

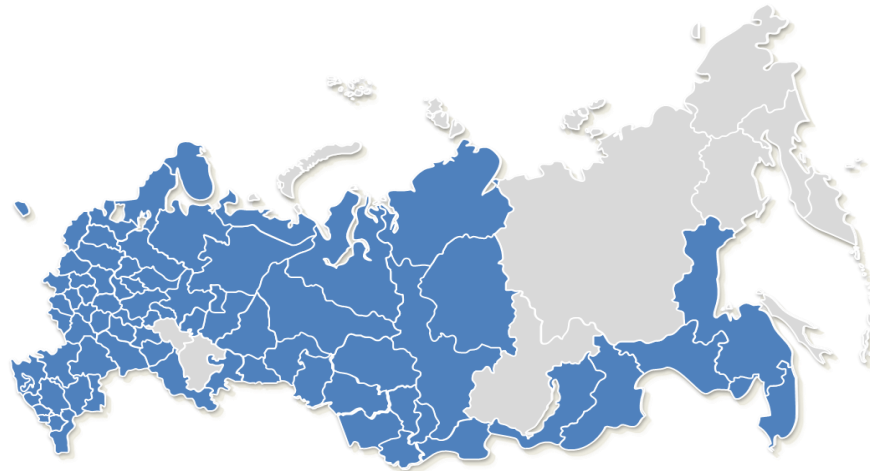
IFRS CONSOLIDATED FINANCIAL RESULTS OF THE ROSSETI GROUP FOR 1H2018



August 29, 2018

ROSSETI is an electric utility holding company, one of the largest in the world in terms of the length of networks and installed transformer capacity.

The Russian Government holds an 88.04% stake in ROSSETI.



Activity	Description
Distribution grids	14 subsidiaries (interregional and regional distribution grid companies) operate electric grids rated 110 kV and below
Transmission grids	FGC UES manages the Unified National (All-Russian) Electric Grid rated 220 kV and above
Other	Electricity retail companies and noncore assets (R&D and design companies, service and construction organizations, real property holders)

DISCLAIMER



- The information contained in this presentation has been prepared by the Company and presented on an “as is” and “as available” basis, and, consequently, you shall bear the risks associated with the use of and reliance upon such information. The recipient shall not rely upon the information contained herein, or its completeness, accuracy, or objectivity, for any purposes. The information contained herein shall be verified for authenticity, completeness, and updates.
- Some information in this presentation may contain forecasts and assertions concerning future events or financial performance of ROSSETI (“Company”) and its subsidiaries. Such assertions are based on numerous assumptions related to the current and future plans of the Company’s business strategy and the conditions in which such strategy will be pursued in the future. We caution you that such assertions shall not guarantee certain results in the future and are connected with risks, uncertainty, and assumptions that may not be predicted with full certainty. Consequently, the actual results and outcomes of activities may be substantially different from the presumptions or forecasts stated in such assertions with respect to any future events. Such assertions are made as of the date of this presentation and are subject to change without notice. We have no intention of updating such assertions to bring them into line with any actual results.
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ROSSETI pays a total of 2.5 billion rubles as dividends for 1Q2018

ROSSETI receives the highest national scale credit rating of AAA(RU) from the Analytical Credit Rating Agency (ACRA) with a stable outlook

ROSSETI approves an updated version of the Modernization (Renewal) Program for Electric Grid Facilities of ROSSETI's Subsidiaries and Dependent Companies for 2018-2026

Standard & Poor's upgrades the long-term credit rating of ROSSETI to investment grade (BBB-, stable outlook)

ROSSETI approves a restated version of the Information Policy as recommended by a rating agency and according to the results of an analysis of international practices in corporate governance

KEY FINANCIAL RESULTS



Indicators	6M2018	6M2017	Change	
	bn RUB	bn RUB	bn RUB	%
Revenue	485.3	435.9	49.4	11.3
Operating expenses	(417.6)	(357.0)	(60.6)	17.0
Other income/(expense), net	12.9	(2.2)	15.1	-
EBITDA	145.8	140.8	5.0	3.6
Net profit	56.9	54.0	2.9	5.4
Net cash flows from operating activities	106.8	91.2	15.6	17.1
Net debt	447.7	456.2 ¹	(8.5)	(1.9)

- The 6M2018 indicators demonstrate an upward trend.
- EBITDA and Net Profit are higher than in the corresponding period last year.

