

MOSENERGO

9M 2019 IFRS Results

November 8, 2019

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External Events:

1. Growing weighted average electricity price by 7.2% in the reporting period year-on-year.
2. Growing electricity consumption in Moscow and Moscow Region in 2Q 2019, as well as lower hydro and nuclear production in the united energy system of Center year-on-year, resulted in electricity output increase by 7.3%.
3. Warmer weather in 1Q 2019 caused lower heat output (-6.4%).

Internal Events:

1. Fuel rate on electricity maintained growth by 1.0% (up to 237.2 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. Primary technical and economic parameters improved at CHP-20, resulting from extended main inspection at CCGT-420 unit (growing payable capacity, lower maintenance costs).
4. 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 Highlights¹

	9M 2018	9M 2019	Change
Electricity Output, mn kWh	40,694	43,654	+7.3%
Electricity Sales, mn kWh	42,091	45,100	+7.1%
Heat Output, th.Gcal	53,218	49,810	-6.4%
Fuel Rate on Electricity, g/kWh	234.9	237.2	+1.0%
Fuel Rate on Heat, kg/Gcal	163.7	163.8	+0.1%

Financial Highlights, mn RUR

	9M 2018	9M 2019	Change
Revenue	135,988	133,378	-1.9%
Operating Costs	(117,923)	(120,895)	+2.5%
Variable Costs	(86,296)	(90,109)	+4.4%
Fixed Costs ²	(20,240)	(18,873)	-6.8%
EBITDA³	28,161	24,281	-13.8%
EBITDA⁴, adj.	29,452	24,396	-17.2%
Depreciation and Amortization	(11,142)	(11,607)	+4.2%
Operating Profit	17,019	12,674	-25.5%
Profit for the Period	14,045	12,624	-10.1%

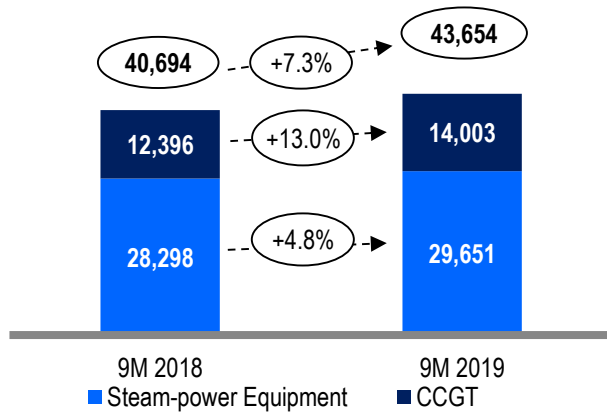
¹ Management report data

² Excluding Depreciation and Amortization

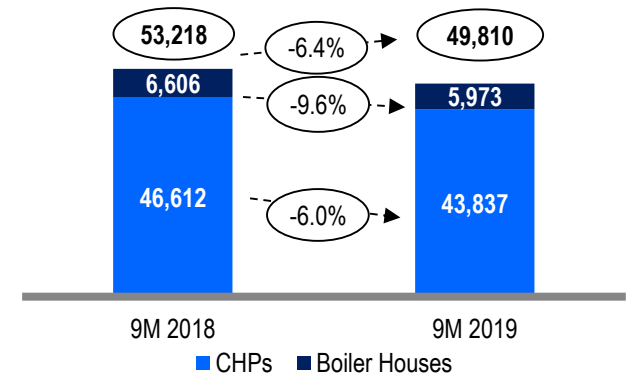
³ EBITDA = Operating Profit + Depreciation and Amortization

