



Federal Grid Company Announces 9M 2018 RAS Results

Moscow, October 25, 2018 – Federal Grid Company of Unified Energy System (FGC UES or the Company; LSE, Moscow Exchange: FEES) which owns and controls the Unified National Electric Grid announces its financial results for 9M 2018 under the 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)	9M 2017*	9M 2018	Change, %
Revenue	143,643	160,584	11.8%
<i>Electricity transmission services</i>	140,486	158,902	13.1%
<i>Connection services</i>	1,815	82	-95.5%
Cost of sales	110,104	125,479	14.0%
Management expenses	5,353	5,621	5.0%
Profit from sales	28,186	29,484	4.6%
Adjusted EBITDA**	101,366	99,832	-1.5%
Net profit	25,537	33,344	30.6%

* figures are shown taking into account retrospective adjustments made in accordance with 9M 2018 financial accounts

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

The performance indicators of FGC UES for 9M 2018 reflect the management's efforts aimed at ensuring financial stability and enhancing the Company's performance.

Company's revenue for 9M 2018 is up by 11.8% (or RUB 16,941 mln) YoY, more specifically:

- revenue from electricity transmission services rose by RUB 18,416 mln (or 13.1%), in particular, due to:

- growth of the income from compensation of losses by RUB 13,280 mln (or 82.7%) due to Regulation of the Government of the Russian Federation No. 810 dated July 7, 2017, which amended the Rules of non-discriminatory access to electricity transmission services and provision of such services.
- RUB 5,136 mln (or 4.1%) increase in the electricity transmission revenue as a result of tariff raising with effect from July 01, 2017.

- revenue from connection services decreased by RUB 1,734 mln (or 95.5%) in line with changes in the service provision schedule affected by consumer requests.

Adjusted EBITDA stands at RUB 99,832 mln, down RUB 1,534 mln (or 1.5%) YoY. This came as a result of lower income in the form of penalties entered into the books under execution writs. The adjusted EBITDA growth rate net of this factor stands at 0.5% (RUB 464 mln).

Item (mln RUB)	9M 2017	9M 2018	Change, %
Adjusted EBITDA	101,366	99,832	(1.5%)
Income related to late payment charges and penalties/fines	4,818	2,820	(41.5%)
Adjusted EBITDA excluding income from penalties and fines	96,548	97,012	0.5%

The net profit generated by FGC UES, PJSC for 9M 2018 stands at RUB 33,344 mln, up 30.6% YoY. The financial result is greatly affected by non-cash transactions, including:

Item, mln RUB	9M 2017	9M 2018	Change, %
Net profit	25,537	33,344	30.6%
Reserve position	-248	-1,636	x6.6
Revaluation of quoted financial assets	-1,087	6,852	x7.3
Adjusted net profit***	26,872	28,128	4.7%
Revenue from connection services	1,815	82	-95.5%
Adjusted net profit excluding connection services	25,057	28,046	11.9%

*** - cash-backed profit (net of the bad debt provisions accrual and recovery operations and financial result related to changes in the value of quoted financial assets).

Adjusted net profit less the revenue for technological connection services is up by RUB 2,989 mln (or 11.9%).

Balance Sheet as of September 30, 2018

Assets

The total assets of FGC UES, PJSC as at reporting period end date stand at RUB 1,424,361 mln, down by RUB 679 mln (or 0.05%) from the beginning of the year. Of these, the value of noncurrent assets stands at RUB 1,227,284 mln, that of current assets totals RUB 197,077 mln.

The equity of FGC UES, PJSC for the reporting period is up by RUB 14,461 mln (or 1.4%) due to the net profit generated for the reporting period (RUB 33,344 mln) and the 2017 profit allocated to dividend payments of RUB 18,885 mln pursuant to a resolution of the General Meeting of Shareholders of FGC UES, PJSC (Minutes No. 20 dated July 02, 2018).

The amount of gross debt owed by FGC UES, PJSC as at reporting period end date totals RUB 235,866 mln, down by RUB 21 683 mln from the end of 2017.

The accounting statements for 9M 2018 under RAS are available at the website of FGC UES, PJSC in the Financial Information / Statements Under RAS Section through the link below:

http://www.fsk-ees.ru/eng/investors/financial_disclosure/ras_financial_reports/