



strategy day

2030



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10-YEAR RESULTS INTER RAO TODAY



Evgeny Miroshnichenko

Member of the Management Board, Chief Financial Officer




INTER RAO TODAY


Installed capacity*

 **31**
GW

Power generation

130 
TWh

Revenue


 **>1**
trln RUB

Headcount


48k 
people



GROUP'S ASSETS MAP

>>>  Russian generation

 Supply

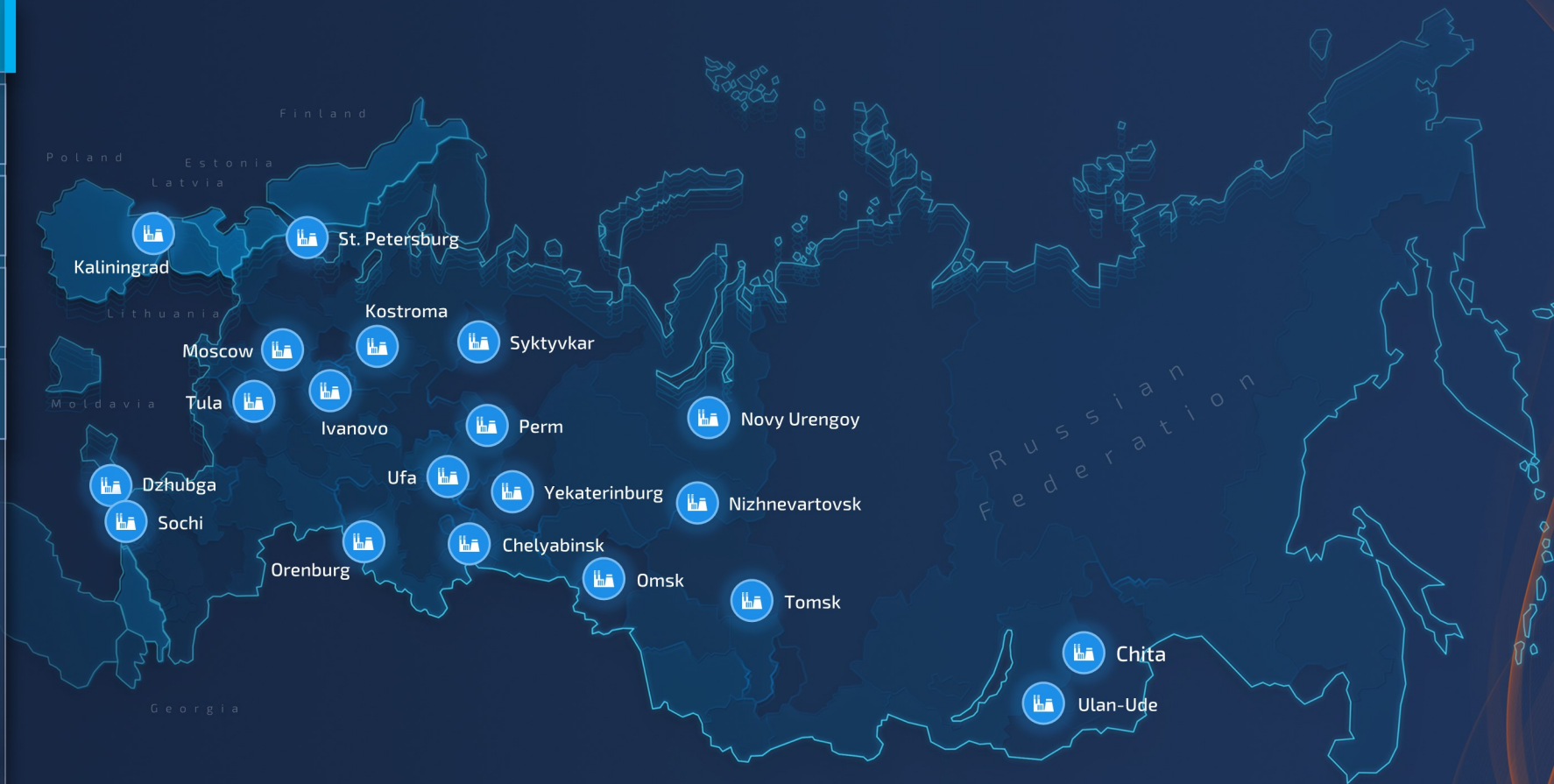
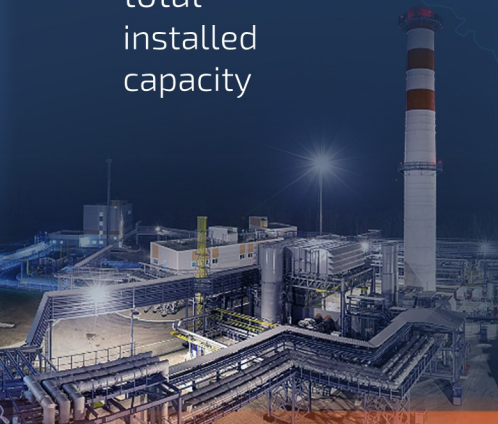
 Foreign assets

 Trading

 Engineering, etc.

28.2 GW

total
installed
capacity



GROUP'S ASSETS MAP



Russian
generation



Supply



Foreign
assets

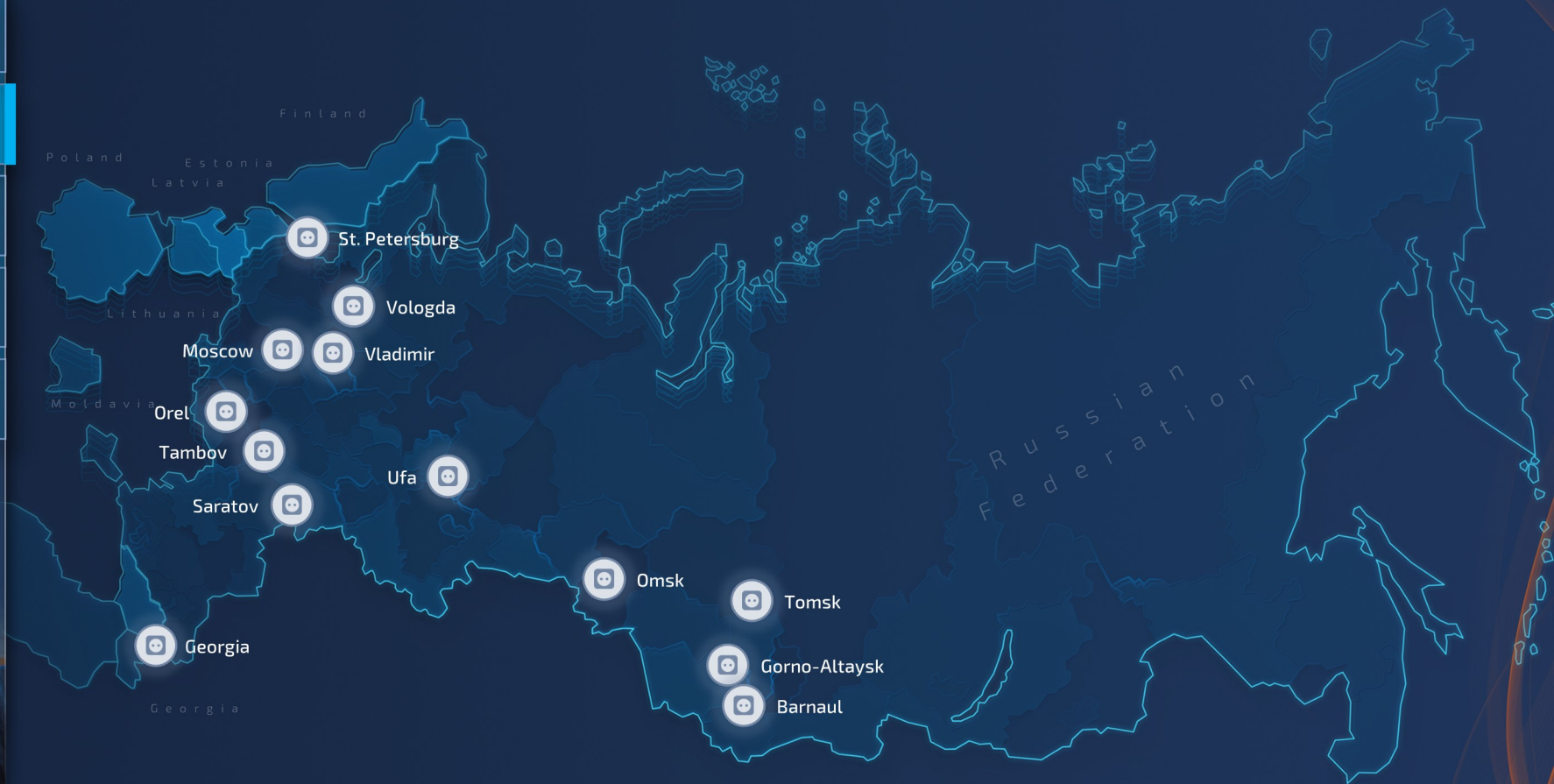


Trading



Engineering, etc.

16 mln
customers





Russian
generation



Supply



**Foreign
assets**



Trading



Engineering, etc.

2.8 GW

total
installed
capacity



GROUP'S ASSETS MAP



Russian
generation



Supply



Foreign
assets



Trading



Engineering, etc.

15

buying countries

key destinations:



GROUP'S ASSETS MAP



Russian
generation



Supply



Foreign
assets



Trading

>>>  Engineering, etc.

Key assets



INTER RAO GROUP'S COMPETITIVE POSITION IN THE RUSSIAN MARKET

The Company has a leading position in the Russian electric
power and heat generation and supply market
(market share in Russia)*



11.2%

electricity
generation



3.0%

heat
generation



99.9%

trading

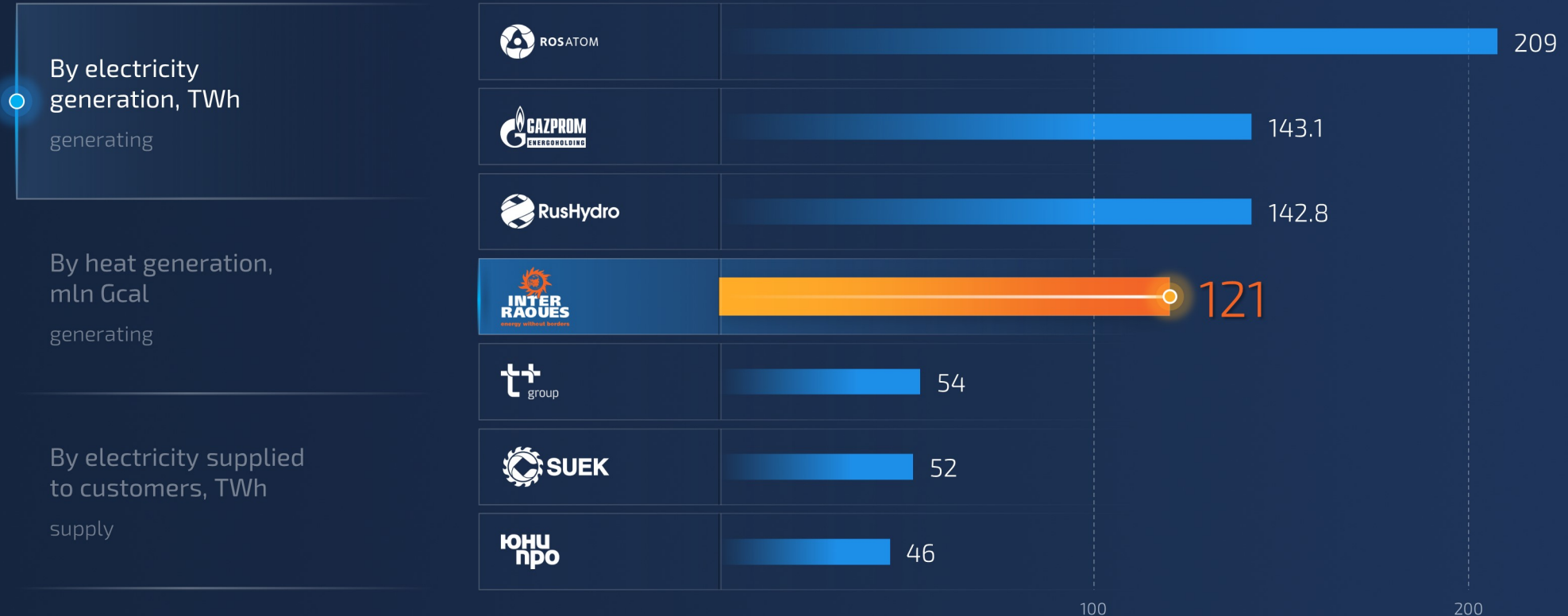


18.3%

electricity
supply

INTER RAO GROUP'S COMPETITIVE POSITION IN THE RUSSIAN MARKET

The Company has a leading position in the Russian electricity generation market
among Russia's generating companies



