

# **TGC-1** 6M 2017 IFRS Results

August 7, 2017 Saint Petersburg



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# Operational and Financial Highlights for 6M 2017

#### **Operational Highlights**

Financial Highlights, RUB mln

| •  | 0 0     |         |           |      |
|--|---------|---------|-----------|------|
|  | 6M 2016 | 6M 2017 | Change    |      |
| Installed Capacity, MW                                       | 6,852   | 6,952   | +1.5%     | Rev  |
| Electricity Production, mn kWh, Including:                   | 14,740  | 14,513  | -1.5%     | Оре  |
| CHP  | 8,102   | 8,042   | -0.7%     |      |
| HPP  | 6,639   | 6,471   | -2.5%     | Va   |
| Electricity Sales Including Purchased Energy,<br>mn kWh      | 16,179  | 15,996  | -1.1%     | Fi   |
| Capacity Sales, MW (monthly average)                         | 5,492   | 5,469   | -0.4%     | De   |
| Heat Output, thous Gcal                                      | 13,609  | 14,480  | +6.4%     | Tota |
| Useful Heat Output Including Purchased<br>Energy, thous Gcal | 13,916  | 14,497  | +4.2%     | Ope  |
| Fuel Rate on Electricity*, g/kWh                             | 207.0   | 199.6   | -3.6%     | Ope  |
| Fuel Rate on Heat*, kg/Gcal                                  | 170.0   | 168.7   | -0.8%     | Prof |
| Capacity Load Factor, %*                                     | 48.5    | 48.1    | -0.4 p.p. | EBI  |
| CHP  | 45.3    | 45.3    | 0 p.p.    |      |
| HPP  | 53.2    | 52.2    | -1.0 p.p. | Prof |
|  |         |         |           |      |

| Financial Highlights, RUB mln |          |          |        |
|-------------------------------|----------|----------|--------|
|                               | 6M 2016  | 6M 2017  | Change |
| Revenue                       | 41,284   | 44,691   | +8.3%  |
| Operating Expenses, Incl.:    | (33,571) | (36,624) | +9.1%  |
| Variable Costs                | (21,922) | (23,535) | +7.4%  |
| Fixed Costs                   | (8,113)  | (9,022)  | +11.2% |
| Depreciation and Amortization | (3,536)  | (4,067)  | +15.0% |
| Total Operating Expenses**    | (33,184) | (36,402) | +9.7%  |
| Operating Profit              | 8,100    | 8,289    | +2.3%  |
| Profit Before Income Tax      | 7,153    | 7,538    | +5.4%  |
| EBITDA***                     | 11,636   | 12,356   | +6.2%  |
| Profit for the Period         | 5,852    | 5,820    | -0.5%  |

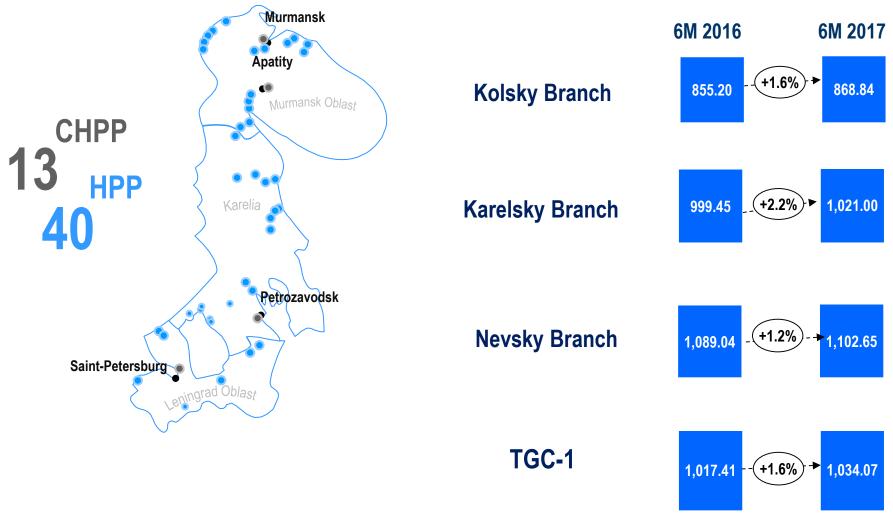
\* Without Murmanskaya CHPP.

