



# RusHydro



## RusHydro Group 3Q and 9M 2013 IFRS results & market update

December 18, 2013

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# Key points of Jan-Sep 2013 and beyond

## January-September 2013

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- Successful installation and launch of 3 new 640 MW hydro-units at Sayano-Shushenskaya HPP
- Successful installation of 5 units 333 MW each at Boguchanskaya HPP, working capacity reached 1,175 MW in November
- S&P revised outlook on RusHydro from 'negative' to 'stable' and affirmed the 'BB+' long-term rating; Moody's affirmed 'Ba1' with 'stable' outlook
- Successful placement of 5-year RUB 20 bn local bonds at 8.5% in February
- Solid production from hydro in European part of Russia in 1H'13, followed by strong above-average generation in 2H'13 in Siberia
- Modernization of hydroelectric plants on progress – 11 hydro-units with total capacity of 783 MW have been refurbished
- JVs development with Alstom and Voith are on track
- RusHydro had to postpone the launch of 420 MW at Zagorskaya HPP-2 due to sagging and partial flooding of the powerhouse in September 2013 as a result of a flaw in the project approved in 2007

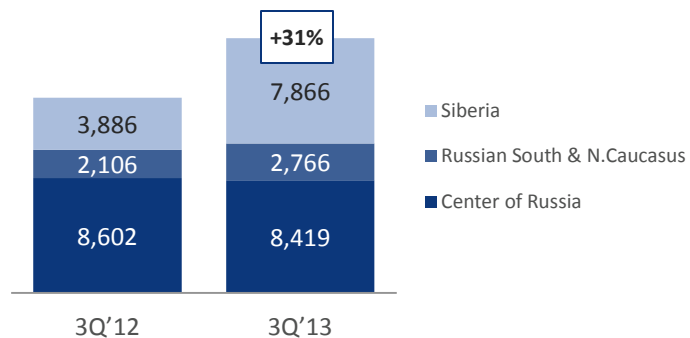
## October-December 2013

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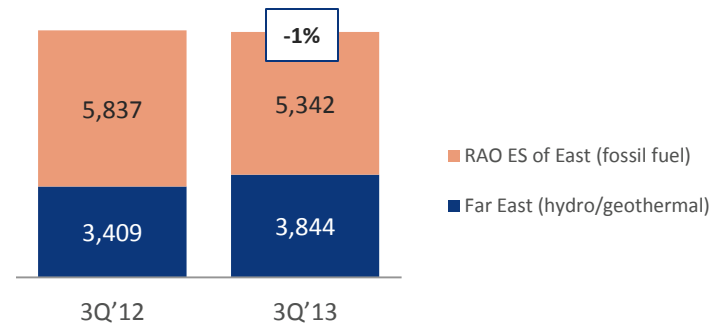
- Sale of 33.54% stake in JSC Trest Gidromontazh to TEK Mosenergo for a total cash consideration of RUB 1,663 mn (to be accounted in 4Q'13)
- Successful launch of 168 MW at Ust'-Srednekanskaya HPP in the Far East; off-take agreements with Polyus Gold in progress
- As a result of changes in federal regulation (become effective as of 2014), «last mile» arrangements for DRSK (RAO ES of East Group) are extended to 2029. These changes could help improve the financial situation of the company
- 40 bn loan from Sberbank successfully repaid (RUB 20 bn) and extended to Nov 2020 (RUB 20 bn)
- RusHydro completed the equity offering, placing 66,006,190,951 ordinary shares during pre-emptive right period, and 1,622,759,598 – in open subscription. After registration of the report by Central Bank, the total number of shares will be 386,255,464,890

# “Big water” driving 2013 production

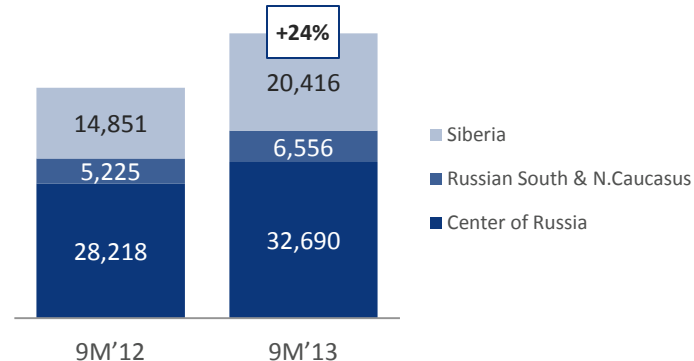
3Q'13/3Q'12 – Europe & Siberia (price zones), GWh



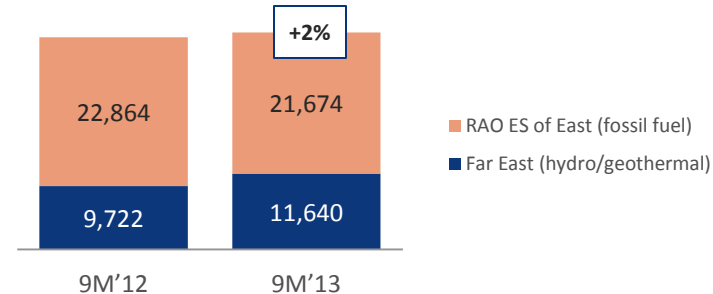
3Q'13/3Q'12 – Far East (non-price zone), GWh



9M'13/9M'12 – Europe & Siberia (price zones), GWh



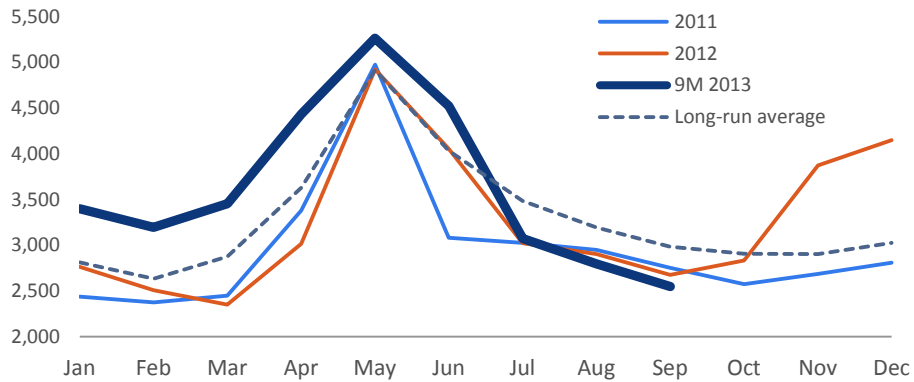
9M'13/9M'12 – Far East (non-price zone), GWh



