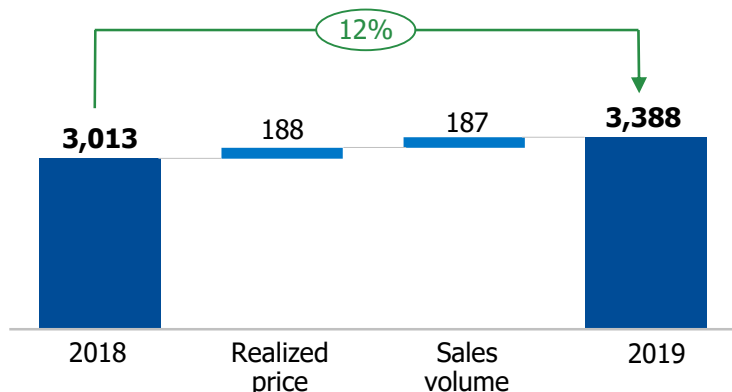


Note 1. Includes revenue from ore concentrates, produced by GRK "Bystrinskoe", from September 2019 when GRK Bystrinskoe was fully commissioned, 2. Metal contained in semi-products, including nickel and copper matte 3. Excluding sales of metals purchased from third parties.

Metals Revenue: Up on Strong Sales Volumes and Palladium Rally

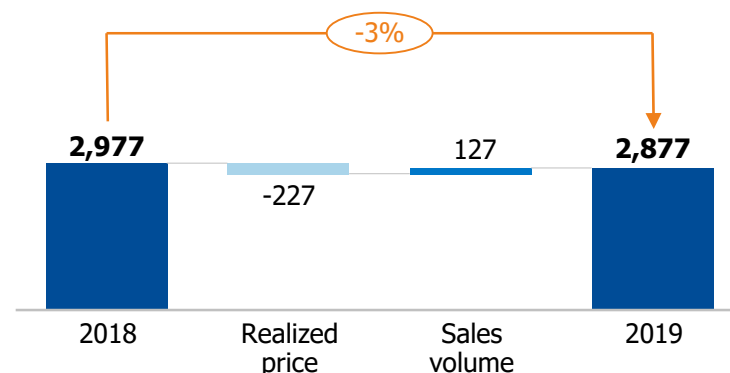
Nickel Revenue: Up 12% on Higher Prices and Sales Volumes

[USD mln]



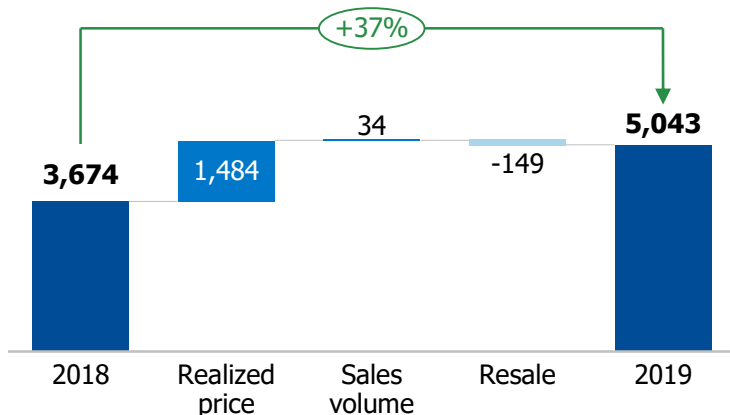
Copper Revenue: Down 3% on Lower Prices, With Some Offset from Higher Sales Volumes

[USD mln]



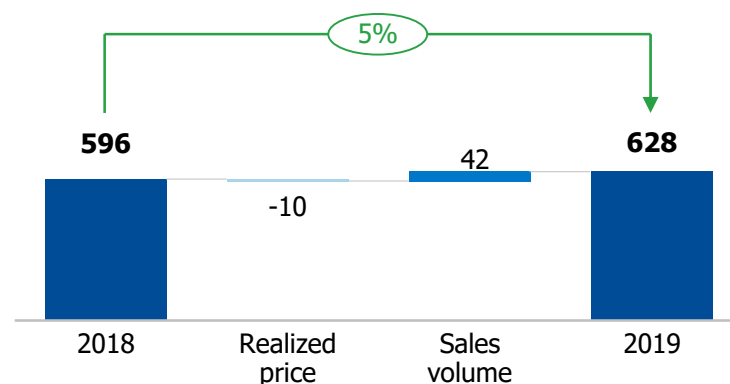
Palladium Revenue: Up 37% on Higher Prices, Re-sale of Metals Declined

[USD mln]



Platinum Revenue: Up 5% on Higher Sales Volumes

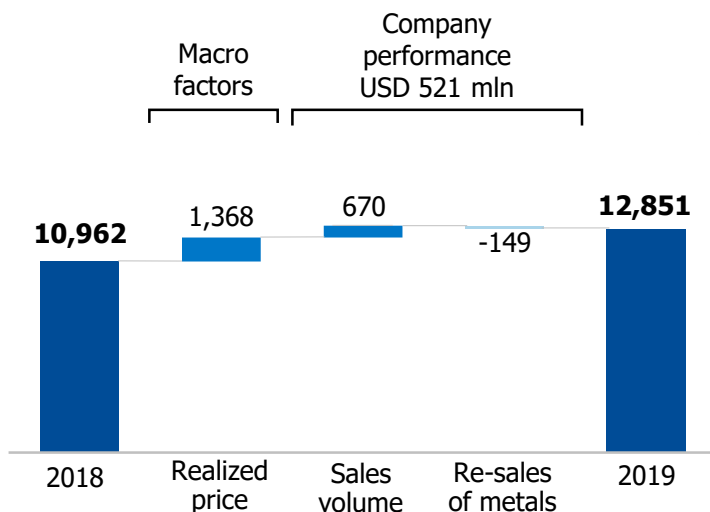
[USD mln]



Consolidated Metal Revenue

Metal Revenue Up Mainly on Higher Palladium Prices and Sales Volumes

[USD mln]

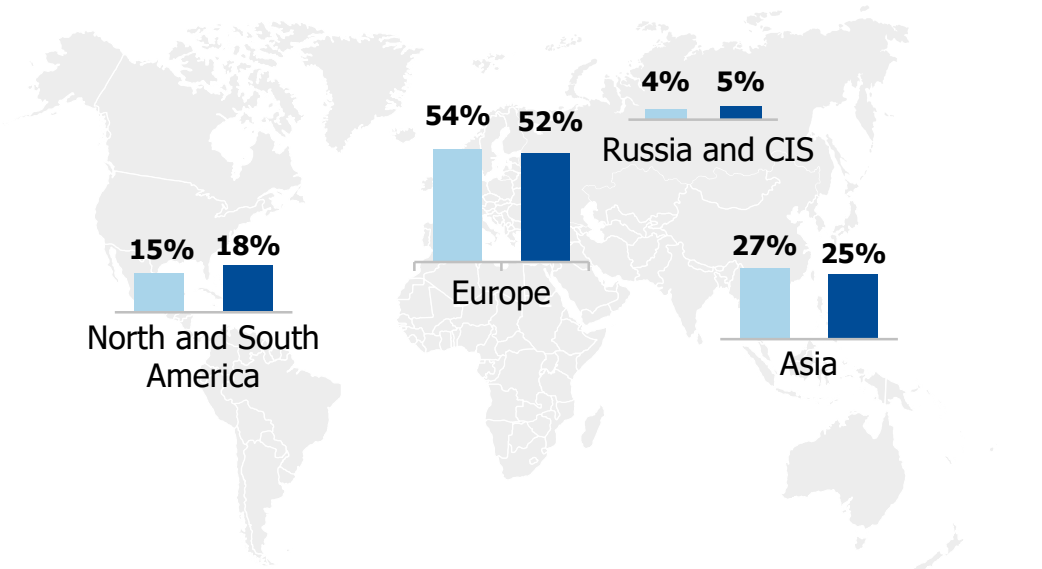


- + Stronger palladium prices
- + Higher metal sales as result of increase in production volumes
- Re-sale of palladium

Geographical Breakdown of Metal Revenue: Growing Sales to America Driven by Higher Palladium Prices

[% of USD sales]

2018 2019

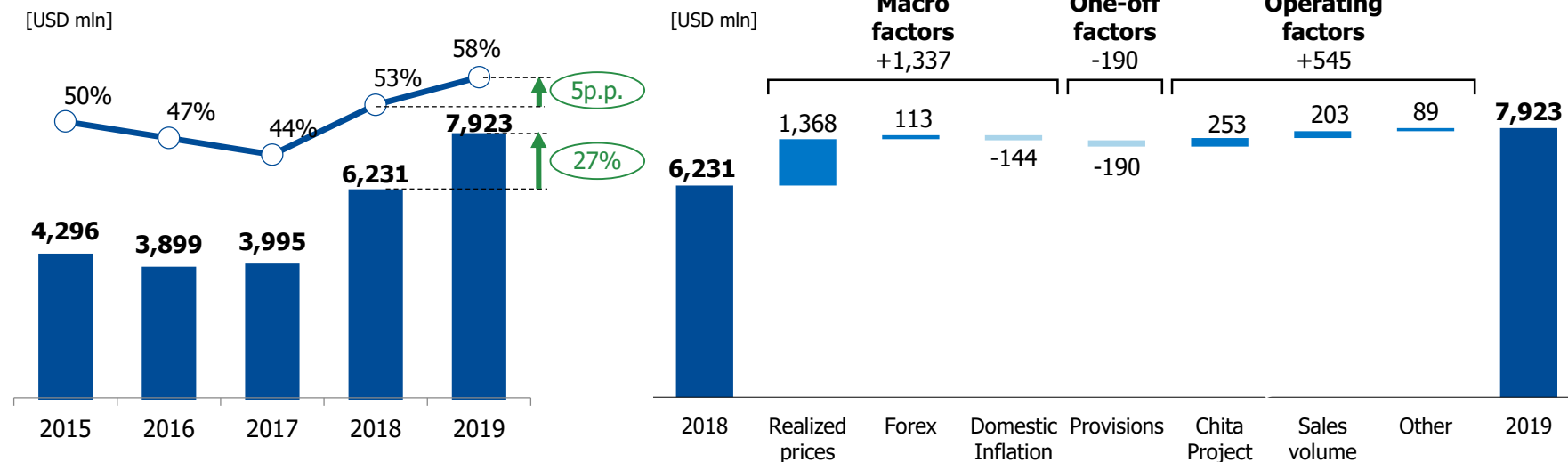


- Europe remains the single largest market accounting for 52% of metal sales
- Decrease of sales to Asia to 25% due to lower physical sales of palladium
- Sales to Americas increased from 15% to 18% of total driven by increase of realized palladium price

