



# OGK-2 Group

## 6M 2016 IFRS Results

August 23, 2016

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

	6M 2015	6M 2016	Change
Electricity Output, mn kWh	32,360	31,179	-3.7%
Effective Electricity Output Without Regard to Financial Operations, mn kWh	30,285	29,278	-3.3%
Useful Heat Output, thousand Gcal	3,321	3,517	+5.9%
Fuel Rate on Electricity, g/kWh	344.8	336.8	-2.3%
Fuel Rate on Heat, kg/Gcal	151.1	152.9	+1.2%
Installed Capacity Load Factor, %	41.4	38.6	-2.8 p.p.

## Financial Highlights<sup>4</sup>, mn RUR

	6M 2015	6M 2016	Change
<b>Revenue</b>	56,111	59,720	+6.4%
Operating Expenses, incl.	(51,966)	(54,982)	+5.8%
Variable Costs <sup>2</sup>	(36,974)	(36,425)	-1.5%
Fixed Costs <sup>2</sup>	(11,902)	(14,627)	+22.9%
Depreciation and Amortization	(3,090)	(3,930)	+27.2%
Other Operating Income (Expense)	7	(49)	-
Operating Profit	4,152	4,689	+12.9%
<b>EBITDA<sup>3</sup></b>	7,242	8,619	+19.0%
Profit/ Total Comprehensive Income for the Period	3,320	2,419	-27.1%

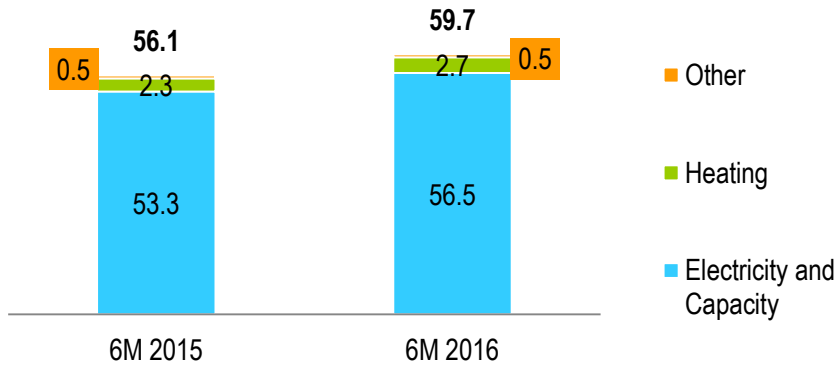
<sup>1</sup> Management report data

<sup>2</sup> Variable and fixed costs classification is based upon management report methodology

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

<sup>4</sup> Here and further P&L Statement data for 6M 2015 was restated to account for acquisition of an enterprise under common control

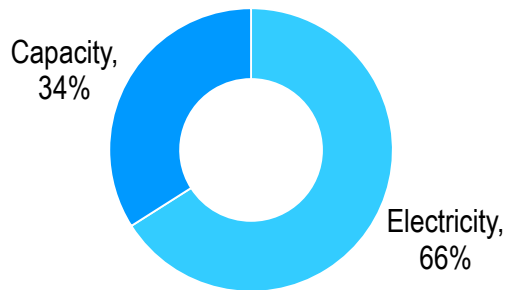
## Revenue Structure, bn RUR



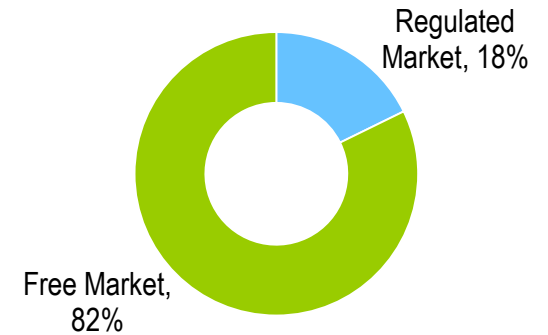
## Prices and Tariffs<sup>1</sup>

	6M 2016
Average electricity price at the free market, RUR/MWh	1 106.4
Average heat tariff, RUR/Gcal	766.2
Average price for new capacity, RUR/MW per month	576,657.7
Average price for old capacity, RUR/MW per month	119,532.0

