



TGC-1 JSC

6M 2016 IFRS Results

August 4, 2016
Saint Petersburg

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Operational Highlights

	6M 2015	6M 2016	Change
Installed Capacity, MW	7,144	6,852	-4.1%
Electricity Production, mn kWh, Including:	13,610	14,740	+8.3%
CHP	7,490	8,102	+8.2%
HPP	6,120	6,639	+8.5%
Electricity Sales Including Purchased Energy, mn kWh	15,396	16,179	+5.1%
Capacity Sales, MW (monthly average)	3,345	5,492	+64.2%
Heat Output, thous Gcal	13,466	13,609	+1.1%
Useful Heat Output Including Purchased Energy, thous Gcal	13,746	13,916	+1.2%
Fuel Rate on Electricity*, g/kWh	260.8	207.0	-20.6%
Fuel Rate on Heat*, kg/Gcal	138.5	170.0	+22.7%
Capacity Load Factor, %*	43.9	48.5	+3.5 p.p.
CHP	40.3	45.3	+1.8 p.p.
HPP	49.3	53.2	+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

	6M 2015	6M 2016	Change
Revenue	36,936	41,284	+11.8%
Operating Expenses, Incl.:	(30,683)	(33,571)	+9.4%
Variable Costs	(20,175)	(21,922)	+8.7%
Fixed Costs	(6,926)	(8,113)	+17.1%
Depreciation and Amortization	(3,582)	(3,536)	-1.3%
Total Operating Expenses**	(29,887)	(33,184)	+11.0%
Operating Profit	7,049	8,100	+14.9%
Profit Before Income Tax	5,940	7,153	+20.4%
EBITDA***	10,631	11,636	+9.5%
Profit/Total Comprehensive Income for the Period	4,806	5,852	+21.8%

