

INTERREGIONAL DISTRIBUTION
GRID COMPANY OF CENTRE,
PUBLIC JOINT-STOCK COMPANY

RESULTS FOR 2015 & OUTLOOK FOR 2016



Moscow, April 2016

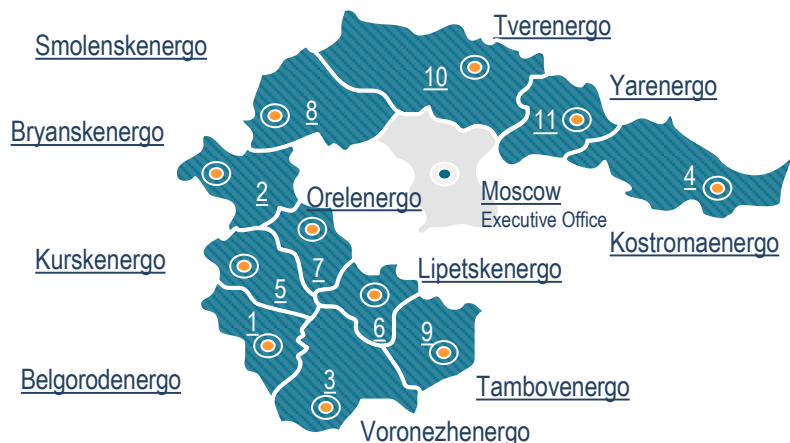
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IDGC of Centre shall not be liable for the consequences of use of the views or statements, or incomplete Information contained in this presentation. IDGC of Centre undertakes no obligation to revise or confirm the forward-looking statements and assessments, as well as to update information contained in this presentation. Despite the fact that prior to 31.03.2008 IDGC of Centre was not an operating company, this presentation contains the consolidated data on all Distribution Grid Companies of the service area of IDGC of Centre, including for the period up to 31.03.2008. The information about the financial and operational data on the Company was received as the sum of the corresponding indicators of 11 Distribution Grid Companies, which were consolidated with IDGC of Centre. Despite the fact that in 2006 and 2007 under the control of IDGC of Centre (at that time IDGC of Centre and Northern Caucasus) there were more than 11 companies, for correct comparison of the information for these periods the information is shown for 11 Distribution Grid Companies in the current configuration.

OVERVIEW



Geography of activity : 11 branches in Central Federal District of Russia

Service area, sq. km2	458
	<i>% of the total RF</i> 2,7%
Population of the service area, thous. people	13 605
	<i>% of the total RF</i> 9,5%

IDGC of Centre is a natural monopoly and its tariff rates are regulated by executive authorities

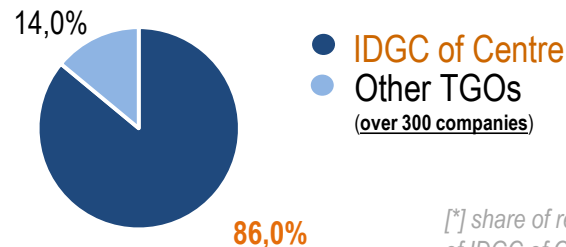
CORE TYPES OF ACTIVITY

- Transmission and distribution of electric energy
- Grid connections
- Energy services

At 31.12.2015

Cap ¹ , bln RUB	10,34
Cap, mln USD	153,0
Electric energy transmission, bln kWh	54,8
Electric energy losses, %	9,35
Revenue (IFRS for 2015), bln RUB	80,8
EBITDA (IFRS for 2015), bln RUB	15,2
Profit for period (IFRS for 2015), bln RUB	0,9
Number of shareholders ²	16 442

Electric energy distribution market share* for 2015, %



[*] share of required gross revenue (RGR) of IDGC of Centre in RGR of the regions

[1] at close on 31.03.2016

[2] as at 20.05.2015

KEY RESULTS FOR 2015

QUALITY, RELIABILITY & INNOVATIONS

- Electric energy losses (in comparable conditions) decreased in 2015 to 9,35% (9,49% in 2014);
- **SAIDI** (System Average Interruption Duration Index)¹/ **SAIFI** (System Average Interruption Frequency Index)² are calculated for internal quality control and reliability of electricity supply to customers.

MARKET SHARE

- Electric energy transmission market share by RGR in the regions of the service area was 86,0% on the results of 2015 (on the results of 2014 was 86,7%);
- Grid connection market share reached 88,5% (on the results of 2014 was 87,9%).

INVESTMENT ACTIVITY

- Capital expenditures were 13,0 bln RUB (without VAT);
- Capacity commissioned: 4 785 km and 1 228 MVA;
- 61% of capital expenditures were spent on grid connections.

OPERATING PERFORMANCE

- The volume of electric energy transmission services rendered in 2015 was 54,8 bln kWh, the growth relative to 2014 – 0,7 %;
- For 2015 the Company connected to the grid a total of 1 137 MW (1 117 MW for 2014), performed 63 302 contracts (50 306 for 2014).

