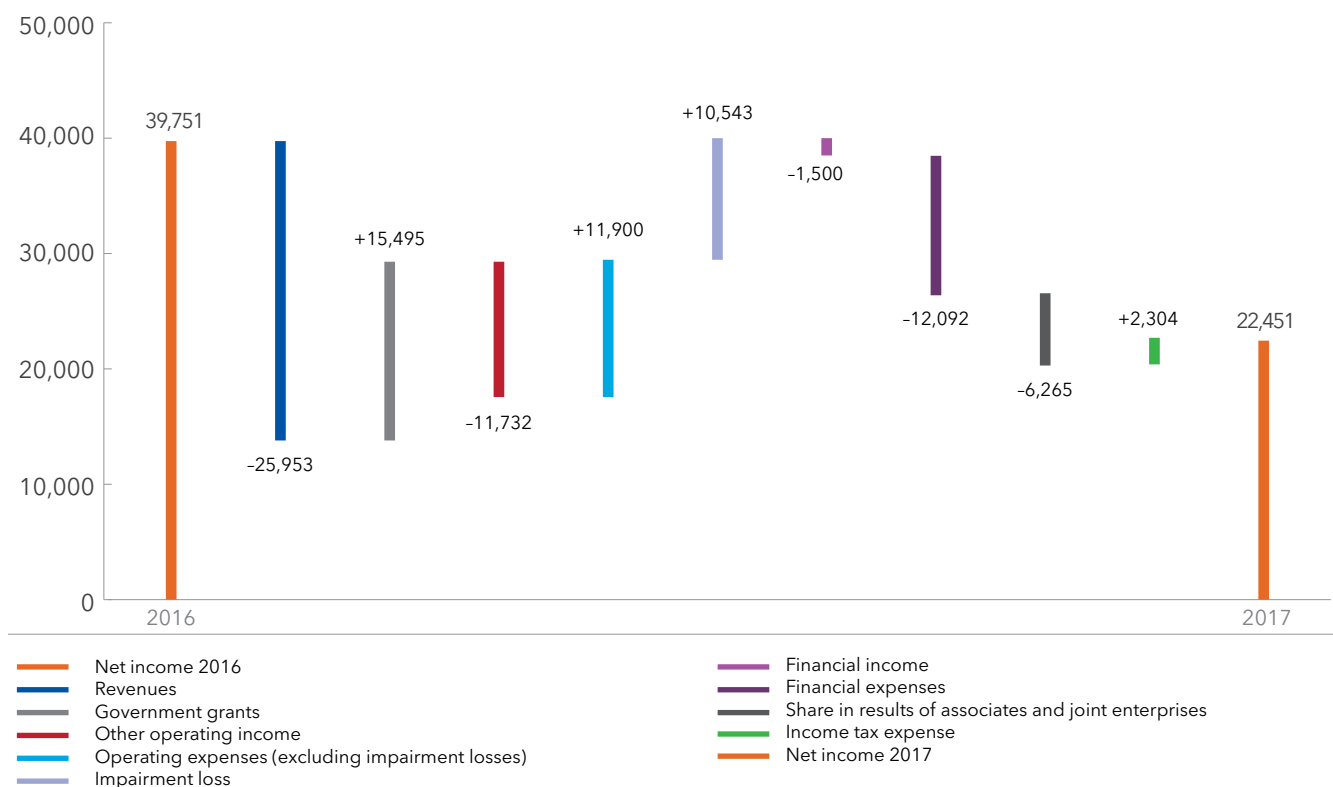


KEY FINANCIAL INDICATORS

Profit indicators

	2015	2016	2017	2017 - 2016	Plan 2018
EBITDA, RUB mn	73,383	100,341	104,038	+ 3 697	-
EBITDA margin ¹ ,%	19.8	24.9	27.3	+ 2.4 p. p.	25.3
Net profit, mn rubles	27,159	39,751	22,451	-17,300	-
Net profit margin, %	7.3	9.8	5.9	-3.9 p. p.	-
Net profit for one share, rubles	0.0865	0.1095	0.0596	-0.0499	-
Return on assets (ROA), %	2.9	4.0	2.2	-1.8 p. p.	4.1
Return on equity (ROE) ² , %	4.5	6.3	3.3	-3.0 p. p.	6.4

Change in net profit, RUB mn



Net profit of RusHydro Group in 2017 has fallen by 43.5% and amounted to 22,451 million rubles. The adjusted net profit in the reporting period amounted to 62,702 million rubles, or 2.6% lower than the same indicator in 2016. Excluding LLC ESCB, the comparable adjusted net profit for 2017 remained at the level of 2016.

