

RusHydro Group announces 4Q and FY2018 operating results

January 31, 2019. Moscow, Russia. PJSC RusHydro (ticker symbol: MICEX-RTS, LSE: HYDR; OTCQX: RSHYY) announces operating results for the 4th quarter and full year ended December 31, 2018, of the parent company and the subsidiaries of RusHydro Group reflected in consolidated financial statements.

Key highlights:

- *Record production output (incl. Boguchanskaya HPP) of 144,225 GWh (+2.8%) in 2018 on the back of higher inflows to reservoirs of the Volga-Kama cascade in the first half of the year and to reservoirs in Siberia in the second half of the year aided by production growth of RAO ES of East following increase in consumption by 3.7% in the Far Eastern Federal District as compared to 2017;*
- *Total installed electric capacity of RusHydro Group including Boguchanskaya HPP – 39,362.8 MW (+326 MW), heat capacity – 18,923.4 Gcal (+426.3 Gcal);*
- *Total electricity generation by power plants of RusHydro Group in 4Q 2018 amounted to 31,012 GWh (-4.2%);*
- *In 4Q 2018, total production by hydropower and pumped storage plants amounted to 21,865 GWh (-5.4%), total output by thermal power plants – 9,030 GWh (-1.3%) and production of alternative renewable energy facilities – 117 GWh (+2.7%);*
- *In 2018, total production by hydropower and pumped storage plants amounted to 98,432 GWh (+2.6%), total output by thermal power plants – 31,752 GWh (+3.9%) and production by alternative renewable energy facilities – 431 GWh (-1.9%);*
- *In 4Q 2018, total water inflow to reservoirs of the Volga-Kama cascade, HPPs of Siberia, South of Russia and the Far East of Russia was close to normal or slightly above the norm;*
- *Total electricity generation by the Boguchanskaya hydropower plant in 4Q 2018 amounted to 3,324 GWh (+17.7%), 2018 amounted to 13,610 GWh (+2.4%)*;*
- *Total production of RAO ES East Subgroup's power plants in 2018 amounted to 34,464 GWh (+5.0%), heat output by thermal power plants - 29,650 thousand GCal (-0.9%);*
- *According to System Operator total electricity production and consumption in Russia in 2018 increased by 1.7% and 1.6%, respectively;*
- *In 2018, water inflow to reservoirs of the HPPs on the Volga-Kama cascade, in Siberia, in the Far East and in the south of Russia was at the normal level or slightly above it;*
- *Water inflow to reservoirs, in Siberia in 1Q 2019 is expected to be above the long-run average, to reservoirs of Volga-Kama cascade – close to or slightly above the long-run average and to other reservoirs – close to the long-run average.*

Installed electric capacity of RusHydro Group, MW

	Dec 31, 2018	Dec 31, 2017
Center of Russia HPPs /PSPPs	11,730.1	11,679.6
S. of Russia and N. Caucasus	2,946.0	2,944.7
Siberia	7,201.0	7,196.0
Total for price zones of Russia	21,877.0	21,820.3
HPPs of the Far East	5,257.0	5,113.9
RAO ES East	8,591.3	8,466.1
Geothermal PPs, RES	79.0	78.1
Total for non-price and isolated zones of Russia	13,927.3	13,658.1
HPPs in Armenia	561.4	561.4
TOTAL	36,365.8	36,039.8
incl. by HPPs, PSPPs**	27,695.5	27,495.6
incl. by TPPs and other	8,591.3	8,466.1
incl. by geothermal, RES	79.0	78.1
Boguchanskaya HPP	2,997.0	2,997.0
TOTAL (incl. Boguchanskaya HPP)	39,362.8	39,036.8

Installed heat capacity of RusHydro Group, Gcal

	Dec 31, 2018	Dec 31, 2017
JSC DGK, incl.	13,245.4	12,813.4
Primorye power system	3,187.0	2,755.0
Khabarovsk power system	7,429.7	7,429.7
Amur power system	1,243.7	1,243.7
South-Yakutsk power district	1,385.0	1,385.0
Isolated energy systems	5,678.0	5,707.2
PJSC Yakutskenergo	1,613.2	1,619.2
SC Sakhaenergo	84.9	92.4
SC Teploenergoservice	762.3	754.1
PJSC Kamchatskenergo	1,201.4	1,219.9
SC KSEN	42.9	42.9
PJSC Magadanenergo	773.3	773.3
SC Chukotenergo	399.3	404.4
PJSC Sakhalinenergo	800.7	798.5
TOTAL	18,923.4	18,497.1