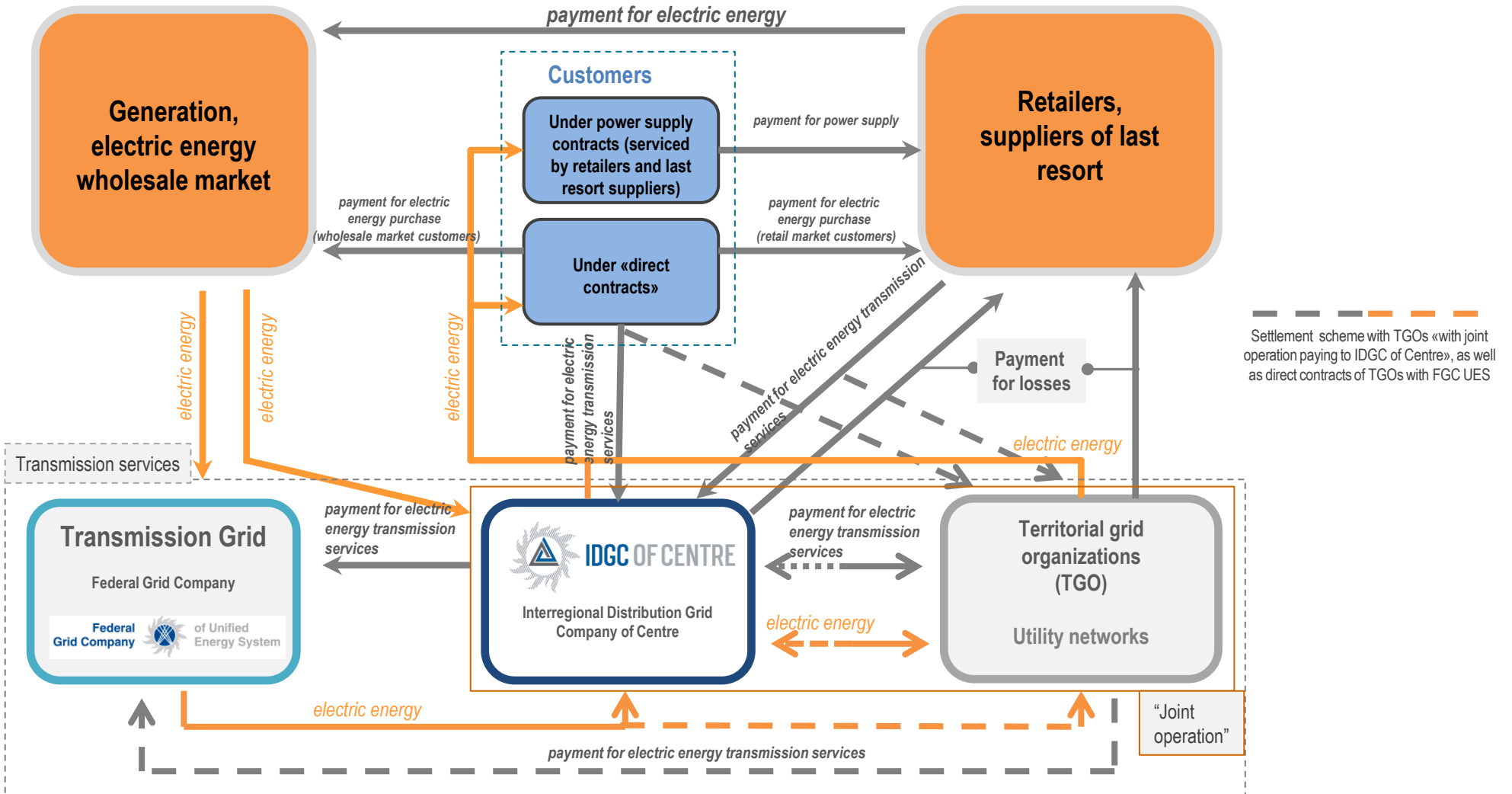
INVESTMENT APPEAL

- In 2015 dividends following the results of 2014 were approved in the amount of 831,7 mln RUB or 25,01% of net profit following the results of 2014 under RAS;
- Shares are listed on the Top Tier quotation list of Moscow Exchange. In the past half year the shares were included in two indices of Moscow Exchange: the index for mid- and small-cap stocks MICEX SMID Index (MCXSM) and the MICEX Regulated Companies Index (MICEX RegCo Index);
- Perception study shows that the main strong points of the Company are information transparency and a high level of corporate governance.

[1] average interruption duration when customers are not served

[2] evaluation of a number of interruptions that customers experience

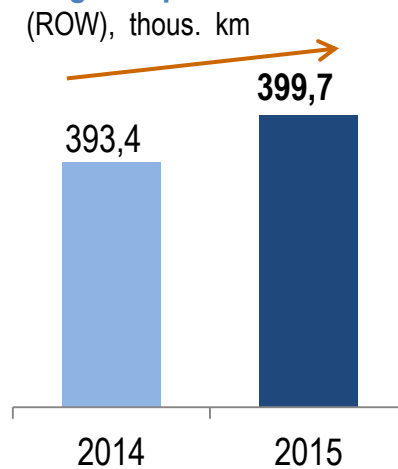
COMPANY BUSINESS MODEL



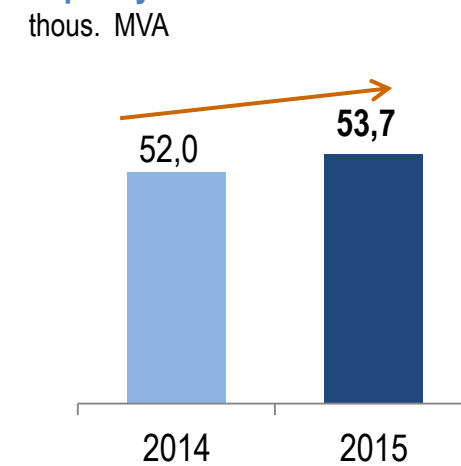
PRODUCTION CAPACITY AS AT THE END OF 2015

INDICATOR	31.12.15*
Length of 0.4-110 kV conductors (ROW), thous. km	382,5
Length of 35-110 kV conductors, thous. km	52,0
Length of 0.4-10 kV conductors, thous. km	330,5
Length of 0.4-110 kV cables, thous. km	17,2
Capacity of substations, thous. MVA	53,7
Capacity of 35-110 kV substations, thous. MVA	34,2
Capacity of 6-10/0.4 kV transformer and distribution substations, thous. MVA	19,4
Number of substations, thous. pcs.	100,5
Number of 35-110 kV substations, thous. pcs.	2,4
Number of 6-10/0.4 kV transformer and distribution substations, thous. pcs.	98,2
Number of conditional units, mln	1,7
Number of Distribution Zones, pcs.	278

