



On approval of the Annual
Report of IDGC of Centre for
2013 at AGM

Moscow, 26 June 2014



ROSSETI



IDGC OF CENTRE

INTERREGIONAL DISTRIBUTION GRID COMPANY OF CENTRE,
JOINT-STOCK COMPANY

THE MAIN OUTCOME FOR 2013



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JOINT-STOCK COMPANY

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92.9 ^{+33.9%*}

Revenues, bln RUB

9.16% ^{-0,37 p.p.}

Electricity loss

9.3 ^{-62.2%}

Capitalization, RUB bn

BB ^{Outlook "Stable"}

S & P credit rating

11.5 ^{-6.3%}

EBITDA, bln RUB

55.2 ^{+0.2%}

Joint operation productive
supply, bln kWh

NRCG 7+
Corporate Governance Rating

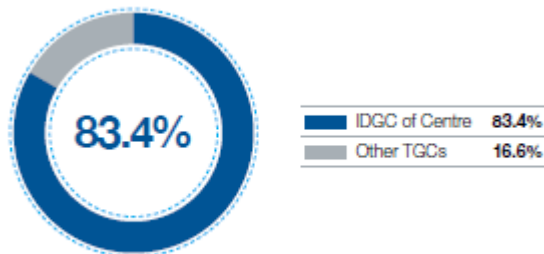
A1 ^{Ordinary shares}

Moscow Exchange listing

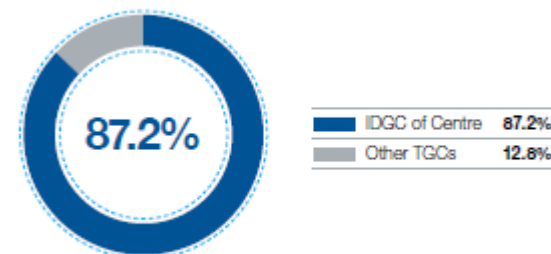
A2 ^{Traded bonds}

Moscow Exchange listing

Electric energy transmission market share, %



Grid connection market share, %



* - hereinafter the change against 2012

STRATEGIC DEVELOPMENT



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2009

ENERGY STRATEGY-2030



2013

PGC Strategy



To improve the reliability
and quality of power supply
to a level that satisfies
consumer demand

To increase the safety of
power supply

**Strategic goals
of IDGC of Centre**

To increase the efficiency of
the power grid complex

To reduce the number of
territorial grid companies

PRINCIPLES FOR SETTING A KPI SYSTEM

BALANCE

The KPI system encompasses core operations of the Company and complies with the basic principles of the Russian Power Grid Complex Development Strategy.

EARLY APPROVAL

KPI target figures are approved in advance before the start of the valuation period.

INCENTIVES

The KPI system is the primary effective system of incentives.

ENFORCEABILITY

There are KPI subject to mandatory fulfillment at any period of time.

GRID ASSETS



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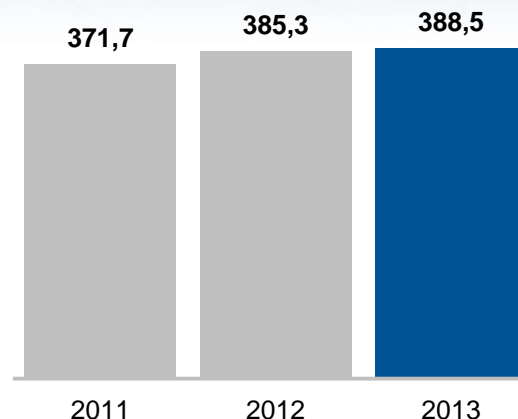
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Indicator

