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# RusHydro Production and Financial Results for 9 Months 2010

Briefing for sell-side analysts and media  
26 October 2010 г.

# Production

Region	9M 2010, kW*h mln	9M 2009, kW*h mln	Δ,%
Far East	10,363	9,112	14%
Siberia, including	9,416	18,834	-50%
Sayano-Shushenskaya HPP	7,543	17,116	-56%
Center	28,806	32,344	-11%
South of the Russian Federation and Northern Caucasus	6,948	5,969	16%
<b>Total, JSC RusHydro</b>	<b>53,810</b>	<b>64,577</b>	<b>-17%</b>
<b>Total (RusHydro+ subsidiaries and dependent Companies )</b>	<b>55,569</b>	<b>66,262</b>	<b>-16%</b>

## Key factors, affecting production

- Favorable hydrology in the FarEast, South Caucasus Russia's South;
- Reaching designed capacity at the Bureyskaya HPP, export of over-the-balanced output to China;
- Reduced output of Sayano-Shushenskaya HPP due to the accident in 2009;
- Regimes of Volga-Kama cascade in the 2<sup>nd</sup> and 3d quarters due to low water levels.

According to operational forecast RusHydro's output for 2010 is expected on the on the level of 70,500

# Financial Results (RAS)

	9м 2010, RUR mln	9м 2009, RUR mln	Change, %
<b>Revenue</b>	64,715	58,698	10%
<b>Cost of goods sold</b>	(30,223)	(26,404)	14%
<b>Gross profit</b>	34,492	32,294	7%
<b>Other income</b>	50,821	21,486	137%
<b>Other expenses</b>	(46,848)	(20,363)	131%
<b>EBITDA*</b>	40,535	38,420	6%
<b>Net profit</b>	30,106	25,844	17%

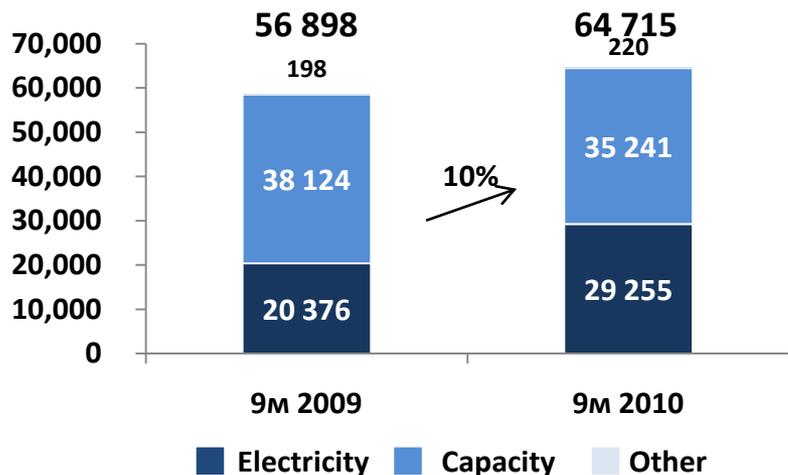
## Key factors, affecting financial results

- Increased share of sale at non-regulated price according to the timeline for liberalization of the wholesale market for electricity and capacity;
- Increase in free electricity prices on the day-ahead market;
- Increased electricity sales by Zeyskaya and Bureiskaya HPPs over and above volumes set by the Federal Tariff Service balance;
- Increased electricity sales according to free bilateral agreements and the balancing market.

