



*Joint-Stock Company*  
*"Moscow United Electric Grid Company"*

[www.moesk.ru](http://www.moesk.ru)

# Presentation Analyst Day

Moscow, 2013



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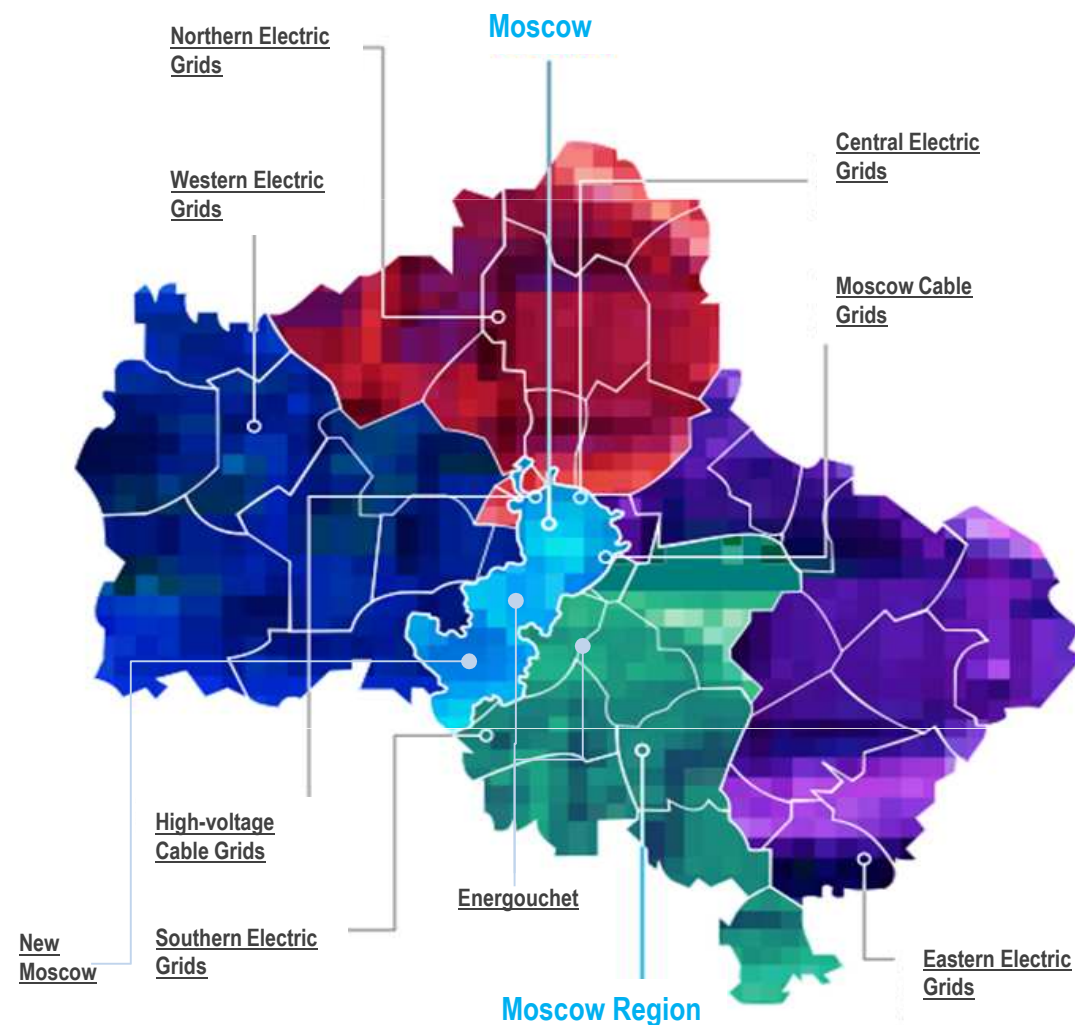
Primary activity types:

- ⚡ electric power transmission (natural monopolistic type of activity);
- ⚡ Technological connection to the electric grids.

Company is included into the list<sup>(1)</sup> of the systemically important organizations of Russia.

Date of foundation<sup>(2)</sup>: 01.04.2005.

Indicator title		As at 30.09.2013
Classification of PTL in view of location:		
Total length of overhead PTL, km:		
	through chains	65,248
	through route	60,267
Total length of cable PTL, km		
		72,990
Classification of PTL in view of voltage, km:		
	high-voltage (35-500 kV)	16,522
	distribution (0,4-20 kV)	121,716
Total quantity of high-voltage feeding centers, psc.		608
Installed capacity of high-voltage feeding centers, MVA		46,803
Total quantity of the substations of the distribution grids, pcs.		30,150
Installed capacity of the substations of the distribution grids, MVA		30,542



Notices: (1) approved by the Government commission for the stability increase of the Russian economics development;  
 (2) founded in form of spin off from JSC "Mosenergo".



## Strong points

- Developed grid infrastructure 0.4 - 220 kV in a more dynamically developing region of RF;
- Dominant position at the market of the electric power transmission services;
- Opportunity to provide any reliability category of power supply;
- Developed structure of the operating and process management by the grids;
- Developed network of the customer service centers for technological connection.

## Opportunities

- Interest increase at the market owing to the priority development of the grid infrastructure and merger of the Territorial Grid Organizations (TGO) of the second level;
- Increase of reliability and cost effectiveness of the grids owing to the technologies introduction of the “smart grids”;
- Losses reduction owing to the introduction of own system of commercial accounting;
- Receipt of the additional incomes from the non-regulated activities;
- Operating efficiency increase owing to implementation of the potential of the costs reduction and labor productivity increase.



## RELIABILITY

Increase of power supply reliability



## QUALITY

Improvement of servicing quality.  
Accessibility of connection to the grid



## DEVELOPMENT

Priority development of the grid.  
New technologies introduction



## VALUABLE

Growth of investment appeal and capitalization



## PERSONNEL

Increase of professionalism and loyalty of personnel

**≤ 45 minutes**

Time for power supply restoration in the former boundaries of Moscow

**≤ 2,0 hours**

time for power supply restoration in Moscow region

**≤ 2.5 hours**

time for power supply restoration in Moscow region

**≥ 99 %**

Of timely fulfilled technological connections

**≤ 3**

Number of the visits to the offices of MOESK within the framework of TC (technological connection)

**≤ 15 days**

Average period of time for preparation of the offer for TC contract

**≥ 75 %**

Of Feeding Centers with the reserve of capacity to connect consumers

**≥ 73 %**

Of Capacity in 20 kV grids in Moscow

**≥ 0,7<sup>(1)</sup>**

Cost of an enterprise <sup>(2)</sup> / RAB

Stake at the market of services for electric power transmission:

**80 %**

Moscow

**75 %**

Moscow Region

**≤ 5 %**

Employee turnover + 5 %

Labor productivity

Top-priority objectives are approved as part of the Program of the top-priority trends of JSC "MOESK" for the period till year 2015 according to a resolution of the Board of Directors dd. 29.05.2013 (Minutes # 200 dd. 31.05.2013).

Notices: (1) average value for companies-analogues of the developing markets;

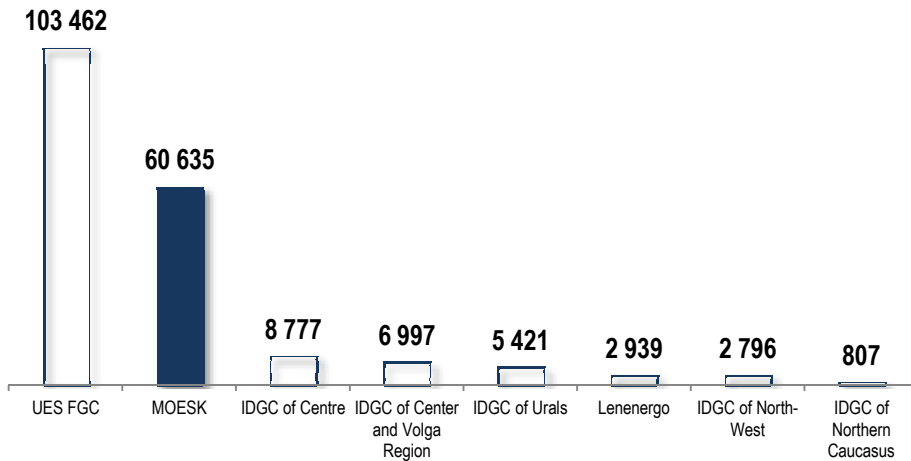
(2) cost of an enterprise is calculated as the market capitalization sum and the debt cost.



