



# **Financial and operating results of JSC «RAO Energy Systems of East» for 2011 (IFRS)**

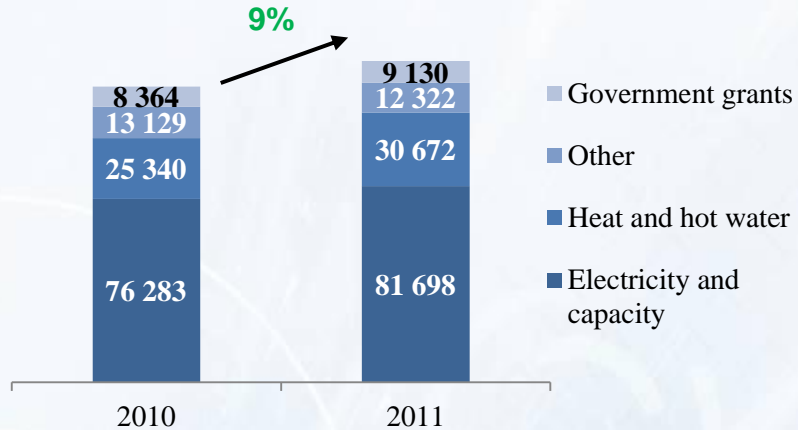
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26 April 2012

