



**LENENERGO**

**THE RUSSIA FORUM 2011**  
2-4 February, 2011

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# LENENERGO today

**JSC «LENENERGO» is:**

- Monopoly operator of 0.4-110 kV grids in the market of Saint Petersburg and the Leningrad Region,
- Is incorporated in the List of the RF System-Forming Enterprises,
- Guaranteed return on investment due to the introduction of the new asset-based tariff regulation (RAB),
- Outstanding growth opportunities through a RUR 102 bln investment program (2011-2015),
- Company's activities includes :
  - payment for electric power transmission;
  - payment for connection of new consumers.

**Shareholders structures:**

**IDGC Holding – 50.31%,  
Saint Petersburg government – 25.16%,  
Others - 24.53%**

**Free Float – 16%**

**Depository receipts (Reg S and 144A rule):**

**74,206,626 ordinary shares,  
19,585,504 privileged shares**

**Market cap RUR 29 bln (January '2011)**

**Credit rating : Moody's - Ba2 with stable outlook**

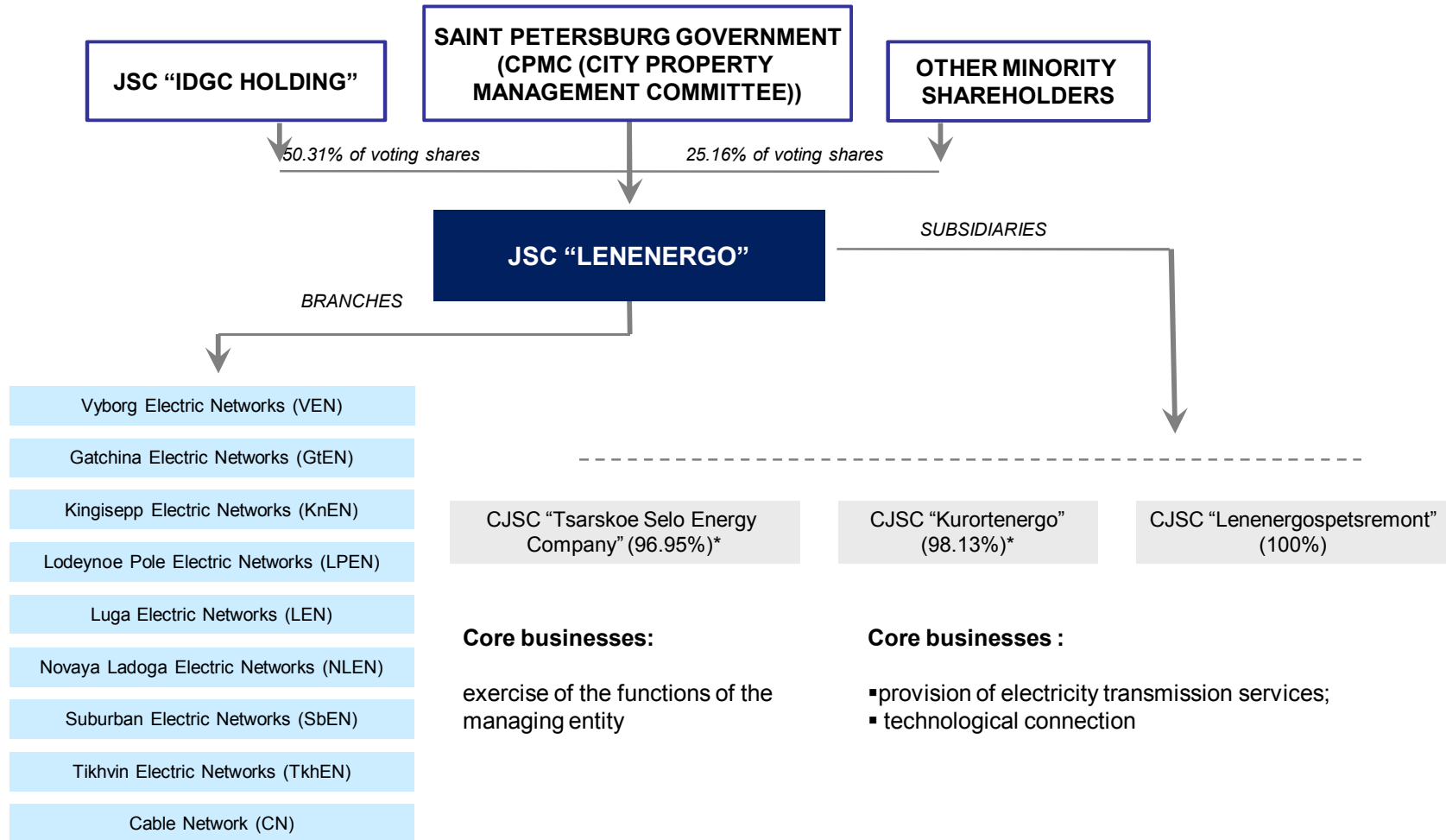
**Number of staff 5 954 people**



## Key Financial and Operational Performances 2010F

Revenue (RUR) bln	<b>34</b>
Net profit (RUR) bln	<b>3.8</b>
EBITDA (RUR) bln	<b>10.3</b>
Loans and credits (RUR) bln	<b>17.4</b>
Net assets (RUR) bln	<b>51</b>
Attendance territory (sq. m) thousand	<b>87.3</b>
Population in the attendance territory (people) million	<b>6.2</b>
Grid length (km) thousand, including:	<b>53.89</b>
Number of 35-110 kV substations	<b>371</b>
Productive supply (kWh) bln	<b>29.094</b>

# Key Shareholders. Structure of the Group of Companies



**Core businesses:**

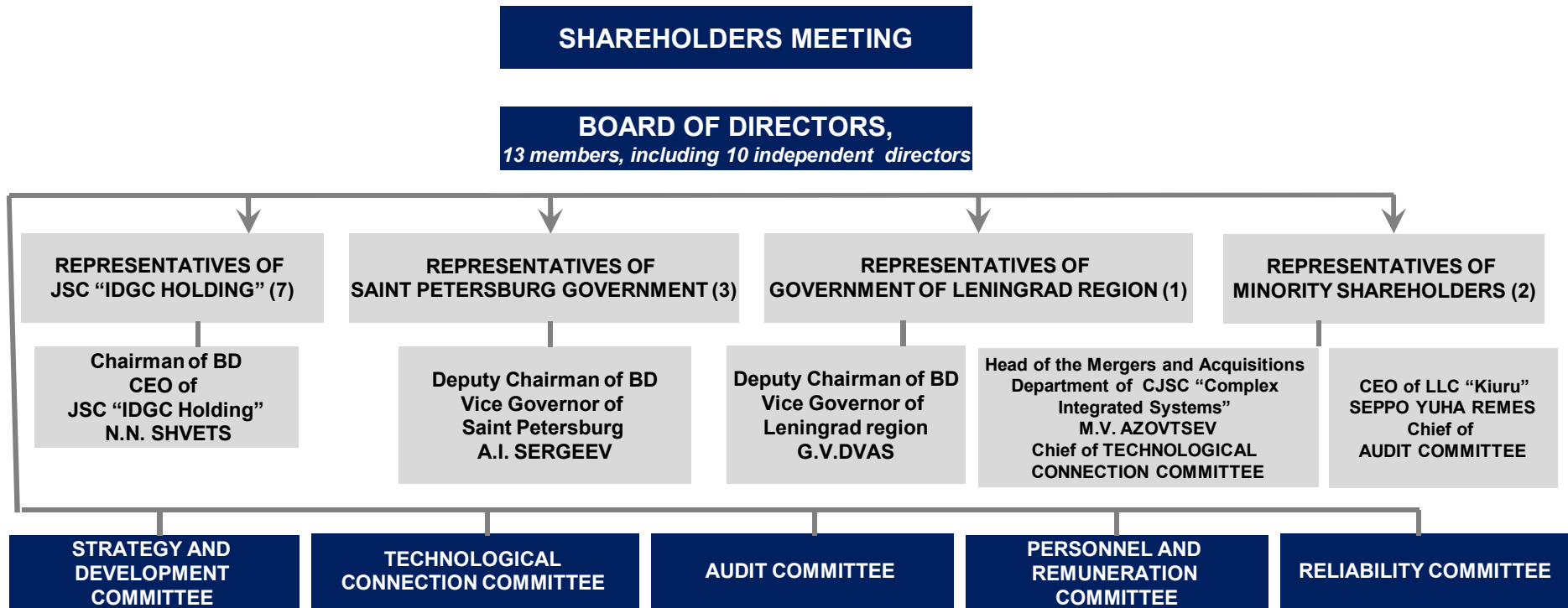
exercise of the functions of the managing entity

