

2001 IAS Financial Results



NORILSK NICKEL

Moscow, September 2002

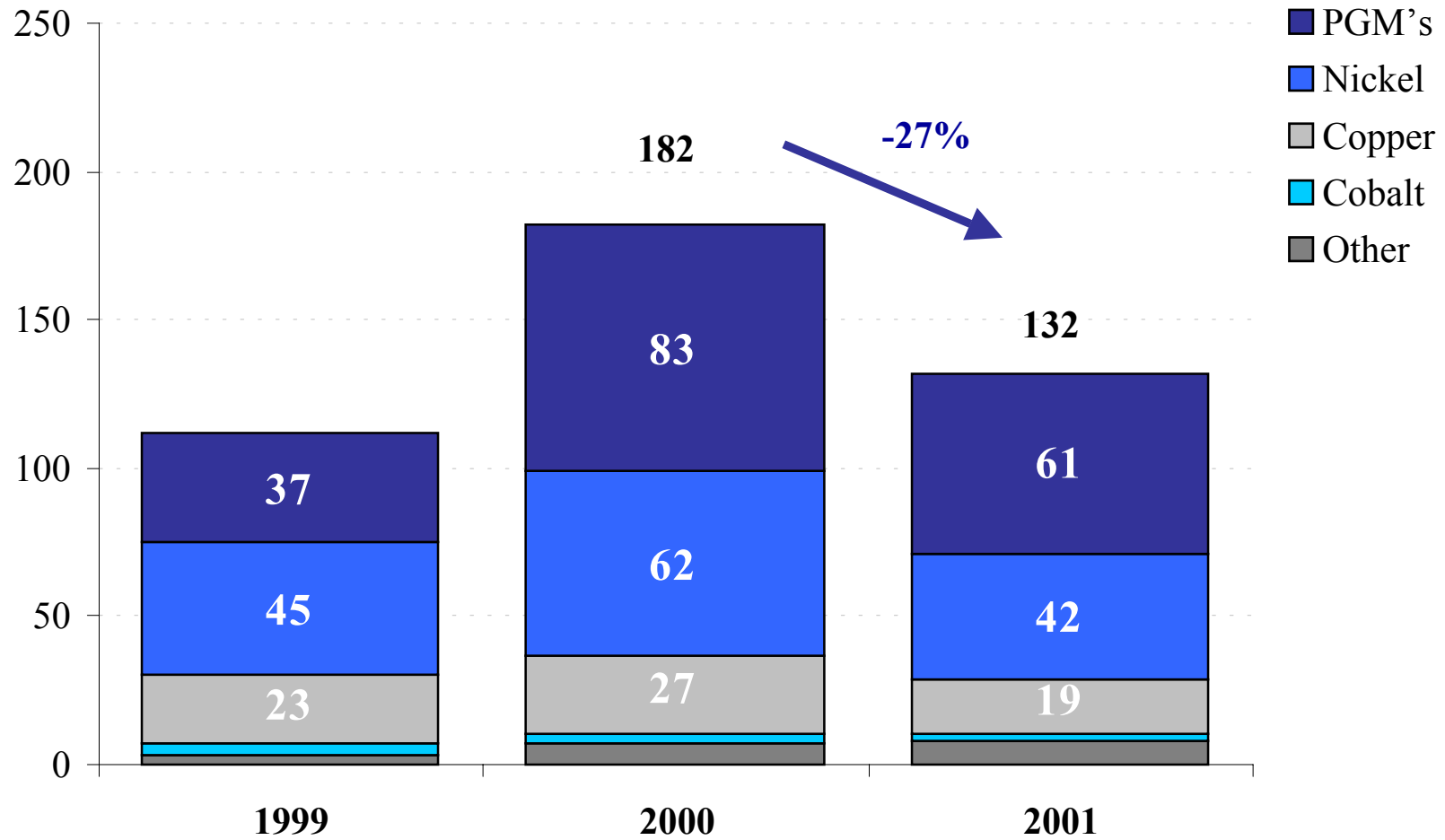
Basis of presentation

- The consolidated financial statements have been prepared based on the Russian Accounting Standards (RAS), in accordance with International Accounting Standards (IAS)
- Reporting currency - Russian Rouble
- In 2001 the Company adopted IAS 39 «Financial instruments: recognition and measurement»
 - All financial assets and liabilities are recognised on the balance sheet, including derivatives. They are measured at cost, which is the fair value of whatever was paid or received to acquire the financial asset or liability
- IAS 29 - Financial Reporting in Hyperinflationary Economies
 - Cumulative inflation is over 100 per cent over three years
 - The population prefers to hold their savings in foreign currency
 - Trade-credit sales take into account change in purchasing power of the rouble
 - Restatement index in 2000: 1,088
 - Restatement index in 2001: 1,188
- Deloitte & Touche was a consultant to Norilsk Nickel in preparation and restatement of financial statements

