



ROSSETI
FGC UES

FY 2019 Operational and Financial Results

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Key financial figures

Key Events in 2019

- As part of an asset exchange agreement, FGC consolidated certain UNEG facilities that had previously belonged to JSC Far East Energy Management Company
- In March 2019, the Company redeemed its Eurobond issuance in the amount of RUB 17.5 bn
- In June 2019, at the Annual General Meeting of shareholders the decision was taken to pay dividends for FY 2018 in the amount of RUB 20.4 bn
- In December, at the the Extraordinary General Meeting of shareholders the decision was taken to pay interim dividends for 9M 2019 in the amount of RUB 11.2 bn

Financial performance

RUB bn	2019	2018	Y-o-Y Change
Revenues, ⁽¹⁾ including	249.6	254.0	(1.7%)
Revenue from electricity transmission services (core operations)	222.4	213.1	4.4%
Operating expenses ⁽²⁾	152.0	145.3	4.6%
Adjusted EBITDA	136.2	133.6	1.9%
EBITDA margin	54.6%	52.6%	2.0 p.p.
Profit for the period	86.6	92.8	(6.7%)
Total comprehensive income	94.1	101.2	(7.0%)
Total debt *	239.7	246.8	(2.9%)
Total Debt / adjusted EBITDA	1.76x	1.85x	(0.09x)
Net debt	176.8	205.4	(13.9%)
Net debt / adjusted EBITDA	1.30x	1.54x	(0.24x)

Source: Company IFRS financials

Notes:

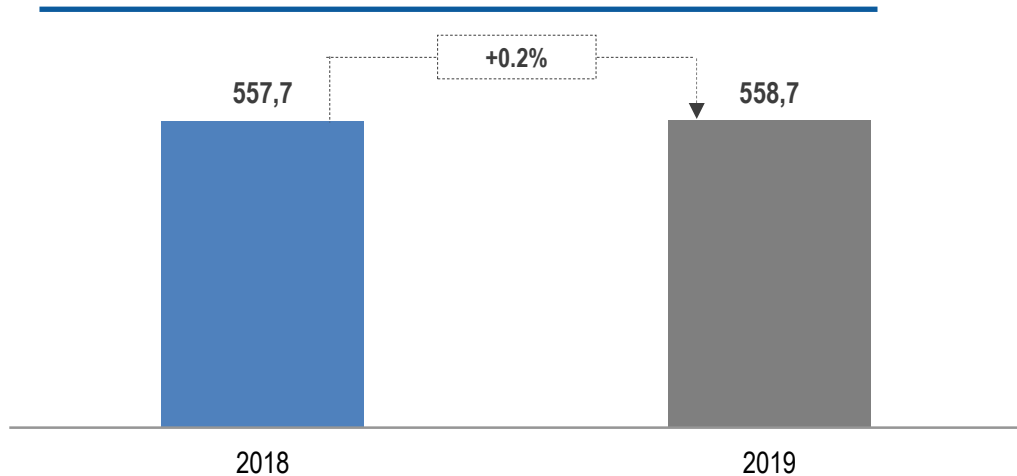
Definitions for terms marked in this presentation with capital letters (including certain non-IFRS financial information) are provided at the end of this presentation

- Total revenue figure includes revenues from general contractor agreements of subsidiaries.
- Excluding expenses for work completed under general contractor agreements of subsidiaries.