\*\* 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



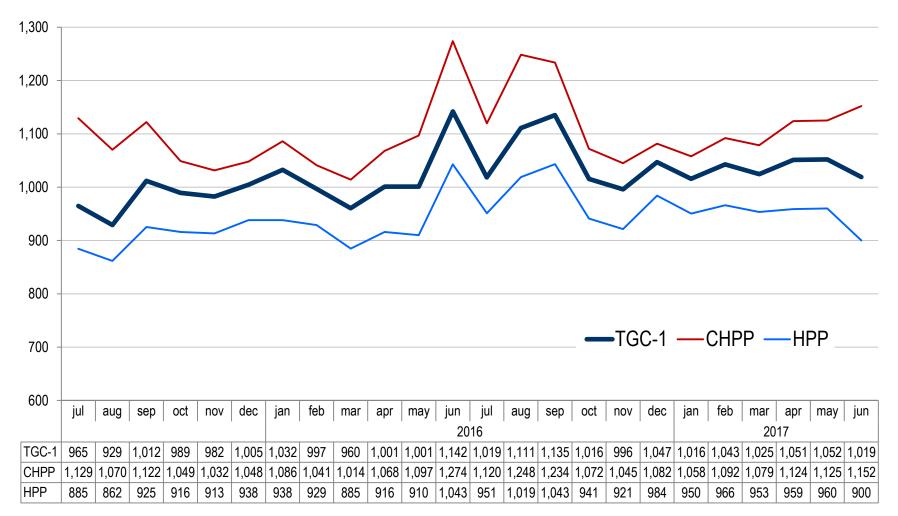
## TGC-1 6M 2017 IFRS Results

TGC-1



# 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

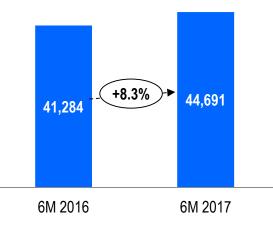


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# **IGC-1** Revenue

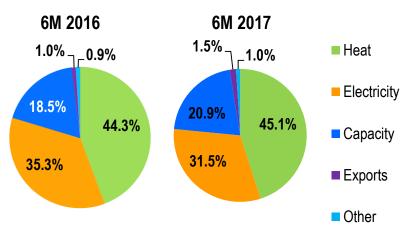
#### Revenue, RUB mln



#### Prices and Tariffs\*, RUB mIn

|  | 6M 2016   | 6M 2017   | Change |
|--|-----------|-----------|--------|
| Average Electricity Price, thous<br>RUB/MWh      | 925.6     | 924.1     | -0.2%  |
| Average New Capacity Price,<br>RUB/MWh per Month | 664,756.9 | 877,835.8 | +32.1% |
| Average Old Capacity Price RUB/MWh<br>per Month  | 116,826.9 | 119,827.6 | +2.6%  |

#### **Revenue Structure\***



#### **Revenue Change Factors**

- Revenue from capacity sales increased by 22.6% on the back of growing capacity volume, sold at competitive capacity outtake, as well as capacity price growth under CDA;
- Optimization of capacity load;
- Revenue from exports growth on the account of unscheduled export supplies from the Vuoksa Cascade HPPs.

\* Management report data.

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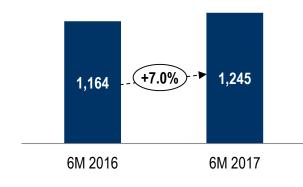


## Variable Costs

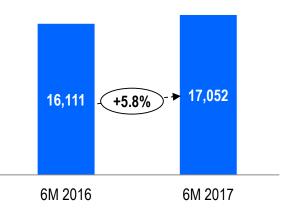
#### Variable Costs, RUB mln

|  | 6M 2016 | 6M 2017 | Change |
|--|---------|---------|--------|
| Fuel                                     | 16,111  | 17,052  | +5.8%  |
| Electricity, Capacity and Heat Purchases | 3,114   | 3,567   | +14.5% |
| Water Usage Expenses                     | 1,230   | 1,375   | +11.8% |
| Other Materials                          | 303     | 296     | -2.3%  |
| Heat Transmission                        | 1,164   | 1,245   | +7.0%  |
| Total Variable Costs                     | 21,922  | 23,535  | +7.4%  |

#### Heat Transmission, RUB mIn



#### Fuel Expenses, RUB mln



#### Variable Costs Change Factors

- Increased expenses for heat purchase in 1H 2017 year-onyear is related mostly to growing heat purchase volumes in Karelia, longer 2016/2017 heating season in Karelia, as well as growing tariff;
- Growing water usage expenses on the back of increased water supply tariff.



