RusHydro

RusHydro increased electricity generation in 2013 by 10% to a record 124 TWh, generation from hydro – by 16%

January 28, 2014. Moscow, Russia. JSC RusHydro (ticker symbol: MICEX-RTS, LSE: HYDR; OTCQX: RSHYY) announces its operating results for the 4th quarter and the 12 months of 2013.

Key highlights:

- *Total electricity generation by power plants of RusHydro Group in 4Q 2013 amounted to 30,707 GWh (-1%), in 2013 – 124,144 GWh (+10.4%);*
- *In 4Q 2013, total hydro production amounted to 22,260 GWh (+0.3%); in 2013 – 93,690 GWh (+16.3%);*
- *In 4Q 2013, water inflow to reservoirs of the Volga-Kama cascade was 1.5x higher than long-run average levels, to Novosibirsky reservoir – 45% higher than normal; to the Sayano-Shushenskaya hydropower plant reservoir – the highest in its history;*
- *The electricity generation by the plants of RAO ES of East in 4Q 2013 amounted to 8,328 GWh (-4.3%); in 2013 – 30,000 GWh (-5%);*
- *The electricity generation by the Boguchanskaya HPP in 4Q 2013 amounted to 1,652 GWh; in 2013 – 4,897 GWh;*
- *In 1Q 2014, the Company expects water inflow to the major reservoirs of the Volga-Kama cascade and hydropower plants of Siberia to be higher than long-run average levels and slightly higher than in the same period of 2013.*

In the 4th quarter of 2013, total electricity generation by power plants of RusHydro amounted to 30,707 GWh, 1% decrease as compared to the same period of 2012; total power generation in 2013 amounted to 124,144 GWh (+10.4%). In the 4th quarter of 2013, hydropower plants of RusHydro Group slightly increased electricity generation by 0.3% to 22,260 GWh, generation in 2013 increased by 16.3% to 93,690 GWh. Decrease in electricity generation by hydropower plants of the Volga-Kama cascade in the 4th quarter of 2013 was offset by increase in generation in Siberia as well as generation by the first stage of Ust'-Srednekanskaya hydropower plant put into operation in late summer of 2013.

Electricity generation in 4Q 2012/2013, GWh

	4Q'13	4Q'12	chg, %	FY'13	FY'12	chg, %
Center of Russia	9,663	10,858	-11.0%	42,354	39,076	8.4%
S. of Russia and N.Caucasus	1,540	1,336	15.3%	8,106	6,573	23.4%
Siberia	6,860	5,639	21.6%	27,276	20,491	33.1%
Total for the price zones	**18,063**	**17,833**	**1.3%**	**77,736**	**66,140**	**17.5%**
Far East	4,290	4,434	-3.2%	15,940	14,157	12.6%
RAO ES of the East	8,328	8,700	-4.3%	30,000	31,563	-5%
Armenia	26	45	-42.2%	468	631	-25.9%
TOTAL	**30,707**	**31,012**	**-1.0%**	**124,144**	**112,490**	**10.4%**
Boguchanskaya HPP[1]	1,652	244	-	4,897	244	-

The underlying factors of the production change in 2013 were:

- higher than average water resources in reservoirs of the hydropower plants as of the beginning of the year;

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- water to reservoirs of the Volga-Kama cascade higher than long-run average in the 1st, 2nd and 4th quarters;
- water inflow to major reservoirs of Siberia higher than normal during the whole year;
- priority of HPPs load in the Far East of Russia over thermal generation in the 3rd and 4th quarters of 2013 due to abnormal flooding.

Center of Russia

In the 1st quarter of 2013, total water inflow to reservoirs of the Volga-Kama cascade amounted to 29.0 km^3 as compared to the average of 21.3 km^3. In the 2nd quarter, total water inflow to major reservoirs of the cascade during the flood period was close to normal and amounted to 173 km^3 compared to a long-run average of 161 km^3. In the 3rd quarter hydrologic conditions in the Center of Russia has changed as compared to the 1st half of the year. Water inflow to the major reservoirs of the Volgo-Kama cascade was 15-65% lower than normal. Total water inflow to reservoirs of the Volgo-Kama cascade in the 3rd quarter amounted to 32.7 km^3 as compared to the average of 37 km^3. As of the end of the 3rd quarter of 2013, the useful storage of the Volgo-Kama cascade reservoirs amounted to 61.5 km^3, a 7% higher than long-run average and 4% lower than in 2012.

In the 4th quarter water inflow to major reservoirs of the Volgo-Kama cascade was 1.3-2 higher than normal. Water inflow to the Uglichskoe, Rybinskoe and Gorkovskoe reservoirs was close to normal. Total water inflow to reservoirs of the Volgo-Kama cascade in the 4th quarter amounted to 54.5 km^3 with the average of 36.6 km^3.

Total electricity generation by RusHydro's hydropower plants of the Volgo-Kama cascade together with Zagorskaya pumped storage plant in the 4th quarter of 2013 amounted to 9,663 GWh, an 11% decrease as compared to the same period of 2012. In 2013 generation reached 42,354 GWh, an 8.4% increase as compared to 2012.

In the 1st quarter of 2014, water inflow to the major reservoirs of the Volgo-Kama cascade is expected to be 1.3-2.3 higher than normal. Total water inflow to reservoirs of the Volgo-Kama cascade is expected to be 28-33 km^3 as compared to the average of 21.3 km^3.

South of Russia and North Caucasus

In the 1st quarter of 2013 the cascade of Kubanskie HPPs had been operating in the regime of planned water intake into Bolshoi Stavropolsky Canal. The water inflow to Dzaudzhikauskaya and Chirkeyskaya HPPs in the 1st quarter of 2013 was close to normal. In the 2nd quarter water inflow to HPPs of the North Caicasus was 10-35% lower than normal. In September water inflow in the Kuban' and Sulak rivers was 10-40% higher than normal, which enabled to achieve the long-run average volumes of electricity generation in the 3rd quarter. In December and the 4th quarter of 2013, water inflow to reservoirs of the South of Russia and North Caucasus was close to long-run average.