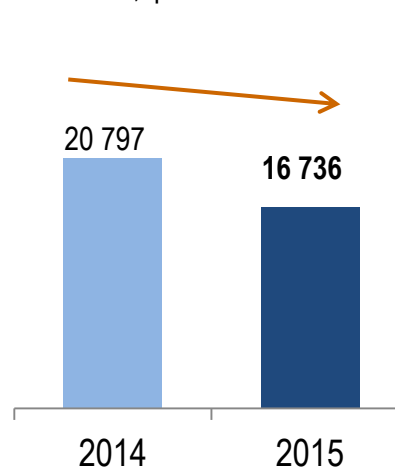
Length of power lines (ROW), thous. km



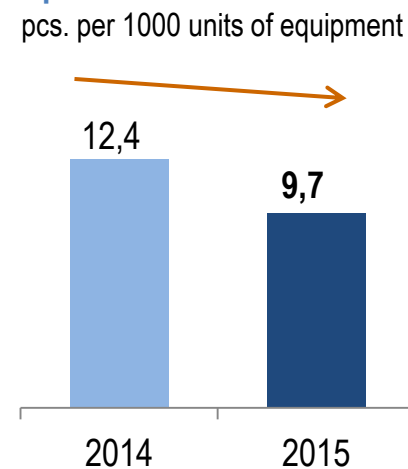
Capacity of substations, thous. MVA



Failures, pcs.



Specific failure rate, pcs. per 1000 units of equipment

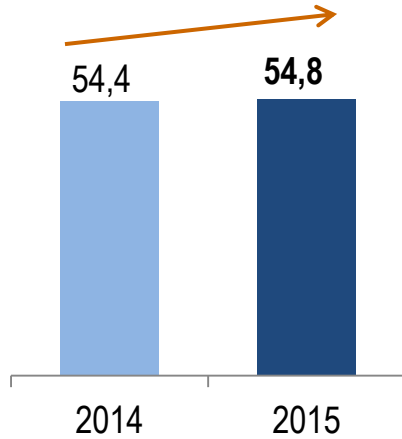


[*] Taking into account the equipment on the balance, rental equipment, leased equipment and equipment serviced under contracts

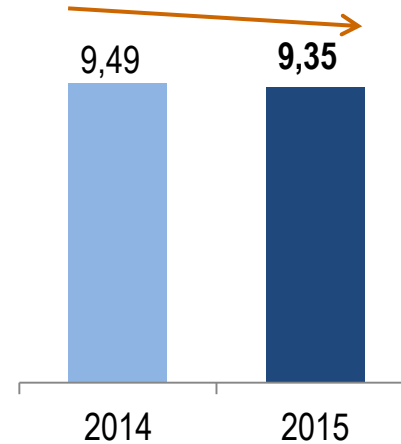
OPERATION RESULTS FOR 2015

ELECTRIC ENERGY TRANSMISSION

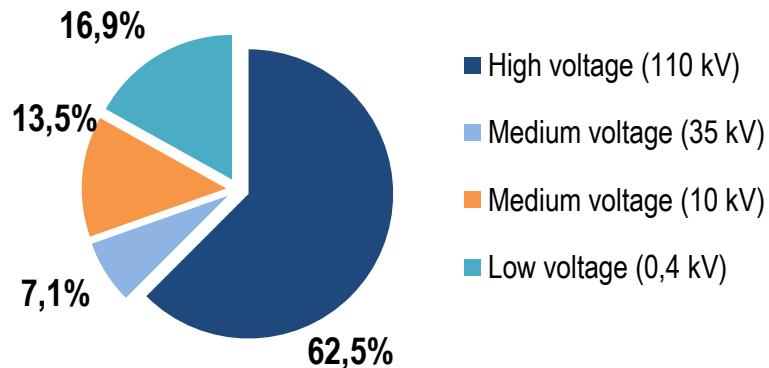
Amount of electric energy transmission services, bln kWh



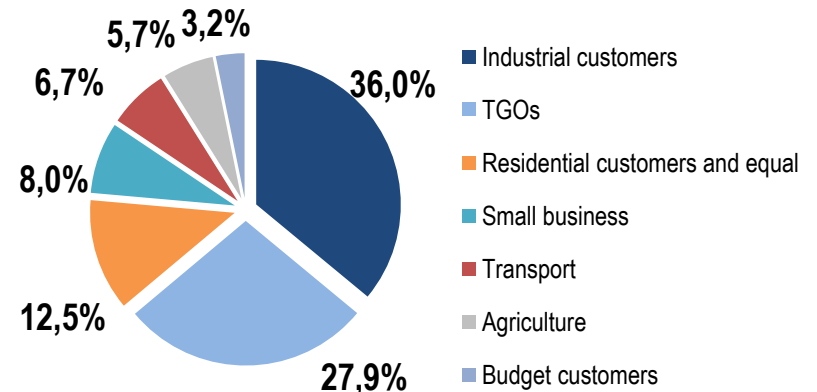
Electric energy losses (in comparable conditions), %



Electric energy supply structure by voltage levels in 2015



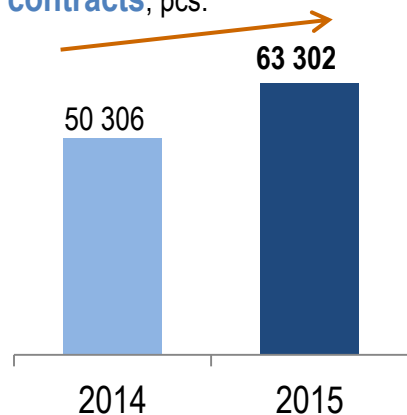
Electric energy supply structure by customer groups in 2015



