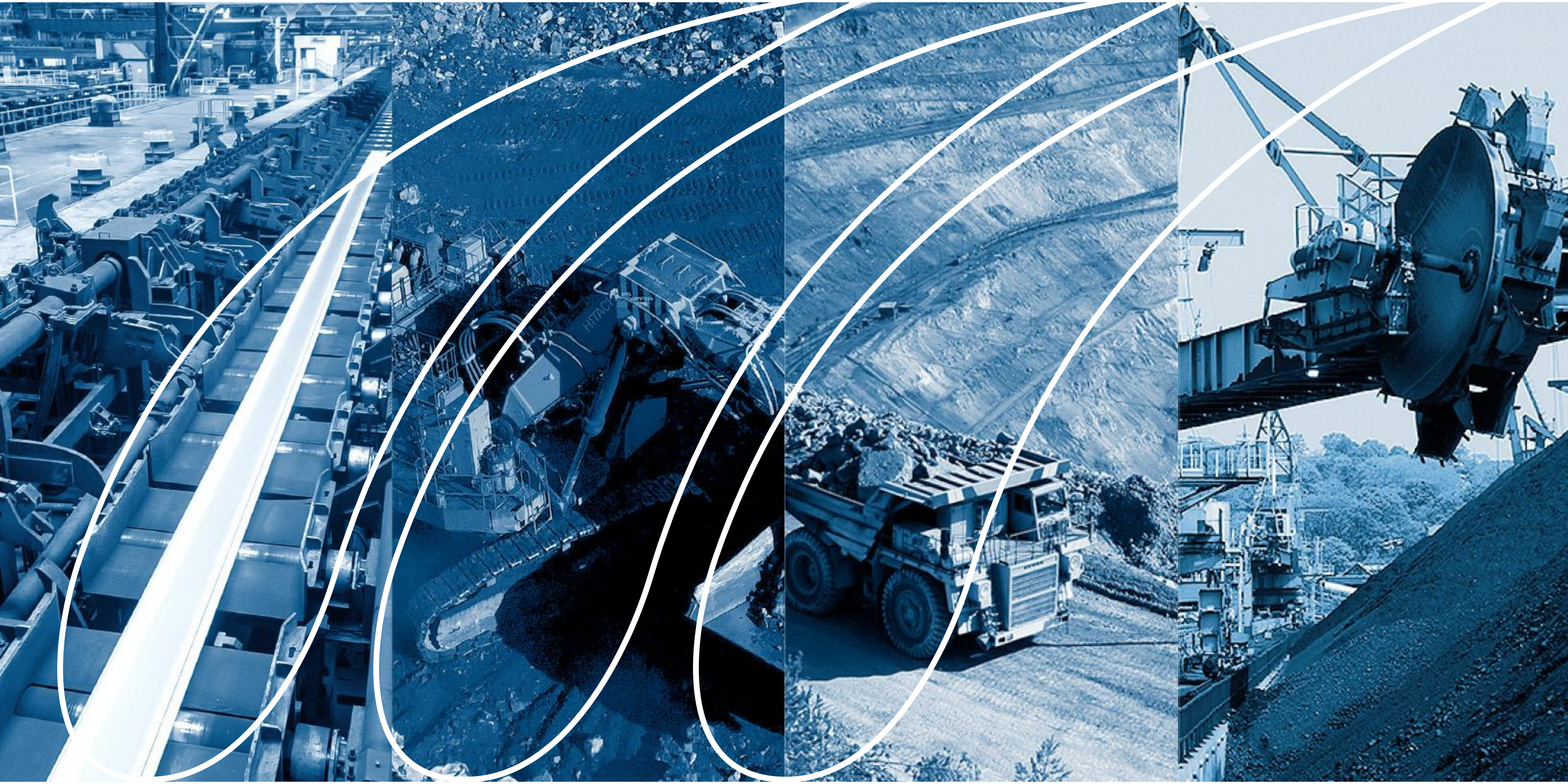
2Q2019 RESULTS PRESENTATION

August 15, 2019



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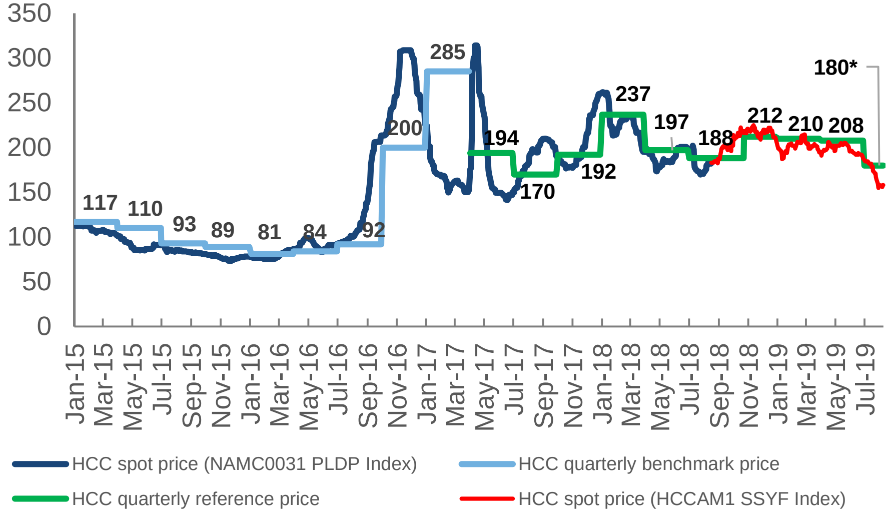
KEY FINANCIAL RESULTS

Nelli R. Galeeva – Chief Financial Officer

Key market drivers

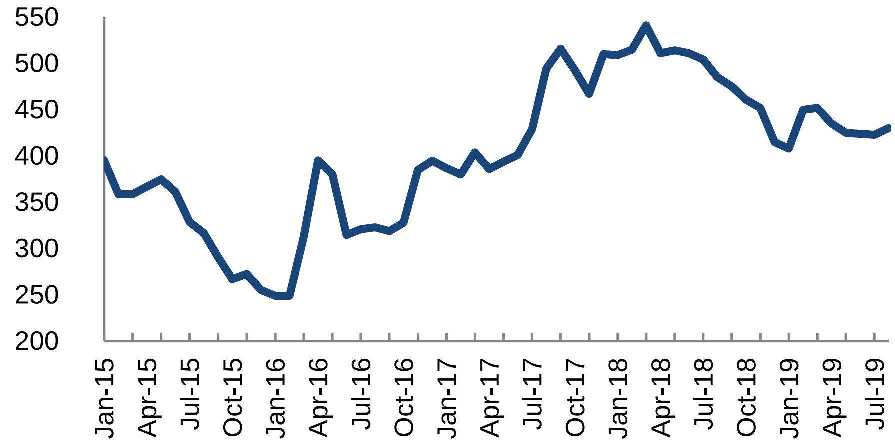
- In the beginning of 3Q2019 global coking coal prices demonstrate downward price movements. By the end of July premium-grade coking coal went below $170 per tonne FOB Australia. Due to the raining season, Indian consumers decreased their presence on the market. Chinese steel producers were also trying to minimize losses caused by increasing iron ore prices and require concessions from coal suppliers.
- It is expected that in August the market will remain under the pressure of factors mentioned above. However in September benchmark quotes may strengthen as a result of traditional increase in activity of Chinese consumers as well as due to the end of monsoon season in India.
- Russian coal market was stable in 2Q2019 as players contract coal supplies on quarterly basis and short term international price fluctuations do not reflect in price levels. But in 3Q2019 decreasing international quotes may negatively influence local contract prices. Additional pressure may come from anticipated coal supply surplus after limitations on export to Ukraine were imposed.
- After continuous iron ore price growth in 1H2019 on market fears regarding anticipated decrease in production at Australian mines and supplies from Brazil decline, in the beginning of 3Q2019 iron ore prices reached peak level of $126 per tonne. Currently commodity price declines on supply recovery due to resumption of production at some of Brazilian production sites.
- In the beginning of July billet prices strengthened to $420-425 FOB as a result of imported scrap prices increase in Turkey. Additional good news for the market were removal of import duties for billets in Egypt.
- At present moment billet prices softened again on weaker demand and in near future any major changes at billet export market are not envisaged.
- Local rebar market in 2Q2019 demonstrated seasonal revival supported by higher developers activity. Current prices remain on a high level with emerging decline trend on increasing supply and billet export market adversity.

