



Inter RAO Group 2020 Consolidated Financial and Operating Results

28 February 2020

1

GENERATION IN THE RUSSIAN FEDERATION:

- Full contribution since 2019 beginning of 776 MW of Kaliningrad Generation units, that are being leased (Mayakovskaya, Talahovskaya and Pregolskaya TPP);
- Full contribution since 2019 beginning of 440 MW of new power generation capacity under the Capacity Delivery Agreements (CDA);
- Decommissioning of 600 MW of old inefficient capacity at Kashirskaya GRES;
- Capacity payments under CDA grew due to increased payments that include delta CDA and increased DAM coefficient for a number of units;
- Favorable pricing environment on the day-ahead market (DAM)

2

SUPPLY IN THE RUSSIAN FEDERATION:

- Electricity prices for end-users have increased on average due to the growth of regulated (grid tariff) and non-regulated components (CDA for TPP, Renewables, NPP, as well as supply margin increase for the balancing of tariffs in the Far-Eastern Federal District);
- Regional expansion and client base increase in guaranteed supply companies and independent supply companies (start of operations of guaranteeing suppliers in Vladimir and Vologda regions);
- Active development of the paid services (PS) segment.

3

TRADING:

- Electricity export to Lithuania increased by 42%, import from Kazakhstan decreased by 74% YoY and trading operations volume increased in Poland.

4

FOREIGN ASSETS:

- Electricity generation in Moldavia segment increased;
- Trakya Elektrik project finished;
- Transition of a large consumer to the wholesale market in Georgia.

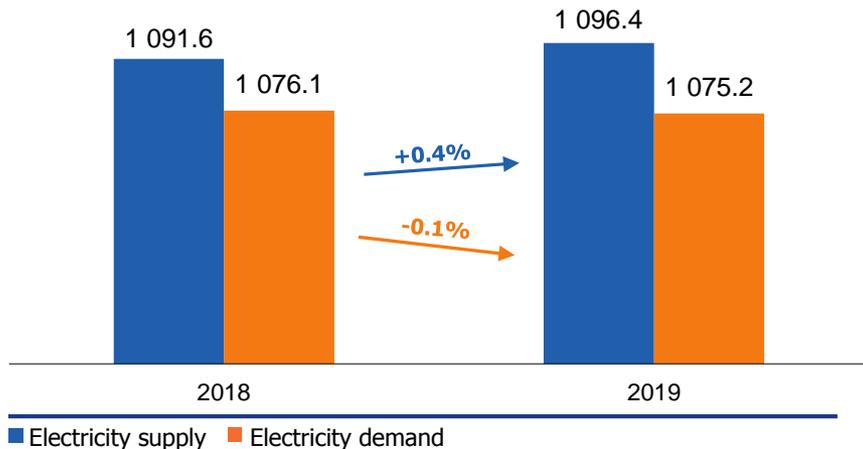


I. Operational Performance Results

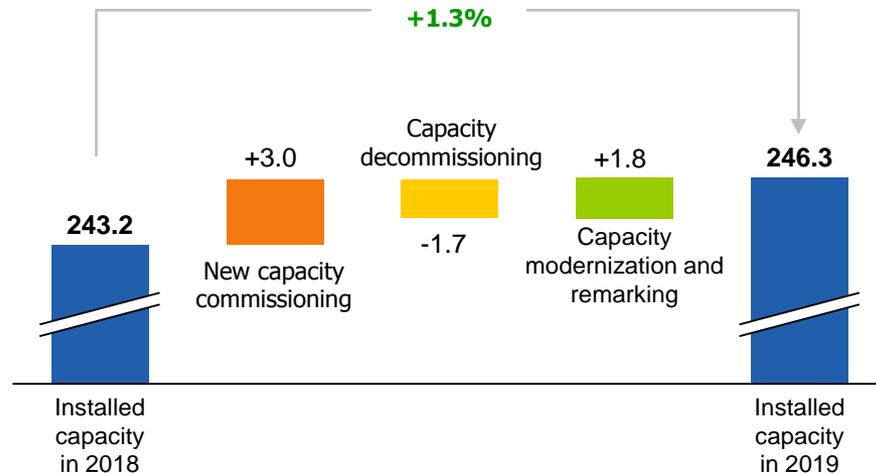


Electricity market conditions in Russian Federation in 2019 (1)

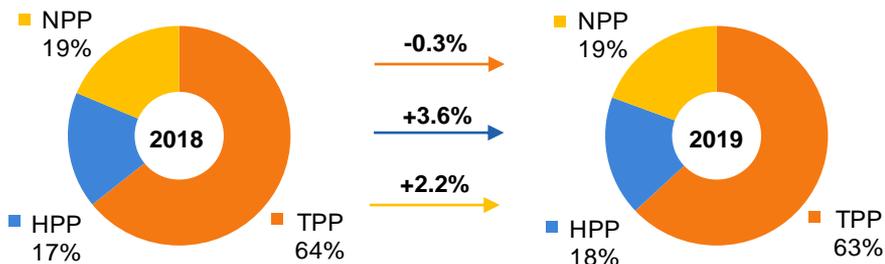
Electricity supply and demand dynamics in Russian Federation



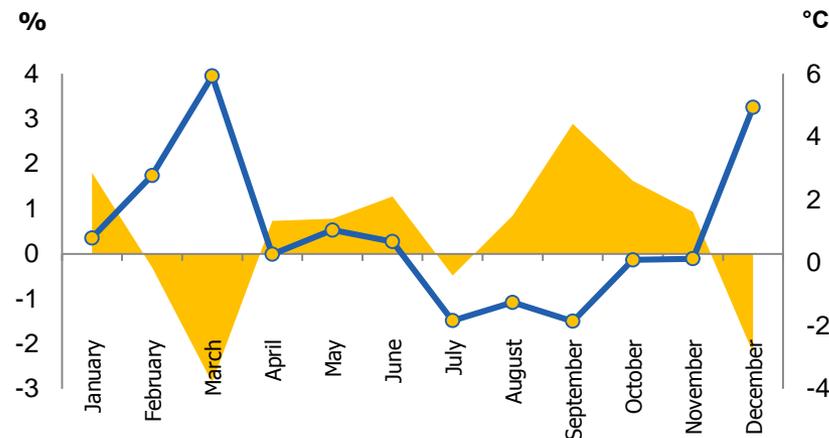
Commissioning and decommissioning of power generating capacity in United Energy System of Russian Federation



Load breakdown dynamics of power plants in UES of Russian Federation



Temperature factor influence



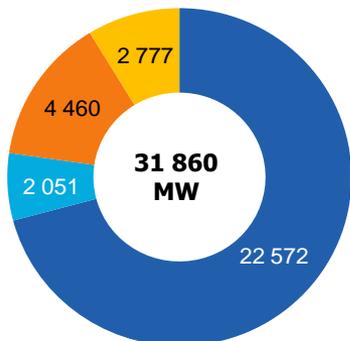
→ Electricity production dynamics by type of power plant

■ Relative change of electricity demand volumes in %, 2019/2018
—●— Monthly average temperature difference (°C) 2019/2018

