



MICEX-RTS: LSNG/LSNGP

Credit rating:

Moody's Ba2 (stable outlook)

Confirmed in January, 2013

Press release

On 26 April 2013 (Minutes # 29 of 30.04.2013) the Board of Directors of JSC Lenenergo approved the Business plan of JSC Lenenergo for 2013-2017 and assumed as a basis the Investment program for 2013-2018

Indicator	Unit	2012	2013 plan	Δ in % 2013P/ 2012
Operational indicators				
Productive supply of electric power	mIn kWh	30,007	30,230	1 %
Electric power losses	%	10.37 %	10.21 %	- 0.16 p.p.
Connected capacity	MW	523	621	19 %
Revenues and financial result				
Sales revenues, including:	RUB mln	36,273	42,669	18 %
- from electricity transmission services	RUB mln	28,816	34,271	19 %
- from grid connection services	RUB mln	7,282	8,239	13 %
- from other industrial activity	RUB mln	175	159	- 9 %
Prime cost	RUB mln	32,830	38,659	18 %
Gross profit	RUB mln	3,443	4,010	16 %
Profit before taxation	RUB mln	2,154	1,979	- 8 %
Net profit	RUB mln	1,234	801	- 35 %
EBITDA*	RUB mln	9,925	13,085	32 %
EBITDA margin	%	27.36 %	30.67 %	2.49 p.p.
Credit portfolio and debt position				
Loans and credits **	RUB mln	27,789	33,809	22 %
Average rate on involved credits	%	8.26 %	10.57 %	2.31 %
Net debt	RUB mln	22,360	32,074	43 %
Net debt/EBITDA	-	2.25	2.45	-
Investment program				
Investment program (development)	RUB mln	14,891	18,499	24 %

* The indicator is calculated according to the technique applied at formation of the Business plan for 2013: EBITDA = Net profit + Profit tax + Depreciation + (Interest payable - Interest receivable)

** The sum of debt on credits and loans taking into account debt on interest (the sum of lines 1410 and 1510 of the balance sheet) is reflected.

Formation of revenues and financial result

Sales revenues in 2013 are forecasted at a level of **RUB 42,669 mln**, relative last year a growth of revenues will make RUB 6,396 mln or 18 %. Revenues growth both from rendering of electricity transmission services (+ RUB 5,455 mln or 19 %) and from grid connection (+ RUB 957 mln or 13 %) are expected.

The increase in revenues **from transmission** of electric power is caused by:

- increase in forecasted volume of rendered services in electric power transmission in 2013 according to developed dynamics of electricity consumption during the previous periods, and both conditions of contracts existing and planned to the conclusion in 2013 (growth of productive supply will make about 1 %);
- growth of an average tariff for electric power transmission by 17.8 %. According to the forecast of social and economic development for 2013-2015, accepted by Ministry of Economic Development of the Russian Federation on 12.09.2012, individual parameters of tariff regulation for 2012-2017 which allow excess of growth rate of a joint-operation tariff for electricity transmission in the territory of St. Petersburg and the Leningrad Region, established by a forecast of the social and economic development of the Russian Federation if it is caused by need of implementation of the considerable investment program are approved for JSC Lenenergo.

The increase in revenues **from grid connection services** is associated with performance in 2013 of the accumulated obligations on connection of applicants.

Revenues **from other industrial activity** in 2013 are insignificant below the level of last year and will make RUB 159 mln (decrease by RUB 16 mln, or 9 %).

Cost of rendered services in 2013 will make **RUB 38,659 mln**; growth relative 2012 will make RUB 5,829 mln, or 18 %, resulting from an increase in:

- the sums of depreciation charges - at the expense of revaluation of fixed assets on group "Objects of power grid equipment" for the end of 2012, increase in cost of fixed assets taking into account input volumes according to the investment program, increases in average rate of depreciation charges at the expense of changes in the structure of fixed assets;
- costs of services of distribution grid companies – at the expense of the tariff and balance decisions approved for 2013 and the option of a tariff chosen by the Company on electric power transmission services;
- costs of services on electric power purchase with a view of compensation of losses - at the expense of increase in a non-controllable tariff at purchase of electric power losses;
- costs of services of JSC FGC UES - as a result of increase in a tariff for maintenance of networks and a tariff for electric power purchase for compensation of losses in UNEG networks, and the volume of losses;
- expenses on property tax - as a result of cancellation of privileges on this tax regarding power grid equipment.

