



# TIER I ASSETS AS THE PLATFORM FOR SUSTAINABLE DEVELOPMENT

**25** mln t  
of ore produced in 2016



## 01 GROUP PROFILE

- 04 Highlights
- 06 Business model
- 08 Business footprint



**REPORTING PERIOD FROM 1 JANUARY 2016  
TO 31 DECEMBER 2016**

The 2016 annual report of Public Joint Stock Company "Mining and Metallurgical Company "Norilsk Nickel" (MMC Norilsk Nickel, Norinickel, the Company) incorporates the results of MMC Norilsk Nickel and other operations of the Norilsk Nickel Group (the Group). For the purposes of this annual report, the Norilsk Nickel Group shall refer to the group of companies that includes MMC Norilsk Nickel and its subsidiaries. The largest subsidiaries of the Norilsk Nickel Group are presented in the 2016 consolidated IFRS financial statements.

**2016 ANNUAL REPORT  
PJSC "MMC "NORILSK NICKEL"**

Accuracy of information confirmed  
by the Audit Commission of MMC Norilsk Nickel  
/ Opinion of 14 April 2017 /

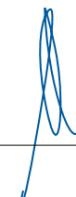
Preliminarily approved  
by the Board of Directors of MMC Norilsk Nickel  
/ Minutes No. GMK/15-pr-bd of 28 April 2017 /

Approved by the Annual General Meeting  
of Shareholders of MMC Norilsk Nickel  
/ Minutes of 9 June 2017 /

President,  
Chairman of the Management Board  
PJSC "MMC "NORILSK NICKEL"  
**Vladimir Potanin**



Senior Vice President,  
Chief Financial Officer  
PJSC "MMC "NORILSK NICKEL"  
**Sergey Malyshev**



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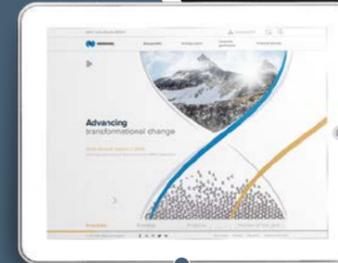
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## GROUP OVERVIEW



The core activities of the Group are prospecting, exploration, mining, and enrichment, processing of minerals, production, marketing and sales of base and precious metals. The Company supplies its products to more than 30 countries worldwide.

Norilsk Nickel Group is a leader in the metals and mining industry in Russia, one of the largest producers of palladium and refined nickel in the world, one of the largest producers of platinum and copper. Norilsk Nickel Group also produces cobalt, rhodium, silver, gold, iridium, ruthenium, selenium, tellurium and sulfur.



