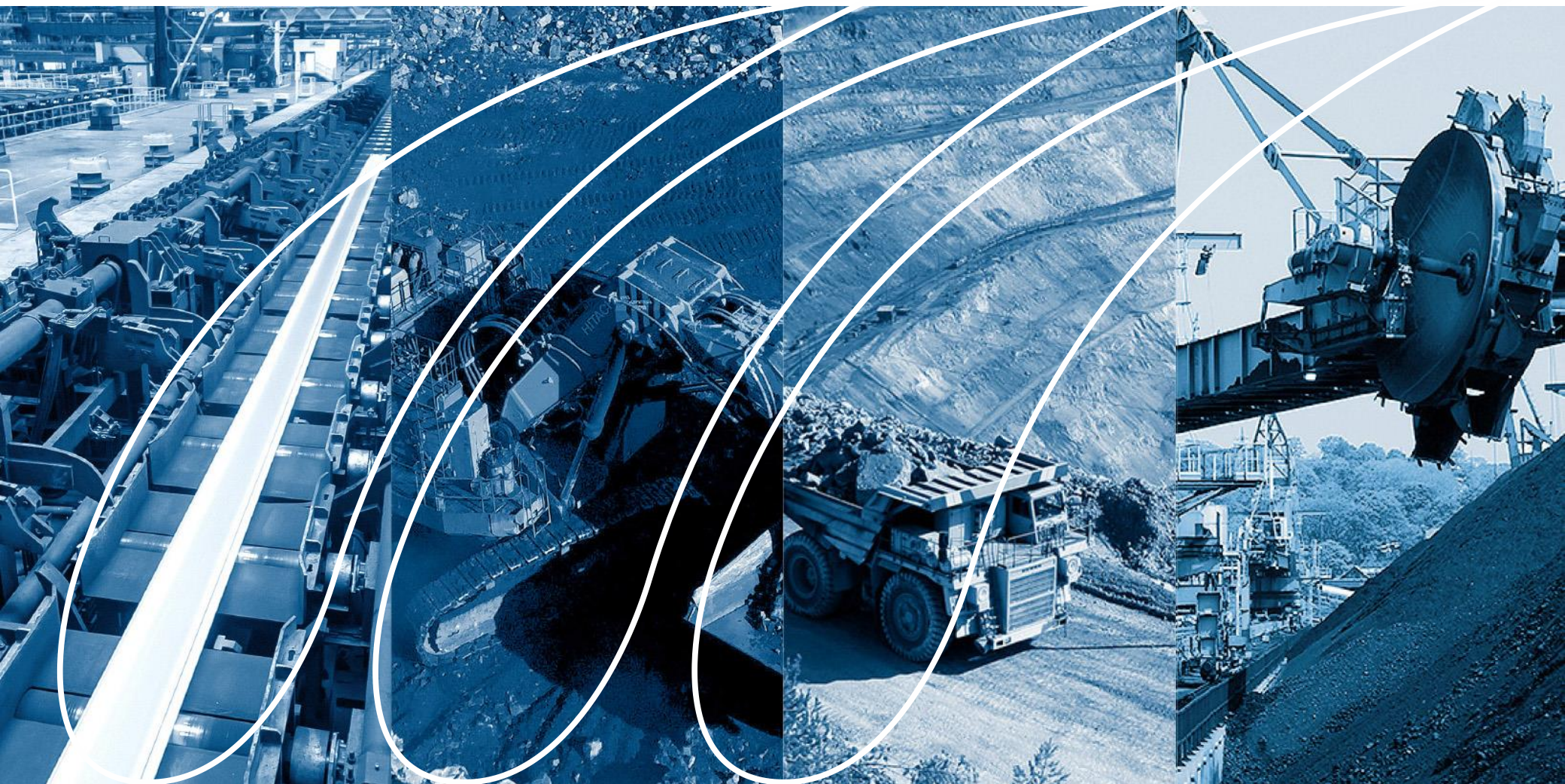


3Q2019 RESULTS PRESENTATION



November 19, 2019



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KEY FINANCIAL RESULTS

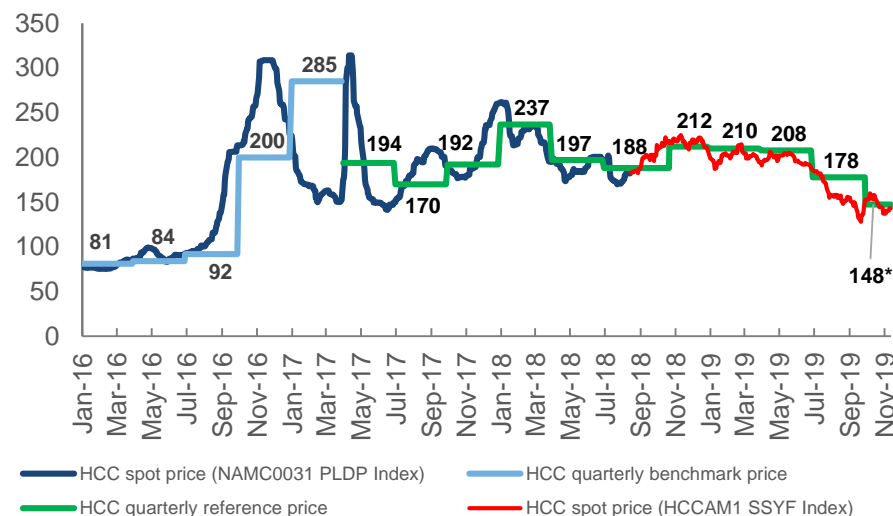
Nelli R. Galeeva – Chief Financial Officer



Key market drivers

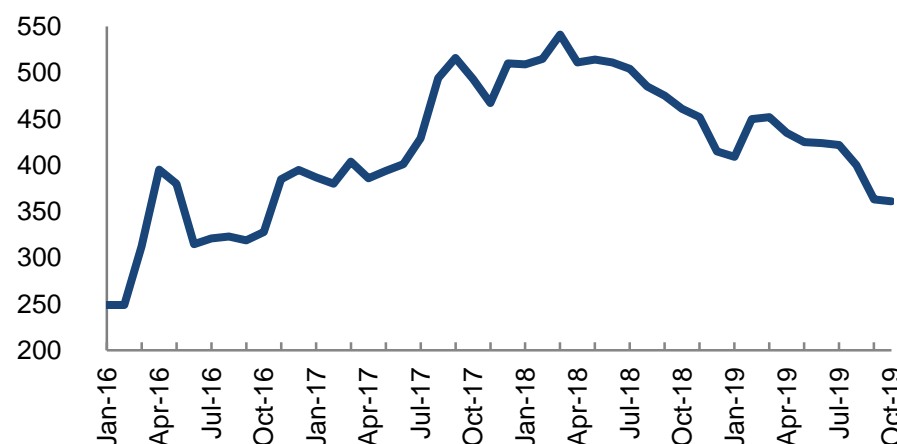
- Throughout 3Q2019 global coking coal prices demonstrated downward movements. By the end of September premium-grade hard coking coal spot prices went below \$140 per tonne FOB Australia. It was the lowest point since August 2016. The main reason for this decline were limitations on imported coal customs processing at Chinese ports imposed when imported coal volumes in 1H2019 exceeded 1H2018 levels.
- Some recovery may be expected closer to the year end as demand from Chinese steel makers will probably come back in anticipation of customs limitations removal with the 2020 beginning and new quotas on coal import will come into effect.
- Russian coal market was following the international coal prices trend and declined in 3Q2019 and in October. Additional pressure came from coal supply surplus after limitations on export to Ukraine were imposed.
- After reaching peak levels of \$126 per tonne in the beginning of 3Q2019, iron ore prices were declining through 3Q2019 and beginning of 4Q2019 on partial supply recovery due to resumption of production at some of Brazilian production sites and gradual increase of capacities by other producers.
- After strengthening to \$420-425 FOB in the beginning of July, in August billet prices were declining on the US and EU limitations for billet import from Turkey. In September this trend led to further prices slumping to \$390 FOB and beyond to \$350 FOB.
- In mid-October billet prices demonstrated recovery to \$360 FOB on scrap prices growth due to restocking demand but this trend is not considered sustainable as final products distribution is facing limitations.
- By the end of 3Q2019 rebar prices declined significantly from the high levels achieved in mid-summer as a result of weaker demand, increased competition and limited export alternatives. Currently rebar market is still under pressure as negative factors persist and demand is seasonally weak.