#	Title of objective	Actions performed	Key performance indicator	
			Approved for year 2013	As at 30.09.2013.
1.	Increase of power supply reliability	<ul style="list-style-type: none"> <li>– Implementation of the repair and investment programs;</li> <li>– Re-laying of overhead lines into cable ones and those made with the use of the self-supporting insulated wire (SSIW);</li> <li>– Extension of the forest corridors of overhead PTL, which are laid through forestland;</li> <li>– Amalgamation of the operating zones and centralization of the dispatching control;</li> <li>– Number increase of the Emergency Response and Restoration Teams and equipping of the teams with the special machinery;</li> <li>– Purchase of travelling generator sets aimed at an expeditious dislocation of the reserve power supplies to the regions with the defective power supply.</li> <li>– Management system introduction of the production funds on basis of the index of the equipment status</li> </ul>	Average time for power supply recovery: –Moscow (in the former boundaries): 47 minutes –Moscow region : 181 minutes	Average time for power supply recovery: –Moscow (in the former boundaries): 49 minutes –Moscow region: 132 minutes
2.	Increase of servicing quality of the customers and accessibility of the electric grid infrastructure	<ul style="list-style-type: none"> <li>– Optimization of the technological connection procedures with the number reduction of the stages and visits of the customers to the offices of MOESK</li> <li>– Introduction of the information support systems and interactive support services of the consumers</li> <li>– Grid development of the customer offices of MOESK, services provision to the customers on “one window” principle</li> </ul>	Number of the stages of TC: not more than 5 Number of the visits of the customers within the framework of the TC procedure: not more than 3 Stake of the timely issued offers of the TC contracts: at least 95%	Number of the stages of TC: 5 Number of the visits of the customers within the framework of the TC procedure: 3 (max.) Stake of the timely issued offers of the TC contracts: 96%
3.	Priority development of the grid and new technologies introduction	<ul style="list-style-type: none"> <li>– Elaboration of the Programs of the ease of restrictions from the closed feeding centers, the programs implementation within the framework of the investment program of JSC “MOESK”</li> <li>– Elaboration of development Scheme of the electric grids of JSC “MOESK” with the voltage of 110 (35) kV and more in Moscow and Moscow region for the period till year 2025</li> <li>– Elaboration of the development Schemes of the electric grids of the municipal districts of the Moscow region with the voltage of 6-20 kV for the pilot distribution zones</li> </ul>	Augmentation of the reserves of capacity for the technological connection : 288 megawatt	Augmentation of the reserves of capacity for the technological connection : 310 megawatt
4.	Growth of investment appeal and capitalization of the company	<ul style="list-style-type: none"> <li>– Elaboration and implementation of the costs reduction Program</li> <li>– Implementation of the program for the electric grid assets consolidation</li> <li>– Elaboration and implementation of the Program for the additional services rendering</li> </ul>	Unit lifting costs: RUR 18.70 ths./1 provisional unit Proceeds from the additional services rendering: RUR 688 mln. Balance sheet value of the donated electric grid assets: RUR 500 mln.	Unit lifting costs: RUR 12.80 ths./1 provisional unit Proceeds from the additional services rendering: RUR 308.8 mln. Balance sheet value of the donated electric grid assets: RUR 63.7 mln.

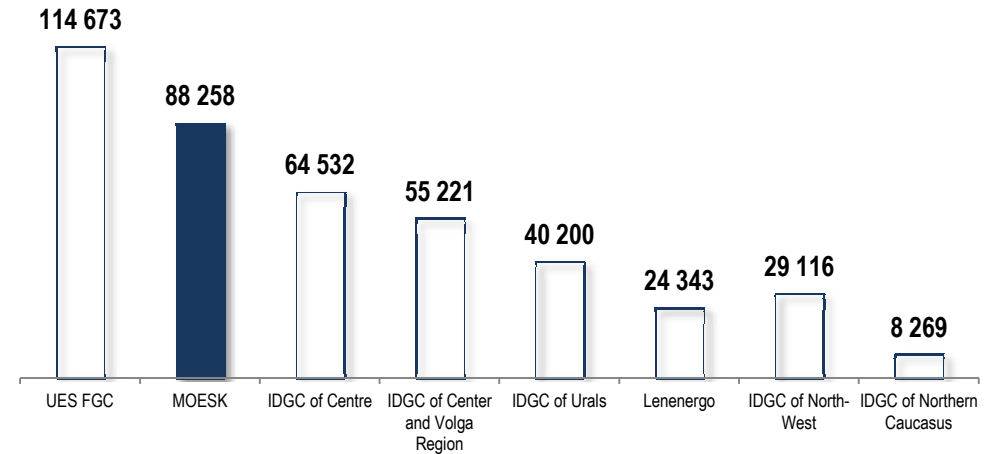


## Market capitalization as at 18.11.2013, RUR mln



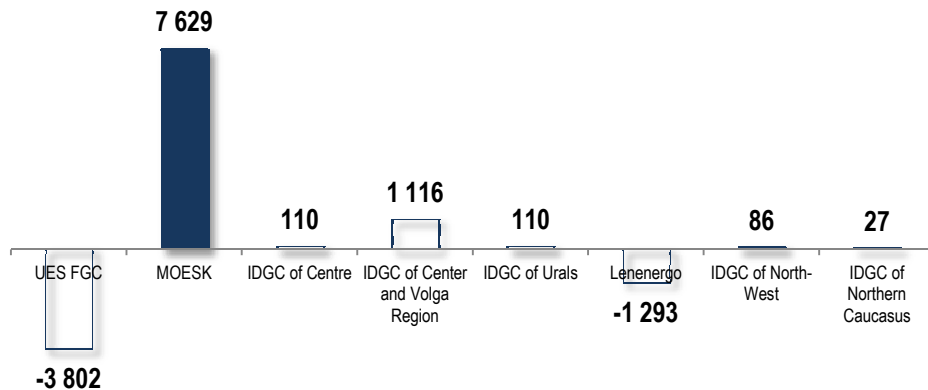
Resource: Bloomberg

## Proceeds, RUR mln



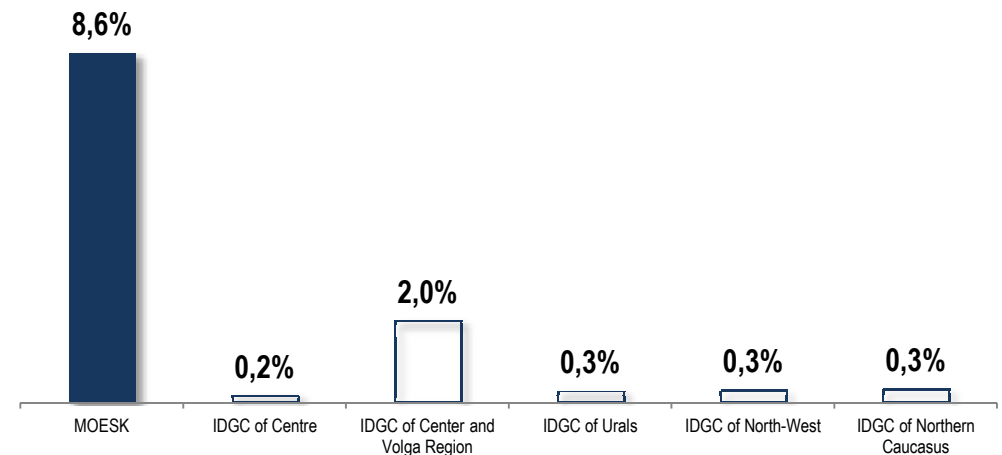
Resource: Reports about the financial results for January-September on RAS.

## Net profit (loss), RUR mln



Resource: Reports about the financial results for January-September on RAS.

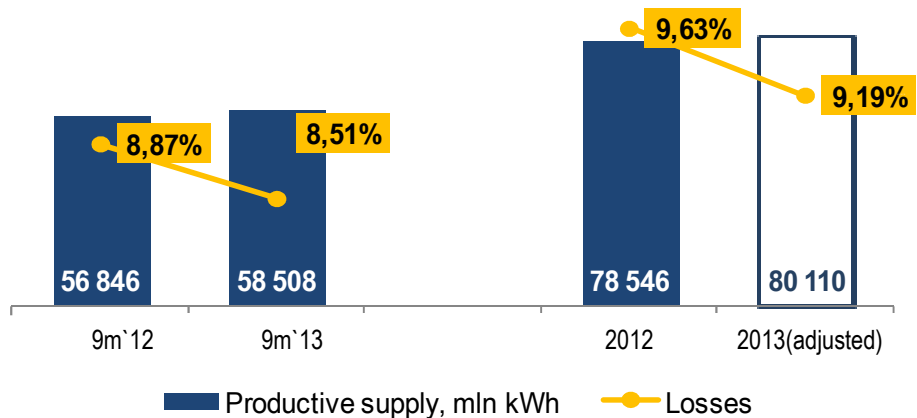
## Return on net profit



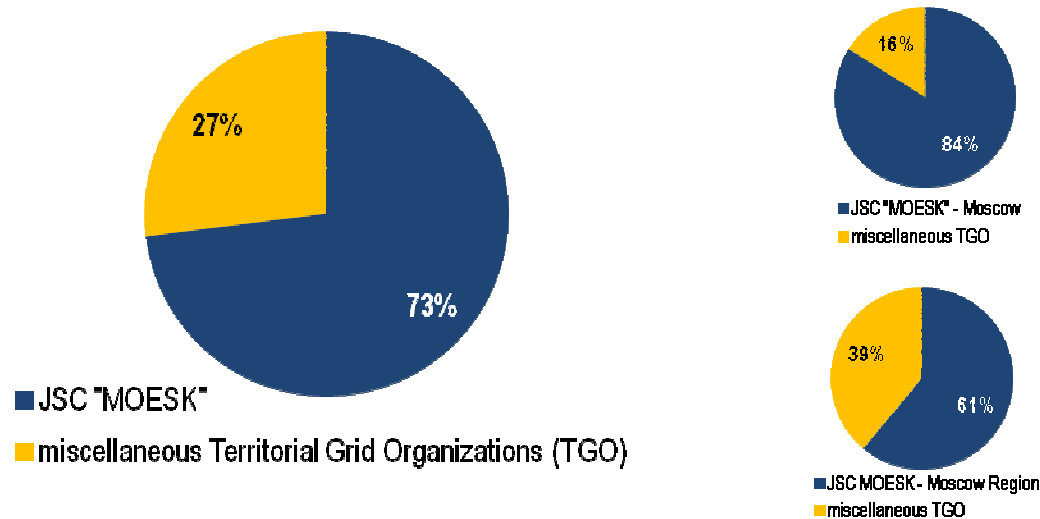
Resource: Reports about the financial results for January-September on RAS, calculations of JSC "MOESK".



