DTEK: UKRAINE'S COAL & ENERGY MARKET LEADER

MAY 2012

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- **DTEK at a glance**
- Ukrainian energy market overview
- DTEK Operations
- DTEK Financials
- Appendices

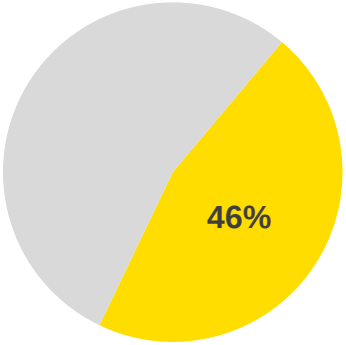
LARGEST PRIVATE VERTICALLY INTEGRATED ENERGY COMPANY IN UKRAINE



Coal production

Coal mining volume: ***36.8 mln t****
Coal reserves: ***1 638 mln t***

Share in coal mining in Ukraine – 46%

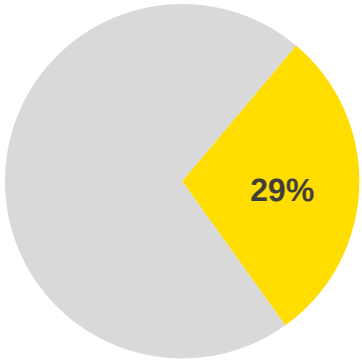




Thermal power generation

Energy generation: ***50.5 TWh*****
Installed capacity: ***18.2 GW***

Share in power generation in Ukraine – 29%

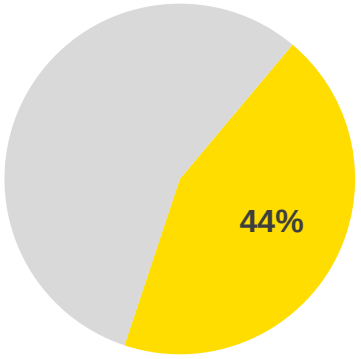




Power supply & sales

Electricity supply: ***58.4 TWh*****
Grid length: ***155 000 km***

Share in power supply in Ukraine – 44%



DTEK & affiliates Other

Source: DTEK, Ukrenergo Main Data Processing Center

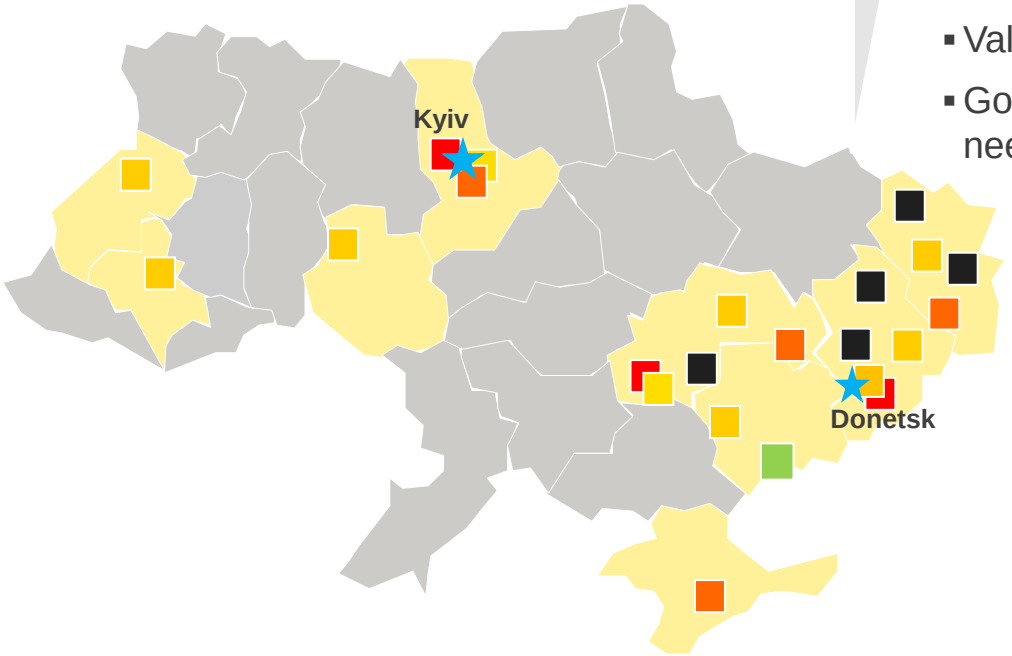
* 32% - DTEK own consumption; 10% - Supply to local market; 4% - Export operations. Including Rovenkianthracite and Sverdlovanthracite full year output

** Including full year output ofcompanies: Power generation – Dniproenergo, Zakhidenergo, Kyivenergo. Power supply and sales – Kyivenergo, Donetskoblenergo, Dniprooblenergo, Krymenergo. All figures are actual as of May 4 2012.

VERTICALLY INTEGRATED BUSINESS MODEL

Located in Ukraine's main industrial centers:

- Proximity to key industrial customers
- Logistic synergies across business segments
- Constant focus on operational efficiency improvements



Unique business model

The only vertically integrated player in the domestic Power & Utility market:

- Coal production secures most of generation business needs
- Perfect hedge of fuel supply and fuel price risks
- Economies of scale and strong synergies between segments
- Value creation across the whole business chain
- Good balance in coal supply for internal and external needs

- Coal production
- Power generation
- Power distribution
- Heating
- Wind power
- Corporate offices

All figures are 2011 actual. Source: DTEK, Company data

BALANCE OF COAL MINING & CONSUMPTION, POWER GENERATION & SUPPLY

Balance of coal mining / consumption

Coal production* (in mln t)



Coal consumption* (in mln t)



** In concentrate, G, T, A grade*

Balance of power generation / supply & sales**

Power generation, TWh



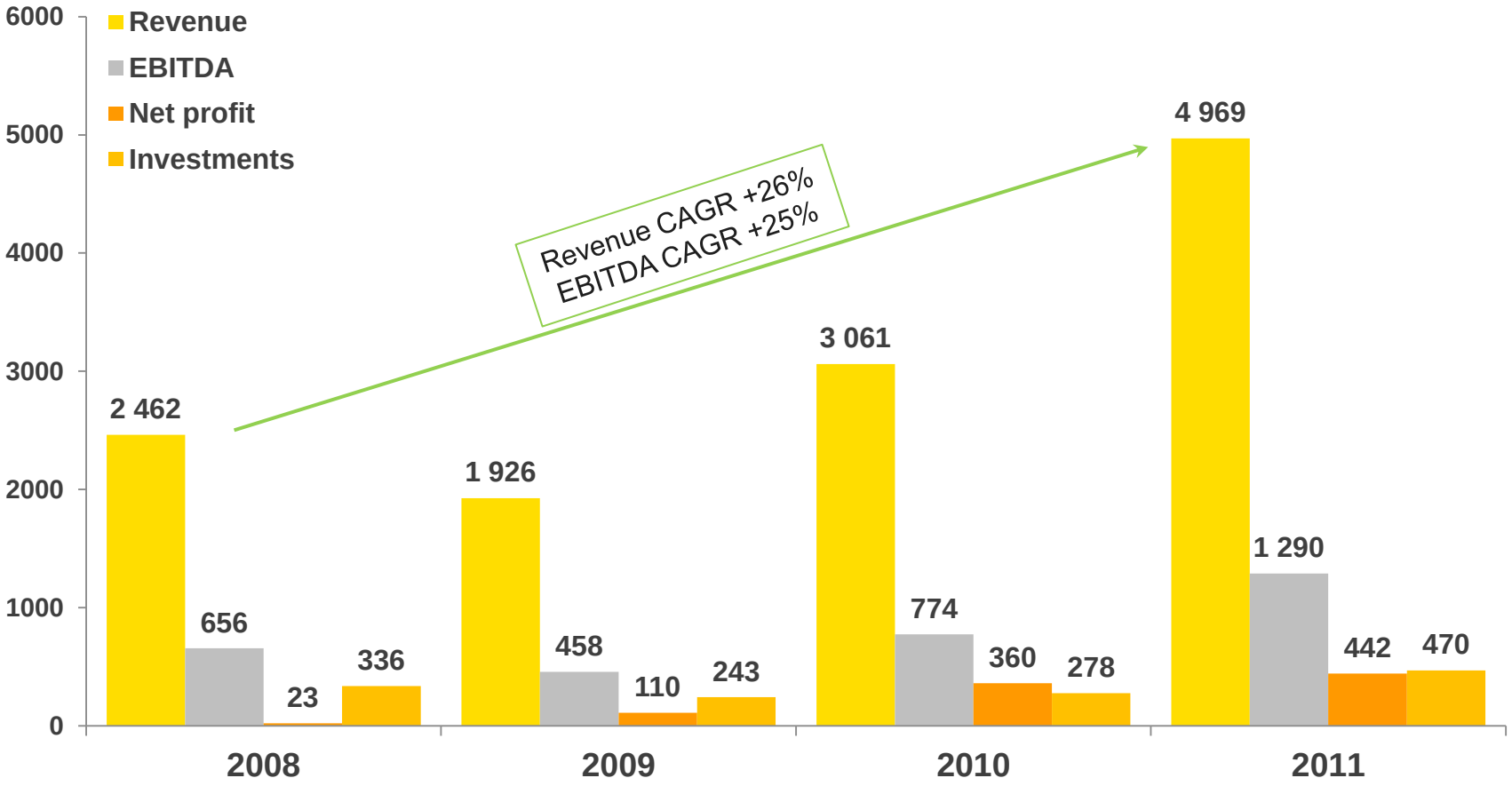
Electricity supply & sales, TWh



All figures are 2011 actual, including Rovenkianthracite and Sverdlovantrhacite full year output
** Including companies: Power generation – Dniproenergo, Zakhidenergo, Kyivenergo. Electricity supply & sales – Kyivenergo, Donetskoblenergo, Dniprooblenergo, Krymenergo Source: DTEK, Company data

