

## RusHydro announces 1H 2020 IFRS results

**August 27, 2020. Moscow, Russia.** RusHydro Group (hereinafter referred to as the “Group”, ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) announces its condensed consolidated interim unaudited financial information prepared in accordance with International Financial Reporting Standards (IFRS) for the 2<sup>nd</sup> quarter and 1<sup>st</sup> half of 2020.

### Key highlights for 1H of 2020:

- **RUB 218,057 mn** – total revenue (+9.0% y-o-y);
- **RUB 67,652 mn** – EBITDA (+33.3% y-o-y);
- **31.0%** - EBITDA margin (+5.7 p.p. as compared to 1H'19);
- **flat** manageable cash cost growth;
- **RUB 46,825 mn** – net profit (+59.4%);
- **1x** – net debt/EBITDA.

### Key highlights for 2Q of 2020:

- **RUB 100,373 mn** – total revenue (+10.7% y-o-y);
- **RUB 31,039 mn** – EBITDA (+46.4% y-o-y);
- **30.9%** - EBITDA margin (+7.5 p.p. as compared to 2Q'19);
- **2.0% decrease** in manageable cash cost growth;
- **RUB 20,917 mn** – net profit (+62.5%).

### 2Q and 1H 2020/2019 highlights (in RUB mn)

	2Q/20	2Q/19	chg.	1H/20	1H/19	chg.
<b>Revenue</b>	<b>100,373</b>	<b>90,674</b>	<b>10.7%</b>	<b>218,057</b>	<b>200,134</b>	<b>9.0%</b>
Operating expenses	76,311	76,049	0.3%	164,613	162,403	1.4%
Other operating profit	558	192	190.6%	861	470	83.2%
Operating profit <sup>1</sup>	24,620	14,817	66.2%	54,305	38,201	42.2%
<b>EBITDA<sup>2</sup></b>	<b>31,039</b>	<b>21,206</b>	<b>46.4%</b>	<b>67,652</b>	<b>50,770</b>	<b>33.3%</b>
Net profit	20,917	12,873	62.5%	46,825	29,385	59.4%

**Nikolay Shulginov, Chairman of the Management Board – General Director of RusHydro commented:** “Thanks to systematic initiatives aimed at increasing the company’s value growth, capitalization increased by 33% in the first half of the year. Operational efficiency growth, sustainability of our business model and commissioning of new capacities are the backbones behind our performance.

Strong operational results in the first half of 2020 would not have been possible without effective hydropower resource management and seamless maintenance.

Solid financial results enable RusHydro to continuously improve reliability of electricity supply to consumers and carry out operational and investment program to successfully implement the government’s modernization program of thermal power plants under capacity supply agreements”.

## Operating results

In the first half of 2020, electricity generation by RusHydro Group amounted to 68,900 GWh (+21.8%), including Boguchanskaya hydropower plant<sup>3</sup>– 77,742 GWh (+23.6%).

Main factors affecting operating results in January-June 2020 were:

- water inflows to the reservoirs of the Volga-Kama cascade, Siberia and the Far East above the normal level;
- increase of electricity consumption in the Far Eastern Federal District by 4.9%;
- increase of heat output in the Far Eastern Federal District driven by weather conditions.

Detailed review of operational results is available at the Company's official website at:

[http://www.rushydro.ru/investors/ir\\_news/111592.html](http://www.rushydro.ru/investors/ir_news/111592.html)

