



ROSSETI

Performance of Rosseti Centre for 12 months 2019 and guidance for 2020

March 2020

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SERVICE AREA

11
subjects of Russia

OVERVIEW

The Company refers to the subjects of natural monopolies, tariffs for the activities of which are determined by government regulatory bodies

TYPES OF ACTIVITY

-  **Transmission and distribution of electric energy**
-  **Grid connections**
-  **Value-added services**



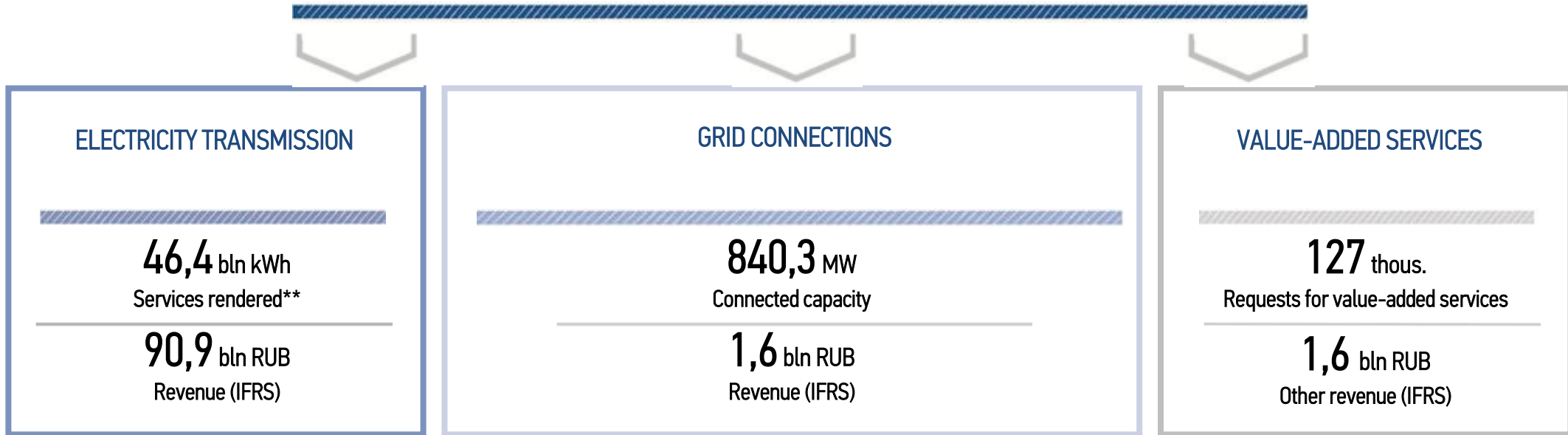
OPERATION AREA

458
thous. km²
2,7 % of total Russia

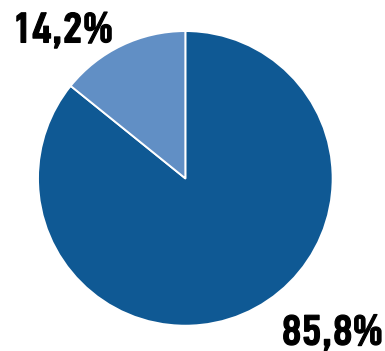
POPULATION IN THE SERVICE AREA

13,6
mln people
9,5 % of total population of Russia

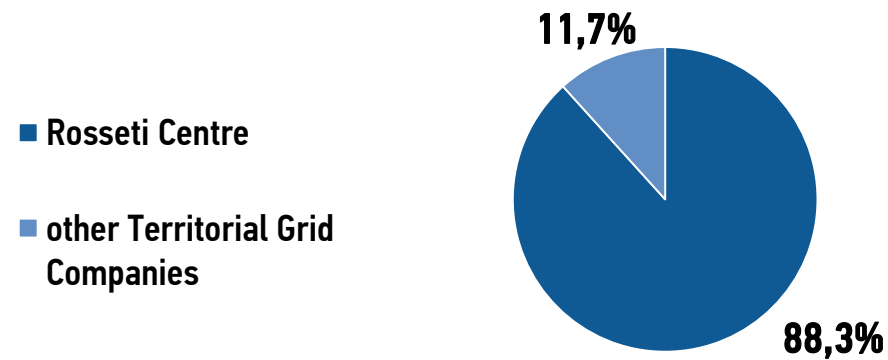
PRIMARY TYPES OF ACTIVITY



Electricity transmission market share in the service area*
in 2020, %



Grid connection market share in the service area
in 2020, %



* Share of required gross revenue (RGR) of IDGC of Centre in RGR of the regions of operations