⁴ Adjusted to net charge for impairment and other provisions

Electricity Output, mn kWh

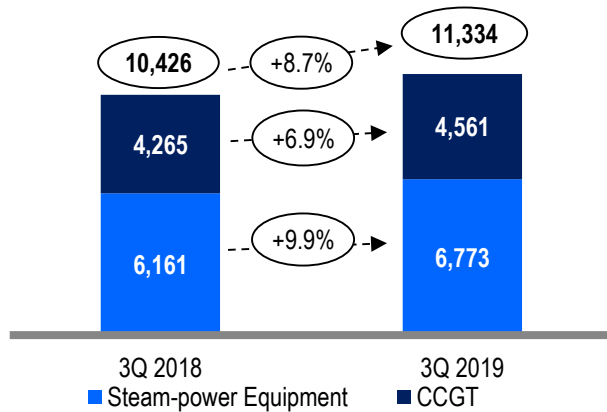


Heat Output, thous. Gcal

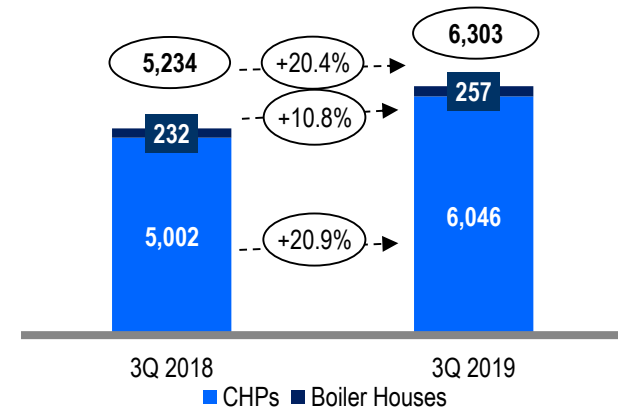


- Electricity production grew on the account of growing consumption in Moscow and Moscow Region, as well as lower hydro and nuclear production in the united energy system of Center in 2Q 2019 year-on-year.
- Lower heat output resulted from warmer weather in 1Q 2019 (-2.5°C) vs. -6.2°C in 1Q 2018.

Electricity Output, mn kWh

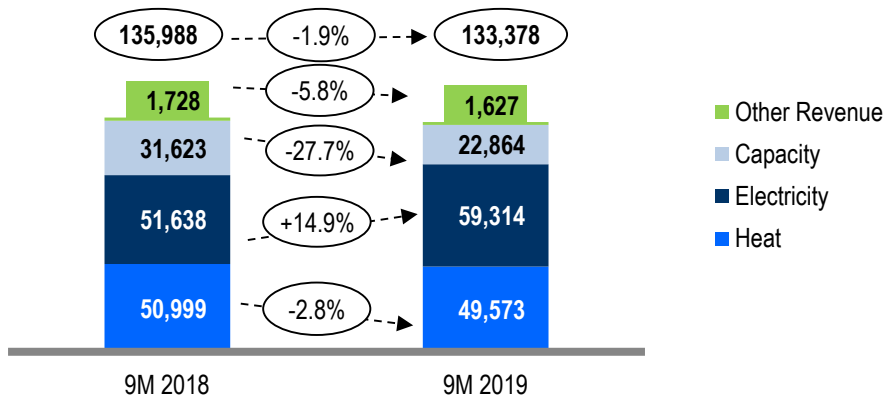


Heat Output, thous. Gcal

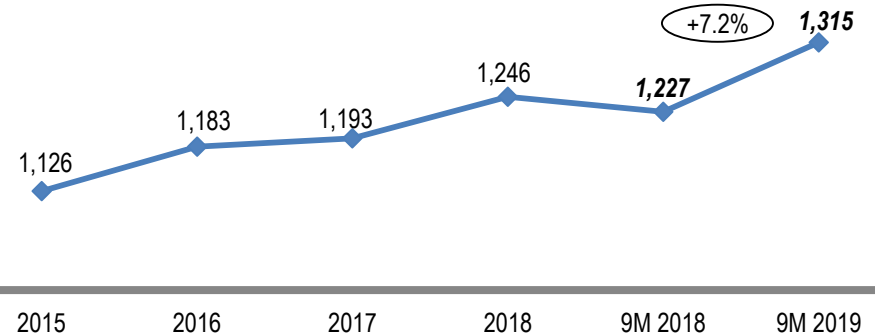


- Electricity production grew on the account of growing thermal power plants load in the united energy system of Center, as well as less time spent for repairs in 3Q 2019 vs. 3Q 2018.
- Heat output growth resulted from earlier heating season start, as well as lower temperature in 3Q 2019.

