



INVESTOR PRESENTATION



SEPTEMBER 25, 2012

This presentation is in relation to the secondary public offering (the “SPO”) of Energo-Pro Sales AD and Energo-Pro Grid AD (“the Companies”). Prospectuses have been made generally available by Energo-Pro Sales AD and Energo-Pro Grid AD, approved by the Bulgarian Supervision Commission on September 13, 2012 (as supplemented from time to time) (the “Prospectuses”). The Prospectuses can be obtained via the website of EnergoPro (www.energo-pro.com) as well as at FFBH (www.ffbh.bg). The selling restrictions mentioned in the Prospectuses apply to the SPO. Any decision to purchase shares in this offering should be made solely on the basis of the information contained in the Prospectuses. No action has been taken by the Companies that would permit an offer of securities in the Companies or the possession or distribution of this presentation or any other offering or publicity material relating to such securities in the Companies in any jurisdiction where action for that purpose is required other than in accordance with the selling restrictions mentioned in the Prospectuses.

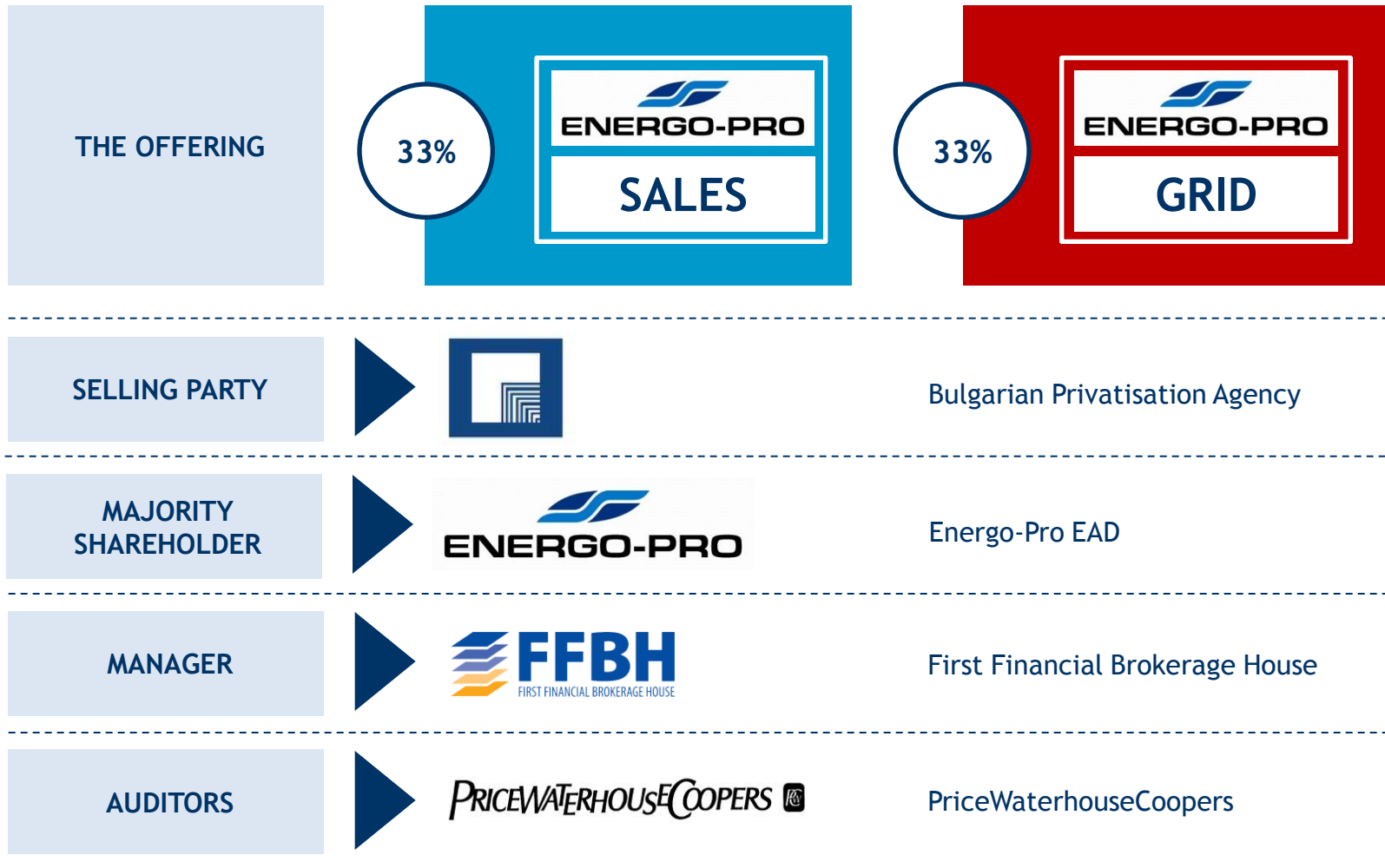
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NOT FOR DISTRIBUTION IN THE UNITED STATES

Parties involved





MINIMUM VALUE (TOTAL)	BGN 53m
PLACEMENT VENUE	Bulgarian Stock Exchange
METHOD	Closed mixed auction, privatisation segment
ROADSHOW	Domestic retail & institutionals, foreign institutionals

SUBSCRIPTION PROCESS		2012
✓ Start of auction		October 3
✓ End of auction		November 2

STRONG BUSINESS POSITION

- Natural monopolies
- Growing market guarantees increasing revenues
- Third largest energy distributor in Bulgaria with 24% market share
- Third largest energy supplier in Bulgaria with 16% market share

PART OF ENERGO-PRO

- Privatised and restructured by E.ON Group
- Majority stake of 67% acquired by Energo-Pro in mid 2012
- Continuity of business

PREDICTABLE CASH FLOW

- Stable and predictable cash flows from regulated revenues
- Regulatory framework fixed for 5 year periods
- 35 year license up to 2039

FINANCIAL STABILITY

- Conservative target financial ratios are comfortably met
- Attractive borrowing cost due to back-up from parent companies
- Short-term debt used as working capital

CLEAR STRATEGY

- Facilitates sustainable, reliable and safe electricity distribution & supply
- Maintains cost efficient and high-quality network
- Focused on high degree of transparency and social responsibility

EXPERIENCED MANAGEMENT TEAM

- Experienced Boards of Directors
- Strong and loyal senior and middle management team with track record
- Trained in the best practices of E.ON Group

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- a. Business profile
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4. FINANCIAL PERFORMANCE

5. VALUATION ANALYSIS

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Energopro Grid

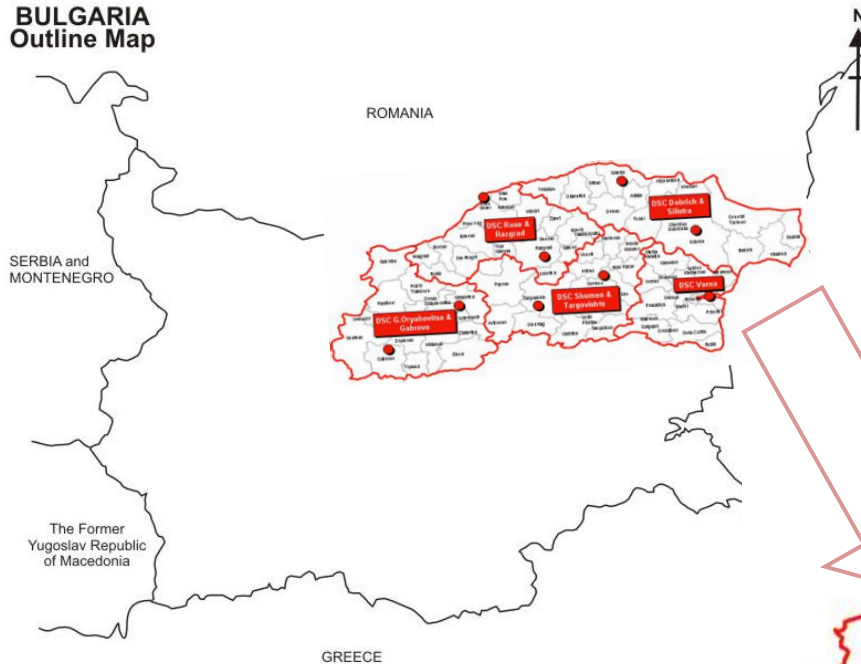
- **Key metrics 2011**
 - Sales - **BGN 289m**
 - Electricity distributed - **5.6 TWh**
 - # of meters - **1.2 m**
 - Energy losses: **14.8%** (vs. 15.8% in 2010)
 - Network: **42 thousand km** of overhead and cable power lines
 - Employees - **1,455** (of which 947 electrical fitters)
- **General info**
 - Subsidiary of Energopro, a CEE regional energy group
 - Exclusive electricity distribution company in Northeast Bulgaria
 - Serviced territory - 29,000 km²
 - 35 year concession, expiring 2039
 - MV and LV lines operator

Energopro Sales

- **Key metrics 2011**
 - Sales - **BGN 792m**
 - Electricity supplied - **5.5 TWh**
 - # of customers - **1.1 million**
 - 50% of revenues from households
 - Employees - **61**
- **General info**
 - Subsidiary of Energopro, a CEE regional energy group
 - Top 3 electricity supplier in Bulgaria
 - Serviced territory - 29,000 km²
 - 35 year concession, expiring 2039
 - Selling on regulated market only

ENERGO-PRO IS OWNER OF THE DISTRIBUTION NETWORK IN NORTHEAST BULGARIA, A TERRITORY OF 29,000 km², AND SUPPLIES ELECTRICITY TO 1.1 MILLION CUSTOMERS

