

# MOSENERGO

## 2019 IFRS Results

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## External Events:

1. Growing weighted average electricity price by 3.8% in the reporting period year-on-year.
2. Warmer weather during 2019 heating season vs. autumn-winter in 2018 caused lower heat output (-8.4%).

## Internal Events:

1. Fuel rate on electricity grew by 0.4% (up to 228 g/kWh) on the account of electricity output increase, resulting in larger-scale equipment load.
2. Actions were taken in order to switch heat loads from boiler houses to CHPs.
3. Positive impact of increased payable capacity, marginal profit and maintenance costs optimization of CCGT unit at CHP-20, resulting from extended main inspection of gas turbine, as well as installation of air refrigerating set before inlet air filter unit.
4. Turn up (peak mode) package implemented for gas turbine at CHP-16 CCGT unit, in order to increase the unit's payable capacity.
5. Capacity supply agreements expiry for two units on June 30, 2018 (450 MW at CHP-27 and 425 MW at CHP-21) and one unit on December 31, 2018 (450 MW at CHP-27).

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

	2018	2019	Change
Electricity Output, mn kWh	58,316	60,110	+3.1%
Electricity Sales, mn kWh	60,195	62,096	+3.2%
Heat Output, th.Gcal	82,291	75,366	-8.4%
Fuel Rate on Electricity, g/kWh	227.0	228.0	+0.4%
Fuel Rate on Heat, kg/Gcal	163.4	163.3	-0.1%

<sup>1</sup> Management report data

<sup>2</sup> Excluding Depreciation and Amortization

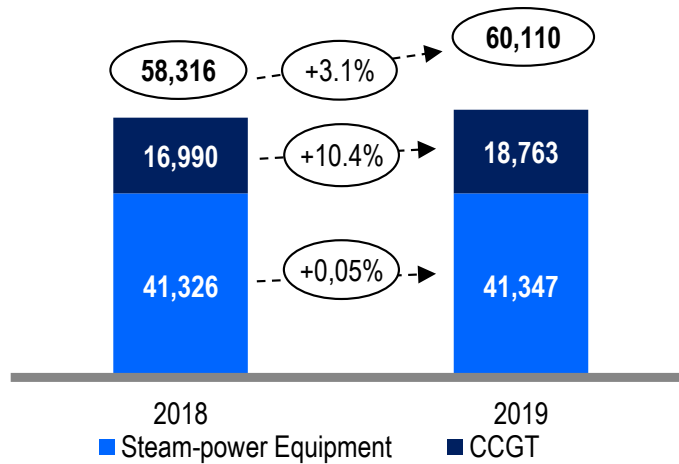
<sup>3</sup> EBITDA = Operating Profit + Depreciation and Amortization

