



Federal Grid Company Announces H1 2018 RAS Results

Moscow, 27 July 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 six months 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)	H1 2017*	H1 2018	Change, %
Revenue	92,802	105,850	14.1%
<i>Electricity transmission services</i>	90,203	104,765	16.1%
<i>Connection services</i>	1,713	65	(96.2%)
Cost of sales	69,850	82,099	17.5%
Management expenses	3,517	3,743	6.4%
Profit from sales	19,435	20,007	2.9%
Adjusted EBITDA**	69,223	69,231	0.01%
Net profit	19,262	28,732	49.2%

* figures are shown taking into account retrospective adjustments made in accordance with H1 2018 financial accounts

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

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

The Company’s revenue in the first half of 2018 increased by RUB 13,048 million or 14.1% year-on-year, driven by:

– revenue from electricity transmission services rose by RUB 14,562 million or 16.1% year-on-year, primarily as a result of:

- revenue growth from electricity losses compensation in the amount of RUB 11,155 million or by 2.3x 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 3,407 million or 4.2% following tariff increase from 1 July 2017.

– revenue from connection services decreased by RUB 1,648 million (96.2%) due to changes to service schedules in accordance with customer orders.

Adjusted EBITDA amounted to RUB 69,231 million, which was in line with the same period of 2017 . This came as a result of lower income from penalties reflected in accounts on the basis of judicial execution orders. Excluding this factor, adjusted EBITDA would have risen by 2.2% (by RUB 1.47 billion).

Item (mln RUB)	H1 2017	H1 2018	Change, %
Adjusted EBITDA	69,223	69,231	0.01%
Income from penalties and fines	3,566	2,108	(40.9%)
Adjusted EBITDA excluding income from penalties and fines	65,657	67,123	2.2%

The Company's net profit for the first half of 2018 amounted to RUB 28,732 million, a 49.2% increase year-on-year. Net profit was significantly affected by non-cash operations, including:

Item, mln RUB	H1 2017	H1 2018	Change, %
Net profit	19,262	28,732	49.2%
Reserve position	(1,721)	(654)	62.0%
Revaluation of quoted financial assets	647	8,976	13.9x
Adjusted net profit*	20,336	20,410	0.4%
Revenue from connection services	1,713	65	(96.2%)
Adjusted net profit excluding connection services	18,623	20,345	9.2%

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

Adjusted net profit excluding revenue from connection services grew by RUB 1,722 million, or 9.2%, year-on-year.

Balance Sheet as of 30 June 2018

Assets

Federal Grid Company's total assets at the end of the first quarter grew by RUB 33,532 million (2.4%) to RUB 1,458,573 million. Non-current assets accounted for RUB 1,237,769 million, while current assets equalled RUB 220,803 million.

Federal Grid Company's equity increased by RUB 9,849 million (0.95%) during the reporting period as a result of earning a net profit for the period (RUB 28,732 million) and distribution of profits for 2017 in the form of dividends in the amount of RUB 18,885 million in accordance with the decision of the Annual General Meeting of Shareholders of Federal Grid Company of Unified Energy System (minutes #20 from 2 July 2018).

Liabilities

The Company's gross debt as of the end of the reporting period amounted to RUB 257,472 million, which was RUB 77 million lower than at the end of 2017.

Federal Grid Company's financial statements for the first half of 2018 in accordance with 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/