** Taking into account the volume of services rendered in the territory of performance of functions of the supplier of last resort by Rosseti Centre

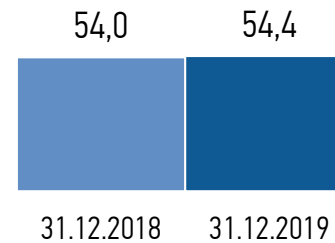
PRODUCTION ASSETS FOR 12M 2019

Indicator	31.12.2019*
Length of power lines (route), thous. km	395,6
Length of 35-110 kV conductors, thous. km	51,3
Length of 0.4-10 kV conductors, thous. km	323,6
Length of 0.4-110 kV cables, thous. km	20,7
Capacity of substations, thous. MVA	54,4
Capacity of 35-110 kV substations, thous. MVA	34,5
Capacity of 6-10/0.4 kV transformer and distribution substations, thous. MVA	19,9
Number of substations, thous. pc	103,6
Number of 35-110 kV substations, thous. pc	2,4
Number of 6-10/0.4 kV transformer and distribution substations, thous. pc	101,2
Number of conditional units, mln	2,5
Number of Distribution Zones, pc	257

* Taking into account the equipment on the balance, leased equipment and equipment serviced under contracts

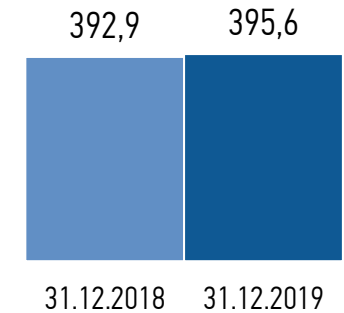
**Capacity of substations,
thous. MVA**

↑ +0,7%



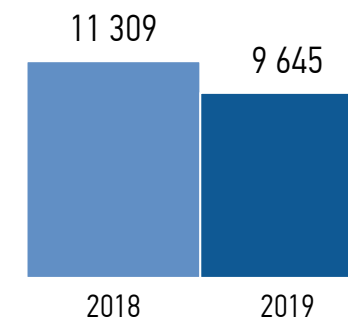
**Length of power lines
(route), thous. km**

↑ +0,7%



Failures, pc**

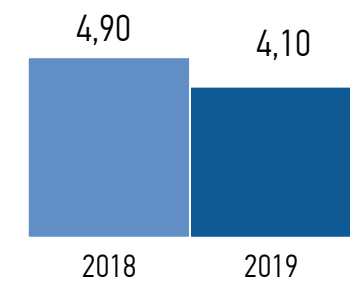
↓ -14,7%



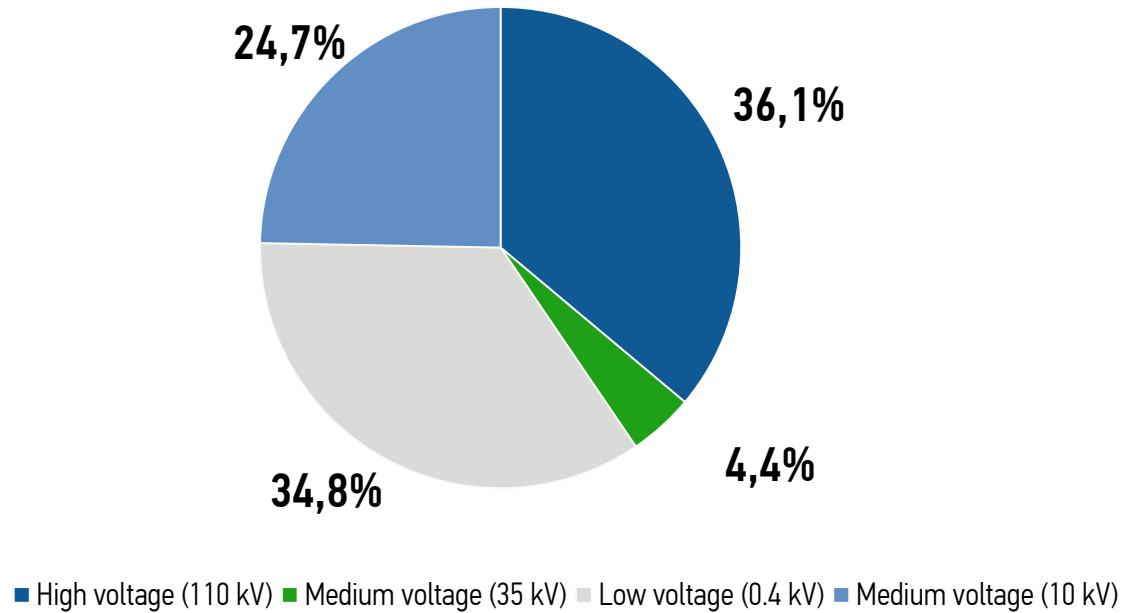
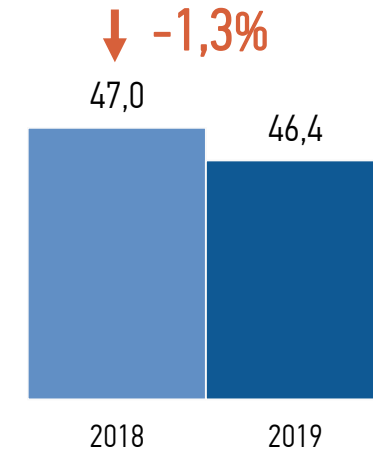
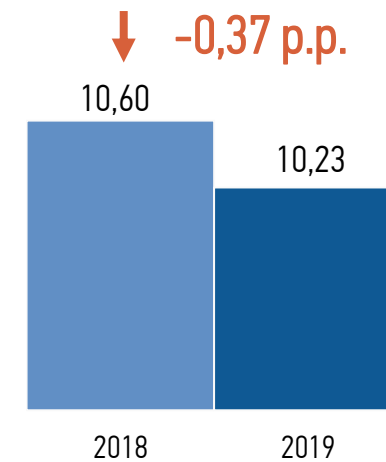
** The grid of 6 kV and above

