

PRODUCTS AND DISTRIBUTION

PRODUCT RANGE

In 2018, Nornickel maintained its reputation as a reliable supplier of high quality products. The integrated index of customer satisfaction with the Company's products and services matched the criterion for positive performance.

One of the Company's objectives is to make sure its product range is in line with the current and prospective global metals demand.

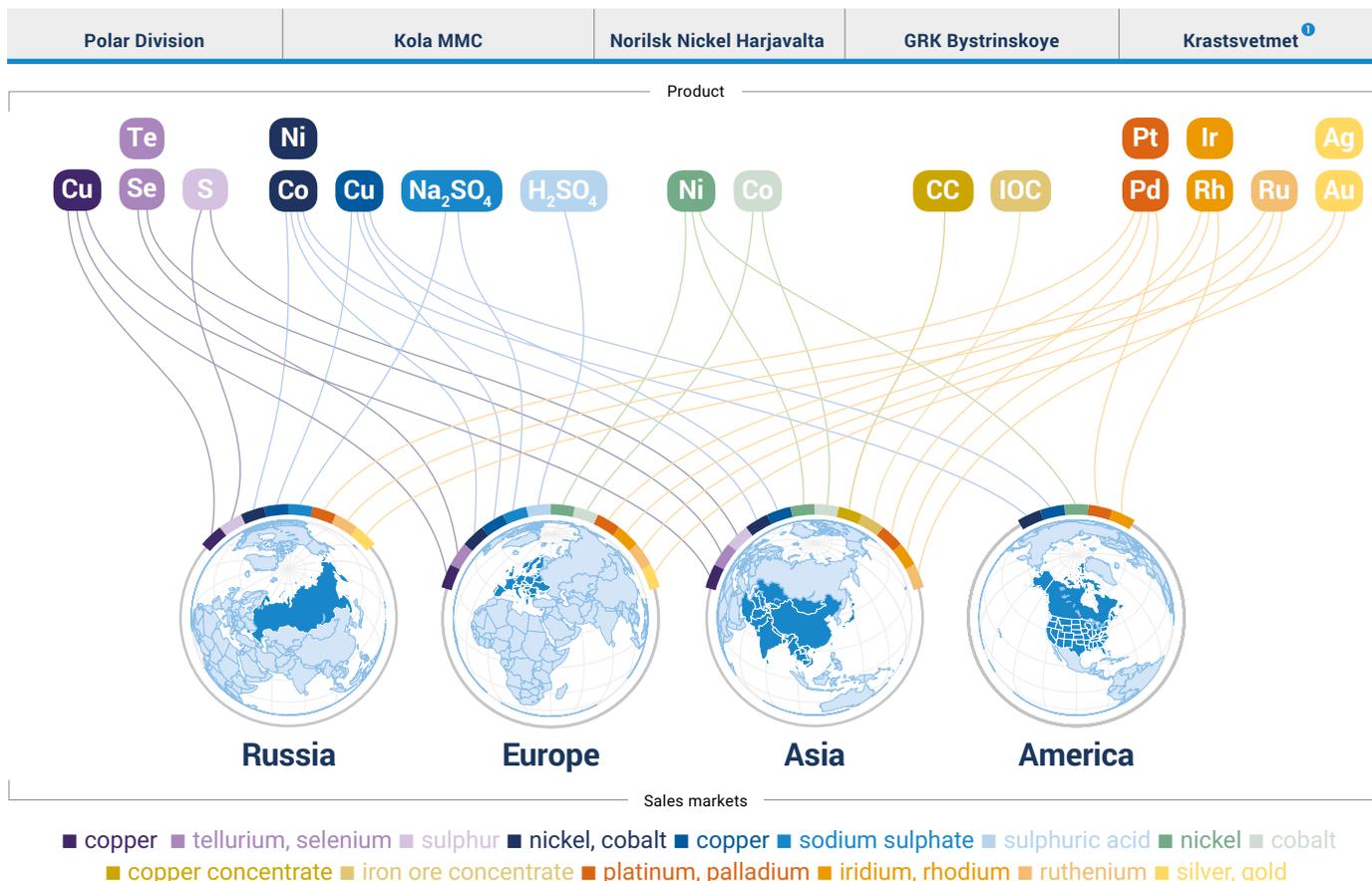
The Company views value-added products containing nickel and cobalt for the battery segment as a promising focus area for expanding the product range and ramping up production. Nornickel

is holding discussions with potential partners in the battery market to expand its product offering.

