

1Q'2021 RESULTS PRESENTATION

May 20, 2021



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KEY FINANCIAL RESULTS

Nelli Galeeva – Deputy Chief Executive Officer for Economics and Finance



Key market drivers



In 1Q'2021, FOB Australia coking coal prices increased relative to 4Q'2020, despite the continued ban on coking coal imports from Australia to China. The main reason for the increase in FOB Australia prices was the high demand for Australian coking coal in the spot market from Europe and South America. Traditional clients of American coal miners had to switch to Australian coal as available volumes from the US were sold to China and supply was limited. Concerns about possible supply disruptions due to weather conditions in Australia also supported prices. CFR China prices rose due to a shortage of supply of coking coal in the United States and Canada. At the end of February - March, coking coal prices declined, as concerns of limited supplies from Australia were not confirmed. The average spot price for Premium LV HCC in 1Q'2021 increased by 19,7% to \$128.2/t compared to the average level of price in 4Q'2020.

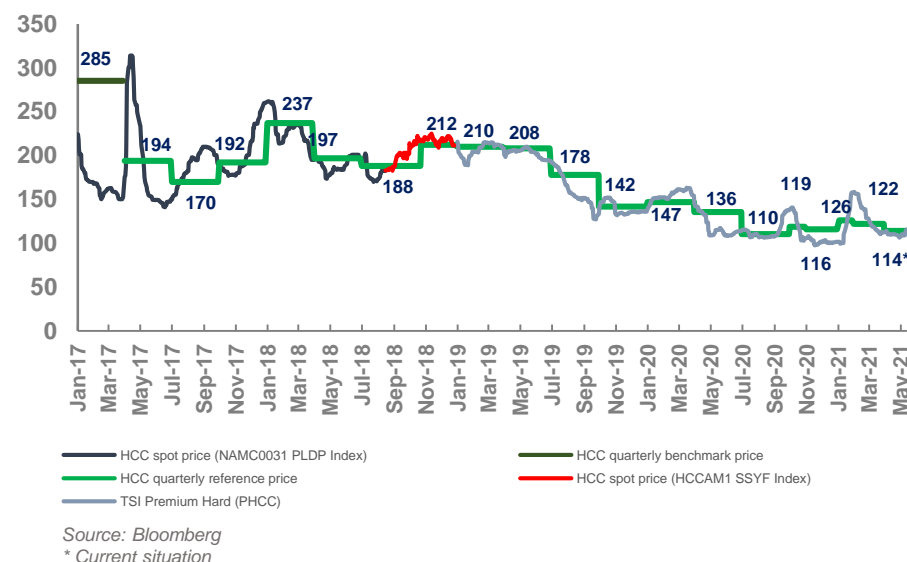
In January, prices for coking coal in the Russian market increased. The main reason for the price increase is a profitable export alternative (mainly to China). In February-March, the growth of coking coal quotations in the Russian domestic market continued. In the second quarter, coking coal prices are expected to remain at the level of April.

During the first quarter, iron ore prices were at a high level. Maintain of the prices in January was driven by high demand for imported ore in the context of restocking ahead of the Chinese New Year and fears of a reduction in supply from Australia due to a tropical cyclone. In February, the high level of ore prices was attributable by speculation from traders amid expectations of an increase in demand after the Chinese New Year holidays. In March, the growth of quotations was associated with high demand for iron ore from China.

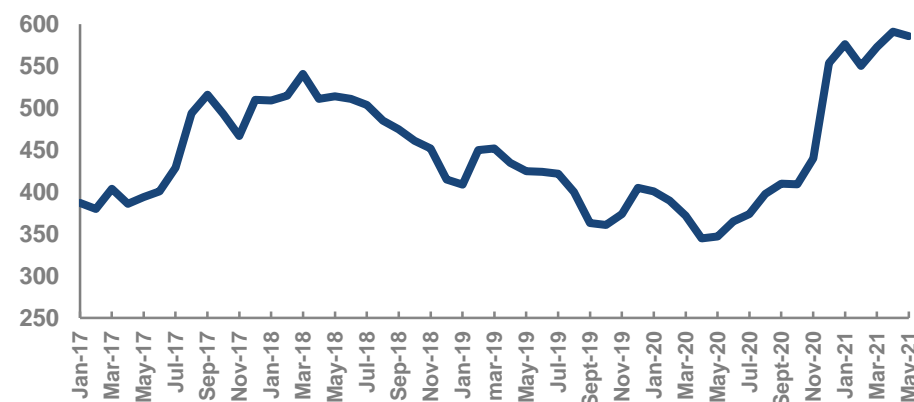
After 4Q'2020 surge, in 1Q'2021 billets prices were under pressure of weaker demand. Market stabilized closer to the quarter end driven by increasing export sales by Turkish factories in advance of the construction season. Demand for billets in 2Q'2021 will be supported by Latin America and also China.

Russian rebar market in 1Q'2021 was influenced by export market environment and local demand. Market softening in January and February reversed in March backed by export market strengthening and construction season approaching.

HCC prices FOB Australia, US\$/t



Billet FOB Black Sea, US\$/t



1Q 2021 Financial results summary



Consolidated Revenue in 1Q'2021 amounted to **76.0** bln RUB, an increase of **13%** compared to 1Q'2020 and of **10%** Q-on-Q. The main positive factor was growth of prices for both mining and steel segments products on local Russian and export markets.

1Q'2021 EBITDA* increased by **88%** compared to 4Q'2020 and amounted to **18.2** bln RUB with EBITDA margin increase to **24%**. It solely was a result of soaring prices. But it was affected by production and sales volumes decrease.

Profit attributable to Mechel PAO's shareholders, amounted to **7.9** billion rubles, as compared to the loss of **36.9** billion rubles in 1Q2020, but less by **8.7** billion RUB than in 4Q2020. A decrease in profit compared to previous quarter was due to a lower foreign exchange gains on foreign currency denominated liabilities in the reporting period by **5** bln RUB as Ruble to US dollar and Euro exchange rate was more stable.

RUB bln	1Q'21	1Q'20	%	1Q'21	4Q'20	%
Revenue	76.0	67.2	13%	76.0	69.3	10%
Operating profit	13.0	7.9	64%	13.0	7.9	64%
EBITDA*	18.2	13.2	39%	18.2	9.7	88%
EBITDA margin, %	24%	20%		24%	14%	
Profit / (loss) attributable to equity shareholders of Mechel PAO	7.9	(36.9)	-	7.9	16.6	-52%

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

1Q 2021 Production and sales summary



In 1Q'2021 coal mining volumes decreased by **6%** compared to 4Q'2020.

Pig iron and steel production went down by **13%** and **15%** respectively Q-on-Q due to reduced supply of steel-making raw materials from mining segment.

Production (th tonnes)

Product	1Q'21	1Q'20	%	1Q'21	4Q'20	%
Run-of-mine Coal	2,642	4,279	-38%	2,642	2,816	-6%
Pig Iron	771	872	-11%	771	883	-13%
Steel	849	876	-3%	849	1,000	-15%

Coking coal sales in 1Q'2021 decreased by **23%** compared to 4Q'2020.