Online report  
is available on website  
<http://ar2016.nornik.ru/en/>

**No.1** in global  
palladium  
production

**No.2** in global  
nickel  
production

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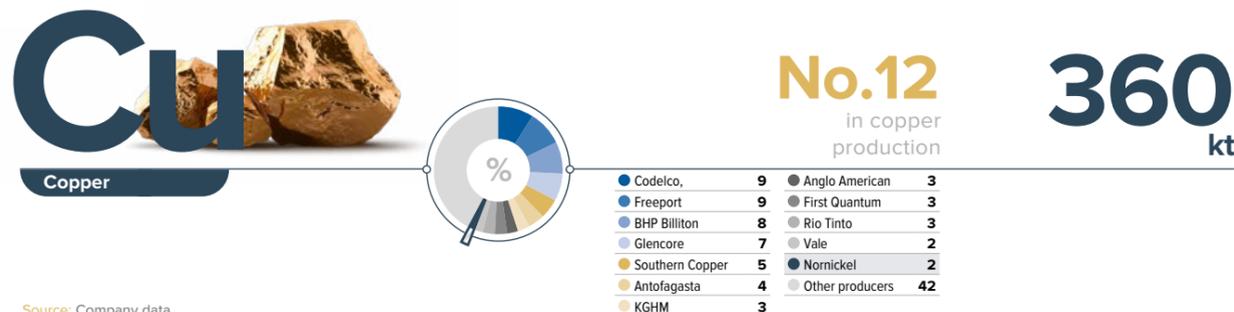
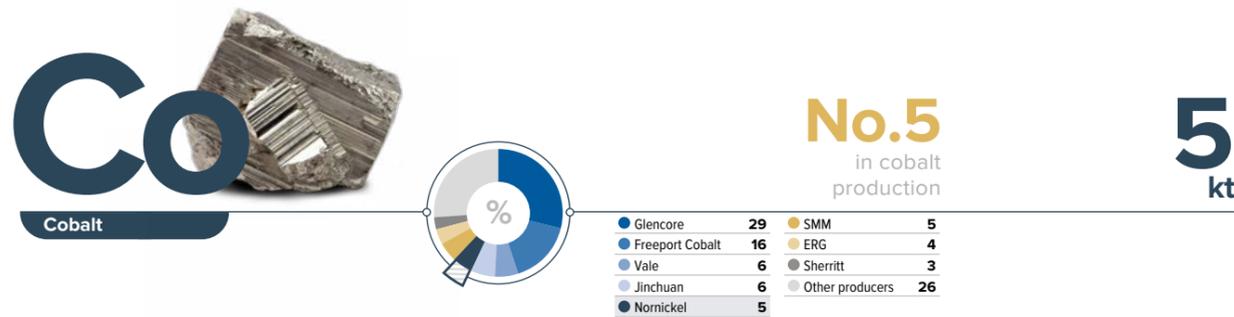
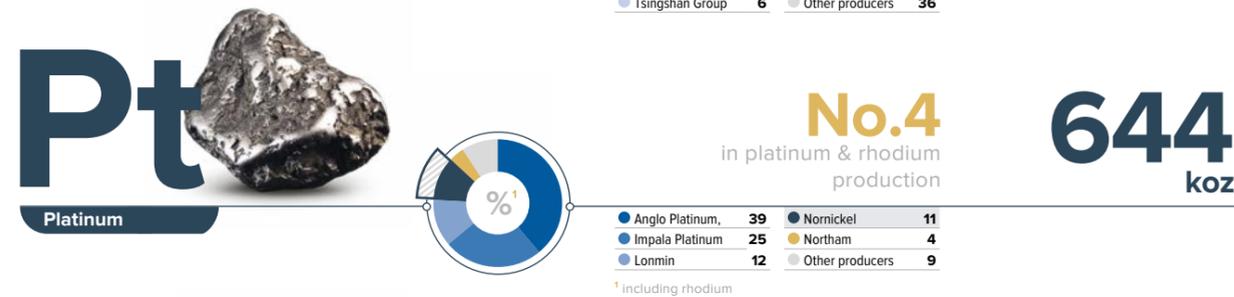
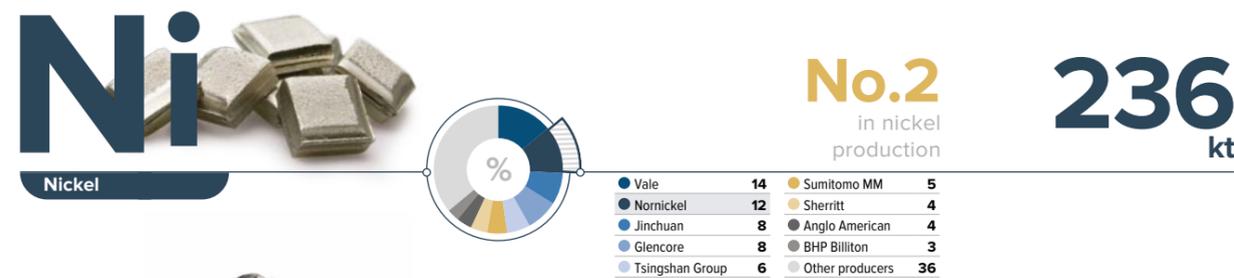
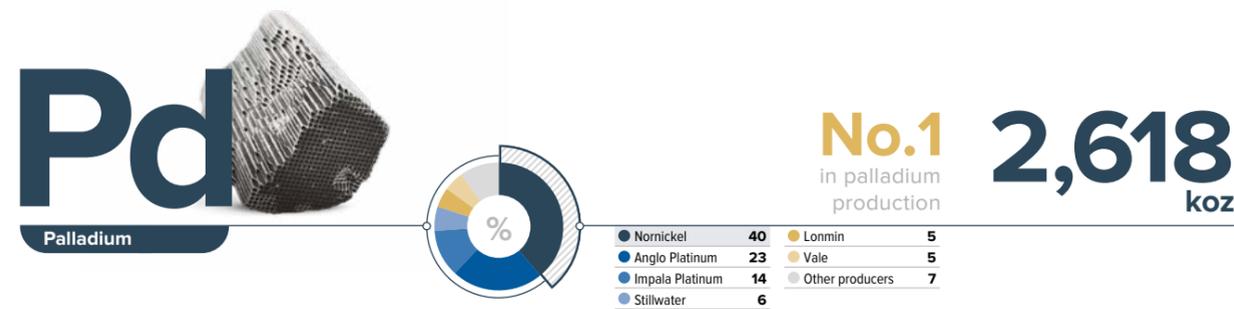


