Year of good progress

We measure both financial and non-financial performance in order to determine whether we are on track to achieve our long-term goals.

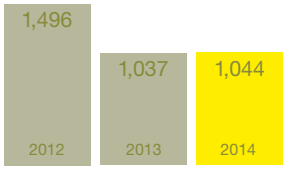
In 2014, SUEK Group delivered solid results despite a very challenging market environment, our production increased and sales volumes rose. We also saw EBITDA rise and EBITDA margins grow even though revenue was down mainly due to a fall in the global coal price.

See pages 74-78 for more information.

Financial highlights

EBITDA ($m)

KPI



+1%

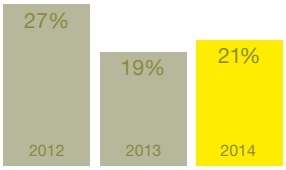
Measurement: EBITDA is an indicator of the company's financial performance and is calculated as earnings before interest, taxes, depreciation and amortisation within the calendar year. EBITDA margin is a measurement of the Group's earnings before interest, taxes, depreciation, and amortisation as a percentage of its total revenue.

Relevance to the business: EBITDA is an important indicator of our financial health and measures our operating profitability. As EBITDA excludes depreciation and amortisation, the EBITDA margin can provide a more accurate view of our profitability.

EBITDA margin is the key financial indicator that demonstrates the Group's operating profitability and measures success of implementation of its strategy.

EBITDA margin (%)

KPI

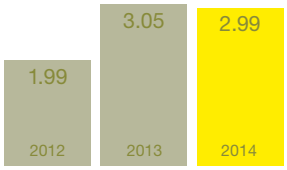


Performance: In 2014, increased international coal sales and a decrease in cost of sales in US Dollar terms as a result of Russian Rouble devaluation compensated for the negative effect of the decline in the global coal price on our financial performance. Consequently, in 2014 the company's EBITDA remained similar to 2013, amounting to $1,044m.

EBITDA margin increased from 19% for 2013 to 21% for 2014, indicating a better performance by the Group despite lower coal prices.

1 **Strategic priority:** Emphasising growth

Net debt/EBITDA



-2%

Measurement: Net debt to EBITDA calculated as the Group's financial borrowings minus cash and cash equivalents divided by EBITDA.

Relevance to the business: Net debt to EBITDA is a measure of the ability of a company to pay off its debts and demonstrates the financial health and liquidity position of the Group.

Performance: The key financial ratio net debt to adjusted EBITDA as at 31 December 2014 equalled 2.99x, which was still well below the maximum value of 4.0x provisioned by the current loan agreements. These figures demonstrate that the Group had sufficient funds to meet its financial obligations.

1 **Strategic priority:** Emphasising growth