

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

Advisor to General Director
Sergey Y. Rummyantsev

Results for 2016 & Outlook for 2017



Moscow, March 2017

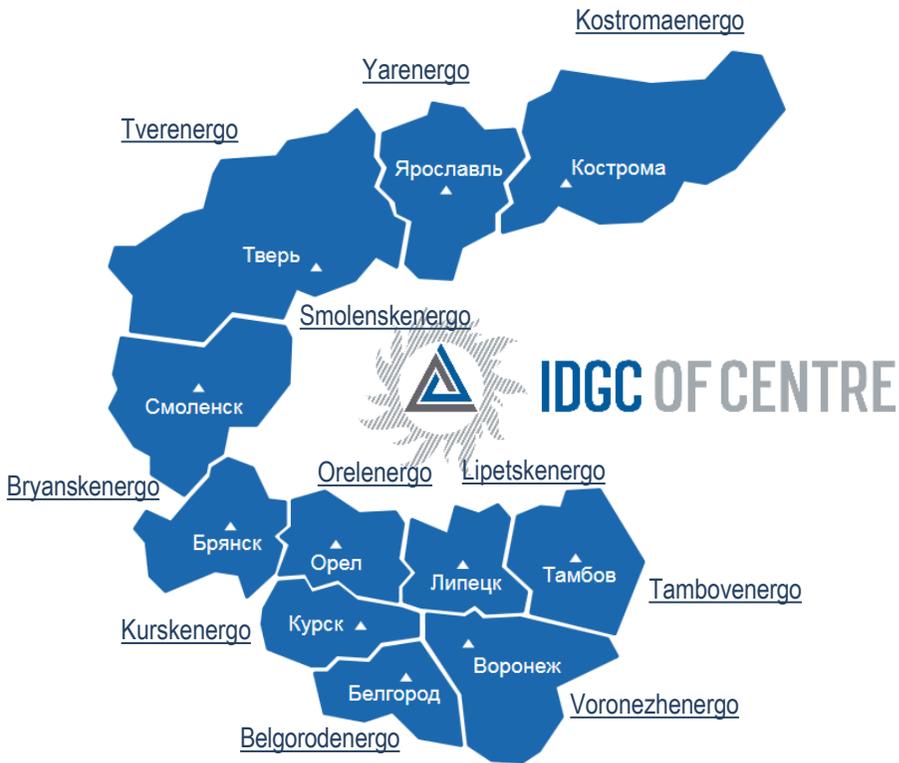
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OVERVIEW



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



✓ Energy services



✓ Grid connections

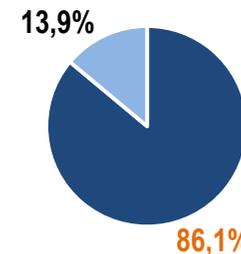


458
thous. km²
the service area

11
RF entities
in the service area

13,6
mln people
population in the service area

Electricity distribution market share in 2016 in terms of revenue*, %



● IDGC of Centre
● other Territorial Grid Companies
(170 companies)

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

2,7% of the total RF

9,5% of the total RF

INVESTMENT HIGHLIGHTS AND KEY INDICATORS

1 Operation in 11 regions of Central Russia with stable demand for services

2 Leader in quantity of electric grid assets

3 Approved dividend policy and positive dividend history

4 Corporate governance rating **NCGR 7+** – the highest among peers

5 Free-float 34%*

6 High information transparency

56,2
bln kWh

Volume of electricity transmission services for 12M 2016
+2,6% YoY

403,0
thous. km

Length of lines 31.12.2016
+0,8% YoY

456,0
mln RUB

Accrued dividends, paid in 2016
50% of RAS net profit

18,7
bln RUB

Cap as at 31.12.2016
+127% YoY

4,8
bln RUB

Profit for the period (IFRS) for 12M 2016
+433,3% YoY

9,49
points of 10

Perception study for 2016
9,22 YoY

[*] According to the calculation method of Moscow Exchange

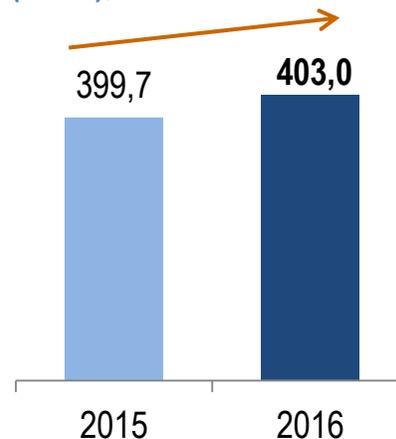
FOR REFERENCE: Market cap as at 17.03.2017 - 16,8 bln RUB

