MOSENERGO

FY2016 IFRS Results

March 9, 2017

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12M 2016 Highlights

Operational Highlights[1]

	12M 2015	12M 2016	Change
Electricity Output, mn kWh	54,712	59,068	+8.0%
Electricity Sales, mn kWh	56,349	60,858	+8.0%
Heat Output, th.Gcal	71,682	81,827	+14.2%
Fuel Rate on Electricity, g/kWh	232.6	232.3	-0.1%
Fuel Rate on Heat, kg/Gcal	164.8	164.0	-0.5%

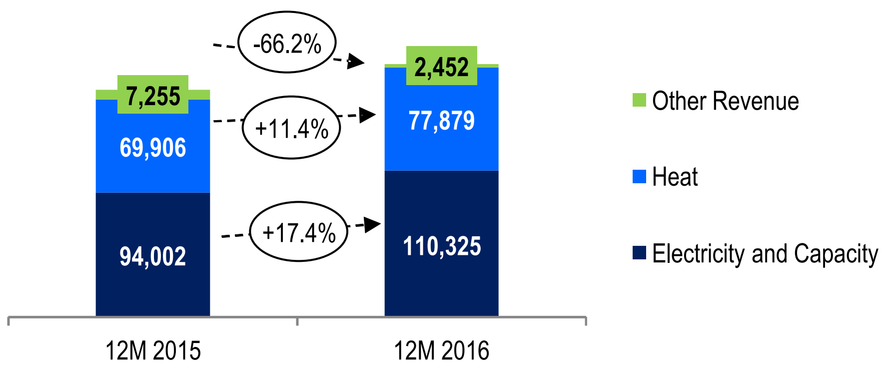
Financial Highlights, mn RUR

	12M 2015	12M 2016	Change
Revenue	171,163	190,656	+11.,4%
Variable Costs	(114,061)	(126,240)	+10.7%
Fixed Costs[2]	(26,769)	(26,160)	-2.3%
EBITDA[3]	16,670	30,703	+84.2%
EBITDA, adj.[4]	30,333	38,256	+26.1%
Depreciation of PP&E	(18,585)	(15,067)	-18.9%
Operating Profit	(1,915)	15,636	-
Profit for the Period	(1,778)	13,438	-

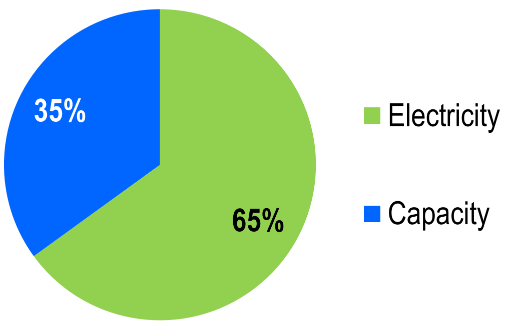
[1] Management report data
[2] Excluding Depreciation of PP&E
[3] EBITDA = Operating Profit + Depreciation of PP&E
[4] Adjusted to Charge for impairment and other provisions, net

Revenue

Revenue, mn RUR



Electricity and Capacity Revenue Structure for 12M 2016, %



Prices and Tariffs

Parameter	12M 2015	12M 2016	Change
Average Weighted Electricity Price, RUR/MWh[1]	1,126.22	1,182.67	+5.0%
Average Price for New Capacity, RUR/MW per Month	584,727.12	798,194.12	+36.5%
Average Price for Old Capacity, RUR/MW per Month	139,561.65	128,248.45	-8.1%
Average Weighted Heat Tariff, RUR/Gcal	944.77	946.65	+0.2%
Including the "generation + distribution" tariff, RUR/Gcal	*851.88*	*897.92*	*+5.4%*

