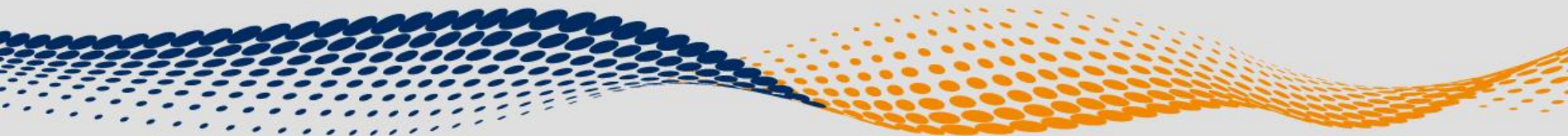




Inter RAO Group 1Q2017 Consolidated Financial and Operating Results

30 May 2017



Key Factors Affecting Group's Financial Performance

1

GENERATION IN THE RUSSIAN FEDERATION:

- Commissioning of 120 MW of new and modernized power generation capacity under the Capacity Delivery Agreements (CDA).
- Decommissioning of 1271 MW old inefficient power generation capacity.
- Price for capacity payments for CDA objects grew on average 4.7% YoY due to increased yields of long-term government bonds, adjusted mechanism for calculating the day-ahead market coefficients and the CPI-indexed operating expenses and the beginning of CDA Delta payments for various CDA objects.
- KOM's capacity prices on the wholesale market increased by 16.3% YoY.
- Electricity price appreciation on the day-ahead market (DAM) in the 1st pricing zone (by 2.4%) and an unfavorable pricing environment in the 2nd pricing zone (6.5% YoY decline in electricity prices).
- Heat tariffs across Russian assets of the Group increased on average 7.1% YoY.
- Optimization of fuel prices across Russian assets of the Group.

2

SUPPLY IN THE RUSSIAN FEDERATION:

- Electricity prices for end-users have increased on average due to the growth of regulated and non-regulated components of the price cap.
- Regional expansion and client base increase in guaranteed supply companies and independent supply companies.
- Active development of the paid services (PS) segment.

3

TRADING:

- Electricity export decreased to Georgia by 41.3%, to China by 12.9% and to Finland by 1.5% while exports to Lithuania increased by 10,9%.
- Strengthening of the Russian national currency against the currencies of major export power supply contracts: 21.2% YoY against USD , and 23.9% YoY against EUR, on average.

4

FOREIGN ASSETS:

- Completed the sale of a 100% stake in Power Grids of Armenia and Razdanskaya TPP in December 2016.
- Disposal of a 100% stake in Mtkvari Energy to a pool of international investors in June 2016.
- Reclassification of a 50% stake in the joint venture of JSC Ekibastuzskaya GRES-2 into assets available for sale.



I. Operational Performance Results



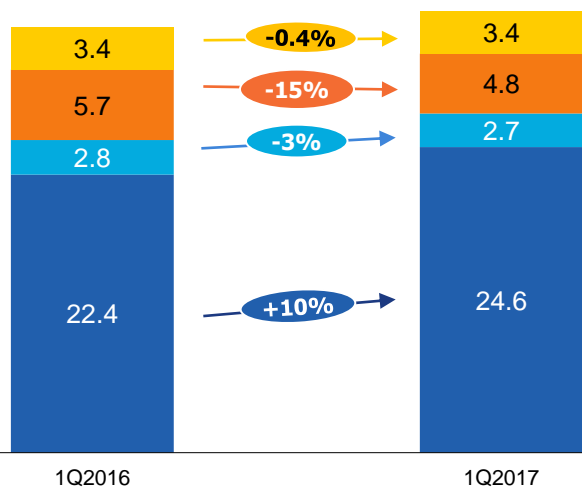
Electricity and Heat Generation

Electricity Generation

TWh

47.5% → 52.6%

34.3 → 35.5
+3.7%

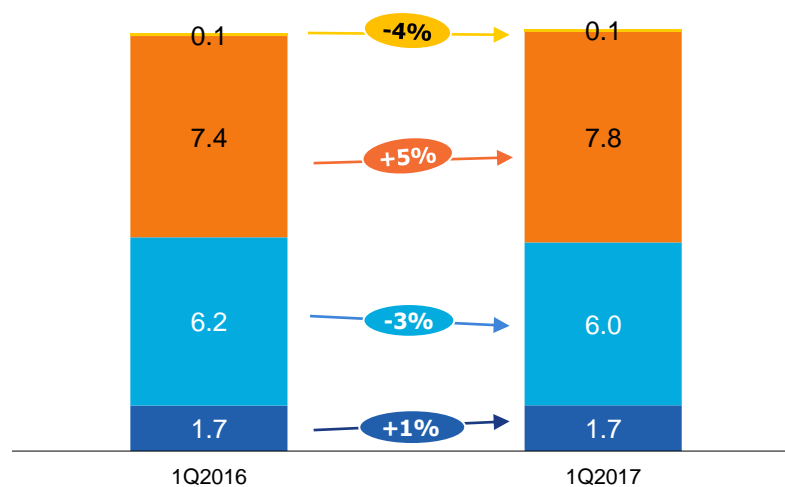


Heat Generation

Mln Gcal

26.9% → 28.2%

15.4 → 15.6
+1.1%



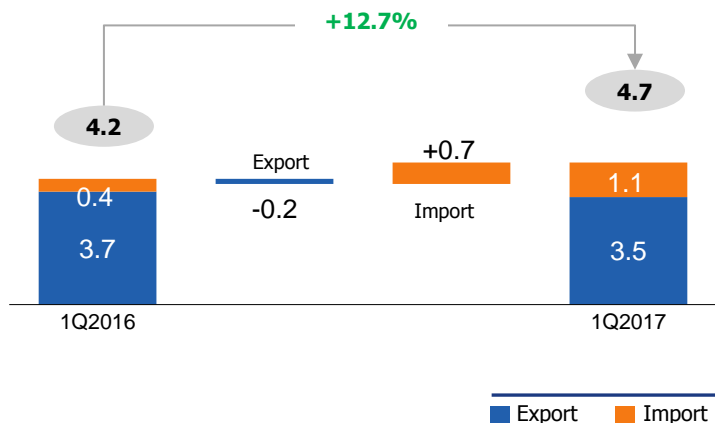
■ Inter RAO – Electricity Generation Group⁽¹⁾ ■ TGK-11 Group ■ BGC Group ■ Foreign Generation (#%) Load Factor — (#%) → Electricity/heat production dynamics

Increase in electricity generation to due the recovery of the demand for electricity

