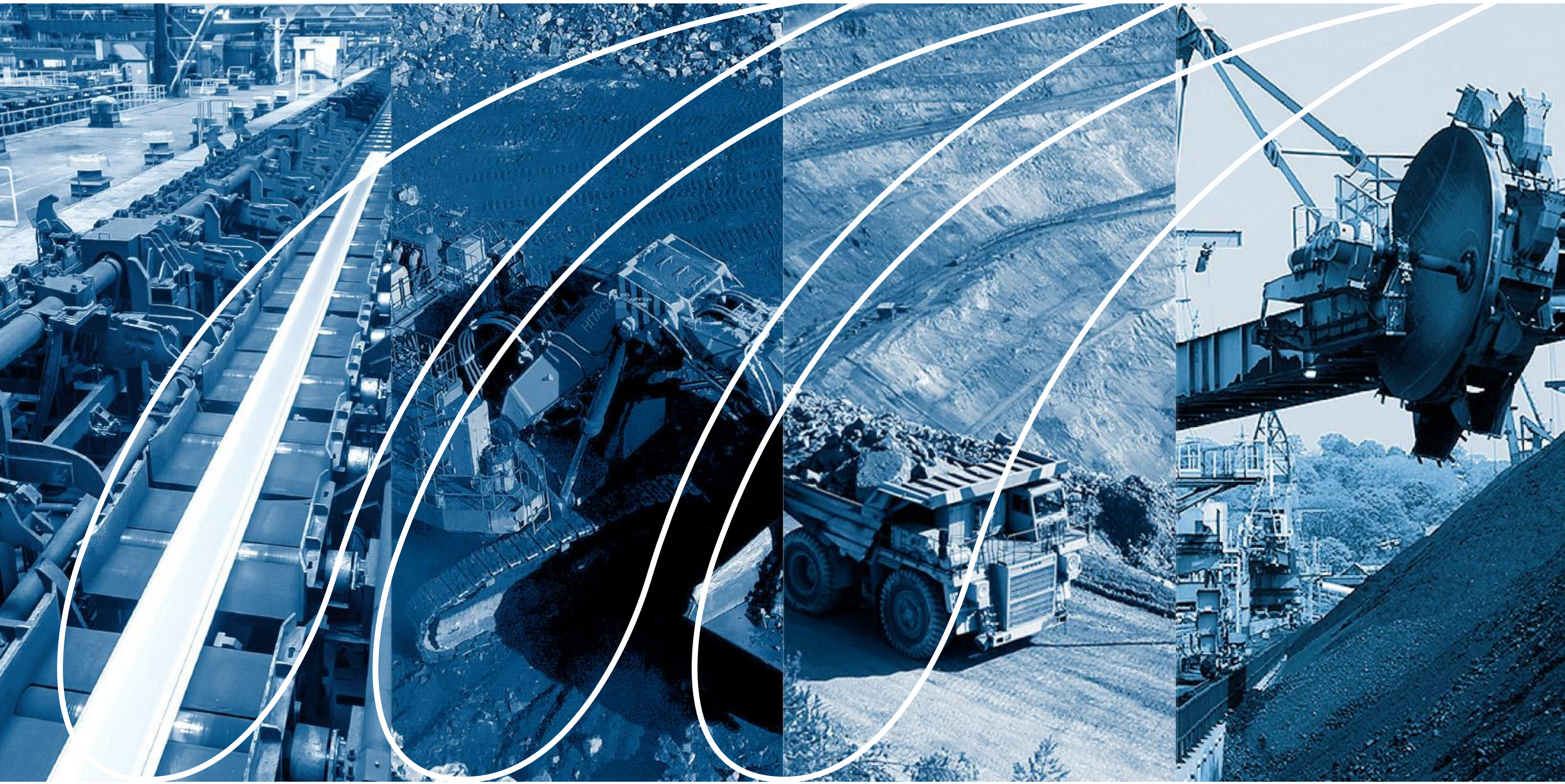
9M 2018 RESULTS PRESENTATION

November 27, 2018



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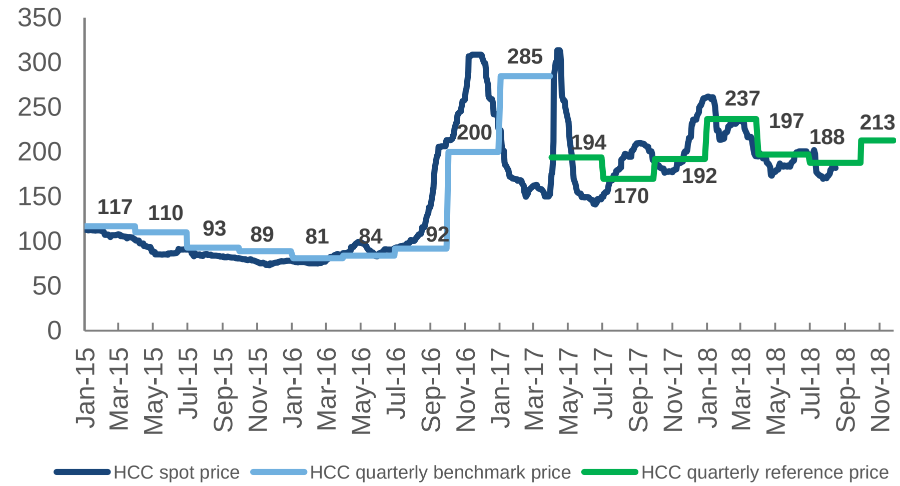
KEY FINANCIAL RESULTS

Nelli R. Galeeva – Chief Financial Officer

Key market drivers

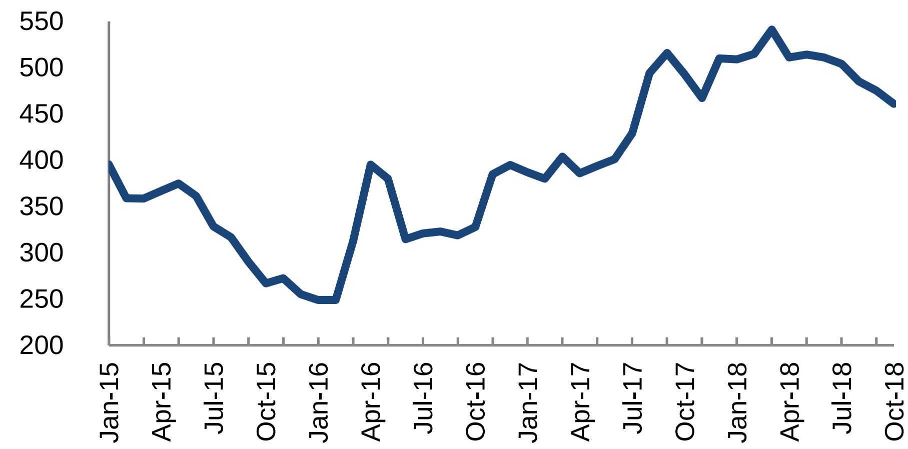
- Escalation of the trade conflict between the USA and China, the drop in Yuan exchange rate and introduction of limitations against coal imports in Chinese ports led to a correction in international market spot prices for coking coal early in the third quarter to $172 per tonne FOB Australia. Later the Chinese government announced an expansion in investment into the country's railroad infrastructure, which spiked Chinese steel production to record highs and prompted an increase in coking coal consumption. In India steel production levels have also been high. As a result, increased global demand for coking coal coincided with logistical difficulties with coal shipments from major coal exporting states, and by the quarter's end, spot prices once again topped $200 per tonne.
- At the Russian coal market in 3Q 2018 new coking coal supply contracts were signed at levels similar to the previous quarter.
- As a result of international coal market volatility and further Ruble depreciation, average Ruble-nominated sales prices in 3Q 2018 were 5% higher than in 2Q 2018.
- 4Q 2018 started with further increase of seaborne coal prices to $223 FOB Australia after production at North Goonyella Mine was stopped as a result of fire. On top of that there are still limitations on deliveries from Australia, Tropical Storm Florence in the USA caused delays at major coal terminals operations, while demand for coal from China and India remains strong.
- In 3Q 2018 average level of price for Fe 62% iron ore remained unchanged compared to 2Q 2018 at a level of $66 $/dmt CFR China.
- In 3Q 2018 average billet FOB prices declined by 5% as amid Turkish market weakness the center of billet consumption moved from MENA region to South-East Asia that implies higher freight rates.
- Rebar prices on the local Russian market in 3Q 2018 demonstrated moderate growth and resulted in 7% average price increase. In 4Q 2018 we see mostly downtrend but market activity is quite stable and by the end of quarter trend reversal can be expected on restocking.

