

## ITEM № 2

# ON DISTRIBUTION OF PROFITS AND LOSSES OF THE COMPANY (INCLUDING THE DIVIDEND PAYMENT (DECLARATION)) FOLLOWING THE RESULTS OF THE REPORTING YEAR OF 2018



**Explanatory information on the item (justification of the proposed distribution of net profit)**



Interregional Distribution Grid Company of Centre,  
Public Joint-Stock Company  
2nd Yamskaya, 4, Moscow, Russia, 127018  
Tel.: +7 (495) 747-92-92, Fax: +7 (495) 747-92-95,  
Power Engineers' Direct Line: 8-800-50-50-115,  
Trust Line: +7 (495) 747-92-99,  
e-mail: posta@mrsk-1.ru, www.mrsk-1.ru

**EXTRACT FROM MINUTES**

of meeting of the Board of Directors of IDGC of Centre, PJSC  
(in the form of absent voting)

«26» April 2019

Moscow

No. 16/19

Form of the meeting: **absent voting.**

Total number of members of the Board of Directors: **11 people.**

Participants of the voting: **D.B. Akopyan, A.V. Varvarin, O.Y. Isaev, A.I. Kazakov, A.I. Pavlov, A.V. Rakov, L.A. Romanovskaya, M.M. Saukh, D.A. Spirin, R.A. Filkin, A.V. Shevchuk.**

Members who did not provide questionnaires: **none.**

The quorum is **present.**

Date of the minutes: **26.04.2019.**

**Item 11. On the recommendations on the distribution of profit (loss) of the Company following the results of 2018.**

**Decision:**

To recommend to the Annual General Meeting of Shareholders of the Company to approve the following distribution of profits (losses) of the Company for the reporting year of 2018:

Name	(thous. RUB)
Retained earnings (loss) for the reporting period: To be distributed to:	1 405 372
Reserve fund	0
Profit for development	529 210
Dividends	876 162
Repayment of losses of previous years	0

**Decision is taken.**

**Minutes signed by:**

Chairperson of the Board of Directors

A.I. Kazakov

Corporate Secretary

S.V. Lapinskaya

**Extract is correct:**

Corporate Secretary  
of IDGC of Centre, PJSC  
26.04.2019.

S.V. Lapinskaya

In accordance with Federal Law dated 26.12.1995 № 208-FZ "On Joint-Stock Companies", the agenda of the Annual General Meeting of Shareholders of the Company should include questions on the distribution of profits (including the payment (declaration) of dividends) based on the results of the reporting year, and on the date on which the persons entitled to receive dividends are determined.

These decisions are made by the shareholders' meeting only on the recommendation of the Board of Directors of the Company. In accordance with paragraph 4 of Art. 42 of the Federal Law "On Joint Stock Companies", the amount of dividends may not be greater than the amount of dividends recommended by the Board of Directors of the Company.

The source of payment of annual dividends is the Company's profit after taxation (net profit) determined by the data of the Company's accounting (financial) statements compiled in accordance with the requirements of the legislation of the Russian Federation.

In accordance with the P&L Statement as of 31.12.2018 the Company's net profit amounted to RUB 1,405,372 thous. Following the results of 2018 ROIC was 4.57%, WACC was 13.51%.

When distributing profits, the Board of Directors of the Company took into account the need to establish the Company's Reserve Fund through annual deductions of 5% of the Company's net profit until the Reserve Fund reaches the established amount. As of the end of the reporting period, the size of the Company's Reserve Fund was fully formed and amounts to RUB 211,090 thous., which corresponds to the normative level (5% of the Company's charter capital). Thus, according to the results of 2018, additional funds are not allocated to the Reserve Fund of the Company.

When deciding on the recommendation to the General Meeting of Shareholders on the amount of dividends on shares, the Board of Directors of the Company took into account Resolution of the Government of the Russian Federation No. 1094-r of 29.05.2018, Resolution of the Government of the Russian Federation No. 393-r of 07.03.2018, and the Regulation on Dividend Policy of the Company.

According to the results of 2018 for the payment of dividends, taking into account the fulfillment of the requirements of these normative documents, as well as rounding up to one share in rubles to within seven decimal places, it is recommended to allocate RUB 876,162 thous., therefore, the expected amount of dividends per share will be RUB 0.0207533. Dividend yield on the Company's shares will be 6.13%.

