

Supply in the Russian Federation

Revenue in the segment expanded by 9% (RUB 51.522 billion) primarily due to growth in the average selling prices of guaranteed suppliers and independent power supply companies for end users as well as an increase in the volume of electricity sold, including in connection with the servicing of new consumers and the launch of the new guaranteed supplier in the Vladimir Region.

'SUPPLY IN THE RUSSIAN FEDERATION' SEGMENT

Indicator	2016	2017 ¹	2018	Change vs. 2017, %
Revenue, RUB mln	564,238	580,846	632,368	9
Share in revenue of the Inter RAO Group, %	65	67	66	-1 p.p.
Operating expenses, including				
Purchased electricity and capacity, RUB mln	(300,114)	(340,249)	(368,026)	8
Transmission fees, RUB mln	(227,751)	(201,689)	(218,047)	8
EBITDA, RUB mln	15,131	19,086	24,960	31
EBITDA margin, ² %	3	3	4	1 p.p.
Share in EBITDA of the Inter RAO Group, %	16	19	21	2 p.p.

EBITDA in the segment grew by 31%

5.874
RUB billion

Expenses on the purchase of electricity and capacity grew by 8% (RUB 27.777 billion) due to an increase in sales volumes and market prices for purchased electricity and capacity.

The 8% (RUB 16.358 billion) increase in the cost of electricity transmission services is due to growth in electricity consumption and tariffs for its transmission.

These positive dynamics are due to both the growth in the volume of electricity sold and the positive effect of improvements to the balance for the receipt/payment of fines, penalties, forfeitures, and interest for using borrowed funds, which in turn were achieved due to an increase in fines for the late fulfillment of power supply obligations as well as penalties and fines under power supply contracts for late payment by consumers for electricity they received.

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 'Supply in the Russian Federation' segment in the amount of RUB 1.647 billion for 2018, RUB 1.533 billion for 2017, and RUB 1.37 billion for 2016.