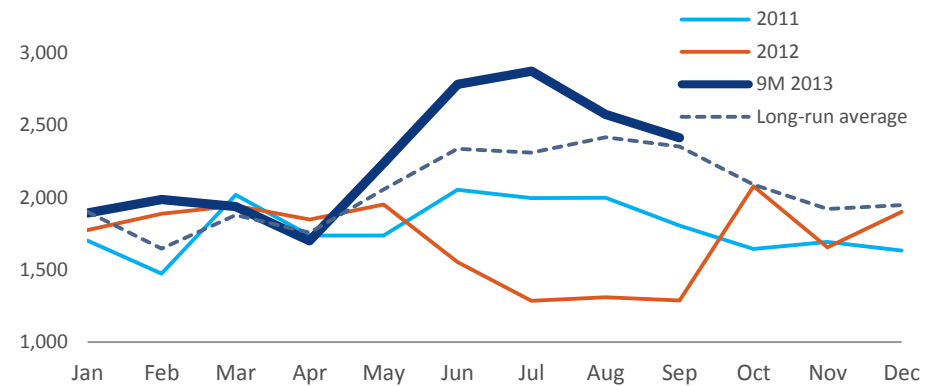
# Hydro production trends

- From high to low hydro production in 3Q'13 in the Center of Russia following lower inflows; 4Q'13 expected close to long-run average
- Generation from hydro in Siberia and South of Russia supported total production in 2H'13
- Far East has seen unprecedented water inflows in 3Q'13, but production was restrained to prevent further flooding downstream

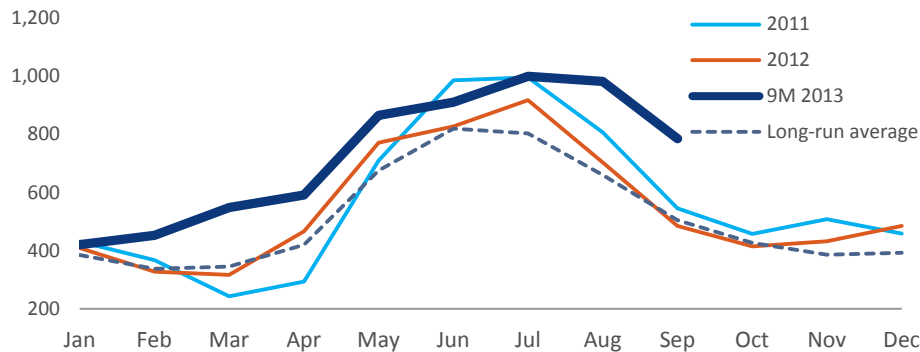
## Center of Russia, GWh



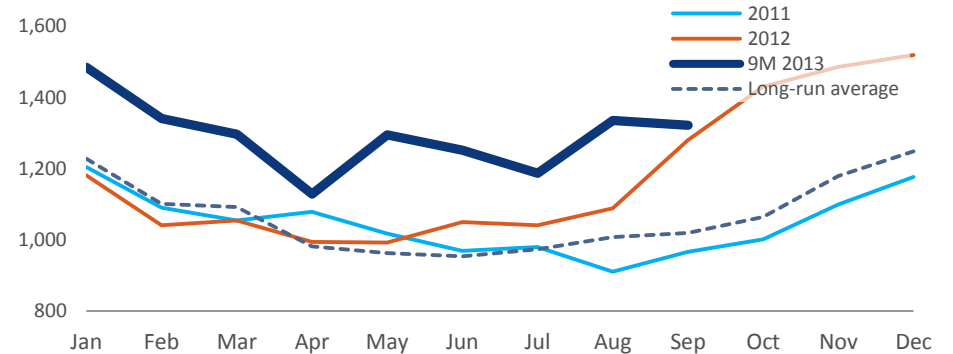
## Siberia, GWh



## South of Russia & N. Caucasus, GWh



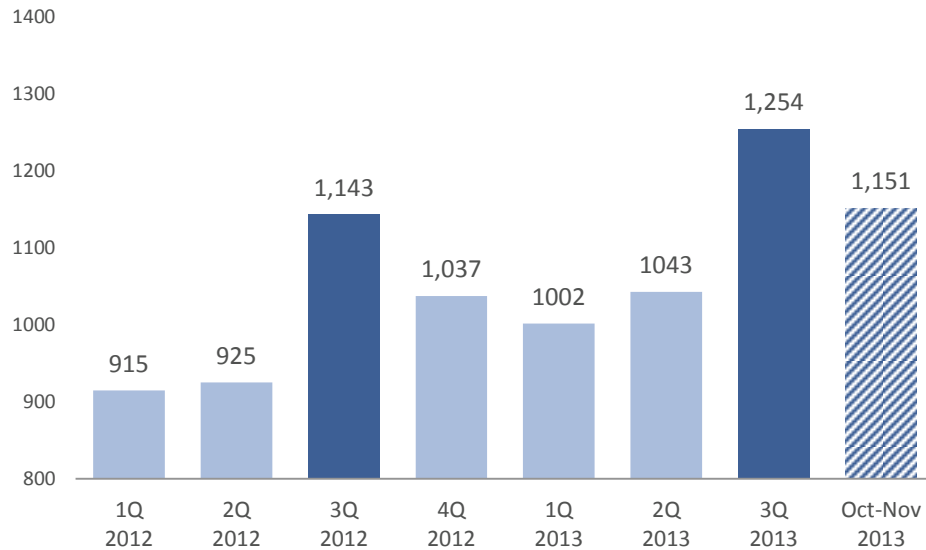
## Far East, GWh



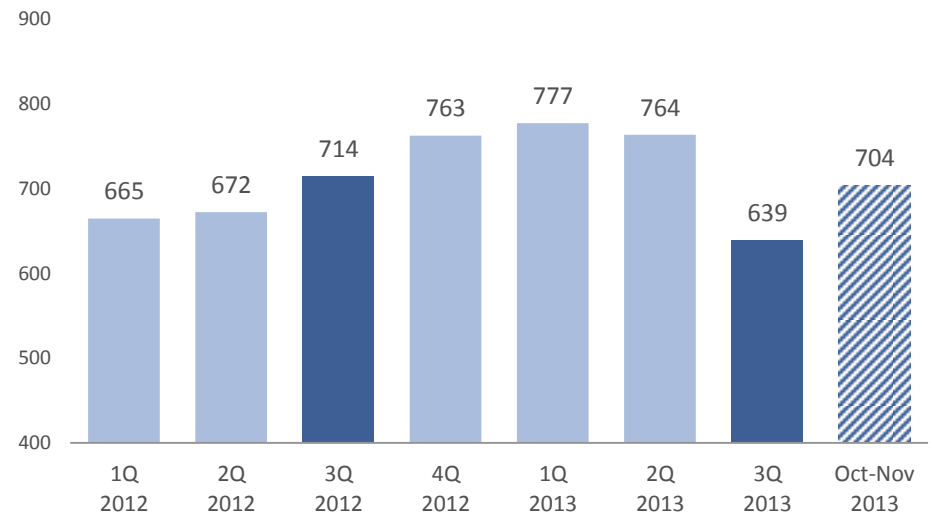
# Spot market overview

- Average RusHydro's selling spot power prices in European Russia in 9M'13 – RUB 1,107/MWh (+9%), in 3Q'13 – RUB 1,292/MWh (+10%); in Siberia in 9M'13 – RUB 659/MWh (0%); in 3Q'13 – RUB 553/MWh (-24%);
- Gas tariffs were hiked 15% from July 1, 2012 and July 1, 2013
- A decrease of spot prices in Siberia in 3Q'13 resulted from lower consumption and higher production of Boguchanskaya hydropower plant
- 4Q'13: price correction in the 1<sup>st</sup> price zone on higher cogeneration supply; recovery in Siberia

