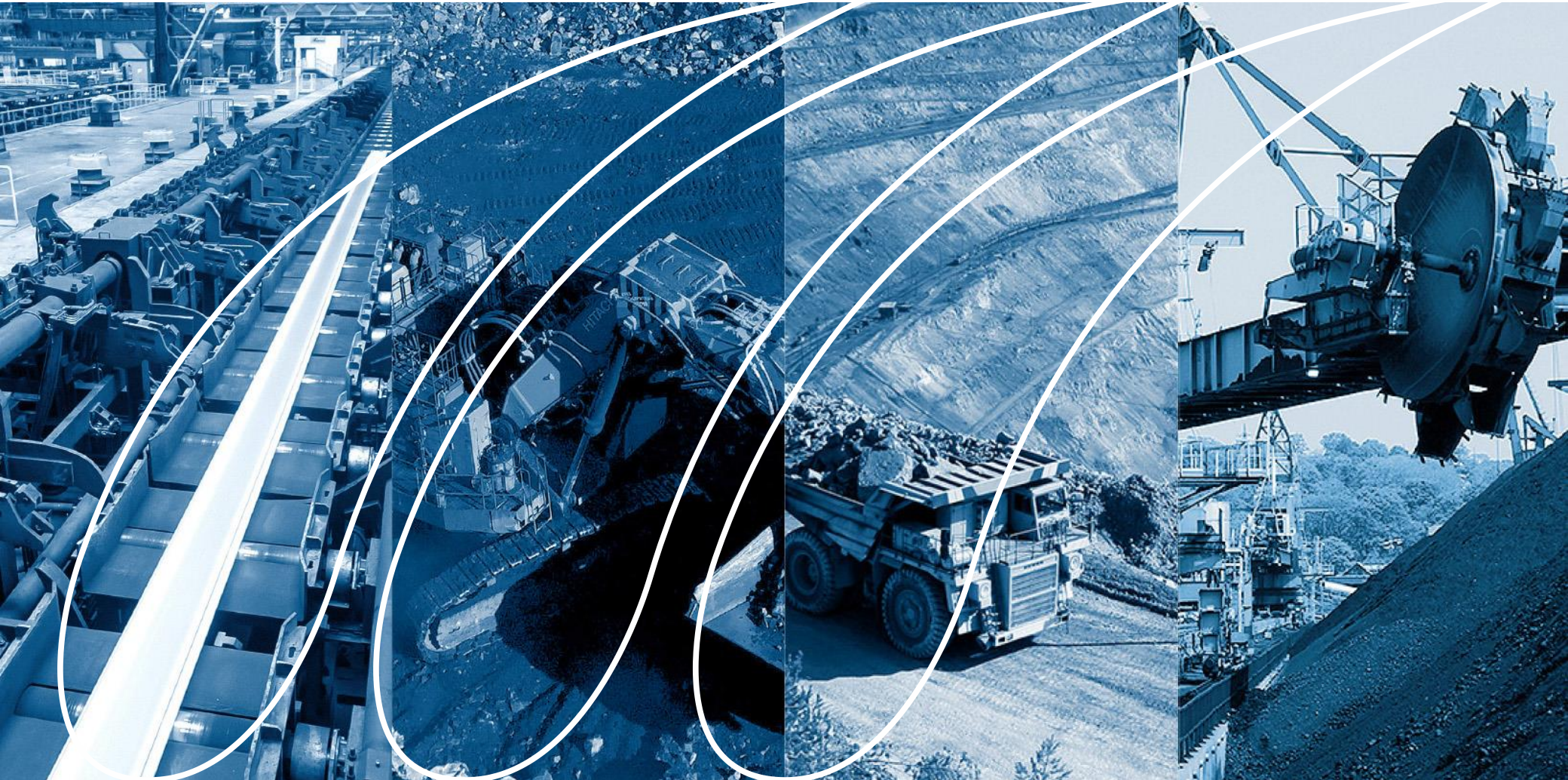


3Q 2020 RESULTS PRESENTATION



November 19, 2020



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KEY FINANCIAL RESULTS



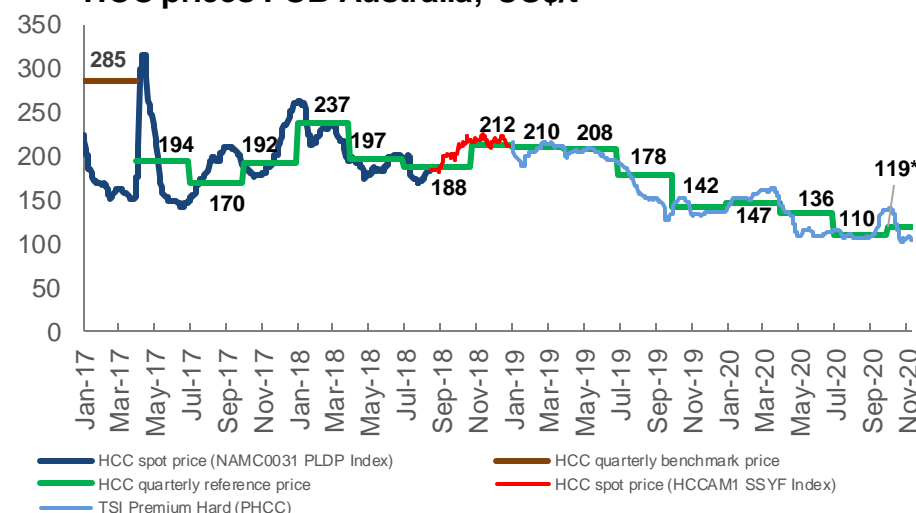
Nelli R. Galeeva – Deputy Chief Executive Officer for Economics and Finance



Key market drivers

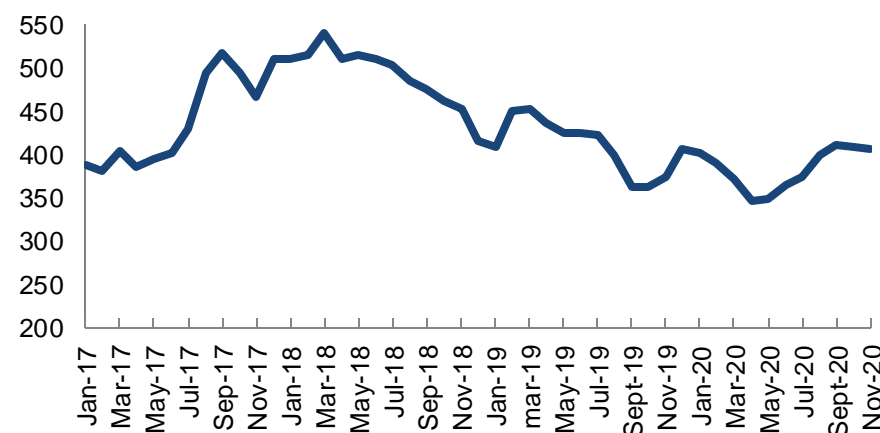
- In 3Q2020, coking coal prices further declined compared to 2Q2020. Prices were under pressure of coal imports limitations in China and slow paces of demand recovery in India. In August, coal prices fell to \$107 per tonne FOB Australia. In September, coking coal prices demonstrated growth on increasing demand in India and Europe and on market participants' expectations of Chinese import limitations relief. As a result average spot price for Premium LV HCC in 3Q2020 amounted to \$115.3 per tonne that was a 2.3% lower than in 2Q2020.
- In October-November positive trend faded away. Instead of coal import limitations relief, Chinese government completely blocked import from Australia. This led to FOB Australia prices further decline. At the same time CIF China prices advanced as importers had to look for options from other countries.
- In 3Q2020, coking coal prices on Russian coal market declined by 17% in average, as a reaction to 2Q2020 decrease of international coal prices.
- In 3Q2020, iron ore prices increased due to high demand in China following new economic incentives imposed, low iron ore stocks at ports and futures growth. High margins of steel producers also supported price growth.
- By the end of 3Q2020 trend reversed to downward as iron ore stocks in Chinese ports reached eight-months highs and iron ore export from Brazil also significantly increased.
- In 3Q2020, there was active demand in China for billets, pig iron and rolled products. It led to increase of prices in the Black sea region. In order to support economics recovery Chinese government financed large infrastructural facilities construction. It resulted in significant growth of semi-finished and final products production and consumption. High iron ore prices were another factor in favour of high prices. Additional support to billets and rebar prices came from Turkey where high demand from the construction industry was stimulated by the government.
- In the beginning of 4Q2020 billet demand from China softened but high billet prices are supported by expensive scrap and by demand from MENA region.

