

# 3Q'2021 RESULTS PRESENTATION

November 18, 2021

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# KEY FINANCIAL RESULTS

Nelli Galeeva – Deputy Chief Executive  
Officer for Finance



In 3Q'2021 coking coal prices expanded rapidly both on FOB Australia and CFR China basis. FOB Australia basis prices advanced because of strong demand from customers. Limited coking coal supply amidst conducting repair operations at Australian mining facilities also supported price growth.

At Chinese local market, safety inspections at coal mining facilities resumed and many mines with security violations remained out-of-operations. Supplies from Mongolia were limited as epidemiological situation in the country aggravated. Due to limited local supplies, Chinese metallurgical plants had to import premium quality coking coal from North America at higher prices.

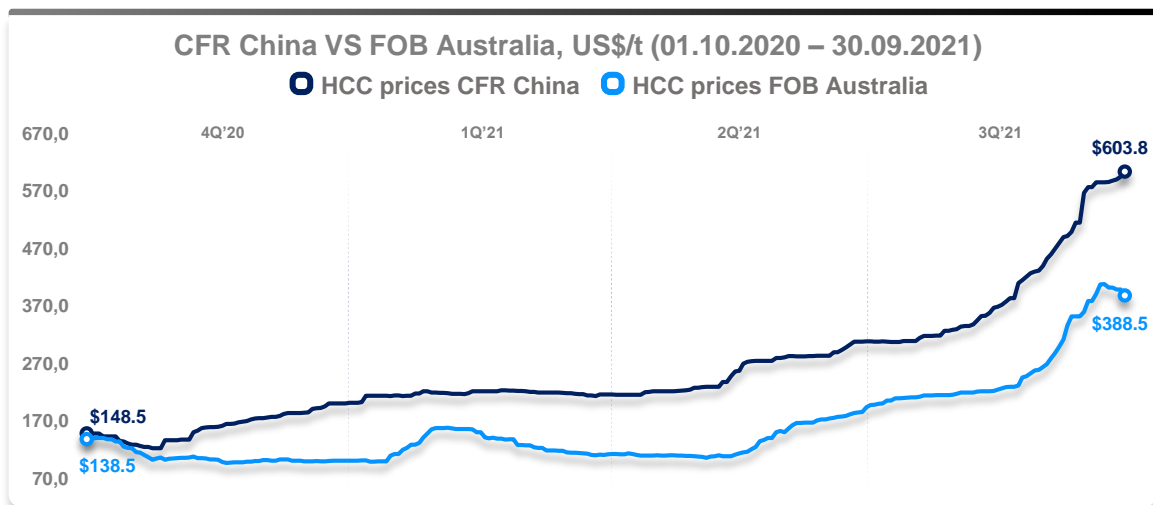
Average level of spot Premium LV HCC price in 3Q'2021 amounted to over **\$266** per tonne that was about twice higher than in 2Q'2021. As a result average sales price for coking coal concentrate produced by Mechel mining segment on FCA basis in 3Q'2021 increased by **59%** compared to 2Q'2021 average price.

In October, Chinese Government brought in measures supporting coking coal supply increase on local market such as safety inspections recall, Mongolian border crossings opening, unloading of vessels with Australian coal that stayed at the ports since ban on import of Australian coal was imposed. These actions will bear pressure upon coking coal prices. However, price correction will most probably be gradual as serious coal deficit and logistics issues would not be overcome fast. Power crisis and start of heating season will also deter coal process from sharp decline.

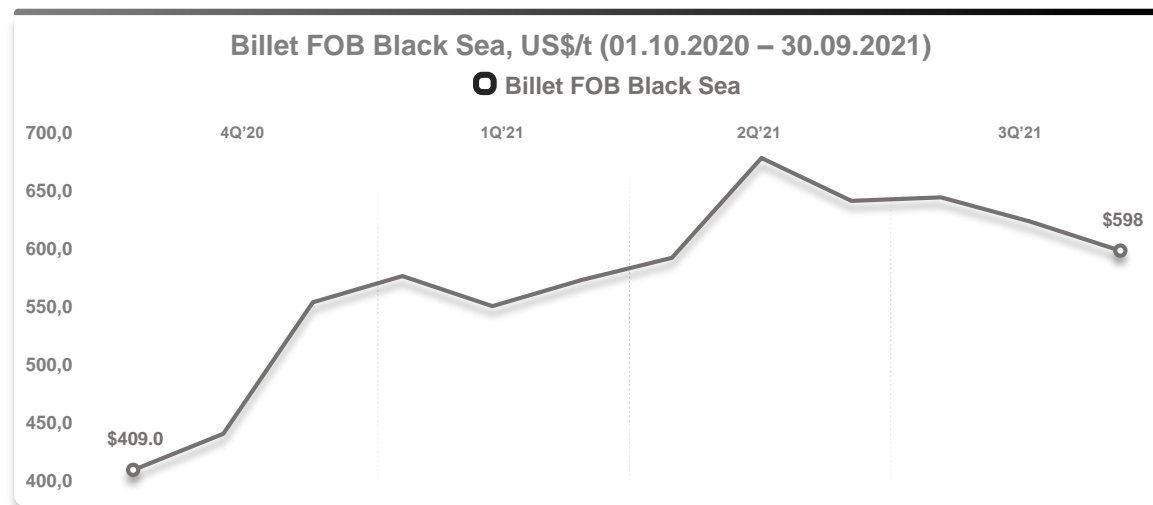
In July and in first half of August iron ore concentrate prices remained on a high level. Prices were supported by weaker supply from Australia (regular overhauls at mining assets) and Brazil (production challenges). However, decreased iron ore demand associated with Chinese policy to lower steel production facilitated iron ore prices to decline in the second half of August and in September. In 4Q'2021 iron ore prices downward trend will remain in place on the back of demand deterioration.

After reaching peak levels in June, rebar prices at local Russian market were declining in 3Q'2021 by **9-11%** every month. After export taxes were imposed, steel producers attempted to redirect their sales to internal market and the supply surplus accrued. As a result, in July-August prices demonstrated a considerable reduction.

At international market rebar prices were also weakening but at lower pace, about **3-5%** per month, corresponding to billet market dynamics. Russian exporters activity was very low as a result of export duties imposition that also supported international prices.



Source: S&P Global Platts



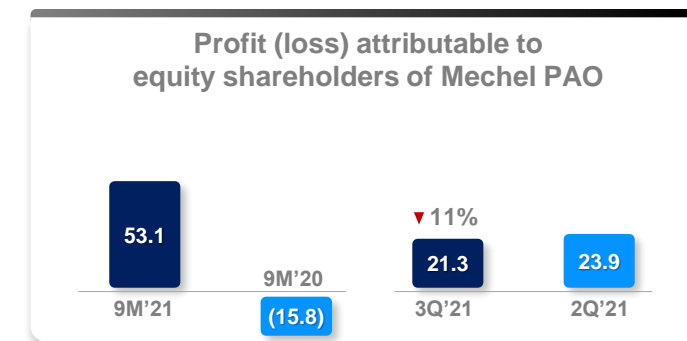
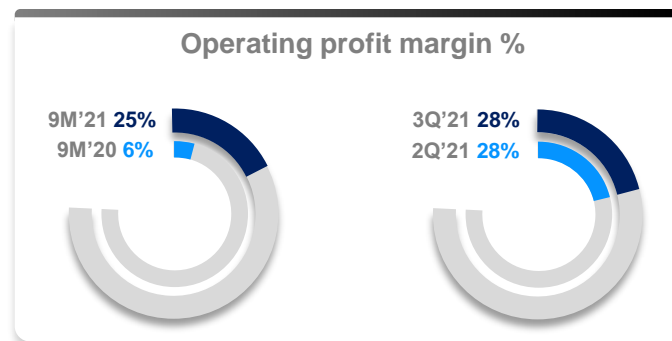
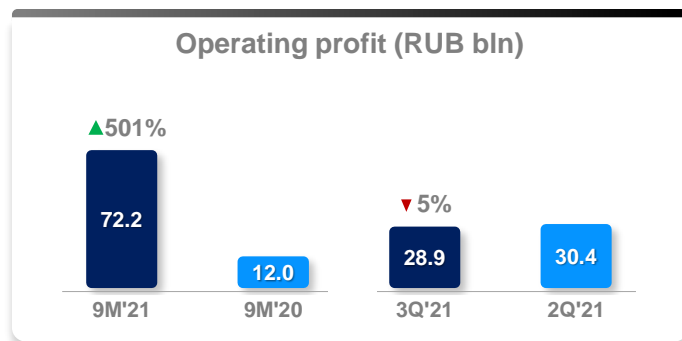
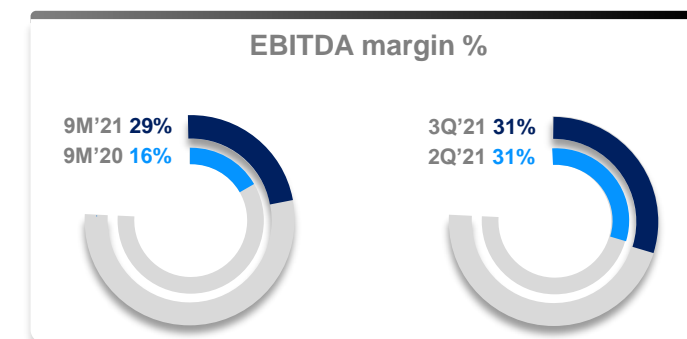
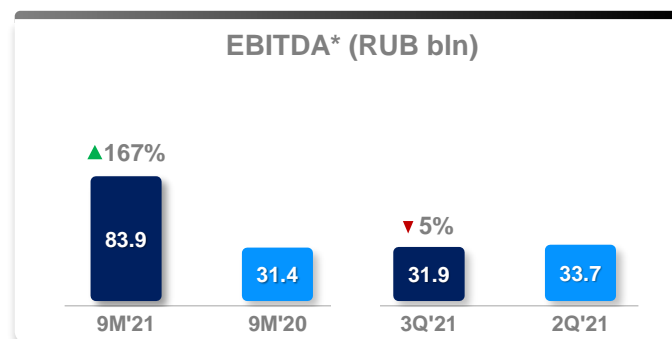
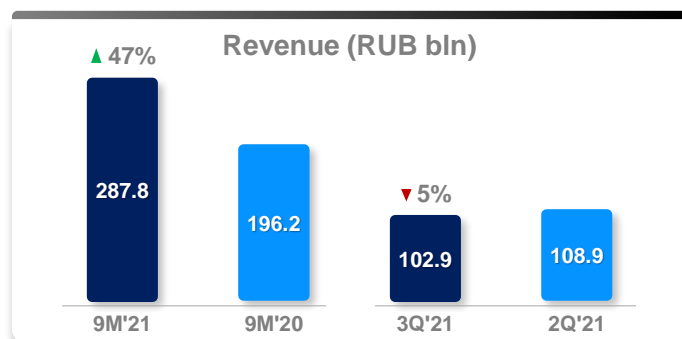
# 3Q'2021 FINANCIAL RESULTS SUMMARY



Consolidated Revenue in 3Q'2021 amounted to **102.9** bln RUB, a decrease by **5%** compared to 2Q'2021. The main negative factor was the reduction of sales volumes for both mining and steel segments products on local Russian and export markets.

