



# TGC-1

## 9M 2016 IFRS Results

November 21, 2016  
Saint Petersburg

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## Operational Highlights

	9M 2015	9M 2016	Change
Installed Capacity, MW	7,057	6,852	-2.9%
Electricity Production, mn kWh, Including:	18,841	20,270	+7.6%
CHPP	9,401	10,430	+10.9%
HPP	9,440	9,840	+4.2%
Electricity Sales Including Purchased Energy, mn kWh	21,304	22,363	+5.0%
Capacity Sales, MW (monthly average)	3,320	5,325	+60.4%
Heat Output, thous Gcal	15,383	15,729	+2.2%
Useful Heat Output Including Purchased Energy, thous Gcal	15,999	16,281	+1.8%
Fuel Rate on Electricity*, g/kWh	264.5	215.4	-18.6%
Fuel Rate on Heat*, kg/Gcal	139.3	170.9	+22.7%
Capacity Load Factor, %*	40.4	44.6	+4.2 p.p.
CHPP	33.6	39.1	+5.5 p.p.
HPP	50.4	52.4	+2.0 p.p.

## Financial Highlights, RUB mln

	9M 2015	9M 2016	Change
Revenue	48,049	54,416	+13.3%
Operating Expenses, Incl.:	(41,731)	(45,639)	+9.4%
Variable Costs	(25,545)	(27,917)	+9.3%
Fixed Costs	(10,807)	(12,385)	+14.6%
Depreciation and Amortization	(5,379)	(5,337)	-0.8%
Total Operating Expenses**	(41,124)	(44,999)	+9.4%
Operating Profit	6,924	9,417	+36.0%
Profit Before Income Tax	5,070	7,974	+57.3%
EBITDA***	12,303	14,754	+19.9%
Profit/Total Comprehensive Income for the Period	4,036	6,746	+67.1%

\* Without Murmanskaya CHPP.

\*\* With account to Other operating income 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

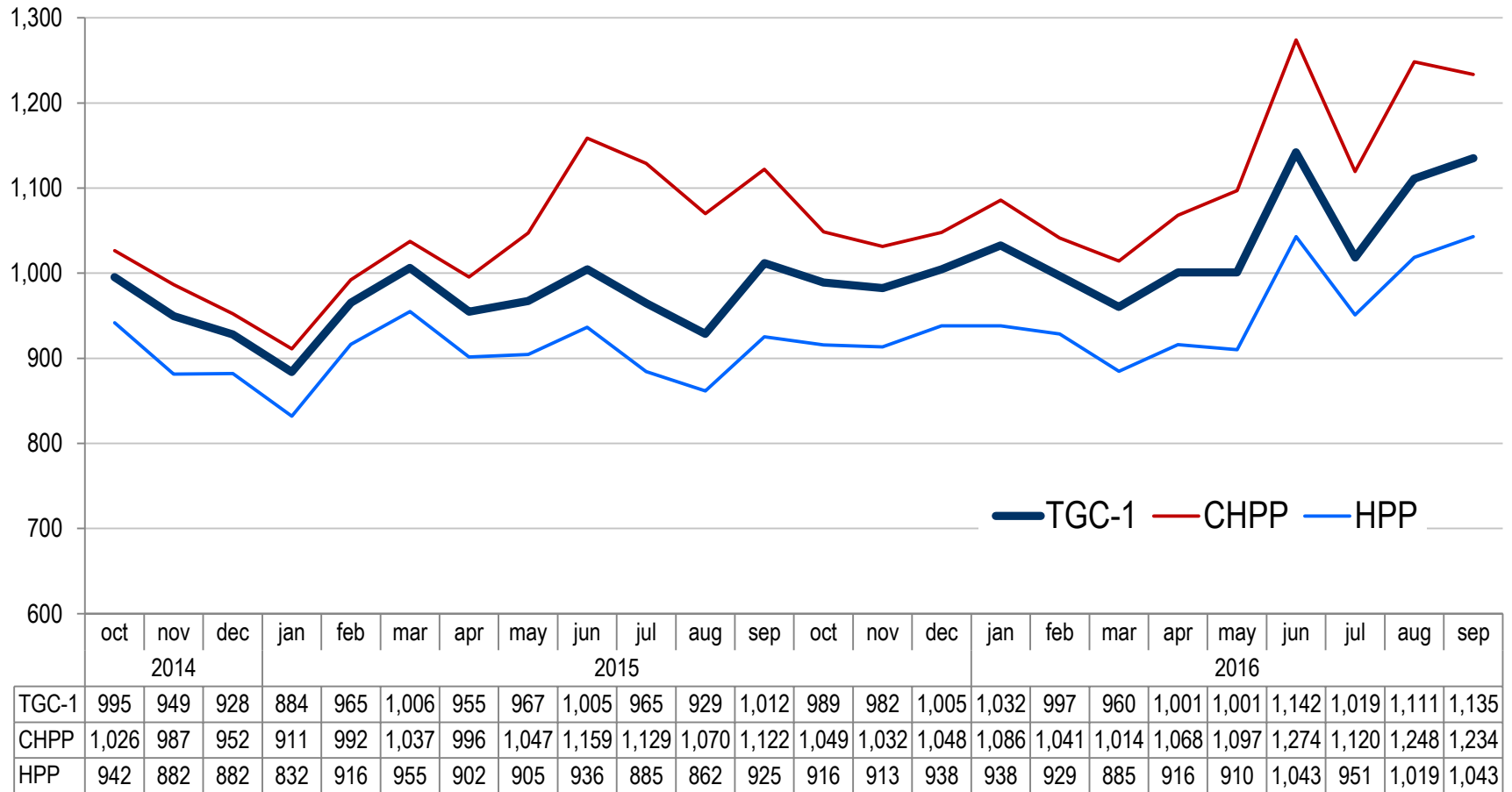
TGC-1's Regional Sale Prices for Electricity at the Day-ahead Market, RUB/ MWh

