



MOSENERGO

Investor Presentation

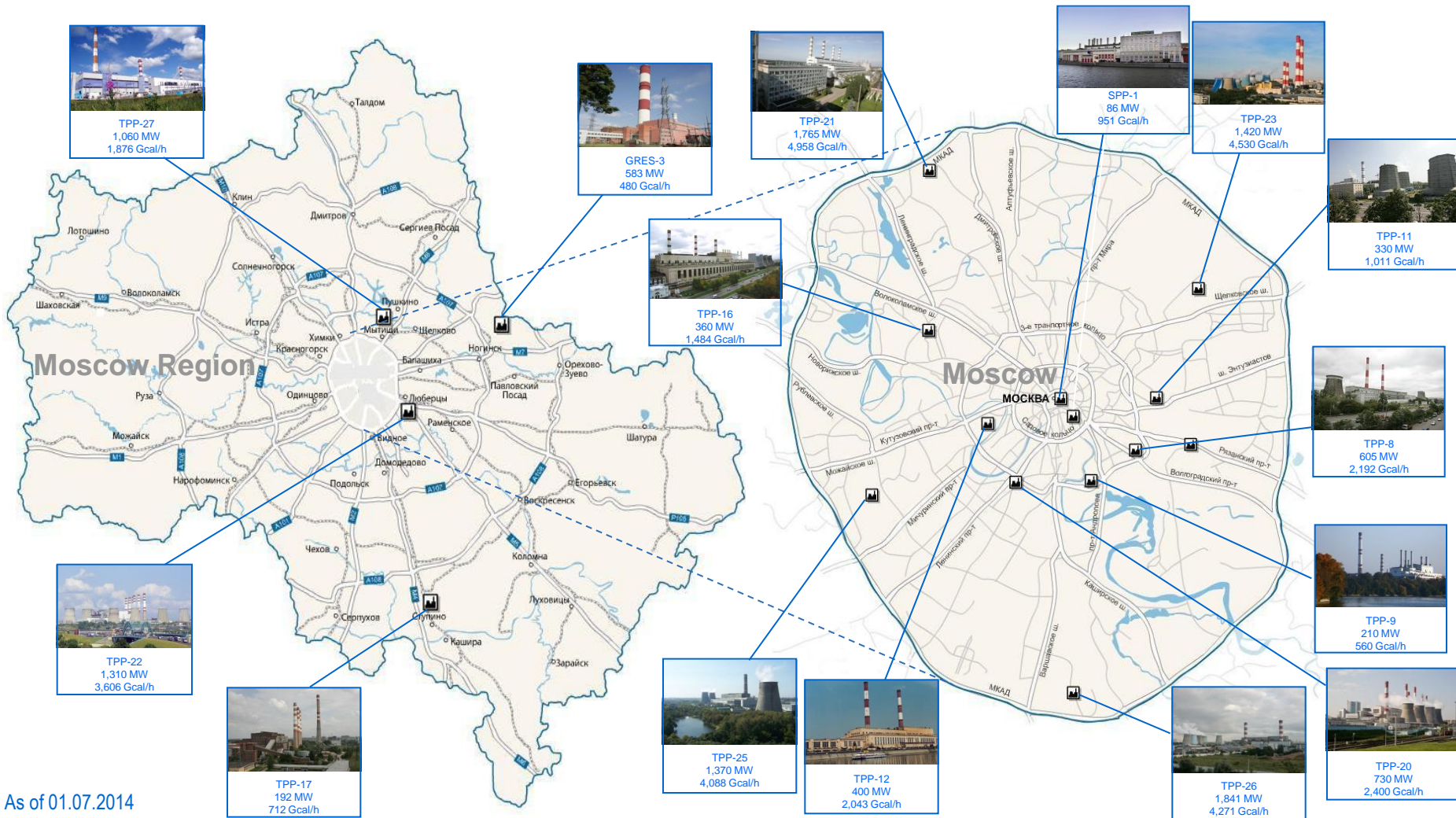
10th July, 2014

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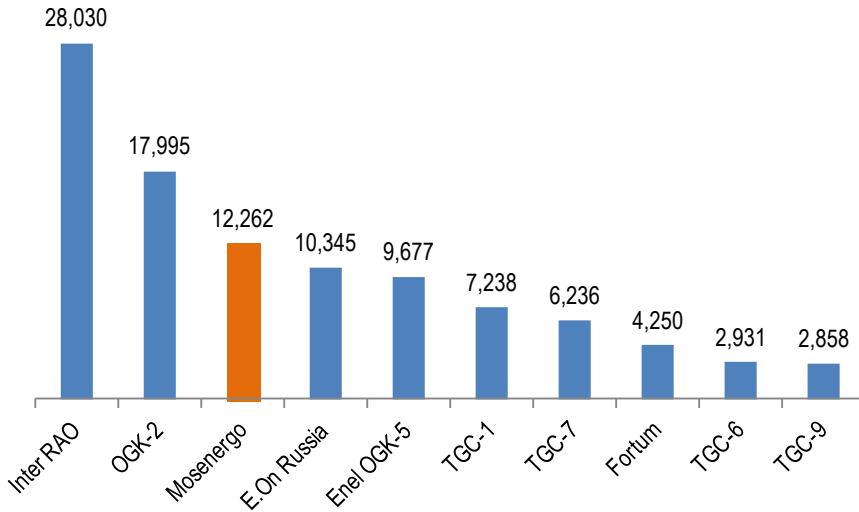
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15 Thermal Power Plants, Total Electric Capacity 12,3 GW, Total Heat Capacity 35,1 thous Gcal/h¹