Specific failure rate,
pc per 1,000 units of equipment**

↓ -16,3%



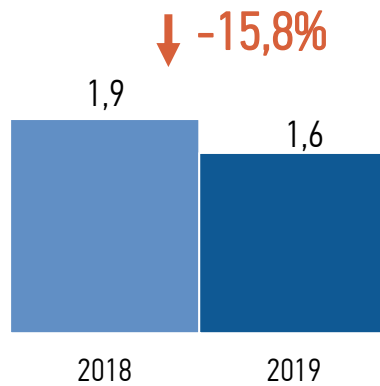
The increase in indicators on the production potential is associated with the commissioning of electric grid facilities in accordance with the implemented Investment Program

ELECTRICITY TRANSMISSION
**Electric energy net supply structure by voltage levels
(amount of electric energy transmission services), %**

Amount of electric energy transmission services, bln kWh

Electric energy losses, %


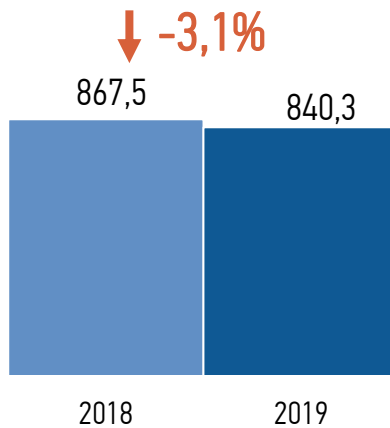
OPERATION RESULTS FOR 12M 2019

GRID CONNECTION

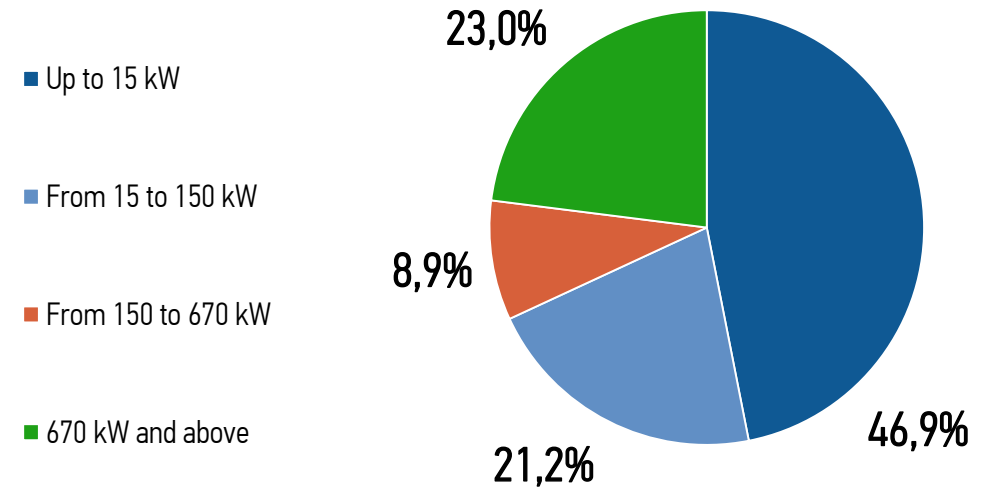
Revenue (IFRS), bln RUB



Connected capacity, MW



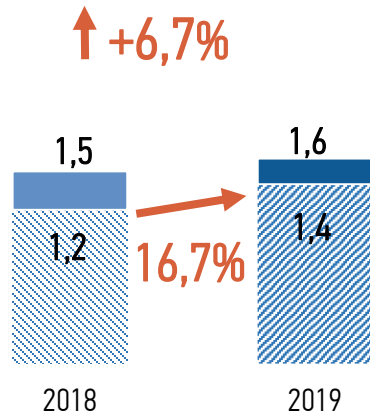
Connected capacity structure by customer groups, %












OPERATION RESULTS FOR 12M 2019

VALUE-ADDED SERVICES

Other revenue (IFRS) and revenue from value-added services, bln RUB

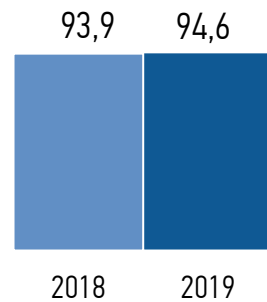


-  Street lighting systems setup
-  Maintenance and repair of electrical networks and electrical equipment
-  Reconfiguration of power grid facilities in the interests of customers
-  Provision of technical resources
-  Tests and diagnostics of equipment
-  Installation and replacement of metering devices
-  Grid connection support
-  Energy audit and energy services
