

# **MOSENERGO**

## **3M 2014 IFRS Results**

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## Operational Highlights<sup>1</sup>

|                                 | 3M 2013 | 3M 2014 | Change |
|---------------------------------|---------|---------|--------|
| Electricity Output, mn kWh      | 18,269  | 17,360  | -5.0%  |
| Electricity Sales, mn kWh       | 19,081  | 18,074  | -5.3%  |
| Heat Output, th.Gcal            | 30,037  | 27,593  | -8.1%  |
| Fuel Rate on Electricity, g/kWh | 208,8   | 212,6   | +1.8%  |
| Fuel Rate on Heat, kg/Gcal      | 163,6   | 164,6   | +0.6%  |

## Financial Highlights, mn RUR

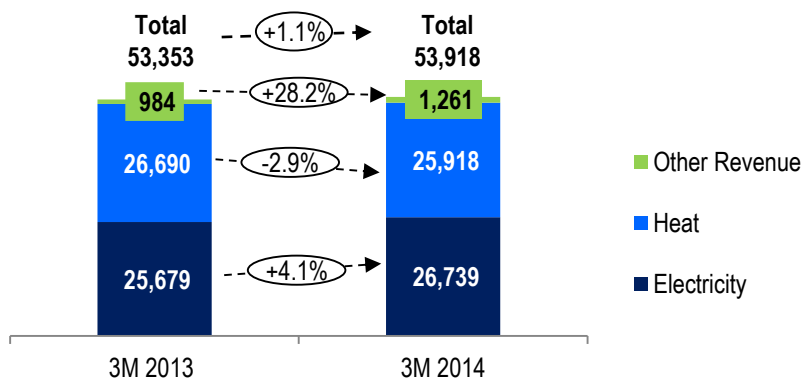
|   | 3M 2013<br>(restated) | 3M 2014  | Change |
|---|-----------------------|----------|--------|
| Revenue                                   | 53,353                | 53,918   | +1.1%  |
| Variable Costs                            | (36,096)              | (37,937) | +5.1%  |
| Fixed Costs <sup>2</sup>                  | (5,267)               | (6,038)  | +14.6% |
| EBITDA <sup>3</sup>                       | 12,298                | 10,400   | -15.4% |
| Depreciation of PP&E                      | (3,552)               | (3,646)  | +2.6%  |
| Operating Profit                          | 8,746                 | 6,754    | -22.8% |
| Profit for the Period                     | 7,353                 | 4,282    | -41.8% |
| Total Comprehensive Income for the Period | 7,360                 | 4,276    | -41.9% |

<sup>1</sup> Management report data

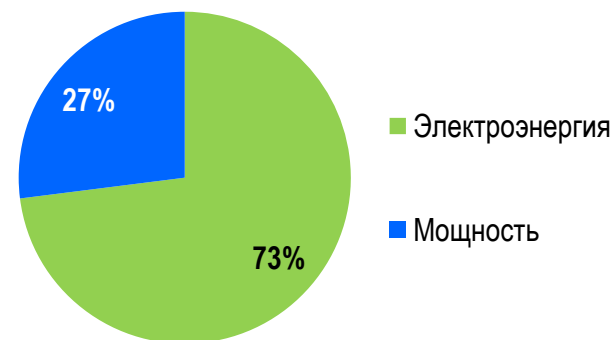
<sup>2</sup> Excluding depreciation of PP&E

