

MOSENERGO

6M 2019 IFRS Results

August 12, 2019

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External Events:

1. Growing weighted average electricity price by 10.1% in the reporting period year-on-year.
2. Increased energy consumption in Moscow and Moscow Oblast in 2Q 2019 and lower production at HPPs and NPPs in the Integrated Power System of Center allowed Mosenergo increase its electricity production by 6.8%.
3. Warmer weather in 1Q 2019, resulting in heat output decrease by 9.3%.

Internal Events:

1. Fuel rate on electricity growth by 2.0% (to 223.0 g/kWh) on the account of increased electricity production (+6.8%), causing greater equipment load.
2. Actions were taken in order to switch heat loads from boiler houses to CHPs.
3. Primary technical and economic parameters improved at CHP-20, resulting from extended main inspection at CCGT-420 unit (marginal profit growth, greater payable capacity, lower maintenance costs)
4. CSA expiry for capacity supply since 30.08.2018 for two CSA units: at CHP-27 for 450 MW and at CHP-21 for 425 MW; since 31.12.2018 for one CSA unit at CHP-27 for 450 MW .

Operational Highlights¹

	6M 2018	6M 2019	Change
Electricity Output, mn kWh	30,268	32,320	+6.8%
Electricity Sales, mn kWh	31,270	33,368	+6.7%
Heat Output, th.Gcal	47,984	43,507	-9.3%
Fuel Rate on Electricity, g/kWh	218,6	223,0	+2.0%
Fuel Rate on Heat, kg/Gcal	162,8	163,0	+0.1%

Financial Highlights, mn RUR

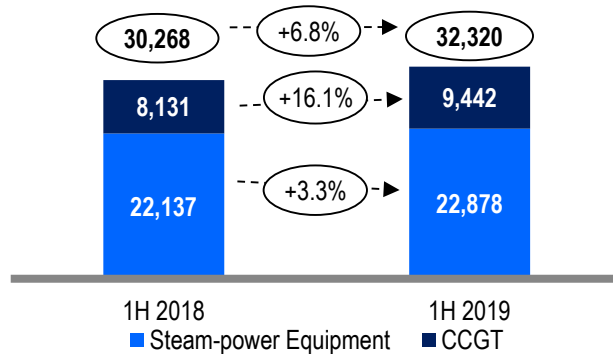
	6M 2018	6M 2019	Change
Revenue (Electricity and Heat)	83,093	86,955	+4.6%
Variable Costs	(67,942)	(69,708)	+2.6%
Marginal Profit	15,151	17,247	+13.8%
Revenue (Capacity)	23,385	15,764	-32.6%
Revenue (Other)	1,190	1,136	-4.5%
Fixed Costs ²	(12,929)	(12,053)	-6.8%
EBITDA³	26,797	22,094	-17.6%
Depreciation of PP&E	(7,443)	(7,719)	+3.7%
Operating Profit	18,552	14,039	-24.3%
Profit for the Period	15,232	12,730	-16.4%