HCC prices FOB Australia, US\$/t



Source: Bloomberg
* Current situation

Billet FOB Black Sea, US\$/t



Source: Metal Courier

3Q2019 Financial results summary



- Consolidated Revenue in 3Q2019 amounted to 74.9 bln RUB, a decrease of 5% compared to 2Q2019. This was a result of coal market weakness, lower production and sales volumes in Steel segment due to ongoing overhauls at production facilities.
- 3Q2019 EBITDA* went down by 9% compared to 2Q2019 and amounted to 13.7 bln RUB with EBITDA margin 18%.
- Loss attributable to equity shareholders of Mechel PAO in 3Q2019 amounted to 0.6 bln rubles, compared to 1.4 bln rubles of Profit attributable to equity shareholders of Mechel PAO in 2Q2019.

RUB mln	3Q19	2Q19	%	9M19	9M18	%
Revenue	74,865	78,470	-5%	228,191	237,003	-4%
Operating profit	8,179	9,922	-18%	28,938	47,802	-39%
EBITDA*	13,720	15,025	-9%	44,067	60,646	-27%
EBITDA margin, %	18%	19%		19%	26%	
Profit / (loss) attributable to equity shareholders of Mechel PAO	(571)	1,409	-141%	12,174	10,997	11%

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

3Q2019 Production and sales summary



- In 3Q2019 coal mining volumes increased by 15% compared to 2Q2019 due to our efforts to restore mining fleet at our mining facilities as well as to prepare reserves for mining.
- Pig iron and steel production decreased by 8% and 5% respectively quarter-on-quarter as a result of repair operations at Steel division plants, including in particular overhaul of blast furnace #4 at Chelyabinsk Metallurgical Plant.

Production (th tonnes)

Product	3Q19	2Q19	%	9M19	9M18	%
Run-of-mine Coal	5,290	4,616	15	13,426	14,472	-7
Pig Iron	794	867	-8	2,530	2,817	-10
Steel	888	932	-5	2,750	2,976	-8

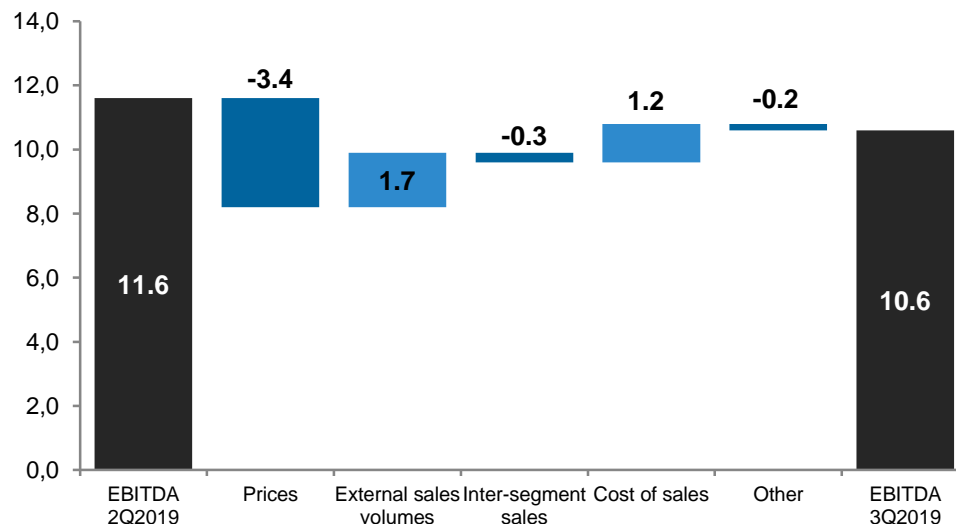
- Coking coal sales in 3Q2019 decreased by 10% quarter-on-quarter as a result of essential planned repair works at Neryungrinskaya washing plant.
- PCI, anthracites and steam coal sales increased in 3Q2019 by 37%, 51% and 4% respectively quarter-on-quarter on coal mining volumes growth.
- Flat products sales decreased by 5% quarter-on-quarter. At the same time stainless flat products sales increased by 15%.
- Long products sales lowered by 4% quarter-on-quarter on overall steel production decrease. It mostly affected sales of less profitable products – rebar and wire rod. Sales of high value-added products such as rails and structural shapes increased by 75% and 5% respectively.

Sales (th tonnes)

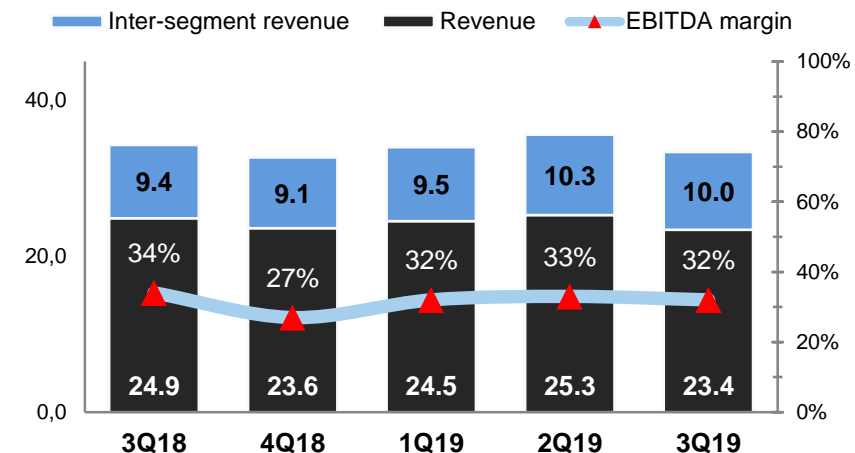
Product	3Q19	2Q19	%	9M19	9M18	%
Coking Coal	1,720	1,916	-10	5,333	5,401	-1
Steam Coal	1,364	1,311	4	4,007	4,319	-7
Flat Products	107	112	-5	334	390	-14
Long Products	631	657	-4	1,895	2,110	-10

- Mining segment regional sales structure remained mostly stable quarter-on-quarter.
- Coal prices decrease was the major factor of Mining segment. Revenue and EBITDA slide by 7% and 9% respectively quarter-on-quarter. At the same time it was partially compensated by higher sales volumes and costs improvement.
- Mining EBITDA margin remains mostly flat through this year with slight decrease from 33% in 2Q2019 to 32% in 3Q2019.

