April 20, 2017

RusHydro Group announces its 1Q 2017 operating results

PJSC RusHydro (ticker symbol: MICEX-RTS, LSE: HYDR; OTCQX: RSHYY) announces operating results for the 1st quarter of 2017 of the parent company and the subsidiaries of RusHydro Group reflected in consolidated financial statements.

Key highlights:

- *Stable hydropower output in the 1st quarter of 2017 against the background of ample water inflows to reservoirs of the Volgo-Kama cascade, reservoirs in Siberia and increased water levels in Zeyskaya hydropower plant reservoir;*
- *Total electricity generation by power plants of RusHydro Group in 1Q 2017 amounted to 29,126 GWh (-5.4%);*
- *In 1Q 2017, total production by HPPs/PSPPs amounted to 20,452 GWh (-3.4%), total output by by thermal (TPPs) and geothermal plants – 8,673 GW (-9.8%);*
- *In 1Q 2017, total water inflow to reservoirs of the Volga-Kama cascade, HPPs of Siberia and the Far East of Russia was higher than long-run average, to reservoirs in the South of Russia – higher or close normal;*
- *Electricity generation by the plants of RAO ES of the East in 1Q 2017 – 9,291 GWh (-9.2%), heat output by thermal plants – 12,102 ths. Gcal (-9.2%);*
- *The electricity generation by the Boguchanskaya hydropower plant in 1Q 2017 amounted to 3,175 GWh (+1.6%)[1];*
- *Water inflow to reservoirs of major hydropower plants of the Group in 1Q 2017 is expected to be close to or slightly higher than long-run average.*

In the 1st quarter of 2017, total electricity generation by power plants of RusHydro Group amounted to 29,126 GWh, a 5.4% decrease as compared to the same period of 2016. In the 1st quarter of 2017, hydropower (HPPs) and pumped storage power plants (PSPPs) of RusHydro Group decreased electricity generation by 3.4% to 20,452 GWh, output by thermal (TPPs) and geothermal plants located in the Far East of Russia in the 1st quarter of 2017 decreased by 9.8% to 8,673 GWh.

Electricity generation by the plants of RusHydro Group, GWh

	1Q'17	1Q'16	chg, %
Center of Russia	8,729	9,798	-10.9%
S. of Russia and N.Caucasus	1,204	1,599	-24.7%
Siberia	5,788	5,643	2.6%
Total for the price zones	**15,720**	**17,041**	**-7.8%**
Far East	4,077	3,430	18.9%
RAO ES of the East	9,291	10,234	-9.2%
Armenia	38	72	-46.6%
TOTAL	**29,126**	**30,776**	**-5.4%**
incl. by HPPs, PSPPs[2]	20,452	21,164	-3.4%
incl. by TPPs and other	8,673	9,613	-9.8%
Boguchanskaya HPP	3,175	3,127	1.6%

The underlying factors of the production change in January-March 2017 were:

- total water inflow to reservoirs of the Volga-Kama cascade in the 1st quarter of 2017 was higher than normal;
- water inflow to major reservoirs of Siberia in the 1st quarter of 2016 was 30-45% higher than normal;

- electricity generation by hydropower plants of the South of Russia against the background of normal water level or slightly higher than long-run average;
- lower electricity consumption in the Far East of Russia.

Center of Russia

Due to low water inflow in the 4th quarter of 2016, water storage in reservoirs of the Volgo-Kama cascade, as of January 1, 2017, amounted to 50.5 km^3, which is 8.6% lower than long-run average and 15.3% lower than at the same period of 2016.

Winter 2016/2017 in most regions of Russia was close to normal – without long warm periods and with relatively ample snowfalls. Due to early spring snow melt water inflow to reservoirs in the Upper Volga was higher normal by 2.1-3.5x times, to Gorkovskoe and Cheboksarskoe reservoirs – by 1.6-1.7x.Total water inflow to reservoirs of the Volgo-Kama cascade was 33.2 km^3 (normal level - 21.3 km^3).

Despite the ample water inflows in the 1st quarter 2017, major reservoirs the Volgo-Kama cascade have been drown down to multi-year average levels, a result of efficient cooperation with the System Operator and Russian water regulator.

Water content in snow packs in the basin of the Volgo-Kama cascade as at the beginning of April was higher than in 2016 and amounted to 104 mm (95% from multi-year average).

Total electricity generation by RusHydro's hydropower plants of the Volgo-Kama cascade together with Zagorskaya pumped storage plant in the 1st quarter of 2017 amounted to 8,729 GWh, a 10.9% decrease as compared to the same period of 2016.

South of Russia and North Caucasus

Water conditions on the rivers of the South of Russia and North Caucasus in the 1st quarter of 2017 were close to long-run average or up to 20% higher.

The Chirkeyskoe and Irganayskoe reservoirs are being drown down to the beginning of the flood period.

