

TGC-1 2017FY IFRS Results

March 12, 2018 Saint Petersburg



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Operational and Financial Highlights for 9M 2017

Operational Highlights

Financial Hi	Financial Highlights, RUB mln		
	2016	2017	
WANIIA	78 891	87 305	

	2046	2047	Change
	2016	2017	Change
Installed Capacity, MW	6,852	6,950	+1.4%
Electricity Production, mn kWh, Including:	27,672	29,509	+6.6%
CHP	14,809	15,823	+6.8%
HPP	12,863	13,686	+6.4%
Electricity Sales Including Purchased Energy, mn kWh	30,590	32,579	+6.5%
Capacity Sales, MW (monthly average)	5,392	5,420	+0.5%
Heat Output, thous Gcal	24,445	24,715	+1.1%
Useful Heat Output Including Purchased Energy, thous Gcal	23,010	22,871	-0.6%
Fuel Rate on Electricity*, g/kWh	209.0	208.7	-0.1%
Fuel Rate on Heat*, kg/Gcal	169.7	169.2	-0.3%
Capacity Load Factor, %*	45.7	48.5	+2.8 p.p.
CHP	41.7	44.2	+2.5 p.p.
HPP	51.2	54.7	+3.5 p.p.

Financial Highlights, RUB min			
	2016	2017	Change
Revenue	78,891	87,395	+10.8%
Operating Expenses, Incl.:	(69,802)	(76,007)	+8.9%
Variable Costs	(41,198)	(45,238)	+9.8%
Fixed Costs	(20,920)	(22,315)	+6.7%
Depreciation and Amortization	(7,684)	(8,454)	+10.0%
Total Operating Expenses**	(70,290)	(75,409)	+7.3%
Operating Profit	8,601	11,986	+39.4%
Profit Before Income Tax	6,466	10,520	+62.7%
EBITDA***	16,285	20,440	+25.5%
Profit for the Year	5,324	7,927	+48.9%
Total Comprehensive Income for the Year	5,391	7,806	+44.8%

^{*} Without Murmanskaya CHPP.

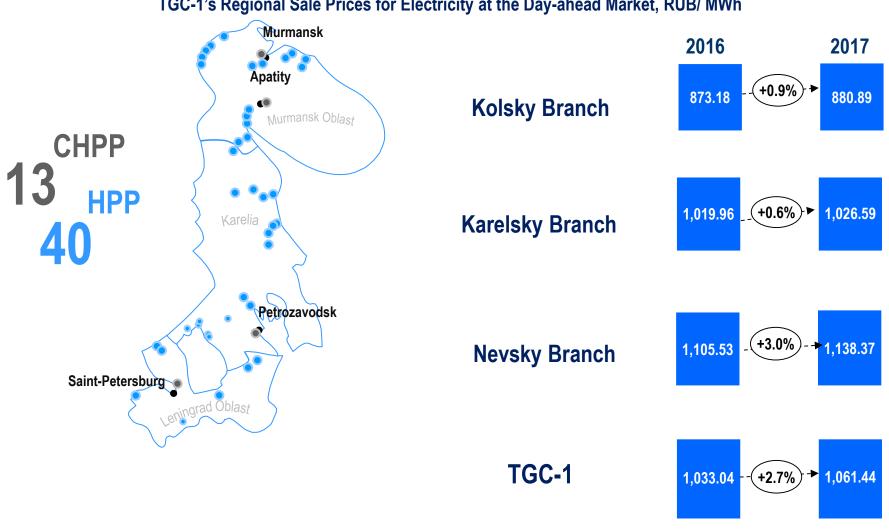
^{**} With account to Other operating income, Provision for PP&E impairment and Government subsidy.

