



# JSC TGC-1

## 2011 IFRS and Operational Results

April 26, 2012  
Saint Petersburg

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## Highlights

	2010	2011	Change
Installed Capacity, MW	6,278	6,837	+8.9%
Electricity Production, mln kWh, including:	27,162	28,362	+4.4%
CHP	14,239	16,339	+14.8%
HPP	12,923	12,023	-7.0%
Electricity Sales Including Purchased Energy, mn kWh	32,034	32,961	+2.9%
Capacity Sales, MW	73,953	58,796	-20.5%
Heat Output, thous Gcal	28,818	26,053	-9.6%
Useful Heat Output Including Purchased Energy, thous Gcal	27,985	26,314	-6.0%
Fuel Rate on Electricity*, g/kWh	301.4	291.5	-3.3%
Fuel Rate on Heat*, kg/Gcal	138.4	138.7	+0.2%
Electric Capacity Utilization Factor**, %, including:	49.3	48.1	-1.2 p.p.
CHP	47.9	48.9	+1.0 p.p.
HPP	50.9	47.2	-3.7 p.p.

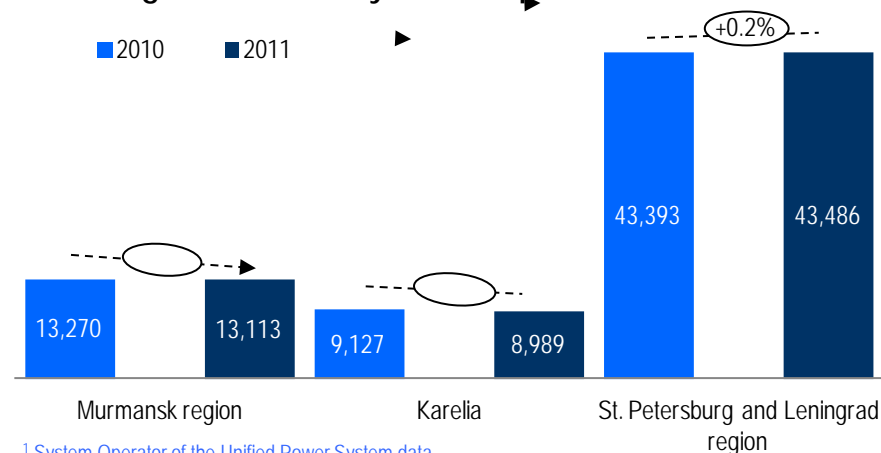
\* Excluding Murmanskaya CHP. In 2011 for Murmanskaya CHP fuel rate on electricity totaled 445.9 g/kWh and fuel rate on heat totaled 172.8 kg/Gcal

\*\* Excluding Murmanskaya CHP. Electric capacity utilization factor for Murmanskaya CHP was 28.1% in 2011

## Operational Results Change Factors

- Increase in the CHPs output on the account of the new CCGT units' commissioning at Uzhnaya and Pervomayskaya CHP – new units' production totaled 3,345 mln kWh (11.8% of the total production)
- The HPPs output decrease due to low water content in 2011
- Decrease in heat output was due to comparatively warm weather in the regions of the Company's operations. In 4Q 2011 decrease in heat output totaled 19.7%
- Capacity sales decrease due to changes in the reclamation of capacity payments (since 2011 volume of the capacity supplied actually is paid)

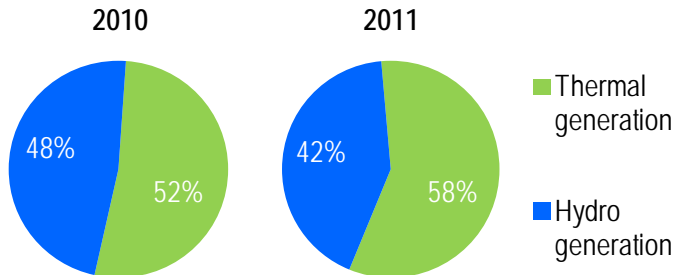
## Regional Electricity Consumption<sup>1</sup>, mn kWh



