

April 29, 2016. Moscow, Russia.

RusHydro announces 1Q 2016 RAS results

PJSC RusHydro (MOEX, LSE: HYDR; OTCQX: RSHYY) announces its non-consolidated financial results under Russian accounting standards (RAS) for the 1st quarter of 2016¹.

Key highlights:

- Strong financial results of PJSC RusHydro on the back of recovery of generation volumes in the 1st quarter of 2016 as compared to the 1st quarter of 2015, as a result of close or higher than long-run average water inflow to major reservoirs; systemic efforts aimed at lowering operating expenses in terms of implementation of the investment and operating efficiency improvement and cost reduction program; liberalization of hydro capacity market in the second price zone;
- 1Q 2016 revenue – RUB 27,093 mn (+14%);
- 1Q 2016 operating expenses – RUB 12,609 mn (-9%);
- 1Q 2016 EBITDA – RUB 18,243 mn (+47%);
- EBITDA margin in 1Q 2016 – 67% (+11 p.p.);
- Reported net profit for 1Q 2016 – RUB 15,249 mn (+74%), adjusted net profit – RUB 14,373 mn (+72%).

Key financials for 1Q 2015/2016 under RAS (in RUB mn)

	1Q'16	1Q'15	chg
Revenue	27,093	23,703	14%
Operating expenses	(12,609)	(13,844)	-9%
Operating profit	14,484	9,859	47%
EBITDA ²	18,243	13,315	37%
Net profit	15,249	8,743	74%
Net profit (adj.) ³	14,373	8,363	72%

Revenue

In the 1st quarter of 2016, revenue increased by 14% to RUB 27,093 mn as compared to RUB 23,703 mn for the same period of 2015. The underlying factors behind the change in revenue were:

- significant increase in production and electricity output by hydropower plants of PJSC RusHydro as a result of: a) higher than normal water inflow to reservoirs of the Volga-Kama cascade in the 1st quarter of 2016; b) increased electricity generation by hydropower plants of the South of Russia associated with water level close or slightly higher than long-run average;
- increase in capacity sales following partial liberalization of hydro capacity market in the second price zone from May 1, 2014⁴;
- indexation of electricity and capacity tariffs;
- decrease in purchased electricity costs.

Revenue breakdown (RUB mn)

	1Q'16	1Q'15	chg
--	--------------	--------------	------------

Electricity sales	17,254	14,848	16%
Capacity sales	9,619	8,739	10%
Other sales	220	116	90%
TOTAL	27,093	23,703	14%

Operating expenses

Operating expenses in the 1st quarter of 2016 decreased by 9% to RUB 12,609 mn as compared to the same period of 2015.

Operating expenses breakdown (in RUB mn)

	1Q'16	1Q'15	chg
Depreciation	3,759	3,456	9%
Purchased electricity and capacity	1,983	3,118	-36%
Labor expenses, taxes and contributions	1,814	1,977	-8%
Property tax	1,678	1,640	2%
Services of System Operator, ATS, CFS	698	689	1%
Repairs & maintenance	478	489	-2%
Other third-party services	412	616	-33%
Security expenses	405	395	3%
Insurance expenses	353	278	27%
Rent	341	287	19%
Water tax	274	189	45%
Leasing expenses	53	82	-35%
Other	361	628	-43%
TOTAL	12,609	13,844	-9%

Major factors of change in operating expenses were (among the highest constituent expenses):

- decrease in purchased electricity and capacity as a result of: a) lower consumption of electricity and capacity for own needs due to decrease in electricity output; b) lower consumption of electricity for own needs of PSPPs; c) decrease in purchased electricity for sale under free bilateral agreements due to lower sales under these contracts⁵;
- increase in depreciation and property tax as a result of commissioning of new fixed assets as well as reconstruction and modernization of operating assets;
- decrease in labor expenses after headcount optimization;
- decrease in expenses for other third-party services, mainly in terms of transportation expenses;
- reduction of other expenses, including corporate and traveling expenses, utilities and other costs, by 43% as a result of implementation of measures aimed at restraining non-operating costs.

