



# RusHydro



## RusHydro Group FY 2012 IFRS results & market update

April 1, 2013

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# 2012 key results – operating efficiency gaining momentum

## Operating and Financial Results

- In 2012, the power plants of RusHydro increased electricity generation by **5% to 113 TWh** – a highest figure on record, representing ca. 11% of the national electricity production (see slide 5)
- Despite challenging market environment RusHydro managed to post **10% growth in EBITDA** from continuing operations in 2012 (slides 7,8)

## Capacity Additions

- In 2012, **3.3 GW** of capacity was added, mostly due to launch of 4 out of 9 units of Boguchanskaya hydropower plant (1,332 MW) and restoration of Sayano-Shuhsneskaya plant (1,920 MW). Ca. **27 MW** was added as a result of hydropower plants' modernization (ca. 480 MW of hydro capacity was replaced) (slide 4)
- Total installed capacity of RusHydro Group amounted to ca. **36 GW** (RusHydro: ca. 26.9 GW (incl. 50% of Boguchanskaya HPP) and RAO ES of East: ca. 9 GW)

## Far East

- The company received **RUR 50 bn** from the Russian government for the construction of 4 heat and power plants in the Far East, which should replace the old inefficient capacity of the RAO ES of the East, a RusHydro subsidiary, by 2017
- RAO ES of the East refinanced **RUR 15.7 bn** of short-term debt (RUR 8 bn – EBRD loan, RUR 7.7 – Bank of Moscow loan)
- RusHydro optimized and improved its ownership of RAO ES of East and its subsidiaries acquiring shares of RAO ES of East, Yakutskenergo and other assets in share issue that ended in August 2012
- New standards of supervisory system, unified KPI system, business planning, regulation of corporate procedures, credit policy, procurement policies and rules and others were implemented in RAO ES of the East

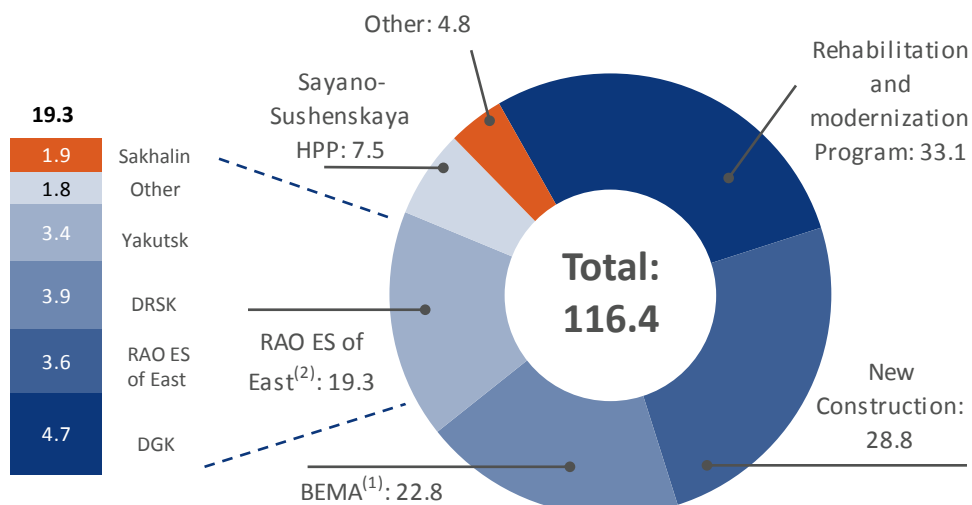
## Operating efficiency

- Group's manageable expenses rose only **5%** in 2012 year-on-year due to prudent financial management (see slide 10)
- RusHydro introduced a number of effective cost-cutting measures to address the challenges of new regulation in power retail sector (see slides 14-15)
- RusHydro made a decision to create a unified O&M (operations and maintenance) company through reorganization of RusHydro's subsidiaries. The establishment of a unified engineering company could save ca. **RUR 700 mn** in O&M costs p.a.

## 3.4 GW of capacity additions in 2012, more on the way

As of January 1, 2013 total installed capacity of RusHydro Group comprised ca. **36 GW**  
 RusHydro: ca. **26.9 GW**, RAO ES of East: ca. **9 GW**

### 2012 CAPEX, RUR bn (incl. VAT)



**RusHydro's standalone capex (excl. RAO ES of East and BEMA) comprised RUB74.2 bn**

### Boguchanskaya HPP

Boguchanskaya hydropower plant put 4 units (**1,332 MW**) in commercial operation at the end of 2012. Starting from December 2012, the new station supplies electricity to the wholesale market of Siberia

### Sayano-Shushenskaya HPP

- 3 new (replacement) hydro-units with total capacity of **1,920 MW** installed and put in commercial operation in 2012
- Available capacity of the plant amounted to **3,840 MW**

### Other projects

- Rehabilitation and modernization program in 2012: new capacity of **26.5 MW** and replacement of equipment with total capacity of **479 MW**
- 27 MW** Baksanskaya HPP was launched after restoration in December 2012

### 2012 Capacity additions, MW

Project	Capacity Addition, MW
Sayano-Shushenskaya hydropower plant	1,920
Boguchanskaya hydropower plant	1,332
Other	54
<b>RAO ES of East</b>	<b>95.1</b>
RAO ES of East	91.2
YUESK	3.4
Yakutskenergo	0.5
<b>Total (excl. RAO ES of East)</b>	<b>3,306</b>
<b>Total</b>	<b>3,401</b>

1) BEMA project includes: Boguchanskaya HPP and Boguchansky Aluminium Smelter. The main source of the project BEMA financing are loans from VEB; 2) RAO ES of East Group data; 3) 4 units of Boguchanskaya HPP were launched in 2012 (total capacity of 1,332 MW), 50% of Boguchanskaya HPP's installed capacity can be attributed to RusHydro; 4) Sayano-Shushenskaya HPP is currently under restoration after the accident in 2009; 5) Capacity increased due to rehabilitation and modernization program: remarking of Kamskaya HPP (9MW), Volzhskaya HPP (15.5 MW), Kabardino-Balkarian units

# “Big water” driving 4Q and FY 2012 production, continues into 1Q 2013

Current hydrological situation in the center of Russia can be characterized as favorable. As of the end of January, the useful storage of the Volgo-Kama cascade reservoirs exceeded the long-run average by 50.5%. Good reservoir levels and above average inflows from snow melt will also support 2013 production.

