



JSC TGC-1

6M 2014 IFRS Results

August 21, 2014
Saint Petersburg

The information contained herein has been prepared using information available to JSC “TGC-1”(hereinafter - TGC-1 or the Company) at the time of preparation of the presentation. Since making a presentation on the activities of TGC-1 and the content of the presentation could affect the external or other factors. In addition all relevant information about TGC-1 may not be included in this presentation. No representation or warranty, expressed or implied, is made as to the accuracy, completeness or reliability of the information.

Any forward looking information herein has been prepared on the basis of a number of assumptions which may prove to be incorrect. Forward looking statements, by the nature, involve risk and uncertainty. TGC-1 cautions that actual results may differ materially from those expressed or implied in such statements. Reference should be made to the most recent Annual Report for a description of the major risk factors.

This presentation does not constitute or form part of any advertisement of securities, any offer or invitation to sell or issue or any solicitation of any offer to purchase or subscribe for, any shares in TGC-1, nor shall it or any part of it nor the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or investment decision.

Operational Highlights

	6M 2013	6M 2014	Change
Installed Capacity, MW	7,238	7,244	+0.1%
Electricity Production, mn kWh, Including:	16,370	13,889	-15.2%
CHP	9,680	8,016	-17.2%
HPP	6,690	5,873	-12.2%
Electricity Sales Including Purchased Energy, mn kWh	18,787	15,342	-18.3%
Capacity Sales, MW per Month	5,654	5,162	-8.7%
Heat Output, thous Gcal	15,339	13,792	-10.1%
Useful Heat Output Including Purchased Energy, thous Gcal	15,402	13,567	-11.9%
Fuel Rate on Electricity*, g/kWh	277.2	262.2	-5.4%
Fuel Rate on Heat*, kg/Gcal	138.5	138.6	+0.1%
Capacity Load Factor, %*	51.8	44.2	-7.6 p.p.
CHP	51.3	42.9	-8.4 p.p.
HPP	52.5	46.0	-6.5 p.p.

* Without Murmanskaya CHP.

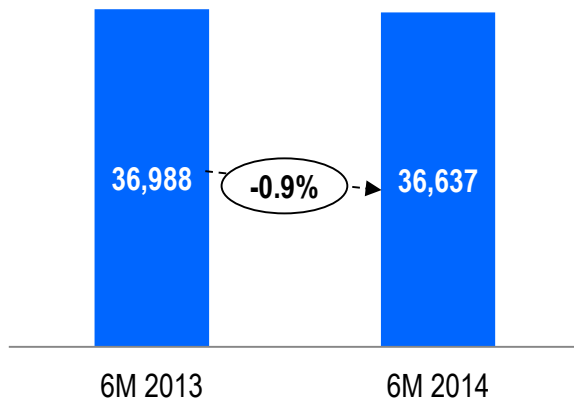
*** With account to Government grants and Other operating income.

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

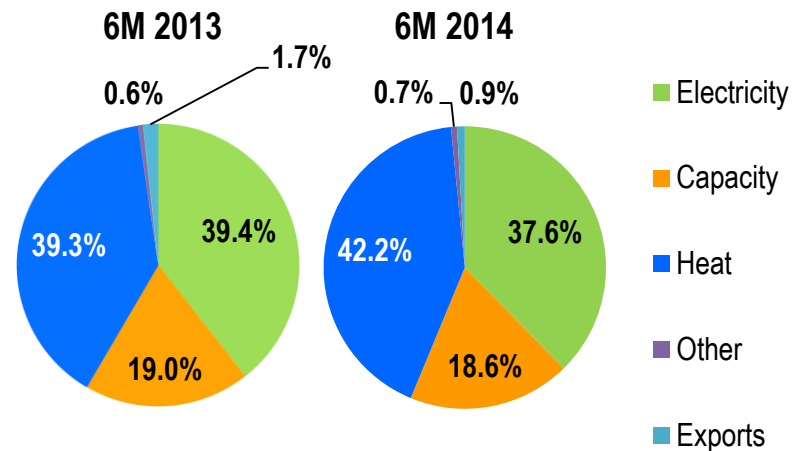
Financial Highlights, mn RUR

	6M 2013	6M 2014	Change
Revenue	36,988	36,637	-0.9%
Operating Expenses, Incl.:	(30,670)	(31,278)	+2.0%
Variable Costs	(20,638)	(20,645)	+0.03%
Fixed Costs	(6,710)	(7,293)	+8.7%
Depreciation and Amortization	(3,322)	(3,340)	+0.5%
Total Operating Expenses**	(30,051)	(30,716)	+2.2%
Operating Profit	6,937	5,921	-14.6%
Profit Before Income Tax	5,617	4,908	-12.6%
EBITDA ***	10,259	9,261	-9.7%
Profit/ Total Comprehensive Income for the Period	4,357	3,756	-13.8%

