



MARKET SHARE  
 HIGH LEVEL OF CORPORATE GOVERNANCE  
 CREDIT RATING  
 «BB» CONTROL  
 VALUE QUALITY  
 BUSINESS MODEL  
 KPI  
 ALLOCATION  
 INNOVATIONS  
 PRODUCTIVE POTENTIAL  
 GRID CONNECTION  
 INVESTMENT APPEAL  
 STRATEGY  
 GRID EVOLUTION  
 INVESTMENTS FINANCIAL RESULTS  
 ELECTRICITY DIVIDENDS MODERNIZATION  
 DISTRIBUTION EFFICIENCY EQUITY UPSIDE

6M 2013 RESULTS (IFRS) | 12 September 2013 | HSBC CEEMEA Investor Forum, London

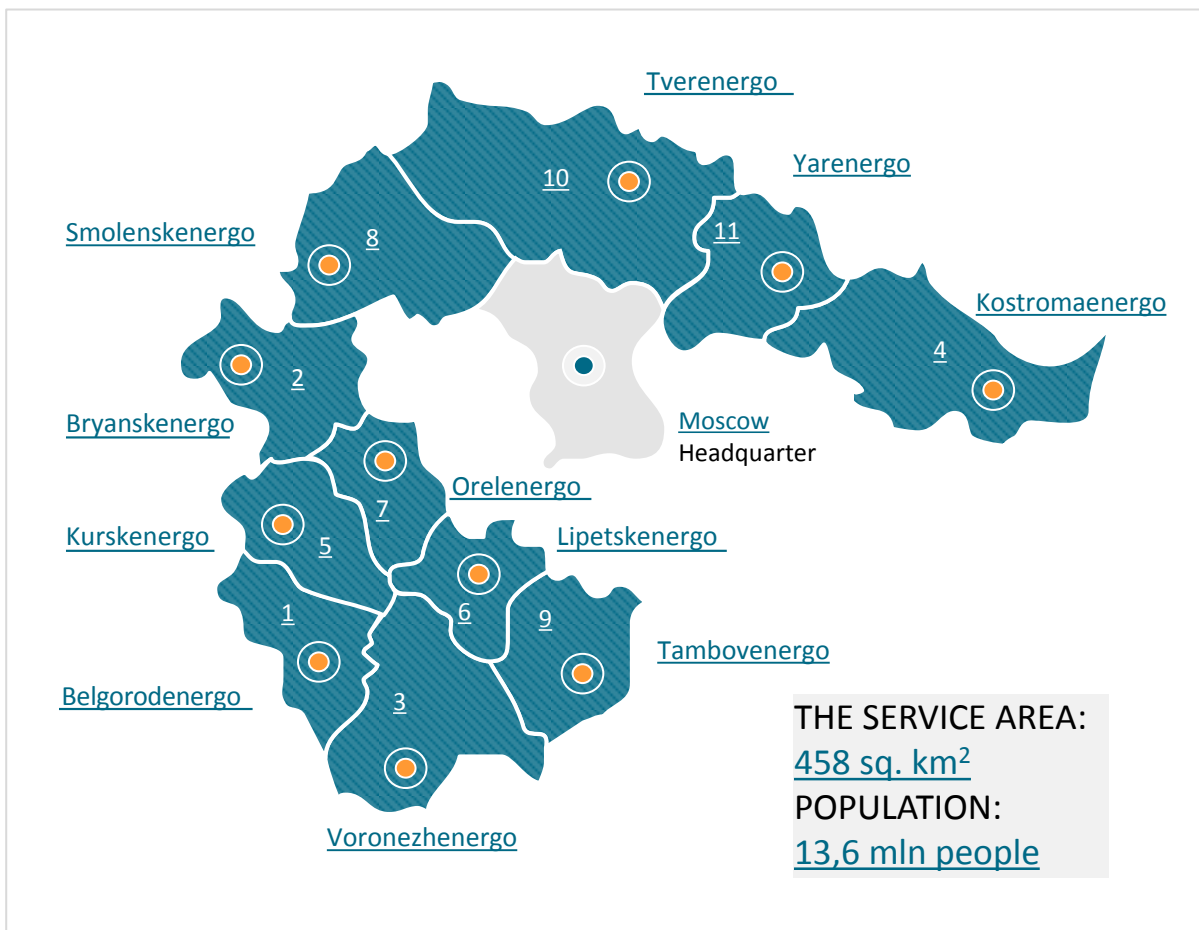
MOEX: [MRKC](#)

Bloomberg: [MRKC RX](#)



# 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 electricity
- Grid connections
- Energy services
- The functions of a supplier of last resort (Bryansk, Orel, Kursk, Tver)

at 30.06.2013

Market Cap <sup>(1)</sup> , RUB bn	<b>14,2</b>
Market Cap, USD mln	<b>429</b>
Productive power supply <sup>(2)</sup> , bn kWh	<b>29</b>
Revenue (IFRS), RUB bn	<b>41,9</b>
Profit for the period (IFRS), RUB bn	<b>0,6</b>
CAPEX, RUB bn	<b>4,2</b>
Staff, thousand people	<b>31,5</b>
Number of shareholders <sup>(3)</sup>	<b>16 428</b>

