

Generation in the Russian Federation

EBITDA grew
by (9%).

6.721
RUB billion

Generation in the Russian Federation includes two segments: 'Electric Power Generation in the Russian Federation' and 'Thermal Power Generation in the Russian Federation.' Revenue in the 'Electric Power Generation in the Russian Federation' segment increased by RUB 11.668 billion (7%) in 2018 primarily due to increased revenue from capacity sales as a result of the commissioning of new and modernized generating capacity as part of CDA, the commissioning of the leased facilities of LLC Kaliningrad Generation, and growth in capacity selling prices.

EBITDA grew by RUB 2.94 billion (5%) due to the increased efficiency of Inter RAO Group – Electric Power Plants as a result of the commissioning of new and modernized generating capacity as part of CDA, growth in the estimated capacity selling price in this sector, and the optimization of unprofitable and low-margin equipment during periods of low prices in the day-ahead market.

Revenue in the 'Thermal Power Generation in the Russian Federation' segment increased by RUB 5.406 billion (6.4%) in 2018 primarily due to the commissioning of the Zatonkaya CHPP, growth in the average selling prices for thermal power in 2017 and 2018 in Bashkortostan and the Omsk and Tomsk Regions, increased heat supply, and also as a result of growth in supply volume and prices in the competitive capacity auction (CCA) and capacity delivery agreement (CDA) segments for JSC TGC-11 JSC. EBITDA grew by RUB 3.781 billion (27%).

Indicator	2016	2017 ¹	2018	Change vs. 2017, %
'Electric Power Generation in the Russian Federation' segment				
Inter RAO - Electricity Generation Group				
Revenue, RUB mln	156,576	165,690	177,358	7
Share in revenue of the Inter RAO Group, %	18	19	18	-1 p.p.
Operating expenses, including				
Purchased electricity and capacity, RUB mln	(7,511)	(7,006)	(6,999)	0
Fuel expenses, RUB mln	(73,318)	(76,559)	(76,490)	0
Share in profit/(loss) of joint ventures, RUB mln	3,075	2,704	(3,057)	-213
EBITDA, RUB mln	53,649	57,058	59,998	5
EBITDA margin, ² %	46	46	46	0 p.p.
Share in EBITDA of the Inter RAO Group, %	56	58	50	-8 p.p.
'Thermal Power Generation in the Russian Federation' segment				
TGC-11				
Revenue, RUB mln	30,131	31,525	33,036	5
Share in revenue of the Inter RAO Group, %	3	3	3	0 p.p.
Operating expenses, including				
Purchased electricity and capacity, RUB mln	(2,522)	(2,603)	(2,664)	2
Fuel expenses, RUB mln	(12,606)	(12,604)	(13,191)	5
EBITDA, RUB mln	4,914	5,489	6,469	18
EBITDA margin, ³ %	18	20	22	2 p.p.
Share in EBITDA of the Inter RAO Group, %	5	6	5	-1 p.p.
Bashkir Generation				
Revenue, RUB mln	53,476	53,322	57,217	7
Share in revenue of the Inter RAO Group, %	6	6	6	0 p.p.
Operating expenses, including				
Purchased electricity and capacity, RUB mln	(3,783)	(4,040)	(3,942)	-2
Fuel expenses, RUB mln	(28,281)	(28,064)	(28,777)	3
EBITDA, RUB mln	8,740	8,400	11,201	33
EBITDA margin, ⁴ %	20	19	24	5 p.p.
Share in EBITDA of the Inter RAO Group, %	9	9	9	0 p.p.

¹ 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.

² EBITDA margin was calculated excluding intersegment revenue of the 'Electric Power Generation in the Russian Federation' segment in the amount of RUB 46.037 billion for 2018, RUB 41.911 billion for 2017, and RUB 38.826 billion for 2016.

³ EBITDA margin was calculated excluding intersegment revenue of the 'Thermal Power Generation in the Russian Federation' segment as regards the indicators of TGC-11 in the amount of RUB 3.9 billion for 2018, RUB 3.636 billion for 2017, and RUB 3.365 billion for 2016.

⁴ EBITDA margin was calculated excluding intersegment revenue of the 'Thermal Power Generation in the Russian Federation' segment as regards the indicators of Bashkir Generation in the amount of RUB 11.488 billion for 2018, RUB 10.057 billion for 2017, and 9.981 billion for 2016.