



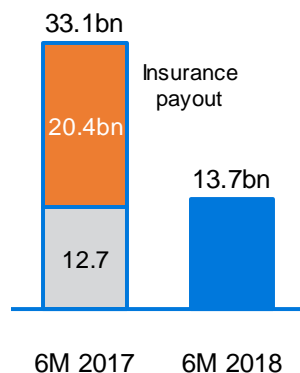
Unipro PJSC  
2018 6M results

7 August 2018

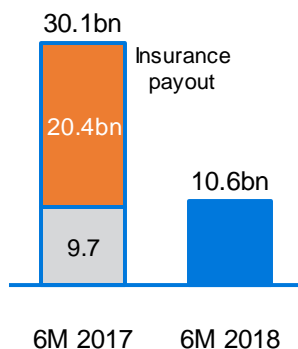


# Further growth of earnings excluding one-offs

## EBITDA<sup>1,2</sup>



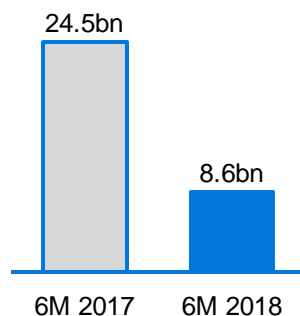
## EBIT<sup>1,2</sup>



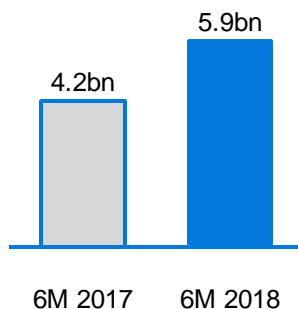
## Highlights

- Strong decline in earnings due to absence of large one-off
- EBITDA excluding insurance proceeds up 7.8% comparing to 6M 2017
- Stable gross margin with higher capacity earnings and lower electricity earnings
- Lower operating expenses, both for underlying business and for Berezovskaya repair works
- Increasing capex along with advanced stage of Berezovskaya project

## Underlying net income<sup>1,2</sup>



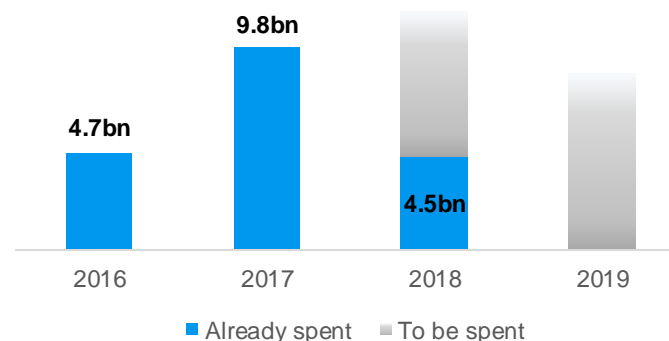
## Capex<sup>3</sup>



# Berezovskaya unit 3 project on track



Capex (to be) spent on project, in RUB <sup>1</sup>



## Project progress:

- Dismantling of damaged parts finalized
- Several key elements of the boiler already assembled
- Finalization of assembling in early 2019
- COD expected in Q3'2019

## Costs update:

- Project budget:<sup>1</sup>
  - ~19bn RUB capex spent so far
  - ~17bn RUB capex to be spent
- Acceleration of capex in the next 12 months
- More than 80% of capex budget contracted

# Increasing market prices in both price zones

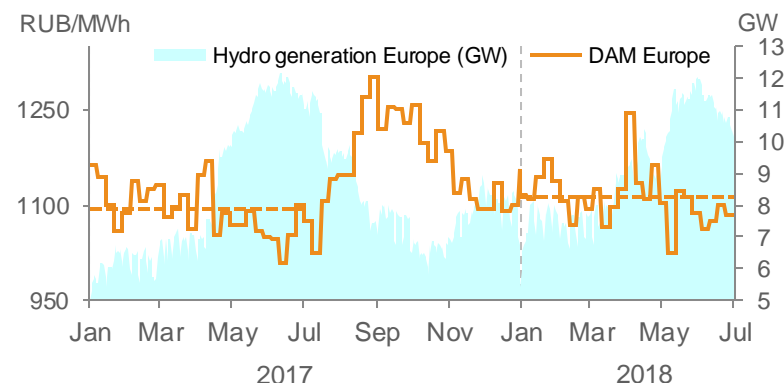
## European Zone

- Day ahead market price +1.7% (Q2 +3.0%)
- Gas tariff indexation by 3.9% from July 2017
- High level of hydropower generation in Q1
- Demand in Tyumen region decreased by 4% due to lower volumes of oil production
- Grid congestions reinforcing oversupply effects