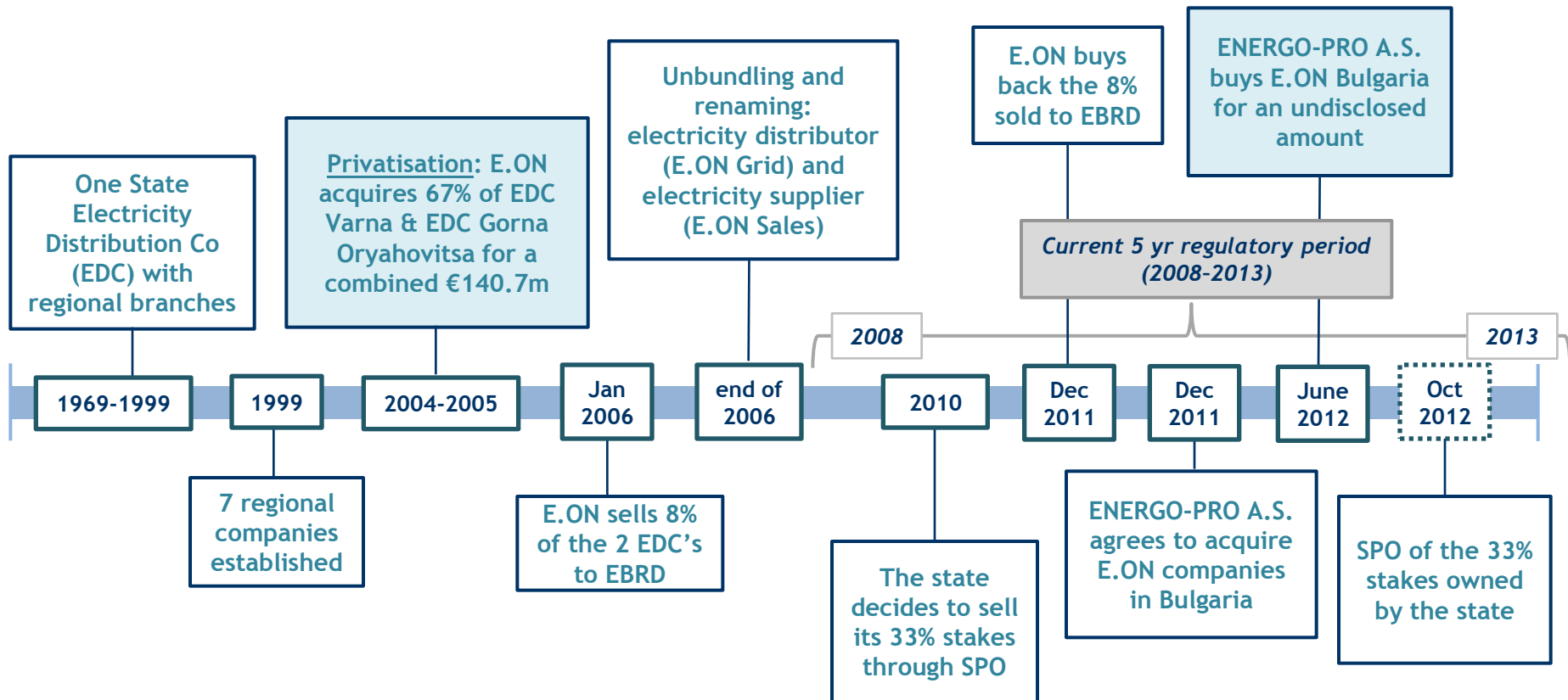
BULGARIA
Outline Map



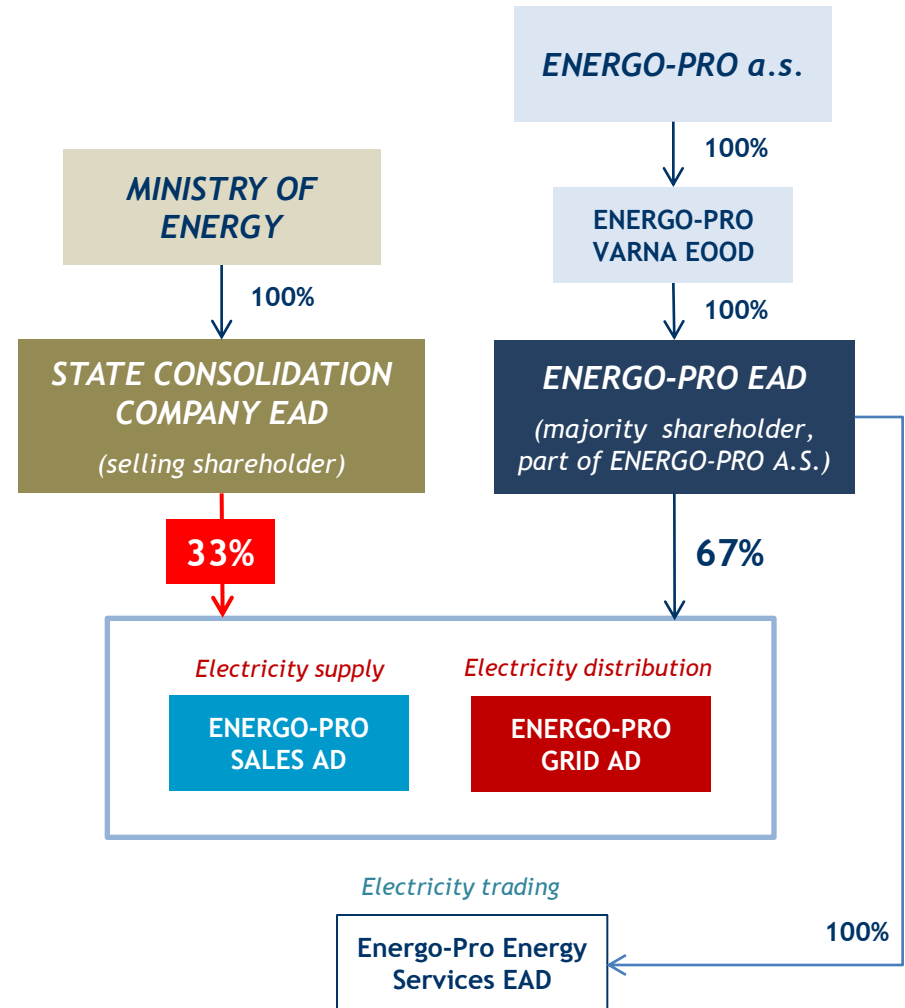
1.1m customers
29,000 km² area
42,000 km network
5.5 TWh electricity supplied
BGN 792m sales (2011)



E.ON GROUP HAS SOLD ITS STAKE IN THE TWO COMPANIES TO ENERGO-PRO DUE TO STRATEGIC REASONS IN JUNE 2012



- ENERGO-PRO SALES & ENERGO-PRO GRID are owned by:
 - Energo-Pro EAD (67%) - formerly E.ON Bulgaria EAD
 - State Consolidation Co (33%)
- Energo-Pro acquired the 67% stakes in June 2012 from E.ON Group
- Energo-Pro to continue striving for quality of service and energy supply
- The state is selling its 33% stake through a SPO on the BSE-Sofia
- All necessary minority shareholder rights included in the Articles of Association



Energopro Grid

Management Board

Petr Tesar, CEO

Appointed: Aug. 2012

Other positions within the group:

- Member of the Board of Energopro a.s., Energopro Turkey and Energopro Bulgaria EAD
- Vice-chairman of the Supervisory Board of Energopro Georgia

Pavel Vana

Appointed: Aug. 2012

Other positions within the group:

- Executive Director at Energopro Group

Previous positions:

- Executive Director, Energopro Georgia

Martin Mirchev

Appointed: May 2009

Previous positions:

- Head of „Asset service” E.ON Bulgaria Grid AD
- Head of RC Dobrich and RC Silistra E.ON Bulgaria Grid AD

Energopro Sales

Management Board

Boriana Peneva

Appointed: Aug 2012

Other positions within the group:

- Head of Receivables Collection, Energopro EAD

Previous positions:

- Head of Retail billing, E.ON Bulgaria EAD

Biliana Mateva

Appointed: Sept. 2011

Other positions within the group:

- Senior Vice President Customer Care, Energopro EAD

Previous positions:

- Head of Customer Service, E.ON Bulgaria EAD

Plamen Stefanov

Appointed: Aug 2012

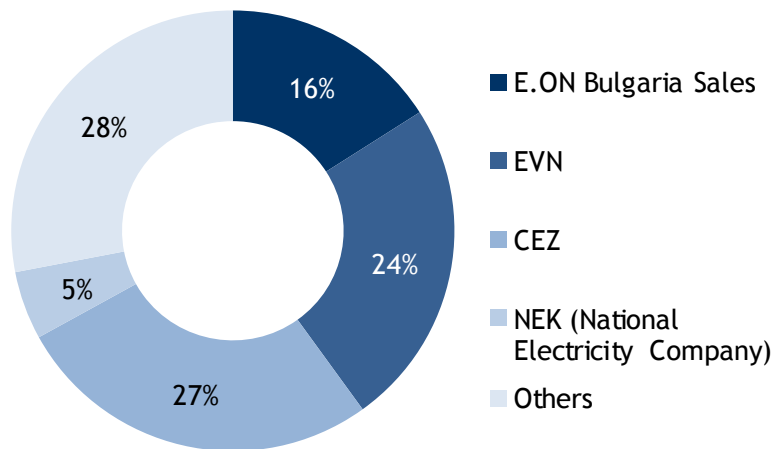
Other positions within the group:

