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## RusHydro Group announces 2Q and 1H 2015 operating results

PJSC RusHydro (ticker symbol: MICEX-RTS, LSE: HYDR; OTCQX: RSHYY) announces operating results for the 2<sup>nd</sup> quarter and 1<sup>st</sup> half of 2015 of the parent company and the subsidiaries of RusHydro Group reflected in consolidated financial statements.

### Key highlights:

- Total electricity generation by power plants of RusHydro Group in 2Q 2015 amounted to 30,539 GWh (+2.4%), in 1H 2015 – 57,174 GWh (-6.2%);
- In 2Q 2015, total production by HPPs/PSPPs amounted to 23,568 GWh (-0.9%), in 1H 2015 – 40,281 GWh (-13.4%);
- In 1H 2015, total water inflow to reservoirs of the Volga-Kama cascade was lower than long-run average, to the Sayano-Shushenskaya HPP reservoir – close to long-run average, HPPs of the North Caucasus operated in an environment of low and average water levels;
- The electricity generation by the plants of RAO ES of East in 2Q 2015 – 7,283 GWh (+15.8%), in 1H 2014 – 17,820 GWh (+16.6%);
- The electricity generation by the Boguchanskaya hydropower plant in 2Q 2015 amounted to 3,610 GWh (+41.5%), in 1H 2015 – 5,964 GWh (+40.6%)<sup>1</sup>;
- Water inflow to reservoirs of major hydropower plants of RusHydro Group in 3Q 2015 is expected to be close to long-run average.

In the 2<sup>nd</sup> quarter of 2015, total electricity generation by power plants of RusHydro amounted to 30,539 GWh, a 2.4% increase as compared to the same period of 2014, total power generation in the 1<sup>st</sup> half of 2015 amounted to 57,174 GWh (-6.2%). In the 2<sup>nd</sup> quarter of 2015, hydropower (HPPs) and pumped storage power plants (PSPPs) of RusHydro Group decreased electricity generation by 0.9% to 23,568 GWh, in the 1<sup>st</sup> half of 2015 – by 13.4% to 40,281 GWh, output by thermal (TPPs) and geothermal plants located in the Far East of Russia in the 2<sup>nd</sup> quarter of 2015 increased by 15.4% to 6,969 GWh, in the 1<sup>st</sup> half of 2015 output increased by 17.2% to 16,890 GWh.

### Electricity generation by the plants of RusHydro Group, GWh

	2Q'15	2Q'14	chg, %	1H'15	1H'14	chg, %
Center of Russia	11,309	12,008	-5.8%	18,315	22,088	-17.1%
S. of Russia and N.Caucasus	2,291	1,707	34.3%	3,329	3,126	6.5%
Siberia	6,369	5,953	7.0%	11,525	11,940	-3.5%
<b>Total for the price zones</b>	<b>19,969</b>	<b>19,668</b>	<b>1.5%</b>	<b>33,169</b>	<b>37,154</b>	<b>-10.7%</b>
Far East	3,083	3,650	-15.5%	5,926	8,247	-28.1%
RAO ES of the East	7,283	6,290	15.8%	17,820	15,284	16.6%
Armenia	205	211	-2.8%	260	255	2.0%
<b>TOTAL</b>	<b>30,539</b>	<b>29,819</b>	<b>2.4%</b>	<b>57,174</b>	<b>60,939</b>	<b>-6.2%</b>
incl. by HPPs, PSPPs <sup>2</sup>	23,568	23,781	-0.9%	40,281	46,526	-13.4%
incl. by TPPs and other	6,969	6,038	15.4%	16,890	14,413	17.2%
Boguchanskaya HPP	3,610	2,551	41.5%	5,964	4,243	40.6%

<sup>1</sup> The Boguchanskaya hydropower plant is part of the Boguchanskiy Energy and Metals Complex (BEMO), a 50/50 joint venture (JV) between RusHydro and UC RUSAL, and is not part of RusHydro Group. According to RusHydro's shareholding in the JV (50%), the results of the plant are reported in the official financial

statements in “Share of results of associates and jointly controlled entities”. Operations of the HPP have been put into the press-release for general reference.

