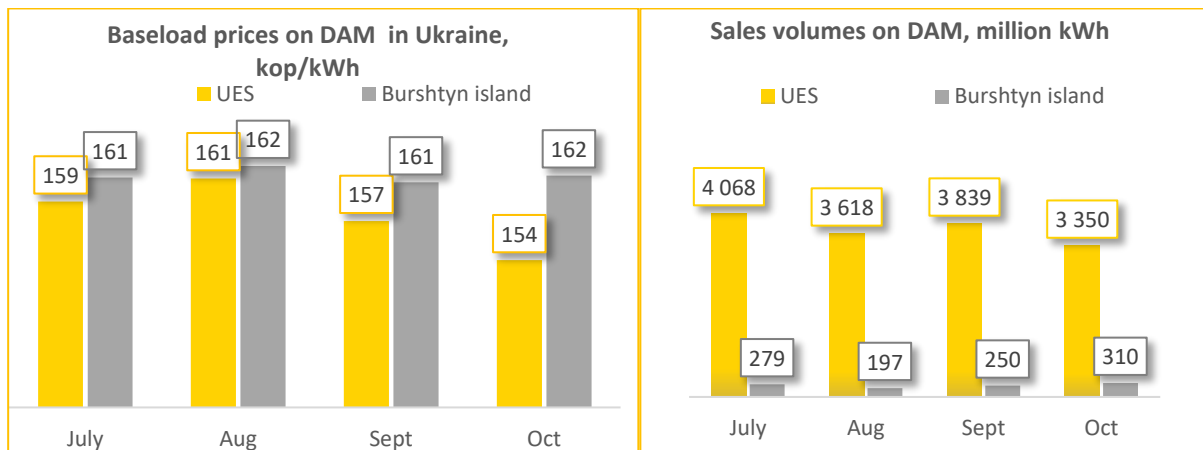


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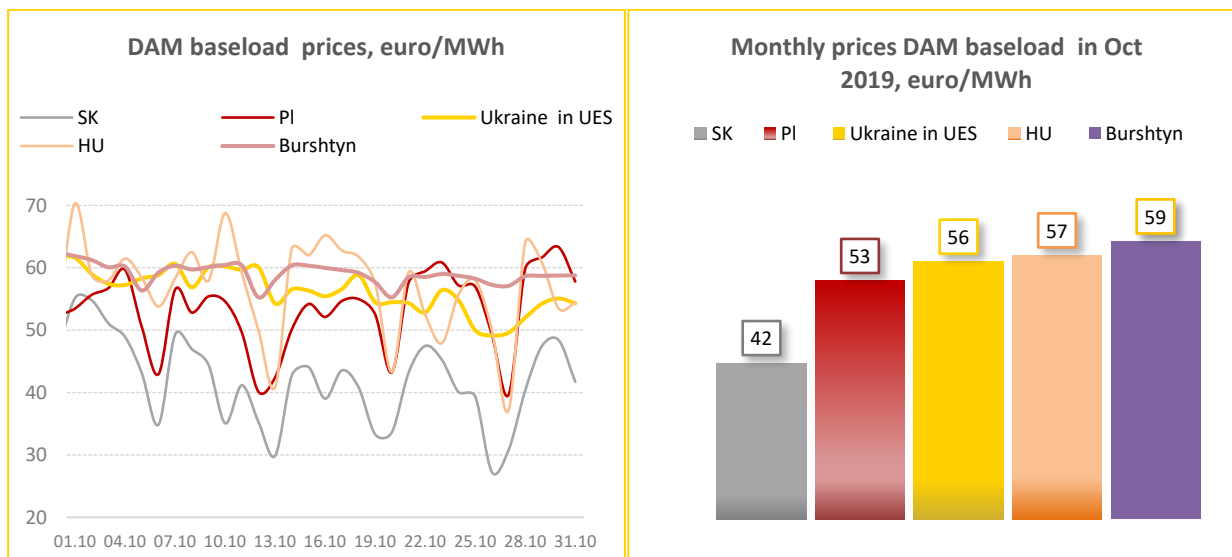
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Electricity market update 25-31 October

In October, the volume of bids in the United Energy System of Ukraine (UES) decreased by 489 mln kWh (-13%) compared to September, and in Burshtyn Island, by contrast, this figure increased by 60 mln kWh (+24%). The baseload price shows a decrease in the UES of 2% to 154 kop/kWh, with a slight increase of 162 kop/kWh (+0.4%) in Burshtyn. In general, October 2019 was characterized by comfortable temperature indicators (+3 degrees to the average temperatures during the previous 5 years), the commencement and rapid growth of imports from Russia, and high output of NPPs (two NPP units returned to operation from repair).