## Electricity generation, GWh

	4Q 2012	4Q 2011	change	FY2012	FY2011	change
Far East	4,434	3,277	35.3%	14,157	12,548	12.8%
Siberia	5,884	4,973	18.3%	20,735	21,503	-3.6%
Center of Russia	10,858	8,072	34.5%	39,076	35,503	10.1%
South of Russia and North Caucasus	1,332	1,424	-6.5%	6,557	6,802	-3.6%
Armenia	45	51	-10.9%	631	651	-3.0%
RAO ES of the East	8,702	8,994	-3.2%	31,541	30,341	4.0%
<b>TOTAL</b>	<b>31,255</b>	<b>26,792</b>	<b>16.7%</b>	<b>112,697</b>	<b>107,349</b>	<b>5.0%</b>
<b>TOTAL (excl. RAO ES of the East)</b>	<b>22,553</b>	<b>17,797</b>	<b>26.7%</b>	<b>81,156</b>	<b>77,007</b>	<b>5.4%</b>

## Results mainly driven by:

- heaviest rainfall flood in the recorded history of the Volga-Kama cascade which resulted in significant electricity generation increase;
- water inflow to major reservoirs of Siberia lower than long-run average;
- decrease in electricity generation by the Zagorskaya pumped storage plant due to the technical constraints related to the construction works at Zagorskaya pumped storage plant No. 2;
- launch of the first 3 hydro-units of the Boguchanskaya hydropower plant into commercial operation in December 2012;
- increase in generation volumes by the Far East Generation Company in the 1<sup>st</sup> half of 2012 due to growth in electricity consumption;
- flash floods in the basins of Zeyskiy and Bureyskiy reservoirs in August-September 2012;
- low water inflows to hydropower plants of the North Caucasus

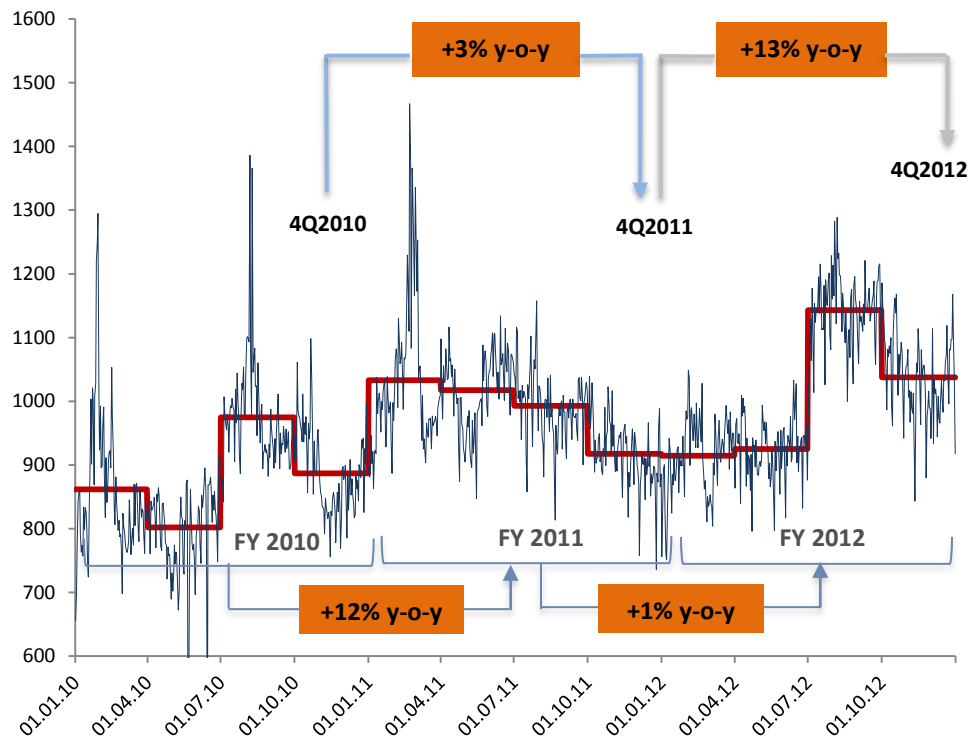




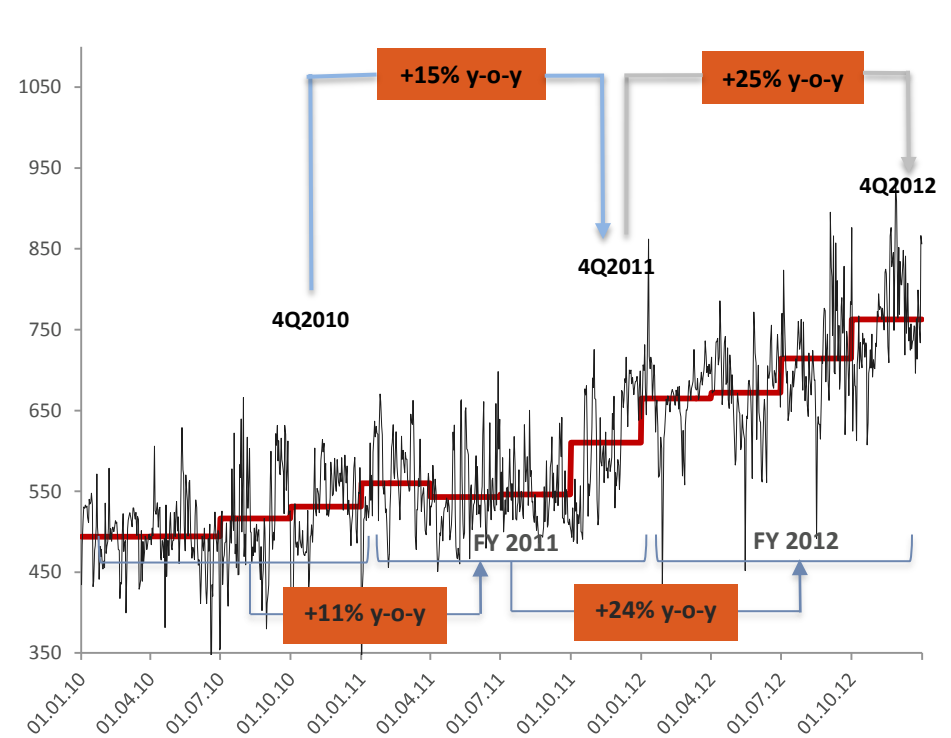
# Siberian “spot” leads the way, European prices follow gas

- In 2012, gas and electricity tariffs indexation was shifted **from January 1 to July 1** (applicable to future years as well)
- Gas tariffs were hiked **15%** from July 1, 2012
- As a result, FY 2012 average spot prices in the 1<sup>st</sup> price zone were almost flat year-on-year
- Spot prices in the 1<sup>st</sup> price zone in 2H2012 vs 2H2011 showed a **healthy growth of 14%** - inline with gas tariffs hike
- Spot prices in the 2<sup>nd</sup> price zone were strong throughout the whole 2012 on the back of low hydro output and changes in the supply/demand balance, increasing by 24% year-on-year

