РОСЭНЕРГОАТОМ
ЭЛЕКТРОЭНЕРГЕТИЧЕСКИЙ ДИВИЗИОН РОСАТОМА

# International Scientific and Technical Conference

## 1. Economic development strategy of Rosenergoatom Concern JSC
## 2. Round table. Section "Economics"

Deputy Director General of Rosenergoatom Concern OJSC - Director for Economy and Finance
S.A. Migalin, May 2016

# Role of Rosenergoatom Concern in value creation of State Corporation "Rosatom"

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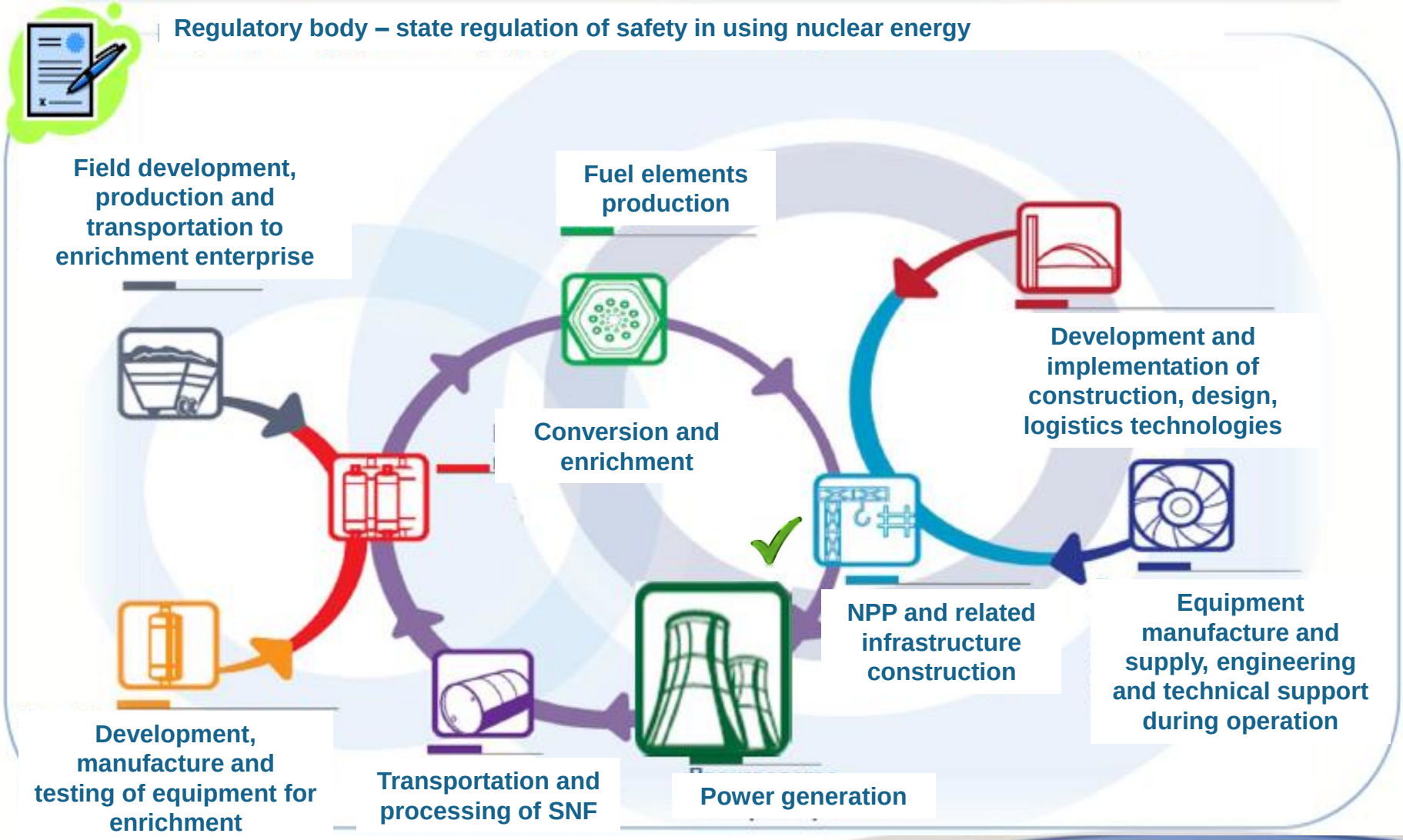
**Regulatory body – state regulation of safety in using nuclear energy**



# Electric Power Division of State Corporation "Rosatom"

## State Corporation "Rosatom"

- Back-End
- Mining
- Fuel
- Mechanical Engineering
- Electric Power
- Safety
- Engineering
- Science and Innovations
- Advanced materials and technologies
- Isotopic
- Administration and maintenance, service infrastructure
- Other Divisions

REA Concern man.comp. of

| | Major activities of enterprises |
|---|---|
| **Atomenergoremont** | Production of Electric and Thermal Energy at Nuclear Power Plants<br>Organization of maintenance, M&R, modernization, extension of service life of NPP systems and equipment |
| **Atomenergosbyt** | Reliable electricity and power supplier. Management of Municipal Engineering projects at subsidiaries AtomTeploElectroSet and Atomteplosbyt |
| **Atomenergopromsbyt** | Sales of electricity and power on wholesale markets. Excluded by State Corporation from Division |
| **Atomtekhenergo** | Full package of works for commissioning of NPP systems and equipment including installation and commissioning works |
| **ZAES** | Equipment and fuel quality control for Concern and abroad |
| **VNIIAES** | Support of NPP design solutions and commissioing. R&D (VVER-TOI), Automated Process control systems excluded |
| **Atomtekhexport** | NPP maintenance abroad, development of technical documentation. Engineering and technical support |
| **Rusatom Service** | Operating services for NPPs abroad (Armenia, Bulgaria, Iran) |

# Rosenergoatom Concern OJSC

**One of the largest enterprises in Russian electric power industry, the only company in Russia functioning as an NPP operating company (operator).**

- ✓ **10** NPPs
- ✓ **34** power units
- ✓ **26.2** GW
- ✓ **6** power units under construction
- ✓ **1** power unit under construction for floating NPP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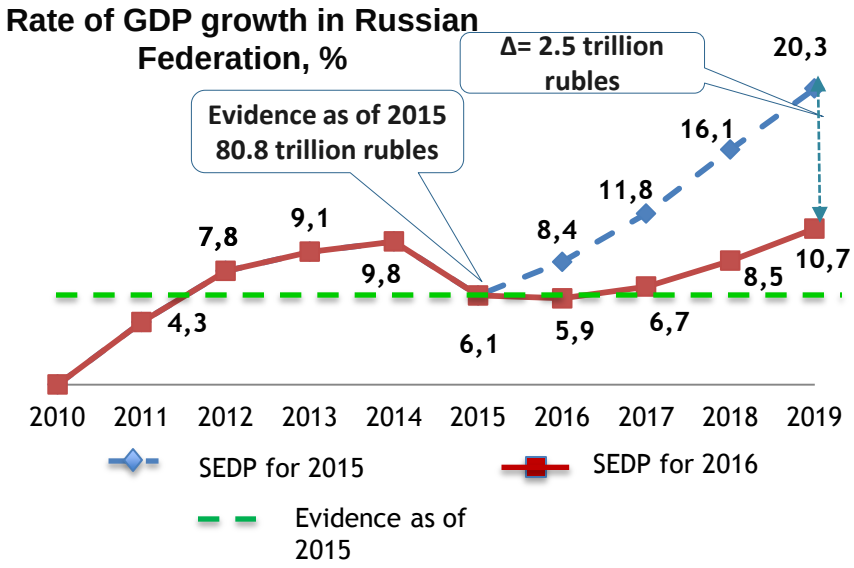
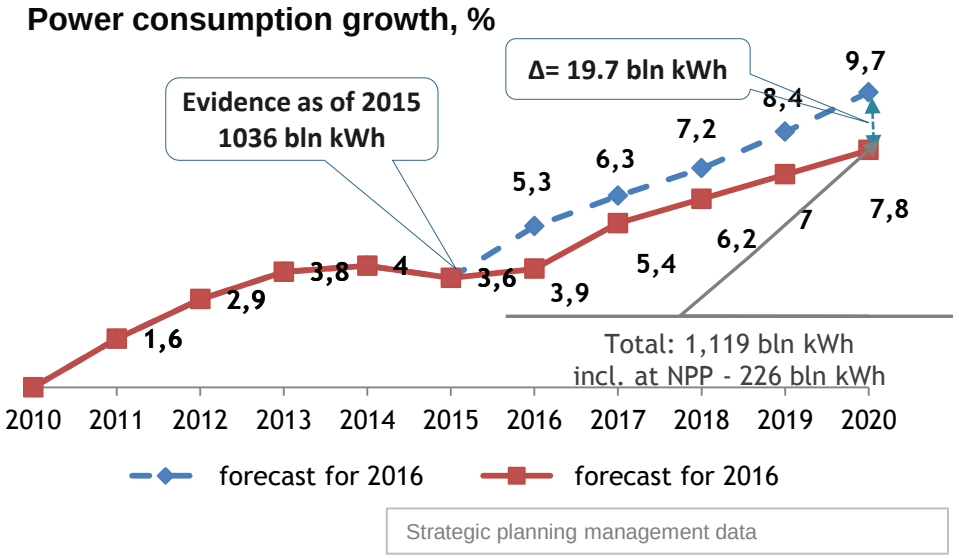
# Key events and achievements in 2015

- 195.2 bln kWh generated in 2015, which made up 103.2% of the FAS balance. The company became the leading Russian company in power generation
- NPP generation share in Russia's power balance - 18.6%, which exceeded the 2014 indicator by 8.1%
- Commissioning of unit No.3 of Rostov NPP and power start-up of unit N. 4 at Beloyarsk NPP with unique BN-800 reactor
- Additional costs reduction by 3.3 bln rubles was provided by achievement of the strategic KPI "Specific semi-fixed costs" in relation to plan

# Significant deceleration of economic growth rate since 2014 (2014 level recovery by 2018)




Strategic planning management data

## Surplus power increase in the Unified Energy System of the Russian Federation

- installed capacity of all power stations in the Russian Federation (as of 01.01.2015) allows generation of up to 1300 kWh per year, additional power increase for 2015-16 prior to output start
- Surplus power value is by 20% (264 bln kWh) higher than current power consumption level in the Russian Federation (1036 bln kWh) and exceeds annual NPP generation.

