

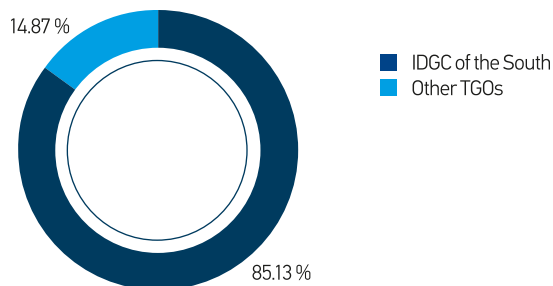
## Power grid asset consolidated for the period

IDGC of the South acted as the Sole Executive Body of Donenergo under the Agreement on the delegation of powers of the Sole Executive Body of Donenergo to the managing company from September 20, 2014.

## Power grid asset consolidated by Donenergo.

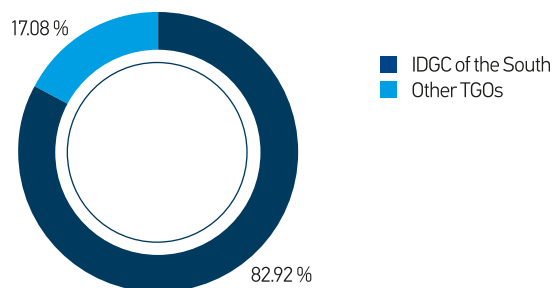
## Estimation of the share of the power distribution grid complex subsidiaries in the required gross revenue (hereinafter - RGR) of IDGC of the South regions over the last three years, the change drivers

### Market share by RGR for electricity transmission services for 2017



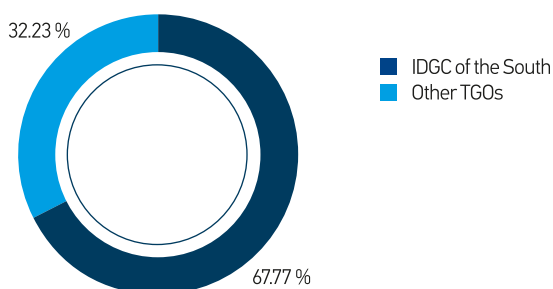
In 2017, RGR for the operation of IDGC of the South amounted to RUB 29,223.73 mn, for the operation of TGOs – RUB 5,104.85 mn.

### Market share by RGR for electricity transmission services for 2018



In 2017, RGR for the operation of IDGC of the South amounted to RUB 30,336.83 mn, for the operation of TGOs – RUB 6,250.84 mn.

## Market share by RGR for electricity transmission services for 2019



The Company plans that RGR for the operation of IDGC of the South in 2019 will be RUB 25,757.27 mn, for the operation of TGOs – RUB 12,250.31 mn.

The reasons behind the decline in the share of IDGC of the South in 2019 are as follows:

- the expiry of the management agreement with Donenergo;
- escalation of costs of PJSC FGC UES's services in TGO grids (+RUB 55.3 mn);
- entry of new TGOs in the region (+RUB 155.7 mn): LLC Energoservice (+RUB 26.6 mn), LLC MES (+RUB 14.6 mn), LLC TESK (+RUB 12.1 mn), LLC YuSK (+RUB 10.8 mn), and LLC YugStriyMontazh (+RUB 91.6 mn);

increase in the number of equipment maintained at operating TGOs, including results of the previous operation (shortage of revenue);

growth in costs for services of some TGOs. The fastest growth was observed at MUE Gorelektroset in Astrakhan on the back of the increased number of nominal units of purchased electrical equipment and at LLC Gazpromenergo due to the reforming of this enterprise and change of the share of this TGO services.

As part of consolidation efforts, in 2018 Astrakhanenergo branch of IDGC of the South signed the lease contract with MUE Blagoustroennii Gorod within Narimanov Municipal Entity (formerly known as MUE Electroseti within Narimanov Municipal Entity).

In 2018, the Company reviewed the consolidation projects for power facilities of the following TGOs: FSBI Volgo-Don, LLC Selmash Trade; another decision taken pertains to the acquisition of 100% of PJSC VMES shares. Rostovenergo branch of IDGC of the South calculated the cost-effectiveness and reviewed an issue on the consolidation feasibility at a meeting of the study group on the branch's power grid assets consolidation.

Kalmenergo branch covers the entire market (100%) in its region.

Pursuing the objectives aimed to improve reliability of consumer power supply, increase the market share, increase the grid complex controllability, IDGC of the South regularly engages with power grid owners, which do not comply with the criteria for inclusion of the grid facility owners to the territorial grid organisations, with the view to the power grid assets consolidation in the Company. In 2018, the Company was involved in continuous cooperation and consultation with representatives of gardeners' non-commercial partnerships on a donation of the power grid assets to the Company.

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