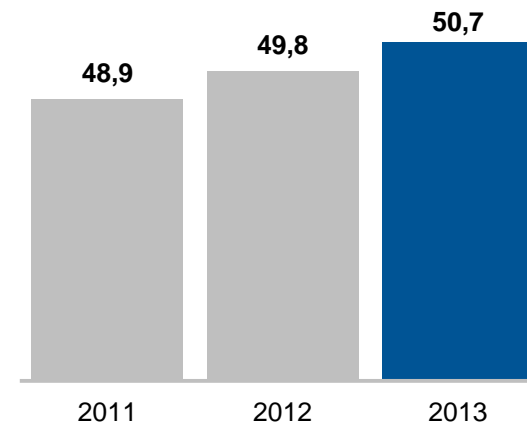
31.12.13*

Length of 0.4-110 kV Conductors (ROW) thous. km	375,3
Length of 35-110 kV Conductors thous. km	51,8
Length of 0.4-10 kV Conductors thous. km	323,4
Length of 0.4-110 kV Cables thous. km	13,2
Capacity of substations thous. MVA	50,7
Capacity of 35-110 kV substations thous. MVA	33,2
Capacity of 6-10/0.4 kV transformer & distribution substations thous. MVA	17,5
Number of substations thous. pc	96,0
Number of 35-110 kV substations thous. pc	2,3
Number of 6-10/0.4 kV transformer & distribution substations thous. pc	93,6
Number of installed units mln	1,597
Number of Distribution Zones pc	278

Length of Power Lines (ROW), thous. km



Capacity of substations thous. MVA



* - Taking into account the equipment on the balance, rental equipment, leased equipment, excluding equipment serviced under contracts

OPERATING ACTIVITY

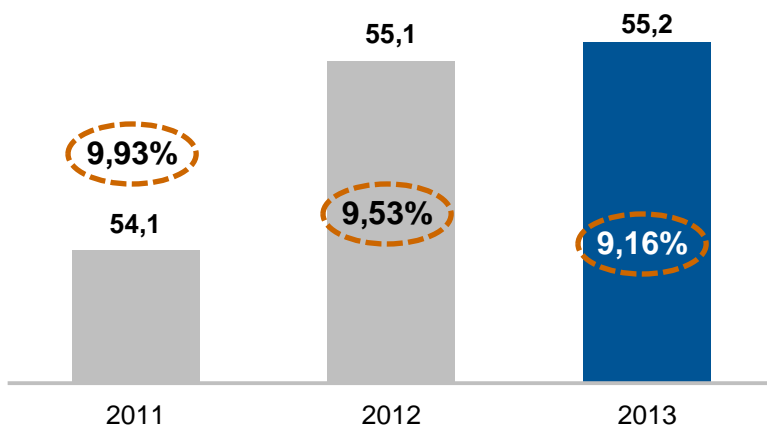


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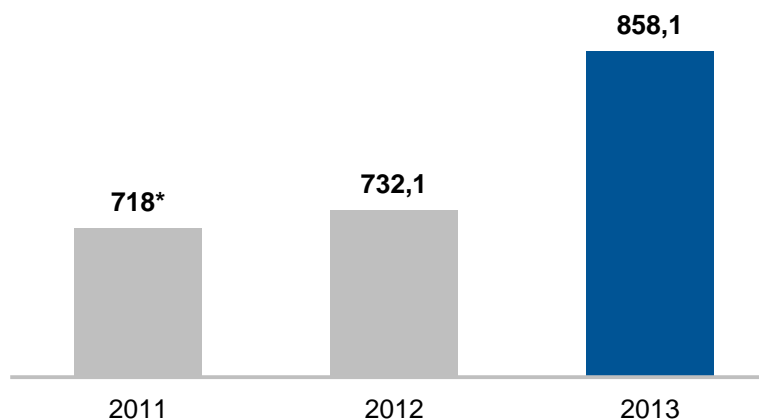
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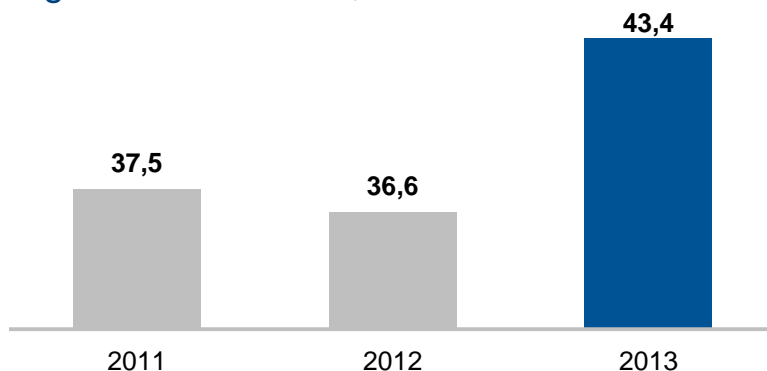
Joint operation net supply and electricity losses in 2011-2013, bln kWh and %