2010 - 2015 data - Rosstat. 2015–2019 data is provided according to adjusted Social and Economic Development Program of the Russian Federation dated 15.10.2015 and core Social and Economic Development Program of the Russian Federation dated 27.04.2016.

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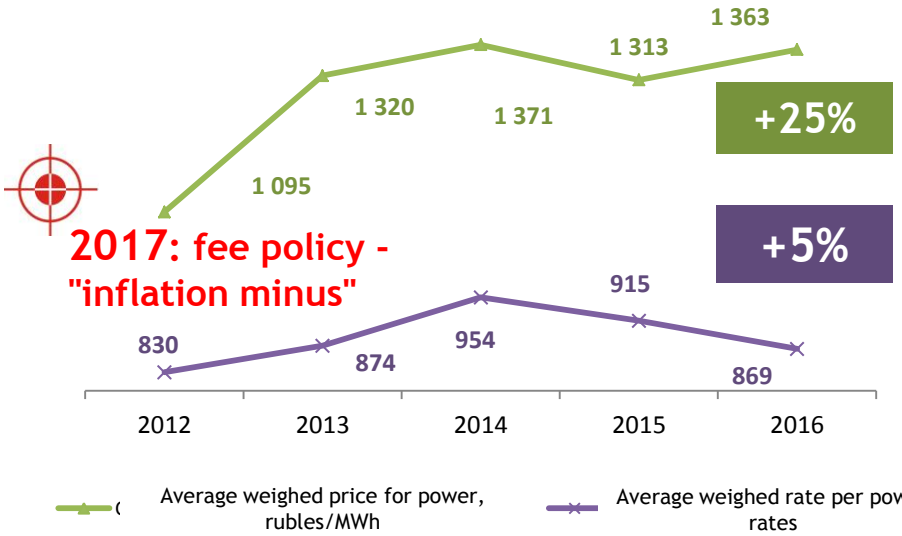
# REA Concern's cost dynamics in 2012-2016

(without starting units in industrial operation for less than a year)

**Prices and rates dynamics in comparison with cost growth rate**

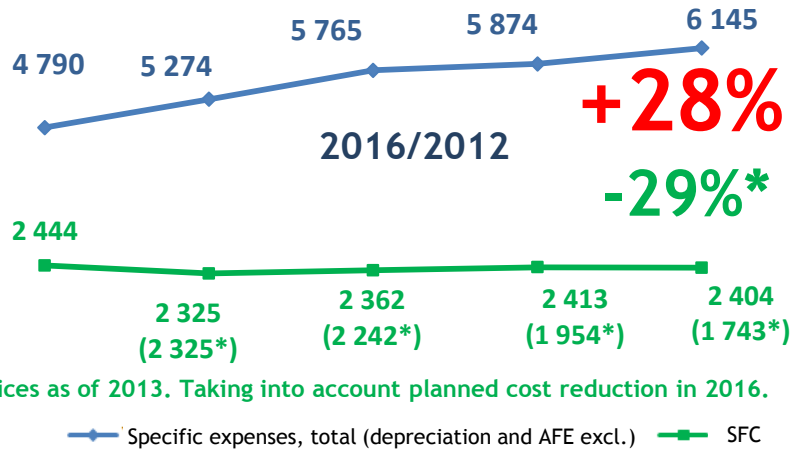



**2017: fee policy - "inflation minus"**

**Inflation influence in Russia:**
industrial products
producer price index (PPI 2016/2012)

**+40%**

**Specific costs, rubles/kW (for power)**




* - prices as of 2013. Taking into account planned cost reduction in 2016.

Though inflation-related cost growth rate during 2012-2016 falls behind industrial total inflation level, specific cost growth (without depreciation, AFE, reserve for RW) outruns weighted average rate as per RD by 23%, relative compensation of expenses growth takes place only at the expense of significant optimization efforts and unstable price growth on free market

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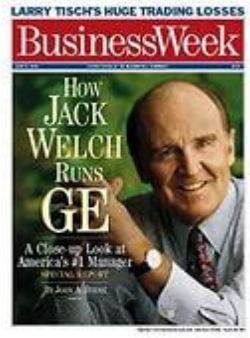
# REA Concern response to macroeconomic "challenges"




*"If the rate of change on the outside exceeds the rate of change on the inside, the end is near"*

**Jack Welch, GE**

## Income

- Free Cash Flow (FCF)
- Operational efficiency
- Backlog of orders
- Revenue

**Improvement by at least 30-35% in 2-3 years (starting from 2014)**

## Expense

- Specific cost
- Administration and maintenance cost
- Cost based investments
- Store
- Lead time

**Preservation of proprietary investment development resource against the backdrop of external limits and pressure on costs**

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# Key Division activities indicators

*x - at notional value*
*x - in the context of 2015*

| Indicator | 2013 | 2014 | 2015 | 2016 | 2017* | 2018* |
|---|---|---|---|---|---|---|
| 1 FCF, bln rubles | 109<br>137 | 109<br>126 | 108<br>108 | 101<br>94 | 185<br>163 | 177<br>147 |
| 2 Revenue, bln rubles | 243<br>303 | 287<br>332 | 324<br>324 | 340<br>317 | 441<br>387 | 507<br>422 |
| 3 EBITDA, bln rubles | 104<br>130 | 108<br>125 | 115<br>115 | 107<br>100 | 171<br>150 | 210<br>174 |
| 4 Investments from Rosatom consolidated investment resource, bln rubles | - | 3.2<br>3.5 | 0.6<br>0.6 | 2.6<br>2.5 | 2.4<br>2.1 | 2.4<br>2.0 |
| 5 Operational efficiency, million rubles/people | 5.1 | 5.7 | 6.4 | 7.0 | 8.5 | 9.9 |
| 6 Backlog of overseas orders for 20 years, bln US dollars | 0.17<br>0.21 | 0.46<br>0.54 | 0.53<br>0.53 | 0.49<br>0.47 | 0.62<br>0.60 | 0.69<br>0.65 |
| 7 Foreign revenue, bln US dollars | 0.01<br>0.01 | 0.03<br>0.03 | 0.06<br>0.06 | 0.07<br>0.07 | 0.10<br>0.10 | 0.16<br>0.15 |

Average annual FCF 2015-2018 +31% As compared to 2013-2014 level

Average annual revenue value 2015-2018 +52% as compared to 2013-2014 level

Average annual EBITDA value 2015-2018 +44% as compared to 2013-2014 level

* - data for 2017-2018 approved at the level of validated business plan fro 2016-2018 version and does not include risk of Leningrad NPP II unit No.1 commissioning delay.

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# Key Division activities indicators and analysis of meeting strategic goals/tasks by State Corporation "Rosatom" in "Efficiency Enhancement" field

*at price conditions as of 2015 evidence (comparison year)*

| Indicator | 2013 | 2014 | 2015 | 2016 | 2017* | 2018* |
|---|---|---|---|---|---|---|
| 1 Operational efficiency, million rubles/people (+28%) | 6.4 | 6.6 | 6.4 | 6.5 | 7.4 | 8.2 |
| 2 Specific semi-fixed cost, rubles/kW (at prices as of 2013) (as per installed capacity) | 2,325 | 2,242 | 1,954 | 1,743 | 1,801 | 1,764 |
| 3 Managing Company expenses for administration and maintenance, bln rubles (at prices of 2013) (-38%) | 2.6 | 2.4 | 1.7 | 1.65 | 1.7 | 1.6 |
| 4 Inventory turnover, day | 66 | 61 | 58 | 53 | 47 | 47 |
| 5 Specific capital costs for NPP construction (adjusted) ths rubles/kW, project (-29%) | | 105 | 101.7 | 104.8 | 89.6 | |
| | | Novovoronezh NPP II prior to optimization | | NPP projects - 2006 (Leningrad NPP II, Novovoronezh NPP II) | Kursk NPP-2 design (VVER-TOI) | |

* - data for 2017-2018 approved at the level of validated business plan fro 2016-2018 version and does not include risk of Leningrad NPP II unit No.1 commissioning delay.