PRODUCTION CAPACITY FOR 12M 2016

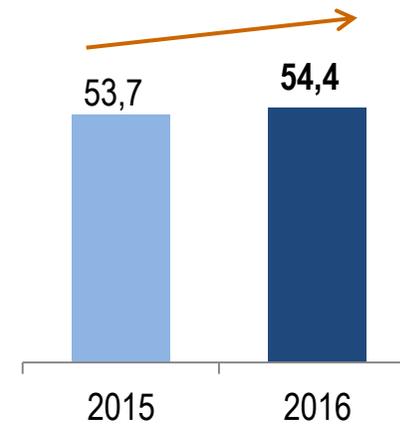
INDICATOR	31.12.16*
Length of 0.4-110 kV conductors (ROW), thous. km	385,0
Length of 35-110 kV conductors, thous. km	52,0
Length of 0.4-10 kV conductors, thous. km	333,0
Length of 0.4-110 kV cables, thous. km	18,0
Capacity of substations, thous. MVA	54,4
Capacity of 35-110 kV substations, thous. MVA	34,5
Capacity of 6-10/0.4 kV transformer and distribution substations, thous. MVA	19,9
Number of substations, thous. pc	102,0
Number of 35-110 kV substations, thous. pc	2,4
Number of 6-10/0.4 kV transformer and distribution substations, thous. pc	99,6
Number of conditional units, mln	2,3
Number of Distribution Zones, pc	279

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

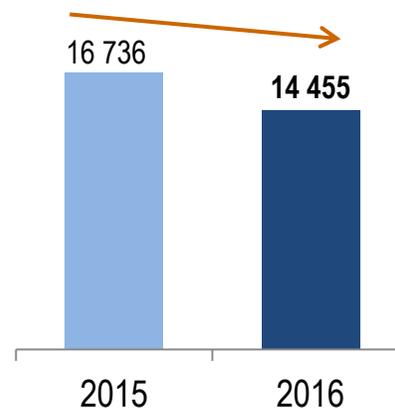
Length of power lines (ROW), thous. km



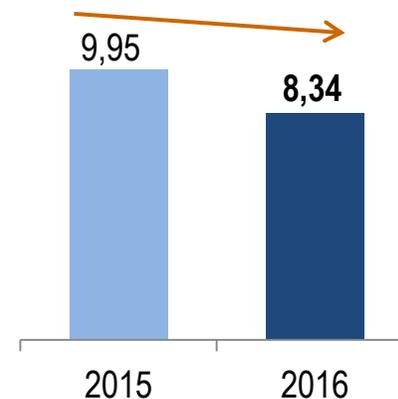
Capacity of substations, thous. MVA



Failures, pc



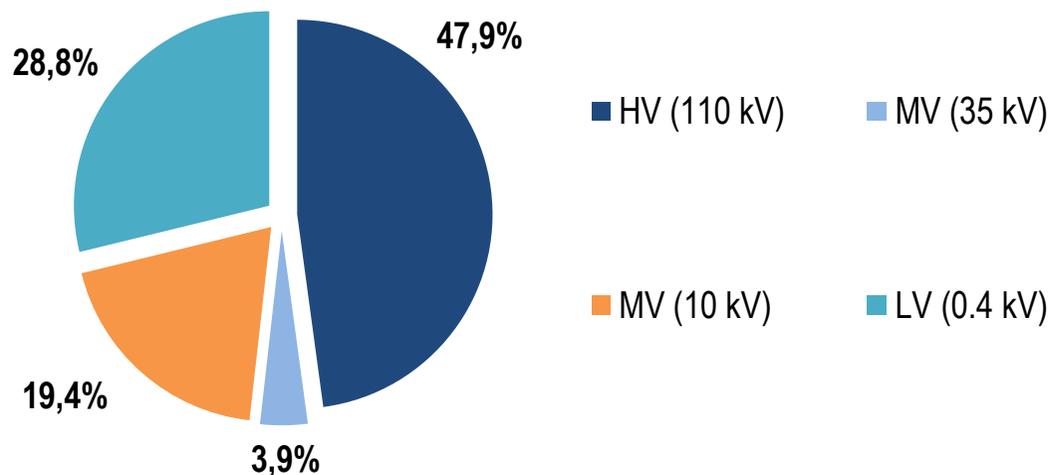
Specific failure rate, pc per 1000 units of equipment