\* EBITDA determined as gross profit gross profit before depreciation

# Revenue Structure

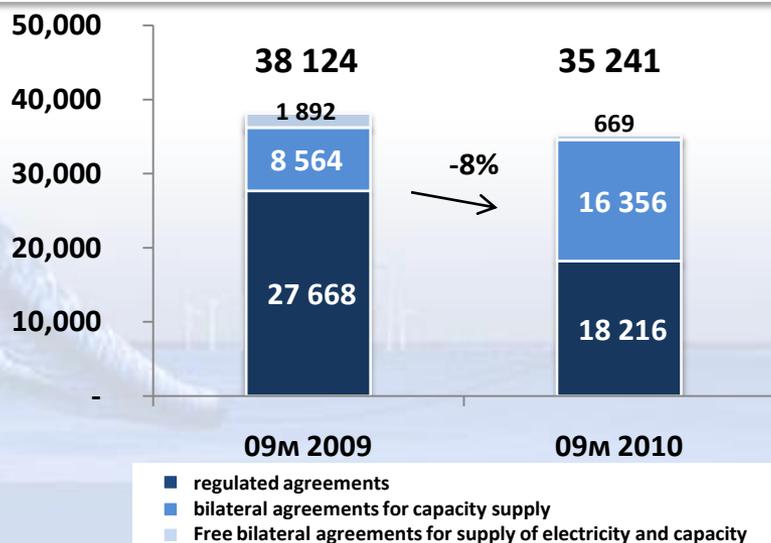
## Revenue Breakdown



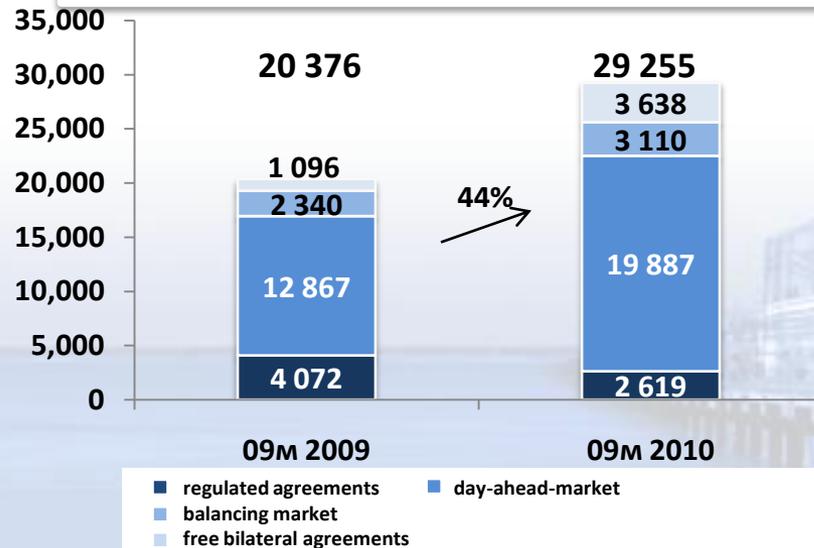
## Revenue Breakdown by price zones



## Structure of revenue from sales of capacity



## Structure of revenue from sales of electricity



# Costs Structure

Cost of goods sold, including:	9м 2010 RUR mln	% of total	9м 2009 RUR mln	% of total	Δ%
Purchased electricity and capacity	8,747	29%	5,459	21%	60%
Transaction costs related to functioning of electricity and capacity market	1,463	5%	1,504	6%	-3%
Depreciation	6,043	20%	6,126	23%	-1%
Leasing payment	1,193	4%	1,046	4%	14%
Insurance expenses	438	1%	413	2%	6%
Maintenance and repair costs	2,101	7%	2,101	8%	0%
Labor cost	3,166	10%	3,090	12%	2%
Property tax	3,810	13%	3,837	15%	-1%
Water utilization tax	536	2%	681	3%	-21%
Other costs	2,726	9%	2,147	8%	27%
<b>Total</b>	<b>30,223</b>	<b>100%</b>	<b>26,404</b>	<b>100%</b>	<b>14%</b>