EBITDA decreased by **5%** in 3Q'2021 compared to 2Q'2021 and amounted to **31.9** bln RUB reflecting a decline in sales volumes, partially offset by higher prices for both mining and steel segments products. EBITDA margin held at the 2Q2021 level and equaled to **31%**.

Profit attributable to Mechel PAO's equity shareholders went down by **11%** and amounted to **21.3** bln RUB in 3Q'2021. A decrease in profit compared to the previous quarter was due to the same reasons which mentioned above.



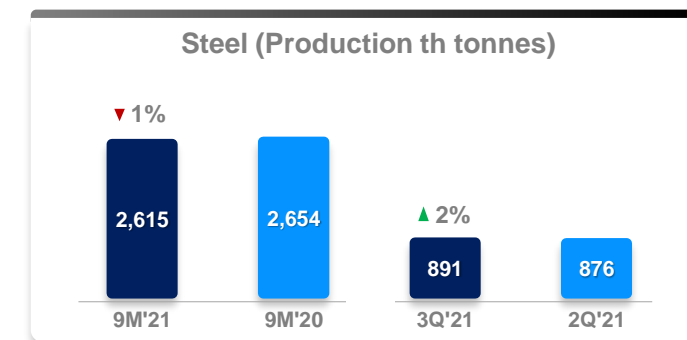
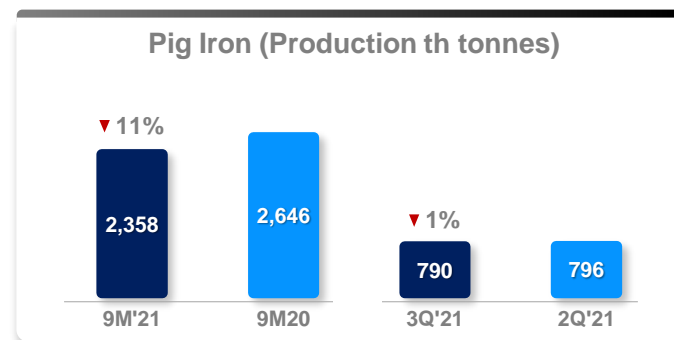
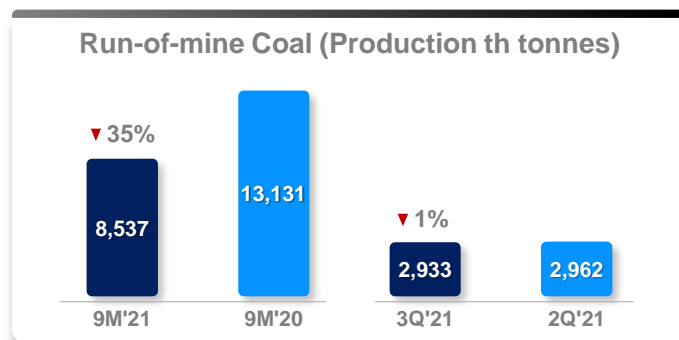
\* Here and further EBITDA is calculated as Adjusted EBITDA in accordance with definition in our earnings Press release Appendix A

# 3Q'2021 PRODUCTION AND SALES SUMMARY



In 3Q'2021 coal mining volumes decreased by **1%** compared to 2Q'2021.

Pig iron went down by **1%** and steel production increased by **2%** Q-on-Q.

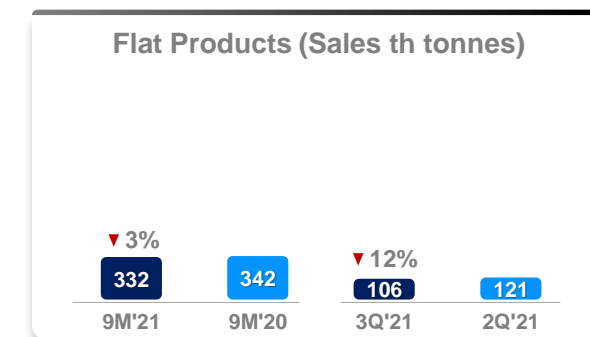
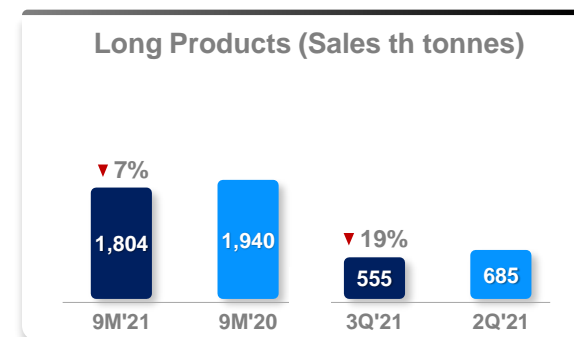
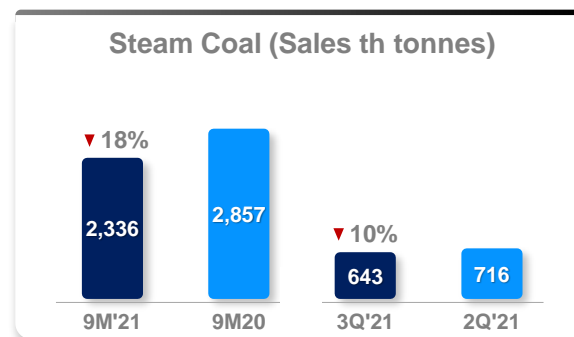
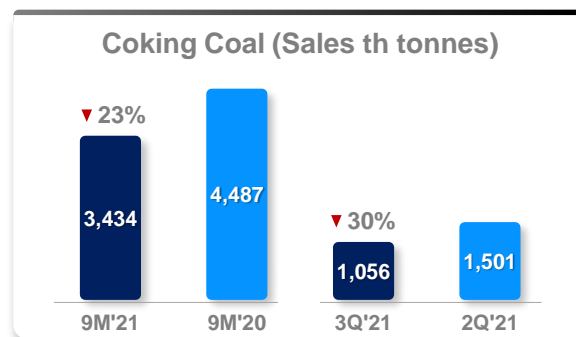


Coking coal sales volumes in 3Q'2021 decreased by **30%** compared to 2Q'2021.

PCI sales volumes remained on 2Q'2021 level and Anthracites sales were lower by **1%** Q-on-Q. Steam coal sales (including middlings) decreased in 3Q'2021 by **10%** Q-on-Q.

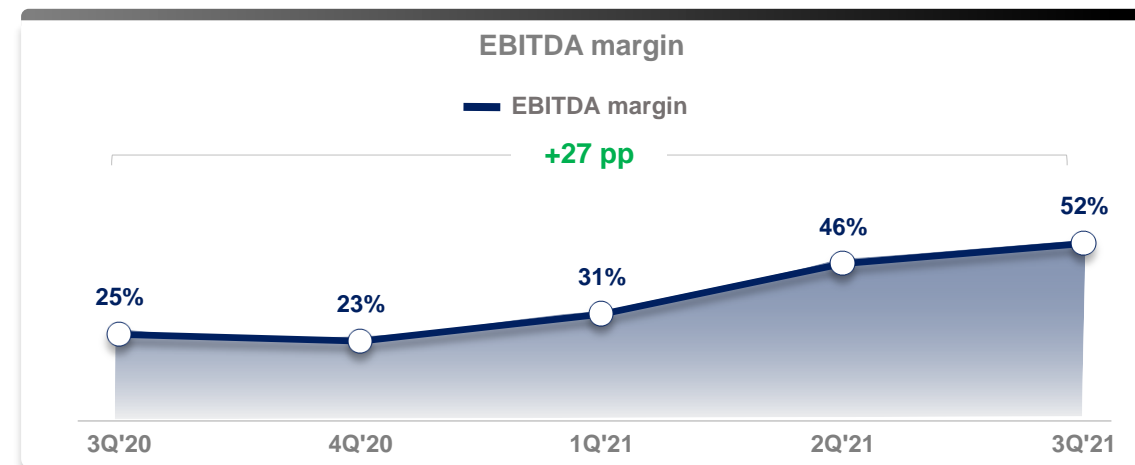
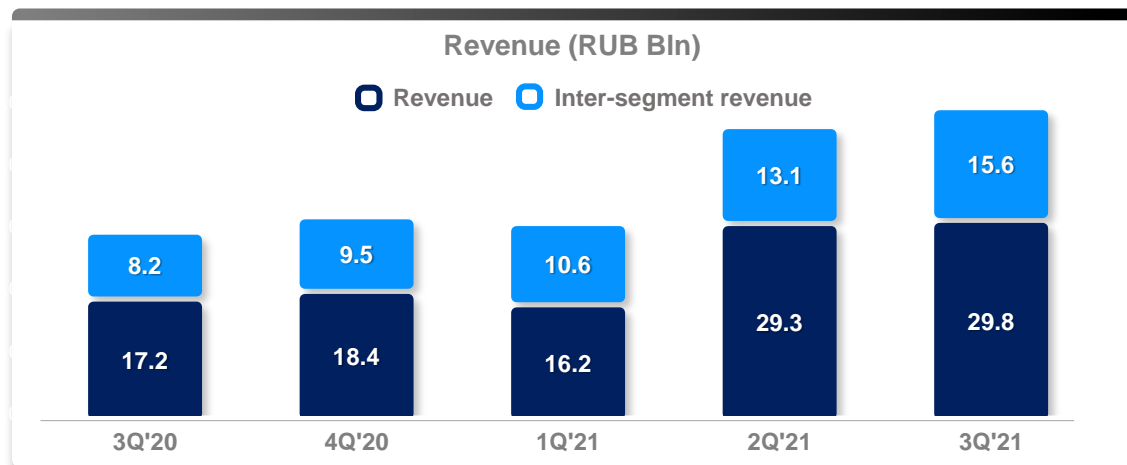
Overall met coal (Coking coal, PCI and Anthracites) sales to third parties in 3Q'2021 decreased by **29%**, compared to 2Q'2021.

