

IR ПРЕЗЕНТАЦИЯ

МРСК ЦЕНТРА

ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО

# Preliminary results 2010 & forecasts 2011



ХОЛДИНГ  
МРСК

February, 2011

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### RAB regulation

- The first IDGC among others which switched all its branches to RAB:  
2009 - **3 branches**  
2010 - **8 branches**
- High level of iRAB (**amounts to RUR 118 billion**)

### Strong team of managers

- Developed and implemented KPI system
- Strong financial performance - **positive dynamics** on all key financial and operational indicators for 4 years
- Transparent system of corporate management
- Approval of dividend policy in 2010
- Implementation of stock option plan in 2011

### Prospects of growth

- **Investment history of distribution grid complex attracts high attention of analysts and investors:**
  - increase of the Company's capitalization by **64%**
  - sector is significantly **undervalued as compared to foreign peers**
- **Decrease of fixed assets depreciation** as a result of fullscale renovation is the goal of highest priority

## Dynamics of key indicators 2008-2011



\* - according to the board of directors approved business plan on 2011

\*\* - aggregate average annual growth rate

\*\*\* - consensus forecast by analysts of IB at the end of 2011

Net profit provided by cash flow, RUR bln	4 415*	Electricity losses/supply, %	9,97%
Equity, RUR bln	45 307	System Average Interruption Frequency Index (SAIFI) *	<1
ROE provided by cash flow, %	9,74%	System Average Interruption Duration Index (SAIDI) **	<1