Revenues

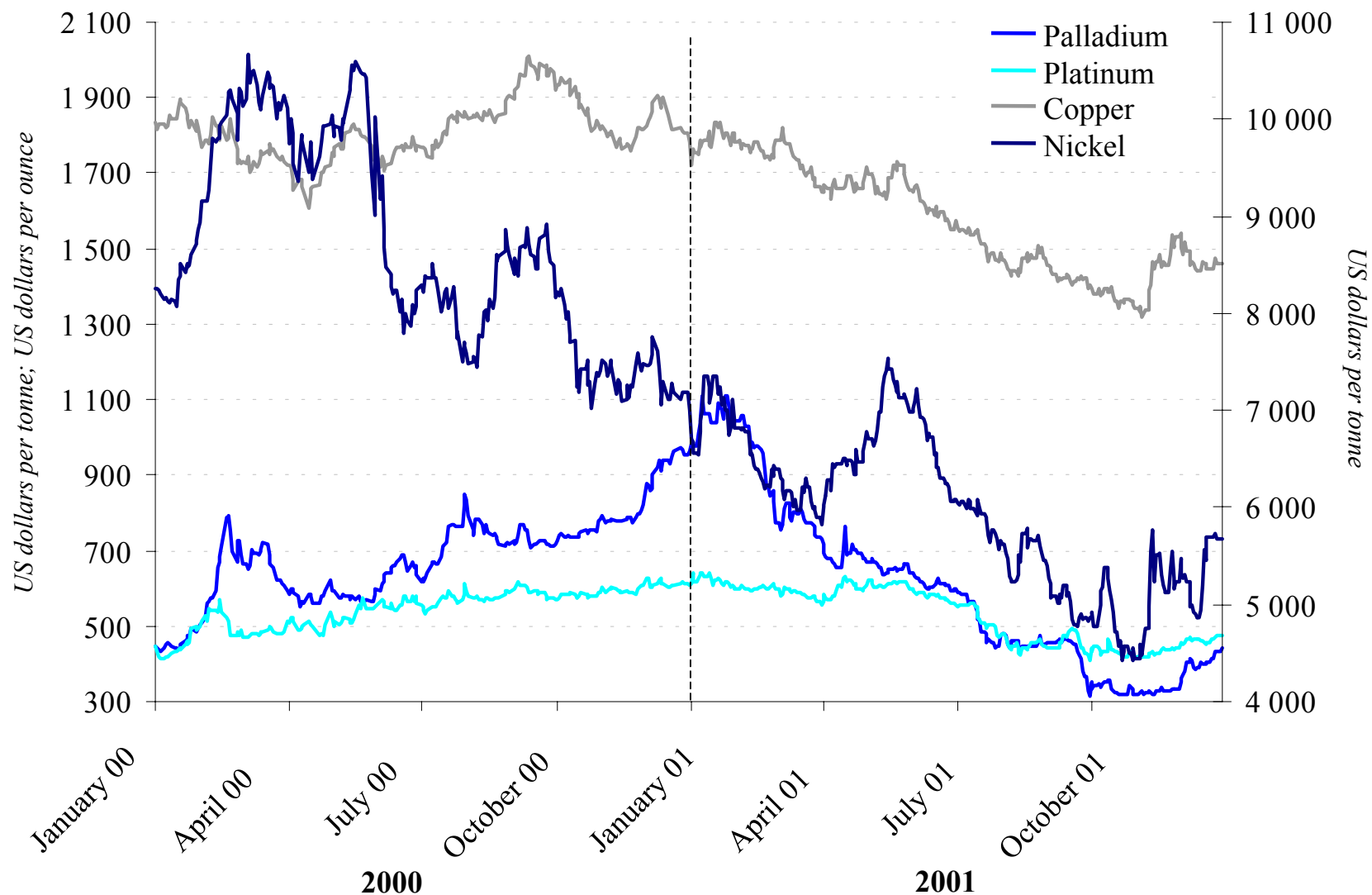
Sales volume

(In billions of roubles)



Metal prices

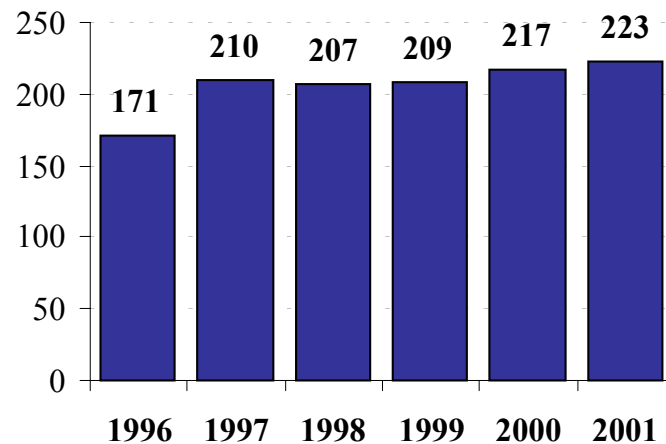
Price dynamics



