



JSC TGC-1

3M 2016 IFRS Results

May 16, 2016
Saint Petersburg

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Operational Highlights

	3M 2015	3M 2016	Change
Installed Capacity, MW	7,144	7,016	-1.8%
Electricity Production, mn kWh, Including:	7,496	7,994	+6.6%
CHP	4,800	4,870	+1.5%
HPP	2,696	3,124	+15.9%
Electricity Sales Including Purchased Energy, mn kWh	8,511	8,741	+2.7%
Capacity Sales, MW (monthly average)	2,960	5,583	+88.6%
Heat Output, thous Gcal	9,102	9,799	+7.7%
Useful Heat Output Including Purchased Energy, thous Gcal	9,160	9,770	+6.7%
Fuel Rate on Electricity*, g/kWh	251.6	187.0	-25.7%
Fuel Rate on Heat*, kg/Gcal	137.7	168.3	+22.2%
Capacity Load Factor, %*	48.7	52.2	+3.5 p.p.
CHP	51.9	53.7	+1.8 p.p.
HPP	43.8	50.0	+6.2 p.p.

* Without Murmanskaya CHP.

** With account to Other operating income.

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

Financial Highlights, mn RUR

	3M 2015	3M 2016	Change
Revenue	22,035	25,238	+14.5%
Operating Expenses, Incl.:	(17,549)	(19,507)	+11.2%
Variable Costs	(12,471)	(13,793)	+10.6%
Fixed Costs	(3,290)	(3,960)	+20.4%
Depreciation and Amortization	(1,788)	(1,754)	-1.9%
Total Operating Expenses**	(17,458)	(19,310)	+10.6%
Operating Profit	4,577	5,929	+29.5%
Profit Before Income Tax	4,045	5,397	+33.4%
EBITDA ***	6,365	7,683	+20.7%
Profit/Total Comprehensive Income for the Year	3,295	4,386	+33.1%

