



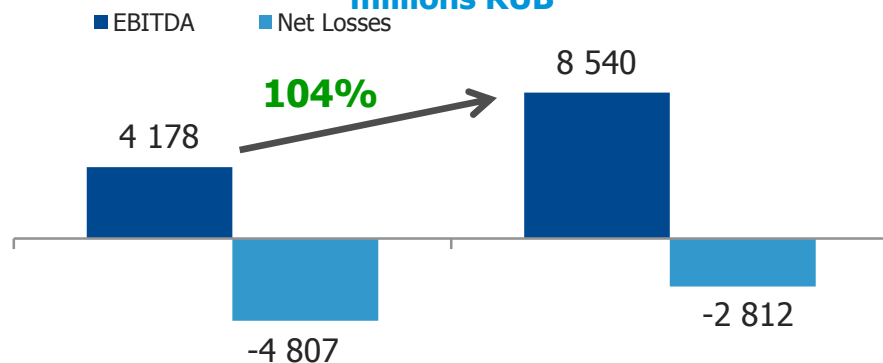
“RAO Energy System of East” Group”
Financial and Operational Results for three
and six months ended June 30m 2016
(IFRS)

August 24, 2016

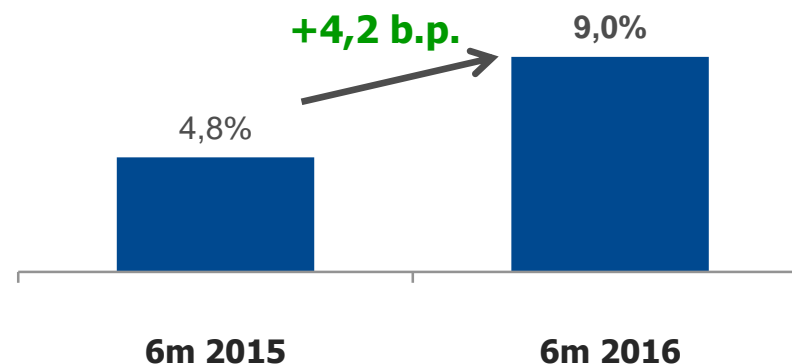
KEY FINANCIALS



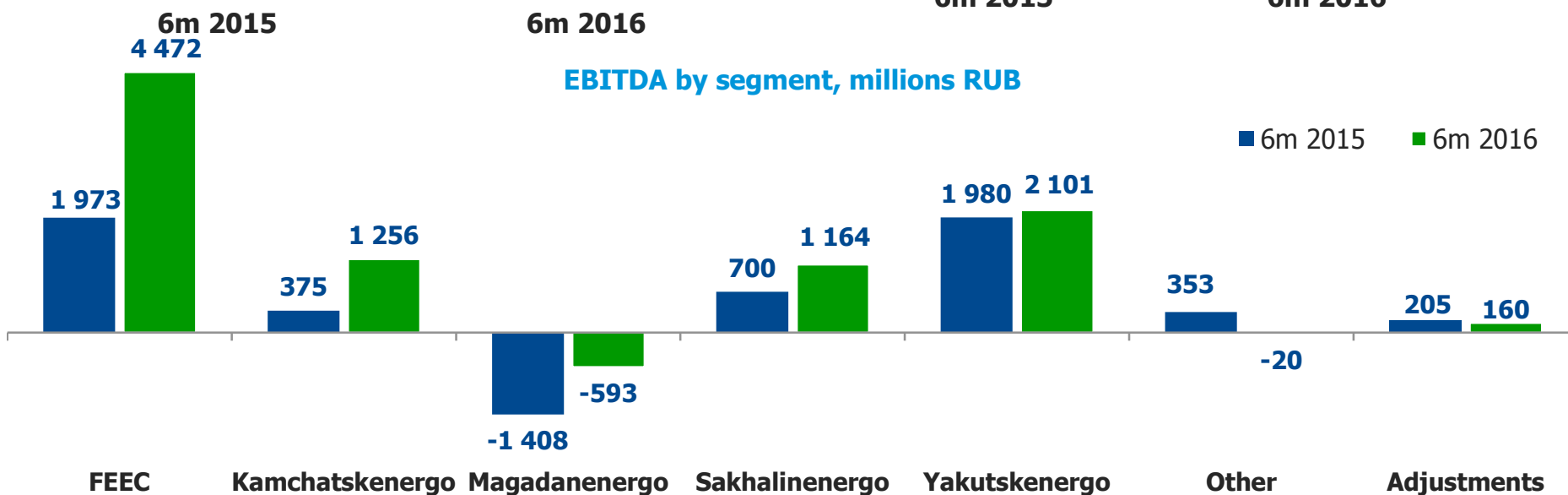
Net Profit (losses) and EBITDA, millions RUB