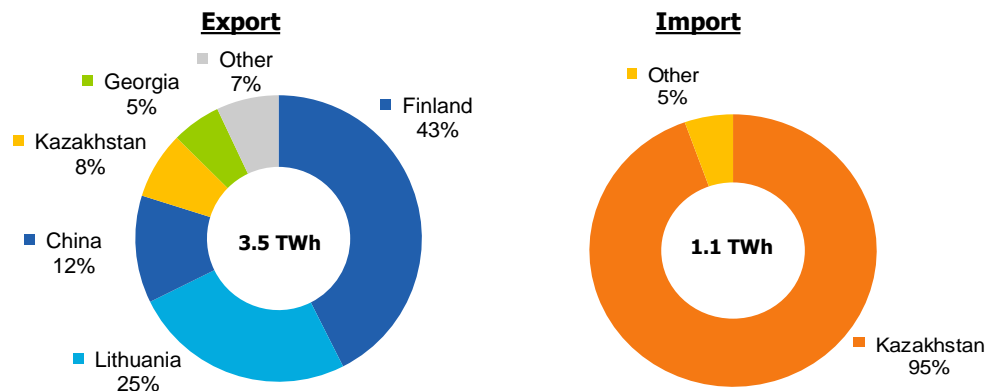
(1) Includes: Inter RAO – Electricity Generation JSC and Nizhnevartovskaya GRES

Export / Import Volumes

TWh

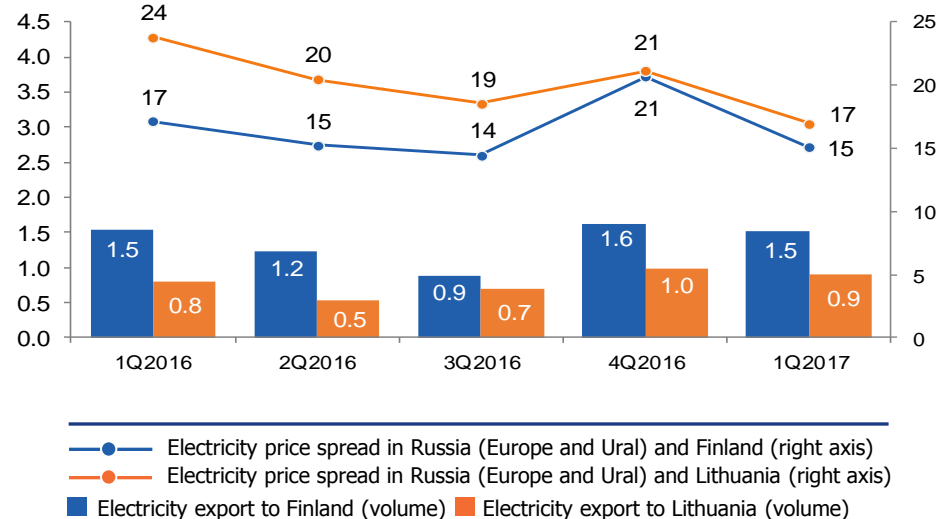


Export / Import Structure 1Q2017



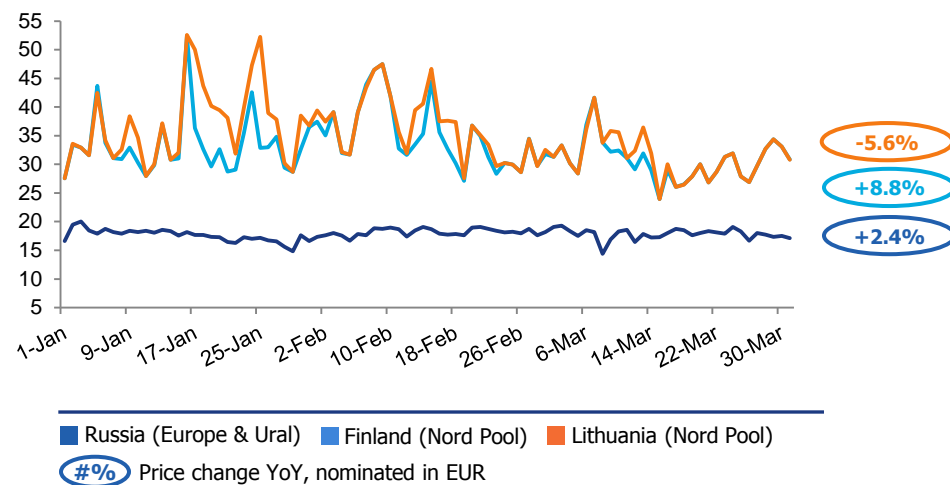
Electricity Export Dynamics and Price Spread

TWh



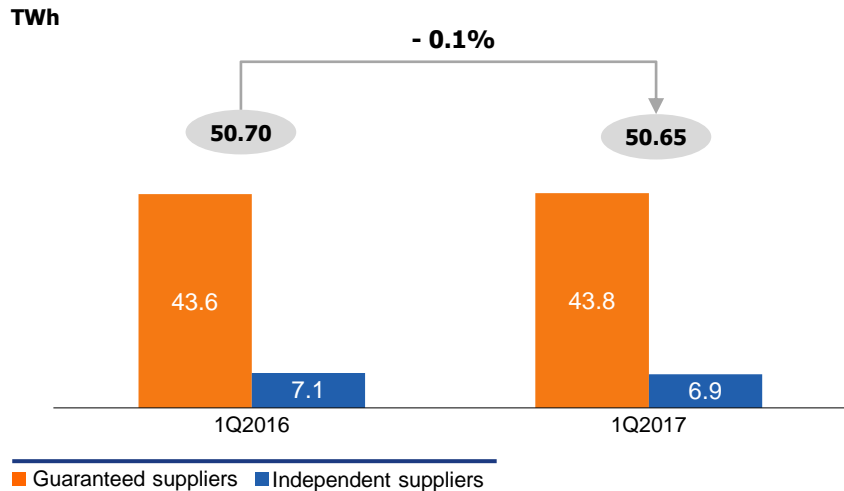
Evolution of Electricity Spot Prices

€/MWh



Supply Business

Electricity Supply to Customers*

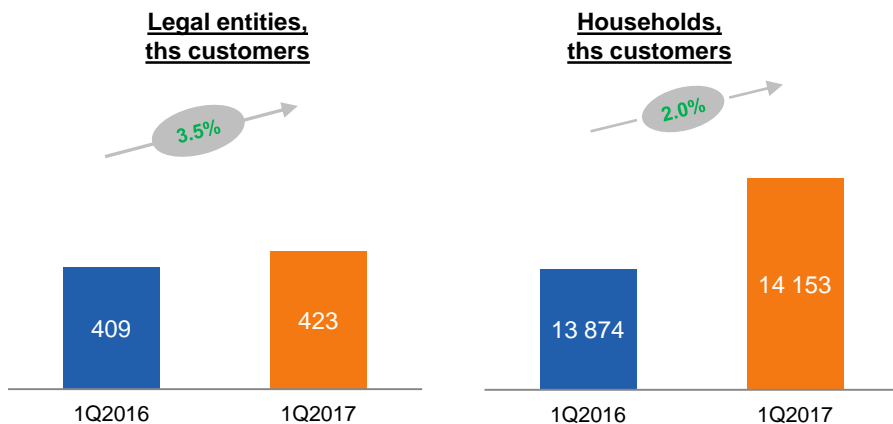


*Data Includes Bashkir Supply Company 1Q2016

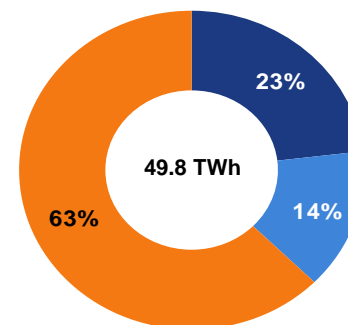
Supply Companies' Regions of Operation



Customer Base



Retail Electricity Sales Structure



■ Households and equated groups of customers ■ Loss compensation ■ Other customers