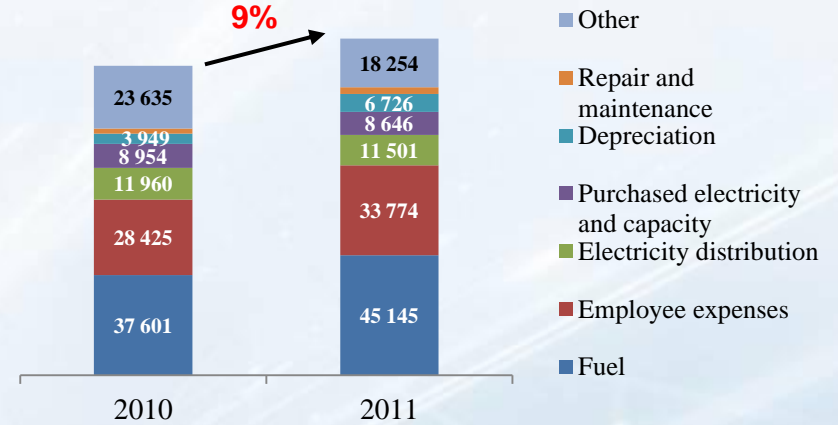


## Key financials

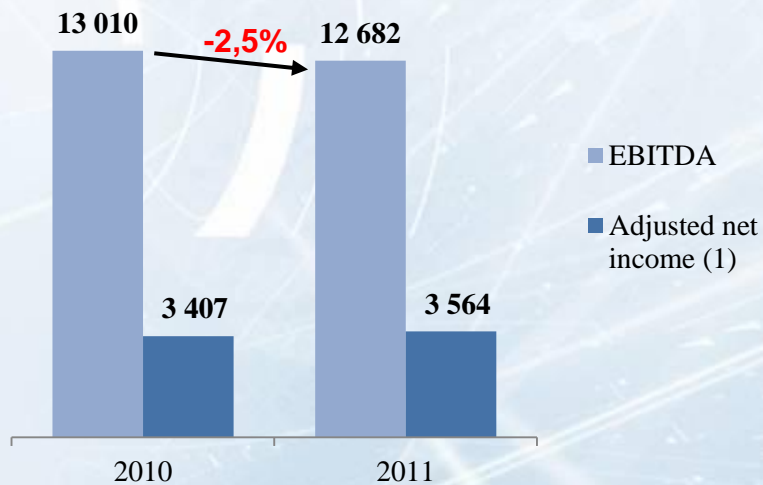
### Revenues breakdown, mln RUR



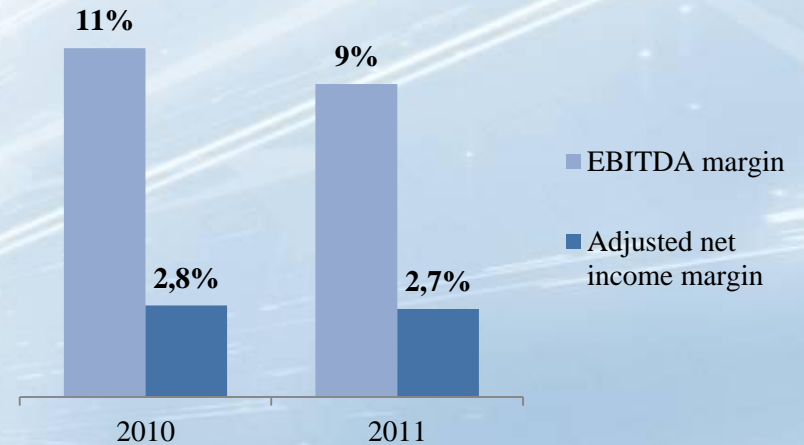
### OPEX breakdown, mln RUR



### Net income and EBITDA, mln RUR



### Net income and EBITDA margin, mln RUR



(1) Net income was adjusted for the effects of impairment of the Group's property, plant and equipment and profits from discontinued operations



## Key financials by operating segments

mln RUR

| Operating segment     | Revenues <sup>(1)</sup> |                | EBIT           |              |
|-----------------------|-------------------------|----------------|----------------|--------------|
|                       | 2011                    | 2010           | 2011           | 2010         |
| JSC “DEK”             | 78 176                  | 73 170         | 2 482          | 5 507        |
| JSC “Kamchatckenergo” | 9 763                   | 6 878          | -2 848         | -2 457       |
| JSC “Magadanenergo”   | 8 666                   | 7 489          | -1 003         | -1 293       |
| JSC “Sakhalinenergo”  | 7 508                   | 6 426          | -223           | -596         |
| JSC “Yakutskenergo”   | 18 724                  | 18 515         | -1 154         | -477         |
| Other                 | 2 132                   | 2 056          | -719           | -77          |
| <b>Subtotal</b>       | <b>124 969</b>          | <b>114 534</b> | <b>-3 465</b>  | <b>607</b>   |
| Reconciliation        | -277                    | 218            | -9 544         | 1 880        |
| <b>Total</b>          | <b>124 692</b>          | <b>114 752</b> | <b>-13 009</b> | <b>2 487</b> |

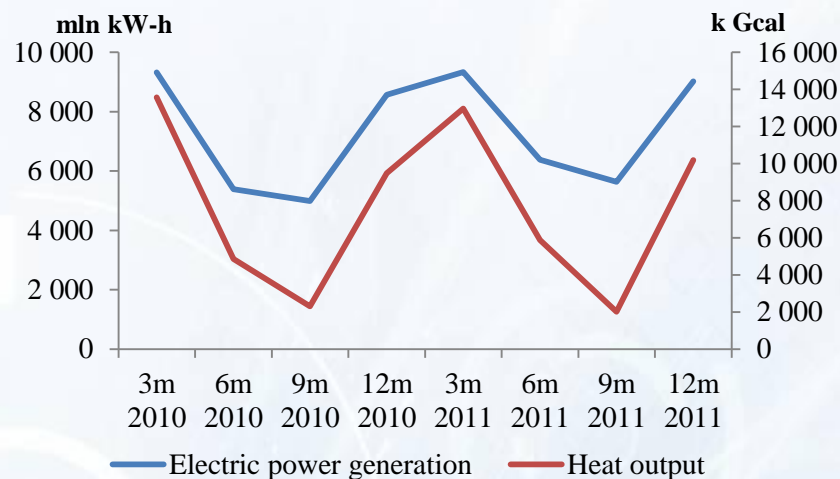
<sup>(1)</sup>Eliminating government grants

- The Group’s main EBIT growth driver is the operating segment OJSC “DEK”, which includes electric energy generation (OJSC “DGK”), energy transmission (OJSC “DRSK”) and distribution (OJSC “DEK”) facilities
- Operating profit of RAO ESV adjusted for the effects of impairment of the Group's property, plant and equipment increased in 2011 by 7% to 7 253 mln RUR