Long and Flat products sales in 3Q'2021 went down by **19%** and **12%** respectively Q-on-Q.

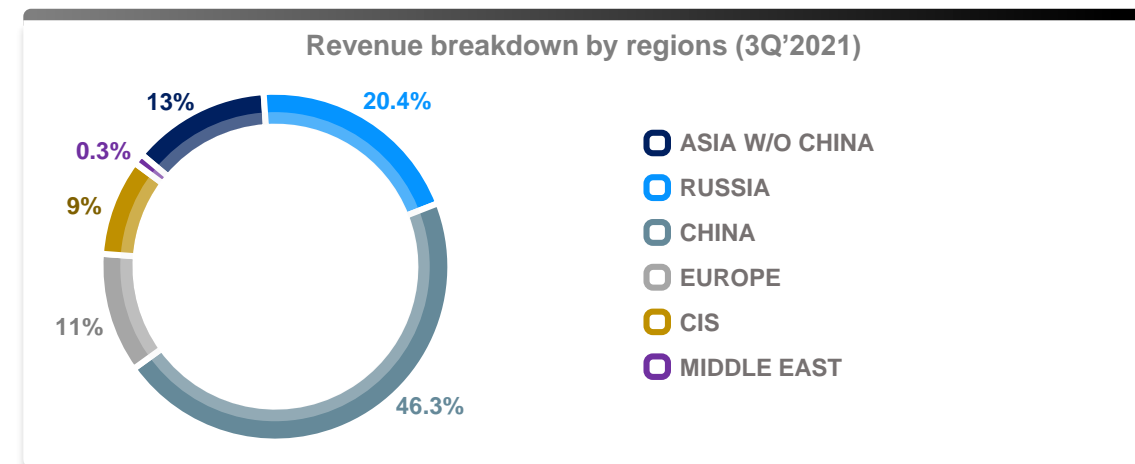
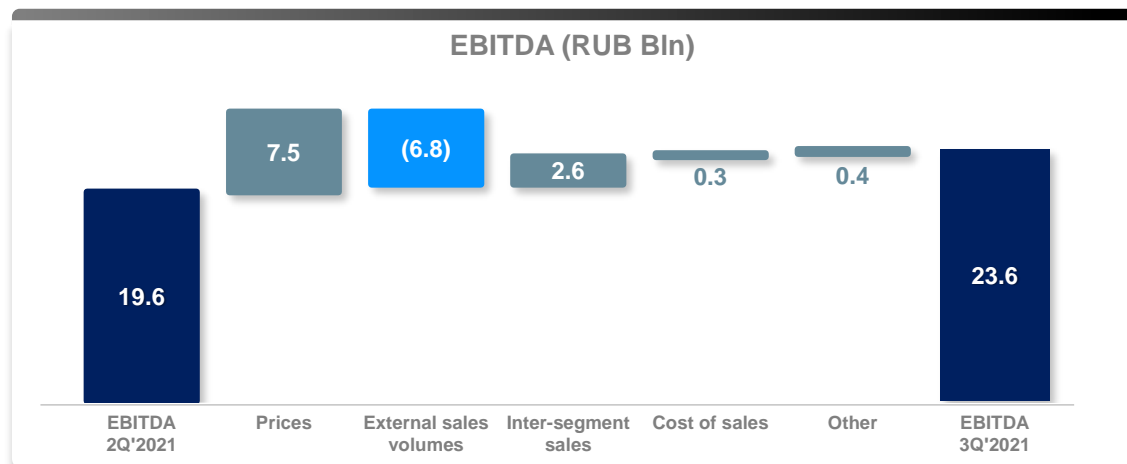


Mining segment Revenue to 3rd parties in 3Q'2021 increased by **2%** compared to 2Q'2021 primarily due to significant growth in prices for almost all types of mining products, except iron ore. As deterrent factor was a decrease in sales volumes.

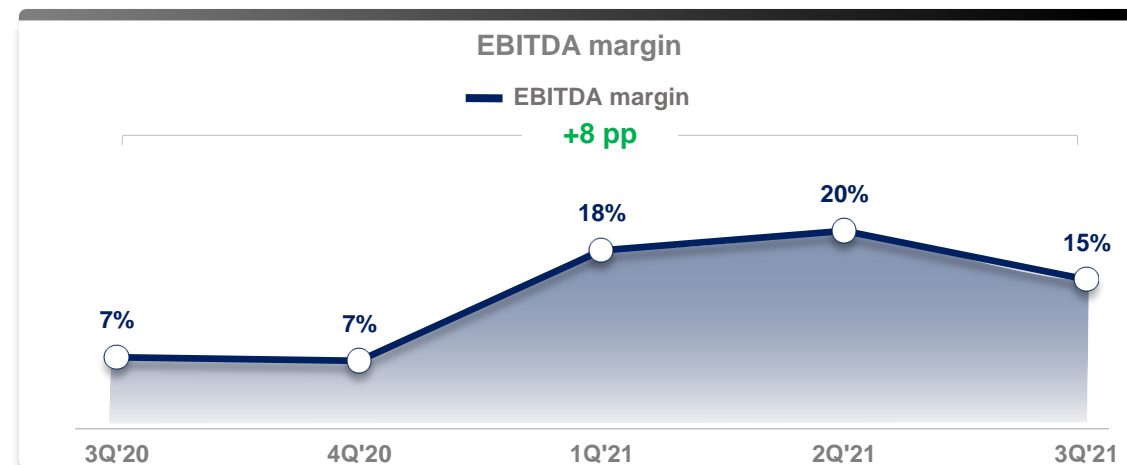
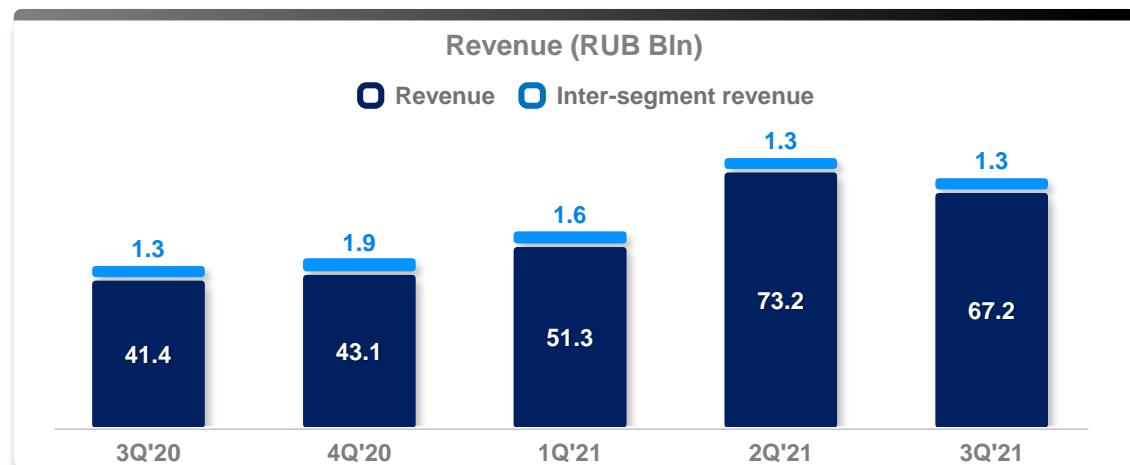
EBITDA margin went up from **46%** to **52%** compared to 2Q'2021.



For the same reasons mining segment EBITDA increased by **20%** Q-on-Q

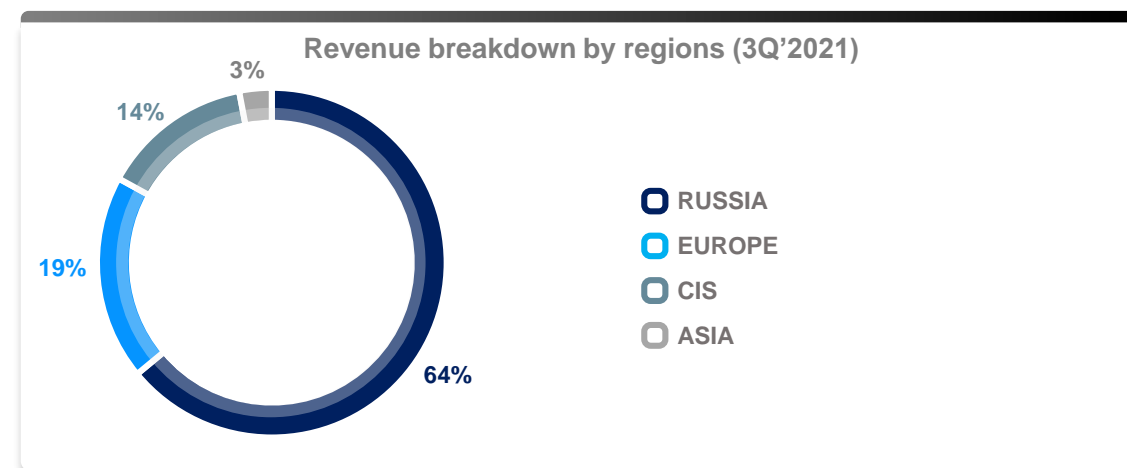
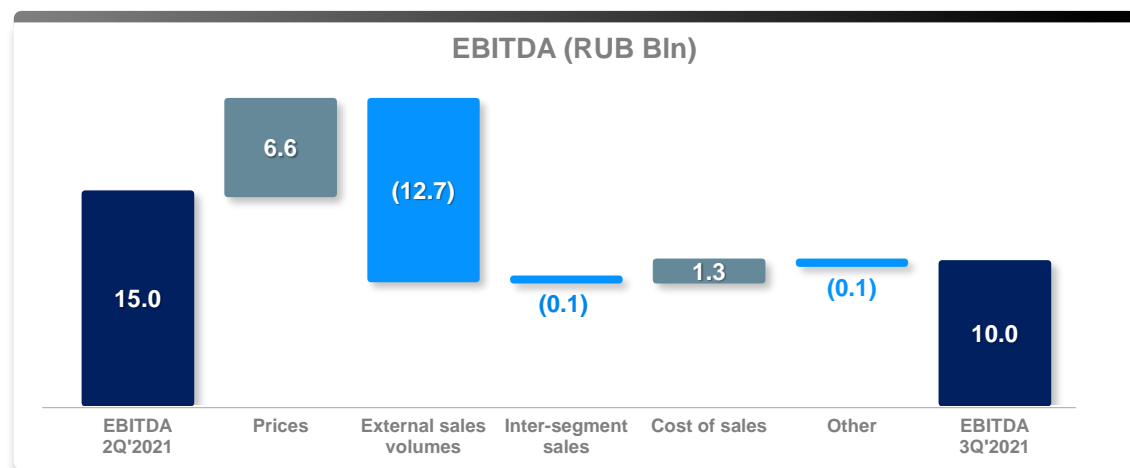


Steel segment Revenue to 3rd parties in 3Q'2021 decreased by **8%** compared to 2Q'2021 primarily due to less favorable markets conditions which affected the sales volumes. Segment's EBITDA margin went down Q-on-Q from **20%** to **15%**.



