



RusHydro

RusHydro Group 9M 2021 IFRS results & market update

November 25, 2021



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Key events in 3Q 2021 and after reporting date

- Divestment of JSC Chuvashskaya Electricity Retail Company to Transenergoprom for RUB 300mn. Decrease of debentures by RUB 1.2 bn;
- RusHydro commissioned the first renewable energy power complex under the energy service agreement in Yakutia;
- RusHydro began construction of 23.4 MW Cherekskaya small HPP in Kabardino-Balkarian Republic. The facility will go online in the 4th quarter of 2024 under DPM for renewables contract;
- Fitch Ratings Ltd has confirmed RusHydro's long-term credit and bond ratings both at sovereign investment grade level "BBB", and affirmed the outlook at "Stable";
- S&P Global Ratings upgraded the company's stand alone credit rating to investment grade level of "BBB-", current sovereign level and affirmed the company's long-term credit rating at "BBB-" (stable)

All credit ratings at sovereign level

Fitch	Moody's	S&P	ACRA
BBB (stable)	Baa3 (stable)	BBB- (stable)	AAA(RU) (stable)

Consolidated financial results

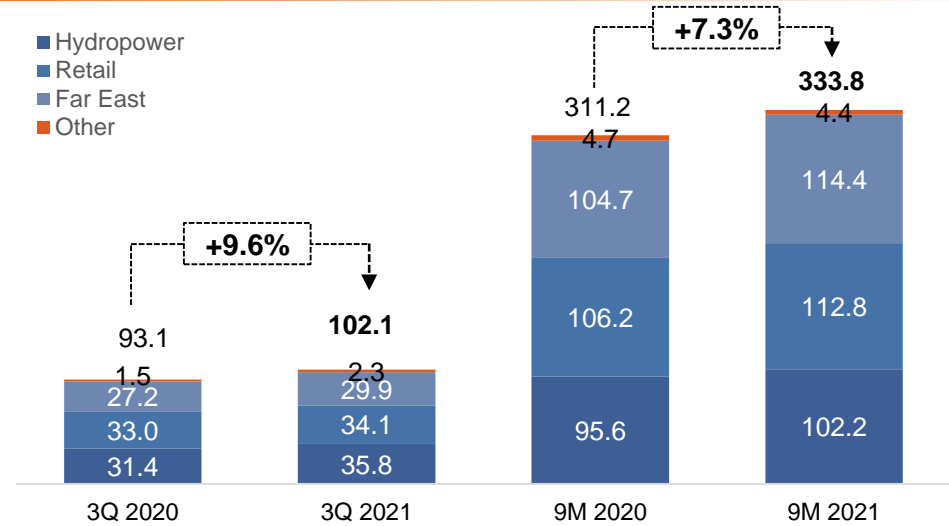
RUB, bn	9M'21	9M'20	chg.
Revenue	333.8	311.2	7.3%
Operating expenses	265.4	242.4	9.5%
Operating profit	71.2	69.7	2.0%
EBITDA	92.0	90.5	1.6%
<i>EBITDA margin</i>	<i>27.6%</i>	<i>29.1%</i>	<i>-1.5 b.p.</i>
Net profit	52.4	60.5	-13.3%
<i>Net profit margin</i>	<i>15.7%</i>	<i>19.4%</i>	<i>-3.7 b.p.</i>
Total debt	211.2	219.6	-3.8%
<i>Total debt / EBITDA</i>	<i>1.7x</i>	<i>1.9x</i>	
Net debt	122.0	111.5	9.4%
<i>Net debt / EBITDA</i>	<i>1.0x</i>	<i>1.0x</i>	



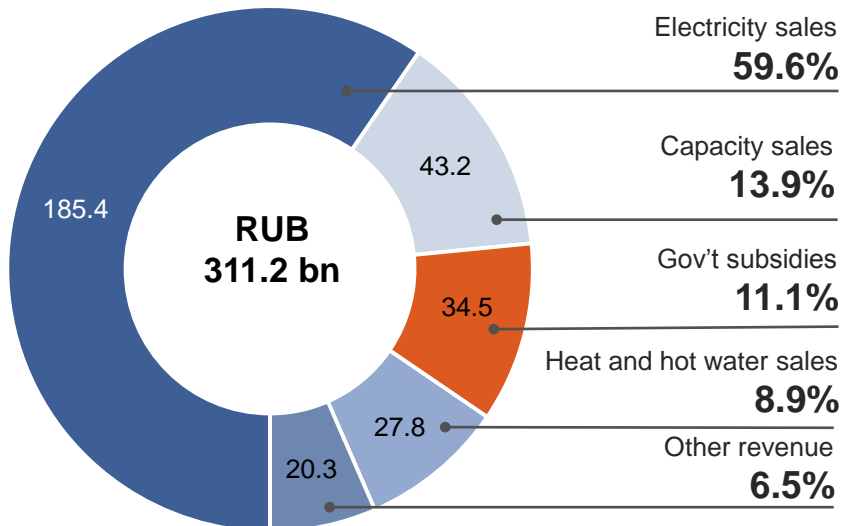
Key highlights of 3Q and 9M 2021

- Revenue in 3Q and 9M 2021 increased by **9.6%** and **7.3%** to **RUB 102.1 bn** and **RUB 333.8 bn**, respectively due to:
 - spot market price growth
 - capacity sales (DPM projects)
 - retail revenue (volume related)
 - electricity sales in the Far East (volume related)
 - heat & hot water sales (volume related)
- 73.5%** of revenues in 9M 2021 came from **electricity and capacity sales** (+0.1 b.p. vs. 9M 2020)

