NORILSK NICKEL

MMC NORILSK NICKEL REPORTS FULL YEAR 2014 AUDITED CONSOLIDATED IFRS FINANCIAL RESULTS

Moscow, March 31, 2015 - OJSC MMC Norilsk Nickel ("Norilsk Nickel", the "Company" or the "Group"), the largest nickel and palladium producer in the world, today reports audited IFRS financial results for the year ended December 31, 2014.

FY 2014 HIGHLIGHTS

- Consolidated revenue increased 3% y-o-y to USD 11.9 billion on the back of stronger nickel and palladium prices and growth in precious metals production volumes.
- EBITDA grew 35% y-o-y to USD 5.7 billion driven by a substantial reduction of cash operating costs on the back of cash cost optimisation, strong LME prices and rouble devaluation as well as top-line growth.
- EBITDA margin expanded to 48%, a leading position in the global metals and mining industry.
- Net profit almost tripled to USD 2 billion while net profit adjusted for non-cash items reached USD 4 billion.
- All key investment projects planned for financial year 2014 have been successfully completed on time and on budget, with CAPEX decrease by 35% y-o-y to USD 1.3 billion resulting from RUB depreciation, improved payment terms with contractors and successful roll-out of capital allocation discipline.
- Working capital declined by approximately USD 2 billion y-o-y to USD 1.1 billion by the year-end 2014, contributing to the four-fold reduction of net working capital cumulatively over the last two years.
- Free cash flow increased 81% y-o-y to USD 4.7 billion driven by the expansion in EBITDA, lower CAPEX and sharp reduction of the working capital.
- Leverage remained conservative with Net Debt/ EBITDA ratio decreasing from 1.1x as of December 31, 2013 to 0.6x as of December 31, 2014, leaving the Company with the strongest balance sheet among global metals and mining majors.
- The Company retained investment grade credit rating (BBB-) from S&P despite the latter's downgrade of the Russian sovereign rating to BB+ in January 2015.
- Dividends distributed to shareholders in 2014 increased 10% y-o-y to USD 20.7 per share.
- In May 2014, Norilsk Nickel signed an agreement with Russian federal and regional authorities to shut down the outdated and inefficient Nickel Plant in the city of Norilsk in 2016.
- Exit from non-Tier 1 assets progressed well: the Company closed the deals for disposal of Australian (North Eastern Goldfields, Avalon, Cawse, Lake Johnston, Black Swan and Silver Swan) and signed an agreement to sell African assets (Tati Nickel and an equity stake in Nkomati mine).
- In March 2015, the Russian government issued an exploration and mining license for Maslovskoye PGM, nickel and copper deposit to Norilsk Nickel.
- The company plans to buy back up to USD 500 million of shares in 2015. The shares will be purchased through open market operations and are expected to be cancelled afterwards.

KEY CORPORATE HIGHLIGHTS

USD million unless stated otherwise	**FY2014**	**FY2013**	**Change y-o-y**
Revenue	11 869	11 499	3%
EBITDA[1]	5 681	4 198	35%
EBITDA Margin, %	48	37	11 p.p.
Net profit before impairment of financial and non-financial assets [1]	3 968	2 537	56%
Net profit	2 000	765	161%
Capital expenditures	1 298	1 989	(35%)
Free cash flow[2]	4 725	2 606	81%
Dividend per share (in USD)	20,74	18,89	10%
Net working capital [1]	1 083	3 018	(64%)
Net debt[2]	3 537	4 584	(23%)
Net debt/12M EBITDA	0.6x	1.1x	
ROIC[2]	29%	15%	14 p.p.

1. Non-IFRS measure and is calculated below in the text
2. Non-IFRS and is calculated in published analytical review document ("Data book") together with Consolidated IFRS Financial Results

MANAGEMENT COMMENTS

Vladimir Potanin, Chief Executive Officer of Norilsk Nickel, commented:

"I am pleased to report to our shareholders that Norilsk Nickel generated strong financial performance in 2014. Implementation of the new corporate strategy focused on enhancing Norilsk Nickel's position as the global industry leader in terms of free cash flow generation and return on invested capital was well on track.

Although the high volatility on the commodity markets was challenging for the global mining industry, overall we consider 2014 as a favorable year for our business. Growth in realized prices of our strategic metals, nickel and palladium alongside an increase in precious metals sales volumes, led to the revenue growth by 3% y-o-y to almost USD 12 billion. Management focus on financial efficiency backed by a favourable foreign exchange rates movement resulted in a strong EBITDA growth to USD 5.7 billion, expansion of EBITDA margin to the global industry leading 48% and a three-fold increase in net income.

While all key investment projects planned for 2014 were successfully completed, the roll out of the new investment governance discipline as well as Russian rouble devaluation allowed us to optimize capex. We are also progressing well with our non-core asset disposal programme.

We made another major strive in sustainably releasing working capital, having freed up another USD 2bn in 2014, well above our targets and also well ahead of the schedule. Major reduction of working capital, combined with increased EBITDA and optimized CAPEX resulted in an over 80% growth of free cash flow to USD 4.7 billion.

We maintained the industry's lowest leverage, with net debt to EBITDA reducing from 1.1x to 0.6x. In spite of headwinds in debt markets we managed to secure a number of long-term credit lines with predominantely international banks for a total amount of USD 2 billion, which enabled us to refinance almost one third of our gross debt portfolio, extend our average debt maturity, while keeping the interst rate almost unchanged.

Most importantly we fulfilled our promise to materially increase cash returns to our shareholders and paid over USD 3.3 billion of dividends during the last year, while dividend per share increased 10% to USD 20.7. We remain committed to pursuing further operational improvements in the year ahead and create more value for our shareholders".

HEALTH & SAFETY

The safety of our employees continues to be our highest priority and a critical focus of our entire management team. In 2014, we managed to decrease the total number of accidents by 41% y-o-y (from 106 to 63), while LTIFR (lost-time injury frequency rate) decreased from 0.8 to 0.47. Unfortunately, 8 of our employees lost their lives at our operations in 2014. All these incidents have been thoroughly investigated, and labour safety policies have been adjusted. The management feels that it needs to be even more vigilant and focused on improvement in this labour health and safety, with the strategic goal, above all, remaining to achieve zero fatalities. As part of new health and safety focus, we have developed a number of specialized training courses for all production sites and updated our health and safety strategy which was approved at the end of last year.

