



MOEX: LSNG/LSNGP

Credit rating:

Moody's Ba2 (stable outlook)

Confirmed in April 2016

Press Release

02.08.2016

Lenenergo released its financial statements for 1H 2016 prepared in accordance with RAS.

	Unit	1H 2015	1H 2016	Change 1H 2016/ 1H 2015
Productive electricity supply	mIn kWh	14,461	14,516	0.4%
Electricity losses	%	12.20	11.84	-0.36,p.p.
Connected power	MW	150	218	45.4%
Revenue from sales of products, including:	RUB mln	19,957	27,900	39.8%
- from electricity transmission services	RUB mln	18,575	26,317	41.7%
- from technological connection services	RUB mln	1,301	1,424	9.4%
- from other industrial activity	RUB mln	81	158	95.5%
Prime cost	RUB mln	20,127	24,009	19.3%
Gross profit (loss)	RUB mln	-170	3,891	-
Pre-tax profit (loss)	RUB mln	-5,671	4,333	-
Net profit (loss)	RUB mln	-5,090	3,069	-
EBITDA *	RUB mln	1,345	10,251	662.0%
EBITDA margin	%	6.7	36.7	30,p.p.
Net Debt / EBITDA**	-	4.4	0.6	-

* The indicator is calculated as: EBITDA = Net profit + Profit tax + Depreciation + Interest payable + Provision for impairment of debt financial investments.

** For the past 4 quarters.

Formation of revenue and financial result

Revenue from sales of products of the Company following 1H 2016 was RUB 27,900 mln, the growth against the similar period of the year 2015 equaled RUB 7,943 mln or 39.8%.

Growth of revenue from electricity transmission services is explained by bringing of tariff rates for Saint Petersburg as from December 1, 2015 into compliance with the requirements of Russian Federal Antimonopoly Service, which allowed material reduction in shortfall incomes of PJSC Lenenergo.

Growth of revenue from technological connection services in 1H 2016 against 2015 is explained by the planned performance of accumulated obligations in respect of rendering technological connection services to applicants.

Growth of revenue from other activity is mainly caused by the change in the Company's accounting policy regarding transfer of lease-related income to the structure of revenue.

Prime cost of the services rendered (subject to depreciation) following 1H 2016 grew due to the growth of uncontrolled expenses – purchased energy to compensate for losses, services of distribution grid companies and PJSC FSK ES. The rest of the company's expenses against 1H2015 increased by 5.9%.

Net profit of the Company following 1H 2016 was RUB 3,069 mln. Comparing with the similar period of the year 2015, the financial result improved by RUB 8,159 mln.

The positive dynamics of the financial result against the similar period of 2015, besides the increase in the revenue from regulated types of activities, was materially influenced by the growth of RUB 5,942 mln regarding the balance of other income and expenses.

EBITDA characterizing the cash flow generated by the company before payment of taxes and interest, following 1H 2016 grew in respect of the similar period of 2015 by RUB 8,906 mln.

Credit portfolio and debt position

Net debt/EBITDA fell against 1H 2015 by 3.8 points. The decrease in the net debt against the level of 2015 was due to the decrease in the debt on credits and loans using the funds received from the sale of the federal loan bonds (FLB) in the amount of RUB 17,025 mln, which were paid to the charter capital of PJSC Lenenergo as payment for the additional issue of ordinary shares. The rest of the funds from the sale of FLBs is RUB 14,975 mln. and influences materially the reduction in the net debt amount. The intended purpose of these funds is financing the investment expenses as to the performance of the accumulated obligations for applicants' technological connection.

For reference:

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

Financial statements of Lenenergo and information for shareholders and investors are available on the Company's website at http://www.lenenergo.ru/shareholders/open_info/