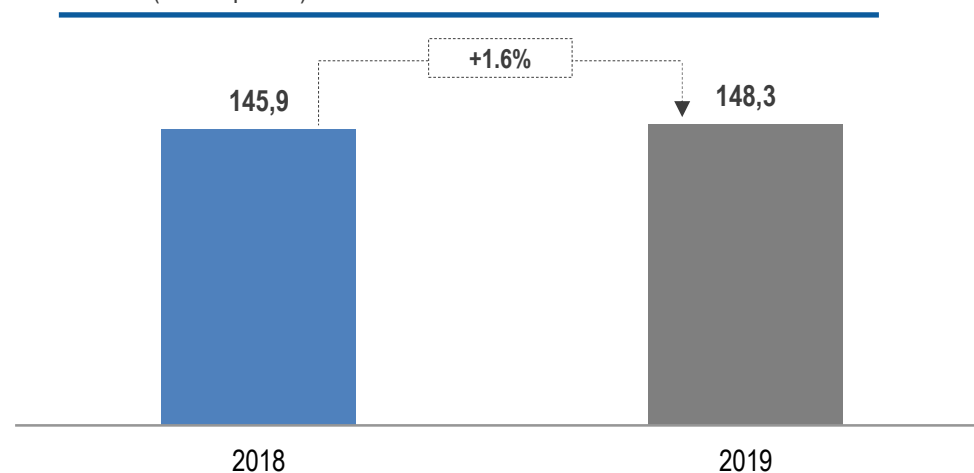
* Due to the introduction in IFRS 16 standard in 2019, lease obligations (mainly related to land) in the amount of RUB 12.8 bn are reflected in debt. Excluding the impact of this factor, total debt in 2019 was RUB 226.9 bn, total debt/adjusted EBITDA ratio was 1.67x

Operational Overview⁽¹⁾

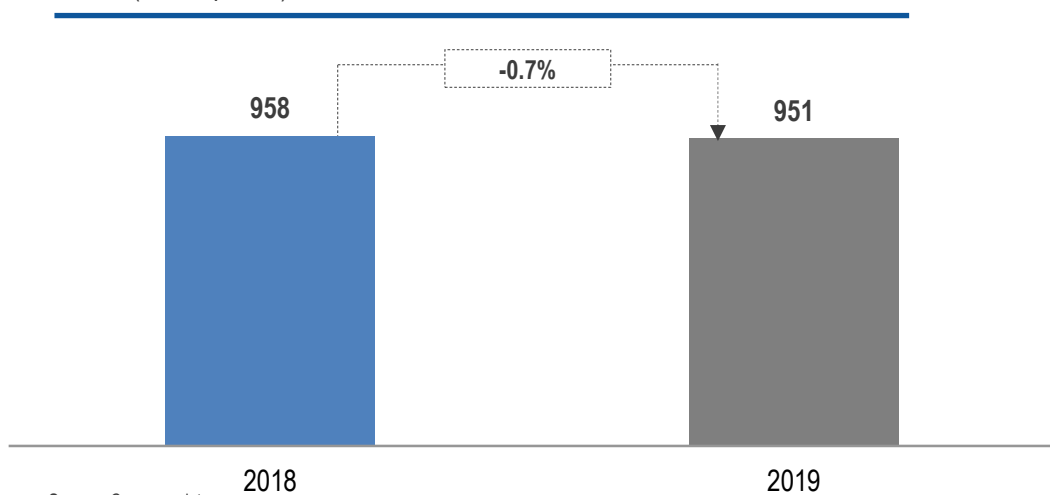
Electricity Transmission Volume bn kWh (for respective period)
bn kWh (for respective period)



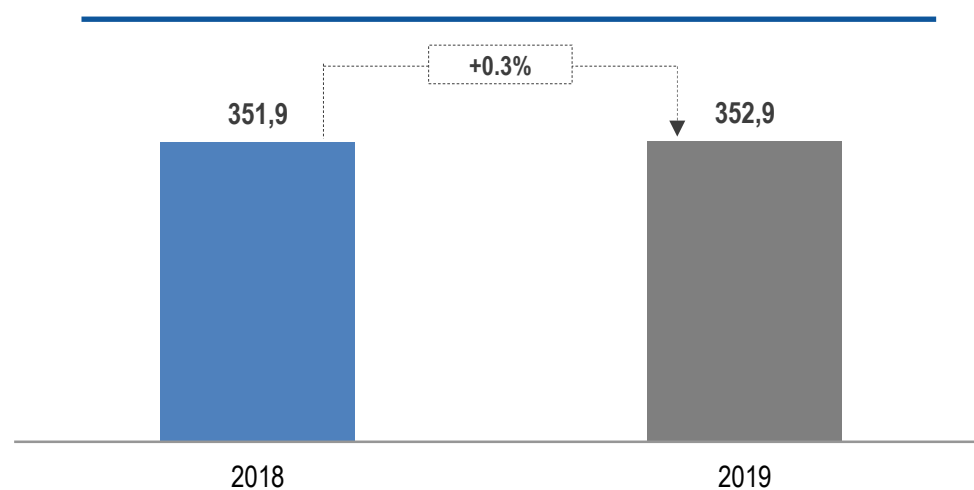
Transmission Grid Length in Operation⁽²⁾
'ths km (end of period)



