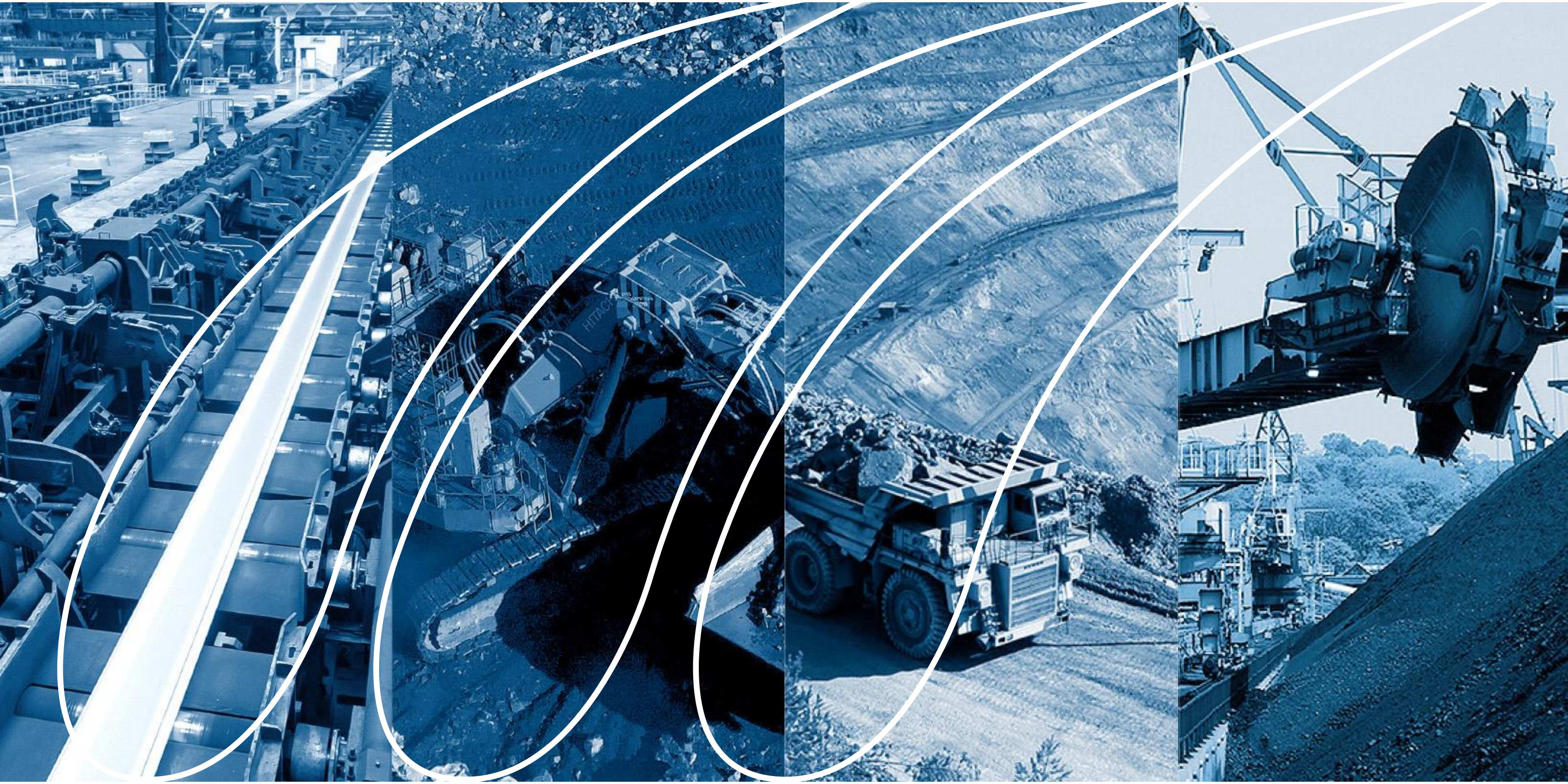
FY2019 RESULTS PRESENTATION

March 19, 2020



Disclaimer

This presentation does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of Mechel PAO (Mechel) or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. Any purchase of securities should be made solely on the basis of information Mechel files from time to time with the U.S. Securities and Exchange Commission. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of the Mechel or any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

This presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of Mechel, as defined in the safe harbour provisions of the U.S. Private Securities Litigation Reform Act of 1995. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements. We refer you to the documents Mechel files from time to time with the U.S. Securities and Exchange Commission, including our Form 20-F. These documents contain and identify important factors, including those contained in the section captioned “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” in our Form 20-F, that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the achievement of anticipated levels of profitability, growth, cost and synergy of our recent acquisitions, the impact of competitive pricing, the ability to obtain necessary regulatory approvals and licenses, the impact of developments in the Russian economic, political and legal environment, volatility in stock markets or in the price of our shares or ADRs, financial risk management and the impact of general business and global economic conditions.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice

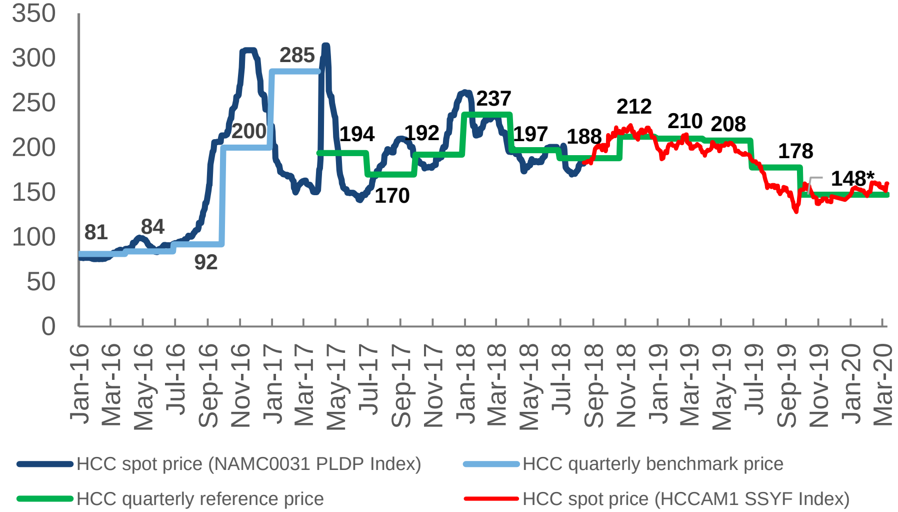
KEY FINANCIAL RESULTS

Nelli R. Galeeva – Chief Financial Officer

Key market drivers

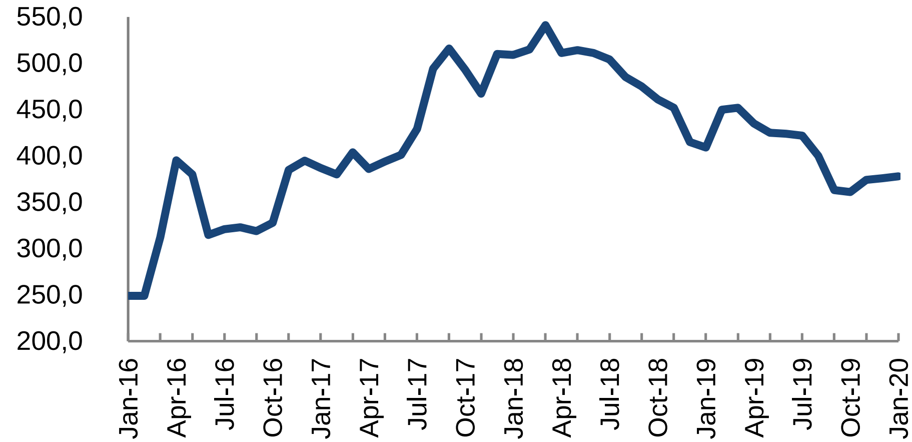
- In the first half of 2019 global coking coal prices were relatively stable but starting from 3Q2019 there developed a downward trend. By the end of September premium-grade hard coking coal spot prices went below $130 per tonne FOB Australia. It was the lowest point since August 2016. The main reason for this decline was limitations on imported coal customs processing at Chinese ports imposed when imported coal volumes in 1H2019 exceeded 1H2018 levels. End of the year brought some recovery in spot prices but it was limited as restrictions on coal import remained in place.
- Russian coal market was following the international coal prices trend and also declined by the end of 2019. Nevertheless, it was less volatile as sales are performed on the quarterly contracts basis so prices are to a lesser extent vulnerable to short term market factors.
- Accident at Brazilian iron ore mine as well as supplies constrains at some Australian mines in the 1H2019 led to significant iron ore price growth. After reaching peak levels of $126 per tonne in the beginning of 3Q2019, iron ore prices were declining through the second half of 2019 to more sustainable levels of $85-94 per tonne in 4Q2019 on partial supply recovery due to resumption of production at some of Brazilian production sites and gradual increase of capacities by other producers.
- Billet market demonstrated predominantly negative dynamics in 2019. Billet prices were contingent on scrap prices dynamics and depended on Turkish producers limitations to access European and the US markets. We expect that in 2020 billet market will remain under the influence of the same factors.
- Despite overall volatility through the year, average rebar prices in FY 2019 declined by just 2% compared to FY 2018. Price dynamics was mostly driven by traditional seasonal factors. It was also influenced by growing competition and limited export alternatives. We expect further aggravation of competition on the Russian rebar market in 2020 that may lead to market deterioration.

HCC prices FOB Australia, US$/t



Source: Bloomberg
** Current situation*

Billet FOB Black Sea, US$/t



Source: Metal Courier

FY2019 Financial results summary

- Consolidated Revenue in FY2019 amounted to 296.6 bln RUB, a decrease of 5% compared to FY2018. This was a result of lower production and sales volumes in Steel segment due to ongoing overhauls at production facilities and coal market weakness.
- FY2019 EBITDA* went down by 29% compared to FY2018 and amounted to 53.4 bln RUB with EBITDA margin 18%.
- Profit attributable to equity shareholders of Mechel PAO in FY2019 amounted to 2.4 bln RUB, compared to 12.6 bln RUB in FY2018. It was affected by decrease of Gross profit by 26.1 bln rubles due to Revenue decline and higher costs. This effect was compensated by the growth of positive exchange rate differences related to currency-denominated part of our credit portfolio as a result of ruble appreciation in the reporting period.

RUB mln	FY2019	FY2018	%	4Q' 19	3Q' 19	%
Revenue	296,567	312,574	-5%	68,376	74,865	-9%
Operating profit	31,498	49,780	-37%	2,560	8,179	-69%
EBITDA*	53,428	75,667	-29%	9,361	13,720	-32%
EBITDA margin, %	*18%*	*24%*		*14%*	*18%*	
Profit / (loss) attributable to equity shareholders of Mechel PAO	2,409	12,628	-81%	(9,765)	(571)	1610%

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

FY2019 Production and sales summary

- In FY2019 coal mining volumes remained flat compared to FY2018.
- Pig iron and steel production decreased by 8% and 7% respectively year-on-year as a result of repair works at Steel division plants, including in particular overhaul of blast furnace #4 and blast oxygen furnace #1 at Chelyabinsk Metallurgical Plant.

Production (th tonnes)

Product	FY2019	FY2018	%	4Q' 19	3Q' 19	%
Run-of-mine Coal	18,845	18,813	0	5,420	5,290	2
Pig Iron	3,326	3,690	-8	796	794	0
Steel	3,610	3,881	-7	860	888	-3

- Coking coal sales in FY2019 remained flat year-on-year.
- PCI sales increased in FY2019 by 15%. Anthracites and steam coal sales decreased in FY2019 by 37% and 2% respectively year-on-year as division focused more on met coal grades mining.
- Flat products sales decreased by 7% year-on-year. At the same time stainless flat products sales increased by more than three times.
- Long products sales lowered by 8% year-on-year on overall steel production decrease. Sales of high value-added products such as rails and structural shapes increased by 15% and 2% respectively.

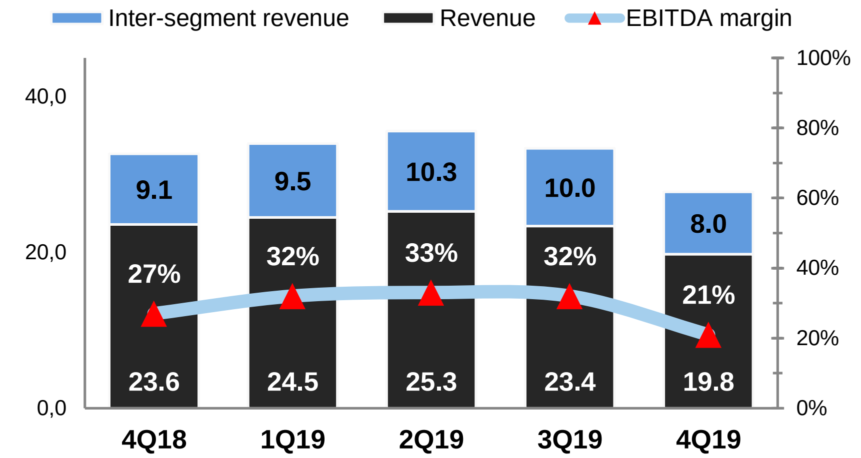
Sales (th tonnes)

Product	FY2019	FY2018	%	4Q' 19	3Q' 19	%
Coking Coal	7,163	7,149	0	1,830	1,720	6
Steam Coal	5,181	5,290	-2	1,174	1,364	-14
Flat Products	449	481	-7	112	108	3
Long Products	2,509	2,731	-8	618	630	-2

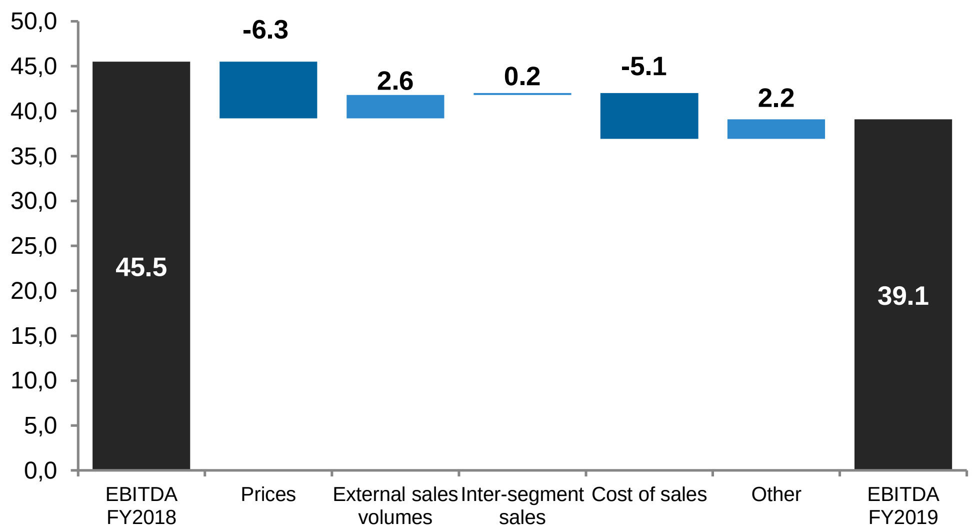
Mining segment

- Mining segment regional sales structure changed reflecting results of our marketing development efforts. Share of our sales to China decreased from 21% to 19%. At the same time share of sales to other Asian countries increased from 40% to 46% as we attracted new clients from Malaysia, Vietnam and other countries.
- Metallurgical coal market weakness was the major factor of Mining segment. Revenue and EBITDA declined by 4% and 14% respectively year-on-year. Higher costs resulting from extra stripping works also added to this. At the same time prices and costs negative effect was partially compensated by higher sales volumes.
- Mining EBITDA margin decreased to 30% in FY2019.