## Electricity and Capacity Wholesale Market Revenue Structure for 6M 2016 r.<sup>1</sup>



## Structure of Electricity Sales Volume at the Wholesale Market for 6M 2016<sup>1</sup>



<sup>1</sup> Management report data

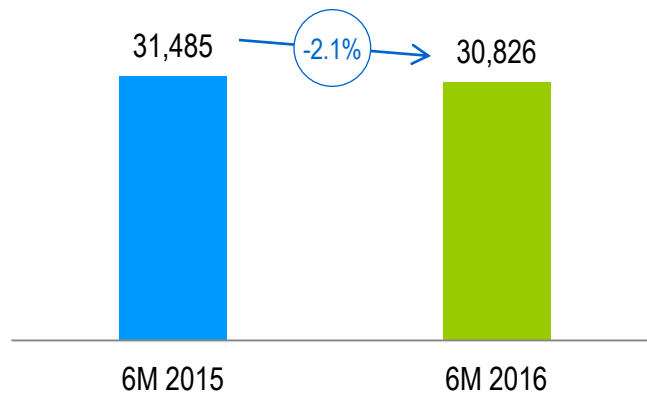
## Variable Costs Change Factors

- Decrease of fuel expenses was due to lower electricity production at unprofitable equipment
- Lower ecology payments resulted from decreased expenses at Troitskaya station on the back of equipment in reserve, as well as declining FX rate of Kazakh tenge vs. Russian rouble

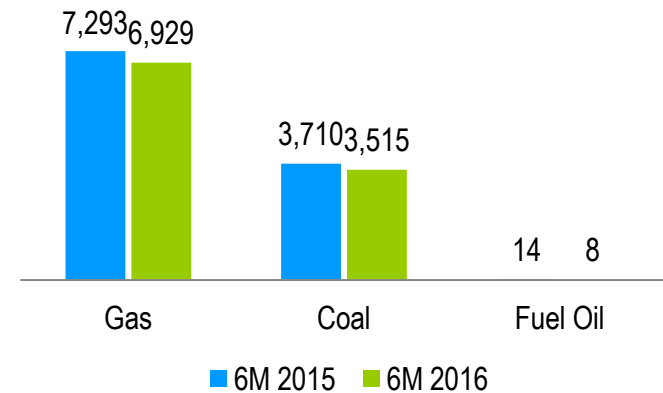
## Variable Costs Structure, mn RUR

	6M 2015	6M 2016	Change
Fuel Expenses	31,485	30,826	-2.1%
Purchased Heat and Electricity	5,254	5,451	+3.7%
Other Variable Costs	235	148	-37.3%
<b>Total Variable Costs</b>	<b>36,974</b>	<b>36,425</b>	<b>-1.5%</b>

## Fuel Expenses, mn RUR



## Fuel Consumption, thous. t



<sup>1</sup> Management report data

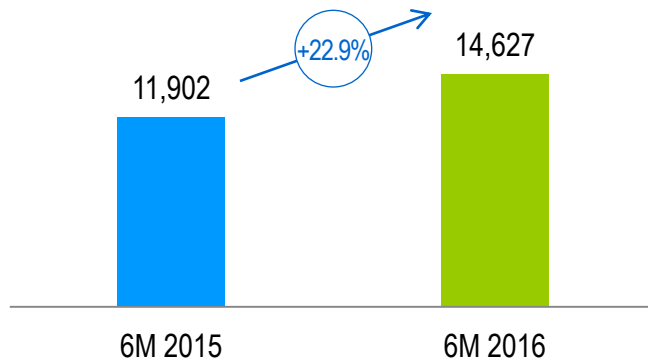
## Fixed Costs and Depreciation Change Factors

- Increased maintenance and repair expenses were due to growing maintenance costs for gas turbines at Adlerskaya and Kirishskaya stations
- Taxes and depreciation grew mainly on the account of capacity commissioning under CSA at Serovskaya and Ryazanskaya stations in December 2015. Depreciation growth was also backed by commissioning at Novocherkasskaya station in May 2016
- The decrease of rent is due mainly to lower rental payments for land at Serovskaya and Kirishskaya stations
- Higher other fixed costs were due to growing raw and other materials costs, generated by maintenance service of gas turbines at Adlerskaya and Kirishskaya stations

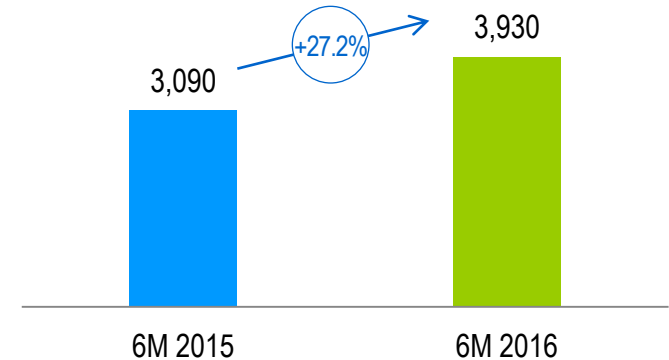
## Fixed Costs Structure, mn RUR

	6M 2015	6M 2016	Change
Employee Benefit	3,860	3,931	+1.8%
Maintenance and Repair Expenses	1,315	1,888	+43.6%
Fee of the System Operator	976	998	+2.3%
Taxes Other than Income Tax	1,309	1,549	+18.3%
Rent	1,279	1,161	-9.2%
Other Fixed Costs	3,163	5,100	+61.3%
<b>Total Fixed Costs</b>	<b>11,902</b>	<b>14,627</b>	<b>+22.9%</b>

