

# BRIEF ON KEY BUSINESS ISSUES

15.07.2024  
Kyiv – London

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## **NBU allows repatriation of dividends to pay Eurobond coupons**

On July 10<sup>th</sup>, 2024, the National Bank of Ukraine (NBU) updated several foreign exchange restrictions – changes are effective as of July 11<sup>th</sup>. The main goal is to further attract foreign private capital.

The NBU clarified the May FX liberalization package, which allowed making scheduled interest payments on external corporate debt. It also enlarged the easing of currency restrictions, including facilitating the servicing of Eurobonds through dividends from guarantors. Various criteria must be met to allow this repatriation: the company is a guarantor under Eurobonds issued by a foreign entity; the respective Eurobond was in circulation as of July 10<sup>th</sup>, 2024; the local company and foreign Eurobond issuer have a common parent; the amount of repatriated dividends corresponds to the sum of scheduled coupon payments under such Eurobonds falling due after July 10<sup>th</sup>, 2024; dividends can be repatriated not earlier than 10 days before the coupon payment falls due; multiple guarantor companies are permitted to repatriate dividends to service coupons under each Eurobond, yet within the amount of scheduled coupon payments.

This revision now allows to repatriate both new and old dividends for coupon payment purposes, thus allowing local Eurobond issuers to use their local UAH liquidity for scheduled interest payments, while accumulating F/X offshore for future principal repayments. It comes handy for issuers with longer maturities, in a context where repayments of principal from onshore accounts is still banned.

In addition, the NBU also allowed domestic businesses to reimburse non-residents for expenses incurred due to their participation in providing an external loan to a Ukrainian borrower, so long that (i) the guarantor, surety provider, or insurer under an external loan is a foreign export credit agency or a foreign state, or an international financial institution (IFI) is a guarantor or surety provider for such debt. Moreover, the NBU authorized transferring funds to foreign companies whose shareholders include a foreign state in order to pay insurance premiums under agreements that provide for coverage of war risks in Ukraine. Another piece of the July 10<sup>th</sup> package is a regulatory framework that defines and enables resident borrowers to purchase foreign currency to make provisions under a loan agreement with an IFI.

Other measures taken by the NBU regard the bank's support to Ukraine's defense capability and the volunteer community, support to households and businesses, and the existing limit of UAH 100,000 per day for the purchase and sale of foreign currency cash for non-cash hryvnia funds.

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## **Investors supported DTEK in prolonging the payment of green Eurobonds**

DTEK Renewables Finance B.V., which is part of DTEK Group, held successful negotiations with investors and they agreed to extend payments on green Eurobonds for 3 years – from November 2024 to November 2027.

Despite the extremely difficult situation in the energy sector and currency restrictions, the company has taken all possible actions to service the Eurobond debt to maintain the investment climate in Ukraine and maintain investor confidence throughout this time.

"We are grateful to our partners. This is another evidence of the high confidence of international investors in DTEK Group, which always fulfills its obligations. DTEK, with the support of its partners, continues to implement projects aimed at strengthening Ukraine's energy security," said DTEK CEO Maxim Timchenko.

Bondholders also supported the project for the construction of the second stage of DTEK Tylihul'ska Wind Farm for 384 MW, given its critical importance for maintaining Ukraine's energy sector in the face of electricity shortages and the need for large volumes of new distributed generation capacities.

In 2019, DTEK Group was the first Ukrainian company to place green Eurobonds worth EUR 325 million with a maturity of 5 years.

## **New Russian attack on Ukraine's cities and energy infrastructure**

On July 8<sup>th</sup>, Russia launched massive strikes on Kyiv, Dnipro, Kryvyi Rih and other cities of Ukraine. This is one of the largest and most serious attacks on Ukraine since the beginning of the year. As a result of the attack on Kyiv, 33 people died, four of them are children. 120 people received injuries. In the Dnipropetrovsk region 11 people were killed, 64 people were injured.