¹ Management report data

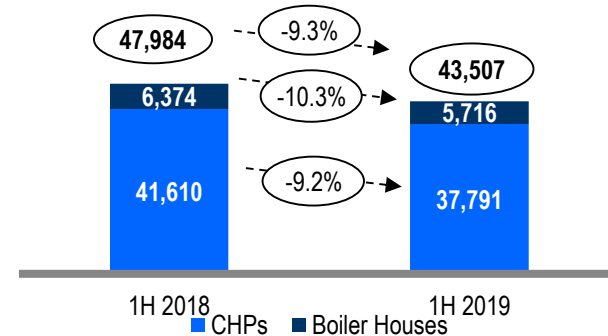
² Excluding Depreciation of PP&E

³ Adjusted to net charge for impairment and other provisions

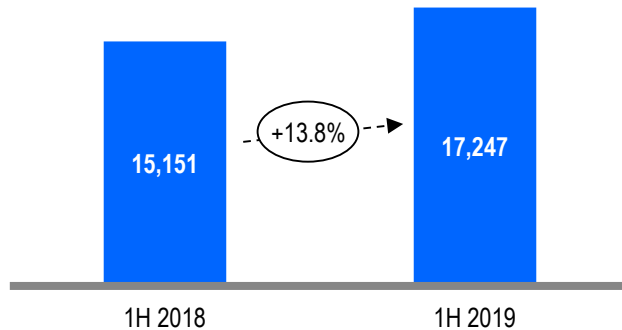
Electricity Output, mn kWh



Heat Output, thous. Gcal

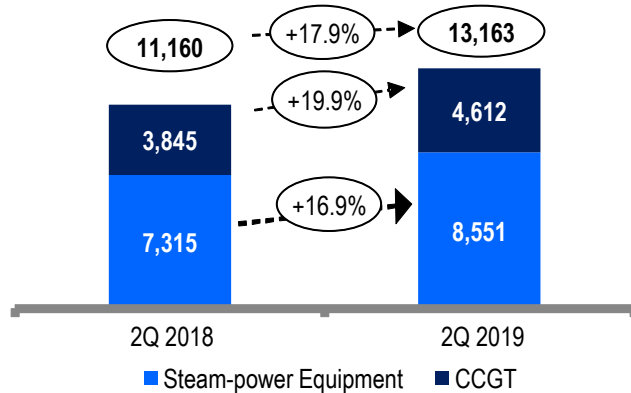


Marginal Profit, mn RUR

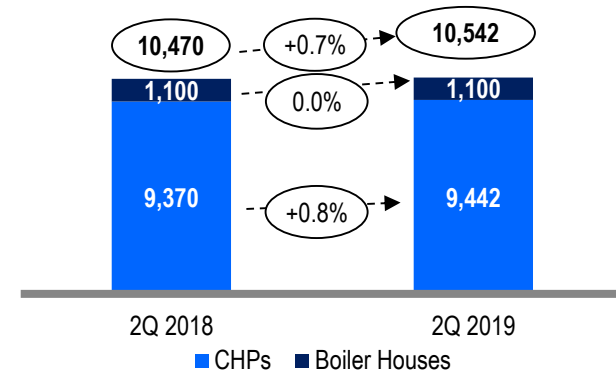


- Electricity production growth resulted from increased energy consumption in Moscow and Moscow Oblast, as well as from lower production at HPPs and NPPs in the Integrated Power System of Center in 2Q 2019 year-on-year.
- Lower heat output resulted from warmer weather in 1Q 2019 (-2.5°C) vs 1Q 2018 (-6.2°C).
- Marginal profit grew by 13.8% on the account of increased electricity production and spot price.