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

6M 2015

862.81

-0.9%

6M 2016

855.20

Karelsky Branch

961.05

+4.0%

999.45

Nevsky Branch

1,006.33

+8.2%

1,089.04

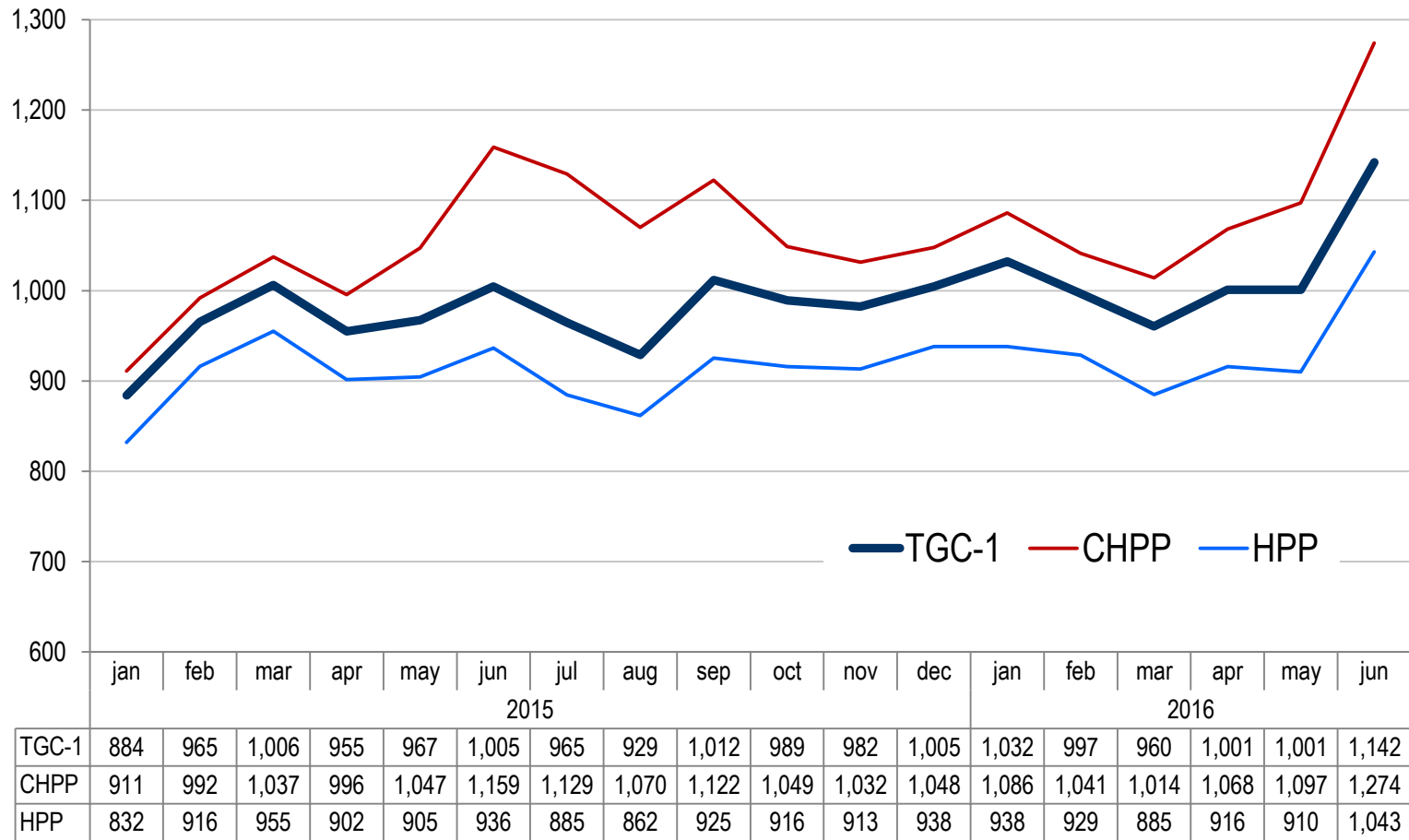
TGC-1

960.78

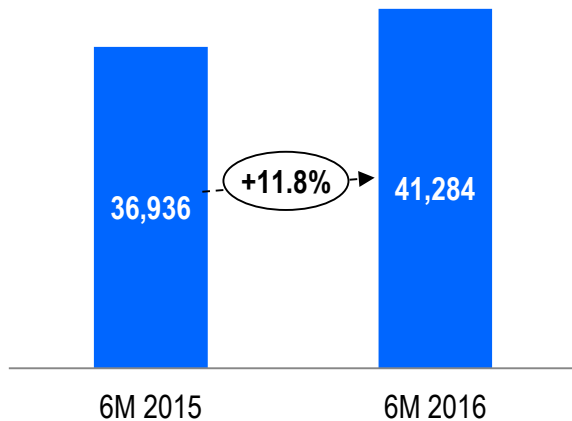
+5.9%

1,017.41

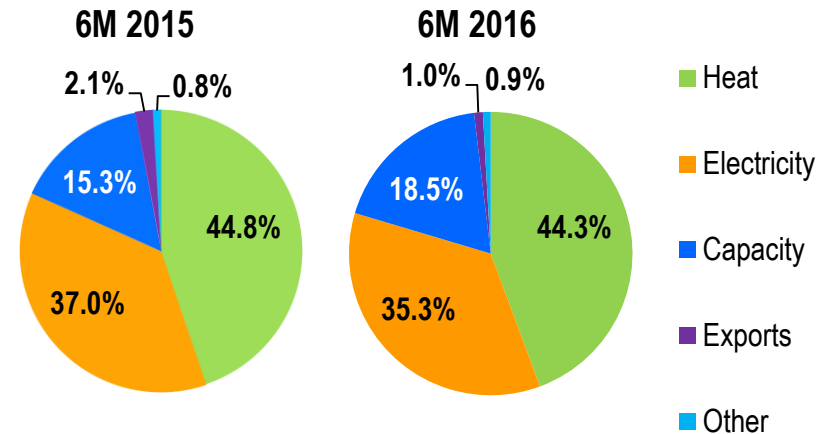
TGC-1's Sale Price for Electricity at the Day-ahead Market, RUR/MWh