In July 2016, the Company unveiled its new brand, with the changes centring around its name, visual representation and key elements of the brand platform.

In November 2016, the Company joined the United Nations Global Compact, a major UN initiative in the area of corporate social responsibility and sustainable development.

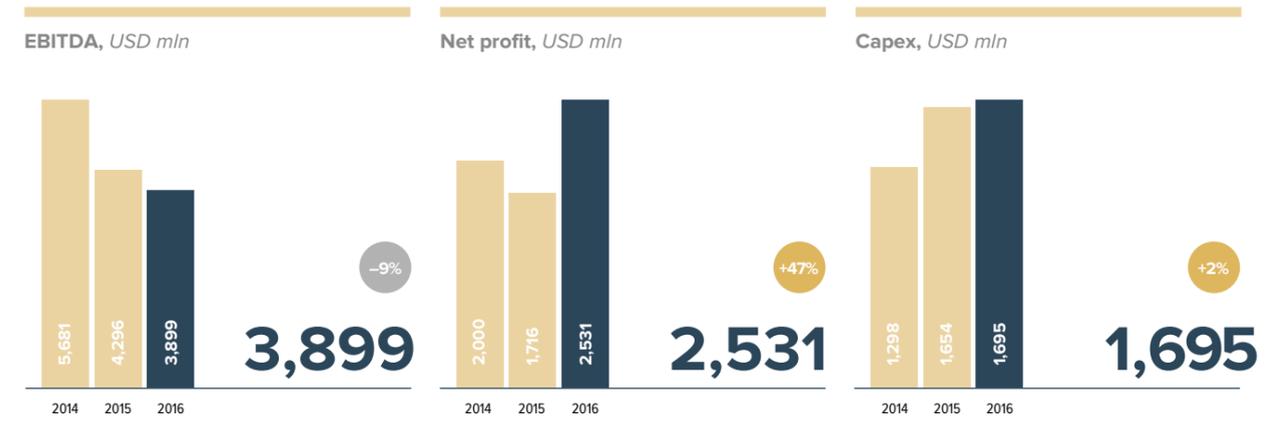
# HIGHLIGHTS

## POSITION IN THE GLOBAL INDUSTRY AND OPERATING HIGHLIGHTS



Source: Company data

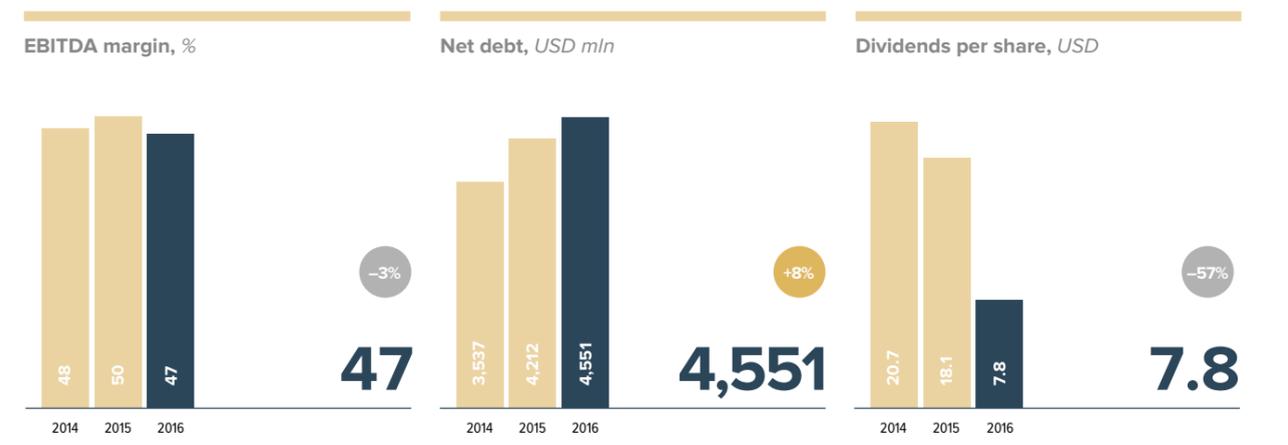