Share of sales to Russia increased from **56%** to **64%** Q-on-Q. At the same time share of CIS sales decreased from **19%** to **14%** compared to 2Q'2021.

Steel segment EBITDA in 3Q'2021 went down by **33%** compared to 2Q'2021 on reduction of sales volumes which eliminated effect of growth prices.





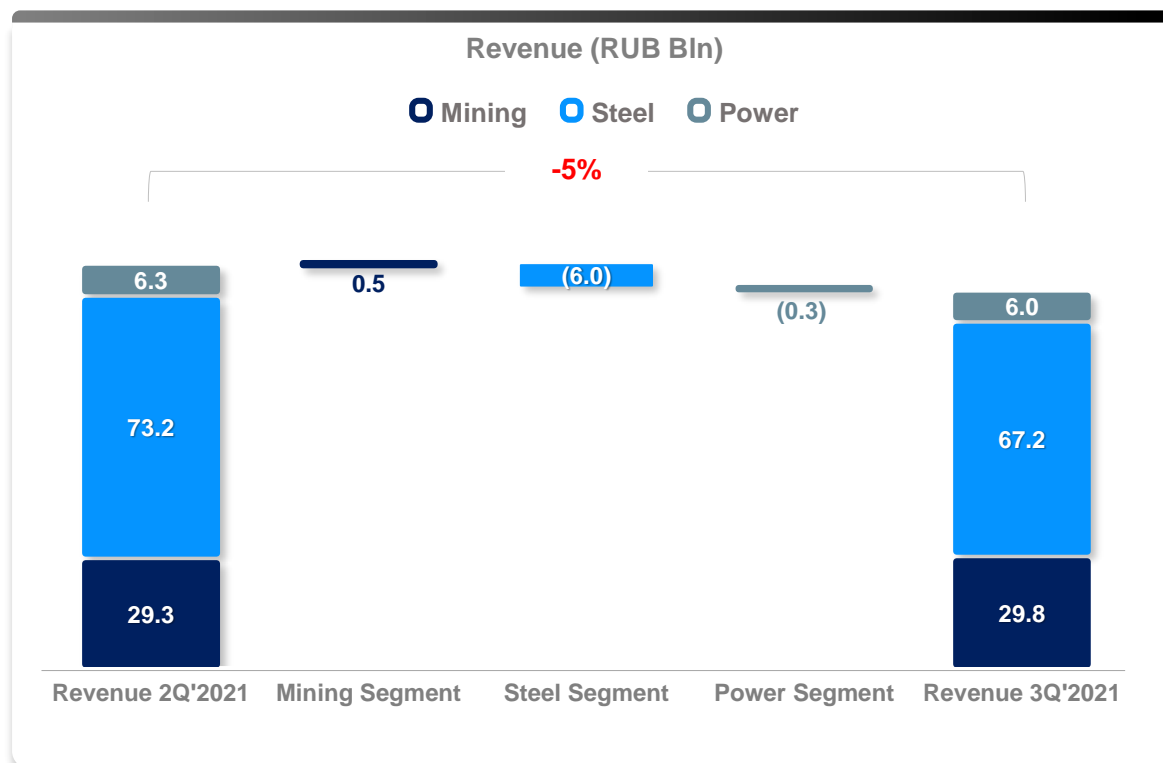
# ■ CONSOLIDATED REVENUE AND SEGMENT EBITDA DYNAMICS



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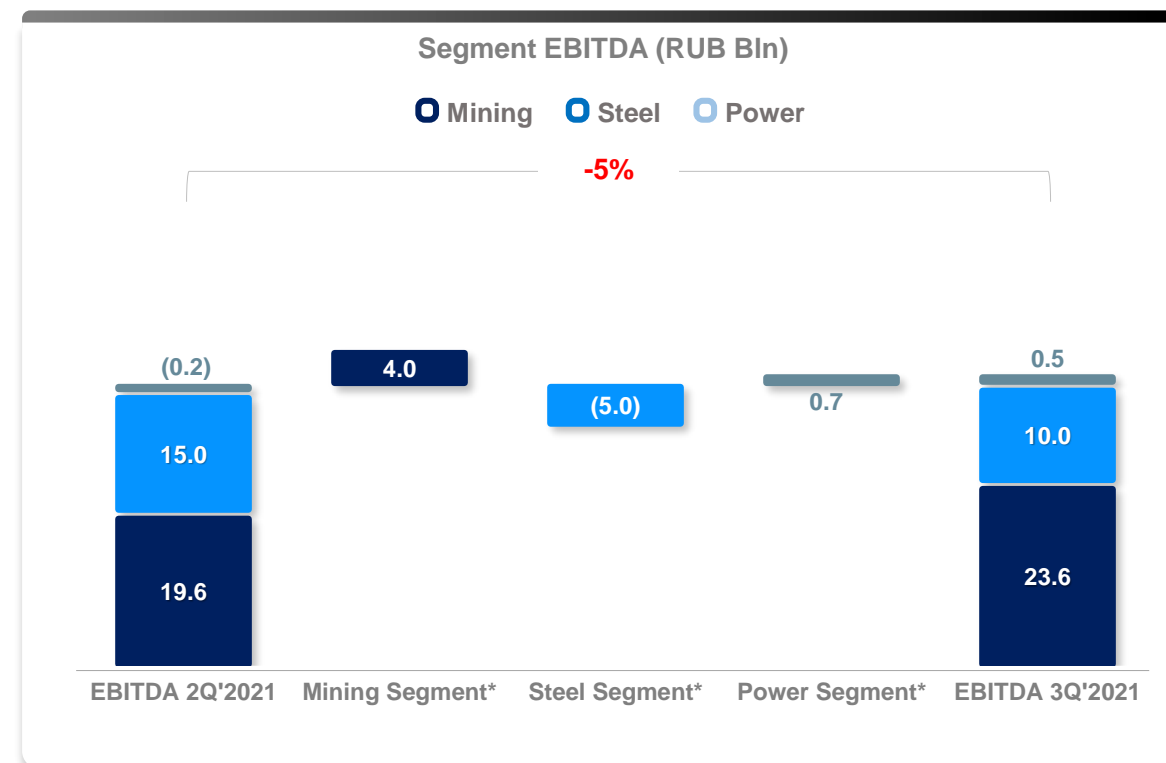
Power segment Revenue to 3rd parties fell by **6%** in 3Q'2021 compared to 2Q'2021 due to seasonal factors.



Mining segment EBITDA increased by **20%** Q-on-Q as a result of significant growth in coal prices.

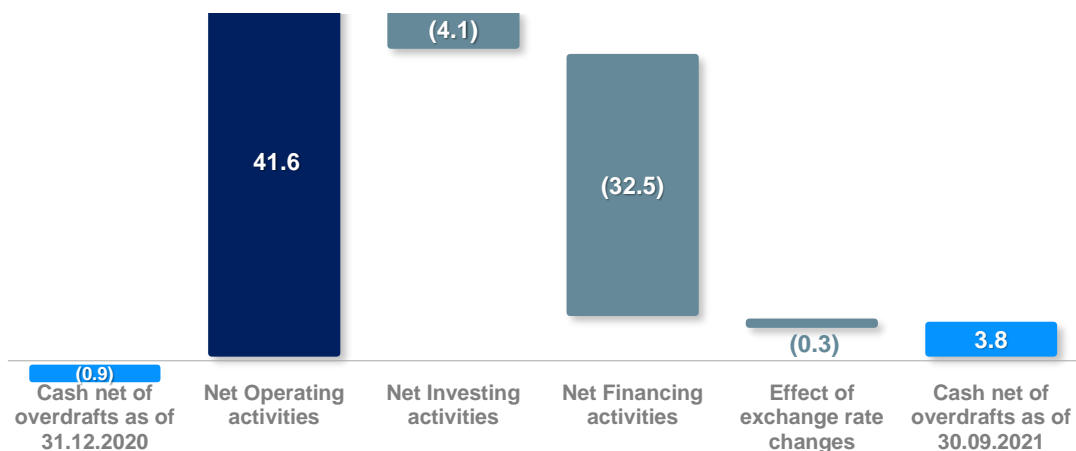
Steel segment EBITDA in 3Q'2021 went down by **33%** compared to 2Q'2021 on reduction of sales volumes which eliminated effect of higher prices.

Power segment EBITDA changed by **676** mln RUB in 3Q'2021 and amounted to **514** mln RUB on general, administrative and other operating expenses decline.

