



TGC-1

2010 IFRS results

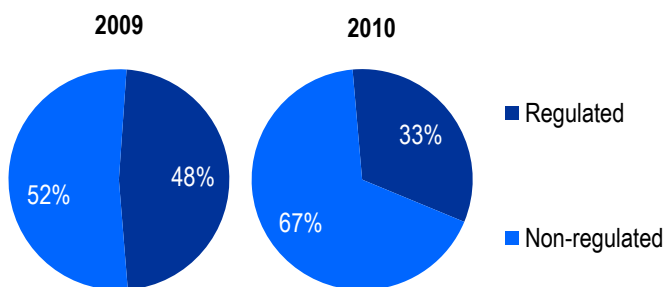
April 5, 2011
Saint-Petersburg

Operational results

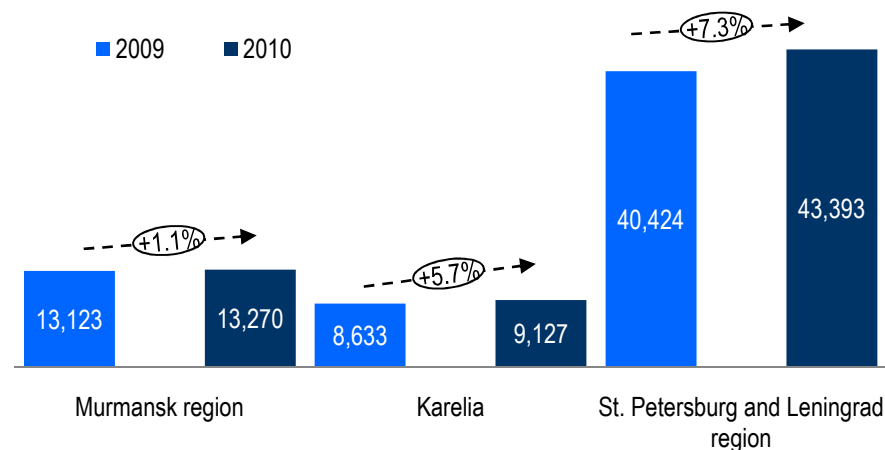
	2009	2010	Change
Electricity Output, mn kWh	26,761	27,162	+1.5%
Electricity Sales, mn kWh	30,638	32,014	+4.5%
Heat Output, thous Gcal	26,916	28,818	+7.1%
Fuel Rate on Electricity, g/kWh	300.5	301.4	+0.3%
Fuel Rate on Heat, kg/Gcal	138.8	138.4	-0.3%
Electric capacity utilization factor, %	49.8	49.3	-0.5 p.p.

- Increase of electricity and heat sales in 2010 was affected by lower winter temperature compared to 2009
- In 2010 increase of electricity output occurred in condensation mode which resulted in lower fuel efficiency in conditions of higher electricity demand and decrease of heat generation

