

MANAGEMENT PRESENTATION
SEPTEMBER 2021

A large, black, stylized logo of the word "MECHEL" is mounted on a light-colored wall. The logo is partially obscured by a white rectangular box on the left. The background of the slide shows a blurred view of a modern building interior with blue lighting and architectural details.

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Leading **vertically integrated** Mining & Metals company

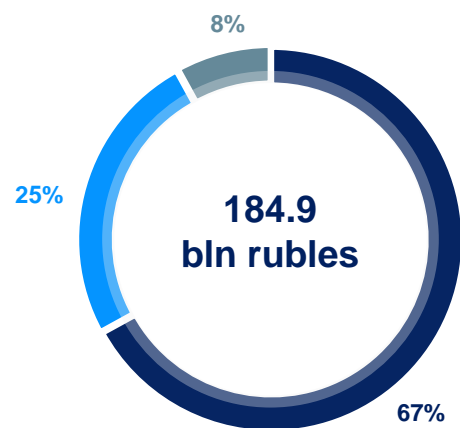
Comprises two major divisions – **Mining** and **Steel**

Main divisions are supported by **Power division**, **Sales & Marketing units** and **Logistics facilities**

As of December 31, 2020 company employed about **52.9** thousand people

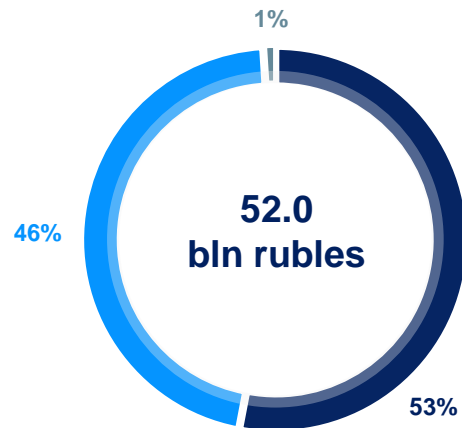
FINANCIAL HIGHLIGHTS

1H'2021 Revenue Breakdown



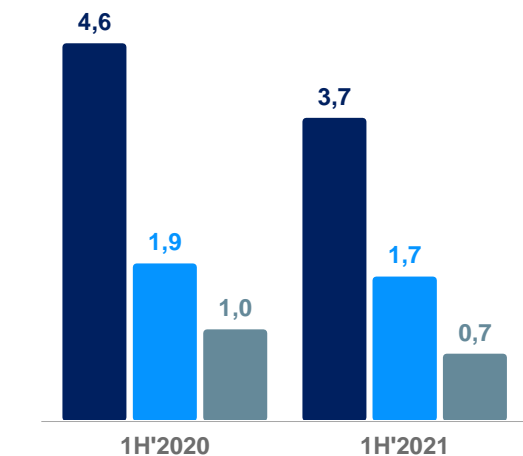
Steel Mining Power

1H'2021 EBITDA* Breakdown



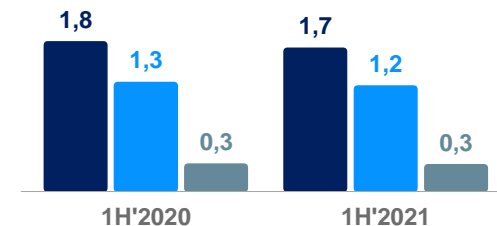
OPERATING HIGHLIGHTS, SALES

Mining Segment**



Met Coal Steam coal Iron ore concentrate

Steel Segment



Steel (production) Long Products Hardware

Source: Company data

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

** Excluding volumes produced by Elga Coal Complex which is no longer part of the Group

CORPORATE GOVERNANCE

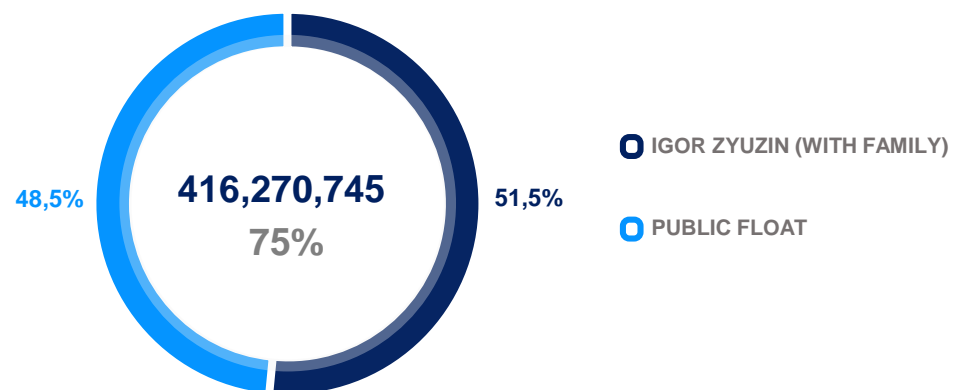
The company adheres to the most rigorous standards of corporate governance. Apart from complying with shareholder law norms, Mechel assumes a series of additional obligations, holding to the highest international requirements, including NYSE corporate governance rules that apply to US-based companies within the NYSE 303A listing standard.

In accordance with the Company's Charter members of the Board of Directors are elected by Shareholders' General Meeting, to a total of 9 persons, the majority of whom are independent (independent directors).

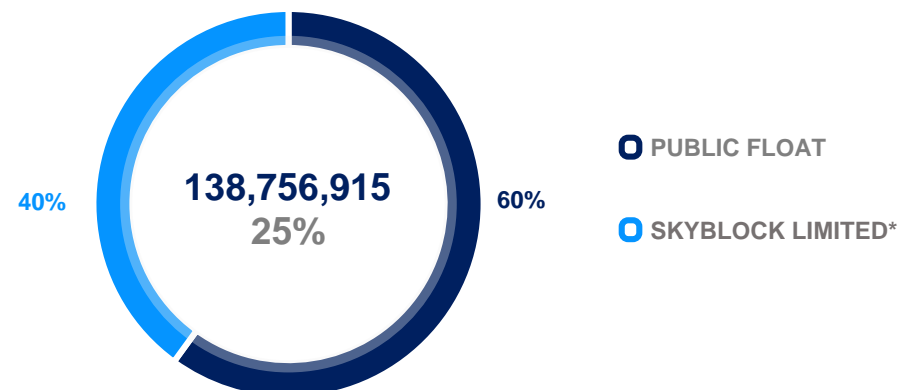
In order to execute its functions, the Board of Directors created the following permanent committees:

- | **Audit Committee**
- | **Committee on Investments and Strategic Planning**
- | **Committee on Appointment and Remuneration**

ORDINARY SHARES



PREFERRED SHARES



* Wholly-owned subsidiary of Mechel

OUR MAJOR GROWTH AND DEVELOPMENT POINTS ARE:

DEBT RESTRUCTURING

Successful restructuring will decrease financial expenses and arrange financing to develop our major projects



GROWING SHARE OF UNIVERSAL ROLLING MILL AND STAINLESS LONG AND FLAT STEEL PRODUCTS

Increases steel segment profitability by moving products range towards the higher value added positions



PORT POSIET

Gates to our Asian coal offtakers through increase of capacities to 9 mln tonnes



SUPERIOR MINING ASSETS QUALITY

- One of the leading metallurgical coal producers and exporters on the seaborne market
- Ability to supply steel producers with a wide range of metallurgical coal
- Core assets positioned at the lower bound of the global cost curve



STRONG LOCAL STEEL PRODUCER POSITION

- Most diversified specialty steel producer in Russia
- One of the largest long steel producer in Russia
- Largest distribution platform in Russia
- First newly built rolling mill for beams and high-speed long rails in Russia



STRATEGIC POSITION TO SUPPLY ASIA-PACIFIC SEABORNE MARKET

- Coal assets uniquely positioned to supply metallurgical coal to attractive Asia-Pacific markets
- Access to key Far Eastern ports with low transportation cost
- Own infrastructure including ports and rolling stock, secures access to end customers and export markets



VERTICALLY INTEGRATED STEEL BUSINESS MODEL



MINING SEGMENT

COAL

Southern Kuzbass Coal Company

Yakutugol

IRON ORE

Korshunov Mining Plant

COKE

Mechel Coke

Moscow Coke and Gas Plant

STEEL SEGMENT

Chelyabinsk Metallurgical Plant

Izhstal

Beloretsk Metallurgical Plant

Urals Stampings Plant

Vyartsilya Metal Products Plant

Mechel Nemunas (Lithuania)

Bratsk Ferroalloy Plant

POWER SEGMENT

GENERATION

Southern Kuzbass Power Plant

DISTRIBUTION

Kuzbass Power Sales Company

OWN PORTS

Port Posiet (Sea of Japan)

Port Temryuk (Sea of Azov)

Port Kambarka (Kama river)

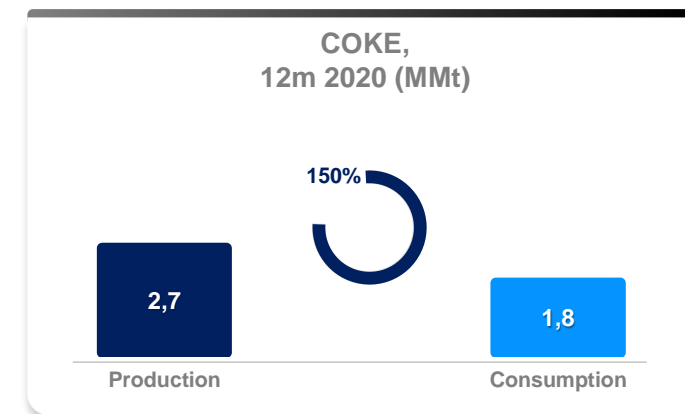
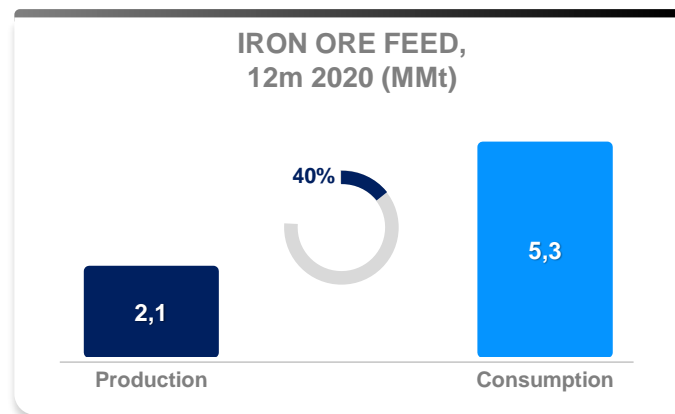
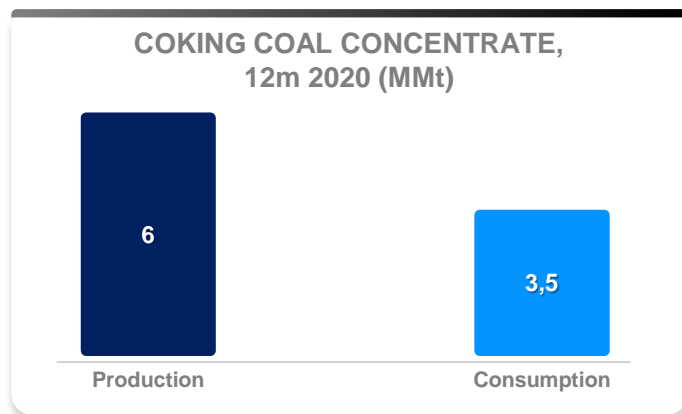
DISTRIBUTION