PCI and Anthracites sales were lower by **33%** and **4%** respectively Q-on-Q. Steam coal sales (including middlings) decreased in 1Q'2021 by **16%** Q-on-Q.

Overall met coal (Coking coal, PCI and Anthracites) sales to third parties in 1Q'2021 decreased by **26%**, compared to 4Q'2020.

Flat and Long products sales in 1Q'2021 decreased by **8%** and **7%** respectively Q-on-Q.

Sales (th tonnes)

Product	1Q'21	1Q'20	%	1Q'21	4Q'20	%
Coking Coal	876	1,424	-38%	876	1,140	-23%
Steam Coal	977	882	11%	977	1,167	-16%
Long Products	564	648	-13%	564	607	-7%
Flat Products	105	124	-15%	105	115	-8%

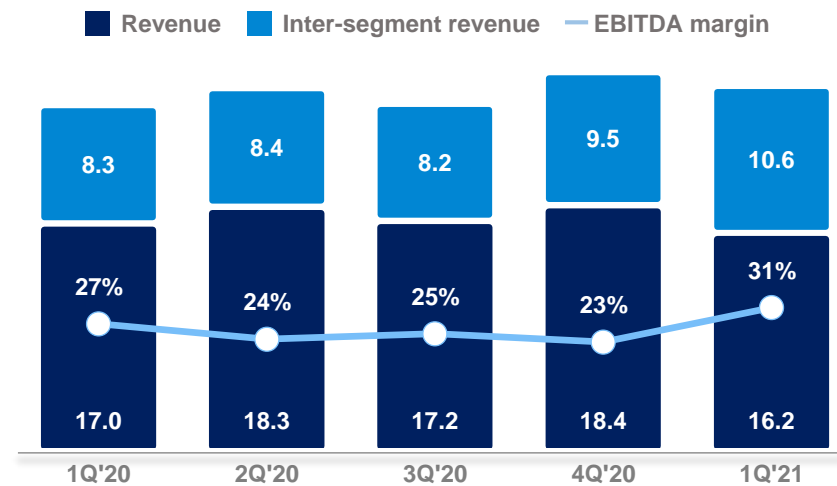
Mining Segment



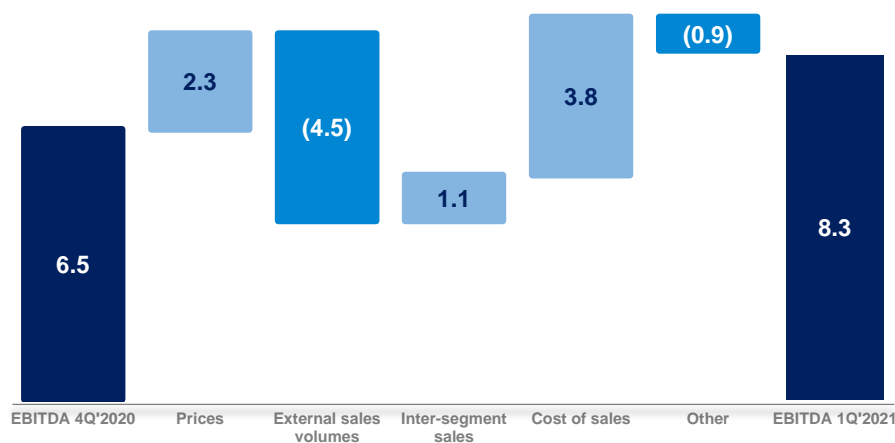
Weaker production and sales volumes Q-on-Q resulted in **12%** decline in mining segment revenue to 3rd parties in 1Q'2021 compared to 4Q'2020.

Mining segment EBITDA increased by **28%** Q-on-Q and EBITDA margin went up from **23%** to **31%** compared to 4Q'2020 on higher prices.

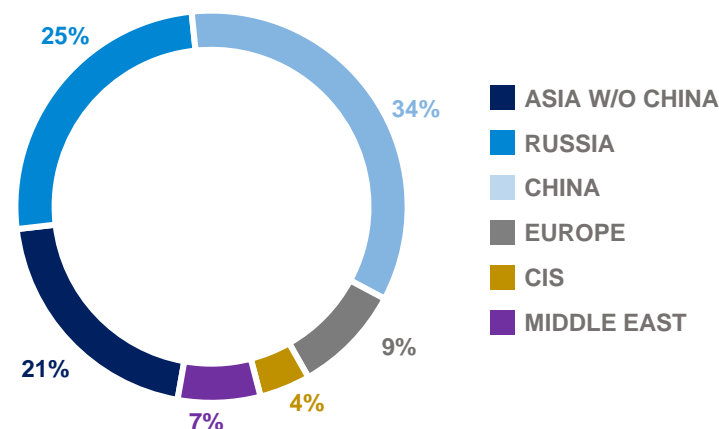
Revenue, EBITDA margin, RUB Bln



EBITDA, RUB Bln



Revenue breakdown by regions (1Q'2021)



Steel Segment



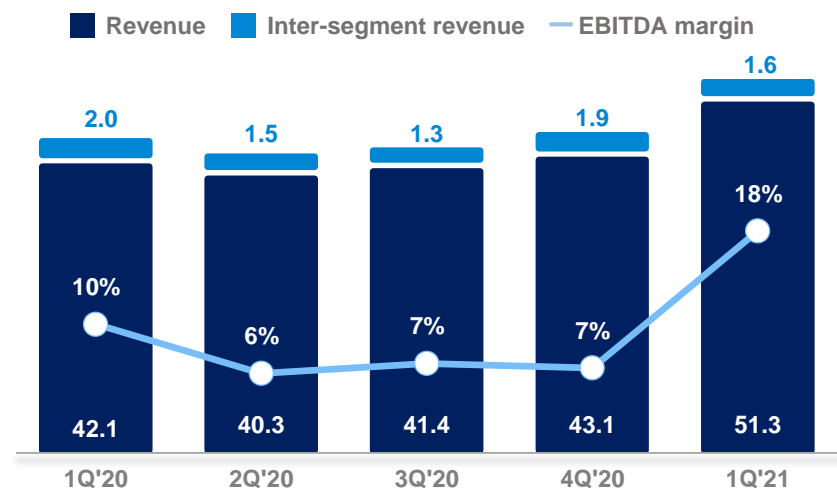
Share of sales to Russia decreased from **66%** to **61%** Q-on-Q. At the same time share of Europe sales increased from **18%** to **20%** compared to 4Q'2020.

Steel segment Revenue to 3rd parties in 1Q'2021 increased by **19%** compared to 4Q'2020 primarily due to significant prices growth for almost all types of steel products.