HCC prices FOB Australia, US$/t



Source: Bloomberg

Billet FOB Black Sea, US$/t



Source: Metal Courier

3Q 2018 Financial results summary

- Consolidated Revenue in 3Q 2018 amounted to 80.0 bln RUB, decreasing by 3% compared to 2Q 2018, on lower revenue in Mining, Steel and Power segments as a result of weaker sales volumes.
- 3Q 2018 EBITDA* came down by 17% compared to 2Q 2018 and amounted to 19.2 bln RUB with EBITDA margin decreasing to 24% which was a result of higher costs.
- Group generated Profit attributable to equity shareholders of Mechel PAO of 6.3 bln RUB in 3Q 2018.

RUB mln	9M18	9M17	%	3Q18	2Q18	%
Revenue	237,003	222,797	6%	79,965	82,186	-3%
Operating profit	47,802	46,415	3%	15,161	19,258	-21%
EBITDA*	60,646	59,148	3%	19,206	23,004	-17%
EBITDA margin, %	26%	27%		24%	28%	
Profit attributable to equity shareholders of Mechel PAO	10,997	11,114	-1%	6,304	1,400	

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

3Q 2018 Production and sales summary

- In 3Q 2018 coal mining volumes remained on a stable level and added 1% compared to 2Q 2018. Iron ore mining demonstrates consistent growth and increased by 13% Q-o-Q.
- Stripping works significantly increased on all our mining assets in 3Q 2018. Yakutugol added 29%, Elga – 13%, Southern Kuzbass - 30%, Korshunov mining plant – 33%.
- Production of pig iron and steel descended by 6% and 7% respectively Q-o-Q due to the scheduled repair works at Chelyabinsk Metallurgical Plant's facilities. Repairs will increase stability and environmental friendliness of our steel production hereafter.

Production (th tonnes)

Product	9M18	9M17	%	3Q18	2Q18	%
Run-of-mine Coal	14,472	15,694	-8	4,781	4,726	1
Pig Iron	2,817	3,048	-8	889	943	-6
Steel	2,976	3,217	-7	925	995	-7

- Coking coal sales in 3Q 2018 declined by 2% as a consequence of railway cars deficit we faced in the reporting period.
- Steam coal sales decreased in 3Q 2018 by 8% on lower steam coal mining volumes at Southern Kuzbass due to face transfer at Olzherasskaya Novaya Underground mine.
- Lower steel production negatively influenced flat and long steel sales.

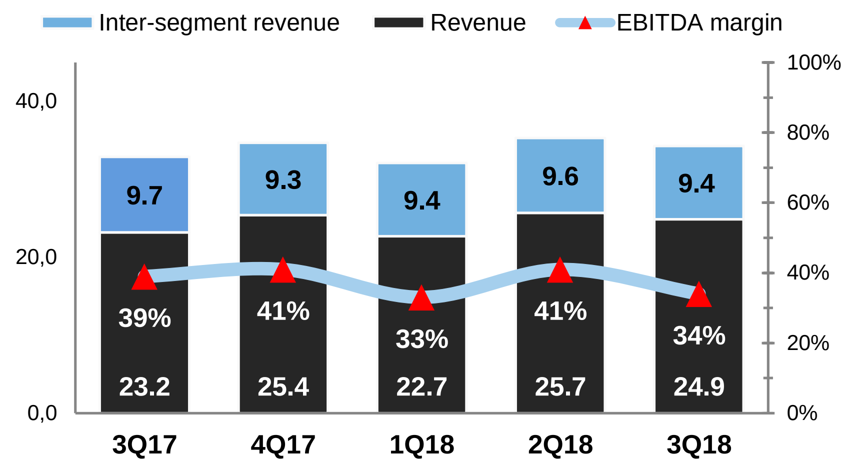
Sales (th tonnes)

Product	9M18	9M17	%	3Q18	2Q18	%
Coking Coal	5,401	5,970	-10	1,881	1,911	-2
Steam Coal	4,319	4,642	-7	1,298	1,411	-8
Flat Products	390	453	-14	119	133	-10
Long Products	2,110	2,214	-5	699	724	-3

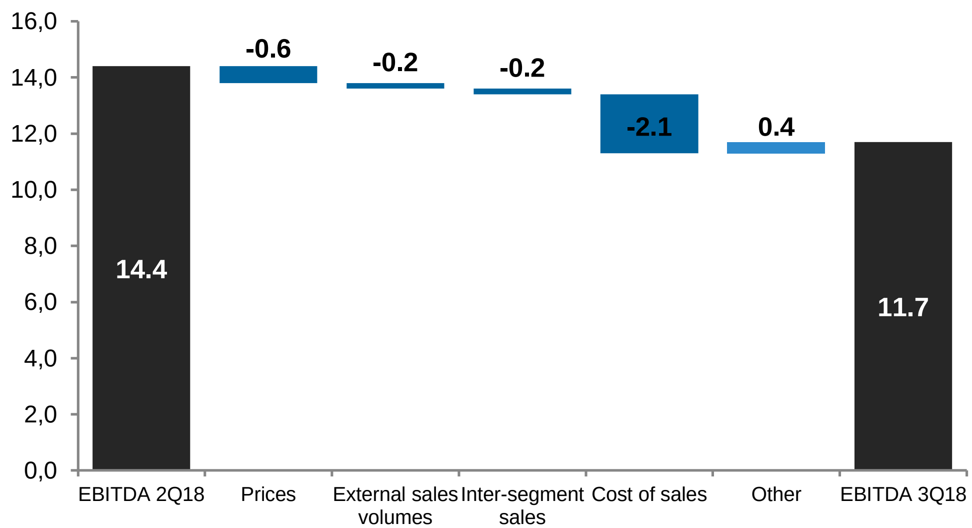
Mining segment

- Share of Mining segment sales to China decreased from 28% in 2Q 2018 to 23% in 3Q 2018 as a result of lower steam coal sales on lower steam coal production and partial redirection of volumes from export to domestic market, increasing share of Russia from 18% to 19% Q-o-Q. Share of other Asian countries increased from 37% to 39% Q-o-Q as in 3Q 2018 we resumed our sales to India and started sales to Indonesia.
- Lower coal sales volumes together with price volatility on seaborne market negatively influenced both Revenue and EBITDA.
- Stripping works growth resulted in costs increase which was the main factor of Mining segment EBITDA decline Q-o-Q by 19%.
- Mining EBITDA margin decreased to 34% in 3Q 2018.