<sup>3</sup> EBITDA = Operating Profit + Depreciation of PP&E

## Revenue, mn RUR



## Electricity and Capacity Revenue Structure for 3M 2014<sup>1</sup>. %



## Prices and Tariffs <sup>1</sup>

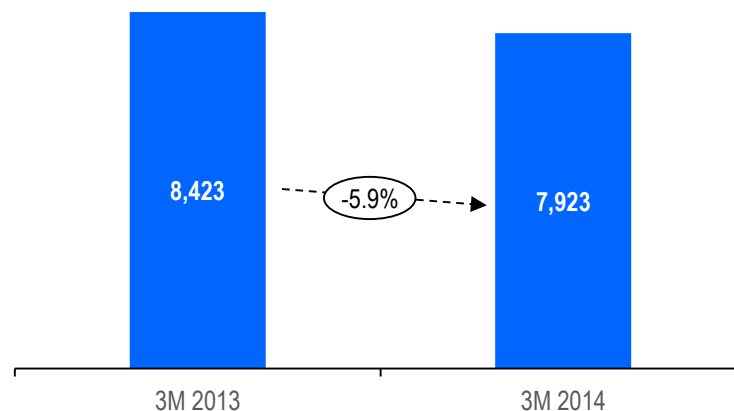
| Parameter   | 3M 2013 | 3M 2014 | Change . |
|---|---------|---------|----------|
| Average Weighted Electricity Price, th.RUR/MWh                    | 970     | 1079    | +11.2%   |
| Average Price for New Capacity, RUR/MW per Month                  | 564,643 | 537,839 | -4.7%    |
| Average Price for Old Capacity, RUR/MW per Month                  | 151,803 | 156,535 | +3.1%    |
| Average Weighted Heat Tariff, RUR/Gcal                            | 869     | 920     | +5.9%    |
| <i>Including the "generation + distribution" tariff, RUR/Gcal</i> | 742     | 798     | +7.5%    |

<sup>1</sup> Management report data

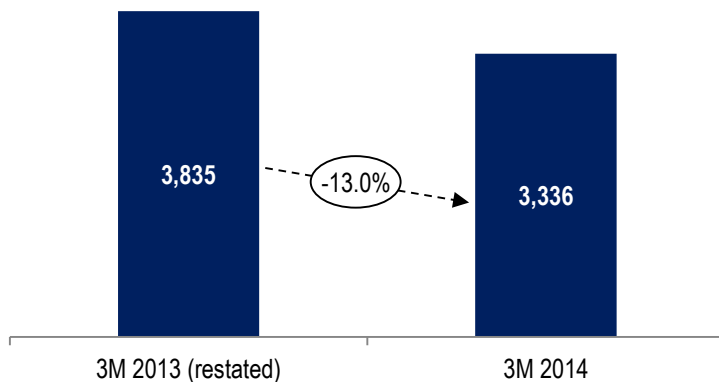
## Variable Costs Structure, mn RUR

| Variable Costs                        | 3M 2013<br>(restated) | 3M 2014       | Change       |
|---------------------------------------|-----------------------|---------------|--------------|
| <u>Cost of materials, incl.:</u>      | 32,261                | 34,601        | +7.3%        |
| <i>Fuel expenses</i>                  | 29,295                | 31,498        | +7.5%        |
| <i>Purchased heat and electricity</i> | 2,567                 | 2,617         | +1.9%        |
| <i>Water usage expenses</i>           | 270                   | 282           | +4.4%        |
| <i>Other materials expenses</i>       | 129                   | 204           | +58.1%       |
| <u>Heat transmission</u>              | 3,835                 | 3,336         | -13.0%       |
| <b>Total Variable Costs</b>           | <b>36,096</b>         | <b>37,937</b> | <b>+5.1%</b> |

## Reference Fuel Consumption, Tons of Reference Fuel



## Heat Transmission, mn RUR



## Variable Costs Change Factors

- Increase of fuel expenses due to the fuel price growth, in spite of 5.9% reduction of fuel consumption in the reporting period.
- Heat transmission expenses reduction due to 8.1% decrease in heat output on the back of warm weather in 1Q 2014 in the Moscow region.
- Growth of other materials expenses, on the account of consolidation of subsidiaries and affiliates.