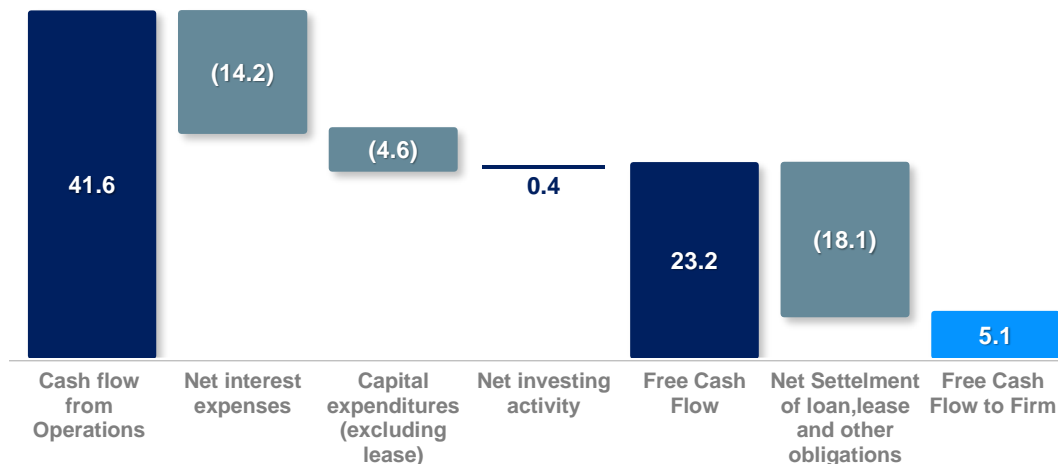


\*including inter-segment operation.  
Income tax, deferred tax related to the consolidated group of taxpayers are not allocated to segments as they are managed on the group basis

## CASH FLOW (RUB Bln)

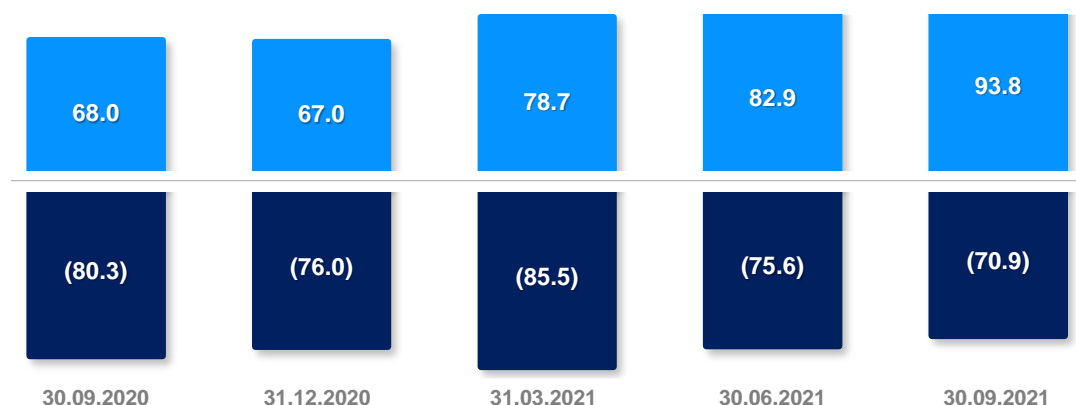


## FREE CASH FLOW for 9M'2021 (RUB Bln)



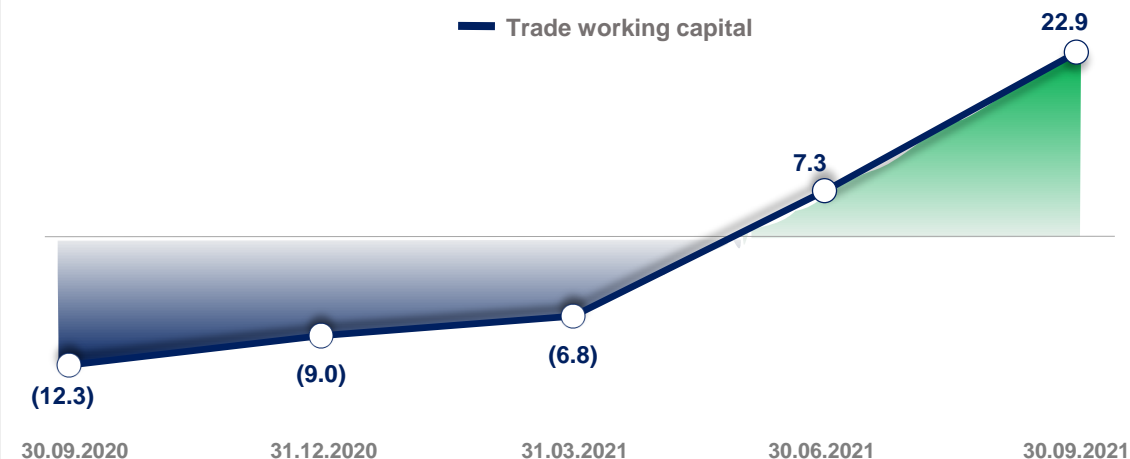
## TRADE WORKING CAPITAL MANAGEMENT (RUB Bln)

Trade current liabilities Trade current assets



## TRADE WORKING CAPITAL MANAGEMENT (RUB Bln)

Trade working capital



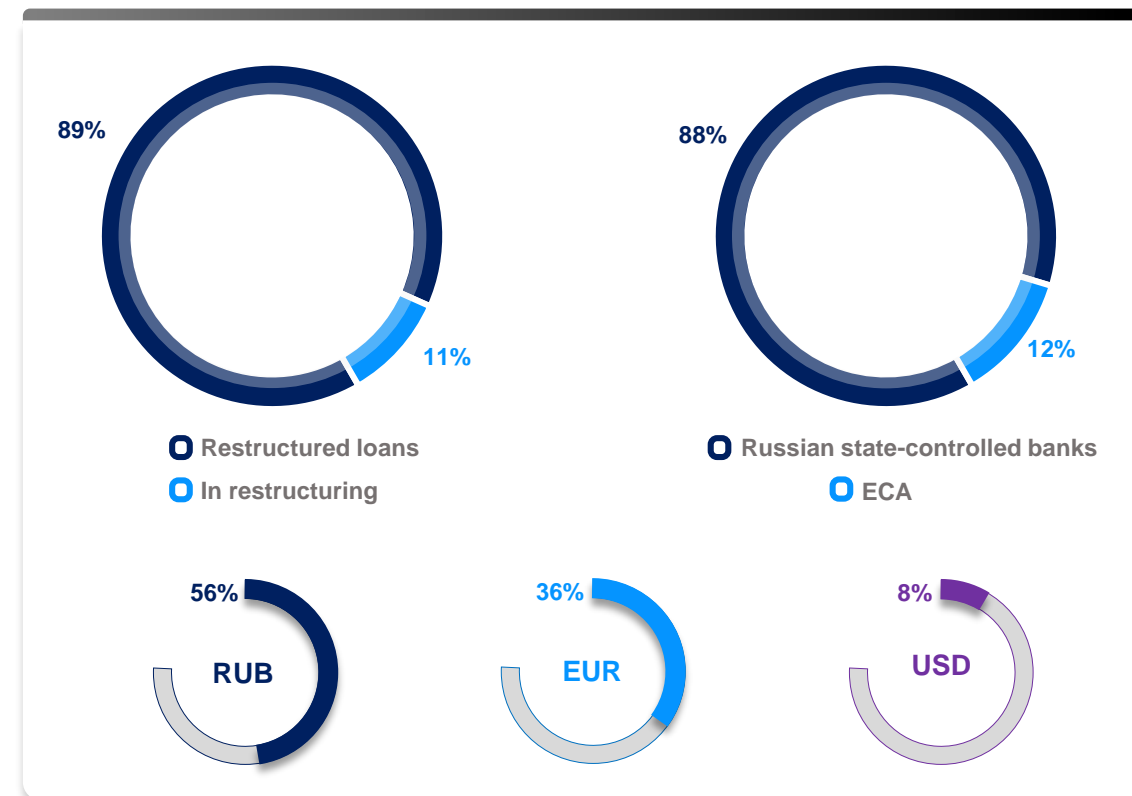
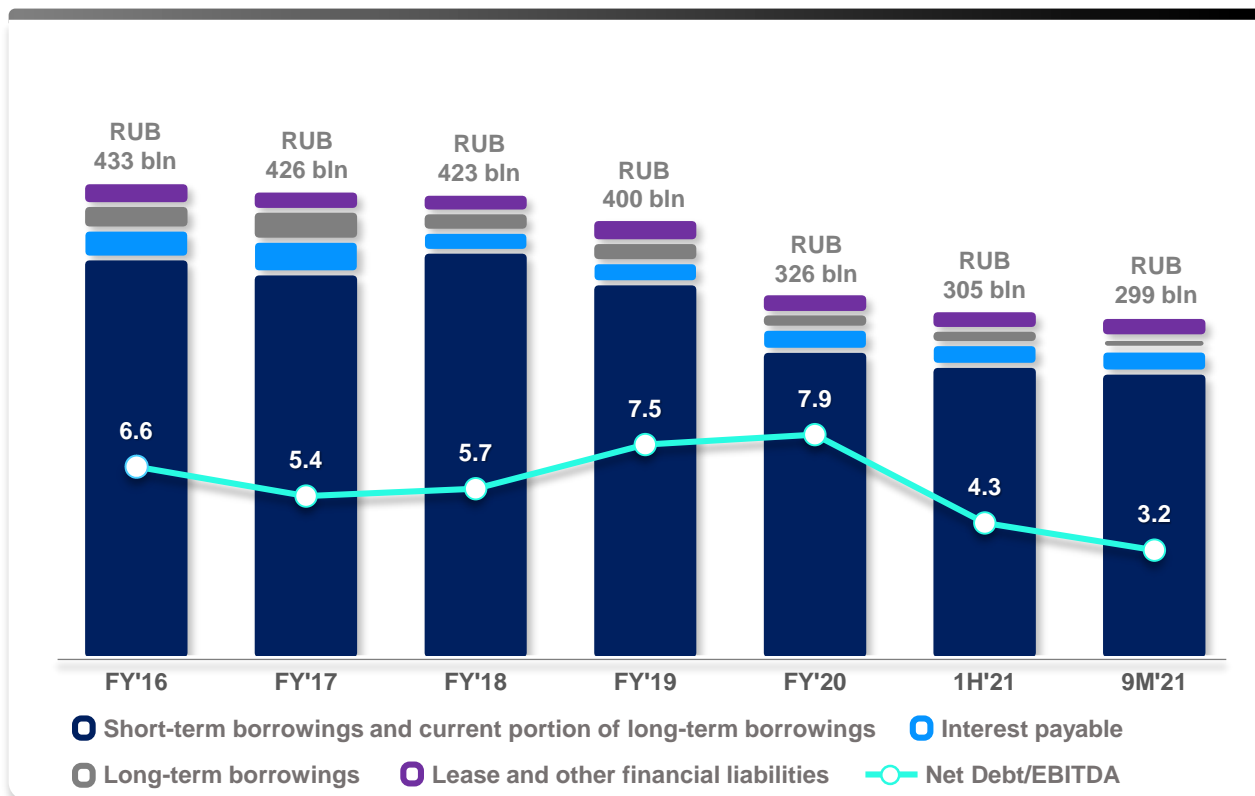
# DEBT STRUCTURE & NET DEBT / EBITDA RATIO DYNAMICS

As of November 2021 portion of restructured debt is at a level of **89%**; ruble portion of debt amounts to **56%**; and Russian state-controlled banks hold **88%** of our debt portfolio.