Mechel Service (Russia)

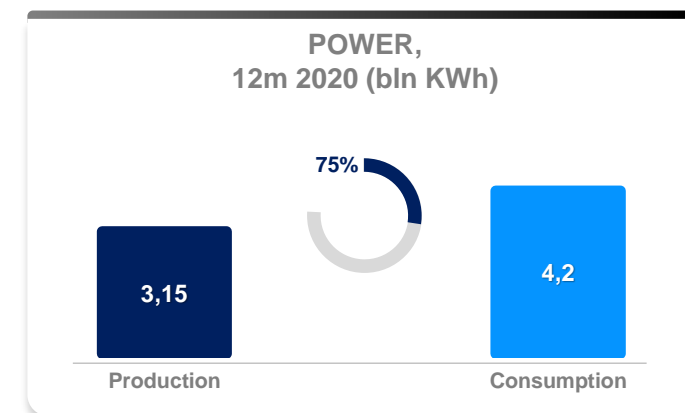
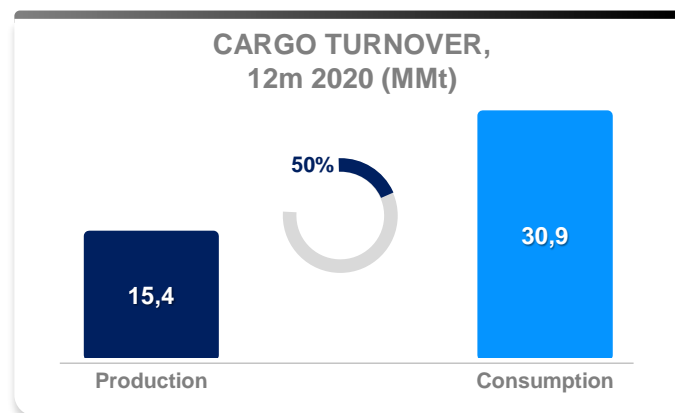
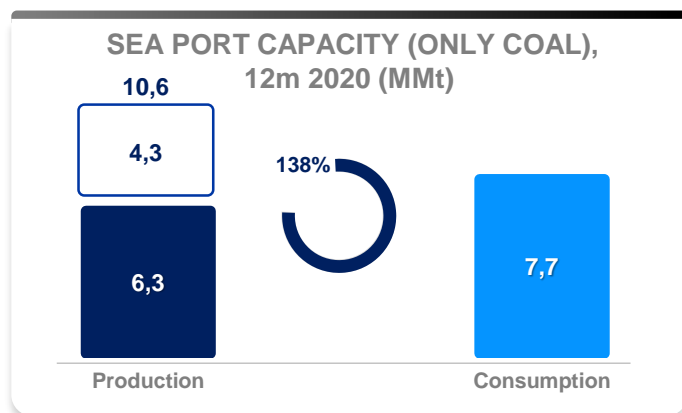
Mechel Service Global
(excl. Russia)

Mechel Carbon AG (Swiss)

One of the leading metallurgical coal producer globally with ability to supply steel producers with a wide range of metallurgical coal types, coke and iron ore concentrate.



Own infrastructure helps to establish access to end customers.



* -Source: Company data

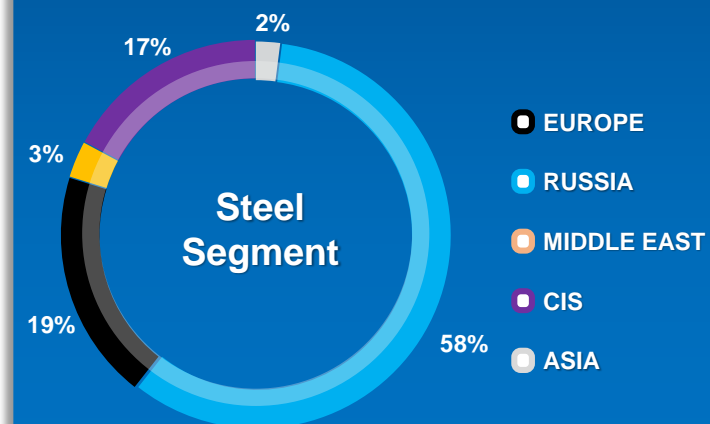
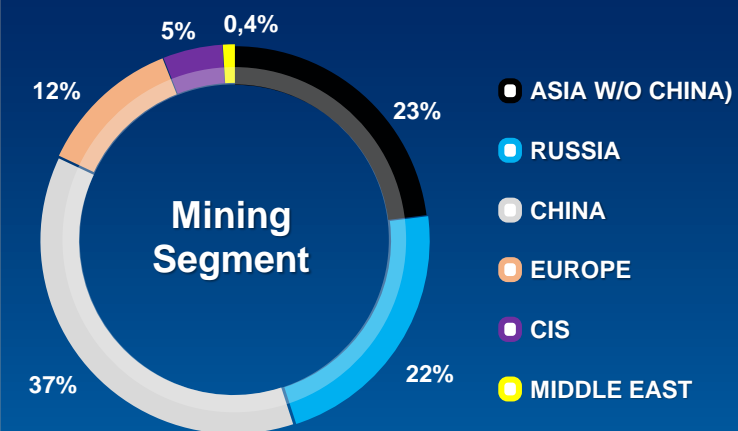
 - Volumes shipped through Vanino port

MARKET POSITION



*Access to port secured by contractual agreements

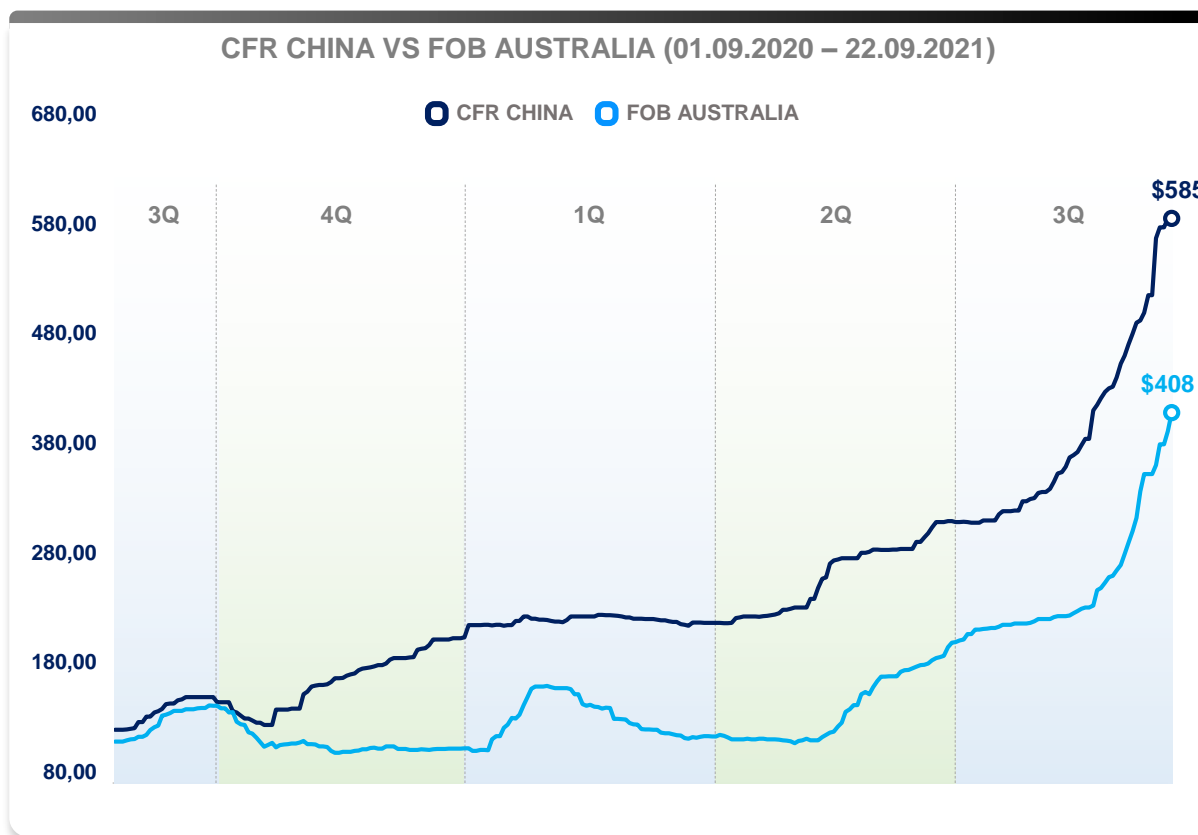
REVENUE BREAKDOWN BY MARKET (1H'21)



From 01 September 2020 to the present day Coal prices have increased by more than **3x** on FOB Australia basis and by more than **4x** on CFR China basis.

The significant increase in the spread between two basis was due to limitations for Australian coal imports to China.

The current level of coal prices is favorable for Russian's coal exporters.



Source: www.platts.com, markets.businessinsider.com



- Major coking coal exporting regions
- Major coking coal importing regions
- Size of respective seaborne coking coal markets

- Mechel's routes
- 3rd parties routes
- Target markets for Mechel's coking coal supplies
- Target markets for Mechel's steam coal supplies

Freight rates from port Posiet (Handysize 22 000 t)

to Northern China	\$20.80 pmt
to Yangtze River	\$21.60 pmt
to Southern China	\$25.50 pmt
to Thailand	\$31.50 pmt
to Philippines	\$27.50 pmt
to Indonesia	\$31.75 pmt
India (West Coast / East Coast)	\$44.50/ \$36 pmt
to Japan	\$19.50 pmt

Freight rates from port Vanino(Handysize 35 000 t)

to Northern China	\$24.80 pmt
to Yangtze River	\$25.60 pmt
to Southern China	\$29.50 pmt
to Thailand	\$35.50 pmt
to Philippines	\$31.50 pmt
to Indonesia	\$35.75 pmt
India (West Coast / East Coast)	\$48.50/ \$40 pmt
to Japan	\$23.50 pmt

Diversification / enhancement of sales channels to the fast-growing Asian and European markets

Extensive range of metcoal grades allows for diversified product portfolio to serve a variety of customer needs







Mechel's own ports on the Sea of Japan and Azov Sea serve as the stable gateways to export markets

ADVANTAGES

83 storage sites and service centers throughout Russia, CIS & Europe

Real time market intelligence and pricing feedback

Opportunity to address specific customer needs and sell more high margin and value added products

Product	Production Volume, 12m 2020 '000 tonnes	Russian production share	Rank
 All long products*	2,679	13,1%	2
 Wire rod**	674	20,8%	2
 Rebar	1,033	11,7%	4
 Flat stainless steel	12.3	45,5%	2
 Wire products	467.1	17,4%	2
 High-tensile wire	27.2	29,6%	2

*Excluding square billets

** Including wire rod further processed into wire and other products within the same holding company

Source: Metal Expert data



UNIVERSAL ROLLING MILL



From January 2016 Mechel supplies rails to the Russian Railways.