Europe and Urals (1<sup>st</sup> price zone), RUB/MWh\*



Siberia (2<sup>nd</sup> price zone), RUB/MWh\*



# 9M'13 and quarterly results overview

## Key highlights

- 9M'13 EBIT – RUB 35.3 bn (+59.8%), 9M'13 EBITDA – RUB 52.1 bn (+28.6%); 3Q'13 EBIT – RUB 8.1 bn (+129.5%), 3Q'13 EBITDA – RUB 13.4 bn (+49.0%)
- 9M'13 net profit – RUB 14.8 bn vs net loss of RUB 1.9 bn in the previous year; adjusted 9M'13 net profit – RUB 29.9 bn (+57.7%).
- strong quarterly operating results on the back of solid hydro output in all 3 macro-regions of RusHydro operations (slides 3-4) due to high water levels and strong water inflows;
- growth in achieved unregulated power prices – 9% in European Russia in 9M'13 vs 9M'12, flat price dynamics in Siberia offset by higher production (slide 6)
- indexation of capacity auction (KOM) prices starting from 2013 with CPI in the European price zone;
- lower capacity tariffs for Sayno-Shushenskaya in 3Q'13 set by the regulator following increase in capacity as a result of plant rehabilitation;
- decrease of fuel costs and power purchase expenses (slide 8);
- continued implementation of comprehensive cost control program in JSC RusHydro and subsidiaries;
- accrual impairment of shares of Inter RAO UES in the amount of RUB 7,030 mn, accrual impairment of Boguchanskaya hydropower plant and Boguchansky smelter (RUB 4,356 mn), accrual impairment of accounts receivable (RUB 2,401 mn)

RUB mn	9M'13	9M'12	chg	3Q'13	3Q'12	chg	2Q'13*	2Q'12*	chg	1Q'13*	1Q'12*	chg
<b>Revenue, total, incl.:</b>	<b>229,887</b>	<b>215,061</b>	<b>6.9%</b>	<b>68,018</b>	<b>63,906</b>	<b>6.4%</b>	<b>73,511</b>	<b>65,970</b>	<b>11.4%</b>	<b>88,358</b>	<b>85,185</b>	<b>3.7%</b>
Revenue from operations	222,646	208,438	6.8%	66,198	62,636	5.7%	70,865	63,193	12.1%	85,582	82,609	3,6%
Government grants (to RAO ES of East)	7,241	6,623	9.3%	1,820	1,270	43.3%	2,646	2,777	-4.7%	2,776	2,576	7,8%
Expenses	194,604	192,988	0.8%	59,892	60,366	-0.8%	64,442	61,342	5.1%	70,270	71,280	-1,4%
EBIT**	35,283	22,073	59.8%	8,126	3,540	129.5%	9,069	4,628	96,0%	18,088	13,905	30,1%
<b>EBITDA***</b>	<b>52,079</b>	<b>40,496</b>	<b>28.6%</b>	<b>13,359</b>	<b>8,967</b>	<b>49.0%</b>	<b>15,598</b>	<b>12,213</b>	<b>27.7%</b>	<b>23,122</b>	<b>19,316</b>	<b>19.7%</b>
Net profit	14,800	(1,906)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Net profit (adj.)****</b>	<b>29,884</b>	<b>18,946</b>	<b>57.7%</b>	<b>6,883</b>	<b>2,283</b>	<b>201.5%</b>	<b>8,413</b>	<b>5,643</b>	<b>49.1%</b>	<b>14,588</b>	<b>11,020</b>	<b>32.4%</b>
EBITDA margin	22.7%	18.8%	+3.9 pp	19.6%	14.0%	+5.6 pp	21.2%	18.5%	+2.7 pp	26.2%	22.7%	+3.5 pp
Net margin	13.0%	8.8%	+4.2 pp	10.1%	3.6%	+6.5 pp	11.4%	8.6%	+2.8 pp	16.5%	12.9%	+3.6 pp

\* Quarterly figures are not reported in the official financial statements, they have been calculated and put into the presentation for reference

\*\* EBIT is calculated as total revenue less operating expenses.

\*\*\* EBITDA is calculated as EBIT before depreciation and amortisation and non-cash charges

\*\*\*\* Net profit is adjusted for the effects of impairment of the Group's available-for-sale financial assets, accounts receivable, promissory notes, property, plant and equipment, investments in associates, property, plant and equipment of joint ventures, loss from remeasurement of the net assets of OJSC DRSK, classified as a discontinued operation to fair value less costs to sell, gain from cancellation of pension plan of Far East Generation Company.

# FY2013 target of OPEX growth below CPI – on track

## Key highlights

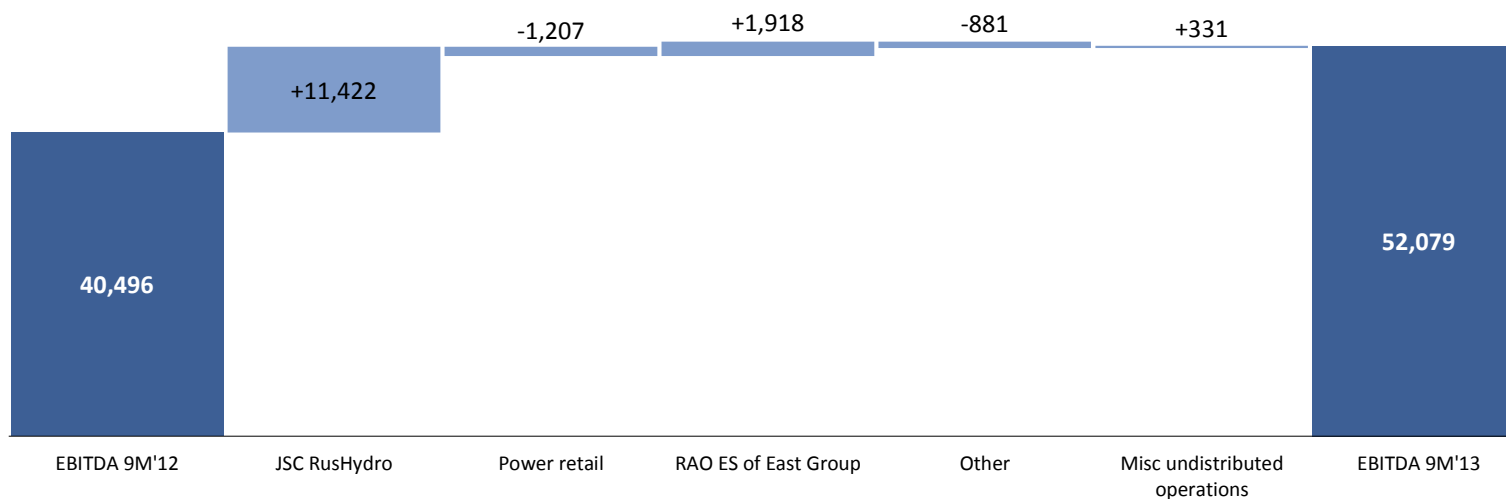
- **Fuel expense:** 1) decrease in fossil-fuel generation in the Far East ousted by hydro, 2) modest average fuel price growth due to increased competition on the coal market in the Far East
- **Purchased power / electricity distribution expenses:** down by 5% and 2% respectively in 9M'13, due to lower power purchases from unregulated market and decrease in electricity output by retail companies
- **Employee benefit expenses:** a hike in 2Q following indexation of remuneration for operating personnel, mostly associated with RAO ES of the East Group
- **Third parties services:** growth is associated with new contracts from RAO ES the East subsidiaries (general contractors/repairs & maintenance companies) – additional costs are fully covered by increased revenue from other sales
- **Taxes other than on income:** growth is mostly associated with one-off provisions in respect of property tax
- **Social charges:** growth is mostly associated with charity, sponsorship activities and relief effort in the Far East following the flooding
- **For FY2013, RusHydro Group expects OPEX growth below FY2013 CPI increase**

