

## Trading in the Russian Federation and Europe

Revenue in the segment grew by 25% in 2018 primarily on account of the dynamics at companies in the segment. In particular, PJSC Inter RAO, RAO Nordic Oy, and AB INTER RAO Lietuva boosted revenue due to favorable market prices on the Nord Pool electricity exchange in the Lithuania and Finland zones, higher sales in these countries, and an increase in the ruble equivalent of selling prices due to growth

in the euro in 2018 compared with 2017, while JSC Eastern Energy Company accomplished this as a result of growth in the ruble equivalent of export prices to China and Mongolia combined with a decrease in the volume of deliveries in 2018 versus 2017. As a result of these factors, in terms of the country breakdown, revenue simultaneously decreased to a greater extent in the Russian Federation and Belarus.

### 'TRADING IN THE RUSSIAN FEDERATION AND EUROPE' SEGMENT

Indicator	2016	2017 <sup>3</sup>	2018	Change vs. 2017, %
Revenue, including, RUB mln	81,025	58,618	73,495	25
Finland	12,574	11,134	24,824	123
Lithuania	9,570	8,818	18,163	106
Russian Federation	30,039	13,956	12,749	-9
China	10,170	8,315	8,755	5
Latvia	743	861	795	-8
Belarus	8,795	7,557	137	-98
other	9,134	7,977	8,072	1
Share in revenue of the Inter RAO Group, %	9	7	8	1 p.p.
Purchased electricity and capacity, RUB mln	(63,928)	(44,890)	(48,496)	8
Transmission fees, RUB mln	(6,006)	(5,537)	(7,402)	34
EBITDA, RUB mln	10,193	7,445	16,309	119
EBITDA margin, <sup>4</sup> %	13	13	23	10 p.p.
Share in EBITDA of the Inter RAO Group, %	10	8	13	5 p.p.

The 8% growth in electricity purchase expenses in the segment was mainly due to an increase in the volume of electricity exports to Finland and Lithuania, which was partially offset by a decrease in import procurements by PJSC Inter RAO from Kazakhstan.

The 34% increase in electricity transmission expenses in the segment was primarily due to higher expenses as expressed in rubles by RAO Nordic Oy and AB INTER RAO Lietuva as a result of increased electricity imports from the Russian Federation.

The 119% growth in EBITDA in the segment was the result of higher marginal profits, particularly in Finland and Lithuania on account of an increase in electricity sales volumes and the ruble equivalent of the selling price of exported electricity in connection with growth in the price of exports in the contract currency and the euro's appreciation versus the Russian ruble in 2018 compared with 2017.

<sup>3</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.

<sup>4</sup> EBITDA margin was calculated excluding intersegment revenue of the 'Trading in the Russian Federation' segment in the amount of RUB 2.053 billion for 2018, RUB 2.268 billion for 2017, and RUB 1.631 billion for 2016.