



Federal Grid Company Announces Q1 2019 RAS Results

Moscow, 26 April 2019 – 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 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)	Q1 2018	Q1 2019	Change, %
Revenue	53,201	56,721	6.6%
<i>Electricity transmission services</i>	52,705	56,274	6.8%
<i>Connection services</i>	33	10	(69.7%)
Cost of sales	40,490	41,862	3.4%
Management expenses	1,480	1,494	0.9%
Profit from sales	11,231	13,365	19.0%
Adjusted EBITDA*	34,467	37,399	8.5%
Net profit	18,604	10,610	(43.0%)
Adjusted net profit*	9,804	11,227	14.5%

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

Federal Grid Company’s performance in the first quarter of 2019 reflects management’s efforts to facilitate financial stability and enhanced operational efficiency for the Company.

The Company’s revenue in the first quarter of 2019 increased by RUB 3,520 million or by 6.6% year-on-year, impacted by the following factors:

- Electricity transmission services revenue increased by RUB 3,569 million or by 6.8% year-on-year, driven by:
 - revenue from electricity transmission rising by RUB 2,551 million (+ 6.0%) following tariff increases as of 1 July 2018;
 - higher income from compensation of electricity losses in the amount of RUB 1,018 million (+10.2%) in connection with tariff for regulatory electricity losses increase, which is equalled to the weighted average price of electricity and capacity calculated by PJSC “ATS” in accordance with Russian Government decree №458 (dated 11 May 2018);
- Revenue from connection services decreased by RUB 23 million (-69.7%) due to changes in the service provision schedule in accordance with customer orders.

Adjusted EBITDA amounted to RUB 37,399 million, an increase of RUB 2,932 million or +8.5% year-on-year.

For the first quarter of 2019, Federal Grid Company recorded a net profit in the amount of RUB 10,610 million, which was 43% lower than in the first quarter of 2018. Net profit was significantly impacted by certain non-cash operations, including:

Item, mln RUB	Q1 2018	Q1 2019	Change, %
Net profit	18,604	10,610	(43.0%)
Accrual/(Reversal) of allowance for doubtful debtors	20	779	+39.0x
Revaluation of quoted financial assets	8,747	(1,406)	(116%)
Adjusted net profit**	9,837	11,237	14.2%
Revenue from connection services	33	10	(69.7%)
Adjusted net profit excluding connection services	9,804	11,227	14.5%

*** 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) grew by RUB 1,423 million, or 14.5%, year-on-year.

In the first quarter of 2019, there was a notable increase in expenses primarily due to expense items that were beyond the control of the company (in particular, electricity purchases for compensation of electricity losses grew by 8.1%, while costs for electricity transit services grew threefold).

Balance Sheet as of 31 March 2019

Federal Grid Company's total assets at the end of the first quarter amounted to RUB 1,478,772 million, which was RUB 8,291 million (0.6%) less than at the end of the previous year. Non-current assets accounted for RUB 1,268,494 million, while current assets equalled RUB 210,278 million.

The decrease in assets was primarily due to the redemption of the Company's ruble-denominated eurobonds in March 2019 in the amount of RUB 17,500 million (including a coupon – RUB 18,239 million), which was paid with funds available on the Company's accounts in the beginning of the year, as well as cash flows during the reporting period.

As a result of the bond redemption, Federal Grid Company's gross debt as of the end of the reporting period decreased to RUB 228,522 million (by RUB 18,187 million, or 7.4% at the end of the previous year).

Total equity at the end of the reporting period increased by RUB 10,610 million (1.0%) as a result of gaining net profit for the reporting period.

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