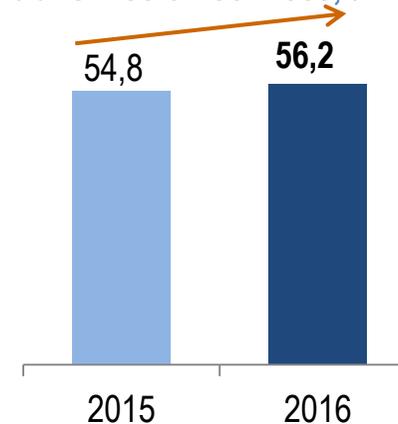
OPERATION RESULTS FOR 12M 2016

ELECTRIC ENERGY TRANSMISSION

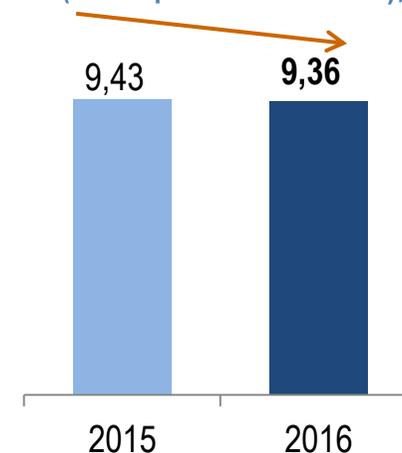
Electric energy net supply structure by voltage levels
(amount of electric energy transmission services), bln kWh, %



Amount of electric energy transmission services, bln kWh.



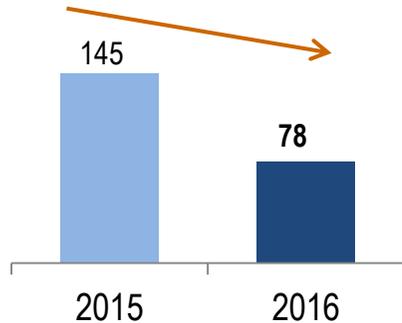
Electric energy losses (in comparable conditions), %



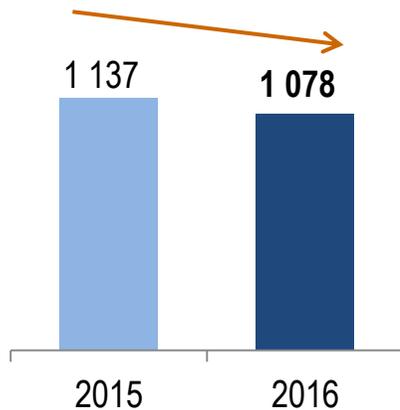
OPERATION RESULTS FOR 12M 2016

GRID CONNECTION

Average grid connection execution term, days



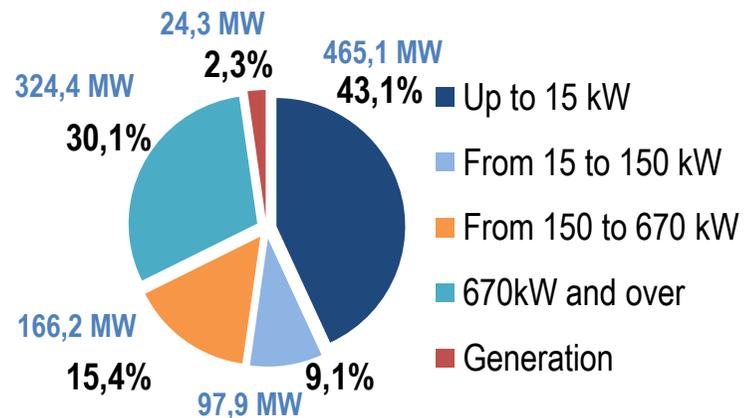
Volume of connected capacity, MW



Grid connection market share, %



Connected capacity structure by customer groups, MW, %



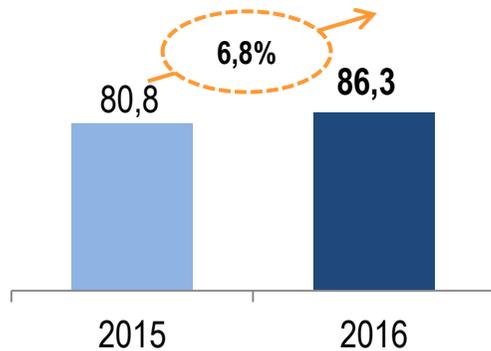
KEY FINANCIALS UNDER IFRS FOR 12M 2016

Data in bln RUB, unless specified otherwise

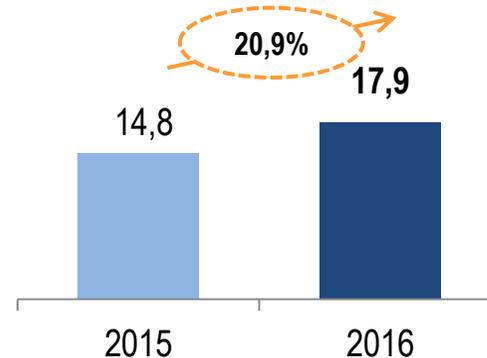
Indicators	12M 2015	12M 2016	Change, %
Revenue (total), including:	80,8	86,3	6,8%
Electric energy transmission services	77,7	83,6	7,6%
Grid connection services	1,2	1,4	16,7%
Other revenue	1,9	1,3	-31,6%
Operating costs	-75,2	-78,8	4,8%
Other profit	1,4	1,7	21,4%
Operating profit	7,1	9,2	29,6%
EBITDA	14,8	17,9	20,9%
EBITDA margin, %	18,3%	20,7%	2,4 p.p.
Profit for the period	0,9	4,8	433,3%
Profit for the period margin, %	1,1%	5,6%	4,5 p.p.