CHPP  
13  
HPP  
40

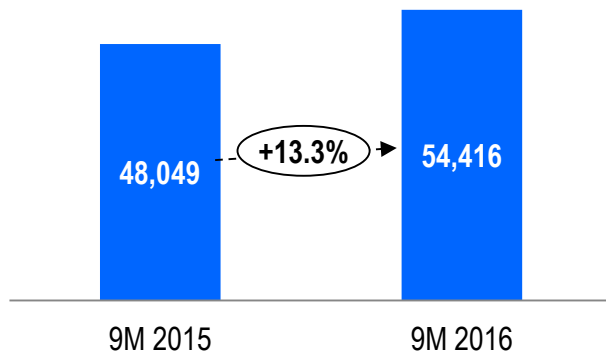


	9M 2015		9M 2016
Kolsky Branch	848.16	+3.1%	874.84
Karelsky Branch	960.99	+6.4%	1,022.25
Nevsky Branch	1,027.49	+8.7%	1,117.04
<b>TGC-1</b>	<b>962.85</b>	<b>+7.8%</b>	<b>1,037.75</b>

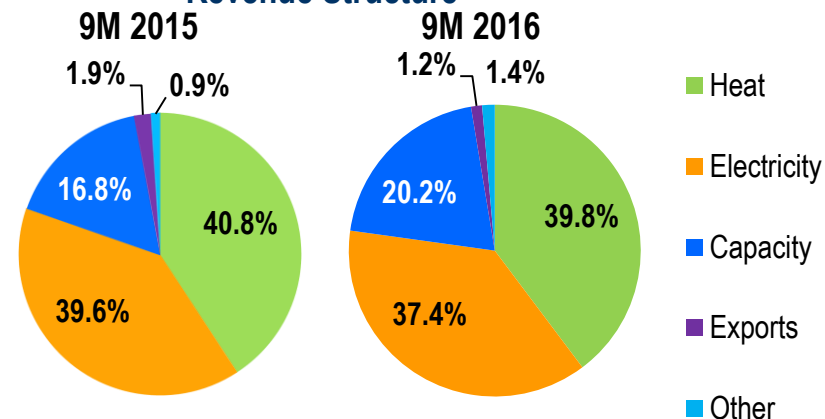
TGC-1's Sale Price for Electricity at the Day-ahead Market, RUB/MWh



