



TGC-1

9M 2016 IFRS Results

November 21, 2016
Saint Petersburg

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Operational Highlights

| | 9M 2015 | 9M 2016 | Change |
|---|---------|---------|-----------|
| Installed Capacity, MW | 7,057 | 6,852 | -2.9% |
| Electricity Production, mn kWh, Including: | 18,841 | 20,270 | +7.6% |
| CHPP | 9,401 | 10,430 | +10.9% |
| HPP | 9,440 | 9,840 | +4.2% |
| Electricity Sales Including Purchased Energy, mn kWh | 21,304 | 22,363 | +5.0% |
| Capacity Sales, MW (monthly average) | 3,320 | 5,325 | +60.4% |
| Heat Output, thous Gcal | 15,383 | 15,729 | +2.2% |
| Useful Heat Output Including Purchased Energy, thous Gcal | 15,999 | 16,281 | +1.8% |
| Fuel Rate on Electricity*, g/kWh | 264.5 | 215.4 | -18.6% |
| Fuel Rate on Heat*, kg/Gcal | 139.3 | 170.9 | +22.7% |
| Capacity Load Factor, %* | 40.4 | 44.6 | +4.2 p.p. |
| CHPP | 33.6 | 39.1 | +5.5 p.p. |
| HPP | 50.4 | 52.4 | +2.0 p.p. |

Financial Highlights, RUB mln

| | 9M 2015 | 9M 2016 | Change |
|--|----------|----------|--------|
| Revenue | 48,049 | 54,416 | +13.3% |
| Operating Expenses, Incl.: | (41,731) | (45,639) | +9.4% |
| Variable Costs | (25,545) | (27,917) | +9.3% |
| Fixed Costs | (10,807) | (12,385) | +14.6% |
| Depreciation and Amortization | (5,379) | (5,337) | -0.8% |
| Total Operating Expenses** | (41,124) | (44,999) | +9.4% |
| Operating Profit | 6,924 | 9,417 | +36.0% |
| Profit Before Income Tax | 5,070 | 7,974 | +57.3% |
| EBITDA*** | 12,303 | 14,754 | +19.9% |
| Profit/Total Comprehensive Income for the Period | 4,036 | 6,746 | +67.1% |

* Without Murmanskaya CHPP.

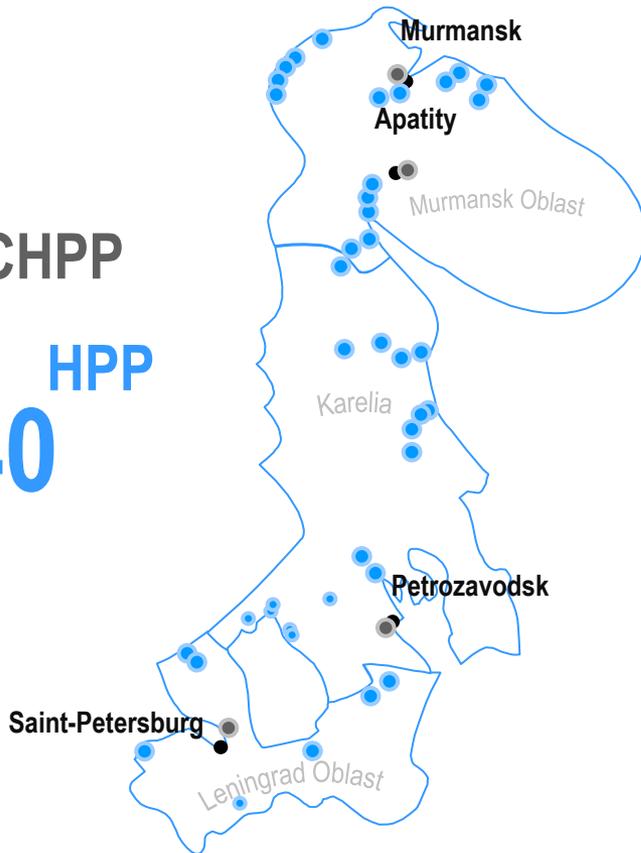
** With account to Other operating income and Government subsidy.

