



# JSC TGC-1

## 9M 2015 IFRS Results

November 19, 2015  
Saint Petersburg

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## Operational Highlights

	9M 2014	9M 2015	Change
Installed Capacity, MW	7,244	7,057	-2.6%
Electricity Production, mn kWh, Including:	19,139	18,841	-1.6%
CHP	10,334	9,401	-9.0%
HPP	8,805	9,440	+7.2%
Electricity Sales Including Purchased Energy, mn kWh	21,376	21,304	-0.3%
Capacity Sales, MW (monthly average)	4,966	3,320	-33.1%
Heat Output, thous Gcal	15,811	15,383	-2.7%
Useful Heat Output Including Purchased Energy, thous Gcal	16,061	15,999	-0.4%
Fuel Rate on Electricity*, g/kWh	266.8	264.5	-0.9%
Fuel Rate on Heat*, kg/Gcal	140.2	139.3	-0.6%
Capacity Load Factor, %*	40.4	40.4	0.0 p.p.
CHP	36.7	33.6	-3.1 p.p.
HPP	45.8	50.4	+4.7 p.p.

## Financial Highlights, mn RUR

	9M 2014	9M 2015	Change
Revenue	47,940	48,049	+0.2%
Operating Expenses, Incl.:	(42,108)	(41,731)	-0.9%
Variable Costs	(26,212)	(25,545)	-2.5%
Fixed Costs	(10,847)	(10,807)	-0.4%
Depreciation and Amortization	(5,049)	(5,379)	+6.5%
Total Operating Expenses**	(41,294)	(41,124)	-0.4%
Operating Profit	6,646	6,924	+4.2%
Profit Before Income Tax	5,032	5,070	+0.8%
EBITDA ***	11,695	12,304	+5.2%
Profit for the Year/ Total Comprehensive Income for the Period	3,913	4,036	+3.1%

\* Without Murmanskaya CHP.

\*\* With account to Government grants, Impairment loss recognized and Other operating income.

\*\*\* EBITDA = Operating profit + Depreciation of property, plant and equipment and Amortization of intangible assets and investment property

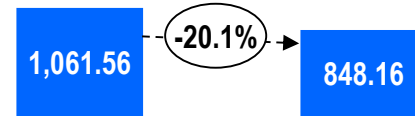
# Dynamics of Sale Prices for Electricity at the Day-ahead Market