<sup>4</sup> Adjusted to net charge for impairment and other provisions

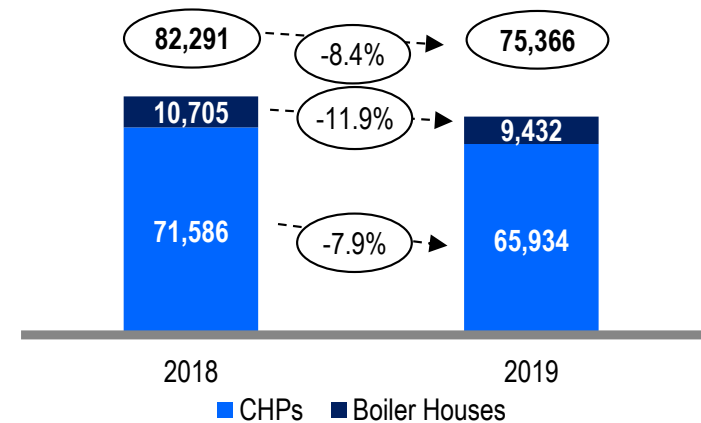
## Financial Highlights, mn RUR

Показатель	2018	2019	Изм.
Revenue (electricity and heat)	154,961	156,037	+0.7%
Variable Costs	(127,542)	(127,536)	-0.0%
<b>Marginal profit</b>	<b>27,419</b>	<b>28,501</b>	<b>+3.9%</b>
Revenue (capacity)	41,437	31,206	-24.7%
Revenue (other)	2,472	2,534	+2.5%
Fixed Costs <sup>2</sup>	(27,546)	(27,258)	-1.0%
<b>EBITDA<sup>3</sup></b>	<b>41,085</b>	<b>21,972</b>	<b>-46.5%</b>
<b>EBITDA, adj<sup>4</sup></b>	<b>43,782</b>	<b>34,983</b>	<b>-20.1%</b>
Depreciation and Amortization	(15,177)	(15,359)	+1.2%
Operating Profit	25,908	6,613	-74.5%
<b>Profit for the Period</b>	<b>21,405</b>	<b>9,599</b>	<b>-55.2%</b>
<b>Profit for the Period, adj.<sup>4</sup></b>	<b>24,102</b>	<b>22,610</b>	<b>-6.2%</b>

### Electricity Output, mn kWh

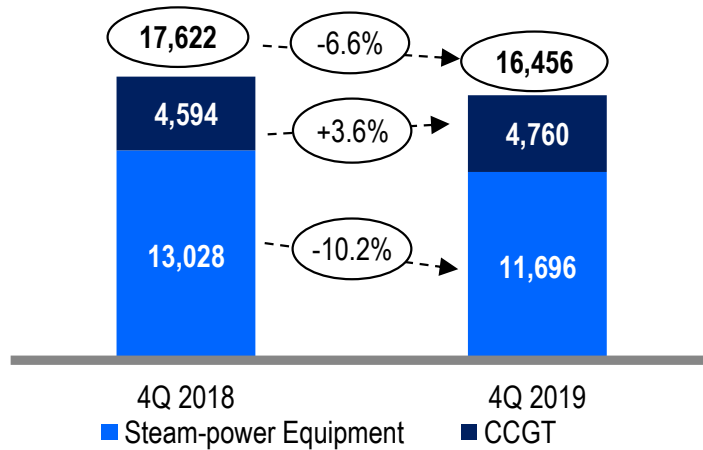


### Heat Output, thous. Gcal

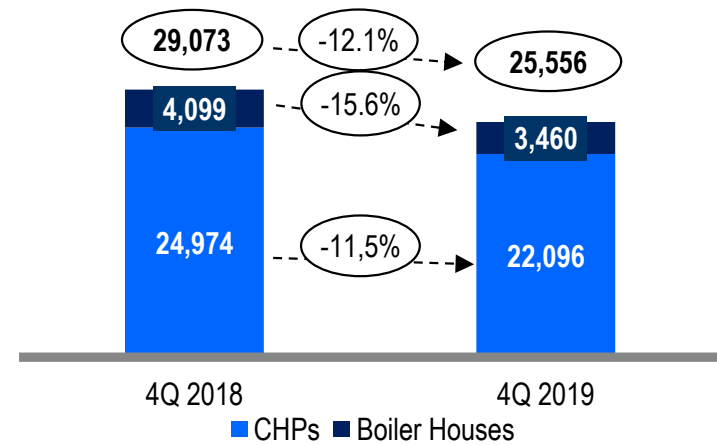


- Electricity production grew on the account of growing load, determined by The System Operator.
- Lower heat output resulted from warmer weather in 1Q 2019 (-2.5°C) vs. -6.2°C in 1Q 2018, as well as in 4Q 2019 (+3.8°C) vs. 4Q 2018 (+0.4°C).