¹ Calculation of indicators was made taking into account other incomes.

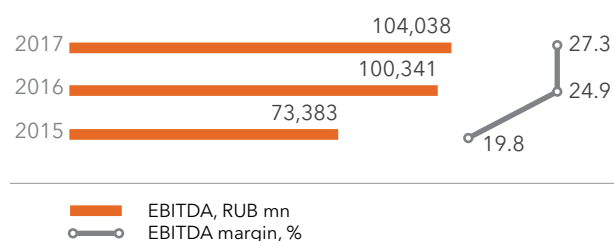
² The indicator was calculated in accordance with the methodology for calculating and evaluating key indicators of PJSC RusHydro, approved by the decision of Board of Directors (Minutes No. 229 of December 25, 2015).

The following substantial non-cash items (excluding the income tax effect) primarily explain the difference between reported and adjusted net profit for 2017:

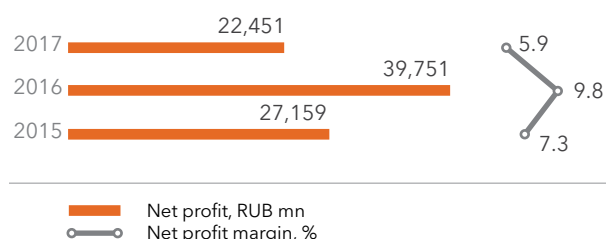
- Recognition of a loss from economic impairment of fixed assets in the amount of 24,000 million rubles, mainly in relation to JSC Yakutskaya GRES-2 and PJSC Yakutskenergo due to the insufficiency of tariff revenue in the framework of the tariff decisions that do not provide full return on invested capital;
- Recognition of a financial expense in the amount of 13,946 million as a result of a change in the fair value of a non-deliverable forward for shares due to decline in the market price of shares of PJSC RusHydro in the reporting period;
- Recognition of an impairment loss of accounts receivable of 5,957 million due to analysis of overdue accounts receivable and estimation of the probability of its repayment.

In addition, the change in net profit and adjusted net profit in 2017 as compared to 2016 came from one-time revenue recognition of sale of Bratskaya, Ust-Ilimskaya and Irkutskaya dams in the amount of 7,202 mn rubles, sale of LLC ESCB in the amount of 3,048 mn rubles and insurance compensation for Zagorskaya PSP-2 in the amount of 1,737 mn rubles in 2016.

Dynamics of EBITDA and EBITDA margin

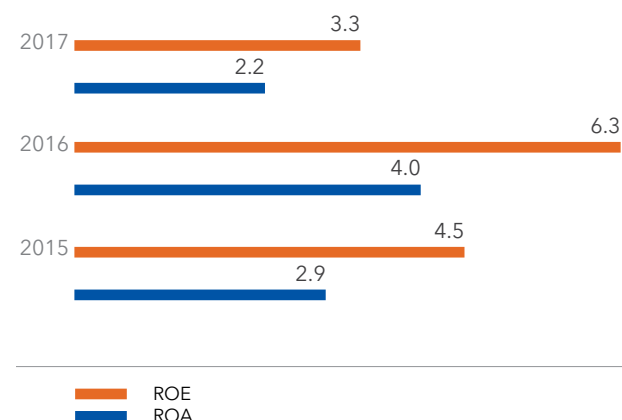


Dynamics of net profit and net profit margin

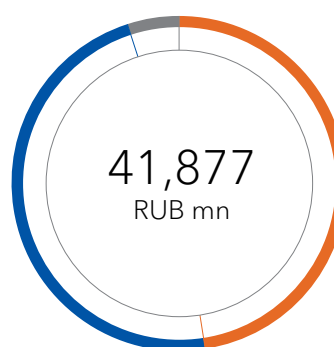


The net profit margin target for 2018 is 11.7%.