# Investment 2011 – 2013



№	Component	Capacity commissioning				Financing outlays			
		2011	2012	2013	Итого	2011	2012	2013	Итого
		MW	MW	MW	MW	RUR mln	RUR mln	RUR mln	RUR mln
1.	Rehabilitation and modernization	16	86	72	173	18,477	20,878	18,291	57,645
2.	Restoration of Sayano-Shusheskaya HPP	-	-	-	-	9,900	7,800	2,900	20,600
3.	Restoration of Baksanskaya HPP	-	-	-	-	1,162	136	-	1,298
4.	New construction	1,002	1,992	1,705	4,699	78,184	72,587	72,282	223,053
5.	Other	-	-	-	-	1,122	2,170	2,131	5,423
	<b>TOTAL:</b>	<b>1,018</b>	<b>2,078</b>	<b>1,777</b>	<b>4,872</b>	<b>108,845</b>	<b>103,571</b>	<b>95,603</b>	<b>308,019</b>

RusHydro investment program for 2011 -2013 is balanced in terms of financing sources and is linked to the Company's financial plan which assumes comfortable debt level: debt/EBITDA not exceeding 2.

# Restoration of Sayano-Shusheskaya HPP



Years	2009	2010	2011	2012	2013	2014
Turbine room restoration	✓					
Restoration of connection scheme	✓					
Launch of 4 restored units (##6,5,4,3)		✓ ✓ ✓				
Launch of 6 new units (## 8,10,1,7, 9,2)						
Replacement of restored units by new units						
Installed capacity for the year end	-	2,560	3,200	5,120	6,400	

All 10 turbines of Sayano-Shusheskaya HPP will be replaced by end of 2014 ,  
The installed capacity will be equal to the pre-accident level of 6400 MW

## Completed:

- Restoration and launch under load of units ##6,5,4:
- Works on the shore spillway, enabling readiness to high water season of 2010 – **01.06.2010**;

## To be completed 2010-2011:

- Development of integrated project for Sayano-Shushenskaya HPP restoration – **30.12.2010 r.**;
- Dismantling damaged equipment of units ## 1,2,7,8,9,10 – **31.12.2010**;
- Restoration and launch under load of units # 3 – **29.12.2010** ;
- Restoration of structures around hydro-units in the HPP buildings – **30.12.2010** ;
- Hydraulic tests of the first line of the shore spillway – **01.10.2010 r.**
- Reinforcing structures of the motor-road Sayanogorsk-- Sayano-Shushenskaya HPP – **30.07.2011**;
- Construction of re-loading terminal for large-sized equipment at Maynskaya HPP– **30.07.2011**;
- Delivery of equipment of 3 new hydro-units – in the course of **2011**;
- Delivery 2-x block transformers (6 phases) – **2<sup>nd</sup> half of 2011**;
- Completion of shore spillway – **September 2011**;
- Installation and launch of unit #1 – **30.12.2011**;

## To be completed in 2012-2014 :

- Full reconstruction of structures in the turbine room.
- Delivery and installation of 3 block transformers (9 phase).
- Delivery and installation of hydro-units ## 2,7,8,9,10,4,5,6,3.
- Reconstruction Open Distribution Schemes -500kW.

# Construction of Shore Spillway of Sayano-Shushenskaya HPP



Type of work	Unit	Volume
Casting the monolith concrete	thous.m <sup>3</sup>	699.54
Tunnel driving	thous.m <sup>3</sup>	330.85
Rock and ground excavation (dike)	thous.m <sup>3</sup>	798.58
Cementation works	meters	35 092
Installation of hydro-mechanical equipment	tones	1091.2

Construction of the 1<sup>st</sup> line of the shore spillway has been completed on June 1, 2010. Completion of construction is scheduled for 2011. Completion of the spillway it will enabling discharge 4 000 meters<sup>3</sup>/sec. The shore spillway when completed will be unique and have no analogues worldwide in terms of capacity to pass-through volumes during floods.

