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Inter RAO Group Announces Operating Results for the Full Year 2018

Inter RAO Group announced operating results for the full year 2018.

Indicator	2018	2017	+/-
Installed power generation capacity as at the end of the period, GW	33,714	32,715	+3,1%
Installed heat production capacity as at the end of the period, thous. Gcal/h	25,930	25,632	+1,2%
Electricity output, billion kWh	132,508	134,801	-1,7%
Installed capacity utilization factor (ICUF)	45,3%	48,2%	-
Heat distribution from collectors, million Gcal	41,739	39,996	+4,4%

Russian generation:

Indicator	2018	2017	+/-
Installed power generation capacity as at the end of the period, GW	29,459	28,460	+3,5%
Installed heat production capacity as at the end of the period, thous. Gcal/h	25,250	24,952	+1,2%
Electricity output, billion kWh	121,765	122,087	-0,3%
Share of electricity output in Russia	11,3%	11,4%	-
Installed capacity utilization factor (ICUF)	63,7%	67,4%	-
Heat distribution from collectors, million Gcal	41,551	39,799	+4,4%

Key factors shaping dynamics of performance indicators in the Generation segment compared to 2017 were as follows:

- Commissioning of new generating capacities in the amount of 983 MW in 2018 (440 MW at Zatonkaya TPP in Ufa, and 543 MW at Mayakovskaya, Talakhovskaya and Pregolskaya TPPs in the Kaliningrad region);
- An increase of 16 MW in the installed electric capacity of current unit of Iriklynskaya TPP after technical maintenance related to remarking;
- Operation of power unit No. 4 of Permskaya SDPP with installed capacity of 903 MW, commissioned in August 2017, and power unit No. 12 of Verkhnetagilskaya SDPP with installed capacity of 447 MW, commissioned in June 2017;

- Faster maintenance of power units at Nizhneartovskaya TPP in 2018 as compared to the previous reporting period.
- Maintenance works at Kaliningradskaya TPP-2 and Gusinoozyorskaya TPP in 2018.
- Optimization of live equipment at Kostromskaya, Kashirskaya and Karmanovskaya (Bashkiria) TPPs due to the decrease in profitability of power sales in the wholesale market for electricity and power.

The increased supply of thermal energy is attributed to lower average air temperatures and longer heating season in 2018 in the regions where electric power plants are located.

Foreign assets: generation and distribution grids

Indicator	2018	2017	+/-
Installed power generation capacity as at the end of the period, GW	4,255	4,255	-
Installed heat production capacity as at the end of the period, thous. Gcal/h	0,680	0,680	-
Electricity output, billion kWh	10,743	12,714	-15,5%
Installed capacity utilization factor (ICUF)	38,5%	45,6%	-
Heat distribution from collectors, million Gcal	0,187	0,198	-5,3%
Total length of power lines, km	5 736	5 338	+7,5%
Grid output, billion kWh	2,970	2,935	+1,2%
Electric power losses	5,1%	5,5%	-

The primary drivers of changes in key indicators:

- The decreased electricity output is mainly attributed to the negative dynamics showed by Trakya Elektrik, which was largely due to the dispatch electric load schedule, and scheduled maintenance in May 2018;
- The reduced supply of thermal energy in 2018 owing to shorter heating season in Trans-Dniester;
- The length of power lines of Telasi JSC increased by 398 km due to the construction of lines for new consumers in Tbilisi, and new cable lines for ensuring network redundancy, and reconstruction and modernization of grids;
- Grid output of Telasi JSC increased by 1,2% due to the development of urban infrastructure, and connection of new major consumers.

Supply in Russia

Indicator	2018	2017	+/-
Number of customers, million	15,272	14,632	+4,4%
Total sales of electric energy on the retail market, billion kWh	190,513	182,626	+4,3%
Share of the Russian retail market*	17,7%	17,2%	-

* Share of the Russian retail market - sales on the retail market from total actual consumption of electric energy in Russia (1 076,1 billion kWh in 2018, 1 059,2 billion kWh in 2017, according to the current data from the System Operator of the Unified Energy System of Russia, the increase is an estimated 1.6%)

The number of customers of supply companies continued to increase due to the start of operation of Vladimir Power Supply Company (which is a part of Inter RAO Group), the commissioning of residential apartments in St Petersburg and the Leningrad region, and switching residents to direct settlements with the guaranteeing supplier (shifting away from working with managing companies) in Bashkiriya, Oryol and Moscow Regions. RN-Energo LLC continued to engage new clients, which resulted in the increase of the number of users by 67%.

Electric energy sales increased due to the growth in the number of consumers and colder winter in 2018.

Commercial export and import of electric energy by Inter RAO Group via Russian border:

Indicator	2018	2017	+/-
Total exports, billion kWh	16,712	16,699	+0,1%
<i>Including:</i>			
<i>Finland</i>	6,903	5,040	+37,0%
<i>Lithuania</i>	4,415	3,131	+41,0%
<i>China</i>	3,109	3,319	-6,3%
<i>Kazakhstan</i>	1,347	1,294	+4,1%
<i>Mongolia</i>	0,416	0,371	+12,1%
<i>Georgia</i>	0,206	0,501	-58,8%
<i>South Ossetia</i>	0,145	0,152	-4,7%
<i>Azerbaijan</i>	0,076	0,063	+20,2%
<i>Belarus</i>	0,049	2,733	-98,2%
<i>Ukraine</i>	0,045	0,094	-52,2%
Total imports, billion kWh	5,122	6,230	-17,8%
<i>Including:</i>			
<i>Kazakhstan</i>	4,825	5,736	-15,9%
<i>Azerbaijan</i>	0,121	0,117	+3,5%
<i>Georgia</i>	0,097	0,262	-63,0%
<i>Lithuania</i>	0,052	0,085	-38,9%
<i>Mongolia</i>	0,027	0,023	+17,2%

Key factors shaping the dynamics of imports and exports:

- Increased exports to Finland and Lithuania resulting from the price surge on the NordPool and implementation of efficient engineering solutions for filling of section volumes;
- Decreased imports from Kazakhstan and exports to Belarus and Georgia resulting from the market environment.

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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 33.7 GW of installed power generation capacity. www.interrao.ru