



Energy Trading Central & South Eastern Europe

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ДАТА



DTEK: the Largest Private Energy Company of Ukraine



Coal Production

Production volumes : **28.7* million tons**
 Coal reserves: **1,691 million tons***
31 mine and
13 coal processing plants



Thermal Generation

Electricity generation: **37.7** billion KWh**
 Installed capacity:
18.7 gigawatt
10 Thermal Power Plants,
2 Central Heating and Power Plants



Electricity Distribution

Electricity distribution: **45.1 billion KWh**
 Network mileage: **129,499 kilometers**
 Distribution companies: **6*****
 Number of ultimate consumers:
4.5 million



Alternative Energy

Electricity generation: **634 million KWh**
65 wind farms
TOP-5 largest in Europe



Gas Production

Gas reserves: **26 BCM**
 Gas fields: **3**
 Wells: **20**

Production volumes in 2015

28.7
million tons



37.7
TWh



45.1
TWh



634
GWh



1.3
billion cubic meters



* Taking into account MINE OFFICE OBUKHOVSKAYA JSC (Russian Federation). Reserves status as of 31 December 2015
 ** Data without electricity supply by Zuivska TPP and Starobeshivska TPP from May 2015
 *** Data on PJSC "DTEK KRYMENERGO" for January-May 2014. From January 2015 assets of "DTEK KRYMENERGO" were confiscated by the decision of the State Council of Crimea

Naftogazvydobuvannya: the Largest Private Gas Producing Company in Ukraine

Completion of the drilling of the deepest well in Ukraine

- 6,750 m

2 gas condensate fields in Poltava region

- Semyrenkivske
- Machukhske

3 gas processing units

- «Semyrenky»
- «Machukhy»
- «Olefirivka»

2 administrative offices

- Kyiv
- Poltava

20 wells

- Semyrenkivske - 18
- Machukhske - 2

25 billion cubic meters of reserves

- Category C1, C2



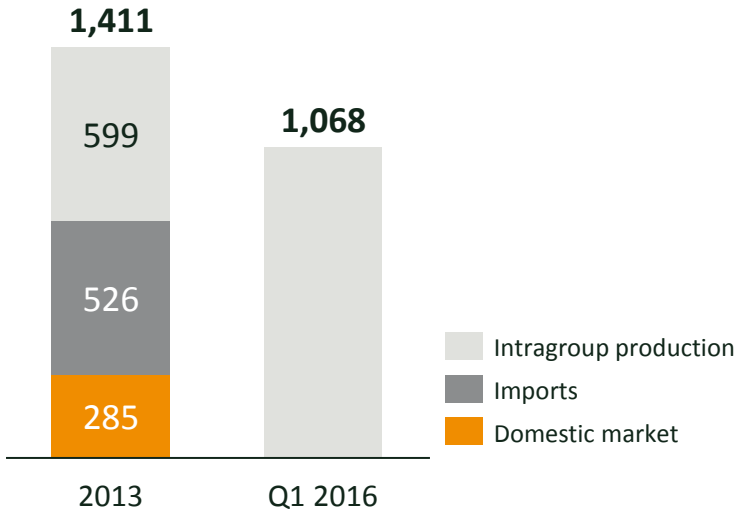
DTEK: Market-maker at the Ukraine's Gas Market

	<u>Volume*</u>	<u>Market share</u>	<u>Market position</u>
Gas Production	~1.5 billion cubic meters	38%	No 1
Gas Consumption **	~1.9 billion cubic meters	17%	Top 3

* - estimate
 ** - gas consumption by SCM Group companies in the structure of industrial consumers

DTEK: Gas Sales Resources

Gas sources in the sales pattern



Target structure of the gas business

Share of external resources
in DTEK's sales pattern

60 %

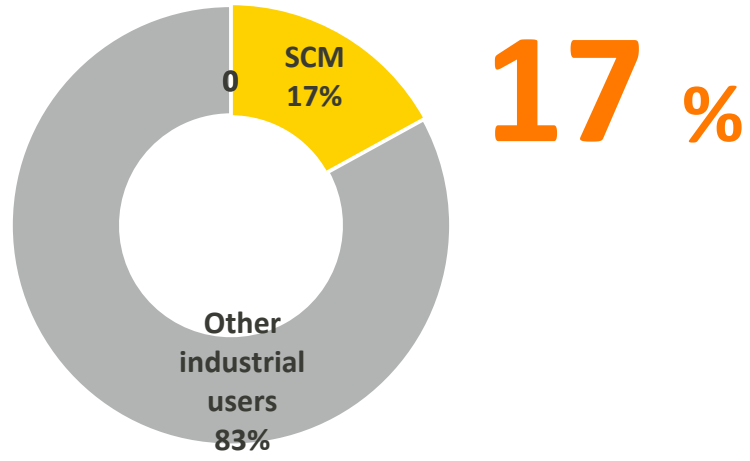
Share of back-to-back deals
in DTEK's sales pattern

