



TRADING IN CENTRAL & EASTERN EUROPE

A PERSONAL JOURNEY IN SEARCH OF GROWTH

KLAUS REINISCH

DIRECTOR, SALES & TRADING

D.TRADING (A MEMBER OF DTEK GROUP)

FLAME Conference - 14th May 2019, Stream C – 14:30

 **D.TRADING**

DISCLAIMER

DISCLAIMER: All information, statements and views conveyed as part of or in relation to this presentation (whether formally or otherwise, in written or oral form and whether prepared or not) are solely the views of the presenter and do not represent policies, decisions, measures or views of D.TRADING, or any other DTEK company or any organisation with which any of the foregoing have dealings.

IN SEARCH OF GROWTH

My personal “Eat, Pray, Love” story in search of the next big thing

- ... Well, a lot of EATING...
- ... a little LOVIN’...
- ... And in reality very little PRAYING



Western Europe?

Well done, we killed all the FUN



- Abundant widely available information today takes the fun out of things
- Complexity so HUGE that data modelers and quants are the new kings
- Well done, markets are doing a good job and MARGINS are tinier and tinier

Global Gas in the East?

Fancy living a 13 hour flight from home?



- Growth in global gas demand really driven by Asia
- Growth is exciting, but foreign culture remains a challenge for a European
- And current LNG oversupply and low prices aren't making global fun either

Global Gas out West?

Fancy trading a commodity that is practically free?



- Growth in US shale and Permian is killing US gas prices
- LNG export projects are fun, but with LNG prices so low, not fun either
- And don't bother thinking about the US unless you have a green card

NO "EASY" FUN AND GROWTH TO BE HAD ANYWHERE

I miss the GOOD OL' TIMES...

CAN YOU REMEMBER OUR INDUSTRY 15 YEARS AGO IN 2004 ?

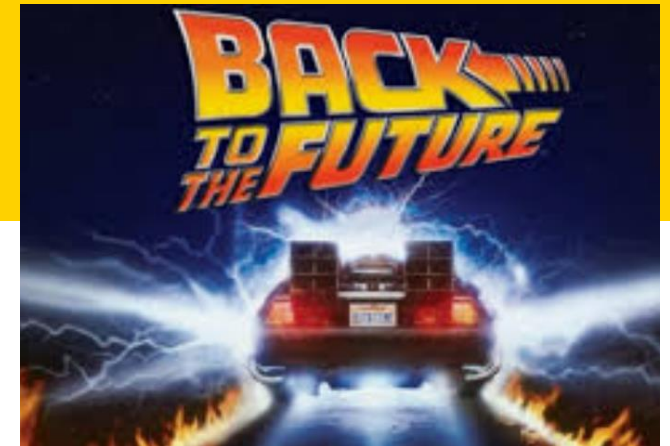
NO “EASY” FUN AND GROWTH TO BE HAD ANYWHERE

I miss the GOOD OL’ TIMES...

Looking for a world where the good old times of growth and opportunity still exist:

- A. A world with plenty of **Arbitrage Opportunities**
- B. A world where **Insights and Information** still rule
- C. Where Risks are plentiful, but **Risks are still rewarded handsomely**

So I decided to go **BACK TO THE FUTURE**



Eastern Europe is a world where growth and opportunity still exist:

- A. A world with plenty of **Arbitrage Opportunities**
- B. A world where **Insights and Information** still rule
- C. Where Risks are plentiful, but **Risks are still rewarded handsomely**

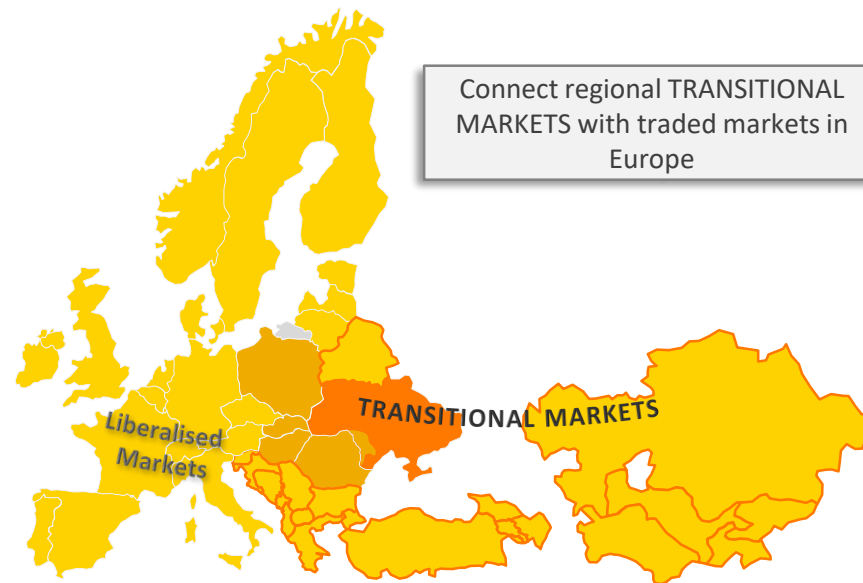
Destination: TRANSITIONAL Markets in Central and Eastern Europe



TRANSITIONAL MARKETS:

- Growing economies with plenty of GDP growth potential
- Bordering or close to/connected to the EU liberalised free market areas
- In transition to liberalised free markets

Eastern European Transitional Markets still mean OPPORTUNITIES



- Go back to the roarin' early 2000s
- But as a MAN OF THE FUTURE, this time you KNOW THE FUTURE
- CONNECT THE PAST WITH THE FUTURE
- ENJOY: Volatility, decent arbitrage opportunities, proper risk premiums

But going back to the future does come with new RISKS



LACK OF LIQUIDITY– Will I be able to get out of transactions when I want?