EBITDA margin, %



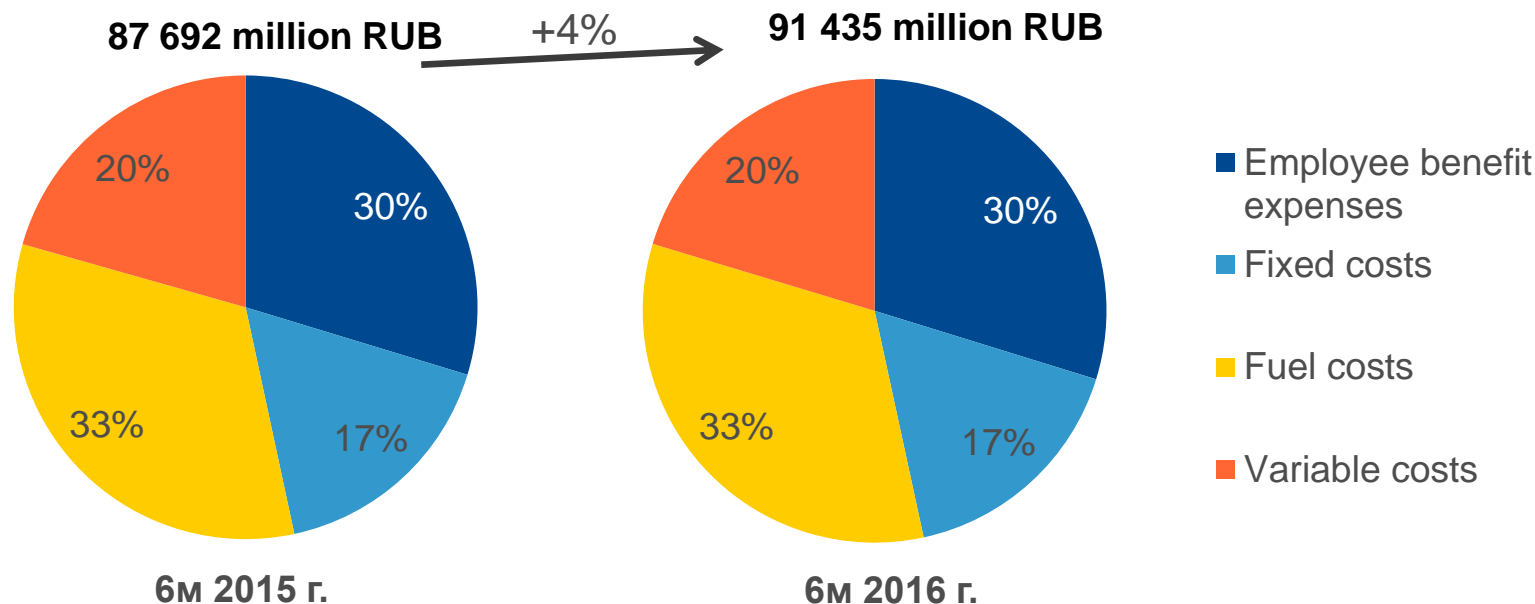
EBITDA by segment, millions RUB



FIXED AND VARIABLE COSTS



Operating expenses

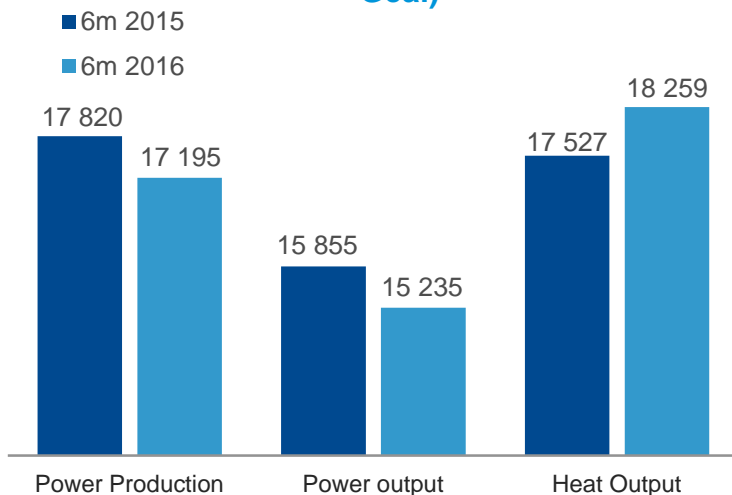


- In the first six months of 2016 the Group's operating expenses were up by 4% compared to the same period last year, amounting to 91,435 million RUB..
- Fixed costs for the same period grew by 4% mostly due to 5% employee benefit expenses increase due to the