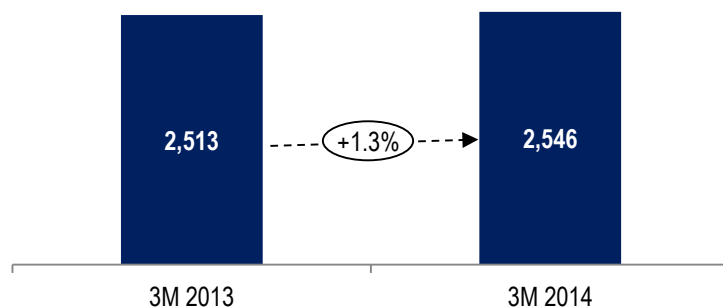
## Fixed Costs Structure, mn RUR

| Fixed Costs  | 3M 2013<br>(restated) | 3M 2014      | Change        |
|--|-----------------------|--------------|---------------|
| Personnel expenses   | 2,513                 | 3,235        | +28.7%        |
| <i>salary and social insurance contributions</i>   | 2,451                 | 3,163        | +29.0%        |
| Personnel expenses, adjusted <sup>1</sup>  | 2,513                 | 2,546        | +1.3%         |
| Maintenance and repairs expenses   | 488                   | 533          | +9.2%         |
| Other external suppliers   | 921                   | 1,025        | +11.3%        |
| Taxes other than income tax  | 72                    | 437          | x 6.1         |
| Other operating expenses   | 1,273                 | 808          | -36.5%        |
| <i>Including Trade and other receivables<br/>    impairment (gain)/ loss and derecognition</i> | 729                   | (75)         | -110.3%       |
| <b>Total Fixed Costs</b>   | <b>5,267</b>          | <b>6,038</b> | <b>+14.6%</b> |

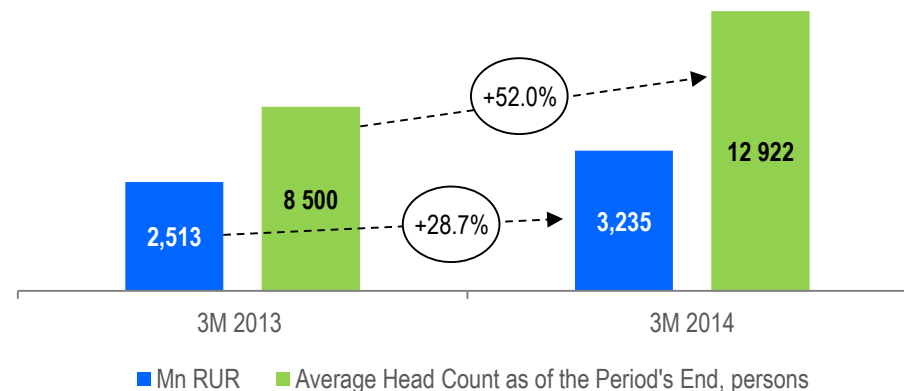
## Fixed Costs Change Factors

- The main factor of the fixed costs growth (+14.6%) was consolidation of subsidiaries and affiliates, which caused, among other things, 28.7% increase of personnel expenses and 11.3% growth in expenses on other external suppliers.
- Other operating expenses decrease was due to changes in “Trade and other receivables impairment (gain)/loss and derecognition” item.
- Taxes other than income tax increased on the account of low-base effect of 3M 2013 on the back of property tax refund.

## Personnel expenses, adjusted<sup>1</sup>, mn RUR

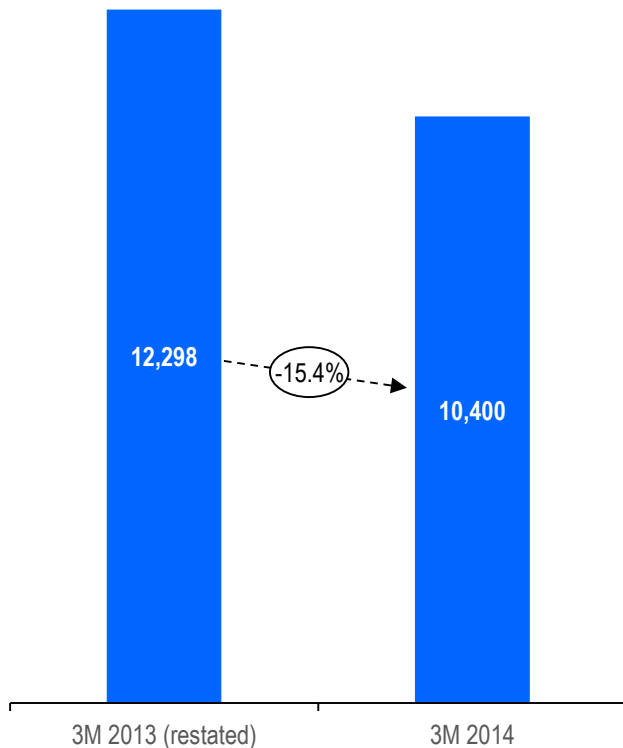


## Salary Expenses and Number of Employees, mn RUR



<sup>1</sup> Adjusted to the corresponding expenses on the recently consolidated subsidiaries and affiliates