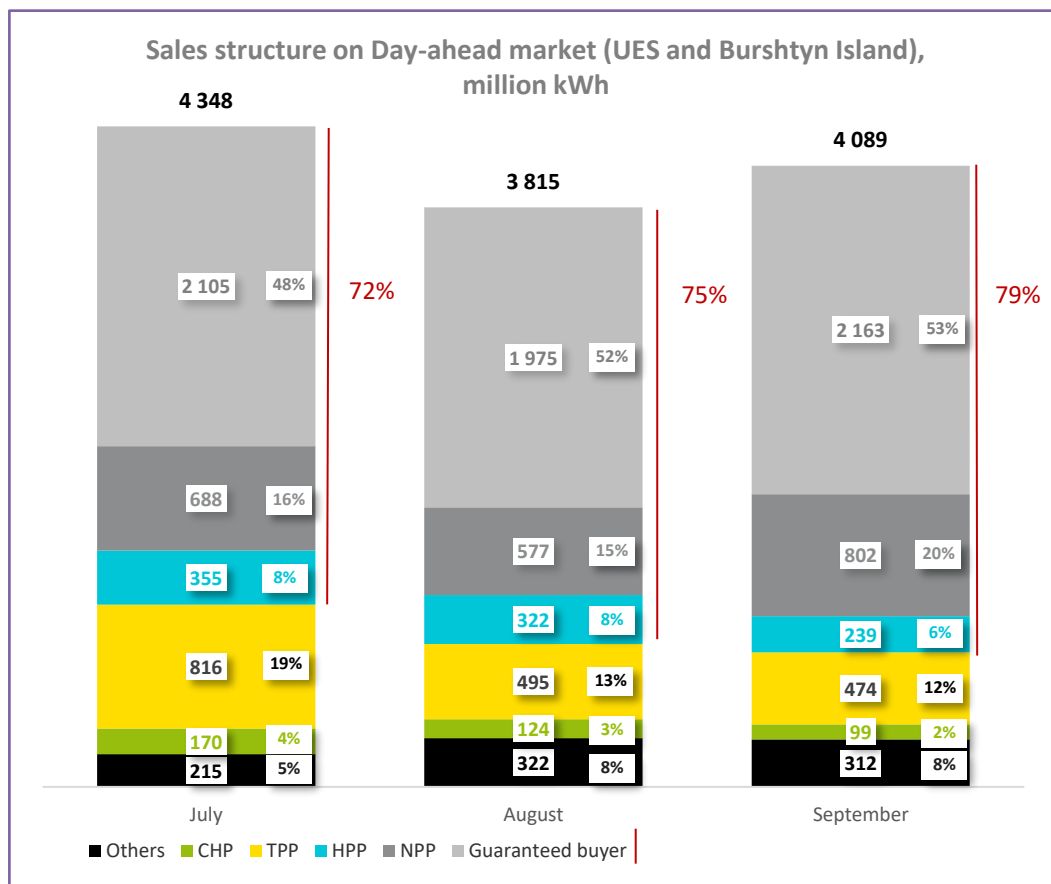
In Hungary the average monthly spot market price (DAM) was 57.0 EUR/MWh in October. According to the forwards traded at the end of September, prices in October were expected to be 4 euros higher than they actually were (as of September 30, the cost of forwards for electricity supply in October was 61.0 Euros/MWh). For more details, please see the chart below:



According to the data published by the Market Operator, in September 53% of the volumes sold at the DAM are the amount of the Guaranteed Buyer. It is followed by the state-owned Energoatom with a share of 20%. State-owned Ukrhydroenergo's volume is 6%. The share of thermal generation in the DAM was 12%. The structure of DAM participants for July-September is illustrated in the chart below:

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Legislative and regulatory update

On October 29th, the President dismissed two NEURC members Yevgen Maglyovanny and Olexander Formagey, and appointed four temporary members - Ruslan Kaidash, Olga Babiy, Valeriy Tarasyuk and Oleksiy Magda.

The U.S.-Ukraine Business Council (USUBC) issued a [statement](#) on certain recent developments in the Ukrainian energy sector and raised concerns regarding the registration of several draft laws and amendments to legislation in the Verkhovna Rada (Draft Law 2236-2 in particular). According to USUBC, if adopted, they can seriously jeopardize the energy security of Ukraine as well as run counter to the European direction of Ukraine's reforms.