indexation of employee wages and salaries in 2015 and January 1, 2016 driven by the growth of CPI .
- Variable costs for the six months ended on June 30, 2016 increased by 4% due to fuel cost increases caused by 6% growth in the average cost of specific reference fuel.

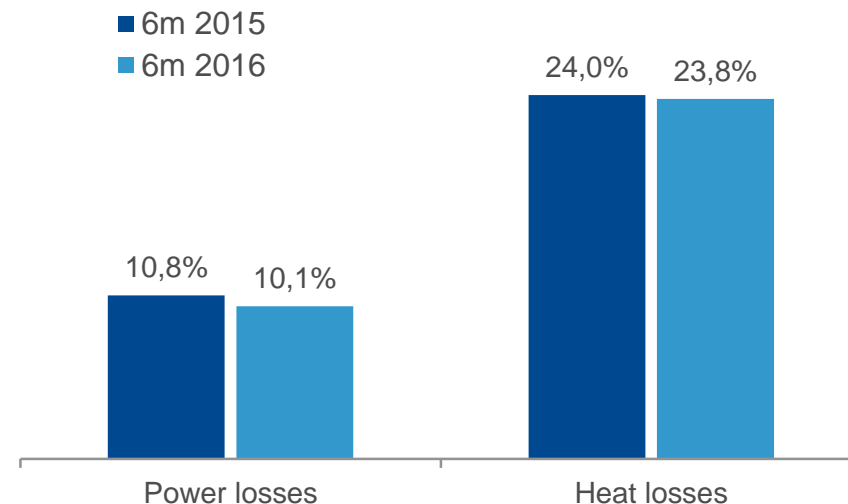
Operating Results of Generation and Grid



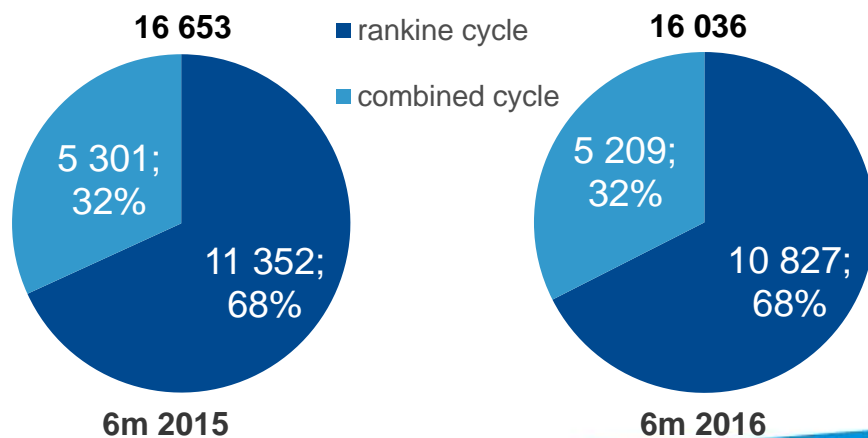
Production and output (KWH) and heat (thousand Gcal)