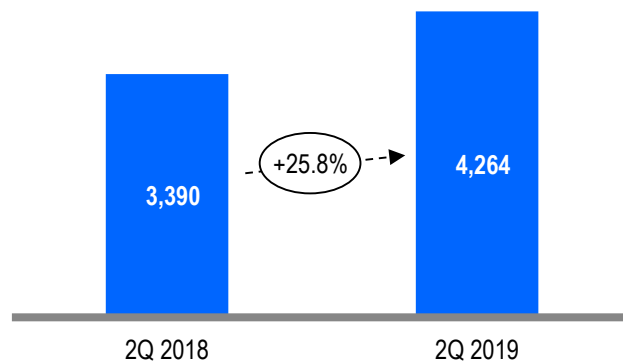
Electricity Output, mn kWh



Heat Output, thous. Gcal

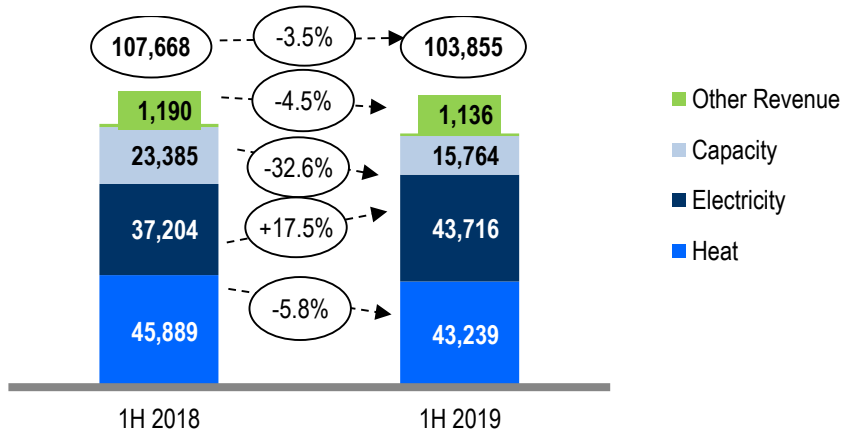


Marginal Profit, mn RUR

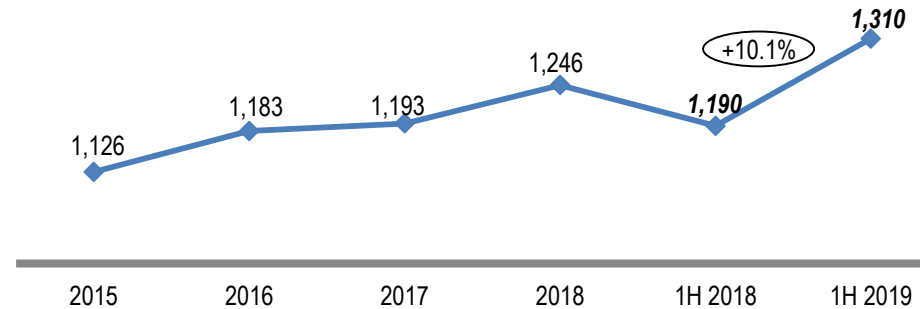


- Electricity production growth resulted from increased energy consumption in Moscow and Moscow Oblast, as well as from lower production at HPPs and NPPs in the Integrated Power System of Center in 2Q 2019 year-on-year.