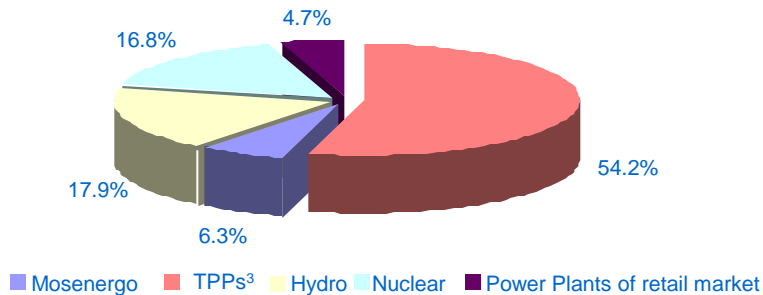


¹ As of 01.07.2014

TOP-10 Generating Companies in Russia (by installed electric capacity, MW)¹



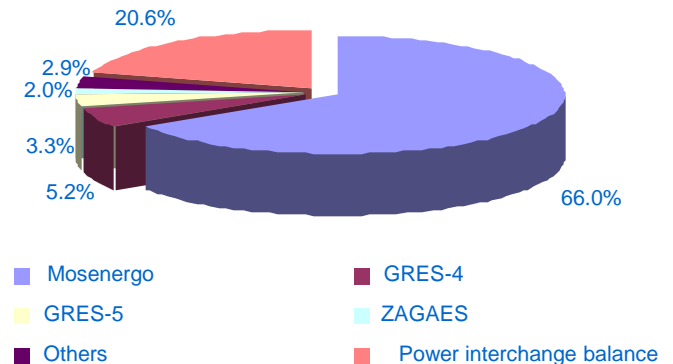
Mosenergo Share in Russia²



Competitive Advantages

- Leading co-generating company in Russia
- One of the world biggest heat generating companies
- Benefits from location in Moscow and Moscow Region
- Significant market share
- Increase of efficiency through operating new capacity and cost control program
- Implementation of new transformation and development projects
- Lowest ratio EV/EBITDA 1.9 in utilities sector

Mosenergo Share in Moscow Region²



¹ As of 31.12.2013

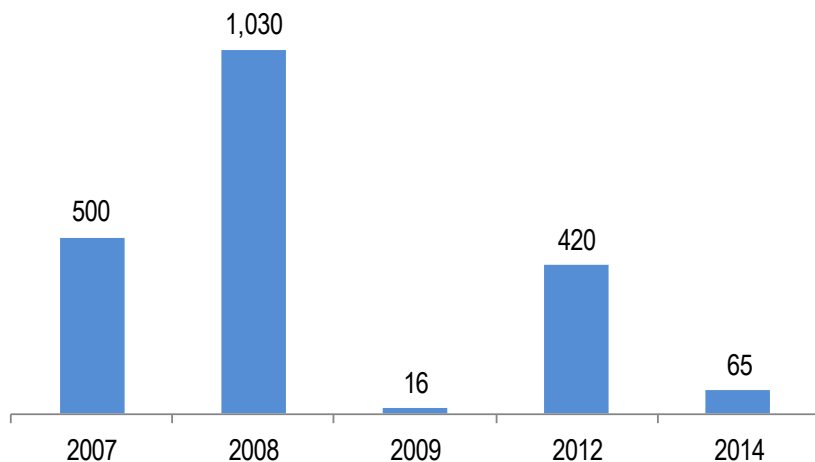
² Preliminary market share by electricity output

³ Excluding TPPs of JSC "Norilsko-Taymirskaya energy company"