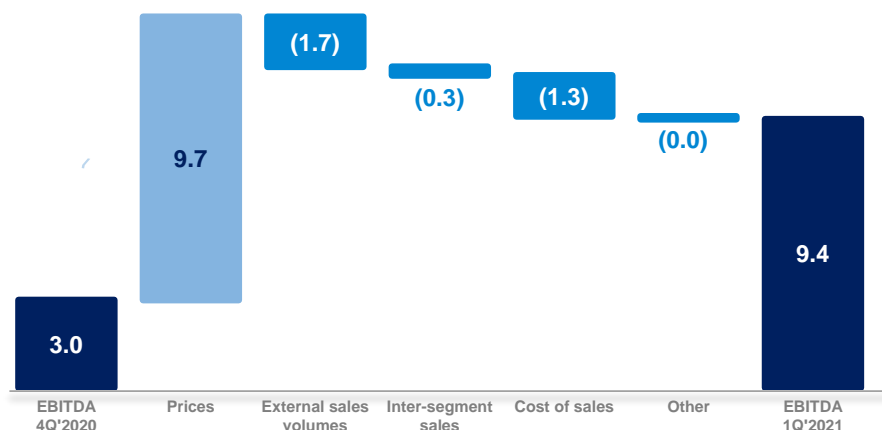
Steel segment EBITDA in 1Q'2021 significantly went up by **210%** compared to 4Q'2020. Price growth was partly compensated by lower sales volumes and costs increase on higher prices for steel-making raw materials (coke, iron ore and ferroalloys).

Segment's EBITDA margin increased Q-on-Q from **7%** to **18%**.

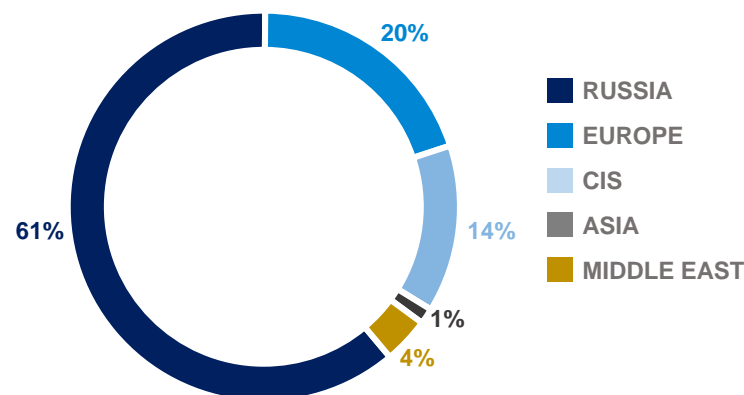
Revenue, EBITDA margin, RUB Bln



EBITDA, RUB Bln



Revenue breakdown by regions (1Q'2021)



Consolidated Revenue and Segment EBITDA Dynamics



Weaker production and sales volumes Q-on-Q resulted in **12%** decline in mining segment revenue to 3rd parties in 1Q'2021 compared to 4Q'2020.

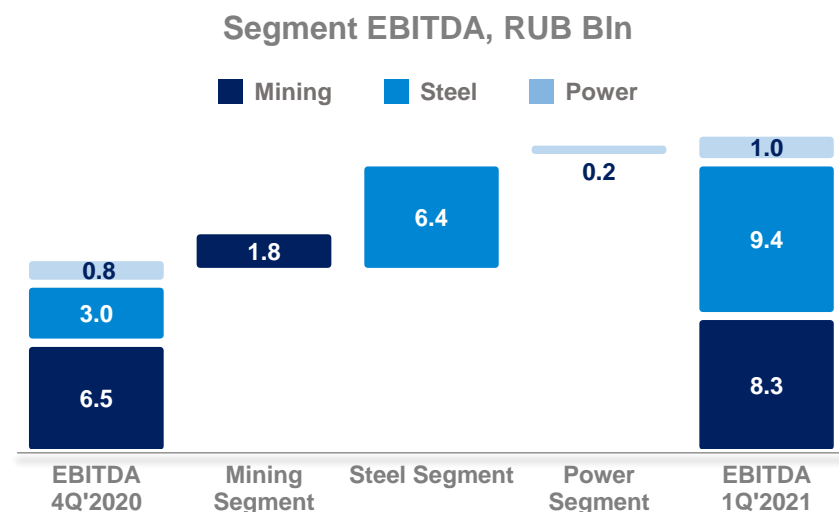
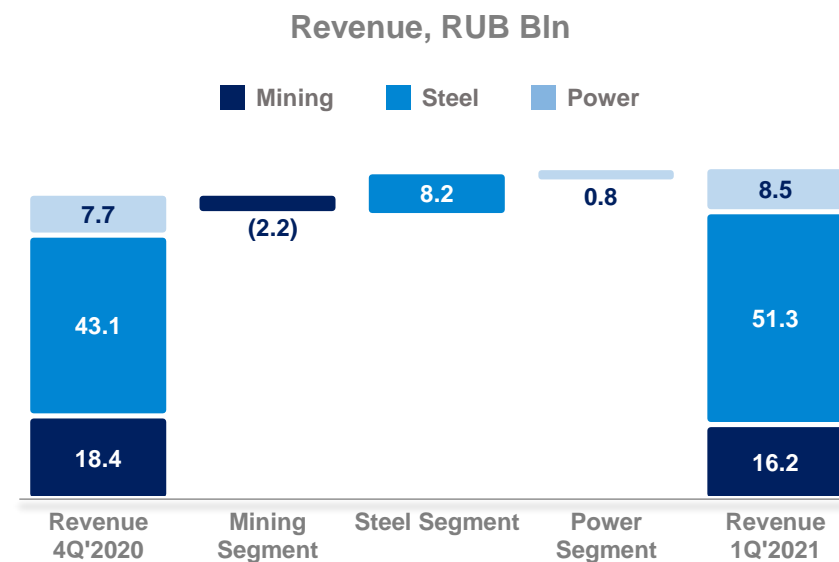
Steel segment Revenue to 3rd parties in 1Q'2021 increased by **19%** compared to 4Q'2020 primarily due to soaring prices for almost all types of products Q-on-Q on both Russian domestic and export markets.

Power segment Revenue to 3rd parties rose by **10%** in 1Q'2021 compared to 4Q'2020 due to seasonal factors.

Mining segment EBITDA increased by **28%** Q-on-Q as a result of significant growth in coal prices.

Steel segment EBITDA in 1Q'2021 significantly went up by **210%** compared to 4Q'2020 on the back of higher prices for the steel products.

Power segment EBITDA increased by **18%** in 1Q'2021 and amounted to **1.0** bln RUB due to seasonal factors.



Cash Flow & Trade Working Capital

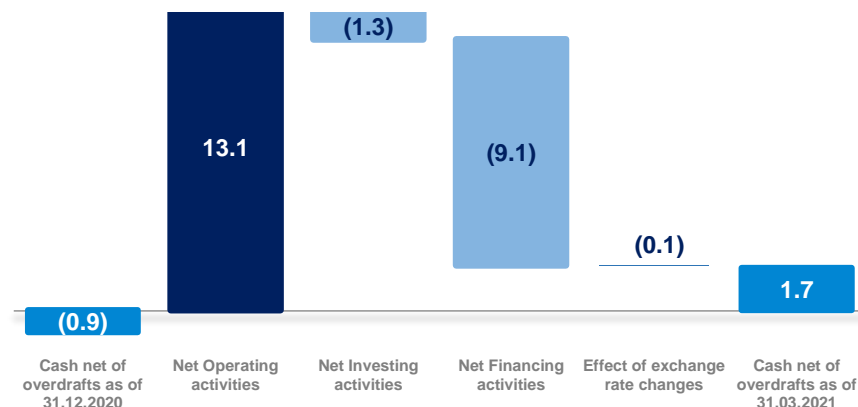


Cash flow from operations covers Group's current expenses, including debt service and lease payments.