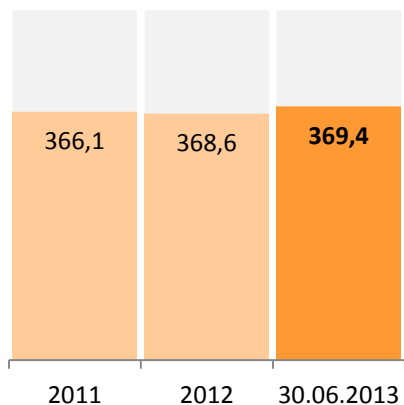
(1) weighted average price as of 30.08.2013

(2) joint operation circuit

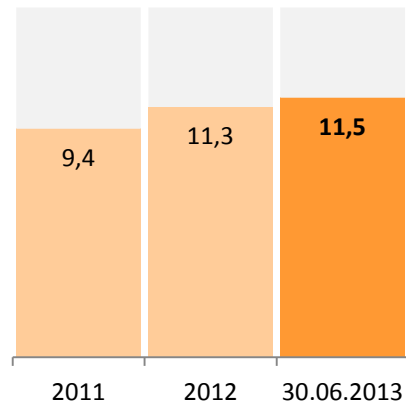
(3) as of 06.05.2013

# Characteristics of Grid Assets

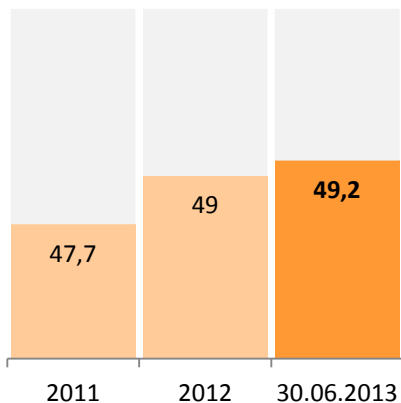
## LENGTH OF TRANSMISSION LINES 0,4-110 kV (on a line), thousand km



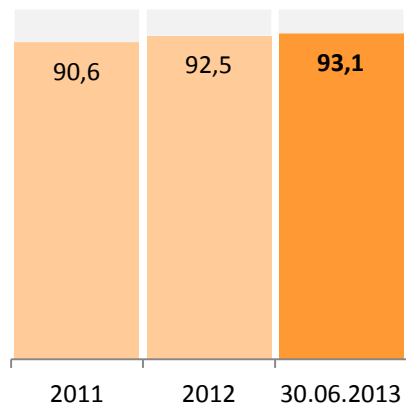
## LENGTH OF CABLE LINES 0,4-110 kV thousand km