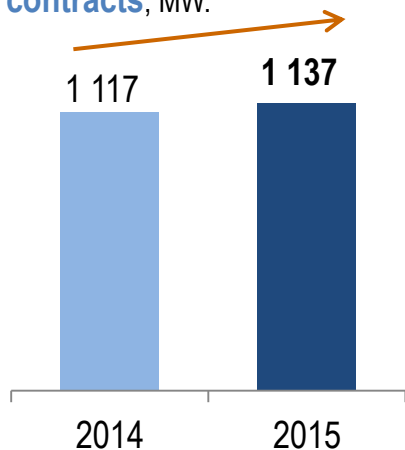
OPERATION RESULTS FOR 2015

GRID CONNECTION

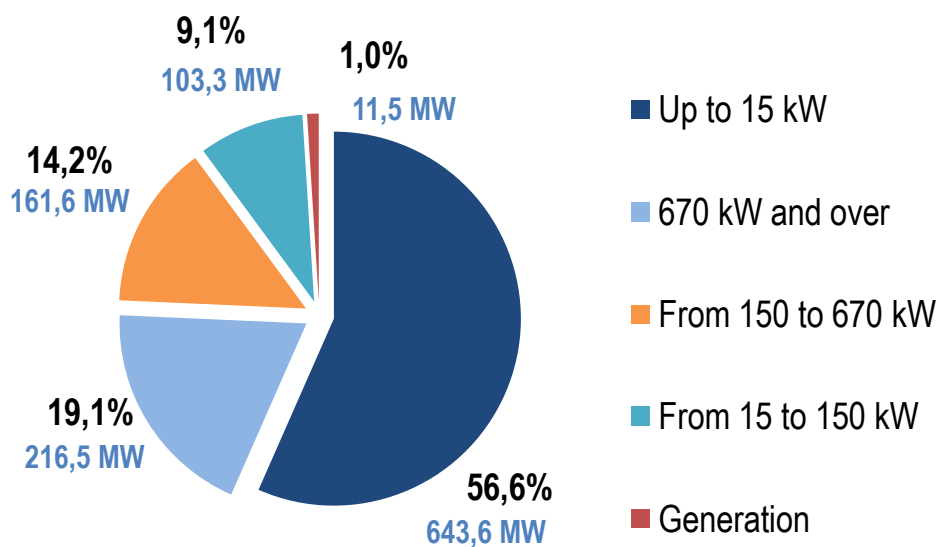
Number of performed contracts, pcs.



Number of performed contracts, MW.



Connected capacity structure by customer groups in 2015



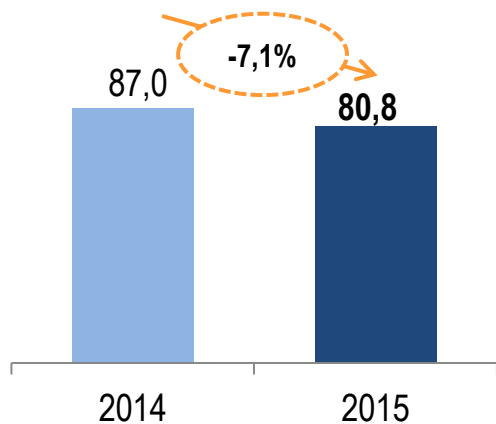
KEY FINANCIALS UNDER IFRS FOR 2015

Data in bln RUB, unless specified otherwise

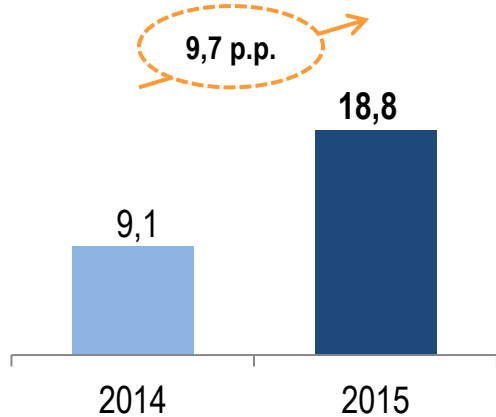
Indicators	12M 2014	12M 2015	Change, %
Revenue (total), including:	87,0	80,8	-7,1%
from electric energy transmission	69,1	77,7	12,4%
from grid connection	1,6	1,2	-25,0%
from resale of electric energy and power	15,1	0,0	-100,0%
Other revenue	1,2	1,9	58,3%
Operating costs	-89,0	-75,2	-15,5%
Other profit	1,2	1,4	16,7%
Operating profit	-0,8	7,1	-
EBITDA	7,9	15,2	92,4%
EBITDA margin, %	9,1%	18,8	9,7 p.p.
Profit for period	-3,3	0,9	-