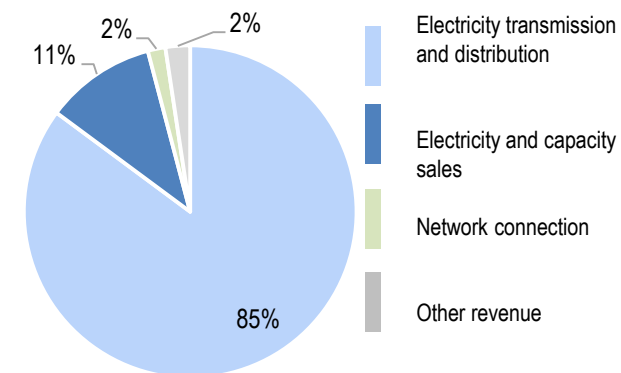
¹ As at December 31, 2017

REVENUE STRUCTURE ANALYSIS



Indicators	6M2018	6M2017	Change	
	bn RUB	bn RUB	bn RUB	%
Electricity transmission and distribution	413.3	379.5	33.8	8.9
Electricity and capacity sales	52.2	34.3	17.9	52.2
Network connection	8.2	11.9	(3.7)	(31.1)
Other revenue	11.6	10.2	1.4	13.7
TOTAL	485.3	435.9	49.4	11.3

REVENUE STRUCTURE IN 6M2018



- Revenue from electricity transmission and distribution grew due to tariff indexation, higher net electricity delivery from some subsidiaries of the Group, and the changed procedure for including network losses in revenue under the Russian Government's Resolution No. 810 of July 7, 2017
- Electricity and capacity sales increased due to higher sales resulting from taking on the supplier of last resort functions
- Revenue from network connection services decreased due to compliance with the services schedule depending on LENENERGO and FGC UES costumers

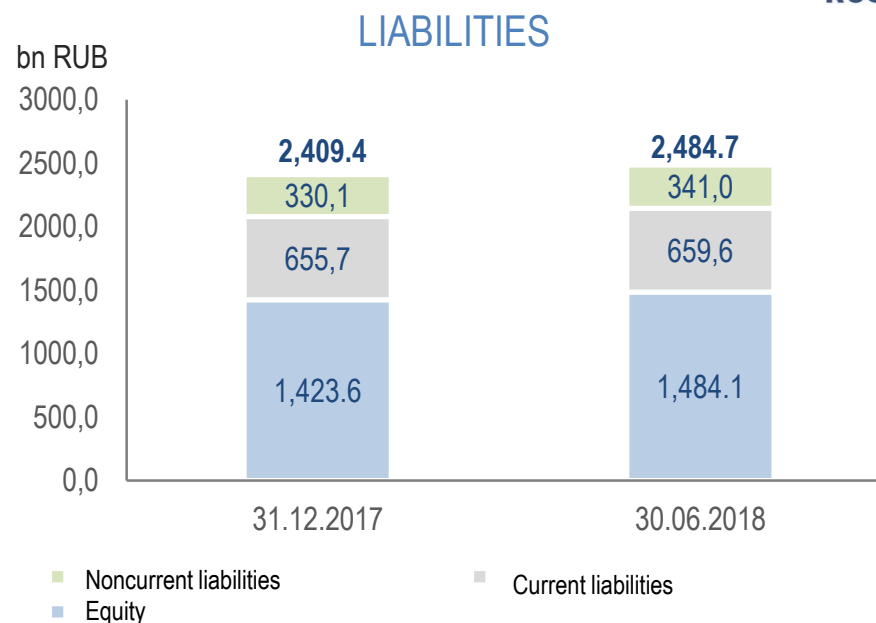
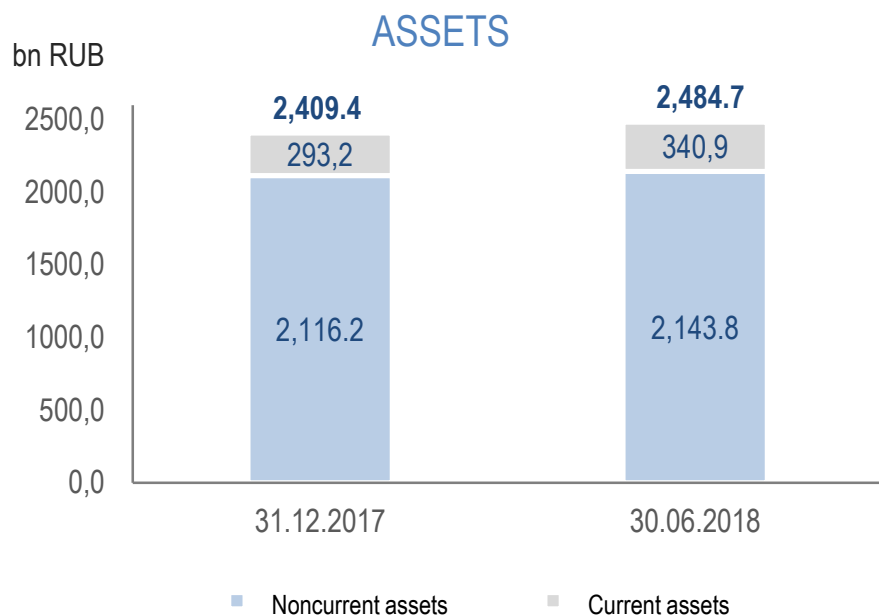
OPEX STRUCTURE ANALYSIS