# Fixed Costs and Depreciation

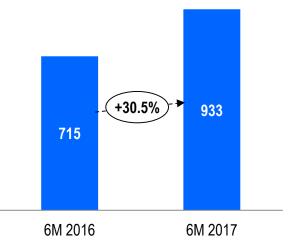
#### Fixed Costs, RUB mln

|                                      | 6M 2016 | 6M 2017 | Change |
|--------------------------------------|---------|---------|--------|
| Employee Benefits                    | 3,856   | 4,037   | +4.7%  |
| Repairs and Maintenance              | 1,332   | 1,284   | -3.6%  |
| Taxes Other than Income Tax          | 715     | 933     | +30.5% |
| Fees of Electricity Market Operators | 406     | 412     | +1.5%  |
| Rent Expenses                        | 216     | 1,059   | x4.9   |
| Insurance Cost                       | 136     | 144     | +5.9%  |
| Other                                | 1,452   | 1,153   | -20.6% |
| Total Fixed Costs                    | 8,113   | 9,022   | +11.2% |

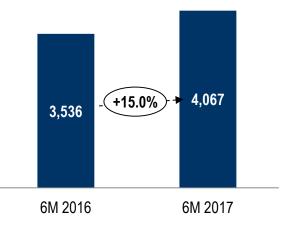
#### **Fixed Costs and Depreciation Change Factors**

 Increase of taxes other than income tax due to less property tax allowance used in St. Petersburg and growing property tax for grid assets.

#### Taxes other than Income Tax, RUB mIn

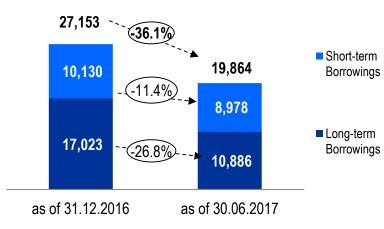


#### Depreciation and Amortization, RUB mIn

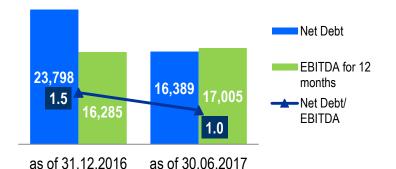


**Debt and Liabilities** 

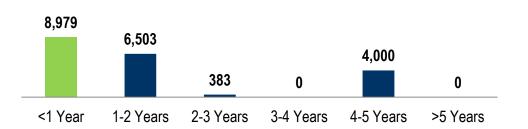
#### Debt Structure, RUB mln



#### **Net Debt\*/ EBITDA**



Maturity Profile, as of June 30, 2017, RUB mln



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

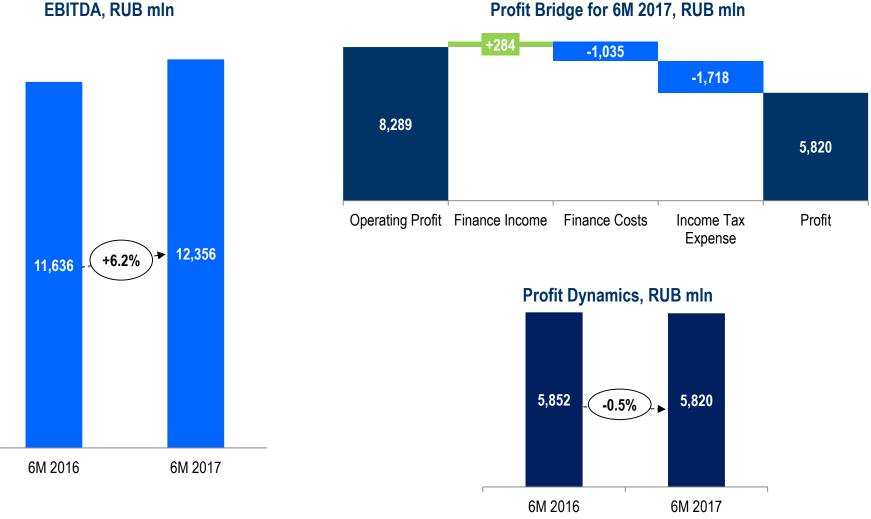
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#### **Debt Portfolio Management**

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

Weighted average interest for TGC-1 debt portfolio for 6M 2017 amounted to 10.14%

# TGC-1 **EBITDA and Profit Bridge**



Profit Bridge for 6M 2017, RUB mln

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# Assigned Credit Ratings

#### **S&P Global** Ratings

#### Credit Ratings by S&P Global Ratings

| Date       | Rating Type                           | Rating Value             |
|------------|---------------------------------------|--------------------------|
| 26.09.2016 | International scale long-term rating  | «BB+», forecast «stable» |
| 26.09.2016 | International scale short-term rating | «B», forecast «stable»   |

### **Fitch**Ratings 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             | «В»                      |
| 05.10.2016 | Domestic currency nominated short-term IDR            | «В»                      |
| 05.10.2016 | Domestic currency nominated priority unsecured rating | «BB+»                    |



# Thank you for Your Attention!

**Contacts for mass-media** 

**Contacts for investors and analysts** 

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