Revenue, mn RUR



Revenue Structure*



Prices and Tariffs, mn RUR

	6M 2013	6M 2014	Change
Average Electricity Price, Thous RUR/MWh	850.0	920.2	+8.3
Average Heat Tariff, RUR/Gcal	911.9	1,029.9	+12.9
Average New Capacity Price, RUR/MWh per Month	510,266.9	491,867.6	-3.6
Average Old Capacity Price RUR/MWh per Month	127,430.2	136,574.9	+7.2

Revenue Change Factors

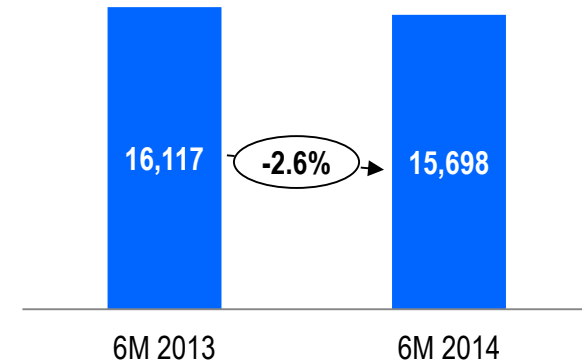
- +
 - A 9.7% increase of the electricity sale price at the “day-ahead” market to 1,006.8 RUR/MWh for 6M 2014.
 - A 2.6% increase in capacity, supplied under CSA, on the back of commissioning at Pravoberezhnaya CHP (CCGT 450).
 - Heat tariffs increase since July 1, 2013
- - A 17.2% decrease of electricity sales at the “day-ahead” market, on the back of decreased demand due to warm weather and priority to nuclear stations.
 - Decrease in sales volume at Competitive Capacity Outtake (CCO) by 14.3% due to lower capacity volume at CCO for 2014.
 - Decrease in exports due to unfavorable market environment at Nord Pool.

* Management report data.

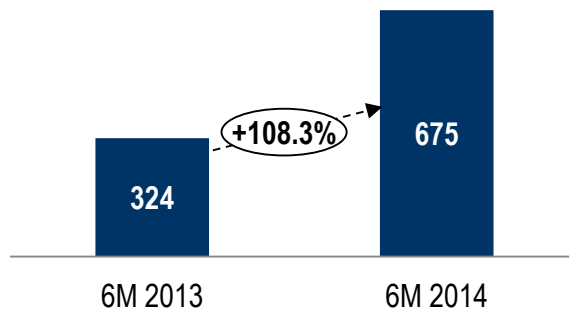
Variable Costs, mn RUR

	6M 2013	6M 2014	Change
Fuel	16,117	15,698	-2.6%
Electricity, Capacity and Heat Purchases	2,777	2,803	+0.9%
Water Usage Expenses	1,127	1,172	+4.0%
Other Materials	293	297	+1.4%
Heat Transmission	324	675	+108.3%
Total Variable Costs	20,638	20,645	+0.03%

Fuel Expenses, mn RUR



Heat Transmission, mn RUR



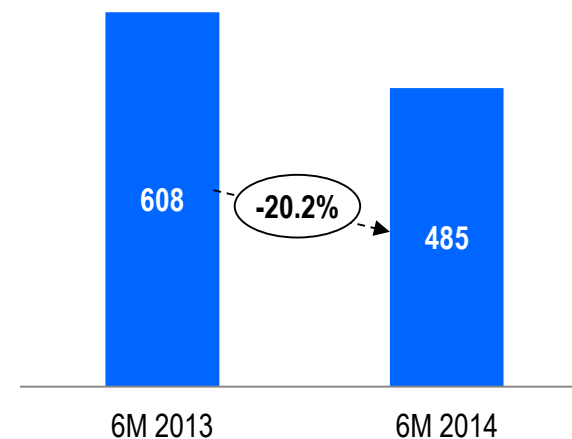
Variable Costs Change Factors

- Decreased fuel costs due to lower electricity production at CHP.
- Growth of Heat transmission expenses resulting from transit of heat at Hibinskaya Heating Company and increased tariff for heat transmission contract with Apatitenergo.