Substations in Operation⁽²⁾
Units (end of period)



Total Transformer Capacity in Operation⁽²⁾
GVA (end of period)



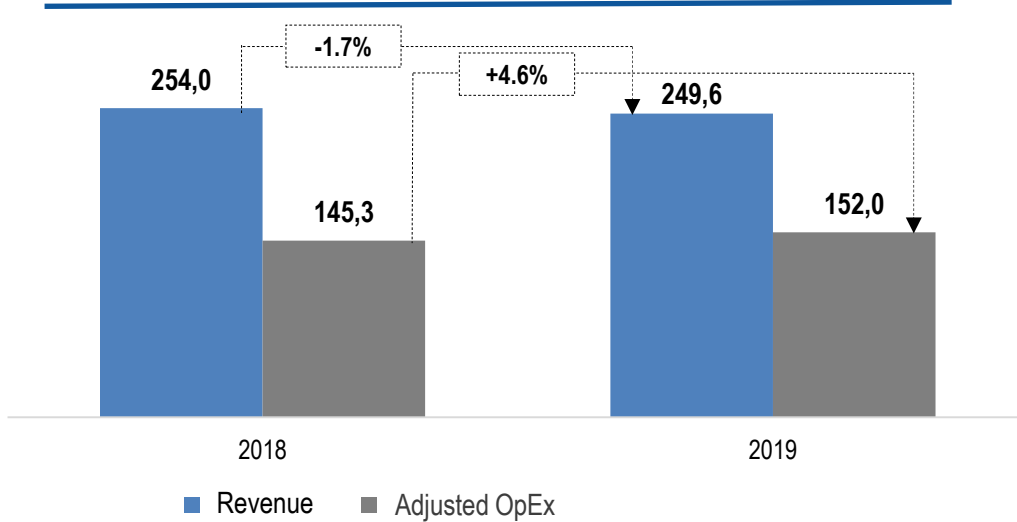
Source: Company data

Notes:

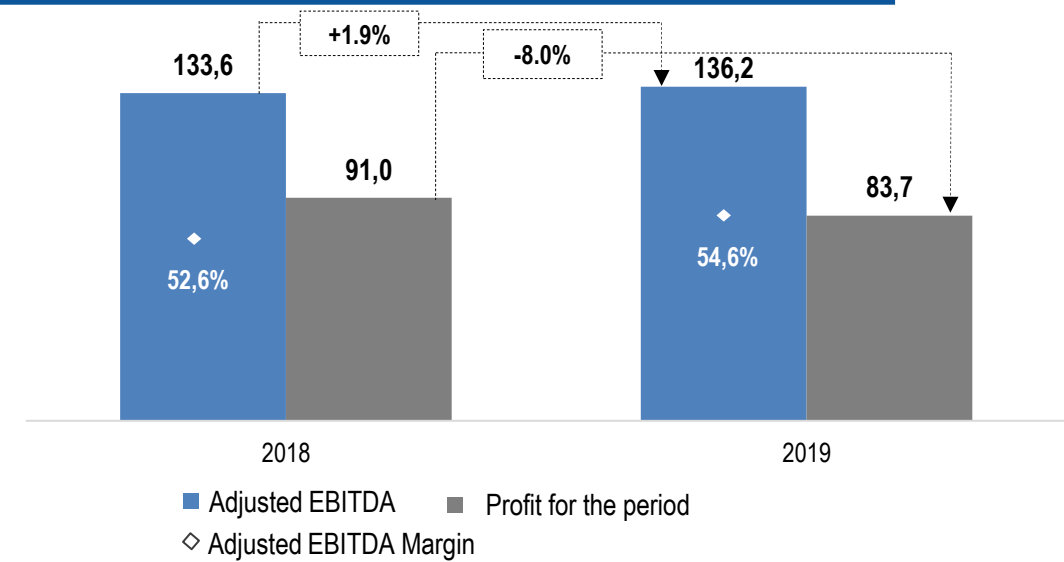
1. PJSC Federal Grid Company of Unified Energy System
2. Including leased substations