HCC prices FOB Australia, US$/t



Source: Bloomberg
** Current situation*

Billet FOB Black Sea, US$/t



Source: Metal Courier

2Q2019 Financial results summary

- Consolidated Revenue in 2Q2019 amounted to 78.5 bln RUB, an increase of 5% compared to 1Q2019. This was a result of stronger coking coal sales volumes in Mining segment and Steel segment`s products sales growth accompanied by higher prices.
- 2Q2019 EBITDA* went down by 2% compared to 1Q2019 and amounted to 15,0 bln RUB with EBITDA margin 19%.
- Profit attributable to equity shareholders of Mechel PAO fell Q-o-Q to 1,4 bln rubles. Dynamics of foreign exchange gains on foreign currency obligations had a major impact on this indicator in connection with the ruble strengthening against US dollar and euro downward trend in this reporting period.

RUB mln	2Q19	1Q19	%	1H19	1H18	%
Revenue	78,470	74,856	5%	153,326	157,038	-2%
Operating profit	9,922	10,837	-8%	20,759	32,641	-36%
EBITDA*	15,025	15,322	-2%	30,347	41,440	-27%
EBITDA margin, %	19%	20%		20%	26%	
Profit attributable to equity shareholders of Mechel PAO	1,409	11,336	-88%	12,745	4,693	172%

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

2Q2019 Production and sales summary

- In 2Q2019 coal mining volumes increased by 31% compared to 1Q2019 due to our earlier efforts to restore mining fleet at our mining facilities as well as to prepare reserves for mining.
- Pig iron and steel production remained flat Q-o-Q.

Production (th tonnes)

Product	2Q19	1Q19	%	1H19	1H18	%
Run-of-mine Coal	4,616	3,520	31	8,136	9,691	-16
Pig Iron	867	870	0	1,737	1,928	-10
Steel	932	930	0	1,861	2,051	-9

- Coking coal sales in 2Q2019 increased by 13% Q-o-Q on higher production volumes.
- Steam coal sales decreased in 2Q2019 by 2% Q-o-Q on seasonally weaker demand from power plants and housing and utility sector. Volumes were partly redirected to export sales.
- Flat products sales decreased by 2% Q-o-Q. At the same time stainless flat products sales increased by 12%.
- Long products sales increased by 8% Q-o-Q on seasonal construction market activity increase.

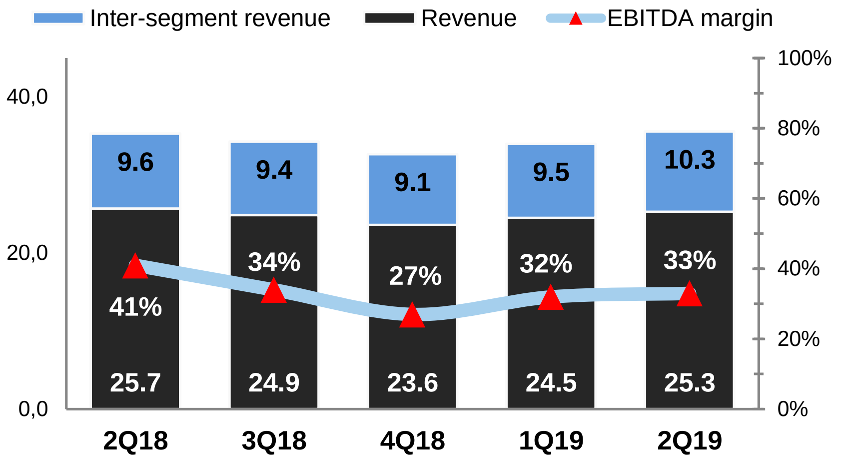
Sales (th tonnes)

Product	2Q19	1Q19	%	1H19	1H18	%
Coking Coal	1,916	1,697	13	3,613	3,521	3
Steam Coal	1,311	1,333	-2	2,644	3,021	-13
Flat Products	112	114	-2	227	271	-16
Long Products	657	607	8	1,264	1,410	-10

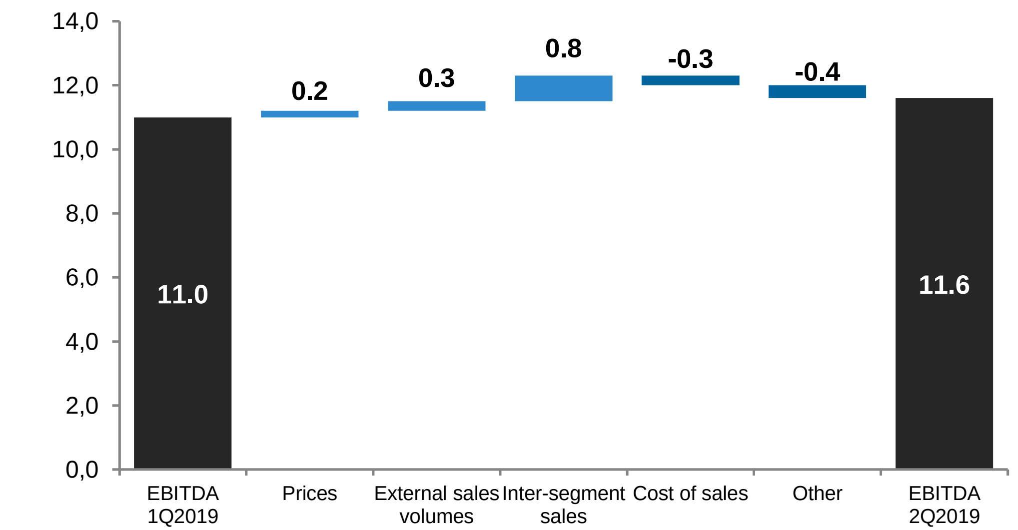
Mining segment

- Share of Mining segment sales to China increased to 24% in 2Q2019 from 12% in 1Q2019 due to general production and sales volumes growth and as part of steam coal deliveries were redirected to China on seasonally lower demand on domestic market.
- Both external and inter-segment sales growth had a major positive impact on EBITDA dynamics. It was partially offset by higher costs.
- Mining EBITDA margin increased to 33% in 2Q2019.