	9M'13	9M'12	change	3Q'13	3Q'12	change
Purchased electricity and capacity	40,368	42,623	-5.3%	12,266	13,956	-12.1%
Employee benefit expenses	37,763	36,008	4.9%	12,222	11,900	2.7%
Fuel expenses	31,273	32,045	-2.4%	6,941	7,061	-1.7%
Electricity distribution expenses	29,479	30,014	-1.8%	9,243	9,547	-3.2%
Third parties services	18,822	17,566	7.2%	6,522	6,533	-0.2%
Depreciation of property, plant and equipment and intangible assets	13,872	13,596	2.0%	4,668	4,372	6.8%
Taxes other than on income	7,416	5,464	35.7%	2,094	1,877	11.6%
Other materials	6,963	6,757	3.1%	3,091	2,668	15.9%
Accrual of impairment of accounts receivable, net	2,401	4,681	-48.7%	405	983	-58.8%
Water usage expenses	2,037	1,877	8.5%	631	578	9.2%
Social charges	1,602	837	91.4%	766	411	86.4%
Loss on disposal of property, plant and equipment, net	523	146	258.2%	160	72	122.2%
Other expenses	2,085	1,374	51.7%	883	408	116.4%
<b>Total expenses</b>	<b>194,604</b>	<b>192,988</b>	<b>0.8%</b>	<b>59,892</b>	<b>60,366</b>	<b>-0.8%</b>

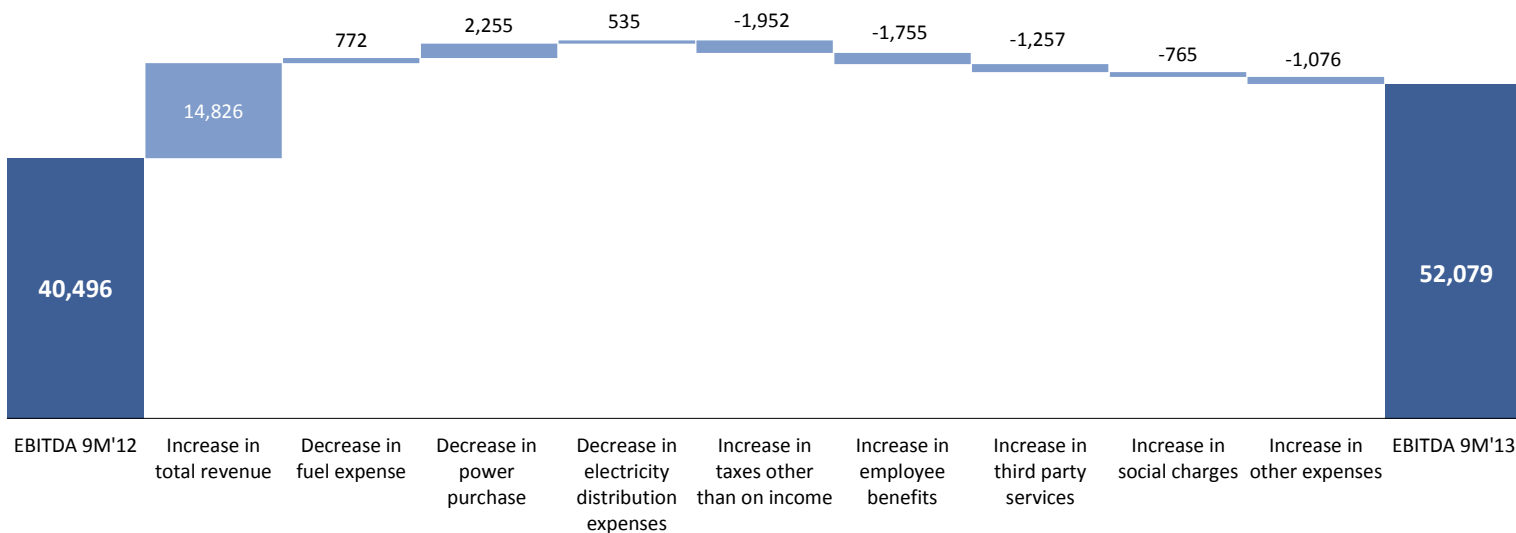


# Earnings expansion on high hydro output and cost optimization

## EBITDA bridge – segment review



## EBITDA bridge – cost analysis



# Segment review\* (1/3) – Hydropower: driving the growth

## 9M 2012/2013 results (IFRS), RUB mn

	9M'13	9M'12	chg
<b>Revenue</b>	<b>74,718</b>	<b>62,842</b>	<b>18.9%</b>
from external companies	67,246	56,690	18.6%
- sales of electricity	50,385	40,508	24.4%
- heat and hot water sales	94	87	8.1%
- sales of capacity	16,534	15,906	4.0%
- other revenue	233	189	23.3%
from other segments	7,472	6,152	21.5%
<b>Expenses</b>	<b>(25,769)</b>	<b>(25,315)</b>	<b>1.8%</b>
EBIT	28,778	18,640	54.4%
<b>EBITDA</b>	<b>48,949</b>	<b>37,527</b>	<b>30.4%</b>
EBITDA margin	65.5%	59.7%	+5,8pp

## Key highlights

- Over 90% of EBITDA from the segment in 9M'13
- Strong 9M'13 operating results by hydro in all 3 macro-regions in Russia: hydropower plants included in the segment, increased electricity generation by 23% as compared to the same period of 2012;
- European spot power prices increased in 3Q'13 following gas tariffs indexation by 12% from July 1, 2013
- Average selling spot power prices in European Russia in 9M'13 – RUB 1,107/MWh (+9%), in 3Q'13 – RUB 1,292/MWh (+10%); in Siberia in 9M'13 – RUB 659/MWh (0%); in 3Q'13 – RUB 553/MWh (-24%);
- Increase in capacity prices under competitive capacity selection (KOM) following regular indexation with CPI starting from January 2013 in the 1<sup>st</sup> price zone;
- lower capacity tariffs for Sayno-Shushenskaya in 3Q'13 following increase in capacity as a result of plant rehabilitation;
- JSC RusHydro implemented measures aimed at lowering power purchase by hydropower plants and optimization of hydropower plants' load (in coordination with the System Operator)

# Segment review\* (2/3) – RAO ES of East: ousted by hydro

## 9M 2012/2013 results (IFRS), RUB bn

	9M'13	9M'12	chg
<b>Revenue</b>	<b>101,138</b>	<b>94,667</b>	<b>6.8%</b>
from external companies	93,648	87,929	6.5%
- sales of electricity	61,716	59,853	3.1%
- heat and hot water sales	21,890	20,945	4.5%
- sales of capacity	1,968	951	106.9%
- other revenue	8,074	6,180	30.7%
from other segments	264	123	114.6%
government subsidies	7,226	6,615	9.2%
<b>Expenses</b>	<b>(96,492)</b>	<b>(91,939)</b>	<b>5.0%</b>
EBIT	2,225	(6,028)	-136.9%
<b>EBITDA</b>	<b>4,646</b>	<b>2,728</b>	<b>70.3%</b>
EBITDA margin	4.6%	2.9%	+1.7pp