Revenue, mn RUR



Revenue Structure*



Prices and Tariffs*, mn RUR

	6M 2015	6M 2016	Change
Average Electricity Price, Thous RUR/MWh	937.1	925.6	-1.2%
Average New Capacity Price, RUR/MWh per Month	555,720.2	664,756.9	+19.6%
Average Old Capacity Price RUR/MWh per Month	128,020.5	116,826.9	-8.7%

Revenue Change Factors

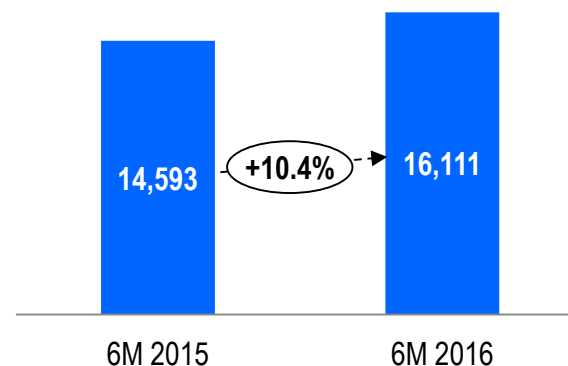
- Higher electricity production at HPPs of Nevsky, Kolsky and Karelsky branches, price growing at “the day-ahead market” by 5.9% year-on-year;
- Revenue from capacity sales increased by 34.8% on the back of growing capacity volume, sold at competitive capacity outage, as well as capacity price by 19.6% growth under CSA;
- Optimization of capacity load;
- Heat output growth due to low temperature in the early 2016.

* Management report data.

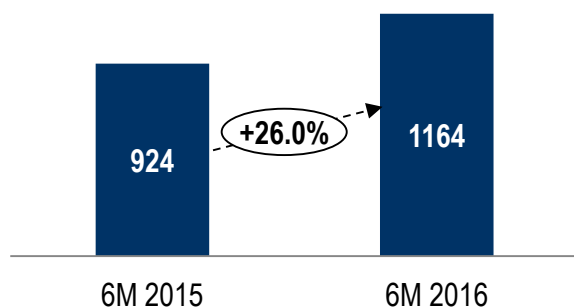
Variable Costs, mn RUR

	6M 2015	6M 2016	Change
Fuel	14,593	16,111	+10.4%
Electricity, Capacity and Heat Purchases	3,214	3,114	-3.1%
Water Usage Expenses	1,163	1,230	+5.8%
Other Materials	281	303	+7.8%
Heat Transmission	924	1,164	+26.0%
Total Variable Costs	20,175	21,922	+8.7%

Fuel Expenses, mn RUR



Heat Transmission, mn RUR



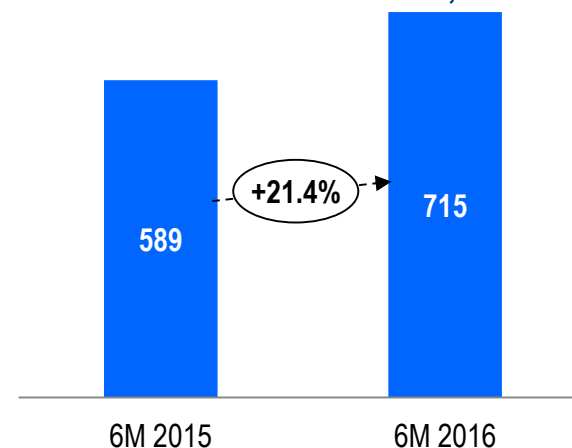
Variable Costs Change Factors

- 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

	6M 2015	6M 2016	Change
Employee Benefits	3,818	3,856	+1.0%
Repairs and Maintenance	1,152	1,332	+15.6%
Taxes Other than Income Tax	589	715	+21.4%
Fees of Electricity Market Operators	420	406	-3.3%
Operating Lease Expenses	163	216	+32.5%
Insurance Cost	143	136	-4.9%
Other	641	1,452	+126.5%
Total Fixed Costs	6,926	8,113	+17.1%