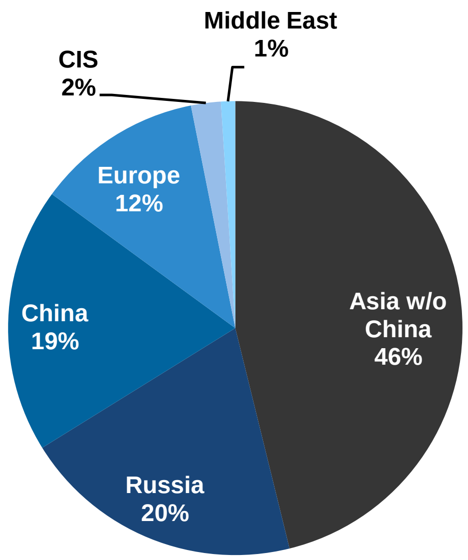
Revenue, EBITDA margin, RUB Bln



EBITDA, RUB Bln



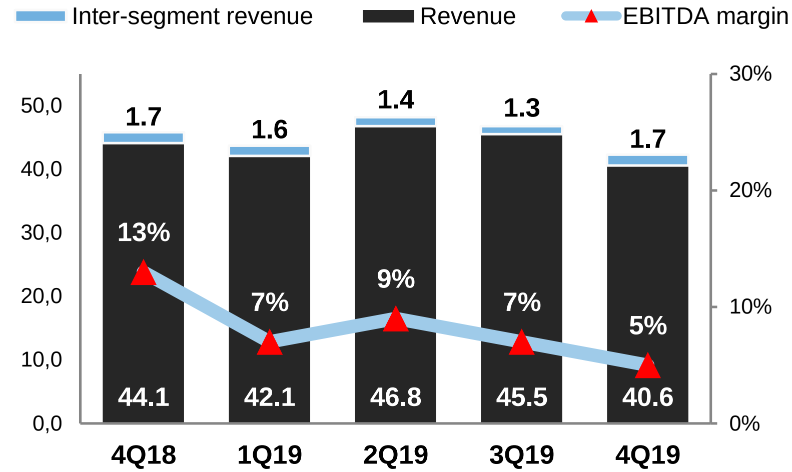
Revenue breakdown by regions (FY2019)



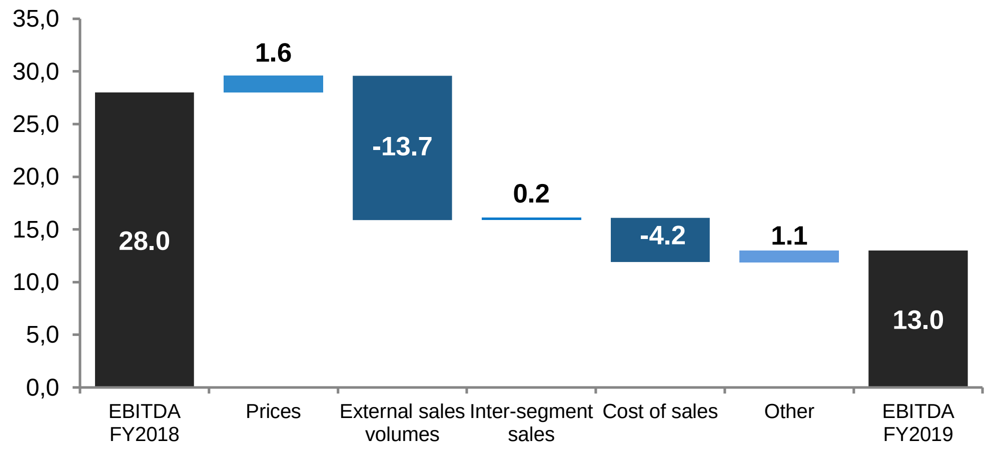
Steel segment

- In FY2019 Revenue decreased by 7% year-on-year due to lower production and sales volumes in Steel segment ensuing ongoing overhauls at production facilities.
- EBITDA in FY2019 went down by 54% from the previous year on lower sales volumes and costs increase due to high iron ore purchase prices.
- Segment`s EBITDA margin declined year-on-year from 14% to 7%.

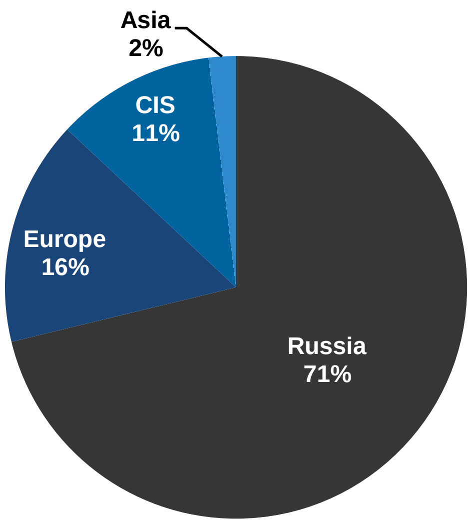
Revenue, EBITDA margin, RUB Bln



EBITDA, RUB Bln



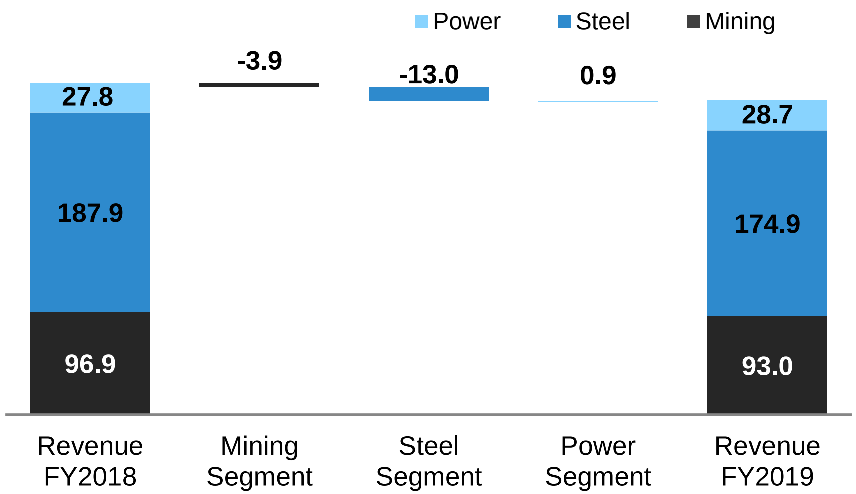
Revenue breakdown by regions (FY2019)



Consolidated revenue and segment EBITDA dynamics

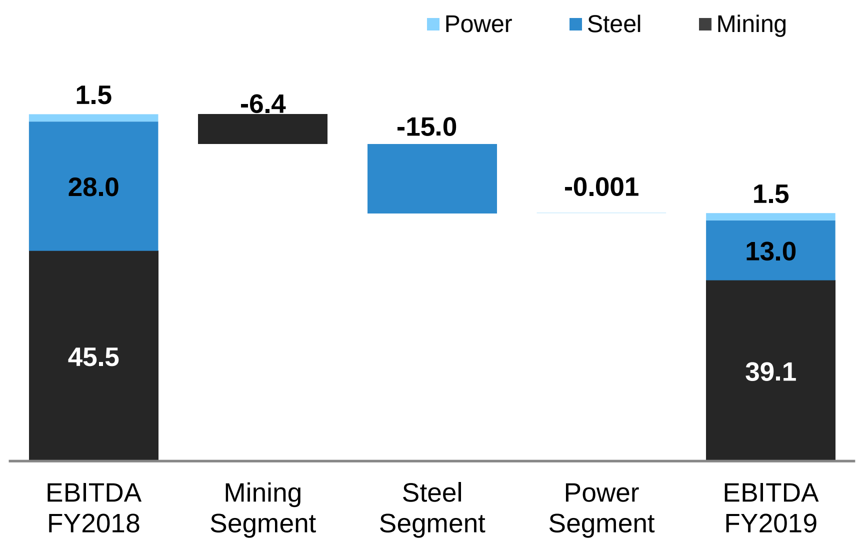
- Mining segment Revenue to 3rd parties in FY2019 decreased by 4%, compared to FY2018 on lower coal prices.
- Steel segment Revenue to 3rd parties in FY2019 declined by 7% compared to FY2018 on sales volumes decrease.
- Power segment Revenue to 3rd parties increased by 3% year-on-year on higher electricity sales volumes and price growth.

