

RusHydro Group announces its operating results for the 1Q 2018

April 20, 2018. Moscow, Russia. PJSC RusHydro (ticker symbol: MICEX-RTS, LSE: HYDR; OTCQX: RSHYY) announces operating results for the 1st quarter of 2018, of the parent company and subsidiaries of RusHydro Group reflected in consolidated financial statements.

Key highlights:

- *Strong hydropower production driven by increased water inflows to major reservoirs of the Volga-Kama cascade, production growth of RAO ES of East facilities following increase in consumption;*
- *Total electricity generation by RusHydro Group reached 31,835 GWh (+9.3%), including Boguchanskaya hydropower plant - 34,637 GWh (+7.2%)¹;*
- *Total production of RusHydro Group's HPPs/PSPPs reached 22,140 GWh (+8.2%), production of thermal power plants – 9,582 GWh (+11.9%) and production of alternative renewable energy facilities – 113 GWh (-0.4%);*
- *Total water inflow to the reservoirs of the Volga-Kama cascade was significantly higher than long-run average, while water inflow to the reservoirs in the south of Russia, Siberia and the Far East was higher than long-run average by 10-25%;*
- *Total production of RAO ES East Subgroup's power plants – 10,455 GWh (+11.8%), heat output by thermal power plants amounted to 13,038 thousand GCal (+7.7%);*
- *Electricity output by RusHydro Group's electricity retail companies amounted to 6,025 GWh (+1.3%);*
- *Water inflow to the reservoirs of the hydropower plants of the Volga-Kama cascade in 2Q 2018 is expected to be close to the long-run average.*

Electricity generation by the plants of RusHydro Group, GWh

	1Q'18	1Q'17	chg, %
Center of Russia	10,957	8,729	25.5%
South of Russia and North Caucasus	1,141	1,204	-5.2%
Siberia	5,594	5,788	-3.4%
Total for the price zones	17,692	15,720	12.5%
Far East	3,625	4,075	-11.0%
RAO ES East	10,455	9,291	12.5%
Armenia	63	38	65.8%
TOTAL	31,835	29,124	9.3%
incl. by HPPs, PSPPs ²	22,140	20,452	8.2%
incl. by TPPs and other	9,582	8,560	11.9%
Incl. by alt. renewables (geothermal, solar, wind)	113	114	-0.4%
Boguchanskaya HPP	2,803	3,176	-11.7%

The underlying factors of the production change in January-March 2018 were:

- total water inflow to reservoirs of the hydropower plants of the Volga-Kama cascade was significantly higher than long-run average (by 1.2-2.5x);
- increase in water inflow to the reservoirs of the hydropower plants in the south of Russia, Siberia and the Far East by 10-25% as compared to the long-run average;

- growth of electricity generation by thermal power plants in the Far East following decrease in water supply in reservoir of Zeyskaya HPP aided by increase in consumption in the region;
- increase in electricity sales to China and UES of Siberia by 25.2% (to 629.7 GWh) as compared to the same period last year.

Center of Russia

In the beginning of 2018 water supply in the hydropower plants of the cascade was higher as compared to the long-run average and to last year by 35% and 51% respectively. The available capacity of the reservoirs of the Volga-Kama cascade was 75.1 km³ as compared to the long-run average of 58.3 km³.

In the first quarter of 2018 water inflow to most of the reservoirs on Volga and Kama was higher than normal by 1.2-2.5x times. Total water inflow to the reservoirs of the Volga-Kama cascade reached 38.7 km³ (normal level - 21.3 km³).

In the second quarter of 2018, water inflow is expected to be lower than the normal level to the following reservoirs: Ivankovskoe, Uglichskoe and Rybinskoe – by 15%, Nizhnekamskoe – by 35%. Water inflow to all other reservoirs is expected to be close to the normal level.

Total electricity production by the hydropower plants of the Volga-Kama cascade and Zagorskaya pumped storage in the first quarter 2018 reached 10,957 GWh, an increase of 25.5% over the corresponding period last year.

South of Russia and North Caucasus

According to the Hydrometeorology Center of Russia, in the first quarter of 2018 hydropower plants in the North Caucasus were operating with water supply 10% higher than the long-run average. The same situation is expected in the second quarter of the year.

Pre-flooding reservoir draw-down is currently in effect at the main hydropower plants of the North Caucasus (Chirkeyskaya and Irganayskaya HPPs)

Total electricity production by the hydropower plants in the South of Russia and North Caucasus decreased by 5.2% to 1,141 GWh as compared to the corresponding period last year due to lower factual water inflow than in 2017.

Siberia

Water inflow to the reservoirs on the rivers of Siberia in the first quarter of 2018 was higher than normal level: inflow to Sayano-Shushenskoe reservoir and Novosibirskaya HPP was higher by 20% and 15%, respectively.