- Senior Vice President Corporate, Legal & Regulatory Affairs, Energopro EAD

Previous positions:

- Head of Regulatory Management & Corporate Development, E.ON Bulgaria

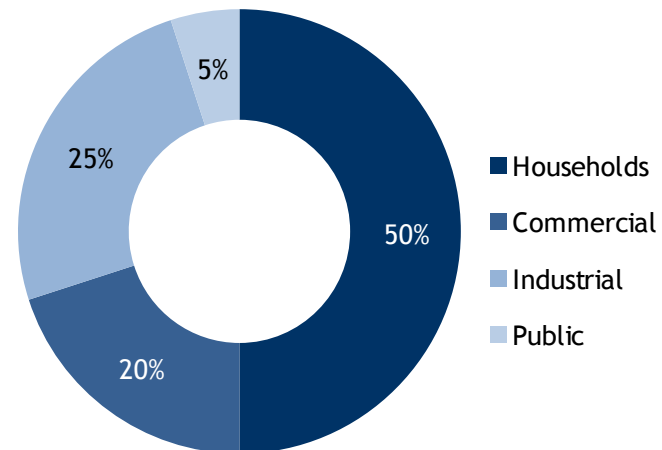
Bulgarian electricity supply market Market share by sales to end customer



Market share of Energo-Pro Sales in Bulgarian electricity market

16%

Energo-Pro Sales Sales breakdown by type of customer



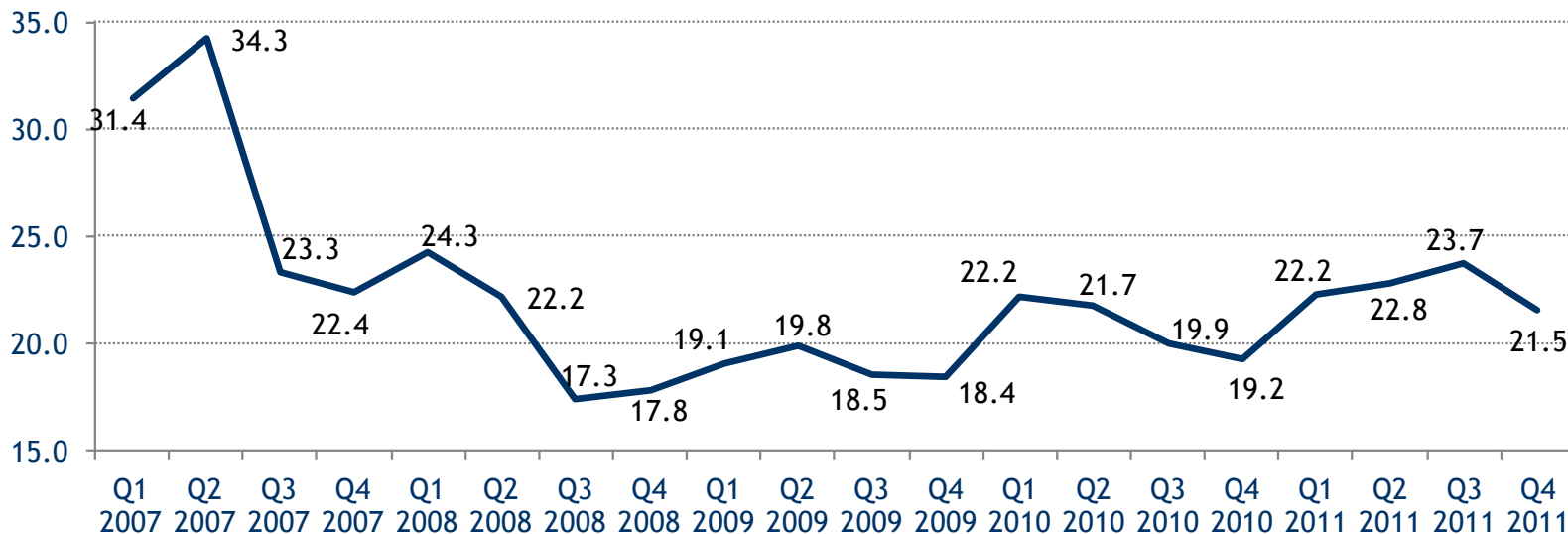
Total volume of electricity sold by Energo-Pro Sales

5.5 TWh

OVERDUE RECEIVABLES HAVE DROPPED 37% FROM MID 2007 WHILE COLLECTION RATE HAS REACHED VERY HIGH LEVELS DUE TO IMPROVED PRACTICES

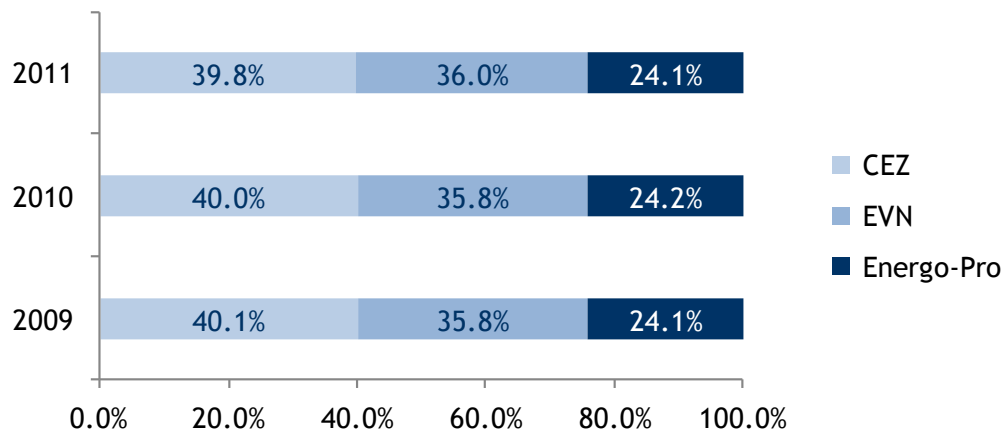
- Defensive business, where receivables collection is stable over the last 4 years
- Overdue receivables account for 5% of total revenues only

Overdue receivables 2007-2011 (EUR MM)



Bulgarian electricity distribution market
Market share by electricity distributed

23 TWh



THE DISTRIBUTION SECTOR
 WAS PRIVATIZED IN 2005 BY
 CEZ, EVN AND E.ON

Electricity distributed by
Energo-Pro Grid
5.6TWh

**Market share of Energo-Pro Grid in Bulgarian
 electricity distribution market**

24.1%

SINGLE LARGEST CLIENT:
 ENERGO-PRO SALES

Indicator	Size/No
Serviced territory	28,923.6 sq. km.
Annual consumption (2011)	5.56 TWh
Overhead power lines	Low Voltage - 16,853 km Medium Voltage - 14,999 km High Voltage - 43 km
Cable power lines	Low Voltage - 6,826 km Medium Voltage - 3,431 km High Voltage - 11 km
Substations	24
Knot stations	112
Transformer stations	11,371
Transformers	12,594
Meters /LV+MV/	1,215,941
End customers (Energo-Pro Sales)	1,094,251
Staff number (incl. electrical fitters)	1,455 (947)

HEAVY INVESTMENT IN SMART METERS AND MAJOR REPLACEMENT OF CONVENTIONAL METERS WILL DRAMATICALLY REDUCE ENERGY LOSSES BY 2014

130,000
new SMART
meters

185,000
replaced
conventional
meters

■ **Increased investment in grid and meters**

- Adequate investment in problematic areas of the network
- Complete control of LV business customers consumption and meter condition
- Focus on replacement of MV insulators

