

LENENERGO
SINCE 1886

9M 2011
Operational & Financial
Results
of JSC “Lenenergo”

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General Information on the Company

JSC "LENENERGO" is a large distribution grid company (the operator of 0.4-110 kV networks), servicing the territory of St.-Petersburg and the Leningrad region.

Main types of activity:

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

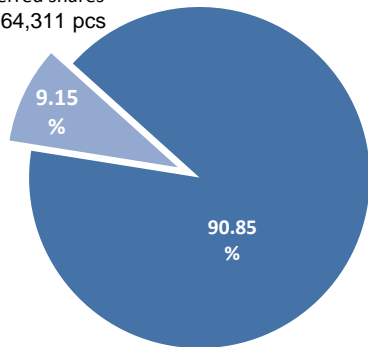
Share of JSC "Lenenergo" in Saint-Petersburg and the Leningrad region in electric power transmission as of 30.09.2011 – **71.3%**

The structure of JSC "Lenenergo" includes **9 operational units** in Saint-Petersburg and the Leningrad region.

Average number of JSC "Lenenergo" personnel as of 30.09.2011 amounted to **6,103 persons**.

Authorized capital of JSC "Lenenergo" – **RUR 1,019,285,990.004**

Preferred shares
93,264,311 pcs



Ordinary shares
928,021,679.004 pcs

JSC "Lenenergo" shares

Quotation lists

MICEX Stock Exchange	B
RTS Stock Exchange	A-2

Tickers

Ordinary shares	LSNG
Preferred shares	LSNGP

Capitalization

as of 30.09.2011, mln USD* **440**

* The calculation is made on the capitalization weighted average price on the MICEX exchange at the rate of the Central Bank on that date

The Company's share on the market of electric power transmission as of 30.09.2011

St.-Petersburg – **77.1%**

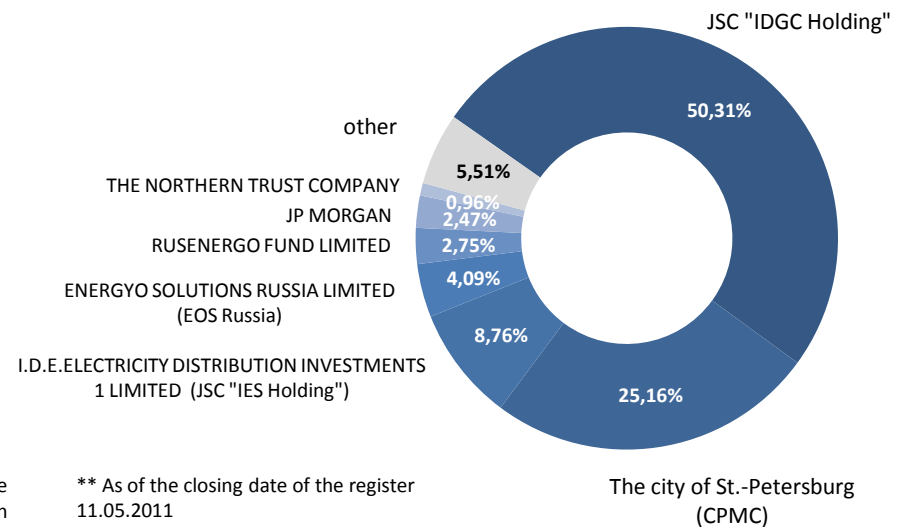
Leningrad region – **61.3%**

Major competitors: municipal electric network companies JSC "SPbES" (St. Petersburg) and JSC "LOESK" (the Leningrad region)