As of March 31, 2021, trade working capital was negative at **-6.8** bln RUB.

Group's capital expenditures in 1Q'2021 amounted to **2.4** bln RUB, including **0.9** bln RUB of lease payments.

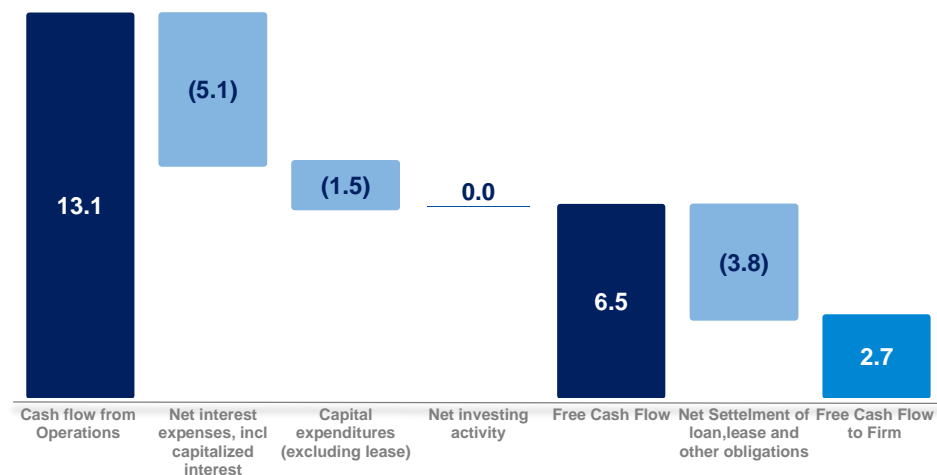
CASH FLOW, RUB Bln



TRADE WORKING CAPITAL MANAGEMENT, RUB Bln



FREE CASH FLOW for 1Q 2021, RUB Bln



Debt Structure & Net debt / EBITDA Ratio Dynamics

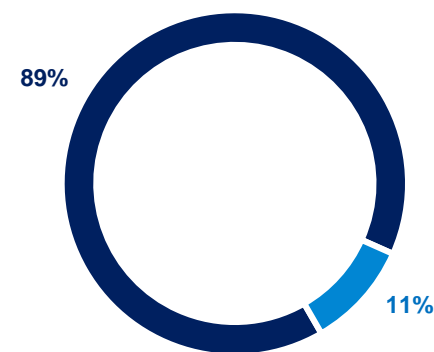
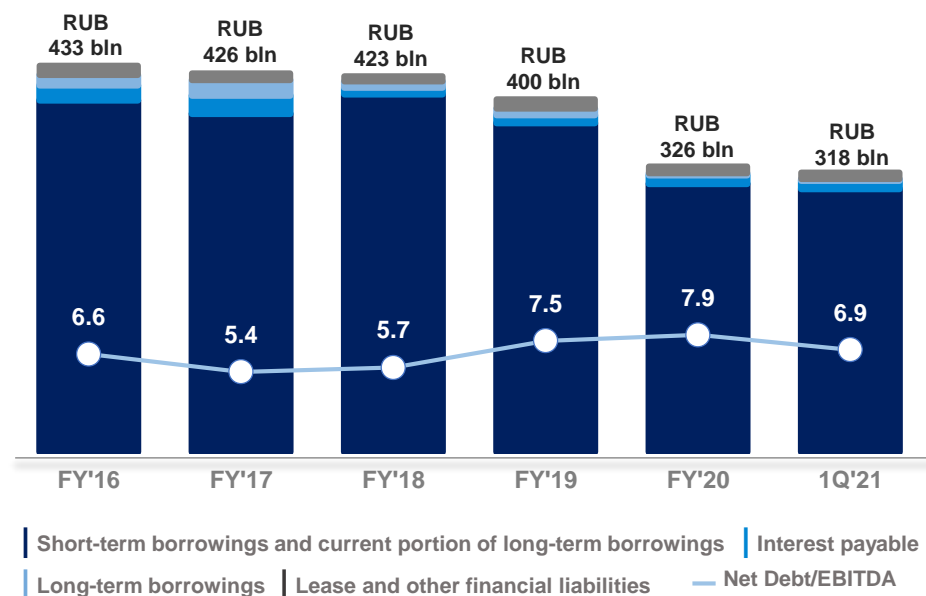


As of May 2021 portion of restructured debt is at a level of **89%**; ruble portion of debt amounts to **54%**; and Russian state-controlled banks hold **87%** of our debt portfolio.

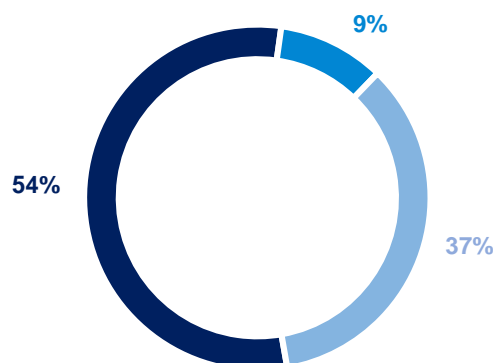
Net leverage decreased to **6.9** as of March 31, 2021, compared to **7.9** as of December 31, 2020, on EBITDA growth in 1Q`2021.

Average interest rate through the debt portfolio as of May 2021 is **5.8%** per annum.

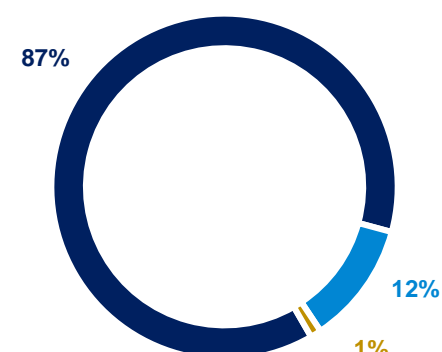
in 1Q`2021 Group's net settlement of debt (including overdrafts) amounted to **5.1 bln RUB**.