Grid Power and Heat Losses



Power Production Cycles of thermal generators, million KWH

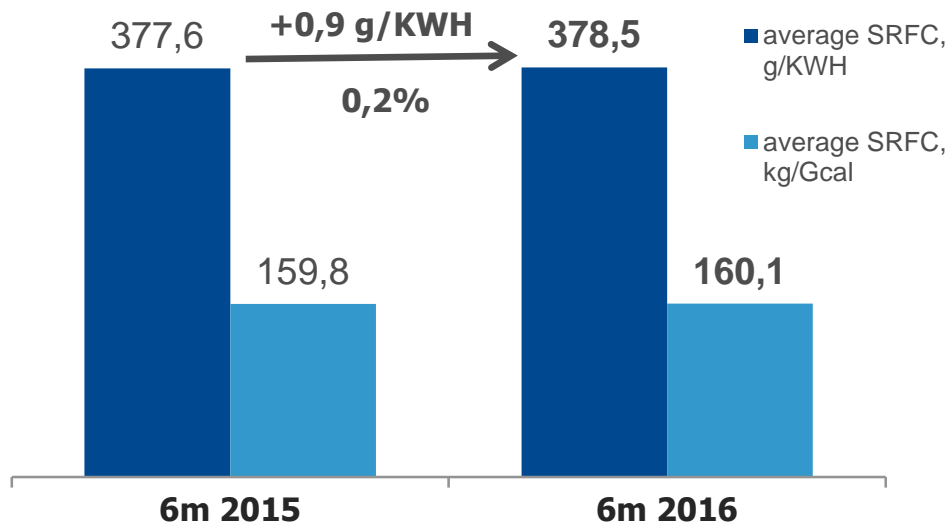


- The proportion between combined cycle of ranking cycle in the total thermal power production of RAO ES EAST Group in 6 months of 2016 stayed at the same level as last year.
- Power losses in the power grid were 0.7% lower, while heat losses in heating grid were down by 0.2%.