Servicing area, thousand sq km	87.3
Region population, mln people	6.2

Structure of the Company's share capital**, % from share capital



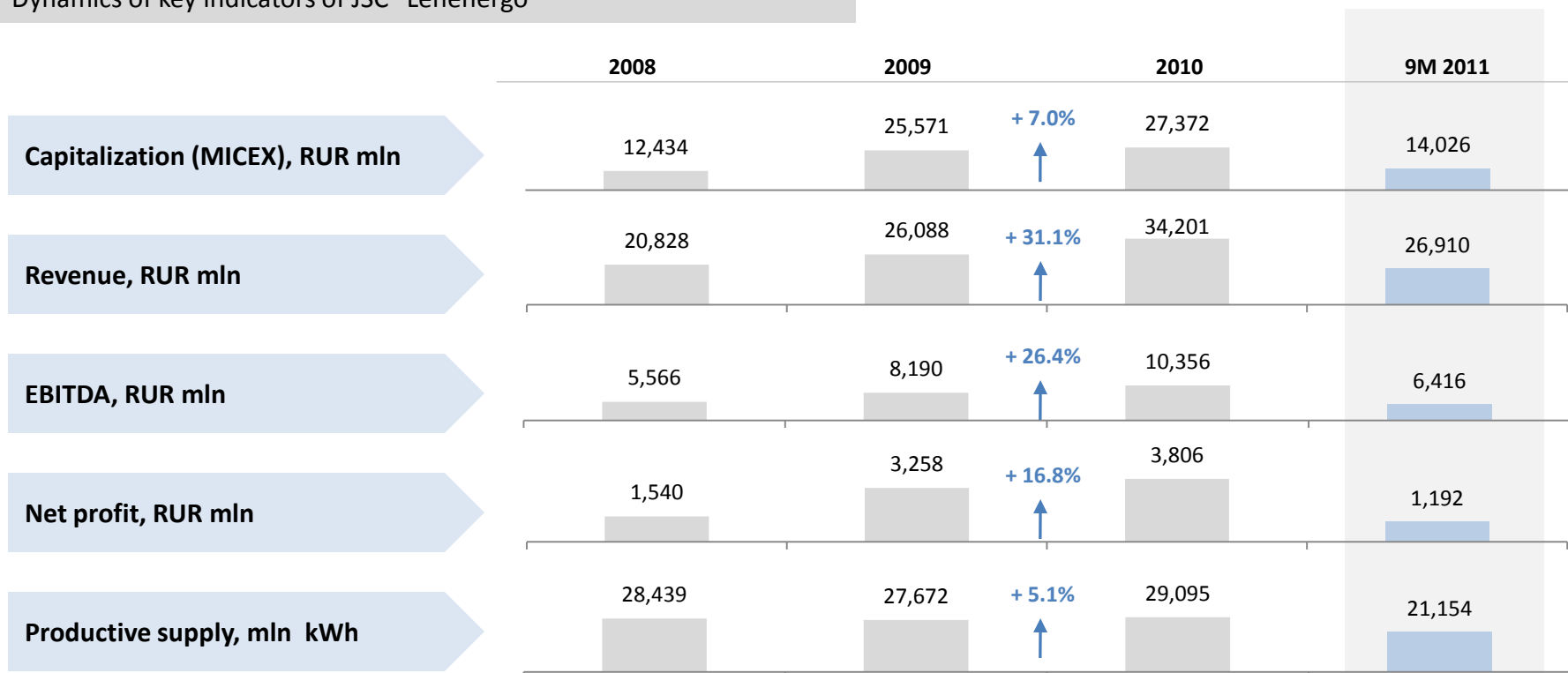
** As of the closing date of the register
11.05.2011

Key results of the Company's performance

Assets of JSC "Lenenergo"

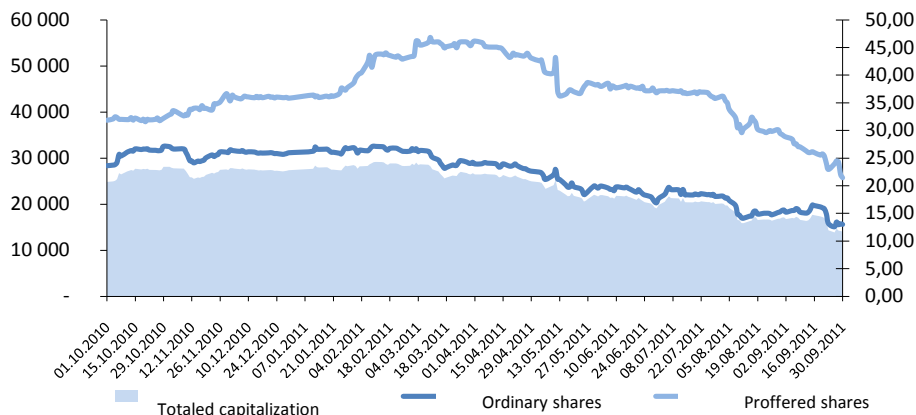
	Unit	2008	2009	2010	9M 2011
Installed capacity	MVa	19,365.5	19,901.4	20,740.5	21,127.0
OTL 0.38-110 kV by circuits	km	39,084.6	39,285.9	39,418.8	39,616.9
OTL 0.38-110 kV on line	km	35,966.5	36,148.2	36,273.6	36,428.4
Cable lines 0.38-110 kV	km	16,730.9	17,650.7	18,622.3	18,627.1
Substations 35-110 kV	pcs (MVa)	368 (12,818)	370 (13,084)	372 (13,466)	373 (13,546)
Transformer substations 6-35 kV	pcs (MVa)	13,646 (6,548)	13,909 (6,818)	14,361 (7,275)	14,533 (7,581)

