

ELEKTROPRIVREDA CRNE GORE AD NIKŠIĆ

Investors Roundtable Conference

Srđan Kovačević
Chairman of the Board of Directors of EPCG

Podgorica, January 13, 2009



IMPORTANT NOTICE

The information in this presentation is based on the sources believed to be reliable but we do not make any representation as to its accuracy or completeness. Any details / opinions herein reflect our judgement at the date hereof and are subject to change without notice. This presentation does not contain all the information that the prospective investors may desire in deciding whether or not to offer to participate in the privatization process. Any reports provided herein are provided for general information purposes only and cannot substitute the obtaining of independent advice. Nothing in this presentation or any oral or written information relating hereto is intended to create any kind of obligation or liability on EPCG and/or the Government of Montenegro.

This presentation has been prepared in Montenegrin language and was subsequently translated into English language. No representation or warranty is given as to the accuracy as to the translation or the information which is based on such translation.

Statements in this presentation, if any, relating to future estimates and forecasts involve known and unknown risks and significant uncertainties and they may prove to be inaccurate.

Further information will be provided in the tender documentation package as well as in the data room which shall be available to investors participating in the privatization process.

CONTENTS

- BRIEF HISTORY
- THE COMPANY'S CAPITAL
- ORGANIZATIONAL STRUCTURE
- BRIEF FINANCIAL OVERVIEW
- MAJOR ENVISAGED INVESTMENTS
- CONCLUSION

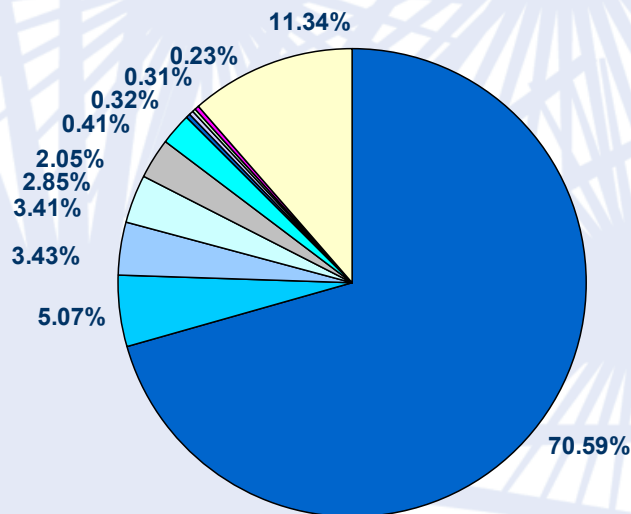
BRIEF HISTORY

BRIEF HISTORY

Main Event	Year
Transformation of public energy company into a joint stock company	1999
Partial privatization of Elektroprivreda Crne Gore during the mass voucher privatization process	2000
Finalization of Phase I of the functional unbundling	2004
Listing of EPCG shares on NEX stock exchange	2005
Transformation of debt obligations towards the Government of Montenegro into equity capital	2007
Adoption of unbundled tariffs	2007
Adoption of the decision on capital increase of EPCG	2008

THE COMPANY'S CAPITAL

EPCG'S SHAREHOLDER STRUCTURE



As of 31 Dec 2008

Shareholder	% share
State of Montenegro	70.59
HA Custody Account	5.07
TREND	3.43
ATLAS MONT	3.41
MONETA	2.85
MIG	2.05
HB Custody Account	0.41
MILIČKOVIĆ TAMARA	0.32
EUROFOND	0.31
ZVEZA BANK	0.23
Other	11.34

The share capital of EPCG amounts to EUR 991,884,418.74, and is divided into 113,887,961 ordinary shares with a par value of EUR 8.7093 each.

