

# Investment Opportunity Summary

## Privatization of Electricity Distribution Companies

May 2016

Strictly confidential



## Privatization Process

The Government of Ukraine (GOU) approved privatization of **6 electricity distribution companies**

An **investor conference will be held in Kyiv, Ukraine, June 30, 2016** for interested investors

Bidder outreach, privatization preparation, and sale **will be open, competitive, and transparent**

GOU plans to commence the **sales process beginning September 2016**

## Privatization through public auction

Deloitte Consulting is advising on these **transactions** with support from USAID, EBRD, and other international partners

## Electricity Market Reform

Electricity distribution companies currently purchase electricity through a single market wholesaler on a day-ahead schedule and sell that electricity to end users at tariffs set by the national regulator (NEURC).

In addition to privatization, the Government of Ukraine is already implementing other reforms to improve and modernize the electricity market as described below:



### European Integration

- The Parliament of Ukraine is finalizing a **new electricity law consistent with EU's third package energy legislation**
- The law will include migration to direct sales between electricity suppliers and commercial customers, which **will reduce risk and secure revenue**



### Tariff Reforms

- NEURC has **committed to raise tariffs** through 2017 towards cost-reflective levels
- The regulator has approved a **new Regulatory Asset Base (RAB) incentive tariff structure** that provides for an attractive ROI for new investments on regulatory assets



### Improvement Opportunities

- **Under-invested CAPEX provides opportunities to make new investments** at guaranteed rates of return upon acceptance into RAB Tariff scheme
- **Opportunities to further improve financial position** through reduction of aggregate technical and commercial (AT&C) losses will also strengthen cash flow and profitability

## UKRAINE



33,014 km of lines, 7,554 total substation, 20.6 sq. km service territory



568,000 total customers, 3,600 employees



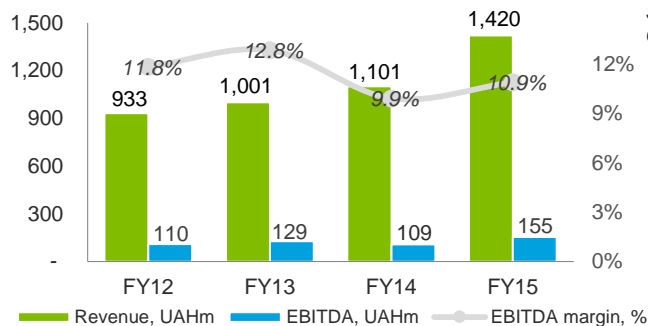
UAH 1,551M (\$65M, €59M) total assets, only UAH 312M (\$13M, €12M) total liabilities as of Dec 2015\*



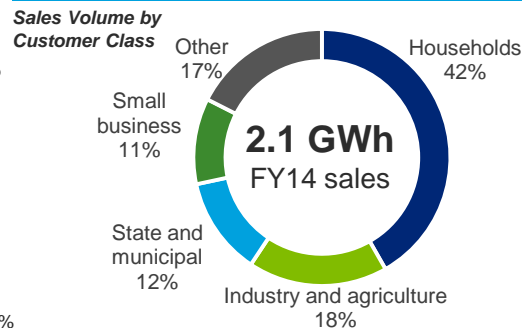
UAH 1,420M (\$65M, €59M) annual revenue, 10.9% EBITDA margin in 2015\*

\*According to statutory accounts

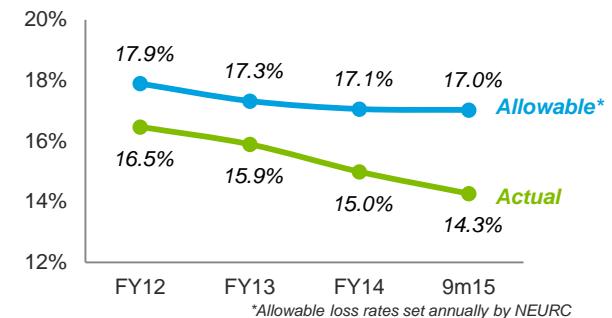
### Stable, Profitable Financial Results



### Diversified Customer Base



### Shrinking AT&C Electricity Losses



Khmelnytskoblenergo is an electricity distribution company with the exclusive license to supply customers in the Khmelnytsky region in western Ukraine. The State Property Fund of Ukraine (SPFU) is preparing to sell its entire 70% majority stake through a competitive, transparent public auction.

### Khmelnytskoblenergo Investment Highlights

#### Strategic Geographical Location

- Western Ukraine is **poised to benefit from greater EU commercial integration**. European-oriented manufacturing is stabilizing the economic situation and GDP losses in the region
- Khmelnytskoblenergo holds the **exclusive supply license for this region**

#### Operational Excellence and High Quality Standards

- Modern central call center and efficient network** of service centers in all districts of the region
- Experienced management** and strong technical performance history
- Quality management system** introduced in accordance with the requirements of ISO 9001-2000

#### Strong Financial Performance

- Zero long-term debt and low liabilities**
- Highest historical EBITDA margins** of any state-owned distribution company (historically 11%) and cash collection rates (near 100% in 2015)

## UKRAINE



24,098 km of lines, 218 total substations, 13.8k sq. km service territory



420,000 total customers, 2,200 employees



UAH 766M (\$32M, €29M) total assets, only UAH 189M (\$8M, €7M) total liabilities as of Dec 2015\*



UAH 1,015M (\$47M, €42M) annual revenue, 8.6% EBITDA margin in 2015\*

\*According to statutory accounts

Ternopiloblenergo is an electricity distribution company with the exclusive license to supply customers in the Ternopil region of western Ukraine. The State Property Fund of Ukraine (SPFU) is preparing to sell its entire 51% majority stake through a competitive, transparent public auction.