Electricity Sales in Regulated and Non-regulated sectors, mn kWh



Regional Electricity Consumption¹, mn kWh



¹ Per System Operator of the Unified Power System data

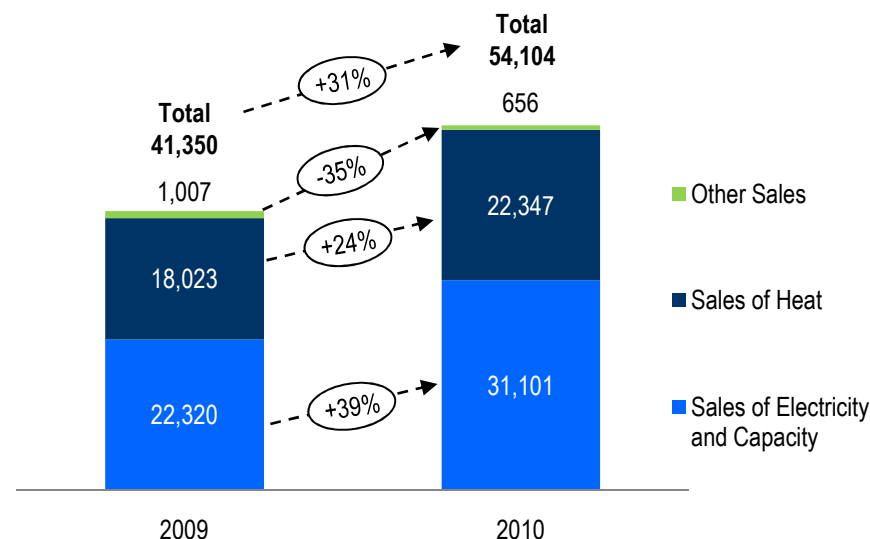


Financial highlights

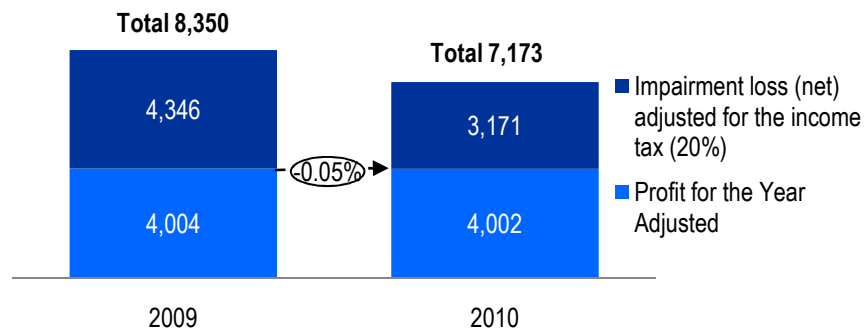
Main Figures, mn RUR

	2009	2010	Change
Revenue	41,350	54,104	+31%
Operating Expenses	(30,950)	(44,899)	+45%
Operating Profit	10,400	9,205	-11%
Profit before Income Tax	10,632	9,083	-15%
EBITDA ¹	13,191	12,589	-5%
Profit for the Year	8,350	7,173	-14%
Profit for the Year Adjusted ²	4,004	4,002	-0.05%

Revenue Structure, mn RUR



Profit for the Year, mn RUR



Revenue growth factors

- Increase of electricity output and heat generation
- Hike in regulated and unregulated electricity and capacity prices, growth of heat tariffs
- Increase of electricity and capacity sales as a result of market liberalization

1. EBITDA = Operating profit+ Depreciation of property, plant and equipment and intangible assets
 2. Profit for the Year is Adjusted for Impairment loss (net)



Variable Costs

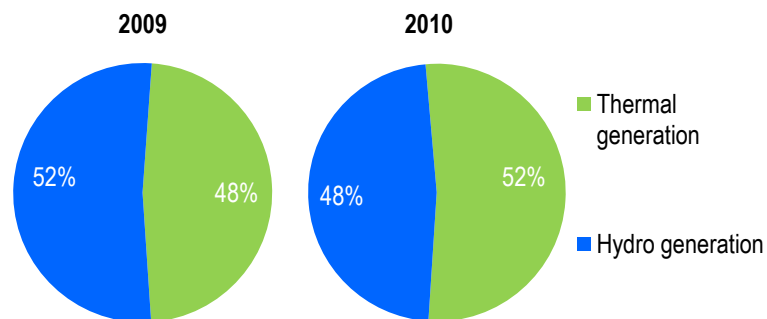
Variable Costs Structure, mn RUR

Variable Costs	2009	2010	Change
Fuel	15,693	21,637	38%
Electricity and heat purchases	4,740	8,703	84%
Water usage expenses	1,708	1,880	10%
Other materials	375	374	0%
Heat distribution	1,192	869	-27%
Total	23,709	33,464	41%

Fixed Costs Structure, mn RUR

Fixed Costs	2009	2010	Change
Employee benefits	5,150	5,518	7%
Repairs and maintenance	1,784	1,879	5%
Taxes other than income tax	1,032	1,068	4%
Dispatcher's fees	604	638	6%
Lease expenses	326	558	71%
Insurance cost	216	218	1%
Other operating expenses	2,479	2,315	-7%
Total	11,590	12,195	5%