Electricity Output, mn kWh

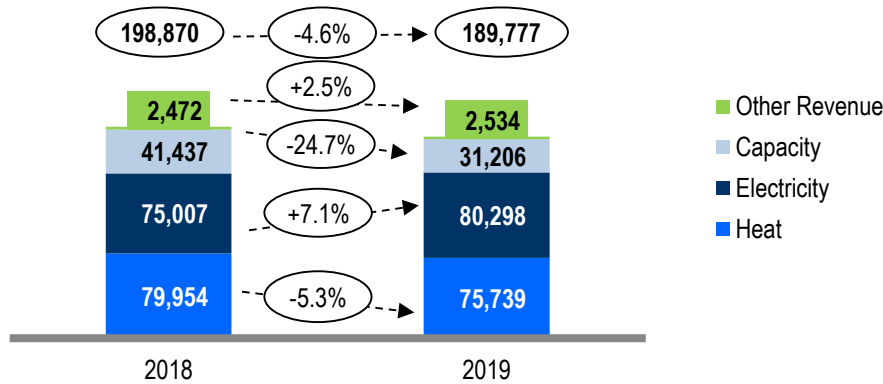


Heat Output, thous. Gcal

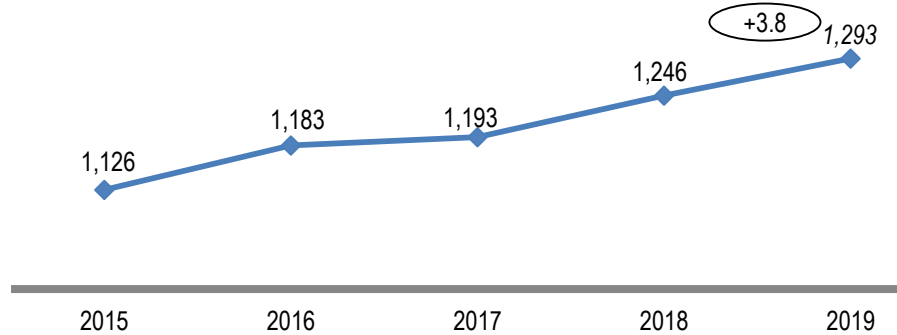


- Lower heat output resulted from warmer weather in 4Q 2019 (+3.8°C) vs. 4Q 2018 (+0,4°C).

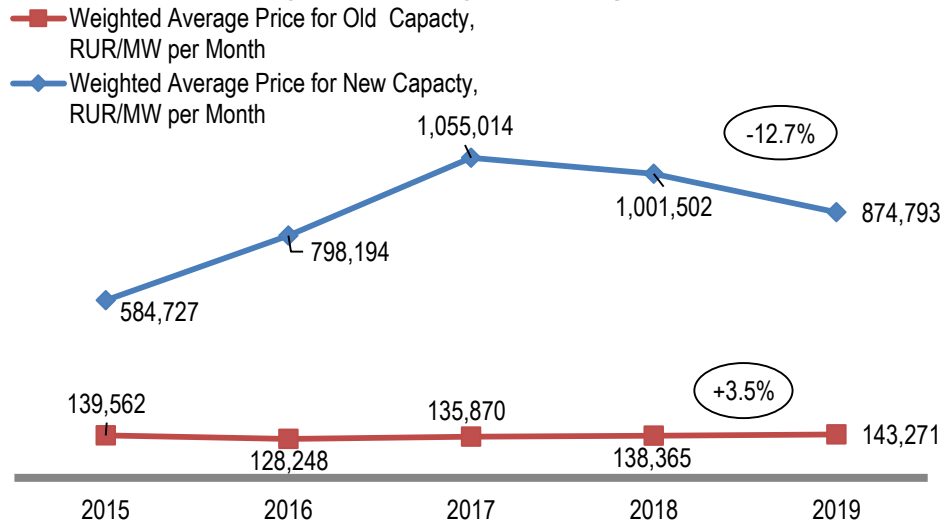
### Revenue, mn RUR



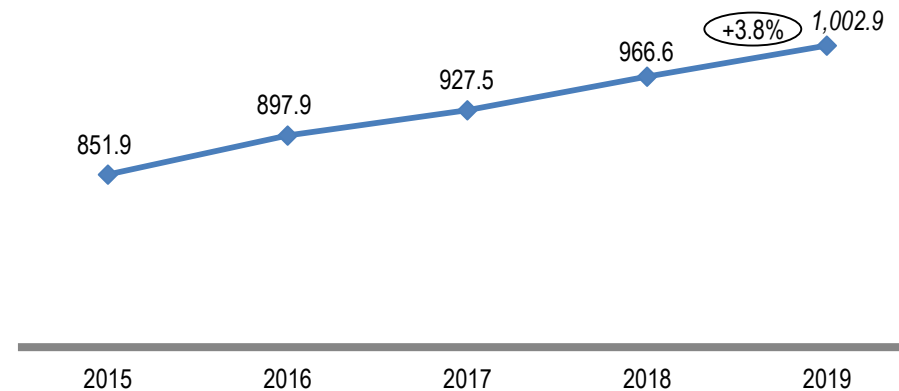
### Weighted Average Price for Electricity at the Wholesale Market, RUR/MW h

