



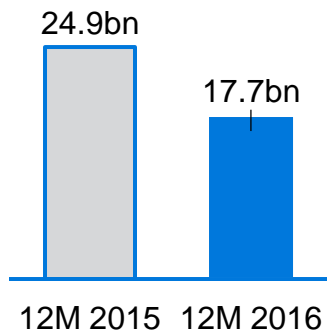
# Unipro PJSC 2016 Full year results

16 March 2017

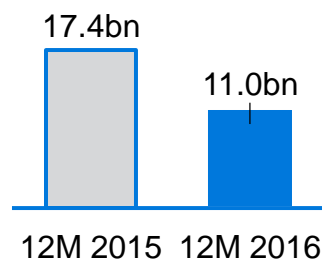


# 2016 results – stable operating earnings hit by a one off effect

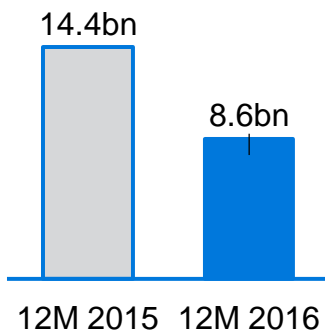
EBITDA<sup>1,2</sup>



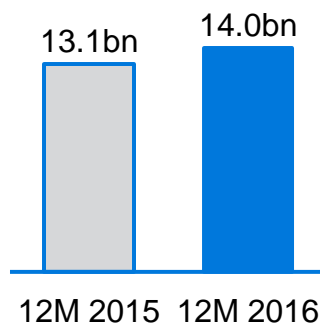
EBIT<sup>1,2</sup>



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



Capex<sup>3</sup>



## Highlights

- Stable underlying business
- Earnings decline mainly due to reduction of the carrying amount of Berezovskaya unit 3 by RUB 10.6bn<sup>1</sup> caused by the accident in February 2016
- Solid operating results: higher availability of Surgutskaya-2, increase of capacity payments under CSA
- Capex includes prepayment for boiler repair parts of Berezovskaya unit 3

# Berezovskaya unit 3 – key project on the management agenda



## Update on repair process

- No capacity payments (CSA) expected in 2018
- Current status: preparation of dismantling
- Boiler repair parts and equipment ordered and expected to be delivered in accordance with schedule

## Update on insurance

- First insurance payment of RUB5.7bn received in 2016, further proceeds of ~RUB20bn expected in 2017
- Insurance contracts for business interruption, property damage and for construction risks have been successfully extended

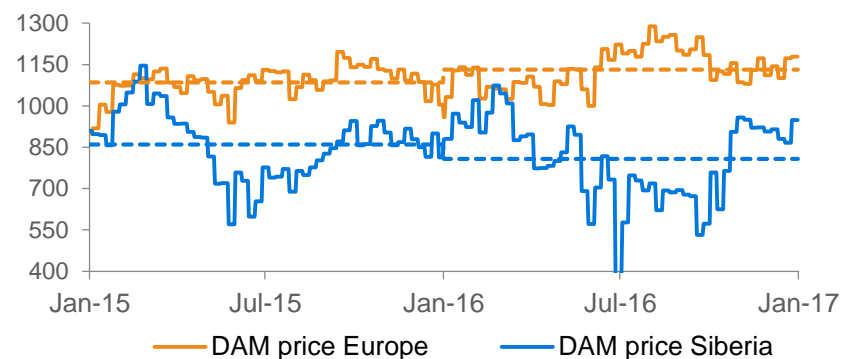
# Mixed picture regarding market environment

## European Zone

Day ahead market price +4.3% YoY, due to:

- Gas tariff indexation by +7.5% in July 2015
- Growth of consumption caused by temperature fluctuation

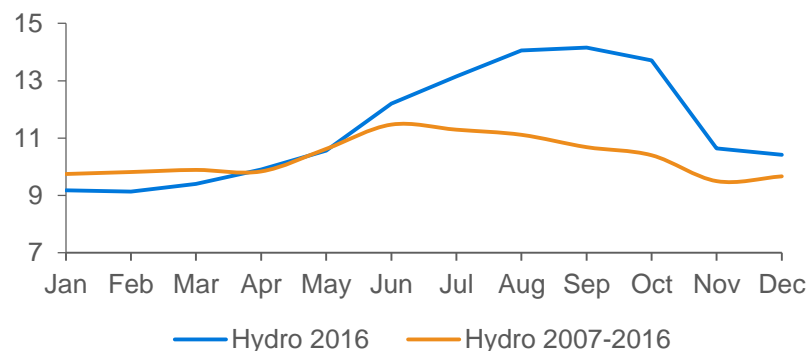
DAM price (weekly average, RUB/MWh)