Electricity generation by the plants of RusHydro Group, GWh

	4Q'18	4Q'17	chg, %	2018	2017	chg, %
Center of Russia	8,854	10,780	-17.9%	44,682	46,982	-4.9%
S. of Russia and N.Caucasus	1,345	1,121	20.0%	7,447	6,826	9.1%
Siberia	7,305	6,728	8.6%	29,544	25,380	16.4%
Total for the price zones	17,504	18,629	-6.0%	81,674	79,188	3.1%
Far East (HPP, geothermal)**	3,549	3,782	-6.2%	14,067	14,484	-2.9%
RAO ES East Subgroup	9,915	9,942	-0.3%	34,464	32,824	5.0%

Armenia	44	31	42.4%	412	466	-11.5%
TOTAL	31,012	32,384	-4.2%	130,615	126,961	2.9%
incl. by HPPs, PSPPs**	21,865	23,118	-5.4%	98,432	95,971	2.6%
incl. by TPPs	9,030	9,152	-1.3%	31,752	30,552	3.9%
Incl. by alt. renewables (geothermal, solar, wind)	117	113	2.7%	431	439	-1.9%
<i>Boguchanskaya HPP¹</i>	<i>3,324</i>	<i>2,824</i>	<i>17.7%</i>	<i>13,610</i>	<i>13,287</i>	<i>2.4%</i>

The underlying factors of the production change in 2018 were:

- total water inflow to the majority of reservoirs of the Volga-Kama cascade was higher than normal;
- total water inflow to hydropower plants of Siberia was at the normal level or slightly above it, to HPPs in the South of Russia – at the normal level;
- growth of electricity generation by thermal power plants in the Far East by 5.0% (to 34,464 GWh) following a decrease in production by HPPs operating in United Power System of the East as compared to 2017 as well as increase in consumption in the region by 3.7%.

Center of Russia

In the first quarter of 2018, water inflow to most of the reservoirs on Volga and Kama was 1.2-2.5x higher than normal. Total water inflow to the reservoirs of the Volga-Kama cascade reached 38.7 km³ (normal level - 21.3 km³).

Flooding inflows to most of the reservoirs on the Volga-Kama cascade in the second quarter was close to the long-run average. Total inflow to reservoirs on Volga and Kama in the second quarter was close to normal level, at 153 km³ against the long-run average of 161 km³.

In the third quarter of the year, total water inflow to the reservoirs of the Volga-Kama cascade was 37.2 km³ (normal level – 37.0 km³).

In the fourth quarter, water inflow to the majority of the reservoirs on the Volga-Kama cascade was 70-110% that of the normal level. Water inflow to Uglichskoye reservoir was 55% below the normal level, to Kuybyshevskoye and Kamskoye reservoirs – 30-35% above the normal level. Total water inflow to the reservoirs of the Volga-Kama cascade was 38.5 km³ (normal level – 36.6 km³).

Total production by the hydropower plants of Volga-Kama cascade, operated by RusHydro group, and Zagorskaya pumped storage in the fourth quarter of 2018 decreased by 17.9% against the same figure of 2017 to 8,854 GWh (record production as a result of high water inflows in 4Q 2017), in 2018 – decreased by 4.9% to 44,682 GWh.

South of Russia and North Caucasus

Hydropower plants of the North Caucasus were operating under hydrological conditions close to the long-run average in the first half of 2018. The third quarter of the year saw production increase by the power plants of the Dagestan branch on the back of increased rainfall and higher than expected water inflows.

The electricity generation by the hydropower plants of the South of Russia and North Caucasus in the fourth quarter of 2018 increased by 20.0% compared to the corresponding

period last year to 1,345 GWh, in 2018 electricity generation increased by 9.1% to 7,447 GWh.

Siberia

Water inflow to the reservoirs in Siberia in the first quarter of 2018 was higher than normal level: inflow to Sayano-Shushenskoe reservoir and Novosibirskaya HPP was higher by 20% and 15%, respectively.

In the second quarter of the year, the inflows to Siberian rivers was predominantly close to the long-run average with the exception of Novosibirskoye reservoir, where water inflow was 10% above the long-run average.