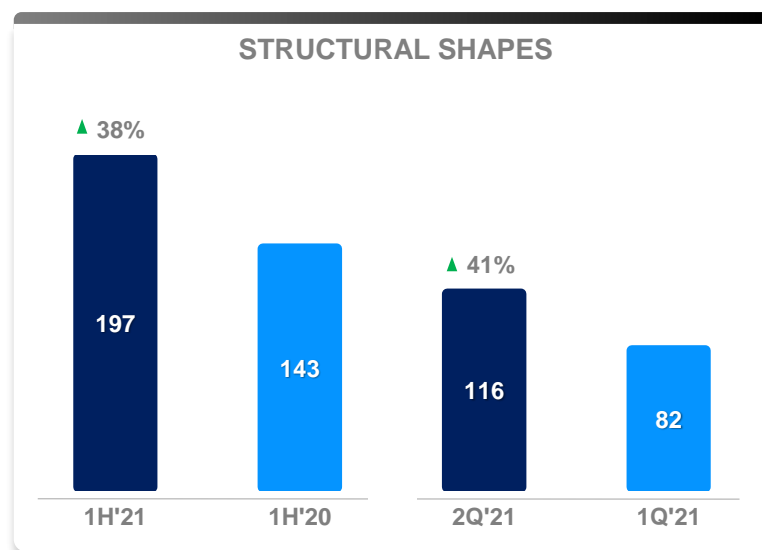
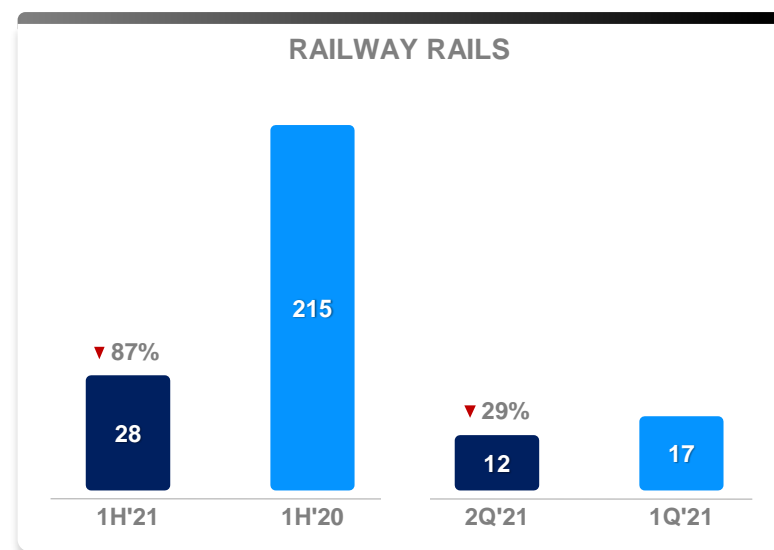
New types of rails production (for use at European railways) have already been adopted at the plant and passed certification for conformity with European railroad standards.

In 1H'2021 Rails sales decreased by **87%** compared to 1H'2020.

Structural shapes sales increased by **38%** Y-o-Y.

We continue developing and producing new types of rails and shapes at Universal rolling mill. In the near term we plan to start mastering new rail types for railroads with speed up to **400** km/h.

In July 2020 Chelyabinsk Metallurgical Plant has shipped to the customers the 3rd-million tonne of products from the Universal Rolling Mill since the beginning of production. **40%** of the production volumes were rails.



KEY PROJECT METRICS:

CAPACITY:
Up to 1.1 mln tonnes

CAPEX:
US\$ 900 mln including steel-making facility
(Continuous casting machine #5)

PRODUCTS:
High-speed and low-temperature rails of up to 100 meter lon;
H-beams, channel bars, angles and grooves

TARGET CONSUMERS :
Russian Railways, national railway systems in former Soviet
states, city subways, municipal transport networks,
industrial holdings and port terminals

SIVAGLINSKOYE IRON ORE DEPOSIT

KEY PROJECT METRICS

2.2 SQUARE KILOMETERS
SURFACE SIZE

21 MILLION TONNES OF IRON ORE
ESTIMATED RESERVES FOR OPEN MINING

48,6-53,3%
AVERAGE IRON CONTENT

2 BILLION RUBLES
INVESTMENTS INTO PROJECT IN 2021-2022

4Q'2022
PILOT COMMERCIAL DEVELOPMENT

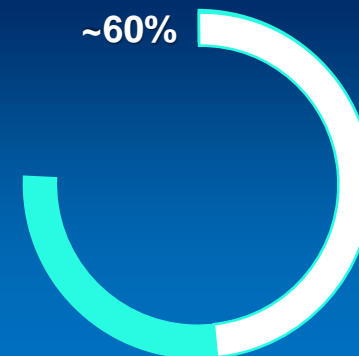
~15-20%
EXPECTED AN INCREASE OF IRON ORE
SELF-SUFFICIENCY

The Sivaglinskoye iron ore deposit is **135** kilometers north of Neryungri and nine kilometers away from a railway link to the Baikal-Amur Mainline. It is also **3** kilometers away from a **110**-kilovolt power line connected to Neryungrinskaya Regional Power Plant.

Starting in 2023, the deposit's annual capacity is due to go up to **1** million tonnes, with the complex's total capacity to reach **3,5** million tonnes with the launch of Pionerskoye.

EXPECTED IRON ORE SELF-SUFFICIENCY

~60%



LOGISTICS FACILITIES

Access to main customers in Asia-Pacific and Europe is secured through own ports facilities. Port capacity aligns with expected growth in export volumes.

PORTS KEY CHARACTERISTICS

EXISTING CAPACITY

TEMRYUK	POSIET	VANINO*
2,4 MMt per year	9,0 MMt per year	10,0 MMt per year

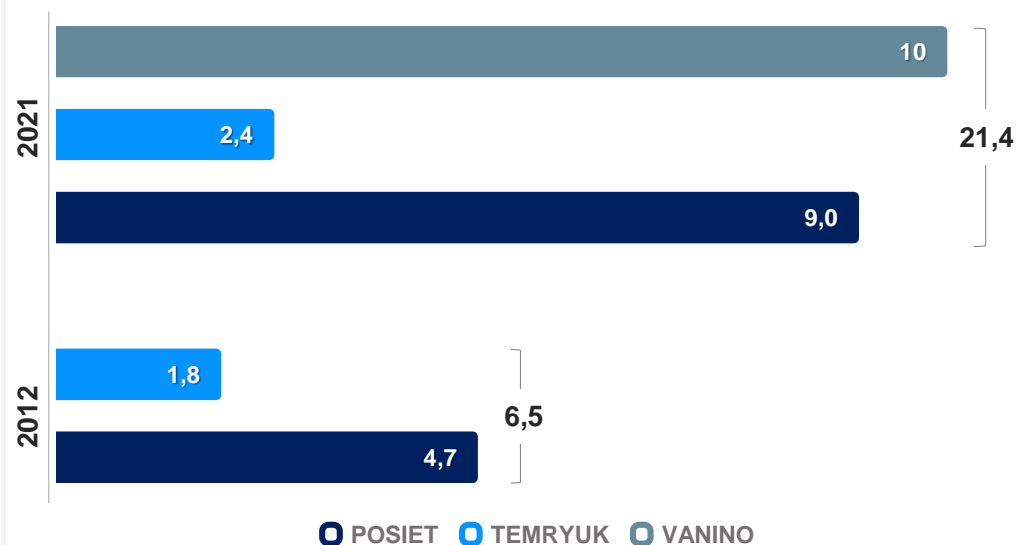
TARGET CAPACITY

TEMRYUK	POSIET	VANINO*
na	15,0 MMt per year	na

VESSEL TYPE

TEMRYUK	POSIET	VANINO*
River-to-sea vessels	Handysize	Handysize

OWN AND PARTNER SEAPORT ANNUAL TURNOVER CAPACITIES, MMt



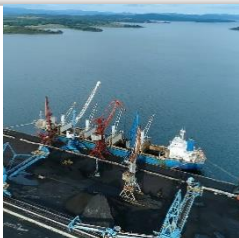
OWN AND PARTNER SEAPORT FACILITIES



Source: Company data

Notes: * Volumes secured by contractual agreements

MECHEL INFRASTRUCTURE ALLOWS SECURED ACCESS TO FINAL CUSTOMERS

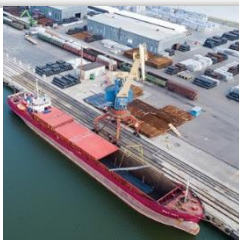


POSIET PORT

Increase access to Asian coal customers via seaborne market

Existing port capacity – **9** mln tonnes per year

Target capacity - **15** mln tonnes (Panamax vessels) after 2nd stage of modernization