^{***} 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

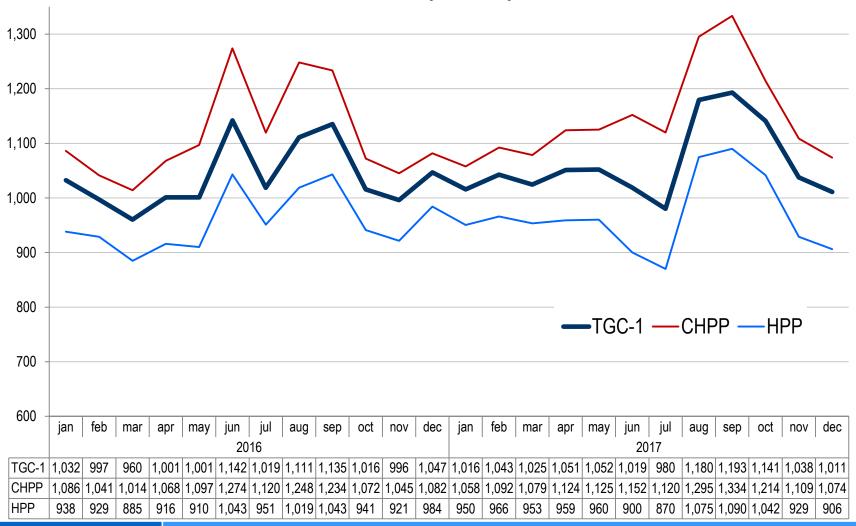
TGC-1's Regional Sale Prices for Electricity at the Day-ahead Market, RUB/ MWh





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

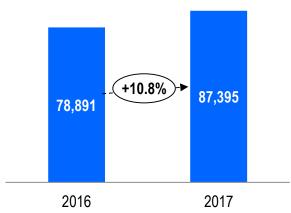
TGC-1's Sale Price for Electricity at the Day-ahead Market, RUB/MWh





Revenue





Prices and Tariffs*, RUB mln

	2016	2017	Change
Average Electricity Price, thous RUB/MWh	940.5	957.7	+1.8%
Average New Capacity Price, RUB/MWh per Month	677,195.4	911,130.4	+34.5%
Average Old Capacity Price RUB/MWh per Month	116,298.6	119,627.5	+2.9%

2016 2% 1% 2017 2% 2% Heat 19% 43% 22% 40% Capacity 35%

Revenue Change Factors

Other

- Growing capacity price for CSA-units and CSA-units priority load;
- Commissioning of a new highly efficient gas turbine CHP at station #1 at Tsentralnaya CHP;
- Spot price growth by 2.7%;
- High water factor at Nevsky and Karelsky branches;
- Long heating period.

^{*} Management report data.

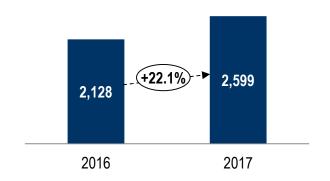


Variable Costs

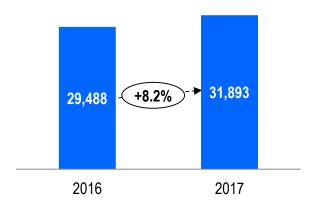
Variable Costs, RUB mln

	2016	2017	Change
Fuel	29,488	31,893	+8.2%
Electricity, Capacity and Heat Purchases	6,169	7,060	+14.4%
Water Usage Expenses	2,600	2,838	+9.2%
Other Materials	813	848	+4.3%
Heat Transmission	2,128	2,599	+22.1%
Total Variable Costs	41,198	45,238	+9.8%

Heat Transmission, RUB mln



Fuel Expenses, RUB mIn



Variable Costs Change Factors

- Growing fuel expenses;
- Increased expenses for electricity purchase, caused by growing electricity output and exports volume;
- Heat and electricity transmission growth on the account of new users connection in Leningrad region, as well as growing heat tariff.



Fixed Costs and Depreciation

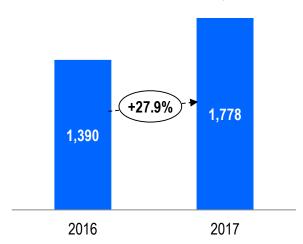
Fixed Costs, RUB mIn

	2016	2017	Change
Employee Benefits	7,274	7,620	+4.8%
Repairs and Maintenance	3,496	3,538	+1.2%
Taxes Other than Income Tax	1,390	1,778	+27.9%
Fees of Electricity Market Operators	814	821	+0.9%
Rent Expenses	466	2,518	x5.4
Insurance Cost	286	286	-
Other	7,194	5,754	-20.0%
Total Fixed Costs	20,920	22,315	+6.7%

