

IDGC OF CENTRE:

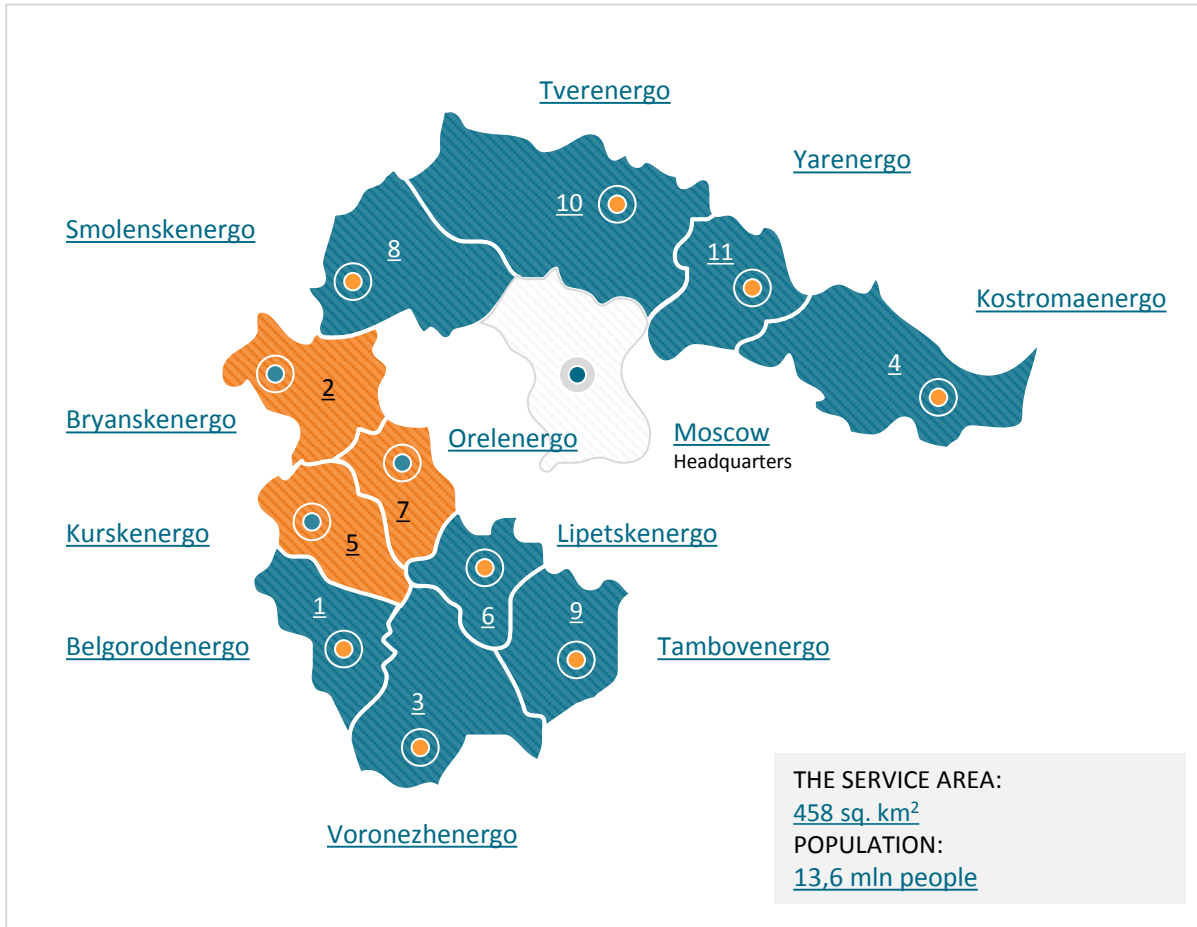
FY 2012 RESULTS
& OUTLOOK FOR 2013



THE RUSSIA FORUM 2013 | 16-19 April 2013 | Moscow, Russia

Overview of the Company

THE GEOGRAPHY OF ACTIVITY: 11 BRANCHES IN THE EUROPEAN PART OF RUSSIA



IDGC of Centre is a natural monopoly, its tariff rates are regulated by the [Federal Tariff Service](#) and regional regulating authorities

TYPES OF ACTIVITY

- Transmission and distribution of power over low and mid-voltage networks
- Technological connection to 0,4-110 kV networks
- Functions of a [guaranteeing supplier](#)¹

2012 KEY INDICATORS

Market Cap ² , RUB bn	24,6
Market Cap, USD mln	808
Productive power supply ³ , bn kWh	57,9
Revenue (IFRS), RUB bn	69,9
Net income (IFRS), RUB bn	4,4
Capex, RUB bn	15,8
Staff, people	30 333
Number of shareholders ⁴	16 448

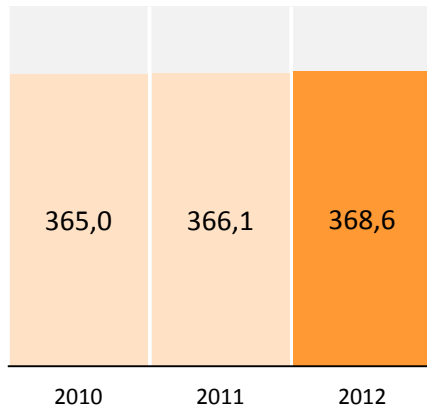
(1) in the Bryansk, Orel and Kursk regions from [01.02.2013](#)

(2) weighted average price as of [28.12.2012](#)

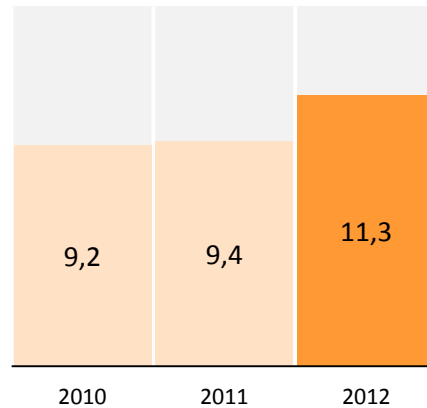
(3) joint operation circuit

(4) as of [04.07.2012](#)

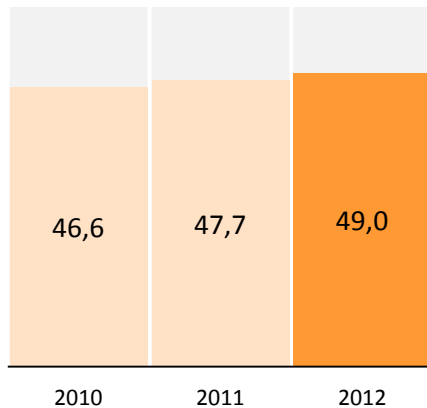
**LENGTH OF TRANSMISSION LINES
0,4-110 kV** (on a line), thousand km



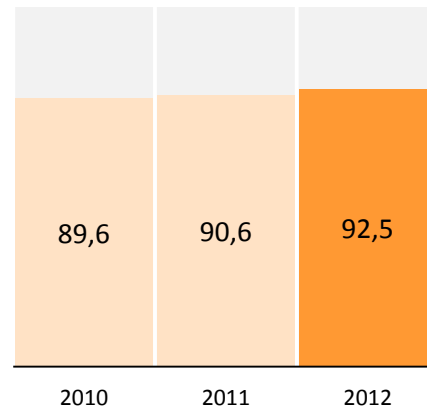
LENGTH OF CABLE LINES 0,4-110 kV
thousand km