## Indicators of electric power balance sheet

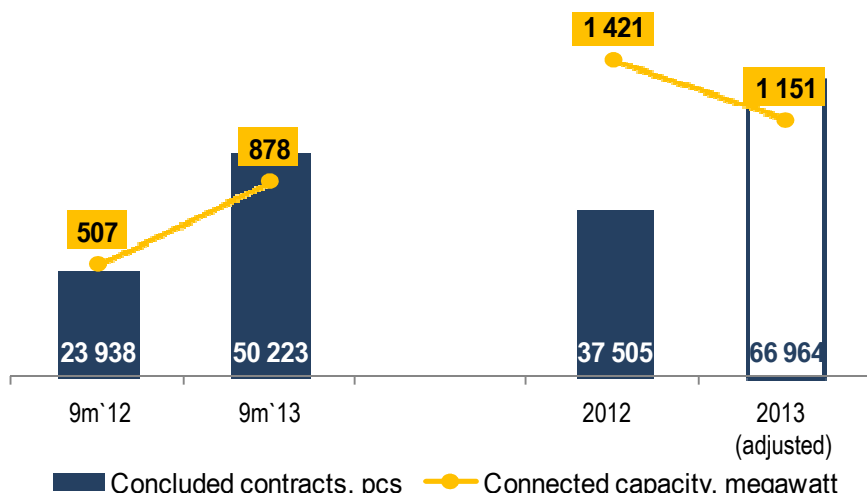


## Stake at the market of the electric power transmission services (1)

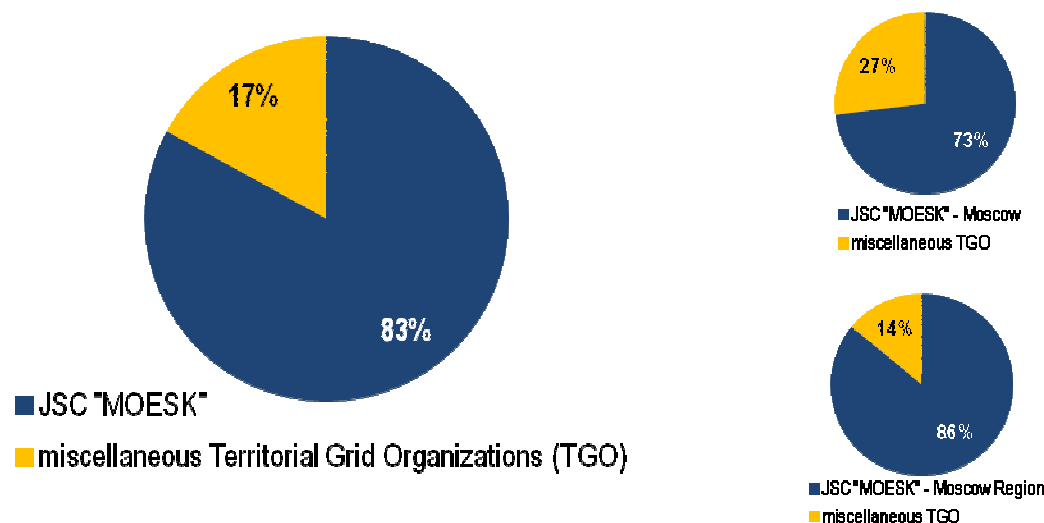


Notices: (1) in respect of the productive supply scope as at 30.09.2013.

## Technological connection indicators



## Stake at the market of the technological connection services (1)

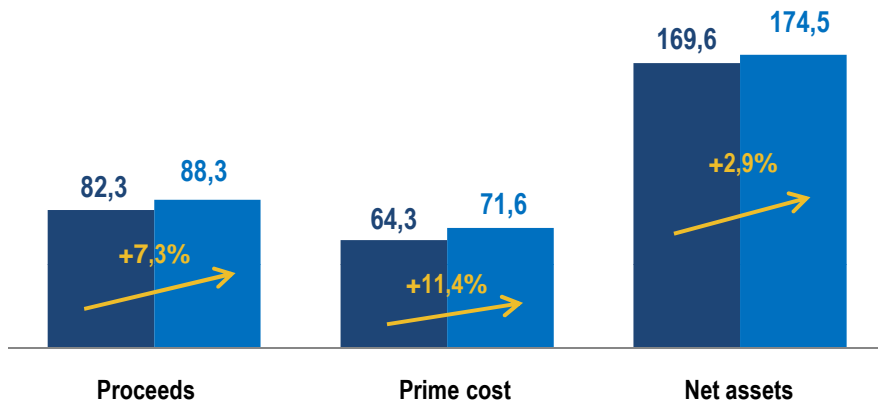


Notices: (1) in respect of the connected capacity for year 2012.

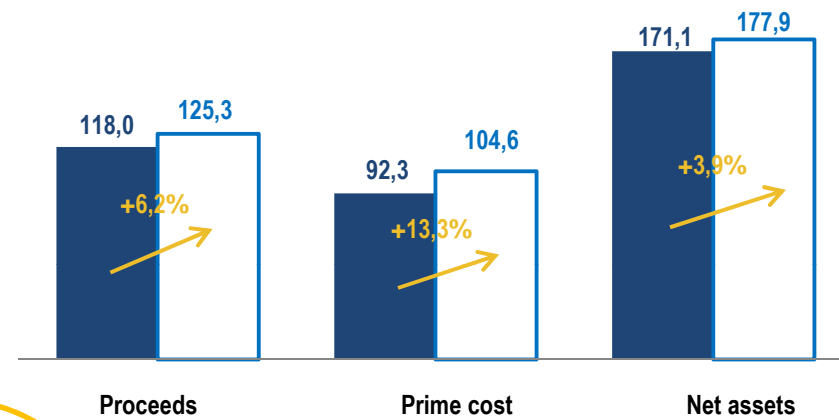




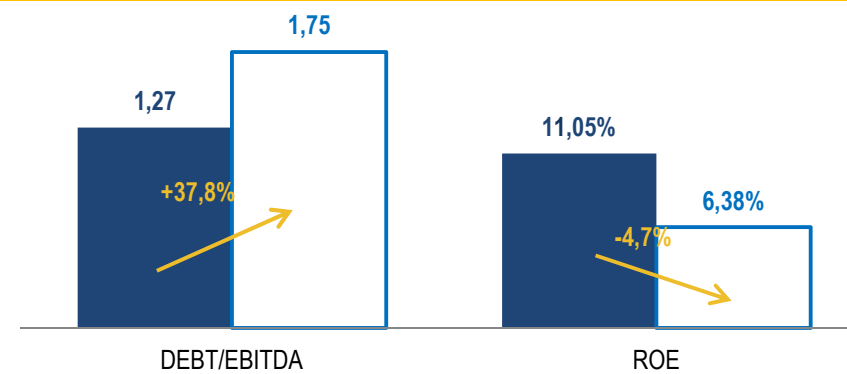
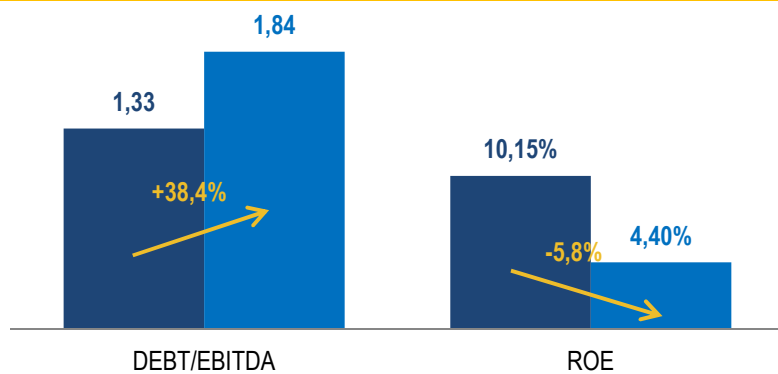
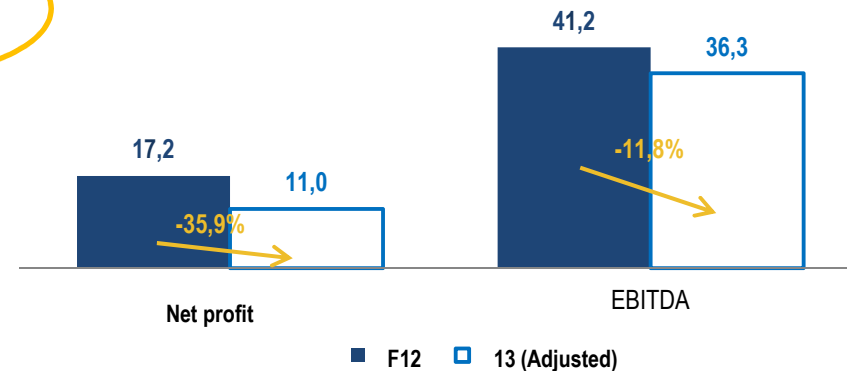
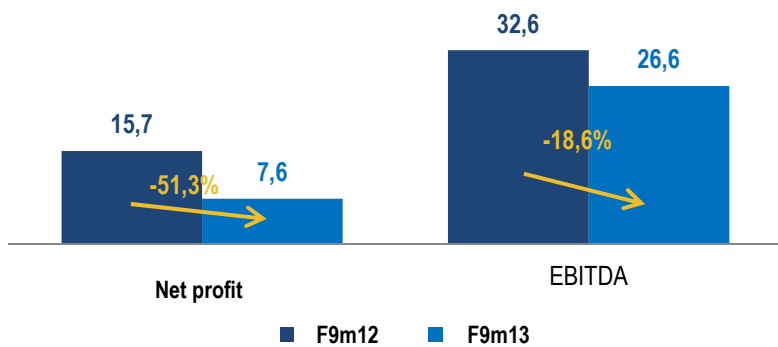
### Financial indicators for 9 months of 2012 and 2013



