

PwC Advisory Services

*OJSC Odesa  
Combined Heat  
and Power Plant*  
Confidential Teaser

May 2016

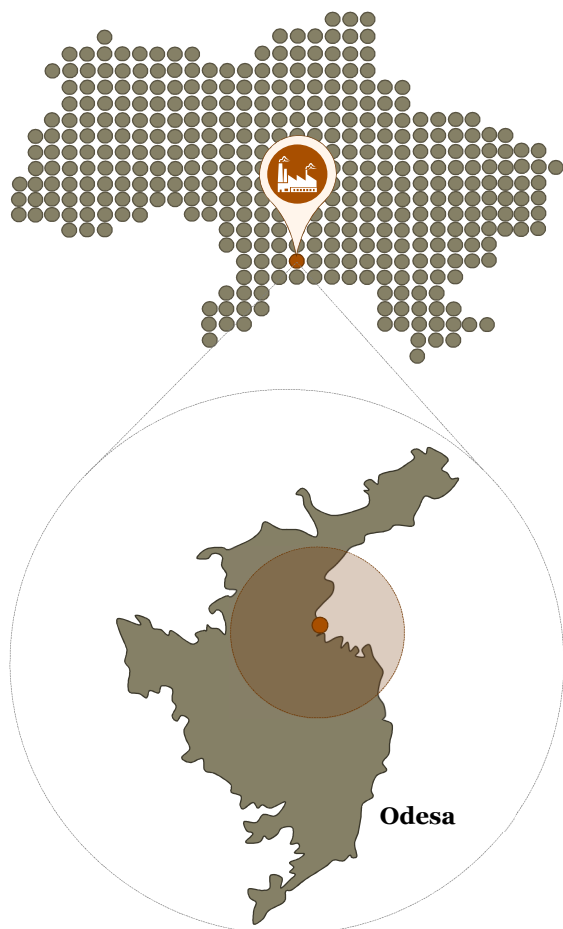
Strictly confidential



## 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 Odessa, 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>265,846</b>	<b>386,045</b>
Electricity	98,908	88,279	145,172
Heat	175,289	165,172	240,266
<b>Total Assets**:</b>	<b>265,360</b>	<b>286,761</b>	<b>381,542</b>
Non-current assets	152,756	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.

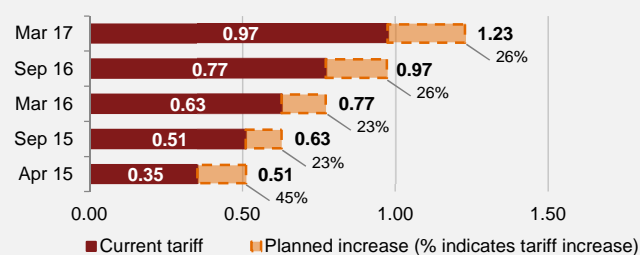
### Favourable asset location

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

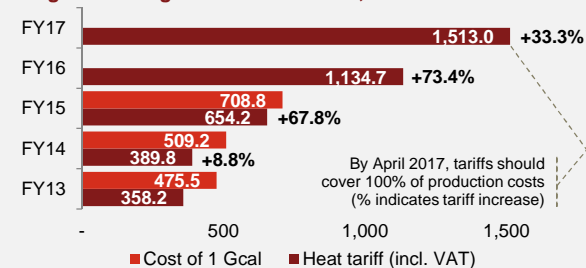
### Promising regulatory reforms

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 (OCHP 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 Odesa Combined Heat and Power Plant (“the Company”).

PricewaterhouseCoopers LLC acted as a consultant to the Vendor in preparation of these materials only.

The sole purpose of these materials is to assist the Recipient in deciding whether it wishes to proceed with a further investigation of the Company. They are not intended to form the basis of any investment decision or decision to purchase the Company.

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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 Odesa Combined Heat and Power Plant, the State Property Fund of Ukraine or PricewaterhouseCoopers LLC should be contacted regarding this opportunity.**

Anna Onyshchenko

Director

PwC

+380 44 354 0404

anna.onyshchenko@ua.pwc.com

Yuriy Garbuza

Senior Manager

PwC

+380 44 354 0404

yuriy.garbuza@ua.pwc.com

Andriy Gaidutskiy

Deputy Head

State Property Fund of Ukraine

+380 44 254 34 00

gaidutskiy@spfu.gov.ua