CAPACITY OF SUBSTATIONS
thousand MVA



NUMBER OF SUBSTATIONS
thousand pieces

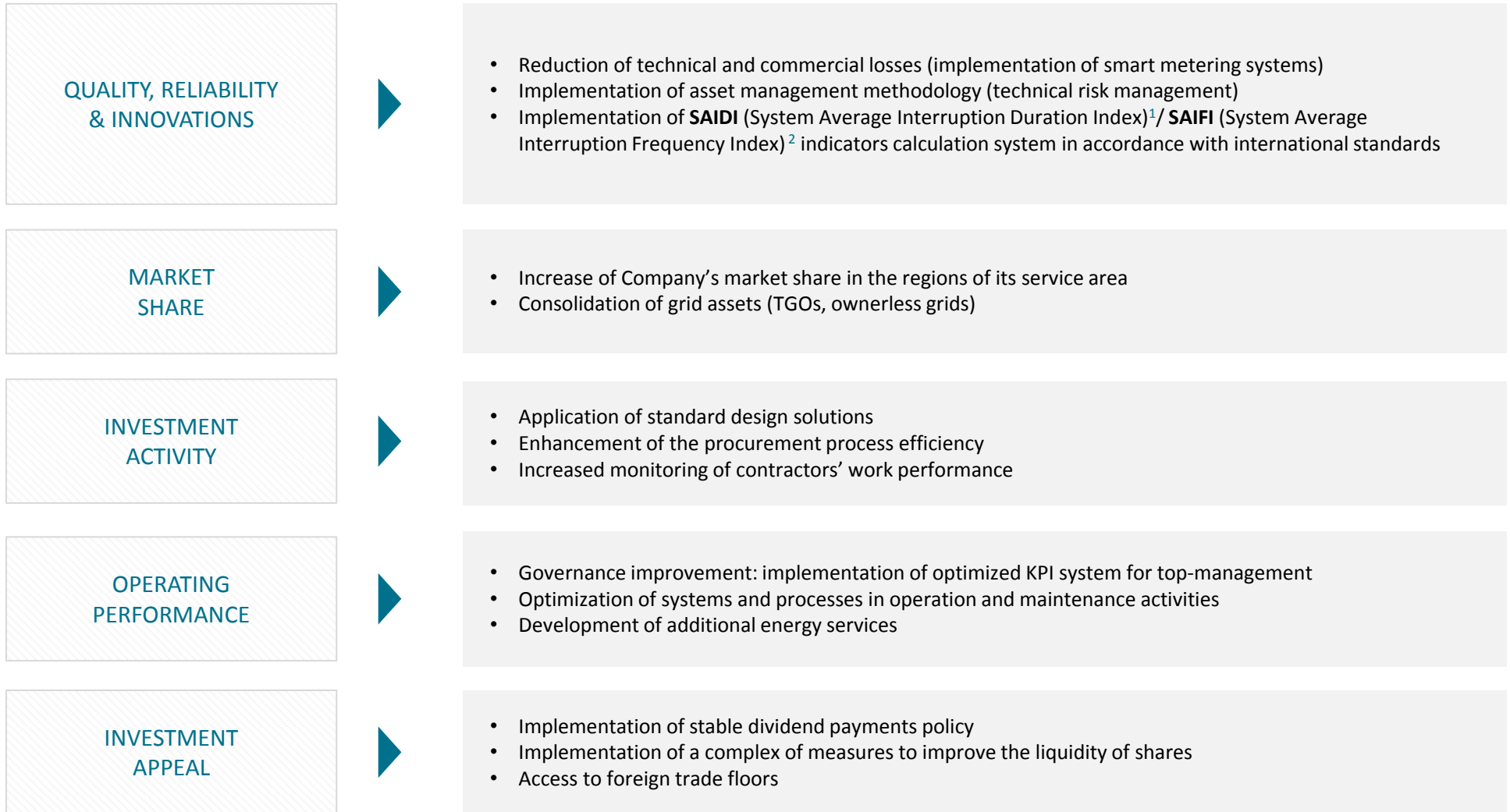


INDICATOR

2012

Length of 0,4-110 kV overhead transmission lines (on a line) thousand km	368,6
Length of 35-110 kV overhead transmission lines thousand km	51,8
Length of 0,4-10 kV overhead transmission lines thousand km	316,8
Length of 0,4-110 kV cable lines thousand km	11,3
Capacity of substations thousand MVA	49,0
Capacity of 35-110 kV substations thousand MVA	32,6
Capacity of 6-10/0,4 kV transformer substations thousand MVA	16,5
Number of substations thousand pieces	92,5
Number of 35-110 kV substations thousand pieces	2,3
Number of 6-10/0,4 kV transformer substations thousand pieces	90,2
Number of installed units mln	1,526
Number of power grids districts Pieces	278

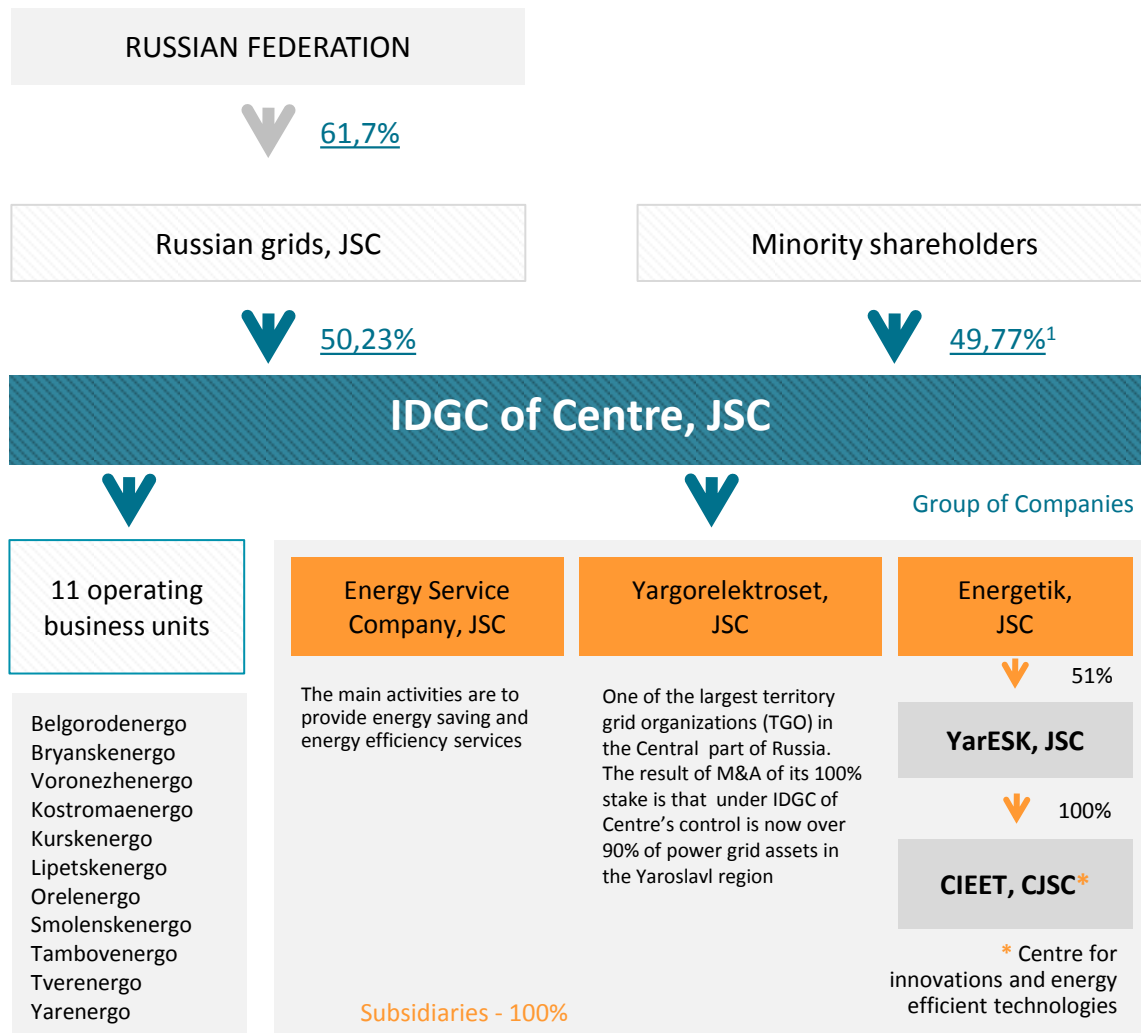
IDGC of Centre is effectively one of the largest distribution grids in Russia in terms of assets



