

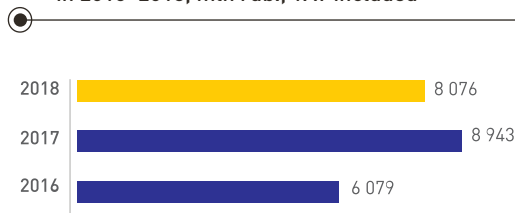
Investments are the basis of a reliable power supply and the most important component of the Company's business efficiency. The Company's investment programs are drawn up in accordance with the schemes and programs for the future development of the electric power industry of the Krasnodar Territory and the Republic of Adygea, the technical condition of the electrical networks, and available sources of funding, formed on the basis of tariff and balance decisions. The approval and control of the implementation of investment programs of Kubanenergo PJSC is carried out by the Ministry of Energy of

Russia. In the reporting year, the Company's investment activity was conducted in accordance with the investment program approved by the Ministry of Energy of Russia by order No. 18 dated 10.12.2018 "Concerning the approval of changes to the investment program of Kubanenergo PJSC, approved by order of the Ministry of Energy of Russia of December 1, 2017 No. 21."

## THE MAIN PARAMETERS OF THE COMPANY'S INVESTMENT ACTIVITIES IN 2018

| CAPITAL INVESTMENT         | ENTERING FIXED ASSETS      | FINANCING                    | POWER INPUT           |     |
|----------------------------|----------------------------|------------------------------|-----------------------|-----|
| million rubles without VAT | million rubles without VAT | million rubles, VAT included | MegaVolt-Ampere (MVA) | km  |
| 7,727                      | 3,911                      | 8,076                        | 355                   | 582 |

Dynamics of financing capital investments of the Company in 2016–2018, mln rub., VAT included



Commissioning of power facilities of state importance on the Taman Peninsula – substation "Port" 220 kV and 110–220 kV power transmission lines were expected in 2018. In the reporting year, Kubanenergo PJSC completed the construction of these facilities and received Rostekhnadzor approval for the commissioning work. Due to the unavailability of PKU Rostransmodernizatsiya, which serves as the state customer for the construction of power facilities, for setting up a 110 kV traction substation for voltage, the commissioning period of the 220 kV Port and 110–220 kV transmission lines were postponed to Q2 2019.

The actual financing of capital investments in 2018 amounted to 8,076 million rubles, which is 32.9% more than in 2016, and 9.7% less than in 2017.