EBITDA and EBITDA Margin

EBITDA and EBITDA Margin

2019 EBITDA: Up on Strong Palladium Performance, Ramp Up of Bystrinsky Project and Productivity Gains

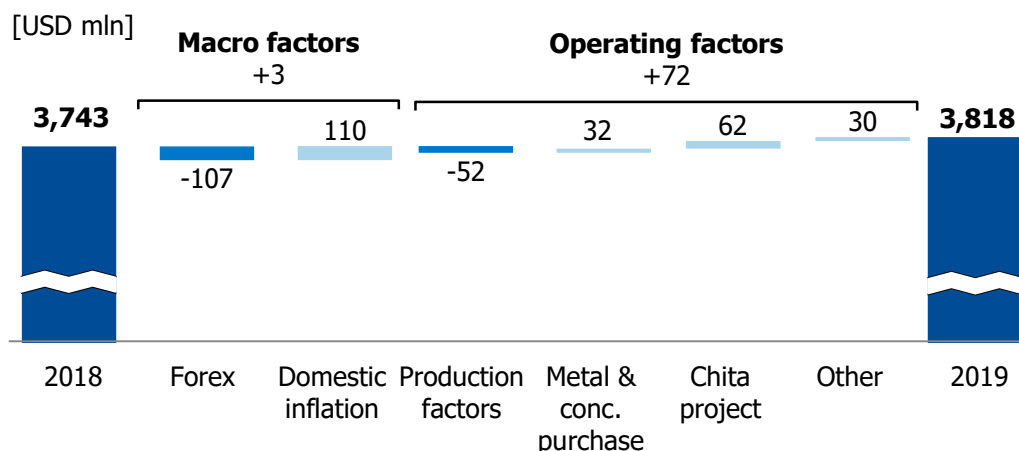


- + Higher realized metal prices (+USD1,368 mln)
- + 3% depreciation of RUB against USD (+USD113 mln)
- Domestic inflation reported at 3% (-USD144 mln)
- A provision created for the shutdown of certain production facilities at Kola MMC scheduled starting from 2021 (-USD190 mln)
- + Ramp-up of Bystrinsky (Chita) project, which more than doubled copper concentrate production (+USD253 mln)
- + Increase in metal and semi-products sales due to productivity gains and an increase in mined ore volumes (+USD203 mln)

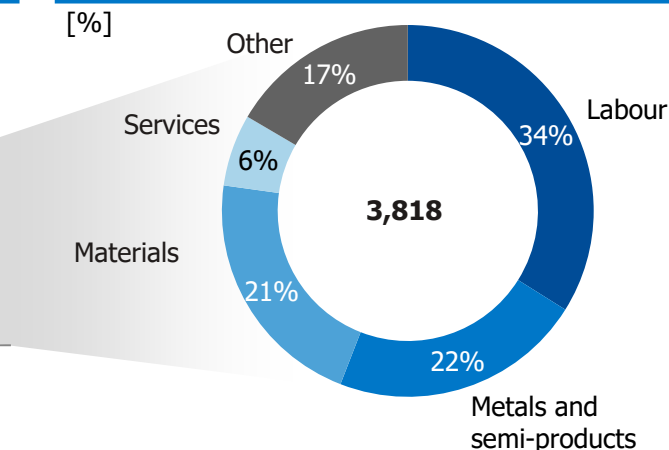
One of the industry leading EBITDA margins: 58%

Operating Cash Costs: Withstanding Inflation Pressure

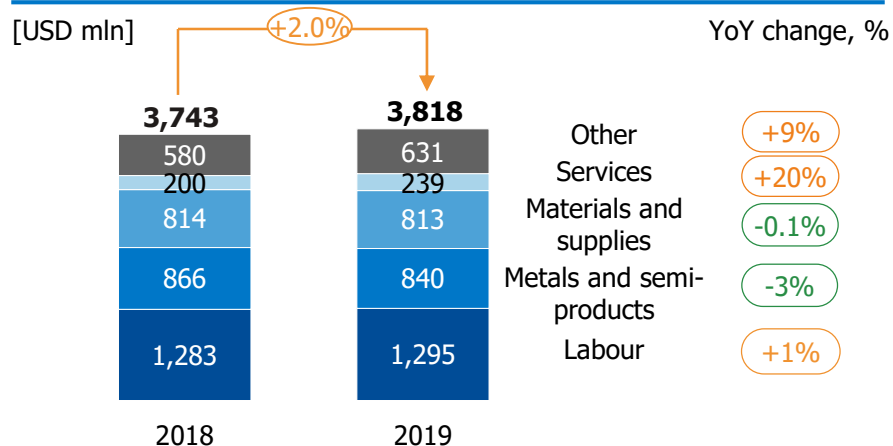
Operating Cash Costs Increased 2% in 2019



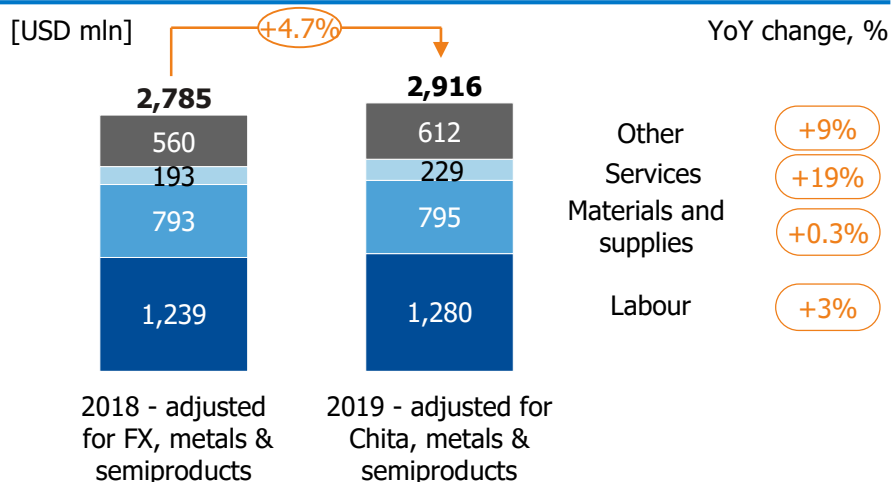
2019 Cash Costs Breakdown



Reported Operating Cash Costs: Up Marginally due to RUB depreciation



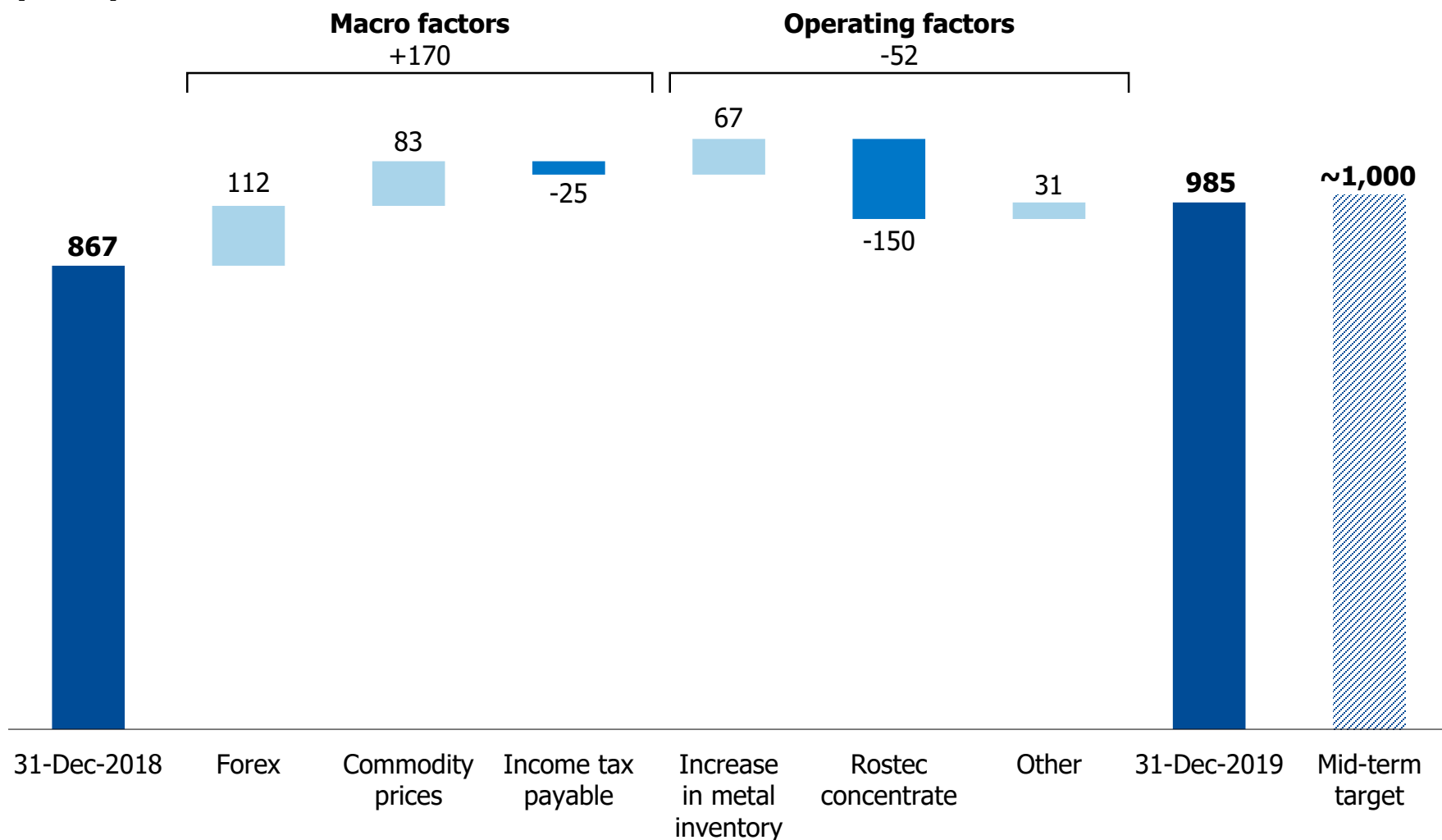
Operating Cash Costs Adjusted ⁽¹⁾ for FX, Chita, Metals and Semi-products Purchased