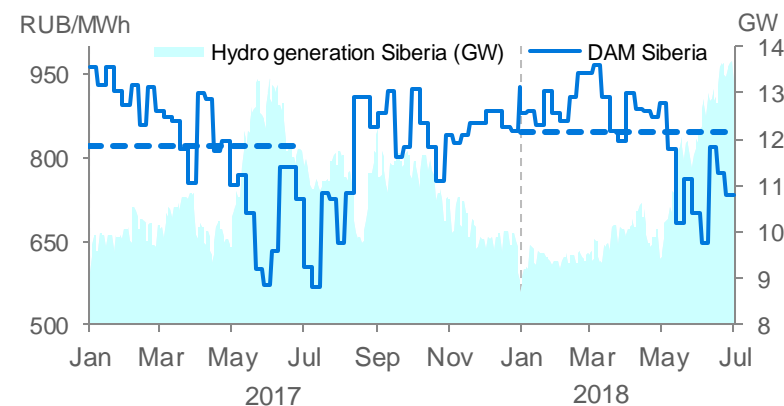
## Siberian Zone

- Day ahead market price +3.1% (Q2 +6.3%)
- Demand increase by 3% driven by lower temperatures and by fewer out-of-market deals
- Imports of cheaper electricity from Kazakhstan
- Grid congestions reinforcing oversupply effects

## Europe: DAM price vs hydro generation



## Siberia: DAM price vs hydro generation



# Modernization framework close to finalization

## Modernization: draft legislation published

- 39 GW to be tendered for modernization via auctions in 2018-2025
- Units eligible for auctions: based on lifetime, accumulated working hours and utilization rate
- Units to be selected during auctions: based on levelized cost of electricity (LCOE) of the new units
- Guaranteed returns for 16 years<sup>1</sup>

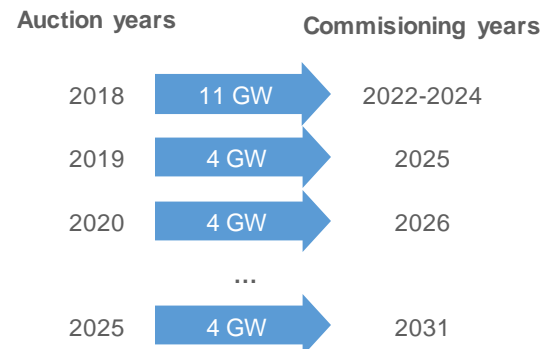
## Increasing attractiveness of KOM scheme

- Security of supply during modernization years
- KOM in December 2018 for capacity delivery in 2022-24
- Significant increase of price parameters: 6% in 2022, 13% in 2023, 20% in 2024 + inflation

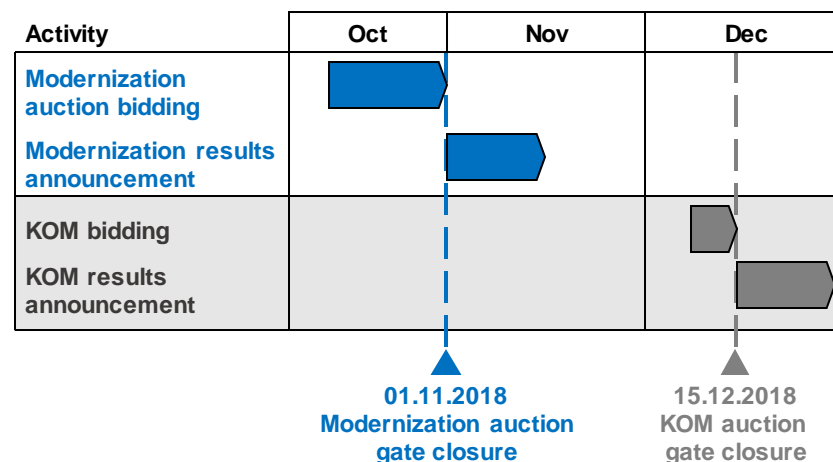
## Unipro considering to participate

- Pipeline of units for auctions defined
- Flexibility to spread program participation across several years from 2018 onwards
- Subject to internal approvals process

## 39 GW to be tendered in 2018-2025



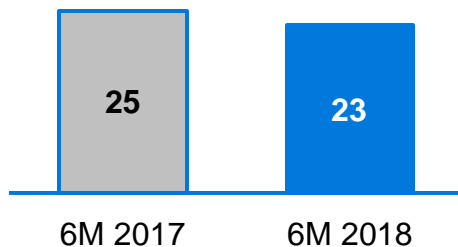
## Auction for modernization and KOM in 2018