Net leverage substantially decreased to **3.2** as of September 30, 2021, compared to **7.9** as of December 31, 2020, due to significant LTM EBITDA growth.

Average interest rate through the debt portfolio as of November 2021 is **7.2%** per annum.

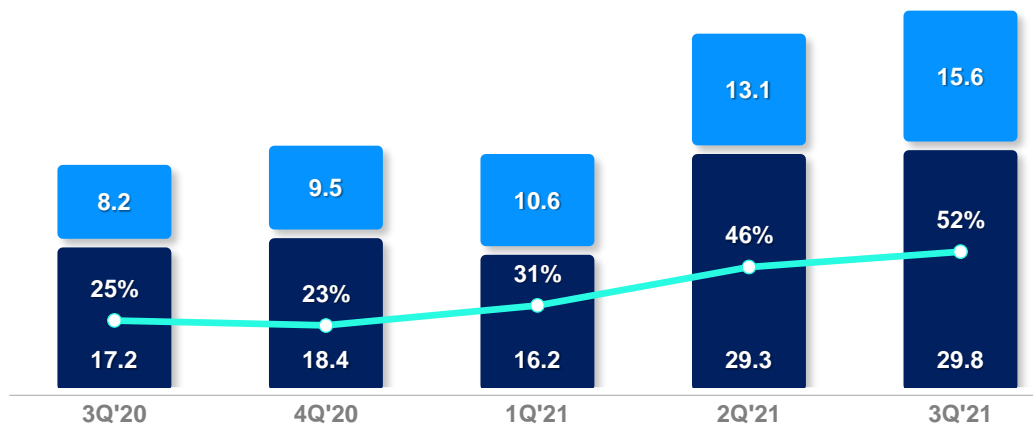
In 3Q'2021 Group's net settlement of debt (including overdrafts) amounted to **6.9** bln RUB.



# APPENDIX

Revenue, EBITDA margin (RUB Bln)

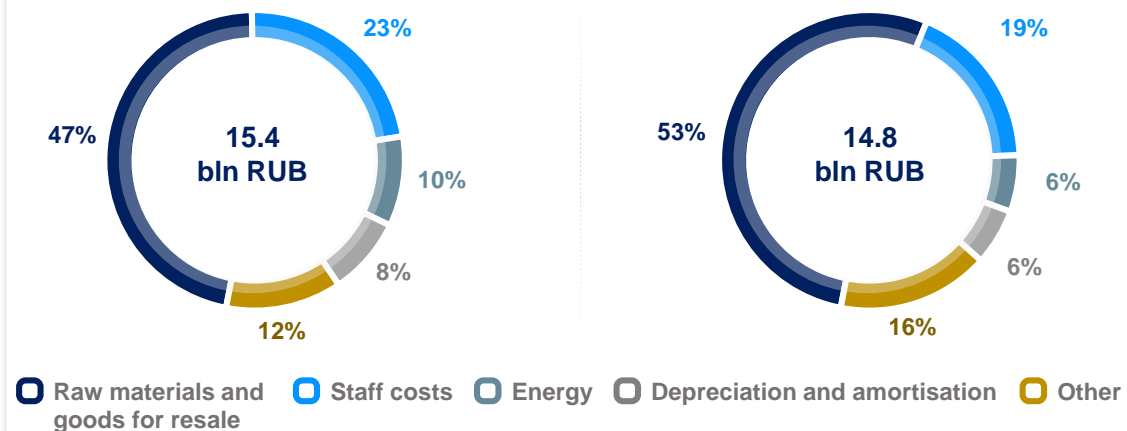
Revenue Inter-segment revenue EBITDA margin