Note: 1. Semi-products include Rostec concentrate and Nkomati. Chita project has been consolidated on 100% basis line-by-line into the Group's financial statement since September 2019

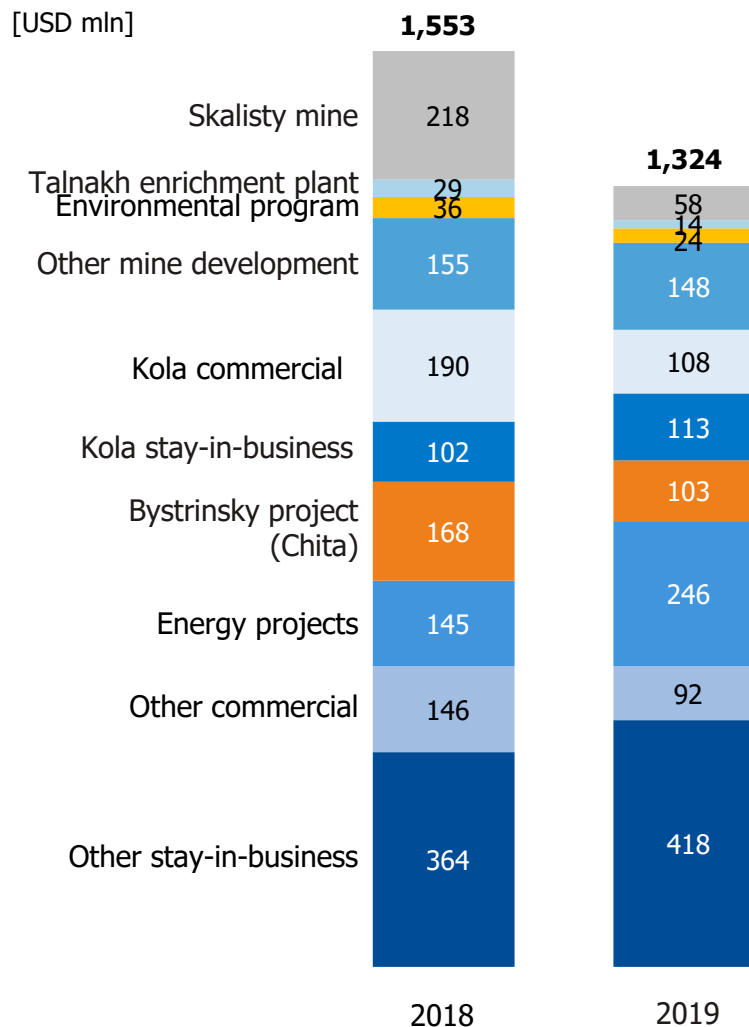
Net Working Capital Changes in 2019

[USD mln]

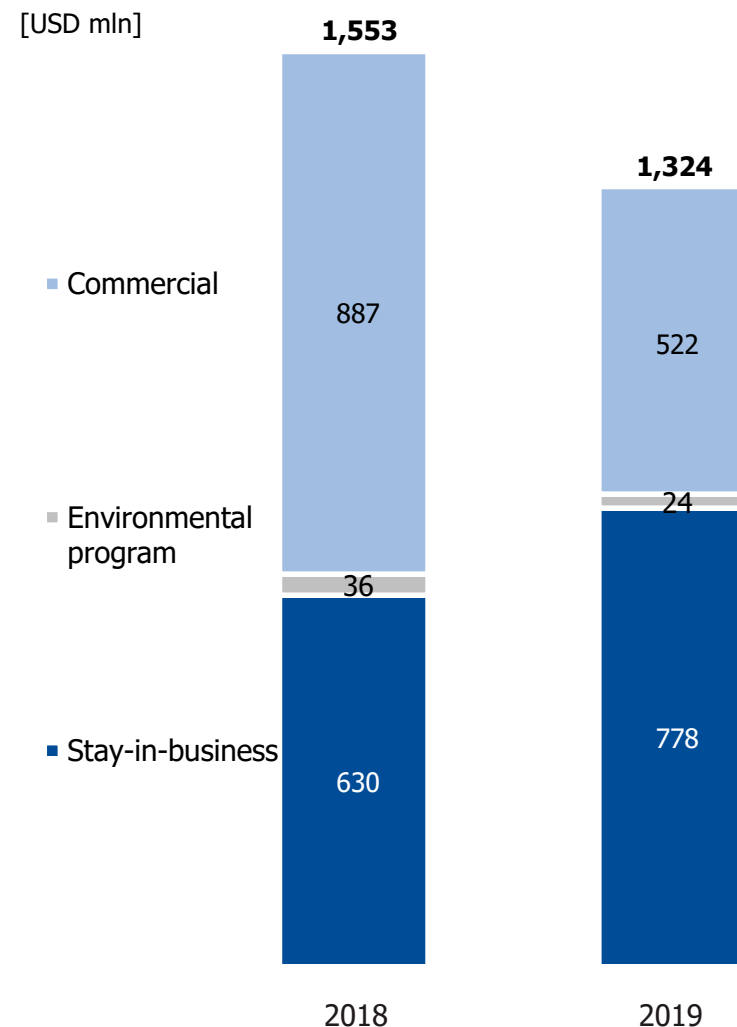


Allocation of Capital Investments

CAPEX⁽¹⁾ Breakdown by Projects



CAPEX⁽¹⁾ Allocation: Commercial and Stay-in-Business

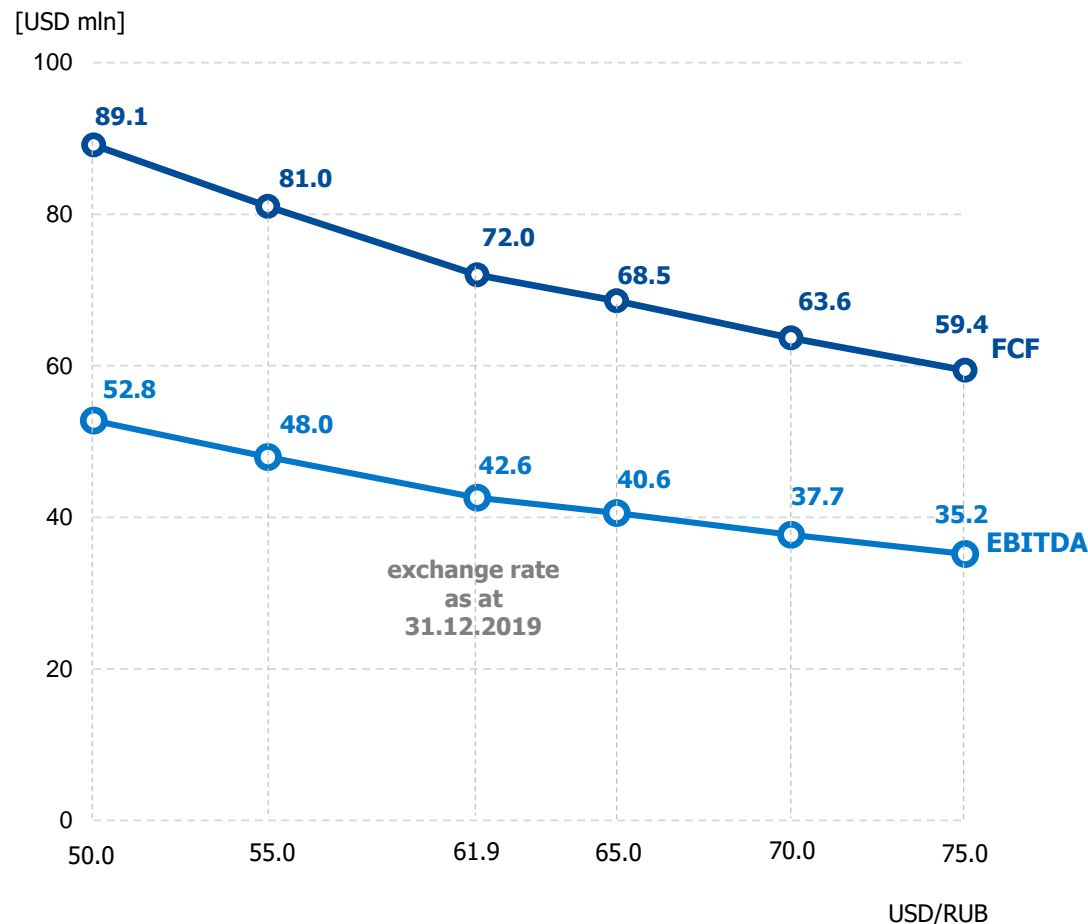


Note: 1. CAPEX in Cash flow statement, net of VAT

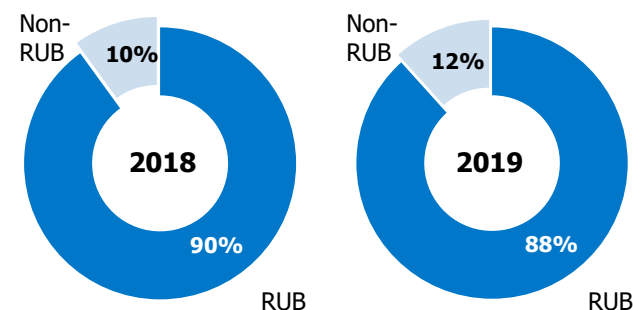
Financial Results Sensitivity to USD/RUB Exchange Rate

