



# JSC TGC-1

## 3M 2016 IFRS Results

May 16, 2016  
Saint Petersburg

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## Operational Highlights

	3M 2015	3M 2016	Change
Installed Capacity, MW	7,144	7,016	-1.8%
Electricity Production, mn kWh, Including:	7,496	7,994	+6.6%
CHP	4,800	4,870	+1.5%
HPP	2,696	3,124	+15.9%
Electricity Sales Including Purchased Energy, mn kWh	8,511	8,741	+2.7%
Capacity Sales, MW (monthly average)	2,960	5,583	+88.6%
Heat Output, thous Gcal	9,102	9,799	+7.7%
Useful Heat Output Including Purchased Energy, thous Gcal	9,160	9,770	+6.7%
Fuel Rate on Electricity*, g/kWh	251.6	187.0	-25.7%
Fuel Rate on Heat*, kg/Gcal	137.7	168.3	+22.2%
Capacity Load Factor, %*	48.7	52.2	+3.5 p.p.
CHP	51.9	53.7	+1.8 p.p.
HPP	43.8	50.0	+6.2 p.p.

\* Without Murmanskaya CHP.

\*\* With account to Other operating income.

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

## Financial Highlights, mn RUR

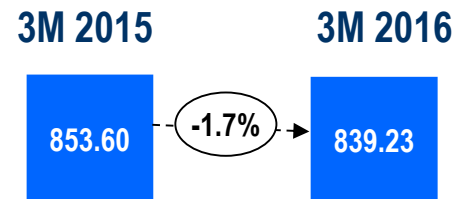
	3M 2015	3M 2016	Change
Revenue	22,035	25,238	+14.5%
Operating Expenses, Incl.:	(17,549)	(19,507)	+11.2%
Variable Costs	(12,471)	(13,793)	+10.6%
Fixed Costs	(3,290)	(3,960)	+20.4%
Depreciation and Amortization	(1,788)	(1,754)	-1.9%
Total Operating Expenses**	(17,458)	(19,310)	+10.6%
Operating Profit	4,577	5,929	+29.5%
Profit Before Income Tax	4,045	5,397	+33.4%
EBITDA ***	6,365	7,683	+20.7%
Profit/Total Comprehensive Income for the Year	3,295	4,386	+33.1%

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

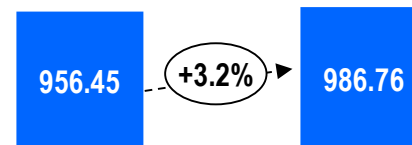
TGC-1's Regional Sale Prices for Electricity at the Day-ahead Market, RUR/ MWh