**Core businesses :**

- provision of electricity transmission services;
- technological connection

\* – of the Authorized Capital

# Corporate Governance and Management



**MANAGEMENT BOARDS,**  
including 7 executives



**Andrey Sorochinsky**  
Chief Executive Officer

He has more that 10-years of experience working with the state regulation authorities, energy industry and engineering support committee of Saint Petersburg Government, City Property Management Committee of Saint Petersburg.

He graduated from Saint Petersburg University. Ph.D in economics. Honored by government awards.



**Nikolay Shvets**  
Chairman of the Board of Directors

He has served as the CEO of JSC "IDGC Holding" since March 2009. Prior to joining IDGC Holding Mr. Shvets served as the chairman of Legislative Assembly of the Amur Region.

Graduated from the power engineering department of All-Union Polytechnic Institute Ph.D. in Economics, docent, the professor of Military Sciences Academy. The author of 50 scientific works and 3 monographs. Honored by government awards.



# Our Strategic Plans

## STRATEGIC GOALS OF LENENERGO

1

**TO ENSURE RELIABILITY AND SECURITY OF ELECTRIC POWER SUPPLY ACTIVITIES IN THE REGION (SAINT PETERSBURG AND THE LENINGRAD REGION)**

2

**TO ENSURE EFFICIENCY OF THE COMPANY'S OPERATIONAL ACTIVITIES**

3

**TO FORM THE POTENTIAL FOR THE FURTHER DEVELOPMENT OF THE REGION (SAINT PETERSBURG AND THE LENINGRAD REGION)**

4

**TO RAISE THE COMPANY'S INVESTMENT POTENTIAL**

### Production activities

- Implementation of the Plan of Development of the Distribution Grid in the city of Saint Petersburg and elimination of the accumulated liabilities related with technological connection;
- Formation of the efficient system of electricity commercial accounting;
- Improvement of the process of implementation of the technological connection services for the existing and new clients, debt minimization

### Financial activities

- Provision of invested capital recovery
- Provision of stable solvency and financial stability;
- Provision of capital efficient application;
- Attraction of financial resources to implement investment projects

### Corporate policy

- Increase in efficiency in the field of corporate governance and information transparency
- Implementation of the procedures aimed to consolidate grid assets in the territory of the Company's operations;
- Actions aimed to increase the shareholder value of the Company

### Investment activities

- Implementation of the investment programs
- Provision of efficient application of investment resources;
- Provision of the Company advance growth rates enabling to support high development rates of the region

