



PRESS RELEASE

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ENEL RUSSIA STRATEGIC PLAN 2018-2020: RENEWING GROWTH

- Successful delivery on company's strategic pillars helped to improve 2017 financial forecast and bottom-line targets for upcoming years;
- Enel Russia in 2018-2020 has a sustainable profile with key contribution from capacity market revenues and new renewable projects supporting post-2020 performance, following expected end of thermal DPMs¹;
- New strategic plan confirms the dividend policy updated last year with 65% pay-out extended to 2020.

Financial Targets					
	2017	2018	2019	2020	CAGR (%) 2017-20
EBITDA (RUB bn)	~17.3	~16.4	~16.9	~18.5	~+2%
Net ordinary income (RUB bn)	~8.3	~7.3	~7.9	~9.1	~+3%
Dividend per share (RUB)	~0.14	~0.13	~0.15	~0.17	~+6%
Pay-out ratio	60%	65%	65%	65%	+5 p.p.

- Improved vs previous plan

Carlo Palasciano Villamagna, General Director of Enel Russia, said: "We are pleased to present our updated Strategic Plan for 2018-2020 following the sound progress achieved on all our strategic pillars. In 2018-2020, we expect macro and sector trends to remain stable, broadly in line with our previous plan. Our decision to invest in renewables will diversify our Company's technological profile as well as ensuring new revenue streams after the end of thermal DPMs after 2020. In line with last year's improved dividend policy, a 60% payout will be applicable to 2017 net ordinary income, whose forecast has been upgraded based on current performance. The 65% dividend payout envisaged for 2018-2020 further confirms our confidence in the soundness of our strategy."

¹ Thermal capacity supply agreements.



Moscow, November 30th, 2017 - Enel Russia (hereinafter the “Company”) is today presenting its 2018-2020 Strategic Plan to the financial markets and media, earlier approved by the company’s Board of Directors.

MACRO ENVIRONMENT AND STRATEGIC PILLARS

The 2018-2020 plan is based on the same key pillars outlined in the previous plan, while taking into account macro and sector scenario adjustments for the current economic situation, in particular:

- further tariff containment due to lower level of inflation
- stronger rouble supported by stabilisation of the Russian economy
- excess capacity in the system, putting pressure on pricing, until the end of 2018, with stabilisation expected from 2019 onwards as electricity consumption growth is expected to exceed capacity additions.

In 2017 the Company delivered on each of the key pillars envisaged by the previous 2017-2019 plan:

- **Overall cost optimisation** – fixed costs remaining flat versus 2016, while thermal capex was in line with the plan;
- **Focus on efficiency of thermal fleet** – higher equipment availability with key cash generating units covered by insurance from business interruption;
- **Debt structure optimisation** – decreased exposure to EUR/RUB exchange rate fluctuations, as well as favorable Russian Central bank rate dynamics, all resulting in halved financial expenses;
- **Shift in technology profile** – 291MW of renewable capacity awarded within the framework of 2017 governmental tender, while Reftinskaya coal power plant sale re-launched;
- **Shareholder remuneration** – 55% dividend payout upon 2016 results in line with upgraded dividend policy, with 60% payout applicable to 2017 results.

All abovementioned key pillars come in a close link with the Company’s sustainable approach, driving long-term shared value for its stakeholders.

KEY OPERATING HIGHLIGHTS

Throughout 2018-2020, the Company will focus on ensuring the reliability of its generating fleet, compensating for the gradual decline in output of its conventional gas-fired units due to the impact of new entrants on the market.

Enel Russia will be working during the plan period on the construction of two wind farms for a total capacity of 291 MW, whose commissioning is planned between the end of 2020 and the end of 2021. Otherwise, no capacity addition or decommissioning is envisaged with all existing facilities being selected for 2018-2021 at the Russian long-term capacity auction (KOM).

OUTLOOK

During 2017 the Company posted solid financial results largely through accelerated returns on its two combined-cycle units (CCGT) that received capacity payments while entering their seventh year of operation, the key factor contributing to the Company’s sustainable performance for the upcoming years.

From 2018 onwards, the company expects limited volatility of its gross margin through a high portion of capacity earnings, while the pricing environment is expected to remain challenging in some regions due to



tail of new entrants in the system. On the costs side, Enel Russia plans to roll forward cost optimisation initiatives and keep the growth of fixed costs below inflation, all helping to compensate lower electricity spreads. As a result of these factors, the Enel Russia 2018-2020 strategy envisages the following EBITDA targets:

- 16.4 billion RUB in 2018,
- 16.9 billion RUB in 2019,
- 18.5 billion RUB in 2020.

The Company is targeting 8.3 billion RUB of net ordinary income in 2017, an 88% increase vs 2016. From 2018 onwards, the bottom-line will be supported by EBITDA growth and a reduction in net financial charges, due to scheduled debt repayment while the interest incurred on project financing during the construction phase on the two wind farms is capitalized. In addition, portfolio optimisation, as well as more favourable interest rates on RUB-denominated debt on the back of economy stabilisation, also contribute to the increase in net income. As a result, net income is expected to reach:

- 7.3 billion RUB in 2018,
- 7.9 billion RUB in 2019,
- 9.1 billion RUB in 2020.

CAPEX & CASH FLOWS OUTLOOK

Key change in investment profile relates to new growth capex dedicated to wind capacity construction. Total capex in 2018-2020 is expected at 38.0 billion RUB, in particular:

- 20.3 billion RUB for green projects;
- 17.8 billion RUB of thermal capex addressing equipment reliability, environmental and stay-in-business projects, also including new initiatives in digitalisation for 0.4 billion RUB.

Considering new growth capex and current dividend policy, the Company has negative free cash flow before dividends of 3.7 billion RUB cumulated during 2018-2020. Taking into account 14.8 billion RUB of dividends – a substantial part of free cash flow from thermal facilities – the Company is posting 18.6 billion RUB of net cash outflow.

Net debt will increase from 19.8 billion RUB planned for end-2017 up to 38.4 billion RUB by end of 2020.

SHAREHOLDERS REMUNERATION

The Company confirms its dividend policy with a 65% pay-out ratio for 2018 and 2019, with the same pay-out ratio applied to 2020, based on IFRS net ordinary income.

DISCLAIMER

This press-release contains certain statements that are neither reported financial results nor other historical information ("forward-looking statements"). These forward-looking statements are based on Enel Russia's current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of Enel Russia to control or estimate precisely, including changes in the regulatory environment, future market developments, fluctuations in the price and availability of fuel and other risks. You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this press-release. Enel Russia does not undertake any obligation to publicly release any revisions to any forward-looking statements to reflect events or circumstances after the date of this press-release.



About Enel Russia

An Enel Group subsidiary, PJSC Enel Russia operates the following power plants: Konakovskaya GRES, Nevinnomysskaya GRES, Sredneurskaya 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 OGG-5. On July 7th, 2009 by the resolution of Annual General Shareholders' Meeting the company was renamed OJSC Enel OGG-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.