### Key events during the period January-June 2020

- In the first quarter of 2020, electricity production and capacity supply began at Zaramagskaya HPP-1 in North Ossetia. The plant was built under capacity supply agreement (DPM). Annual revenue contribution of RUB 10 bn.;
- On March 11, 2020, RusHydro Group has finalized divestment of its assets in Armenia. The company's financial debt no-longer has any foreign currency risk. RusHydro's leverage decreased by RUB 4 bn following completion of the transaction;
- On June 5, 2020, RusHydro Group completed the first stage of asset swap with SUEK Group's companies, which included the exchange of a 100 percent interest of JSC LUR and a 100% interest in the share capital of LLC Primorskaya GRES for a 41.98% interest in the Group's subsidiary PJSC DEK. Following the transaction the share of coal-fired generation decreased - a positive effect of the Group's ESG profile;
- On June 25, 2020, RusHydro Group put into operation 10MW Verkhnebalkarskaya small-scale hydropower plant in Kabardino-Balkarian Republic with annual average electricity output of 60 GWh. It is the first renewables investment project in Russia under the capacity supply agreement (DPM).

### Revenue

Revenue breakdown in 2Q and 1H 2020/2019 (in RUB mn)

	2Q/20	2Q/19	chg.	1H/20	1H/19	chg.
Electricity sales	66,520	63,269	5.1%	142,205	134,049	6.1%
<i>Incl. grants as per Resolution of the Russian Gov't No. 895<sup>4</sup></i>	7,232	6,105	18.5%	14,464	12,176	18.8%
Capacity sales	13,899	11,378	22.2%	27,980	23,441	19.4%
Heat and hot water sales	7,725	7,344	5.2%	24,735	24,031	2.9%
Other sales	6,740	5,767	16.9%	13,410	11,545	16.2%
Other government grants	5,489	2,916	88.2%	9,727	7,068	37.6%
<b>Total revenue</b>	<b>100,373</b>	<b>90,674</b>	<b>10.7%</b>	<b>218,057</b>	<b>200,134</b>	<b>9.0%</b>

In the first half of 2020, total revenue of the Group increased by 9.0% to RUB 218,057 mn as compared to RUB 200,134 in the first half of 2019. The change is associated with the following key factors:

- increase of revenue from electricity sales of PJSC RusHydro by RUB 6,599 mn following increase of electricity output by 33.0% on the back of higher water inflows to the majority of HPPs' reservoirs;
- increase in capacity sales revenue by RUB 4,539 mn on the back of sales volume growth under capacity supply agreements (DPM) following commissioning of Zaramagskaya HPP-1 and sales volume growth and price increase of 4.6% and 6%, respectively, at PJSC DEK;
- increase in revenue from electricity sales (including government grants<sup>4</sup>) of RAO ES East subgroup by RUB 1,199 mn on the back of tariff and sales volume growth;
- increase in heat and hot water sales revenue by RUB 704 mn following tariff and production volume growth;
- increase in other sales revenue by RUB 1,865 mn is mainly driven by increase of revenue from electricity distribution services at PJSC Yakutskenergo and PJSC Magadanenergo and increase of revenue from grid connections at PJSC Yakutskenergo and JSC DRSK.

## Operating expenses

*Operating expenses in 2Q and 1H 2020/2019 (in RUB mn)*

	<b>2Q/20</b>	<b>2Q/19</b>	<b>chg.</b>	<b>1H/20</b>	<b>1H/19</b>	<b>chg.</b>
Employee benefit expenses	19,987	19,886	0.5%	39,605	39,075	1.4%
Fuel expenses	14,394	14,350	0.3%	37,103	38,034	-2.4%
Third parties expenses and other <sup>5</sup>	16,905	18,391	-8.1%	36,146	36,314	-0.5%
Purchased electricity and capacity	10,793	10,712	0.8%	24,200	24,572	-1.5%
Depreciation	6,892	6,076	13.4%	13,919	12,460	11.7%
Taxes other than on income	3,287	2,980	10.3%	6,567	5,745	14.3%
Other materials	2,660	2,605	2.1%	4,439	4,162	6.7%
Water usage expenses	1,393	1,049	32.8%	2,634	2,041	29.1%
<b>TOTAL</b>	<b>76,311</b>	<b>76,049</b>	<b>0.3%</b>	<b>164,613</b>	<b>162,403</b>	<b>1.4%</b>

