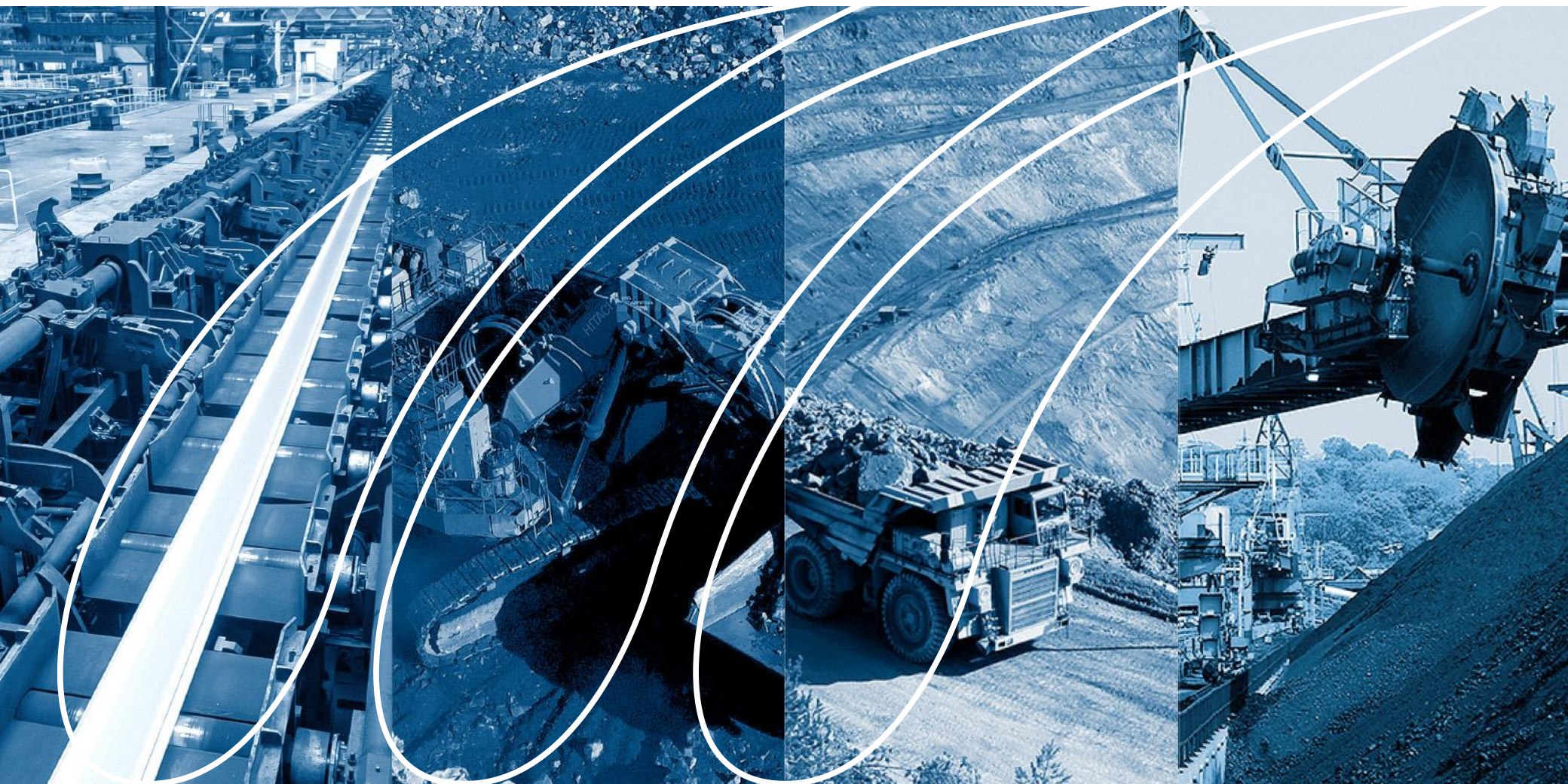


FY2020 RESULTS PRESENTATION



March 11, 2021



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KEY FINANCIAL RESULTS



Nelli Galeeva – Deputy Chief Executive Officer for Economics and Finance

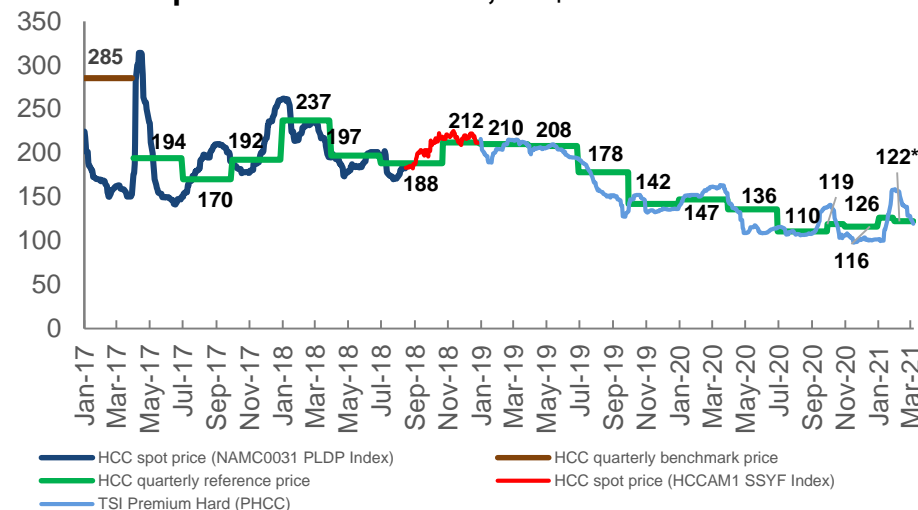


Key market drivers



- Throughout the course of the year 2020 coal prices were gradually declining as COVID-19 limitations led to lower steel-making raw materials demand. FOB Australia HCC prices were also under pressure of coal imports limitations in China. HCC LV contract price dropped from \$142 FOB Australia in 4Q2019 to \$116 FOB Australia in 4Q2020 (-18%). Average spot prices during the same time period declined from \$140.9 to \$108.9 FOB Australia (-23%).
- Limitations on Australian coal imports from Australia resulted in significant coal prices growth on CFR China basis in the end of 2020.
- Coal prices on Russian coal market in 2020 were also declining following the trend at international coal market. Only in 4Q2020 some grades of coal that could be redirected to Chinese market demonstrated positive dynamics.
- Iron ore prices in 2020, increased by over 50% Y-on-Y due to high demand in China following new economic incentives imposed. Limited supply from Australia and Brazil also contributed to iron ore prices growth.

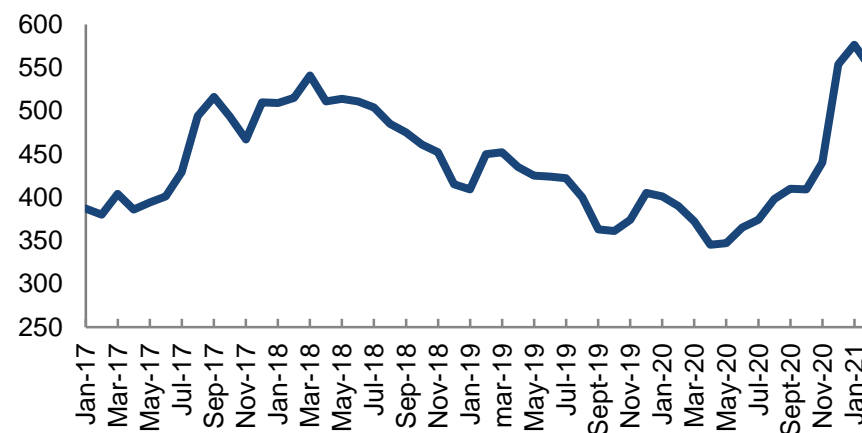
HCC prices FOB Australia, US\$/t



Source: Bloomberg
* Current situation

- In the beginning of 2020, billet prices demonstrated negative dynamics on the back of general economic slowdown associated with COVID-19 pandemics escalation. But starting from summer 2020 strong demand from China and Turkey led to billet prices growth. Additional support to prices was provided by limited supply due to slow recovery of steelmaking capacities after pandemic downturns limitations.
- Rebar prices in Russia in the first half of 2020 remained quite stable influenced by competing factors. Starting from 3Q2020 rebar prices on local market demonstrated steady positive dynamics following international billet price trend. Prices further spiked in December 2020.