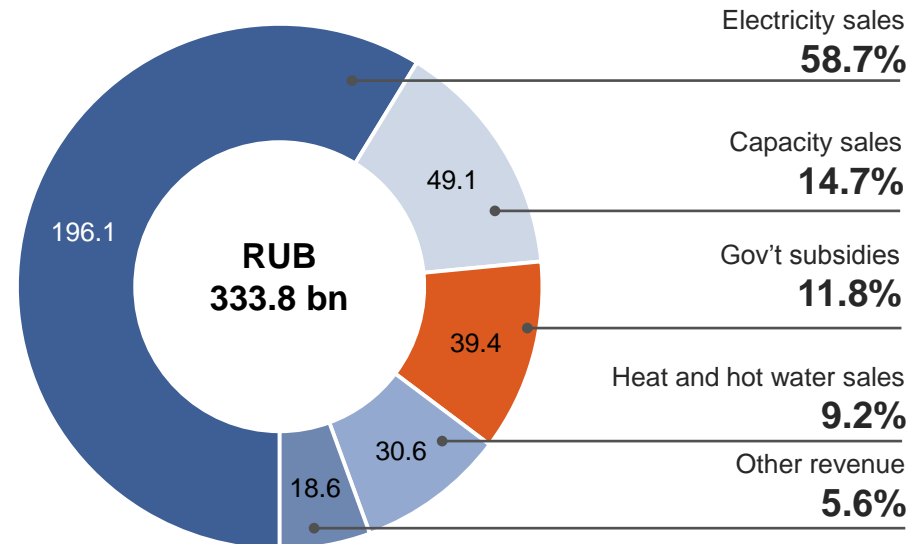
3Q and 9M 2021 Revenue dynamics



9M 2020 Sales review



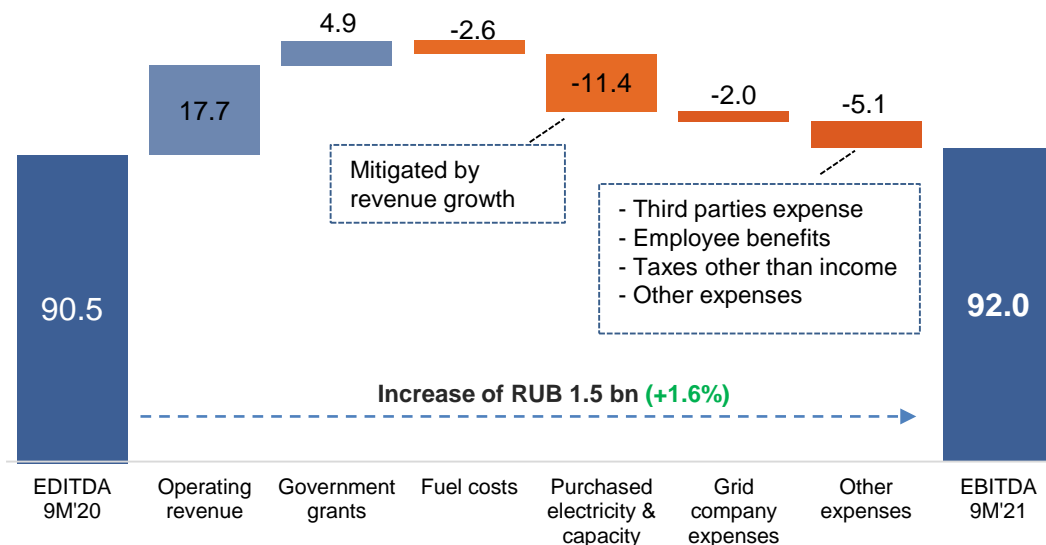
9M 2021 Sales review



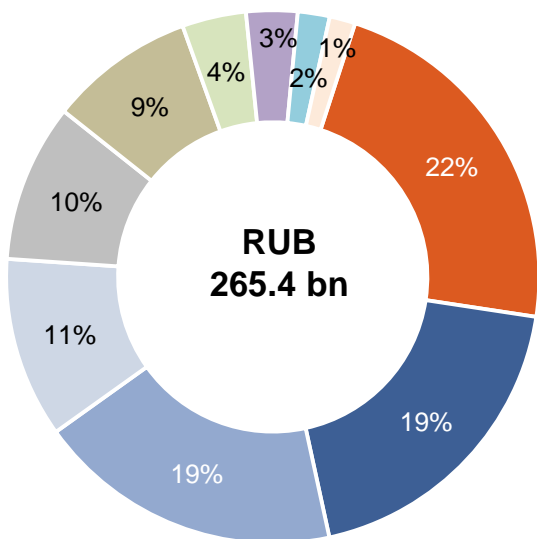
Key highlights

- 9M EBITDA increased by **1.6%** to **RUB 92.0 bn**
- 9M EBITDA margin of **27.6%** (-1.5 b.p. y-o-y)
- 9M Net Profit decreased by 13.3%
- 9M Net Profit margin of 15.7% (-3.7 b.p. y-o-y)
- Operating Expenses increased by 9.5% to RUB 265.4 bn
 - Increase in purchased electricity and capacity (by 30%) mitigated by revenue growth
 - No significant change in structure