KEY FINANCIALS UNDER IFRS FOR 2015

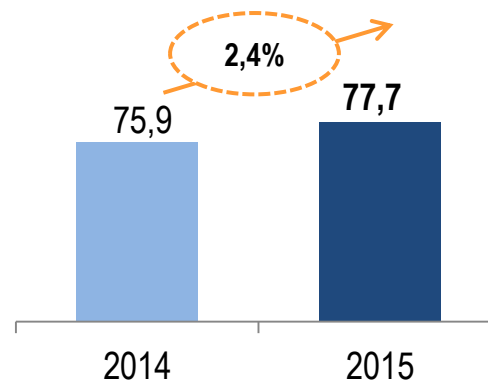
Revenue, bln RUB



EBITDA margin, %

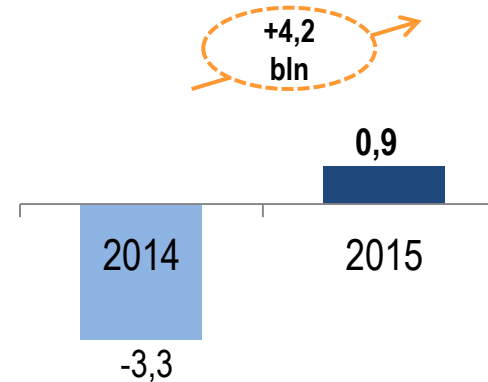


Revenue from electric energy transmission (like-for-like)*, bln RUB



* According to management accounting

Profit for period, bln RUB



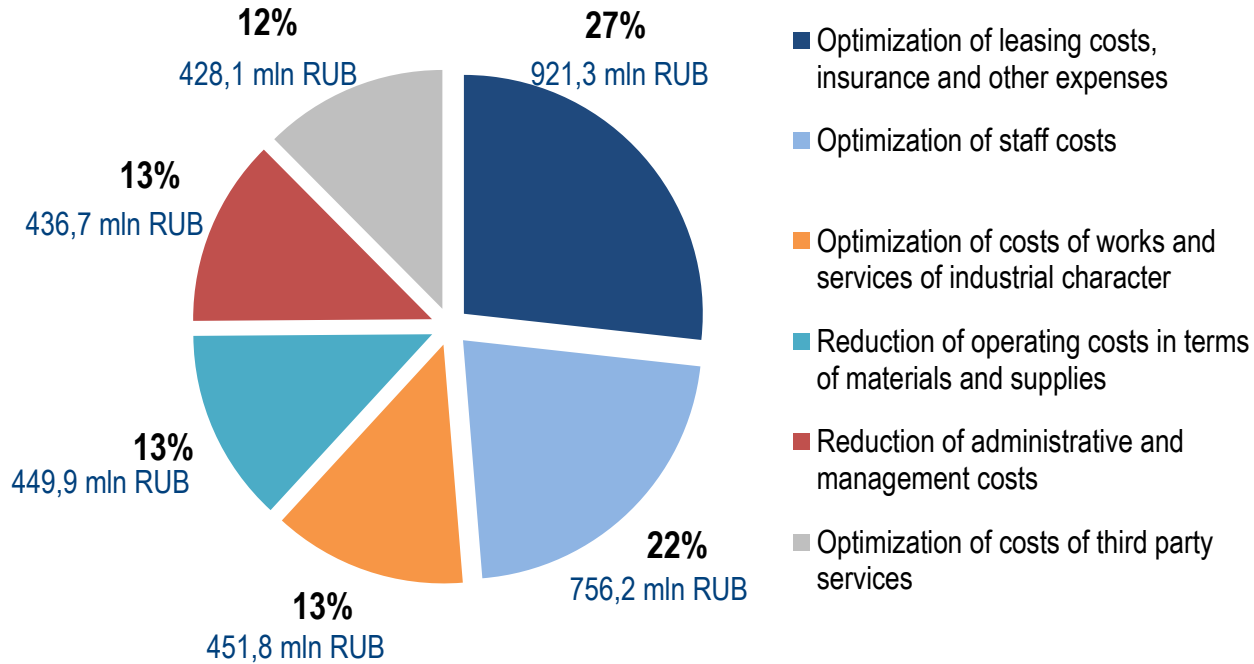
IFRS OPERATING EXPENSES ANALYSIS FOR 2015

bln RUB	2014	2015	Change %
Electric energy transmission	26,5	26,4	-0,4%
Staff costs	16,7	17,8	6,6%
Electric energy purchased to compensate for losses	10,1	10,6	5,0%
Depreciation	8,6	7,8	-9,3%
Materials and supplies	2,6	2,7	3,8%
Provision for impairment of accounts receivable	0,0	1,5	-
Taxes, except for profit tax	0,9	1,1	22,2%
Expenses under the concession agreement	0,0	0,9	-
Loss on impairment of fixed assets	9,1	0,7	-92,3%
Losses of previous years	1,4	0,6	-57,1%
Rent expenses	0,5	0,5	0,0%
Installation, maintenance and repair	0,5	0,5	0,0%
Utilities	0,4	0,3	-25,0%
Electric energy for resale	7,5	0,0	-100,0%
Other operating expenses	4,2	3,8	-9,5%
TOTAL	89,0	75,2	-15,5%

- A significant decrease in the item “Loss on impairment of fixed assets”;
- Increase in staff costs is due to the indexation of wages of operating employees under sectoral tariff agreement;
- No expenditure on electric energy purchase for resale due to the termination of functions of the supplier of last resort;
- Depreciation and amortization decreased due to the impairment of fixed assets at the end of 2014;
- The item “Provision for impairment of accounts receivable” appeared due to the impairment of trade receivables on the companies with which there is disagreement on the transmission of electricity, as well as companies with outstanding debt for resale of electric energy and capacity for the period of 2013-2014.

COST MANAGEMENT PROGRAM

Cost Management Program implementation effect



3 444 mln RUB

Total economic effect in relation to 2012

Reduction in specific operating costs following the results of work in 2015
8,5 % ▼ (-1 719 mln RUB)
 relative to last year

FINANCIAL STANDING

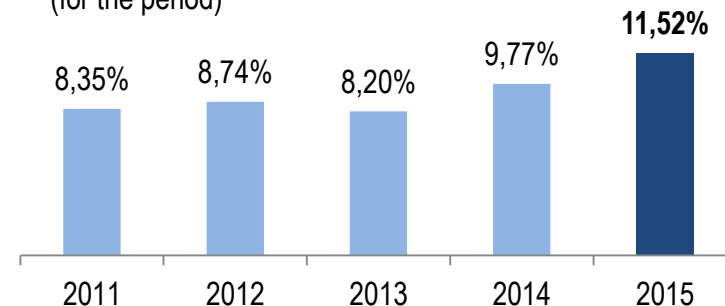
IFRS		31.12.2014	31.12.2015
	Net debt¹, bln RUB	36,9	42,0
	Net debt/EBITDA	4,7	2,8
Agency	Scale	Rating	Outlook
S&P	international, long-term	BB-	Stable*
S&P	international, short-term	B	-
S&P	national (Russia)	ruAA-	-
NRA	national (Russia)	AA	-

