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RusHydro Group announces its 1Q 2016 operating results

PJSC RusHydro (ticker symbol: MICEX-RTS, LSE: HYDR; OTCQX: RSHYY) announces operating results for the 1st quarter of 2016 of the parent company and the subsidiaries of RusHydro Group reflected in consolidated financial statements.

Key highlights:

- *Recovery of generation volumes in the 1st quarter of 2016 as compared to the 1st quarter of 2015 as a result of 1.3-2.2x higher than long-run average water inflow to reservoirs of the Volgo-Kama cascade and increased water inflow to reservoirs in Siberia;*
- *Total electricity generation by power plants of RusHydro Group in 1Q 2016 amounted to 30,776 GWh (+15.6%);*
- *In 1Q 2016, total production by HPPs/PSPPs amounted to 21,164 GWh (+26.6%), total output by by thermal (TPPs) and geothermal plants – 9,613 GW (-3.1%);*
- *In 1Q 2016, total water inflow to reservoirs of the Volga-Kama cascade, HPPs of the South and the Far East of Russia was higher than long-run average, to reservoirs of Siberia – higher or close normal;*
- *Electricity generation by the plants of RAO ES of the East in 1Q 2016 – 10,234 GWh (-2.9%), heat output by thermal plants – 13,325 ths. Gcal (+5.9%);*
- *The electricity generation by the Boguchanskaya hydropower plant in 1Q 2016 amounted to 3,127 GWh (+32.8%) *;*
- *Water inflow to reservoirs of major hydropower plants of the Group in 2Q 2016 is expected to be close to or slightly higher than long-run average.*

In the 1st quarter of 2016, total electricity generation by power plants of RusHydro Group amounted to 30,776 GWh, a 15.6% increase as compared to the same period of 2015. In the 1st quarter of 2016, hydropower (HPPs) and pumped storage power plants (PSPPs) of RusHydro Group increased electricity generation by 26.6% to 21,164 GWh, output by thermal (TPPs) and geothermal plants located in the Far East of Russia in the 1st quarter of 2016 decreased by 3.1% to 9,613 GWh.

Electricity generation by the plants of RusHydro Group, GWh

	1Q'16	1Q'15	chg, %
Center of Russia	9,798	7,006	39.8%
S. of Russia and N.Caucasus	1,599	1,037	54.1%
Siberia	5,643	5,156	9.5%
Total for the price zones	**17,040**	**13,199**	**29.1%**
Far East	3,430	2,843	20.6%
RAO ES of the East	10,234	10,537	-2.9%
Armenia	72	55	30.9%
TOTAL	**30,776**	**26,634**	**15.6%**
incl. by HPPs, PSPPs **	21,164	16,713	26.6%
incl. by TPPs and other	9,613	9,921	-3.1%
Boguchanskaya HPP	3,127	2,354	32.8%

The underlying factors of the production change in January-March 2016 were:

- total water inflow to reservoirs of the Volga-Kama cascade in the 1st quarter of 2016 was higher than normal;
- water inflow to major reservoirs of Siberia in the 1st quarter of 2016 was close or slightly higher than normal;

- increased electricity generation by hydropower plants of the South of Russia associated with water level close or slightly higher than long-run average.

Center of Russia

Due to increased water inflow in the end of 2015, water storage in reservoirs of the Volgo-Kama cascade, in the beginning of 2016, amounted to 68.4 km^3, which is 16.8% higher than long-run average and 44.8% higher than in the same period of 2015. In the 1st quarter of 2016, water inflow to reservoirs of the Volgo-Kama cascade was 1.3-2.2x higher than long-run average. Total water inflow to reservoirs of the Volgo-Kama cascade in the 1st quarter of 2016 amounted to 34.3 km^3 as compared to the average of 21.3 km^3. The spring flood in 2016 on the most rivers of the European part of Russia is expected to be low or close to normal.

As of the end of March, water reserves in snow packs at the Volga river amounted to 83% of norm. Useful storage in reservoirs of the Volgo-Kama cascade, as of the beginning of April, amounted to 53.4 km^3, which is 26.1% higher than long-run 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 2016 amounted to 9,798 GWh, a 38.9% increase as compared to the same period of 2015.

South of Russia and North Caucasus

Water conditions on the rivers of the South of Russia and North Caucasus in the 1st quarter of 2016 were close to long-run average. In the 1st quarter of 2015 water inflow to the Chirkeyskoe reservoir was 15% lower than long-run average.

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 2016 increased by 54.1% to 1,599 GWh.