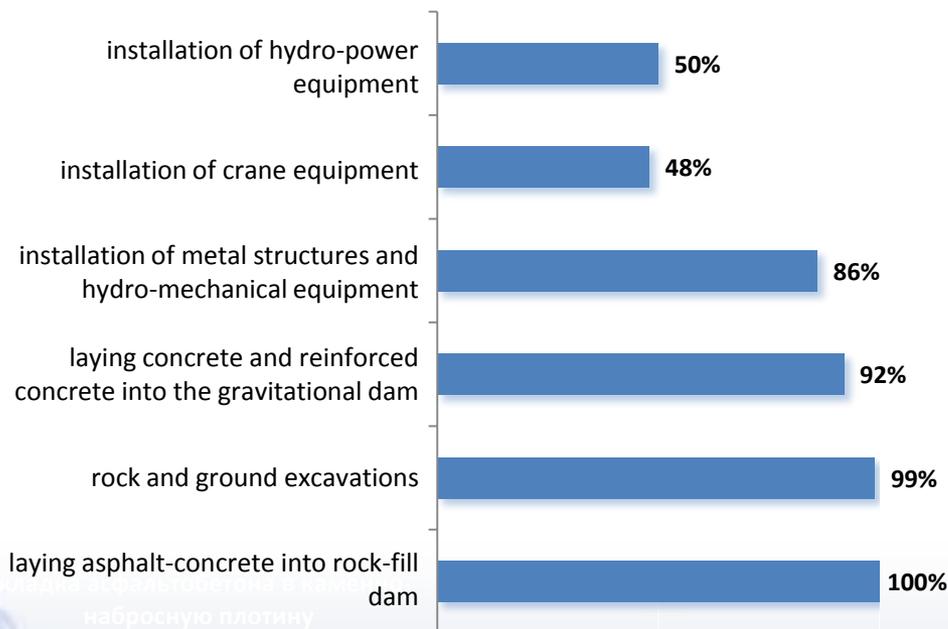
# Commissioning Map

-  Rehabilitation and Modernization
-  New Construction
-  Objects in design phase
-  RES projects



# Construction of Boguchanskaya HPP

## Completion level



Installed capacity	MW	<b>3000</b>
Average multi-year output	Bln kW*h	<b>17.6</b>
Launch of the 1 <sup>st</sup> unit	year	<b>2011</b>



The Boguchanskaya HPP project is aimed at:

- Development of Lower Angara region;
- Power supply to industrial consumers in the Krasnoyarsk region;
- Eliminating shortage of power supply in Siberia.