EBITDA<sup>1</sup>, mn RUR



EBITDA Change Key Factors

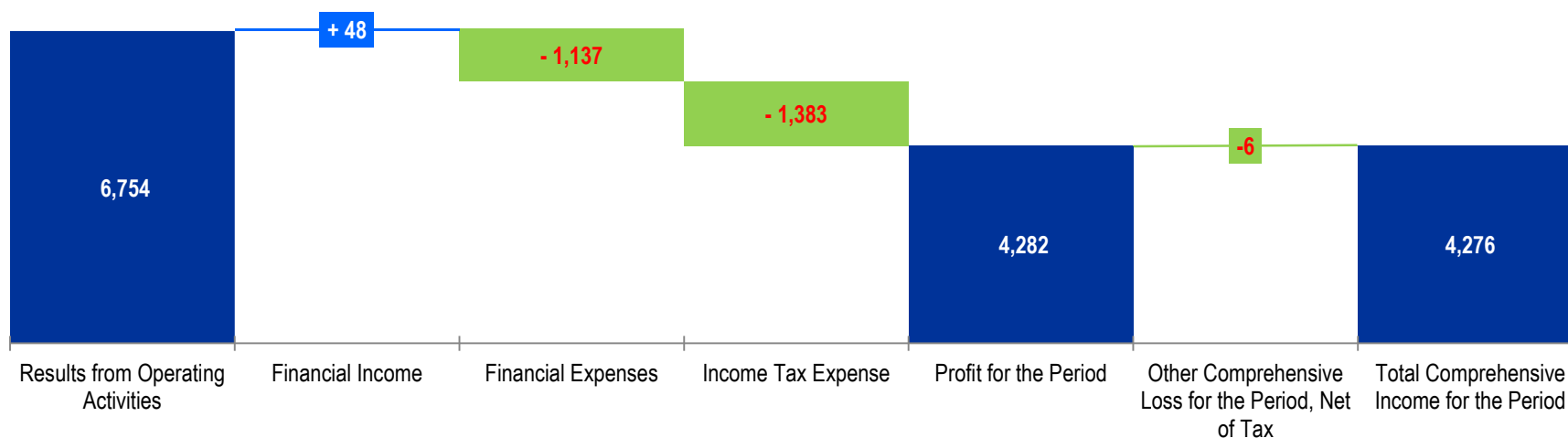
- Deterioration of Company's operational results on the back of warm weather in 1Q 2014.
- Relatively weaker growth of electricity prices at the free market, compared to the fuel price growth.