## FINANCIAL HIGHLIGHTS



The reduction was mostly driven by lower metal prices and cost inflation, partly offset by the sale of metal stocks and effect of RUB depreciation on cash costs.

Net profit increased mainly due to appreciation of RUB as of the end of the reported period.

Major investments in 2016 included projects related to the shutdown of Nickel Plant, capacity expansion and modernization of Talnakh Concentrator and Nadezhda Plant as well as an active construction phase of the Bystrinsky (Chita) project.

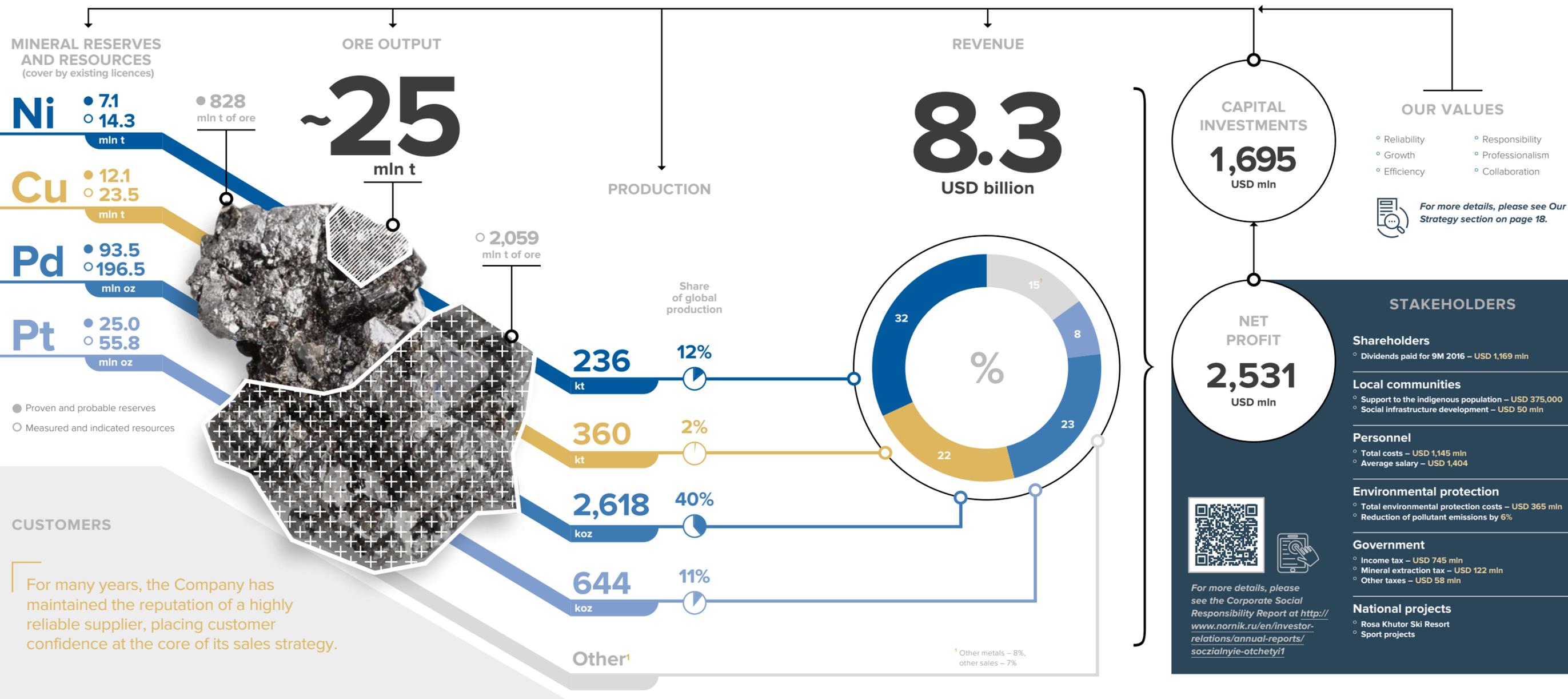


EBITDA margin is one of the highest in the global mining industry.