*** 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

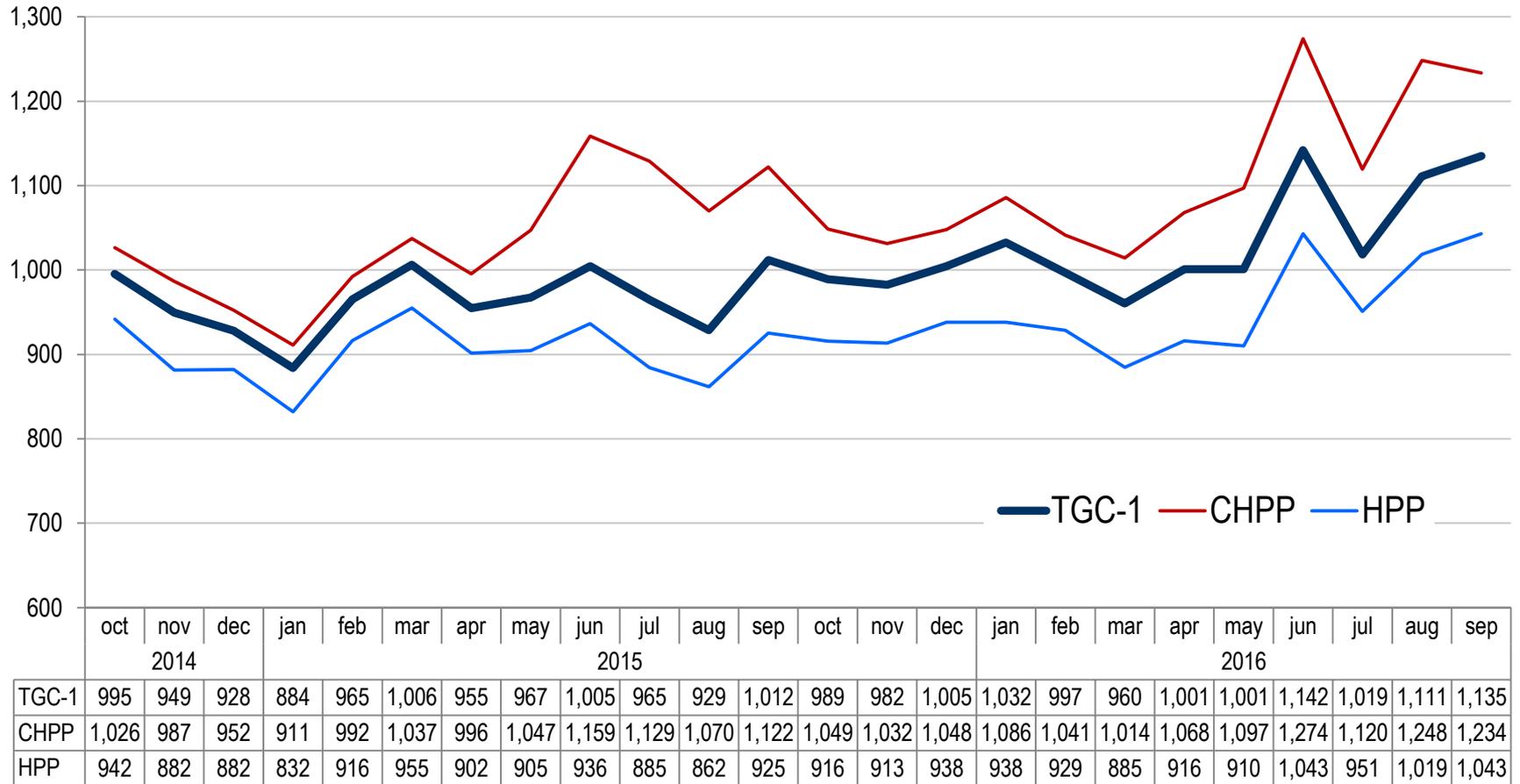
TGC-1's Regional Sale Prices for Electricity at the Day-ahead Market, RUB/ MWh