STRONG BUSINESS GROWTH

Key financial trends, USD mln*



* UAH/USD FX rates used: 2008 – 5.27; 2009 – 7.79; 2010 – 7.94; 2011 – 7.97
2011 results including associated companies Dniproenergo, Zakhidenergo, Donetskoblenergo

Source: DTEK

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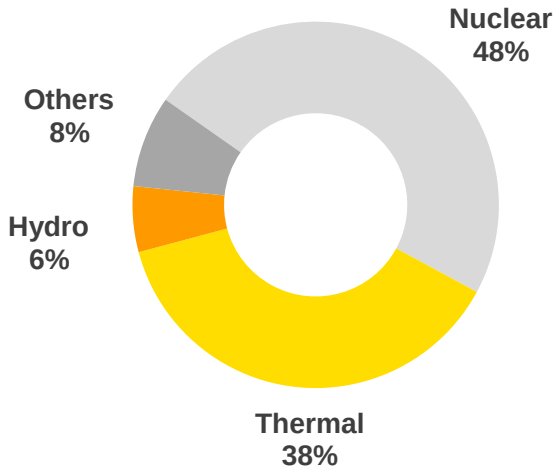
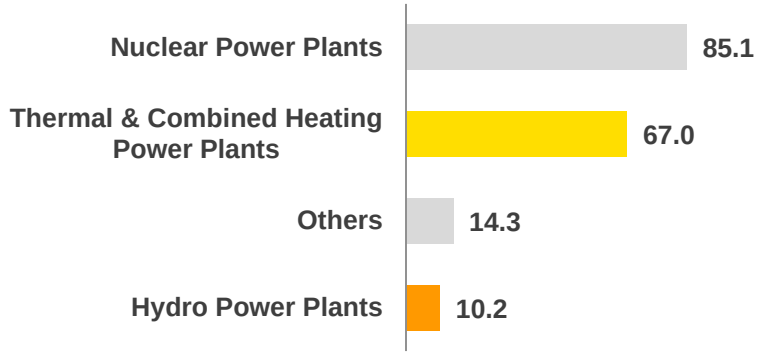
POWER GENERATION MARKET IN 2011

Thermal power plants are the only generation assets in Ukraine with available capacity to meet mid-term electricity consumption growth.

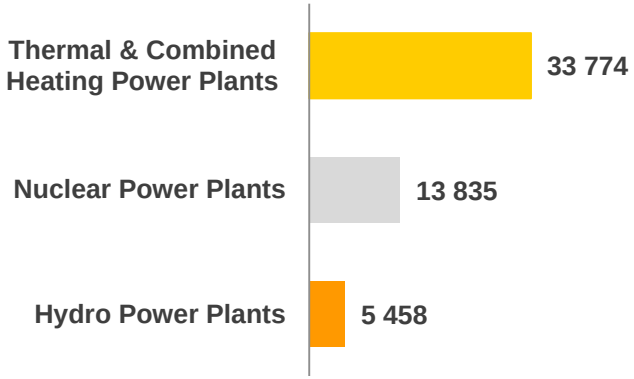
Breakdown of Ukraine's electricity production, *gross*



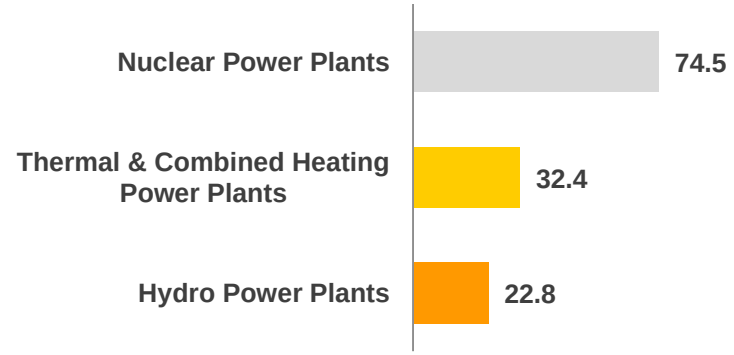
Power plant output to WEM, *TWh*



Installed capacity, *MWt*



Installed capacity utilization, *%*

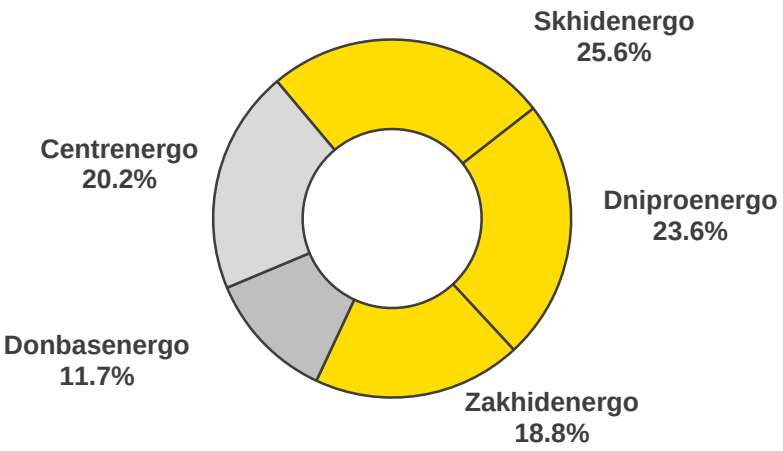


All figures are 2011 actual

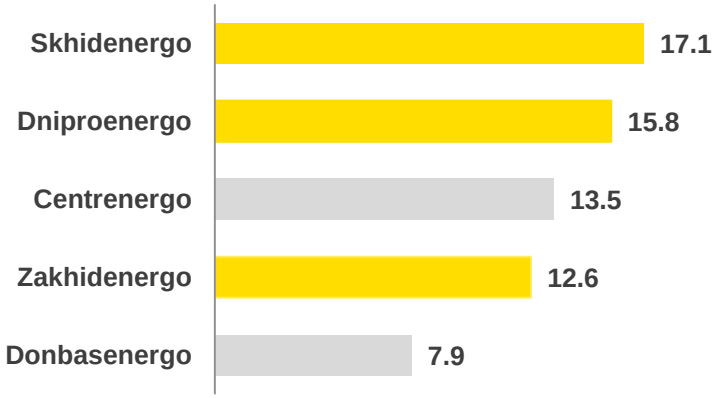
Source: DTEK, Ukrenergo Main Data Processing Center

THERMAL POWER GENERATION MARKET IN 2011

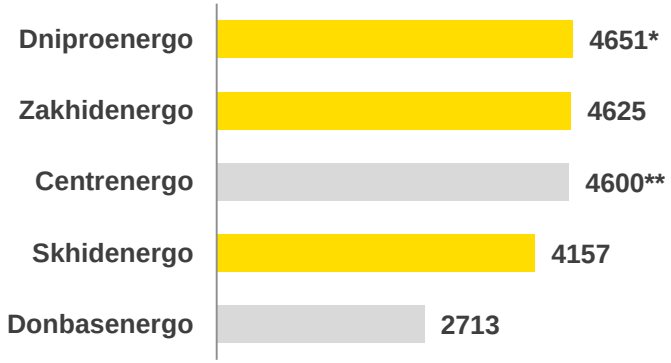
GenCos share of thermal power generation, *%*