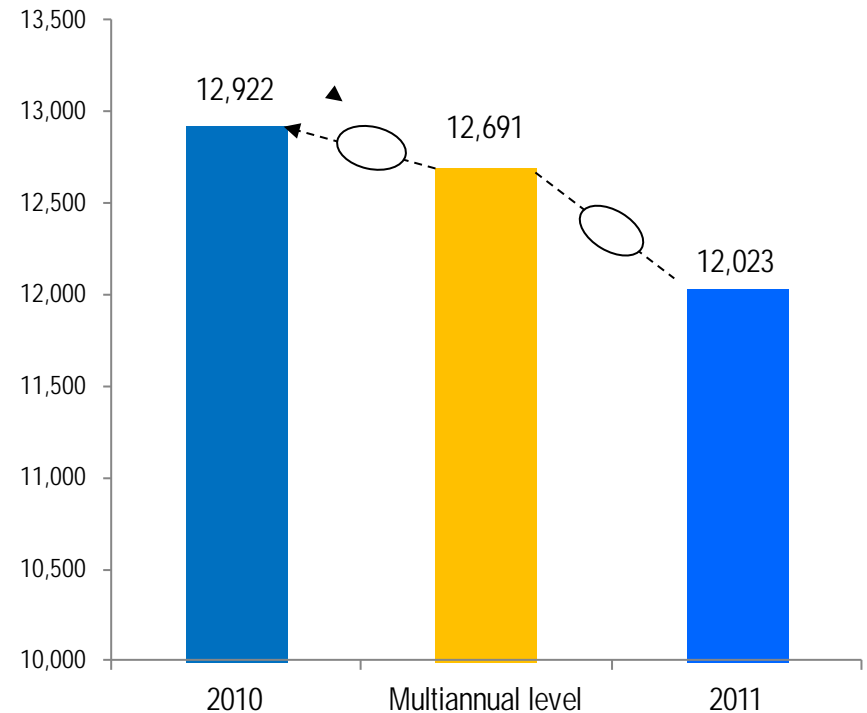
## Influence of the Water Content on the HPPs Output

- In 2011 the inflow of water to the reservoirs of TGC-1 HPPs was lower than the multiannual, opposite to the year 2010 when the inflow exceed the multiannual level

## Electricity Output Structure



## Electricity Output at TGC-1 HPPs, mln kWh



## Pervomayskaya CHP – 360 MW



- Supply of capacity by CCGT-180 #1 to the wholesale market since March 1, 2011
- CCGT-180 #2 commissioned at December 1, 2011; capacity supply to the market since January 1, 2012

## Uzhnaya CHP – 450 MW



- Supply of power to the wholesale market since April 1, 2011
- Supply of heat by the new unit at Uzhnaya CHP since July

## Lesogorskaya HPP– 29.5 MW



- Supply of power to the wholesale market since July 1, 2011

## Svetogorskaya HPP – 30.5 MW



- Supply of power to the wholesale market since January 1, 2012

## Operational Performance of the New Capacity for 2011

	Uzhnaya CHP (CCGT 450)	Pervomayskaya CHP (CCGT 180 #1)	Pervomayskaya CHP (CCGT 180 #2)*
Electricity Production, mln kWh	2,217.6	933.5	193.9
Heat Output, thous Gcal	468.8	232.1	55.6
Fuel Rate on Electricity, g/kWh	244	256	251
Fuel Rate on Heat, kg/Gcal	125	125	125
Electric Capacity Utilization Factor, %	79.0	59.2	72.2

\* Fuel Rate and Electric Capacity Utilization Factor are for December 2011. Electricity Production and Heat Output include preoperational testing (September-December 2011)