■ **Heavy investments in SMART meters**

- 70k are installed until 2011
- additional 60k over the next two years

■ **Replacement of 185k conventional meters**

■ **Investments will dramatically reduce commercial losses by 2014**

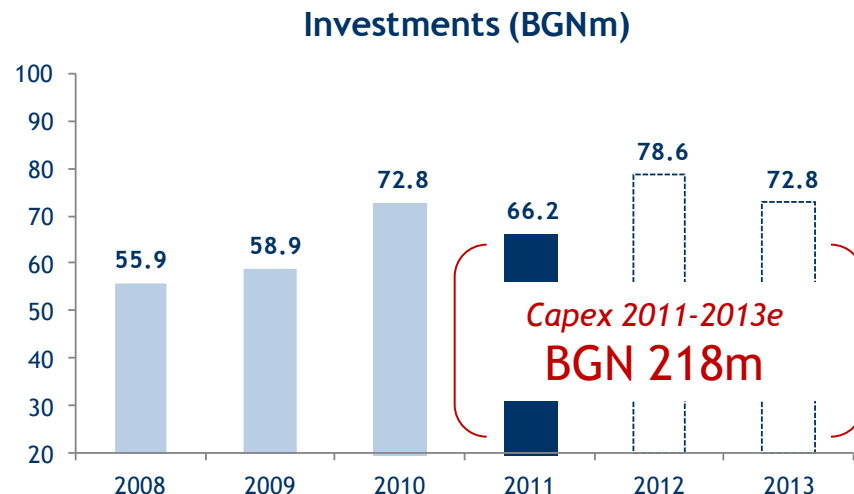
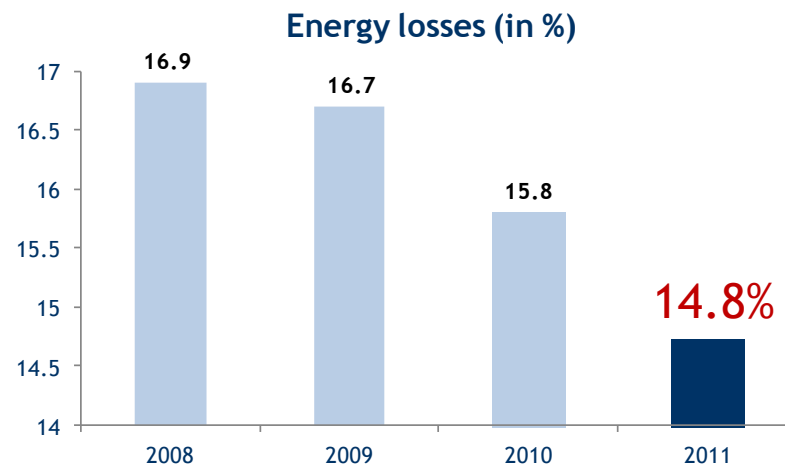
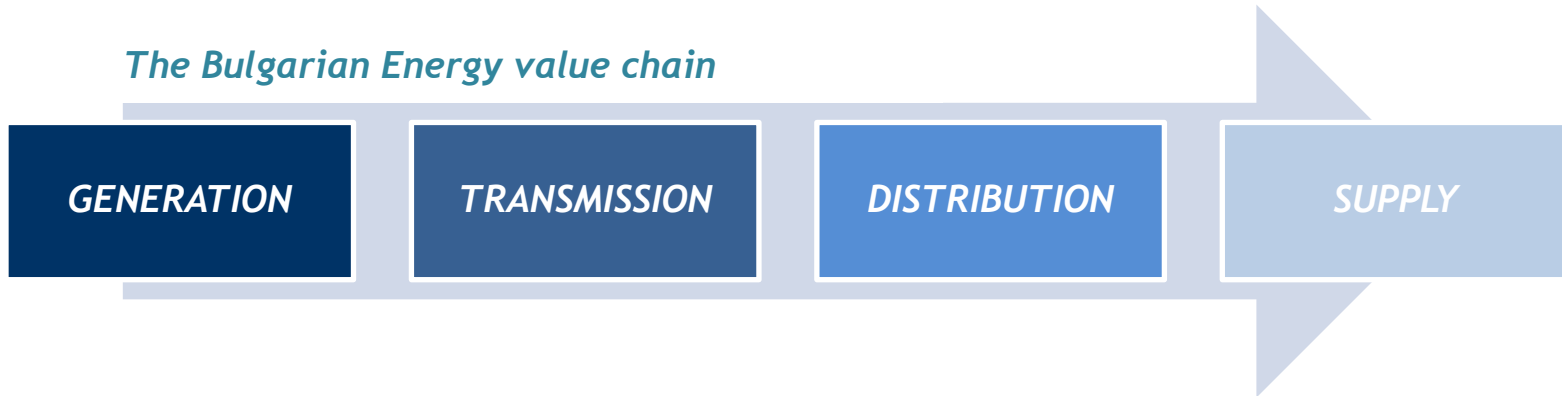


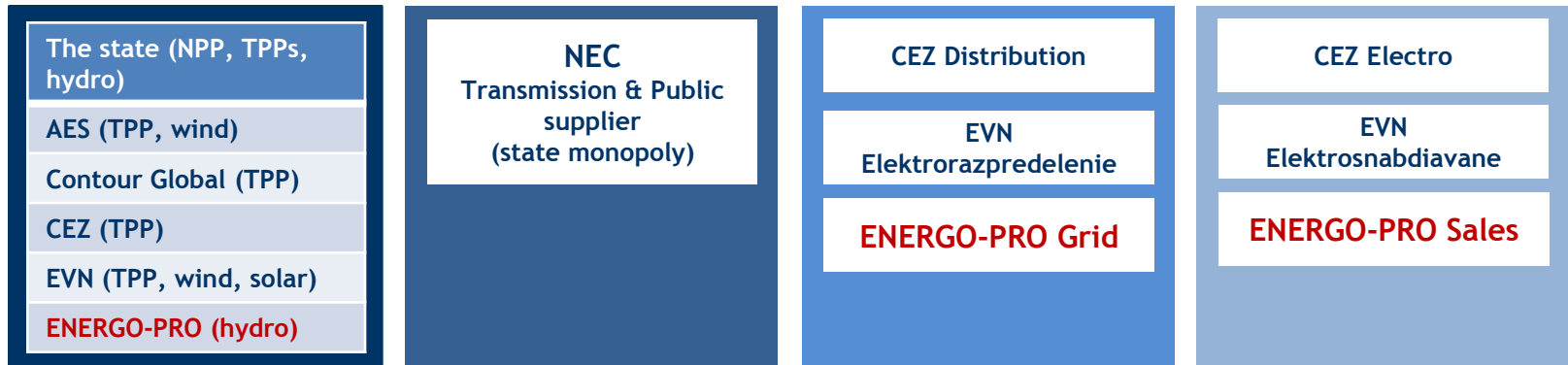
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The Bulgarian Energy value chain

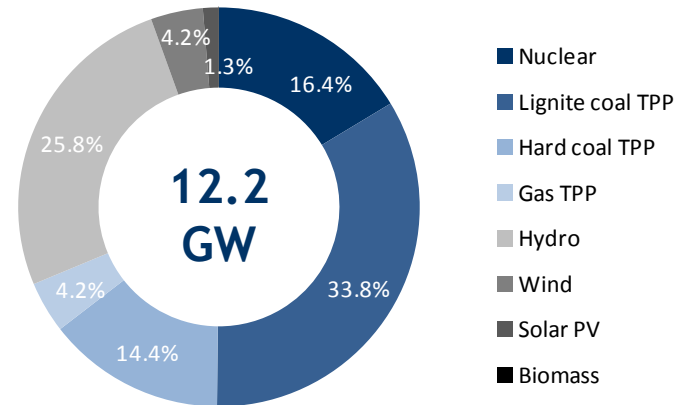


Major participants

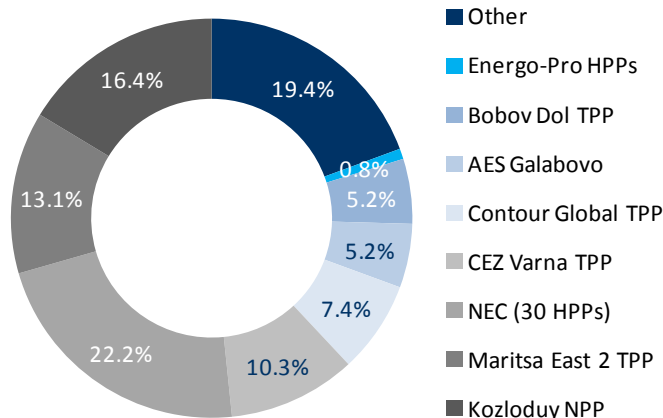


- Limited competition due to unfinished liberalization and high barriers to entry
 - Over 50% of the electricity is generated by the state-owned Bulgarian Energy Holding
 - State owned electricity transmission
- Heavy dependency of nuclear & lignite power generation - over 77%
- New NPP construction project was abandoned in 2012
- 2010-2012 boom of renewable projects is over due to increased amount of subsidies

