



# TGC-1

## 12M 2016 IFRS Results

March 13, 2017  
Saint Petersburg

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## Operational Highlights

	12M 2015	12M 2016	Change
Installed Capacity, MW	7,057	6,852	-2.9%
Electricity Production, mn kWh, Including:	25,811	27,672	+7.2%
CHP	13,480	14,809	+9.9%
HPP	12,331	12,863	+4.3%
Electricity Sales Including Purchased Energy, mn kWh	28,969	30,590	+5.6%
Capacity Sales, MW (monthly average)	3,490	5,392	+54.5%
Heat Output, thous Gcal	23,020	24,445	+6.2%
Useful Heat Output Including Purchased Energy, thous Gcal	21,508	23,010	+7.0%
Fuel Rate on Electricity*, g/kWh	260.5	209.0	-19.8%
Fuel Rate on Heat*, kg/Gcal	138.8	169.7	+22.3%
Capacity Load Factor, %*	41.5	45.7	+4.2 p.p.
CHP	36.2	41.7	+5.5 p.p.
HPP	49.3	51.2	+1.9 p.p.

## Financial Highlights, RUB mln

	12M 2015	12M 2016	Change
Revenue	69,424	78,891	+13.6%
Operating Expenses, Incl.:	(61,023)	(69,802)	+14.4%
Variable Costs	(37,296)	(41,198)	+10.5%
Fixed Costs	(16,522)	(20,920)	+26.6%
Depreciation and Amortization	(7,205)	(7,684)	+6.6%
Total Operating Expenses**	(59,407)	(70,290)	+18.3%
Operating Profit	10,017	8,601	-14.1%
Profit Before Income Tax	7,463	6,466	-13.4%
EBITDA***	17,222	16,285	-5.4%
Profit/Total Comprehensive Income for the Period	5,826	5,324	-8.6%

\* Without Murmanskaya CHPP.

\*\* With account to Other operating income, Reserve for impairment of PP&E and Government subsidy.

\*\*\* 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

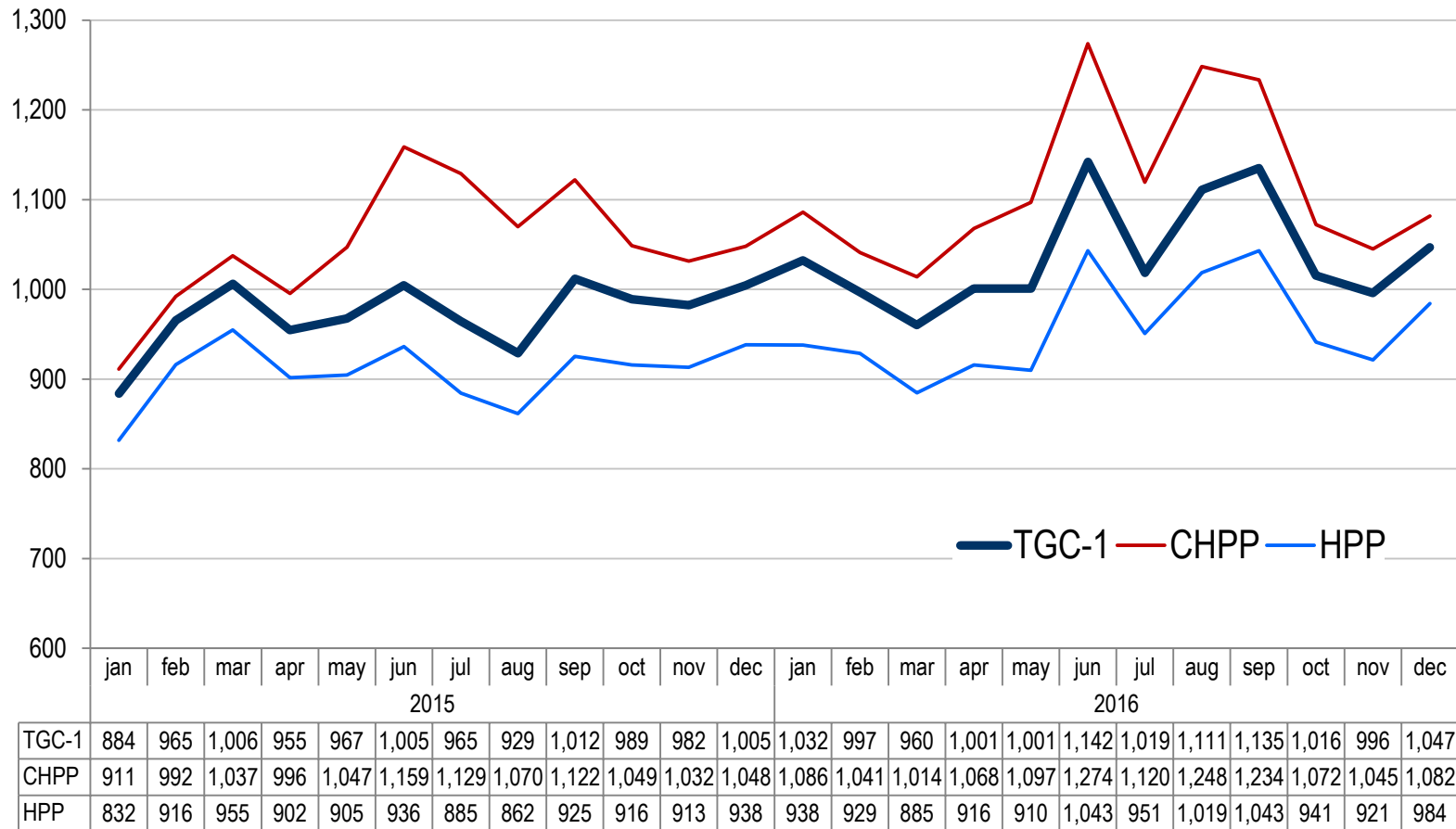
TGC-1's Regional Sale Prices for Electricity at the Day-ahead Market, RUB/ MWh