Project	Goals & Tasks	Results
Investment Program Implementation	<ul style="list-style-type: none"> • New capacity commissioning through efficient steam-and-gas turbines • Investment Projects with IRR more than 15% 	<ul style="list-style-type: none"> • More than 2 GW of new efficient capacity launched during 2007-1H2014 • Efficient cost control (Mosenergo fixed costs in 2013 increased just 2.8% compared with inflation 6.5%) • Lean project economic effect during 2009-2012 amounted more than 2 bln RUB • SAP modules for all business lines has been implemented in Mosenergo
Lean Project Increase of Efficiency	<ul style="list-style-type: none"> • Reduction of repair & maintenance costs • Maximum efficiency of equipment operations • Personnel development policy and optimization of staff structure • Optimization of Head office operations 	
SAP Project	<ul style="list-style-type: none"> • Transparency of key management processes • Effective tools for results control and monitoring • Increasing controllability of processes • Cost optimization through advance and transparent planning 	
TPP Heat Load Optimization	<ul style="list-style-type: none"> • Further optimization based on heat load optimization • Determination of effective heat load level • Implementation of proceeds to reach effect heat load • Marketing to increase heat sales 	
Advanced Health Safety Environment System	<ul style="list-style-type: none"> • Development and implementation of advanced Health Safety Environment system based on best international experience • Decrease of NOx emissions • Decrease in a traumatism and dangerous situations 	

¹ started in 2009

New Capacity Commissions, MW



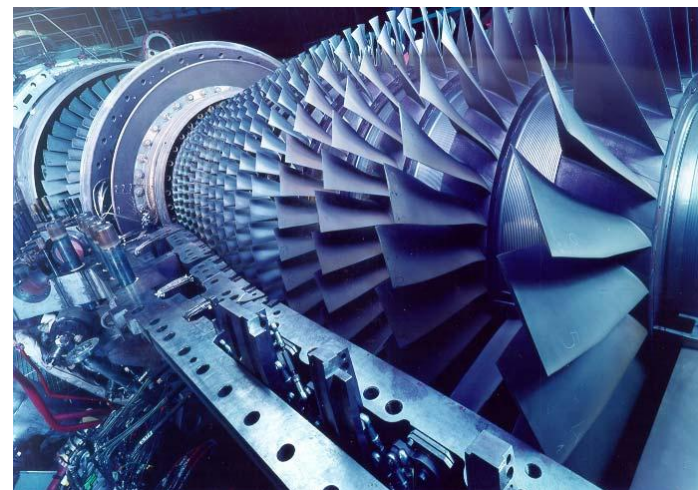
Investment Projects Highlights

- New efficient units (3 SGU¹x450 MW, SGUx420MW and GTU²x65MW) have been commissioned
- Efficiency Rate of SGU reaches 59%
- New Units comprise 18.9% of total electricity output and 39% of total capacity sales
- DPM investment program will be accomplish in 2015 (amount of investments for 2014-2015 is **26 bln rub**)

Location	Capacity	Commissioning
TPP-12	220 MW	31.12.2014
TPP-16	420MW	31.12.2014
TPP-20	420 MW	30.11.2014
SPV OGG-Investproject (Cherepovets GRES)	420 MW	30.11.2014

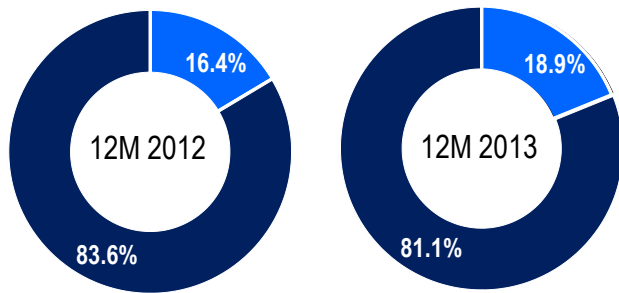
TPP-26 SGU¹ Details

Power plant:TPP-26
 Electric capacity:420 MW
 Heat capacity:265 MW
 Efficiency rate:59%
 Fuel:gas
 Contractor:«Alstom»



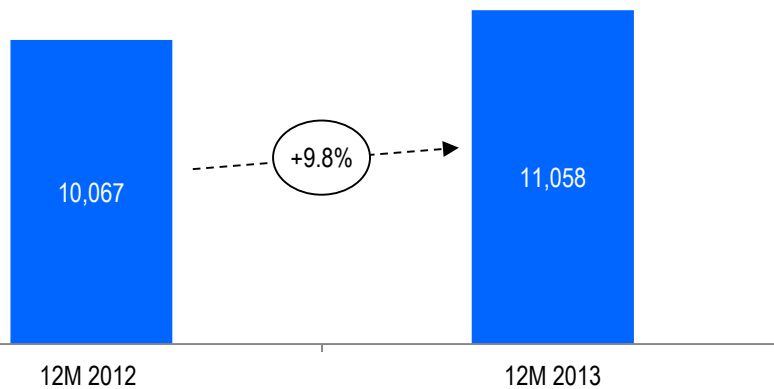
¹ SGU – steam-and-gas unit
² GTU – gas turbine unit

