

GAZPROM'S POWER GENERATION STRATEGY

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Core Activity

Financial indices fluctuation (as per IFRS):

- Total growth of proceeds from Gazprom Energoholding assets (Mosenergo, TGC-1, TGC-2) – 4.6% up to RUB 338.6 bln and EBITDA – 11.7% up to RUB 51.7 bln
- Reducing costs of generating companies by RUB 4.1 bln as per Cost Reduction Programs

Investments

New units commissioned as per CSA:

- 2 units for CCGT-180 of 360 MW Adler TPP (OGK-2)
- 29.5 MW hydroturbine unit No.5 for Lesogorsk HPP (TGC-1)
- 30.5 MW hydroturbine unit No.12 for Svetogorsk HPP (TGC-1)
- Decommissioning of inefficient units of total 656.5 MW

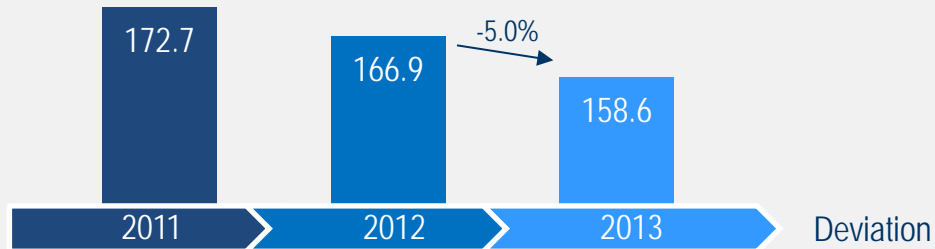
Strategic development

- MOEK acquisition
- Joining 208 MW CHPP construction project in Serbia (Pancevo)
- Launching EV charging station network construction in Moscow
- Acquisition of major service company Teploenergoremont

Regulations

- Lack of natural monopolies' tariff growth for 2014
- Approval of adaptation schedule for single heat supply company in major cities
- Suspension of introducing new electricity market model
- CCE regulations amendments

Power generation, bln kWh



	2011	2012	2013	Deviation
Mosenergo	64.6	61.3	58.6	-4.4%
TGC-1	28.4	30.4	29.3	-3.6%
OGK-2	79.7	75.2	70.7	-6.0%
Total	172.7	166.9	158.6	-5.0%

Heat supply, mln Gcal



	2011	2012	2013	Deviation
Mosenergo	66.4	68.4	67.6	-1.2%
TGC-1	26.1	26.4	25.3	-4.2%
OGK-2	6.3	6.3	6.8	+7.9%
Total	98.8	101.1	99.7	-1.4%



- Mosenergo generation decreased by 4.4% in 2013 versus 2012 due to balance power flow increase into Moscow free power flow zone
- Heat supply by Mosenergo power plants decreased by 1.2% in 2013 versus 2012 due to higher ambient temperature in QIV of 2013 versus the same period of previous year



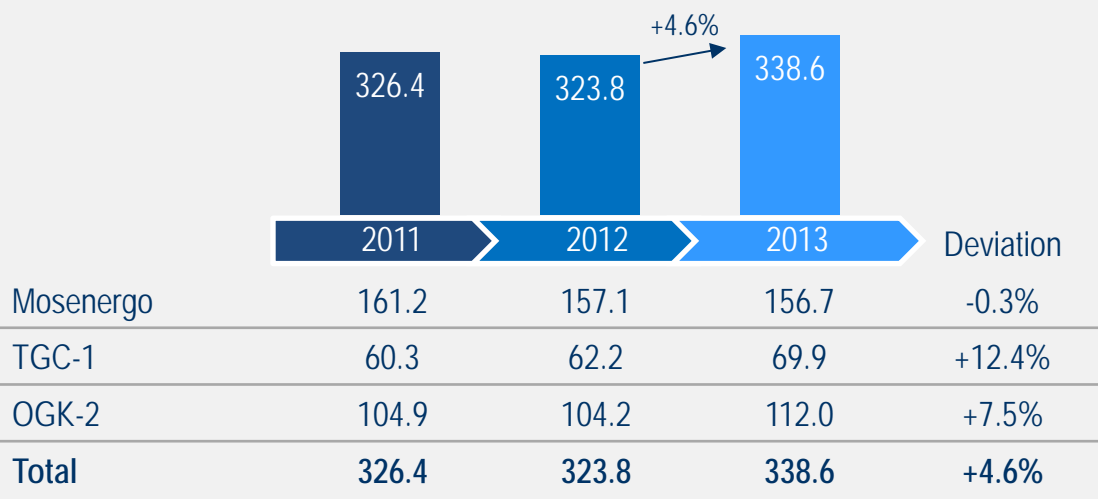
- TGC-1 generation decreased by 3.6% versus 2012 due to low water content and warm weather in QIII and IV of 2013
- TGC-1 heat supply decreased by 4.2% versus 2012 due to high ambient temperatures in QIV of 2013