### Shareholder and investor relations

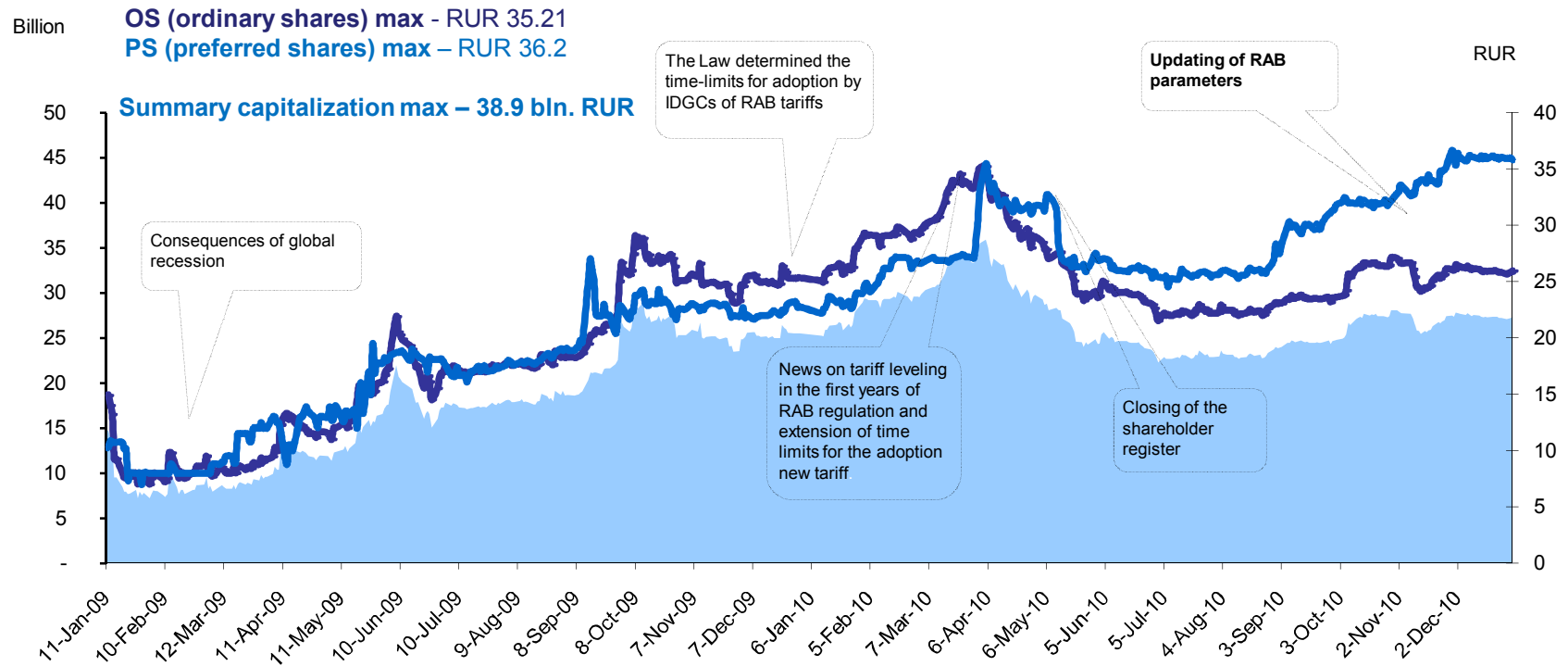
- Provision of return on investment
- Implementation of the actions to protect shareholders and investors' rights
- Provision of transparency of the Company's activities
- Provision of stable capitalization growth;

### HR activities

- Optimization of the staff membership and number;
- Implementation of the staff development programs;
- Improvement of the staff incentives systems

# Information on the Company's Securities

## Securities of JSC "Lenenergo" on MICEX SE, 2009 - 2010



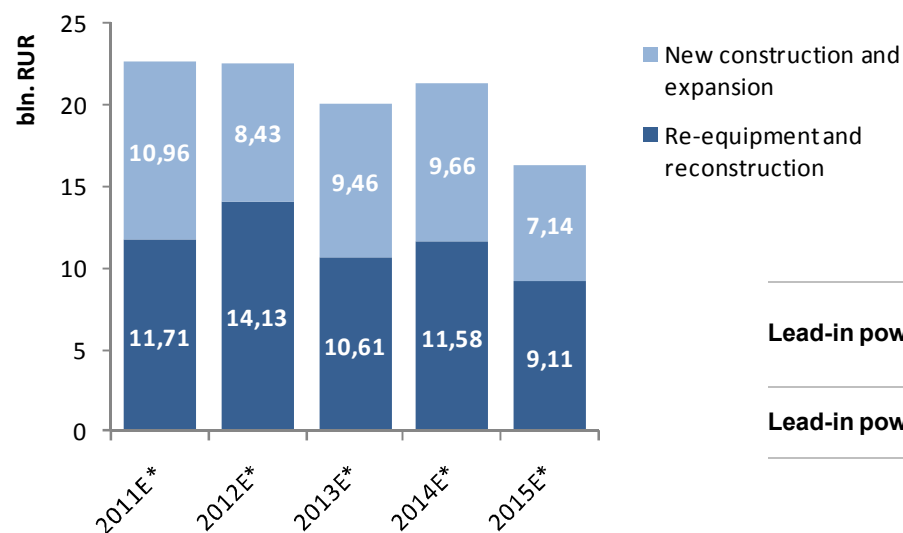
MICEX quotation list	B	Ordinary share	LSNG
RTS quotation list	A-2	Weighted average price (RUR) *	26.87
		Issued shares million	926.02
Capitalization as at 31.01.2011 (RUR) million*	28 476	Preferred share	LSNGP
		Weighted average price (RUR) *	38.55
		Issued shares million	93.26

