RusHydro

RusHydro Group announces its operating results for the 1Q 2019

April 18, 2019. Moscow, Russia. PJSC RusHydro (ticker symbol: MICEX-RTS, LSE: HYDR; OTCQX: RSHYY) announces operating results for the 1st quarter of 2019, of the parent company and subsidiaries of RusHydro Group reflected in consolidated financial statements.

Key highlights:

- *First quarter results reflected certain decrease of output on the back of extremely high water inflows to the majority of reservoirs of the HPPs in the first quarter 2018, which were more than twice above the normal level. Total water inflow in 1Q to the reservoirs of the Volga-Kama cascade was at the long-run average, while water inflow to the reservoirs in the south of Russia, Siberia and the Far East was higher than long-run average;*
- *Decrease in production will be mitigated by growth of spot prices in the 1st and 2nd price zones which have increased 10-11% in 1Q 2019 as compared to 1Q 2018*;*
- *Total electricity generation by RusHydro Group including Boguchanskaya hydropower plant reached 32,694 GWh (+5.6%)**;*
- *Total production of RusHydro Group's HPPs/PSPPs came in at 19,127 GWh (-13.6%), production of thermal power plants – 9,722 GWh (+1.5%) and production of alternative renewable energy facilities – 104 GWh (-9.1%);*
- *Total electricity production by RusHydro Group's generating facilities in the Far East amounted to 13,914 GWh (-1.2%), heat output by thermal power plants amounted to 12,172 thousand GCal (-6.7%) mostly driven by warm weather conditions;*
- *Electricity output by RusHydro Group's electricity retail companies in 1Q 2019 amounted to 5,588 GWh (-6.7%);*
- *Water inflow to the main reservoirs in 2Q 2019 is expected to be close to the long-run average or slightly below it.*

Electricity generation by the plants of RusHydro Group, GWh

	1Q'19	1Q'18	chg, %
Center of Russia	8,180	10,957	-25.3%
South of Russia and North Caucasus	1,169	1,141	2.6%
Siberia	5,642	5,594	0.9%
Total for the price zones	**14,991**	**17,692**	**-15.3%**
Far East	13,914	14,080	-1.2%
Armenia	48	63	-24.9%
TOTAL	**28,952**	**31,835**	**-9.1%**
incl. by HPPs, PSPPs***	19,127	22,140	-13.6%
incl. by TPPs and other	9,722	9,581	1.5%
Incl. by alt. renewables (geothermal, solar, wind)	104	114	-9.1%
Boguchanskaya HPP**	3,741	2,803	33.5%

The underlying factors of the production change in January-March 2018 were:

- return of water inflows back to the normal level, while in 1Q 2018 they were over twice that of the normal level;

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- total water inflow to the reservoirs in the south of Russia and Siberia above the long-run average;
- growth of electricity generation by thermal power plants in the Far East;
- decrease of electricity and heat consumption in the Far East driven by weather conditions;
- decrease in electricity sales to China by 32.9% (to 370.2 GWh) as compared to the same period last year.

Center of Russia

Hydropower plants of the Volga-Kama cascade are operating under the winter period regime of pre-flooding reservoir drawdown. The water reserves of the cascade's reservoirs are higher by 17% and by 28% as compared to the normal level and last year, respectively. Reservoir drawdown is expected to be higher as compared to the normal level and last year. Increase of unregulated side inflows are projected in third decade of April. Flood control committees were established at HPPs to ensure the hydro facilities and equipment's readiness to pass the flooding season. Currently no safety risks are projected.

In the first quarter of 2018 water inflow to most of the reservoirs on Volga and Kama was close to the normal level. Total water inflow to the reservoirs of the Volga-Kama cascade reached 24.9 km^3 (normal level - 21.3 km^3).

Total electricity production by the hydropower plants of the Volga-Kama cascade and Zagorsksaya pumped storage in the first quarter of 2019 reached 8,180 GWh.

South of Russia and North Caucasus

According to the Hydrometeorology Center of Russia, in the first quarter of 2019 the snow accumulation in the mountains of the North Caucasus is above the normal level. The water inflow from the mountains will reach the hydro system in the end of May – beginning of June. The high water period will last until the end of August.

Water inflow to the reservoir of Chirkeyskaya HPP in 1Q 2019 was 20% above the normal level. Average daily water inflow to the reservoir of Chirkeyskaya HPP in the months of January and February 2019 was 75.7 m^3. The HPP is operating under water economy regime to preserve high water level in the reservoir as water reserves in the snow deposits of the Sulak River are below the normal level.

Total electricity production by the hydropower plants in the South of Russia and North Caucasus decreased by 2.6% to 1,169 GWh as compared to the corresponding period last year.

Siberia

Water inflow to the reservoirs on the rivers of Siberia in the first quarter of 2019 was higher than normal level by 15%.