SGU Share in Total Electricity Production

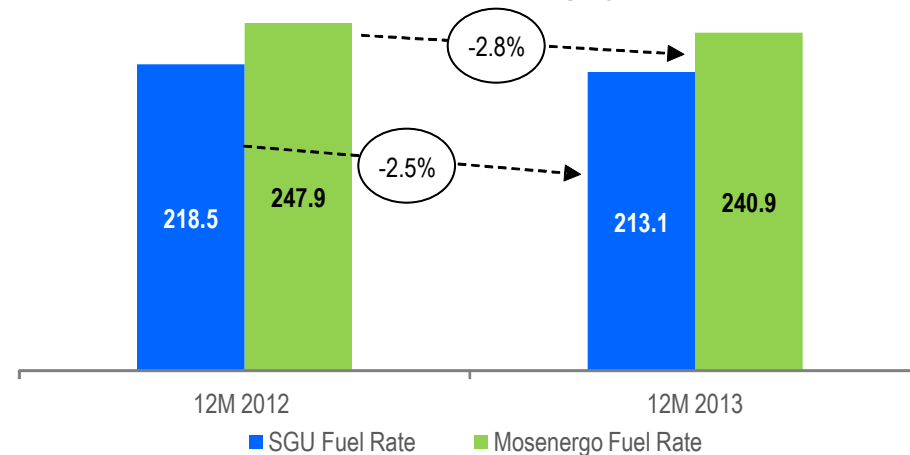


- New capacity share in total installed capacity of Mosenergo is 16%
- New capacity contribution in Mosenergo EBITDA is more than 54% in 2013
- Average price of new capacity is much higher than average price of old capacity (501 thous rub per month and 141 thous rub per month respectively)

SGU Electricity Production, mn kWh



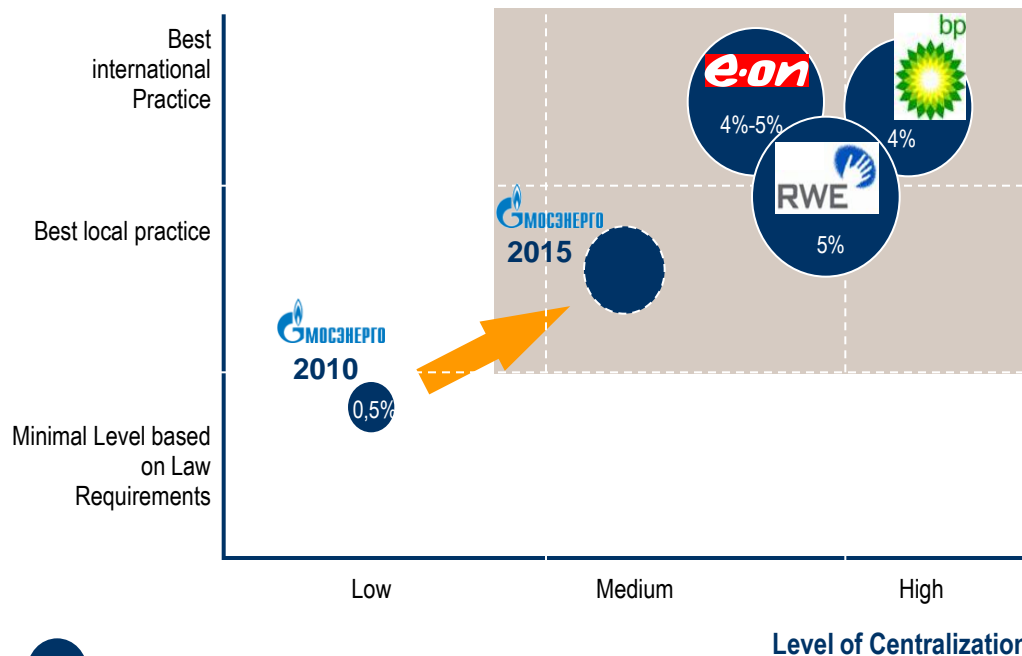
Fuel Rate on Electricity, g/kWh



Mosenergo's HSE Strategy is to decrease deviation from best practice by implementing new strict standards in line with efficient cost control program

Mosenergo Strategy

Level of Requirements



“Best Health Safety Environment System in Russian Energy Sector”

- Implementing of new strict standard and requirements, especially in safety
- Centralization of goal settings and monitoring
- Outsourcing of some none-core functions (for example: medical services and education)
- Prevention of accidents
- Total and reliable monitoring of ratios
- Cost efficiency through risk management

The main goals of HSE activity are minimization of losses caused by equipment breakdowns and decreasing of lost time case rate

RELIABILITY

- Decrease of losses from accidents with equipment and penalties from controlling authorities

OCCUPATIONAL AND FIRE SAFETY

- Absence of fatal cases of employees and contractors
- Decrease lost time case rate
- Minimization of penalties from controlling authorities on occupational and fire safety

ENVIRONMENT PROTECTION

- Reduction of NOx emissions

In 2013 GEH acquired MOEK – a strategic transaction which is expected to create the following synergy effects:

Fuel economy

- Economy due to the switch of loads from ineffective boiler stations of MOEK to GEH stations (potential effect over RR 10 bn)
- Up to 3,500 Gcal/h may be switched to combined cycle generation