\* - excluding results of 3 first business-units RAB - transition

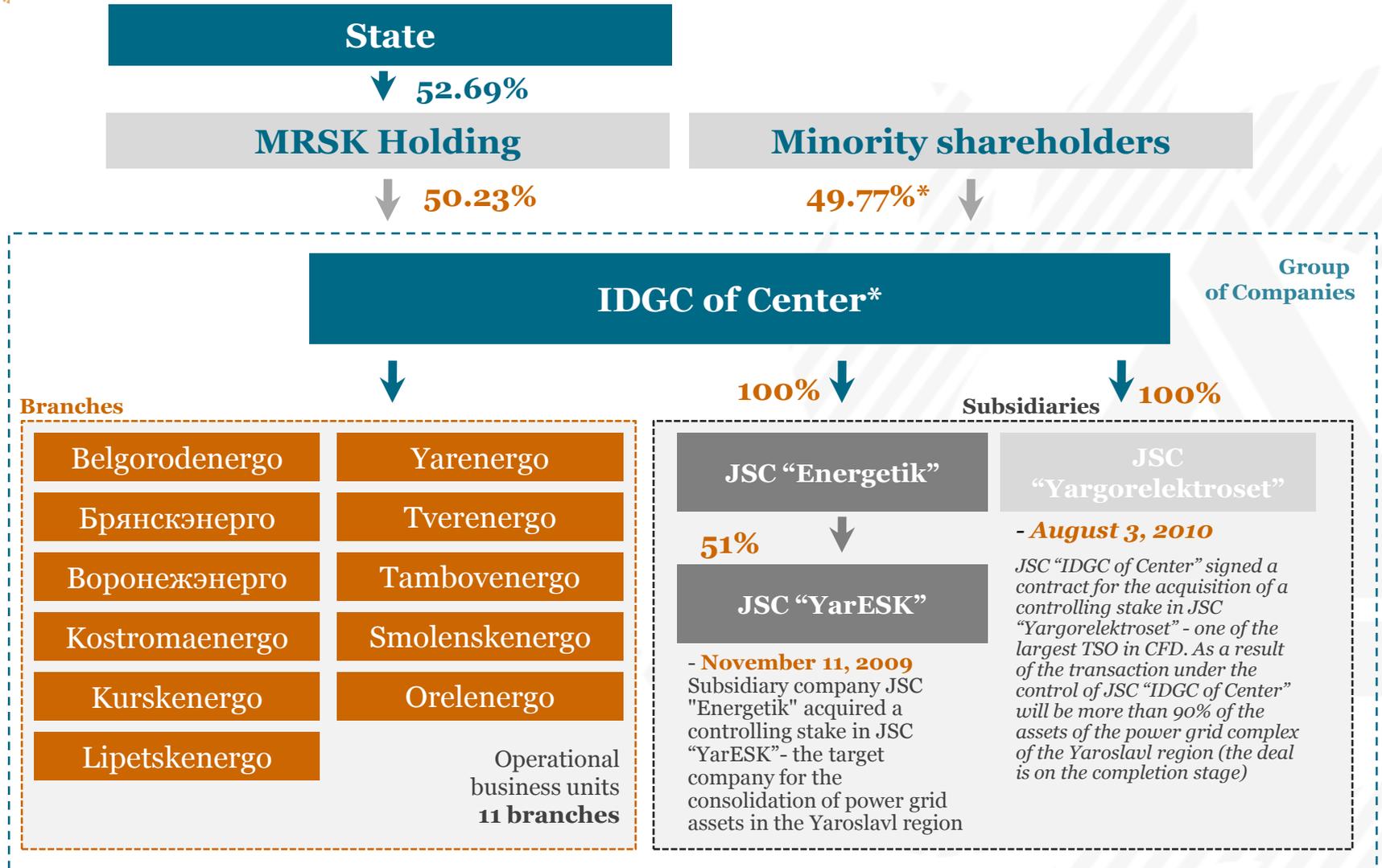
\*\* - for 6-11 kV feeders and higher

Company's branches are located in the **European part of Russia** (11 regions)



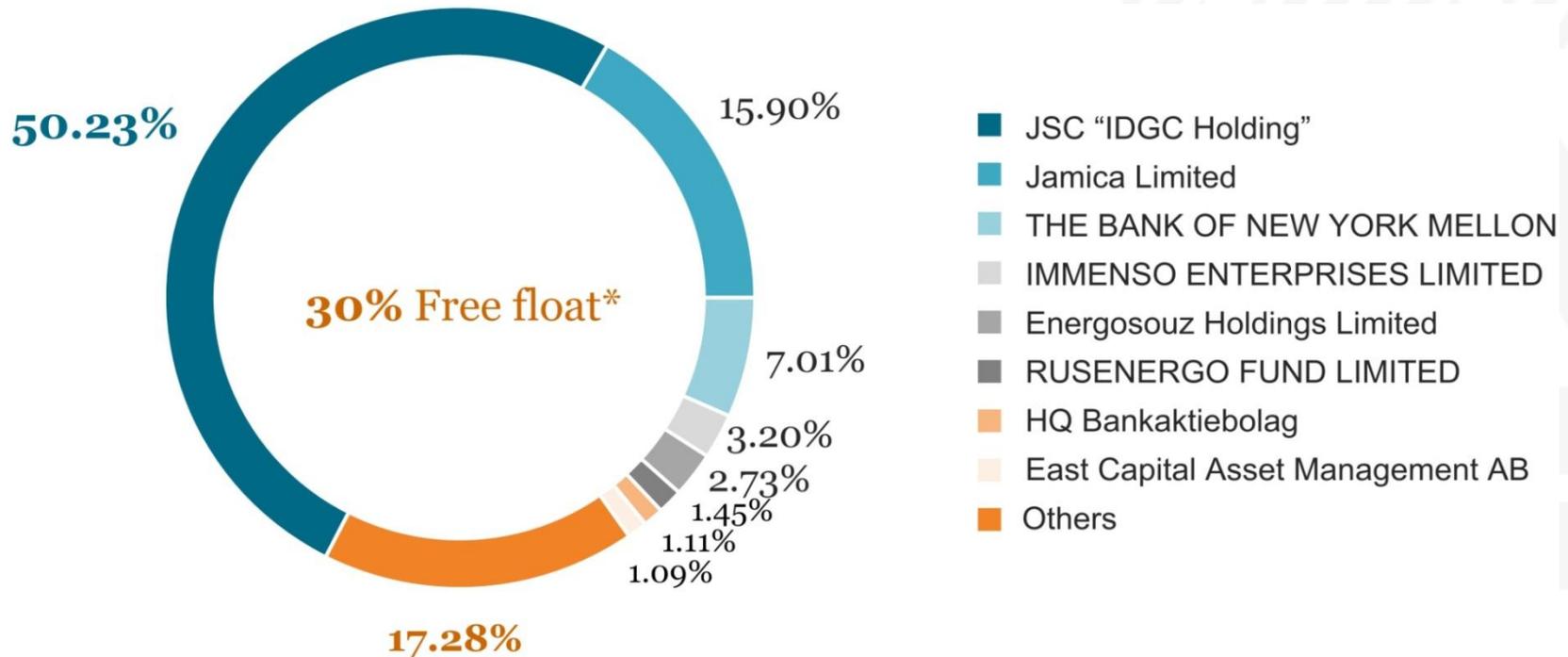
**The Company is a natural monopoly, tariffs are regulated by the State**