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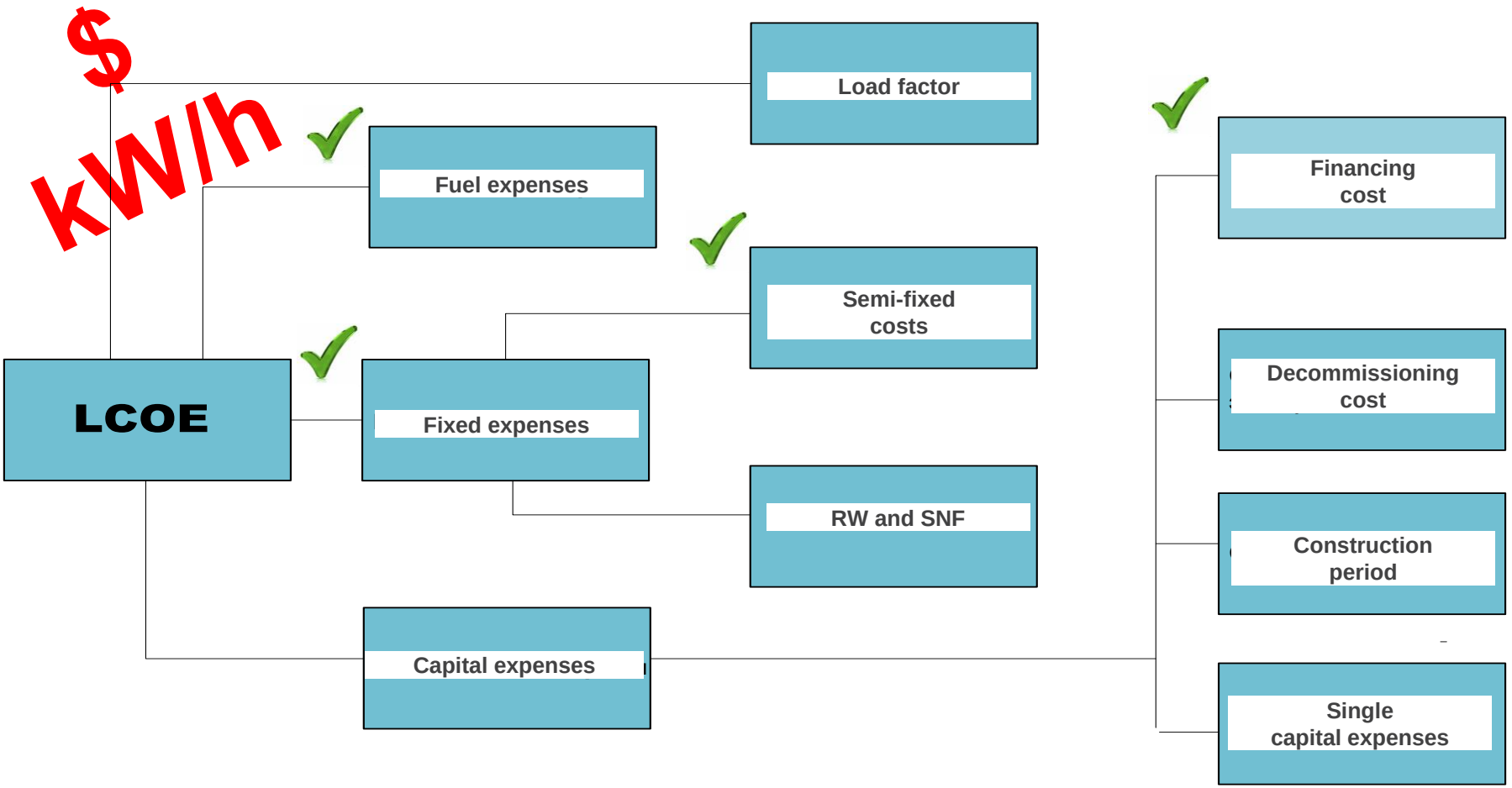
# LCOE (levelised cost of electricity)




1. Indicator implemented internationally for making strategic decisions on choosing optimal generation type.
2. Indicator characterizes competitive ability of generation type for life-cycle notwithstanding current market model and regulators decisions.

# Medium-term business goals of Division

**Safety assurance**

- **Safe operation** of existing NPPs
- Realization of decommissioning program for Biblino NPP
- SNF disassembly and removal from NPPs with RMBK reactors
- Preparations for RW removal from NPPs according to acceptance criteria

**Expansion of activities range**

FCF

- **Commission of 19 new units** by 2030 and service life extension for 11 existing units
- **Increase in energy generation from 180 bln kWh in 2014 to 212.4 bln kWh in 2018** and to 298 bln kWh by 2030
- **New business areas implementation and development** (sales, services abroad, DC, etc.); revenue increase from 34 bln rubles in 2014 to 111 bln rubles in 2018

**Competitive ability increase**

SSFC

- **LCOE reduction** for NPP1 in RF from 2.3 rubles/kWh in 2014 to 2.0 rubles/kWh in 2020 and to 1.65 rubles/kWh in 2030, including:
  - Reaching improvement of VVER-TOI as per project operational costs
  - Reaching specific capital costs with 93 ths rubles per kWh in 2019 (Kursk NPP II) and 75 ths rubles per kWh by 2030
  - Construction period from 60 months in 2014 to 48 months in 2019 and then to 40 months in 2030
  - 93% load factor by 2019
- **Realization of "Energy cost management" project:**
  - Reduction of specific semi-fixed costs at existing units minimum by 20-22% by 2018, at new NPPs - by 15-20% per MW by 2018 (in comparison with Balakovo NPP)
  - Operational efficiency (generation) increase in 2013-2018 by 5% annually
  - Calculated load factor increase for existing VVER units by 91% in 2019

**Globality**

revenue

- Development of NPP service of Russian design abroad (up to 13 units by 2019)
- Entering the servicing market for foreign design NPPs
- Power trading development abroad

# Director General KPI for Rosenergoatom Concern JSC in 2015-2(

| KPI name | Evidence 2015 | PZ 2016 |
|---|---|---|
| Electric Power Division FCF, *bln rubles* | **107.7** | **100.6** |
| Operational capacity (generation based, 2015 ), *million kWh/people* | 6.59 | - |
| Operational capacity (revenue based, 2016 ), *million kWh/people* | 6.35 | **7.0** |
| Rosenergoatom Concer n JSC investment program performance index, % | 99.75 | 100 |
| Power generation value at NPP, *bln kWh* | 195.21 | 196.72 |
| Specific semi-fixed costs (2015, for electric supply), *rubles/MWh* | 329.3 | - |
| Specific semi-fixed costs (2016, for installed capacity), *ths rubles/MW* | 1,955 | **1,743** |
| Backlog of overseas orders for 20 years (Rusatom Service incl.),*bln USD* | 0.510 | - |
| Integrated index for new products, % | 109.2 | 100 |
| Internal (by tender) and external revenue for new products, *bln rubles* | 57.875 | 68.5 |
| Backlog of State Corporation orders for new products for 10 years, *bln rubles* | 271.546 | 272.7 |
| Specific forecasted NPP construction cost estimated with schedule included, *rubles/kW* | 99,758.42 | 104,778 |
| Efficiency of investment activities integrated index, % | 87.2 | - |
| Absence of level 2 incidents as per INES scale followed by occupational exposure of more than 50 mSv per year, units | No incidents | - |
| Absence of level 2 and higher incidents as per INES, scale units * | No incidents | No incidents |
| LTIFR, % | 0.03 | 0.15 |
| State tasks performance, %** | | 100 |

* In 2016 KPI was changed to «Absence of level 2 and higher infringements, units»

As of 13.05.16

# To achieve the specified KPIs, the decomposition of KPIs as the objectives tree and 2016 KPI matrix has been performed

## Objectives tree


- Decompose indicators influencing FCF and expenses
- Distribute responsibility for KPIs among managers via indicators explicitation

## KPI maps

**Generation (influence in area of responsibility),** kW/hour

**Expenses (influence in area of responsibility),** million rubles

**Inventories (influence in area of responsibility),** million rubles

**Operational efficiency,** million rubles/people

**Safety indicator**

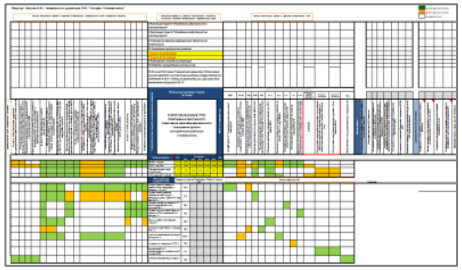
**Specific indicator (in area of responsibility),** UM

**Specific indicator (in area of responsibility),** UM

- Indicators included to all managers' KPI maps up to workshop chief
- Indicators correspond to manager's liability and influence area

- Indicators showing specific job description in managers' area of responsibility
- Project tasks corresponding to department's job description

## X-matrix



- Check KPI correlation for managers and employees (decomposition completeness)
- Update and complement programs and projects aimed at KPI performance
- Specify the most important ones for KPI strategy and projects via weighing coefficients

# Transformation of the efficiency and competitive ability oriented corporate culture, 2015-2017

SAFETY Culture + ECONOMY (expedience) Culture

- Expenses measurement tool and management by exception (variance analysis) at process/order/function/event/operation level (SAP EPR online system unified at all NPPs by 2017 + DS + Infocenter)
- "NPP+ operation experience" support platform - unique replicate Concern product/process/technology/tool
- Elaborate motivation system (command indicators, process metrics, project KPIs, strategic KPIs, planning based on goals not "on achieved")
- Modification of efficiency management paradigm - from prescriptive manner to motivational and cultural, competitive one
- Problem-solving communication speed, common information space
- Attention to development and new ideas (think tank, new businesses, organizational modifications for expenses reduction), Rosatom Production System (RPS) patform