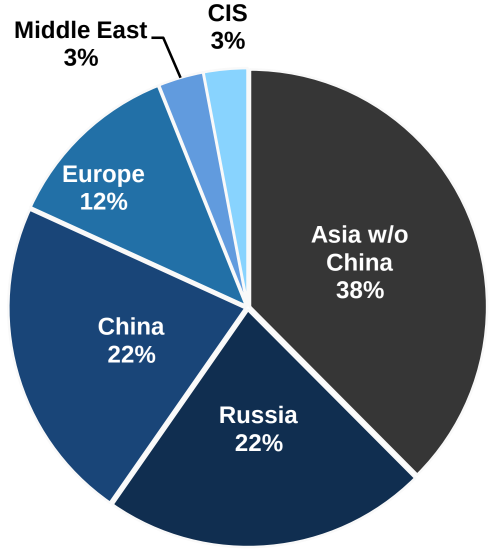
Revenue, EBITDA margin, RUB Bln



EBITDA, RUB Bln



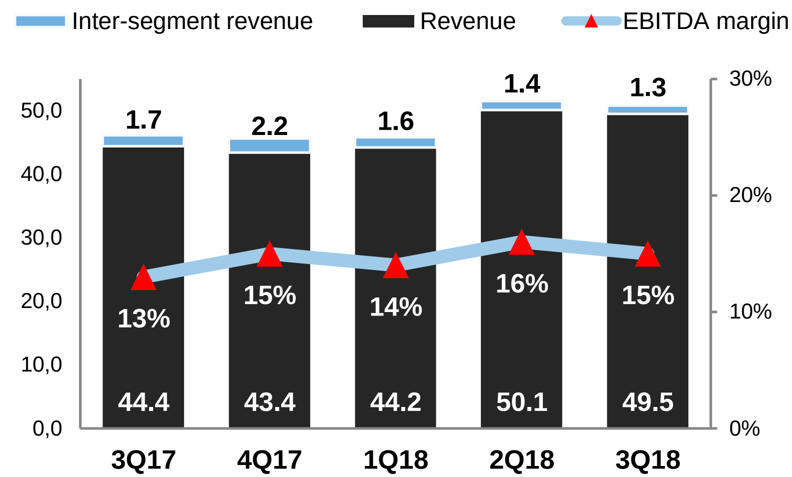
Revenue breakdown by regions (9M 2018)



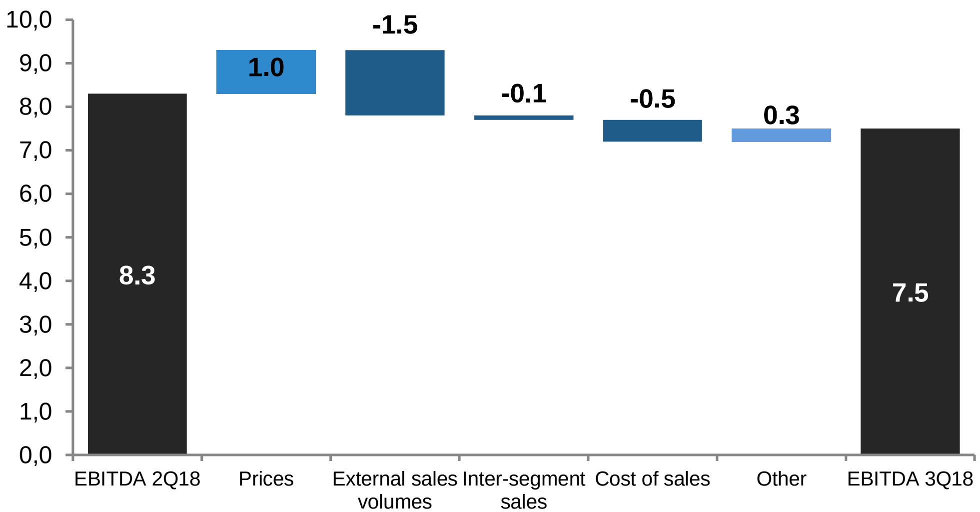
Steel segment

- In 3Q 2018 segment sales volumes decreased as a result of lower steel production. Revenue remained on stable level.
- Lower third-party sales volumes and higher costs were major factors of Steel segment EBITDA decrease by 10% Q-o-Q.
- Segment`s EBITDA margin despite decline from 16% to 15% Q-o-Q remains at one of the highest levels since beginning of 2017.

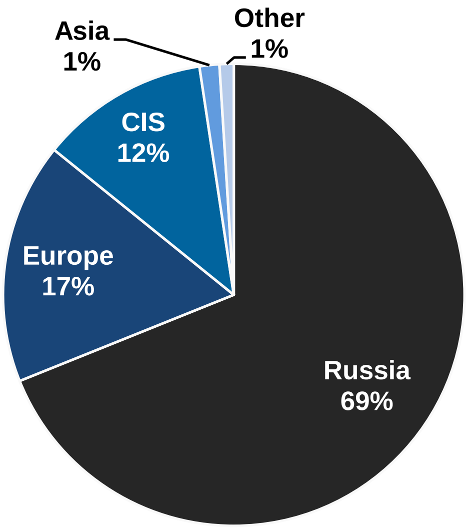
Revenue, EBITDA margin, RUB Bln



EBITDA, RUB Bln

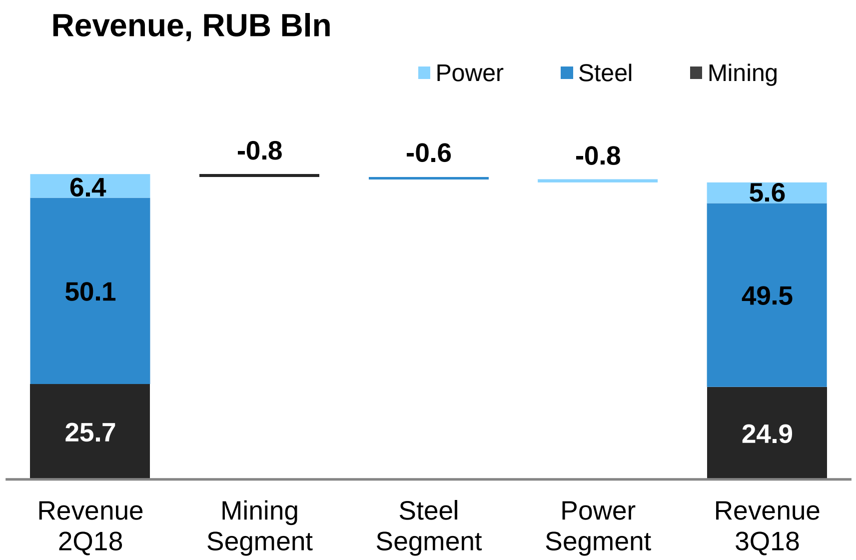


Revenue breakdown by regions (9M 2018)

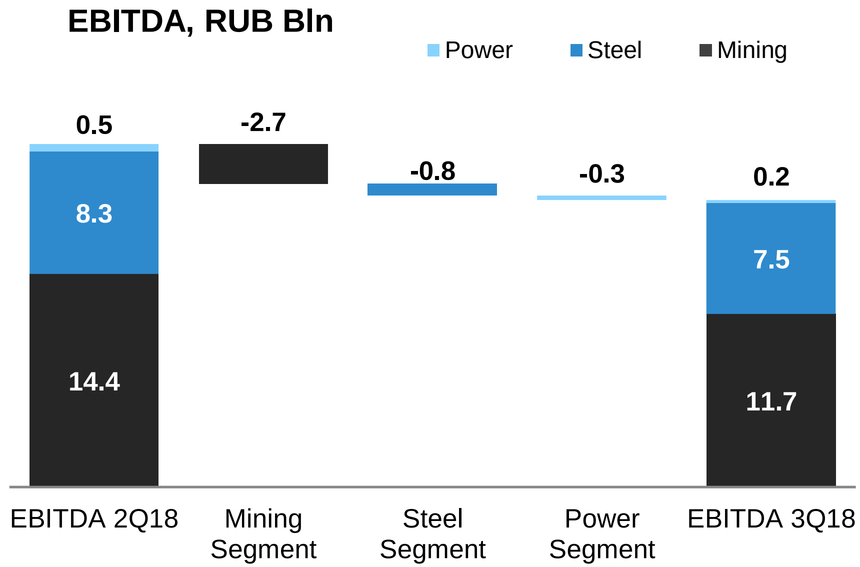


Consolidated revenue and EBITDA dynamics

- Mining segment Revenue to 3rd parties in 3Q 2018 decreased by 3%, compared to 2Q 2018, on lower coal sales volumes.
- Steel segment Revenue remained almost unchanged with 1% decrease in 3Q 2018. Overall lower long and flat steel sales were partly offset by higher rails and stainless flat products sales. Favorable market conditions also supported Revenue.
- Power segment Revenue to 3rd parties decreased by 12% as expected since heat and electricity generation and sales had gone down with the closure of the heating season and beginning of repairs.



