



## Federal Grid Company Announces FY 2013 IFRS Results

**Moscow, 4 April 2014** - Federal Grid Company of Unified Energy System ("Federal Grid Company" or "the Company") (Moscow Exchange, LSE: FEES), part of the Russian Grids Group of companies and operator of Russia's Unified National Energy Grid ("UNEG"), today announces its audited consolidated IFRS financial results for the year ended 31 December 2013.

### Key FY 2013 financial and operational highlights:

#### Financial

- Revenue of RUB 157,970 million
- Adj. EBITDA\* of RUB 92,551 million
- Adj. operating profit\*\* of RUB 30,877 million
- Adj. profit for the period\*\*\* of RUB 23,405 million
- Adj. EPS\*\*\*\* of 0.019 RUB

\* Adjusted EBITDA is calculated as EBITDA (profit for the period before income tax, finance income and costs, depreciation and amortisation), excluding non-specific impairment of property, plant and equipment, impairment of available-for-sale investments, impairment of promissory notes including finance income.

\*\* Adjusted operating profit is calculated as operating profit, excluding non-specific impairment of property, plant and equipment.

\*\*\* Adjusted profit for the period is calculated as profit for the period, excluding non-specific impairment of property, plant and equipment, impairment of available-for-sale investments, impairment of promissory notes and related deferred income tax effects.

\*\*\*\* Adjusted EPS is calculated as adjusted profit for the period divided by the weighted average number of the Company's shares outstanding during the reporting period.

#### Operational

- Electricity transmission from UNEG to consumers (net): 519.98 billion kWh
- Total transformer capacity: 334 GVA
- Transmission grid length in operations: 135 thousand km
- Number of substations: 919 substations

### Key FY 2013 corporate developments:

- On 11 November 2013 Andrey Murov was elected as a Chairman of the Management Board of Federal Grid Company.
- On 14 June 2013 the Russian government's stake in Federal Grid Company, previously held through the Federal Property Management Agency, was transferred to Russian Grids. As a result, Russian Grids now holds an 80.13% stake in Federal Grid Company.
- The Company successfully provided power supply to facilities related to the Olympic Games in Sochi and Universiade in Kazan.
- Federal Grid Company infrastructure continued to operate smoothly during flooding in Russia's Far East.
- In October 2013, Fitch Ratings assigned the Company a "BBB" credit rating (same as Sovereign).
- The Company successfully attracted long term financing for its investment programme at attractive rates. Between June and December 2013 Federal Grid Company successfully placed infrastructure bonds in a total amount of RUB 100 billion with maturities of 33 to 35 years and a coupon rate of CPI+1%.

**Commenting on the FY 2013 IFRS financial results, Chairman of the Federal Grid Company Management Board Andrey Murov said:**

“During 2013 Federal Grid Company continued to fulfil its mission of ensuring a reliable, secure and safe electricity supply to its customers throughout the Russian Federation. With total capital expenditure of RUB 149.7 billion during 2013, we continued to expand and upgrade the Unified National Electricity Grid, with the aim of increasing the reach and efficiency of Russia’s backbone grid. We commissioned 28 substations and 3.69 thousand km of new transmission lines.

“In 2013 we achieved strong financial performance while continuing to implement a massive nationwide investment programme in a volatile market environment. Revenue increased by 12.6% to RUB 158 billion, and adjusted EBITDA grew to RUB 93 billion. We maintained a strong adjusted EBITDA margin of 59%.

“With tariff growth frozen for 2014, we are successfully adapting to changes in the regulatory environment and further intensifying our focus on efficiency and cost management. We are also reviewing the parameters of our investment programme to synchronise it with expected income levels while continuing to implement the most important projects.

“Our 2013 results demonstrate that Federal Grid Company was able to adapt to more challenging economic conditions, while continuing to implement a balanced financial policy aimed at facilitating economic growth through the long-term development of Russia’s electricity grid infrastructure.”

**2013 Financial results**

Federal Grid Company’s consolidated revenue grew by 12.6% year-on-year in 2013 to RUB 157,970 million, compared to RUB 140,313 million in 2012. Revenue from electricity sales and other items increased by RUB 1,414 million and RUB 372 million, respectively, in 2013 vs. 2012.

Excluding depreciation of property, plant and equipment and amortisation of intangible assets, taxes (other than profit tax), accrual of allowances for doubtful debtors and one-off expenses related to mobile gas turbine generating stations, operating expenses amounted to RUB 68,874 million in 2013, up to 5.83% year-on-year.

Depreciation and amortisation increased by 29.6% year-on-year and amounted to RUB 57,636 million, or 43.1% of the Company’s total operating expenses in 2013.