At USD/RUB rate of 61.9, 1% change in exchange rate translates into EBITDA change of USD42.6 mln, FCF change of USD72.0 mln

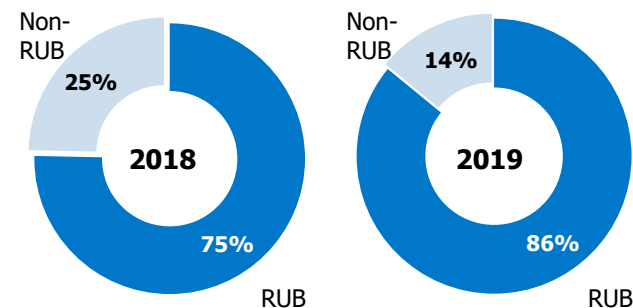
CAPEX and OPEX Break Up by Currency



OPEX⁽¹⁾



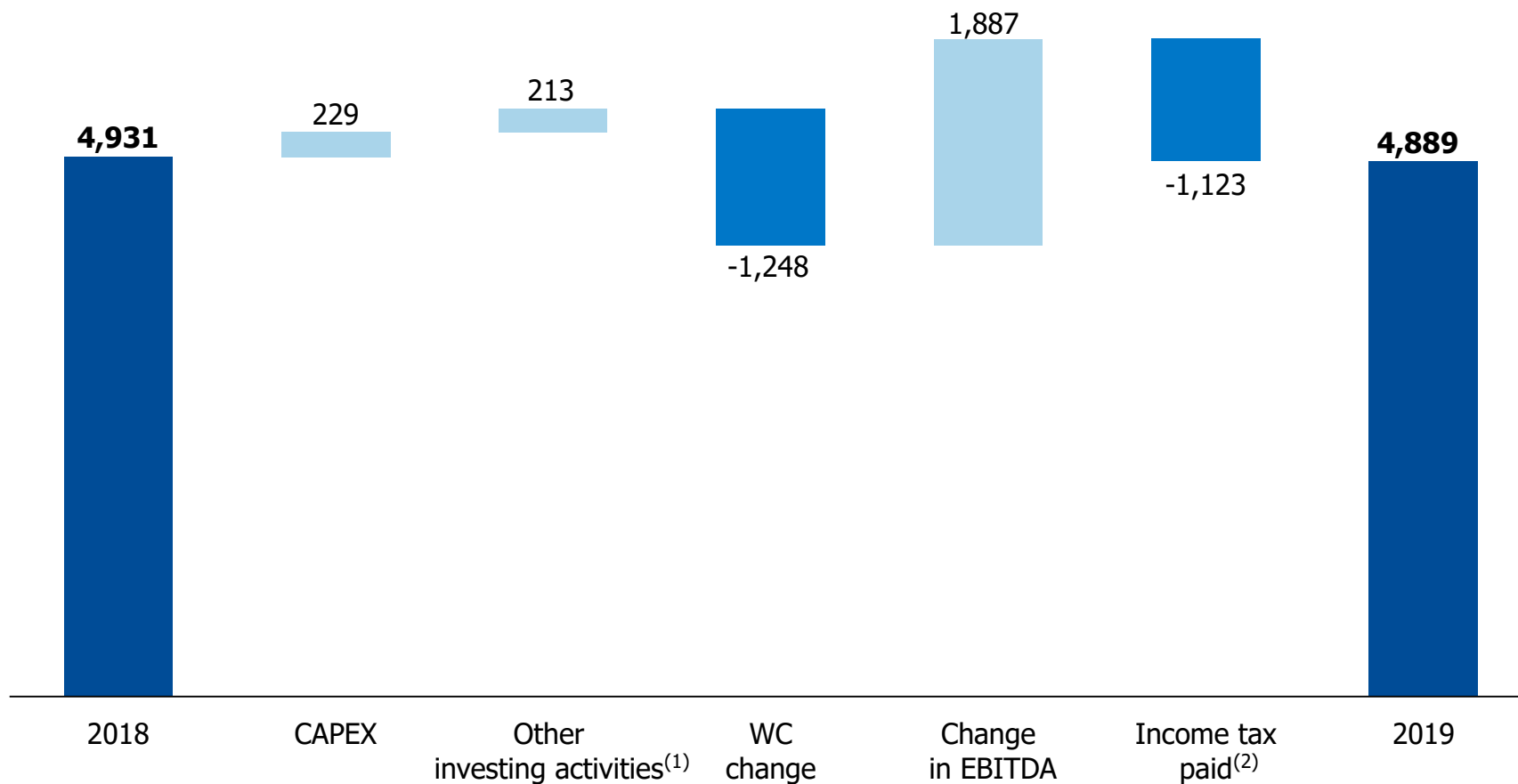
CAPEX



Note: 1. Cash costs (change in stock excluded), Cost of non-metal sales, SG&A; normalized by cost of refined metals for resale

Free Cash Flow Was Stable at USD 4.9Bn

[USD mln]

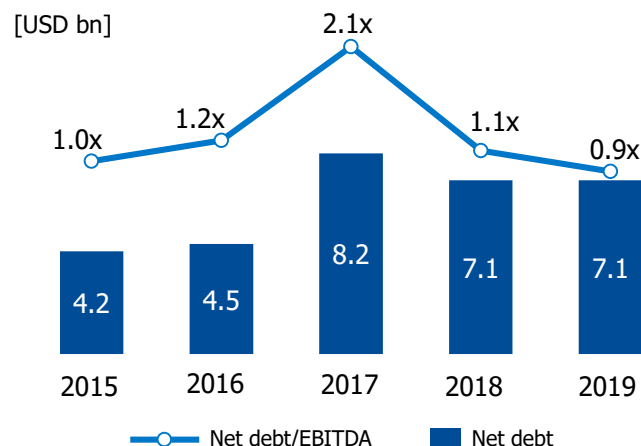


Note: 1. Receipt of Baimskaya feasibility loan and changes in bank deposits

2. Increase in income tax payments due to higher taxable pretax profit and changes in intra-group operations

Balance Sheet Management

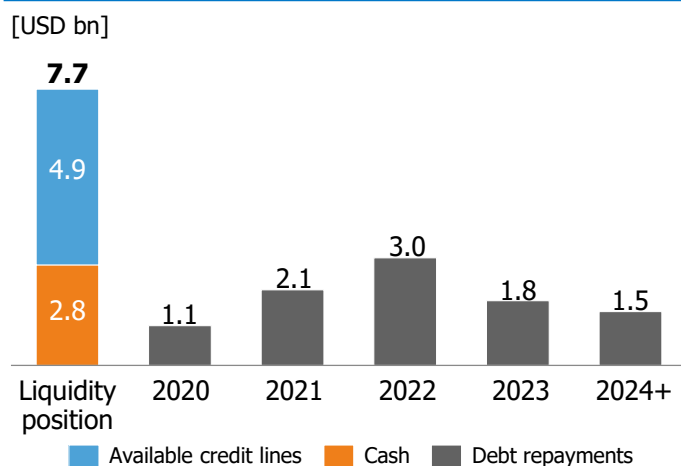
Historical Leverage: ND/EBITDA Back to Mid-Cycle Average



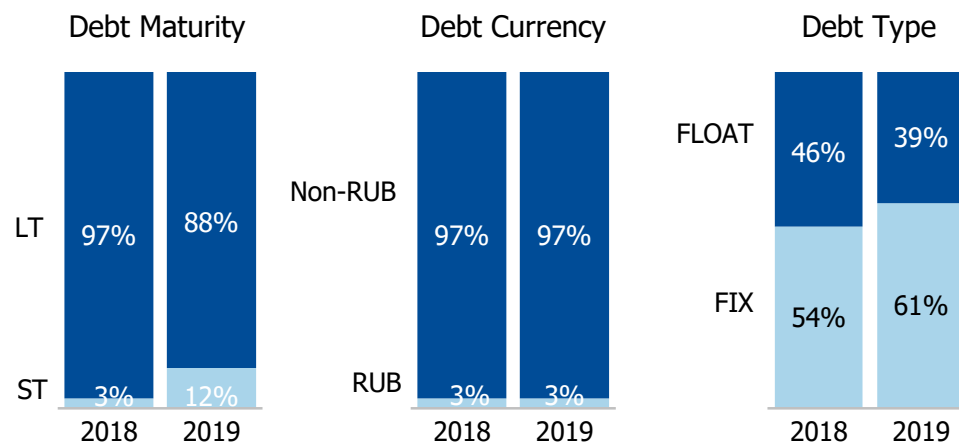
Proactive Debt Management

- In 2019, Nornickel revised terms of a number of bilateral loans, having extended the duration of USD 1.0 billion debt by more than 2.5 years while locking in competitive interest rates
- In 2H 2019, two 5-year offerings were placed successfully on domestic and international markets, respectively, raising more than USD 1.1 billion in total at the lowest USD rate for a 5-year tenor debt in Nornickel's history
- The debt portfolio's average interest rate reduced from 4.7% at the year-end of 2018 to 4.3% as of December 31, 2019
- In February 2019, Moody's upgraded Nornickel to "Baa2" with "Stable" outlook. The Company holds investment grade credit ratings from all three major international rating agencies.

