



PJSC ROSSETI discloses the IFRS financial results for 9 months of 2017

November 29, 2017. Moscow, Russia – PJSC ROSSETI (LSE: RSTI) (“Company”), the largest electricity transmission and distribution grid company in Russia, today discloses the IFRS interim (unaudited) financial results for the companies of Rosseti Group (“Group”) for 9 months of 2017.

Financial results:

- Revenue: 658.1 billion rubles (9 months 2016: 621.2 billion rubles)
- EBITDA: 213.1 billion rubles (9 months 2016: 203.6 billion rubles)
- Adjusted EBITDA¹: 231.7 billion rubles (9 months 2016: 200.8 billion rubles)
- Net profit: 81.02 billion rubles (9 months 2016: 78.4 billion rubles)
- Adjusted net profit²: 98.4 billion rubles (9 months 2016: 73.7 billion rubles)
- Net cash flow from operating activities: 138.6 billion rubles (9 months 2016: 113.1 billion rubles)

Corporate highlights:

- Pavel Livinsky appointed Director General of ROSSETI
- ROSSETI ranked among the top three companies in the environmental rating

Events after the reporting period:

- Russia entered the top ten countries in the World Bank’s Doing Business rating by the indicator “Connection to the power supply system”
- Three power substations launched as part of the final stage of preparation for the World Cup 2018.

ROSSETI disclosed the IFRS interim (unaudited) financial results for 9 months of 2017. Based on the results of 9 months of 2017, ROSSETI made a net profit of 81.02 billion rubles, while EBITDA reached 213.1 billion rubles.

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 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 ROSSETI Group’s structure

Key IFRS financial results:

Indicator	9M 2017	9M 2016	YoY Change
	billion rubles	billion rubles	%
Revenue, including:	658.1	621.2	5.9
– Electricity transmission and distribution	567.5	519.1	9.3
– Electricity and capacity sales	52.5	56.4	(6.9)
Operating expenses	541.9	531.4	2.0
EBITDA	213.1	203.6	4.7
Adjusted EBITDA	231.7	200.8	15.4
Net profit/(loss)	81.02	78.4	3.3
Adjusted net profit	98.4	73.7	33.5
Net cash flow from operating activities	138.6	113.1	22.5

Based on the results of 9 months of 2017, the Company's revenue increased by 36.9 billion rubles, or 5.9%, mainly due to higher revenue from electricity transmission and distribution.

Revenue from electricity transmission and distribution grew to 567.5 billion rubles (up 48.4 billion rubles, or 9.3%, compared with the corresponding period last year).

Electricity and capacity sales decreased to 52.5 billion rubles (down 3.9 billion rubles, or 6.9%, compared with the corresponding period last year). Lower electricity and capacity sales resulted primarily from the termination of electricity sales to one of the Group companies, PJSC FGC UES.

A marginal 2.0% growth of operating expenses was mainly driven by an increase in uncontrollable expenses on electricity transmission and distribution due to the growing tariffs of other TGOs, higher cost of electricity for compensation of losses, an increase in the unregulated electricity purchase price, as well as growth in payroll expenses driven by the indexation of wages for production staff in accordance with the Sectoral Wage Rate Agreement.

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). Excluding this effect, adjusted net profit increased by 33.5% in the 9 months of 2017 on the corresponding period last year to 98.4 billion rubles, while adjusted EBITDA rose by 15.4% to 231.7 billion rubles.

ROSSETI Group's financial and economic indicators for 9 months of 2017 reflect an upward trend in the Company's performance in terms of profitability and financial stability while the Company unconditionally ensures reliable electricity transmission and distribution, high quality and availability of power supply to consumers.

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

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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 distribution and a transmission grid companies. 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.