

LENENERGO  
SINCE 1886

FY 2011  
Operating Results  
of JSC Lenenergo  
under RAS

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# General information on the Company

**Lenenergo** is one of the largest electricity distribution companies in Russia, the operator of 0.4-110 kV grids, servicing the territory of Saint-Petersburg and the Leningrad region

### Main types of activity:

- electric power transmission and distribution services;
- technological connection of power receiving facilities (power plants) of business and individuals to the grids

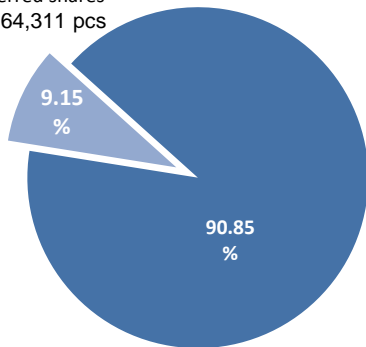
The Lenenergo share in Saint-Petersburg and Leningrad region in the electric power transmission market as of 31.12.2011 – **69.8%**

Lenenergo comprises **10 operational units** in Saint-Petersburg and the Leningrad region

Personal number of Lenenergo as of 31.12.2011 was equal to **6,052 people**

Authorized capital of Lenenergo is equal to **RUR 1,019,285,990.004**

Preferred shares  
93,264,311 pcs



Ordinary shares  
928,021,679.004 pcs

### Information on Lenenergo shares

#### Quotation lists

MICEX	B
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#### Tickers

Ordinary shares	LSNG
Preferred shares	LSNGP

#### Capitalization

31.12.2011, USD mln*	<b>348</b>
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\* The calculation is made on the capitalization weighted average price on the MICEX SE at the rate of the Central Bank on that date

Lenenergo share in the electric power transmission market as of 31.12.2011:

St.-Petersburg – **75.2%**

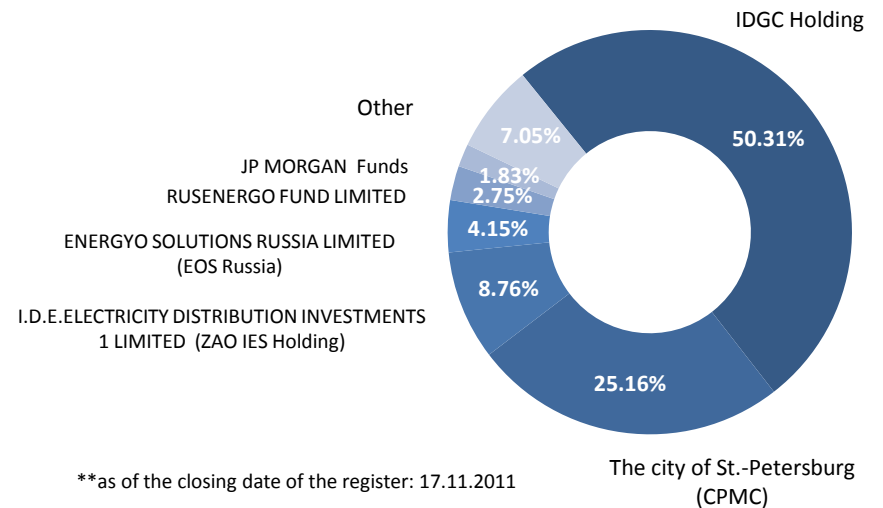
Leningrad region – **60.3%**

Major competitors of Lenenergo: municipal electric network companies OAO SPES in Saint-Petersburg and OAO LOESK in the Leningrad region