CHPP  
13  
HPP  
40

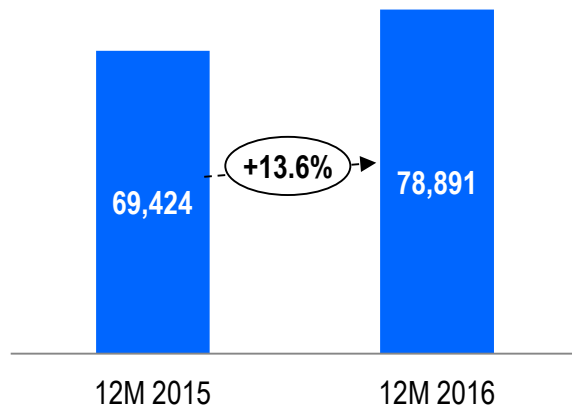


	12M 2015		12M 2016
Kolsky Branch	851.54	+2.5%	873.18
Karelsky Branch	966.89	+5.5%	1,019.96
Nevsky Branch	1,034.57	+6.9%	1,105.53
TGC-1	970.62	+6.4%	1,033.04

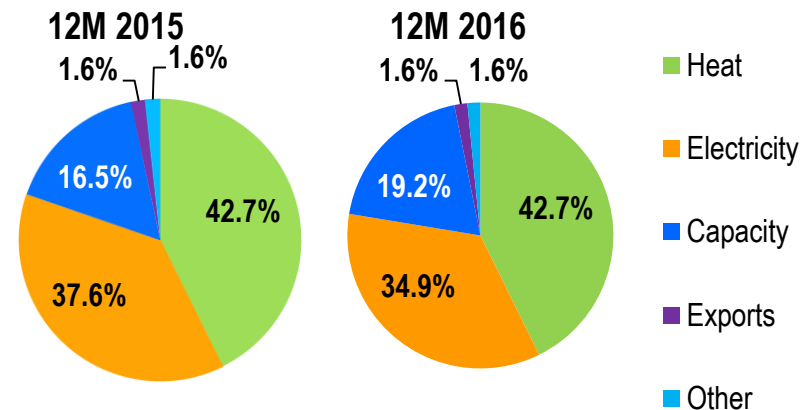
TGC-1's Sale Price for Electricity at the Day-ahead Market, RUB/MWh



Revenue, RUB mln



Revenue Structure\*



Prices and Tariffs\*, RUB mln

	12M 2015	12M 2016	Change
Average Electricity Price, thous RUB/MWh	940.3	940.5	0.02%
Average New Capacity Price, RUB/MWh per Month	550,081.1	677,195.4	23.1%
Average Old Capacity Price RUB/MWh per Month	129,223.8	116,298.6	-10.0%