<sup>2</sup> Includes generation by HPPs of PJSC RusHydro, Kolymenskaya HPP and Viluiskie HPPs, part of RAO ES of the East group.

The underlying factors of the production change in January-June of 2015 were:

- lower than long-run average water inflow to reservoirs of the Volga-Kama cascade and low water reserves in reservoirs at the beginning of 2015;
- water inflow to major reservoirs of Siberia in the 2<sup>nd</sup> quarter of 2015 was in line with long-run average level, to Novosibirskoe reservoir in the 1<sup>st</sup> half of 2015 – 18% higher than normal;
- increase in electricity generation by HPPs of the South of Russia and North Caucasus as a result of higher than normal water inflow to reservoirs in the 2<sup>nd</sup> quarter of 2015;
- increase in electricity generation by TPPs of the Far East due to lower hydro production in the unified power system of the Far East and electricity consumption similar to last year.

### ***Center of Russia***

In the 2<sup>nd</sup> quarter of 2015, water inflow to reservoirs of the Volgo-Kama cascade was 35-80% of norm, to Volgogradskoe reservoir – only 13% of norm.

Total water inflow to reservoirs of the Volgo-Kama cascade in the 2<sup>nd</sup> quarter of 2015 amounted to 124 km<sup>3</sup> as compared to the average of 161 km<sup>3</sup>. In the 1<sup>st</sup> half of 2015, for the second consecutive year, water level of the Volga river was low. In 2015, two negative factors: low water inflow as well as low water reserves in the reservoirs resulted in water savings. Due to low water inflow and in accordance with the instructions of the Federal Water Resources Agency operations of the Rybinskaya HPP were suspended.

To maximize efficiency of the electricity generation from hydropower plants in the period of low water inflows, the company tried to minimize (or exclude altogether) the participation of hydropower plants in automatic load-frequency control during water spills from reservoirs, more selectively chose generation units to put under load, optimized electricity consumption for own needs and worked closely with regulators to ensure efficient dispatching.

Total electricity generation by RusHydro’s hydropower plants of the Volgo-Kama cascade together with Zagorskaya pumped storage plant in the 2<sup>nd</sup> quarter of 2015 amounted to 11,309 GWh, a 5.8% decrease as compared to the same period of 2014. In the 1<sup>st</sup> half of 2015, generation reached 18,315 GWh, which is 17.1% lower than in the same period of the previous year.

### ***South of Russia and North Caucasus***

Water conditions on the rivers of the South of Russia and North Caucasus in the 1<sup>st</sup> half of 2015 were close or lower than long-run average. In the 2<sup>nd</sup> quarter of 2015, water inflow to Chirkeyskoe reservoir was 10-25% higher than long-run average, water inflow to Dzauzhikauskaya HPP and Krasnodarskiy reservoir was close to normal.

The electricity generation by the hydropower plants of the South of Russia and North Caucasus in the 2<sup>nd</sup> quarter of 2015 increased by 34.3% to 2,291 GWh, in the 1<sup>st</sup> half of 2015 – by 6.5% to 3,329 GWh.

### ***Siberia***

In the 2<sup>nd</sup> quarter of 2015, water inflow to Sayano-Shushenskoe and Novosibirskoe reservoirs was close to long-run average, water inflow to reservoirs of hydropower plants

located on the Angara river was 15-25% lower than normal. Overall, in the 1<sup>st</sup> half of 2015, water level in the basin of the Angara-Yenisey cascade was sustainably low, excluding Novosibirskoe reservoir where water inflow was 18% higher than normal.