Revenue, RUB Bln



- Mining segment EBITDA went down by 14% in FY2019 compared to FY2018 and amounted to 39.1 bln RUB due to metallurgical coal prices decrease and higher costs as a result of advanced volumes of blasting and stripping works.
- Steel segment EBITDA decreased by 54% and amounted to 13.0 bln RUB on lower sales volumes (as a result of overhauls at Chelyabinsk Metallurgical Plant) and costs increase due to higher iron ore purchase prices.
- Power segment EBITDA remained flat in FY2019 and amounted 1.5 bln RUB.

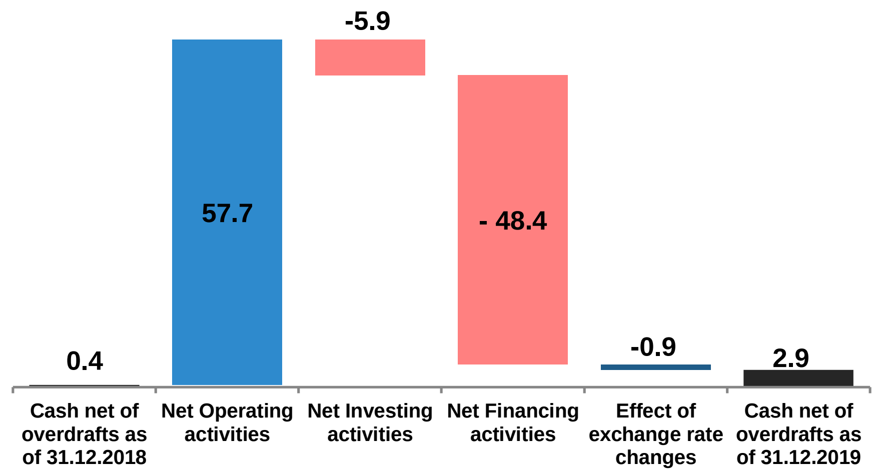
Segment EBITDA, RUB Bln



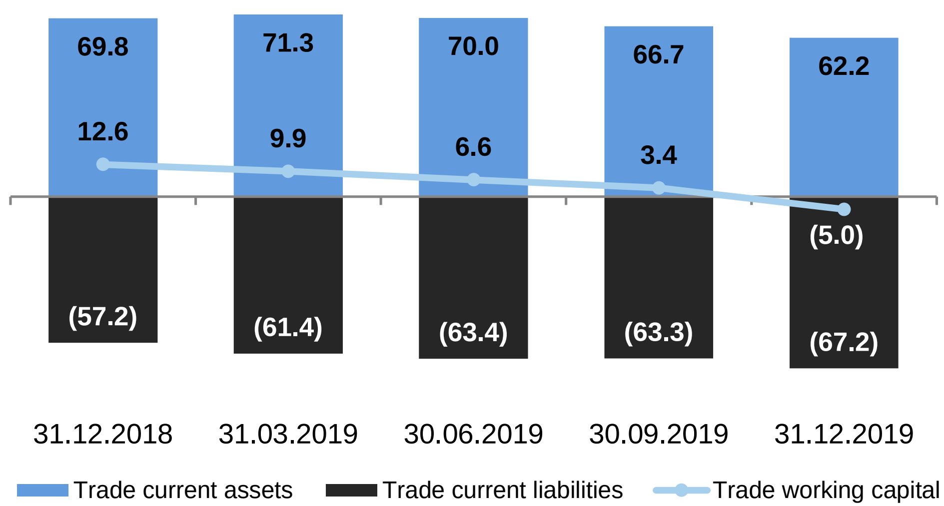
Cash flow & trade working capital

- Cash flow from operations completely covers Group's current expenses, including debt service and lease payments and allows us to perform debt repayments.
- In FY2019 there was 17.6 bln RUB trade working capital release due to increase in trade and other accounts payable and decrease in inventories, accounts receivable and other current assets.
- Group's capital expenditures in 2019 amounted to 9.2 bln RUB, including 2.3 bln RUB of lease payment.