### Financial indicators for 2012 and expected indicators for 2013

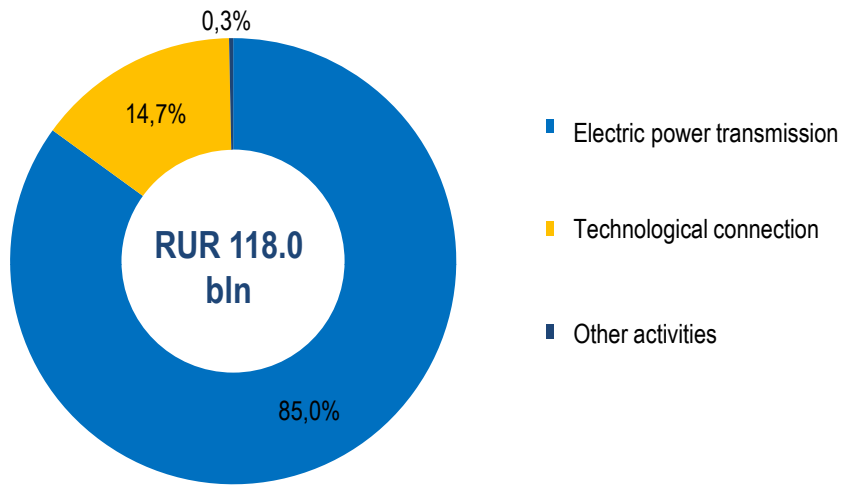


In RUR bln

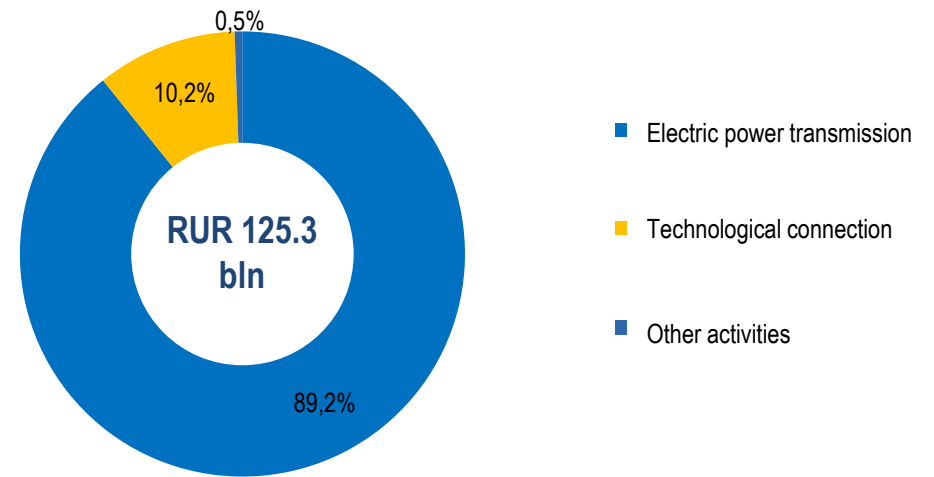




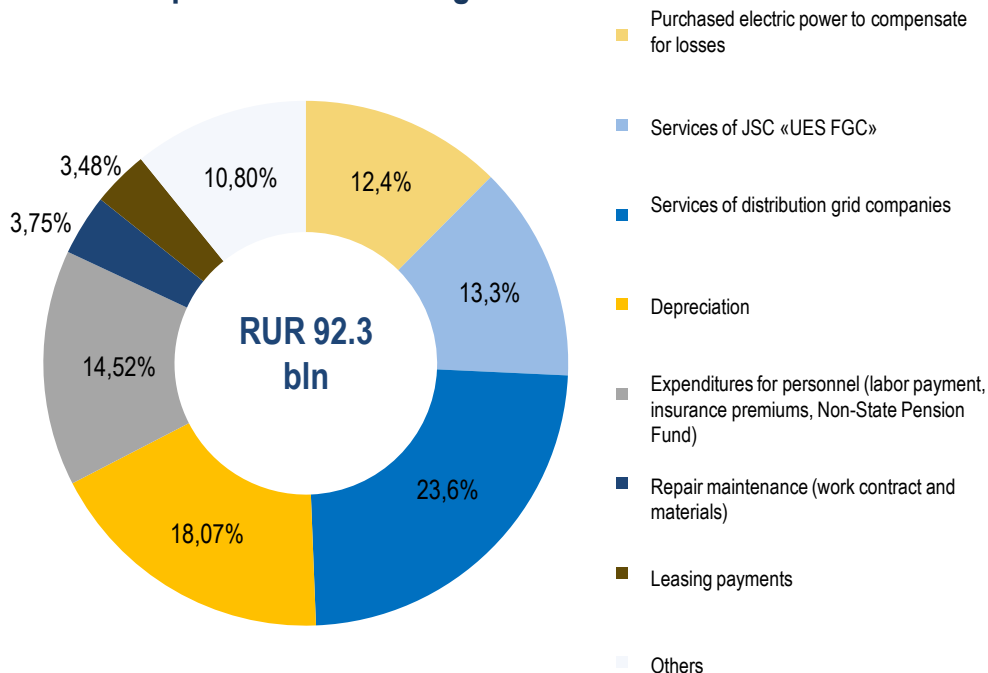
### Structure of the proceeds following the results of 2012



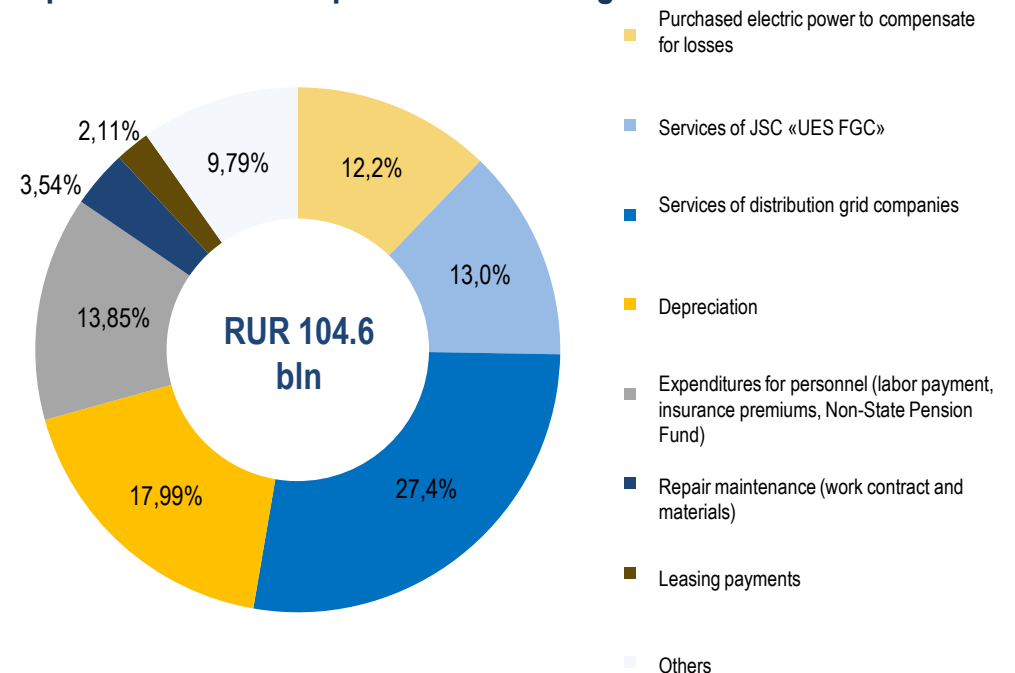
### Expected structure of the proceeds following the results of 2013



