

April 25 2019, Moscow

PJSC Inter RAO Announces RAS Financial Results for the First Quarter of 2019

PJSC Inter RAO announced financial results for the first quarter of 2019 prepared according to the Russian Accounting Standards (RAS).

Indicator*	Q1 2019	Q1 2018	+/-
Revenue	16,6	9,7	70,5%
Production cost	9,9	7,3	36,4%
Gross profit	6,7	2,5	2,7 times
Sales Profit	4,4	0,7	6,3 times
Net profit	3,3	1,3	2,6 times
	As of March 31, 2019	As of December 31, 2018	
Total assets	506,8	506,4	0,1%
Total equity	439,0	435,7	0,8%
Loans and borrowings	60,4	63,7	-5,1%
Net liabilities **	-77,2	-71,7	7,7%

* in billion rubles unless otherwise stated. Relative deviation (%) is calculated using accounting data in thousand rubles.

** Short-term loans and borrowings plus long-term loans and borrowings less cash and cash equivalents less short-term financial investments (cash in bank accounts)

Income statement

Revenue of PJSC Inter RAO for the first quarter of 2019 amounts to 16,6 billion rubles, up 6,9 billion rubles (70,5%) as compared to the first quarter of 2018.

Power export revenues amount to 14,5 billion rubles, up 8,5 billion rubles (2,4 times) in comparison with the corresponding period last year. This change is primarily attributed to an increase in the ruble equivalent of the sale price related to the price increase on power market Nord Pool in "Lithuania" and "Finland" zones, growth of euro exchange rate, and exports increase in these directions.

Revenue from WECM electricity and capacity sales decreased by 1,7 billion rubles (44,1%) and amounted to as much as 2,1 billion rubles in the first quarter 2019. This decrease in revenue on the wholesale market for electricity and capacity is related to the decrease in electricity import from Kazakhstan, related to the absence of economic viability of supply.

Production cost in the first quarter of 2019 was 9,9 billion rubles, which is 2,6 billion rubles (36,4%) higher than in the Q1 2018. The change in production cost reflects several multidirectional factors, including a 4,1 billion rubles (75,8%) increase in the cost of electricity purchased domestically due to the increase in electricity export mainly to Lithuania and Finland, 1,5 billion rubles (81,4%) decrease in import costs, largely as a result of decrease in import from Kazakhstan (6,5 times).

Gross profit in Q1 2019 amounted to as much as 6,7 billion rubles compared to 2,5 billion rubles in the corresponding period last year.

Selling costs for the first quarter of 2019 amounted 1,1 billion rubles, which is 0,7 billion rubles (2,7 times) higher in comparison with the corresponding period last year. Major factor contributing to the increase in the selling costs is the increased costs of infrastructure services which are mainly attributed to the increased exports to Lithuania and Finland.

Administrative expenses in the first quarter of 2019 decreased by 0,1 billion rubles (8,3%) compared to Q1 2018 as a result of actions undertaken by the company's management to optimize these costs and amounted to 1,3 billion rubles.

Sales profit in the first quarter of 2019 amounted 4.4 billion rubles compared to 0,7 billion rubles in the first quarter of 2018.

Balance of interest receivable and payable increased by 0,4 billion rubles (57,4%) compared to the corresponding period of 2018 and amounted to 1,2 billion rubles. Balance of interest was mainly formed by an increase in deposit portfolio and also due to raising short-term loan of intragroup resources.

Balance of other income/expenses in the first quarter of 2019 was minus 1,5 billion rubles compared to 0,2 billion rubles in Q1 2018. This change was influenced primarily by income/expenses related to foreign currency translation differences resulting from changes in the exchange rates.

As a result, the net profit for the first quarter of 2019 amounted to 3,3 billion rubles, compared to 1,3 billion rubles in Q1 2018.

Balance sheet

As of March 31, 2019, total assets of PJSC Inter RAO increased by 0,4 billion rubles (0,1%), to 506,8 billion rubles, compared to December 31, 2018.

Non-current assets changed insignificantly in comparison with the beginning of the year and decreased by 0,3 billion rubles (0,1%) amounting to 355,1 billion rubles.

Current assets in the first quarter of 2019 increased insignificantly as well: by 0,6 billion rubles (0,4%).

As of March 31, 2019, debt load amounted to 60,4 billion rubles. The debt portfolio is represented by short-term borrowed intra-group resources. The net debt of PJSC Inter RAO amounted to minus 77,2 billion rubles compared to minus 71,7 billion rubles as of the beginning of the year.

Total debt (excluding loans and borrowings) decreased by 0,3 billion rubles (4,6%) compared to the beginning of the year and amounted to 7,4 billion rubles as of March 31,

2019. The change is mainly attributed to the decrease in current liabilities pursuant to the terms contracts concluded.

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Inter RAO Group is a diversified energy holding serving various segments of Russian and international electric power industry. The Group is the leading exporter and importer of electricity in Russia actively increasing electricity generation and sales, and developing new lines of business. The corporate strategy of Inter RAO is focused on making Inter RAO a global energy enterprise, a key player in the global energy market, and the leading Russian energy company by energy efficiency. Inter RAO Group owns and operates 33.5 GW of installed power generation capacity.
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