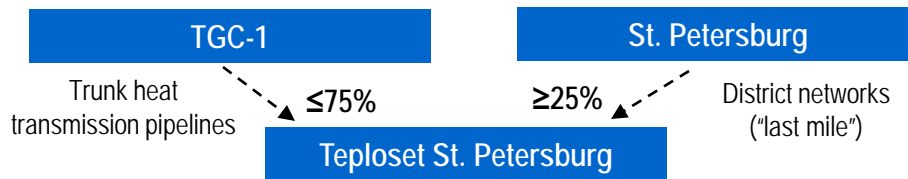
## Financial Performance of the New Capacity for 2011

mn RUR	Uzhnaya CHP (CCGT 450)	Pervomayskaya CHP (CCGT 180 #1)	Pervomayskaya CHP (CCGT 180 #2)**
Revenue, including	4,063	1,903	257
Electricity	2,163	1,011	224
Capacity	1,623	755	0
Heat	277	137	33
Purchased Energy	252	93	0
Fuel	1,634	731	155
Margin	2,177	1,079	102

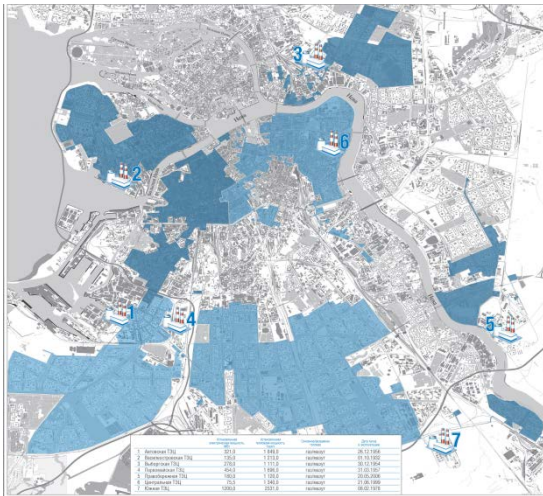
\*\* Including preoperational testing

## JSC Teploset St. Petersburg

In 2011 the creation of a unified heating area for TGC-1's CHPs was finalized, in order to increase the reliability and quality of heat and hot water supply to St. Petersburg's inhabitants, on the account of unified heating grids' management



### ■ Teploset St. Petersburg operation area



- Total length of transmission pipelines – about 2,500 km (c.800 km – trunk, 1,700 km – district (distribution))
- Statutory capital totals 31.3 bn RUR

## Heat Transmission Pipeline from Apatity CHP to Kirovsk



- TGC-1 with Murmansk Region administration and JSC "Apatit" collaboratively started a construction a heat transmission pipeline, running from Apatity CHP to the city of Kirovsk in Murmansk Region
- Implementation of the project should allow to increase the utilization of Apatity CHP, which has extensive capacity reserves, and to exclude expensive fuel oil from region's heating balance
- On November 25, 2011 welding of the first joint took place
- Total heat transmission pipeline and central heating station construction CAPEX is estimated at RUR 3.05 bn, reconstruction of the Apatity CHP should require around RUR 450 mn (incl. VAT)
- TGC-1 and JSC "Apatit" will contribute RUR 800 mn on a 50/50 basis to the financing of the construction of the heat transmission pipeline and central heating station, the rest – is to be financed via debt. TGC-1 will use its own funds to reconstruct the CHP
- End of construction – 2013
- Additional annual expected heat output from Apatity power plant should amount up to 650,000 GCal

## Highlights, mn RUR

	2010	2011	Change
Revenue	50,487	60,252	+19%
Operating Expenses	42,102	53,235	+26%
Adjusted Operating Expenses <sup>1</sup>	46,067	53,207	+16%
Operating Profit	8,384	7,017	-16%
Adjusted Operating Profit <sup>1</sup>	4,420	7,045	+59%
Profit before Income Tax	8,262	5,286	-36%
EBITDA <sup>2</sup>	11,768	11,837	+1%
Adjusted EBITDA <sup>1</sup>	7,804	11,864	+52%
Profit for the Year	6,517	3,902	-40%
Adjusted Profit for the Year <sup>1</sup>	3,345	3,924	+17%