Service area, thousand sq.km	<b>87.3</b>
Population, mln. people	<b>6.2</b>

### Structure of share capital of JSC Lenenergo\*\*



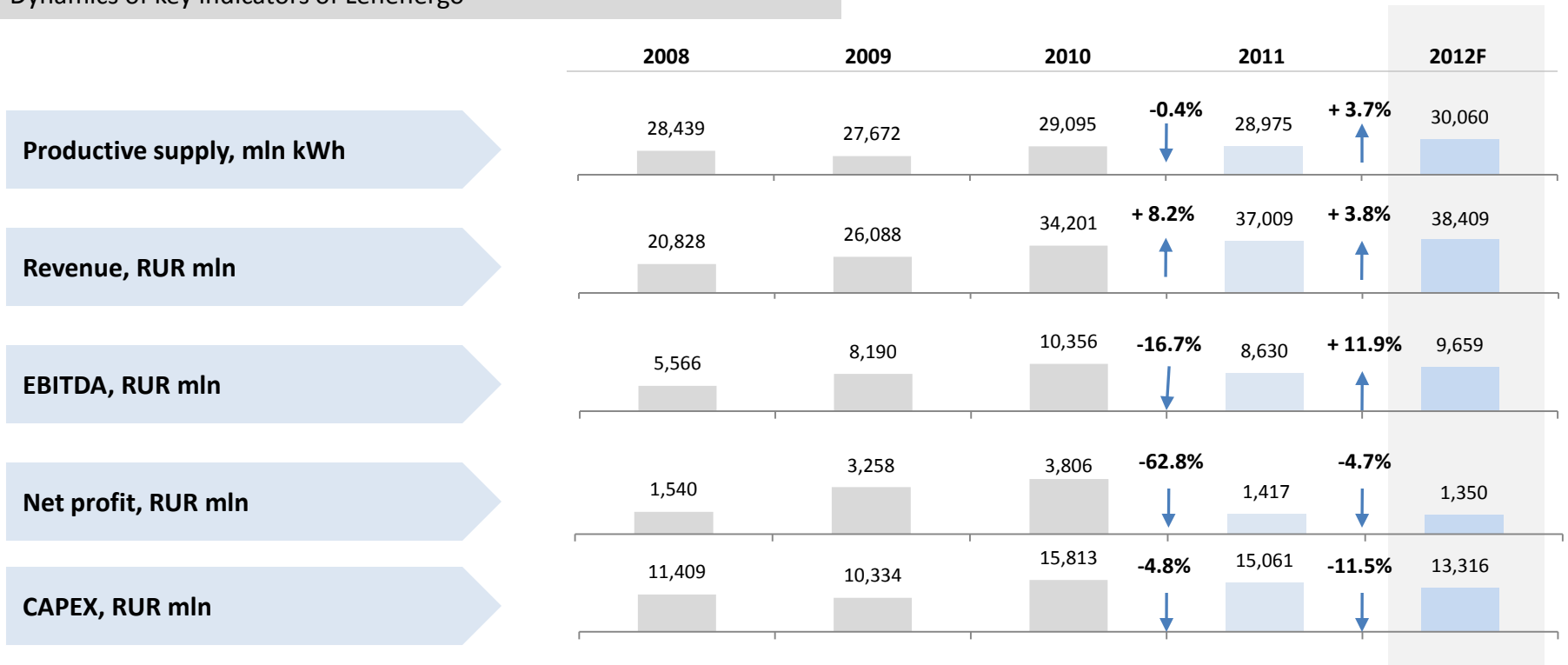
\*\*as of the closing date of the register: 17.11.2011

## Business and financial highlights

### Characteristics of Lenenergo assets

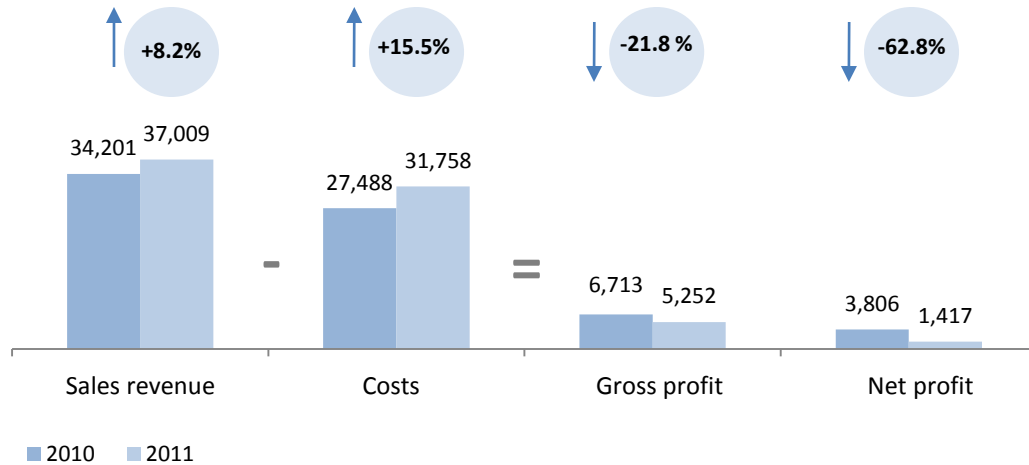
	Unit	2008	2009	2010	2011
Installed capacity	MVA	19,365.5	19,901.4	20,740.5	21,427.4
Overhead Transmission Lines 0.38-110 kV on circuit	km	39,084.6	39,285.9	39,418.8	39,782.6
Overhead Transmission Lines 0.38-110 kV on line	km	35,966.5	36,148.2	36,273.6	36,586.8
Cable lines 0.38-110 kV	km	16,730.9	17,650.7	18,622.3	19,554.2
Substations 35-110 kV	pcs (MVA)	368 (12,818)	370 (13,084)	372 (13,466)	373 (13,742)
Transformer substations 6-35 kV	pcs (MVA)	13,646 (6,548)	13,909 (6,818)	14,361 (7,275)	14,770 (7,686)

