

MOSENERGO

2018FY IFRS Results

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External Events:

1. Growing weighted average electricity price by 4.4% in the reporting period year-on-year.
2. Lower air temperature in 1Q and December 2018 resulting in heat output growth by 3.6% in 2018.
3. Elaboration of legislation, regulating outtake of thermal power plants for modernization.
4. Shorter heating season in 2018 year-on-year.

Internal Events:

1. Fuel rate on electricity maintained low (227.0 g/kWh) on the account of load optimization and primary technical and economic parameters improvement.
2. Permission was obtained from Ministry of Energy to decommission inefficient capacity at GRES-3, actions to substitute decommissioning at CHP-17 specified.
3. Actions were taken in order to switch heat loads from boiler houses to CHPs.
4. Primary technical and economic parameters improved at CHP-26, resulting from extended main inspection at CCGT-420 unit (marginal profit growth, seasonal restrictions for capacity canceled, lower maintenance costs)
5. CSA expiry on 01.07.2018 for two CSA units: at CHP-27 for 450 MW and at CHP-21 for 425 MW.

Operational Highlights¹

	12M 2017	12M 2018	Change
Electricity Output, mn kWh	57,864	58,316	+0.8%
Electricity Sales, mn kWh	60,251	60,195	-0.1%
Heat Output, th.Gcal	79,447	82,291	+3.6%
Fuel Rate on Electricity, g/kWh	226.3	227.0	+0.3%
Fuel Rate on Heat, kg/Gcal	163.6	163.4	-0.1%

Financial Highlights, mn RUR

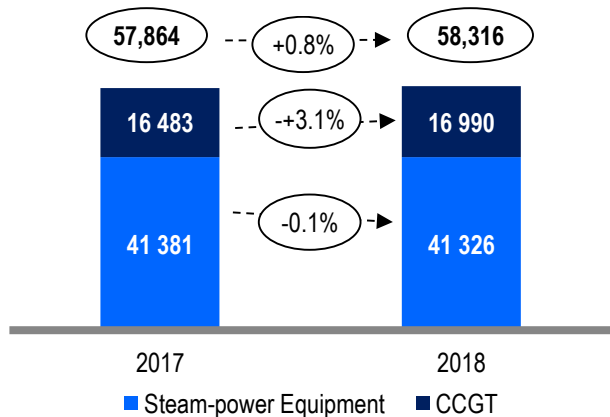
	12M 2017	12M 2018	Change
Revenue (Electricity and Heat)	147,084	154,961	+5.4%
Variable Costs	(121,963)	(127,542)	+4.6%
Marginal Profit	25,121	27,419	+9.2%
Revenue (Capacity)	47,031	41,437	-11.9%
Revenue (Other)	1,942	2,472	+27.3%
Fixed Costs ²	(26,542)	(27,546)	+3.8%
EBITDA³	47,551	43,782	-7.9%
Depreciation of PP&E	(15,117)	(15,177)	+0.4%
Operating Profit	29,210	25,908	-11.3%
Profit for the Period	24,802	21,405	-13.7%

