

RESULTS OF FINANCIAL AND ECONOMIC ACTIVITIES



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“

Based on the year-end results, the Company made a profit of RUB 1,711.8 mn, which was mainly due to an increase in revenue from electricity transmission as a result of larger volume of services provided due to higher consumption.

The Company's management took comprehensive measures to control the growth of expenditures and debt portfolio, optimise interest expenditures, improve the efficiency of the procurement management system, reduce the unit expenses for power equipment operation, reduce the in-grid electricity losses, and increase power efficiency.

In 2021, the Company did not receive financial state assistance (subsidies)”.

Revenue from sales of services (total) in the reporting period amounted to RUB 57,669.7 mn, which is RUB 8,300.2 mn more than in the same period in 2020 (RUB 49,369.6 mn), including:

- Revenue from electricity transmission services amounted to RUB 54,526.3 mn, which is RUB 6,424 mn greater than the actual parameters of 2020 (RUB 48,101.9 mn) due to an increase in the volume of rendered electricity transmission services by 1,896 mn kWh (10%) as well as growth of unified “single pot” tariffs for electricity transmission services
- Revenue from grid connections totalled RUB 2,347.7 mn, representing an increase of RUB 1,616.4 mn (twice) compared to actual values for 2020 (RUB 731.3 mn), due to the execution of contracts in 2021 with major consumers – JSC KTK-R (Stage 1 — RUB 729 mn), JSC Novoroslesexport (RUB 361 mn),

State Healthcare Institution Research Institute – KKB No. 1 named after Professor Ochapovsky (RUB 238 mn), Orlyonok All-Russian Children's Centre (RUB 189 mn), LLC Studio Project Design (RUB 103 mn), LLC Kurortny Residential Complex (RUB 47 mn), JSC NESK-Electroseti (RUB 66 mn)

- Revenue from other activities amounted to RUB 795.8 mn, which is RUB 259.4 mn (48%) more than the actual parameters of 2020 (RUB 536.4 mn), due to the development of additional (non-tariff) services



1.7 RUB bn

NET PROFIT FOR 2021
(LOSS OF RUB 1.5 BN A YEAR EARLIER)

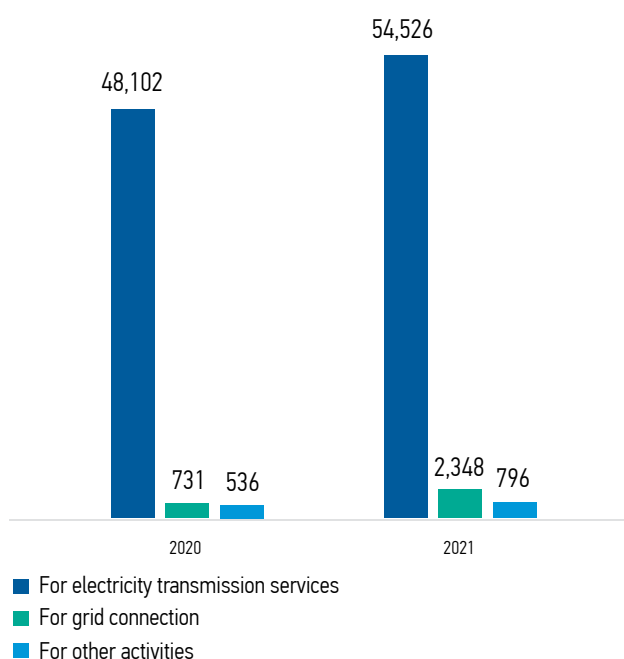
8.9 RUB bn

EBITDA FOR 2021 (+87% VS. TO 2020)