Day-ahead market - Europe and Urals (1<sup>st</sup> price zone), RUR/MWh\*



Day-ahead market – Siberia (2<sup>nd</sup> price zone), RUR/MWh\*



# Strong underlying 4Q and FY 2012 financial results; cleaner financials in 2013

RUR mn	FY 2012	FY 2011	Change	4Q 2012	4Q 2011	Change
Revenue, total (reported), incl.:	<b>305,761</b>	371,696	-18%	<b>90,700</b>	86,464	5%
Revenue from operations	<b>294,979</b>	362,599	-19%	<b>86,541</b>	83,128	4%
Government grants (to RAO ES of East)	<b>10,782</b>	9,097	19%	<b>4,159</b>	3,336	25%
Expenses	<b>(268,663)</b>	(313,617)	-14%	<b>(75,144)</b>	(76,579)	-2%
EBITDA*	<b>62,966</b>	76,972	-18%	<b>23,044</b>	17,735	30%
Net (loss)/profit	<b>(25,539)</b>	29,493	n/a	n/a	n/a	n/a
Net profit (adj.)**	<b>31,783</b>	45,854	-31%	n/a	n/a	n/a

## Comparable key financials (excl. investment component and disposal group of 2011)\*\*\*

RUR mn	FY 2012	FY 2011	Change	4Q 2012	4Q 2011	Change
Revenue	<b>305,761</b>	263,401	16%	<b>90,700</b>	83,677	8%
Expenses	<b>(268,663)</b>	(226,448)	19%	<b>(75,144)</b>	(76,579)	-2%
EBITDA	<b>62,966</b>	57,201	10%	<b>23,044</b>	14,948	54%
Net profit (adj.)**	<b>31,783</b>	27,830	14%	n/a	n/a	n/a

## Results mainly driven by:

- strong 4Q 2012 operating results on the back of increased hydro output in all 3 macro-regions of RusHydro operations (see slide 3)
- growth in unregulated power prices in 2H 2012 after planned gas tariffs indexation
- removal of special investment component in RusHydro's capacity prices as of 2012, which accounted for ca. RUR 2.8 bn of earnings in 4Q 2011 and RUR 12.5 bn – in FY 2011
- disposal of 5 electricity retail co's in late March 2011 (accounting for ca. RUR 7.3 bn of EBITDA in 2011) and acquisition of Bashkortostan retail co in Sep 2011;
- seasonally weak 2<sup>nd</sup> and 3<sup>rd</sup> quarters for thermal power and heat generation in the Far East;
- increase in fuel expenses due to gas shortages in the Far East.

\* - EBITDA is calculated as operating profit before depreciation of PP&E and non-cash impairment

\*\* - See slide 20 for explanation of all IFRS provisions and write-offs

\*\*\* - excluding financials of disposal group (i.e. financials of 5 retail companies deconsolidated as of March 28, 2011) and RUR 12.5 bn of investment add-on in capacity tariffs in 2011; calculation of comparable figures is done based on a number of internal assumptions and may be inaccurate



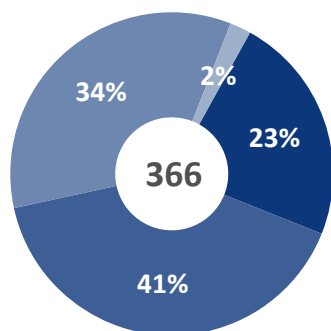
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# Revenue shrinking on disposals, but like-for-like profitability doing well

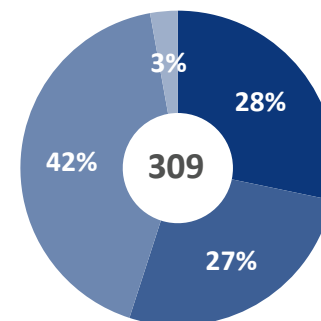
## Revenue breakdown highlights:

- 1) the decrease in retail sales following the deconsolidation of 5 retail companies in late March 2011
- 2) an increase in generation segment after on the back of strong 4Q results and unregulated prices growth in the 2<sup>nd</sup> half of 2012, despite the removal of the investment add-on in 2012
- 3) increase in revenue of RAO ES of the East following indexation of tariffs and government subsidies

Total Revenue\* FY 2011 (bn RUR)

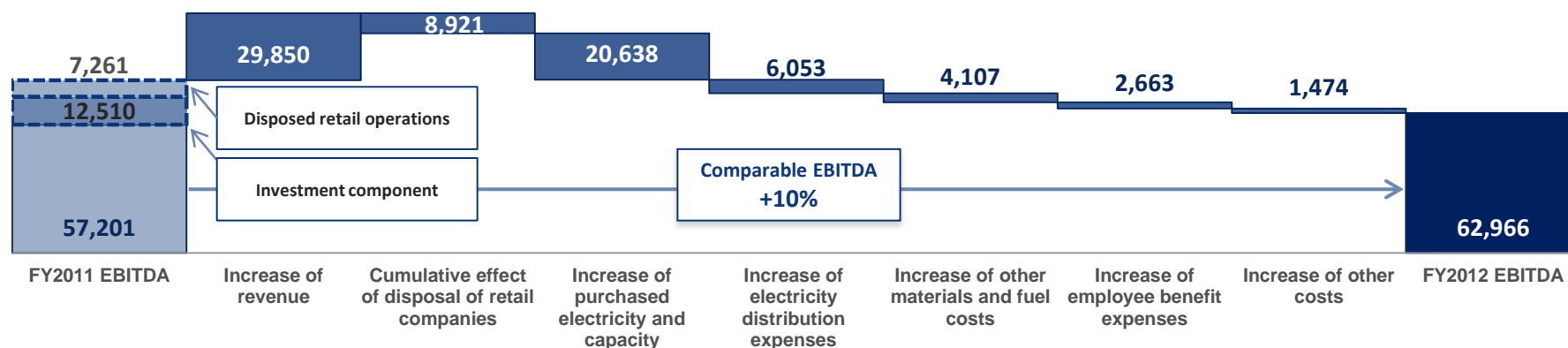


Total Revenue\* FY 2012 (bn RUR)