* As at December 31, 2019

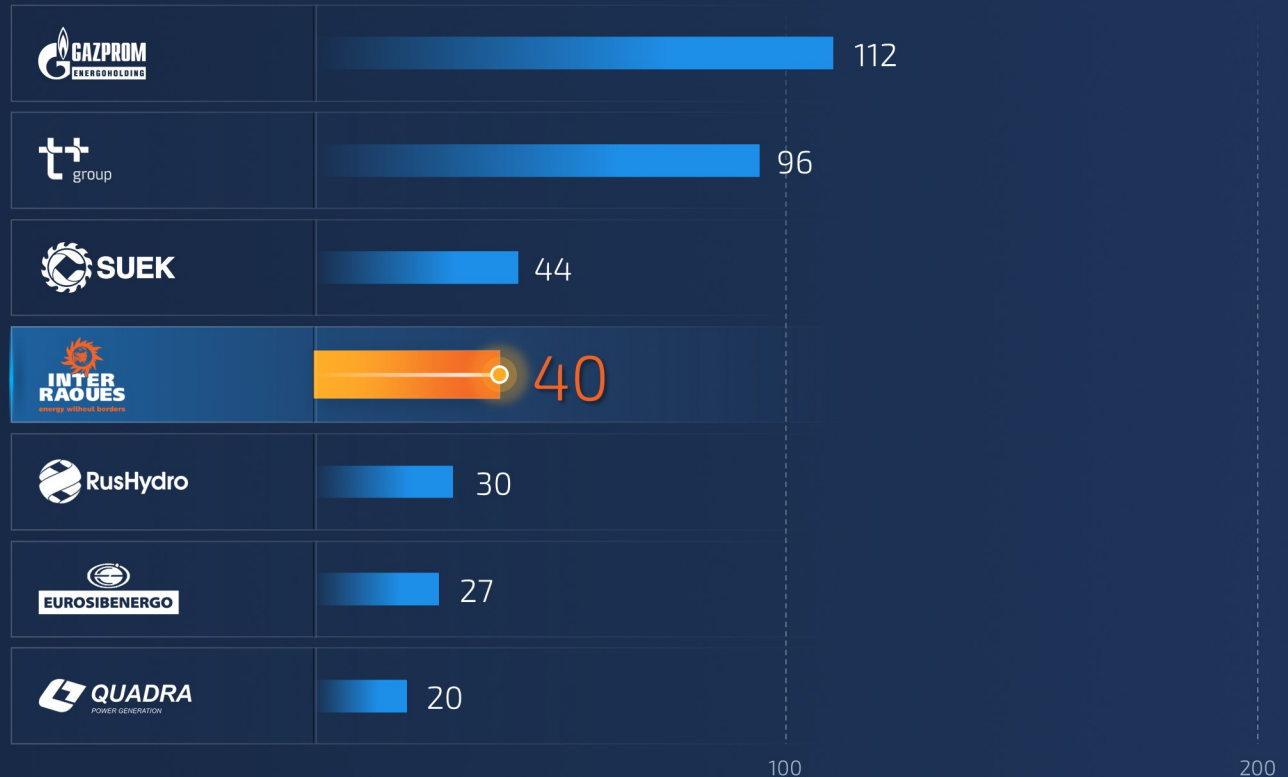
INTER RAO GROUP'S COMPETITIVE POSITION IN THE RUSSIAN MARKET

The Company has a leading position in the Russian heat generation market
among Russia's largest heat generating companies

By electricity
generation, TWh
generating

By heat generation,
mln Gcal
generating

By electricity supplied
to customers, TWh
supply



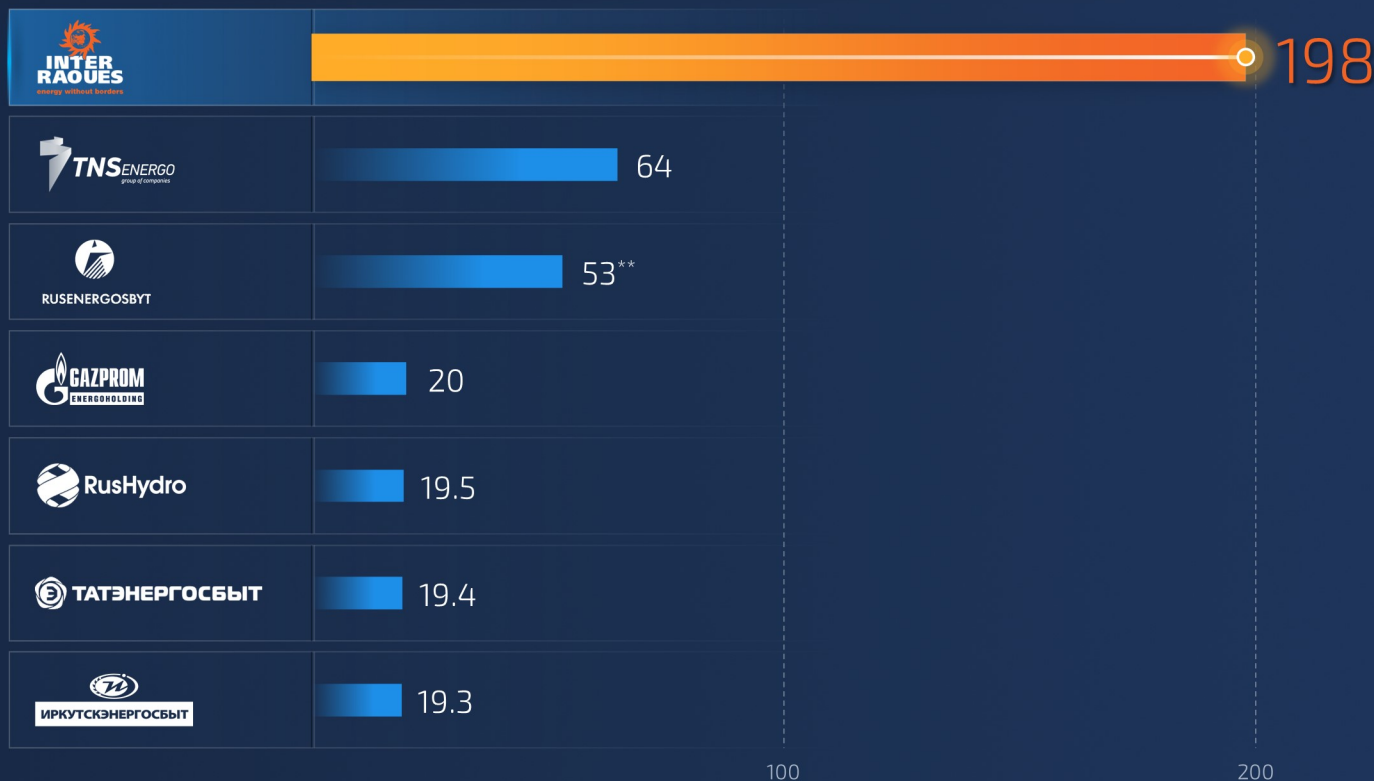
INTER RAO GROUP'S COMPETITIVE POSITION IN THE RUSSIAN MARKET

The Company has the leading position in the Russian electricity supply market
among Russia's largest power supply companies

By electricity
generation, TWh
generating

By heat generation,
mln Gcal
generating

By electricity supplied
to customers, TWh
supply



* As at December 31, 2019

** 2018 data, 2019 data not published yet

INTER RAO GROUP DEVELOPMENT 2009-2019



INTER RAO GROUP DEVELOPMENT 2009-2019

01

Consolidating
and integrating assets,
optimising asset structure

02

Pursuing M&A
opportunities
in Russia and abroad

03

Tapping
into
Engineering

04

Expanding retail electricity
market footprint, including
by setting up unified information
and settlement centres

05

Entering into strategic long-
term contracts to supply gas
and power to China

06

Improving
operational
efficiency of assets

07

Selling
non-core
assets

08

Implementing the state
programme for new capacity
construction (CDA)*

09

Running the country's
strategic project to build
generation facilities
in the Kaliningrad Region

10

Taking part
in the programme
to upgrade thermal
power plants

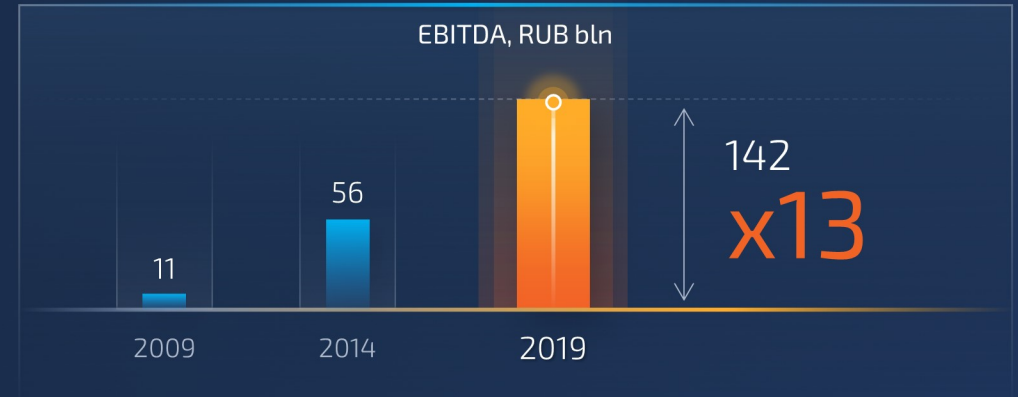
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Accumulating
substantial financial
resources

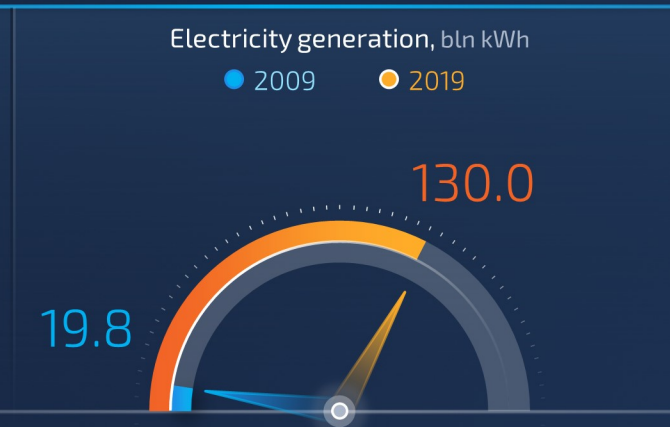
12

Significant growth
in capitalisation
and stronger
investment case

INTER RAO GROUP DEVELOPMENT 2009-2019



THE COMPANY HAS MET THE STRATEGIC TARGETS SET FOR THE MANAGEMENT IN 2014

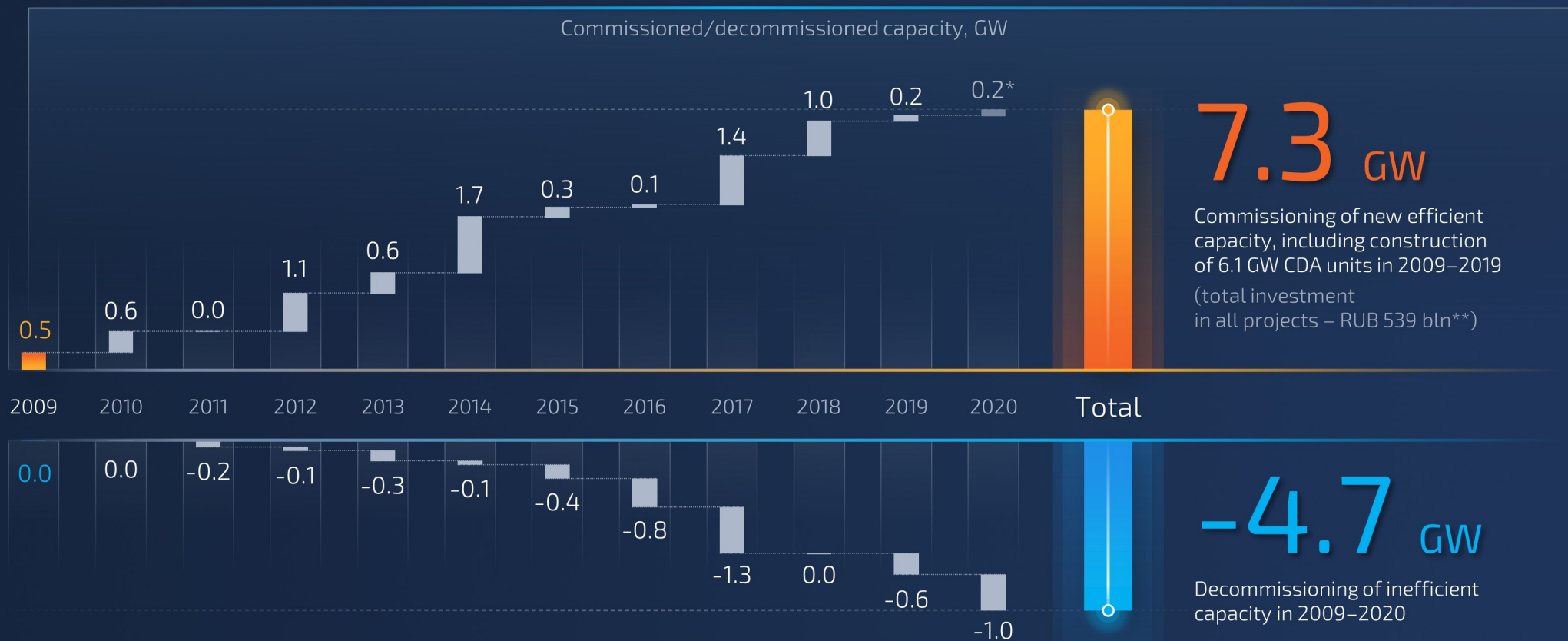


* With account of the sale of Ekibastuzskaya GRES-2

NEW CONSTRUCTION. DECOMMISSIONING

Construction of all CDA units across the Inter RAO Group completed in 2018

Commissioned/decommissioned capacity, GW



* Planned construction of new generation facilities in 2020

** Total investment programme of the Group, including generation in the Kaliningrad Region starting 2015
Total investment programme of the Group, including generation in the Kaliningrad Region starting 2015

GROUP'S KEY TRANSACTIONS

Consolidation of key generating assets

BGC

In 2012, Inter RAO purchased a 100% stake in Bashkirenergo
As a result, in the period between 2013 and 2019:

x3

EBITDA

+15p.p.