Dynamics of key indicators of JSC "Lenenergo"



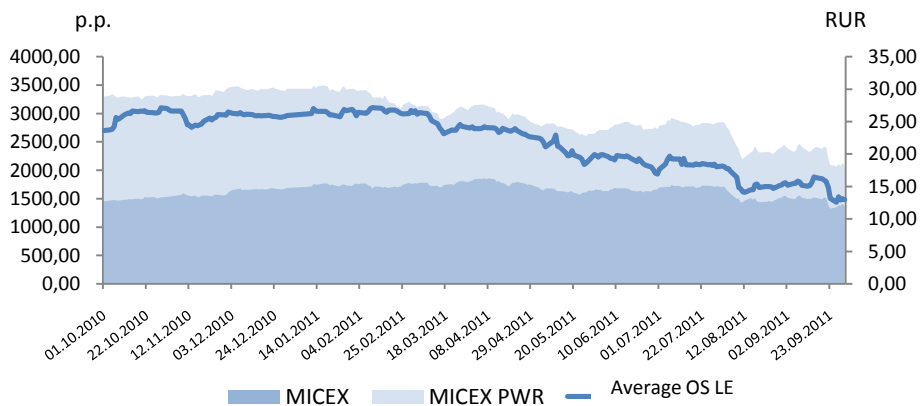
Securities of JSC "Lenenergo" in 2010-2011

Dynamics of JSC "Lenenergo" securities in 2010-2011



MICEX SE	Price as of 30.09.2011, RUR
LSNG (MICEX)	12.99
LSNGP (MICEX)	21.44

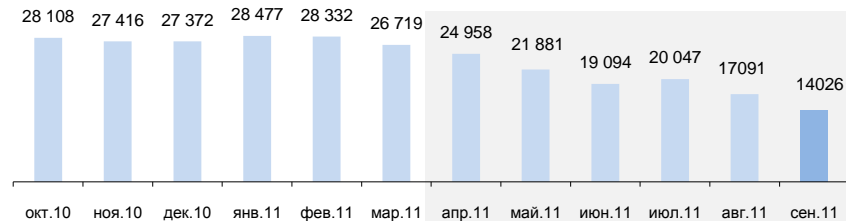
Dynamics of MICEX, MICEX PWR and ordinary shares of JSC "Lenenergo" in 2010-2011



	30.09.2010	30.09.2011	Δ, %
MICEX	1440.30	1366.54	-5.12
MICEX PWR	3294.35	2089.77	-36.56
average OS LE	23.57	12.99	-44.88

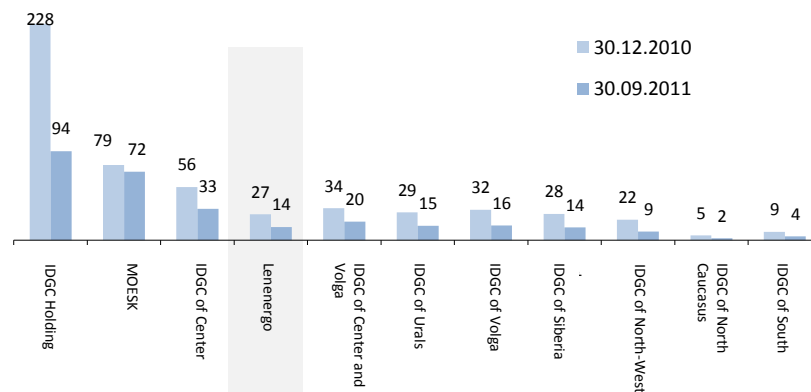
In 3Q 2011 the Company's shares traded in the **general downward trend** with DGCs and the industry index, reflecting investors' lack of confidence due to the uncertainty of the tariff regulation