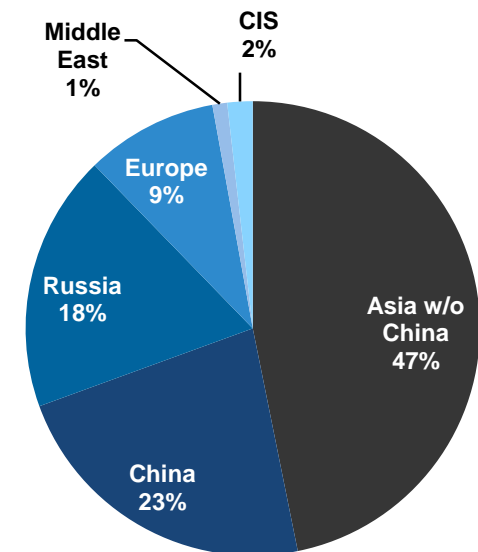
EBITDA, RUB Bln



Revenue, EBITDA margin, RUB Bln



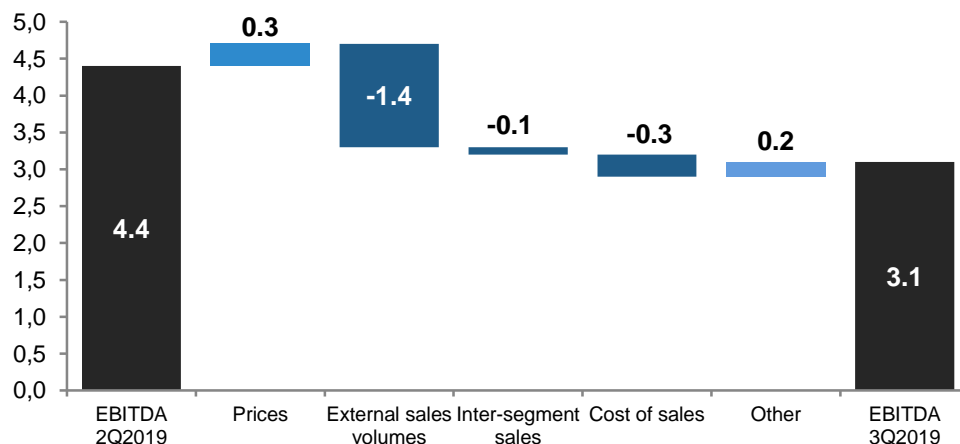
Revenue breakdown by regions (3Q2019)



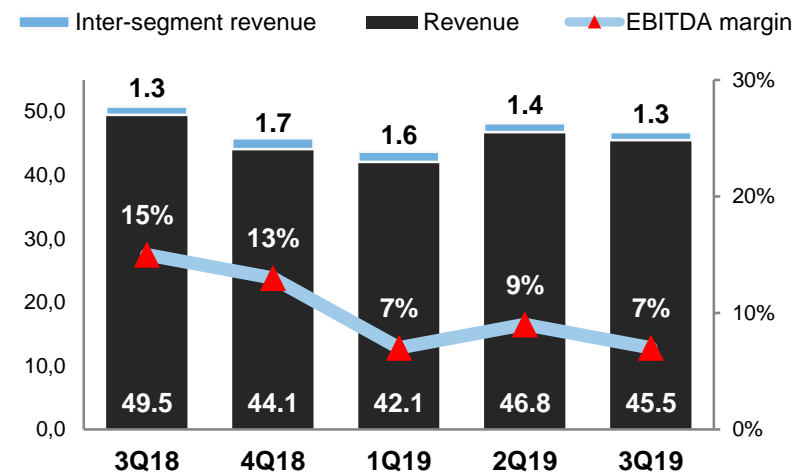
Steel segment

- In 3Q2019 Revenue decreased by 3% quarter-on-quarter due to lower production and sales volumes in Steel segment ensuing ongoing overhauls at production facilities.
- EBITDA in 3Q2019 went down by 30% from the previous quarter on lower sales volumes and costs increase due to high iron ore purchase prices.
- Segment's EBITDA margin declined quarter-on-quarter from 9% to 7%.

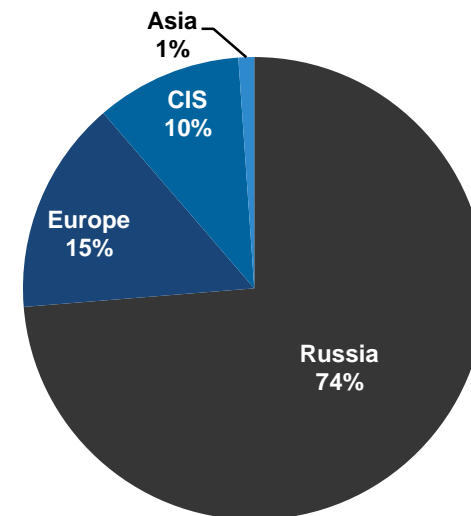
EBITDA, RUB Bln



Revenue, EBITDA margin, RUB Bln



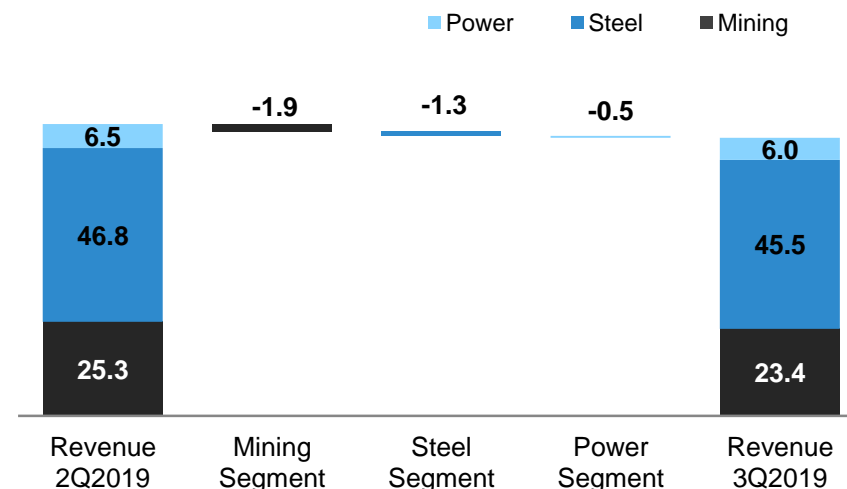
Revenue breakdown by regions (3Q2019)



Consolidated revenue and segment EBITDA dynamics

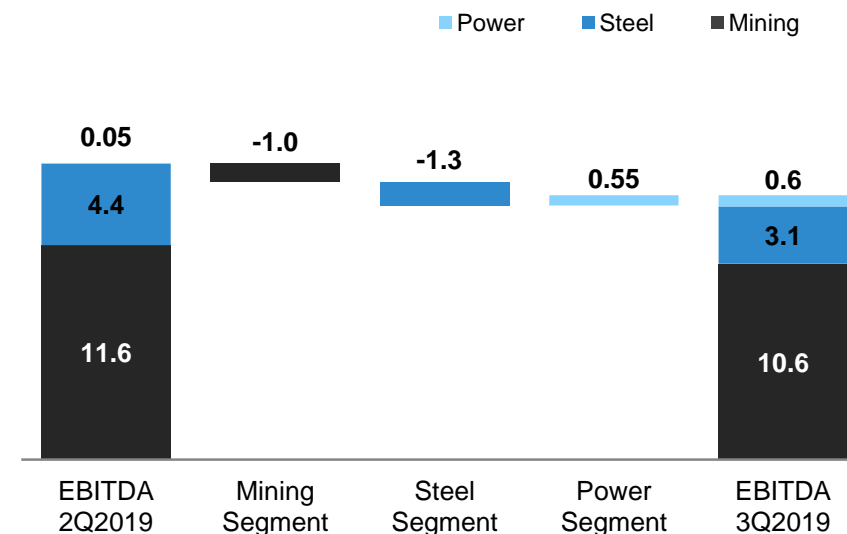
- Mining segment Revenue to 3rd parties in 3Q2019 decreased by 7%, compared to 2Q2019 on lower coal prices.
- Steel segment Revenue to 3rd parties in 3Q2019 declined by 3% compared to 2Q2019 on sales volumes decrease.
- Power segment Revenue to 3rd parties went down by 8% in 3Q2019 vs 2Q2019 on seasonally weaker demand and lower capacity utilization in summer.