9M 2021 EBITDA, bn RUB

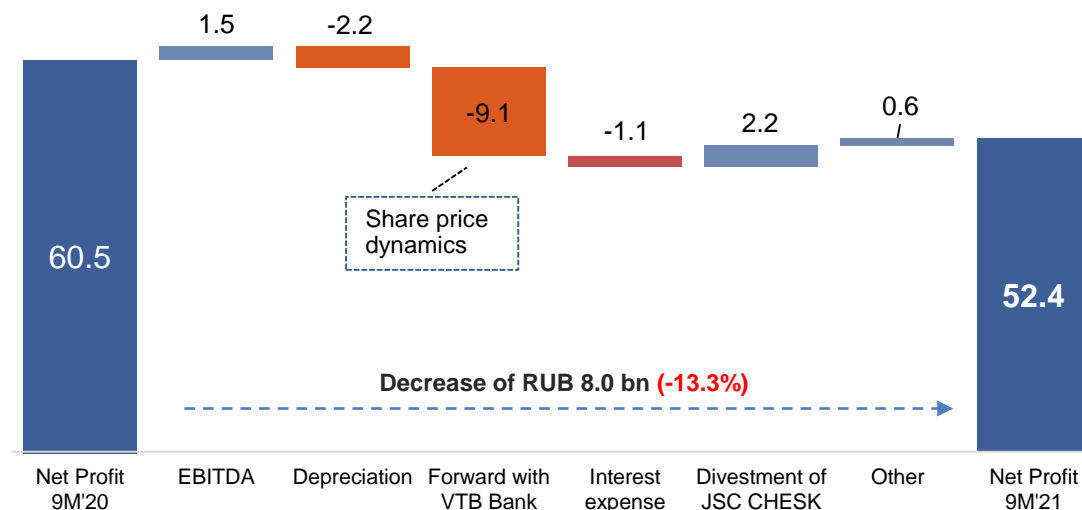


9M 2021 Operating expenses



- Employee benefits
- Fuel costs
- Purchased electricity & capacity
- Grid company services on electricity distribution
- Third party services
- Depreciation
- Taxes
- Other materials
- Other expenses
- Water usage

9M 2021 Net Profit, bn RUB



1

Operations

- RusHydro maintains stable operational outlook through 2021
- 2021 hydropower production – in line with forecast, slightly below 2020 on the back of record-high base effect

2

Financial performance

- 2021 consolidated Revenue – RUB 460 bn
- 2021 consolidated EBITDA – over RUB 110 bn

3

6 new power plants in the Far East

- Expected return – 12.5%, effective return – 11,0%, return of investments – 15 years
- The decree has been submitted to the Government, approval expected by the end of 2021

5

Dividend policy

- New provision of dividend policy as per Governmental decree 1589-r from 11.06.2021 which stipulates dividend payout at the level of **50% of adjusted net income** to be approved by the Board of Directors **on 25.11.2021**. Minimum dividend threshold maintained (average dividend paid over the previous three years) -> **Consistent solid dividend payout.**

6

Capacity additions

- Increase of installed capacity by 23 MW in 2021 (modernization)

7

Leverage

- 2021 Net Debt/EBITDA – **1.2x (vs. forecast of 1.7x)**
- 2021 Debt/EBITDA – **1.7x (vs. forecast of 2.3x)**



Appendix

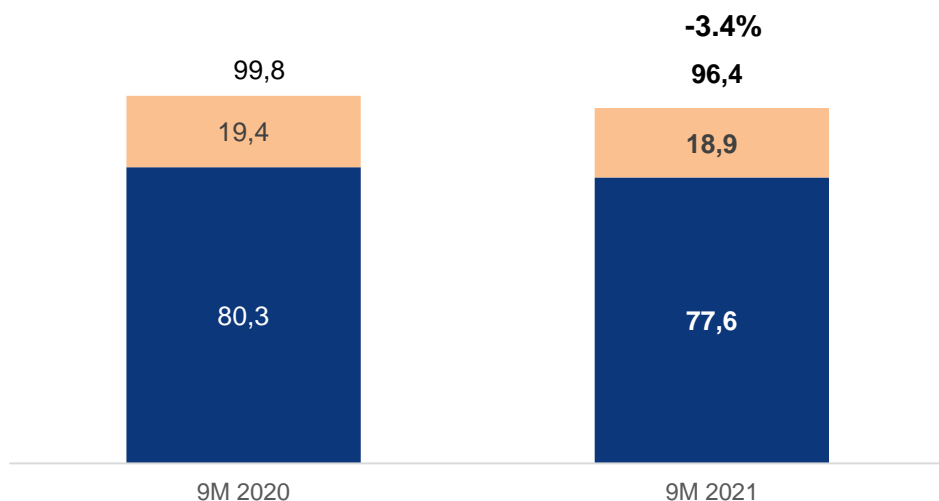


- Electricity output in 9M 2021 was at the normal level or above
 - Decrease year-on-year on the back of high base effect
 - Record-high 3Q production in Siberia and in the Far East
- **96.4 TWh (-3.4%)** – total electricity production by power plants of RusHydro Group:
 - **77.3 TWh (-3.5%)** – total production by hydropower plants;
 - **18.9 TWh (-3.0%)** – electricity production by fossil fuel plants in the Far East;
 - **0.3 TWh (-1.3%)** – electricity production by renewables.
 - **19.9 million GCal (+4.2%)** – total heat output by thermal plants.
 - **12.5 TWh (-4.4%)** – electricity production of Boguchanskaya HPP.