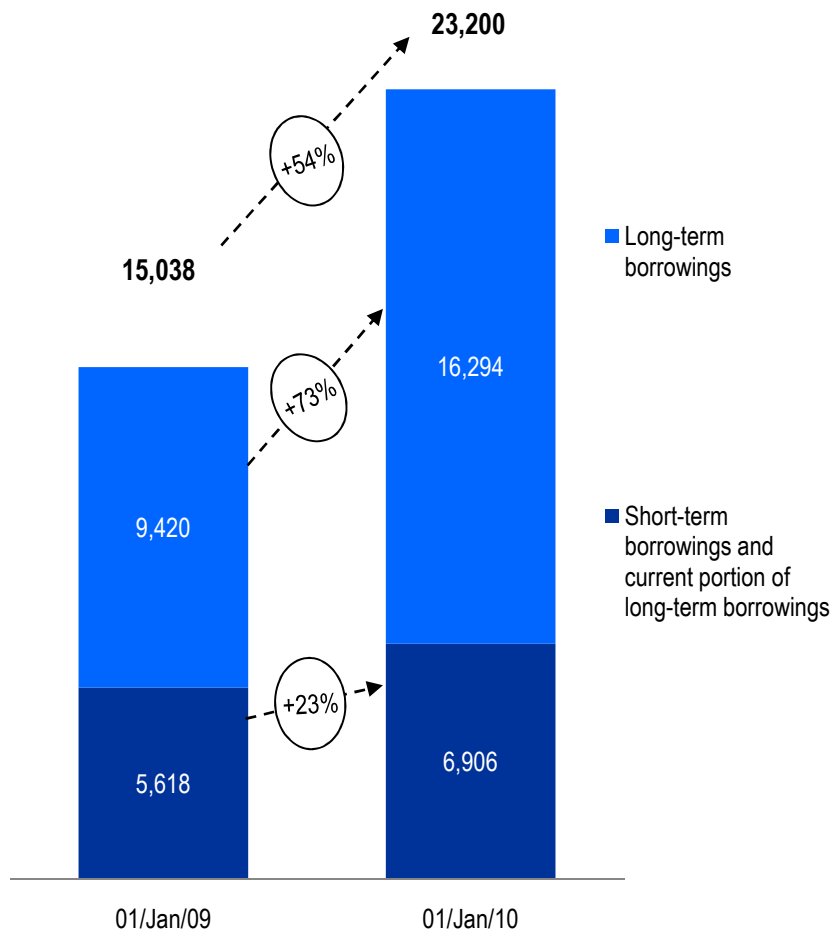
Electricity Output Structure



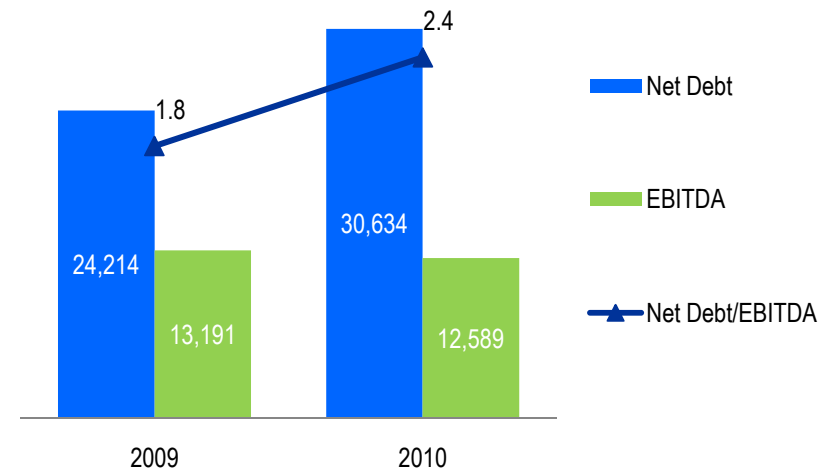
Costs Increase Factors

- Fuel Expense Increase is associated with one-off (and not quarterly like in 2009) gas price hike in 2010 and electricity generation increase CHPP
- Fixed costs are under control of the Company's management. The increase is within the inflation level, which amounted to 8.8% in 2010
- The biggest increase from among the fixed cost items is attributed to the hike in lease expenses due to consolidation of "TEK of Saint Petersburg" heating networks. As a result of the consolidation, heat distribution expenses associated with these networks are restated as intergroup operations, which is reflected in the corresponding line of variable costs