■ Generation ■ Retail ■ RAO ES of East ■ Other

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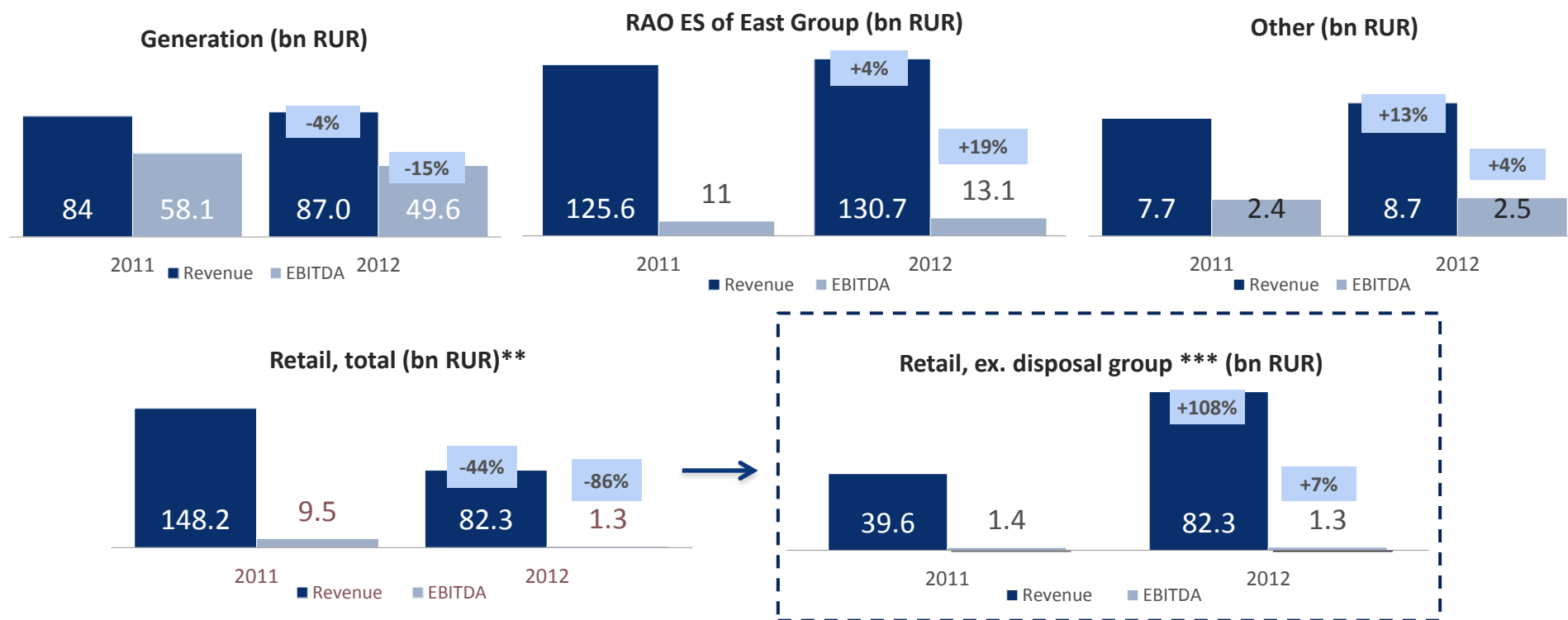


\* - currently, RusHydro does segment reporting only based on Russian accounting standards (RAS). Presented breakdown figures represent only revenue from external customers under RAS. For details see Note 5 of full IFRS report.

\*\* - includes R&D institutes, general contractors, repairs and maintenance companies.



# Segment breakdown\*: hydro remains the key driver of profitability



- EBITDA decrease in generation segment was a result of expected regulatory removal of investment add-on in tariffs;
- Generation segment contributed ca. ¾ to consolidated EBITDA, remaining the core driver of the Group's profitability;
- The revenue from retail segment decreased following the disposal of 5 retail companies, yet despite unfavorable regulation for retail segment EBITDA (not accounting for disposed operations) remained almost flat due to contribution from newly acquired Bashkortostan retail co and successful implementation of cost-cutting program in retail segment.



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\* - currently, RusHydro does segment reporting only based on Russian accounting standards (RAS). Presented revenue figures represent only revenue from external customers under RAS. For details see Note 6 of full IFRS report.

\*\* - 2011 financials include financial results of the disposed retail companies only until the date of their disposal (March 28, 2011)

\*\*\* - excluding financials of 5 retail companies divested in March, 2011

# OPEX rises on “one-off” and past acquisition, but SG&A are under control

- The overall drop in reported expenses year-on-year was due to disposal of 5 retail companies in March 2011
- **Comparable manageable expenses rose a modest 5% year-on-year**
- non-manageable expenses increased 26% mainly due to higher power purchases and distribution expenses (after the acquisition of Bashkortostan retail co) and loss on accounts receivable mainly on sales in the Far East

	Reported			Comparable (excl. disposal group)		
	FY 2012	FY 2011	chg	FY 2012	FY 2011	chg
Purchased electricity and capacity	57,878	83,702	-31%	57,878	37,240	55%
Employee benefit expenses	49,081	48,377	1%	49,081	46,600	5%
Fuel expenses	45,231	41,329	9%	45,231	41,329	9%
Electricity distribution expenses	41,749	72,554	-42%	41,749	35,696	17%
Depreciation of property, plant and equipment	18,232	16,421	11%	18,232	16,421	11%
Other materials	9,319	10,462	-11%	9,319	9,690	-4%
Taxes other than on income tax	7,292	6,614	10%	7,292	6,564	11%
Third parties services, including:						
Services of subcontracting companies	4,510	3,945	14%	4,510	3,931	15%
Services of SO UES, ATS, CFS	3,180	3,128	2%	3,180	3,020	5%
Repairs and maintenance	3,002	3,355	-11%	3,002	3,273	-8%
Purchase and transportation of heat power	2 572	2 784	-8%	2 572	2 784	-8%
Security expenses	2,426	2,178	11%	2,426	2,151	13%
Rent	2,279	2,096	9%	2,279	1,884	21%
Consulting, legal and information expenses	1,829	1,947	-6%	1,829	1,819	1%
Transportation expenses	1,265	1,299	-3%	1,265	1,270	0%
Insurance cost	1,022	851	20%	1,022	848	20%
Other third parties services	4,458	4,393	1%	4,458	3,999	11%
Accrual/(reversal) of impairment for accounts receivable, net	5,781	8	n/a	5,781	(297)	n/a
Water usage expenses	2,536	2,565	-1%	2,536	2,565	-1%
Social charges	2,282	2,533	-10%	2,282	2,515	-9%
Loss on disposal of property, plant and equipment, net	1,855	2,464	-25%	1,855	2,464	-25%
Other expenses	884	612	45%	884	682	30%
<b>Total expenses</b>	<b>268,663</b>	<b>313,617</b>	<b>-14%</b>	<b>268,663</b>	<b>226,448</b>	<b>19%</b>
<b>Non-manageable expenses</b>	<b>186,306</b>	<b>231,570</b>	<b>-20%</b>	<b>186,306</b>	<b>147,786</b>	<b>26%</b>
<b>Manageable expenses</b>	<b>82,357</b>	<b>82,047</b>	<b>0%</b>	<b>82,357</b>	<b>78,662</b>	<b>5%</b>

