



MOEX: LSNB/LSNGP

**Credit rating:**

Moody's Ba2 (stable outlook)

Confirmed in April 2016

**Press Release**

**02.03.2017**

Lenenergo released its financial statements for 2016 prepared in accordance with RAS.

In 2016 revenue of PJSC Lenenergo grew by 40% and amounted to RUB 61,260 mln. EBITDA increased almost by 3 times and amounted to RUB 21,661 mln. Net profit for the reporting period amounted to RUB 7,561 mln (for 2015 the Company got loss).

RUB mln, unless otherwise specified

	2016	2015	Change
<b>Operating indicators</b>			
Productive electricity supply, mln kWh	29,007	28,249	2.7%
Electricity losses, %	11.53	12.23	-0.7 p.p.
Connected capacity*, Mega Watts	725	380	90.8%
<b>Revenue and financial result</b>			
<b>Revenue from products sale, including:</b>	<b>61,260</b>	<b>43,727</b>	<b>40.1%</b>
- From electricity transmission services	54,437	40,684	33.8%
- From technological connection services	6,485	2,865	126.4%
- From other industrial activities	338	177	91.0%
<b>Prime cost</b>	<b>49,296</b>	<b>44,071</b>	<b>11.9%</b>
Gross profit (loss)	11,965	-344	-
<b>Net profit (loss)</b>	<b>7,561</b>	<b>-5,916</b>	<b>-</b>
<i>Net profit margin, %</i>	12.3	-	-
<b>EBITDA*</b>	21,661	7,325	195.7%
EBITDA margin, %	35.4	16.8	18.6 p.p.
<b>Investments</b>			
<b>Capital investments</b>	<b>21,898</b>	<b>6,741</b>	<b>224.8%</b>
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>Change</b>
<b>Balance sheet indicators</b>			
Assets	188,652	194,683	-3.1%
Equity	121,066	113,336	6.8%
<i>Return on equity (ROE), %</i>	6.2	5.2	1.0 p.p.
Liabilities	67,586	81,347	-16.9%
<b>Credit portfolio and debt position</b>			
Loans and credits**	32,304	38,456	-16.0%
<b>Net debt</b>	<b>24,302</b>	<b>10,172</b>	<b>138.9%</b>
<i>Net debt/EBITDA for 12M</i>	1.1	1.4	-0.3

Notices:

\* EBITDA is reflected net of the balance of provision for impairment of debt financial investments. EBITDA = Net profit + Profit tax + Depreciation + Interest payable – Balance of provision for impairment of debt financial investments.

\*\* Indebtedness sum on credits and loans is reflected with due regard to interest (the sum of lines 1410 and 1510 of the balance sheet)

## Revenue and financial result

**Revenue from sales** based on the operating results for 2016 amounted to RUB 61,260 mln, as compared to the indicator of 2015 the growth amounted to RUB 17,533 mln or 40%.

- **Revenue growth from services rendering for electricity transmission** for 2016 as compared to 2015 is preconditioned by bringing of the tariff-balance solutions into correspondence with the current laws and partial compensation for the short-received incomes in the previous years of the regulation period.
- **Revenue growth from services rendering for technological connection** for 2016 as compared to 2015 is preconditioned by the liabilities fulfillment towards the applicants accumulated before 01.01.2015.
- **Revenue growth from other activity** is of technical nature and is related with amending the Company accounting policy, stipulating transfer of the rental incomes into the revenue.

**Prime cost** of the rendered services based on the results of 2016 has grown by RUB 5,224 mln or 12% as compared to 2015. The increase is preconditioned by the uncontrolled expenses growth by RUB 4,196 mln or 11%, including due to the expenses for electricity losses compensation in own grids, services for electricity transmission of the federal and territorial electric grid companies, payment of taxes and insurance premiums.

The rest expenses of the Company in relation to 2015 grew by 15%, including due to the expenses increase for the non-investment arrangements related with the plan fulfillment of the accumulated liabilities implementation for technological connection of the applicants.