Indicators	6M2018	6M2017	Change	
	bn RUB	bn RUB	bn RUB	%
Electricity transmission and distribution services	74.7	69.9	4.8	6.9
Electricity purchased for compensation for electricity network losses	72.3	56.1	16.2	28.9
Electricity purchased for resale	28.6	18.3	10.3	56.3
Depreciation and amortization	57.7	55.4	2.3	4.2
Taxes and levies except profit tax	15.7	12.6	3.1	24.6
Provision for expected credit losses (impairment of receivables)	15.3	5.4	9.9	183.3
Employee benefits	91.9	87.6	4.3	4.9
Other	61.4	51.7	9.7	18.8
TOTAL operating expenses	417.6	357.0	60.6	17.0

- Expenses associated with **electricity distribution services** grew due to tariff indexation for other territorial grid organizations
- Expenses associated with **electricity purchased for compensation for electricity network losses** increased due to higher unregulated prices of purchased electricity and because of the changed procedure for network losses under the Russian Government's Resolution No. 810 of July 7, 2017
- Expenses associated with **electricity purchased for resale** increased due to lower electricity sales in the reporting period as a result of taking on the supplier of last resort functions
- **Tax payments** increased due to gradually abolished property tax benefits in relation to power lines
- **Employee benefits** increased due to wage indexation for production personnel in accordance with the Sectoral Wage Rate Agreement, adjusted for changes in the consumer price index, and an increase in personnel due to taking on the supplier of last resort functions
- The **provision for expected credit losses** grew largely because of provisioning for doubtful debts due to the supplier of last resort status lost by retail companies

KEY BALANCE SHEET INDICATORS



Key factors contributing to changes in the value of noncurrent assets:

- increased fixed assets due to the commissioning of new facilities under the capex program

Key factors contributing to changes in the value of current assets:

- increased cash balance and short-term bank deposits

Key factors contributing to changes in the structure of equity:

- net profit received in the reporting period
- increased Inter RAO share price

Key factors contributing to changes in the structure of current liabilities:

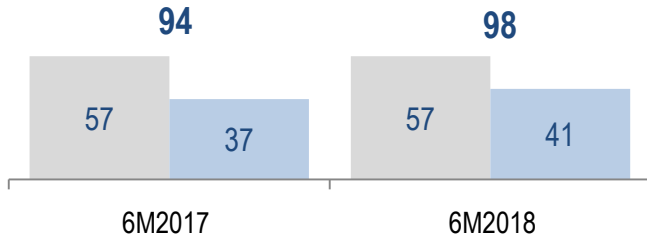
- increased short-term loans and borrowings due to classifying some long-term bond loans as short-term loans