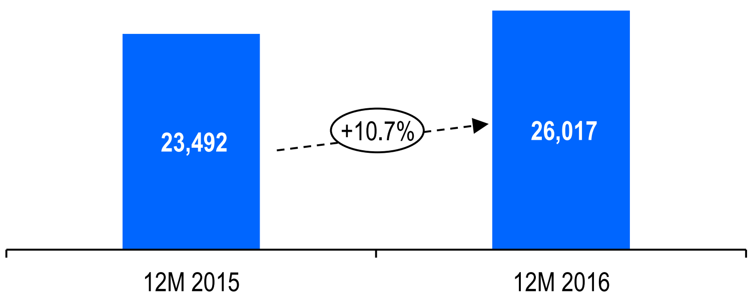
[1] At the wholesale market of electricity and capacity

Variable Costs

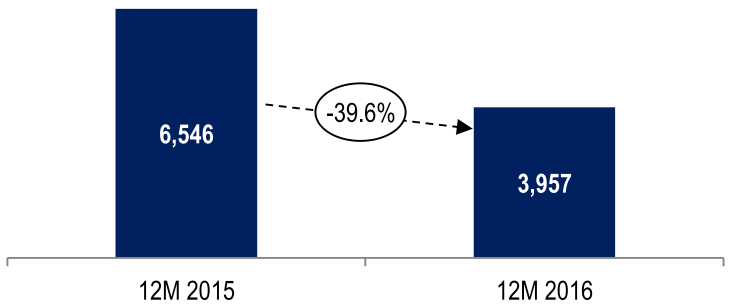
Variable Costs Structure, mn RUR

Variable Costs	12M 2015	12M 2016	Change
Operating costs, incl.:			
Fuel expenses	*96,320*	*110,213*	*+14.4%*
Purchased heat and electricity	*8,794*	*9,579*	*+8.9%*
Other materials expenses	*2,401*	*2,491*	*+3.7%*
Heat transmission	6,546	3,957	-39.6%
Total variable costs	**114,061**	**126,240**	**+10.7%**

Reference Fuel Consumption, thous. tons of reference fuel



Heat Transmission, mn RUR

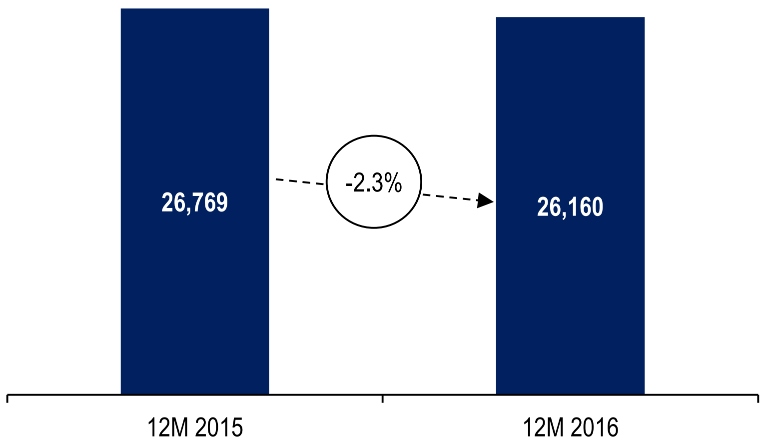


Variable Costs Change Factors

- Fuel expenses growth resulted mostly from increased electricity production and heat and corresponding growth of fuel consumption.
- Heat transmission expenses reduction is due to decrease in heat output, subject to transportation (via heating grids), on the back of growing share of heat output from headers of power plants (boiler houses).

Fixed Costs

Total Fixed Costs, mn RUR



Fixed Costs Change Factors

- Maintenance and repairs expenses increase mainly was caused by growing in the maintenance costs of CCGT units.
- Taxes other than income tax grew on the back of increased property tax payments, resulting from new units launch and MOEK's boiler-stations transfer to Mosenergo's management.