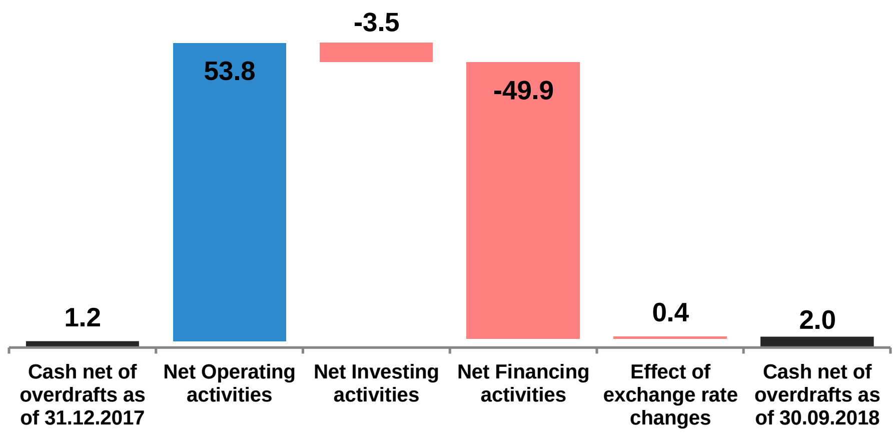
- Mining segment EBITDA decreased by 19% in 3Q 2018 compared to 2Q 2018 and amounted to 11.7 bln RUB.
- Steel segment EBITDA lost 10% on lower sales volumes and higher costs and amounted to 7.5 bln RUB.
- Power segment EBITDA seasonally decreased by 61% Q-o-Q and amounted to 0.2 bln RUB.



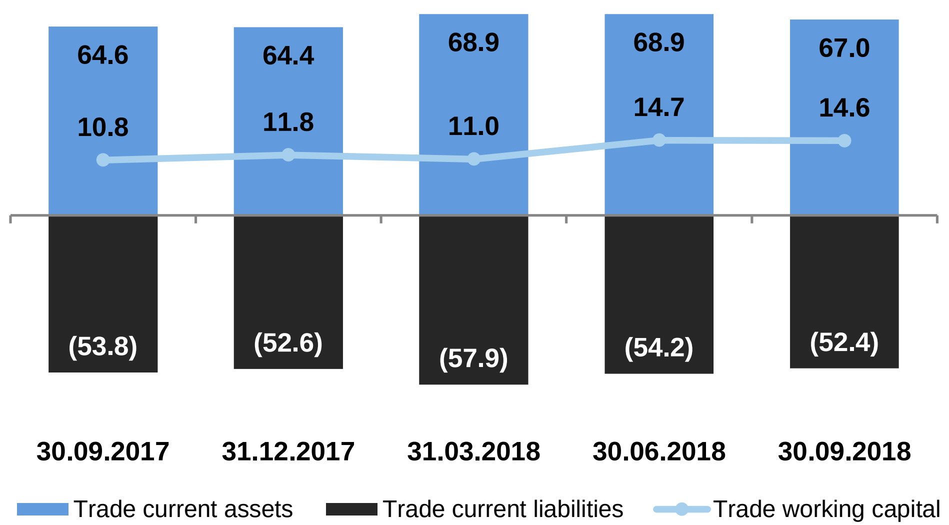
Cash flow & trade working capital

- Cash flow from operations completely covers Group's current expenses, including debt service and lease payments.
- In 2Q and 3Q 2018 our trade working capital remained on a stable level of 14.6 bln RUB.
- Group's capital expenditures in 3Q 2018 amounted to 2.0 bln RUB, including 0.7 bln RUB of lease payment.

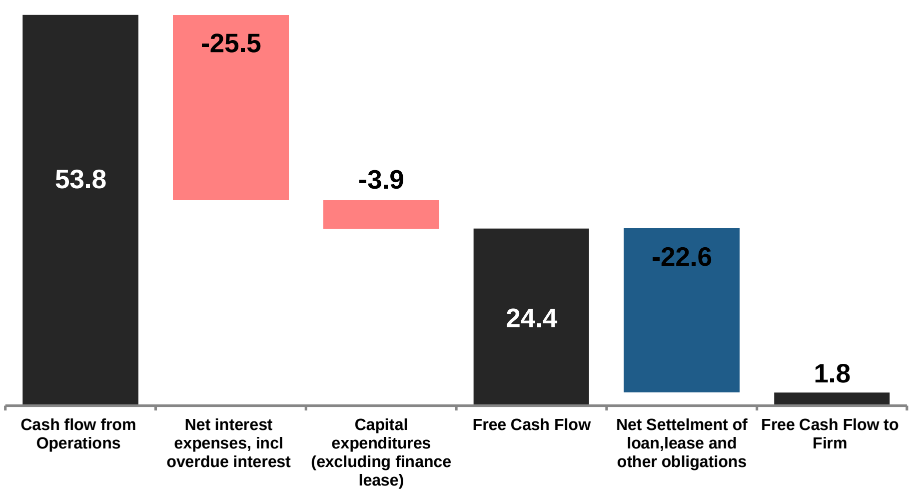
CASH FLOW, RUB Bln



Trade working capital management, RUB Bln



FREE CASH FLOW for 9M 2018, RUB Bln



Key projects results

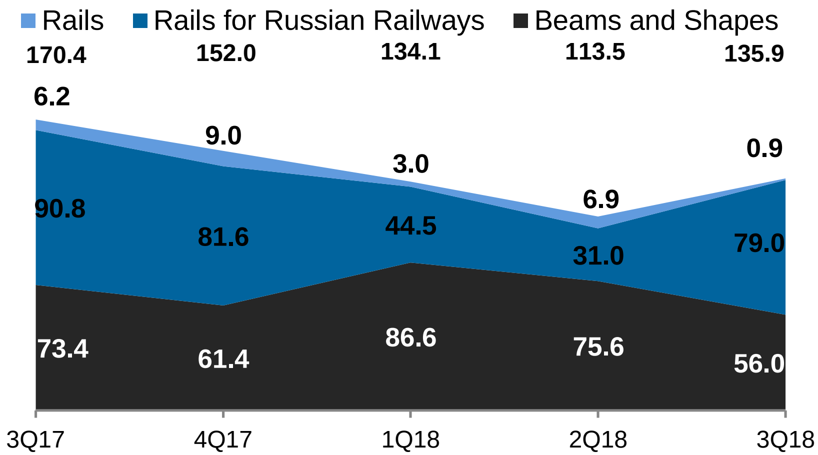
Universal rolling mill at Chelyabinsk metallurgical plant

- Rails production rebounded in 3Q 2018 after decline in the first half of 2018. It resulted in overall rolling mill production volumes growth by 27% Q-o-Q.
- In 3Q 2018 we produced 147 th tonnes of rails and it is almost equal to production volumes for the first six months of 2018.
- We continue developing and producing new types of rails at Universal rolling mill. We started production of Z-profile and switch point rails. In 3Q 2018 we completed certification of rails for high-speed railroads with speed up to 250 km/h.
- In the near term we plan to start mastering new rail types for railroads with speed up to 400 km/h.