Capitalization of JSC "Lenenergo" in 2010-2011, RUR mln*



Capitalization*, RUR mln	2008	2009	2010	2010/2009, %
MICEX SE	12,434	25,571	27,372	+7.0 %
RTS SE	11,739	25,703	27,516	+7.1%

Dynamics of DGCs' capitalization for 9M 2011 (MICEX), RUR bln*



* Calculation is executed by an average price at the MICEX

Dividends of JSC "Lenenergo" for 2008-2010, RUR mln**

Year	Dividends on OS, RUR	Dividends on PS, RUR	Accrued dividends, RUR thousand
for 2008	no	1.6508	153,962
for 2009	no	3.4933	325,804
for 2010	no	4.0804	380,559

** In accordance with the Charter of JSC "Lenenergo" dividends are accrued on preferred shares of type A in the amount of 10% of net profit for the completed fiscal year

Overview of key financial results of JSC "Lenenergo" for 9M 2011. Forecast for 2011

Indicator	Unit	9M 2010	9M 2011	Δ, % 9M 2011 / 9M 2010	2011 plan adjusted*
Book value of assets	RUR mln	86,066	92,806	7.8%	99 668
Net assets	RUR mln	50,306	52,341	4.0%	52 051
Equity	RUR mln	50,165	52,341	4.3%	51 922
ROE**	%	4.51%	2.20%	-51.2%	1.34%
Revenue from sales of products, including:	RUR mln	23,172	26,910	16.1%	37 889
- from services on electric power transmission	RUR mln	16,160	21,015	30.0%	29 555
- from services on technological connection	RUR mln	6,894	5,774	-16.2%	8 161
- from other industrial activity	RUR mln	118	121	3.2%	174
Cost of goods sold	RUR mln	19,244	23,339	21.3%	34 045
EBITDA	RUR mln	6,872	6,416	-6.6%	7 696
Profit on sales	RUR mln	3,927	3,571	-9.1%	3 844
Profit before taxes	RUR mln	3,118	1,913	-38.6%	1 474
Net profit	RUR mln	2,211	1,192	-46.1%	693
EBITDA margin	%	29.7%	23.8%	-19.6%	20.3%
DEBT/EBITDA	-	3.23	3.93	21.6%	3.10
Debt as at the end of the period***	RUR mln	13,878	18,674	34.6%	28 406
Net debt	RUR mln	13,627	17,458	28.1%	27 404
Ratio of equity and borrowed funds	-	1.40	1.29	-7.4%	1.09
Leverage	%	21.7%	26.3%	21.3%	35.4%
Ratio of receivables and payables	-	0.56	0.41	-26.5%	0.56

* Forecasted indicators are formed in compliance with the adjusted Business plan of JSC "Lenenergo" for 2011 (taking into account the revise of tariffs for 2011 and results of 1Q 2011)