# Pressure on generation volumes due to increasing competition

## Electric power generation

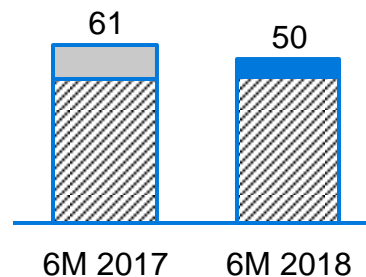
TWh



Unipro

## Load factor<sup>1</sup>

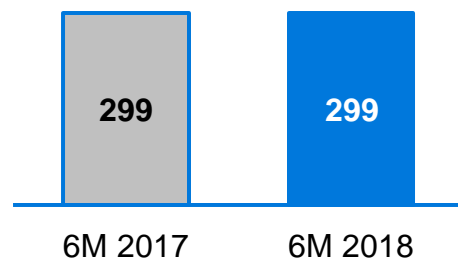
%



Market average

## Efficiency

Gfe/kWh – Fuel equivalent grams per 1 kWh

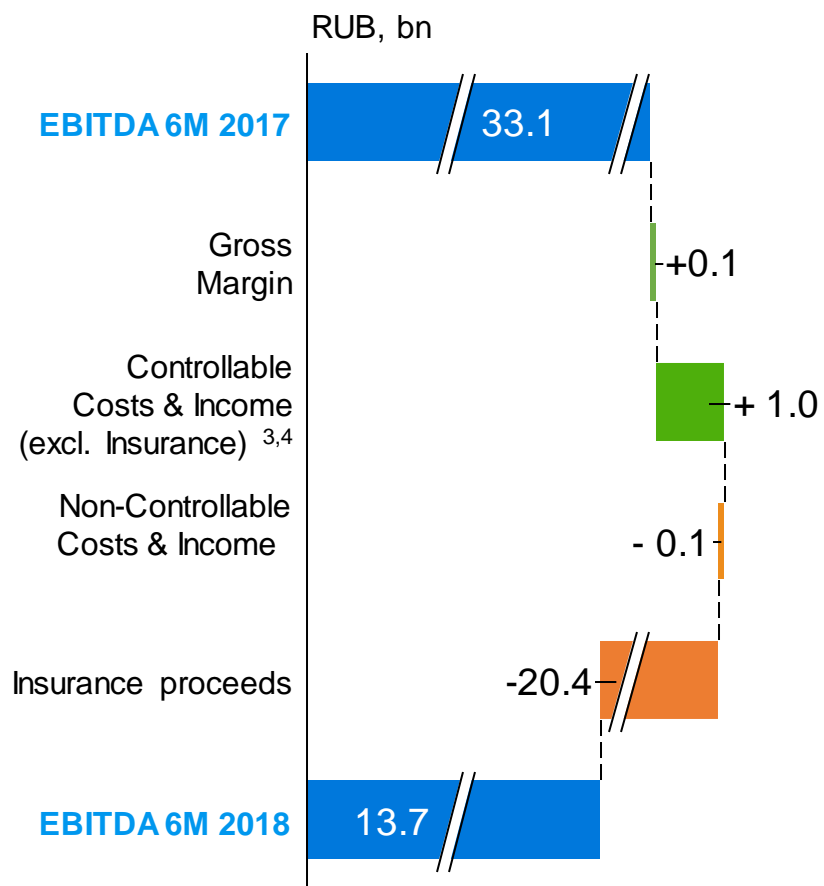


## Background

- Lower generation volumes at Surgutskaya and Berezovskaya, in both cases mostly due to effects of oversupplied market
- Surgutskaya also affected by overhaul of CCGT unit 7
- Load factor<sup>1</sup> remains above market level

# Stable underlying earnings supported by cost control and increased capacity payments

## EBITDA<sup>1</sup> drivers 6M 2018 vs. 6M 2017



### Gross margin<sup>2</sup>: +0.5% to RUB 19.7bn

- Increased capacity payments due to CSA uplift for Surgutskaya
- Negative volume effects for electricity margin
- Gas indexation leads to increased specific fuel costs

### Cost base<sup>3,4</sup>

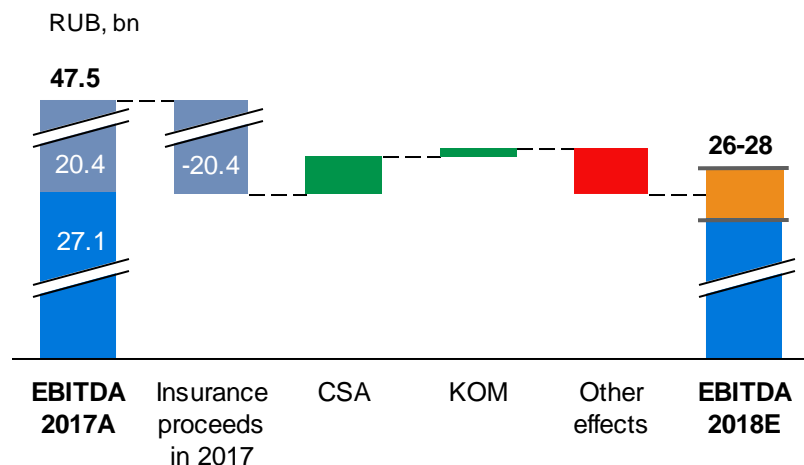
- Opex decrease at Berezovskaya 3
- Controllable costs management of underlying business
- Non-controllable costs remain stable