METAL MARKETS

Nickel

A game changer for the nickel market was the introduction in January 2014 of the export ban on unprocessed ore in Indonesia, the largest supplier of nickel material to Chinese nickel pig iron (NPI) producers. As the Indonesian nickel ore imports to China fully dried out by May the nickel price rallied from USD 13,500 per tonne at the start of the year to USD 21,000 per tonne by the end of 1H14. The press speculations about the Philippines potentially looking to adopt a similar export ban provided an additional fuel for nickel price rally. However, such a market enthusiasm faded away fairly quickly as it became clear that a potential ban in the Philippines, if it were to follow the Indonesian suit, would not be earlier than 6-7 years out, while the high level of nickel ore stocks accumulated in Chinese ports ahead of the Indonesian ban would enable Chinese producers to maintain NPI production unchanged. A constant inflow of refined metal to the LME warehouses allayed concerns that the nickel market might run into a deficit by the year end.

The Philippines, the second largest exporter of nickel ore in the world, significantly increased their shipments to China thus partly offsetting the reduction of shipments from Indonesia. In addition, Chinese NPI producers started to blend higher and medium quality nickel ore with a low one, thus extending the life of nickel ore inventories. On top of that strengthening of the US dollar and the falling oil price triggered the fund outflow from passive commodity funds and lowered the production cost curve, which put an additional pressure on the base metals prices across the board. As a result, nickel price started to decline in 2H14 getting back to USD 15,000 per tonne in December. The average price in 2014 amounted to USD 16,867 per tonne (+12% y-o-y).

Nickel outlook

We believe that nickel price is bottoming out and remain bullish on nickel as the Indonesian government confirmed its commitment to hold the ban unaltered. The Chinese high- and medium-grade nickel ore inventory decreased from its peak of 30 mln tonnes in January 2014 to 10 mln tonnes in January 2015 representing approximately just 2 months of consumption and continues to fall further. After a relatively minor reduction of approximately 20 thousand tonnes in 2014, we expect the NPI output in China to reduce by a substantial 120 thousand tonnes in 2015 as the high- and medium-grade ore stock in China will be fully processed, while the Philippines would not be able to fully substitute the lost Indonesian feed. Furthermore, given that the growth of mined nickel ore volumes in the Philippines was short of reported growth in their ore imports to China (as the shipments included some of the material stockpiled ahead of the Indonesian ban) we believe that 2014 ore imports to China from the Philippines may not be sustained. We also do not expect a material growth from new Indonesian NPI projects as only 3 out of 22 declared projects will be commissioned in 2015-2016. At the same time, since the accumulation of nickel inventory at LME warehouses slowed down substantially in 1Q15, with March level being practically unchanged, we expect inventory to be near its reversal point. We believe that once nickel LME inventory enters into a steady draw down trend for the duration of at least couple of weeks, it will send a strong message to the market about the forthcoming deficit.

Overall, we expect nickel market to turn into a small deficit of approximately 20 thousand tonnes in 2015 after a major surplus of 93 thousand tonnes in 2014. We anticipate the deficit to widen in 2016 to 55 thousand tonnes as the closures of NPI capacities in China accelerate in 2H15.

Copper

The copper price was under pressure throughout 2014 averaging USD 6,862 per tonne, down 6% y-o-y. The negative price trend was mostly driven by investors' fears of a slowdown in Chinese economy and expectations of a sizeable surplus in the copper market due to the ramp-up of new projects in Americas, Africa and Asia. Strengthening of US dollar has added to the negative sentiment owing to historically strong inverse correlation between US dollar index (DXY) and copper price. Additional pressure came from the falling oil, which triggered the fund outflow from passive commodity index trackers. The beginning of 2015 was marked by further decline in copper price, which we believe was driven by ongoing concerns over the Chinese demand and further strengthening of US dollar.

Copper outlook

However, we believe that the current copper price has somewhat decoupled from the market fundamentals, which look reasonably strong. We expect robust copper demand in 2015-2016 driven both by Chinese industrial consumption and China's State Reserve Bureau (SRB) purchases, while the incremental supply growth is slowing down as most of the new mine projects are approaching target production volumes. In addition, notorious for supply side issues in the past, we believe that copper industry will not be different in 2015. After having already seen production cuts in 1Q15, we anticipate more from the countries enforcing resource nationalism policies (Zambia, Indonesia) as well as from the projects experiencing various technical, regulatory and even natural issues in Chile and Peru. In spite of having been on a rise recently, the level of LME copper inventories remains low in terms of days of consumption, which should keep copper price vulnerable to potential supply disruptions, with a risk skewed to upside.

We expect copper market to maintain a small surplus of approximately 270 thousand tonnes in 2015 at the level similar to 2014.

Palladium

In 2014, palladium was the best performer among precious and most of industrial metals reaching its 13-year high of USD 911 per troy ounce in September. A 5-month long labour strike in South Africa in 1H14 resulted in a 5% y-o-y decline in global palladium production, while the industrial consumption remained solid increasing 0.5% y-o-y. Adding to that strong investment demand from newly-launched ETFs by ABSA and Standard Bank, which accumulated 900 thousand troy ounces, the palladium price increased 11% y-o-y to at an average USD 803 per ounce in 2014 while other metals succumbed to a downward pressure from stronger US dollar and funds outflow from commodities index trackers on the back of weakening oil price.

In 2014 the apparent market deficit widened to 1.6 mln ounces, which was more than 15% of the annual global demand. This gap was mostly closed by the supply of metal from above-the-ground stocks. However, we estimate that there were no palladium sales from Russian government stockpile (Gokhran) in 2014, which confirms the market view on the depletion of these reserves, which had been overhanging the palladium market for the last fifteen years.