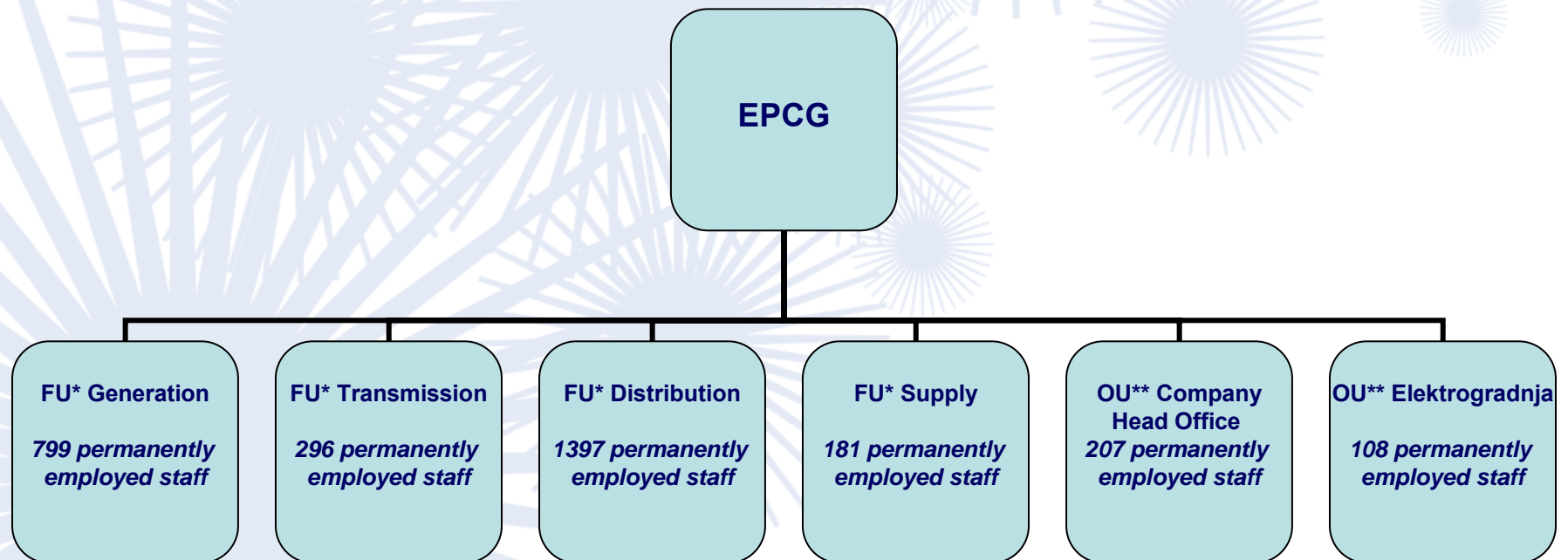
EPCG TRADING DATA



- In the period January 2007 to December 2008 the average daily volume of EPCG shares traded on the NEX Montenegro stock exchange amounted to ca. EUR 141,000.
- Recently EPCG's share price has started to increase again giving the Company a market capitalization of EUR 399 mn as of 12 January 2009.

ORGANIZATIONAL STRUCTURE

ORGANIZATION OF THE COMPANY



- Total number of permanently employed staff as of 31 December 2008 is 2998.
- At the moment activities are in progress aiming at legal and ownership unbundling of FU Transmission.

* FU – Functional unit

**OU – Organizational unit

BOARD OF DIRECTORS



Srdjan Kovacevic
B.Sc. el.eng., Chairman



Miodrag Canovic
B.Sc. el.eng., Member



Mr Milorad Katnic
M.Sc. ecc., Member



Zoran Djukanovic
B.Sc. el.eng., Member



Nikola Martinovic
B.Sc. law, Member



Dragutin Martinovic
B.Sc. el.eng., Member



Veselin Barovic
B.Sc. ecc., Member

- Board of Directors consists of seven members, of which the Chairman is an executive member, and others are non executive members.