CHPP
13
HPP
40

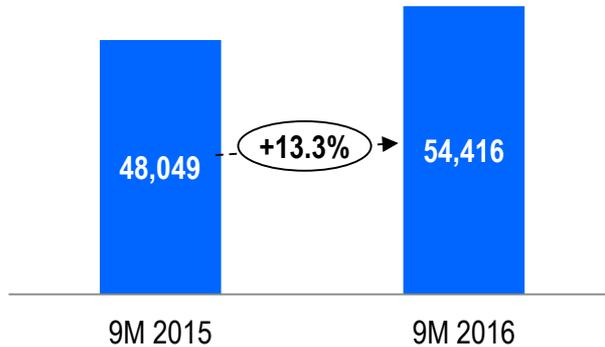


| | 9M 2015 | | 9M 2016 |
|-----------------|----------|-------|----------|
| Kolsky Branch | 848.16 | +3.1% | 874.84 |
| Karelsky Branch | 960.99 | +6.4% | 1,022.25 |
| Nevsky Branch | 1,027.49 | +8.7% | 1,117.04 |
| TGC-1 | 962.85 | +7.8% | 1,037.75 |

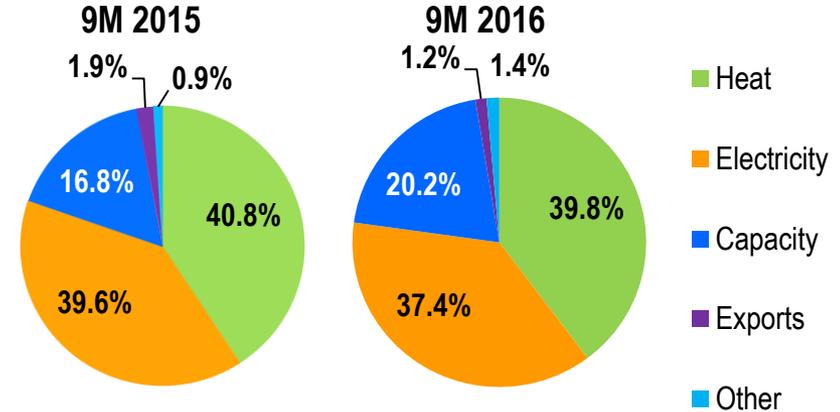
TGC-1's Sale Price for Electricity at the Day-ahead Market, RUB/MWh



Revenue, RUB mln



Revenue Structure*



Prices and Tariffs*, RUB mln

| | 9M 2015 | 9M 2016 | Change |
|---|-----------|-----------|--------|
| Average Electricity Price, thous RUB/MWh | 936.1 | 940.9 | +0.5% |
| Average New Capacity Price, RUB/MWh per Month | 533,233.9 | 650,411.6 | +22.0% |
| Average Old Capacity Price RUB/MWh per Month | 124,035.2 | 113,697.4 | -8.3% |

Revenue Change Factors

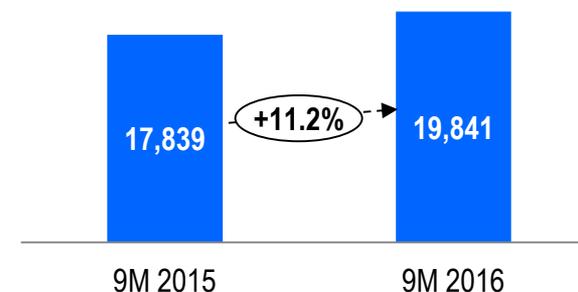
- Considerably higher electricity production at HPPs of Kolsky and Karelsky branches;
- Price growing at “the day-ahead market” by 7.8% year-on-year on the back of high water factor in the reporting period;
- Revenue from capacity sales increased by 36.1% on the back of growing capacity volume, sold at competitive capacity outtake, as well as capacity price growth under CSA;
- Compliance with System Operator’s demands, concerning unscheduled load of TGC-1 old capacity, resulting, among other things, from repair works at Leningradskaya nuclear power plant;
- Optimization of capacity load;
- Heat output growth due to low temperature in the early 2016.