Universal rolling mill production (th tonnes)

Product	9M18	9M17	%	3Q18	2Q18	%
Rails, beams and shapes	403	484	-17	147	115	27

Universal rolling mill Production in 3Q 2017– 3Q 2018 (th tonnes)



Elga coal project development

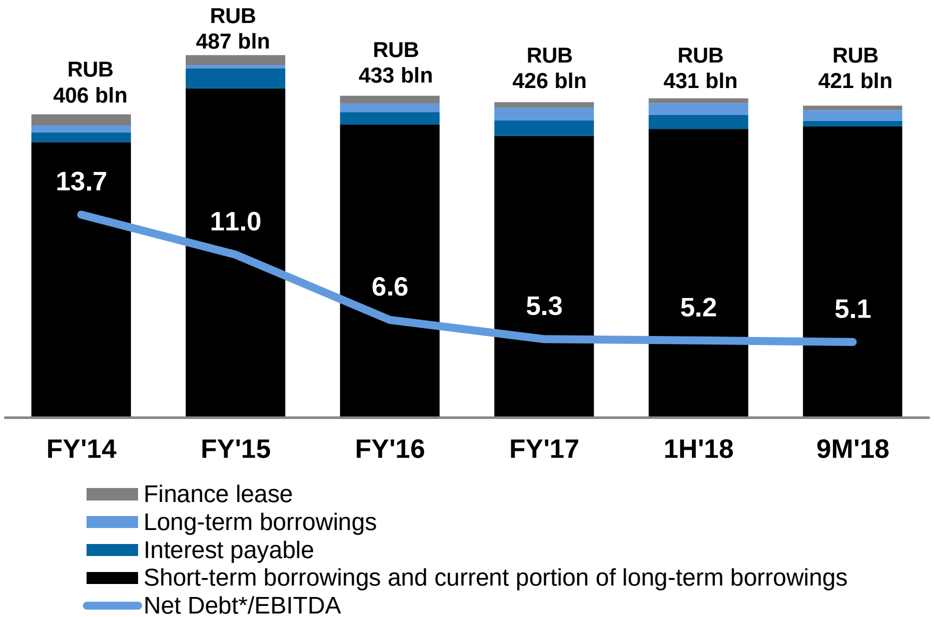
- Production in 2018 is expected to reach 5.3 mln tonnes of coal.
- Mining volumes at Elga in 3Q 2018 increased by 1% compared to 2Q 2018. Mining volumes in 9M 2018 jumped up by 28% compares to 9M 2017.
- In 9M 2018 share of coking coal in total mining volumes amounted to 72%.

Elga Coal Complex (th tonnes)

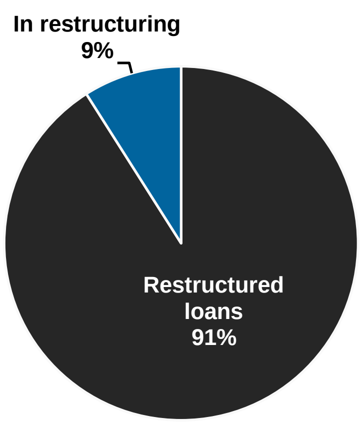
Product	9M18	9M17	%	3Q18	2Q18	%
Run-of-mine coal	3,899	3,049	28	1,359	1,343	1

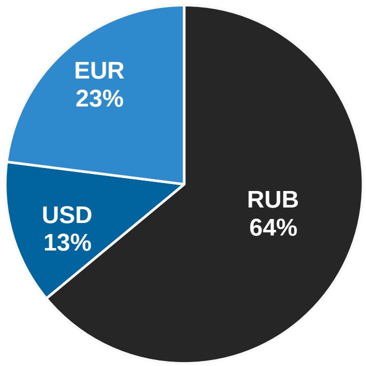
Debt structure & net debt / EBITDA ratio dynamics

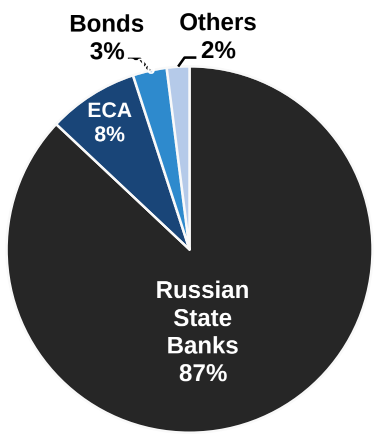
- As of the date of financial release – portion of restructured debt reached 91%; ruble portion of debt amounts to 64%; and Russian state banks hold 87% of our debt portfolio.
- Net leverage decreased to a level of 5.1 on lower debt.
- Average interest rate through the debt portfolio as of November 2018 is 8.0% per annum; average paid interest rate amounts to 7.8% per annum.
- In 3Q 2018 Group repaid 5.5 bln RUB of debt.



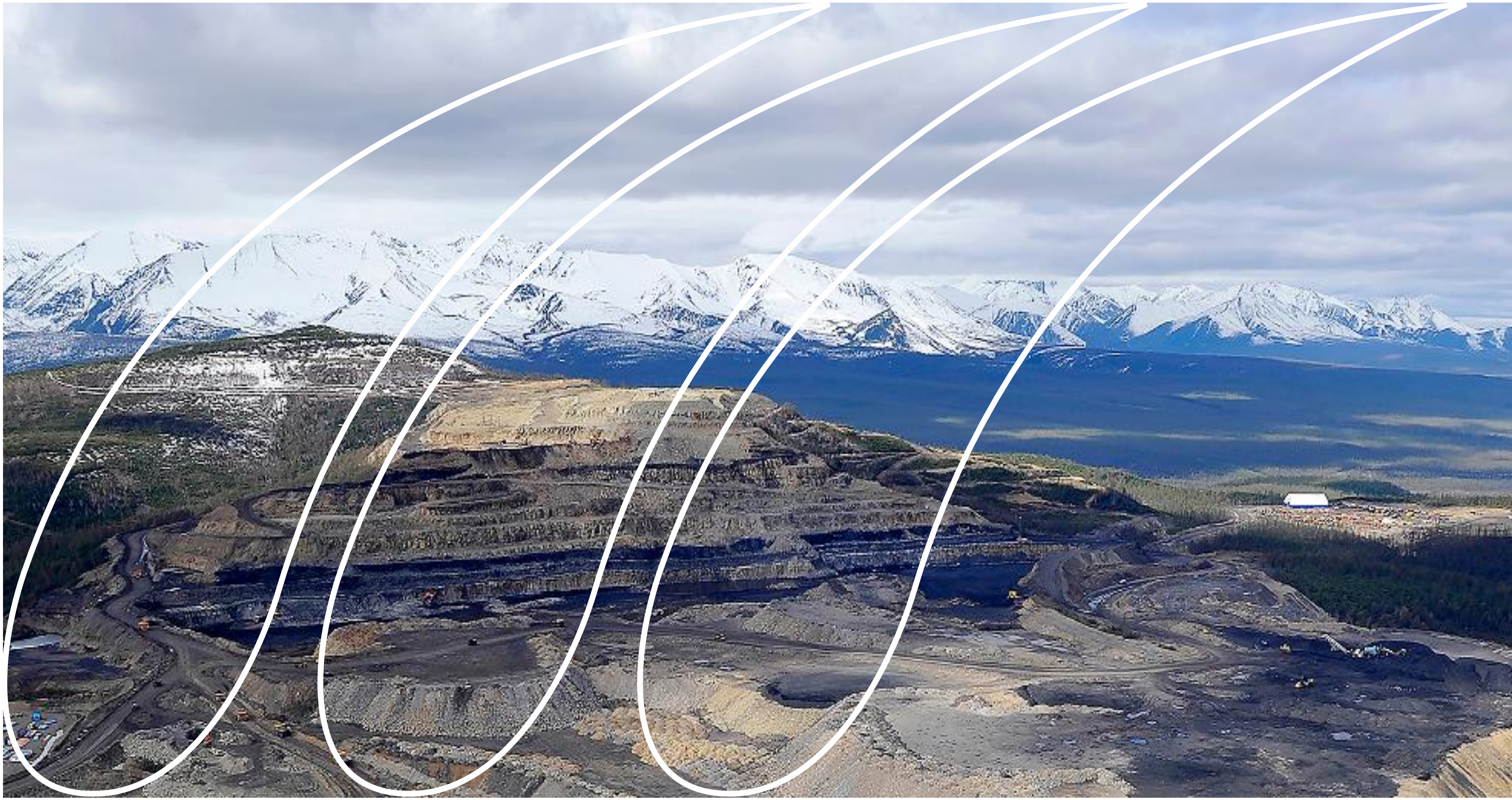
***excluding GPB option on Elga, fines and penalties**