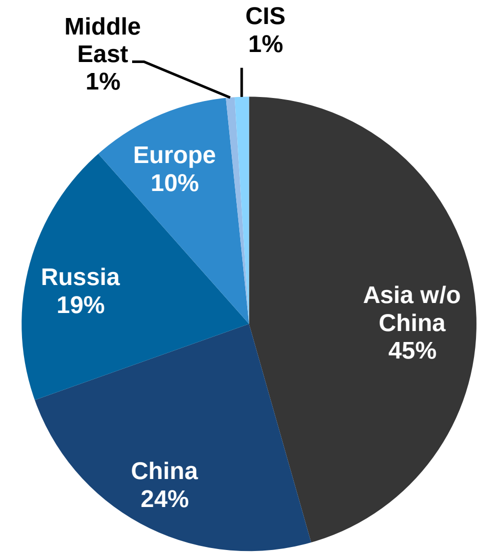
Revenue, EBITDA margin, RUB Bln



EBITDA, RUB Bln



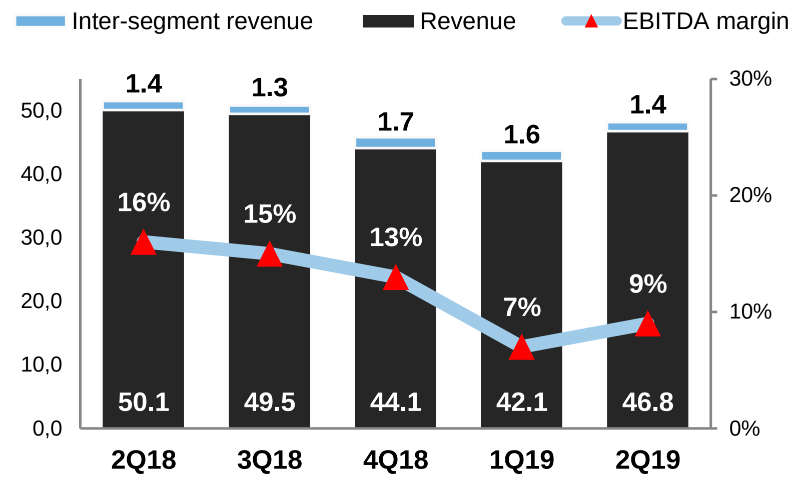
Revenue breakdown by regions (2Q2019)



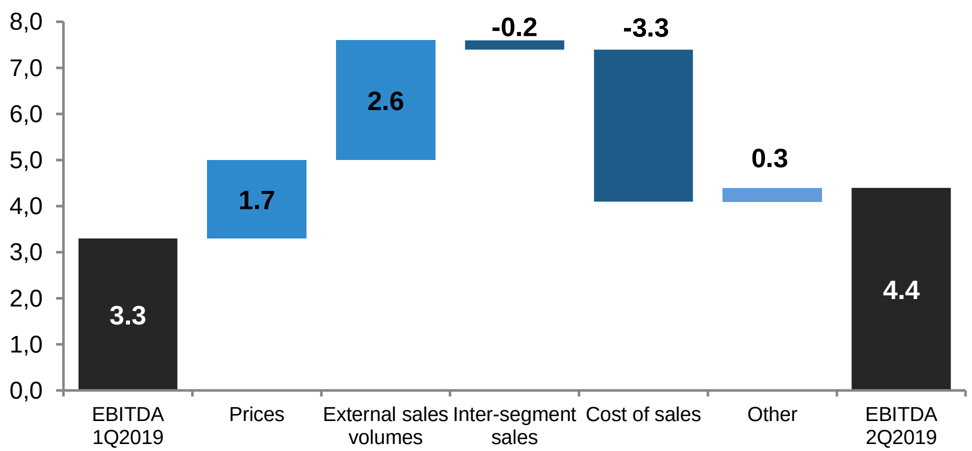
Steel segment

- In 2Q2019 Revenue grew by 11% quarter-on-quarter due to an increase of sales volumes and prices of segment's main products.
- EBITDA in 2Q2019 was up 34% from the previous quarter on higher sales volumes and stronger prices driven by seasonal increase of activity at construction market. The factor slowing down the positive dynamics of EBITDA was the increase in cash costs due to rising prices of iron ore.
- Segment`s EBITDA margin grew Q-o-Q from 7% to 9%.

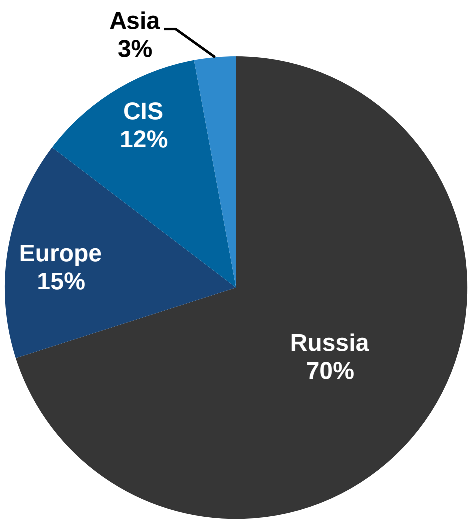
Revenue, EBITDA margin, RUB Bln



EBITDA, RUB Bln



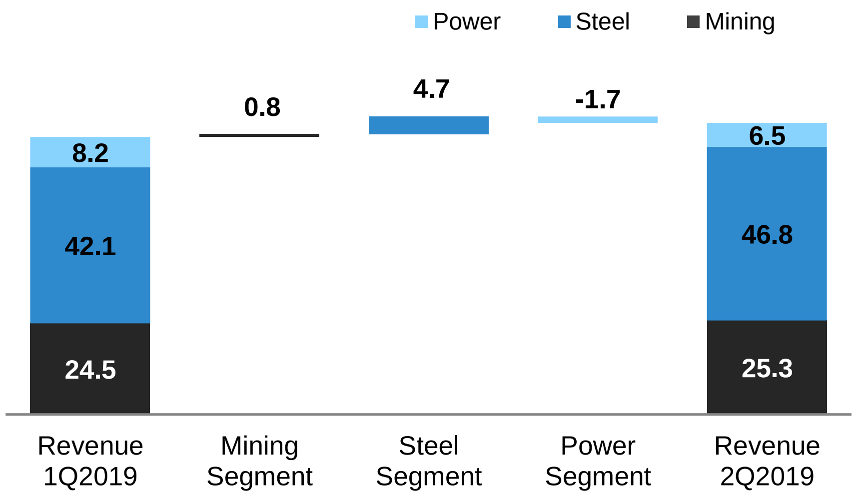
Revenue breakdown by regions (2Q2019)



Consolidated revenue and segment EBITDA dynamics

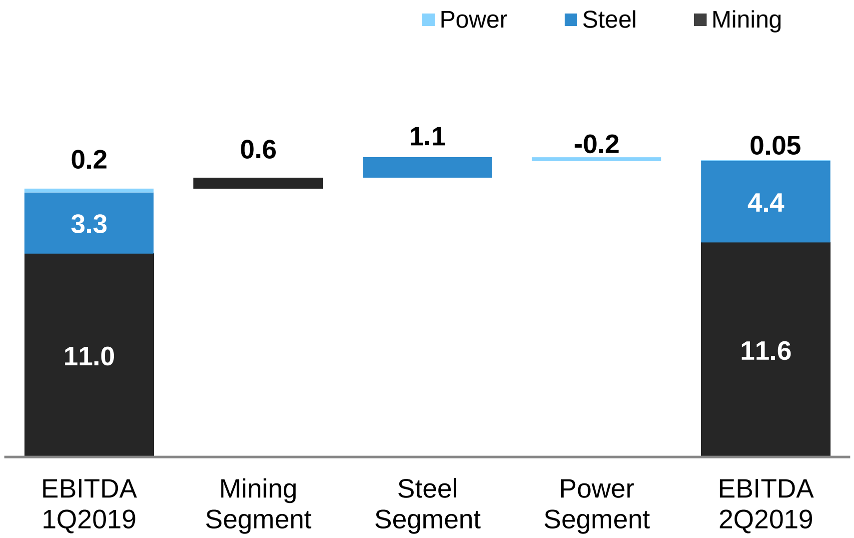
- Mining segment Revenue to 3rd parties in 2Q2019 increased by 3%, compared to 1Q2019 due to high sales volume of coking coal concentrate.
- Steel segment Revenue to 3rd parties in 2Q2019 grew by 11% compared to 1Q2019 on increasing sales volumes and prices of segment's main products.
- Power segment Revenue to 3rd parties went down by 22% in 2Q2019 vs 1Q2019 due to the heating season end and beginning of seasonal repair works.