EBITDA margin*

Acquisition of key supply assets

Mosenergosbyt, RN-Energo, St Petersburg Power Supply Company (PSC), ERCB

From 2011, Inter RAO was acquiring major supply companies with a total revenue of RUB 666 bln (in 2019)

+12.8%

the average revenue growth rate of these companies, 2011-2019

Sale of key minority stakes

Irkutskenergo**

40.29%

stake

RUB 70 bln

Inter RAO income***

Foreign asset sale

Ekibastuzskaya GRES-2

50.00%

stake

Samruk Group

buyer

~RUB 133 bln

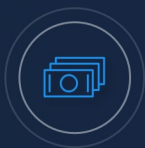
the Group's proceeds from the sale of minority stakes owned by Inter RAO in 2010–2020

* EBITDA margin net of intragroup turnover

**Russia M&A Awards Deal 2016

***Inter RAO income as per IFRS

GROUP'S EFFICIENCY



EBITDA
margin



Fuel
consumption

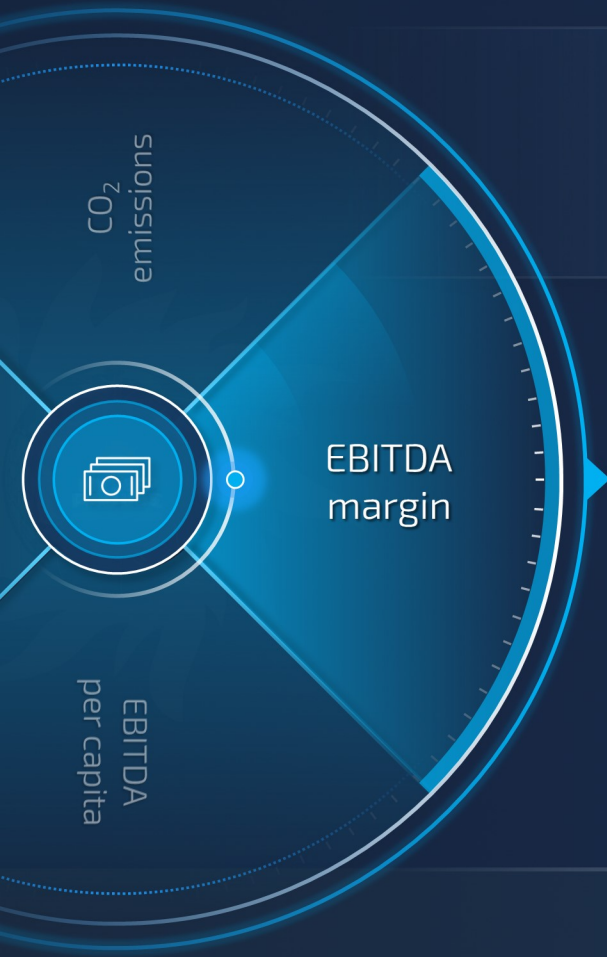


EBITDA
per capita



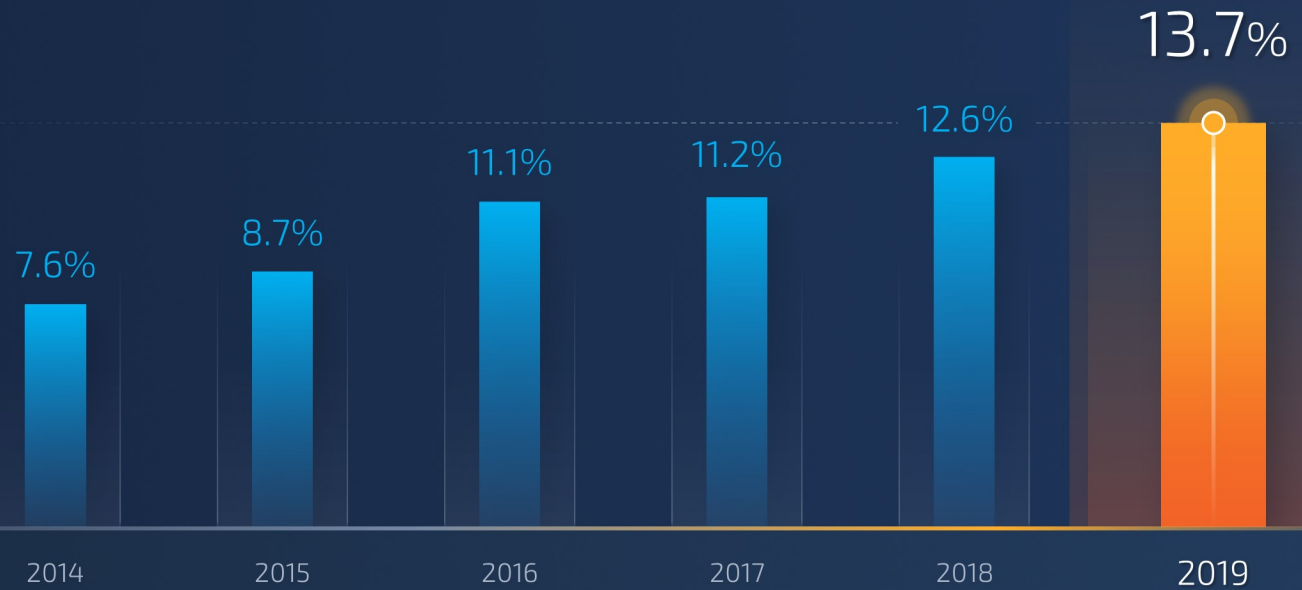
CO₂
emissions

GROUP'S EFFICIENCY



▲6.1 p.p.

Increasing business efficiency
(EBITDA to the Group's revenue)

