

### CHELYABENERGO branch:

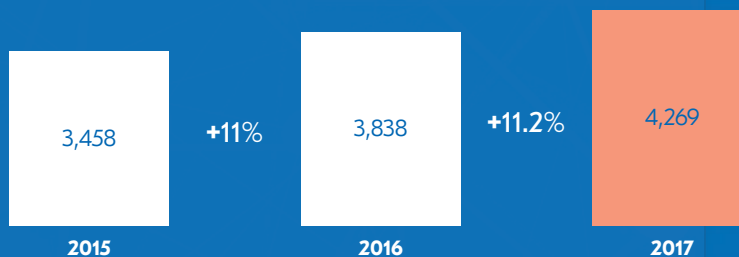
The decree<sup>55</sup> has approved:

- C1 standardized tariff rate, fractioned into activities from clause 16 (except subclauses b and c) of the Guidelines;
- C2, C3 and C4 standardized tariff rates to be differentiated by voltage class, wire tagging, wire section and laying, type of poles and equipment. Besides, standalone standardized tariff rates were approved for filers requesting 0-150 kW (inclusion of as many as 50% construction prices into the fee between 01.01.2017 and 30.09.2017) and zero standardized tariff rates (between 01.10.2017 and 31.12.2017);
- maximum capacity unit rates, used to calculate connection fee and differentiated by voltage class and maximum capacity. Besides, standalone standardized tariff rates were approved for filers requesting 0-150 kW (inclusion of as many as 50% construction prices into the fee between 01.01.2017 and 30.09.2017) and zero standardized tariff rates (between 01.10.2017 and 31.12.2017);
- connection fee formulas.

The regulator also establishes an individual fee for technological connection to United National (All-Russia) Electric Networks to be applied to a filer, should the need to perform activities stated in Appendix No.1 of the Guidelines arise.

The chart shows how Company's average capacity unit rates changed for the period. Increased maximum capacity unit connection prices in 2017, compared to 2016, are mainly fueled by the reduced claimed connected capacity.

Average maximum capacity unit rates in 2015-2017, RUB/kW



## ANALYSIS OF REVENUES AND EXPENSES

FY2017 revenues totaled RUB 71,090 million (+RUB 5,638 million or 8.6%YoY), with transmission revenues amounting to RUB 69,873 million (+ RUB 6,170 million YoY). Revenues gained due to grown average tariff, reduced load loss prices (due to exclusion from settlements with customers for electricity transmission since 01.08.2017) and changes in consumer structure (voltage classes).

Expenses plus administrative costs reached RUB 64,372 million (+ RUB 3,984 million or 6.6% YoY). The hike is mainly driven by grown non-controllable expenses, namely increased expenses on loss compensations caused by grown average non-regulated electricity purchase price and lowered price of load losses, payments to PAO FSK UES and other grid operators.

Pre-tax profit totaled RUB 5,713 million (+ RUB 904 million YoY). FY2017 net income totaled RUB 4,570 million (+ RUB 1,264 million YoY). The rise of net income is accounted for by increased transmission revenues and additional revenues from sanctions for non-fulfilled contractual obligations.

### Key financial and economic metrics, RUB million

Indicator	FY2017	FY2016	FY2015
<b>Total revenues, comprising:</b>	<b>71,090</b>	<b>65,452</b>	<b>60,535</b>
revenues from electricity transmission	69,873	63,703	58,227
revenues from connection	874	1,336	1,862
revenues from electricity sales	0	0	0
other revenues	343	413	446
<b>Total expenses</b>	<b>-63,243</b>	<b>-59,338</b>	<b>-55,114</b>
Gross profit	7,847	6,114	5,421
Administrative costs	-1,129	-1,050	-955
Commercial costs	0	0	0
Profit (loss) from sales	6,718	5,064	4,466
Interest receivable	120	158	291
Interest payable	-859	-969	-870
Income from shareholdings	237	314	161
Other revenues	5,184	6,461	5,864
Other expenses	-5,687	-6,219	-6,707
<b>Pre-tax profit</b>	<b>5,713</b>	<b>4,809</b>	<b>3,205</b>
Income tax and other payments	-1,143	-1,503	-739
<b>Net income (loss)</b>	<b>4,570</b>	<b>3,306</b>	<b>2,466</b>
<b>EBITDA*</b>	<b>11,495</b>	<b>10,447</b>	<b>8,453</b>

\* EBITDA = pre-tax profit – interest payable + depreciation and amortization (line 2300 F2 – line 2330 F2 + line 6514 F2.1 + line 6554 F2.1. + line 6564 F2.1.