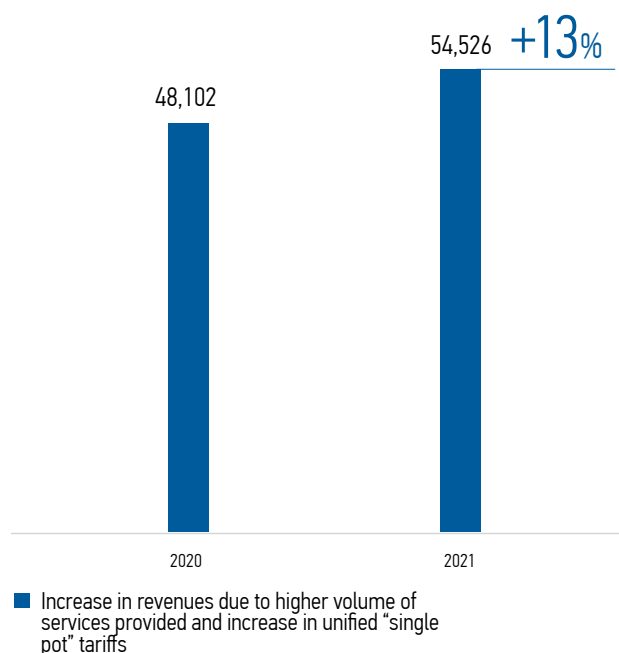
2.25

NET DEBT / EBITDA AS AT 31 DECEMBER 2021
(VS. 4.25 A YEAR EARLIER)

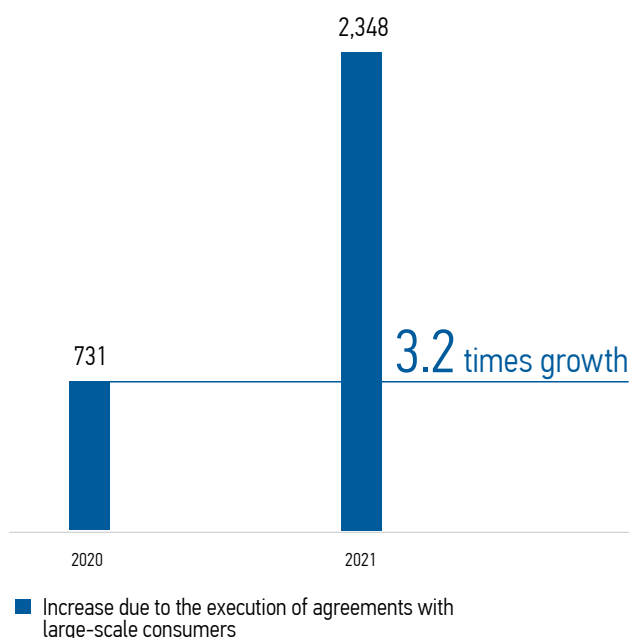
TOTAL REVENUE (RUB MN)



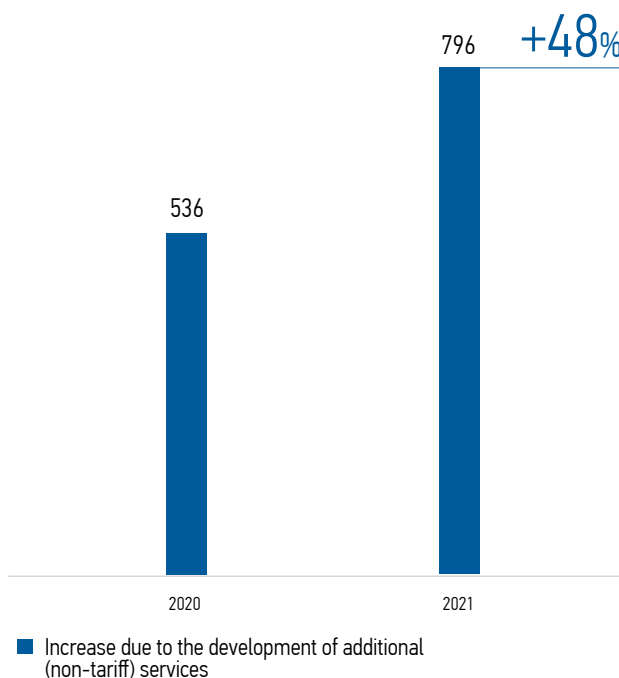
REVENUE FROM ELECTRICITY TRANSMISSION SERVICES (RUB MN)