## Ternopiloblenergo Investment Highlights

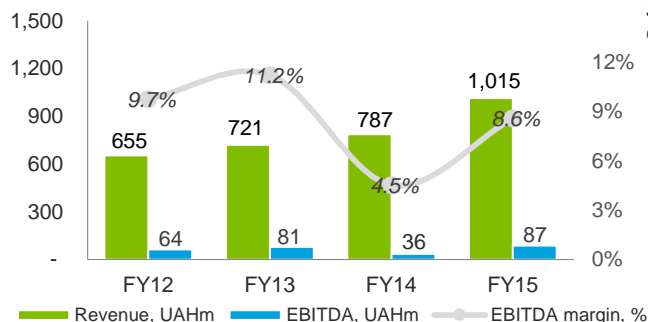
### Expected Growth in Core Customer Class

- Ternopil region is **experiencing positive population growth**, including **3.8% CAGR from 2012-2014**, increasing potential future household electricity sales.
- Western Ukraine is poised to **benefit from EU commercial integration**. European-oriented manufacturing is stabilizing the economic situation, promoting growth.
- **Historically strong cash collections** among residential customers (near 100% 2012-2015)

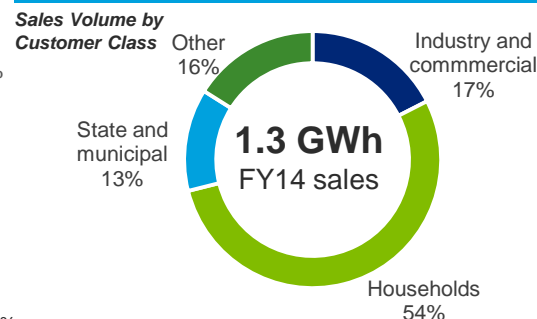
### Strong Balance Sheet and Operations Management

- Company **executed 100% of planned investment program** annually from 2012-2015
- Attractive historical EBITDA margins
- **Zero long-term debt and minimal long-term liabilities**

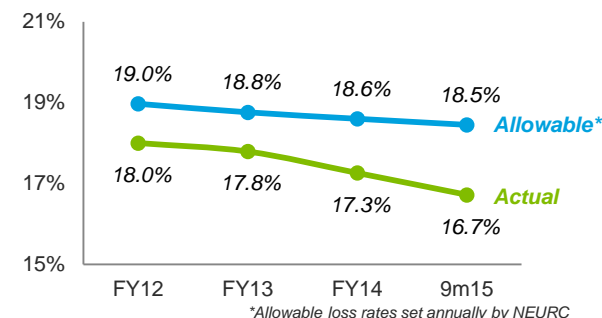
## Stable, Profitable Financial Results



## Residentially-Oriented Customer Base



## Shrinking AT&C Electricity Losses





## UKRAINE



26,128 km of lines, 5,941 total substations, 24.6k sq. km service territory



0.5M total customers, 3,555 employees



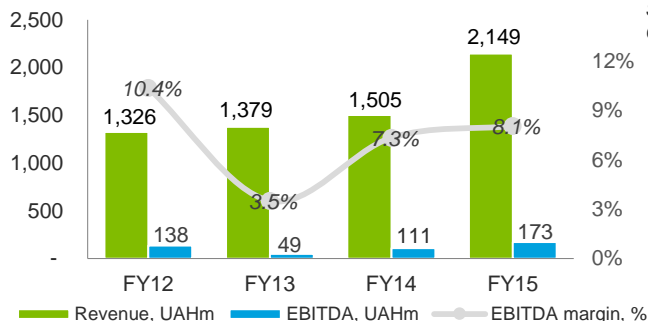
UAH 1,022M (\$43M, €39M) total assets, UAH 697M (\$29M, €27M) total liabilities as of Dec 2015\*



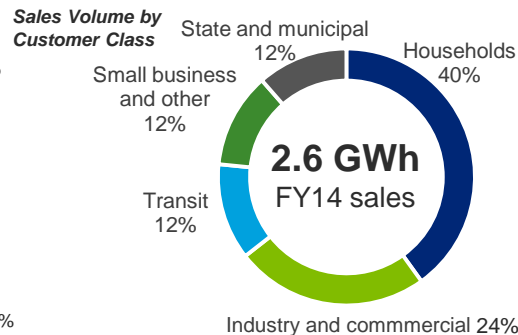
UAH 2,149 M (\$99 M, €89) revenue for 2015, 8.1% EBITDA margin\*

\*According to statutory accounts

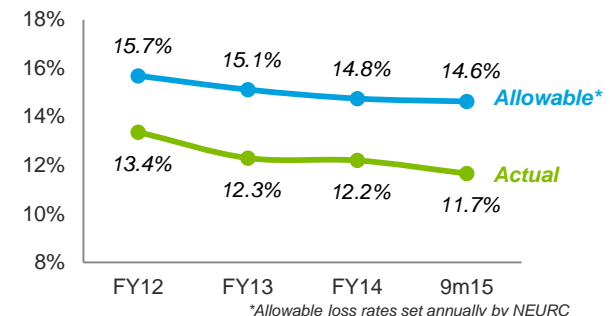
### Stable, Profitable Financial Results



### Diversified Customer Base



### Shrinking AT&C Electricity Losses



Mykolaivoblenergo is an electricity distribution company with the exclusive license to supply customers in the Mykolaiv region in southern Ukraine. The State Property Fund of Ukraine (SPFU) is preparing to sell its entire 70% majority stake through a competitive, transparent public auction.