Revenue Change Factors

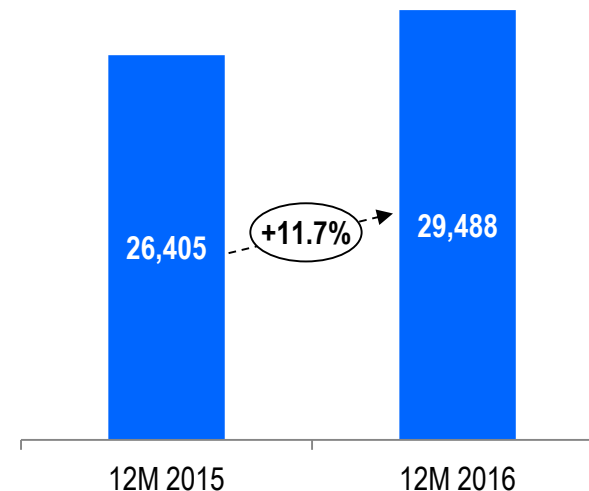
- Considerably higher electricity production at HPPs of Nevsky branch of high water factor in the reporting period;
- Price growing at “the day-ahead market” by 6.4% year-on-year;
- Revenue from capacity sales increased by 32.9% on the back of growing capacity volume, sold at competitive capacity outtake, as well as capacity price growth under CSA;
- Optimization of capacity load;
- Heat output growth due to low temperature in the early 2016.

\* Management report data.

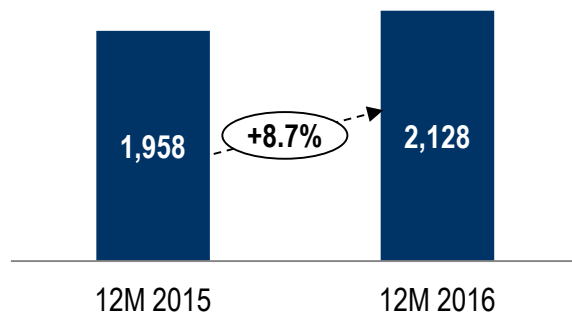
## Variable Costs, RUB mln

	12M 2015	12M 2016	Change
Fuel	26,405	29,488	+11.7%
Electricity, Capacity and Heat Purchases	5,787	6,169	+6.6%
Water Usage Expenses	2,439	2,600	+6.6%
Other Materials	707	813	+15.1%
Heat Transmission	1,958	2,128	+8.7%
<b>Total Variable Costs</b>	<b>37,295</b>	<b>41,198</b>	<b>+10.5%</b>

## Fuel Expenses, RUB mln



## Heat Transmission, RUB mln



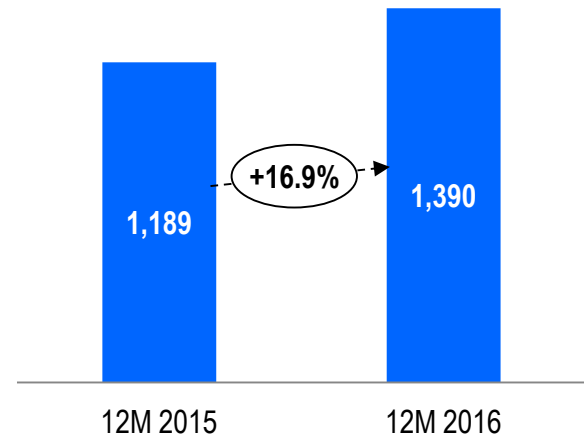
## Variable Costs Change Factors

- Increased fuel costs due to growing heat output;
- Growing water usage expenses on the back of increased water tax;
- Growth of Heat Transmission expenses resulted from additional transit costs of heat at JSC Apatit in Kirovsk (Murmanskaya Oblast), at JSC "Petrozavodsk Communal Systems – Heating Grids" in Petrozavodsk (due to status of unified heating supplier acquired by TGC-1 for Petrozavodsk territory), considerable growth of heat volume, transferred via heat grids of JSC "St. Petersburg Heating grid" in Leningradskaya Oblast, as well as substantially increased tariff for heat transmission via grids of JSC HHC and JSC "Petrozavodsk Communal Systems – Heating Grids" in 2016.