## Siberian Zone

- Day ahead market price -6.0% YoY due to higher hydro generation
- Historical minimum of load factors for Berezovskaya units 1-2: 49% in 2016 vs. ~70% as average of last 10 years

Siberian zone: hydro generation, average GWh

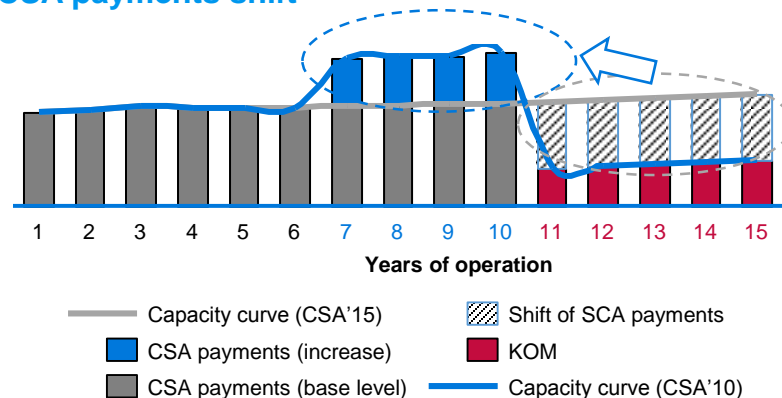


# Favorable regulatory updates

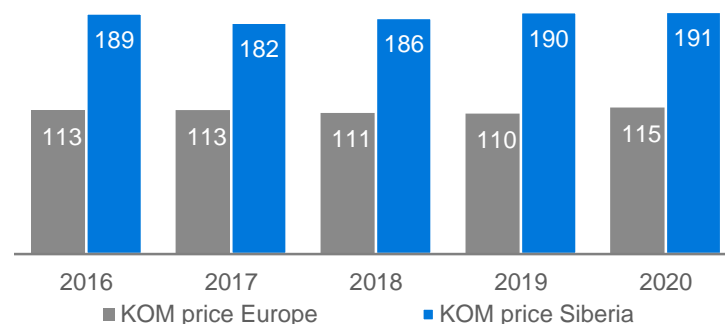
## Main factors

- Decision by regulator to shift CSA payments from period of years 11-15 into years 7-10 of the contract, leading to significant increase of earnings for each CSA capacity in the 7<sup>th</sup> to 10<sup>th</sup> year of operation
- Gas tariff indexation was +7.5% in July 2015 and was paused in 2016
- KOM results for 2020: resulting tariff was +4.3% vs 2019 in Europe and in line with 2019 in Siberia
- Decision to increase penalties for unavailability was postponed from 2017 to 2018

## CSA payments shift



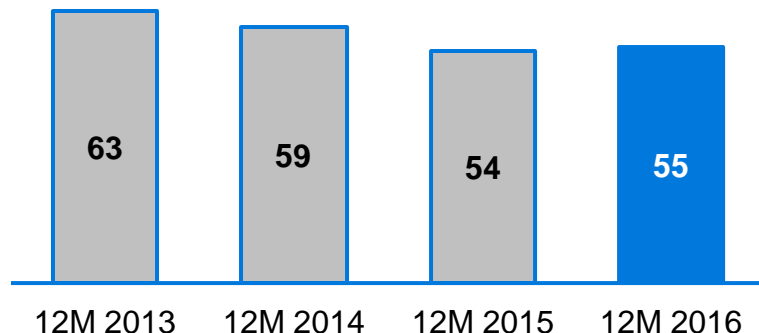
## KOM price (real prices, kRUB/MW/month)



