

## Federal Grid Company Announces H1 2015 RAS Financial Results

**Moscow, 29 July 2015** - Federal Grid Company of Unified Energy System ("Federal Grid Company" or "the Company"; Moscow Exchange, LSE: FEES), the owner and operator of the Unified National Electricity Grid ("UNEG"), announces its financial results for the first six months of 2015 under Russian Accounting Standards (RAS).

The Company's RAS statements do not consolidate the results of Federal Grid Company's subsidiaries or affiliated companies that operate as independent legal entities.

### Key financial highlights

- Revenue amounted to RUB 79,061 mln.
- Cost of sales and management expenses amounted to RUB 68,825 mln.
- Adjusted EBITDA\* amounted to RUB 52,587 mln.
- Profit from sales amounted to RUB 10,236 mln.
- Net profit amounted to RUB 1,341 mln.

*\* excluding accruals of allowance for doubtful debtors*

Federal Grid Company's performance in the first six months of 2015 is reflective of the work that is underway to enhance the Company's efficiency and lower costs against the backdrop of limited tariff growth.

The Company's revenue for the first six months of 2015 decreased year-on-year (-5.6%) and amounted to RUB 79,061 mln. This is explained by a decline in revenue from connection services to the UNEG, which were characterized by non-scheduled frequency and related to delivery timeline of services under contracts, as well as the transition direct customer payments based upon actual output levels.

Federal Grid Company's costs excluding depreciation, electricity transit and property tax for the period declined (-5.5%), as a result of the Company's ongoing cost optimisation initiatives, which largely compensated for the decline in revenue.

At that same time, the Company's financial results were impacted by a growth in property tax (by RUB 903 mln or 32%) due to another reduction in tax benefits, and also as a result of increased electricity transit costs connected to a lower rouble exchange rate compared to settlement currencies.

Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) for the first six months of 2015 amounted to RUB 52,587 mln.

In its RAS financial statements for the first six months of 2015, Federal Grid Company reported a profit in the amount of RUB 1,341 mln, a 9% increase year-on-year. Adjusted net profit generated by cash flows (with adjustment for provision charges/recovery of provisions for doubtful debts) reached RUB 5,030 mln during the period.

### Balance Sheet as of June 30 2015

#### Assets

Federal Grid Company's total assets for the first half of 2015 remained at practically the same level as at the beginning of 2015, demonstrating a slight increase of RUB 17,037 mln. (1.38%), and totalled RUB 1,248,254 mln at the end of the reporting period. Non-current assets amounted to RUB 1,103,935 mln, and current assets amounted to RUB 144,319 mln.

Federal Grid Company's equity increased by RUB 494 mln (0.06 %) in the period under review, which is attributable to the recognition of generated profits during the first six months of the year and also the decision of the Annual General Meeting of Shareholders (Minutes from 30 June 2015, #16) to distribute retained earnings of the group based on the results of 2014 in the amount of RUB 4,699.94

mln (RUB 257 mln for the reserve fund, RUB 3,596 mln to cover losses from previous periods and RUB 847 mln for payment of dividends).

### **Liabilities**

Federal Grid Company's credits and loans (excluding accrued interest) at the end of the first six months of 2015 increased to RUB 287,974 mln, which is explained by Vneshekonombank's acquisition of Federal Grid Company bonds (Series 37 and 38) in the amount of RUB 40 bln and also the Company's redemption of debt in the amount of RUB 9,797 mln.

*Federal Grid Company's RAS financial statements for the first six months of 2015 are available on the Company's website in the Financial Disclosure/RAS Financial Reports section at the link:*

[http://www.fsk-ees.ru/eng/investors/financial\\_disclosure/ras\\_financial\\_reports/](http://www.fsk-ees.ru/eng/investors/financial_disclosure/ras_financial_reports/)