## Key highlights

- Ca. 9% of EBITDA from the segment in 9M'13
- 2<sup>nd</sup> and 3<sup>rd</sup> quarters are seasonally weak for thermal power generation (as heat and power plants cease operation in a more fuel-efficient cogeneration mode); a pickup in EBIT in 4Q'13
- Power generation from thermal power plants decreased 5.2% in 9M'13, as hydro squeezed out thermal production. Heat output was up 1%. Correspondingly, average capacity utilization came down from 39% to 36%
- Ca. 5% average power tariff increase to 3.14 RUB/kWh mostly due to tariff indexation in isolated zones
- Ca. 4% average heat tariff increase
- Government subsidies increased 9.2% to RUB 7.2 bn
- A 62% increase in power sales for export to 2.7 TWh following the partial launch of the 500 kW transmission line to China
- Average fuel consumption came down ca. 1% to 391 g/kWh following the launch of a new gas-fired unit in Sakhalin
- A number of generating capacities of RAO ES of East Group switched to gas instead of oil and coal

## Segment review\* (3/3) – Retail: adjusting to new regulation

### 9M 2012/2013 results (IFRS), RUB bn

	9M'13	9M'12	chg
<b>Revenue</b>	<b>57,793</b>	<b>59,080</b>	<b>-2.2%</b>
from external companies:	56,947	58,284	-2.3%
- sales of electricity	55,925	57,632	-3.0%
- sales of capacity	-	237	n/a
- other revenue	1,022	415	146.3%
from other segments	846	796	6.3%
<b>Expenses</b>	<b>(57,467)</b>	<b>(57,547)</b>	<b>-0.1%</b>
EBIT	(814)	468	-273.9%
<b>EBITDA</b>	<b>326</b>	<b>1,533</b>	<b>-78.7%</b>
EBITDA margin	0.6%	2.6%	-2.0pp

### Key highlights

- Total electricity output in 3Q'13 - 7,515 GWh (-16%), in 9M'13 – 28,390 GWh (-11%).
- Changes in power retail regulation became effective starting from 2Q 2012, hence the steep decline in earnings in 9M'13
- Bashkortostan and Ryazan power retail companies decreased their output after several major industrial consumers switched to their own wholesale purchases following market liberalization
- Despite an increase in power retail tariffs as of 3Q'13, high interest expense pressures financial results – management expects a pickup in margins in 4Q'13
- Previous margins are not achievable under current regulation
- In 2012, a cost-cutting program in power retail introduced to address a worsening financial outlook, reducing headcount by 12% (senior management by 57%), introducing cost benchmarking, streamlining organizational structures and business processes

# Leverage profile update

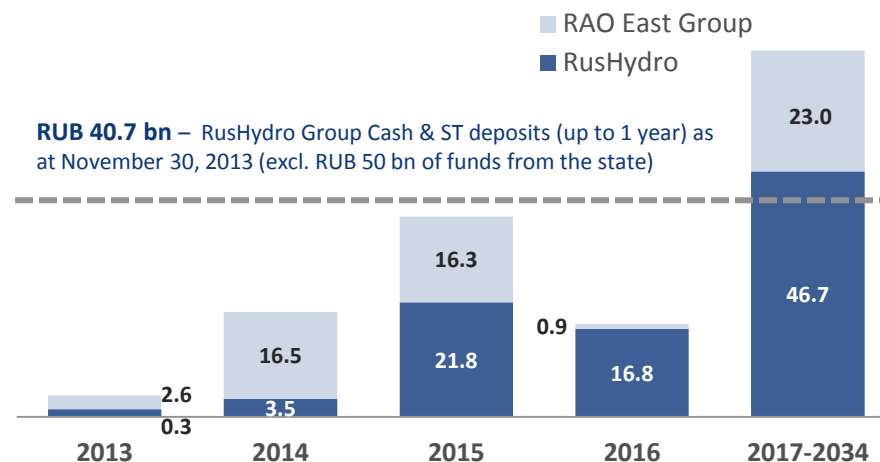
## Key highlights

- Gross debt as of September 30, 2013 (IFRS) amounted to **RUB 200.6 bn**, **net financial debt – RUB 161.2 bn** <sup>(1)</sup>
- Multicurrency effective interest rate of ca. **8.5%**
- Low FX risk as 95% of debt is RUB-denominated

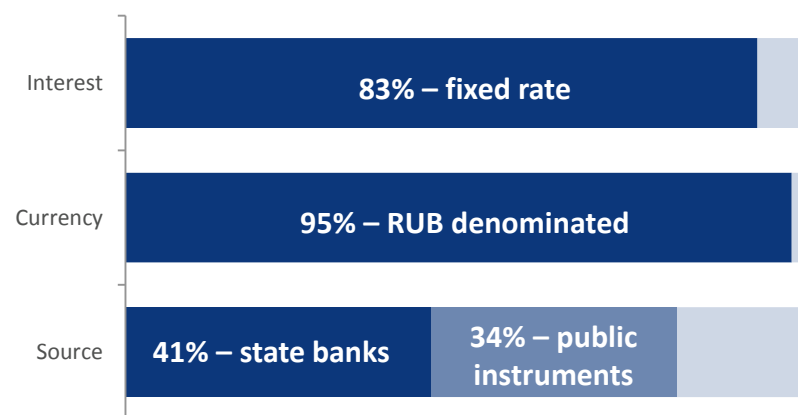
## Key events in 4Q'13

- In Nov 2013, RusHydro agreed to reschedule the RUB 40 bn loan from Sberbank and extend the payment period **by 7 years to November 2020**. In November 2013, the Company partially repaid the loan in the amount of **RUB 20 bn**, raised through placement of RUB 20 bn local bonds in February 2013.
- In Nov-Dec 2013, RusHydro refinanced short-term and medium-term debt with high rates of RAO ES of East Group by **5-year** loans of Sberbank:
  - In Nov 2013, debt of Kamchatskenergo (**RUB 3.975 bn**) and Sakhalinenergo (**RUB 0.65 bn**) was refinanced with long-term by Sberbank with a guarantee from JSC RusHydro;
  - In Dec 2013, debt of RAO ES of East Group in amount of **RUB 10.6 bn** was refinanced by loans from JSC RusHydro (source - Sberbank loan)
- In Dec 2013, RusHydro signed a loan agreement with EBRD that will provide a **12-year** loan facility in the amount of **RUB 4.4 bn** to finance rehabilitation and modernization of power infrastructure in the Far East of Russia and to reschedule the current debt of DRSK.