¹ Management report data

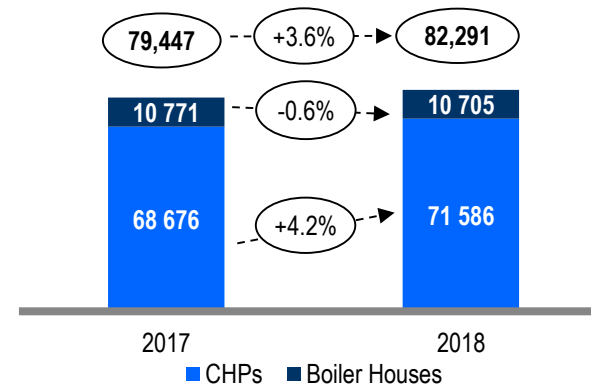
² Excluding Depreciation of PP&E

³ Adjusted to net charge for impairment and other provisions

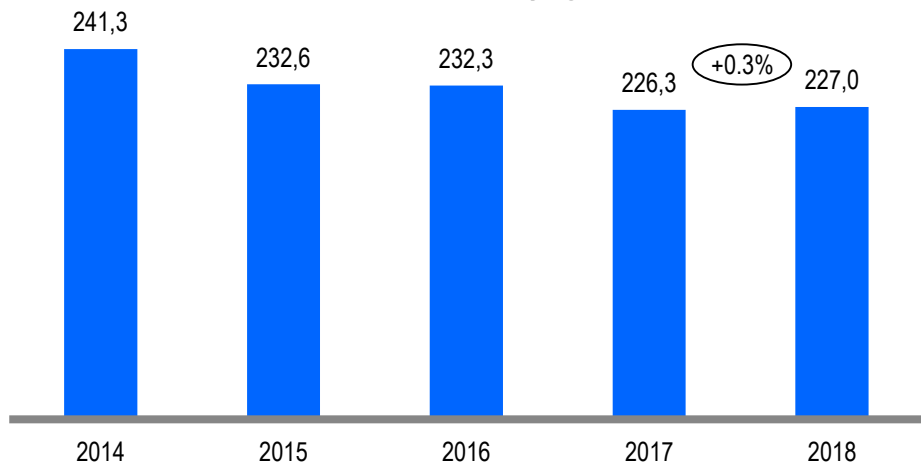
Electricity Output, mn kWh



Heat Output, thous. Gcal

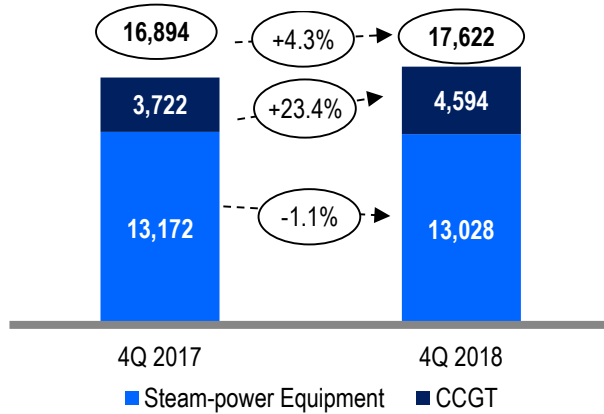


Fuel Rate on Electricity, g/kWh

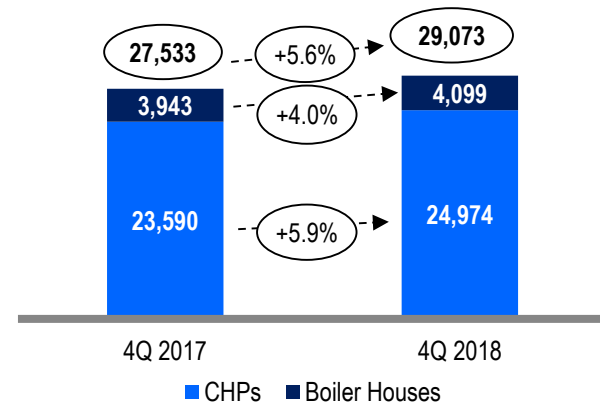


- Marginal increase in electricity production was determined by higher CCGT-units production (+3.1% year-on-year).
- Heat output grew on the account of lower temperature in 1Q and December 2018. Average air temperature in 1Q and December amounted to -6.2°C and -5.6°C (vs. -3.3°C and 0.0°C, correspondingly year-on-year).
- Heat output at boiler houses decreased on the back of load switch to CHPs.
- Fuel rate increased marginally (+0.3%), resulting from changes in the equipment set, in the reporting period.