Revenue, RUB Bln



- Mining segment EBITDA went down by 9% in 3Q2019 compared to 2Q2019 and amounted to 10.6 bln RUB due to coal prices decrease even despite lower costs.
- Steel segment EBITDA decreased by 30% and amounted to 3.1 bln RUB on lower sales volumes and costs increase due to high iron ore purchase prices.
- Power segment EBITDA in 3Q2019 increased from 0.05 bln RUB to 0.6 bln RUB as cost of sales went down.

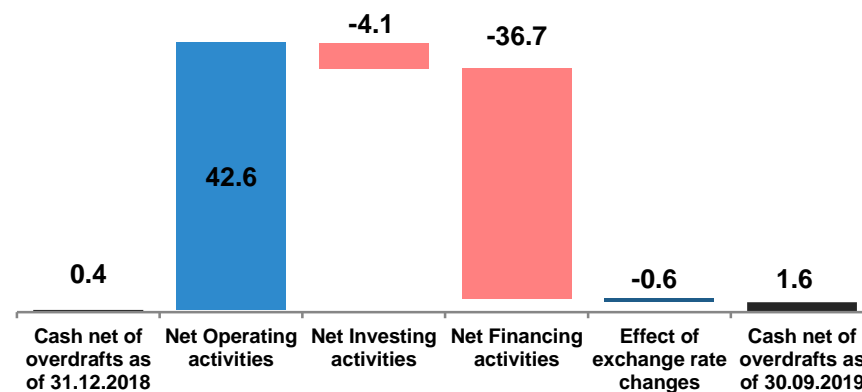
Segment EBITDA, RUB Bln



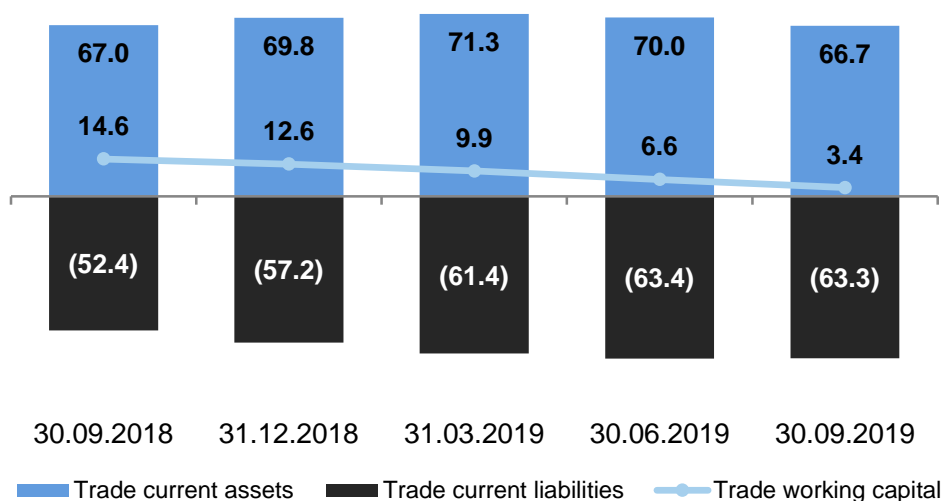
Cash flow & trade working capital

- Cash flow from operations completely covers Group's current expenses, including debt service and lease payments.
- In 3Q2019 there was 3.2 bln RUB trade working capital release.
- Group's capital expenditures in 3Q2019 amounted to 3.0 bln RUB, including 0.8 bln RUB of lease payment.

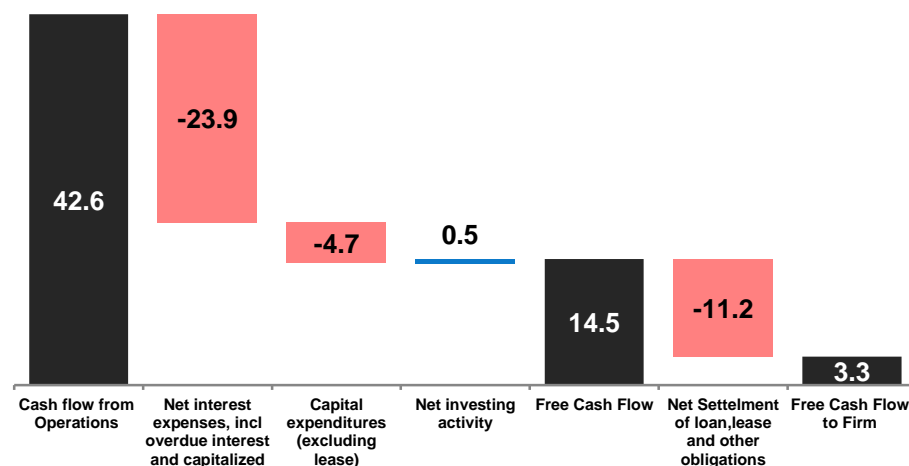
CASH FLOW, RUB Bln



Trade working capital management, RUB Bln

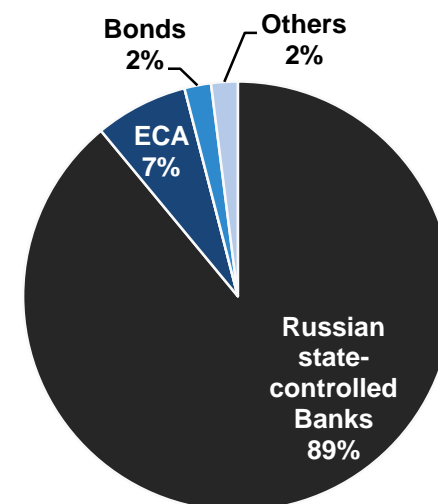
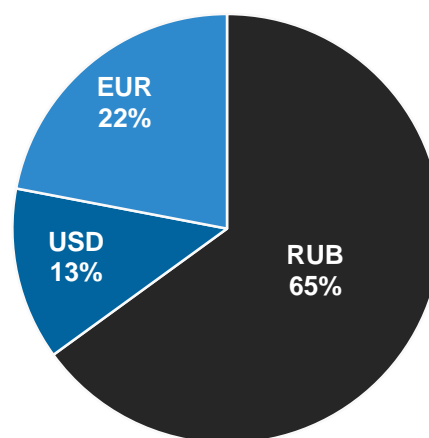
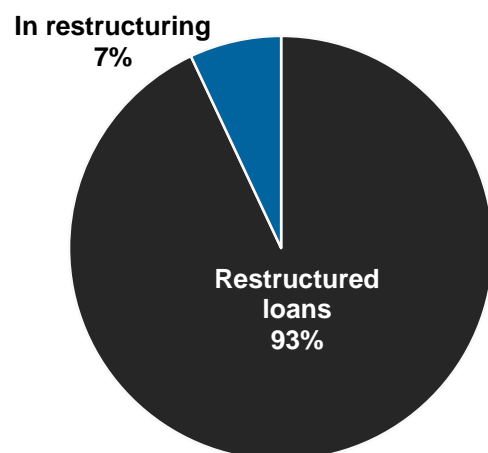
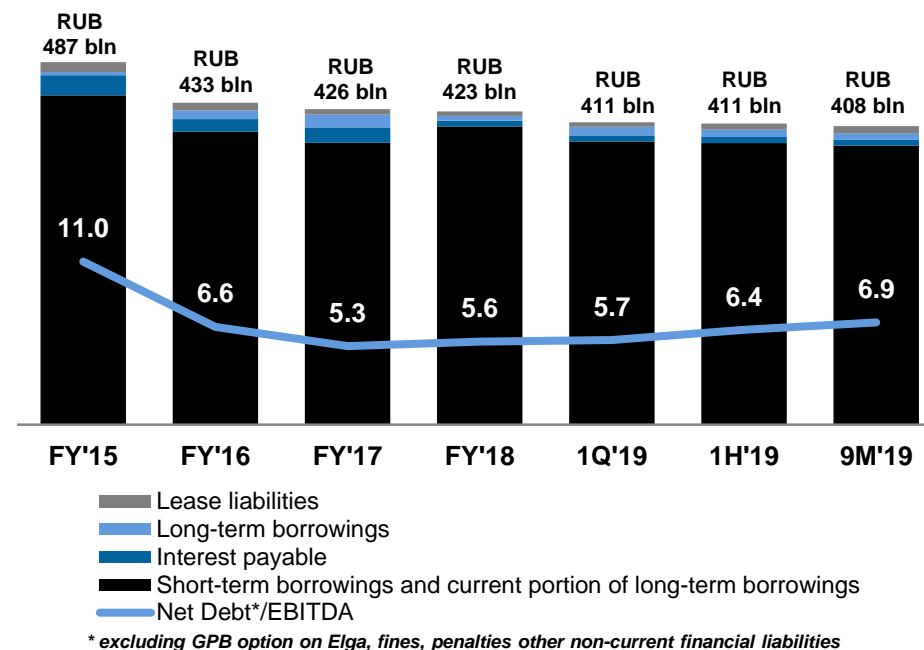