KEY FINANCIALS UNDER IFRS FOR 12M 2016

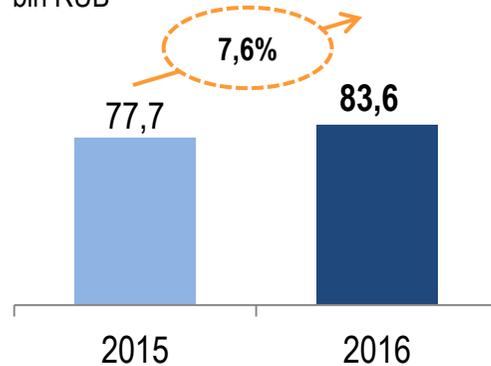
Revenue, bln RUB



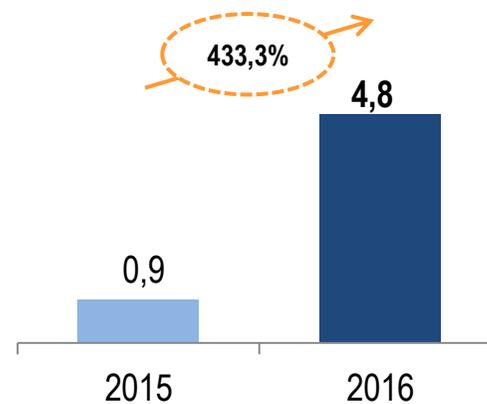
EBITDA, bln RUB



Revenue from electricity transmission, bln RUB



Profit for the period, bln RUB



IFRS OPERATING COSTS ANALYSIS FOR 12M 2016

bln RUB	2015	2016	Change %
Electric energy transmission	26,4	27,9	5,7%
Staff costs	17,8	18,4	3,4%
Electric energy purchased to compensate for losses	10,6	11,9	12,3%
Depreciation	7,8	8,7	11,5%
Raw and materials	2,7	2,8	3,7%
Provision for impairment of accounts receivable	1,5	2,0	33,3%
Taxes, except for profit tax	1,1	1,3	18,2%
Settlement of debt for transmission, purchase of electricity, losses and non-contractual consumption	0,7	0,7	0,0%
Rent expenses	0,5	0,6	20,0%
Installation, maintenance and repair	0,5	0,5	0,0%
Utilities	0,3	0,4	33,3%
Recognized estimated liabilities	0,3	0,3	0,0%
Other services	1,9	1,9	0,0%
Impairment of Property, Plant and Equipment and intangible assets	0,7	-0,6	-185,7%
Expenses under the concession agreement	0,9	0,1	-88,9%
Other operating expenses	1,5	1,9	26,7%
TOTAL	75,2	78,8	4,8%

- Costs of electricity transmission and purchase of electricity losses increased due to growth of net supply and the cost of electricity at the Wholesale Electric Energy and Capacity Market;
- Increase in staff costs is due to the indexation of wages of operating employees under sectoral tariff agreement;
- Depreciation increased due to commissioning of new facilities (implementation of the Investment Program) in 2016;
- Increase in provision for impairment of accounts receivable is attributable to impairment of trade receivables from companies with which there are disagreements in the electricity transmission, as well as for companies that are in arrears in resale of electric energy and capacity for the period 2013-2014;
- Reduction of costs under the concession agreement is related to the fulfillment of obligations;
- In 2016, impairment of Property, Plant and Equipment for 2014-2015 was partially reversed.