### Dynamics of key indicators of Lenenergo



# Financial performance of Lenenergo in 2010 – 2011

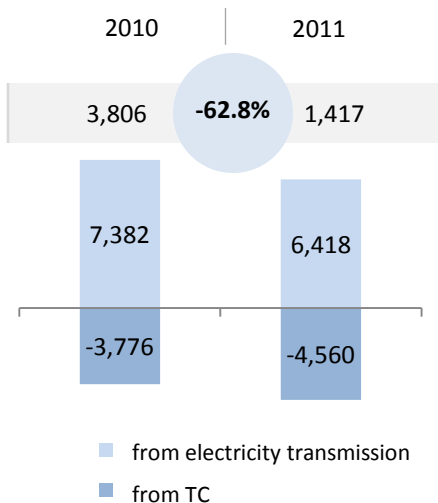
Formation of sales profit and net profit, RUR mln



The increase in revenues for electricity transmission constituted 19.5%, or RUR 4,653 mln. The growth was primarily driven by increased rates for electricity transmission (an increase of the average rate for 2011 relative to 2010 was: in St.-Petersburg - 19.4%, in the Leningrad region - 24.8%).

At the same time revenues from provision of services for technological connection in 2011 decreased by 18.2% (RUR 1,853 mln), which is associated with the closure of a large amount of property contracts in 2010.

Net profit by types of activity\*, RUR mln



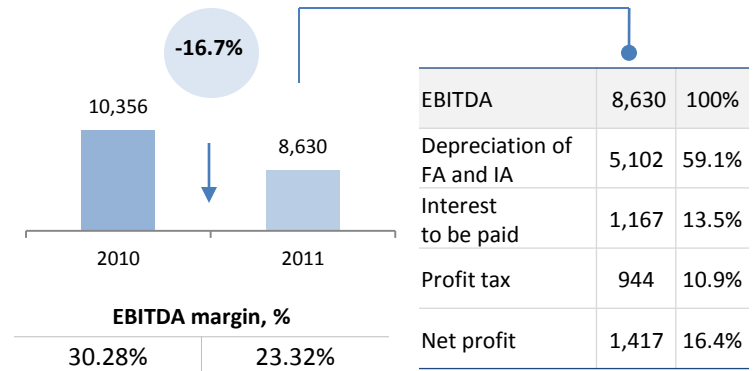
The decrease in net profit is driven by the outstripping revenue growth compared to the increase in cost as compared to the previous reporting period, followed by the increase in the negative balance of other income and expenses.

In addition, since 01.01.2011 the Company transited to RAB-based regulation. Considering the incomplete accounting by the regulator of the necessary expenses (primarily on the federal factors: JSC UES FGC fee, losses of electricity), as well as through the use of a smoothing mechanism in 2011, the loss of electric power transmission in 2011 was higher than in 2010.

As a result of 2011 net profit from the provision of services for technological connection constituted RUR 6,418 mln, which is 13% less than in 2010.