MANAGEMENT OF EPCG



Ranko Vojinovic
Executive Director



Mirko Kilibarda
FU Generation



Zoran Djukanovic
FU Transmission



Miroslav Vukcevic
FU Distribution



Sreten Gojkovic
FU Supply



Mrka Mrkic
OU Company
Head Office

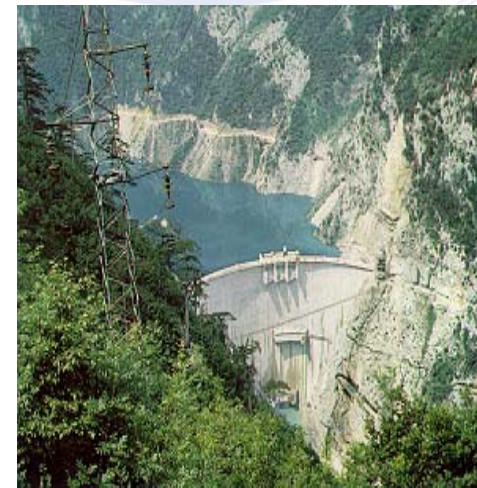


Savo Markovic
OU Elektrogradnja

- The Company's management consists of the Chief Executive Officer and six directors of functional and organizational units.

FU GENERATION

- FU Generation owns 867 MW of installed power generation capacity, with planned generation of 2,823 GWh in the year 2008.



HPP Piva



TPP Pljevlja

Main Operational Parameters

Power plant	Commissioning year	Installed capacity MW	Generation in GWh (plan for year 2008)
HPP Perućica	from 1960 to 1976	307	910
HPP Piva*	1976	342	762
TPP Pljevlja	1982	210	1130
Small power plants	from 1952 to 1989	8	21
TOTAL		867	2,823

* HPP Piva has been operating for the electric power system of Elektroprivreda Srbije (EPS), and in return for this energy EPS delivers base load energy to EPCG based on 1,415:1 electricity exchange factor.

FU TRANSMISSION

- The high voltage transmission network within the Montenegrin power system consists of lines, transformers and other facilities which operate under 400 kV, 220 kV and 110 kV voltage levels.

Transmission lines	Length (km)
400 kV overhead lines	255
200 kV overhead lines *	348
110 kV overhead lines **	654
Total	1,257

- There are 19 transmission transformer stations in the electric power system.

Power system	Capacity MVA
Serbia/Kosovo	2,022
Bosnia and Hercegovina	2,165
Albania ***	301
Total	4,487

- Montenegro has international interconnections with Serbia, Albania, Kosovo and BiH
- EPCG owns nine interconnection lines of total technical capacity of 4,487 MVA.



* Without a branch from OHL Podgorica 1 – Pljevlja 2, for TS 220/110/35 kV Mojkovac of a length of 2,3 km belonging to FU Distribution

** Including a third line Podgorica 2 –KAP

*** Under construction interconnection distribution line Podgorica 2 – Tirana of technical capacity of 1,631 MVA

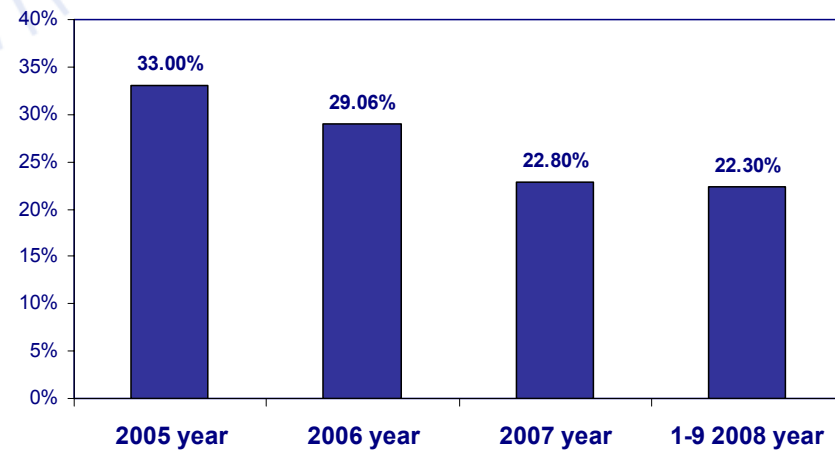
FU DISTRIBUTION

Voltage Structure of Distribution Lines

Distribution lines	Length (km)
35 kV overhead lines	1,029
35 kV cable lines	49
10 kV overhead lines	3,544
10 kV cable lines	998
0.4 kV overhead lines	11,542
0.4 kV cable lines	1,394
Total	18,556

- Electricity losses followed a decreasing path over the last four years.

