

CEO Statement

GRI 102-14

Dear colleagues and partners,

The year 2018 was a major landmark in two areas – implementation of the projects in the current product portfolio and transformation aimed at enhancing the efficiency of business operations.

As of December 2018, the Division's product portfolio included 31 NPP units. The reporting year witnessed **the commissioning of Tianwan NPP Units 3&4 in the People's Republic of China**. Against the background of our growing efficient cooperation with the Chinese partners, General Contract for construction of Tianwan NPP Units 7&8 came into effect and Frame Contract for construction of Xudapu NPP Units 3&4 was signed.

The construction of Akkuyu NPP Unit 1 (Turkey) and Rooppur NPP Unit 2 (Bangladesh) reached the stage of first concrete.

As to the projects implemented within the Russian Federation, the major milestones of the Engineering Division's operation were **commissioning of Rostov NPP Unit 4, power startup of Leningrad NPP-2 Unit 1** – a power plant of generation III+, **the first concrete pouring in the foundation slab of the reactor building of Kursk NPP-2 Unit 1** that is the first NPP in Russia, the construction of which applies VVER-TOI – the state-of-the-art national design.



16.8

bln RUR
EBITDA

In 2018, the Engineering Division's income reached the point of 202 billion rubles which makes a 15.2% increase compared to 2017. The growth of this value is mostly accounted for by implementation of such projects as Rooppur NPP in Bangladesh, Kudankulam NPP in India, Belarus NPP. One fifth of Rosatom State Corporation's total revenue was provided by the Engineering Division.

The engineering business is considered by Rosatom State Corporation's management to be the key priority. That is why in 2018 the management especially focused on enhancement of the internal processes efficiency in order to ensure that the deadlines and the costs criteria are met during implementation of all projects in the project portfolio. The main principles of **the transformation** are reducing the number of the Engineering Division's management levels, enhancing the project managers' functions and responsibilities, optimizing the performance of the design unit.

As to other aspects of its activities, the Engineering Division is engaged in continuous process of digitalization, in particular the use of the digital model during NPP design and construction which is a prerequisite for ensuring quality and standardization of designs. As part of the digitalization process, the Division operates according to Rosatom State Corporation's digital strategy adopted in 2018.

The concept of the Division's **sustainable development** is generated according to the UN Sustainable Development Goals until 2030 and respective international standards. In the reporting year, the Division pursued a consistent policy of social responsibility through high standards in the area of environmental protection, occupational health and safety which is essential for the company's sustainable development.

202

bln RUR
Revenue

A successful implementation of the projects in the project portfolio offers a challenge for both our organization and the whole industry. I am confident that this challenge will be met owing to the comprehensive support rendered by Rosatom State Corporation and the Division employees' professional competence, dedication and commitment to results.

It is noteworthy that being an engineering company of the global level, we put much emphasis on the openness and transparency of our business. We strive to ensure that any stakeholder should be able to trace the Company's background, witness its major changes, assess the implementation of its strategic goals and be aware of the plans and future commitments. In order to facilitate the implementation of this task, we issue annual reports that are elaborated on the annual basis and apply the principles and guidelines stipulated in the International Integrated Reporting Framework standard. On top of that, we foster dialogues with stakeholders. We are responsible for the information provided in the report and we believe it to have all the compulsory elements.

Alexander Lokshin

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for Operations Management
of Rosatom State Corporation