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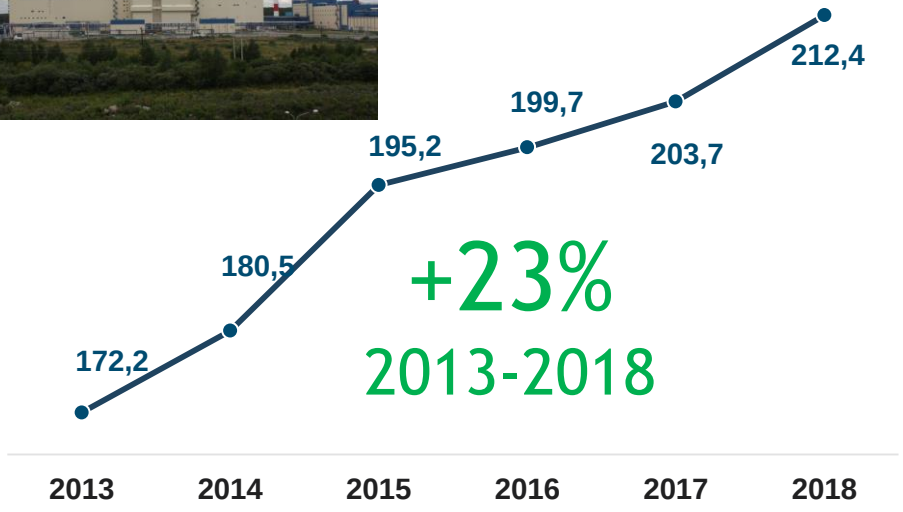
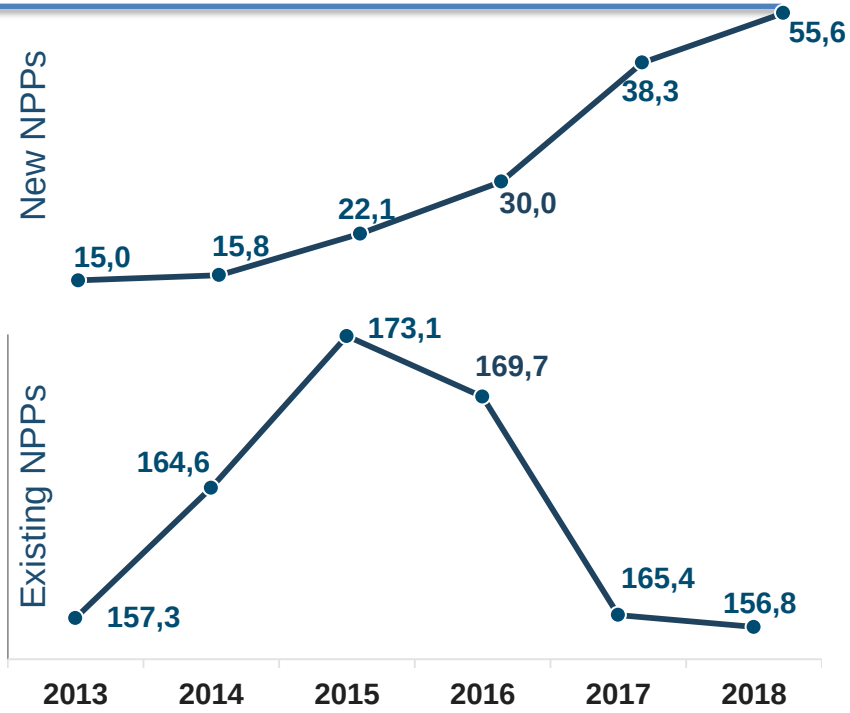
# Power generation dynamics – **MAX** task




**Ambitious indicators reached by means of:**

- additional repairs with modernization and service life extension;
- cancellation of current repairs at VVER-1000 units: 2017 – 48 days, 2018 – 42 days;
- increase in actual available power via programs for power generation increase.

**Negative factors reducing power generation by existing NPPs:**

- Dispatcher limitations in several regions
- decommissioning of unit No. 3 at Novovoronezh NPP;
- actual delay of restoration of lifetime performance at RBMK-1000 units

* - data for 2017 corresponds to preliminary balance propositions at FAs of the Russian Federation. Generation for 2018 approved at the level of validated business plan fro 2016-2018 version and does not include risk of Leningrad NPP II unit No.1 commissioning delay.

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# "35 initiatives" for operational efficiency

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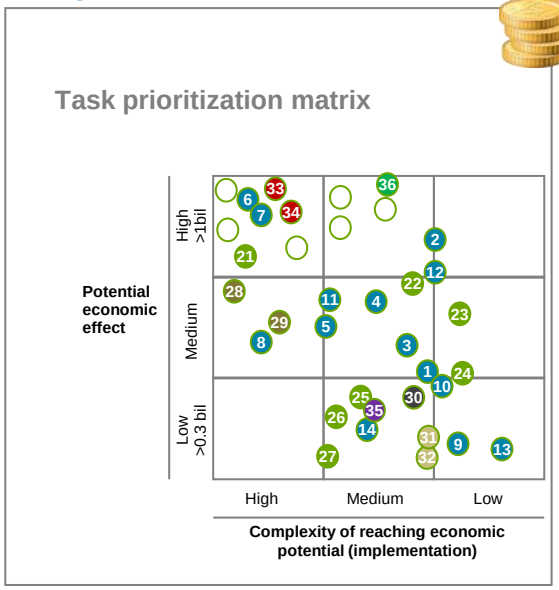
**1** **REA Concern developed 35 initiatives implemented stepwise starting from the most important to achieve specified goals**




**2** **Program for subsidiaries and associates operational efficiency**

| Tasks for operational costs reduction and revenue increase of REA Concern | | | |
|---|---|---|---|
| **I. Personnel** | 1 | Cut down excessive workshop managing personnel | ✓[1] |
| | 2 | Cut down shifts number via replacing hazardous work places with normal working conditions | ✓[1] |
| | 3 | Unite part of workshop personnel functions (e.g. reactor and turbine shops) | ✓[1] |
| | 4 | Cut down auxiliary works personnel via work processes standartization | ✓[1] |
| | 5 | Transfer excessive service personnel (e.g. AER) in case repairs efficiency increases | ✓[1] |
| | 6 | Cut down auxiliary personnel via centralization and best world's practices implementation | ✓[1] |
| | 7 | Cut down service personnel via repairs scheduling efficiency increase | ✓[1] |
| | 8 | Cut down operational personnel via best world's practices implementation | ✓[1] |
| | 9 | Adjust salaries in compliance with region market | |
| | 10 | Decrease fringe benefits via elimination of harmful factors at work places | |
| | 11 | Decrease reserve for vacation via cancellation of add. vacation for harmful work environment | |
| | 12 | Cut down additional insurance payments via cutting down work positions with special harmful work environment | |
| | 13 | Standardize principles for giving and price of medicinal and prophylactic food vouchers | ✓[1] |
| | 14 | Outsourcing some of auxiliary functions/positions | ✓[1] |
| **II. Repair** | 15 | Adjusting planned outage period to RD 085-2014 standard | ✓ |
| | 16 | Reduction of planned outage period by 10% as per RD 085-2014 standard | |
| | 17 | Reduction of planned outage period to best international level | |
| | 18 | Reduction of shutdown life extension and modernization by 10% | ✓ |
| | 19 | Transfer to 24-month shutdown repairs cycle | |
| | 20 | Increase of existing units installed capacity from 104 to 107% | |
| **III. Procurements and inventories** | 21 | Procurement consolidation among plants to get discounts for amount and procurement directly at manufacturer | |
| | 22 | Increasing application of long-term/framework contracts and index price determination | |
| | 23 | Specifications unification for (range of) material assets among NPPs: making procurement decisions basing on total cost of ownership (TCO) | |
| | 24 | Comprehensive inventories audit, identification of unsaleable goods and their disposal | ✓ |
| | 25 | Requirements unification for structure and amount of inventories of various categories among NPPs | ✓ |
| | 26 | Centralization/unification of (range of) buffer stocks among NPPs | ✓ |
| | 27 | Delivery on time and reduction of buffer stocks | ✓ |
| **IV. Property insurance** | 28 | Independent assessment of property and insurance cost to define fair value | ✓ |
| | 29 | Optimization of insured risks and equipment types for separate NPPs | ✓ |
| **V. Sales** | 30 | Development and implementation of detailed standardized scheme for departments cooperation to organize short-term planning and managing regime | ✓ |
| **VI. Social assets** | 31 | Withdrawal of several social assets from NPPs' balance | |
| | 32 | Expenses reduction for construction of new and modernization of existing assets | |
| **VII. Subsidiaries and associates** | 33 | Optimization of AER number for repairs, diversification of performed works scope, revenue increase from new scopes | ✓ |
| | 34 | Operational activities optimization for Energoatominvest LLC | ✓ |
| **VIII. Property tax** | 35 | Optimization of property tax payments via tax base reduction and rate optimization | ✓ |
| **IX. Support investments** | 36 | Support investments management, definition of reduction and efficiency goals | |

✓ RPS project implementation in 2015

# Specific semi-fixed costs calculation method

**Full self-cost** − **Expenses excluded** − **Semi-fixed cost of new units with industrial operation of less than a year** =

- **Operational-repairing needs exp**
- **Personnel expenses**
- **Other expenses**
- **Social expenses (from 2016)**

**Specific semi-fixed costs** = **Installed capacity (KPI from 2016)**

**Not included in semi-fixed costs (have no influence):**

1. Depreciation
2. Industry inventories
3. Nuclear fuel expenses
4. Expenses on commercial power for own needs
5. Payment for services to infrastructural organizations of wholesale market for electricity and power
6. SNF expenses
7. RW expenses
8. Expenses for forming of estimated liabilities for SNF and RW management
9. Imputed expenses
10. Property tax (from 2016)
11. R&D expenses (from 2016)