Electricity Losses 2006 – 3Q 2008 (%)



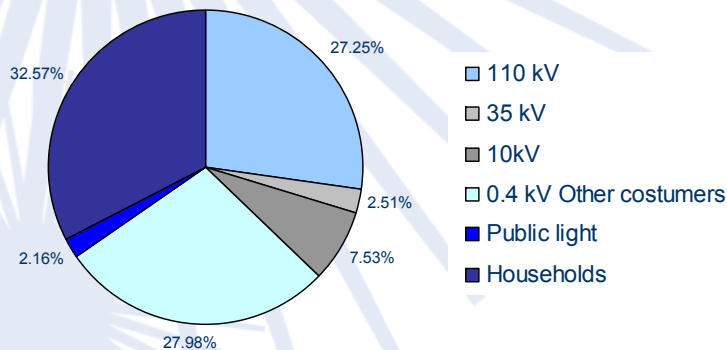
FU SUPPLY

Consumption and Revenues 2007

Voltage Level	Number of Customers	Consumption (MWh)	Revenues (EURmn)	Average price (€/MWh)
110 kV	3	1,443,777	61.1	42.3
35 kV	27	85,446	5.6	65.9
10kV	312	197,091	16.9	85.6
0.4 kV Other costumers	24,353	329,586	62.7	190.3
Public light	1,353	35,453	4.8	136.7
Households	288,260	1,155,735	73.0	63.2
Total	314,308	3,247,089	224.2	69.0

- All customers except AD Kombinat Aluminijuma Podgorica (“KAP”) are tariff customers whose tariffs are regulated by the Energy Regulatory Agency of the Republic of Montenegro. EPCG has a long-term electricity supply agreement with KAP, which determines supply volumes to KAP as well as the respective price of electricity and expires in 2010.

Revenues structure



- KAP, Željazara Nikšić and Željeznica CG are supplied at the level of the high voltage network (110 kv).

ORGANIZATIONAL UNITS

- **Company's Head Office** is an organizational unit of EPCG which represents the seat of the Company. The main functions of Head Office are: consolidation, control, professional-administrative affairs supporting and supplementing the operations of EPCG.
- **Elektrogradnja** is an organizational unit responsible for construction of facilities and installations and is primarily servicing EPCG. Elektrogradnja was established in 1952 and for over half a century it has been building overhead lines, low voltage networks and transformer stations, produces steel lattice poles for overhead lines, poles for antenna and spot-lights and other metal construction, as well as products from concrete.