### Mykolaivoblenergo Investment Highlights

#### Regional Industrial Sector Growth

- Economist Construction Index predicts strong economic performance in Mykolaiv
- Recent acquisition of a large industrial customer from independent supplier** in May 2015 demonstrates strength of positioning with larger industrial customers
- 80% of commercial customers are on payment plans**, the majority pre-pay, the rest pay 3x monthly

#### Track Record of Residential Customer Service

- Efficient cash collection among residential customers to 99%**
- Modern **call center and service centers** in place
- Experienced management** and strong technical performance history
- Steadily **improving aggregate technical and commercial losses** since 2012

## UKRAINE



48,267 km of lines, 11,402 total substations, 32k sq. km service territory



1.5M total customers, 6,731 employees



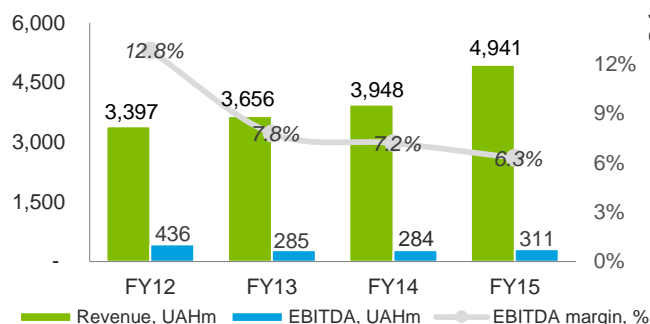
UAH 3,344M (\$139M, €127M) total assets, only 709M UAH (\$30 M, €27M) total liabilities as of Dec 2015\*



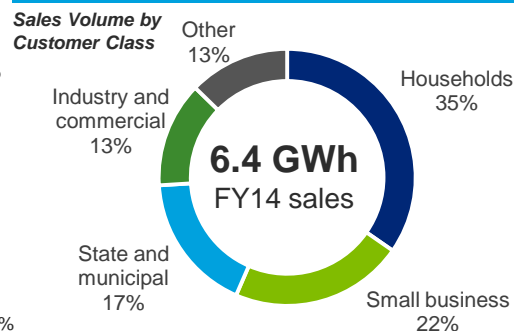
UAH 4,941M (\$226M, €204M) annual revenue, 6.3% EBITDA margin in 2015\*

\*According to statutory accounts

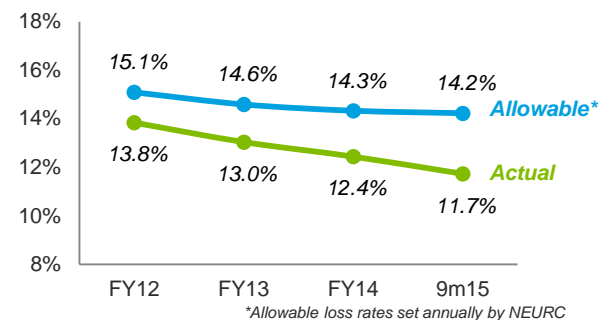
### Stable, Profitable Financial Results



### Diversified Customer Base



### Shrinking AT&C Electricity Losses



Kharkivoblenergo is an electricity distribution company with the exclusive license to supply customers in the Kharkiv region of eastern Ukraine. The State Property Fund of Ukraine (SPFU) is preparing to sell its entire 65% majority stake through a competitive, transparent public auction.

### Kharkivoblenergo Investment Highlights

#### Strategically Important Region Poised for Economic Recovery

- The city of **Kharkiv is the second-largest** in Ukraine **by population**. Kharkivoblenergo is one of the **largest distribution companies in Ukraine** (by territory, total customers, and total assets)
- Kharkiv region is historically **an industrial-oriented region**: engineering, metallurgy, manufacturing, production of chemicals etc. with a high growth potential

#### Strong Balance Sheet and Operations Management

- Steadily **decreased aggregate technical and commercial losses** since 2012
- Zero interest-bearing debt** and low liabilities
- Attractive EBITDA margins** and cash collection rates (near 95%)
- Distribution and supply functions functionally separated already in anticipation of market reforms

## UKRAINE



31,892 km of lines, 9,159 total substations, 20.9k sq. km service territory



0.6M total customers, 3,876 employees



UAH 833M (\$35M, €32M) total assets, only UAH 549M (\$23M, €21M) total liabilities as of Dec 2015\*



UAH 2,350M (\$108M, €97M) revenue for 2015, 3.1% EBITDA margin\*

\*According to statutory accounts

Cherkasyoblenergo is an electricity distribution company with the exclusive license to supply customers in the Cherkasy region in central Ukraine. The State Property Fund of Ukraine (SPFU) is preparing its majority 71% stake through a competitive, transparent public auction. This stake consists of two allotments, 46% of shares are held directly by the SPFU and the remaining 25% is held by Ukresco, an enterprise fully owned by the SPFU.

## Cherkasyoblenergo Investment Highlights

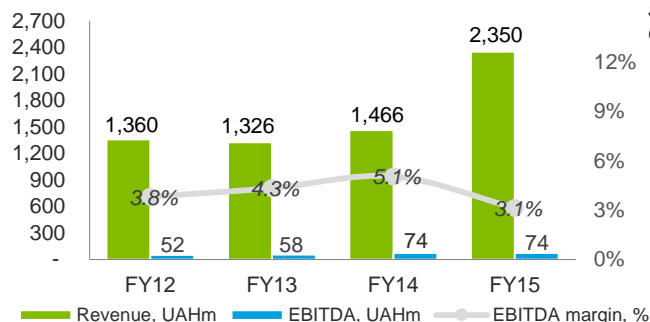
### Industrial Customers Poised for Growth

- **Largest regional industrial customer** – the nitrogen plant – switched from purchasing electricity from an independent supplier to full supply via Cherkasyoblenergo. Potential growth in industrial customer volume along with the macroeconomic recovery
- Cherkasyoblenergo has been **actively implementing the remote automatic system for commercial accounting** for energy consumption (ASCUE) integrated with the billing system
- **Cash collection rates are above 90%** despite the financial difficulties of some of the commercial customers

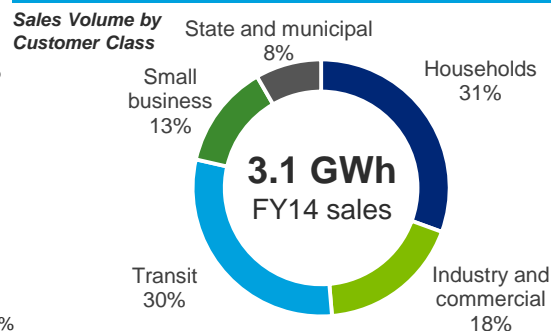
### Stable Financial Performance

- **Zero interest-bearing debt**
- **Positive historical EBITDA margins**
- **Low and steady aggregate technical and commercial losses for 3 years (12%)**