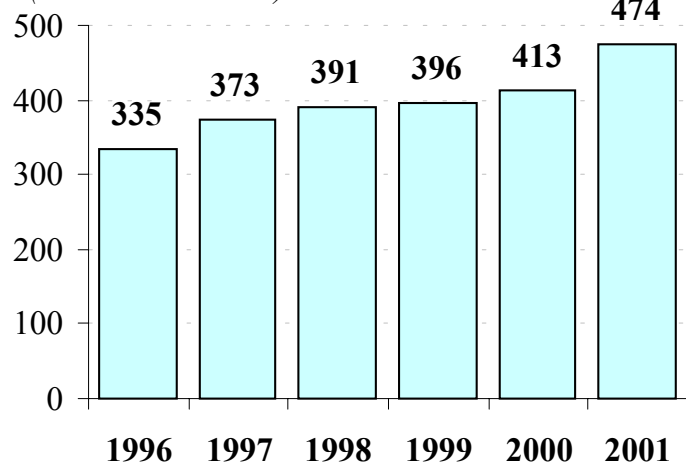
Source: Bloomberg; LME

Production volumes

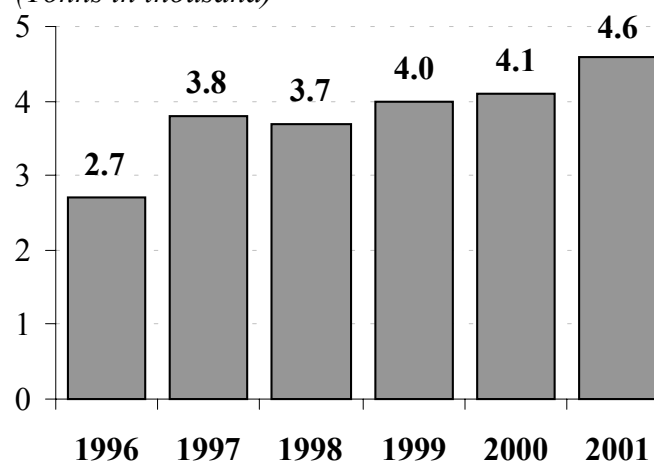
Nickel production
(Tonns in thousand)