HCC prices FOB Australia, US\$/t



Source: Bloomberg
* Current situation

Billet FOB Black Sea, US\$/t



Source: Metal Courier

3Q 2020 Financial results summary



- Consolidated Revenue in 3Q2020 amounted to 64.4 bln RUB, a slight decline compared to 2Q2020. Steel segment Revenue growth on stronger pricing and sales volumes for construction steel products was offset by weaker Revenues in Mining and Power segments on lower coal prices and seasonal decline in power and heat consumption.
- 3Q2020 EBITDA* went up by 6% compared to 2Q2020 and amounted to 9.3 bln RUB with EBITDA margin increase to 15%. It happened mainly due to Steel segment EBITDA growth with stable EBITDA of Mining segment.
- Loss attributable to equity shareholders of Mechel PAO in 3Q2020 amounted to 26.0 bln RUB, compared to profit amounted to 47.1 bln RUB in 2Q2020. Growth of exchange rate losses on ruble weakening was the major factor of negative dynamics.

RUB mln	3Q' 20	2Q' 20	%	9M' 20	9M' 19	%
Revenue	64,424	64,536	-0.2%	196,197	220,113	-11%
Operating profit / (loss)	6,353	(2,260)	-	12,023	30,787	-61%
EBITDA*	9,349	8,852	6%	31,362	44,333	-29%
EBITDA margin, %	15%	14%		16%	20%	
(Loss) / profit attributable to equity shareholders of Mechel PAO	(25,959)	47,074	-155%	(15,763)	12,174	-229%

*Here and further EBITDA is calculated as Adjusted EBITDA in accordance with definition in Press release Attachment A

3Q 2020 Production and sales summary



- In 3Q2020 coal mining volumes decreased by 7% compared to 2Q2020 on lower production at Yakutugol and almost stable results of Southern Kuzbass Q-on-Q. In 9M2020 coal mining volumes increased by 29% compared to 9M2019.
- Pig iron and steel production declined by 5% and 8% respectively Q-on-Q as a result of ongoing repairing works at Chelyabinsk Metallurgical Plant.

- Coking coal sales to third parties in 3Q2020 decreased by 12% compared to 2Q2020.
- Other met coal (PCI and anthracites) sales were higher by 6% Q-on-Q. Steam coal sales (including middlings) grew in 3Q2020 by 2% Q-on-Q.
- Flat and Long products sales were flat Q-on-Q.

Production (th tonnes)

Product	3Q' 20	2Q' 20	%	9M 20	9M 19	%
Run-of-mine Coal*	4,274	4,578	-7	13,131	10,195	+29
Pig Iron	862	912	-5	2,646	2,530	+5
Steel	852	926	-8	2,654	2,750	-3

*Excluding the volume of the Elga coal complex.

Sales (th tonnes)

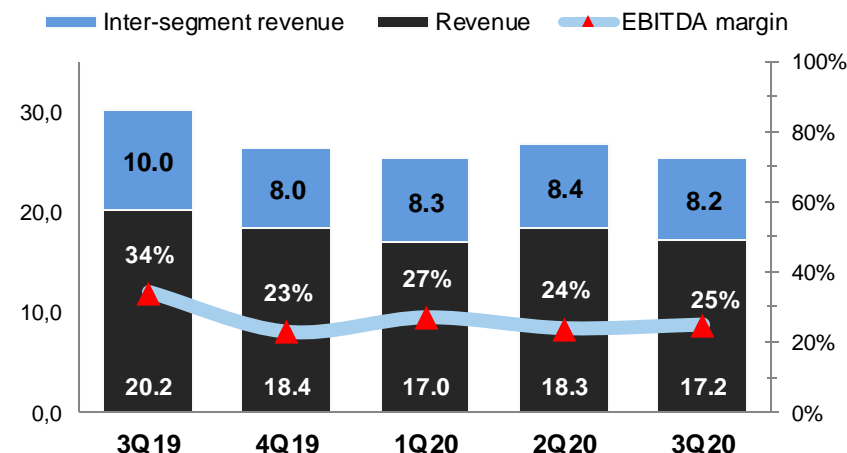
Product	3Q' 20	2Q' 20	%	9M 20	9M 19	%
Coking Coal*	1,435	1,628	-12	4,487	4,277	+5
Steam Coal*	1,000	975	+2	2,857	2,457	+16
Flat Products	109	109	0	342	337	+1
Long Products	645	647	0	1,940	1,891	+3

*Excluding the volume of the Elga coal complex.

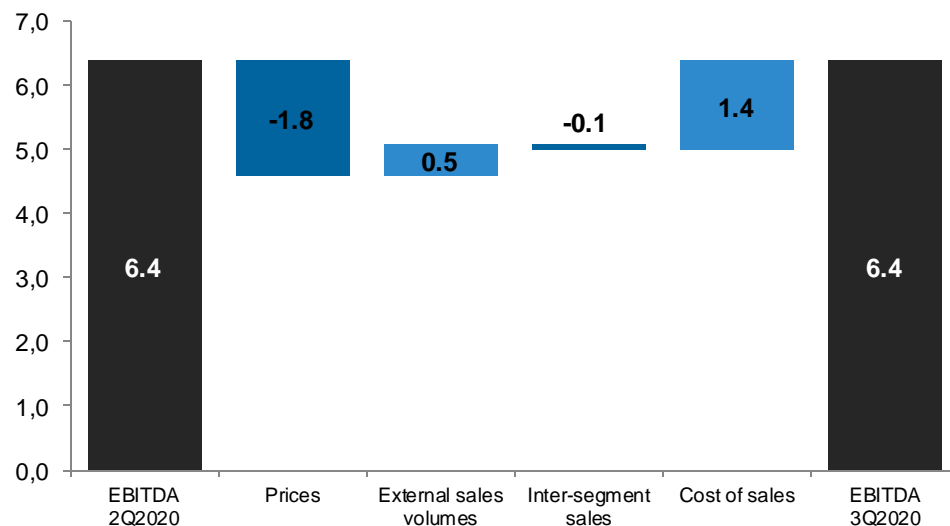
Mining segment

- Share of domestic sales continued to decline and shrank from 20% to 17% Q-on-Q. Share of Europe increased from 9% to 10%, sales to China comprised 22% after 20% in 2Q2020. Share of sales to Middle East, CIS and Asia (without China) remained unchanged.
- Weaker coal prices resulted in 6% Mining segment revenue decline Q-on-Q.
- Negative revenue dynamics was compensated by cost of sales decrease that allowed EBITDA to stay unchanged Q-on-Q. EBITDA margin increased from 24% to 25% compared to 2Q2020.