(1) the average outage duration for each customer served

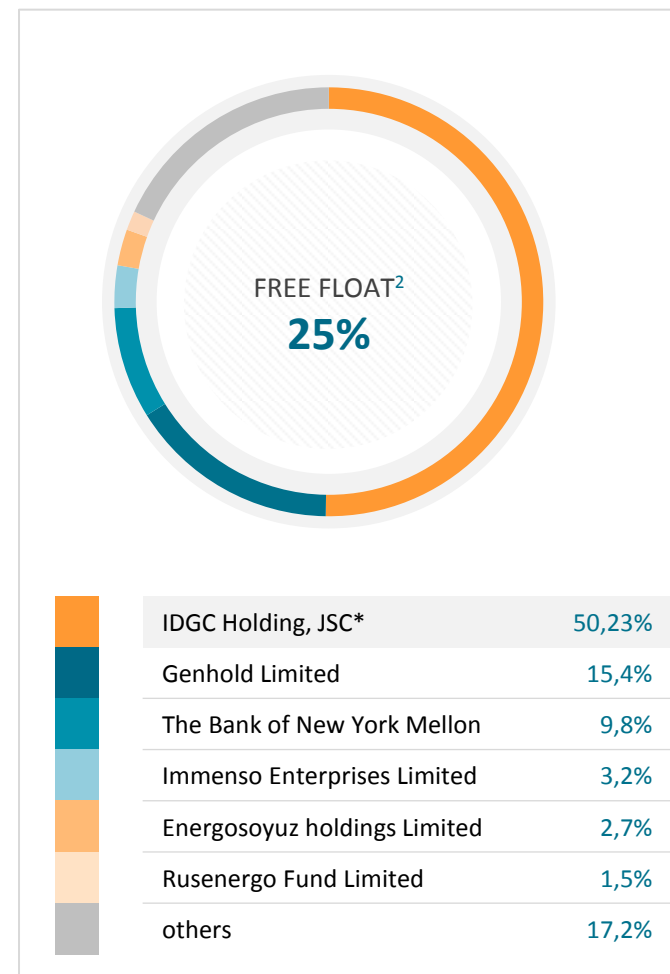
(2) the average number of interruptions that a customer would experience