ITEM № 2 «ON DISTRIBUTION OF PROFITS AND LOSSES OF THE COMPANY (INCLUDING THE DIVIDEND PAYMENT (DECLARATION)) FOLLOWING THE RESULTS OF THE REPORTING YEAR OF 2018»



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of meeting of the Board of Directors of IDGC of Centre, PJSC  
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Total number of members of the Board of Directors: **11 people.**

Participants of the voting: **D.B. Akopyan, A.V. Varvarin, O.Y. Isaev, A.I. Kazakov, A.I. Pavlov, A.V. Rakov, L.A. Romanovskaya, M.M. Saukh, D.A. Spirin, R.A. Filkin, A.V. Shevchuk.**

Members who did not provide questionnaires: **none.**

The quorum is **present.**

Date of the minutes: **26.04.2019.**

**Item 12. On the recommendations on the amount of dividends on shares of the Company for 2018 and their payment procedure and proposals to the Annual General Meeting of Shareholders of determining the record date of a list of persons entitled to receive dividends.**

**Decision:**

To recommend to the Annual General Meeting of Shareholders to take the following decision:  
1. To pay dividends on common stocks of the Company following the results of 2018 in the amount of **0,0207533 RUB** per ordinary share of the Company in cash.

The dividend payment period to a nominal holder and a beneficial owner being a professional securities market participant is no more than 10 working days, to other registered shareholders - 25 working days from the record date of the list of persons entitled to receive dividends.

2. To define the record date of the list of persons entitled to receive dividends as **10 June 2019.**

**Decision is taken.**

**Minutes signed by:**

Chairperson of the Board of Directors

A.I. Kazakov

Corporate Secretary

S.V. Lapinskaya

**Extract is correct:**

Corporate Secretary  
of IDGC of Centre, PJSC  
26.04.2019.

S.V. Lapinskaya

The remaining part of the profit in the amount of RUB 529,210 thous. is planned to be used to finance the Company's Investment Program, approved by the Ministry of Energy of Russia, in accordance with the purpose of the funds stipulated in the tariffs for services for the transmission of electricity and grid connection of customers.

According to the results of the implementation of the Investment Program in 2018, the Company achieved the following main goals:

- reliable and uninterrupted power supply to customers in the service area of the Company;
- fulfillment of the Company's obligations on connection of customers to the Company's electric grid facilities in accordance with the current legislation.

The deadline for paying dividends to shareholders depends on the date on which the persons entitled to receive them are determined. Such a date cannot be established earlier than 10 days from the date of adoption by the General Meeting of Shareholders of a decision on the payment of dividends and 20 days after the date of such decision. Thus, the date on which the persons entitled to receive dividends are recorded is proposed to be determined as **10.06.2019.**

The term of payment of dividends to a nominal holder and a beneficial owner registered in the register of shareholders shall not exceed 10 working days from the date on which the persons entitled to receive dividends are determined.

Payment of dividends to persons entitled to receive them, registered in the register of shareholders, shall be made no later than 25 working days from the date on which the persons entitled to receive dividends are determined.

The Company confirms that as of the date of the decision to pay dividends and on the date of payment of dividends, the Company will not meet the signs of insolvency (bankruptcy) and these signs will not appear in the Company as a result of paying dividends in the amount recommended by the Board of Directors, and the net assets of the Company will not be less than its authorized capital and the Reserve Fund and will not be less than their size as a result of the decision of the General Meeting of Shareholders to decide on payment (declaration) of dividends.

*For reference: the net asset value of IDGC of Centre as of 31.12.2018 is RUB 58,450,699 thous., and the authorized capital is – RUB 4,221,794 thous. Thus, the value of the Company's net assets exceeds the amount of the authorized capital by RUB 54,228,905 thous.*

**ITEM № 2 «ON DISTRIBUTION OF PROFITS AND LOSSES OF THE COMPANY (INCLUDING THE DIVIDEND PAYMENT (DECLARATION))  
FOLLOWING THE RESULTS OF THE REPORTING YEAR OF 2018»**

**Draft resolution on item № 2**

1. To approve the following profit (loss) distribution of the Company for the reporting year of 2018:

Name	(thous. RUB)
Retained earnings (loss) for the reporting period: To be distributed to:	<b>1 405 372</b>
Reserve fund	<b>0</b>
Profit for development	<b>529 210</b>
Dividends	<b>876 162</b>
Repayment of losses of previous years	<b>0</b>

2. To pay dividends on common stocks of the Company following the results of 2018 in the amount of **RUB 0,0207533** per ordinary share of the Company in cash.

The dividend payment period to a nominal holder and a beneficial owner being a professional securities market participant is no more than 10 working days, to other registered shareholders - 25 working days from the record date of the list of persons entitled to receive dividends.

To define the record date of the list of persons entitled to receive dividends as **10 June 2019**.