

# Foreign Assets

## Georgia

The sub-segment increased revenue by RUB 2.495 billion during the reporting period due to growth in the number of consumers served, an increase in selling tariffs, and positive electricity consumption trends in Georgia.

### 'FOREIGN ASSETS' SEGMENT, GEORGIA SUB-SEGMENT

Indicator	Generation				Grids			Change vs. 2017, %
	2016	2017 <sup>1</sup>	2018	2018/2017%	2016	2017**	2018	
Revenue*, RUB mln	2,662	1,057	1,197	13	11,549	10,063	11,754	17
Share in revenue of the Inter RAO Group, %	0	0	0	0 .p.p.	1	1	1	0 .p.p.
Operating expenses, including								
Purchased electricity and capacity*, RUB mln	(4)	–	–	–	(7,177)	(6,476)	(6,971)	8
Transmission fees, RUB mln	(1)	–	–	–	(1,137)	(1,022)	(1,715)	68
Fuel expenses, RUB mln	(954)	–	–	–	–	–	–	
EBITDA, RUB mln	1,339	865	992	15	1,265	948	1,229	30
Share in EBITDA of the Inter RAO Group, %	1	1	1	0 .p.p.	1	1	1	0 .p.p.
* Including intersegment operations:								
Revenue, RUB mln	2,332	1,028	364					
Purchased electricity and capacity, RUB mln					(2,332)	(1,028)	(364)	

Revenue from the sale of electricity at the generating assets increased by 13% due to growth in the electricity sale tariff and the volume of sales due to a higher water balance in the tributaries of the three rivers.

The grid company JSC Telasi boosted revenue by RUB 1.691 billion (17%) in 2018 due to the appreciation of the average lari exchange rate versus the ruble compared with the average exchange rate for the previous period, while electricity sales increased as a result of higher consumption and sales tariffs starting from January 1, 2018. Growth in expenses by JSC Telasi on the purchase and transmission of electricity is attributable to higher transmission tariffs and consumption volume.

EBITDA in the Georgia sub-segment increased by RUB 408 million: JSC Telasi boosted EBITDA by RUB 281 million due to an increase in marginal profit as a result of electricity sales tariff indexation and growth in electricity sales volumes exceeding growth in the weighted average tariff of purchased electricity. As for the generating assets, the RUB 127 million increase is attributable to growth in marginal profit due to a higher sales tariff and the higher water balance in 2018 compared with 2017.

<sup>1</sup> Information was retrospectively restated due to implementation of IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases". Information for 2016 was not subject to retrospective restatement.

## Moldova

Revenue growth of RUB 2.361 billion (39%) is attributable to the transition from the give-and-take mode to direct electricity exports to Moldova starting from June 7, 2017 and the devaluation of the Transnistrian ruble versus the U.S. dollar along with an increase in total electricity output. The 68.4% increase in electricity transmission expenses is mainly attributable to the export of electricity to Moldova. Fuel expenses increased by 120.5% due to the growth of the fuel component for gas in connection with exports to Moldova starting from June 7, 2017. In 2018, fuel oil was used as a backup fuel during repairs on gas distribution substations and the launch of new units.

### 'FOREIGN ASSETS' SEGMENT, MOLDOVA SUB-SEGMENT

Indicator	2016	2017 <sup>1</sup>	2018	Change vs. 2017, %
Revenue, RUB mln	4,850	6,129	8,490	39
Share in revenue of the Inter RAO Group, %	1	1	1	0 p.p.
Operating expenses, including				
Transmission fees, RUB mln	(15)	(38)	(64)	68
Fuel expenses, RUB mln	(132)	(1,942)	(4,283)	121
EBITDA, RUB mln	2,655	2,711	2,804	3
EBITDA margin, %	55	44	33	-11 p.p.
Share in EBITDA of the Inter RAO Group, %	3	3	2	-1 p.p.

In 2018, repairs were carried at eight power units, including routine repairs at seven of them (units 4, 5, 7, 8, 9, 10, and 11) and major repairs at one (unit 9). The repair costs in 2018 were impacted by the technical condition of the equipment, the large volume of metal control due to the depletion of this resource, the extension in the service life of the power units, and greater-than-normal work to replace the lining and thermal insulation of power equipment and heat networks.

The RUB 93 million (3%) increase in EBITDA in the sub-segment is attributable to the devaluation of the Transnistrian ruble versus the U.S. dollar and an increase in the average USD exchange rate versus the ruble compared with the average rate for the comparable period combined with a reduction in electricity generation.

<sup>1</sup> Information was retrospectively restated due to implementation of IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases". Information for 2016 was not subject to retrospective restatement.

## Turkey

In 2018, revenue from the sale of electricity (capacity) decreased by RUB 4.801 billion (–46%) due to a reduction in the plant’s utilization rate in accordance with the operations schedule for the electrical load given by the system operator. A decrease in process fuel (gas) expenses due to decreased power generation had a positive effect on the reduction in variable costs, which was partially offset by growth in the average USD exchange rate in 2018 compared with 2017.

### ‘FOREIGN ASSETS’ SEGMENT, TURKEY SUB-SEGMENT

Indicator	2016	2017 <sup>1</sup>	2018	Change vs. 2017, %
Revenue, RUB mln	15,356	10,541	5,740	–46
Share in revenue of the Inter RAO Group, %	2	1	1	0 p.p.
Operating expenses, including				
Fuel expenses, RUB mln	(11,545)	(7,987)	(2,173)	–73
EBITDA, RUB mln	2,915	1,558	2,466	58
EBITDA margin, %	19	15	43	28 p.p.
Share in EBITDA of the Inter RAO Group, %	3	1	2	1 p.p.

The RUB 908 million (+58%) increase in EBITDA can be attributed to the aforementioned factors as well as an increase in the average USD exchange rate versus the ruble compared with the previous period.

<sup>1</sup> Information was retrospectively restated due to implementation of IFRS 15 “Revenue from Contracts with Customers” and IFRS 16 “Leases”. Information for 2016 was not subject to retrospective restatement.