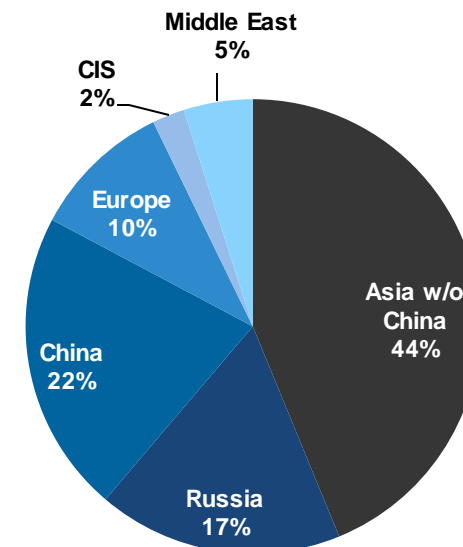
Revenue, EBITDA margin, RUB Bln



EBITDA, RUB Bln



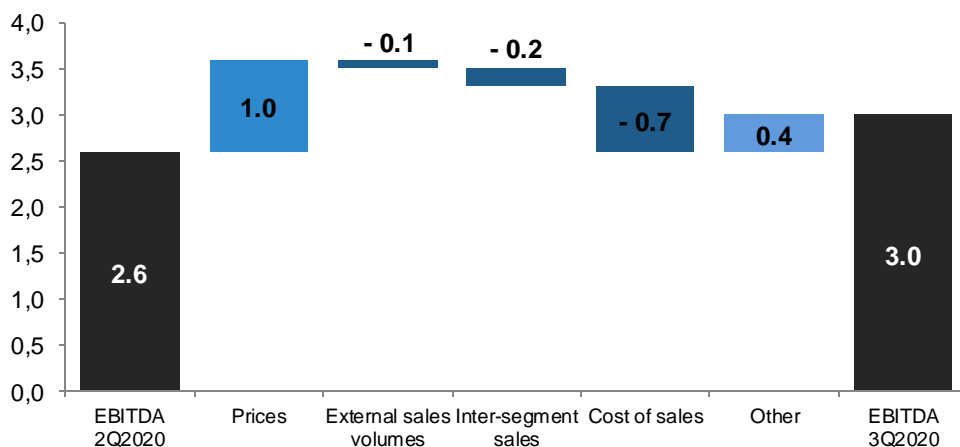
Revenue breakdown by regions (3Q 2020)



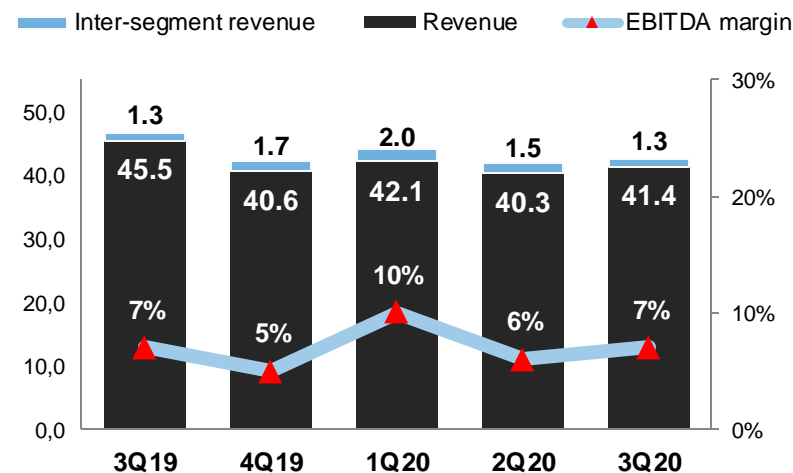
Steel segment

- Steel segment Revenue to 3rd parties in 3Q2020 increased by 3% compared to 2Q2020 due to higher construction steel products prices Q-on-Q, as well as increased sale volumes of structural shapes of Universal Rolling Mill, which allowed to offset the decrease of rails sales. Rising prices for structural shapes also had a positive impact.
- EBITDA in 3Q2020 went up by 18% compared to 2Q2020 on higher prices for construction steel products and decrease in selling and distribution expenses.
- Segment's EBITDA margin increased Q-on-Q from 6% to 7%.

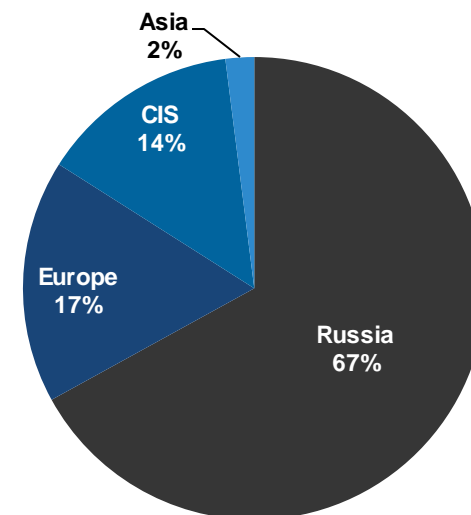
EBITDA, RUB Bln



Revenue, EBITDA margin, RUB Bln



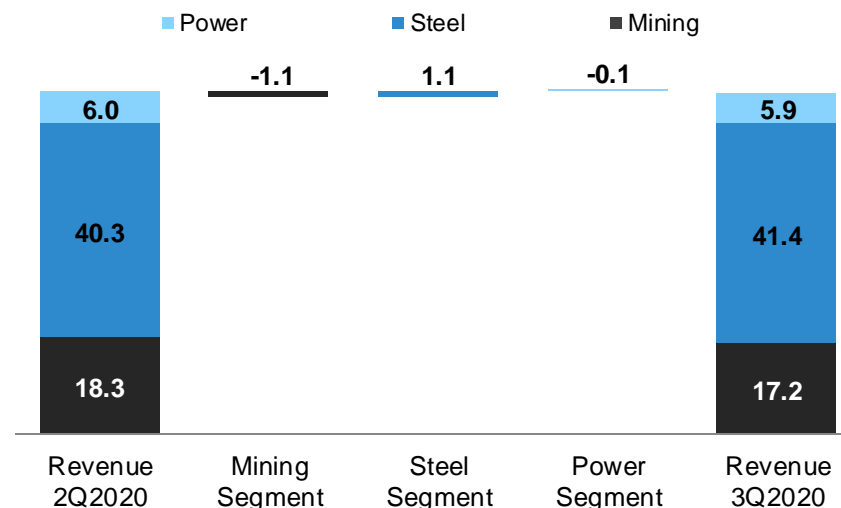
Revenue breakdown by regions (3Q 2020)



Consolidated revenue and segment EBITDA dynamics

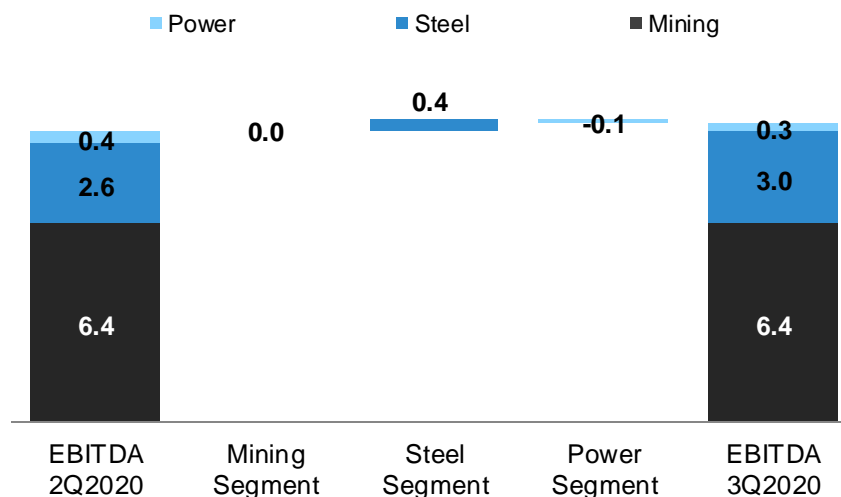
- Mining segment Revenue to 3rd parties in 3Q2020 decreased by 6% compared to 2Q2020. This was a result of lower prices for almost all coal products in the reporting period, compared to 2Q2020.
- Steel segment Revenue to 3rd parties in 3Q2020 increased by 3% compared to 2Q2020 due to higher construction steel products prices Q-on-Q, as well as increased sale volumes of structural shapes of Universal Rolling Mill, which allowed to offset the decrease of rails sales. Rising prices for structural shapes also had a positive impact.
- Power segment Revenue to 3rd parties declined by 2% in 3Q2020 compared to 2Q2020 due to seasonal factors.