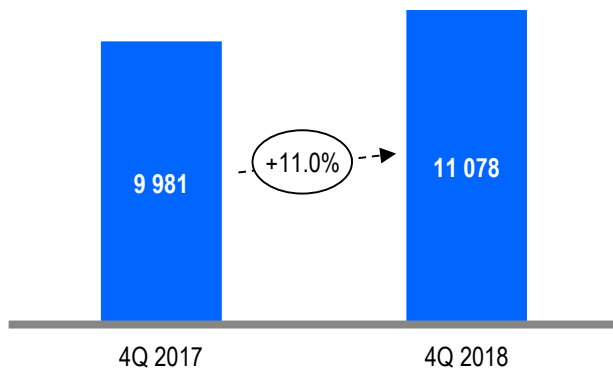
Electricity Output, mn kWh



Heat Output, thous. Gcal

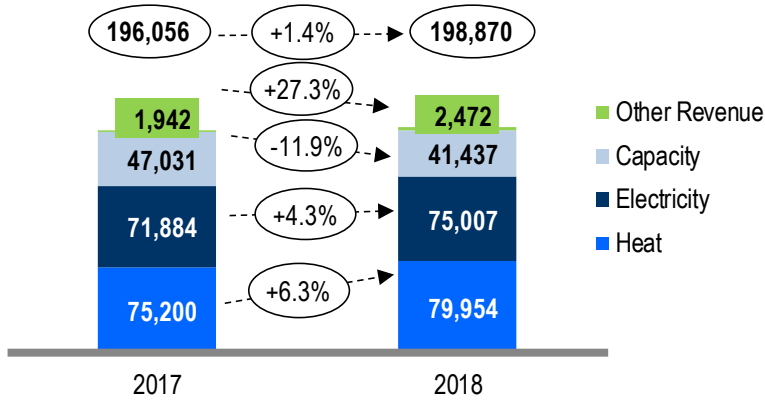


Marginal Profit, mn RUR

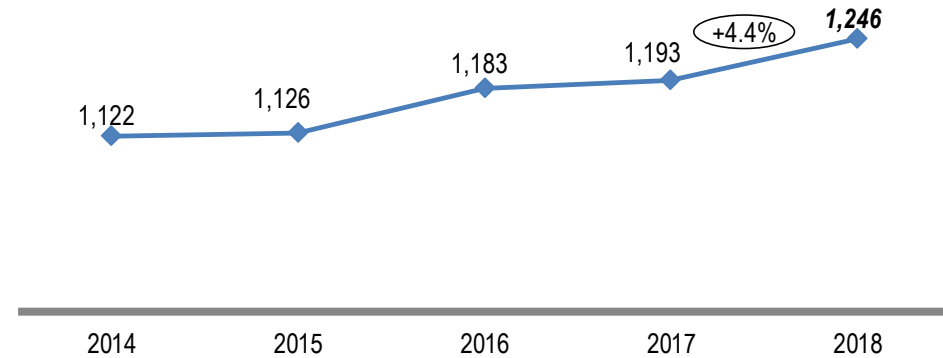


- Electricity production at CCGT-units grew considerably year-on-year, while steam-power equipment production decreased by 1.1%, on the account of load optimization and minimization of inefficient equipment load.
- Higher heat output, including output at boiler houses, resulted from weather factor.
- Marginal profit grew by 11.0% on the account of operational highlights growth and work regime optimization.