Palladium outlook

In 2015, we expect an increase of gross palladium consumption by around 2% y-o-y to 9.8 million ounces on the back of strong growth of gasoline vehicles production in China and a recovery in the US. Low oil price should provide an additional incentive for the increase of car sales in the US, especially large engine SUVs, highly sensitive to oil price. We anticipate sustained structural deficit in the palladium market as the supply keeps short of demand in the absence of the material feed from the Russian government stockpile. At the same time, we forecast that the apparent market deficit will reduce in 2015 to 500 thousand ounces after a record deficit in 2014, as the South African miners are returning to normal production volumes following the end of the strike. We also reiterate our long-held view that the discount of palladium to platinum should continue to shrink.

Platinum

After being quite stable during 1H2014 at around USD 1,400 per ounce, since August platinum price was heading downwards reaching USD 1,200 per troy ounce in December. In our opinion, platinum price weakened in 2H14 on the back of the declining gold price compounded by the commodity-wide negative impact of US dollar strengthening. On top of that, the physical availability of metal during the unprecedented labour strike in South Africa reassured the market that the above-the-ground stocks of platinum are big enough to compensate for any major mine supply disruption. Investment demand also reduced in 2014, with ETFs accumulating approximately 230 thousand troy ounces of platinum vs over 900 thousand ounces a year ago. As a result, the average platinum price in 2014 was down 7% y-o-y to USD 1,386 per troy ounce.

Platinum outlook

Even though we believe that the platinum market will continue to be in apparent deficit in 2015, an ongoing weak economic sentiment in Europe along with the devaluation of ZAR and thus reduced platinum production cost in USD terms, will continue to exert the greater influence over price, keeping it below the fundamentally justified level in the short-term. The recent guidance given by South African platinum producers to increase PGMs (primarily platinum) output in 2016-2017 poses the risk that market deficit could reduce further.

At the same, at the current ZAR/USD exchange rate about 20% of South African platinum production is making losses, which should serve as incentive for a recovery in platinum. Moreover, we see a risk that the much anticipated new wave of additional metal supply from new mines may not materialize due to a number of energy, labour and regulatory issues. We also estimate that the available global above-the-ground platinum inventories are lower the widely believed.

We forecast that platinum market to reduce apparent deficit to approximately 340 thousand troy ounces in 2015 from 1,100 thousand troy ounces as the South African miners are restoring production volumes back to pre-strike levels. We believe that the apparent market deficit should reduce further in 2016 as platinum supply will continue to grow.

KEY SEGMENTAL HIGHLIGHTS

USD million unless stated otherwise	**FY2014**	**FY2013**	**Change y-o-y**
Revenue	**11,869**	**11,499**	**3%**
Polar Division	8,937	8,345	7%
Kola MMC	1,100	1,005	9%
NN Harjavalta	986	1,004	(2%)
Other metallurgical assets	154	221	(30%)
Other non-metallurgical assets	1,997	2,173	(8%)
Inter-company eliminations	(1,305)	(1,249)	4%
EBITDA	**5 681**	**4,198**	**35%**
Polar Division	5,625	4,655	21%
Kola MMC	346	141	145%
NN Harjavalta	70	44	60%
Other metallurgical assets	(61)	(265)	(77%)
Other non-metallurgical assets	78	41	83%
Corporate costs and expenses	(377)	(418)	(10%)
EBITDA margin %	**48%**	**37%**	**11 p.p.**
Polar Division	63%	56%	7 p.p.
Kola MMC	31%	14%	17 p.p.
NN Harjavalta	7%	4%	3 p.p.
Other metallurgical assets	-40%	-120%	80 p.p.
Other non-metallurgical assets	4%	2%	2 p.p.

- EBITDA of Polar Division increased by 21% y-o-y to USD 5,625 million driven mostly by the depreciation of Russian rouble against US dollar (+ USD 875 million) and cash cost saving initiatives.

- EBITDA of Kola MMC increased by 145% y-o-y to USD 346 million also on the back of Russian rouble devaluation (+ USD 186 million).

- EBITDA of Harjavalta increased by 60% y-o-y to USD 70 million mostly driven by the devaluation of Euro vs US dollar (+ USD 26 million)

- EBITDA of other mining assets was negative, but improved by USD 204 million owing to the sale of Australian assets (+ USD 46 million), lower production at Tati Nickel (+ USD 25 million) and the comparative impact of one-off loss in 2013 due to accrual of land rich tax in Australia (USD 158 mln).

- Corporate costs and expenses were down by 10% y-o-y (- USD 41 million) mostly driven by the rouble depreciation.

METAL SALES VOLUME AND REVENUE

	FY2014	FY2013	Change y-o-y
Finished products			
Russian entities			
Nickel (thousand tonnes)	228	232	(2%)
Copper (thousand tonnes)	356	358	(1%)
Palladium (thousand ounces)	2,667	2,579	3%
Platinum (thousand ounces)	629	629	
Finland			
Nickel (thousand tonnes)	42	45	(7%)
Semi-products			
Finland			
Copper cake (thousand tonnes) [1)]	11	7	57%
Botswana			
Nickel (thousand tonnes)	3	7	(57%)
Copper (thousand tonnes)	2	5	(60%)
Australia			
Nickel (thousand tonnes)	0	2	0
Metal sales, physical volumes, by origin of production [2)]			
Total Group, excluding South Africa [3)]			
Nickel (thousand tonnes)	273	286	(5%)
Copper (thousand tonnes)	369	370	
Palladium (thousand ounces) [4)]	2,745	2,645	4%
Platinum (thousand ounces) [4)]	660	651	1%
Gold (thousand ounces) [4)]	143	131	9%
Rhodium (thousand ounces) [4)]	91	82	11%

Cobalt (thousand tonnes)	5,7	5,4	6%
Silver (thousand ounces)	2,396	2,242	7%
Average realized price of metals produced in Russia, Norilsk Nickel own production			
Metal			
Nickel (in USD per tonne)	17,072	15,156	13%
Copper (in USD per tonne)	6 931	7 397	(6%)
Palladium (in USD per troy ounce)	804	725	11%
Platinum (in USD per troy ounce)	1,388	1,481	(6%)
Cobalt (in USD per tonne)	30,040	26,913	12%
Gold (in USD per troy ounce)	1,266	1,409	(10%)
Rhodium (in USD per troy ounce)	1,139	1,026	11%
Total revenue	**11,869**	**11,499**	**3%**
Revenue			
Nickel	*4,676*	*4,355*	*7%*
Copper	*2,536*	*2,721*	*(7%)*
Palladium	*2,291*	*1,935*	*18%*
Platinum	*902*	*956*	*(6%)*
Other metals	*491*	*450*	*9%*
Revenue from metal sales	**10,896**	**10,417**	**5%**
Revenue from other sales	973	1 082	(10%)

1) Copper cake is a semi-product with average copper content of 38-40%.
2) All information is presented on the bases of metals content in realized products. All information is presented on the basis of 100% ownership of subsidiaries, excluding sales of metals purchased from third parties.
3) The operating results of Nkomati Nickel Mine (South Africa) are shown in the financial statements based on Group's 50% ownership and are presented as operating results of associates.
4) All information is based on realization of precious metals in copper cake.