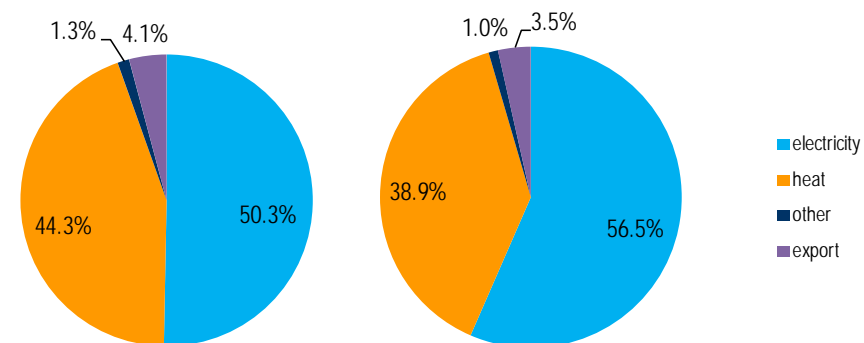
1. For the adjusted parameters the effects of "Impairment loss reversed during the year" (4,007 mn RUR in 2010, 0 RUR in 2011) and "Impairment loss recognised during the year" (43 mn RUR in 2010, 27 mn RUR in 2011) are excluded

2. EBITDA = Operating profit+ Depreciation of property, plant and equipment and intangible assets

## Revenue Change Factors

- Increase of the revenue generated by electricity and capacity sales (+31.6% year-on-year) on the account of the new generation capacity and the growth of prices and tariffs
- Increase of the revenue from heat sales (+5.0%) on the account of the higher tariffs alongside with the heat output decrease
- Decrease of gainings from the capacity sales in 2Q-4Q 2011 due to the changes in parameters of the forced generation payments
- Increase of gainings of JSC "Teploset Saint Petersburg" on the account of the heat supply via Suzdalskaya heating line in the mid June, 2011

## Revenue Structure



## Main Expenses Changes Factors

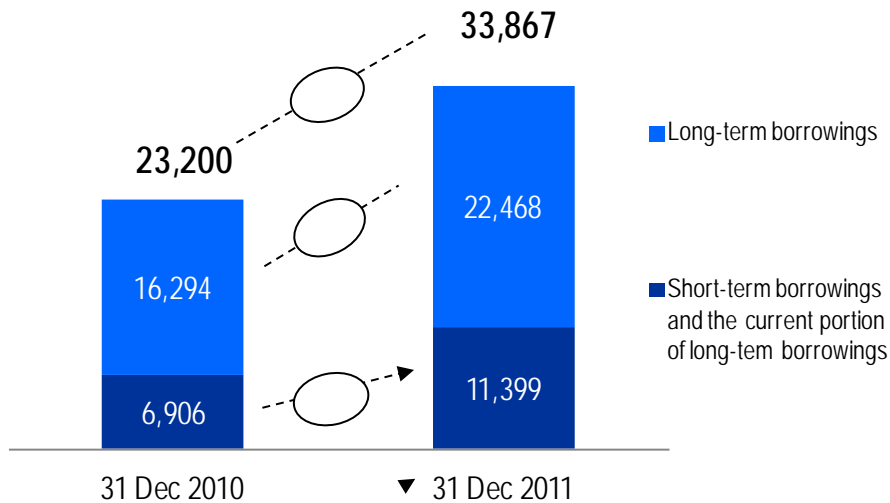
- Fuel expenses increase (+15%) due to CHPs' production increase and fuel prices growth
- Electricity and heat purchases growth (+17%) in order to secure the obligations on the liberalized contracts and exports, and also due to the changes in regulation of electricity purchases for own consumption: since 2011 all electricity consumption is considered as purchase, unlike before, when purchase for own consumption only consisted of purchase, exceeding maximum limit of electricity consumption for generation own needs
- Considerable effects on some expenses items were caused by the new capacity commissioning. It resulted in an increase of expenses for the maintenance service, dispatcher's fees, and depreciation increase
- Other important factor of the expenses changes became the finalization of formation of the target structure of JSC "Teploset St. Petersburg". It resulted in the following expenses growth: employee benefits, repairs and maintenance, depreciation; and decrease in the following items: heat distribution (-39%), lease expenses (-61%)

