

## Federal Grid Company Announces 9M 2015 RAS Financial Results

**Moscow, 30 October 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 nine 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 122,008 mln.
- Cost of sales and management expenses amounted to RUB 104,021 mln.
- Adjusted EBITDA\* amounted to RUB 82,305 mln.
- Profit from sales amounted to RUB 17,987 mln.
- Net profit amounted to RUB 4,921 mln.

*\* excluding accruals of allowance for doubtful debtors*

Federal Grid Company's performance in the first nine 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 nine months of 2015 decreased year-on-year by RUB 2,293 mln (-1.8%) and amounted to RUB 122,008 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.

Federal Grid Company's costs for the period declined (-1.0%) year-on-year, as a result of the Company's ongoing cost optimisation initiatives, which largely compensated for the decline in revenue. This decline comes despite higher property tax payments (by RUB 1,362 mln or 33%) and an increased number of assets to be serviced as a result of the implementation of the Company's investment programme.

Management expenses (excluding amortization) decreased by RUB 467 mln (-9.2%) year-on-year.

Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) for the first nine months of 2015 increased by RUB 1,764 mln (2.2%) and amounted to RUB 82,305 mln.

In its RAS financial statements for the first nine months of 2015, Federal Grid Company reported a profit in the amount of RUB 4,921 mln, representing an increase of RUB 3,617 mln year-on-year. Adjusted net profit generated by cash flows (with adjustment for provision charges/recovery of provisions for doubtful debts) reached RUB 12,130 mln during the period.

### Balance Sheet as of September 30 2015

Federal Grid Company's total assets for the first nine months of 2015 remained at practically the same level as at the beginning of 2015, increasing slightly by RUB 5,766 mln. (0.5%), and totalling RUB 1,236,983 mln at the end of the reporting period. Non-current assets amounted to RUB 1,099,945 mln, and current assets amounted to RUB 137,038 mln.

Federal Grid Company's equity increased by RUB 4,074 mln (0.5%) in the reporting period, which is attributable to the recognition of generated profits during the first nine 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).

Federal Grid Company's credits and loans (excluding accrued interest) at the end of the first nine months of 2015 compared with the same period in 2014 increased by approx. 4% to RUB 278,003 mln, primarily as a result of Vneshekonombank's acquisition of Federal Grid Company bonds using pension funds (Series 37 and 38) in the amount of RUB 40 bln in May 2015 and also the Company's redemption of debt in the amount of RUB 19,768 mln. within the scheduled put dates.

*Federal Grid Company's RAS financial statements for the first nine 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/)