Metal sales revenue in 2014 increased 5% y-o-y to USD 10,896 million owing to higher sales volume of PGMs coupled with the increase of realized prices of nickel (+13% y-o-y) and palladium (+11% y-o-y), which almost fully offset the negative impact from lower nickel sales volumes (-5% y-o-y) and weaker prices of copper (-6% y-o-y) and platinum (-6% y-o-y).

Nickel

Nickel remained the largest contributor to the Company's revenue, increasing its share from 42% of total metals sales in 2013 to 43% in 2014. In 2014, nickel revenue increased 7% y-o-y (or by USD 321 million) to USD 4,676 million. The total effect of the increase in average realized price was USD 517 million offsetting lower physical sales volumes (- USD 196 million).

The average realized nickel price increased 13% y-o-y to USD 17,072 per tonne in 2014 from USD 15,156 in 2013.

Sales volume of nickel produced by Norilsk Nickel in Russia from own feedstock increased by 1% y-o-y to 222 thousand tonnes in line with production volumes. Meanwhile, the sales volume of tolling metal decreased by 50% from 12 to 6 thousand tonnes as part of the implementation of the new downstream strategy aiming to load all the Company's refining capacity with its own feedstock.

Sales volume of nickel produced at Harjavalta decreased by 7% y-o-y to 42 thousand tonnes owing to a reduction of output due to lower purchases of semi-products from third parties. The sales volume of semi-finished nickel products produced by Norilsk Nickel International (excluding Norilsk Nickel Harjavalta and 50%-owned Nkomati Nickel Mine) decreased by 7 thousand tonnes due to the disposal of Australian mining assets and reduced production volumes at Tati Nickel.

Copper

In 2014, copper revenue accounted for 23% of the Company's total revenue from metal sales declining 7% y-o-y (or by USD 185 mln) to USD 2,536 million due to reduced average realized price (- USD 177 mln) and lower sales volumes (- USD 8 mln).

The average realized copper price decreased 6% y-o-y to USD 6,931 per tonne in 2014 from USD 7,397 in 2013.

Physical volume of copper sales produced by Norilsk Nickel in Russia decreased 1% y-o-y (or by 2 thousand tonnes). Sales of copper produced from own feedstock increased by 3 thousand tonnes to 347 thousand tonnes due to the reduction of finished goods in stock. The sales volume of copper produced from purchased semi-products decreased by 5 thousand tonnes to 9 thousand tonnes.

Sales of semi-finished copper products produced at Harjavalta increased 57% y-o-y (or by 4 thousand tonnes) to 11 thousand tonnes. Volume of copper sales in semi-finished products produced by Tati Nickel decreased 57% y-o-y to 2 thousand tonnes due to the decrease of mined metal volumes.

Palladium

In 2014, palladium revenue accounted for 21% of the Company's total revenue from metal sales. The Group's revenue from palladium sales increased 18% y-o-y (or by USD 356 mln) to USD 2,291 mln owing to both increased physical sales volumes (+ USD 118 million) and higher average price (+ USD 238 million)

The average realized palladium price increased 11% y-o-y to USD 804 per troy ounce in 2014 from USD 725 per troy ounce in 2013.

Sales of palladium produced in Russia increased 15% y-o-y from USD 1,870 million in 2013 to USD 2,142 million in 2014. The growth was driven both by realized price appreciation (11% y-o-y) and higher sales volumes due to an increase of the metal output and a decrease of finished goods inventories.

In addition, in 2014 the Company sold 101 thousand ounces of palladium for USD 79 million, which had been purchased from 3rd parties to deliver the metal under the Company's contractual obligations with strategic customers.

Platinum

In 2014, platinum revenue accounted for 8% of the Company's total revenue from metal sales. The platinum revenue decreased 6% y-o-y (or by USD 54 million) to USD 902 million with an increase in sales volumes (+ USD 13 mln) only partly offsetting the price depreciation (- USD 67 mln).

The average realized platinum price decreased 6% y-o-y from USD 956 per troy ounce in 2013 to USD 902 per troy ounce.

Sales of platinum produced by Norilsk Nickel in Russia decreased by 7% y-o-y to USD 869 million in 2014 from USD 932 million in 2013 due to decline in average realized price while the physical sales remained broadly unchanged.

The sales volume of platinum in copper cake produced by NN Harjavalta increased from USD 20 mln in 2013 to USD 30 mln in 2014 due to higher production volumes of copper cake.

Other metals

Revenue from other metal sales in 2014 increased by 10% y-o-y to USD 491 million driven by higher revenue from sales of gold (+1% y-o-y), cobalt (+26% y-o-y) and rhodium (+25% y-o-y).

OTHER SALES

In 2014, revenue from other sales decreased by 10% y-o-y to USD 973 million due to the depreciation of Russian rouble against US dollar as major part of these operations were nominated in Russian roubles.

USD million	**FY2014**	**FY2013**	**Change y-o-y**
Energy and utilities	165	125	32%
Transport	514	611	(16%)
Other	294	346	(15%)
Total	**973**	**1 082**	**(10%)**

Increase in energy and utility sales by 32% y-o-y (or by USD 40 million) is a result of absolute increase of sales by USD 61 million, off-set negatively by the effect of translation to presentation currency (depreciation of Russian RUB against USD) in the amount of USD 21 million. The absolute growth was driven by higher services volumes provided to the city of Norilsk residents, which was coupled with a tariff inflation. In addition, starting from 2014, the revenue form energy sales to third parties by Kola MMC in the amount of USD 32 million was recognized as energy and utilities sales.