# Reliability Management

## Rehabilitation Program

- Continuous renovation of worn-out equipment

## Repair Program

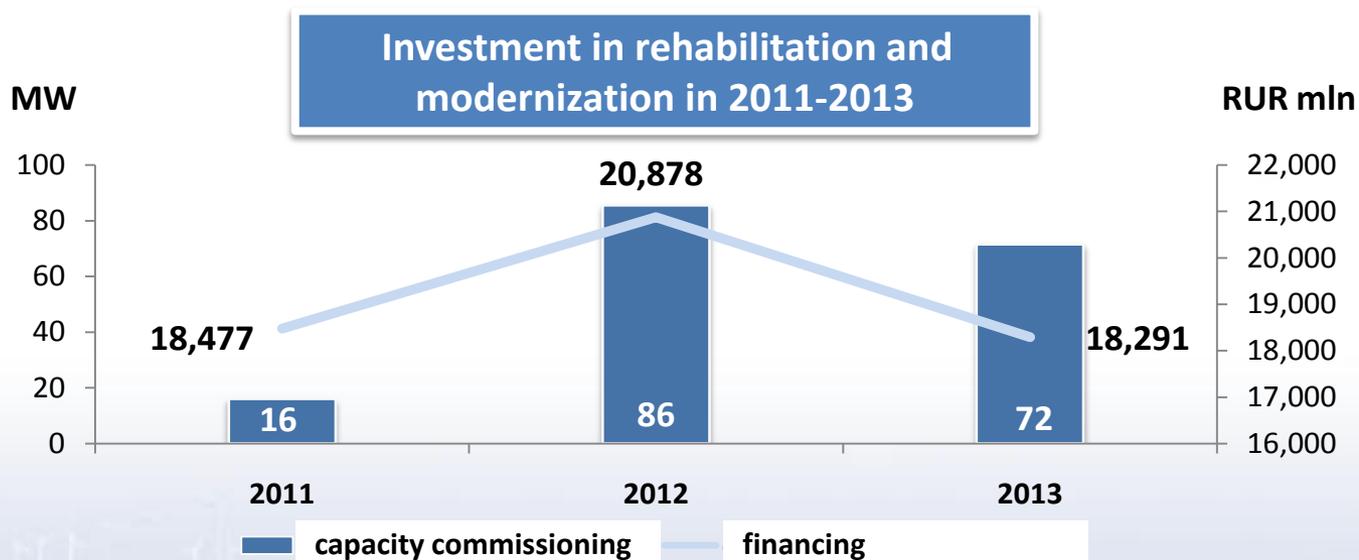
- Proper level of technical state

## Program for Technical Service

- Necessary safety level

## Research & Technology Services Program

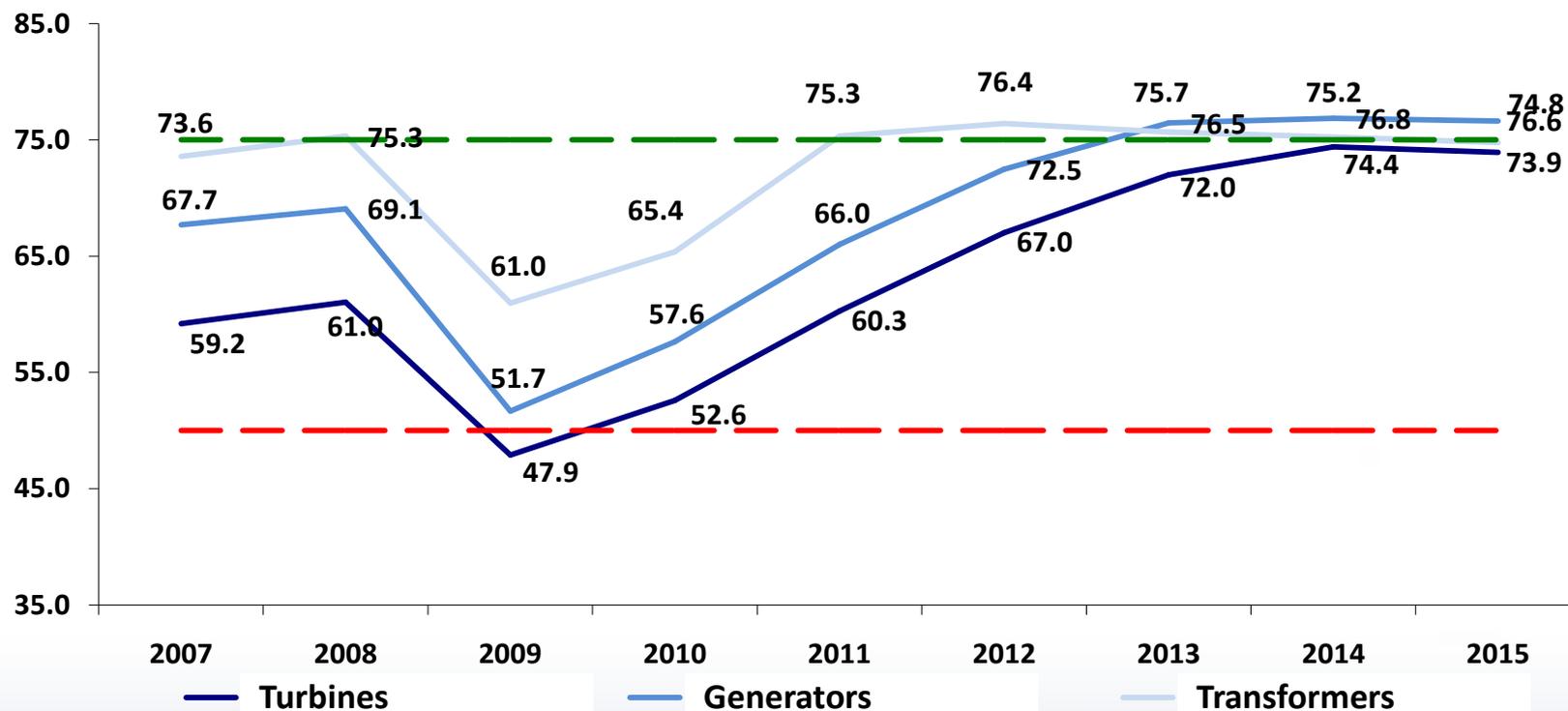
