

Key indicators

Indicator	2016	2017 ¹	2018	Change vs. 2017, %
Revenue, RUB mln	868,182	869,204	962,582	10.7
Other operating income, RUB mln	39,120	8,817	10,492	19.0
Operating expenses, RUB mln	-830,042	-821,779	-885,785	7.8
Net profit, RUB mln	61,312	54,662	71,675	31.1
Net assets, RUB mln	421,106 ¹	461,503	485,478 ²	5.2
Intangible assets, RUB mln	9,908	13,183	13,849	5.1
EBITDA, RUB mln	96,259	97,645	121,300	24.2
EBITDA margin, %	11	11	13	2 p.p.
Salary, employee benefits, and payroll taxes, RUB mln	49,892	49,468	51,935	5.0

RATIOS AND OTHER INDICATORS⁴

Indicator	2016	2017	2018	Change vs. 2017, %
Return on assets, %	10.75	8.93	10.48	17.3
Return on invested capital, %	13.75	11.02	13.02	18.2
Return on equity, %	14.63	11.84	14.76	24.6
Return on EBITDA, %	11.09	11.23	12.60	12.2
Current liquidity ratio	1.77	2.07	2.02	-2.5
Equity concentration ratio	0.73	0.72	0.67	-7.7
Equity-to-loans ratio	2.75	2.60	2.00	-23.2
Net cash flow from operating activities	81,361	88,759	94,456	6.4
Loans and borrowings, RUB mln	17,624	16,154	9,738	-39.7
Short-term, RUB mln	8,738	11,479	8,353	-27.2
Long-term, RUB mln	8,886	4,675	1,385	-70.4
Lease obligations, RUB mln	–	12,698	50,093	3.9x
Debt ³ /EBITDA	0.2	0.3	0.5	66.9
Net debt ³ , RUB mln	-78,232	-135,495	-166,706	–
Net debt ³ / EBITDA	-0.8	-1.4	-1.4	–

¹ Information was retrospectively restated due to the introduction of IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases." The consolidated statement of financial position as of December 31, 2016 was retrospectively restated. The consolidated statement of comprehensive income for the year ended December 31, 2016 was not subject to retrospective restatement.

² The value of net assets (RUB 485.478 billion) exceeds the value of the share capital of PJSC Inter RAO (RUB 293.340 billion) by RUB 192.138 billion.

³ Including the share of lease obligations in joint ventures.

⁴ The ratios for 2016 are calculated based on the consolidated financial statements of PJSC Inter RAO and its subsidiaries for 2017 due to the lack of a retrospective restatement of the consolidated statement of comprehensive income for 2016.

Starting from January 1, 2018, the Group has employed IFRS 15 “Revenue from Contracts with Customers” and IFRS 16 “Leases.” For this reason, comparable data for 2017 has been retrospectively recalculated in accordance with the requirements of the standards. The ratios for 2016 are calculated based on the consolidated financial statements of PJSC Inter RAO and its subsidiaries for 2017 due to the lack of a retrospective restatement of the consolidated statement of comprehensive income for 2016.

Management analysis of financial and economic results

Key factors affecting the financial results:

- the commissioning of Unit No. 12 at the Verkhnetagilskaya TPP with installed capacity of 447 MW and Unit No. 4 of the Permskaya TPP with installed capacity of 903 MW in June–July 2017 as well as the Zatonskaya CHPP with installed capacity of 440 MW in Bashkortostan in March 2018 as part of capacity delivery agreements (CDA)
- the commissioning of leased plants in the Kaliningrad Region over the course of 2018: the Mayakovskaya TPP and Talakhovskaya TPP with installed capacity of 316 MW and two units of the Pregolskaya TPP with installed capacity of 227 MW
- growth in average heat tariffs for end-users as well as an increase in heat supply to the Group's Russian assets
- growth in the average selling prices for end consumers in the Group's supply segment
- an increase in sales margins in the Group's trading segment

The main factor that significantly impacted growth in profitability indicators was net profit of RUB 71.7 billion compared with RUB 54.7 billion at the end of 2017, which was mainly due to revenue growth of RUB 93.4 billion (10.7%).

ROE

The actual ROE index for 2018 increased by 2.92 percentage points compared with the 2017 indicator from 11.84% to 14.76% due to an increase in the Group's net profit by RUB 17 billion (+ 31.1%). The growth in net profit resulted from an increase in EBITDA in the segments ‘Trading in the Russian Federation and Europe,’ ‘Electric Power Generation in the Russian Federation,’ ‘Thermal Power Generation in the Russian Federation,’ and ‘Supply in the Russian Federation,’ growth in interest income due to an increase in the placement of funds, and a decrease in option program costs in 2018 resulting from a change in the write-off price of shares of PJSC Inter RAO on account of revaluation at the end of 2017.

ROIC

The 2.00 p.p. increase in the actual ROIC for 2018 compared with 2017 to 13.02% is also due to the increase in net profit combined with a less significant increase in equity capital.

The decrease in the current liquidity ratio (2.02 at the end of 2018 vs. 2.07 at the end of 2017) was due to the growth rate of short-term liabilities, which outpaced the growth rate of current assets.

The growth in short-term liabilities is due to the recognition of payables for the shares of PJSC Inter RAO acquired from PJSC FGC UES and the RusHydro Group as well as the short-term portion of liabilities under the long-term lease agreement for the Mayakovskaya, Talakhovskaya, and Pregolskaya TPPs.

Growth in the value of current assets was most affected by the placement of cash from operating activities in short-term deposits as well as the repayment of receivables for the stake in PJSC Irkutskenergo that was sold in 2016.

The equity concentration ratio, which provides an indicator of the share of the Company's assets that are covered by equity, was 0.67 at the end of the reporting period, which indicates a high level of financial sustainability, stability, and independence of external creditors.

EBITDA

EBITDA amounted to RUB 121.3 billion in 2018, an increase of 24.2% compared with 2017.

EBITDA in the ‘Supply in the Russian Federation’ segment increased by RUB 5.9 billion (30.8%) to RUB 25.0 billion in 2018. This improvement resulted from both growth in the average selling prices of guaranteed suppliers and unregulated sales companies as well as an increase in the net output of electricity.

In the ‘Electric Power Generation in the Russian Federation’ segment, EBITDA grew by RUB 2.9 billion (5.2%) to RUB 60.0 billion. The greatest positive effect came from the CDA sector due to the commissioning of power units at the Verkhnetagilskaya and Permskaya TPPs in 2017 as well as the commissioning of the leased Talakhovskaya and Mayakovskaya TPPs in the Kaliningrad Region in March 2018 and the start of electricity and capacity supplies.

In the ‘Thermal Power Generation in the Russian Federation’ segment, EBITDA increased by RUB 3.8 billion (27.2%) to RUB 17.7 billion. This substantial growth