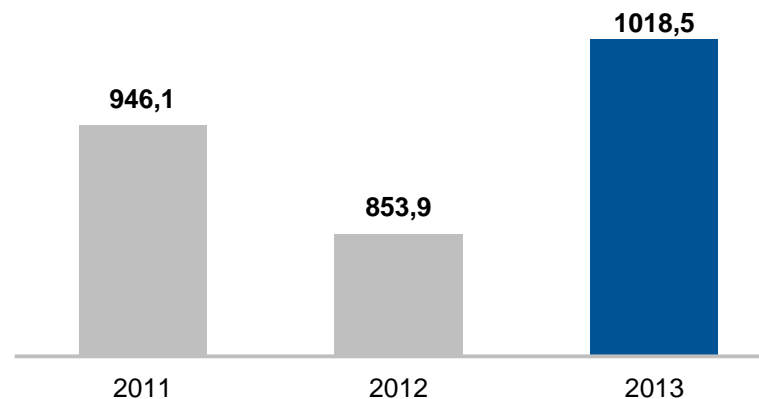
Change in revenue from other operations in 2011-2013, mln RUB



Number of implemented contracts for grid connection signed in 2011-2013, thous. contracts



Connected capacity in 2011-2013, MW



* - Excluding one-time contract for disaster recovery at facilities of MOESK in 2011 (amounting to 62 mln RUB)

SALES ACTIVITY



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The main outcome in 2013:

1

Increase in revenue due to the execution of the functions of a supplier of last resort for 12 months of 2013 amounted to 16.0 bln RUB (VAT net), which accounts for 17.2% of total receipts under RAS

Net profit from the sale of electricity on the wholesale and retail markets amounted to more than 440 mln RUB

2

Payment at Wholesale Electric Energy and Power Market is made in full and on time, specified in the agreement on accession to the Wholesale Market Trading System

3

Reduction of electricity losses in the grids of IDGC of Centre (including through execution of the functions of a supplier of last resort) for 12 months of 2013 compared to the previous year by 0.37% was achieved

During the period from February to December 2013 the reduction of consumer debt to retailers, deprived of their status of a supplier of last resort, was achieved for 2.1 bln RUB or 24%

4

First results in 2014:

- In February 2014 according to the resolution of the Russian Ministry of Energy the function of an electricity supplier of last resort in the Orel region was transferred from the Company to a subsidiary of JSC "INTER RAO UES";
- In April 2014 according to the resolution of the Russian Ministry of Energy the function of an electricity supplier of last resort in the Kursk and Tver regions was assigned to JSC "AtomEnergoSbyt";
- Starting from June 1, 2014 the function of a supplier of last resort in the Smolensk region according to the resolution of the Russian Ministry of Energy was transferred from the Company to JSC "AtomEnergoSbyt", in the Bryansk region to LLC "TEK-Energy".