The brutal missile attack also damaged the building of the Ohmatdyt Children's Hospital. Rinat Akhmetov's businesses joined in helping the hospital. As the hospital's transformer substation was heavily damaged, DTEK power engineers have been working 24/7 and brought power back to the hospital on July, 10<sup>th</sup>.

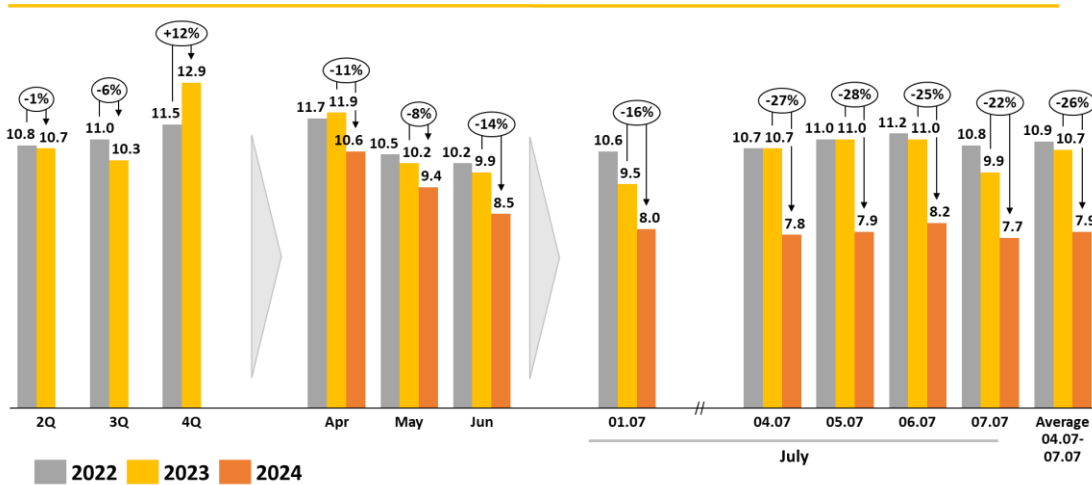
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## Energy market update

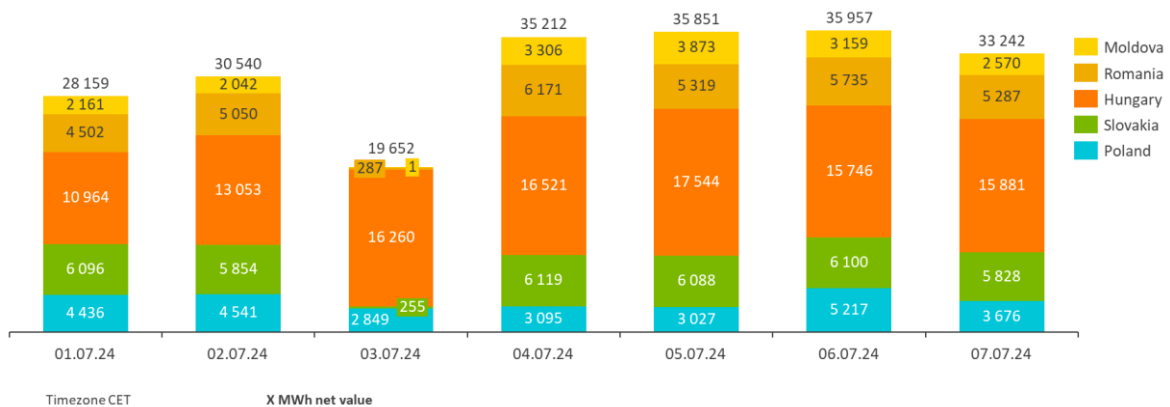
The power system of Ukraine continues operating synchronously with ENTSO-E. On July 4<sup>th</sup> – July 7<sup>th</sup>, average daily electricity consumption amounted to 223 mln kWh, which is 13% lower than during July 2023, average daily load is 26% lower than during July 2023. Average hourly load per day amounted to 7.9 GW.