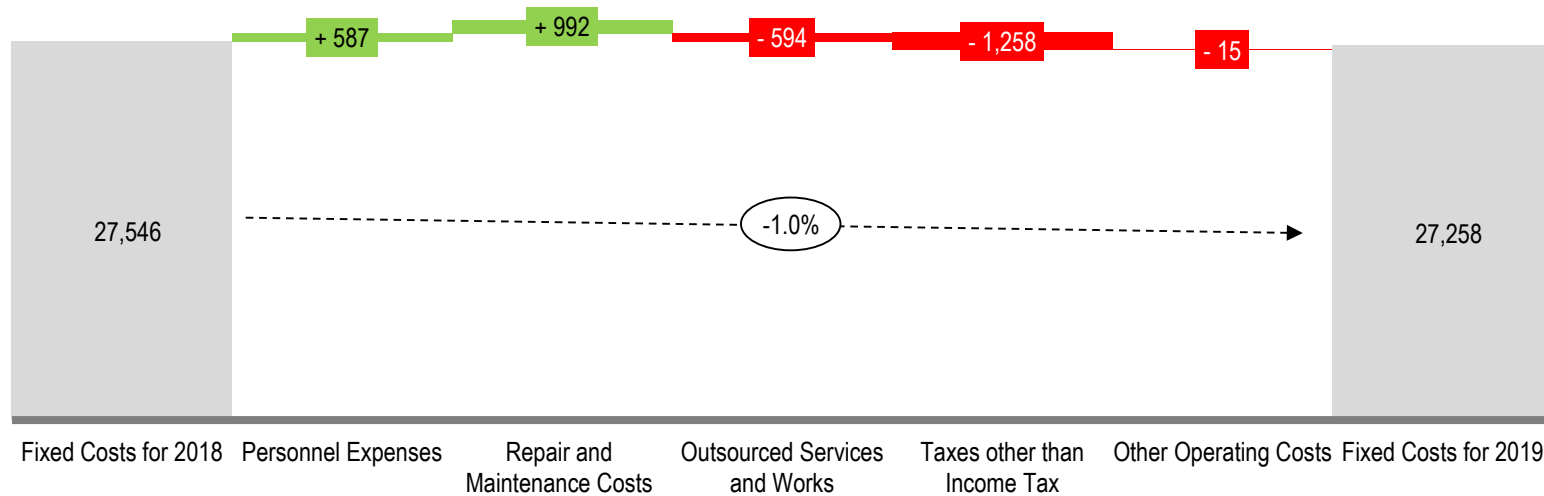


### Weighted Average Capacity Price



### Weighted Average Tariff for Heat Generation, RUR/Gcal

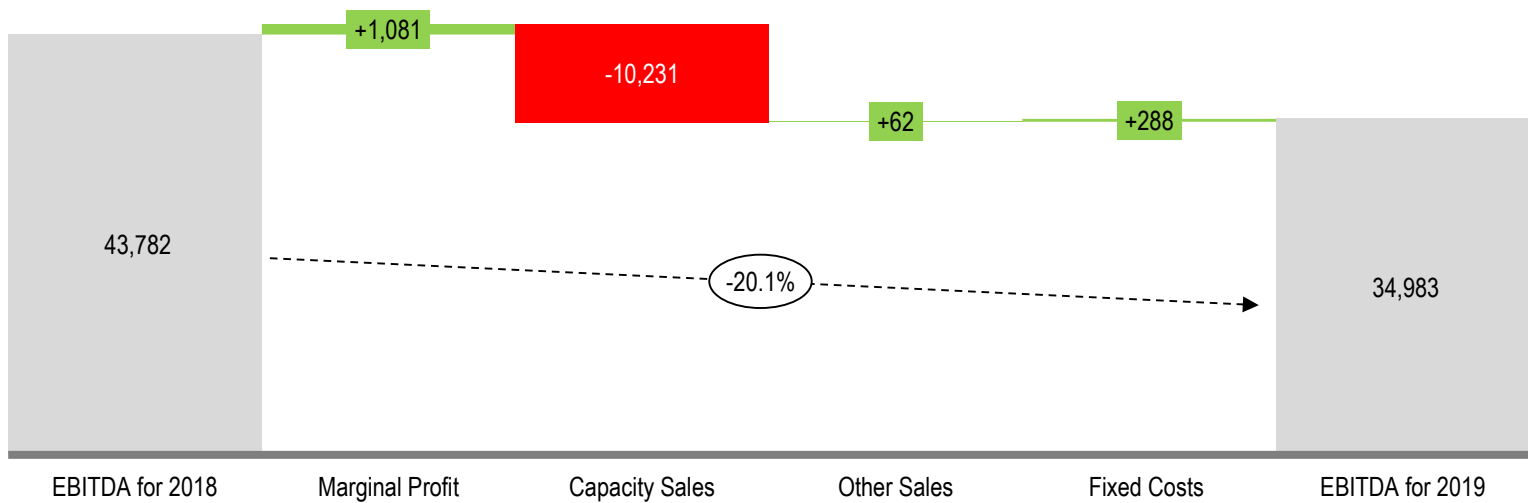




### Fixed Costs Changer Factors

- Taxes other than income tax decreased on the account of adjusted property tax for previous periods declaration filed.