"Foreign investor worries about the bill were clear Tuesday at the Mariupol investment conference... In response to a question from the [UBN](#), Prime Minister Oleksiy Honcharuk said: "We are civilized people. We understand how market financial processes work. We cannot change the rules retroactively." - wrote UBN's James Brooke.

The ACC also [reiterated](#) that any retrospective decision by Ukrainian authorities on renewables will damage the trust of international investors in Ukraine.

Preparation for the winter heating season

There is already one million tonnes of coal in stocks, which is twice more than at the beginning of autumn. Since the beginning of this year, DTEK TPPs have already produced 24 bln kWh of electricity. An additional 7 bln kWh will be produced by the end of the year.

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DTEK purchased five ships of G-grade coal from Columbia (396 thousand tonnes in general). At the moment, all 5 ships have arrived: first one with 74 thousand tonnes arrived on August 12, second – with 87 thousand tonnes came to Ukrainian port on September 2, third with 73 thousand tonnes – on September 18. On September 24, the fourth ship has arrived with 80 thousand tonnes. The last fifth ship with 82.5 thousand tonnes entered the port on October 19. These shipments will also help secure a stable supply of electricity and heating during the winter season.

“In the energy sector of Ukraine, we have the situation today when units of NPPs are often under repair, while hydro, wind and solar power plants generate less electricity than planned. This is the reason why a major load of the winter heating season will be carried by TPPs, and we are ready for this” – said Dmytro Sakharuk, CEO of DTEK Energy.

DTEK also continues to convert units of TPPs to run on the Ukrainian G-grade coal, in order to reduce dependence on imported anthracite. Now conversion is being carried out on unit of Kryvoriz'ka TPP, which will start working on G-grade coal already in November. Earlier, four units of Prydniprov's'ka TPP were converted to G-grade, which allowed to conserve about 2 mln tonnes of imported anthracite and help secure Ukraine's energy independence.

DTEK opens new Solar and Wind Power Plants

DTEK Renewables is relentlessly investing in developing wind and solar energy capacities in Ukraine to ensure energy transition to clean indigenous sources. The Company already operates two wind power plants and two solar power plants with total capacity of 510 MW, accounting for 15% of domestic renewable capacities. This week two new power plants were opened by DTEK in Ukraine - Prymorska wind power plant (WPP) and Pokrovska solar power plant (SPP).

The second stage of the Prymorska WPP is located in Zaporizhzhia region. It will be one of the biggest WPPs in Ukraine with annual production of 650-700 mln kWh of “green” electricity, the emissions of CO₂ to the atmosphere will be reduced by 600-700 thousand tonnes annually due to a decrease in the load of traditional generation enterprises.

Pokrovska SPP with 240 MW of capacity will be the largest SPP in Ukraine. With an investment of EUR 189 mln, the SPP will provide more than 200,000 Ukrainian households with clean electricity and reduce CO₂ emissions by 420 thousand tonnes annually.

DTEK Oil & Gas completes drilling of new deep wells using innovative technologies

DTEK Oil & Gas has completed the drilling of well No. 75 in the Semyrenkiv's'ke field, applying a number of modern technologies and innovative solutions, some of which were used for the first time in the Ukrainian gas industry. This made it possible to reach record-breaking drilling terms - a well with a depth of 5 470 m in a field with difficult mining and geological conditions was drilled in 3.5 months.

“In 2019, DTEK Oil & Gas invested more than UAH 3 bln into drilling – we've started the construction of five wells, three of which have already been completed ahead of schedule. This result was achieved through a systematic approach to implementing innovative solutions and state-of-the-art technologies implemented by the company. We effectively co-operate with the world's leading service companies, research institutes and members of the DTEK Oil & Gas Expert Council. This allows to successfully solve complex problems, increase efficiency and reduce costs in the field of exploration, drilling and production of hydrocarbons.” – said Igor Schurov, CEO of DTEK Oil & Gas.

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DTEK Energy B.V. finalizes restructuring of its bank debt

DTEK Energy B.V. is engaged with lenders on completing the remaining stages of its long-term bank debt restructuring. The company is in the process of finalizing the required documentation in relation to the restructuring of its remaining facility. This envisages, among other things, (i) the conversion of part of the debt into notes issued by DTEK Finance plc with a maturity of 31 December 2024 in accordance with a swap offer letter dated 8 December 2016 (as amended on 15 December 2016) issued by DTEK Finance PLC inviting certain lenders to tender their indebtedness of the New Notes, and (ii) the restructuring of the remaining debt.

