



Enel Russia 1H 2017 Results

27/07/2017 Moscow



Enel Russia 1H 2017 Results

Agenda



- 2017 tender for renewables
- Financial highlights
- Net power output and sales
- Unit margin on sales
- Revenues and costs
- EBITDA evolution
- From EBITDA to net income
- Net debt evolution
- Focus on liquidity

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Y2017 Russian government tender for renewables: recap



Awarded projects of Enel Russia	Azov wind farm	Murmansk wind farm
Site	Southern Russia, Rostov region	North-West of Russia, Murmansk region
Installed capacity	90 MW	201 MW
COD	December 2020	December 2021
Construction capex bid	92 160 RUB/kW	Capex 92 067 RUB/kW

Total investments: ~405 mn EUR

Key partner: **Enel Green Power**

Partner for equipment localization: **Siemens-Gamesa**

Key regulatory parameters

Mechanism of investment return	Guaranteed return under Capacity supply agreement (CSA/DPM)
Duration	15 years with equal payments (no spike in 7-10 years as in thermal CSA)
Rate of return	<ul style="list-style-type: none"> Base rate of return 12% @ 8.5% government bond yield To be adjusted for actual government bond yield

Other factors influencing CSA payment

Local equipment content	65% for wind projects with COD 2019-2024	Yes	Coefficient 1	to Capex bid
		No	Coefficient 0,45	
Utilization / load factor	27% for wind projects	20-27%	Coefficient 1	to Capex+Opex+ Property tax compensated
		13,5-20%	Coefficient 0,5	
		<13,5%	Coefficient 0	
Fines for late COD	<13M	25% of monthly CSA payment, not more than 5% of Capex bid for 1 year		
	<25M	25% of monthly CSA payment, not more than 10% of Capex bid for 2 years		
	>25M	CSA to be terminated by Commercial operator		

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Financial highlights (RUB mn)¹



	1H16	1H17	%
Revenues	33,170	34,822	+5.0
EBITDA	6,041	8,689	+43.8
- EBITDA margin (%)	18.2	25.0	+6.8
Net income	787	4,300	~5x
Net debt	20,348 ²	21,239	+4.4
EBITDA/Net financial expenses ³	3.9	8.1	+4.2
Net debt/EBITDA ⁴	1.1	1.3	+0.2
Net debt/Equity	0.58 ²	0.57	-0.01

- Earnings growth due to delta DPM⁵ payment received by two CCGT units, starting from Jan. 01, 2017
- Bottom line additionally supported by lower financial charges

¹ Reviewed financial results under IFRS

² As of December 31, 2016

³ Excluding FX differences and corresponding change in fair value of derivatives, loss on the extinguishment of long-term loans

⁴ Net debt at the end of the period divided by 12 months rolling EBITDA

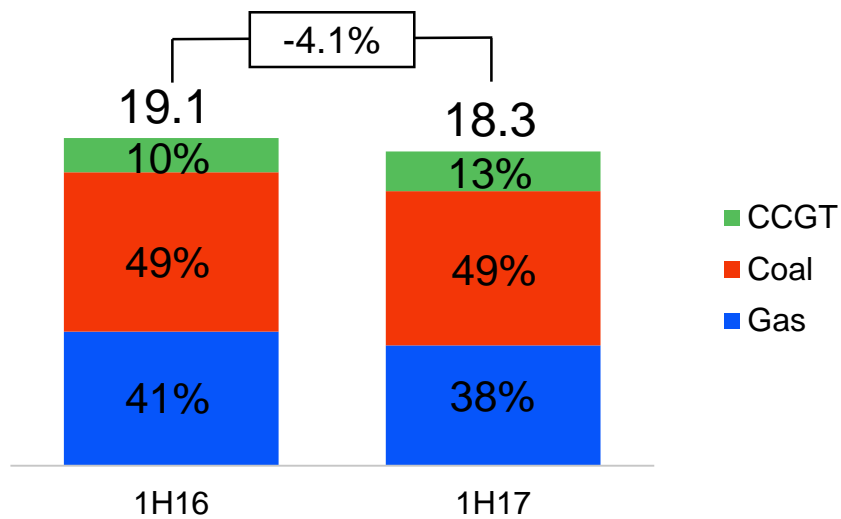
⁵ Capacity supply agreement or DPM (Договор о предоставлении мощности)