Optimization of operational costs

- The measures are expected to result in the reduction of...
 - heat losses by 1 mm Gcal by the end of 2013
 - headcount by 1 thousand employees

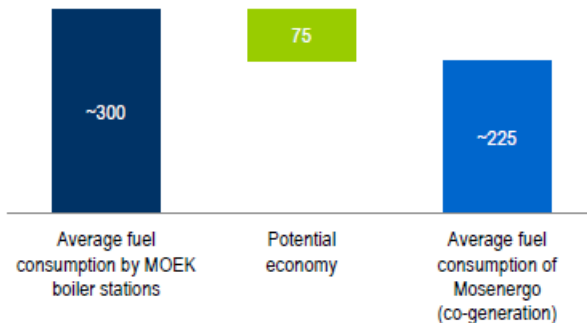
Implementation of other synergies

- Potential sale of land plots under the boiler stations to be closed
- Obtaining the status of a Unified Heat Supplying Company in Moscow and other operational synergies

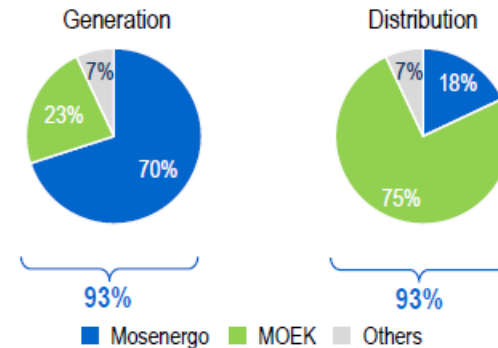
Position in the Moscow heat market

- Upon acquisition of MOEK, GEH will control 93% of heat generation in Moscow
- The transaction will also allow GEH to control 93% of heat distribution market

Load switch synergies, tons of fuel equivalent



Structure of Moscow power market



Appendix

Operational Highlights¹

	12M 2012	12M 2013	Change
Electricity Output, mn kWh	61,334	58,642	-4.4%
Electricity Sales, mn kWh	65,797	61,686	-6.2%
Heat Output, th.Gcal	68,353	67,595	-1.1%
Fuel Rate on Electricity, g/kWh	247.9	240.9	-2.8%
Fuel Rate on Heat, kg/Gcal	166.0	165.5	-0.3%

¹ Management report data

² Excluding depreciation of PP&E

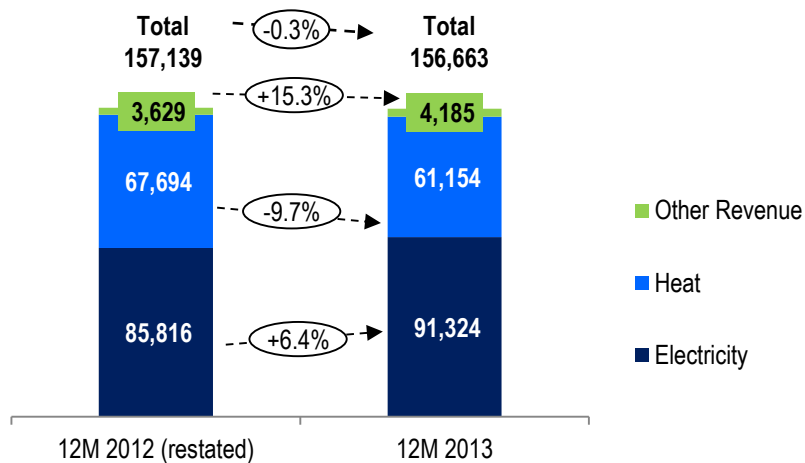
³ The parameter is adjusted to accrued reserve on receivables

⁴ EBITDA = Operating Profit + Depreciation of PP&E

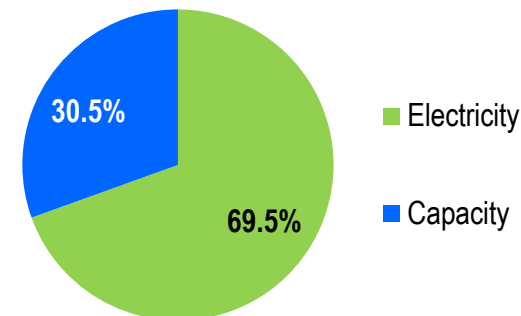
Financial Highlights (IFRS), mn RUR

	12M 2012 (restated)	12M 2013	Change
Revenue	157,139	156,663	-0.3%
Variable Costs	(115,189)	(108,411)	-5.9%
Fixed Costs ²	(23,593)	(25,570)	+8.4%
Fixed Costs, Adjusted ³	(22,440)	(23,064)	+2.8%
EBITDA ⁴	20,250	23,850	+17.8%
EBITDA, Adjusted ³	21,403	26,356	+23.1%
Depreciation of PP&E	(13,716)	(13,972)	+1.9%
Operating Profit	6,534	9,878	+51.2%
Profit for the Year	6,313	7,484	+18.5%
Revaluation of property, plant and equipment	-	46,771	-
Total Comprehensive Income for the Year	6,254	54,580	x 8.7