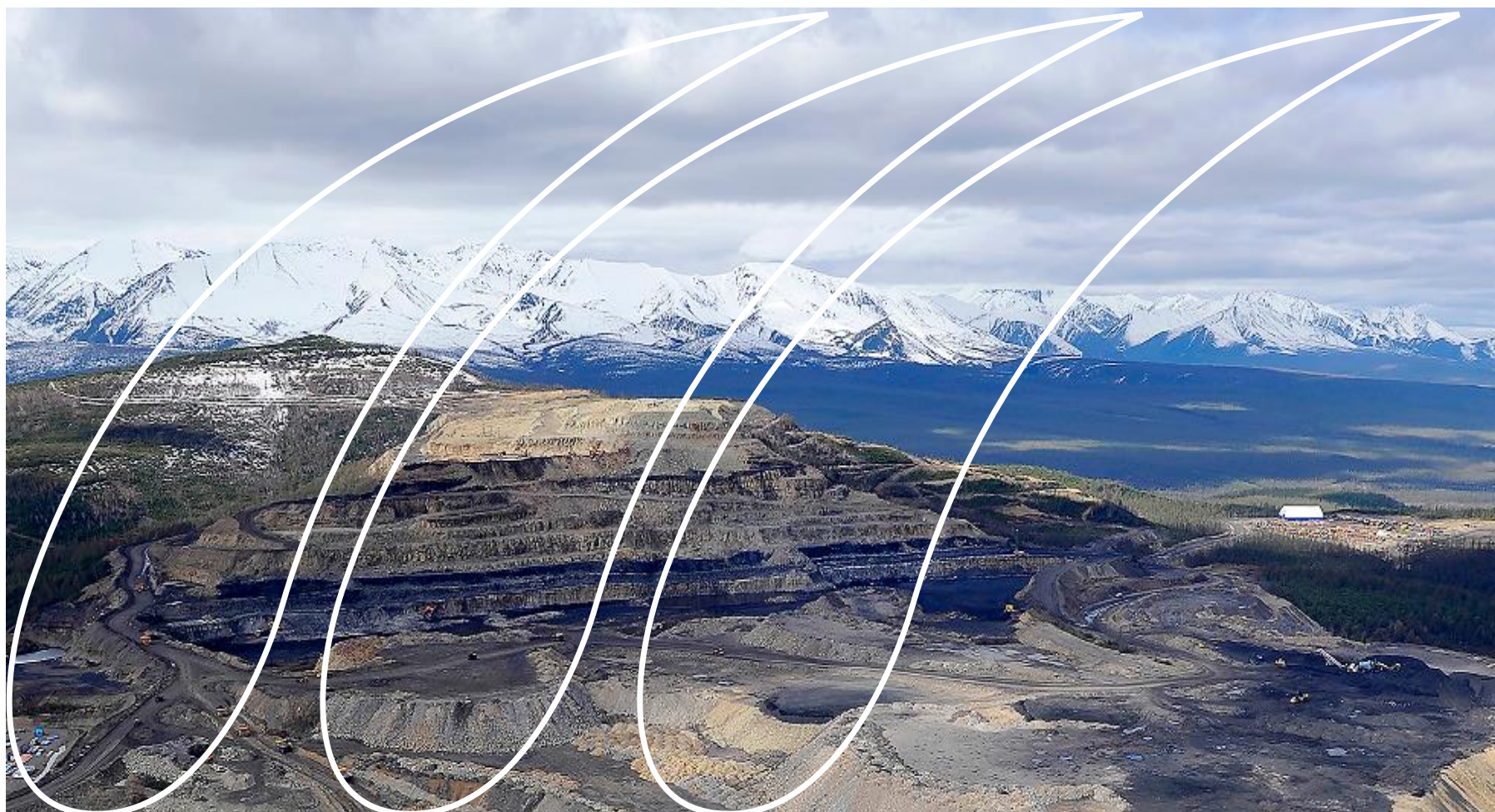
Restructured loans In restructuring



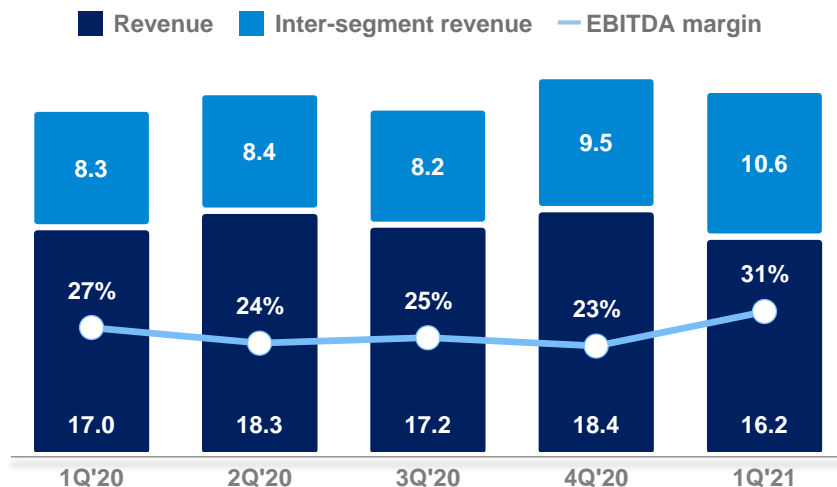
RUB USD EUR



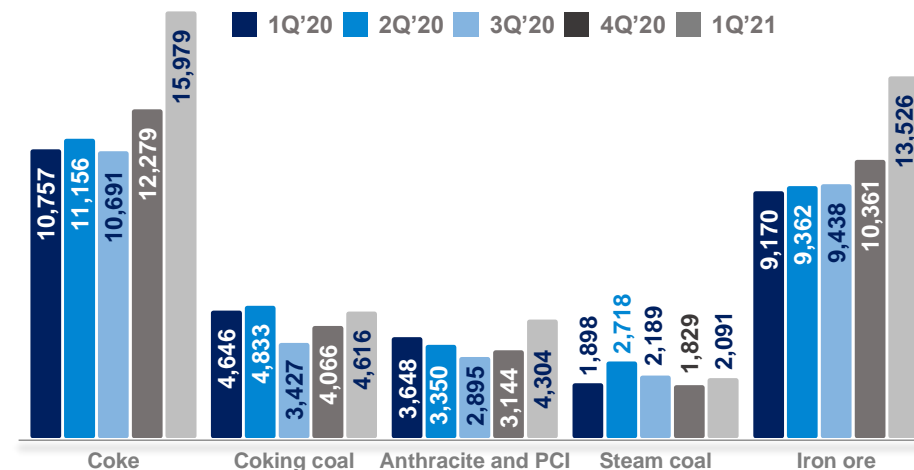
Russian state-controlled banks ECA Other