OVERVIEW OF THE CONSOLIDATED CAPEX PROGRAM



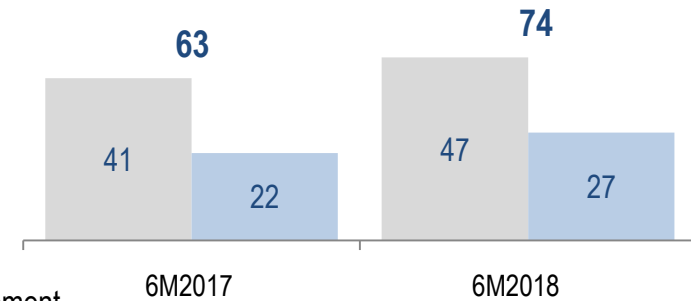
FINANCING

bn RUB

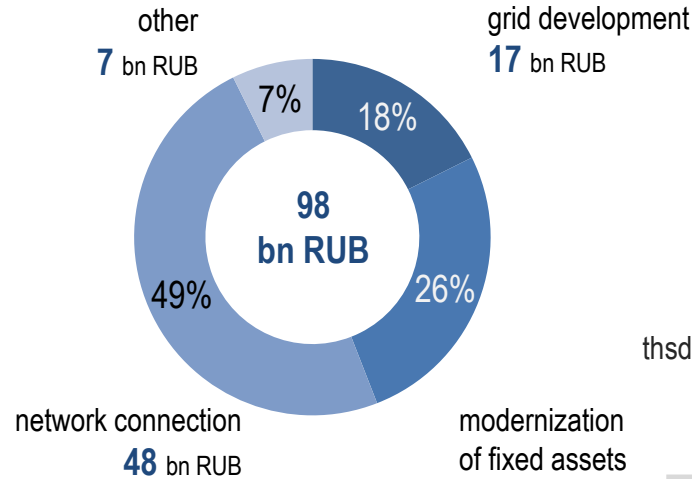


CAPITAL INVESTMENT

bn RUB, exclusive of VAT

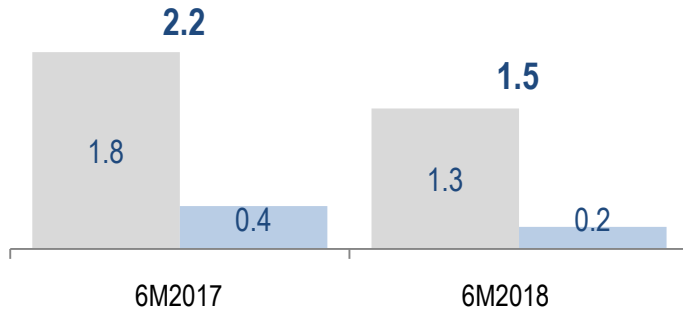


STRUCTURE OF FINANCING IN 6M2018



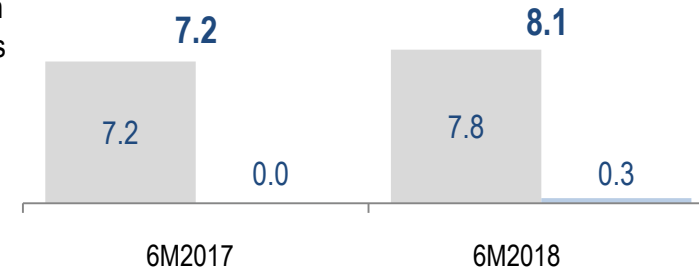
COMMISSIONING OF TRANSFORMER CAPACITY

thsd MVA



COMMISSIONING OF POWER LINES

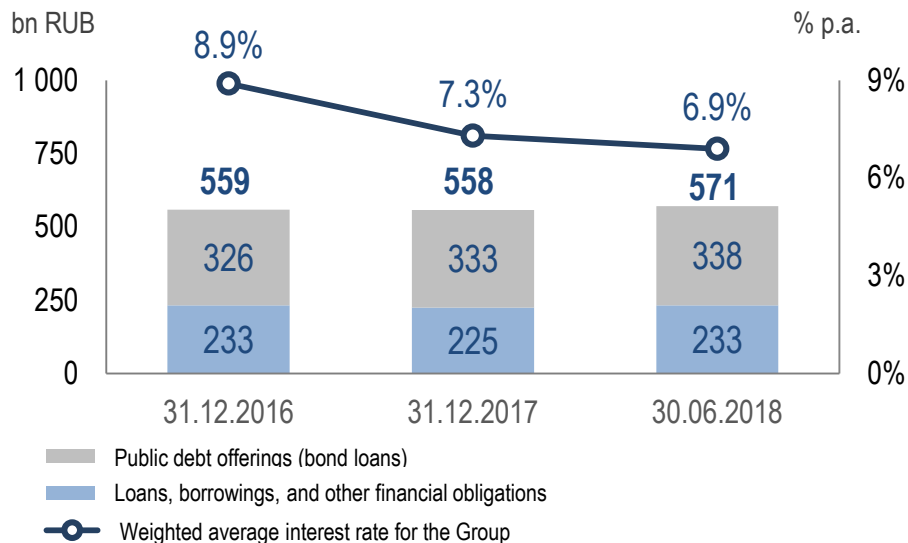
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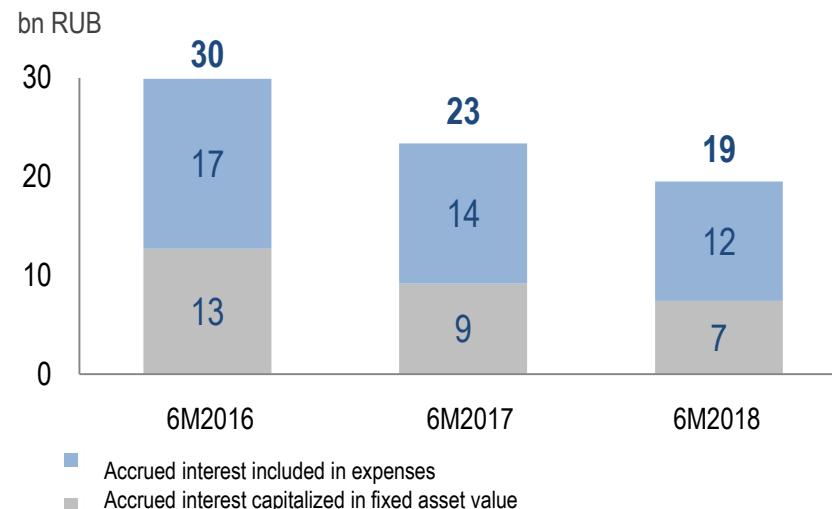