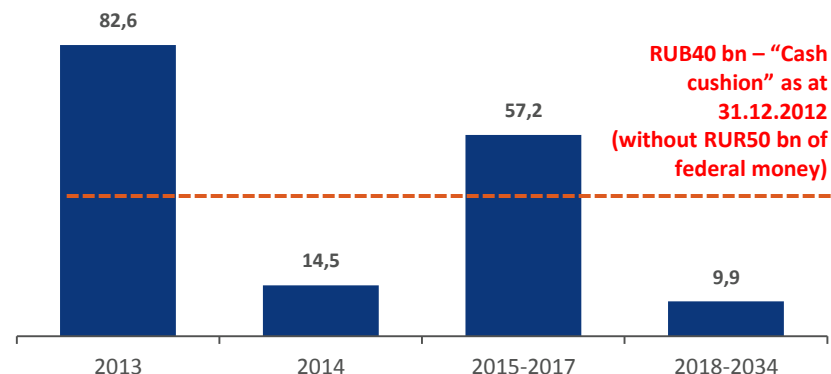


# Leverage profile: improving Far Eastern portfolio

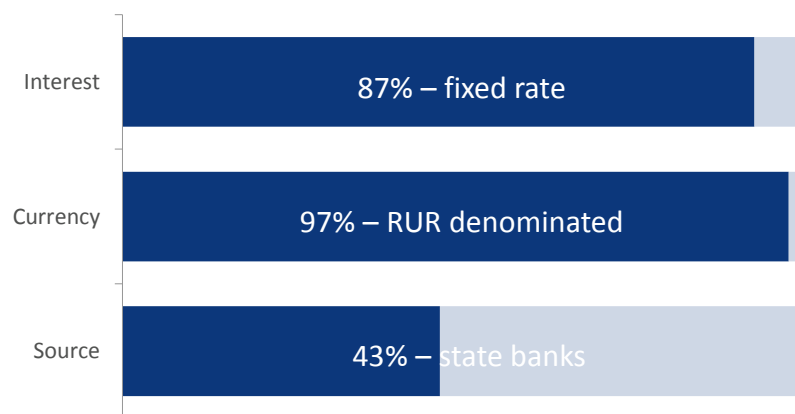
## Key Comments

- Total financial debt as at Dec 31 2013 amounted to **RUR 161 bn** <sup>(1)</sup>
- Multicurrency effective interest rate of ca. **8.5%**
- In February 2013, RusHydro issued a local RUR 20 bn bond, with 8.5% coupon and a put option after 5 years to refinance RUB40 bn loan from Sberbank; RUR 20 bn of local bonds are ready to be placed until year end
- In February 2013 RusHydro successfully redeemed **USD 60 mn** CLN
- RusHydro aims to further refinance short-term debt of RAO ES of East by long-term facilities, if possible at lower rates. In 2012, the Group increased RAO ES of East's share of long-term debt to **47%**, due to:
  - In December 2012 - January 2013: short-term loans of DGK (**RUR 7 bn**) and Sakhalinenergo (**RUR 0.7 bn**) were refinanced with long-term by Bank of Moscow with a guarantee from JSC RusHydro
  - In August 2012, the short-term loans of DGK in amount of **RUR 8 bn** was refinanced by loan from JSC RusHydro (source - EBRD loan signed in 2011)
- In December 2012, RAO ES of East signed an agreement with EBRD (RusHydro acts as a guarantor) to receive **RUR 4 bn** loan for 12 years.
- In October 2012, RusHydro entered into an OeKB covered credit agreement with Bayern LB Bank in the total amount of **EUR 16.5 mn** with full repayment in 2025 for modernization of Saratovskaya HPP
- In December 2012, IEC (Armenia) signed an agreement with EBRD (covered by JSC RusHydro's guarantee) to receive **USD 25 mn** loan for 15.5 years. Additional **USD 25 mn** loan from AIB at the same terms is expected by the end of 2013