Copper production
(Tonns in thousand)

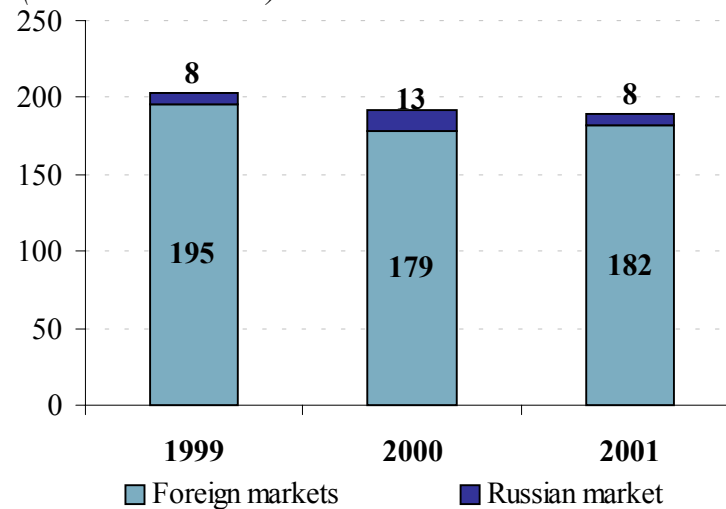


Cobalt production
(Tonns in thousand)

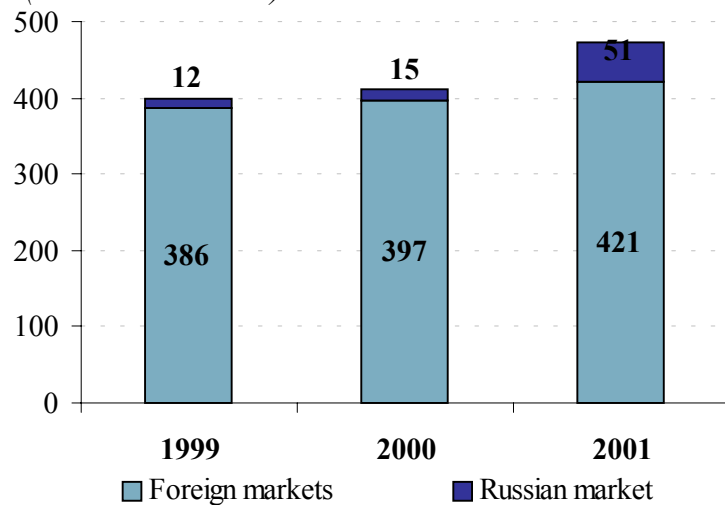


Sales volume

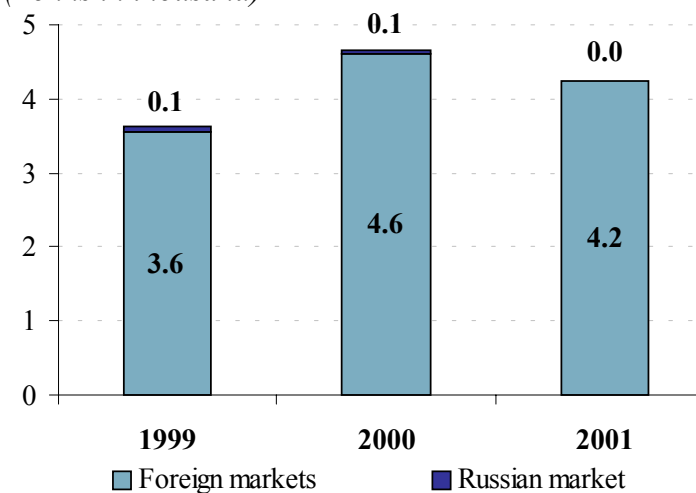
Nickel sales
(Tonns in thousand)



Copper sales
(Tonns in thousand)



Cobalt sales
(Tonns in thousand)



Income statement



Profit and Loss Account (In millions of US dollars)

