



RusHydro Group 9M 2019 IFRS results & market update

December 12, 2019



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II. Financial results

III. Segment review

IV. Market update



287.6

RUB bn
Revenue
in 9M19
(-0.4%)

70.4

RUB bn
EBITDA in 9M19
(-13.1%)

103.7

TWh
RusHydro Group
power output in
9M19 ⁽¹⁾
(-5.7%)

1.8%

increase in manageable
cash costs excl. fuel
cost in 9M19

235.3

RUB bn
Financial debt of
RusHydro Group ⁽²⁾

1.6x

net debt/
EBITDA (LTM)

15.9

RUB bn
Dividend for FY'18
(+42 y-o-y)

65%

EBITDA margin of
hydropower
segment in 9M19

1

Operations

- Total electricity output of the Group in 9M'19 – 103.7 TWh (-5.7%)⁽¹⁾
- Hydropower output was 68.8 TWh (-10.1%) due to lower water inflows and high base effect of 2018 (driven by abnormal water inflows in 1H'18 – x2 the norm)

2

Dividends

- Dividends totaled RUB 15.9 bn or RUB 0.0367 per share (50% of IFRS net profit)
- New 3-year dividend policy setting a guaranteed dividend approved by BoD in April

3

Operating efficiency

- Manageable cash costs excluding fuel costs printed a moderate growth of 4.4%
- Cost savings in RAO ES East to pickup in 2020 following long-term tariffs introduction

4

Investment plan

- Expansion of Boguchansky aluminium smelter to operating capacity of 289k tonnes p.a.
- Inauguration of 320 MW Nizhne-Bureyskaya HPP
- Start of construction of two 25 MW Krasnogorskie hydropower plants in June

5

Asset management

- Divestment of 40% share in LLC VolgaHydro in Saratov region to Voith Group

(1) including electricity output of Boguchanskaya HPP (50/50 JV with UC RUSAL)

(2) updated as at October 31, 2019.

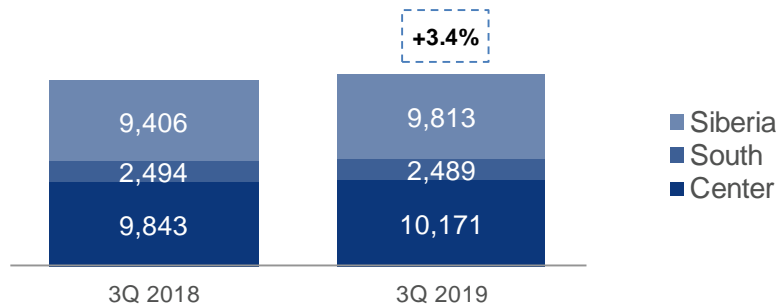


- Decrease in output in 9M'19 on the back of abnormally high water inflows in 2018 and lower water inflows in 1H'19
- 3Q 2019 reflected production increase on the back of rainfall flooding and increased water inflow to majority of reservoirs

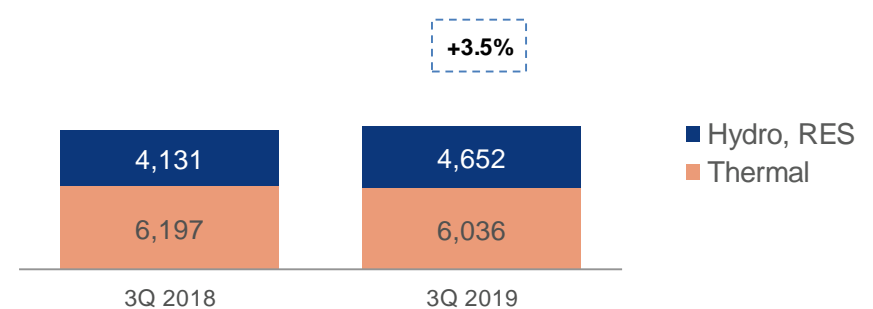
- **91.9 TWh (-7.7% y-o-y)** – total electricity production by power plants of RusHydro Group in 9M 2019:
 - **68.8 TWh (-10.1% y-o-y)** – total production by hydropower plants;
 - **22.8 TWh (+0.1%)** – electricity production by fossil fuel plants in the Far East;
 - **0.3 TWh (-2.0%)** – electricity production by renewables.
- **18,967 thousand GCal (-3.1%)** – total heat output by thermal plants.
- **11.8 TWh (+14.6%)** – electricity production of Boguchanskaya HPP as water inflows in Angara recover.

- ↘ **Volga-Kama HPPs and Siberia:** water inflows to major reservoirs below record-high 2018 level;
- ↗ **South of Russia:** water inflows at the long-run average;
- ↗ **RAO ES East:** growth of electricity generation following consumption growth;
- ↗ **Far East:** increase in electricity sales to UES of Siberia by 11.5% y-o-y.

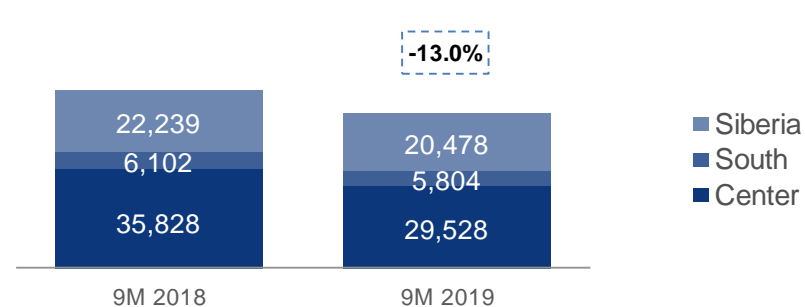
3Q'18/19 – European part of Russia and Siberia (price zones), GWh



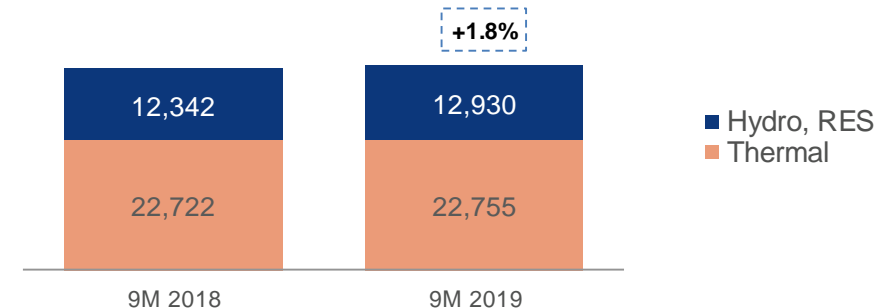
3Q'18/19 – Far East (non-price and isolated zones), GWh



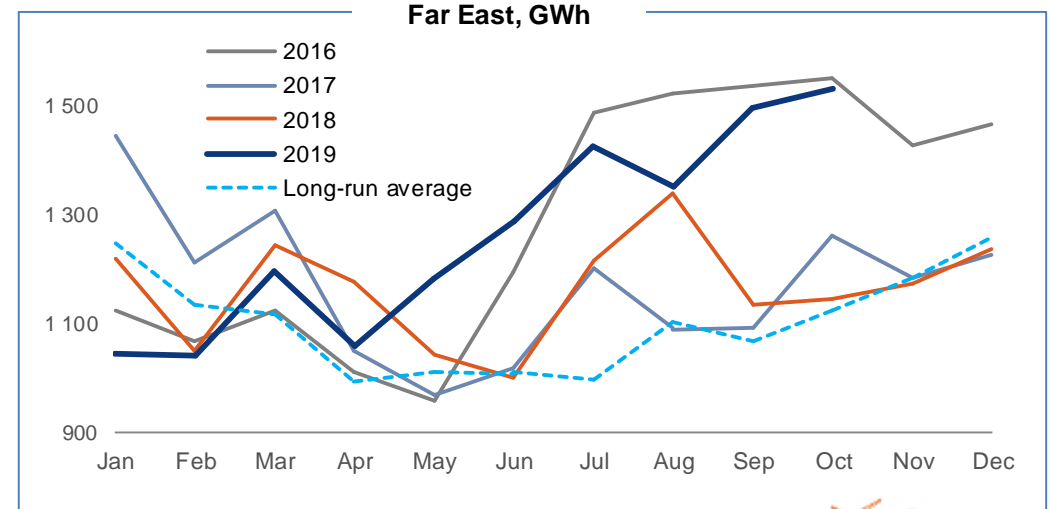
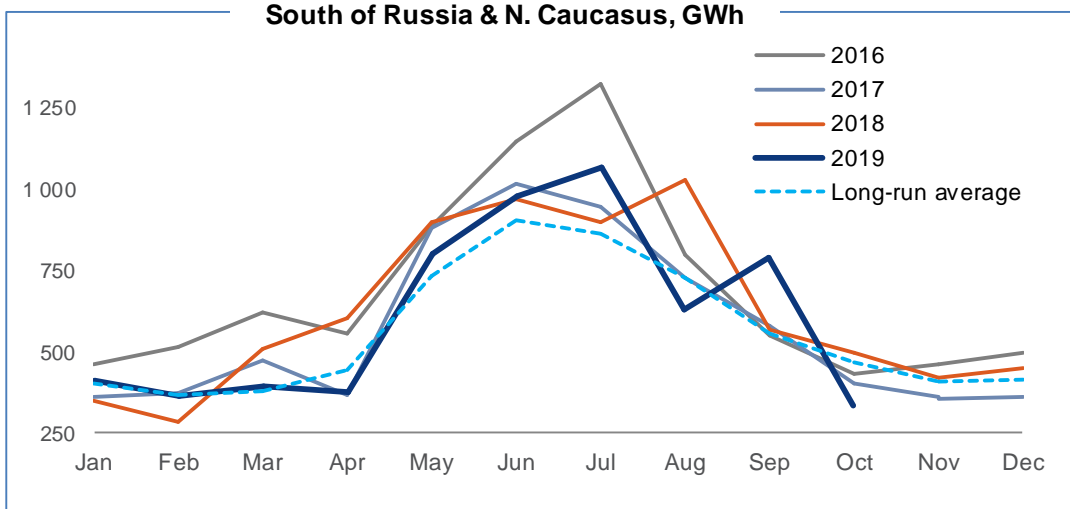
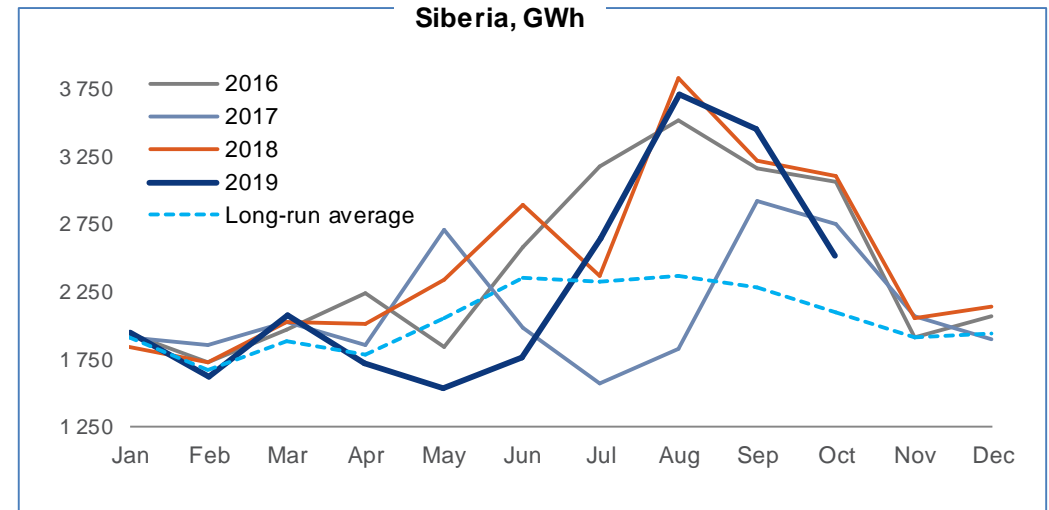
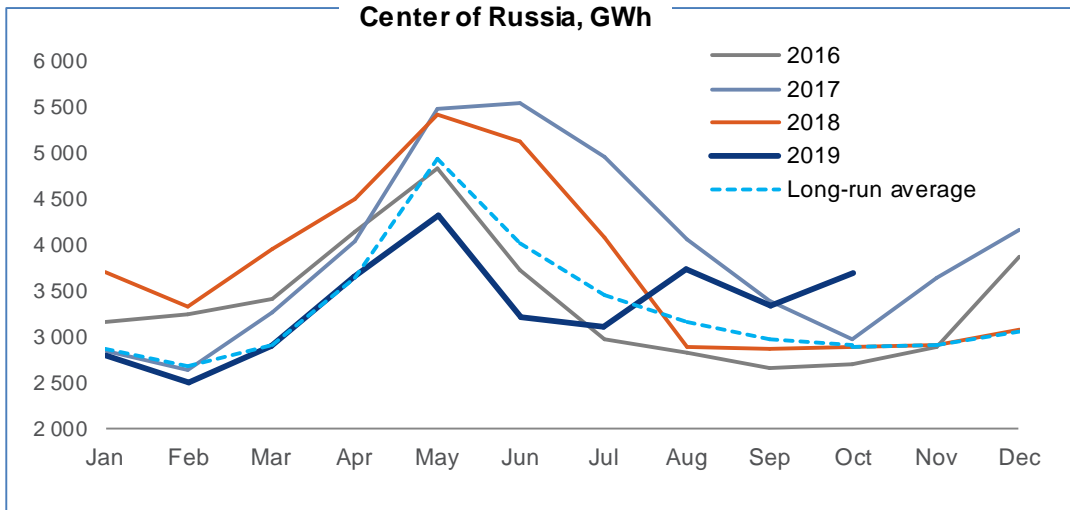
9M'18/19 – European part of Russia and Siberia (price zones), GWh