TEMRYUK PORT

Logistics flexibility on the Sea of Azov and Black Sea

Potential to increase export of coking coal, PCI and anthracite to Europe

Existing port capacity – **2,4** mln tonnes

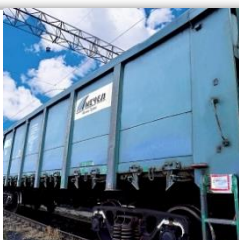


VANINO PORT*

Increases logistics flexibility to Asian coal customers

Shorter transportation distances – lower rail and vessel freights costs

Existing port capacity – **10,0** mln tonnes



MECHEL TRANS TRANSPORTATION COMPANY

Rolling stock of about **10,700** railcars

Ensures uninterrupted transportation

Reduces dependency on Russian Railways, state-owned and independent freighters



DEBT RESTRUCTURING

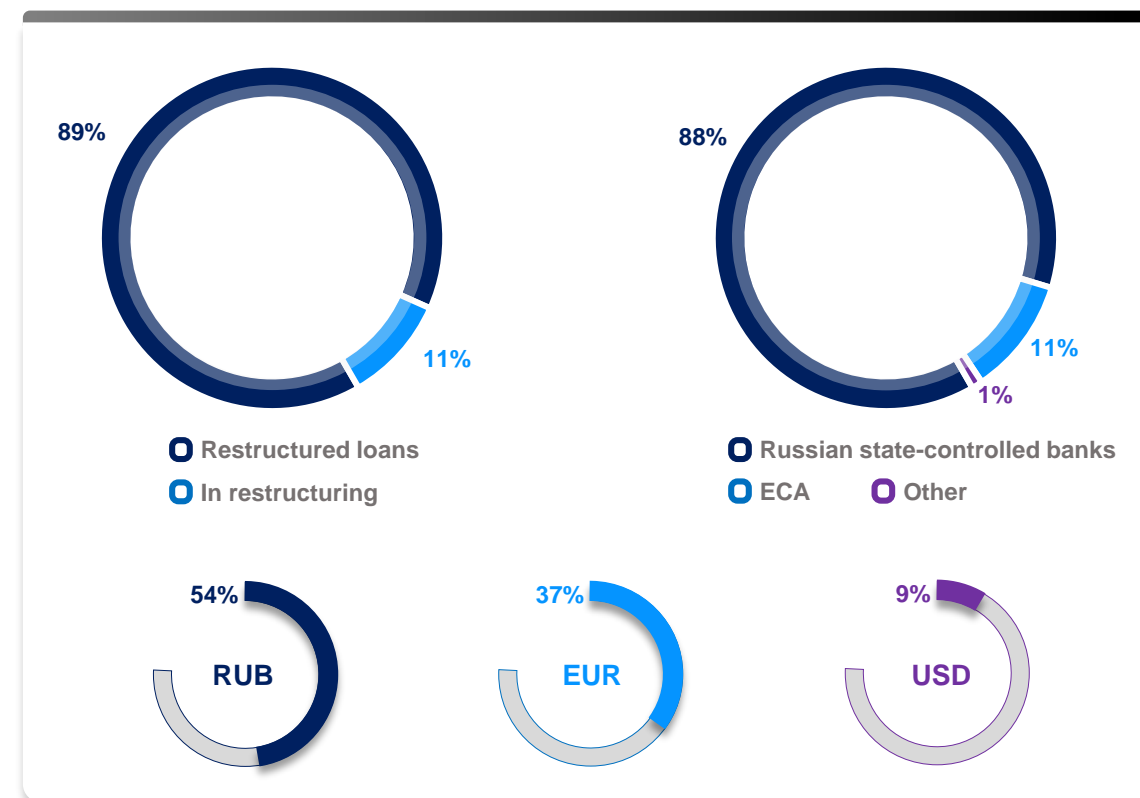
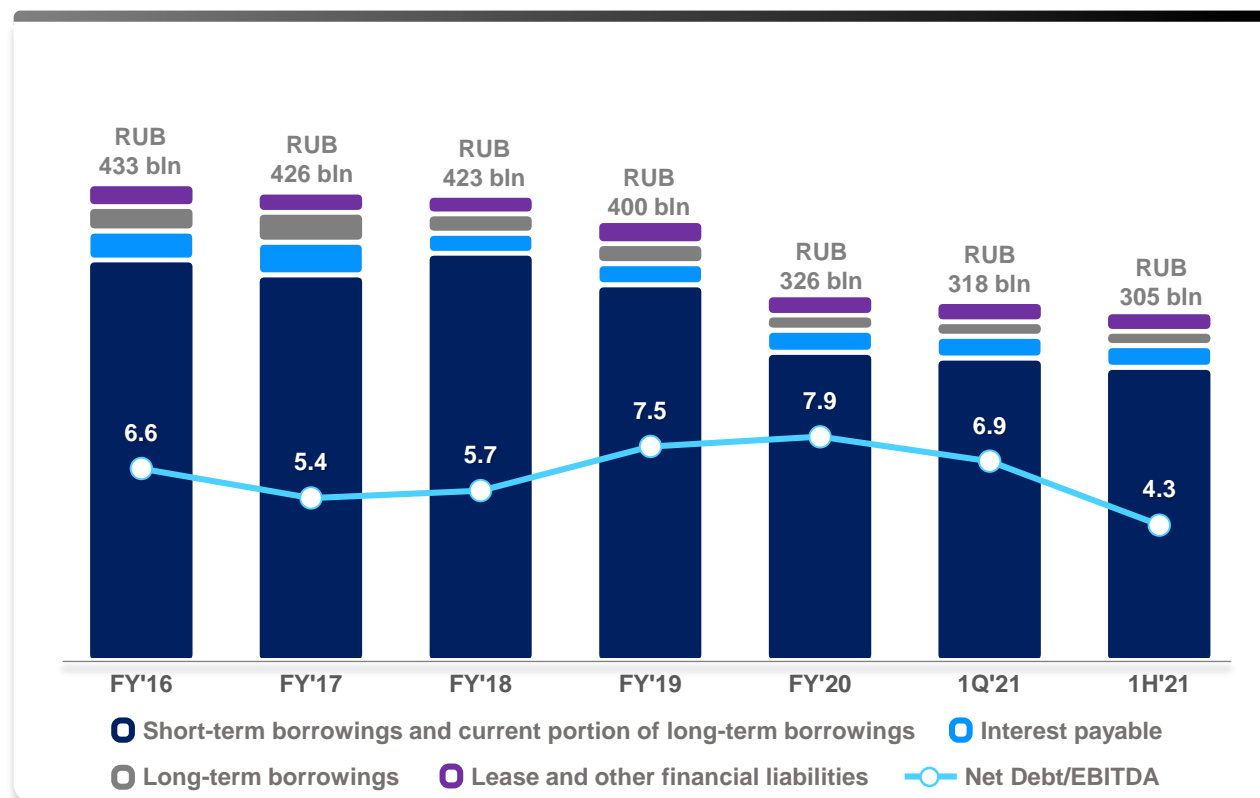


As of August 2021 portion of restructured debt is at a level of **89%**; ruble portion of debt amounts to **55%**; and Russian state-controlled banks hold **88%** of our debt portfolio.

Net leverage significantly decreased to **4.3** as of June 30, 2021, compared to **7.9** as of December 31, 2020, due to EBITDA growth in 1H'2021.

Average interest rate through the debt portfolio as of August 2021 is **6.6%** per annum.

In 2Q'2021 Group's net settlement of debt (including overdrafts) amounted to **5.9** bln RUB.



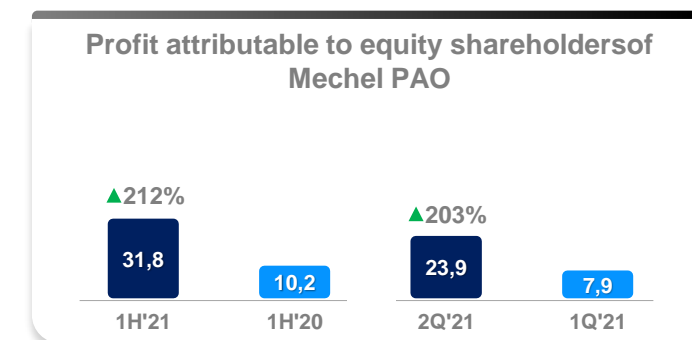
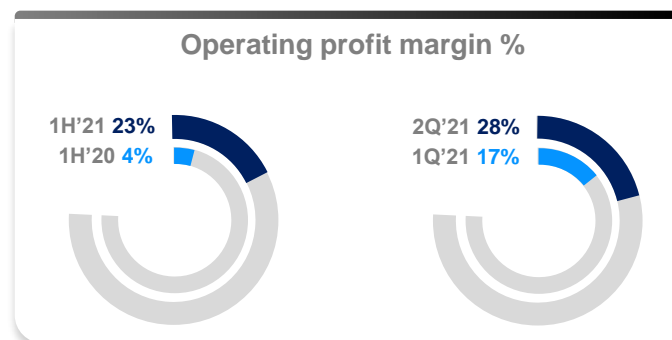
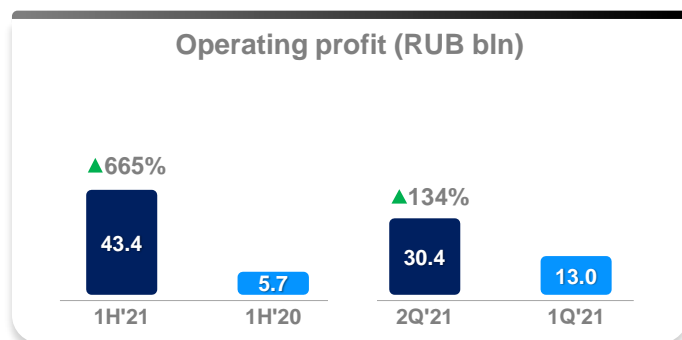
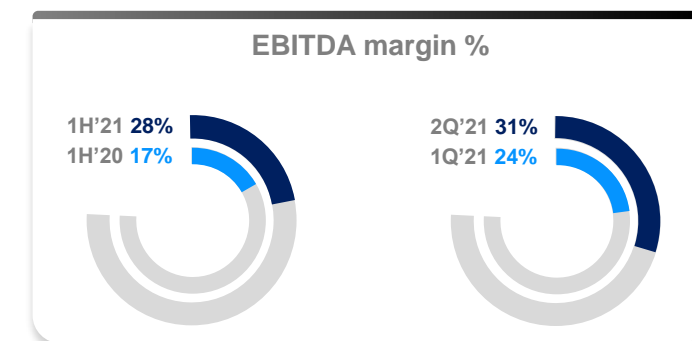
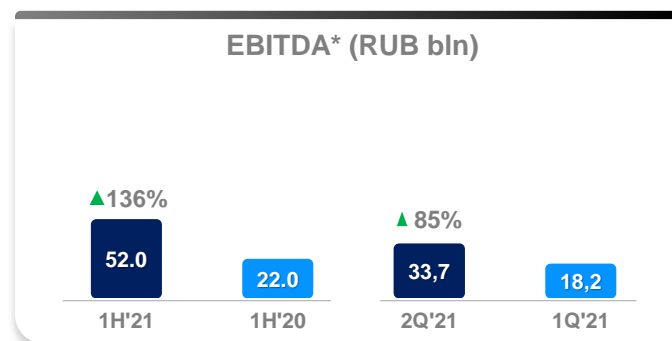
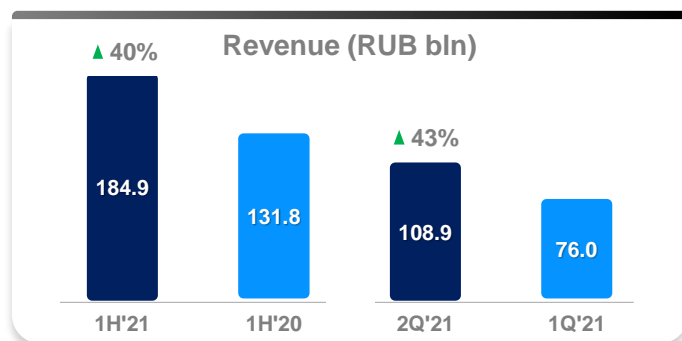
KEY FINANCIAL AND OPERATIONAL RESULTS



Consolidated Revenue in 2Q'2021 amounted to **108.9** bln RUB, an increase by **43%** compared to 1Q'2021. The main positive factor was the growth of prices for both mining and steel segments products on local Russian and export markets.