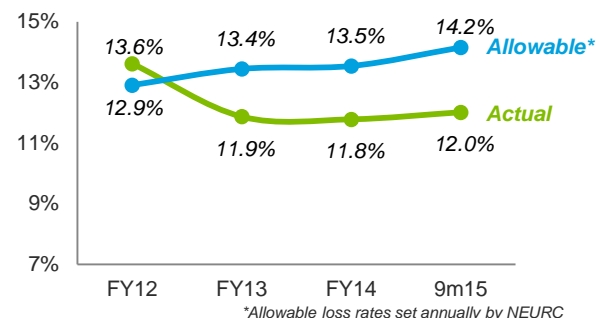
## Stable, Profitable Financial Results



## Diversified Customer Base



## Shrinking AT&C Electricity Losses



## UKRAINE



39,661 km of lines, 8500 total substations, 27.2k sq. km service territory



780,000 total customers, 5,700 employees



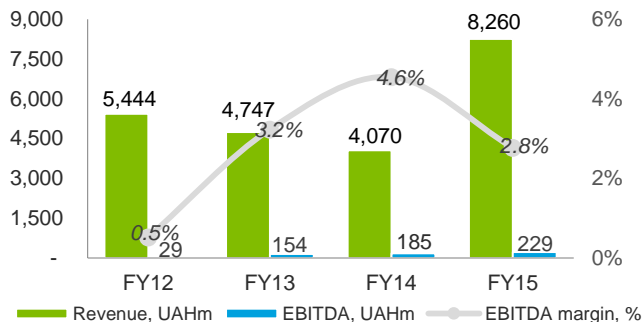
UAH 2,367M (\$99M, €90M) total assets, UAH 1,974M (\$82M, €75M) total liabilities as of Dec 2015\*



UAH 8,260M (\$379M, €341M) annual revenue, 2.8% EBITDA margin in 2015\*

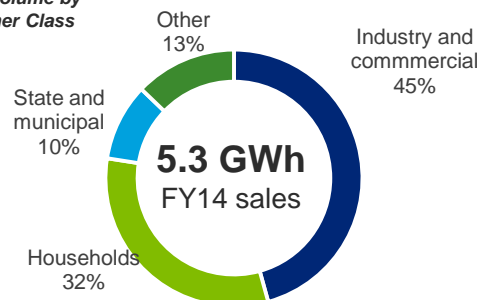
\*According to statutory accounts

### Growing Revenue

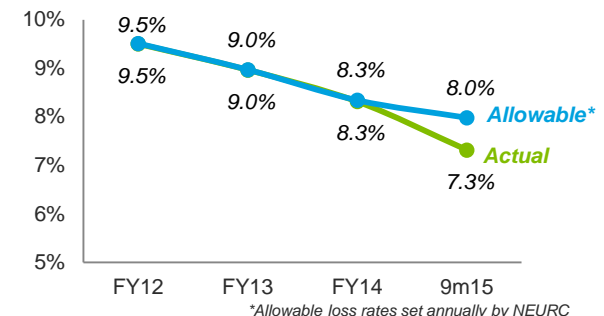


### Diversified Customer Base

Sales Volume by Customer Class



### Shrinking AT&C Electricity Losses



Zaporizhyaoblenergo is an electricity distribution company with the exclusive license to supply customers in the Zaporizhya region of southern Ukraine. The State Property Fund of Ukraine (SPFU) is preparing to sell its entire 60.3% majority stake through a competitive, transparent public auction.

### Zaporizhyaoblenergo Investment Highlights

#### Industrial Customers Poised for Growth

- Zaporizhyaoblenergo is the 3<sup>rd</sup> largest distribution company in Ukraine, operating in one of the most industrialized regions of Ukraine, **poised for growth with future economic recovery**
- Recent acquisition of 2 large industrial customers from independent supplier** during 2015 demonstrates strength of positioning with larger industrial customers
- Potential for strong cash flow and profits upon improvement of billings and collections efficiency

#### Operational Effectiveness

- Ranked 5<sup>th</sup> best of distribution energy companies for performance by NEURC
- Steadily **decreased aggregate technical and commercial losses** since 2012



## Disclaimer and Contact Details

Please use these information materials according to the Disclaimer below

### Disclaimer

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**All communications or inquiries relating to this opportunity should be directed to the persons listed below:**

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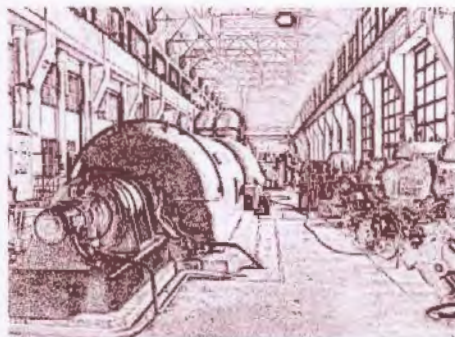
PwC Advisory Services

***OJSC  
Dniprodzerzhynsk  
Combined Heat  
and Power Plant***  
Confidential Teaser

May 2016

Strictly confidential





## OPPORTUNITY OVERVIEW

- OJSC Dniprodzerzhynsk Combined Heat and Power Plant (DCHP or the Company) provides heating to citizens of Dniprodzerzhynsk (right bank part of the city) and supplies electricity co-produced with the heat to the wholesale electricity market of Ukraine. The Company benefits from its status of monopolistic provider of heat to the right bank part of Dniprodzerzhynsk, servicing c. 42,498 customers.
- DCHP's first power blocks were put in operation in 1930s and used coal as main fuel. The production capacities were upgraded and modernised during 1940s and 1970s and, since 1987, the Company's equipment uses natural gas as main fuel. The main gas supplier is NJSC Naftogaz of Ukraine.
- DCHP's total installed heat production capacity is 500 Gcal/h, and power supply capacity – 62MW.
- The State Property Fund of Ukraine (SPFU) owns 99.928% of DCHP's shares, while the remaining 0.072% is held by employees.
- The Company is subject for privatization under the recently adopted privatization programme executed by the SPFU in accordance with the Resolution of the Cabinet of Ministers of Ukraine #271 as of 12 May 2015.
- The SPFU fosters an open and transparent process to international standards for disposal of its entire 99.928% stake.







