

BUSINESS MODEL

STRATEGIC GOALS

1. Provision of reliable and high-quality electricity supply
2. Provision of non-discriminatory access to the grid infrastructure in new digital environment
3. Promotion of enhanced efficiency of the core business
4. Development of new business lines through digital transformation
5. Enhancement of the market share

Electricity transmission

83 THOUS. corporate customers
2.6 MLN individual customers

Technological connection

49.8 THOUS. applications filed
28.4 THOUS. contracts concluded
31.4 THOUS. contracts executed

LINES OF BUSINESS

Customers

62.1 BLN KW·H net supply
1,026 MW connected capacity
1.8 THOUS. KM power lines commissioned
832 MVA capacity commissioned
7.3 RUB BLN repair and maintenance

Shareholders and investors

14.3 RUB BLN net income
3.4 RUB BLN accrued dividends

State and society

4.2 RUB BLN income tax and other payments
54.4 RUB MLN environmental costs

Employees

18.4 RUB BLN wage expenses
811 RUB MLN labor protection expenses
11.9 THOUS. employees who underwent drilling
124.8 RUB MLN training expenses

Suppliers and contractors

54.2 RUB BLN total purchases

CREATED VALUE FOR STAKEHOLDERS

RESOURCE

Intellectual

1,141.7 RUB MLN
expenses on innovations

58.7 RUB MLN
R&D expenses



Human

14.7 THOUS.
average headcount

93% overall staffing



Production

161.8 THOUS. KM powerlines

41.7 THOUS. PCS. substations

37.4 GVA substation capacity



Financial

62.3 RUB BLN
equity

23.9 RUB BLN
borrowed capital

ruAA+ credit rating
(Expert RA)



Reputational

4.87 OF 5.0 average QoS score
for CS centers

99,4% positive
and neutral mentions



Additional services

8 KINDS of additional
(non-tariff) services



Resource
management

Process
management

FINANCIAL RESULTS

114 RUB BLN total revenues, incl.

108 RUB BLN electricity transmission

3.54 RUB BLN technological connection

2.36 RUB BLN additional services



CONTRIBUTION TO ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



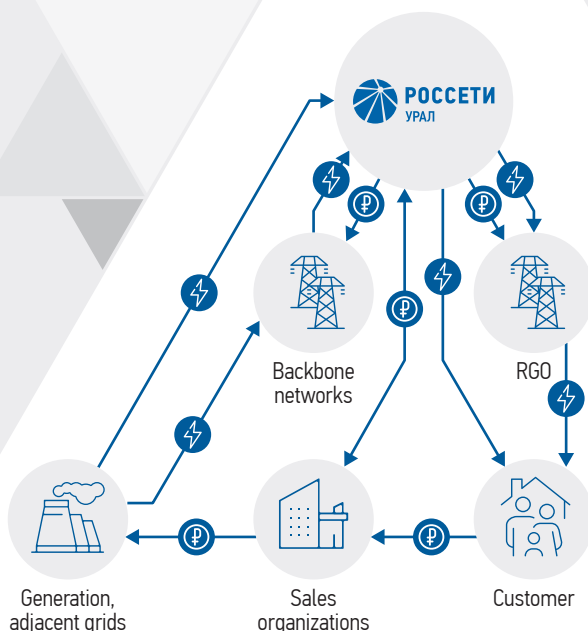
15 LIFE ON LAND



ELECTRICITY TRANSMISSION BUSINESS PROCESS

PAO Rosseti Ural renders electricity transmission services to providers of last resort, energy sales companies and direct customers (participants of whole-sale and retail electricity market) under contracts on electricity transmission. The subject of the contract is a set of organizational technical measures to deliver electricity to end-users, whose equipment is connected directly to PAO Rosseti Ural's networks, as well as RGOs.

PAO Rosseti Urals receives electricity from generating companies, adjacent grids located in neighboring regions, backbone networks to deliver it to end-users or RGOs.



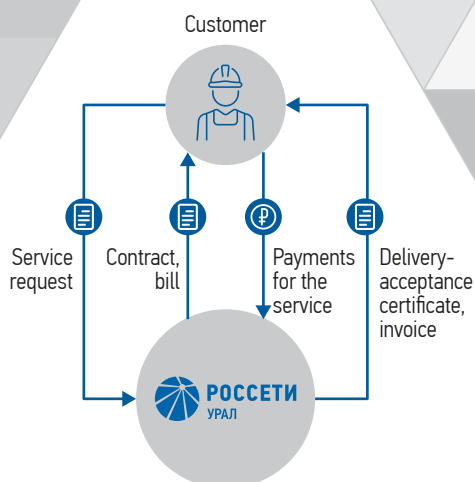
TECHNOLOGICAL CONNECTION BUSINESS PROCESS

PAO Rosseti Ural renders services related to connection of consumer's equipment, electricity generation facilities and grid facilities owned by network operators and other entities under connection contracts in a manner and terms stipulated by the Rules of technological connection to networks.