Return on assets and return on equity, %



Distribution of the profit in 2016¹



	RUB mn	%
Development of the Company	19,907	47.5
Dividends	19,876	47.5
Reserve fund	2,094	5.0

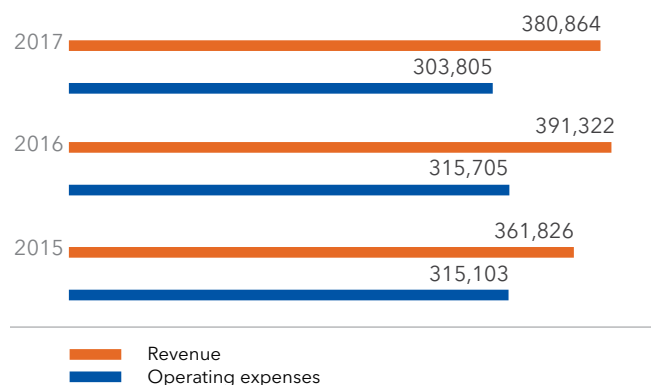
¹ Net profit is indicated in accordance with RAS. Net profit was not allocated to funds, other than the reserve fund. The entire amount allocated to the Development of the Company is related to the implementation of investment programmes of RusHydro Group. The net profit allocation is in line with the Regulations on Dividend Policy of PJSC RusHydro.

Revenue and expenses¹

In 2017, the total revenue of the Group decreased by 2.7%, which was mainly due to the sale of LLC ESCB in December 2016, its total revenue for 2016 was 29,922 million rubles. Excluding LLC ESCB, the total revenue increased by 5.4%. This change was due to the following key factors:

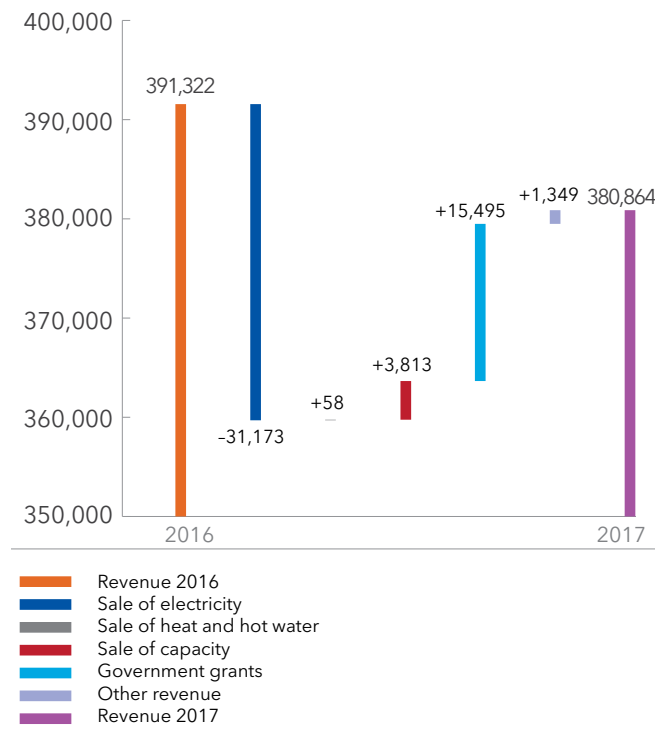
- Increase in the revenue from the sale of capacity as a result of the commissioning of the Zelenchukskaya HPP-PSP in Karachaevo-Cherkessia, the capacity of which is sold under a capacity delivery agreement;
- Increase in the revenue from the sale of capacity of PJSC RusHydro due to the increase in the capacity auctions price in the 1st and 2nd price zones, the indexation of regulated capacity tariffs and 100% of the liberalization of the capacity market for HPPs from May 1, 2016;
- An increase in the day-ahead price in the second price zone due to a decrease in the generation of HPPs and an increase in output of thermal power plants;
- Increase in the revenue for JSC DGK due to an increase in the volume of rendered services for the transmission of electric power due to an increase in the average tariff to the level of the previous year in the area of Khabarovsk, Primorsky Region, the Jewish Autonomous District and South Yakutia;
- Increase in the revenue of PJSC Yakutskenergo, which is mainly due to an increase in the revenue from the delivery of electricity produced by third parties as part of the contract with JSC Vilyuiskaya HPP-3, which is the guaranteeing Supplier for PJSC Alrosa's facilities, where the consumption has increased
- The decrease in revenue from the sale of electricity in the Far Eastern Federal District is associated with the completion of the tariff for electricity to the basic levels of prices (tariffs), which is compensated by the growth of subsidies for tariff smoothing.