### Structure of prime cost following the results of 2012



### Expected structure of prim cost following the results of 2013

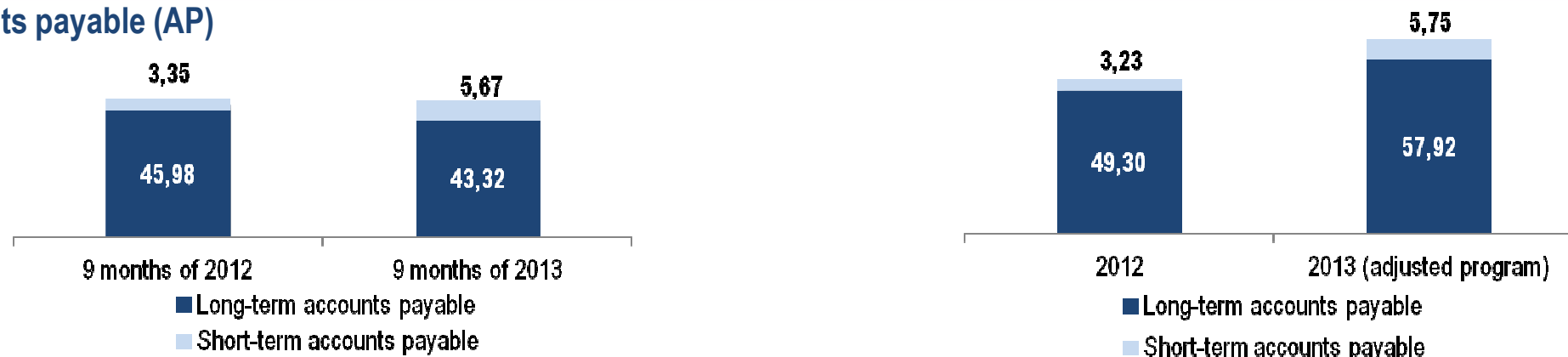




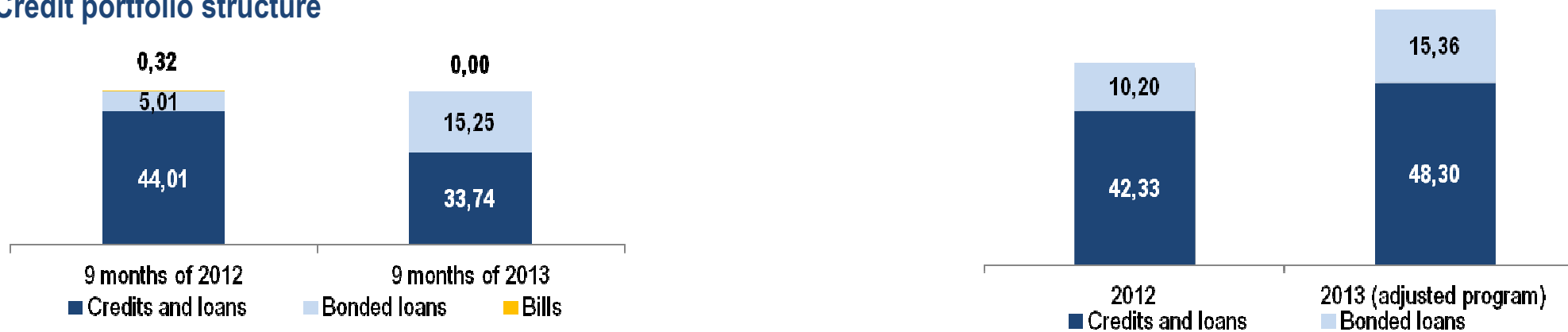
Scenary conditions of Business plan	2014	2015	2016	2017	2018
Current tariff	till the 1st of July of 2015 without changes	from the 1st of July +4.8 %	from the 1st of July +4.9 %	from the 1st of July +4.9 %	from the 1st of July +5.0 %
Tariffs for services of JSC "UES FGC"	till the 1st of July of 2015 without changes	from the 1st of July +4.6 %	from the 1st of July +5.0 %	-	-
Expenditures for electric power transmission services through the TGO's grids	till the 1st of July of 2015 without changes	from the 1st of July +4.6 %	from the 1st of July +5.0 %	-	-
Non-regulated price for electric power purchase to compensate for losses, including the sales premium	+8.5 %	+8.3 %	+8.5 %	-	-
Decrease of the number of the employees of the executive apparatus	-5 %	-5 %	-5 %	-5 %	-5 %
Planned dividends	Not less than 25 % from the net profit	Not less than 25 % from the net profit	Not less than 25 % from the net profit	Not less than 25 % from the net profit	Not less than 25 % from the net profit
Cost decrease of the servicing of a unit of the electrotechnical equipment	Not less than by 5 % as compared to year 2012	By year 2017 not less than by 15 % as compared to year 2012			-



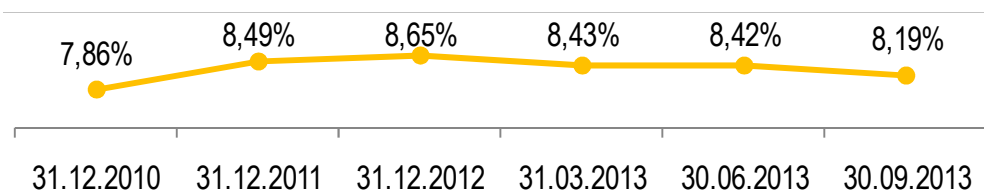
## Accounts payable (AP)



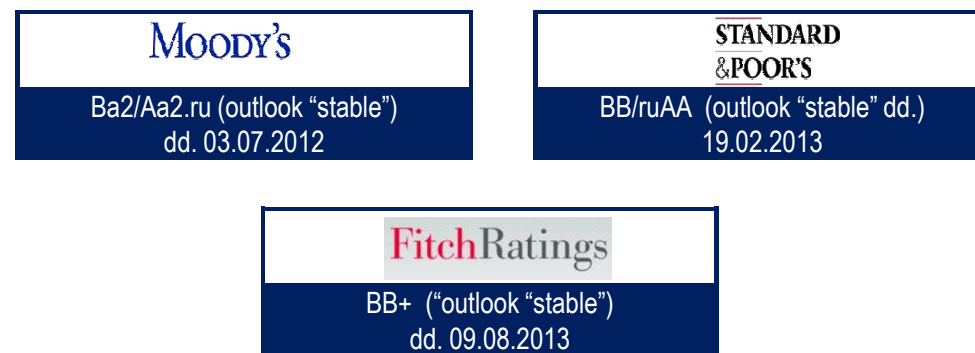
## Credit portfolio structure



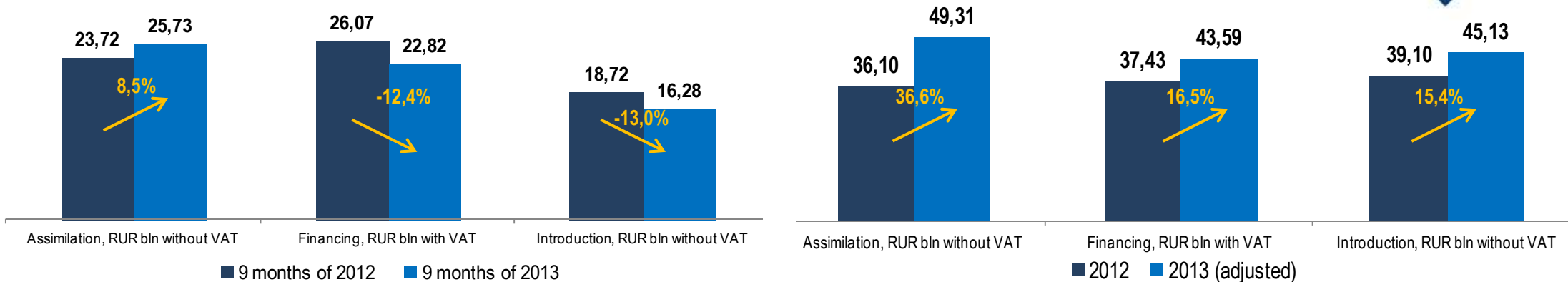
## Average weighted rate on the credit portfolio



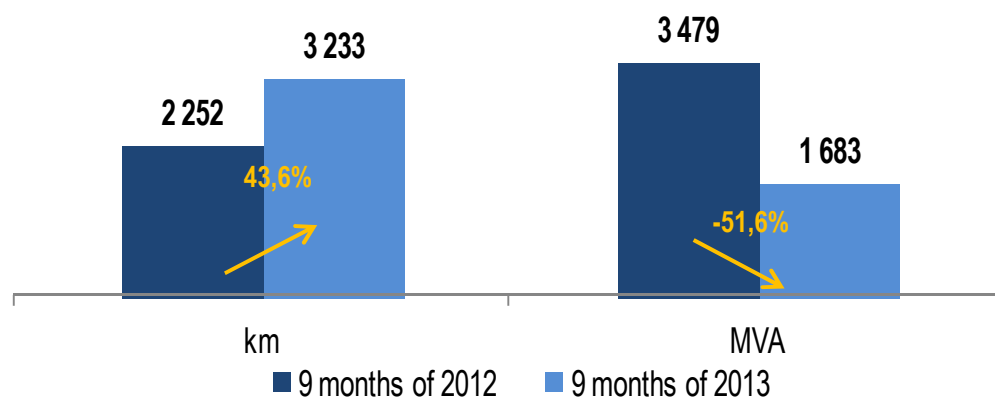
## Credit ratings



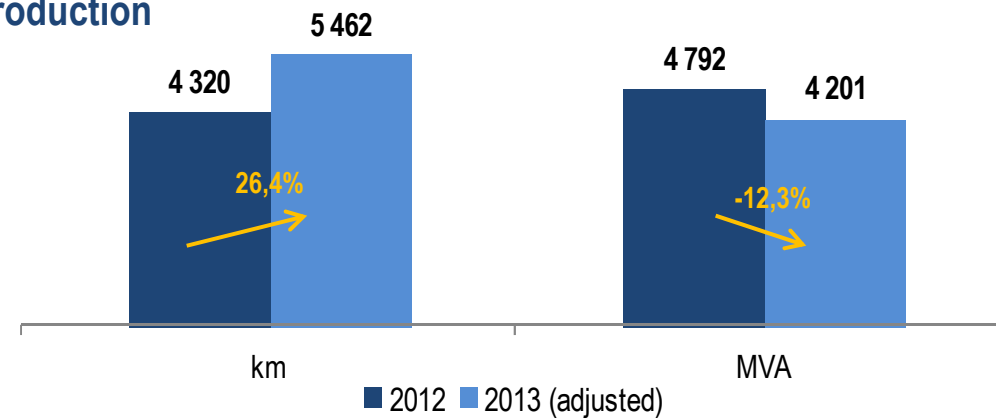
Reduction of the average weighted rate in the 3d quarter in the credit portfolio is preconditioned by refinancing of lines of credits of JSC "Alfa Bank"