Once the restructuring is completed, DTEK Energy B.V. will issue further announcements and update the relevant rating agencies.

Discussions on pilot projects for coal mining towns on mining water utilization

Around 30 representatives of the town councils of Ukrainian coal mining towns, civil society organizations, academia, think-tanks, business and the European Commission met in the EU Delegation in Ukraine on November 1st to discuss a potential joint pilot project on mining water utilization. The practical seminar was initiated by the European Commission Support Group for Ukraine and organized with support of civil society organizations – Alternativa, EcoAction and Germanwatch.

Towns which formed a Platform for Sustainable Development of coal mining towns of Donetsk Region and the town of Bilytske prepared an aggregated template with some data as a basis to discuss a potential project on mining water utilization. The Association of Ukrainian Cities ensured participation of mayors from other coal mining towns of Donetsk region and Dnipropetrovsk region. DTEK participated in the discussions as technology and knowledge partner, running a number of successful sustainability programmes tailored for the coal mining regions touching on key initiatives:

- Discussed water project
- Elaborated possible format of cooperation – pilot project, experience exchange, several projects
- Another possibility – using mining water for heating purposes

This practical seminar was a follow-up of the coordination meeting, which took place in the World Bank office in Kyiv on September 10th, where representatives of development banks and financial institutions gave their preliminary feedback on a number of project ideas for the coal mining towns. As a next step, the participants might advance in preparation of their first joint proposal for a pilot project to start discussions with potential donors or investors.

DTEK partners with the Ukrainian-Israeli Innovation Summit

Israel is one of the strategic destinations of scouting startups for Innovation DTEK as this country is often called the “startup nation”. It is important for Ukrainian business to have a platform for communication, establishing business relationships, as well as sharing experience and expertise with representatives of leading Israeli companies. For the second year, the Ukrainian-Israeli Innovation Summit creates such a platform. While delivering a speech during the panel “Digital transformation in corporations: how to start transformations in traditional companies” Emanuele Volpe, DTEK Chief Innovation Officer commented: “Modern companies cannot do business effectively without implementation of innovative approaches. Which qualities should we embrace to drive more innovations in our lives? Openness, flexibility, creativity. But everything new in the world starts with simple curiosity.”

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Coal stocks at power plants

	04.11.2018	01.11.2019	04.11.2019	2019/2018, % increase	04.11.2019/ 01.11.2019, % increase	min level of stocks*	2019/min stocks, %	coal reserves for 1 month of work**	Work without supply, days
DTEK TPPs	1 367	1 157	1 211	-11%	5%	1 165	104%	1 350	28
G+DG grade:	1 275	1 017	1 072	-16%	5%	986	109%	1 267	26
Zaporiz`ka	222	122	131	-41%	7%	167	78%	198	20
Ladyzhins`ka	152	204	223	47%	10%	137	163%	139	50
Burshtyns`ka	289	213	222	-23%	5%	259	86%	361	19
Dobrotvirs`ka	76	75	75	-1%	0%	74	101%	131	18
Kurahivs`ka	377	252	272	-28%	8%	192	142%	297	28
Kryvoriz`ka	17	68	62	275%	-	72	87%	59	33
Prydniprovs`ka	142	85	86	-40%	1%	85	101%	81	33
A+T grade:	92	139	139	51%	0%	179	78%	83	52
Kryvoriz`ka	78	126	126	61%	0%	55	230%	0	-
Prydniprovs`ka	13	10	10	-20%	0%	10	100%	0	-
Luhans`ka	1	3	3	122%	0%	114	3%	83	1
Other Ukrainian TPPs	352	458	491	40%	7%	342	144%	550	28
G+DG grade	210	218	253	20%	16%	142	178%	328	24
A+T grade	142	240	238	68%	-1%	200	119%	222	33
All Ukrainian TPPs	1 719	1 615	1 702	-1%	5%	1 507	113%	1 899	28
G+DG grade	1 485	1 235	1 325	-11%	7%	1 128	117%	1 595	26
A+T grade	234	380	378	61%	-1%	379	100%	305	38

* - level of coal stocks for 01.11.2019 according to the Stockpile schedule by Ministry for autumn-winter period (dated 05.09.2019)

** - on the basis of coal reserves for 1 month of work in the mode of the Stockpile schedule by Ministry for autumn-winter period (dated 05.09.19) on November 2019

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