Dynamics of total revenue and expenses, RUB mn



Planned revenue (including government subsidies) in 2018 is 394,162 mn rubles.

Change in revenue, RUB mn



Structure of revenue by segments of the Group excluding intragroup transactions, RUB mn

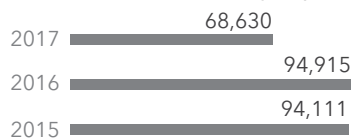
PJSC RusHydro



RAO ES East Subgroup

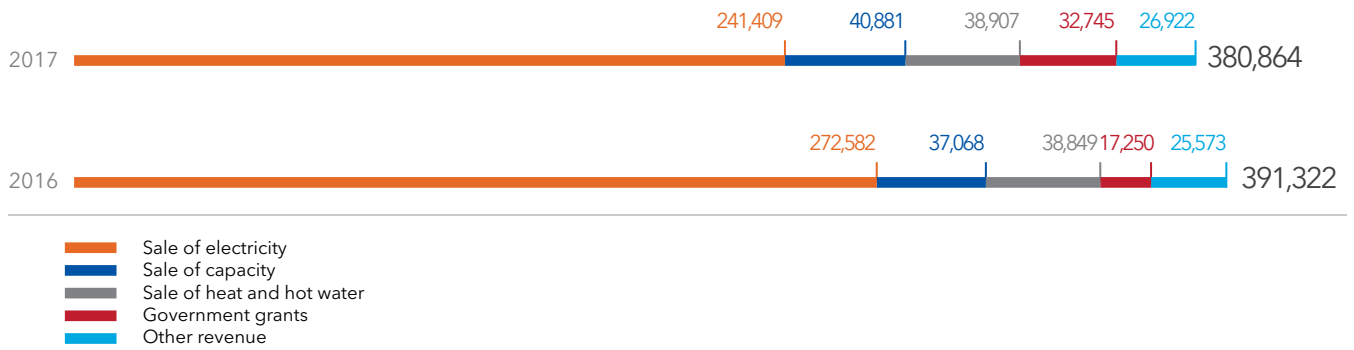


PJSC RusHydro controlled companies without RAO ES East Subgroup



¹ In this subsection of the Report, total revenue is shown taking into account state subsidies, operating expenses are presented without taking into account impairment losses.

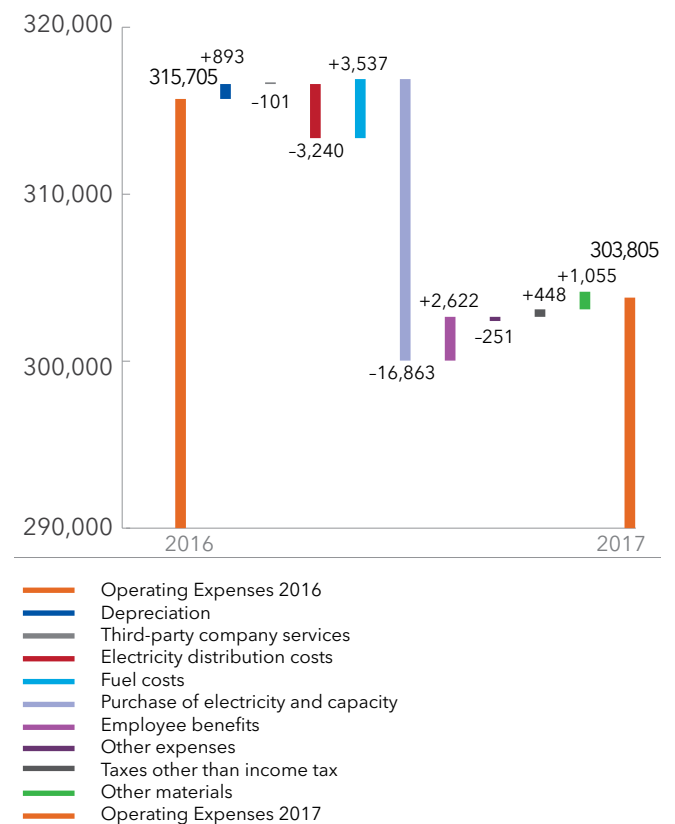
Structure of revenue by type of activity, RUB mn