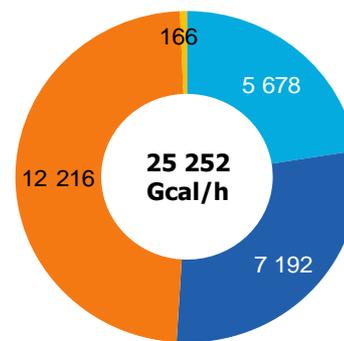
(1) System Operator of United Energy System of Russian Federation

Electricity and Heat Generation

Installed Electric Capacity

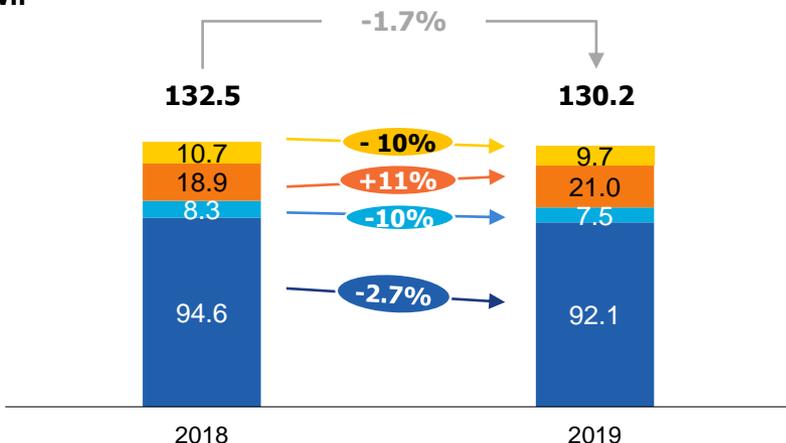


Installed Heat Capacity



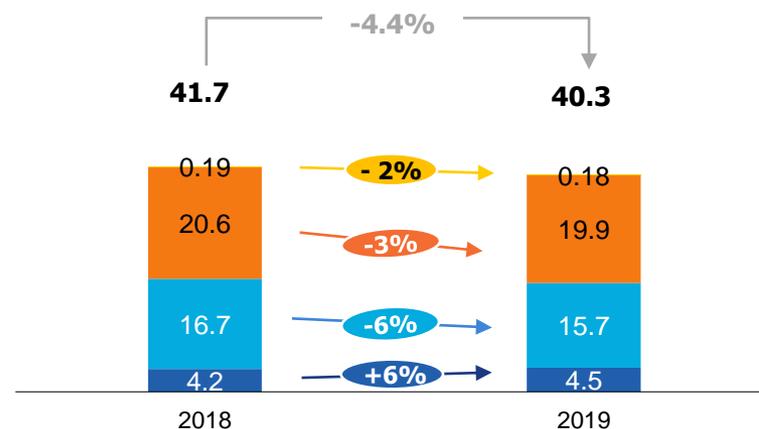
Electricity generation

TWh



Heat generation

Mln Gcal.



■ INTER RAO – Electricity Generation Group⁽¹⁾ ■ TGK-11 Group & Tomsk Generation Group ■ BGC Group ■ Foreign Generation⁽²⁾

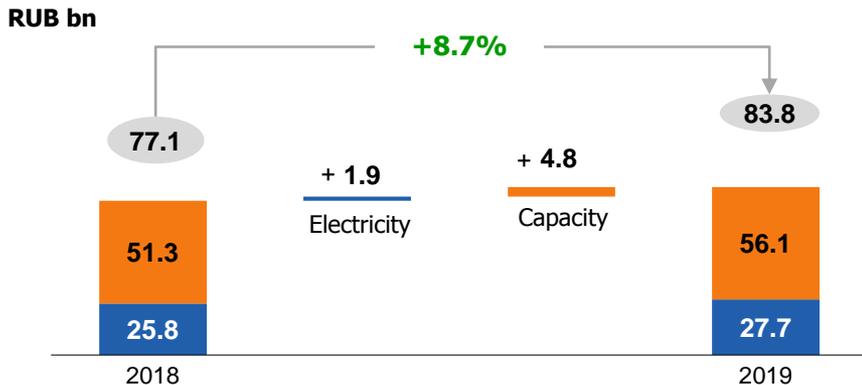
— #% → Electricity/heat production dynamics

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

(2) Includes JSC Ekibastuskaya GRES-2

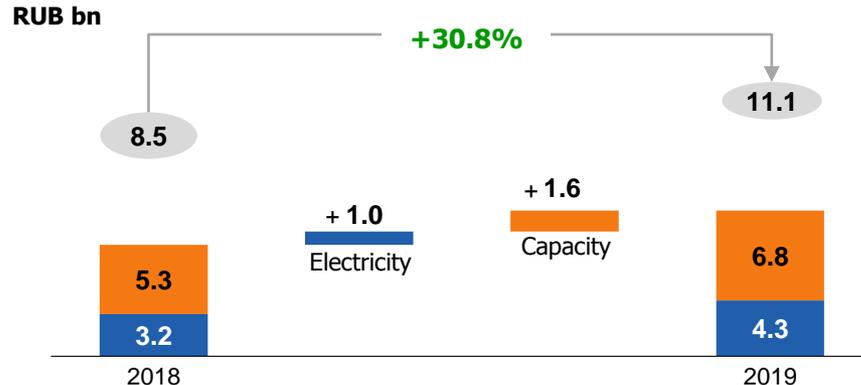
Increased Operational Efficiency in Electricity and Heat Generation Segments

Increased Revenue Bridge for CDA Units of Electricity Generation Segment ⁽¹⁾



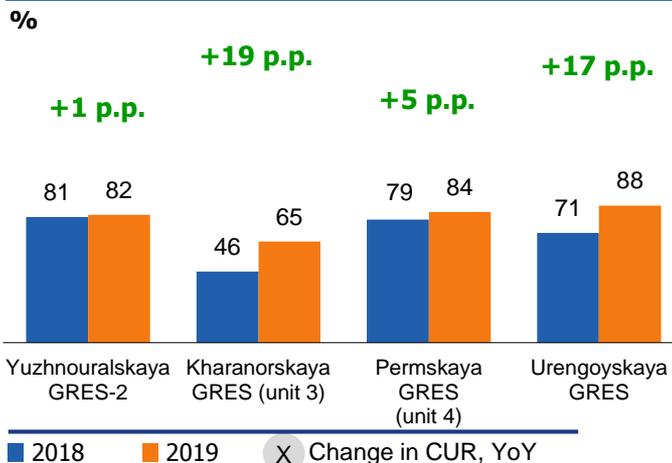
(1) Includes Inter RAO – Electricity Generation and Nizhneartovskaya GRES, revenue net of purchased electricity and capacity