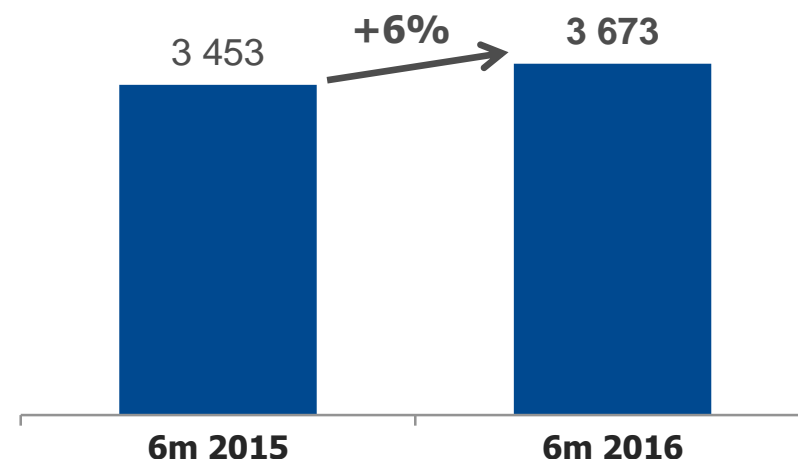
Fuel Efficiency



Specific Reference Fuel Consumption, g/KWH



Average Price of Specific Reference Fuel , RUB per reference fuel

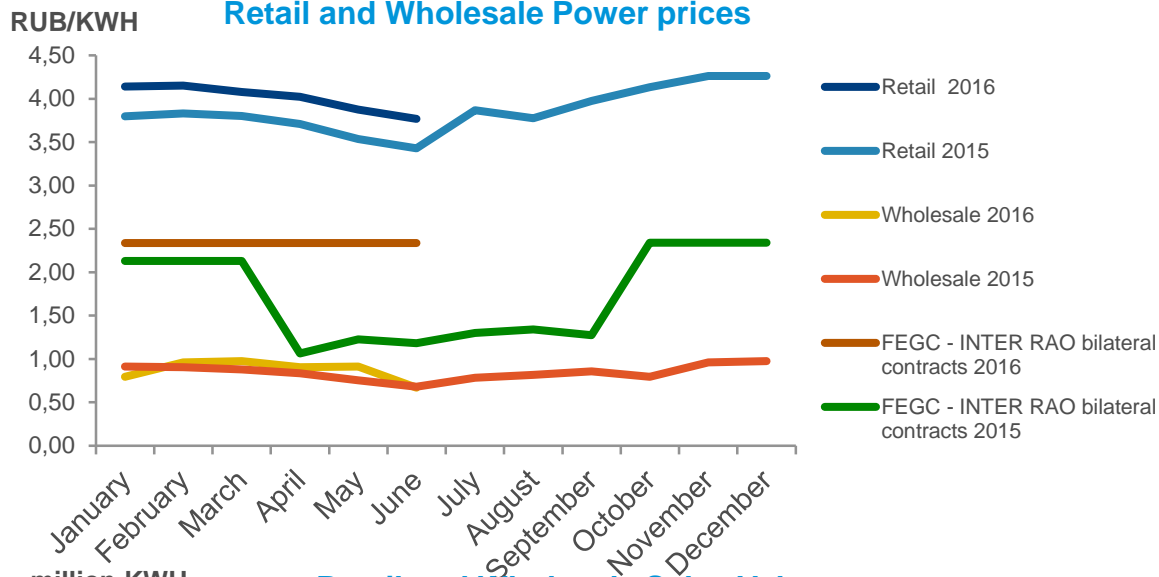


- The average cost of specific reference fuel in first six months of 2016 was up by 6% to 3,766 RUB per reference fuel ton due to price increase of the gas from “Sakhalin-1” consortium».
- The specific reference fuel consumption (SRFC) for the Group power production was up by 0.9 g/kWh to 378 g/kWh resulted from the shift to coal fired generation for economic reasons.

Retail and Wholesale Power Sales



Retail and Wholesale Power prices



Retail and Wholesale Sales Volumes



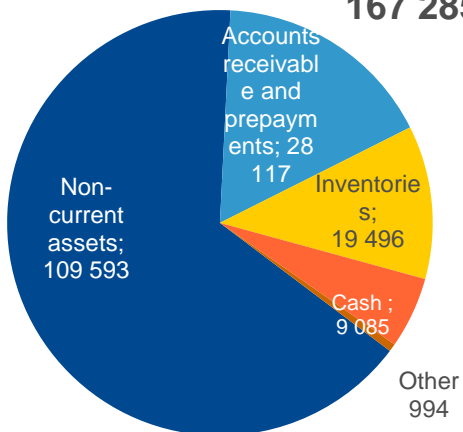
- 4% reduction of wholesale prices at the UES East non-price zone caused by increased output of Bureyskaya HPP.
- 9% increase of retail prices for ultimate consumers of RAO ES EAST driven by tariff indexation.
- 57% reduction of power sales under bilateral export contracts to China between FEGC and INTER RAO down to 500 million KWH was partially offset by export linked purchases from FEEC at the wholesale market.
- 2% decrease of retail sales of RAO ES EAST down to 14,724 million KWH.