Governance Structure & Major Shareholders

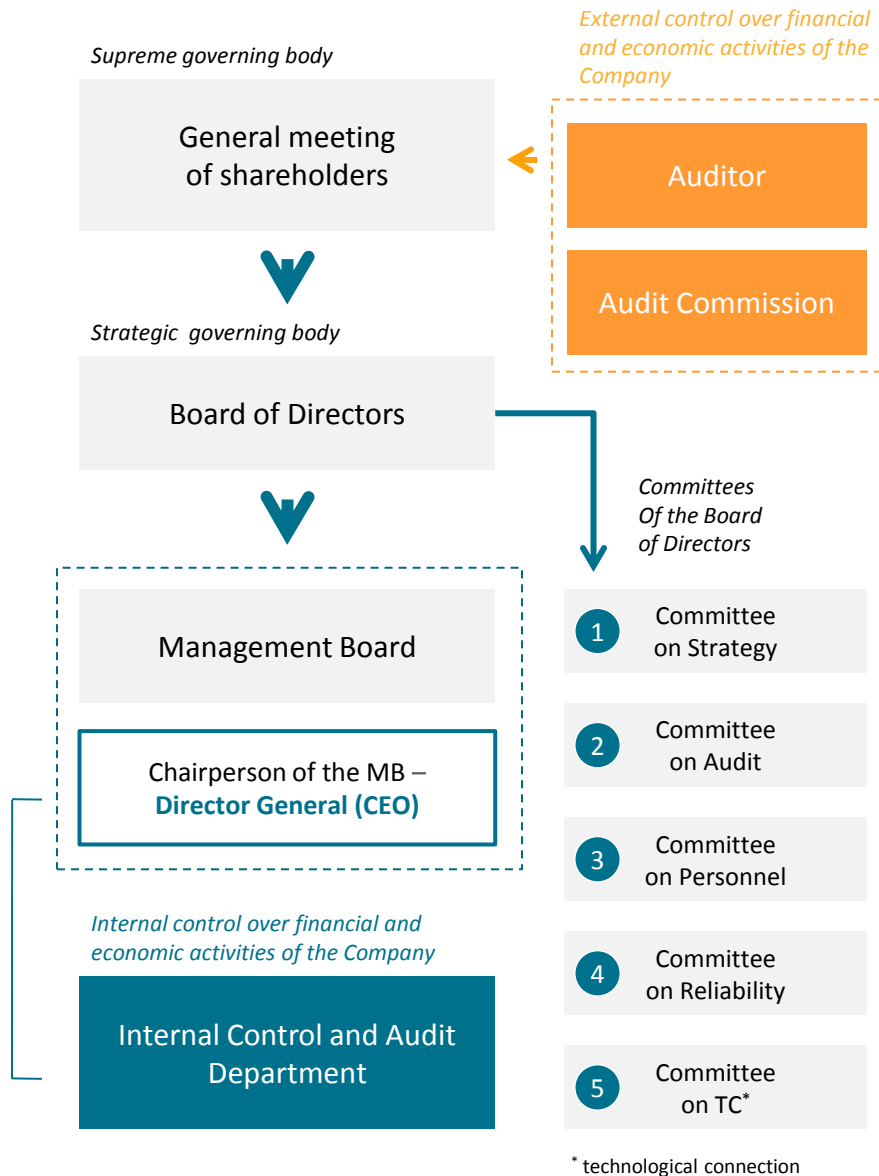


(1) including the State share 0,46%
 (2) according to the MICEX Index Committee

SHARE CAPITAL STRUCTURE OF IDGC OF CENTRE AS OF 04.07.2012



* from 05.04.2013 – JSC Russian Grids



Developed corporate governance practice & leading position among MRSKs

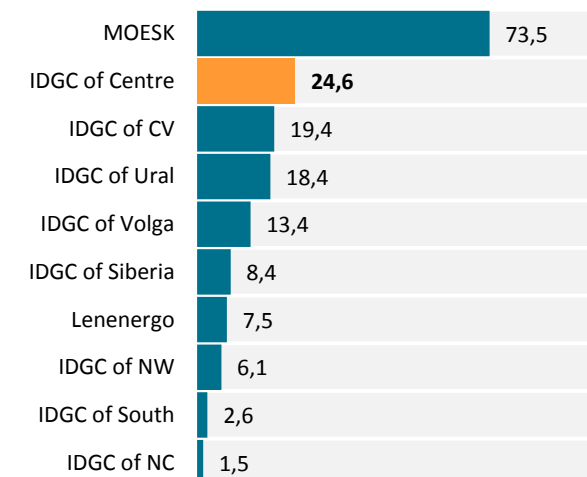
National Corporate Governance Rating

<u>Confirmed</u>	<u>October 2012</u>
Confirmed	August 2011
Upgraded (7+)	January 2011
Confirmed	July 2010
Confirmed	July 2009
Assigned (7)	September 2008

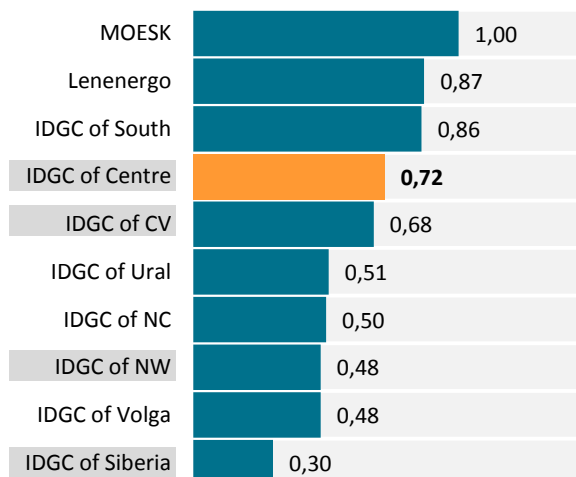
Source: EXPERT RA rating agency

Financials and Valuation Metrics of IDGC of Centre and its Peers

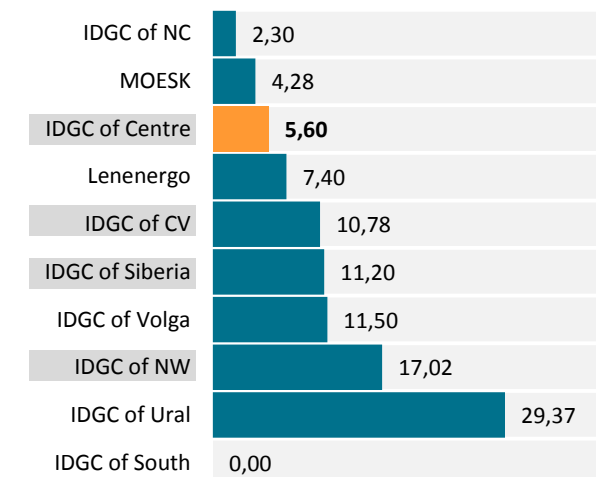
MARKET CAP (28.12.12), RUB bn



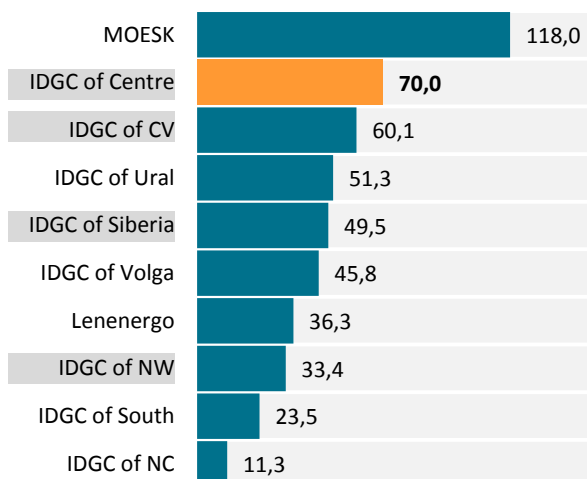
EV/Sales (2012)



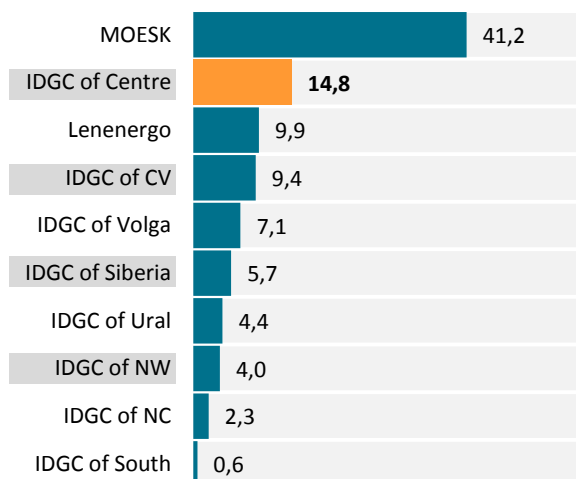
P/E (2012)