Type of securities	Volume (bln RUB)	Registration number and date of assignment	Maturity	Status	Coupon rate (%)
Bonds of series BO-01	4,0	4B02-01-10214-A dated 13.07.2012	up to 3 years	Repaid	8,95%
Bonds of series BO-02	5,0	4B02-02-10214-A dated 25.06.2013	up to 10 years	In circulation	12,42%
Bonds of series BO-03	5,0	4B02-03-10214-A dated 25.06.2013	up to 10 years	In circulation	11,8%
Bonds of series BO-04	5,0	4B02-04-10214-A dated 25.06.2013	up to 10 years	In circulation	11,58%

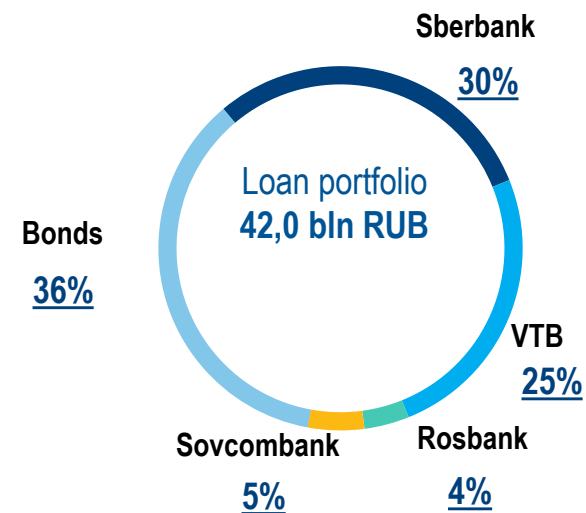
[1] – Net debt is calculated as follows: long-term debt + short-term debt – cash and cash equivalents

[*] - in February 2015 the rating was changed due to revision of the Russian Federation rating

Average weighted borrowing rate of IDGC of Centre, PJSC
(for the period)



Loan portfolio structure of IDGC of Centre, PJSC
(as at 31.12.2015)



INVESTMENT PROGRAM

Actual implementation of the Investment Program for 2015

Indicator	Planned for 2015	Actual for 2015	% performed
Capex, mln RUB without VAT	12 697	12 973	102%
Financing, mln RUB with VAT	14 682	15 184	103%
Commissioning, MVA	1 068	1 228	115%
Commissioning, km	4 140	4 785	116%

The most important facilities of the Investment Program

SS 110/10 kV «South»
(city of Belgorod)

- Expansion of the electricity sales market.
- Design capacity - 130 MVA .

SS-110 kV «Korocho»
(city of Belgorod)

- New capacity commissioning.
- Design capacity - 80 MVA.

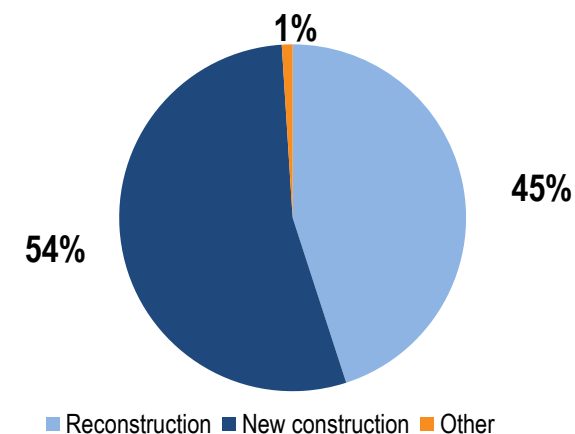
SS 35 kV «Malinovka»
(Belgorod region,
settlement of Rakitnoye)

- Expansion of the electricity sales market.
- Design capacity - 32 MVA .

Investment Program for 2016-2020*

Indicator	UoM	2016	2017	2018	2019	2020
Capex, without VAT	bln RUB	13,4	13,9	14,7	15,2	16,1
Financing size, with VAT	bln RUB	16,2	16,4	17,3	17,9	18,9
Commissioning of fixed assets, without VAT	bln RUB	13,7	14,2	14,9	15,6	16,0
Commissioned capacity	km	4 200	4 394	4 773	4 438	5 819
	MVA	803	739	854	1 049	573

Investment Program structure following the results of its implementation in 2015



[*] - The Investment Program for 2016-2020, approved by Order of the Ministry of Energy of Russia dated 14.12.2015 № 951, in the manner established by the RF Government Resolution dated 01.12.2009 №977 "On investment programs of electric power industry entities".

TARIFF REGULATION

Long-term methods of regulating for IDGC of Centre's branches
(2012-2017)

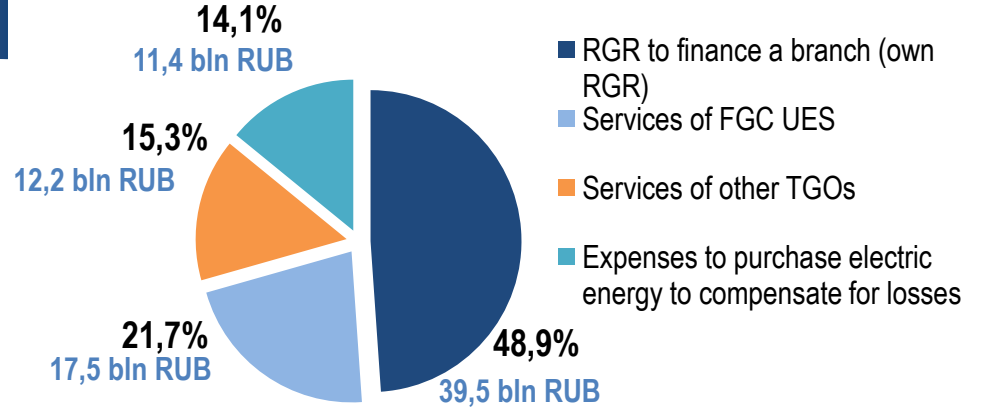


«Belgorodenergo»
«Voronezhenergo»
«Kostromaenergo»
«Smolenskenergo»

«Orelenergo»
«Kurskenergo»
«Tambovenergo»
«Yarenergo»