## Fixed Costs, RUB mln

	12M 2015	12M 2016	Change
Employee Benefits	7,130	7,274	+2.0%
Repairs and Maintenance	3,042	3,496	+14.9%
Taxes Other than Income Tax	1,189	1,390	+16.9%
Fees of Electricity Market Operators	857	814	-5.0%
Rent Expenses	345	466	+35.1%
Insurance Cost	290	286	-1.4%
Other	3,669	7,194	+96.1%
<b>Total Fixed Costs</b>	<b>16,522</b>	<b>20,920</b>	<b>+26.6%</b>

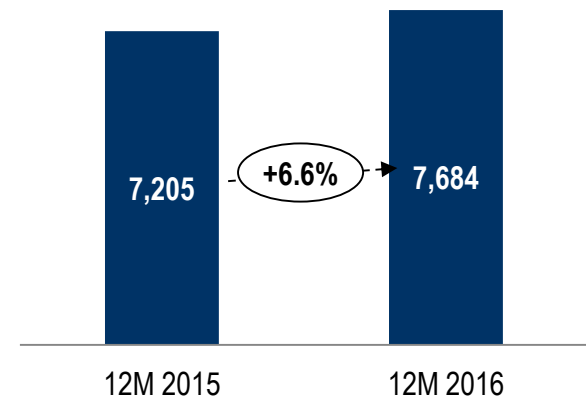
## Taxes other than Income Tax, RUB mln



## Fixed Costs and Depreciation Change Factors

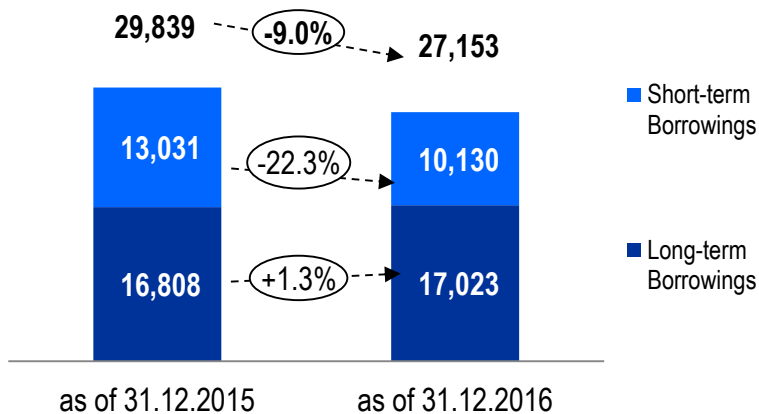
- Increase of repairs and maintenance costs on the back of planned repairs of PP&E;
- Increase of taxes other than income tax due to the higher property tax;
- Higher other fixed costs mainly due to receivables impairment provision decrease and loss on PP&E disposal.

