



ROSSETI

# IFRS CONSOLIDATED FINANCIAL RESULTS OF PJSC ROSSETI FOR 9 MONTHS 2020

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# THE BACKBONE OF RUSSIA'S ELECTRIC GRID SECTOR AND A GLOBAL ELECTRIC POWER LEADER



#1

A global leader in power transmission and distribution

#70

An S&P Global Platts Top 250 Global Energy Company (2019)

78%

Of electric power generated in Russia is distributed via the grids of ROSSETI subsidiaries



29 grid subsidiaries



80 Russian regions  
Geographic coverage



802 thousand MVA  
Transformer capacity



2.37 million km  
Power lines



221 thousand employees  
Headcount



517 thousand  
Number of substations

## Key operations

- Power transmission and distribution
- Connection services

## Industry position



## Mission

- Ensure reliable, high-quality and affordable electric power supply to consumers
- Set up robust infrastructure
- Deploy cutting-edge innovative and digital technology

## Geographic coverage



## KEY EVENTS AND OPERATING HIGHLIGHTS

### Key events in 9M2020 and after the reporting period

- 🌀 **April** - ROSSETI placed 5-year 6.5% bonds worth 10 billion rubles.
- 🌀 **May** – the functions of the sole executive body of FGC UES were transferred to ROSSETI.
- 🌀 **June** – The Annual General Shareholder Meeting resolved to pay a record dividend of 23 billion rubles (including the interim dividend for Q1 2019), refreshed the Board of Directors and approved the new version of the Articles of Association.
- 🌀 **August** – ROSSETI’s ordinary shares were included in the Moscow Exchange’s key indices.
- 🌀 **October** – a subsidiary of ROSSETI (ROSSETI Ural) signed the first long-term regulatory agreement in the electric power industry with the region.
- 🌀 **October** – the 330 kV “Belgorod” substation and the digital Bryansk region of electrical networks were put into operation.
- 🌀 **November** - the first digital substation was launched on the territory of the North Caucasus Federal District - 110 kV Substation Gorod.



### Consolidated Financial Results 9M2020

Indicator	9M2020	9M2020	Change	
	RUB bln	RUB bln	RUB bln	%
Revenue	719.3	734.2	(14.9)	(2.0)
Operating expenses	(614.5)	(609.1)	(5.4)	0.9
EBITDA (adj.) <sup>1</sup>	228.3	236.6	(8.3)	(3.5)
Net profit (adj.) <sup>2</sup>	82.0	89.6	(7.6)	(8.5)
Net cash flow from operating activities	172.2	178.2	(6.0)	(3.3)
Net debt	421.0	422.8 <sup>3</sup>	(1.8)	(0.4)

1. EBITDA is calculated as profit or loss before interest expense, taxation, depreciation and amortization less losses from impairment of fixed assets and gains from exchange of assets with JSC DVEUK in 9M 2019.

2. Profit is calculated as adjusted profit for the period less losses from impairment of fixed assets and gains from exchange of assets with JSC DVEUK in 9M 2019.

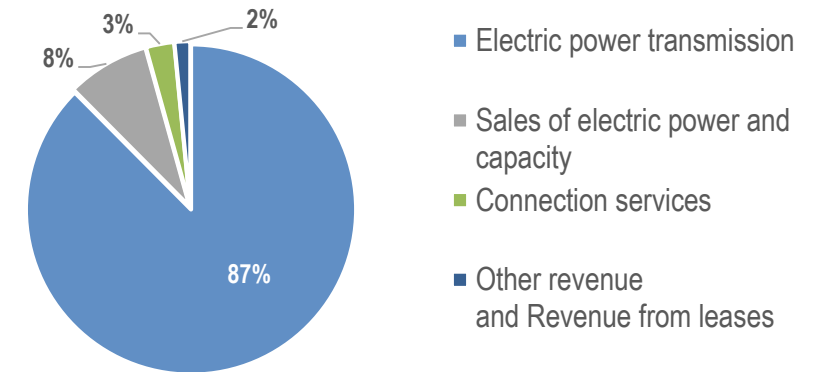
3. Data as of December 31, 2019

## REVENUE STRUCTURE



Indicator	9M2020	9M2020	Change	
	RUB bln	RUB bln	RUB bln	%
<b>Total revenue, including:</b>	<b>719.4</b>	<b>734.3</b>	<b>(14.9)</b>	<b>(2.0)</b>
Electric power transmission	628.0	628.9	(0.9)	(0.1)
Sales of electric power and capacity	58.3	78.8	(20.5)	(26.0)
Connection services	19.9	16.0	3.9	24.4
Other revenue	11.1	8.5	2.6	30.6
Revenue from leases	2.1	2.1	-	-

Revenue structure 9M 2020



🌀 The overall decrease in revenue from electric power transmission and from sales of electric power and capacity was caused by:

- a general decline in business activity due to restrictive measures on the territory of the Russian Federation aimed at combating the spread of COVID-19, abnormally warm winter period;
- the termination of the guaranteeing supplier function by certain subsidiaries of the Group

🌀 The revenue from technological connection to the grids increased in accordance with the schedule for the provision of services determined by the customers' requests.