**Kolsky Branch**



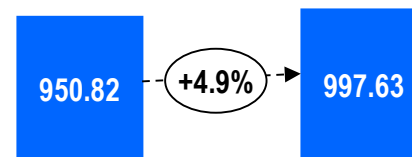
**Karelsky Branch**



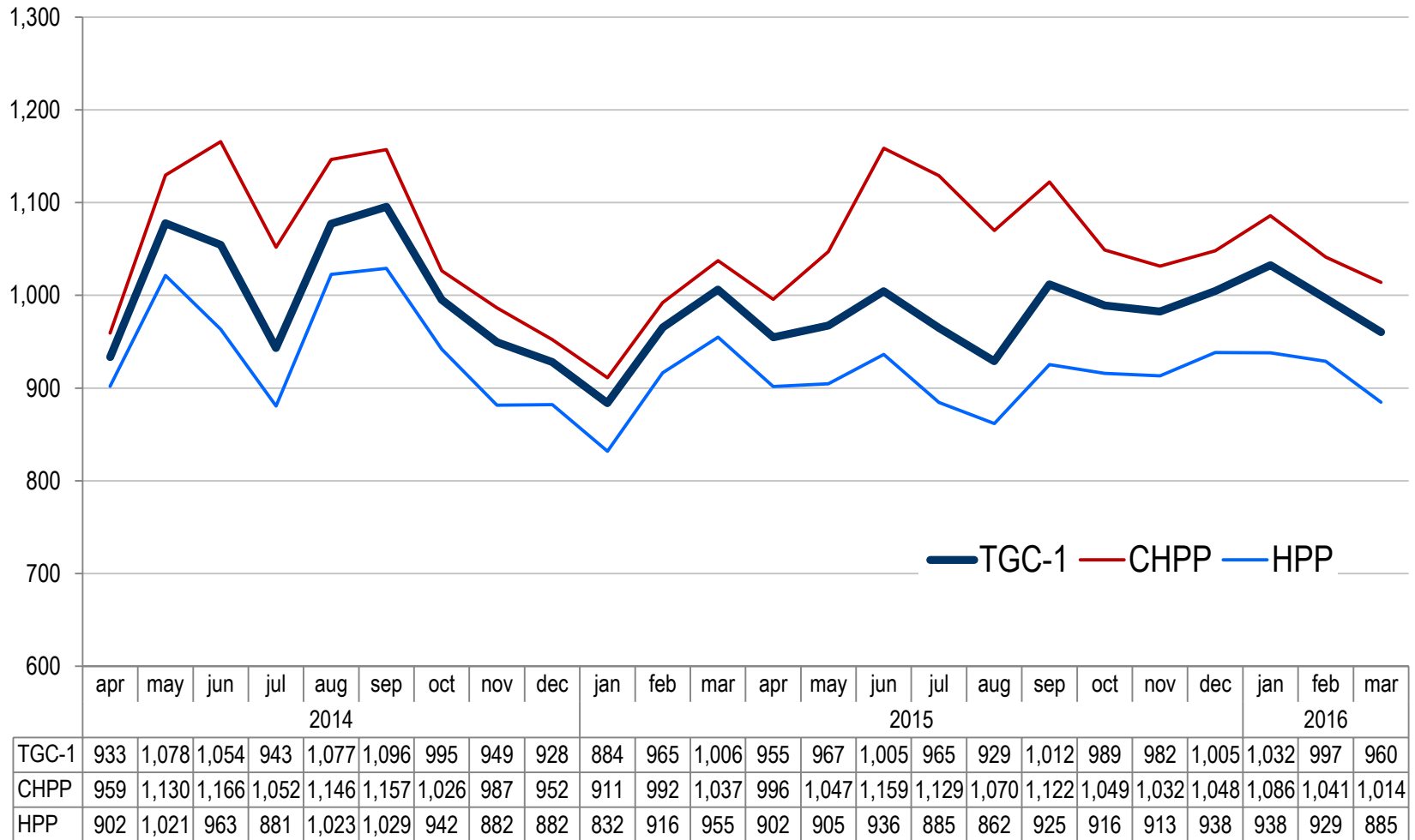
**Nevsky Branch**



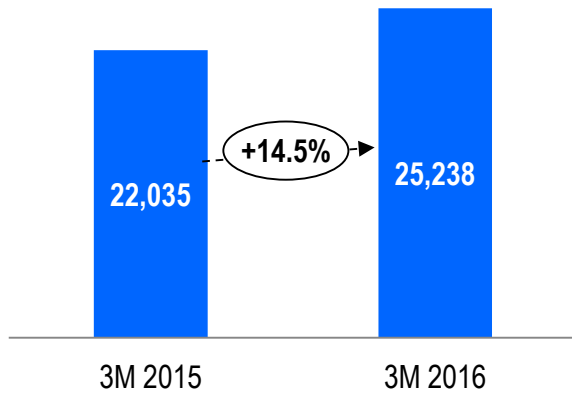
**TGC-1**



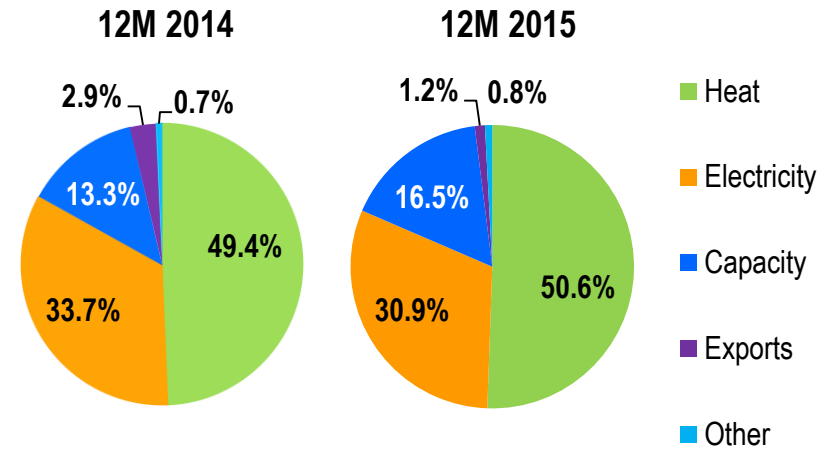
TGC-1's Sale Price for Electricity at the Day-ahead Market, RUR/MWh