Dniprodzerzhynsk

**Financial indicators**

UAH'000	FY13	FY14	FY15
Net sales, incl.:	182,696	175,962	268,671
Electricity	70,728	78,435	119,917
Heat	109,591	96,931	145,585
<b>Total Assets**:</b>	<b>373,793</b>	<b>498,603</b>	<b>641,982</b>
Non-current assets	78,799	77,141	73,062
Current assets	296,994	421,462	568,920

**Operational indicators**

	FY13	FY14	FY15
<b>Installed production capacity:</b>			
Electricity, MW	62	62	62
Heat, Gcal/h	500	500	500
<b>Production output:</b>			
Electricity, MWh	85,733	78,513	82,131
Heat, Gcal	374,908	323,438	328,183
<b>Sales volume:</b>			
Electricity, MWh	66,029	61,467	64,058
Heat, Gcal	374,908	323,438	328,183
<b>Capacity utilisation***:</b>			
Electricity, %	32%	29%	30%
Heat, %	17%	15%	15%
<b>Production per employee:</b>			
Electricity, MWh	208	192	199
Heat, Gcal	908	791	797
<b>Heat customer base****</b>	<b>~ 42,498</b>	<b>~ 42,498</b>	<b>~ 42,498</b>
<b>Employee headcount (avg.)</b>	<b>413</b>	<b>409</b>	<b>412</b>

Source: Company information

## INVESTMENT HIGHLIGHTS

### Entry opportunity

Unique opportunity to participate in the privatization of a part of one of the world's largest (17<sup>th</sup> globally and 2<sup>nd</sup> in Europe/CIS) centralised utility (heat and power generation) system.

### Attractive market

Ukraine is one of the biggest customer markets in Europe with over 42 million inhabitants and 16.8 million apartments<sup>1</sup>, 68.2% of which are centrally heated.

### Large customer base

Dniprodzerzhynsk is a city to the south-east of Ukraine with population of over 230 thousand people.

### Favourable asset location

Attractive location and unconstrained territory, available for reconstruction and further development of the production site.

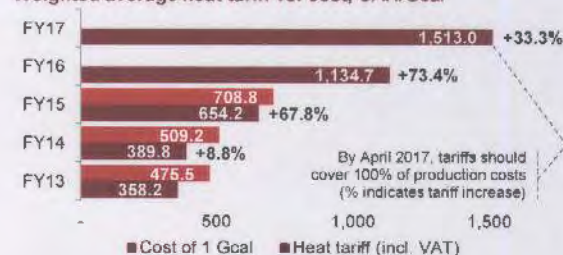
### Promising regulatory reforms

Government commitment, supported by the International Monetary Fund and the World Bank, to reform the industry and gradually increase heat and electricity tariffs to the economically justified level.

#### Average residential tariff increase, UAH/kWh



#### Weighted average heat tariff vs. cost, UAH/Gcal



Note: \* Excluding Crimea and eastern regions of Ukraine in ATO zone; \*\* As at 31 December; \*\*\* Calculated as a ratio of production output to max six-month output (based on installed production capacity) assuming no overhauls; \*\*\*\* Management estimate (DCIIP has no direct customers).



## Disclaimer / Contact information

### Disclaimer

These materials are issued by the State Property Fund of Ukraine ("the Vendor") on the terms set out below for the exclusive use of the persons to whom it is addressed ("the Recipient") and their advisers in connection with the proposed sale of the issued share capital of OJSC Dniprodzerzhynsk Combined Heat and Power Plant ("the Company").

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Neither these materials nor any of the information contained in them shall form the basis of any contract for the sale of the Company or any part of the Company, nor do they constitute an offer or invitation to purchase or acquire any shares in the Company or any interest in it.

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### Contacts

All comments or queries regarding the privatization process of the Company should be addressed to the individuals below. Under no circumstances should any other employees, contractors and affiliates of OJSC Dniprodzerzhynsk Combined Heat and Power Plant, the State Property Fund of Ukraine or PricewaterhouseCoopers LLC should be contacted regarding this opportunity.

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PwC Advisory Services

***OJSC Kherson  
Combined Heat  
and Power Plant***  
Confidential Teaser

May 2016

Strictly confidential

## OPPORTUNITY OVERVIEW

- OJSC Kherson Combined Heat and Power Plant (KhCHP or the Company) provides heating to citizens of Kherson and supplies electricity co-produced with the heat to the wholesale electricity market of Ukraine. The Company benefits from its status of the largest provider of heat in Kherson, servicing c. 41,355 customers.
- KhCHP's first power blocks were put in operation in 1950s and used coal as main fuel. The production capacities were upgraded and modernised during 1960s and, since 1980s, the Company's equipment uses natural gas as main fuel. The main gas supplier is NJSC Naftogaz of Ukraine.
- KhCHP's total installed heat production capacity is 735 Gcal/h, and power supply capacity – 80MW.
- The State Property Fund of Ukraine (SPFU) owns 99.8328% of KhCHP's shares, while the remaining 0.1672% is held by employees.
- The Company is subject for privatization under the recently adopted privatization programme executed by the SPFU in accordance with the Resolution of the Cabinet of Ministers of Ukraine #271 as of 12 May 2015.
- The SPFU fosters an open and transparent process to international standards for disposal of its entire 99.8328% stake.





