

KEY PERFORMANCE INDICATORS (KPIs)

Achievement of the priority development goals of the Company is assessed by the system of key performance indicators (KPI) applied in the Company.

The system of key performance indicators of the General Director of the Company is established on the basis of:

- cl. 47 art. 15 of the Company's Charter,
- decisions of the Board of Directors dated 04.04.2017 (minutes dated 05.04.2017, No. 270/2017) on item No. 2 "Approval of the Methodology for calculating the KPI performance of the General Director of Kubanenergo PJSC, for use from 2017",
- decisions of the Board of Directors of the Company dated 30.07.2018 (minutes No. 315/2018 dated 30.07.2018) on item No. 1 "On approval of target values of quarterly key performance indicators of the general director of Kubanenergo PJSC for 2018 and decisions of the Board of Directors of the Company dated 28.12.2018 (minutes dated 29.12.2018 No. 328/2018) on issue No. 1 "On approval of target values of annual key performance indicators of the general director of Kubanenergo PJSC for 2018".

The following composition and target values of key performance indicators were established by the said decisions of the Company's Board of Directors in 2018.

QUARTERLY INDICATORS

THE COMPOSITION OF INDICATORS	THE RESULTS ACHIEVED IN 2017	TARGET VALUES IN 2018	THE RESULTS ACHIEVED IN 2018
Consolidated operating profit (EBITDA)	I quarter – 36.1 II quarter – 13.5 III quarter – 2.4 IV quarter – 5.4	For the first quarter, first half and nine months of the reporting year \geq 0%; for year \geq 3%	I quarter – 49.4 II quarter – 43.4
Consolidated Net Debt/ EBITDA	I quarter – 3.0 II quarter – 2.7 III quarter – 2.9 IV quarter – 2.8	\leq 3.0	I quarter – 2.8 II quarter – 2.7
The execution of the plan of measures to reduce the receivables of subsidiaries and affiliates	I quarter – 99.5 II quarter – 104.1 III quarter – 106.9 IV quarter – 140.5	\geq 100.0%	I quarter – 182.9 II quarter – 109.8
No increase in the onset of major accidents	I quarter – 0 II quarter – 0 III quarter – 0 IV quarter – 0	No growth	I quarter – 1 II quarter – 0
No increase in the number of victims of accidents	I quarter – 0.0000 II quarter – 0.0000 III quarter – 0.3529 IV quarter – 0.1172	No growth	I quarter – 0.0000 II quarter – 0.0000

ANNUAL PERFORMANCE

THE COMPOSITION OF INDICATORS	THE RESULTS ACHIEVED IN 2017	TARGET VALUES IN 2018
Consolidated net cash flow	-2,765.2 million rubles.	≥ (-2,319) million rubles
Reduction in specific operating expenses (costs)	3.1	≥2,0%
Increasing the power load of power grid equipment	Done	Done
Level of power loss	12.06	≤11.50%
Reduction of unit investment costs	0.93	≤1.00
Improving the productivity	3.17	≥2.00%
The effectiveness of innovation	153	≥90%
Implementation of the schedule of the facilities commissioning	93	≥90%
Compliance with the terms of technological connection	1.0	≤1.1
Achieving the level of reliability of services provided	0.08	≤1.00

The actual values of indicators for the third and fourth quarters and indicators for the year, with respect for timing and procedure for preparing reports, which is the source of information for their calculation, were not summarized and not approved by the Board of Directors of the Company at the time of the formation of the annual report. The KPIs have been met in the Q1, Q2 of the reporting year.

Comparison of the values of 2018 with the values of 2017 are presented in the tables.

The system of key performance indicators applied in the Company is interconnected with the size of the variable part of the management remuneration – specific weight in the amount of premium paid is set for each of the indicators. Quarterly and annual bonuses are subject to the relevant KPIs.