\*(Based on the data of MICEX SE. Calculation of the capitalization based on weighted average price as at 31.01.2011)

## Investment Program 2011 – 2015\*

(RUR) bln. excluding VAT	2011F	2012F	2013F	2014F	2015F	investments 2011- 2015
<b>Lenenergo, including:</b>	<b>22.6</b>	<b>22.6</b>	<b>20.1</b>	<b>21.2</b>	<b>16.3</b>	<b>102.8</b>
Saint Petersburg	18.2	17.9	15.7	17.1	13.8	82.5
Leningrad region	4.5	4.7	4.4	4.1	2.5	20.3

(RUR) bln. excluding VAT	2011F	2012F	2013F	2014F	2015F	investments 2011- 2015
<b>Lenenergo, including:</b>	<b>22.6</b>	<b>22.6</b>	<b>20.1</b>	<b>21.2</b>	<b>16.2</b>	<b>102.8</b>
Re-equipment and reconstruction	11.7	14.1	10.6	11.6	9.1	57.1
New construction and expansion	10.9	8.4	9.5	9.6	7.1	45.7



	2011	2012	2013	2014	2015
<b>Lead-in power, MVA</b>	1 037.9	833.3	1 190.0	1683	1179.1
<b>Lead-in power, km</b>	925.4	1083	1 170.2	962.3	745.3

\* Forecast



## RAB regulation

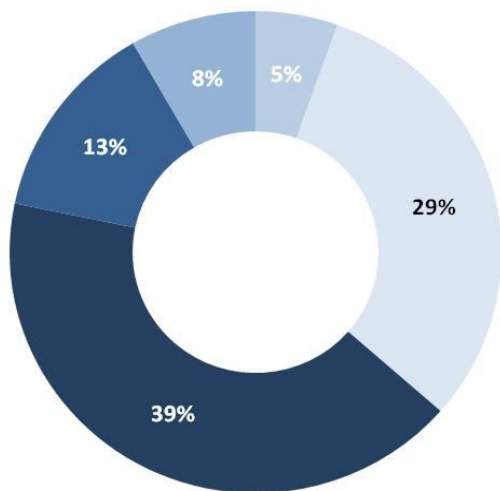
### Key figures of RAB (RUR) mln

	Saint Petersburg	Leningrad Region	JSC "Lenenergo"
Total amount of the invested capital	106 792	70 931	<b>177 723</b>
Residual amount of the invested capital at 01.01.2011	53 290	25 267	<b>78 557</b>
Amount of the capital expenditure incorporated for the purposes of tariff regulation, 2011-2015	52 062	17 331	<b>69 393</b>
Rate of return on the invested capital – old capital, %			
2011	6%	6%	<b>6%</b>
201 2	9%	9%	<b>9%</b>
2013 and further	11%	11%	<b>11%</b>
Rate of return on the invested capital – new capital, %			
2011-2012	12%	12%	<b>12%</b>
2013 and further	11%	11%	<b>11%</b>
Period of invested capital recovery , years	35	35	<b>35</b>

### Gain in electricity transmission tariff in 2011-2015, %

	2011	2012	2013	2014	2015	2015/ 2010
Saint Petersburg	33%	23%	24%	20%	15%	2.2 times
Leningrad Region	19%	22%	22%	32%	37%	3.2 times