9M'18/19 – Far East (non-price and isolated zones), GWh

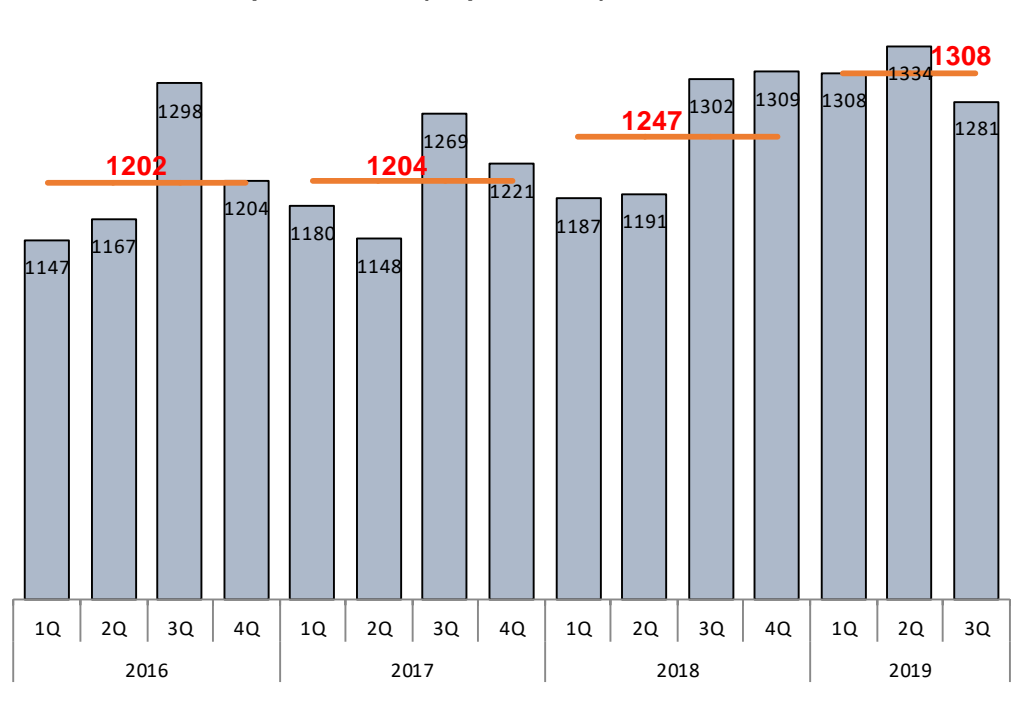


- In 1H'19, inflows to reservoirs of the Volga-Kama cascade and in Siberia were below 2017-18 levels and in some cases below long-run average
- In 3Q'19 electricity production increased on the back of rainfall flooding and increased water inflow to the majority of reservoirs
- In October 2019, electricity production continued to increase y-o-y with the exception of South of Russia (*please see slide 24 for details*):
 - Water inflow to the reservoirs of the Volga-Kama cascade was 2x the normal level;
 - In the Far East water inflows to Zeyskoye and Kolymskoye reservoirs were 45-55% above the normal level;
 - Inflows to Sayano-Shushenskoye reservoir were at the normal level.

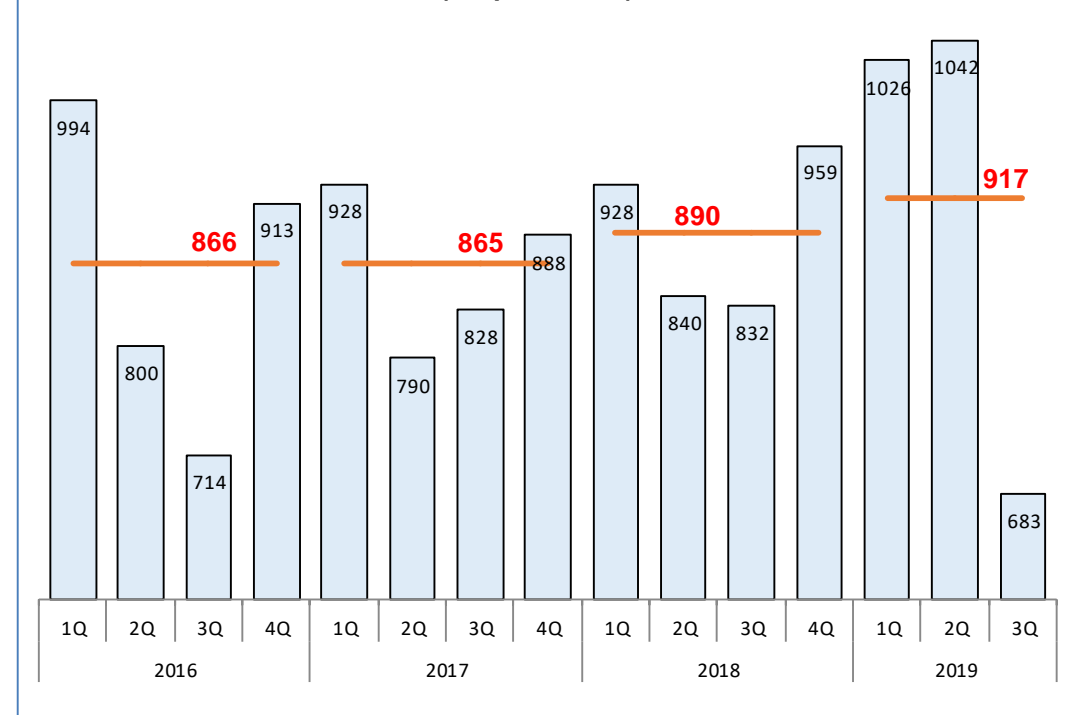


- RusHydro's average achieved selling spot power prices in European Russia in 9M'19 – **RUB 1,334/MWh (+6.7%)** (lower hydropower output); in Siberia – **RUB 769/MWh (-3.8%)**.
- Indexation of gas tariffs and gradual decommissioning of excess fossil fuel capacity in European Russia to support unregulated power prices going forward.
- Increased water inflow and hydropower production in 3Q'19 in European Russia and Siberia were the key reasons for spot market price underperformance.

Europe and Urals (1st price zone), RUB/MWh ⁽¹⁾



Siberia (2nd price zone), RUB/MWh ⁽¹⁾



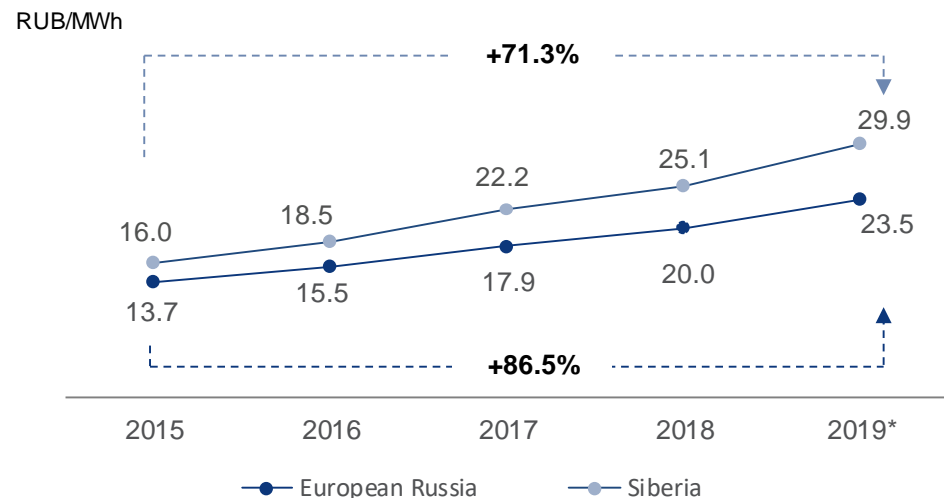
(1) Day ahead selling prices data from the Administrator of the trading system (ATS). Could differ from RusHydro's average achieved selling spot power prices.



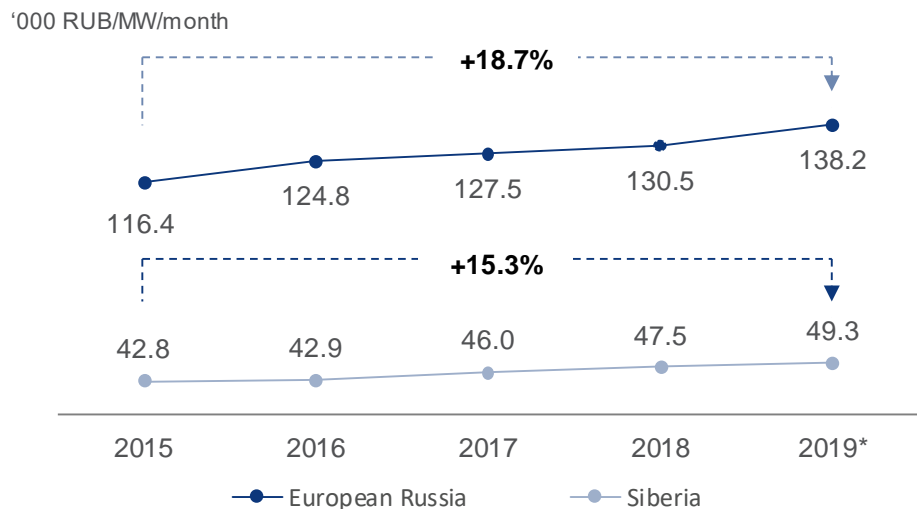
Key highlights

- **Electricity tariffs** demonstrated solid growth over the period of 2015-2019
- Indexation of **capacity tariffs** in 2015-2019 amounted to **18.7%** in the European part and **15.3%** in Siberia (cumulatively)
- In the **Far East**, tariffs (on electricity and heat) vary depending on the region. In 2017-2019, most of them were subject to indexation above CPI levels.

Average electricity tariffs for RusHydro's HPPs in pricing zones



Average capacity tariffs for RusHydro's HPPs in pricing zones



Electricity and heat tariffs growth in the Far East

	Electricity tariffs		Heat tariffs	
	2018/2017	2019/2018	2018/2017	2019/2018
DGK	1.0%	-1,8%	4.4%	4,4%
DEK	5.9%	2,2%	-	-
Kamchatenergo	11.5%	3,2%	4.2%	6,0%
YuESK	6.1%	15,6%	-8.0%	9,1%
Magadanenergo	12.6%	9,6%	6.3%	4,5%
Chukotenergo	88.1% ⁽¹⁾	-8,1%	11.4%	6,7%
Sakhalinenergo	10.2%	3,4%	0.0%	-0,5%
Yakutskenergo	9.0%	6,7%	9.9%	3,6%
Sakhaenergo	9.5%	7,0%	8.4%	9,1%
Peredvizhnaya Energetika	4.5%	20,1%	-	-

* Forecast data



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Key highlights

287.6
RUB bn
revenue
in 9M'19
(-0.4%)

70.4
RUB bn
EBITDA
in 9M'19
(-13.1%)

24.5%
EBITDA
margin
in 9M'19
(-3.6 pp)

+1.8%
manageable
costs increase
(excl. fuel cost) in
9M'19

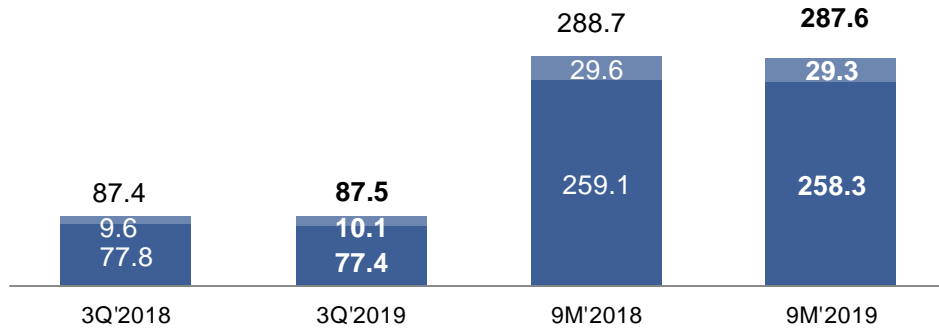
Key growth factors:

- ↗ increase in revenue from electricity sales of RAO ES East subgroup;
- ↗ growth of electricity spot prices in 1st price zone;
- ↗ growth of capacity sales following prices indexation.