- ≡ **Volga-Kama HPPs:** water inflows to major reservoirs at the normal level;
- ↗ **Siberia, Far East & North Caucasus:** water inflows above the normal level
- ↗ **RAO ES East:** electricity generation growth following consumption growth in the region.

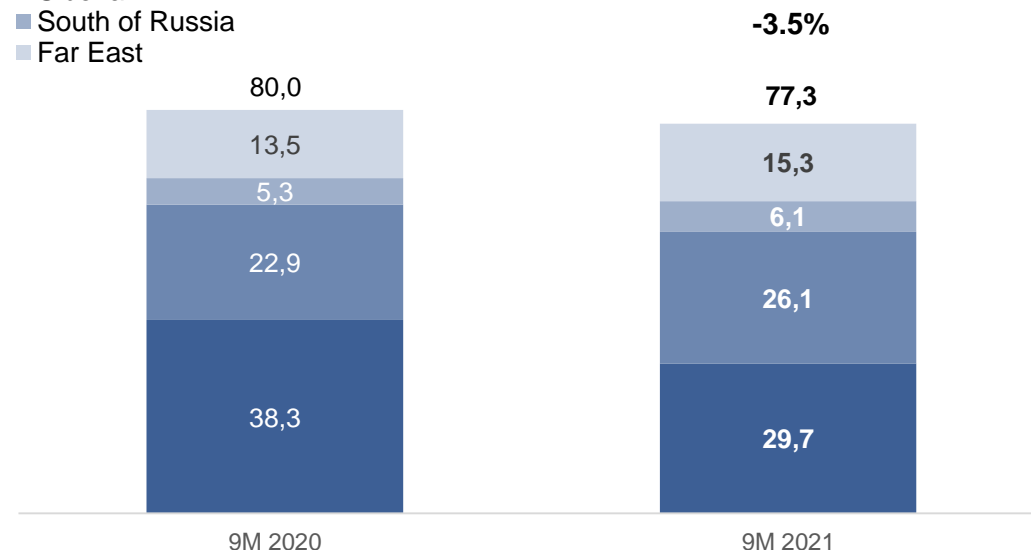
9M 2020 / 9M 2021 – Total electricity production, TWh ¹

■ Hydro + renewables
■ Thermal



9M 2020 / 9M 2021 – Hydropower production, TWh ²

■ Center
■ Siberia
■ South of Russia
■ Far East



(1) Excluding Armenia, Primorskaya GRES and Boguchanskaya HPP

(2) Excluding renewables



Spot market price dynamics:

- ✓ 3Q 2021: 1st price zone – 1,422 RUB/MWh (+18.7% y-o-y), 2nd price zone - 835 RUB/MWh (-4.8% y-o-y)
- ✓ 2020: 1st price zone – 1,209 RUB/MWh (-6.9% y-o-y), 2nd price zone - 838 RUB/MWh (+8.3% y-o-y)
- ✓ **Decrease in HPP output mitigated by spot market prices growth**

Capacity price dynamics:

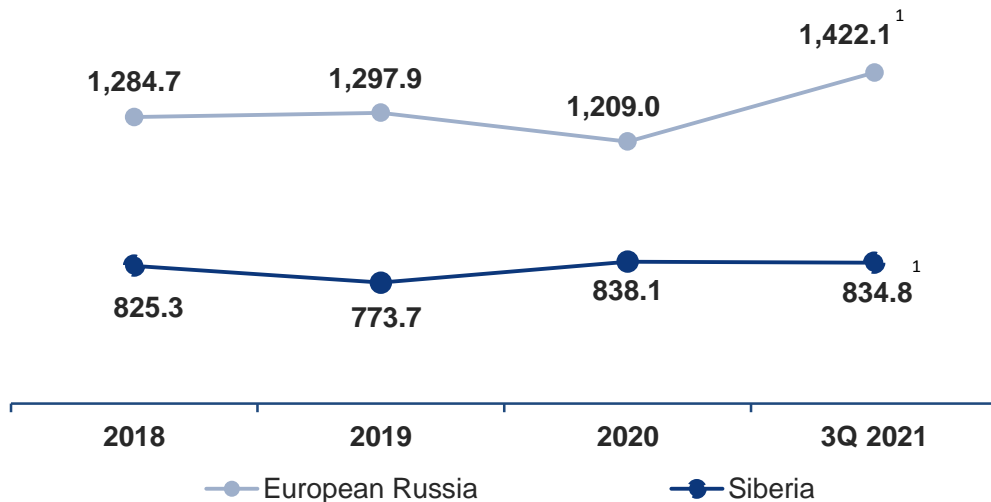
- ✓ 3Q 2021: 1st price zone – 150k RUB/MW/month (+23.5% y-o-y), 2nd price zone - 246k RUB/MW/month (+20.7% y-o-y)
- ✓ 2020: 1st price zone – 125k RUB/MW/month (+1.7% y-o-y), 2nd price zone - 210k RUB/MW/month (-2.0% y-o-y)
- ✓ KOM prices are expected to **show stable performance until 2025** with indexation (LY inflation less 0.1%)

HPPs under DPM projects:

- ✓ 3Q 2021: average selling capacity price - 2,148k RUB/MW/month
- ✓ 2020: average selling capacity price - 2,285k RUB/MW/month
- ✓ Recently launched DPM projects (Zaramagskaya HPP-1, Verkhnebalkarskaya, Ust-Dzhegutinskaya and Barsuchkovskaya small HPPs), will bring in additional annual revenue of RUB 11 bn.