TGC-1's Regional Sale Prices for Electricity at the Day-ahead Market, RUR/ MWh

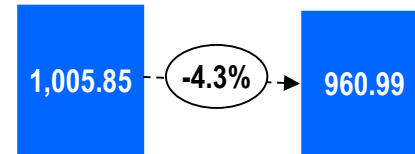


**Kolsky Branch**

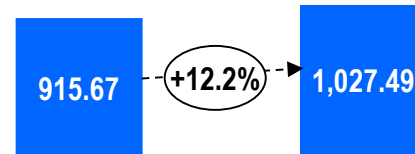
9M 2014                      9M 2015



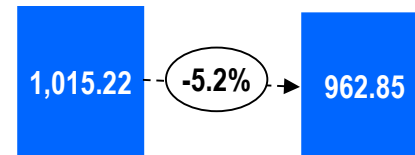
**Karelsky Branch**



**Nevsky Branch**

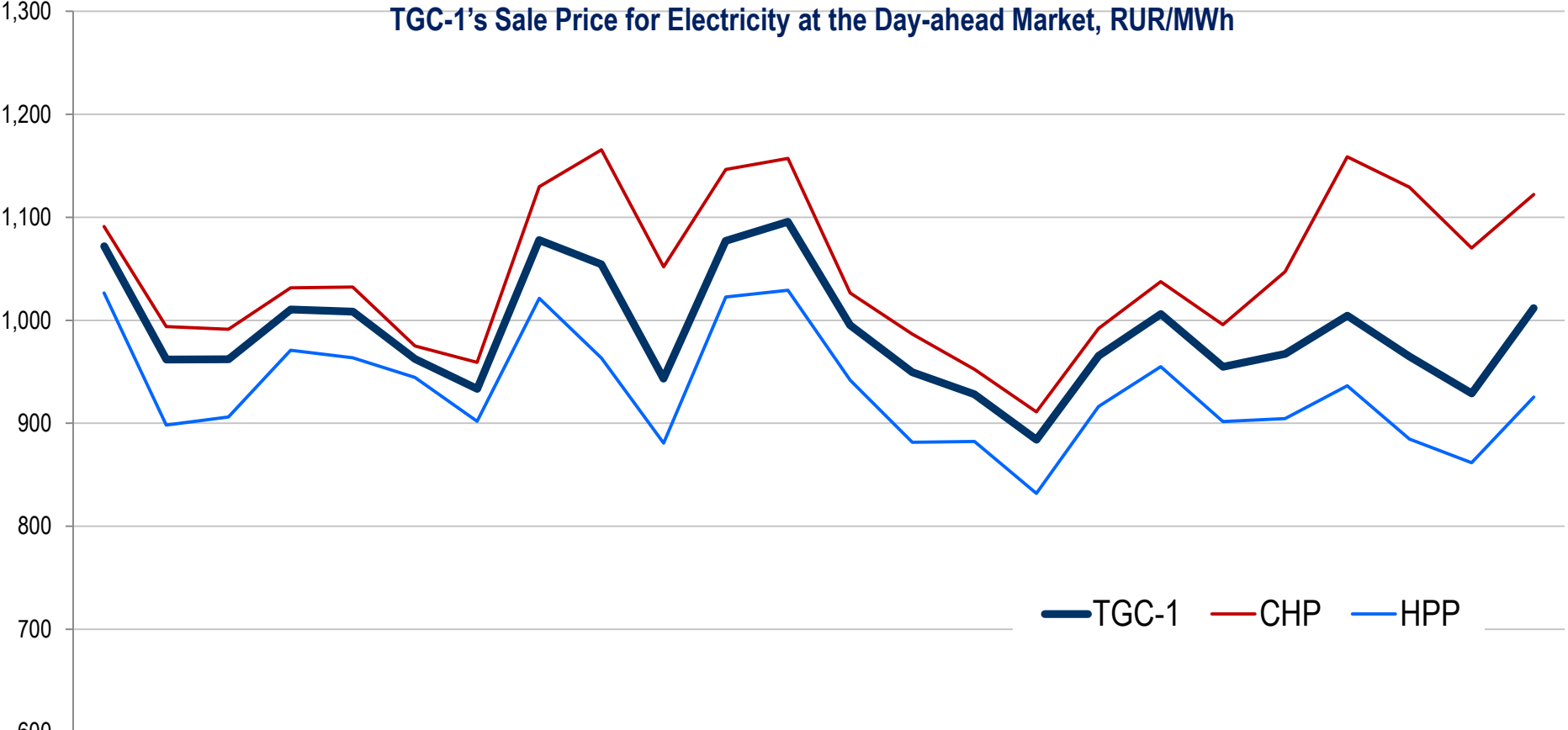


**TGC-1**



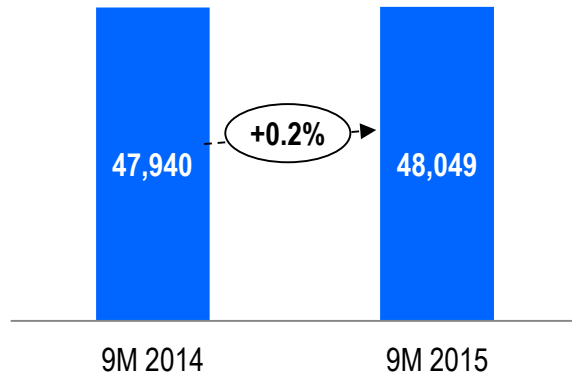
# Dynamics of Prices for Electricity at the Day-ahead Market: CHPs and HPPs