Fixed Costs, mn RUR

	6M 2013	6M 2014	Изм.
Employee Benefits	3,527	3,615	+2.5%
Repairs and Maintenance	887	976	+10.0%
Taxes Other than Income Tax	608	485	-20.2%
Fees of Electricity Market Operators	400	420	+5.0%
Rent	175	153	-12.6%
Insurance Cost	127	136	+7.1%
Loss/(Gain) on Disposal of PP&E	6	115	x19.2
Provision/(Release) for Impairment of Accounts Receivable	(206)	(12)	-94.2%
Other	1,186	1,405	+18.5%
Total Fixed Costs	6,710	7,293	+8.7%

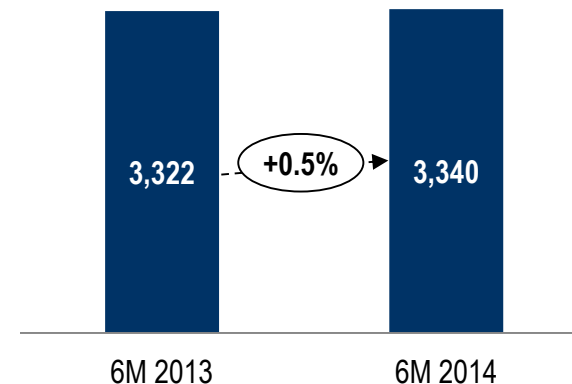
Taxes other than Income Tax, mn RUR



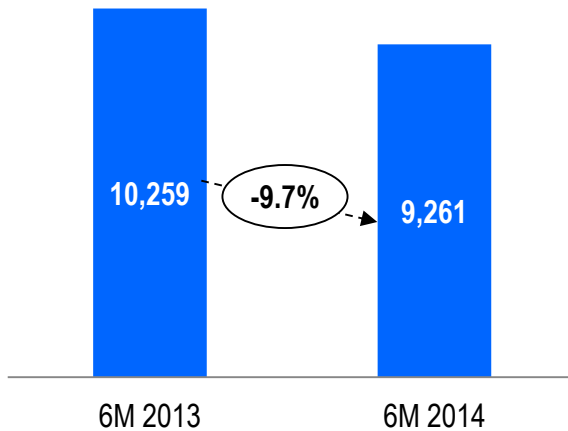
Fixed Costs and Depreciation Change Factors

- Increase of Repairs and maintenance costs on the back of planned repairs of PP&E.
- Decreased taxes due to downside correction of the property tax amount for previous periods.
- High basis effect of 1Q 2013 on “Loss/(Gain) on Disposal of PP&E” due to PP&E gain under compensational agreements for indemnification of damages caused during repair and construction works to OJSC “Heating Grid of St. Petersburg”.
- High basis effect of 1H 2013 on “Provision/(Release) for Impairment of Accounts Receivable”.