Norilsk Nickel Harjavalta is considered one of world's foremost producers of nickel used to make precursors (semi-products essential for manufacturing the cathode material that forms part of batteries). Norilsk Nickel Harjavalta's nickel and cobalt sulphates are considered the industry benchmark and are widely used in battery manufacturing. Norilsk Nickel Harjavalta is uniquely flexible when it comes to manufacturing, which enables it to factor in consumer preferences in developing its product portfolio.

In response to strong growth of demand by battery manufacturers, the Company is upgrading its nickel powder packaging capacities in order to broaden the range of packages and create individual solutions based on consumer preferences.

End product production



¹ 100% of shares are owned by the government. Precious metals are refined from raw materials produced by Polar Division and Kola MMC under a tolling agreement.

SALES STRATEGY

Sales by region (%)



Europe	53
Asia	27
North and South America	15
Russia and CIS	5

In 2018, nickel sales to segments other than stainless steel production stood at

120 kt

The Company supplies its products to

34 countries

In 2017–2018, Global Palladium Fund supplied the market with more than

1 moz of palladium

Sales, along with production, have traditionally been a key value adding line of Nornickel's business.

When it comes to nickel products, the sales strategy focuses on achieving a balance between supplies to stainless steel manufacturers and to other industries.

Norilsk Nickel has been committed to diversifying nickel sales by applications and continues increasing nickel supplies to sectors other than stainless steel. Since 2014, we have ramped up sales to non-steel industries by 50% to 120 ktpa in 2018.

The Company is running a program to support prospective nickel applications, primarily in the battery sector. Norilsk Nickel is uniquely positioned to supply a wide range of products used in battery component manufacturing. With its own global sales network, vast cooperation experience with car makers and chemical companies, and active efforts to engage new major industry players, the Company has capabilities to become a key member in the battery components value chain.

In the battery segment, the Company is set to support the electric vehicles market and related value chains, build long-term partnerships with key industry players, and expand the market and its accessibility for nickel and cobalt products. The sales team is closely monitoring changes in the technical requirements for nickel and cobalt products in the sector. The Company is actively engaging major players in the car battery segment, as evidenced by the agreement with BASF.

In the sector of alloys and special steels, we seek to maximise the application of our products and improve product quality to boost our share in premium segments.

In the electroplating sector, Nornickel is optimising its product offering to better meet customer needs and acquire new clients in China and other markets.