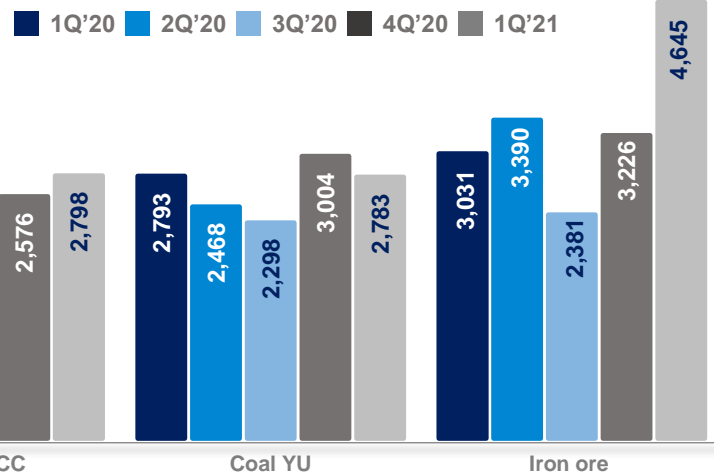
Revenue, EBITDA margin, RUB Bln



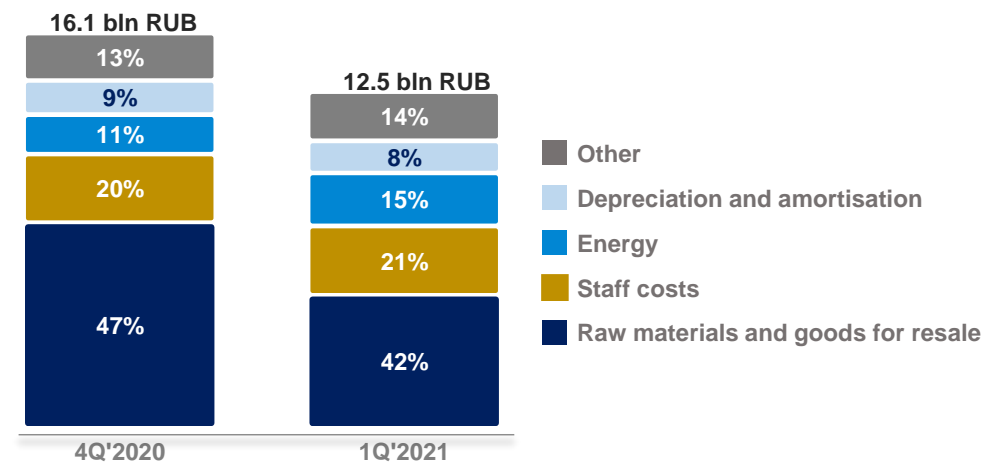
Average sales prices FCA, RUB/tonne



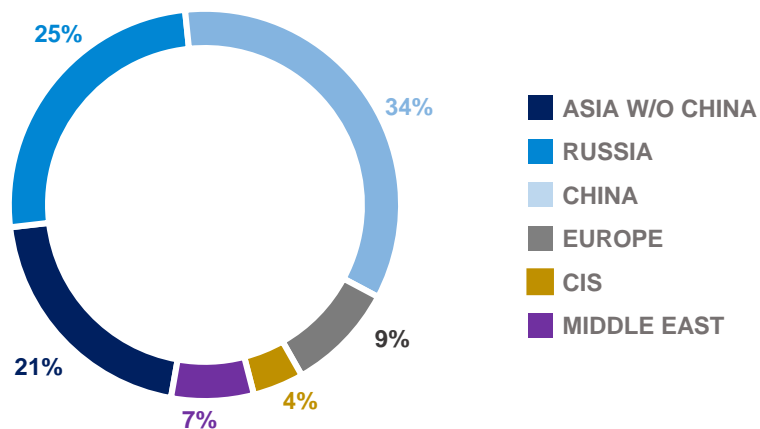
Cash costs, RUB/tonne



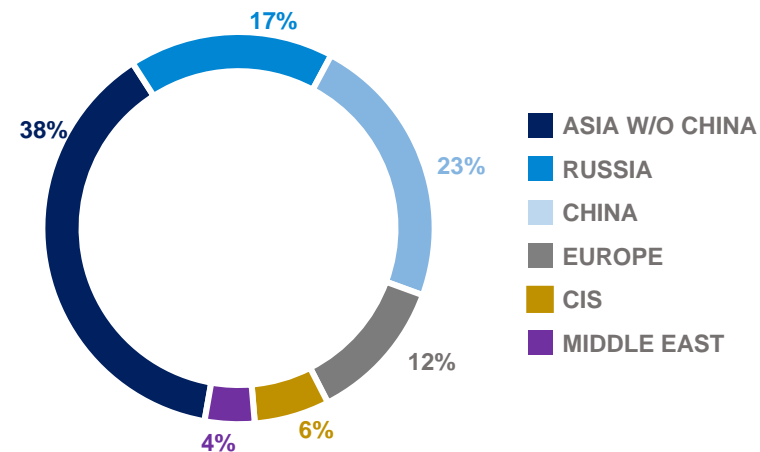
COS structure



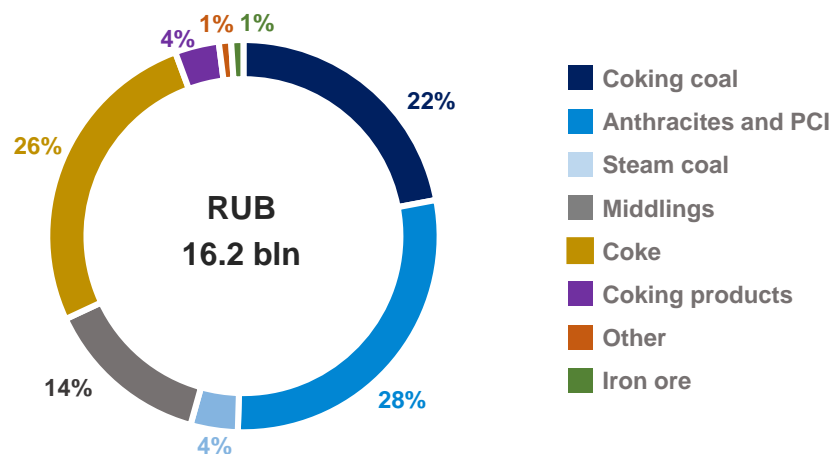
Revenue breakdown by regions (1Q'2021)



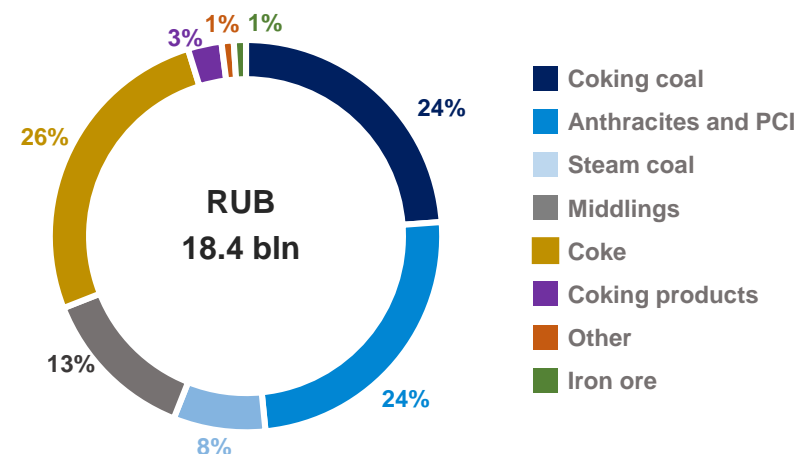
Revenue breakdown by regions (4Q 2020)