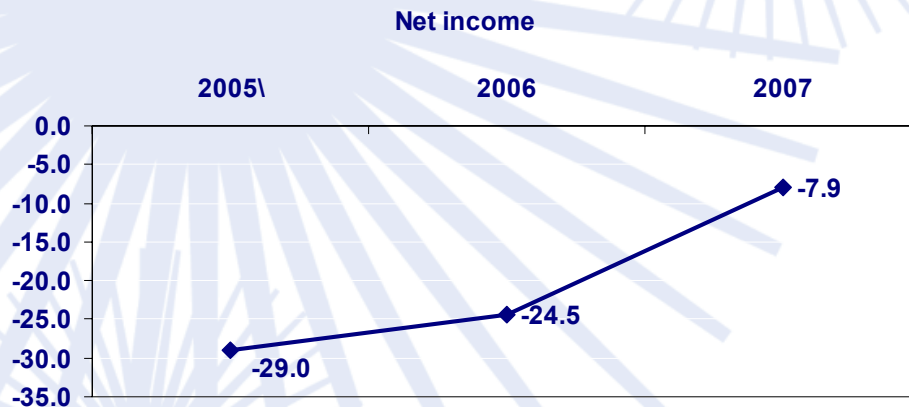
BRIEF FINANCIAL OVERVIEW

KEY FINANCIAL DATA

Key Financial Data

In EUR mn

	2005	2006	2007
Total revenues	170.7	193.2	260.5
EBITDA	10.1	4.9	29.7
Net income	-29.0	-24.5	-7.9
Total assets	1,104.3	1,057.7	1,049.4
Total equity	889.1	854.9	933.5
Total liabilities	215.2	202.8	115.8
Net operating loss	-26.7	-31.9	-6.7
Depreciation	36.8	36.8	36.3



- A trend of improved profitability of EPCG was recorded in the period of 2005 to 2007.

CURRENT INDEBTEDNESS OF EPCG

Total Debt as of 31 Dec 2007

Lender	Outstanding amount (EUR mn)
Russian Loan for TPP Pljevlja	5.1
European Investment Bank Loan	8.0
KfW Bank Loan	2.5
Jugobanka Loan	0.1
The First Bank of Montenegro Loan	0.2
EBRD Loan	4.4
Total debt	20.3

- In addition to the table above EPCG signed five new loan agreements which will be used in the period of 2009 – 2013 to finance part of the investment plan.
- Total signed agreements amount to ca EUR 50 mn.
- EPCG exhibits a low level of indebtedness

ALLOWED REVENUES

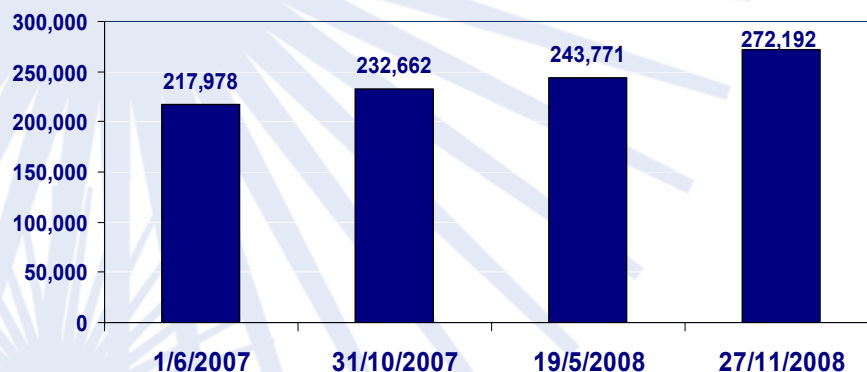
- Allowed regulatory revenue (eligible revenue) is the total annual revenue the Energy Regulatory Agency allows to energy undertakings. The first tariff decision of the Regulatory Agency occurred in June 2007.

Eligible Revenues for each Tariff Decision

In EUR mn

Decision dated	Generation	Transmission	Distribution	Supply	Total
1 Jun 2007	62.8	23.1	70.1	62.0	218.0
31 Oct 2007	69.6	23.6	72.7	66.7	232.7
19 May 2008	91.9	25.1	74.6	52.3	243.8
27 Nov 2008	94.2	28.3	78.1	71.6	272.2