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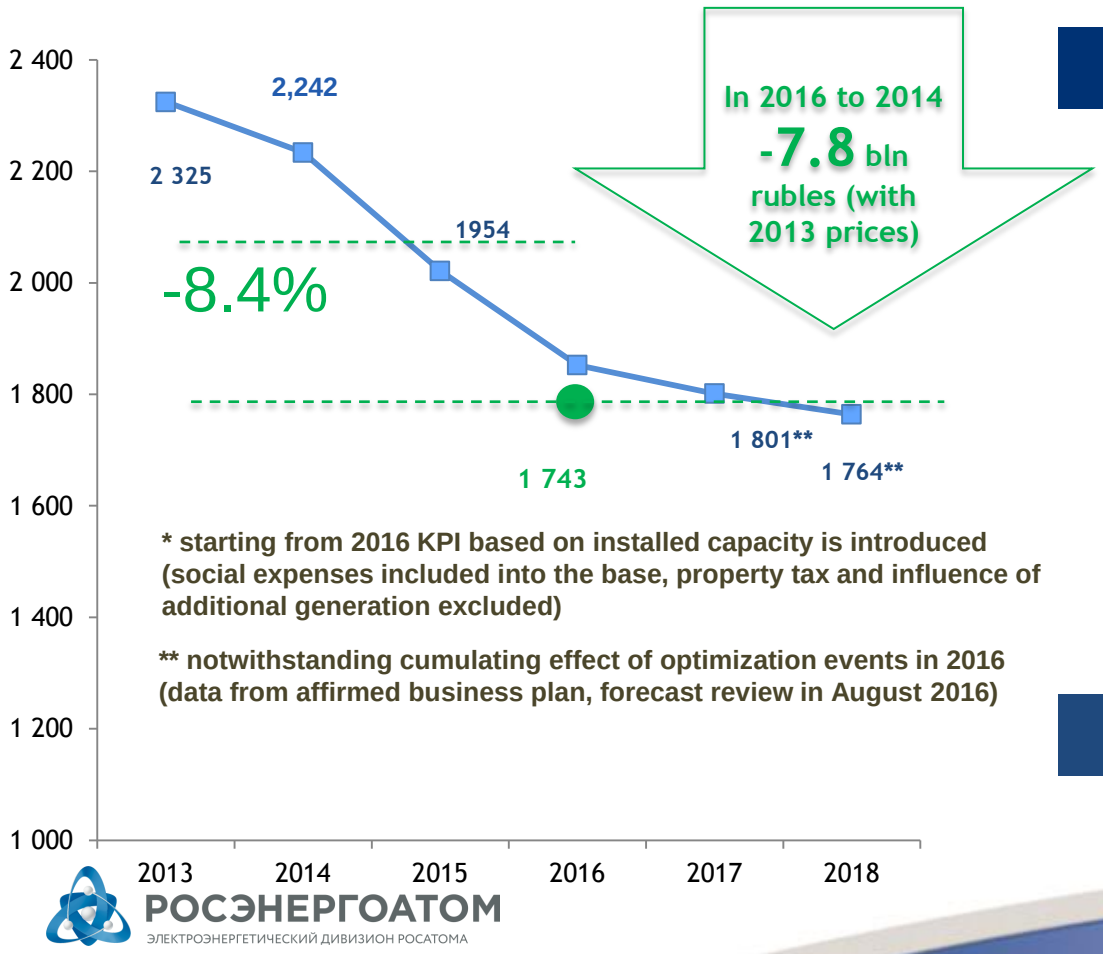
# Accomplishment of State Corporation "Rosatom" task for semi-fixed costs - second revision of business plan for 2016-2018

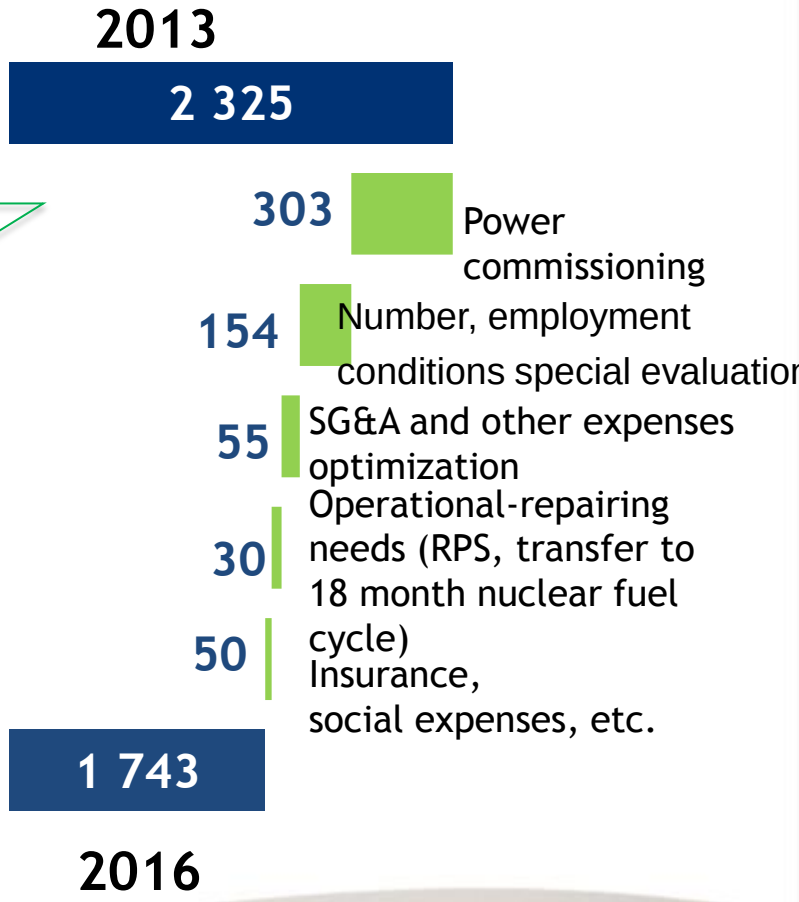
## Specific semi-fixed costs for POWER*, rubles/kW with prices of base yeaer 2013




* starting from 2016 KPI based on installed capacity is introduced (social expenses included into the base, property tax and influence of additional generation excluded)

** notwithstanding cumulating effect of optimization events in 2016 (data from affirmed business plan, forecast review in August 2016)

## Factors of specific semi-fixed costs reduction, rubles/kW

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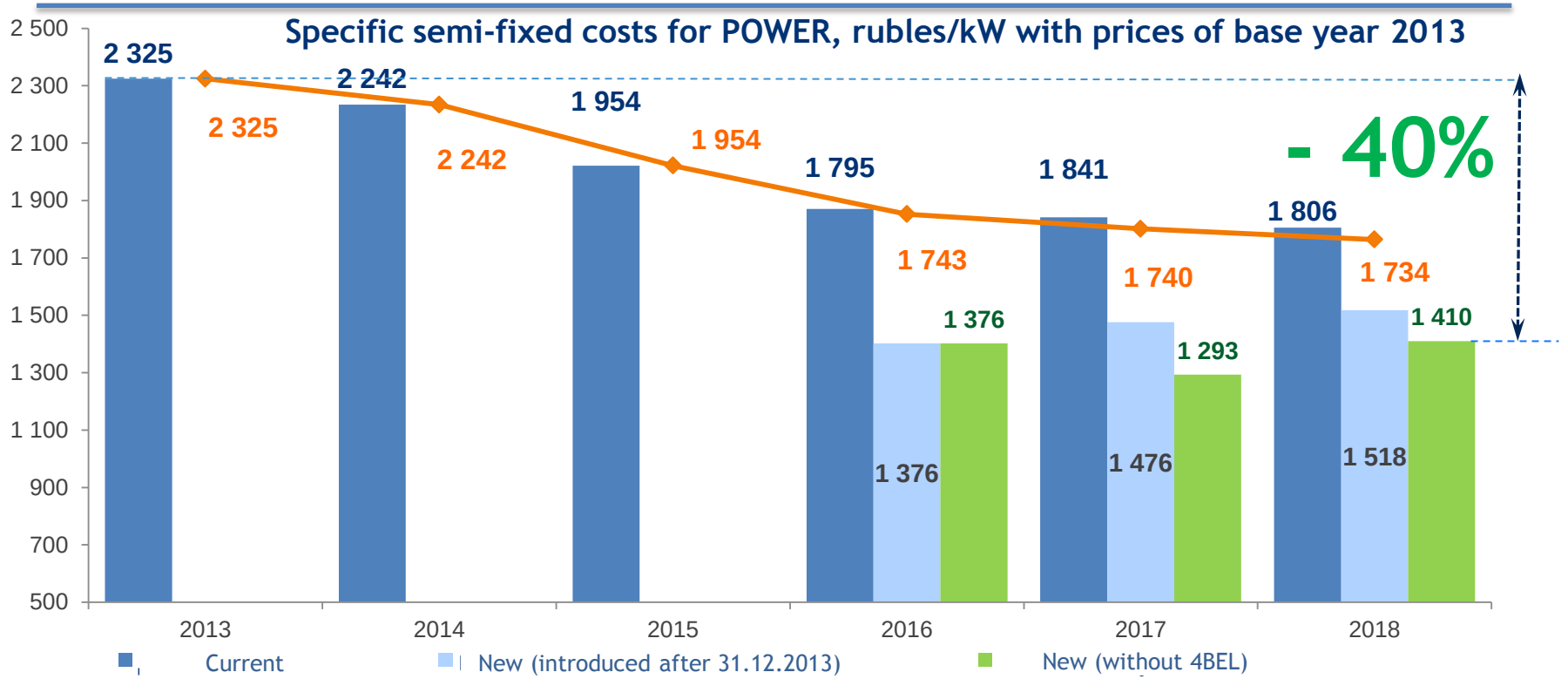
# Specific semi-fixed costs in the context of existing and new units




Major factors for reduction of new units specific semi-fixed costs (depreciation and property tax excluded) in relation to existing units:

- normal mode ratio is lower;
- specific expenses for operational-repairing needs are lower (in terms of the business plan forecasts, new units will have no major repairs in repair cycle)