FINANCIAL PERFORMANCE UNDER RAS

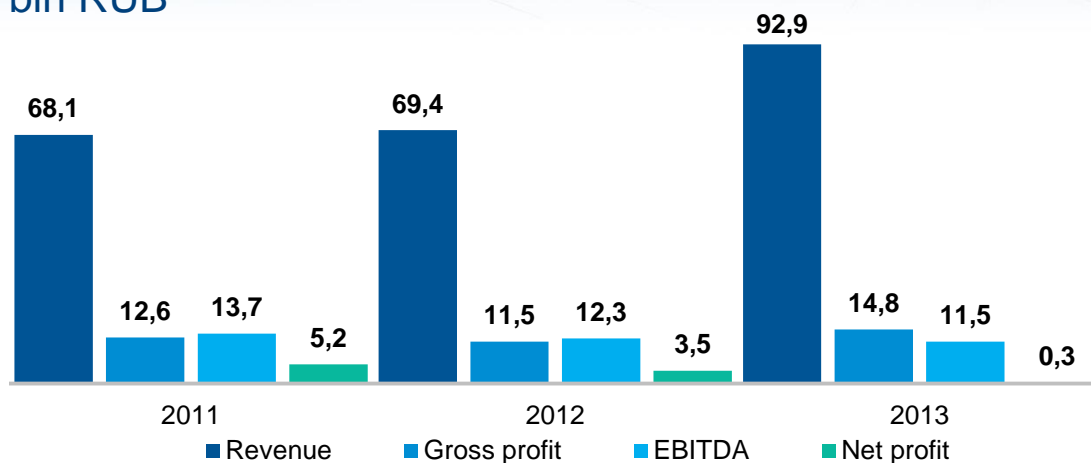


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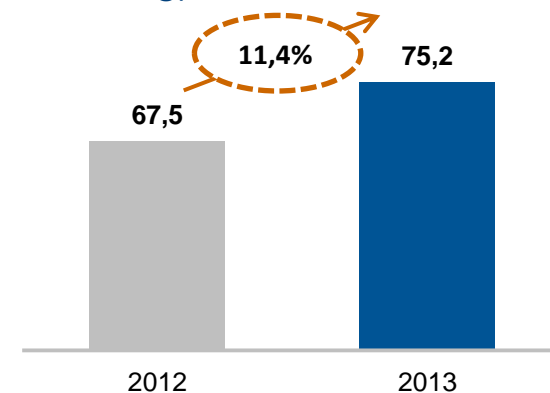
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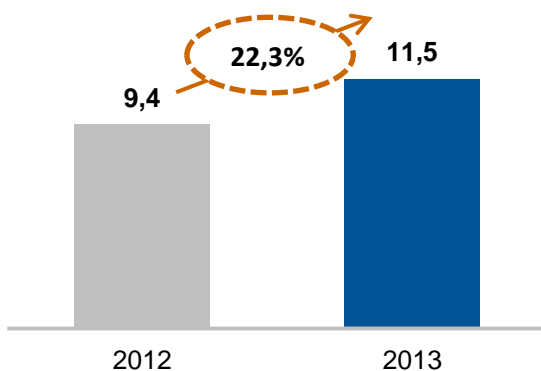
Dynamics of economic performance in 2011-2013 (RAS), bln RUB



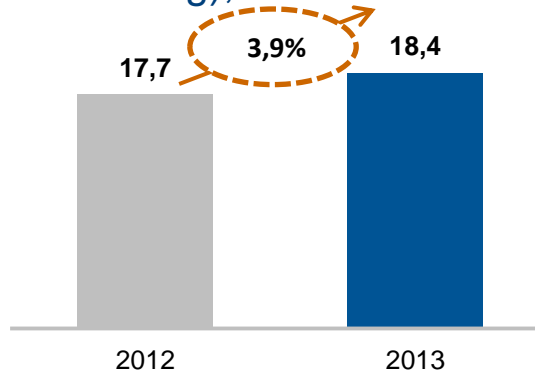
Revenue from electric energy transmission (management accounting), bln RUB



Sales profit (RAS), bln RUB



Controllable costs (management accounting), bln RUB



Inflation in 2013 was 6,5%

COST MANAGEMENT PROGRAM



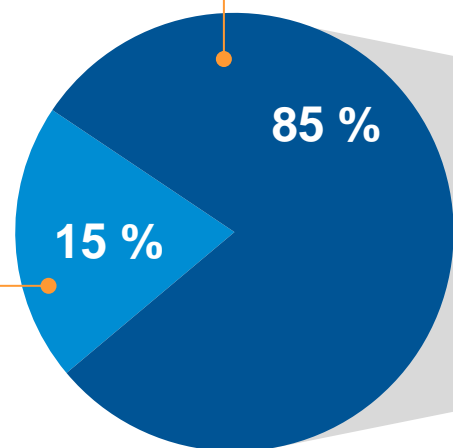
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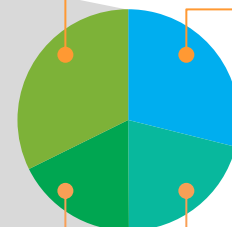
Cost cutdown result