\* Including other activities the amount of revenue and costs of which is less than 1% of the total sum

EBITDA, RUR mln



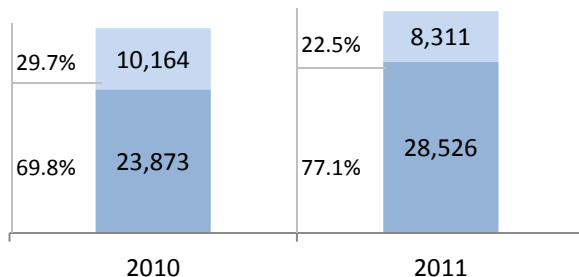
Liquidity indicators

Liquidity indicators	2010	2011	Deviation, p.p.
ROE	7.80%	2.54%	-5.25
ROA	4.29%	1.32%	-2.98
ROS	19.63%	14.19%	-5.44

## Structure of revenue and costs of Lenenergo in 2011

Revenue by types of activity\*,  
RUR mln

34,201 **+8.2%** 37,009



■ From electricity transmission ■ From technological connection

Prime cost by types of activity\*,  
RUR mln

27,488 **+15.5%** 31,758



■ From electricity transmission ■ From technological connection

\* Including other activities the amount of revenue and costs of which is less than 1% of the total sum

According to 2011 results controlled costs constitute 17.2%, uncontrolled costs - 82.8% of the total costs of the Company.

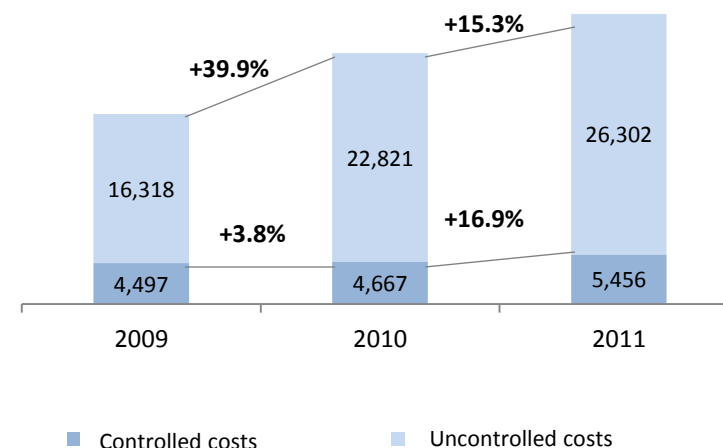
In the structure of control of costs there is prevailing labor remuneration fund (49.4%).

In the structure of uncontrolled costs there are dominating services on electricity transmission by networks of TGOs (30.3%), payment for services of JSC FGC UES and the costs for purchased power to compensate for losses. The most significant changes in the structure of uncontrolled costs as compared to 2010 occurred in part of the growing share of the costs of services for electricity transmission by networks of TGOs (by 6.4 p.p.) followed by the reduction in the share of purchased power to compensate for losses (5.3 p.p.).

Structure of prime cost, RUR mln

Indicator	2010	2011	2011/2010 Δ in %
Controlled costs	4,667	5,456	16.9%
Material costs	601	661	10.1%
Labor remuneration fund	2,178	2,693	23.6%
Other costs	1,888	2,102	11.3%
Uncontrolled costs	22,821	26,302	15.3%
Purchased power to compensate for losses	5,865	5,357	-8.7%
Services on electricity transmission by networks of TGOs	5,464	7,969	45.8%
Payment for services of JSC UES FGC	4,909	5,686	15.8%
Depreciation of FA and IA	4,135	5,102	23.4%
Lease payments	1,620	1,187	-26.7%
Other costs	828	1,001	20.9%
<b>Total costs</b>	<b>27,488</b>	<b>31,758</b>	<b>15,5%</b>

Dynamics of costs structure, RUR mln



■ Controlled costs ■ Uncontrolled costs



## Credit portfolio and debt position of Lenenergo for the end of 2011

### Capital structure, RUR mln

	31.12.2010	31.12.2011	Δ in % 31.12.2011/ 31.12.2010
Equity capital	51,759	56,195	8.6%
Liabilities, inc.	36,941	51,583	39.6%
Long-term borrowings	14,760	23,785	61.1%
Short-term borrowings	22,181	27,799	25.3%
Equity to liabilities	1.4	1.09	-
Leverage	22.2%	32.4%	-10.2 p.p.