## CAPACITY OF SUBSTATIONS thousand MVA



## NUMBER OF SUBSTATIONS thousand pieces



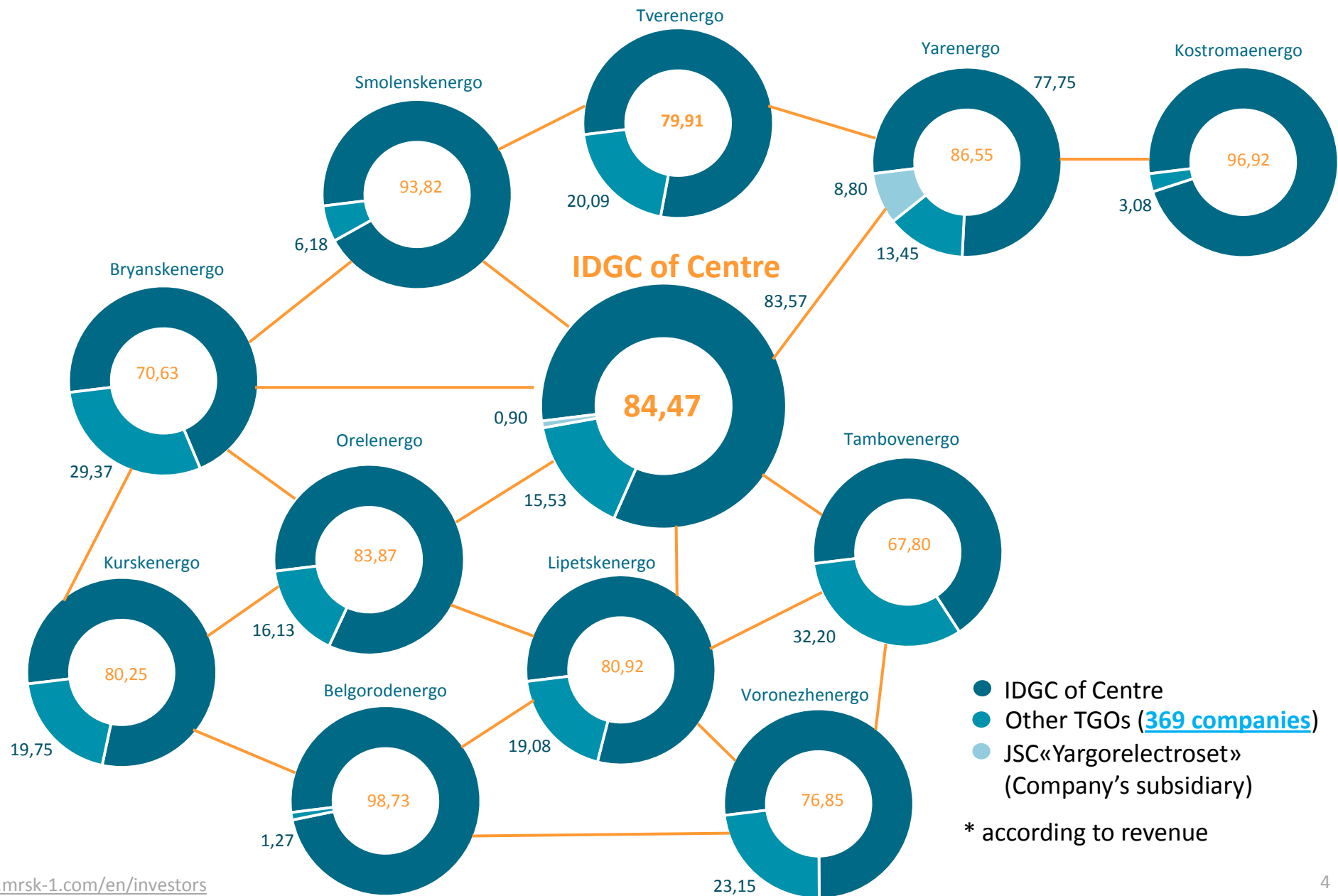
## INDICATOR

30.06.13

Length of 0,4-110 kV overhead transmission lines (on a line) thousand km	369,4
Length of 35-110 kV overhead transmission lines thousand km	51,8
Length of 0,4-10 kV overhead transmission lines thousand km	317,6
Length of 0,4-110 kV cable lines thousand km	11,5
Capacity of substations thousand MVA	49,2
Capacity of 35-110 kV substations thousand MVA	32,7
Capacity of 6-10/0,4 kV transformer substations thousand MVA	16,6
Number of substations thousand pieces	93,1
Number of 35-110 kV substations thousand pieces	2,3
Number of 6-10/0,4 kV transformer substations thousand pieces	90,7
Number of installed units mln	1,545
Number of power grids districts Pieces	278

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

# Market share for electric power transmission\*, %



## QUALITY, RELIABILITY & INNOVATIONS



- Reduction of technical and commercial losses (implementation of smart metering systems)
- Implementation of asset management methodology (technical risk management)
- Implementation of **SAIDI** (System Average Interruption Duration Index)<sup>1</sup>/ **SAIFI** (System Average Interruption Frequency Index)<sup>2</sup> indicators calculation system in accordance with international standards

## MARKET SHARE



- Increase of Company's market share in the regions of its service area
- Consolidation of grid assets (TGOs, ownerless grids)

## INVESTMENT ACTIVITY



- Application of standard design solutions
- Enhancement of the procurement process efficiency
- Increased monitoring of contractors' work performance

## OPERATING PERFORMANCE



- Governance improvement: implementation of optimized KPI system for top-management
- Optimization of systems and processes in operation and maintenance activities
- Development of additional energy services

