



Federal Grid Company announces IFRS results for the first 3 months of 2019

Moscow, 22 May 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, and the operator of the Unified National Electricity Grid (“UNEG”), announces its unaudited condensed consolidated interim financial results for the three months ended 31 March 2019 under International Financial Reporting Standards (IFRS).

The financial results relate to Federal Grid Company and its subsidiaries (“the Group of Companies” or “the Group”).

Key financial results:

Financial indicator, RUB billion	Three months ended 31 March 2018*	Three months ended 31 March 2019	Change
Revenues	60.7	57.5	(5.3)%
Adjusted EBITDA ⁽¹⁾	35.2	36.9	4.8%
Profit for the period	20.3	27.4	35.0%
Total comprehensive income	26.5	26.0	(1.9)%

(1) Adjusted EBITDA is calculated as EBITDA (earnings before tax, financial income and expenses, depreciation and amortisation) excluding net reversal of impairment of property, plant and equipment, revenue from connection services, accrual of allowance for expected credit losses, gain on assets exchange (only for 3 months of 2019), movement in provision for legal claims and including financial income.

**including retrospective adjustment*

Operational performance highlights⁽²⁾:

Operational indicator	Three months ended 31 March 2018	Three months ended 31 March 2019	Change
Electricity supply from UNEG to consumers, billion kWh	143.2	144.1	0.6%
Total transformer capacity ⁽³⁾ , GVA	347.3	351.9	1.3%
Transmission grid length ⁽³⁾ , thousand km	143.4	147.2	2.6%

(2) PJSC Federal Grid Company of Unified Energy System

(3) Including rented transmission lines and substations

Financial results for the three months ended 31 March 2019

The Group's revenue amounted to RUB 57.5 billion, including:

- revenue from electricity transmission services amounted to RUB 56.1 billion, a 6.0% (RUB 3.2 billion) increase year-on-year as a result of:

- increase in revenue from compensation of losses in accordance with the 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;
- growth in revenue from electricity transmission following tariff increases by 5.5% from 1 July 2018.

- revenue from electricity sales amounted to RUB 0.5 billion, RUB 3.3 billion down year-on-year due to a decrease in the volume of electricity sold by a Federal Grid Company subsidiary;

- revenue from connection services amounted to RUB 0.1 billion, a RUB 0.1 billion increase year-on-year as a result of service schedules determined by customer orders;

- revenue from general contractor service agreements executed by Federal Grid Company subsidiaries was not recognised due to the absence of completed work during reporting period.

Operating expenses⁽⁴⁾

(RUB billion, or %)	Three Months ended 31 March 2018	Three Months ended 31 March 2019	Change
Purchased electricity for production needs	9.9	10.8	9.1%
Depreciation and amortisation	8.1	9.1	12.3%
Taxes and duties	5.2	5.2	-
Fuel for mobile gas-turbine electricity plants	2.9	-	(100)%
Electricity transit	0.1	0.3	3x
Materials, repairs and technical maintenance	0.5	0.5	-
Rent	0.4	0.9	2.3x
Other	8.4	8.1	(3.6)%
Total operating expenses	35.5	34.9	(1.7)%

(4) excluding expenses for general contractor services rendered by subsidiaries

For the reporting period the Group's operating expenses decreased by 1.7% year-on-year. An increase in specific expenses (purchase of electricity and power for loss compensation, electricity transit) was offset by lower costs on fuel for mobile gas-turbine electricity plants and other operating expenses.

Rental costs increased following a deal with JSC "Far Eastern Energy Management Company", which rented non-UNEG facilities located in the Krasnodar Territory (Sochi, Adler district) and the Republic of Karelia (Sortavala, Valaam Island) to Federal Grid Company under a short-term lease agreement until they are transferred into operation to the distribution network companies.

For the three months of 2019, the Group's profit amounted to RUB 27.4 billion, up 35.0% (RUB 7.1 billion) year-on-year.

Adjusted profit for the period, excluding the effect of the asset exchange transaction with JSC "Far Eastern Energy Management Company", a decrease in electricity production and sales, as well as

services rendered under general contractor service agreements, amounted to RUB 20.3 billion, at nearly the same level as in the first quarter of 2018.

Total comprehensive income amounted to RUB 26.0 billion, a decrease of RUB 0.5 billion (-1.9%) due to change in fair value of financial investments.

Selected balance sheet items

(RUB billions)	31 December 2018	31 March 2019	Change
ASSETS			
Non-current assets	1,057.5	1,104.3	4.4%
Current assets	151.6	129.2	(14.8)%
Total assets	1,209.1	1,233.5	2.0%
EQUITY AND LIABILITIES			
Non-current liabilities	276.0	289.5	4.9%
Current liabilities	93.9	78.9	(16.0)%
Total liabilities	369.9	368.4	(0.4)%
Equity attributable to shareholders of PJSC FGC UES	839.0	864.9	3.1%
Non-controlling interest	0.2	0,2	-
Total equity	839.2	865.1	3.1%
Total equity and liabilities	1,209.1	1,233.5	2.0%

* including retrospective adjustment within the current accounting policy

For the first 3 months 2019, the Group's total assets grew by RUB 24.4 billion (+2.0%) compared to the end of 2018 and amounted to RUB 1,233.5 billion. Non-current assets stood at RUB 1,104.3 billion, while current assets amounted to RUB 129.2 billion.

The liabilities of the Group at the end of the reporting period decreased by 0.4% year-on-year to RUB 368.4 billion. In March, PJSC Federal Grid Company of Unified Energy System repaid RUB 17.5 billion as part of its Eurobond issuance program. The ruble Eurobond issue (ISIN code XS0863439161) with a maturity date of March 13, 2019 took place on December 13, 2012 on the Irish Stock Exchange. The coupon rate was 8.446% per annum, while the circulation period was 6.25 years.

Federal Grid Company's condensed consolidated interim IFRS financial statements for the three months of 2019 ended on 31 March 2019 are available on the Company's website:

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