Revenue, RUB Bln



- Mining segment EBITDA remained stable in 3Q2020 compared to 2Q2020 and amounted to 6.4 bln RUB as lower Revenue was compensated by cost of sales decrease.
- Steel segment EBITDA went up by 18% and amounted to 3.0 bln RUB compared to 2Q2020 on higher prices for construction steel products and decrease in selling and distribution expenses.
- Power segment EBITDA declined by 34% in 3Q2020 and amounted to 0.3 bln RUB on selling and distribution expenses growth.

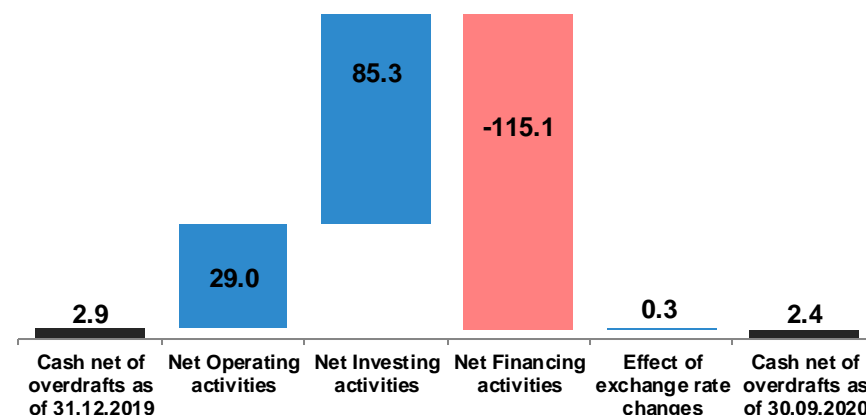
Segment EBITDA, RUB Bln



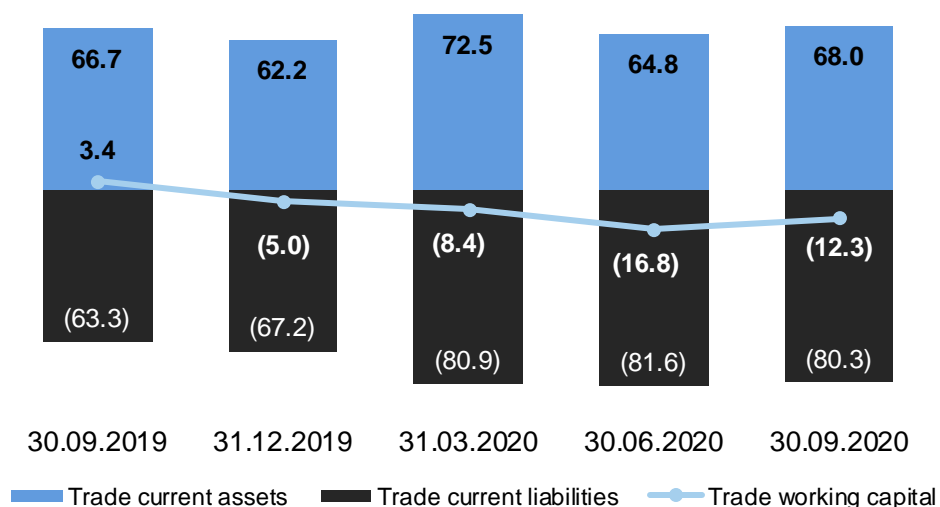
Cash flow & trade working capital

- Cash flow from operations covers Group's current expenses, including debt service and lease payments.
- As of September 30, 2020, trade working capital was negative at -12.3 bln RUB.
- Group's capital expenditures in 9M2020 amounted to 6.0 bln RUB, including 1.8 bln RUB of lease payment.