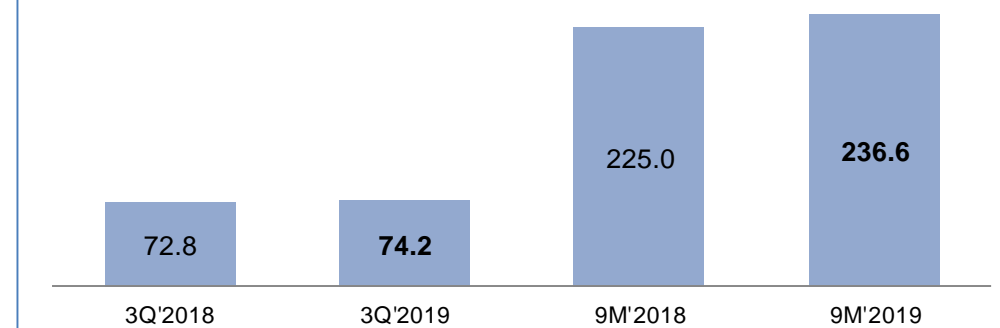
Negative factors affecting results:

- ↘ decrease of hydropower output due to lower water inflows in 1H'19 and high base effect of 2018;
- ↘ increase in fuel costs and purchased electricity and capacity expense.

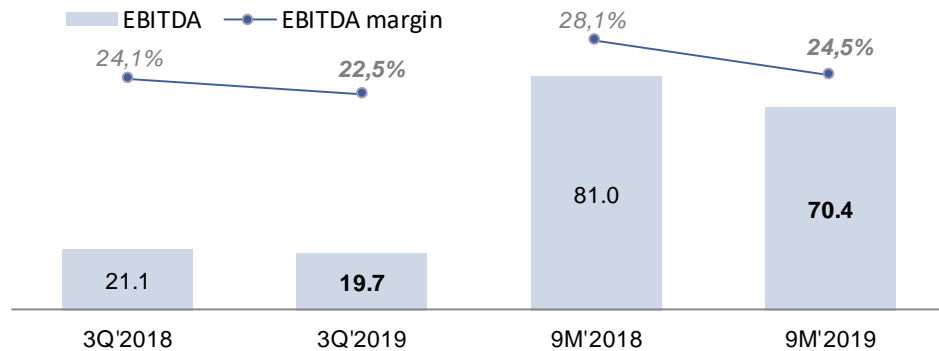
Revenue, bn RUB



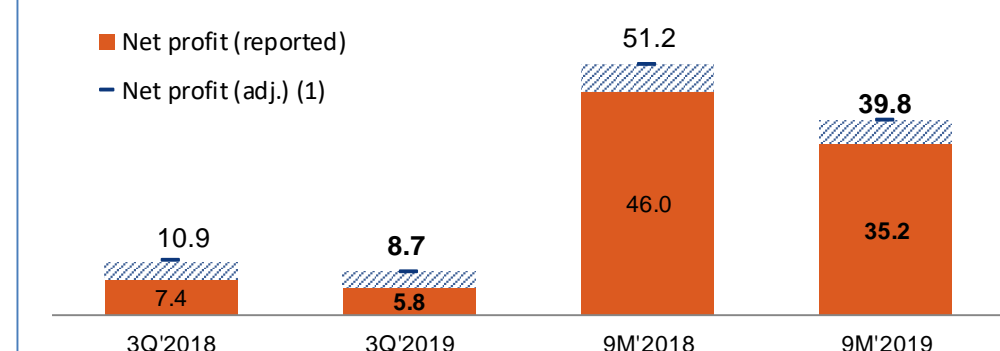
Operating expenses, bn RUB



EBITDA, bn RUB



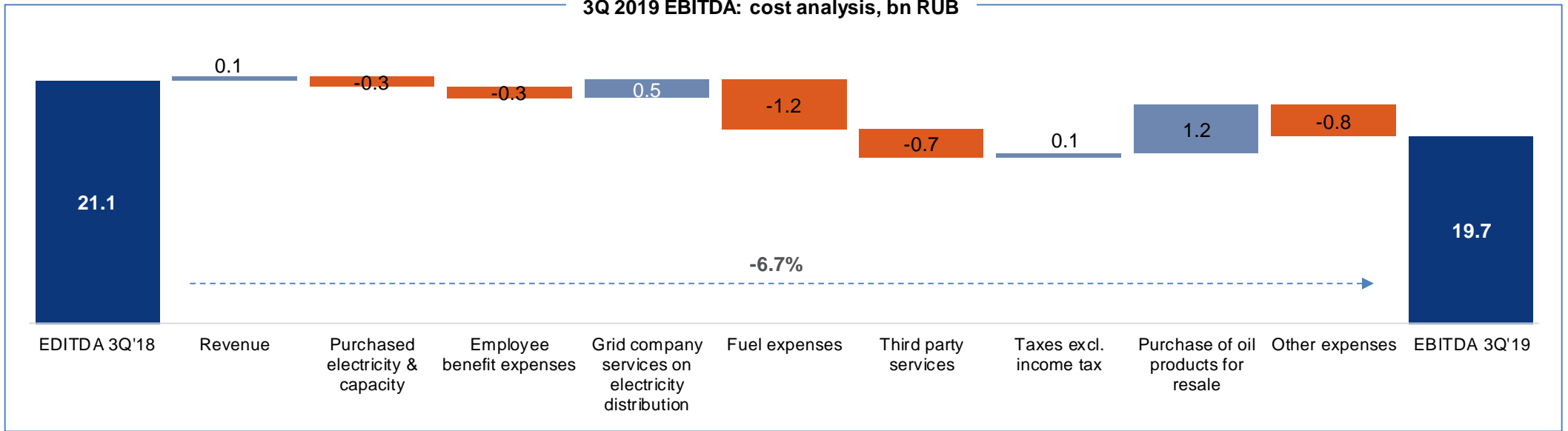
Net profit, bn RUB



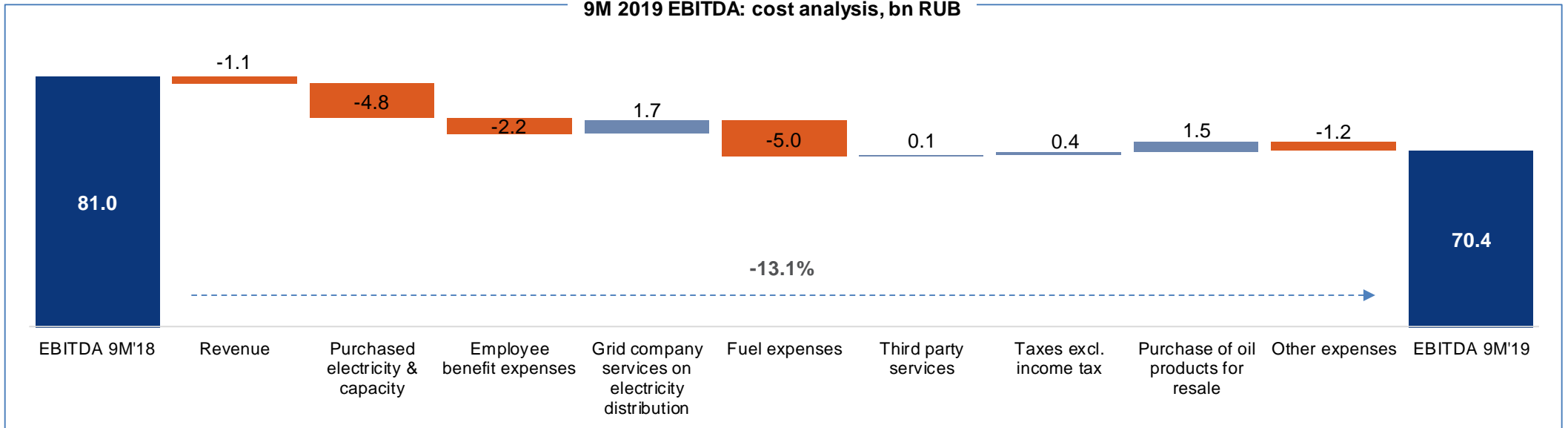
(1) Net profit is adjusted for the effects of recognition of financial income/expense arising from the change in fair value of no n-deliverable forward contract, impairment of fixed assets, impairment of financial assets, impairment of other assets, profit / loss on disposal of property, plant and equipment, as well as other operating income arising from the change in fair value of financial assets measured through profit or loss.