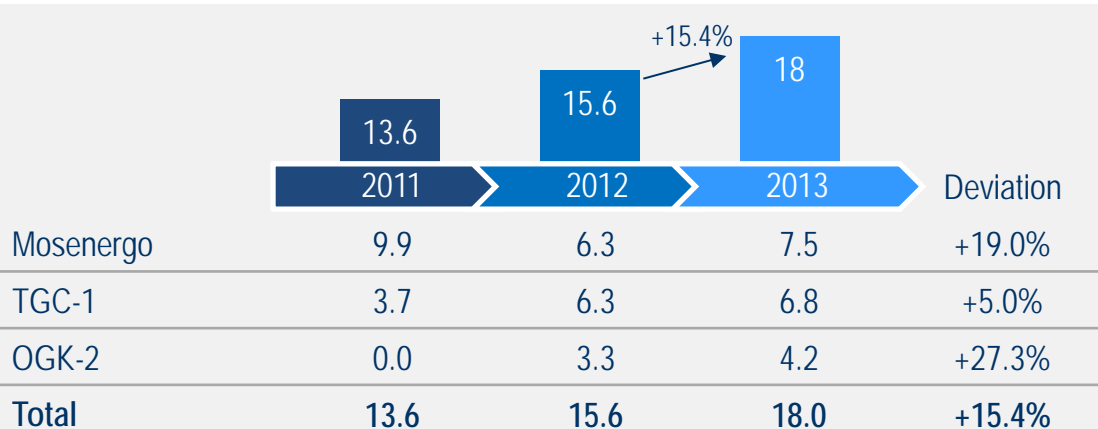
- OGK-2 generation decreased by 6% versus 2012 due to executing System Operator assignments, general electricity consumption decrease and optimizing inefficient facilities loading

2013 Financial Results (1 of 2): Revenue Growth Drivers

Proceeds (IFRS), RUB bln



Profit (IFRS), RUB bln



Mosenergo proceeds dropped by 0.3% in 2013 versus 2012 due to lower heat supply proceeds by 9.7% (39% of total proceeds) as a result of heat supply shrinkage and alteration of heat payments procedure after merger of MOEK and MTK since October 1, 2012



TGC-1 proceeds rose by 12.4% resulted from following :

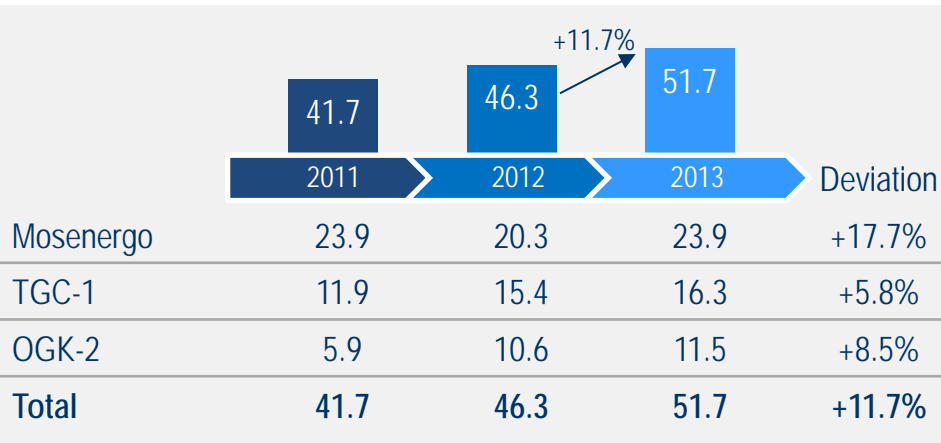
- Electricity price growth at the day-ahead market by 13.8% (electricity sales amount to +9.5%)
- CCGT-450 unit introduction at wholesale market and CCE price growth (capacity sales amount to +26.6%, including CSA (+48%) and CCE +9.5%)
- Rising electricity prices at NordPool (export revenue amounts to +16.6%)
- Heat tariff rise (heat sales amount to +9.5%)