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



## Low Risk Debt Portfolio Structure



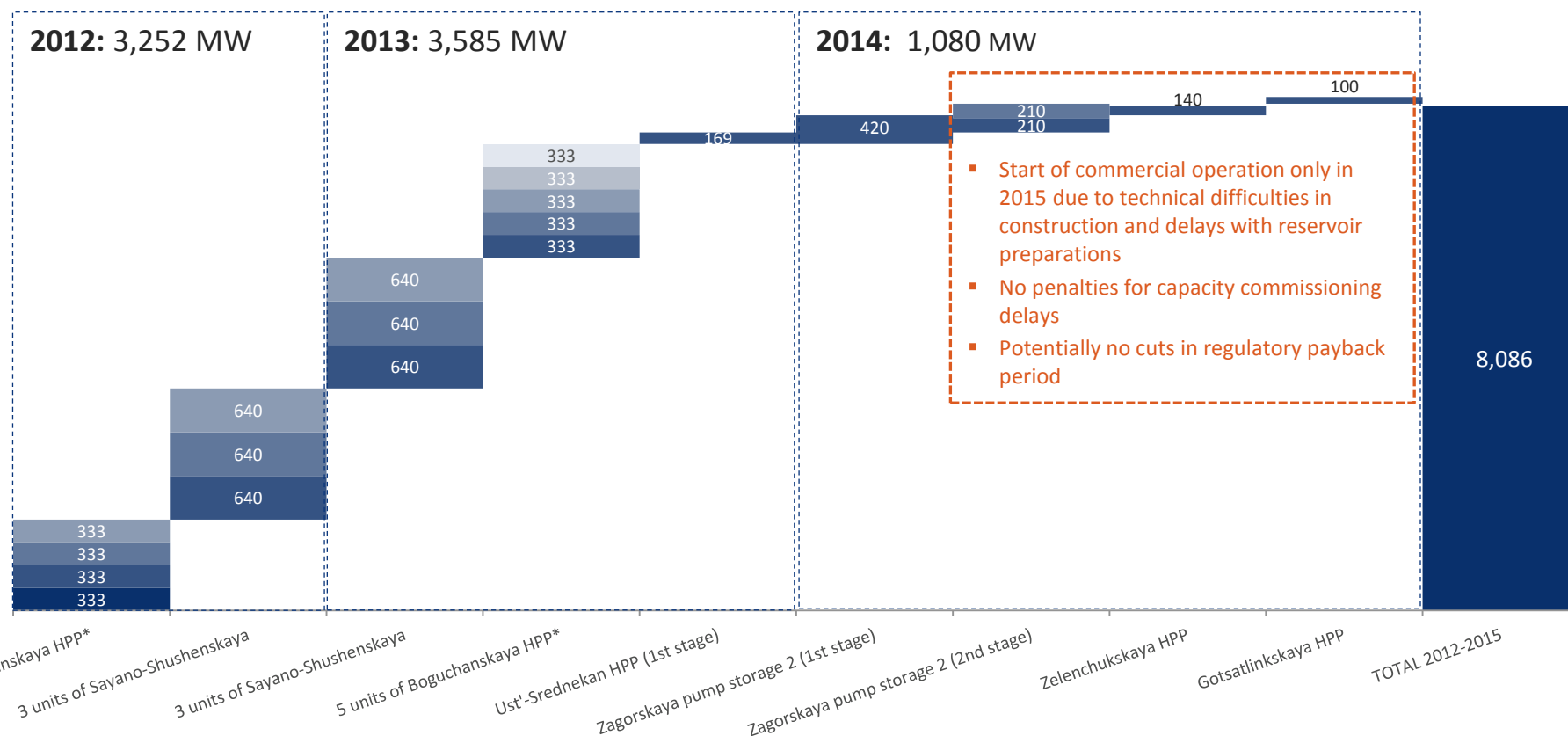


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**Market Update**

# Hydro capacity commissioning – headwinds on the way

- **8 GW** of new hydro and pumped storage capacity coming online in 2012-2014 vs less than 3 GW in the whole decade since 2000
- Over **1.4 GW** are contracted under Capacity Supply Agreements (DPM), providing a rate of return of 10.5% for 20 yrs
- **1920 MW** will be 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 will be added through 2025 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





# RusHydro's electricity retail – improving the gloomy outlook (1/2)

## Chuvashskaya energy supply company

- Useful output in 2012– 2.9 TWh
- RusHydro ownership: 100%
- Client base: 0.36 mn

## Ryazan energy supply company

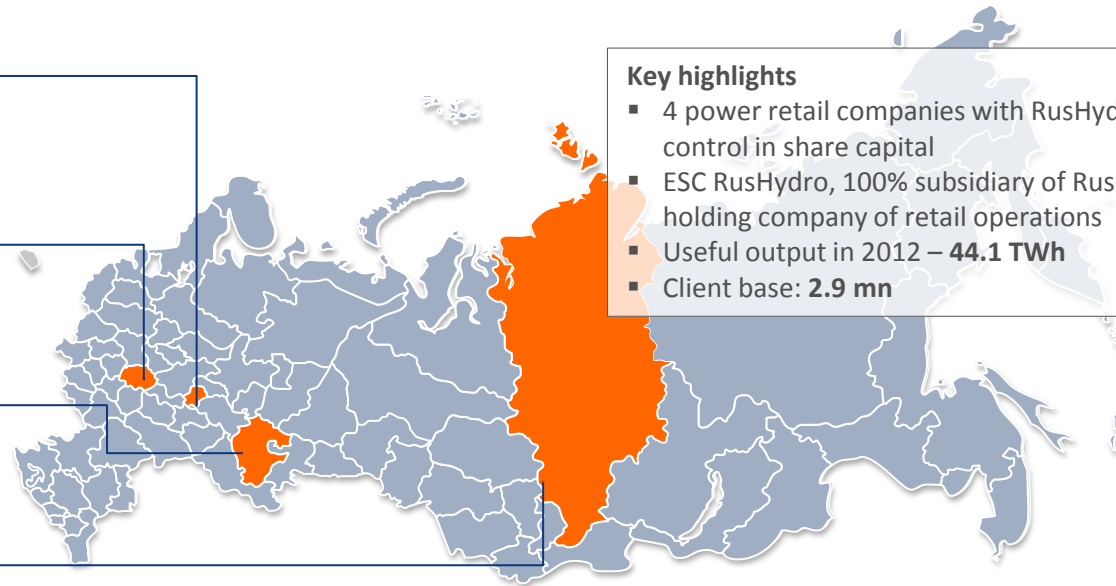
- Useful output in 2012 – 3.4 TWh
- RusHydro ownership: 90.53%
- Client base: 0.37 mn

## Bashkortostan energy supply company

- Useful output in 2012 – 21,5 TWh
- RusHydro ownership: 100%
- Customer base; 1.2 mn

## Krasnoyarskenergosbyt

- Useful output in 2012 – 16.3 TWh
- RusHydro ownership: 66.75%
- Client base: 1 mn



- In 2012, the regulation of the electricity sector changed, as the government tried to address rising end-user prices. This resulted in:
  - dramatic decrease in regulated tariffs due to implementation of new regulation framework in the retail energy market (Decree of the Government of the Russian Federation No. 442, May 4, 2012), which cancelled differentiated capacity payments starting April 2012 that gave power retailers additional income, aside from regulated margin
  - postponed electricity tariff indexation from January 1 to July (Decree of the Government of the Russian Federation No 1178 from 29.12.2011)
- **RusHydro introduced a cost-cutting program in power retail to address a worsening financial outlook (see slide 15)**

# RusHydro's electricity retail – improving the gloomy outlook (2/2)

## Cost-cutting measures

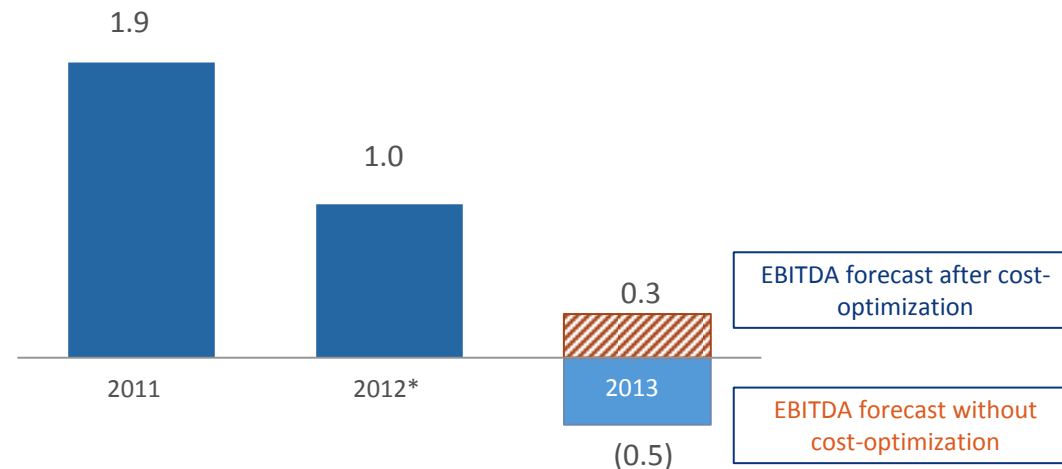
### Companies' structure transformation

- Start of cost benchmarking in all power retailers (2011 – a reference year for cost optimization)
- Competition-based cost-cutting among subsidiary companies (the best performer becomes a benchmark for others)
- Unification of organizational structure and business processes in all power retail companies
- Development of client-oriented IT infrastructure