Key Financials

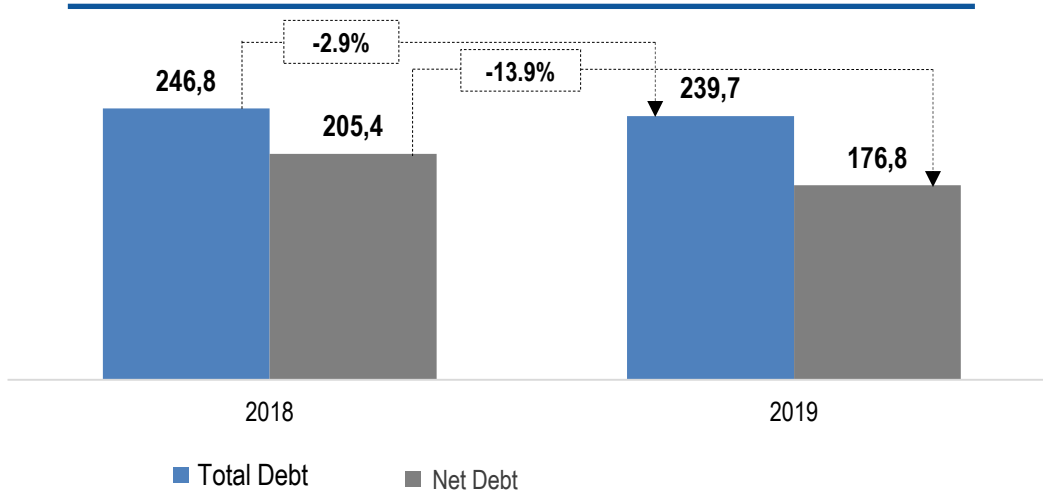
Revenues, adjusted OpEx
RUB bn



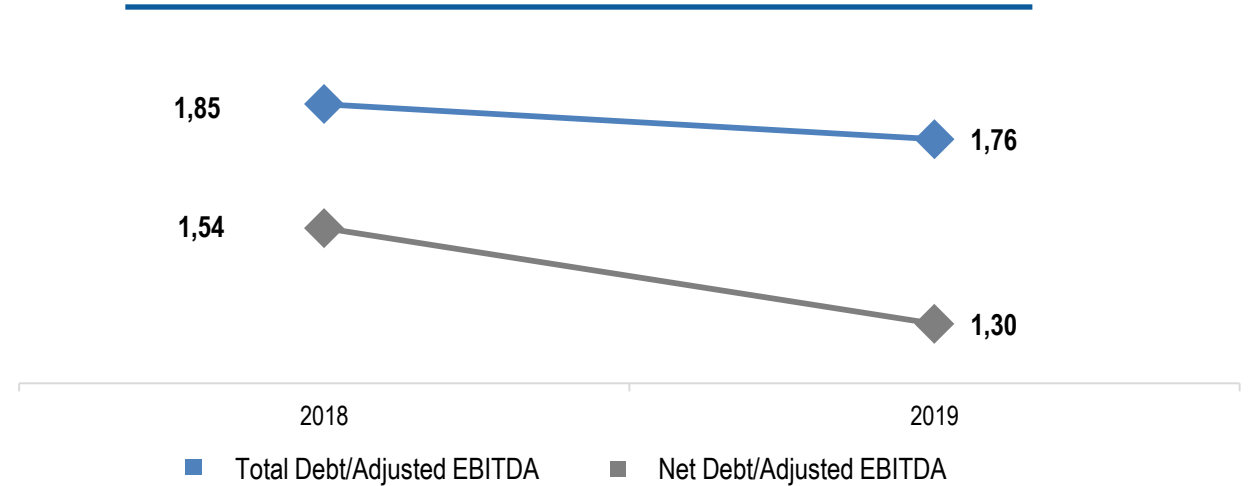
Adjusted EBITDA, profit for the period
RUB bn