**Financial indicators**

UAH'000	FY13	FY14	FY15
<b>Net sales, incl.:</b>	<b>192,494</b>	<b>189,548</b>	<b>272,818</b>
Electricity	104,425	104,364	145,476
Heat	88,069	85,184	127,342
<b>Total Assets**:</b>	<b>236,417</b>	<b>269,496</b>	<b>347,061</b>
Non-current assets	87,108	79,574	102,308
Current assets	149,309	179,921	244,753

**Operational indicators**

	FY13	FY14	FY15
<b>Installed production capacity:</b>			
Electricity, MW	80	80	80
Heat, Gcal/h	735	735	735
<b>Production output:</b>			
Electricity, MWh	103,469	86,827	95,285
Heat, Gcal	311,592	279,794	271,221
<b>Sales volume:</b>			
Electricity, MWh	77,761	72,910	65,096
Heat, Gcal	231,847	203,442	187,681
<b>Capacity utilisation***:</b>			
Electricity, %	30%	25%	27%
Heat, %	10%	9%	8%
<b>Production per employee:</b>			
Electricity, MWh	179	162	188
Heat, Gcal	539	522	529
<b>Heat customer base</b>	<b>41,355</b>	<b>41,355</b>	<b>41,355</b>
<b>Employee headcount (avg.)</b>	<b>578</b>	<b>536</b>	<b>513</b>

Source: Company information

**INVESTMENT HIGHLIGHTS****Entry opportunity**

Unique opportunity to participate in the privatization of a part of one of the world's largest (17<sup>th</sup> globally and 2<sup>nd</sup> in Europe/CIS) centralised utility (heat and power generation) system.

**Attractive market**

Ukraine is one of the biggest customer markets in Europe with over 42 million inhabitants and 16.8 million apartments\*, 68.2% of which are centrally heated.

**Large customer base**

Kherson is a large administrative centre in southern Ukraine with population of over 300 thousand people.

**Favourable asset location**

Perfect location and unconstrained territory with highway access, available for reconstruction and further development of the production site.

**Promising regulatory reforms**

Government commitment, supported by the International Monetary Fund and the World Bank, to reform the industry and gradually increase heat and electricity tariffs to the economically justified level.

**Average residential tariff increase, UAH/kWh****Weighted average heat tariff vs. cost, UAH/Gcal**

Note: \* Excluding Crimea and eastern regions of Ukraine in ATO zone; \*\* As at 31 December; \*\*\* Calculated as a ratio of production output to max six-month output (based on installed production capacity) assuming no overhauls.



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### Contacts

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PwC Advisory Services

***PJSC Mykolaiv  
Combined Heat  
and Power Plant***  
Confidential Teaser

May 2016

Strictly confidential





## OPPORTUNITY OVERVIEW

- PJSC Mykolaiv Combined Heat and Power Plant (MCHP or the Company) provides heating to citizens of Mykolaiv and supplies electricity co-produced with the heat to the wholesale electricity market of Ukraine. The Company benefits from its status of large provider of heat in Mykolaiv, servicing 39,360 customers.
- MCHP's first power blocks were put in operation in 1930s and used coal as main fuel. The production capacities were upgraded and modernised during 1960s and, since 1971, the Company's equipment uses natural gas as main fuel. The main gas supplier is NJSC Naftogaz of Ukraine.
- MCHP's total installed heat production capacity is 410 Gcal/h, and power supply capacity – 40MW.
- The State Property Fund of Ukraine (SPFU) owns 99.993% of MCHP's shares, while the remaining 0.007% is held by employees.
- The Company is subject for privatization under the recently adopted privatization programme executed by the SPFU in accordance with the Resolution of the Cabinet of Ministers of Ukraine #271 as of 12 May 2015.
- The SPFU fosters an open and transparent process to international standards for disposal of its entire 99.993% stake.





**Financial indicators**

UAH'000	FY13	FY14	FY15
<b>Net sales, incl.:</b>	<b>198,953</b>	<b>177,731</b>	<b>244,495</b>
Electricity	98,310	89,235	118,447
Heat	100,643	88,496	126,048
<b>Total Assets**:</b>	<b>101,741</b>	<b>116,630</b>	<b>129,508</b>
Non-current assets	33,950	38,042	39,984
Current assets	67,791	78,588	89,524

**Operational indicators**

	FY13	FY14	FY15
<b>Installed production capacity:</b>			
Electricity, MW	40	40	40
Heat, Gcal/h	410	410	410
<b>Production output:</b>			
Electricity, MWh	94,314	81,362	77,383
Heat, Gcal	343,528	283,683	278,829
<b>Sales volume:</b>			
Electricity, MWh	78,202	67,899	63,003
Heat, Gcal	302,904	253,007	246,599
<b>Capacity utilisation***:</b>			
Electricity, %	54%	48%	44%
Heat, %	19%	16%	16%
<b>Production per employee:</b>			
Electricity, MWh	166	156	155
Heat, Gcal	605	542	556
<b>Heat customer base</b>	<b>37,966</b>	<b>39,296</b>	<b>39,380</b>
<b>Employee headcount (avg.)</b>	<b>568</b>	<b>523</b>	<b>500</b>

Source: Company information

**INVESTMENT HIGHLIGHTS****Entry opportunity**

Unique opportunity to participate in the privatization of a part of one of the world's largest (17<sup>th</sup> globally and 2<sup>nd</sup> in Europe/CIS) centralised utility (heat and power generation) system.

**Attractive market**

Ukraine is one of the biggest customer markets in Europe with over 42 million inhabitants and 16.8 million apartments\*, 68.2% of which are centrally heated.

**Large customer base**

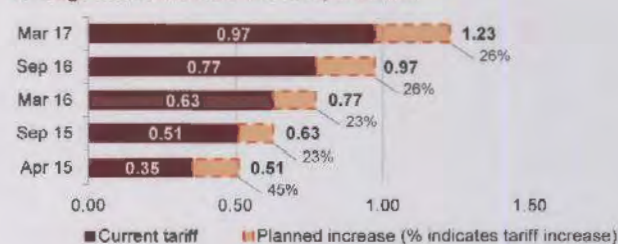
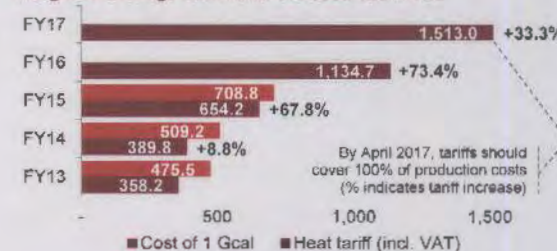
Mykolaiv is a large administrative centre in southern Ukraine with population of over 495 thousand people.