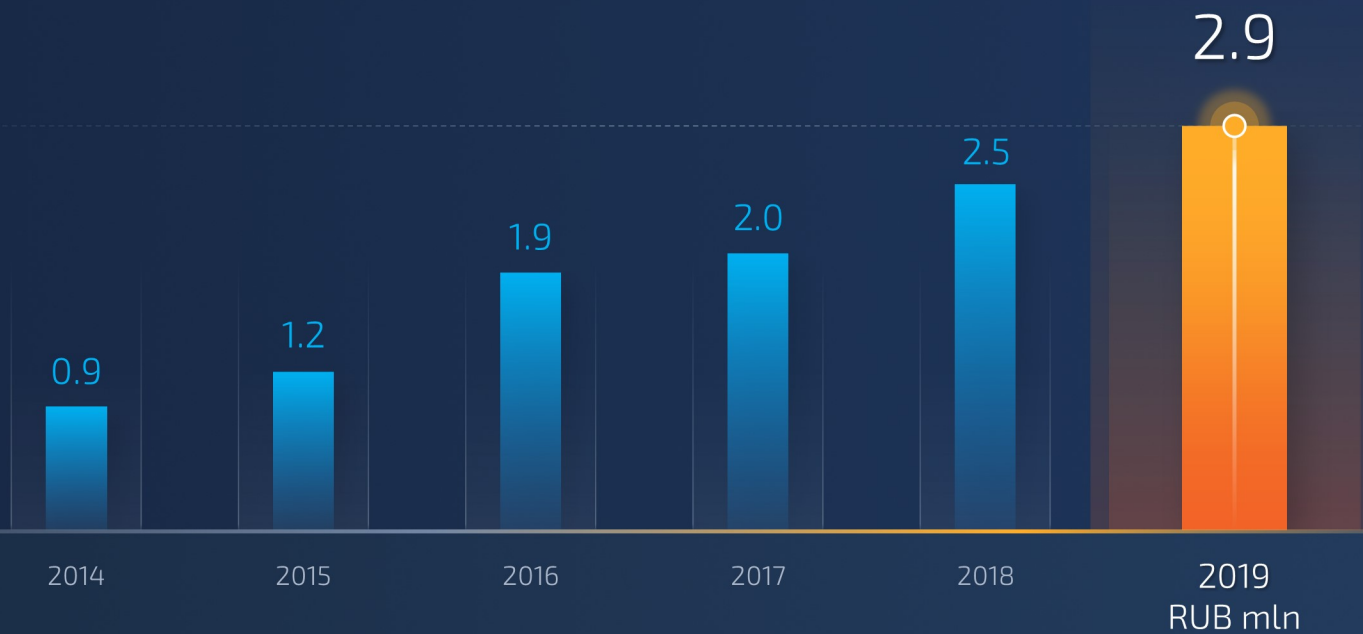


GROUP'S EFFICIENCY

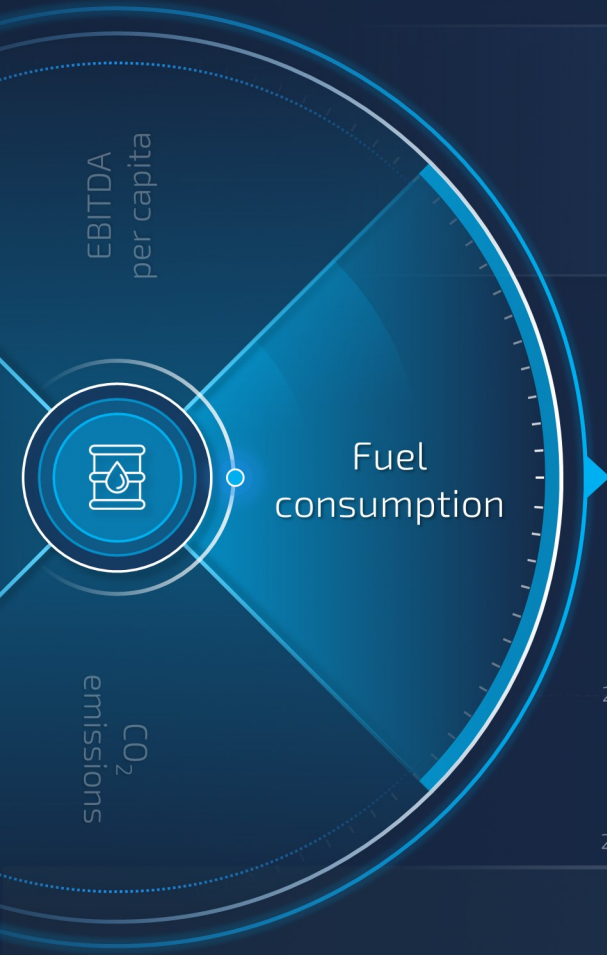


▲ 224 %

Productivity
increase

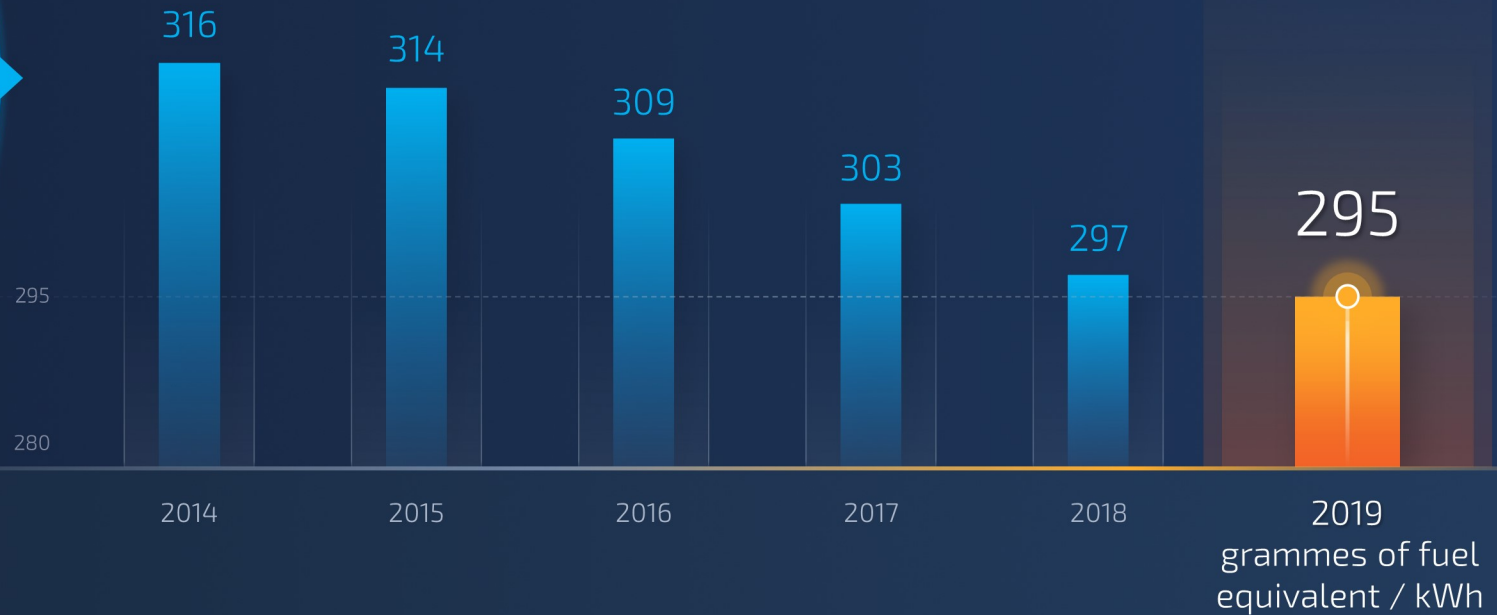


GROUP'S EFFICIENCY



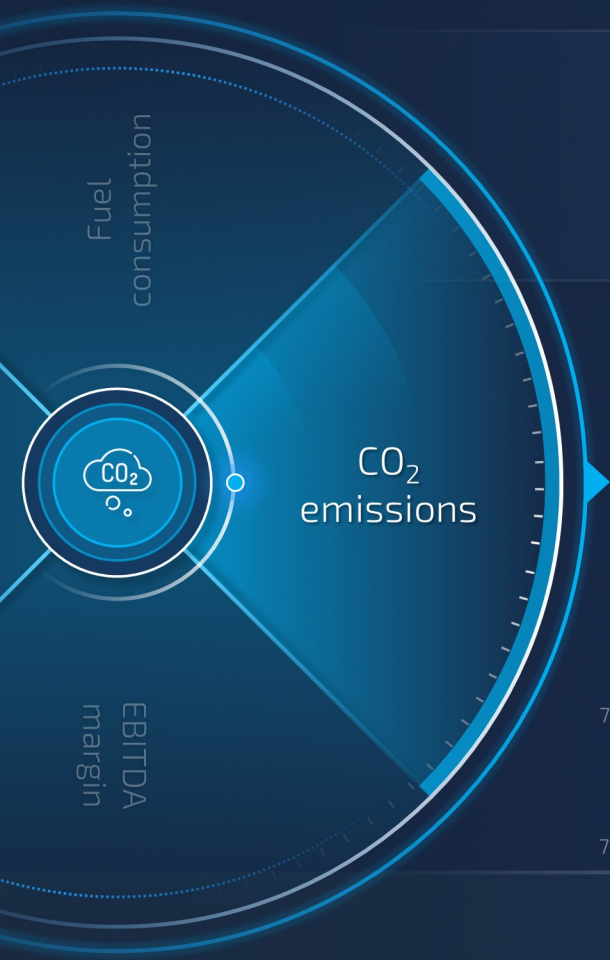
▼ 6%

SFEC* reduction across the Group's Russian assets due to commissioning and decommissioning in 2014–2019



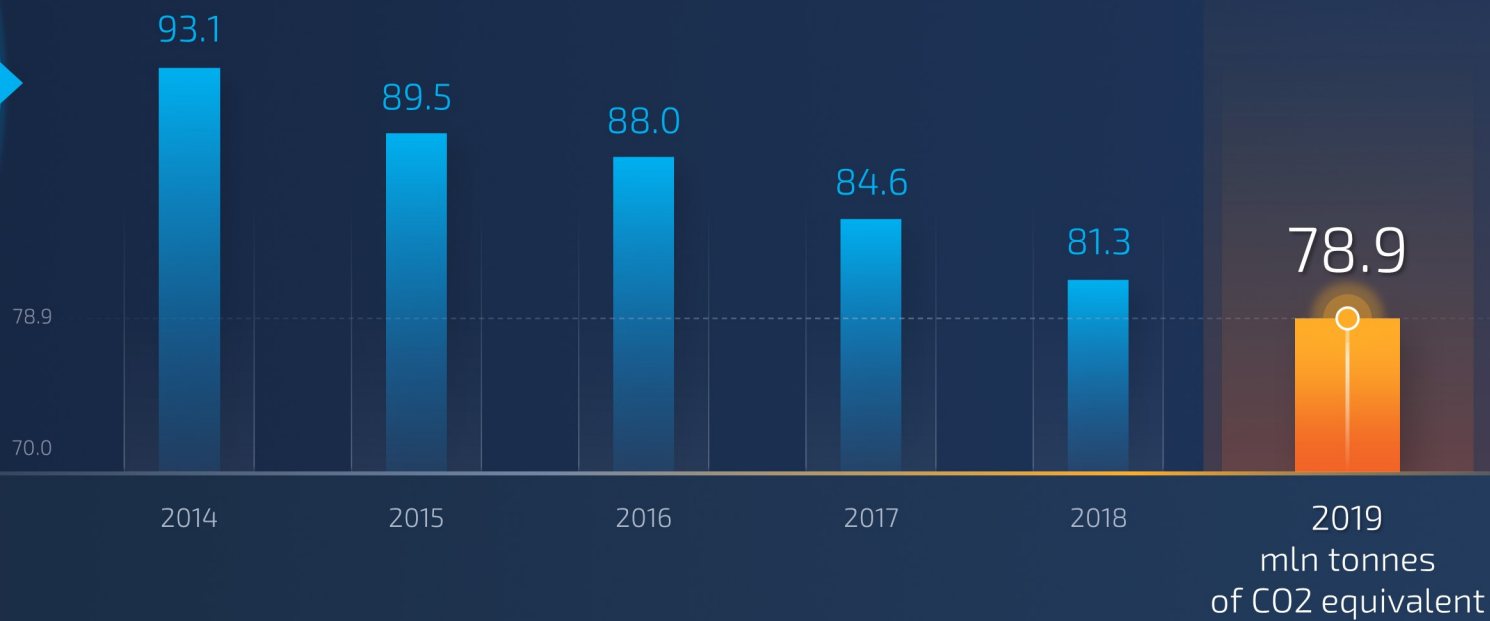
* SFEC – specific fuel equivalent consumption

GROUP'S EFFICIENCY



▼15%

Lower greenhouse gas emissions by the Group



KEY GROWTH AREAS

Aleksey Maslov

Member of the Management Board,
Head of Strategy and Investment



POWER COMPANIES' CAPITALISATION SINCE DECEMBER 31, 2014

720%



340%



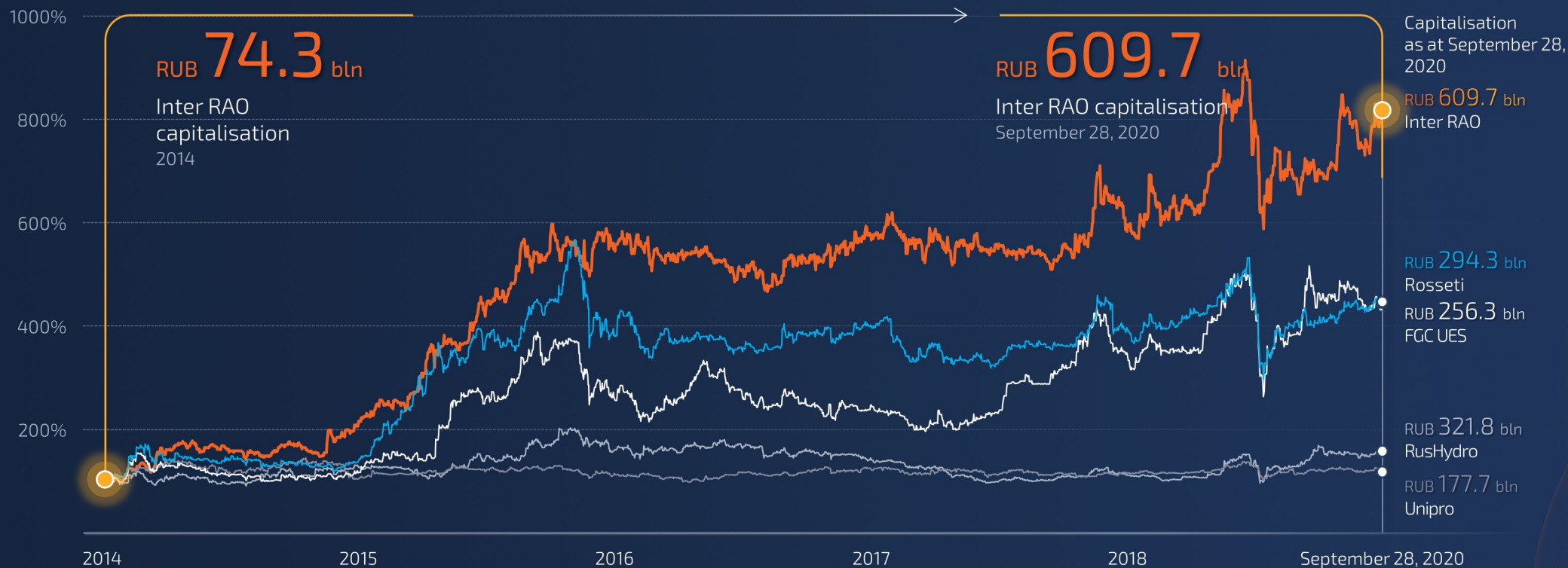
340%



54%



24%



KEY TRENDS AND CHALLENGES FOR THE GROUP'S CORE BUSINESSES

Maintaining stable operations
of the Group's assets in the face
of geopolitical tensions
between Russia and the West



Ensuring sustainable
growth amid the slowdown
of the global economy



Developing the Company's
business taking into account
the growth trend of alternative
energy, energy storage, and electric
vehicle markets globally



Adhering to the sustainable
development principles
in the context of the evolving policy
of environmental restrictions



Doing digital transformation of the business,
with due account of the tools and pace
of the global economy's digital transformation



KEY TRENDS AND CHALLENGES FOR THE GROUP'S CORE BUSINESSES

Electricity generation

- Maintaining the long-term dominant position of TPPs in Russia's power mix, taking into consideration the development of RES
- Need for a new investment cycle given the completion of the CDA programme, ageing equipment and available investment resources
- Demand for gas turbines and their maintenance in view of the need to upgrade facilities and improve the industry efficiency

Heat power business

- Insufficient asset modernisation rate due to tariff growth limits
- Need for effective mechanisms for raising investments in the industry and tariff setting to reverse the trend of ageing equipment and infrastructure



Foreign trade

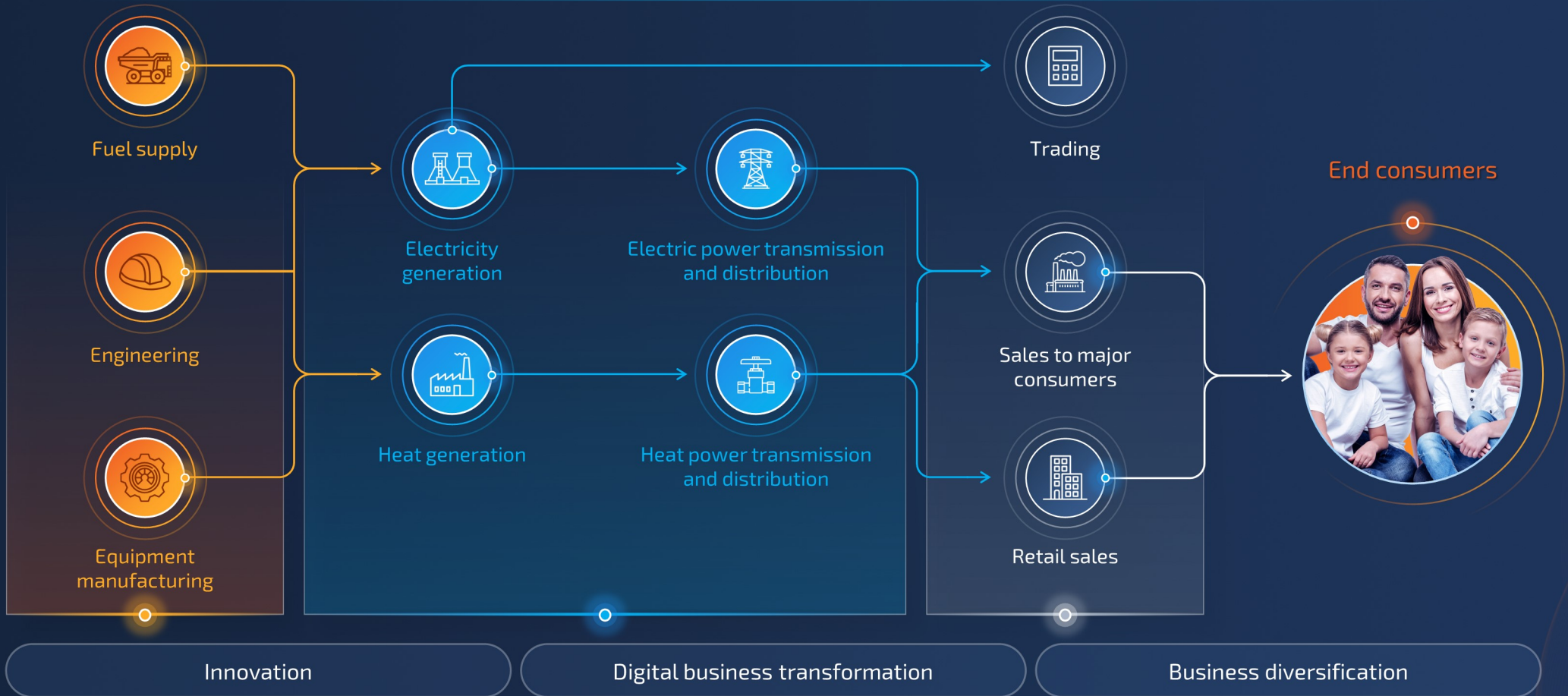
- Disconnecting the Baltic states' energy systems from Russia's UES
- Potential isolation of the Kaliningrad Region's energy system
- Creating a single EAEU energy market
- Lower NordPool prices due to the development of RES and launch of new nuclear power plants