Increased Revenue Bridge for CDA Units of Heat Generation Segment ⁽²⁾

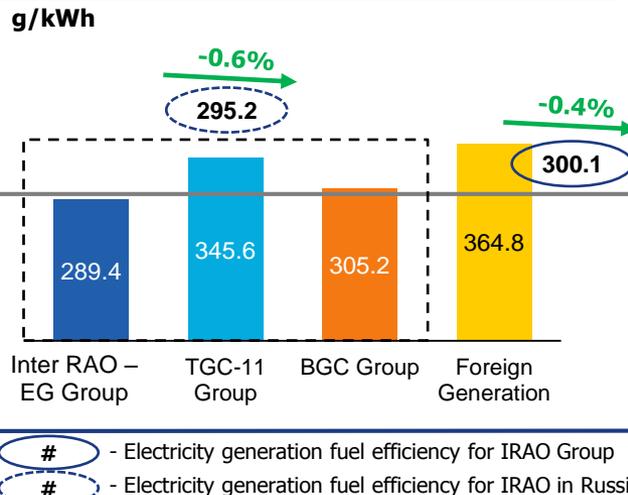


(2) Includes BGC, TGK-11 and Tomsk Generation, revenue net of purchased electricity and capacity

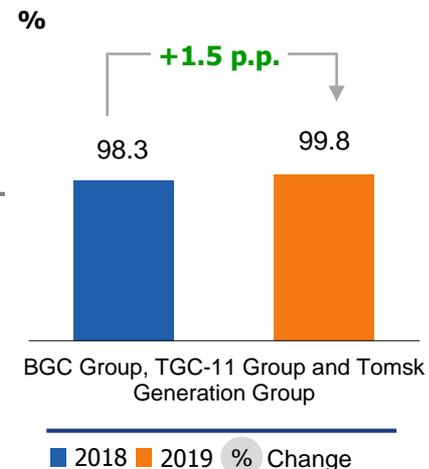
Efficient Load of New High-Margin Power Units (Load Factor)



Fuel Consumption in Electricity Generation



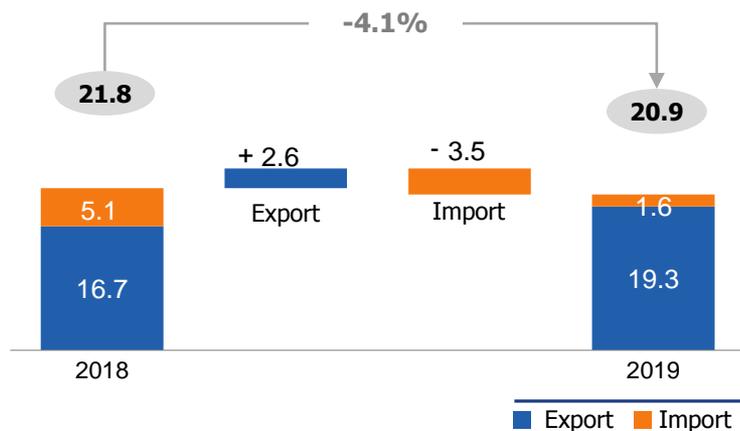
Heat Payments Collection



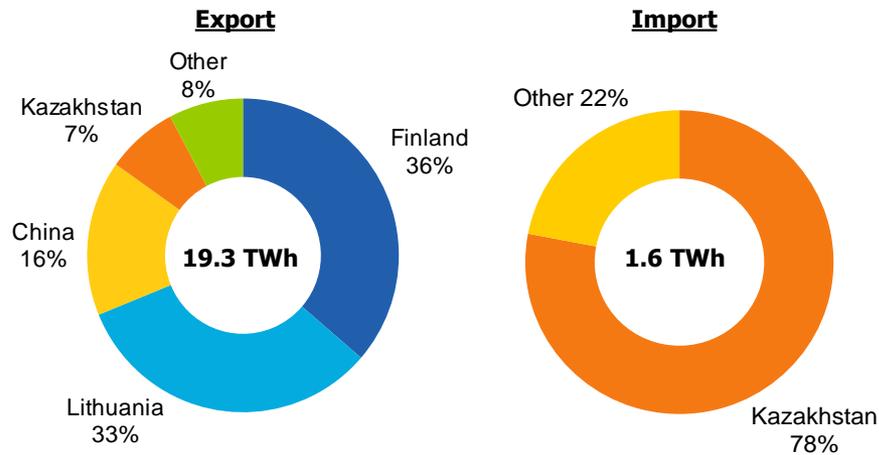
Efficiency in Trading Business

Export / Import Volumes

TWh

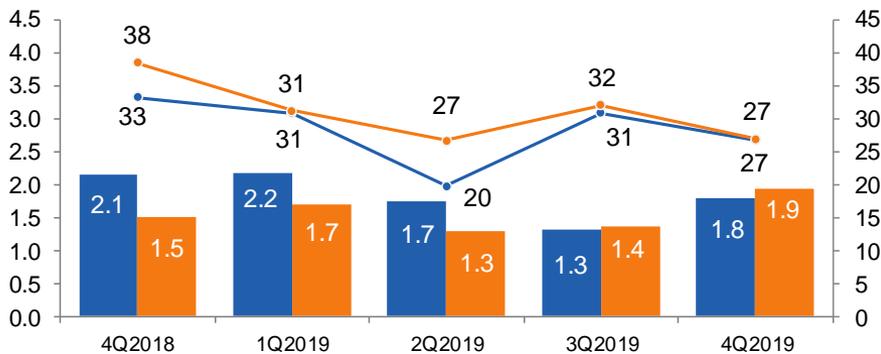


Export / Import Structure for 2019



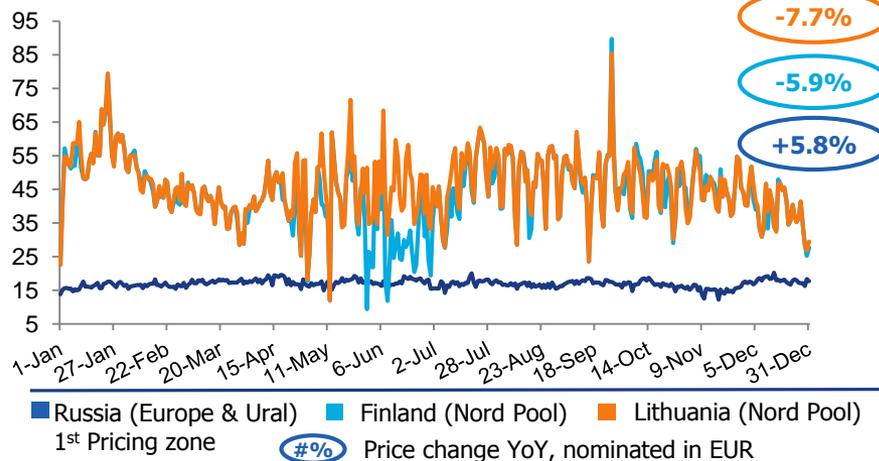
Electricity Export Dynamics and Price Spread*