## INVESTMENT APPEAL

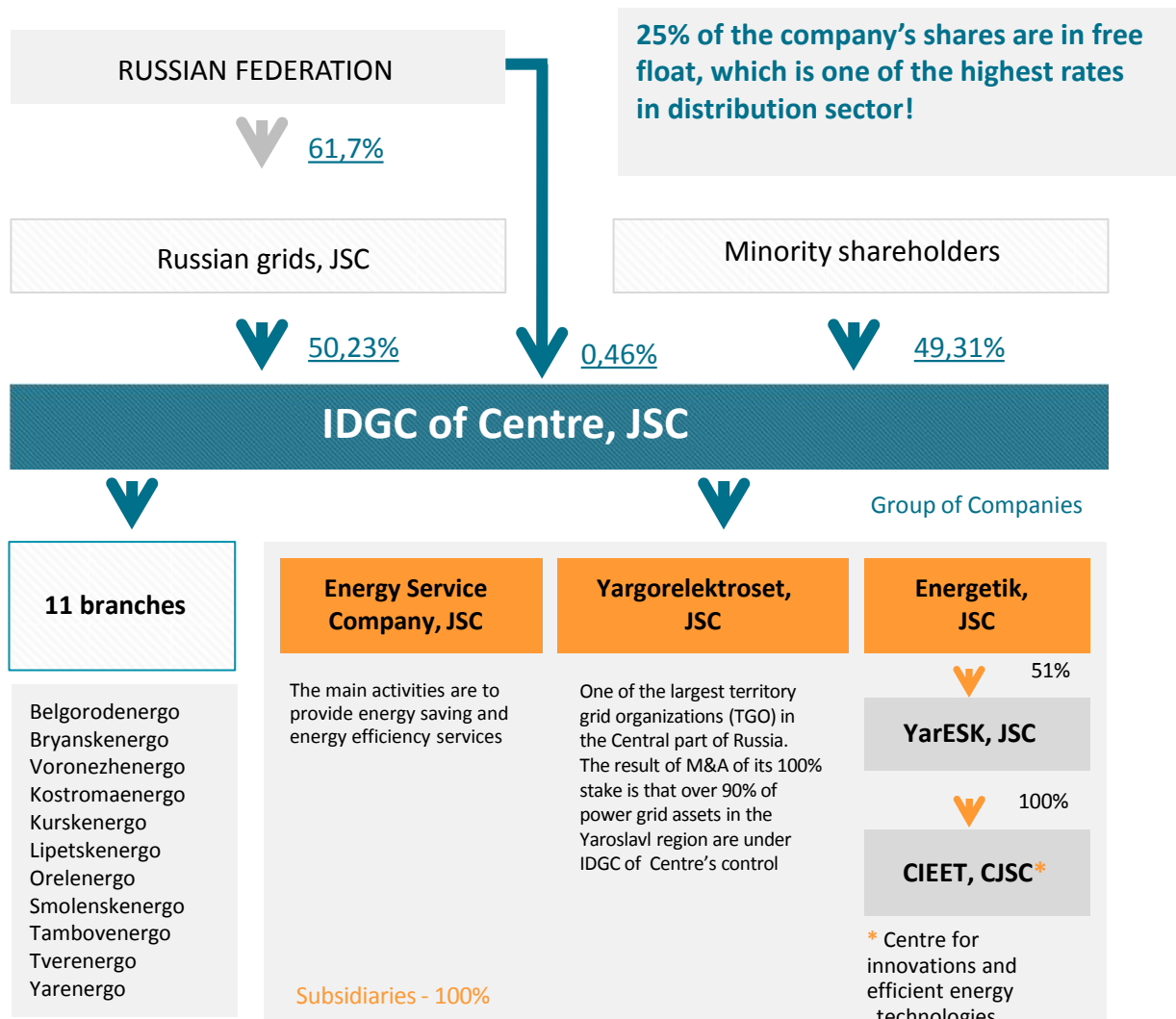


- Implementation of stable dividend payments policy
- Implementation of a complex of measures to improve the liquidity of shares
- Access to foreign exchanges

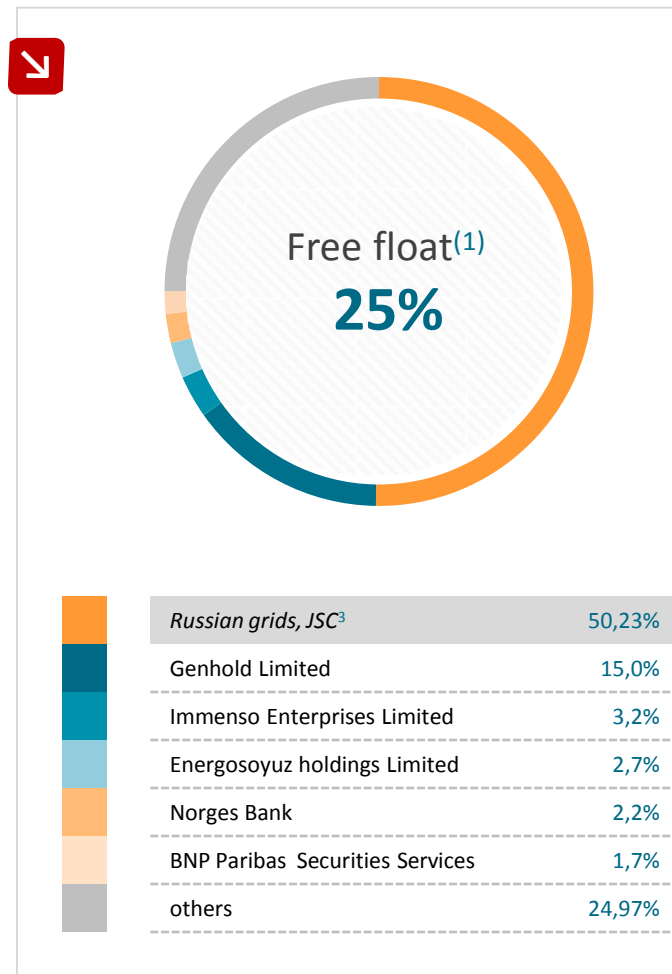
(1) the average outage duration for each customer served