Revenue, RUB mln



Revenue Structure\*



Prices and Tariffs\*, RUB mln

	9M 2015	9M 2016	Change
Average Electricity Price, thous RUB/MWh	936.1	940.9	+0.5%
Average New Capacity Price, RUB/MWh per Month	533,233.9	650,411.6	+22.0%
Average Old Capacity Price RUB/MWh per Month	124,035.2	113,697.4	-8.3%

Revenue Change Factors

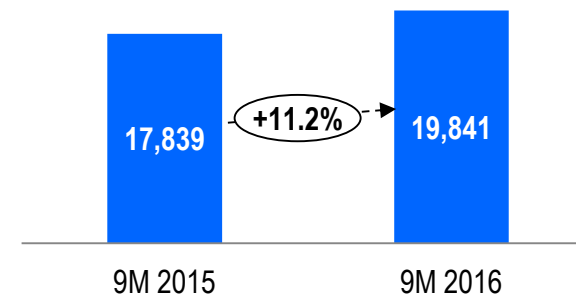
- Considerably higher electricity production at HPPs of Kolsky and Karelsky branches;
- Price growing at “the day-ahead market” by 7.8% year-on-year on the back of high water factor in the reporting period;
- Revenue from capacity sales increased by 36.1% on the back of growing capacity volume, sold at competitive capacity outtake, as well as capacity price growth under CSA;
- Compliance with System Operator’s demands, concerning unscheduled load of TGC-1 old capacity, resulting, among other things, from repair works at Leningradskaya nuclear power plant;
- Optimization of capacity load;
- Heat output growth due to low temperature in the early 2016.

\* Management report data.

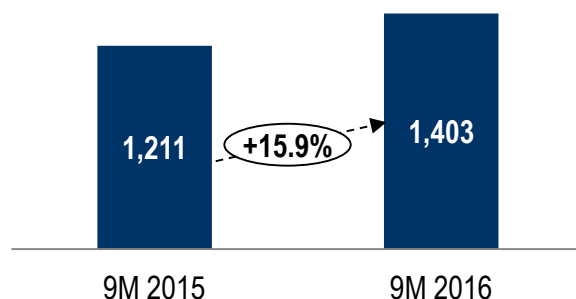
## Variable Costs, RUB mln

	9M 2015	9M 2016	Change
Fuel	17,839	19,841	+11.2%
Electricity, Capacity and Heat Purchases	4,229	4,261	+0.8%
Water Usage Expenses	1,754	1,862	+6.2%
Other Materials	512	551	+7.6%
Heat Transmission	1,211	1,403	+15.9%
<b>Total Variable Costs</b>	<b>25,545</b>	<b>27,918</b>	<b>+9.3%</b>

## Fuel Expenses, RUB mln



## Heat Transmission, RUB mln



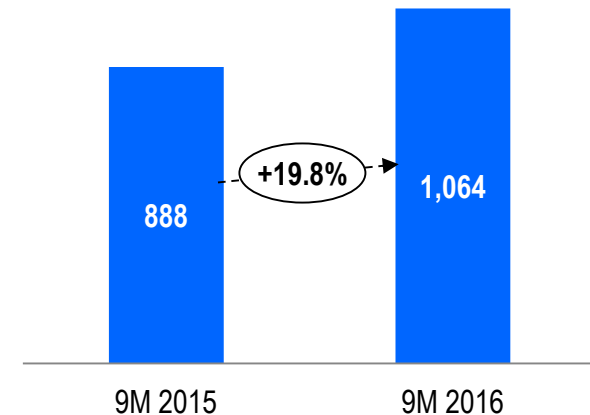
## Variable Costs Change Factors

- 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 increased tariff for heat transmission via grids of JSC HHC and JSC Apatityenergo since 2H 2015.