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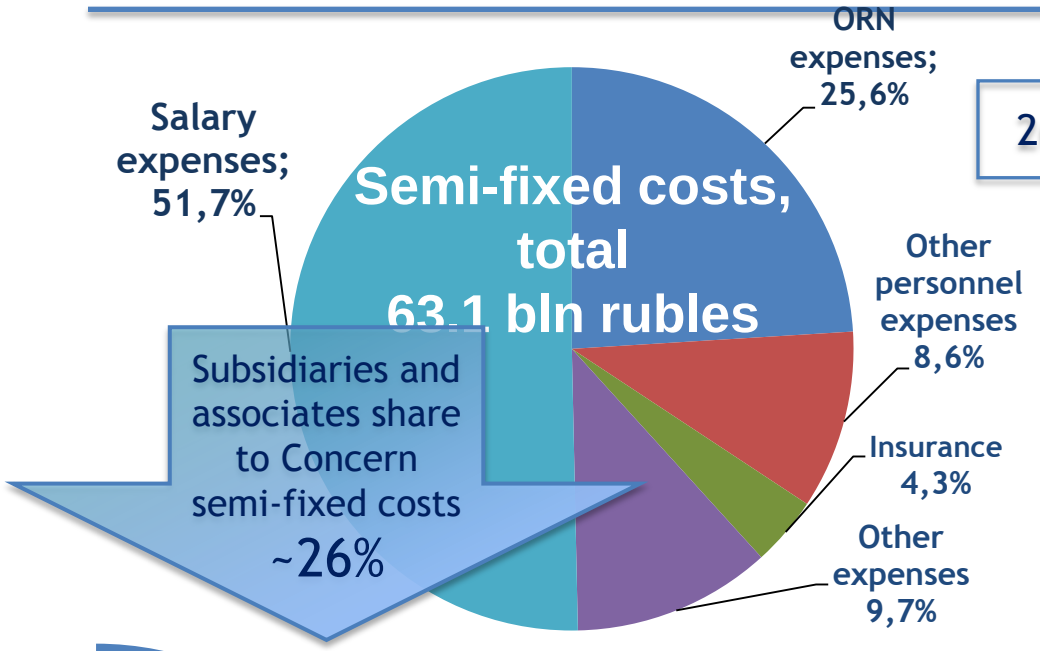
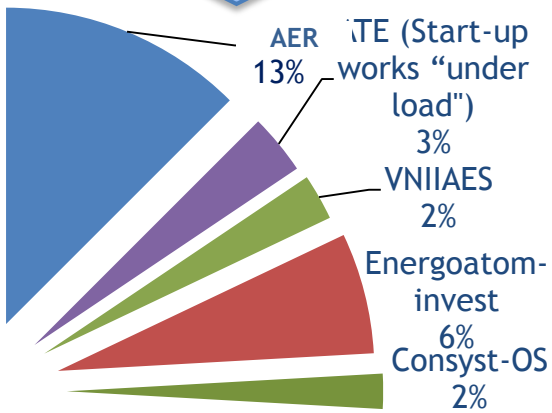
# TOP-5 of REA Concern specific semi-fixed costs

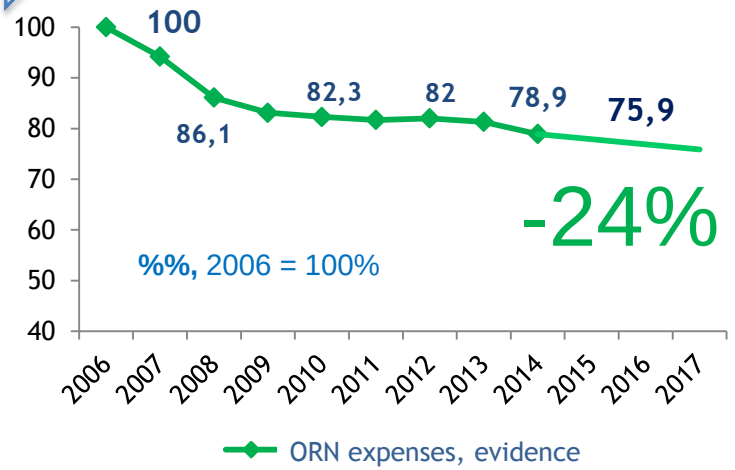



26%

**Specific costs on operational-repairing needs dynamics**

Limitation: expenses reduction and operation safety balance (Decree of the Government of the Russian Federation No. 705 dd. 20.09.2008)




**Effects of program for subsidiaries and associates operational efficiency ~ 2 bln rubles in 3 years (2016-2018) with necessary additional expenses of approximately 600 million rubles**

**Effect of additional optimization program for 2016 – 2.2 bln rubles (over approved by BD budget) + inventories optimization program**

**Obligatory command KPI 2016 for business unit (branch, subsidiary or associate) – EXPENSES (budget/limit – lower level for KPI performance, motivation for add. projects and RPS – NPPs rating, "RPS leader", "Function expenses" KPI)**

# New products. Chosen growth points support strategic goals of Division and State Corporation "Rosatom" and are synergetic with power generation

## Growth points for "New businesses"

| | | Strategic tasks | Major development directions |
|---|---|---|---|
| 1 | NPP service abroad | Entrance to adjacent markets and foreign market of NPPs of non-Russian design | Full service for Russian NPPs abroad |
| 2 | Power sales | Prices for power hedging and provision of negotiation position with regulatory body | Development of power sales in Russia and start for sales abroad as soon as Baltic NPP develops |
| 3 | Long-term projects for generation | Generation growth by means of more profitable projects | Improvement of Baltic, Far East NPPs, construction of floating NPP |
| 4 | Other projects | Business development that supplements existing resources and powers | Projects: DPC, additional products (B2B, B2C), isotopic products |

## Matrix of goals correspondence

| Strategic Goals | Safety assurance | Expansion of activities scale | Increasing of competitive ability | Globality |
|---|---|---|---|---|
| Performance of state tasks | | 2 3 | 2 | |
| Contribution to the development of economics of Russian Federation | | 1 2 | 1 3 4 | 1 3 |
| Economic performance improvement in Russia and on global market | | 4 3 | 2 3 | 1 2 3 |

operational efficiency+

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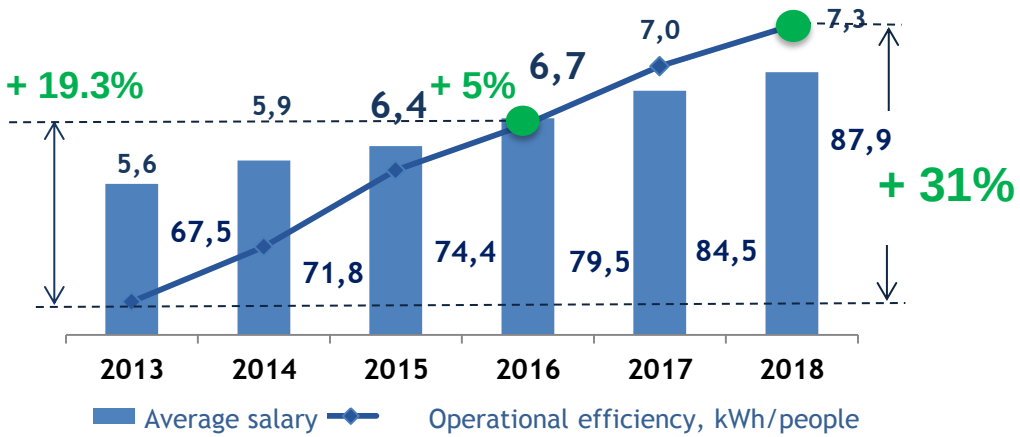
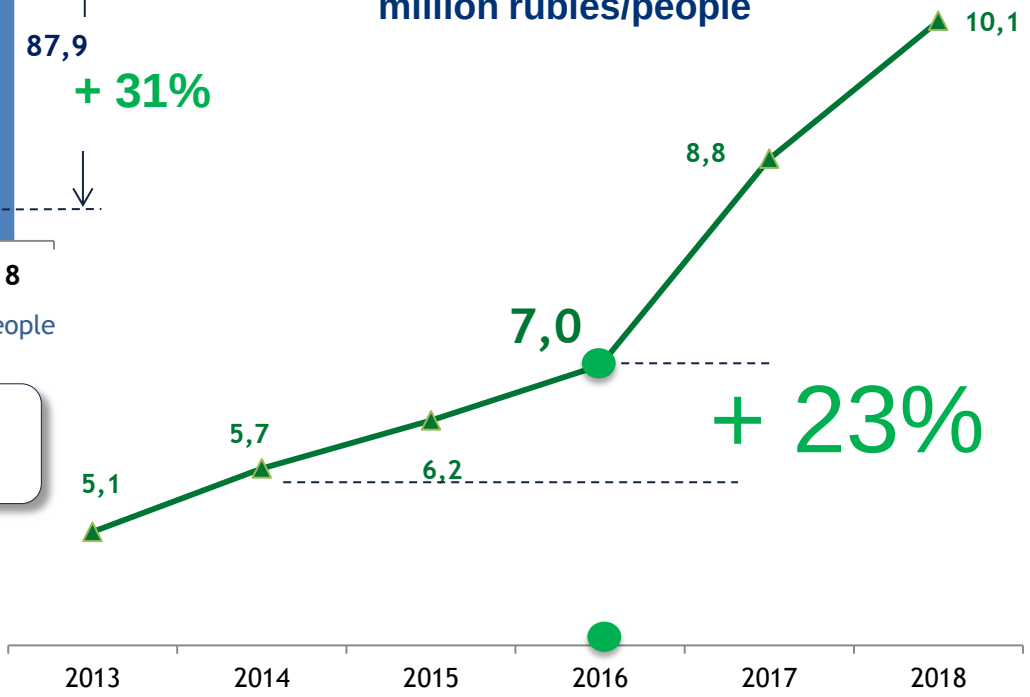
# Operational efficiency in monetary terms

## Operational efficiency, million kW/people (generating number, forecast)




TARGET 2016/2017 **more than 7**
**million kWh/people**

## Operational efficiency (for entire Division) million rubles/people

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# Optimization tasks for 2016 (optimization solutions and tools)

1

- Performance of operational expenses for 2016 limit taking into account reasonable level of safety assurance
- Expenses growth control by means of industrial reserves
- Corporate functions centralization with liquidation of excessive material balance inventory transactions, document management and reporting
- Implementation of "economy culture", "intolerance-to-losses culture" (RPS-enterprise, RPS in offices, prudent manufacture)
- Rational investment resource application, constant project prioritization and financing sources rebalancing

2

- Development of risk management system (significance level, identification procedure, remedial measures management) + information system
- Planning accuracy (finance planning)
- Well-knit motivation system (objectives tree, top down approach for KPIs)
- Operation activities automation (ERP resources management, unified expenses analytics, specific benchmarks, operation knowledge and experience management, maintenance, equipment, and repairs management) basing on M&R solution of the Division
- Construction projects management automation (deadlines/schedules, events/retrofitting programs, estimation/cost)

# Round table. Section Economics

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# Finance and Economics Division business card

## Economics and Controlling Department

- administration of business planning, budgeting and budget implementation forecasting;
- planning and forecasting for A&M budget estimate implementation;
- expenses management and generating summary management statements;
- drafting and harmonizing economic KPI passports and KPI statements;
- SEDP drafting:
- calculation of financing sources for Concern IPs, drafting offers for net profit allotment.