Revenue, RUB Bln



- Mining segment EBITDA increased by 5% in 2Q2019 compared to 1Q2019 and amounted to 11.6 bln RUB due to high sales volume of coking coal concentrate and rise in prices of iron ore and steam coal.
- Steel segment EBITDA increased by 34% and amounted to 4.4 bln RUB.
- Power segment EBITDA dropped by 80% Q-o-Q and amounted to 0.05 bln RUB.

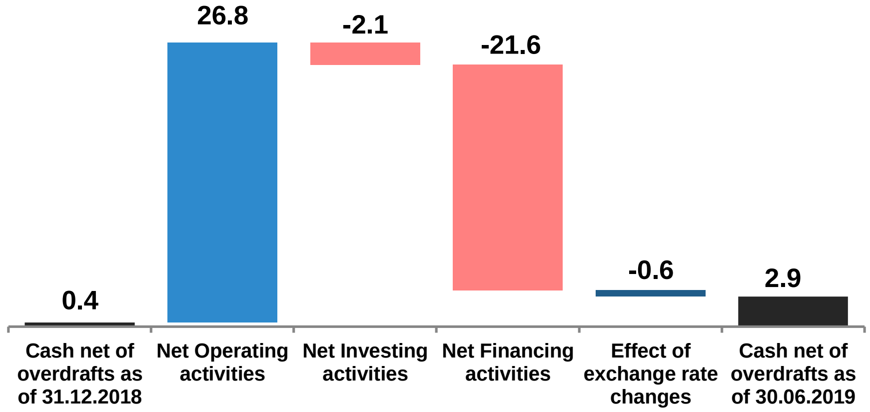
Segment EBITDA, RUB Bln



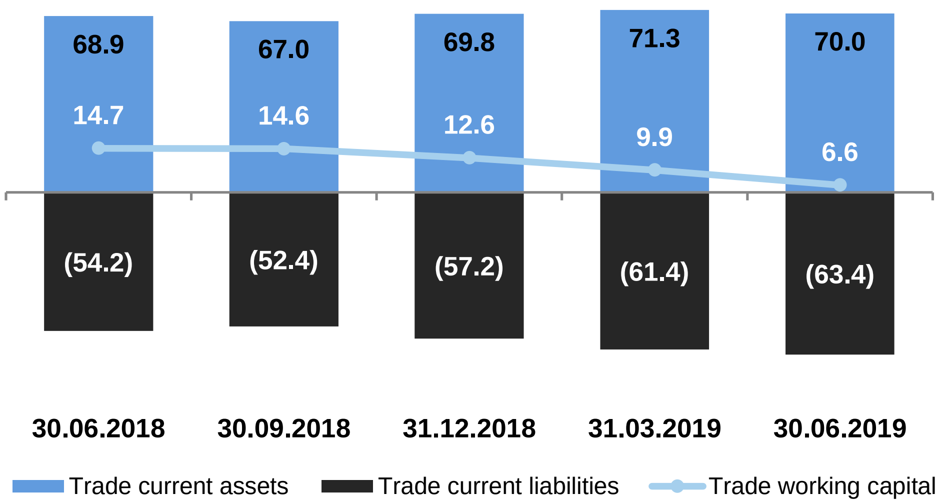
Cash flow & trade working capital

- Cash flow from operations completely covers Group's current expenses, including debt service and lease payments.
- In 2Q2019 there was 3.3 bln RUB trade working capital release.
- Group’s capital expenditures in 2Q2019 amounted to 1.9 bln RUB, including 0.3 bln RUB of lease payment.

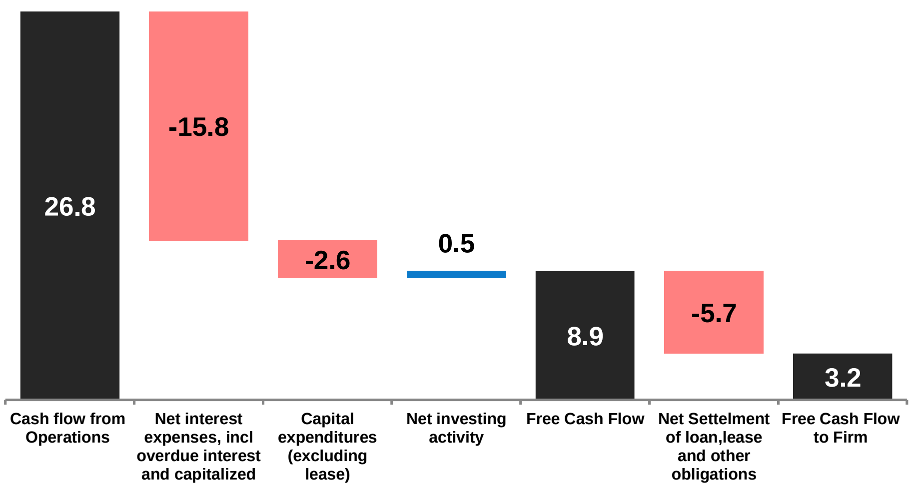
CASH FLOW, RUB Bln



Trade working capital management, RUB Bln

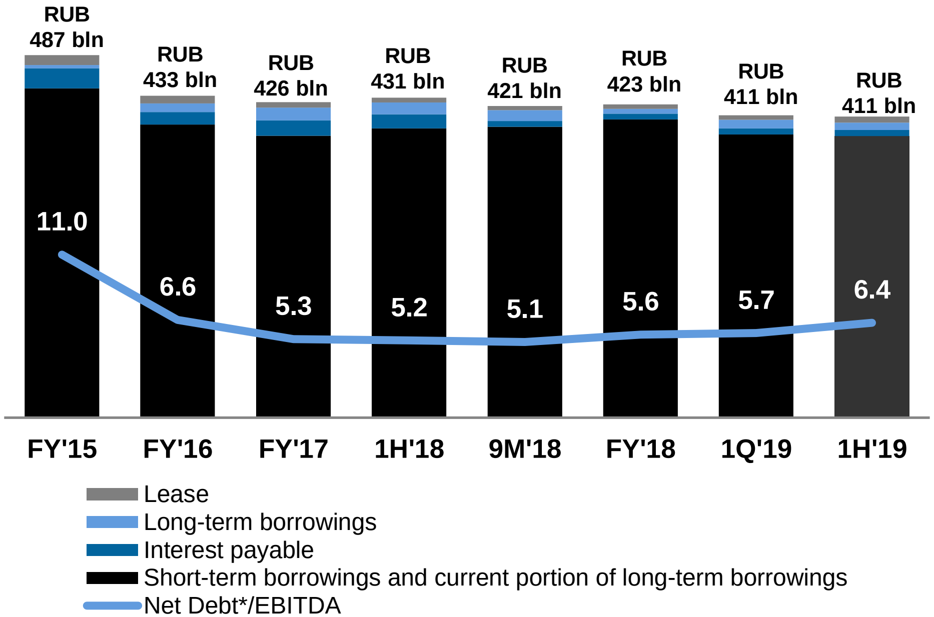


FREE CASH FLOW for 1H2019, RUB Bln

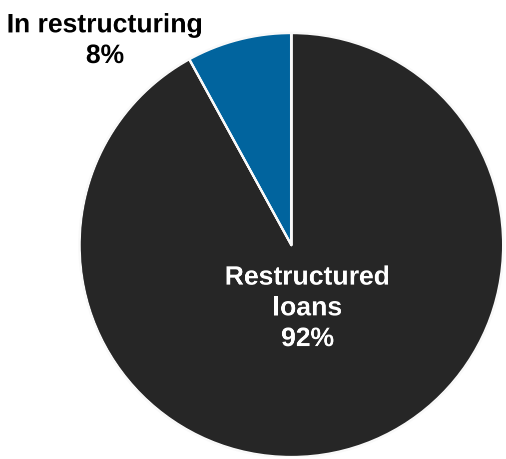


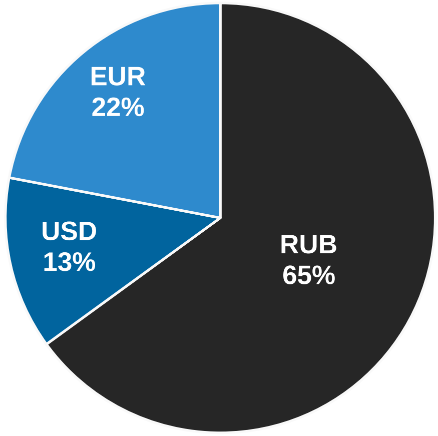
Debt structure & net debt / EBITDA ratio dynamics