## Main Expenses Highlights, mn RUR

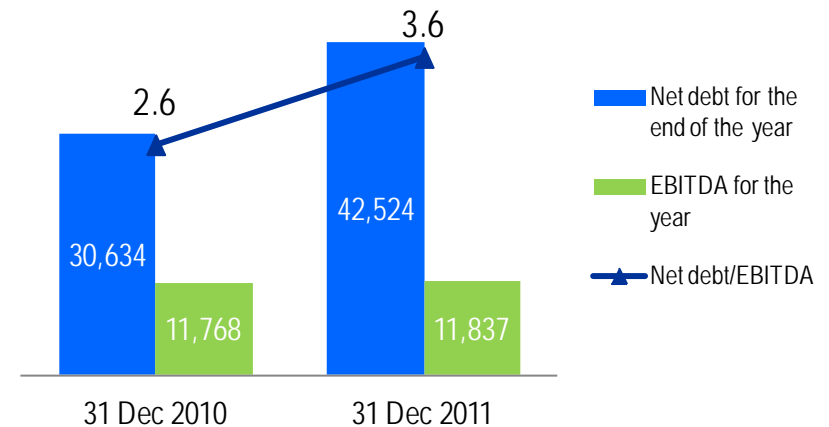
Operating Expenses	2010	2011	Change
Fuel	21,637	24,893	+15%
Electricity and heat purchases	5,086	5,939	+17%
Water usage expenses	1,881	2,098	+12%
Heat distribution	869	533	-39%
<b>Total Variable Costs</b>	<b>29,473</b>	<b>33,463</b>	<b>+14%</b>
Employee benefits	5,518	6,381	+16%
Repairs and maintenance	1,879	2,831	+51%
Taxes other than income tax	1,068	1,176	+10%
Dispatcher's fees	638	785	+23%
Other materials	374	576	+54%
Lease expenses	558	217	-61%
Insurance cost	218	196	-10%
<b>Total Fixed Costs</b>	<b>10,253</b>	<b>12,162</b>	<b>+19%</b>
Depreciation of property, plant and equipment and amortization of intangible assets	3,384	4,820	+42%
(Reversal of provision)/provision for obsolescence and impairment	920	667	-28%
(Gain)/Loss on disposal of property, plant and equipment	123	70	-43%
Loss from sale of investments	-212	0	-100%
Other operating expenses	2,315	2,651	+15%
Other operating income	-189	-626	+231%
<b>Operating Expenses, net</b>	<b>46,067</b>	<b>53,207</b>	<b>+15%</b>



Debt Structure, mn RUR



Net Debt<sup>1</sup>/ EBITDA



<sup>1</sup> Net debt = The total amount of borrowings + Trade and other payables less Cash and cash equivalents

## Debt Portfolio Management

- The weighted average effective interest rate for the debt portfolio for 2011 amounted to 8,10%
- For the purpose of financing the Company's investment program, on December 8, 2011, bond issues and prospectus series 03-06 were registered for the total amount of 8 bn RUR. On December 27, 2011 series 03 issue placement for the amount of 2 bn RUR took place

Station	Type of Work	Commissioned Electric Power (MW)	Commissioned Thermal Power (Gcal/h)	Year of Commissioning
Vuoksinskiy chain of HPP	Gradual replacement of hydro power units	8×30	-	2009-2013 (150.5 MW commissioned in 2009-2011)
Pervomayskaya CHP	Reconstruction of the plant with replacement of equipment by the construction of two units of CCGT-180	2×180	238	2011-2012 (complete)
Uzhnaya CHP	Expansion of the station due to construction of power unit №4 CCGT-450	450	290	2011 (complete)
Pravoberezhnaya CHP	Expansion of the station due to construction of power unit №2 CCGT-450	450	318	2012
Pervomayskaya CHP	Construction of the auxiliary complex	-	690	2013
Tsentralnaya CHP	Construction of gas turbine with the capacity of 100 MW in the territory within 4 km from Tsentralnaya CHP	2×50	120	2016

# Thank you for Your Attention!

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