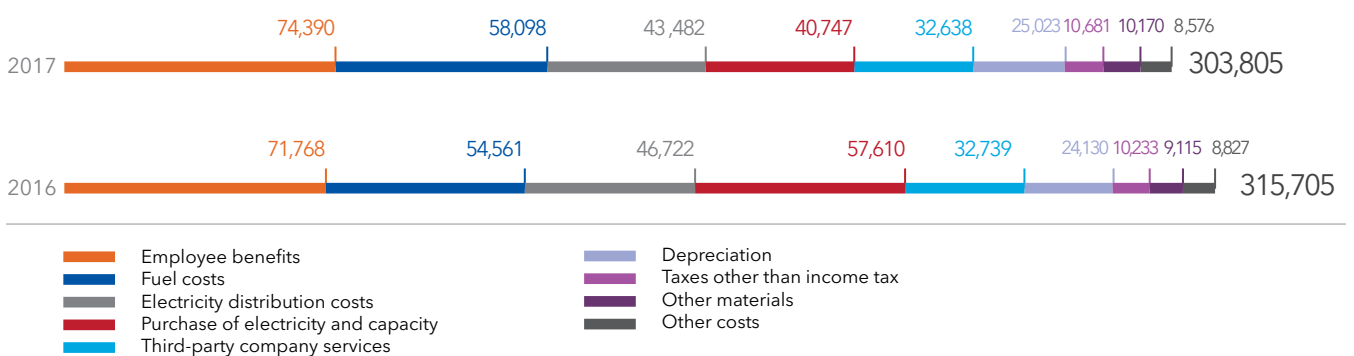
The total operating expenses for current activities in the reporting period decreased by 3.8% and amounted to 303,805 million rubles compared to the same period of 2016, which is mainly due to the sale of LLC ESCB in December 2016. Total operating expenses LLC ESCB for 2016 amounted to 27,972 million rubles. Excluding LLC ESCB, the total operating expenses increased by 5.6% as a result of the following factors:

- The increase in electricity distribution costs due to tariff increases and electricity transportation as well as due to the increased output of electricity to ESC Group and for a number of companies of the RAO ES East Subgroup;
- The increase in fuel costs mainly due to the increase in fuel prices for JSC DGK and the increase in the electricity outputs of JSC DGK plants for 2017 compared to the same period in 2016;
- Increase in labor costs as a result of indexation of tariff rates and salaries of operating personnel in accordance with collective agreements;
- Increase in depreciation of fixed assets and intangible assets.

