

Federal Grid Company Announces 9M 2020 RAS Results

Moscow, 30 October, 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 Electric Grid announces its financial results for 9M 2020 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 2019 ¹	9M 2020	Change, %
Revenue	170,530	171,471	0.6%
<i>Electricity transmission services</i>	167,187	165,725	-0.9%
<i>Process connection services</i>	1,736	4,006	+2.3x
Cost of sales and management expenses	133,559	133,256	-0.2%
Profit from sales	36,971	38,215	3.4%
EBITDA²	100,790	104,188	3.4%
Net profit	37,683	39,580	5.0%
Adjusted net profit³	25,694	27,757	8.0%

The performance indicators of Federal Grid Company for 9M 2020 reflect the management's efforts aimed at ensuring financial stability and enhancing the Company's performance.

The Company's revenue for 9M 2020 rose by RUB 941 million or 0.6% year-on-year. Regarding the main activities:

- Revenue from electricity transmission services decreased by RUB 1,462 million or by 0.9%, driven by:

- reduction in revenue from compensation of electricity losses by RUB 2,932 million (by 9.5%) due to lower regulatory electricity losses submitted under transmission service agreements as a result of a drop in demand for electricity consumption;
- increase in revenue from power supply by RUB 1,470 million (by 1.1%) due to an increase in the tariff from 1 July 2019 and 1 July 2020, taking into account a phased transition to settlements based on actual power consumption.

- Revenue from process connection services is recognized RUB 2,270 million (or 2.3-fold) more than for 9 months 2019 in line with the service provision schedule affected by consumer requests;

According to 9M 2020 results, Federal Grid Company received a net profit of RUB 39,580 million, up 5.0% year-on-year. Adjusted net profit increased by RUB 2,063 million or 8.0%. The financial result was influenced by non-monetary transactions, including:

Item, mln RUB	9M 2019 ¹	9M 2020	Change, %
Net profit	37,683	39,580	5.0%
Reserve balances	1,159	858	-26.0%
Revaluation of quoted financial assets	5,282	5,617	6.3%
Revenue from process connection services	1,736	4,006	+2.3x
Income related to late payment charges and penalties/fines	3,812	1,342	-64.8%
Adjusted net profit less NC and penalties³	25,694	27,757	8.0%

Balance Sheet as of September 30, 2020

Assets

As at the end of the reporting period, the total assets of the Company amounted to RUB 1,540,968 million, which was RUB 8,644 million (or 0.6%) more than at the beginning of the year, where the value of non-current assets amounted to RUB 1,331,577 million, and the value of current assets amounted to RUB 209,391 million.

During the reporting period, the Company's equity increased by RUB 27,539 million (or 2.5%) due to the net profit generated for 9M 2020 (RUB 39,580 million) and the 2019 profit allocated to dividend payments of RUB 12,102 million

¹ Figures are shown taking into account retroactive adjustments made in accordance with statements for 9 months 2020

² Excluding accrual and reversal of allowance for doubtful debts, financial result related to revaluation of quoted financial assets, and revenue from process connection services

³ Excluding accrual and reversal of allowance for doubtful debts, financial result related to revaluation of quoted financial assets, and revenue from process connection services and revenues from charges for breach of contractual obligations

pursuant to the resolution of the General Meeting of Shareholders of Federal Grid Company (minutes No. 24 dated May 15, 2020).

Taking into account the interim dividends paid for 9 months of 2019 (resolution of the Extraordinary General Meeting of Shareholders dated December 31, 2019 No. 23) in the amount of RUB 11,229 million, the total amount of dividends for the year 2019 amounted to RUB 23,331 million.

During the reporting period, the Company's gross debt with consideration of debt on interests accrued decreased by RUB 5,079 million (2.2%) and amounted to RUB 221,980 million. For 9M 2020 the Company placed bonds in the amount of RUB 20,000 million, and repaid loans in the amount of RUB 24,466 million.

The accounting statements for 9M 2020 under RAS are available at the website of Federal Grid Company in the Financial Information / Statements Under RAS Section through the link below: https://www.fsk-ees.ru/shareholders_and_investors/financial_information/accounting_standards/