KEY FINANCIALS UNDER RAS FOR 12M 2016

Data in bln RUB, unless specified otherwise

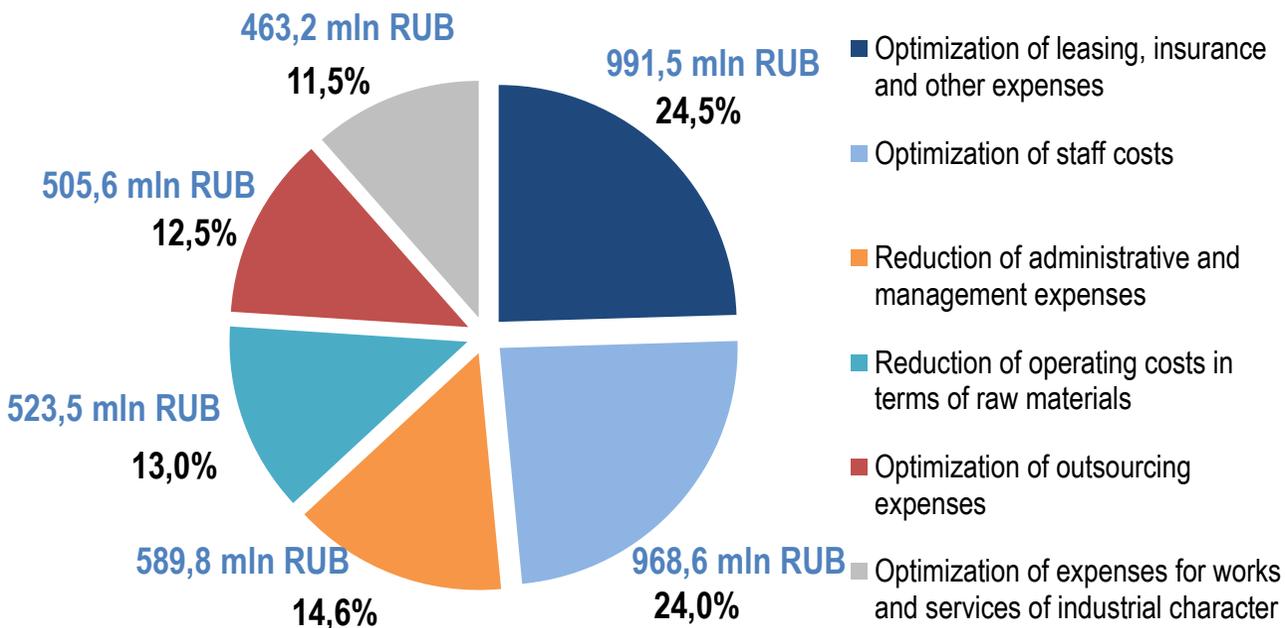
Indicators	12M 2015	12M 2016	Change, %
Revenue (total), including:	79,8	86,1	7,9%
Revenue from electric energy transmission	77,7	83,6	7,6%
Revenue from grid connection	1,2	1,4	16,7%
Other revenue	0,9	1,1	22,2%
Cost of sales	68,5	73,5	7,3%
Sales profit¹	9,1	10,6	16,5%
Sales profit margin, %	11,4%	12,3%	0,9 p.p.
EBITDA²	15,2	16,9	11,2%
EBITDA margin, %	19,0%	19,6%	0,6 p.p.
Net profit	0,9	1,9	111,1%
Net profit margin, %	1,1%	2,2%	1,1 p.p.

^[1] Revenue net of costs, selling and administrative expenses

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

COST MANAGEMENT PROGRAM

Cost Management Program implementation effect



Reduction in specific operating costs following the results of work for 12M 2016 **15,0% ▼** (- 4 110 mln RUB) relative to last year

4 042 mln RUB

Total economic effect in relation to 2012

FINANCIAL STANDING

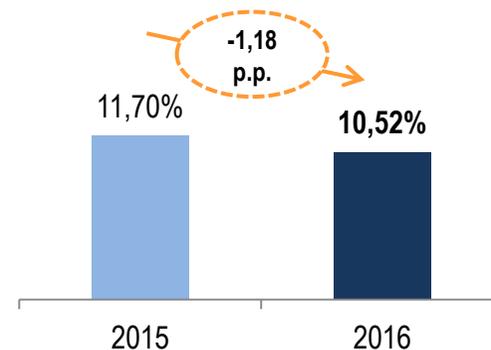
IFRS	31.12.2015	31.12.2016
Net debt¹, bln RUB	42,0	40,7

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	-

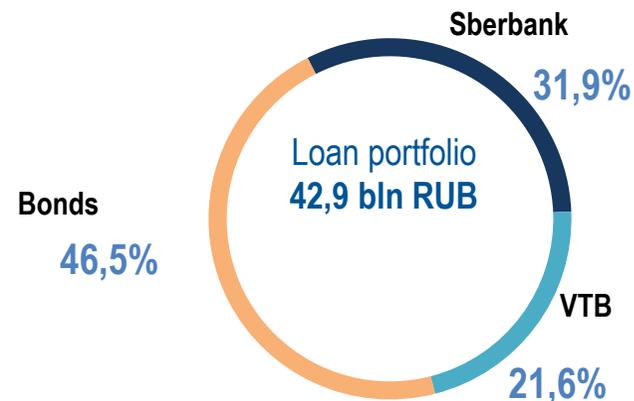
Type of securities	Volume (bln RUB)	Registration number and date of assignment	Maturity	Status	Coupon rate (%)
Bonds of series BO-02	5,0	4B02-02-10214-A dated 25.06.2013	up to 10 years	In circulation	12,42%
Bonds of series BO-03	5,0	4B02-03-10214-A dated 25.06.2013	up to 10 years	In circulation	11,8%
Bonds of series BO-04	5,0	4B02-04-10214-A dated 25.06.2013	up to 10 years	In circulation	11,58%
Bonds of series BO-05	5,0	4B02-05-10214-A dated 25.06.2013	up to 10 years	In circulation	9,32%
Bonds of series BO-06	5,0	4B02-06-10214-A dated 25.06.2013	up to 10 years	Not placed	-