Change in operating expenses, RUB mn



Structure of operating expenses, RUB mn

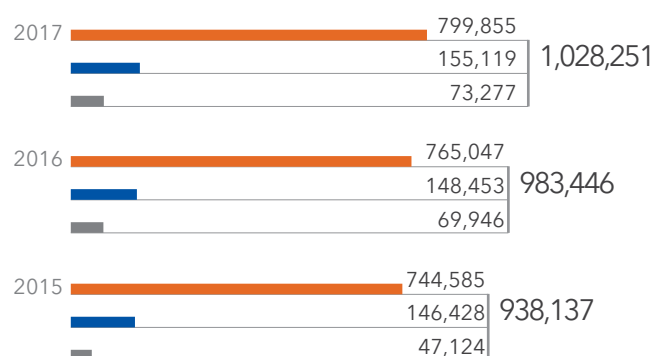


Assets, equity, and liabilities

Assets, equity, and liabilities, RUB mn

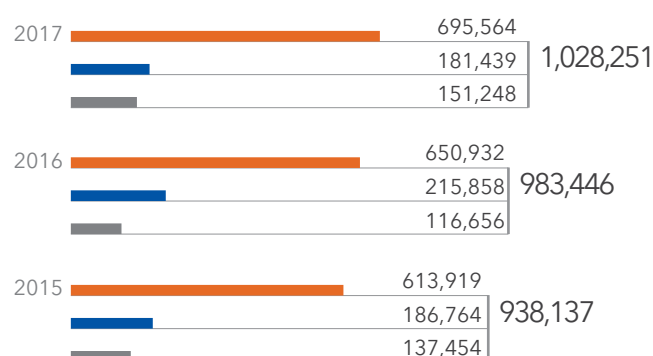
	2015	2016	2017	2017/2016, %
Fixed assets	744,585	765,047	799,855	4.55
Other non-current assets	47,124	69,946	73,277	4.76
Current assets	146,428	148,453	155,119	4.49
Total assets	938,137	983,446	1,028,251	4.56
Equity	613,919	650,932	695,564	6.86
Debt	324,218	332,514	332,687	0.05
Leverage ¹ , %	52.8	51.1	47.8	-3,3 p. p.
Total liabilities	938,137	983,446	1,028,251	4.56

Structure and dynamics of assets, RUB mn



■ Fixed assets
■ Current assets
■ All non-current assets, other than Property, Plant and Equipment

Structure and dynamics of liabilities, RUB mn



■ Equity
■ Long term liabilities
■ Short-term liabilities

As of December 31, 2017, the group's assets increased by 44,805 mn rubles or 4.6% to 1,028,251 mn rubles compared to the same indicator for December 31, 2016. The change of assets is mainly related to the following factors:

- Growth of the group's fixed assets;
- Growth of receivables and inventory;
- Increase in the amount of funds and their equivalents.

The group's liabilities remained at the previous year's level and amounted to 332,687 mn rubles. According to the structure of liabilities, the liabilities of the group were changed as follows: long-term liabilities decreased by 34,419 mn rubles, short-term liabilities increased by 34,592 mn rubles, mainly due to reclassification of long-term borrowed funds into short-term borrowed funds due to approaching maturity date.

The structure of the group's liabilities has undergone significant changes:

- Funds received from placement of additional share issue and sale of treasury shares, in full volume are directed to the repayment of credits and loans of RAO ES East Subgroup;
- Partial redemption of Russian bonds issued in April 2015 within the scope of the tender offer;
- Ruble Eurobonds worth 20 bn rubles are placed, the issuer of which was a special-purpose company RusHydro Capital Markets DAC. Eurobonds issued with maturity in 2022 and coupons of 8.125 % per annum paid twice a year. Placement and listing of Eurobonds is carried out on the Irish Stock Exchange under the rules of Reg S;

¹ Planned ratio of own and borrowed funds in 2018 - 49.8%.

- In accordance with the terms of the non-deliverable forward transaction for its own issued shares with VTB Bank (PJSC), the Group recognized liability under the forward contract, which is recorded as a long-term derivative financial instrument measured at fair value through profit and loss using the Monte Carlo model. The main reason for the change of the fair value of the forward instrument was the local dynamics of the market value of PJSC RusHydro shares during 2017. Thus, in the event of an increase in the value of shares in subsequent reporting periods, the liability under the forward contract will be reviewed towards its reduction.

Refinancing Debt of RAO ES East Subgroup

In March 2017, within the framework of fulfilment of decrees of the Russian President and the Russian Government RusHydro Group successfully implemented measures to refinance the debt of the enterprises of RAO ES East Subgroup. The mechanism of the realized transaction is unique for the Russian market in its structure and volume of capital raised.

In accordance with the decisions of the Board of Directors of PJSC RusHydro (minutes of November 23, 2016 No. 244, of December 27, 2016 No. 246, of February 27, 2017 No. 248) due to the placement in the interest of VTB Bank (PJSC) of 40 billion shares of an additional issue and sale, and 15 billion of treasury shares of PJSC RusHydro, the company raised joint-stock financing worth 55 billion rubles. VTB Bank (PJSC) acquired 55 billion roubles worth of shares of the company, which is 12.9% of the share capital.