Capitalization (as of 31.12.2010)	RUR 56.15 bln USD 1.81 bln
Amount of shareholders (as of 31.12.2010)	14 723
Revenue (RAS 2009)	RUR 49.1 bln
(RAS forecast 2010)	RUR 60.1 bln
Net profit (RAS 2009)	RUR 1.3 bln
(RAS forecast 2010)	RUR 4.1 bln
Net assets (RAS as of 30.09.2010)	RUR 45.1 bln
Electricity output (2009 )	53.1 bln kWh
(2010F)	55.2 bln kWh
Length of power lines (overhead 0.4 – 110 kV power lines as of 31.12.2010)	376.9 thousand km
Capacity of substations (as of 31.12.2010)	
35 – 110 kV	31.2 GVA
6 – 10/0.4 kV	15.0 GVA
Number of personnel (as of 31.12.2010)	27,920



\* - taking into account the State's share 0.46%

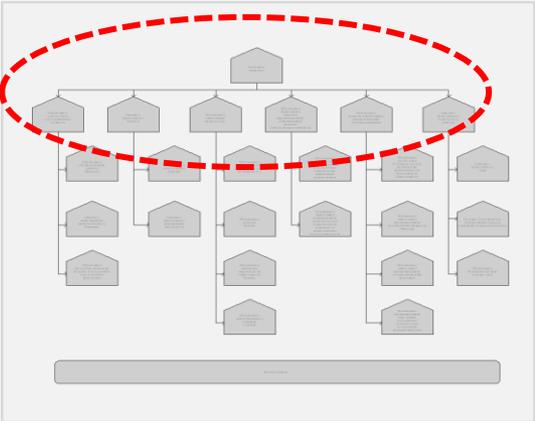
- Diversified structure of share capital
- Free float amounts to 30%



\* - as of 12.05.2010

# Strategic vision of the Company's management – industry leadership...

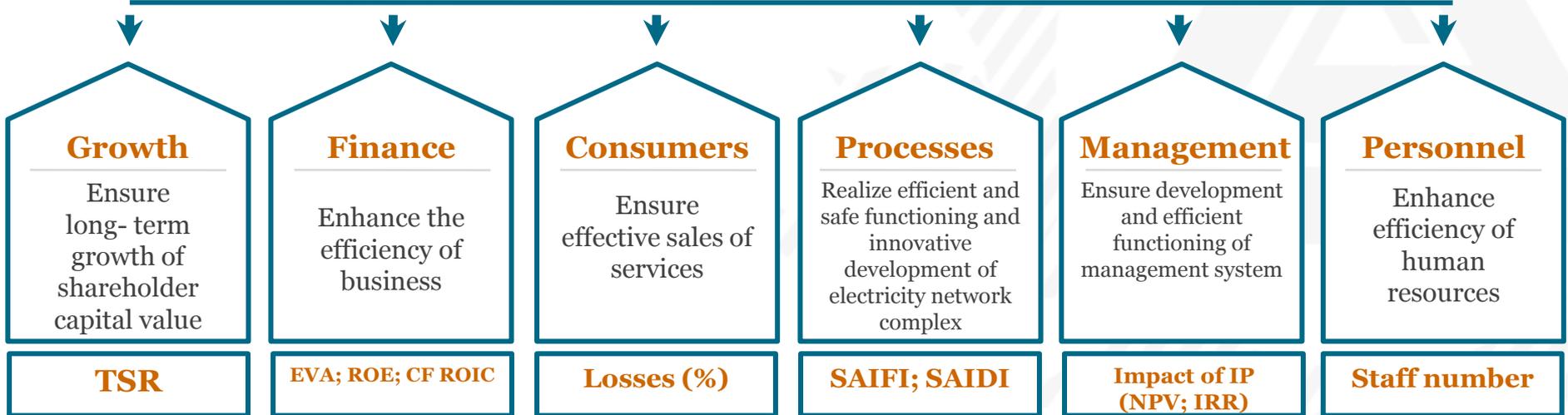
## Goals of the Company



## Target subsystems of the management:

- Growth and changes
- Finance
- Consumers
- Main business processes
- Management system
- Personnel