-  Design and construction of energy facilities

KEY FINANCIALS UNDER IFRS FOR 12M 2019

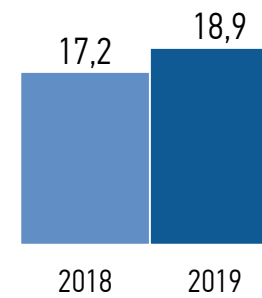
**Revenue,
bln RUB**

↑ + 0,7%



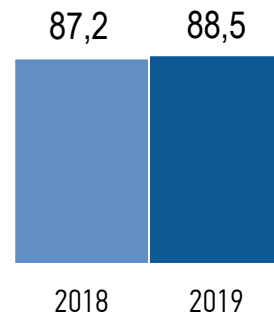
**EBITDA,
bln RUB**

↑ + 9,9%



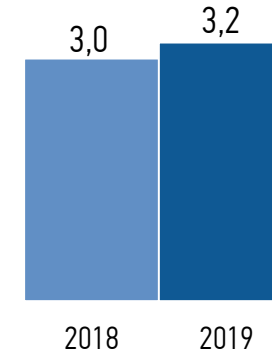
**Operating costs,
bln RUB**

↑ + 1,5%



**Profit for the period,
bln RUB**

↑ + 6,7%



Data in bln RUB, unless specified otherwise

Indicator	12M 2019	12M 2018	Change
Electricity transmission services	30,5	30,5	0,0%
Personnel costs	19,4	19,3	0,5%
Electricity for compensation of technological losses	15,2	15,0	1,3%
Depreciation and Amortization	10,8	9,9	9,1%
Other tangible costs	3,1	3,2	-3,1%
Taxes and levies, except for profit tax	2,1	1,9	10,5%
Recognized estimated liabilities	1,7	0,5	240,0%
Other costs	1,1	1,3	-15,4%
Settlement of debt for transmission, purchase of electricity, losses and non-contractual consumption	0,6	0,9	-33,3%
Other production works and services	0,6	0,8	-25,0%
Electricity for sale	0,5	0,5	0,0%
Purchased electricity and heat for utility needs	0,4	0,4	0,0%
Repair and maintenance services	0,6	0,5	20,0%
Rent	0,0	0,5	-100,0%
Insurance	0,1	0,1	0,0%
Software and maintenance costs	0,3	0,3	0,0%
Transport services	0,0	0,1	-100,0%
Communication services	0,3	0,3	0,0%
Other operating costs	1,2	1,2	0,0%
TOTAL	88,5	87,2	1,5%