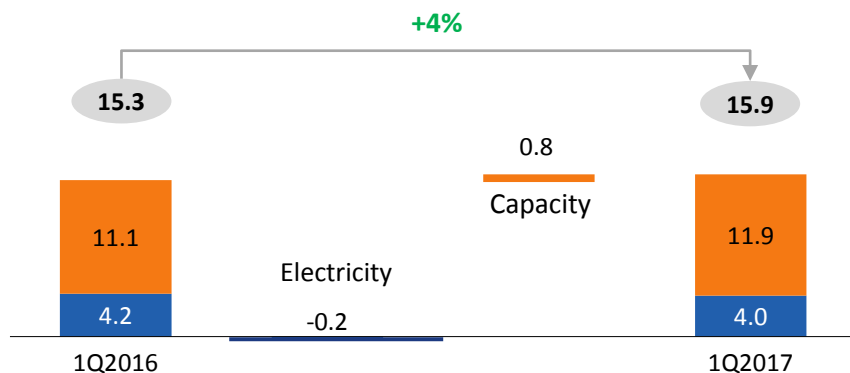
II. Increase in Operational Efficiency



Increased Operational Efficiency in Electricity Generation⁽¹⁾

Increased Revenue Bridge for CDA Units⁽²⁾

RUB bn

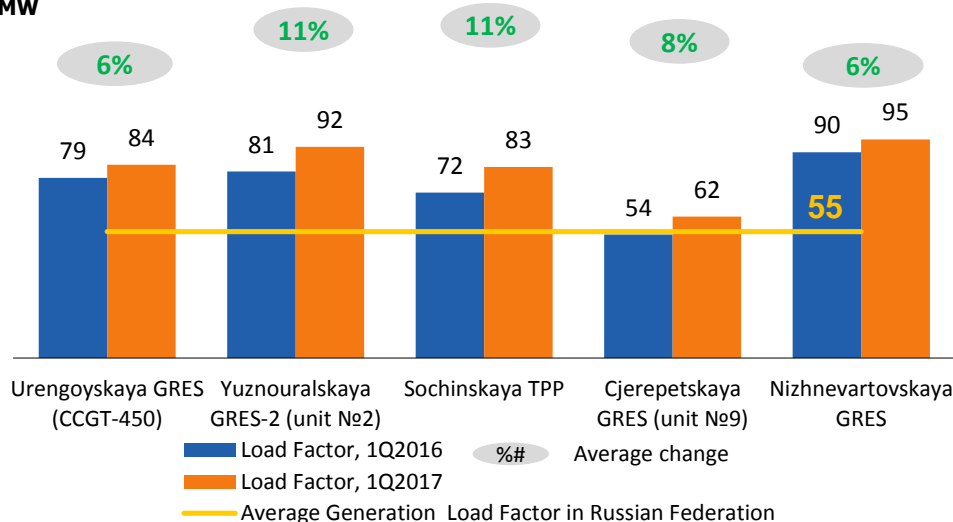


(1) Includes: Inter RAO – Electricity Generation JSC and Nizhnevartovskaya GRES

(2) The slide illustrates revenue of CDA objects, balanced by the sale and purchase of electricity and capacity

Efficient Load of New High-Margin Power Units (CDA)

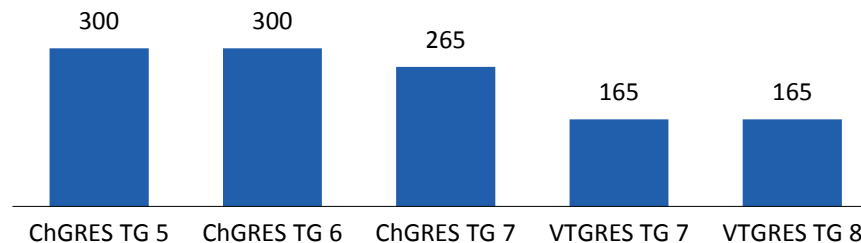
MW



Inefficient capacity decommissioning

MW

Combined effect on the profit from equipment decommissioning stands at **RUB 43 mln***
Fixed costs reduced by **RUB 261mln**

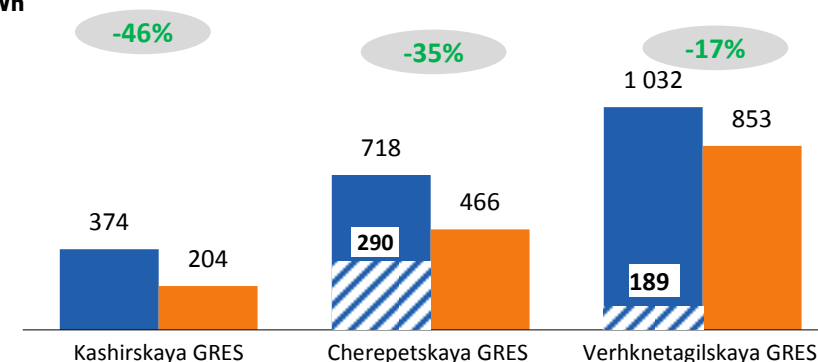


■ Installed capacity of decommissioned equipment from 01.01.2017

* Depreciation adjusted

Optimized Load of Low-Margin Generating Units

mln kWh

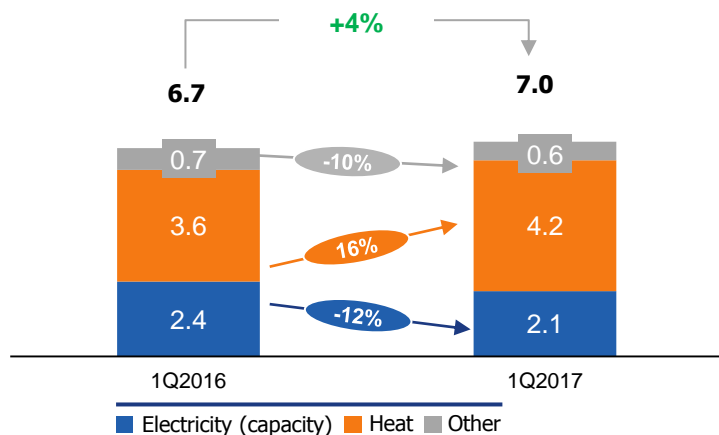


■ Electricity generation, 1Q2016 ■ Electricity generation, 1Q2017
▨ Electricity production of decommissioned equipment from 01.01.2017