### Introduction of a single management company (ESC RusHydro) for 4 subsidiaries\*

- Liquidation of CEO positions in subsidiary companies
- Cutting 57% of the top management in subsidiaries and transferring their functions and responsibilities to management company

## EBITDA of ESC RusHydro subsidiary companies, RUR bn



\*- in 1Q 2012 old rules of the retail energy market still applied

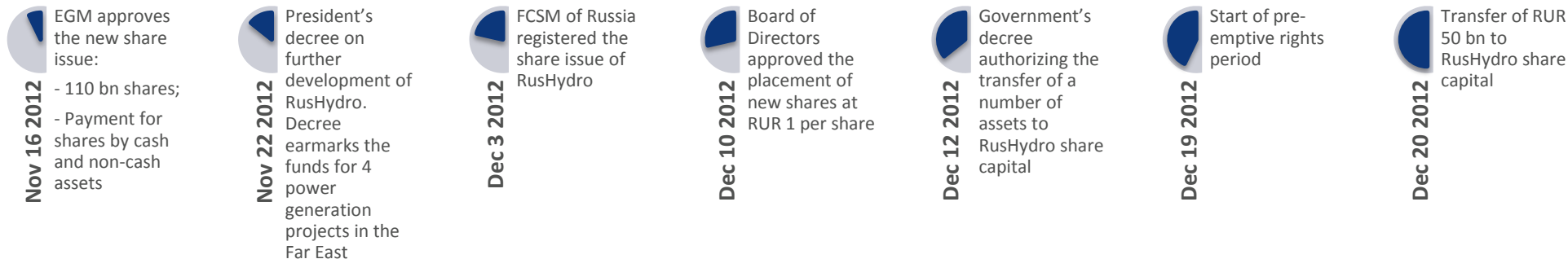
Company	% of headcount reduction	Annual salary cut, '000 RUR	%
Krasnoyarskenergosbyt	15	150 899	24
Chuvash ESC	14	21 878	16
Ryazan ESC	8	23 034	17
ESC Bashkortostan	8	30 538	7
<b>Total</b>	<b>12</b>	<b>226 349</b>	<b>17</b>



# 2012-2013 share issue – nearing completion

## 1 stage – launch of the share issue, transfer of RUR 50 bn to RusHydro

COMPLETE



## 2 stage – open subscription to shares, finalization of all corporate procedures

COMPLETE



# 2013 outlook and key priorities

## Capacity construction and rehabilitation

- **Boguchanskaya**: putting online of all the remaining units and increase its installed capacity up to 3,000 MW
- **Sayano-Shuhsneskaya**: launch of a new unit in March 2013 and replace two units in June and November in accordance with the restoration plan
- Launch of the 1st stage of **Zagorskaya pump storage-2 (210 MW)**, **1st stage of Ust-Srednekan HPP (169 MW)**
- Start of financing and construction of the **4 new Far East projects**
- Further **rehabilitation and modernization of hydropower plants** (priority projects for 2013: Volzhskaya, Zhigulevskaya, Votkinskaya, Saratovskaya, Novosibirskaya hydropower plants)
- Successful implementation of **JV projects** (with Alstom and Voith Hydro)

## RAO ES of East

- **Further optimization of fuel and fixed costs**, decreasing electric power and thermal heat losses, refinancing of short-term debt, optimisation of corporate governance

## Corporate development

- **Consolidation of 3 hydro engineering operations** into a unified company to improve project complex efficiency and increase the total economic effect through better usage and planning of resources
- Finalize the **creation of a unified O&M** (operations and maintenance) company through consolidation of RusHydro's O&M subsidiaries
- Creation of RusHydro's **R&D fund** to bolster innovation and development of technical expertise in energy-related areas

## Market Development

- The Ministry for Economic Development forecasts electricity tariff (except for households) and market prices growth in 2013 compared to 2012 by more than 10% on an annual basis
- Increase in profit levels of retail companies (guaranteeing suppliers) due to differentiation of sales margin by consumer types. Retail companies to be entitled to define types of their customers
- State support of **15% annual increase of gas tariff** with gradual liberalisation of the domestic gas market
- Ministry of Energy to present an updated power market model in mid-2013 (might become effective as of 2015)

## Leverage

- **Refinance a part of RUR 31 bn short-term debt of RAO ES of East** due in 2013 into long-term debt, possibly at lower rates
- RUR 4 bn loan facility from EIB by the end of 2013 to finance GTU-CHPP construction in Vladivostok
- **Refinance RUR 40 bn Sberbank's loan facility** (repayment date – November 2013). Partially done by bond issuances in February 2013

# IR calendar 2013

In 2013, RusHydro will continue to be active in its IR communications, plans a number of improvements in its disclosure times and procedures

2 quarter	1 April	<b>FY 2012 IFRS results</b>
	9-10 April	VTB Capital «Russia calling!» conference (New York)
	16-20 April	The Russia Forum, Sberbank CIB (Москва)
	22-23 April	Morgan Stanley EEMEA conference (New York)
	24-25 April	Morgan Stanley EEMEA conference (London)
	24 April	<b>1Q 2013 operating update</b>
	29 April	<b>1Q 2013 RAS results</b>
	13-14 May	UBS EMEA conference (London)
	28-30 May	VTB Capital «Russia calling!» conference (London)
	Early June	Russia & CIS Sberbank CIB (New York)
	10-13 June	Bank of America Merrill Lynch CalGEMs conference (Laguna, USA)
	Late June	AGM of RusHydro
	Early June	Morgan Stanley Russia Day (Paris)
3 quarter	26 June	<b>1Q 2013 IFRS results</b>
	20-22 June	XVI St. Petersburg Economic Forum
	1-2 July	Goldman Sachs EMEA conference (London)
	23 July	<b>2Q 2013 operating update</b>
	30 July	<b>1H 2013 RAS results</b>
	8 August	Goldman Sachs Power & Utility conference (New York)
	Early September	HSBC investment conference (London)
	Early September	Deutsche Bank Global Emerging Markets conference (New York)
4 quarter	Early September	Russia & CIS Sberbank CIB conference (London)
	13 September	Morgan Stanley Power & Utility Summit (London)
	16 October	<b>1H 2013 IFRS results</b>
	1-3 October	VTB Capital «Russia calling!» conference (Moscow)
	23 October	<b>3Q 2013 operating update</b>
	30 October	<b>9M 2013 RAS results</b>
	Mid-November	Bank of America Merrill Lynch Russia & CIS conference (London, New York)
	19-20 November	Goldman Sachs - LatAm & GEMs conference (New York)
	18 December	<b>9M 2013 IFRS results</b>