Allowed regulatory revenue in EUR 000



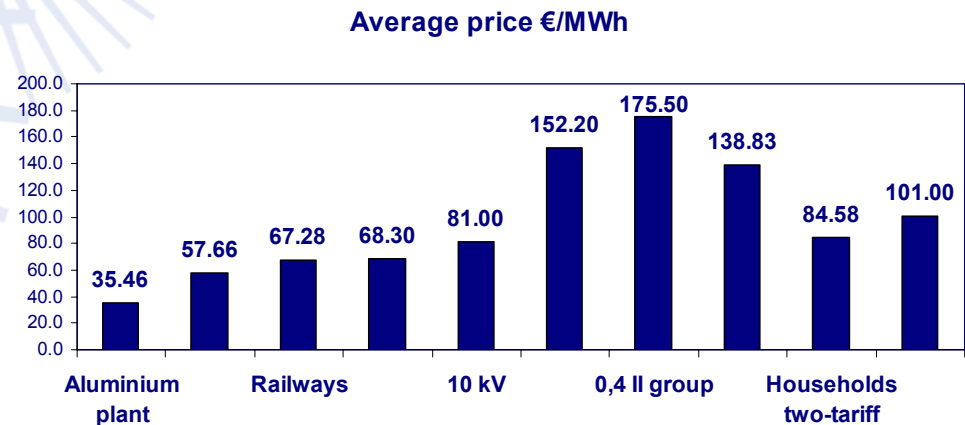
- In November 2008 the decision on regulated revenue and tariffs for 2009 was adopted.
- Regulated revenues followed an increasing path.

ELECTRICITY PRICES

- A calculation of expected average regulated prices for 2009 was made on the basis of the Regulatory Agency's decision for 2009 tariffs and planned electricity volumes.

Calculated 2009 Average Prices

Category of consumption	Avg. price €/MWh
Aluminium plant	35.5
Steel Works	57.7
Railways	67.3
35 kV	68.3
10 kV	81.0
0.4 I group	152.2
0,4 II group	175.5
Public lighting	138.8
Households two-tariff	84.6
Households single-tariff	101.0

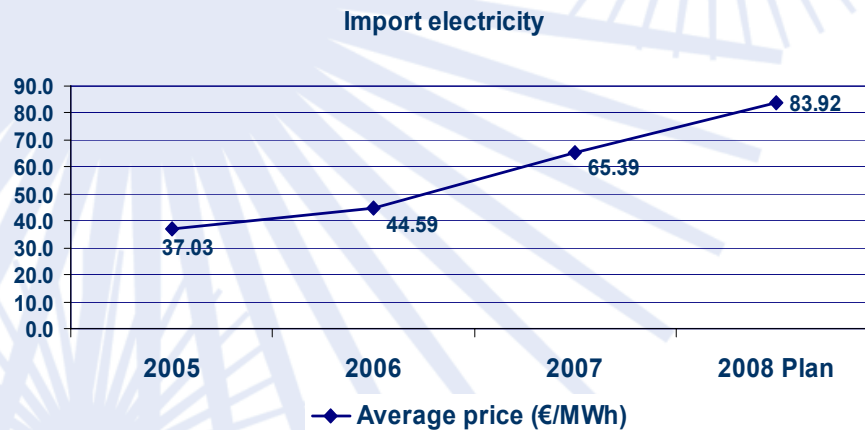


ELECTRICITY IMPORTS

- Montenegro is a net electricity importer. EPCG imported an equivalent of EUR 91.5 million of electricity in 2007.

EPCG Electricity Imports 2005 - 2008

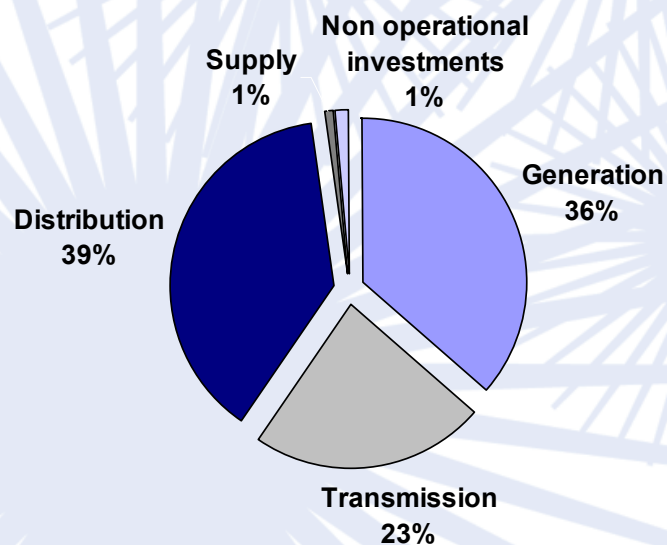
Year	Volume (MWh)	Value (EURmn)	Average price (€/MWh)
2005	841,376	31.2	37.0
2006	967,587	43.1	44.6
2007	1,399,856	91.5	65.4
2008 planned	850,000	71.3	83.9