50 %

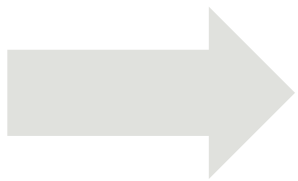
- In 2016, DTEK focused its efforts on the sale of the maximum possible volume of the gas resources from gas storages and current production.
- Diversification of gas sources
- Orientation on the sale volume increase
- Attraction of new large counterparties

SCM: Main Consumer of DTEK's Gas

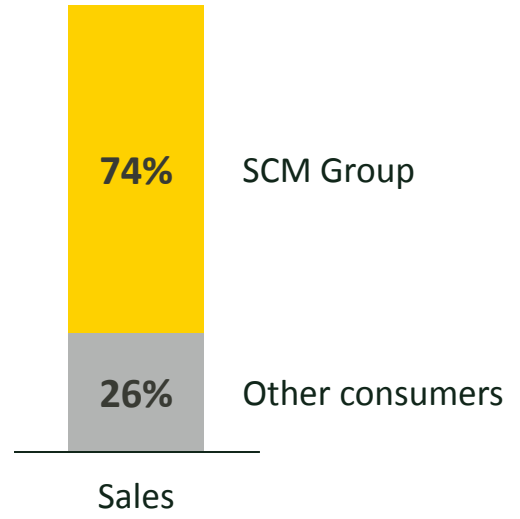
Share of SCM companies in the industrial consumption structure



17 %



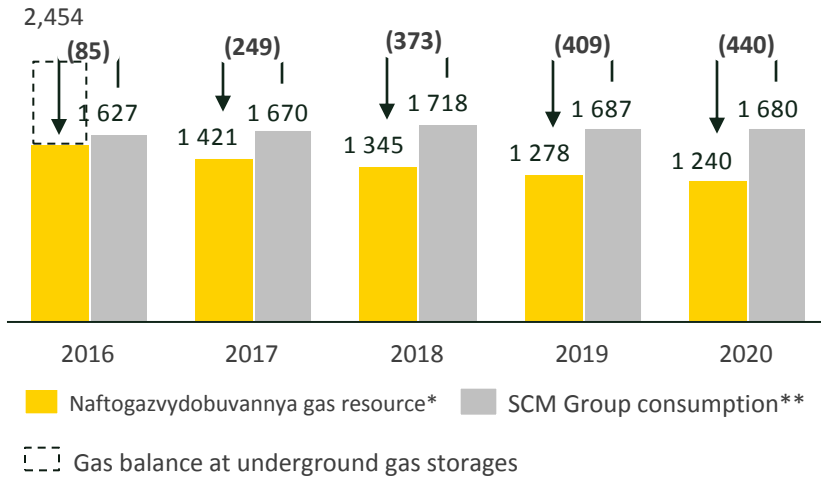
DTEK's gas sales pattern in 2016



- An annual consumption of gas by SCM Group companies accounts for approximately 17% in the structure of Ukraine's industrial consumption
- SCM Group companies account for about ¾ of all gas sold by DTEK in 2016 (DTEK is a part of SCM Group).
- Orientation on 100% provision of SCM Group companies
- Execution of «long» / «back-to-back» contracts with key clients (buy/sell side)

DTEK's Gas Business | Future Focus

Ratio of gas production and consumption of SCM Group *, mcm



In 2016, DTEK Naftogazvydobuvannya plans to increase production volumes up to

1.5 billion cubic meters

- The own gas production forecast indicates coverage of the SCM Group companies gas consumption (not taking into account thermal gas for Kyivenergo) at the level of approximately 75-80%.
- Short position on the gas resource within SCM Group is estimated at the level of almost 4.0 billion cubic meters in the period from 2016 to 2020