Revenue, mn RUR



Revenue Structure\*



Prices and Tariffs\*, mn RUR

	3M 2015	3M 2016	Change
Average Electricity Price, Thous RUR/MWh	949.4	926.0	-2.5%
Average New Capacity Price, RUR/MWh per Month	612,901.8	728,936.4	+18.9%
Average Old Capacity Price RUR/MWh per Month	141,089.7	124,861.2	-11.5%

Revenue Change Factors

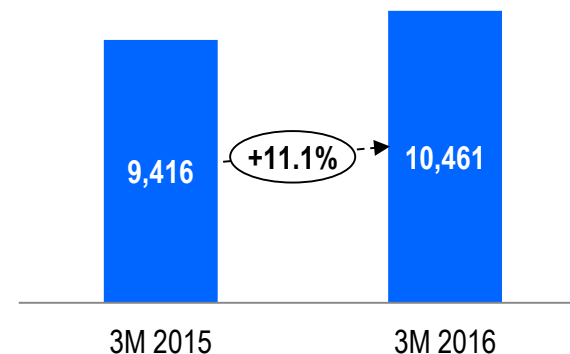
- Higher electricity production at HPPs of Kolsky and Karelsky branches, price growing at “the day-ahead market” by 4.9% year-on-year;
- Revenue from capacity sales increased by 42.1% on the back of growing capacity volume, sold at Competitive Capacity Outtake, as well as capacity price growth under CSA;
- Optimization of capacity load;
- Heat output growth due to low temperature in the early 2016.

\* Management report data.

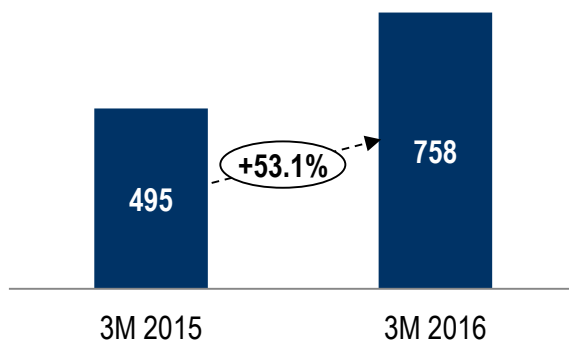
## Variable Costs, mn RUR

	3M 2015	3M 2016	Change
Fuel	9,416	10,461	+11.1%
Electricity, Capacity and Heat Purchases	1,864	1,802	-3.3%
Water Usage Expenses	584	648	+11.0%
Other Materials	112	124	+10.7%
Heat Transmission	495	758	+53.1%
<b>Total Variable Costs</b>	<b>12,471</b>	<b>13,793</b>	<b>+10.6%</b>

## Fuel Expenses, mn RUR



## Heat Transmission, mn RUR



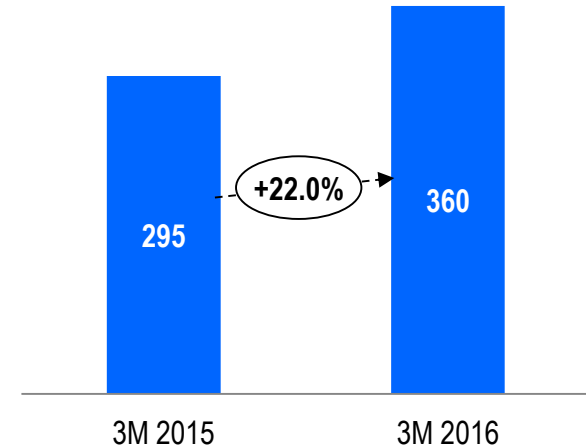
## Variable Costs Change Factors

- 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 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 via grids of JSC Hibinskaya Heating Company and JSC Apatityenergo since 2H 2015.