Overall electricity production by the hydropower plants in Siberia increased by 0.9% to 5,642 GWh as compared to the first quarter of last year. The Boguchanskaya HPP produced 3,741 GWh in the first quarter of 2019, an increase of 33.5% over the corresponding period last year.

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Far East

The spring flooding season in the Far East is expected at the end of April – beginning of May.

In the first quarter of 2019, water inflow to Kolymskoye 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. Since then 1.16 km^3 of water has entered the dam storage. In the first wuarter of 2019, the facility was operating under normal conditions, in the pre-flooding reservoir drawdown regime.

Total electricity generated by hydro and geothermal power plants in the Far East (not included in the RAO ES East subgroup) in the first quarter of 2019 decreased by 9.5% to 3,281 GWh against the same period last year.

Total electricity generated by RAO ES East subgroup in the first quarter of 2019 amounted to 10,627 GWh, an increase of 1.6% as compared to the first quarter last year. JSC Far Eastern Generating Company's (DGK) share of electricity generated was 74% or 7,847 GWh, an increase of 0.3% against the same period last year.

The main driver behind the increase was a decrease in production by HPPs operating in United Power System of the East. Energy consumption in the Unified Power System of the East in the first quarter of 2019 decreased by 0.3% over the same period last year. Electricity sales to China decreased by 32.9% to 370.2 GWh, while sales to UES of Siberia increased by 40.7% to 159.5 GWh.

Heat output by thermal plants of RAO ES East Subgroup in the first quarter of 2019 decreased by 6.7% to 12,172 GCal as compared to the corresponding period of 2018 due to higher air temperatures in all the regions of the Far East with an exception of Kamchatka Krai, Magadan region and Chukotka Autonomous Okrug.

Heat output by thermal plants of RAO ES of the East Subgroup, '000 GCal

	1Q'/19	1Q'/18	chg.
JSC DGK	8,246	9,420	-12.5%
JSC RAO ES East	333	-	-
PJSC Yakutskenergo	1,056	1,059	-0.3%
JSC Sakhaenergo	33	38	-13.1%
JSC Teploenergoservice	498	548	-9.1%
PJSC Kamchatskenergo	753	740	1.8%
JSC KSEN	34	30	13.3%
PJSC Magadanenergo	476	463	2.8%
JSC Chukotenergo	151	148	2.0%
PJSC Sakhalinenergo	593	594	-0.2%
TOTAL	**12,172**	**13,039**	**-9.2%**

Armenia

Electricity generation by the Sevan-Hrazdan cascade of hydropower plants in Armenia in the first quarter of 2019 decreased by 24.9% to 48 GWh. The power generation by the

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plants of the cascade is dependent on water inflows of the Hrazdan river and water discharge from Sevan Lake.

Electricity retail

Total electricity output by RusHydro Group's energy retail companies in 1Q 2019 decreased by 3.3% to 14,779 GWh as compared to 1Q 2018. Decrease came on the back of climate factor as the average temperature in the first quarter of 2019 was higher than in the first quarter of 2018.

In the first quarter of 2019, total electricity output by RusHydro's retail companies, operating in Chuvashia, Ryazan and Krasnoyarsk regions, amounted to 5,588 GWh.

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 first quarter of 2019 amounted to 6,416 GWh. The decrease in performance in 2018 is primarily driven by abnormally warm weather conditions in 1Q 2019.

Total electricity output by RusHydro's companies located in the isolated energy systems in the Far East Federal District amounted to 2,775 GWh in 1Q 2019, an increase of 4.9% as compared to the same period last year.

Electricity output by RusHydro Group's retail companies, GWh

	1Q'19	**1Q'18**	**chg, %**
Krasnoyarskenergosbyt	3,529	3,916	-9.9%
Chuvash retail company	936	960	-2.5%
Ryazan retail company	698	730	-4.3%
ESC RusHydro	425	387	9.9%
Total	**5,588**	**5,992**	**-6.7%**
PJSC DEK (for reference)	*6,416*	*6,643*	*-3,4%*
Isolated energy systems (for reference)	*2,775*	*2,645*	*4,9%*
Total by Group	**14,779**	**15,280**	**-3.3%**

Water inflows forecast

According to the forecast of the Hydrometeorology Center of Russia, the following dynamics of water inflows to the major reservoirs is expected in the 2nd quarter of 2019:

- Total water inflows to reservoirs on Volga and Kama are expected to be below the long-run average, in the range of 128 - 148 km^3 (as compared to the normal level of 161 km^3);
- Inflows to reservoir of the rivers of North Caucasus and Siberia for the most part are expected to be close to long-run average;
- Inflows to Zeyskoe reservoir in the Far East are expected to be slightly above the long-run average, while inflows to Kolymskoe reservoir are expected to be above the long-run average.

* ATS (Trading System Administrator) spot prices.

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** 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, Kolymskaya HPP and Viluiskie HPPs (RAO ES East Subgroup).

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 – 18.9 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 the MICEX and RTS stock exchanges. Company's GDRs in the IOB section of LSE, ADRs – in OTCQX.

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