

of shares and the registration of inheritance rights and an increase in inquiries for the updating of personal data. The Company attributes these results to work that was continued in 2018 as part of the Program for Work with Minority Shareholders.

It should be noted that there was a significant increase in the number of inquiries to provide shareholders with a 2-Personal Income Tax certificate to confirm income they received in the form of dividends paid.

Inter RAO employees answered 219 calls and 61 electronic inquiries from shareholders, prepared 25 2-Personal Income Tax certificates based on shareholders' requests, and held four personal meetings with the Company's shareholders. In addition, the call center of the Company's Registrar responded to 5,779 calls from shareholders and 159 electronic inquiries.

## Credit ratings

In 2018, international rating agencies revised the credit rating of the Inter RAO Group.

## Dividends

The Regulation on the Dividend Policy of PJSC Inter RAO is used to determine the amount of dividends and the procedure for their payment. The Dividend Policy of PJSC Inter RAO<sup>1</sup> implies a balanced approach to the distribution of profits taking into account the interests of the Company's long-term development and an increase in return and value for shareholders.

The Dividend Policy aims to meet the following objectives:

- enhancing investment appeal
- optimizing the distribution of net income
- respect for the rights and legitimate interests of shareholders

The Regulation on the Dividend Policy sets a dividend payment target level that is equal to 25% of the Company's consolidated profit as determined based

## Fitch Ratings

Fitch Ratings affirmed the Inter RAO Group's global credit rating at BBB– and revised the outlook from Stable to Positive. Thus, the Inter RAO Group's rating corresponds to the sovereign credit rating of the Russian Federation (BBB– with a Positive outlook).

At the same time, Fitch revised the Inter RAO Group's independent credit rating from BB+ to BBB–, which, according to a press release from Fitch Ratings, "reflects the Group's strong position on the energy market and is a result of its top financial performance among electric power companies rated by the agency in Russia and the CIS."

## Moody's Investors Service

As part of an extraordinary revision, the global credit rating of the Inter RAO Group was raised from Ba1 (Stable outlook) to Baa3 (Stable outlook). Thus, the Inter RAO Group's credit rating was assigned to the investment category.

The agency's press release says that the credit rating reflects the high level of solvency of the Inter RAO Group due to the Group's flexible business model, diversified business profile, and high asset efficiency. The agency also noted the Group's low level of debt and strong position in terms of current liquidity.

on the results of the reporting year using IFRS consolidated financial statements. When determining the amount of net profit allocated for the payment of dividends, the following factors are taken into account:

- the need to create funds
- projected net profit for the next fiscal year
- the need to fund the investment activities of PJSC Inter RAO
- the availability and optimality of sources to fund the investment activities of PJSC Inter RAO

When determining the amount of net profit allocated for dividend payments, no adjustments were made to this indicator in 2018.

<sup>1</sup> Approved by a resolution of the Board of Directors dated June 30, 2014 (Minutes No. 118 dated July 03, 2014). The changes made to the Regulation on the Dividend Policy were approved by the Board of Directors on April 12, 2016 (Minutes No. 166 dated April 14, 2016).

## Report on the payment of declared (accrued) dividends

In 2018, the Company worked to pay shareholders dividends in accordance with a resolution of the Annual General Meeting of Shareholders adopted on May 21, 2018<sup>1</sup>. In total, as of the end date for dividend payments (July 9, 2018), dividends had been transferred to 352,041 of the 356,481 legal entities and individuals, of which 5,560 entities did not receive dividends as they were returned to the Company for various reasons beyond the control of PJSC Inter RAO.

Based on the performance results in 2018, the PJSC Inter RAO Board of Directors in March 2019 recommended that the General Meeting of Shareholders vote to pay dividends in the amount of RUB 17.919 billion, or RUB 0.171635536398468 per share, which amounts to 25% of the IFRS net profit of PJSC Inter RAO.

### DIVIDEND PAYMENT PERIOD

Indicator	2014	2015	2016	2017
Date of recommendation from the Board of Directors on the amount of dividends	04/07/2015	04/07/2016	04/07/2017	03/15/2018
Record date of list of persons entitled to receive dividends	06/09/2015	06/21/2016	06/20/2017	06/01/2018
Date of the resolution of the Annual General Meeting of Shareholders on dividend payments	05/29/2015	06/10/2016	06/09/2017	05/21/2018
Dividend per share, RUB	0.001039679119	0.0178230516552	0.146819923371648	0.130383141762452
Total dividends announced, RUB thousand	108,542.5	1,860,727	15,328,000	13,612,000
Total dividends paid, RUB thousand	107,719	1,860,156	15,323,778.511	13,607,859.626
Amount of dividends/RAS net profit, %	25	50	15.7	86.87
Amount of dividends/IFRS net profit, % (according to the Dividend Policy)	1.5	7.73	25	25

<sup>1</sup> Minutes No. 18 dated May 21, 2018