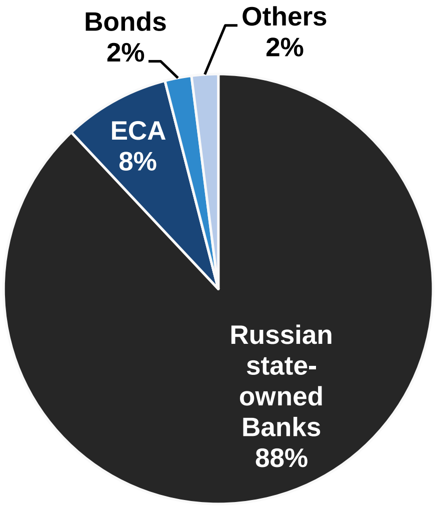
- Portion of restructured debt remains at a level of 92%; ruble portion of debt amounts to 65%; and Russian state-owned banks hold 88% of our debt portfolio.
- Net leverage increased to 6.4 on lower EBITDA.
- Average interest rate through the debt portfolio as of August 2019 is 7.8% per annum; average paid interest rate amounts to 7.7% per annum.
- In 2Q2019 Group repaid 1.2 bln RUB of debt, including interest capitalized on the loan principal.



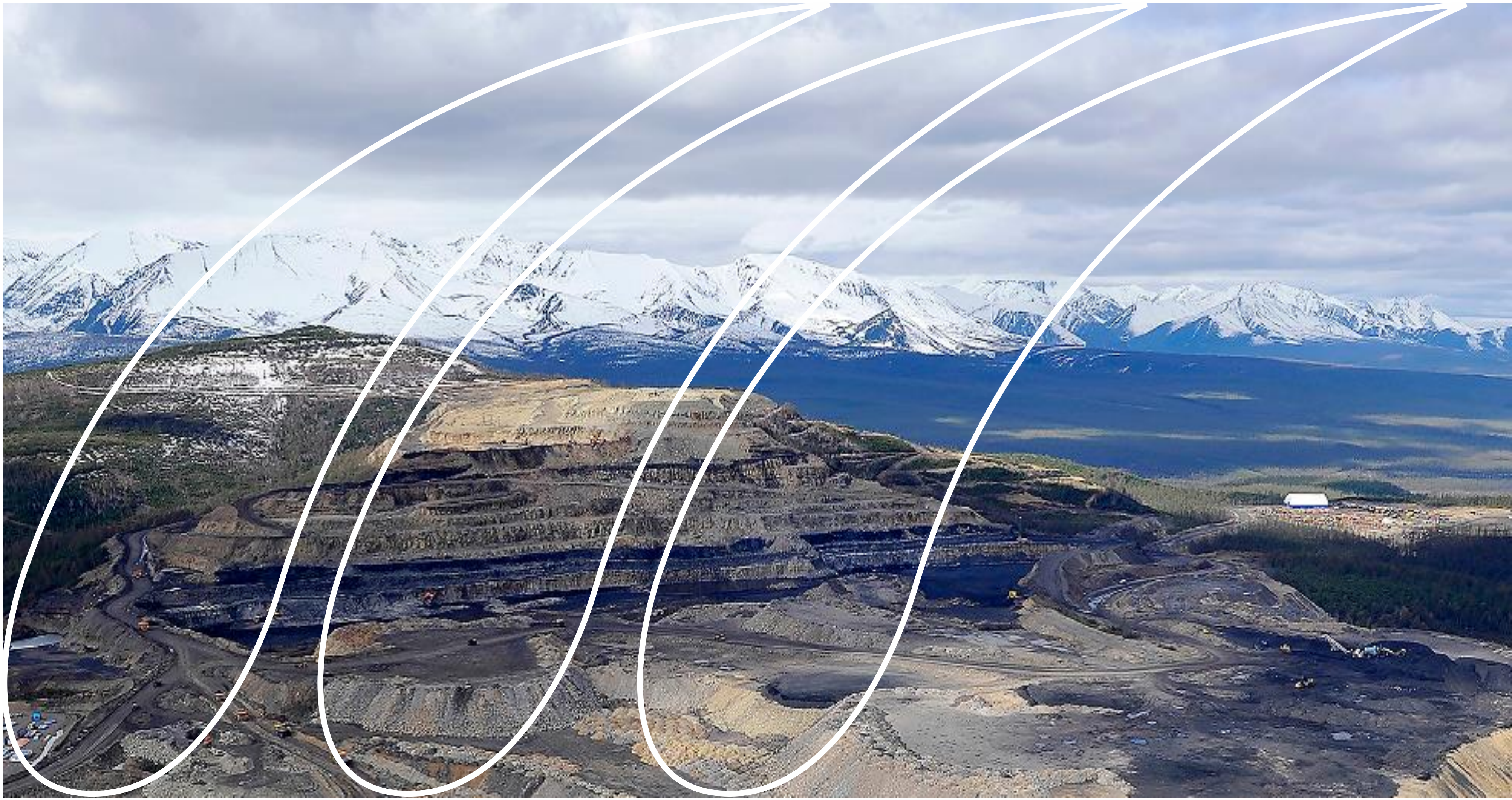
** excluding GPB option on Elga, fines, penalties other non-current financial liabilities*





