



DTEK RENEWABLES B.V. UKRAINE: TRADE FINANCE 2017

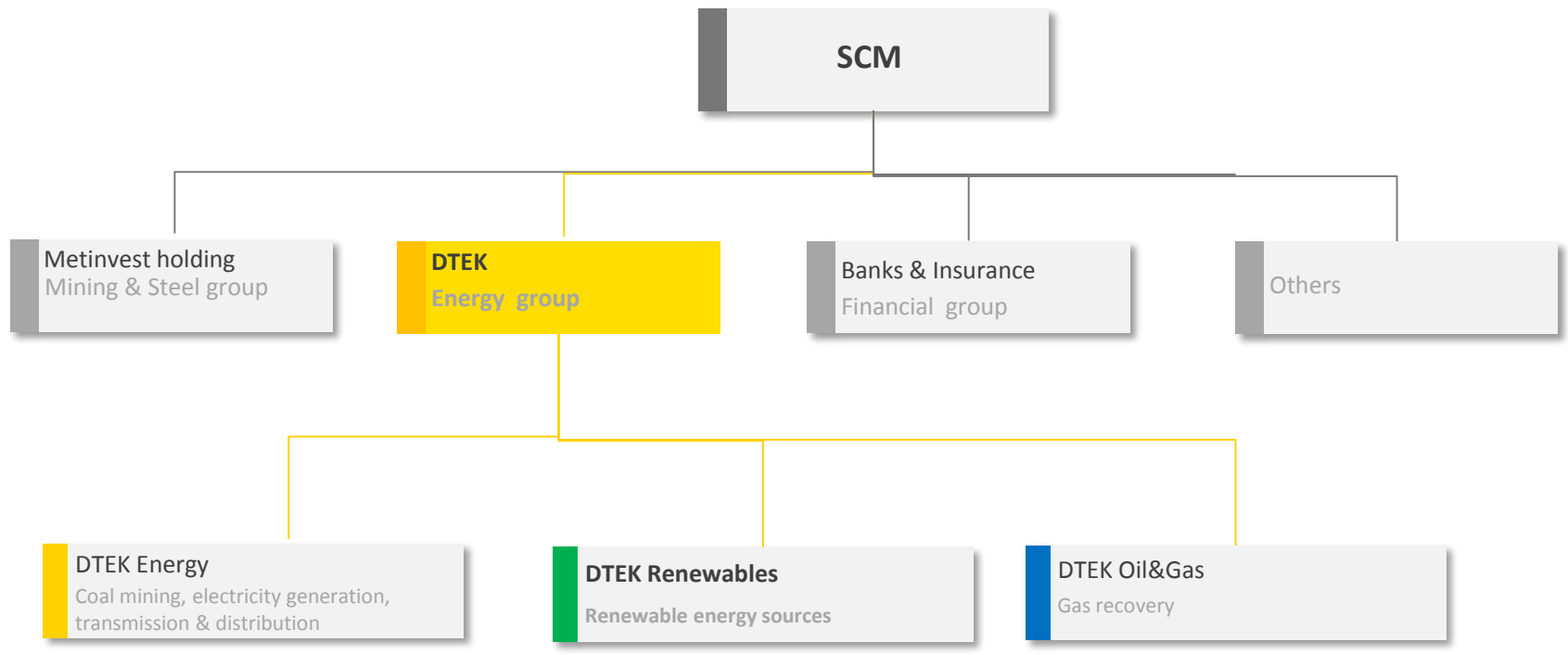
SEPTEMBER 2017

CONFIDENTIAL



Information about Group

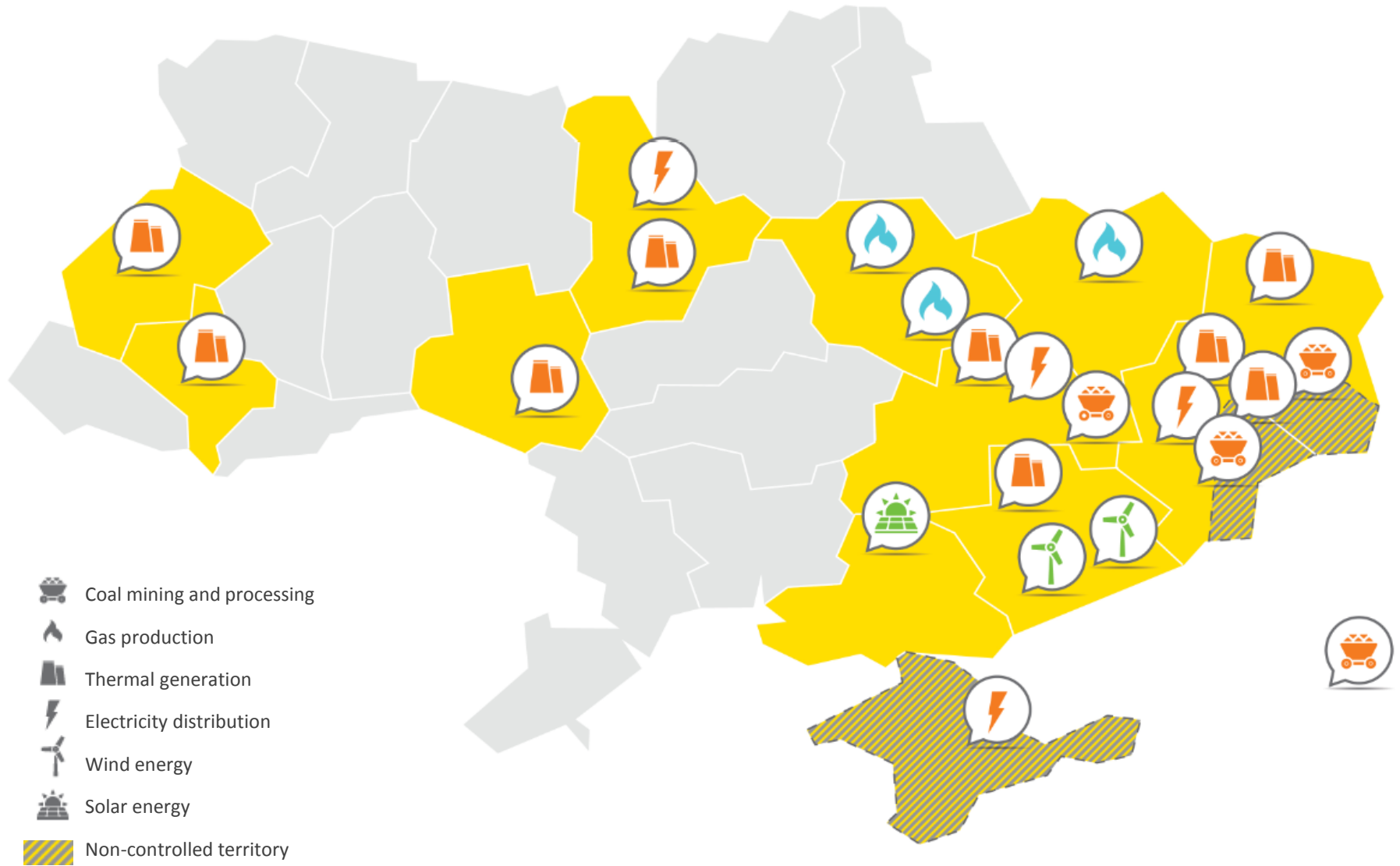
INFORMATION ABOUT SCM GROUP



- System Capital Management was incorporated **in 2000**
- **SCM** is one of the largest diversified industrial groups in Ukraine, which controls more than **100 companies**
- **Main areas of activity:** Energy, mining and steel; among others - banking, telecommunications, media, real estate
- **Operations in:** Ukraine, Russia, USA, Italy, UK, Switzerland, Bulgaria
- Over **300 thousand employees**—SCM enterprises are leaders in of corporate social responsibility across Ukraine