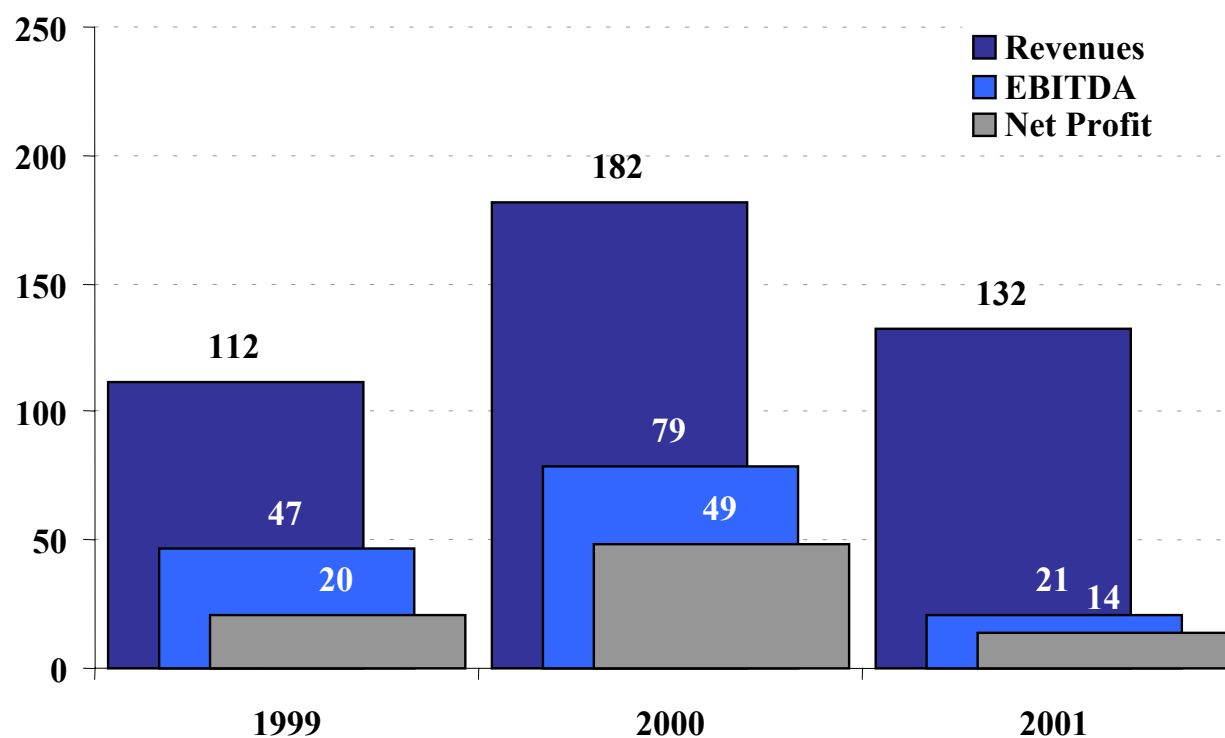
	2001	2000	percentage change
Revenues	131 951.6	181 777.1	-27.4%
Cost of goods sold	74 008.7	83 166.3	-11.0%
Exploration expenses	465.1	861.5	-46.0%
Sales, general and administrative expenses	14 715.6	14 790.2	-0.5%
Other operational expenses	3 860.5	8 243.8	-53.2%
Operational profit	38 901.7	74 715.2	-47.9%
	<i>margin</i> 29%	41%	
Net profit tax	13 076.7	18 940.5	-31.0%
Net profit	36 830.4	48 695.4	-24.4%
Adjusted net profit*	14 123.5	48 695.4	-71.0%
	<i>margin</i> 11%	27%	

Note: (*) Net profit adjusted to exclude the Net Financing Gains: Changes in fair value of derivatives of \$753.4 MM

Financial performance

Key financial indicators

(In billions of roubles)