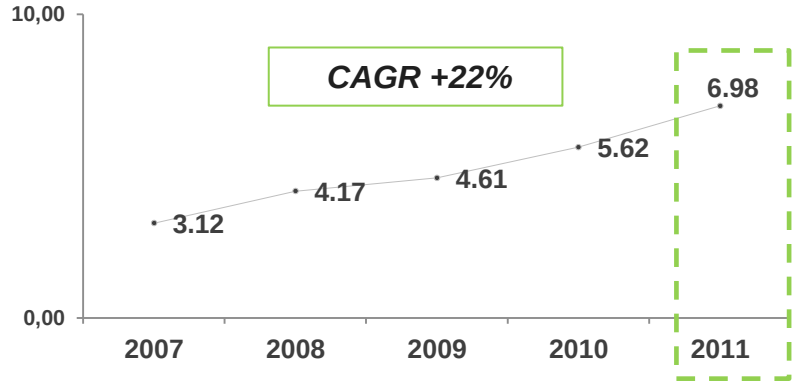
GenCos output to WEM, *TWh*



GenCos installed capacity, *MWt*



GenCos average tariffs, *$ cent/KWh*



** Dniproenergo's installed capacity is net of suspended oil & gas power units, and out of service units (8185 MWt including all units)*

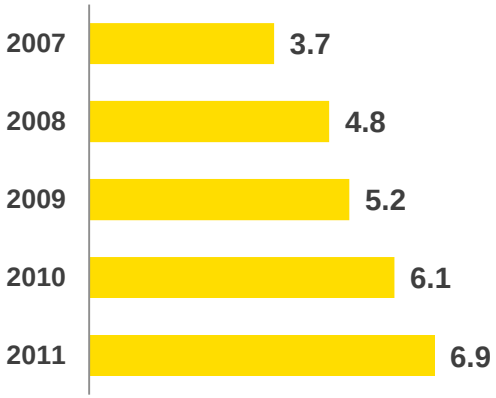
*** Centrenergo's installed capacity is net of suspended oil & gas power units, (7600 MWt including all units)*

All figures are 2011 actual

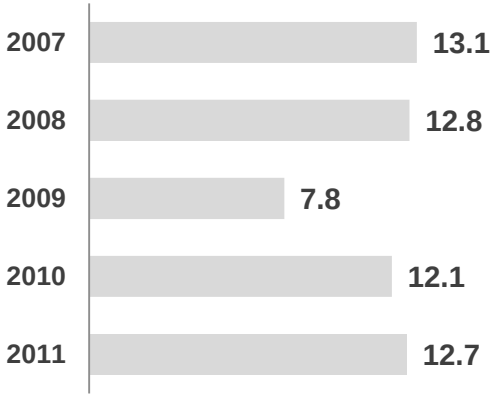
Source: DTEK, Ukrenergo Main Data Processing Center

COAL MARKET IN 2011

Coal export, *mln tonnes*



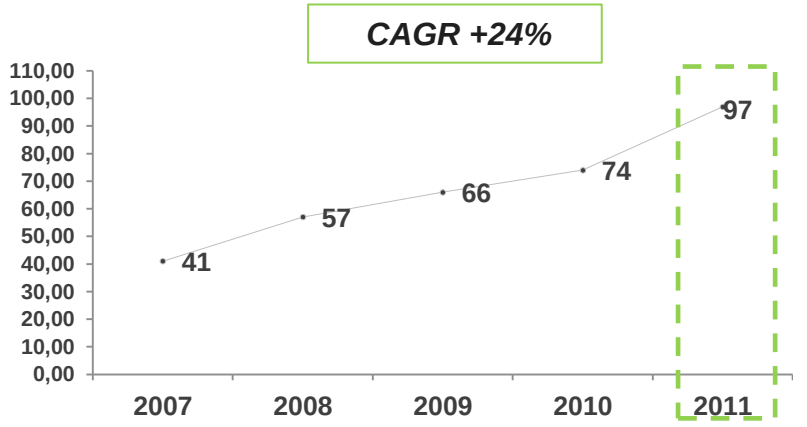
Coal import, *mln tonnes*



General conditions of coal production in Ukraine are considered to be the most difficult in the world:

- Average seam depth is 800 m
- Average seam thickness is 1.2 m
- 90% of mines are with high methane emissions
- 60% with possible coal dust outbursts
- 45% with possible outbursts and rock bumps
- 22% with possible coal spontaneous combustion.

Average coal price, in concentrate (ash 23%. wet 8.9 %), *$ per tonne*

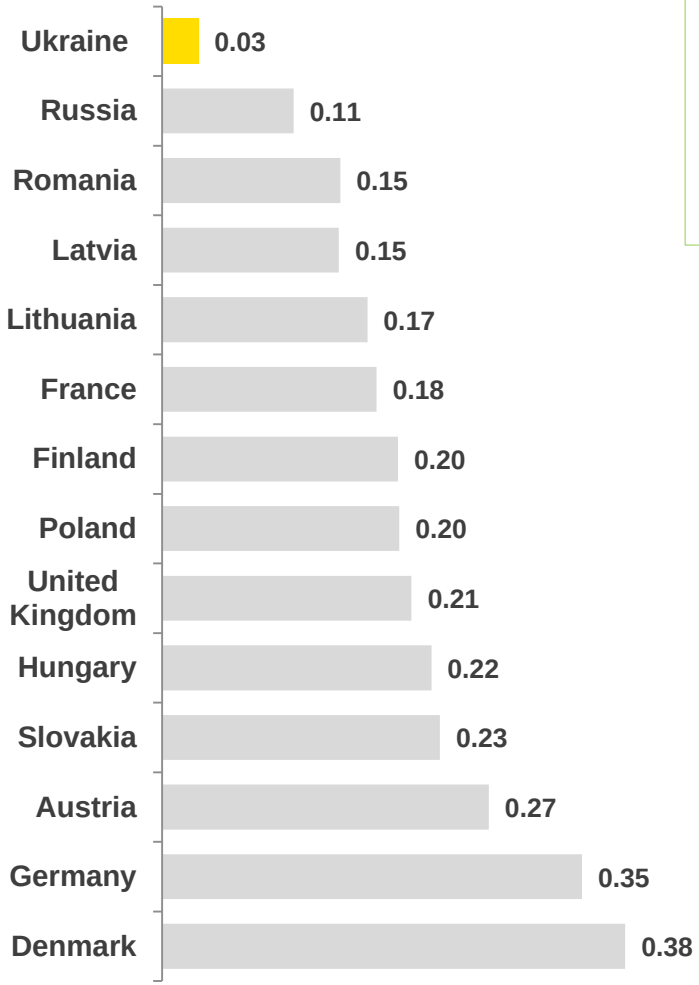


All figures are 2011 actual

Source: DTEK, Ukrenergo Main Data Processing Center

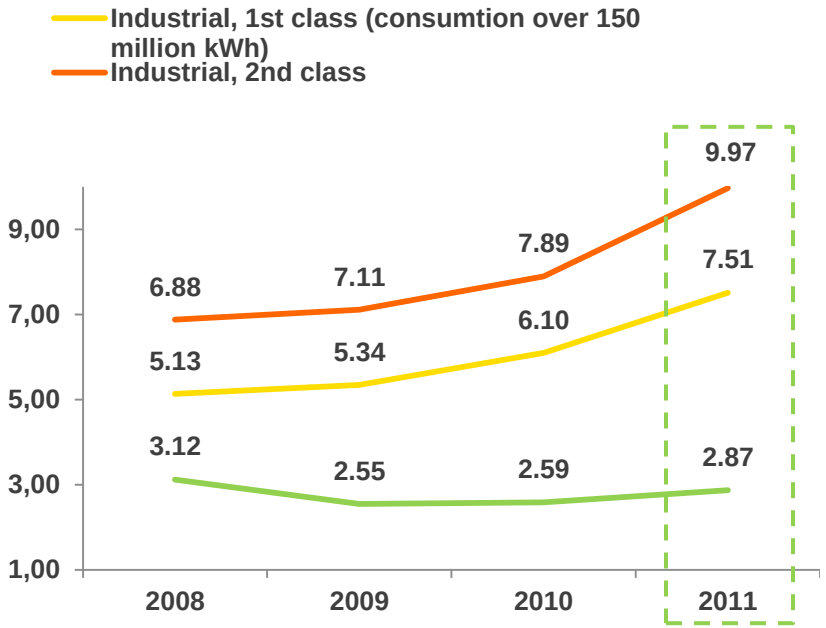
HOUSEHOLD TARIFFS IN UKRAINE ARE AMONG THE LOWEST IN EUROPE

Retail energy prices for households*, *$ cent / Kwh*



- ***The average household energy price for the EU-27 is $0.21 per Kwh, a significant difference from Ukraine's $0.03 per Kwh.***
- ***To bring Ukrainian household tariffs to an economically justified level, a four-fold increase is needed.***
- ***Currently the system is cross-subsidized for $4 billion***