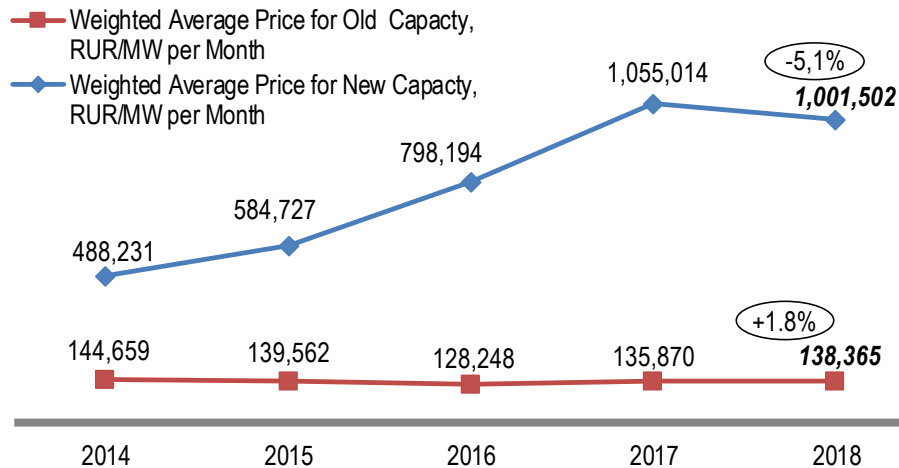
Revenue, mn RUR



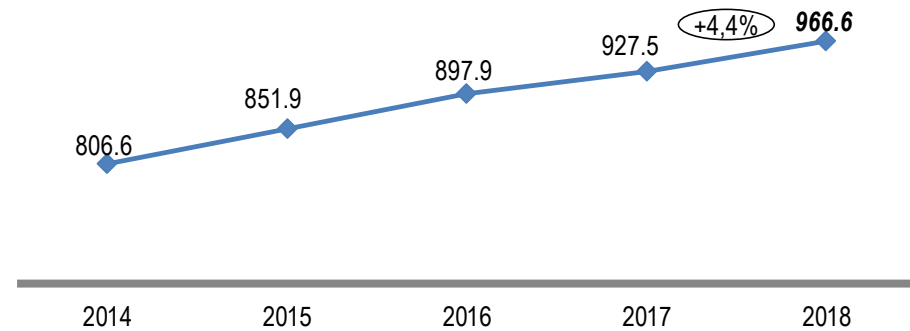
Weighted Average Price for Electricity at the Wholesale Market, RUR/MW h