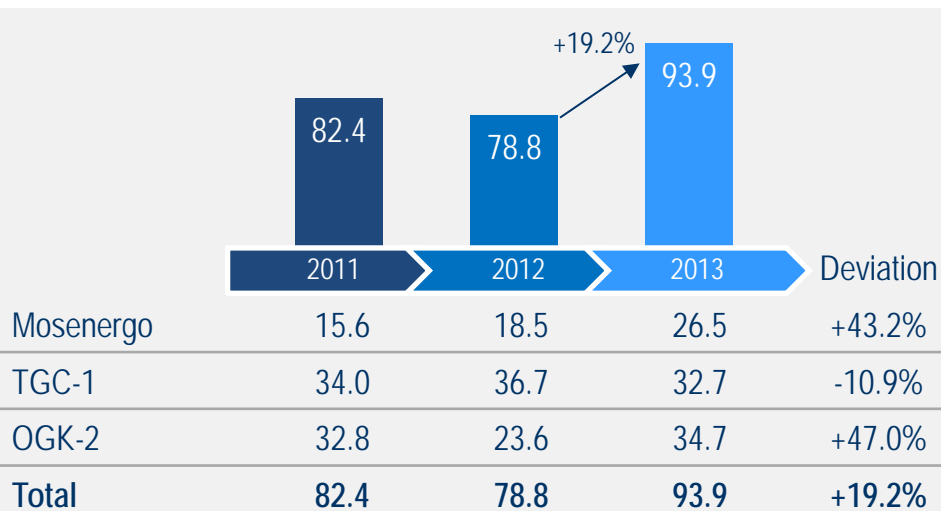
OGK-2 proceeds increased by 7.5% due to CSA proceeds rise (including new units commissioning as per CSA) and price growth at wholesale electricity market

2013 Financial Results (2 of 2): EBITDA Growth Drivers

EBITDA (IFRS), RUB bln



Debt (IFRS), RUB bln



Mosenergo EBITDA grew by nearly 18% due to following:

- Price growth at day-ahead market and balancing market
- CCE tariff indexing
- Buildup of new units share in entire generation
- Decrease of specific fuel consumption for power and heat generation
- Decrease of costs for electricity and heat supply

EBITDA adjusted by accrued reserve against receivables has grown by 23.1% up to RUB 26.4 bln



TGC-1 EBITDA went up by 5.8% due to following :




- Price growth at day-ahead market and under regulated agreements
- CSA capacity increase due to CCGT-450 commissioning
- Decrease of specific fuel consumption for power and heat generation
- Implementation of Program on Core Business Improvement providing reduction of maintenance duration and procurement optimization



- OGK-2 EBITDA went up by 8.5% due to CSA revenue growth, CCE price growth and equipment load optimization
- EBITDA adjusted by reserve against doubtful accounts rose by 24.4% up to RUB 13.9 bln

Expected EBITDA Growth Drivers Effect between 2013 and 2014

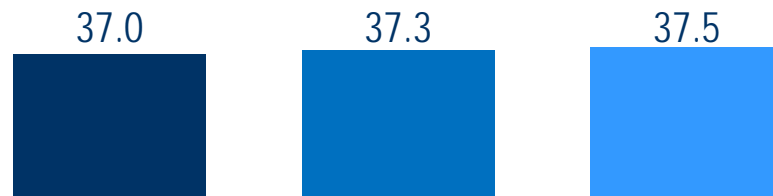
Current Optimization Programs of Gazprom Energoholding yielded RUB 4.1 bln in 2013, EBITDA increment exceeding RUB 2.0 bln is expected in 2014. Number of initiatives will also enable to raise company value in future