Debt Structure, mn RUR



Net Debt¹/EBITDA



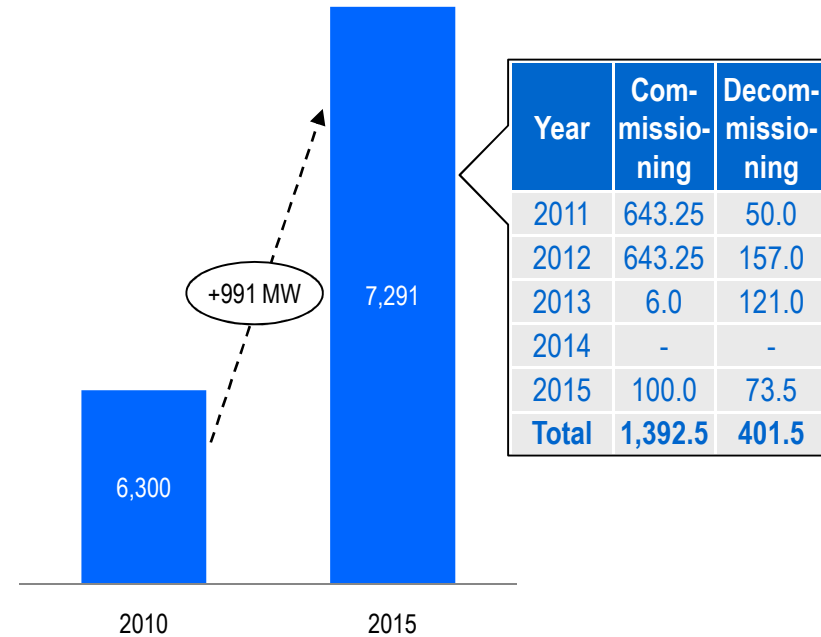
- Weighted average interest rate for the whole debt portfolio – 9.47%, excluding expensive RUR 5 bn bond issue – 7.06%
- Currently TGC-1 can attract loans at an interest rate lower than 7%

¹ Net debt= Total Debt + Accounts Payable - Cash and Cash Equivalents

Key Investment Projects

Location	Type of Works	Installed Capacity	Commissioning Date
Pravoberezhnaya CHPP	CCGT unit construction	450 MW	2012
Yuzhnaya CHPP	CCGT unit construction	450 MW	2011
Pervomayskaya CHPP	CCGT units construction	2×180 MW	2011-2012
Lesogorskaya HPP	Hydro units replacement	4×30 MW	2009-2013
Svetogorskaya HPP	Hydro units replacement	4×30 MW	2009-2012
Central CHPP	Gas-fired CHPP construction	2×50 MW	2015