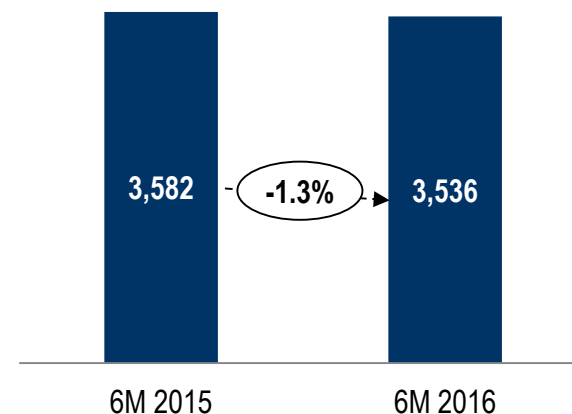
Taxes other than Income Tax, mn RUR



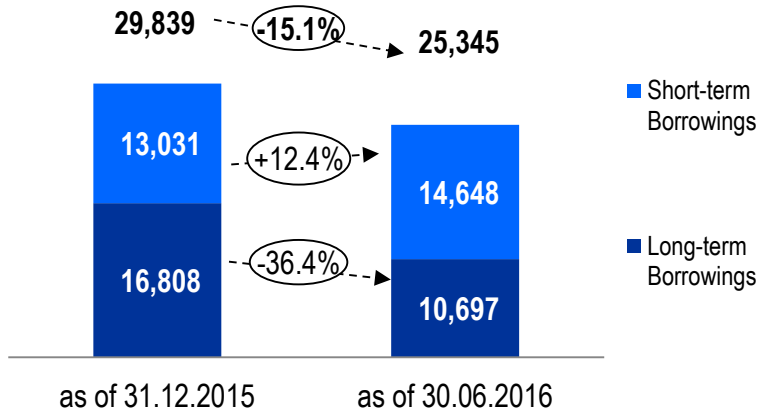
Fixed Costs and Depreciation Change Factors

- 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 decrease and loss on PP&E disposal.