Revenue, mn RUR



Electricity and Capacity Revenue Structure for 12M 2013¹. %



Prices and Tariffs ¹

Parameter	12M 2012	12M 2013	Change .
Average Weighted Electricity Price, th.RUR/MWh	950	1,071	+12.7%
Average Price for New Capacity, RUR/MW per Month	481,842	500,667	+3.9%
Average Price for Old Capacity, RUR/MW per Month	127,861	140,672	+10.0%
Average Weighted Heat Tariff, RUR/Gcal ²	970	884	-8.9%
<i>Including the "generation + distribution" tariff, RUR/Gcal</i>	684	772	+12.9%

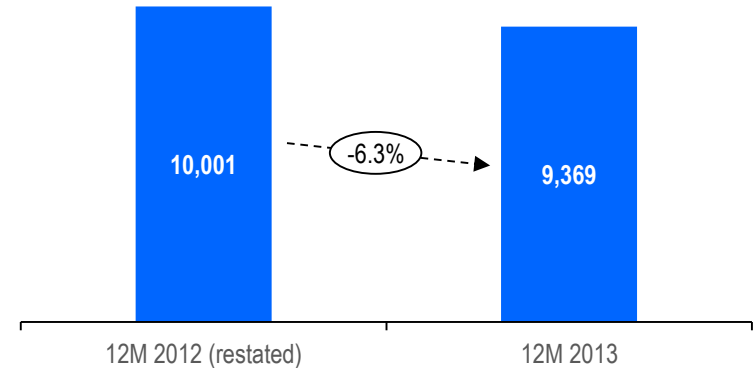
¹ Management report data

² The decrease in this item is due to change in the scheme of payments for heat with OAO "MOEK"

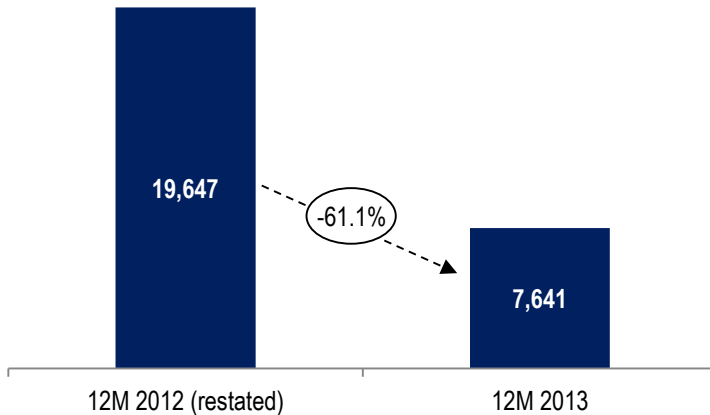
Variable Costs Structure, mn RUR

Variable Costs	12M 2012 (restated)	12M 2013	Change
<u>Cost of materials, incl.:</u>	95,542	100,770	+5.5%
<i>Fuel expenses</i>	83,339	89,443	+7.3%
<i>Purchased heat and electricity</i>	10,001	9,369	-6.3%
<i>Water usage expenses</i>	1,199	1,182	-1.4%
<i>Other materials expenses</i>	1,003	776	-22.6%
<u>Heat transmission</u>	19,647	7,641	-61.1%
Total Variable Costs	115,189	108,411	-5.9%

Purchased Heat and Electricity, mn RUR



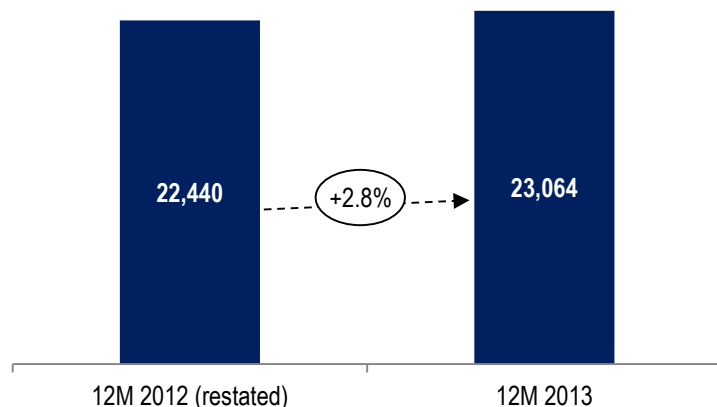
Heat Transmission, mn RUR



Variable Costs Change Factors

- Heat transmission expenses decreased because of payment scheme change starting from October 1, 2012 after the consolidation of OAO "MTK" and OAO "MOEK".
- Decrease in electricity and heat output.
- Decrease in fuel rate on electricity and heat.
- Purchased electricity expenses decreased as far as volume of the electricity purchased for internal usage lowered, as well as the quality improvement in the dispatch schedule.