Financial Position as at 30.06.2016

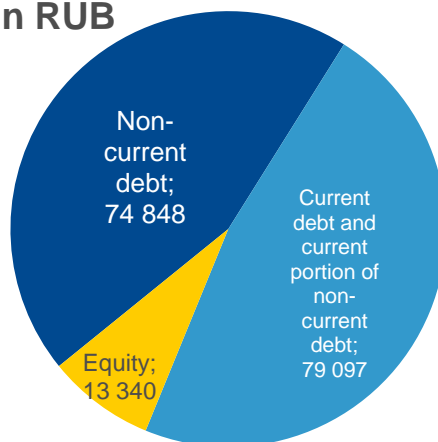


ASSETS,

167 285 mln RUB

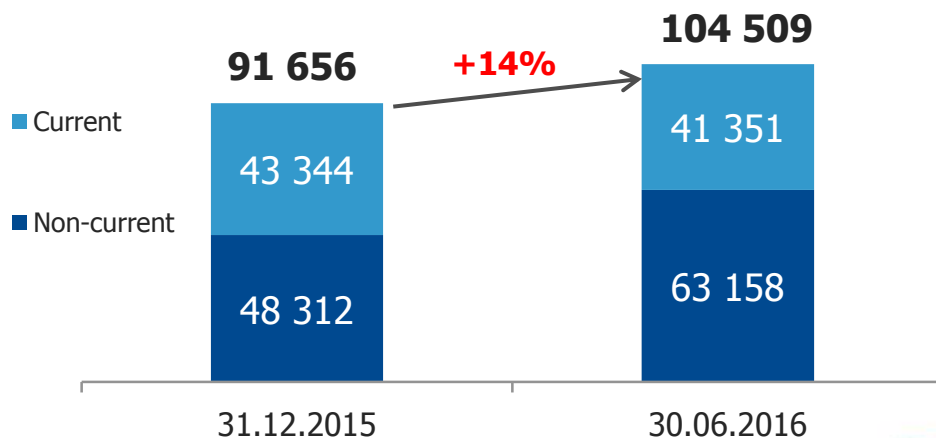


EQUITY AND LIABILITIES, million RUB

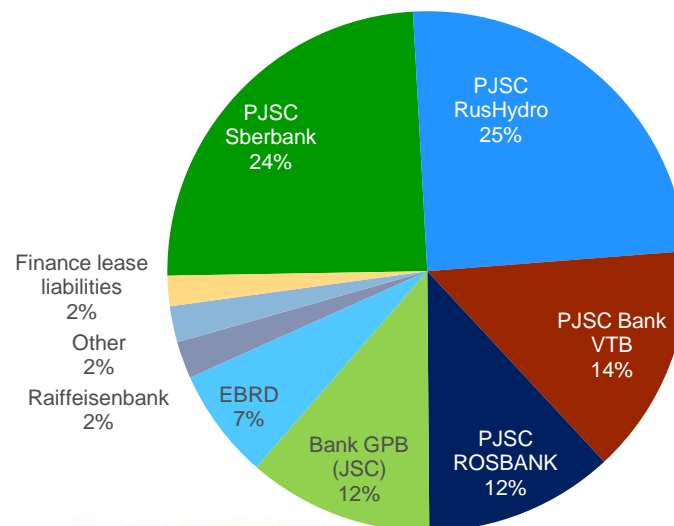


- Total assets increased by 3% up to 167,285 million RUB mostly driven by the 3% increase in property, plant and equipment.
- The financial debt (total of short-term and long-term debt) increase by 14% up to 104,509 million RUB
- The non-current debt increased by 31% down to 63,158 million RUB.
- The current debt decreased by 5% to 41,351 million RUB.

