



Joint Stock Company “Energy Solutions”  
(JSC “Energy Solutions”)

---

**APPROVED**

By the decision of the Board of Directors  
of JSC "Energy Solutions"

30 September 2020

# **JSC ENERGY SOLUTIONS BUSINESS STRATEGY**

For 2020-2021

Moscow, Russian Federation  
2020

## **Table of content:**

1. Introduction
2. Business Mission
3. Business Strategy Goals
4. Business Principles
5. Company's Goals
6. Company's Target Image
7. Priority Segment "Mongolia"
8. Target Image Implementation Methods

## **1. INTRODUCTION**

JSC "Energy Solutions" (hereinafter – the Company) was created to execute specialized construction and installation works as a subcontractor in framework of construction projects of power generation and T&D facilities.

Market and business environment changes have led to an evolution of company's business model including increasing competencies in engineering design and strengthening the management team.

The company has begun to position itself as an EPC contractor for the construction of power generation and T&D facilities. This change in business model has led to execution of the number of projects allowing it to survive and succeed until 2020 despite and falling markets.

## **2. BUSINESS MISSION**

JSC "Energy solutions" executes projects of construction of energy, industrial and infrastructure facilities on turnkey basis in Russian Federation and in other territories where the Company is able to execute projects effectively and ensure risk control.

**JSC "Energy solutions" provides customers with confidence that construction project will be complete: designed, built and commissioned in time, within planned budget and at high technical level.**

## **3. BUSINESS STRATEGY GOALS**

This business strategy allows shareholders, investors, managers and personell of the Company to:

- consciously carry out daily activities;
- have deep understanding of business priorities;
- allocate resources (time, finances) according to the set priorities;
- effectively achieve Company's goals.

The goals of this business strategy are:

- determining the meaning of Company's existence (*how we differ from others, what drives us*);
- defining Company's main strategic goals (*where we are going*);
- identifying of Company's main strategic partners (*cooperation with who is important to us*);
- determining a business operation model that corresponds to this business strategy.

#### **4. BUSINESS PRINCIPALS**

The work of the Company and every one of its employees is based on the following principles:

##### Business ethics

Dealing with external partners and as well as own employees, all accepted obligations, rules and regulations must be fulfilled.

##### Long term market presence

The company was created and has been developed with the goal of long-term (decades not years) market presence.

##### Self-discipline

The work of all Company's employees must be based on self-organization, self-control, responsibility and the ability to execute activities according to accepted plans.

##### Highest quality of work performed

The company must offer the highest quality product in its business segment due to the maximum quality of work performance of its each employee.

#### **JSC “Energy Solutions”:**

- is guided by the interests of its customers;
- makes every effort to ensure that the power facilities are designed and built on time within planned budget and at the highest technical level;
- respects all local norms and regulations for doing business in different countries and is guided by customer's local technical standards when designing and constructing facilities;
- fulfills its obligations and does not let customers, partners, and employees down.

#### **5. COMPANY'S GOALS**

- maximization of profits;
- maintaining financial stability;
- reducing project risk;
- high-quality development of production facilities;
- increasing share of added value in projects performed.

#### **6. COMPANY'S TARGET IMAGE**

New Company's target image is "EPC-contractor in industrial energy".

Transition to new target image is based on the following tresses:

- Russian Federation markets are being structured; competitiveness can only be created by deeply specializing in a limited product range for the selected segment of customers.
- Tariff growth for electricity and heat has been continuous; it is becoming economically profitable for the industrial companies to invest in own facilities for heat and electricity production. Construction own facilities is most profitable for companies with secondary raw materials used for energy production (process steam, process gas, waste, chemicals, petrochemicals, timber, crops, etc.).
- The Company has accumulated its most experience and expertise in high complexity projects (EPC) for construction of power sources (power generating units, boilers).
- Company's priority in the foreseeable planning horizon is not increasing sales volumes, Company's size and staff, but rather to maximize profits and maintain financial stability, reduce project risks, develop high-quality production capacities, share its own added value and, overall, increase its competitive advantages.
- An important resource for creating competitive advantages is utilizing engineering design capacities of LLC "Kharkiv design Institute" Teploelektroproekt-Soyuz "(LLC "KDI" TEP-SOYUZ" located in Kharkiv, Ukraine).
- The Company considers strategic partnership with JSC "SSE Engineering" in projects of high complexity (including projects in new markets) as an important market advantage.
- The Company strives to establish long-term partnerships with leading international manufacturers of energy equipment, primarily with companies of Siemens group.

## **7. PRIORITY SEGMENT "MONGOLIA"**

Considering the positive experience created since 2013 by procurement and works executed and services provided in Mongolia, as well as considering presence of a registered local legal entity "Erchim Solutions" (a limited liability company), the priority segment also includes energy, industrial, and infrastructure sectors in Mongolia.

## **8. TARGET IMAGE IMPLEMENTATION METHODS**

The Company's target image is implemented using a set of following methods:

### **Marketing and sales**

- In-depth market analysis and identification of energy source construction projects at their early stages.
- Systematic work with potential customers, participation in the development of optimal technical and financial solutions (investment justifications, general technical solutions, feasibility studies), assistance in sourcing financial for projects.
- Offering customers most up-to-date solutions including digital technologies (BIM, digital object double, predictive technologies), smart grids, power storing, etc.
- Active marketing activities to promote the Company's brand in the information environment.

- Production facilities of the company:

### **Engineering**

- Reforming LLC "KDI" TEP-SOYUZ" and creating integrated models of team work in the Company's projects.
- Using the competencies of JSC "SSE Engineering" in complex projects including projects in new markets.
- Application of modern design technologies (3D, distributed design across territories and teams).
- Creating a flexible system for building engineering competencies.

### **Construction**

- Creating own qualified divisions for performing heat, mechanical and electrical-technical equipment installation works.

### **Work execution management system**

- Application of modern effective management models such as SCRUM. The displacement of projects' decision-making centers to project work groups.
- Application of information technologies for internal processes (ERP systems, integration of design, procurement, logistics, etc.).