TWh



Evolution of Electricity Spot Prices

€/MWh



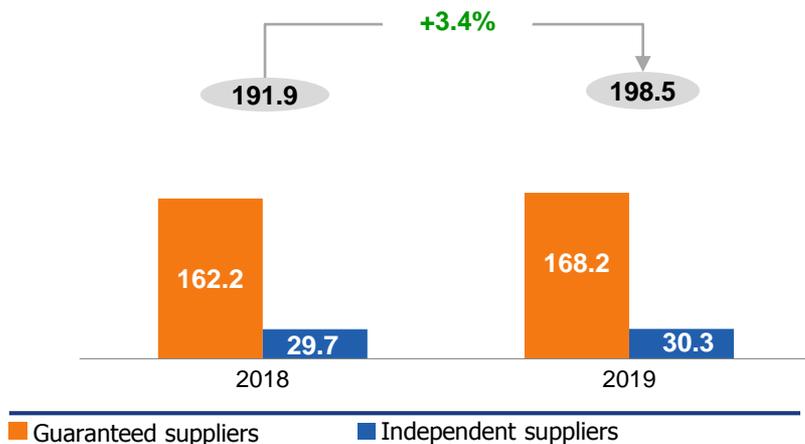
- Electricity price spread in Russia (Europe and Ural) and Finland (right axis)
- Electricity price spread in Russia (Europe and Ural) and Lithuania (right axis)
- Electricity export to Finland (volume)
- Electricity export to Lithuania (volume)

* Excludes capacity price

Increased Operational Efficiency in Supply Business

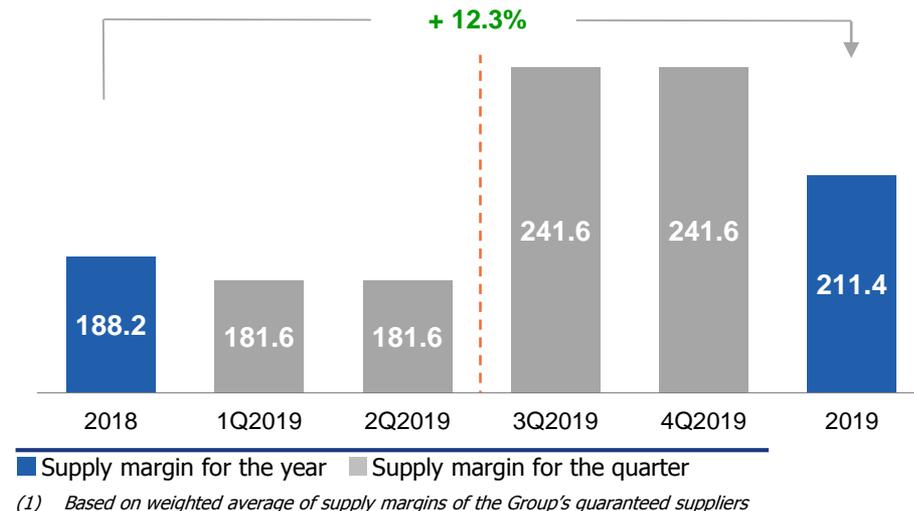
Electricity Supply to Customers

TWh



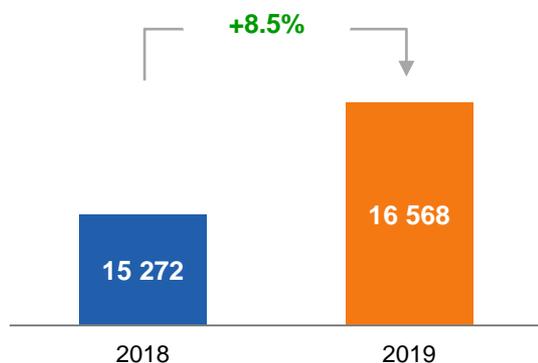
Supply Margin of Guaranteed Suppliers Dynamics⁽¹⁾

RUB/MWh



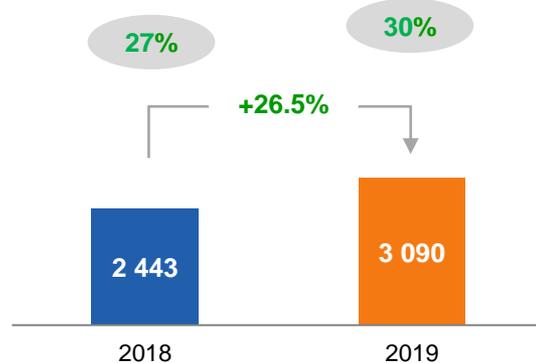
Customer Base

thousands of customers



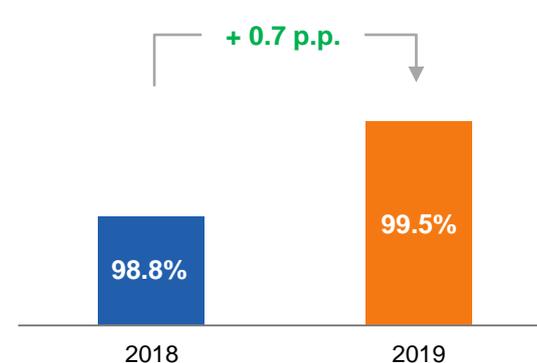
Marginal profit from PS dynamics

RUB mln



Payments Collection of Guaranteed Suppliers

%



x EBITDA Margin %

ESG achievements in 2019

- ✓ **In March** the Group joined the UN Global Compact and undertook the obligations to update business models and strategies integrated with long-term sustainability targets;
- ✓ **In September** sustainable development was first considered as a separate topic by the Board of Directors and the Strategy and Audit Committee;
- ✓ **In November** a climate risk analysis and assessment mechanism was introduced;
- ✓ **In December** the Audit committee was updated and renamed to the Audit and Sustainable Development Committee;
- ✓ **In December** direct greenhouse gas emissions verified for the first time.

UN Global Compact



- The company confirmed its support of the Ten Principles of the UN GC and expressed its intent to implement those principles in order to improve its sustainable development reporting;
- As part of maintaining its active membership, the Company intends to publish an annual Communication on Progress (COP) report contains updated information on sustainable development achievements and progress.



ESG Rating Scores

The agency	31.12.2018	31.12.2019
Sustainalytics	61	66
CDP	D-	D
FTSE4 Good	3.1	3.2
RobecoSAM	26	38
Oekom	C-	C
MSCI ESG	A	A



Sustainability Indicators

- 3.7 GW

Decommissioning of old inefficient capacities since 2011

1.1 Bln. rub

The average annual spending on environmental protection 2016-2018

> 1000

Implemented socially-oriented projects

- 4%

The average annual decrease in specific greenhouse gas emissions per unit of electricity between 2016-2018



II. IFRS Financial Results



Key Financials

<i>RUB bn</i>	2019	2018	Change
Revenue	1 032.1	962.6	7.2%
Operating expenses	946.0	885.8	6.8%
Operating profit	98.3	87.3	12.6%
EBITDA	141.5	121.3	16.7%
<i>EBITDA margin</i>	13.7%	12.6%	8.8%
Net Profit	81.9	71.7	14.3%
CAPEX	24.5	25.8	-5.1%

<i>RUB bn</i>	31.12.2019	31.12.2018	Change
Total assets	751.0	728.6	3.1%
Total equity	552.8	485.5	13.9%
Loans and borrowings	3.3	9.7	-65.9%
Lease liabilities⁽¹⁾	57.5	50.1	14.8%
Net debt⁽²⁾	-196.5	-166.7	-

Please note:

-all relative percentage changes are shown in accordance with calculations in mln. RUB