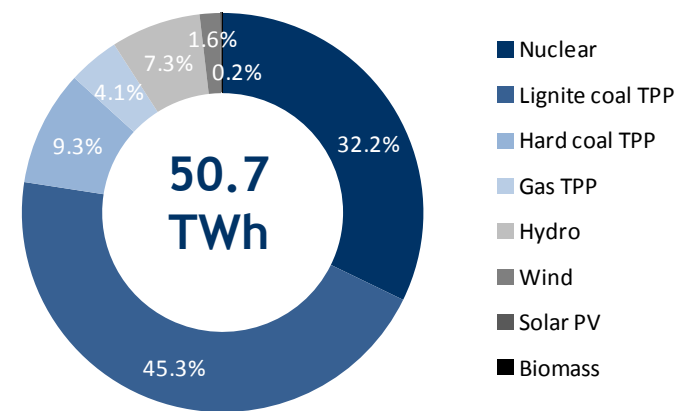
Capacity installed, 2011



Major capacities, 2011

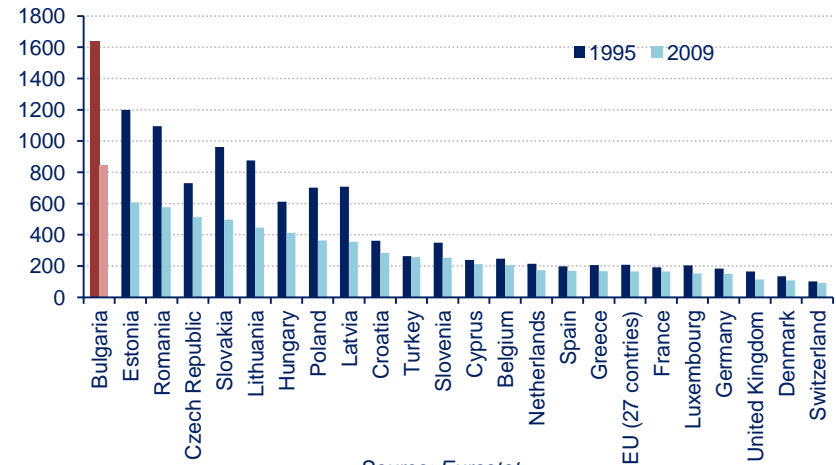


Output, 2011



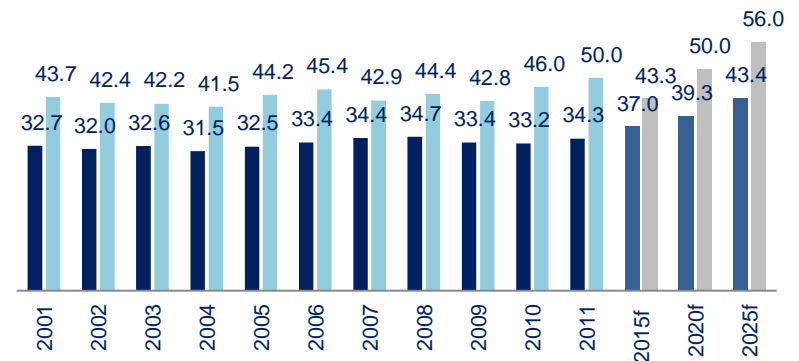
- Domestic energy consumption to reach 43.4 TWh in 2025 (according to MEET)
- Gross generation of 50.7 TWh in 2011
 - 2025 governmental target of 56 TWh
- Main drivers of gross electricity generation:
 - Economic development
 - Intensive investments
 - Further liberalization of the market
- Relatively stable domestic electricity consumption over the last 10 years of 32-35 TWh
- Bulgaria is net exporter of electricity to neighborhood countries
- The worst energy intensity in Europe
 - Improved twice since 1995
 - Still 5 times higher than the average EU 27
 - Expected to continue improving
 - Improved energy efficiency has been offsetting the effect of economic growth

Energy Intensity in Europe
(gross inland consumption/GDP - kgoe/1000 eur)



Source: Eurostat

Net Domestic Consumption (TWh) Gross generation (TWh)



Source: NSI; MEET; FFBH

* The forecasts are made by MEET in the Energy Strategy 2020, base scenario

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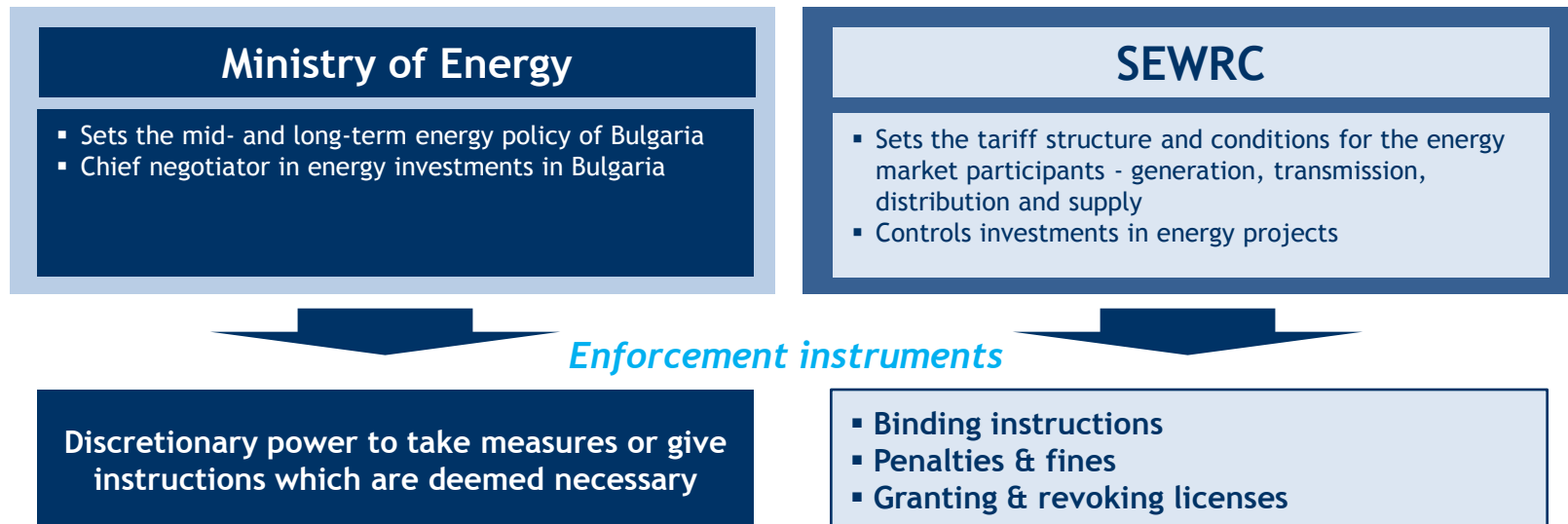
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■ Legislation

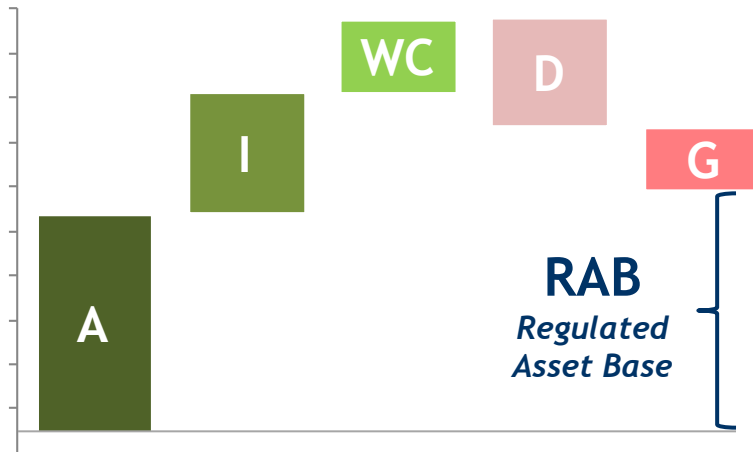
- The regulatory framework of the electricity in Bulgaria is based upon the Energy Law
- The Energy Law establishes a predictable regulatory environment in the energy sector where the key regulatory responsibilities are vested with the State Energy and Water Regulatory Commission (SEWRC) - an independent body.
- In mid-2007, the electricity distribution & supply market in Bulgaria was liberalised to comply with EU energy legislation.
- The 2011 Renewable Energy Law mandates a process for selecting power projects for connection to the electricity grid and gives producers of renewable energy a predictable rate of return on their investments.

■ Authorities

- The regulation is implemented and enforced by two authority bodies:
- The Ministry of Economy, Energy and Tourism (Ministry of Energy), in its role of energy policy maker
- SEWRC, the State Energy and Water Regulatory Commission, an independent body
- Electricity System Operator (ESO) performing the operational planning, coordination and control of the electrical power system



Methodology



A

Recognized Value of Assets Used (A) as of the last reporting period

I

The Average Annual Investments (I) planned for the 5-year regulatory period

WC

The required working capital (WC) set as a % of the approved cash expenses:

- Supply companies: 1/18
- Distribution companies: 1/20

D

Annual depreciation (D)

G

Value of granted assets (G)

The formula

For the first year of the regulatory period, the necessary revenues are calculated as:

$$R = C + (RAB \times ROC)$$

For the following years of the regulatory period, the necessary revenues are adjusted with:

$$R_t = R_{(t-1)} \times (1 + i - X) \quad Z - Y$$

- Cost of operation directly linked to the licensed activity (C) is taken into account when calculating the rate of return
 - The approved technological losses, as part of the Opex, were set at 17.8% for the first 2 years of the current regulatory period and then lowered to 15% for the rest of the period
- The rate of return on capital (ROC) equals the estimated WACC and for the current regulatory period it is set at 12% regardless of the capital structure of the individual companies
- Inflation for the prior period (i)
- Efficiency improvement factor (X)
- Differences between estimated and actual indicators for the prior pricing period (Z)
- Adjustments for not reaching (Y) power quality standards and size of investments

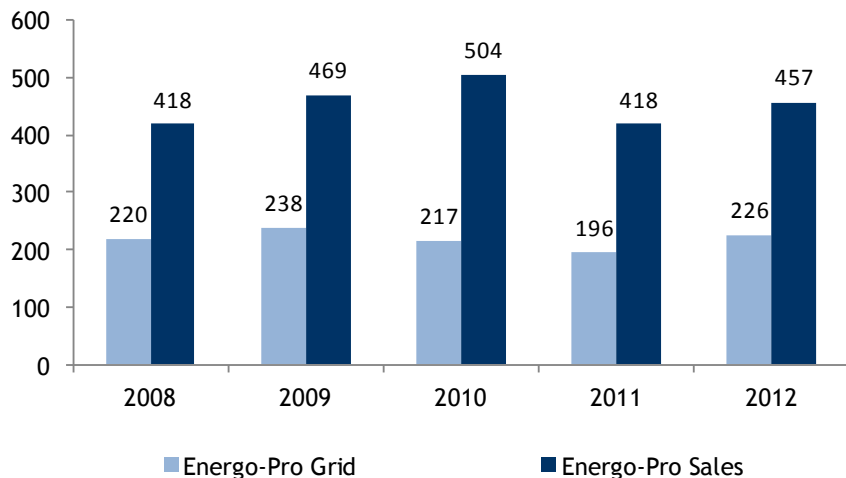
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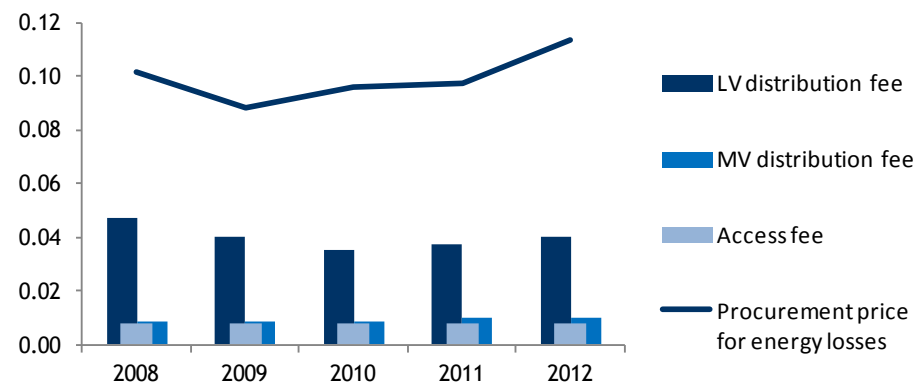
Regulated prices

