

# Russian Steelmaker NLMK Expects Flat Profits in First Quarter

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Russian steelmaker NLMK expects profitability to be flat in the first quarter compared with the fourth quarter of 2014, when its earnings were hit by lower steel prices and an impairment charge related to the weaker ruble.

NLMK has received a boost to exports from the lower ruble, which has fallen about 40 percent against the dollar since mid-2014 due to weaker oil prices and Western sanctions over Moscow's role in the Ukraine crisis.

However, the company's net profit was hit in the fourth quarter by a \$356 million non-cash impairment on financial instruments related to the weaker ruble.

Its earnings before interest, taxation, depreciation and amortization (EBITDA) were down 9 percent, quarter-on-quarter, but up 53 percent year-on-year to \$627 million, just ahead of

analysts' average estimate of \$625 million in a poll.

Revenue was down 10 percent, quarter-on-quarter, to \$2.3 billion on the back of lower steel prices, while the cash cost of slab, the semi-finished steel product which NLMK exports, fell 24 percent to \$225 per ton at its core Lipetsk assets.

Shares in NLMK were up 1 percent in Moscow, outperforming a 0.5 percent rise in the broader market index.

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