Retail business

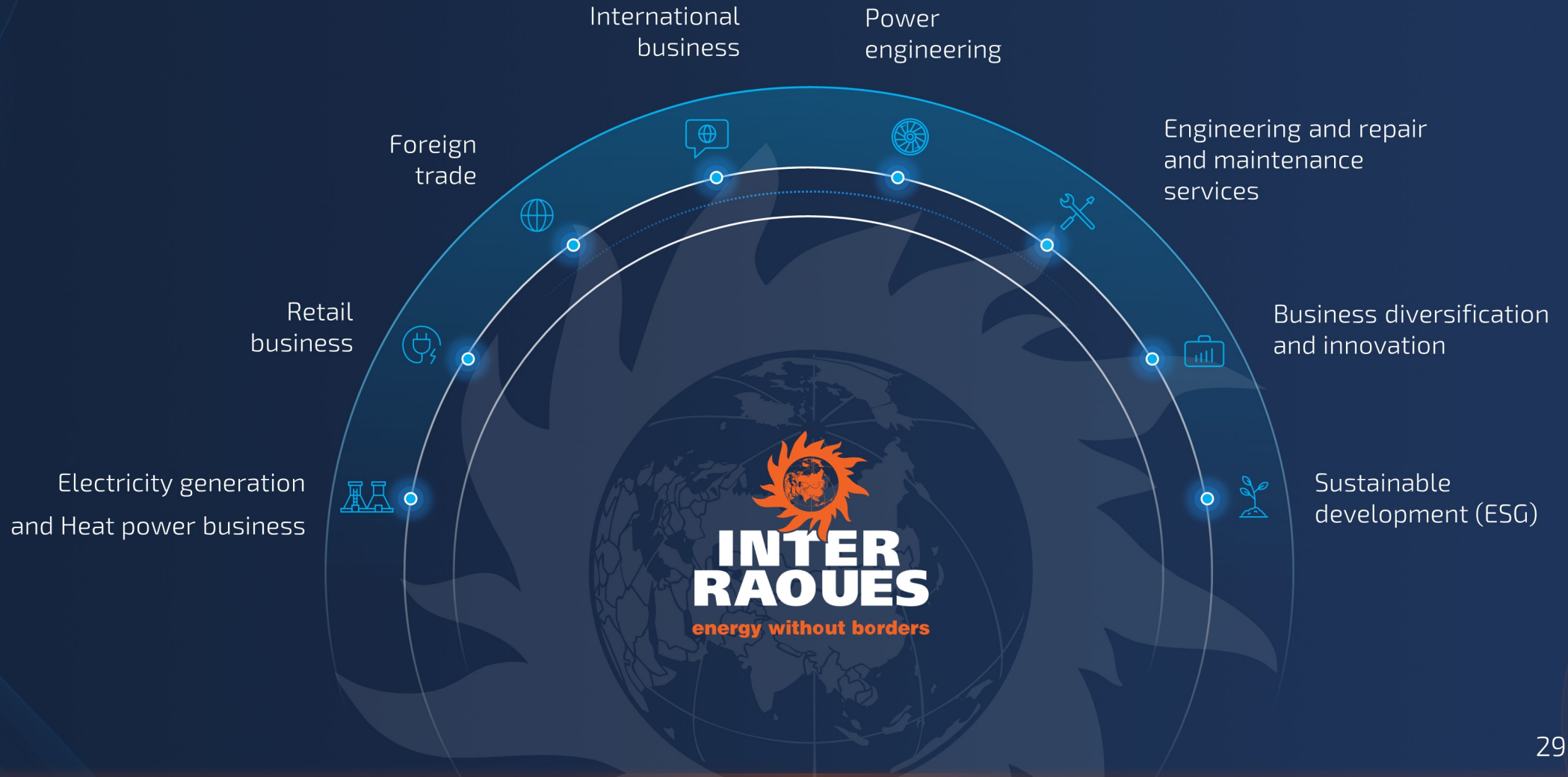
- Business transformation with due account of initiatives by new market players and stronger competition for consumers
- Digitalisation and transition to remote channels catering to customer needs

BUSINESS MODEL OF INTER RAO GROUP

At Inter RAO Group, business diversification is the key risk-hedging strategy that helps navigate the uncertainties associated with the long-term development of the industry's regulatory framework



KEY GROWTH AREAS



KEY STRATEGIC INITIATIVES

Electricity generation and Heat power business

Retail business

Foreign trade

International business

Power engineering

Engineering and repair and maintenance services

Business diversification and innovation

Sustainable development (ESG)

Securing stable power supply and improving operational, energy and environmental efficiency of assets

Promoting initiatives to develop the regulatory framework of electricity and heat markets, measures to support and create mechanisms for attracting investments to the industry, interaction with the regulator

Implementing projects to build new and upgrade the existing generation facilities

Acquiring blocks of shares in generation companies / attractive power plant assets

x2.8 EBITDA*
RUB bln



x2.9 revenue*
RUB bln



* EBITDA and revenue are adjusted for possible M&A deals and potential projects of new CCGT construction as per the management accounts

KEY STRATEGIC INITIATIVES

Electricity generation and Heat power business

Retail business

Foreign trade

International business

Power engineering

Engineering and repair and maintenance services

Business diversification and innovation

Sustainable development (ESG)

2022–2025 Capacity Modernisation Programme results



6.7 GW

Capacity of the modernisation projects selected in 2019

RUB 49.1 bln
CAPEX

Forecast for the 2026–2030 Capacity Modernisation Programme

up to 4.8 GW

Expected capacity under projects selected in 2020–2025, including up to 1.5 GW for CHPPs

Projected benefits* of participation in the 2022–2025 Capacity Modernisation Programme

+382 MW
added to installed capacity

~6–23
tonnes of reference fuel/kWh
lower specific fuel consumption rate

~RUB 150 bln
EBITDA growth in 16 years

13 %
project IRR

* As at 2 March 2020

KEY STRATEGIC INITIATIVES

2022–2025 Capacity Modernisation Programme

Modernisation projects selected in 2019



Power plant	Capacity, GW	Launch
Kostromskaya GRES	1.8	2022–2025
Permskaya GRES	0.9	2023
Karmanovskaya GRES	0.6	2023–2025
Sterlitamaskaya CHPP	0.1	2025
Irikhinskaya GRES	0.6	2023–2025
Nizhnevartovskaya GRES	1.6	2023–2024
Omskaya CHPP-4	0.2	2022–2025
Gusinozerskaya GRES	0.6	2022–2024

KEY STRATEGIC INITIATIVES

Electricity generation and Heat power business

Retail business

Foreign trade

International business

Power engineering

Engineering and repair and maintenance services

Business diversification and innovation

Sustainable development (ESG)

Digitalise key business processes, including potential acquisitions of companies/start-ups

Centralise retail services

Promote proposals to develop industry's regulatory framework

Promote smart electric power metering systems

Consider Inter RAO Group's further expansion in the Russian retail market, launch and develop unified information and settlement centres across its footprint

Promote additional paid services, including new product development




~20%

share of the Russian retail market in 2030


≥10%


share of additional paid services in retail business EBITDA in 2030


KEY STRATEGIC INITIATIVES


 Electricity generation and Heat power business


 Retail business

 Foreign trade

 International business

 Power engineering

 Engineering and repair and maintenance services

 Business diversification and innovation

 Sustainable development (ESG)

Maintain and consolidate existing positions as a single export/import operator

Develop export and import trade operations

Participate in shaping the EAEU regulatory framework, including electricity trading

Cooperate with Baltic countries to make interstate electricity trading possible after Estonia, Latvia and Lithuania join their energy systems with those of Europe in 2025

Consider technical measures to renovate grids to maintain exports to Finland

Consider the possibility of electricity exports from power plants based in Kaliningrad Region

≥ 10 bln kWh
foreign trade in 2030

\geq RUB 7 bln
marginal profit in 2030

$\sim 9\%$
profit margin in 2030

KEY STRATEGIC INITIATIVES



Electricity generation
and Heat power business



Retail
business



Foreign
trade



International
business



Power
engineering



Engineering and repair
and maintenance
services



Business diversification
and innovation



Sustainable
development (ESG)

Implement projects
promoting Russian
strategic interests
abroad

Improve efficiency
and consider options
to operate existing
assets abroad

Consider participating
in privatisations
and asset management
abroad

Analyse opportunities
and pursue efficient
investment projects while
also minimising risks

RUB **28** bln
revenue in 2030

~ RUB **6** bln
EBITDA in 2030

~ **20%**
EBITDA Margin in 2030

KEY STRATEGIC INITIATIVES

Electricity generation
and Heat power business

Retail
business

Foreign
trade

International
business

**Power
engineering**

Engineering and repair
and maintenance
services

Business diversification
and innovation

Sustainable
development (ESG)

Localise manufacturing and maintenance
of GE 6F.03 (79–87 MW) and GT13E2 (181–210 MW)
gas turbines in Russia by Russian Gas Turbines joint venture

Finally arrange for mass production
of GTU-110M (110–120 MW) turbines by a joint venture
of Inter RAO, RUSNANO and NPO Saturn

Number of gas turbines contracted
from own production/joint ventures meeting
the required localisation level (cumulative total)



Localisation requirement
for gas turbines
of own production



2021

GTU-110M turbine
mass production
to be launched

up to RUB **45** bln

Inter RAO's investment
in localisation project

* Localisation requirement is set at 90% by the Russian Government's Resolution No. 719 dated July 17, 2015

EXPANDING THE POWER ENGINEERING SEGMENT WITH "RUSSIAN GAS TURBINES"



Electricity generation
and Heat power business



Retail
business



Foreign
trade



International
business



Power
engineering



Engineering and repair
and maintenance
services



Business diversification
and innovation



Sustainable
development (ESG)



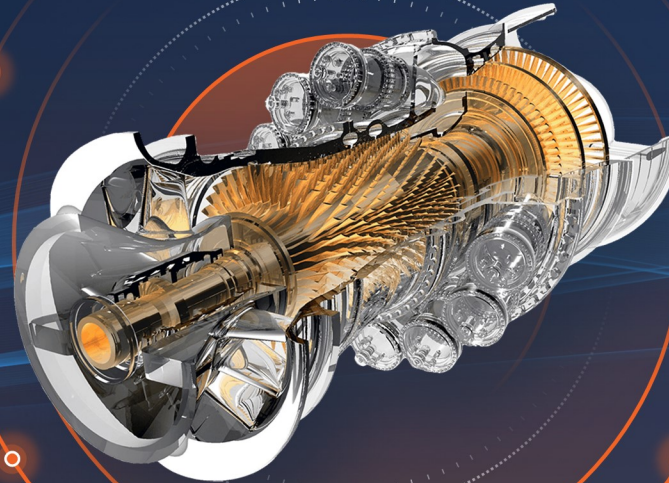
Full-scale maintenance
of turbines, in-field services,
repair and overhaul

Right to independent
improvements, modifications,
design and development


Create a Russian
supplier chain bringing
localisation to 100%


Reliance on a strong partner
such as GE, a market-leading
company


Licences to cutting-edge manufacturing
and maintenance technologies
for medium- and large-capacity gas turbines,
including spare parts and components





KEY STRATEGIC INITIATIVES


 Electricity generation and Heat power business

 Retail business

 Foreign trade

 International business

 Power engineering

 Engineering and repair and maintenance services

 Business diversification and innovation

 Sustainable development (ESG)

ENGINEERING

Ensure the implementation of new construction and TR&M projects for the Group's generating facilities, including as part of the Capacity Modernisation Programme

Further develop such competencies as owner's engineer, EPC contractor, FEED, start-up and commissioning, equipment certification services

Work on external contracts which meet the profitability target

REPAIR AND MAINTENANCE

Assist the Group in implementing the Capacity Modernisation and TR&M Programme

Improve labour productivity and optimise G&A expenses

Perform high-margin works using own resources, including develop gas turbine maintenance competencies

Work on external contracts only if the profitability target is met

FOCUS ON INTERNAL NEEDS

RUB **30-40** bln

potential average annual CAPEX on the Capacity Modernisation Programme

RUB **15-20** bln

projected annual expenses to repair existing generating assets

≥ 5%


EBITDA Margin from external contracts

≤ 10%


share of subcontractors in the revenue of the integrated repair and maintenance company at the Group's facilities

* TR&M means technical rehabilitation and modernisation


KEY STRATEGIC INITIATIVES

 Electricity generation and Heat power business

 Retail business

 Foreign trade

 International business

 Power engineering

 Engineering and repair and maintenance services

 Business diversification and innovation

 Sustainable development (ESG)

Implement the Innovative Development and R&D Programme

Participate in fostering priority R&D areas in Russia

Consider participating in RES projects

Monitor high-potential technologies, solutions and products

High-potential technologies (areas) in the electric power industry



RES

Distributed energy

Energy storage systems

Electric transport

Hydrogen energy

- Wind
- Solar
- Biogas

- Distributed power generation
- Demand management

- Mechanical (PSPP, CAES, etc.)
- Electrochemical (Li-Ion, NaS, etc.)