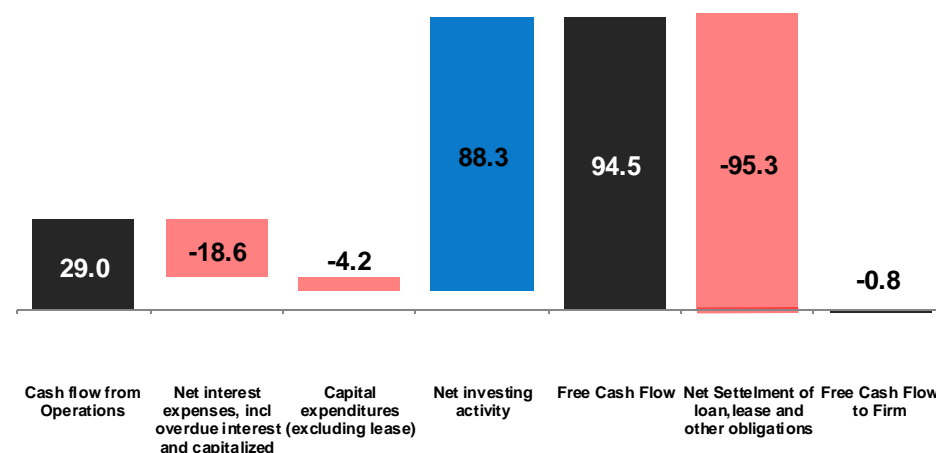
CASH FLOW, RUB Bln



Trade working capital management, RUB Bln

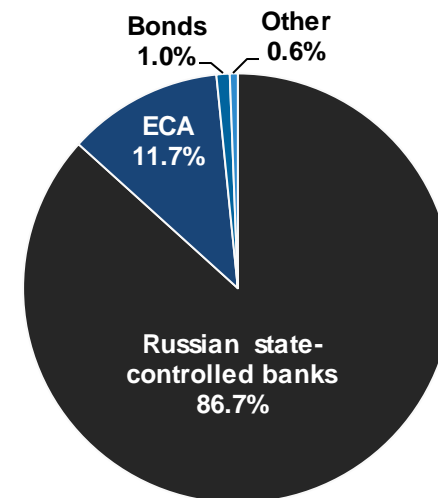
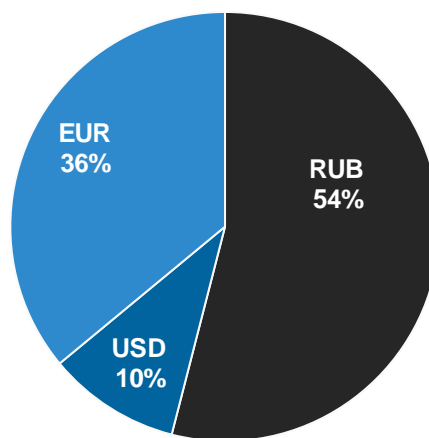
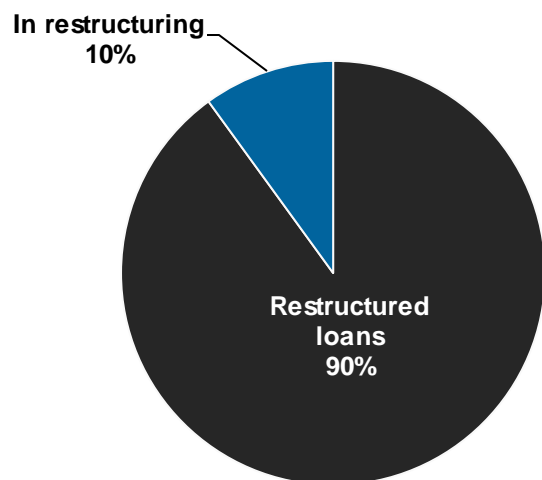
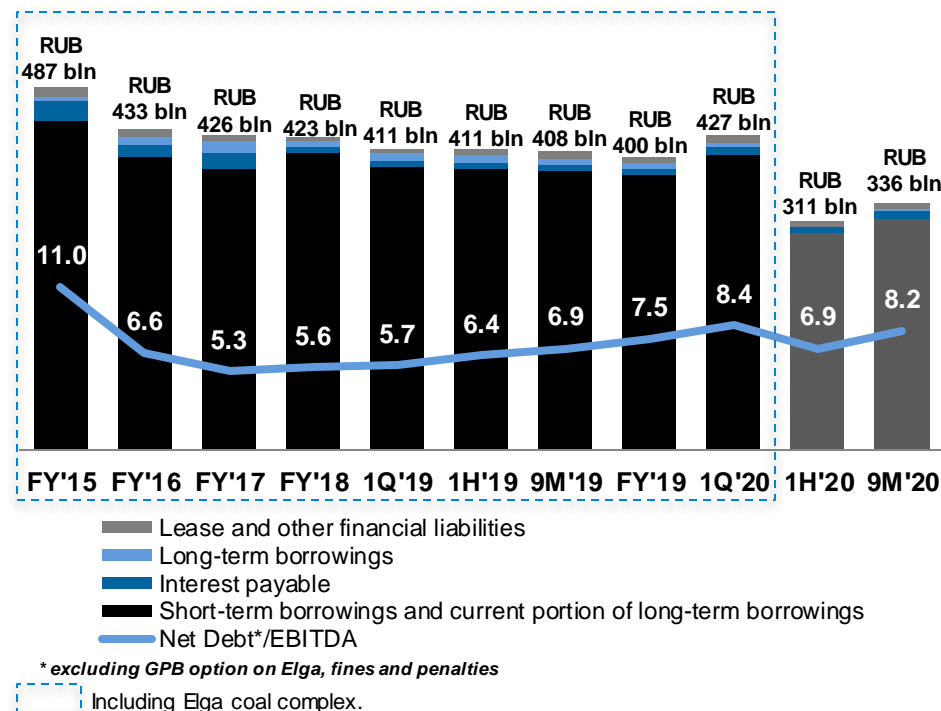


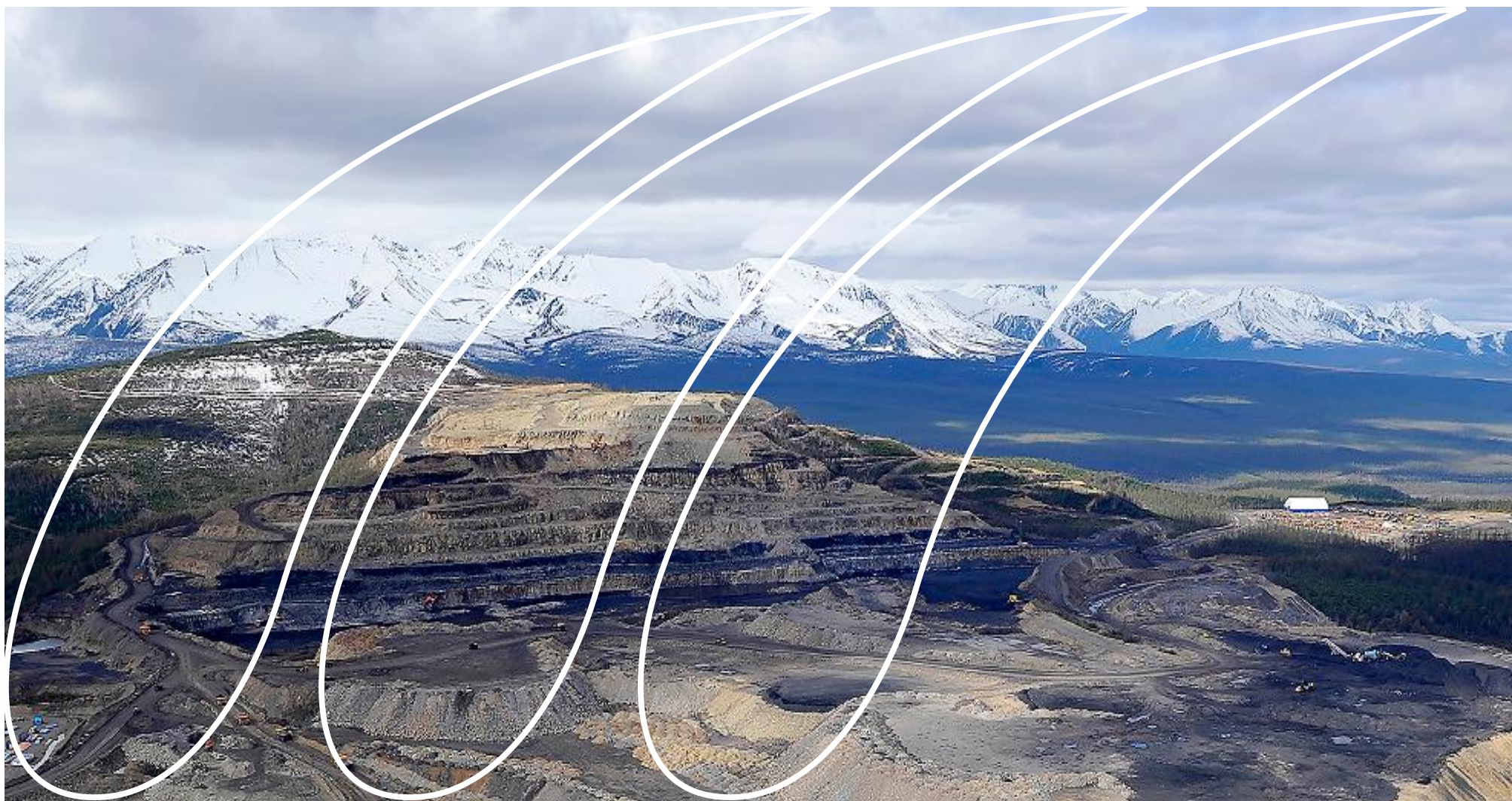
FREE CASH FLOW for 9M 2020, RUB Bln



Debt structure & net debt / EBITDA ratio dynamics

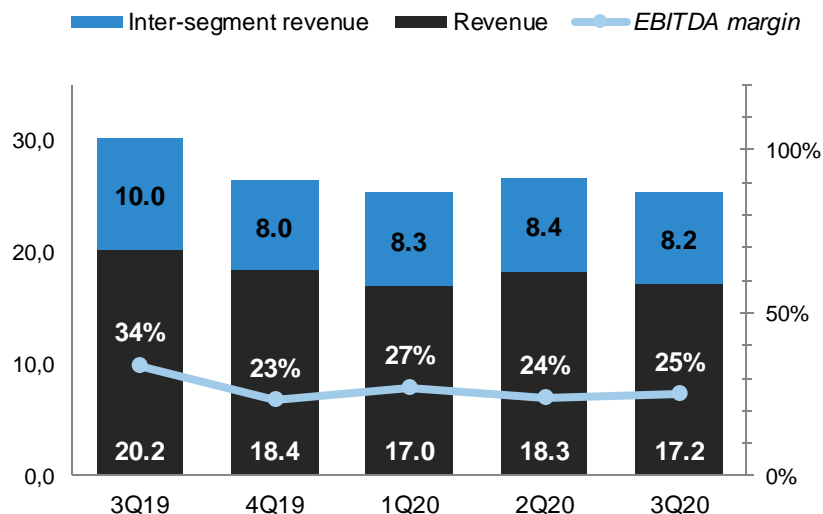
- As of November 2020 portion of restructured debt is at a level of 90%; ruble portion of debt amounts to 54%; and Russian state-controlled banks hold 86,7% of our debt portfolio.
- Net leverage increased to 8.2 on LTM EBITDA decrease and USD- and euro-denominated debt growth as a result of ruble depreciation.
- Average interest rate through the debt portfolio as of November 2020 is 5.5% per annum; average paid interest rate amounts to 5.4% per annum.
- In 3Q2020 Group repaid RUB 4.9 bln and received RUB 6.2 bln of debt.



