

/ Business Overview /

Products and sales

Nornickel operates its own global sales network covering all major markets: Russia, Europe, Asia Pacific, and the USA.

Sales, along with production, have traditionally been a key value adding line of Nornickel's business. In 2016, the Company started implementing its updated sales strategy with a committed focus on enhanced positioning in end consumer markets to ensure long-term efficiency of sales. The strategy relies on added value as one of the core performance indicators to measure sales efficiency.

In 2016, the Company's nickel sales in the market were represented by full-plate and cut cathodes of marketable quality. Those are supplied to customers that use primary nickel to produce stainless and other special steels, alloys, perform electroplating, produce catalysts, cathodes for current sources, and other materials for a wide range of industries, including food and chemicals manufacturing, energy, aerospace and automotive sectors, construction, etc.

The Company fully covers the demand for nickel in Russia.

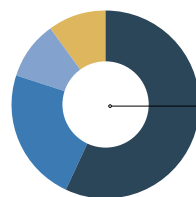
As the world's largest producer of high grade nickel also makes its products available in the key sales markets worldwide, including Asia, Europe, and Americas. In 2016, in line with the sales strategy, the Company was also diversifying its nickel sales by industry, gaining greater presence in alloy, electroplating, and battery manufacturing sectors.

Due to the scheduled shutdown of Nickel Plant in Norilsk and the subsequent reconfiguration of the production facilities, primary nickel production in 2016 was concentrated at Kola MMC and Norilsk Nickel Harjavalta.

As the world's largest producer of palladium, the Company continues to implement the strategy of entering into direct contracts with end consumers to ensure sustainable growth of the industrial use of platinum group metals and demand for them. This is achieved through long-term contracts with major customers.

Palladium and platinum are produced in two main forms: bars (20% of total output) and powders (80% of total output). Bars are predominantly used in medicine (dental equipment), electronics (conductors and radio equipment components), and jewellery manufacturing. For powders, the key consumers are autocatalyst producers and the chemical industry.

Sales geography, %



36 countries

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

Source: Company data

A significant share of sales based on long-term prepaid supply arrangements.

Higher sales premiums and improved liquidity are secured through Norilsk Nickel's products being registered on the world's major exchanges. After copper produced by MMC Norilsk Nickel's Polar Division was registered on the London Metal Exchange in December 2015, the Company launched supplies of its NORILSK-branded copper.

In 2016, sales were made against the backdrop of a tough market environment, a significant surplus of physical nickel supply and a slowdown in global commodity and financial markets. However, the Company managed to outperform its global peers in terms of average selling prices. This proved the effectiveness of Norilsk Nickel's sales network, which enabled the Company to maintain its presence in all key sales markets, along with securing profitable sales.

Most of the Company's products were sold to end consumers, direct access to whom is at the core of Norilsk Nickel's sales strategy.

Throughout 2016, Norilsk Nickel continued to maintain the reputation of a highly reliable supplier, seeing customer confidence as its top priority.

Its customer satisfaction index with regard to the quality of products and services also remained high.

Precious metals were refined from raw materials produced by Polar Division and Kola MMC at Krasnoyarsk Gulidov Non-Ferrous Metals Plant under a tolling agreement.

PRODUCTS AND SALES



**Norilsk Nickel Harjavalta
Finland**

- Nickel cathodes
- Nickel briquettes
- Electrolytic nickel powder
- Nickel and cobalt sulphate
- Nickel hydroxide and nickel hydroxycarbonate



