

POWER GENERATION: DEVELOPMENT PRIORITIES

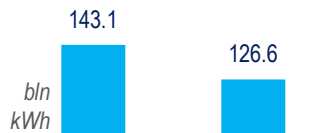
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Director General, Gazprom Energoholding

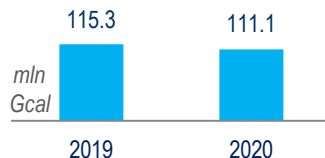
2020 saw decrease in production versus 2019 due to economic slowdown caused by COVID-19 pandemic and high air temperatures

Operating activities

Electricity output **dropped by 11.5%** versus 2019



Heat supply **declined by 3.6%** versus 2019

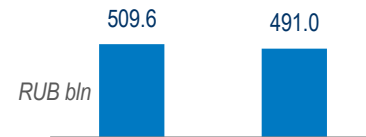


Investments

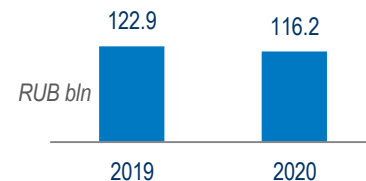
- Improved reliability of power-generating facilities
- Upgrade of capacities (commencement of projects under competitive-based selection of capacities for upgrade (COMMod), retrofitting of power plants)
- Ongoing construction of the Svobodny TPP (brought into operation in April 2021) and the Pancevo TPP in the Republic of Serbia

Financial results

Revenues under RAS **decreased by 3.7%** versus 2019



EBITDA under RAS **went down by 5.5%** versus 2019



Major events

- Target values were surpassed despite adverse macroeconomic environment
- Debt burden reduced by **RUB 14 bln**
- **RUB 3.8 bln** saved due to cost optimization programs
- **REP Holding** merged into the Gazprom Energoholding Group – first net profit of **RUB 0.7 bln*** generated since 2012

* Consolidated data for REP Holding Group

11.5% decrease in total output of electricity in 2020 versus 2019 is due to overall reduction in energy consumption, optimized operation modes of power plants, and cutting down on inefficient electricity production

Lower heat supplies are related to higher air temperatures during the heating season

Electricity output	<i>bln kWh</i>	2019	2020	Changes 2020/2019
Mosenergo		60.1	54.4	-9.4% ▼
TGC-1		28.3	27.9	-1.3% ▼
OGK-2		54.7	44.3	-19.1% ▼
MOEK		-	-	-
Total		143.1	126.6	-11.5% ▼

Heat supply	<i>mln Gcal</i>	2019	2020	Changes 2020/2019
Mosenergo		75.4	74.3	-1.5% ▼
TGC-1		24.2	23.0	-4.7% ▼
OGK-2		6.6	5.8	-12.1% ▼
MOEK		9.1	8.0	-11.8% ▼
Total		115.3	111.1	-3.6% ▼

* С учетом ООО «ТСК Мосэнерго»

Key Financial Results (RAS)

Gazprom Energoholding's revenues went down to **RUB 491 bln** in 2020 versus 2019 (▲ **2.3%** against 2020 target)

EBITDA was **RUB 116 bln**, i.e. **5.5%** down versus 2019 (▲ **13.2%** against 2020 target)

Net profit was **RUB 49 bln**, i.e. **11.7%** down versus 2019 (▲ **48.5%** against 2020 target)

Financial performance figures are due to:

- lower sales of electricity and heat due to warmer weather
- reduced electricity consumption because of COVID-19
- 5.4% price drop in the day-ahead market

Revenues	<i>RUB mln</i>	2019	2020	Changes 2020/2019	
	Mosenergo		189,782	181,013	-4.6%
TGC-1*		98,754	89,851	-9.0%	▼
OGK-2		134,247	120,299	-10.4%	▼
MOEK		148,637	147,519	-0.8%	▼
Gazprom Energoholding Group		509,635	490,959	-3.7%	▼
EBITDA	<i>RUB mln</i>	2019	2020	Changes 2020/2019	
	Mosenergo		31,503	30,466	-3.3%
TGC-1		20,895	17,010	-18.6%	▼
OGK-2		28,944	29,708	2.6%	▲
MOEK		26,207	27,031	3.1%	▲
Gazprom Energoholding Group		122,910	116,197	-5.5%	▼
Net profit (losses)	<i>RUB mln</i>	2019	2020	Changes 2020/2019	
	Mosenergo		17,427	14,266	-18.1%
TGC-1		10,269	7,651	-25.5%	▼
OGK-2		12,545	12,289	-2.0%	▼
MOEK		11,784	12,274	4.2%	▲
Gazprom Energoholding Group		55,257	48,807	-11.7%	▼