## Accounting

- maintenance of accounting and tax records for Concern's financial and economic activities;
- drafting Concern's statements and submitting them to tax bodies and superior organizations;
- accounting fixed and current assets of Concern;
- representing Concern in tax bodies, non-budgetary foundations and government statistics agencies.

## Treasury

- participation in business planning, budgeting and budget implementation forecasting;
- balancing of cash flows, liquidity and current assets management;
- treasury transaction performance, identification of financing schemes for reorganization, merger and acquisition projects;
- finance and credit risks management;
- development of insurance coverage policy and its implementation.

## Information Technologies Department

-creation of a common information space for the Concern at all NPP life-cycle phases;
- implementation and support of specialized IT solutions for finance and economic activities;
- development and provision of reliable performance for Concern ICT landscape.

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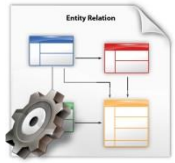
# Finance and Economics Division optimization directions for 2016

Business units reduction and corporate functions centralization




Function information centers (controllability and operational efficiency, FED open ended issues management

Short structure and control coefficient of function

Unified e-portal for FED

Consolidation integrated solutions and Manager panel (DS project)

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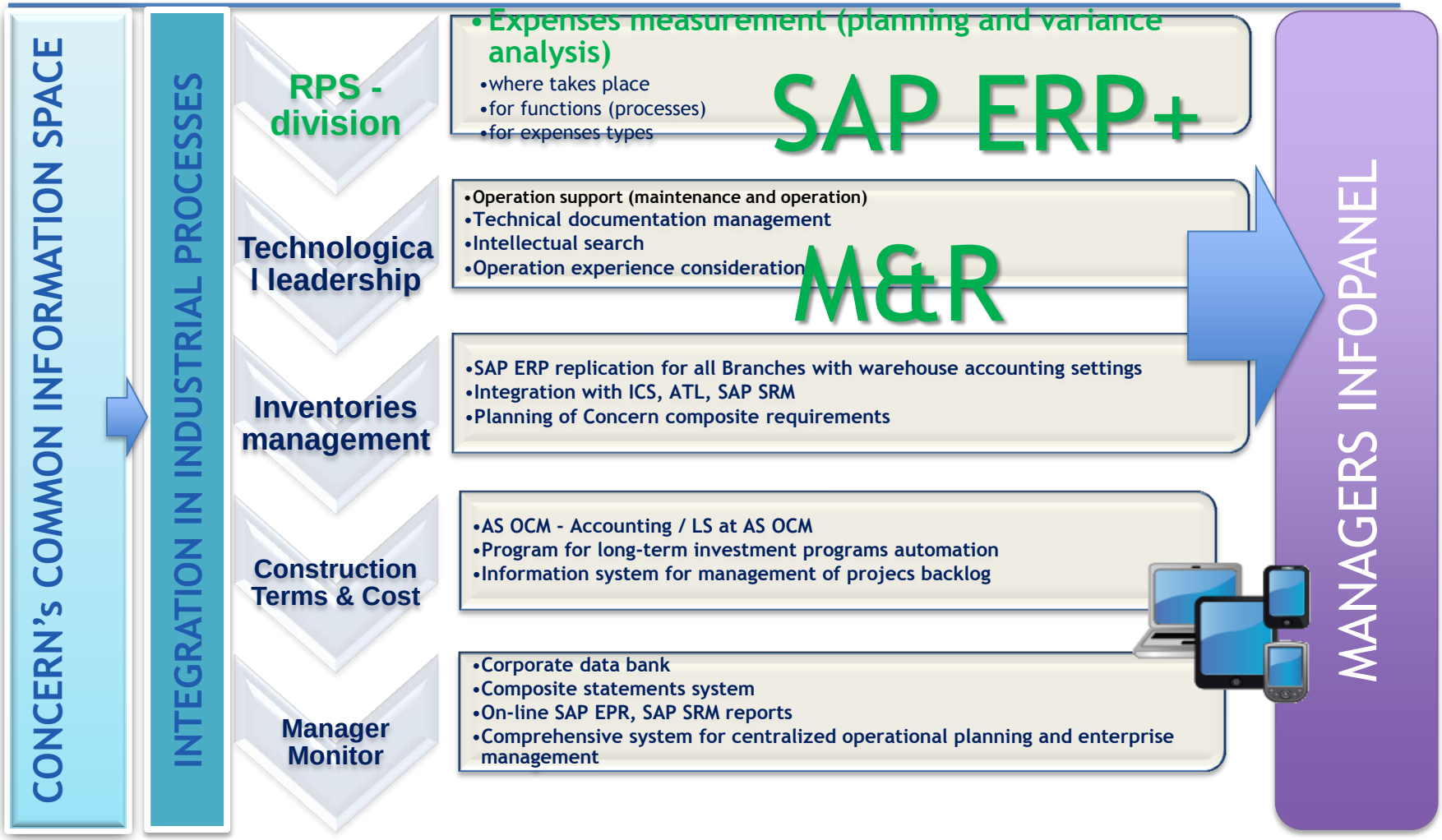
# IT tasks for 2016

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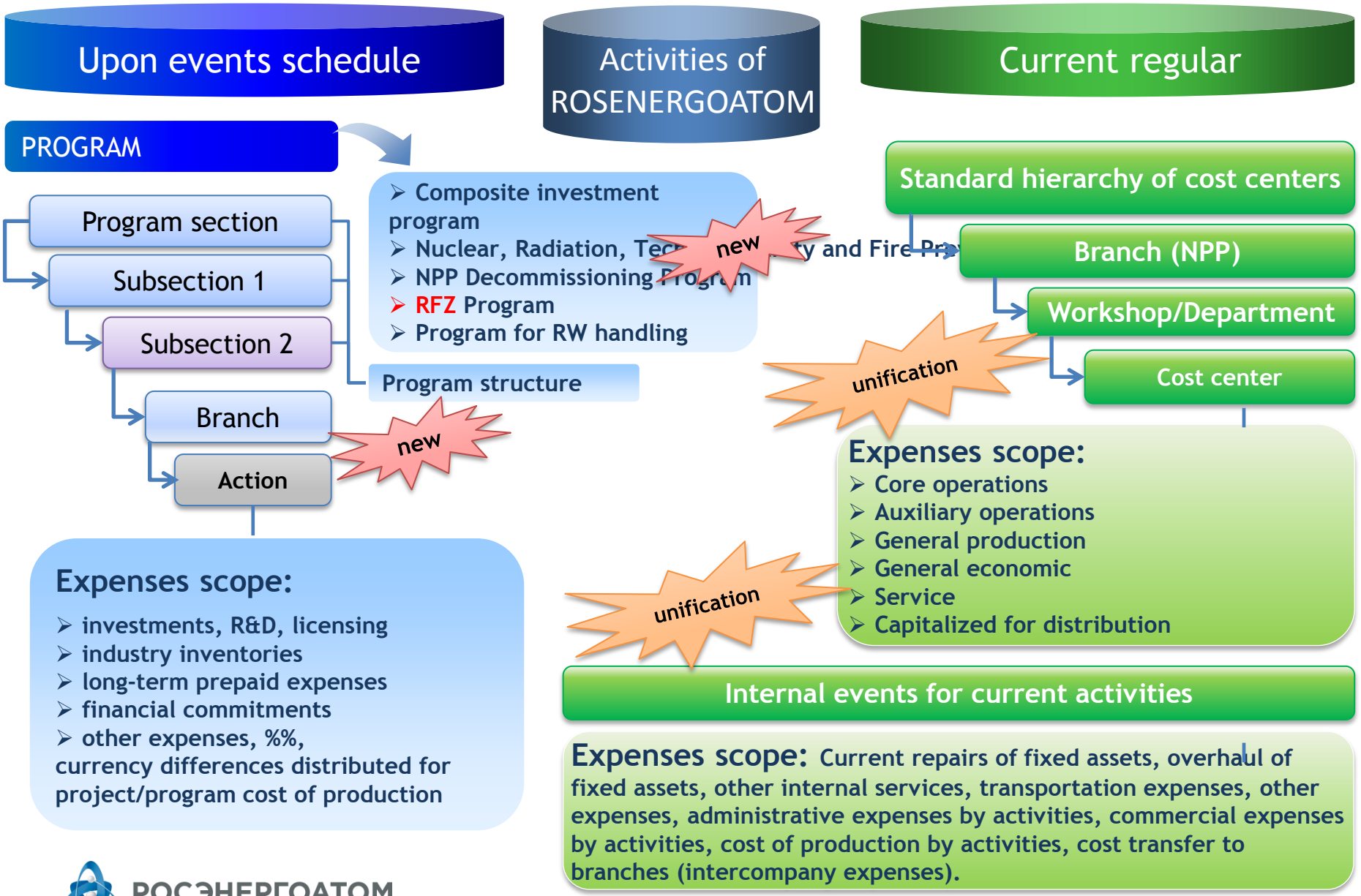
# REA Concern expenses management basing on SAP ERP