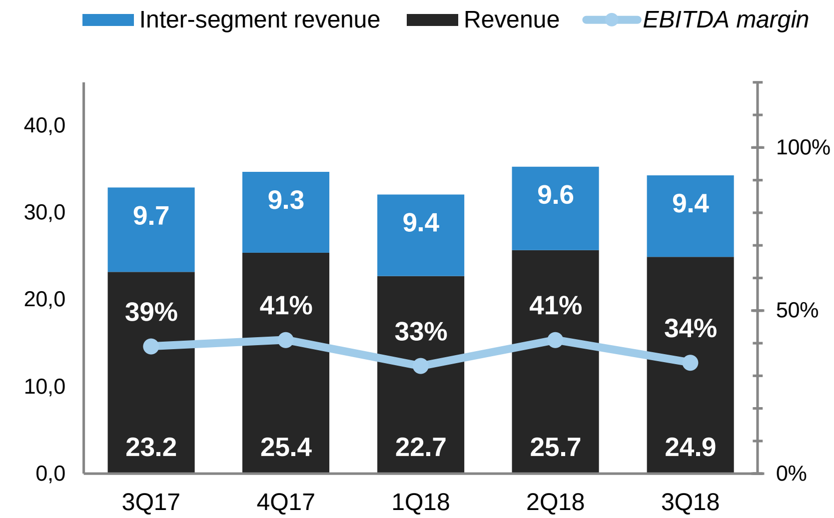


APPENDIX

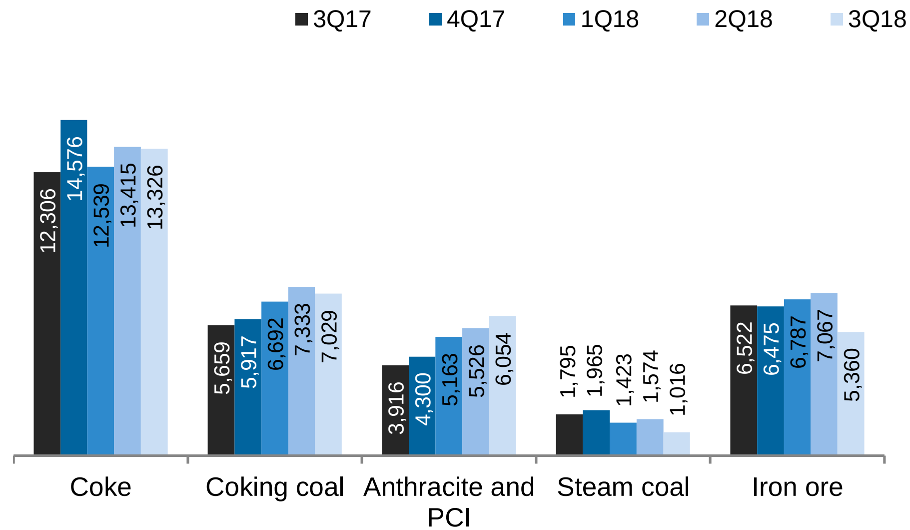


Mining segment

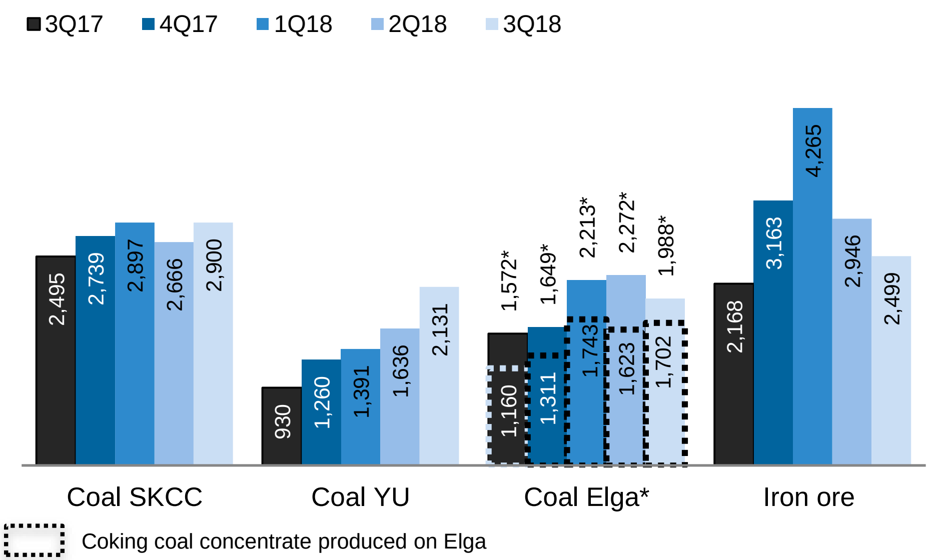
Revenue, EBITDA margin, RUB Bln



Average sales prices FCA, RUB/tonne

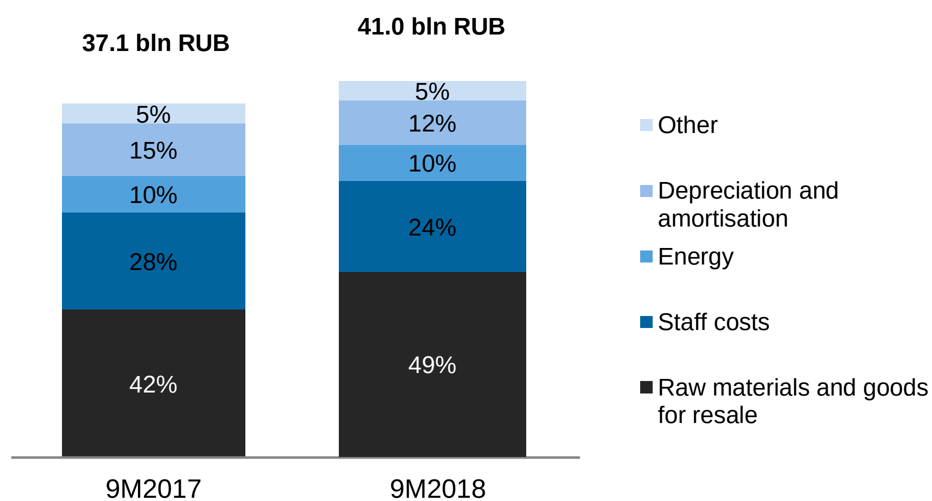


Cash costs, RUB/tonne



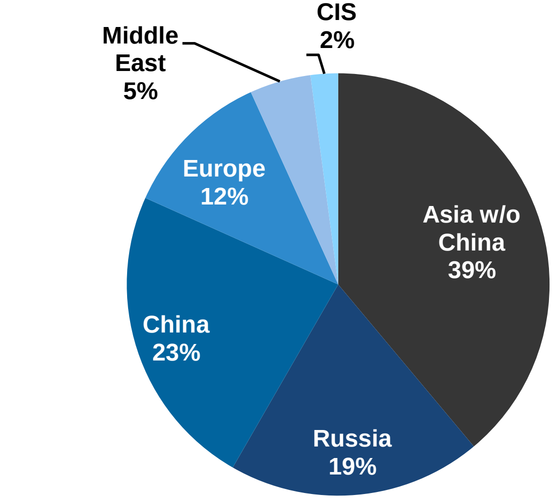
* Coking coal concentrate produced on Elga and Southern Kuzbass Coal Company washing facilities