- Increased heat output resulted from longer heating period in 2Q 2019 vs 2Q 2018 (35 and 28 days correspondingly).
- Marginal profit grew by 25.8%, mainly, on the account of increased electricity production (+17.9%) in 2Q 2019 vs 2Q 2018 .

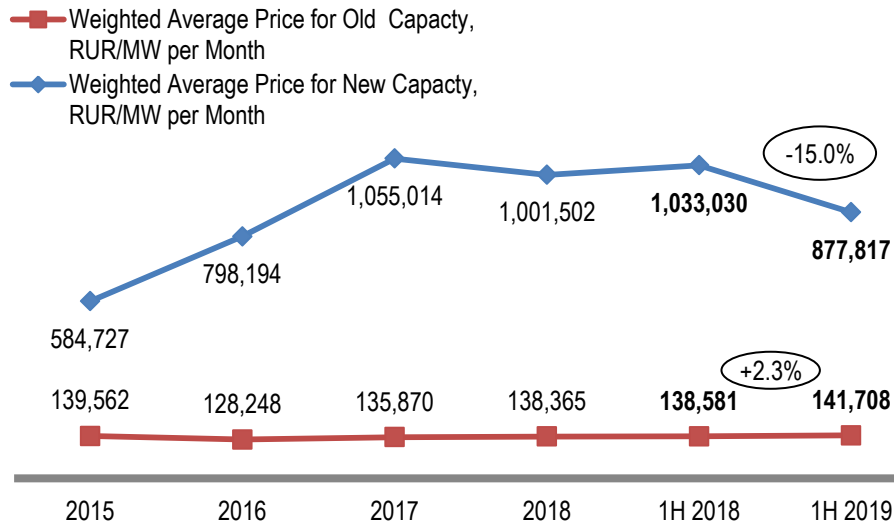
Revenue, mn RUR



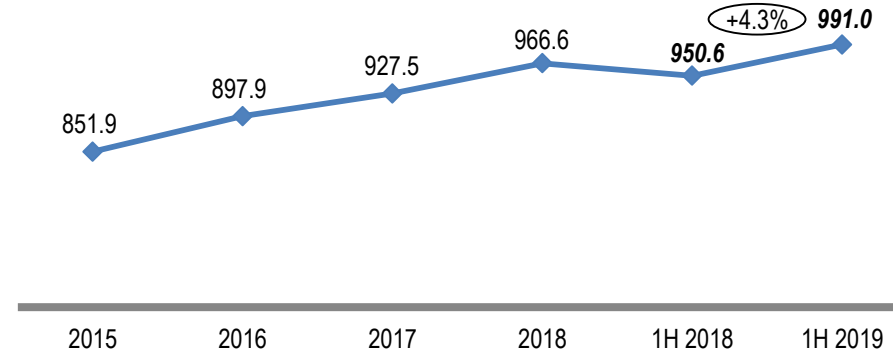
Weighted Average Price for Electricity at the Wholesale Market, RUR/MW h