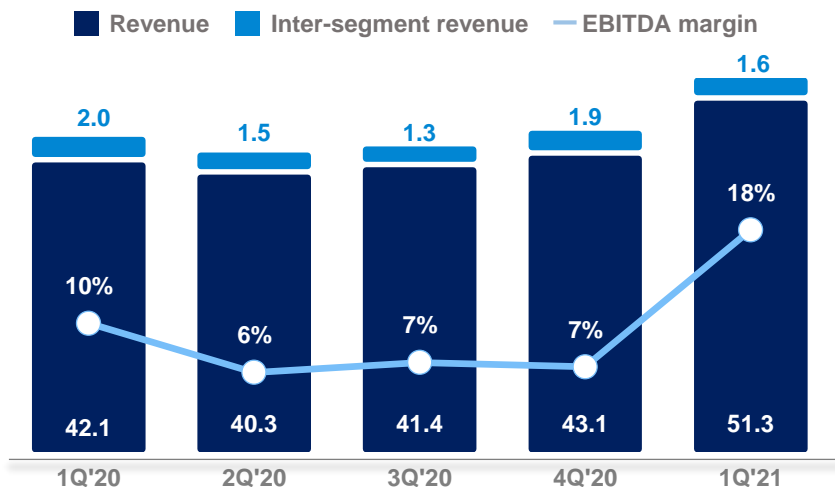
Revenue breakdown by products (1Q'2021)



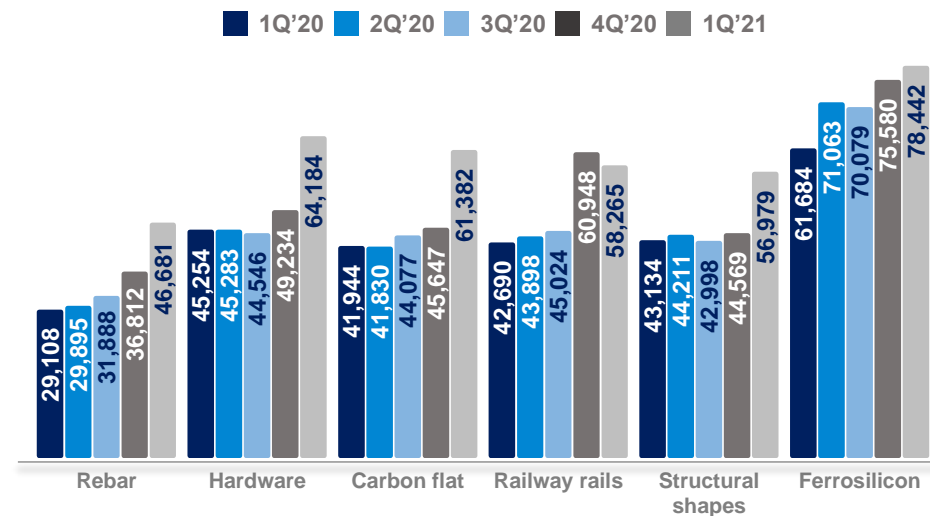
Revenue breakdown by products (4Q'2020)