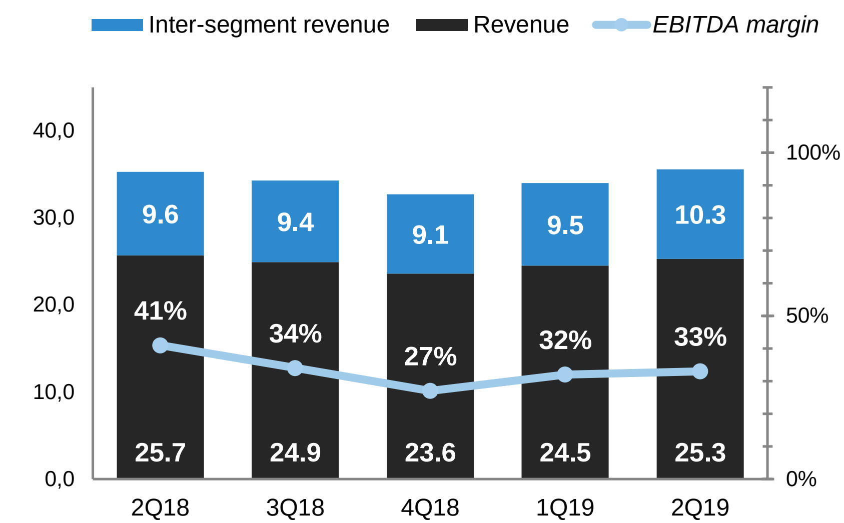


APPENDIX

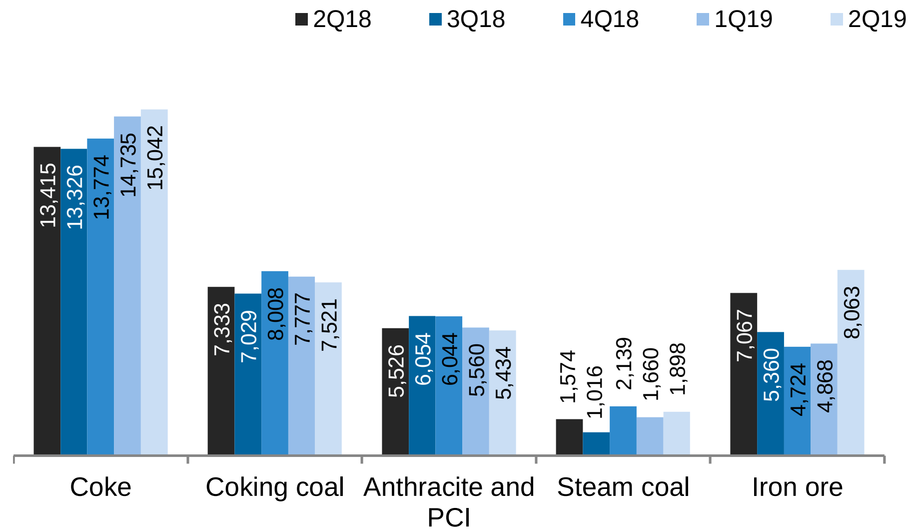


Mining segment

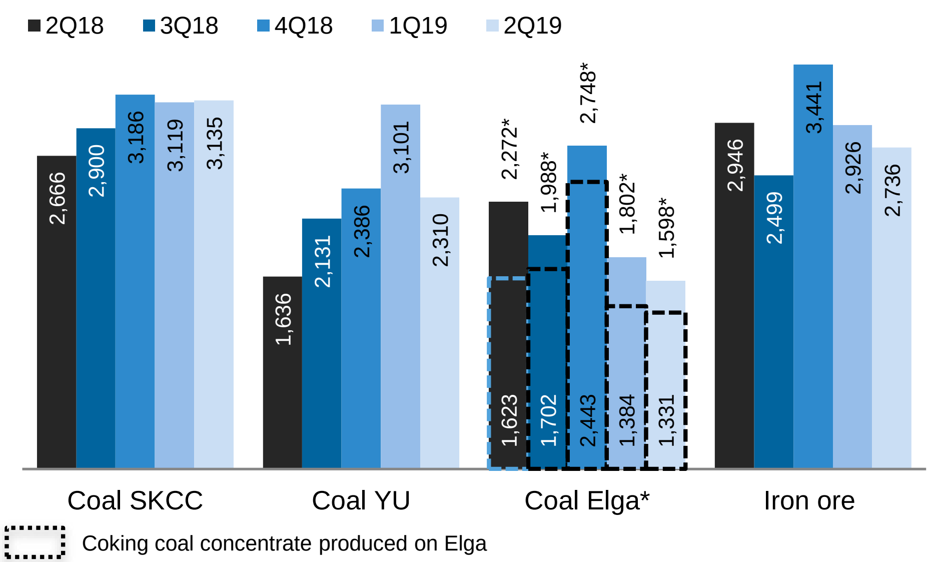
Revenue, EBITDA margin, RUB Bln



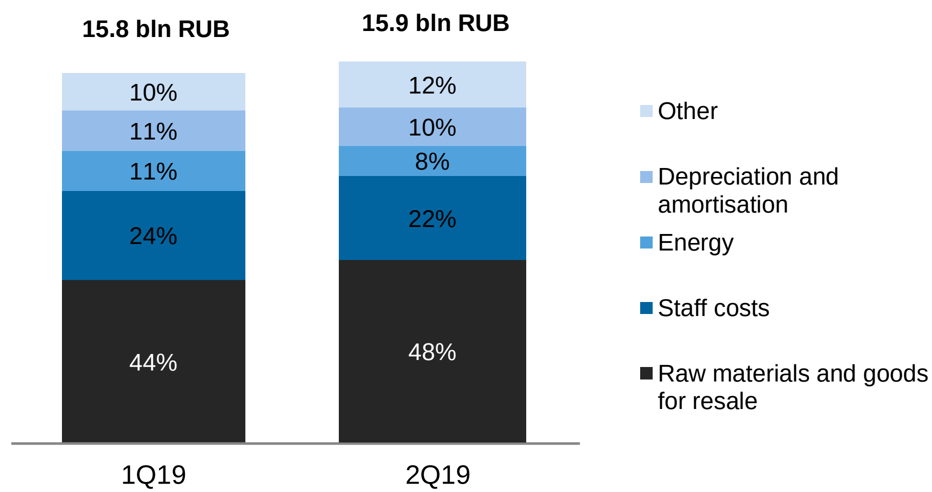
Average sales prices FCA, RUB/tonne



Cash costs, RUB/tonne



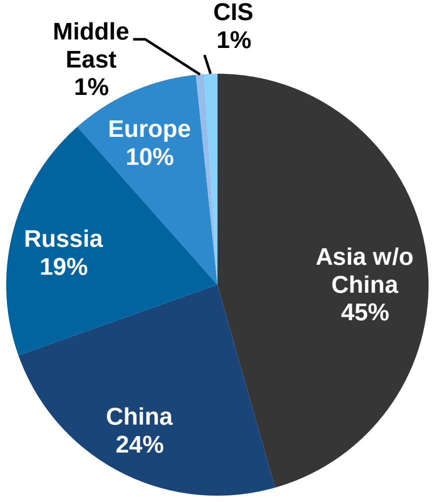
COS structure



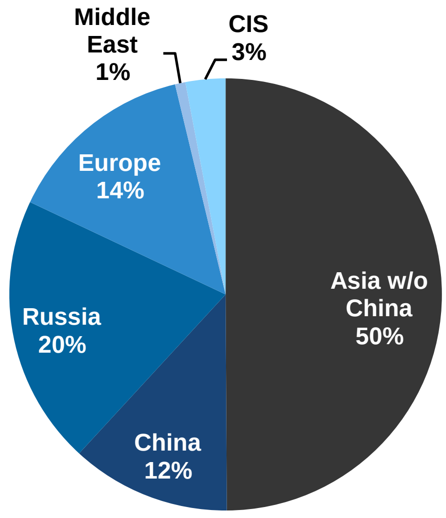
* Coking coal concentrate produced on Elga and Southern Kuzbass Coal Company washing facilities