Average hourly load per period, GW



During last week Ukraine was the net importer of electricity from EU countries after series of missile strikes on energy infrastructure. Since the beginning of July electricity imports to Ukraine is on stably high level.

Daily electricity import (+) / export(-) volumes in Ukraine, MWh



## Day-ahead market

During June electricity prices have increased to the level 4 982 UAH/MWh after electricity deficit occurred in the system after damage indicted by missile strikes on energy infrastructure. As for July 7 baseload DAM prices increased to 5 571 UAH/MWh.

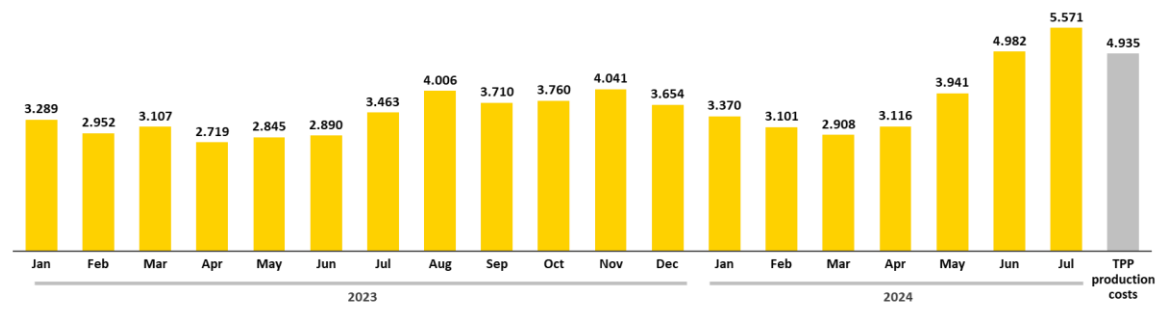
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Starting June 1<sup>st</sup> 2024 new price caps on electricity market are applied:

- from 00:00 to 07:00 and from 11:00 to 17:00 – UAH 5,600 /MWh;
- from 07:00 to 11:00, from 23:00 to 24:00 - UAH 6,900/MWh;
- from 17:00 to 23:00 - UAH 9,000/MWh;
- minimum marginal price – UAH 10.00/MWh.

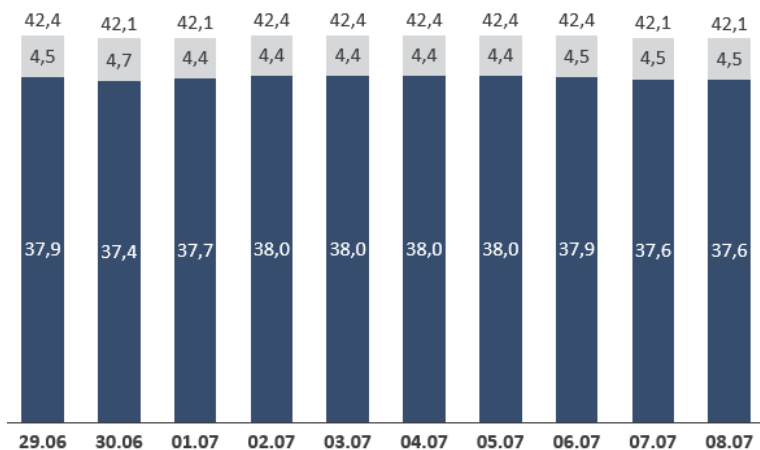
*DAM Baseload price in Ukraine, UAH/MWh*



## Oil & Gas

- Gas transit from russia after weekend remains at usual lower level of 42.1 mln m<sup>3</sup> on July 8<sup>th</sup>. Daily nominations to Slovakia are 37.6 mln m<sup>3</sup>. Nominations to Moldova (Transnistria) – 4.5 mln m<sup>3</sup>.
- Gazprom continues to transit gas via only one route, Sudzha, while Sokhranivka entry point remains occupied by russian military.

*Gas transit via Ukraine, mln m<sup>3</sup>*



*Daily nominations: 08.07.2024*