## Fixed Costs, mn RUR

	3M 2015	3M 2016	Change
Employee Benefits	1,790	1,821	+1.7%
Repairs and Maintenance	500	588	+17.6%
Taxes Other than Income Tax	295	360	+22.0%
Fees of Electricity Market Operators	214	207	-3.3%
Operating Lease Expenses	80	88	+10.0%
Insurance Cost	72	75	+4.2%
Other	339	821	+142.2%
<b>Total Fixed Costs</b>	<b>3,290</b>	<b>3,960</b>	<b>+20.4%</b>

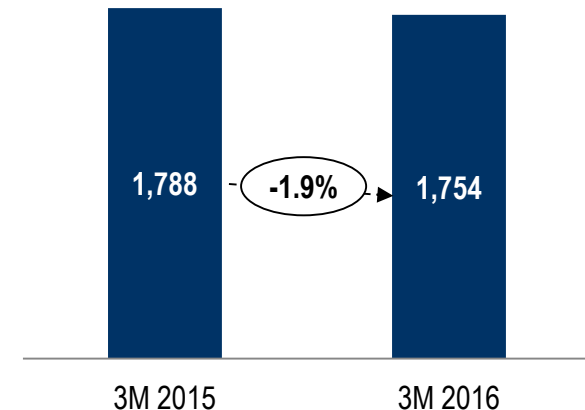
## Taxes other than Income Tax, mn RUR



## Fixed Costs and Depreciation Change Factors

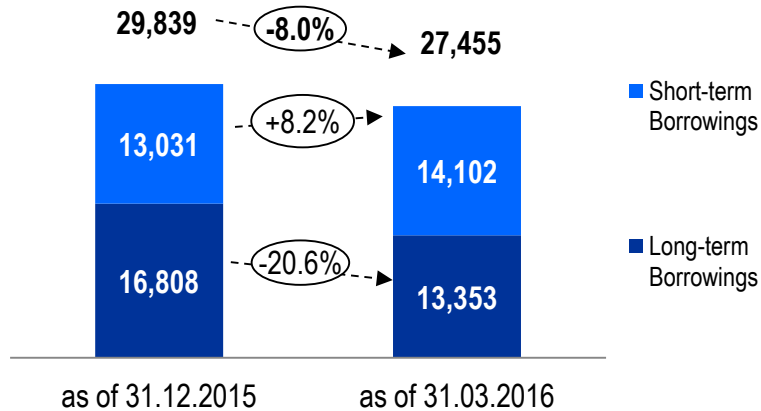
- Increase of repairs and maintenance costs on the back of planned repairs of PP&E;
- Increase of taxes other than income tax due to the higher property tax;
- Higher other fixed costs mainly due to receivables impairment provision and growing loss on PP&E disposal.