In addition, PJSC RusHydro and VTB Bank (PJSC) signed a non-deliverable contract, the final settlement of which is expected after the end of the 5-year period. The forward rate is formed as a key rate of the Bank of Russia plus a margin of 1.5% annually. The forward payments are reduced by the amount of dividends paid to the bank during the period of the forward contract.

At the end of the forward contract, one of the parties to the transaction pays the other party the difference between the value of the sale of PJSC RusHydro's shares and the forward value. At the same time, PJSC RusHydro has no obligations to VTB Bank (PJSC) for buy back of its shares ("put" option). In the case of failure to sell the company's shares during the period of the forward contract (5 years) the liabilities of the Parties shall be determined based on an independent valuation of the shares.

An important aspect of the transaction is the condition that the additional income received from the sale of shares of RusHydro at a price higher than the value of the forward in full is the income of the company.

Key parameters and advantages of the forward contract with VTB Bank (PJSC):

- significant amount of potential liabilities of RusHydro will be covered by outside investors following the sale of RusHydro's shares, as well as through dividends received by the bank;
- transaction focuses the management on the long-term result, encourages reaching the maximum value of the company in the interests of all shareholders;
- funds attracted in the framework of a forward transaction are aimed at the repayment of external loan debts of the companies of the RAO ES East Subgroup, which significantly reduced the consolidated debt burden of RusHydro Group.

In terms of the efficiency of the transaction for the company, the proposed scheme of attracting financing is more effective than existing credit mechanisms. Forward rate value (excluding the value of the sale of shares) is preferred due to its reduction on the paid and planned dividends, as well as because of lowering the key rate of the central Bank of the Russian Federation, which is 5.42 % as of March 23, 2018 (following the reduction of the Bank of Russia key rate to 7.25%). Cash worth 55 billion rubles was attracted from VTB Bank (PJSC) in full transferred to the operating companies of RAO ES East Subgroup in accordance with the loan agreements and sent in March 2017 to repay the debt on bank loans.

The interest rate on intragroup loans is floating and is equal to the forward rate, reduced by the amount of dividends in the interest of VTB Bank (PJSC) on the shares acquired in the framework of the transaction with RusHydro's shares. There is also a grace period for interest payments during the first two years from the date of entering into intra-group loans schemes. Savings from lowering the interest rate and due to existence of the two-year grace period will finance repair programmes and measures on technical rehabilitation and modernization of core companies of RAO ES East Subgroup.

Analysis of structure and change of financial debt

According to the results of 2017, the level of financial indebtedness and the debt burden of RusHydro group decreased. The total and net financial debt of RusHydro Group at the end of 2017 amounted to 213.2 and 143.0 billion rubles respectively, decreasing for the year by 10.3 and 13.1 billion rubles (or by 4.6% and 8.4%). Considering the growth of consolidated operating profit for 2017, the value of the indicator "net financial debt/ EBITDA" dropped to 1.4 on 31.12.2017 in comparison with 1.6 on December 31, 2016, which confirms the strengthening of the group's sustainable financial position.

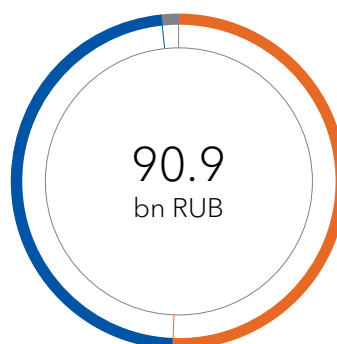
Total debt for long-term and short-term borrowings (excluding accrued interest on the reporting date) decreased by 30.2 billion rubles (or 15.4%) for the year 2017. The largest decrease in debt liabilities was due to the repayment (refinancing) of bank loans of companies of the RAO ES East Subgroup in the 1st quarter of 2017 worth 55 billion rubles due to a transaction with Bank VTB (PJSC). The structure of the financial debt of RusHydro group takes into account the fair value of the company's liabilities under the forward contract with VTB Bank (PJSC) (worth 20.7 billion rubles at the end of 2017), as well as the guarantee for PJSC Boguchanskaja HPP under the credit of GC Vnesheconombank (the sum of which decreased to 25.9 bn rubles at the end of 2017).