Capacity evolution (including decommissioning), MW



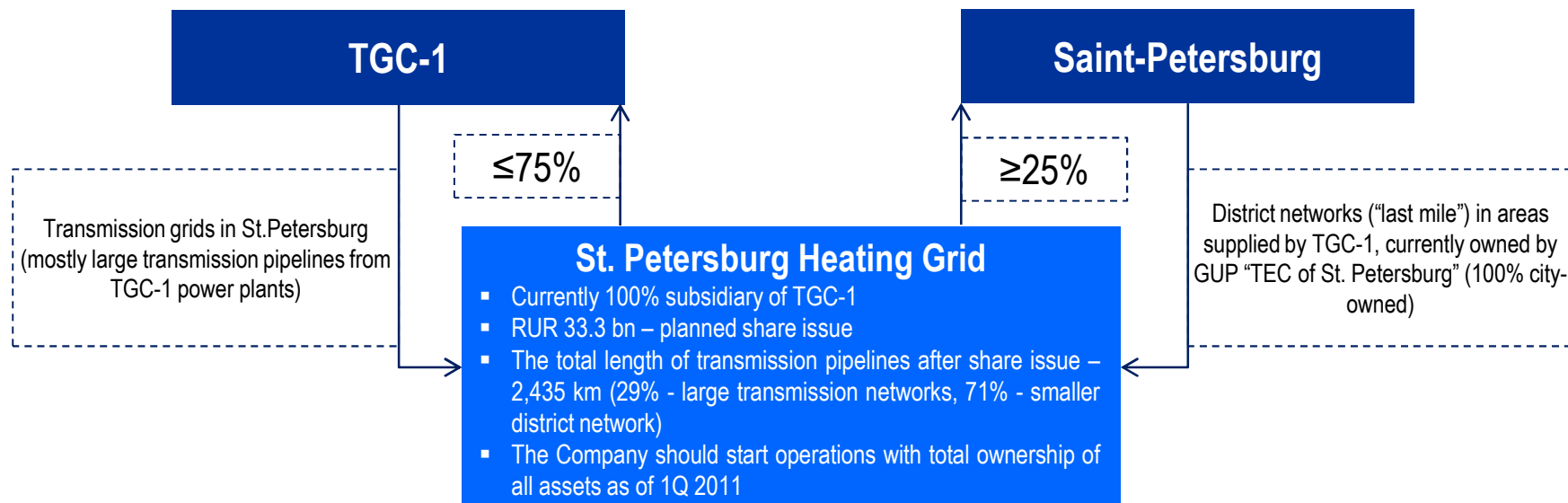
2010 Results

- Pre-launching tests of the 1st and 2nd 450MW CCGT-unit of Yuzhnaya CHPP started
- TGC-1 commissioned 30MW hydro-unit at Svetogorskaya HPP as a part of the complete overhaul of the 2 HPPs of Vuoksa cascade
- Start of commercial production of the 1st 180MW CCGT-unit at Pervomayaskaya CHPP and 450MW CCGT-unit at Yuzhnaya CHPP is scheduled for the 1Q 2011
- TGC-1 agreed with Leader Asset Management to set up a 50/50 JV to complete the construction of 450MW CCGT-unit at Pravoberezhnaya CHPP; TGC-1 plans to agree on a fixed-price EPC-contract

Appendix

St. Petersburg Heating Grid

Subsidiary of TGC-1 engaged in transmission of heat produced by power plants of TGC-1, connection of new customers to heating network and acting as heat sales agent of the Company



Expected Effects

- Creation of a unified heating area with a single network operator in the city area supplied from TGC-1 plants
- City's involvement should provide necessary support
- Possible switch to new long-term RoR regulation
- Redical improvement of quality and reliability of heat supply

- JSC TGC-1 and Leader Asset Management (ZAO “UK Leader”) to set up a Special Purpose Vehicle (SPV) on a 50/50 basis with an authorized capital of RUR 5 bn that will assume ownership of 450MW CCGT-unit
- RUR 5 bn will be employed to finance the construction as well as to partially buy-out the construction in process of the power unit from TGC-1
- Long-term bonds issued by SPV for a total amount of no less than RUR 8 bn will be used to finance further construction works
- After completion and commissioning of the unit TGC-1 will lease and operate the newly-built facilities from SPV. Lease duration will depend on parameters of debt duration. Lease payments should include debt payments



Expected Effects

- Attraction of outside investments to finance obligatory CAPEX project without further increasing Company's debt
- Commissioning of the CCGT-unit in 2-3Q 2012

- BoD decision Nov 29, 2010
- The projects aims to connect heating system of the town of Kirovsk to coal-fired Apatity CHPP; that should require refurbishment of the power plant, construction of heat transmission pipeline and heat exchanger in Kirovsk
- Operator of the construction project is JSC Khibiny Heating Company, 50/50 of TGC-1 and JSC Apatit
- Total construction CAPEX is estimated at RUR 2.9 bn (ex. VAT), refurbishment of the power plant should require ca. RUR 300 mn (ex. VAT)
- TGC-1 and Apatit will contribute RUR 800 mn on a 50/50 basis to JV, other financing should come from public debt attracted by JV. TGC-1 will use its own funds to refurbish the power plant
- End of construction – late 2012



Expected Effects

- additional annual average heat output from Apatity power plant should amount to over 650,000 GCal
- more moderate growth of end-user tariff



Thank you!

Press contacts

+7 (812) 901-32-84

+7 (812) 901-34-77

press_tgc1@tgc1.ru

IR contacts

+7 (812) 901-32-96

+7 (812) 901-32-97

ir@tgc1.ru