## Depreciation and Amortization, mn RUR

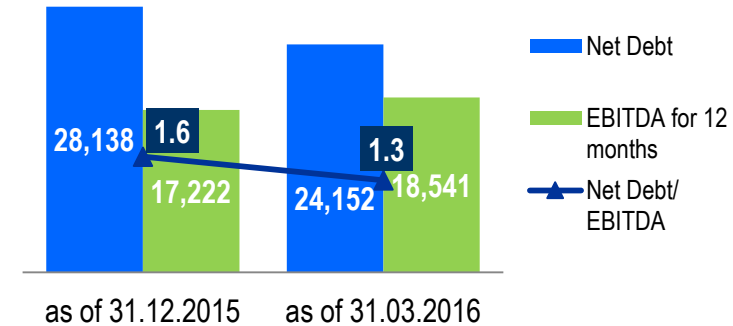




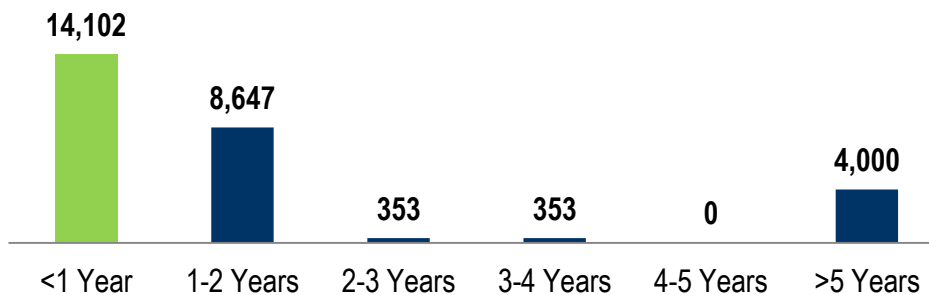
## Debt Structure, mn RUR



## Net Debt\*/ EBITDA



## Maturity Profile, as of March 31, 2015, mn RUR



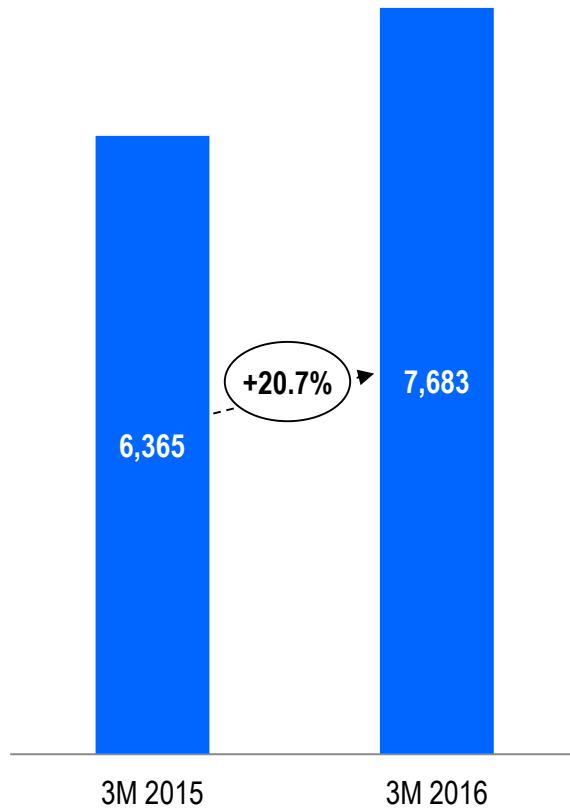
## Debt Portfolio Management

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

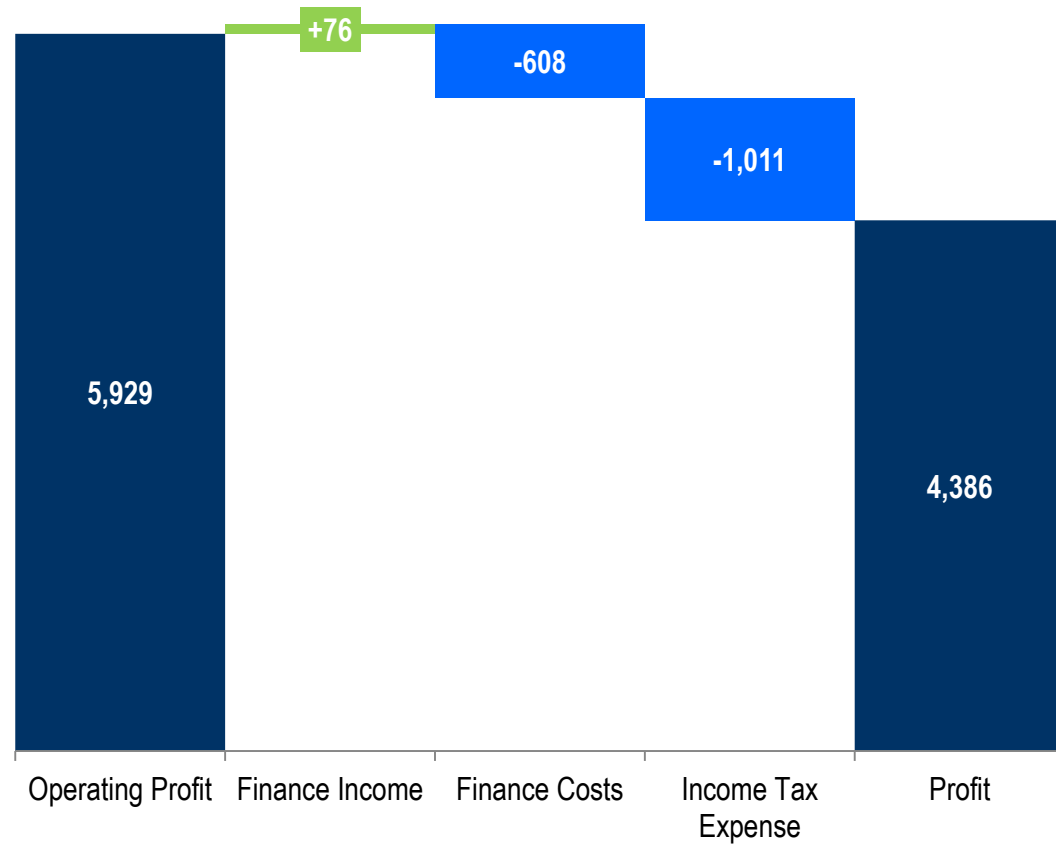
Weighted average effective interest for TGC-1 debt portfolio for 3M 2016 (accumulated from the beginning of the year) amounted to 10.47%

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

EBITDA, mn RUR



Profit Bridge for 3M 2016, mn RUR



# Thank you for Your Attention!

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