Ukraine: tariff trends,
$ cent / kWh



Source: Europe's Energy portal, DTEK * Consumption for EU-member state is 3 500 kWh/year. End-user price, includes all taxes

As of December 31 2011, 1 EUR = 1.2999 USD All figures are 2011 actual

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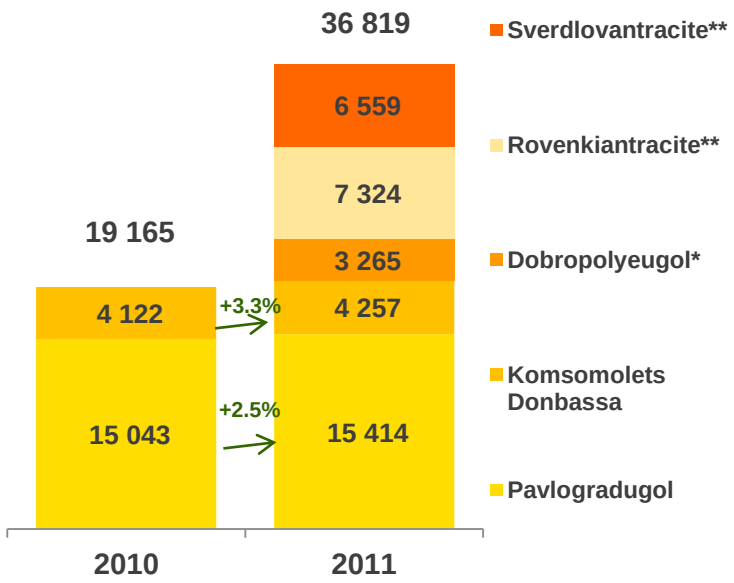
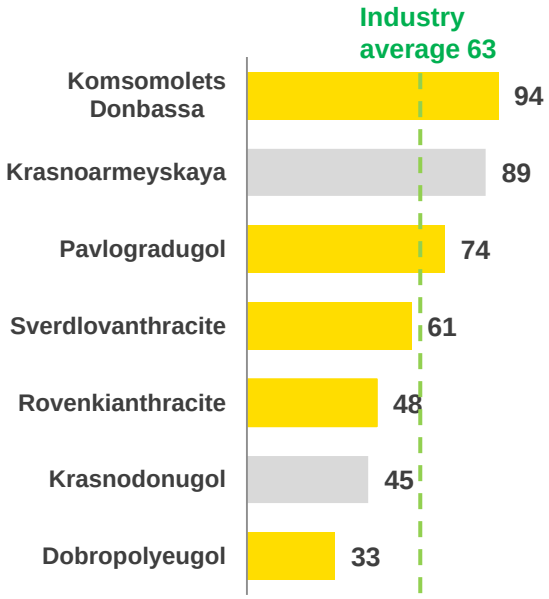
COAL PRODUCTION IN 2011

DTEK runs the most efficient and high quality mines in Ukraine, maintaining constant focus on enhancing operations, cost efficiency and safety.

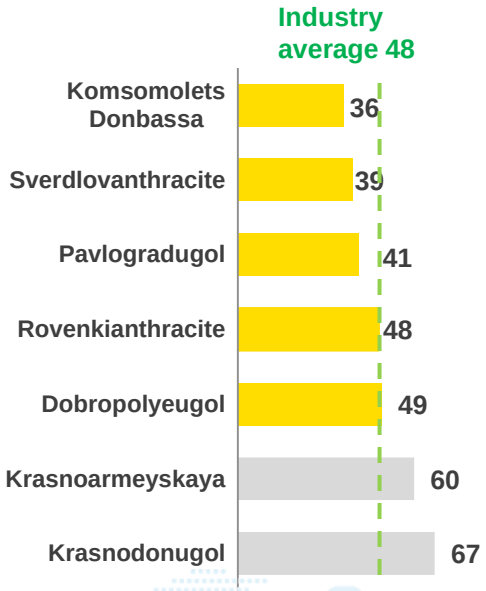
DTEK coal mining growth, *ths t**



Labor productivity, *t per worker/month**



Cost of production, *$/t**



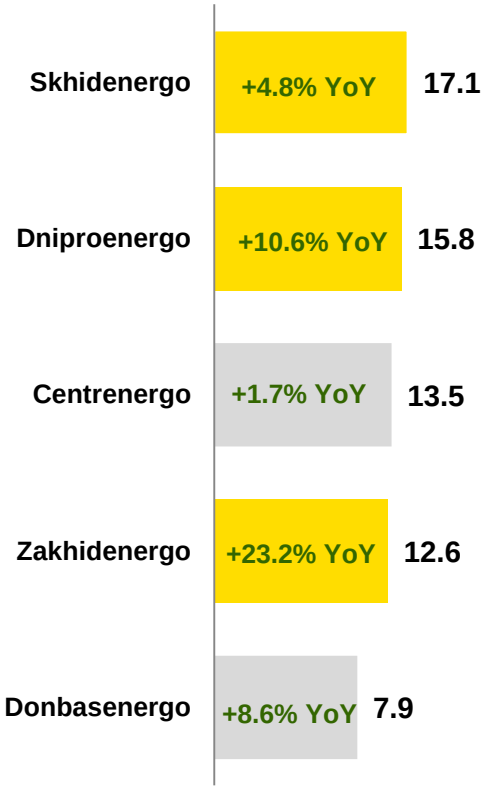


* Dobropolyeugol is consolidated in financials as of January 4, 2011
** Rovenkianthracite and Sverdlovanthracite consolidated in financials as of December 4, 2011
All figures are 2011 actual. Source: DTEK, Company data

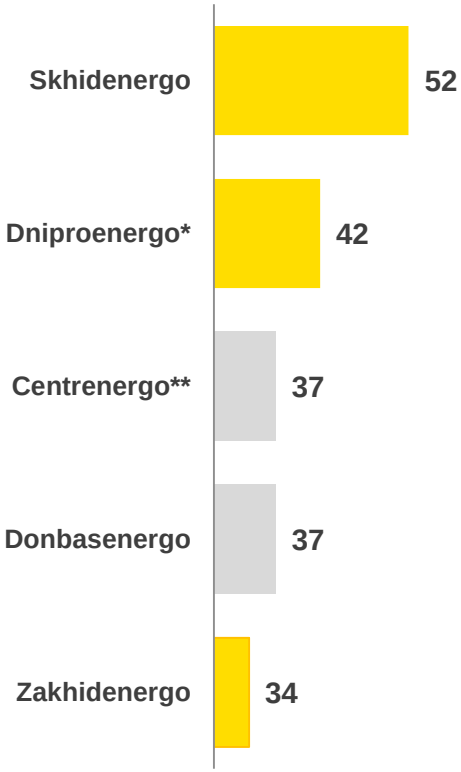
THERMAL POWER GENERATION IN 2011

DTEK's TPPs are the most efficient among Ukrainian thermal power generators.

