RUS - leader in Russian communal sector!

Presentation of Group of Companies "Russian utility systems"

2016
About RCS

- "Russian utility systems" is the largest private company-operator of water supply and drainage systems in the Russian Federation.
- RUS is presented in 7 regions, 9 municipal entities.
- The Company provides its services to over 4 million private customers.
- The Company has been working in the communal sphere for over 13 years.
- Accumulated volume of investments into Housing and Public Utilities is over USD 500 million.
- Number of stuff - over 12.5 thousand people
- Key shareholder - "Renova", Group of companies
29 May 2013 - Russian Utility Systems, JSC incorporated. The largest financial and industrial companies of Russia were the founders.

- RUS, JSC starts its operation in Altay Territory, Amur, Vladamir, Sverdlov and Tambov Regions.
- RUS, JSC launches its projects in the Republic of Udmurtiya, Bryansk and Nizhniy Novgorod Regions
- RUS, JSC issues its first shares for over RUB 1.5 billion
- Complex Energy Systems, CJSC consolidates 75% of RUS, JSC shares
- RUS, JSC joined with other large water supply/drainage companies and established "Natsionalniy Soyuz Vodokanalov" (National Union of Water Plants), Non-profit partnership
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- RUS, JSC joins Social Charter of Russian Business
- Complex Energy Systems, CJSC consolidates 100% of RUS, JSC shares
- Reorganisation and demerger of RUS, JSC from CES, CJSC into separate Utility business line of "RENOVA" Group of companies.

In terms of optimisation programme of "Renova" Group a 100% of RUS shares acquired by CES Holding. Due to such merger the companies managed to build unified technological chain - from water supply to electrical power stations to heat supply to end users.
Company Overview

| The largest Housing and Public Utilities in Russia | • Russian Utility Systems is the only multiproduct large private operator in the Russian Federation. For over 12 years the Company has been operating in the following spheres: water supply and drainage, production and supply of heating energy, electricity transfer, supply of electrical energy. |
| Large customer base | • Cash flows distributed over 8 territories in five federal districts, cities with a million-plus population and large regional centres in Perm Territory, Republic of Kareliya, Samara, Vladimir, Amur, Kirov, Ulyanovsk and Tambov Regions. |
| Company’s aim | • To develop housing utilities and Utility infrastructure in Russian cities and provide qualified service to customers |
| Conservative financial policy | • RUS conducts well-balanced financial policy, thus creating reliable financial ground for future development.  
  • The Company has a positive balance of operating cash flows. |
| Long-lasting business | • Owing and using housing and public utilities, that form the basis for the company’s property, is carried under concession agreements and long-term (over 15 years) rental agreements. |
| Major achievements | • First time ever transition to long-term tariff regulation in water supply and drainage sphere.  
  • First to sign concession agreement in conversion of rental agreements.  
  • First to sign regulation agreement to control activity in the water supply and drainage sphere. |
| Strong shareholder and support | • RUS is a part of RENOVA Group of companies with over 25 years of successful management experience of assets in different spheres. RENOVA takes active part both in national, state regulated, projects and regional ones. Shareholder’s active position creates a positive outlook for RUS as stable and reliable operator in Household and Public Utilities market in Russia. |
| RUS in the society | • RUS is a member of largest regional professional unions in the sphere - Russian Water Supply and Drainage Association and "Razvitiye" (Development) Association of companies operating in Household and Public Utilities sphere. |
Core Business

Heat supply

- 2 regions
- 928 km of heating network (two-pipes)
- 105 boiler stations
- Capacity to produce heat energy:
  - 866 Gcal/h (fixed)
  - 460 Gcal/h (joined)
- Capacity to transfer heat energy:
  - 914 Gcal/h (fixed)
  - 817 Gcal/h (joined)

Water supply

- 7 regions
- Production capacity:
  - Water supply:
    - 2,155,000 m³ per day (designed capacity)
    - 1,246,000 m³ per day (actual capacity)
  - Drainage:
    - 2,030,000 m³ per day (designed capacity)
    - 1,353,000 m³ per day (actual capacity)
- 6,103 km of water supply networks and 4,721 km of sewerage networks
- 41 water supply facility and 13 water treatment sewerage stations

Energy supply

- 2 regions
- Transmission capacity: 454 MBA (fixed); 373 MBA (joined)
- Around 1,658 km of power transmission lines, including 775 km of overhead transmission lines and 883 km of cable lines,
- 517 switch-yards and 11 distribution stations.

"Amur CS", "Petrozavodsk CS - heating networks"

"Amur CS", "Volga CS", "Kirov CS",
"Petrozavodsk CS - Water Plant",
"NOVOGOR-Prikamye", "Tambov CS",
"Samara CS", ECOPROM,
"Uliyanovskoblvodokanal".