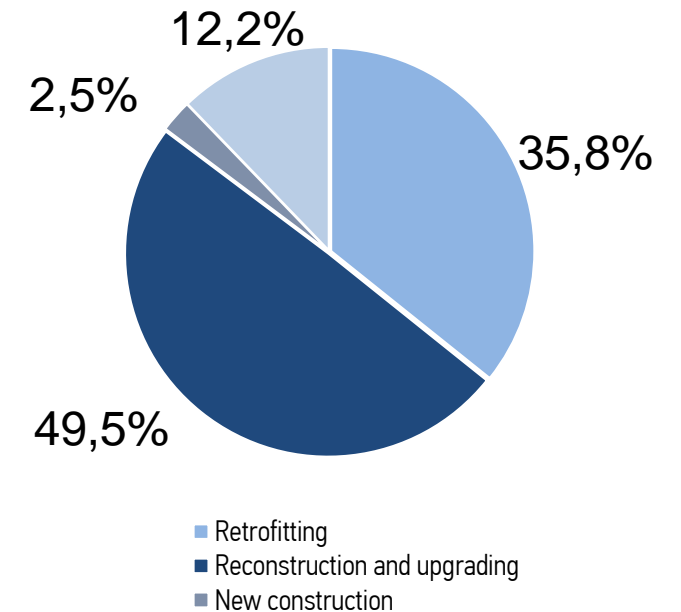
- Costs of purchasing losses of electricity increased due to the rising cost of electricity at the Wholesale Electric Energy and Capacity Market
- Depreciation increased due to commissioning of new facilities (implementation of the Investment Program) and depreciation of the right-of-use assets in connection with the application of the new IFRS 16 Leases standard from 1 January 2019. At the same time, rental costs decreased
- Costs of taxes and levies grew up due to an increase in the property tax rate in accordance with Article 380 of the Tax Code of the Russian Federation
- Recognized estimated liabilities were created due to the need to form reserves for litigation with sales companies.

Actual implementation of the Investment Program for 12M 2019

Indicator	Plan* 12M 2019	Fact 12M 2019	% implemented
Capex, mln RUB without VAT	12 446	11 836	95,1%
Financing, mln RUB with VAT	14 337	13 563	94,6%
Commissioning, mln RUB without VAT	11 174	11 246	100,6%
Commissioning, MVA	405	426	105,2%
Commissioning, km	3 240	3 351	103,4%

** According to the approved Investment Program for 2019-2024 (Order of the Ministry of Energy of Russia dated 26.12.2019 № 35@)*

Structure of the Investment Program financing following its implementation for 12M 2019



The largest facilities of the Investment Program implemented in 2019

Substation 110/10 kV "Sputnik" (Voronezh region)

(Basic construction and installation works, installation of main equipment)

- Design capacity 80 MVA
- New capacity
- Expansion of the sales market
- Digital Substation

Substation 35/10 kV Nikolskoye (Belgorod region)

(It was commissioned in August 2019.)

- Design capacity 8 MVA
- Improving reliability
- Expansion of the sales market
- Digital Substation

Substation 110/35/10 kV Kozino (stage 1)

(Smolensk region)

(It was commissioned in August 2019.)

- Design capacity 8 MVA
- Improving reliability
- Expansion of the sales market

FINANCIAL STANDING AT 31.12.2019

IFRS	31.12.2018	31.12.2019	Change
Net debt*, bln RUB	39,6	45,0	13,6%

The Debt includes lease obligations in the amount of 2,9 bln RUB at 31.12.2019 (application of the new IFRS 16 Leases standard from 1 January 2019)

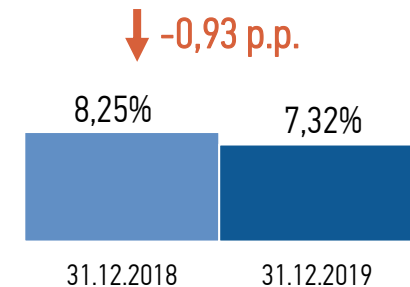
Agency	Scale	Rating	Outlook
S&P	international, long-term	BB+	Stable
S&P	international, short-term	B	-
Expert RA	national, long-term	ruAA	Stable

Type of securities	Volume (bln RUB)	Serial number and date of assignment	Maturity
Bonds of series BO-04**	5,0	4B02-04-10214-A dated 25.06.2013	up to 10 years
Bonds of series BO-06	5,0	4B02-06-10214-A dated 25.06.2013	up to 10 years
Bonds of series 001P-01	5,0	4B02-01-10214-A-001P dated 15.11.2019	up to 10 years

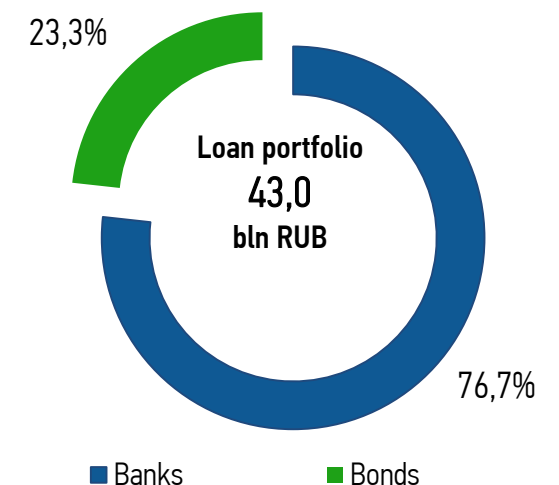
* Net debt is calculated as follows: long-term loans and borrowings + short-term loans and borrowings – cash and cash equivalents.