Distribution grids
 Transmission grids

ROSSETI GROUP BORROWINGS

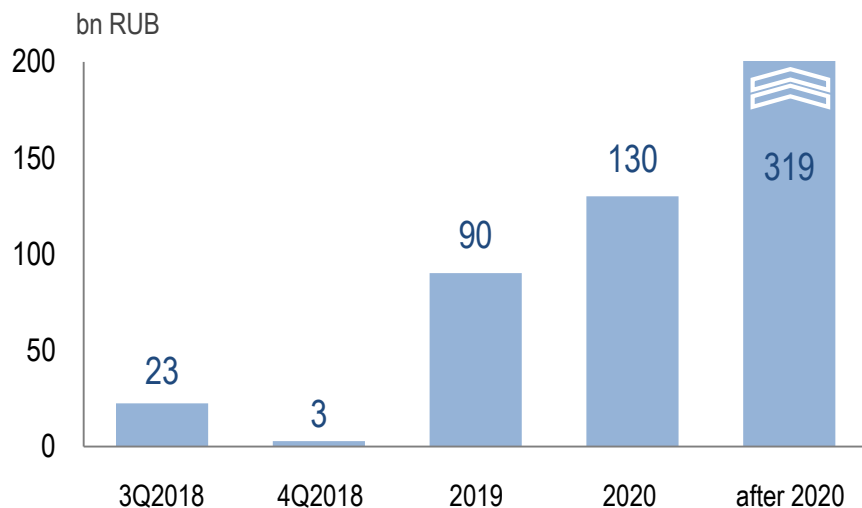
FINANCIAL DEBT



DEBT SERVICE EXPENSES



DEBT REPAYMENT SCHEDULE¹



- The weighted average interest rate for the Group's debt portfolio decreased by 0.4 pp in 1H2018 to 6.9% p.a. at the end of 2Q2018.
- Compared with the corresponding period last year, debt service expenses decreased by 4 billion rubles in 1H2018.
- The Group's debt portfolio is dominated by long-term borrowings, with a weighted average maturity of more than 9 years.