Billet FOB Black Sea, US\$/t



Source: Metal Courier

FY2020 Financial results summary



- Consolidated Revenue in FY2020 amounted to 265.5 bln RUB, a decline of 8% compared to FY2019. The major downside was from the mining segment Revenue decrease on lower coal prices Y-on-Y. Steel segment Revenue decreased on weaker demand for stampings.
- FY2020 EBITDA* decreased by 23% compared to FY2019 and amounted to 41.1 bln RUB with EBITDA margin decrease to 15%. It solely was a result of mining segment EBITDA decline as a subsequence of weaker market conditions.
- Profit attributable to equity shareholders of Mechel PAO in FY2020 amounted to 808 mln RUB, which is 66% lower than in FY2019. Growth of foreign exchange losses on foreign currency liabilities due to a weaker ruble against the US dollar and the euro in the reporting period, which grew by 54.7 billion rubles, had a key impact on this result's dynamics, though it was partly offset by the positive effect from the sale of Elga Coal Complex's companies.

RUB bln	FY2020	FY2019	%	4Q' 20	3Q' 20	%
Revenue	265.5	287.2	-8%	69.3	64.4	+8%
Operating profit	19.9	34.2	-42%	7.9	6.4	+24%
EBITDA*	41.1	53.1	-23%	9.7	9.3	+4%
EBITDA margin, %	15%	18%		14%	15%	
Profit / (loss) attributable to equity shareholders of Mechel PAO	0.8	2.4	-66%	16.6	(26.0)	-

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

FY2020 Production and sales summary



- In FY2020 coal mining volumes increased by 10% compared to FY2019 on higher production at Southern Kuzbass.
- Pig iron and steel production added 6% and 1% respectively Y-on-Y after repairing works at Chelyabinsk Metallurgical Plant were completed in March 2020.

- Coking coal sales in FY2020 decreased by 2% compared to FY2019.
- PCI and Anthracites sales were higher by 31% and 68% respectively Y-on-Y. Steam coal sales (including middlings) grew in FY2020 by 26% Y-on-Y.
- Overall met coal (Coking coal, PCI and Anthracites) sales to third parties in FY2020 increased by 15%, compared to FY2019.
- Flat and Long products sales in FY2020 slightly increased by 2% and 1% respectively Y-on-Y.

Production (th tonnes)

Product	FY2020	FY2019	%	4Q' 20	3Q' 20	%
Run-of-mine Coal*	15,947	14,527	+10%	2,816	4,274	-34%
Pig Iron	3,529	3,326	+6%	883	862	+2%
Steel	3,655	3,610	+1%	1,000	852	+17%

*Excluding the volume of the Elga coal complex.

Sales (th tonnes)

Product	FY2020	FY2019	%	4Q' 20	3Q' 20	%
Coking Coal*	5,627	5,743	-2%	1,140	1,435	-21%
Steam Coal*	4,024	3,205	+26%	1,167	1,000	+17%
Long Products	2,547	2,509	+1%	607	645	-6%
Flat Products	456	449	+2%	115	109	+5%

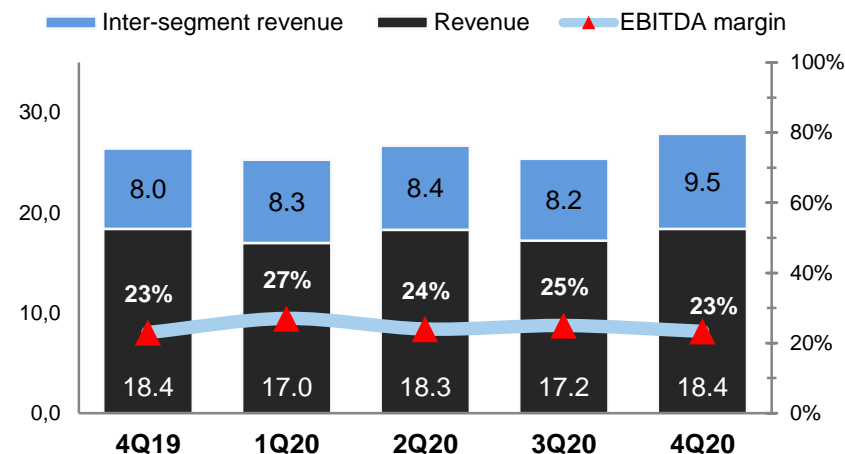
*Excluding the volume of the Elga coal complex.

Mining segment

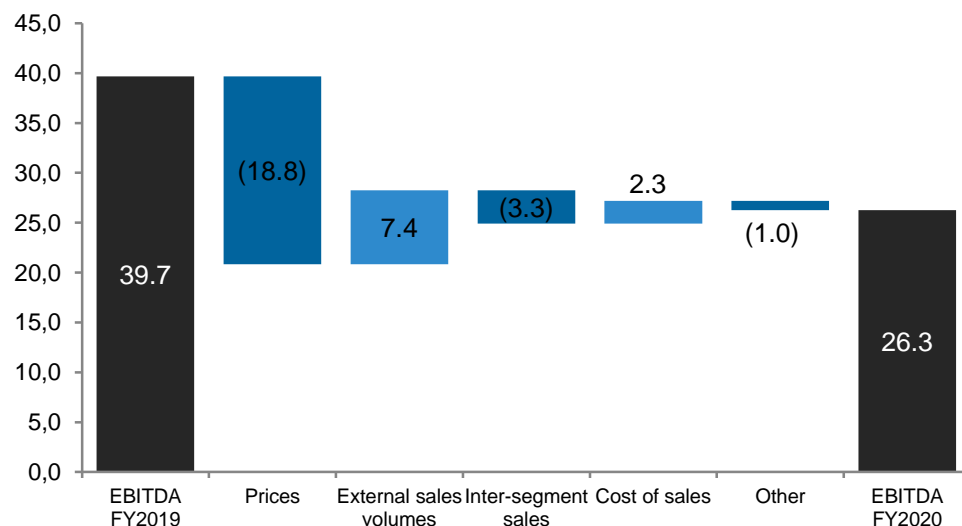


- Share of sales to China increased from 17% to 19% Y-on-Y and share of sales to Asia w/o China decreased from 44% to 41% as growing demand from China came amid lower demand from other Asian clients. Share of sales to Middle East grew as we redirected to this region part of European sales of coke for the similar reasons – as a result of COVID-19 limitations driven demand decrease.
- Weaker coal prices Y-on-Y resulted in 15% mining segment revenue to 3rd parties decline in FY2020 compared to FY2019.
- Mining segment EBITDA decreased by 34% Y-on-Y and EBITDA margin lowered from 33% to 25% compared to FY2019.

