



# JSC TGC-1

## 9M 2015 IFRS Results

November 19, 2015  
Saint Petersburg

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## Operational Highlights

	9M 2014	9M 2015	Change
Installed Capacity, MW	7,244	7,057	-2.6%
Electricity Production, mn kWh, Including:	19,139	18,841	-1.6%
CHP	10,334	9,401	-9.0%
HPP	8,805	9,440	+7.2%
Electricity Sales Including Purchased Energy, mn kWh	21,376	21,304	-0.3%
Capacity Sales, MW (monthly average)	4,966	3,320	-33.1%
Heat Output, thous Gcal	15,811	15,383	-2.7%
Useful Heat Output Including Purchased Energy, thous Gcal	16,061	15,999	-0.4%
Fuel Rate on Electricity*, g/kWh	266.8	264.5	-0.9%
Fuel Rate on Heat*, kg/Gcal	140.2	139.3	-0.6%
Capacity Load Factor, %*	40.4	40.4	0.0 p.p.
CHP	36.7	33.6	-3.1 p.p.
HPP	45.8	50.4	+4.7 p.p.

## Financial Highlights, mn RUR

	9M 2014	9M 2015	Change
Revenue	47,940	48,049	+0.2%
Operating Expenses, Incl.:	(42,108)	(41,731)	-0.9%
Variable Costs	(26,212)	(25,545)	-2.5%
Fixed Costs	(10,847)	(10,807)	-0.4%
Depreciation and Amortization	(5,049)	(5,379)	+6.5%
Total Operating Expenses**	(41,294)	(41,124)	-0.4%
Operating Profit	6,646	6,924	+4.2%
Profit Before Income Tax	5,032	5,070	+0.8%
EBITDA ***	11,695	12,304	+5.2%
Profit for the Year/ Total Comprehensive Income for the Period	3,913	4,036	+3.1%

\* Without Murmanskaya CHP.

\*\* With account to Government grants, Impairment loss recognized and Other operating income.

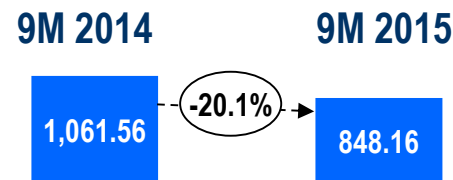
\*\*\* EBITDA = Operating profit + Depreciation of property, plant and equipment and Amortization of intangible assets and investment property

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

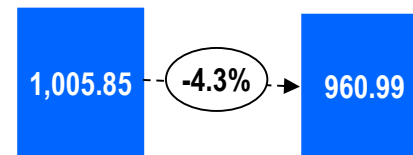
TGC-1's Regional Sale Prices for Electricity at the Day-ahead Market, RUR/ MWh