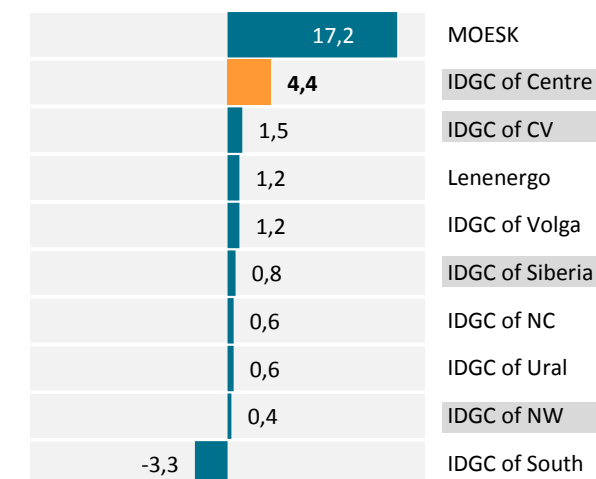
REVENUES (2012), RUB bn



EBITDA (2012), RUB bn

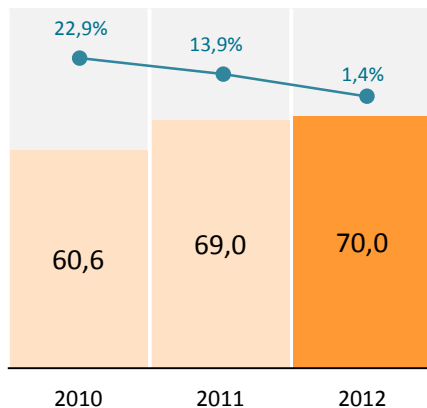


NET INCOME (2012), RUB bn

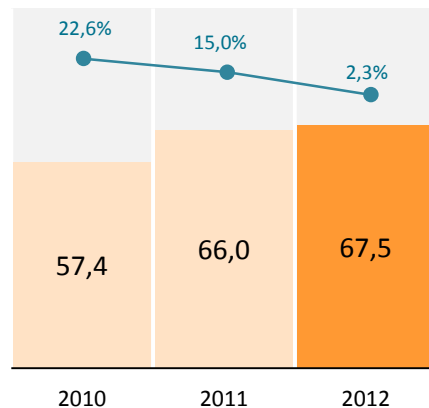


Key IFRS Indicators 2010-2012

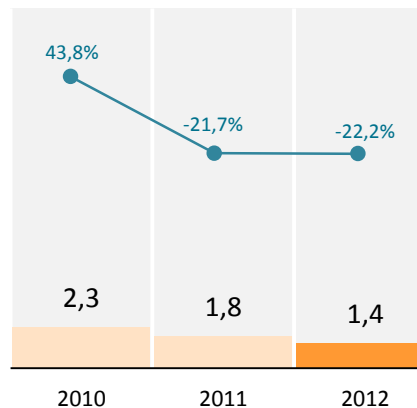
TOTAL REVENUES
RUB bn



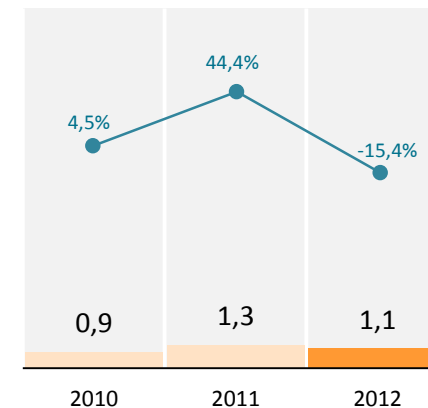
REVENUES FROM ELECTRICITY DISTRIBUTION
RUB bn