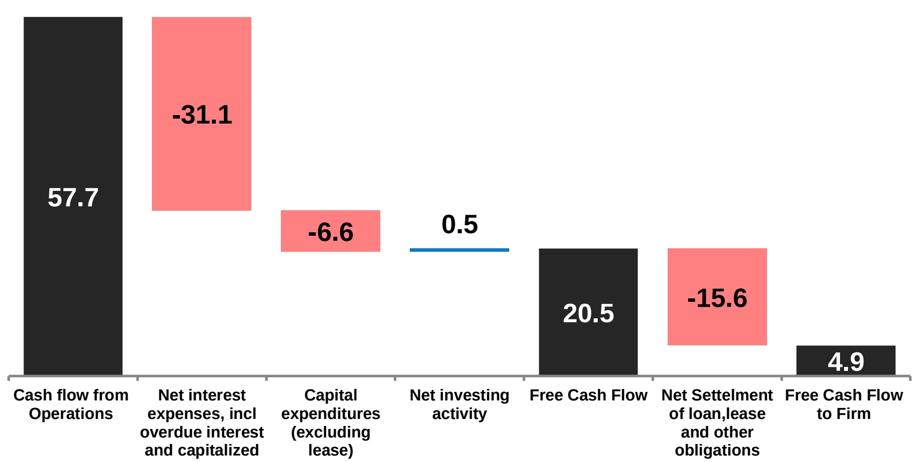
CASH FLOW, RUB Bln



Trade working capital management, RUB Bln

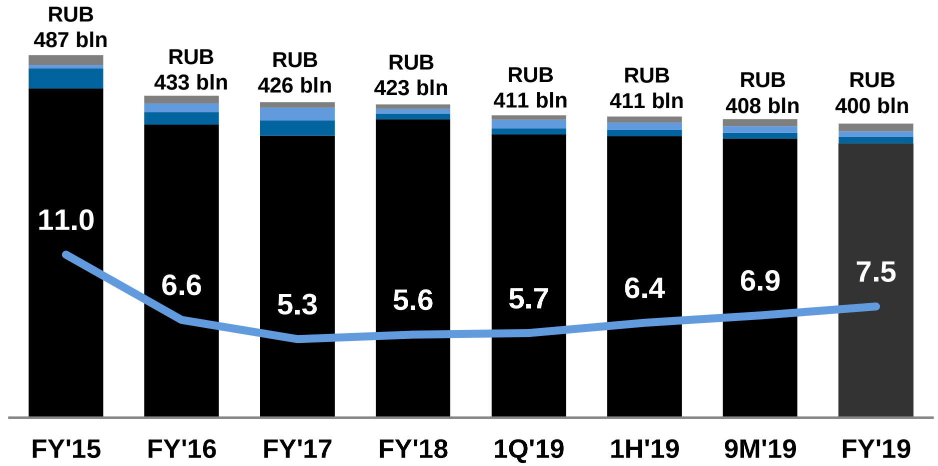


FREE CASH FLOW for FY2019, RUB Bln

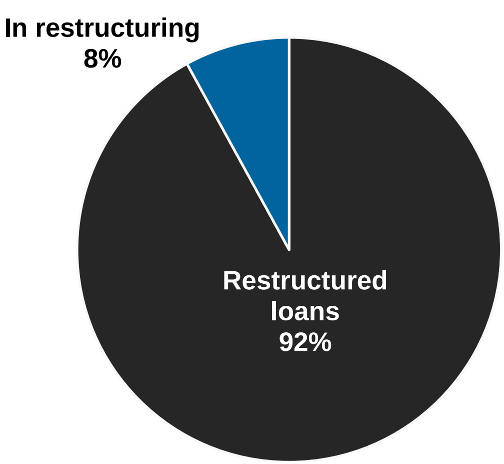


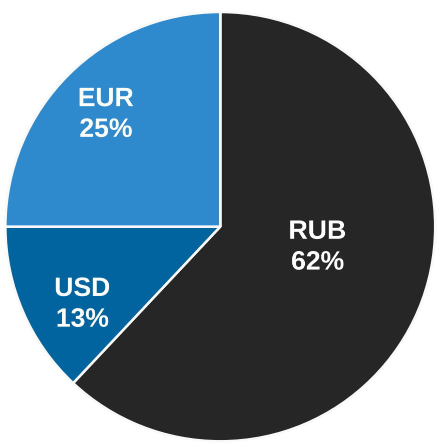
Debt structure & net debt / EBITDA ratio dynamics

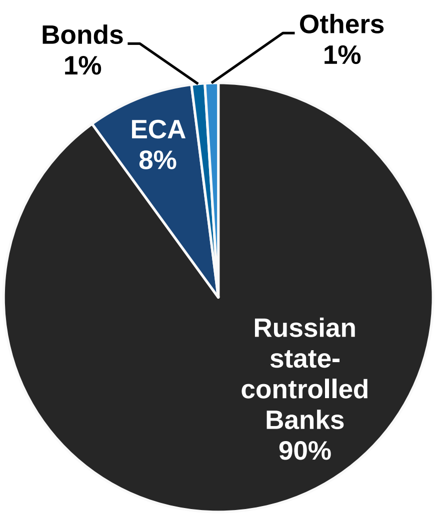
- Portion of restructured debt remains at a level of 92%; ruble portion of debt amounts to 62%; and Russian state-controlled banks hold 90% of our debt portfolio.
- Net leverage increased to 7.5 on lower EBITDA.
- Average interest rate through the debt portfolio as of March 2020 is 7.0% per annum; average paid interest rate amounts to 6.8% per annum.
- In FY2019 Group repaid 13.2 bln RUB of debt.



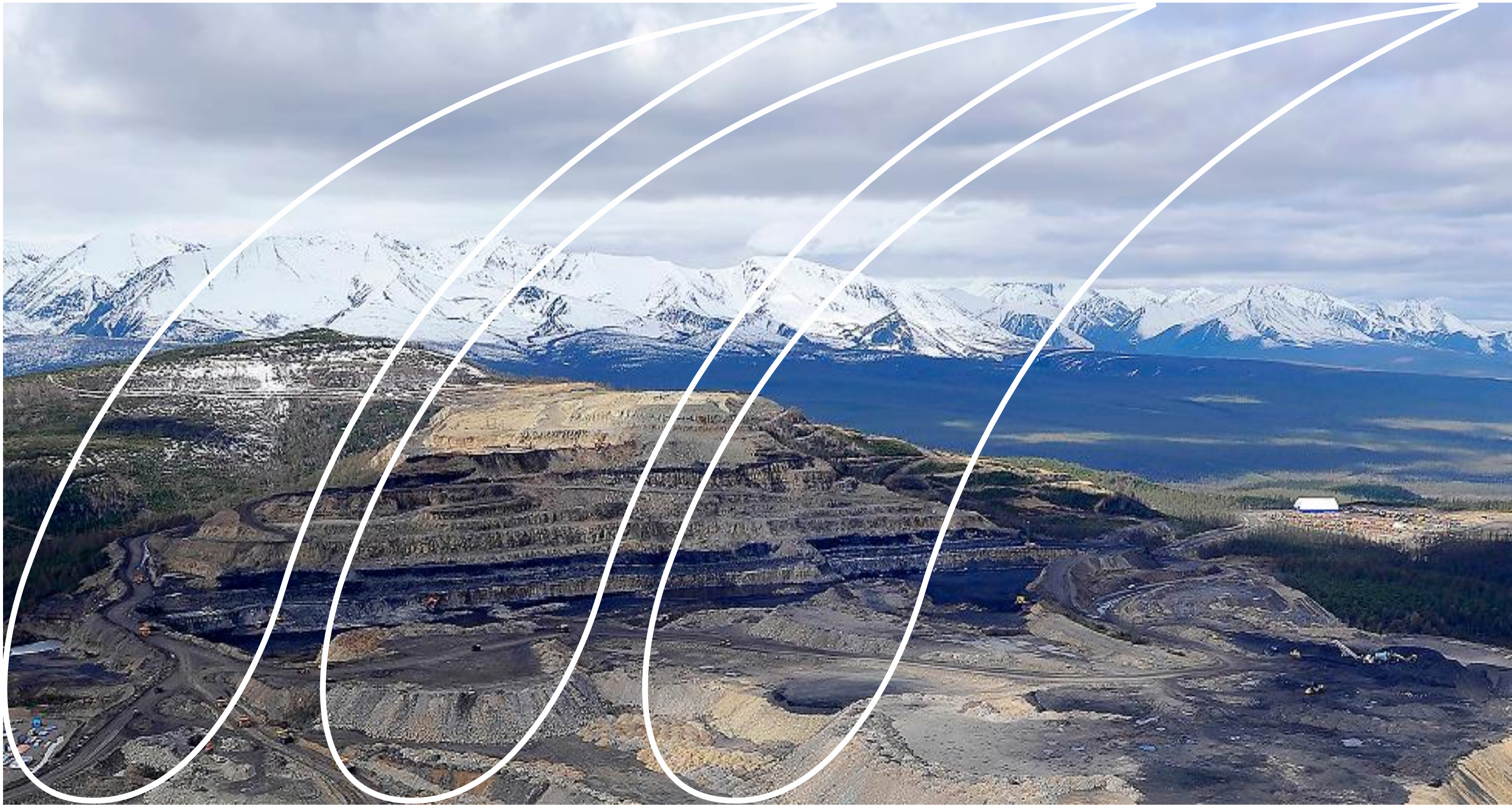
*** excluding GPB option on Elga, fines, penalties other non-current financial liabilities***