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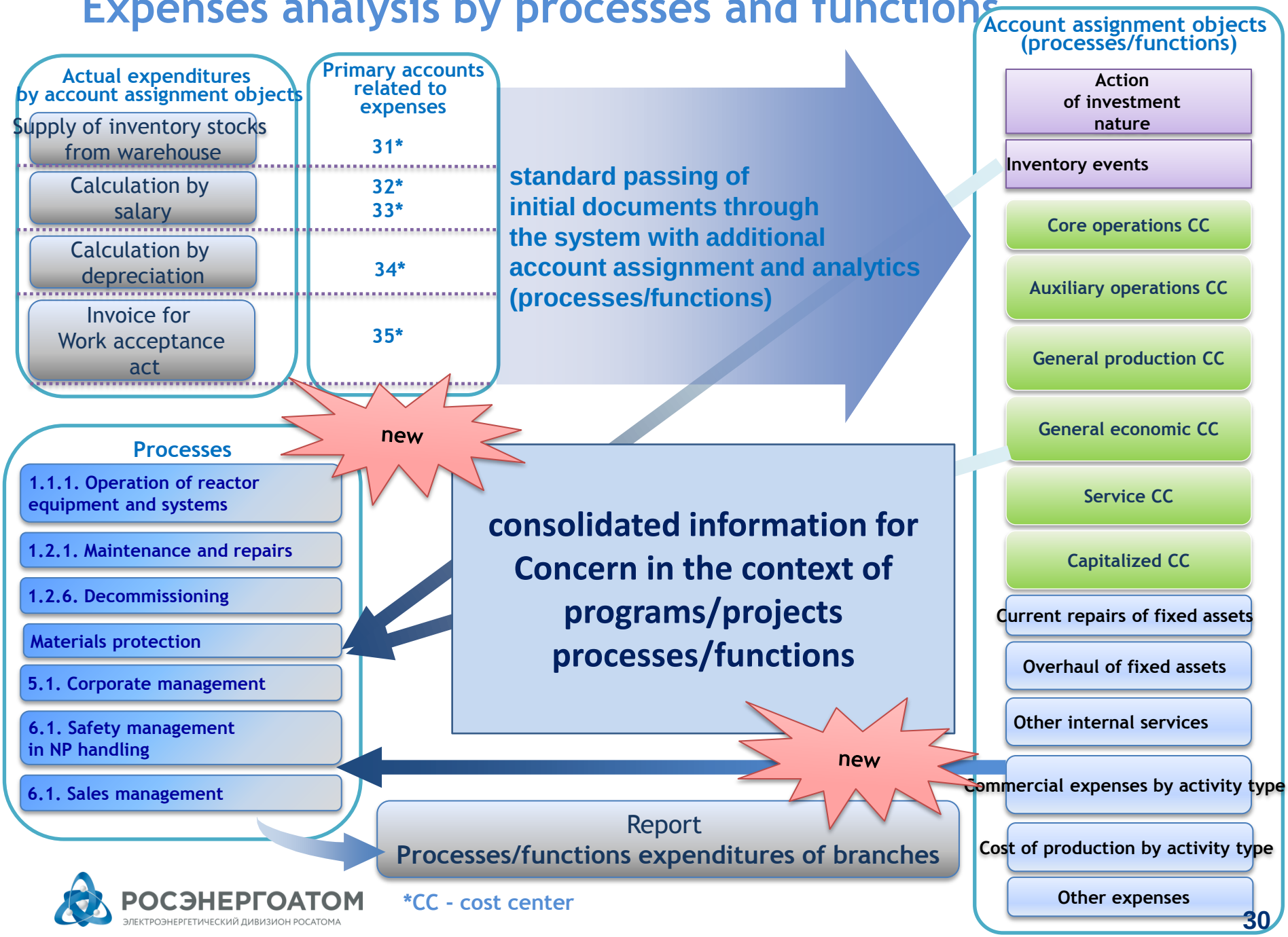
# Expenses analysis by processes and functions




*CC - cost center

# Development of information analytical system for Concern (IAS / DS)

## 2016

### Requirements collection and analysis

**Results**

Developed:

1. IAS architecture
2. IAS targets and reports
3. Roadmap for IAS creation

**Business value**

1. Optimal strategy of IAS creation chosen
2. Management's requirements to analytic reports and indicators panel for REA activities

### IAS Creation 1 priority

**2016**

**Automated regulated statements:**

1. **Accounting**
2. **Statistics**
3. **Statements for State Corporation (DCF)**

1. Tax risks reduced
2. Working hours reduced for preparation of regulated statements

## 2017

### IAS Creation 2 priority

Analytic statements automated, indicators panels created (incl. mobile solutions)

1. Planning, coordination and development (SU*, UPI, KU, UR, SSP, UOE, AU, UID, BUD, UPR, UPS, etc.)
2. Safety and control (OBP, PChS, etc.)
3. Operational activities (PRO, KST, VE, UPG, RZN, ULT, logistics, M&R, UPM, SNF, etc.)
4. Provision (UPP, UZD, KAZ, KOF, UiO, PO, UI, UIT, AHO)

1. REA management is provided with effective and correct analytical statements on company's activities
2. Efficiency of management solutions increased
3. Working hours reduced for preparation of statements

## 2018

### IAS Creation 3 priority

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# Balance units optimization: goals for Concern's branches ringfencing

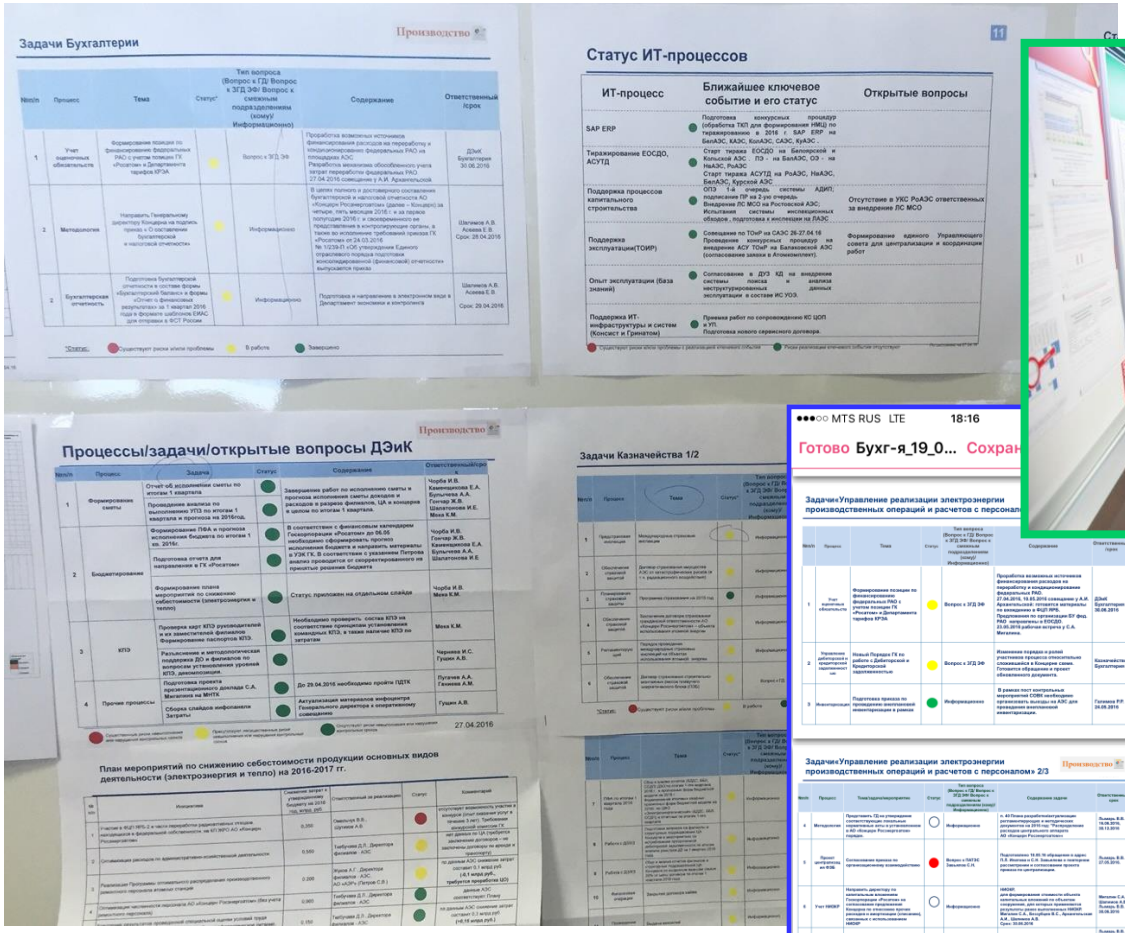
- Distribution and specification of **responsibility** and **powers**
- **Analytic** property, financial **results and expenses** (budget estimate) rignfencing
- Efficiency of business performance for **remote** sites
- Decrease in staff **number** at central office, existing NPPs (general economic personnel exclusion from calculation of generating number and operational efficiency)

# Criteria for making decisions concerning Concern branches ringfencing

## Scoring criteria matrix

| Ringfencing goals/tasks | preservation of branch status | separate balance | indexes in analytical accounting | presence of unconventional corporate and service processes |
|---|---|---|---|---|
| Responsibilities and powers | ✓ | ✗ | ✓ | ✗ |
| Analytics | ✗ | ✗ | ✓ | ✓? |
| Remoteness | ✓ | ✓? | ✓ | ✗ |
| Number | ✗ | ✗ | ✓? | ✗ |

# FED UNIFIED INFORMATION SPACE - culture of transformations, processes speed, engagement







"Problems management" effectively and informatively

FED e-portal and mobile access

Control of key events, monitoring, open ended issues management

FED Information center / common information space and engagement, task management

# Thank you for your attention!

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