Warm temperatures in mid-April as well as rainfalls resulted in the increase in water inflow to Novosibirskoe reservoir which led to increase in the amount of water released through HPP. In the end of the first decade of May, Novosibirsky and Altaysky regions faced the most intensive flood over the past 46 years. Water inflow to reservoir of the Novosibirskaya HPP during the flood period reached 7500 m<sup>3</sup>/s.

The Boguchanskaya hydropower plant in the 1<sup>st</sup> half of 2015 generated 5,964 GWh as compared to 4,243 GWh generated in the same period of the previous year. In June, 2015, the reservoir of the Boguchanskaya hydropower plant was filled to its design level of 208 m above sea level. This reservoir level will allow the plant to reach its full capacity of 2,997 MW and produce 17.6 TWh of electricity per year. Starting from the second decade of May 2015, the plant has been operating in a mode allowing to maintain navigation in the river below the dam.

Total electricity generation by RusHydro's Siberian hydropower plants in the 2<sup>nd</sup> quarter of 2015 increased by 7.0% to 6,369 GWh, in the 1<sup>st</sup> half of 2015 – decreased by 3.5% to 11,525 GWh.

### **Far East**

In the 2<sup>nd</sup> quarter of 2015, water inflow to Zeyskoe reservoir was close to norm, to Kolymaskoe reservoir – was 35% higher than long-run average.

In order to provide for reliable and safe operation of the equipment and facilities of hydropower plants during the flood period of 2015 as well as to create spare capacity in the reservoirs to accumulate water, in the end of April, Zeyskaya and Bureyskaya HPPs operated in drawdown mode to reservoir level of 308.3 m and 236.5 m respectively.

Total electricity generated by hydro and geothermal power plants of the Far East in the 2<sup>nd</sup> quarter of 2015, decreased by 15.5% to 3,083 GWh. In the 1<sup>st</sup> half of 2015, the generation decreased by 28.1% to 5,926 GWh.

In the 2<sup>nd</sup> quarter of 2015, generating assets of RAO ES of the East, a subsidiary of RusHydro, produced 7,283 GWh of electricity, a 16% increase as compared to the 2<sup>nd</sup> quarter of 2014. In the 1<sup>st</sup> half of 2015, generation increased by 17% to 17,820 GWh.

Of this total, 76% was generated by SC Far East Generating Company (DGK), which increased production by 22% mainly due to 33% decrease in electricity output by the Zeyskaya and Bureyskaya hydropower plants as compared to the 1<sup>st</sup> half of 2014. In the 1<sup>st</sup> half of 2015, electricity generation by companies operating in isolated energy systems of the Far East increased by 1% as compared to the same period of the previous year.

In the 1<sup>st</sup> half of 2015, heat output by thermal plants of RAO ES of the East decreased by 3% to 17,527 ths. GCal as compared to the same period of 2014. The decrease is mainly attributed to higher than usual air temperatures.

#### **Heat output by thermal plants of RAO ES of the East, ths. GCal**

	<b>2Q'15</b>	<b>2Q'14</b>	<b>chg, %</b>	<b>1H'15</b>	<b>1H'14</b>	<b>chg, %</b>
SC DGK	3 226	2 898	11%	12,182	12,534	-3%
PJSC Yakutskenergo	783	702	12%	1,316	1,379	-5%
SC Sakhaenergo	60	58	4%	62	55	12%
SC Teploenergoservice	186	229	-19%	789	803	-2%
PJSC Kamchatskenergo	425	468	-9%	1,175	1,340	-12%
SC KSEN	16	15	6%	47	46	2%

PJSC Magadanenergo	273	270	1%	729	738	-1%
SC Chukotenergo	111	113	-2%	290	281	3%
JSC Sakhalinenergo	339	317	7%	937	952	-2%
<b>Total</b>	<b>4 943</b>	<b>4 643</b>	<b>6%</b>	<b>17,527</b>	<b>18,128</b>	<b>-3%</b>

### **Armenia**

In the 2<sup>nd</sup> quarter of 2015, electricity generation by the Sevan-Hrazdan cascade of hydropower plants in Armenia decreased by 2.8% to 205 GWh, in the 1<sup>st</sup> half of 2015, electricity generation increased by 2.0% to 260 GWh. The power generation by the plants of the cascade is dependent on water inflows of Hrazdan river and water releases from lake Sevan.

