



**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

for the six months ended June 30, 2019

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MECHEL PAO
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT (LOSS) AND
OTHER COMPREHENSIVE INCOME
for the six months ended June 30, 2019

(All amounts are in millions of Russian rubles, unless stated otherwise)

	Notes	Six months ended June 30, 2019 (unaudited)	Six months ended June 30, 2018 (unaudited)
Revenue from contracts with customers	12	153,326	157,038
Cost of sales		(94,022)	(85,384)
Gross profit	12	59,304	71,654
Selling and distribution expenses		(27,549)	(28,851)
Allowance for expected credit losses on financial assets		(449)	(528)
Taxes other than income taxes		(2,208)	(2,396)
Administrative and other operating expenses		(8,664)	(7,885)
Other operating income		325	647
Total selling, distribution and operating income and (expenses), net		(38,545)	(39,013)
Operating profit	12	20,759	32,641
Finance income	11	490	7,863
Finance costs including fines and penalties on overdue loans and borrowings and leases payments	11	(19,989)	(21,445)
Foreign exchange gain (loss), net		14,630	(11,580)
Share of profit (loss) of associates, net		11	36
Other income		71	401
Other expenses		(370)	(171)
Total other income and (expense), net		(5,157)	(24,896)
Profit before tax		15,602	7,745
Income tax expense	8	(2,168)	(2,465)
Profit for the period		13,434	5,280
Attributable to:			
Equity shareholders of Mechel PAO		12,745	4,693
Non-controlling interests		689	587
Other comprehensive income			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of income tax</i>		(839)	(321)
Exchange differences on translation of foreign operations		(839)	(321)
<i>Other comprehensive (loss) income not to be reclassified to profit or loss in subsequent periods, net of income tax</i>		(248)	6
Re-measurement of defined benefit plans		(248)	6
Other comprehensive loss for the period, net of tax		(1,087)	(315)
Total comprehensive income for the period, net of tax		12,347	4,965
Attributable to:			
Equity shareholders of Mechel PAO		11,664	4,378
Non-controlling interests		683	587
Earnings per share			
Weighted average number of common shares		416,270,745	416,270,745
Basic and diluted, profit for the period attributable to common equity shareholders of Mechel PAO (Russian rubles per share)		30.62	11.27

Chief Executive Officer of Mechel PAO



Oleg V. Korzhov



August 15, 2019

The accompanying notes to the interim condensed consolidated financial statements are an integral part of these statements.

MECHEL PAO
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of June 30, 2019

(All amounts are in millions of Russian rubles)

	Notes	June 30, 2019 (unaudited)	December 31, 2018
Assets			
Non-current assets			
Property, plant and equipment.....	7	195,729	189,879
Mineral licenses.....		31,589	32,068
Goodwill and other intangible assets.....		16,818	16,883
Investments in associates.....		304	293
Deferred tax assets.....	8	7,345	5,488
Other non-current assets.....		623	630
Non-current financial assets.....		231	244
Total non-current assets.....		252,639	245,485
Current assets			
Inventories.....		42,793	43,423
Income tax receivables.....		61	121
Trade and other receivables.....		20,338	17,612
Other current assets.....		6,877	8,673
Other current financial assets.....		313	508
Cash and cash equivalents.....		3,772	1,803
Total current assets.....		74,154	72,140
Total assets.....		326,793	317,625
Equity and liabilities			
Equity			
Common shares.....		4,163	4,163
Preferred shares.....		833	833
Additional paid-in capital.....		24,378	24,378
Accumulated other comprehensive income.....		690	1,771
Accumulated deficit.....		(263,418)	(274,186)
Equity attributable to equity shareholders of Mechel PAO.....		(233,354)	(243,041)
Non-controlling interests.....		10,457	9,846
Total equity.....		(222,897)	(233,195)
Non-current liabilities			
Loans and borrowings.....	6	10,001	6,538
Lease liabilities.....	3, 6	8,115	2,413
Other non-current financial liabilities.....		46,488	44,510
Other non-current liabilities.....		112	120
Pension obligations.....		4,076	3,819
Provisions.....		4,529	3,719
Deferred tax liabilities.....		13,623	13,506
Total non-current liabilities.....		86,944	74,625
Current liabilities			
Loans and borrowings, including interest payable, fines and penalties on overdue amounts of RUB 10,149 million and RUB 9,877 million as of June 30, 2019 and December 31, 2018, respectively.....	6	390,287	412,294
Trade and other payables.....		37,366	34,800
Lease liabilities.....	3, 6	8,234	5,880
Income tax payable.....		8,923	6,425
Taxes and similar charges payable other than income tax.....		7,132	6,106
Advances received and other current liabilities.....		4,814	5,096
Pension obligations.....		797	772
Provisions.....		5,193	4,822
Total current liabilities.....		462,746	476,195
Total liabilities.....		549,690	550,820
Total equity and liabilities.....		326,793	317,625

Chief Executive Officer of Mechel PAO _____

Oleg V. Korzhov

August 15, 2019

The accompanying notes to the interim condensed consolidated financial statements are an integral part of these statements.