Solution:

- A. Link it with free traded markets financially / proxy hedge
- B. Be part of the early movers and be ahead of herd mentality kicking in...

But going back to the future does come with new RISKS



CREDITWORTHINESS – Will I Get Paid?

Solution: Be creative with non-cash positions that NET each other off

But going back to the future does come with new RISKS



COUNTRY AND REGULATORY RISK – Will I get done over by local risk?

Solution: Leave it to the experts, a.k.a. find a local partners that can deal with it

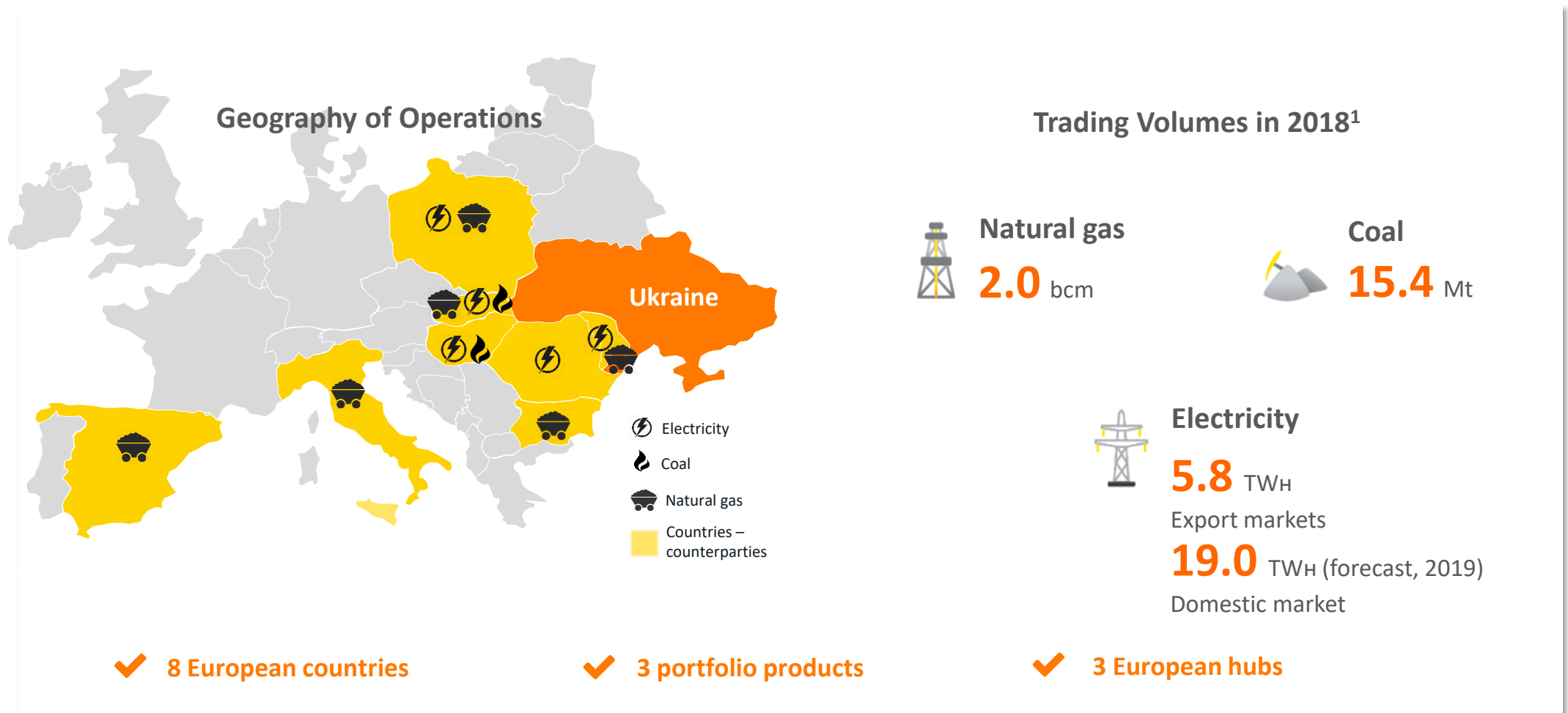
Join the **BACK TO THE FUTURE** adventure



All the RISKS can be overcome and dealt with
And the REWARDS can be more rewarding than you think
So let's repeat and relive the growth stories of the early 2000s

AND IF YOU NEED A PARTNER, D.TRADING / DTEK IS THERE TO HELP

REINISCHK@D.TRADING



One of the largest Ukrainian suppliers of energy resources