Balance sheet remained conservative with net debt/EBITDA ratio of 1.2x as of December 31, 2016. Solid financial position is confirmed by investment grade credit ratings from Standard & Poor's and Fitch rating agencies.

One of the highest dividend-yielding stocks in the global industry, with interim dividend for 9M 2016 of a total USD 1.2 bn or USD 7.4 per share paid in February 2017.

# BUSINESS MODEL



## PRODUCT OFFERING

- Ni**
  - Nickel cathodes
  - Carbonyl nickel (powder and pellets)
  - Nickel briquettes
  - Electrolytic nickel powder
  - Nickel hydroxide and nickel hydroxycarbonate
  - Nickel sulphate
- Cu**
  - Copper cathodes
- Co**
  - Cobalt ingots
  - Cobalt oxide
  - Cobalt cathodes
  - Cobalt concentrate
  - Cobalt sulphate
- PGM**
  - Precious metal concentrates

## METAL SALES GEOGRAPHY

36 Countries

Europe	57%
Asia	23%
Americas	10%
Russia and CIS	10%



## CUSTOMER BASE

1,460 sales contracts

436 customers

78% sales to end consumers

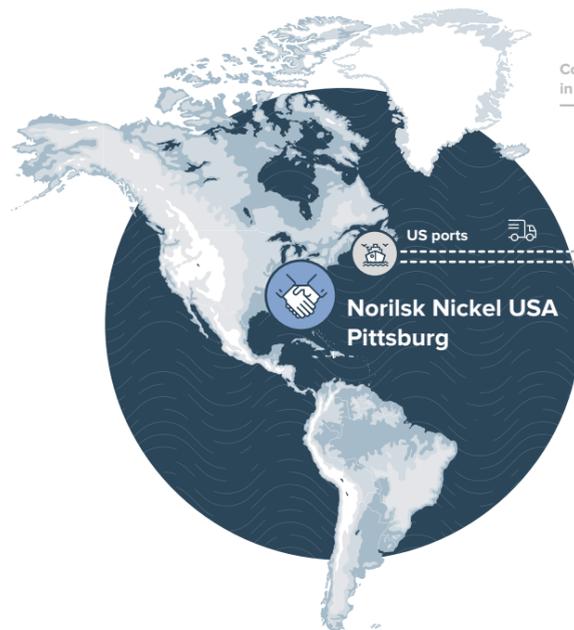
## END USES

- Stainless steel
- Coating
- Batteries
- Medicine
- Coins
- Electronics
- Wire
- Pipe
- Catalysts
- Jewellery

# BUSINESS FOOTPRINT

## Production and sales

The Group's production assets span across three countries – Russia, Finland and South Africa. The Company also owns fuel, energy and transportation assets, several R&D units and a unique Arctic cargo fleet.



The Group's core businesses in Russia structure are fully vertically integrated structure.



From Q4 2016, all nickel converter matte from Nadezhda Metallurgical Plant was processed at Kola MMC due to the Nickel Plant shutdown.



Production asset



Sales company



Development project



Transit warehouse (port)



Norilsk Nickel's Polar Division is the Company's key production asset.

Kola MMC is the Company's second largest production asset and the leading industrial facility of the Murmansk Region.

In Finland, Norilsk Nickel operates Norilsk Nickel Harjavalta, which became part of the Group after the acquisition of OM Group's nickel business in 2007. The plant is fully integrated into the Group's production chain.

In South Africa, the Company owns 50% of Nkomati, a nickel mine developed jointly with African Rainbow Minerals. The transaction to sell the 50% interest is currently pending.

For more details on the production assets, please see the Production section on page 54

<sup>1</sup> Asset for sale  
<sup>2</sup> Fully government owned



For more details on deliveries, please see the Products and sales section on page 82

Global sales network of **>30** countries

Honeymoon Well (Licence)

