

BUSINESS MODEL

In its activities, Rosseti Kuban balances out interests and creates value for all stakeholders, contributes to the economic growth of the footprints, adheres to the concept of sustainable development, and ensures reliable and affordable energy supply to consumers.

The Company also uses financial, industrial, intellectual, human, social-reputational, and natural capital (resources).



Change in cost of capital for 2020

Capital as of January 1, 2020	How do we create value (value creation process)	Results of 2020
FINANCIAL		
The Company's market capitalization is RUB 20.88 bn. Profit for 2019 was RUB 2,504 mln. Net asset value was RUB 40,105 mln.	Revenue in 2020 was RUB 49,370 mln, down RUB 1,634 mln year-on-year. The EBITDA indicator was RUB 4,756 mln in 2020, down RUB 4,985 mln year-on-year. The decrease has been due to a one-time payment of the revenue for grid connection in 2019 from major applicants.	The market capitalization of the Company at year-end was RUB 22.69 bn. The loss was RUB 1,501 mln due to the influence of negative factors associated with the spread of the new coronavirus infection (COVID-19). Net asset value was RUB 37,989 mln. The decrease in net assets per year amounted to RUB 2,116 mln due to the decrease in equity due to the loss at year-end.
PRODUCTION		
The number of 35–220 kV substations was 732. The total substation capacity reached 10,500 MVA. The length of power transmission lines was 91,640 km. The number of transformer substations/ distribution stations (TSS/DSS) was 23,249. The cost of production assets repair in 2019 accounted to RUB 3.5 bn. The System Average Interruption Duration Index (I_{saidr}) in 2019 was 1.0887 h.	Capital investments accounted to RUB 4,658 mln (VAT excluded). Costs for creation, acquisition, expansion, reconstruction of fixed assets, Front End Engineering Design (FEED), research and development works (R&D), and so on. The amount of electricity transmission services was 19,108.142 mln kWh, 1.2% more than in 2019. The number of grid connection in 2020 was 22,590 with a total capacity of 650 MW (revenue of RUB 731 mln).	The number of 35–220 kV SS was 743. The total substation capacity reached 11,500 MVA. The length of power transmission lines was 92,230 km. Number of TSS (DSS) reached 23,443. The cost of production assets repair accounted to RUB 3 bn. The System Average Interruption Duration Index (I_{saidr}) was 0.887 h, down 18.5% year-on-year.
INTELLECTUAL		
The intangible asset value was RUB 134.7 mln	Implementation of the Innovative Development Program. Implementation of the Research and Development Program, the introduction of equipment and devices developed under the Research and Development Program. Introduction of the innovative technologies and solutions that correspond to the Engineering Register in the key innovative development areas.	The integrated "Innovation performance" KPIs was achieved: <ul style="list-style-type: none"> the actual R&D cost index ($KPI_{\text{R&D}}$) was 0.24% (RUB 39.7 mln) vs. the target of 0.15% (RUB 24 mln); actual index of innovative products procurement (goods, works, services) ($KPI_{\text{INNOVATIONS}}$) was 4.55% (RUB 212 mln) vs. the target of 4.5% (RUB 210 mln)
HUMAN		
The headcount was 9,048 people. The average headcount was 8,644 people. The staffing level at the end of 2019 was 97%. 48.7% of employees have higher vocational education, 25.7% - secondary vocational education	8,258 people (92.2%) passed training. Training costs amounted to RUB 73.8 mln. In 2020, occupational health and safety costs rose to RUB 371.448 mn, a 53% increase year-on-year. Activities scheduled under the Program for 2020 were fully implemented. To promote employees' health and life-span, the Company purchased necessary protection and safety equipment for safe work in 2020.	The headcount was 9,274 people. The average headcount was 8,959 people. The staffing level at the end of the year was 96.9%. 49.5% of employees have higher vocational education, 25.8% have secondary vocational education. The annual purchase order for working wear and shoes was executed to the full extent. Remuneration was paid to Company's employees, including the provision of voluntary health insurance services
SOCIAL AND REPUTATIONAL		
A high degree of social responsibility. High level of business transparency: Company's website, mass media, Internet, congress, and exhibition events	Regular public awareness of the Company's activities: 31,115 materials about the Company's activities were published in the federal and regional media, as well as on social media resources in 2020.	Accumulation of reputational capital. Over 70% of the messages concerning the activities of Rosseti Kuban initiated by the Company PR Departments were positive, and 28% – neutral.
ENVIRONMENTAL		
Environmental costs in 2019 accounted to RUB 16.0 mln	The Company started the Environmental Policy in the power grid complex approved by the Resolution of Rosseti's Board of Directors (Minutes No. 422 dated July 20, 2020). The Environmental Policy of Rosseti Kuban was approved on December 4, 2020 (Minutes No. 702-od)	Environmental costs in 2020 accounted to RUB 13.1 mln

Business Model of Rosseti Kuban

GENERATION

TRANSMISSION GRIDS
OF FGC UES PJSC

Revenue from power transmission services sales in 2020 was RUB 48,102 mln, representing a year-on-year increase of 3.4%

PJSC Rosseti Kuban

Useful boiler output of electricity in 2020 was 19,670 mln kWh, a 3.9% increase year-on-year

GRID
CONNECTION

Number of grid connections
in 2020 was

22,590

of total capacity of

650 MW

Number of 35-220 kV SS was

743

The total substation capacity reached

11.5 thsd MVA

Length of power transmission lines was

92.23 thsd km

PUBLIC AUTHORITIES

Russian Ministry of Energy,
The Federal Agency of State Property Management (Rosimushchestvo),
FAS (Federal Antimonopoly Service) of Russia, REC,
Rosstandard, Rosaccreditation, Rostekhnadzor,
regional authorities

SHAREHOLDERS AND INVESTORS

Government
Majority shareholder
Minority shareholders
Other shareholders

ELECTRICITY CONSUMERS

STATE

ELECTRICITY SALES COMPANIES
(GUARANTEEING SUPPLIERS)

DIRECT CONSUMERS

TERRITORIAL GRID ORGANIZATIONS

OTHER TYPES OF ACTIVITIES

Revenue from additional services
in 2020 reached

RUB 536 mln,
representing a year-on-year
increase