* Management report data.

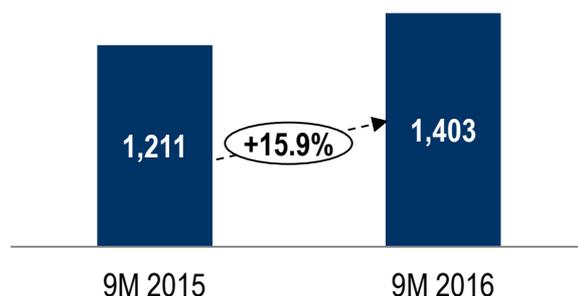
Variable Costs, RUB mln

| | 9M 2015 | 9M 2016 | Change |
|--|---------------|---------------|--------------|
| Fuel | 17,839 | 19,841 | +11.2% |
| Electricity, Capacity and Heat Purchases | 4,229 | 4,261 | +0.8% |
| Water Usage Expenses | 1,754 | 1,862 | +6.2% |
| Other Materials | 512 | 551 | +7.6% |
| Heat Transmission | 1,211 | 1,403 | +15.9% |
| Total Variable Costs | 25,545 | 27,918 | +9.3% |

Fuel Expenses, RUB mln



Heat Transmission, RUB mln



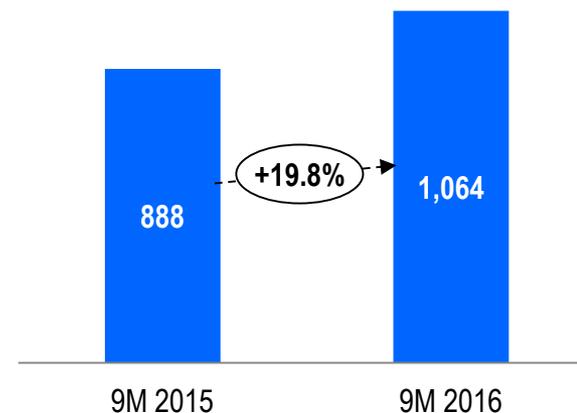
Variable Costs Change Factors

- 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 JSC Petrozavodsk Communal Systems – Heating Grids in Petrozavodsk (due to status of unified heating supplier acquired by TGC-1 for Petrozavodsk territory), considerable growth of heat volume, transferred via heat grids of JSC “St. Petersburg Heating grid” in Leningradskaya Oblast, as well as increased tariff for heat transmission via grids of JSC HHC and JSC Apatityenergo since 2H 2015.

Fixed Costs, RUB mln

| | 9M 2015 | 9M 2016 | Change |
|--------------------------------------|---------------|---------------|---------------|
| Employee Benefits | 5,438 | 5,504 | +1.2% |
| Repairs and Maintenance | 2,207 | 2,386 | +8.1% |
| Taxes Other than Income Tax | 888 | 1,064 | +19.8% |
| Fees of Electricity Market Operators | 637 | 608 | -4.6% |
| Rent Expenses | 243 | 324 | +33.3% |
| Insurance Cost | 217 | 211 | -2.8% |
| Other | 1,177 | 2,288 | +94.4% |
| Total Fixed Costs | 10,807 | 12,385 | +14.6% |