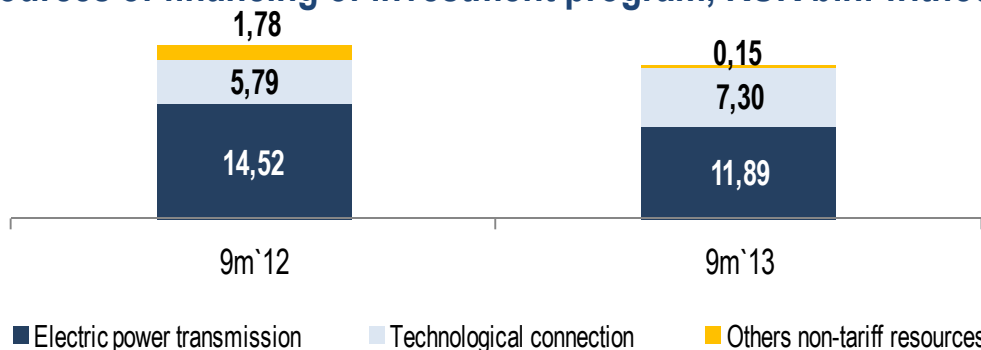
## Introduction



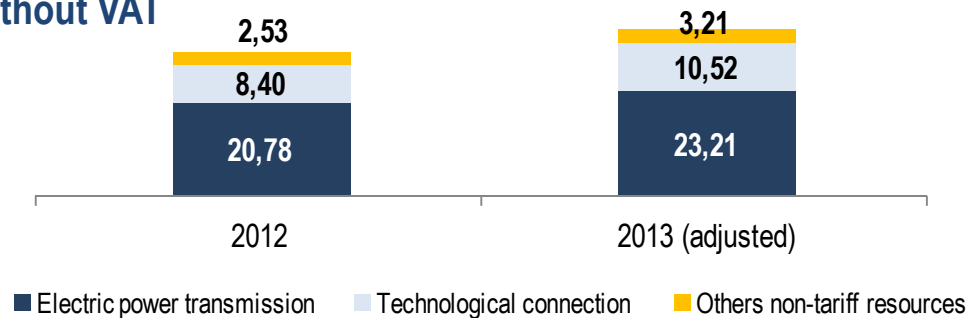
## Introduction



## Resources of financing of investment program, RUR bln. without VAT

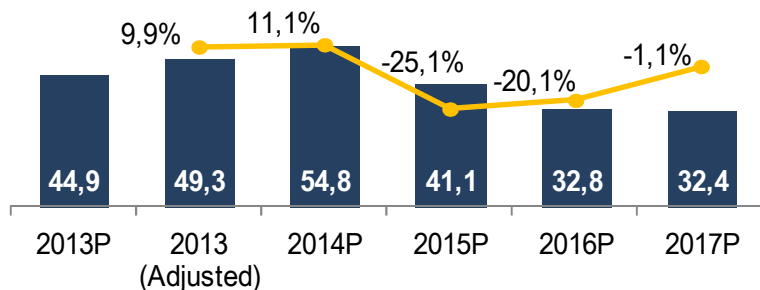


## Resources of financing of the investment program, RUR bln., without VAT

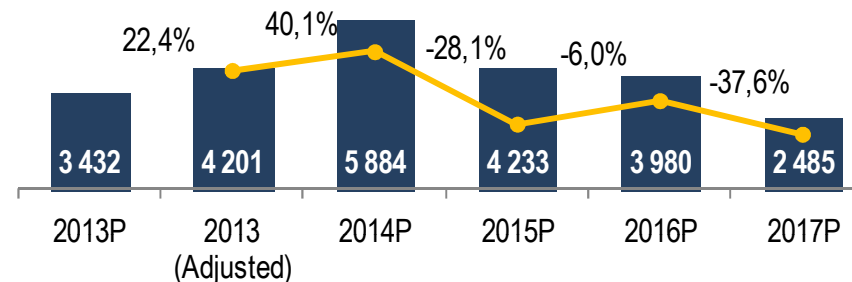




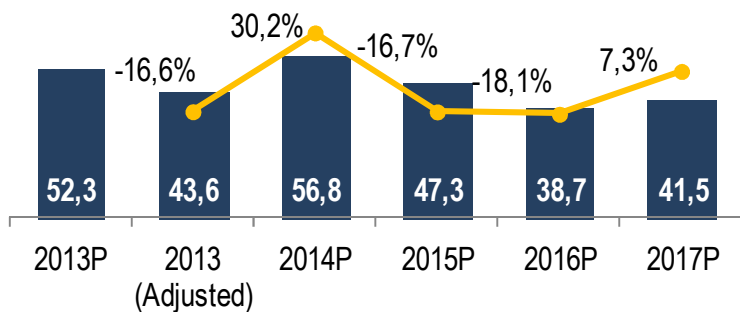
## Assimilation, RUR bln without VAT



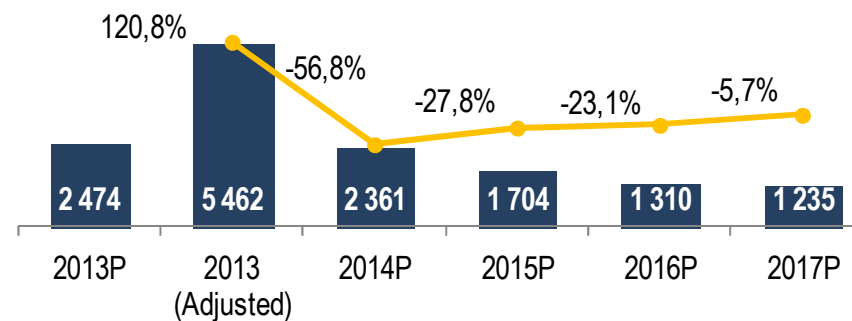
## Introduction, MVA



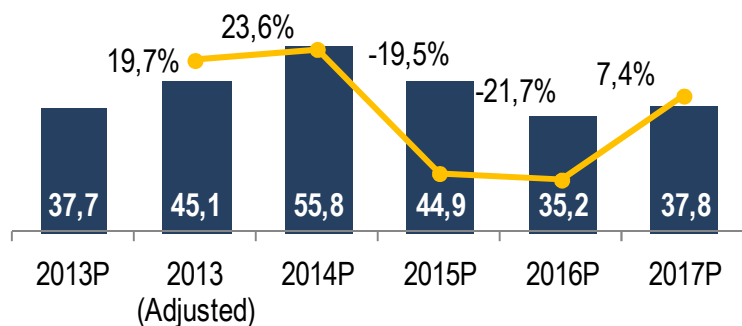
## Financing, RUR bln with VAT



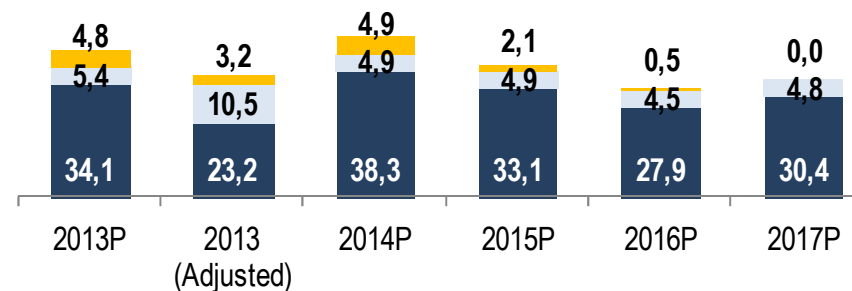
## Introduction, km



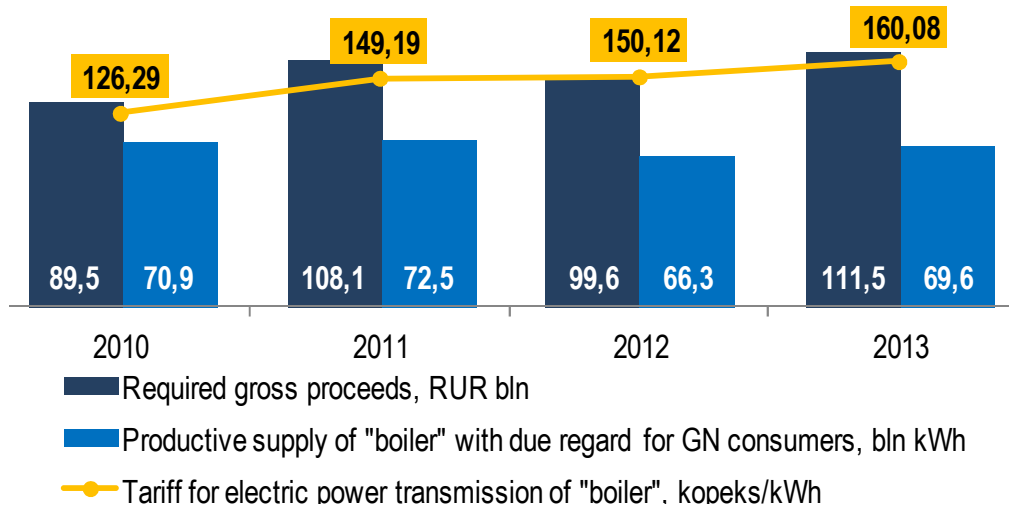
## Introduction, RUR bln without VAT



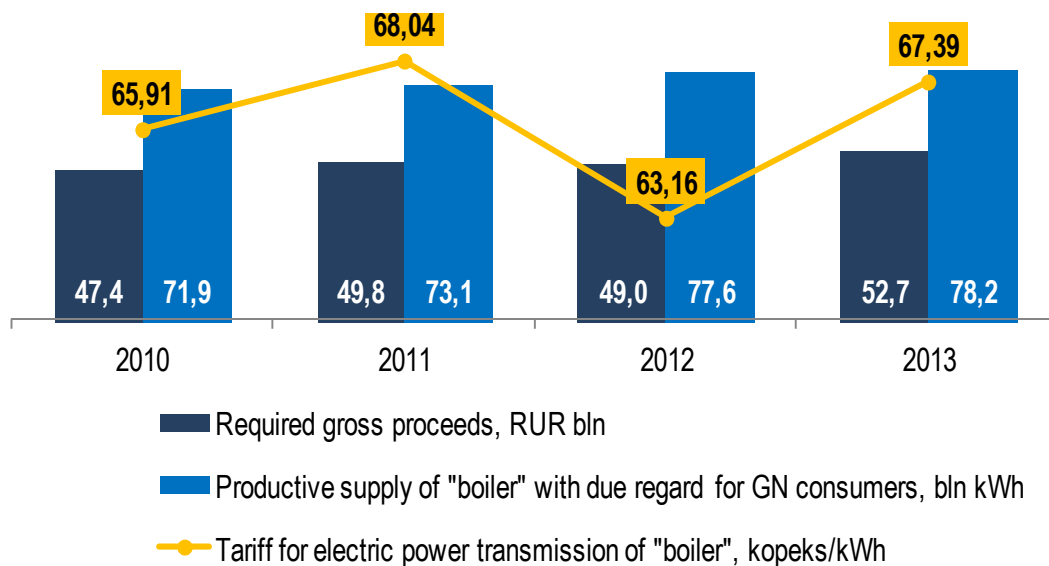
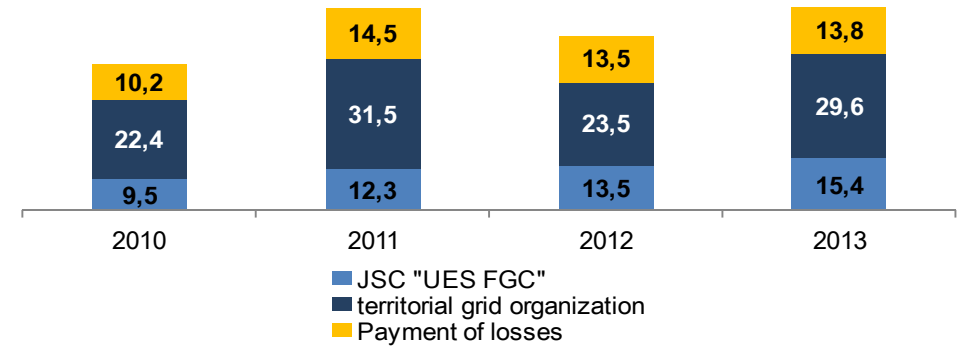
## Resources of financing of the investment program, RUR bln without VAT