- In-depth analysis of equipment state



Reliability management is aimed both at support of reliable, accident-free and safe functioning of HPPs as well as there operational efficiency

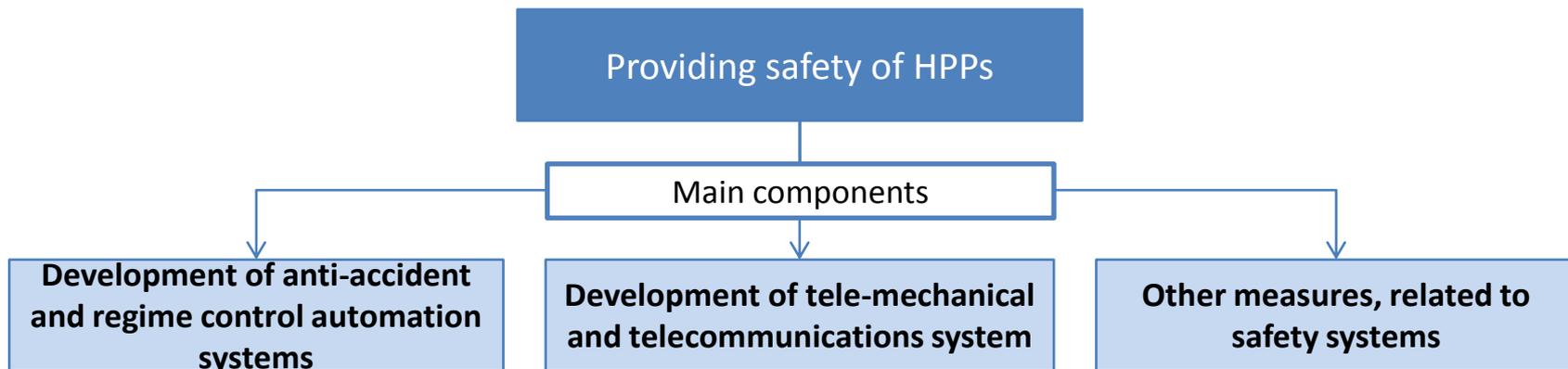
# Condition of Core Equipment

Reduction of equipment condition indices in 2009 is determined by the accident on Sayano-Shushenskaya HPP