Siberia

In the 1st quarter of 2016, water inflow to main rivers of Siberia was close to normal, to Novosibirskoe reservoir and reservoir of Sayano-Shushenskaya HPP was 15-30% higher than normal. Water reserves in snow packs in basins and reservoirs of Siberia as of the end of March amounted to 100-127% of norm.

The Boguchanskaya hydropower plant in the 1st quarter of 2016 generated 3,127 GWh, 32.8% increase as compared to the same period of the previous year. As of the beginning of April, the reservoir level of the Boguchanskaya hydropower plant amounted to 207 m above sea level. The snow packs in the eastern part of Krasnoyarsk region amount to 150-160% of long-run average.

Total electricity generation by RusHydro's Siberian hydropower plants in the 1st quarter of 2016 increased by 9.5% to 5,643 GWh.

Far East

Current hydrological conditions in the region and low water reserves didn't allow to fill the reservoir of the Zeyskaya HPP to its normal water level by the beginning of autumn-winter period which limited the plant's output to 2.2 TWh from Sepmber 2015 to April 2016. However, as a result of load reallocation of the plants, electricity output by the Bureyskaya hydropower plant in the 1st quarter of 2016 increased by 48.4% as compared to the same period of 2015.

Given the current hydrological situation in the Far East, the spring flood is expected to be close to normal.

Total electricity generated by hydro and geothermal power plants of the Far East in the 1st quarter of 2016, increased by 20.6% to 3,430 GWh.

In the 1st quarter of 2016, generating assets of RAO ES of the East Holding, a subsidiary of RusHydro, produced 10,234 GWh of electricity, a 2.9% decrease as compared to the 1st quarter of 2015. Of this total, 76% was generated by JSC Far East Generating Company (DGK), which decreased production by 3.9% in the 1st quarter of 2016 to 7,738 GWh, mainly due to 24% increase in electricity output by the Zeyskaya and Bureyskaya hydropower plants, as well as increase in electricity consumption by 1.3% as compared to the previous year. In the 1st quarter of 2016, electricity generation by companies operating in isolated energy systems of the Far East remained flat year-on-year.

In the 1st quarter of 2016, heat output by thermal plants of RAO ES of the East increased by 5.9% to 13,325 ths. GCal as compared to 2014.

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

	1Q'16	1Q'15	chg, %
JSC DGK	9,465	8,956	5.9%
PJSC Yakutskenergo	1,053	969	8.7%
SC Sakhaenergo	39	42	-7%
SC Teploenergoservice	574	603	-4.8%
PJSC Kamchatskenergo	864	750	15.2%
SC KSEN	34	31	10.3%
PJSC Magadanenergo	498	457	9%
SC Chukotenergo	175	178	-2.1%
JSC Sakhalinenergo	623	598	4.3%
Total	**13,325**	**12,583**	**5.9%**

Armenia

In the 1st quarter of 2016, electricity generation by the Sevan-Hrazdan cascade of hydropower plants in Armenia increased by 30.9% to 72 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 2016, total electricity output by RusHydro's four retail companies, operating in Bashkiria, Chuvashia, Ryazan and Krasnoyarsk regions, amounted to 10,205 GWh, a 3.5% decrease as compared to the same period of 2015.

In the reporting period ESC RusHydro, a holding company for all electricity retail operations, increased electricity output by 87 GWh (or 20%) as compared to the same period of 2015 due to addition of major consumers.

The decrease in electricity output by JSC Krasnoyarskenergosbyt by 25 GWh or 0.6%, Bashkiria power retail company by 427 GWh (-10%), JSC Chuvash retail company by 8 GW (-1%) is attributable to recession in manufacturing industry as well as transfer of a number of major consumers to independent wholesale electricity purchases.

Electricity output by RusHydro Group's retail companies, GWh

	1Q'16	1Q'15	chg, %

Krasnoyarskenergosbyt	4,205	4,230	-0.6%
Bashkiria retail company	3,812	4,239	-10%
Chuvash retail company	922	930	-1%
Ryazan retail company	745	743	0%
ESC RusHydro	521	434	20%
Total	**10,205**	**10,577**	**-3.5%**

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 2016:

- total expected water inflow to reservoirs of the Volgo-Kama cascade in the 2nd quarter of 2016 may amount to 130-158 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 the Far East is expected to be close to long-run average.

* 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.

** Includes generation by HPPs of PJSC «RusHydro», Kolymskaya HPP and Viluiskie HPPs, part of RAO ES of East group.

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 38.5 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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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 and political conditions, our competitive environment, risks associated with operating in Russia and rapid technological and market changes in our industries, as well as many other risks specifically related to RusHydro and its operations.