

RusHydro Group announces 1H 2021 IFRS results

August 26, 2021. Moscow, Russia. RusHydro Group (hereinafter referred to as the “Group”, ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) announces its condensed consolidated interim unaudited financial information prepared in accordance with International Financial Reporting Standards (IFRS) for the 2nd quarter and 1st half of 2021. **The company demonstrated stable results following improvement of financial performance in the 2nd quarter of 2021 maintaining a strong EBITDA margin.**

Key highlights for 1H 2021:

- **RUB 231,728 mn** – total revenue (+6.3% y-o-y)
- **RUB 66,363 mn** – EBITDA (-1.9 y-o-y)
- **28.6%** - EBITDA margin (+0.6 p.p. as compared to 2020)
- **3.8%** increase in manageable cash cost* growth y-o-y
- **RUB 40,290 mn** – net profit (-14.0% y-o-y)
- **0.79x** – net debt**/EBITDA (0.99x in 2020)

Key highlights for 2Q 2021:

- **RUB 107,897 mn** – total revenue (+7.5% y-o-y)
- **RUB 31,456 mn** – EBITDA (+1.3% y-o-y)
- **29.2%** - EBITDA margin (+1.2 p.p. as compared to 2020)
- **4.6%** increase in manageable cash cost growth y-o-y
- **RUB 19,861 mn** – net profit (-5.0% y-o-y)

2Q and 1H 2021/2020 highlights (in RUB mn)

	2Q/21	2Q/20	chg.	1H/21	1H/20	chg.
Revenue	107,897	100,373	7.5%	231,728	218,057	6.3%
Operating expenses	84,367	76,311	10.6%	181,122	164,613	10.0%
Other operating profit	123	558	-78.0%	534	861	-38.0%
Operating profit***	23,653	24,620	-3.9%	51,140	54,305	-5.8%
EBITDA****	31,456	31,039	1.3%	66,363	67,652	-1.9%
Net profit	19,861	20,917	-5.0%	40,290	46,825	-14.0%

Operating results

In 1H 2021, electricity generation by RusHydro Group amounted to 63,679 GWh (-7.6%), including Boguchanskaya hydropower plant***** – 73,147 GWh (-6.0%).

Main factor affecting production was return of water inflows to main reservoirs of the hydropower plants of the Volga-Kama cascade, Siberia and the Far East to the normal level or slightly above.

Detailed review of operational results is available at the Company’s official website at:

http://www.eng.rushydro.ru/investors/IR_news/113805.html

Key events since January 2021

- The Board of Directors appointed Victor Khmarin as Chairman of the Management Board, General Director of the Company and elected the new Management Board;
- PJSC RusHydro and PJSC Polyus have signed a bilateral power purchase agreement for clean electricity produced by Sayano-Shushenskaya HPP;
- Conversion of Anadyrskaya CHPP from coal to natural gas has been completed, significantly reducing the impact on the environment and improving the company's ESG profile;
- Analytical credit rating agency (ACRA) confirmed PJSC RusHydro's credit rating and the Company's bonds on national scale at the highest level, AAA(RU) (outlook stable);
- Annual General Shareholders Meeting elected PJSC RusHydro's new Board of Directors and approved 2020 dividends of RUB 0.0530482 per share (dividend yield of 6.4%).

Revenue

Revenue breakdown in 2Q and 1H 2021/2020 (in RUB mn)

	2Q/21	2Q/20	chg.	1H/21	1H/20	chg.
Electricity sales	71,400	66,520	7.3%	148,648	142,205	4.5%
<i>Incl. grants as per Resolution of the Russian Gov't No. 895 *****</i>	<i>7,608</i>	<i>7,232</i>	<i>5.2%</i>	<i>15,763</i>	<i>14,464</i>	<i>9.0%</i>
Capacity sales	15,132	13,899	8.9%	32,960	27,980	17.8%
Heat and hot water sales	8,682	7,725	12.4%	27,075	24,735	9.5%
Other sales	5,818	6,740	-13.7%	11,966	13,410	-10.8%
Other government grants	6,865	5,489	25.1%	11,079	9,727	13.9%
Total revenue	107,897	100,373	7.5%	231,728	218,057	6.3%

In 1H 2021, total revenue of the Group increased by 6.3% to RUB 231,728 mn as compared to 1H 2020. The change is associated with the following key factors:

- increase of RUB 4,980 mn on the back of sales volume growth under capacity supply agreements (DPM) following commissioning of Zaramagskaya HPP-1, Verkhnebalkarskaya, Ust-Dzhegutinskaya and Barsuchkovskaya small HPPs;
- increase of RUB 5,574 mn in Supply companies segment following mainly at PJSC DEK and PJSC Krasnoyarskenerosbyt on the back of tariff growth and increase in output;
- increase of RUB 3,729 mn mainly on the back electricity sales volume growth and subsidies at Far East energy companies segment*****;
- decrease of RUB 2,842 mn on electricity sales in Hydropower segment following lower hydropower electricity output;
- increase of RUB 2,340 mn from heat and hot water sales on the back of increase of heat output including following commissioning of CHPP in Sovetskaya Gavan in the end of 2020.