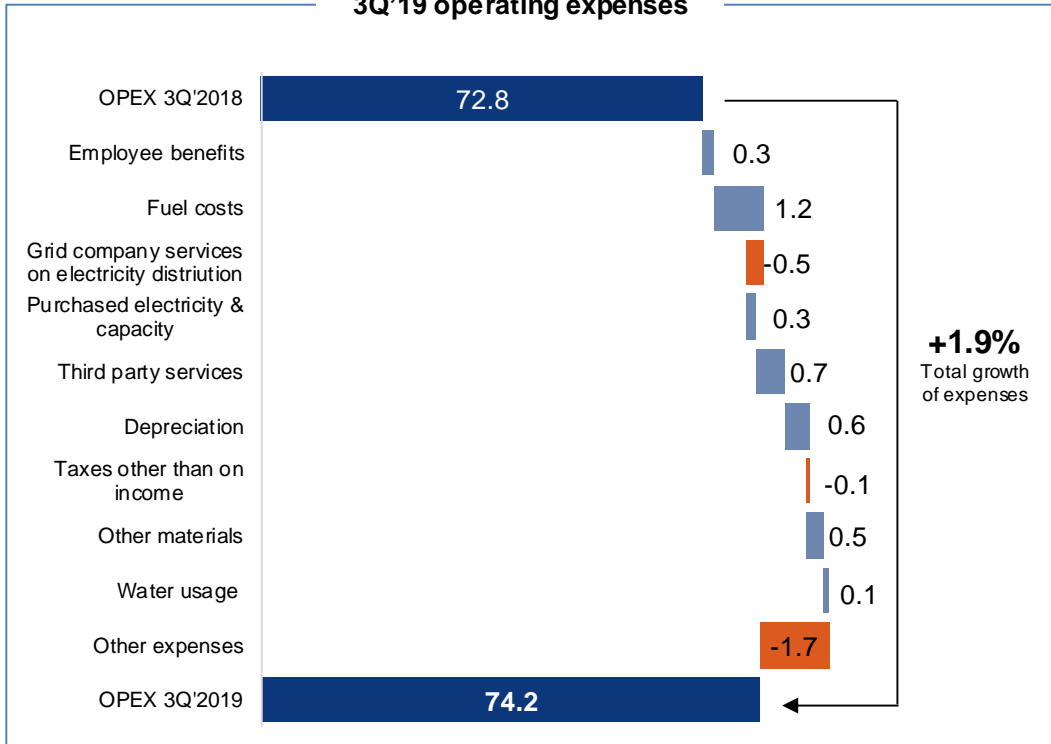
3Q 2019 EBITDA: cost analysis, bn RUB



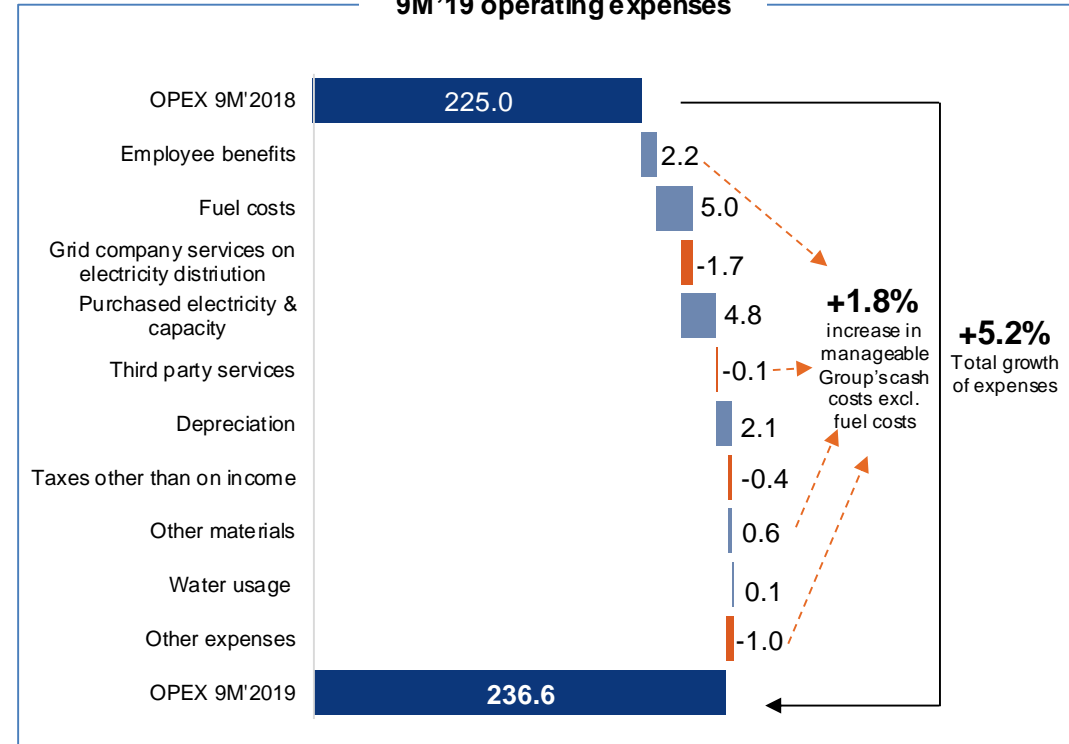
9M 2019 EBITDA: cost analysis, bn RUB



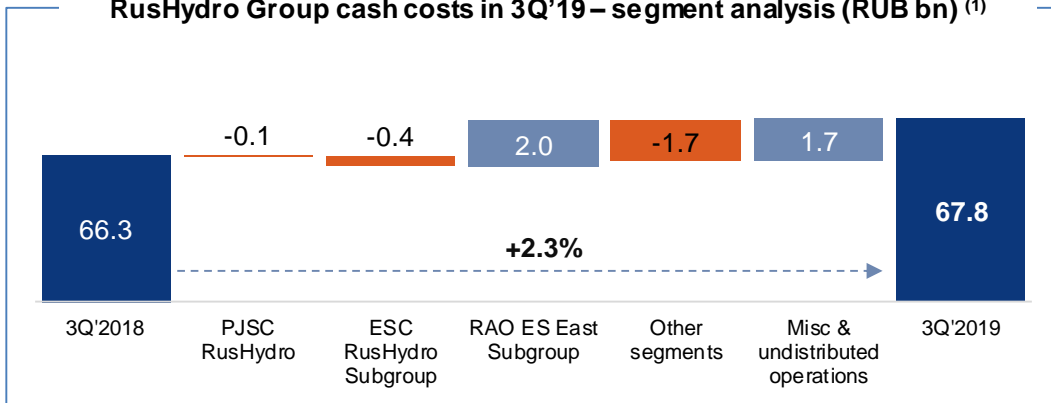
3Q'19 operating expenses



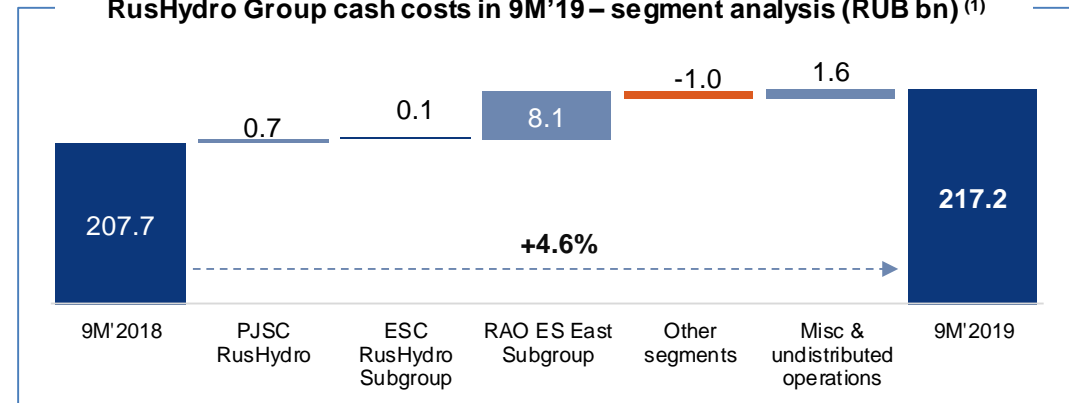
9M'19 operating expenses



RusHydro Group cash costs in 3Q'19 – segment analysis (RUB bn) ⁽¹⁾



RusHydro Group cash costs in 9M'19 – segment analysis (RUB bn) ⁽¹⁾



(1) Operating expenses excluding depreciation and other non-cash items



I. Key highlights & operating results

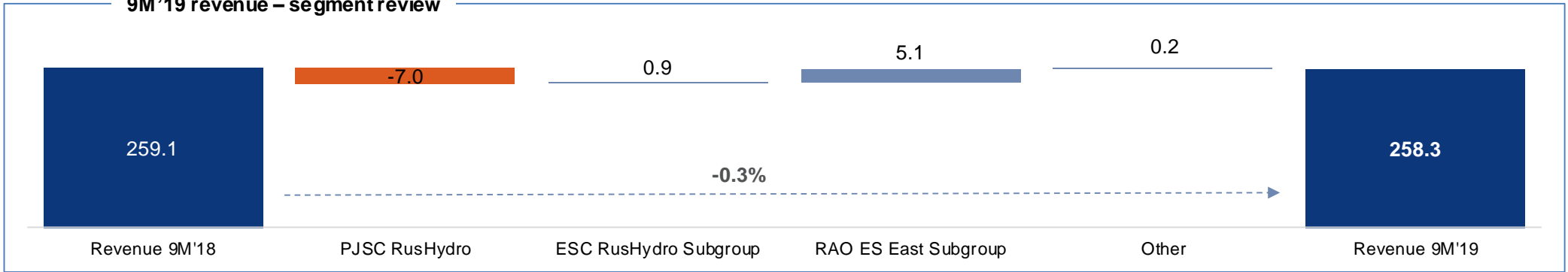
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 **III. Segment review**

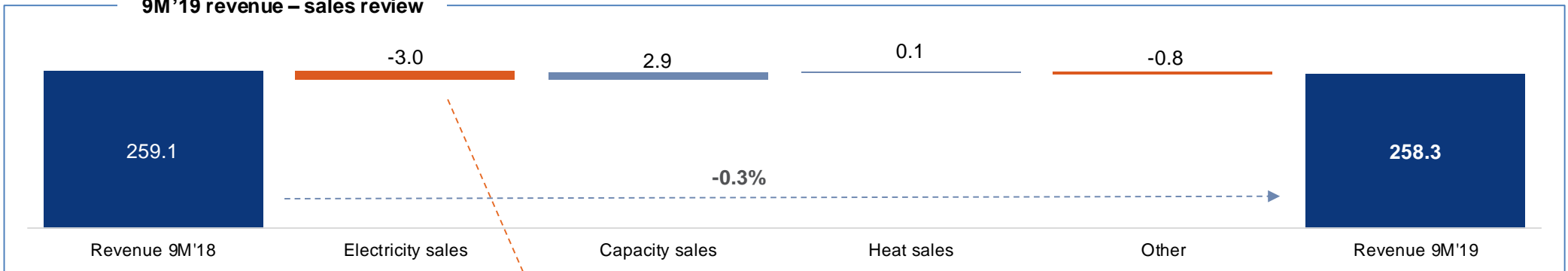
IV. Market update



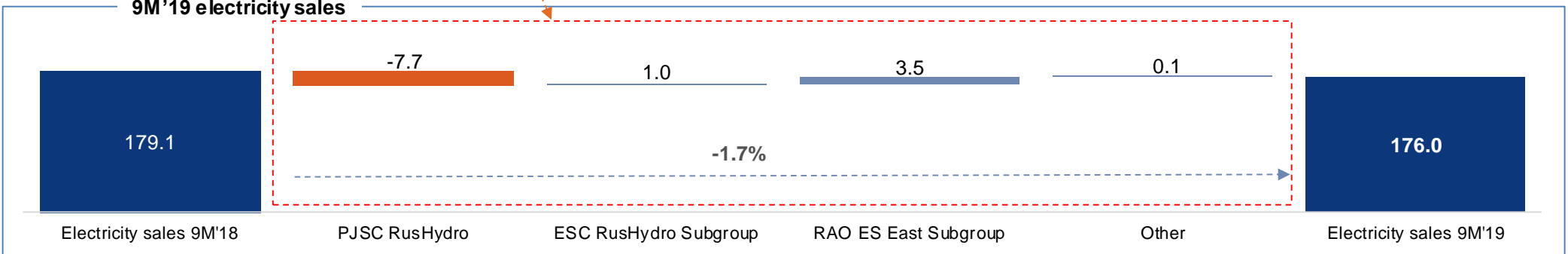
9M'19 revenue – segment review



9M'19 revenue – sales review



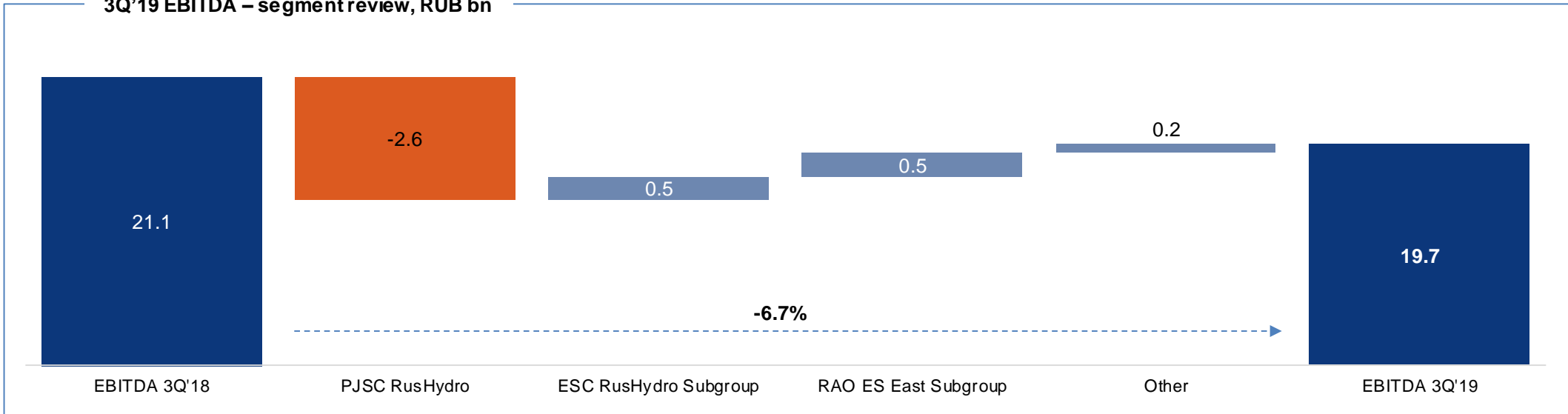
9M'19 electricity sales



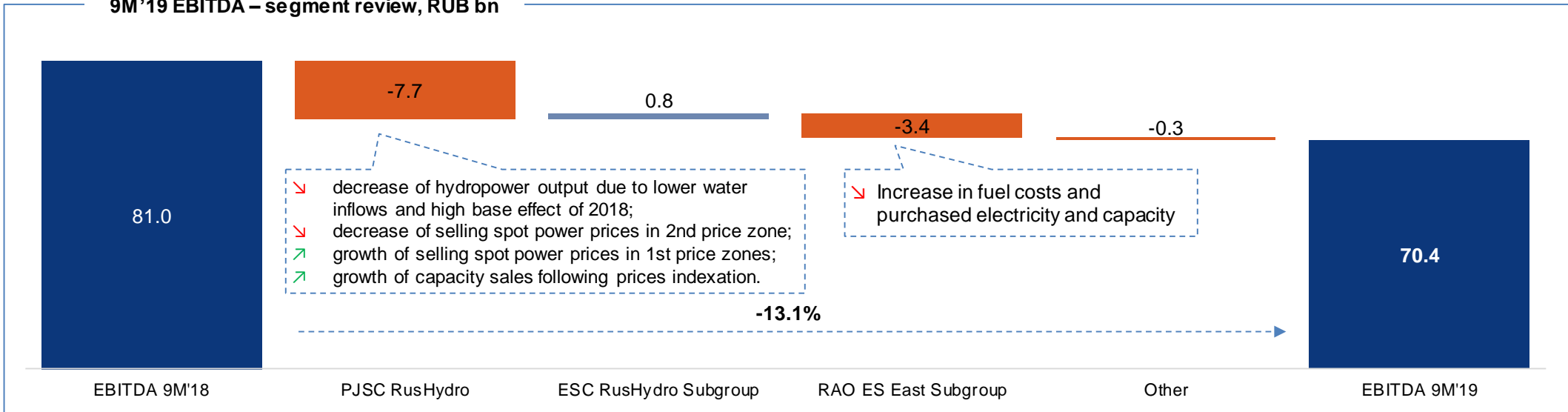
(1) Revenue only from external parties (intergroup sales are excluded)