## Challenges of the top level



... a tool to achieve - the project approach, KPI system



## IDGC of Center: credit rating history

Standard&Poors's	
<b>Confirmed</b>	<b>February'11</b>
Confirmed	July '10
Assigned	November'09
<b>HRA*</b>	
<b>Upgraded to AA-</b>	<b>December '10</b>
Confirmed	October'10
Confirmed	September'09
Upgraded (level A+)	September'08
Upgraded (level A)	August'07

## IDGC of Center: corporate rating history

NRCG**	
<b>Upgraded (7+)</b>	<b>January ' 11</b>
Confirmed	July' 09
Confirmed	February' 09
Assigned	September' 08

**... developed corporate governance practice, leading position among IDGCs**

\* National Rating Agency  
\*\* National rating of corporate governance

# Stock performance and liquidity increase

## Liquidity increase measures



Company's shares were listed on MICEX (quotation list B), RTS

Company's shares were included in the index: MICEX PWR

Dividend policy approval

Company's shares were included in the index: RTS EU

Inclusion of Company's shares in RTS index

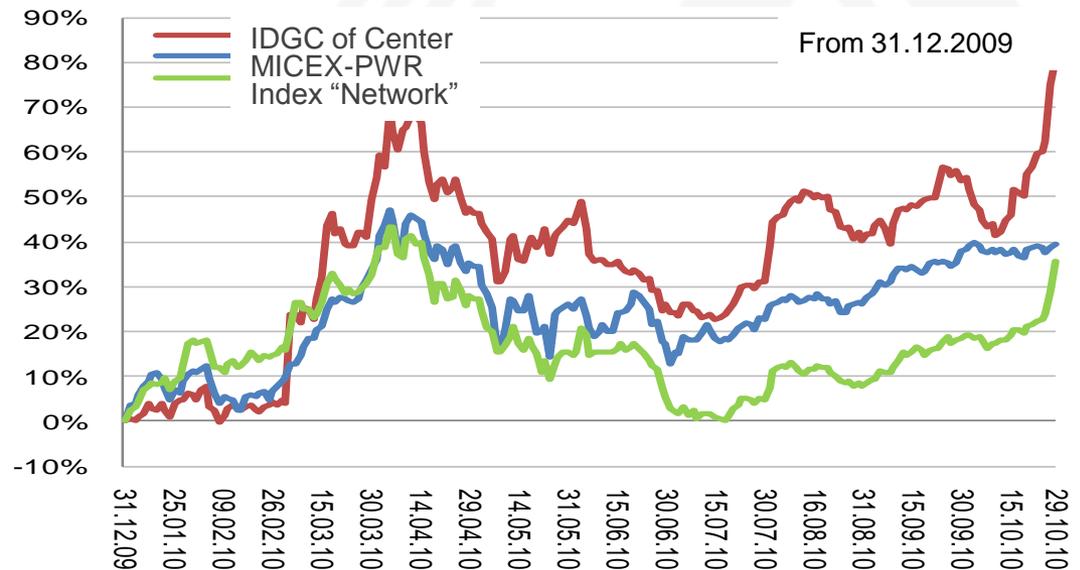
Inclusion of Company's shares in quotation list A2 (MICEX)

