



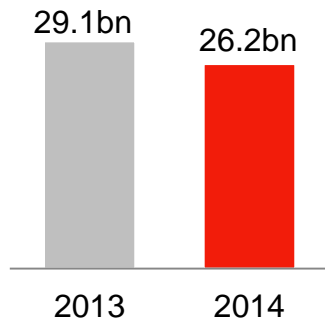
# E.ON Russia 2014 full year results

17 March 2015

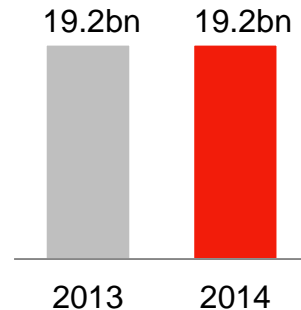
**e-on**

# 2014 full year results<sup>1</sup>

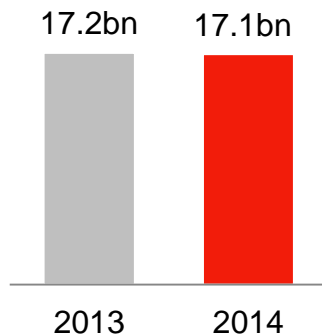
## EBITDA<sup>2</sup>



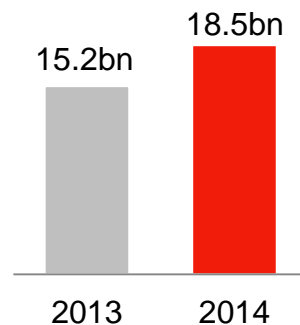
## EBIT<sup>2</sup>



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



## Capex



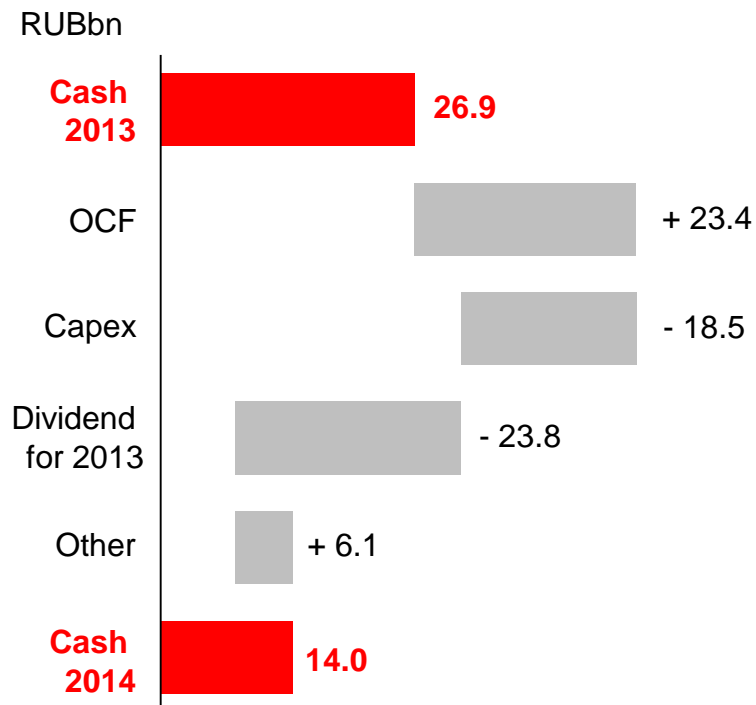
- Earnings decline mainly due to lower gross margin
  - Reduced capacity payments (KOM) for Berezovskaya
  - Lower power output, partly compensated by higher electricity prices
  - Higher gas procurement costs
- Capex increase as planned - mainly allocated to Berezovskaya new build
- Berezovskaya new build project well on track. Planned commissioning: First half 2015