Total operating expenses in the first half of 2020 compared to the same period last year increased insignificantly (+1.4%) to RUB 164,613 mn due to the following factors:

- increase in depreciation expense by RUB 1,459 mn following commissioning of Sakhalinskaya GRES-2, Zaramagskaya HPP-1, Nizhne-Bureyskaya HPP, property and modernization at PJSC RusHydro's facilities;
- increase in taxes other than on income by RUB 822 mn as a result of property tax increase following commissioning of Nizhne-Bureyskaya HPP, Zaramagskaya HPP-1 and modernization of PJSC RusHydro's facilities;

- increase of employee benefit expenses by RUB 530 mn following indexation of salaries in accordance with existing collective agreements;
- decrease in fuel expenses mainly in JSC DGK by 931 mn following decrease of electricity output.

## Profit

The Group's net profit increased by 59.4% to RUB 46,825 mn.

In the first half of 2020, EBITDA increased by 33.3% to a record RUB 67,652 mn compared to the same period of 2019. At the same time, the Far East segment's EBITDA increased by 39% and reached RUB 15.7 bn.

## Key indicators of financial position

As of June 30, 2020, the Group's assets increased by RUB 27,919 mn or 3.0% to RUB 953,038 mn against the comparable figure as at December 31, 2019 following increase in property, plant & equipment and working capital .

As at the end of the reporting period, the Group's liabilities decreased by RUB 13,630 mn or 3.8% to RUB 341,614 mn as compared to December 31, 2019 following decrease of non-current debt and accounts payable.

## Events after the reporting date

- On August 11, 2020, PJSC RusHydro brought online the first floating solar power plant in Russia in the reservoir of Nizhne-Bureyskaya HPP. With 54kW of installed capacity, it will function as its auxiliary.

The full financial statements are available on the Company's website at: <http://www.eng.rushydro.ru/investors/reports>

<sup>1</sup> Operating profit is calculated as the difference between revenue, other operating profit and operating expenses.

<sup>2</sup> EBITDA is calculated as operating profit/loss excluding depreciation of property, plant and equipment, amortization of intangible assets, impairment of property, plant and equipment, impairment of financial assets, profit / loss on disposal of property, plant and equipment and other non-cash items of operating income and expenses.

<sup>3</sup> The Boguchanskaya hydropower plant is part of the Boguchanskiy Energy and Metals Complex (BEMO), a 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>4</sup> In July 2017, the Resolution of the Russian Government No. 895 "On reaching basic rates (tariffs) for electric power (capacity) in the territories of the Far East Federal region (the "Far East")" became effective, under which rates for consumers in the territories of the Far East should be reduced starting from 1 January 2017 to the basic level of RUB 4.00 / kWh, from 1 January 2018 to RUB 4.30 / kWh, from 1 January 2019 to RUB 4.69 / kWh, from 1 January 2020 to RUB 5 / kWh. According to the Resolution of the Russian Government No. 1614-r of 28 July 2017, PJSC RusHydro was appointed as the recipient of a premium to the price for capacity provided by the Company in the price zones of the wholesale market under CCS agreements. The premium to the price for capacity is set in order to achieve the basic level of rates (tariffs) for electricity (capacity) planned for the next regulation period in the Far East constituent regions. Within the amounts defined by Resolution No. 1615-r of the Russian Government dated 28 July 2017, the Company translates the collected amounts of margin in the form of free-of-charge targeted contributions to the budgets of the respective regions. The Group



companies being guaranteeing suppliers will receive compensation for the shortage of income related to the reduction of rates, through subsidies from the Far East constituent regions.

<sup>5</sup> includes grid company services.

## **About RusHydro**

RusHydro Group is the leading producer of renewable energy in Russia. It is one of Russia's largest generating company and is the fourth in the world with over 400 generating facilities. The Group's total electricity generation capacity including Boguchanskaya HPP is 38.0 GW

### **For more information:**

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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 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.*