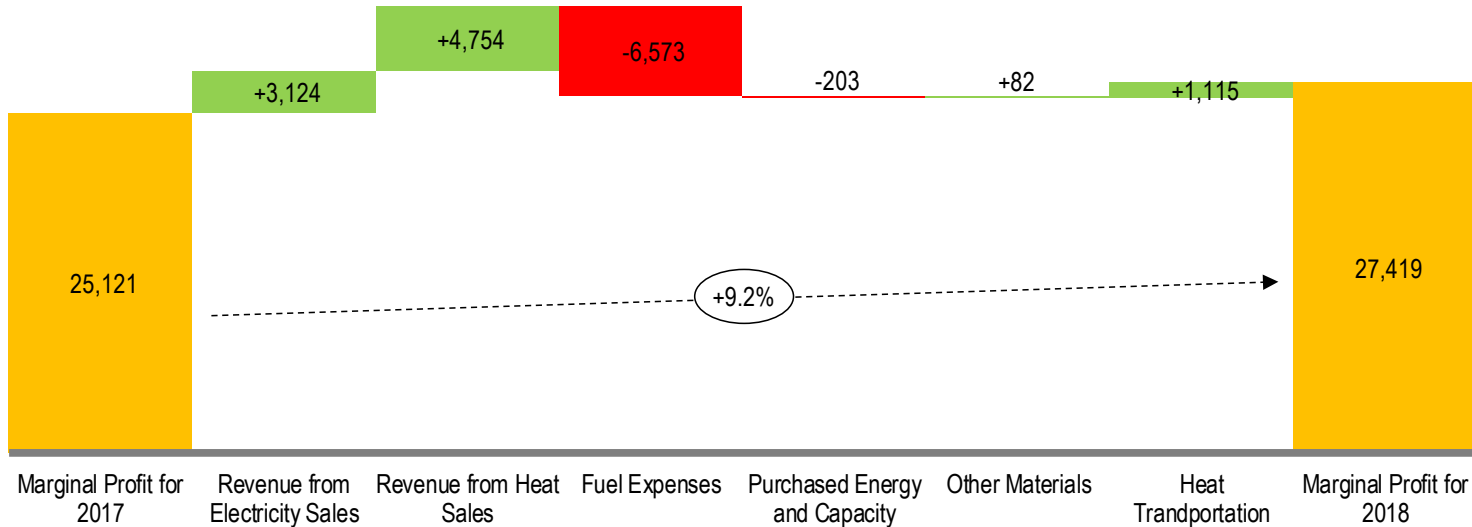


Weighted Average Capacity Price



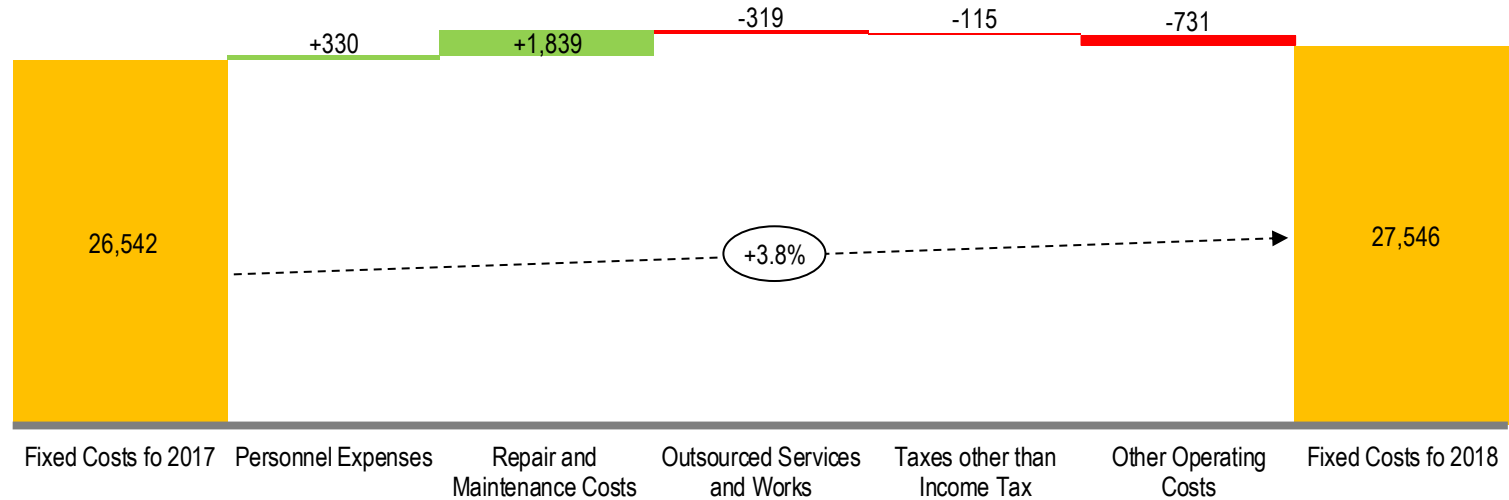
Weighted Average Tariff for Heat Generation, RUR/Gcal





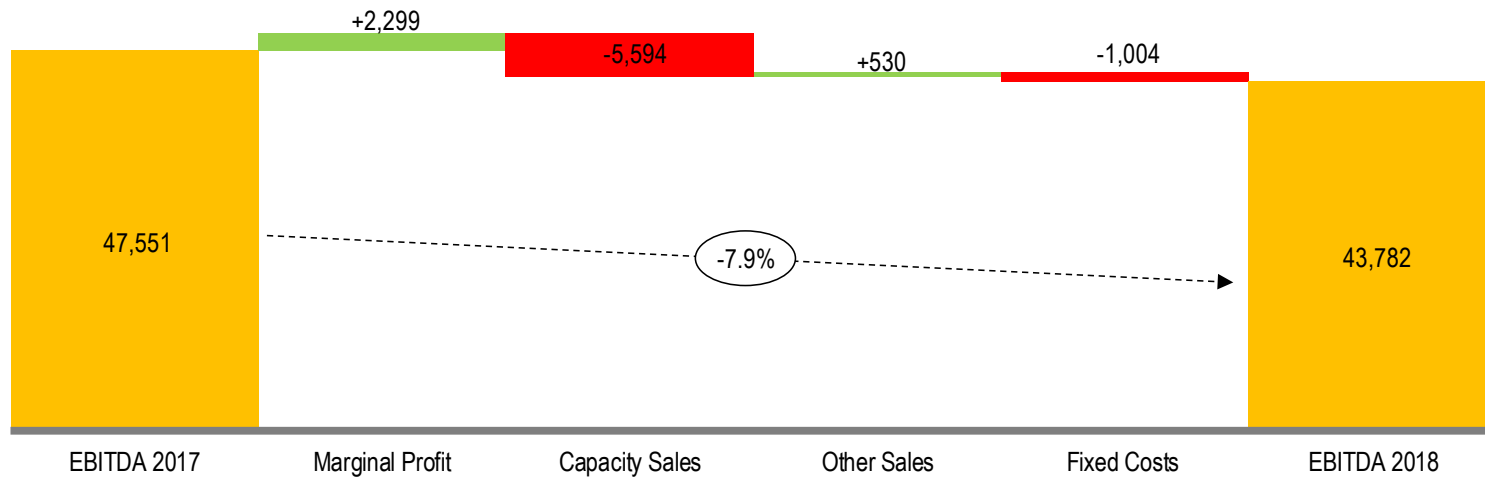
Marginal Profit Factors

- Increased revenue from electricity sales on the back of growing weighted average price at the wholesale market by 4.4%.
- Growing revenue from heat sales on the back of output growing by 3.6% (colder autumn-winter 2018).
- Fuel expenses growth took place on the account of heat output volume and average fuel price growth.
- Lower heat transportation costs resulted from less heat output, subject to transportation (via heating grid), on the back of increased share of heat output from power plants collectors (boiler houses).
- Optimization of generating equipment set and minimization of inefficient equipment output between heating seasons.