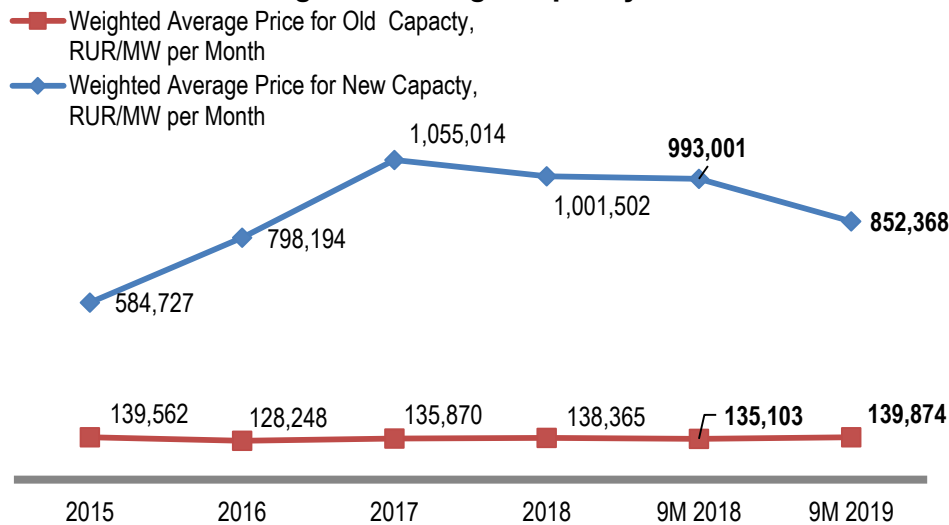
Revenue, mn RUR



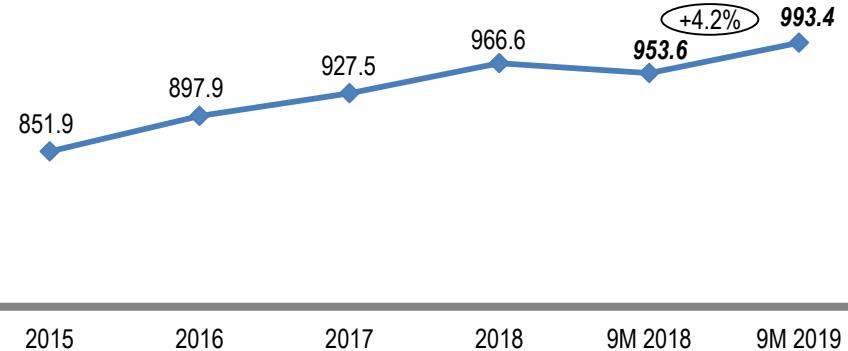
Weighted Average Price for Electricity at the Wholesale Market, RUR/MW h

