

BRIEF ON KEY BUSINESS ISSUES

№1/2019 09.01.2019 Kyiv

The Antimonopoly Committee of Ukraine put an end to allegations in monopolism

As a result of a three-year investigation, the Antimonopoly Committee of Ukraine did not detect abuse of the market position of DTEK Group.

The AMCU report fixed the following explanations, removing any speculation on the topic of the market share abuse:

1. In 2015-2017, the share of DTEK in the generation of electricity did not exceed 26%.
2. In the current market design, the volume of electricity is set by the Ministry of Energy and Coal Industry, dispatching is carried out by the state-owned enterprise "Ukrenergo", the SE Energorynok acts as the single buyer, and prices are set by the NEURC.

"The market power of DTEK Group Companies (like any other market participant in the generation of electricity) in the current wholesale electricity market model cannot be realized due to existing administrative constraints," the AMCU report notes.

The company welcomes the objectivity of the investigation, the transparency of the dialogue of all participants, the depth of engagement of Ukrainian and international experts, and a wide public discussion that accompanied the process.

DTEK CEO, Maxim Timchenko: "DTEK Group is always strictly abiding by Ukrainian and international legislation, which is once again confirmed in the report of the Antimonopoly Committee of Ukraine. The company remains the largest domestic investor in the country's economy. We believe in the speedy completion of the reform of the energy sector in accordance with European rules and norms, which will give a new impetus to the economic development of Ukraine."

DTEK Group to acquire the majority shareholding in Odesaoblenergo and Kyivoblenergo

On January 3rd, 2019, DTEK Oil&Gas LLC (Ukraine) and NGR B.V. (the Netherlands), wholly-owned subsidiaries of DTEK B.V., signed an agreement to acquire 68.2949% of the JSC Odesaoblenergo ("Odesaoblenergo") share capital and 93.9978% of the PJSC Kyivoblenergo ("Kyivoblenergo") share capital. Odesaoblenergo and Kyivoblenergo are electricity distribution system operators in the Odesa and Kyiv regions respectively and do not carry out any electricity supply activities. Both companies are a natural monopoly and fully regulated by the National Energy and Utilities Regulatory Commission ("NEURC").

Acquisition is subject to receiving necessary permits from the state authorities, including anti-trust approval.

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Coal stocks at power plants

	09.01.2018	01.01.2019	09.01.2019	2019/2018, % increase	09.01.2019/ 01.01.2019, % increase	min level of stocks*	2019/min stocks, %	coal reserves for 1 month of work**	Work without supply, days
DTEK TPPs	927	816	705	-24%	-14%	999	71%	1 742	13
G+DG grade:	567	693	544	-4%	-21%	860	63%	1 534	11
<i>Zaporiz`ka</i>	112	81	75	-33%	-7%	167	45%	266	9
<i>Ladyzhins`ka</i>	144	64	48	-67%	-25%	96	50%	170	9
<i>Burshtyns`ka</i>	64	187	152	139%	-19%	141	108%	457	10
<i>Dobrotvirs`ka</i>	45	32	28	-38%	-14%	25	111%	131	7
<i>Kurahivs`ka</i>	165	239	179	8%	-25%	282	63%	336	17
<i>Kryvoriz`ka</i>	9	10	11	18%	14%	22	50%	37	9
<i>Prydniprovs`ka</i>	28	80	51	84%	-36%	126	40%	137	12
A+T grade:	361	123	161	-55%	31%	139	116%	208	24
<i>Krivoriz`ka</i>	183	31	49	-73%	59%	100	49%	86	17
<i>Prydniprovs`ka</i>	46	11	11	-76%	0%	10	109%	-	-
<i>Luhans`ka</i>	132	82	102	-23%	24%	29	353%	122	26
Other Ukrainian TPPs	856	361	384	-55%	6%	328	117%	599	20
G+DG grade	432	276	287	-34%	4%	232	124%	454	20
A+T grade	424	85	98	-77%	15%	96	101%	145	21
All Ukrainian TPPs	1 783	1 177	1 089	-39%	-7%	1 327	82%	2 341	14
G+DG grade	999	969	831	-17%	-14%	1 092	76%	1 988	13
A+T grade	784	208	259	-67%	25%	235	110%	353	23

* - level of coal stocks for 01.02.2019 according to the Stockpile schedule by Ministry (dated 10.12.18)

** - on the basis of coal reserves for 1 month of work in the mode of the Stockpile schedule by Ministry (dated 10.12.18) on January 2019