																					
Expected EBITDA optimization effect, RUB bln	<table border="1"> <tr> <td>2014</td> <td>+2.3</td> </tr> <tr> <td>2013</td> <td>+1.5</td> </tr> <tr> <td>Increment</td> <td>+0.8</td> </tr> </table>	2014	+2.3	2013	+1.5	Increment	+0.8	<table border="1"> <tr> <td>2014</td> <td>+2.6</td> </tr> <tr> <td>2013</td> <td>+1.8</td> </tr> <tr> <td>Increment</td> <td>+0.8</td> </tr> </table>	2014	+2.6	2013	+1.8	Increment	+0.8	<table border="1"> <tr> <td>2014</td> <td>+1.3</td> </tr> <tr> <td>2013</td> <td>+0.8</td> </tr> <tr> <td>Increment</td> <td>+0.5</td> </tr> </table>	2014	+1.3	2013	+0.8	Increment	+0.5
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Expected growth drivers	<ul style="list-style-type: none"> ▪ Synergy due to MOEK acquisition: <ul style="list-style-type: none"> – shifting heat generation from boiler houses to CHPP's – real estate selling and leasing ▪ CSA program completion ▪ LEAN program 	<ul style="list-style-type: none"> ▪ CSA program completion ▪ Cost Reduction Program extension ▪ Option for heat network business abandonment 	<ul style="list-style-type: none"> ▪ CSA program completion ▪ Cost Reduction Program implementation ▪ Fuel balance optimization 																		

Gazprom Energoholding Investment Program: Current Status and Prospects



Gazprom Energoholding installed output, GW



Gazprom Group to provide commissioning of 9 GW capacities within CSA between 2007 and 2016

Investments, RUB bln



- 57% of CSA projects commissioned as of December 31, 2013

New projects commissioning, GW

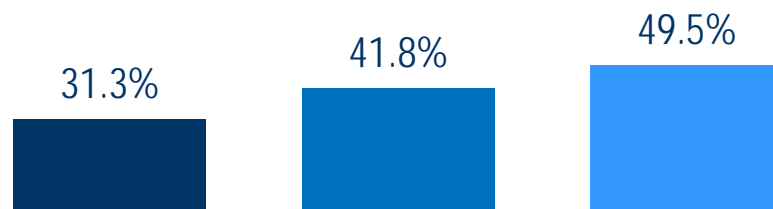


- 78% of CSA projects commissioning paid as of December 31, 2013

Inefficient projects decommissioning, GW



New projects share as per EBITDA



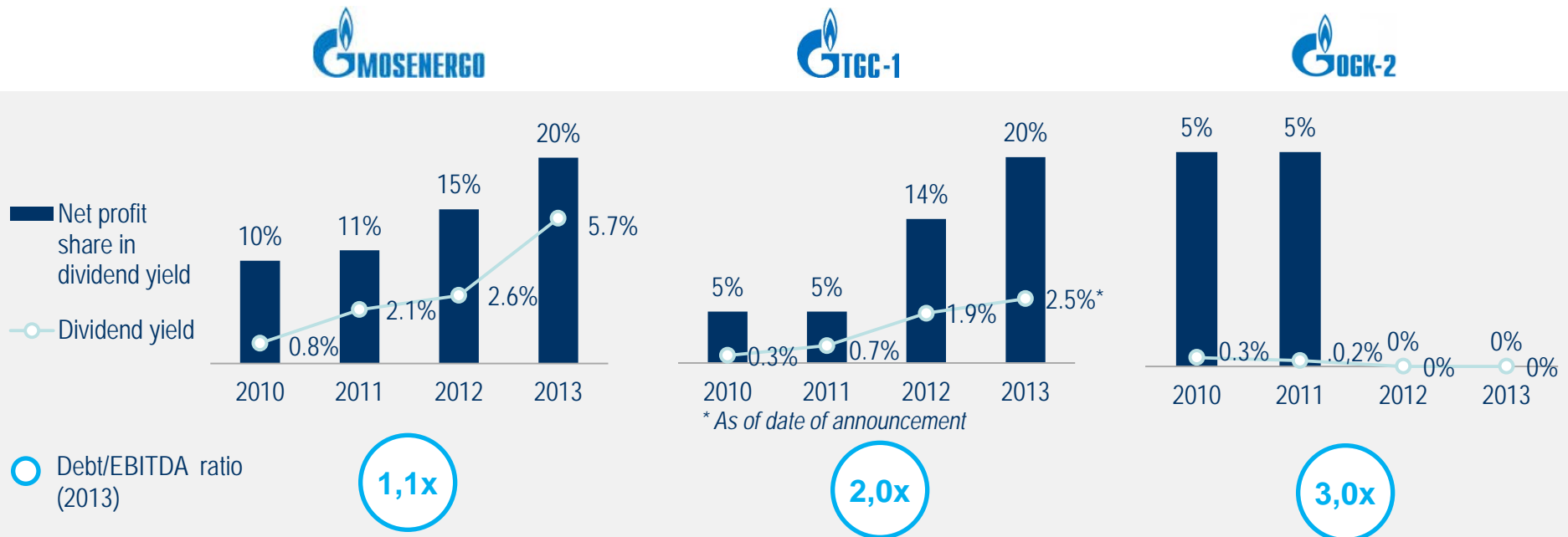
Gazprom Energoholding Companies' Dividends