🌀 Increase in other revenue mainly from general contractor service agreements of the subsidiaries of PJSC FGC UES as a result of changes in the percentage of work completion in different stages of construction projects

## OPERATING COST STRUCTURE



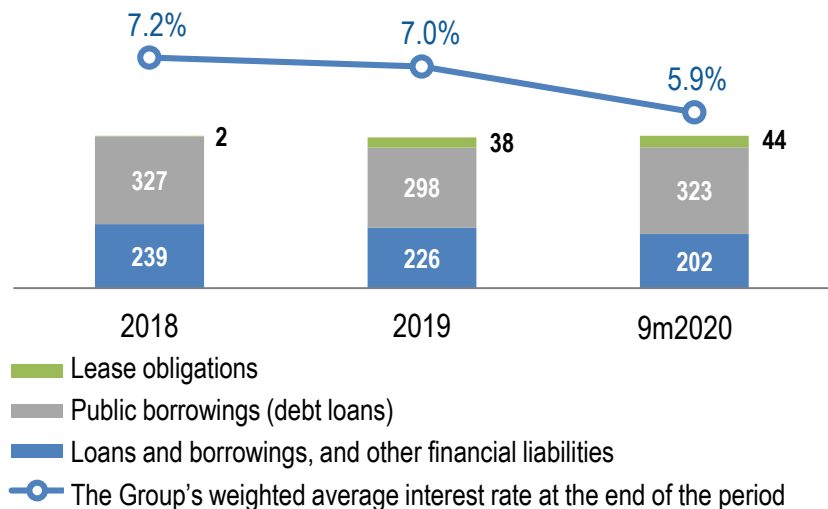
Indicator	9M2020	9M2019	Change	
	RUB bln	RUB bln	RUB bln	%
Electric power transmission and distribution services	115.1	112.8	2.3	2.0
Electric power for compensation of losses	101.3	103.9	(2.6)	(2.5)
Electricity sales	35.1	47.2	(12.1)	(25.6)
Amortization	103.5	95.6	7.9	8.3
Taxes and duties, other than income tax	20.5	20.0	0.5	2.5
Other expenses	239.0	229.6	9.4	4.1
<b>Total operating expenses</b>	<b>614.5</b>	<b>609.1</b>	<b>5.4</b>	<b>0.9</b>
<b>Provisions for expenses credit losses (impairment of receivables)</b>	<b>4.3</b>	<b>13.1</b>	<b>(8.8)</b>	<b>(67.2)</b>
<b>Losses from impairment of fixed assets</b>	<b>5.3</b>	<b>-</b>	<b>5.3</b>	<b>-</b>

- Higher expenses for electric power transmission and distribution services were due to tariff indexation on services of other territorial grid organizations;
- Costs of purchased electricity to compensate for losses and costs of purchased electricity for sale declined as a result of lower electric power consumption amid the COVID-19 pandemic and the termination of the guaranteeing supplier function by certain subsidiaries of the Group;
- Higher depreciation and amortization charges, driven by the commissioning of new fixed assets under the capex program;
- The increase in other operating expenses was driven by a series of measures put in place to address the spread of COVID-19 as well as the consolidation of electric grid assets
- The decrease in provision for expected credit losses from consumer engagement efforts, including receivables restructuring agreements;
- Recognition of losses from impairment of fixed assets across PJSC ROSSETI LENENERGO.

# DEBT PROFILE



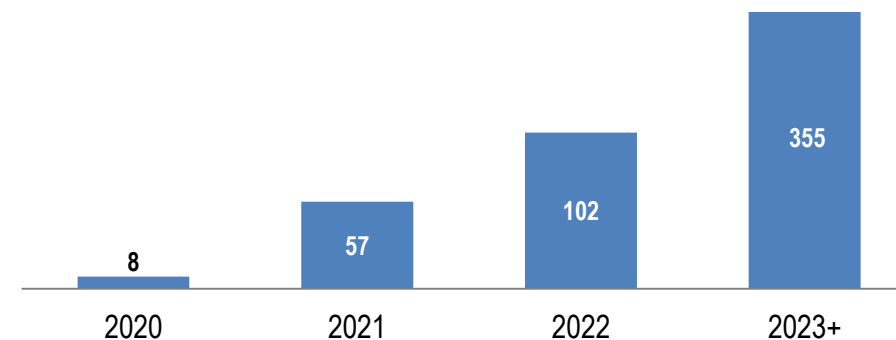
## Financial debt for 30.09.2020



## Debt profile

- The Group's debt portfolio is dominated by long-term borrowings with the average maturity of debt at **over 8 years** and no FX risk (100% of the debt portfolio is denominated in Russian Rubles);
- The weighted average interest rate of the Group's debt portfolio is **5.9%**, 1.1 p.p. lower than the lending rates in the Russian Federation<sup>2</sup>;
- Consistent net debt reduction - **421 billion rubles**. A comfortable repayment schedule with peak debt payments after 2022;
- Investment-grade credit ratings from two major global agencies.

## Debt repayment structure, RUB bln



## Financial leverage

Indicator	9M2019	9M2020
Total debt, RUB bln	562.4	568.7
Net debt, RUB bln	422.8	421.0

## Credit ratings at the sovereign level

**BBB-**  
S&P Global

Sovereign credit rating

Stable Outlook

**Baa3**  
Moody's

Sovereign credit rating

Stable Outlook

**AAA**  
AKPA

Prime credit rating

Stable Outlook

1. Repayment of loans and borrowings (less accrued but unpaid interest).

2. According to the Central Bank of the Russian Federation, data as at September 2020 for corporate borrowers with a term exceeding three years.