

# BUSINESS MODEL OF RUSHYDRO GROUP

## Resources as of January 1, 2017

**Financial capital**

**650.9 bn RUB**  
equity

**332.51 bn RUB**  
borrowed capital

**Nature capital**

**16.8 mn tonnes**  
amount of coal taken in 2017

**743.29 mn m<sup>3</sup>**  
the volume of water used in 2017

**5,125.2 mn m<sup>3</sup>**  
the volume of gas used in 2017

**Manufacturing capital**

**38.9 GW**  
installed electric capacity of power plants

**18,133.13 Gcal/h**  
installed thermal capacity of power plants

**104.2 thousand km**  
length of electric power lines

**412 generation facilities**

**Intellectual capital**

**7** design and research companies

**1** Corporate University of Hydropower Engineering

**Human capital**

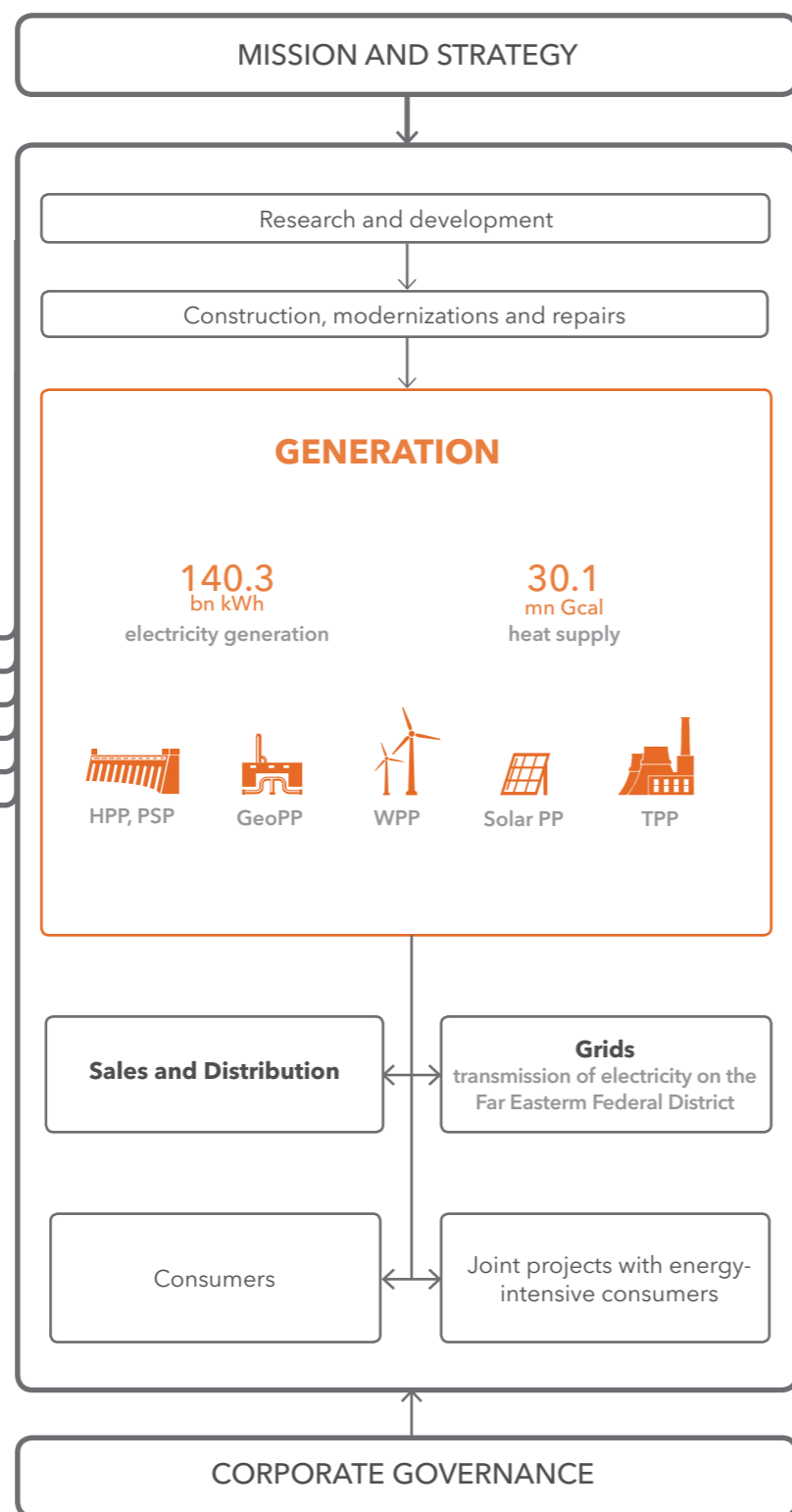
**71,528**  
number of employees

**Social and Reputational capital**

The first in Russia and the third in the world company among analogical companies in power generating sector with HPPs predominant

Leader in Russia in the production of energy based on renewable sources

## Core business



## Results of 2017

For the Company	Financial capital	For Stakeholders
<b>104 bn RUB</b> +3.7% by 2016 Consolidated EBITDA	<b>19.9 bn RUB</b> +32.6% by 2016 dividend payments	
<b>1.4 x</b> -12.5% by 2016 net financial debt / EBITDA	<b>55 bn RUB</b> fund raising from VTB Bank (PJSC) as part of the refinancing of the debt of the RAO ES East Subgroup	
<b>9% per annum</b> -1.2 p.p by 2016 weighted average cost of ruble borrowings is reduced	<b>Nature capital</b>	
<b>1.6 bn RUB</b> expenses for environmental protection	<b>109.7 bn GWh</b> RES and hydro generation	
<b>114.6 mn kWh</b> +12.9% by 2016 overall effect of measures to improve energy efficiency of PJSC RusHydro	<b>585.31 mn m<sup>3</sup></b> +0.4% by 2016 the volume of discharges of sewage into water bodies	
	<b>271.1 thousand tonnes</b> -0.15% by 2016 emissions into the atmosphere	
	<b>Manufacturing capital</b>	
<b>39.04 GW</b> +0.4% by 2016 installed electric capacity of power plants	<b>1.5 bn kWh</b> +1.06% by 2016 increase in electricity generation	