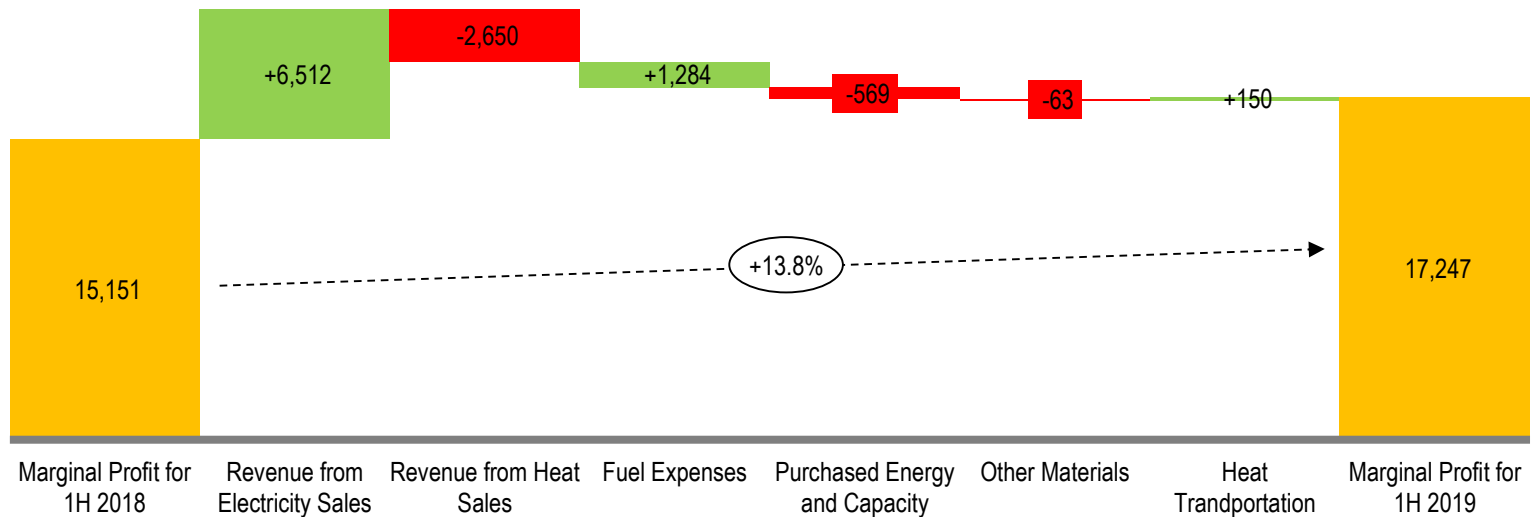


Weighted Average Capacity Price



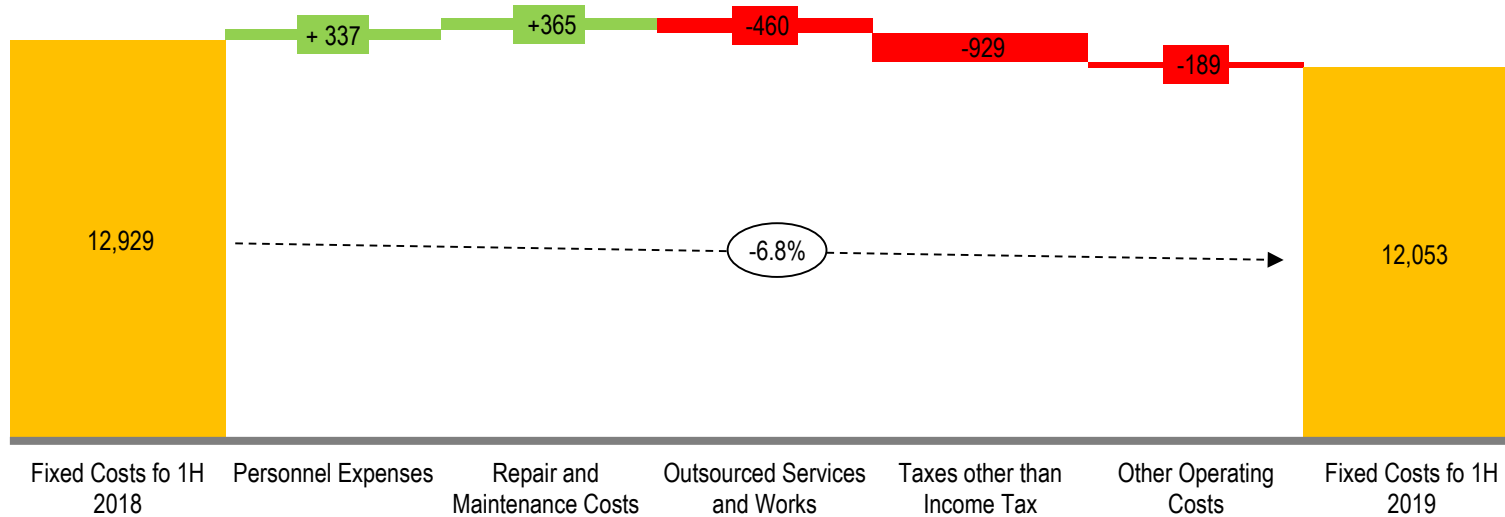
Weighted Average Tariff for Heat Generation, RUR/Gcal