SEWRC decision for 2 nd regulatory period 2008-2013, BGN'000	Energopro Grid	Energopro Sales
RAB	329,753	24,860
Fixed assets	273,814	n.a.
Average annual investments	77,755	n.a.
Working capital	8,675	23,047
Total expenses, incl.	198,457	415,176
Operating expenses, incl.	173,509	414,842
COGS electricity	n.a.	405,199
Technological expenses	119,115	n.a.
Administrative and other	54,394	9,643
Depreciation	24,948	n.a.
ROIC	39,570	2,983

Regulated revenues, BGNm*

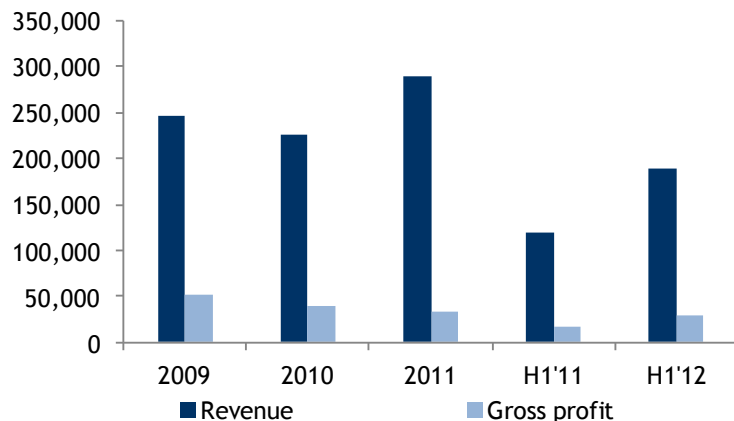


Energopro Grid regulated prices, BGN/kWh*

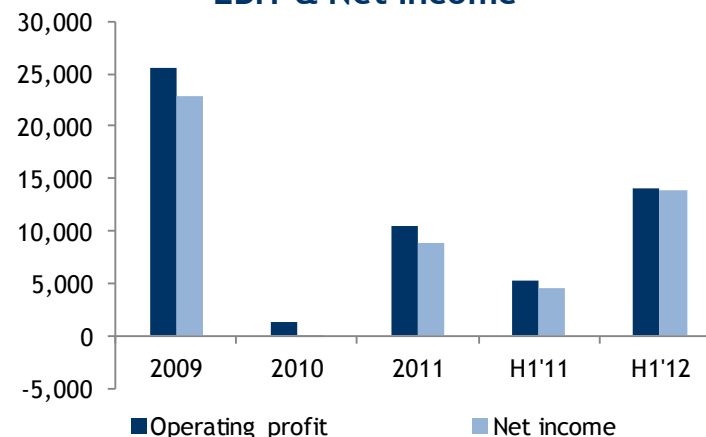


Income statement, BGN'000	2009	2010	2011	H1'11	H1'12
Revenue	246,527	225,926	289,222	118,856	188,276
COGS, incl. depreciation	193,886	186,199	254,876	100,642	158,843
Gross profit	52,641	39,727	34,346	18,214	29,433
SG&A	27,121	38,410	23,834	13,038	15,309
EBITDA	63,113	41,291	52,877	25,979	36,197
Operating profit	25,520	1,317	10,512	5,176	14,124
Financial income/(expenses)	(113)	(1,505)	(862)	(572)	(218)
Income before tax	25,407	-188	9,650	4,604	13,906
Net income	22,852	-183	8,815	4,604	13,906

Revenue & Gross Profit dynamics

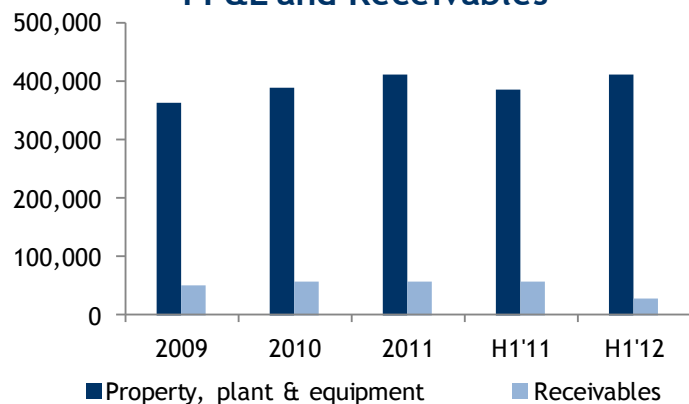


EBIT & Net Income

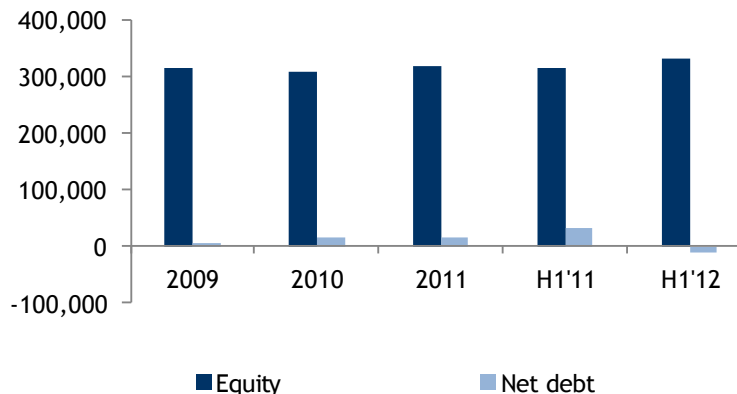


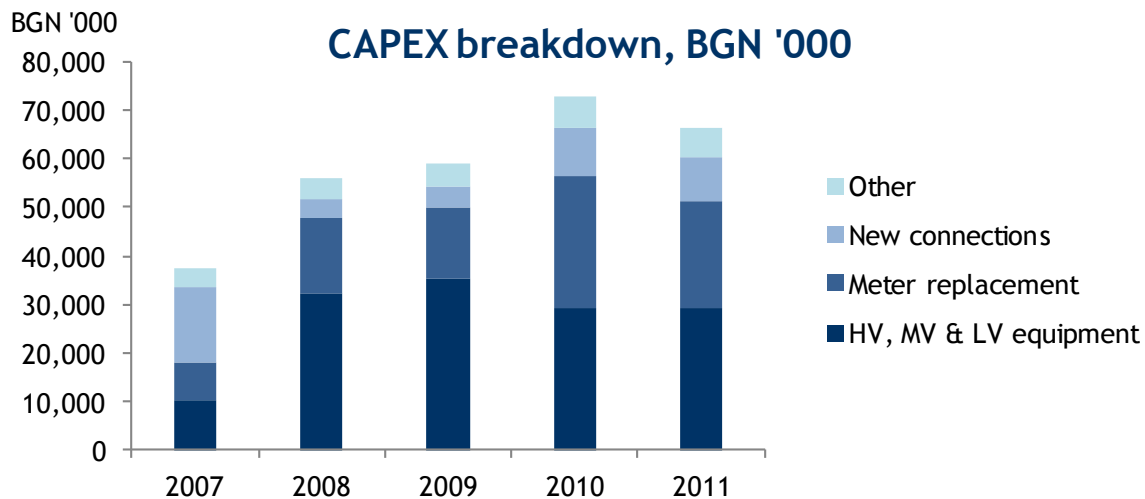
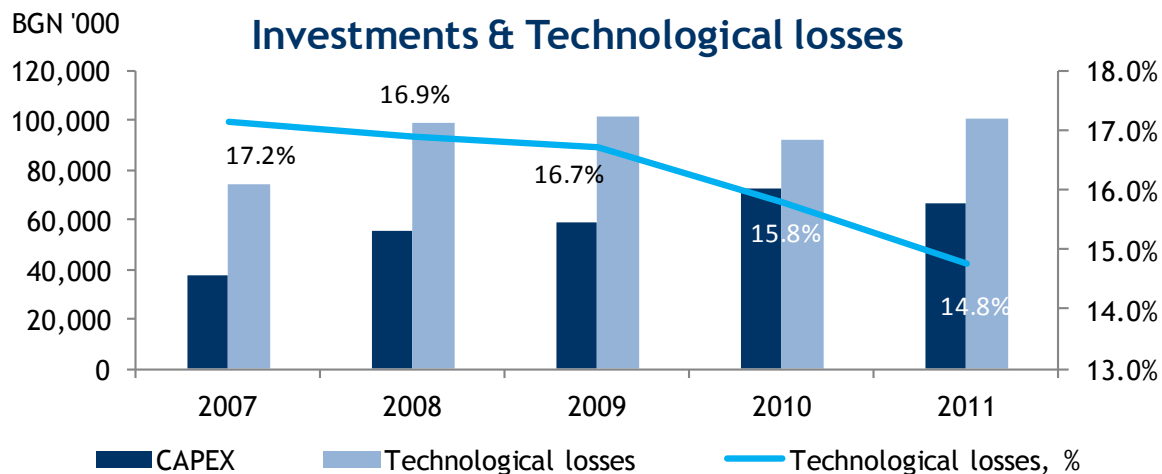
Balance sheet, BGN'000	2009	2010	2011	H1'11	H1'12
Property, plant & equipment	360,953	387,846	410,657	384,023	409,911
Non-current assets	360,990	387,918	410,673	384,043	410,042
Receivables	49,456	58,102	55,434	56,240	28,699
Cash & equivalents	2,192	1,098	117	223	12,250
Current assets	62,442	70,108	63,971	67,798	51,214
Total assets	423,432	458,026	474,644	451,841	461,256
Equity	314,674	308,764	318,570	313,367	332,476
Provisions	21,141	20,428	19,448	20,282	18,880
Deferred income	43,841	54,200	58,540	53,860	63,392
Non-current liabilities	71,609	80,298	83,329	79,999	88,007
Accounts payable	19,629	42,615	47,025	16,522	31,455
Short-term debt	8,511	16,917	15,719	30,842	10
Currents liabilities	37,149	68,964	72,745	58,475	40,773
Total liabilities & equity	423,432	458,026	474,644	451,841	461,256