COS structure

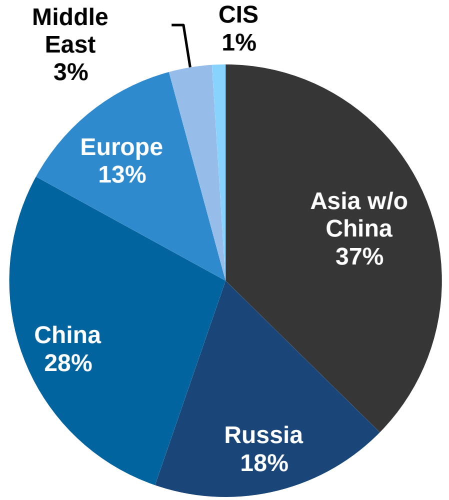


Mining segment

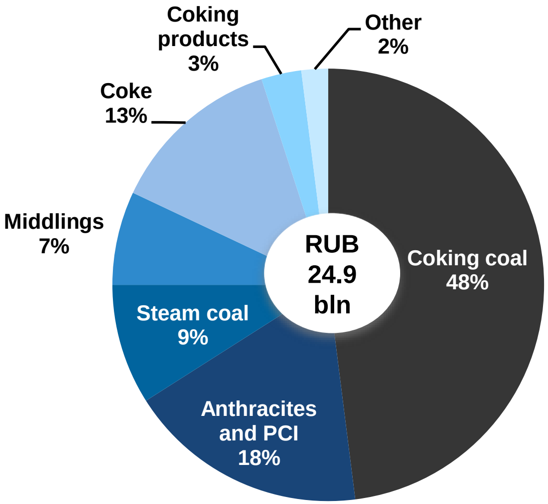
Revenue breakdown by regions 3Q 2018



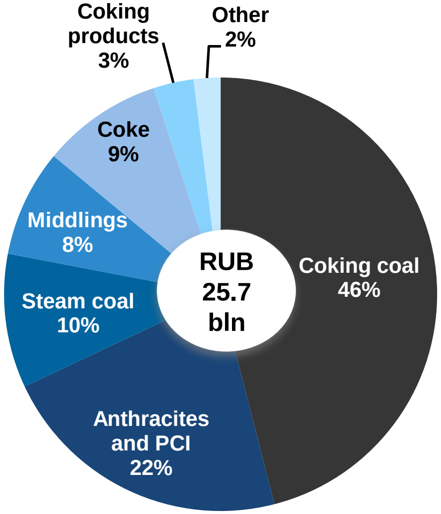
Revenue breakdown by regions 2Q 2018



Revenue breakdown by products 3Q 2018

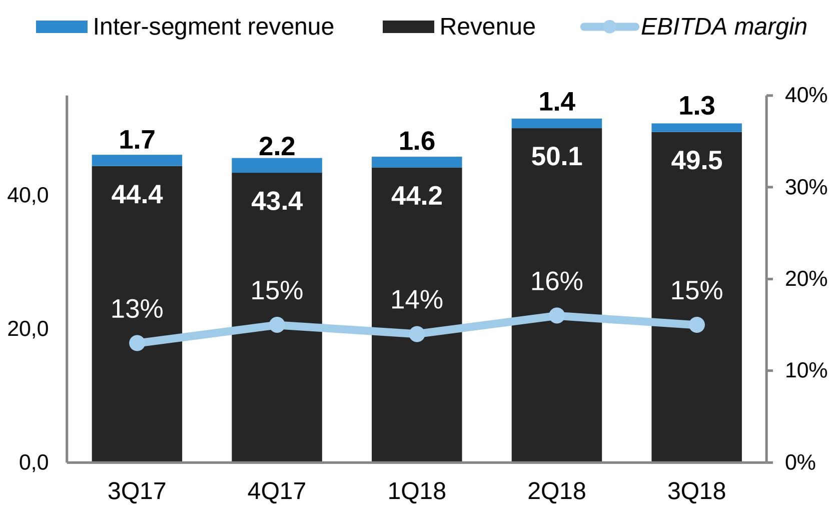


Revenue breakdown by products 2Q 2018

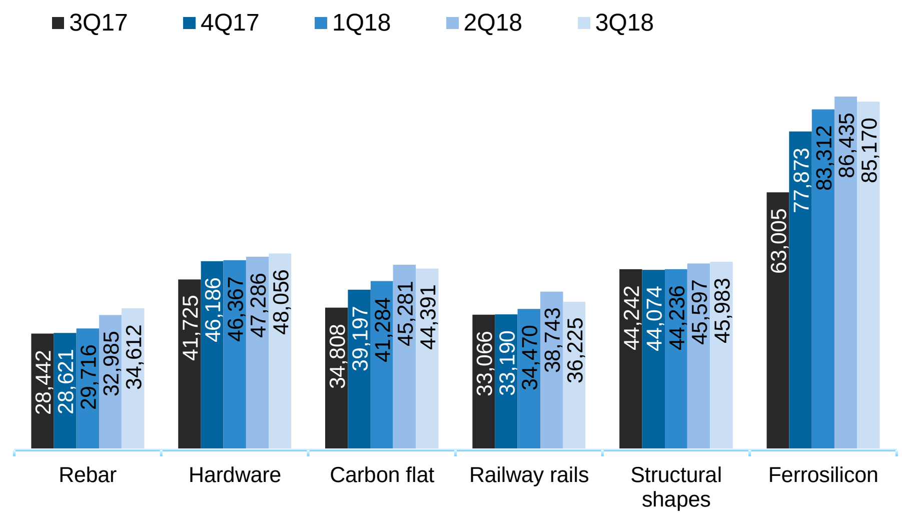


Steel segment

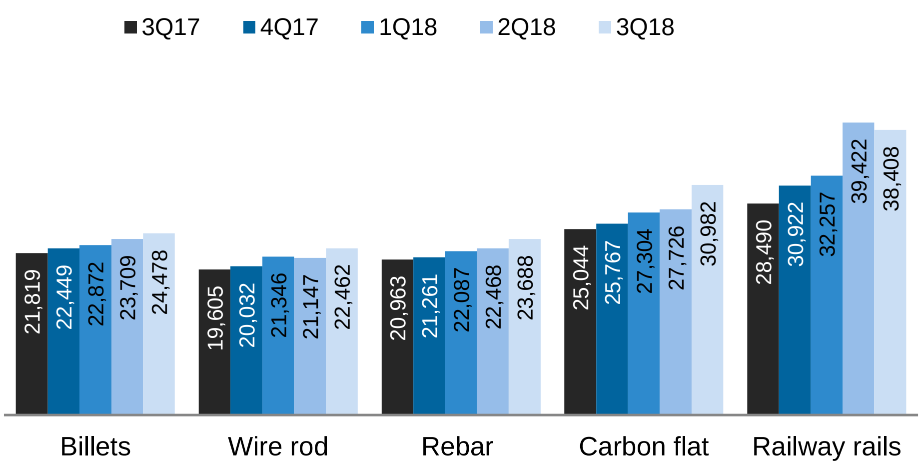
Revenue, EBITDA margin, RUB Bln



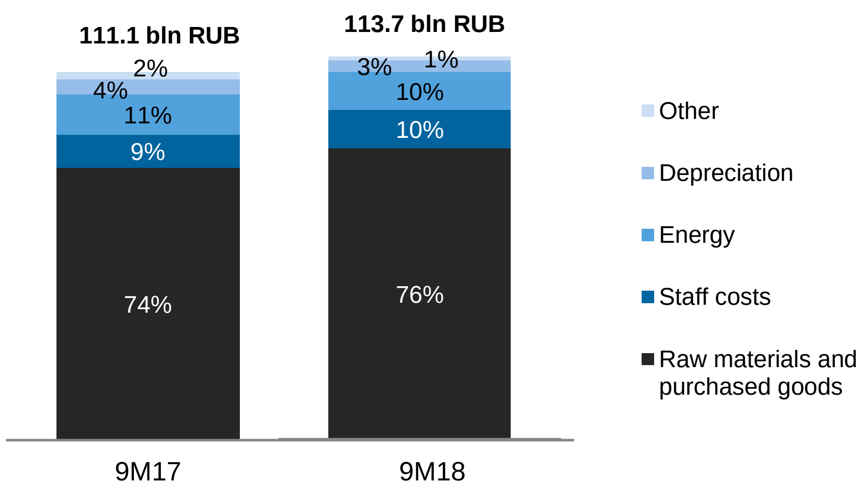
Average sales prices FCA, RUB/tonne



Cash costs, RUB/tonne

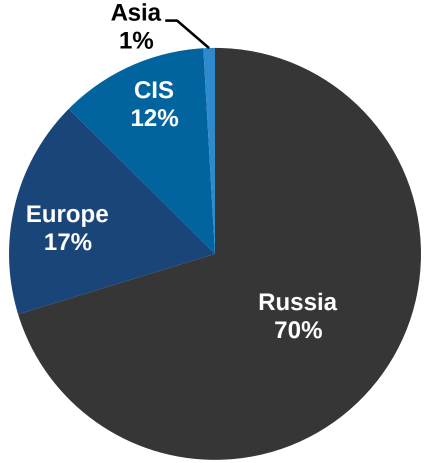


COS structure

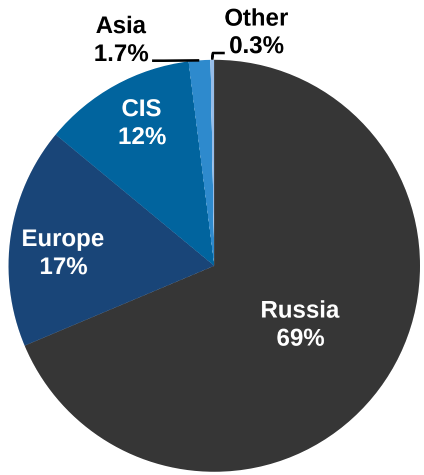


Steel segment

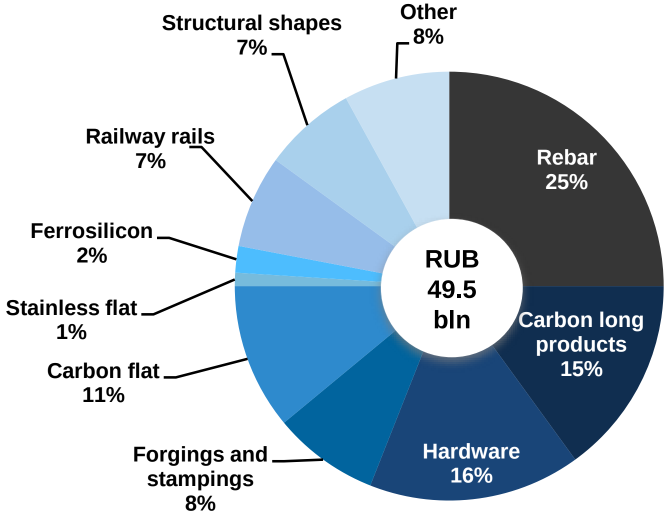
Revenue breakdown by regions