Depreciation and Amortization, mn RUR

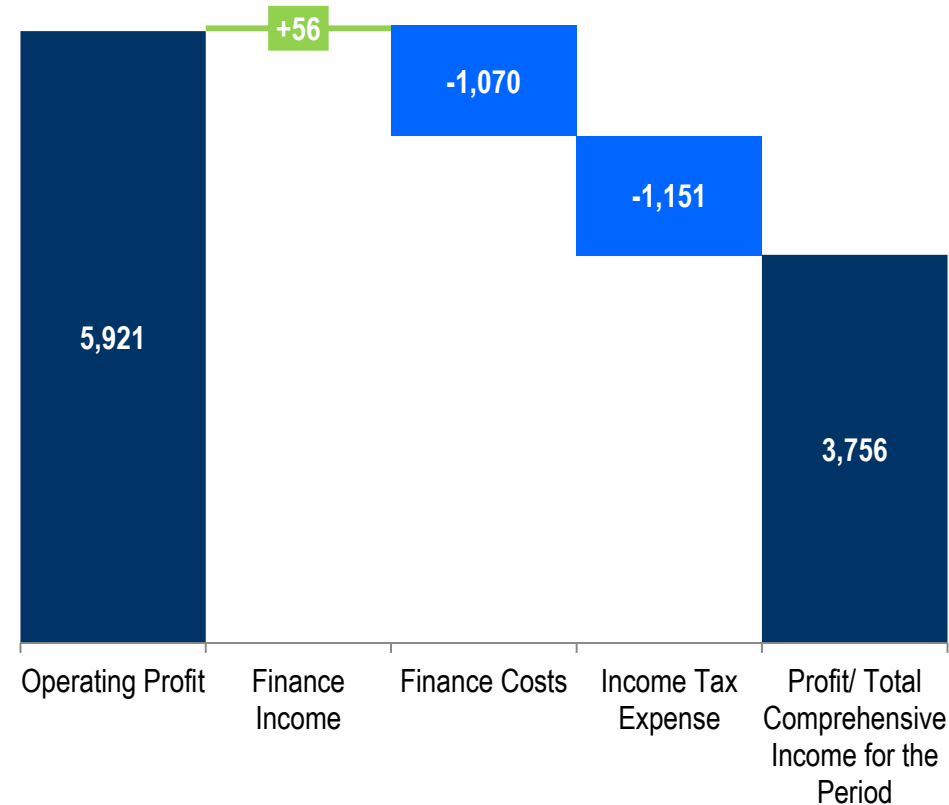


EBITDA, mn RUR

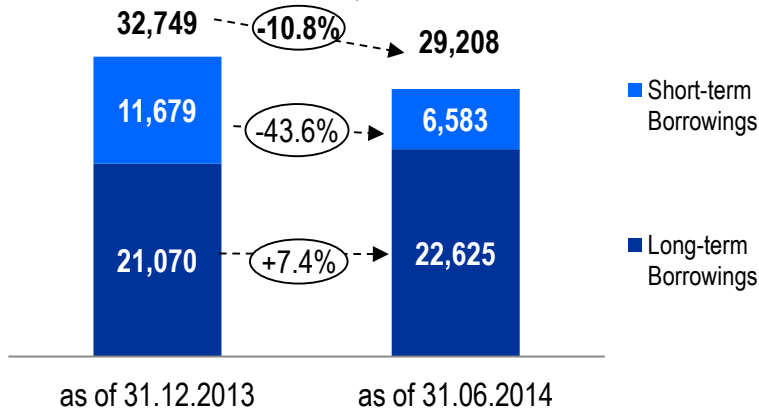


The negative EBITDA dynamics is mostly due to decrease in operational highlights on the back of declining electricity demand and warm weather in the reporting period.

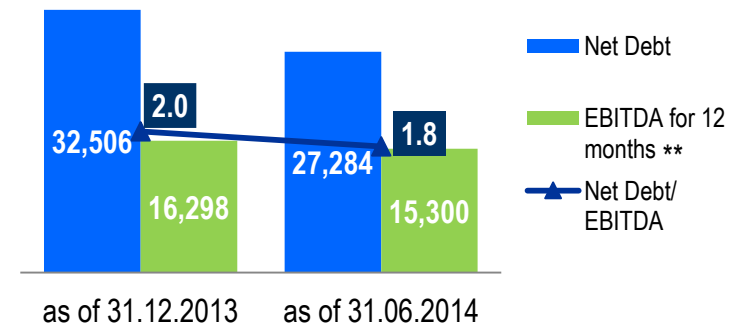
Profit Bridge for 6M 2014, mn RUR



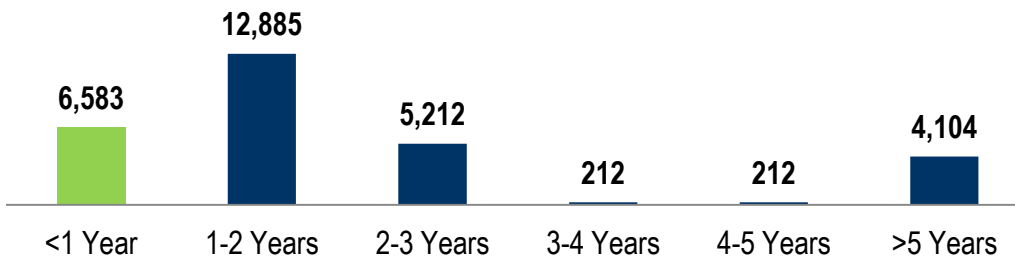
Debt Structure, mn RUR



Net Debt*/ EBITDA



Maturity Profile, as of June 30, 2014, mn RUR



Debt Portfolio Management

- The weighted average effective interest rate for the debt portfolio for the 6 months of 2014 amounted (cumulatively, year to date) to 7.9%.
- 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.