Decrease in transport revenue by 16% y-o-y (or by USD 97 million) resulted from an absolute increase of income by USD 3 million, which was off-set by the negative amount of USD 100 million which was the effect of translation to presentation currency. The absolute growth in income was driven by the higher volume of transportation and services rendered to third parties.

Other sales decreased by 15% y-o-y (or USD 52 million) primarily due to the effect of translation to presentation currency (depreciation of Russian RUB against USD) in the amount of USD 60 million, partly offset by the growth in nominal sales by USD 8 million. The absolute growth of nominal sales was driven by the increase of retail services in the city of Norilsk.

COST OF METAL SALES

Cost of metals sales

In 2014, the total cost of metal sales decreased 13% y-o-y to USD 4,805 million driven mostly by:

- Reduction of cash operating costs by USD 689 million (or 15% y-o-y);
- Reduction of depreciation charges by USD 56 million (or 7% y-o-y);
- Change in metal inventories which increased cost of metal sales by USD 5 million.

Cash operating costs

In 2014, the total cash operating costs decreased by 15% y-o-y (or USD 689 million) and to USD 4,067 million driven by:

- Effect of Russian rouble devaluation against US dollar (reduction by USD 631 million) ;
- Various cash cost optimization initiatives (reduction by USD 167 million).

At the same time, these saving were negatively offset by USD 109 million increase in the cost of acquisition of raw materials, semi-finished products and scrap.

The allocation of cash operating cost between main productions units in 2014 was as follows:

- Russia - 84%
- Finland (NN Harjavalta) - 12%
- Norilsk Nickel International - 4%

USD million	**2014**	**2013**	**Change, y-o-y**
Cash operating costs			
Labour	1 574	1 830	(14%)
Raw materials and semi-products for processing	745	694	7%
Materials and supplies	537	713	(25%)
Outsourced third party services	436	557	(22%)
Taxes directly attr. to cost of goods sold	194	258	(25%)
Utilities	198	221	(10%)
Fuel	128	199	(36%)
Transportation expenses	87	117	(26%)

Metals for resale	84	26	223%
Sundry costs	84	141	(40%)
Cash operating costs	**4 067**	**4 756**	**(15%)**
Amortisation and depreciation	698	754	(7%)
Decrease/(increase) in metal inventories	40	35	14%
Total cost of metal sales, of which:	**4 805**	**5 545**	**(13%)**
Russia	4 120	4 733	(13%)
NN Harjavalta	485	504	(4%)
NN International	200	308	(35%)

Labour

In 2014, the proportion of labour costs increased to 39% of the total cash costs.

In 2014, labour costs decreased 14% y-o-y to USD 1,574 million driven by the following:

- USD 307 million decrease owing to the Russian rouble depreciation against US dollar;
- USD 6 million decrease due to the sale of Australian mining assets;
- USD 45 million increase owing to the indexation of wages and salaries of production employees in Russia in line with domestic inflation, which was partly offset by a reduction in employees headcount;
- USD 12 million increase due to the consolidation for the full year of the financial results of OJSC Norilskgazprom (Norilsk Nickel's subsidiary since 01.04.2013);

Raw materials and semi-products for processing

Cash cost of acquisition of raw materials and semi-products for further processing increased by 7% y-o-y (or USD 51 million) to USD 745 million due to the following:

- USD 21 million decrease due to lower volume of purchased raw materials from third parties for refining at NN Harjavalta and Kola MMC, of which:
- Kola MMC's cost decreased by USD 37 million due to the termination of supplies from Fortaleza;

- NN Harjavalta's cost increased by USD 16 million due to an increase in concentrate purchases from Talvivaara and Mirabella,

- USD 72 million increase due to higher metal prices and changes in the structure of purchased raw materials.

Metals for resale

Expenses on acquisition of metals for resale increased by USD 58 million (or 223% y-o-y) to USD 84 million mainly due to increased palladium purchases for an immediate resale in order to fulfill contractual arrangements with strategic customers.

Materials and supplies

Materials and supplies cash costs decreased by 25% y-o-y (or USD 176 million) to USD 537 million driven by the following:

- USD 118 million decrease owing to the Russian rouble depreciation against US Dollar;
- USD 42 million cash cost reduction at Russian production assets, mainly due to the implementation of cost control initiatives and re-classification of obsolescence allowance accruals to other operating expenses;
- USD 16 million cash cost decrease resulting from the sale of Australian mining assets and decrease of production volumes at Tati Nickel;

Outsourced third party services

In 2014, the cash cost of third party services decreased by 22% y-o-y (or USD 121 million) to USD 436 million driven by the following:

- USD 70 million decrease due to the translation of financial statements into presentation currency (depreciation of Russian rouble against US Dollar);
- USD 41 million decrease of insurance expenses due to revised contractual arrangements;
- USD 24 million decrease of outsourced mining fees due to the sale of Australian mining assets and lower production volumes at Tati Nickel;
- USD 14 million increase of expenses for repairs and maintenance, and tolling services.

Taxes directly attributable to cost of goods sold

- Mineral extraction taxes and environmental charges in 2014 decreased by 25% y-o-y (or USD 64 million) to USD 194 million as a result of:

- USD 43 million decrease due to depreciation of Russian rouble against US Dollar;
- USD 21 million decrease due to the correction of mineral extraction tax of prior years at Polar division owing to a different tax base calculation.

Utilities

In 2014, energy costs decreased 10% y-o-y (or by USD 23 million) to USD 198 million mainly owing to the devaluation of Russian rouble against US dollar (- USD 23 million).

Fuel

Fuel expenses decreased by 36% y-o-y (or by USD 71 million) to USD 128 million driven by:

- USD 36 million decrease of fuel purchases in Russian facilities primarily due to Norilskgazprom consolidation since 01.04.2013;
- USD 35 million decrease due to translation of financial statements into presentation currency (depreciation of Russian rouble against US Dollar).