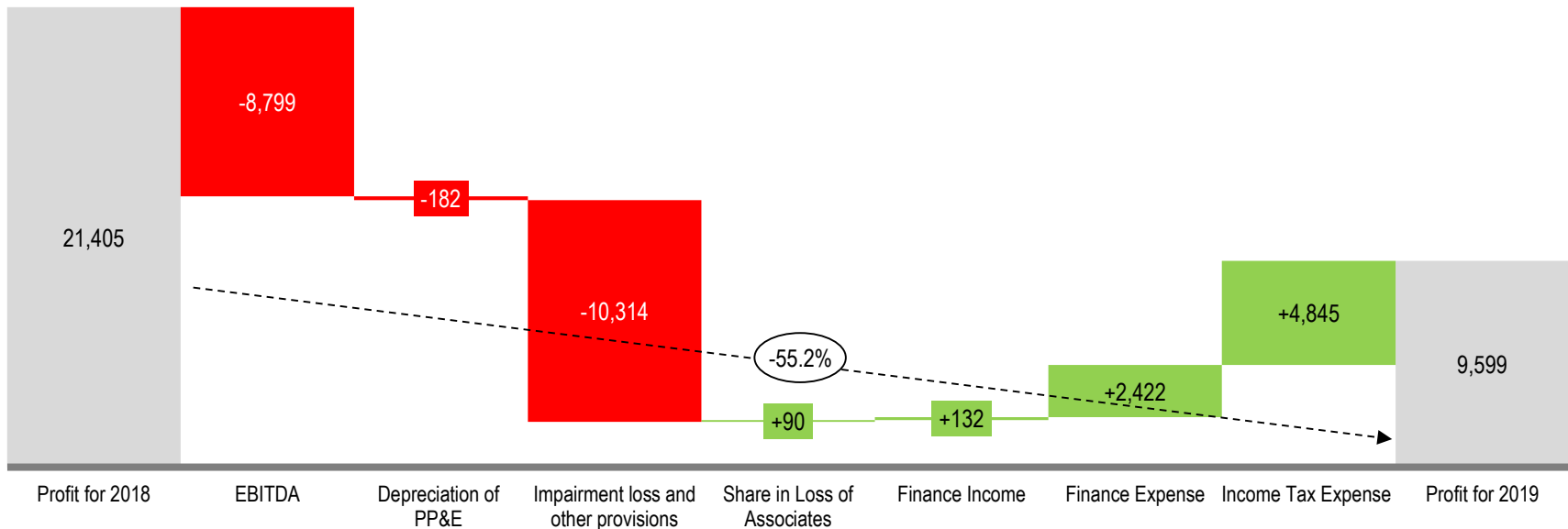


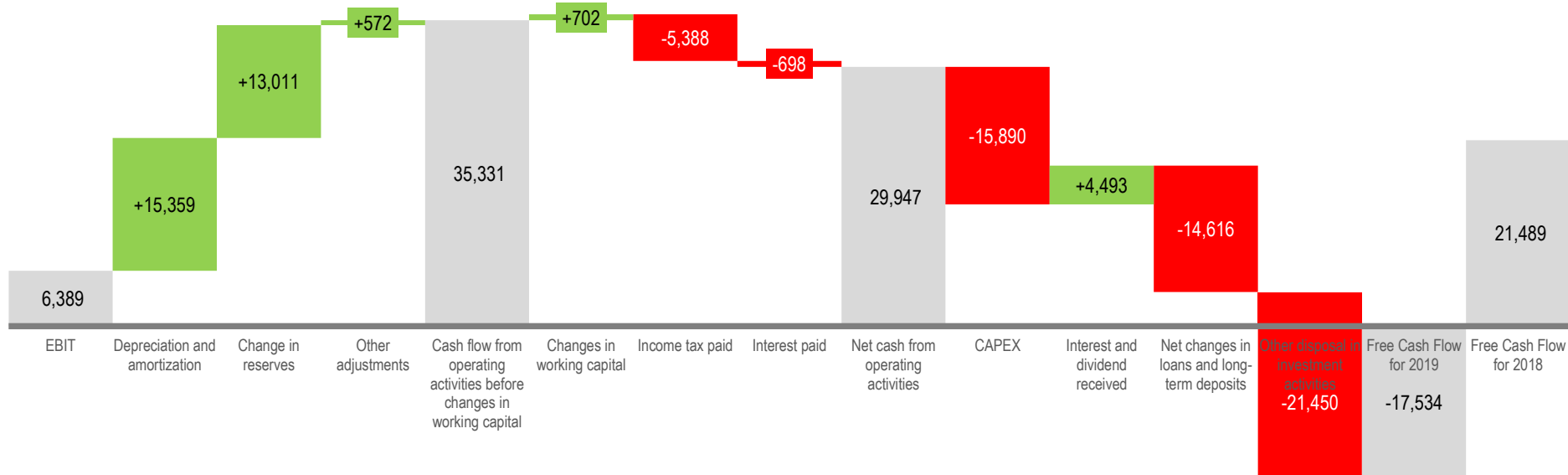


1. Adjusted to net charge for impairment and other provisions

# Profit Composition

Parameter	2018	2019	Change
<b>EBITDA</b>	<b>43,782</b>	<b>34,983</b>	<b>-20.1%</b>
Depreciation of PP&E	(15,177)	(15,359)	+1.2%
Net Charge for Impairment and Other Provisions	(2,697)	(13,011)	x4.8
<b>Operating profit</b>	<b>25,908</b>	<b>6,613</b>	<b>-74.5%</b>
Share in Loss of Associates	(314)	(224)	-28.7%
Finance Income	5,143	5,275	+2.6%
Finance Expense	(3,475)	(1,053)	-69.7%
Income Tax Expense	(5,857)	(1,012)	-82.7%
<b>Profit for the Period</b>	<b>21,405</b>	<b>9,599</b>	<b>-55.2%</b>