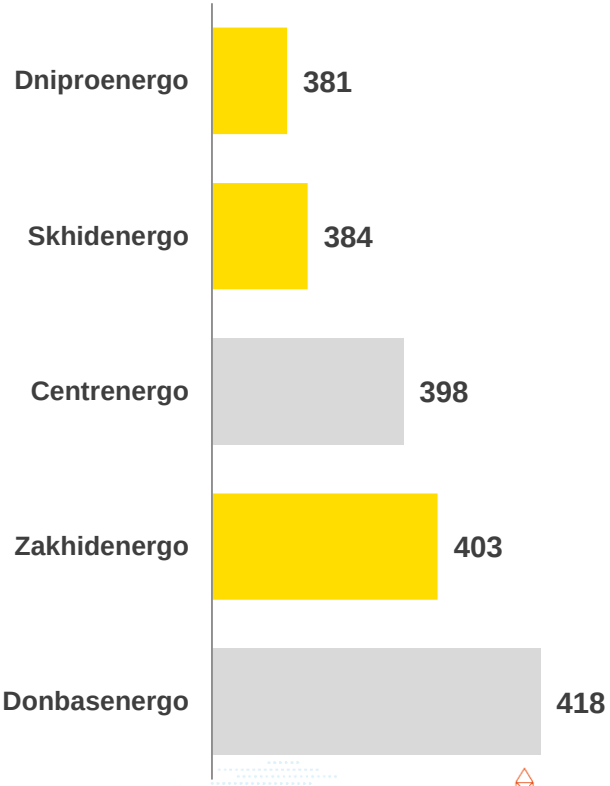
Production volumes, *TWh*



Capacity utilization rate, % *



Fuel consumption, *Gr / KWh*





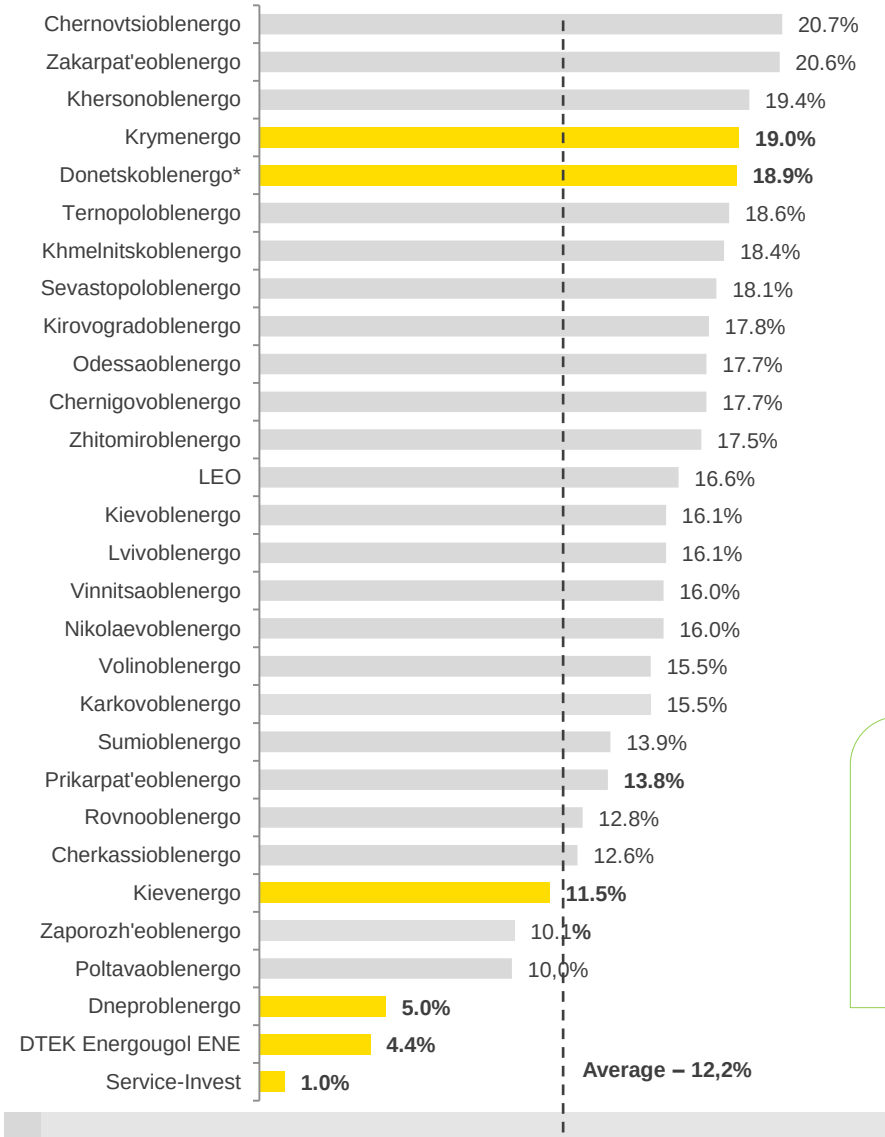
** Dnipronergo's ICUR is net of suspended oil & gas power units and out of service units (24.1% including all units)*
*** Centrenergo's ICUR is net of suspended oil & gas power units (22.2% including all units)*

All figures are 2011 actual

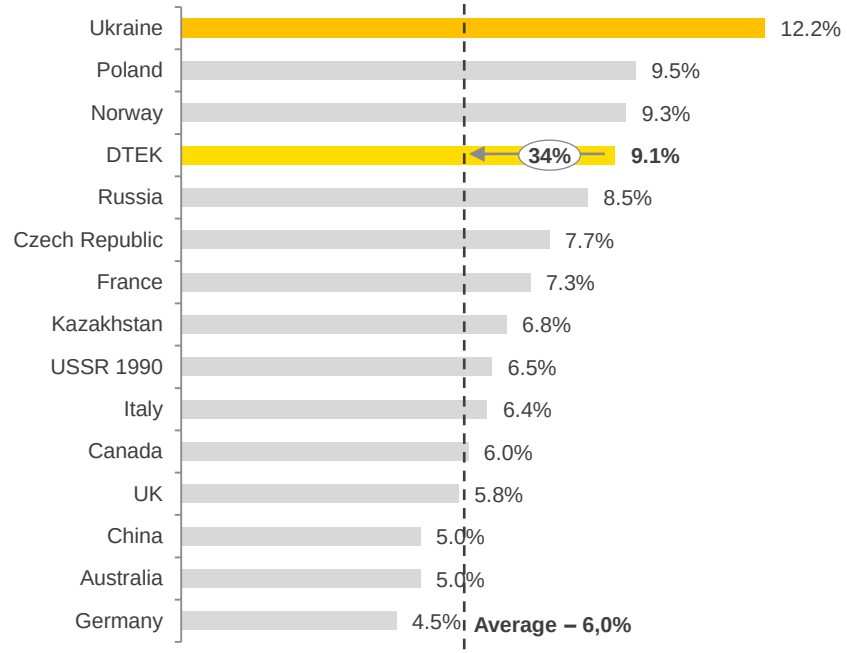
Source: DTEK, Ukrenergo Main Data Processing Center

POWER SUPPLY AND SALES: LOSSES' BENCHMARKING IN 2011

Internal market losses' benchmarking



Foreign markets losses' benchmarking



DTEK power supply and sales companies are among the most efficient in Ukraine. There is still significant potential for improved efficiency as compared to European peers.

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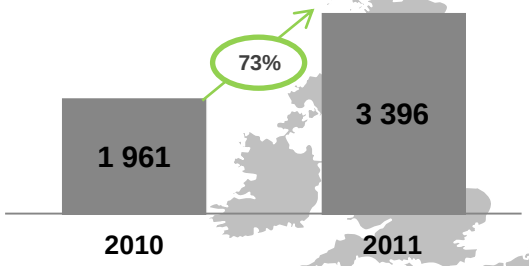
COAL & ELECTRICITY EXPORT

DTEK is the largest privately-owned Ukrainian coal and electricity exporter with ambitious plans to increase export volumes. 2011 revenue from exports exceeded USD 800 mln.

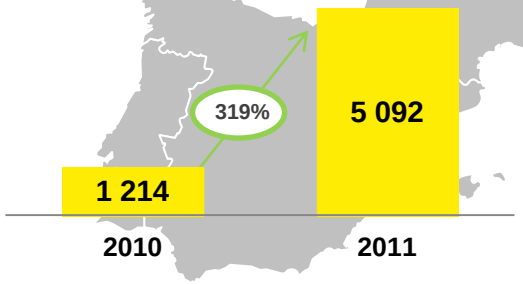
Coal export revenue grew from USD 226 mln to **USD 448 mln** in 2011, an increase of 98% YoY

Coal export breakdown, *ths t*



Electricity export revenue grew from USD 72 mln to **USD 366 mln** 2011, an increase of 409% YoY

Electricity export, *mln KWh*





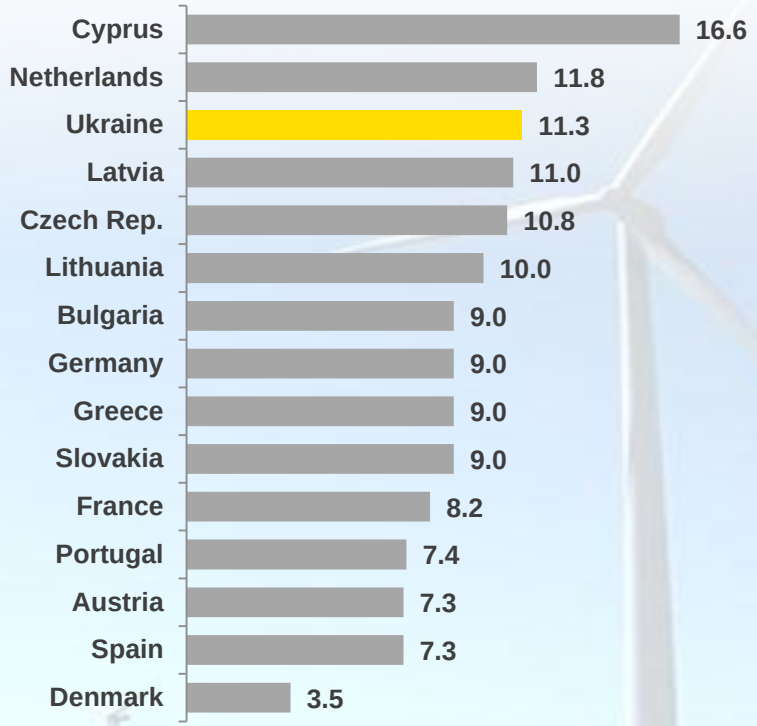
USD/UAH average exchange rate – UAH 7.97 per USD

RENEWABLE ENERGY PROJECT

- Preparatory work was started at the construction site for the pilot Botievo windfarm (65 turbines) in 2011. A TSA (wind turbine supply agreement) was executed for the first 30 wind turbines (nominal capacity 3 MW each) in Q1 2012. The supplier of the turbines is Vestas – the world leader in wind energy that installed more than 46,000 wind turbines in 69 countries.
- It is planned to start the first 30 wind turbines by end-2012 and execute a TSA for 35 more wind turbines. Construction of the first windfarm (total capacity of about 200 MW) is planned to be completed by end-2013. Estimated CapEx for this project is over USD 395 mln (of which 70% is financed via ECA (trade financing) and the rest by DTEK).
- We intend to compile a portfolio of renewable energy projects with a total nominal capacity of about 1000 MW.