## Depreciation and Amortization, RUB mln

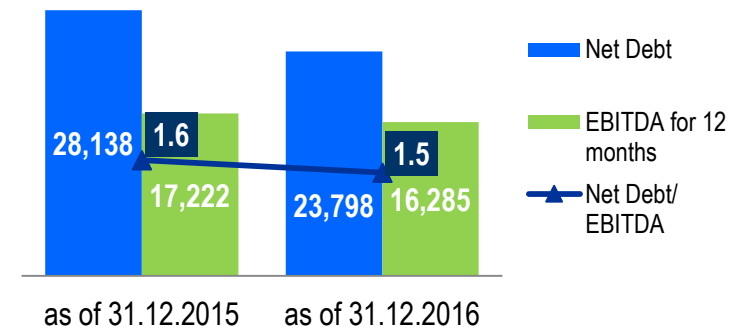




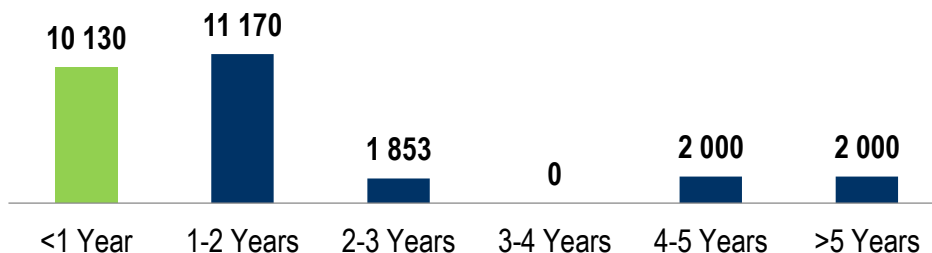
## Debt Structure, RUB mln



## Net Debt\*/ EBITDA



## Maturity Profile, as of September 30, 2016, RUB mln



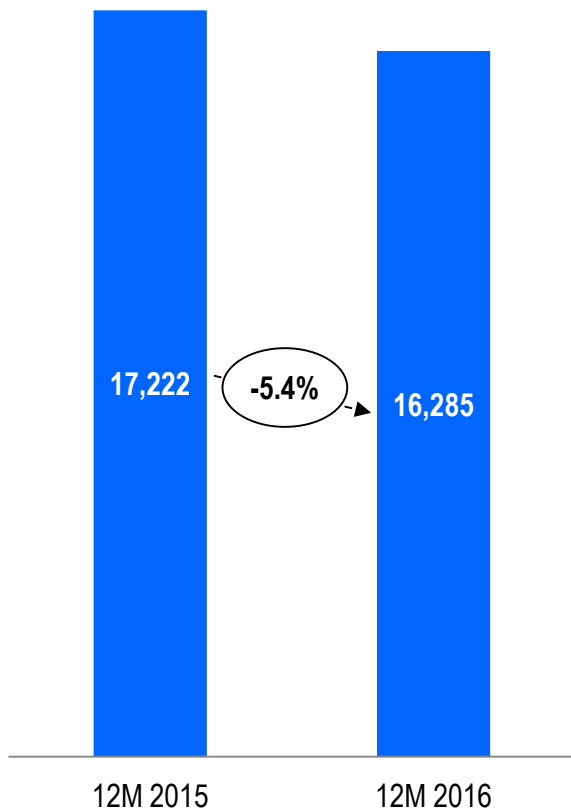
## Debt Portfolio Management

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

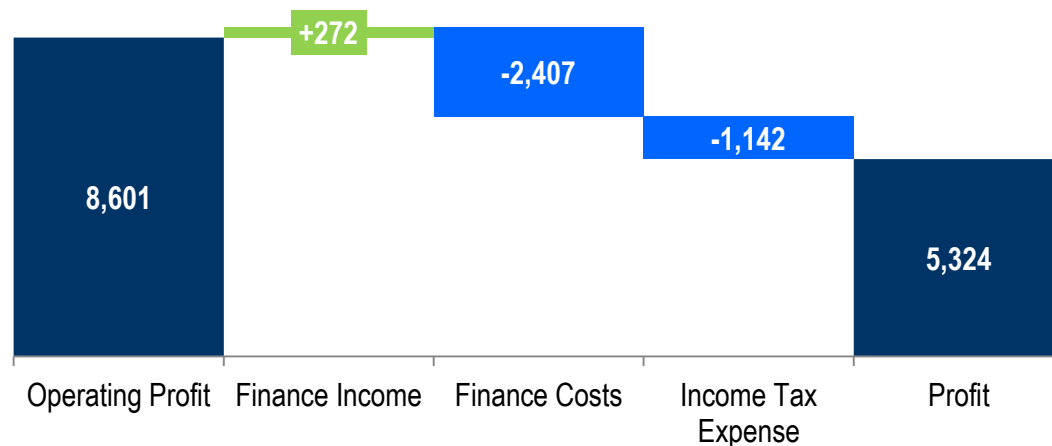
Weighted average effective interest for TGC-1 debt portfolio for 12M 2016 (accumulated from the beginning of the year) amounted to 10.24%

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

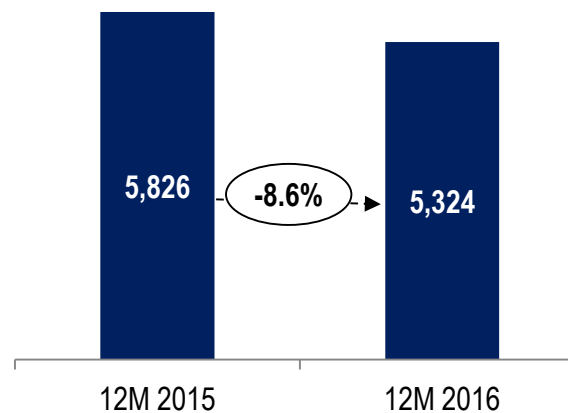
EBITDA, RUB mln



Profit Bridge for 12M 2016, RUB mln



Profit Dynamics, RUB mln



# Thank you for Your Attention!

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