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

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



Loan portfolio structure of IDGC of Centre (as at 31.12.2016)



INVESTMENT PROGRAM

Actual implementation of the Investment Program for 2016

Indicator	Planned for 2016	Actual for 2016	% performed
Capex, mln RUB without VAT	13 334	13 421	100,7%
Financing, mln RUB with VAT	14 294	14 644	102,4%
Commissioning, MVA	735	917	124,8%
Commissioning, km	3 472	4 827	139,0%

Investment Program for 2016-2020*

Indicator	UoM	2016	2017	2018	2019	2020
Capex, without VAT	bln RUB	13,3	12,3	13,5	13,9	14,9
Financing size, with VAT	bln RUB	14,3	15,3	16,0	16,4	17,6
Commissioning of fixed assets, without VAT	bln RUB	12,8	12,8	13,9	13,6	14,7
Commissioned capacity	km	3 472	3 354	3 808	3 562	4 380
	MVA	735	679	848	782	320

[*] - according to Order of the Ministry of Energy from 22.12.2016 № 1386

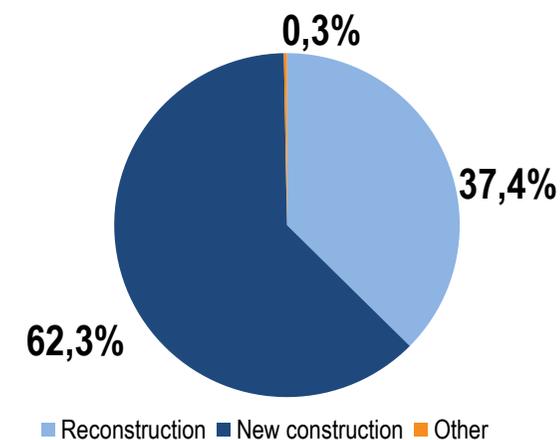
Priority facilities of the Investment Program 2016

SS 110 kV № 9
«SKHI»
(Voronezh)

- Implementation of the power delivery circuit of Voronezhskaya TPP-1.
- Design capacity – 5 110 kV SF6 circuit breakers

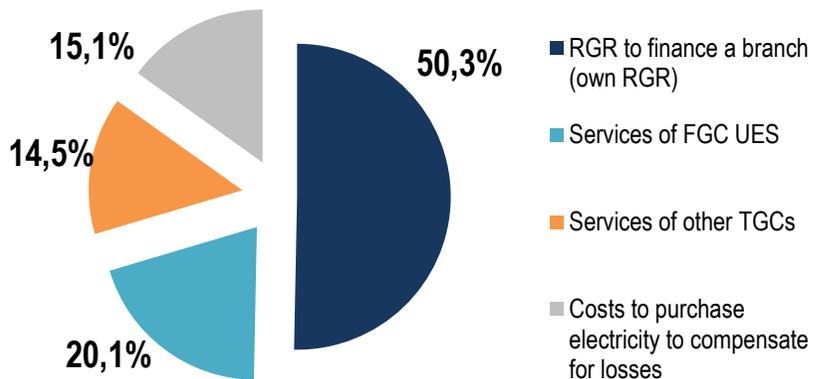


Investment Program financing structure following the results of its implementation in 2016