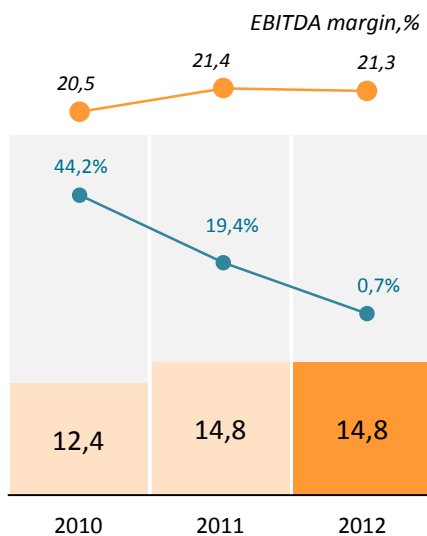
REVENUES FROM GRID CONNECTIONS
RUB bn



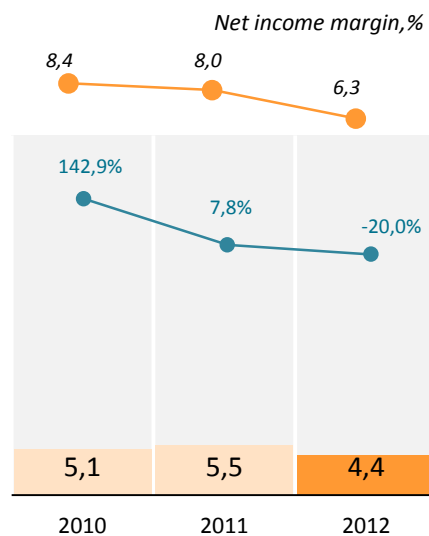
OTHER REVENUES
RUB bn



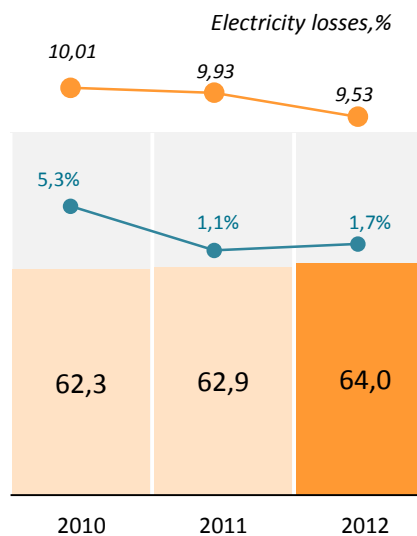
EBITDA¹
RUB bn



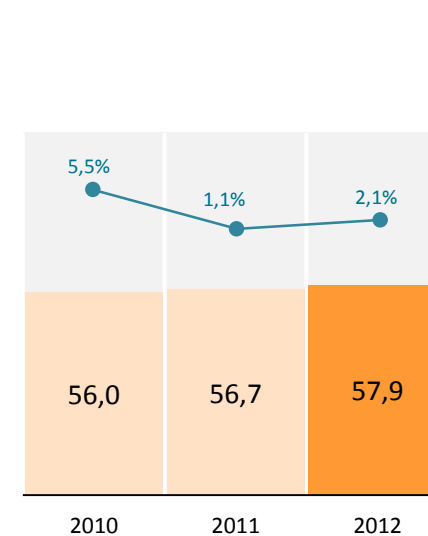
NET INCOME
RUB bn



SUPPLY TO GRID
bn kWh



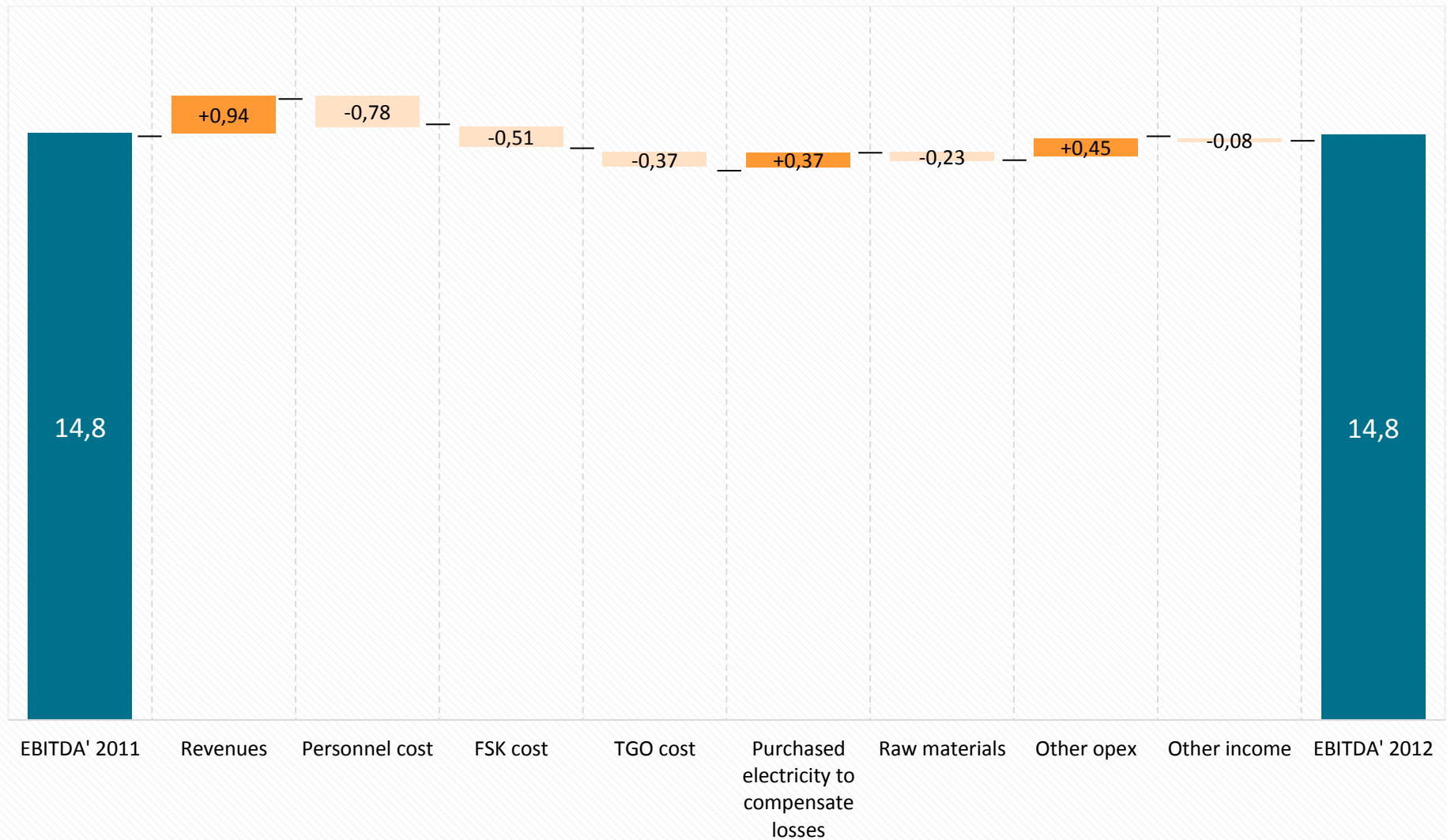
PRODUCTIVE SUPPLY²
bn kWh



(1) Calculation: profit and total income for the period + income tax + interest expenses (excluding interest on obligations under finance leases and employee benefits) + depreciation

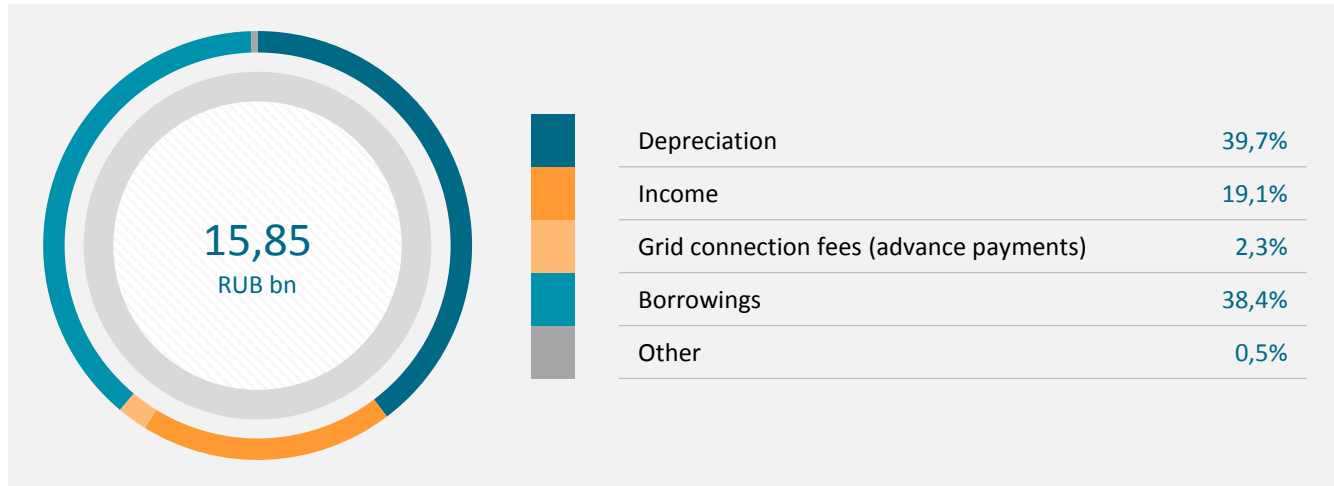
(2) supply from the grid to customers and joint TGOs

EBITDA Analysis (IFRS)

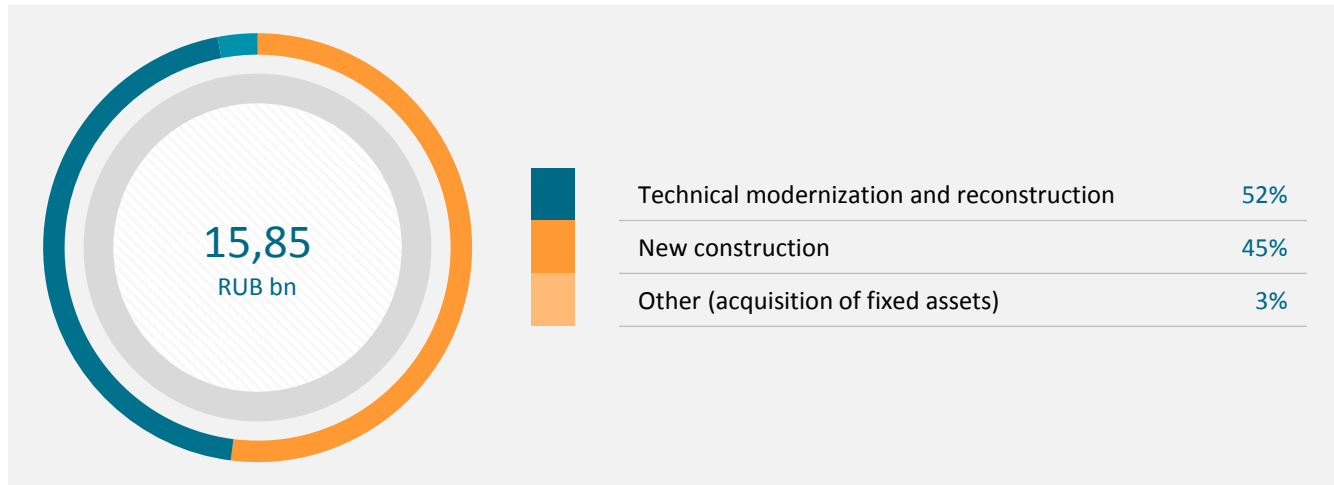


Structure & Dynamics of Capex

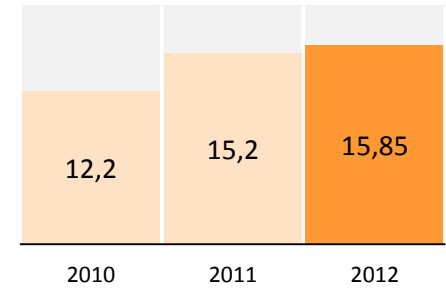
FUNDING SOURCES OF CAPEX (2012)



