

CREDIT RATINGS AND BONDS

Bonds

During the reported period the Company had RUB 1.6 billion BO-02 series and RUB 5.0 billion BO-05 series exchange-traded bonds in floatation. BO-02 series bonds were placed on 27 November 2015. The effective date was 24 November 2015. The issue matures in 10 years, with designated offer due 7 years after the effective date and redemption offer due 4 years upon holders' consent. The coupon rate was set at 11.58% per annum, equal to coupon yield for each coupon period at RUB 57.74 per one bond. BO-05 series bonds were placed on 30 August 2016. The effective date was 26 August 2016. The issue matures in 10 years, with two redemption offers due 3 and 5 years after effective date upon holders' consent. The coupon rate was set at 9.32% per annum until maturity, equal to coupon yield for each coupon period of RUB 46.47 per one bond. In 2018, OAO IDGC of Urals has discharged its bond-related liabilities in full.

As of 31.12.2018 OAO IDGC of Urals has issued the following securities:

1. BO-03 series exchange-traded bonds (4B02-03-32501-D) with total par value of RUB 3,0 billion to be redeemed on 3640th date since BO-03 series bond effective date;
2. BO-04 series exchange-traded bonds (4B02-04-32501-D) with total par value of RUB 4,0 billion to be redeemed on 3640th date since BO-04 series bond effective date;
3. Series 001R Exchange-Traded Bond Program (documentary interest-bearing non-convertible bearer exchange-traded bonds with mandatory centralized custody, ID No. 4-32501-D-001P-02E. Total ceiling par value of exchange-traded bonds to be placed under the program is RUB 25.0 billion. Maximum maturity of exchange-traded bonds to be placed under the program is 10,920 days since the effective date. Program's duration is 50 years after the ID number was assigned to the program (08.02.2017).

The Company has placed no bonds during 2018. As of 31.12.2018, the Company's bond debt was RUB 6,600 million.

In 2018, OAO IDGC of Urals has discharged its bond-related liabilities in full.

Credit rating

As of 01.01.2018 Moody's Investor Service has assigned us Ba1 corporate family rating (CFR) and probability of default rating (PDR) with Stable Outlook. On Nov. 20, 2018 Moody's Investor Service has confirmed the corporate family rating (CFR) of IDGC of Urals at Ba1 (Stable outlook).

OAO IDGC of Urals' Ba1 corporate family rating reflects its robust financial profile together with Moody's expectation that the company's debt metrics will remain within the guidance for the current rating. IDGC of Urals' Ba1 rating implicitly benefits from government support because the company is a part of the state-owned PAO Rosseti group. Moody's analysts expect the state to step in with extraordinary support to avoid a payment default by the company if necessary. Such support is driven by the company's strategic role for the economy of the region.

The Agency will upgrade the rating and related outlook if there is a clear evidence that the regulatory regime for the sector is evolving in the positive direction, providing for robust and predictable long-term recovery of costs and investments; the company maintains moderate leverage and solid liquidity; Russia's sovereign bond rating is upgraded.

On April 16, 2018 Russian rating agency RAEX (Expert RA) has assigned rrAA national-scale credit rating (Outlook - Stable) to OAO IDGC of Urals. The rating is positively influenced by the Company's monopolistic market position, its vital role as an UES of Russia infrastructure element and stable ownership structure. Expert RA highly appreciates OAO IDGC of Urals' profitability, comfortable debt service structure, forecast liquidity level and low debt burden. The agency highly appreciates the quality of corporate governance and information transparency of the Company as well.

On Nov. 20, 2018 Moody's Investor Service has confirmed the corporate family rating (CFR) of IDGC of Urals at Ba1 (Stable outlook)