**Net profit** based on the results of 2016 has amounted to RUB 7,561 mln. In relation to 2015, the financial result has improved by RUB 13,478 mln (for 2015 PJSC Lenenergo got the net loss in the amount of RUB 5,916 mln.). Beside the revenue increase on the regulated activity types, the balance growth of other incomes and expenses (by RUB 4,433 mln.) due to decrease of the interest payable sum and amount decrease of the created valuation provisions has influenced materially on the positive dynamics of the financial result in 2016.

## EBITDA

**EBITDA** for 2016 amounted to RUB 21,661 mln and has grown by RUB 14,336 mln in relation to 2015 in connection with increase of the Company sales profit and balance of other incomes and expenses.

### EBITDA calculation, RUB mln

<b>EBITDA</b>	<b>21,661</b>
Depreciation of fixed assets and intangibles assets	9,867
Interest payable	1,730
Balance of provision for impairment of debt financial investments	-150
Profit tax	2,652
Net profit	7,561

**EBITDA margin** for 2016 has grown by 18.6 percentage points and amounted to 35.4%. The significant positive dynamics of the indicator is preconditioned by the higher growth tempos of the Company incomes in relation to expenses.

## Credit portfolio and debt position

**Credits and loans** as at 31.12.2016 decreased by RUB 6,152 mln as compared to 31.12.2015 and amounted to RUB 32,304 mln. The debt decrease to the level of 2015 occurred due to the indebtedness repayment on the loans

(RUB 6,000 mln) with the funds got from sales of the federal loan bonds out of the funds volume paid into the charter capital of PJSC Lenenergo as payment of the additional issue of the ordinary shares.

Rate on the attracted credits has decreased by 0.16 percentage points and amounted to 9.26% due to the carried out work for the costs minimization for the debt servicing, including the early refinancing of the credits with the higher cost of the debt servicing to the market level.

**Net debt** as at the end of the reporting period amounted to RUB 24,302 mln, what is higher by 2.4 times than the indicator as at the end of 2015. The indicator dynamics is related with the material decrease on the item 'cash and cash equivalents'.

**Debt/EBITDA** as at 31.12.2016 amounted to 1.49 and decreased by 3.8 percentage points as compared to 31.12.2015. **Net debt/EBITDA** has amounted to 1.1 and decreased by 0.3 percentage points as compared to 2015 due to a significant growth of EBITDA indicator.

### Investments

Investment program fulfillment	2016*	2015	Change
Development, RUB mln. without VAT	21,898	6,741	224.8%
Fixed assets introduction, RUB mln	14,910	3 685	304.6%
Capacity introduction, MVA	655	211	210.4%
Capacity introduction, km	1,622	452	258.8%

\* The data for 2016 are provisional

**Volume of the capital investments** in 2016 amounted to RUB 21,898 mln, that is higher more than by 3 times than the indicator for 2015 (RUB 6,741 mln.). Development growth is preconditioned by the arrangements implementation in 2016 for the accumulated liabilities fulfillment for technological connection of the consumers of Saint Petersburg and Leningrad region funded at the expense of the funds from the federal loan bonds sales.

### For reference:

PJSC LENENERGO is the largest distribution grid company (an operator of 0.4-110 kV grids) that services the territory of Saint Petersburg and Leningrad region; in forms a part of group PJSC Rosseti.

Financial statements of PJSC Lenenergo and materials for shareholders and investors are available on the Company's website at [http://www.lenenergo.ru/shareholders/open\\_info/](http://www.lenenergo.ru/shareholders/open_info/)

### Liability limitation

These materials can contain statements relating to the future events and expectations which represent prospect appraisals. The information users shall not rely fully on the given appraisals and outlooks because they are one of many variants of the events progression and the actual results of the Company activities in the future may differ from the projected results for many reasons.