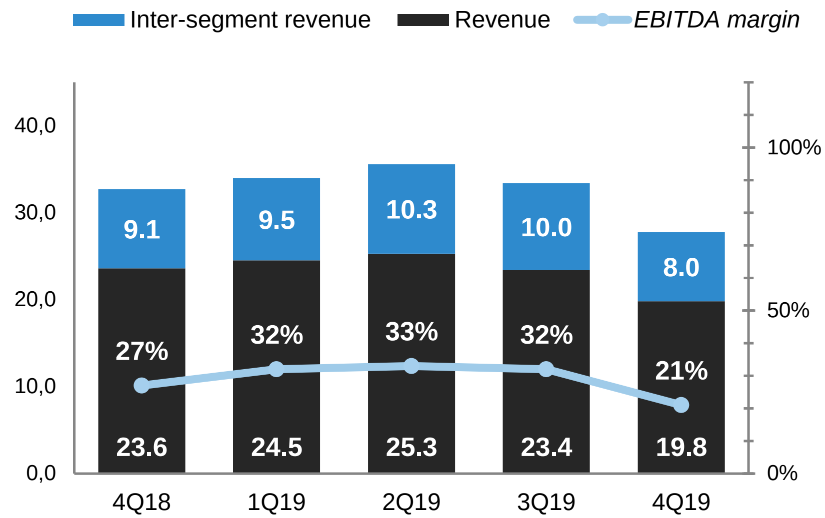


APPENDIX

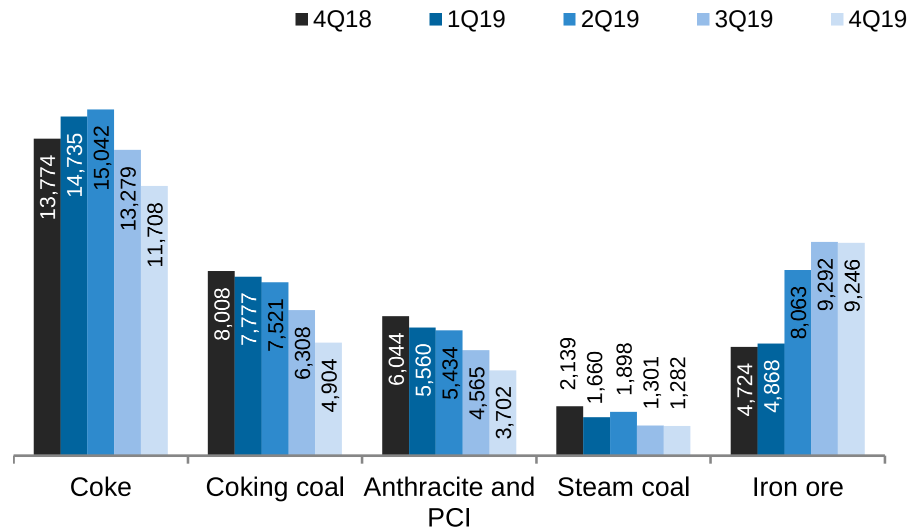


Mining segment

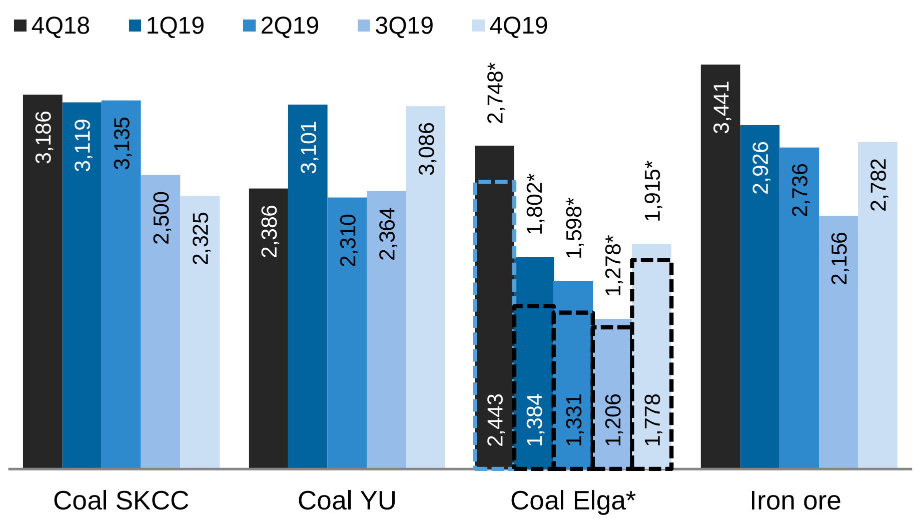
Revenue, EBITDA margin, RUB Bln



Average sales prices FCA, RUB/tonne



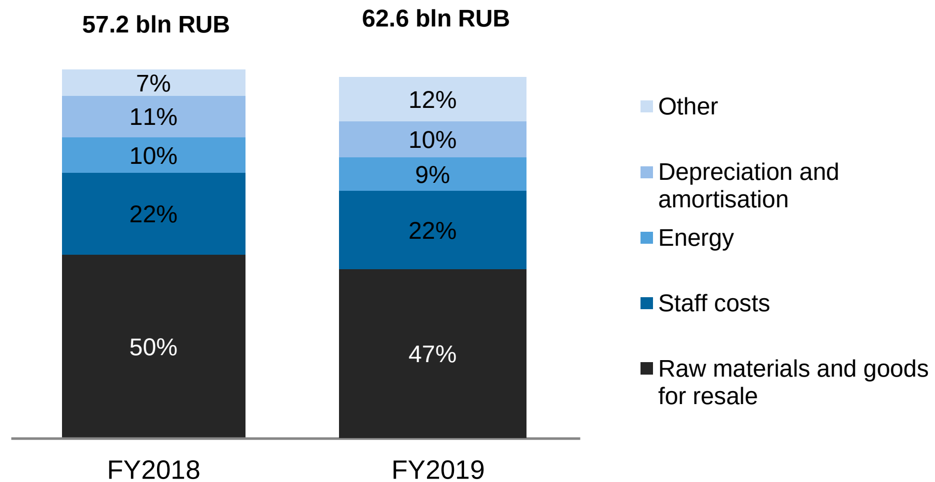
Cash costs, RUB/tonne



Coking coal concentrate produced on Elga

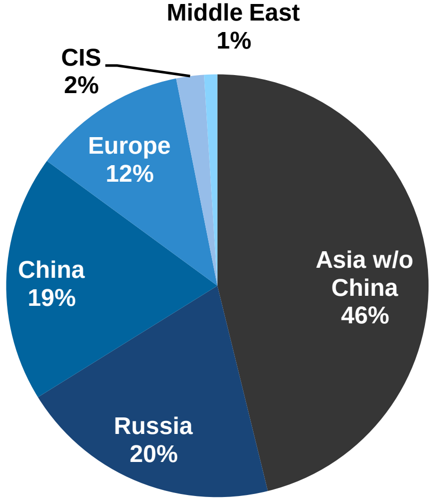
* Coking coal concentrate produced on Elga and Southern Kuzbass Coal Company washing facilities