To conclude a contract on connection to PAO Rosseti Ural's networks, an applicant files with the Company a request for connection. The Company prepares and concludes a connection contract with the filer. After that, the parties execute their liabilities under the contract.

In case of connection of equipment (microgeneration facilities) of 0-0.4 kV filers (individuals requesting 0-15 kW capacity and corporates requesting 0-150 kW, 3rd reliability category), a grid company executes activities related to connection of the filer enabling the filer to independently connect to the networks and accept (supply) voltage and power. Upon completion of activities a grid company files with the filer a notice on connection possibility.

As for other categories of filers, upon connection of filer's equipment to the networks and acceptance (supply) of voltage and power, a filer and PAO Rosseti Ural prepare and conclude an act on connection.



RENDERING OF ADDITIONAL SERVICES BUSINESS PROCESS

Rendering of additional services Business Process includes the following stages:

- service sale: search and attraction of prospective customers, active, meetings and negotiations with customers, preparation of commercial proposals
- request registration: receipt of customer's documents, registration and initial processing of customer's request, verification of request completeness, preparation and sending a missing-documents request to the customer if customer's request is incomplete

Electricity transmission services, rendered by PAO Rosseti Ural, are paid in line with unified “pie” tariffs by energy sales companies and providers of last resort acting for the benefit of customers with concluded contracts on energy supply as well as by direct customers. PAO Rosseti Ural, in its turn, pays for RGO services in line with individual electricity transmission tariffs. Unified “pie” tariffs and individual tariffs for payments to RGOs are approved by the regional regulators.

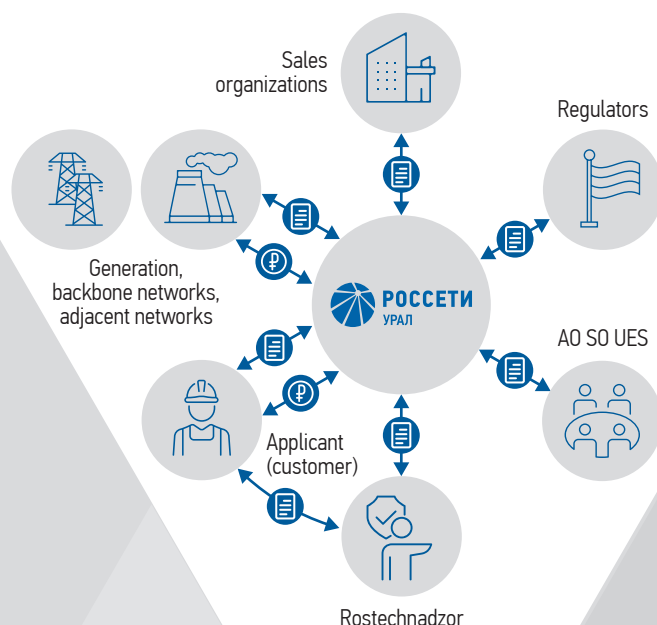
In the course of electricity transmission electricity networks produce electricity losses due to the process of electricity transmission. Electricity losses are defined as the difference between the amount of electricity that came into the networks and amount of electricity transmitted to end-users and RGO networks.

To compensate losses PAO Rosseti Ural purchases electricity from providers of last resort and generators, producing electricity on qualified generating facilities, under retail-market PSAs.

In the course of the business process the Company interacts with the regulators in terms of setting fee rates for a regulation period and individual connection fees.

In the course of commissioning of grid facilities, constructed (reconstructed) by the Company under execution of technical conditions for connection of filer’s facilities, PAO Rosseti Ural interacts with Rostekhnadzor.

PAO Rosseti Ural interacts with energy sales companies while concluding energy supply contracts.



- feedback: contacts with the customer to clarify customer’s needs and correctness of choice of service required by the customer, to clarify the required scope and other parameters of the service, to offer him/her related services
- preparation of a contract: defining the cost and terms of service provision, creation and filling out a contract card in the automated system, approval of the contract, preparation of a printed form of the contract and an invoice for payment, signing the contract on behalf of the Company, sending the contract and the invoice to the customer
- conclusion of a contract: monitoring of contract signing by the customer, receipt of the signed contract from the customer, upload of scanned signed contract in the automated system

- payments for the services: monitoring of inflows of money from the customer, identification and approval of received payment, processing of the request
- execution of the contract: provision of services / completion of works
- closure of the contract: signing of delivery-acceptance certificates, accounting records, preparation and forwarding of invoice to the customer, closure of the contract in the automated system
- warranty service: elimination of defects of performed works / rendered services during the warranty period (if any)
- claim work in case of overdue receivables