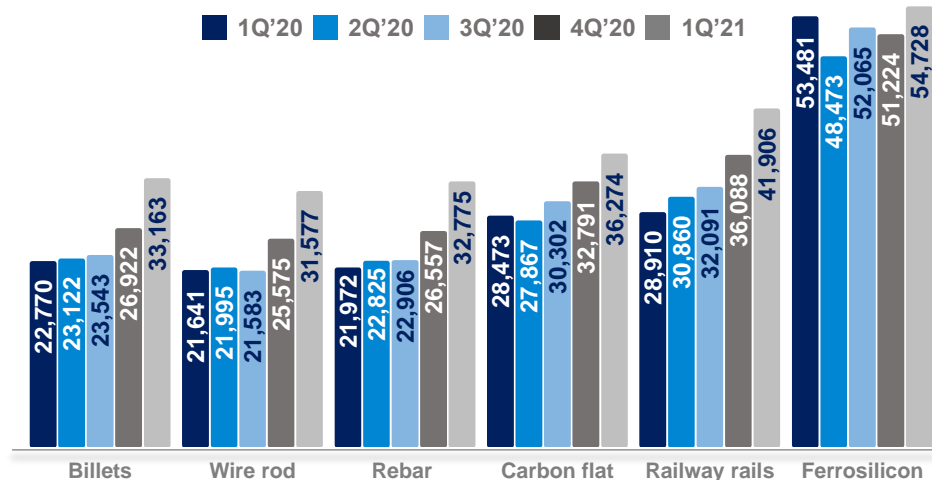
Revenue, EBITDA margin, RUB Bln



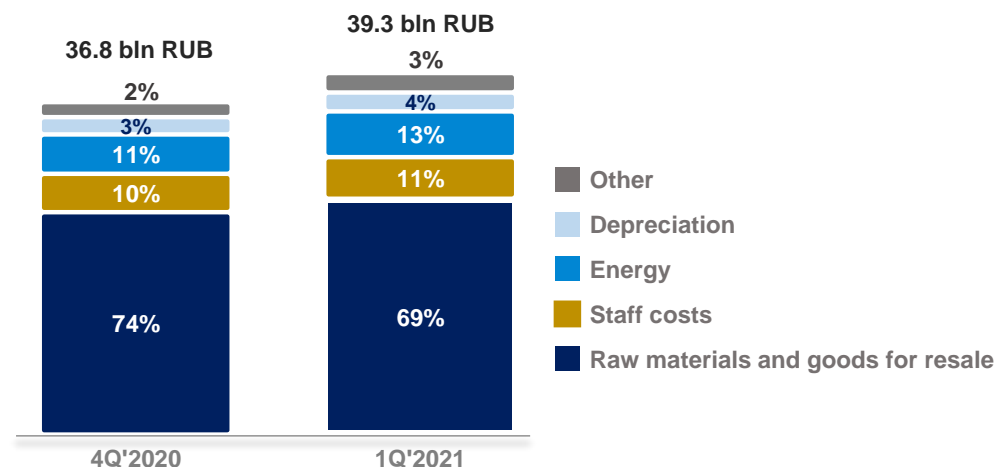
Average sales prices FCA, RUB/tonne



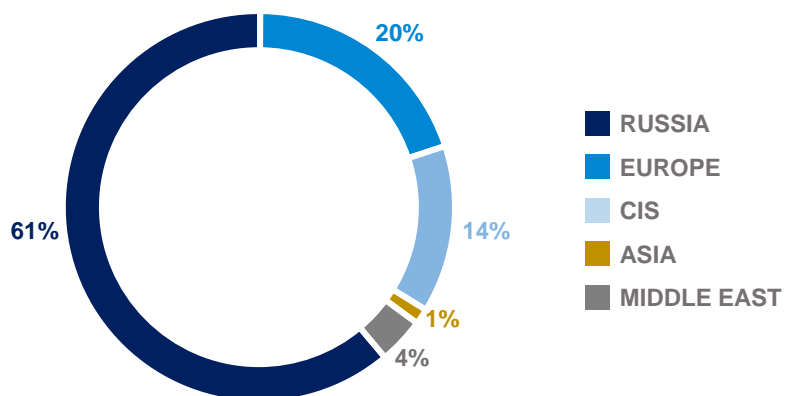
Cash costs, RUB/tonne



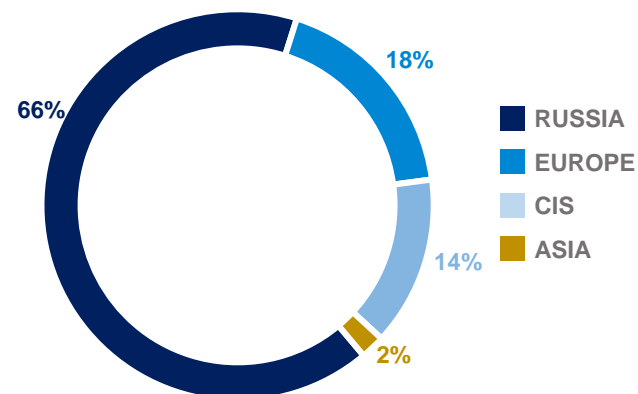
COS structure



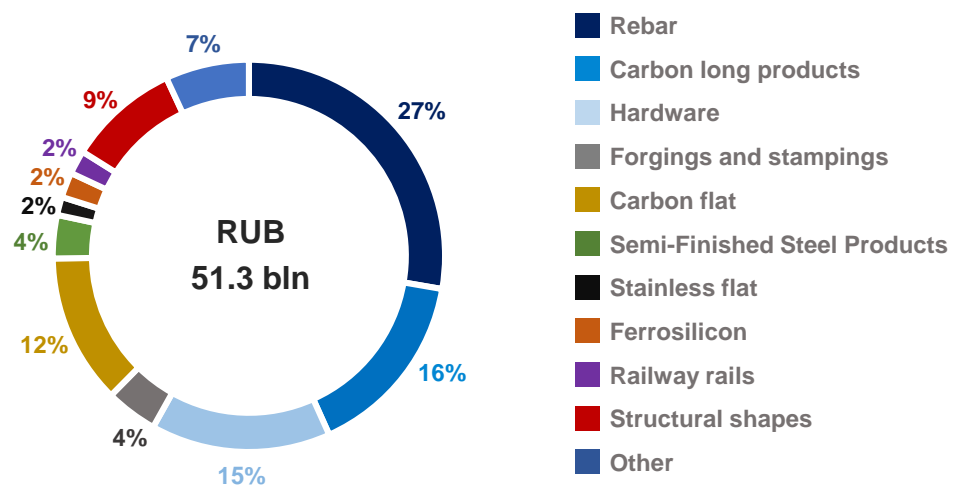
Revenue breakdown by regions (1Q'2021)



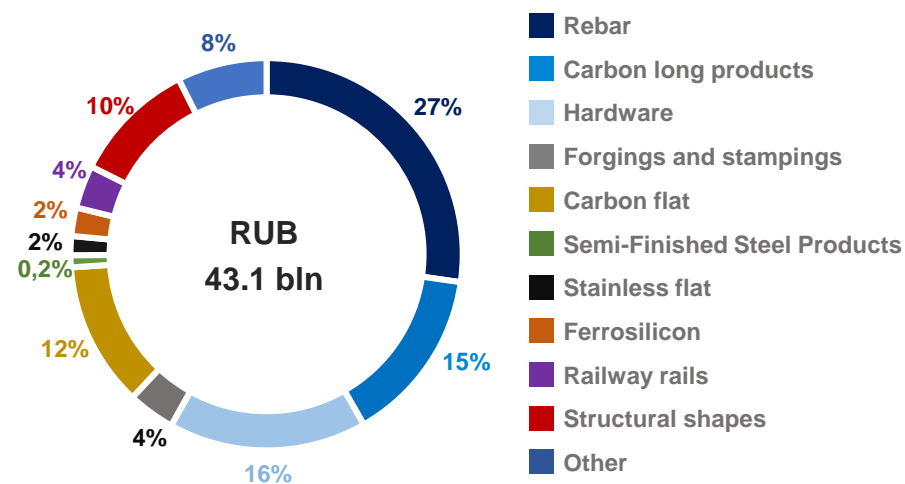
Revenue breakdown by regions (4Q'2020)



Revenue breakdown by products (1Q'2021)



Revenue breakdown by products (4Q'2020)



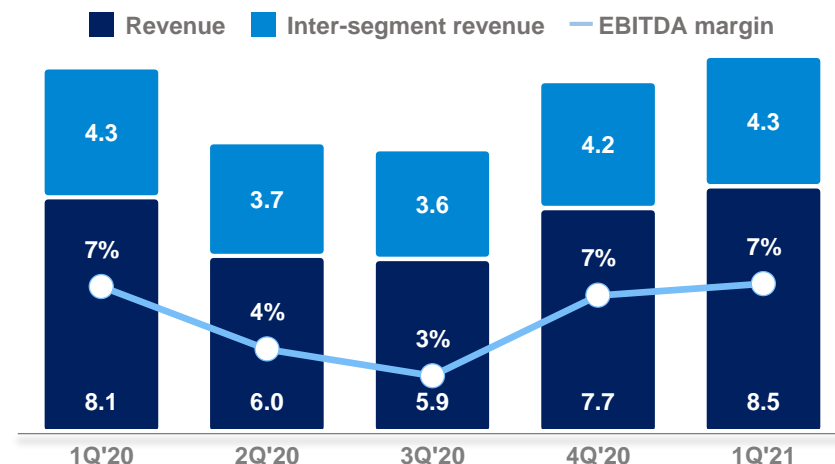
Power segment



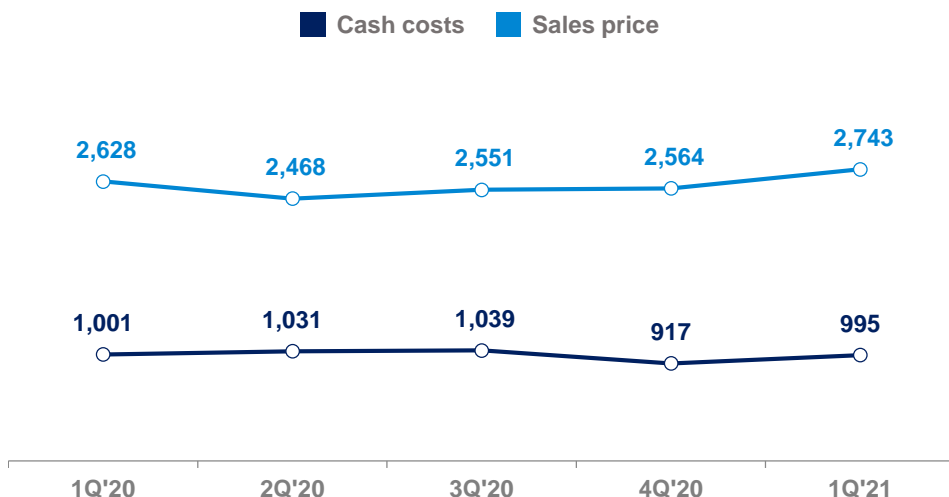
Power segment Revenue to 3rd parties rose by **10%** in 1Q'2021 compared to 4Q'2020 due to seasonal factors.

As a result of the abovementioned reasons Power segment EBITDA increased by **18%** in 1Q'2021 and amounted to **1.0 bln RUB**.

Revenue, EBITDA margin, RUB Bln



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



COS structure

