

Rosseti FGC (FGC UES, PJSC) discloses IFRS financial results for 6 months of 2021

Moscow, August 27, 2021 - Federal Grid Company of Unified Energy System ("Federal Grid Company" or "Company"; Moscow Exchange and LSE: FEES), part of PJSC ROSSETI Group, and the operator of the Unified National Electricity Grid ("UNEG") of Russia, announces its condensed unaudited consolidated interim financial results for the six months ended 30 June 2021 under the International Financial Reporting Standards (IFRS).

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

Financial results:

- Revenue: RUB 123.0 billion (6M2020: RUB 114.8 billion)
- Adjusted EBITDA¹: RUB 71.8 billion (6M2020: RUB 70.7 billion)
- Net profit: RUB 36.6 billion (6M2020: RUB 37.5 billion)

Operational performance highlights²:

- Electricity supply from UNEG to consumers: 281.1 billion kWh (6M2020: 262.6 billion kWh)
- Number of substations (UNEG): 889 units (6M2020: 885 units)
- Total transformer capacity: 352.0 GVA (6M2020: 351.9 GVA)
- Transmission grid length³: 149.2 thousand km (6M2020: 148.6 thousand km).

Key events

- The Kochubeevskaya Wind Farm, Russia's largest wind power generation facility with a capacity of 210 MW, has its utilities connected to the UNEG.
- Two compressor stations of "Power of Siberia" pipeline in Yakutia and Amur region (No. 4 and No. 7) have been connected to the electrical supply system.
- The construction of a new 330 kV Kola–Karelia transit line (1,050 km) has entered its final stage.
- The construction site of Amur Gas Chemical Complex has been connected to the grid.
- A new 250-km power transit line has been put into operation in the Primorsky Territory.
- The construction of a unique high-temperature superconductor power transmission line has started in St. Petersburg.
- For the first time in the Russian transmission network, backup power supply systems on Li-ion accumulators have been installed in Svarochnaya 220 kV substation.
- Implementation of RES generators has started in order to improve the efficiency of transmission substations.
- Bonds worth RUB 10 billion were placed at a coupon rate of 7.5 percent, term to offer – 7 years.
- The annual General Meeting of the PJSC FGC UES's shareholders has been held.

After the reporting date:

- Standard and Poor's credit rating agency upgraded its assessment of PJSC FGC UES creditworthiness by one notch (from "bb+" to "bbb-").
- In the north of the Astrakhan region, the final stage has begun for the construction of Zubovka 220 kV highly automated substation to be connected to five wind power plants.

¹ Adjusted EBITDA is calculated as EBITDA (earnings for the period before income tax, financial expenses and depreciation) less revenue from connection services, expenses on allowance for expected credit losses, movement in provision for legal claims and including financial income.

² PJSC FGC UES.

³ Including rented overhead transmission lines and substations

Financial results for the six months ended 30 June 2021

Financial indicator, RUB billion	6M2021	6M2020	Change, %
Revenue, including:	123.0	114.8	7.1
<i>Transmission fee</i>	118.0	110.3	7.0
<i>Construction services</i>	1.8	1.1	63.6
<i>Electricity sales</i>	1.0	0.8	25.0
<i>Technological connection services</i>	0.5	0.7	(28.6)
<i>Other revenues</i>	1.7	1.9	(10.5)
Operating expenses	(81.3)	(73.2)	11.1
EBITDA adj.	71.8	70.7	1.6
Net profit	36.6	37.5	(2.4)
Net debt	169.2	196.9 ⁴	(14.1)

Operating expenses

Financial indicator, RUB billion	6M2021	6M2020	Change, %
Electricity purchased for losses compensation	21.1	17.8	18.5
Depreciation	22.3	20.0	11.5
Taxes and fees	7.3	6.8	7.4
Transit of electricity	0.8	1.1	(27.3)
Subcontractor services for construction contracts	1.8	0.8	+2.3x
Other operating expenses	28.0	26.7	4.9
Total operating expenses	81.3	73.2	11.1

The main factors which affected the dynamics of the financial indicators:

- revenue from power transmission increased due to capacity transmission tariffs indexation starting from July 1, 2020 by 5.5% and increase of volume of services provided as result of electricity consumption recovery.
- decrease in revenue from technological connection services is associated with the service schedule determined by customers' applications.
- increase in revenue from construction services is due to a change in the percentage of completion of work at different stages of construction of projects implemented by subsidiaries of Federal Grid Company under general contracting agreements.
- increase of operating expenses due to commissioning of new capacities (increase of depreciation by RUB 2.3 billion), increase of electricity consumption (growth of expenses for electricity purchased for losses compensation by RUB 3.3 billion due to increase in volume losses and higher weighted average price for the electricity purchased for production needs) and increase in expenses on construction projects commensurate with an increase in revenue (by RUB 1.0 billion).

⁴ As of 31.12.2020

Federal Grid Company's condensed unaudited consolidated interim IFRS financial statements for the six months ended June 30, 2021 are available on the Company's corporate website at https://www.fsk-ees.ru/enq/investors/financial_disclosure/ifrs_financial_reports/

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For more information

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