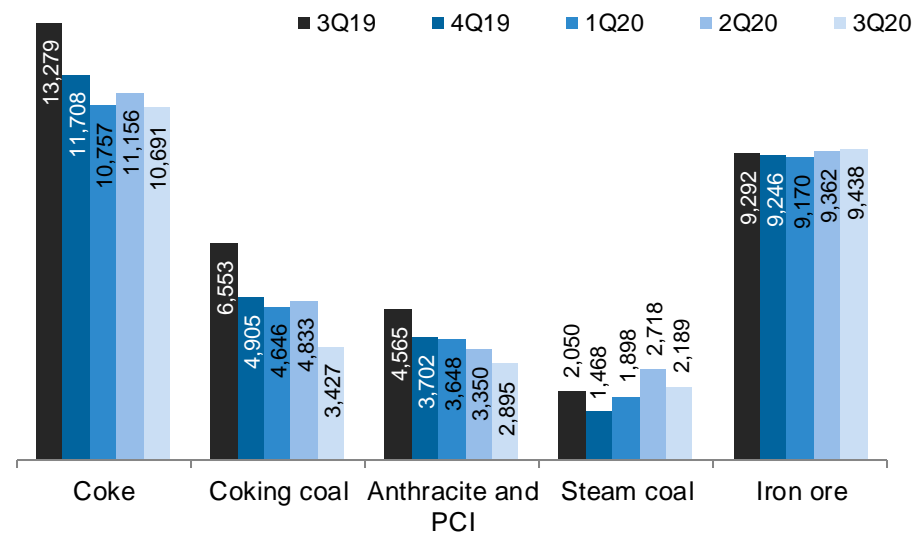


Mining segment

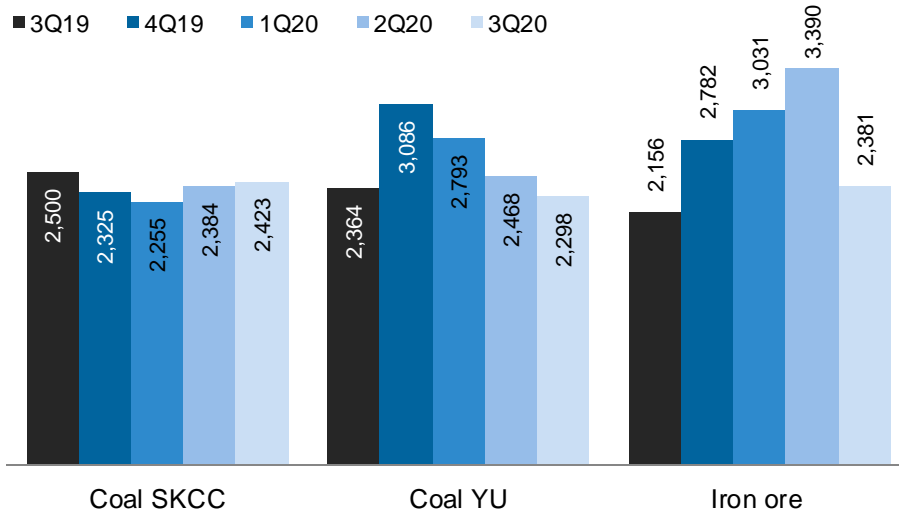
Revenue, EBITDA margin, RUB Bln



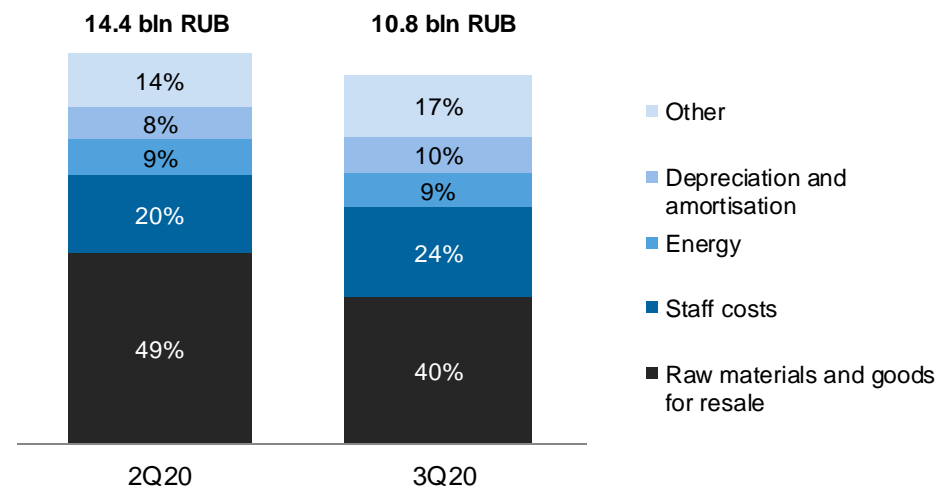
Average sales prices FCA, RUB/tonne



Cash costs, RUB/tonne



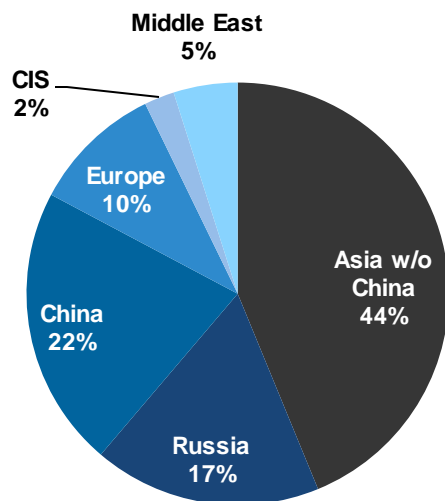
COS structure



Mining segment

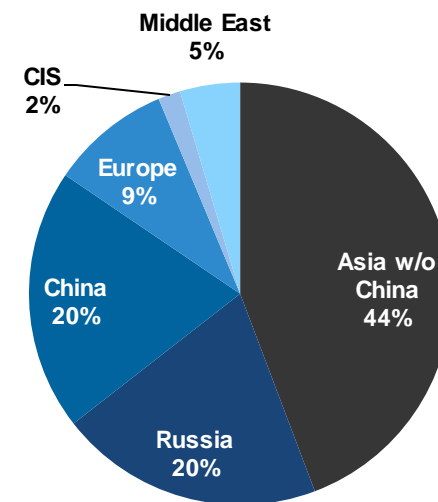
Revenue breakdown by regions

3Q 2020



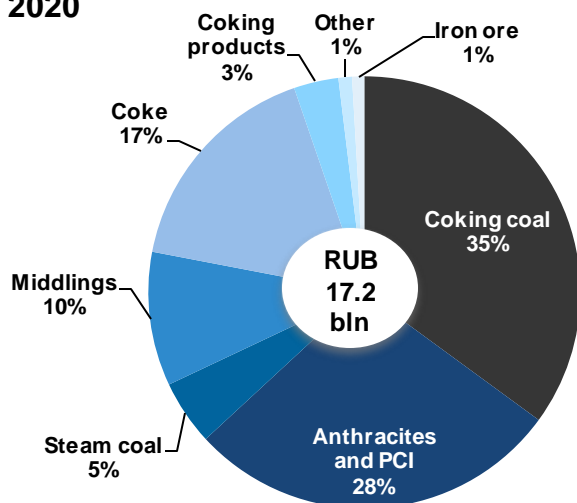
Revenue breakdown by regions

2Q 2020



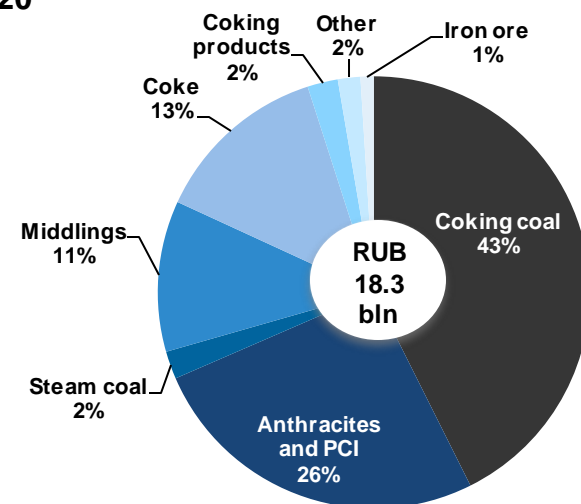
Revenue breakdown by products

3Q 2020

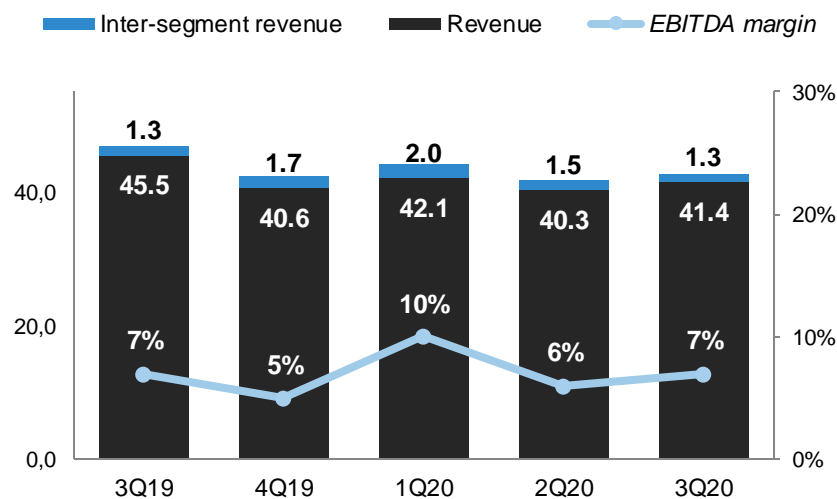