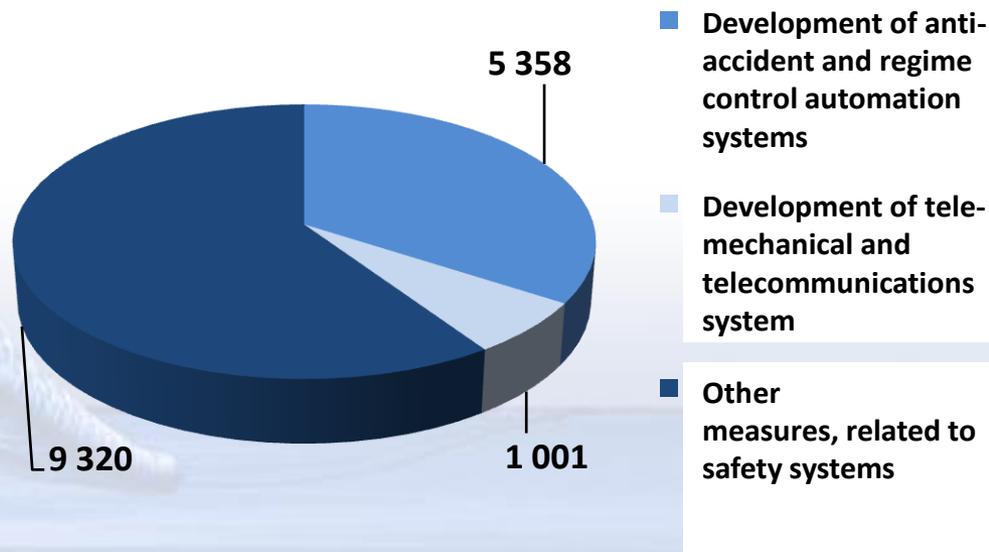


- Below the red line equipment is characterized by high physical wear (more than 50%).
- Equipment between the red and green line is characterized by “average” physical wear (from 25 % to 50%).
- Equipment above green line is in good condition, physical wear is no more than 25%.

# Investment in safety of HPPs



Investments in 2011-2013 (RUR mln)



Financing for program of safety systems for HPPs included in of rehabilitation and modernization program

# Acquisition of JSC Hydroproject Institute

On October 21<sup>st</sup> RusHydro Group purchased 100% of the shares of JSC “Designing, Surveying and Research Institute ‘Hydroproject,’ named after S.Y. Zhuk” from the ESN Group. The shares were purchased by RusHydro’s 100%-owned subsidiary JSC Gidroinvest for cash.