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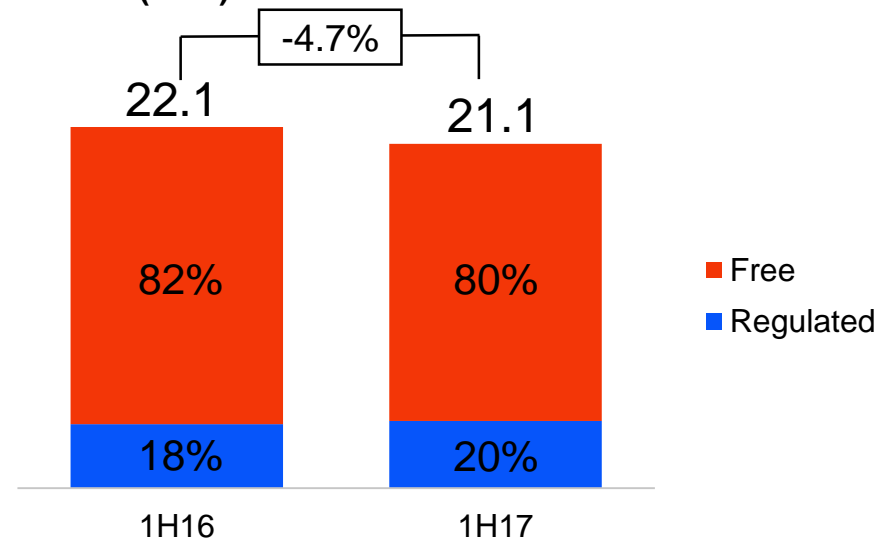
Net power output and sales



Net output (TWh)



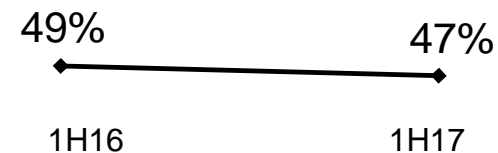
Power sales (TWh)