Liquidity and Debt Repayment Schedule⁽¹⁾



Change in Debt Structure⁽¹⁾

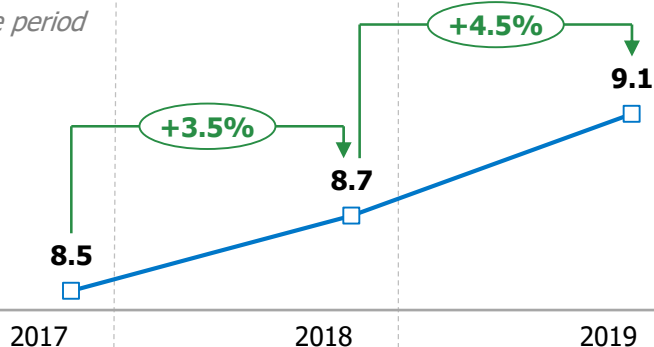


Note: 1. RUB loans with currency swap applied disclosed as USD loans at the rate of swap initiation

Finance Costs Reduced Significantly

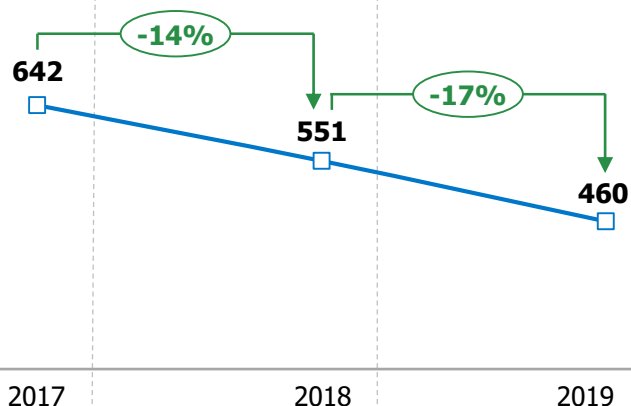
Gross Debt ⁽¹⁾

[USD bn]
average for the period



Cash Finance Costs Reduced by Almost USD 200 mln Relative to 2017

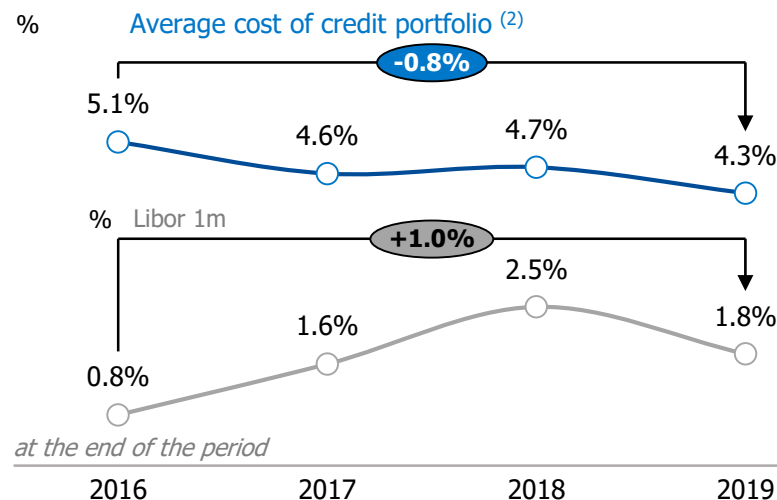
[USD mln]
for the period



Reduction of Cash Finance Costs and Decrease of Average Cost of Debt ...

- ... despite growth in base interest rates (LIBOR) in 2017-2018
- ... despite an increase in the average gross debt
- ... owing to successful restructuring of debt portfolio and improvements of terms with main debt providers
- and while keeping **neutral** balance sheet FX position

Average Cost of Debt



Note: 1. In 2017-2018, gross debt includes only financial lease liabilities, starting from 2019 it additionally includes other lease liabilities recognized under IAS 16 2. The metric presented is based on all-in effective interest rate including all cost components of debt instruments (without lease liabilities) as at the end of the relevant period (debt instruments denominated in currencies other than the US dollar are swapped for US dollar funding positions)

Operations and Strategy Update

Skalisty Mine Development Update



Project Description

- Production capacity: 2.5 Mtpa
- Project resources ⁽¹⁾: 53 Mt of ore @ 3.2% Ni, 3.7% Cu and 10.0 g/t PGMs
- Capex 2013–2019: US\$1.6 bn
- Capex 2020–2025: ~US\$0.9 bn



Project Update

- Ore production in 2019 of 2.3 Mtpa
- Construction of vertical ventilation shaft #10 and main shaft (skip-cage shaft) completed
- Full commissioning of main shaft scheduled for 2021
- First ore from the deep mine is scheduled for the end of 2024
- Pre-feasibility study for autonomous mining at 2km depth has commenced

Status ~2.3 Mt ore mined in 2019

Target Capacity ~2.5 Mt ⁽²⁾



Notes: 1. According to JORC; 2. Assuming replacement of phasing out capacity

South Cluster Project Update



Project Description

- Large-scale, long life (25+ years) brownfield asset at the bottom of the global PGM cost curve
- Project resources ⁽¹⁾: 42 Mt of ore @ 6.08 g/t PGMs, 0.3% Ni, 0.4% Cu
- O/P and U/G operations leveraging off the existing infrastructure
- Waste stripping commenced in May 2019 and is on schedule with a ramp-up beginning in 2021-2022
- Feasibility study, detailed engineering and start of construction works are scheduled in 2020

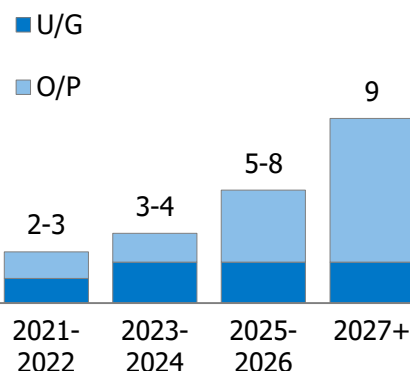


Operating Highlights

Target Annual Capacity

Ore	Mt	9
PGMs	koz	750-850
Ni	kt	10+
Cu	kt	15+

Ramp-Up Schedule, Mt of Ore



EBITDA ⁽²⁾: US\$0.7 bn+

Capex ('19-'27): US\$0.9 bn



Notes: 1. According to JORC; 2. At full capacity, based on long-term consensus price forecasts

Bystrinsky Project Update



Project Description

- Location: Chita, Zabaikalsky region
- The largest greenfield project in the Russian mining industry
- Ore reserves ⁽¹⁾: 316 Mt of ore @ ~0.7% Cu, 23% Fe and 0.9 g/t Au
- Total Capex: US\$1.8 bn
- Concentrator was commissioned in September, 2019
- Full capacity is scheduled for 2020
- 2019 EBITDA: US\$349 mln
- Consolidated on a 100% basis in Norilsk Group financial results since September, 2019



Operating Performance Highlights

		2018	2019	2020E
Ore throughput	mt	4	8	10
Cu in concentrate	kt	19	44	55-65
Au in concentrate	koz	90	177	220-240
Iron Ore Concentrate	mt	0.4	1.3	1.5-1.7

Notes:

1. According to the Russian classification (A+B+C1+C2),



Kola Nickel Refinery Upgrade – Status Update



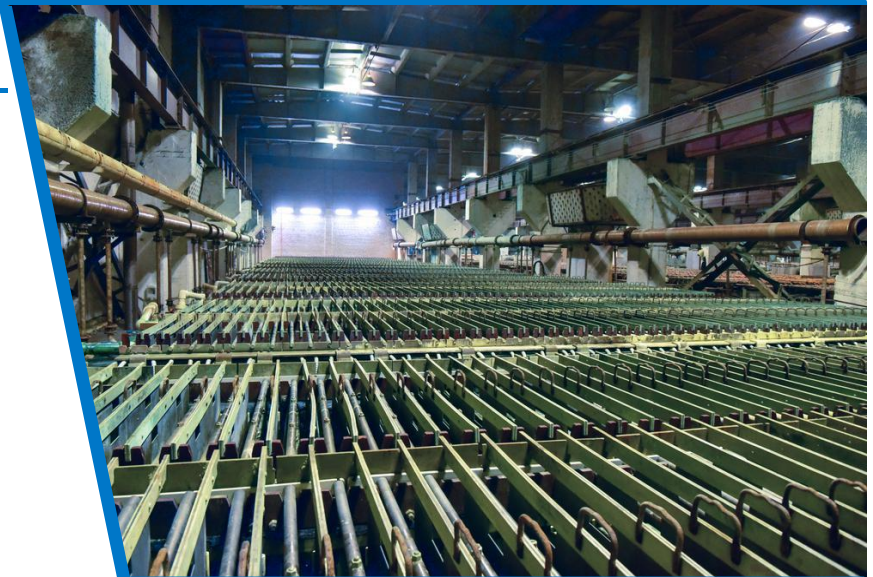
Project Description

- Upgrade of Tankhouse-2 aiming at 20% capacity increase (from 120 ktpa to 145 ktpa)
- Adoption of new choline leaching technology
- Expected benefits:
 - Increase of nickel recovery from high-grade matte by over 1.0%
 - Optimization of work-in-progress inventory
 - Reduction of environmental footprint
- Capex for 2019: ~US\$100 mln
- Total Capex: ~US\$450 mln