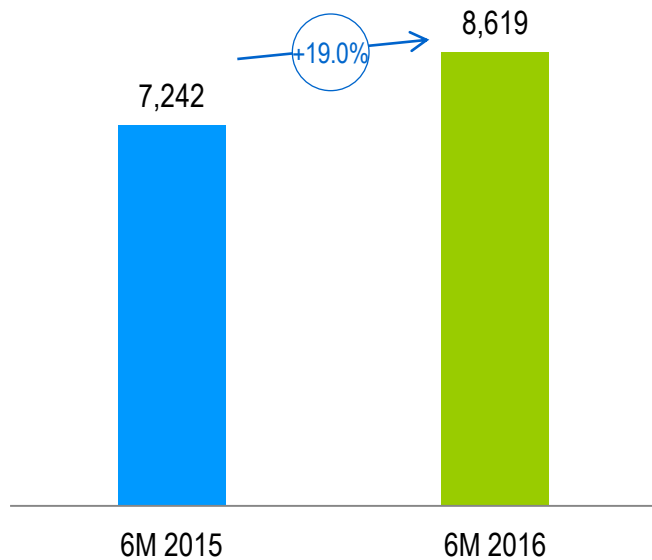
## Total Fixed Costs, mn RUR



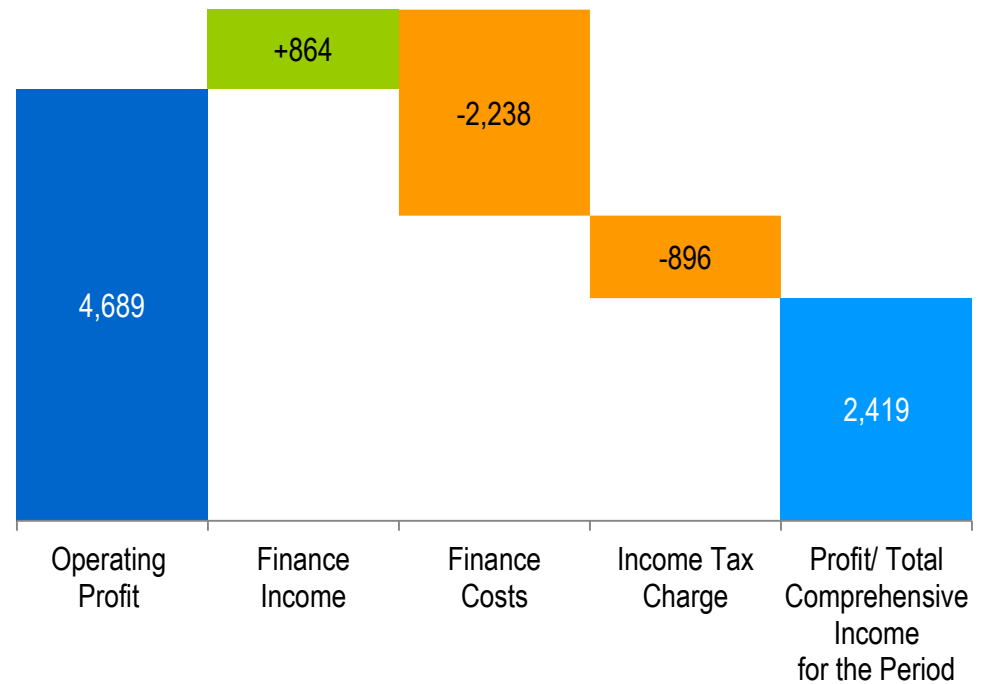
## Depreciation and Amortization, mn RUR