Transportation expenses

In 2014, transportation costs decreased 26% y-o-y (or by USD 30 million) to USD 87 million driven by the following:

- USD 17 million decrease due to the consolidation of Norilskgazprom (gas transportation services) and lower shipments of purchased raw materials to Kola MMC;
- USD 13 million decrease due to the depreciation of Russian rouble against US Dollar.

Sundry expenses

Sundry costs declined 40% y-o-y (or by USD 57 million) to USD 84 million driven by:

- USD 22 million decrease due to the translation of financial statements into presentation currency (depreciation of Russian rouble against US Dollar)
- USD 35 million absolute decrease in sundry expenses.

Amortisation and depreciation

In 2014, amortisation and depreciation of production assets decreased 7% y-o-y (or by USD 56 million) to USD 698 million on the back of the following:

- USD 123 million reduction attributable to Russian rouble devaluation against US Dollar;
- USD 17 million decrease of depreciation charges at Australian and African assets, following disposals of some of the international assets;
- USD 67 million of absolute increase of depreciation charges as result of the commissioning of capital constructions in Russia (+USD 84 million) and consolidation of Norilskgazprom (+USD 15 million).

Decrease of metal inventories

Consolidated metal inventories in 2014 decreased 14% y-o-y (or by USD 40 million) due to:

- USD 9 million decrease in metal inventories in Russia and NN Harjavalta;
- USD 31 million decrease in metal inventories at Tati Nickel.

COST OF OTHER SALES

USD million	**FY2014**	**FY2013**	**Change y-o-y**
Energy and utilities	203	137	48%
Transport	471	545	(14%)
Other	195	279	(30%)
Total	**869**	**961**	**(10%)**

In 2014, cost of other sales decreased by 10% y-o-y to USD 869 million mostly driven by the depreciation of Russian rouble against US Dollar.

Gross profit margin of other sales remained almost unchanged as compared to 2013 at 11%.

SELLING AND DISTRIBUTION EXPENSES

USD million	FY2014	FY2013	Change y-o-y
Export custom duties	225	374	(40%)
Transportation expenses	15	26	(42%)
Labour	23	20	15%
Marketing	66	19	247%
Other	6	6	
Total	**335**	**445**	**(25%)**

Selling and distribution expenses in 2014 decreased by 25% y-o-y to USD 335 million.

Decrease of export duties by 40% y-o-y was primarily related to the cancellation of nickel and copper export duties from August 21, 2014 onwards.

Cost of marketing and advertising expenses increased by USD 47 million primarily as result of the marketing campaigns in Asia and Europe.

GENERAL AND ADMINISTRATIVE EXPENSES

USD million	FY2014	FY2013	Change y-o-y
Labour	465	572	(19%)
Third party services	111	121	(8%)
Taxes other than those directly attributable to cost of goods sold and income taxes	98	110	(11%)
Amortization and depreciation	27	36	(25%)
Transportation expenses	16	17	(6%)
Other	95	108	(12%)
Total	**812**	**964**	**(16%)**

In 2014, general and administrative expenses decreased by 16% y-o-y to USD 812 million, due to the Russian rouble depreciation against US Dollar.

Labour expenses decreased by 19% y-o-y to USD 465 million due to:

- USD 97 million decrease related to the Russian rouble depreciation against US Dollar;
- USD 6 million decrease driven by the cancellation of the outstanding stock option plan.

Third party services decreased by 8% y-o-y (or by USD 10 million) to USD 111 million driven by:

- USD 21 million decrease due to Russian rouble depreciation against USD;
- USD 8 million decrease of other costs;
- USD 19 million increase of consulting, IT and other professional services owing to the implementation of projects related to the improvement of operational efficiency and automatisation of Company's processes.

FINANCE COSTS

USD million	**2014**	**2013**	**Change y-o-y**
Interest expense on borrowings net of amounts capitalized	135	311	(57%)
Unwinding of discount on provisions	43	64	(33%)
Other	1	1	
Total	**179**	**376**	**(52%)**

Finance costs were down 52% y-o-y to USD 179 million in 2014. The reduction of finance costs were due to the capitalization of the interest costs related to capex financing for USD 145 million as well as due to the reduction in amortization of the discount on environment rehabilitation liabilities of Australian assets held for sale.

INCOME TAX EXPENSE

In 2014, income tax expense increased 17% y-o-y to USD 660 million primarily due to an increase in pre-tax profit.

The effective tax rate amounted to 25% in 2014, which was above the statutory tax rate of 20% as result of the recognition of non-deductible loss from the disposal of Australian assets as well as the reduction of market value of energy stocks. The effective tax rate reduced to 25% from 42% in 2013 primarily owing to the significantly lower losses on revaluation of energy stocks.

EBITDA RECONCILIATION

USD million	**2014**	**2013**	**Y-o-y**
Operating profit	**4 746**	**2 476**	**92%**
Amortisation	805	881	(9%)
Impairment of PP&E	130	841	(85%)
EBITDA	**5 681**	**4 198**	**35%**
EBITDA margin	**48%**	**37%**	**11 p.p.**

In 2014, EBITDA increased 35% y-o-y (or by approximately USD 1.5 billion) to USD 5,681 million with EBITDA margin expanding to 48% from 37% in 2013. EBITDA growth was mainly due to the favorable macro factors, such as RUB depreciation against USD (USD 760 million) and stronger metal prices (USD 419 million), as well as the reduction in cash operating costs and increase of realized metals' premiums, with a combined effect for a total amount USD 256 million.

NET PROFIT BEFORE IMPAIRMENT CHARGES AND FX LOSSES RECONCILIATION

USD million	**2014**	**2013**	**Y-o-y**
Net profit	**2 000**	**765**	**161%**
Impairment of PP&E	130	841	(85%)
Impairment of available for sale investments	244	729	(67%)
Foreign exchange loss	1 594	202	689%
Net profit before impairment charges and FX losses	**3 968**	**2 537**	**56%**

CASH FLOW

USD million	**2014**	**2013**	**Y-o-y**
Cash generated from operations before changes in working capital and income tax	**5 770**	**4 375**	**32%**
Reduction of working capital	1 002	554	81%
Income tax paid	(825)	(585)	41%
Net cash generated from operating activities	**5 947**	**4 344**	**37%**
Purchase of property, plant and equipment	(1 298)	(1 989)	(35%)
Other investments	76	251	(70%)
Net cash used in investing activities	**(1 222)**	**(1 738)**	**(30%)**
Net cash used in financing activities	**(2 979)**	**(1 975)**	**51%**
Effects of foreign exchange differences on balances of cash and cash equivalents	(578)	(38)	15x
Other	4	(9)	(144%)
Net increase in cash and cash equivalents	**1 172**	**584**	**101%**

In 2014, net cash generated from operations increased 37% y-o-y to USD 5,947 million driven by:

- Accelerated reduction of working capital amounting to USD 1 billion up from USD 554 million in 2013,
- EBITDA growth by USD 1.5 billion driven by currency devaluation and stronger metal prices.