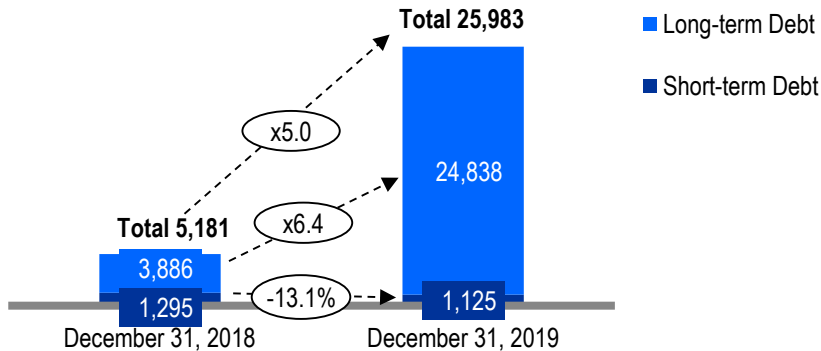




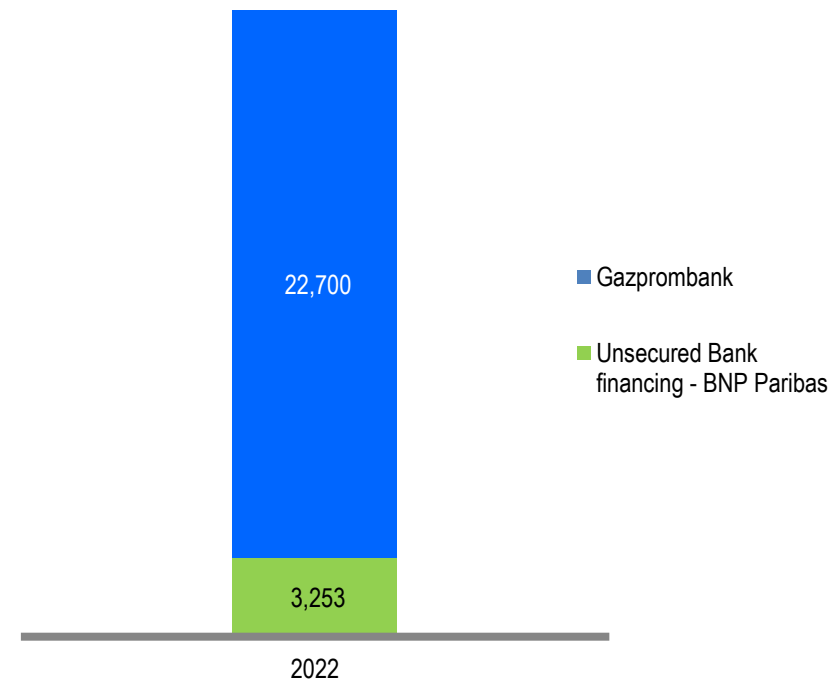
Negative cash flow in 2019FY main factors:

- Mosenergo inclusion in Gazprom cash-pooling system;
- Contribution to LLC “GEH Industrial Assets” statutory capital.