** Purchased as part of the offer on 19.11.2019.

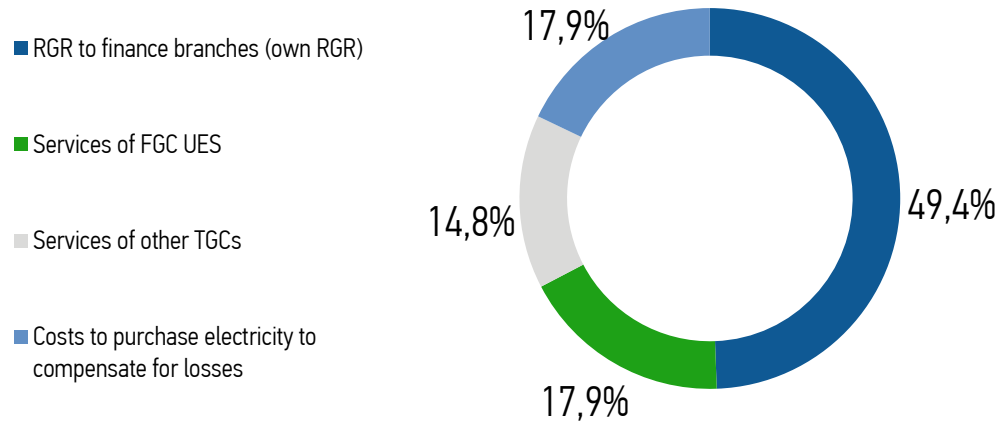
Average weighted borrowing rate of Rosseti Centre (at the end of the reporting period)



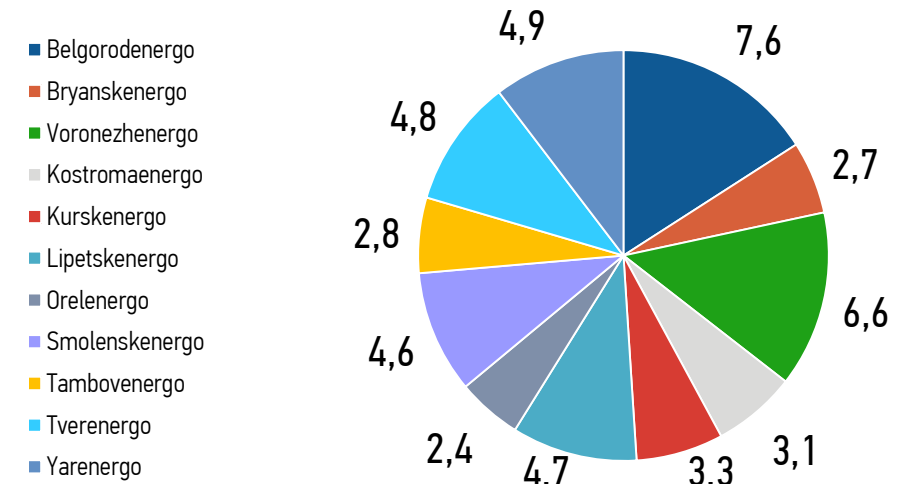
Loan portfolio structure of Rosseti Centre (at 31.12.2019)