REVENUE FROM GRID CONNECTION (RUB MN)



REVENUE FROM OTHER ACTIVITIES (RUB MN)



Cost of sales (including administrative expenses) for 2021 was RUB 50,054.5 mn, which is 7% (RUB 3,079.2 mn) higher than in 2020 (RUB 46,975.3 mn). The increase is due to higher expenses for purchased electricity to compensate losses, distribution grid companies' services, PJSC FGC UES services for electricity transmission, depreciation of fixed and intangible assets, other

material costs (mainly due to increased expenses for maintenance and repair materials) and increased expenses under the line Provisions for Future Expenses.

Profit before tax was RUB 2,698.8 mn, an increase of RUB 4,083.1 mn over the 2020 parameters.

The 2021 financial result (profit) of the Company is RUB 1,711.8 mn, which is above the 2020 bottom-line.

Key factors influencing the financial results:

- + Increase in revenue by RUB 8,300.2 mn (17%)
- Increase in the net cost of sales including management expenses by RUB 3,079.2 mn (7%) compared to 2020 parameters

– Balance aggravation for other earnings and expenses from the profit by RUB 1,138.0 mn (30%) as compared to the 2020 parameters

– Increase in income tax by RUB 869.9 mn relative to 2020 parameters

KEY FINANCIAL AND ECONOMIC INDICATORS OF THE COMPANY FOR 2019–2021

Sl.No.	Indicator	2019	2020	2021	Δ 2021/2020
Indicators from the Company's RAS financial statements¹					
1	Proceeds from product (service) sales (RUB mn), including:	51,004	49,370	57,670	17%
1.1	from electricity transmission	46,516	48,102	54,526	13%
1.2	from grid connection	4,206	731	2,348	3.2 times growth
1.3	from electricity sales	0	0	0	–
1.4	from other activities	282	536	796	48%
2	Cost of products (services) (RUB mn)	–43,774	–46,800	–49,903	7%
3	Gross profit (RUB mn)	7,230	2,569	7,767	3 times growth
4	Management expenses (RUB mn)	–162	–175	–152	–13%
5	Selling expenses (RUB mn)	0	0	0	0
6	Profit (loss) from sales (RUB mn)	7,068	2,394	7,615	3.2 times growth
7	Interest receivable (RUB mn)	67	29	28	–3%
8	Interest payable (RUB mn)	–1,971	–1,593	–1,553	–3%
9	Income from shareholdings (RUB mn)	0.6	0.7	20.0	29 times growth
10	Other income, total (RUB mn)	2,270	1,563	1,414	–10%
11	Other expenses, total (RUB mn)	–3,909	–3,778	–4,826	28%
12	Profit (loss) before tax (RUB mn)	3,525	–1,384	2,699	295%
13	Income tax and other charges (RUB mn)	–1,021	–117	–987	8 times growth
14	Financial result (RUB mn)	2,504	–1,501	1,712	214%
15	EBITDA ² (RUB mn)	9,741	4,756	8,879	87%
Indicators calculated on the basis of the Company's IFRS financial statements					
16	Net debt/EBITDA (units)	2.23	4.25	2.25	–2.00 units
17	Current liquidity ratio (units)	0.80	0.61	0.55	–0.06 units

¹ The following indicators are used to calculate the indicators:
for 2019 – profit and loss statement for January – December 2020 ("for 2019" column);
for 2020 – profit and loss statement for January – December 2021 ("for 2020" column);
for 2021 – profit and loss statement for January – December 2021 ("for 2021" column).

² The EBITDA indicator was calculated according to the following procedure: EBITDA = Profits before tax – Interest payable + Depreciation.