Plant availability



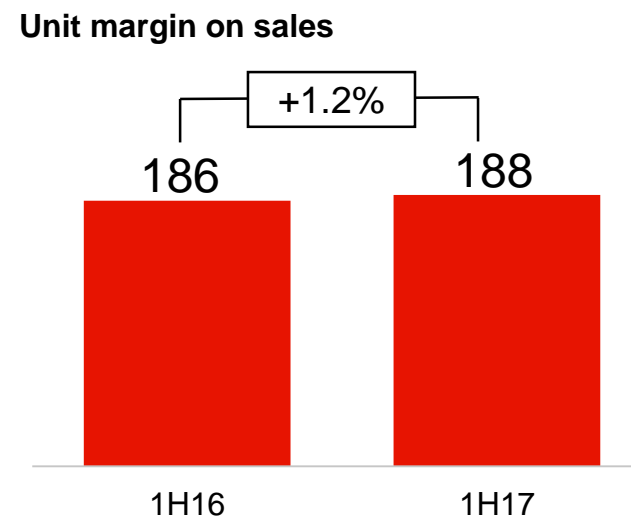
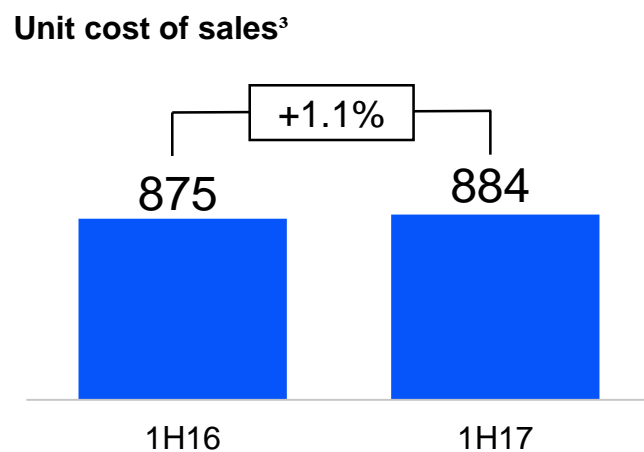
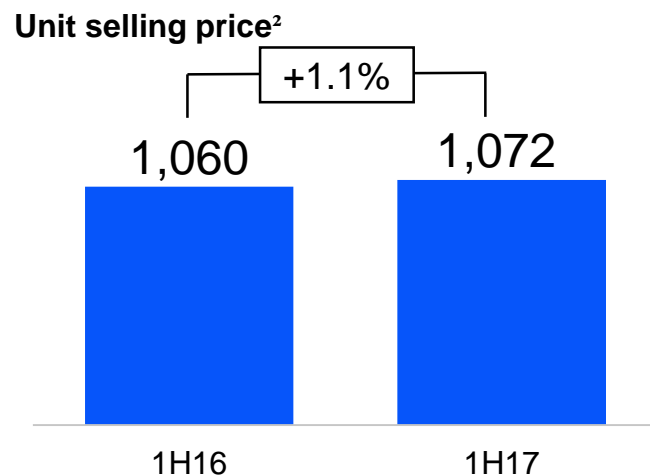
Utilization on net electric capacity



- Higher Nevinnomyskaya production partially offset lower conventional gas output
- Reftinskaya 2Q17 operation explained by higher amount of maintenance works

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Unit margin on sales (RUB/MWh)¹