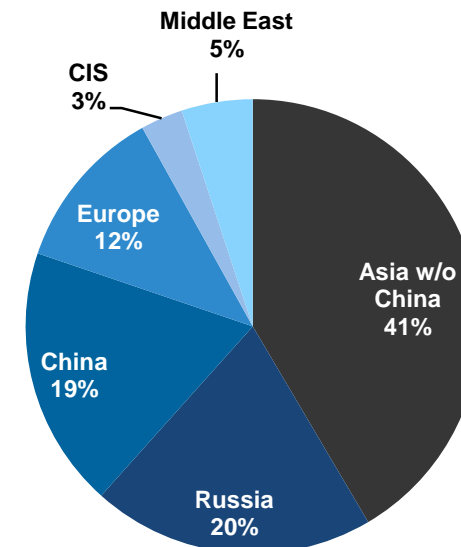
Revenue, EBITDA margin, RUB Bln



EBITDA, RUB Bln

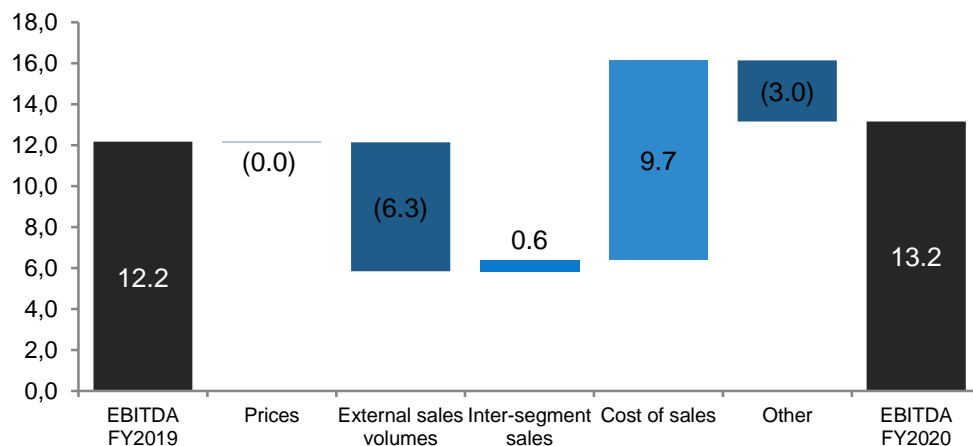


Revenue breakdown by regions (FY2020)

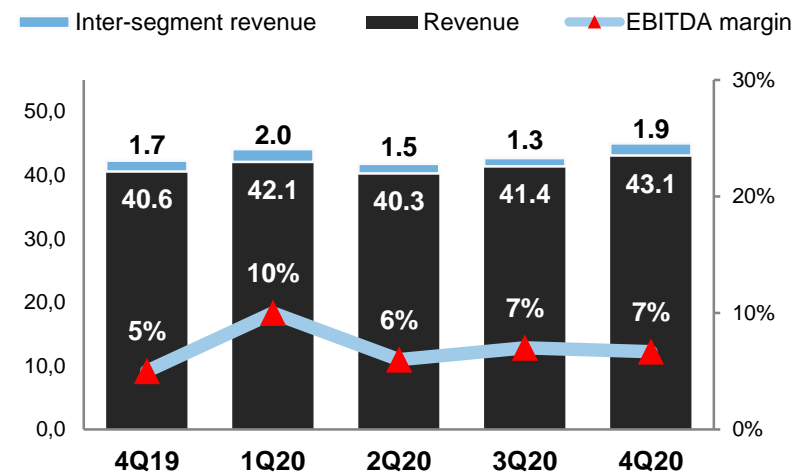


- Share of sales to Russia decreased from 71% to 69%. At the same time share of CIS sales increased from 11% to 13%.
- Steel segment Revenue to 3rd parties in FY2020 decreased by 5% compared to FY2019 primarily due to weak local demand for stampings (railcar axles).
- Despite lower Revenue, EBITDA in FY2020 went up by 8% compared to FY2019 amid increase share of high value-added products and lower costs.
- Segment's EBITDA margin increased Y-on-Y from 7% to 8%.

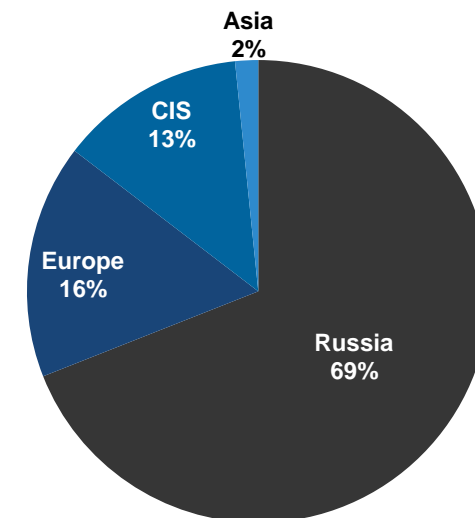
EBITDA, RUB Bln



Revenue, EBITDA margin, RUB Bln



Revenue breakdown by regions (FY2020)



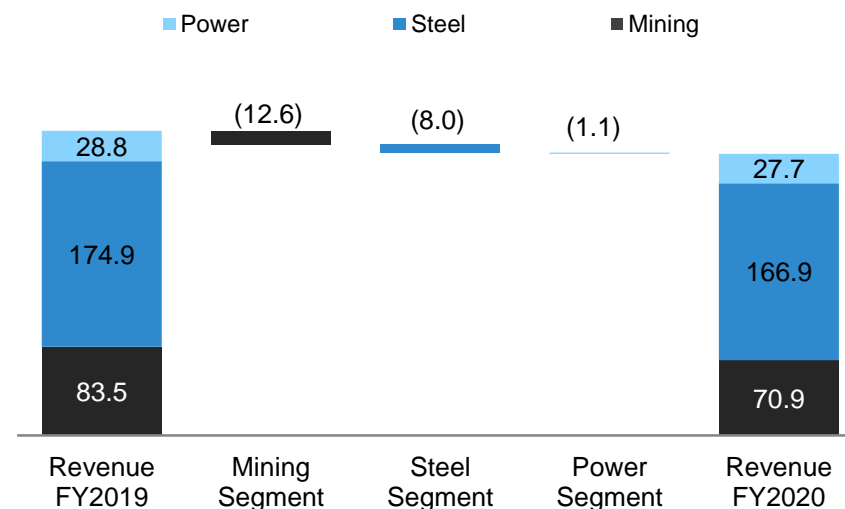
Consolidated revenue and segment EBITDA dynamics



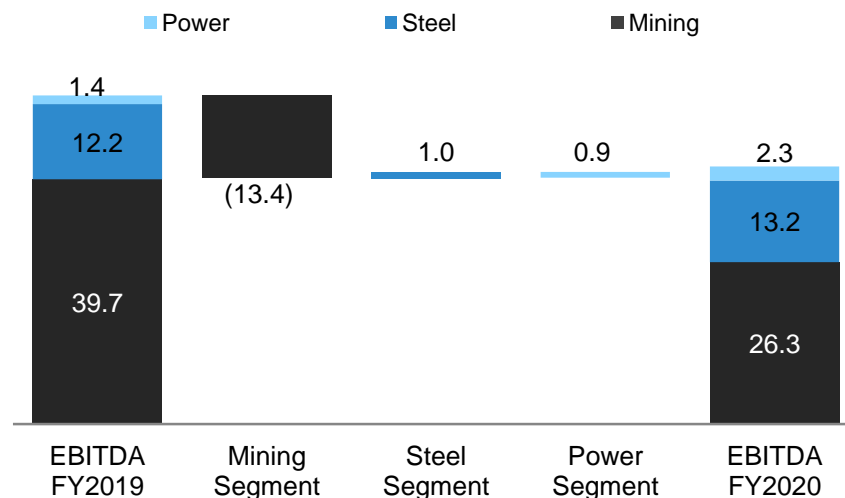
- Weaker coal prices Y-on-Y resulted in 15% mining segment revenue to 3rd parties decline in FY2020 compared to FY2019.
- Steel segment Revenue to 3rd parties in FY2020 decreased by 5% compared to FY2019 primarily due to weak local demand for stampings (railcar axles).
- Power segment Revenue to 3rd parties reduced by 4% in FY2020 compared to FY2019 due to lower power generation as a result of increased maintenance works on major power-generating equipment and supporting facilities according to repairs plan, and decrease heat generation on higher outdoor temperatures.