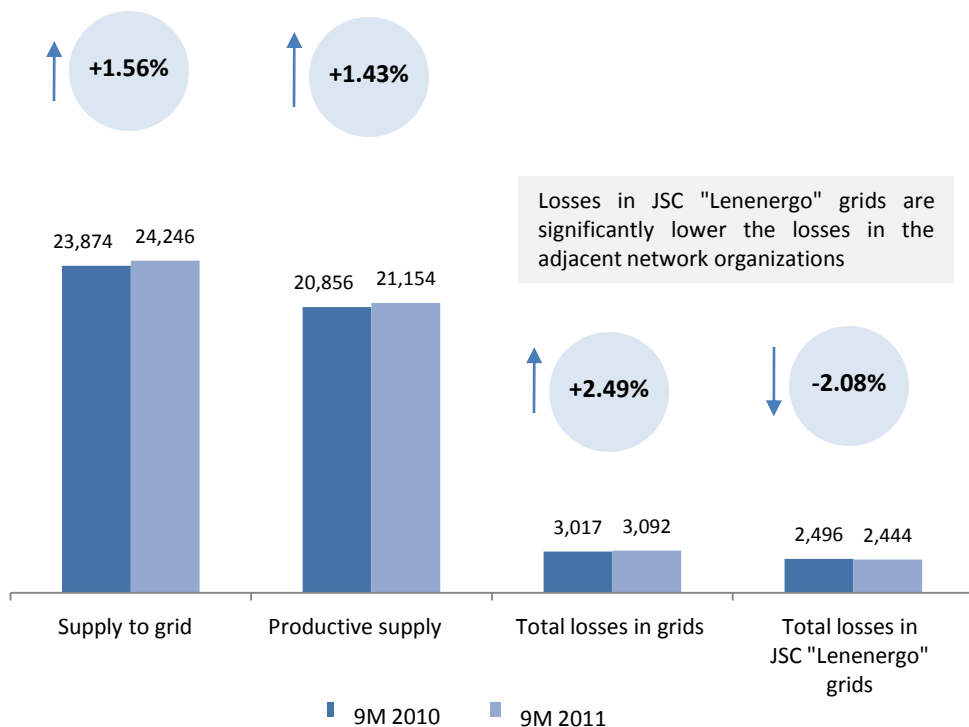
** Adjusted net profit is used for calculation of ROE

*** Debt as at the end of the period is calculated as debt under loans and credits (line 510 + line 610 of the balance sheet)

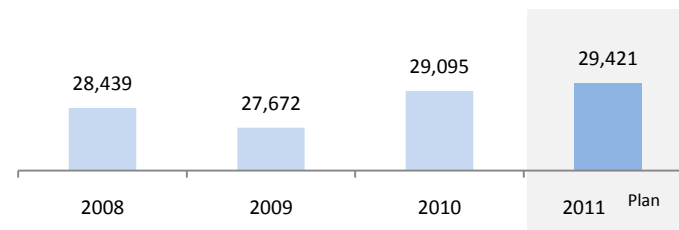
Electric power transmission of JSC "Lenenergo" for 9M 2011

Indicators	Supply to grid, mln kWh		Productive supply, mln kWh		Total losses in grids				Losses in JSC "Lenenergo" grids			
	9M 2010	9M 2011	9M 2010	9M 2011	Mln kWh	%	Mln kWh	%	Mln kWh	%	Mln kWh	%
					9M 2010		9M 2011		9M 2010		9M 2011	
JSC "Lenenergo", including:	23,874	24,246	20,856	21,154	3,017	12.6	3,092	12.8	2,496	10.5	2,444	10.1
Saint Petersburg	15,024	15,408	13,279	13,521	1,746	11.6	1,887	12.2	1,582	10.5	1,600	10.4
Leningrad Region	8,849	8,838	7,578	7,633	1,271	14.4	1,205	13.6	913	10.3	844	9.6

Dynamics of indicators of electric power transmission on JSC "Lenenergo" grids for 9M 2010 – 2011, mln kWh



Dynamics of productive supply, mln kWh



Dynamics of losses in JSC "Lenenergo" grids, %



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

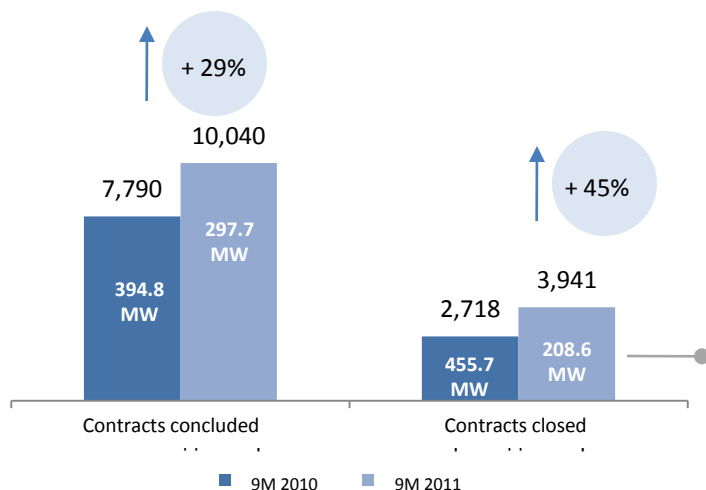
Technological connection of JSC "Lenenergo" for 9M 2011