Unit margin slight improvement due to power prices outpacing fuel price growth

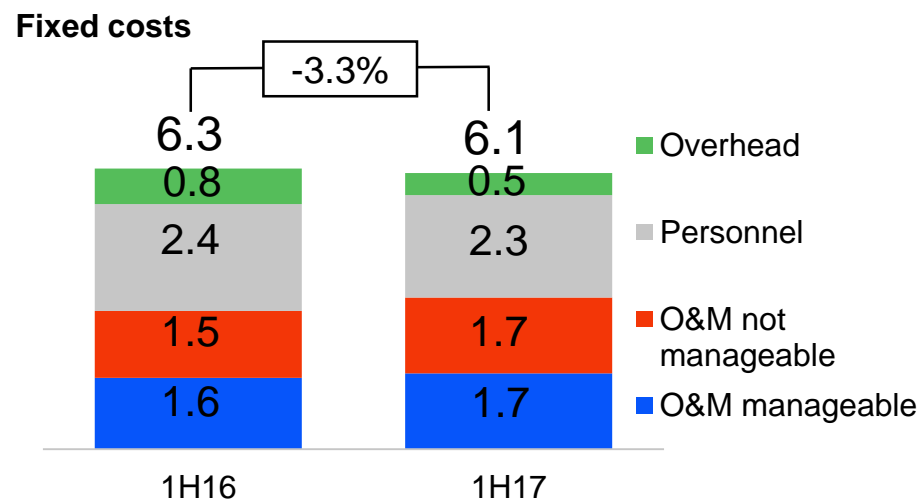
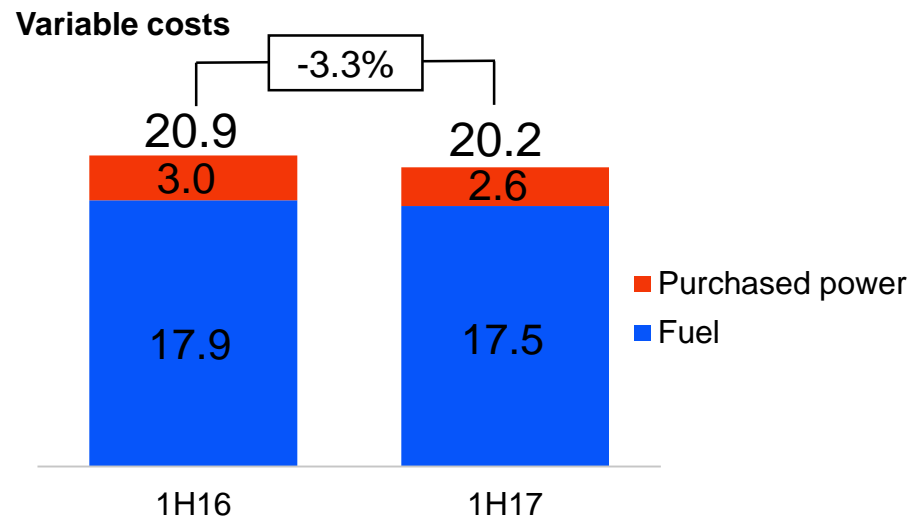
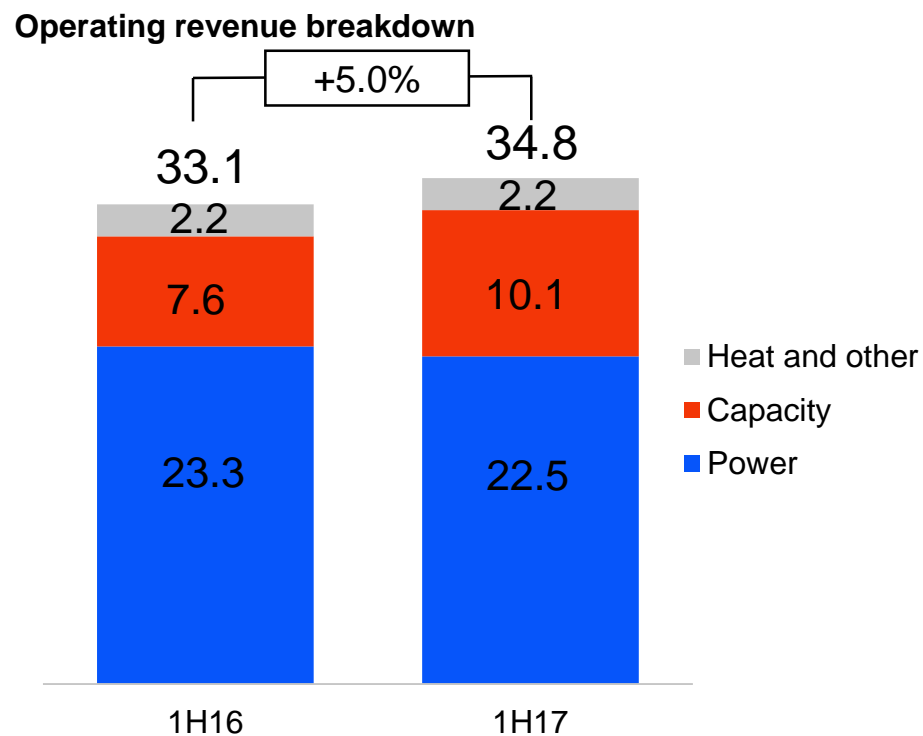
¹ Excluding capacity sales

