

RusHydro announces 2020 RAS results

February 19, 2021. Moscow, Russia. PJSC RusHydro (MOEX, LSE: HYDR; OTCQX: RSHYY) announces non-consolidated financial results under Russian accounting standards (RAS) for the full year ended December 31, 2020. The company continues to demonstrate strong financial performance following improvement of operational efficiency aided by expense management.

Key highlights:

- EBITDA – RUB 92,282 mn (+18%);
- Reported net profit – RUB 35,959 mn (-4%). The decrease came in on the back of change in PJSC RusHydro's organizational structure following participation in JSC DGK's share capital and accumulation of reserves on financial investments in accordance with RAS standards;
- Adjusted net profit – RUB 49,173 (+8%);
- Since July 1st 2017, a surcharge to capacity prices in 1st and 2nd price zones in order to attain base level of end-user tariffs in the Far East of Russia is reflected in PJSC RusHydro's revenue and operating expenses¹. In 2020, the surcharge totaled RUB 37,636 mn, in 2019 – RUB 32,077 mn; Adjusted for the surcharge revenue and expenses (here and below in the text) were:
- Revenue – RUB 139,620 mn (+13%);
- Operating expenses – RUB 65,348 mn (+6%).

Key financials for 2020 under RAS (in RUB mn), excluding surcharge

| | 2020 | 2019 | chg |
|---|----------|----------|-----|
| Revenue (adj. for surcharge) | 139,620 | 123,103 | 13% |
| Operating expenses (adj. for surcharge) | (65,348) | (61,807) | 6% |
| Operating profit | 74,272 | 61,296 | 21% |
| EBITDA ² | 92,282 | 78,237 | 18% |
| Net profit | 35,959 | 37,620 | -4% |
| Net profit (adjusted) ³ | 49,173 | 45,665 | 8% |

Revenue

In 2020, revenue increased by 13% or RUB 16,517 mn including electricity sales growth of 7% following 9.9% output growth by HPPs and capacity sales growth of 24% primarily as a result of commissioning of Zaramagskaya HPP-1 and Verkhnebalkarskaya small HPP.

Revenue breakdown (RUB mn)

| | 2020 | 2019 | chg |
|-------------------|----------------|----------------|------------|
| Electricity sales | 84,267 | 78,596 | 7% |
| Capacity sales | 54,697 | 44,039 | 24% |
| Other sales | 656 | 468 | 40% |
| TOTAL | 139,620 | 123,103 | 13% |

Operating expenses

Operating expenses in 2020 increased by 6% to RUB 65,348 mn as compared to 2019. The increase is primarily due to commissioning of Zaramagskaya HPP-1 and Verkhnebalkarskaya small HPP.

The main changes came in the following items:

- Rent (increase of RUB 1,535 mn) following property rent agreement of Zaramagskaya HPP-1⁴ (starting from February until the date of purchase in September), Verkhnebalkarskaya and Ust-Dzhegutinskaya small HPPs;
- Depreciation (increase of RUB 1,069 mn) following increase of property, plant & equipment (purchase of Zaramagskiye HPPs, Vladivostokskaya CHPP-2) and modernization of operating assets;
- Water tax (increase of RUB 549 mn) due to HPP production growth.

Operating expenses breakdown (in RUB mn)

| | 2020 | 2019 | chg |
|---|---------------|---------------|------------|
| Depreciation | 18,010 | 16,941 | 6% |
| Purchased electricity and capacity | 7,638 | 8,230 | -7% |
| Labor expenses, taxes and contributions | 7,639 | 7,656 | -0.2% |
| Property tax | 6,616 | 6,162 | 7% |
| Repairs and maintenance | 4,414 | 4,259 | 4% |
| Other third-party services | 4,400 | 3,912 | 12% |
| Power system services | 3,388 | 3,127 | 8% |
| Rent | 2,845 | 1,310 | 117% |
| Water tax | 2,621 | 2,072 | 26% |
| Security expenses | 1,874 | 1,762 | 6% |
| Insurance expenses | 1,691 | 1,746 | -3% |
| Other | 4,212 | 4,630 | -9% |
| TOTAL | 65,348 | 61,807 | 6% |

Profit

Operating profit in 2020 increased by 21% as compared to the same period last year and amounted to RUB 74,272 mn.

EBITDA in 2020 increased by 18% to RUB 92,282 as compared to RUB 78,237 in 2019.

Net profit in the reporting period decreased by 4% to RUB 35,959 mn.

RusHydro's financial position as of December 31, 2020

The Company's total assets increased by RUB 43,803 mn as of December 31, 2020, or 4% against the similar figure as of December 31, 2019, reaching RUB 1,107,997 mn.

For the same period, total liabilities increased by 5% or RUB 10,463 mn as compared to the similar figure as of December 31, 2019 and amounted to RUB 222,687 mn.

The Company's debt portfolio decreased by 3% as compared to the beginning of the reporting year to RUB 140,263 mn. Long-term loans comprise 68.33% of the total portfolio.



The Company's equity in 2020 increased by 4% to RUB 885,310 mn against RUB 851,970 mn as of the beginning of the reporting year.

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

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

RusHydro Group will announce consolidated 2020 IFRS results on March 2, 2021.

¹In 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 2020 to the basic level of RUB 5.00 / kWh. According to the Resolution of the Russian Government No. 1614-r and No. 1615-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. 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's 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.

² EBITDA calculated as gross profit before depreciation.

³ Net profit is adjusted for mark to market revaluation of financial investments, reserves for financial investment impairment, assets and reserves for doubtful accounts receivable, change in fair value of cross currency swap and contingencies. 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 In September 2020 following completion of construction and necessary corporate procedures Zaramagskaya head HPP and Zaramagskaya HPP-1 were bought back by PJSC RusHydro.

About RusHydro

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

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