<sup>1</sup> E.ON Russia IFRS stand alone, in RUB

<sup>2</sup> Adjusted for extraordinary effects

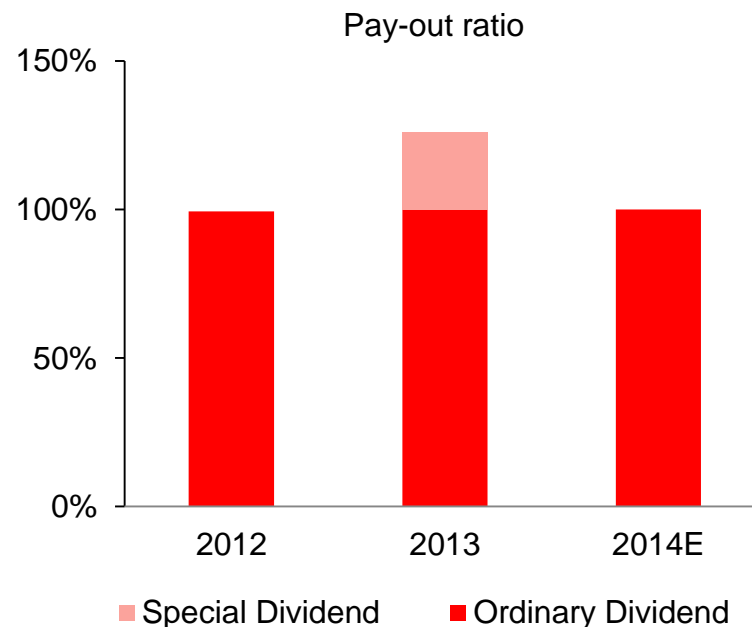
# Dividend

## Free cash flow



**Strong basis for dividend payout in 2015**

## Dividend



RUBbn	2012A	2013A	2014E
Dividend	18.3 <sup>1</sup>	23.9 <sup>2</sup>	100% <sup>3</sup>

1 99% pay-out ratio related to net income 2012 according IFRS

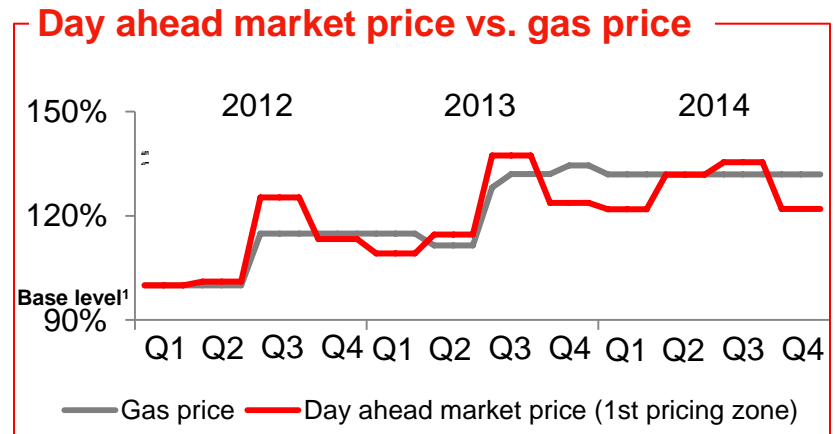
2 100% pay-out ratio related to net income 2013 according to Russian GAAP + special dividend of RUB5bn

3 100% pay-out ratio related to net income 2014 according to Russian GAAP, to be approved by Annual Shareholders Meeting