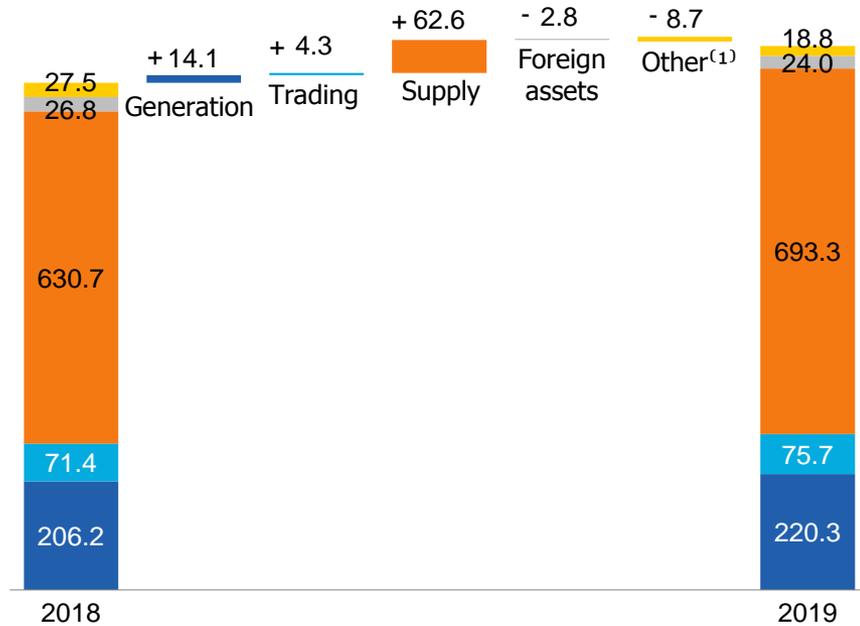
(1) Including share in lease liabilities of joint ventures RUB 0.2 bn. as of 31.12.2019 (as of 31.12.2018 – RUB 0.4 bn)

(2) Includes cash deposits (3-12 months) in amount of RUB 161.4 bn as of 31.12.2019 (as of 31.12.2018 – RUB 72.8 bn) and lease liabilities (including share in lease liabilities of joint ventures) in amount of RUB 57.5 bn as of 31.12.2019 (as of 31.12.2018 - RUB 50.1 bn)

Evolution of key financials

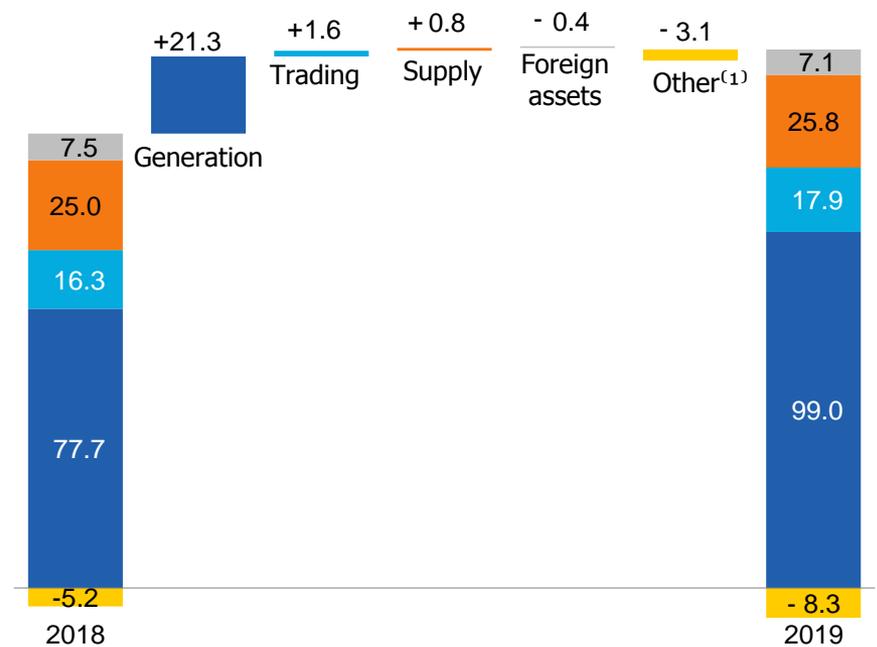
Revenue bridge

RUB bn



EBITDA bridge

RUB bn



Please note:

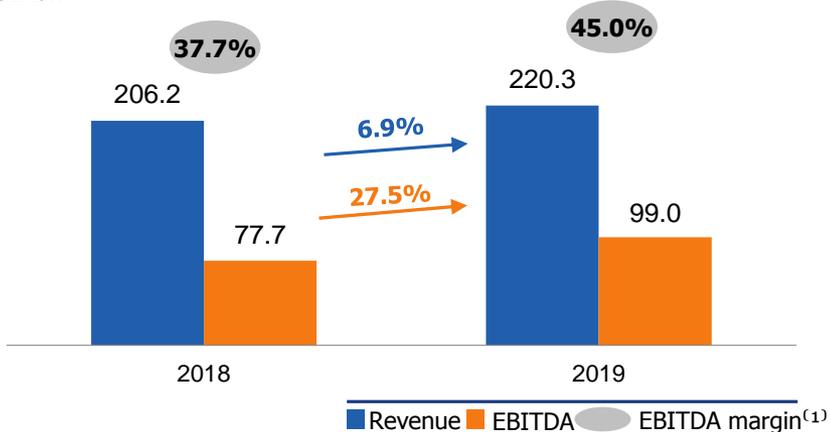
Generation includes financial results from the Electricity Generation and Heat Generation segments