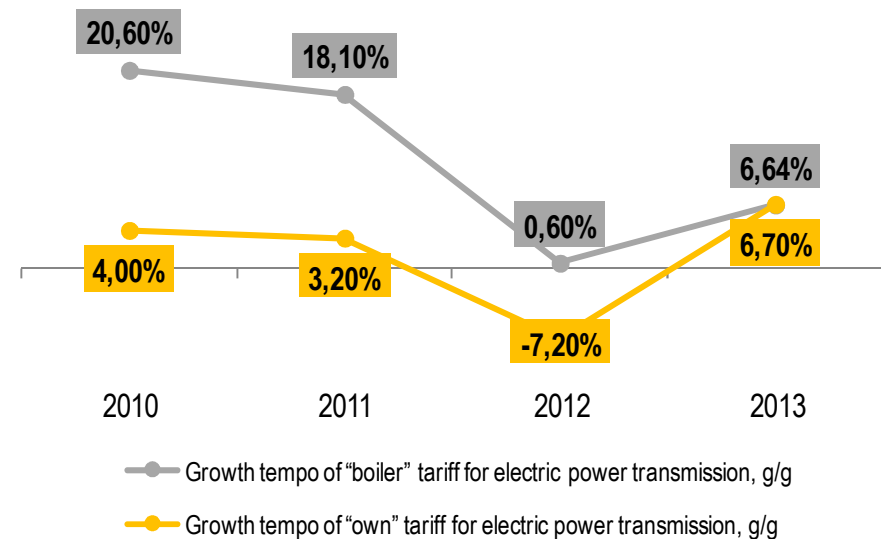
Notices: The Investment program for years 2013-2017 is approved by order of the Department of Energy of Russia #241 dd. 05.05.2012 (as part of the program of years 2012-2017.)  
Adjusted program – is the Adjusted investment program for year 2013, approved by order of the Department of Energy of Russia #667 dd. 30.09.2013.



Structure of "boiler" required gross proceeds (expenditures), RUR bln.



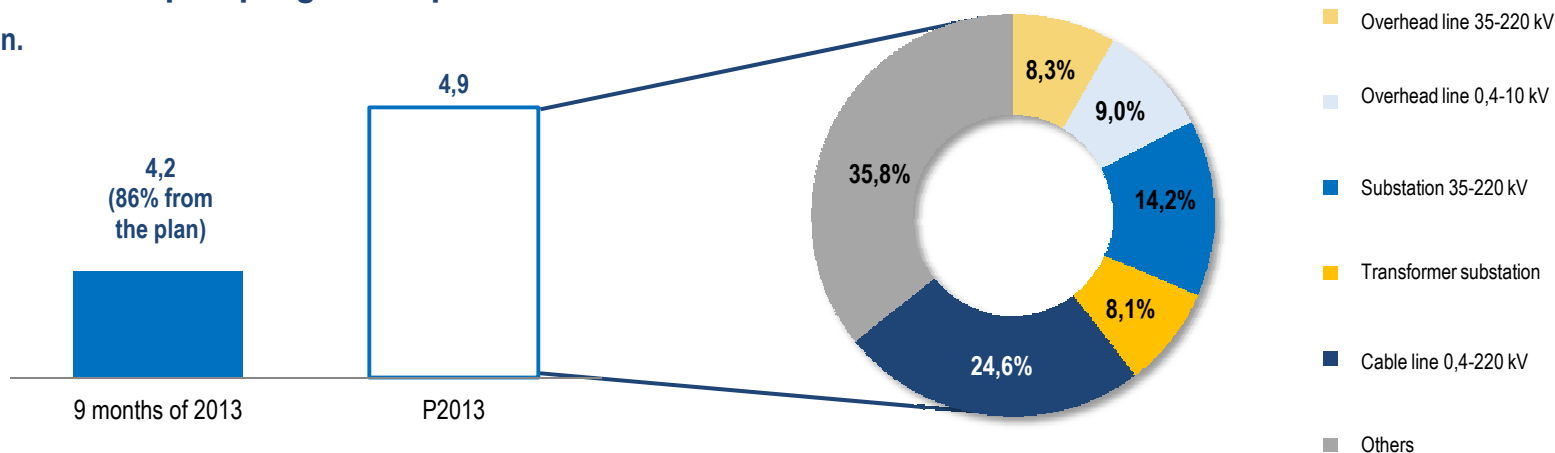
Growth tempo of tariff for electric power transmission



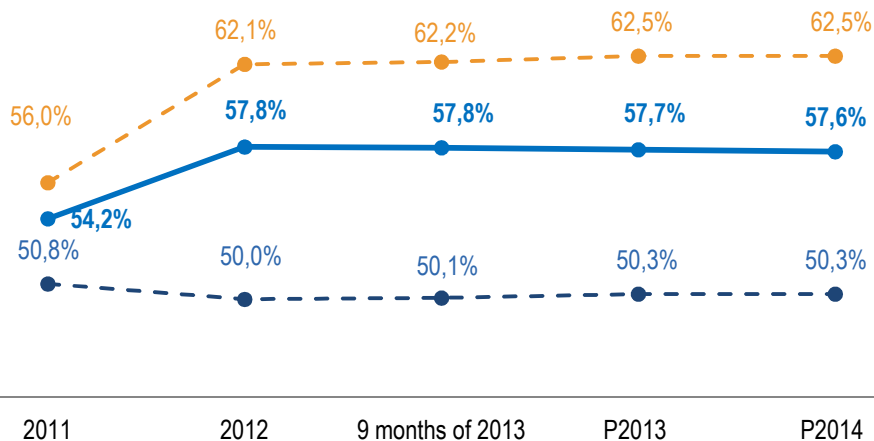


## Scope of the repair program implementation

RUR bln.

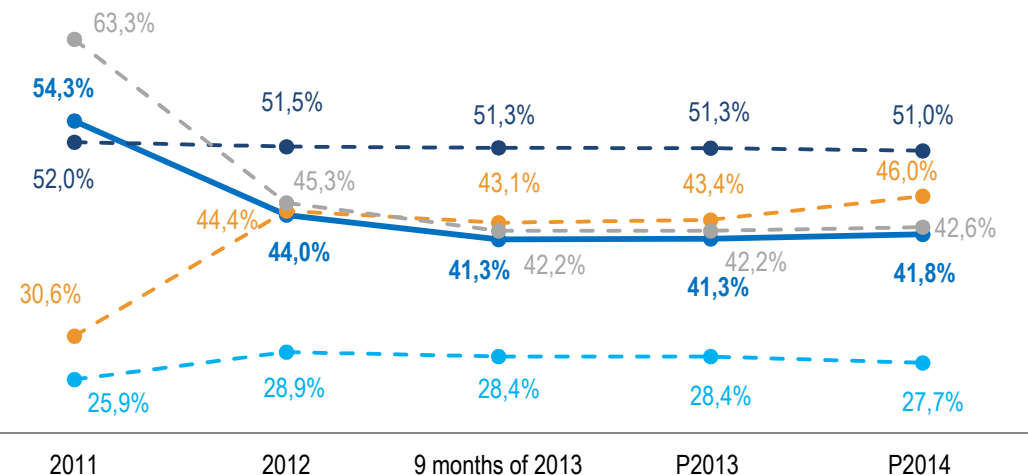


## Wear of equipment



●— Total wear of equipment  
●- - Incl transformer equipment  
●- - Incl switching devices

## Wear of lines



●— Total wear of equipment  
●- - Overhead line 35-220 kV  
●- - Cable line 35-220 kV  
●- - Overhead line 0,4-20 kV  
●- - Cable line 0,4-20 kV