Amid favorable market conditions EBITDA increased by **85%** in 2Q'2021 compared to 1Q'2021 and amounted to **33.7** bln RUB with EBITDA margin increase to **31%**.

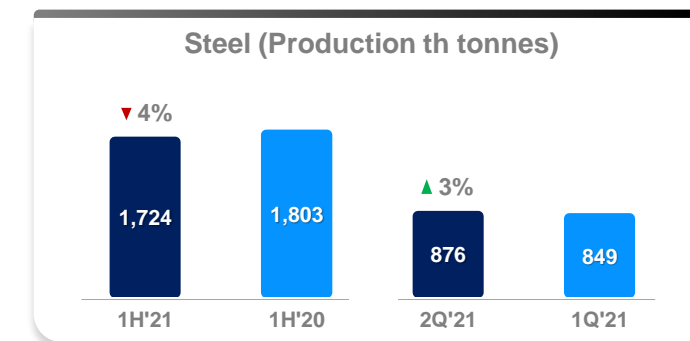
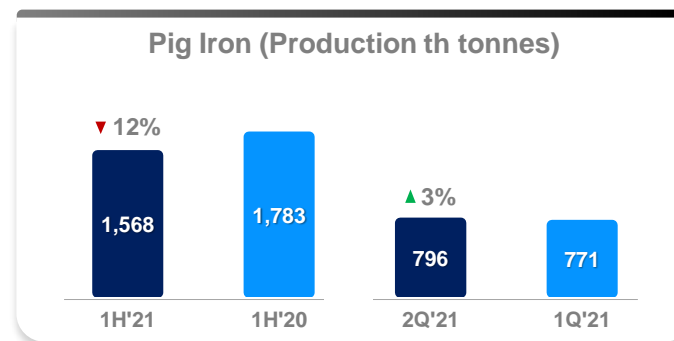
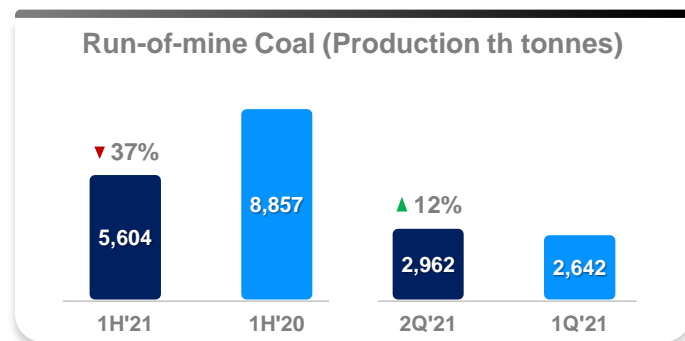
Profit attributable to Mechel PAO's shareholders increased by **203%** and amounted to **23.9** bln RUB in 2Q'2021. An increase in profit compared to the previous quarter was due to a significant growth of gross profit related to increase in prices for both mining and steel segments products.



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

In 2Q'2021 coal mining volumes increased by **12%** compared to 1Q'2021.

Pig iron and steel production went up by **3%** Q-on-Q.

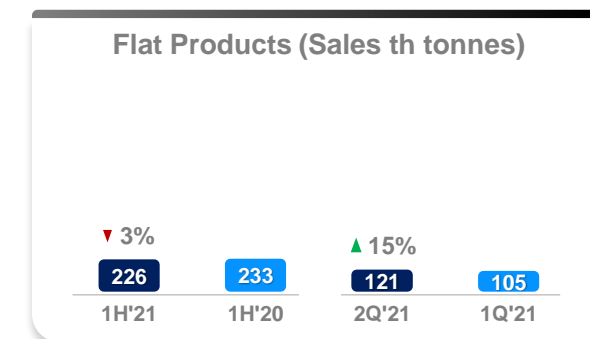
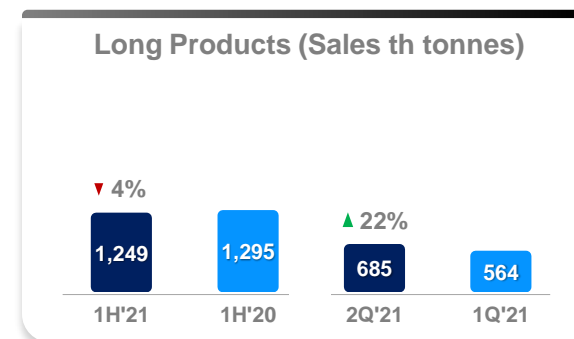
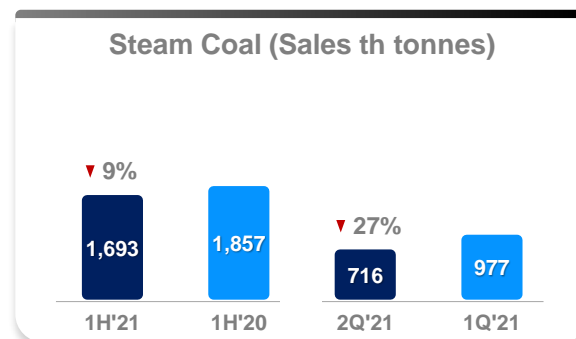
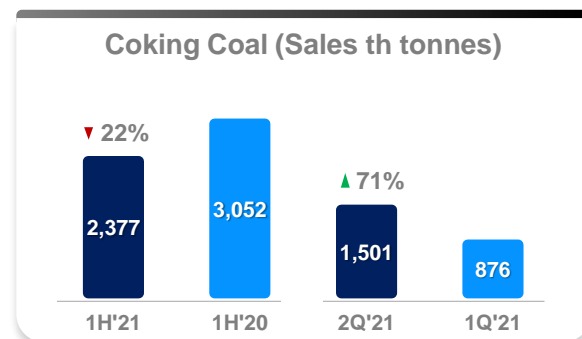


Coking coal sales volumes in 2Q'2021 increased by **71%** compared to 1Q'2021.

PCI sales volumes increased by 27% and Anthracites sales were lower by **3%** Q-on-Q. Steam coal sales (including middlings) decreased in 2Q'2021 by **27%** Q-on-Q.

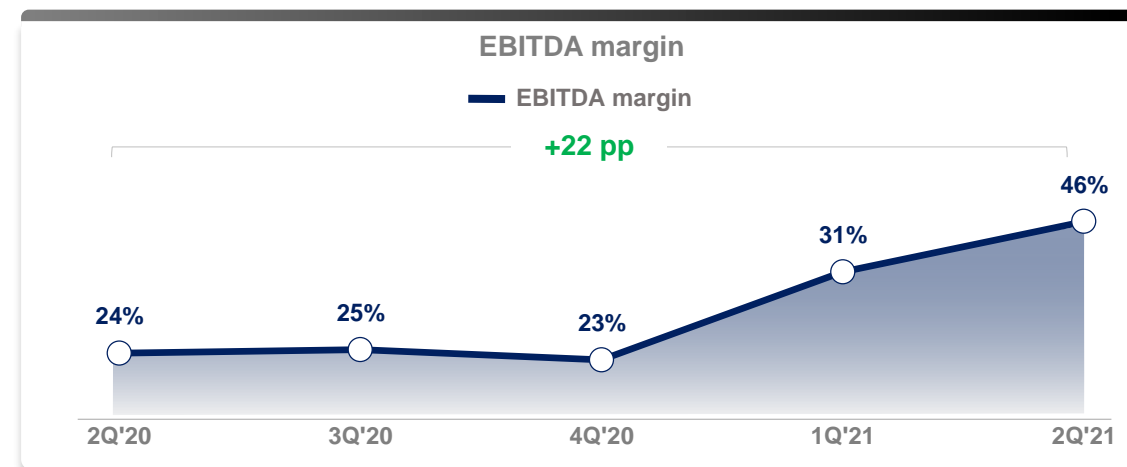
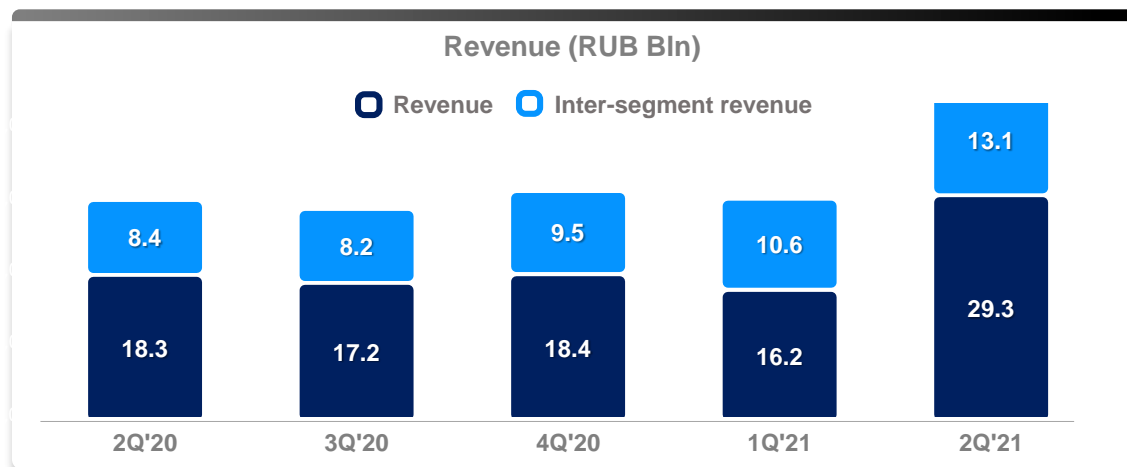
Overall met coal (Coking coal, PCI and Anthracites) sales to third parties in 2Q'2021 increased by **61%**, compared to 1Q'2021.

Flat and Long products sales in 2Q'2021 increased by **15%** and **22%** respectively Q-on-Q.