COS structure

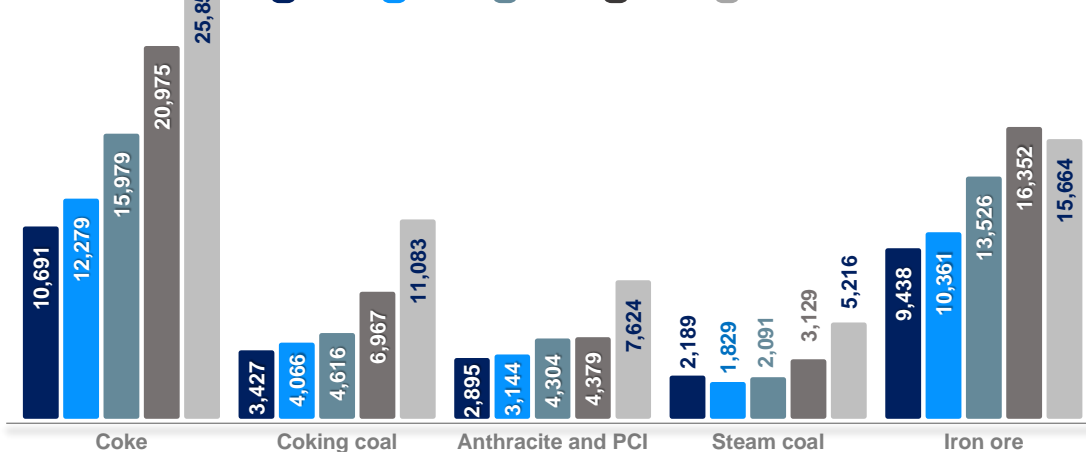
2Q'21

3Q'21



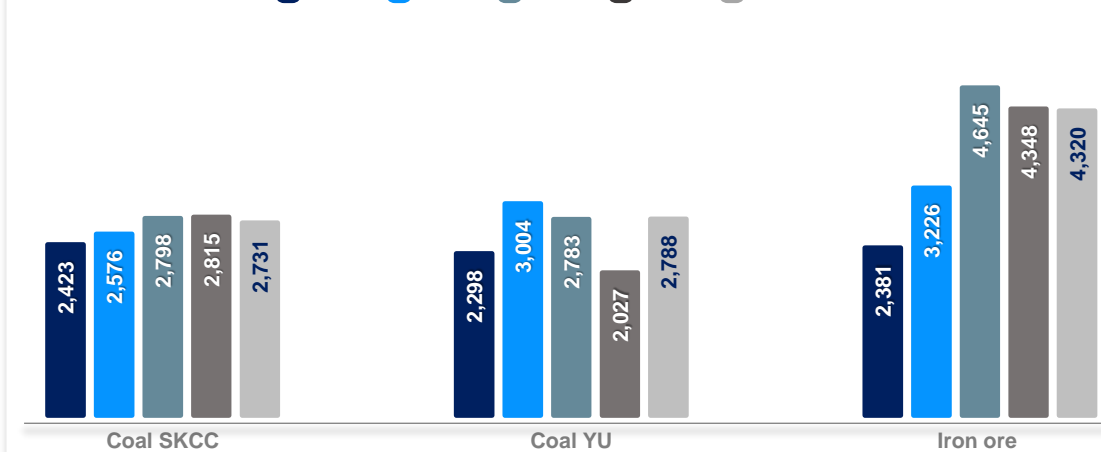
Average sales prices FCA, RUB/tonne

3Q'20 4Q'20 1Q'21 2Q'21 3Q'21



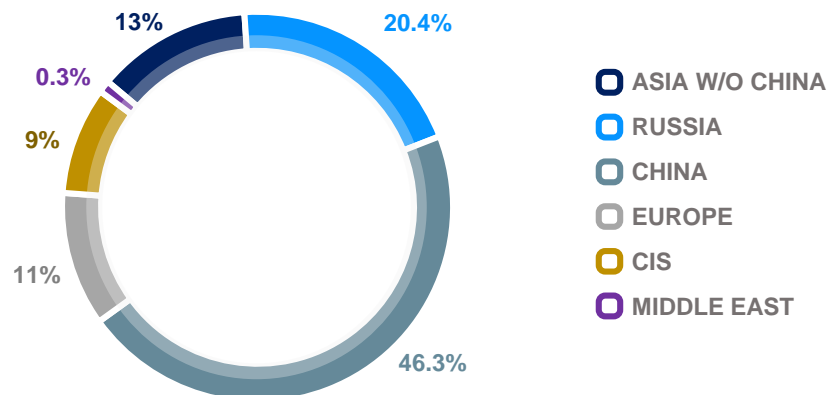
Cash costs, RUB/tonne

3Q'20 4Q'20 1Q'20 2Q'21 3Q'21

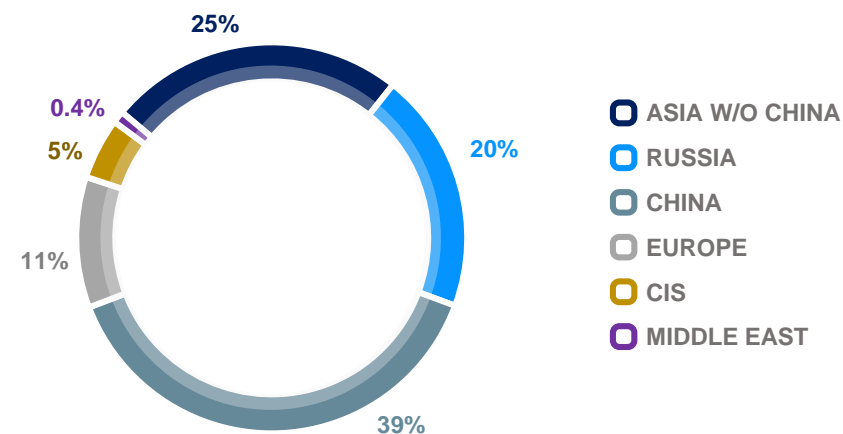




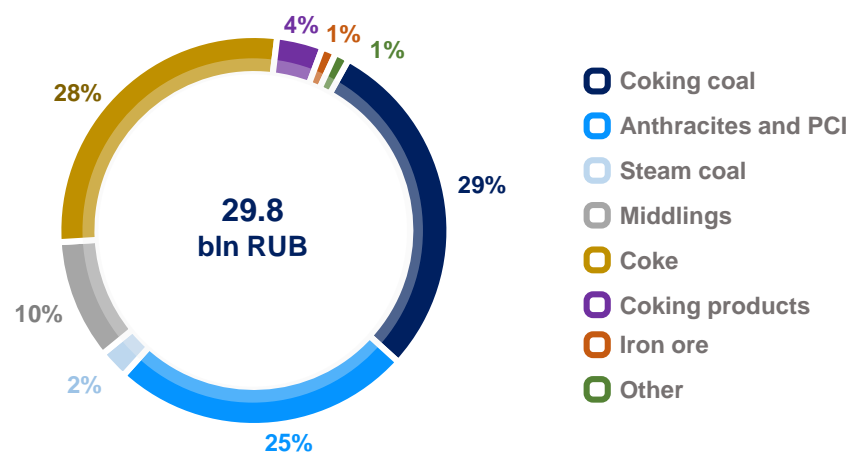
Revenue breakdown by regions 3Q'21



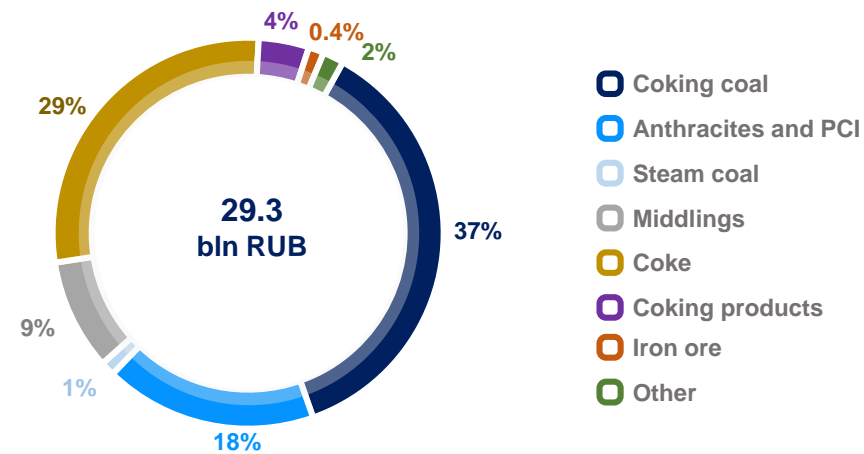
Revenue breakdown by regions 2Q'21



Revenue breakdown by products 3Q'21

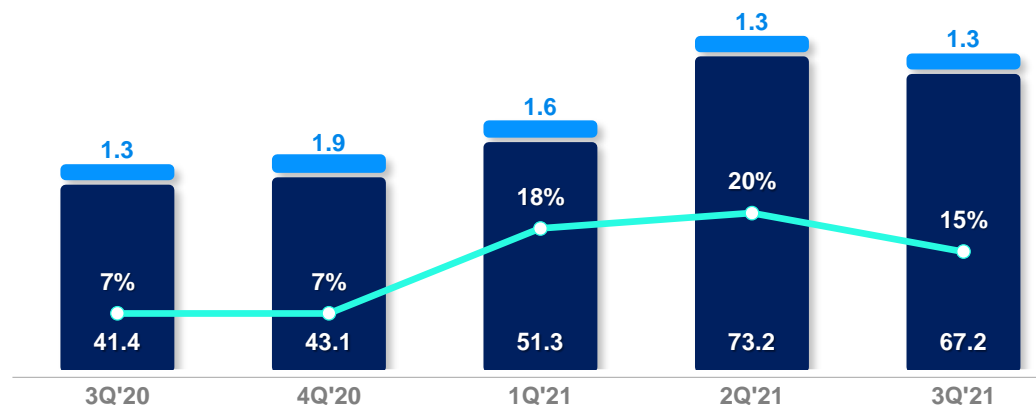


Revenue breakdown by products 2Q'21



Revenue, EBITDA margin (RUB Bln)

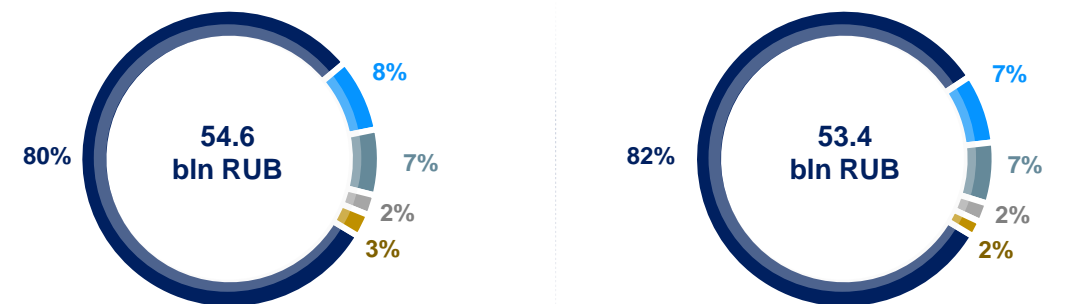
Revenue Inter-segment revenue EBITDA margin