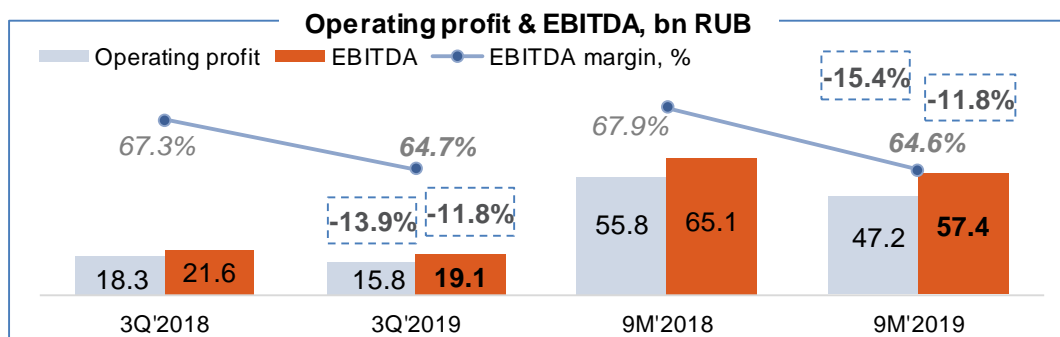
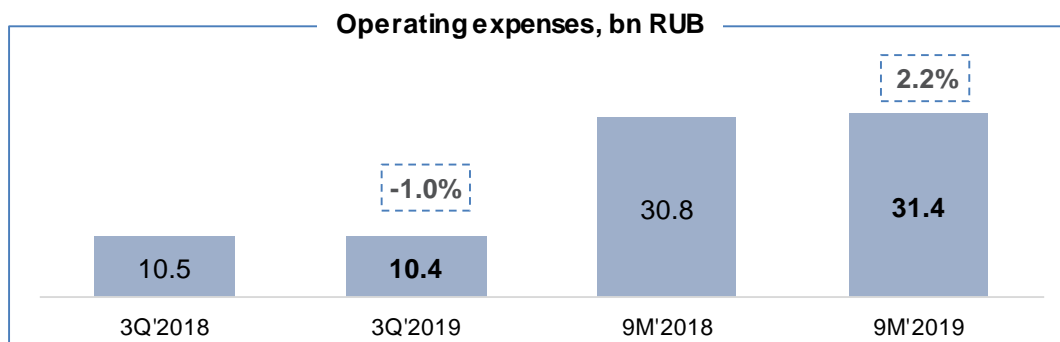
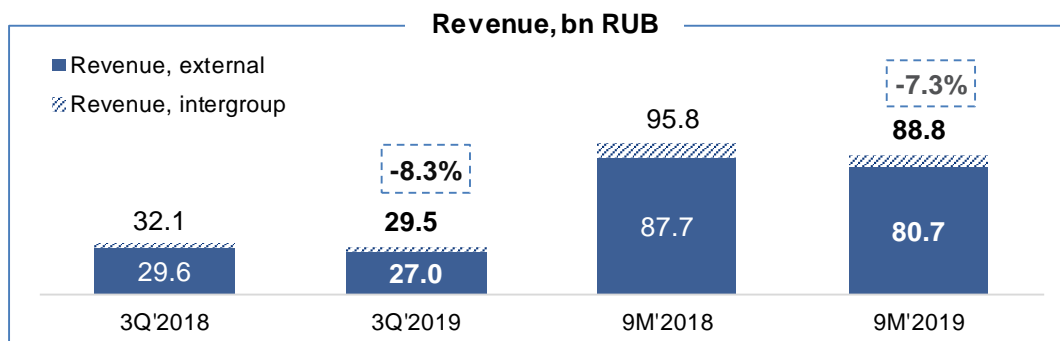


3Q'19 EBITDA – segment review, RUB bn



9M'19 EBITDA – segment review, RUB bn





Key highlights

Operations:

- **-13.0% decrease of electricity output** from Group's hydropower plants operating in price zones as water inflow to the reservoirs of HPPs on the Volga-Kama cascade and Siberia in 1H'19 was below the long-run average (1H'18 – 2x above normal level). 3Q'19 partially mitigated unfavorable performance as electricity production increased on the back of rainfall flooding and increased water inflow to the majority of reservoirs.

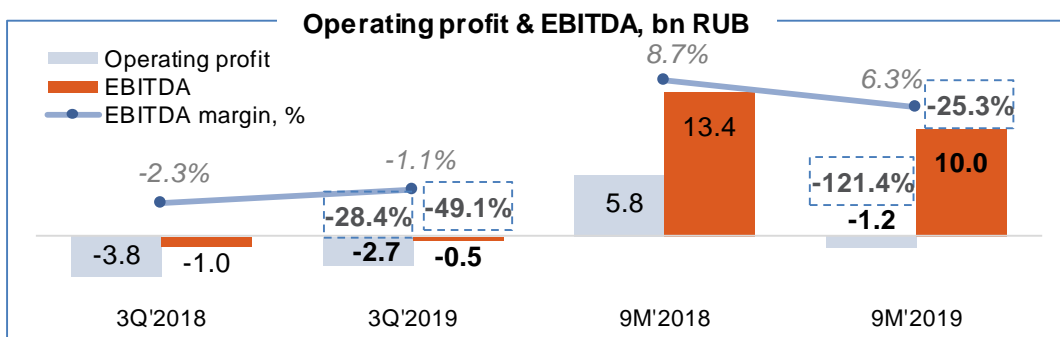
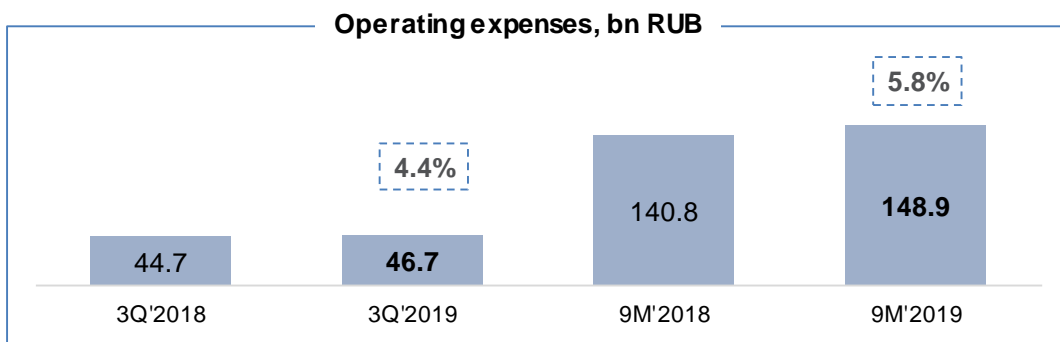
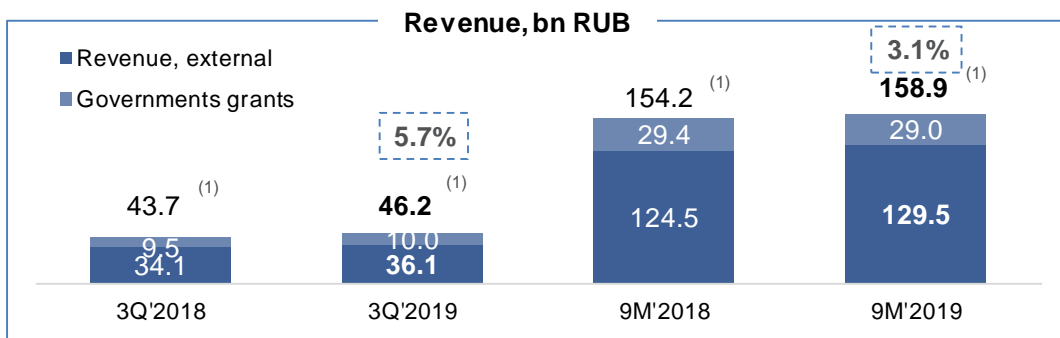
Pricing environment:

- Mixed pricing environment on the back of HPP production growth in Siberia leading to decrease in fossil fuel electricity production, the main spot-market price determining factor;
- average achieved selling spot power price in European Russia in 9M'19 – **RUB 1,334/MWh (+6.7%)**;
- average achieved selling spot power price in Siberia in 9M'19 – **RUB 769/MWh (-3.8%)**.

Operating expenses:

- 2.2% increase on the back of purchased electricity and capacity, employee benefit expenses and other.





Key highlights

Operations:

- total electricity production of RAO ES East Subgroup's power plants in 9M'19 – **22,755 GWh (+0.1% y-o-y)** on consumption growth in the Far East and lower hydro output;
- heat output – **18,967 Gcal (-3.1% y-o-y)** on higher air temperatures in all the regions of the Far East with the exception of Kamchatka Krai, Magadan region and Chukotka;
- increase of electricity sales to UES of Siberia by 11.5% y-o-y;
- decrease of electricity sales to China by 3.1% y-o-y.

Pricing / tariffs:

As of 2017, RusHydro books additional pass-through government grants due to introduction of a mechanism aimed at decreasing end-user electricity tariffs in the Far East of Russia (except for tariff for households) to an average level of tariffs in Russia. The mechanism sees RusHydro collecting additional revenue via capacity sales (KOM price) and transferring the proceeds in full to selected Far Eastern regions to offset losses incurred by subsidized power sales (see *Appendix for details*).

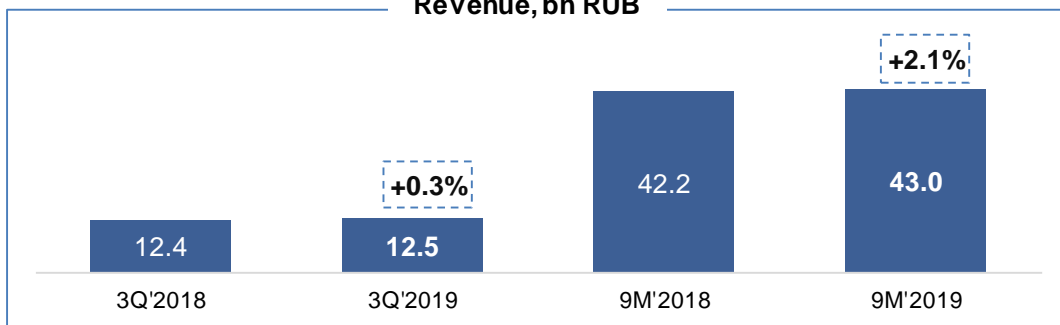
Operating expenses:

Fuel costs, purchased electricity and capacity expenses and employee benefit expenses were the main drivers behind the increase in operating expenses.

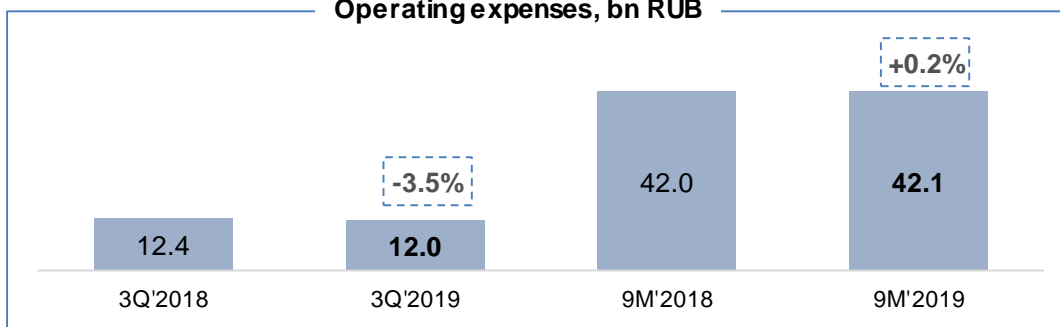
(1) Includes intergroup revenue



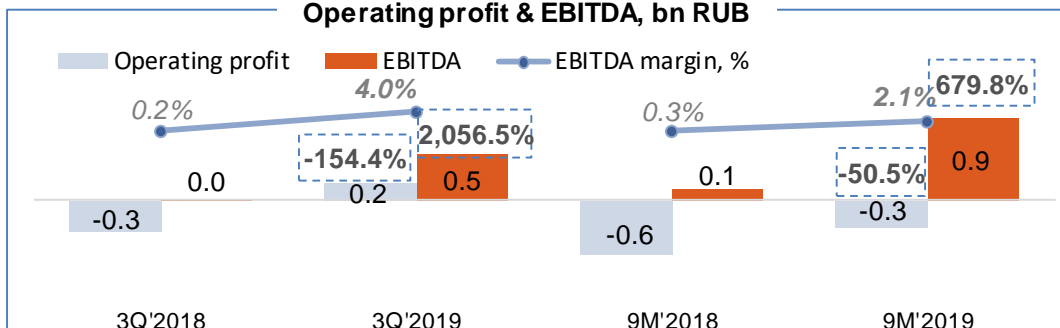
Revenue, bn RUB



Operating expenses, bn RUB



Operating profit & EBITDA, bn RUB



Key highlights

- Total electricity output by RusHydro's retail companies – PJSC Krasnoyarskenergosbyt, JSC Chuvashskaya Electricity Sales Company, PJSC Ryazanenergosbyt and JSC ESC RusHydro in 9M'19 – **14,051 GWh (-5.8% y-o-y)**.
- The decrease was primarily driven by PJSC Krasnoyarskenergosbyt and PJSC Ryazanenergosbyt retail company as a result of temperature factor compounded by decrease in customer base.
- Increase in output by JSC ESC RusHydro is driven by new supply agreements as well as increase in electricity consumption by JSC Polyus Krasnoyarsk and Yandex DC Vladimir LLC.