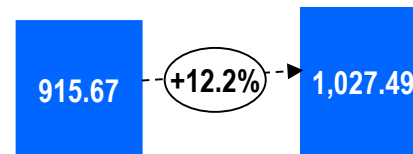
**Kolsky Branch**



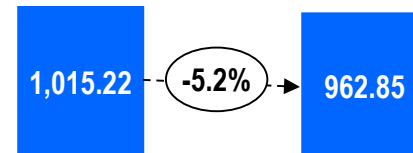
**Karelsky Branch**



**Nevsky Branch**

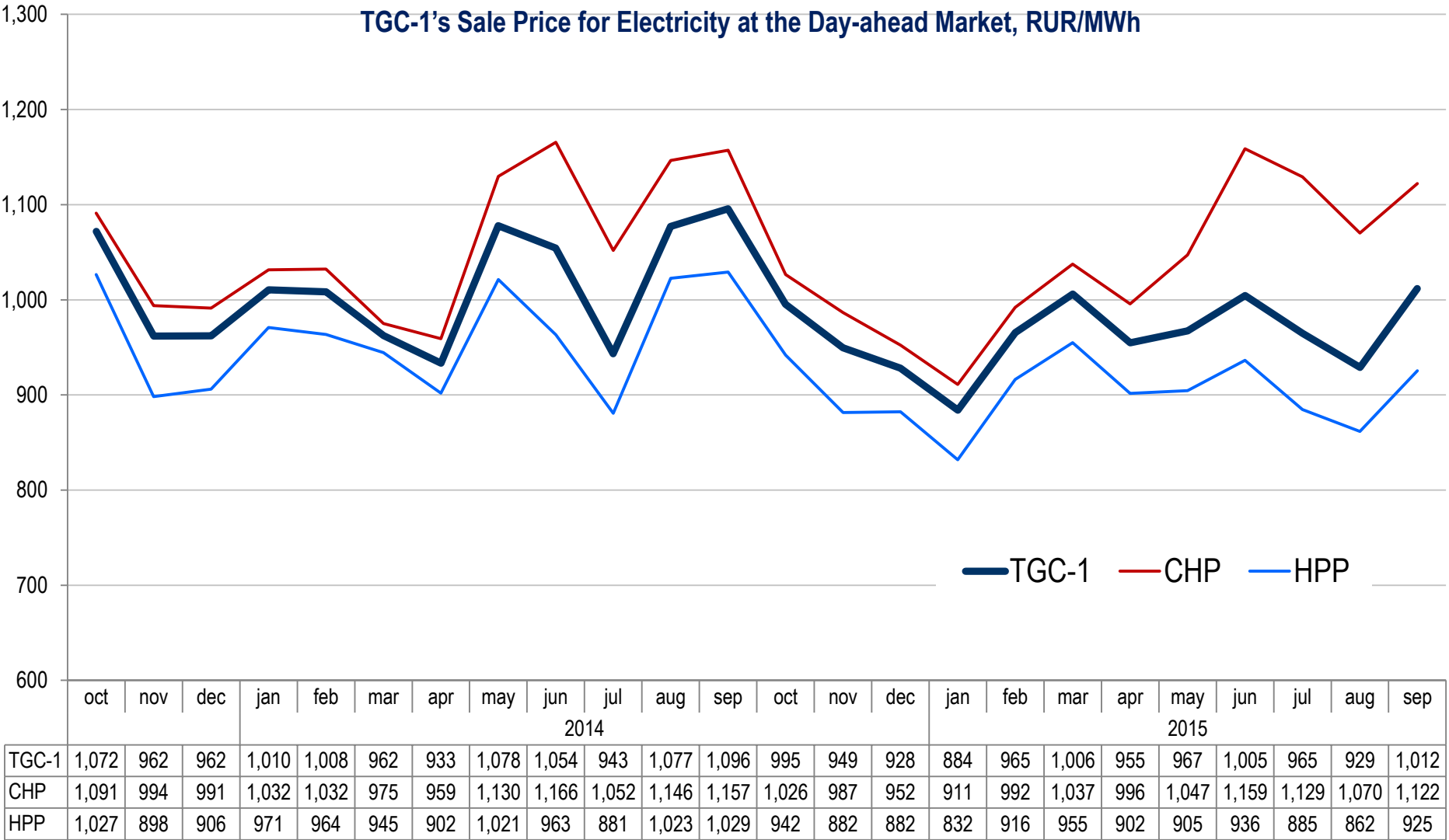


**TGC-1**

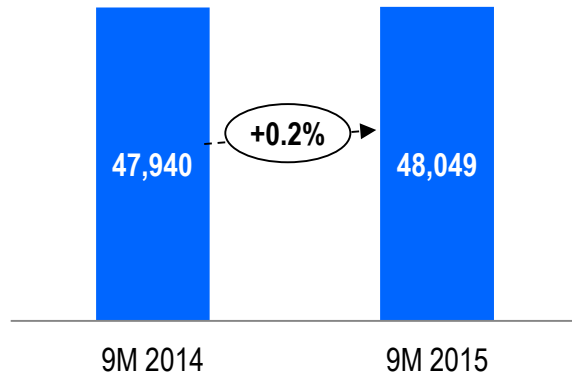


# Dynamics of Prices for Electricity at the Day-ahead Market: CHPs and HPPs

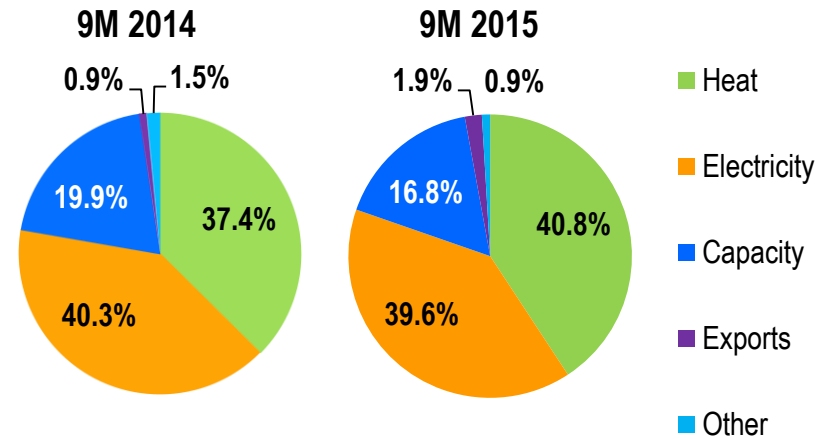
TGC-1's Sale Price for Electricity at the Day-ahead Market, RUR/MWh