The electricity generation by the hydropower plants of the South of Russia and North Caucasus in the 1st quarter of 2017 decreased by 24.7% to 1,204 GWh.

Siberia

In the 1st quarter of 2017, water inflow to Novosibirskoe and Sayano-Shushenskaya HPPs reservoirs was 30-45% higher than normal.

Novosibirskaya hydropower plant already entered in an early onset of spring flooding. Spring flooding in Siberia is expected to be even.

Water content in snow packs of Siberian hydropower plants of RusHydro as at the end of March was 82-132% of the normal levels.

The Boguchanskaya hydropower plant in the 1st quarter of 2017 generated 3,175 GWh, 1.6% increase as compared to the same period of the previous year.

Total electricity generation by RusHydro's Siberian hydropower plants in the 1st quarter of 2017 increased by 2.6% to 5,788 GWh.

Far East

In the end of the 1st quarter 2017, RusHydro started filling the reservoir of the Nizhne-Bureyskaya hydropower plant. On April 9, the intermediate reservoir level of 128 m was reached.

Total electricity generated by hydro and geothermal power plants of the Far East in the 1st quarter of 2017, increased by 18.9% to 4,077 GWh.

In the 1st quarter of 2017, generating assets of RAO ES of the East Holding, a subsidiary of RusHydro, produced 9,291 GWh of electricity, a 9.2% decrease as compared to the 1st quarter of 2016. Of this total, 74% was generated by JSC Far East Generating Company (DGK), which decreased production by 11.3% in the 1st quarter of 2017 to 6,862 GWh, mainly due to increase in electricity output by the Zeyskaya and Bureyskaya hydropower plants, as well as decrease in electricity consumption by 1.3% as compared to the previous year. In the 1st quarter of 2017, electricity generation by companies operating in isolated energy systems of the Far East decreased by 2.5% compared to 2016 on the back of lower electricity consumption in all the subregions.

In the 1st quarter of 2017, heat output by thermal plants of RAO ES of the East decreased by 9.2% to 12,102 ths. GCal as compared to 2016 due to higher temperatures.

Heat output by thermal plants of RAO ES of the East, ths. GCal

	1Q'17	1Q'16	chg, %
JSC DGK	8,642	9,465	-8.7%
PJSC Yakutskenergo	978	1,053	-7.2%
SC Sakhaenergo	35	39	-10.7%
SC Teploenergoservice	526	574	-8.3%
PJSC Kamchatskenergo	706	864	-18.2%
SC KSEN	30	34	-12.4%
PJSC Magadanenergo	441	498	-11.5%
SC Chukotenergo	159	175	-8.7%
JSC Sakhalinenergo	585	623	-6.2%
Total	**12,102**	**13,325**	**-9.2%**

Armenia

In the 1st quarter of 2017, electricity generation by the Sevan-Hrazdan cascade of hydropower plants in Armenia decreased by 46.6% to 38 GWh. The power generation by the plants of the cascade is dependent on water inflows of the Hrazdan river and water releases from Sevan lake.

Electricity retail

In the 1st quarter of 2017, total electricity output by RusHydro's retail companies, operating in Chuvashia, Ryazan and Krasnoyarsk regions, amounted to 5,945 GWh, a 7% decrease as compared to the same period of 2016.

In the reporting period, JSC Krasnoyarskenergosbyt decreased its output due to a number of consumers switching to wholesale electricity purchases, higher temperatures and other factors.

ESC RusHydro, a holding company for all electricity retail operations, increased electricity output by 11.3% as compared to the same period of 2016 due to addition of major consumers.

Electricity output by RusHydro Group's retail companies, GWh[3]

	1Q'17	1Q'16	chg, %
Krasnoyarskenergosbyt	3,696	4,205	-12.1%
Chuvash retail company	934	922	1.2%
Ryazan retail company	735	745	-1.4%
ESC RusHydro	580	521	11.3%
Total	**5,945**	**6,393**	**-7.0%**

Water inflows forecast

According to the forecast of the Hydrometeorologic Center of Russia, the following dynamics of water inflows to the major reservoirs is expected in the 2nd quarter of 2017:

- total expected water inflow to reservoirs of the Volgo-Kama cascade in the 2nd quarter of 2016 may amount to 134-162 km^3 as compared to the average of 161 km^3;
- water inflow to the reservoirs of hydropower plants located in the North Caucasus is expected to be close to long-run average;
- water inflow to major reservoirs of hydropower plants of Siberia expected to be close or slightly higher than normal;
- water inflow to the HPP's of Zeyskaya and Kolymskaya hydropower plants is expected to be 10-30% higher than long-run average, to Bureyskaya – close to normal level.

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 38.7 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.

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[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.

[2] Includes generation by HPPs of PJSC RusHydro, Kolymskaya HPP and Viluyskie HPPs, part of RAO ES of East group.

[3] 2016 data doesn't include operating data of Bashkiria electricity retail company divested to Inter RAO Group in December 2016.