- Mining segment EBITDA decreased by 34% Y-on-Y as a result of significant decline in coal prices.
- Steel segment EBITDA in FY2020 went up by 8% compared to FY2019 amid increase share of high value-added products and lower costs.
- Power segment EBITDA increased by 67% in FY2020 and amounted to 2.3 bln RUB on higher non-regulated power prices at wholesale electrical energy and power market, sales premiums increase and lower production costs.

Revenue, RUB Bln



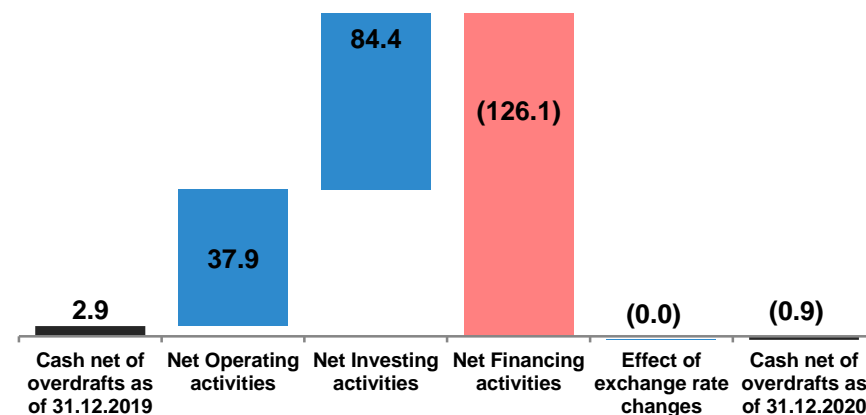
Segment EBITDA, RUB Bln



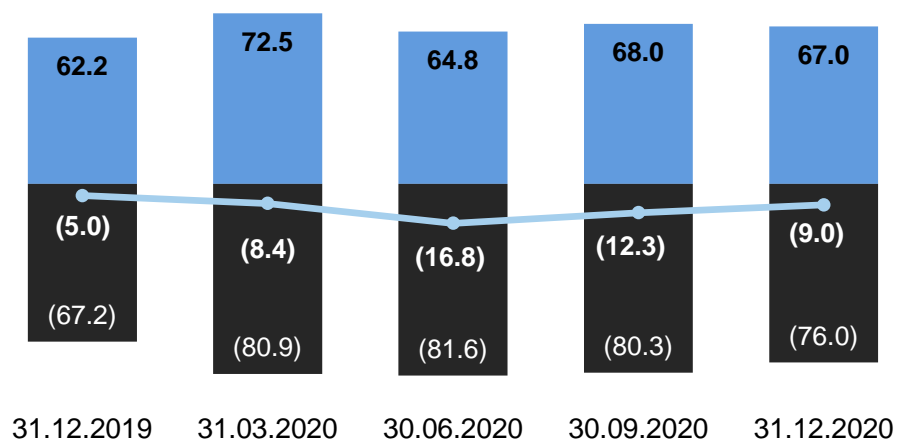
Cash flow & trade working capital

- Cash flow from operations covers Group's current expenses, including debt service and lease payments.
- As of December 31, 2020, trade working capital was negative at -9.0 bln RUB.
- Group's capital expenditures in FY2020 amounted to 8.1 bln RUB, including 2.7 bln RUB of lease payment.

CASH FLOW, RUB Bln

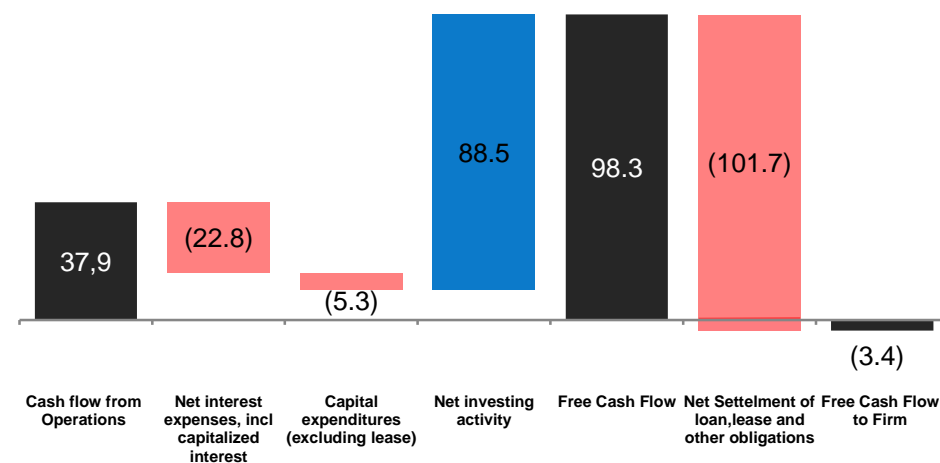


Trade working capital management, RUB Bln



Trade current assets Trade current liabilities Trade working capital

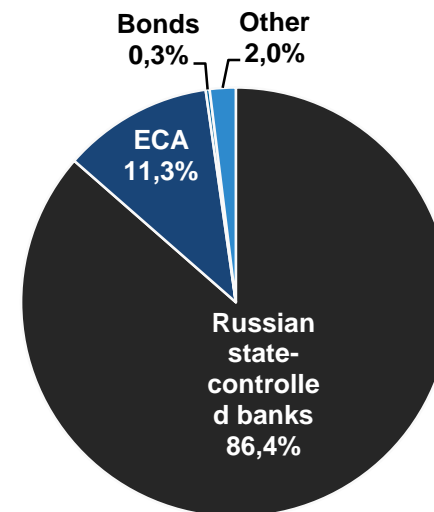
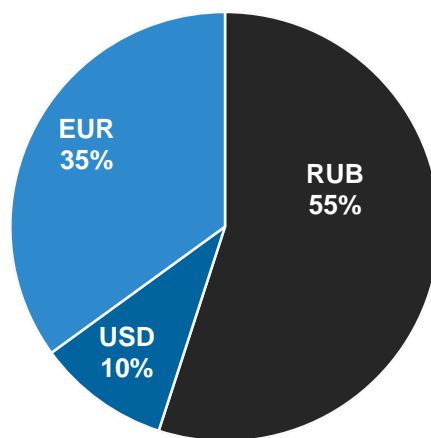
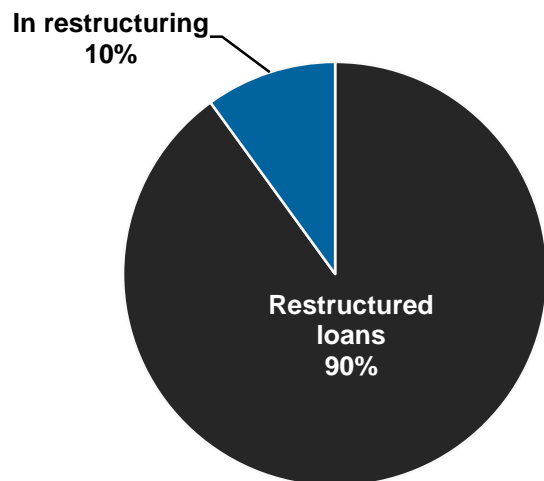
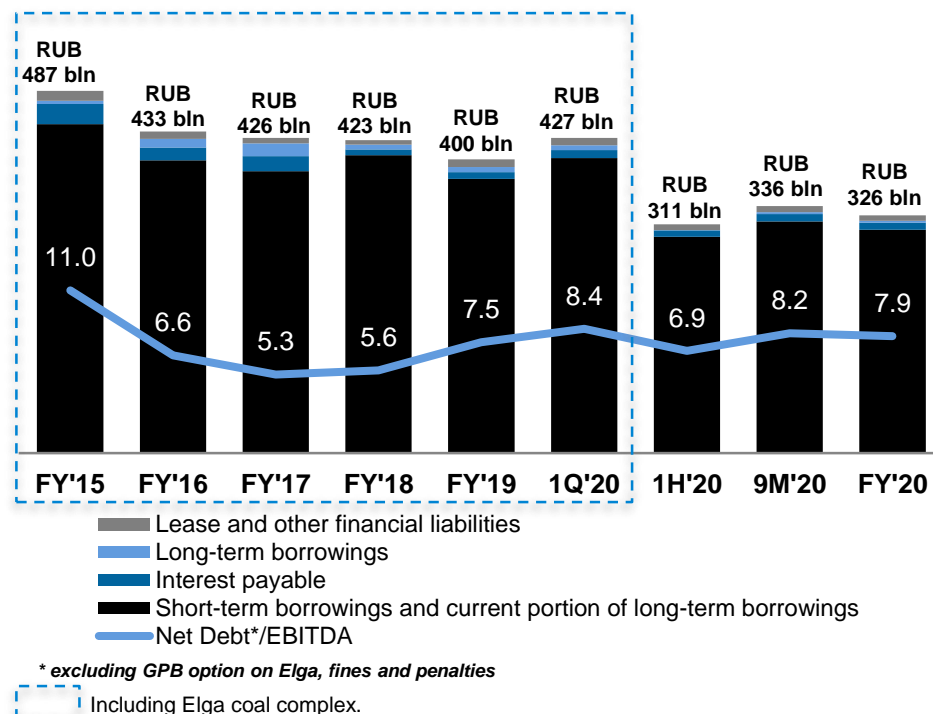
FREE CASH FLOW for FY2020, RUB Bln