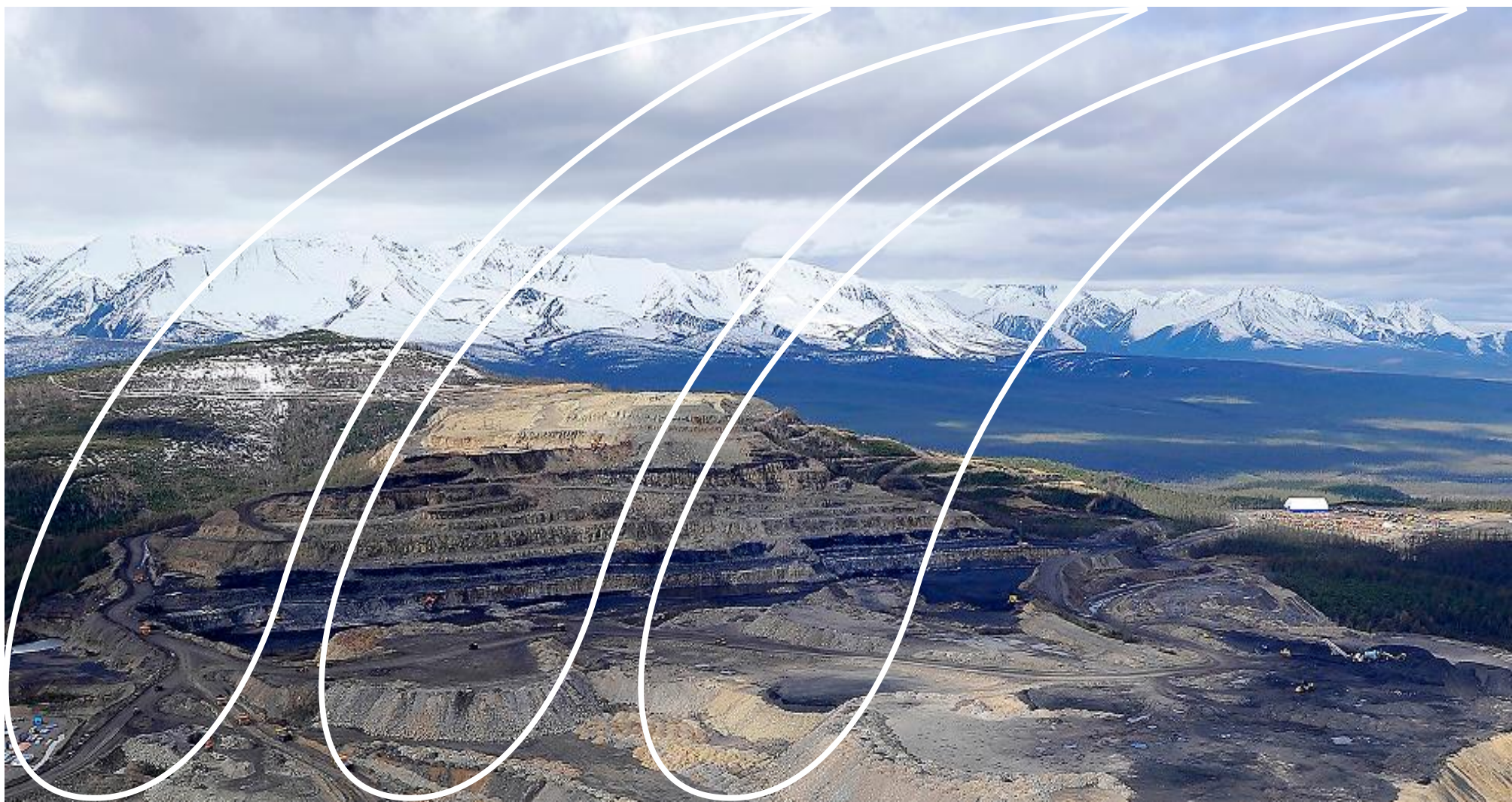
FREE CASH FLOW for 9M2019, RUB Bln



Debt structure & net debt / EBITDA ratio dynamics

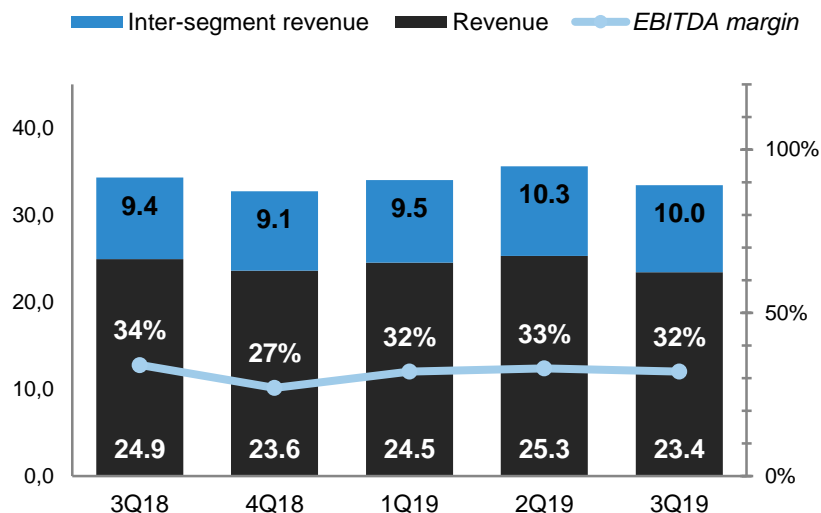
- Portion of restructured debt remains at a level of 93%; ruble portion of debt amounts to 65%; and Russian state-controlled banks hold 89% of our debt portfolio.
- Net leverage increased to 6.9 on lower EBITDA.
- Average interest rate through the debt portfolio as of November 2019 is 7.4% per annum; average paid interest rate amounts to 7.4% per annum.
- In 3Q2019 Group repaid 4.9 bln RUB of debt.