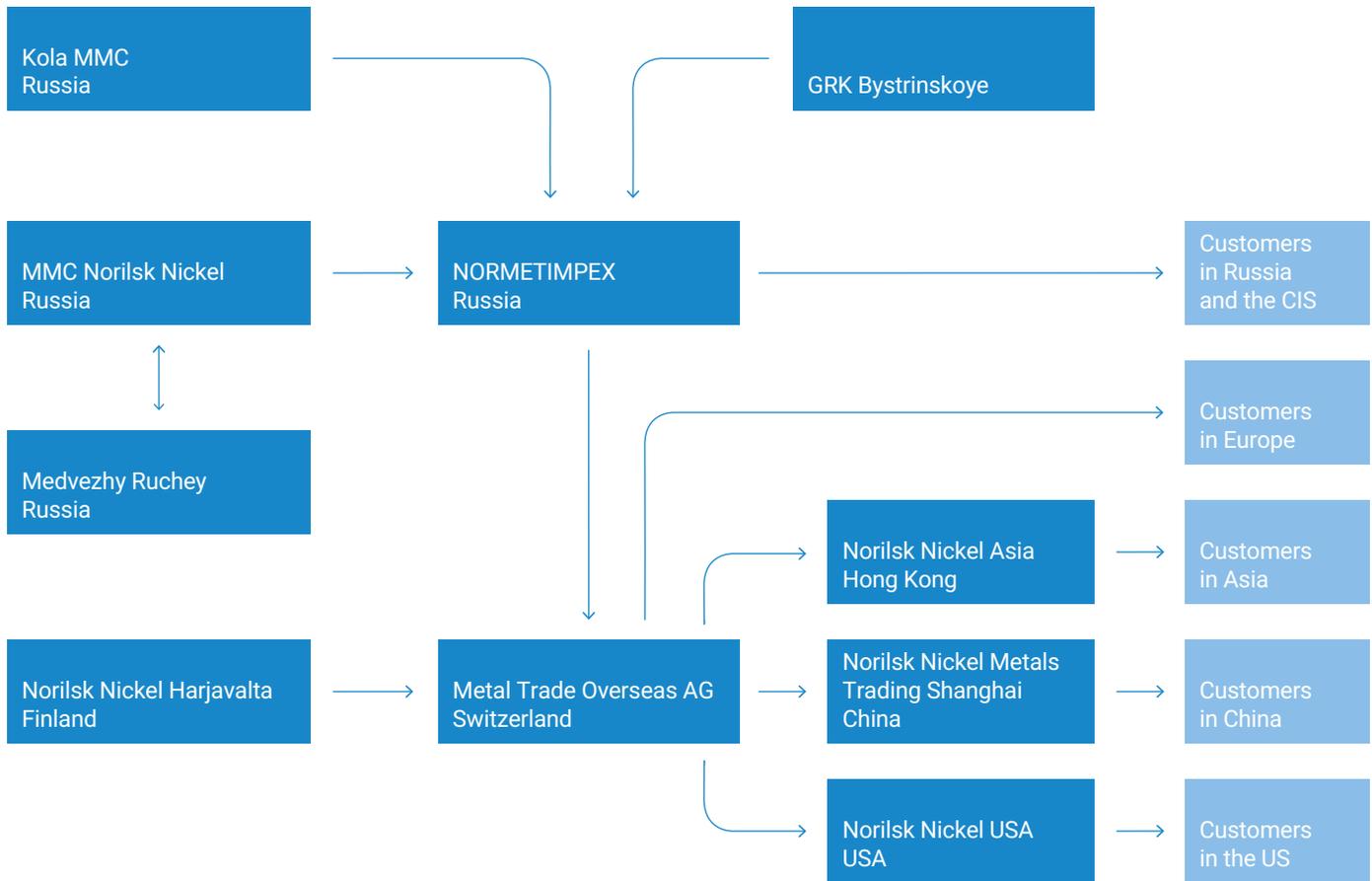
As the world's largest producer of palladium, the Company continues to implement the strategy of entering into direct long-term contracts with end consumers to ensure sustainable and strong demand for platinum group metals.

One of Nornickel's priorities is stable supply amid the growing demand for PGM. The Company positions itself as the palladium market leader, focusing on launching new mining projects to ensure that the palladium market is balanced in the long term. In 2016, the Company established the Global Palladium Fund (GPF) to guarantee stable supplies in the medium term. In 2017–2018, Nornickel's Global Palladium Fund (GPF) supplied the market with more than 1 moz of palladium on top of its own output – to industrial buyers (primarily from the automotive sector).

The Company supplies its products to 34 countries.

To boost sales premiums and improve liquidity, Norilsk Nickel registers its products on the world's major exchanges, including the London Metal Exchange and Shanghai Futures Exchange.

Company sales



PARTNERSHIP WITH BASF

In October 2018, BASF and Nornickel signed an agreement to create the first integrated platform for manufacturing battery components in Europe to meet the growing demand for electric vehicle (EV) battery components.

Under the agreement, Nornickel's nickel refining plant in Harjavalta will supply nickel and cobalt feedstock to a BASF cathode materials facility to be built adjacent to Nornickel's site. The facility is expected to come on stream by the end 2020 with the capacity to produce battery components for some 300,000 EVs per year. Cathode materials with high nickel content are the key components responsible for higher battery energy capacity and EVs' increased useful life.

The agreement with BASF is in line with Nornickel's strategy to boost the Company's share in the global battery component market and set up long-term partnership arrangements with major cathode producers. Collaboration with BASF will help Nornickel to solidify its global leadership in nickel and cobalt production and offer customers the best product in the most convenient form.

Electric vehicles can transform the global nickel industry. As the world's leading supplier of high-grade nickel, Nornickel is uniquely positioned to contribute to this change. The project also fits well in European and worldwide efforts to support green economy, contributing to which the Company reaffirms

its commitment to sustainable use of resources and its status as a responsible participant in the materials supply chain globally.

Norilsk Nickel Harjavalta is a unique production site well-suited for vertically integrated production of battery precursors in the European market. Local production of precursor materials will support the industry's development in Europe, with the growing regional supply chain helping to mitigate logistical risks for battery manufacturers and car makers.