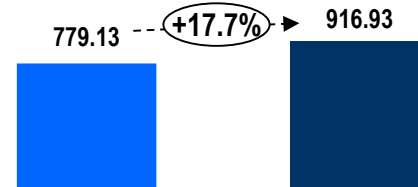
** EBITDA for 12 months, ended June 30, 2014 = EBITDA for FY 2013 + EBITDA for 6M 2014 - EBITDA for 6M 2013

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

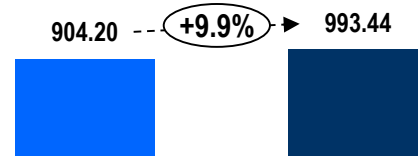
TGC-1's Regional Sale Prices for Electricity at the Day-ahead Market for 6 months, RUR/ MWh



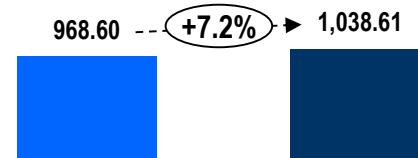
Kolsky Branch



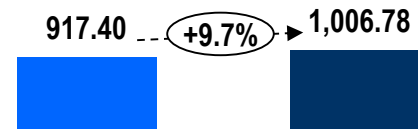
Karelsky Branch



Nevsky Branch

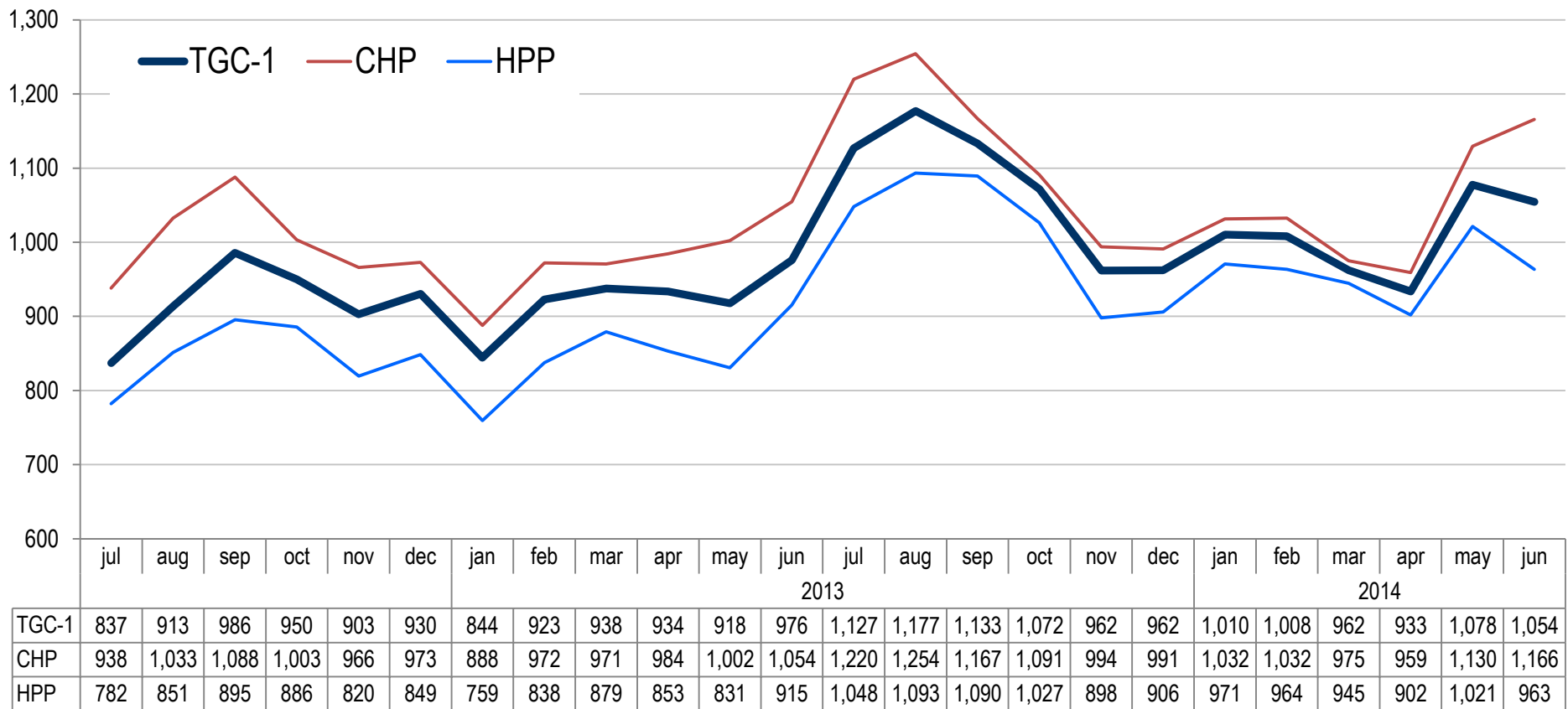


TGC-1



■ 6M 2013 ■ 6M 2014

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



Thank you for Your Attention!

Contacts for mass-media

+7 (812) 901-32-84
+7 (812) 901-34-77
press_tgc1@tgc1.ru

Contacts for investors and analysts

+7 (812) 901-32-97
ir@tgc1.ru