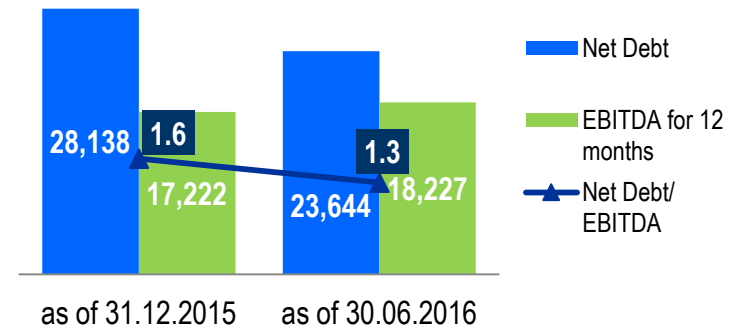
Depreciation and Amortization, mn RUR



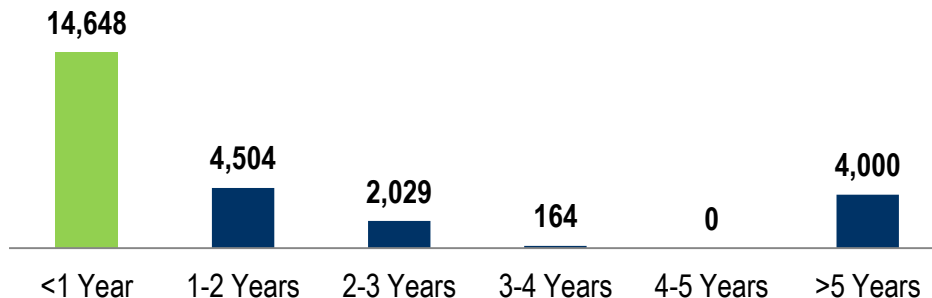
Debt Structure, mn RUR



Net Debt*/ EBITDA



Maturity Profile, as of June 30, 2016, mn RUR



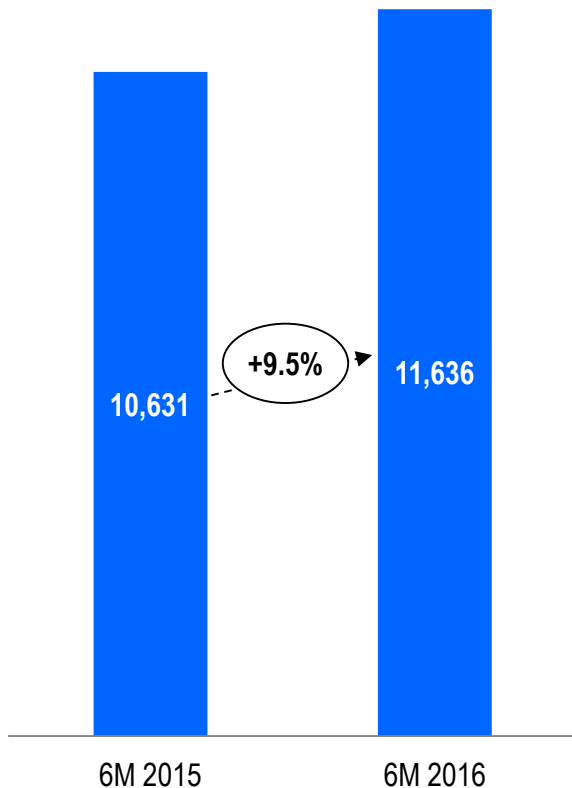
Debt Portfolio Management

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

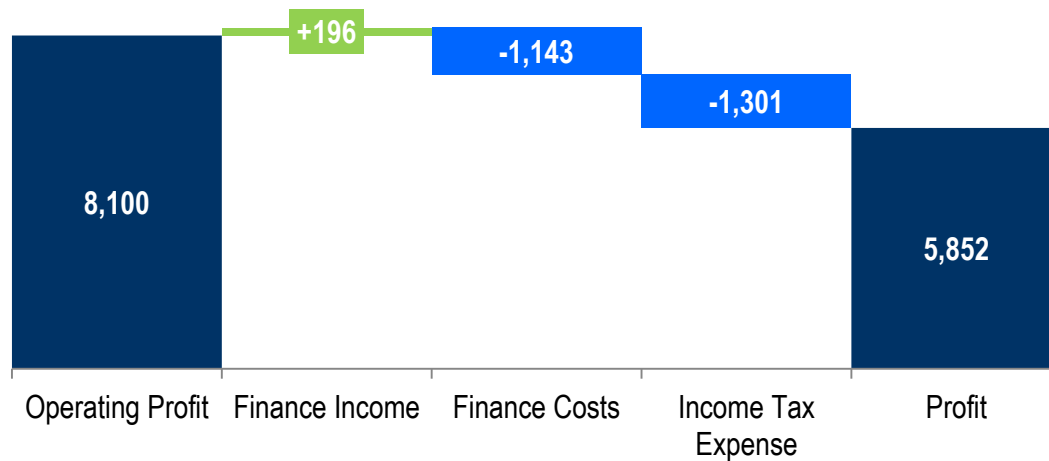
Weighted average effective interest for TGC-1 debt portfolio for 6M 2016 (accumulated from the beginning of the year) amounted to 10.39%

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

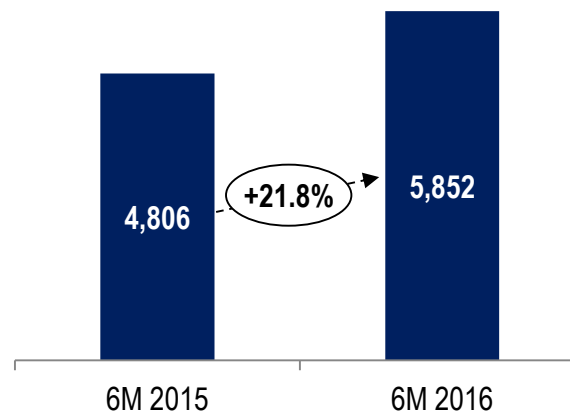
EBITDA, mn RUR



Profit Bridge for 6M 2016, mn RUR



Profit Dynamics, mn RUR



Thank you for Your Attention!

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