TGC-1's Sale Price for Electricity at the Day-ahead Market, RUR/MWh

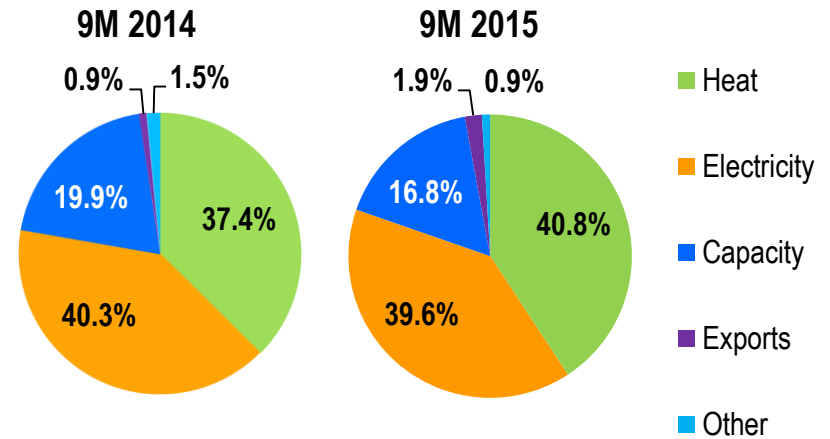


	oct	nov	dec	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	jan	feb	mar	apr	may	jun	jul	aug	sep
	2014												2015											
TGC-1	1,072	962	962	1,010	1,008	962	933	1,078	1,054	943	1,077	1,096	995	949	928	884	965	1,006	955	967	1,005	965	929	1,012
CHP	1,091	994	991	1,032	1,032	975	959	1,130	1,166	1,052	1,146	1,157	1,026	987	952	911	992	1,037	996	1,047	1,159	1,129	1,070	1,122
HPP	1,027	898	906	971	964	945	902	1,021	963	881	1,023	1,029	942	882	882	832	916	955	902	905	936	885	862	925

Revenue, mn RUR



Revenue Structure\*



Prices and Tariffs\*, mn RUR

	9M 2014	9M 2015	Change
Average Electricity Price, Thous RUR/MWh	923.7	936.1	+1.3%
Average New Capacity Price, RUR/MWh per Month	469,729.0	533,233.9	+13.5%
Average Old Capacity Price RUR/MWh per Month	126,677.7	124,035.2	-2.1%

Revenue Change Factors

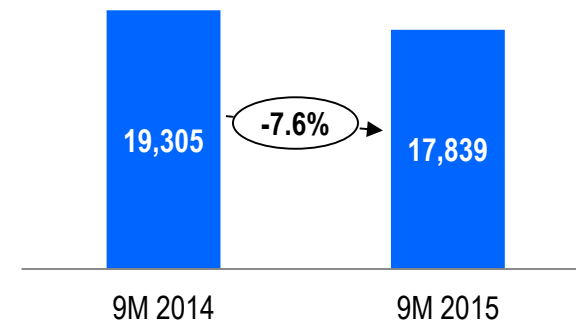
- Exports growing by over twice;
- Lower capacity volume sold at Competitive Capacity Outtake (CCO) on the back of less capacity taken at CCO-2015;
- Optimization of capacity load;
- Heat revenue growth due to increase of heat tariff;
- Higher production at HPP of Kolsky and Karelsky branches.

\* Management report data.

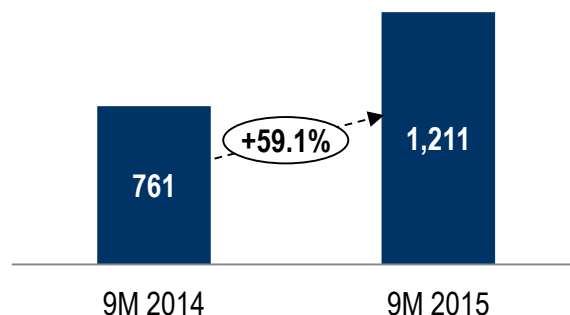
## Variable Costs, mn RUR

	9M 2014	9M 2015	Change
Fuel	19,305	17,839	-7.6%
Electricity, Capacity and Heat Purchases	3,963	4,229	+6.7%
Water Usage Expenses	1,682	1,754	+4.3%
Other Materials	501	512	+2.2%
Heat Transmission	761	1,211	+59.1%
<b>Total Variable Costs</b>	<b>26,212</b>	<b>25,545</b>	<b>-2.5%</b>