Revenue breakdown by products

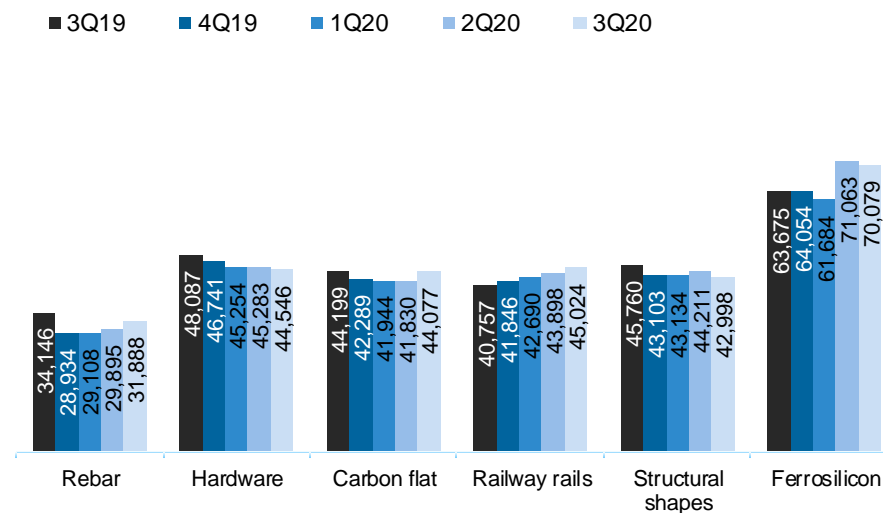
2Q 2020



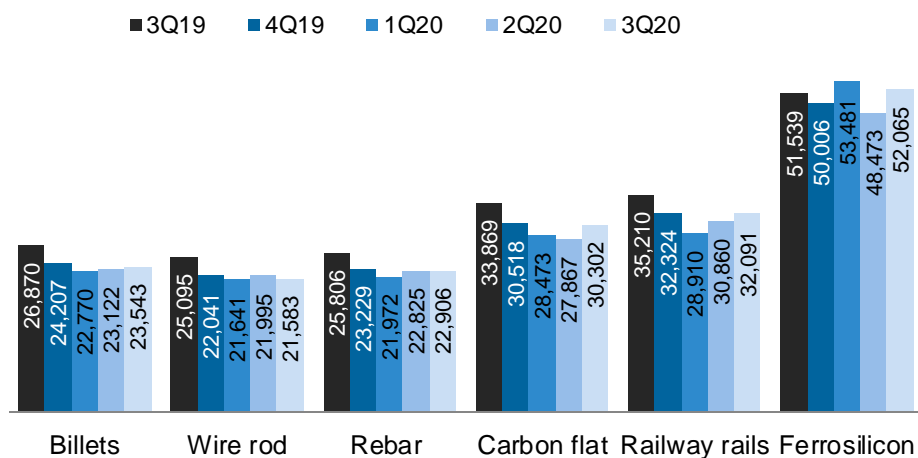
Revenue, EBITDA margin, RUB Bln



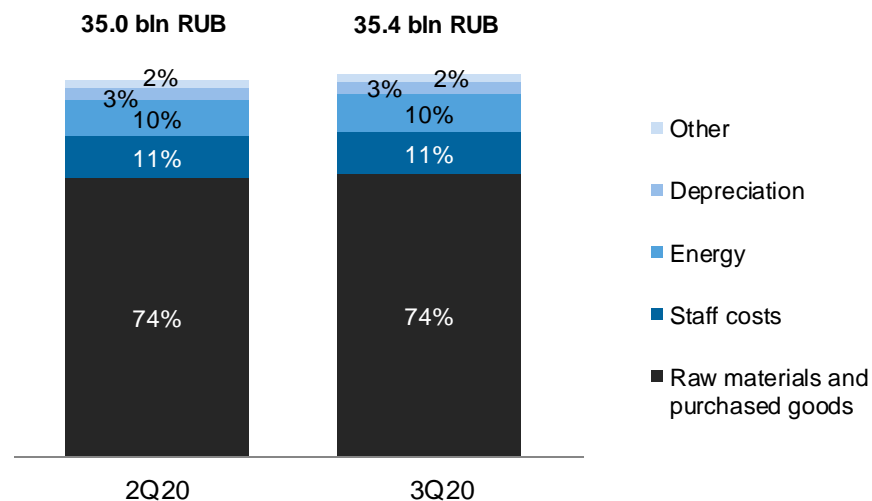
Average sales prices FCA, RUB/tonne



Cash costs, RUB/tonne

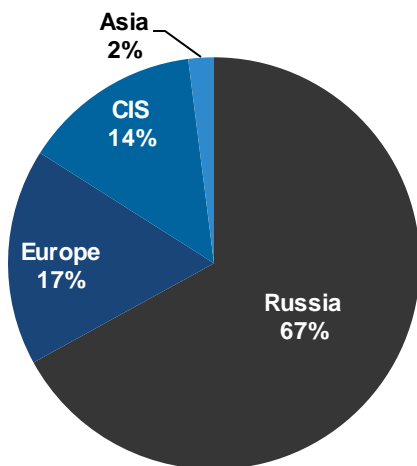


COS structure

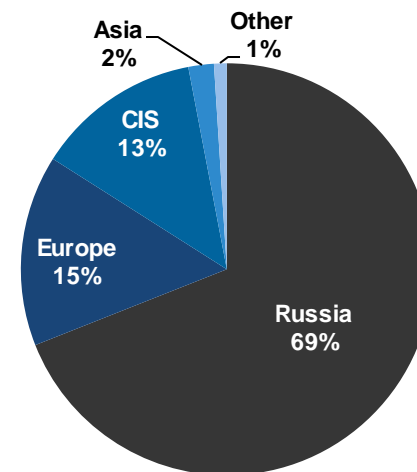


Steel segment

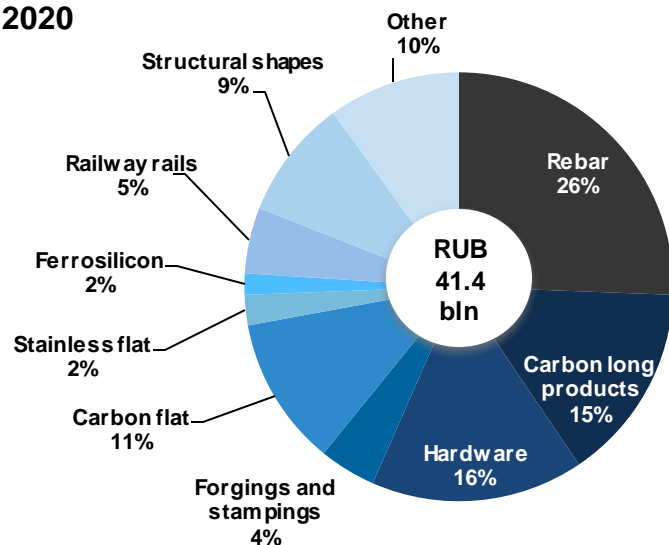
Revenue breakdown by regions
3Q 2020



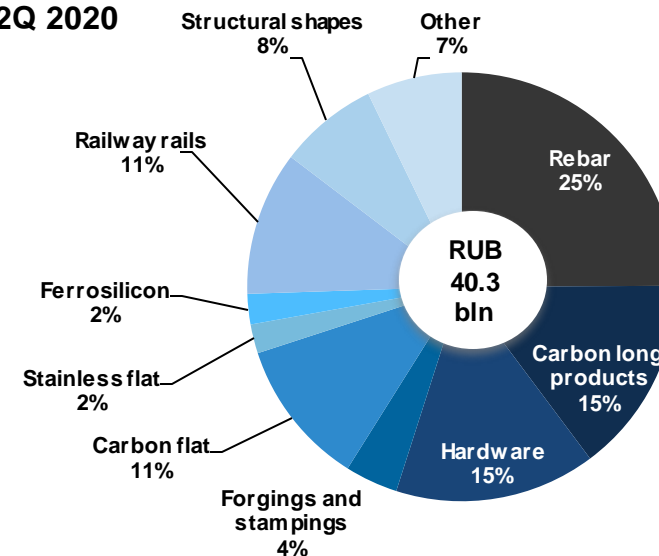
Revenue breakdown by regions
2Q 2020



Revenue breakdown by products