Overall electricity production by the hydropower plants in Siberia decreased by 3.4% to 5,594 GWh on the back of lower water inflows as compared to the first quarter of last year. The Boguchanskaya HPP produced 2,803 GWh in the first quarter of 2018, a decrease of 11.7% over the corresponding period last year.

Far East

Given hydrological conditions of the autumn-winter period of 2017/2018 and decreased water reserves in Zeyskoe reservoir in the beginning of the year as compared to long-run average, the Far East hydropower plants were operating according to the regimes to provide necessary draw-down of reservoirs to pre-flood levels and ensure reliable and safe operation of the facilities as well as accumulation of inflows during the 2018 flood period. Water inflow to Zeyskoe reservoir in the first quarter was 20% higher than the long-run average and to Kolymenskaya HPP - 35% above the long-run average.

Total electricity generated by hydro and geothermal power plants in the Far East (not included in the RAO ES East subgroup) in the first quarter of 2018 decreased by 11% to 3,625 GWh against the same period last year.

Total electricity generated by RAO ES East subgroup in the first quarter of 2018 amounted to 10,454 GWh, an increase of 12.5% compared to the first quarter last year. JSC Far Eastern Generating Company's (DGK) share of electricity generated was 75% or 7,822 GWh, an increase of 14% as compared to the same period last year.

Electricity production by vertically-integrated power companies in isolated zones of the Far East increased by 8.5% in first quarter of 2018 against the corresponding period of 2017.

The main drivers behind the increase was an overall consumption growth aided by increase in electricity sales to China and UES of Siberia by 25% from 503 GWh to 630 GWh.

Energy consumption in the Unified Power System of the East in the first quarter of 2018 increased by 5.8% over the same period last year, while overall energy consumption in the Far East (including isolated power systems) increased by 6.4% according to System Operator of the United Power System.

Heat output by thermal plants of RAO ES East Subgroup in the first quarter of 2018 increased by 7.7% and reached 13,039 GCal as compared to the corresponding period of 2017 due to lower air temperatures in all the regions of the Far East with an exception of Chukotka Autonomous Okrug.

Heat output by thermal plants of RAO ES of the East Subgroup, '000 GCal

	1Q'18	1Q'16	chg.
JSC DGK	9,420	8,642	9.0%
PJSC Yakutskenergo	1,059	978	8.3%
JSC Sakhaenergo	38	35	8.6%
JSC Teploenergoservice	548	527	4.0%
PJSC Kamchatskenergo	740	706	4.8%
JSC KSEN	30	30	0.0%
PJSC Magadanenergo	463	441	5.0%
JSC Chukotenergo	148	159	-6.9%
PJSC Sakhalinenergo	594	585	1.1%
TOTAL	13,039	12,102	7.7%

Armenia

Electricity generation by the Sevan-Hrazdan cascade of hydropower plants in Armenia in the first quarter of 2018 increased by 65.1% to 63 GWh. The power generation by the plants of the cascade is dependent on water inflows of the Hrazdan river and water discharge from Sevan Lake.

Electricity retail

Total electricity output by RusHydro's retail companies – Krasnoyarskenergosbyt, Chuvash retail company, Ryazan retail company and ESC RusHydro – in the first quarter of 2018 amounted to 6,025 GWh, an increase of 1.3% against the same period of 2017.

The increase in output was driven by increase in net output by Krasnoyarskenergosbyt as result of temperature factor, growth of customer base and increase in purchased electricity to compensate for the losses of grid operators in the first quarter of 2018 against first quarter of 2017 as result of overall increase of energy consumption.

Increase in electricity output of JSC Chuvash retail company is driven by climate factor for the most part as air temperature in March 2018 was lower than in March 2017, which resulted in increased energy consumption.

Electricity output by RusHydro Group's retail companies, GWh

	1Q'18	1Q'17	chg, %
Krasnoyarskenergosbyt	3,916	3,696	5.9%
Chuvash retail company	960	934	2.8%
Ryazan retail company	730	735	-0.8%
ESC RusHydro	420	580	-27.6%
TOTAL	6,025	5,945	1.3%

Water inflows forecast

According to the forecast of the Hydrometeorology Center of Russia, the following dynamics of water inflows to the major reservoirs is expected in the 2nd quarter of 2018:

- Total water inflows to reservoirs on Volga and Kama are expected to be in the range of 138 - 166 km³ (as compared to the normal level of 161 km³);
- Inflows to reservoir of the rivers of North Caucasus are expected to be close to long-run average or slightly higher;
- Inflows to major reservoirs in Siberia are expected to be close to long-run average;
- Inflows to Zeiskoe reservoir in the Far East is expected to be slightly above the long-run average, while inflows to Kolymskoe reservoir is expected to be 1,9x above the long-run average.

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 39.1 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.

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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 JSC RusHydro, Kolymskaya HPP and Viluiskie HPPs (RAO ES East Subgroup).