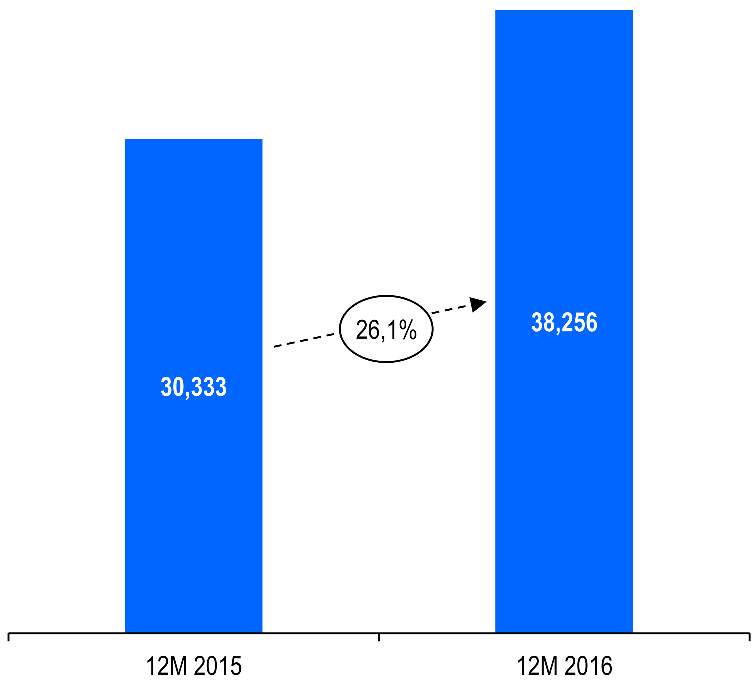
Fixed Costs Structure, mn RUR

Fixed Costs	12M 2015	12M 2016	Change
Personnel expenses	12,035	10,471	-13.0%
Other external suppliers[1]	8,006	7,540	-5.8%
Maintenance and repairs expenses	5,017	5,830	+16.2%
Taxes other than income tax	1,790	2,227	+24.4%
Other operating expenses/(income)	(79)	92	-
Total fixed costs	**26,769**	**26,160**	**-2.3%**

[1] Excluding Heat transmission

EBITDA

EBITDA, adj.[1], mn RUR



