

# IR NEWSLETTER

2014



IDGC OF CENTRE

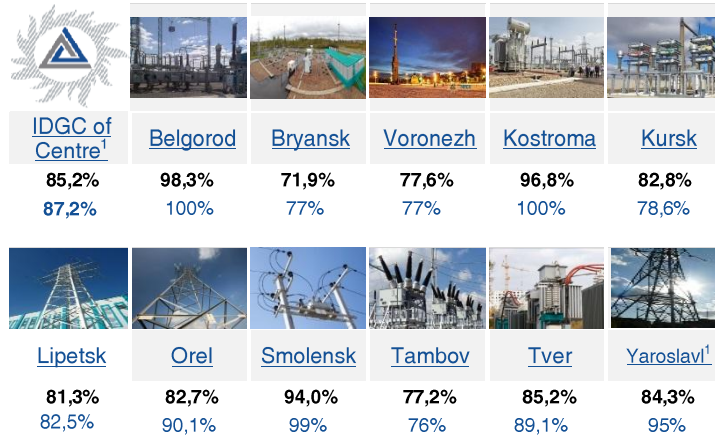
Quarter II

## IDGC of Centre is one of the leaders among power distribution utilities in Russia

The core business of IDGC of Centre is electric energy transmission, grid connection and energy services. The Company's share at the electric energy transmission market is over 85% and at the grid connection one is above 87% in 11 regions of Central Federal District of the Russian Federation with the population over 13 million people. IDGC of Centre is the second largest company out of eleven interregional distribution grid companies by the market capitalization and revenue.

Following the results of 6 months 2014 the company's revenue under IFRS showed an increase by 13.8% and amounted to 47.7 bln RUB. Earnings before interest, taxes, depreciation and amortization (EBITDA) reached 9.1 bln RUB, which is 51.7% higher than last year. Profit for the period increased by more than 4 times to 2.6 bln RUB. The total value of the consolidated assets of the company for the six months increased by 3.1% and as at 30.06.2014 amounted to 99.0 bln RUB.

## Share of IDGC of Centre in electric energy transmission and grid connection for 1H 2014



Legend:

85,2%

Electric energy transmission market share

87,2%

Grid connection market share

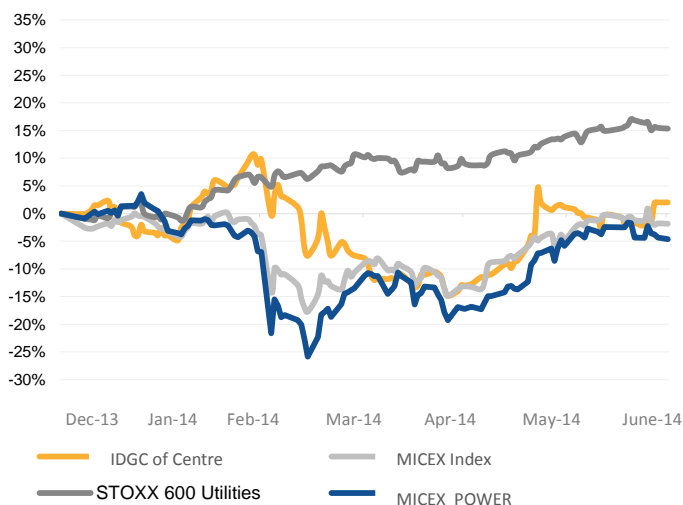
<sup>1</sup> taking into account Yargorelectroset

## Securities

<a href="#">Tickers</a>	MOEX: MRKC Bloomberg: MRKC RX Reuters: MRKC.MM
<a href="#">Indices</a>	MICEX PWR, MICEX SC
<a href="#">Listing</a>	First Level at MOEX
<a href="#">Quantity of shares</a>	42 217 941 468 pc
<a href="#">Share price</a> (30.06.2014)	0,223 RUB
<a href="#">Max/min</a> (01.04.14–30.06.14)	0,231 RUB / 0,183 RUB
<a href="#">MCap<sup>2</sup></a> (30.06.2014)	9 402 million RUB
<a href="#">MCap<sup>2</sup></a> (30.06.2014)	279 million USD

<sup>2</sup>at the price of last transaction at MOEX

## Changes in Stocks and Indices for 1H 2014



## Financial performance under IFRS for 1H 2013-2014

billion RUB, unless specified otherwise

Indicators	1H 2013	1H 2014	Change, %
<b>Revenue (total), including:</b>	<b>41,9</b>	<b>47,7</b>	<b>13,8%</b>
Revenue from electricity transmission	31,3	31,5	0,6%
Revenue from grid connection	0,3	0,8	166,7%
Revenue from resale of electric energy and power	9,9	14,9	50,5%
Other revenue	0,4	0,5	25,0%
<b>Operating costs</b>	<b>40,2</b>	<b>43,2</b>	<b>7,5%</b>
<b>Other income</b>	<b>0,4</b>	<b>0,3</b>	<b>-25,0%</b>
<b>Operational profit</b>	<b>2,1</b>	<b>4,8</b>	<b>128,6%</b>
<b>EBITDA<sup>1</sup></b>	<b>6,0</b>	<b>9,1</b>	<b>51,7%</b>
<b>Profit for period</b>	<b>0,6</b>	<b>2,6</b>	<b>333,3%</b>
<b>Amount of electric energy transmitted<sup>2</sup>, billion kWh</b>	<b>27,68</b>	<b>27,35</b>	<b>-1,2%</b>
<b>Electric energy losses, %</b>	<b>9,23</b>	<b>8,99</b>	<b>-0,24 p.p.</b>