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

# Governance Structure & Major Shareholders



## SHARE CAPITAL STRUCTURE OF IDGC OF CENTRE AS OF 06.05.2013



(1) according to the MICEX Index Committee

(2) till 04.04.2013 – IDGC Holding, JSC



# Corporate Governance & Rating



СВИДЕТЕЛЬСТВО

НАЦИОНАЛЬНЫЙ РЕЙТИНГ

КОРПОРАТИВНОГО УПРАВЛЕНИЯ

ОАО "МРСК Центра"

Компания соблюдает требования российского законодательства в области корпоративного управления, следует большей части рекомендаций российского Кодекса корпоративного поведения и steadily рекомендациям международной практики корпоративного управления. Компания характеризуется достаточно низким уровнем риска по собственным, связанным с качеством корпоративного управления.

Срок действия - с 20.08.2013 до 19.08.2014  
либо до момента изменения рейтинга

Директор Российского  
института директоров  
И.В. Баллюк



РАЗВИТА ПРАКТИКА  
КОРПОРАТИВНОГО  
УПРАВЛЕНИЯ

7+

**Developed corporate governance practice  
& leading position among IDGC's**

**National Corporate Governance Rating (NCGR)**

**Confirmed**

**August 2013**

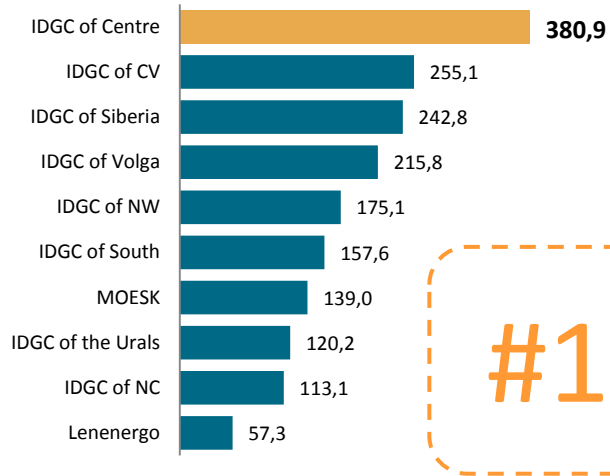
Confirmed	October 2012
Confirmed	August 2011
Upgraded (7+)	January 2011
Confirmed	June 2010
Confirmed	July 2009
Upgraded (7)	September 2008
Assigned (6+)	July 2007

