



«ЦЕНТРЕНЕРГО»

PJSC Centrenergo

Ukraine Energy Conference – Call for Investors

June 30, 2016



- There are 5 generation companies (14 TPP) in Ukraine
- **PJSC Centrenergy is one of the most powerful generating companies of the United Energy System of Ukraine. Its share in the total installed thermal power generation capacity is 27.6%.**
- Dniproenergo, Skhidenergo and Zakhidenergo are within the vertically integrated group DTEK. Donbasenergo was privatized in September 2013 by Energoinvest holding.

Centrenergy

- 3 thermal power plants
- 7,690 MW - total capacity
- 7,759 employees in FY15
- The 2nd largest thermal power generating company in Ukraine (~14% of total capacity)

TPP	Vuglegirska	Zmiivska	Trypilska
	3 600 MW	2 265 MW	1 825 MW
	Svitlodarsk Donetsk region	Komsomolske Kharkiv region	Ukrainka Kyiv region

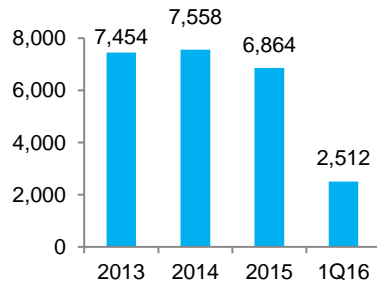


Key financials

Income statement, UAHm	2013	2014	2015	2015 / 2014, %	1Q15	1Q16	1Q16 / 1Q15, %
Revenue	7 454	7 558	6 864	-9	1 248	2 512	101
Gross profit	780	289	330	14	-186	333	-279
Gross margin, %	10,46	3,82	4,81	0,99	-14,88	13,25	28,13
Operating profit	643	162	109	-33	-231	321	-239
Operating margin, %	8,62	2,14	1,58	-0,56	-18,48	12,76	31,24
Net income	487	75	22	-71	-230	270	-217
Profitability, %	6,53	0,99	0,32	-0,68	-18,42	10,74	29,17
EBITDA	739	322	254	-21%	-176	362	-306
EBITDA margin, %	9,91	4,26	3,70	-0,55	-14,09	14,42	28,51

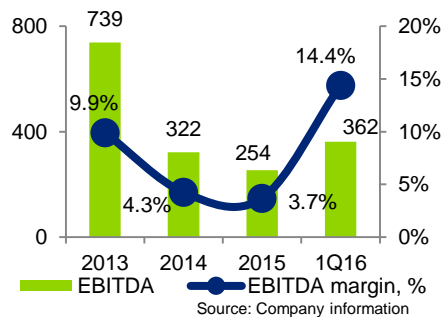
Source: Company information

Revenue, UAHm



Source: Company information

EBITDA, UAHm



Source: Company information

Main problems of Fuel Supply of PJSC Centrenergo:

- Strong suppliers negotiation power.
- Lack of delivery guarantee after signing a contract.
- Inability to forecast even weekly deliveries of A and L coal.
- Vuglegirska TPP is close to the zone of active military conflict.

Purchase of coal

- Since 2014 Ukrainian power generation companies are in a critical situation as regards the coal supply, to stabilize operations, PJSC Centrenergo reoriented to import of coal.
- Coal supply contracts are concluded for up to 1 year.
- Considering negative experience from the irregular supply of coal and complexity of conclusion and implementation of international coal import agreements during 2014-2016, the Company's specialists have developed alternative plan to increase energy independence. The basis of this plan is the technical re-equipment of the two energy units of Zmiivska TPP (transfer them on G grade coal).

Action plan

- Continuous monitoring of coal accumulation for the heating season.
- Improved inbound fuel quality control at the PP.
- Long-term direct contracts with the coal producers for stable supply.
- Comprehensive case study of coal import from South Africa and other countries (purchase, use at the PP, logistics, technical issues, coal acceptance, personnel training, etc.)



Key financials

Balance sheet, UAHm	2013	2014	2015	1Q16
Assets	5 027	5 219	6 582	6 468
<i>incl. debt of SE Energorynok for purchased electricity</i>	583	611	985	1 250
Liabilities	2 523	2 874	4 236	3 852
<i>incl. debt of Centrenergo for loans/advances (with VAT) to SE Energorynok</i>	500	751	1 688	1 869
Share capital	2 503	2 345	2 347	2 617
Cash and cash equivalents	27	396	518	330
Short-term liabilities	517	199	183	144
Long-term liabilities	267	182	0	0
Total debt	784	381	183	144
Total debt/EBITDA	1,06	1,18	0,72	0,40
Financial stability ratio	0,99	0,82	0,55	0,68

Source: Company information

During 2013 – 2015 Centrenergo rehabilitated four power units (300 MW) of Vuglegirska TPP after the accident in 2013 – turbine hall capital repair and modernization of control and management systems with introduction of APCS and project on reconstruction of power unit #2 of Trypilska TPP.

Trypilska TPP

Reconstruction of power unit #2

Period: 2013-2015. **Outcome:**

- increased capacity from 300 to 325 MW
- lifetime of unit extended by 15 years;
- reduced consumption of equivalent fuel
- flexibility range significantly increased.

Vuglegirska TPP

Restoration after the fire in 2013

Period: 2013-2014

Technical re-equipment of command & control system

Period: 2013-2016

Lack of funding

During last year the Company had a deficit of funds due to:

- Growing debt of Energorynok for electricity.
- Low profitability and loss-making operations during 1H15, including due to the tariff does not cover imported coal cost.
- Termination of the Law of Ukraine #2711 “On stabilization measures in the fuel and energy complex of Ukraine” of 06.06.2015.
- Restoration of bankruptcy case and increased number of lawsuits and claims.

Action plan

- Cash flow management through prolongation of loans and advances due to SE Energorynok.
- Tax debt restructuring, acceptance and settlement under Cabinet of Ministers’ resolution #375 “On settlement of debt resulting from the gap between the energy tariffs and heating and water services cost provided to the population” of 19 December 2015.
- Extension of Law #2711 “On stabilization measures in the fuel and energy complex of Ukraine” of 06 June 2015 enforcement period or alternative law adoption. Restored access to the debt markets.
- Review tariffs for production, transportation and supply of energy, water supply and discharge into the sewer to economically feasible.