² Including regulated power sales, day ahead market and balancing market sales

³ Including energy purchases

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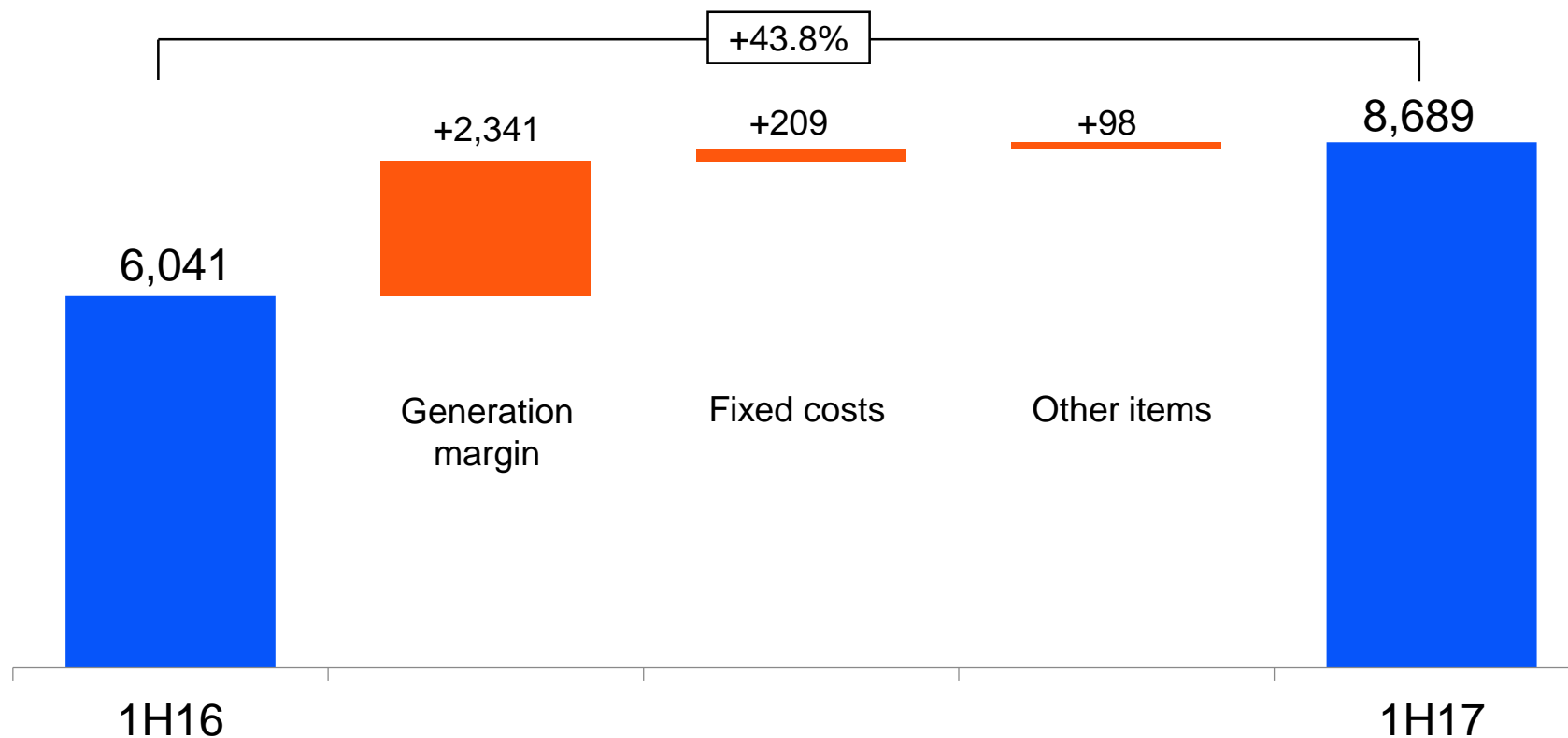
Revenues and costs (RUB bn)



- Revenues up due to higher DPM capacity payments
- Effective overhead costs management

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EBITDA evolution (RUB mn)



EBITDA solid improvement due to better generation margin

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From EBITDA to net income (RUB mn)



	1H16	1H17	%
EBITDA	6,041	8,689	+43.8
Amortisation, depreciation and impairment	(1,678)	(1,754)	+4.5
EBIT	4,363	6,935	+59.0
Net financial charges	(3,423)	(1,506)	-56.0
EBT	940	5,429	~6x
Income tax	(153)	(1,129)	~7x
Net income	787	4,300	~5x