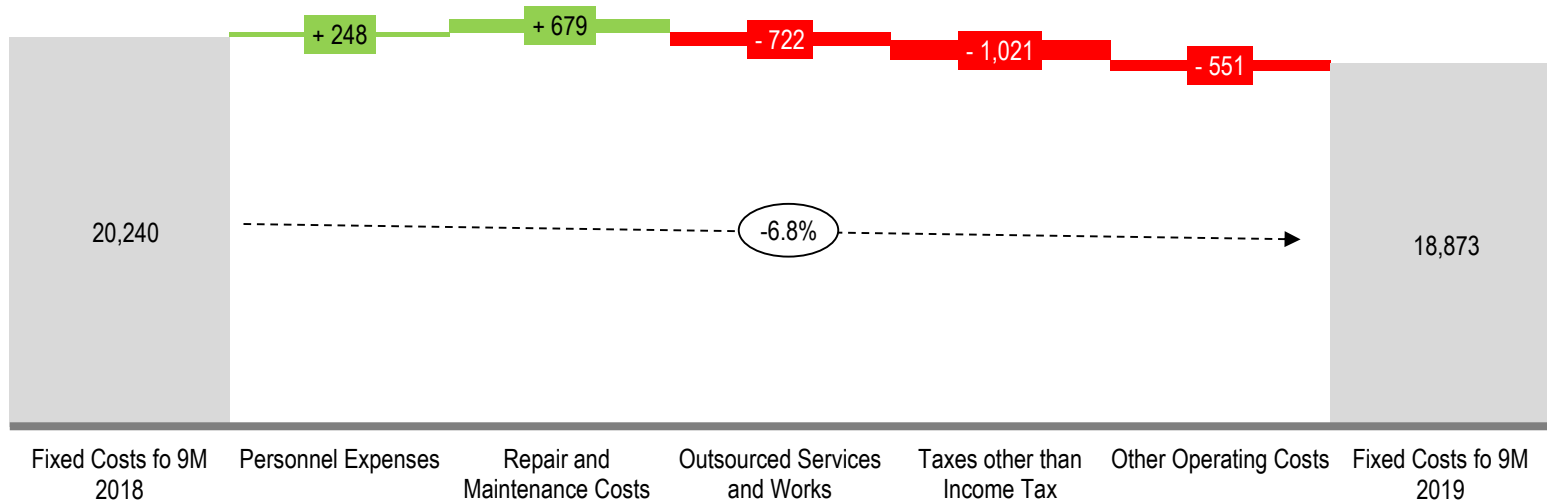


Weighted Average Capacity Price



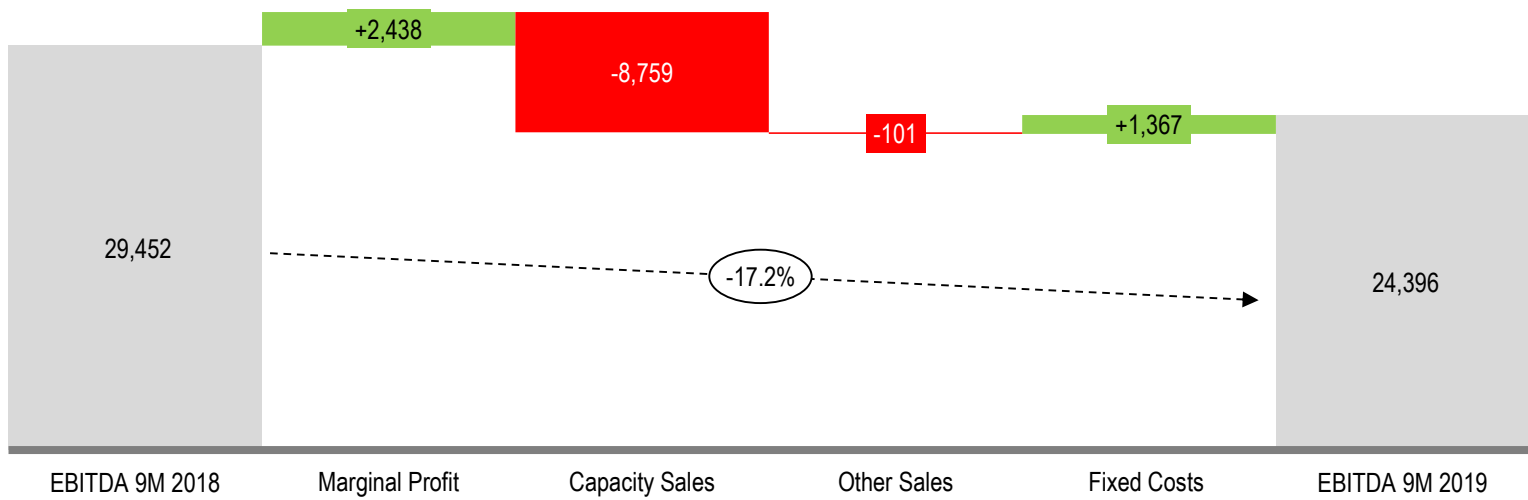
Weighted Average Tariff for Heat Generation, RUR/Gcal