<b>18,497.1 Gcal/h</b> +1.8% by 2016 installed thermal capacity of power plants	<b>22,617</b> +1.04% by 2016 number of new connected consumers	
<b>92 bn RUB</b> +14.2% by 2016 funding of the investment programme	<b>375 mn kWh</b> -10% by 2016 reduction of power losses in networks in the Far East	
	<b>Intellectual capital</b>	
<b>2.19 bn RUB</b> +33% by 2016 amount of funding of the Innovative Development Programme	<b>22</b> partner universities	
<b>402.4 mn RUB</b> +28% by 2016 R&D expenses	<b>1,174</b> students who completed on-the-job training	
	<b>Human capital</b>	
<b>2.1 bn RUB</b> -3.4% by 2016 cost of labour protection	<b>1,311</b> jobs created	
<b>27% employees</b> aged 35 years and less	<b>72.48 thousand RUB</b> +7.1% by 2016 average salary	
	<b>305.1 mn RUB</b> +5% by 2016 costs of human resources development	
	<b>Social and Reputational capital</b>	
<b>&gt; 507 mn RUB</b> cost of improving the living conditions of workers	<b>Participation in the tariffs reduction</b> for consumers in the Far Eastern Federal District to the average Russian level	<b>80.4 bn RUB</b> +11% by 2016 tax payments to budgets of different levels

The main economic activities of RusHydro Group companies are electricity generation by hydroelectric power stations, generation of electricity by thermal power plants, transmission, distribution and sale of electricity.

The resources at the input and the results at the output of the business model are grouped into six main capitals. As a result of capital transformation through core activities, the Group creates value for both external and internal stakeholders.

**Increase of long-term credit ratings of the company<sup>1</sup>:**

- S&P: from BB ("Positive" outlook) to BBB- ("Stable" outlook)
- Moody's: from Ba2 ("Stable" outlook) to Ba1 ("Positive" outlook)
- Fitch: from BB+ ("Negative" outlook) to BB+ ("Stable" outlook)
- ACRA: assigned the highest rating AAA (Ru) ("Stable" outlook)

<sup>1</sup> As of April 27, 2018.