Gazprom Energoholding relies on following while defining dividend amount

Debt burden Not exceeding 4.0x at extreme Debt/EBITDA ratio. Gazprom Energoholding aims for Debt/EBITDA ratio corresponding to Gazprom's level (1.2x)

Investment Program Gazprom Energoholding considers investments expected during forthcoming 3 years

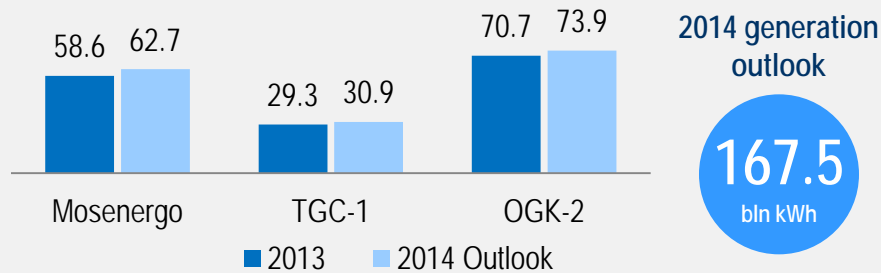
Dividends: retrospective / debt burden of Gazprom Energoholding companies



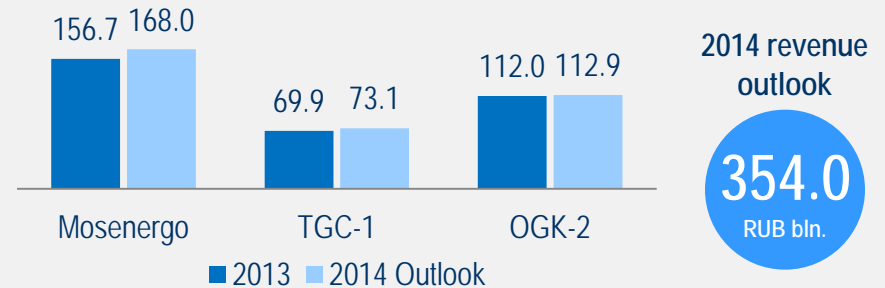
Key Figures Outlook for 2014

Gazprom Energoholding core and financial performances are expected to keep on growing in 2014, however they will show slight deceleration due to tariff freezing