# Solid operational development

## Electric power generation

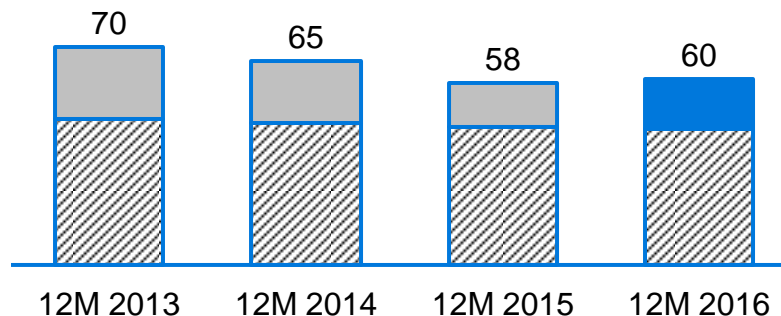
TWh



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

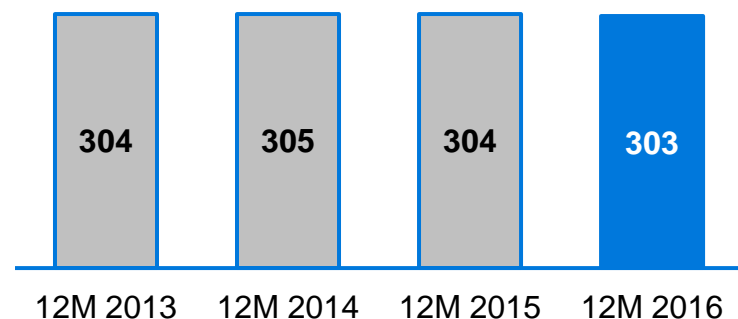
%

Unipro PJSC Market average



## Efficiency

Gfe/kWh – Fuel equivalent grams per 1 kWh

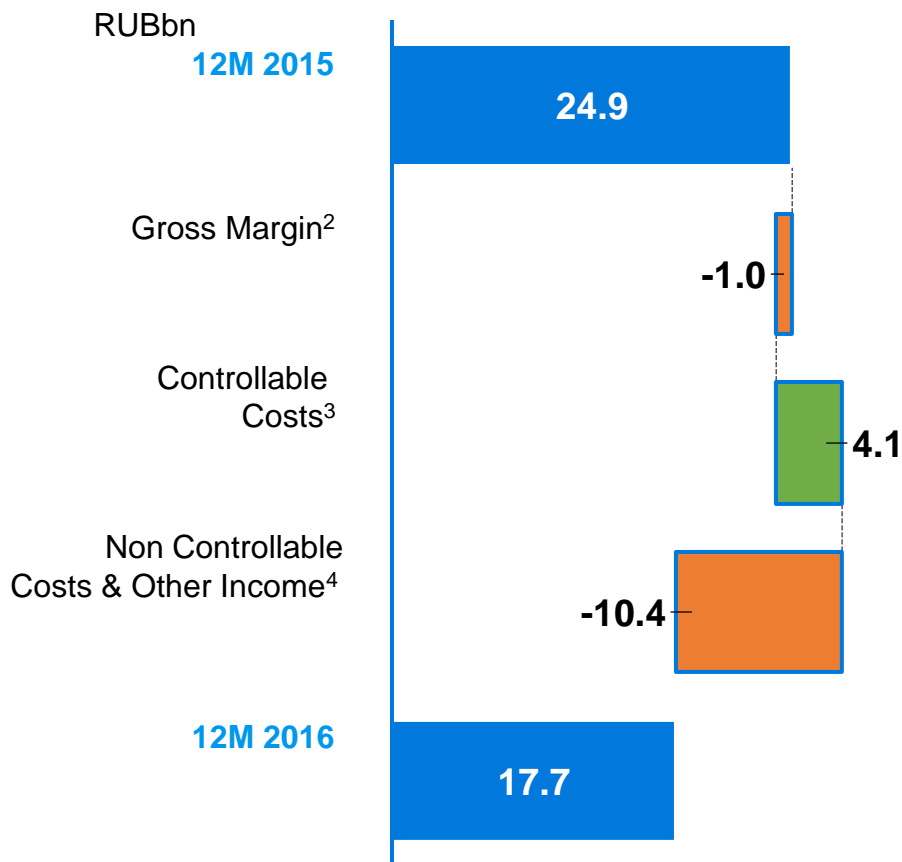


## Background

- Power generation<sup>1</sup> increased by 1.7% YoY mainly because of Surgutskaya-2's higher load factor in 2016 due to effects of the previous year's outage
- Unipro PJSC's load factor<sup>1</sup> increased, while market average remains stable
- Strict control of fuel expenses