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

3M 2015

853.60

-1.7%

839.23

3M 2016

Karelsky Branch

956.45

+3.2%

986.76

Nevsky Branch

958.68

+10.4%

1,058.47

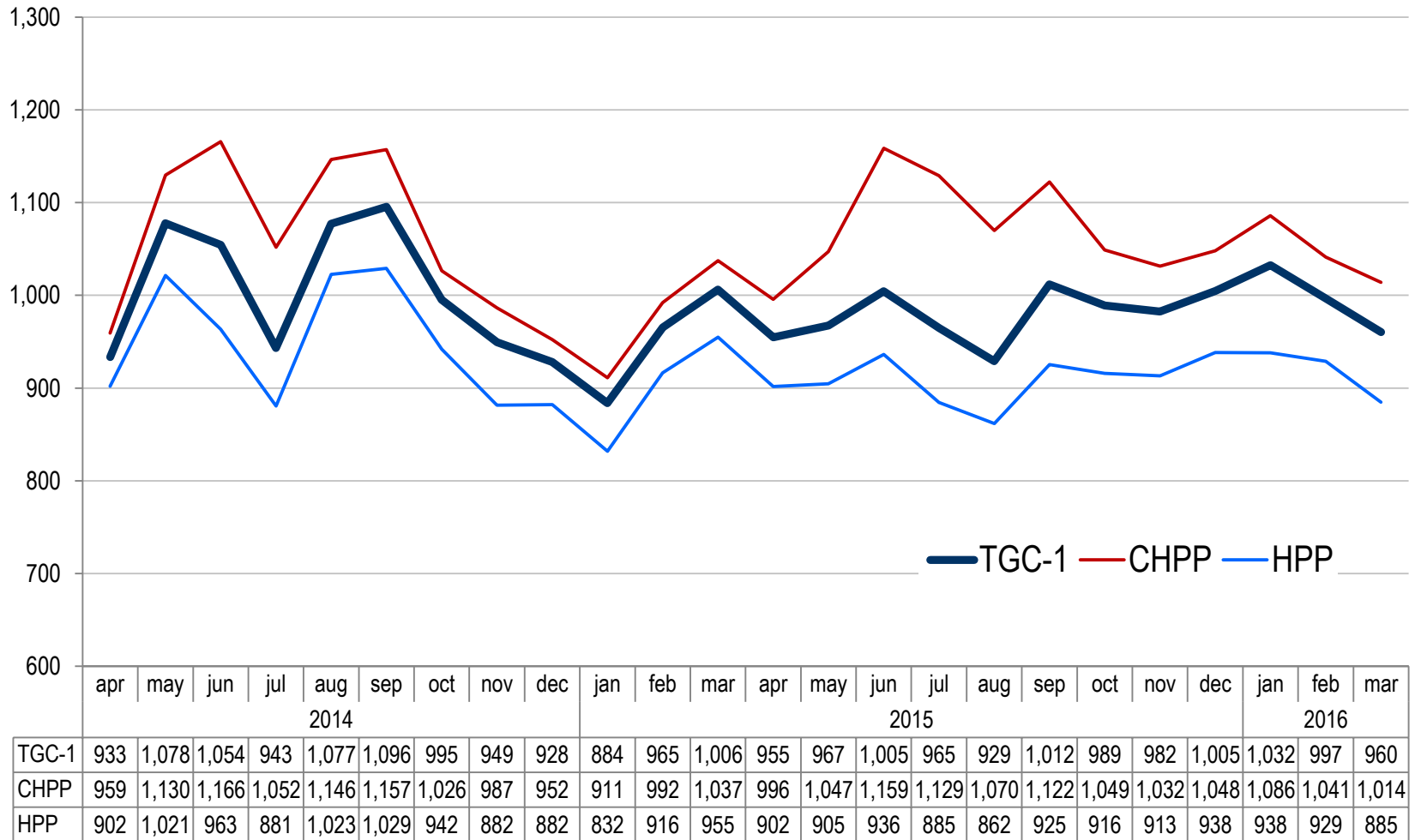
TGC-1

950.82

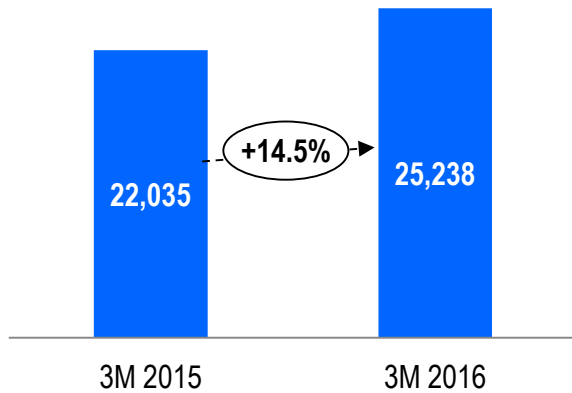
+4.9%

997.63

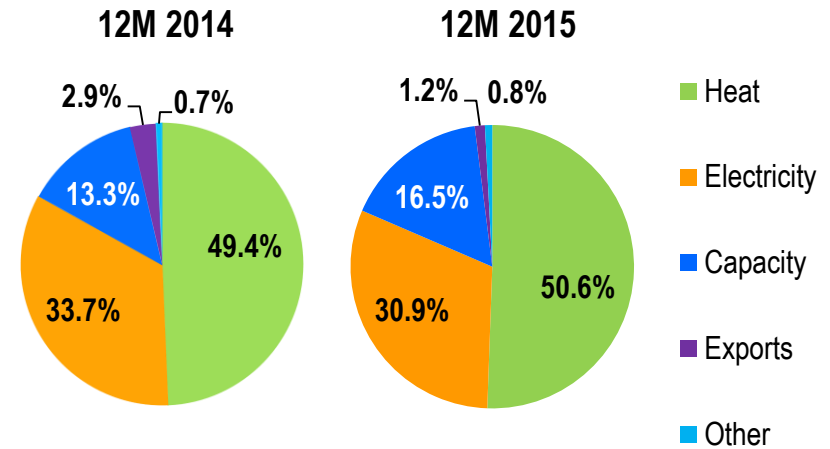
TGC-1's Sale Price for Electricity at the Day-ahead Market, RUR/MWh



Revenue, mn RUR



Revenue Structure*



Prices and Tariffs*, mn RUR

	3M 2015	3M 2016	Change
Average Electricity Price, Thous RUR/MWh	949.4	926.0	-2.5%
Average New Capacity Price, RUR/MWh per Month	612,901.8	728,936.4	+18.9%
Average Old Capacity Price RUR/MWh per Month	141,089.7	124,861.2	-11.5%

