

MEETING STAKEHOLDERS' NEEDS

In 2020, we updated our 2023 strategy with 2025 ESG, financial and operational targets to incorporate the enlarged scale of our power and logistics businesses and an updated macroeconomic forecast.

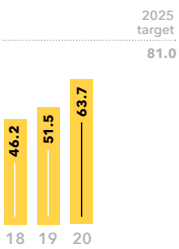
Priority

EFFICIENT GROWTH

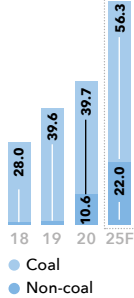
OPERATIONAL EFFICIENCY

KPIs

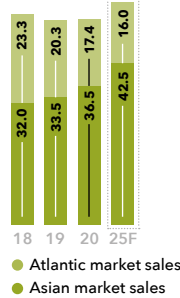
Electricity output (TWh)



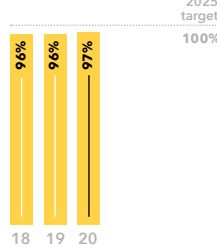
Port transshipment (Mt)



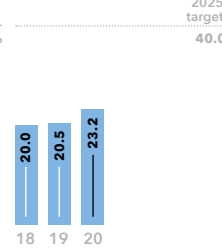
International sales (Mt)



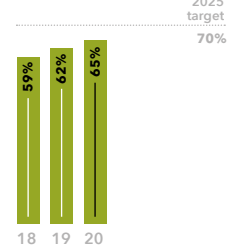
Share of co-generated heat



Vanino capacity (Mt)



Share of washed hard coal



2020 performance

We expanded our power capacity by 19%, purchasing Krasnoyarskaya GRES-2 and Primorskaya GRES. Tom-Usinskaya, Reftinskaya, Novo-Kemerovskaya, Abakanskaya, Novosibirskaya-3 power plants were included in DPM-2 programme for capacity upgrade.

We acquired bulk terminals in Murmansk and Tuapse. We expanded volumes and diversity of transported loads through transporting and transshipping fertilisers, iron-ore concentrate.

We expanded sales to Asia by 3 Mt through higher supplies to Japan, Taiwan and other countries. This was supported by high-CV product output increase at Buryatia and Khabarovsk mines and washing plants.

We substituted three old boilers in Krasnoyarsk with heat from our CHPPs after transfer to the long-term tariff. Krasnoyarsk and Barnaul became part of the long-term tariff, enabling us to modernise heat supply there.

We started stage 3 of Vanino Bulk Terminal expansion, aiming at 40 Mt.

We managed to wash 100% of exported coal. We commissioned a deep flotation unit at the Kirov WP.

SEE DETAILS ON P. 54

Tugnui WP 2, launched in 2019, reached its project capacity.

2025 target

+27%
ELECTRICITY OUTPUT

+100%
NON-COAL TRANSPORTATION

+16%
COAL SALES TO ASIA

100%
HEAT FROM CO-GENERATION

+67%
VANINO CAPACITY

+20%
WASHING CAPACITY

Key actions

Upgrading efficiency and capacity of our power plants using DPM-2
Potential M&A with synergy to our existing assets

Increasing transportation of third-party loads to optimise asset utilisation
Expanding capacity of Tuapse Bulk Terminal and Murmansk Port

Maximising extraction at the assets, supplies from which earn the highest margin on the target markets, primarily in Asia

Substitution of 120 old standalone boilers with heat from CHPPs
Modernisation of heat distribution networks
Investments of \$260m pledged under the long-term tariff, they may reach \$800m if tariff spreads

Increasing Vanino port capacity in line with railway infrastructure development to support the growing sales to Asia

Advancing low-emission coal production and usage technologies

SEE DETAILS ON ENERGY EFFICIENCY ON P. 85

Principal risks

- Regulatory risk
- Production risk
- Liquidity risk

- Risk of reduction in coal demand and prices
- Risk of restructured infrastructure availability

- Risk of change in heat tariffs
- Production risk

- Risk of restricted infrastructure availability
- Liquidity risk

In line with our stated Purpose, we aim to satisfy the everyday electricity and heating needs of people by producing top quality goods and services in each business segment with a particular focus on health and environmental safety.

Our KPIs enable us to measure our sustainable development, operational and financial performance. These KPIs are used to assess the performance of our people throughout the Group.

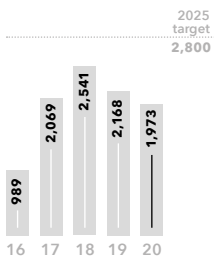
Priority

STABLE BALANCE SHEET

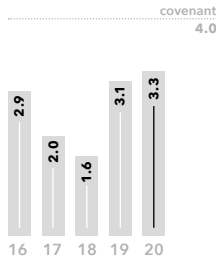
SUSTAINABLE DEVELOPMENT

KPIs

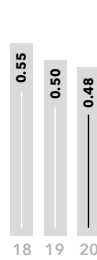
EBITDA (\$m)



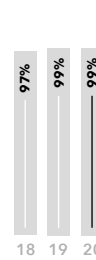
Net debt / EBITDA ratio



LTIFR



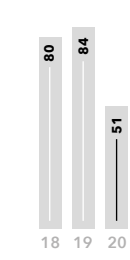
Sufficiency of qualified personnel



GHG emissions per unit of heat produced (kg CO₂e / Gcal)



Growth points



2020 performance

EBITDA decreased 9% due to lower coal prices.

The net debt/EBITDA ratio temporarily increased due to M&A and lower coal prices.

Still, strong cash generation enabled us to maintain a BB rating from Fitch and a Ba2 from Moody's.

We continued to diversify our loan portfolio, and issued RUB bonds in the amount of \$610m.

Despite our efforts, four fatalities occurred.

At the same time, our rigorous focus on safety culture enabled us to decrease our LTIFR by 0.02.

We continued our recruitment and staff development programmes, despite COVID-19, which enabled us to satisfy our need for skilled employees.

Our total and specific GHG emissions level increased due to business expansion.

The company implemented over 150 social and charitable programmes, with investment amounting to 7% of net revenue.

We facilitated the creation of 51 new organisations that help the growth of regional social infrastructure.

2025 target

2.8bn
EBITDA

BB
CREDIT RATING

0
INDUSTRIAL ACCIDENTS AND FATALITIES

>99%
SUFFICIENCY IN SKILLED PERSONNEL

1 Mt CO₂
EMISSIONS SAVINGS SUBSTITUTING BOILERS WITH CHPP HEAT

Key actions

Securing stable cash flows through business diversification

Maintaining lowest cost position through operational efficiency, high-tech capacities and synergy from business integration

Optimising finance costs, loan portfolio and return on equity

FOR OUR FINANCING STRATEGY, SEE INTERVIEW WITH CFO ON PP. 34-35

Leadership in industrial safety through leading standards and digital technologies

Attracting and retaining highly skilled employees so as to prevent a shortage of personnel at key assets and for strategic development projects

Decreasing emission per energy unit by substituting old standalone boilers with co-generated heat, minimising heat losses and other energy efficiency measures

Contributing to better quality of life of communities where we operate and to the achievement of UN SDGs

Principal risks

- Risk of reduction in coal demand and prices
- Inflation risk
- Forex risk
- Liquidity risk

- Health and safety risk
- Human resource risk
- Regulatory risk
- Environmental risk

FOR DETAILED RISK MANAGEMENT DESCRIPTION, SEE PP. 62-69