WORKING CAPITAL RECONCILIATION

USD million	**2014**	**2013**
Change of net working capital in the balance sheet,	**1 935**	**1 054**

less:		
Foreign exchange differences	(859)	(247)
Change in income tax payable	103	(117)
Transferred to the assets held for sales	(6)	(32)
Non-cash changes, including reserves	(171)	(104)
Change of working capital per cash flow	**1,002**	**554**

Net working capital in the balance sheet reduced 64% y-o-y (or by USD 1,935 million) to USD 1,083 million by December 31, 2014. In 2014, management continued to execute on the following initatives leading to further working capital optimization:

- Increase of factoring of trade receivables by USD 278 million,
- Increase of advances from customers by USD 456 million,
- Accelerated reimbursement of VAT on export sales by USD 15 million.

CAPEX BREAKDOWN

USD million	2014	2013	Y-o-y
Polar Division, including	1076	1679	(36%)
Skalisty mine	122	*335*	(64%)
Taymirksy mine	*68*	*59*	15%
Komsomolsky mine	*73*	*56*	30%
Oktyabrsky mine	*85*	*96*	(11%)
Talnakh enrichment plant	*171*	*182*	(6%)
Other industrial projects	557	951	(41%)
Kola MMC	106	117	(9%)
Chita copper project (Bystrinsky project)	89	163	(45%)
Other production assets	6	11	(45%)
Intangible assets	21	19	11%
Total capital expenditures	**1 298**	**1 989**	**(35%)**

In 2014, capital expenditures reduced 35% y-o-y to USD 1,298 million primarily owing to roll-out of investment governance discipline through the reduction of advance payments to suppliers and extension of deferred payments, a review and optimization of mining projects of the Polar division and optimization of the construction schedule of Chita copper project. Devaluation of Russian RUB against USD contributed to the reduction of capital expenditures by USD 261 million.

DEBT AND LIQUIDITY MANAGEMENT

USD million	**As of December 31, 2014**	**As of December 31, 2013**	**Change, USD million**	**Change, %**
Long-term	*5 678*	*5 173*	*505*	*10%*
Short-term	*652*	*1 032*	*(380)*	*(37%)*
Total debt	**6 330**	**6 205**	**125**	**2%**
Net debt	3 537	4 584	(1 047)	(23%)
Net debt/EBITDA	0.6x	1.1x		

As of December 31, 2014, short-term debt reduced by almost twice (or by USD 380 million) to USD 652 million, while long-term debt increased from USD 5.2 billion to USD 5.7 billion. As result, by December 31, 2014, the proportion of short-term debt reduced to 10% from 17% in 2013.

As of December 31, 2014, net debt reduced by almost 25% y-o-y to USD 3.5 billion, while net debt/EBITDA ratio reduced to 0.6x from 1.1x in 2013.

In spite of challenging credit market conditions, the Company entered into a number of bilateral long-term loan agreements, mostly with international banks, totaling approximately USD 2 billion, which represented approximately a third of the Company's gross debt. The funds raised were used to refinance the current debt portfolio. Importantly, the debt portfolio remained fully unsecured, the average cost of debt remained unchanged, while the average debt maturity was extended to 40 months. The creditors' confidence in the Company rests on Norilsk Nickel's strong financial position and global mining industry leadership.

As of end of March, 2015, the credit ratings of the Company assigned by S&P and Fitch remained at investment grade level (BBB- and BBB-, respectively) despite S&P's downgrade of the Russia sovereign rating on January 26, 2015 one notch below investment grade (BB+).

On February 20, 2015, Moody's reduced Russia sovereign to sub-investment grade rating of Ba1 with a negative outlook as well as reduced sovereign ceiling to Ba1. Since corporate ratings cannot exceed the sovereign ceiling, Moody's reduced the Company's credit rating to Ba1 on February 25, 2015.

* * *

Management of the Company will discuss the results with investors and analysts during a conference call held **at 6:00pm Moscow time (4:00pm London / 11:00am New York) on March 31, 2015.**
Conference call will be held in Russian and English.
Webcast link: http://edge.media-server.com/m/p/d5rqo4xw

Russian conference call dial-ins (confirmation code 6811005)

Russia	+7 (495) 213 09 77
UK	+44 (0) 20 3427 19 19

USA	+ 1 212 444 08 95

Toll Free:

Russia	8 800 500 93 12
UK	0 800 279 57 36
USA	1 877 280 23 42

English conference call dial-ins (confirmation code 2022369)

Russia	+7 (495) 213 09 78
UK	+44 (0) 20 3427 19 00
USA	+1 646 254 33 67

Toll Free:

Russia	8 800 500 93 11
UK	0 800 279 50 04
USA	1 877 280 22 96

The webcast replay will be available until March 31, 2016 on http://edge.media-server.com/m/p/d5rqo4xw

The slide presentations will also be available for download on the Company's website: http://www.nornik.ru/en/main