Mining segment

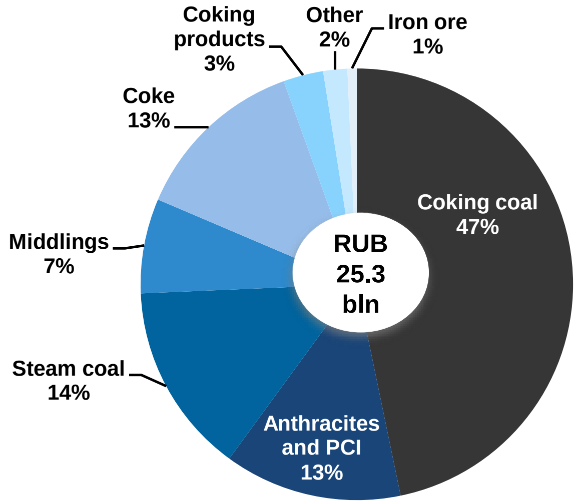
Revenue breakdown by regions 2Q2019



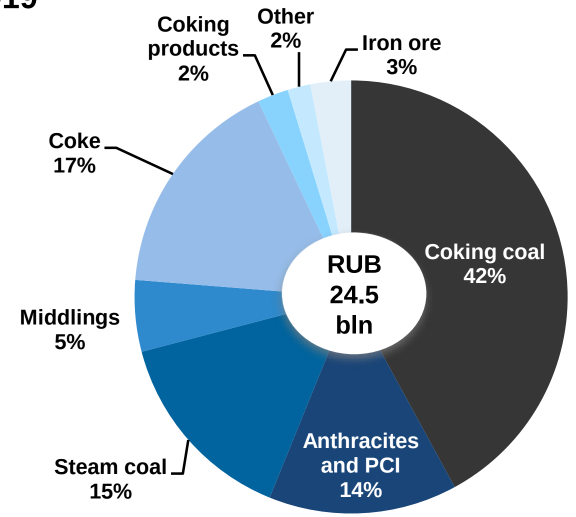
Revenue breakdown by regions 1Q2019



Revenue breakdown by products 2Q2019

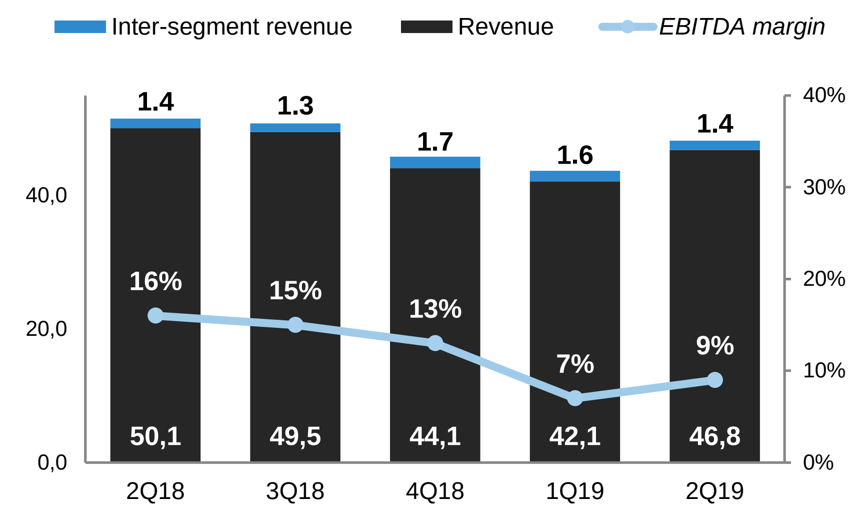


Revenue breakdown by products 1Q2019

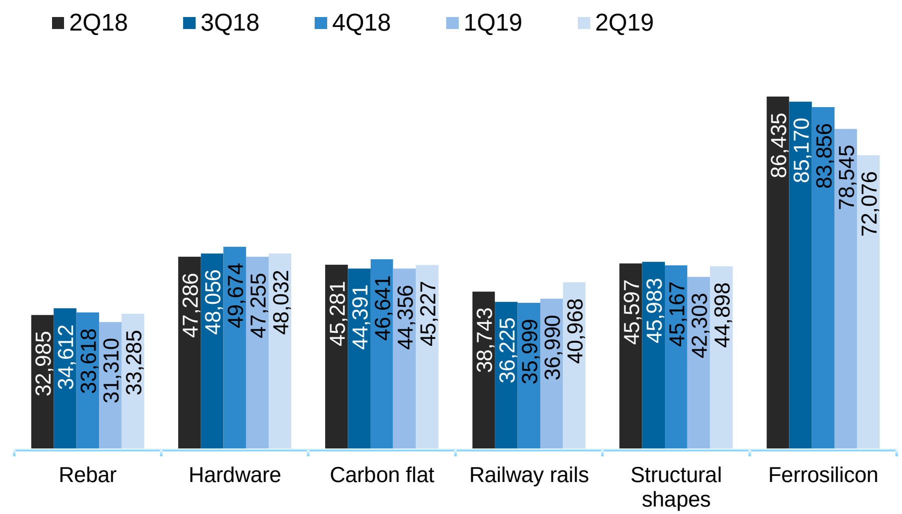


Steel segment

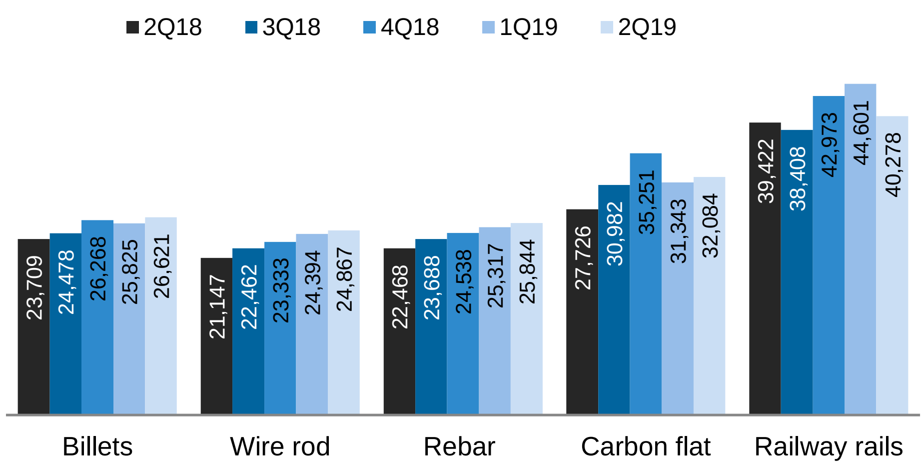
Revenue, EBITDA margin, RUB Bln



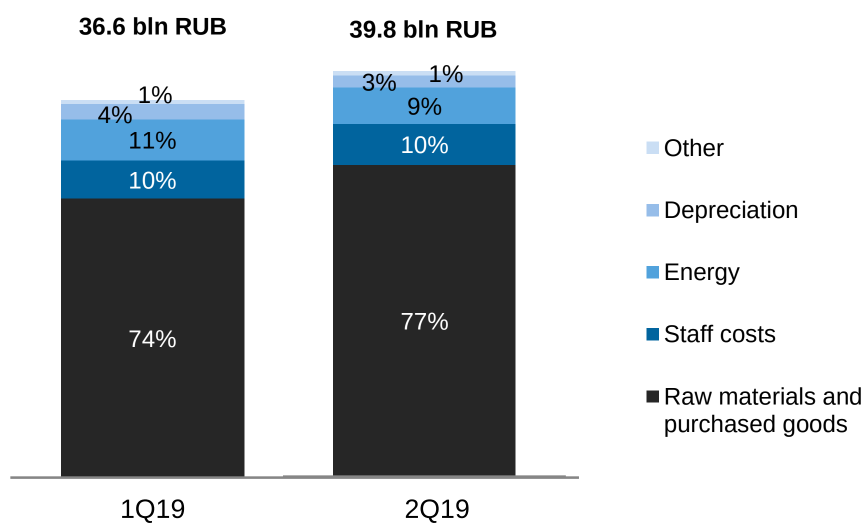
Average sales prices FCA, RUB/tonne



Cash costs, RUB/tonne

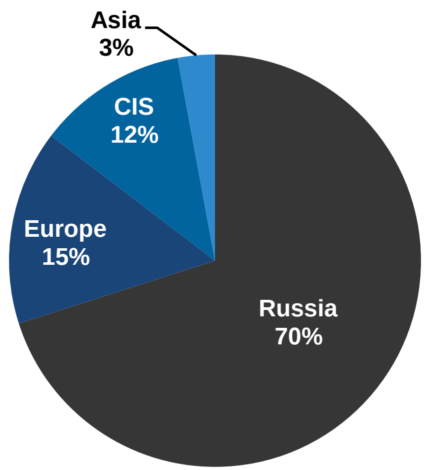


COS structure

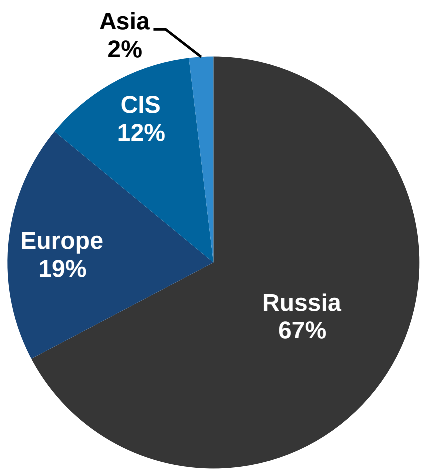


Steel segment

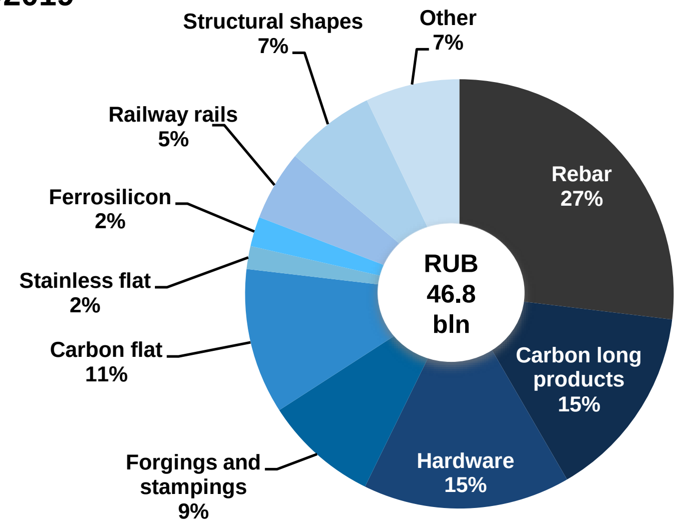