### One-off effect:

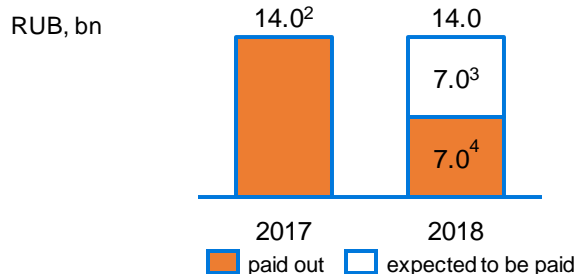
- Insurance proceeds: RUB 20.4bn in Q2'17

# Outlook 2018 unchanged

## EBITDA – main drivers 2018 vs 2017



## Dividends by payout year<sup>1</sup>



## EBITDA outlook 2018

- Stable underlying results expected
- Further positive effects from capacity payments
- Continuous pressure on electricity earnings due to overcapacities
- **EBITDA 2018 expected in range of RUB 26-28bn**

## Dividends

- RUB 7bn paid in Jul'18<sup>3</sup>
- RUB ~7bn payout expected in Dec'18<sup>4</sup>



## Appendix

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# Financials

## Key P&L items, in RUBbn

RUBbn	6M 2017	6M 2018
<b>Sales<sup>1</sup></b>	<b>37.2</b>	<b>37.3</b>
Fuel costs	-16.4	-16.3
Other costs of sale	-1.2	-1.4
<b>Gross Margin</b>	<b>19.6</b>	<b>19.7</b>
Controllable costs	13.9	-5.5
<i>excluding insurance proceeds<sup>2</sup></i>	-6.5	-5.5
Non-controllable costs	-1.0	-0.8
Other operating income <sup>3</sup>	0.6	0.3
<b>EBITDA</b>	<b>33.1</b>	<b>13.7</b>
<b>EBIT</b>	<b>30.1</b>	<b>10.6</b>
Underlying net income	24.5	8.6

# Operating KPIs

## Operating KPIs per power plant

	Gross MW installed <sup>1</sup>	CSA MW installed <sup>1</sup>	Load Factor	Load Factor	TWh produced <sup>2</sup>	TWh produced <sup>2</sup>
	6M 2018	6M 2018	6M 2017	6M 2018	6M 2017	6M 2018
Surgutskaya-2	5,657	797	67.0%	58.7%	16.5	14.4
Berezovskaya <sup>3</sup>	2,400	800	32.4%	28.6%	3.4	3.0
Shaturskaya	1,493	393	23.4%	33.9%	1.5	2.2
Smolenskaya	630	0	25.0%	24.1%	0.7	0.7
Yaivinskaya	1,048	448	55.3%	53.4%	2.5	2.4
<b>Unipro total</b>	<b>11,229</b>	<b>2,439</b>	<b>50.3%</b>	<b>46.5%</b>	<b>24.5</b>	<b>22.7</b>

# Earnings streams

## Earnings streams per component<sup>1</sup>

	Electricity sales in TWh <sup>2</sup>	Capacity sales in GW <sup>3</sup>	Average price or tariff	Average price or tariff
	6M 2018	6M 2018	6M 2017	6M 2018
Electricity, DAM Zone 1	15.2	-	938 RUB/MWh	979 RUB/MWh
Electricity, DAM Zone 2	2.6	-	840 RUB/MWh	852 RUB/MWh
Electricity, regulated	5.6	-	701 RUB/MWh	710 RUB/MWh
Capacity, KOM Zone 1	-	4.7	119 kRUB/MW/month	120 kRUB/MW/month
Capacity, KOM Zone 2	-	1.0	188 kRUB/MW/month	199 kRUB/MW/month
Capacity, CSA Zone 1	-	1.6	910 kRUB/MW/month	1 068 kRUB/MW/month
Capacity, regulated	-	2.5	114 kRUB/MW/month	121 kRUB/MW/month

# Reporting calendar & contacts

## Reporting calendar

Date	Event
October 23, 2018	Publication of RAS financial statements of Unipro PJSC for 9 months of 2018
November 13, 2018	Publication of IFRS financial results of Unipro Group for 9 months of 2018

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