COS structure

2Q'21

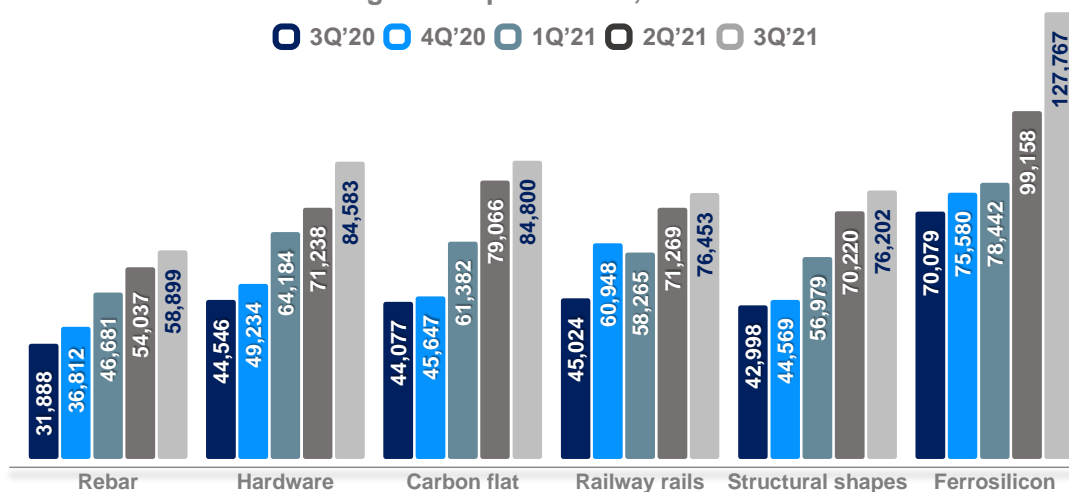
3Q'21



Raw materials and goods for resale Staff costs Energy Depreciation Other

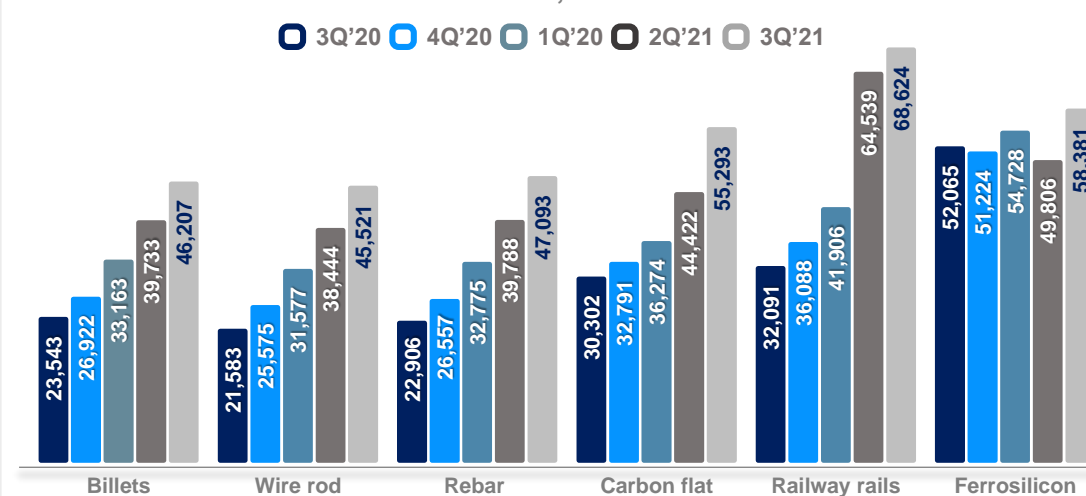
Average sales prices FCA, RUB/tonne

3Q'20 4Q'20 1Q'21 2Q'21 3Q'21

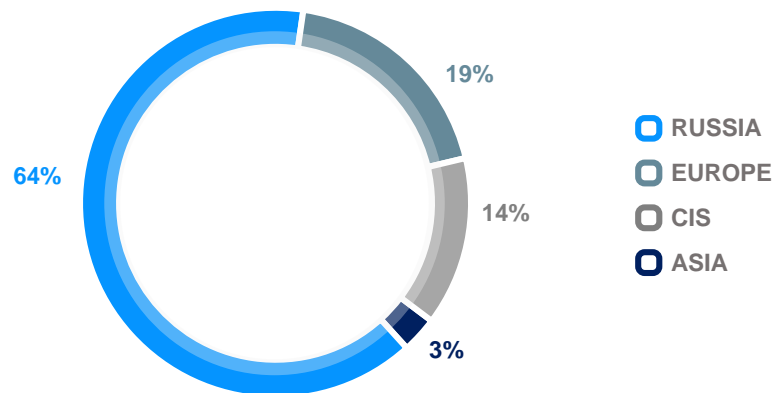


Cash costs, RUB/tonne

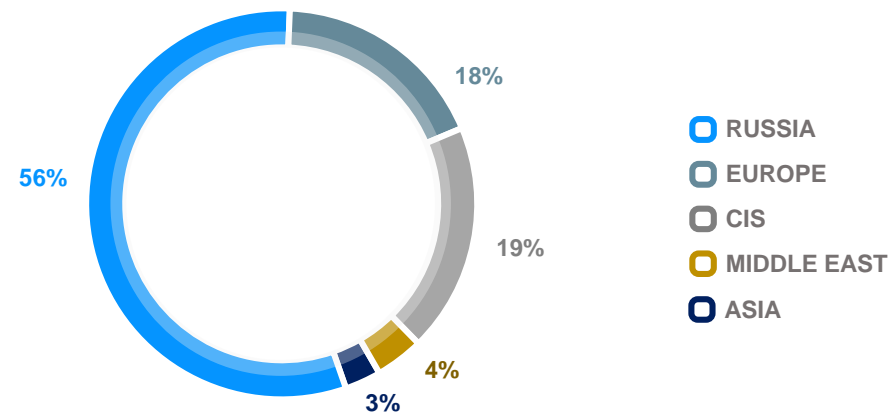
3Q'20 4Q'20 1Q'20 2Q'21 3Q'21



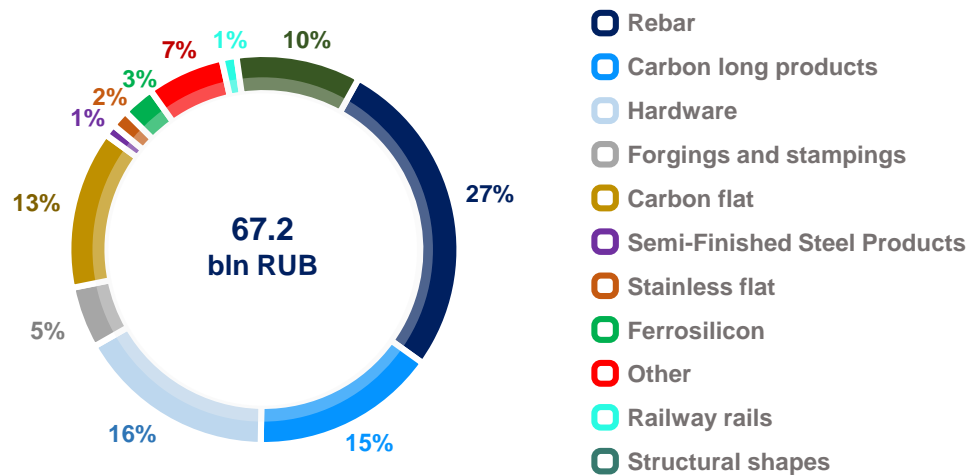
Revenue breakdown by regions 3Q'21



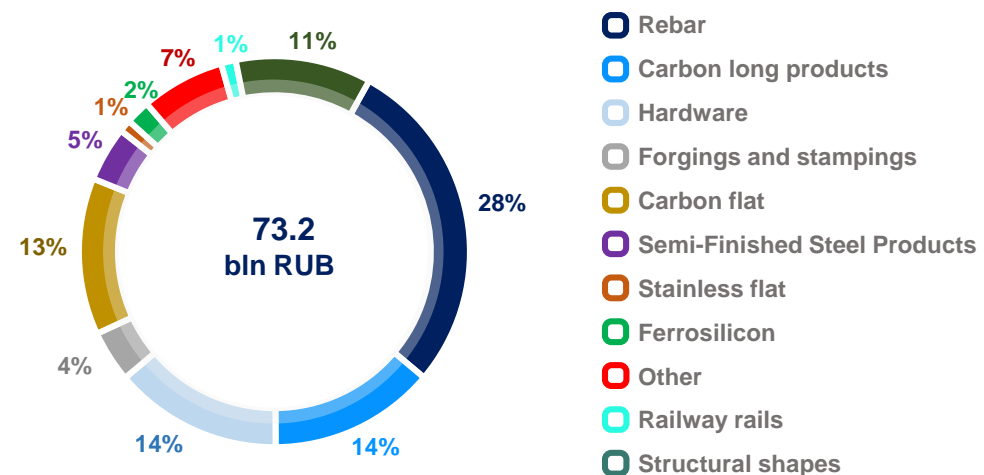
Revenue breakdown by regions 2Q'21



Revenue breakdown by products 3Q'21

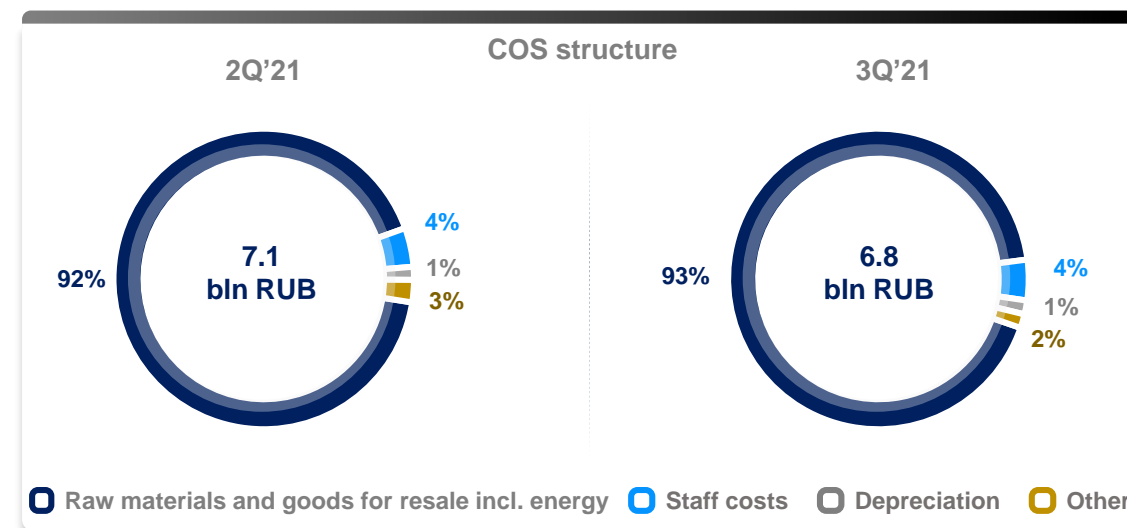
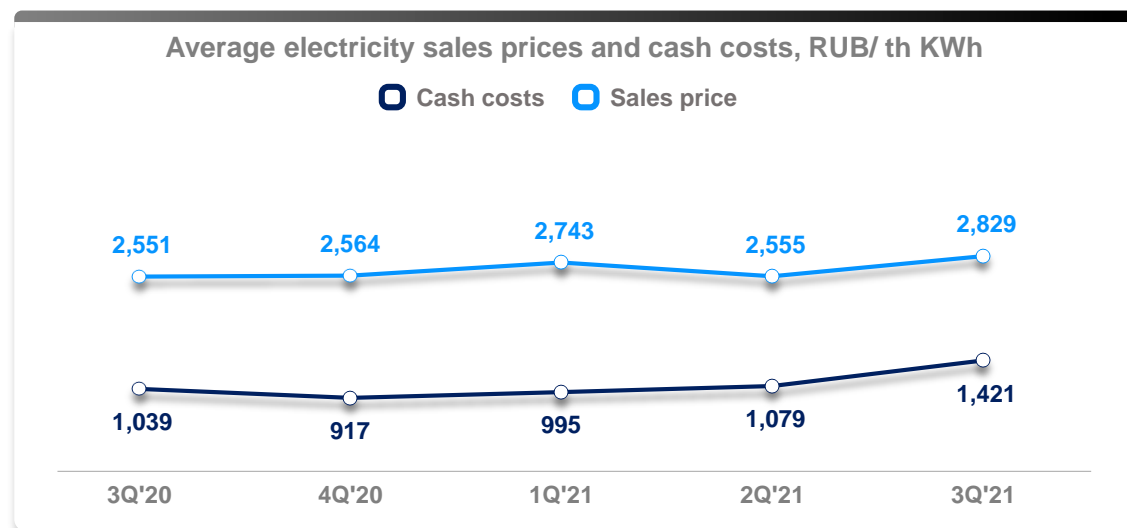
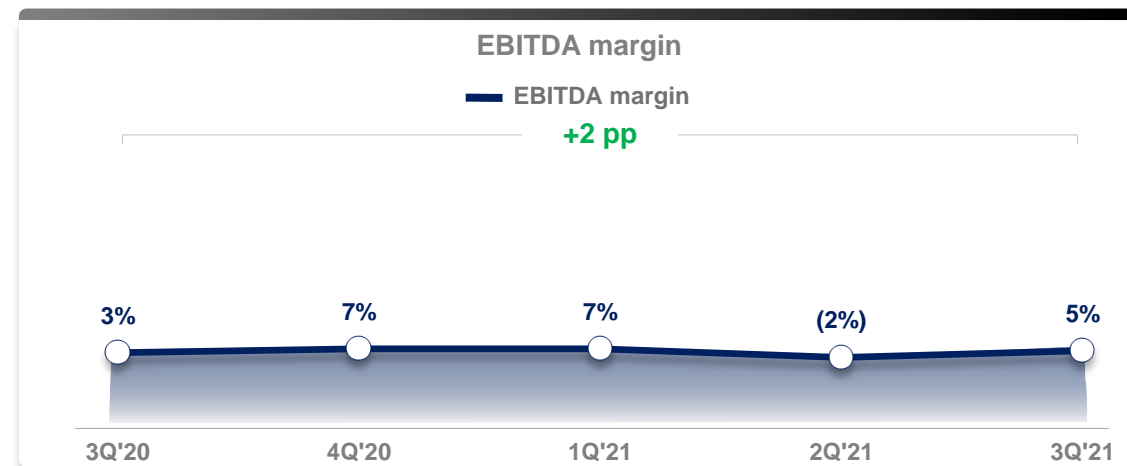
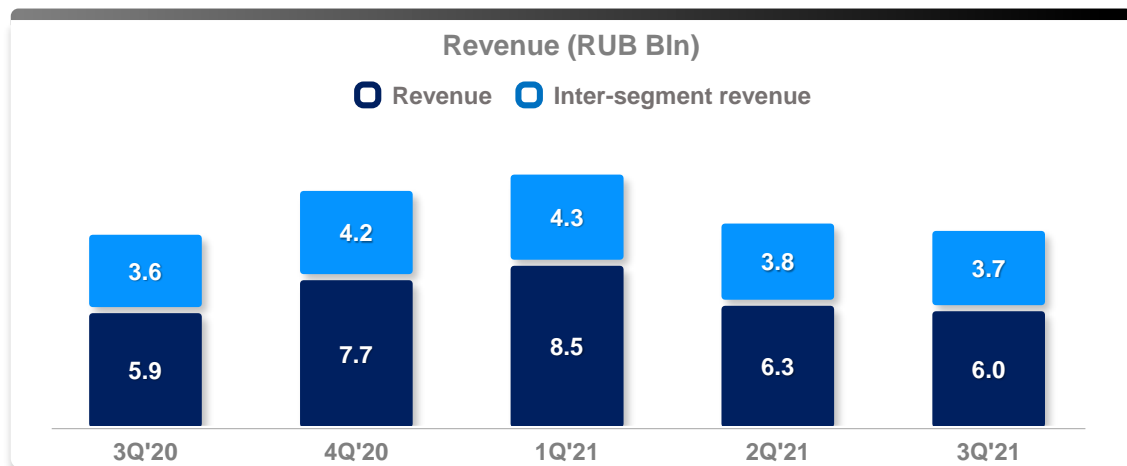


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# INVESTOR RELATIONS



+7-495-221-8888



[ir@mechel.com](mailto:ir@mechel.com)