## Debt Repayment Profile, RUB bn <sup>(2)</sup>



## Low Risk Debt Portfolio Structure <sup>(2)</sup>



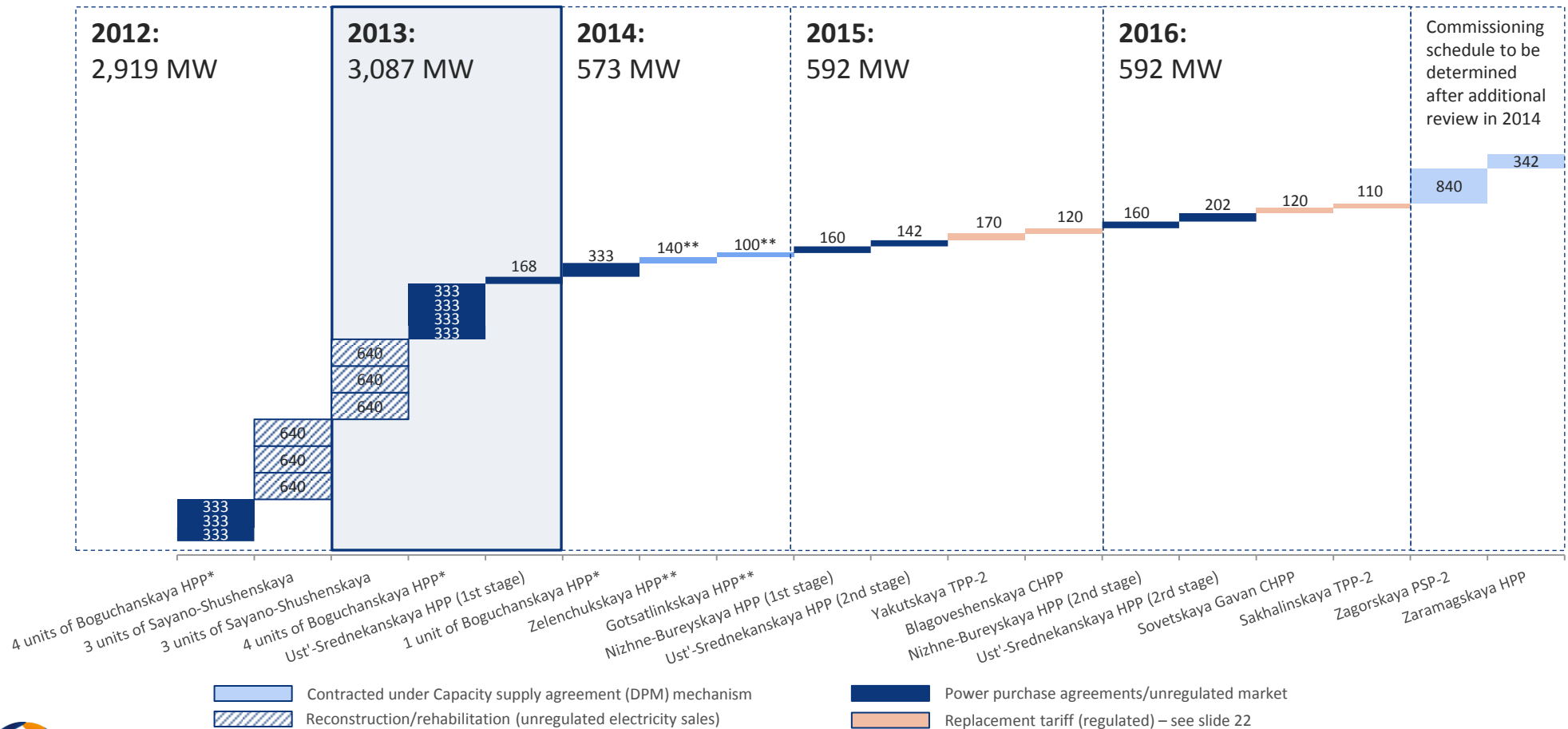
1) Total financial debt includes current and non-current debt (except interest payable (accrued)), RusHydro's guarantee for a loan from VEB to Boguchanskaya HPP in accordance with IFRS RusHydro.

2) As of 30.11.2013, excluding derivatives, interest payments, debt of retail companies and BEMA guarantees. The debt repayment schedule for RAO East Group is included the refinanced short term debt with long-term by Sberbank in December 2013 (please, see comments above).



# Capacity commissioning timeline

- Additional power output by 2017: **17 TWh** p.a. – Boguchanskaya HPP, **3.3 TWh** p.a. – new hydro, **3.3 TWh** p.a. – new fossil-fuel generation
- Over **1.4 GW** are contracted under Capacity Supply Agreements (DPM), providing a regulated rate of return of 10.5% for 20 yrs
- **1,920 MW** launched each year in 2012-2013 on Sayano-Shushenskaya plant, bringing its total installed capacity to pre-accident level by 2014. Replacement of 3 restored units by new ones will be finished by 2016
- Almost **1 GW** of capacity (to 2012 figures) will be added through 2025-2030 as a result of extensive rehabilitation and modernization of hydropower plants, primarily of the Volga-Kama cascade, along with efficiency improvements and extension of lifetime for existing assets



\* Boguchanskaya HPP is part of the Boguchansky energy and metals complex, 50/50 JV with RUSAL

\*\* Zelenchukskaya and Gotsatlinkskaya HPPs should start receiving capacity payments under Capacity Supply Agreements (DPM) in Jan 2015



# Far Eastern projects update



## Yakutskaya TPP-2

Capacity: 170 MW, 160 Gcal/h  
Fuel consumption: 215 g/kWh  
Fuel: gas  
Commissioning: 2015

- Feb 2013: permission for using gas as main fuel obtained
- Sep 2013: technical part of design documentation approved
- Oct 2013: tender for selection of a general contractor announced



## Blagoveshenskaya CHPP

Capacity: 120 MW, 188 Gcal/h  
Fuel consumption: 330 g/kWh  
Fuel: coal  
Commissioning: 2015

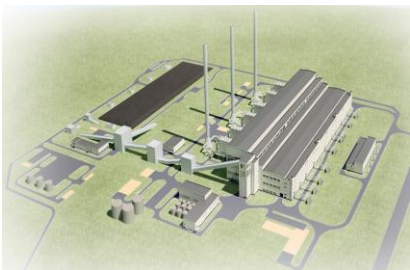
- Mar 2013: permission for using coal as main fuel obtained
- Apr 2013: technical part of design documentation approved
- Sep 2013: independent technical and pricing audit of design documentation conducted
- Aug 2013: first stage of tender for general contractor (including provision of equipment) announced
- Aug 2013: contract for preparation phase of construction works signed



## Sovetskaya Gavan' CHPP

Capacity: 120 MW, 200 Gcal/h  
Fuel consumption: 388 g/kWh  
Fuel: coal  
Commissioning: 2016

- May 2012: technical part of design documentation approved
- Dec 2012: permit for construction received.
- RUB 3 bn contracts for delivery of core equipment signed
- Aug 2013: tender for technical and pricing audit announced
- Preparation phase of construction works approaching completion.