Fixed Costs Changer Factors

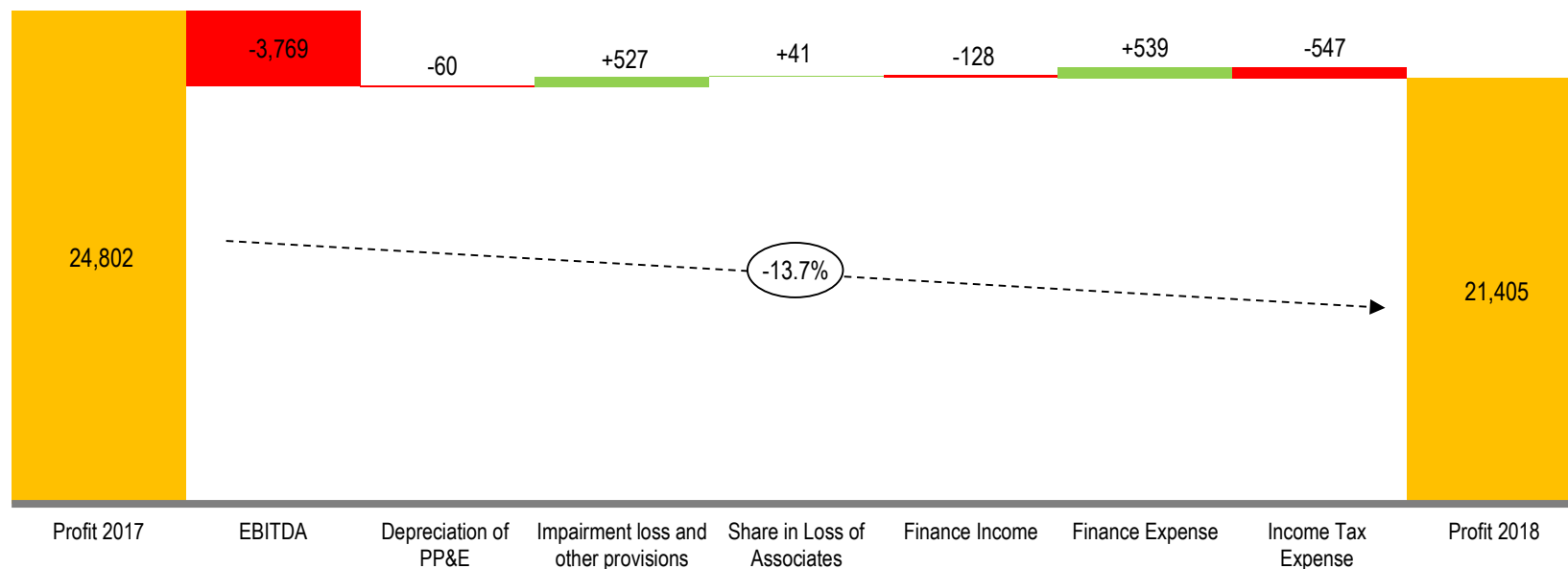
- Repair and maintenance costs grew mainly on the account of growing maintenance costs for CCGT units under service contracts.