### Ticker symbols

MICEX	MRKC
RTS classic	MRKC
RTS stock	MRKCG

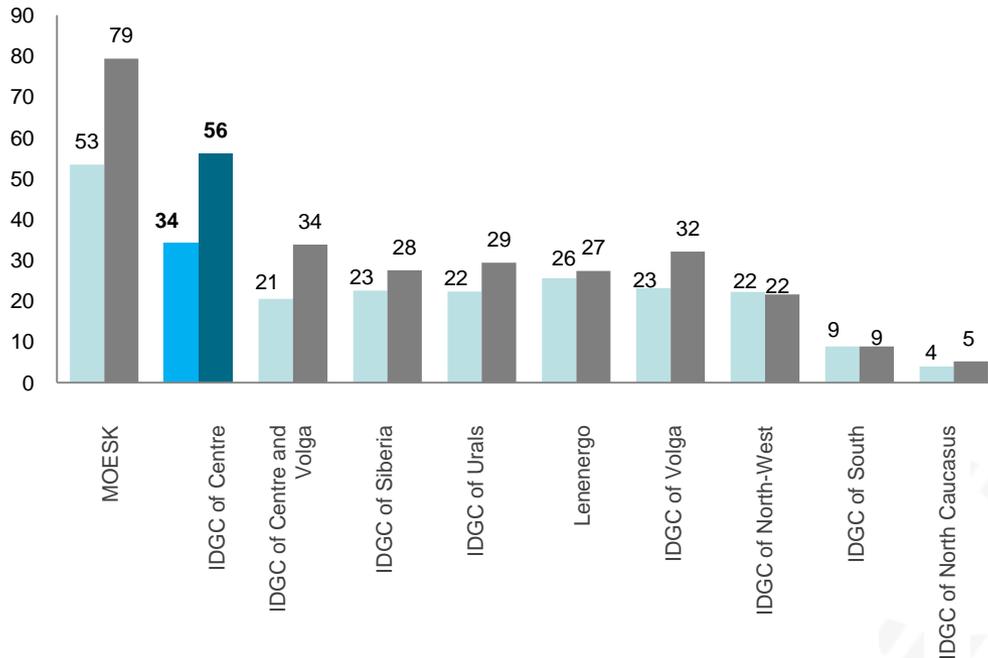
■ - forecast

## Stock performance



# Key indicators of stock market: 2<sup>nd</sup> place on capitalization among IDGCs...

Capitalization of distribution grid companies  
as of 31.12.10 and of 29.10.10, RUR bln (MICEX)



Capitalization as of 31.12.2009, bln.RUR  
Capitalization as of 29.10.2010, bln.RUR

Market multiples on IDGCs of Russia  
and foreign peers\*



... potential of growth relative to foreign peers

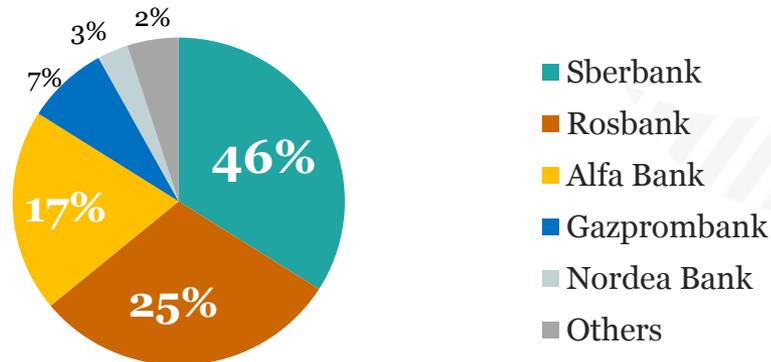
\* Calculations of the Company, data of investment banks covering the activities of IDGCs

\*\* Calculations of the Company, data of investment banks covering the activities of IDGCs (foreign analogues: Eletropaulo, Compania General de Electricidad, Akсу Enerji ve Ticaret, etc.)

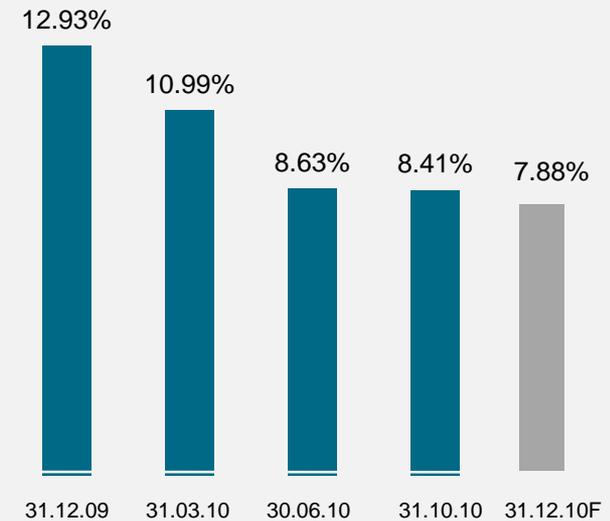
## Structure of capital

<i>RUR bln</i>	31.12.2009	30.09.2010	Change
Equity	41,23	45,04	<b>9.24%</b>
Long-term liabilities	10,73	11,69	<b>8.95%</b>
<b>Short-term liabilities</b>	<b>0,40</b>	<b>0,00</b>	<b>-100%</b>
Accounts payable	8,69	11,29	<b>42.04%</b>
<b>Other</b>	<b>61,05</b>	<b>68,02</b>	<b>11.42%</b>