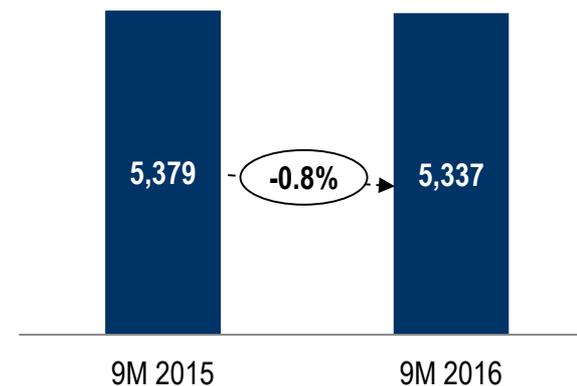
Taxes other than Income Tax, RUB mln



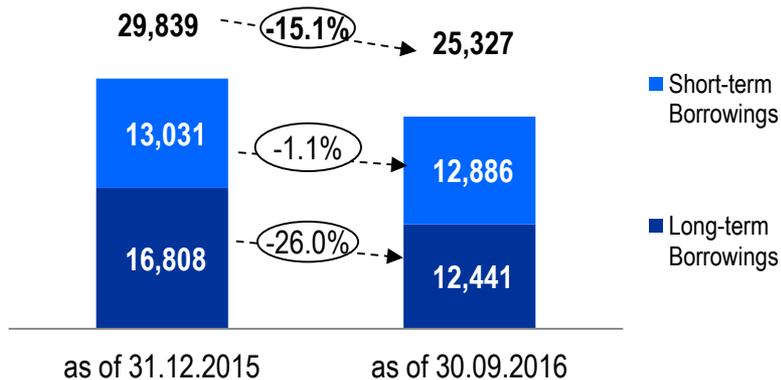
Fixed Costs and Depreciation Change Factors

- 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.