Fixed Costs Changer Factors

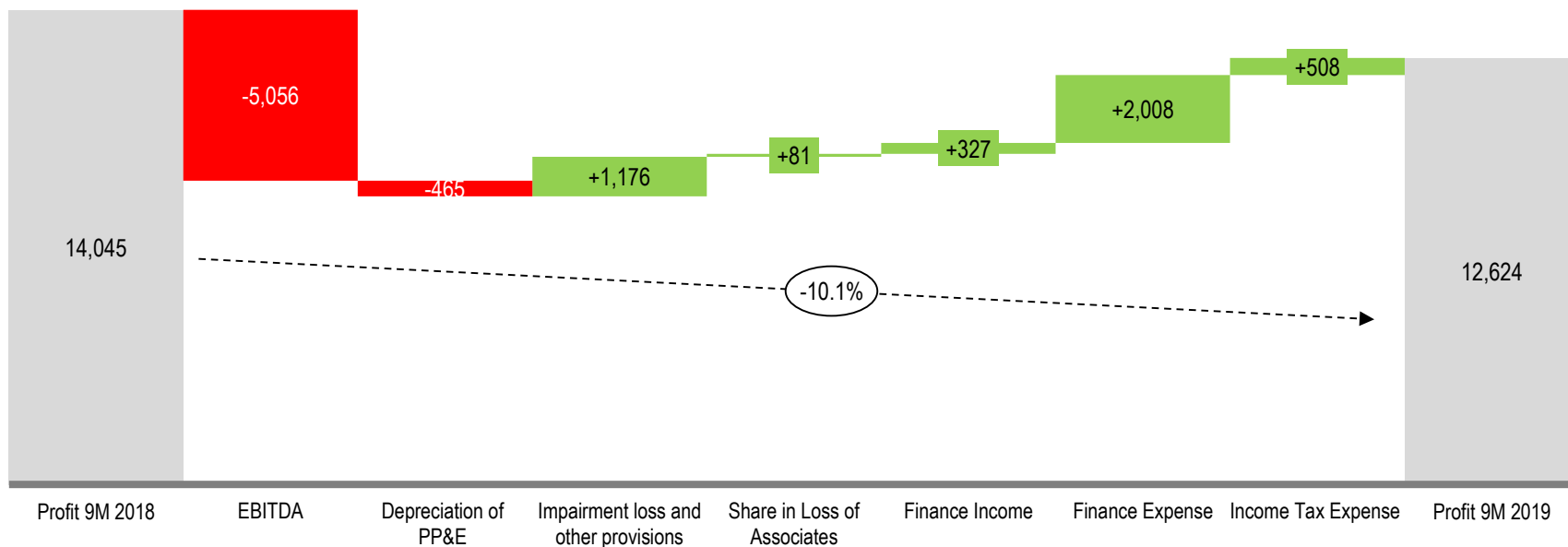
- Taxes other than income tax decreased on the account of adjusted property tax for previous periods declaration filed.