1 455,8
mln RUB

- Reduction of expenses on rent, consulting and transport services;
- Optimization of business travel and entertainment expenses



Operating costs
370,5 mln RUB



Electric energy losses
421,9 mln RUB

- Electric energy losses were reduced including through:
- implementing the Program of long-term development of electricity metering systems (47,9 mln kWh);
 - taking measures against non-metered and non-contracted electricity consumption (133,6 mln kWh);
 - performing energy efficient activities in power consumption for the Company's utility, production and economic needs

Payroll expenses
417,2 mln RUB

Through the natural movement of the Company's personnel, workforce management and hiring freezes

Result from other activity
246,2 mln RUB

- Maximum result achieved on non-operating activities including through:
- compensation with fines and penalties for contract provisions violation by the Company's contractors (204,2 mln RUB);
 - writing off payables exceeding three years (28 mln RUB)

Revenue increase result

253,4
mln RUB

Efficient work to identify non-metered, non-contracted electricity consumption, inclusion of cases of non-metered consumption in net supply, implementation of the Program of long-term development of electricity metering systems

PROCUREMENT



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TRANSPARENCY

- › Maximal transparency of procurement through electronic trading platforms.
- › Disclosing exhaustive information on the official web site and the Company's web site

COMPETITION

- › Creating a competitive environment through increased opportunities for individuals and legal entities during procurement.
- › Estimating all procurement competitors on equal terms, applying the same set of criteria

PROCUREMENT PRINCIPLES

EFFICIENCY

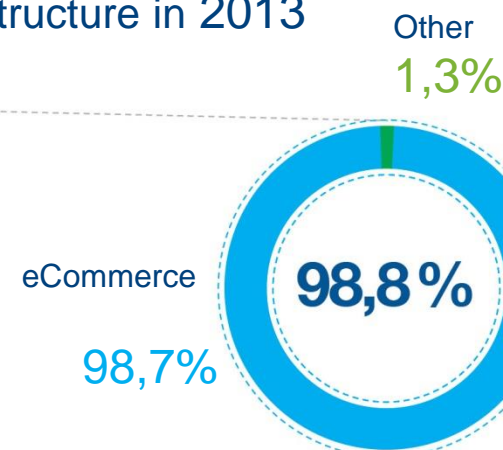
- › Maximizing the benefit for the Company while procuring goods, work and services of the sufficient quality and in the required quantities

EXPEDIENCY

- › Creating the conditions for satisfying all the demands fully and on time to ensure the trouble-free execution of the Company's functions

Saving on purchases in 2013
2,3 bln RUB

Procurement structure in 2013



FINANCIAL STANDING



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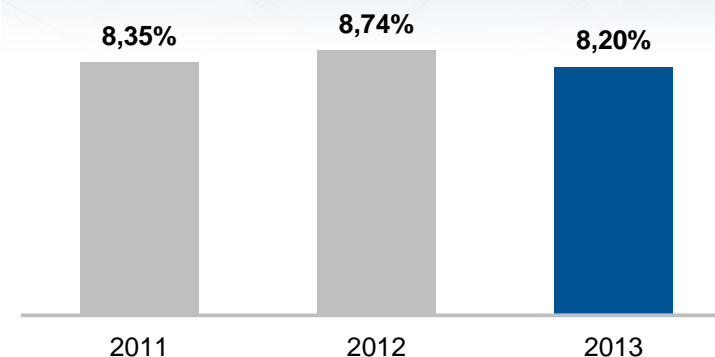
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	31.12.2012	31.12.2013
Net debt, bln RUB	25,5	32,0
Net debt/EBITDA	2,1	2,9