# Earnings development affected by Berezovskaya accident

## EBITDA<sup>1</sup> drivers 12M 2016 vs. 12M 2015



### Gross margin: -2.6% to RUB 35.9bn<sup>2</sup>

- Berezovskaya unit 3 had three months of production in 2015 vs. one month in 2016
- Higher power production of Surgutskaya-2 unit 4 due to last year's outage
- Increase of capacity payments under CSA mainly due to higher state bonds yield

### Controllable costs: -38.5% to RUB 6.6bn

- One-off effects in 2015: penalties for COD delay of Berezovskaya 3, repair costs and insurance proceeds at Surgutskaya-2
- Higher OPEX due to repairs of Berezovskaya 3
- Negative impact was compensated by insurance indemnity for accident at Berezovskaya 3

### Non Controllable costs: Significant increase due to one-off effect

- Reduction of the carrying amount of Berezovskaya unit 3 by RUB 10.6bn<sup>5</sup>

# Dividends and outlook – confidence despite current challenges

## Dividends

- Going forward, Unipro aims to have two dividend payouts per year
- For 9 months 2016, dividend in the amount of RUB 7.3bn has been already paid out
- Payout amount for Q4 2016 and Q1 2017 will be announced with Q1 results in May
- Besides net income, dividend payments will consider free cash flow availability

### Expected timing for future payouts

Reference period	(Expected) timing of payout
Q1-Q3 2016	Dec 2016 / Jan 2017
Q4 2016-Q1 2017	Jun/Jul 2017
Q2 2016-Q3 2017	Dec 2017 / Jan 2018

## Outlook

### Expected EBITDA effects for 2017 vs. 2016

Acceleration of CSA payments



Insurance proceeds



Reduction of the carrying amount of Berezovskaya-3 in 2016



Earnings of Berezovskaya 3 in 2016





# Appendix

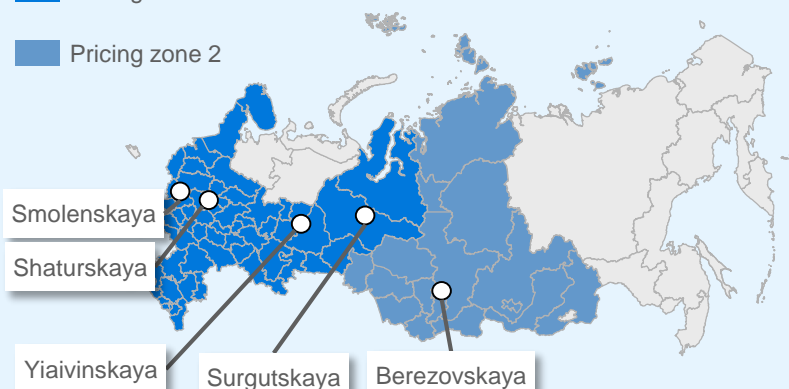
16

# Overview of Asset Portfolio

Russia 

 Pricing zone 1

 Pricing zone 2

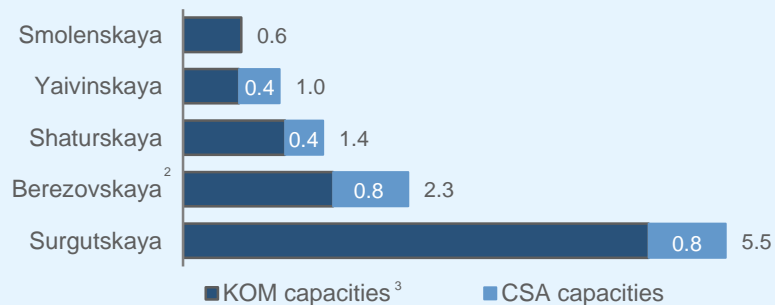


One of the largest private Russian generators

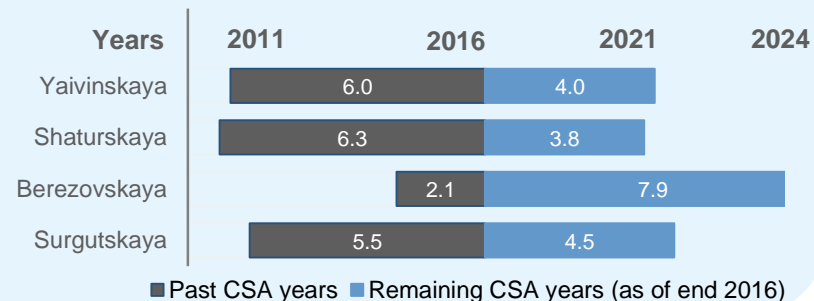
~5% of Russian electricity production<sup>4</sup>