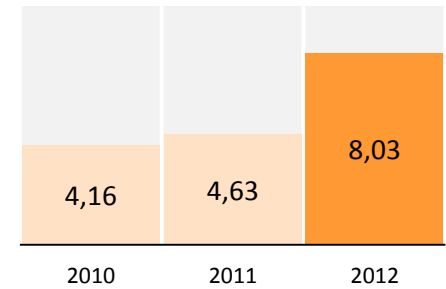
CAPEX AREAS (2012)



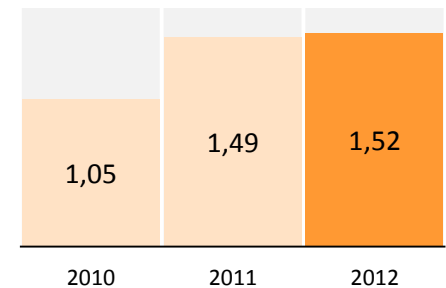
CAPITAL INVESTMENTS RUB bn (VAT not included)



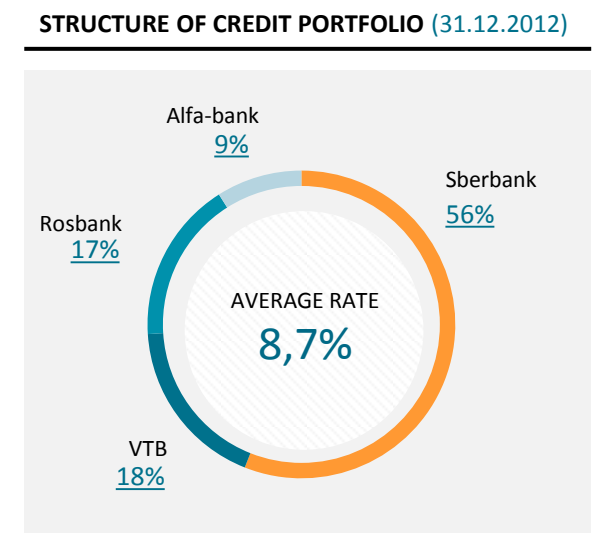
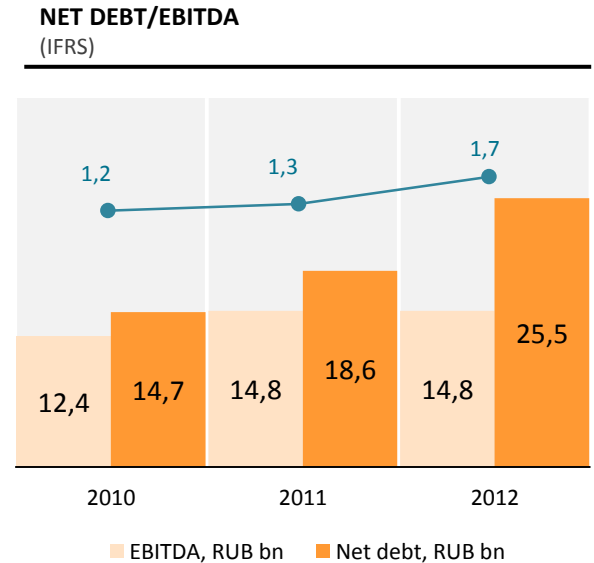
COMMISSIONING OF CAPACITY thousand km



COMMISSIONING OF CAPACITY thousand MVA

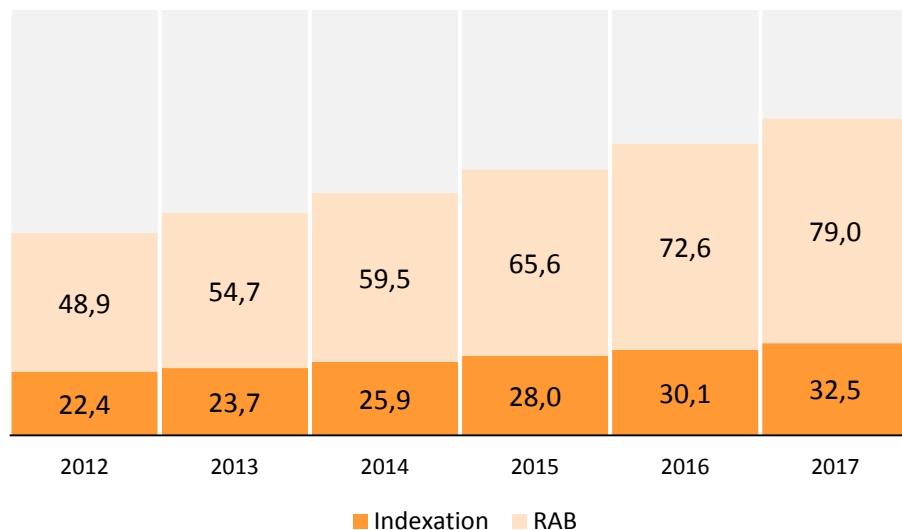


Credit Portfolio & Credit Ratings



REQUIRED GROSS REVENUE FROM JOINT OPERATIONS

RUB bn

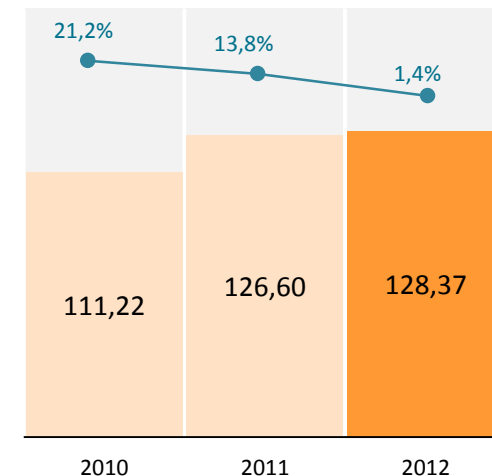


* as of 01.01.2013 8 branches of IDGC of Centre are regulated by the RAB method, and 3 branches - Tverenergo, Bryanskenergo and Lipetskenergo – are regulated by the long-term RGR indexation

** 2012, 2013 – approved by REC, 2014-2017 – the calculation is made based on the approved long-term prospects of development and expert estimate of IDGC of Centre

AVERAGE JOINT TARIFF

cop./kWh



	2012	2013	2014	2015	2016	2017
Required gross revenue (RGR) from joint operations, RUB mln	71 287	78 358	85 431	93 648	102 724	111 452
Opex, RUB mln	15 537	16 330	16 786	17 403	17 957	18 559
Non-controllable expenses, RUB mln	45 284	49 510	54 286	59 312	65 130	71 520
Return + Income + Smoothing + RGR adjustment ¹ , RUB mln	10 466	12 518	14 359	16 933	19 637	21 373
Productive supply, mln kWh	55 532	55 483	55 628	56 408	57 200	57 971
Average one-rate tariff, cop./kWh	128,4	141,2	153,6	166,0	179,6	192,3
Tariff growth, %	1,4%	10,0%	8,7%	8,1%	8,2%	7,1%
Own RGR, RUB mln	35 096	38 912	42 602	46 783	51 270	55 047
EBIT, RUB mln	8 290,65	9 045,19	10 911,59	13 070,90	15 914,81	17 175,73

(1) RGR structure by branches, which are regulated by the method of long-term tariff indexation is given in comparable form, i.e. depreciation, capex from profit are reflected in the line "Return + Income + Smoothing + RGR adjustment"