Revenue Change Factors

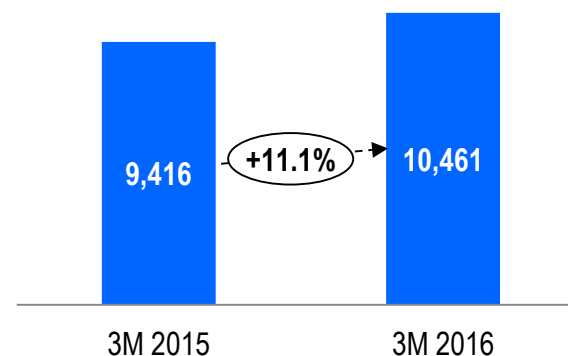
- Higher electricity production at HPPs of Kolsky and Karelsky branches, price growing at “the day-ahead market” by 4.9% year-on-year;
- Revenue from capacity sales increased by 42.1% on the back of growing capacity volume, sold at Competitive Capacity Outtake, as well as capacity price growth under CSA;
- Optimization of capacity load;
- Heat output growth due to low temperature in the early 2016.

* Management report data.

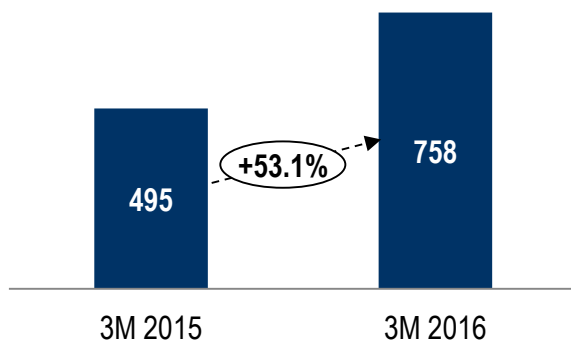
Variable Costs, mn RUR

	3M 2015	3M 2016	Change
Fuel	9,416	10,461	+11.1%
Electricity, Capacity and Heat Purchases	1,864	1,802	-3.3%
Water Usage Expenses	584	648	+11.0%
Other Materials	112	124	+10.7%
Heat Transmission	495	758	+53.1%
Total Variable Costs	12,471	13,793	+10.6%

Fuel Expenses, mn RUR



Heat Transmission, mn RUR



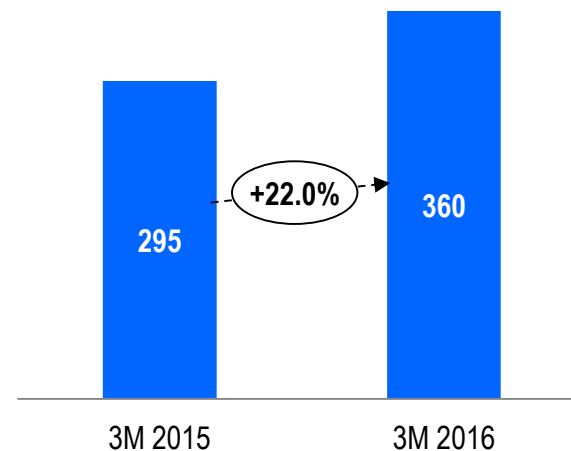
Variable Costs Change Factors

- 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 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 via grids of JSC Hibinskaya Heating Company and JSC Apatityenergo since 2H 2015.

Fixed Costs, mn RUR

	3M 2015	3M 2016	Change
Employee Benefits	1,790	1,821	+1.7%
Repairs and Maintenance	500	588	+17.6%
Taxes Other than Income Tax	295	360	+22.0%
Fees of Electricity Market Operators	214	207	-3.3%
Operating Lease Expenses	80	88	+10.0%
Insurance Cost	72	75	+4.2%
Other	339	821	+142.2%
Total Fixed Costs	3,290	3,960	+20.4%