Gross profit of JSC Lenenergo following the results of 2013 will make **RUB 4,010 mln** that is RUB 567 mln, or 16 % above the indicator of the previous year.

Net profit of the Company in 2013 is forecasted in the sum of **RUB 801 mln**. Deterioration of financial result relative 2012 will make RUB 433 mln, or 35 %. The decrease in financial result is mainly influenced by the following factors:

- a gain of depreciation charges following the results of revaluation of fixed assets and property tax in compliance with legislation changes;
- decrease in balance of other income and expenses due to forecasted decrease in income from identification of non-contractual electricity consumption.

Formation of EBITDA

EBITDA following the results of 2013 will make **RUB 13,085 mln** and relative the similar previous reporting period will increase by RUB 3,160 mln, or 32 %.

Indicators	Formula	RUB mln		
		2012	2013 plan	Δ in % 2013P/2012
Revenues	1	36,273	42,669	18
Prime cost net of depreciation	2	26,552	29,386	11
Gross profit + depreciation	3= 1-2	9,721	13,284	37
Balance of other income and expenses (net of interest)	4	203	- 199	- 198
EBITDA including:	5= 3+4= 6+7+8+9	9,925	13,085	32

Indicators	Formula	2012	2013 plan	Δ in % 2013P/2012
FA and IA amortization	6	6,278	9,274	48
Interest payable - Interest receivable	7	1,492	1,832	23
Profit tax	8	920	1,179	28
Net profit	9	1,234	801	- 35

Increase in EBITDA concerning its value for 2012 occurs mainly at the expense of a higher growth rate of revenues in comparison with a prime cost growth net of depreciation.

Decrease in balance of other income and expenses net of interest payable and receivable (by RUB 402 mln) is generally caused by a decrease in income from revealed non-metered and non-contractual electricity consumption.

Growth of EBITDA will be accompanied by increase in the following components: depreciation, balance on accrued interest and profit tax. Thus Net profit will be reduced.

Increase in the sum of interest is caused by growth of a principal debt, and a growth of interest rates on debt funds.

The share of EBITDA in revenues (EBITDA margin) will increase on 3.31 percentage points and will make 30.67 %. Overall, the given change of the indicator is positively characterized from a viewpoint of an assessment of the Company's financial state.

Credit portfolio and debt position

The increase in debt on **loans and credits** taking into account interest will make RUB 6,020 mln (+22 %). It is planned to involve credits for financing of investment activity of the Company, including on financing of works on construction of a distributive grid and renovation of cable lines.

The average forecasted rate on credits in 2013 will make 10.57 % that is 2.31 percentage points higher than its value for the previous year.

The gain of **Net debt** is higher than a growth of the sum on loans and credits due to a decrease in the sum of short-term investments and cash balance for the period end (by RUB 3,694 mln, or 68 %).

Investment activity

The volume of capital investments in 2013 will make RUB 18,499 mln that is RUB 3,608 mln or for 24 % above the indicator of 2012 (RUB 14,891 mln). Growth of capital investments is caused to a greater extent by works under the grid connection contract of new traction substations of the railway line Losevo-Kamennogorsk and connection of a preferential category of consumers.

Name of indicators	JSC Lenenergo		
	2012	2013 plan	Δ in % 2013P/2012
Development, RUB mln w/o VAT	14,891	18,499	24
Input of fixed assets, RUB mln	16,075	20,430	27
Input of capacity, MVA	1,911	881	- 54
Input of capacity, km	1,581	2,488	57

For reference:

JSC Lenenergo is the largest distribution grid company (the operator of networks 0.4-110 kV), serving the territory of St. Petersburg and the Leningrad Region.

JSC Lenenergo share in electric power transmission in the market of St. Petersburg and the Leningrad Region as of 31.12.2012 is 70.3 %

Accounting reporting and information materials of JSC Lenenergo are available for shareholders and investors on the Company website at: http://www.lenenergo.ru/shareholders/open_info/