Debt Position
RUB bn



Leverage

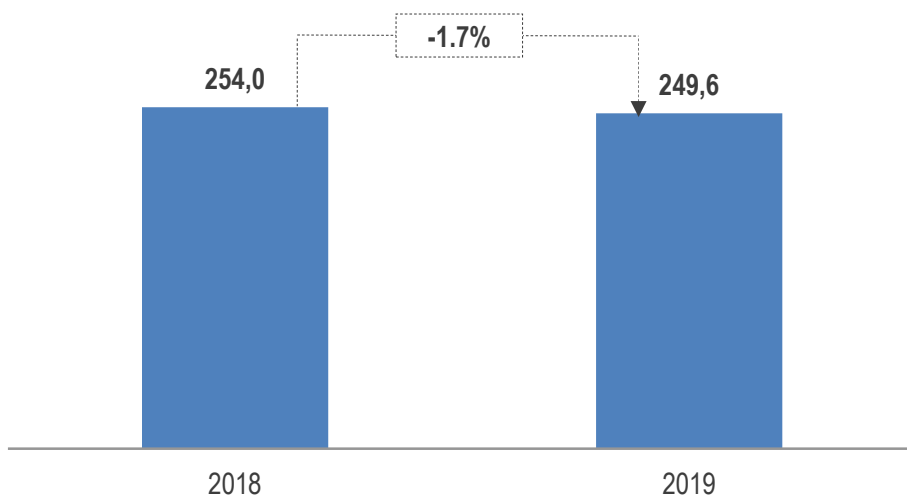


Source: Company IFRS financials
Note: Definitions for terms marked in this presentation with capital letters (including certain non-IFRS financial information) are provided at the end of this presentation

Revenue Structure

Total Revenue

RUB bn



Tariffs in the 2nd RAB-period

	1 July 2016	1 July 2017	1 July 2018	1 July 2019
Return on invested capital	10%	10%	10%	10%
Tariff growth	7.5%	5.5%	5.5%	5.5%
Tariff rate (RUB/MW a month)	155 541.58	164 095.64	173 164.15	182 697.68