- Net income increase thanks to higher EBITDA and lower financial charges
- Financial charges down due to debt portfolio optimization, lower level of debt and one-off accounting adjustment in 1Q16¹

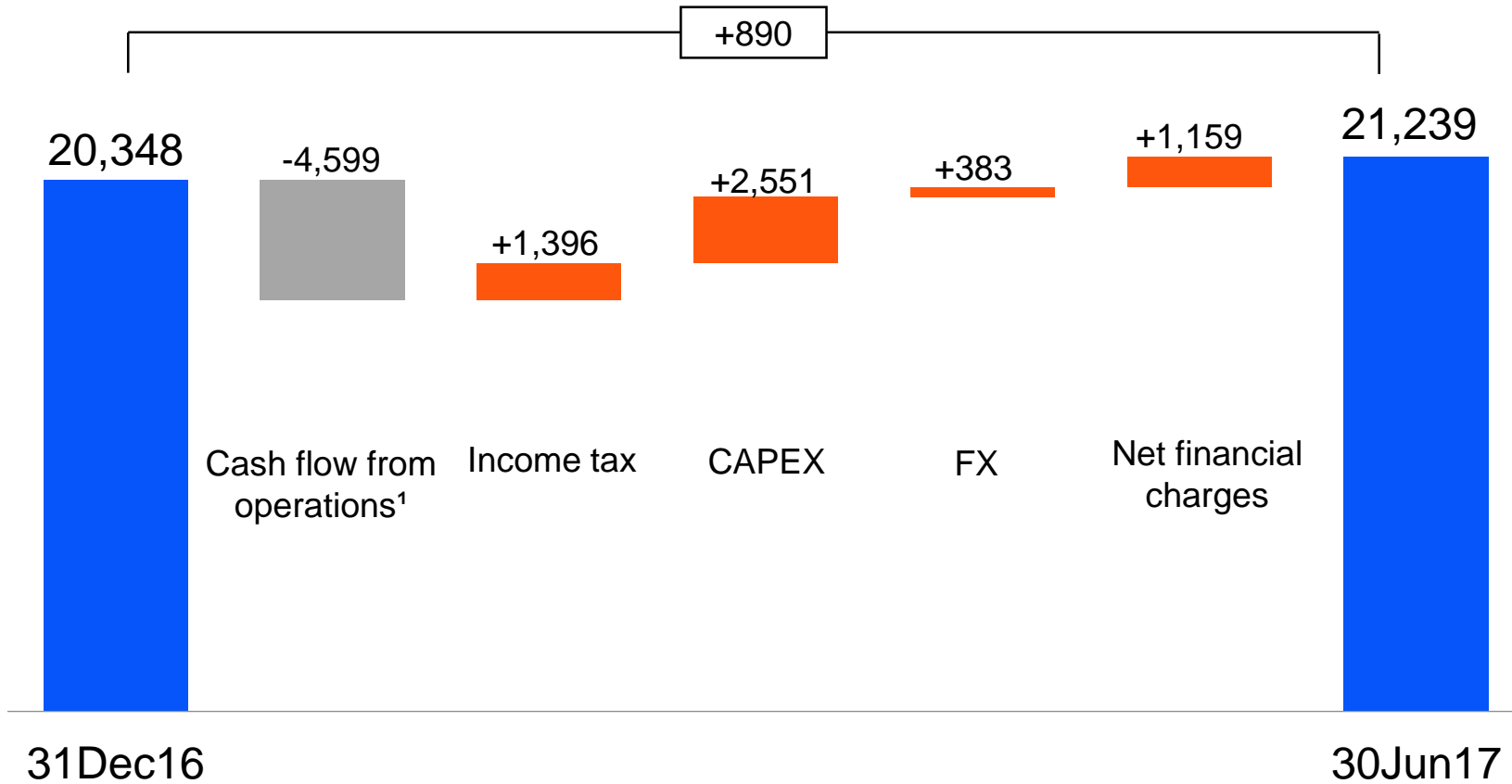
¹ Unamortized cost derecognition in relation to long-term loan from Royal Bank of Scotland refinancing