Source: EXPERT RA rating agency

# Comparative analysis with the Peers

## Length of lines

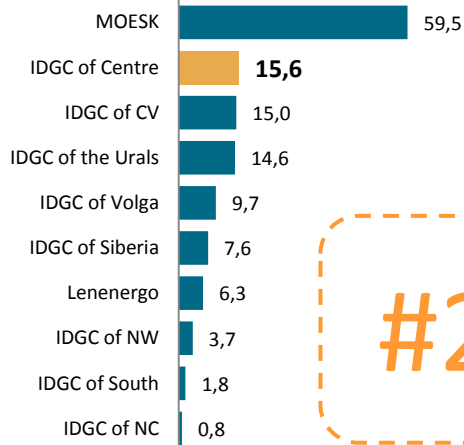
(30.06.2013), thousand km



#1

## Market Cap

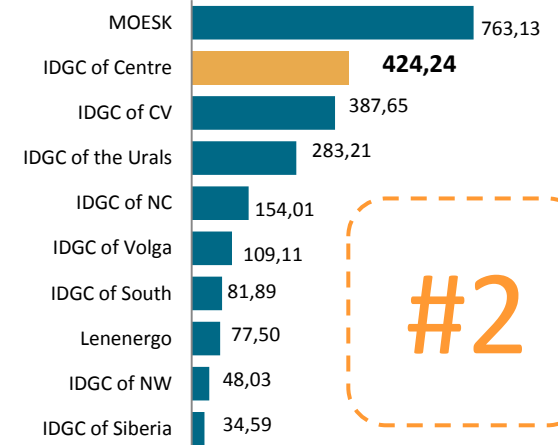
(30.06.13), RUB bn



#2

## Trading turnover on The Moscow Exchange

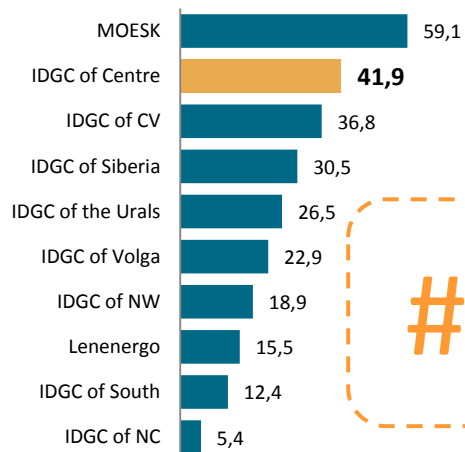
(6M2013), RUB mln



#2

## Revenue (IFRS)

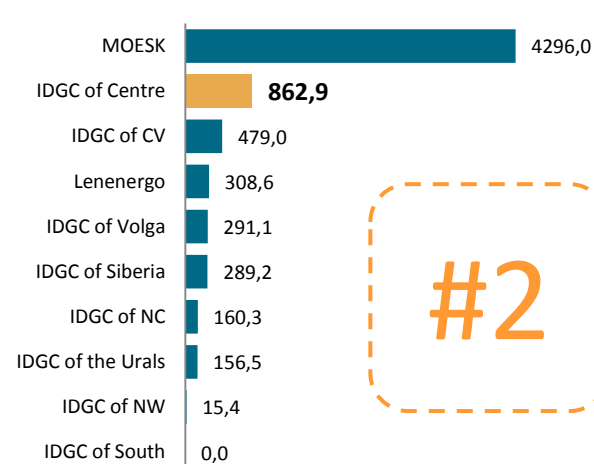
(6M2013), RUB bn



#2

## Dividends

(for FY 2012), RUB mln



#2



# Key indicators, IFRS

In billion RUB, unless specified otherwise

Indicator	6M2012	6M2013	Change, %
Revenue	34,2	41,9	22,5%
including:			
revenue from electricity transmission	33,3	31,3	(6,0%)
revenue from grid connection	0,4	0,3	(25,0%)
revenue from the resale of electricity and capacity	-	9,8	-
other	0,5	0,5	-
Operating expenses	29,7	40,2	35,4%
EBITDA <sup>(1)</sup>	9,1	5,8	(36,3%)
Adj. EBITDA <sup>(2)</sup>	8,4	9,8	16,7%
Profit for the period	3,5	0,6	(82,9%)
Adj. Profit for the period <sup>(3)</sup>	3,0	4,1	36,7%
Net debt <sup>(4)</sup>	18,1	25,9	43,1%
Net assets	41,7	42,5	2,2%
Depreciation and amortisation	3,8	3,9	2,6%
Adj. EBITDA margin, %	24,6%	23,4%	(1,2 p.p.)
Adj. Profit for the period margin, %	8,8%	9,8%	1,0 p.p.

(1) EBITDA calculated as profit for the period + income tax expense + interest expenses (excluding interest on finance lease liabilities, interest expense on employee benefits obligation and employee benefits and net change in fair value of financial investments) + depreciation and amortisation;

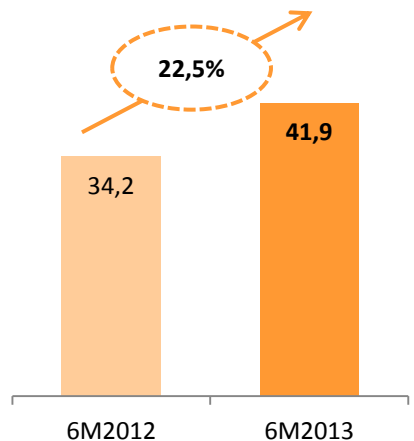
(2) Adjusted EBITDA calculated as EBITDA except bad debt provision and impairment of financial investments;

(3) Adjusted profit for the period is calculated as profit for the period not taking into account bad debt provision, impairment of financial investments and deferred income tax liabilities referred to them;

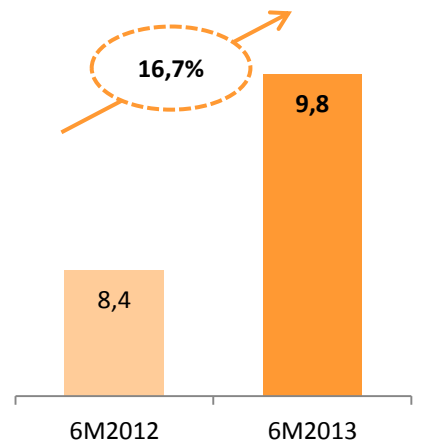
(4) Net debt calculated as long-terms loans and borrowings + short-term loans and borrowings – cash and cash equivalents.

# Key indicators 6M 2013

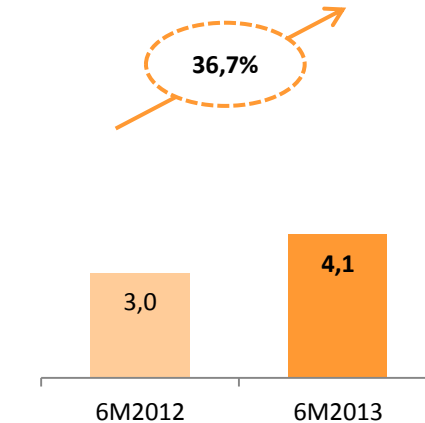
## REVENUE (IFRS), RUB bn



## Adj. EBITDA (IFRS), RUB bn



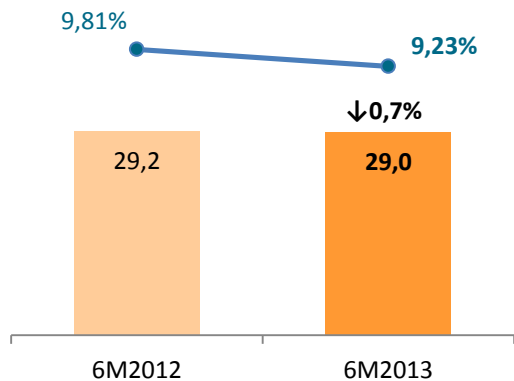
## Adj. PROFIT FOR THE PERIOD (IFRS), RUB bn