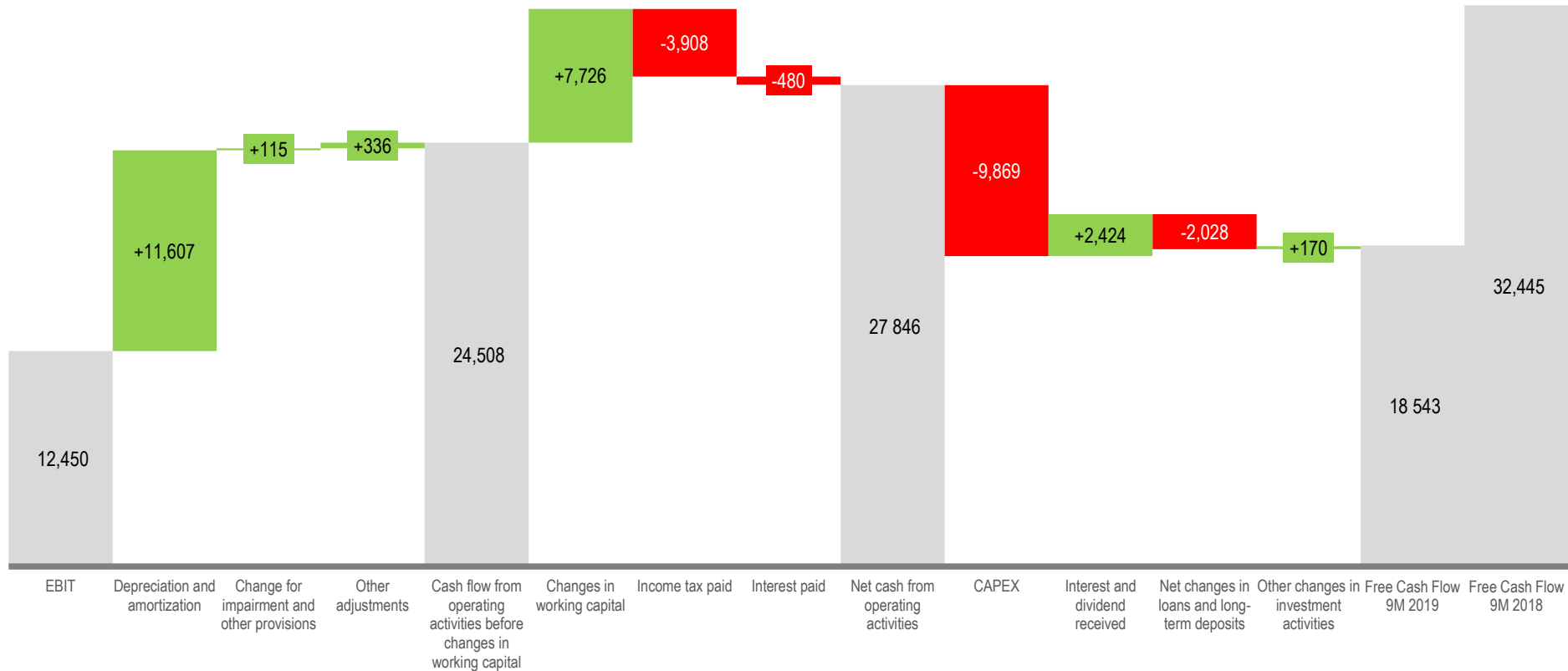


1. Adjusted to net charge for impairment and other provisions

Profit Composition

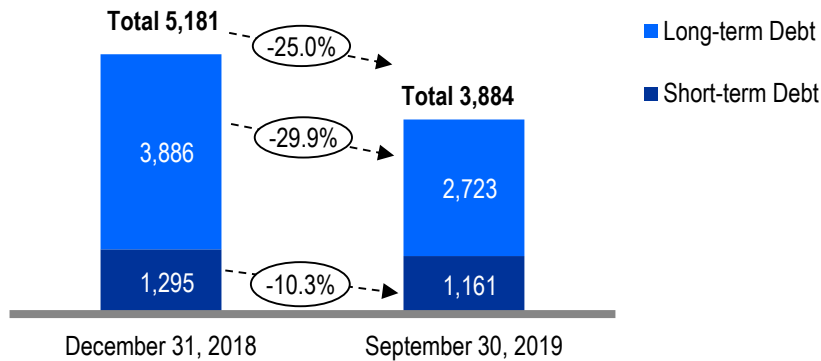
Parameter	9M 2018	9M 2019	Change
EBITDA	29,452	24,396	-17.2%
Depreciation of PP&E	(11,142)	(11,607)	+4.2%
Net Charge for Impairment and Other Provisions	(1,291)	(115)	-91.1%
Operating profit	17,019	12,674	-25.5%
Share in Loss of Associates	(305)	(224)	-26.6%
Finance Income	3,817	4,144	+8.6%
Finance Expense	(2,803)	(795)	-71.6%
Income Tax Expense	(3,683)	(3,175)	-13.8%
Profit for the Period	14,045	12,624	-10.1%



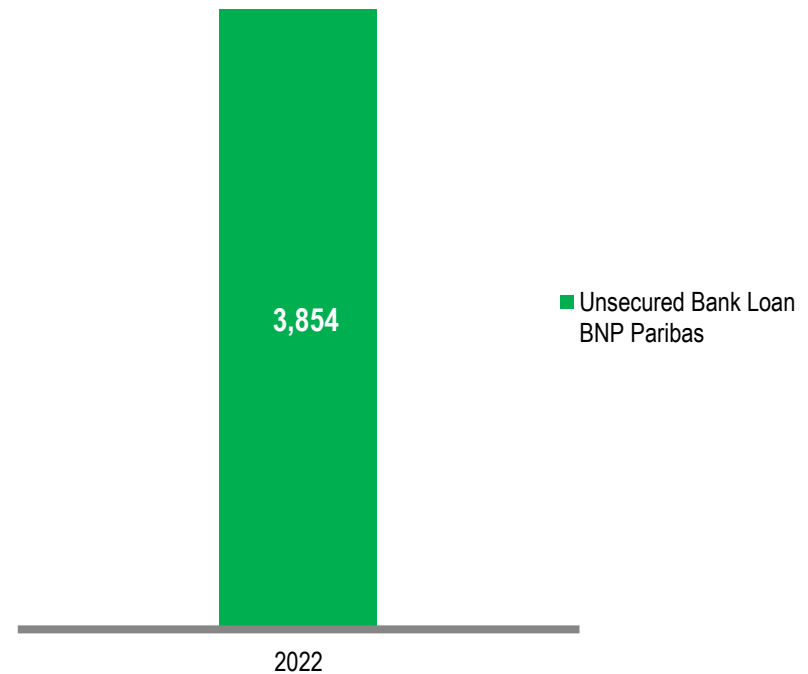


- Considerable free cash flow decrease in 1H 2019 year-on-year resulted from a loan of 10 bn RUR returned to PJSC “Mosenergo” in 1Q 2018.