**Favourable asset location**

Attractive location and unconstrained territory with railway access and proximity to Mykolaiv Commercial Sea Port, available for reconstruction and further development of the production site.

**Promising regulatory reforms**

Government commitment, supported by the International Monetary Fund and the World Bank, to reform the industry and gradually increase heat and electricity tariffs to the economically justified level.

**Average residential tariff increase, UAH/kWh****Weighted average heat tariff vs. cost, UAH/Gcal**

Note: \* Excluding Crimea and eastern regions of Ukraine in ATO zone; \*\* As at 31 December; \*\*\* Calculated as a ratio of production output to max six-month output (based on installed production capacity) assuming no overhauls.



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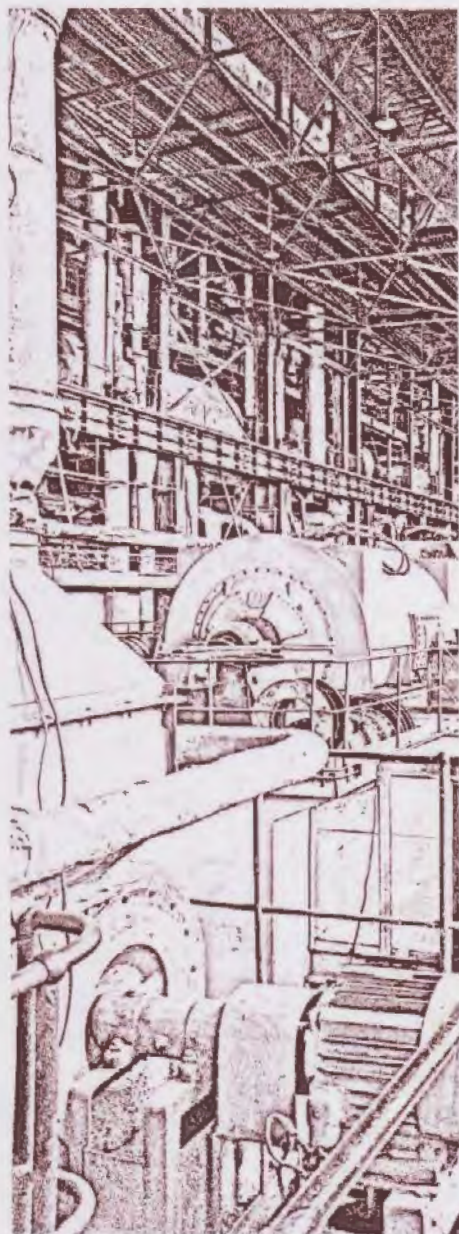
PwC Advisory Services

***OJSC Odesa  
Combined Heat  
and Power Plant***  
Confidential Teaser

May 2016

Strictly confidential





## OPPORTUNITY OVERVIEW

- OJSC Odesa Combined Heat and Power Plant (OCHP or the Company) provides heating to citizens of Odesa (the central "old" part of the city) and supplies electricity co-produced with the heat to the wholesale electricity market of Ukraine. The Company benefits from its status of monopolistic provider of heat to the central part of Odesa, servicing c. 28,200 customers.
- OCHP's first power blocks were put in operation in 1950s and used coal as main fuel. The production capacities were upgraded and modernised during 1960s – 1980s and, since 1989, the Company's equipment uses natural gas as main fuel. The main gas supplier is NJSC Naftogaz of Ukraine.
- OCHP's total installed heat production capacity is 779 Gcal/h, and power supply capacity – 68MW.
- The State Property Fund of Ukraine (SPFU) owns 99.989% of OCHP's shares, while the remaining 0.011% is held by employees.
- The Company is subject for privatization under the recently adopted privatization programme executed by the SPFU in accordance with the Resolution of the Cabinet of Ministers of Ukraine #271 as of 12 May 2015.
- The SPFU fosters an open and transparent process to international standards for disposal of its entire 99.989% stake.





**Financial indicators**

UAH'000	FY13	FY14	FY15
<b>Net sales, incl.:</b>	<b>274,999</b>	<b>265,848</b>	<b>388,045</b>
Electricity	98,908	88,279	145,172
Heat	175,289	165,172	240,266
<b>Total Assets**:</b>	<b>265,360</b>	<b>286,781</b>	<b>381,542</b>
Non-current assets	152,758	185,190	202,491
Current assets	112,604	101,571	179,051

**Operational indicators**

	FY13	FY14	FY15
<b>Installed production capacity:</b>			
Electricity, MW	68	68	68
Heat, Gcal/h	779	779	779
<b>Production output:</b>			
Electricity, MWh	99,647	84,953	86,750
Heat, Gcal	447,229	397,866	376,945
<b>Sales volume:</b>			
Electricity, MWh	71,379	58,892	58,839
Heat, Gcal	447,229	397,866	376,945
<b>Capacity utilisation***:</b>			
Electricity, %	33%	29%	29%
Heat, %	13%	12%	11%
<b>Production per employee:</b>			
Electricity, MWh	222	206	240
Heat, Gcal	996	963	1,041
<b>Heat customer base****</b>	<b>~28,200</b>	<b>~28,200</b>	<b>~28,200</b>
<b>Employee headcount (avg.)</b>	<b>449</b>	<b>413</b>	<b>362</b>

Source: Company information

**INVESTMENT HIGHLIGHTS****Entry opportunity**

Unique opportunity to participate in the privatization of a part of one of the world's largest (17<sup>th</sup> globally and 2<sup>nd</sup> in Europe/CIS) centralised utility (heat and power generation) system.

**Attractive market**

Ukraine is one of the biggest customer markets in Europe with over 42 million inhabitants and 16.8 million apartments\*, 68.2% of which are centrally heated.