Source: Company IFRS financials

Revenue structure

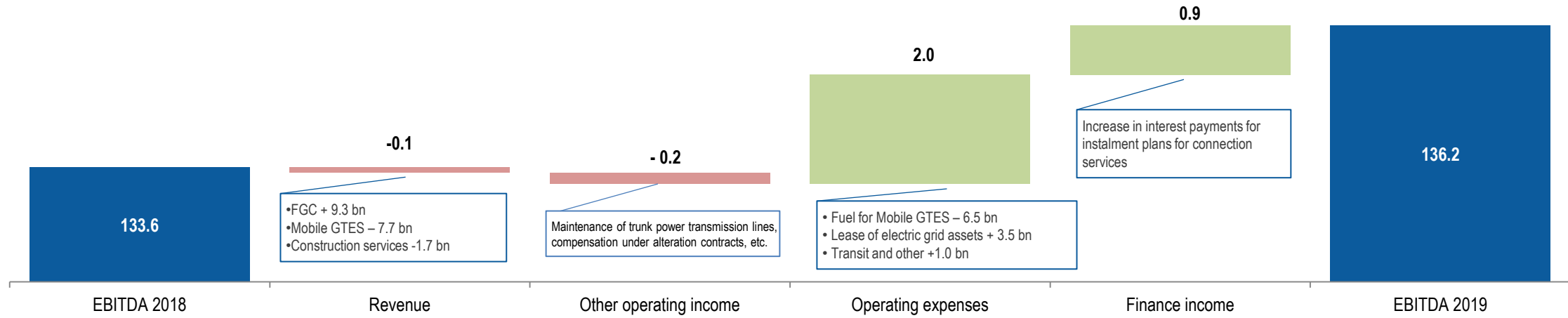
RUB bn	1H2019	1H2018	Y-o-Y Change	Y-o-Y Change, %
Transmission fee	222.4	213.1	9.3	4.4%
Connection services	17.2	21.5	(4.3)	(20.0%)
Construction services	4.4	6.1	(1.7)	(27.9%)
Grids repair and maintenance services	1.8	1.4	0.4	28.6%
Electricity sales	1.7	9.4	(7.7)	(81.9%)
Other revenue	2.1	2.5	(0.4)	(16.0%)
Total revenue	249.6	254.0	(4.4)	(1.7%)

The Group's revenue in 2019 amounted to RUB 249.6 bn, including:

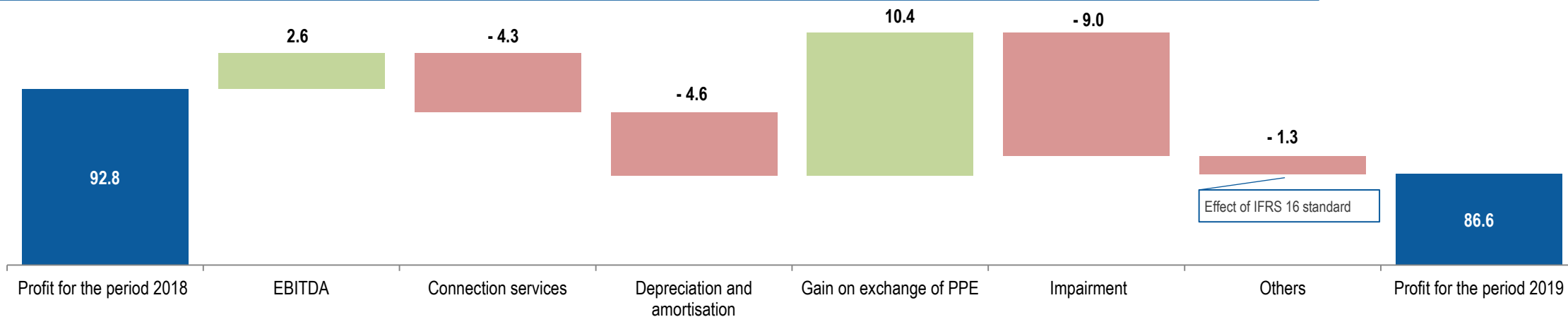
- Revenue from FGC's core business (electricity transmission) rose by 4.4% (RUB 9.3 bn), primarily driven by growth of income from compensation of losses caused by the increase in the tariff for regulatory and technological losses of electricity and following tariff increase by 5.5% on both 1 July 2018 and 1 July 2019
- Revenue from connection services declined by RUB 4.3 billion year-on-year, or 20%, as a result of service schedules determined by customer orders
- Revenue from general contractor service agreements performed by FGC subsidiaries decreased by RUB 1.7 bn, or by 27.9%, due to changes in work completion levels at various stages of construction projects
- Revenue from maintenance and repair of electric grid assets owned by third parties increased by 28.6% (RUB 0.4 bn) due to higher volume of services performed by FGC subsidiaries
- Lower revenue from electricity sales (down by RUB 7.7 bn, or 81.9%) is mainly explained by decreased electricity sales volumes by a subsidiary of the Company