<sup>1</sup> EBITDA = Operating Profit + Depreciation of PP&E

## Operating Profit Composition, mn RUR

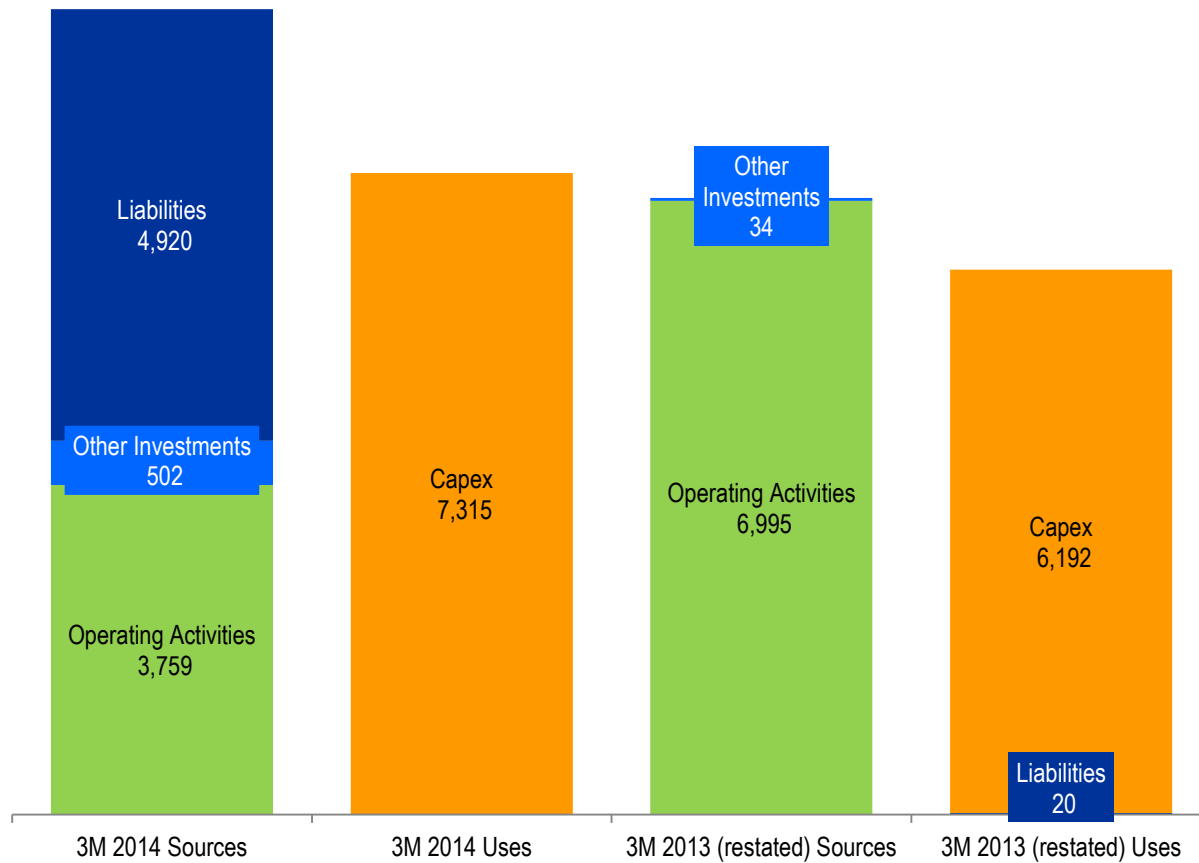
| Parameter               | 3M 2013 (restated) | 3M 2014      | Change        |
|-------------------------|--------------------|--------------|---------------|
| Revenue                 | 53,353             | 53,918       | +1.1%         |
| Other operating income  | 308                | 457          | +48.4%        |
| Variable costs          | (36,096)           | (37,937)     | +5.1%         |
| Fixed costs             | (5,267)            | (6,038)      | +14.6%        |
| Depreciation of PP&E    | (3,552)            | (3,646)      | +2.6%         |
| <b>Operating profit</b> | <b>8,746</b>       | <b>6,754</b> | <b>-22.8%</b> |