Sl.No.	Indicator	2019	2020	2021	Δ 2021/2020
18	Financial leverage (units)	1.03	1.31	1.17	-0.14 units
19	Share of long-term debt (%)	84.15	77.13	76.19	-0.94%
20	Net cash flow (RUB mn)	-1,752	320	4,131	RUB 3,811 mn

DEBTOR MANAGEMENT

ANALYSIS OF CHANGES IN ACCOUNTS RECEIVABLE (RUB MN)

Indicator	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	Δ 2021/2020 (%)
Accounts receivable	7,433.11	8,547.20	6,547.36	-23.4
Including:				
trade receivables	6,611.23	7,578.32	5,865.80	-22.6
for electricity transmission, out of the above item	6,348.85	7,386.47	5,725.92	-22.5
bills receivable	-	-	-	-
advances paid	32.70	47.52	43.53	-8.4
other accounts receivable	789.18	921.36	638.03	-30.8

The bulk of accounts receivable (87.5%) of the Company was accumulated from the payments for the electricity transmission services rendered.

During the reporting period, the accounts receivable that were deemed impossible to collect amounted to RUB 0.3 mn.

To reduce the accounts receivable, the Company undertakes the following actions:

- Claim-related works, including the collection of fines for overdue payments
- Offset of counter claims
- Restricted energy delivery to consumers, also upon requests from electricity retailers
- Settlement of disputes under the pre-action protocol and in court

THE RESULTS OF THE COMPANY'S ACTIVITIES TO REDUCE ACCOUNTS RECEIVABLE OF THE SUBCONTRACTORS FOR ELECTRICITY TRANSMISSION SERVICES

Indicator	2019	2020	2021
Positive judicial rulings / amount claimed	174 cases / RUB 7,325.74 mn	149 cases / RUB 8,747.78 mn	204 cases / RUB 5,452.40 mn
Filed law writs of execution amounting to (RUB mn)	473.58	420.76	286.79
Arrears under law writs of execution paid	RUB 989.34 mn, or 209%	RUB 292.58 mn, or 70%	RUB 333.18 mn, or 116%
Withheld to collect / amount claimed	8 cases / RUB 38.8 mn	1 case / RUB 1.06 mn	2 cases / RUB 1.80 mn
Percentage of claimed ruled in favour of the Company (%)	99.50	99.98	99.96

WITH THE MEASURES TO REDUCE RECEIVABLES, THE SHARE OF CLAIMS SETTLED IN FAVOUR OF THE COMPANY IS AT A STABLE HIGH LEVEL, REACHING 99.96% AS AT 31 DECEMBER 2021.

RESULTS OF OPERATIONS WITH SUBCONTRACTORS, FOR WHICH THE BANKRUPTCY PROCEDURE WAS COMMENCED

Indicator	2019	2020	2021	Δ 2021/2020 (%)
Number of subcontractors under the ongoing bankruptcy procedure	23	23	44	91
The volume of the Company's claims (on the current payments) included to the creditor claim list or submitted to the debtors under the bankruptcy procedure (RUB mn)	768.91	760.61	669.23	-12
The total amount of cash flows received by the Company's budget from subcontractors under the bankruptcy procedure (RUB mn)	1.32	6.87	0,00	-
The amount of overdue payments from the subcontractors under the bankruptcy procedure (RUB mn)	768.91	760.61	920.37	21
The amount of cash flows saved by the Company due to the purchase of its debt owned to debtors under the bankruptcy procedure (RUB mn)	0.00	0.00	0.00	-

BONDED LOANS

The Programme for Exchange Bonds series 002P of the Company was approved by the resolution of the Company's Board of Directors on 20 September 2016 (Minutes No.251/2016); ID number 4-00063-A-002P-02E was assigned to it on 24 October 2016.

The Programme provides for the possibility of exchange bonds placement to the total par value of up to and including RUB 25 bn for up to 30 years. The bonds under this Programme were not placed in the reporting year.

The list of securities admitted to trading on PJSC Moscow Exchange includes documentary interest-bearing non-convertible bearer-payable exchange-traded bonds with mandatory centralised custody of Series 001P-01 placed in 2015 under the Exchange-Traded Bond Programme with identification number 4-00063-A-001P-02E dated 26 August 2015, in the amount of RUB 3.6 bn. On 31 January 2020, in accordance with the decision of the Board of Directors (Minutes No. 371/2019 dated 30 December 2019) the Company repurchased those bonds in full before maturity.