

Our sustainable value chain

OUR INPUTS

Natural

COAL RESERVES – Water
 – Air
 – Soil

5.2 Bt
 with >30 years life of mine

Human

EMPLOYEES

64,000 **14**
 significant skills training centers
 and experience

Operational

27 **24**
 mines power plants

- 9 coal washing plants
- 42,900 railcars under management
- 3 ports
- Global sales network
- Scientific research institute
- Service facilities

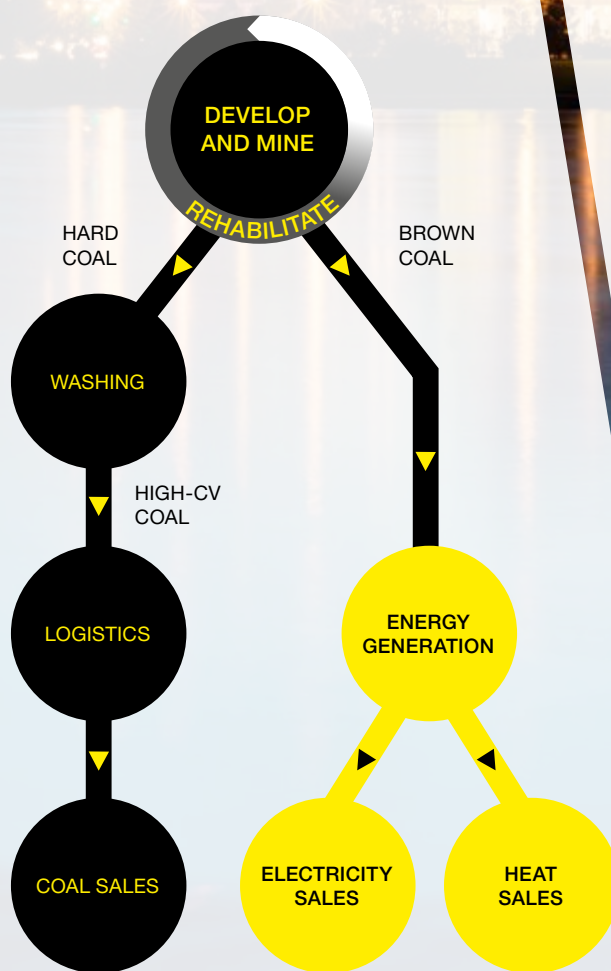
Financial

- Financial discipline

Relationships

- 1,900 coal customers in 48 countries
- Contracts with 2,429 electricity consumers
- Contracts with equipment suppliers from 47 countries
- Partnership agreements with federal and regional authorities and NGOs

OUR PROCESSING CYCLE



OUR C...

Product

INTERNATIONAL COAL SALES
55.4

DOMESTIC COAL SALES
58.4

Co-product

- Petcoke, briquette

INTERNATIONAL
\$5,05

DOMESTIC C
\$655

PETCOKE AND OTHER PROD
\$250

Factors determining our ability to demonstrate long-term growth

Commitment to health, safety and the environment

Our priority is to minimise environmental and safety risks at every stage of the operational cycle.

See more on pp. 89-93.

Product development

Our R&D team constantly evaluates ways to increase the quality of our coal, whilst developing coal-based products for a wide range of industries.

See more on p. 72.

Focus on efficiency

Our investments in modern mining equipment and operational improvements contain the increase in the cost of coal and energy production and increase productivity.

See more on p. 72.

Risk management

Our commitment to proactively managing internal and external risks helps us meet strategic targets and secure long-term growth.

See more on pp. 41-49.

OUTPUT

Sales in 2018

HEAT SALES	37.2 MGcal
POWER CAPACITY SALES	9.2 GW
ELECTRICITY SALES	50 TWh

Revenue

\$8,296m

COAL SALES	ENERGY SALES
\$51m	\$2,042m
OTHER PRODUCTS SALES	OTHER REVENUE
\$0m	\$298m

Net profit

\$1,164m

OUR VALUE

Customers and society at large

COAL SUPPLIES TO	HEAT AND ELECTRICITY SUPPLIES TO
48 countries	5 M people in 6 Russian regions

Employees

JOBS	PAID TO STAFF	EMPLOYEES
64,000	\$962m	31%
		received professional training and career development

Local suppliers

\$370m spent on utilities, goods and services	– Joint R&D to increase equipment efficiency
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Government and communities

\$633m paid in taxes in Russia	UNITED HEAT SUPPLIER IN 86% of cities where we operate	\$38m invested in social infrastructure projects
	\$68.3m spent on environmental projects	>60 cities and towns supported by the company

Financial institutions

REPAID AS FINANCE COSTS
\$311m

1. Including intragroup sales to SGC.

Corporate governance

We strive to meet the highest standards of corporate governance in line with international best practice.

See more on pp. 111-126.

Corporate culture

Our corporate culture encourages employees to achieve results without compromising safety, our approach to the environment or ethics.

See more on pp. 100-105.

Personnel development

We invest in the development of our employees at all levels. In turn, we are proud to have a committed and highly productive workforce who are critical to the long-term success of our business.

See more on p. 104.

Stakeholder inclusion

We engage actively with our stakeholders, ensuring that we create value for them at all times.

See more on pp. 38-40.

OUR MAIN DIFFERENTIATORS

Economies of scale and operational efficiency



In-demand high-calorific coals with low sulphur and nitrogen content



Co-generation of heat and electricity fuelled by local coals



Favourable geographical location of our assets to logistics and markets



Own logistics infrastructure



One of the largest coal sales networks globally



Stringent control over environmental safety throughout the whole cycle



PROCESS DESCRIPTION

DEVELOPING

We research new mining and processing technologies as well as new products that will deliver maximum operational efficiency and minimal environmental impact for all stakeholders.

MINING

Regular upgrades of our mining units enable us to maintain a leading position within our sector.

WASHING

Coal washing reduces ash and increases heat content, thereby reducing the environmental footprint of our products, whilst raising their market value.

DELIVERING

Advanced transport infrastructure enables us to reliably and cost-effectively supply our major markets, Russia, Europe and Asia-Pacific, and minimise the environmental impact of transportation.

COAL MARKETING

SUEK's extensive sales network ensures reliable coal supplies to customers in 48 countries, and effective delivery of our 'premium products for premium customers' strategy.

ENERGY GENERATION

Our upgraded power generating facilities consistently and reliably supply heat and electricity to 6 regions of Russia.

REHABILITATION

We restore natural habitats for future generations in the areas where we operate.