



ROSSETI Discloses Its IFRS Financial Results for 1H2017

August 29, 2017. Moscow, Russia – PJSC ROSSETI (LSE:RSTI) (“Company”), Russia’s largest electricity transmission and distribution company, discloses today the IFRS financial results of the ROSSETI Group (“Group”) for the six months ended June 30, 2017.

Financial results:

- Revenue: 436.9 billion rubles (1H2016: 415.5 billion rubles)
- EBITDA: 140.8 billion rubles (1H2016: 139.4 billion rubles)
- Adjusted EBITDA:¹ 158.7 billion rubles (1H2016: 130.6 billion rubles)
- Net profit: 54.0 billion rubles (1H2016: 53.8 billion rubles)
- Adjusted net profit:² 70.9 billion rubles (1H2016: 44.2 billion rubles)
- Net cash flows from operating activities: 91.2 billion rubles (1H2016: 76.4 billion rubles)

Corporate highlights:

- The Moscow Exchange transferred ordinary shares in ROSSETI from Quotation List Level 2 to Quotation List Level 1.
- Standard & Poor’s upgraded the outlook for ROSSETI’s credit rating (BB+) from stable to positive and decided to upgrade ROSSETI’s own creditworthiness by one notch to bb due to the ROSSETI Group’s high operating performance and structure stability.
- The Annual General Meeting of Shareholders resolved to pay dividends for 2016; therefore, the total amount of dividend payouts for 2016, including dividends for the 1st quarter of 2016, is 3.8 billion rubles.
- The Company approved the new Corporate Code of Ethics and Business Conduct of ROSSETI.
- The Company approved the modernization program for the electric grid sector.
- The Company approved the new Technique for Calculating and Evaluating the Key Performance Indicators (KPI) of the Director General of ROSSETI.
- ROSSETI was added to the FTSE4Good Emerging Index using sustainable investment criteria.

Events after the reporting period:

¹ *Adjusted EBITDA* is calculated as EBITDA (earnings before interest, tax, depreciation, and amortization for the reporting period) less losses on impairment of financial investments and impairment of receivables, and losses/gains on changes in the ROSSETI Group’s structure

² *Adjusted Net Profit* for the reporting period is calculated as the period’s net profit less losses on impairment of financial investments and impairment of receivables, and related deferred profit tax liabilities, and losses/gains on changes in the ROSSETI Group’s structure

- In July 13, 2017 ROSSETI completed the placement of five-year exchange-traded bonds totaling 5 billion rubles with a coupon rate of 8.15% per annum, which was the lowest rate among all corporate bond offerings after 2014.

ROSSETI disclosed the IFRS interim (unaudited) financial results for the 1st half of 2017. ROSSETI made a net profit of 54.0 billion rubles in the 1st half of 2017, while EBITDA reached 140.8 billion rubles in the 1st half of 2017.

Financial results

Indicator	1H2017	1H2016	YoY Change
	billion rubles	billion rubles	%
Revenue, including:	436.9	415.5	5.2
- Electricity transmission and distribution	379.5	346.9	9.4
- Electricity and capacity sales	34.3	38.9	(11.8)
Operating expenses	357.0	357.4	(0.1)
Net other expense/income	(3.2)	18.3	-
EBITDA	140.8	139.4	1.0
Adjusted EBITDA	158.7	130.6	21.5
Net profit	54.0	53.8	0.4
Adjusted net profit	70.9	44.2	60.4
Net cash flows from operating activities	91.2	76.4	19.4

The ROSSETI Group's revenue increased by 21.4 billion rubles, or 5.2%, to 436.9 billion rubles in the 1st half of 2017. Revenue from electricity transmission and distribution grew by 9.4% to 379.5 billion rubles.

Electricity and capacity sales went down by 4.6 billion rubles, or 11.8%, largely due to terminated electricity sales of an entity of the FGC UES Group.

Other revenue decreased by 6.7 billion rubles chiefly because of a reduction in the scope of services performed by FGC UES's subsidiaries under general contract agreements due to the completion of large work stages in previous reporting periods.

Operating expenses did not change significantly in the 1st half of 2017 compared with the corresponding period last year and totaled 357.0 billion rubles.

Net profit changed in the reporting period due, inter alia, to the recognition of other losses/gains on changes in the Group's structure (primarily the terminated recognition of/regained control of a subsidiary, namely NURENERGO). However, exclusive of this factor, adjusted net profit increased by 60.4% in the 1st half of 2017 on the corresponding period last year to 70.9 billion rubles, while adjusted EBITDA rose by 21.5% to 158.7 billion rubles.

In the 1st half of 2017, the Group's assets increased by 1.7% to 2,306.0 billion rubles (December 31, 2016: 2,266.7 billion rubles), mainly due to new facilities put into operation under the capex program.

The Group's net debt went down by 5.4% to 446.5 billion rubles as at June 30, 2017 (December 31, 2016: 471.9 billion rubles).

Yuri Goncharov, Deputy Director General for Corporate Governance, noticed that, as in 2016, ROSSETI continued in the 1st half of 2017 to demonstrate positive trend and stable growth of key

profitability and financial stability results, unconditionally ensuring reliable electricity transmission and distribution and securing a high-quality and affordable power supply.

In order to ensure the financial stability of subsidiaries and create the conditions for their further development, the Group continued in 2017 to carry out measures under the development plans, which will enable the ROSSETI Group to maintain an upward trend in its key financial and economic indicators and ensure the breakeven performance of all subsidiaries in 2017.

More detailed information on the IFRS consolidated interim condensed financial information for the six months ended June 30, 2017 can be found via the National Storage Mechanism at: <http://www.morningstar.co.uk/uk/NSM> or at the Company's website <http://www.rosseti.ru/eng/>

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A conference call for investors and analysts will take place at 3:00 p.m. Moscow (1:00 p.m. London/8:00 a.m. New York) on August 29, 2017.

Conference call details:

Russia

+7 495-221-6523

8-10-800-204-14011

UK

+44 203-043-2440

08082381774

USA

1 8778874163

Conference ID (English call): 86295400#

Conference ID (Russian call): 87520196#

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Public Joint-Stock Company ROSSETI (PJSC ROSSETI) is one of the largest electric companies in the world. The company maintains 2.31 million km of power transmission lines, 496,000 substations with transformer capacity of more than 773 GW. The number of employees of the Rosseti Group of Companies is 216,000 people.

The asset portfolio of PJSC ROSSETI includes 37 subsidiaries and affiliates, including 14 interregional and a main network company. The controlling shareholder of the company is the state represented by the Federal Agency for State Property Management of the Russian Federation, which owns 88,04% of the share capital.

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of PJSC Rosseti. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might" the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industry, as well as many other risks specifically related to PJSC Rosseti and its operations.