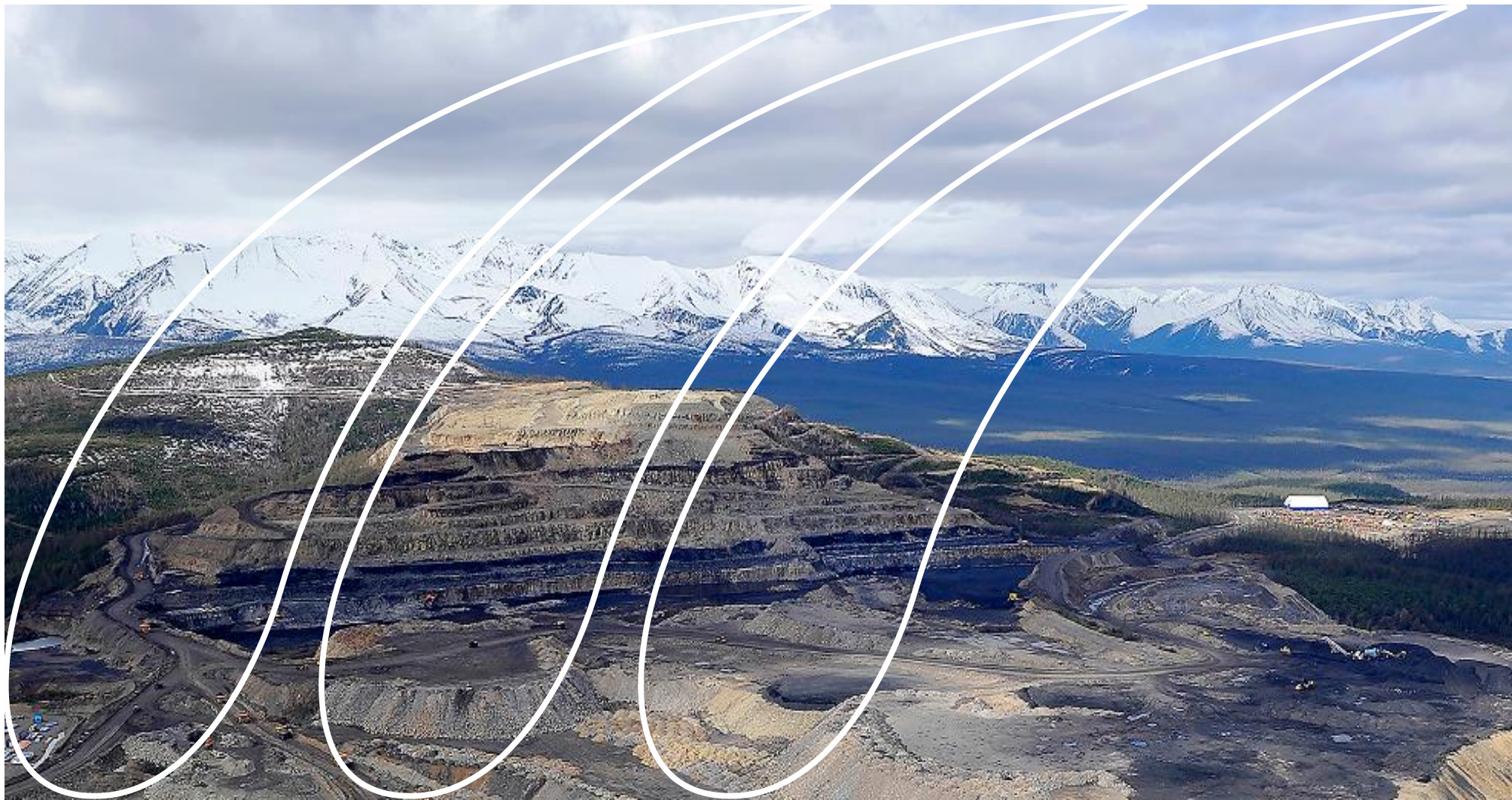


Debt structure & net debt / EBITDA ratio dynamics



- As of March 2021 portion of restructured debt is at a level of 90%; ruble portion of debt amounts to 55%; and Russian state-controlled banks hold 86,4% of our debt portfolio.
- Net leverage increased to 7.9 as of December 31, 2020, compared to 7.5 as of December 31, 2019, on USD- and euro-denominated debt growth as a result of ruble depreciation and LTM EBITDA decrease.
- Average interest rate through the debt portfolio as of March 2021 is 5.4% per annum; average paid interest rate amounts to 5.4% per annum.
- In FY2020 Group repaid RUB 99,5 bln of debt.