¹ Principal debt less accrued but unpaid interest

CAPITAL MARKETS

- IDGC of Centre placed bonds totaling 5 billion rubles with a coupon rate of 6.95% in April 2018
- IDGC of North-West and IDGC of Centre repaid the bond loans of 10 billion rubles

CREDIT RATINGS

- ROSSETI and MOESK received the highest national scale credit rating of AAA(RU)² from the Analytical Credit Rating Agency (ACRA), while LENENERGO and IDGC of North-West³ received a credit rating of AA+(RU)²
- Standard & Poor's upgraded the ratings of ROSSETI and FGC UES to investment grade of BBB-²
- IDGC of Centre, IDGC of Center and Volga Region, IDGC of Urals, and Tyumenenergo³ received national scale ratings of ruAA² from Expert RA

CREDIT RATINGS OF THE GROUP'S ENTITIES¹

Rating Agency	S&P	Moody's	Fitch	ACRA	Expert RA
Rating Scale	International			National	
 ROSSETI	BBB-	Ba1	-	AAA(RU)	-
FGC UES	BBB-	Ba1	BBB-	AAA(RU)	-
MOESK	BB	Ba1	BB+	AAA(RU)	-
LENENERGO	-	Ba1	-	AA+(RU)	-
IDGC of Centre	BB	-	-	-	ruAA
IDGC of Volga	-	Ba1	-	-	-
IDGC of North-West	-	-	-	AA+(RU)	-
IDGC of Center and Volga Region	-	Ba1	-	-	ruAA
IDGC of Urals	-	Ba1	-	-	ruAA
Tyumenenergo	-	-	-	-	ruAA

¹ As at August 21, 2018

² Stable outlook

³ Disclosed as events after the reporting period

APPENDICES

PRINCIPLES OF DIVIDEND PAYMENT



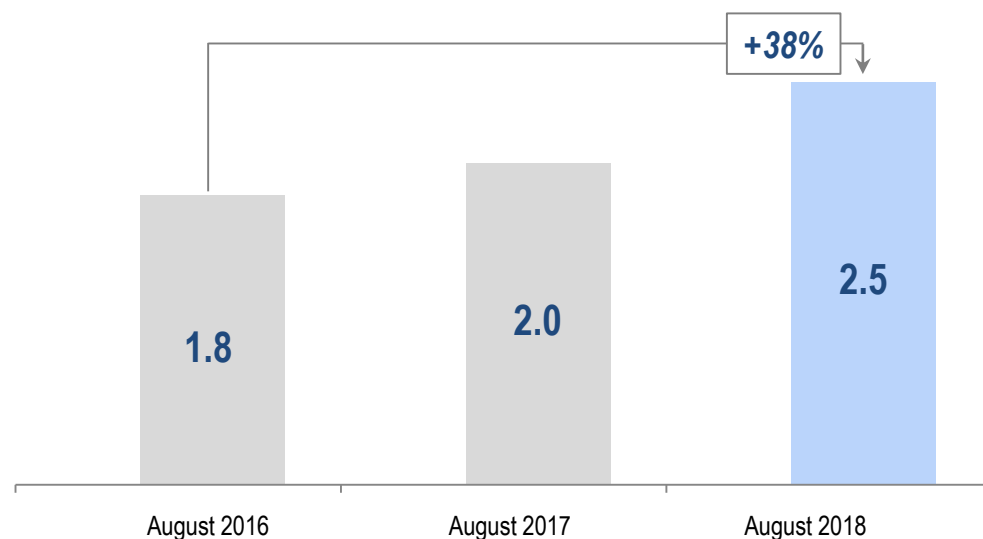
ROSSETI is the only company that pays dividends under a special ordinance of the Russian Government.

