

## **Results of the Board of Directors on August 30, 2017**

**September 1, 2017. Moscow, Russia.** RusHydro Group (hereinafter referred to as the 'Group' or the 'Company', ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) announces that the Company's Board of Directors held a regular meeting on August 30, 2017.

\*\*\*

The Board of Directors reviewed the issue of participation in a joint project with UC RUSAL of Taishet aluminium smelter (TaAS) and approved preliminary results of structuring of potential transaction. The Board of Directors determined a set of pre-conditions for RusHydro Group's involvement in the joint venture (JV) that should guarantee stable financial position of the Company.

In compliance with the decision adopted by the Board of Directors of RusHydro in April 2017 on potential implementation of TaAS project, management of the Company developed terms ensuring positive economic effect for RusHydro from the project. Reviewing the project, the management committed to the goal of minimization of cash spending from the Company's own funds and accrual of debt from the project. As a result, the following list of key terms have been approved:

- Obtaining a formal confirmation from banks of availability of project financing in the amount sufficient for construction of the smelter to its project capacity. Project financing must not contain a provision of PJSC RusHydro's and/or any of RusHydro's subsidiaries' suretyship.
- Independent audit of the market value of 50% ownership stake in TaAS, which must not exceed USD 388 mn.
- Partial payment for ownership stake in TaAS with a 42.75% stake in JSC Irkutsk Grid Company (JSC IESC) at its book value (approx. USD 150 mn).
- Payment for a residual share in the project (no less than USD 150 mn) from the cash flow of the aluminium smelter after the start of production (liability in the amount equivalent to RusHydro's deferred payment for a residual ownership stake will be recorded on the balance sheet of the JV provided that net asset value of the jointly controlled entity exceeds its authorized share capital)
- Confirmation of interest-free deferred payment for a residual share in the project for a period of not less than 3 years after the smelter reaches its project capacity.
- UC Rusal will guarantee funding of additional CAPEX in case construction cost exceeds initial amount agreed by parties and confirmed by independent audit by more than 15%. UC RUSAL will provide additional funding at own expense without increasing its ownership in the project or raising debt to the JV.
- full cancellation of PJSC RusHydro's suretyship in respect of 100% liabilities of PJSC Boguchanskaya HPP under the Vnesheconombank loan, obtained for the joint project between PJSC RusHydro and UC Rusal – Boguchansky energy and metals complex (BEMO)<sup>1</sup>.

Participation of RusHydro in the project does not assume any preferential conditions for supply of electricity between RusHydro's hydropower plants and TaAS. The smelter will purchase electricity at prevailing market prices.

Reviewing the TaAS, the Board of Directors took notice of additional benefit of the project – expected substantial increase in energy demand in Siberia due to emergence of a new large energy consumer. This could have a positive effect on economic performance of RusHydro's generating facilities in the region.

The Board of Directors instructed RusHydro's Management Board to continue negotiations of optimal parameters of the transaction based on approved mandatory conditions, to develop draft legally-binding documents, obtain the auditor's opinion on implications of raising project financing for the JV for Group's financial position, present material conditions for RusHydro's participation in TaAS project within three months.

*UC RUSAL started construction of TaAS in 2006, but in 2009 the project was suspended. The project capacity of the smelter is 428,000 tonnes of aluminium per year. The technology will be based on RA-400 cells. Historical costs incurred by UC Rusal are estimated at USD 776 mn. CAPEX required for project completion is estimated at USD 700 mn.*

\*\*\*

The Board of Directors review the issue on the progress of capital raising to repay debt of PJSC RAO ES East subgroup and took notice of a positive financial effect from the mechanism of refinancing. The Board instructed the management to continue work aimed at completion of refinancing of RAO ES East debt portfolio.

## **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 38.9 GW, heat capacity – 16.2 thousand GCal/h.

Russian Federation owns 60.6% 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](mailto:ir@rushydro.ru)

*The information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of RusHydro. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "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 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.*

<sup>1</sup> As of June 30, 2018, RusHydro's suretyship in respect of 100% liabilities of PJSC Boguchanskaya HPP amounts to RUB 26.3 bn.