Operating expenses

Operating expenses breakdown in 2Q and 1H 2021/2020 (in RUB mn)

	2Q/21	2Q/20	chg.	1H/21	1H/20	chg.
Employee benefit expenses	20,233	19,987	1.2%	40,112	39,605	1.3%
Fuel expenses	14,722	14,394	2.3%	39,025	37,103	5.2%
Third parties expenses and other *****	19,246	16,905	13.8%	38,707	36,146	7.1%
Purchased electricity and capacity	14,678	10,793	36.0%	33,487	24,200	38.4%
Depreciation	7,802	6,892	13.2%	15,512	13,919	11.4%
Taxes other than on income	3,440	3,287	4.7%	6,884	6,567	4.8%
Other materials	2,747	2,660	3.3%	4,693	4,439	5.7%
Water usage expenses	1,499	1,393	7.6%	2,702	2,634	2.6%
TOTAL	84,367	76,311	10.6%	181,122	164,613	10.0%

Total operating expenses in 1H 2021 as compared to the same period last year increased by 10.0% to RUB 181,122 mn due to the following factors:

- increase in purchased electricity and capacity by RUB 9,287 mn mainly in Retail segment by PJSC DEK following increase of purchased electricity compounded by change in supplier structure towards increase of electricity purchase from third parties following divestment of Primorskaya GRES;
- increase in fuel expenses by RUB 1,922 mn mainly in JSC DGK following significant increase in the purchase price of natural gas and coal and commissioning of CHPP in Sovetskaya Gavan;
- increase in depreciation expense by RUB 1,593 mn following commissioning of new facilities as well as modernization at PJSC RusHydro's facilities;
- increase in grid company services on electricity distribution by RUB 1,461 mn mainly in Retail segment following volume and tariff increase.

Profit

In the first half of 2021, the Group's net profit decreased by 14.0% to RUB 40,290 mn following absence of significant revaluations of the forward contract on the company's shares which was accounted for in 1H 2020.

In the same period, EBITDA decreased by 1.9% to RUB 66,363 mn.

Key indicators of financial position

As of June 30, 2021, the Group's assets increased by RUB 18,922 mn or 2.0% to RUB 960,957 mn against December 31, 2020 following increase in accounts receivable and property, plant & equipment (implementation of the Group's investment program).

As at the end of the reporting period, the Group's liabilities increased by RUB 1,090 mn or 0.3% to RUB 334,185 mn as compared to December 31, 2020 mainly due to accrual of liabilities on dividend payments for 2020.

Events after the reporting date

- RusHydro Group has entered into agreement with "Goal Number Seven", the Association of Energy Markets Participants that will certify RusHydro Group's generating facilities upon which issuance of green I-REC certificates will take place. The certificates will acknowledge the origin of electricity that RusHydro Group produces from renewable energy sources.
- The Board of Directors elected Deputy Chairman of the Government of the Russian Federation – Plenipotentiary Representative of the President in the Far Eastern Federal District Yury Trutnev as its Chairman. He has held the position of the Chairman of the Board of Directors since June 2015.
- RusHydro Group has signed an agreement with Transenergoprom to divest 100% share in JSC Chuvashskaya Electricity Sales Company. Earlier RusHydro Group's Board of Directors approved the transaction and cancellation of participation in JSC Chuvashskaya Electricity Sales Company.

The full financial statements are available on the Company's website at: <http://www.eng.rushydro.ru/investors/reports>

**Includes employee benefit expenses, fuel expenses, third parties expenses, other materials and other costs.*

*** Total net debt at the end of reporting period is calculated as the difference between financial debt and cash & cash equivalents (including bank deposits maturing in one year). Financial debt includes current debt, non-current debt (excluding interest payable), non-deliverable forward contract.*

**** Operating profit is calculated as the difference between revenue, other operating profit and operating expenses.*

***** EBITDA is calculated as operating profit/loss excluding depreciation of property, plant and equipment, amortization of intangible assets, impairment of property, plant and equipment, impairment of financial assets, profit / loss on disposal of property, plant and equipment and other non-cash items of operating income and expenses.*

****** The Boguchanskaya hydropower plant is part of the Boguchanskiy Energy and Metals Complex (BEMO), a 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.*

****** In 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 2017 to the basic level of RUB 4.00 / kWh, from 1 January 2018 to RUB 4.30 / kWh, from 1 January 2019 to RUB 4.69 / kWh, from 1 January 2020 to RUB 5 / kWh. According to the Resolution of the Russian Government No. 1614-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. Within the amounts defined by Resolution No. 1615-r of the Russian Government dated 28 July 2017, 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 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*



***** includes grid company services

About RusHydro

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

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The information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of RusHydro. One can identify forward-looking statements by terms such as "expect," "believe," "anticipate," "plan", "aim", "target", "forecast", "project", "should", "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 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.