Profit

Operating profit for the period increased by 47% to RUB 14,484 mn.

EBITDA increased by 37% as compared to the same period of 2015 and amounted to RUB 18,243 mn.

RusHydro's net profit for the reporting period increased by 74% to RUB 15,249 mn. Net profit adjusted for non-cash items increased by 72% to RUB 14,373 mn as compared to RUB 8,363 mn in the same period of the previous year.

The difference between the reported and adjusted net profit is attributed mainly to the following non-cash effects:

- gain from mark-to-market revaluation of listed equity stakes in the amount of RUB 1,514 mn;
- regained reserves on accounts receivable in the amount of RUB 151 mn;
- expenses (net) on provision for accounts receivable in the amount of RUB 822 mn;
- gain from other reserves in the amount of RUB 33 mn.

RusHydro's financial position as of March 31, 2016

The Company's total assets increased by RUB 14,654 mn as of March 31, 2016, or 2% against the similar figure as of December 31, 2015, reaching RUB 907,285 mn.

As of March 31, 2016, total liabilities stood almost flat as compared to the similar figure as of December 31, 2015, decreasing slightly from RUB 150,162 mn to RUB 149,565 mn.

The Company's debt portfolio dropped by 1% as compared to the beginning of the year from RUB 124,010 mn to RUB 123,354 mn; long-term loans make up 85% of total debt portfolio.

The Company's equity for the 1st quarter of 2016 increased by 2% to RUB 757,720 mn against RUB 742,469 mn as of the beginning of the reporting year.

The full financial statements are available on the Company's website at:

<http://www.rushydro.ru/investors/reports>

The Company plans to publish its consolidated results for the 1st quarter of 2016 under International financial reporting standards (IFRS) on June 23, 2016.

¹ PJSC RusHydro, the parent company of RusHydro Group, includes 19 branches registered in the Russian Federation, including: branch Bureyskaya GES, branch Volzhskaya GES, branch Votkinskaya GES, Dagestan branch, branch Zhigulevskaya GES, branch Zagorskaya GAES, branch Zeiskaya GES, Kabardino-Balkarsky branch, branch Kamskaya GES, Karachaevo-Cherkessky branch, branch Cascade of Verkhne-Volzhsky GES, branch Cascade of Kuban GES, branch Corporate Energy University, branch Nizhegorodskaya GES, branch Novosibirskaya GES, branch Saratovskaya GES, branch Sayano-Shushenskaya GES named after P.S. Neporozhny, Severo-Osetinsky branch, branch Cheboksarskaya GES.

² EBITDA calculated as gross profit before depreciation.

³ Net profit adjusted for the mark-to-market revaluation of listed equity stakes, provisions for financial investments and other assets impairment, provisions for potentially uncollectible accounts receivable and other, estimated liabilities. This indicator is not reported in the official financial statements under RAS and has been calculated and put into the press release for reference.

⁴ According to the decree of the government of the Russian Federation No. 374 of April 28, 2014, "On amendments to the Regulations of wholesale electricity and capacity market in terms of special aspects of participation of gencos, owners of hydropower plants located in the 2nd pricing zone, in the wholesale market" from May 1, 2014 till December 31, 2015, 35% of capacity of the hydropower plants in the 2nd pricing zone is sold at the regulated tariffs based on the results of the competitive capacity auctions (KOM). According to the capacity sales liberalization schedule, in 2016, the amount of capacity from hydropower plants in Siberia sold at regulated tariffs, is decreased to 20% of total sales under KOM.

⁵ In accordance with capacity market regulations, in order to fulfill obligations under bilateral agreement as well as payment liabilities for load losses and security constraints according to the contract volumes, a supplier under bilateral agreement is obliged to buy electricity in the amount equal to registered amount to be supplied under the agreement. The supplier should sign an agreement with Trading System Administrator for electricity purchase, which is called "electricity purchase agreement signed in order to fulfill obligations under bilateral agreement".

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.

For more information:

Investor Relations Department

Tel. +7 (800) 333 8000 ext. 1607, 1319, 1304

ir@rushydro.ru

DISCLAIMER

The information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of 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.