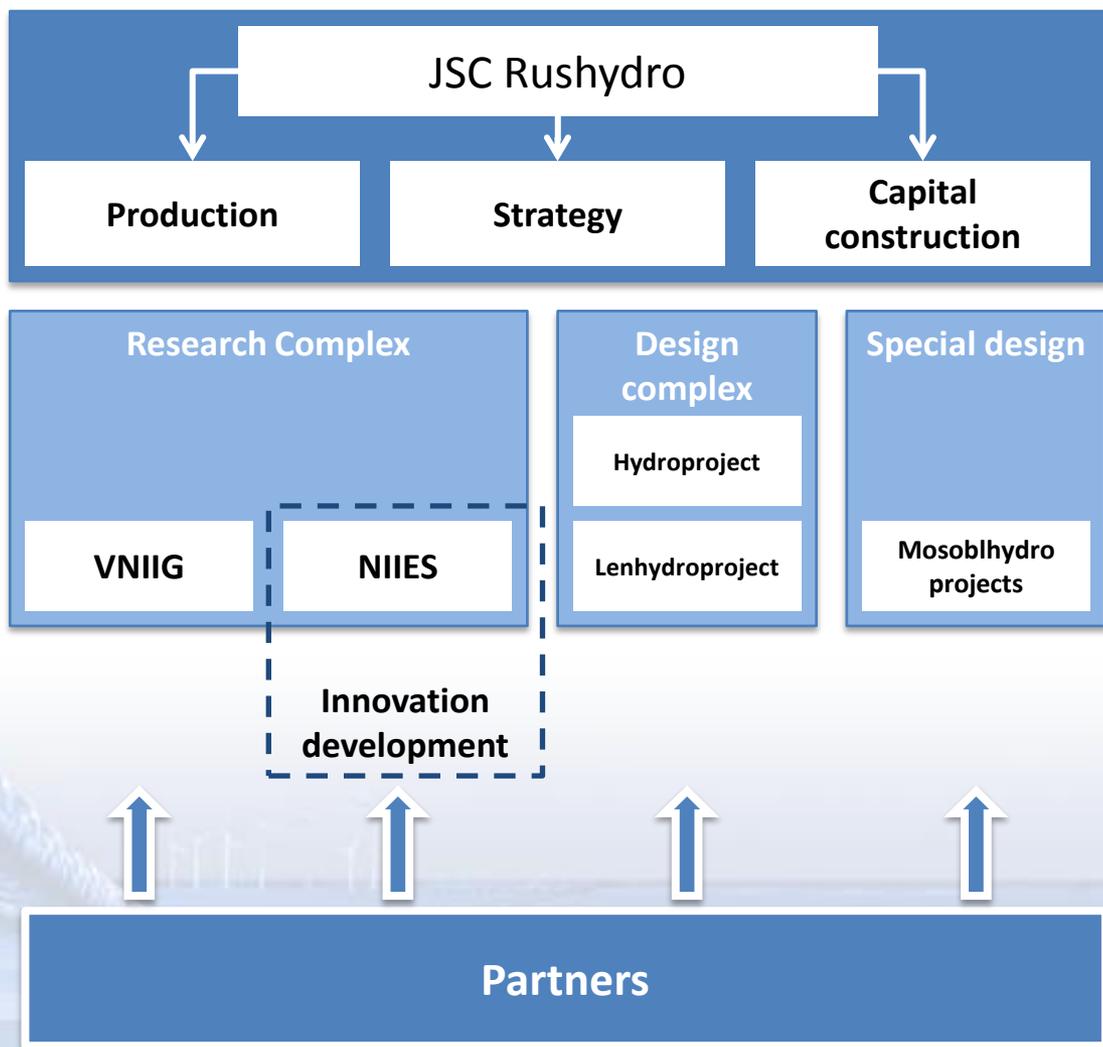


**JCS Hydroproject Institute – one of the oldest and most authoritative design institutions in Russian and global hydropower.**

Competitive advantages :

- **Leading positions** in design of unique HPPs and hydro-facilities both in Russia and abroad;
- **Large archive of HPPs, PSHPPs, Tidal Power Plants, Wind Farms, Small HPPs;**
- **Full cycle engineering services**, both “turn key” and as stand-alone projects;
- **Innovation solutions** in various natural conditions (on soft ground, in tropics, in permafrost, mountains, regions with high seismic activity);
- Experience in rehabilitation and modernization;
- Russia’s largest team of engineers experienced in the field of hydrofacilities, **continuation of generations;**
- **multi-year experience, traditions and impeccable reputation.**

# Development of R & D Complex



- Unique research and design complex;
- Catering to 100 % RusHydro's needs in research and design (together with capacity of partners);
- Provides for aggressive expansion of full-cycle services;
- Provides for implementation of RusHydro's innovation development program.

# Overview of the Eurobond Issue

<b>Issuing Company</b>	RusHydro Finance Ltd. (Ireland)
<b>Ultimate Borrower</b>	JSC RusHydro
<b>Type of Debt</b>	Eurobonds (LPN Notes, Eurobond convention)
<b>Currency</b>	Russian rubles (RUR)
<b>Volume</b>	<b>RUR 20 bln.</b>
<b>Term</b>	<b>5 years</b>
<b>Coupon Rate</b>	<b>7.875% per annum</b>
<b>Issue Rating</b>	S&P: BB+ / Moody's: Ba1 / Fitch: BB+
<b>Underwriters</b>	J.P. Morgan, Gazprombank, Troika Dialog
<b>Listing Exchange</b>	London Stock Exchange
<b>Prevailing Law</b>	English Law

- JSC RusHydro is the first company in the Russian corporate sector to issue ruble-denominated Eurobonds;
- The pay-off period is the longest among all similar financial arrangements in Russia;
- The coupon rate (for the Eurobonds) represents an unprecedented low rate for a company operating in the power sector. The rate confirms JSC RusHydro's financial stability and investor confidence in the Company.



Thank you!