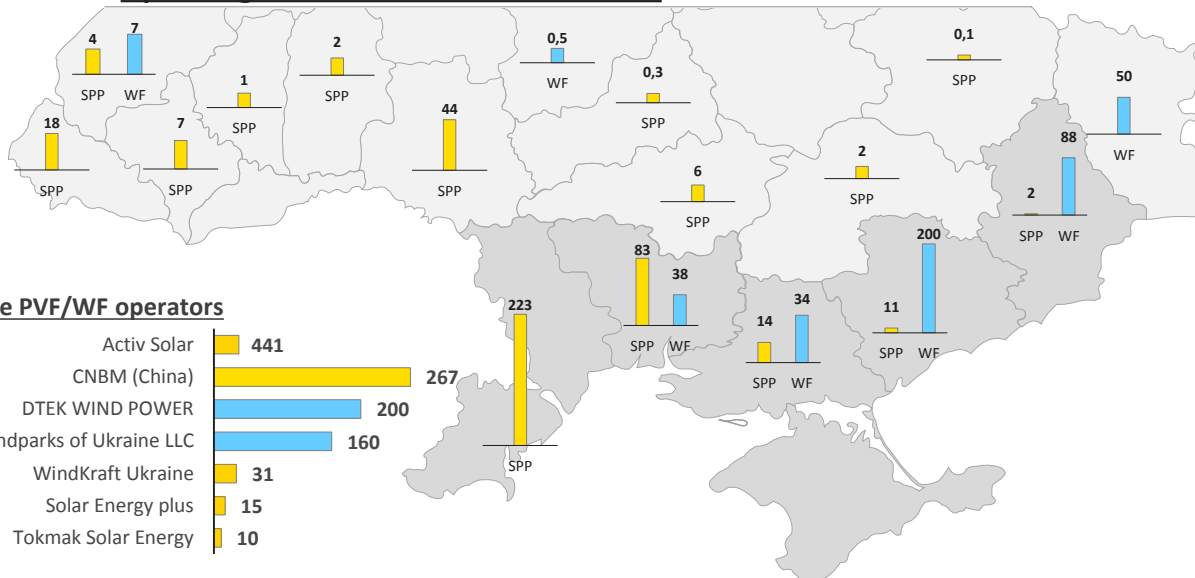
Location of DTEK assets



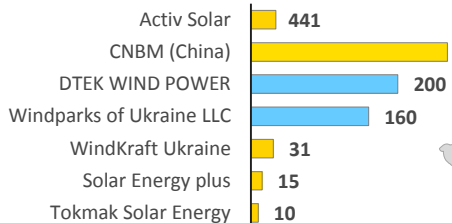
Ukrainian renewable energy market

UKRAINIAN RENEWABLE ENERGY MARKET

Operating Wind and PV farms of Ukraine

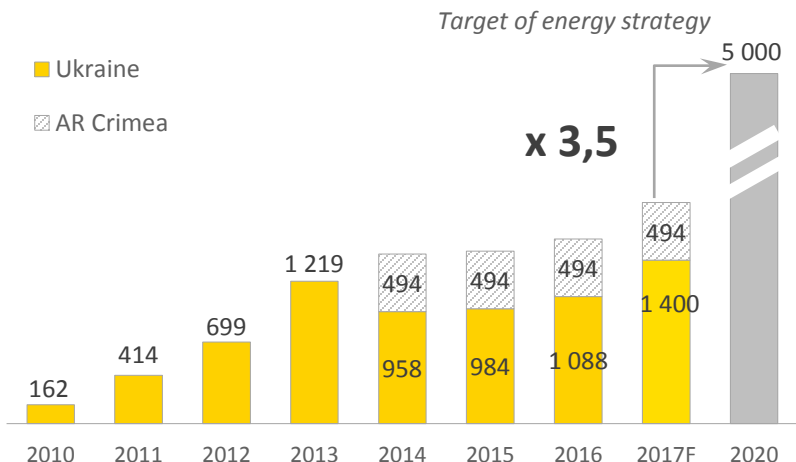


Large PVF/WF operators



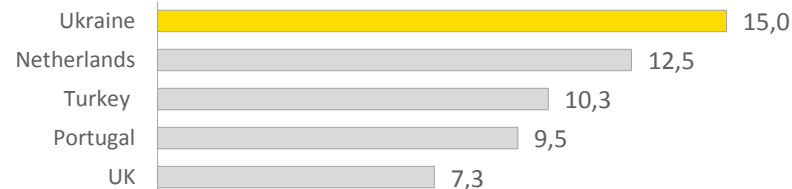
- Low, but rapidly growing: RES generating capacities have grown more than 10 times from 2009
- The segment of renewable energy sources accounted for 1,1 GW in 2016 in Ukraine, most of which (up to 60%) is represented by solar power plants. It accounts for merely 1-2% (excluding HPPs) of the total electricity generation in Ukraine.
- DTEK Renewable's share in total RES capacity comprises 12%.
- According to Ukraine's commitments under Directive 2009/28/EU, the target share of renewable energy, including large HPPs, shall account for 11%, which requires the RES capacities' growth
- The Energy strategy of Ukraine till 2035 presumes the RES capacities' growth to 5 GWh

