

Reconstruction of NMT – Light Oil Products

This project is aimed at diversifying the LLC NMT's main business by repositioning part of the terminal's capacity to handle light oil products. Design and survey work began in 2018.

Reconstruction of Novorossiysk Grain Terminal and Quay No. 3

The Company drew up plans in 2018 for the reconstruction of the NGT terminal and Quay No. 3, which will make it possible to accommodate vessels with capacity of up to 80,000 tonnes. The project is on hold due to the revision of the PJSC NCSP development plans.

Port of Taman

The project to build a dry cargo area at the Port of Taman calls for building a Russian deepwater port on the Black Sea under a concession. PJSC NCSP and state company Rosmorport signed the main conditions of an agreement between the participants of RMP-Taman LLC – an agreement of intent on the joint implementation of the project to build a dry cargo area at the Port of Taman on June 16, 2016. PJSC NCSP is now considering the possibility of participating in the project by moving a portion of bulk cargo traffic that creates dust pollution from the Port of Novorossiysk.

1.4.2. Evaluation and audit of the Long-term Development Program

In line with the recommendations of federal government authorities, NCSP Group has drawn up and is implementing a Long-term Development Program (LDP) for the period from 2015 to 2020, and the implementation of the LDP is audited annually by a professional expert organization.

An audit of the LDP's implementation in 2017 was carried out in 2018, and the auditor issued a report. PJSC NCSP's Board of Directors approved the auditor's conclusion on the program's implementation on October 31, 2018.

1.4.3. Key performance indicators of LDP¹

PJSC NCSP has approved and introduced a system of KPI within the context of the LDP. The composition of KPI and their target values for the current and subsequent year are selected according to methodological guidelines².

KEY PERFORMANCE INDICATORS IN 2018

LDP KPI	Target 2018	Actual 2018	Achievement, %
Change of Group market share for general and bulk cargo in Russian segment of Azov-Black Sea basin compared to 2014, in % ³	10.0	-2.5	0
Reduction of energy costs per tonne of cargo, %	5.5	3.28	30
Building of new management model with introduction of staff incentive principles (% of plan completed)	100	100	100
Labor productivity, (revenue ('000 RUB) / number of employees)	3,802	8,262	100
Level of customer satisfaction, %	92	100	100
ROE, %	12.7	52.7	100
TSR, %	12.6	31.9	100
EBITDA, USD million	631	669	100
Reduction of cost of sales per tonne of cargo in % compared to 2014 ⁴	2.5	34.8	100
Growth of gross vessel loading time efficiency compared to average for all types of cargo in 2014, %	20	25.2	100
Implementation of Innovative Development Program, %	100	100	100
Growth of EBITDA compared to three-year average (2012-2014), %	12.2	20.2	100

1. The presented information on the value of LDP KPI is preliminary. The final values of indicators will be presented after an audit of LDP implementation is carried out no later than June 1, 2019.

2. Guidelines for the Use of KPI by state corporations, state companies and state unitary enterprises, as well as companies in which the combined equity interest of the Russian Federation and a constituent member of the Russian Federation exceeds 50%.

3. For comparability of figures with 2014, calculations do not include ports in Crimea (lack of full statistics for 2014) and the Port of Kavkaz (expansion of port boundaries with inclusion of previously uncounted volumes of roadstead transshipment in cargo turnover).

4. Calculated at cost, expressed in USD.