Maximum electricity tariffs for windfarms in Europe, *€ cents/KWh*



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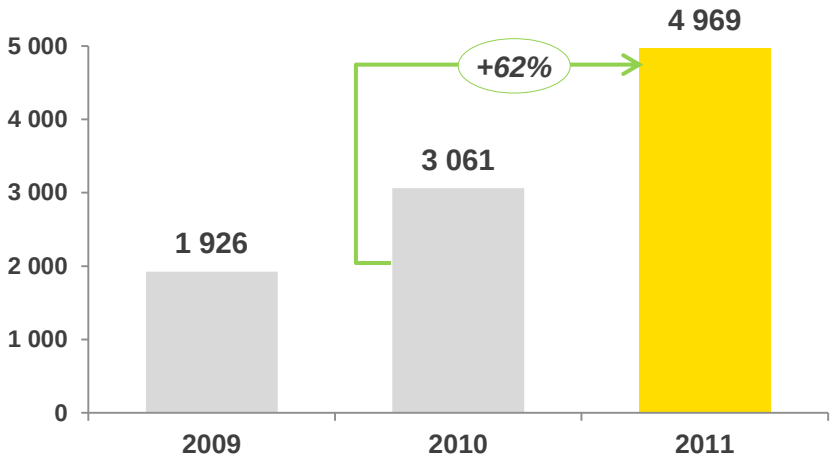
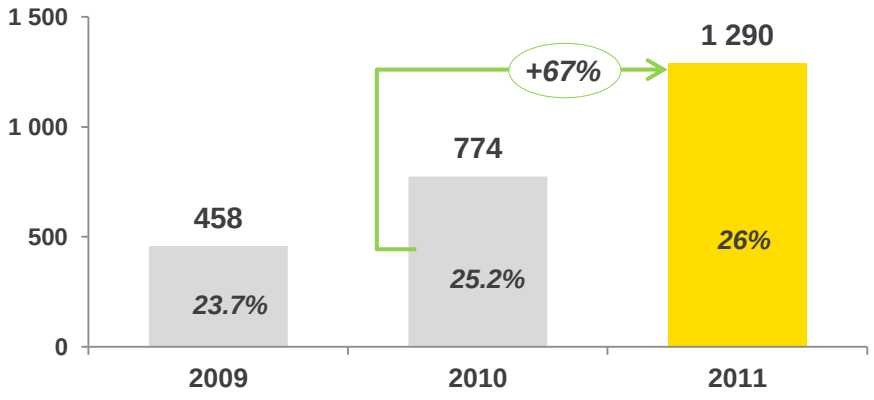
OUTSTANDING FINANCIAL PERFORMANCE, USD MLN*

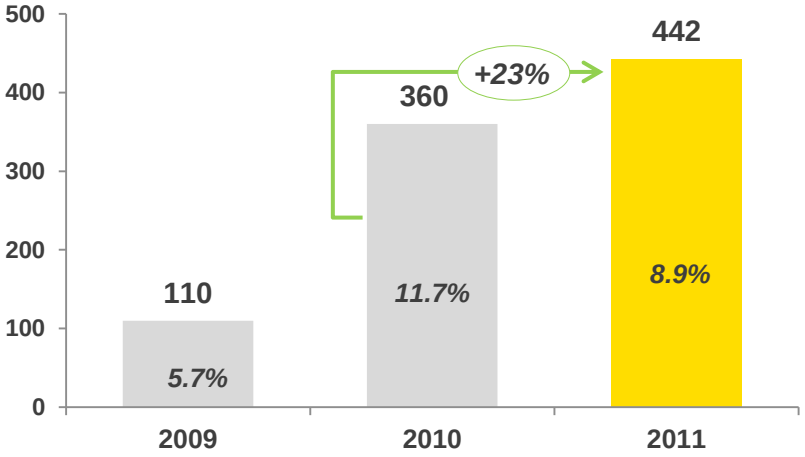
Revenue



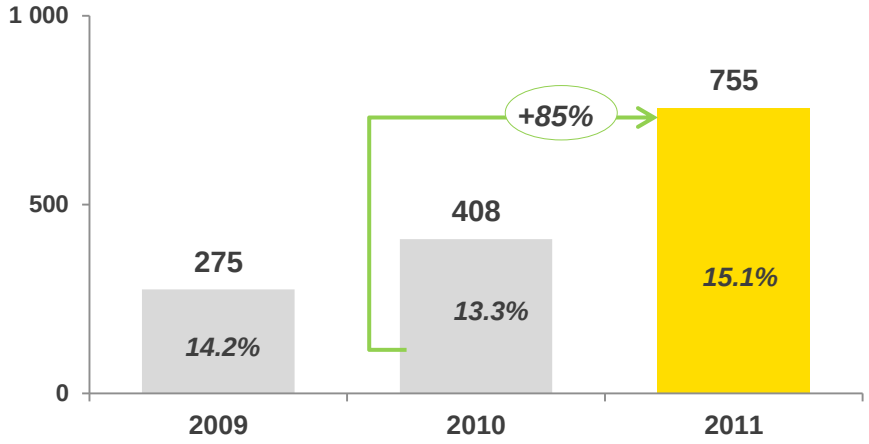
EBITDA
(absolute & % of Revenue)



Net Profit
(absolute & % of Revenue)



Net Operating Cash Flow
(absolute & % of Revenue)

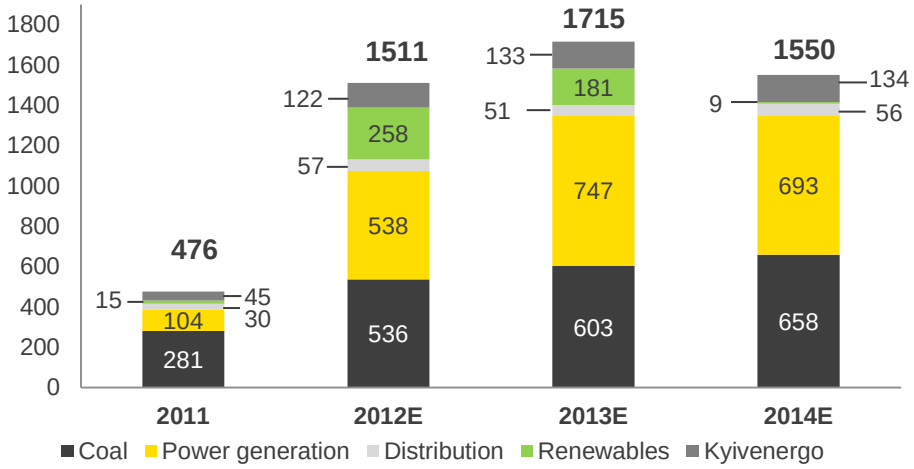


* UAH/USD FX rates used: 2009 – 7.79; 2010 – 7.94; 2011 – 7.97
** 2011 audited results, includes associated companies: Dniproenergo, Zakhidenergo, Donetskoblenergo

