

2.4. KEY PERFORMANCE INDICATORS OF THE LONG-TERM DEVELOPMENT PROGRAMME

The table below shows the attainment of targets set by the PAO Sovcomflot LDP for 2018 broken down by approved KPIs.

Attainment of KPI targets set by the LDP in 2018¹

No.	KPI	Target value (basic scenario)	The lowest scenario	Actual value	Comments
1	Net revenue (time charter equivalent income), USD million	≥ 1,530	≥ 1,170	1 138,05	The main reasons for the deviation:
2	Profit/loss, USD million	≥ 340	≥ -30	-45,56	1. Significant changes in global geopolitics and in the macroeconomic and industrial environment that have taken place since the approval of the current version of LDP in 2014 and have affected the prospects for implementing the projects embedded in LDP
3	EBITDA margin, %	≥ 65%	≥ 62%	54,40 %	
4	EBITDA, USD million (for reference)	≥ 1,100	≥ 720	619,10	
5	Total dividends (index of dynamics of dividend payments vs. average level during the past three years), %	≥ 100%	≥ 100%	46,42 %	
6	Return on Invested Capital (ROIC), %	≥ 7.0%	≥ 3.4%	2,75 %	3. Later than planned commissioning of vessels due to delays in construction
7	Return on Equity (ROE), %	≥ 7.6%	≥ -1.0%	-1,34 %	
8	Net Debt / EBITDA	≤ 8	≤ 8	5,48	Attained
9	Utilisation efficiency of fixed assets (fleet), %	≥ 95%	≥ 95%	97,85 %	Attained
10	Implementation of the innovative development programme, %	≥ 100%	≥ 100%	114,07 %	Attained

Attainment of targets set by the PAO Sovcomflot LDP for 2018 compared to the previous year

No.	KPI	Actual for 2017	Actual for 2018
1	Net revenue (time charter equivalent income), USD million	1,119.62	1 138,05
2	Profit/loss, USD million	-112.97	-45,56
3	EBITDA margin, %	46.15 %	54,40 %
4	EBITDA, USD million (for reference)	516.68	619,10
5	Total dividends (index of dynamics of dividend payments vs. average level during the past three years), %	36.84 %	46,42 %
6	Return on Invested Capital (ROIC), %	2.18 %	2,75 %
7	Return on Equity (ROE), %	-3.13 %	-1,34 %
8	Net Debt / EBITDA	6.58	5,48
9	Utilisation efficiency of fixed assets (fleet), %	96.81 %	97,85 %
10	Implementation of the innovative development programme, %	116.24 %	114,07 %

1. Except for items 5, 9 and 10, target and actual KPI values are calculated using proportional consolidation of the results of joint venture operations according to the methodology approved by the Board of Directors on 10 December 2014 (Minutes No. 140 of the Board of Directors dated 12 December 2014).

Attainment of KPI targets set by the LDP on average in 2015-2018¹

No.	KPI	Target value (basic scenario)	The lowest scenario	Actual value	Comments
1	Net revenue (time charter equivalent income), USD million	≥ 1,362.23	≥ 1,194.73	1 197.66	Actual between the basic and lowest scenario
2	Net profit, USD million	≥ 240.93	≥ 83.43	100.69	
3	EBITDA margin, %	≥ 61.07 %	≥ 59.07 %	58.26 %	Actual is comparable to the lowest scenario (the margin is less than 1%)
4	EBITDA, USD million (for reference)	≥ 840.20	≥ 705.20	703.68	Actual is comparable to the lowest scenario (the margin is less than 0.25 %)
5	Total dividends (index of dynamics of dividend payments vs. average level during the past three years), %	≥ 100.00 %	≥ 100.00 %	116.55 %	Attained
6	Return on Invested Capital (ROIC), %	≥ 5.89 %	≥ 4.29 %	4.51 %	Actual between the basic and lowest scenario
7	Return on Equity (ROE), %	≥ 5.87 %	≥ 2.27 %	3.17 %	
8	Net Debt / EBITDA	≤ 8.00	≤ 8.00	4.78	Attained
9	Utilisation efficiency of fixed assets (fleet), %	≥ 95.00 %	≥ 95.00 %	97.49 %	Attained
10	Implementation of the innovative development programme, %	≥ 100.00 %	≥ 100.00 %	115.86 %	Attained

1. Except for items 5, 9 and 10, target and actual KPI values are calculated using proportional consolidation of the results of joint venture operations according to the methodology approved by the Board of Directors on 10 December 2014 (Minutes No. 140 of the Board of Directors dated 12 December 2014).