### Credit portfolio, RUR mln

	31.12.2010	31.12.2011	Δ in % 31.12.2011/ 31.12.2010
Long-term credits and loans	13,562	20,800	53.4%
Short-term credits and loans, including: bonded loan (maturity in 2012)	1,000	6,000	500%
Debt on interest	172	193	12.2%
Accounts payable*	20,985	22,216	5.9%

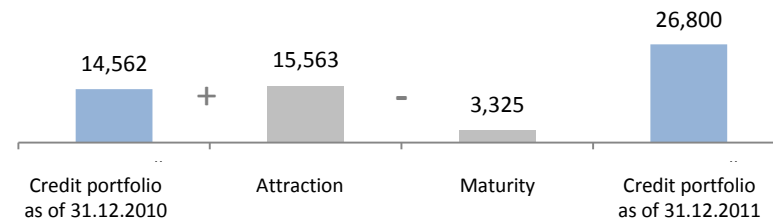
\* The amount of aggregate (long-term and short-term) accounts payable is displayed (without debt on credits and loans)

### Debt position, RUR mln

	31.12.2010	31.12.2011	Δ in % 31.12.2011/ 31.12.2010
Net debt as of the end of the period*	14,405	20,197	40.2%
Net debt/EBITDA	1.39	2.34	-

\* Net debt is calculated as the sum of credits and loans (including the debt on accrued but not paid interest) minus cash assets and short-term financial investments

### Borrowings flow in 2011, RUR mln



As of the end 2011:

- RUR 20,800 mln – long-term liabilities on the sum of main debt;
- RUR 6,000 mln – short-term liabilities on the sum of main debt – loans transferred into the structure of short-term liabilities in accordance with accounting standards: prior to their maturity is less than one year;

### Major banks partners of Lenenergo:

SBERBANK  
VTB BANK Saint-Petersburg  
SVYAZ-BANK  
JSB ROSSIYA

average weighted interest rate in 2011

**7.71%**

### Credit rating



Agency	Rating	Assigned
Moody's	Ba2 (forecast - stable)	November 2009
Moody's Interfax Rating Agency (rating on national scale)	Aa2.ru (forecast - stable)	November 2009

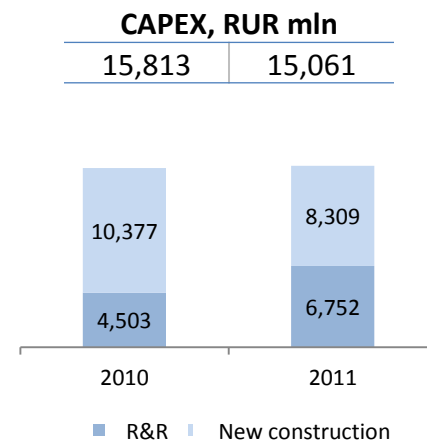
**Confirmed in February 2012**

## Investment program of Lenenergo in 2011

Capital investments of JSC Lenenergo in 2011 constituted **RUR 15,061 mln**

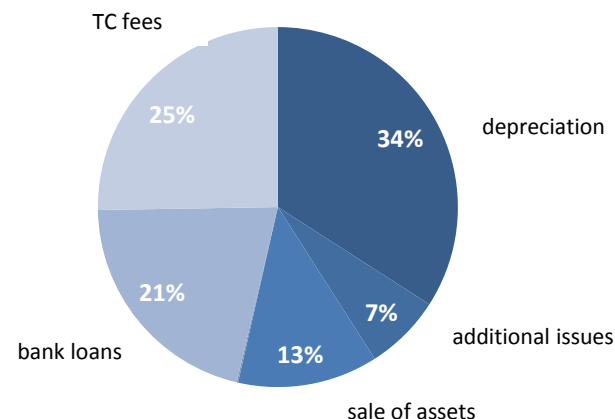
Parameters of investment program, RUR mln

Indicator	Saint-Petersburg			Leningrad region			JSC Lenenergo		
	2010	2011	Δ in % 2011/2010	2010	2011	Δ in % 2011/2010	2010	2011	Δ in % 2011/2010
Disbursement, RUR mln, net after VAT	12,574	10,829	-13.9%	3,239	4,232	30.7%	15,813	15,061	-4.8%
Commissioning of FA, RUR mln	11,328	11,246	-0.7%	2,421	5,077	109.7%	13,749	16,323	18.7%
Financing, RUR mln, VAT included	12,704	11,446	-9.9%	3,723	4,101	10.2%	16,427	15,547	-5.4%
Commissioning of capacities, MVA	704	623	-11.5%	228	372	63.2%	932	996	6.9%
Commissioning of capacities, km	995	935	-6.0%	512	778	52.0%	1,507	1,713	13.7%
Capacity gain, MVA	647	513	-20.7%	215	279	29.8%	862	792	-8.1%
Capacity gain, km	912	740	-18.9%	180	340	88.9%	1,092	1,081	-1.0%