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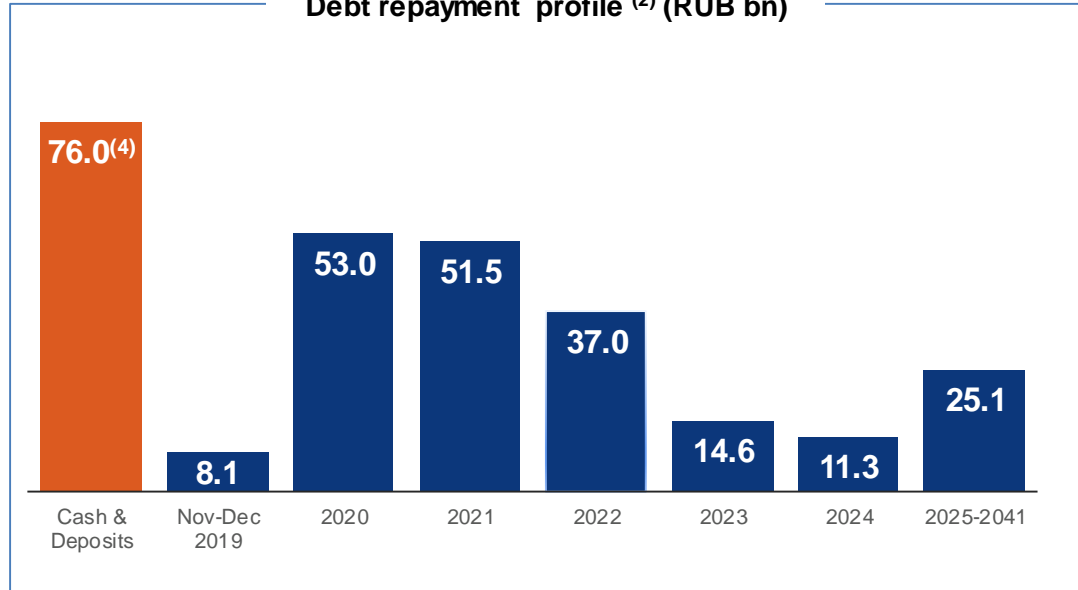
Key highlights

- Total financial debt as of October 31, 2019: **RUB 235.3 bn**
- Average RUB interest rate of **7.8% p.a.**(2) and comfortable weighted-average **debt maturity at 2.4 years**
- Liquidity cushion (cash and cash equivalents, including bank deposits, unused credit lines) of **RUB 297** exceeding total repayment for coming years
- Successful 5-year RUB 15 bn Eurobond issue (Nov'19) at all-time low **coupon rate 6.8%** among Russian corporates indicated the high demand from international investors and totally 5x oversubscription(3)
- The investment grades from the leading international rating agencies S&P/Moody's/Fitch and the highest grade according to the scale of the national rating agency ACRA

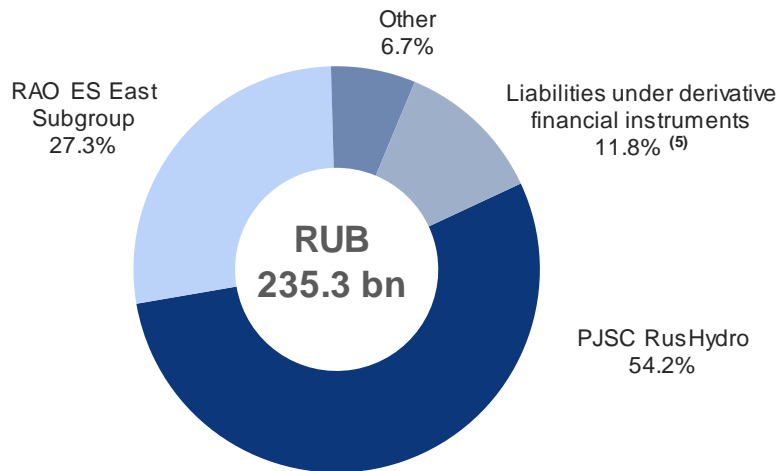
Current RusHydro Group's credit ratings

S&P	Moody's	Fitch	ACRA
BBB- (stable)	Baa3 (stable)	BBB- (stable)	AAA(RU) (stable)

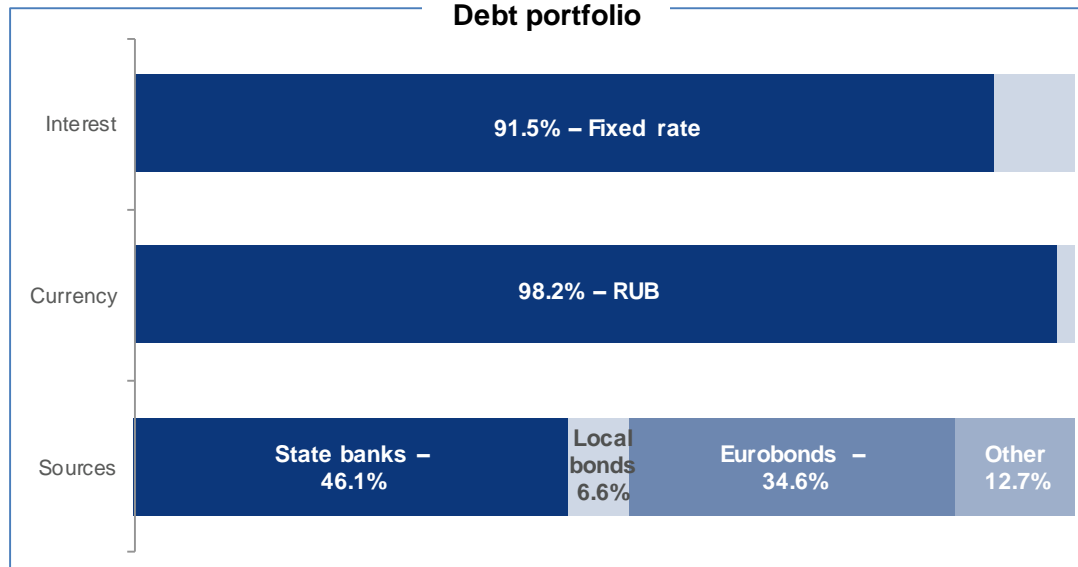
Debt repayment profile (2) (RUB bn)



Transparent debt composition (RUB bn)



Debt portfolio



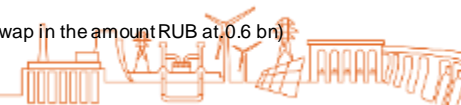
(1) As of October 31, 2019

(2) Debt excluding interest payments, lease liabilities and obligations under derivative financial instruments (forward contract with VTB and cross-currency swap)

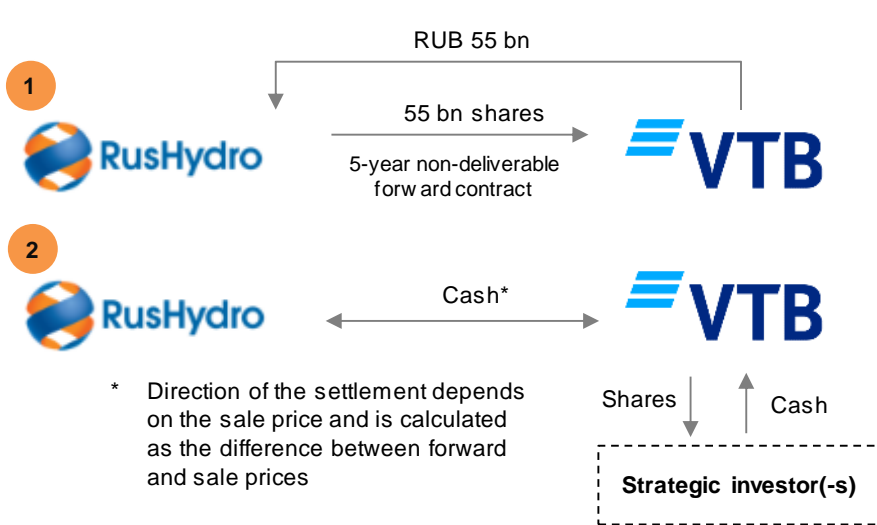
(3) The placement dated 18 November 2019 (after the reporting period)

(4) Cash and cash equivalents (including all bank deposits with a period up to 1 year) as of October 31, 2019

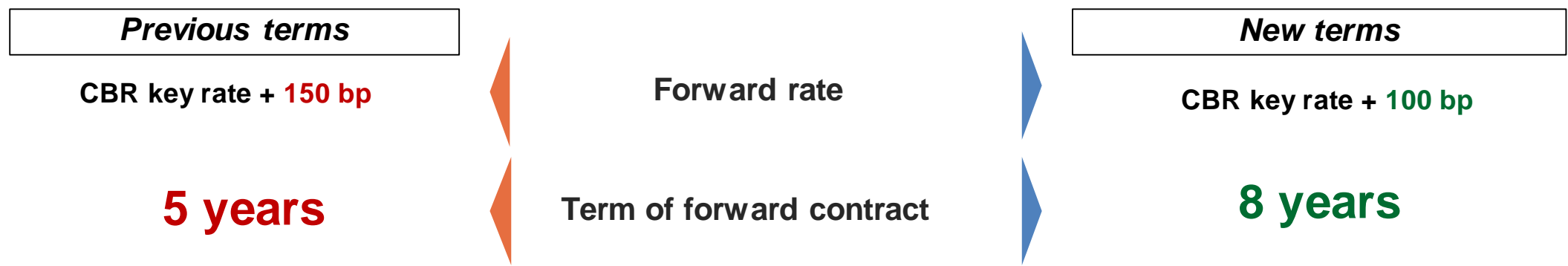
(5) Liabilities under derivative financial instruments recorded at fair value in RusHydro Group's IFRS as of September 30, 2019 (forward contract with VTB in the amount of RUB 27.17 bn and cross-currency swap in the amount RUB at 0.6 bn)



- In March 2017, PJSC RusHydro and PJSC VTB Bank entered into 5-year non-deliverable forward contract to raise RUB 55 bn in order to refinance RAO ES East subgroup's debt.
- The transaction helped reduce RusHydro Group's consolidated debt, improve financial stability of the company's far-eastern subsidiaries and paved the way for improvement of the Group's dividend policy.
- In September 2019, PJSC RusHydro and PJSC VTB Bank signed an agreement of intent to improve the terms of the forward agreement.



- ✓ No mandatory buy-back of shares from VTB Bank by RusHydro ("put")
- ✓ Dividends paid to VTB netted against quarterly interest payments
- ✓ Potential additional income for RusHydro in case of further sale of the stake at a price above RUB 55 bn
- ✓ Option of early settlement before expiration of the 8-year term
- ✓ Review of the forward rate inline with CBR key rate
- ✓ Requirement of Gov't approval of sale of VTB Bank stake



* As of 06.09.2019



5.73%

effective forward rate
incl. reduction from
dividend payments

RUB 275 mn

annual savings
on forward payments

RUB 1.5 bn

Total effect from reduction of
forward rate
during the term of the contract

-0.43%

reduction of average rate
of RusHydro Group debt portfolio due
to the forward contract ⁽¹⁾

+3 years

increase in duration

~RUB 12 bn

Expected effect from reduced payments to the Bank
due to reduction of the CBR's key rate for 8 years

**Extension of forward terms allows the company to carry out the following
activities aimed at increasing its share value:**

- Construction of new and modernization of existing generating facilities in the Far East with guaranteed return on investment under the Government's program on modernization of thermal power plants
- Identification of Zagorskaya PSHPP-2 recovery model with subsequent construction completion, which will result in significant generation of cash flow from capacity payments under DPM agreement
- Completion of current capital intensive investment cycle
- Elimination of IFRS impairment factor following completion of projects without guaranteed ROI significantly affecting dividend payments

(1) As of 06.09.2019



JSC MEK is one of the largest electricity producers in Armenia. It operates 7 HPPs with installed capacity of 561.4 MW



Unfavorable performance driven by:

- Decrease in revenue (decrease of controlled inflows from Sevan lake, insufficient revenue from capacity sales, refusal of Public Services Regulatory Commission (PSRC) to include investments in Yerevan HPP-1 into tariffs),
- Servicing loans denominated in USD and Euros (depreciation of Armenian Dram)
- Tax payments

2018 Key Financials (USD mn)

Revenue	13.2
EBITDA	6.2
Operating profit	4.6
Net profit (loss)	(26.0)

2018 Production (GWh)

Production	412.2
Net output	401.8

Debt portfolio

- JSC MEK total debt portfolio as of Sep 30, 2019 – **USD 55.1 mn**;
- **72% of debt** represented by loans from EBRD and Asian Development Bank (ADB) secured in 2013 for modernization of the cascade's hydropower facilities;
- Total debt/revenue as of 30.09.2019 – 4.2x;
- 2018 debt / EBITDA – **6.95x**.

