



**PRESS
RELEASE**

Media Relations

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ENEL RUSSIA 2020-2022 STRATEGIC PLAN: TRANSFORMATION INTO A SUSTAINABLE BUSINESS

- For the first time Enel Russia presents the Strategic Plan for the new perimeter following the disposal of its single coal power plant Reftinskaya GRES (RGRES) from October 1st, 2019
- This, together with enlarged presence in renewables and entering modernization program for conventional gas units, follow a strategic choice towards a sustainable business model
- Enel Russia's plan is designed to balance growth opportunities, financial solidity of the business and reliable shareholders remuneration. Anticipating the period of strategic repositioning and earnings volatility in medium term, the Company introduces a fixed dividend to assure a guaranteed return for its shareholders

<i>Financial Targets</i>						
<i>Earnings growth</i>	2019 With RGRES	2019 Net of RGRES	2020	2021	2022	2019-22 CAGR¹
EBITDA (RUB bn)	15.1	10.4	11.2	9.5	13.8	+10.0%
Net ordinary income (RUB bn)	7.4	4.6	6.2	3.6	4.5	-0.2%
<i>Shareholders remuneration</i>						
Dividend distributed during the year (RUB bn)	5.0		3.0	3.0	3.0	-
Dividend per share (RUB)	0.14		0.08	0.08	0.08	-

Carlo Palasciano Villamagna, General Director of Enel Russia, said: "In 2019 we stayed in line with all of our strategic pillars which allowed us to confirm 2019 financial targets despite some relevant factors within this period. Over the next three years we plan to continue the diversification of our technology profile. The investments in renewables and modernization will lead to a significant change in EBITDA quality as well as ensure the company's new sustainable asset profile and secure transition towards greener energy production. Despite earnings volatility expected in the planned period we have introduced fixed dividend in

¹ CAGR vs. 2019 net of Reftinskaya GRES



order to assure reliable shareholders remuneration. We expect that the generally stable power production of our gas units coupled with cost optimization initiatives will help the company successfully surpass a challenging period towards a sustainable business model”.

Moscow, February 19th, 2020 - Enel Russia (hereinafter the “Company”) is presenting its 2020-2022 Strategic Plan today to the financial markets and media.

BUSINESS PROFILE TRANSFORMATION

From 2016 the Company has been steadily following the path of technology profile diversification as one of its strategic pillars, while a great progress was made over 2019 to enable this change:

- **Diversification of technology profile:** the Company disposed 3.8 GW of coal generation from October 1st, 2019. This results in a complete phase out of coal capacity and production from 2020. The share of renewables on total capacity and net power output is to reach 5% by 2022, and to be enlarged beyond the plan period through additional 71 MW of wind capacity awarded in 2019 tender. Active construction works started on those 291 MW of wind capacity to be commissioned within the plan period
- **Focus on efficiency of gas power plants:** awarded modernization projects for 370 MW in total contribute to selected gas units’ efficiency improvement in and beyond the plan as our gas generation remains a solid base especially during renewables construction
- **Operational efficiency:** ongoing delivery and focus on efficiencies through long-term target on fixed costs growth below CPI, supports our margins during business profile transformation. The Company is on track in 2019 with fixed costs decreasing versus 2018 adjusted for perimeter change²
- **Debt structure optimization:** over 2019 the Company repaid its single remaining euro nominated facility and 12 billion RUB of debt were repaid from Reftinskaya sale proceeds
- **Shareholder remuneration:** payout ratio upon 2018 result was increased from 60% to 65%. Enel Russia’s dividend policy is extended to further years with an updated dividend approach.

Our strategic pillars **Diversification of technology profile** towards lower carbon footprint as well as **Focus on efficiency of gas power plants** addresses the pursuit UN Sustainable Development Goals (SDGs): SDG 7 (Affordable and Clean Energy) and 13 (Climate Action). Enel Russia contributes to all other SDGs by promoting a sustainable business model and employing sustainable behaviors.

THE NEW 2020-2022 STRATEGIC PLAN

The main changes in **installed capacity** envisaged in the 2020-2022 Plan include:

- In thermal capacity, 3.8 GW of coal capacity is disposed from October 1st, 2019 from the sale of Reftinskaya GRES. All remaining facilities are selected for 2020-2022 either at the Russian long-term capacity auction (KOM) or modernization program. Awarded modernization projects imply some capacity additions but beyond the period;
- In renewables, 291 MW will be added following gradual commissioning of two wind farms. Another 71 MW to be launched beyond the plan period.

² 2019 net of Reftinskaya GRES



Throughout 2020-2022, generally stable production of gas units with some variation due to annual investment plan, as well as first megawatt-hours of renewable energy from 2021 will ensure the modest positive trend of power output.

The Company is broadly on its previous scenario, the assumptions backed by current macroeconomic and utility sector trends like modest power demand growth, tariffs containment and power prices volatility in some regions.