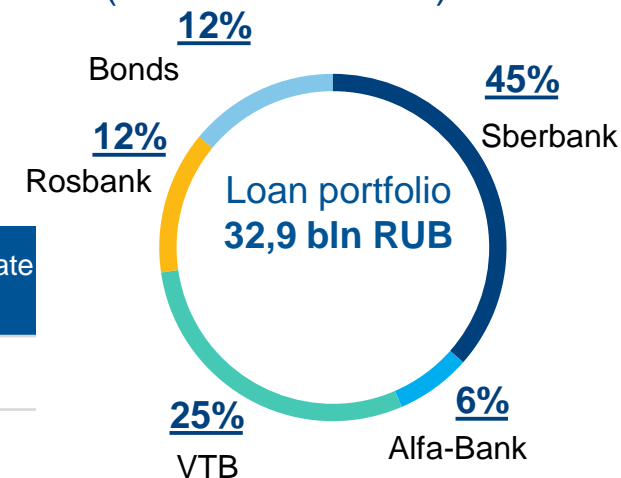
Agency	Scale	Rating	Outlook
S&P	international, long-term	BB	Stable*
S&P	international, short-term	B	-
S&P	national (Russia)	ruAA	-
National Rating Agency	national (Russia)	AA	-

Type of securities	Amount (thous. RUB)	Individual number and date of assignment	Maturity	Status	Coupon rate (%)
Traded bonds series BO-01	4 000 000	4B02-01-10214-A dated 13.07.2012	up to 3years	In circulation	8,95%

Average weighted borrowing rate of IDGC of Centre



Loan portfolio structure of IDGC of Centre (as at 31.12.2013)



* - in March 2014 the outlook was changed to "Negative" as a result of the Russian Federation rating revision

INVESTMENT PROGRAM

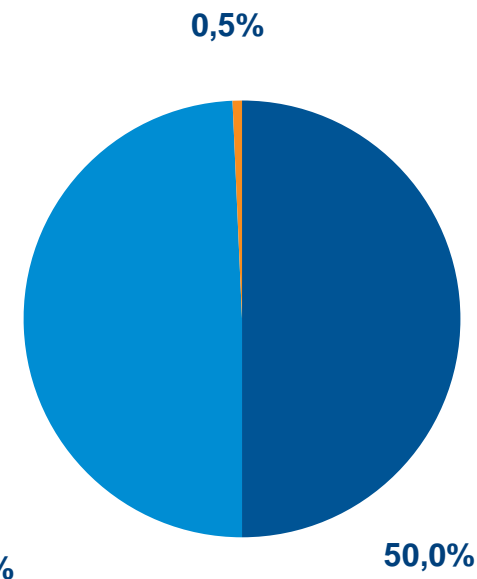
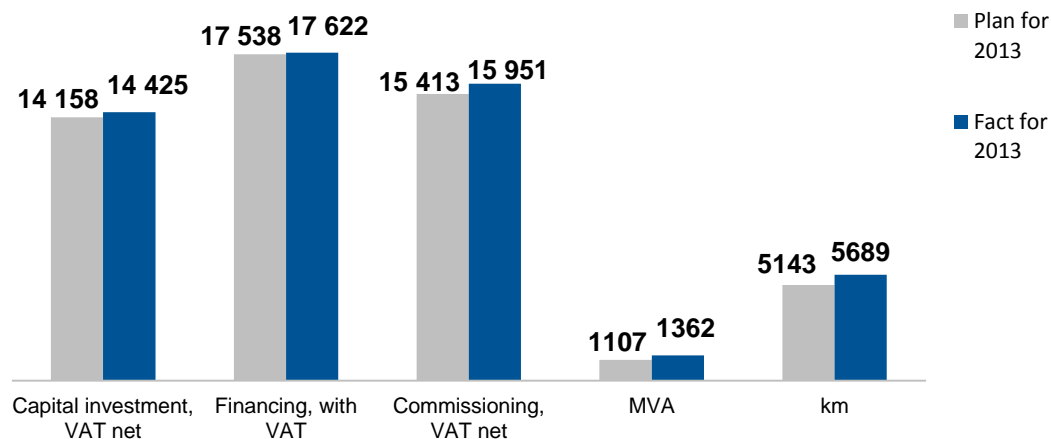


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Actual implementation of the Investment Program for 2013. Main indicators.