Revenue, mn RUR



Revenue Structure\*



Prices and Tariffs\*, mn RUR

	9M 2014	9M 2015	Change
Average Electricity Price, Thous RUR/MWh	923.7	936.1	+1.3%
Average New Capacity Price, RUR/MWh per Month	469,729.0	533,233.9	+13.5%
Average Old Capacity Price RUR/MWh per Month	126,677.7	124,035.2	-2.1%

Revenue Change Factors

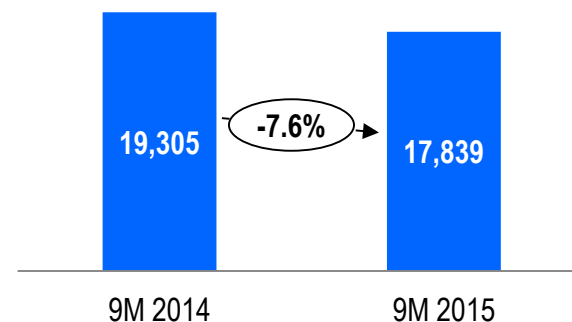
- Exports growing by over twice;
- Lower capacity volume sold at Competitive Capacity Outtake (CCO) on the back of less capacity taken at CCO-2015;
- Optimization of capacity load;
- Heat revenue growth due to increase of heat tariff;
- Higher production at HPP of Kolsky and Karelsky branches.

\* Management report data.

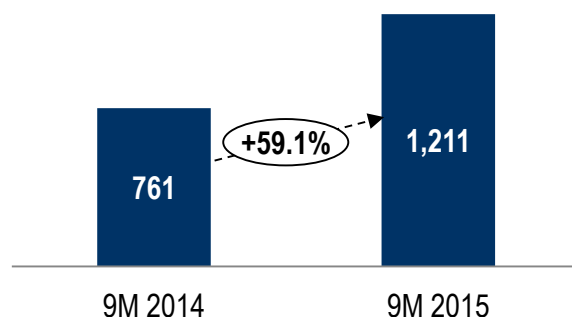
## Variable Costs, mn RUR

	9M 2014	9M 2015	Change
Fuel	19,305	17,839	-7.6%
Electricity, Capacity and Heat Purchases	3,963	4,229	+6.7%
Water Usage Expenses	1,682	1,754	+4.3%
Other Materials	501	512	+2.2%
Heat Transmission	761	1,211	+59.1%
<b>Total Variable Costs</b>	<b>26,212</b>	<b>25,545</b>	<b>-2.5%</b>

## Fuel Expenses, mn RUR



## Heat Transmission, mn RUR



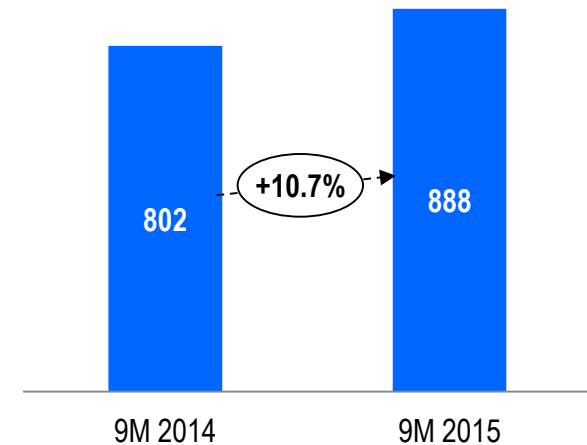
## Variable Costs Change Factors

- Decreased fuel costs due to measures aimed at higher fuel efficiency, as well as lower electricity production at less efficient CHPs;
- Growth of Electricity, Capacity and Heat Purchase expenses due to growing prices at the wholesale market of electricity and capacity and higher purchase volumes;
- 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 contract with JSC Hibinskaya Heating Company and JSC Apatityenergo since 2H 2015.