Long-Term Indexation vs. RAB

CALCULATION OF RETURN AND INCOME NOT RECEIVED

RUB mln

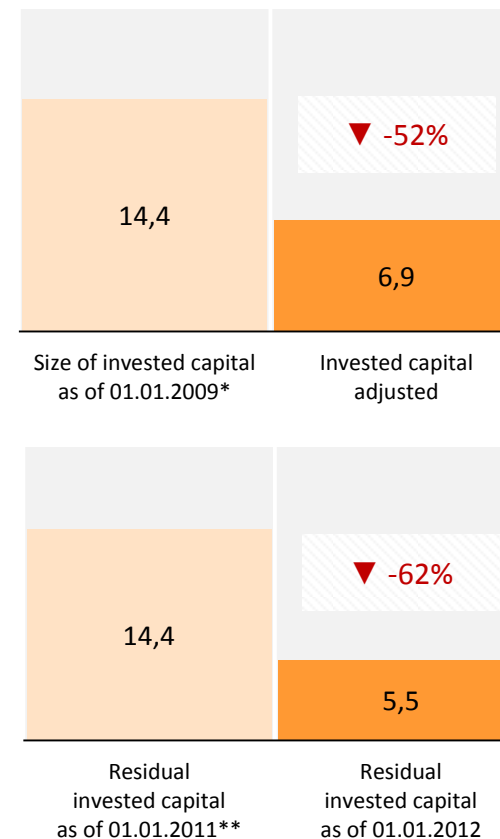
	2012	2013	2014	2015	2016	2017	2018
	809						
	662	809					
		518	809				
			429	809			
				340	809		
					251	809	
						162	664
							89
Recovery of invested capital							5 519
Return on invested capital			2 451				

Analysis of the tariff projections of Tverenergo by the two regulation methods showed that it is advisable to perform tariff regulation for electricity transmission in 2012-2017 by the [long-term method of indexation](#):

- Possible return of monetary funds according to the FTS decision on the pre-trial consideration of dispute with the regulator in the Tver region – [RUB 4,2 bn](#)
- Capital base remains [in the full volume](#)
- Tverenergo will not receive about [RUB 8,0 bn](#) in the case of transition to RAB (recovery of invested capital – [RUB 5,5 bn](#), return on invested capital – [RUB 2,5 bn](#))
- There is still a possibility to switch to RAB from the next long-term period of regulation or during the next period provided cancellation of strict limitation of the tariff growth without any losses in the recovery of invested capital and return on invested capital

REDUCTION OF THE SIZE AND BASE OF INVESTED CAPITAL

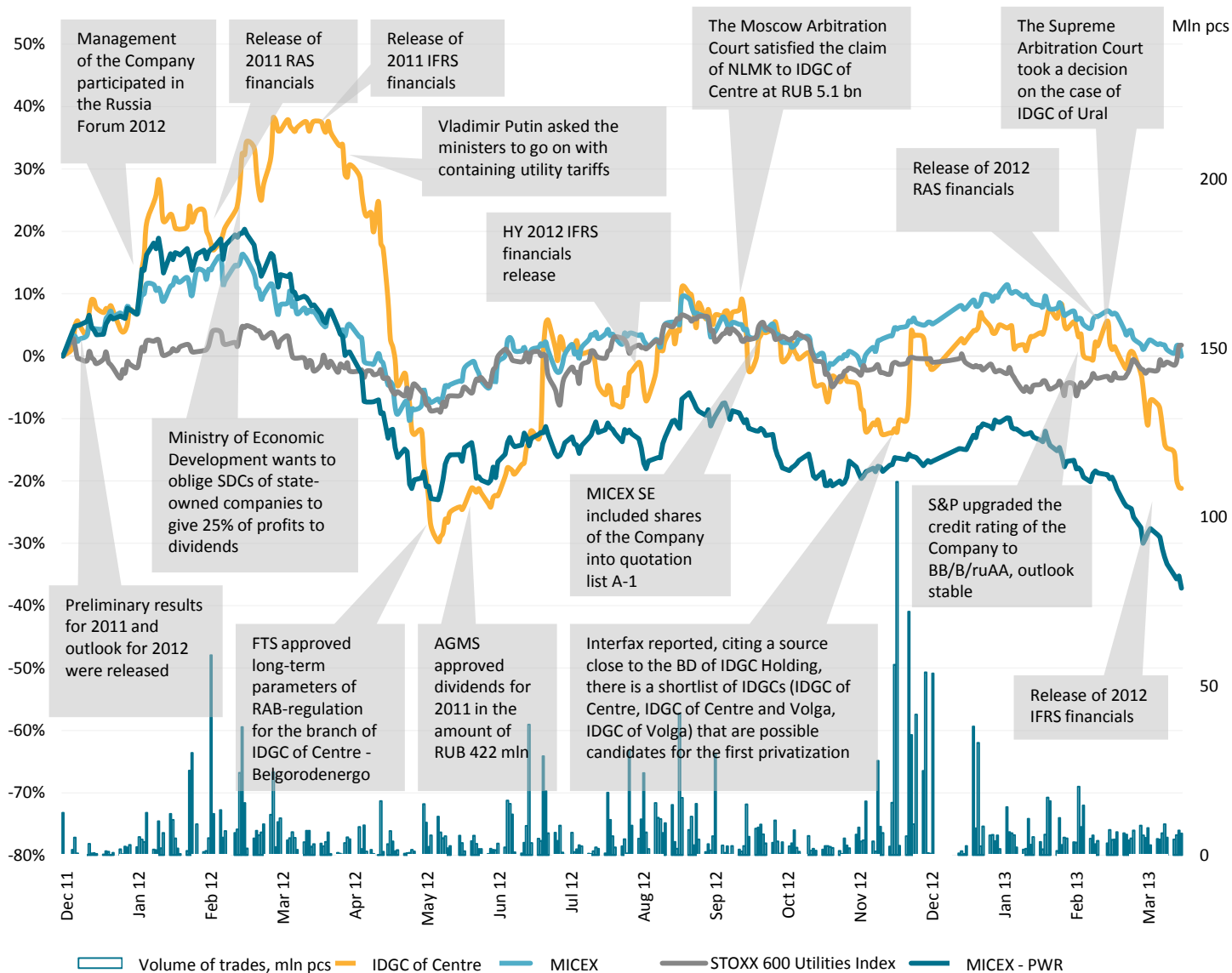
RUB bn



* - at a date of transition

** - the base of invested capital as of 01.01.2012 is calculated in terms of reduction of the invested capital size as of 01.01.2009, adjustments of the invested capital size for construction in progress, disposal of fixed assets, input of new investments in 2009-2011 and received return on invested capital in 2009-2011

Dynamics of Quotes, Trade Volumes & Milestones of 2012-2013



Start of Trades

21 May 2008

Quotation List

MICEX	A-1
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Tickers

MICEX-RTS	MRKC
Bloomberg	MRKC RX
Reuters	MRKC.MM

Calculation of Indices

Shares in the index calculation base	MICEX PWR
	MICEX SC

Valuation Metrics

Current (IFRS)	MRKC	Russian peers	Foreign peers
P/E	5,6	11,1	13,4
EV/EBITDA	3,4	3,5	5,8
EV/Sales	0,7	0,6	0,9

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