

Debt and liquidity management (USD million)

Kind of debt	As of 31 December 2017	As of 31 December 2018	Change	
			USD million	%
Long-term	8,236	8,224	-12	0
Short-term	817	215	-602	-74
Total debt	9,053	8,439	-614	-7
Cash and cash equivalents	852	1,388	536	63
Net debt	8,201	7,051	-1,150	-14
Net debt /12M EBITDA	2,1x	1,1x	-1,0x	

2018 milestones



January 29,
2018

Moody's upgraded the Company's credit rating to investment grade level of "Baa3" with "Positive" outlook in the wake of change of Russia's sovereign ceiling for foreign currency debt to "Baa3" from "Ba1" and change of Russia's sovereign outlook to "Positive" from "Stable". In Q4 2018, S&P Global and Fitch affirmed the Company's credit ratings at investment grade level of "BBB-" with "Stable" outlook.



November 30,
2018

Russian rating agency "Expert RA" assigned Nornickel its highest Russian credit rating "ruAAA" with "Stable" outlook. Therefore, as of December 31, 2018, Nornickel had investment grade credit ratings assigned from all three international rating agencies Fitch, Moody's and S&P Global, and Russian credit agency "Expert RA".

As of December 31, 2018, the Company's total debt decreased by 7% (or –USD 614 million) from December 31, 2017 and amounted to USD 8,439 million. The Company's debt portfolio remained predominantly long-term at the end of 2018 with the share of long-term debt of 97% (or USD 8,224 million) as compared to 91% (or USD 8,236 million) as of December 31, 2017.

Net debt/12M EBITDA ratio reduced to 1.1x as of December 31, 2018 from 2.1x as of December 31, 2017. The reduction of leverage resulted both from the decline of net debt by 14% to USD 7,051 million through the increase in cash and cash equivalents by 63% to USD 1,388 million and decrease in the Company's total debt and from increase of EBITDA by 56% (or +USD 2,236 million). Substantial growth of cash and cash equivalents was driven, inter alia, by the increase

in advances received from customers in the amount of USD 900 million during 2018 at cost on par or lower of the cost of bank financing available for the Company. In 2018, the Company continued to build up and diversify its liquidity position, increasing committed credit lines to USD 4,290 million by December 31, 2018, and having registered in Q4 2018 the 30-year bond programme for a total amount of RUB 300 billion or the equivalent in other currencies.

In 2018, Nornickel continued to optimize its debt portfolio aiming at the extension of debt maturity and a reduction of foreign exchange risks of its financial liabilities, which allowed to maintain short-term debt refinancing risk as well as the share of RUB-denominated debt in the debt portfolio at a low level.