## Violations and accidentence



## Preparation to the autumn and winter period

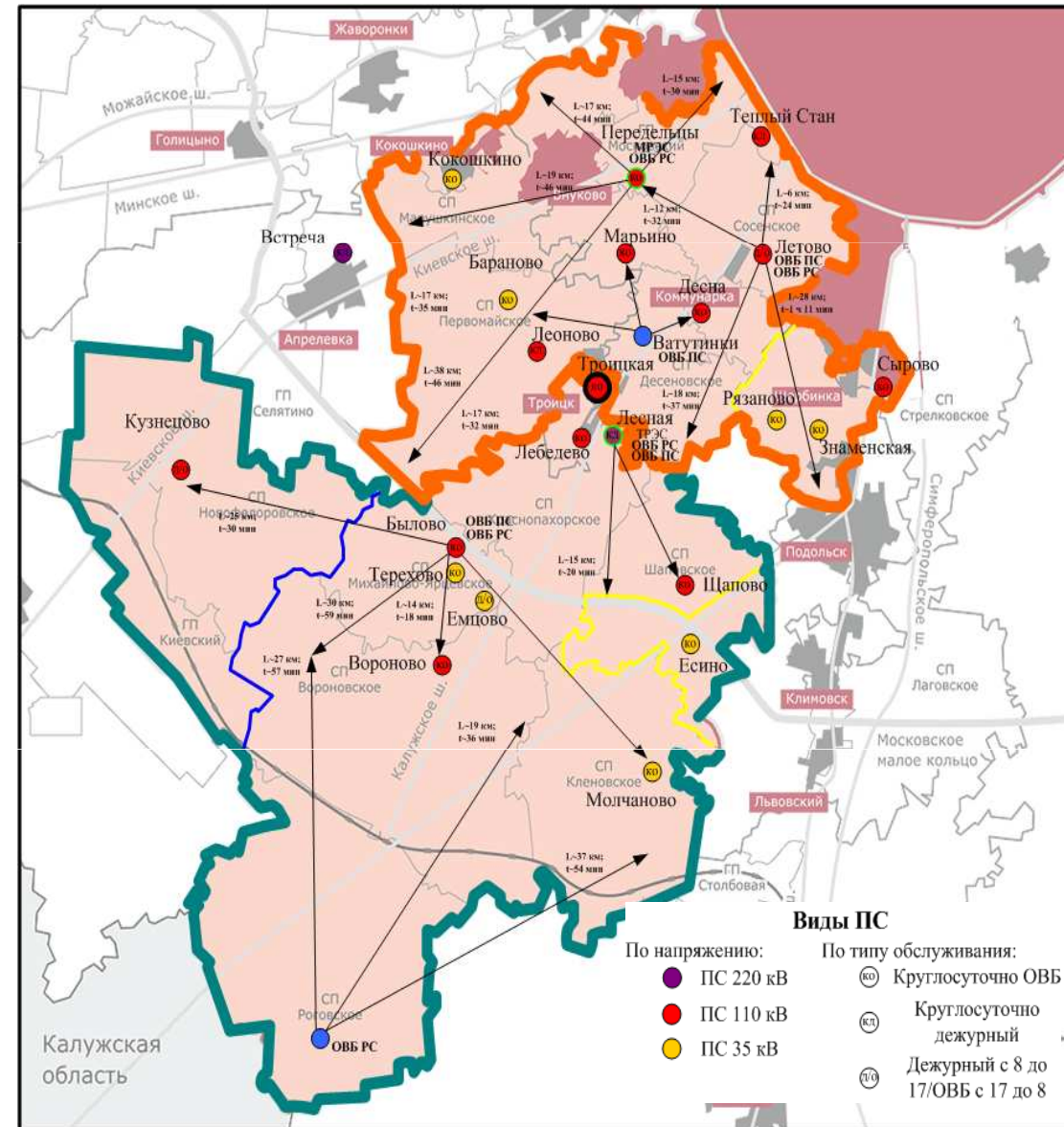
#	Name of arrangement	Result
1.	Repair program fulfillment	According to the plan
2.	Creation and complete setting of Emergency Response and Restoration Teams	204 people
3.	Bringing of forest corridors of OL to the normative standing	according to the plan
4.	Clearance of the routes of 6-220 kV OL	according to the plan-schedule
5.	Substitution of non-insulated wires by 6-10 kV OL by SSIW-3	according to the plan



## Ways to consolidate electric grid assets

Refundable	Non-refundable
2013 (plan)	9 months of 2013 (fact) – RUR 63.7 mln.
1) SS 110/10 “Dvoriki” 423 provisional units 2) SS 110/10 “Kalugino” 836 provisional units	1) 65.46 km of the distribution PTL (0.4-20 kV) 2) 9.41 MVA of the installed transformer capacity of the substations of the distribution grids (0.4-20 kV)
2014 (plan)	2014 (plan)
1) 100% of the shares of CJSC “Korolyov electric grid” 2) Subscriber SS of 35 kV and more 3) Separate electric grids in Moscow	Program implementation of the consolidation of the subscriber electric installations in view of the priority degree  Plan: 724 facilities towards 15.04.2014

Indicator title	Value
Name	Branch of JSC "MOESK" – New Moscow
Date of foundation	20.11.2013
Address	Moscow, Moskovskiy, the 1 <sup>st</sup> micro district, Communal area, building 4
Area of serviced territory	145 ha ("former" Moscow – 112 ha)
Number of employees	400 people
Quantity and capacity:	
Feeding centers	22 pcs. / ≈ 1 430 MVA
Transformer substations	1 050 pcs. / ≈ 250 MVA
Length of PTL:	
OL	2 100 km,
CL	610 km;
Outlooks of development till year 2025	
Number of population:	Up to 0,8 ths. people
Area of new construction:	
residential	10 mln m <sup>2</sup>
Non-residential	4 mln m <sup>2</sup>
Productive supply	Up to 4 bln kWh
Maximal augmentation of consumer capacity	Up to 2.5 gigawatt





## Prerequisites

## Risks

## Probable consequences

## Way of solution

Boundaries extension of Moscow from 01.07.2012<sup>(1)</sup>

Absence of an independent operating zone

Low controllability, long time of response to a problem

High perspectives of energy consumption in the new territories of Moscow

Increased loads in terms of the same quantity of the personnel

Decrease of reliability and quality of the services rendered

Reinforcement of competitor position

Stake reduction of the market of the services rendered

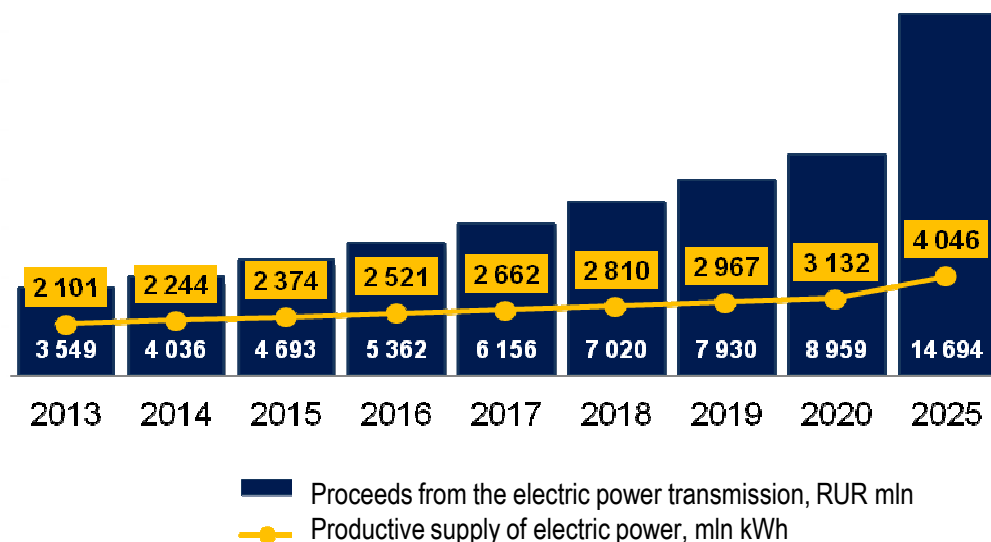
Proceeds reduction

**Foundation of branch “New Moscow”,**  
Intended to provide the increased quality of functioning in the new territories of Moscow

## Advantages of the new branch foundation

- Availability of the responsibility center for the reliable power supply provision of consumers;
- Opportunity of the complex planning of the electric-power industry development in the new territories, and management by the technological connection processes of the consumers;
- Productive cooperation with the administrations of the municipal formations and governance bodies in the Moscow Government ;
- Increase of the power supply quality and servicing of the customers.

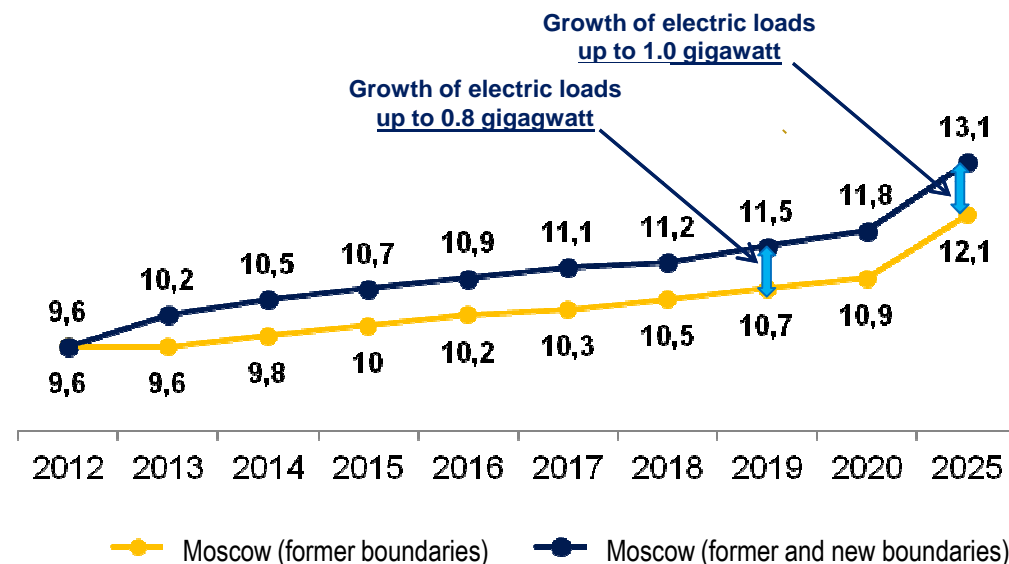
## Prognosis data as regards the growth of electricity consumption and proceeds till 2025



Growth of the proceeds is explained by the following :

- Productive supply increase, related with the region development “New Moscow”;
- Average tariff increase at the level of forecast of inflation.

## Outlook of increase of electric loads till 2025, gigawatt



According to the calculations of the perspective development Department, the growth of the maximal connected capacity for the period till 2025 will amount to 2.5 gigawatt.

While applying the average amount of the payment rate established for JSC “MOESK” in the territory of Moscow in this regulation period (Decree of the Regional Energy Commission of Moscow # 421 dd. 27.12.2012) the would-be proceeds amount from the technological connection activities in the new territories of Moscow may amount to RUR 9.7 bln without VAT.



*Joint-Stock Company*

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# THANK YOU FOR YOUR ATTENTION!

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