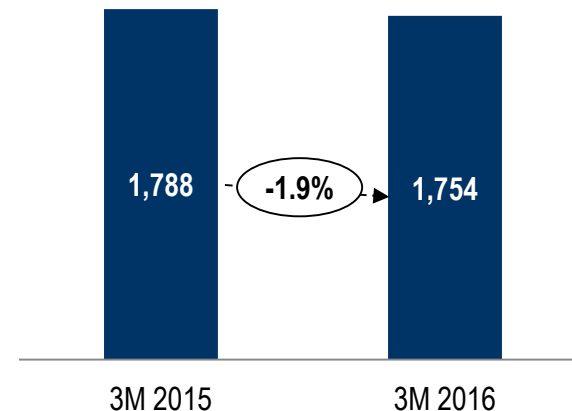
Taxes other than Income Tax, mn RUR



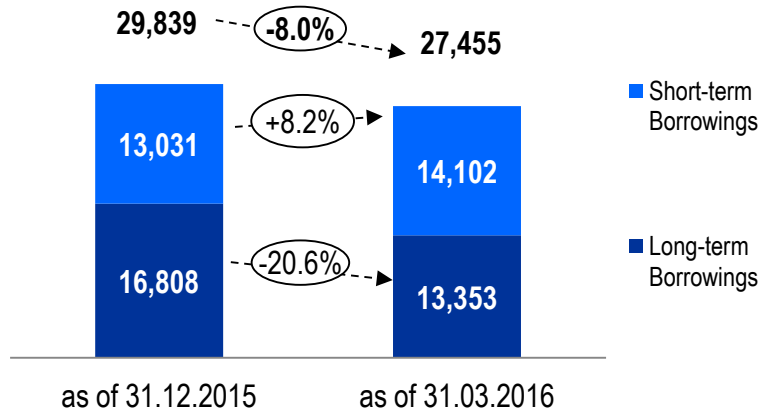
Fixed Costs and Depreciation Change Factors