Funding sources of capital investments for 2011-2012, RUR mln net of VAT

Indicator	2010	2011	Δ in % 2011/2010
Investment program, total	15,813	15,061	-4.8%
depreciation	2,656	5,133	93.2%
net profit from electricity transmission	377	-	-
additional issues, including loans attracted for additional issues	-	1,034	-
sale of assets	5,296	1,898	-64.2%
lost income	528	18	-96.6%
bank loans	3,372	3,173	-5.9%
TC fees	3,585	3,804	6.1%

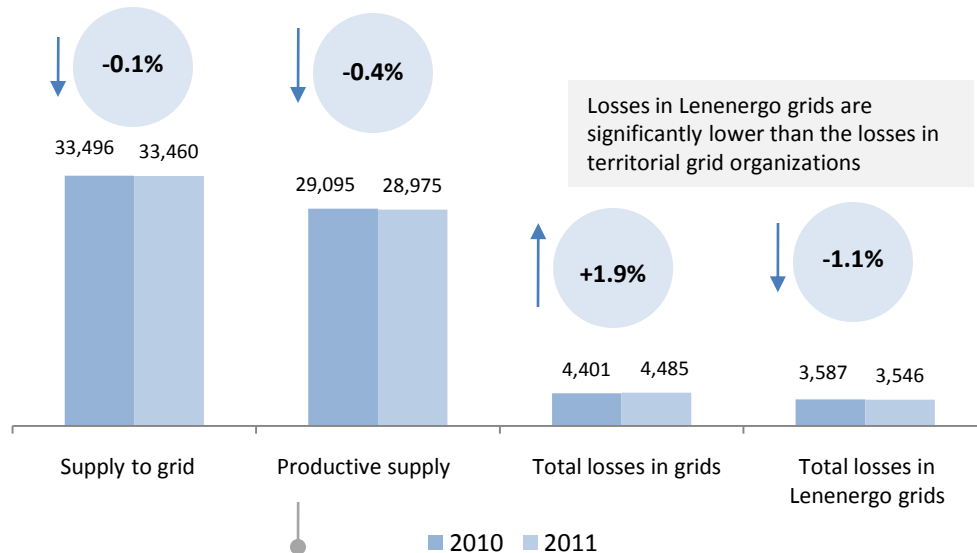




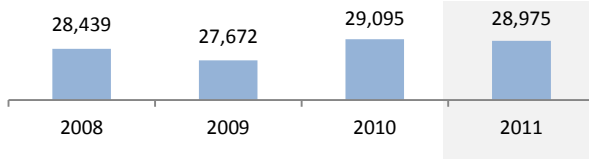
# Electric power transmission of JSC Lenenergo in 2011

Показатели	Supply to grid, mln kWh		Productive supply, mln kWh		Total losses in grids				Losses in Lenenergo grids			
	2010	2011	2010	2011	Mln kWh	%	Mln kWh	%	Mln kWh	%	Mln kWh	%
JSC Lenenergo, including:	33,496	33,460	29,095	28,975	4,401	13.1	4,485	13.4	3,587	10.72	3,546	10.6
St.-Petersburg	21,244	21,297	18,626	18,931	2,618	12.3	2,758	13.0	2,313	10.89	2,335	10.97
Leningrad region	12,252	12,163	10,469	10,436	1,783	14.6	1,727	14.2	1,273	10.39	1,211	9.96

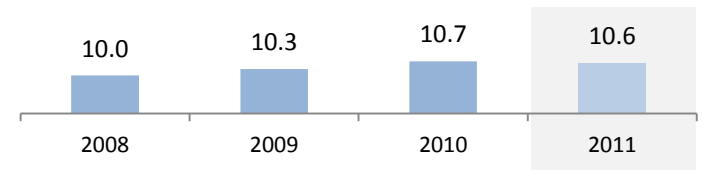
Dynamics of indicators of electric power transmission on Lenenergo grids in 2010 – 2011, mln kWh



Dynamics of productive supply, mln kWh



Dynamics of losses in Lenenergo grids, %



The Company is implementing the **Program on reduction of electricity losses** in grids, according to which the target level of electricity losses in the grids JSC Lenenergo in 2015 is equal to **9.1%**