EBITDA Change Key Factors

- Electricity output growth by 8.0%
- Heat output increase by 14.2%.
- Electricity weighted average price growth by 5.0%.
- New capacity commissioning at CHP-20.
- Account of a new constituent in the new CSA-capacity price, in order to assure normative payback period for power generating units.

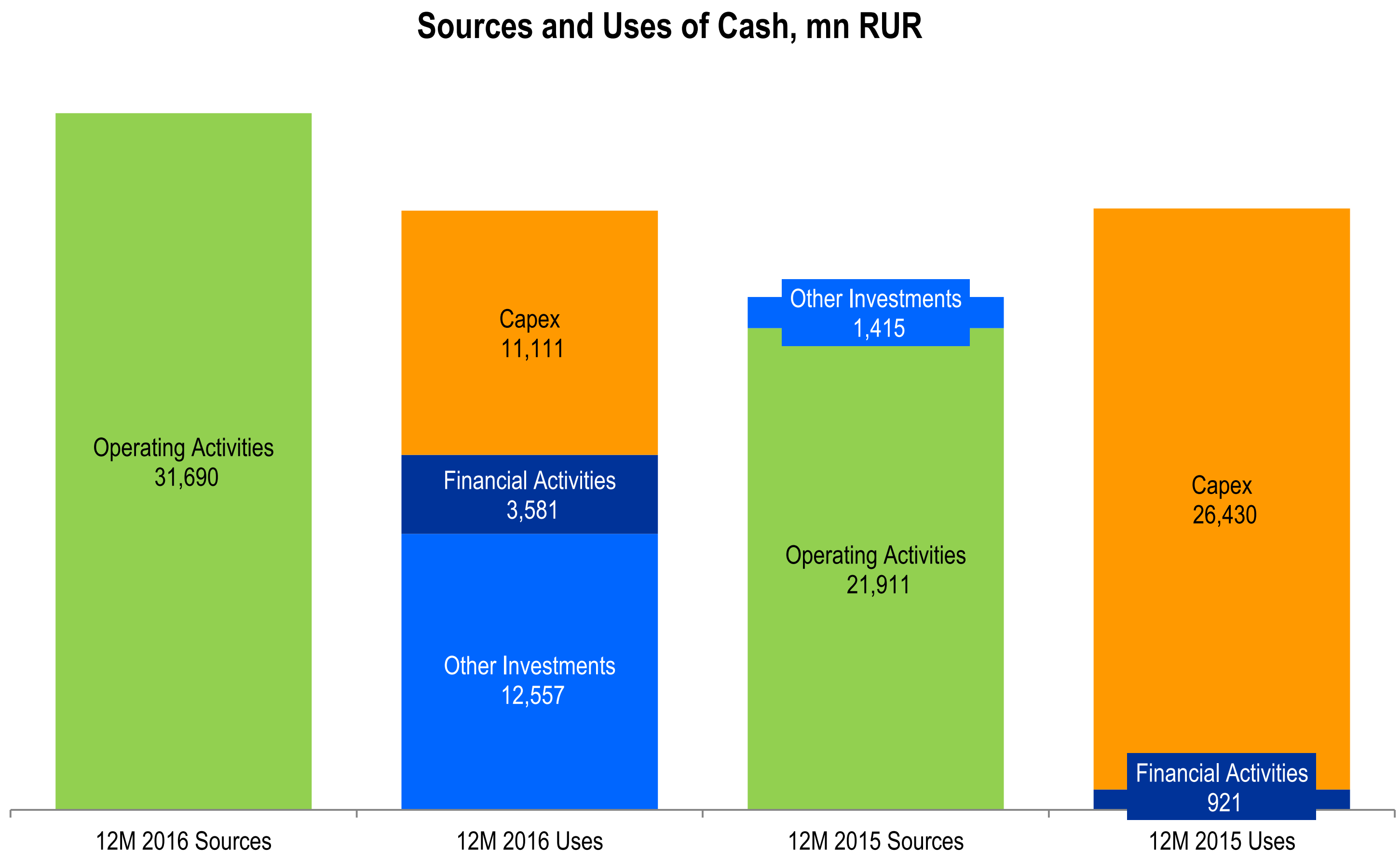
[1] EBITDA = Operating Profit + Depreciation of PP&E. Adjusted to Charge for impairment and other provisions, net