## Sakhalinskaya TPP-2

Capacity: 110 MW, 15 Gcal/h  
Fuel consumption: 467 g/kWh  
Fuel: coal  
Commissioning: 2016

- Aug 2013: tender for technical and pricing audit announced
- Development of design documentation approaching completion.
- Permits are being obtained

# August-September extreme flooding in the Far East

Amur river, August 21, 2009



Amur river, August 21, 2013



Image source: NASA

## Key highlights

- Extensive survey of Zeyskaya and Bureyskaya dams showed **no damage to hydraulic facilities after the flooding**
- Total financial damage to networks and generating facilities of RAO ES of the East estimated at ca. RUB 870 mn, ca. ½ of the amount could be covered from federal reserve fund and insurance payments
- RusHydro committed ca. RUB 300 mn for relief effort in the region

## Recap of the flooding

- 2013 flooding was unprecedented (happens once in 200 years)
- On August 28, 2013, the level Amur river reached 740 cm vs the previous recorded maximum of 642 cm in 1897, while a critical level is 600 cm
- Water inflows into Zeyskaya reservoir during peak reached 11,700 m<sup>3</sup>/sec (advancing from already high 4,350 m<sup>3</sup>/sec in mid-July), peak discharge – 5,000 m<sup>3</sup>/sec
- As of the end of August, Zeyskaya and Bureyskaya reservoirs accumulated over 19 km<sup>3</sup> of water (of these Zeyskaya's share was 14.2 km<sup>3</sup>), or ca. 2/3 of the flash flood
- Flooding of Khabarovskaya CHP-2 (RAO ES of East Group) has been prevented due to timely civil works
- RusHydro currently examines the potential for development of other storage-based hydropower plants in the region in cooperation with Chinese companies. Key problems – ROI and sales of electricity



# Tariff freeze 2014: outlook and implications

Tariff measures		2013E	2014E	2015E	2016E
<ul style="list-style-type: none"> <li>1-year abolishment of indexation of gas tariffs for industrial consumers as of 2014</li> </ul>	End-consumer electricity price growth	10-11%	7.3%	5.9%	6.2%
	Average electricity price growth (industry)	11-12%	7.2%	6.3%	6.7%
	Electricity T&D tariff growth	9%	4.5%	2.5%	4.8%
<ul style="list-style-type: none"> <li>1-year abolishment of CPI indexation of old capacity auctions prices (KOM) as of 2014</li> </ul>	Gas tariff growth (industry)	15%	7.6%	2.2%	4.9%
	Heat tariff growth	10.6%	7.4%	3.7%	3.4%

Source: Ministry of Economy

## Key optimization/stabilization measures

- At least 10% decrease in CAPEX funding in 2014 for planned construction commitments
- Reduction of procurement prices of 100 largest purchased items by 10% (compared to nominal prices of 2013)
- Development of measures to sustain financial stability and maintain credit ratings at or above 'BBB' for Standard & Poor's, 'Baa3' – for Moody's
- Decrease of SG&A expenses by up to 20%
- Potential divestment of non-core assets

## Construction

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- 1Q – update of CAPEX plan 2014 to account for 1) at least 10% decrease of CAPEX funding for committed construction, 2) lower rehab/modernization outlays, 3) update of funding of 4 thermal projects in the Far East, 4) rehabilitation of Zagorskaya PSP-2
- 1Q – final results of survey of Zagorskaya PSP-2, update on rehabilitation cost and timeline
- 2Q – increase of Boguchanskaya reservoir level and hydropower plant's rated capacity
- 3Q – start of aluminum production at Boguchansky smelter
- Start of construction of all 4 thermal projects in the Far East
- Commissioning of Zelenchukskaya and Gotsatlinskaya hydropower plants by year-end
- Further rehabilitation and modernization of hydropower plants

## Corporate development/Financials

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- Management expects consolidated FY'13 EBITDA of RUB 70 bn, adj. net profit – 40 bn, Group's gross debt/EBITDA – below 3x
- Corporate restructuring to cut SG&A expenses, expansion of efficiency program
- Implementation of SAP ERP

## Regulatory environment/power market

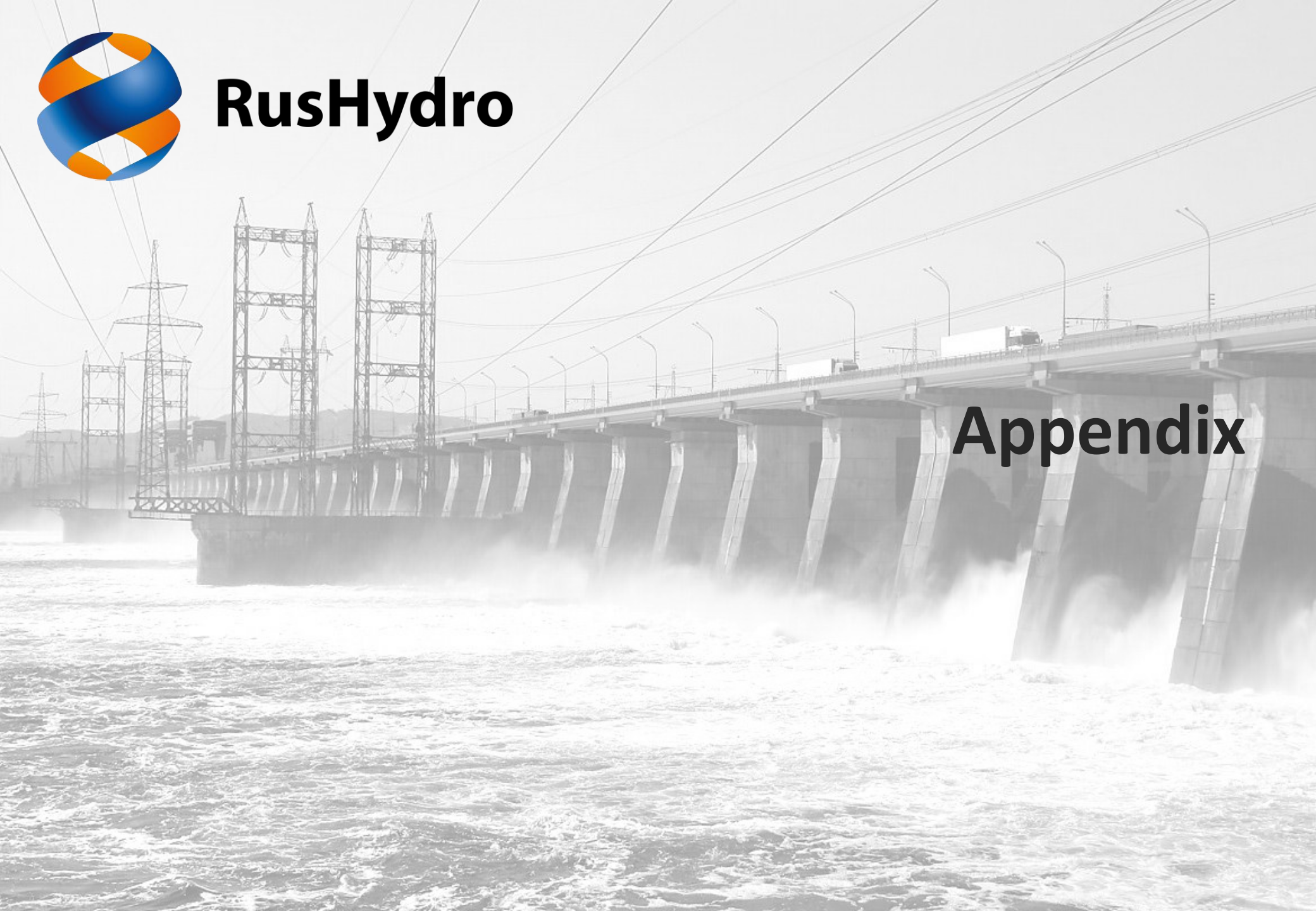
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- Slower growth of unregulated power prices post-tariff freeze (most pronounced effect could be as of 2H'14)
- 2Q/3Q - roll-out of updated power market model by the Ministry of Energy
- Development of legislative support package for renewables in isolated non-price zones by the Government