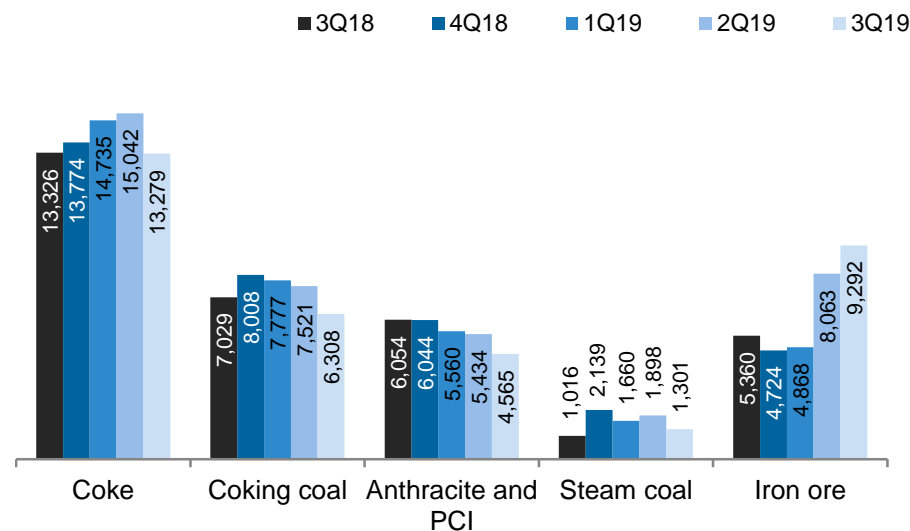


Mining segment

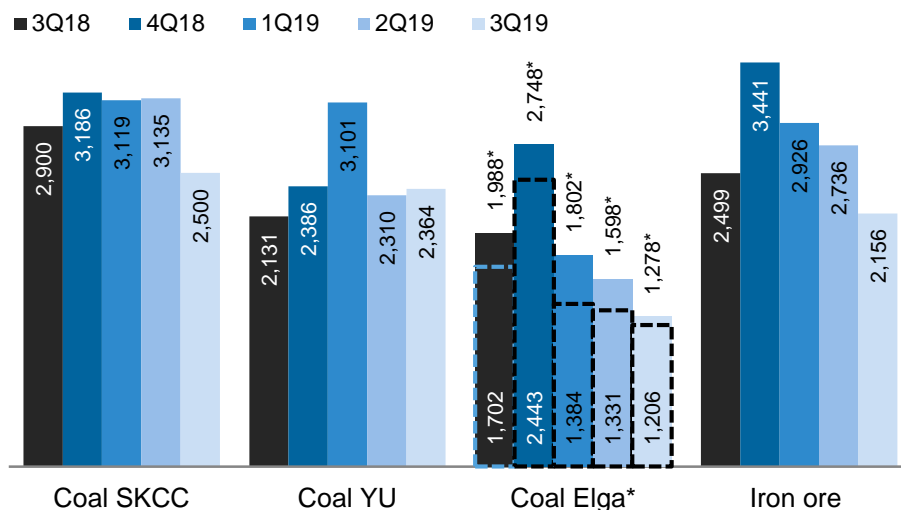
Revenue, EBITDA margin, RUB Bln



Average sales prices FCA, RUB/tonne



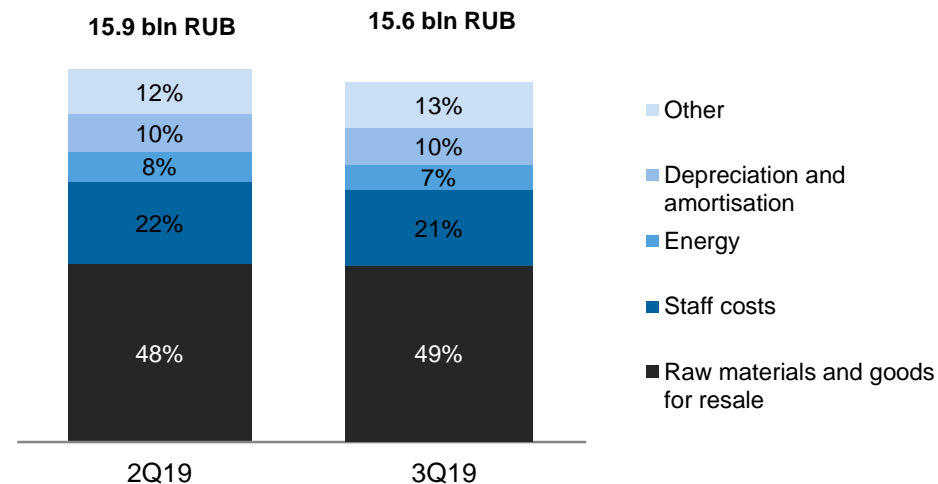
Cash costs, RUB/tonne



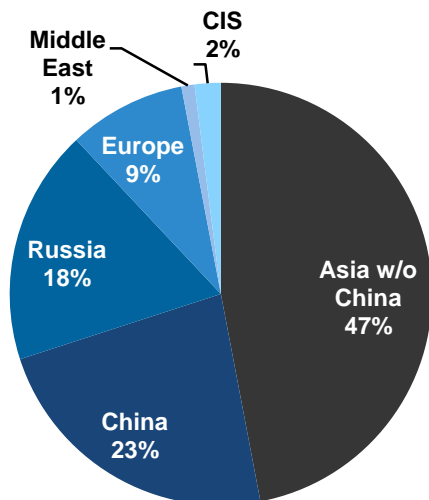
Coking coal concentrate produced on Elga