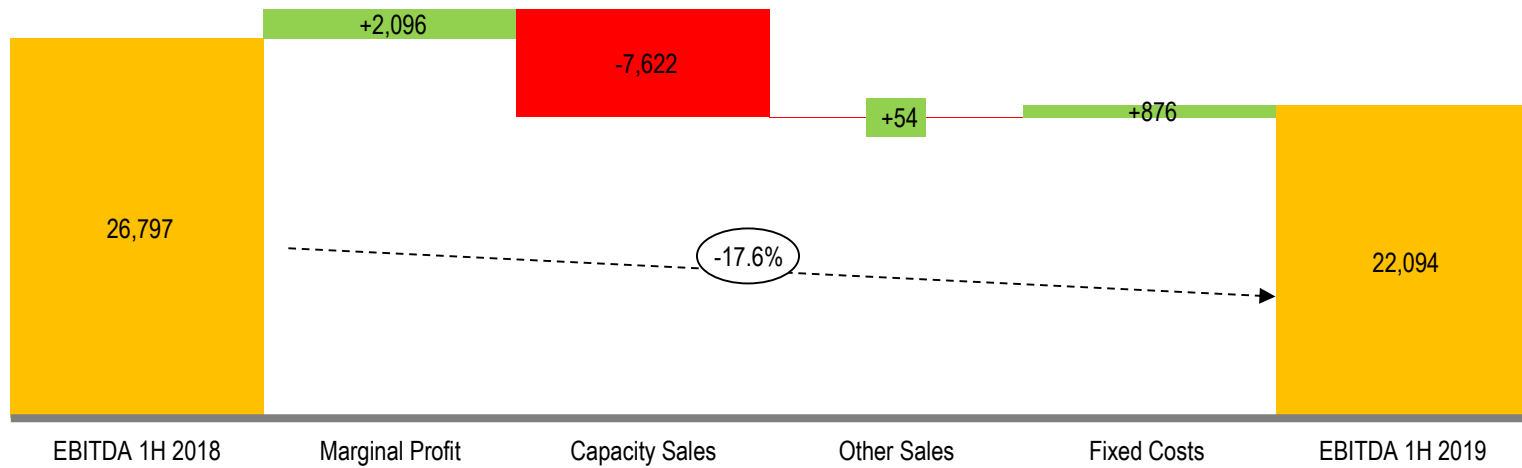
Marginal Profit Factors

- Increased revenue from electricity sales on the back of growing production (+6.8%) and weighted average price at the wholesale market by 10.1%.
- Lower revenue from heat sales on the back of output decrease by 9.3% (warmer autumn-winter 2019).
- Fuel expenses growth took place on the account of electricity growth.



Fixed Costs Changer Factors

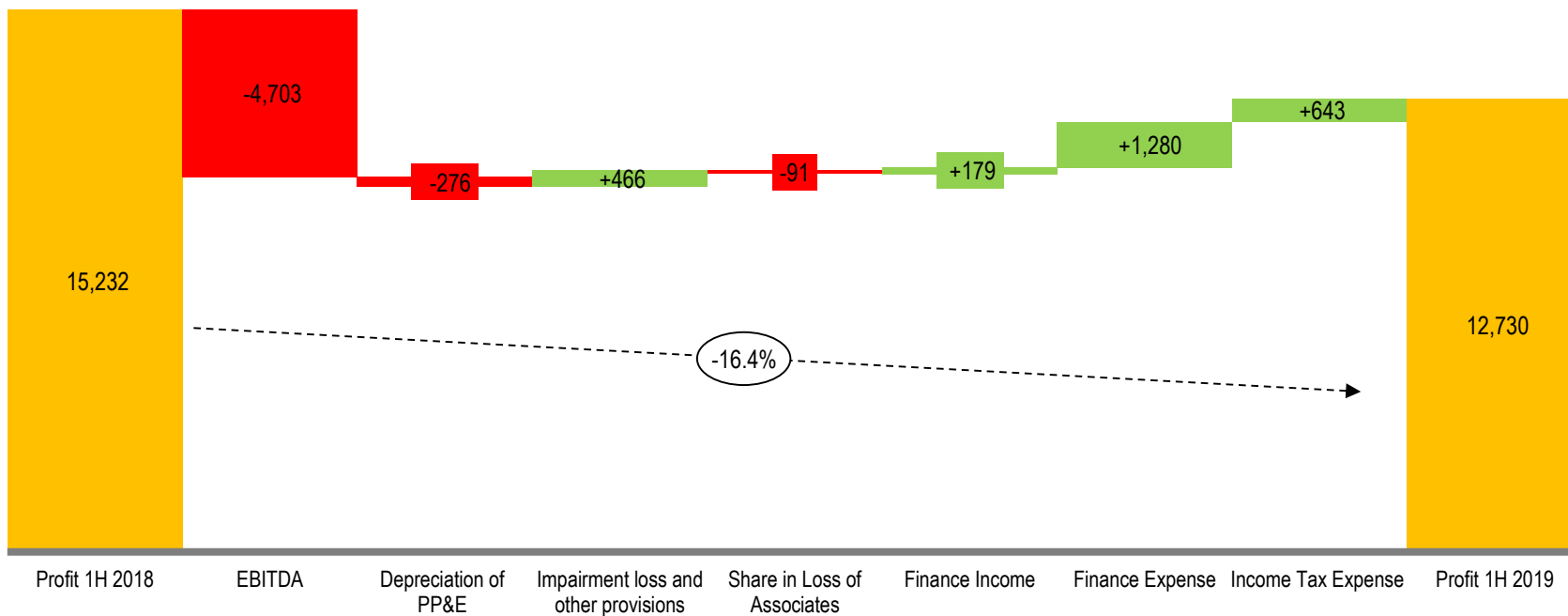
- “Taxes, other than income tax” item decreased on the account of adjusted tax statement on property tax for previous periods.