Water inflows to the reservoirs on the Yenisei and Angara rivers were for the most part close to the normal level in the third quarter. Nonetheless, in August, water inflow to Sayano-Shushenskoye reservoir was 8% higher than normal. As a result, the plant has produced 3,490 GWh, an all-time high amount of electricity. In September, water inflow to Sayano-Shushenskoye reservoir was 9% higher than normal. Thanks to favorable hydrological conditions, the facility has produced a record 2,950 GWh.

In the fourth quarter of the year, water inflows to most reservoirs on the Siberian rivers was 125-130% that of the normal level.

Total electricity generation by RusHydro's Siberian hydropower plants in the fourth quarter of 2018 increased by 8.6% to 7,305 GWh as compared to the corresponding period last year, in 2018 – increased by 16.4% to 29,544 GWh. The Boguchanskaya hydropower plant in the fourth quarter of 2018 generated 3,324 GWh, an increase of 17.7% y-o-y, in 2018 – 13,610 GWh (an increase of 2.4% over the same period last year).

Far East

Water inflow to Zeyskoe reservoir in the first quarter was 20% higher than the long-run average and to Kolymskaya HPP - 35% above the long-run average.

Water inflow to Kolymskoye reservoir in May, unlike Zeyskoye and Bureyskoye, was three times the normal level on the back of ample snow. In June, water inflows were above the normal level as well.

In the second quarter of 2018 water inflow to Zeyskoye reservoir was 35% below the normal level, while inflows to Kolymskoye reservoir was 60% above the long-run average.

In the third quarter of the year, total water inflow was close to the long-run average.

Water inflows to the reservoirs in the Far East in the fourth quarter were 25-30% above the normal level. Water inflow to Kolymskoye reservoir was 40% above the normal level, while inflow to Zeyskoye reservoir was 15% below normal.

Total electricity generated by hydro and geothermal power plants of the Far East in the fourth quarter of 2018, decreased by 6.2% to 3,549 GWh as compared to the corresponding period last year, in 2018 the HPPs in the Far East generated 14,067 GWh, a decrease of 2.9% against the same period of previous year.

In the fourth quarter of 2018, generating assets of RAO ES of East Subgroup, a subsidiary of RusHydro, produced 9,915 GWh, or 0.3% lower than in the fourth quarter of 2017. Of

this total, 75% was generated by JSC Far East Generating Company (DGK), which decreased production by 0.7% in the fourth quarter of 2018.

Electricity production by RAO ES of East Subgroup increased by 5.0% (to 34,464 GWh) following a decrease in production by HPPs operating in United Power System of the East as compared to 2017 as well as increase in consumption in the region by 3.7%

In 2018, heat output by thermal plants of RAO ES of East decreased by 0.9% to 29,650 thousand GCal as compared to 2017. The decrease came on the back of higher temperatures in all the regions of the Far East with an exception of Kamchatka. In the fourth quarter of 2018 heat output decreased by 10.2% to 10,077 thousand GCal as a result of higher air temperatures air temperatures in all the regions of the Far East with an exception of Chukotka.

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

	4Q'18	4Q'17	chg, %	2018	2017	chg, %
JSC DGK	7,071	7,958	-11.1%	20,858	21,029	-0.8%
PJSC Yakutskenergo	887	1,009	-12.1%	2,426	2,487	-2.5%
PJSC Kamchatskenergo	597	628	-4.9%	1,895	1,866	1.6%
PJSC Sakhalinenergo	489	534	-8.5%	1,469	1,506	-2.4%
JSC Teploenergoservice	455	487	-6.4%	1,225	1,237	-1.0%
PJSC Magadanenergo	386	422	-8.5%	1,201	1,213	-1.0%
JSC Chukotenergo	134	119	12.8%	415	428	-2.9%
JSC Sakhaenergo	27	29	-7.3%	82	81	1.3%
JSC KSEN	29	28	2.3%	79	77	2.9%
Total	10,075	11,214	-10.2%	29,650	29,924	-0.9%

Armenia

Electricity generation by the Sevan-Hrazdan cascade of hydropower plants in Armenia decreased by 11.5% in 2018 and amounted 412 GWh as compared to the corresponding period last year. The power generation by the plants of the cascade is dependent on water inflows of the Hrazdan river and water releases from Sevan Lake.

Electricity retail

Total electricity output by RusHydro Group's energy retail companies in 2018 decreased by 3.7% to 49,012 GWh as compared to 2017.