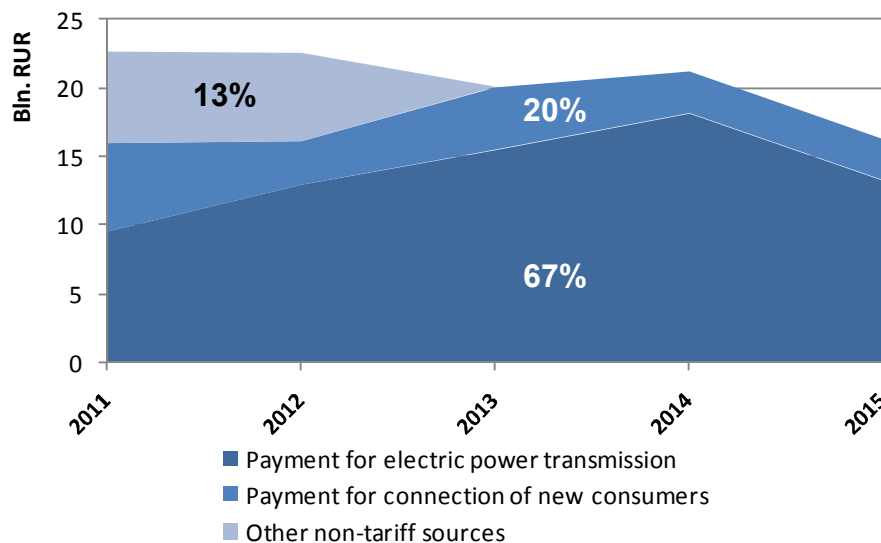
# Investment program 2011-2015



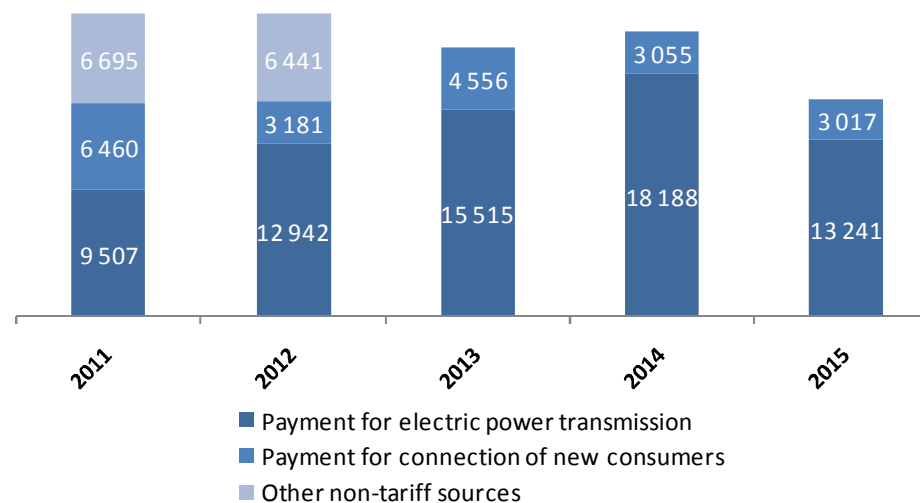
04-10 kV overhead lines	5%
Lead-in 0.4-10 kV cable grid and renovation	29%
Reconstruction and construction of 35-110 kV substations	39%
Renovation of 35-110 kV cable grid	13%
Construction and reconstruction of 110 overhead lines	8%

