



Address from the Chair of the Board of Directors and General Director

Dear shareholders, partners and colleagues!

Our Company has been providing a reliable power supply to residents of the Central Russia for over 10 years. We are committed to our mission and support people to maintain a high level quality of life, contributing to the economic development of our regions.



YURY N. Mangarov
Chairman of the Board of Directors IDGC of Centre, PJSC



Oleg Yu. Isaev General
Director IDGC of Centre, PJSC

Focused on quality

IDGC of Centre is a company whose infrastructure is essential to 11 regions. The main quality indicator of our services is the minimal level of power losses. The reduction of grid power losses is among the highest strategic priorities of the Company's operations.

Every year, the Company's Board of Directors approves the Programme of Actions for Power Losses Reduction, introduces new technologies and installs new energy saving equipment. Special attention is paid to the development of the automated information and metering system for electricity metering.

In 2015, IDGC of Centre reduced actual grid power losses from electricity output into grids to 9.35%, which is a 0.09% improvement over the projected number. Compared to 2014, power losses were reduced by 93.1 mln kWh, and losses in similar situations were reduced by 0.14%. All of this saved us over RUB 190 mln.

The main indicator of our production operations — electricity transmission services — amounted to 54,782.5 mln kWh in 2015, which is a 0.7% increase compared to 2014. In 2015, the share of IDGC of Centre in the electricity transmission market was 86.0% based on the Company's shares in RGR of the regions where it operates.

Maintaining leading positions in the number of electric grids assets among distribution companies drives us to introduce innovative solutions and use the most up-to-date technologies to the maximum extent possible. The first Russian production assets management system was created at IDGC of Centre to provide the continuous monitoring of operations quality. This system generates a unified and consistent database of electric grids facilities, including the parameters of diagnostic measurements, as well as any defects and critical points. We used this software package to automate production planning and control processes, targeting the reliability of the programme's improvement of implementation control and analysis.

Our production potential and implementation of the investment programme contribute to the decisions made concerning the connection of grids to new consumers. In 2015, 49,570 contracts for grid connection were executed. The total number of completed contracts amounted to 63,303, which is more than the projected plan for 2015 and more than 2014's figures by 32% and 26% correspondingly. The total capacity connected under these contracts exceeds the previous year by 2%. In 2015, total revenue from grid connection amounted to RUB 1,159.7 mln, which is a 5% increase in comparison with the projected plan. The market share of grid connections in 2015 amounted to 88.5%.

Another indicator showing the improvement of the quality of our services is the improvement of reliability rates. The number of processes violations decreased by 19.5% over the previous year, and the unit failure rate decreased by 21.8%, reaching a minimum for the last three years.

Reliability indicators over 2013–2015

Investments in the future

In 2015, we continued working on the improvement of the Company's shares liquidity rate, resulting in holding the leading positions for shares trading volume among distribution companies and the stable trading of IDGC of Centre's shares in the highest listing of MICEX.

Annual perception study shows the positive dynamic pattern of the Company's image.

Taking in consideration the significant changes in corporate governance law, we provided a self-evaluation of the corporate governance level by using the methodology approved by the Federal Property Management Agency. The achieved score was 382.5 out of 548, which corresponds to 70%. We are satisfied with these results, as they prove high standards of the Company's corporate governance. We are planning to improve activities in this area next year.

In 2016, we will continue improving the Company's investment appeal and information transparency. We strongly believe that these activities shall result in the growth of shares value and the stability of the dividend payment level.

Development of Public-Private Partnership

In 2015, IDGC of Centre concluded a concession agreement with the Administration of the Tambov region for the electrification of the production sites "Tambov Turkey" LLC and OJSC "Tokarevskaya Poultry Plant". The agreement is concluded for a 20-year period and will be the first experience of public-private partnership in the electric grid sector. It will attract investments for the construction and operation of power grid facilities in the Tambov Region to a volume of RUB 1.2 bln.

The implementation of projects is of great importance for the Tambov Region's economy and is a significant contribution in the development of agricultural areas, the structure revision of the agricultural system, and switching from low efficiency production plants to up-to-date and innovative ones.

A New Level of Efficiency

In 2015, we managed to meet the growing needs of the economy and the social sector in power supply at cost efficient tariffs. Furthermore, the Company managed to diversify its credit portfolio and preserve its financial sustainability.