IN ACCORDANCE WITH THE ORDINANCE:

- dividend payouts are at least 50% of net profit
- dividend payouts do not include:
 - income and expense from the revaluation of securities
 - actual investments from net profit
 - net profit from network connection operations, excluding net profit from network connection services
 - net profit allocated for financial support for subsidiaries' development plans

In 2017-2018, ROSSETI and its subsidiaries updated their dividend policies to comply with the ordinance of the Government.

Dividends Paid on ROSSETI Shares, bn RUB



Under the Russian laws, dividends may not be paid for 2017 due to a paper loss according to RAS financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (1/2)



Indicators	June 30, 2018 mn RUB	December 31, 2017 mn RUB	Change	
			mn RUB	%
Non-current assets:				
Property, plant and equipment	1,966,884	1,940,227	26,657	1.4
Intangible assets	16,827	16,758	69	0.4
Investments in associates and joint ventures	1,275	883	392	44.4
Non-current accounts receivable	85,216	74,483	10,733	14.4
Employee benefit expenses	6,361	6,709	(348)	(5.2)
Financial investments	56,603	69,914	(13,311)	(19.0)
Deferred tax assets	10,665	7,178	3,487	48.6
Total non-current assets	2,143,831	2,116,152	27,679	1.3
Current assets:				
Inventories	40,261	35,050	5,211	14.9
Financial investments	19,691	149	19,542	-
Current tax assets	5,242	4,528	714	15.8
Trade and other receivables	152,623	151,466	1,157	0.8
Cash and cash equivalents	123,056	102,054	21,002	20.6
Total current assets	340,873	293,247	47,626	16.2
Total assets	2,484,704	2,409,399	75,305	3.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (1/2)



Indicators	June 30, 2018 mn RUB	December 31, 2017 mn RUB	Change	
			mn RUB	%
Equity:				
Share capital	200,903	200,903	-	-
Share premium	213,098	213,098	-	-
Treasury shares	(1,039)	(2,702)	1,663	(61.5)
Other reserves	20,942	25,430	(4,488)	(17.6)
Retained earnings	673,281	621,077	52,204	8.4
Total equity attributable to equity holders of the Company	1,107,185	1,057,806	49,379	4.7
Non-controlling interest	376,915	365,755	11,160	3.1
Total equity	1,484,100	1,423,561	60,539	4.3
Non-current liabilities:				
Loans and borrowings	497,788	506,990	(9,202)	(1.8)
Trade and other payables	48,929	39,840	9,089	22.8
Employee benefits	32,246	32,717	(471)	(1.4)
Deferred tax liabilities	80,673	76,202	4,471	5.9
Total non-current liabilities	659,636	655,749	3,887	0.6
Current liabilities:				
Loans and borrowings	72,956	51,244	21,712	42.4
Trade and other payables	257,485	261,926	(4,441)	(1.7)
Provisions	10,134	10,561	(427)	(4.0)
Current tax liabilities	393	6,358	(5,965)	(93.8)
Total current liabilities	340,968	330,089	10,879	3.3
Total liabilities	1,000,604	985,838	14,766	1.5
Total equity and liabilities	2,484,704	2,409,399	75,305	3.1

CONSOLIDATED STATEMENT OF PROFIT OR LOSS



Indicators	6M2018 mn RUB	6M2017 mn RUB	Change	
			mn RUB	%
Revenue	485,336	435,909	49,427	11.3
Operating expenses	(417,576)	(356,952)	(60,624)	17.0
Other income/(expense), net	12,878	(2,212)	15,090	-
Results from operating activities	80,638	76,745	3,893	5.1
Finance income	8,893	9,939	(1,046)	(10.5)
Finance costs	(13,865)	(15,569)	1,704	(10.9)
Net finance costs	(4,972)	(5,630)	658	(11.7)
Share of loss of associates and joint ventures (net of income tax)	234	(16)	250	-
Profit before income tax	75,900	71,099	4,801	6.8
Income tax expense	(18,963)	(17,096)	(1,867)	10.9
Profit for the period	56,937	54,003	2,934	5.4
Profit attributable to:				
Owners of the Company	40,604	37,216	3,388	9.1
Non-controlling interest	16,333	16,787	(454)	(2.7)