- Over the last years a significant increase in the price of imported electricity could be observed.

MAJOR ENVISAGED INVESTMENTS

SUMMARY OF INVESTMENTS



Investment plan 2009 - 2013	EUR mn
Generation	130-155
Transmission	80-100
Distribution	135-165
Supply	4
Non operational investments	5
Total	355 - 430

- Investment plan for 2009 – 2013 includes revitalization and renovation of existing equipment.
- No investments in new generation capacities are envisaged by this investment program.

HYDROPOWER PLANT PERUĆICA

- Installation of a turbine-generator unit No. 8,
- Works on compensating reservoir,
- Introducing waste water from Steel Works–Nikšić into canal Zeta I,
- Activities on transfer of the River Zeta into reservoir Krupac and connection of reservoirs Krupac and Slano,
- Activities on implementation of the Phase II of Reconstruction and Modernization Project.
- **Expected effects:**
 - Increased generation by approximately 200 GWh,
 - Increased capacity of power plant,
 - Security of operation,
 - Optimized number of employees.

HYDROPOWER PLANT PIVA

- Implementation of KfW bank loan for the first phase of reconstruction of hydropower plant Piva,
- Lowering of tailwater level of the power plant.
- **Expect effects:**
 - Increased generation by approximately 20 GWh,
 - Security of operation,
 - Optimized number of employees.

THERMAL POWER PLANT PLJEVLJA

- Modernization of control and governance system,
- Reconstruction of el. system of auxiliary supply,
- Reconstruction/replacement of electrostatic precipitator with monitoring of flue gasses,
- Project of increasing capacity of TPP Pljevlja,
- New location for landfill and ashes and slag transport system.
- **Expected effects:**
 - Increased generation by approximately 270 GWh,
 - Environmental protection,
 - Increased capacity of power plant,
 - Security of operation,
 - Optimized number of employees.

TRANSMISSION

- Transformer stations Ribarevine, Podgorica 5 and 6, Andrijevica, Mojkovac, Kotor, Virpazar,
- 110 kV OHL Tivat – Kotor,
- 400 kV OHL Podgorica – Tirana,
- Replacement of protection rope with optical cable – OPGW,
- Purchase of software and hardware for the NDC.
- **Expected effects:**
 - More secure electricity supply for customers in Montenegro,
 - Opening of new company's services in the area of telecommunications.

DISTRIBUTION

- Implementation of French commodity loan,
- Expansion of the AMR system with remote disconnection, with relocation of metering places and replacement of electricity meters which were in operation over a long period of time,
- Reconstruction of primary and secondary network.
- **Expected effects:**
 - More secure electricity supply for customers in Montenegro,
 - Reduction of electricity losses in distribution network,
 - Increased collection of receivables rate,
 - Optimized number of employees.

SUPPLY

- Purchase of a modern Billing system.
- **Expected effects:**
 - Increased collection of receivables rate,
 - Optimized number of employees.

CONCLUSION

CONCLUSION

- During the last years Elektroprivreda Crne Gore AD Nikšić has worked on the improvement of its operational and financial performance.
- Major investment activities have been initiated in the Company which are expected to lead to further improvements.
- Nevertheless, in order to tackle future challenges, EPCG needs a strategic partner.
- The Company is looking forward to support the planned capital increase process in order to find a suitable strategic partner!

THANK YOU!

e-mail: admin@epcg.co.me

www.epcg.co.me