(1) Includes segments Engineering and Corporate Centre

Key Segments: Generation

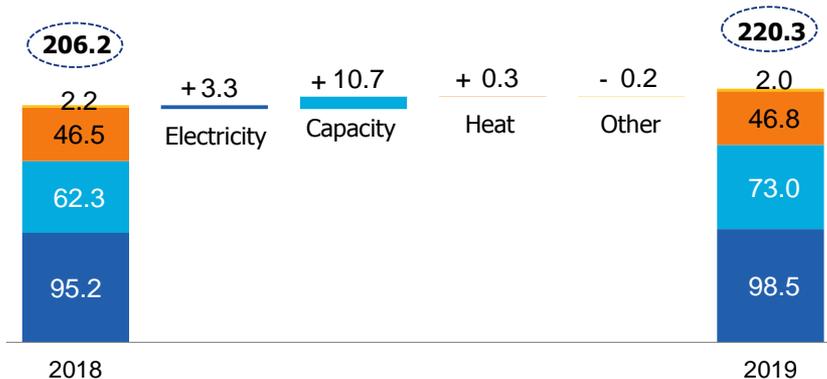
Revenue and EBITDA

RUB bn



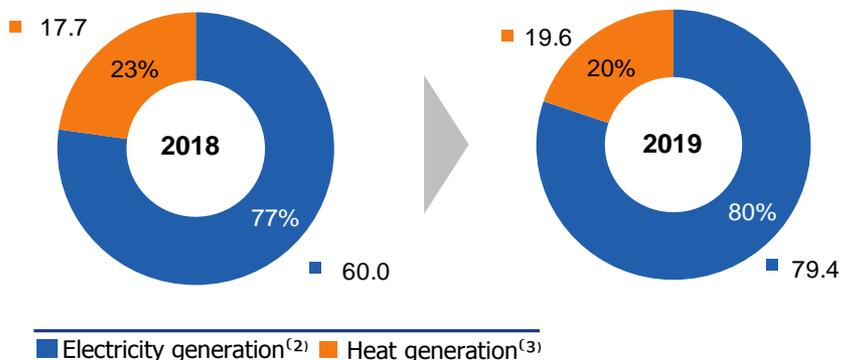
Revenue breakdown

RUB bn



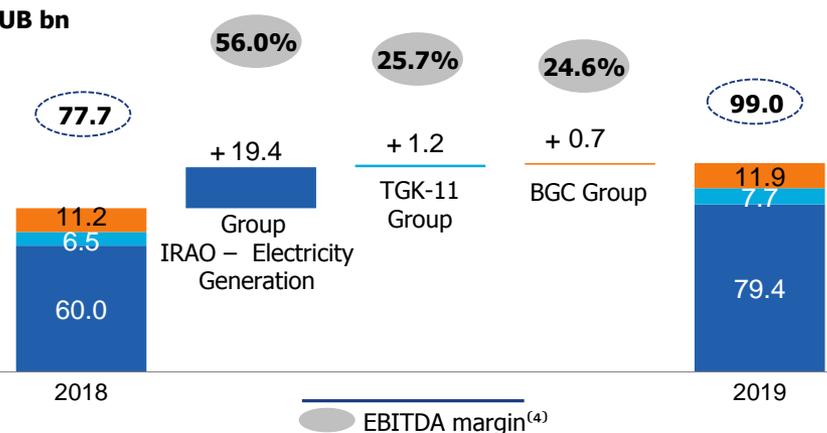
EBITDA structure

RUB bn



EBITDA contribution by company

RUB bn



(1) EBITDA margin calculation excludes inter-segment revenue (RUB 61.4 bn in 2018 and RUB 68.1 bn in 2019)

(2) Electricity generation sub segment includes financial results of Inter RAO – Electricity Generation Group

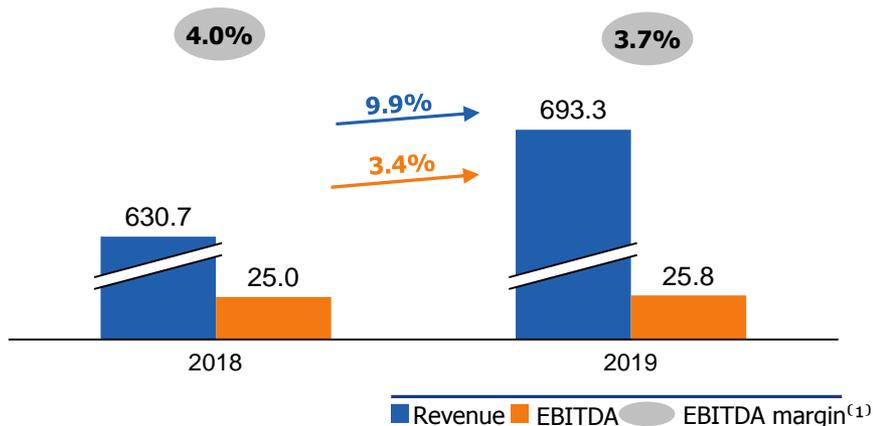
(3) Heat generation sub segment includes financial results of TGK-11 Group and BGC Group

(4) EBITDA margin calculation excludes inter-segment revenue in 2018 (Inter RAO – Electricity Generation Group - RUB 50.5 bn; TGK-11 Group - RUB 4.0 bn; BGC Group - RUB 13.6 bn.)