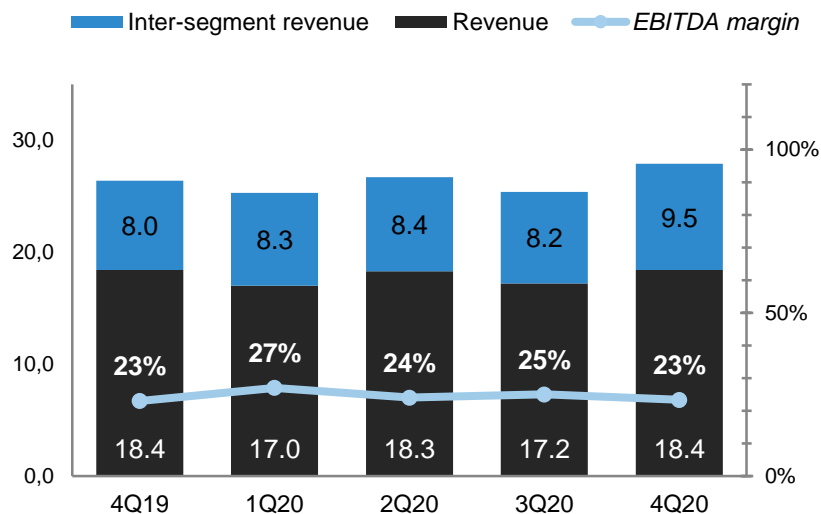




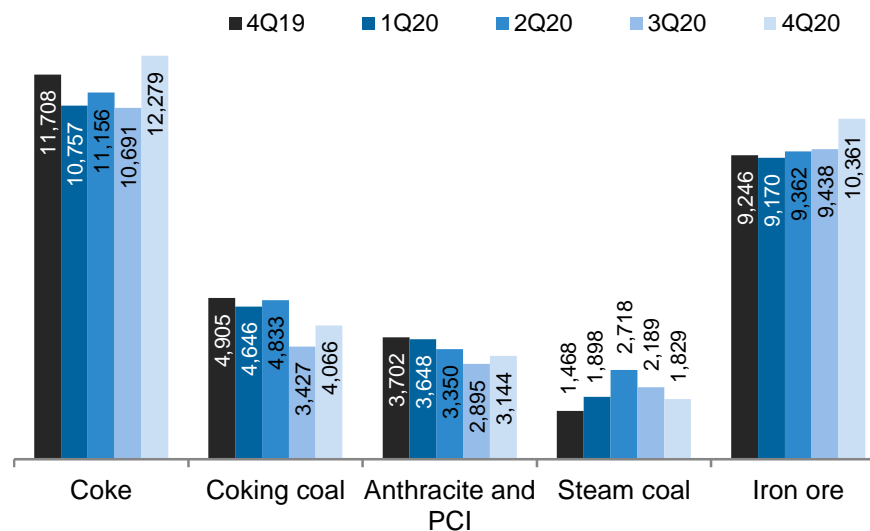
Mining segment



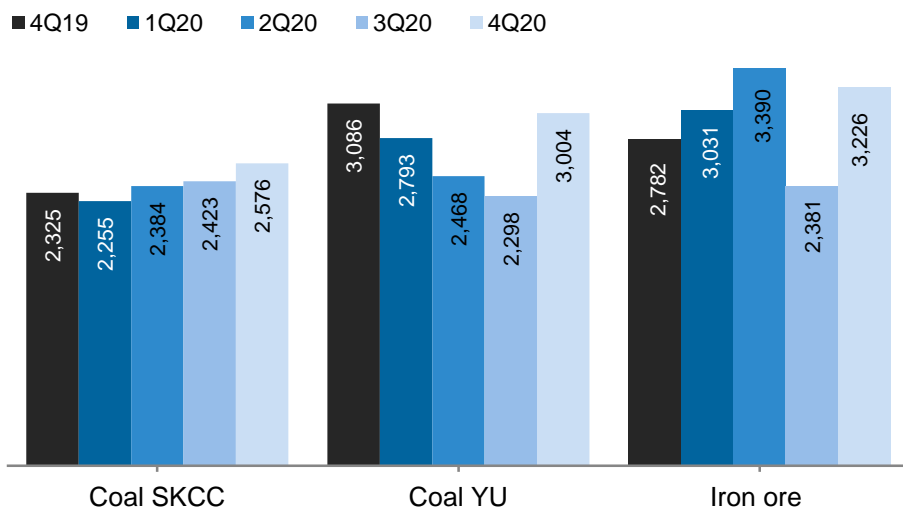
Revenue, EBITDA margin, RUB Bln



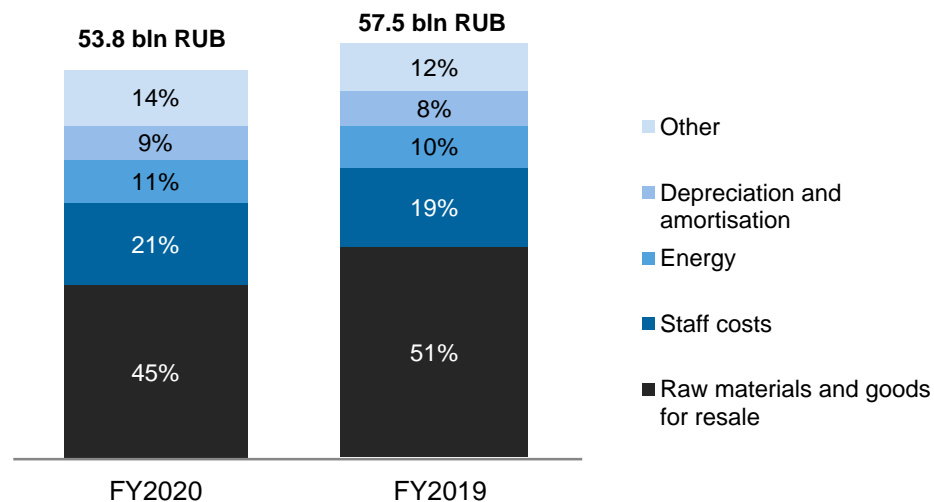
Average sales prices FCA, RUB/tonne



Cash costs, RUB/tonne



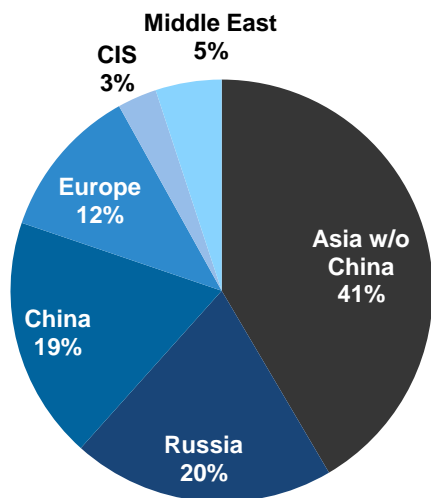
COS structure



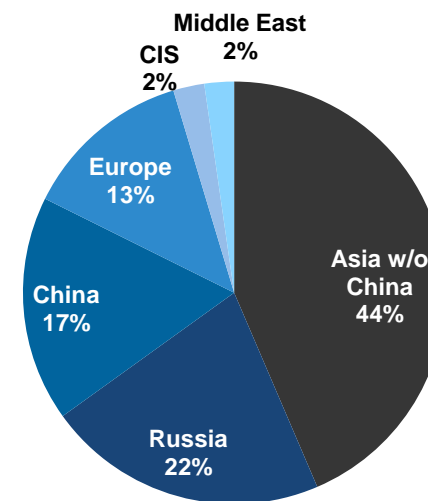
Mining segment



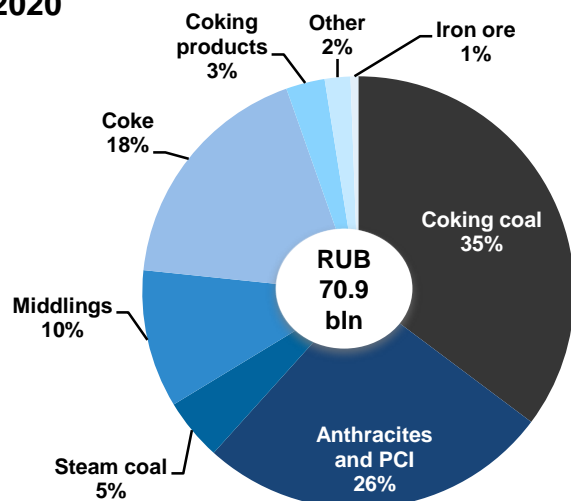
Revenue breakdown by regions
FY2020



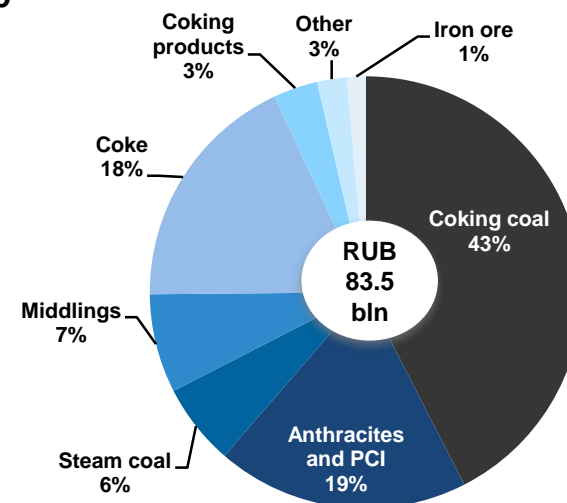