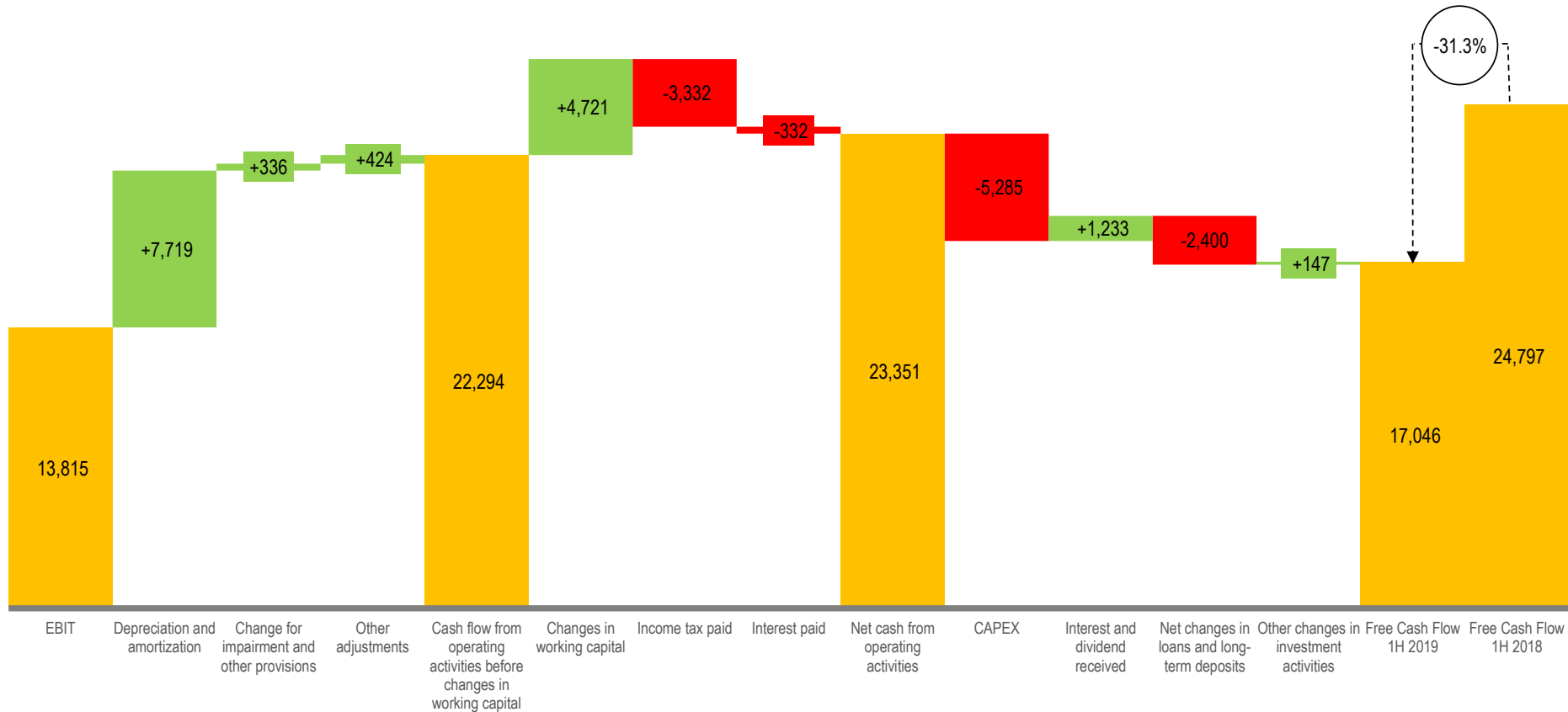


1. Adjusted to net charge for impairment and other provisions

Profit Composition

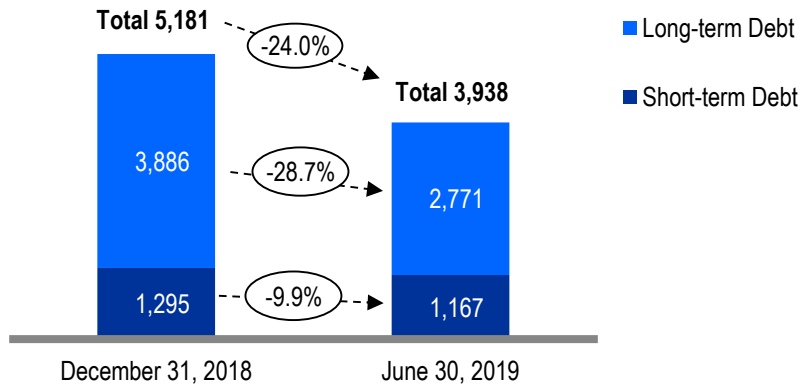
Parameter	6M 2018	6M 2019	Change
EBITDA	26,797	22,094	-17.6%
Depreciation of PP&E	(7,443)	(7,719)	+3.7%
Net Charge for Impairment and Other Provisions	(802)	(336)	-58.1%
Operating profit	18,552	14,039	-24.3%
Share in Loss of Associates	(133)	(224)	+68.4%
Finance Income	2,423	2,602	+7.4%
Finance Expense	(1,689)	(409)	-75.8%
Income Tax Expense	(3,921)	(3,278)	-16.4%
Profit for the Period	15,232	12,730	-16.4%



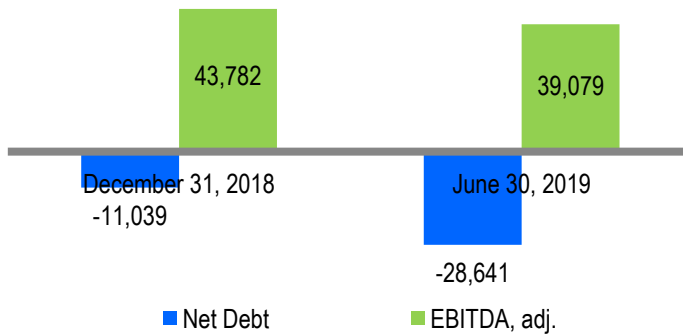


- The key reason of FCF decrease in 1H2019 is 10 bln RUR loan refund to Mosenergo in 1Q2018