## Operating results: Generation

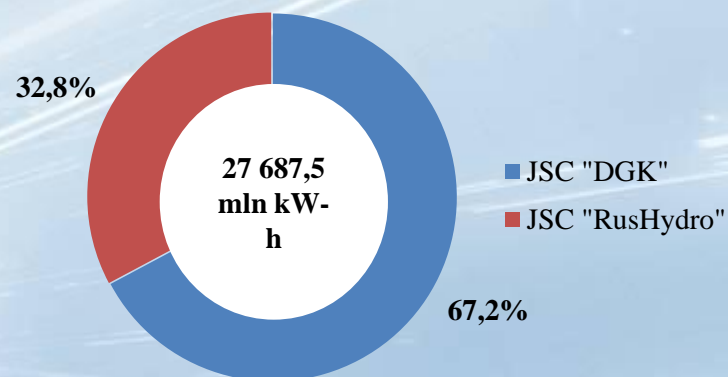
### Electric power and heat output, 2010-2011



- JSC “RAO ESV” electric power generation in 2011 amounted to 30 367,5 mln kW-h, which is by 7,4% more as against 2010. Installed capacity utilization factor ascended up to 40,6%
- Electricity specific fuel equivalent consumption (SFEC) factor increased in 2011 by 0,3% to 385,01 g/kW-h
- The Group’s 2011 heat output accounted for 31 045,0 kGcal – 2,9% growth to 2010
- Heat SFEC factor increased in 2011 by 0,15% to 153,43 kg/Gcal

- JSC DEK is the wholesale market for electricity and capacity (WMEC) united buyer in the non-price area of the Far East
- 27 687,50 mln kW-h was purchased by the company in 2011 – 1,5% growth to 2010 – which amounted to 18 471,38 mln RUR

### JSC DEK electric power purchase on the WMEC in 2011, mln kW-h

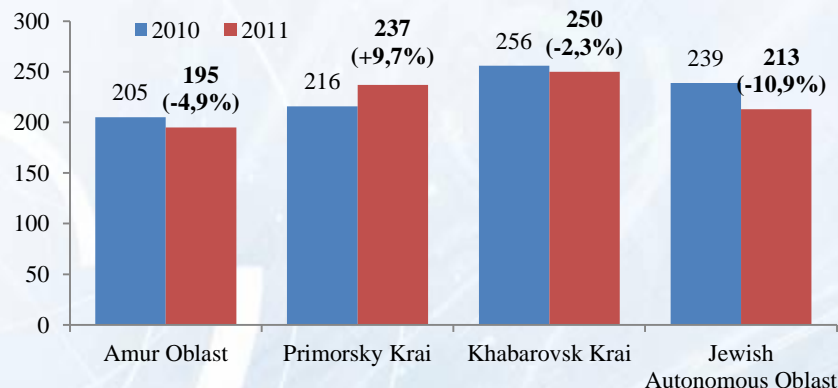




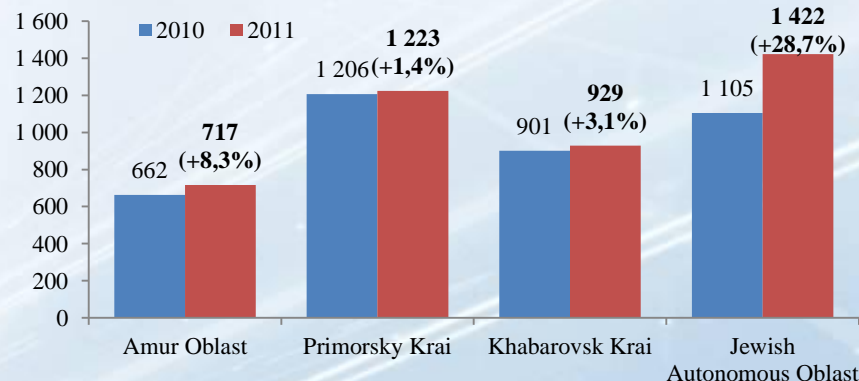
## Electric power and heat tariffs

**RAO ESV average sales tariffs for the electric power in 2011 demonstrated a 5,2% y-o-y growth, tariffs for heat – 13,98% y-o-y growth**