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

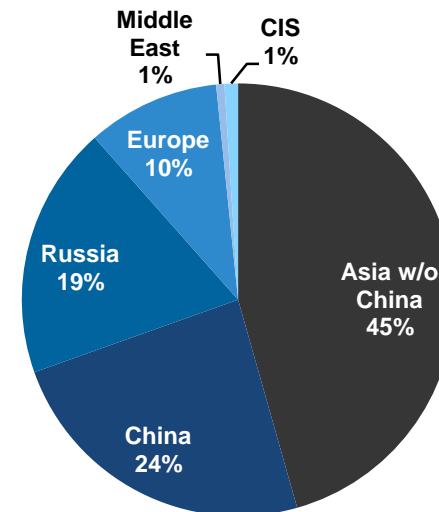
COS structure



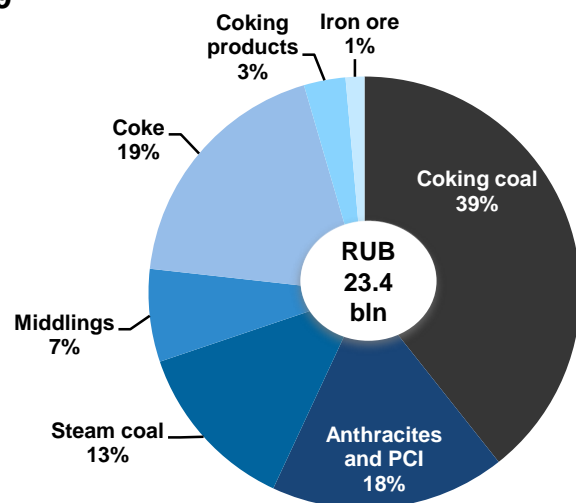
Revenue breakdown by regions
3Q2019



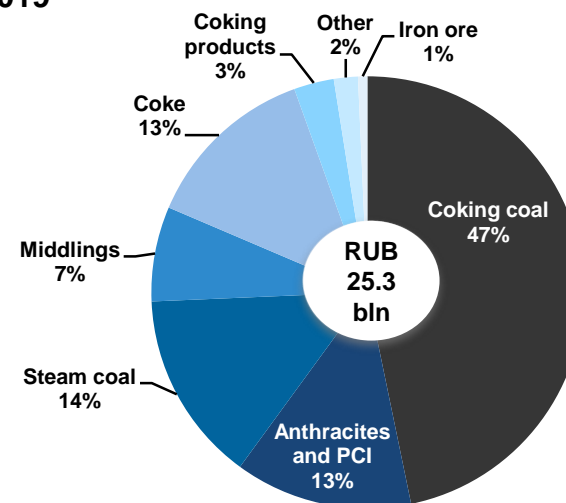
Revenue breakdown by regions
2Q2019



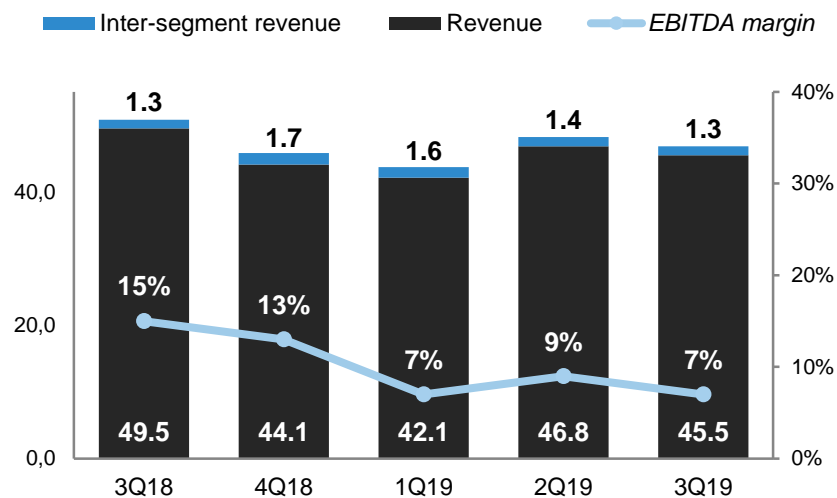
Revenue breakdown by products
3Q2019



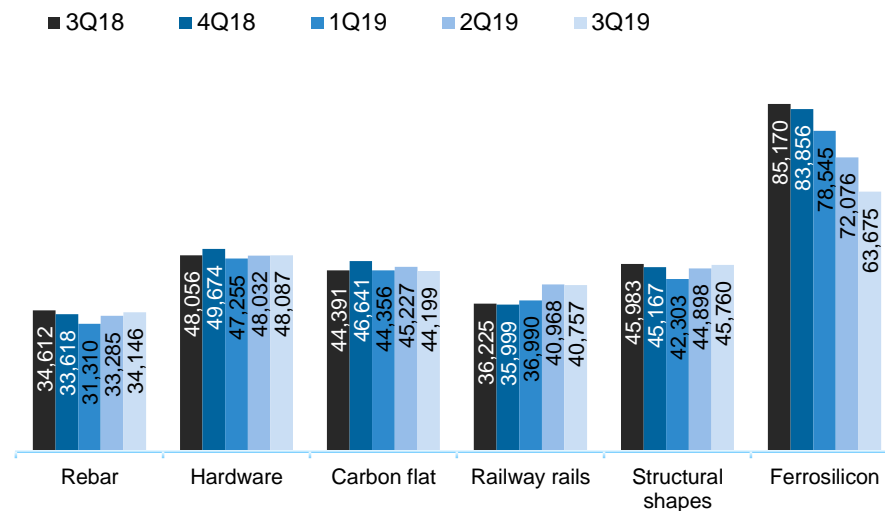
Revenue breakdown by products
2Q2019



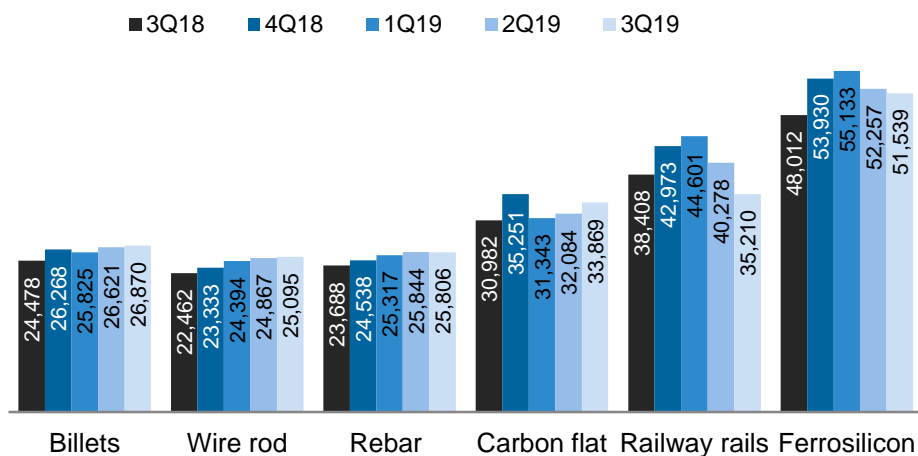
Revenue, EBITDA margin, RUB Bln



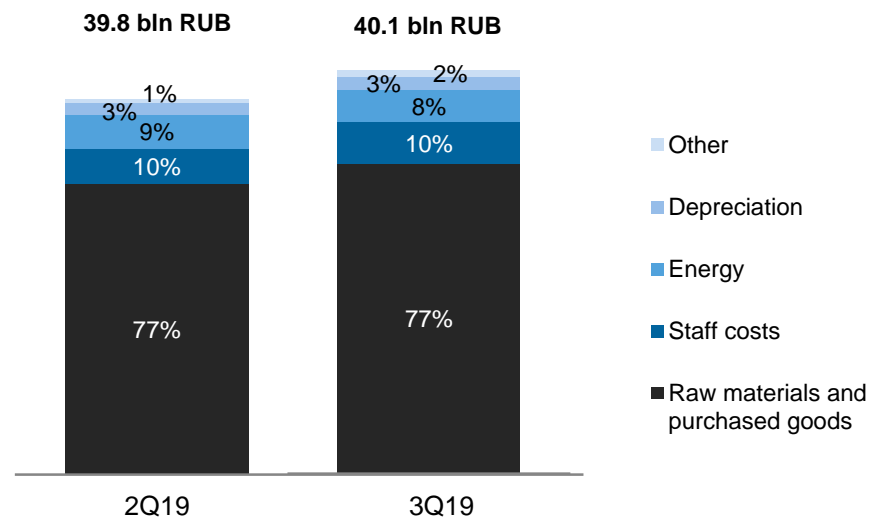
Average sales prices FCA, RUB/tonne



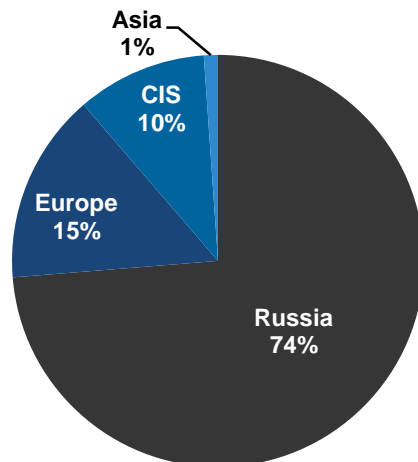
Cash costs, RUB/tonne



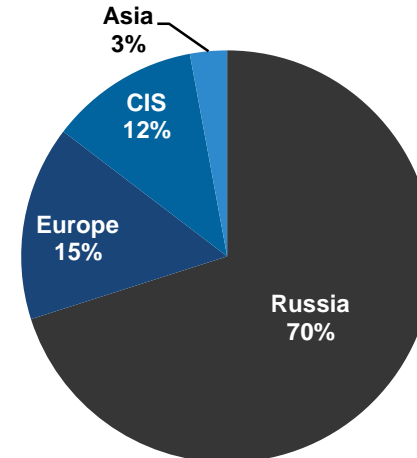