## PRODUCTIVE SUPPLY

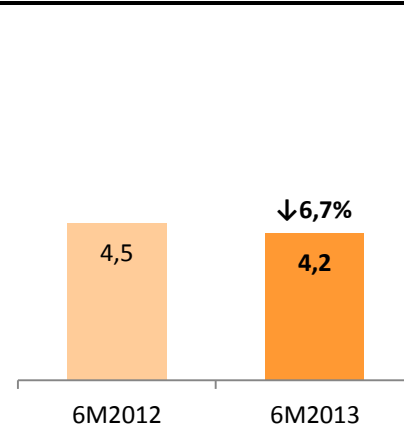
(taking into account losses of TGOs), bn kWh

### TOTAL LOSSES, %



## CAPEX

(excluding VAT), RUB bn



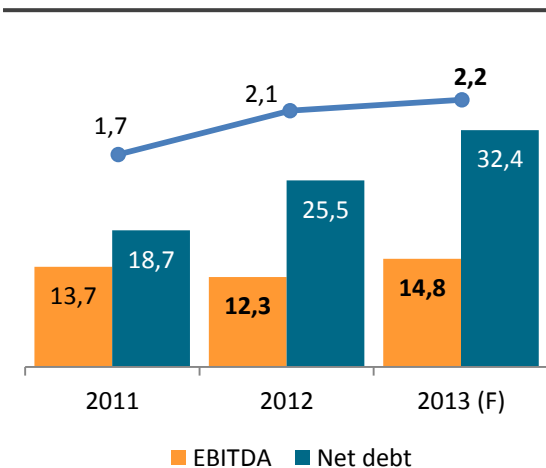
# Credit rating and loan portfolio

<u>Agency</u>	<u>Scale</u>	<u>Rating</u>	<u>Outlook</u>
S&P	International, Long-term rating	BB	Stable
S&P	International, Short-term rating	B	-
S&P	National (Russia)	ruAA	-
NRA*	National (Russia)	AA	-

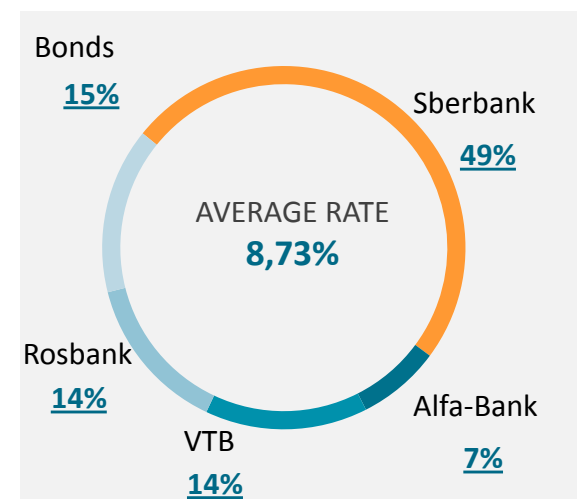
Commercial papers of IDGC of Centre were included in the quotation list A-2 at MICEX

Type of securities	Quantity of securities issue	Individual number and date of assignment	Maturity	Status	Coupon yield interest rate
Commercial papers BO-01 series	4 000 000	4B02-01-10214-A dated 13.07.2012	up to 3 years	In turnover	8,95%
Commercial papers BO-02 series	5 000 000	4B02-02-10214-A dated 25.06.2013	up to 10 years	Placement is planned	
Commercial papers BO-03 series	5 000 000	4B02-03-10214-A dated 25.06.2013	up to 10 years	Placement is planned	
Commercial papers BO-04 series	5 000 000	4B02-04-10214-A dated 25.06.2013	up to 10 years	Placement is planned	
Commercial papers BO-05 series	5 000 000	4B02-05-10214-A dated 25.06.2013	up to 10 years	Placement is planned	
Commercial papers BO-06 series	5 000 000	4B02-06-10214-A dated 25.06.2013	up to 10 years	Placement is planned	


NET DEBT/ EBITDA (RAS)