Revenue breakdown by regions
FY2019



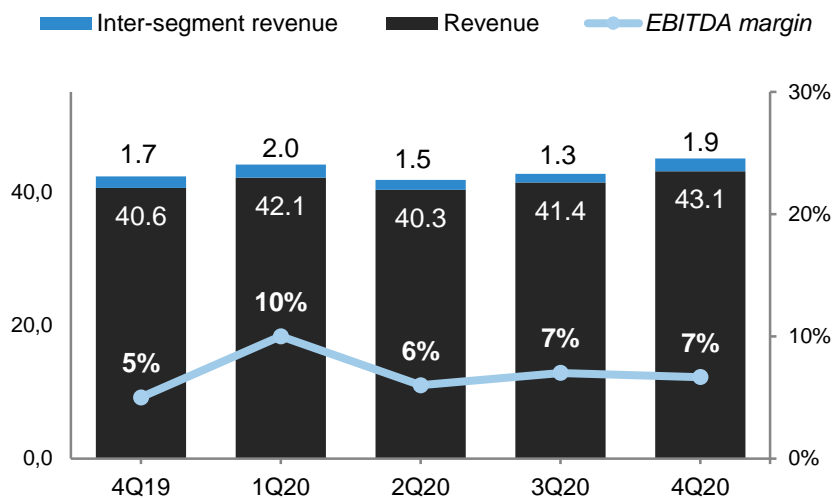
Revenue breakdown by products
FY2020



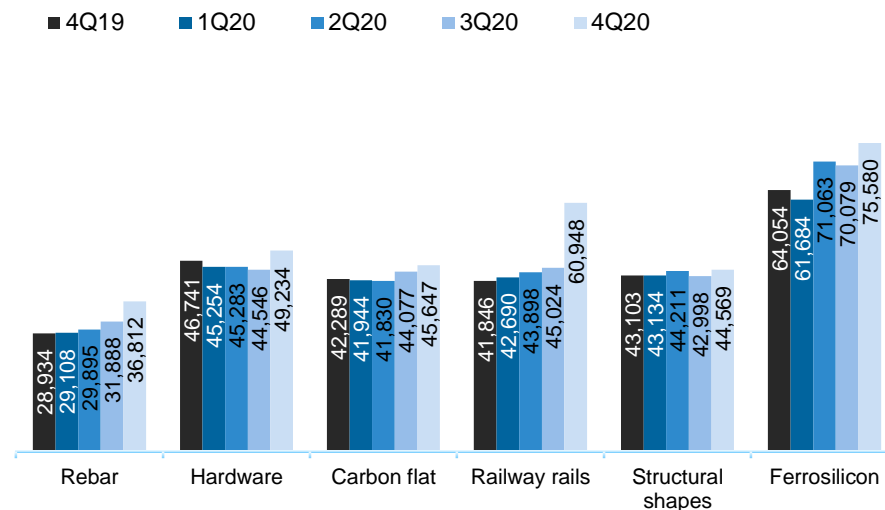
Revenue breakdown by products
FY2019



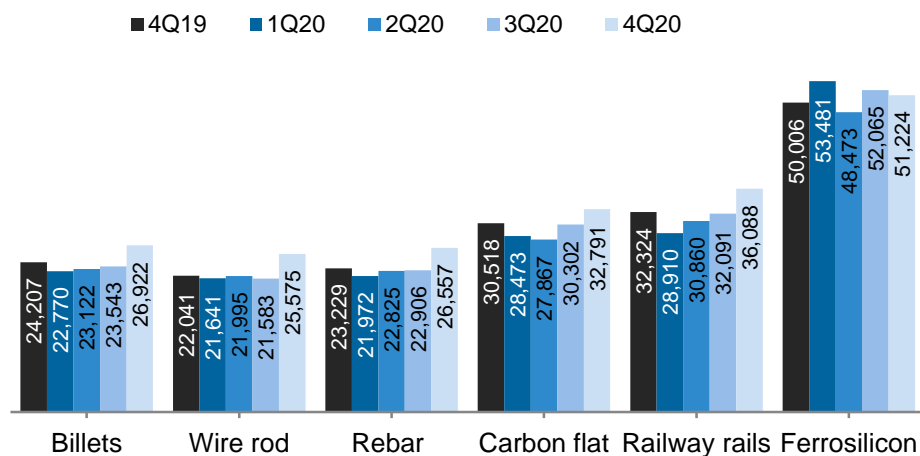
Revenue, EBITDA margin, RUB Bln



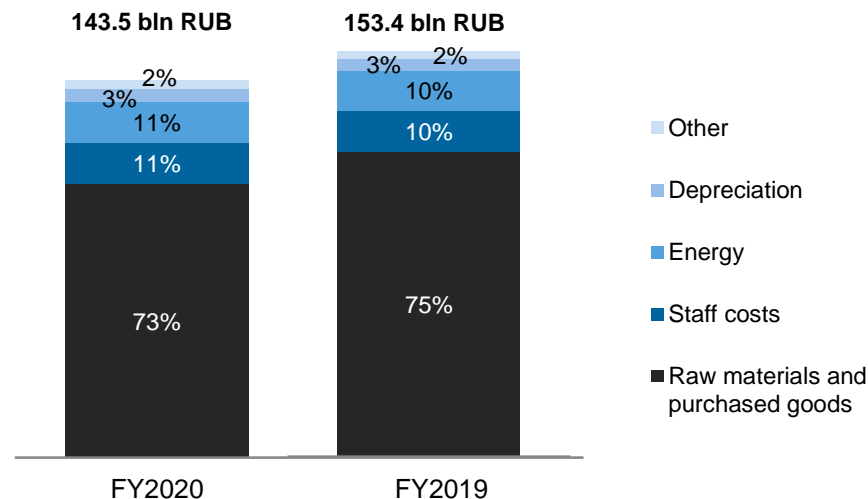
Average sales prices FCA, RUB/tonne



Cash costs, RUB/tonne

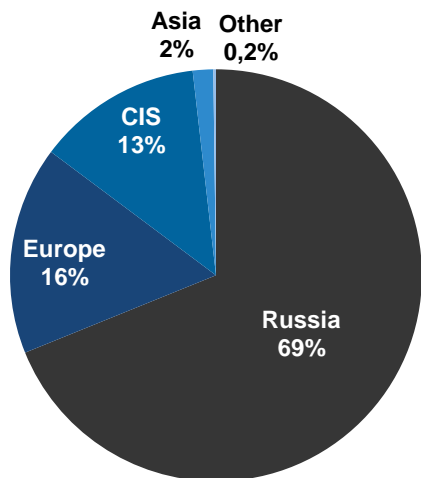


COS structure



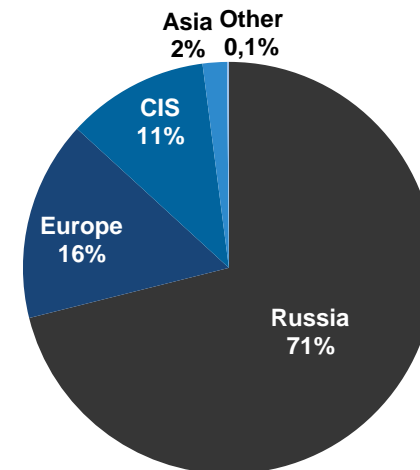
Revenue breakdown by regions

FY2020