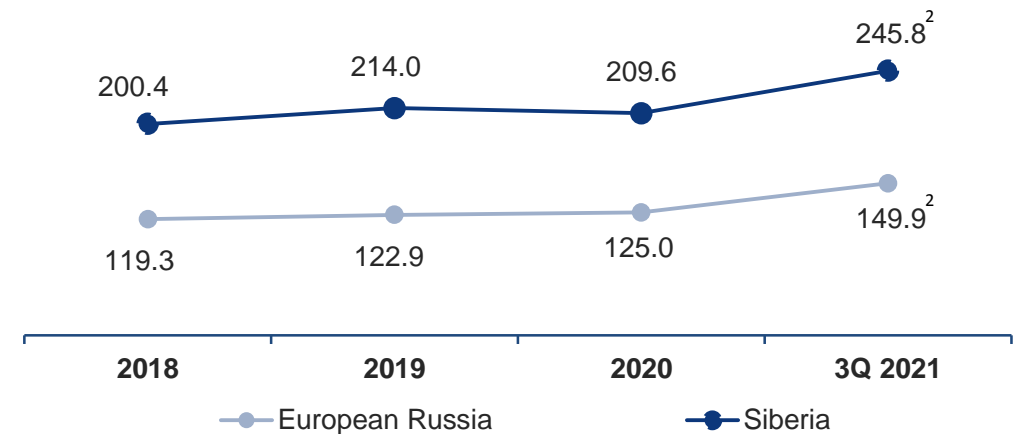
Electricity tariffs for RusHydro's HPPs in pricing zones

RUB/MWh



Capacity tariffs for RusHydro's HPPs in pricing zones

'000 RUB/MW/month



(1) Spot market price as of 30.09.2021

(2) Capacity tariffs as of 30.09.2021



▪ **Solid 9M results:**

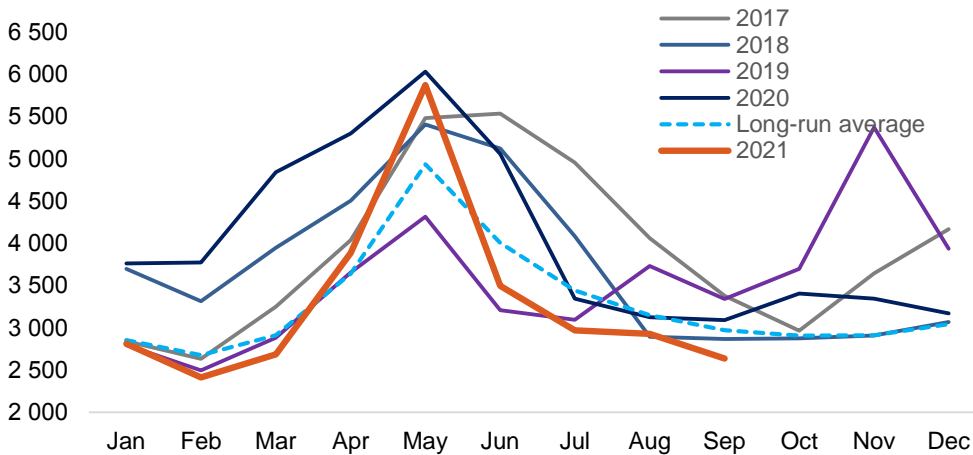
- Volga-Kama cascade, Siberia and the Far East – inflows at the normal level or slightly below
- Far East, Siberia and South of Russia – inflows above the normal level

▪ **4Q'21 outlook:**

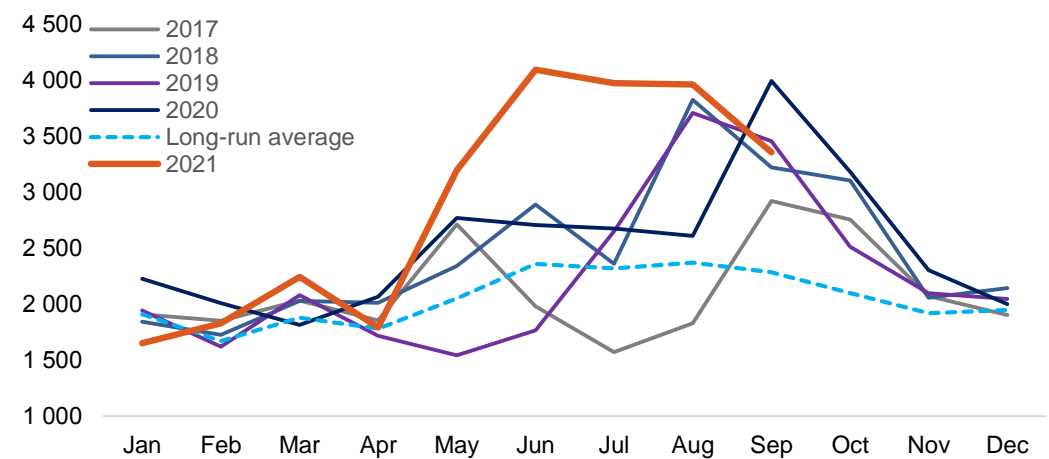
- Siberia – inflows at the normal level
- Far East – inflows above the normal level
- Volga-Kama cascade and South of Russia – inflows below the normal level or close to it