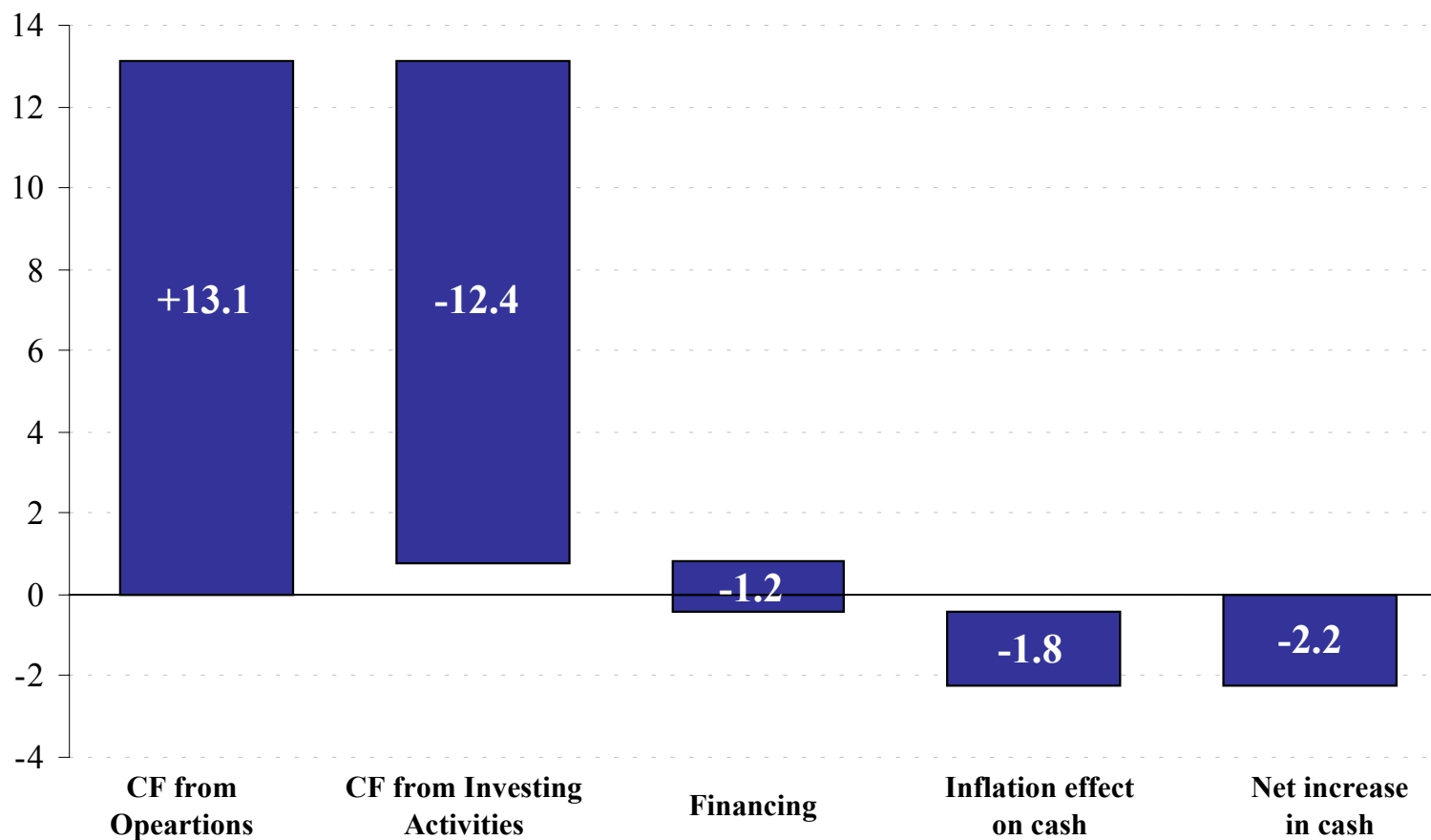


Revenues	+12%	+62%	-27%
Profitability	18%	27%	11%
Average price			
Nickel	+31%	+43%	-31%
Palladium	+26%	+91%	-13%