**RusHydro**

**Appendices**

## Explanation of major IFRS provisions in FY 2012 result

	Note in IFRS report	FY 2012	FY 2011
<b>Net profit (reported)</b>		<b>(25,539)</b>	<b>29,493</b>
Impairment of property, plant and equipment (PP&E)	7	19,332	6,963
Impairment of investment in Krasnoyarskaya HPP and PP&E of Krasnoyarskaya HPP	8	13,275	-
Impairment of long-term promissory notes	10	9,363	-
Impairment of available-for-sale financial assets	9	8,041	-
Impairment of accounts receivable	24	5,781	8
Remeasurement of net assets of OJSC DRSK to fair value less cost to sell	26	3,669	-
Impairment of goodwill and intangible assets	10	2,975	-
Loss on disposal of property, plant and equipment	24	1,855	2,464
Impairment of PP&E of jointly controlled entities	8	-	10,398
Effect of deferred tax on impairments		(6,969)	(3,472)
<b>Net profit (adjusted)</b>		<b>31,783</b>	<b>45,854</b>

# Major new construction commitments in the Far East

## Major highlights

- 0.5 GW of new capacities
- Expected CAPEX – ca. USD 2 bn
- Fuel savings of 30-50% as compared to old units
- Already existing and ever expanding consumer base

### Yakutskaya TPP-2

- 170 MW, 160 Gcal/h
- Equivalent fuel consumption - **215 g/kWh**
- Fuel: gas
- Partial replacement of Yakutskaya TPP: 320 MW, Equivalent fuel consumption - **411 g/kWh**.

### Blagoveshenskaya CHPP

- 120 MW, 188 Gcal/h
- Equivalent fuel consumption - **330 g/kWh**
- Fuel: coal
- Partial replacement of Raichikhinskaya TPP (102 MW, Equivalent fuel consumption **578 g/kWh**) and Chulmanovskaya TPP (48 MBt, Equivalent fuel consumption **642 g/kWh**)

### CHPP of Sovetskaya Gavan

- 120 MW, 200 Gcal/h
- Equivalent fuel consumption **388 g/kWh**
- Fuel: coal
- Replacement of Mayskaya TPP (93 MW, Equivalent fuel consumption - **700 g/kWh**)

### Sakhalinskaya TPP-2

- 110 MW, 15 Gcal/h
- Equivalent fuel consumption **467 g/kWh**.
- Fuel: coal
- Replacement of Sakhalinskaya TPP (252 MW, Equivalent fuel consumption – **593 g/kWh**)



# Return on investment – case of Sovetskaya Gavan' coal-fired plant

## Project profile

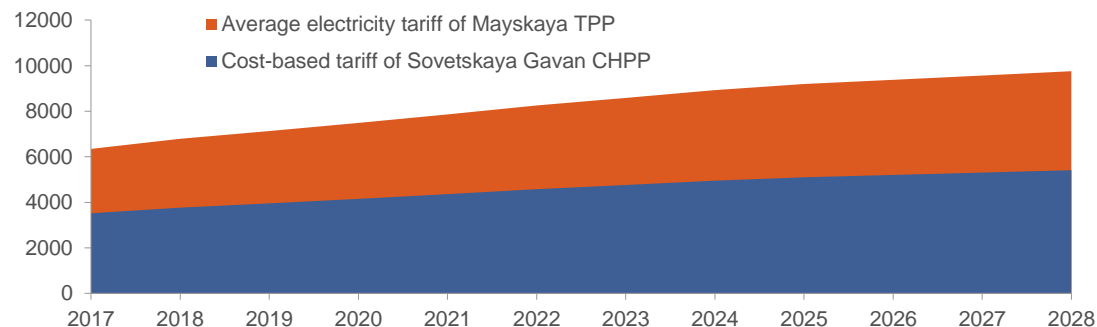
- Cogeneration thermal plant
- Greenfield project
- 120 MW, 200 Gcal/h
- Fuel: coal
- Equivalent fuel consumption **388 g/kWh** vs **700 g/kWh** for 93 MW Mayskaya TPP (earmarked for decommission)
- Expanding consumer base on the back of development of sea port infrastructure

## 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**.
- Return of investments 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.

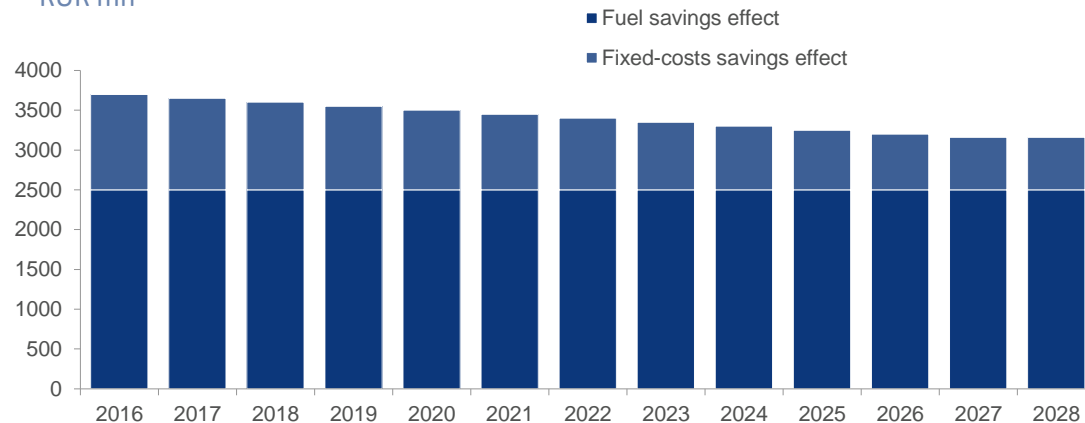
## Return of investment through long-term tariffs based on OPEX reduction

RUR/MWh



## Economic effects from cost-cutting

RUR mn







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