Region	Contracts concluded				Contracts closed			
	pcs	MW	pcs	MW	pcs	MW	pcs	MW
	9M 2010		9M 2011		9M 2010		9M 2011	
JSC "Lenenergo"	7,790	394.8	10,040	297.7	2,718	455.7	3,941	208.6
Saint Petersburg	896	126.6	2,459	119.7	873	335.9	1,555	101.5
Leningrad Region	6,894	268.2	7,581	178.0	1,845	119.8	2,386	107.1

The Leningrad region shows the main demand for technological connections for 9M 2011 – 75.5% of the total contracts concluded (for 9M 2010 – 88.5%).

The main number of contracts closed for 9M 2011 also accounts for the Leningrad Region – 60.5% (for 9M 2010 – 69%).

Outcomes of technological connection of JSC "Lenenergo" for 9M 2010 – 2011, pcs (MW)



For 9M 2011 more contracts were concluded and closed as compared to the same period of the last year, but the overall capacity on the contracts concluded and contracts closed declined. The excess of capacity (in MW) on performed obligations for 9M 2010 over 9M 2011 is caused by the performance in 2010 of a significant share of property obligations. Reduction in the total capacity at the simultaneous increase in the number of contracts for 9M 2011 is also associated with an increase in the number of contracts concluded for the capacity of up to 15 kW

Execution of overdue obligations on TC for 9M 2011

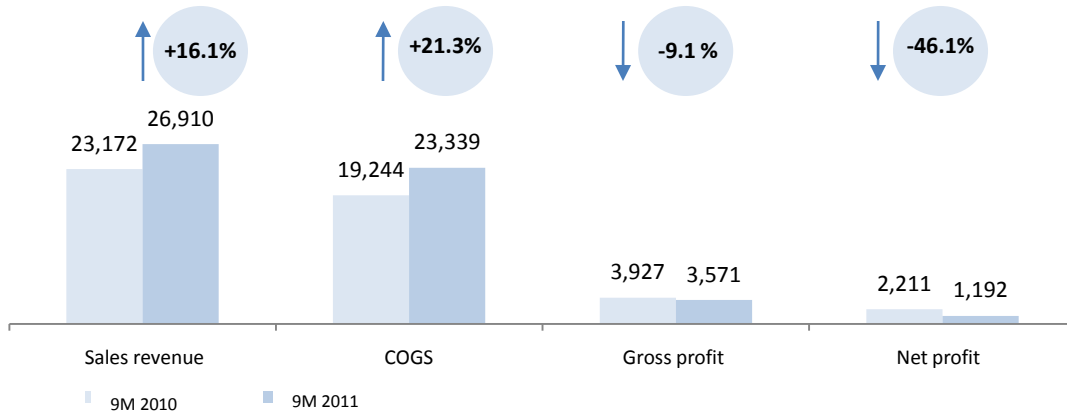
	RUR mln	share, %
Revenues from TC, including	5,774	100
On existing contracts (term of services after 01.01.2011)	426	8
On overdue contracts (term of services prior to 01.01.2011)	5,348	92

Structure of revenues from TC for 9M 2010 - 2011, RUR mln

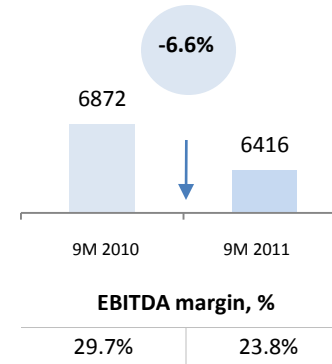
	9M 2010	Share, % (9M 2010)	9M 2011	Share, % (9M 2011)
Revenues from TC, incld.	6,894	100%	5,774	100%
Execution on monetary contracts	1,971	28.6%	4,467	77.4%
Execution on property contracts	4,923	71.4%	1,307	22.6%