PP&E and Receivables



Equity and Net Debt

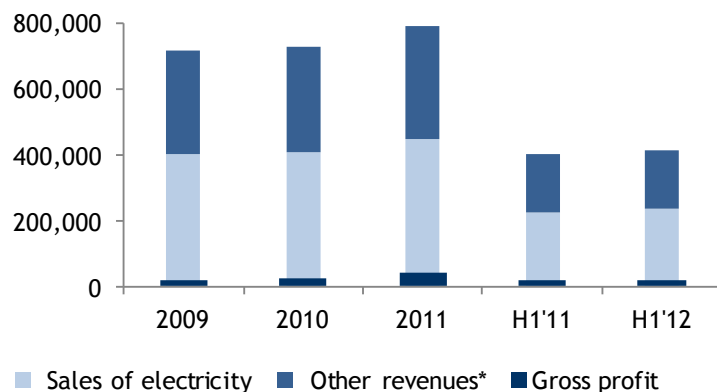




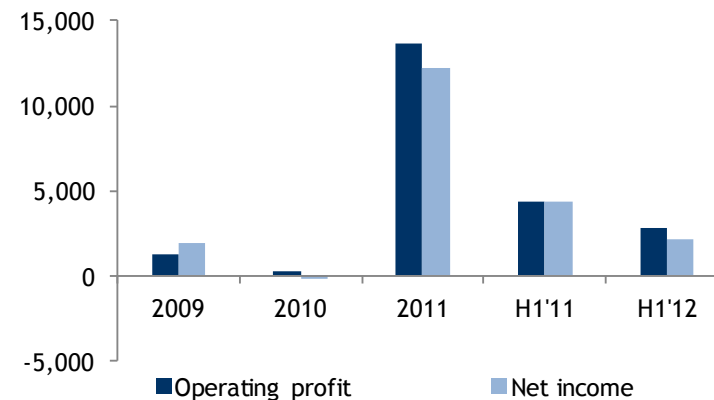
Energo-Pro Sales Income Statement highlights

Income statement, BGN'000	2009	2010	2011	H1'11	H1'12
Revenue, incl.	719,446	730,748	792,037	404,247	415,704
Regulated revenues: sales of electricity	399,362	408,313	444,815	221,664	233,948
Other revenue: distribution & other fees*	320,084	322,435	347,222	182,583	181,756
COGS	699,699	703,943	753,523	387,164	399,005
Gross profit	19,747	26,805	38,514	17,083	16,699
SG&A	18,564	26,522	24,816	12,711	13,869
EBITDA	1,334	408	13,837	4,448	2,869
Operating profit	1,183	283	13,698	4,372	2,830
Financial income/(expenses)	587	(503)	(137)	(53)	(286)
Income before tax	1,770	-220	13,561	4,319	2,544
Net income	1,852	-204	12,211	4,319	2,081

Revenue & Gross Profit

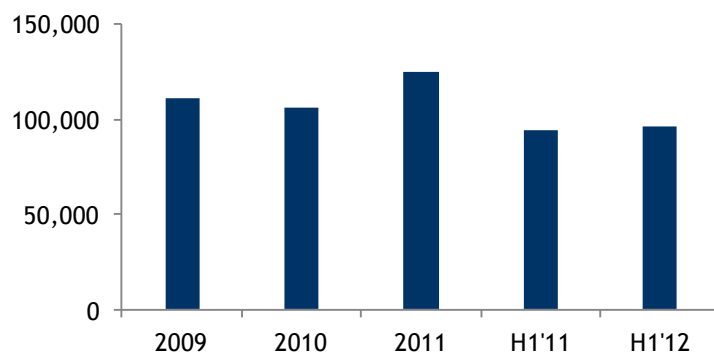


EBIT & Net Income



Balance sheet, BGN'000	2009	2010	2011	H1'11	H1'12
Non-current assets	6,954	6,485	5,058	6,473	4,974
Receivables	111,066	105,806	125,319	93,775	96,279
Cash & equivalents	10,839	1,660	1,801	2,862	1,308
Current assets	126,340	107,467	127,121	96,637	97,862
Total assets	133,294	113,952	132,179	103,110	102,836
Equity	24,641	24,421	36,657	28,740	38,738
Non-current liabilities	33	63	43	65	50
Accounts payable	74,495	79,536	76,705	73,366	47,222
Short-term debt	34,043	9,010	15,510	0	15,011
Currents liabilities	108,620	89,468	95,479	74,305	64,048
Total liabilities & equity	133,294	113,952	132,179	103,110	102,836

Receivables



Equity & Net debt

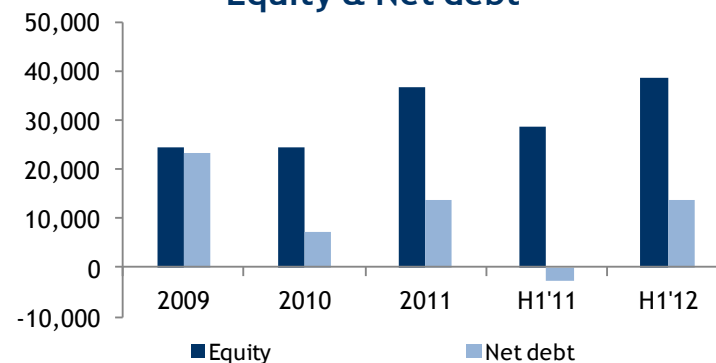
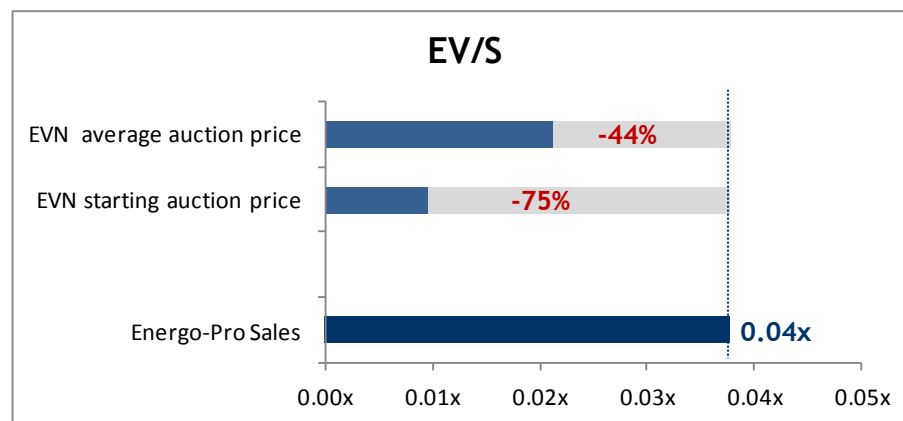
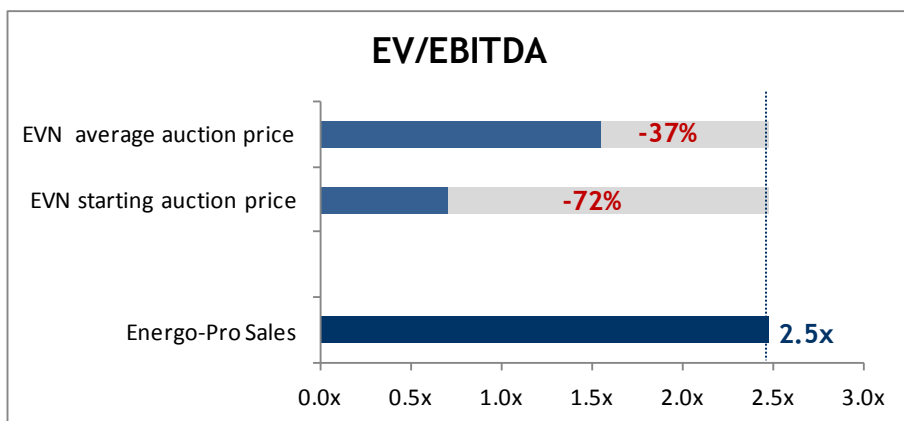
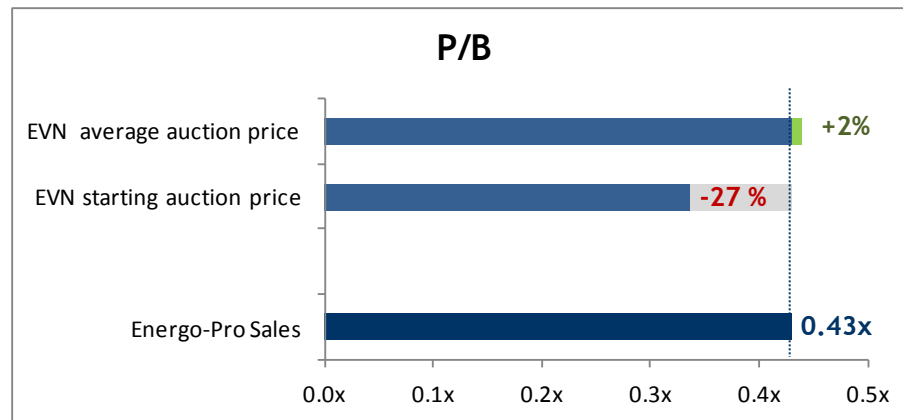
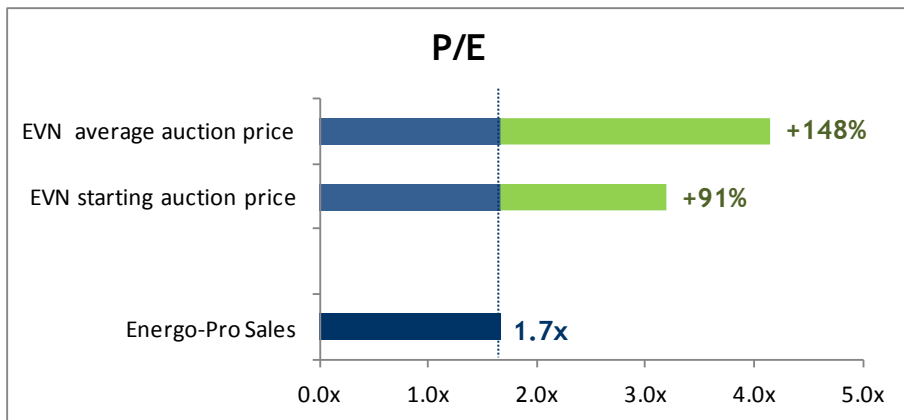