## Fixed Costs, RUB mln

	9M 2015	9M 2016	Change
Employee Benefits	5,438	5,504	+1.2%
Repairs and Maintenance	2,207	2,386	+8.1%
Taxes Other than Income Tax	888	1,064	+19.8%
Fees of Electricity Market Operators	637	608	-4.6%
Rent Expenses	243	324	+33.3%
Insurance Cost	217	211	-2.8%
Other	1,177	2,288	+94.4%
<b>Total Fixed Costs</b>	<b>10,807</b>	<b>12,385</b>	<b>+14.6%</b>

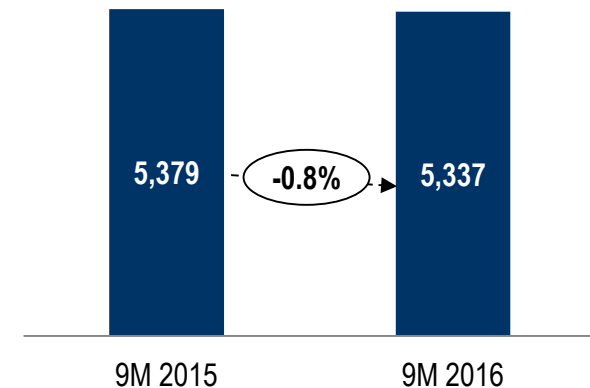
## Taxes other than Income Tax, RUB mln



## Fixed Costs and Depreciation Change Factors

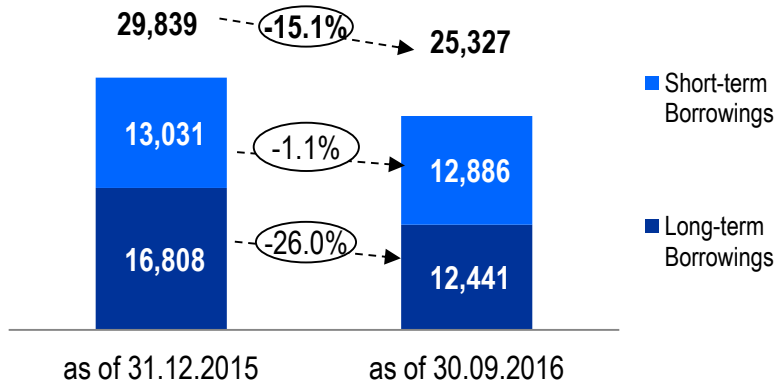
- Increase of repairs and maintenance costs on the back of planned repairs of PP&E;
- Increase of taxes other than income tax due to the higher property tax;
- Higher other fixed costs mainly due to receivables impairment provision decrease and loss on PP&E disposal.