Investment Program structure following the results of its implementation in 2013



Indicator	Plan for 2013	Fact for 2013	% completion
Capital investment, mln RUB VAT net	14 158	14 425	102%
Financing, mln RUB with VAT	17 538	17 622	100%
Commissioning, mln RUB VAT net	15 413	15 951	103%
Commissioning, MVA	1 107	1 362	> 100%
Commissioning, km	5 143	5 689	111%

- Retrofitting and reconstruction
- Grid connection
- Other

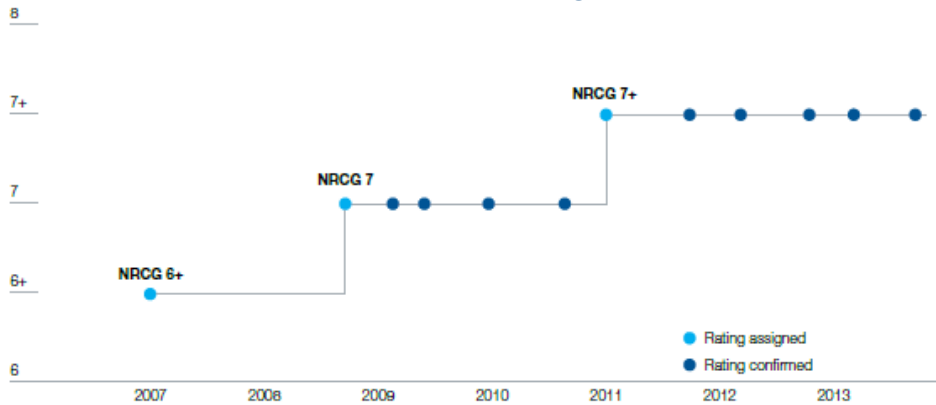
CORPORATE GOVERNANCE



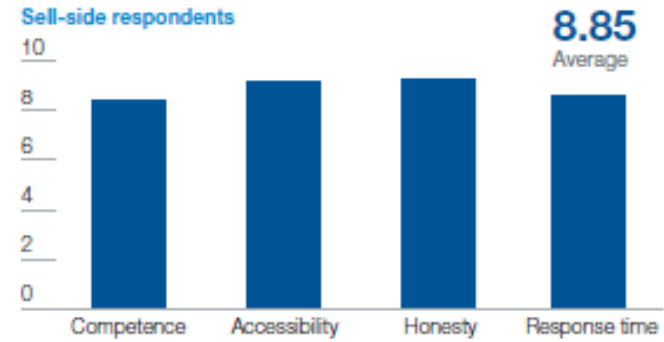
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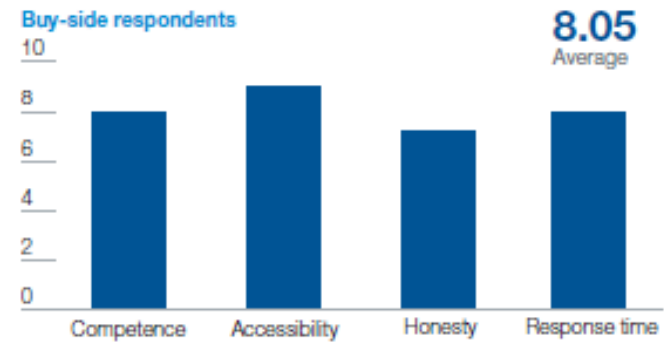
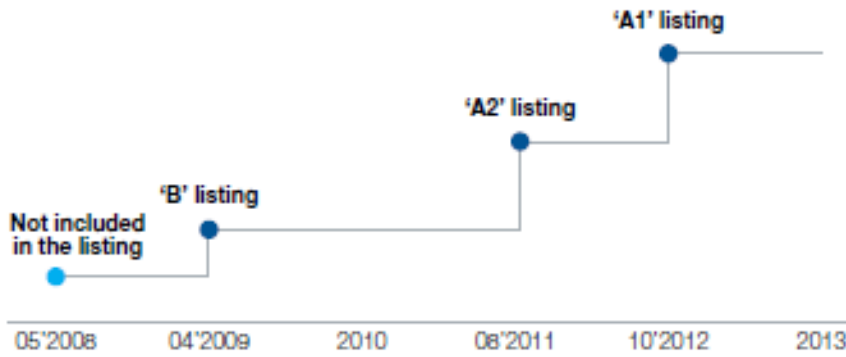
Corporate Governance Rating