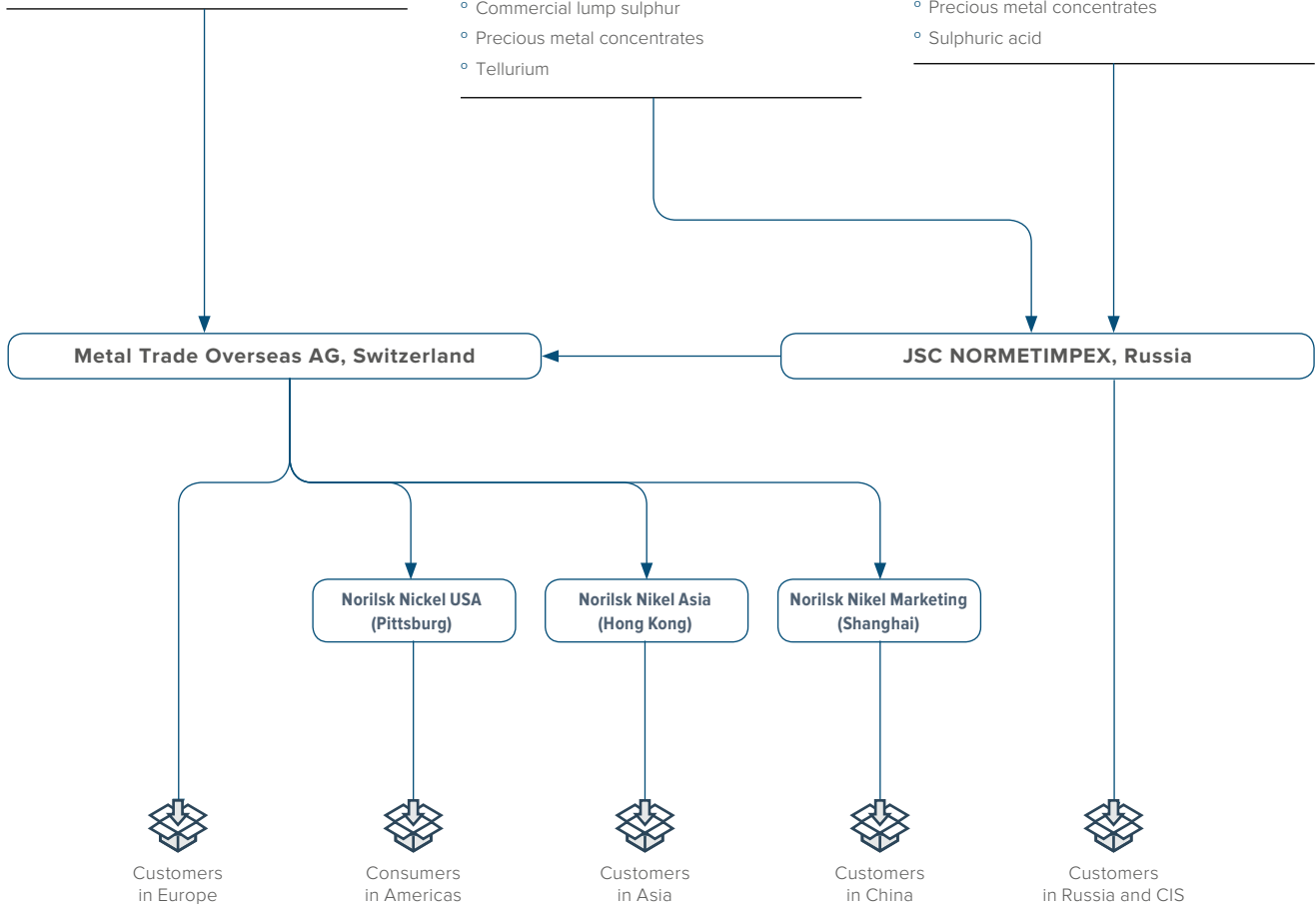
**Polar Division
Russia**

- Nickel cathodes¹
- Copper cathodes
- Cobalt ingots¹
- Cobalt oxide¹
- Technical selenium
- Commercial lump sulphur
- Precious metal concentrates
- Tellurium



**Kola MMC
Russia**

- Nickel cathodes
- Copper cathodes
- Cobalt cathodes
- Cobalt concentrate
- Nickel carbonyl (powder and pellets)
- Precious metal concentrates
- Sulphuric acid



¹ Produced until August 2016 at Nickel Plant