# Market environment

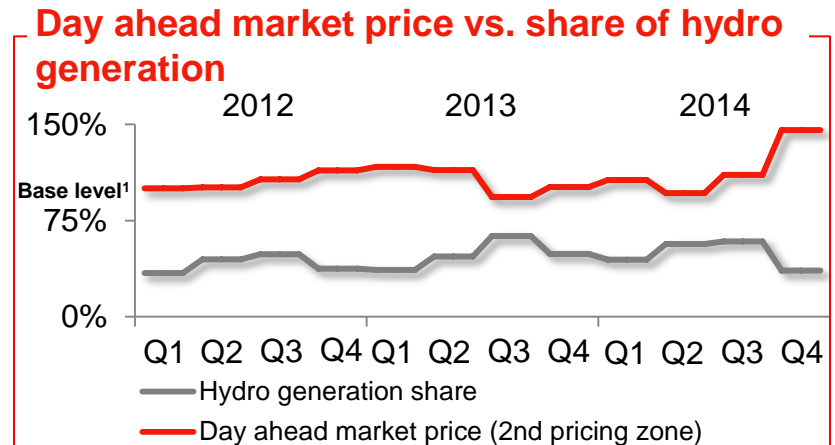
## 1<sup>st</sup> pricing zone

- Day ahead market price +5.3% YoY
- Overcapacity due to the commissioning of new capacity under capacity supply agreements



## 2<sup>nd</sup> pricing zone

- Day ahead market price +8.0% YoY
- Low water inflow in Siberia since September



# Regulation

## Capacity Supply Agreements (CSA)

- Capacity payments in 2015 will benefit due to state bonds yield increase
- Increase in duration from 10 to 15 years not yet decided

## Competitive Price Auction (KOM)

- All capacities in 1<sup>st</sup> pricing zone were elected or received must-run status
- Capacity price for Berezovskaya in Siberia up by 250% in 2015 compared to 2014
- Revision of the capacity market rules not yet decided

## Penalties for unplanned outages

- No significant increase of penalties in 2015
- Today, no decision about further increase of penalties for unplanned outages

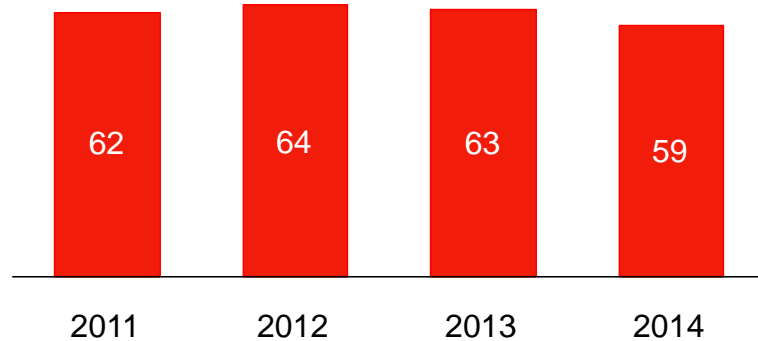
## Indexation

- Gas price indexation expected in July 2015 at level below inflation
- Indexation of regulated tariffs is under discussion
- KOM prices received indexation in 2014 instead of 2015