Revenue breakdown by regions 2Q2019



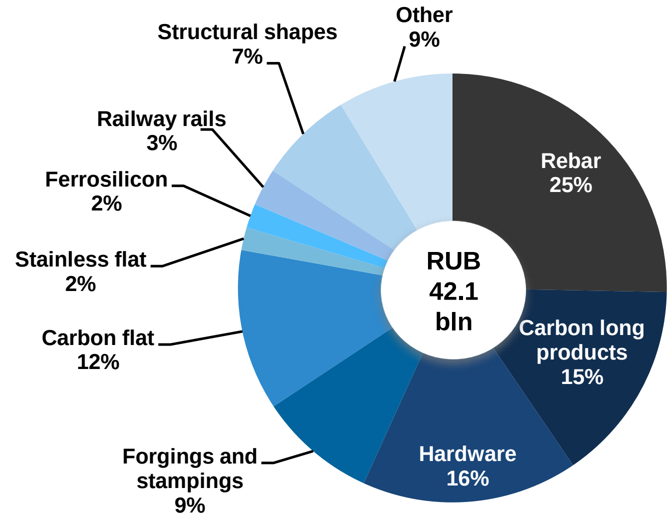
Revenue breakdown by regions 1Q2019



Revenue breakdown by products 2Q2019



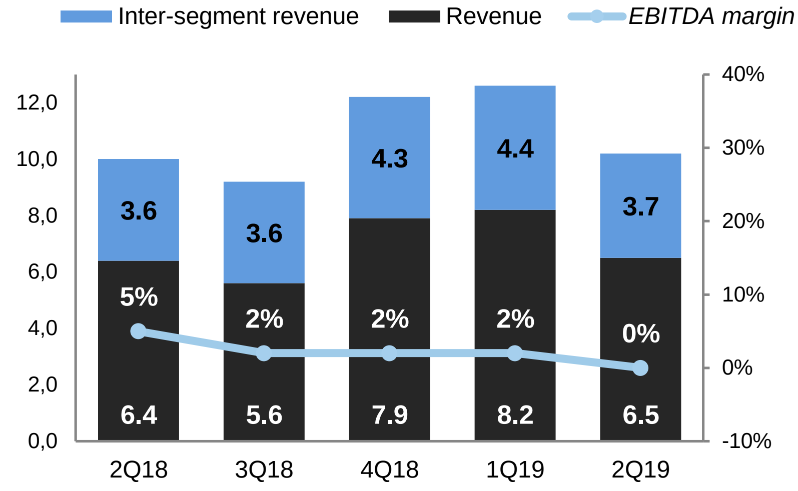
Revenue breakdown by products 1Q2019



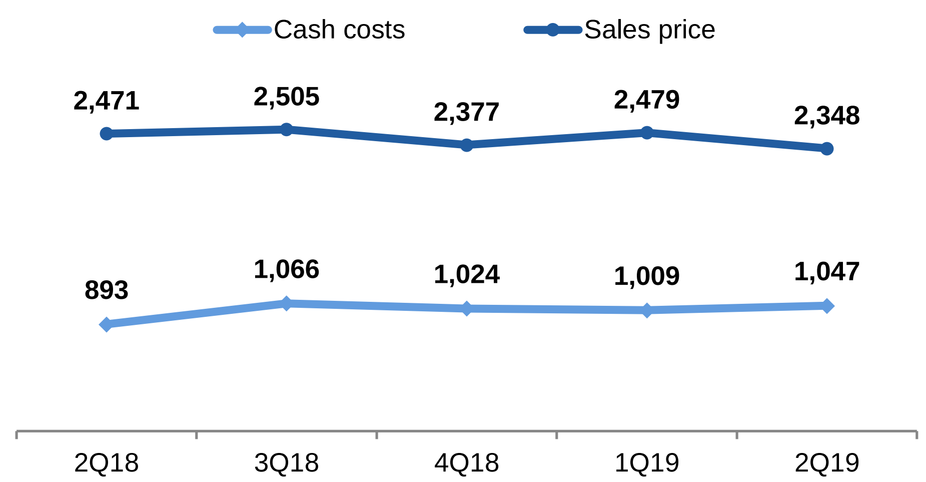
Power segment

- Financial results of Power segment significantly decreased in 2Q2019 compared to 1Q2019 due to the heating season end and beginning of repair works.
- Revenue went down by 22% and EBITDA dropped by 80%.

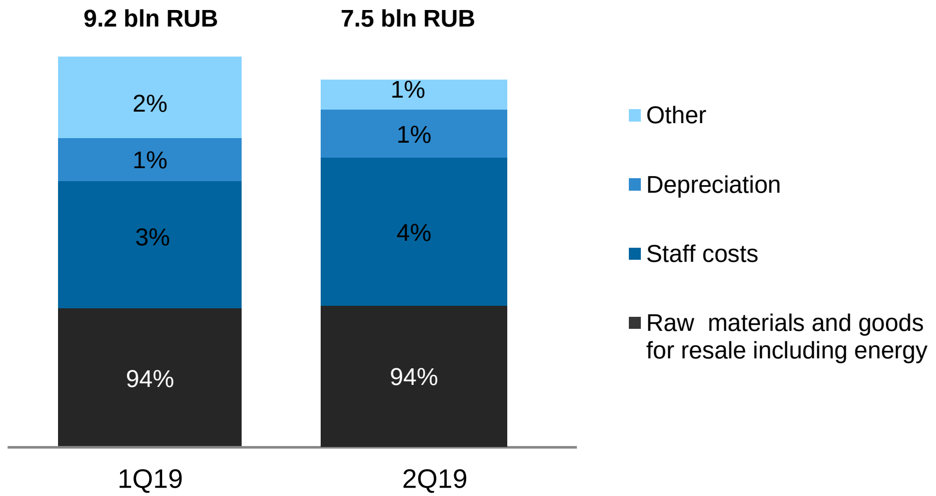
Revenue, EBITDA margin, RUB Bln



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



COS structure



MECHEL

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