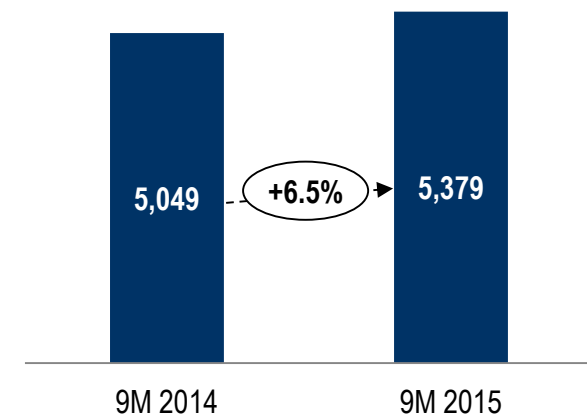
## Fixed Costs, mn RUR

	9M 2014	9M 2015	Change
Employee Benefits	5,186	5,438	+4.9%
Repairs and Maintenance	1,968	2,207	+12.1%
Taxes Other than Income Tax	802	888	+10.7%
Fees of Electricity Market Operators	626	637	+1.8%
Operating Lease Expenses	223	243	+9.0%
Insurance Cost	210	217	+3.3%
Other	1,832	1,177	-35.8%
<b>Total Fixed Costs</b>	<b>10,847</b>	<b>10,807</b>	<b>-0.4%</b>

## Taxes other than Income Tax, mn RUR



## Depreciation and Amortization, mn RUR

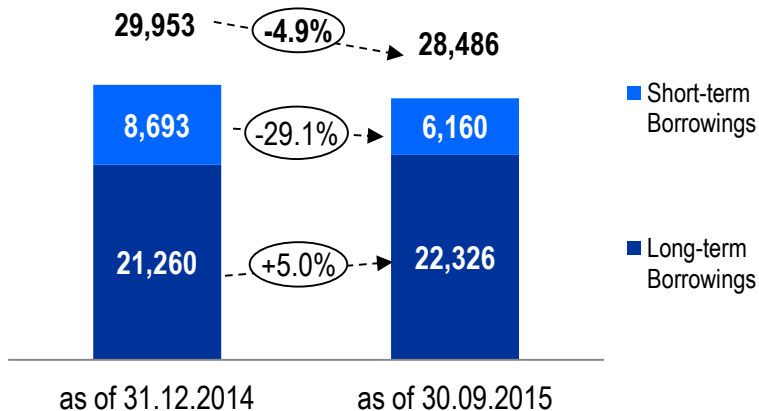


## Fixed Costs and Depreciation Change Factors

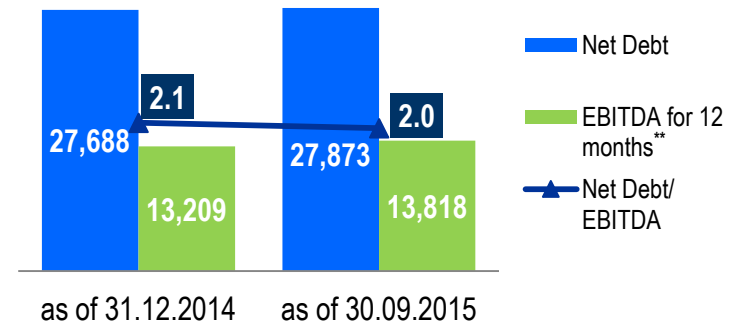
- Increase of Repairs and Maintenance costs on the back of planned repairs of PP&E.
- Lower Other Fixed Costs mainly due to income from disposal of PP&E and recovery of provision for receivables impairment.
- Increase of Taxes Other than Income Tax due to the high base in 9M 2014 on the back of property tax remeasurement.