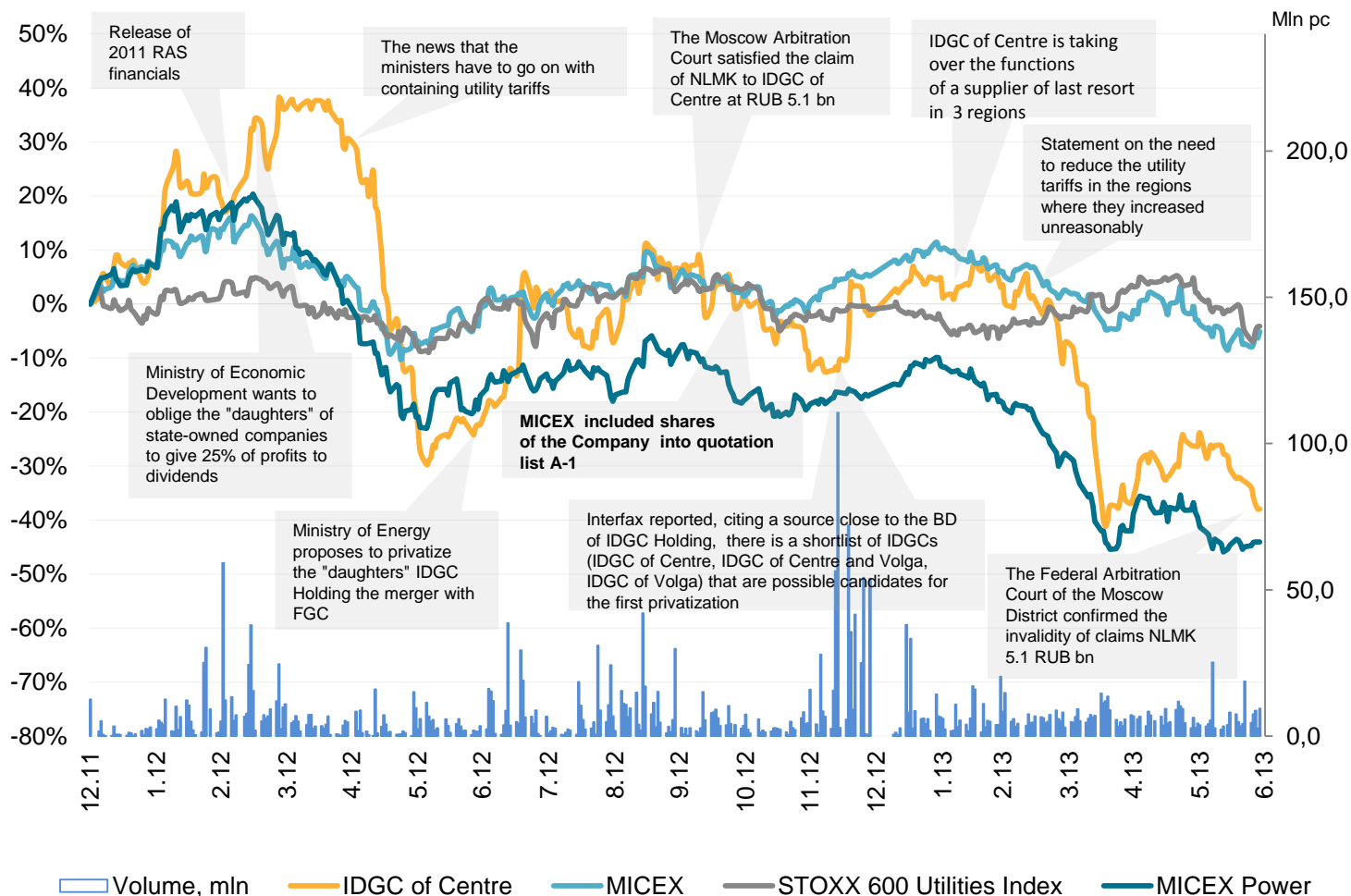


LOAN PORTFOLIO STRUCTURE



# Dynamics of Quotes & Milestones of 2012-2013


Increasing regulatory risks and the lack of clear plans to address major power grid facilities have led to a sharp drop in the value of shares of all distribution companies in Russia. The Company's management believes that the growth drivers for equities will be the effectiveness of the program to optimize operating costs, consolidation of TGC's in the regions, as well as the prospect of additional revenue from providing energy services and performing the functions of a supplier of last resort.



## Start of Trades

21 May 2008

## Quotation List

MOEX	A-1
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## Tickers

Moscow Exchange	MRKC
Bloomberg	MRKC RX
Reuters	MRKC.MM

## Calculation of Indices

Shares in the index calculation base	MICEX PWR
	MICEX SC

**MICEX included shares of the Company into quotation list A-1 in 2012**

# Investment appeal drivers

- 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 **NRCG 7+** - the highest among domestic peers
- 6 Standard & Poor's rating «**BB**» with a «Stable» outlook
- 7 Development of additional energy services
- 8 Additional revenue from performing the functions of a supplier of last resort

# THANK YOU!

## IDGC of Centre

### Investor relations

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