**JSC “DEK” electric power sales tariffs dynamics, kopek/kW-h**



**Heat tariffs dynamics in the non-price area (JSC “DGK”), RUR/Gcal**



- Approved electric power tariffs for 2011 included federal budget subsidies for interterritorial cross-subsidization (JSC “DEK” Amur Oblast - 536,9 mln RUR, JSC “Chukotenergo” – 978,7 mln RUR) and heat-to-electric power cross-subsidization for 3 295,9 mln RUR
- Regional budget subsidies were also provided to JSC “Kamchatskenergo”, JSC “YUESK” and JSC “Sakhalinenergo” as a compensation for setting-up of tariffs below their economically justified level

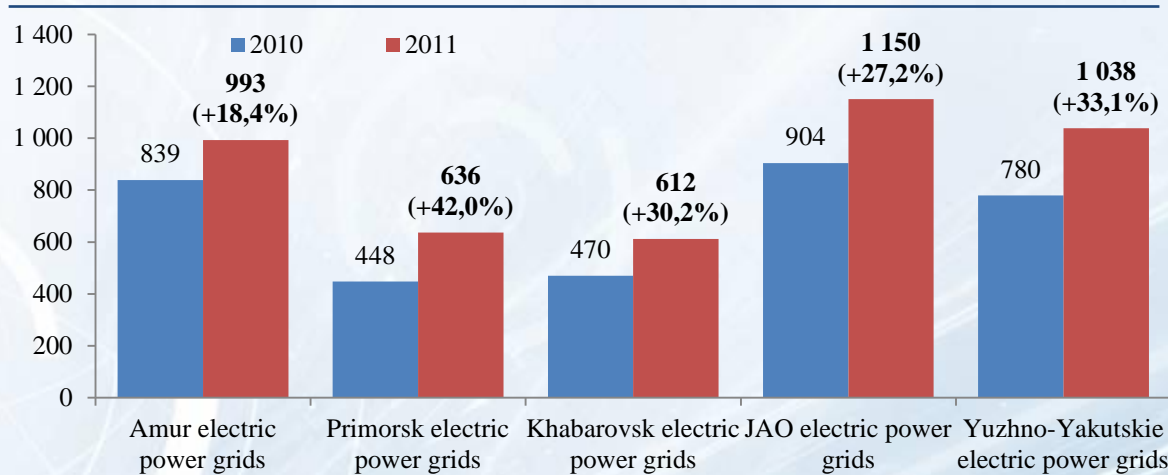




## Grid tariffs

Transition of JSC “DRSK” to regulatory asset base (RAB) tariff regulation took place in 2011, which resulted in flattening of the company’s required gross proceeds for the subsequent regulation periods

**Dynamics of the electric power transmission tariffs via the grids of JSC “DRSK”, RUR/MW-h**

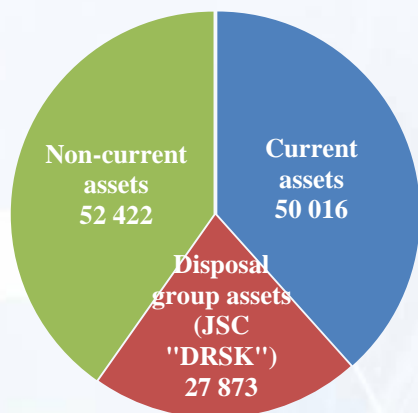


- Electric energy losses in the power grids of JSC “DRSK” in 2011 increased by 2,2% to 3 865,6 mln kW-h, which accounts for 11,71% of the electric energy transmission level and relates to energy transmission volumes growth