On December 5, 2019 JSC Hydroinvest, a 100% subsidiary of PJSC RusHydro, entered into a share sale agreement with PJSC Hrazdan Energy Company (Tashir Group), to divest JSC MEK

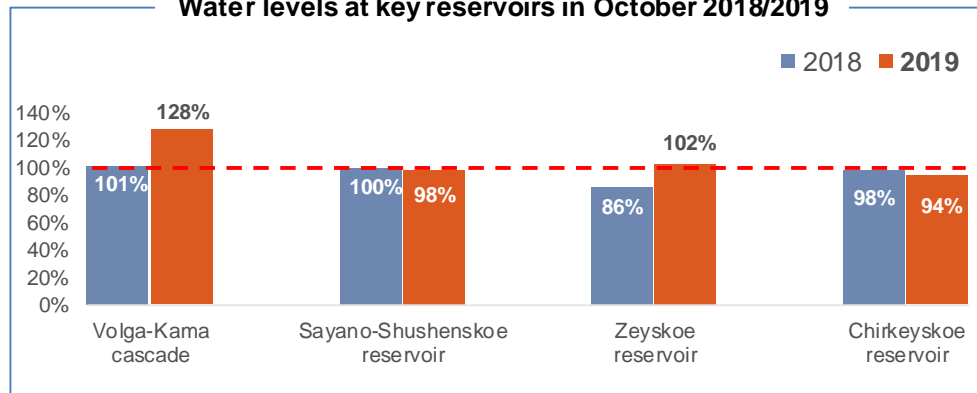
Key benefits to RusHydro

- Selling price – **RUB 172.96** (equal to original purchase price in 2011).
- Cancellation of RusHydro's guarantees on liabilities of JSC MEK before EBRD and ADB and subsequent reduction of RusHydro Group's consolidated debt by **USD 55.1 mn**.

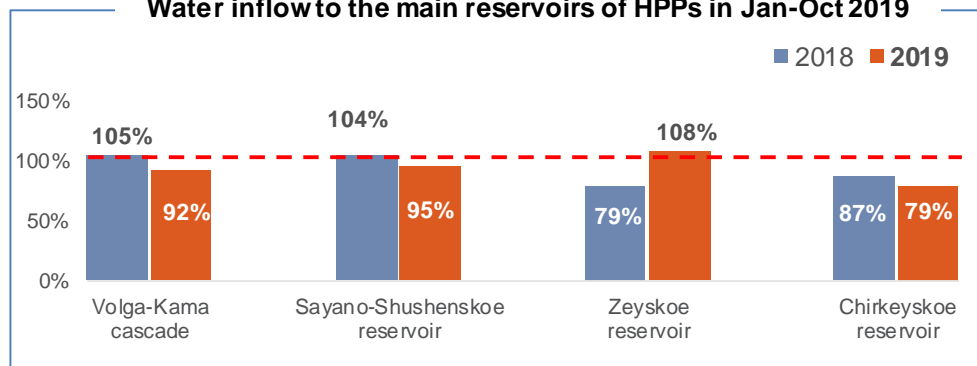


- Due to colder than expected weather conditions in Jan-Feb 2019, total water inflows to reservoirs on the Volga and Kama were below the normal level by 17%.
- In 1Q'19, water inflow to Kolymenskoye and Zeyskoye reservoirs was 25-40% above the normal level. Water inflow to the cross section of Bureyskaya HPP decreased following a landslide that occurred in December of 2018. The situation has been restored in February 2019 once an outlet was formed.
- In 2Q'19 water inflow to the reservoirs of HPPs on the Volga-Kama cascade and in Siberia were below the normal levels, in the South of Russia – at the normal level.
- In 3Q '19 electricity production increased on the back of rainfall flooding and increased water inflow to the majority of reservoirs.
- As of October 2019 electricity production continued to increase with the exception of South of Russia:**
 - ✓ Water inflow to the reservoirs of the Volga-Kama cascade was 2x the normal level;
 - ✓ In the Far East water inflows to Zeyskoye and Kolymenskoye reservoirs were 45-55% above the normal level;
 - ✓ Inflows to Sayano-Shushenskoye reservoir were at the normal level.

Water levels at key reservoirs in October 2018/2019



Water inflow to the main reservoirs of HPPs in Jan-Oct 2019



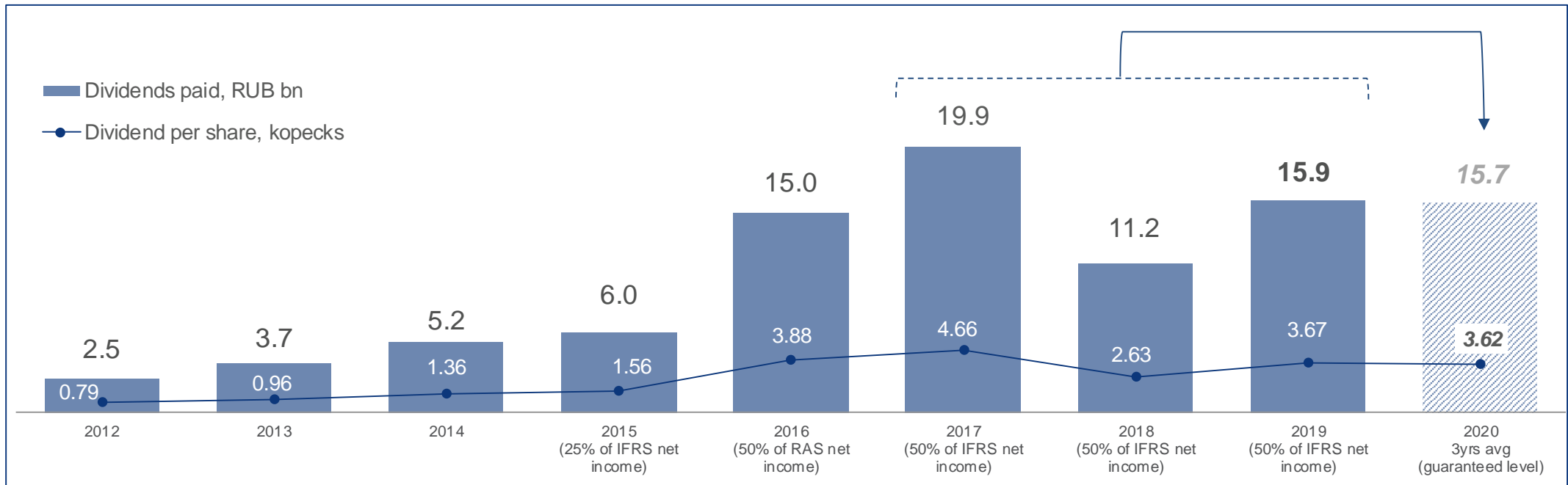
- Total water inflow to the reservoirs of the main HPPs in Jan-Oct'19 are close to or below the normal level.
- The reservoirs have the available capacity to safely pass the autumn-winter period of 2019-2020.



- To improve predictability and consistency of forecasting dividend payments Board of Directors approved an amended 3-year dividend policy setting a minimum dividend threshold at average dividend paid over the previous three years:

$$Div_{min} = (Div_{-3year} + Div_{-2year} + Div_{-1year}) / 3$$

- The new dividend policy maintains 50% of IFRS net profit as base case.
- Based on the current conditions, the changes to dividend policy will be in effect for three years.



Long-term plan for capacity renewal and development of the Far Eastern power system will run through 2027

- ✓ Decommissioning of thermal capacity: **1.6 GW**
- ✓ Commissioning of capacity under the modernization plan: **1.3 GW**
- ✓ Projects in non-price zones of the Far East were included into the first phase of fossil fuel modernization program with guaranteed return on investment.



Yakutskaya GRES-1
Decommissioning of 368 MW
Commissioning of 154 MW (2nd phase) on Yakutskaya GRES-2



Khabarovskaya CHP-1
Decommissioning of 435 MW
Commissioning of Khabarovskaya CHP-4
328 MW



Artyomovskaya CHP
Decommissioning of 400 MW
Commissioning of Artyomovskaya CHP-2
420 MW



Vladivostokskaya CHP-2
Modernization of 360 MW
(increase of installed capacity by 7 MW)



The following prerequisites must be met for effective implementation of the program:

- ✓ Inclusion of projects in the first phase of the government's program on modernization of thermal power plants;
- Guaranteed return on invested capital has to be **not less than 14%** given the projects are financed by all consumers of the wholesale market;
- Replacement of Chaunskaya TPP is possible through allocation of additional funding for construction of TPP in the city of Pevek **only if it doesn't require increasing RusHydro's authorized share capital.**



Current tariff regulation in the Far East

- Operations in non-price and isolated zones of the Far Eastern Federal District are regulated through tariffs set by the Federal Government regulation authorities (Federal Antimonopoly Service) and local legislative authorities responsible for tariff regulation in accordance with rules and regulations on price formation and tariff regulation on electricity and heat in the Russian Federation. **Liberalized price setting does not exist in the Far Eastern Federal District.**
- Federal Law number 35 dated 26.03.2003 “On the electric power industry” provides for surcharge to capacity (KOM) price until 01.01.2020 supplied in the wholesale market by participants in the wholesale market – electricity production companies in order to achieve Russian average electricity tariffs (base level). The Resolution of the Russian Government No. 895 dated 28.07.2017 set rules to apply and administer the surcharge to the price on electricity planned for the next regulation period to achieve the Russian average level. PJSC RusHydro was appointed the recipient of the surcharge to capacity price, which is translated to the budgets of the respective regions of the Far Eastern Federal District in order to compensate for the losses incurred by selling electricity at subsidized tariffs. **The total surcharge for PJSC RusHydro in 2019 amounted to RUB 32.1 bn, in 2018 – RUB 35.0 bn, in 2017 – 24.0 bn.** In the Far Eastern regions where electricity prices are above the base level, the prices are adjusted to the base price for consumers operating in the retail market. **The base level of end-user tariff in 2017 was set at RUB 4/kWh, in 2018 – RUB 4.3/kWh, in 2019 – 4.69/kWh.**
- In October 2018, the President of the Russian Federation ordered to work out a proposition **to extend the tariff-smoothing mechanism in the Far East to the average level of tariff in Russian by 2028.**

Implementation of long-term tariff regulation method

- In non-price zones of the wholesale electricity and capacity market of the Far East tariffs on electricity and capacity are currently regulated in accordance **with the formula for indexation of the regulated tariff one year ahead.**
- Application of this method resulted in major discrepancies :
 - ↳ The cost of fuel was adjusted based on the consumer price index without taking into account the market price of fuel;
 - ↳ Absence of possibility to adjust items outside of control of the regulator;
 - ↳ Absence of visible period ranges, under which the method is applied, that would allow to adjust the indexed base costs in accordance with the changes and achieved efficiency.
- !! Currently, work is under way to transition to long-term tariff method on the basis of necessary gross revenue indexation in non-price and isolated zones. **Transition process to long-term tariff method will carry out from 2020 through 2023.**
- !! **On July 5, 2019, the Government of the Russian Federation rolled out a decree number 837 dated June 29, 2019** introducing long-term tariffs for non-price zones, incl. Far East, and compensation of prior tariff losses (effective July 1, 2020).



1 Far East development

- Final cost estimate following feasibility studies and approval of rate of return regarding 4 projects in the Far East included in the framework the government's plan for modernization of thermal capacity: Vladivostokskaya CHP-2, Artyomovskaya CHP-2, Khabarovskaya CHP-4 and Yakutskaya GRES-2;
- Roll-out of final regulation and approval of tariffs for isolated regional and non-price zones of the Russian Far East, incl. approval of compensation of prior tariff losses.
- Further steps regarding conversion of intra-group debt of JSC DGK into shares and restructuring of the Far East assets.