Key financial indicators of JSC "Lenenergo" for 9M 2011

Generation of profits from sales and net profit, RUR mln

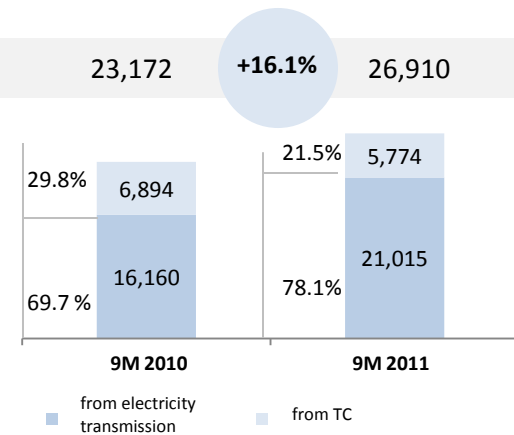


EBITDA, RUR mln

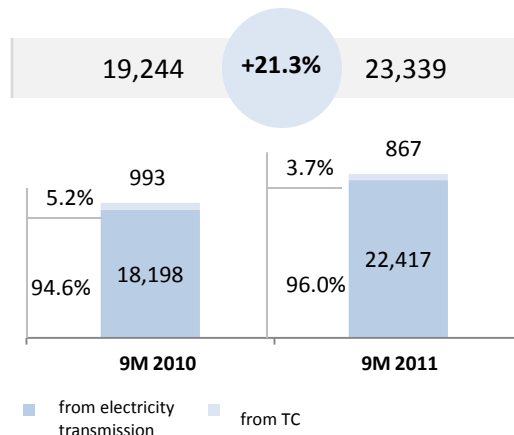


The decline in EBITDA for 9 months of 2011 was caused by the increase in the negative balance of other income and expenses (excluding interest payable) – by RUR 790 mln, while the value of EBIT (profit obtained as the difference between revenues and costs less amortization) increased by a smaller amount - RUR 333 mln(4.8%)

Revenue by types of activity*, RUR mln



COGS by types of activity*, RUR mln



COGS structure, RUR thousand

Indicator	9M 2010	9M 2011	Δ in %
Controllable costs	3,511,882	3,744,803	6.6%
Material expenditures	888,039	898,924	1.2%
Wage fund	1,641,889	1,888,625	15.0%
Other costs	981,953	957,254	-2.5%
Non-controllable costs	15,732,327	19,594,415	24.5%
Purchased power for compensation of losses	3,468,293	3,805,472	9.7%
Services on electric power transmission over grids of adjacent DGCs	3,828,002	5,898,019	54.1%
Payment for services of JSC "UES FGC"	3,664,189	4,536,880	23.8%
Depreciation	3,049,897	3,739,324	22.6%
Leasing payments	1,215,678	900,474	-25.9%
Other costs	506,270	714,247	41.1%
TOTAL costs	19,244,209	23,339,218	21.3%

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

Revenue growth of the Company for the 9 months of 2011 as compared to the same period of the previous reporting year constituted **16.1%**, or RUR 3,739 mln.

The revenue growth on electric power transmission amounted to **30.0%**, or RUR 4,855 mln. The growth of the revenue was associated with the increased rates for electric power transmission (the increase of the average tariff for 9M 2011 as compared to 9M 2010 amounted to: in St.-Petersburg - 37%, in the Leningrad region - 20%). At the same time **the revenue from technological connection** for the 9 months of 2011 as compared to the same period of the previous reporting year decreased by **16.2%** (RUR 1,120mln), which is associated with the decrease in revenues under property contracts.

Loan portfolio and debt position of JSC "Lenenergo" for 9M 2011

Equity structure, RUR mln

	9M 2010	9M 2011	Δ, % 9M 2011/ 9M 2010
Equity	50,165	52,341	4.3%
Liabilities, including:	35,901	40,465	12.7%
Long-term liabilities	13,532	15,008	10.9%
Short-term liabilities	22,369	25,458	13.8%
Ratio of equity and liabilities	1.40	1.29	-7.4%
Leverage	21.7%	26.3%	21.3%

Loan portfolio, RUR mln

	9M 2010	9M 2011	Δ, % 9M 2011/ 9M 2010
Long-term credits and loans, including:	12,486	12,503	0.1%
bonded loan (maturity in 2012)	6,000	-	-
Short-term credits and loans*, including:	1,392	6,171	343.3%
bonded loan (maturity in 2012)	-	6,000	-
Accounts payable**	20,948	20,214	-3.5%

* Liabilities on bonded loans of series 02 and 03 in the amount of RUR 6,000 mln as of 30.09.2011 was transferred in accordance with the requirements of the AS in the short-term liabilities in connection with the upcoming maturity in 2012.