Attachment A

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

US Dollars million

	Year ended 31/12/2014	*Year ended 31/12/2013*
Revenue		
Metal sales	10,896	10,417
Other sales	973	1,082
Total revenue	**11,869**	**11,499**
Cost of metal sales	(4,805)	(5,545)
Cost of other sales	(869)	(961)
Gross profit	**6,195**	**4,993**
Selling and distribution expenses	(335)	(445)
General and administrative expenses	(812)	(964)
Impairment of property, plant and equipment	(130)	(841)
Other net operating expenses	(172)	(267)
Operating profit	**4,746**	**2,476**
Finance costs	(179)	(376)
Impairment of available for sale investments including impairment losses reclassified from other comprehensive income	(244)	(728)
(Loss)/gain from disposal of subsidiaries and assets classified as held for sale	(213)	66
Income from investments, net	94	51
Foreign exchange loss, net	(1,594)	(202)
Share of profits of associates	50	43
Profit before tax	**2,660**	**1,330**
Income tax expense	(660)	(565)
Profit for the year	**2,000**	**765**
Attributable to:		
Shareholders of the parent company	2,003	774
Non-controlling interests	(3)	(9)
	2,000	**765**

EARNINGS PER SHARE

Basic and diluted earnings per share attributable to shareholders of the parent company (US Dollars per share)	**12.7**	**4.9**

Attachment B

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

US Dollars million

	31/12/2014	31/12/2013
ASSETS		
Non-current assets		
Property, plant and equipment	7,011	11,222
Intangible assets	43	58
Investments in associates	17	29
Other financial assets	204	738
Other taxes receivable	6	14
Deferred tax assets	53	26
Other non-current assets	130	202
	7,464	**12,289**
Current assets		
Inventories	1,726	2,955
Trade and other receivables	275	633
Advances paid and prepaid expenses	63	93
Other financial assets	87	26
Income tax receivable	127	61
Other taxes receivable	178	509
Cash and cash equivalents	2,793	1,621
	5,249	**5,898**
Assets classified as held for sale	436	594
	5,685	**6,492**
TOTAL ASSETS	**13,149**	**18,781**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	6	6
Share premium	1,254	1,254
Translation reserve	(4785)	(1231)
Investment revaluation reserve	(2)	1
Retained earnings	8,295	9,589
Equity attributable to shareholders of the parent company	**4,768**	**9,619**
Non-controlling interests	25	131
	4,793	**9,750**
Non-current liabilities		
Loans and borrowings	5,678	5,173
Employee benefit obligations	6	54
Provisions	274	716
Deferred tax liabilities	216	382
	6,174	**6,325**
Current liabilities		
Loans and borrowings	652	1,032
Employee benefit obligations	252	415
Trade and other payables	912	619
Provisions	156	28
Derivative financial instruments	5	5
Income tax payable	23	1
Other taxes payable	99	198
	2,099	**2,298**
Liabilities associated with assets classified as held for sale	83	408
	2,182	**2,706**
TOTAL LIABILITIES	**8,356**	**9,031**
TOTAL EQUITY AND LIABILITIES	**13,149**	**18,781**

Attachment C

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

US Dollars million

	Year ended 31/12/2014	*Year ended 31/12/2013*
OPERATING ACTIVITIES		
Profit before tax	**2,660**	**1,330**
Adjustments for:		
Depreciation and amortisation	805	881
Impairment of property, plant and equipment	130	841
Impairment of intangible assets		11
Impairment of financial assets	244	729
Loss on disposal of property, plant and equipment	28	18
Share of profits of associates	(50)	(43)
Loss/(gain) from disposal of subsidiaries and assets classified as held for sale	213	(66)
Change in provisions and allowances	55	21
Finance costs and income from investments, net	85	324
Foreign exchange loss, net	1,594	202
Change in allowance for value added tax recoverable	14	169
Excess of decrease in decommissioning obligations over net book value of assets	(12)	(105)
Other	4	63
	5,770	**4,375**
Movements in working capital:		
Inventories	94	(9)
Trade and other receivables	237	389
Advances paid and prepaid expenses	(7)	(16)
Other taxes receivable	162	380
Employee benefit obligations	(16)	(67)
Trade and other payables	515	(58)
Provisions for social commitments	(21)	(42)
Other taxes payable	38	(23)

	Year ended 31/12/2014	*Year ended 31/12/2013*
Cash generated from operations	**6,772**	**4,929**
Income tax paid	(825)	(585)
Net cash generated from operating activities	**5,947**	**4,344**
INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash acquired		(15)
Net cash from disposal of subsidiaries		65
Purchase of property, plant and equipment	(1,277)	(1,970)
Proceeds from disposal of property, plant and equipment	20	18
Proceeds from disposal of assets classified as held for sale	24	
Purchase of intangible assets	(21)	(19)
Purchase of other financial assets	(9)	(155)
Purchase of other non-current assets	(35)	(47)
Loan repaid by related party		9
Net change in deposits placed	(106)	215
Interest received	88	52
Proceeds from sale of other financial assets	91	97
Dividends received	3	12
Net cash used in investing activities	**(1,222)**	**(1,738)**

NORILSK NICKEL

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

US Dollars million

	Year ended 31/12/2014	*Year ended 31/12/2013*
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	1,916	6,001
Repayments of loans and borrowings	(1,343)	(4,759)
Dividends paid	(3,281)	(2,989)
Interest paid	(259)	(229)
Buy-out of non-controlling interest	(12)	
Proceeds from sales of shares from treasury stock		1
Net cash used in financing activities	**(2,979)**	**(1,975)**
Net increase in cash and cash equivalents	**1,746**	**631**
Cash and cash equivalents at beginning of the year	**1,621**	**1,037**
Cash and cash equivalents of disposal group at beginning of the period	9	
Less: cash and cash equivalents of disposal group at end of the period	(5)	(9)
Effects of foreign exchange differences on balances of cash and cash equivalents	(578)	(38)
Cash and cash equivalents at end of the year	**2,793**	**1,621**

Attachment D

Net Working Capital

US Dollars million	*31.12.2014*	*31.12.2013*	*Change*	*incl. Effects of foreign exchange differences*
Finished goods inventories	389	573	(32%)	(183)
Work-in-process	787	1 326	(41%)	(494)
Other inventories	550	1 056	(48%)	(425)
Trade and other receivables	275	633	(57%)	(83)
Advances paid and prepaid expenses	63	93	(32%)	(23)
Taxes receivable	305	570	(46%)	(224)
Employee benefit obligations	(252)	(415)	(39%)	(164)
Trade and other payables	(912)	(619)	47%	(343)
Taxes payable	(122)	(199)	(39%)	(66)
Total	**1 083**	**3 018**	**(64%)**	**(859)**