

MAIN FACTORS

The results of the Company's production activities for 2016–2018

| INDICATORS | 2016 | 2017 | 2018 | CHANGES IN 2018 COMPARED TO 2017 |
|---|------------|------------|------------|----------------------------------|
| Network supply, million kW • h | 22,732.291 | 22,633.258 | 23,032.535 | +399.3 |
| Delivery from the network to consumers and adjacent territorial grid operators within the limits of book and operational responsibility, million kW • h | 19,786.650 | 19,904.274 | 20,442.390 | +538.1 |
| Electricity losses during transmission: | | | | |
| million kW • h | 2,945.641 | 2,728.984 | 2,590.145 | -138.8 |
| % | 12.96 | 12.06 | 11.25 | -0.81, p. p. |
| The volume of rendered services on electric power transmission: | | | | |
| million kW • h | 18,059.116 | 18,204.054 | 18,766.494 | +562.440 |
| million rubles | 39,262.365 | 41,485.670 | 45,583.484 | +4,098.814 |

According to the results of the Company's operation in 2018, the volume of electricity transmission services rendered amounted to 18,766 million kW • h, which is 562 million kW • h, or 3.08%, more than in 2017.

The actual losses of electricity in the electric networks of Kubanenergo PJSC for the reporting year amounted to 2,590 million kW • h or 11.25% from the supply to the grid. In 2018, a reduction in the relative level of losses to the indicators of 2017 was achieved by 0.81 percentage point. The decrease in actual electricity losses in 2018 compared with 2017 amounted to 138.8 million kW • h.

MEASURES TO REDUCE ENERGY LOSSES

One of the essential activities of the Company is to reduce the level of electricity losses.

Following the results of 2018, the effect from the implementation of measures aimed at reducing electricity losses during its transmission amounted to a total of 235.8 million kW • h (634.0 million rubles), including due to:

- organisational arrangements – 48.8 million kWh (88.7 million rubles);
- technical measures – 5.2 million kW • h (15.2 million rubles);
- improvement of electricity metering – 181.7 mln kW • h (530.0 million rubles).

In the future, this work is supposed to be continued.

The activities of the program to reduce energy losses are met, the target indicator of the program – the level of energy losses – has been reached.

ELECTRICITY METERING STATUS

The following number of subscribers were registered in Kubanenergo PJSC on December 31, 2018:

- 48,170 legal entities with a total of 99,707 electricity metering points;
- 1,074,248 residential subscribers, with a total of 1,074,248 metering points.

In 2018, with an automation plan, 29,136 metering points and planned costs of 928.172 million rubles., 26,680 metering points were automated, the prices of which amounted to 1,049.428 million rubles.

The overfulfilment of the cost plan is subject to an increase in the actual effect as a result of the energy service contracts' implementation, concerning planned targets, which led to the rise in payments to investors under the contracts.