Project Update

- Current status:
 - Hot-commissioning stage (100% of cells installed as of January 2020)
 - Full design capacity and parameters scheduled by the end of 2020



Source: Company data

Kola Environmental Projects: Construction of Concentrate Loading Point to Facilitate Shut Down of Smelting Shops



Project Description

- Environmental project aiming at complete eradication of SO₂ emissions in Nickel town (cross-border zone with Norway), which requires redirection of Kola ore concentrate sales/processing prior to the shutdown of smelting shops
- Key projects:
 - Construction of the flotation circuit to produce two types of marketable nickel concentrates
 - Construction of the low-grade nickel concentrate loading point
 - Construction of the high-grade nickel concentrate loading point
 - Complete shutdown of smelting operations in Nickel town



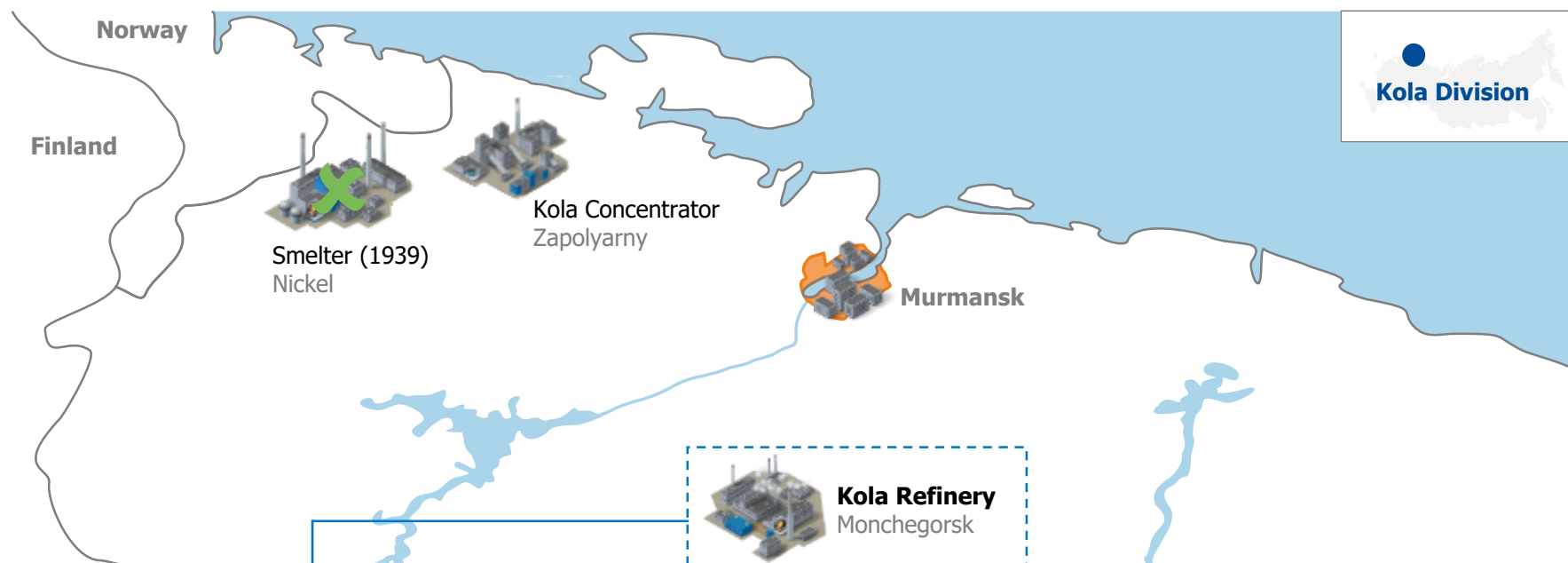
Project Update

- Current status:
 - Construction of the low-grade loading point completed in 2019, the unit is in the hot commissioning stage
 - The first batch of low-grade concentrate was shipped to third parties in December 2019
- Plans for 2020-2021:
 - Preparation of FS for construction of the high-grade nickel concentrate loading point
 - Shutdown of smelting operations



Source: Company data

Sulphur Programme 2.0: Dramatically Reducing Emissions at Kola Division



2021

- Complete shutdown of Copper line at Kola Refinery eliminating the major source of refinery's SO₂ emissions, which is located closest to the residential area
- Product flows to be re-directed to Polar Division where capacity will be available due to secondary stock depletion and debottlenecking initiatives, with optionality of partial sales to third parties
- Longer term options for the site include construction of modern, fit-to-size capacities to process growing volumes, which will be assessed against market alternatives

High-grade
matte
separation

Nickel line



✓ Upgraded to leaching technology (2019)

-85%+
overall SO₂
emission reduction
by Kola Division
(2021 vs 2015)

Copper line



2x
furnaces



4x
converters



4x anode
EFs



Electro-
lysis shop

-100%
Smelter's SO₂
emissions in cross-
border area

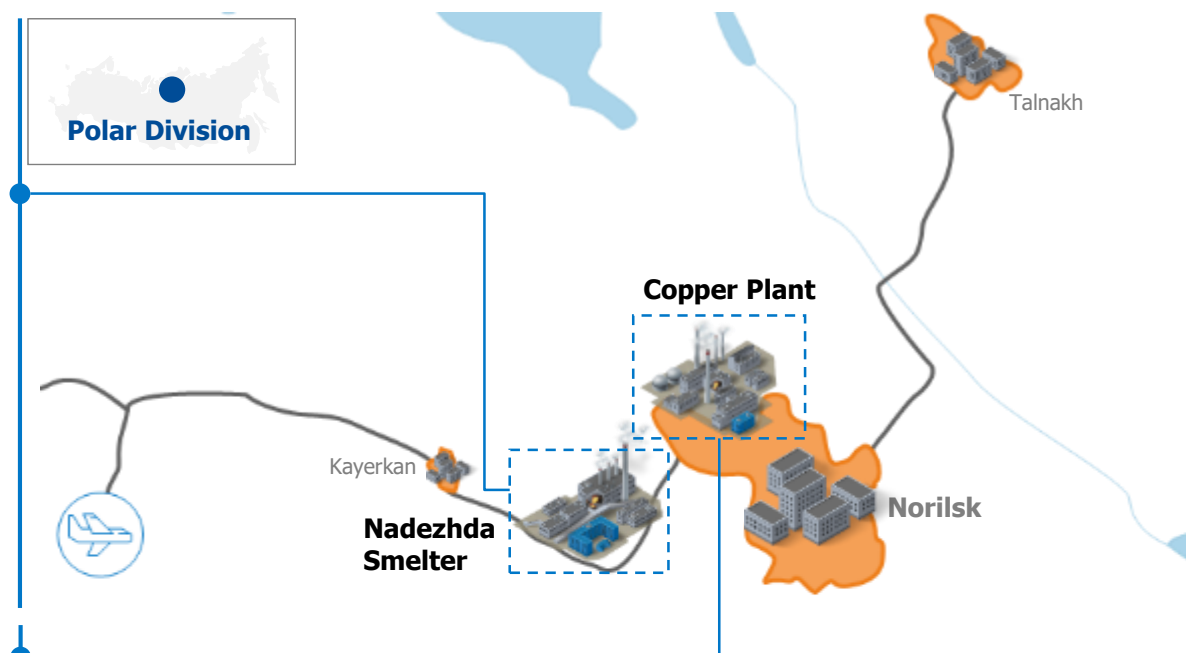
Sulphur Programme 2.0: Comprehensive Environmental Solution for Polar Division

Nadezhda Smelter:

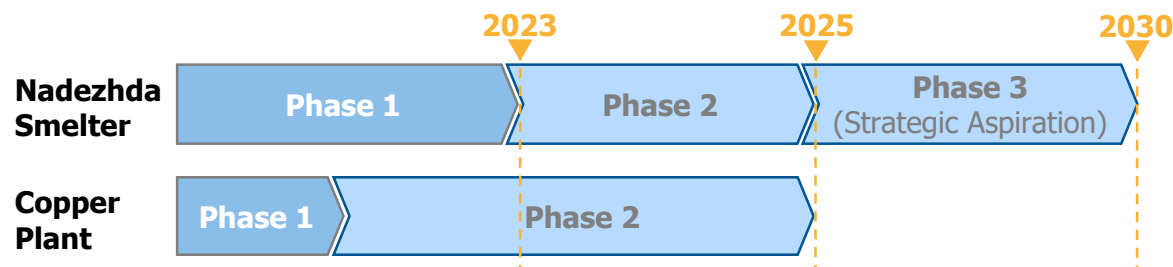
- **Phase 1:** Anchor project to capture furnace gases at Nadezhda and establish acid neutralization facilities and infrastructure (incl. gypsum storage) – to be completed by 2023
- **Phase 2:** Expansion of neutralization infrastructure (for sulphuric acid from Cu stream) by 2025
- **Phase 3 (Strategic Aspiration):** Capturing of sulphur-poor gases from converter furnaces

Copper Plant:

- **Phase 1:** Preparatory works (incl. construction of gas cleaning unit and infrastructure), design update
- **Phase 2:** Sulphuric facilities to capture 99-99.5% SO₂ at Copper Plant by 2025 in line with industry benchmarks