Stable performance expected for 4Q'21

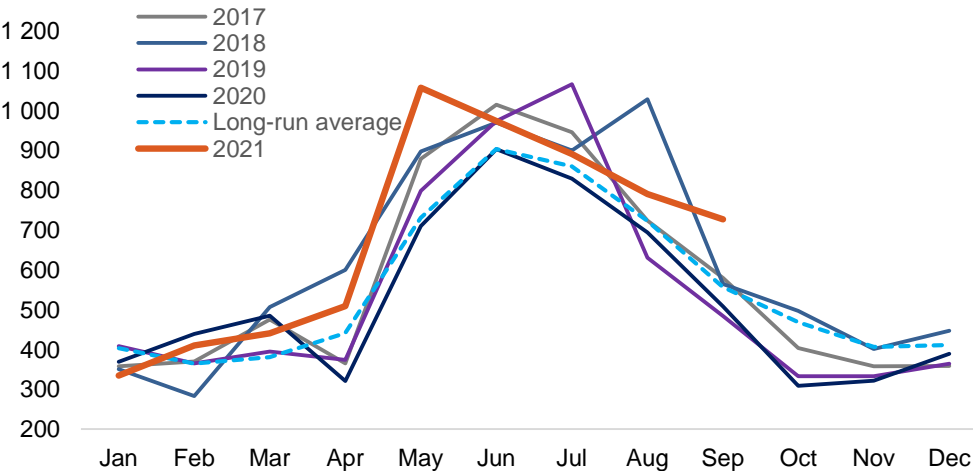
Center of Russia, GWh



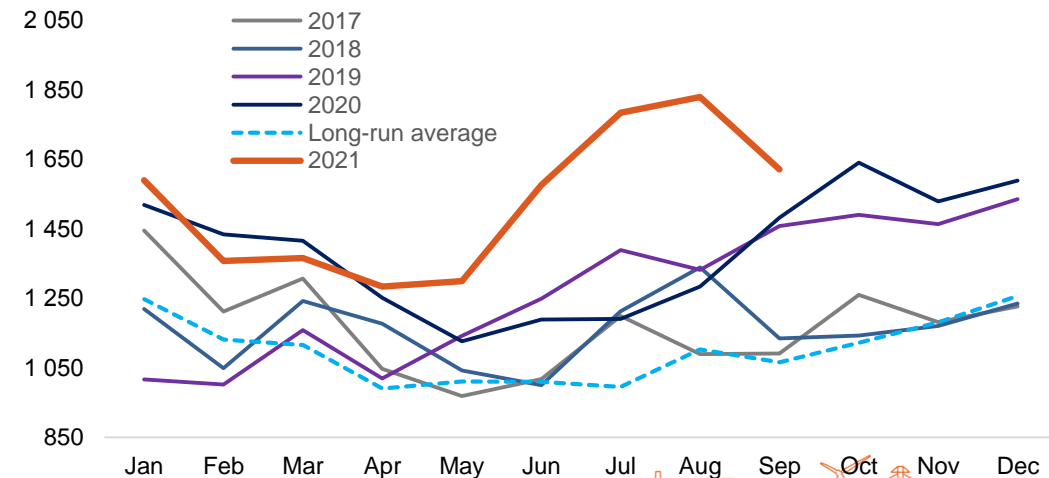
Siberia, GWh



South of Russia & N. Caucasus, GWh



Far East, GWh



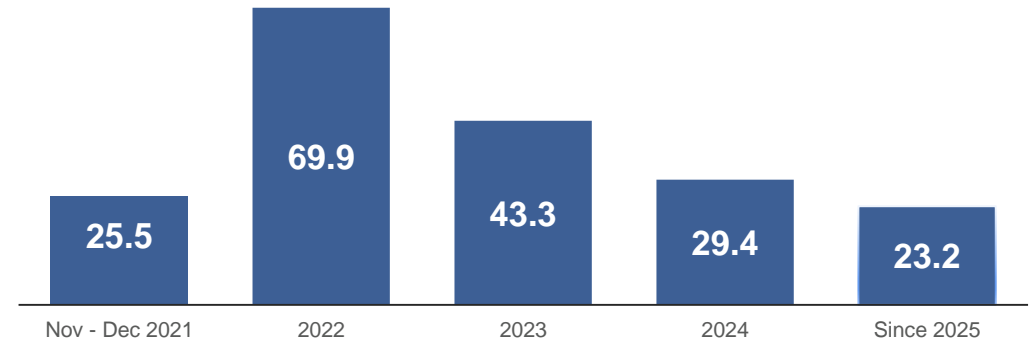
Key highlights

- Total financial debt as of October 31, 2021: RUB 211.8 bn
- Total debt is 100% ruble-denominated**
- Sustainably low leverage** with a Net Financial Debt / EBITDA at **1.0x** ⁽²⁾
- Average RUB interest rate of 7.3% p.a.⁽³⁾ and comfortable weighted-average maturity of debt at 1.6 years
- Subsequent event: Eurobond redemption at CNH 1.5 bn (under hedge RUB 14.430 bn) in November 2021