Increased Operational Efficiency in Heat Generation⁽¹⁾

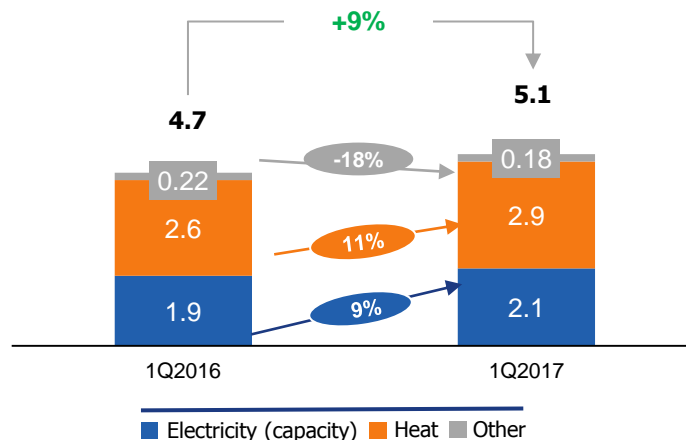
Marginal Profit Dynamics of BGC Group

RUB bn



Marginal Profit Dynamics of TGK-11 Group*

RUB bn

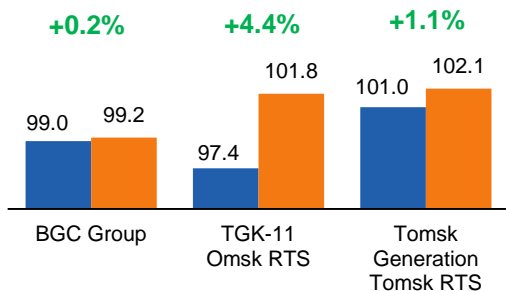


*TGK-11 Group includes TGK-11, OMSK RTS, Tomsk Generation and Tomsk RTS

Payments collection

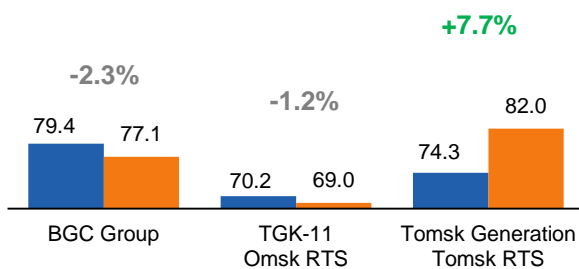
%

Electricity



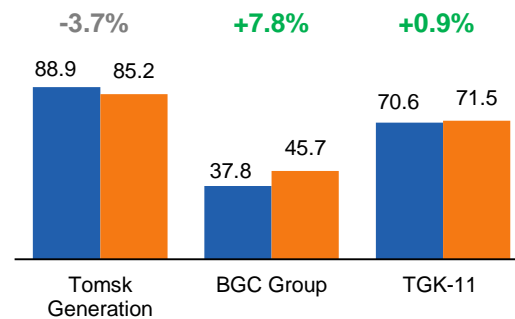
%

Heat Generation



Share of electricity generation in cogeneration mode

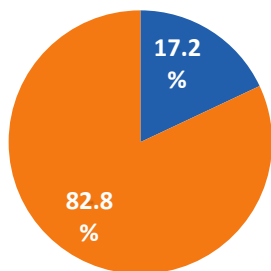
%



Economically justified and fair heat tariffs helped to increase the profitability of Inter RAO Group's heat business

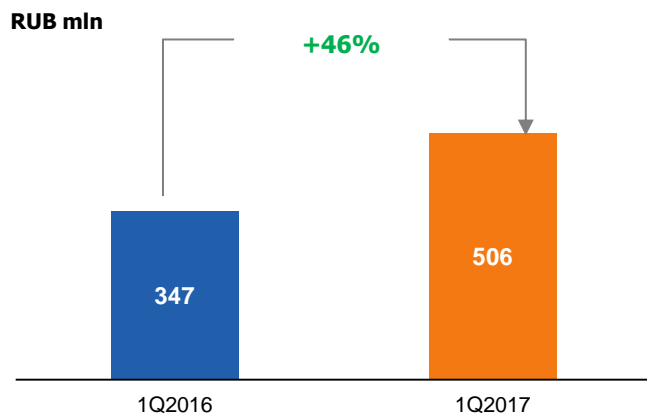
Increased Operational Efficiency in Retail Business

Market share of Inter RAO Group on the Russian retail electricity market



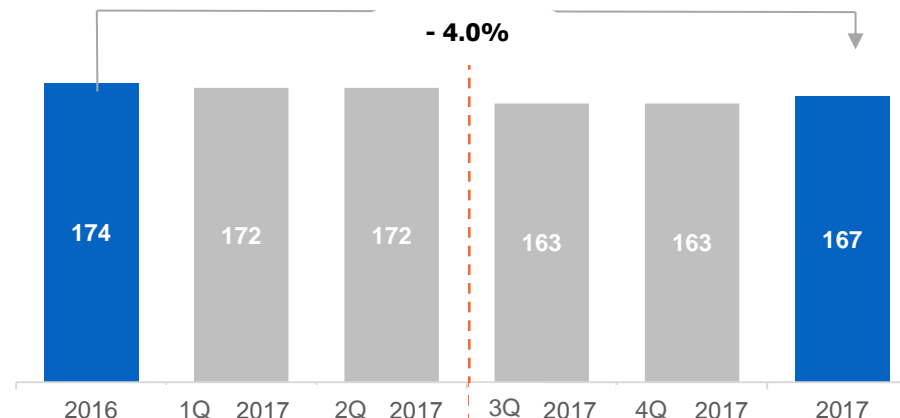
■ Inter RAO Group's Supply companies ■ Other Supply companies

Marginal profit from EPS dynamics



Supply Margin of Guaranteed Suppliers Dynamics⁽¹⁾

RUB/MWh

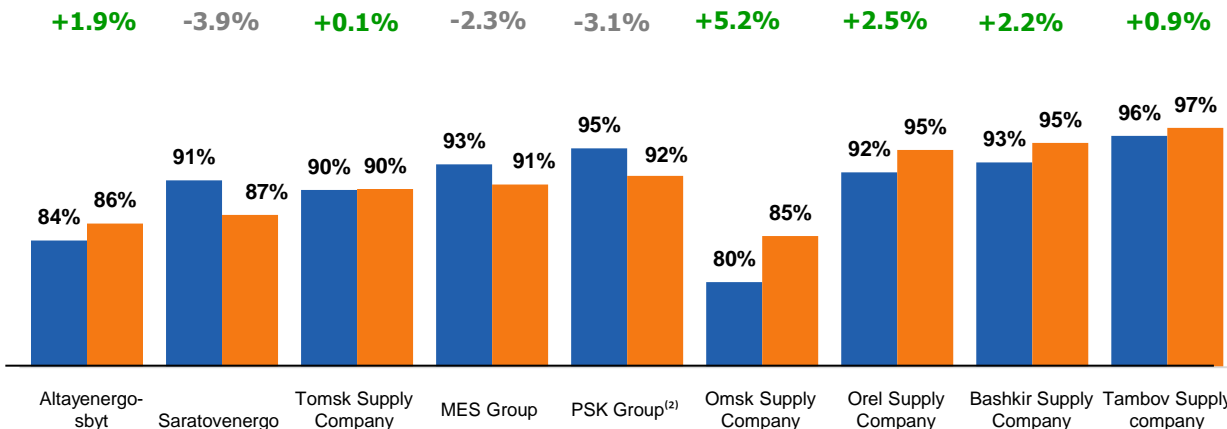


■ Supply margin for the year ■ Supply margin for the quarter

(1) Based on weighted average of supply margins of the Group's guaranteed suppliers