### **Power retail**

In the 2<sup>nd</sup> quarter of 2015, total electricity output by RusHydro's four retail companies, operating in Bashkiriya, Chuvashia, Ryazan and Krasnoyarsk regions, amounted to 7,896 GWh, a 4.7% decrease as compared to the same period of 2014. In the 2<sup>nd</sup> quarter of 2015, ESC RusHydro, a holding company for all electricity retail operations, increased electricity output by 82 GWh (or 23.3%), power retail company, operating in Chuvashia, also increased output by 60,1 GWh (or 9.1%) due to addition of major consumers.

The decrease in electricity output by JSC Krasnoyarskenergosbyt by 141 GWh or 4.5%, Bashkiriya power retail company by 365 GWh (-10.5%) and PJSC Ryazan power retail company by 27 GWh (-4.1%) is attributable to recession in manufacturing industry.

#### **Electricity output by RusHydro Group's retail companies, GWh**

	<b>2Q'15</b>	<b>2Q'14</b>	<b>chg, %</b>	<b>1H'15</b>	<b>1H'14</b>	<b>chg, %</b>
Krasnoyarsk power retail company	2,998	3,139	-4.5%	7,229	7,577	-4.6%
Bashkiriya power retail company	3,100	3,466	-10.5%	7,339	8,010	-8.4%
Chuvash power retail company	722	662	9.1%	1,652	1,513	9.2%
Ryazan power retail company	643	670	-4.1%	1,386	1,468	-5.6%
ESC RusHydro	433	351	23.3%	866	592	46.3%
<b>Total</b>	<b>7,896</b>	<b>8,287</b>	<b>-4.7%</b>	<b>18,472</b>	<b>19,160</b>	<b>-3.6%</b>

### **Water inflows forecast**

According to the forecast of the Hydrometeorologic Center of Russia, the following dynamics of water inflows to the major reservoirs is expected in the 3<sup>rd</sup> quarter of 2015:

- water inflow to Gorkovsky reservoir is expected to be 20-40% lower than normal, to other reservoirs of the Volgo-Kama cascade – close to norm. Total expected water inflow to reservoirs of the Volgo-Kama cascade in the 3<sup>rd</sup> quarter may amount to 30-38 km<sup>3</sup> as compared to the average of 37.0 km<sup>3</sup>;
- water inflow to the reservoirs of hydropower plants located in the North Caucasus is expected to be close to long-run average;
- water inflow to major reservoirs of hydropower plants of Siberia is expected to be close to long-run average, water inflow to Sayano-Shushenskoe, Krasnoyarskoe reservoirs and lake Baikal is expected to be 15-25% lower than normal;
- water inflow to the Zeyskaya HPP is expected to be lower than long-run average, to Kolymskiy reservoir – close or slightly higher than normal.

## **About RusHydro**

RusHydro Group is one of Russia's largest generating companies. RusHydro is the leading producer of renewable energy in Russia with over 70 generating facilities in Russia and abroad. The company also manages a number of R&D, engineering and electricity retail companies. Group's thermal assets are operated by subsidiary – RAO Energy System of East in the Far East of Russia. Total electricity generation capacity of the Group is 38.5 GW, heat capacity – 16.2 thousand GCal/h.

Russian Federation owns 66.8% in RusHydro, the rest is held by other institutional and individual shareholders (over 360,000). The company's stock is traded on Moscow Exchange (MOEX), and included in MSCI EM и MSCI Russia indexes. Company's GDRs in the IOB section of LSE, ADRs – in OTCQX.

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