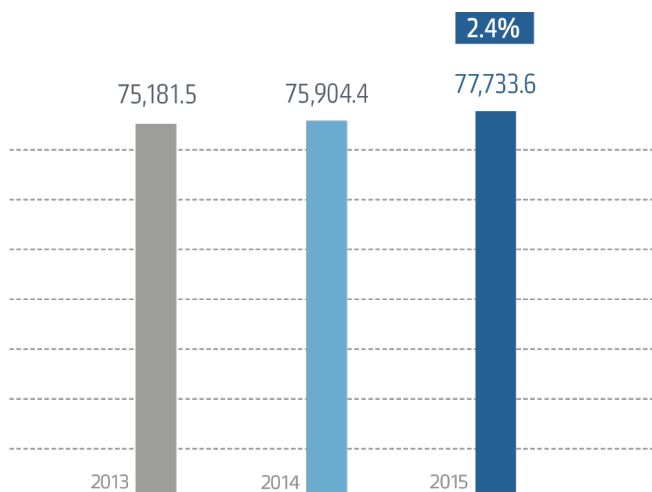
In 2015, the revenue under RAS amounted to RUB 79,817.2 mln, the growth of electric power transmission proceeds amounted to 2.4% over the same period of 2014. Earnings before Interest, Taxation, Depreciation & Amortisation (EBITDA), amounted to RUB 15,219.2 mln, and the profit margin increased to 19.1%. Despite the negative external factors, these results were achieved thanks to the successful implementation of a cost reduction programme resulting in a 8.5% decrease. The main areas of efficiency improvement were the Optimisation of the number of administration staff, improving the control of costs, and the revision of relations with suppliers and contractors in the course of procurement activities.

Despite tough tariff restrictions and the challenges associated with a shortfall in income from the special terms of consumers' connections, the net profit in 2015 amounted to RUB 909 mln, which is by 72.7% below the same indicator last year, but exceeds the projected plan by RUB 1,334.8 mln. This positive financial result was supported by the efforts of the Board of Directors, the Company management and all its employees by improving the efficiency of their operations.

Meeting economic needs in transmission capacities, the Company is a reliable partner in the planning of the regions and in implementing regional development programmes. In addition to this, the Company is a diligent taxpayer. IDGC of Centre continuously works on the improvement of its financial and operating efficiency, as it is one of the most efficient ways to ensure the balance of the consumer's interest, the interest of the shareholders and the economy as a whole.

Revenues from electric energy transmission over

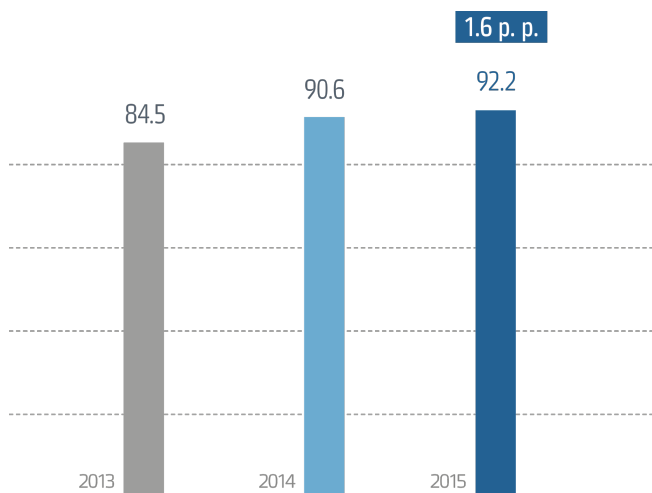
2013–2015, RUB mln (comparable conditions)



Sustainable Development

Commitment to social business responsibility and sustainable development principles is an essential element of the Company's corporate policy. Therefore, IDGC of Centre is committed to ensuring the continuous development of its human resources by: expanding the competences of the employees, creating a favourable social and production environment, ensuring the engagement of each employee in its operations to achieve the Company's targets. The Company is focused on the prevention of third party accidents at electric grids facilities, the adaptation of its professionals, and the improvement of training and skill of the Company's employees.

Positive Image of the Company over 2013–2015, %



IDGC of Centre implements an environmental policy to reduce negative impact on the environment. These actions taken include the Company's operations in monitoring the transportation of the toxicity of exhaust gases, the monitoring of discharged waste-water and the separate storage of waste at industrial sites.

The Company has vast experience in replacing oil breakers with SF6 and vacuum breakers, which have high reliability rates, are fire-safe and environmentally friendly. In order to protect birds, we use up-to-date insulated wires, of which the total length of these wires was increased by 3,464 km in 2015.

Last year, the Company managed to improve its potential and is ready for the challenges of 2016. Despite the risks, including a dynamically changing tariff policy, the reduction of power consumption by certain industrial plants, a deterioration of consumers' capacity to pay and various negative external macroeconomic factors, the experience and professional skills of the personnel of IDGC of Centre allow us face the future with confidence.

On behalf of the Company's Board of Directors and the senior management staff, we would like to thank all employees for their diligent work in 2015, and we would like to thank our shareholders and investors for their trust in such a difficult economic environment.

YURY N. Mangarov

Oleg Yu. Isaev

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