RES market development in Ukraine, MW

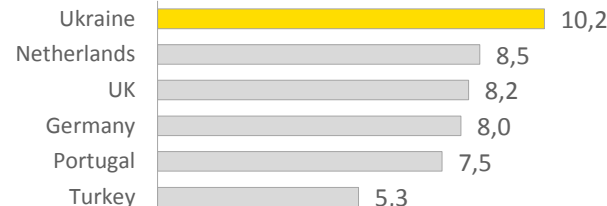


Feed-in Tariffs in Ukraine vs EU countries, € / kWh

For solar power



For wind power

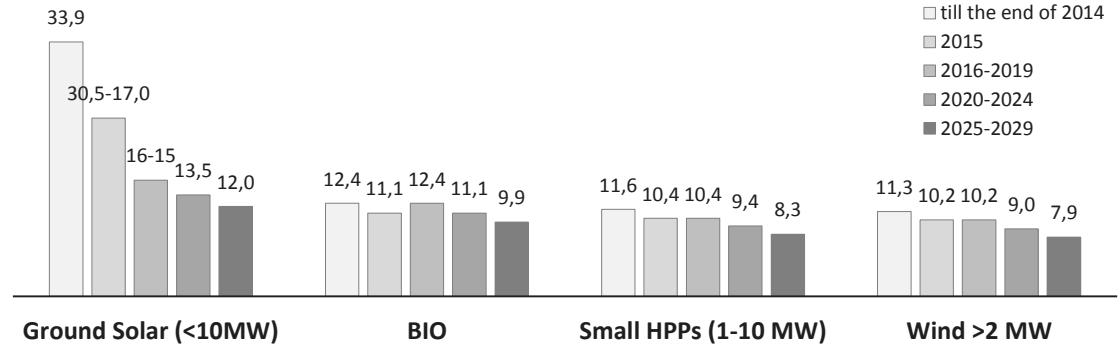


- 2009**
 - Introduction of the feed-in tariff (Amendments by Laws No. 601-VI, No. 5485-VI to Law "On Electric Power Industry" No. 575/97-VR)
- 2015**
 - Reduction of the feed-in tariff for newly commissioned RES facilities by **10%**
 - Amendments to a number of RES regulations
 - By amending the legislation, the Government confirmed its focus on RES sustainable development
- 2020**
 - Reduction of the feed-in tariff for newly commissioned renewable energy facilities by **20%**
- 2025**
 - Reduction of the feed-in tariff for newly commissioned renewable energy facilities by **30%**
- 2030**
 - Abolition of the feed-in tariff

Current key parameters of regulation in Renewables

- I Feed-in tariff**
Feed-in tariff is nominated in Euro and subject to quarterly review by NEURC to reflect changed UAH/EUR rate
- II Purchase of renewable electricity**
Priority and guaranteed purchase of generated electricity (net metering, i.e. excluding auxiliary consumption)
- III Local content issue**
Requirements for localization have been cancelled and replaced by a premium of 5-10% to the feed-in tariff in exchange for 30-50% of local content in the cost of RES plants
- IV Connection to networks**
There is no special regulation for connection to the network, and no need to coordinate projects with the Development Plan for the United Energy System of Ukraine