~30% capacity increase since 2010

## 10.7 GW net capacity (GW)<sup>1</sup>



## Guaranteed return from CSA (years of payments)



# Financials

## Key P&L items, in RUBbn

RUBbn	12M 2015	12M 2016
<b>Sales<sup>1</sup></b>	<b>75.6</b>	<b>77.0</b>
Fuel costs	-35.5	-37.9
Other costs of sale	-3.2	-3.1
<b>Gross Margin</b>	<b>36.9</b>	<b>36.0</b>
Controllable costs	-10.7	-6.6
Non-controllable costs	-2.4	-12.7
Other operating income <sup>2</sup>	1.1	1.0
<b>EBITDA</b>	<b>24.9</b>	<b>17.7</b>
<b>EBIT</b>	<b>17.4</b>	<b>11.0</b>
Underlying Net income	14.4	8.6
<b>Dividend</b>	<b>12.4</b>	<b>7.3<sup>3</sup></b>

# Operating KPIs

## Operating KPIs per power plant

	Gross MW installed <sup>1</sup> , 2016		Load Factor	Load Factor	TWh produced <sup>2</sup>	TWh produced <sup>2</sup>
	Total	CSA	12M 2015	12M 2016	12M 2015	12M 2016
Surgutskaya-2	5,657	797	67%	72%	32.8	35.7
Berezovskaya <sup>3</sup>	2,400	800	56%	34%	9.0	7.1
Shaturskaya	1,493	393	37%	40%	4.9	5.3
Smolenskaya	630	0	35%	28%	1.9	1.6
Yaivinskaya	1,025	425	57%	54%	5.1	4.9
<b>Unipro total</b>	<b>11,205</b>	<b>2,415</b>	<b>58%</b>	<b>55%</b>	<b>53.8</b>	<b>54.5</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
	12M 2016	12M 2016	12M 2015	12M 2016
Electricity, DAM Zone 1	40.0	-	969 RUB/MWh	975 RUB/MWh
Electricity, DAM Zone 2	6.5	-	886 RUB/MWh	848 RUB/MWh
Electricity, regulated	10.5	-	685 RUB/MWh	696 RUB/MWh
Capacity, KOM Zone 1	-	4.8	127 kRUB/MW/month	113 kRUB/MW/month
Capacity, KOM Zone 2	-	1.2	178 kRUB/MW/month	189 kRUB/MW/month
Capacity, CSA Zone 1	-	1.5	575 kRUB/MW/month	667 kRUB/MW/month
Capacity, regulated	-	2.3	104 kRUB/MW/month	110 kRUB/MW/month

# Reporting calendar & contacts

## Reporting calendar

Date	Event
March 21, 2017	Publication of RAS financial statements of Unipro PJSC for 2016
April 21, 2017	Publication of RAS financial statements of Unipro PJSC for 3 months of 2017
May 10, 2017	Publication of IFRS financial results of Unipro Group for 3 months of 2017
July 21, 2017	Publication of RAS financial statements of Unipro PJSC for 6 months of 2017
August 08, 2017	Publication of IFRS financial information of Unipro Group for 6 months of 2017
October 23, 2017	Publication of RAS financial statements of Unipro PJSC for 9 months of 2017
November 07, 2017	Publication of IFRS financial results of Unipro Group for 9 months of 2017

## Contacts

Dmitri Ermilichev	Email: <a href="mailto:Ermilichev_D@unipro.energy">Ermilichev_D@unipro.energy</a>	Phone: +7 (495)545-3838
Mikhail Prokhorov	Email: <a href="mailto:Mikhail.Prokhorov@uniper.energy">Mikhail.Prokhorov@uniper.energy</a>	Phone: +49 (211)4579-4484

# Disclaimer

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Unipro Group and other information currently available to Unipro Group. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Unipro Group does not intend, and does not assume any liability whatsoever, to update these forward-looking statements or to conform them to future events or developments.