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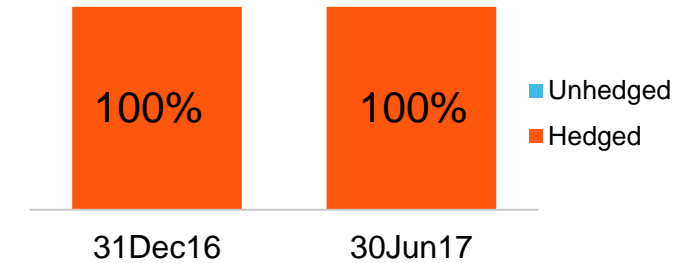
Net debt evolution



Net debt (RUB mn)



Hedged Debt on Total Debt



Average Cost of Debt

	1H16		1H17	
	Cost	Weight	Cost	Weight
RUB	12.2%	61%	11.1%	72%
EUR	3.0%	39%	1.7%	28%

Higher net debt mainly due to taxes and financial charges paid over 1H17

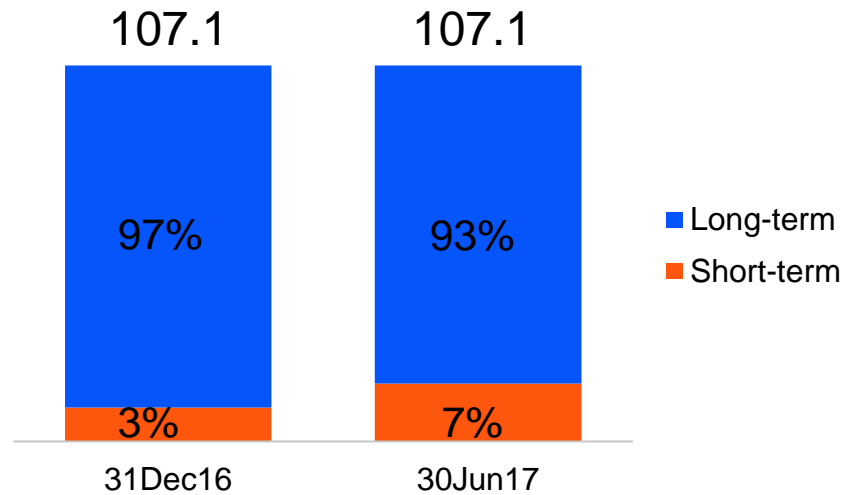
¹ Post working capital changes

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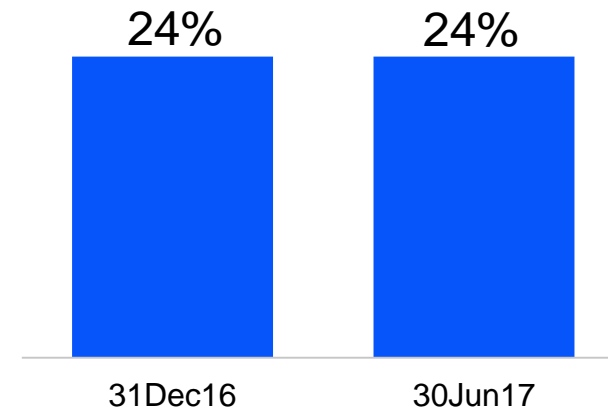
Focus on Liquidity



Total credit facilities available (RUB bn)¹



Utilized amount



Liquidity profile remained broadly unchanged over 1H17

¹ Not adjusted for FX differences on EUR-nominated facilities

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Contacts



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(Investors section)

Thank you