- Electric filling infrastructure

- Hydrogen fuel cells
- Hydrogen conversion into methane – synthetic natural gas (SNG)

KEY STRATEGIC INITIATIVES



Inter RAO joined the UN Global Compact and endorsed the UN strategic principles focusing on four of 17 SDGs to be integrated in the Group's operations:



ESG

Implementation of climatic risk analysis and assessment mechanisms

Greenhouse gas emissions inventory and reduction

Rating upgrades as a result of better quality of public non-financial reporting, compliance with international standards

Verification of annual reports and sustainable development reports as per recommendations of the Global Reporting Initiative (GRI)

Integration of sustainable development principles in key business processes

Implementation of international and Russian best practices in sustainable development

TOP 15%–25%

Inter RAO ranking versus Russian peers by RAEX Europe, Sustainalytics, CDP, ISS-Oekom

–7%

CO₂ emissions per unit of electricity produced (2030 vs 2019)

+6 policies

- HR management
- HR diversification
- Interaction with local communities
- Human rights
- Code of conduct for suppliers
- Customer interaction

Electricity generation and Heat power business

Retail business

Foreign trade

International business

Power engineering

Engineering and repair and maintenance services

Business diversification and innovation

Sustainable development (ESG)

CORPORATE FINANCE. DIGITAL TRANSFORMATION



Evgeny Miroshnichenko

Member of the Management Board, Chief Financial Officer



CORPORATE FINANCE AND FINANCIAL STABILITY – KEY PRINCIPLES

MANAGING CORPORATE FINANCES

Working capital management

Cost cutting and optimisation of financial results

Credit policy

Fundamental principles



1/8 Fundamental principles

Optimal leverage

Cost cutting and optimisation of financial results

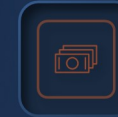
Working capital minimisation

Centralised treasury

Centralised services

Common principles of financial risk management

Adequate insurance coverage



ENSURING FINANCIAL STABILITY

Centralised treasury

Centralised services and shared services centres

Risk insurance policy

Common principles of financial risk management

CORPORATE FINANCE AND FINANCIAL STABILITY – KEY PRINCIPLES

MANAGING CORPORATE FINANCES

2/8 Credit policy

ENSURING FINANCIAL STABILITY

Working capital management



Debt/EBITDA $\leq 1.5x$



Centralised treasury

Cost cutting and optimisation of financial results



Diversified sources of external financing



Centralised services and shared services centres

Credit policy



Maintaining available internal resources



Risk insurance policy

Fundamental principles



Maintaining an investment-grade credit rating*



Common principles of financial risk management

* subject to a sovereign credit rating of BBB- or higher

»» MANAGING CORPORATE FINANCES

Working capital management

Cost cutting and optimisation of financial results

Credit policy

Fundamental principles

3/8

Cost cutting and optimisation of financial results



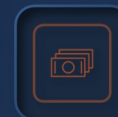
Cost cutting programme

Optimisation of operating expenses

Cash flow concept

Uncertainty- and risk-based profitability assessment

Common dividend policy principles



»» ENSURING FINANCIAL STABILITY

Centralised treasury

Centralised services and shared services centres

Risk insurance policy

Common principles of financial risk management

»» MANAGING CORPORATE FINANCES

4/8 Working capital management

»» ENSURING FINANCIAL STABILITY

Working capital management



Overdue receivables reduction programme



Centralised treasury

Cost cutting and optimisation of financial results



Accounts receivable management based on default risk assessment and counterparty credit profile



Centralised services and shared services centres

Credit policy



Inventory optimisation based on the assessment of usage probability and timing

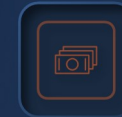


Risk insurance policy

Fundamental principles



Payment period optimisation based on the time value of money



Common principles of financial risk management

»» MANAGING CORPORATE FINANCES

Working capital management

Cost cutting and optimisation of financial results

Credit policy

Fundamental principles

5/8

Common principles of financial risk management



Balanced approach to counterparty risk assessment



Risk limits for counterparty banks and insurance companies/financial institutions



Consolidated approach to Group-level risk assessment



Assessment of the financial strength and stability of the Group companies



Stress testing and simulation modelling



Centralised treasury



Centralised services and shared services centres



Risk insurance policy

»» ENSURING FINANCIAL STABILITY

Common principles of financial risk management

MANAGING CORPORATE FINANCES

Working capital management

Cost cutting and optimisation of financial results

Credit policy

Fundamental principles

6/8 Risk insurance policy

Common approaches to risk insurance and centralised assessment of the Group's risks

Implementation of advanced insurance products meeting specific requirements of the Group's business (such as D&O, BI/DSU, CYBER)

Minimisation of financial losses from the implementation of major investment projects

- comprehensive insurance of construction and installation works
- post-commissioning insurance against business interruptions

ENSURING FINANCIAL STABILITY

Centralised treasury

Centralised services and shared services centres

Risk insurance policy

Common principles of financial risk management

»» MANAGING CORPORATE FINANCES

Working capital management

Cost cutting and optimisation of financial results

Credit policy

Fundamental principles



7/8 Centralised services and shared services centres

Common accounting policy

Improving the quality and speed of business processes

Cost optimisation

Internal control

Management information transparency



»» ENSURING FINANCIAL STABILITY

Centralised treasury

Centralised services and shared services centres

Risk insurance policy

Common principles of financial risk management

»» MANAGING CORPORATE FINANCES

Working capital management

Cost cutting and optimisation of financial results

Credit policy

Fundamental principles



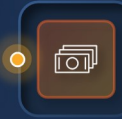
8/8 Centralised treasury

Centralisation of flows and operations

Optimisation of maturities and the cost of funds

Maximising the use of the Group's financial resources

Minimising financial losses and corruption risks



»» ENSURING FINANCIAL STABILITY

Centralised treasury

Centralised services and shared services centres

Risk insurance policy

Common principles of financial risk management

INFORMATION TECHNOLOGIES AND INFORMATION SECURITY

KEY TRENDS (challenges)

The need to digitalise key business processes to improve operational efficiency

Increased competition in electricity markets from grid companies, banks and telecom operators

Growing number of information security threats, the tightening of legal requirements governing information protection and stiffer non-compliance penalties

Government initiatives of digital economy development, focus on digitalisation and import substitution

Imperfect legal framework governing information and communication technologies

DEVELOPMENT PROSPECTS

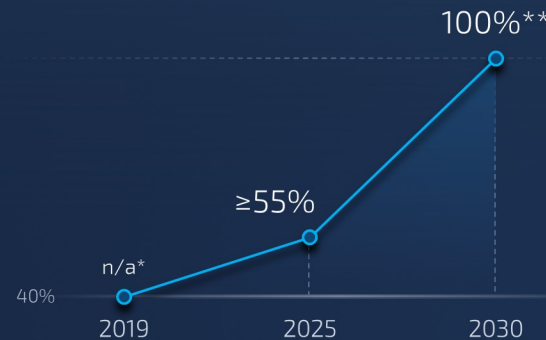
$\leq 2\%$

IT spend as a percentage of revenue



$\geq 60\%$

share of IT services provided under a single centrally-managed SLA



- Build a system to manage information security risks and threats, establish an anti-cyber attack centre

- Implement critical IT infrastructure protection solutions meeting legal requirements

- Create a personal data protection system for customer data

* Not applicable, since the Group currently has no single centrally-managed SLA (Service Level Agreement(s))

** The target 2030 model of shared corporate IT services and the degree of their centralisation shall be separately considered by the governing bodies of the Company

DIGITAL BUSINESS TRANSFORMATION

01 Digitalise the existing business processes

02 Monitor cutting-edge digital technologies and analyse the possibility of implementing related digital activities that have a potential impact on the Group

03 Offer new products and services for the Group based on advanced digital solutions

POTENTIAL DIGITAL TRANSFORMATION PROJECTS



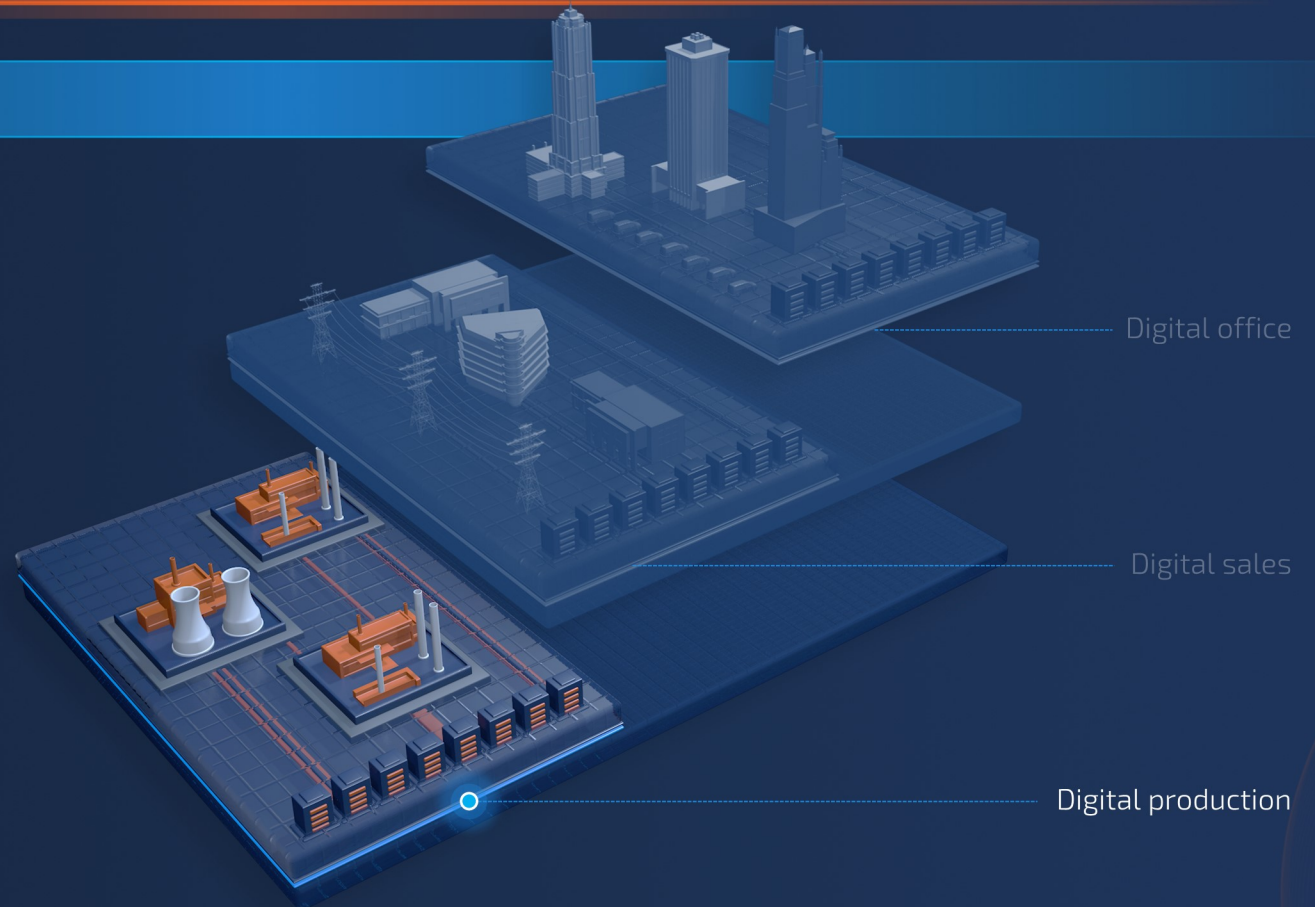
Digital Production

Optimisation of equipment operation modes
Big Data, digital twins of physical assets