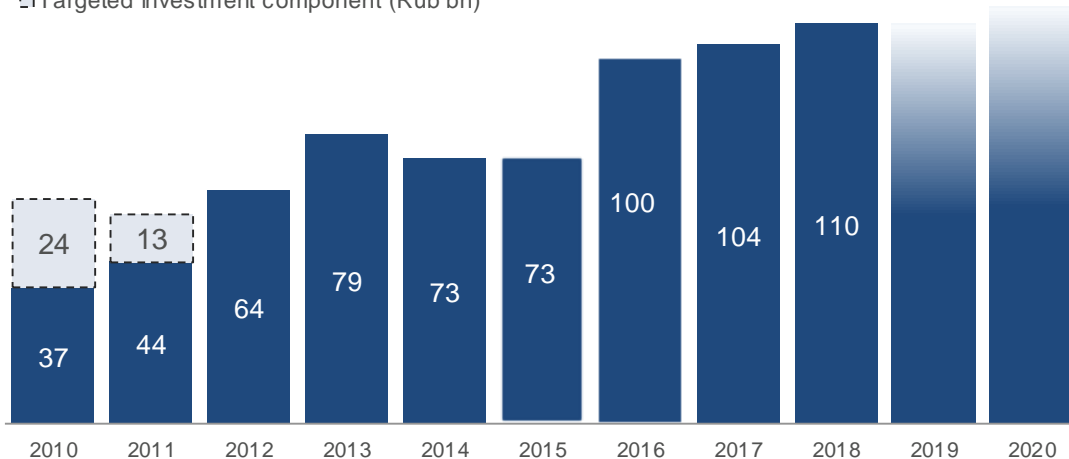
2 Operations

- In 2H'2019, water inflows and hydropower output continued to recover reaching or exceeding long run-average levels and allowing to replenish key reservoirs;
- RusHydro maintains solid operational outlook through 1Q'2020, but expects total FY'19 electricity production below all-time high FY'18 level.
- Increase in hydropower production following launch of Nizhne-Bureyskaya HPP and Zaramagaskaya HPP-1

3 Capacity additions

- Increase of installed capacity **by 835 MW in 2019**: Sakhalinskaya GRES-2 (120 MW), Zaramagskaya HPP-1 (346 MW), Nizhne-Bureyskaya HPP (320 MW) and modernization (49 MW)
- Increase of installed capacity **by 162 MW in 2020**: CHP in Sovetskaya Gavan (126 MW), 3 small HPPs in the North Caucasus (21 MW) and power generation assets modernization (15 MW)

■ Operational EBITDA (Rub bn)
 □ Targeted investment component (Rub bn)



Key positive factors in 2020

- Commissioning of new capacity (Zaramagskaya HPP-1 and Nizhne-Bureyskaya HPP) and increased output from newly launched plants;
- Solid hydropower production outlook for 1Q 2020
- Successful cost optimization and efficiency gains;
- Introduction of long-term tariff regulation in the Far East;
- Potential asset disposal.

Negative factors in 2020

- Weather-related risks of lower hydropower output
- Increase in fuel costs in case of increased utilization of thermal capacity and interruption in fuel supply;
- Increase in non-controllable costs.



Appendix



Consolidated income statement	<i>9 months ended 30 September</i>	
RUB mn	2019	2018 (restated)
Revenue	258,284	259,055
Government grants	29,336	29,615
Other operating income	614	5,340
Expenses (excl. impairment)	(236,621)	(225,005)
Impairment	(8,962)	(5,007)
Operating profit	45,651	63,998
Finance income	8,867	4,045
Finance costs	(7,022)	(9,693)
Share of results of associates and JVs	505	1,293
Profit before income tax	48,001	59,643
Income tax expense	(12,844)	(13,658)
Profit for the period	35,157	45,985

Consolidated statement of cash flows	<i>9 months ended 30 September</i>	
RUB mn	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before income tax	48,001	59,643
D&A	18,894	16,757
Other adjustments	3,431	4,601
Operating cash flows	70,326	81,001
Working capital and other changes	(11,089)	(14,079)
Income tax paid	(10,628)	(9,260)
Net cash generated by operating activities	48,609	57,662
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(51,320)	(44,457)
Changes in bank deposits and other investments	12,280	121
Interest and dividends received	5,745	4,157
Other investing cash flows	(6,318)	871
Net cash used in investing activities	(39,613)	(39,308)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	7,000	-
Prepayment on forward contract	(3,731)	(2,813)
Proceeds from current debt	38,381	33,981
Proceeds from non-current debt	45,705	88,047
Repayment of debt	(83,557)	(116,004)
Interest paid	(11,348)	(10,881)
Dividends paid	(15,905)	(11,245)
Other financing cash flows	(755)	(29)
Net cash used in financing activities	(24,230)	(18,984)
Effect of forex	14	325
(Decrease)/Increase in cash and cash equivalents	(15,220)	(305)

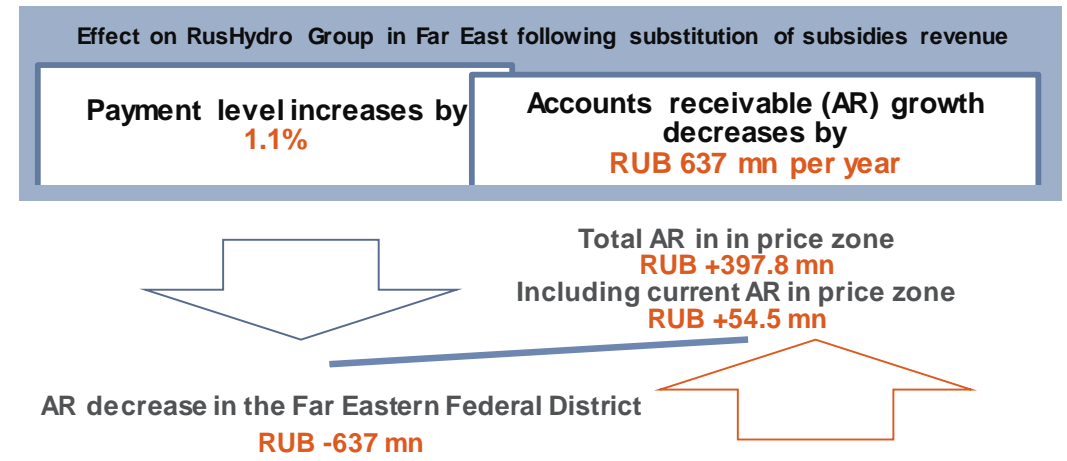
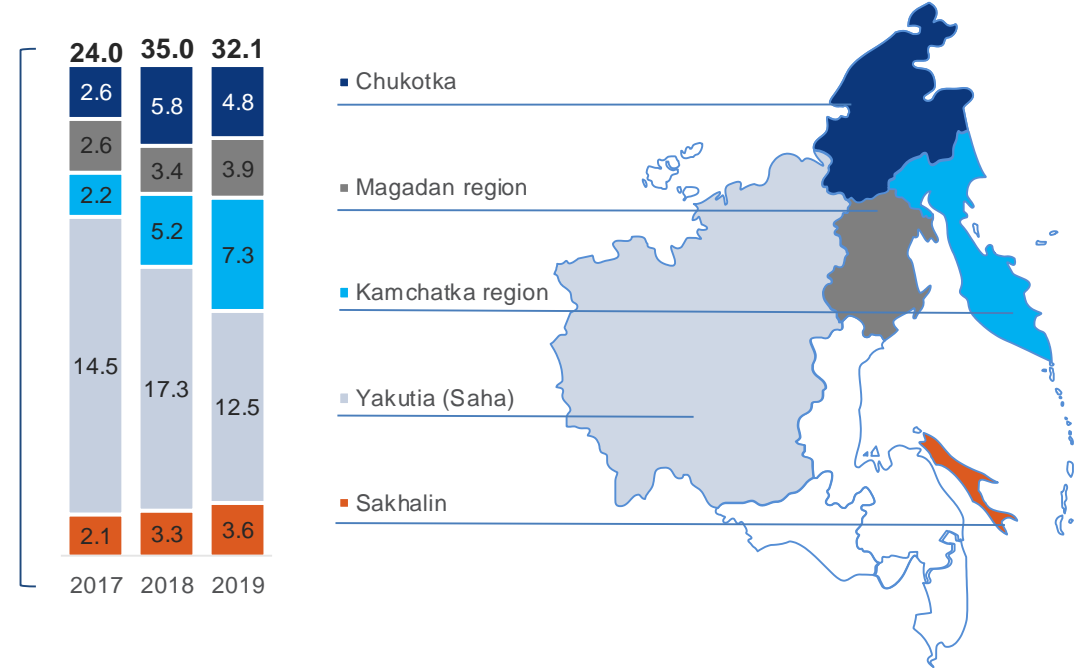
Consolidated statement of financial position	<i>As at 30.09.2019</i>	<i>As at 31.12.2018</i>
RUB mn		
ASSETS		
Non-current assets		
Property, plant and equipment	711,804	669,424
Investments in associates and JVs	19,802	19,828
Deferred income tax assets	10,983	9,999
Other non-current assets	20,917	23,278
Total non-current assets	763,506	722,529
Current assets		
Cash and cash equivalents	50,212	65,432
Income tax receivable	2,855	3,737
Accounts receivable and prepayments	74,201	75,189
Inventories	38,572	30,721
Other current assets	28,002	33,873
Total current assets	193,842	209,402
TOTAL ASSETS	957,348	931,931
EQUITY AND LIABILITIES		
Equity		
Share capital	426,289	426,289
Treasury shares	(4,613)	(4,613)
Share premium	39,202	39,202
Retained earnings and other reserves	137,277	115,523
Non-controlling interest	6,404	9,818
TOTAL EQUITY	604,559	586,219
Non-current liabilities		
Deferred income tax liabilities	16,611	13,803
Non-current debt	152,459	157,948
Non-deliverable forward contract	27,170	31,896
Other non-current liabilities	18,243	21,987
Total non-current liabilities	214,483	225,634
Current liabilities		
Current debt	48,495	38,899
Accounts payable and accruals	67,721	64,633
Accounts payable in respect of share issue	7,000	-
Current income tax payable	464	1,191
Other taxes payable	14,626	15,355
Total current liabilities	138,306	120,078
TOTAL LIABILITIES	352,789	345,712
TOTAL EQUITY AND LIABILITIES	957,348	931,931



The mechanism of ‘tariff smoothing’ aims to lower the economic burden for the industry and other commercial electricity consumers in developing Far Eastern regions, increase competitiveness of regional economies and promote investment in the Far East

Key highlights

- On Dec 8, 2015, the President of the Russian Federation ordered to develop a mechanism aimed at decreasing end-user electricity tariffs in the Far East of Russia (except for tariff for households) to an average level of tariffs in Russia.
- Changes to the Federal Law “on power sector” have been implemented (provision of the Government of the Russian Federation number 895 dated 28.07.2017, order of the Government of Russian Federation numbers 1614-p, 1615-p).
- RusHydro was selected as recipient of the surcharge. The mechanism sees RusHydro collecting additional revenue via capacity sales (KOM price) and transferring the proceeds in full to selected Far Eastern regions to offset losses incurred by subsidized power sales.
- The base level of end-user tariff for 2017 was set at **RUB 4/kWh** and total surcharge to RusHydro’s KOM price was set at **RUB 24 bn**, for 2018 set at respectively **RUB 4.3** and **RUB 35 bn**, for 2019 – **RUB 4.69** and **RUB 32.1 bn** respectively.
- The mechanism is likely to be extended through 2020, but the amount of surcharge to be approved in late 2019-early 2020.



Jan 30	4Q and FY 2019 operating results
Feb 27	4Q and FY 2019 RAS results (non-consolidated)
Mar 5	4Q and FY 2019 IFRS results & conference call
Mid - Mar*	Capital Markets Day (Moscow)
Apr 21	1Q 2020 operating results
Apr 30	1Q 2020 RAS results (non-consolidated)
Apr 1-2	Moscow Exchange Forum (Moscow)
May-Jun	Sberbank Russia: The Inside Track conference (Moscow)
June 6	1Q 2020 IFRS results & conference call
Late Jun*	Annual General Meeting of Shareholders
July*	Dividend record date
July 21	2Q and 1H 2020 operating results
July 30	2Q and 1H 2020 RAS results (non-consolidated)
Aug 31	2Q and 1H 2020 IFRS results & conference call
Aug - Sep*	ATON Utilities Day conference (Moscow)
Sep*	Goldman Sachs CEEMEA conference (London)
Oct 14 – 15	Moscow Exchange Forum (New York)
Oct 22	3Q and 9M 2020 operating results
Oct 29	3Q and 9M 2020 RAS results (non-consolidated)
Nov*	VTB Capital “Russia Calling” investment forum (Moscow)
Nov 25 - 26	Moscow Exchange Forum (London)
Nov 30	3Q and 9M 2020 IFRS results & conference call

* TBD





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