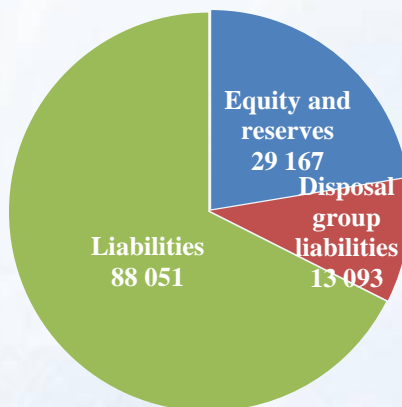


# Assets and liabilities breakdown @ 31.12.2011

## Assets, mln RUR

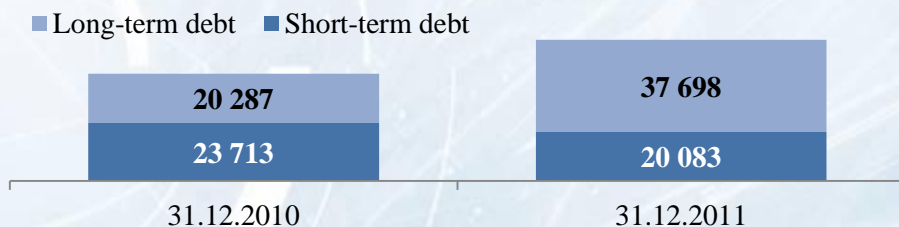


## Equity and liabilities, mln RUR



- As at 31 December 2011 the Group's total assets amounted to 130 311 mln RUR – 28% growth to 2010. This growth is the result of the revaluation undertaken as at 01 January 2011, which led to increase in the carrying value of PP&E by 34 430 mln RUR
- The Group's total liabilities in 2011 increased 32% due to growth in long-term debt and accounts payable

## Debt breakdown <sup>(1)</sup>



- RAO ESV debt structure change accounts for the issue of long-term loans for working capital improvement, short-term debt refinancing and Group's investment program needs

## Total debt / EBITDA



- The Group's total debt/EBITDA ratio came up to 4,1 x @ 31.12.2011, showing the further debt burden extension for RAO ESV

<sup>(1)</sup> Including disposal Group liabilities (JSC "DRSK")



## Investment projects

### Construction of Yuzhno-Sakhalinskaya TPP-1 5th power block

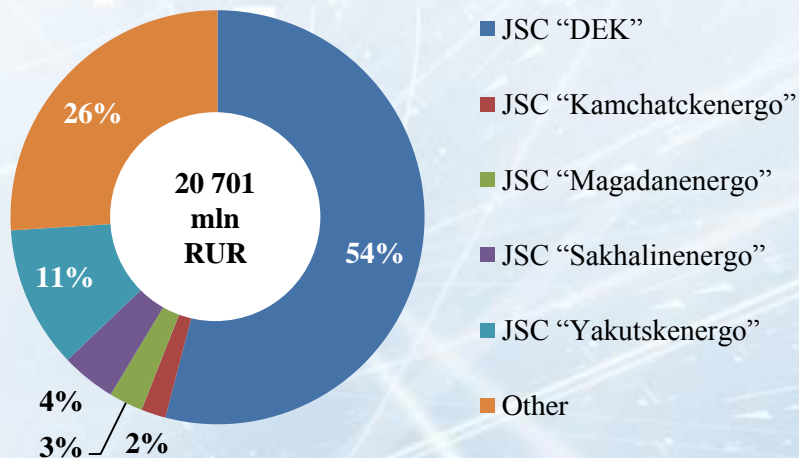
|                       |                 |
|-----------------------|-----------------|
| Project budget        | 3 283,7 mln RUR |
| Installed capacity    | 91,2 MW         |
| Estimated launch date | 30.06.2012      |

➤ Project goal – Sakhalin energy system capacity deficit cover, provision of hot standby during the maximum load periods



2011 CAPEX by operating segments, mln RUR (incl. VAT)

CAPEX, mln RUR (incl. VAT)







## Disclaimer

*The information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of RAO Energy Systems of East. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might," the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially from these statements. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to RAO Energy Systems of East and its operations.*



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