Employee efficiency improvement
computer vision, IoT, augmented reality, wearable technology

WECM* modelling:
Big Data, predicative analysis

Construction progress monitoring
live monitoring and recording systems:
drones, laser scanning



* WECM – Wholesale Electricity and Capacity Market

DIGITAL BUSINESS TRANSFORMATION

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the existing
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the possibility of implementing related digital activities
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POTENTIAL DIGITAL TRANSFORMATION PROJECTS



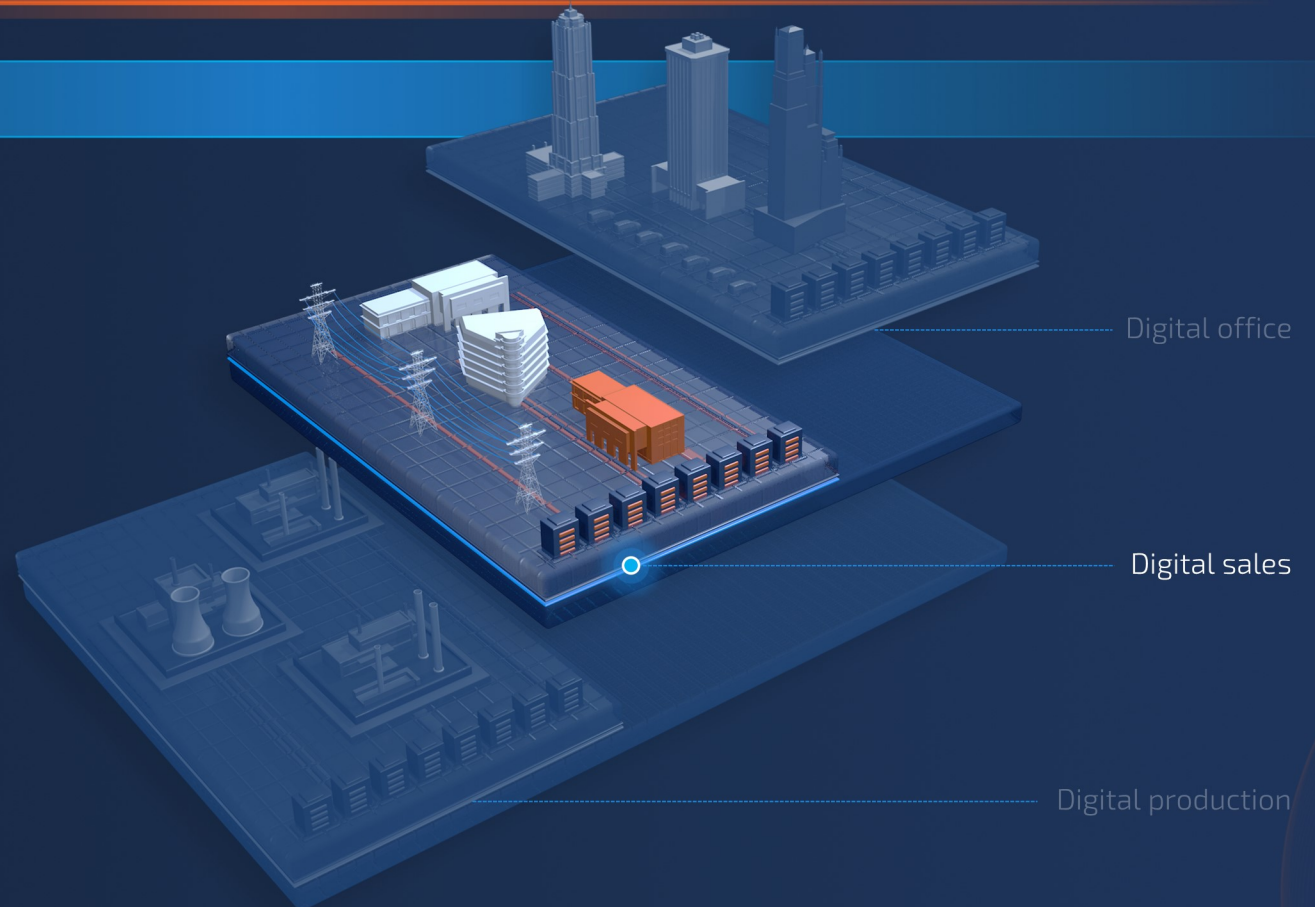
Digital Sales

Robotisation of operations

Customer behaviour modelling
Big Data, predictive analysis

Remote collection of meter readings
and pre-processing automation (IoT)

Creating a common digital platform
for the services of the Group's sales segment



DIGITAL BUSINESS TRANSFORMATION

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POTENTIAL DIGITAL TRANSFORMATION PROJECTS



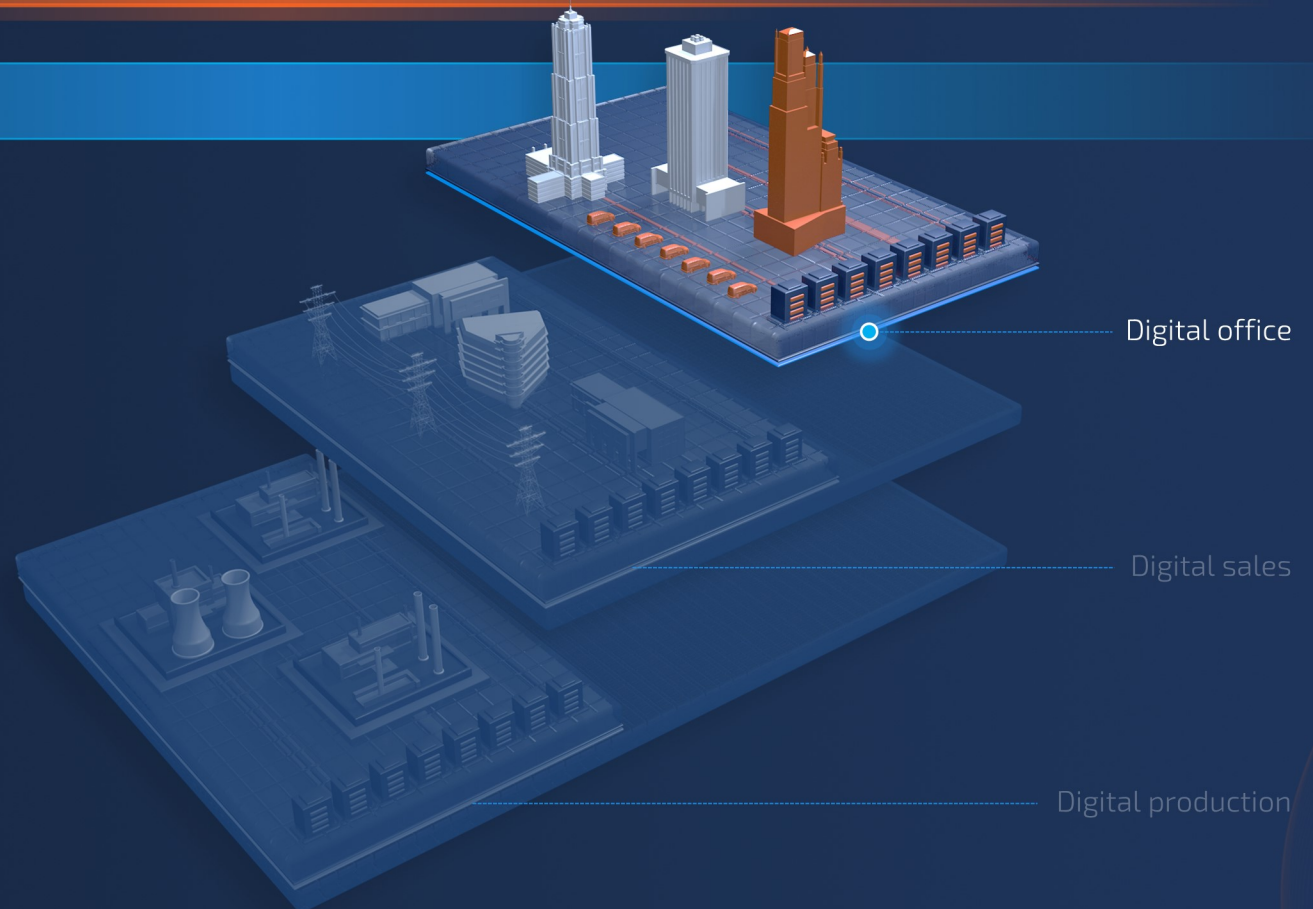
Digital Office

Automation of routine operations

Advanced analytics

Implementation of an ERP system

Integration of distributed, remote
and virtual environment tools



DIGITAL BUSINESS TRANSFORMATION

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POTENTIAL DIGITAL TRANSFORMATION PROJECTS

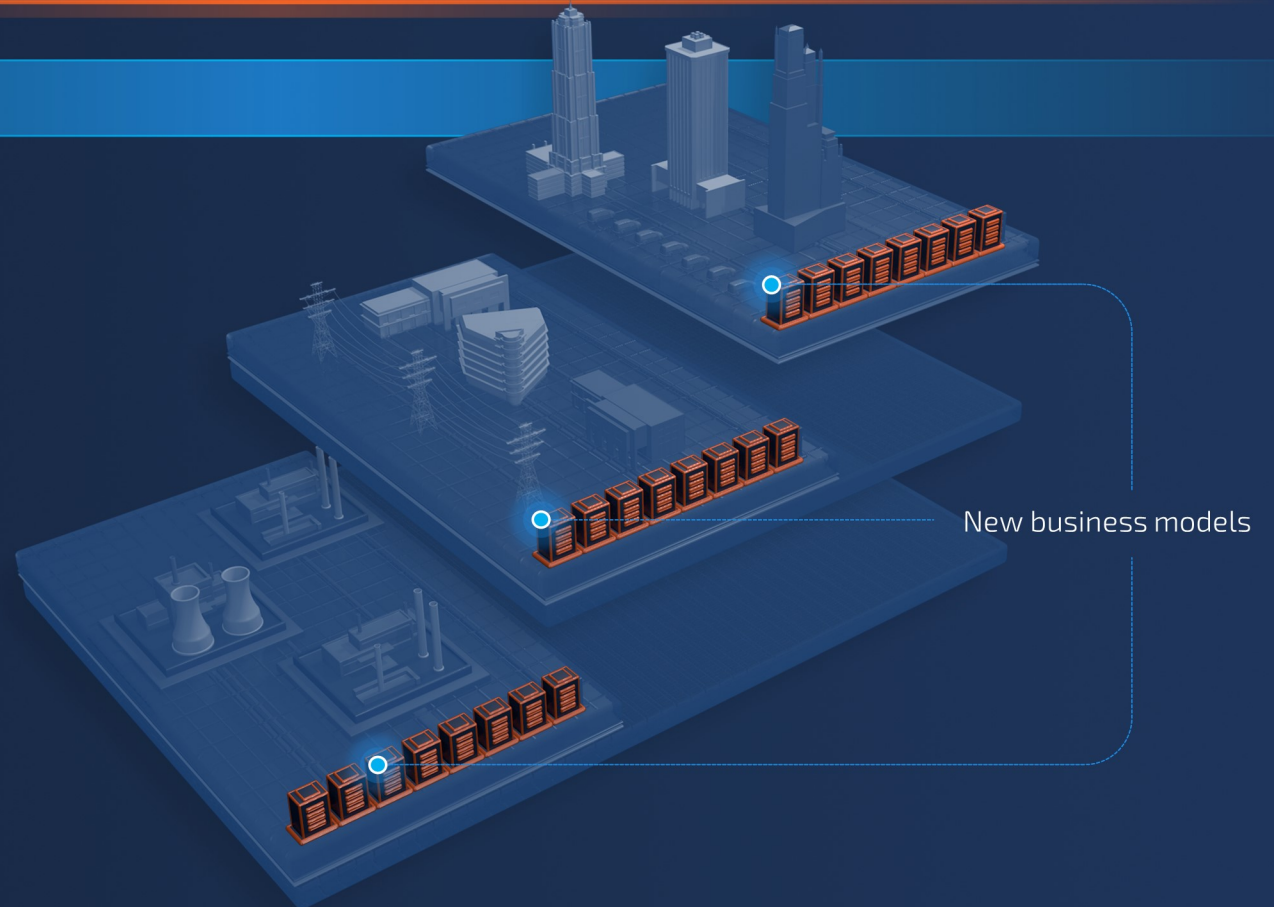


New Business Models

Development of a common digital platform

Development of an IoT platform
for the collection of energy data through
a captive telecom operator