# Operational development

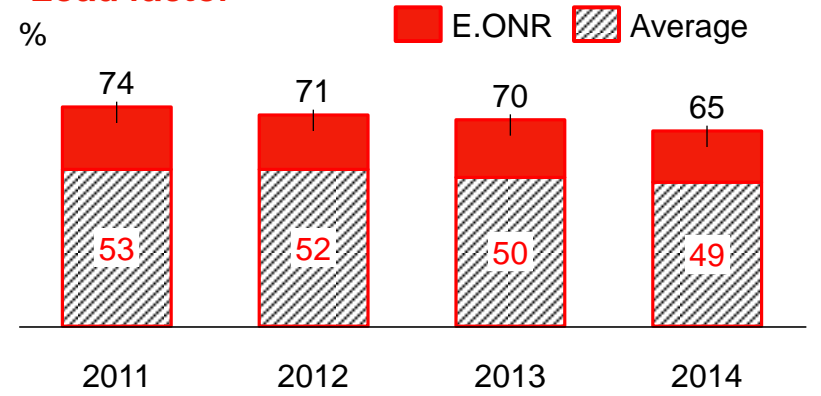
## Electric power generation

TWh



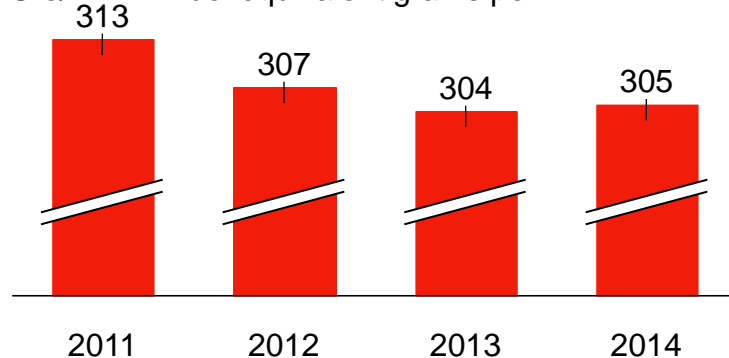
## Load factor

%



## Efficiency

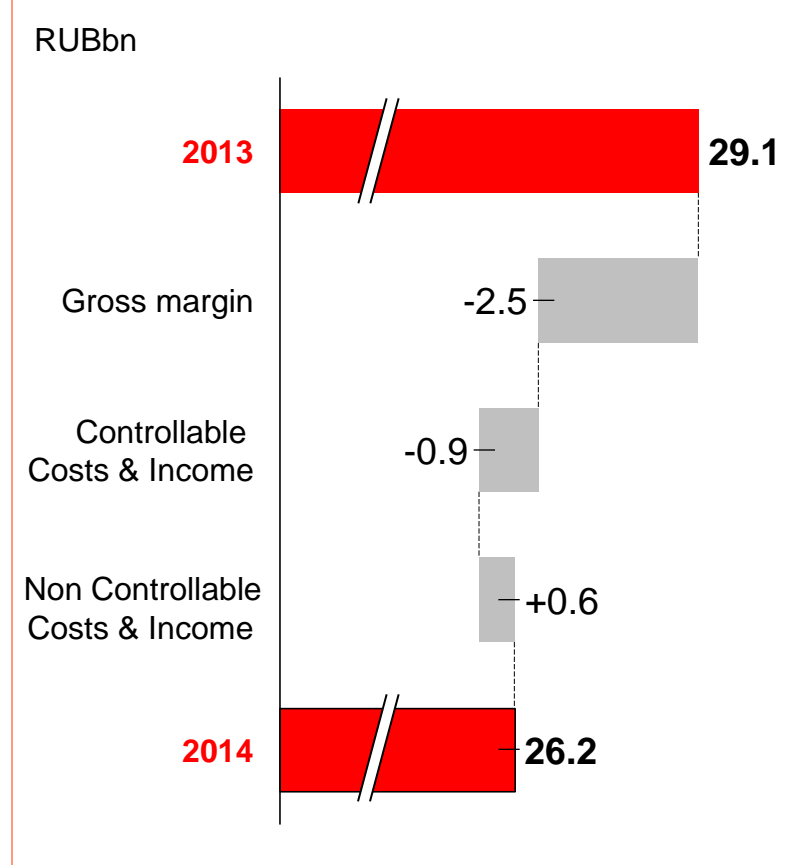
Gfe/kWh – Fuel equivalent grams per 1 kWh



- Power generation declined by 6.3%:
  - mainly due to planned inspections of CCGTs,
  - outage of the Surgut CCGT unit 7 due to generator failure and
  - connection of 3<sup>rd</sup> unit Berezovskaya to ash removal system
- Load factor and fuel efficiency remain on the highest level in the market

# Earnings development

## EBITDA drivers 2014 vs. 2013



### Gross margin: -6.5% to RUB 36.6bn

- Reduced capacity payments (KOM) for Berezovskaya
- Lower power output, partly compensated by higher electricity prices
- Higher gas procurement costs

