11 March 2016

SUEK PLC ("SUEK", "the Group" or "Company") today published its audited financial results for the full year ended 31 December 2015, prepared in accordance with IFRS and audited by KPMG.

Key 2015 financial and operational results[1] :

US$ million	**2015**	**2014**
Revenue	4,132	5,053
EBITDA	887	1,044
EBITDA margin	21%	21%
Net profit/(loss)	200	(807)
Net debt/bank EBITDA[2]	2.96x	2.99x
Capital expenditure (capex)	355	496
Production, million tonnes	97.8	98.9
Sales, million tonnes	101.1	95.3
- including, international sales	46.9	45.6
- including, domestic sales	54.2	49.7

Market review and outlook

In 2015, the thermal coal market faced a series of challenges, including global oversupply, seaborne demand contraction in China and the tightening of environmental regulations in the European Union. Lower energy prices and currency depreciations across several coal-producing countries applied further pressure on coal prices.

In China, structural changes in the economy combined with the implementation of protectionist policies and more stringent environmental policies led to a 32% year-on-year decline in coal imports. For the year, coal imports amounted to 154 million tonnes , which was 71 million tonnes less than in 2014[3]. With the Chinese domestic coal market significantly oversupplied, market prices declined below the production costs of most national companies[4]. The Chinese government responded with reduction initiatives, including a three-year moratorium on new mines as well as the shutdown of unprofitable and unsafe operations, representing an aggregate 700 million tonnes of capacity.

India overtook China as the world's largest importer of coal. The government's commitment to stimulating economic growth and expanding access to electricity to its growing population generated coal imports of an estimated 155-160 million tonnes in 2015. Over the medium-term, coal demand in India is expected to depend on the pace of reforms within the national energy sector and overall economic growth. Low-cost and high-quality imported coal should remain competitive with local product, especially in coastal regions.

Japan remained one of the largest importers of thermal coal. With total imports of 130 million tonnes of coal, annual import levels were stable in 2015. The country is gradually restarting its nuclear generation capacity and reopened two reactors in

2015. While it is scheduled to restart several other reactors in 2016, the return of nuclear generation capacity is not expected to affect coal imports in the short-term.

Coal consumption declined slightly in Europe, the Middle East and Africa. Lower demand from the UK was partly offset by an increase in imports in Morocco, Turkey, Spain and Germany.

South-East Asian countries, and in particular Vietnam, Malaysia, Thailand and the Philippines, continued to both increase power generating capacity and expand the role of coal in their power generating mix. Together, these four countries imported a combined 64 million tonnes of coal in 2015, which represented an increase of 23% over 2014.

Coal imports in South Korea remained broadly stable at around 94 million tonnes as the commissioning of several coal-fired power plants was delayed. Demand is expected to increase in 2016 with the commissioning of these units.

Demand in the Russian market was flat as compared to the previous year. Low reservoir levels cut hydroelectric output and led to higher coal demand from the power generating sector.

Overall seaborne thermal coal trade decreased by 4% to 902 million tonnes in 2015. Prices mirrored the trend with the NEWC Index (FOB) for thermal coal declining 19% year-on-year to US$ 51.5 per tonne and the API 2 Index (FOB) retreating 32% year-on-year to US$ 48.6 per tonne in December 2015. The substantial decline in prices drove many coal operations into loss-making territory across the globe, forcing reductions in output. In addition to China, production cuts were announced in Indonesia and the United States, with around 70 million tonnes having already been removed from the seaborne market.

Russian thermal coal producers engaged in efficiency and cost optimisation programmes. Increased efficiency as well as the sustained devaluation of the Russian currency moved most Russian producers towards the lower end of the global cost curve, enabling them to remain competitive, especially those benefiting from in-house logistics capacity.

Financial Review

SUEK's 2015 financial results reflected the coal market's challenging backdrop. Group revenues amounted to US$ 4,132 million, as compared to US$ 5,053 million in 2014, while EBITDA amounted to US$ 887 million, as opposed to US$ 1,044 million in 2014.

Together with the weakening of the Russian Rouble, effective cost management drove the Group's average cost of sales for coal 35% lower to U$ 11 per tonne. EBITDA margin was stable at 21%.