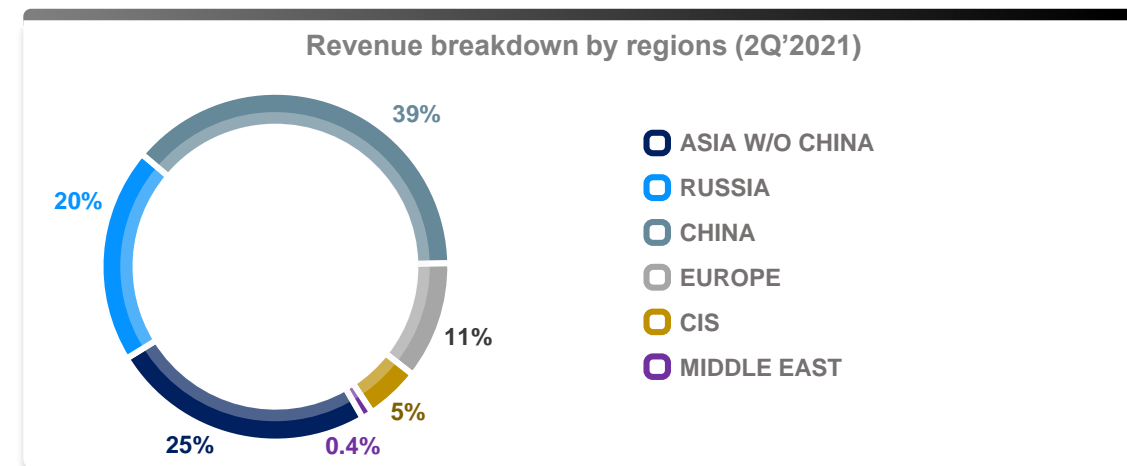
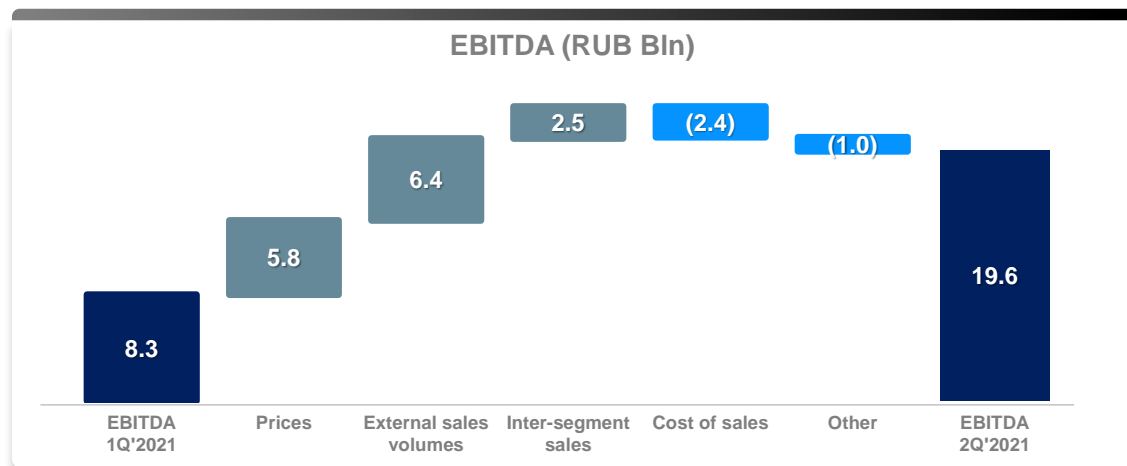


An increase in sales volumes of all types of coking coal, PCI, coke and coking products together with growing prices resulted in **81%** upturn in mining segment revenue to 3rd parties in 2Q'2021 compared to 1Q'2021.

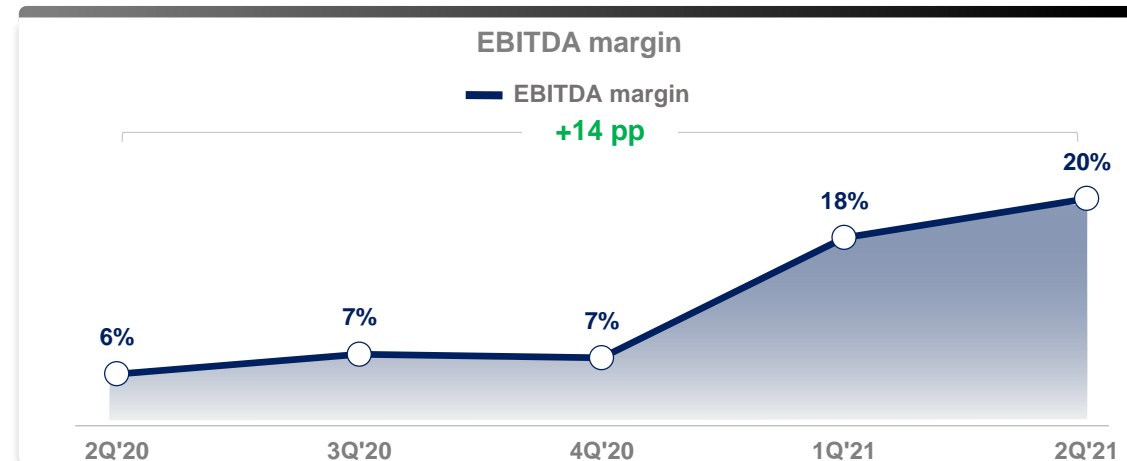
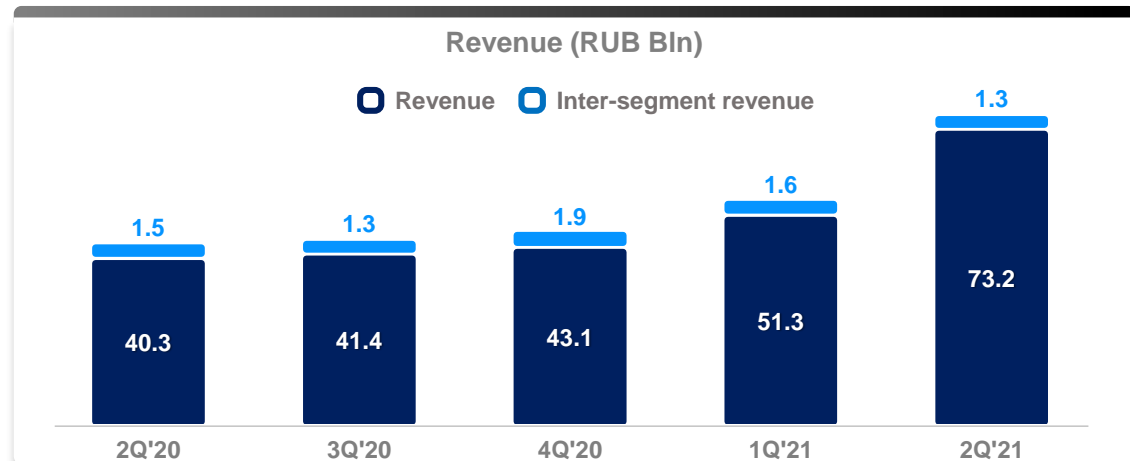
EBITDA margin went up from **31%** to **46%** compared to 1Q'2021



For the same reasons mining segment EBITDA increased by **135%** Q-on-Q

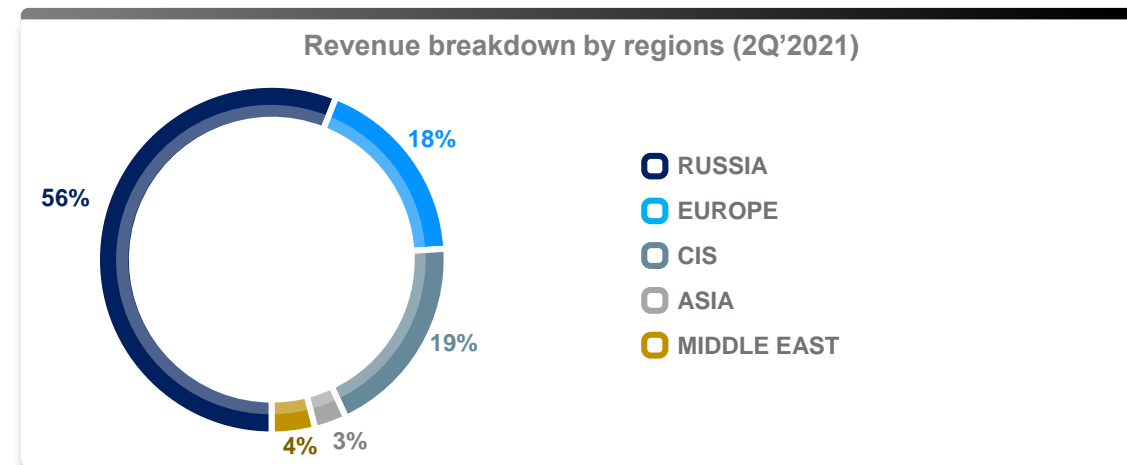
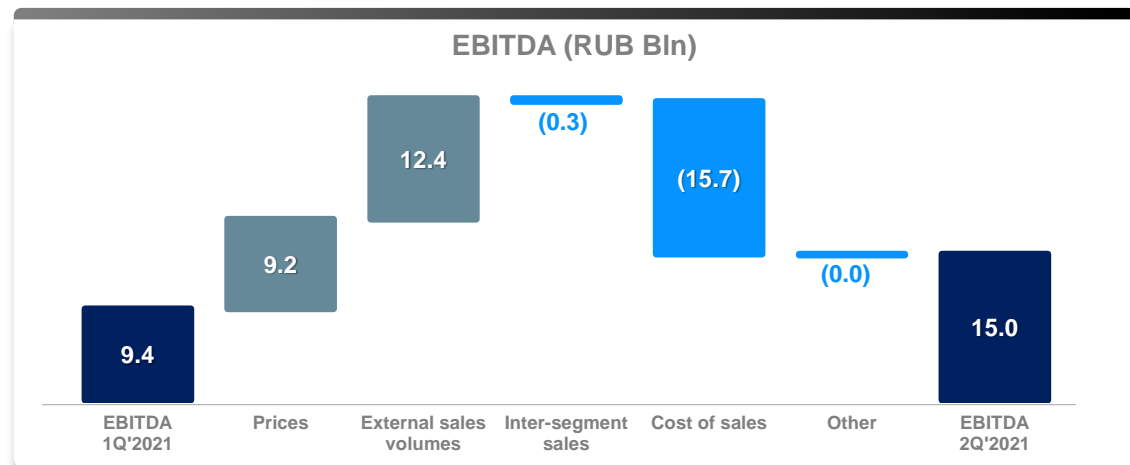


Steel segment Revenue to 3rd parties in 2Q'2021 increased by **43%** compared to 1Q'2021 primarily due to significant growth in both prices and sales volumes for almost all types of steel products. Segment's EBITDA margin increased Q-on-Q from **18%** to **20%**.