3Q 2018



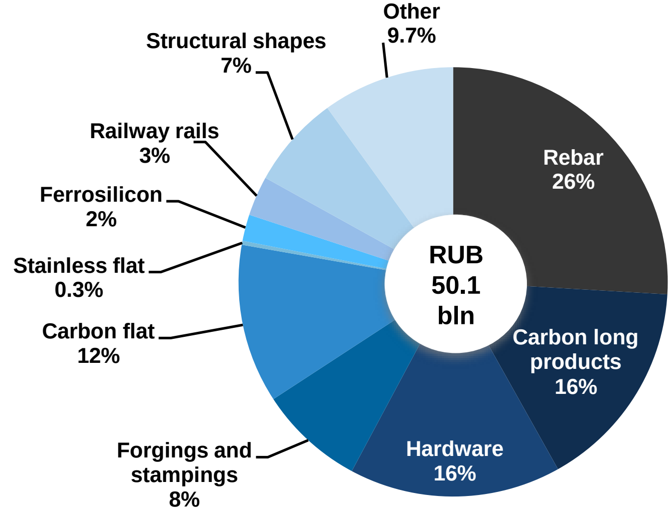
Revenue breakdown by regions
2Q 2018



Revenue breakdown by products
3Q 2018



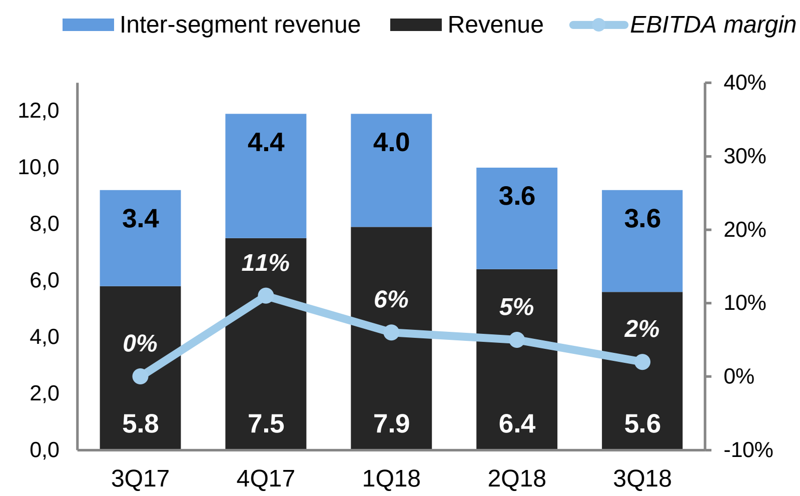
Revenue breakdown by products
2Q 2018



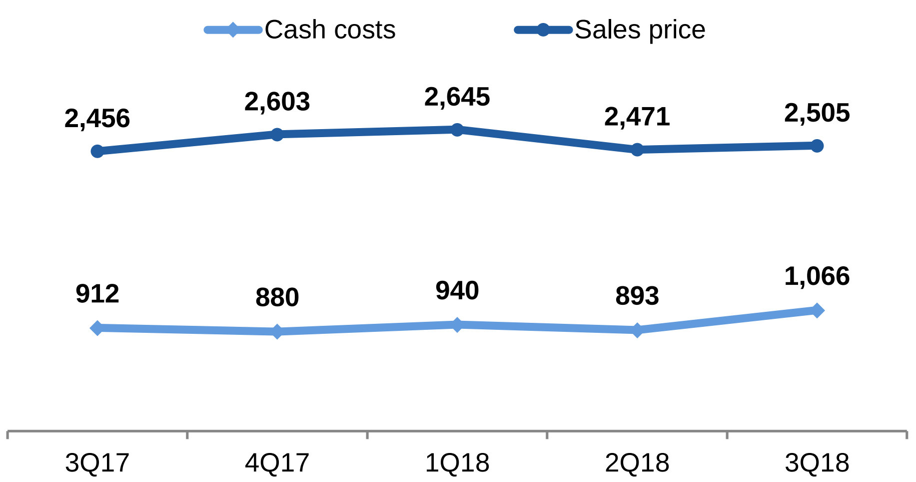
Power segment

- 9M 2018 Revenue and EBITDA demonstrated growth by 6% and 40% respectively Y-o-Y on higher sales prices and lower costs.
- 3Q 2018 Revenue decreased by 12% and EBITDA went down by 61% compared to 2Q 2018 due to heating season end and traditional period of maintenance works at equipment.

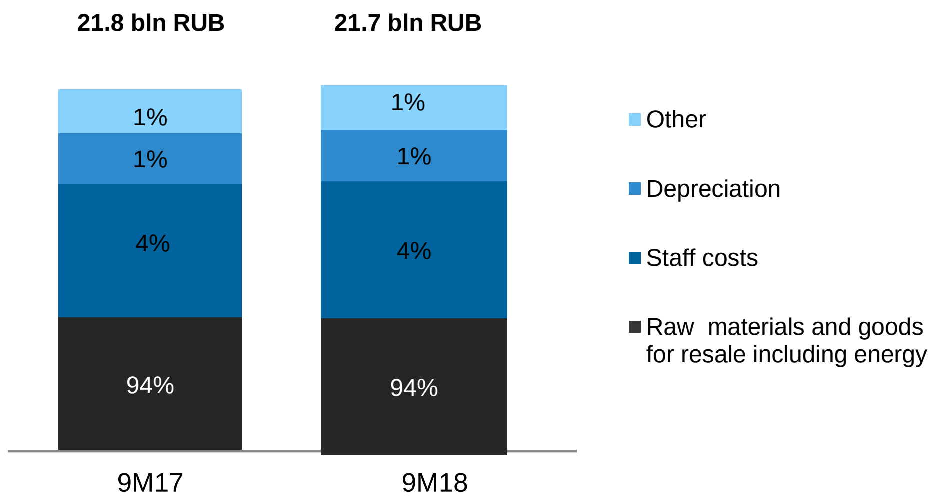
Revenue, EBITDA margin, RUB Bln



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



COS structure



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