## Financing support as of October 31, 2010



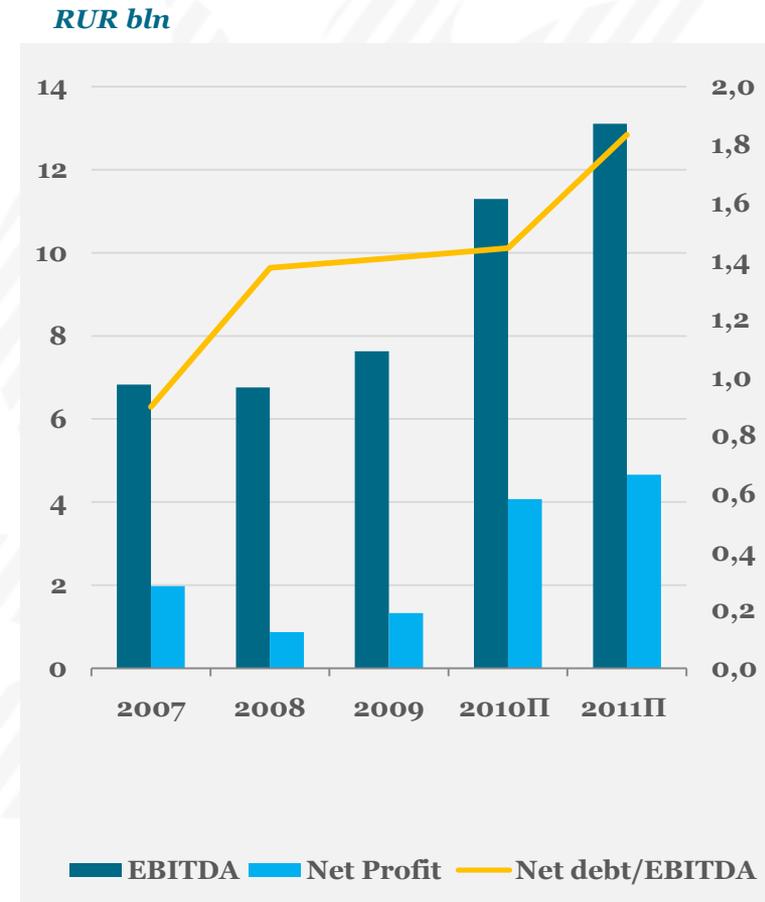
## Decrease of average interest rate on credits in 2010 by **5.05%**



### EBITDA vs. Net Profit, RUR bln Ratio Net Debt/EBITDA

Year	EBITDA	Net Profit	Net Debt	Net debt/ EBITDA
2007	6,83	1,98	6,14	0,90
2008	6,76	0,87	9,31	1,38
2009	7,63	1,33	10,76	1,41
2010Π*	11,30	4,07	14,92	1,32
2011Π*	13,11	4,66	24,05	1,83

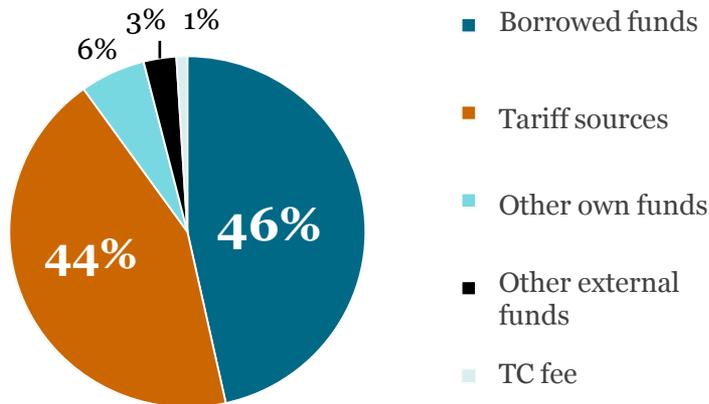
Low ratio of NET DEBT/EBITDA allows to attract additional funding (with the ratio limit approved by the Board of Directors = 3)