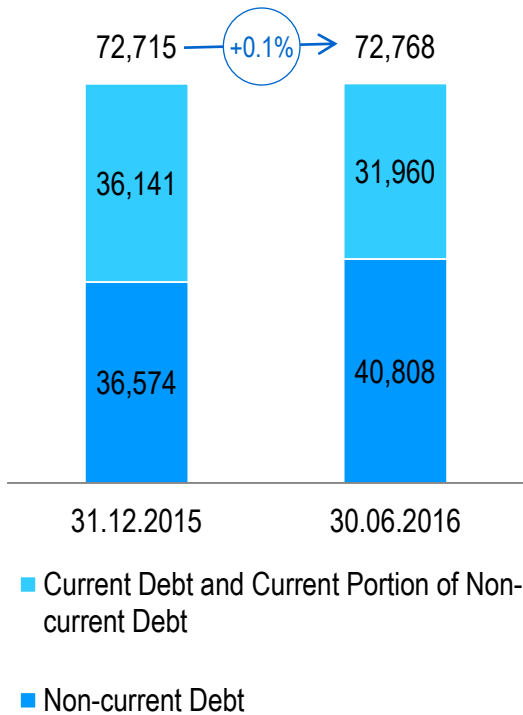
EBITDA, mn RUR



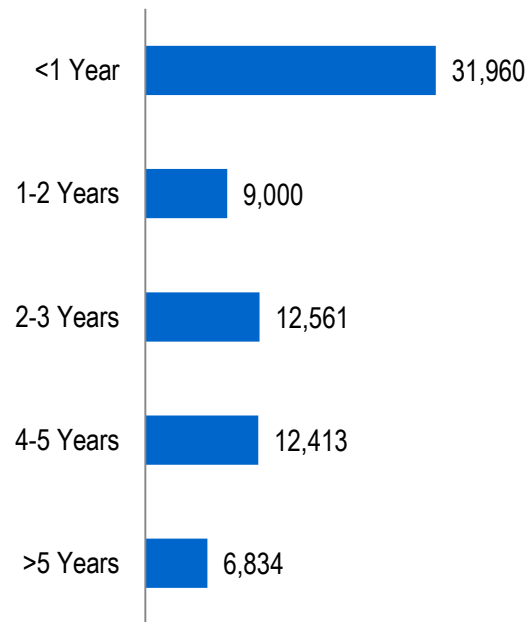
Profit Bridge for 6M 2016, mn RUR



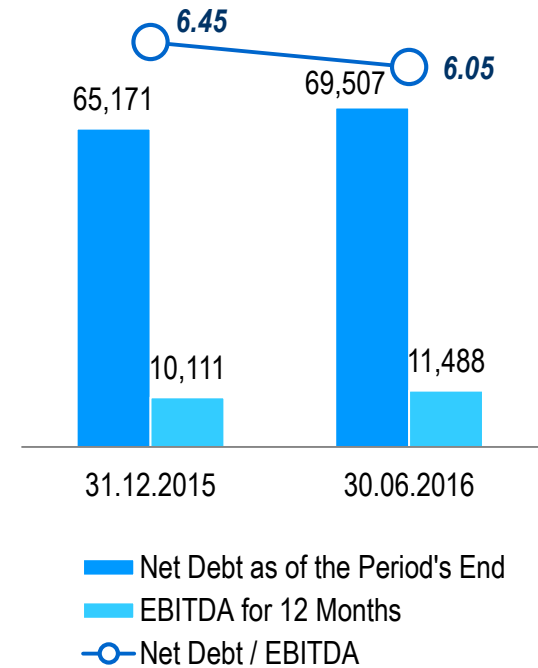
### Debt Structure, mn RUR



### Maturity Profile, as of June 30, 2016, mn RUR



### Net Debt, mn RUR<sup>1</sup>

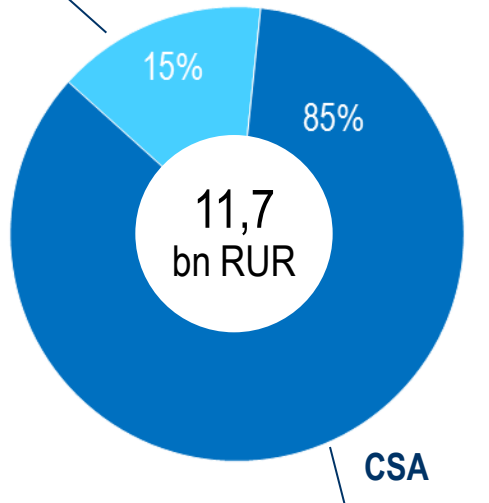


<sup>1</sup> Net debt = Total amount of borrowings less cash and cash equivalents



## Investment activity financing for 6M 2016<sup>1</sup>, bn RUR

### Modernization and reconstruction



## Commissioned under CSA Program

Station	CSA Units Capacity Increase	CSA Units Installed Capacity
SDPP-24	110	420
Kirishskaya	540	800
Adlerskaya	360	360
Novocherkasskaya	36	300
Cherepovetskaya	420	420
Ryazanskaya	60	330
Serovskaya	420	420
Novocherkasskaya (unit 9)	330	330
Troitskaya	660	660
<b>Total</b>	<b>2,936MW</b>	<b>4,040 MW</b>

<sup>1</sup> Net of capitalized interest, VAT included

# Thank You For Your Attention!

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