

Federal Grid Company Announces 9M 2019 RAS Results

Moscow, 25 October 2019 – Federal Grid Company of Unified Energy System (“Federal Grid Company” or “the Company”; Moscow Exchange, LSE: FEES), part of PJSC ROSSETI Group of Companies, owner and operator of the Unified National Electricity Grid (“UNEG”), announces its financial results for 9M 2019 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)	9M 2018	9M 2019	Change, %
Revenue	160,584	170,530	6.2%
<i>Electricity transmission services</i>	158,902	167,187	5.2%
<i>Connection services</i>	82	1,736	21.2x
Cost of sales	125,479	127,936	2.0%
Management expenses	5,621	5,623	0.04%
Profit from sales	29,484	36,971	25.4%
Adjusted EBITDA*	99,834	106,003	6.2%
Net profit	33,344	37,683	13.0%
Adjusted net profit*	28,046	31,846	13.5%

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

Federal Grid Company’s performance indicators for 9M 2019 reflect management’s efforts to facilitate financial stability and enhanced operational efficiency for the Company.

The Company’s revenue for 9M 2019 increased by RUB 9,946 million or 6.2% year-on-year, more specifically:

- Electricity transmission services revenue increased by RUB 8,285 million or 5.2% year-on-year, driven by:
 - revenue from electricity transmission rising by RUB 6,862 million or 5.3% following tariff increases as of 1 July 2018 and 1 July 2019;
 - higher income from compensation for electricity losses in the amount of RUB 1,423 million or by 4.9% in connection with tariff increases for regulatory electricity losses, the rate of which is equal to the weighted average rate for PJSC ATS electricity purchases and capacity according to Russian Government decree №458 (dated 11 May 2018);
- Revenue from connection services increased by RUB 1,654 million (21x) due to changes in the service provision schedule in accordance with customer orders.

Adjusted EBITDA amounted to RUB 106,003 million, an increase of RUB 6,169 million or 6.2% year-on-year.

For 9M 2019, Federal Grid Company recorded a net profit in the amount of RUB 37,683 million, up 13% year-on-year. Net profit was significantly impacted by certain non-cash operations, including:

Item, mln RUB	9M 2018	9M 2019	Change, %
Net profit	33,344	37,683	13.0%
Accrual/(Reversal) of allowance for doubtful debtors	-1,636	-657	-59.8%
Revaluation of quoted financial assets	6,852	4,823	-29.6%
Adjusted net profit**	28,128	33,517	19.2%
Revenue from connection services	82	1,736	21.2x
Adjusted net profit excluding connection services	28,046	31,781	13.3%
Income related to late payment charges and penalties/fines	2,820	5,343	89.5%

Adjusted net profit excluding connection services, penalties and fines	25,226	26,438	4.8%
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*** generated by cash flows (excluding accruals and reversal of allowance of doubtful debts, revaluation of quoted financial assets).*

Adjusted net profit (excluding revenue from connection services and income related to late payment charges and penalties/fines) grew by RUB 1,212 million, or 4.8%, year-on-year.

Balance Sheet as of 30 September 2019

Assets

Federal Grid Company's total assets at the end of the reporting period amounted to RUB 1,492,215 million, which was RUB 5,153 million (0.3%) higher than at the beginning of the year. Non-current assets accounted for RUB 1,280,622 million, while current assets equalled RUB 211,593 million.

Federal Grid Company's total equity at the end of the reporting period increased by RUB 17,234 million (1.6%) as a result of the Company achieving a net profit for the period (RUB 37,683 million) and distribution profit for the year 2018 on dividend payments in the amount of RUB 20,449 million in accordance with the decision of the general meeting of shareholders of Federal Grid Company (minutes №22 dated June 28, 2019).

Company's gross debt as of the end of the reporting period decreased to RUB 228,479 million (by RUB 18,230 million, or 7.4% year-on-year).

Federal Grid Company's financial statements for 9M 2019 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/