## Investment program 2011-2015

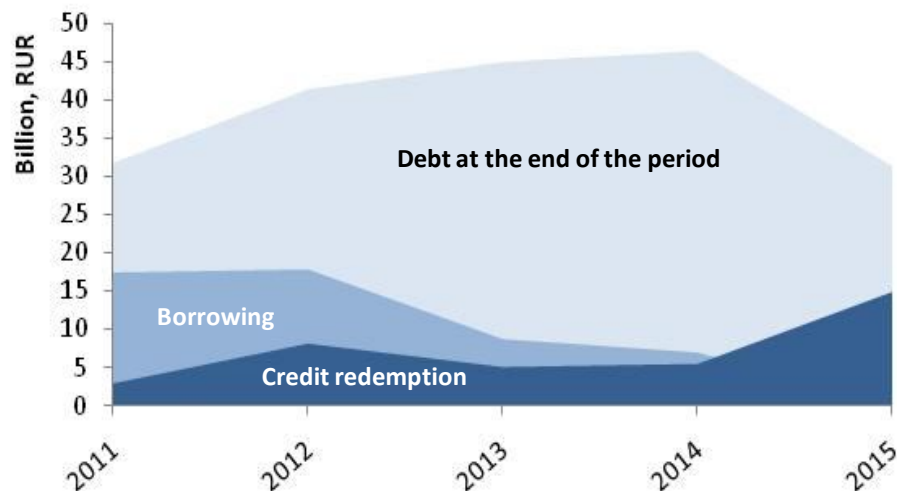
Sources of Investment Program 2011-2015



22 662 | 22 563 | 20 071 | 21 243 | 16 258  
 mln. RUR, excluding VAT



## Borrowing and Additional Issues 2011 - 2015



Credit and Loan*, bln. RUR	2011	2012	2013	2014	2015
Debt at the beginning of the period	17.4	31.8	41.3	44.9	46.3
Volume of borrowing	17.4	17.8	8.8	7	0
Volume of credit redemption	3	8.2	5.2	5.6	15
Debt at the end of the period	31.8	41.3	44.9	46.3	31.3

\* Excluding percent on credits

2011- 2015 r.r.

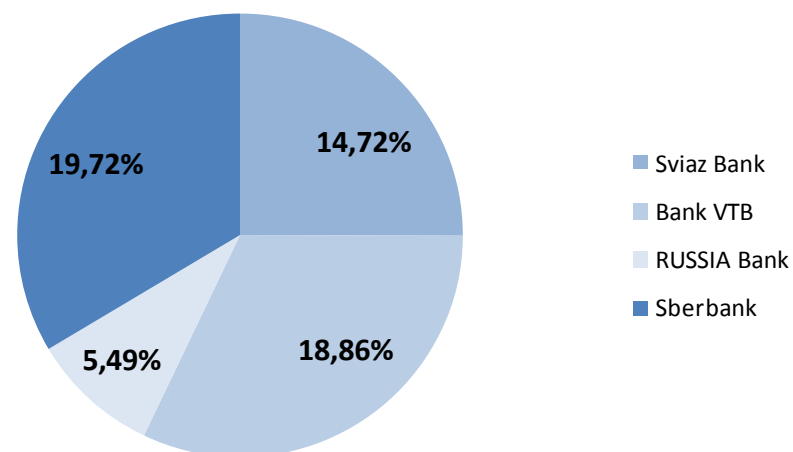
Volume of borrowing:  
+ 51 bln. RUR

Volume of credit redemption:  
- 37 bln. RUR

### Credit portfolio at 31.12.2010

Average interest rate on credits on 31.12.2010 is 7.85%

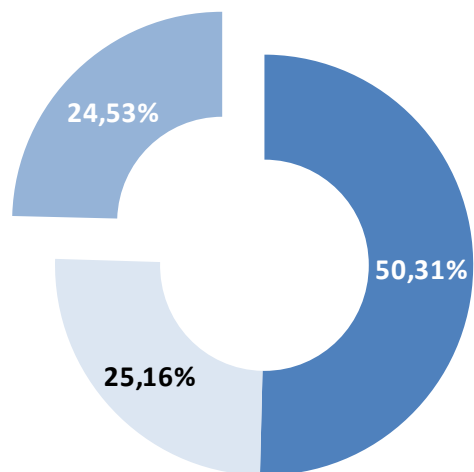
Debt at the end of 01.01.2011 – 17.4 bln. RUR



## Additional Issue of Ordinary Shares, 2011-2015\*

Goal – implementation of the investment program to renovate the cable network with volume 6-110 kWt in Saint Petersburg

! 24.53% or RUR 2.5 bln for placement among minority shareholders and in the free market



