

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 m³
the volume of water used in 2017

5,125.2 mn m³
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

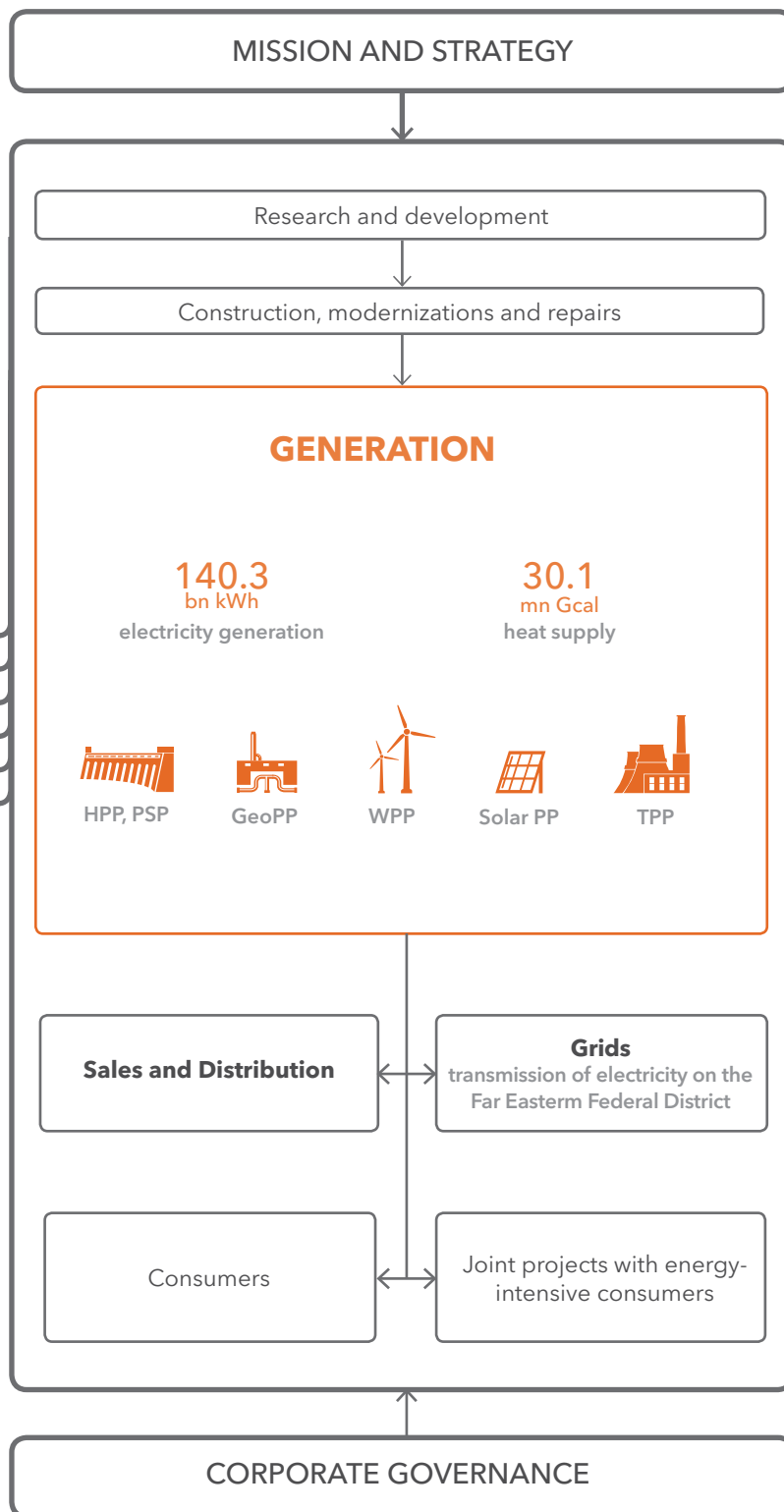
71,528
number of employees

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



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.

Results of 2017

For the Company

104 bn RUB +3.7% by 2016
Consolidated EBITDA

1.4 x -12.5% by 2016
net financial debt / EBITDA

9% per annum -1.2 p.p by 2016
weighted average cost of ruble borrowings is reduced

Financial capital

19.9 bn RUB +32.6% by 2016
dividend payments

55 bn RUB
fund raising from VTB Bank (PJSC)
as part of the refinancing of the
debt of the RAO ES East Subgroup

For Stakeholders

Nature capital

1.6 bn RUB
expenses for environmental protection

114.6 mn kWh +12.9% by 2016
overall effect of measures to improve energy efficiency
of PJSC RusHydro

109.7 bn kWh
RES and hydro generation

585.31 mn m³ +0.4% by 2016
the volume of discharges of sewage into water bodies

271.1 thousand tonnes -0.15% by 2016
emissions into the atmosphere

Manufacturing capital

39.04 GW +0.4% by 2016
installed electric capacity of power plants

18,497.1 Gcal/h +1.8% by 2016
installed thermal capacity of power plants

92 bn RUB +14.2% by 2016
funding of the investment programme

1.5 bn kWh +1.06% by 2016
increase in electricity generation

22,617 +1.04% by 2016
number of new connected consumers

375 mn kWh -10% by 2016
reduction of power losses in networks in the Far East

Intellectual capital

2.19 bn RUB +33% by 2016
amount of funding of the Innovative Development Programme

402.4 mn RUB +28% by 2016
R&D expenses

22 partner universities

1,174 students who completed on-the-job training

Human capital

2.1 bn RUB -3.4% by 2016
cost of labour protection

27% employees
aged 35 years and less

1,311 jobs created

72.48 thousand RUB +7.1% by 2016
average salary

305.1 mn RUB +5% by 2016
costs of human resources development

Social and Reputational capital

> 507 mn RUB
cost of improving the living conditions of workers

Participation in the tariffs reduction
for consumers in the Far Eastern Federal
District to the average Russian level

80.4 bn RUB +11% by 2016
tax payments to budgets
of different levels

Increase of long-term credit ratings of the company¹:

- 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)

¹ As of April 27, 2018.