



## Federal Grid Company Announces Q1 2018 RAS Results

**Moscow, 27 April 2018** – Federal Grid Company of Unified Energy System (“Federal Grid Company” or “the Company”; Moscow Exchange, LSE: FEES), owner and operator of the Unified National Electricity Grid (“UNEG”), announces its financial results for the first quarter of 2018 under Russian Accounting Standards (RAS).

The Company’s RAS statements are prepared on a standalone basis and do not include the results of Federal Grid Company’s subsidiaries or affiliated companies that operate as independent legal entities.

### Key financial results

Item (mln RUB)	Q1 2017*	Q1 2018	Change, %
<b>Revenue</b>	<b>45,858</b>	<b>53,201</b>	<b>16.0%</b>
<i>Electricity transmission services</i>	45,313	52,705	16.3%
<i>Connection services</i>	99	33	(66.0%)
Cost of sales	34,533	40,490	17.3%
Management expenses	1,379	1,480	7.3%
Profit from sales	9,946	11,231	12.9%
<b>Adjusted EBITDA**</b>	<b>34,987</b>	<b>34,467</b>	<b>(1.5%)</b>
<b>Net profit</b>	<b>12,585</b>	<b>18,604</b>	<b>47.8%</b>

\* figures are shown taking into account retrospective adjustments made in accordance with Q1 2018 financial accounts

\*\* excluding accrual and recovery of provisions for doubtful debts, revaluation of assets and revenue from connection services;

**Federal Grid Company’s performance in the first quarter of 2018 reflects management’s efforts to facilitate financial stability and enhance operational efficiency of the Company.**

The Company’s revenue in the first quarter of 2018 increased by RUB 7,343 million or 16.0% year-on-year, driven by:

- Revenue from electricity transmission services rose by RUB 7,392 million or 16.3% year-on-year, driven by:
  - revenue growth from electricity losses compensation in the amount of RUB 5,536 million or by 1.2x following the Russian Government decree №810 (dated 07 July 2017), which introduced changes into the Regulations on non-discriminatory access to electricity transmission services and the rendering of such services.
  - growth in revenue from electricity transmission by RUB 1,856 million or 4.6% following tariff increase by 5.5% from 1 July 2017.
  
- Revenue from connection services decreased by RUB 65 million (66.0%) due to changes to service schedules in accordance with customer orders.

Adjusted EBITDA (excluding provisions, non-cash operations and revenue from connection services) amounted to RUB 34,467 million, which was RUB 520 million (or 1.5%) lower than in the same period of 2017. The main reason for the decrease was a lower income from penalties reflected in accounts on the basis of judicial execution orders.

Item (mln RUB)	Q1 2017	Q1 2018	Change, %
<b>Adjusted EBITDA</b>	<b>34,987</b>	<b>34,467</b>	<b>(1.5%)</b>
Income from penalties and fines	2,105	996	(52.7%)
<b>Adjusted EBITDA excluding income from penalties and fines</b>	<b>32,883</b>	<b>33,471</b>	<b>1.8%</b>

The Company's net profit for the first quarter of 2018 amounted to RUB 18,604 million, a 47.8% increase year-on-year. Net profit was significantly affected by non-cash operations, including:

Item, mln RUB	Q1 2017	Q1 2018	Change, %
<b>Net profit</b>	<b>12,585</b>	<b>18,604</b>	<b>47.8%</b>
Reserve position	(743)	20	(102.7%)
Revaluation of quoted financial assets	3,747	8,747	133.4%
<b>Adjusted net profit***</b>	<b>9,581</b>	<b>9,837</b>	<b>2.7%</b>
Revenue from connection services	99	33	(66.0%)
<b>Adjusted net profit excluding connection services</b>	<b>9,482</b>	<b>9,804</b>	<b>3.4%</b>

\*\*\* generated by cash flows (adjusted for accruals / recovery of provision of doubtful debts, revaluation of quoted financial investments).

Adjusted net profit (excluding revaluations of quoted financial assets, reserve accruals/recovery and revenue from connection services) grew by RUB 321 million, or 3.4%, year-on-year.

In the first quarter of 2018 compared with first quarter of 2017, there was a notable increase in expenses primarily due to expense items that were beyond the control of the company, in particular purchases of electricity and power for compensation of losses grew by 1.5x, while taxes and duties grew by 26%.

### Balance Sheet as of 31 March 2018

#### Assets

Federal Grid Company's total assets at the end of the first quarter grew by RUB 18,167 million (1.3%) to RUB 1,443,207 million. Non-current assets accounted for RUB 1,254,406 million, while current assets equalled RUB 188,802 million.

Federal Grid Company's equity increased by RUB 18,605 million (1.8%) during the reporting period as a result of gaining a net profit for the period.

#### Liabilities

The Company's gross debt as of the end of the reporting period had decreased by RUB 1,347 million (by 0.5%) and amounted to RUB 256,202 million.

Federal Grid Company's financial statements for the first quarter of 2018 under RAS 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/)