[1] EBITDA is calculated as follows: profit for period + profit tax + interest payable - interest receivable + depreciation charges;

[2] Joint operation productive supply without taking into account losses of TGCs

## Investment highlights of IDGC of Centre



- Operation in 11 regions of Central Russia with stable outlook for economic growth
- Leader in innovations implementation in the sector
- Stable financial position
- Approved dividend policy and positive dividend history
- Corporate governance rating **NCGR 7+**
- Credit rating **S&P «BB»**
- Development of value-added energy services
- High level of information transparency

## Key events in quarters 2-3 of 2014

Date	Event
2 April	IDGC of Centre published financial statements for 2013 under IFRS
7 April	IDGC of Centre held a conference call and webcast dedicated to the results of the company for 2013
29 April	IDGC of Centre published financial statements for 1Q 2014 under RAS
09 June	Shares of IDGC of Centre were included in the quotation list of the first (highest) level of the Moscow Stock Exchange
26 June	AGM following the results of 2013
31 July	IDGC of Centre published financial statements for 1H 2014 under RAS
19 August	IDGC of Centre's rating of corporate governance was confirmed at NCGR 7+
29 August	IDGC of Centre published financial performance for 1H 2014 under IFRS

## Key resolutions of Board of Directors

Date	Resolution
19 May	Recommendations on the amount of the dividend on shares of the Company and the payment procedure following the results of 2013
29 May	On the reduction of administrative and management expenses
10 June	On approval of the report of General Director of the Company "On execution of the Business plan of the Company in 4Q 2013 and in 2013"
20 June	On approval of an internal document of the Company: the Policy of Innovative Development, Energy Conservation and Energy Efficiency
10 July	Election of Chairperson of the Board of Directors of the Company

## Ratings

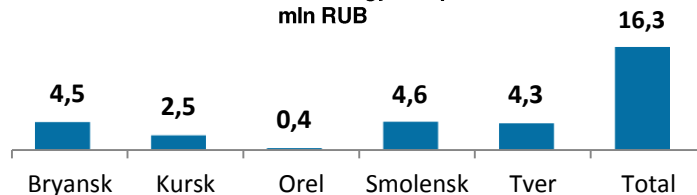
Agency	Scale	Rating	Outlook
S&P	international, long-term	BB	Negative*
S&P	international, short-term	B	–
S&P	national (Russia)	ruAA	–
National Rating Agency	national (Russia)	AA	–

\* – in March 2014 the outlook was changed to "Negative" as a result of the Russian Federation rating revision

## Performance as a supplier of last resort

IDGC of Centre summed up the work as a supplier of last resort for the 1st half of 2014. Throughout the period of performance of these functions IDGC of Centre maintained a 100% level of payment at the wholesale electric energy and power market and fully met the needs of customers served by providing reliable and uninterrupted electric power.

### Revenue from resale of electric energy and power\*\* for 1H 2014, mln RUB



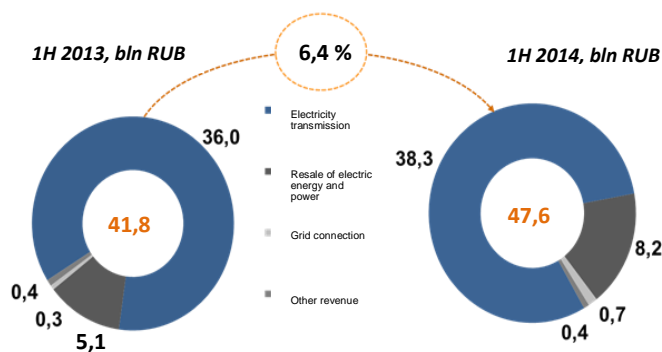
\*\* – taking into account the proceeds from the e/e transmission in the amount of 6.7 bln RUB and revenue from the sale of losses and utility needs of RGCs in the amount of 1.4 bln RUB

## IR Calendar for quarters 3-4 of 2014

Date	Event
September	Payment of dividends on shares in accordance with the resolution of the Annual General Meeting of Shareholders following the results of 2013
September	Participation in a panel discussion of the conference Computershare "Securities market: recent advances and new perspectives"
October	Annual Investment Forum "Russia calling!" (VTB Capital)
October	8th Conference Investor Relations Advanced Experience
November	Utilities Day (FC BCS). One-on-one meetings

## Revenue analysis according to management accounting

### Revenue growth from electricity transmission



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