Payments Collection

%



(2) Including Omsk Supply Company



III. IFRS Financial Results



Key Financials

RUB bn	1Q2017	1Q2016	Change
Revenue	238.6	232.0	2.8%
Operating expenses	218.5	212.0	3.1%
Operating profit/loss	21.5	21.5	0.2%
EBITDA	28.9	32.4	-10.8%
EBITDA margin	12.1%	14.0%	-13.2%
EBIT	24.0	26.8	-10.3%
Net Income/Loss	18.8	17.1	10.1%
CAPEX	5.9	6.0	0.8%

RUB bn	31.03.2017	31.12.2016	Change
Total assets	580.7	571.6	1.6%
Total equity	437.3	419.2	4.3%
Adjusted total debt ⁽¹⁾	18.7	17.8	5.2%
Adjusted total net debt ⁽²⁾	-79.3	-78.2	1.4%

Please note:

- hereinafter in this presentation all relative percentage changes are shown in accordance with calculations in mln. RUB
- hereinafter in this presentation EBITDA is calculated in accordance with the new methodology adopted by Inter RAO Group

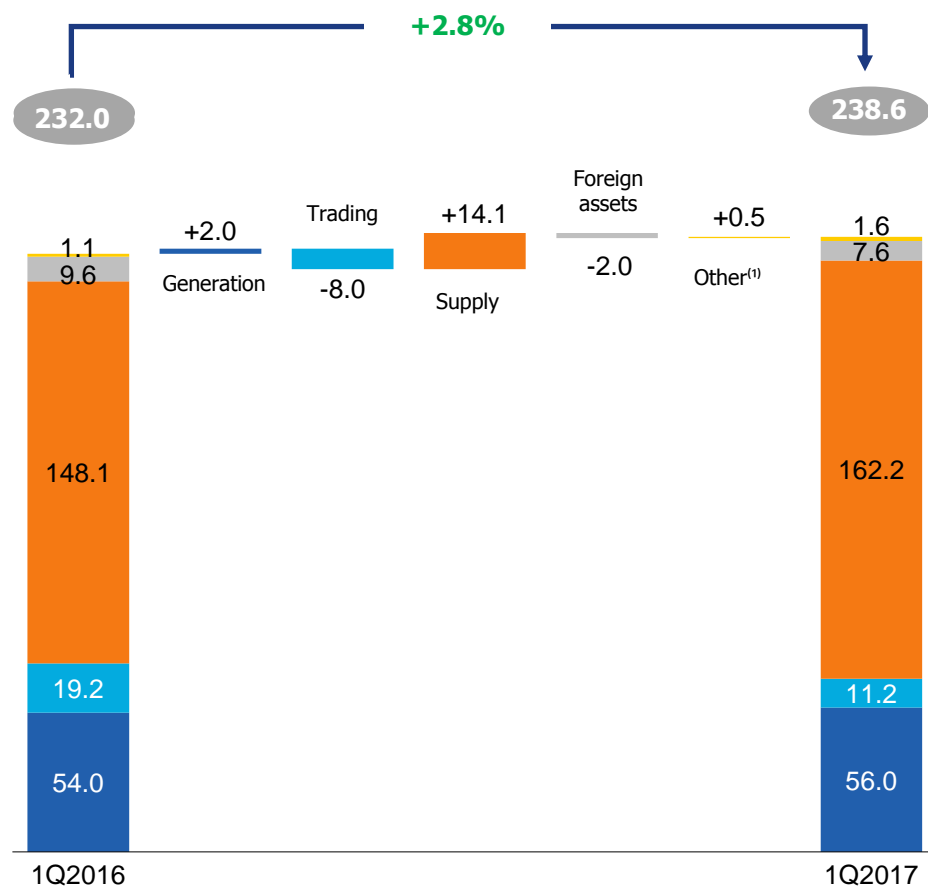
(1) Includes share in debt of joint ventures RUB 0.1bn as of 31.03.2017 (RUB 0.2bn as of 31.12.2016);

(2) Includes cash deposits (3-12 months) in amount of RUB 4.7bn as of 31.03.2017. (as of 31.12.2016 – RUB 0.02 bn) and share in debt of joint ventures in amount of RUB 0.1 bn as of 31.03.2017. (as of 31.12.2016. - RUB 0.2 bn)

Evolution of Key Financials

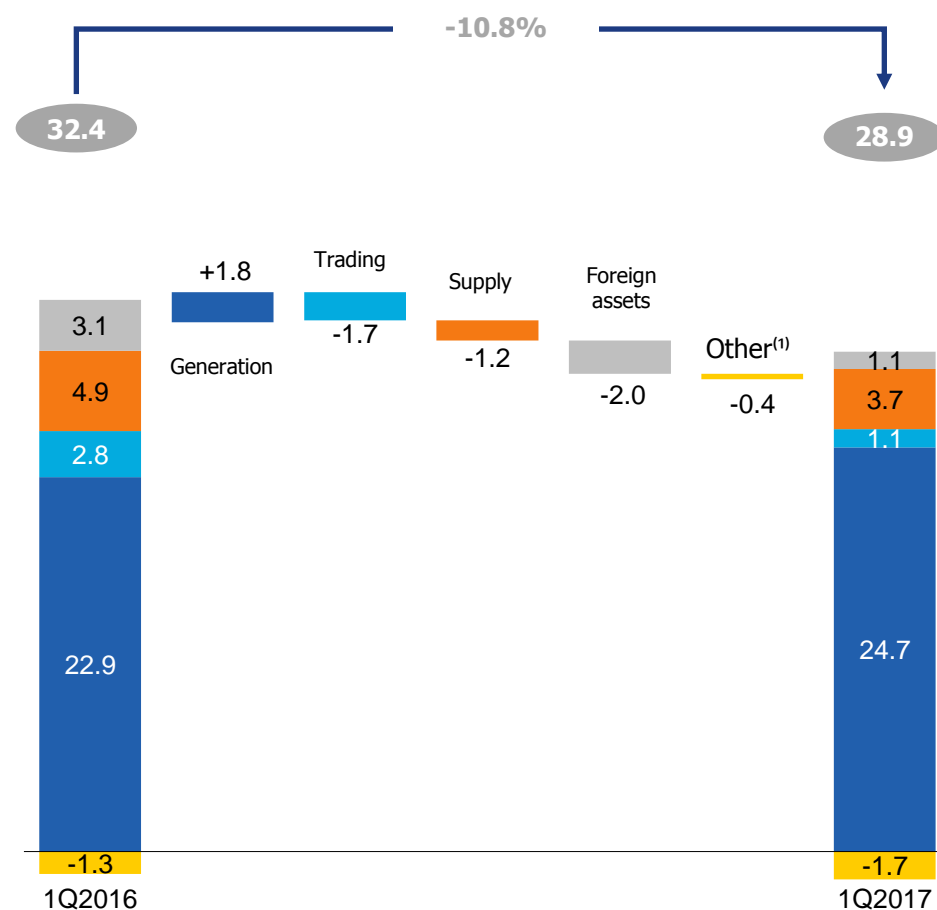
Revenue bridge

RUB bn



EBITDA bridge

RUB bn



Please note:

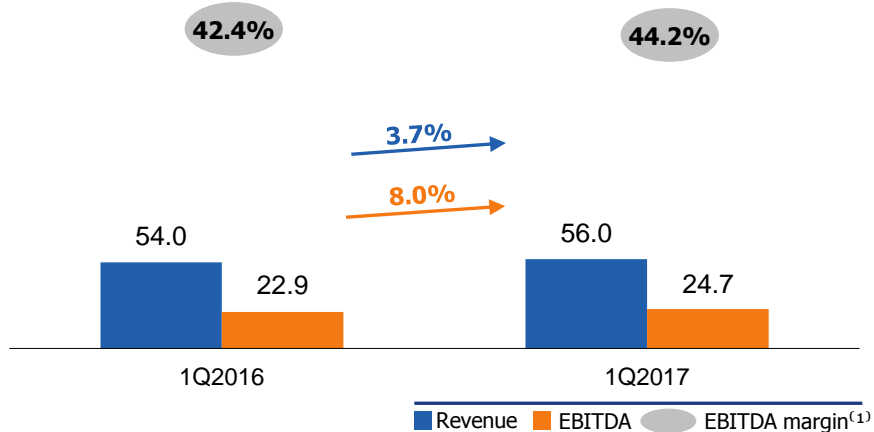
- Hereinafter the presentation, Generation includes financial results from the Electricity Generation and Heat Generation segments

(1) Includes the segments Engineering and Corporate Centre

Generation and Supply

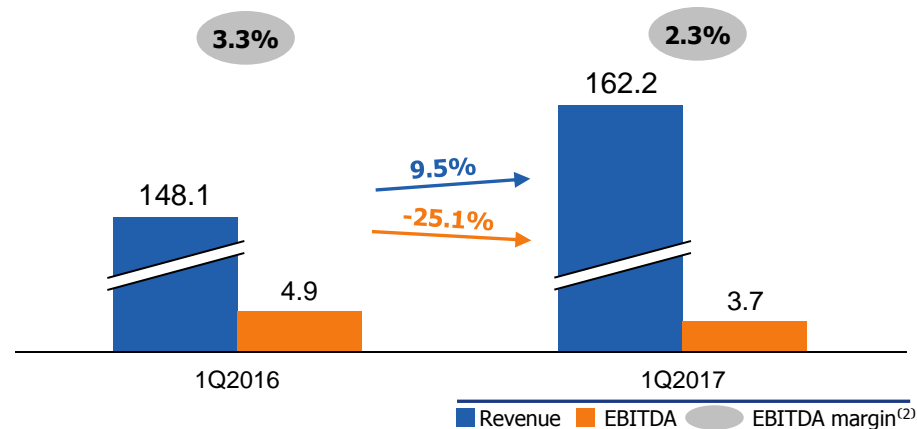
Generation: Revenue and EBITDA

RUB bn



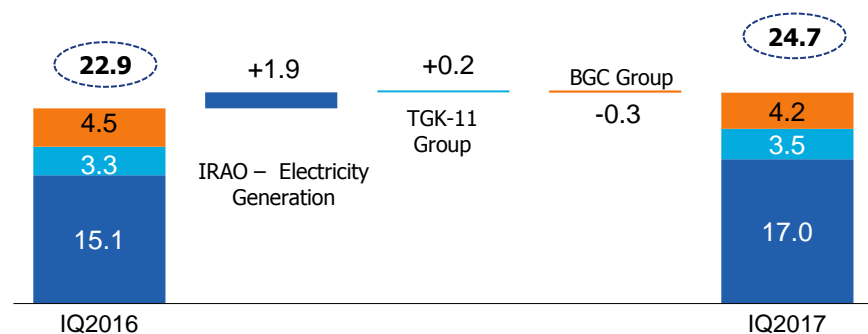
Supply: Revenue and EBITDA

RUB bn



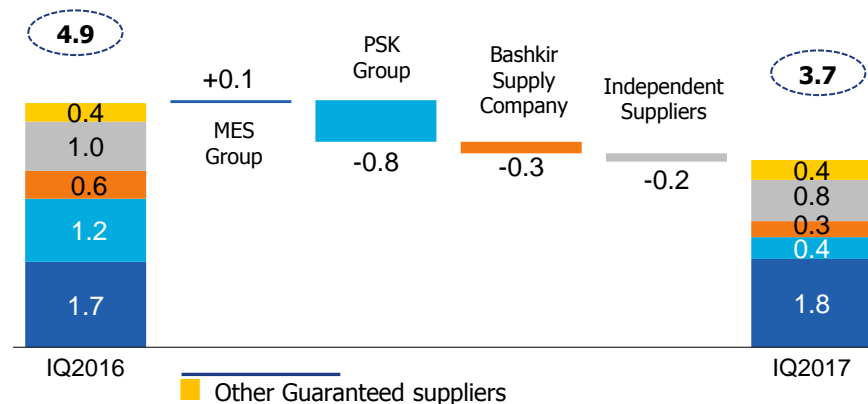
Generation: EBITDA contribution by company

RUB bn



Supply: EBITDA contribution by company

RUB bn



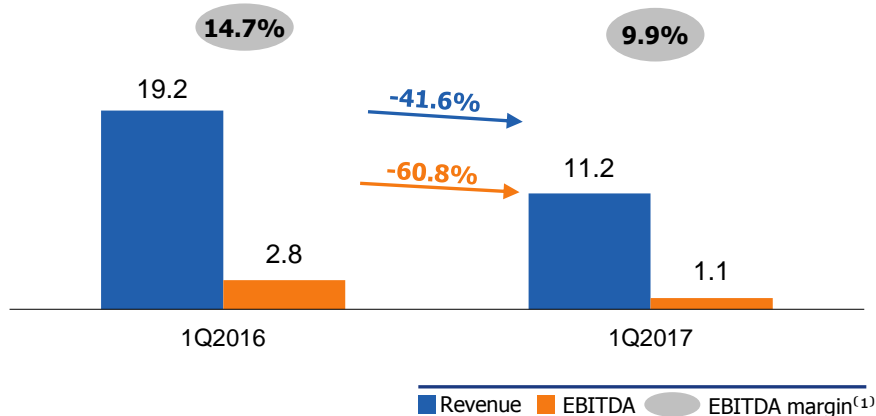
(1) EBITDA margin calculation excludes inter-segment revenue (RUB 12.6 bn in 1Q 2016 and RUB 14.4 bn in 1Q 2017)

(2) EBITDA margin calculation excludes inter-segment revenue (RUB 0.5 bn in 1Q 2016 and RUB 0.5 bn in 1Q 2017)