Consolidated Cash Flow Statement

Cash Flow

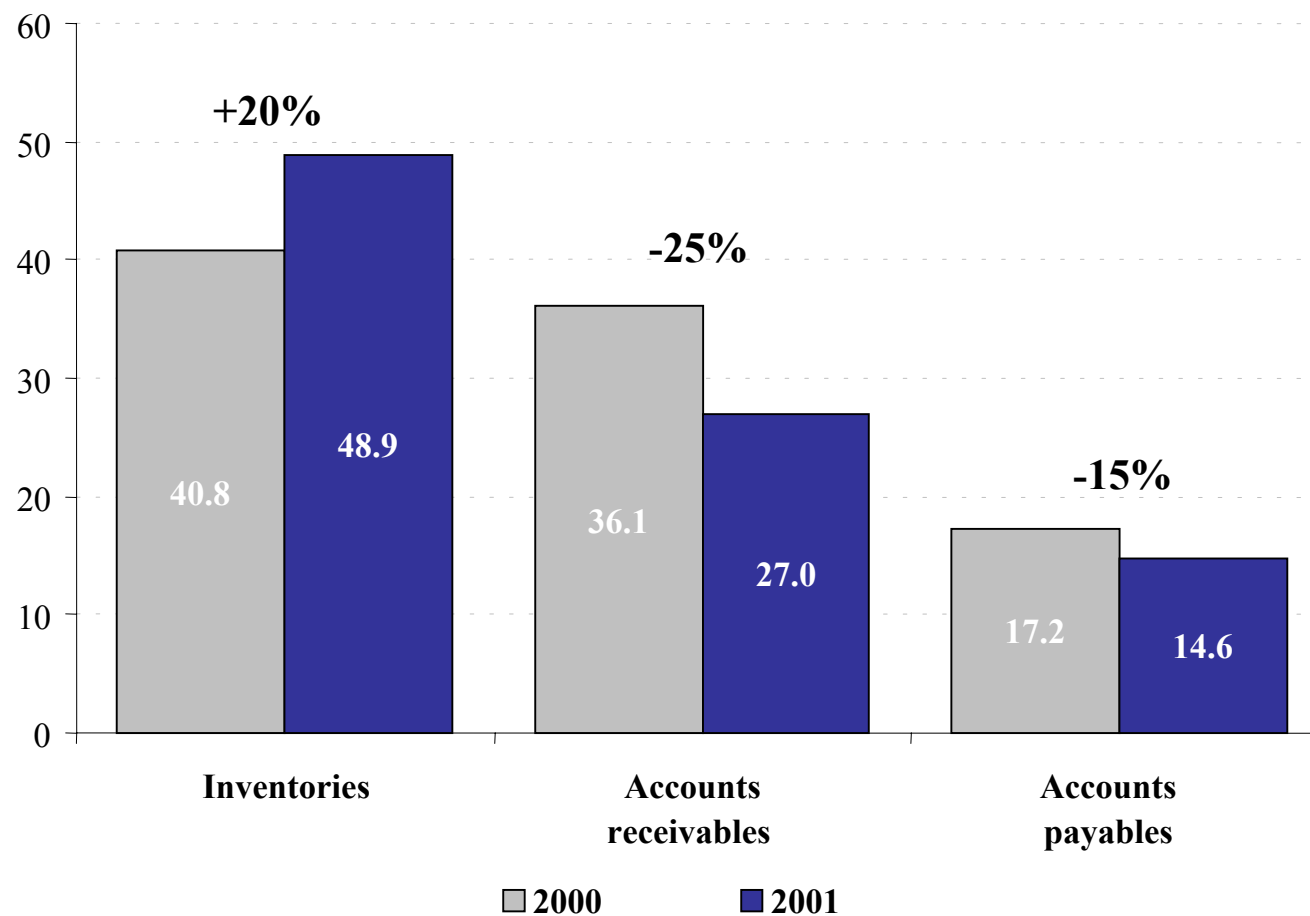
(In billions of roubles)



