

Liquidity ratios describe the ability of the Company to timely pay off its current liabilities with its current assets. Significant portion of distribution grid complex entities' accounts payable is advance payments for grid connection under contracts with consumers.

Liquidity indicators in 2011-2015 tend to decrease which is due to the growth of short-term liabilities which is faster than the increase in current assets, including through the conversion of long-term liabilities into short-term liabilities.

Equity-assets ratio (equity ratio) describes the enterprise's dependence on external loans. As of December 31, 2015 the portion of equity funds in the assets of PJSC IDGC of the North-West was 46%. Decrease in equity funds in the assets in 2011-2015 was due to the following:

- the transition to RAB regulation in tariff setting, which affected the funding structure of the investment activities of the Company (the priority is on the raising of long-term loan capital);
- Increase in the volume of the Investment Programme for 2011-2012;
- the increase in accounts receivable due to the breach of financial contractual obligations by consumers.

Business activity performance indicators describe the Company's effectiveness in utilising its funds. In 2015 the accounts receivable growth rate was below the accounts payable growth rate – 1.03 and 1.10, respectively.

Indicators of turnover of receivables and payables in 2011-2015 tend to decrease. The internal reasons for decrease in turnover are the changing consumer structure, poor payment discipline of the Company's main consumers – regional distribution companies and major LGOs. The external reasons are complex business environment of the banking sector, slowdown in the growth of economy and production in the regions of responsibility of PJSC IDGC of the North-West.

As a follow-up of analysis of the key financial and economic indicators in 2015, taking into account the low rate of economic growth, a complex situation with liquidity in the banking sector, the complex economic conditions in the regions of operations, the cost reduction policy in the Company, it may be concluded that the Company's management pursues a balanced policy of financial and economic management aimed to preserve financial stability in the current economic environment.