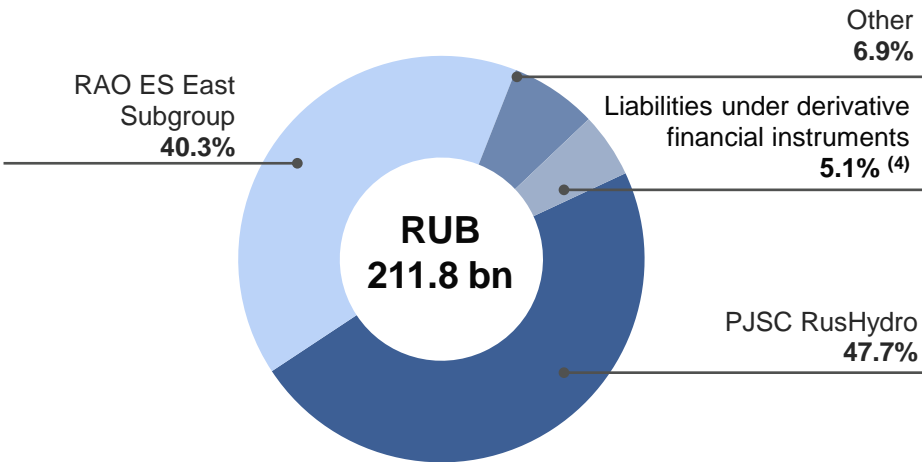
Current RusHydro Group's credit ratings at sovereign level

S&P	Moody's	Fitch	ACRA
BBB- (stable)	Baa3 (stable)	BBB (stable)	AAA(RU) (stable)

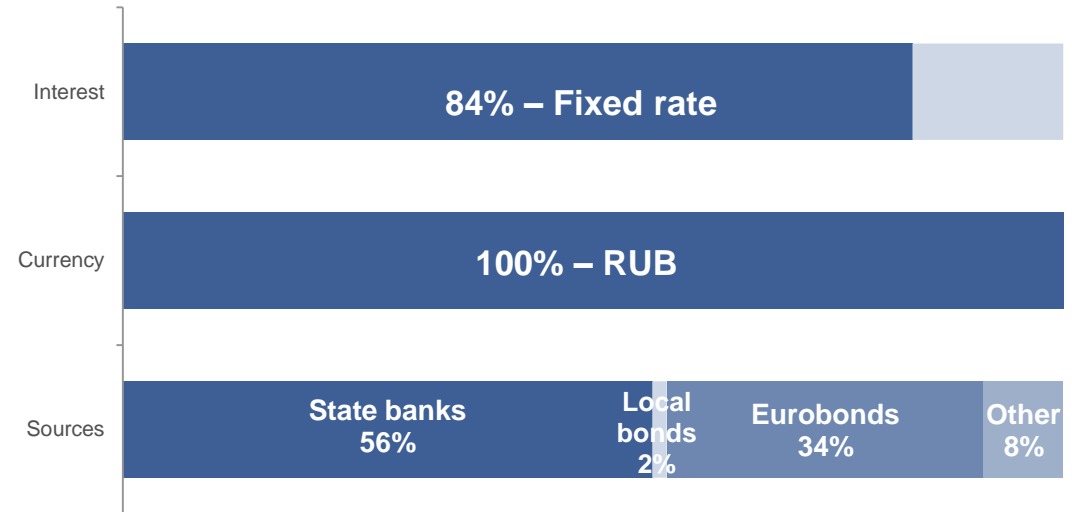
Debt repayment profile ⁽³⁾ (RUB bn)



Transparent debt composition (RUB bn)



Debt portfolio



(1) As of October 31, 2021

(2) In accordance with the latest RusHydro Group's IFRS results as of 30 September 2021

(3) Debt excluding interest payments, lease liabilities and obligations under derivative financial instruments (forward contract with VTB)

(4) Liabilities under derivative financial instruments recorded at fair value in RusHydro Group's IFRS as of 30 September 2021 (forward contract with VTB in the amount of RUB 10.897 bn)

