

Federal Grid Company Announces Q1 2020 RAS Results

Moscow, 30 April 2020 – 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 2020 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 2019	Q1 2020	Change, %
Revenue	56,721	56,737	0.03%
<i>Electricity transmission services</i>	56,274	56,175	(0.2%)
<i>Connection services</i>	10	33	3.3x
Cost of sales and management expenses	43,356	43,667	0.7%
Profit from sales	13,365	13,070	(2.2%)
Adjusted EBITDA*	37,371	36,099	(3.4%)
Net profit	10,610	10,400	(2.0%)
Adjusted net profit**	11,199	12,054	7.6%

* figures are shown taking into account retroactive adjustments made in accordance with Q1 2020 financial accounts

** excluding accrual and reversal of allowance for doubtful debts, revaluation of quoted financial assets and revenue from connection services;

Federal Grid Company’s performance in the first quarter of 2020 reflects management’s efforts to facilitate financial stability and enhanced operational efficiency for the Company.

The Company’s revenue in the first quarter of 2020 slightly increased by RUB 16 million or by 0.03% year-on-year, due to the growth of revenue from other activities. Regarding the main activities:

- Electricity transmission services revenue decreased by RUB 99 million or by 0.2% year-on-year, driven by:
 - lower income from compensation of electricity losses in the amount of RUB 721 million (by 6.5%) in connection with lower regulatory electricity losses submitted under transmission service agreements;
 - revenue from power supply rising by RUB 622 million (+ 1.4%) following tariff increases as of 1 July 2019, taking into account a phased transition to calculations based on actual power consumption;
- Revenue from connection services increased by RUB 23 million, or 3.3x, year-on-year due to changes in the service provision schedule in accordance with customer orders.

Adjusted EBITDA amounted to RUB 36,099 million, a decrease of RUB 1,272 million (-3.4%) year-on-year. The main reason for the decrease was lower income from penalties reflected in accounts on the basis of execution orders, and the receipt in Q1 2019 of profit from the disposal of grid facilities under the barter agreement with JSC Far East Energy Management Company. Adjusted EBITDA growth, excluding these factors, amounted to 0.5% (RUB 160 million).

Item (mln RUB)	Q1 2019*	Q1 2020	Change, %
EBITDA	37,371	36,099	(3.4%)
Income from penalties and fines	1,675	759	(54.7%)
Financial result on disposal of grid facilities under barter agreement with JSC DVEUK	516	-	-
Adjusted EBITDA excluding income from penalties and fines	35,180	35,340	0.5%

* figures are shown taking into account retroactive adjustments made in accordance with Q1 2020 financial accounts

For the first quarter of 2020, Federal Grid Company recorded a net profit in the amount of RUB 10,400 million, which was 2% lower than in the first quarter of 2019. Net profit was significantly impacted by certain non-cash operations, including:

Item (mln RUB)	Q1 2019*	Q1 2020	Change, %
Net profit	10,610	10,400	(2.0%)
Accrual/(Reversal) of allowance for doubtful debtors	807	(55)	(1.1x)
Revaluation of quoted financial assets	(1,406)	(1,632)	16.1%
Revenue from connection services	10	33	3.3x
Adjusted net profit**	11,199	12,054	7.6%

* figures are shown taking into account retroactive adjustments made in accordance with Q1 2020 financial accounts

** excluding accrual and reversal of allowance for doubtful debts, revaluation of quoted financial assets and revenue from connection services;

Adjusted net profit grew by RUB 855 million, or 7.6%, year-on-year.

Balance Sheet as of 31 March 2020

Assets

Federal Grid Company's total assets at the end of the first quarter amounted to RUB 1,534,337 million, which was RUB 2,013 million (0.1%) more than at the end of the previous year. Non-current assets accounted for RUB 1,321,141 million, while current assets equalled RUB 213,196 million.

Federal Grid Company's total equity at the end of the reporting period increased by RUB 10,403 million (0.9%) as the Company reported a net profit for the period in the amount of RUB 10,400 million;

Liabilities

The Company's gross debt as of the end of the reporting period decreased by RUB 206 million to RUB 226,853 million.

Federal Grid Company's financial statements for the first quarter of 2020 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/