* Показатели ПАО «ТГК-1» приведены с учетом АО «Мурманская ТЭЦ»

Gazprom Energoholding Group's Debt Burden

- In 2020, the aggregate external debt of Gazprom Energoholding Group's generating companies was RUB 95.1 bln under RAS, i.e. 13% lower than the year-end results of 2019
- Debt increase in 2019 is attributable to the acquisition of REP Holding

External debt (RAS)	145.6	157.7	144.1	116.7	81.7	109.1	95.1	
<i>RUB bln</i>	2014	2015	2016	2017	2018	2019	2020	Changes 2020/2019
■ Mosenergo	48.6	49.2	43.9	23.3	5.1	26.1	15.1	-42.0%
■ TGC-1	24.2	25.9	23.2	20.4	14.7	12.9	12.9	-0.1%
■ OGK-2	47.1	61.9	56.3	48.8	37.7	43.7	37.3	-14.6%
■ MOEK	25.7	20.7	20.7	24.2	24.2	26.4	29.8	12.6%
Total Debt	145.6	157.7	144.1	116.7	81.7	109.1	95.1	-12.8%
<i>Debt/EBITDA</i>	2.7x	2.5x	1.8x	1.1x	0.7x	1.0x	0.9x	-10.1%

TREND TOWARDS DEBT REDUCTION WILL REMAIN IN SUBSEQUENT PERIODS

Gazprom Energoholding's Dividends

Dividends: history / debt burden of Gazprom Energoholding Group's generating companies

- Dividend policy is based on balancing debt recovery, investments and dividend maximization
- Starting from 2019, generating companies of Gazprom Energoholding Group have actually kept their dividend payout ratio at 50% of net profit



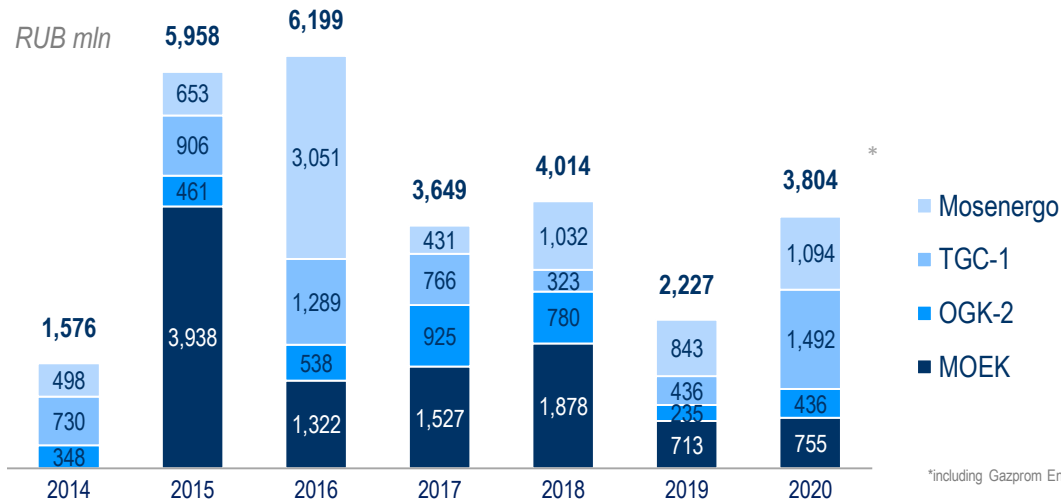
Dividend payouts for 2020 are set to be not lower than those for 2019

In order to ensure a constant rise in the value of Gazprom Group's power-generating assets, steps are taken to increase their operating efficiency, and cost optimization programs are run to improve their financial performance

OPTIMIZATION MEASURES

- ✓ Streamlining of production system
- ✓ Optimization of semi-fixed costs
- ✓ Sale of non-core assets
- ✓ Reduction of good delivery/service rendering costs through competitive procurement
- ✓ Import substitution
- ✓ Additional initiatives