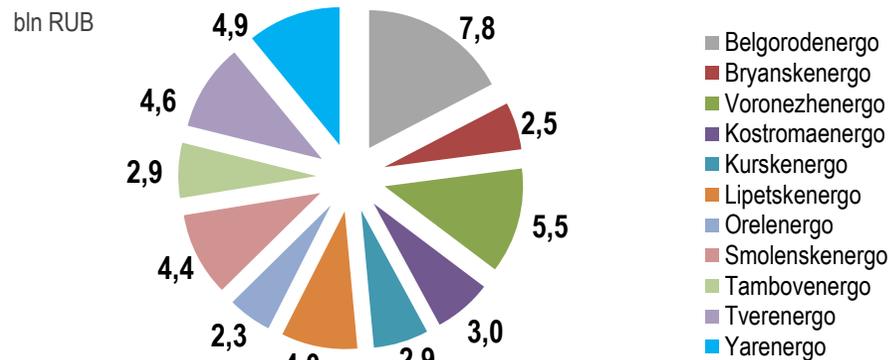


TARIFF REGULATION

RGR structure of IDGC of Centre in 2017

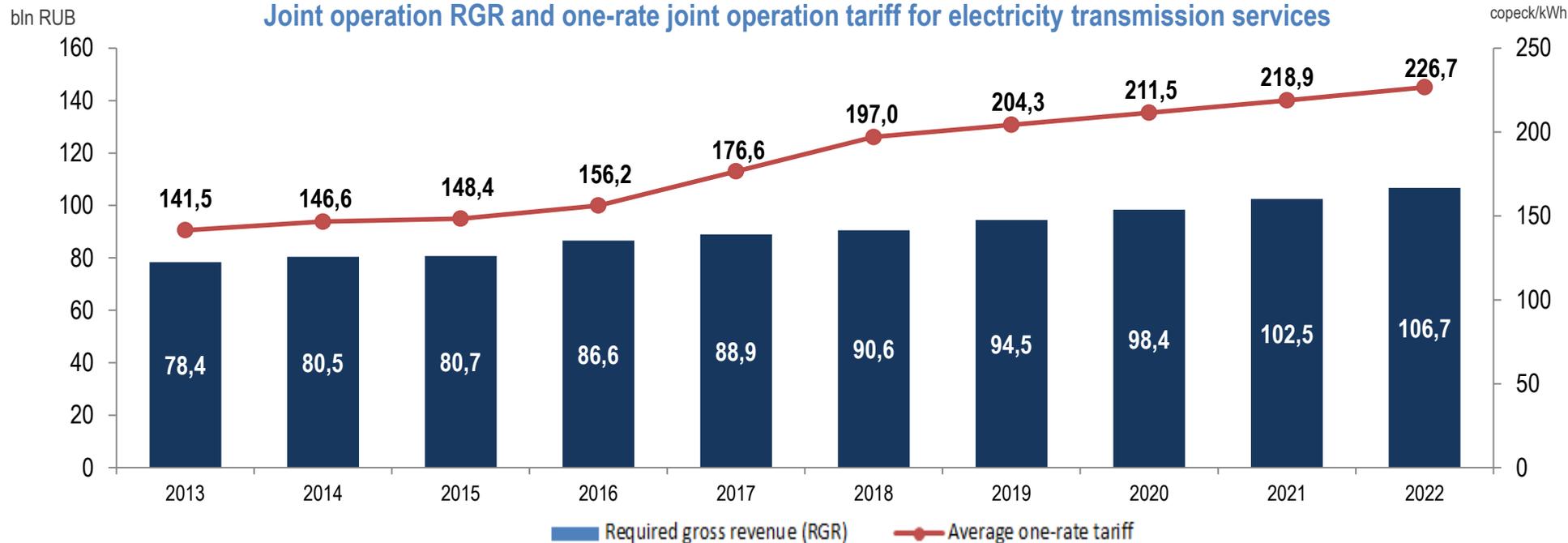


RGR to finance IDGC Of Centre in 2017 (by branches)*



*] Excluding the costs of FGC UES, other TGCs, losses of DGCs

Joint operation RGR and one-rate joint operation tariff for electricity transmission services



INDICATORS OF THE BUSINESS PLAN FOR 2017

Data in bln RUB, unless specified otherwise

Indicators	Actual for 2016 (RAS)	Planned for 2017	Change, %
Revenue (total), including:	86,1	86,8	0,8%
Revenue from electric energy transmission	83,6	84,5	1,1%
Revenue from grid connection	1,4	1,3	-7,1%
Other revenue	1,1	1,0	-9,1%
Cost of sales¹	75,5	78,7	4,2%
Sales profit²	10,6	8,1	-23,6%
EBITDA³	16,9	17,4	3,0%
Net profit	1,9	1,4	-26,3%
Amount of electric energy transmitted, bln kWh	56,2	50,6	-10,0%
Electricity losses (in comparable conditions), %	9,36%	9,30%	-0,06 p.p.
Indicators	Actual at 31.12.2016	Planned for 31.12.2017	Change, %
Loans and credits	43,3	42,8	-1,2%
Net debt⁴	40,7	42,3	3,9%
Net debt/EBITDA	2,6	2,4	-7,7%

[1] According to management accounting (taking into account management costs)

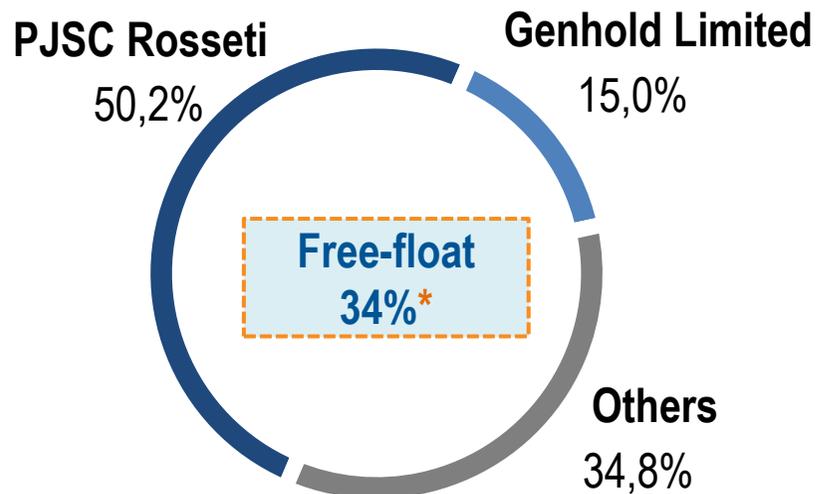
[2] Revenue net of costs, selling and administrative expenses