Debt Structure, million RUB



Debt Structure by Creditors



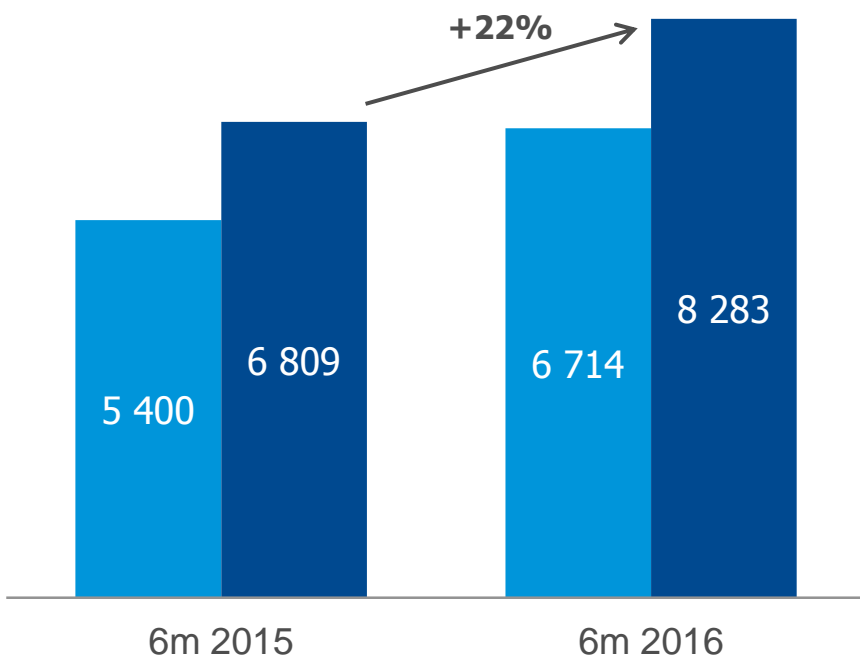
CAPEX



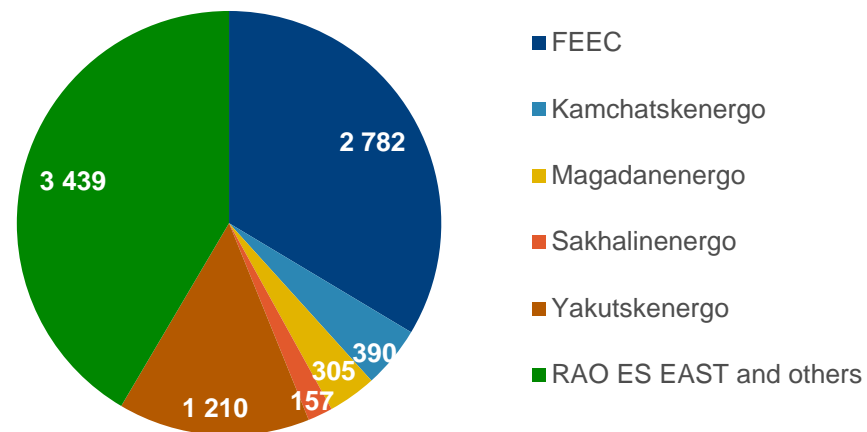
Million Rub

Capital expenditure and financing of investment program

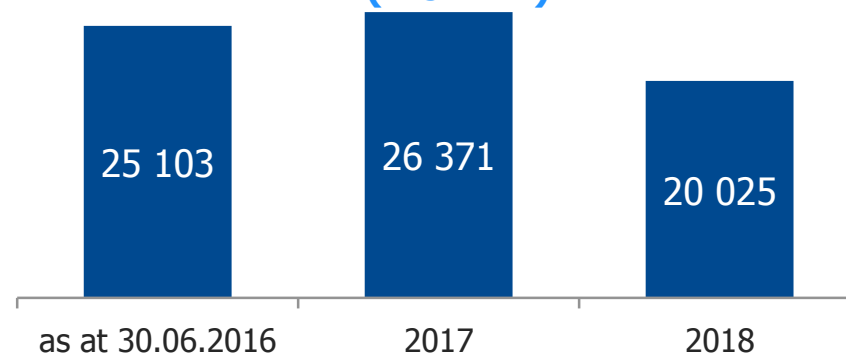
■ Financing (exc VAT) ■ CAPEX



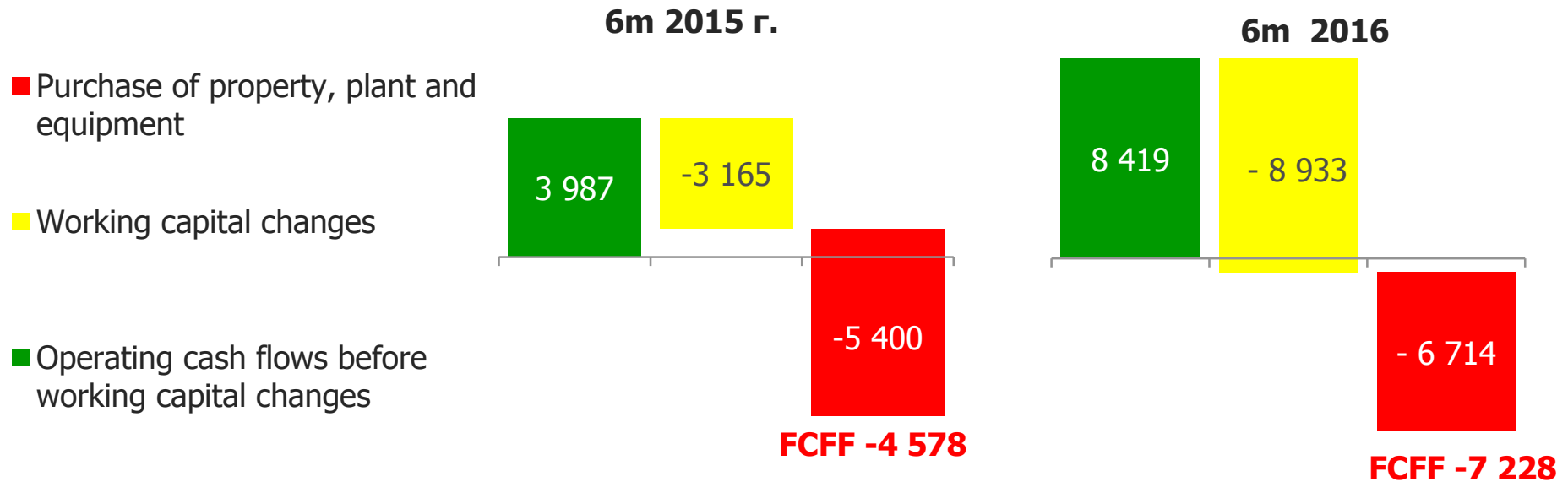
CAPEX by segment



CAPEX Commitments as at 30.06.2016 (incl VAT)



Free cash flow (FCFF)



RAO ES EAST GROUP ended the first six months of 2016 with a negative free cash flow (FCFF) amounting to 7,228 million RUB due to:

- 112% increase of operating cash flows before working capital changes up to 8,419 million RUB;
- 182% growth of working capital mostly due to the 4,018 million RUB reduction of in accounts payable and accruals while there was a 338 million increase in the same period last year.
- Growing cash flow to purchase property, plant and equipment up to 24% to 6,714 million RUB.

Contacts

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RAO ES EAST, PJSC