EBITDA and profit for the period

Adjusted EBITDA RUB bn



Profit for the period RUB bn

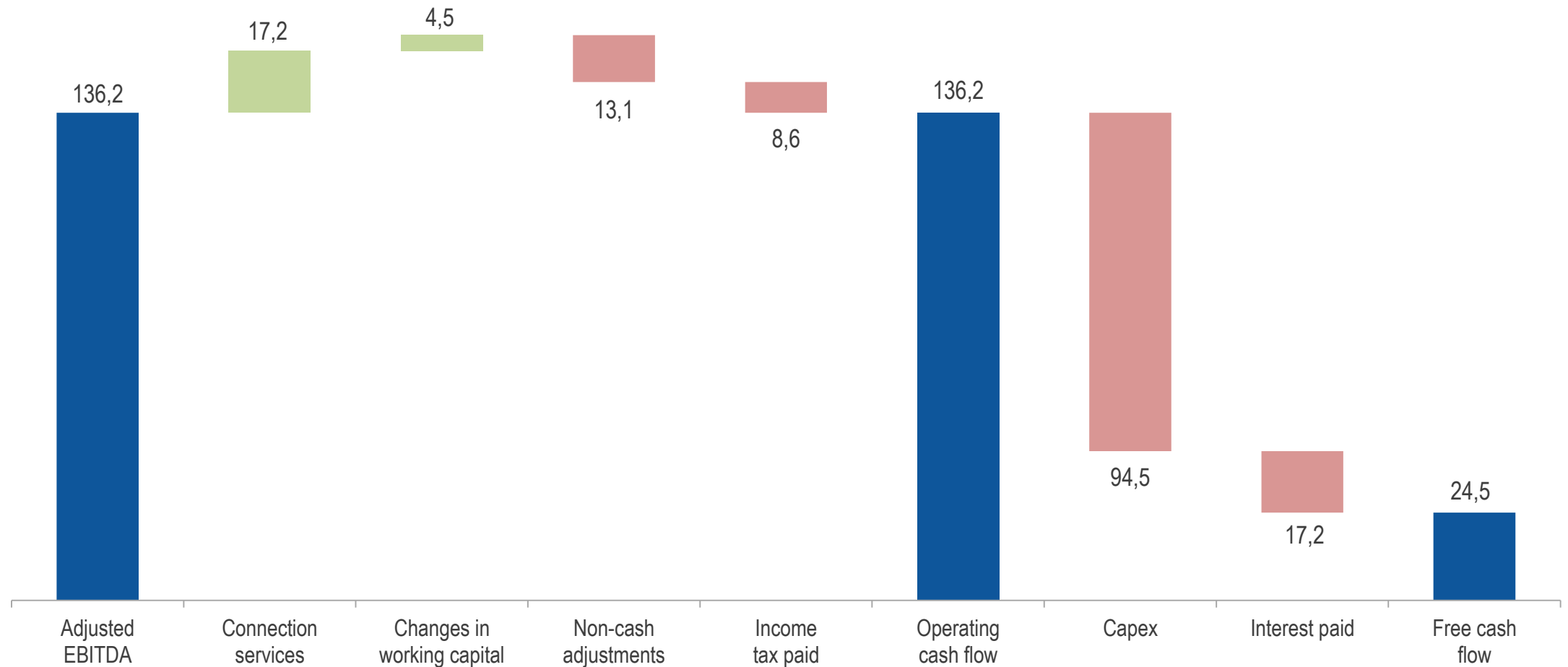


Source: Company IFRS financials

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Free Cash Flow

Free Cash Flow
RUB Bn



Source: Company IFRS financials

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Debt Capital Structure

Debt profile as of December 31, 2019

- Principal amount of debt: RUB 224.5 bn
- Cost of debt:
 - As at 31.12.2019 – 6.14%
 - As at 31.12.2018 – 5.91%
- Average debt maturity: 17.5 years
- Debt structure comprised of long-term financial instruments. including: 38% - market bonds. 62% - infrastructure bonds; less than 1 % - other debt
- 100% of total debt is unsecured and ruble-denominated
- Zero currency risk