Adjusted Fixed Costs, mn RUR¹



Fixed Costs Structure, mn RUR

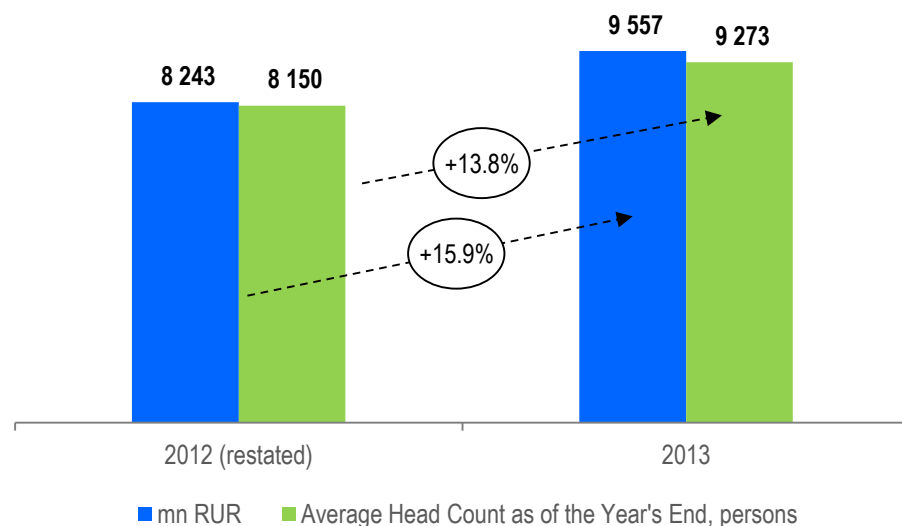
Fixed Costs	12M 2012 (restated)	12M 2013	Change
Personnel expenses	8,594	9,902	+15.2%
<i>salary and social insurance contributions</i>	8,243	9,557	+15,9%
Maintenance and repairs expenses	5,421	4,549	-16.1%
Other external suppliers	3,936	4,236	+7.6%
Taxes other than income tax	1,511	391	-74.1%
Other operating expenses, <i>including trade and other receivables impairment loss and derecognition</i>	4,131	6,492	+57.2%
<i>1,153</i>	1,153	2,506	+117.3%
Total Fixed Costs	23,593	25,570	+8.4%

¹ Fixed costs are adjusted to accrued reserve on receivables

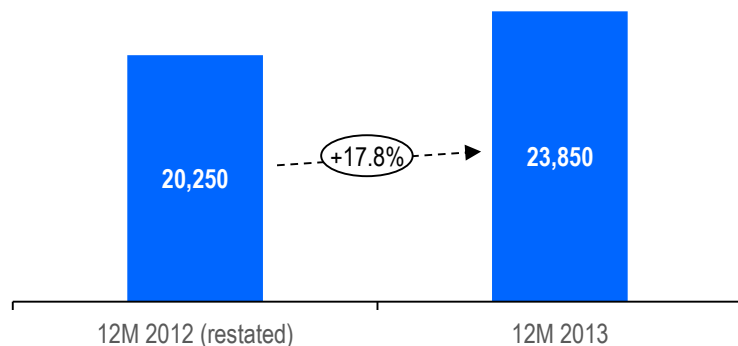
Fixed Costs Change Factors

- Taxes other than income tax decreased on the back of revaluation of the property tax in the reporting period.
- Maintenance and repairs expenses decrease was reasoned by OOO "TSK Mosenergo" contract termination.
- Personnel expenses were increased by consolidation of subsidiaries and affiliates.
- Other operating expenses grew due to accrued reserve on trade receivables.

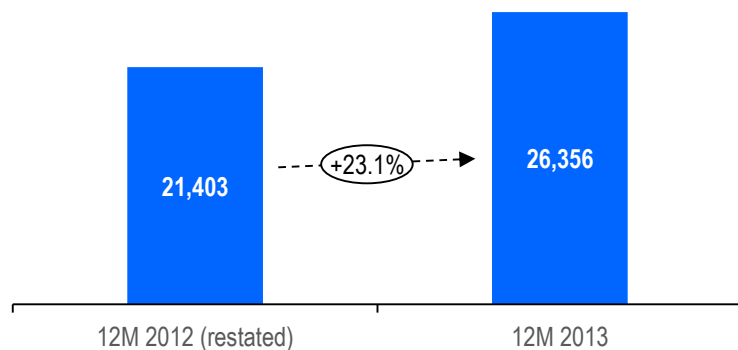
Salary Expenses and Number of Employees, mn RUR