**RusHydro**

**Appendix**



# “Big water” driving 2013 production

- Hydrological situation in the center of Russia and Siberia can be characterized as favorable
- As of the end of the 3<sup>rd</sup> quarter of 2013, the useful storage of the Volgo-Kama cascade reservoirs amounted to 61.5 km<sup>3</sup>, a 7% higher than long-run average and 4% lower than last year;
- In 4Q 2013, water inflows to reservoirs of the Volgo-Kama cascade are expected slightly higher than long-run average levels, in Siberia – substantially higher;
- In the Far East, the extreme flood of late summer-early autumn has been contained; no damage to operating power facilities has been done

## Electricity generation, GWh

	9M'13	9M'12	chg	3Q'13	3Q'12	chg	2Q'13	2Q'12	chg	1Q'13	1Q'12	chg
Center of Russia	32,690	28,218	16%	8,419	8,602	-2%	14,221	11,991	19%	10,057	7,625	32%
Russian South & N.Caucasus	6,556	5,225	25%	2,766	2,106	31%	2,368	2,066	15%	1,421	1,054	35%
Siberia	20,416	14,851	38%	7,866	3,886	102%	6,727	5,357	26%	5,823	5,608	4%
<b>Total for the price zones</b>	<b>59,662</b>	<b>48,295</b>	<b>24%</b>	<b>19,051</b>	<b>14,594</b>	<b>31%</b>	<b>23,317</b>	<b>19,414</b>	<b>20%</b>	<b>17,294</b>	<b>14,287</b>	<b>21%</b>
Far East (hydro/geothermal)	11,640	9,722	20%	3,844	3,409	13%	3,675	3,037	21%	4,122	3,227	26%
RAO ES of East (fossil fuel)	21,674	22,864	-5%	5,342	5,837	-8%	6,625	6,836	-3%	9,706	10,190	-5%
Armenia	442	586	-25%	169	249	-32%	189	283	-33%	84	54	54%
<b>TOTAL</b>	<b>93,418</b>	<b>81,467</b>	<b>15%</b>	<b>28,407</b>	<b>24,065</b>	<b>18%</b>	<b>33,806</b>	<b>29,569</b>	<b>14%</b>	<b>31,205</b>	<b>27,809</b>	<b>12%</b>
Boguchanskaya HPP	3,246	-	-	1,623	-	-	824	-	-	799	-	-

- higher than average water resources in reservoirs in the Center of Russia and the Far East and following the heavy rainfalls and floods in late 2012;
- lower water inflows to reservoirs of Volgo-Kama cascade in 3Q 2013;
- water inflow to major reservoirs of Siberia higher than long-run average;
- substitution of thermal generation in the Far East of Russia by higher hydro output.
- launch of the first 4 hydro-units of the Boguchanskaya hydropower plant into operation starting from late 2012;



# Return on investment in the Far East – case of Sovetskaya Gavan’ coal-fired plant

## Project profile

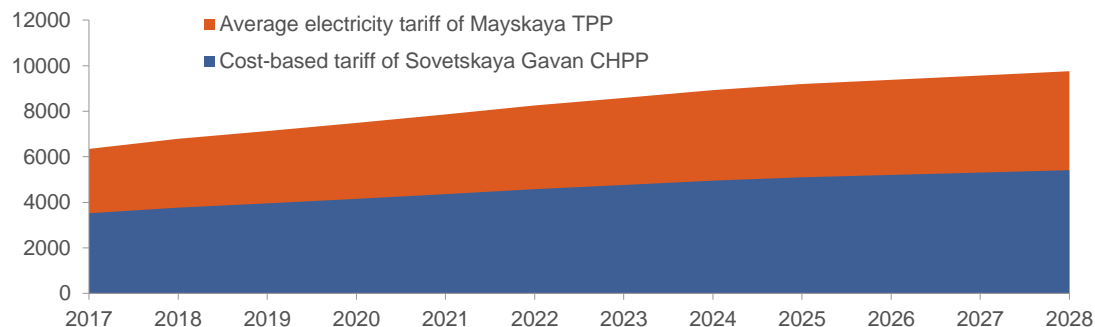
- Cogeneration thermal plant
- Greenfield project
- 120 MW, 200 Gcal/h
- Fuel: coal
- Equivalent fuel consumption **388 g/kWh** vs **700 g/kWh** for 93 MW Mayskaya TPP (earmarked for decommission)
- Expanding consumer base on the back of development of sea port infrastructure

## Project economy

- 2H 2012 Mayskaya TPP average tariff is RUR 4,317 per MWh, projected overall tariff growth as at 2028 is 128%.
- Fixed-cost savings from the reduction in O&M and the number of staff compared to the replaced Mayskaya TPP.
- Fuel saving of 312 grams of equivalent fuel per kWh by replacing Mayskaya TPP increases EBITDA of the new unit by **2.5 bln RUB**.
- ROI is based on Government decree No 1178 dated 29.12.2011 which allows to set the tariffs at the OPEX level of the replaced power generating units for the whole payback period.

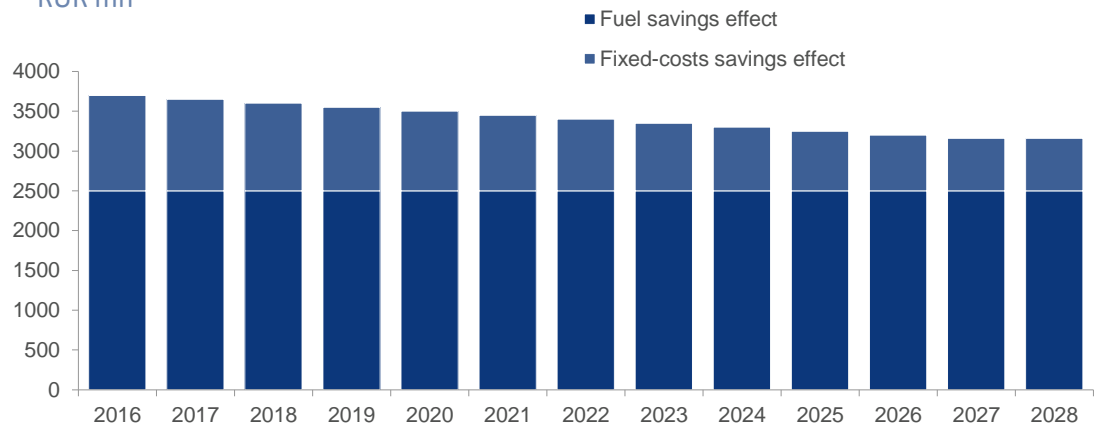
## Return of investment through long-term tariffs based on OPEX reduction

RUB/MWh



## Economic effects from cost savings

RUR mn





# RusHydro



**Thomson Reuters Extel 2011:  
No.1 IR Team in Russian Utilities**



**Thomson Reuters Extel 2012:  
No.1 IR Team in Russian Utilities**



**EXTEL  
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IDENTIFYING EXCELLENCE

**Thomson Reuters Extel 2013:**

- No.1 IR Team in Russian Utilities
- Best CFO, mid-cap (Russia), #1
- Best IRO, mid-cap (Russia), #2
- Best overall IR, mid-cap (Russia), #3

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