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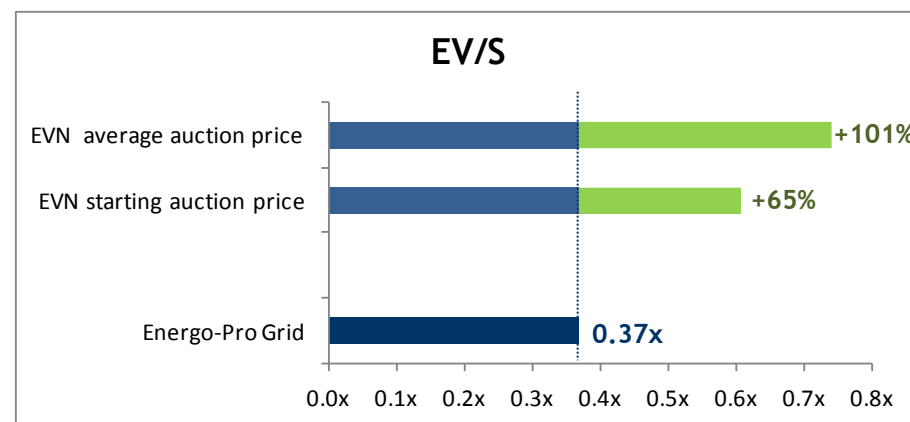
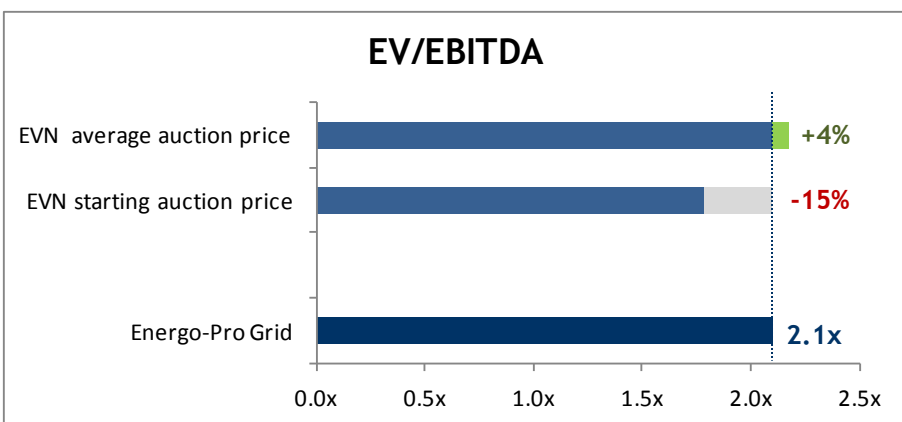
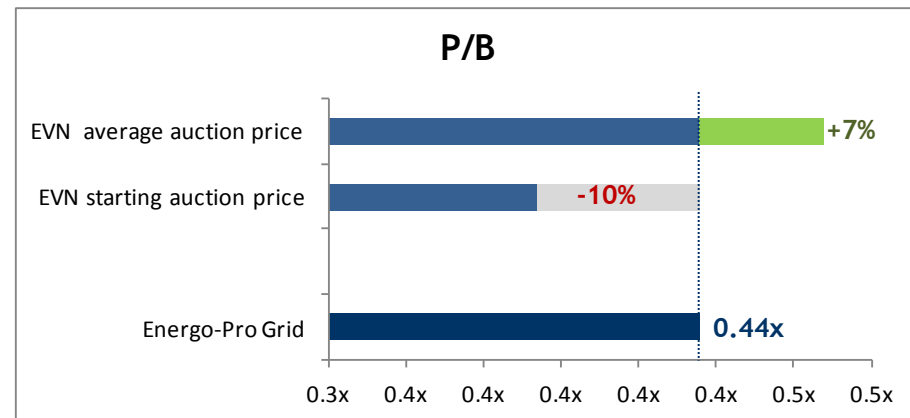
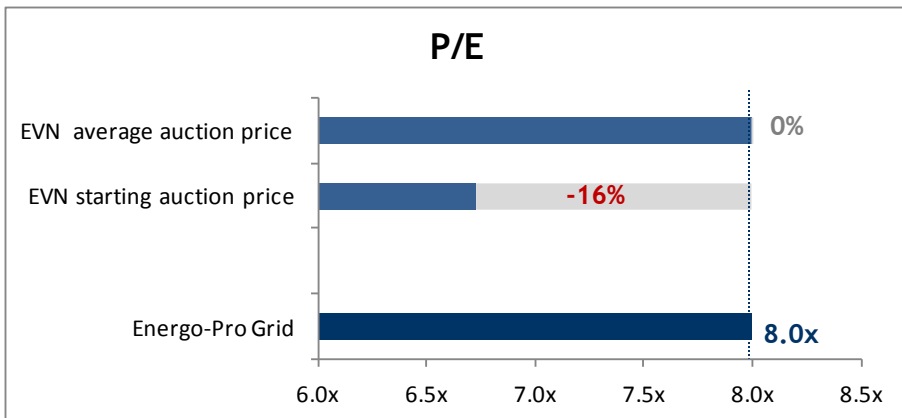
1. CORPORATE OVERVIEW
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- 5. VALUATION ANALYSIS**
6. RECENT DEVELOPMENTS
7. Q&A

TRADING MULTIPLES COMPARISON (TTM) TO CLOSEST PEER - EVN ENERGOSNABDIAVANE



*TTM basis

TRADING MULTIPLES COMPARISON (TTM) TO CLOSEST PEER - EVN ENERGORAZPREDELENIE



*TTM basis

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■ Change in ownership in June 2012

- The majority stakes in the two companies were sold to Energo-Pro for undisclosed amount
- New owner to share the same strategy
- Current outsourcing agreements to E.ON Group to be run over the first 12 months after the deal

■ New regulatory price decisions 2012/13 and effects

- Increase of Energo-Pro Grid's weighted average tariff by 4%
- 16% higher procurement price for energy losses for Energo-Pro Grid will offset the savings from the reduced energy losses
- Higher gross profit margin of Energo-Pro Sales due to favourable price decision
- Liberalisation of the market will reduce electricity supplied by Energo-Pro Sales
- Significantly lower feed-in tariffs of renewables shall curb further investments

- **Regulatory change of July 2012 to force the end suppliers to share the green energy burden with NEC**
 - Each month NEC will compensate the end suppliers with only up to 1/12 of the approved forecasted annual expenses for green energy and cogeneration
 - Unexpected boom of new renewable projects in H1 2012 increase the cost of the end suppliers during the current pricing period
 - Energo-Pro Sales has booked BGN 6.5m not compensated energy procurement cost for the first two months as a result of the above circumstances

- **Next regulatory period: 2013-2018**
 - The heavy investments over the current regulatory period will increase RAB in the next regulatory period
 - Target capital structure 50/50 to lower the weighted-average cost of capital and reduce the return on investments
 - Change of regulation for end-suppliers to cost-plus method - procurement energy cost plus up to 5%
 - The expiration of the free CO₂ quotas puts significant upward pressure on the electricity generation prices

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QUESTION & ANSWERS?

If no further questions we would like to thank you for your attention and we would like to point out that this presentation and other relevant information is also available on ENERGO-PRO website (www.energo-pro.bg) and on FFBH website (www.ffbh.bg)

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