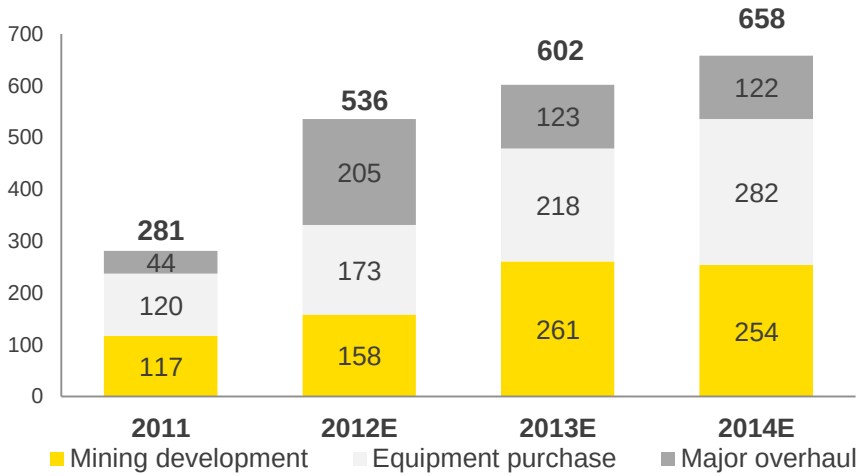
Source: DTEK

CAPEX PLANS, USD MLN

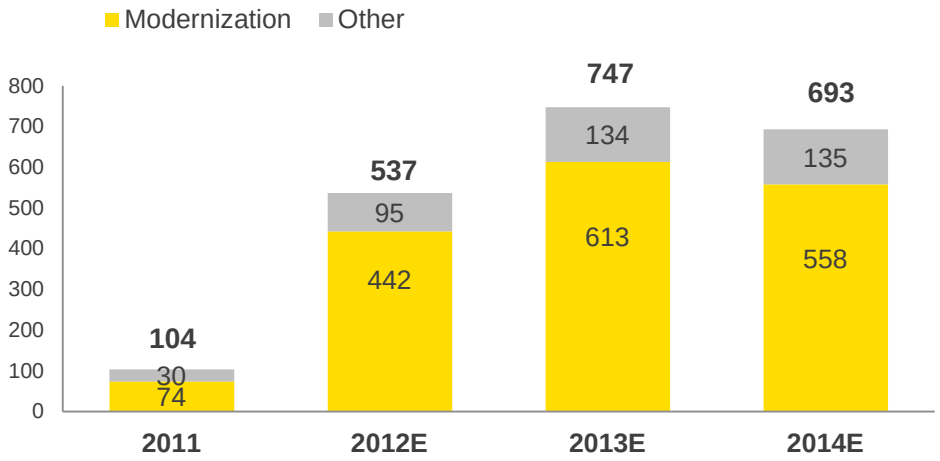
Total Group



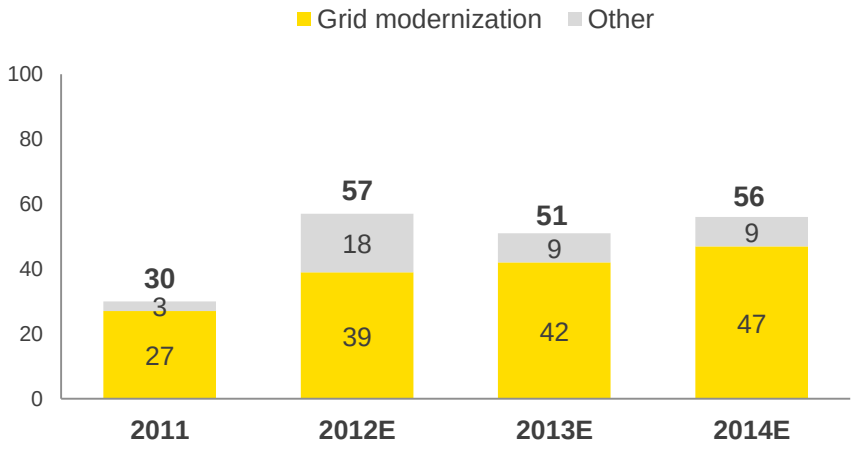
Coal mining



Power generation*



Power distribution*

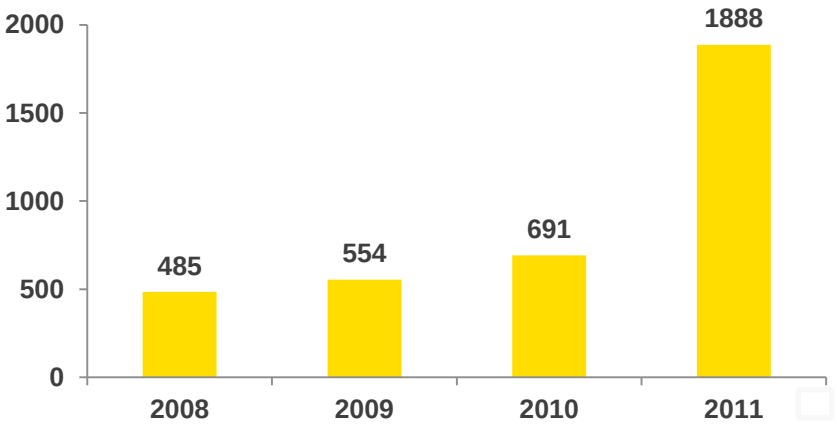


* Exchange rates used UAH/USD for 2011 – 7.98; 2012 – 8.30; 2013 – 8.40; 2014 – 8.50; 2015 – 8.50

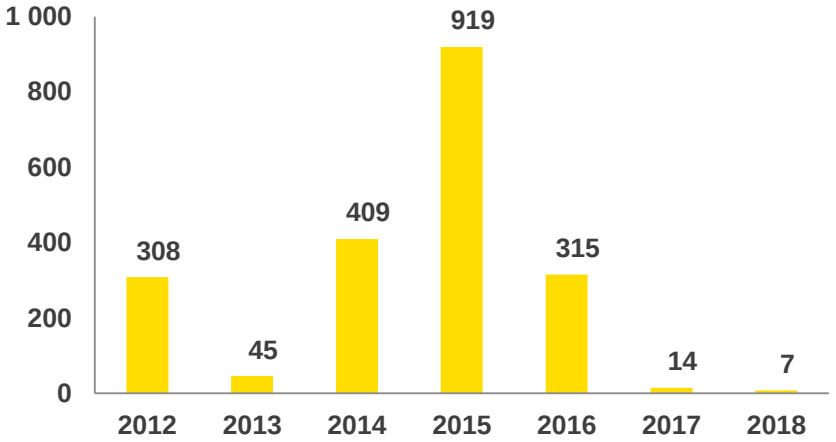
Starting from 2012 CapEx includes: Kyivenergo, Zakhidenergo, Dniproenergo, Donetskoblenergo, Sverdlovanthracite, Rovenkyanthracite, Mine Bilozerska and Wind Power (for 2012)

HEALTHY DEBT PROFILE

Debt portfolio, *USD mln**

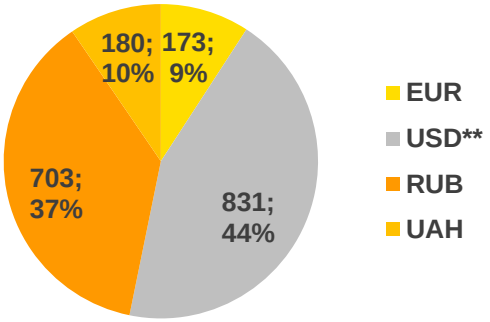


Debt maturity profile, *USD mln**



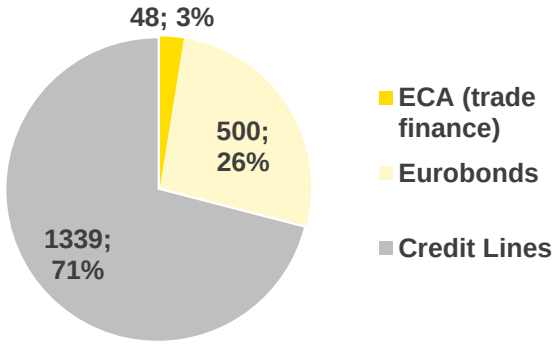
Debt currency profile, *USD mln**

As of 31/12/11



Debt portfolio by types of financing, *USD mln**

As of 31/12/11



** Including cross-currency interest rate SWAP

* Undiscounted principal amount repayment, in accordance with credit portfolio as of January 1, 2012

LOW LEVERAGE LEVELS

Key leverage ratios

Ratio	2008	2009	2010	2011
Gross Debt \ Adj EBITDA***	1.1	1.2	0.9	**1.65**
*Net debt**** \ Adj EBITDA**	0.9	1	0.6	**0.6**
*Adj EBITDA** \ Interest expenses*	13	8	13.5	**16.7**

* Gross debt - bank loans, accrued interest and Eurobonds

** Adjusted EBITDA represents profit for the year after excluding the following non-operating income statement items: foreign exchange losses less gains from borrowings, certain finance costs, income tax expense, depreciation and amortization and impairment of property, plant and equipment.