## Fuel Expenses, mn RUR



## Heat Transmission, mn RUR



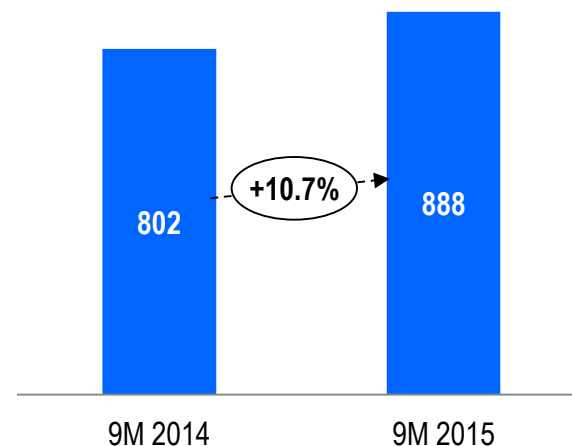
## Variable Costs Change Factors

- Decreased fuel costs due to measures aimed at higher fuel efficiency, as well as lower electricity production at less efficient CHPs;
- Growth of Electricity, Capacity and Heat Purchase expenses due to growing prices at the wholesale market of electricity and capacity and higher purchase volumes;
- Growth of Heat Transmission expenses resulted from additional transit costs of heat at JSC Apatit in Kirovsk (Murmanskaya Oblast), at OJSC PKS – Heating Grids in Petrozavodsk (due to status of unified heating supplier acquired by TGC-1 for Petrozavodsk territory), as well as increased tariff for heat transmission contract with JSC Hibinskaya Heating Company and JSC Apatityenergo since 2H 2015.

## Fixed Costs, mn RUR

	9M 2014	9M 2015	Change
Employee Benefits	5,186	5,438	+4.9%
Repairs and Maintenance	1,968	2,207	+12.1%
Taxes Other than Income Tax	802	888	+10.7%
Fees of Electricity Market Operators	626	637	+1.8%
Operating Lease Expenses	223	243	+9.0%
Insurance Cost	210	217	+3.3%
Other	1,832	1,177	-35.8%
<b>Total Fixed Costs</b>	<b>10,847</b>	<b>10,807</b>	<b>-0.4%</b>

