

INVESTMENT OPPORTUNITY

ELECTRIC AND THERMAL POWER PLANT IN VOLOGDA OBLAST, RUSSIA



GEP Vologdaoblkommunenergo, November 2018

KRASAVINO POWER PLANT

- Modern gas turbine power plant commissioned in 2010 with new technology and equipment.
- Single heat supplier in the City of Krasavino.
- Awarded status of guaranteed supplier until Dec. 31, 2021 with high state guaranteed rates (RUB 608,708.24/MWt). Submitted application for an extension for the period 2022-2024. Support of Vologda Oblast.
- On 27 November 2014, the owner of the power plant was placed into insolvency proceedings and on July 20, 2017 was put into receivership. A number of factors contributed to the owner-company's bankruptcy (separation of the transmission grid, FX EUR/RUB), but the asset remains highly profitable.
- Vasily Ekimov, a receiver proposed by Czech Export Bank, was appointed as the receiver. The creditor's committee includes members from Eversheds Sutherland (acting on behalf of Czech Export Bank).

ADVANTAGES FOR INVESTOR

- Full management structure in place, including accounting, financial, legal and supply departments in Vologda and manufacturing in Krasavino.
- The plant has large reserves of thermal power which could be provided to large industrial consumers.
- Major repairs of the steam turbine, gas turbines No. 1 and No. 3 and the power transformers have recently been completed. The overhaul of gas turbine No. 2 is planned in December 2018.
- Additional investment requirements are limited.

SELECTED ECONOMIC INDICATORS

Thousands of RUB	2014	2015	2016	2017	1H2018
Revenue	792 637	928 959	870 636*	863 821*	456 052
Cost and depreciation	795 011	896 992	901 925**	1 549 250***	440 649
EBITDA	274 512	305 869	242 766	-415 623	139 925
EBITDA margin	34,6 %	32,9 %	27,9 %	-48,1%	30,7%
Profit	-2 374	31 967	-31 289	-685 429	15 403
Profit margin	-0,3 %	3,4 %	-3,6 %	-79,3%	3,4%

Notes:

* The drop in revenue was due to a failed transformer that has since been repaired

** Including major repairs to the steam turbine in the amount RUB 29,1 mil.

*** Including the overhauls of gas turbines No. 1 and No. 3 in the amount RUB 657,5 mil.

GAS PRICES

	2014	2015	2016	1H2017	2H2017	1H2018
Total gas consumption in thousands of Nm ³ , including:	81 192	90 709	80 798	36 039	42 126	42 454
- high pressure	75 365	80 707	74 560	14 325	23 774	16 151
- low pressure	5 827	10 002	6 238	301	4 352	3 254
- From exchange	-	-	-	21 412	14 000	23 049
Average gas price, RUB/thousands of Nm ³ , including:	4 210	4 344	4 168	4 005	5 088*	4 996*
- high pressure	4 185	4 317	4 137	4 120	5 049	5 028
- low pressure	4 541	4 566	4 528	4 423	5 665	5 527
- From exchange	-	-	-	3 911	4 976	4 899
Total cost of consumed gas, in thousands of RUB, including:	341 829	394 078	336 733	144 343	214 349	212 101
- high pressure	315 367	348 408	308 489	59 025	120 029	81 208
- low pressure	26 462	45 670	28 244	1 333	24 654	17 984
- From exchange	-	-	-	83 732	69 666	112 909

* increase in the cost due to VAT (in the bankruptcy VAT is not tax deductible)

POWER PLANT SPECIFICATIONS

- Installed power capacity: 63.8 MW
- Installed heat capacity: 57 Gcal/h
- Generating equipment:
 - ❑ Three gas turbine units: TURBOMACH TITAN-T130S (Switzerland), 14.4 MW
 - ❑ One steam turbine unit: SIEMENS SST-300 (Czech Republic), 20.6 MW
 - ❑ Three heat recovery boilers: ALSTOM power, HRSG (Czech Republic), 19.3 tons/hour
 - ❑ Two steam boilers: BRESSON OKP-25 (Czech Republic), 25 tons/hour
- Income from electricity sales is 91.4% compared to 8.6% of heat sales.
- Production numbers at the Krasavino Power Plant:

	2014	2015	2016	2017	1H2018
❑ Electricity (kWh)	320,000	351,000	287,530	297 629	161 256
❑ Thermal energy (Gcal)	50,000	60,000	60,684	66 328	36 884

EQUIPMENT REPAIR STATISTICS

Equipment	Capital Repairs		Hours	Hours*
	Start	End	Before Repairs	After Repairs
Steam Turbine PT-4	15.07.2016	13.09.2016	50 943	16 641
Gas Turbine No. 1	16.03.2017	29.03.2017	45 758	11 084
Gas Turbine No. 2	1.12.2018**	20.12.2018**	49 790*	-
Gas Turbine No. 3	26.06.2017	18.07.2017	48,469	8 927
Power Transformer 110/10 kW T-1	14.02.2017	28.07.2017		
Power Transformer 110/10 kW T-2	11.10.2016	03.03.2017		

* - as of 31.08.2018

* - planned overhaul of gas turbine No. 2

In addition, turbo and boiler units, auxiliary and general station equipment, buildings and other structures are repaired and serviced based on the annual plans.

CONTACT INFORMATION

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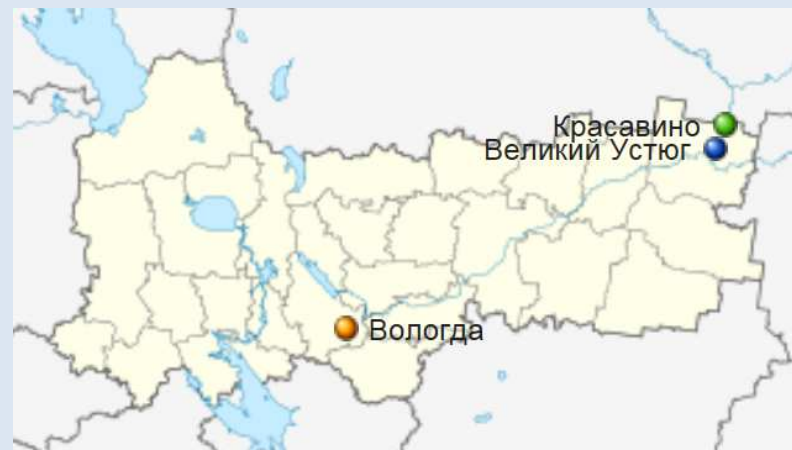
PRODUCTION FACILITIES



LOCATION



Location of Vologda Oblast in Russia



Location of Krasavino in Vologda Oblast