## Depreciation and Amortization, RUB mln

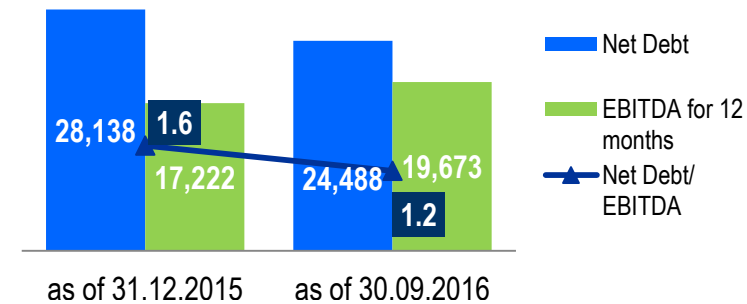




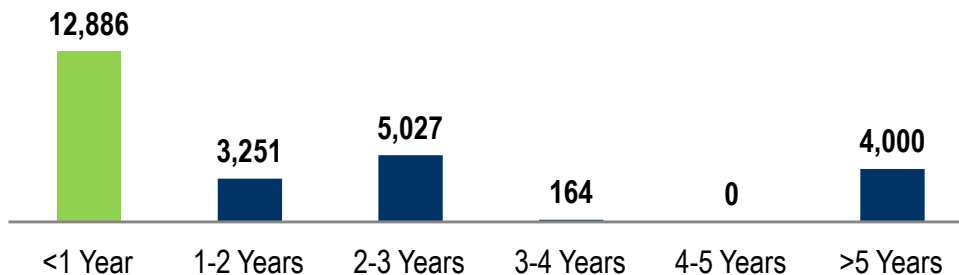
## Debt Structure, RUB mln



## Net Debt\*/ EBITDA



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



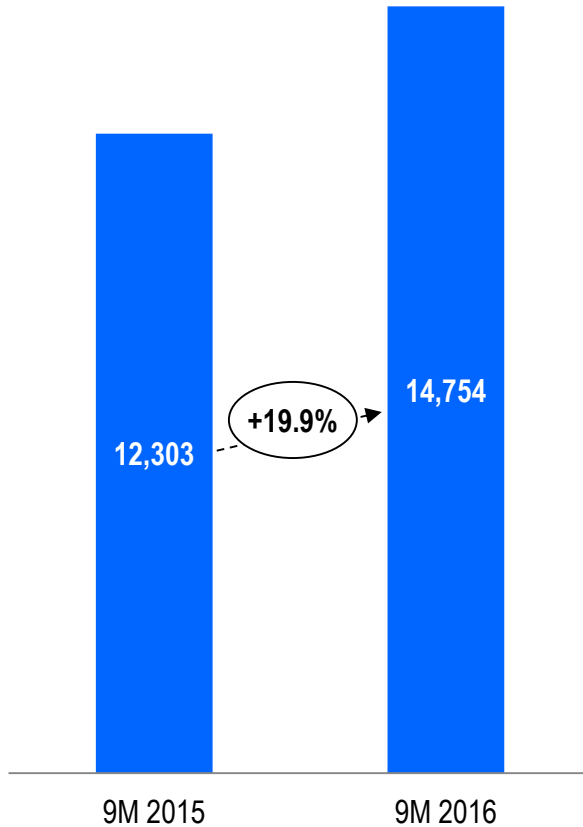
## Debt Portfolio Management

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

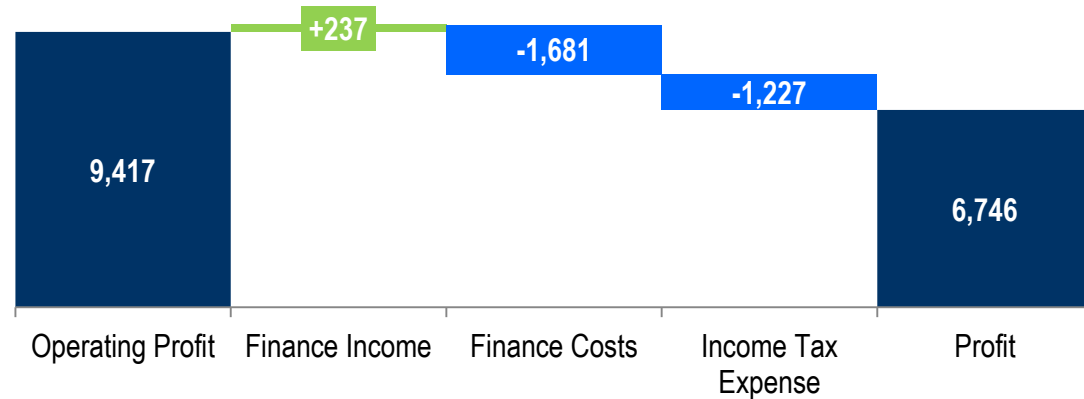
Weighted average effective interest for TGC-1 debt portfolio for 9M 2016 (accumulated from the beginning of the year) amounted to 10.25%

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

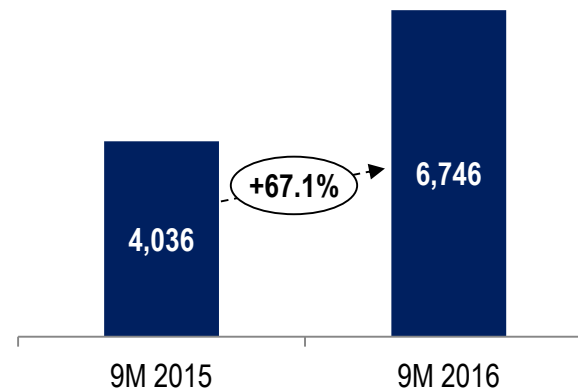
EBITDA, RUB mln



Profit Bridge for 9M 2016, RUB mln



Profit Dynamics, RUB mln



# Thank you for Your Attention!

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