The electricity generation by the hydropower plants of the South of Russia and North Caucasus in the 4th quarter of 2013 rose by 15.3% to 1,540 GWh; in 2013 – by 23.4% to 8,106 GWh.

In January and the 1st quarter of 2014, water inflow to the Krasnodarskoe reservoir, the Dzaudzhikauskaya and Chirkeyskaya HPPs is expected to be close long-run average.

Siberia

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In the 1st quarter of 2013, water inflow to the Sayano-Shushenskaya hydropower plant reservoir was 10% higher than long-run average, in the 2nd quarter – also 10% higher than normal. In the 3rd quarter of 2013, water inflow to the major reservoirs of Siberia was close or slightly higher than long-run average, to the Sayano-Shushenskaya HPP reservoir - 110% of normal, to the Novosibirsky reservoir – 135% of normal. In the 4th quarter of 2013, water inflow to the Novosibirsky reservoir was 40-50% higher than long-run average, water inflow to the Sayano-Shushenskaya HPP reservoir was the highest in its history.

Until August 24 Boguchanskaya hydropower plant has been operating in the regime of maintaining the reservoir water level at 188.5 m, after that the power plant could continue accumulation of water in the reservoir, but allowing the navigation on the Angara River.

Total electricity generation by RusHydro's Siberian hydropower plants in the 4th quarter of 2013 increased by 21.6% to 6,860 GWh, in 2013 – by 33.1% to 27,276 GWh. The Boguchanskaya HPP in the 4th quarter generated 1,652 GWh, in 2013 – 4,897 GWh.

In the 1st quarter of 2014, water inflow to the major reservoirs of Siberia is expected to be 10-30% higher than normal.

Far East

In the 1st quarter of 2013, water inflow to Zeyskaya hydropower plant reservoir was 1.45 higher than normal, to Bureyskoe reservoir close to normal. In the 2nd quarter, water inflow to the reservoirs of the Far Eastern HPPs was 55-70% higher than long-run average. In the 3rd quarter of 2013, hydropower plants of the Far East of Russia were operating under conditions of one of the strongest and most prolonged floods in the entire history of hydrological observations. In July-August, water inflow to the reservoirs of the hydropower plants exceeded the historical peak. Water inflow to the Kolymskiy and Zeyskiy reservoirs was 2.2 higher than normal, water inflow to the Zeyskaya HPP reservoir was the highest in its history – 235% of normal. The flood conditions remained during the whole quarter. The condition of the equipment and buildings was under tightened control. The Zeyskaya and Bureyskaya HPPs retained about two thirds of the water inflow volume in their reservoirs in the period of peak water inflow caused by abnormal flood. In the 4th quarter of 2013, water inflow to the rivers of the Far East was 10-40% higher than long-run average.

As of the end of 2013, the useful storage of the Zeyskaya HPP reservoir was 13% higher than long-run average and close to the previous year value of 99.2%. The useful storage of the Bureyskaya HPP reservoir amounted to 7.33 km^3, an 18% higher than last year.

In the 1st quarter of 2014 water inflow to hydropower plants of the Far East is expected to be close to long-run average levels.

The total electricity generated by hydro and geothermal power plants of the Far East in the 4th quarter slightly decreased by 3.2% to 4,290 GWh, in 2013 – rose by 12.6% to 15,940 GWh.

In the 4th quarter of 2013, the generating assets of RAO ES of East, a subsidiary of RusHydro, produced 8,328 GWh of electricity, a 4.3% decrease as compared to the 4th quarter of 2012. In 2013, the generation decreased by 5% to 30,000 GWh.

The decrease in electricity generation by the plants of RAO ES of East was mainly caused by substitution of electricity generation from thermal plants in the unified energy system of the Far East by electricity generation from hydro.

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In the 4th quarter of 2013, heat output by thermal plants of RAO ES of the East decreased by 7% to 10 581 GCal, in 2013, total output amounted to 31 764 GCal, a 2% decrease as compared to 2012.

Armenia

In the 4th quarter of 2013, electricity generation by the Sevan-Hrazdan cascade of hydropower plants in Armenia decreased by 42.2% to 26 GWh, in 2013 – by 25.9% to 468 GWh. The power generation by the plants of the cascade is dependent on water inflows of Hrazdan river and water releases from lake Sevan.

Power retail

In the 4th quarter of 2013, total electricity output by RusHydro's four retail companies, operating in Bashkiria, Chuvashia, Ryazan and Krasnoyarsk regions, amounted to 10,043 GWh, in 2013 – 38,441 GWh. In 2013 Chuvashskaya energy retail company slightly increased its electricity output by 55 GWh. Total electricity output by energy retail companies in 2013 decreased by 13% (5,730 GWh).

Bashkiria and Ryazan power retail companies decreased their output after several major industrial consumers switched to their own wholesale purchases following market liberalization. A part of consumers with an annual consumption of 1,275 GWh entered into wholesale market through RusHydro energy retail company (ESK RusHydro). Seven major consumers with total consumption of 820 GWh have resumed cooperation with RusHydro's power retail companies after they failed to operate efficiently in the wholesale market as well as in cooperation with independent power retail companies

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RusHydro Group operating results for 2013 are available on the Company's website at: http://www.eng.rushydro.ru/investors/reports/

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 37.5 GW, heat capacity – 16.2 thousand GCal/h.
Russian Federation owns 67.1% 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, 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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general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to RusHydro and its operations.

[1] 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.

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