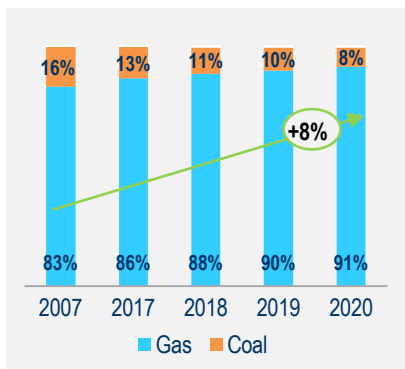
OPTIMIZATION EFFECT



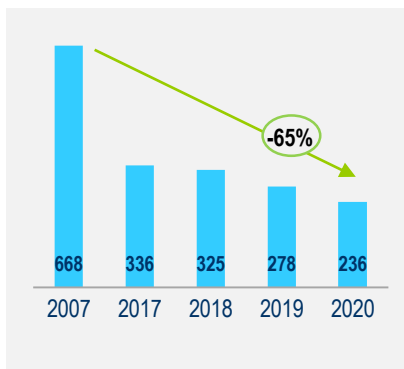
Gazprom Energoholding Group pays utmost attention to environmental aspects – the improvement of environmental management efficiency, environmental safety assurance, rational use of natural resources, and energy saving

Gazprom Energoholding is replacing coal with natural gas within its fuel mix

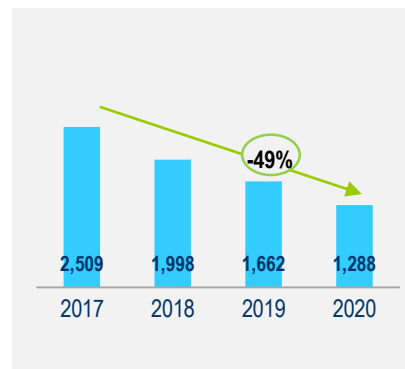
Share in fuel mix, %



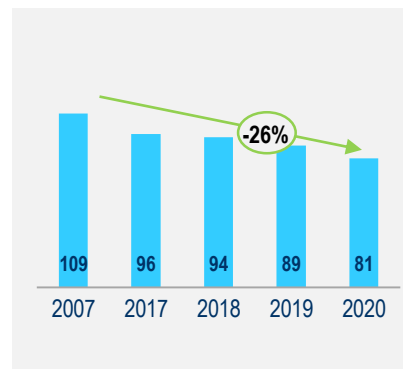
Gross air emissions, thousand t



Waste generation, thousand t



Emissions in CO2-equivalent, mln t



In 2020, the Gazprom Energoholding companies ranked among **top 10** energy-generating companies operating in Russia in the Environmental Transparency Rating compiled by the World Wildlife Fund (WWF) of Russia

▶ Implementation of the Power Generation Strategy of Gazprom

▶ Construction and upgrade of capacities, depending on economic incentives in the sector

- Upgrade of operating TPPs according to the competitive-based selection of projects for upgrade (COMMod) for 2022–2027, construction of CCGT units according to competitive process for 2027–2029 involving innovative domestic gas turbines
- Continued participation in the selection of facilities under the COMMod for 2028–2031
- Construction of a small-scale (16.5 MW) HPP in the Murmansk Region, selected in 2020 under the RES CSA (scheduled for commissioning in 2024)
- Continued participation in the selection of RES generating facilities until 2035

▶ Participation in Gazprom's major projects for construction of generating capacities

- Commissioning of the Svobodny TPP (160 MW) in April 2021 to cater for the Amur GPP

▶ Participation in international projects

- Commissioning of the Pancevo TPP in 2021 in Serbia

▶ Purchase of core assets

- Ongoing monitoring of business opportunities

▶ Decommissioning of inefficient capacities

- Around 2 GW of capacities are planned to be taken out of service until 2025

▶ Diversification of business activities

- Development of mechanical engineering assets, as well as repair, maintenance and servicing assets; expansion into adjacent market segments



Svobodny TPP



Pancevo TPP

GEH Industrial Assets is the umbrella organization for all production assets, and all repair, maintenance & servicing assets of the Gazprom Energoholding Group

РЭП ХОЛДИНГ



DEVELOPMENT PRIORITIES

- Managing all lifecycle phases of gas turbine and compressor equipment operated by the Gazprom Group, from design development to service maintenance
- Effective use of R&D and technological capabilities of the power engineering industry
- Completion of localization process for the products made under the license of foreign manufacturers, indigenous development and manufacture of new high-tech equipment samples
- Stepping up production of power-generating equipment; extension of the share of repair & maintenance services
- Design development, engineering and support of the in-house automatic control system

**THANK YOU FOR YOUR
ATTENTION!**