Change in working capital

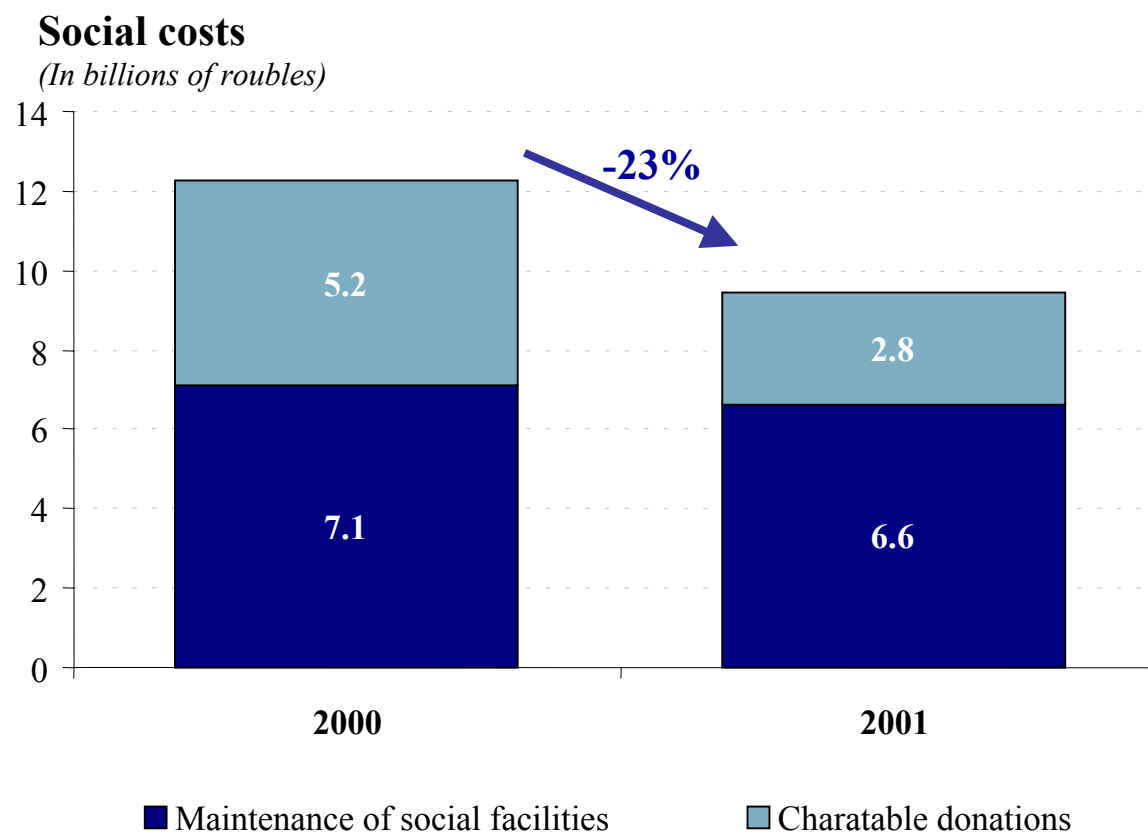
Working capital items

(In billions of roubles)



Reduction in Social Expenses

- In 2000-2001, the main social infrastructure assets located in the city of Norilsk were transferred from the Group's balance sheet to municipal ownership
- Total write-off was RUR 16.3 bln



Improvement of Financial Management

- Strive continually to reduce costs
 - Introduced open tenders to cut expenditures on purchased materials
 - Reducing labor costs by reducing number of employees
 - Transferred social infrastructure and taking other measures to reduce related costs
 - Developing own energy sources (to secure long-term energy supplies and reduce energy costs)
- Improve working capital management (increase cash generation)
 - Inventories management (both materials and finished products)
 - Accounts receivable
- Implement stringent budget and business planning policies
 - Implementing management information systems
 - Reviewing budgeting and capital investment decision-making processes
- Divestment of non-core assets
 - Sold stake in Novolipetsk Metallurgical Combine
 - Reviewing sale of other non-core assets