### Controllable costs up 11% to RUB 9.4bn

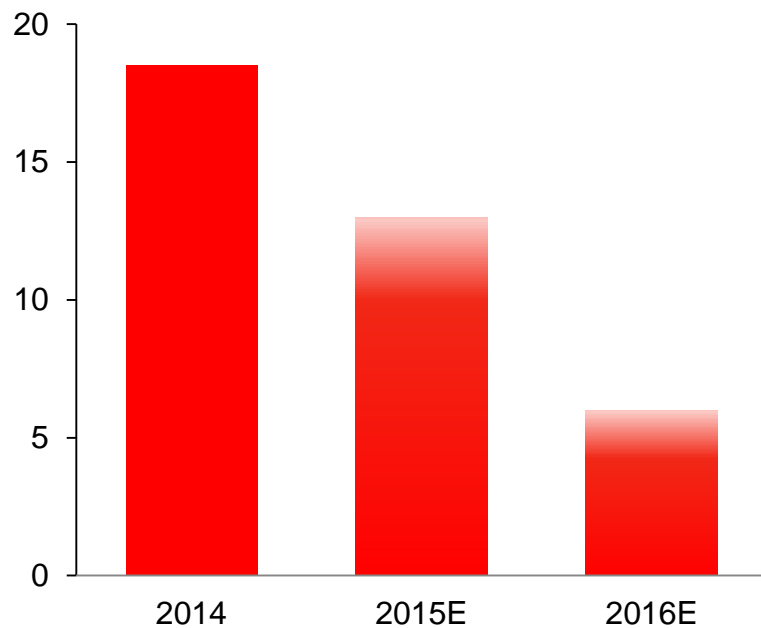
- Increase of personnel costs at inflation
- Increase of property tax after significant tax refund in 2013

### Non controllable costs down 18% to RUB 2.1bn

- Significant improvement of debtors' payment discipline

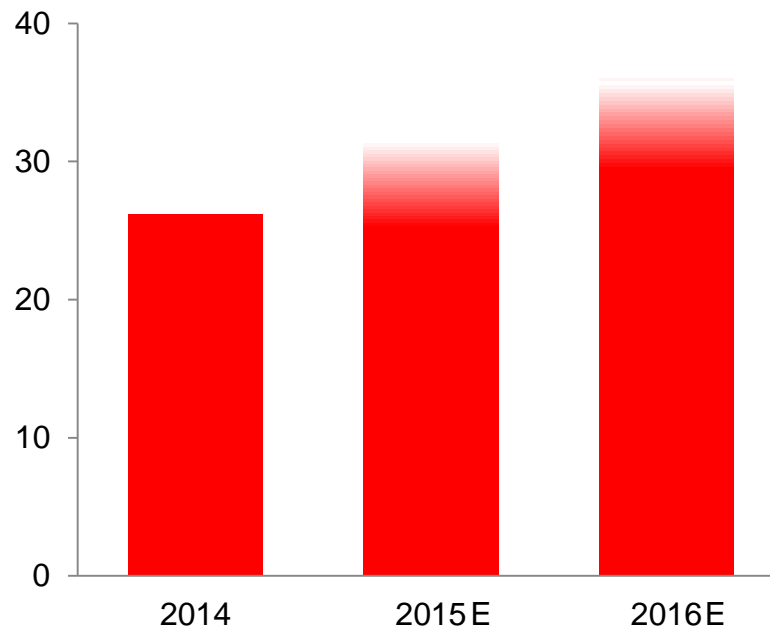
# Financial Outlook

Capex (RUBbn)



Decline of capex reflects the completion of Berezovskaya in 2015

EBITDA (RUBbn)<sup>1</sup>



Increase of EBITDA reflects start up of Berezovskaya in 2015



# E.ON Russia IR - Reporting calendar & contact

## Reporting calendar

Date	Event
March 23, 2015	Publication of the RAS financial statements for 2014
April 28, 2015	Publication of the RAS financial statements of E.ON Russia for 3 months of 2015
May 12, 2015	Publication of the IFRS financial results of E.ON Russia for 3 months of 2015
July 28, 2015	Publication of the RAS statements of E.ON Russia for 6 months of 2015
August 13, 2015	Publication of the IFRS results of E.ON Russia for 6 months of 2015
October 28, 2015	Publication of the RAS statements of E.ON Russia for 9 months of 2015
November 12, 2015	Publication of the IFRS financial results of E.ON Russia for 9 months of 2015

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