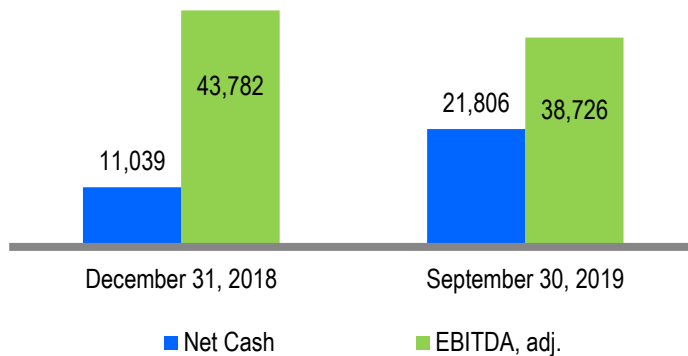
Debt Structure, mn RUR



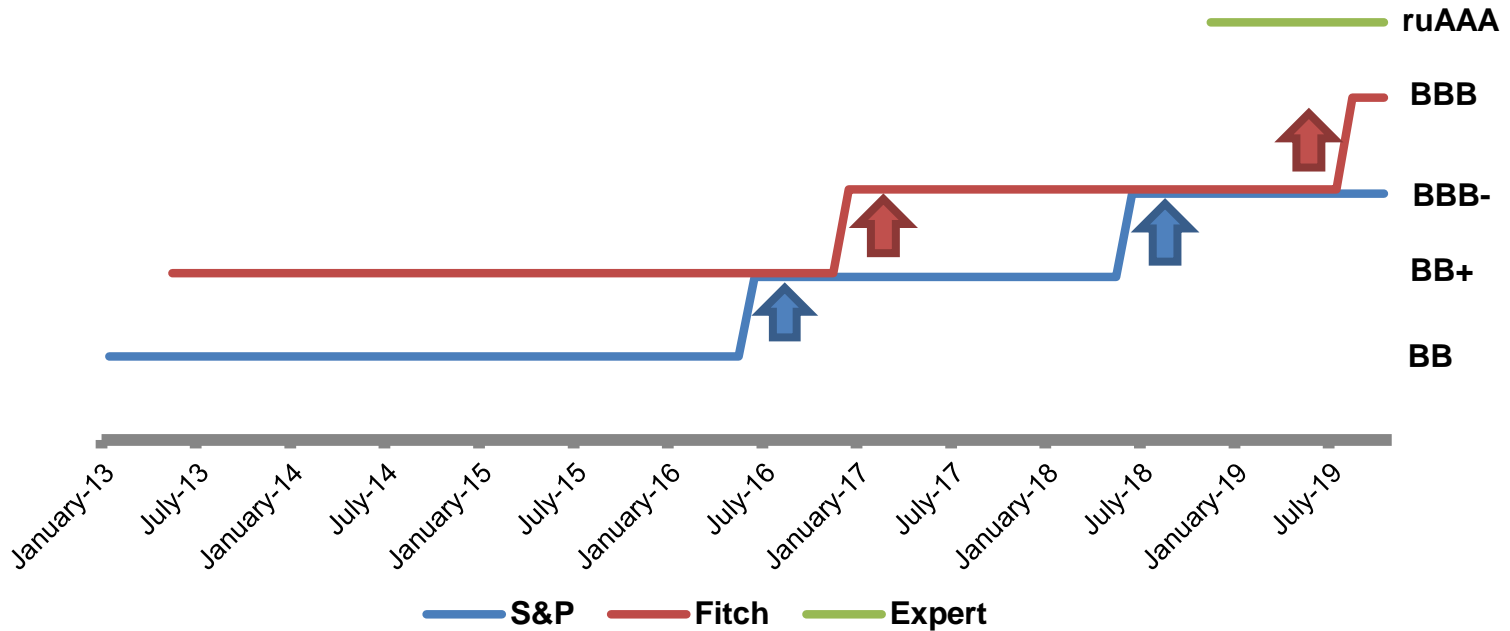
Maturity Profile as of September 30, 2019, mn RUR (carrying amount)²



Net Cash / EBITDA, adj. for 12 months



² Not including debt for interest payable of 30 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 14% annual return on investments

Operational Effectiveness Growth

- First production unit commissioning of the most powerful Russian cogeneration turbine 295 MW at CHP-22 (unit 9)
- Reattestation of CCGT-420 at CHP-20 and 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
- Russian Energy Ministry permission granted for inefficient capacity decommissioning at GRES-3, electricity production substitution details specified for CHP-17 decommissioning

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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