Required Gross Revenue (RGR) structure in 2020

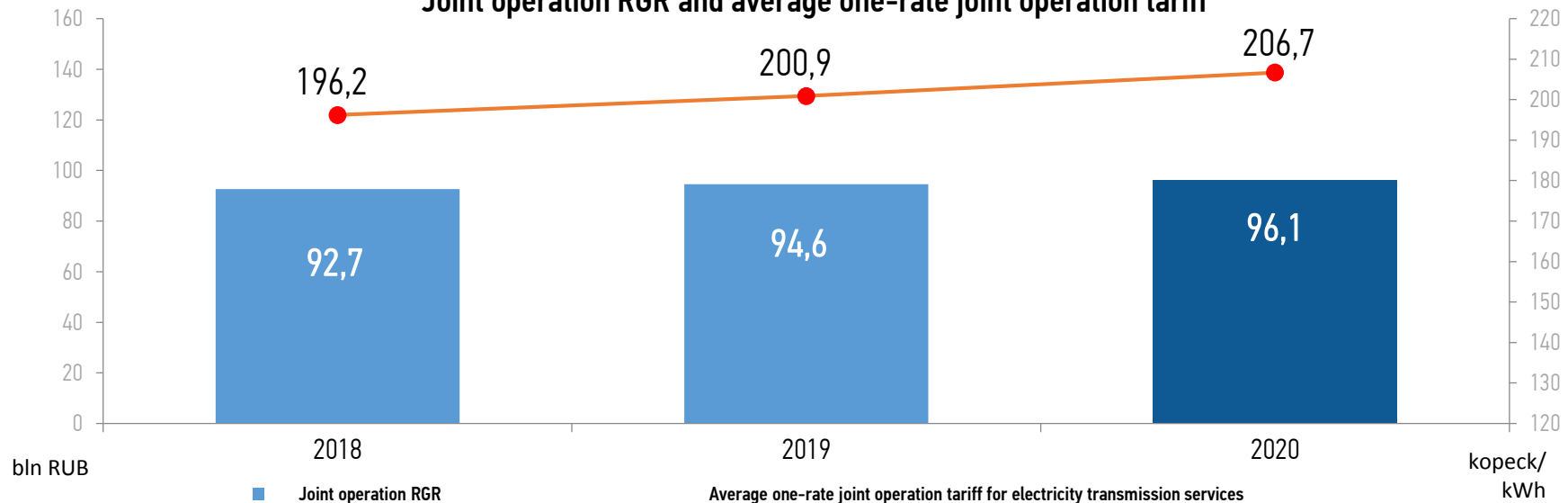


Own RGR to finance in 2020 (by branches)*, bln RUB



* Excluding the costs of FGC UES, other TGCs, losses of DGCs

Joint operation RGR and average one-rate joint operation tariff



MAIN INDICATORS OF THE BUSINESS PLAN FOR 2020

Data in bln RUB, unless specified otherwise

Indicator	Plan for 2020	Actual for 2019 (RAS)	Change
Revenue (total), including:	96,2	94,5	1,8%
Revenue from electric energy transmission	92,7	90,9	2,0%
Revenue from grid connection	1,2	1,5	-20,0%
Revenue from sale of electric energy	0,5	0,5	0,0%
Other revenue	1,8	1,6	12,5%
Cost of sales	87,8	84,5	3,9%
Sales profit ¹	6,1	7,6	-19,7%
Sales profit margin, %	6,3%	8,0%	-1,7 p.p.
EBITDA ²	18,1	16,0	13,1%
EBITDA margin, %	18,8%	16,9%	1,9 p.p.
Net profit	2,0	0,2	900,0%
Net profit margin, %	2,1%	0,2%	1,9 p.p.
Amount of electric energy transmitted, bln kWh	46,2	46,4	-0,4%
Electricity losses, %	9,83%	10,23%	-0,40 p.p.

[1] Revenue net of costs, selling and administrative expenses

[2] EBITDA is calculated as follows: net profit + profit tax and other similar mandatory payments + interest payable + depreciation charges



List of securities, admitted to trading at Moscow Exchange



MCAP at 25.03.2020

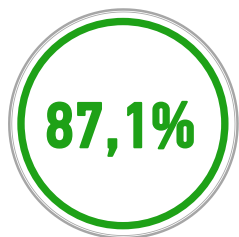
Planned period	Dividends for:					
	2014	2015	2016	2017	2018	9M 2019
Dividend per share, RUB	0,0197	0,0108	0,044215195	0,0208212	0,0207533	0,0200649
Dividend yield*, %	8,23	4,56	16,06	4,72	6,13	6,86**
Amount of declared dividends, thous. RUB	831 693	455 954	1 866 675	879 028	876 162	847 099
Share of net profit under RAS allocated to pay dividends, %	25,01	50,16	100	43,27	62,34	95,94

* According to Moscow Exchange.

** According to the calculations of the Company as of the date of the decision on the amount of dividends as the ratio of declared dividends for the reporting period paid per share and the median value of the market prices of shares for the reporting period.