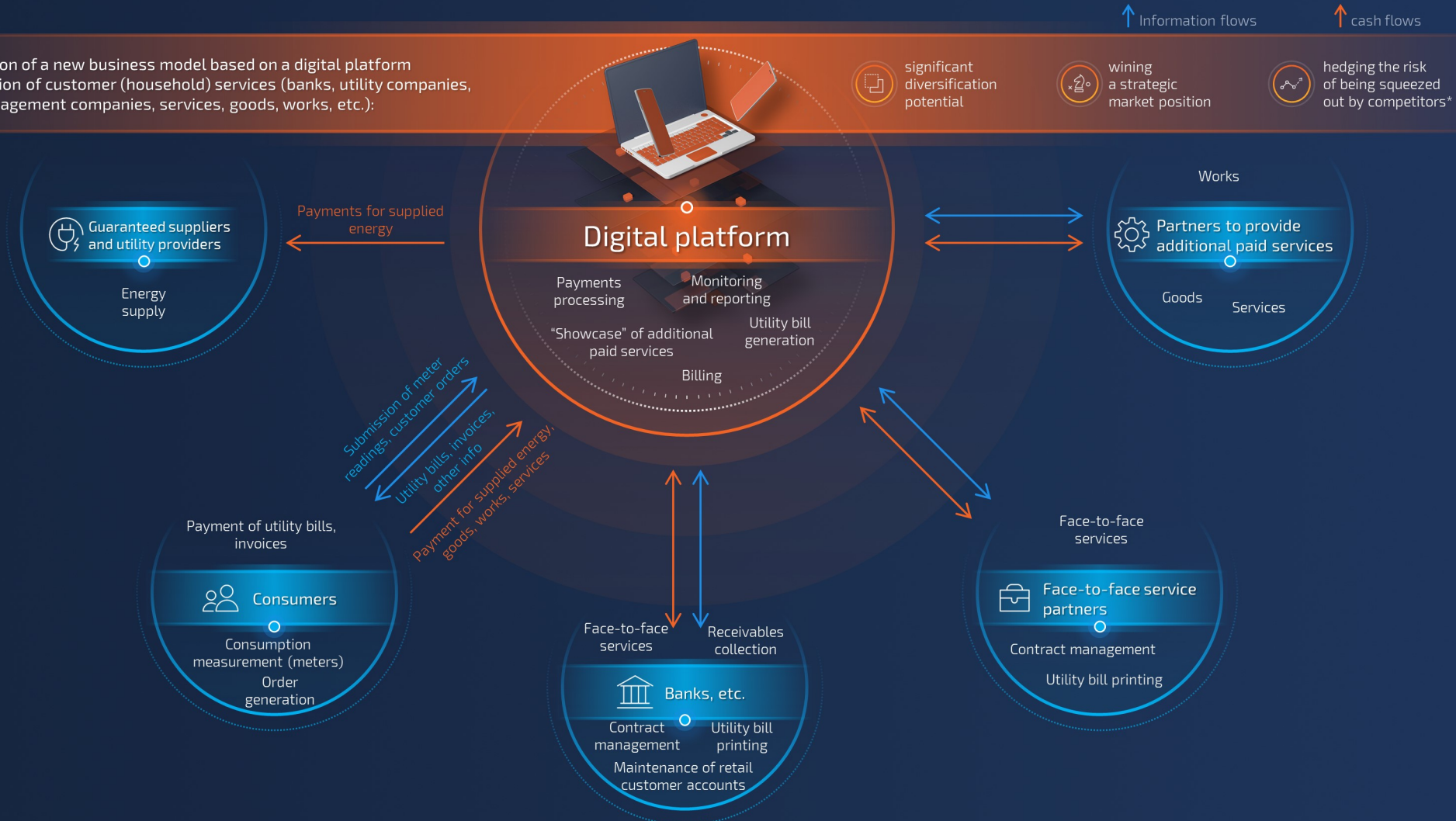
Development of digital solutions
for demand management, microgeneration
and virtual power plants



DIGITAL BUSINESS TRANSFORMATION

DIGITAL PLATFORM DEVELOPMENT

Implementation of a new business model based on a digital platform for the provision of customer (household) services (banks, utility companies, property management companies, services, goods, works, etc.):



* Banks, telecoms, fin-tech companies

NEW STAGE IN THE STRATEGIC DEVELOPMENT OF INTER RAO GROUP



Aleksey Maslov

Member of the Management Board,
Head of Strategy and Investment



KEY FOCUS AREAS OF THE 2020–2030 STRATEGY OF INTER RAO GROUP



VALUE GROWTH



- Participation in the energy sector modernisation programme (Capacity Modernisation Programme)
- Efficient utilisation of the accumulated investment resource
- Maintaining/improving efficiency of the Group's assets



DIGITALISATION



- Management of property, plant and equipment
- Energy supply business
- Trading, etc.



DIVERSIFICATION



- Power engineering
- Retail business
- Other promising business areas



SUSTAINABLE DEVELOPMENT



- Implementation of climatic risk analysis and assessment mechanisms
- Greenhouse gas emissions inventory and reduction
- Improvement of the Group's international ratings

PRINCIPLES OF INVESTING FREE INVESTMENT RESOURCES



POTENTIAL INVESTMENT AREAS FOR FREE INVESTMENT RESOURCES



* Cumulative total

** Given the need to create the necessary information systems and infrastructure

TARGET EQUITY STRUCTURE

Current shareholders' equity structure



Key aspects of the target equity structure



Retain key shareholders



Find best possible ways to use treasury shares of the Group:

- Partnership with a strategic investor
- Use as a deal currency in M&A transactions
- Long-term management incentive programme
- Other options as may be approved by the Board of Directors

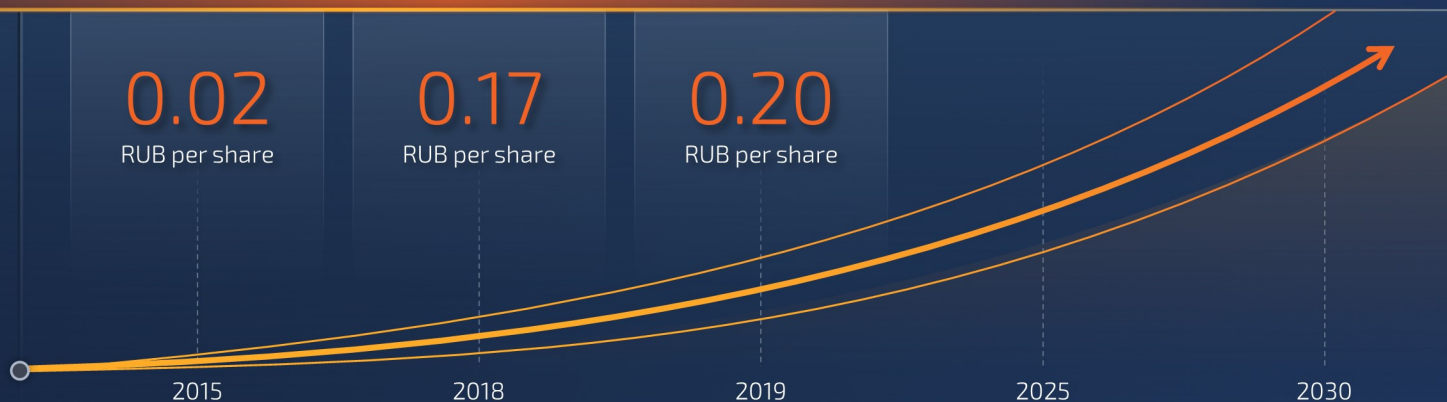
DIVIDEND POLICY

POTENTIAL DIVIDEND PAYOUTS

$\geq 25\%$

of net IFRS profit

Target dividend payout



DIVIDEND POLICY PRINCIPLES

Increase in total dividend payout

Increase total dividend payout through the improvement of operating and financial performance of the existing assets and further business expansion and diversification

Attractive dividend yield

Determine the amount of dividends in line with the international and Russian industry practices

Balance between dividend payouts and investment plans

Make decisions on dividend payouts subject to the Group's investment plans and available funds

LONG-TERM INCENTIVE PLAN (LTIP)

Goals of the long-term incentive plan (LTIP)

- Ensure joint responsibility of management for the achievement of the Group's strategic goals
- Align the financial interests of management and shareholders of the Company
- Develop new long-term KPIs for top managers and other key managers to improve working efficiency and ensure the continued growth of the Group's shareholder value
- Retain the best talent
- Bringing the Company's corporate governance system in line with the best international practices

Possible LTIP implementation parameters

Key managers
restricted list of participants

Stocks / options / cash
compensation forms

Long-term KPIs

- KPI 1. **TSR**
(Total Shareholder Return)
- KPI 2. **FCF**
(Free cash flow)
- KPI 3. **Achievement of strategic priorities**

* Long-term bonuses shall be conditioned on the achievement of long-term KPIs

** Calculated on a cumulative basis

VISION AND STRATEGIC GOALS FOR THE PERIOD UNTIL 2025 WITH AN OUTLOOK UNTIL 2030



VISION AND STRATEGIC GOALS FOR THE PERIOD UNTIL 2025 WITH AN OUTLOOK UNTIL 2030

Strategic goals

01

Maintain and strengthen leadership in the Russian energy industry

02

Ensure leading positions among Russian energy companies in terms of efficient management of energy assets

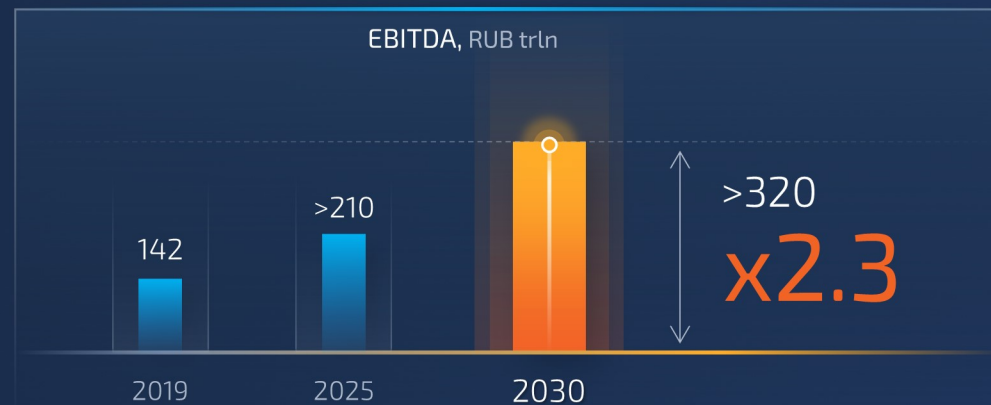
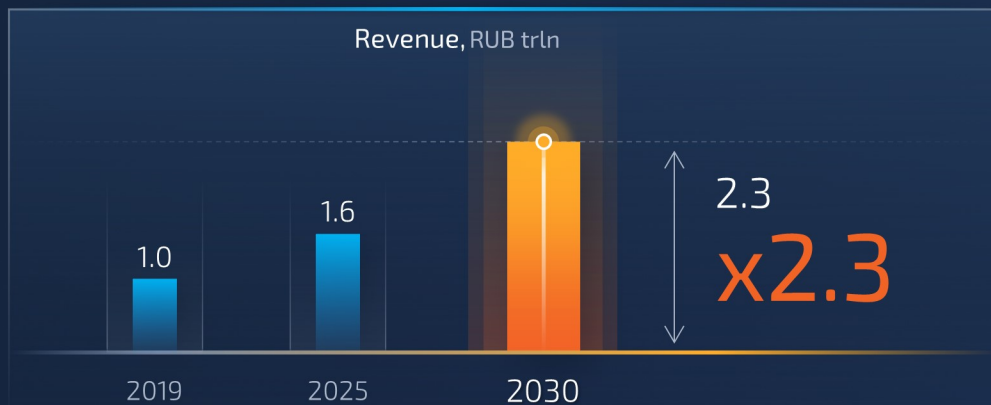
03

Assure energy security and promote Russia's strategic interests

04

Increase shareholder value, in particular, through the implementation of projects financed from the accumulated investment resources

VISION AND STRATEGIC GOALS*



	2019	2025	2030
EBITDA margin, %	~14%	≥13%	≥14%
Russian retail market share, %	>18%	>18%	~20%
Foreign trade transactions, bln kWh	~20.9	≥12.2	≥10.2
Investment resources utilisation (cumulative), RUB bln	~23**	500	1,000
Efficiency of current projects	≥ WACC	≥ WACC	≥ WACC
Dividends, % of net IFRS profit	25%	≥ 25%	≥ 25%

* All target indicators are provided for the existing assets of Inter RAO, except for Revenue, EBITDA and EBITDA margin, that have been adjusted for potential M&A transactions and new CCGT projects.

** Investment programme of capital investments into the existing assets for 2019.

INTER RAO GROUP –

IS A DIVERSIFIED HOLDING
GROUP AND A LEADING
PLAYER IN THE RUSSIAN
ENERGY SECTOR

