

Federal Grid Company Announces FY 2013 RAS Financial Results

Moscow, 11 March 2014 - Federal Grid Company of Unified Energy System ("Federal Grid Company" or "the Company") (Moscow Exchange, LSE: FEES), operator of Russia's unified electricity transmission grid system, announces its financial results for the full year 2013 under Russian Accounting Standards (RAS).

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

Key financial indicators:

- Revenue of RUB 155,352 million
- Operating costs including SG&A of RUB 132,948 million
- Adjusted EBITDA* of RUB 96,296 million
- Gross profit of RUB 34,627 million
- Adjusted net profit* of RUB 16,758 million

** excluding adjustments for provisions for the impairment of accounts receivable and revaluation of assets*

Federal Grid Company's revenue for FY 2013 increased year-on-year by 12%, amounting to RUB 155,352 million, driven by an increase in revenue from electricity transmission services on the Unified National Electric Grid ("UNEG").

The Company's costs grew year on year primarily due to increases in uncontrollable costs like depreciation and property tax, as well as due to the addition of new serviced assets commissioned under Federal Grid Company's investment programme.

Sales, general and administrative ("SG&A") expenses in 2013 (excluding an increase in property tax due to the phased repeal of the property tax concession for electricity transmission lines that took effect from 1 January 2013, in accordance with Federal Law #202-FZ dated 29 November 2012, on changes to the second part of the Russian Federation tax code) remained in line with 2012 levels, increasing just 0.17% year-on-year, primarily as a result of the Company's successful measures to control administrative and management costs.

Operating costs excluding SG&A increased year-on-year by 7% (excluding depreciation). At the same time, when the increase in serviced assets due to the Company's investment programme is taken into account, the per-unit cost of operating UNEG infrastructure decreased by 3% year-on-year in 2013.

Adjusted earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by RUB 13,487 million (16%) year-on-year to RUB 96,296 million, driven primarily by an increase in the Company's operating profit.

Federal Grid Company's RAS accounts for FY 2013 recorded a loss of RUB 25,898 million, which was primarily due to a decline in the market price of OJSC INTER RAO UES shares held on the Company's balance sheet, as well as the creation of provisions on accounts receivable.

The Company's adjusted net profit supported by operating cash flows (excluding net impairments to accounts receivable) for 2013 was RUB 16,758 million, which is 7.5% above the level approved in the Company's business plan.

Balance sheet as of 31 December 2013

Assets

Federal Grid Company's total assets increased by RUB 91,296 million (8.1%) during 2013, and at the end of the period stood at RUB 1,214,291 million. This included non-current assets of RUB 1,092,628 million, and current assets of RUB 121,662 million.

Growth in non-current assets of RUB 80,962 million (8.0%) during 2013 was driven by an increase in the value of fixed assets commissioned under the Company's investment programme.

Federal Grid Company's capital decreased by RUB 6,150 million (minus 0.72%) during the period due to the effect of the FY 2013 loss of RUB 25,898 million, balanced by an increase in the value of assets of RUB 15,397.5 million) and an increase in registered share capital of RUB 3,377 million following the FFMS registration of a 2012 additional share issue.

The Company's loans and borrowings (excluding accrued interest) increased by RUB 69,849 million in 2013 and amounted to RUB 282,349 million as of 31 December 2013. During 2013, Federal Grid Company repaid loans and bonds in the amount of RUB 40,151 million, placed a public bond issue of RUB 10 billion and issued four infrastructure bond tranches to Vnesheconombank in the amount of RUB 100 billion, in accordance with decisions by the Russian Federation Government.

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

“Federal Grid Company's economic policy is aimed at controlling costs and ongoing improvements in efficiency. Successful implementation of this policy contributed significantly to the growth in several of our key financial indicators for 2013. The Company's revenue increased by 12% year-on-year and EBITDA grew by 16% year-on-year. One must view this in the context of the difficult economic conditions and constrained growth in electricity consumption. Going forward, Federal Grid Company will continue to optimise costs, with a focus on per-unit costs, in order to continue to develop the country's electricity transmission network even at a time when income is limited.”

Federal Grid Company's financial statements for FY 2013 under RAS can be found on the Company's website: http://www.fsk-ees.ru/eng/investors/financial_disclosure/ras_financial_reports/.

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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 131,000 km of transmission lines and has over 334.8 GVA 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 79.64% 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 2012 the Company's IFRS consolidated revenue was RUB 140,313 million, while adjusted EBITDA was RUB 82,133 million, and adjusted profit for the period was RUB 29,956 million.

Further information can be found at www.federal-grid.com

Further information about Russian Grids can be found at www.rugrids.ru/eng