Projects Timeline and CapEx



Total Capex (Phase 1+2): c. US\$3.5 bn
of which already committed spend for Phase 1: US\$1.2-1.3 bn

Sulphur Programme 2.0: Nadezhda Smelter (Polar Division)

2023

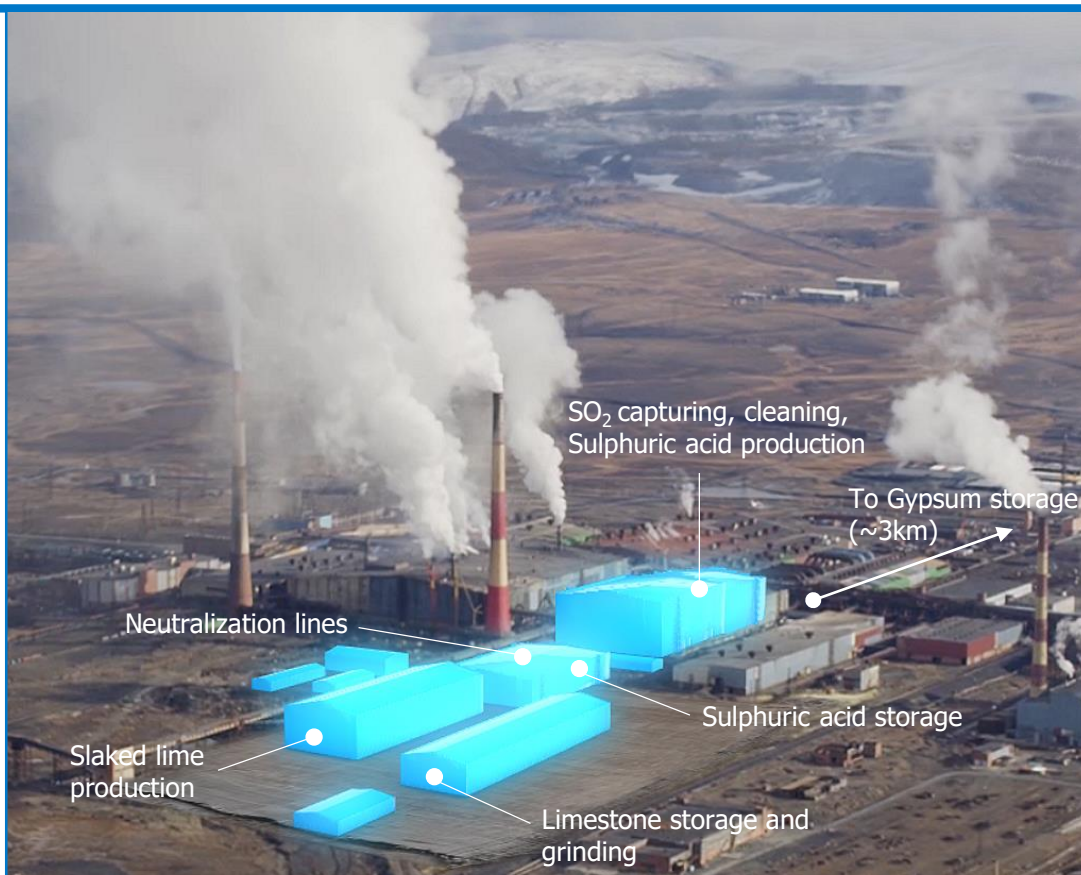
Strategic Objective: Achieve 45% SO₂ reduction for Polar Division by 2023 and establish scalable solution for sulphuric acid neutralization

Scope (Phase 1 to be completed by 2023):

- 2 lines of SO₂ capturing from flash furnaces and sulphuric acid production
- Limestone preparation and neutralization lines (sulphuric acid into gypsum)
- Gypsum storage (3 km away from the Smelter)
- Supporting infrastructure

Project status:

- Site fully prepared
- Project design completed
- Key contractors selected
- Procurement of long-lead items initiated
- Construction is due to start in 1H2020



Click to watch the video about Phase 1 of the Sulphur Programme 2.0 at Nadezhda Smelter:

You Tube <https://youtu.be/ZuJLH3SGo00>



3rd Stage of Talnakh Concentrator Upgrade – in Execution

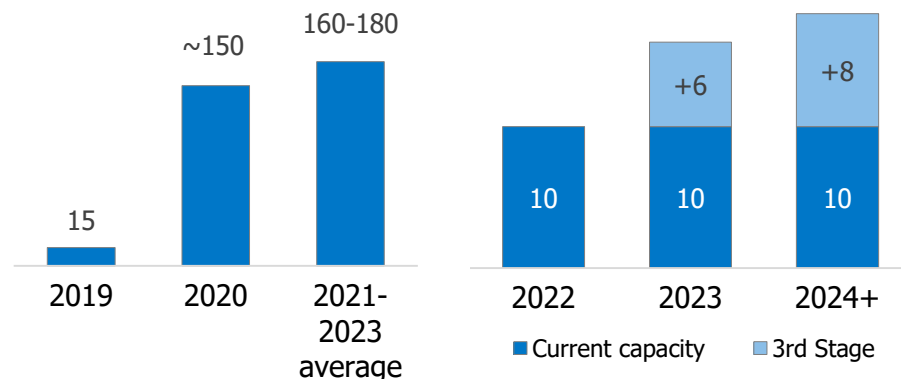
Project Description

- 3rd stage upgrade of Talnakh concentrator (TOF-3) capacity up to 18 Mtpa (+8 Mtpa) to process growing ore volumes
- Proven technology (TOF-2 project) to facilitate higher recoveries (+4-7% for all key metals) delivering US\$150 mln+ in incremental EBITDA annually
- Capacity expansion will unlock strategic optionality for major growth projects, including South Cluster
- Key contracts to be signed in Q1 2020

Operating Performance Outlook

Estimated CapEx ⁽¹⁾, US\$ mln

Ramp-Up Schedule, mt of Ore



Note: 1. Including 2nd stage of the tailing dam



Arctic Palladium – Project Update



Project Description

- Potentially the world's largest greenfield PGM cluster (724 Mt M&I resources⁽¹⁾ @5.9 g/t PGM, 0.3% Ni, 0.5% Cu)
- Pre-feasibility study confirmed the project as a Tier 1 Asset with over 50 years of mine life
- The project is considered for development in 3 stages, 7mtpa each



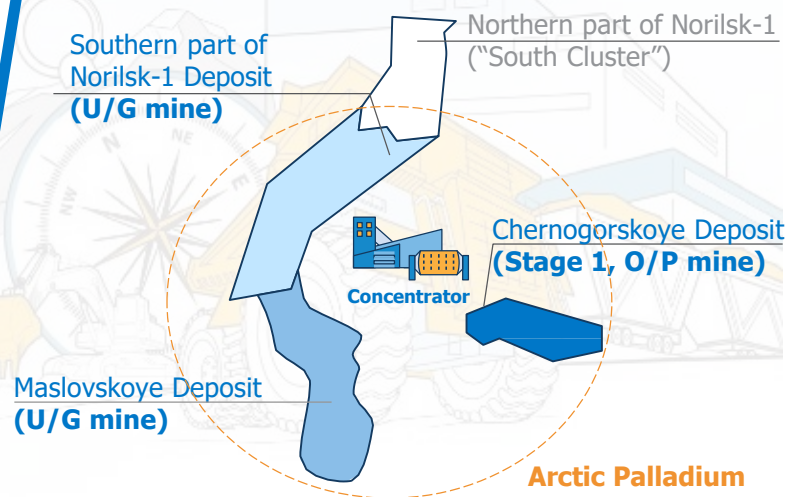
Project Development Timeline

- Staged approach to development of deposits as a single production cluster:
 - 2020: JV agreement and all due corporate approvals
 - 2024-2025: Stage 1 – launch/ full ramp-up of 7 mtpa Chernogorsky open pit mine and concentrator
 - 2029-2031: Stage 2 – launch/ full ramp-up of 7 mtpa Maslovskoye underground mine and concentrator
 - 2030s+: Stage 3 – launch/ full ramp-up of 7 mtpa Southern part of Norilsk-1 deposit
- Estimated development Capex until first production ('19-'24): US\$2.8-3.2 bn, of which for Stage 1 – US\$1.4 bn ⁽²⁾

- ✓ EBITDA margin > 40%
- ✓ Revenue > \$1 bn
- ✓ Long Reserve Life > 20 years



Tier I Asset confirmed



Note: 1. Unaudited data

2. Including O/P operations, construction of concentrating facilities and all related infrastructure

Energy Infrastructure Modernization



Project Description

- Staged upgrade of the energy infrastructure is required to support long-term production growth targets
- Energy projects scheduled for 2020-2025:
 - Replacement of 2 and installation of 3 new power-generating units at the thermal power plants #2 and #3
 - Power grid and gas pipeline system modernization
 - Hydro power plants upgrade (replacement of turbines and introduction of an automated dispatch system)
- 2020-2025 Capex: ~US\$2 bn ⁽¹⁾



Project Update

- Replacement of 6th turbine at Ust-Khantayskaya hydro power plant (7 in total) completed
- Replacement of one of the power-generating units at the thermal power plant (TPP) #2
- Plans for 2020-2025E: replacement of power units at TPP #2,3 introduction of dispatch system, modernization of grid complex and replacement of gas transmission equipment

