



## PRESS RELEASE

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## ENEL RUSSIA 1Q 2018 RESULTS IN LINE WITH CHALLENGING MARKET SCENARIO

- *Company's results were impacted by overcapacity in the system affecting both operating performance and power prices*

### MAIN FINANCIAL HIGHLIGHTS (millions of RUB)

|                                   | 1Q 2018 | 1Q 2017             | Change |
|-----------------------------------|---------|---------------------|--------|
| Revenues                          | 18,542  | 19,510              | -5.0%  |
| EBITDA                            | 4,600   | 5,491               | -16.2% |
| EBIT                              | 3,561   | 4,625               | -23.0% |
| Net income                        | 2,319   | 3,100               | -25.2% |
| Net debt at the end of the period | 17,453  | 17,889 <sup>1</sup> | -2.4%  |

**Carlo Palasciano Villamagna**, General Director of Enel Russia, commented: *"We are focused on delivering our strategic targets while continuing to address the current market situation characterised by persistent overcapacity and lower power demand in some of our areas of presence. The impact of these challenges on our results confirmed our conservative operating and pricing assumptions for 2018."*

**Moscow, April 26<sup>th</sup>, 2018** – PJSC Enel Russia has published its operating and unaudited financial highlights for the first quarter of 2018 in accordance with the International Financial Reporting Standards (IFRS).

- **Revenues** declined, mainly reflecting:
  - reduced production on all of the company's facilities, with the exception of CCGT units, due to the System Operator's lower equipment use, which was in turn driven by overcapacity as well as by the Urals region's weaker electricity consumption;
  - a slight decrease in capacity revenues, since the government bond yield, one of the components for the calculation of DPM tariff, is lower in 2018;
  - the higher amount of non-payers under regulated contracts, whose revenues are subject to the application of the new standard IFRS 15 "Revenue arising from contracts with customers."

Higher regulated sales with annual tariffs increase could only partially offset the aforementioned decline in revenues.

<sup>1</sup> As of December 31<sup>st</sup>, 2017



- **EBITDA** declined in line with:
  - lower revenues;
  - higher fixed costs driven by the property tax on movable assets as of 2018.

This decrease was partially offset by lower fuel costs caused by lower electricity production.

- The decrease in **EBIT** reflected EBITDA dynamics, as well as higher depreciation and amortisation together with slightly higher accruals for bad debt.
- **Net income** reflected EBIT decline, partially offset by lower net financial charges which were mainly attributable to lower average debt level compared with 1Q 2017, also backed by a downward trend in the key rate of the Central bank of Russia.
- **Net debt** at the end of the first quarter of 2018 slightly improved against the value posted as of December 31<sup>st</sup>, 2017, as operating cash flow covered the payments made over the period and the negative translation effect of the euro-denominated loan due to the weaker rouble.

## OPERATIONAL HIGHLIGHTS

|                            | 1Q 2018 | 1Q 2017 | Change |
|----------------------------|---------|---------|--------|
| Net power output (GWh)     | 9,673   | 10,113  | -4.3%  |
| Power sales (GWh)          | 10,993  | 11,629  | -5.5%  |
| Heat sales (thousand Gcal) | 1,887   | 1,920   | -1.7%  |

- **Net power output** declined due to lower production on all units, except the two CCGTs at Sredneuralskaya and Nevinnomysskaya. All conventional gas facilities remained under pressure due to excess capacity on the market, specifically:
  - Konakovskaya output dropped by 9.3%, mainly due to higher hydro production in the Middle Volga and Central regions;
  - Sredneuralskaya output declined by 3.4%, affected by new thermal entrants in the Urals in 2017 and 2018, as well as by the stagnation of power consumption in the region.

The growth of electricity demand in the Southern region could offset the effect of additional capacity commissioned in 2018 by competitors across the region and supported Nevinnomysskaya output that declined only marginally (-1.1%) due to planned maintenance.

Reftinskaya output was 5% down due to decrease of power consumption in Urals region.

- **Power sales** were down due to the abovementioned dynamics of net power output.
- **Heat sales** were roughly in line with those of the first quarter of 2017.

### About Enel Russia

An Enel Group subsidiary, PJSC Enel Russia operates the following power plants: Konakovskaya GRES, Nevinnomysskaya GRES, Sredneuralskaya GRES and Reftinskaya GRES. The company's total gross installed electrical capacity is 9,428.7 MW (equivalent to 8,878.4 MW net installed capacity) and thermal capacity is 2.382 Gcal/h. PJSC Enel Russia's authorised capital is 35,371,898,370 roubles, which is divided into ordinary shares with a par value of 1 rouble. The Enel Investment Holding B.V. share in the company's authorised capital is 56.43%, PFR Partners Fund I Limited's share is 19.03%, VTB Bank's share is 3.87%, Prosperity Capital Management Limited's share is 8.23% and other minority shareholders' share is 12.44%. PJSC Enel Russia shares are listed in Level 1 MICEX quotation list.

The company was established in Yekaterinburg on October 27th, 2004 as OJSC OGC-5. On July 7th, 2009 by the resolution of Annual General Shareholders' Meeting the company was renamed OJSC Enel OGC-5 and on August 8th, 2014 the Federal Tax Service registered the new version of the company's charter with the name OJSC Enel Russia. On June 25th, 2015 the company changed its legal type and was renamed PJSC Enel Russia.