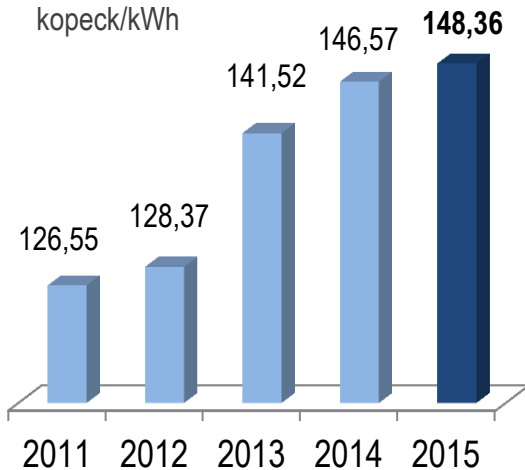
«Bryanskenergo»
«Lipetskenergo»
«Tverenergo»

RGR structure in 2015

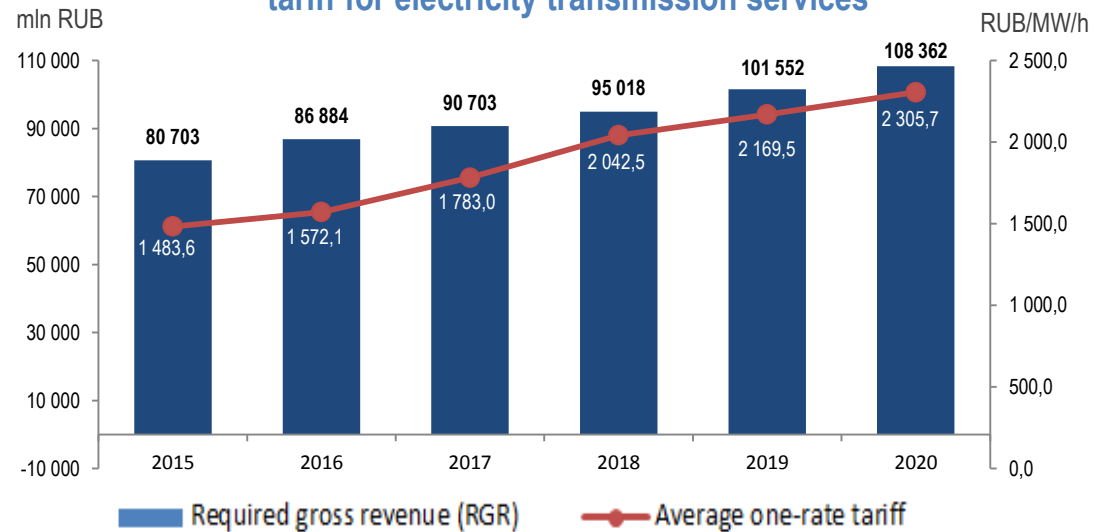


Average joint operation tariff

kopeck/kWh



Forecast of joint operation RGR and one-rate joint operation tariff for electricity transmission services*



[*] Given the constraints on the growth of tariffs according to the Forecast of the Ministry of Economic Development and taking into account the mixed "joint operation" mutual settlement scheme in the Bryansk region in 2015-2019

INDICATORS OF THE BUSINESS PLAN FOR 2016

Data in bln RUB, unless specified otherwise

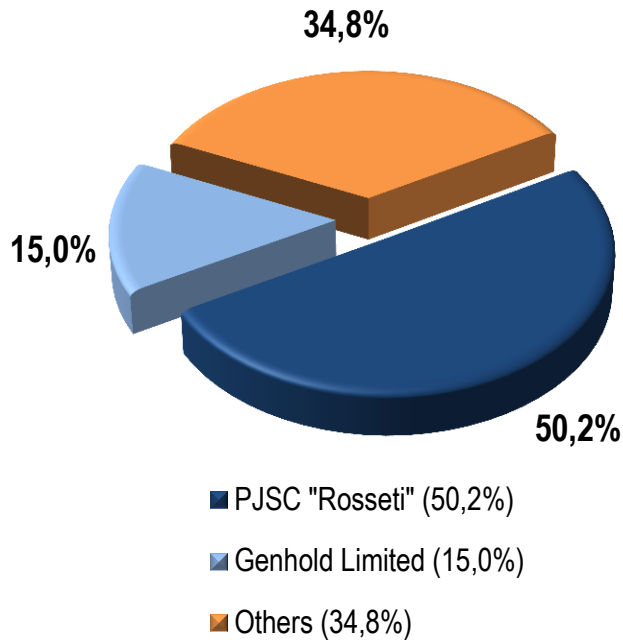
Indicators	Actual for 2015	Planned for 2016	Change, %
Revenue (total), including:	79,8	86,2	8,0%
Revenue from electric energy transmission	77,7	84,1	8,2%
Revenue from grid connection	1,2	1,3	8,3%
Other revenue	0,9	0,8	-11,1%
Cost of sales¹	68,5	74,9	9,3%
EBITDA²	15,2	17,1	12,5%
Net profit	0,9	1,5	66,7%
Amount of electric energy transmitted, bln kWh	54,8	55,3	0,9%
Electric energy losses, %	9,35%	9,27%	-0,08 p.p.