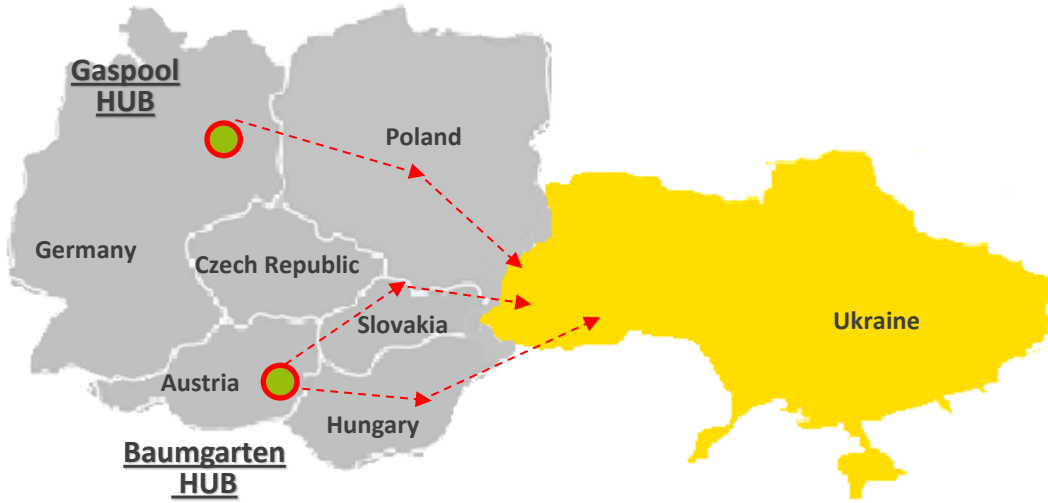
Strategic focus:

- Organic growth of the gas production in Ukraine
- Development of trading operations
- More active synchronization with the European market

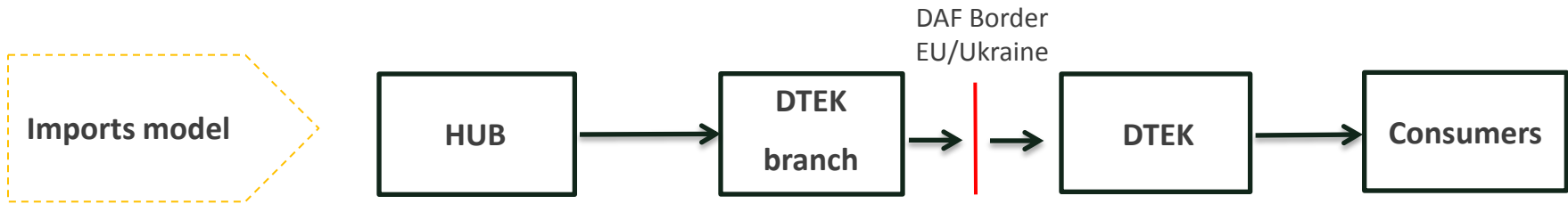
* - estimate

** not taking into account thermal gas of Kyivenergo

DTEK at the European Gas Market | Cross-border Activities



- The possibility of the Company's registration at the hub is considered in order to carry out independent gas imports for sale to third party consumers. In addition, gas purchases through the European traders are possible.
- There is a possibility to purchase gas at the various sites for the selection of the optimal direction for the resource purchase. In total, there are 8 gas hubs operating in Europe: CEGH (Austria), Gaspool (Germany), NCG (Germany), TTF (the Netherlands), ZEEBRUGGE (Belgium), NBP (UK), PSV (Italy), PEG (France).



- Closing of short position will be done through the purchase of external resource at the competitive price from the following sources :
 - ✓ Ukrainian production
 - ✓ Imports – Europe
 - ✓ Imports – Russia
- Criteria for the source selection :
 - ✓ Commercial conditions and economic feasibility
 - ✓ Resource availability
 - ✓ Business reputation and flexibility of the partner
 - ✓ Regulatory limitations and political component

Recommendations | Future Vision

DTEK supports:

- Reduction of the tax burden on the producing companies for promotion of investments into the own gas production development
- Free access to the European markets
- Possibility of cross-commodity swaps (power/ gas/coal)
- Ensuring free exports without limitations
- Removal of overlapping of the insurance reserve and financial provision (reduction of the financial burden on the supplier)
- Resources diversification
- Market pricing

DTEK is against:

- Discriminating principle of “one supplier”
- Current conditions for gas supplies to companies with irregular gas consumption schedule
- Insufficiently open access to the cross-section