Feed-in tariffs in Ukraine¹, € ¢ / kWh

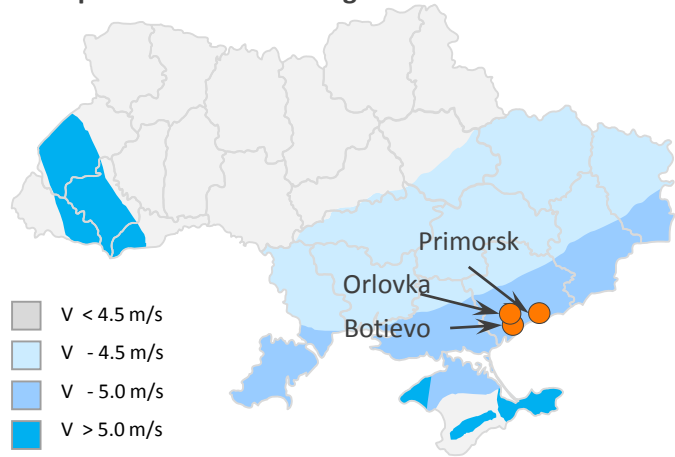


DTEK Renewables

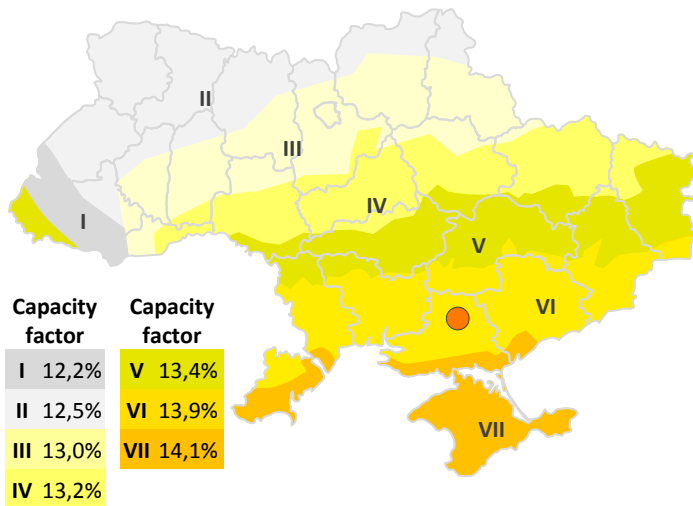
Strategy

DTEK Renewables' Strategic Development

Wind speeds at 10 meter height



Solar irradiance levels

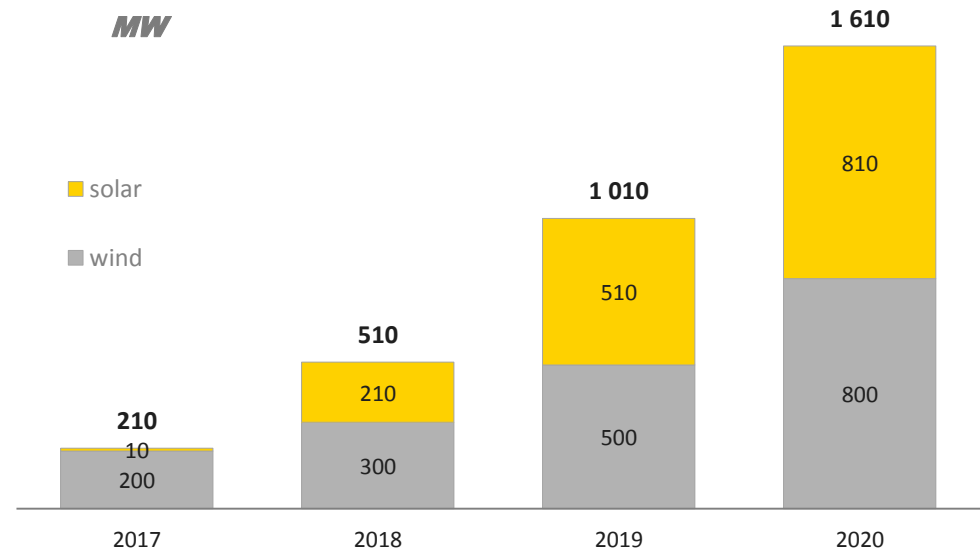


● DTEK Renewables projects under development

DTEK Renewables Expansion Targets

- DTEK Renewables's strategic goal is to retain a leading position and share in the RES generation market in Ukraine as these market continues to expand
- Current portfolio of renewables project consists of 200 MW Botievo Wind Farm and 10MW Trifanovskaya Photo-galvanic Plant. A new 200MW Primorsk Wind Farm is in the process of development with expected commissioning in 2019
- The main focus will be wind and solar power
- A portfolio of solar and wind power projects is being developed allowing to meet its growth targets for installed renewable energy capacity

MW



DTEK Renewables

Case Study

BOTIEVO WIND FARM

General Information

- The Botievo wind farm (as of to date, the largest wind farm in Ukraine), with total installed capacity of 200 MW, was developed, built and put into operation between 2011 and 2014
- Total investment costs, including ECA premium, of €340 mln of which €245 financed from a senior loan provided by LandesBank Berlin AG as corporate finance under the guarantee of DTEK Energy B.V. Group companies
- Supplier – Vestas
- ECAs: EKF (as leading ECA) with Euler Hermes and KUKE

Storyline

- The armed conflict in Ukraine led to inability of DTEK Energy Group to fulfill its debt obligations starting from Q4 2014 and forced the company to start debt restructuring process
- Among others, **2 key principles of debt restructuring** were no haircut and carve-out ECA-backed loans from the process
- Starting from 2015 there was paid only 10% of principal under LBB facility in line with the approach to other creditors.
- In May, 2016 all guarantees of DTEK Energy .v. Group companies were released under LBB facility and all payments under the line were restored.



Key Technical parameters		2013	2014	2015	2016
Wind turbines' number	pcs	30	65	65	65
Installed capacity	MW	92	200	200	200
Electricity output	GWh	267,7	651,5	634,0	608,0
Capacity factor	%	33,5%	37,7%	36,2%	34,7%
Availability factor	%	96,3%	95,5%	98,9%	98,7%

Thank you for attention!



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