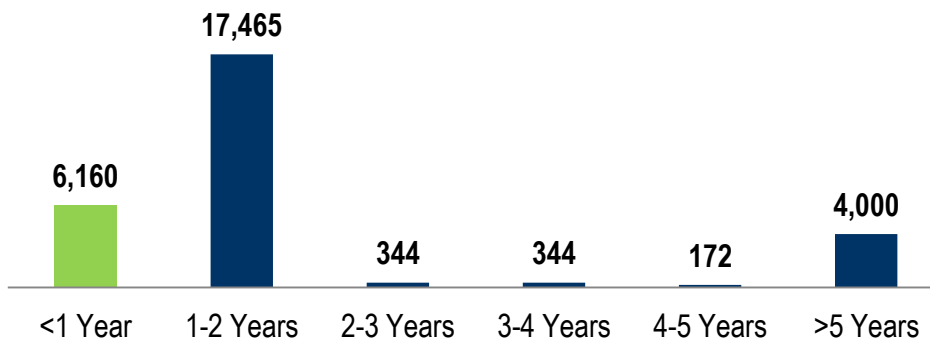
## Debt Structure, mn RUR



## Net Debt\*/ EBITDA



## Maturity Profile, as of September 30, 2015, mn RUR



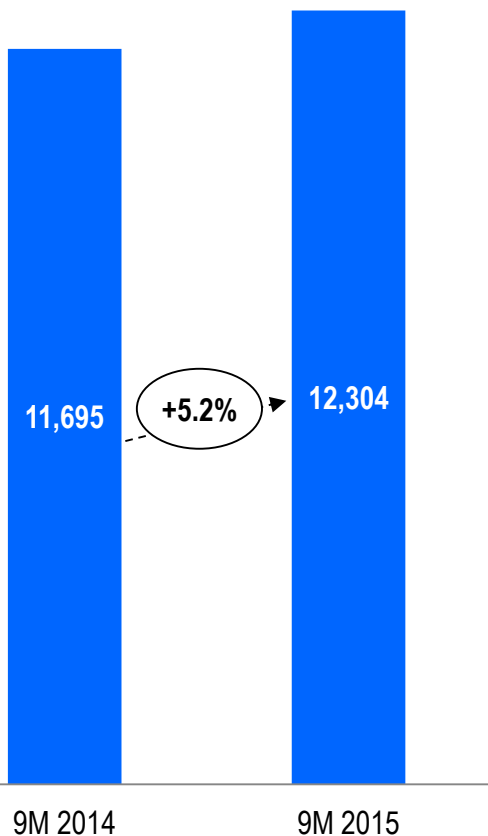
## Debt Portfolio Management

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

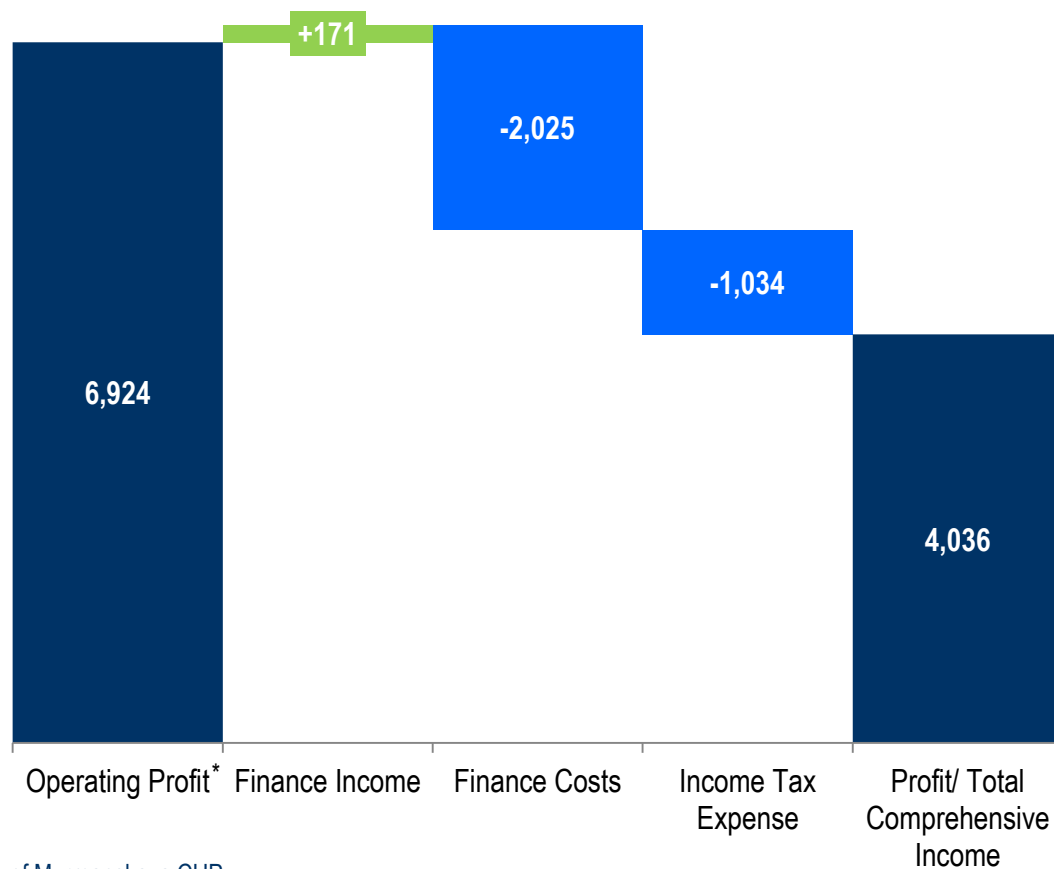
\* Net debt = Total amount of borrowings less cash and cash equivalents

\*\* EBITDA for 12 months, ended September 30, 2015 = EBITDA for FY 2014 + EBITDA for 9M 2015 - EBITDA for 9M 2014

EBITDA, mn RUR



Profit Bridge for 9M 2015, mn RUR



\* Including government grant of 566,532 thous. RUR, compensating lost earnings of Murmanskaya CHP

# Thank you for Your Attention!

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