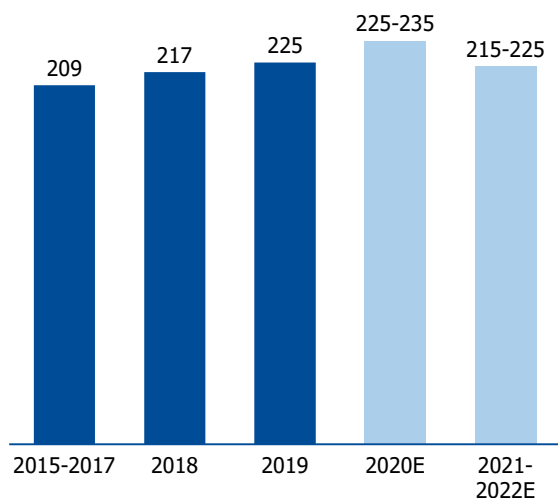


Note: 1. Including update and modernization of grid and gas infrastructure and facilities

Production Guidance for 2020-2022 (1)

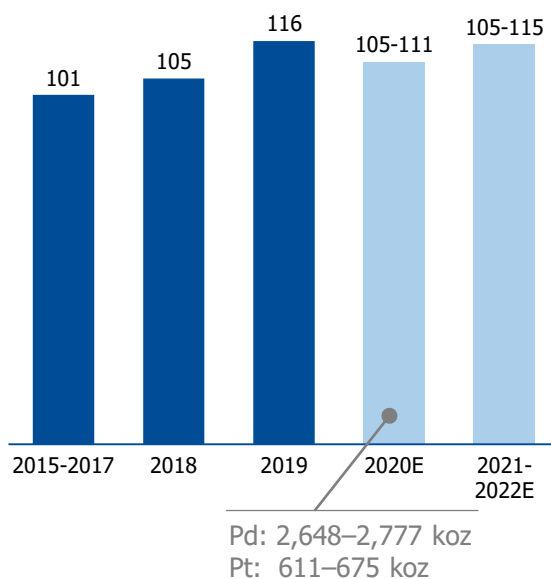
Ni

kt



Pt+Pd

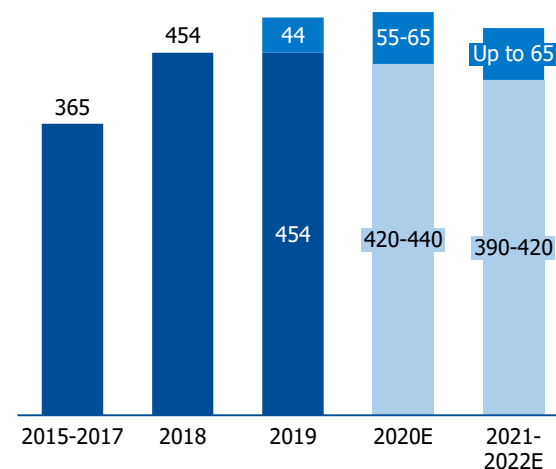
t



Cu

kt

xx Bystrinsky project



Nickel and PGM volumes are expected to subside moderately due to and subject to planned furnaces maintenance at Nadezhda smelter

Copper production temporary to decline in 2021-2022 due to secondary feedstock depletion and expected to recover by ~2024-2025 driven by growth of mined ore volumes

Note: 1. Metals produced from own feedstock (including metals in saleable semi-products), excluding production of Bystrinsky project and Nkomati

2020 Outlook

Metals market outlook

→ Neutral ↗ Positive

Ni →

Market will remain balanced as Indonesia continues to increase its NPI output, while Chinese NPI is expected to be modestly down. **Indonesian export ban will not have substantial effect** on the market balance **in the short-term**.

Cu →

Market to remain balanced; the **outcome of coronavirus epidemic may become major swing factor** for both supply and demand.

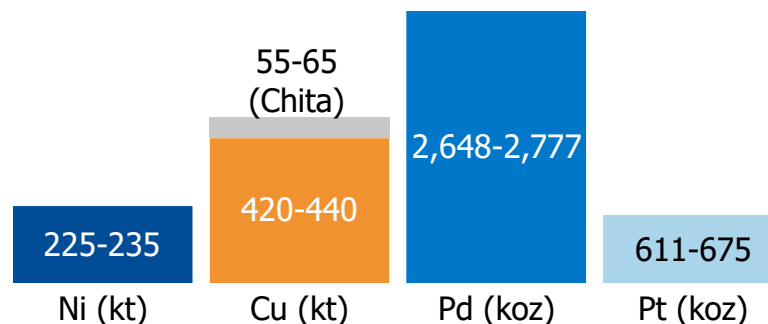
Pd ↗

Market deficit to widen driven by higher loadings in autocatalysts on the back of further roll-out of China 6 standard and introduction of RDE tests in Europe. **Substitution with platinum looks limited as technical solutions are not available**.

Pt →

Market to remain in surplus, weak automotive and jewelry demand to persist.

2020 Metal Production Guidance⁽¹⁾



Capex

USD2.2-2.5 billion⁽²⁾

Working capital

USD1.0 billion – medium term target reiterated

Annual dividend for 2019

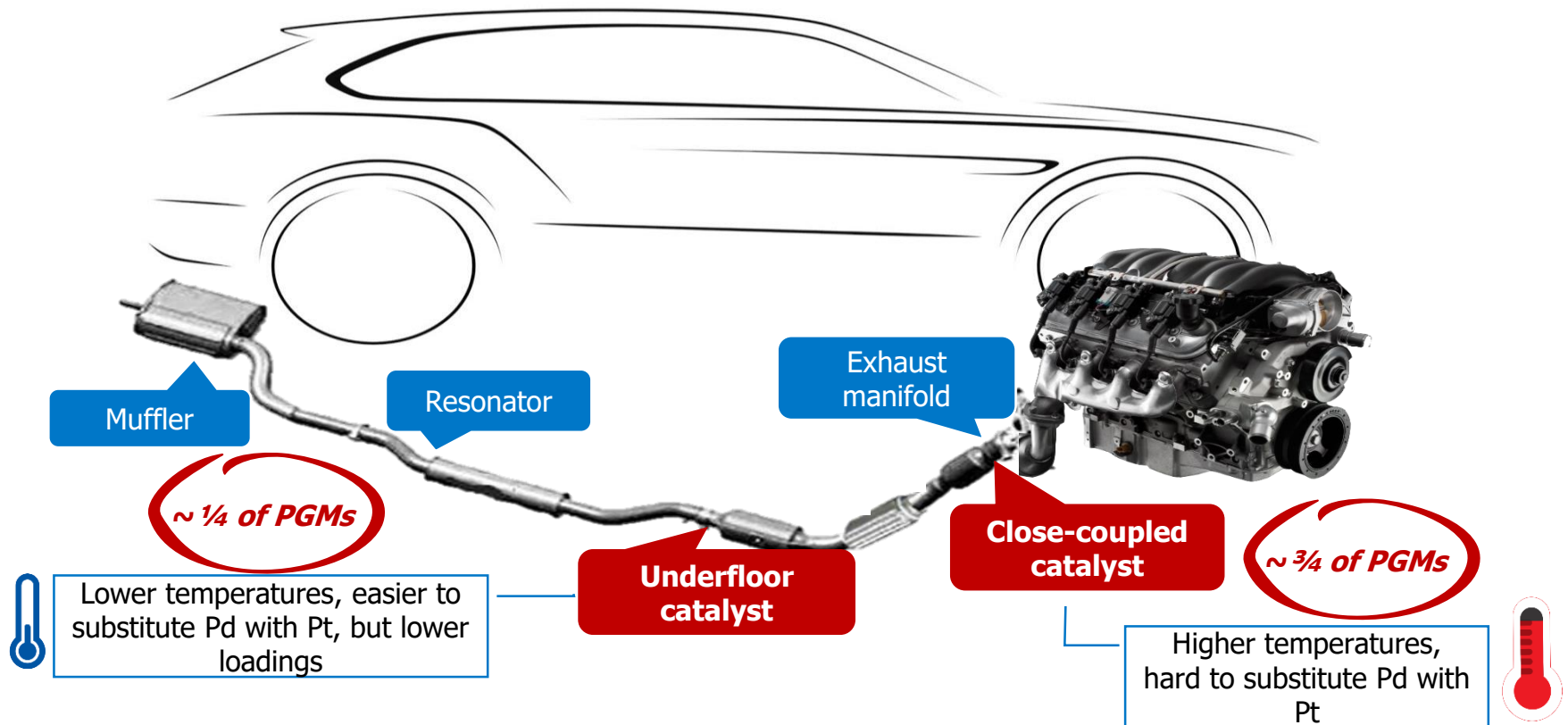
To be announced in May and payable in July 2020

Note: 1. Metal production guidance from Russian feed including Bystrinsky GOK, 2. Assuming 2020 average exchange rate USD/RUB 66.0

Appendix















Technical Challenges in Substituting Palladium

Catalyst Installation in a Vehicle



- Timeline for substitution 18-24 months
- Technical challenges in testing new catalysts in RDE world
- Still small cost incentive to substitution (~ USD 200 per car)
- Consumer confidence in sourcing metal

Key Auto Trends Impacting Metals Demand

		Demand Implications			
		Ni	Pd	PGMs	Pt
Sustainable global automotive production growth					
Substitution of diesel for gasoline vehicles					
Growth of hybrid market share					
Growth of SUV market share and engine downsizing termination					
Strengthening emissions legislation					
Electric vehicles/batteries					

IR Contact Details

Vladimir Zhukov

Vice-President

Head of Investor Relations Department

MMC Norilsk Nickel

Tel: +7 495 797 8297

E-mail: ZhukovVLS@nornik.ru

Mikhail Borovikov

Investor Relations

Deputy Head of Investor Relations

MMC Norilsk Nickel

Tel: +7 495 787 7662

E-mail: BorovikovMA@nornik.ru