Profit Composition

Operating Profit Composition, mn RUR

Parameter	12M 2015	12M 2016	Change
Revenue	171,163	190,656	+11.4%
Variable costs	(114,061)	(126,240)	+10.7%
Fixed costs	(26,769)	(26,160)	-2.3%
Depreciation of PP&E	(18,585)	(15,067)	-18.9%
Charge for impairment and other provisions, net	(13,663)	(7,553)	-44.7%
Operating profit	**(1,915)**	**15,636**	**-**

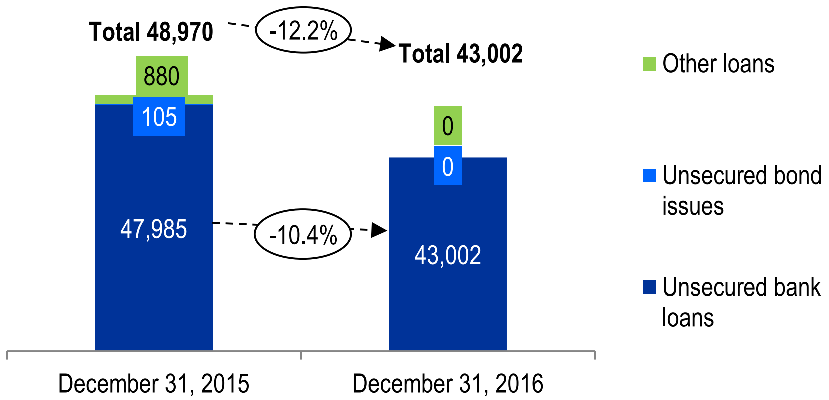
Cash Flow



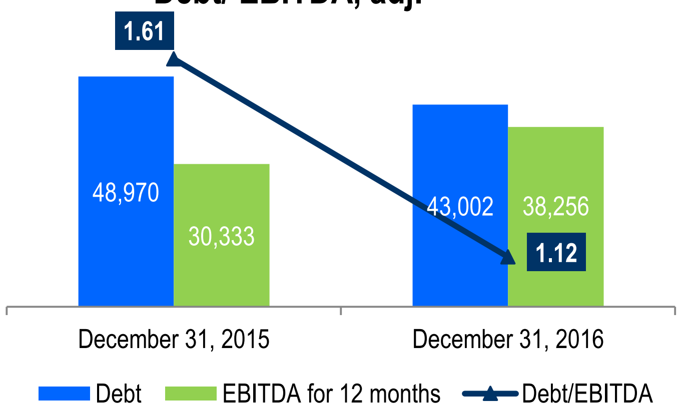
Sources and Uses of Cash, mn RUR
Operating Activities
31,690
Capex
11,111
Financial Activities
3,581
Other Investments
12,557
Other Investments
1,415
Operating Activities
21,911
Capex
26,430
Financial Activities
921
12M 2016 Sources
12M 2016 Uses
12M 2015 Sources
12M 2015 Uses

Debt and Liabilities

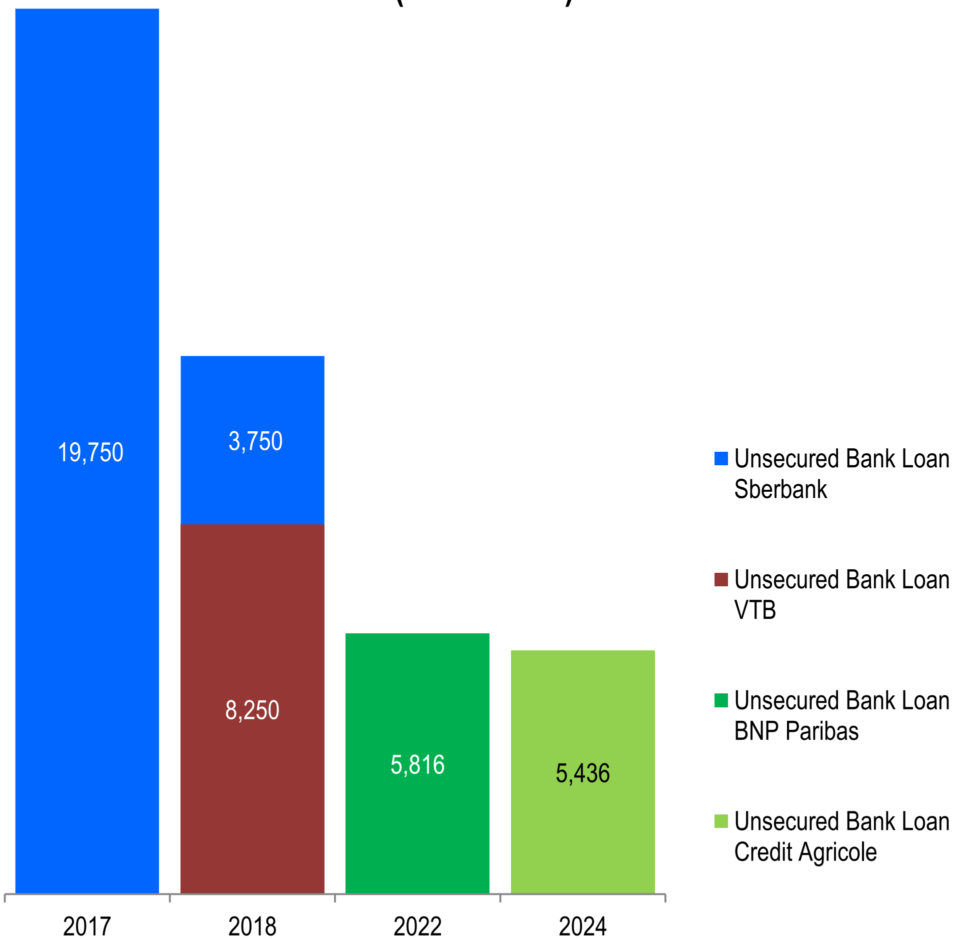
Liabilities Structure, mn RUR



Debt/ EBITDA, adj.[1]



Maturity Profile as of December 31, 2016, mn RUR (book value)



[1] EBITDA = Operating Profit + Depreciation of PP&E. Adjusted to Charge for impairment and other provisions, net

Thank You for Your Attention!

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