**Large customer base**

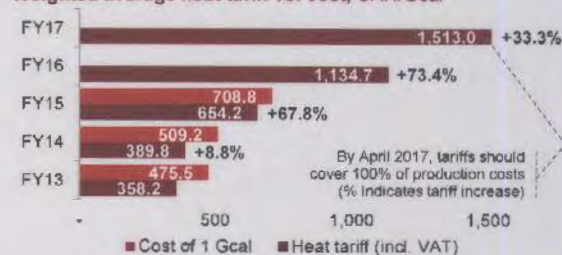
Odesa is the third largest city in Ukraine with population of over 1 million people.

**Favourable asset location**

Attractive location and unconstrained territory with railway access, available for reconstruction and further development of the production site.

**Promising regulatory reforms**

Government commitment, supported by the International Monetary Fund and the World Bank, to reform the industry and gradually increase heat and electricity tariffs to the economically justified level.

**Average residential tariff increase, UAH/kWh****Weighted average heat tariff vs. cost, UAH/Gcal**

Note: \* Excluding Crimea and eastern regions of Ukraine in ATO zone; \*\* As at 31 December; \*\*\* Calculated as a ratio of production output to max six-month output (based on installed production capacity) assuming no overhauls; \*\*\*\* Management estimate (OJSC has no direct customers).



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**STATE PROPERTY  
FUND OF UKRAINE**

# Ukraine Energy Conference

**Thursday  
30 June 2016**

**Kyiv, Ukraine**

The Parliament of Ukraine authorized the privatization of electricity generation, distribution, and CHP enterprises through transparent, competitive auctions.

These auctions offer unique opportunities for investment in profitable, regulated energy companies.

We invite you to Kyiv on 30 June 2016 to discuss privatization and reform of the Ukrainian electricity sector.

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## The Program

Ukraine is undergoing a fundamental transformation of its energy industry. Market-oriented laws and regulations have been recently approved and more are expected to be adopted in the near future, providing compelling privatization and partnership opportunities for private investors in Ukraine's electricity sector.

***During September-December 2016, the Government of Ukraine will sell its majority stakes in:***

- ***6 electricity distribution companies,***
- ***1 large coal-fired generation enterprise, and***
- ***4 combined heat and power facilities.***

Interested investors, both strategic and financial, should look forward to discussions with management and current owners of the companies to be privatized, as well as representation from all of the key actors in governance, regulation, and finance.

We look forward to meeting you on 30 June, 2016

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## Important Details

<b>Location</b>	<b>Intercontinental Kyiv</b> Velyka Zhytomyrska St, 2A Kyiv, Ukraine 01001 Phone: +380 44 219 1919
<b>Meeting Start</b>	Thursday, June 30 at 09:00
<b>Meeting End</b>	Thursday, June 30 at 17:00
<b>Attire</b>	Business Professional
<b>Working Language</b>	English, with translation available
<b>Airport</b>	Kyiv Boryspil Airport (KBP); approximately 40 kilometers from the Intercontinental Hotel
<b>Ground Transport</b>	Taxis are available from KBP to the Intercontinental for approximately UAH 450. Private car service through the Intercontinental is available.

### Registration Information

Please register online at <http://noblesfortune.com/energydt>

*Note: Registration is mandatory for this event by 20 June. No walk-up registrations will be accepted. Please refer to Ministry of Foreign Affairs of Ukraine website (mfa.gov.ua) for visa requirements for your country.*



# Conference Agenda

## Session 1 – Opening Statements – Economic Reforms and Investment Climate

### Invited Speakers

- **Volodymyr Groysman**, Prime Minister of Ukraine
- **Sevki Acuner**, Ukraine Country Director, EBRD
- **Stepan Kubiv**, Minister of Economic and Trade Development
- **Geoffrey Pyatt**, US Ambassador to Ukraine

### Discussion Points

- Main economic reforms in progress
- Point of view on Ukraine from international investment community
- Investment climate is becoming more favorable
- Donors' support to reforms and investment climate changes

## Session 2 – Energy Privatization in Ukraine in 2016-2017

### Speakers

- **Igor Bilous**, Head of the State Property Fund of Ukraine
- **Joe Oliver**, Senior Manager, Deloitte Advisory
- **Anna Onyshchenko**, Director, PwC Advisory Services

### Discussion Points

- Privatization Process, Conditions, Calendar
- Opportunities for GenCo and DisCos Privatization
- Opportunities for CHP Privatization

## Session 3 – Fundamental Reforms and Changes in Energy Sector

### Speakers

- **Igor Nasalyk**, Minister of Energy and Coal of Ukraine
- **Dmytro Vovk**, Head of the National Energy and Utilities Regulatory Commission of Ukraine
- **Yuriy Hnatyuk**, Director of SOE "Energorynok"

### Discussion Points

- Reforms and investment climate in electricity market
- Implementation of the 3rd energy package reforms
- Cooperation between electricity companies and wholesale market operator (Energorynok)

## Session 4 – Breakout Discussions with Current Management of Energy Enterprises to be Privatized

### Room #1

#### Generation Company

#### Discussions with Management

Tsentrenergo

### Room #2

#### Distribution Companies

#### Discussions with Management

Khmelnitskoblenergo,  
Ternopiloblenergo  
Mykolaivoblenergo  
Kharkivoblenergo,  
Cherkasyoblenergo  
Zaporizhyaoblenergo

### Room #3

#### Combined Heat and Power (CHP)

#### Discussions with Management

Odesa CHP  
Mykolaiv CHP  
Dniprodzerzhynsk CHP  
Kherson CHP

## Session 5 – Investor Question and Answer with SPFU and Advisors

### Participants

- State Property Fund of Ukraine
- Deloitte Advisory
- PwC Advisory Services
- Baker McKenzie Ltd.
- Conference Participants

### Discussion Points

- Summary of process, deadlines and next steps
- Q&A session

---

## Contact Information

Prior to the conference, for questions regarding logistics or for additional detail related to any of the **six distribution companies** or **Centrenerg**, please contact Deloitte Consulting LLP:

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**Jason Alvarado**

Deloitte USA

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For additional detail related to any of the **four combined heat and power facilities**, please contact PwC:

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