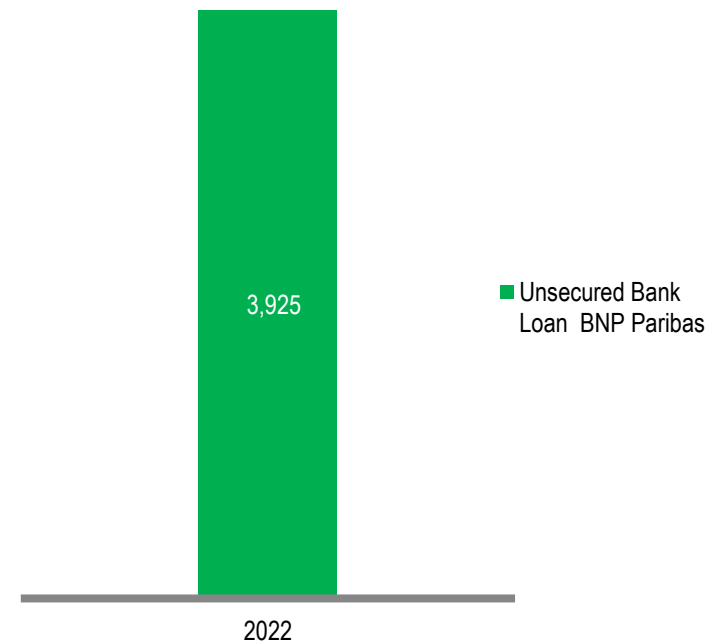
Debt Structure, mn RUR



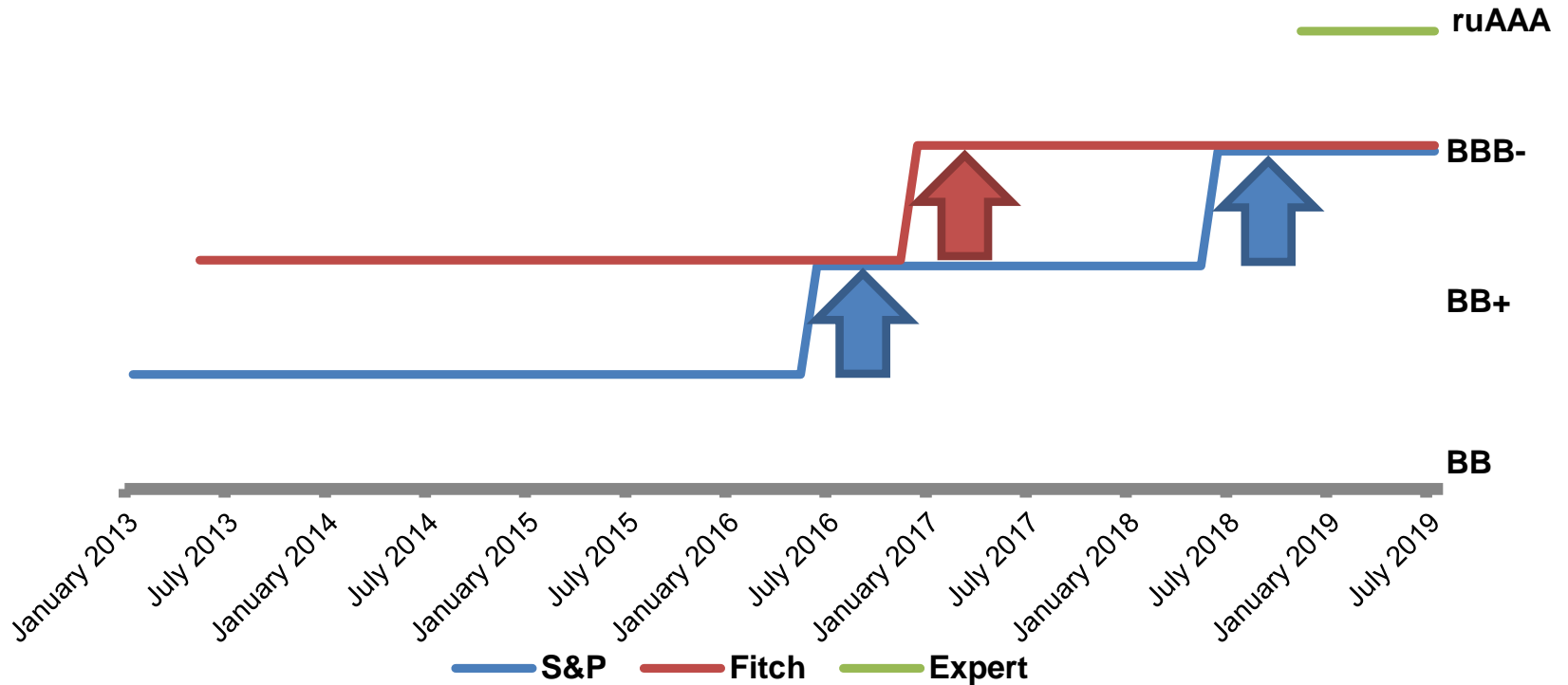
Debt/ EBITDA, adj. for 12 months



Maturity Profile as of June 30, 2019, mn RUR (carrying amount)²



² Not including debt for interest payable of 13 mn RUR



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

- Transfer to long-term competitive power outtake with capacity supply period of 5 years from the outtake date.
- 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% of base interest rate on investments.

Operational Effectiveness Growth

- First production unit commissioning of the most powerful Russian cogeneration turbine 295 MW at CHP-22 (unit 9).
- Increase of payable capacity of CCGT-420 at CHP-20 after main inspection, 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.
- Permission was obtained from Ministry of Energy to decommission inefficient capacity at GRES-3, actions to substitute decommissioning at CHP-17 specified.

Business Expansion

- Continuing positive effect from switch of MOEK boiler houses 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!

IR contacts:

Denis Voronchikhin

Tel. (495) 957-1-957 (ext. 3457)

VoronchikhinDS@mosenergo.ru