Implementation of the Program on reduction of electricity losses in Lenenergo grids in 2011

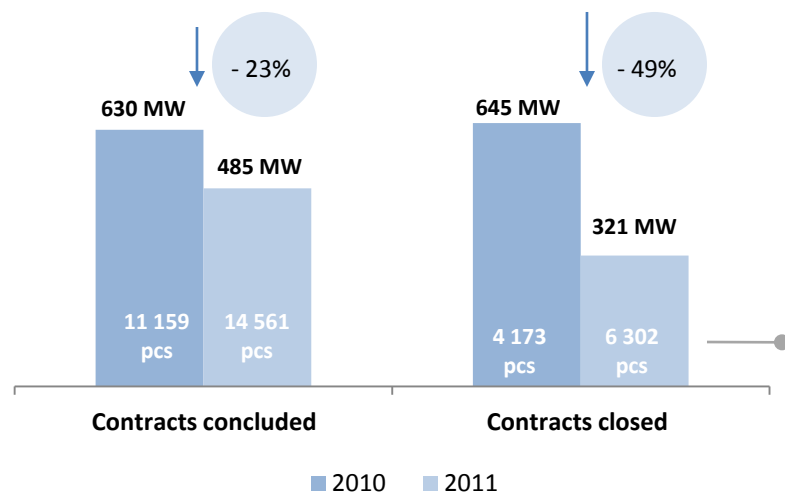
Measures to reduce electricity losses	Reduction of losses, Mln kWh
Reduction of technological losses	23,139
Reduction of commercial losses	22,695
Costs for long-term implementation of the program in 2011	RUR 109 mln
Economic effect of implementing the program on reduction of losses in 2011	<b>RUR 64 mln</b>

## Technological connection of JSC Lenenergo in 2011

Region	Contracts concluded				Contracts closed			
	pcs	MW	pcs	MW	pcs	MW	pcs	MW
	2010		2011		2010		2011	
JSC Lenenergo	11,159	629.5	14,561	485.2	4,173	645.3	6,302	320.6
St.-Petersburg	1,390	247.9	3,656	247.2	1,356	460.0	2,328	169.2
Leningrad region	9,769	381.6	10,905	238.0	2,817	185.3	3,974	151.4

In quantitative terms, in 2011 the main demand for technological connections was fixed in the Leningrad region - 74.8% of the contracts concluded (in 2010 - 87.5%). The basic amount of performed obligations for 2011 also accounts for the Leningrad region - 63.0% (in 2010 - 67.5%).

Outcomes of technological connection of JSC Lenenergo in 2010 – 2011, pcs (MW)



There were concluded and closed more contracts in 2011 than in 2010, but the total capacity of the contracts concluded and performed decreased. The excess in capacity (MW) of performed obligations in 2010 over 2011 is driven by the implementation in 2010 of a significant proportion of property obligations. A reduction in the total capacity followed by an increase in the number of contracts for the 12 months of 2011 is also associated with an increase in the number of contracts with a capacity of up to 15 kW

Execution of overdue obligations on TC in 2011, RUR mln

	RUR mln	share, %
Revenues from TC, including	8,310.6	100.0%
On existing contracts (term of services after 01.01.2011)	5,143.9	61.9%
On overdue contracts (term of services prior to 01.01.2011)	3,166.6	38.1%

Structure of revenues from TC in 2010 - 2011, RUR mln

Revenues form TC	2010	share, % (2010)	2011	share, % (2011)
Revenues from TC, incld.	10,163.7	100.0%	8,310.6	100.0%
Execution on monetary contracts	3,738.7	36.8%	6,237.6	75.1%
Execution on property contracts	6,425.0	63.2%	2,072.9	24.9%

**THANK YOU  
FOR YOUR ATTENTION!**



## CONTACTS

### **JSC Lenenergo**

196247, Russia, Saint-Petersburg, Constitution Sq., 1

### **Head of Department for Corporate Governance and Shareholders Relationship**

Andrey Smolnikov

Tel./ fax +7 (812) 595 31 76

Smolnikov.AS@nwenergo.com

### **Investor Relations**

Ulyana Davydova

Tel. +7 (812) 494 39 06

Fax +7 (812) 494 37 34

ir@lenenergo.ru

Davydova.UE@nwenergo.com

[www.lenenergo.ru](http://www.lenenergo.ru)