COS structure

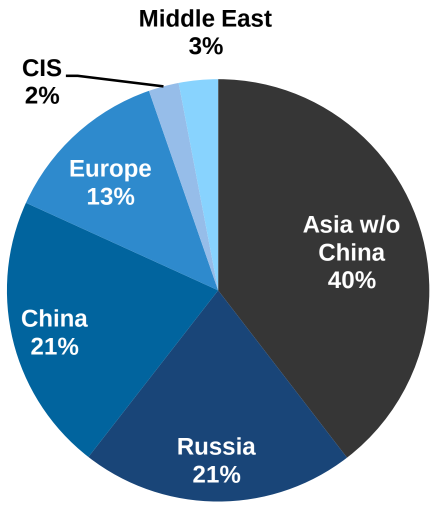


Mining segment

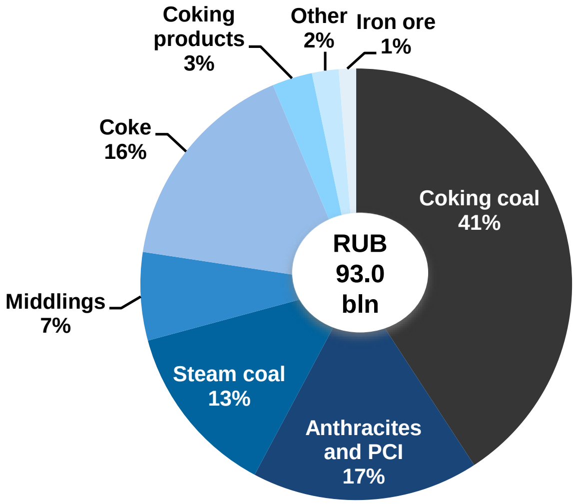
Revenue breakdown by regions FY2019



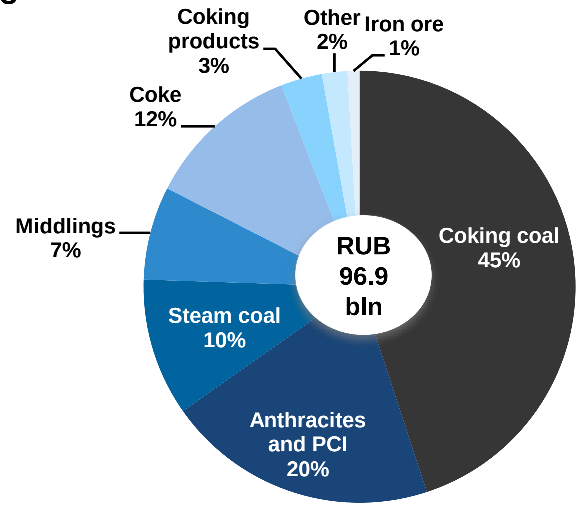
Revenue breakdown by regions FY2018



Revenue breakdown by products FY2019

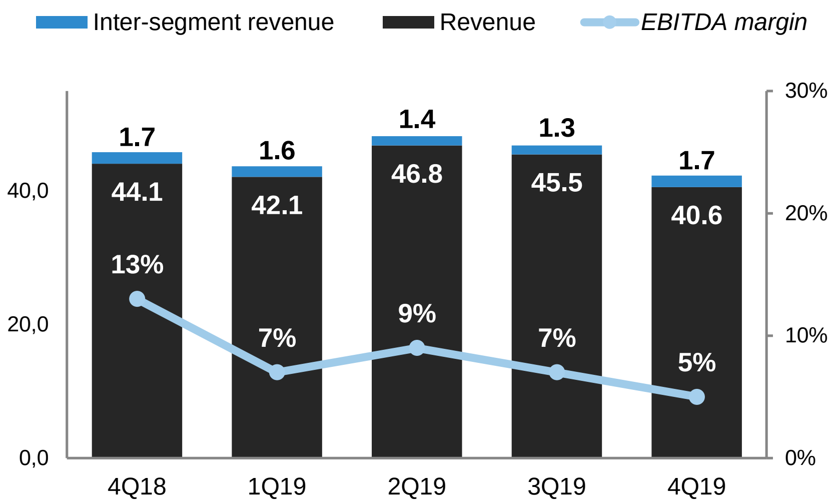


Revenue breakdown by products FY2018

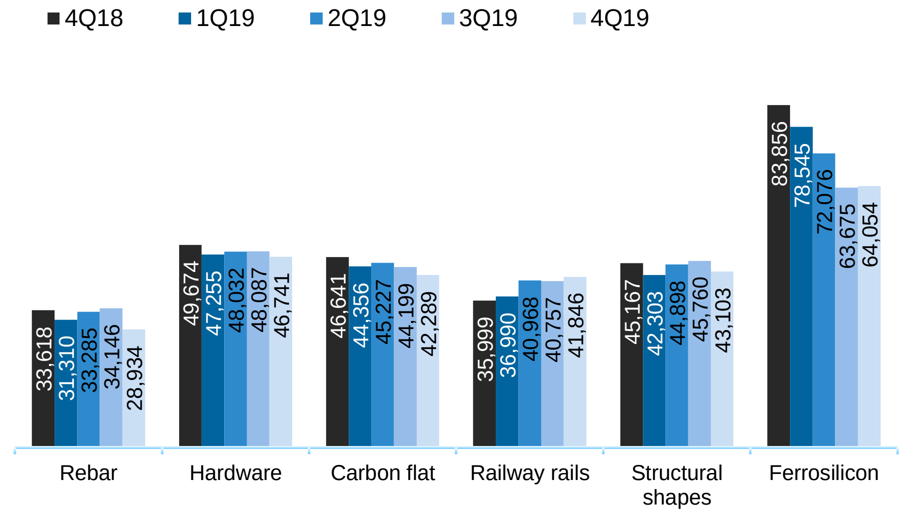


Steel segment

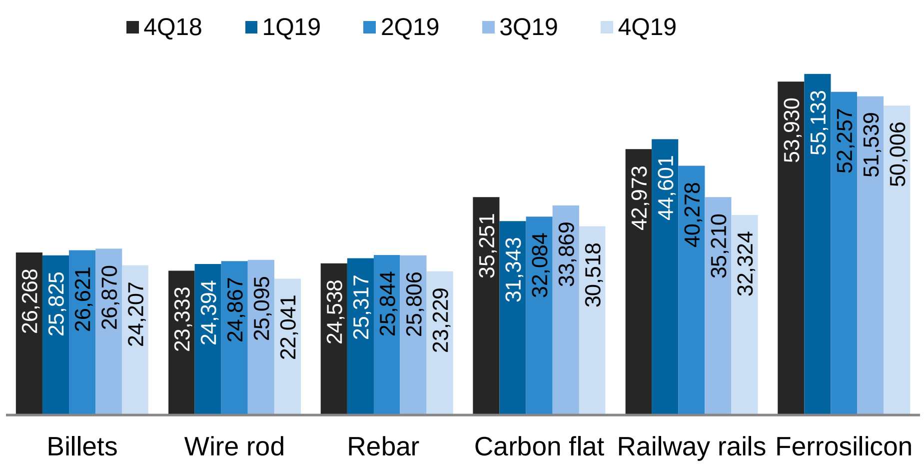
Revenue, EBITDA margin, RUB Bln



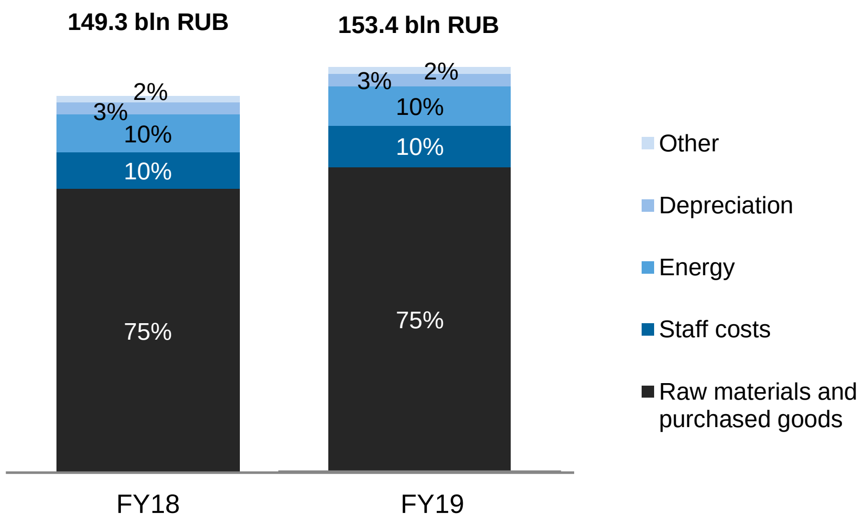
Average sales prices FCA, RUB/tonne



Cash costs, RUB/tonne

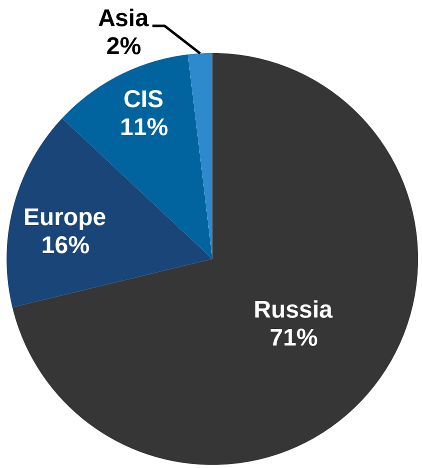


COS structure

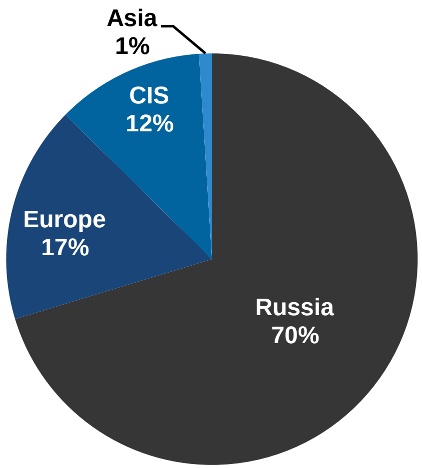


Steel segment

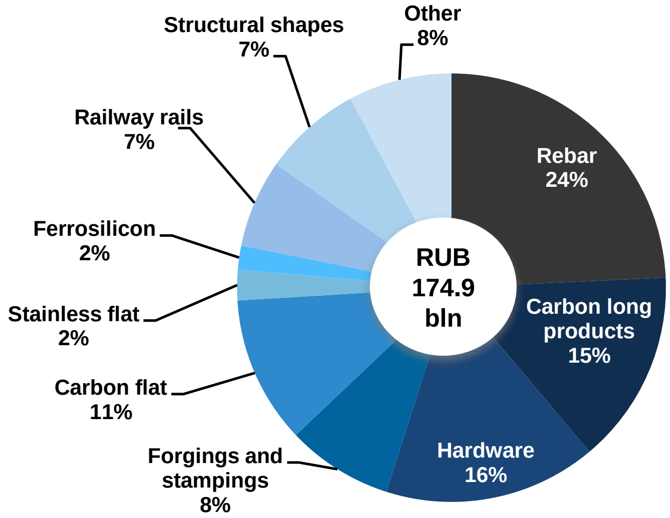
Revenue breakdown by regions FY2019



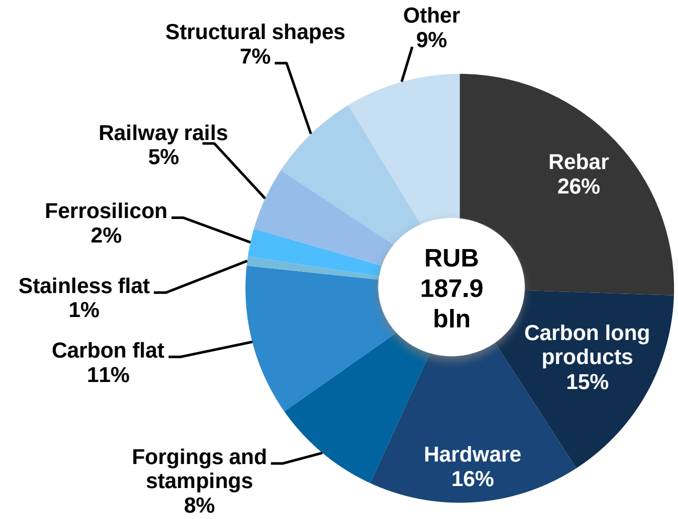
Revenue breakdown by regions FY2018



Revenue breakdown by products FY2019



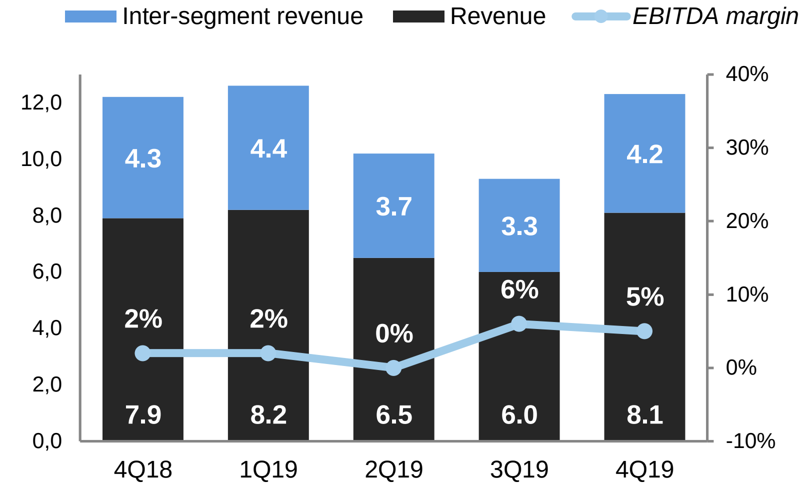
Revenue breakdown by products FY2018



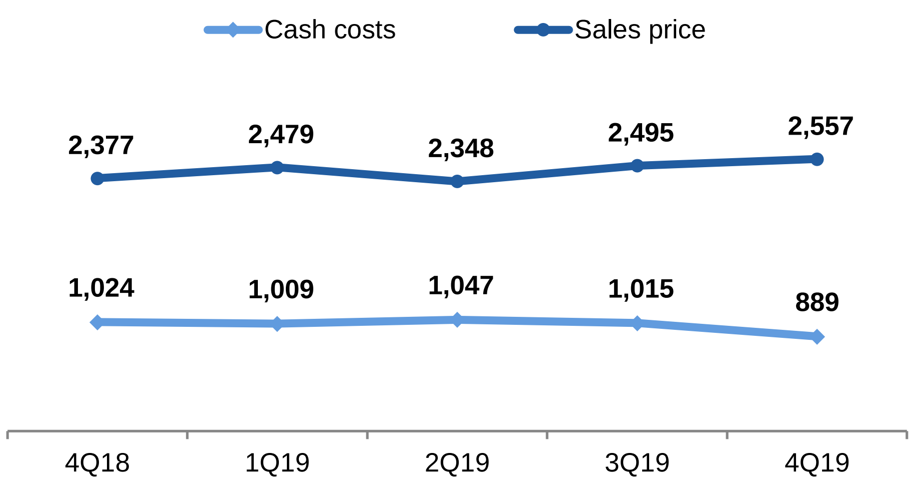
Power segment

- Power segment Revenue to 3rd parties increased by 3% year-on-year on higher electricity sales volumes and price growth.
- Power segment EBITDA remained flat in FY2019 and amounted 1.5 bln RUB.

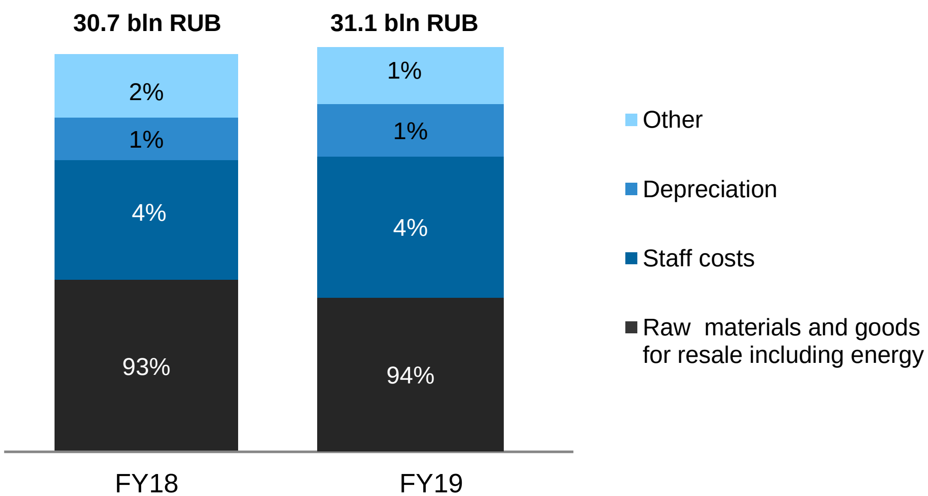
Revenue, EBITDA margin, RUB Bln



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



COS structure



Mechel is a global mining and metals company

www.mechel.com