Staff costs, which accounted for 20.9% of total costs in 2013, increased by 8.7% year-on-year to RUB 27,939 million. This growth was primarily due to a 2.7% increase in the average number of employees and an increase in average salaries due to a 6.5% indexation of remuneration.

Purchases of electricity amounted to RUB 14,151 million for the reporting period, an increase of 6.2% compared to 2012.

Following the start of a phase out of property tax exemptions for electricity transmission grids, tax expenses grew significantly in 2013, up to RUB 2,422 million vs. 2012.

**Selected Balance Sheet Items**

(in millions of roubles)	<b>31 December 2013</b>	<b>31 December 2012<sup>(1)</sup> (restated)</b>
<b>ASSETS</b>		
Non-current assets	796,150	1,163,829
<i>Property, plant and equipment</i>	749,710	1,096,535
<i>Investments in associates</i>	1,440	1,403
Total current assets	122,352	96,412
<b>Total assets</b>	<b>918,502</b>	<b>1,260,241</b>
<b>LIABILITIES AND EQUITY</b>		
Non-current liabilities	266,388	280,679

<i>Long-term debt</i>	257,964	193,200
Current liabilities	103,817	74,393
<b>Total liabilities</b>	<b>370,205</b>	<b>355,072</b>
Equity attributable to shareholders	549,239	904,436
Non-controlling interest	(942)	733
Total equity	548,297	905,169
<b>Total liabilities and equity</b>	<b>918,502</b>	<b>1,260,241</b>

(1) Comparative information has been restated due to the retrospective application of changes in accounting policy related to defined benefits obligations and bonus accruals to employees.

Non-current assets decreased by 31.6% during 2013 to RUB 796,150 million as of 31 December 2013. This decline was due to application of IFRS standards followed by the Russian Government's decision to freeze tariff growth for natural monopolies, which led to changes to financial models that required a recognition of impairment of property plant and equipment.

Long-term (non-current) debt rose 33.5% during 2013 in connection with the Company's borrowing programme. Current liabilities grew 39.6% during the year to RUB 103,817 million, as the current part of existing debt raised to finance the investment programme became due and the Company's accounts payable grew in connection with increased construction activity by third-party contractors.

Federal Grid Company's audited consolidated FY 2013 IFRS financial statements and the 2013 Management Report are available on the Company's website at the following link: [http://www.fsk-ees.ru/eng/investors/financial\\_disclosure/ifrs\\_financial\\_reports/](http://www.fsk-ees.ru/eng/investors/financial_disclosure/ifrs_financial_reports/)

### Conference Call

The Company will host an investor and analyst conference call on Friday 4 April 2014 at 10:00 UK time (13:00 Moscow time).

Dial in details are as follows:

UK Standard Dial In	+44(0) 1452 560 063
Russia Dial In (from a landline)	8108 002 097 2044
USA Free Call Dial In	1866 437 8387
Germany Free Call Dial In	0800 101 3108
Switzerland Free Call Dial In	0800 000 097
Sweden Free Call Dial In	0200 887 531

A replay of the call will be available until 10 April 2014 using the following details:

UK Free Call Dial In 0800 953 1533

International Dial In +44 (0) 1452 55 00 00

**Replay Access Code 21508308 #**

A transcript of the conference call will be made available on the Federal Grid Company website [www.federal-grid.com](http://www.federal-grid.com)

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**About Federal Grid Company**

Federal Grid Company is part of OJSC Russian Grids is the operator and manager of Russia's unified electricity transmission grid system. The company operates over 135.1 thousand km of transmission lines and has over 334 MVA of installed transformer capacity. Based on the length of transmission lines and transformer capacity in place, Federal Grid is the largest publicly traded electricity transmission company in the world.

Federal Grid's business is to provide electricity transmission and technological connection services. It maintains and develops the grid system and supervises grid facilities and infrastructure in 75 regions of Russia, covering a territory of 14.8 million square kilometres. Its customers are regional distribution companies, electricity suppliers and large industrial enterprises. The Company is a natural monopoly with 80.13% stake controlled by Russian Grids.

Federal Grid Company was incorporated in June 2002 as part of reorganisation of Russia's electrical power industry.

Federal Grid Company's common shares are included on Moscow Exchange under the ticker FEES and the Company's GDRs are listed on the London Stock Exchange and traded under the same FEES symbol.

In 2013 the Company's IFRS consolidated revenue was RUB 157,970 million, while adjusted EBITDA was RUB 92,551 million, and adjusted profit for the period was RUB 23,405 million.

Further information can be found at [www.federal-grid.com](http://www.federal-grid.com)

Further information about Russian Grids can be found at [www.rugrids.ru/eng](http://www.rugrids.ru/eng)