Total capex for 2020-2022 amounts to 39.4 billion RUB, a 2% increase vs. the previous plan (38.7 billion RUB for 2019-2021 net of Reftinskaya GRES). 2020-2022 investment plan is centered around projects with guaranteed return while the increase vs. the old plan is mainly driven by new modernization and renewables projects awarded in 2019 and will help Enel Russia seize the attractive opportunities available at the market. More specifically:

- **Around 32.3 billion RUB** will be devoted to Asset development largely addressing wind projects and modernization of gas-fired units;
- **About 7.1 billion RUB** will be invested in Asset management, mainly on Operational improvements (4.2 billion RUB), Safety and other (2.1 billion RUB) and Environmental initiatives (0.8 billion RUB).

Around 80% (32.1 billion RUB) of its overall 2020-2022 investment plan will generate EBITDA within the plan period while the remaining 20% (7.3 billion RUB) will yield EBITDA beyond 2022. As a result, the existing portfolio of projects allows the Company to address the significant part of earnings falling out both due to Reftinskaya sale and the end of thermal DPMs from 2021, with further recovery to come beyond 2022.

On operational efficiency, Enel Russia plans to roll forward its cost optimization initiatives and keep the growth of fixed costs well below inflation, or a 1% increase in the next three years³ in nominal terms.

Specifically, over the plan period **Enel Russia's EBITDA** is expected to reach **13.8 billion RUB** in 2022, down 3% vs. 15.1 billion RUB estimated for 2019. On like-for-like basis or net of Reftinskaya GRES in 2019, EBITDA is up 10% vs. 10.4 billion RUB for 2019. Enel Russia is staying the course of qualitative change of gross margin and EBITDA structure in terms of more sustainable technology profile and lower risk, which should create more value as per market assessment.

Net ordinary income is due to reach **4.5 billion RUB** in 2022 from an estimated 7.4 billion RUB in 2019. On like-for-like basis or net of Reftinskaya GRES in 2019, net income in 2022 will be almost at the level of 2019, the dynamics negatively impacted by increasing financial expenses as of 2021 resulting from renewable projects commissioning.

Net debt is expected to increase by 23.8 billion RUB over the plan period, to **around 33.5 billion RUB** in 2022 from an estimated 9.7 billion RUB in 2019, mainly driven by the acceleration of investments to support business profile transformation. Meanwhile, due to a gradual commissioning of wind projects Enel Russia expects to pass a one-year peak in financial metrics (2021) with **Net debt/EBITDA ratio** reaching 2.4 times in 2022 from 0.6 estimated in 2019, that is a low base due to repayment of 12 billion RUB of debt from Reftinskaya sale proceeds.

³ 2019 net of Reftinskaya GRES



VALUE CREATION FOR SHAREHOLDERS

Enel Russia's plan is designed to balance growth opportunities, financial solidity of the business and reliable shareholders remuneration. Anticipating the period of strategic repositioning and earnings volatility in medium term, the Company introduces a fixed dividend to assure a guaranteed return for its shareholders.

Upon 2019-2021 the Company is targeting to distribute 3 billion RUB per year.

KEY PERFORMANCE INDICATORS

This press release uses a number of "alternative performance indicators" not envisaged in the IFRS accounting standards but that management deems can facilitate the assessment and monitoring of the Company's performance and financial position. The content and basis of calculation of these indicators are the following:

- EBITDA: an indicator of operating performance, calculated as "EBIT" plus "Depreciation, amortization and impairment";
- Net debt: an indicator of the financial structure, determined by "Long-term borrowings" and "Short-term borrowings and the current portion of long-term borrowings", all net of "Cash and cash equivalents";
- Net ordinary income: a part of "Net income" generated from ordinary business operations;

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

PJSC Enel Russia is a subsidiary of Enel Group. PJSC Enel Russia operates the following three gas power plants: Konakovskaya GRES, Nevinnomysskaya GRES and Sredneuralskaya GRES. The company's total gross installed electrical capacity is 5,628.7 MW (equivalent to 5,255.4 MW net installed capacity) and thermal capacity is 2,032 Gcal/h.

A coal-fired power plant Reftinskaya GRES of 3.800 MW under temporary company's operation during the transition period required to complete the sale transaction with its new owner JSC Kuzbassenergo.

Besides that, PJSC Enel Russia implements three projects in the field of wind generation: Azovskaya WPP (90 MW), Kolskaya WPP (201 MW) and Rodnikovskaya WPP (71 MW). PJSC Enel Russia's authorized capital is 35,371,898,370 roubles, which is divided into ordinary shares with a par value of 1 rouble. The Enel S.p.A. share in the company's authorized capital is 56.43%, PFR Partners Fund I Limited's share is 19.03%, Prosperity Capital Management Limited's share is 7.68% and other minority shareholders' share is 16.86%. PJSC Enel Russia shares are listed in Level 1 MICEX quotation list.

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

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