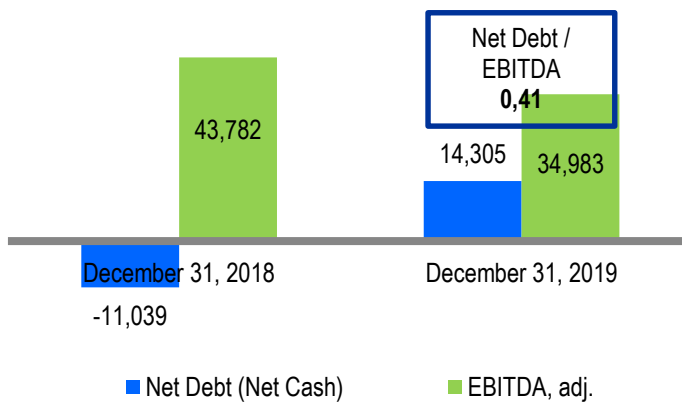
### Debt Structure, mn RUR



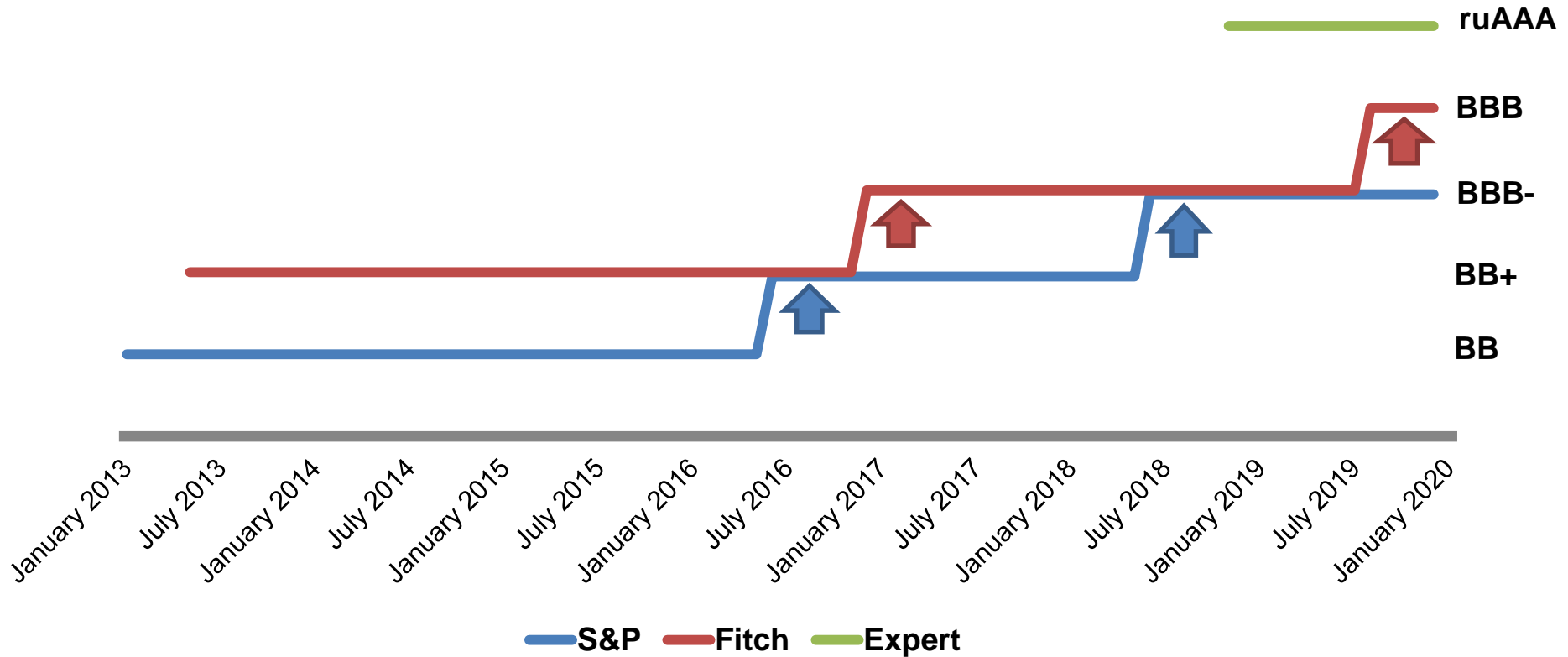
### Maturity Profile as of December 31, 2019, mn RUR (carrying amount)<sup>2</sup>



### Net Cash / EBITDA, adj. for 12 months



<sup>2</sup> Not including debt for interest payable of 10 mn RUR



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

- Transfer to long-term competitive power outtake, with capacity supply in 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 payback of investments with return on capital.

## Operational Effectiveness Growth

- Modernization of turbine 295 MW at CHP-22 (unit 9) finalized.
- Realization of a program in order to upgrade primary technical and economic parameters and fuel rate.
- Inefficient capacity decommissioning program finalized: electricity generating capacity at CHP-17 and GRES-3; 90 atm units at CHP-20 and CHP-16.
- Optimization and automatization of chemical water treatment at the most water-consuming stations: CHP-21, CHP-23 and CHP-25.
- Activity going on, aimed at service interval and service life increase of CCGT gas turbines, payable capacity increase.
- Termination of coal usage at CHP-22.

## Business Expansion

- Positive effects 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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**THANK YOU FOR YOUR ATTENTION!**

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