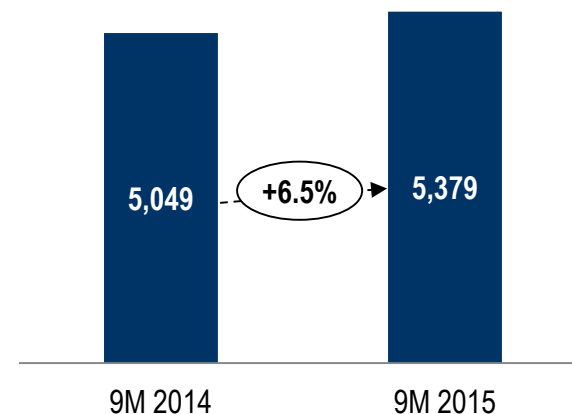
## Taxes other than Income Tax, mn RUR



## Fixed Costs and Depreciation Change Factors

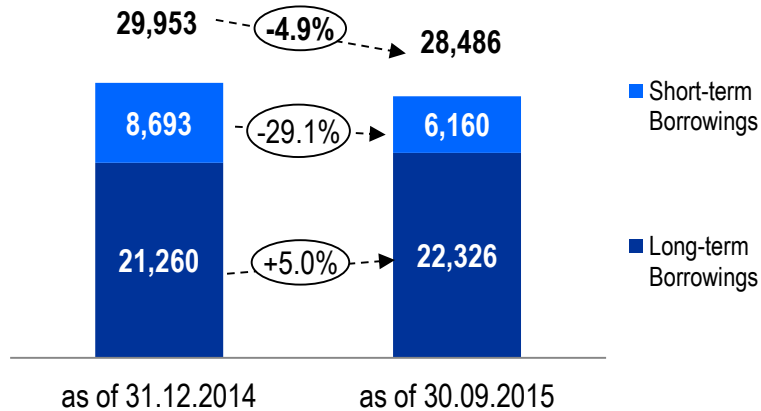
- Increase of Repairs and Maintenance costs on the back of planned repairs of PP&E.
- Lower Other Fixed Costs mainly due to income from disposal of PP&E and recovery of provision for receivables impairment.
- Increase of Taxes Other than Income Tax due to the high base in 9M 2014 on the back of property tax remeasurement.

## Depreciation and Amortization, mn RUR

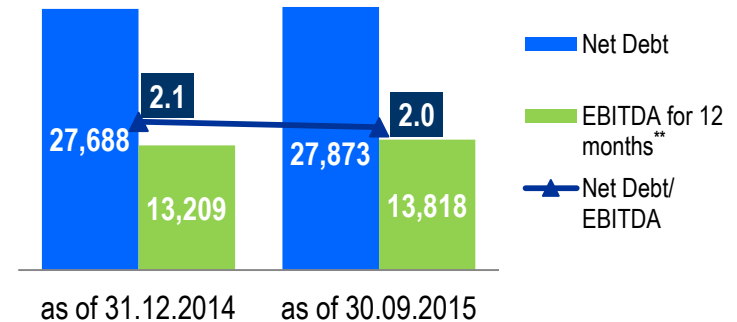




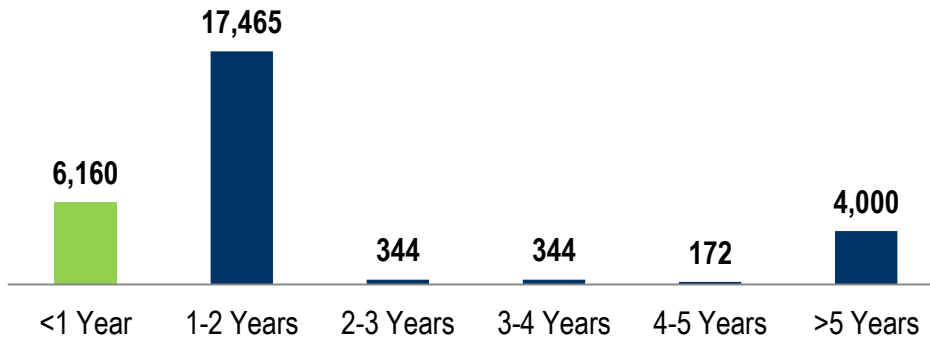
## Debt Structure, mn RUR



## Net Debt\*/ EBITDA



## Maturity Profile, as of September 30, 2015, mn RUR



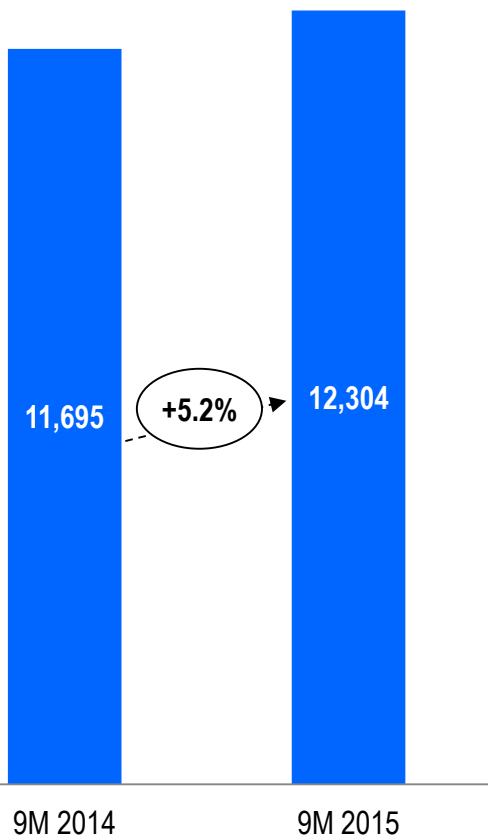
## Debt Portfolio Management

Two bond issues series 03-04 of TGC-1 are traded on Moscow Exchange.