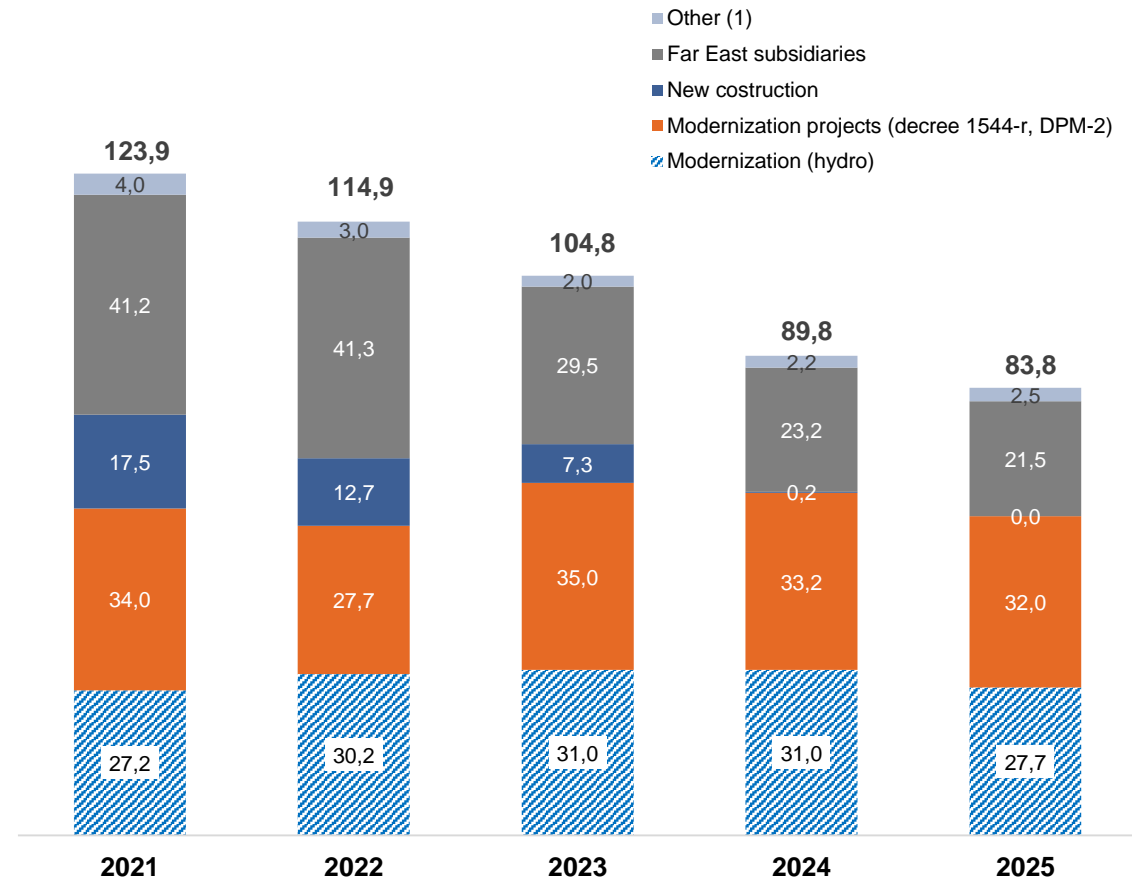


On April 14, 2021 the Board of Directors approved RusHydro's new investment program for RUB 517 bn².

Key highlights

- **CAPEX forecast based on highest capped figures**, and management seeks to optimize annual spending to ensure stable financial position of the Group.
- **1.9 GW of new electric capacity** and 2,682 Gcal/h of heat capacity
- Construction and modernization of **over 135 km of heat and 7,794 km of power lines**
- **No major projects for 2021-2022**
- 4 new gas-fired projects with **guaranteed return on investment** (please see slide 27 in Appendix)
- Decommissioning of 4 outdated fossil-fuel power plants
- Project documentation for additional 2 projects (**expected guaranteed return on investment** in line with modernization projects under decree 1544-r)
- Investment program is **balanced in terms of financing sources**.
- Modernization program is carried out according to the schedule

Investment plan for 2021-2025, RUB bn (incl. VAT)



(1) Investment plans of retail subsidiaries, other subsidiaries and R&D
 (2) Excluding Boguchanskaya HPP



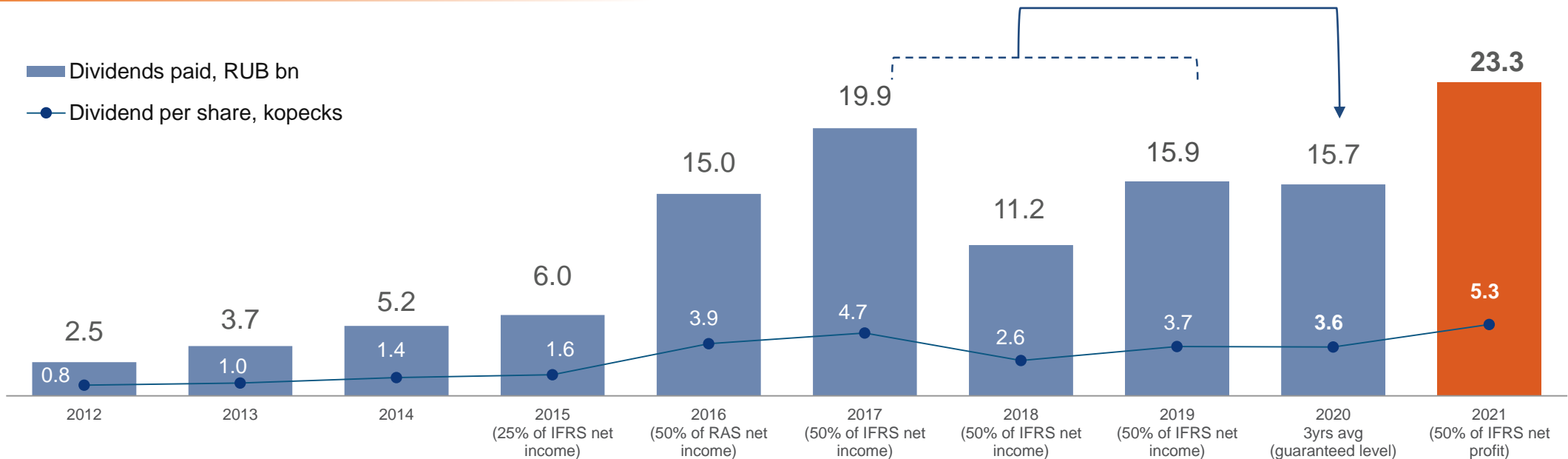
Key highlights

- To improve predictability and consistency of forecasting dividend payments Board of Directors prolonged the current dividend policy for six years years:

$$Div_{min} = (Div_{-3year} + Div_{-2year} + Div_{-1year}) / 3$$

- The new dividend policy maintains 50% of IFRS net profit as base case.
- Minimum dividend threshold is set at the average dividend paid over the previous three years.

Dividend payout (RUB bn)



Thank you for your attention

IR contact details

tel.: +7 (495) 122 05 05

ext. 1304

ir@rushydro.ru