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

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

CORPORATE GOVERNANCE & STOCKS

Share capital structure of IDGC of Centre as at 22.04.2016



Total number of shareholders 16 920

Stocks



in trading volume for 12M 2016
in RUB among companies in the sector



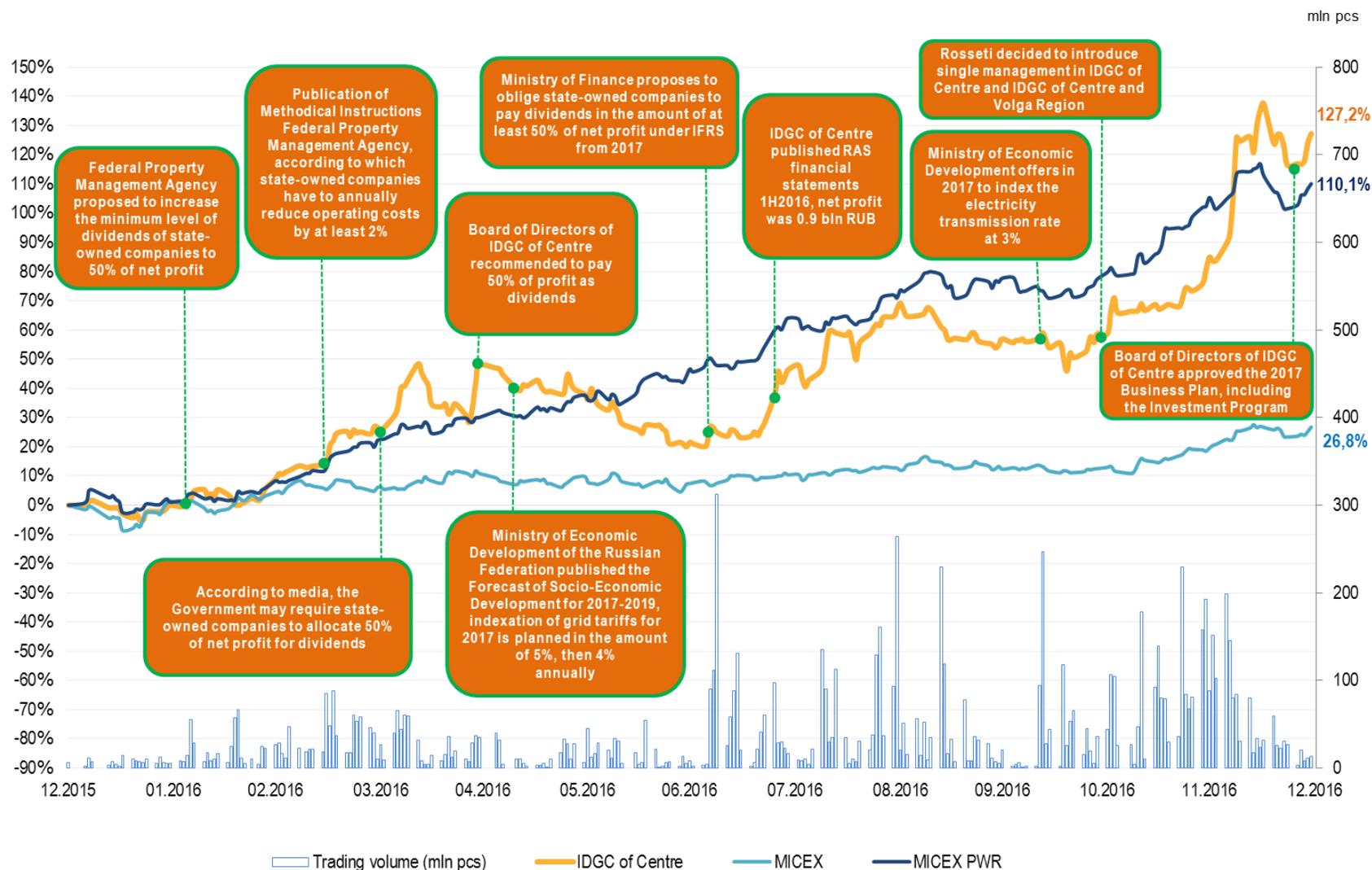
intra-day number of transactions for 12M 2016
in pieces among companies in the sector

Corporate Governance Rating



[*] According to the calculation method of Moscow Exchange

SHARE CHANGES AND NEWS BACKGROUND



THANKS FOR YOUR ATTENTION

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COMPANY BUSINESS MODEL