Trading and Foreign Assets

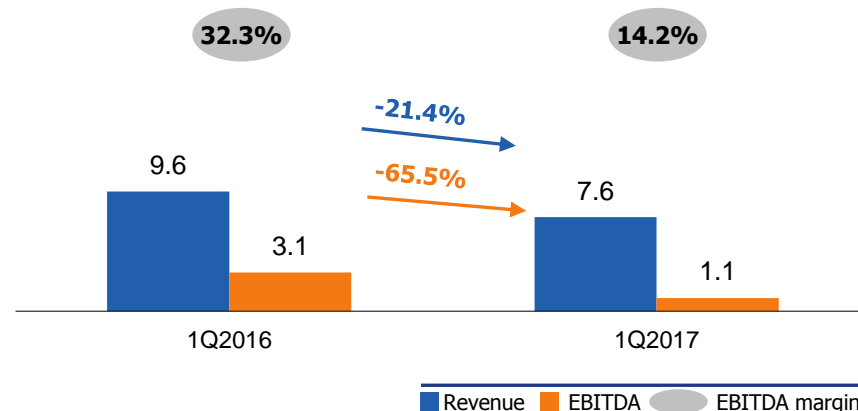
Trading: Revenue and EBITDA

RUB bn



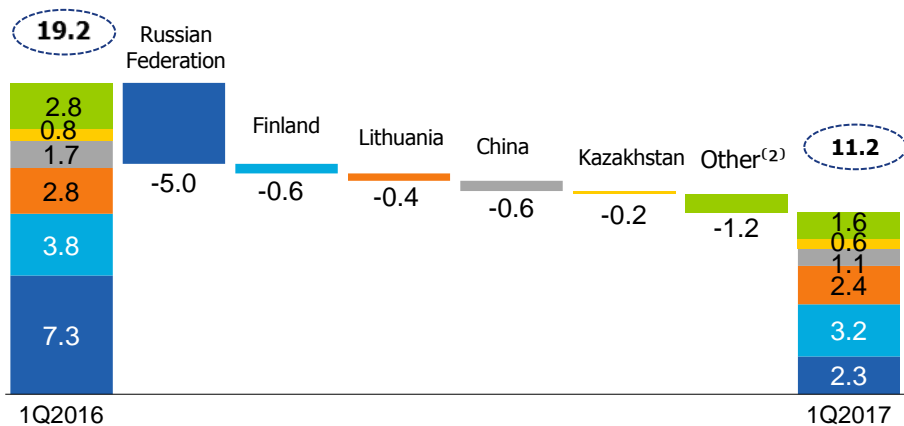
Foreign Assets: Revenue and EBITDA

RUB bn



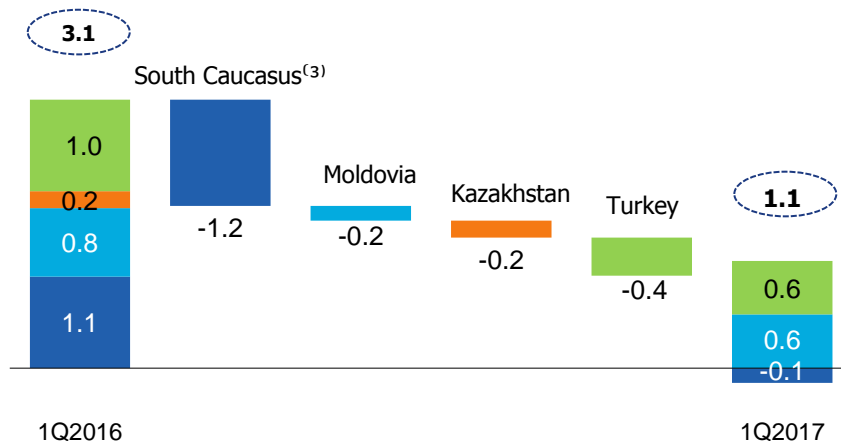
Trading: Revenue contribution by country

RUB bn



Foreign Assets: EBITDA contribution by country

RUB bn



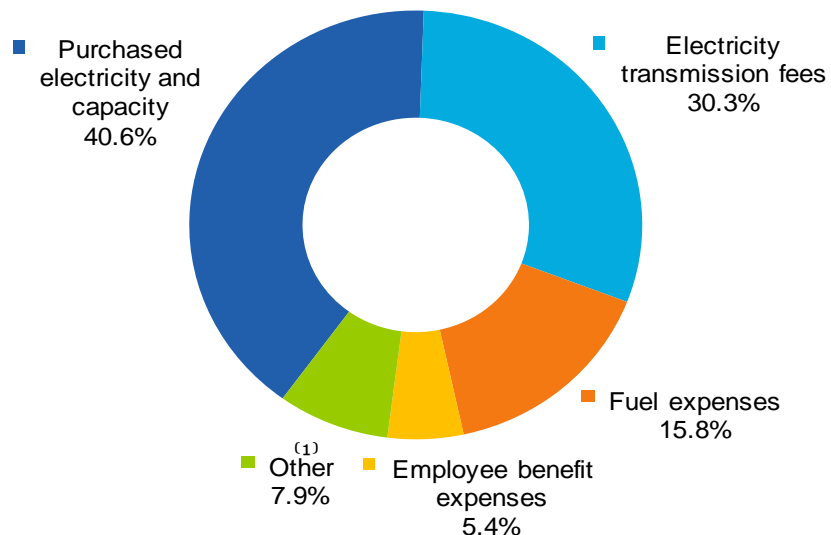
(1) EBITDA margin calculation excludes inter-segment revenue (RUB 0.3 bn in 1Q 2016 and RUB 0.5 bn in 1Q2017).

(2) Belorussia, Georgia, South Ossetia, Azerbaijan, Mongolia, Norway, Latvia, Estonia, Ukraine and Poland;

(3) In 1Q2016, South Caucasus includes financial results for Georgia and Armenia; in 1Q2017 this only includes the financial results for Georgia.