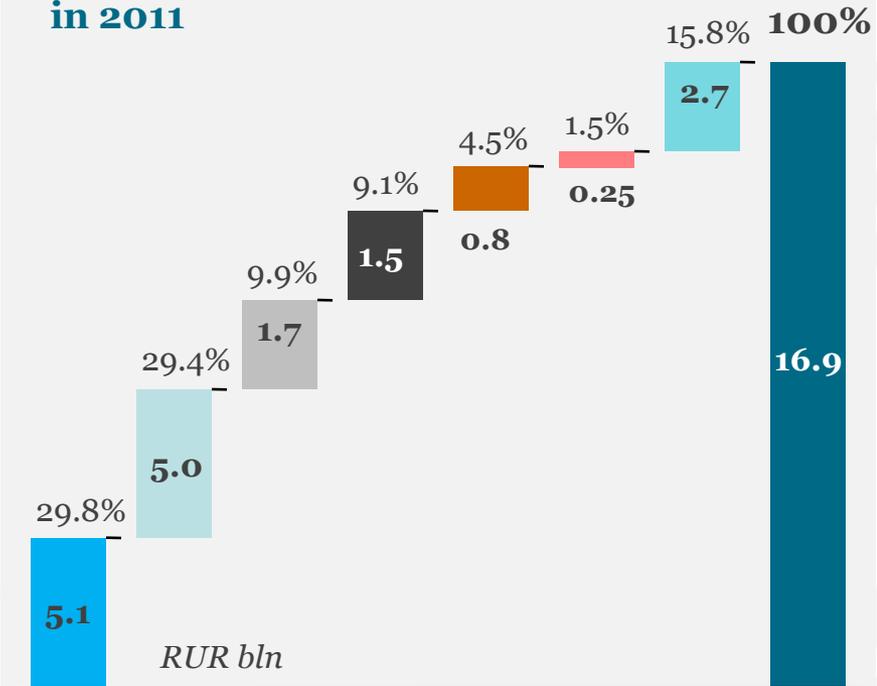
# CAPEX forecast for 2011-2015 shall amount to RUR 142 bln

Period	Disbursement, RUR bln*	Commission of fixed assets, RUR bln	Commission of fixed assets (MVA)	Commission of fixed assets (km)
<b>2011</b>	<b>16.99</b>	<b>16.74</b>	<b>1,351</b>	<b>3,633</b>
<b>2012</b>	<b>23.20</b>	<b>22.77</b>	<b>1,291</b>	<b>5,925</b>
<b>2013</b>	<b>32.37</b>	<b>31.61</b>	<b>1,148</b>	<b>8,018</b>
<b>2014</b>	<b>34.38</b>	<b>35.76</b>	<b>1,638</b>	<b>8,979</b>
<b>2015</b>	<b>34.57</b>	<b>33.01</b>	<b>710</b>	<b>7,307</b>

## Funding sources for 2011



## Directions of capital investments in 2011



- - Replacement of main power equipment
- - New construction (substations, air and cable lines)
- - Development/upgrade of accounting systems
- - ACSD, communication, IT
- - Design and exploratory work
- - Acquisition of electric grids
- - Other

## Goal/ Program

- Providing monopoly on the market of electric power grid services in the regions of presence;
- Long-term target program for consolidation of power grid assets is developed and approved (plan on consolidation of assets in 2011-2015)

## Methods & benefits of consolidation

- The Company consolidates assets primarily by 3 ways: acquisition of the power grid property, rent and purchase of shares of power grid companies;
- The main benefits of consolidation are as follows: implementation of the single technical policy, development of the unified scheme of long-term development of networks, improvement of the reliability of electricity supply to consumers of all categories, increased network capacity