In the fourth quarter of 2018, total electricity output by energy retail companies of ESC RusHydro subgroup – JSC ESC RusHydro, PJSC Krasnoyarskenergosbyt, JSC Chuvashskaya Electricity Sales Company and PJSC Ryazanenergosbyt, amounted to 5,567 GWh, a 3.8% decrease as compared to the same period of 2017. In 2018, output decreased by 2.2% as compared to the corresponding period last year and amounted to 20,273 GWh.

Increase in output by PJSC Krasnoyarsenergosbyt in 2018 is driven by extension of heating season in the Krasnoyarskiy Krai until May 31, 2018 as well as commissioning of new residential property. Electricity output of JSC Chuvashskaya Electricity Sales Company came on the back of climate conditions, commissioning of new residential property.

Decrease in output by PJSC Ryazanenergosbyt in 2018 is a result of cancellation of service with Gardian Steklo Ryazan production company, CJSC Mikhailovtsement (Eurocement Group) and LLC Technoplex (TechnoNICOL Corporation). Negative performance of ESC RusHydro came on the back of cancellation of service agreements with OJSC Kaustik (JSC Bashkir Soda Company Group), LLC Koronoshpan Bashkortostan, PJSC BAZ (JSC OMK), LLC Serebryanskiy Cement Factory (BazelCement).

Electricity output by PJSC DEK (energy retail company operating in the Primorskiy Krai, Khabarovskiy Krai, Amur region and Jewish Autonomous region, the main supplier of electricity to the population in the second non-price zone of the wholesale energy market) in the fourth quarter decreased by 10.3% to 5,918 GWh as compared to the same period of 2017, in 2018 – decreased by 8.6% to 20,913 GWh. The decrease in performance in 2018 is primarily driven by cancelation of service agreement with major customers compounded by abnormal warm weather conditions.

Total electricity output by RusHydro's companies located in the isolated energy systems in the Far East Federal District amounted to 7,826 GWh in 2018.

Electricity output by Subgroup ESC RusHydro's retail companies, GWh

	4Q'18	4Q'17	chg, %	2018	2017	chg, %
Krasnoyarskenergosbyt	3,485	3,643	-4.3%	12,611	12,557	0.4%
Chuvash retail company	937	925	1.3%	3,369	3,320	1.5%
Ryazan retail company	716	718	-0.2%	2,650	2,661	-0.4%
ESC RusHydro	429	502	-14.6%	1,643	2,186	-24.8%
Total	5,567	5,788	-3.8%	20,273	20,724	-2.2%
<i>PJSC DEK (for reference)</i>	<i>5,918</i>	<i>6,597</i>	<i>-10,3%</i>	<i>20,913</i>	<i>22,884</i>	<i>-8,6%</i>
<i>Isolated energy systems (for reference)</i>	<i>2,279</i>	<i>2,251</i>	<i>1,2%</i>	<i>7,826</i>	<i>7,298</i>	<i>7,2%</i>
Total by Group	13,764	14,636	-6.0%	49,012	50,906	-3.7%

Water inflow forecast

According to the forecast of the Hydrometeorological Center of Russia, the following dynamics of water inflows to RusHydro's major reservoirs is expected in the first quarter of 2019:

- water inflow to the reservoirs on Volga and Kama is expected to be at the long-run average level with the exception of Kuybisheskoye reservoir where the water inflow is expected to be 1.4-1.7x normal level. Total inflows to reservoirs on Volga and Kama in the fourth quarter is expected in the range of 21.9-27.9 km³ as compared to the average of 21.3 km³;
- water inflow to the reservoirs of hydropower plants located in the North Caucasus is expected to be close to the long-run average;
- water inflow to reservoirs in Siberia is expected to be at the normal level or slightly above it, in the Far East – close to the normal level.

* 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.

** Includes generation by HPPs of JSC RusHydro, Kolymenskaya HPP and Viluiskie HPPs, part of RAO ES East Subgroup.

*** PJSC RusHydro only

About RusHydro

RusHydro Group is one of Russia's largest generating companies. RusHydro is the leading producer of renewable energy in Russia with over 400 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 39.4 GW, heat capacity – 18.5 thousand GCal/h.

Russian Federation owns 60.56% 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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The information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of PJSC "RusHydro" ("RusHydro"). One can identify forward-looking statements by terms such as "expect", "believe", "anticipate", "plan", "aim", "target", "forecast", "project", "should", "estimate", "intend", "will", "could", "may" or "might", the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially from these statements.

We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic and political conditions, our competitive environment, risks associated with operating in Russia and rapid technological and market changes in our industries, as well as many other risks specifically related to RusHydro and its operations.