Consolidated Operating Expenses

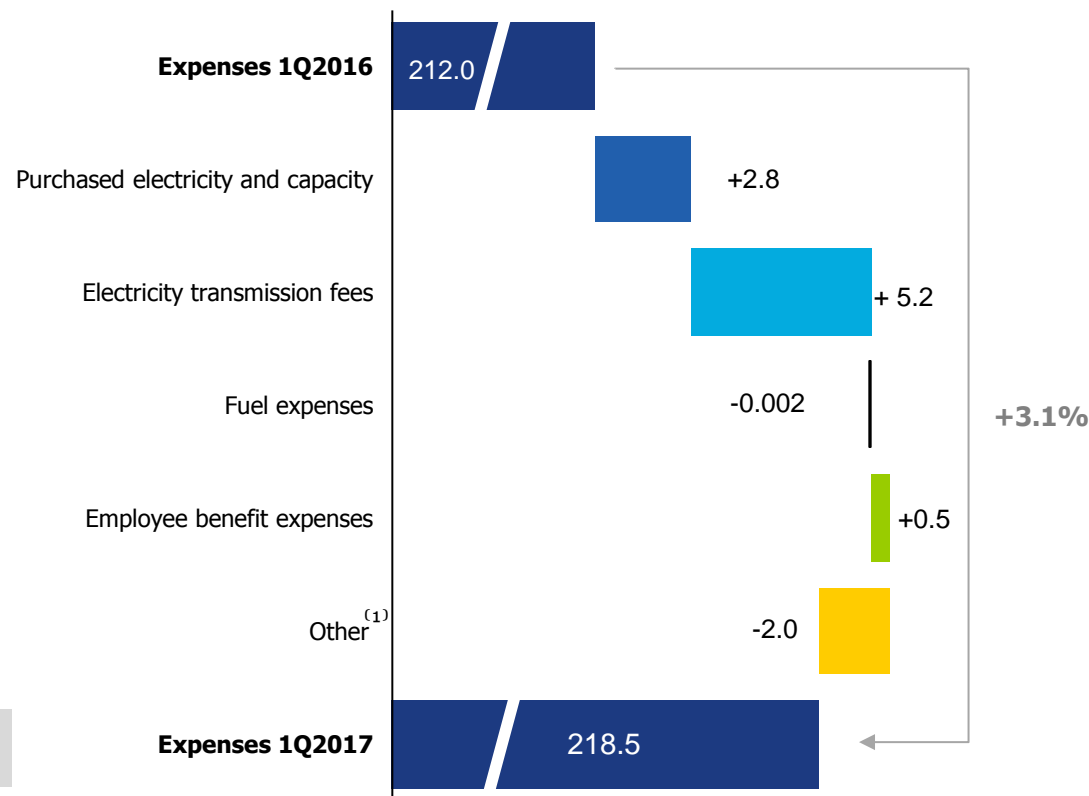
OPEX breakdown



Consolidated operating expenses of Inter RAO Group for the 1Q2017 amounted to RUB 218.5 bn

OPEX dynamics

RUB bn

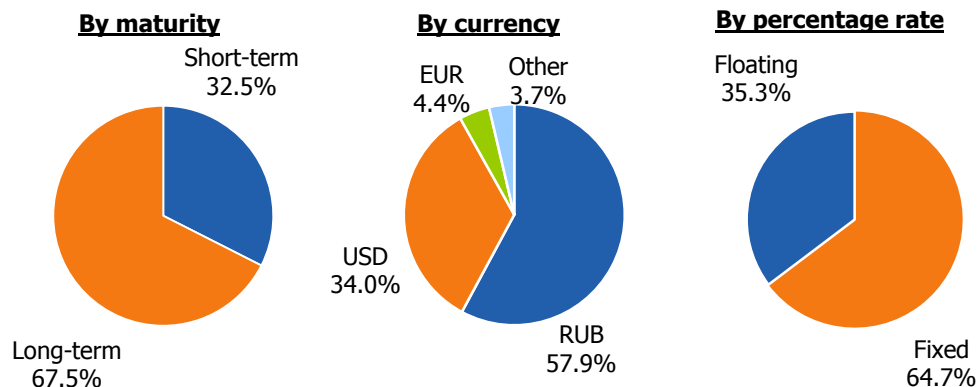


Consolidated revenue growth of Inter RAO Group for 1Q 2017 (+2.8% YoY) is in line with the growth of consolidated operating expenses (+3.1% YoY)

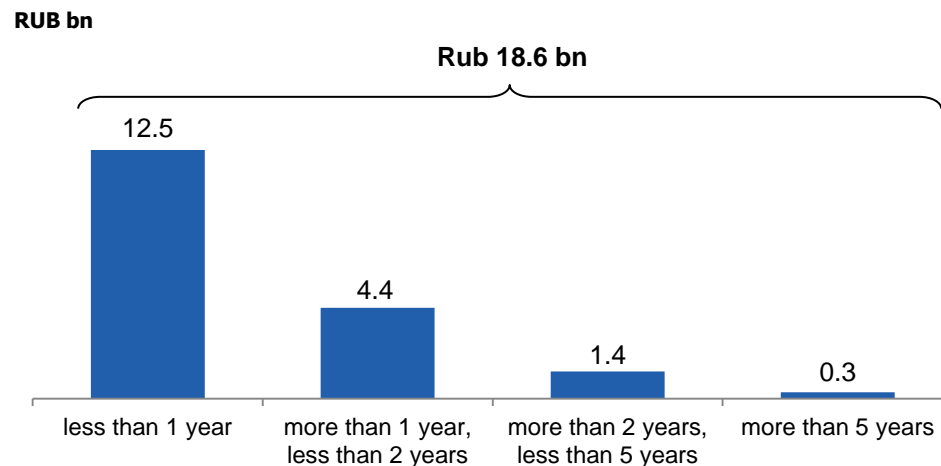
(1) Other expenses include depreciation and amortization, provision for impairment of accounts receivables and other operating expenses

Debt and Liquidity Analysis⁽¹⁾

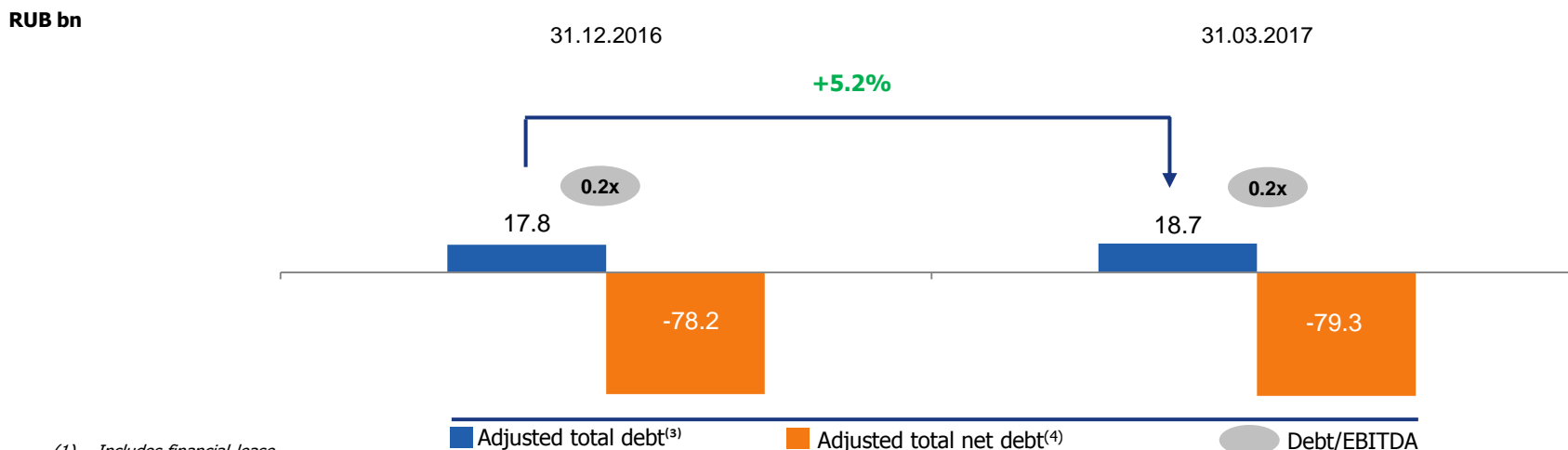
Debt composition⁽²⁾



Debt maturity profile⁽²⁾



Total debt statistics⁽²⁾



(1) Includes financial lease

(2) Not including share in debt of joint ventures

(3) Includes share in debt of joint ventures in the amount of RUB 0.1bn as of 31.03.2017 (RUB 0.2 bn as of 31.12.2016)

(4) Includes cash deposits (3-12 months) in amount of RUB 4.7 bn as of 31.03.2017. (as of 31.12.2016 – RUB 0.02bn) and share in debt of joint ventures in amount of RUB 0.1 bn as of 31.03.2017. (as of 31.12.2016 – RUB 0.2bn)



IV. Q&A session