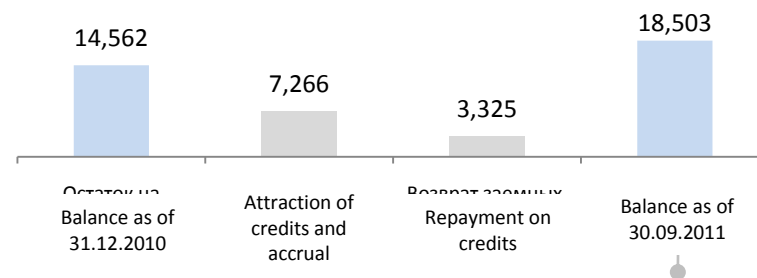
** The amount of aggregate (long-term and short-term) accounts payable is displayed.

Debt position, RUR mln

	9M 2010	9M 2011	Δ, % 9M 2011/ 9M 2010
Debt / EBITDA	13,878	18,674	34.6%
Debt as at the end of the period**	2,02	2.91	44.1%
Net debt	13,627	17,458	28.1%

**Debt as at the end of the period is calculated as the sum of long-term and short-term liabilities plus liabilities on accrued but not paid interests

Credit resources flow for 9M 2011, RUR mln



- RUR 12,503 mln – long-term liabilities on the sum of main debt;
- RUR 6,000 mln – short-term liabilities on the sum of main debt on bonded loans of series 02 and 03, transferred in the structure of short-term liabilities in compliance with RAS: up to their maturity there is less than a year;
- RUR 171 mln – the sum of accrued interests on long-term and short-term credits and loans.

Key banks - partners of JSC "Lenenergo":

SBERBANK OF RUSSIA
BANK VTB SAINT PETERSBURG
JSCB SVYAZ-BANK
JSB ROSSIYA

Weight average rate of borrowings for 9M 2011

7.8%

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 March 2011

Implementation of investment program of JSC "Lenenergo" for 9M 2011

The adjusted investment program for 2011 was approved by JSC "IDGC Holding" in the amount of capital investments - RUR 15,633 mln. The actual disbursement of capital investments for 9M 2011 amounted to **RUR 8,062 mln**

Parameters of the investment program, RUR mln

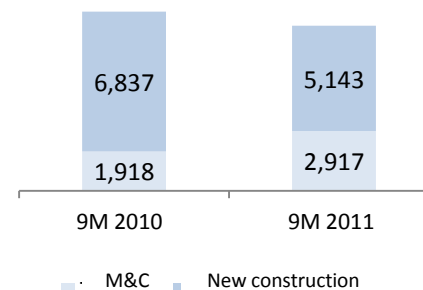
Indicator	St.-Petersburg			Leningrad Region			JSC "Lenenergo"		
	9M 2010	9M 2011	Δ, % 9M 2011 / 9M 2010	9M 2010	9M 2011	Δ, % 9M 2011 / 9M 2010	9M 2010	9M 2011	Δ, % 9M 2011 / 9M 2010
Disbursement, RUR mln net of VAT	7,962	5,702	-28%	1,706	2,361	38%	9,668	8,062	-17%
Commissioning of fixed assets, RUR mln	6,709	4,523	-33%	1,064	2,903	173%	7,773	7,426	-4%
Funding, RUR mln including VAT	8,589	6,743	-21%	2,266	2,405	6%	10,855	9,149	-16%
Power input, MV	404	290	-28%	176	91	-48%	580	381	-34%
Power input, km	618	505	-18%	239	375	57%	857	880	3%
Growth of power, MVA	384	254	-34%	105	63	-40%	489	317	-35%
Growth of power, km	590	472	-20%	175	228	30%	765	700	-8%

Volume of capital investments for 9M 2010 and 2011, RUR mln (net of VAT)

	9M 2010	9M 2011	Δ, % 9M 2011 / 9M 2010
JSC "Lenenergo"			
TOTAL	9,668	8,062	-17%
Modernization and renovation	1,918	2,917	52%
New construction	6,837	5,143	-25%
Other	913	2	-99.8%

CAPEX, RUR mln

9,668 8,062





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