"Amur CS", "Energokomfort-Kareliya"
RUS Regions of Presence

**REPUBLIC OF KARELIYA**
- Population: 630 ths. ppl.
- Revenue: $ 77.9 mln
- RUS share: 48%

**KIROV REGION**
- Population: 1,297 ths. ppl.
- Revenue: $ 20.5 mln
- RUS share: 33%

**PERM REGION**
- Population: 2,634 ths. ppl.
- Revenue: $ 68.2 mln
- RUS share: 54%

**KIROV REGION**
- Population: 1,297 ths. ppl.
- Revenue: $ 20.5 mln
- RUS share: 33%

**SAMARA REGION**
- Population: 3,206 ths. ppl.
- Revenue: $ 88.9 mln
- RUS share: 46%

**TAMBOV REGION**
- Population: 1,050 ths. ppl.
- Revenue: $ 9.8 mln
- RUS share: 27%

**ULYANOVSK REGION**
- Population: 1,258 ths. ppl.
- Revenue: $ 3.6 mln
- RUS share: 10%

**AMUR REGION**
- Population: 806 ths. ppl.
- Revenue: $ 53.8 mln
- RUS share: 25%

**Water supply/drainage**
**Energy distribution**
**Energy transfer**
**Heat supply**

Existing regions
RUS position in the Russian water supply/drainage market

There are total 92 entities operating in cities with population over 200 thousand people. Consolidated revenue of entities in the water supply/drainage sphere is RUB 1.8 billion. Most of such entities are under state control.

<table>
<thead>
<tr>
<th>Item</th>
<th>Number of units</th>
<th>Revenue in USD m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under State Control</td>
<td>61</td>
<td>1056.2</td>
</tr>
<tr>
<td>Under Business Control, including:</td>
<td>31</td>
<td>842.6</td>
</tr>
<tr>
<td>RUS</td>
<td>7</td>
<td>219</td>
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<tr>
<td>Rosvodokanal</td>
<td>7</td>
<td>218.5</td>
</tr>
<tr>
<td>Eurasian Water Partnership</td>
<td>2</td>
<td>91.3</td>
</tr>
<tr>
<td>UK Lider</td>
<td>1</td>
<td>36.6</td>
</tr>
<tr>
<td>Other owners</td>
<td>13</td>
<td>277.3</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>92</strong></td>
<td><strong>1898.8</strong></td>
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</tbody>
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Potential revenue - USD 1 bn. per annum. (total revenue of entities currently under state control, but planned for concession within short period of time).
RUS strategic tasks

To keep the status of the largest private operator in the sphere of water supply and drainage by revenue.

To become a leader in the sphere in terms of customer satisfaction.

To increase employees' commitment and their work satisfaction levels.

To improve efficiency of the company.

To gain leadership in the sphere in terms of labour productivity.
RUS is one of the largest private investors to Housing and Public Utilities sphere in Russia. The Company directs its investment policy at creation of stable and reliable Housing and Public Utilities system in regions, modernisation and construction of new objects of Housing and Public Utilities.

### Planned direction of activity and volume of investment

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<tbody>
<tr>
<td>Investments into programmes secured by tariffs</td>
<td>96.8</td>
<td>18.3</td>
<td>20.3</td>
<td>24.5</td>
<td>10.5</td>
<td>11.8</td>
<td>11.4</td>
</tr>
<tr>
<td>Investment into attraction of new customers</td>
<td>81.9</td>
<td>9.9</td>
<td>10.8</td>
<td>14.2</td>
<td>15.8</td>
<td>15.3</td>
<td>15.9</td>
</tr>
<tr>
<td>Investments into operating activities</td>
<td>5.6</td>
<td>1.4</td>
<td>2.4</td>
<td>0.6</td>
<td>1.0</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Total investments:</td>
<td>184.4</td>
<td>29.6</td>
<td>33.5</td>
<td>39.3</td>
<td>27.3</td>
<td>27.3</td>
<td>27.4</td>
</tr>
</tbody>
</table>

RUS forms investment projects based on the following criteria:

- Quality of technical and technological studies
- Availability for long-term rental agreements
- Return of investment sources correspond to volume of investment
- Discounted project pay-back period not exceeding 7 years
Construction and reconstruction of water supply treatment facilities and modernisation of waste treatment facilities (city of Petrozavodsk)

It was the first time for many decades the citizens have received clean and clear water without any smell, meeting Sanitary Rules and Regulations. Improved quality of sewage treatment and to a great extent decreased harmful influence on Lake Onega.

Gratitude from Karelia`s Governor
Examples of investment projects

Reconstruction of aero blowing stations and aeration tanks, reconstruction of level 1 and 2 pumping stations (city of Samara)

Sufficient increase in energy efficiency of the sewage treatment complex and quality treatment of sewage water going to Volga river improved. Optimised operation mode of base pumping stations.

Investment volume 21 USD mln
Examples of investment projects

Reconstruction of level 1 Chusovo sewage treatment facilities (city of Perm)

Total capacity of Chusovo sewage treatment facilities increased from 300 to 420 thousand cubic meters per day, allowing to "supply" the whole city from this water intake and switch Bolshekamsk water intake facility and Kirov treatment facilities to standby mode, if so required.

Gratitude from Perm region `s Governor
Examples of investment projects

Construction of flush water and sludge rootstock processing stations, including mechanical sludge dewatering shop (city of Kirov).

High-concentrated flush water dumping into Vyatka river reduced to 32 thousand m³ per day, drain sludge reduced to 7 thousand m³ per day, all that leading to return of clarified water into processing and reduction of water intake from the river to 30 thousand m³ per day.
RUS - professional team!

RCS successful work is based on employees. Being the large employer, RCS conducts active and responsible social policy, ensures wage growth and increase in quality of life of its employees. There is a complex of measures in the Company dedicated to provision of employment benefits, education and professional development of its employees.

- RUS is constantly increasing level of professional education and competency of the stuff.

- We arrange special programmes to improve level of commitment of employees, enhance health and safety technologies, social safety measures and employment benefits for our employees.

- RUS take active part in charity and volunteer programmes.

- We are proud of our team! Average time of work of most employees in RUS is 10 years.

- RUS operates in one of the most socially meaningful sectors of Russian economy.