1. Adjusted to net charge for impairment and other provisions

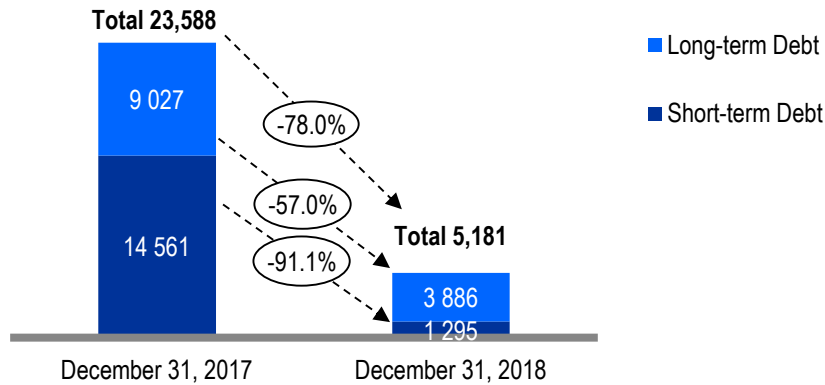
Profit Composition

Parameter	12M 2017	12M 2018	Change
EBITDA	47,551	43,782	-7.9%
Depreciation of PP&E	(15,117)	(15,177)	+0.4%
Net Charge for Impairment and Other Provisions	(3,224)	(2,697)	-16.3%
Operating profit	29,210	25,908	-11.3%
Share in Loss of Associates	(355)	(314)	-11.5%
Finance Income	5,271	5,143	-2.4%
Finance Expense	(4,014)	(3,475)	-13.4%
Income Tax Expense	(5,310)	(5,857)	+10.3%
Profit for the Period	24,802	21,405	-13.7%

