

May 26, 2010

ОАО “IDGC OF URALS”: 2009 IAS REVENUES TOTALED US\$ 1.5 bln.

Ekaterinburg (Ural Federal District, Russia) – OAO “IDGC of Urals” (RTS and MICEX: MRKU) reports on 2009 results prepared under International Accounting Standards (IAS)

2009 revenues totaled US\$ 1 511.7 mln. (-9.5% on 2008). 2009 expenses totaled 1 413.2 mln (-12.5%).

Operating profit in 2009 totaled US\$ 102.6 mln (+88.4% on 2008), operating margin – 6.8%. Pre-tax profit totaled US\$ 75.7 mln. (+124.6%).

Net profit totaled US\$ 61.7 mln. (+53.0%), net margin - 4.1%.

Table 1. 2008 and 2009 financial results, US\$ thous.

Item	2009	2008	Changes, %
Revenues from services, US\$ thous. ^[1]	1 511 668.9	1 670 419.1	-9.5%
Expenses, US\$ thous.	1 413 169.6	1 616 054.3	-12.5%
Operating profit, US\$ thous.	102 625.2	54 466.9	+88.4%
<i>Operating margin</i>	<i>6,8%</i>	<i>3,3%</i>	
Pre-tax profit, US\$ thous.	75 708.8	33 713.3	+124.6%
Net profit, US\$ thous.	61 655.8	40 309.5	+53.0%
<i>Net margin</i>	<i>4,1%</i>	<i>2,4%</i>	

^[1] Here and henceforth currency conversions are based on average exchange rates: 2009 – RUR 31,77, 2008 – RUR 24,9.

For 2009 accounting statements prepared under International Accounting Standards (IAS), please, visit our corporate web-site at “Financial Statements” section (or follow the link: www.mrsk-ural.ru/ru/672).

OAO “IDGC of Urals” (est. in February 2005) is grids company responsible for energy transmission and technological connection of consumers to electric networks in Sverdlovsk, Chelyabinsk and Perm regions.

Electric network reform process in the Urals came to an end in April, 2008, and since May 1, 2008 OAO “IDGC of Urals” is a united operating company exercising control over 3 regional subsidiaries (Sverdlovenego, Chelyabenergo and Permenergo) as well as 3 core-asset affiliated companies (OAO “Ekaterinburg Electric Grid Company”, OAO “Ekaterinburgenergosbyt”).

Common shares are traded on MICEX (Quotation list “B”) and in RTS (Stock admitted for trading without listing). Free float is about 20%. In December, 2009 Consortium “RID-Expert RA” assigned us Corporate Governance rating at level “6+”.

For additional information on the Company, please, visit our corporate web-site at www.mrsk-ural.ru, as well as Complex Information Disclosure System (www.skin.ru), Interfax (www.interfax.ru), AKM (www.akm.ru).

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Revenue and Expense Review

Our 2008-2009 consolidated financial statements comprise OAO “IDGC of Urals”, its subsidiary and associated companies:

Name	Stockholding as of 31.12.2009	Stockholding as of 31.12.2008
Subsidiary companies:		
OAO “Ekaterinburg Electric Grid Company”	91,04%	91,04%
OOO “Elektroservisnaya Kompaniya”	54,62%	54,62%
OAO “Ekaterinburgnergosbyt”	91,04%	91,04%
OAO “Permenergotrans”	100,0%	100,0%
OOO “Sluzhba bezopasnosti “Permenergo”	100,0%	100,0%
OAO “Permelektrosetremont”	100,0%	100,0%
OAO “Sverdlovenergozhylstroy”	100,0%	100,0%
3AO “Strokhovaya kompaniya “Privat-Energostrakh”	99,87%	99,87%
OOO “Uralskaya Transportnaya Kompaniya”	100,0%	-
OOO “Permskoe avtotransportnoye predpriyatie”	100,0%	-
OOO “Chelyabinskoe avtotransportnoye predpriyatie”	100,0%	-
Associated company:		
OAO “Kurganenergo”	49,0%	49,0%

Revenue structure

On the whole, overall 2009 revenues totaled US\$ 1 511.7 mln. (-9.5% on 2008). The revenue structure is represented below:

Table 2. 2008-2009 revenue structure, US\$ thous.:

Item	2009	Share, %	2008	Share, %	Change, %
Energy transmission	1 156 586.3	76,5%	1 235 859.0	74,0%	-6.4%
Energy sales	298 223.9	19,7%	333 894.1	20,0%	-10.7%
Connection services	38 856.0	2,6%	69 988.5	4,2%	-44.5%
Other services	18 002.7	1,2%	30 677.5	1,8%	-41.3%
Total	1 511 668.9	100,0%	1 670 419.1	100,0%	-9.5%

Expense structure

2009 expenses totaled US\$ 1 413.2 mln. (-12.5% on 2008). The expense structure is represented below:

Table 3. 2008-2009 expense structure, US\$ thous.:

Item	2009	Share, %	2008	Share, %	Change, %
Transmission fee paid to regional grids and loss compensation	720 845.2	51.0%	781 708.2	48.4%	-7.8%
Purchased electricity for sale	195 821.8	13.9%	215 278.3	13.3%	-9.0%
Personnel expenses	164 778.1	11.7%	186 220.8	11.5%	-11.5%
Depreciation and amortization	106 207.9	7.5%	117 772.4	7.3%	-9.8%

Net impairment loss on accounts receivable	41 752.8	3.0%	22 797.7	1.4%	+83.1%
Transportation	31 981.6	2.3%	48 873.1	3.0%	-34.6%
Repair and maintenance	25 892.6	1.8%	65 049.9	4.0%	-60.2%
Materials	18 501.1	1.3%	21 051.0	1.35	-12.1%
Rent	17 879.9	1.3%	20 625.5	1.3%	-13.3%
Consulting, legal and audit services	15 217.2	1.1%	21 844.6	1.4%	-30.3%
Loss on the disposal of property, plant and equipment	14 769.8	1.0%	21 326.9	1.3%	-30.7%
Metering services	12 903.1	0.9%	31 708.9	2.0%	-59.3%
Insurance	7 752.0	0.5%	9 423.1	0.65	-17.7%
Electricity and heat power for own needs	7 566.6	0.5%	7 373.6	0.5%	+2.6%
Security	4 233.7	0.3%	9 441.1	0.6%	-55.2%
Taxes other than income tax	3 650.3	0.3%	6 102.1	0.4%	-40.1%
Communication services	2 522.1	0.2%	3 591.4	0.2%	-29.8%
Social and charity expenses	1 734.5	0.1%	3 292.4	0.2%	-47.3%
Bank commission	976.7	0.1%	6 195.2	0.4%	-84.2%
Other	18 276.9	1.3%	16 378.0	1.0%	+11.6%
Total	1 413 169.6	100.0%	1 616 054.3	100.0%	-12.5%