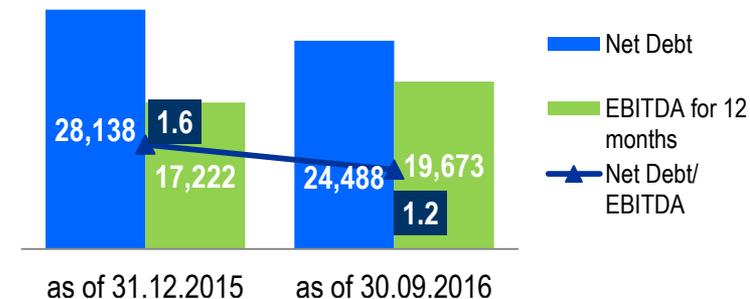
Depreciation and Amortization, RUB mln



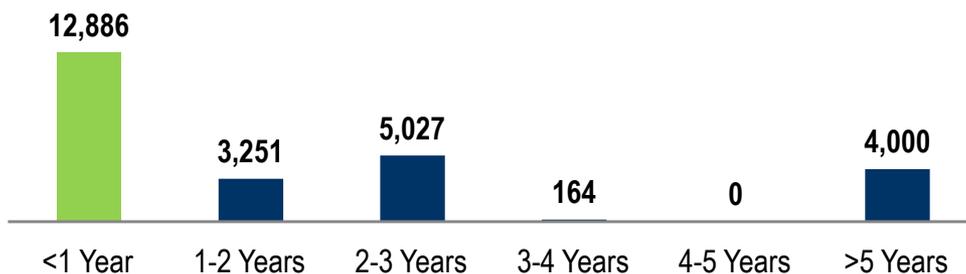
Debt Structure, RUB mln



Net Debt*/ EBITDA



Maturity Profile, as of September 30, 2016, RUB mln



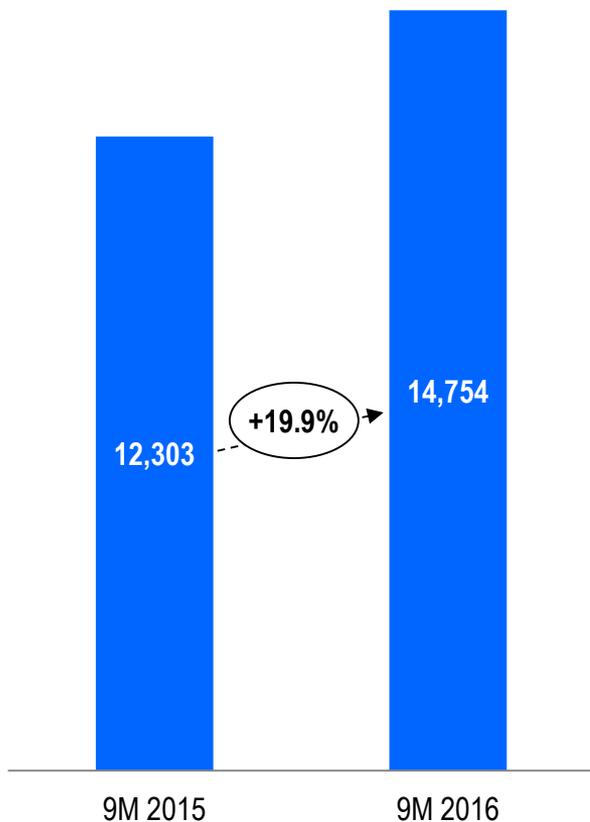
Debt Portfolio Management

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

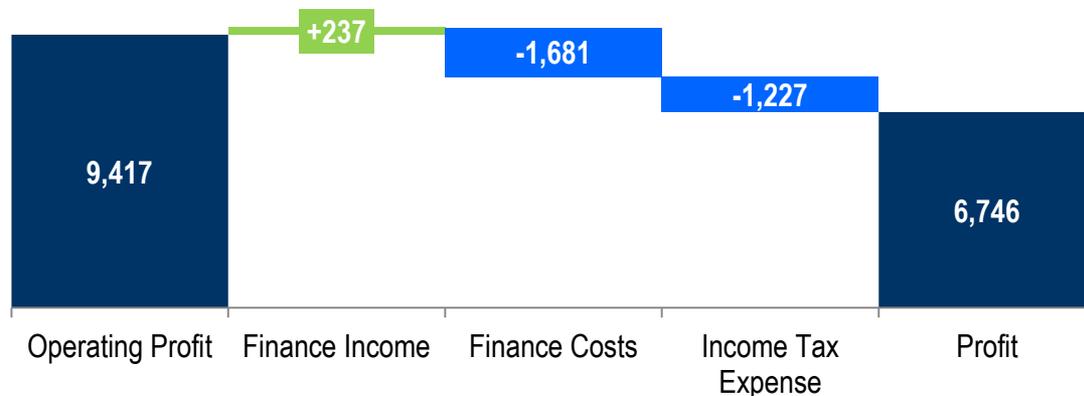
Weighted average effective interest for TGC-1 debt portfolio for 9M 2016 (accumulated from the beginning of the year) amounted to 10.25%

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

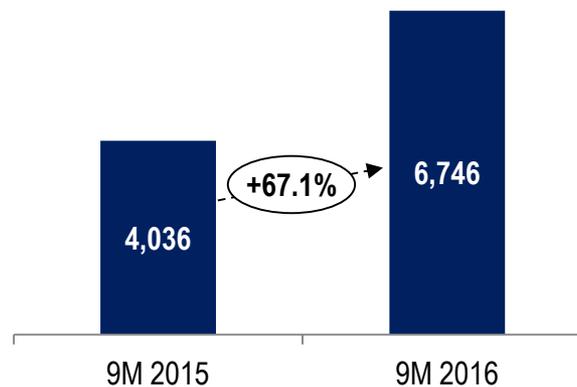
EBITDA, RUB mln



Profit Bridge for 9M 2016, RUB mln



Profit Dynamics, RUB mln



Thank you for Your Attention!

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