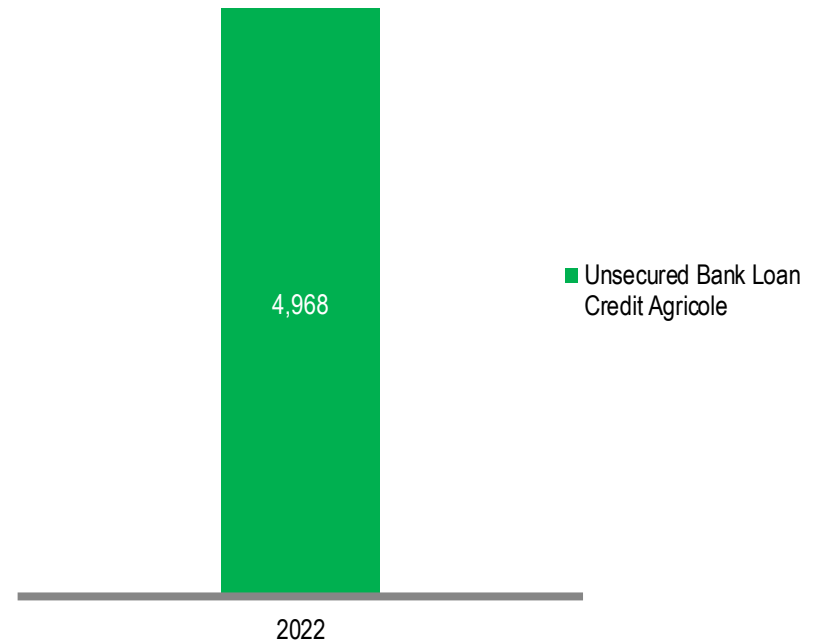




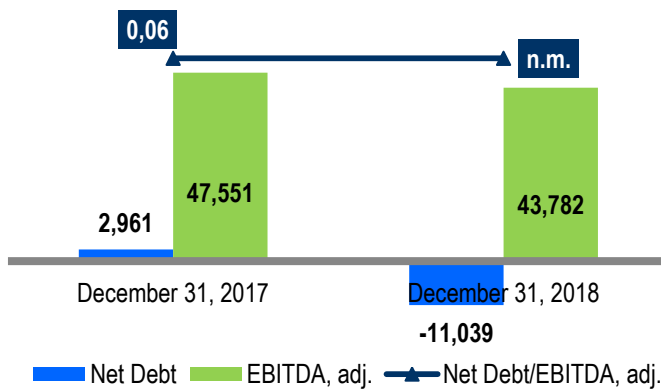
Debt Structure, mn RUR



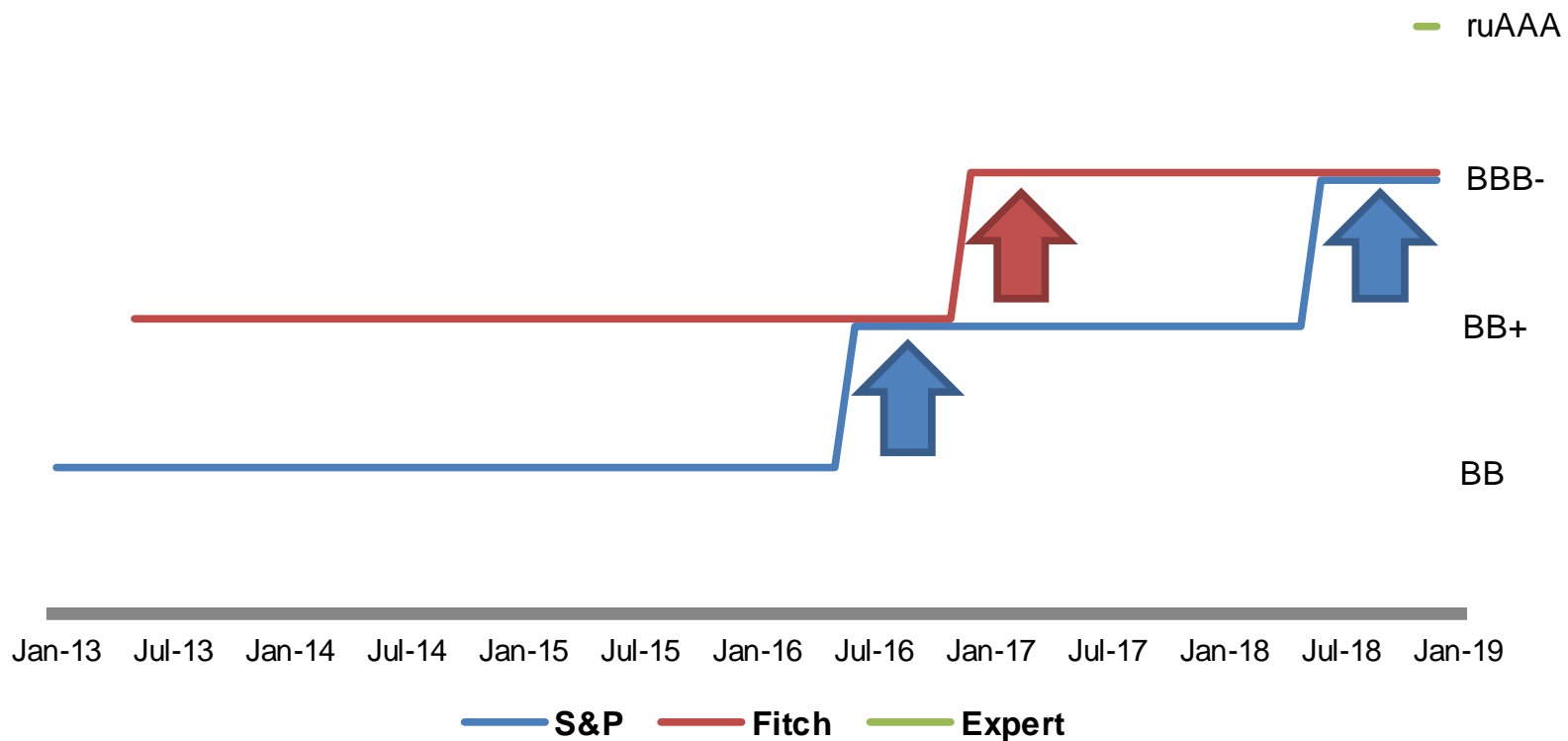
Maturity Profile as of December 31, 2018, mn RUR (carrying amount)²



Debt/ EBITDA, adj. for 12 months



² Not including debt for interest payable of 16 mn RUR and finance lease liabilities of 197 mn RUR



Governmental decree #43 “About Modernization of Thermal Electricity Generating Facilities” issued

- Transfer to long-term 6-year competitive power outtake
- Price parameters of competitive power outtake (points at demand curve) indexation: +15% for 2022-2023, +20% for 2024-2025
- Competitive outtake of thermal power plants modernization projects. Capacity payments for the chosen projects provides for 14% annual return on investments

Operational Effectiveness Growth

- Finalization of inefficient capacity decommissioning program (GRES-3 and CHP-17, 90 atm units at CHP-16 and 90 atm units at CHP-20)
- First production unit commissioning of the most powerful Russian cogeneration turbine 295 MW at CHP-22 (unit 9)
- Increase of payable capacity of CCGT units, increase of period between services and operational lifetime
- Realization of a program in order to upgrade primary technical and economic parameters
- Termination of coal usage at CHP-22
- Optimization of chemical water treatment at CHP-21, CHP-23 and CHP-25

Business Expansion

- Finalization of MOEK boiler houses switch to Mosenergo sources within Old Moscow borders
- Actions in order to boost heat sales on the account of new territories, perspective real estate development areas connection

Thank You for Your Attention!

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