3Q 2020



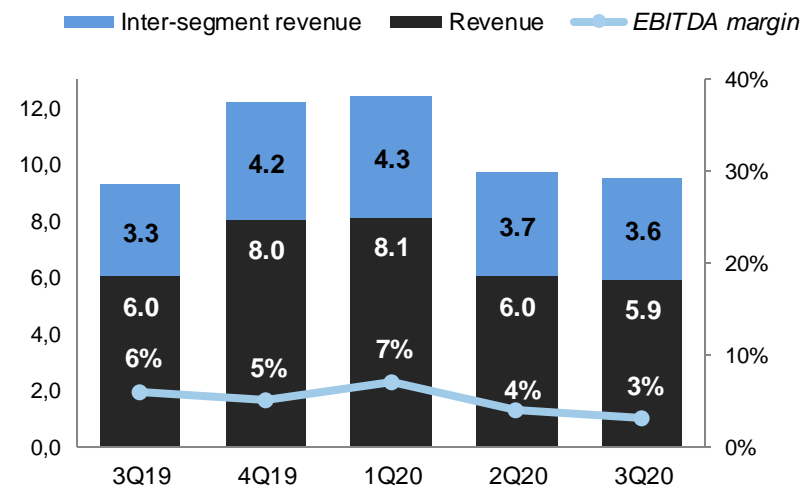
Revenue breakdown by products
2Q 2020



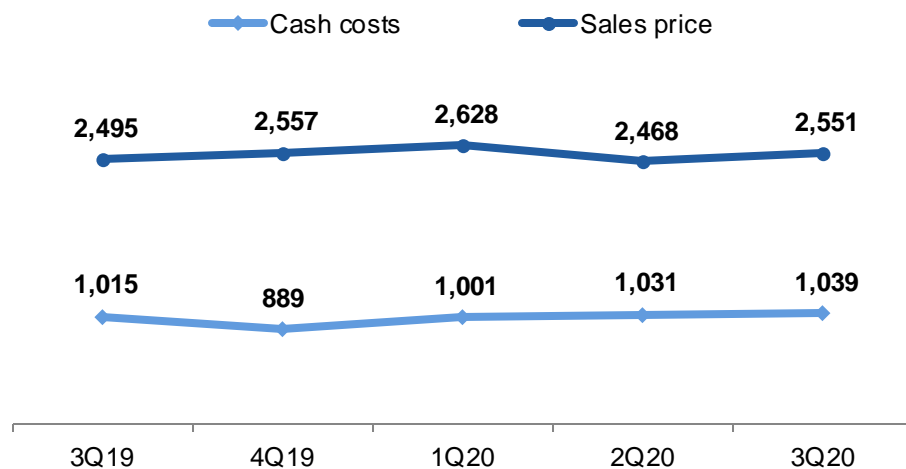
Power segment

- Power segment Revenue to 3rd parties reduced by 2% in 3Q2020 compared to 2Q2020 due to seasonal factors.
- Power segment EBITDA declined by 34% in 3Q2020 and amounted to 254 mln RUB on selling and distribution expenses growth.

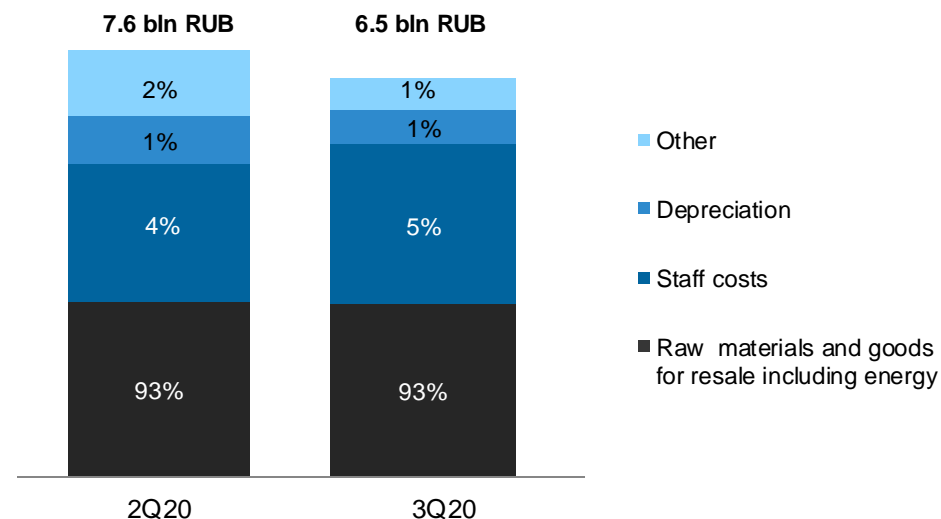
Revenue, EBITDA margin, RUB Bln



Average electricity sales prices and cash costs, RUB/th KWh



COS structure



Mechel is a global mining and metals company