## Profit Bridge for 3M 2014, mn RUR

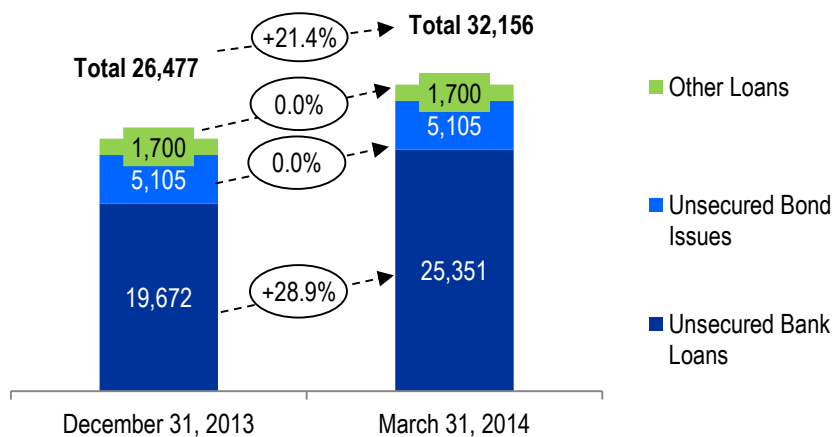




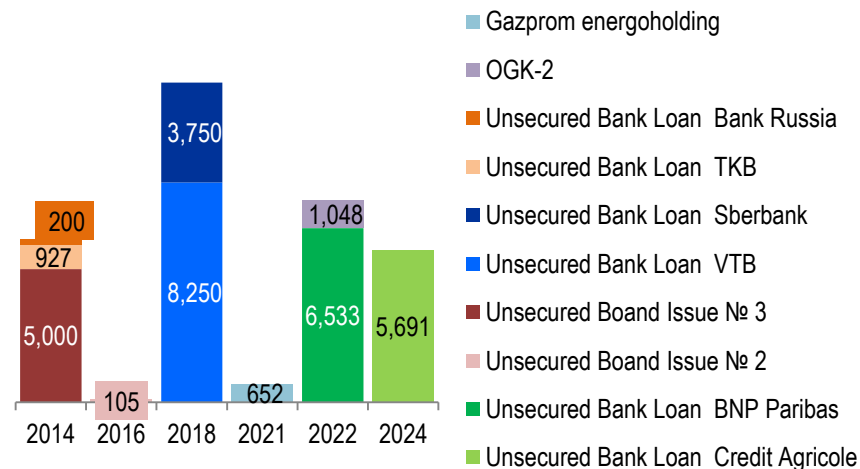
## Sources and Uses of Cash, mn RUR



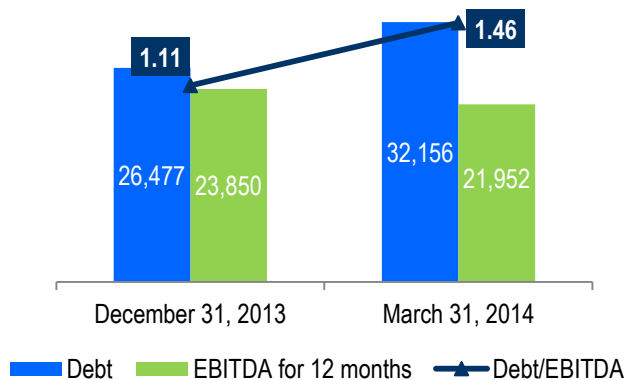
## Borrowings Structure, mn RUR



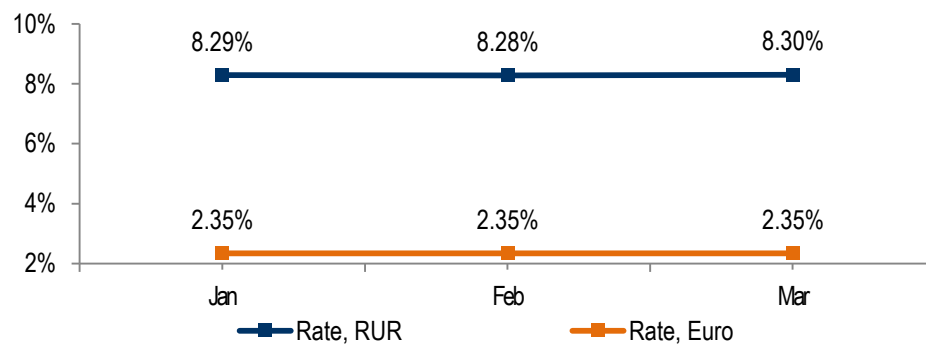
## Maturity Profile as of March 31, 2014, mn RUR (book value)



## Debt to EBITDA ratio<sup>1</sup>



## Weighted Average Costs of Debt



<sup>1</sup> EBITDA for 12 months, ended March 31, 2014 = EBITDA for 12 months, ended December 31, 2013 - EBITDA for 3 months, ended March 31, 2013 + EBITDA for 3 months, ended March 31, 2014

# Thank You for Your Attention!

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