IR Service performance evaluation



Stocks. Quotation List at MOEX



SOCIAL RESPONSIBILITY

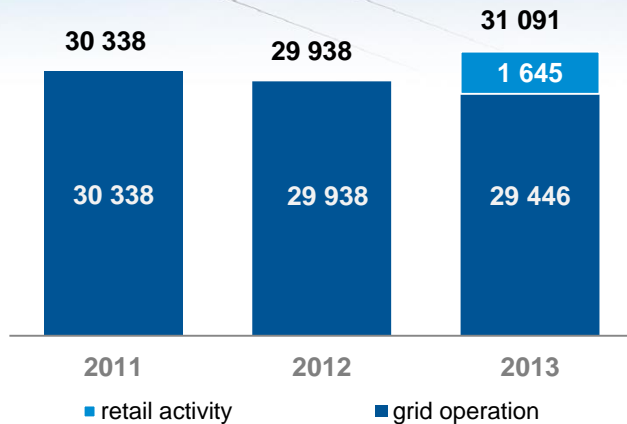


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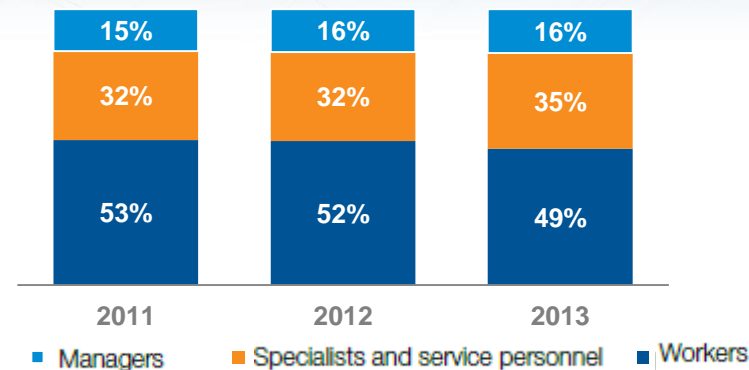
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Average number of employees, people



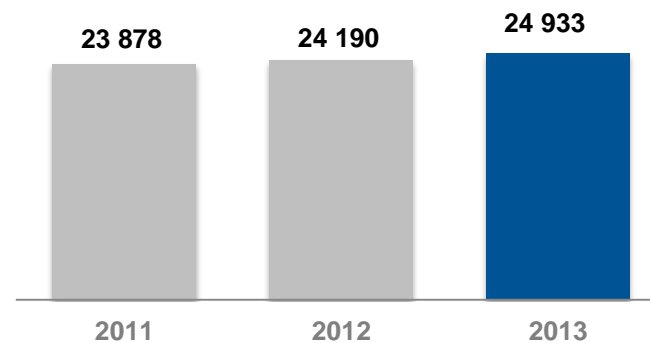
Employee structure by categories, %



Staff training (training, retraining, skill improvement), %



Number of employees trained, people



INVESTMENT HIGHLIGHTS IN 2013



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- 1 Operation in 11 regions of Central Russia with stable outlook for economic growth
- 2 Leader in innovations implementation in the sector
- 3 Stable financial position
- 4 Approved dividend policy and positive dividend history
- 5 Corporate governance rating **NCGR 7+** – the highest among peers
- 6 Credit rating S&P «**BB**», Outlook – «Stable»
- 7 Development of value-added energy services
- 8 Additional revenue from performing the functions of an electricity supplier of last resort

THANK YOU!



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