



Federal Grid Company Announces 9M 2015 IFRS Results

Moscow, 26 November 2015 - Federal Grid Company of Unified Energy System (“Federal Grid Company” or “the Company”; Moscow Exchange, LSE: FEES), the owner and operator of the Unified National Electricity Grid (“UNEG”), announces its unaudited condensed consolidated interim financial results for the three and nine months ended 30 September 2015, under International Financial Reporting Standards (IFRS).

Key financial highlights for 9M 2015:

Financial indicator, RUB billion	9 months ended 30.09.2015	9 months ended 30.09.2014	Change, %
Operating revenue	125.9	126.9	-0.8%
Adjusted EBITDA*	78.5	78.1	0.5%
Net profit	31.9	29.9	6.8%
Total comprehensive income	35.7	30.7	16.6%

* *Adjusted EBITDA is calculated as EBITDA (profit for the period before income tax, finance income and costs, depreciation and amortisation), excluding impairment of available-for-sale investments, loss on re-measurement of assets held for sale and also including finance income.*

Operational:

- Electricity supply from UNEG to consumers (net): 387.5 billion kWh
- Total transformer capacity: 332.1 GVA
- Transmission grid length in operations: 139.1 thousand km
- Number of UNEG substations**: 924

** *including rented*

Key developments of 3Q 2015:

- In accordance with the decision of the Federal Tariff Service (№ 297-e/3, from 09.12.2014) in relation to Federal Grid Company for the period from 2015-2019, starting from 01.07.2015 the tariff for electric energy transmission on the UNEG was increased by 7.5% in relation to the previous level of tariffs in force until 06.30.2015.
- In July, Fitch Ratings confirmed Federal Grid Company’s international ratings at investment level, which reinforcing the high credit quality of the Company.
- In September, Federal Grid Company successfully fulfilled its obligations to purchase series-10 bonds as part of a planned offer. As a result, the Company’s loan portfolio has been reduced since the last reporting date (30 June 2015) by RUB 9.97 billion.

As of 30 September 2015, the principal amount of the Company's debt totals RUB 278 billion.

Chairman of the Federal Grid Company Management Board Andrey Murov commented:

"This year Federal Grid Company is publishing its nine month IFRS financial results for the first time, in line with the best practice of publicly traded companies. I would note that in doing so we are also setting a precedent for the entire electricity transmission segment in Russia. The Company continues to be committed to the principles of openness and transparency with its shareholders."

9M 2015 Financial results

Federal Grid Company's revenue from core operations remained at the same level as in the nine months of the previous year and amounted to RUB 125.9 billion (a decrease of less than 1%). This change was due to result of lower revenue from UNEG technological connection services due to characterized by non-scheduled frequency and regulated by the timeline for delivery of services under contracts.

Operational expenses

<i>(RUB bn, or %)</i>	9M 2015	% of total operating expenses ***	9M 2014	% of total operating expenses ***	y-o-y change, %
Personnel-related expenses	20.1	24.1%	19.7	23.2%	2.0%
Electricity purchases	10.0	12.0%	9.9	11.7%	1.0%
Repair, maintenance & materials	3.1	3.7%	4.0	4.7%	-22.5%
Electricity transit	4.2	5.0%	2.3	2.7%	82.6%
Other	9.5	11.4%	11.3	13.3%	-15.9%
D&A	30.4	36.4%	33.1	39.0%	-8.2%
Taxes, other than on income	6.1	7.3%	4.5	5.4%	35.6%
Total operating expenses***	83.5	100%	84.8	100%	-1.7%

*** excluding allowance for doubtful debtors and provision for legal claims

Federal Grid Company continues to implement its cost reduction programme.

At the end of the reporting period, Federal Grid Company's operating expenses, excluding allowance for doubtful debtors and provision for legal claims, amounted to RUB 83.5 billion, a decrease of 1.7% year-on-year.

During the reporting period, the cost of materials, repair and maintenance demonstrated a decrease of 22.5%, as a result of reduced volume and cost of work performed by outside contractors.

Purchases of electricity amounted to RUB 10.0 billion for the reporting period, an increase of 1% year-on-year.

Depreciation and amortisation in the first 9 months of 2015 decreased by more than 8%

and amounted to RUB 30.4 billion, which is explained by reviews of useful life and re-appraisal of plants, property and equipment as of the end of the previous financial year.

Personnel-related expenses grew by 2.0% to RUB 20.1 billion in connection with salary indexation for operations personnel in accordance with the Industry Tariff Agreement.

Tax and levy expenses grew by RUB 1.6 billion (35.6%) year-on-year due to the gradual elimination of property tax benefits for electrical utility facilities.

Growth in costs for electricity transit came as a result of higher exchange rates for foreign currencies in relation to the rouble.

On the whole, reduced operating expenses reflects the efficiency of measures taken by Company management to optimise costs and enhance the operational efficiency.

Selected balance sheet items

(RUB bn)	30 September 2015	31 December 2014
ASSETS		
Non-current assets	847.9	824.4
Current assets	125.1	110.8
Total assets	973.0	935.2
LIABILITIES AND EQUITY		
Non-current liabilities	282.6	242.8
Current liabilities	82.3	119.1
Total liabilities	364.9	361.9
Equity attributable to shareholders	607.7	572.3
Non-controlling interest	0.3	1.0
Total equity	608.0	573.2
Total liabilities and equity	973.0	935.2

Federal Grid Company's non-current liabilities grew by 16.4% during the first nine months of the year, following the issuance of a new tranche of infrastructure bonds (series 37 and 38) totalling RUB 40 billion and with a put date in 30 years (issue date 06.05.2015).

The funds are intended to be used to finance projects of Federal Grid Company's investment programme. The key investor in the issuances was Vneshekonombank State Management Company, which manages pension savings.

Federal Grid Company's unaudited condensed consolidated IFRS statements for the first nine months and third quarter of 2015 are available on the Company's website in the Financial Disclosure/IFRS Financial Reports section at the link:

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