The shares of the consolidated financial debt (excluding the forward transaction) of RusHydro Group on 31.12.2017, calculated in Russian rubles and with a fixed interest rate, constitute about 95% and 99% respectively, which means that the Group's currency and interest rate risks in relations to financial liabilities are insignificant.

The long-term part of the group's borrowings for 2017 decreased by 67.1 billion rubles (a drop of 42.5%) to 90.9 billion rubles, mainly due to the maturity of the debt in 2018 and the transfer of this part of the debt to the short-term part. At the same time, in the structure of the debt there were 5-year Eurobonds worth 20 billion rubles, placed in September 2017.

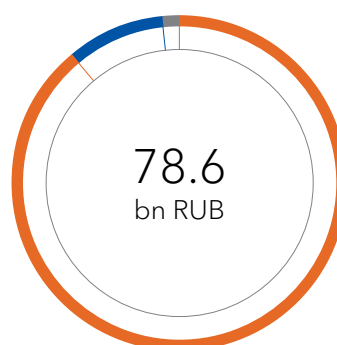
The short-term part of the group's borrowings for 2017 increased by 36.9 billion rubles (a rise of 88.3 %) up to 78.6 billion rubles, mainly due to the maturity of long-term loans and bonds (including bonds of PJSC RusHydro worth 35 billion rubles). Bearing in mind that the available remainder of the sample under the current credit agreements of the group companies at the end of 2017 amounted to more than 110 billion rubles, which by far exceeds the requirements for short-term refinancing of debt, financial risks are estimated as insignificant.

Structure of the long-term part of the debt with maturity after 12 months from the reporting date, %



■ Bonds (including Eurobonds (LPN))	50.6
■ Credits and loans	47.9
■ Other long-term borrowings	1.5

Structure of short-term part of debt with maturity within 12 months from the reporting date, %



■ Arrears on short-term part of long-term loans, loans and bonds	88.9
■ Short-term loans and borrowings	9.5
■ Other short-term borrowings	1.6

¹ On February 7, 2018, the Agreement on the termination of the guarantee agreement between PJSC RusHydro and GC Vnesheconombank was signed.

Credit ratings

Regarding strengthening the financial performance of RusHydro Group, the credit ratings (outlooks) of the company, assigned by international rating agencies (S&P,

Moody's, Fitch), improved. In October 2017 PJSC RusHydro became one of the first among state-owned Russian companies and the first company of the electrical utilities sector, which received the rating of creditworthiness from the Analytical Credit Rating Agency (ACRA), which was assigned on a national scale at the highest level of reliability.

Credit ratings as of April 27, 2018

Rating Agency	S&P	Moody's	Fitch	ACRA
Level of long-term credit rating ¹	BBB-	Ba1	BB+	AAA (RU)
Credit rating forecast	Stable	Positive	Stable	Stable
Date of change (confirmation) of rating	27.04.2018	29.01.2018	09.06.2017	03.10.2017

CASH FLOWS

Net cash flow from the group's operations in 2017 increased by 6,752 mn rubles (9.5 %) up to 78,125 mn rubles.

Net outflow of funds to finance investment activities increased by 35,095 mn rubles (141%), amounting to 60,013 mn rubles.

The financial activity of the group in the reporting period registered a net outflow of funds worth 15,064 mn rubles.

Negative exchange differences on the group's cash balances in 2017 amounted to 246 mn rubles, against negative exchange rate differences of last year worth 289 mn rubles.

At this backdrop, the group increased cash position to 70,156 mn rubles by the end of the year, which is 2,802 mn rubles (4.2 %) higher than at the beginning of the year.

Cash flows, RUB mn

	2015	2016	2017	2017 - 2016
Cash flows from operating activities	69,800	71,373	78,125	6,752
Use of funds for investment activities	(48,381)	(24,918)	(60,013)	(35,095)
Use of funds from financial activities	(8,584)	(26,837)	(15,064)	11,773
Positive/(negative) Exchange differences on cash balances	796	(289)	(246)	43
Total increase of funds	13,631	19,329	2,802	(16,527)
Funds for the end of the period	48,025	67,354	70,156	2,802

¹ International rating agencies S&P, Moody's, Fitch indicated the level of long-term credit rating on an international scale in foreign currency.