Given the lower coal prices, SUEK significantly decreased its investment programme focusing on the most cost-effective projects. Capital expenditures amounted to US$ 355 million, of which US$ 220 million was maintenance related.

Against the backdrop of weak coal prices, the Company's strategic priority has been to reduce its debt level. As at the end of 2015, combined with stable cash flow generation, the decrease in capital expenditure and absence of dividend allowed net debt to decline to US$ 2,786 million, as compared to US$ 3,342 million at the end of 2014. The net debt to EBITDA ratio decreased to 2.96x from 2.99x as at the end of 2014.

Operational review

Higher coal consumption in Russia and stronger trading activity supported sales of 101.1 million tonnes of coal, which was 6% higher than the previous year.

For the January to December 2015 period, the Group increased sales to international markets to 46.9 million tonnes of coal as it supplemented its own production with purchases of third-party coal. Trading of third-party coal increased to 10 million tonnes, as compared to 5.2 million tonnes in 2014. As well, SUEK further expanded its sales network in Asia. Since 2015, the Group's trading subsidiaries have been operating in all key coal markets. The exposure to local currencies serves to mitigate the effects of exchange rate fluctuations, while the Group's regional presence provides customers and end users with a number of additional services.

Sales to Russian customers rose by 9% to 54.2 million tonnes of coal, of which 43.2 million tonnes went to power generating companies.

The Group's production volumes remained mostly flat year-on-year at 97.8 million tonnes.

The Group continued to expand its coal washing capacity. In the Khabarovsk region, the Group completed the construction of the 6 million tonnes per annum Chegdomyn washing plant. In November 2015, the Taldinskaya-Zapadnaya mine 1 washing plant was put in operation. With a design capacity of 3 million tonnes of coal per year, the plant will improve the quality of the coal produced at the Kiselyovsk area mines (Kuzbass). The launch of these two plants completed the Company's washing capacity modernisation programme. Implemented between 2010 and 2015, the programme encompassed six washing plants –

Kirova, Chernogorsky, Tugnuisky, Chegdomyn, Komsomolets and Taldinskaya-Zapadnaya 1, with the investments totalling US$ 345 million. As a result of the modernisation programme, SUEK's coal washing volumes more than doubled from 15.3 million tonnes in 2010 to 33.3 million tonnes in 2015.

The company also continued its programme to increase the loading capacity at the Vanino Bulk Terminal up to 24 million tonnes of coal by 2018. In particular, work is currently underway to increase railway infrastructure leading to the terminal. In 2015, the first phase of the programme was completed, consisting of connecting tracks and infrastructure. Investments in the project during the reporting period amounted to US$ 24 million.

A priority at SUEK has been the improvement of production efficiency and safety. The improvements of industrial safety control systems and the promotion of a safety culture have helped the lost-time injury frequency rate (LITFR) decrease from 1.57 to 1.23.

The Company also pays special attention to environmental protection initiatives. In 2015, work continued to target production efficiency, effluent utilisation and processing, the reduction of greenhouse gas emissions and dust particles in mines and factories, as well as land reclamation. The Group invested US$ 11 million in environmental practices during the reporting period.

Vladimir Rashevsky, CEO of JSC SUEK, commented:
"The last few years have been challenging for the coal industry. Excess supply, macroeconomic uncertainty, and lower energy prices have together drastically reduced coal prices. With its focus on increasing operational efficiency, investments in modern equipment and personnel training combined with the expansion of premium product and logistics, SUEK remains competitive even in market downturns. We continue to generate strong cash flow, which enables us to maintain a stable balance sheet and lower our net debt year-on-year from US$ 3,342 million to US$ 2,786 million, with the net debt to EBITDA ratio below 3.0x."

[1] SUEK IFRS consolidated annual financial statements for the year ended 31 December 2015 are available at http://www.suek.com/investors/reporting/

[2] Bank EBITDA is calculated in accordance with SUEK loan agreements

[3] China Customs Statistics

[4] Wood Mackenzie, Global thermal coal short-term outlook, January 2016