[1] According to management accounting

[2] EBITDA is calculated as follows: net profit + profit tax and other similar mandatory payments + interest payable + depreciation charges

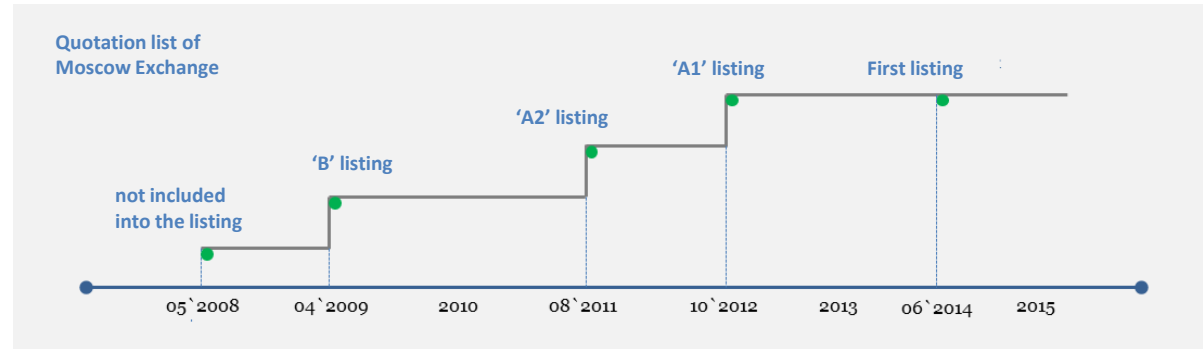
CORPORATE GOVERNANCE & STOCKS

Share capital structure of IDGC of Centre as at 20.05.2015



Prosperity Capital Management Limited indirectly together with other companies has the right to dispose of 21,21% shares of IDGC of Centre.

Stocks

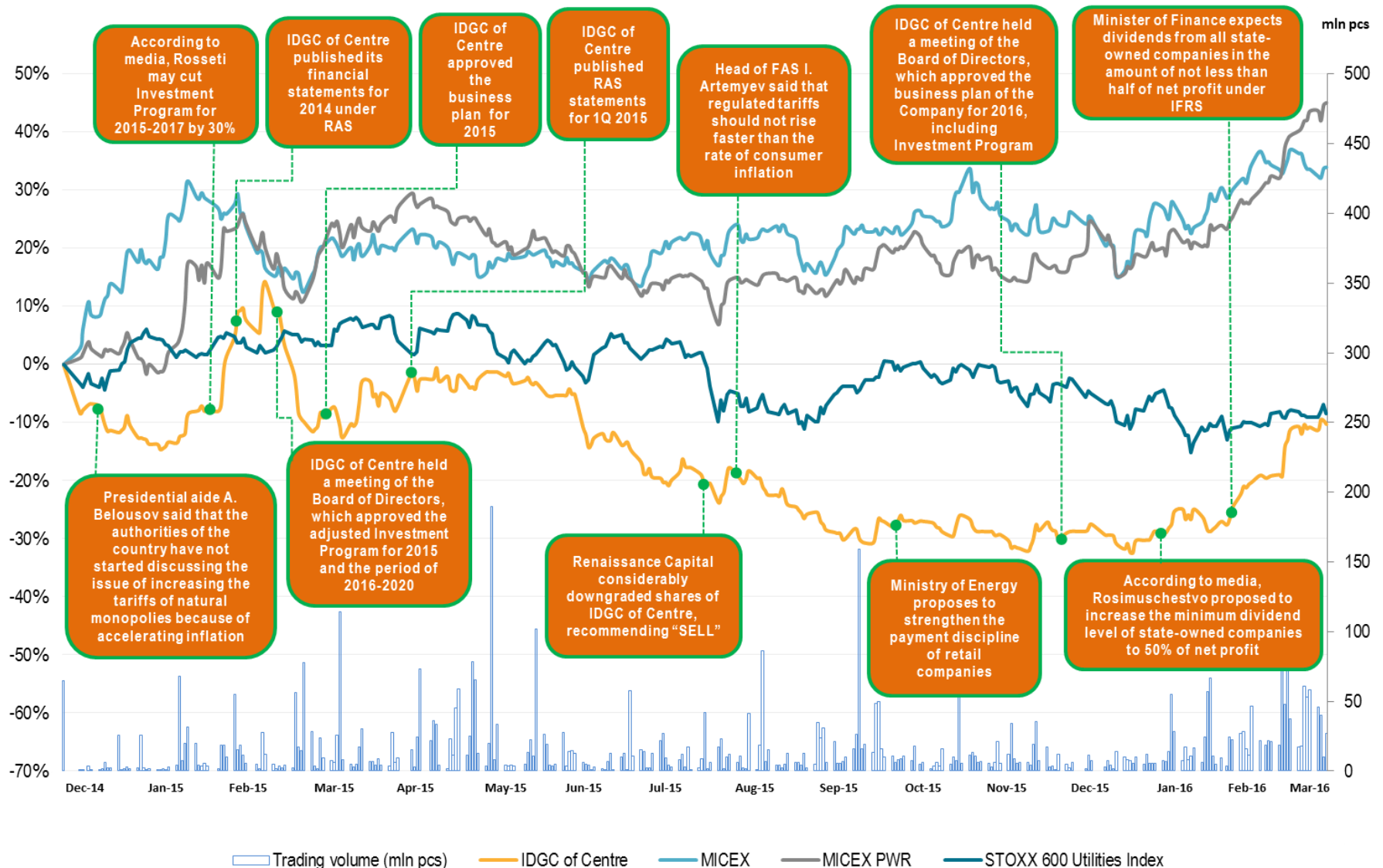


Corporate Governance Rating

СВИДЕТЕЛЬСТВО
НАЦИОНАЛЬНЫЙ РЕЙТИНГ
КОРПОРАТИВНОГО УПРАВЛЕНИЯ
ПАО "МРСК Центра"
7++
 РАЗВИТАЯ ПРАКТИКА
 КОРПОРАТИВНОГО
 УПРАВЛЕНИЯ

Срок действия - с 10.03.2016 до 09.03.2017
 либо до момента изменения или отзыва рейтинга*

SHARES DYNAMICS AND NEWS BACKGROUND



INVESTMENT HIGHLIGHTS

- 1 Operation in 11 regions of Central Russia with stable demand for services
- 2 Leader in quantity of electric grid assets
- 3 Stable financial position
- 4 Approved dividend policy and positive dividend history
- 5 Corporate governance rating **NCGR 7++** – the highest among peers
- 6 Free-float 34%*
- 7 High information transparency

[] according to the calculation method of Moscow Exchange*

THANKS FOR YOUR ATTENTION

IDGC of Centre

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