

# INDUSTRY REVIEW, STRATEGY, RISKS AND KPI

## MACROECONOMIC AND INDUSTRY REVIEW, MARKET SHARE

### Macroeconomic and Industry Review

According to the Russian Ministry of Economic Development\*, in 2023 global economy continued to slow down. Despite reduced prices on commodity markets on the back of their 2022 highs and related reduced inflationary pressures, prices in many countries remained above the targets. Central banks of the largest countries continued to tighten their monetary policies by raising interest rates. On a mid-term horizon the acceleration of the global economic growth is not expected, stagnation of developing countries, primarily, key trade partners of Russia, being the main factor.

The main drivers of economic growth in Russia in 2023 were real sector industries, mainly, manufacturing industry (machine-building and metallurgy sectors). Construction and agriculture showed a steady growth as in 2022. A stable manpower market, growth of real disposable income and lending activity had a positive impact on the recovery of consumer activity.

According to the 2024-2026 socio-economic development outlook, the key driver of economic growth shall be development of supply-side economy focused on satisfying domestic consumer and investment demand. In this context, export shall increase its role in providing the growth as its orientation to new markets takes place.

**Updated forecast of the Bank of Russia on macroeconomic fundamentals for 2024-2026 (market consensus based on the December 2023 polling of market insiders)\*\***

Indicator	2022 actual	2023	2024	2025	2026
CPI (% YoY)	11.9	5.87	5.1	4.0	4.0
Key rate (% p.a., year average)	10.6	9.9	14.0	9.0	7.0
GDP (% YoY)	-2.1	3.1	1.3	1.5	1.5



\* Source: economy.gov.ru/material/directions/makroec/prognozy\_sotsialno\_ekonomicheskogo\_razvitiya/



\*\* Source: cbr.ru/statistics/ddkp/mo\_br/



### Demand outlook for 2024-2026

**Electricity demand outlook in the Company's areas of service for 2024-2026 (billion kWh)**

Energy system	2024F	2025F	2026F
Perm region	24.6	25.3	25.9
Sverdlovsk region	44.4	45.0	45.5
Chelyabinsk region	38.4	39.5	40.3
<b>Total</b>	<b>107.4</b>	<b>109.8</b>	<b>111.7</b>

Source: Scheme and program of the UES of Russia's development for 2024-2029 (adopted by Ministry of Energy Decree dated 30.11.2023 No.1095)

### Forecast changes of consumption in the Perm region are due to the following factors:

- development of current industrial consumers (the largest growth is expected in metallurgy, chemical and building components industries)
- increased consumption by railroad transportation
- increased residential construction and grown residential consumption

### Forecast changes of consumption in the Sverdlovsk region are due to the following factors:

- development of current manufacturing enterprises (the largest growth is expected in metallurgy and machine-building industry)
- increased residential construction and grown residential consumption

### Forecast changes of consumption in the Chelyabinsk region are due to the following factors:

- development of current manufacturing enterprises (the largest growth is expected in metallurgy)
- grown residential consumption

Mid-term targets and forecasts on macroeconomic and industry fundamentals may be revised in future due to exacerbated geopolitical situation and economic pressures of sanctions on the Russian economy.

## Pricing and tariffs in the Energy Sector for 2024-2026

According to the 2024-2026 socio-economic development outlook, the mid-term indexation of transmission tariffs for consumers shall total 9.1% in 2024, 6.0% in 2025 and 5.0% in 2026. The indexation of regulated residential tariffs shall total 8.9% in 2024, 6.0% in 2025 and 5.0% in 2026. The above-mentioned indexation does not consider standalone decisions of the Government, made to eliminate local imbalances in standalone regions, and decisions of the Russian Federal Antimonopoly Service on approval of regional regulators' statements on tariffs different from the ones, established by the Russian Federal Antimonopoly Service.

### Forecasts on changes of electricity tariffs in 2024-2026

Indicator	2023E	2024E	2025F	2026F
Indexation of tariffs for all consumer categories	0%	9.1% 01 July	6% 01 July	5% 01 July
Indexation of tariffs for residential sector	0%	8.9% 01 July	6% 01 July	5% 01 July

Source: Outlook of the socio-economic development of the Russian Federation for 2024 and 2025-2026 (Ministry of Economic Development), <https://economy.gov.ru/>

Forecasts on changes of electricity tariffs may be revised in future due to exacerbated geopolitical situation and economic pressures of sanctions on the Russian economy.

## Company's Market Share

PAO Rosseti Urals renders services to customers across the Perm, Sverdlovsk and Chelyabinsk regions. The Company is a natural monopoly with state-regulated electricity transmission and connection tariffs. The area of service is also abundant in other regional grid operators transmitting electricity mainly through low- and medium-voltage networks. In 2023, the Company's GRR-based share of the electricity transmission market totaled 80.8% (incl. AO EESK), RGOs' share being 19.2%.

### Company's market share in terms of GRR