## Plans for 2011-2015

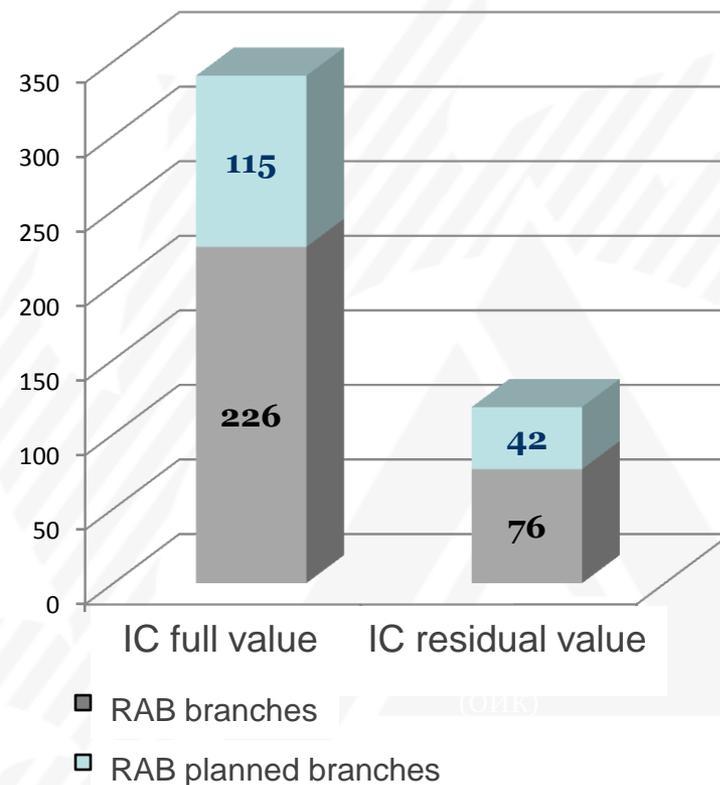
- In 2011 it is planned to consolidate the municipal electric network assets of the Voronezh region, to acquire the property of JSC “LCEC”\*, OGUP “LRCC”\*\* , to consolidate the assets in the Orel and Tver regions;
- The program provides for work with more than 5 thousand Owners

**Date of transition**      **Branch**      **Total value of invested capital**      **IRAB,**

**RUR mln**

**RUR mln**

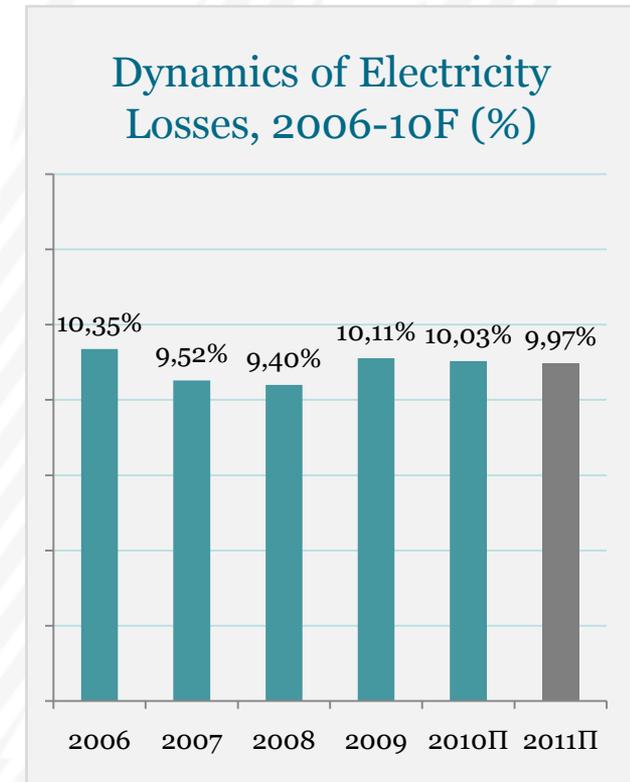
Date of transition	Branch	Total value of invested capital RUR mln	IRAB, RUR mln
from 01.01.2009	Belgorodenergo	50 609	19 930
	Lipetskenergo	25 726	10 030
	Tverenergo	55 276	14 366
from 01.01.2010	Kurskenergo	30 782	10 802
	Yarenergo	21 586	8 968
from 01.11.2010	Bryanskenergo	20 045	5 989
	Orelenergo	21 571	6 407
from 01.01.2011	Kostromaenergo	17 058	7 603
	Tambovenergo	18 609	5 515
	Voronezhenergo	38 110	12 650
	Smolenskenergo	37 041	13 735
	Yargorelectroset*	3 969	2 168
	All	340 382	118 162



Approved iRAB on all branches –  
**RUR 118 bln\***

\*Including Yargorelectroset 100% stake is owned by IDGC of Center

Period	kWh (th.)	%	Change, p.p.
2006	6.238	10.35	
2007	5.932	9.52	(0.83)
2008	5.875	9.40	(0.12)
2009	5.977	<b>10.11</b>	0.71
2010F	6.154	<b>10.03</b>	(0.08)
2011F	6,193	<b>9,97</b>	(0,06)



- **Decrease of electricity losses** is the goal of highest priority
- Renovation program and program for metering system will allow **to reduce losses by 2.5%**

Thank you!