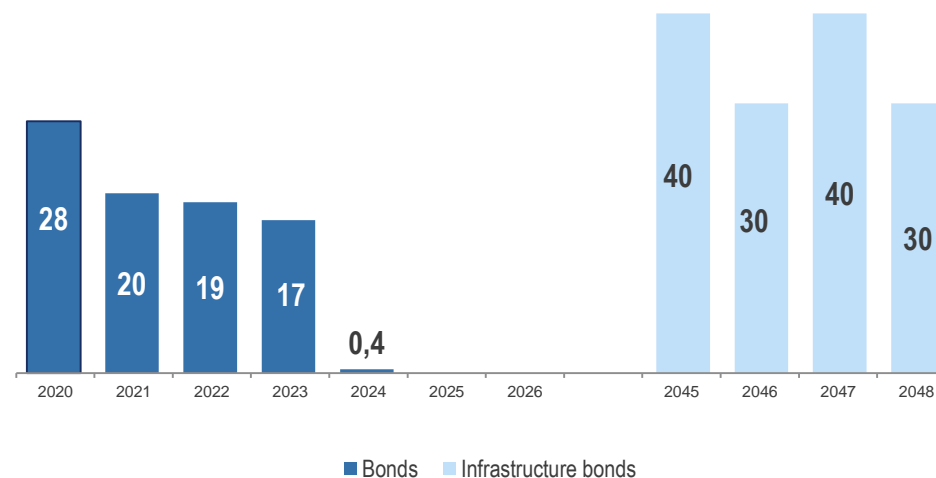
Credit Ratings

Company's credit ratings are at the sovereign level as per 3 leading ratings' scales

FitchRatings	BBB	Stable
STANDARD & POOR'S	BBB-	Stable
MOODY'S INVESTORS SERVICE	Baa3	Stable
AKPA	AAA (RU)	Stable

* In Q1 2020, bonds were redeemed (purchased) in the amount of RUB 9.5 bn and bonds in the amount of RUB 10 bn were placed, with maturity in 2030 and 6.75% coupon rate

Debt repayment structure. RUB bn *



Financial leverage indicators**

Indicators	2018	2019
Total debt. bn. RUB (excluding IFRS 16 impact)	246.8	239.7
Net debt. bn. RUB (excluding IFRS 16 impact)	205.4	176.8
Total debt / Adjusted EBITDA	1.85x	1.76x
Net debt / Adjusted EBITDA	1.54x	1.30x

** * Due to the introduction in IFRS 16 standard in 2019, lease obligations (mainly related to land) in the amount of RUB 12.8 bn are reflected in debt. Excluding the impact of this factor, total debt in 2019 was RUB 226.9 bn, total debt / adjusted EBITDA was 1.67x

Thank you for your attention

General

- the UNEG – The Unified National Electric Grid
- FGC UES – PJSC “Federal Grid Company of Unified Energy System”
- PJSC “FGC UES” and its subsidiaries – the Group
- PJSC ROSSETI – PJSC “Rosseti”

Financial Metrics

- Adjusted EBITDA is calculated as (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 disposal of assets (only for 2019), loss on disposal of associated company (only for 2019), movement in provision for legal claims and including financial income.
- Adjusted EBITDA Margin – ratio of Adjusted EBITDA to revenue
- Total Debt – current and non-current debt (includes bonds, bank and non-bank loans and finance lease liabilities)
- Net Debt – total debt less cash and cash equivalents, short-term promissory notes and short-term bank deposits
- Capex – cash spent during the reporting period for purchase of property, plant and equipment and intangible assets
- Leverage – ratio of net debt as at the end of the reporting period to adjusted EBITDA for the last twelve months before the end of that period
- Personnel expenses – salaries and payroll tax
- Materials, Maintenance & Repairs costs – sum of expenses for repairs and maintenance of equipment (by contractors) and materials for repair
- D&A – depreciation of property, plant and equipment, depreciation of Right-of-use assets and amortisation of intangible assets

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