EBITDA¹, mn RUR



EBITDA , Adjusted², mn RUR



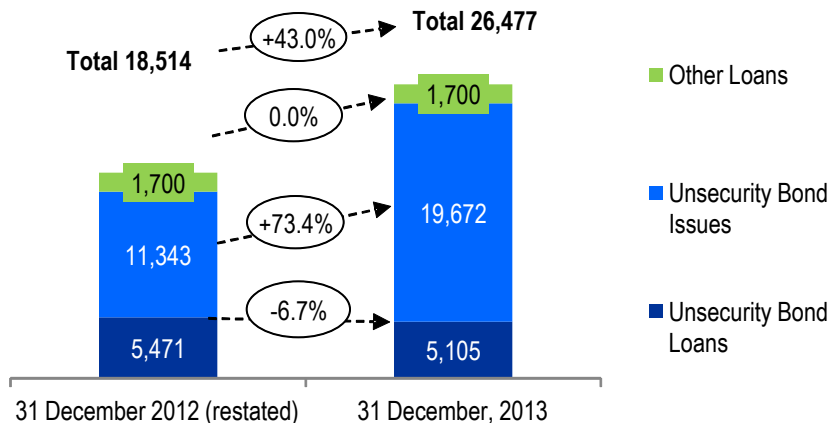
EBITDA Change Factors

- Growing prices at the “day-ahead” and balancing markets.
- Competitive power outtake tariff indexation.
- Increase of the new units input to total production.
- Fuel rate decrease on electricity and heat.
- Decrease of purchased heat and electricity expenses.

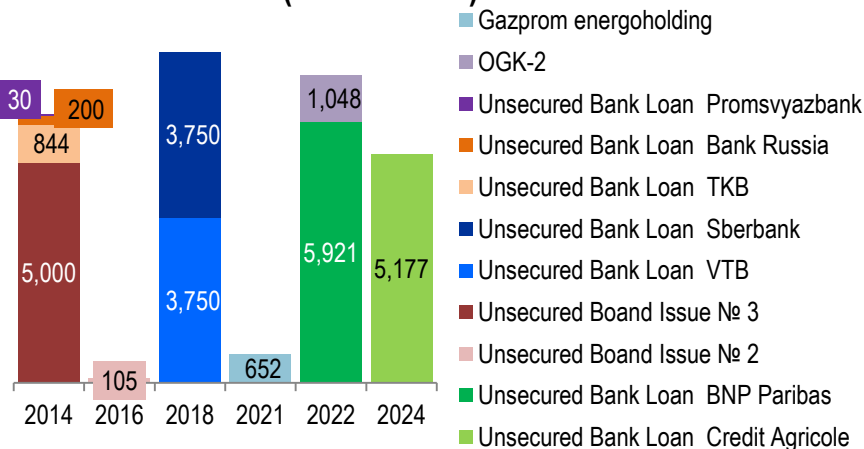
¹ EBITDA = Operating Profit + Depreciation of PP&E

² The parameter is adjusted to accrued reserve on receivables

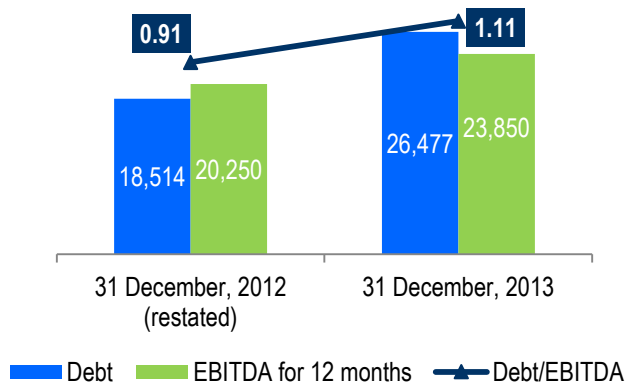
Borrowings Structure, mn RUR



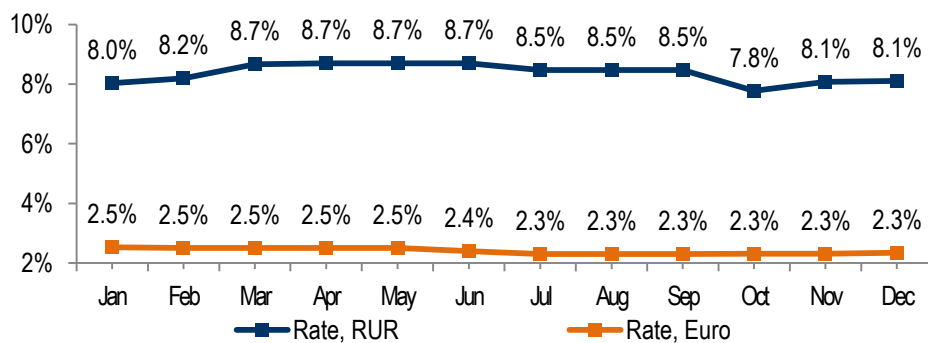
Maturity Profile as of December 31, 2013, mn RUR (book values)



Debt to EBITDA ratio¹



Weighted Average Costs of Debt



Thank You for Your Attention!

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