*** Net debt - bank loans, accrued interest and Eurobonds less cash and cash equivalents. Calculated for information purposes only.

Credit ratings

	Rating	Outlook	Last review
Fitch			
LT FC IDR	B	Stable	March 2012
LT LC IDR	B	Stable	March 2012
Moody's			
LT CFR	B2	Stable	March 2012

"The ratings reflect DTEK's leading positions in the Ukrainian coal mining, thermal power generation and distribution sectors… DTEK continues to benefit from a high level of integration between its coal-mining and coal-fired power generation business units, which helped it maintain its operating margins…"

Fitch Ratings, 2011

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SELECTED FINANCIALS 2007 – 2011, USD MLN

	2007	2008	2009	2010	2011
Income statement					
Revenues	**1 776**	**2 462**	**1 926**	**3 061**	**4 969**
Sales of steaming and coking coal	318	647	600	1 211	2 177
Sales of electricity to electricity pool	889	1 076	711	989	1 300
Sales of electricity to final customers	475	709	600	854	1 442
Other sales	94	31	15	7	51
Operating expenses	**1 296**	**1 806**	**1 469**	**2 288**	**3 679**
Cost of electricity purchased for resale	438	668	655	1213	2 093
Raw materials	250	342	298	477	648
Staff cost, including payroll taxes	379	572	388	449	523
Other expenses, net	229	224	127	148	414
EBITDA	**480**	**656**	**458**	**774**	**1290**
EBITDA margin	*27.0%*	*26.7%*	*23.8%*	*25.3%*	*25.97%*
Depreciation	153	205	183	186	268
EBIT	328	451	274	587	1022
EBIT margin	*18.4%*	*18.3%*	*14.2%*	*19.2%*	*20.57%*
Net profit	236	23	110	360	442
Average exchange rate USD/UAH	*5.05*	*5.27*	*7.79*	*7.94*	*7.97*
Balance sheet					
Non-current assets	2 254	2 024	2 026	2 357	4 850
Current assets	400	322	506	863	2 203
- of that cash and cash equivalents	73	77	93	213	1 305
Total assets	**2 654**	**2 347**	**2 531**	**3 220**	**7 052**
Shareholders equity (including minority)	1 400	1 297	1 352	1 668	3 107
Interest bearing debt	386	485	555	691	1 888
Other liabilities	869	565	625	861	2 058
Total liabilities	**1 254**	**1 049**	**1 180**	**1 552**	**3 945**
Average exchange rate UAH / USD	*5.05*	*7.7*	*7.99*	*7.96*	*7.98*

SELECTED FINANCIALS 2007 – 2011, UAH MLN

	2007	2008	2009	2010	2011
Income statement					
Revenues	**8 969**	**12 969**	**15 009**	**24 294**	**39 594**
Sales of steaming and coking coal	1 607	3 407	4 678	9 612	17 344
Sales of electricity to electricity pool	4 489	5 665	5 543	7 845	10 356
Sales of electricity to final customers	2 400	3 736	4 672	6 208	11 490
Other sales	473	161	116	58	404
Operating expenses	**6 544**	**9 512**	**11 444**	**18 153**	**29313**
Cost of electricity purchased for resale	2 211	3 519	5 107	9 628	16680
Raw materials	1 263	1 799	2 325	3 787	5166
Staff cost, including payroll taxes	1 913	3 015	3 020	3 560	4168
Other expenses, net	1 157	1 179	992	1 178	3299
EBITDA	2 425	3 457	3 565	6 141	10281
EBITDA margin	*27.0%*	*26.7%*	*23.8%*	*25.3%*	*25.97%*
Depreciation	771	1 080	1 429	1 479	2136
EBIT	1 654	2 377	2 136	4 662	8145
EBIT margin	*18.4%*	*18.3%*	*14.2%*	*19.2%*	*20.57%*
Net profit	1 193	119	856	2 857	3522
Balance sheet					
Non-current assets	11 383	15 587	16 177	18 763	38 749
Current assets	2 019	2 483	4 037	6 874	17 599
- of that cash and cash equivalents	368	595	739	1 693	10 426
Total assets	**13 402**	**18 070**	**20 214**	**25 637**	**56 348**
Shareholders equity (including minority)	7 069	9 989	10 793	13 280	24 826
Interest bearing debt	1 947	3 731	4 428	5 502	15 082
Other liabilities	4 386	4 350	4 993	6 855	16 440
Total liabilities	**6 333**	**8 081**	**9 421**	**12 357**	**31 522**

PRIVATIZATION UPDATE

2011

Coal mining

- ***Dobropolyeugol.*** On January 4, 2011 DTEK signed a 49-year lease agreement to rent state-owned coal mining company Dobropolyeugol.

- ***Rovenkianthracite and Sverdlovanthracite*****.** On December 1, 2011 DTEK signed 49-year concession agreements to rent state-owned coal mining companies Rovenkianthracite and Sverdlovanthracite.

Energy generation

- ***Kyivenergo.*** DTEK paid **UAH 450.5 mln (USD 55.6 mln)** for a 25% stake in the company, after winning a privatization auction on **December 9, 2011**. As a result of the transaction, DTEK concentrated **72.33%** of Kyivenergo shares.

2012

Energy generation

- ***Zakhidenergo.*** DTEK was the only bidder to privatize the company at an auction on **November 25, 2011.** Following an independent appraisal ordered by the State Property Fund, DTEK paid **UAH 1,932 bln (USD 238.5 mln)** for a 45.103% stake on **January 10, 2012**. As a result of the transaction, DTEK concentrated **70.94%** of Zakhidenergo shares.

- ***Dniproenergo.*** DTEK was the only bidder to privatize the company at an auction on **January 11, 2012**. Following an independent appraisal ordered by the SPF, DTEK paid **UAH 1,179.7 bln (USD 145.6 mln)** for a 25% stake on **March 13, 2012**. As a result of the transaction, DTEK concentrated **72.90%** of Dniproenergo shares.

Energy supply and sales

- **Donetskoblenergo.** DTEK won an auction held by the SPF on **January 11, 2012** for a 40.061% stake in Donetskoblenergo. The company paid **UAH 467.6 mln (USD 57.7 mln)** for the stake. As a result of the transaction, **DTEK** concentrated **71.34%** of Donetskoblenergo shares.

- **Dniprooblenergo.** DTEK won an auction held by the SPF on **April 17, 2012** for a 50% stake in Dniprooblenergo. The company paid **UAH 660.1 mln (USD 81.5 mln)** for the stake. As a result of the transaction, **DTEK** concentrated **51.505%** of Dniprooblenergo shares.

- **Krymenergo.** DTEK won an auction held by the SPF on **May 4, 2012** for a 45% stake in Krymenergo. The company paid **UAH 256 mln (USD 32 mln)** for the stake. As a result of the transaction, **DTEK** concentrated 57.50% of Krymenergo.

Source: DTEK
Based on the NBU exchange rate of UAH 8.10/USD

OPERATING ASSET OWNERSHIP*







Coal production

DTEK PAVLOGRADUGOL PJSC – 99.92%

DTEK MINE KOMSOMOLETS DONBASA PJSC - 95,03%

DTEK DOBROPOLYEUGOl LLC – 49 years lease

DTEK ROVENKYANTHRACITE LLC– 49 years concession

DTEK SVERDLOVANTHRACITE LLC – 49 years concession

DTEK DOBROPOLSKAYA CEP PJSC – 60.06%

DTEK OKTYABRSKAYA CEP PJSC – 60.85%

CCM PAVLOGRADSKAYA LLC – 99%

CCM KURAHOVSKAYA LLC – 99%

MOSPINO CPE LLC – 99%

Power generation

DTEK SKHIDENERGO LLC– 100%

PJSC KYIVENERGO – 72.33%

PJSC DTEK ZAKHIDENERGO – 70.94%

PJSC DTEK DNIPROENERGO – 72.93%

WIND POWER LLC– 100%

Electricity supply and sales

SERVICE-INVEST LLC – 100%

DTEK ENERGOUGOL ENE PJSC – 94.3%

PJSC KYIVENERGO – 72.33%

PJSC DTEK DONETSKOBLENERGO – 71.34%

PJSC DNIPROOBLENERGO – 51.50%

PJSC KRYMENERGO – 57.50%

* Given names of companies according to statutory documents

This document may contain forward-looking statements related to planned measures or future financial indicators of DTEK.
The words “expect”, “intend”, “estimate”, “project”, “will” and similar expressions identify forward-looking statements, which generally are not historical in nature.
Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. We undertake no obligation and do not intend to update these forward-looking statements to reflect events or circumstances occurring after publication date. You are cautioned not to place undue reliance on these forward-looking statements, which are pertinent only as of the date of this document. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties.