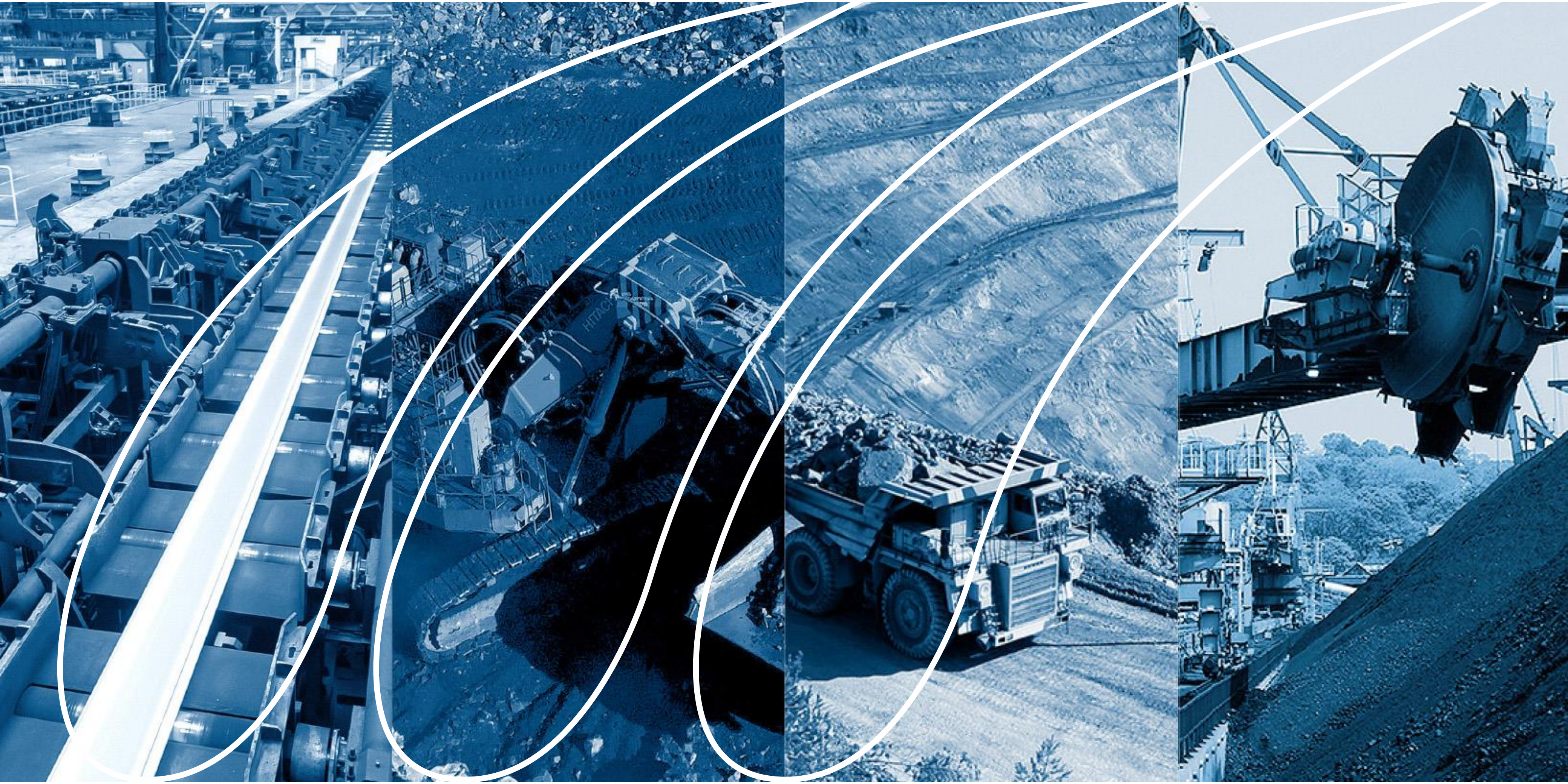
1H 2018 RESULTS PRESENTATION

August 22, 2018



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

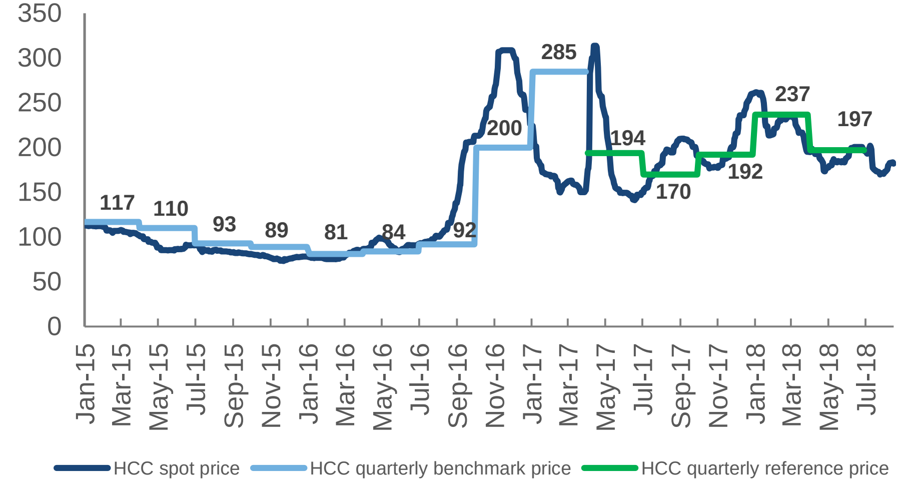
KEY FINANCIAL RESULTS

Nelli R. Galeeva – Chief Financial Officer

Key market drivers

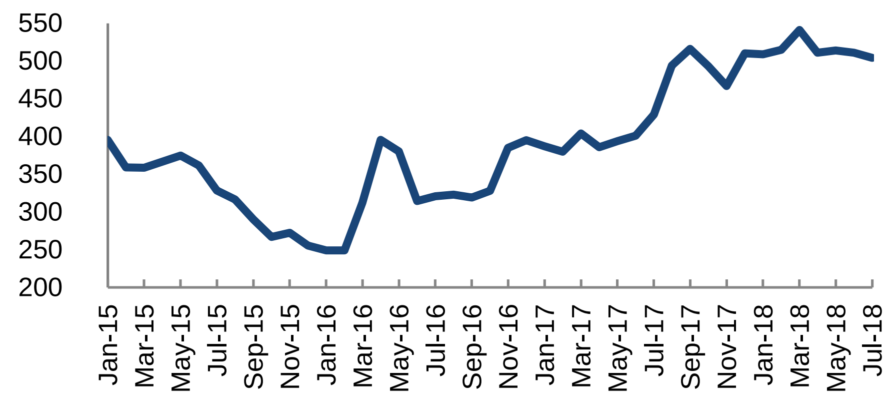
- In 2Q 2018 hard coking coal price on seaborne market was declining. Contract prices decreased from $237 per tonne in 1Q 2018 to $197 per tonne and average spot quote went down from $228 per tonne in 1Q 2018 to $190 per tonne.
- Russian coal market in 2Q 2018 demonstrated more stability as most contracts were signed in the beginning of 2018 with duration till the end of 2Q 2018.
- Even despite downward trend in global coal prices in 2Q 2018, stable prices on the domestic market and Ruble depreciation resulted in higher average Ruble-nominated sales prices for the period.
- In mid 3Q 2018 we saw further decline in spot coal prices to $172 per tonne, but on the back of growing steel prices in China coal price rebounded to $183 per tonne currently and intensifying trading conflict between China and the US can lead to a higher demand for Russian coal on the Chinese market that will support the prices.
- In 2Q 2018 indexes for Fe 62% iron ore fluctuated in a tight range of 64-67 $/dmt CFR China without any clear trend.
- In 2Q 2018 billet prices were almost flat on a very low market activity. Average square billet price declines by 2%. In 3Q 2018 slight downward trend persists driven by weak Turkish market on lower Turkish lira exchange rate.
- Rebar prices on the local Russian market in 2Q 2018 increased by some 10% compared to 1Q 2018 prices even amid low market activity. In 3Q 2018 market demonstrates moderate growth on higher demand.

HCC prices FOB Australia, US$/t



Source: Bloomberg

Billet FOB Black Sea, US$/t



** CFR China Fe62% Platts IODEX*

Source: Metal Courier

2Q 2018 Financial results summary

- Consolidated Revenue in 2Q 2018 amounted to 82.2 bln RUB, increasing by 10% compared to 1Q 2018, on higher revenue in Mining and Steel segments partially offset by Power segment revenue decrease.
- 2Q 2018 EBITDA* increased by 25% compared to 1Q 2018 and amounted to 23.0 bln RUB with EBITDA margin reaching 28% which was a result of metallurgical coal sales volumes ramp-up in Mining segment and favorable market environment in Steel segment.
- Group generated Profit attributable to equity shareholders of Mechel PAO of 1.4 bln RUB in 2Q 2018, a 57% decrease compared to 1Q 2018. This was mostly affected by Ruble depreciation.

RUB mln	1H18	1H17	%	2Q18	1Q18	%
Revenue	157,038	149,384	5%	82,186	74,852	10%
Operating profit	32,641	30,677	6%	19,258	13,383	44%
EBITDA*	41,440	40,227	3%	23,004	18,436	25%
EBITDA margin, %	26%	27%		28%	25%	
Profit attributable to equity shareholders of Mechel PAO	4,693	4,994	-6%	1,400	3,293	-57%

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

2Q 2018 Production and sales summary

- Lower mining volumes in 2Q 2018 at Yakutugol due to the ongoing stripping works at site were partially offset by higher mining volumes at Southern Kuzbass and Elgaugol, that resulted in 5% decrease of coal mining over the Group.
- In 2Q 2018 run-of-mine coal volumes increased at Elga Coal deposit by 12% as a result of new mining equipment commissioning at the facility.
- A new longwall launch at Southern Kuzbass in April 2018 together with contractors who began mining using their own equipment resulted in coal mining volume increase by 2%.
- Production of pig iron and steel descended by 4% and 6% respectively Q-o-Q due to the scheduled repair works at Chelyabinsk Metallurgical Plant's facilities.

Production (th tonnes)

Product	1H18	1H17	%	2Q18	1Q18	%
Run-of-mine Coal	9,691	10,331	-6	4,726	4,965	-5
Pig Iron	1,928	2,038	-5	943	985	-4
Steel	2,051	2,217	-8	995	1,055	-6

- Coking coal sales in 2Q 2018 jumped up by 19% as a consequence of higher mining volumes at Southern Kuzbass and Elga and growth of washed coking coal output, due to better quality of the mined coking coal. Yakutugol coking coal sales came mainly from storage facilities.
- Steam coal sales traditionally decreased in 2Q 2018 on the closure of the heating season.
- Low steel production reflected on flat products decrease by 4% in 2Q 2018 compared to 1Q 2018.
- Long products sales grew by 5% in 2Q 2018 on higher sales of rebar, beams, stainless steel rolling and hot-rolled bars.

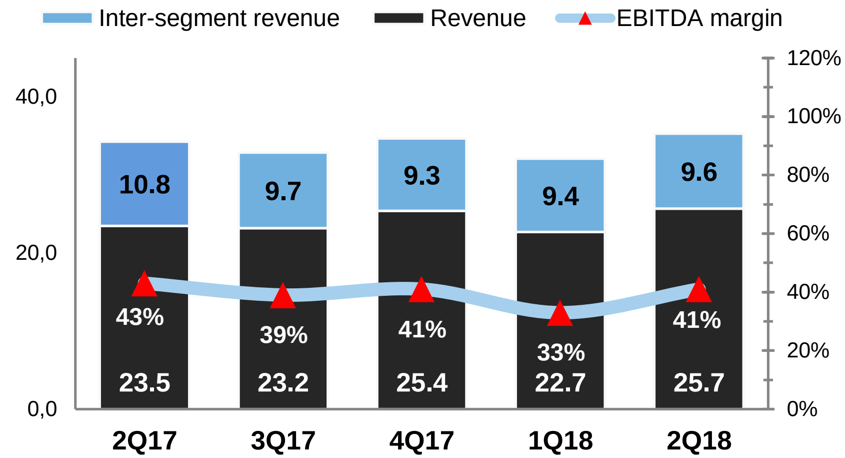
Sales (th tonnes)

Product	1H18	1H17	%	2Q18	1Q18	%
Coking Coal	3,521	4,072	-14	1,911	1,610	+19
Steam Coal	3,021	3,165	-5	1,411	1,611	-12
Flat Products	271	304	-11	133	138	-4
Long Products	1,410	1,466	-4	724	686	6

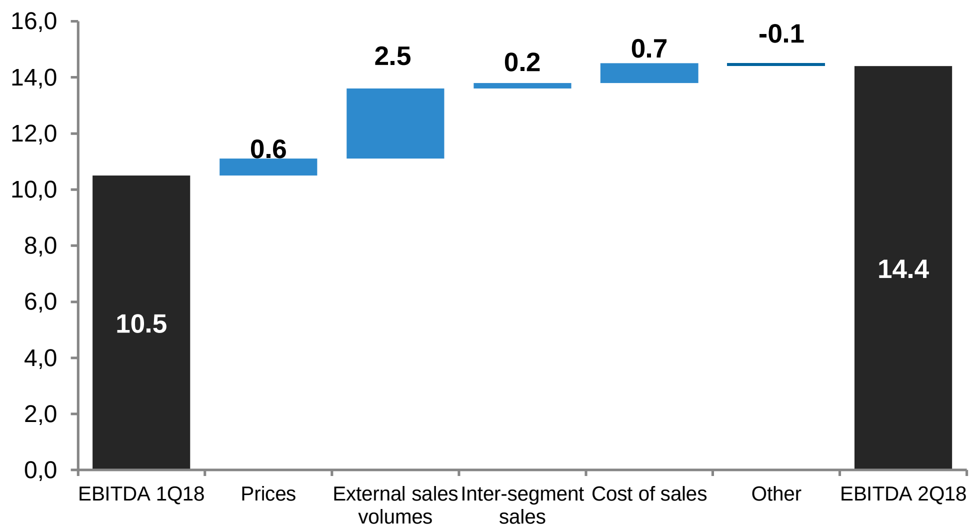
Mining segment

- Share of sales to China increased up to 27,5% in 2Q 2018 from 15,2% in 1Q 2018 on lower demand from Russian customers and as Elga and Southern Kuzbass increased their coking coal concentrate volumes.
- Higher metallurgical coal sales volumes together with positive Ruble-nominated pricing dynamics ended up in Mining EBITDA growth by 37% in 2Q 2018.
- Mining volumes increased at Elga and Southern Kuzbass led to costs per tonne decrease that also supported EBITDA growth.
- Mining EBITDA margin amounted 41%. Segment manages to keep this ratio at a relatively stable level.

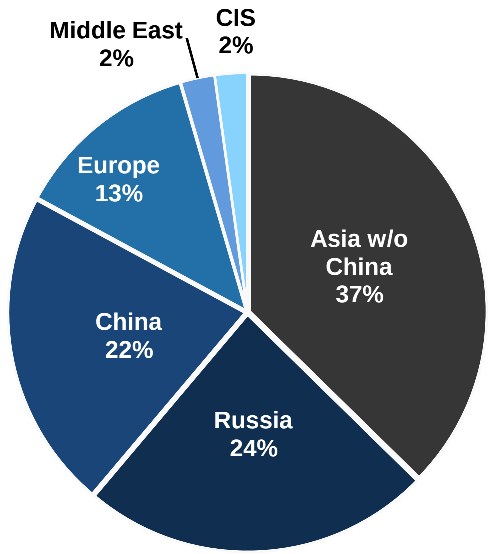
Revenue, EBITDA margin, RUB Bln



EBITDA, RUB Bln



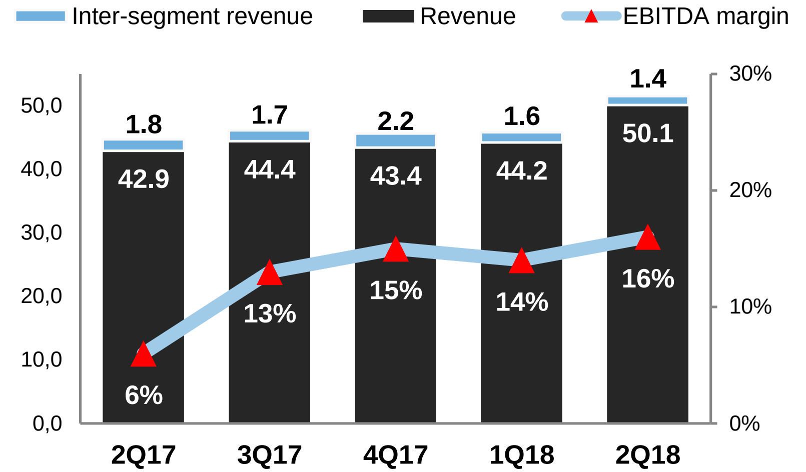
Revenue breakdown by regions (1H 2018)



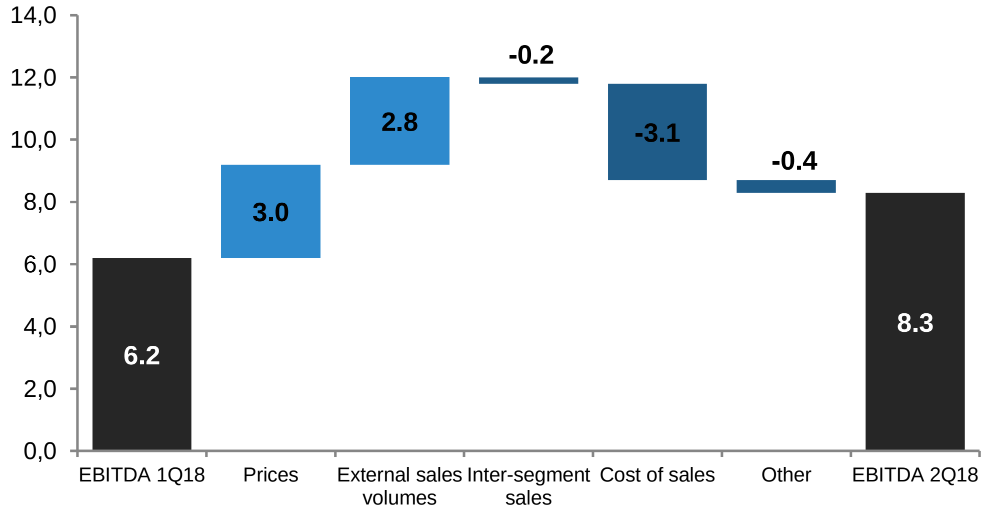
Steel segment

- In 2Q 2018 segment increased sales in almost all product groups. Together with favorable market environment it resulted in growth of Revenue by 13%.
- Share of Russian (68,6%) and European (17,3%) markets remained flat Q-o-Q.
- Decrease in inter-segment sales has happened mainly due to change of internal contract procedure with Mechel Energo.
- In 2Q 2018 Steel segment EBITDA increased by 33% to 8.3 bln RUB.
- Segment`s profitability continues growth from quarter to quarter, reaching 16% in 2Q 2018.

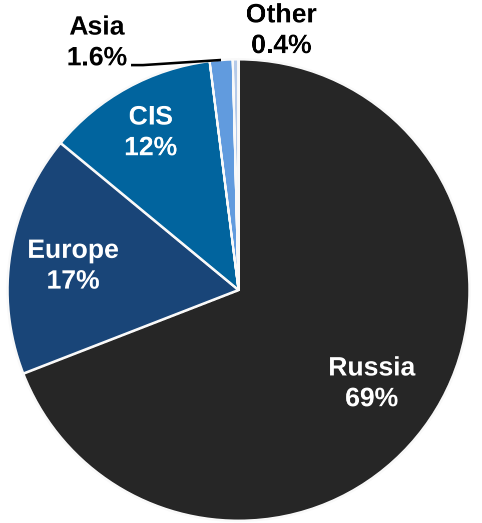
Revenue, EBITDA margin, RUB Bln



EBITDA, RUB Bln



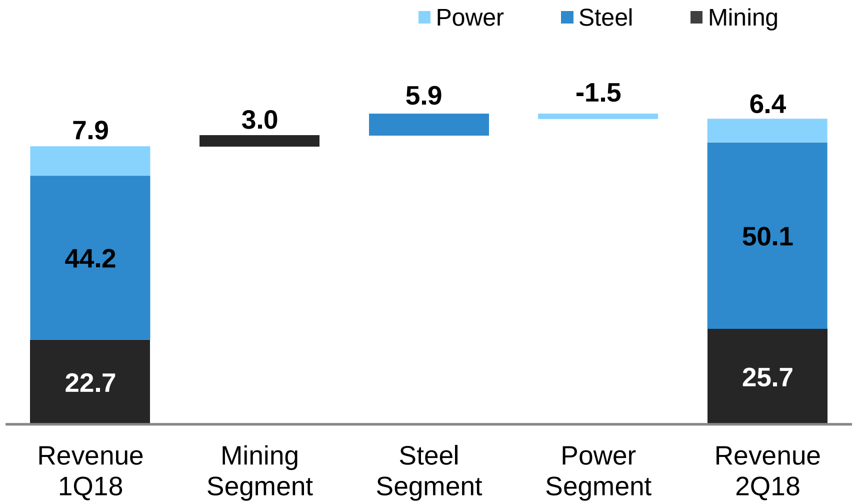
Revenue breakdown by regions (1H 2018)



Consolidated revenue and EBITDA dynamics

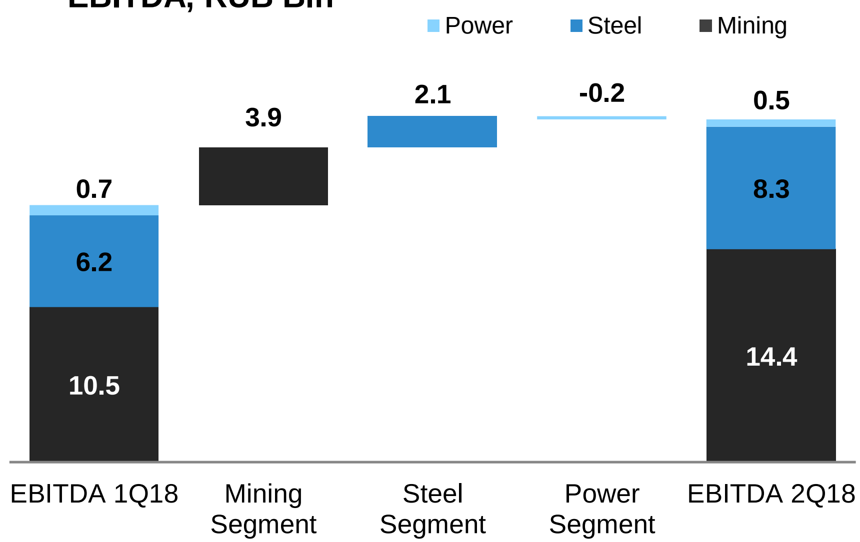
- Mining segment Revenue to 3rd parties in 2Q 2018 increased by 13%, compared to 1Q 2018, on higher metallurgical coal sales volumes.
- Steel segment Revenue demonstrated a 13% growth in 2Q 2018 on higher prices and sales volumes on seasonal demand revival compared to 1Q 2018.
- Power segment Revenue to 3rd parties decreased by 19% as expected since heat and electricity generation and sales had gone down with the closure of the heating season and beginning of repairs.

Revenue, RUB Bln



- Mining segment EBITDA increased by 37% in 2Q 2018 compared to 1Q 2018 and amounted to 14.4 bln RUB.
- Steel segment EBITDA added 33% on higher prices and demand, and amounted to 8.3 bln RUB.
- Power segment EBITDA seasonally decreased by 37% Q-o-Q and amounted to 0.5 bln RUB.

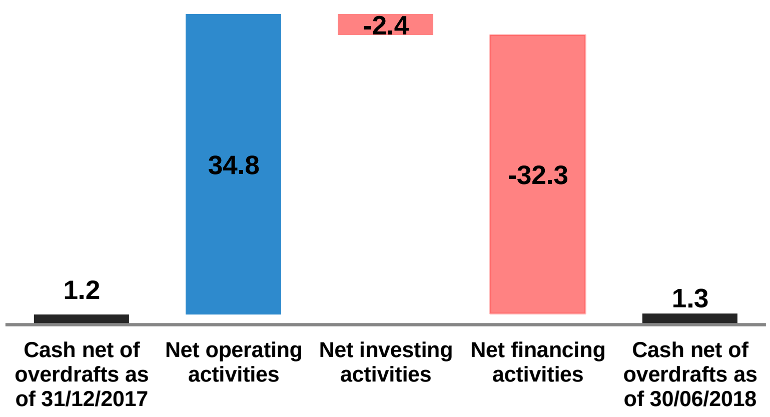
EBITDA, RUB Bln



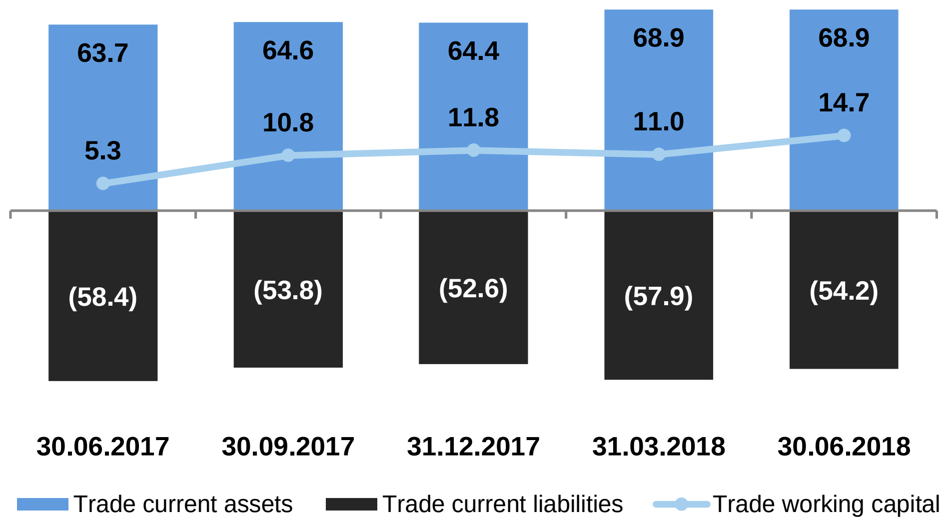
Cash flow & trade working capital

- Cash flow from operations covers Group's current expenses, including debt service and lease payments.
- In 1H 2018 our trade working capital increased to 14.7 bln RUB due to growth of goods for resale in future periods.
- Group's capital expenditures in 2Q 2018 amounted to 2.3 bln RUB, including 0.8 bln RUB of lease payment.

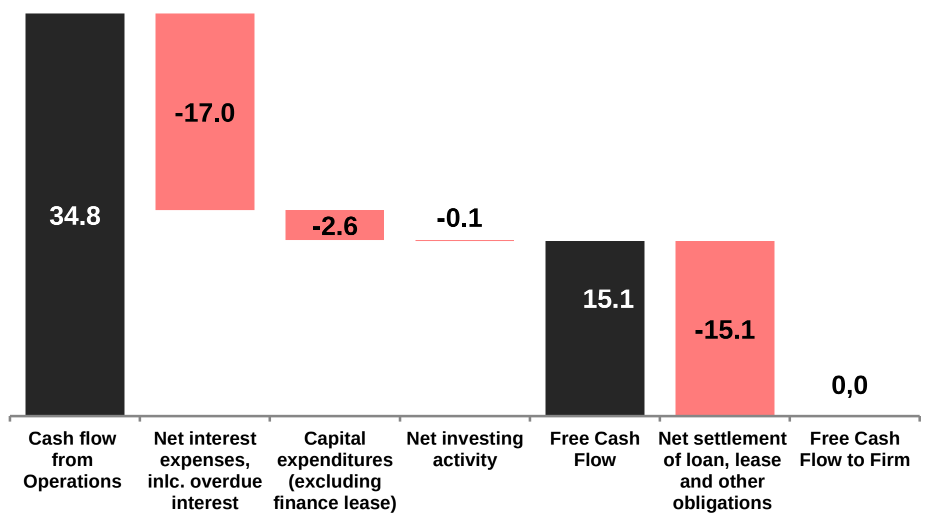
CASH FLOW, RUB Bln



Trade working capital management, RUB Bln



FREE CASH FLOW for 1H 2018, RUB Bln



Key projects results

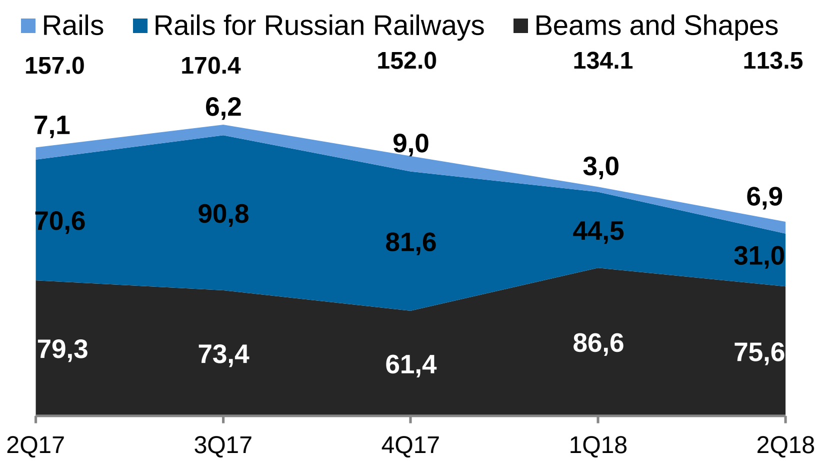
Universal rolling mill on Chelyabinsk metallurgical plant

- Rails production went down as sales to Russian Railways were suspended until negotiations on the new annual contract conditions are completed.
- For the period of lower rails production, the capacity utilization of other structural shapes production was increased.
- We continue developing and producing new types of rails at Universal Rolling Mill. Thus, in 2Q 2018 we produced a new trial lot of 100-meters rails for high-speed railroads with speed up to 250 km/h and are about to complete its certification.
- 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	1H18	1H17	%	2Q18	1Q18	%
Rails, beams and shapes	256	313	-18	115	141	-18

Universal rolling mill Production in 2Q 2017– 2Q 2018 (th tonnes)



Elga coal project development

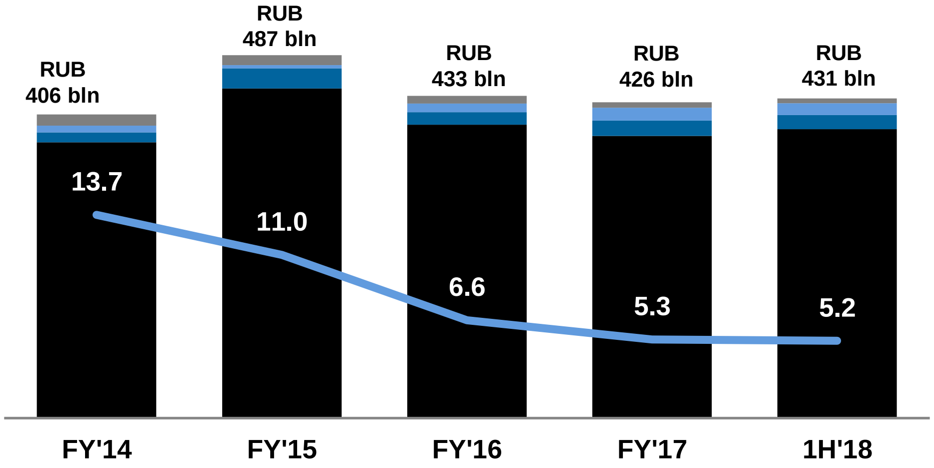
- Production plan for 2018 is 5.3 mln tonnes of coal.
- Mining volumes at Elga in 2Q 2018 increased by 12% compared to 1Q 2018. Mining volumes in 1H 2018 jumped up by 31% compares to 1H 2017.
- In 1H 2018 share of coking coal in total mining volumes amounted to 75%.

Elga Coal Complex (th tonnes)

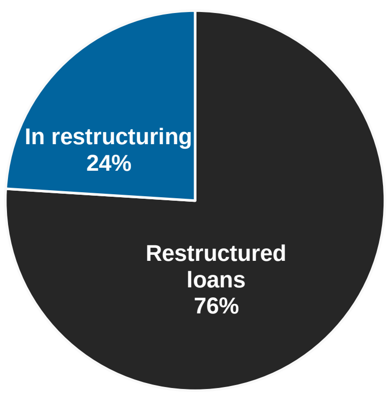
Product	1H18	1H17	%	2Q18	1Q18	%
Run-of-mine coal	2,540	1,934	31	1,343	1,197	12

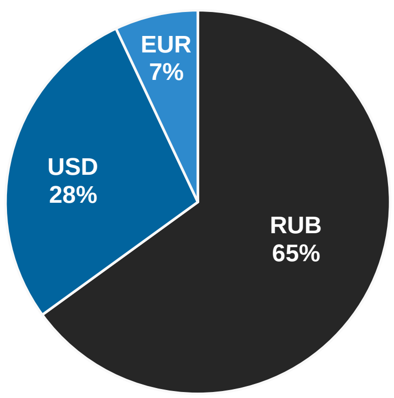
Debt structure & net debt / EBITDA ratio dynamics

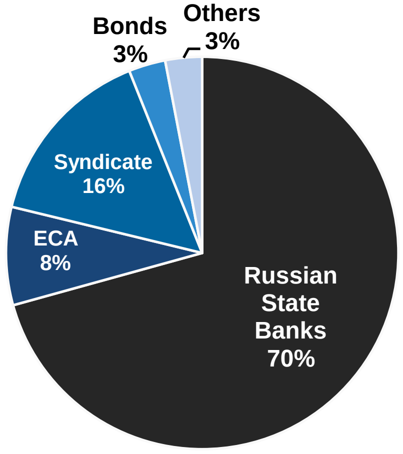
- As of June 30, 2018 portion of restructured debt reached 76%; ruble portion of debt amounts to 65%; and Russian state banks hold 70% of our debt portfolio.
- Net leverage decreased to a level of 5.2 on EBITDA increase and stable debt.
- Average interest rate through the debt portfolio as of July 2018 is 8.1% per annum; average paid interest rate (with PIC) amounts to 7.9% per annum.
- In 2Q 2018 Group repaid 5.3 bln RUB of debt.
- In April 2018, the Group received a confirmation from Gazprombank regarding its compliance with the agreed schedule of payments of debt and this resulted in waiving of fines and penalties under the respective agreements of RUB 7,320 million.



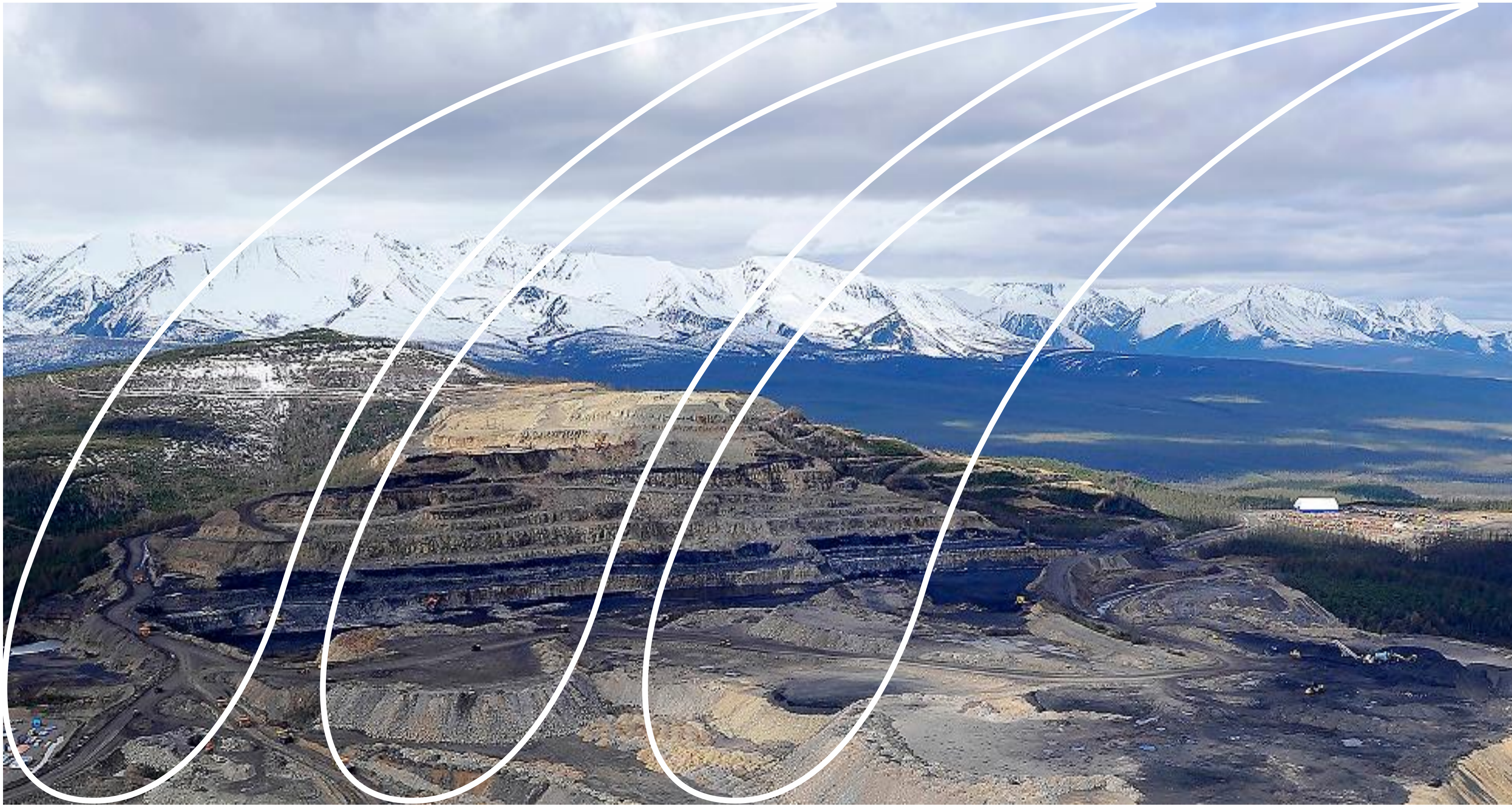
*** excluding GPB option on Elga, fines and penalties**





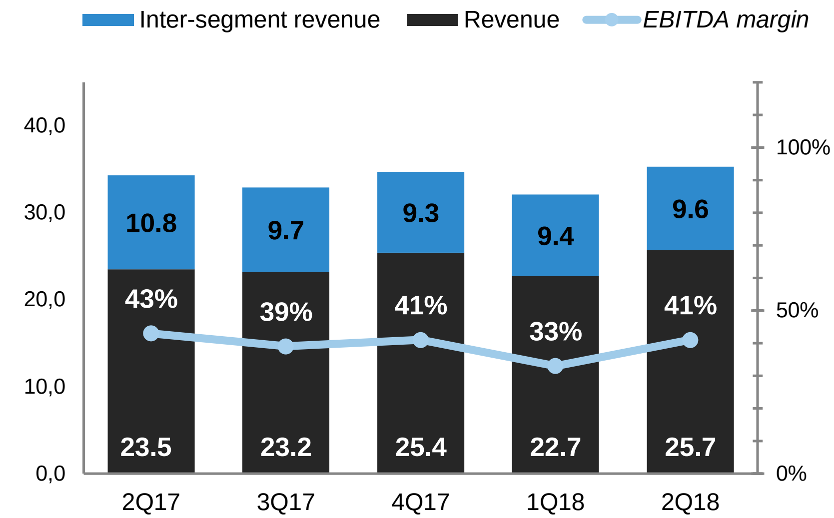


APPENDIX

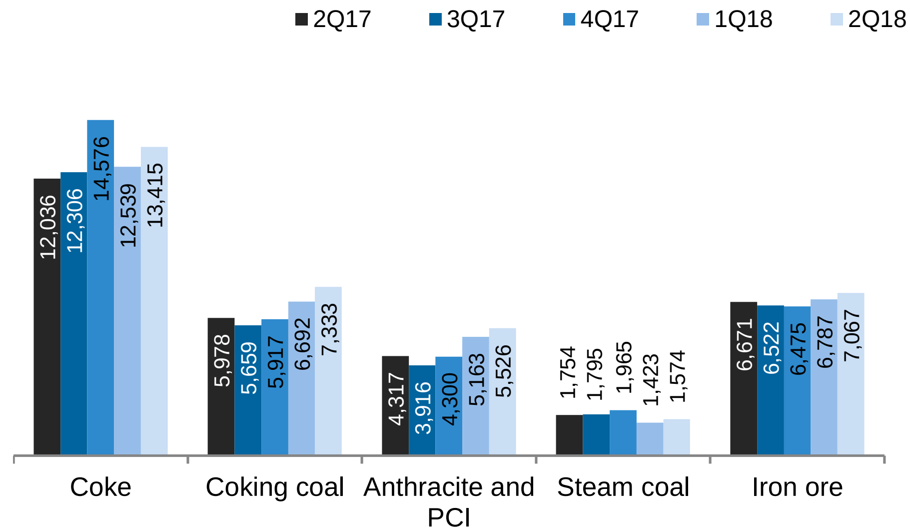


Mining segment

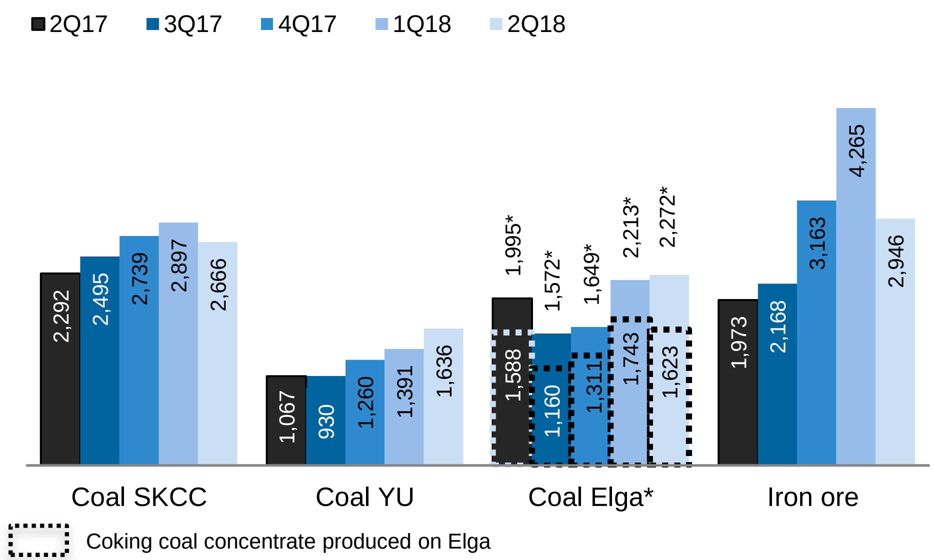
Revenue, EBITDA margin, RUB Bln



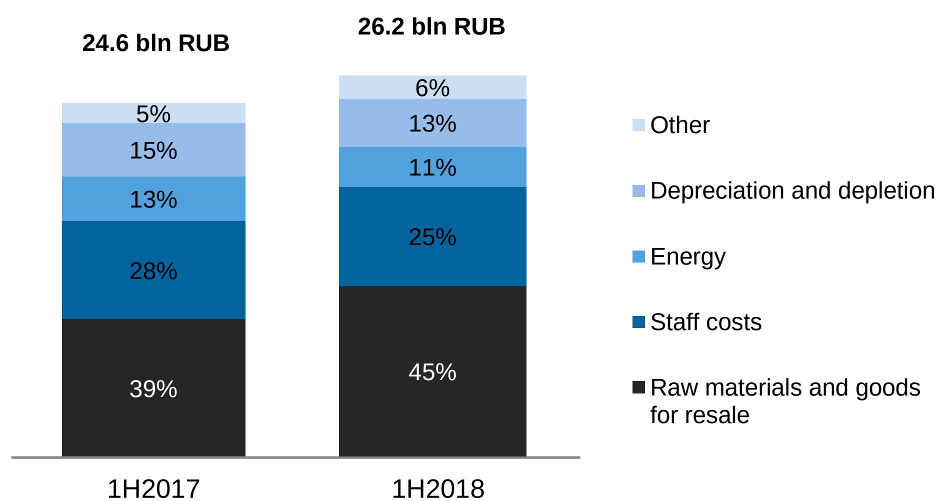
Average sales prices FCA, RUB/tonne



Cash costs, RUB/tonne



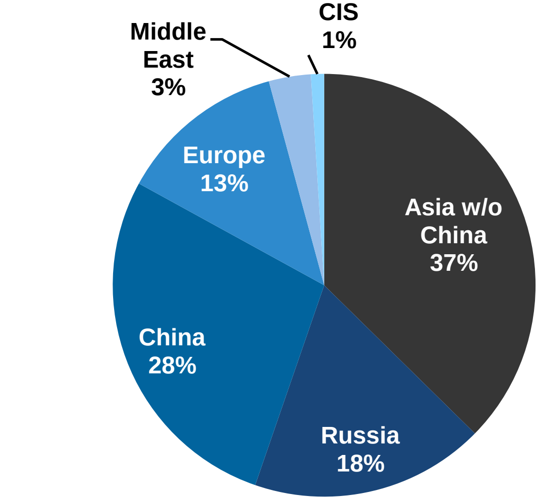
COS structure



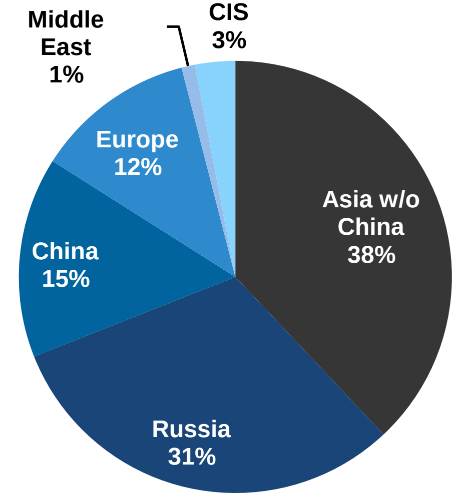
* Coking coal concentrate produced on Elga and Southern Kuzbass Coal Company washing facilities

Mining segment

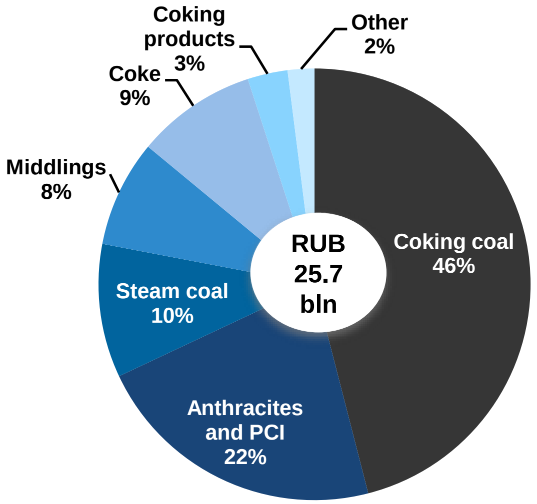
Revenue breakdown by regions 2Q 2018



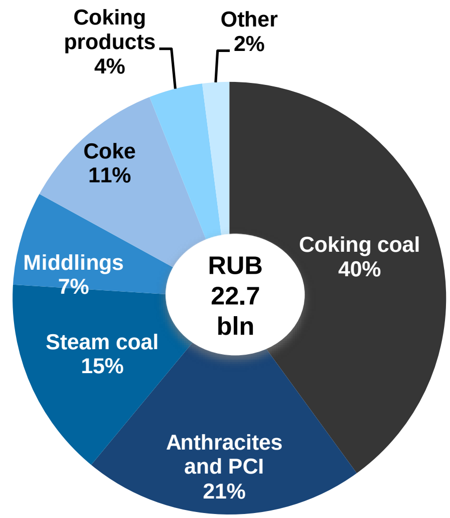
Revenue breakdown by regions 1Q 2018



Revenue breakdown by products 2Q 2018

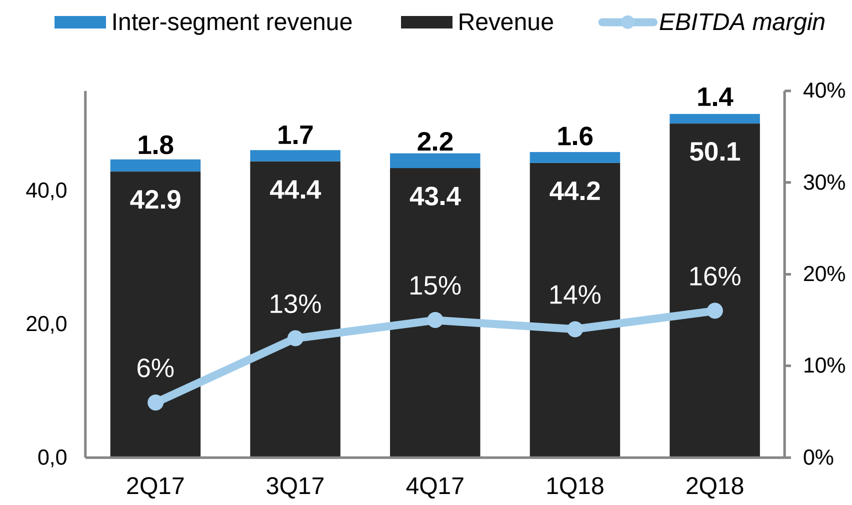


Revenue breakdown by products 1Q 2018

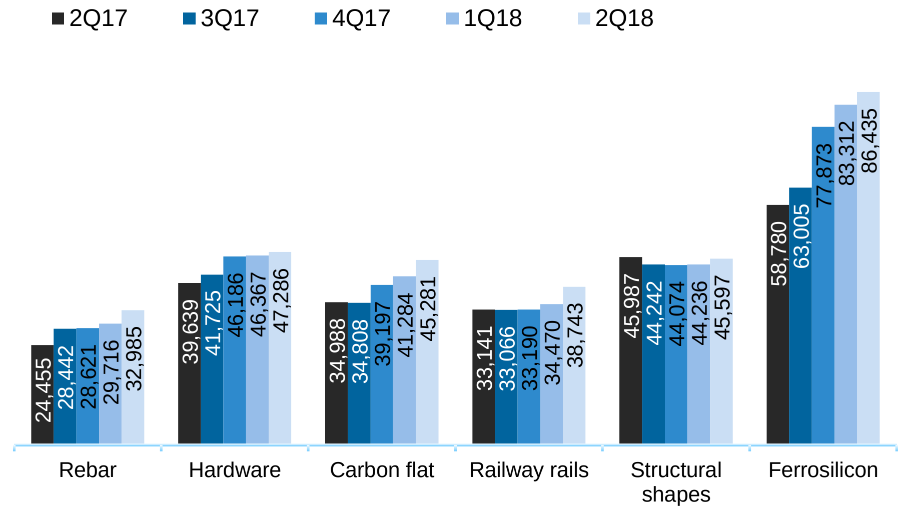


Steel segment

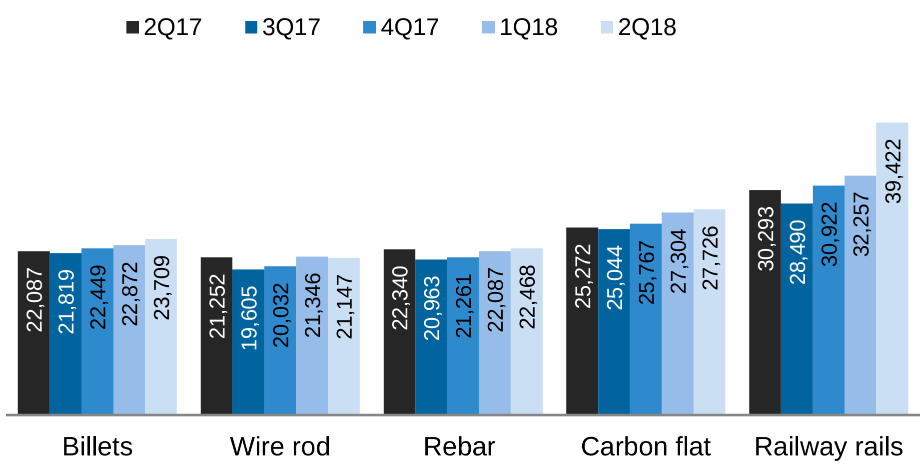
Revenue, EBITDA margin, RUB Bln



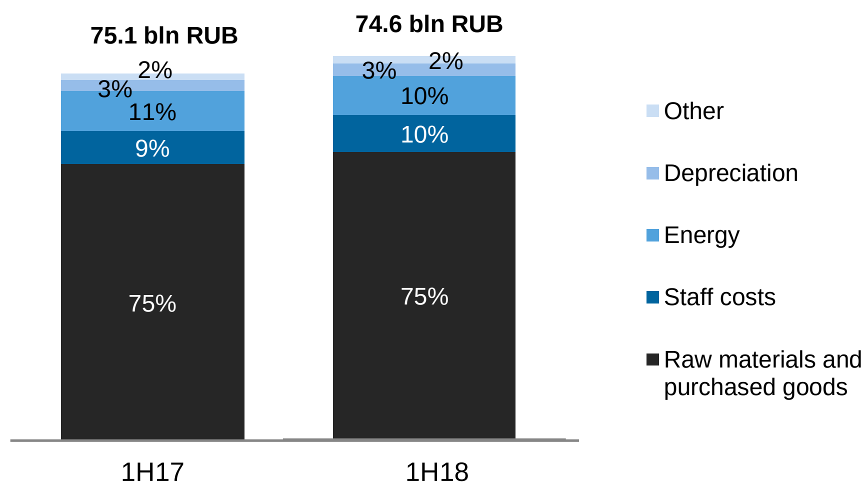
Average sales prices FCA, RUB/tonne



Cash costs, RUB/tonne

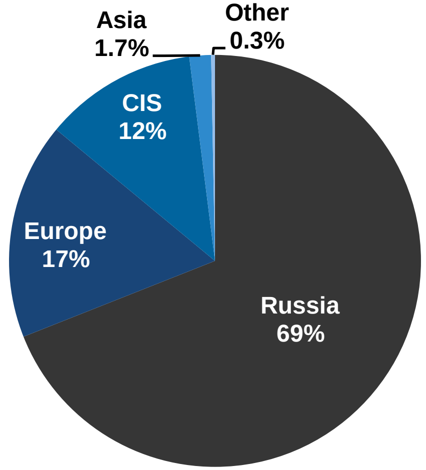


COS structure

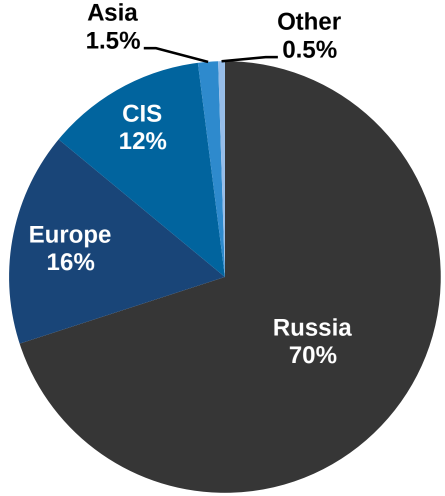


Steel segment

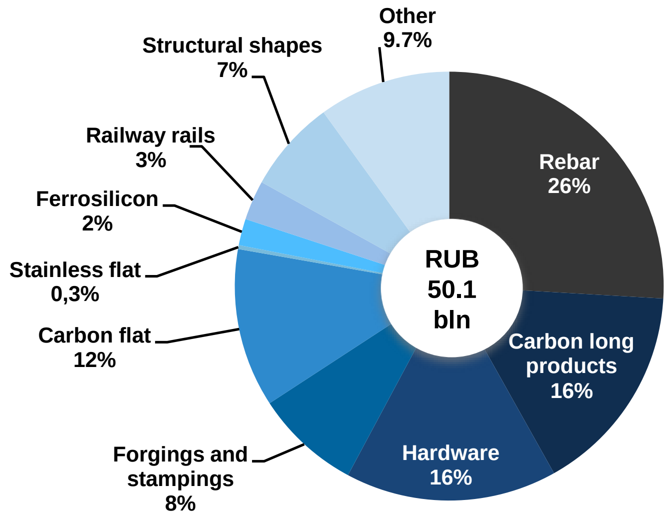
Revenue breakdown by regions
2Q 2018



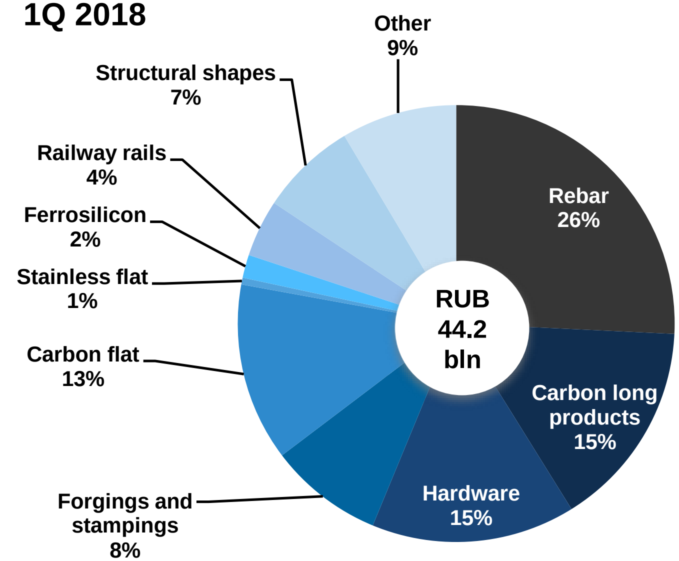
Revenue breakdown by regions
1Q 2018



Revenue breakdown by products
2Q 2018



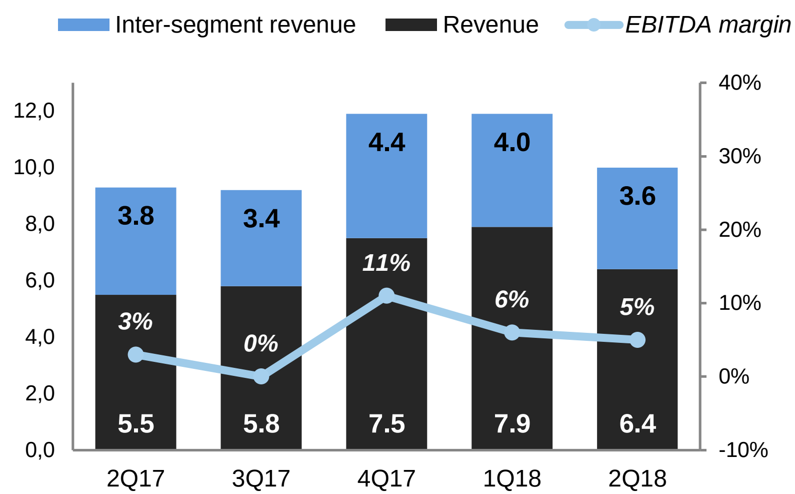
Revenue breakdown by products
1Q 2018



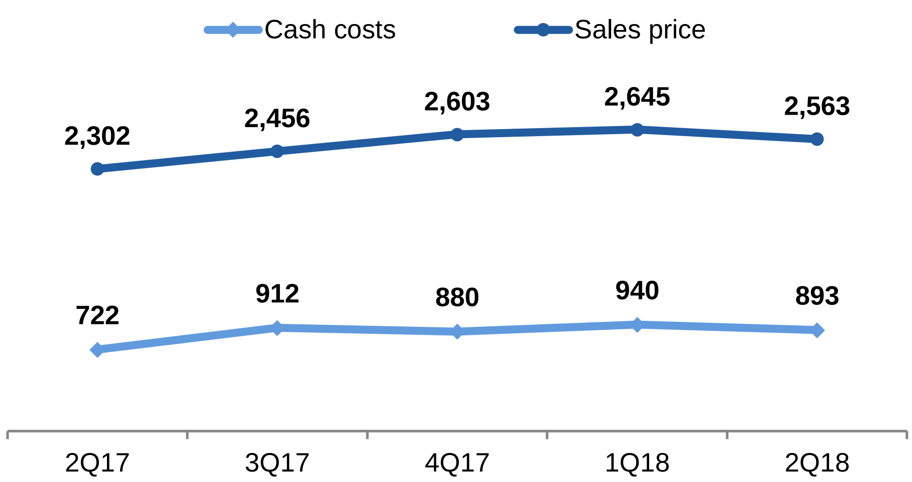
Power segment

- 1H 2018 Revenue increased by 10% compared to 1H 2017 due to lower winter season temperatures and higher heat consumption.
- EBITDA for 1H 2018 increased by 24% compared to 1H 2017 on electricity price growth in 1H 2018 compared to 1H 2017 prices.
- 2Q2018 Revenue traditionally decreased by 19% and EBITDA dropped by 37% compared to 1Q 2018 as heat and electricity generation and sales went down with the closure of the heating season and beginning of repairs.

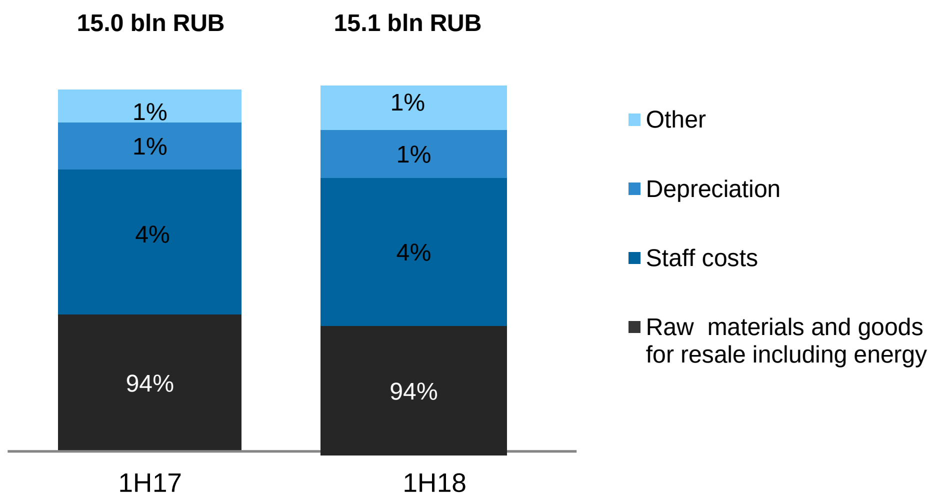
Revenue, EBITDA margin, RUB Bln



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



COS structure



Mechel is a global mining and metals company