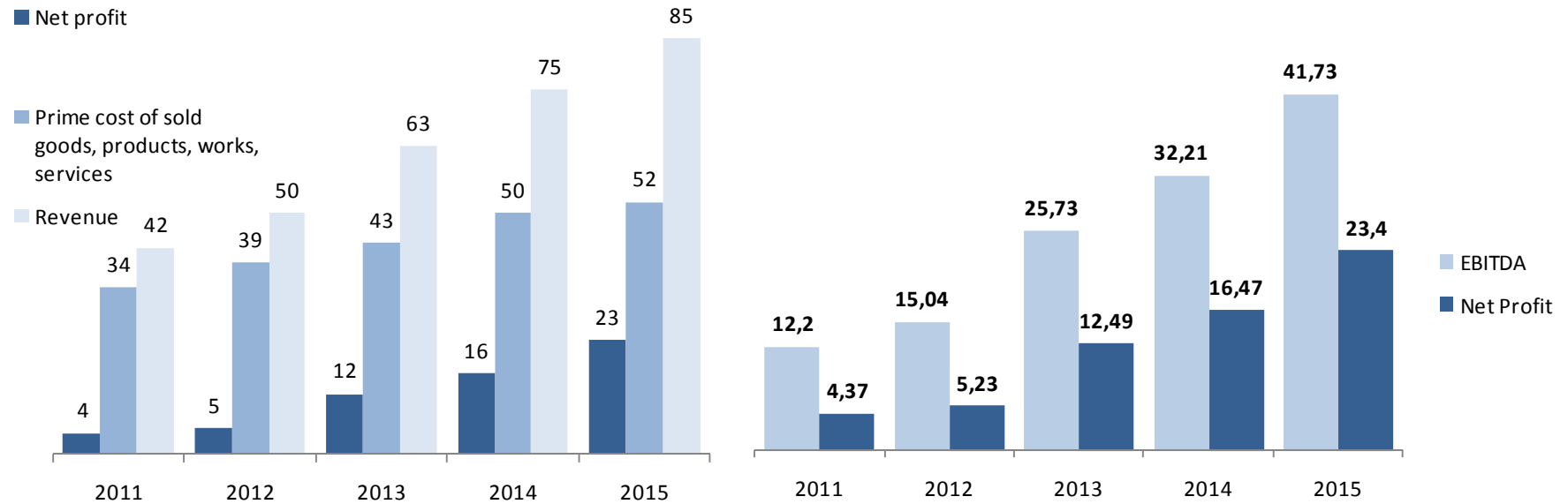
■ IDGC Holding ■ Sankt Petersburg ■ Others

	2011	2012	2013
type of additional issue	public offering		
period of additional issue	at the beginning of fourth quarter		
price	VWAP, determined as a result of trade on MICEX for the three consecutive months		
volume in bln. RUR	3.98	4.97	0.99

JSC "IDGC Holding" and Saint Petersburg Administration exercise their pre-emption right to shares purchase in compliance with available stakes in the ordinary shares of JSC "Lenenergo"

\*planned parameters

## Financial Performance in 2010 – 2015\*



	2010	2011	2012	2013	2014	2015
Revenue, bln. RUR	34	41	49	61	72	82
Prime cost of sold goods, products, works, services, bln. RUR	27	34	39	43	49	51
Net profit, bln. RUR	4	4	5	11	14	21
EBITDA, bln. RUR	10,4	11,2	14,4	23,6	29,6	38,9
Net Debt, bln. RUR	17,0	30,03	40,68	44,52	45,92	30,82
DEBT / EBITDA	2,11	2,13	1,29	0,43	0,25	0,21
Net debt/EBITDA	1,7	2,7	2,8	1,9	1,6	0,8
Leverage, %	25,8%	35,7%	38,4%	36,3%	33,0%	21,3%

\* forecast

## Our Value Drivers

- The oldest and most stable company in the Russian electric power industry;
- It is located in a strategically important area of Russia with low competition and growing demand for energy;
- Strong government support;
- Significant growth prospects. Implementation of one of the largest investment programs (RUR 102 bln, exclusive VAC) among grid companies;
- Attractive dividend policy on preferred shares;
- Implementing RAB regulation provides transparent tariff making, secured returns on investments. Long term tariffs provide business predictability;
- Professional and reliable team;
- Transparent operational and financial policy;
- Financial stability.





## CONTACT INFORMATION

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