Key Segments: Supply

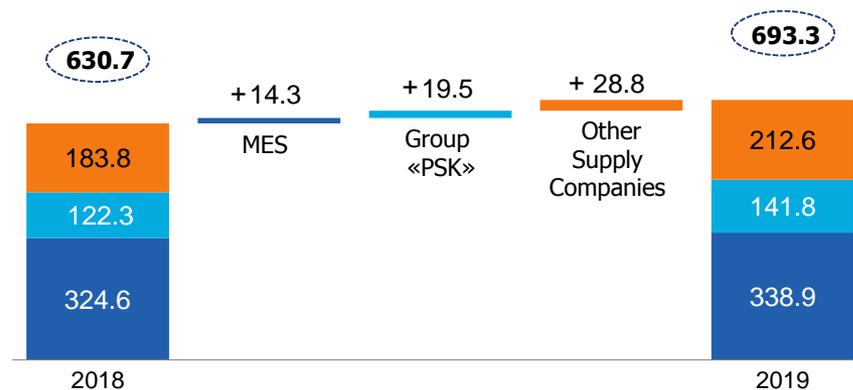
Revenue and EBITDA

RUB bn



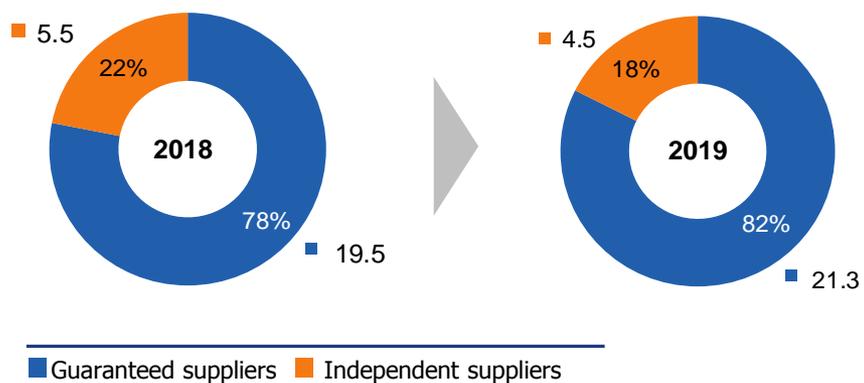
Revenue contribution by company

RUB bn



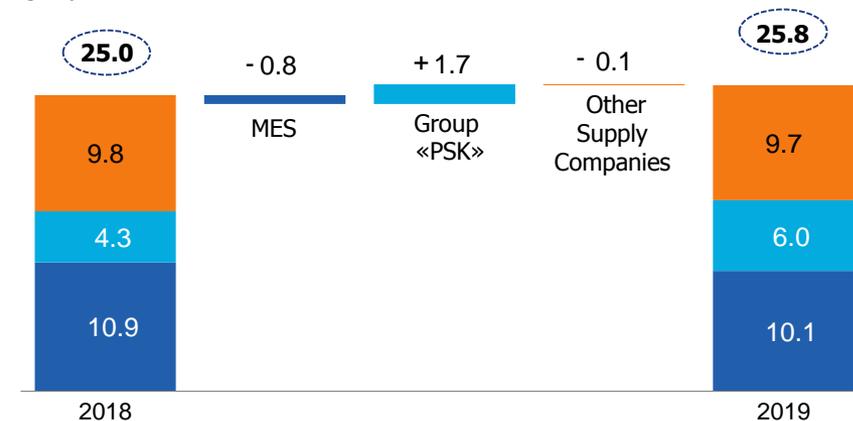
EBITDA structure

RUB bn



EBITDA contribution by company

RUB bn

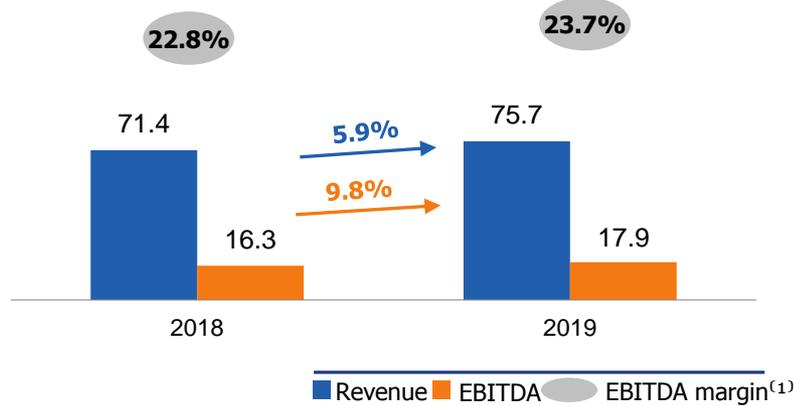


(1) EBITDA margin calculation excludes inter-segment revenue (RUB 1.7 bn in 2018 and RUB 1.8 bn in 2019)

Key Segments: Trading and Foreign Assets

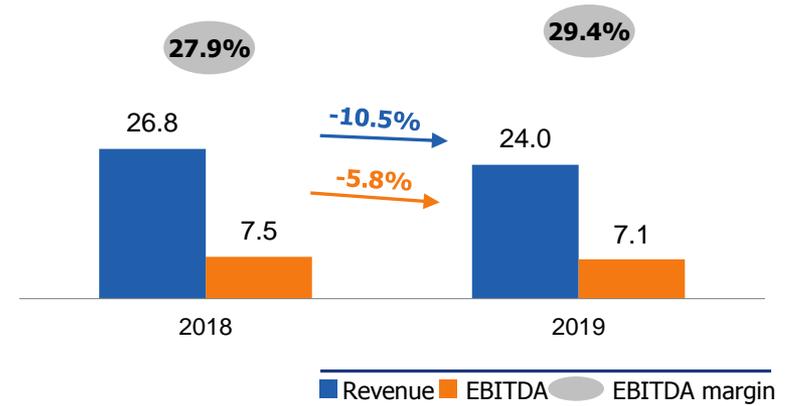
Trading: Revenue and EBITDA

RUB bn



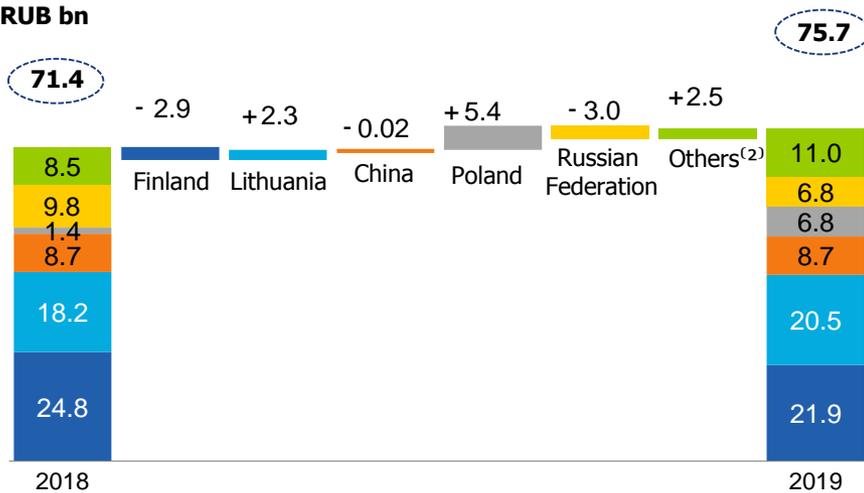
Foreign Assets: Revenue and EBITDA

RUB bn



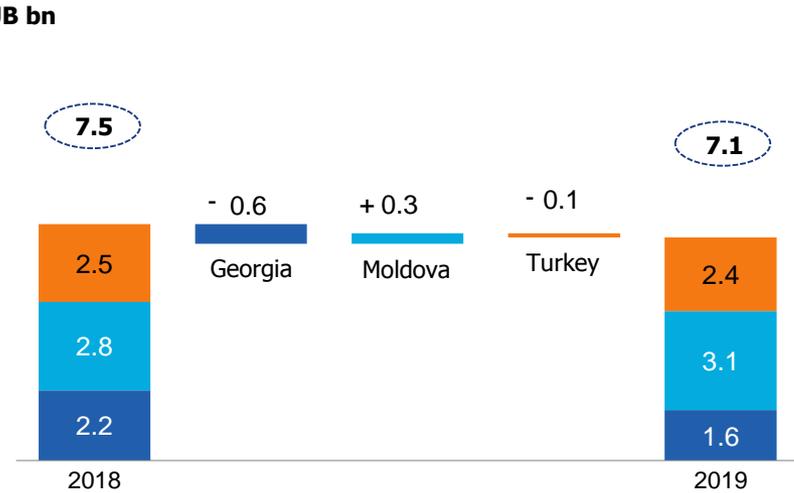
Trading: Revenue contribution by country

RUB bn



Foreign Assets: EBITDA contribution by country

RUB bn

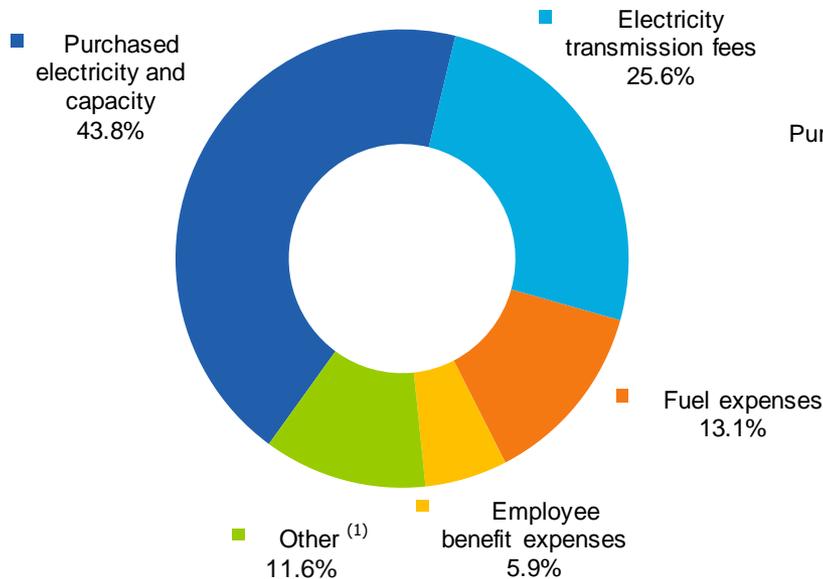


(1) EBITDA margin calculation excludes inter-segment revenue (RUB 2.1 bn in 2018 and RUB 1.4 bn in 2019)

(2) Belorussia, Georgia, Azerbaijan, Mongolia, Norway, Latvia, Estonia, Kazakhstan and other