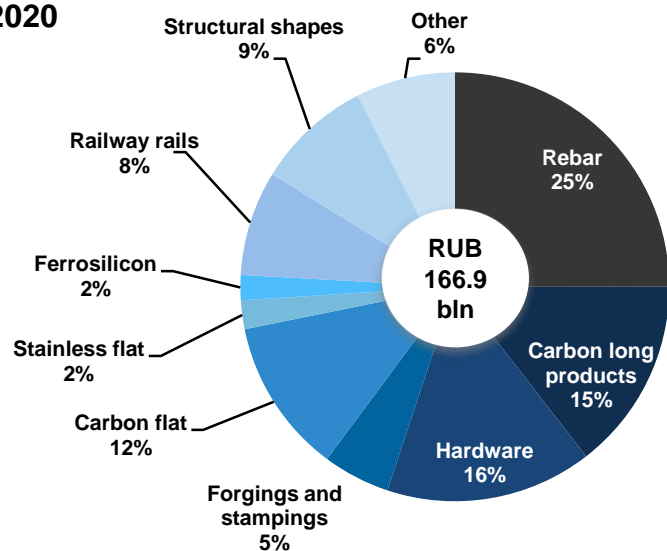
Revenue breakdown by regions

FY2019



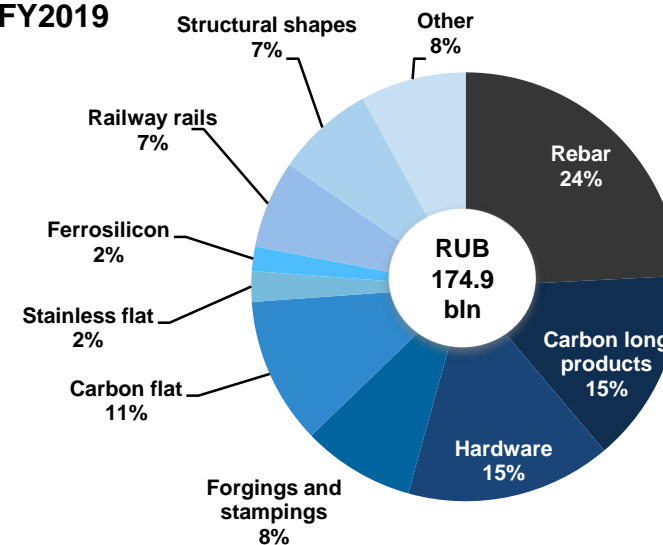
Revenue breakdown by products

FY2020



Revenue breakdown by products

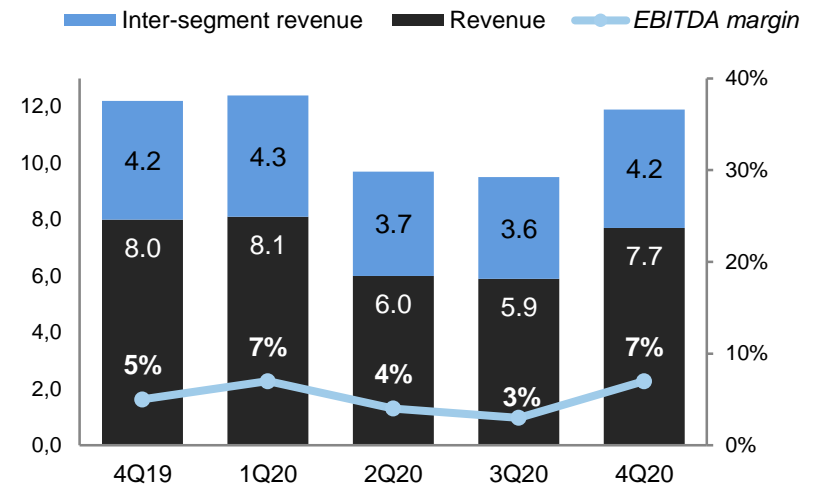
FY2019



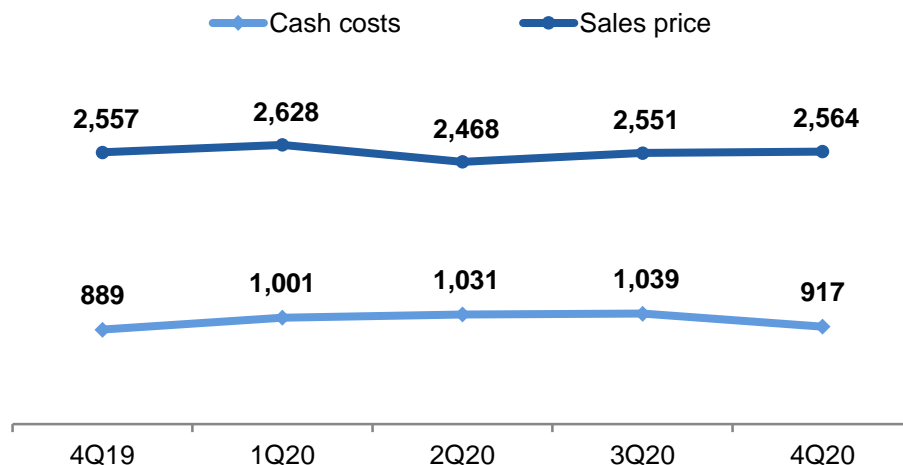
Power segment

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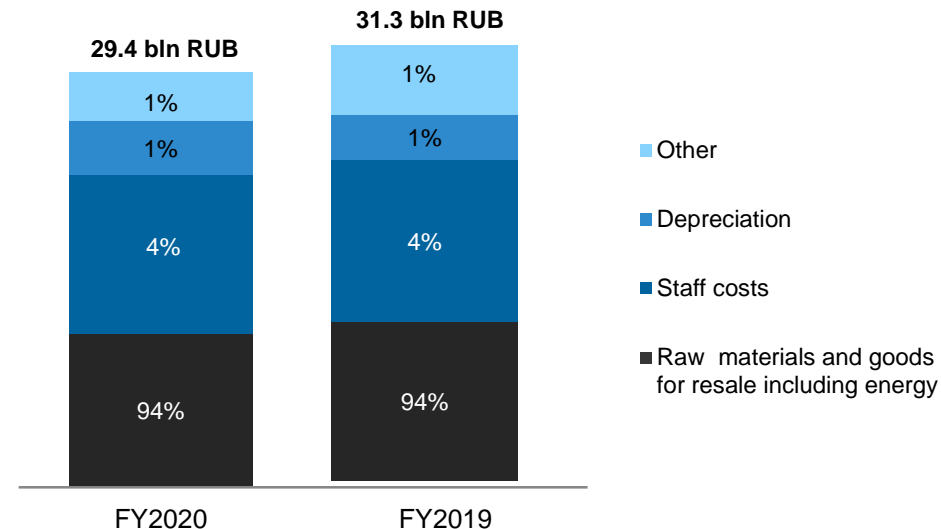
Revenue, EBITDA margin, RUB Bln



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



COS structure



Mechel is a global mining and metals company