Corporate governance rating NP "RID"



Assessment of efficiency of corporate governance (out of 100% possible) was performed in 2019 by the Internal Audit Department of the Company

AWARDS AND ACHIEVEMENTS

- 
 Annual report of Rosseti Centre for 2018 became the winner of the XXII Annual contest of annual reports in the main nomination **"The best annual report of the company with a capitalization of up to 40 billion rubles"**
- 
 Annual report of Rosseti Centre for 2018 is noted in the international LACP contest: **Gold award** in the sector "Power Supply - Electric Utilities", entered the **top-20** among the reports of the largest Russian companies and **top-80** participating companies in the region "Europe, Middle East and Africa" (EMEA)

INVESTMENT HIGHLIGHTS

- 1 Activities in key regions of Central Russia with a steady demand for services

- 2 Leader in quantity of electric grid assets

- 3 Dividend policy aimed at regular payments, and positive dividend history

- 4 Corporate governance rating NCGR 7+

- 5 **Free-float 34%***

- 6 High disclosure**

7,7
bln RUB

paid as dividends for the
last 10 years

9,25
points of 10

Perception study**
for 2019



by length of power lines
among IDGCs












by transformer capacity
among IDGCs

* According to the calculation method of Moscow Exchange

** According to the results of the Perception Study of Rosseti Centre in 2019



FIRST STAGE ACTIVITIES OF THE DIGITAL TRANSFORMATION PROGRAM

-  Unified Grid Control Centre (20 pc)
-  City Control Point (10 pc)
-  Digital Substation (16 pc)
-  Digital Distribution Zone (30 pc)
-  Energy storage devices (2 pc)
-  Automated overhead line diagnostic system using UAV (R&D)
-  Big Data analysis software package to identify non-metered electricity (pilot)
-  Integrated Health Management System (R&D)
-  Unified Contact Centre (2 sites)





4 Grid Control Centres and 4 City Control Point



2 Digital Substations



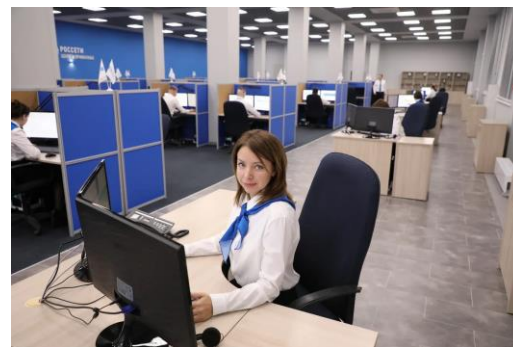
Digital Distribution Zones
(304 reclosers, 263 motor-driven disconnectors)



2 energy storage devices



GLONASS:
12 780 vehicles equipped with mobile modules



CONTACT-CENTRE:
The second site in the city of Ivanovo is open



Smart electricity metering



Digital radio DMR

THANKS FOR YOUR ATTENTION

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KEY FINANCIALS UNDER IFRS FOR 12M 2019

Data in bln RUB, unless specified otherwise

Indicator	12M 2019	12M 2018	Change
Revenue (total), including:	94,6	93,9	0,7%
Electric energy transmission services	90,9	90,0	1,0%
Electric energy transmission services	1,6	1,9	-15,8%
Revenue from resale of electric energy and power	0,5	0,5	0,0%
Other revenue	1,6	1,5	6,7%
Operating costs	88,5	87,2	1,5%
Provision for expected credit losses	0,8	0,5	60,0%
Net (accrual)/recovery of impairment loss of fixed assets	0,9	(0,1)	-
Other income	2,5	1,4	78,6%
Other costs	0,6	0,1	500,0%
Operating profit	8,1	7,4	9,5%
EBITDA	18,9	17,2	9,9%
EBITDA margin, %	20,0	18,3	1,7 p.p.
Profit for the period	3,2	3,0	6,7%
Profit for the period margin, %	3,4	3,2	0,2 p.p.

The final financial result was mainly affected by increased revenue from electricity transmission services due to the tariff growth

INVESTMENT PROGRAM* AT 2020-2024

Planned period	2020	2021	2022	2023	2024	Total 2020- 2024
Disbursement of capex, bln RUB without VAT	13,4	13,0	12,6	12,4	12,0	63,4
Financing of capex, bln RUB with VAT	16,6	14,9	14,8	14,8	14,5	75,6
Commissioning of fixed assets, bln RUB without VAT	14,6	12,9	12,6	13,2	12,6	65,9
Commissioning of fixed assets, MVA	506	396	289	266	213	1 670
Commissioning of fixed assets, km	3 253	2 600	2 700	3 243	3 794	15 590

** According to the approved Investment Program for 2019-2024 (Order of the Ministry of Energy of Russia dated 26.12.2019 № 35@)*