Consolidated Operating Expenses

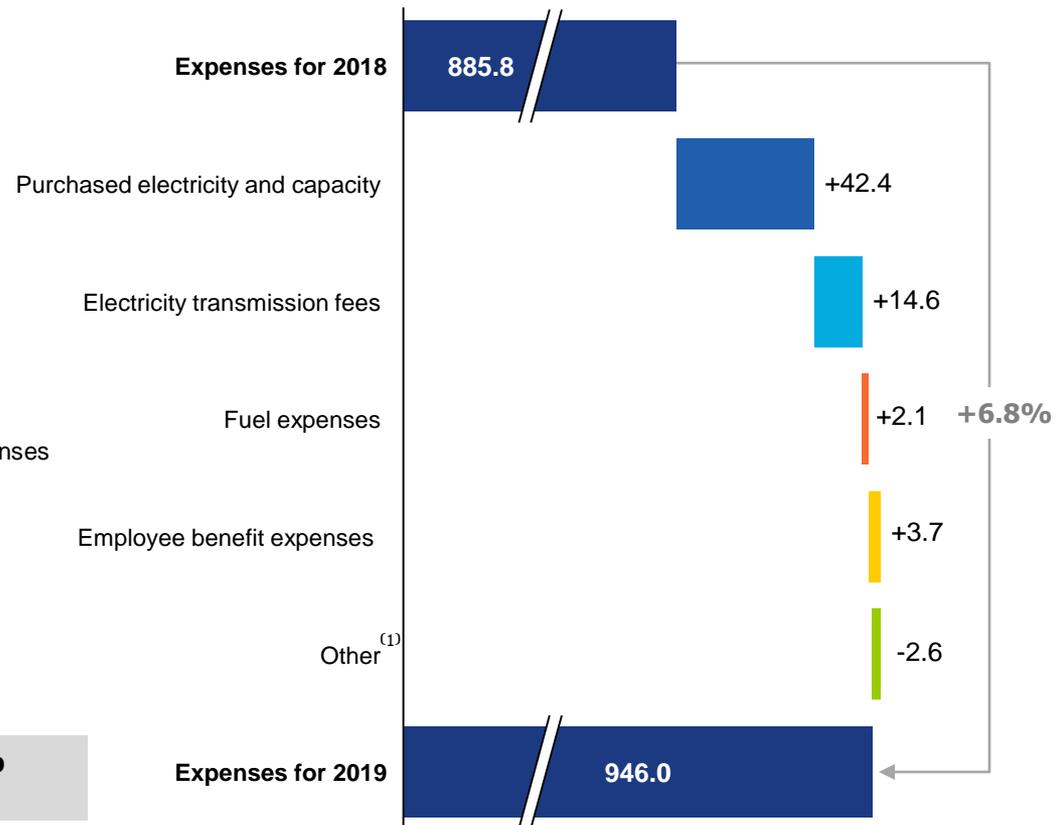
OPEX breakdown



Consolidated operating expenses of Inter RAO Group for the 2019 amounted to RUB 946.0 bn

OPEX dynamics

RUB bn



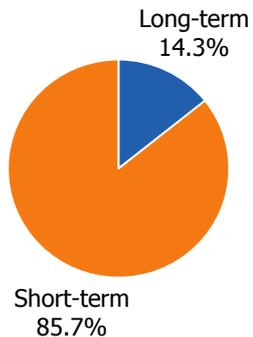
Consolidated revenue growth of Inter RAO Group for 2019 (+7.2% YoY) exceeds the growth of consolidated operating expenses (+6.8% YoY)

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

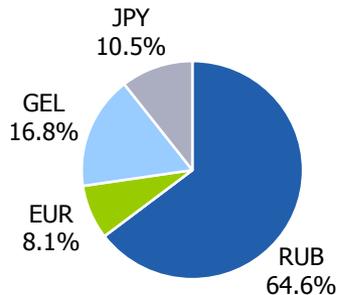
Debt and Liquidity Analysis

Loans and borrowings composition⁽¹⁾

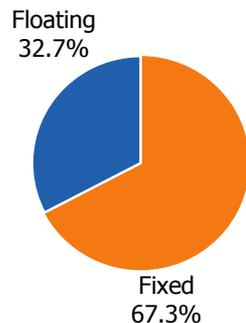
By maturity



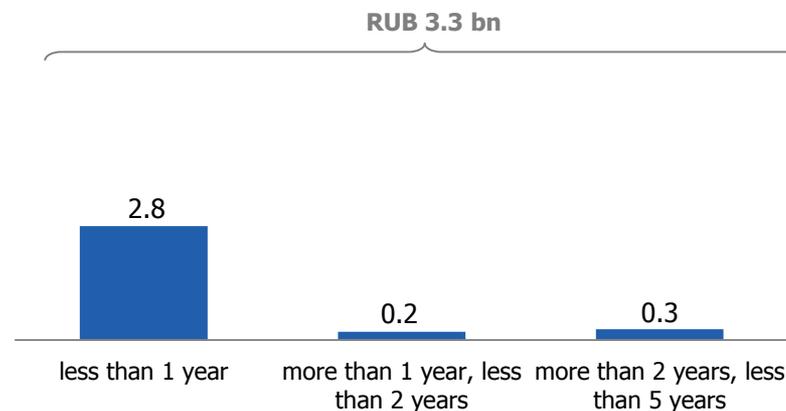
By currency



By percentage rate

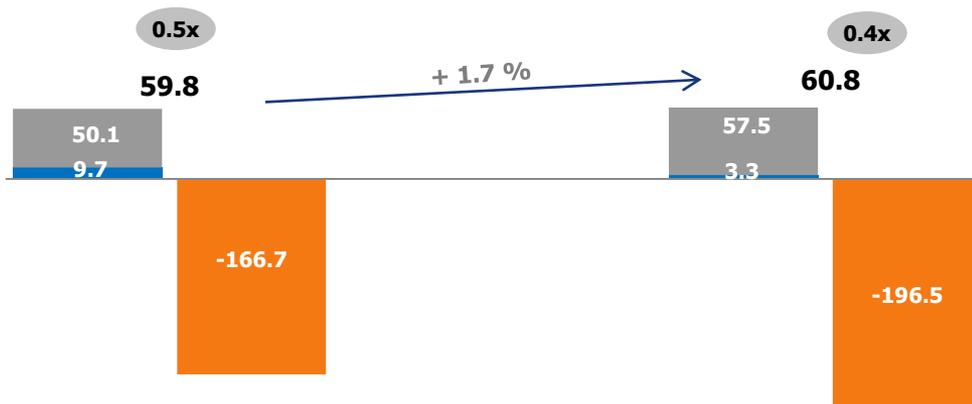


Loans and borrowings maturity profile⁽¹⁾



Total debt statistics⁽²⁾

RUB bn



■ Loans and borrowings
 ■ Lease liabilities
 ■ Group's net debt (includes lease liabilities)
 Debt/EBITDA (includes lease liabilities)

(1) Excluding lease liabilities and share in debt of joint ventures

(2) Includes debt and lease liabilities in joint ventures as of 31.12.2019 in amount of RUB 0.2 bn (lease liabilities of joint ventures as of 31.12.2018 – RUB 0.4 bn) and cash deposits (3-12 months)



Q&A session