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

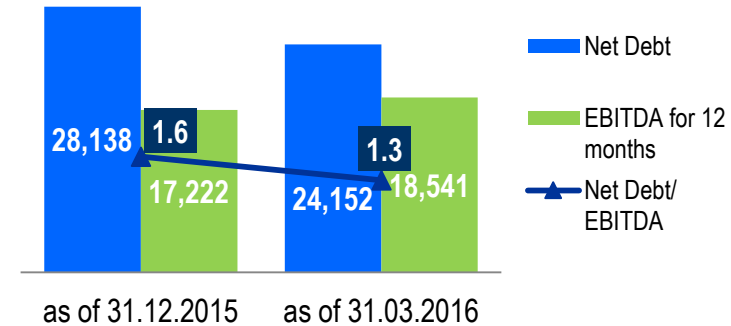
Depreciation and Amortization, mn RUR



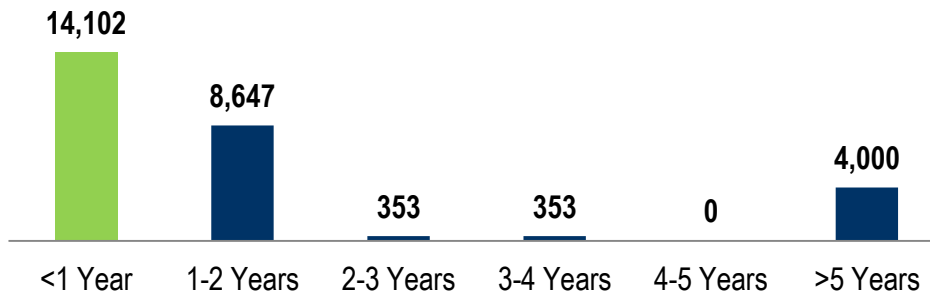
Debt Structure, mn RUR



Net Debt*/ EBITDA



Maturity Profile, as of March 31, 2015, mn RUR



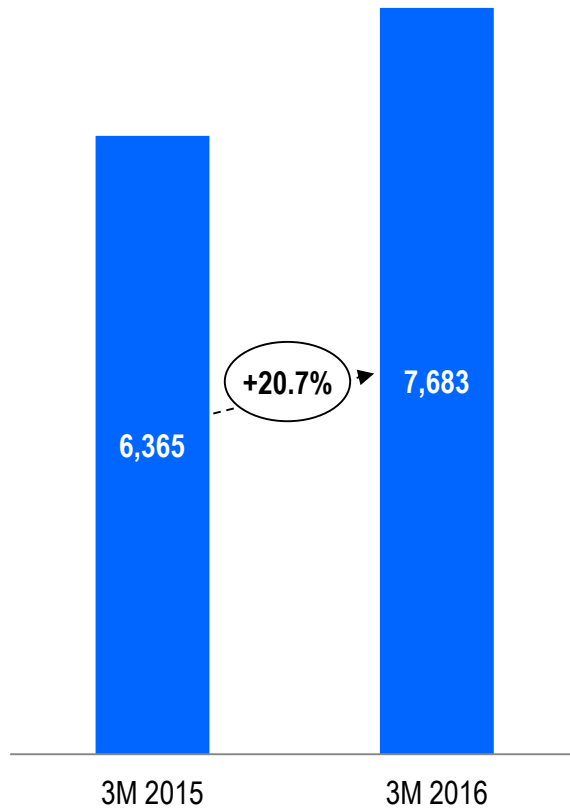
Debt Portfolio Management

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

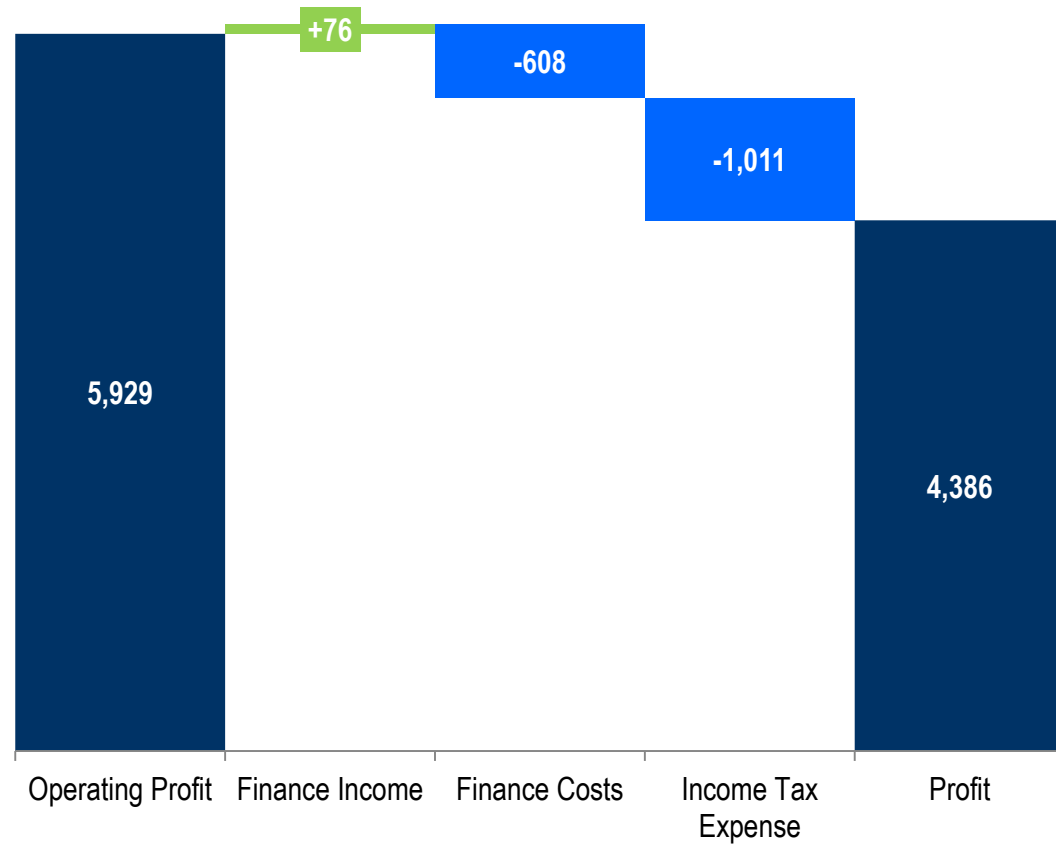
Weighted average effective interest for TGC-1 debt portfolio for 3M 2016 (accumulated from the beginning of the year) amounted to 10.47%

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

EBITDA, mn RUR



Profit Bridge for 3M 2016, mn RUR



Thank you for Your Attention!

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