Fixed Costs and Depreciation Change Factors

- Growing rent expenses.
- Provision for impairment of accounts receivable at a lower rate than in 2016;
- Increase of taxes other than income tax due to less property tax allowance used in St. Petersburg and growing property tax for grid assets.
- Lower IT serveses, consulting, legal and audit expenses

Taxes other than Income Tax, RUB mIn

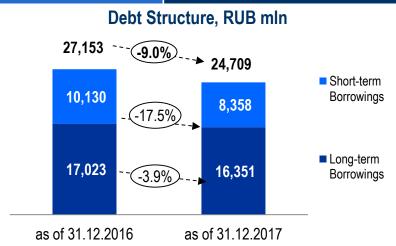


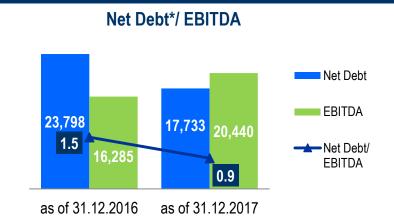
Depreciation and Amortization, RUB mln



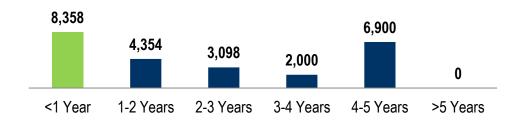


Debt and Liabilities





Maturity Profile, as of December 31, 2017, RUB mln



Debt Portfolio Management

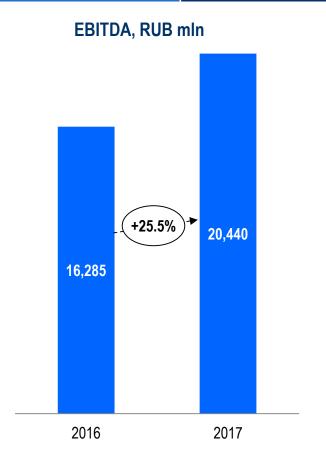
Two bond issues series 03-04 of TGC-1 are traded on Moscow Exchange.

Weighted average effective interest for TGC-1 debt portfolio (cumulative year-to-date) for 12M 2017 amounted to 9.22%

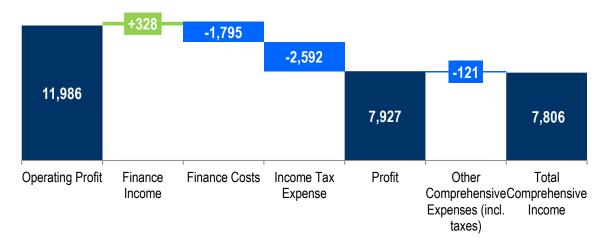
^{*} Net debt = Total amount of borrowings less cash and cash equivalents



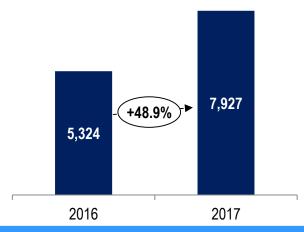
EBITDA and Profit Bridge



Profit Bridge for 2017FY, RUB mln



Profit Dynamics, RUB mln





Assigned Credit Ratings

S&P Global

Ratings Credit Ratings by S&P Global Ratings

Date	Rating Type	Rating Value
21.09.2017	International scale long-term rating	«BB+», forecast «positive»
21.09.2017	International scale short-term rating	«B», forecast «positive»

FitchRatings Credit Ratings by Fitch Ratings

Date	Rating Type	Rating Value
05.10.2016	Foreign currency nominated long-term IDR	«BB+», forecast «stable»
05.10.2016	Domestic currency nominated long-term IDR	«BB+», forecast «stable»
05.10.2016	Foreign currency nominated short-term IDR	«B»
05.10.2016	Domestic currency nominated short-term IDR	«B»
05.10.2016	Domestic currency nominated priority unsecured rating	«BB+»



Credit rating ACRA

Date	Rating Type	Rating Value
18.01.2018	National scale credit rating	«AA(RU)», forecast «stable»



Thank you for Your Attention!

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