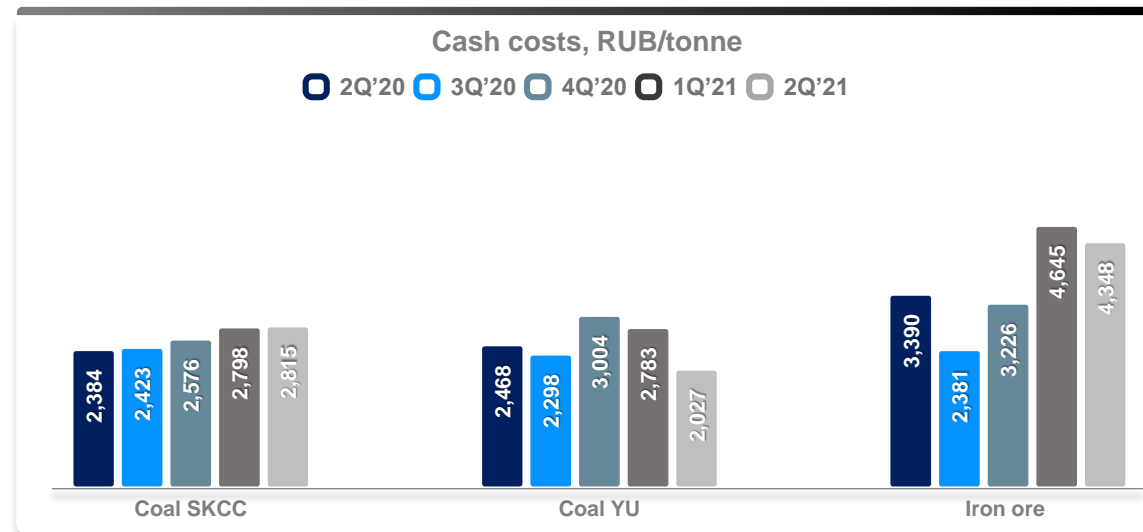
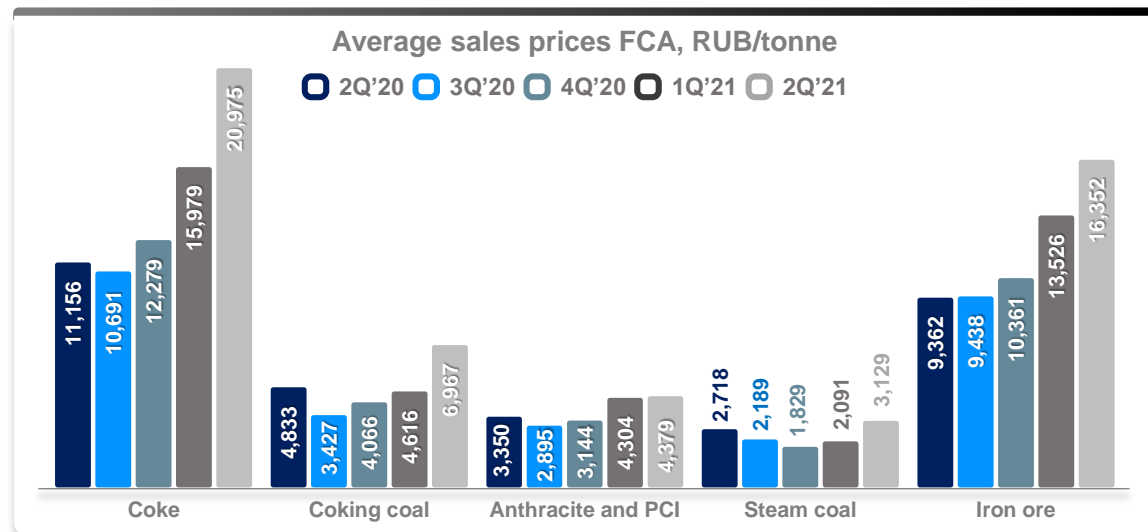


Share of sales to Russia decreased from **61%** to **56%** Q-on-Q. At the same time share of CIS sales increased from **14%** to **19%** compared to 1Q'2021.

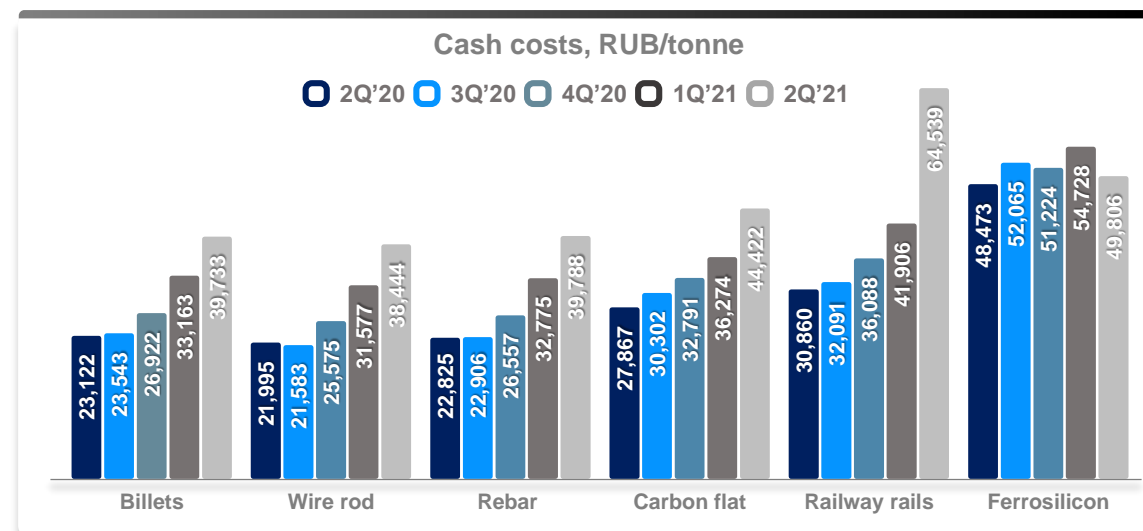
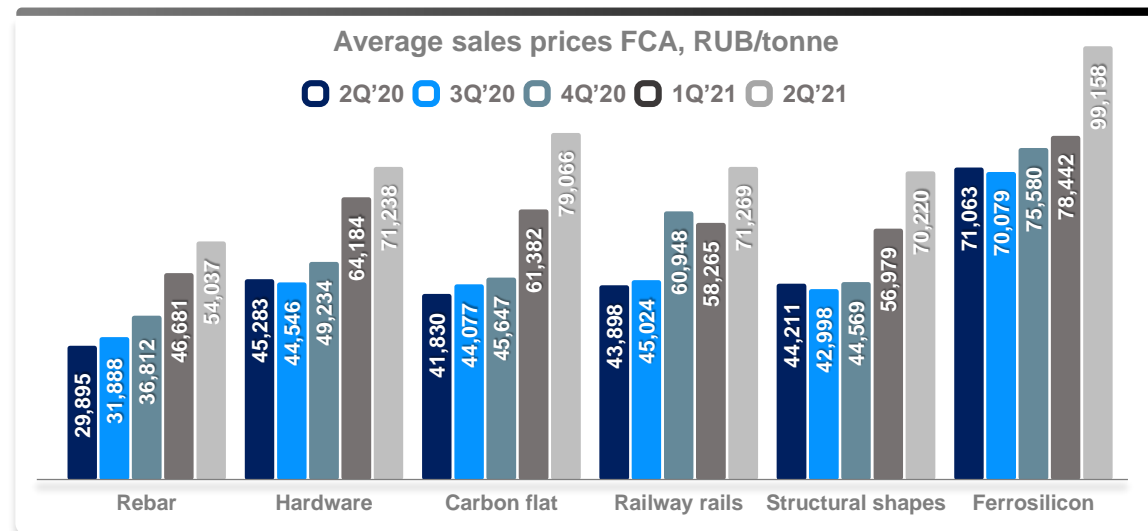
Steel segment EBITDA in 2Q'2021 significantly went up by **59%** compared to 1Q'2021. Effect of growth prices and sales volumes was partly compensated by higher prices for steel-making raw materials (coke, iron ore and ferroalloys, metal scrap).



MINING SEGMENT



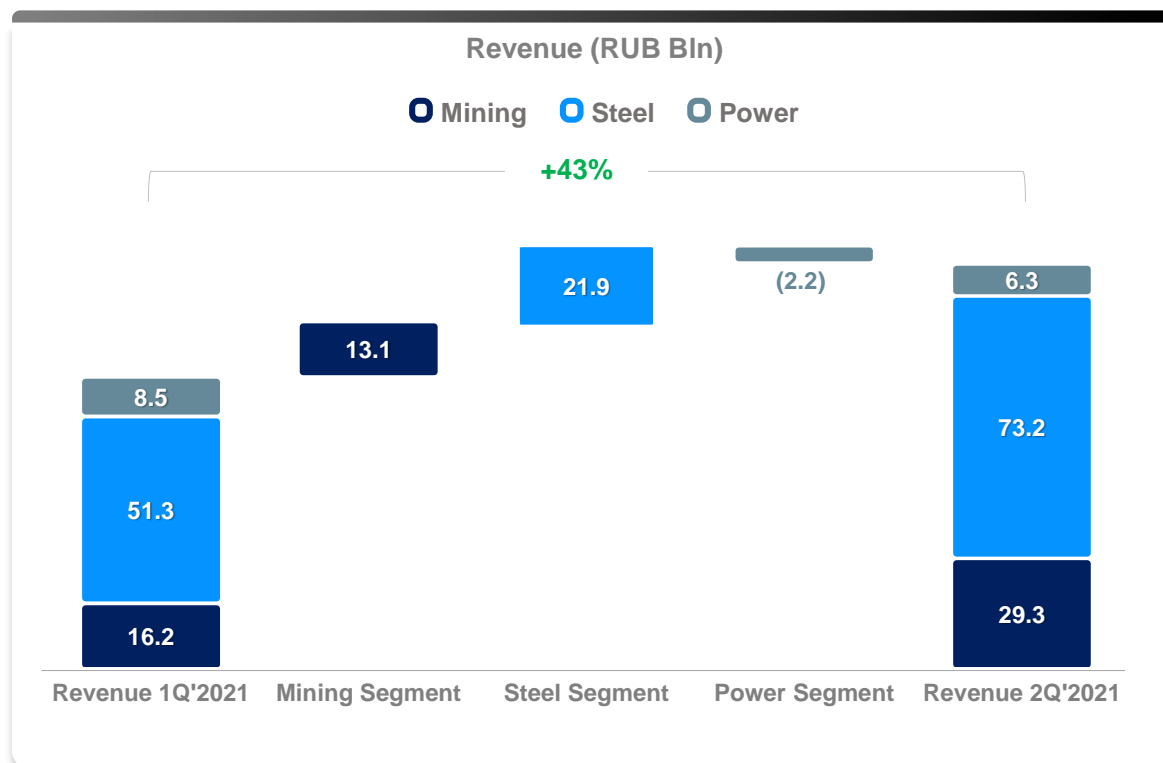
STEEL SEGMENT



An increase in sales volumes of all types of coking coal, PCI, coke and coking products together with growing prices resulted in **81%** upturn in mining segment revenue to 3rd parties in 2Q'2021 compared to 1Q'2021.

Steel segment Revenue to 3rd parties in 2Q'2021 increased by **43%** compared to 1Q'2021 primarily due to significant growth in both prices and sales volumes for almost all types of steel products.