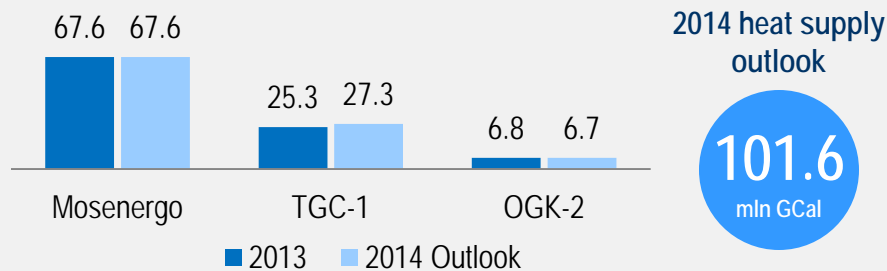
Electricity generation, bln kWh



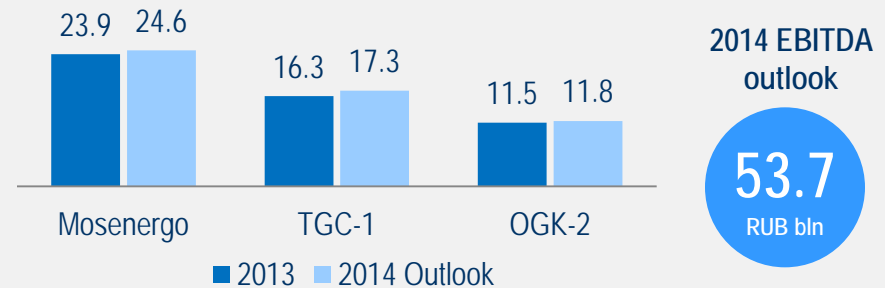
Revenue (IFRS), RUB bln



Heat supply, mln GCal



EBITDA (IFRS), RUB bln



Source: company's in-house data

MOEK efficiency enhancement initiatives

Fuel saving

- Savings on load shifting from MOEK inefficient boiler houses to Gazprom Energoholding plants (effect may exceed RUB 10 bln)
- Up to 3,500 GCal/h heat capacity may be converted to combined cycle

Operational costs reduction

Reduction of following is expected:

- heat loss – by 1 mln Gcal up to end of 2014
- employees – by 1 thousand persons

Other synergies effects

- Possible utilization of decommissioned boiler houses sites
- Obtaining status of single heat supply company in Moscow and other operational synergies

Heat load was shifted from MOEK boiler houses to Mosenergo CHPP's during winter 2013-2014:

Heat load was shifted from 18 MOEK facilities in 2013

- 5 district boiler houses
- 1 local boiler house
- 12 small boiler houses



- Capital costs for shifting amounted to RUB 385 mln
- Load shifting of about 800 GCal/h enables to save ≈ 130 mln m³ of gas annually

Load shifting schedule for 2014:

Boiler houses description	Shifted load, GCal/h	Saved gas, mln m ³ /year
Decommissioned	454	95
Winter	373	42
Summer	350	107
Small	40	4
Total	1,218	247

Assignment of inefficient boiler houses to Mosenergo



Gazprom Energoholding, being part of Gazprom Group, represents its business in global markets. Apart from current activity on efficiency enhancement, company keeps looking for ways to enhance its value both domestically and abroad

DOMESTIC PROJECTS

Service activities

- Acquisition of Teploenergoemont, group of service companies, in 2013
- Gazprom Energoholding Group is a stockholder of Tekon-Engineering service company
- Both companies are contractors of Gazprom Energoholding Group's parent companies as well as of external customers

EV charging stations

- Entering into EV charging stations agreement with Moscow authorities
- In particular, procedures for EV extended usage and appropriate infrastructure development in Moscow are preliminary agreed

INTERNATIONAL PROJECTS

Pancevo project

- 208 MW CCGT construction in Pancevo in cooperation with NIS
- ROI is secured by long-term agreements on fuel and heat and power supply

Prospective international projects

- Gazprom Energoholding regularly monitors prospective markets, including Germany, Serbia, Balkan region, Japan, China and Vietnam

Developing optimal structure of production capacities

- CSA program completion
- Upgrading capital assets of generating companies
- Inefficient projects decommissioning
- Non-core assets divestment

Furthering costs reduction programs at parent companies

- Fuel efficiency and adequate load of facilities
- Operational and investment costs reduction
- Efficiency enhancement for Moscow heat supply system

Smooth transition to upright-integrated power energy holding model

- Acquisition of efficient generation assets
- Participation in profitable projects on generating facilities construction in Russia and abroad
- Service activities development and outsourcing certain auxiliary activities

THANK YOU FOR YOUR ATTENTION!