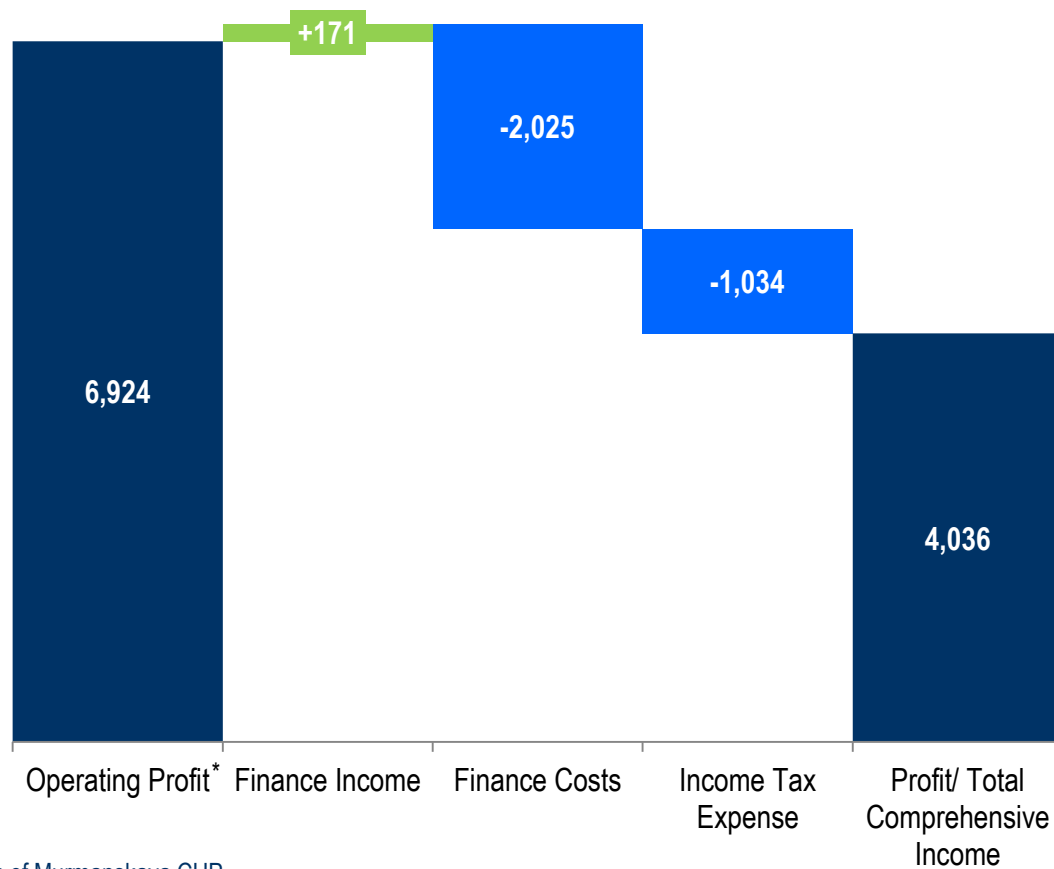
\* Net debt = Total amount of borrowings less cash and cash equivalents

\*\* EBITDA for 12 months, ended September 30, 2015 = EBITDA for FY 2014 + EBITDA for 9M 2015 - EBITDA for 9M 2014

EBITDA, mn RUR



Profit Bridge for 9M 2015, mn RUR



\* Including government grant of 566,532 thous. RUR, compensating lost earnings of Murmanskaya CHP

# Thank you for Your Attention!

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