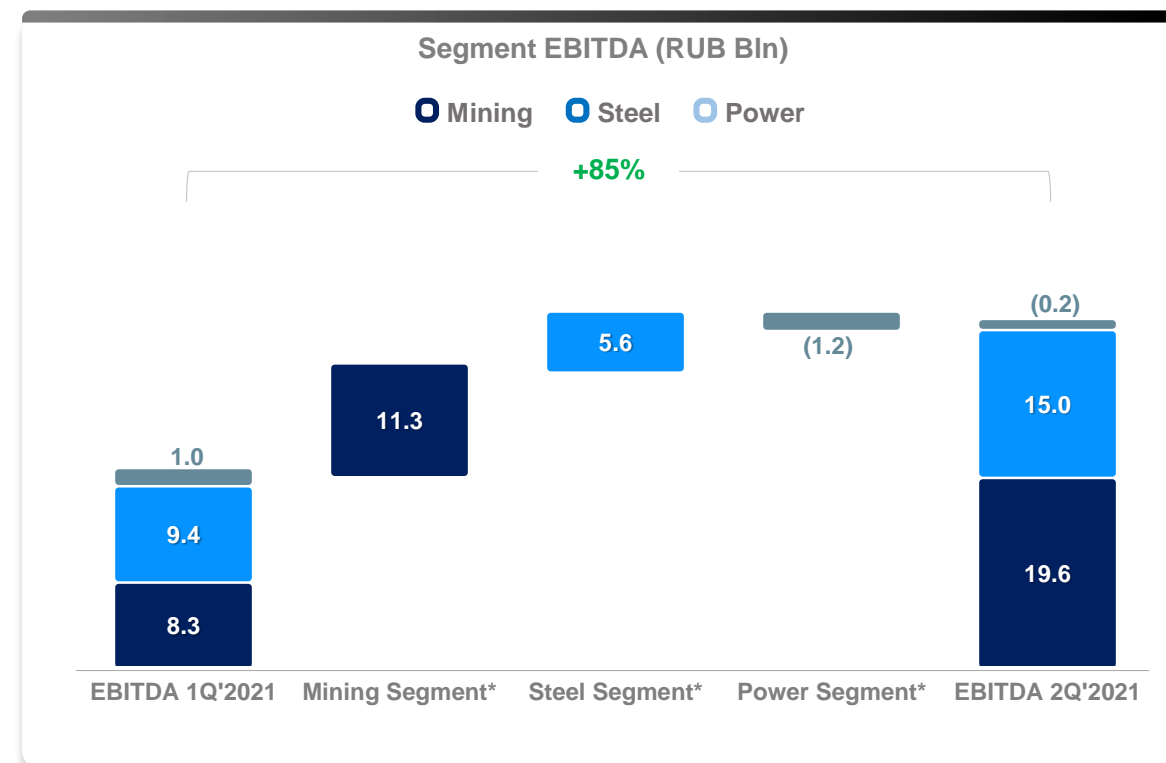
Power segment Revenue to 3rd parties fell by **26%** in 2Q'2021 compared to 1Q'2021 due to seasonal factors.



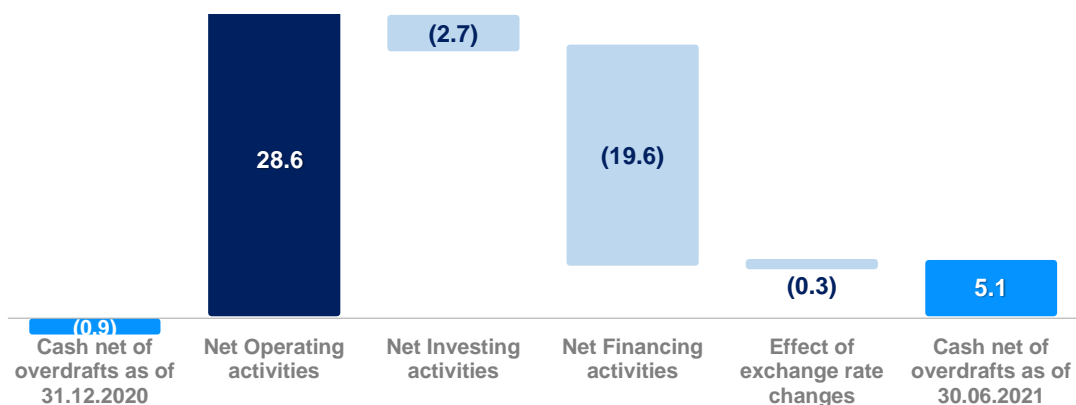
Mining segment EBITDA significantly increased by **135%** Q-on-Q as a result of significant growth in coal prices.

Steel segment EBITDA in 2Q'2021 significantly went up by **59%** compared to 1Q'2021. Effect of growth prices and sales volumes was partly compensated by higher prices for steel-making raw materials (coke, iron ore and ferroalloys, metal scrap).

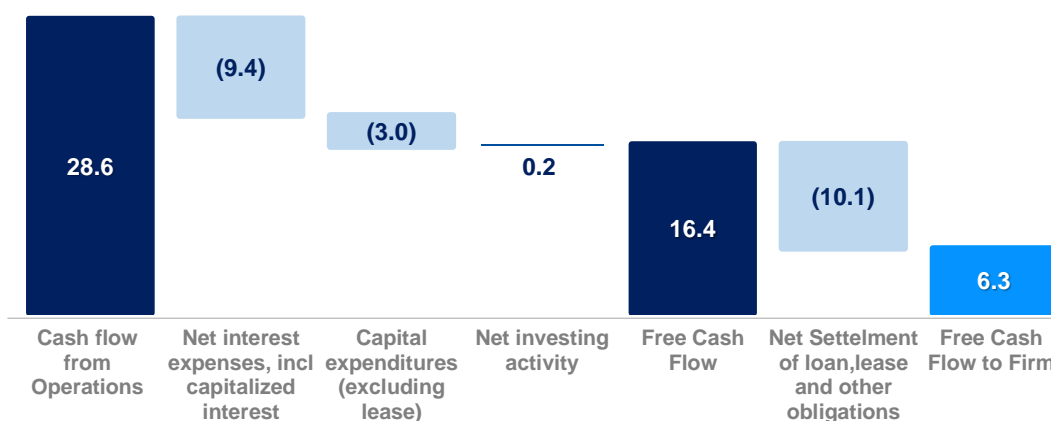
Power segment EBITDA decreased to **(0.2)** bln RUB in 2Q'2021 due to seasonal factors.



CASH FLOW (RUB Bln)

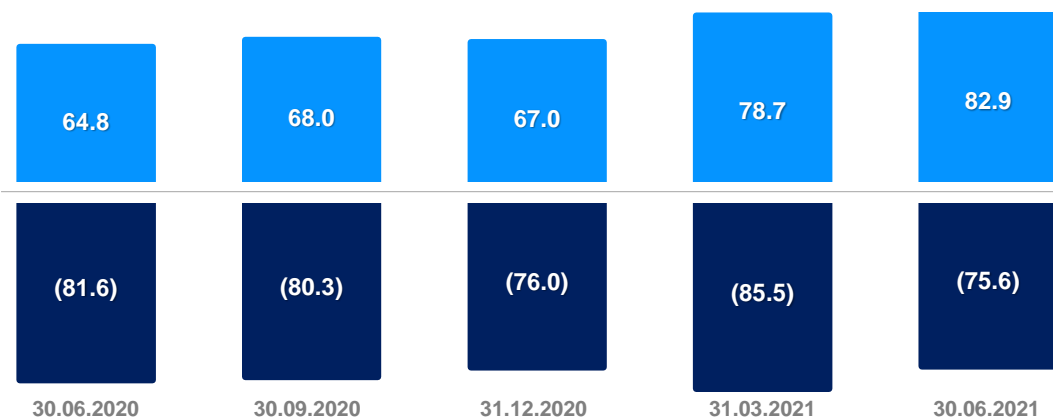


FREE CASH FLOW for 1H'2021 (RUB Bln)



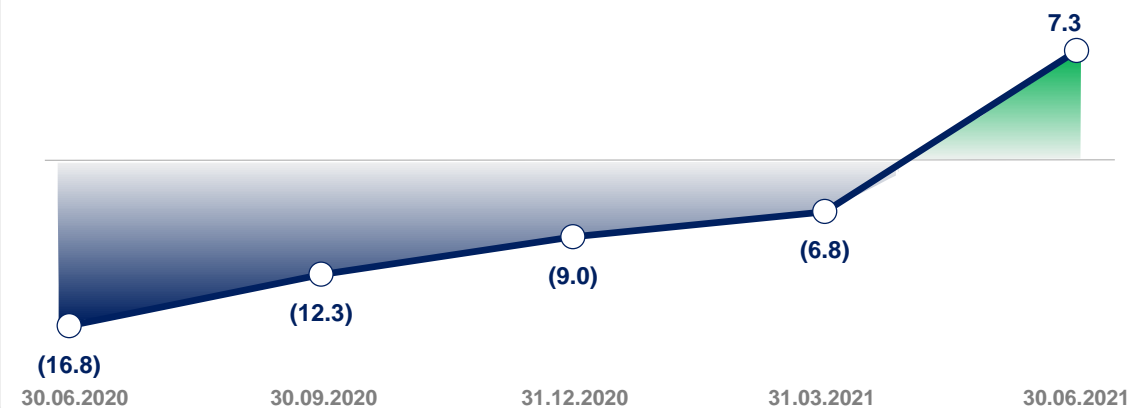
TRADE WORKING CAPITAL MANAGEMENT (RUB Bln)

Trade current liabilities Trade current assets



TRADE WORKING CAPITAL MANAGEMENT (RUB Bln)

Trade working capital



MINING SEGMENT

Product (Production)	1H'2021, thousand tonnes	1H'2020, thousand tonnes	%	2Q'2021, thousand tonnes	1Q'2021, thousand tonnes	%
Run-of-mine coal*	5,604	10,047	-44%	2,962	2,642	+12%
Product (Sales)	1H'2021, thousand tonnes	1H'2020, thousand tonnes	%	2Q'2021, thousand tonnes	1Q'2021, thousand tonnes	%
Coking coal concentrate*	2,377	3,052	-22%	1,501	876	+71%
PCI	576	967	-40%	322	254	+27%
Anthracites	707	552	+28%	347	36	-3%
Thermal coal*	1,693	1,857	-9%	716	977	-27%
Iron ore concentrate	741	104	-29%	414	32	+27%
Coke	1,368	1,230	+11%	752	616	+22%

STEEL SEGMENT

Product (Production)	1H'2021, thousand tonnes	1H'2020, thousand tonnes	%	2Q'2021, thousand tonnes	1Q'2021, thousand tonnes	%
Pig Iron	1,568	1,783	-12%	796	771	+3%
Steel	1,724	1,803	-4%	876	849	+3%
Product (Sales)	1H'2021, thousand tonnes	1H'2020, thousand tonnes	%	2Q'2021, thousand tonnes	1Q'2021, thousand tonnes	%
Flat rolls	226	233	-3%	121	105	+15%
Long rolls	1,249	1,295	-4%	685	564	+22%
Hardware	259	268	-3%	142	117	+21%
Forgings	19	22	-13%	10	9	+15%
Stampings	30	27	+11%	17	12	+42%
Ferrosilicon	39	31	+25%	21	18	+16%

*Excluding volumes produced by Elga Coal Complex which is no longer part of the Group

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MINING AND METALS
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