COS structure



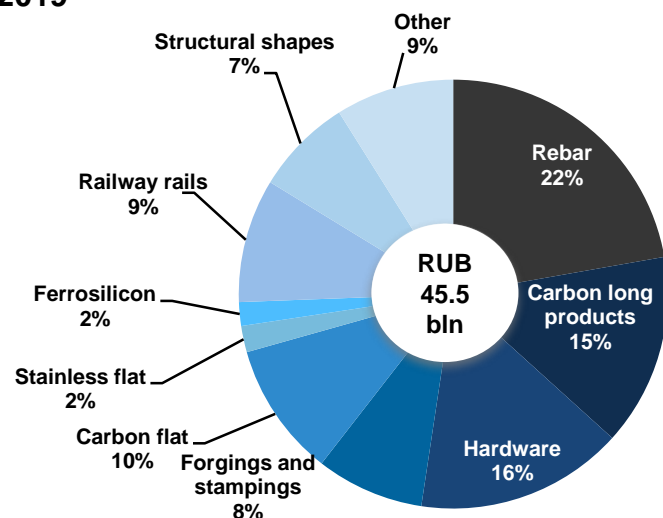
Revenue breakdown by regions
3Q2019



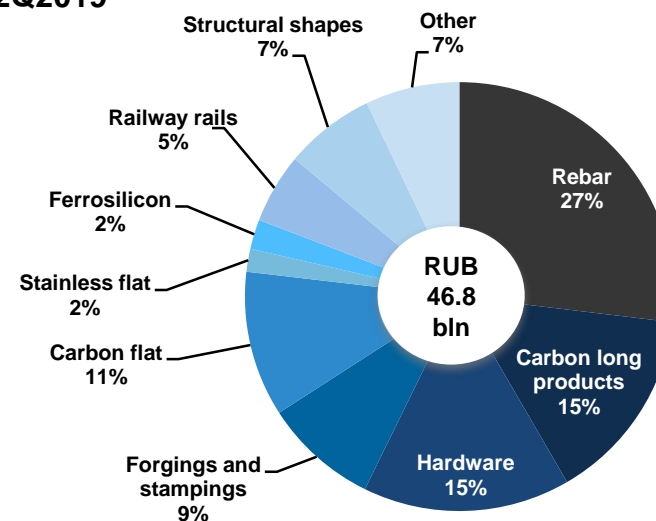
Revenue breakdown by regions
2Q2019



Revenue breakdown by products
3Q2019



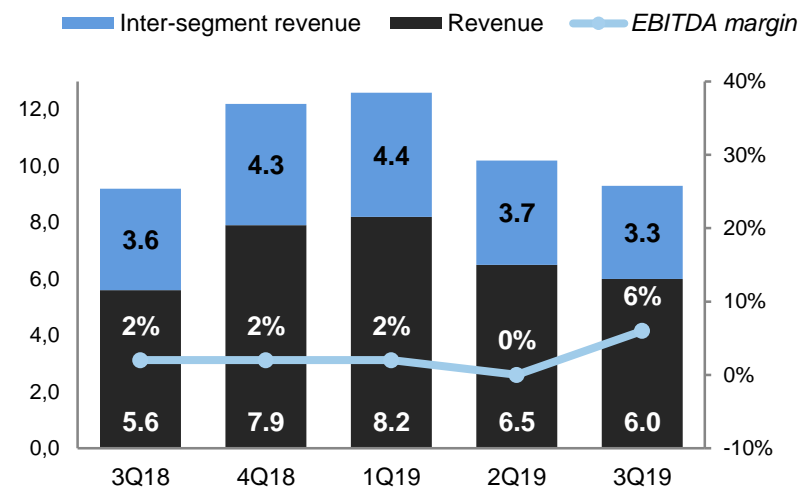
Revenue breakdown by products
2Q2019



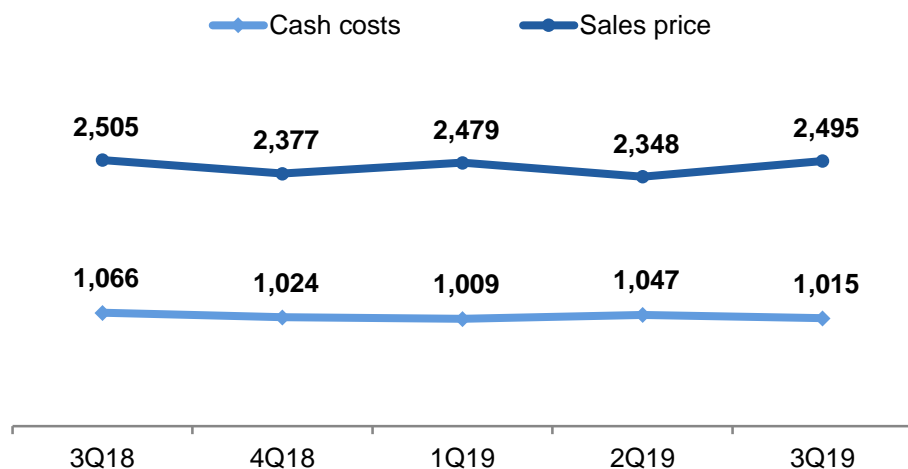
Power segment

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- EBITDA increased from 0.05 bln RUB to 0.6 bln RUB as cost of sales went down.

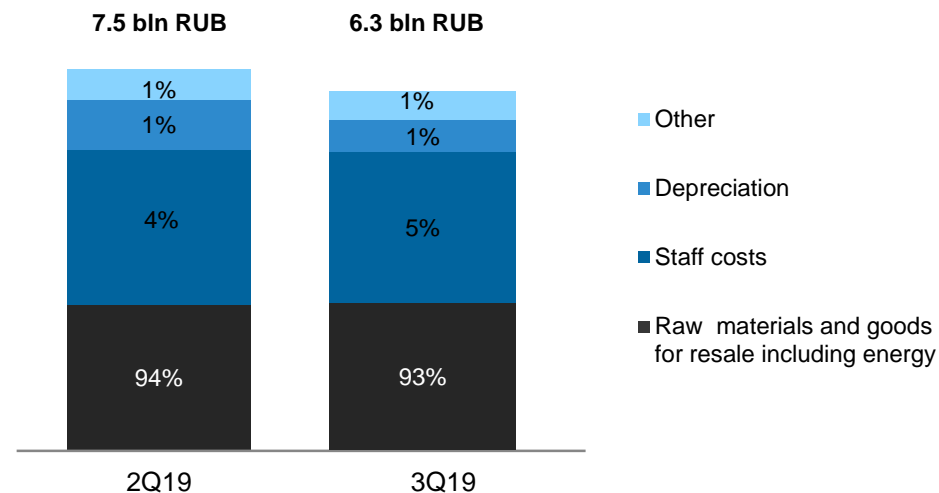
Revenue, EBITDA margin, RUB Bln



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



COS structure



Mechel is a global mining and metals company

