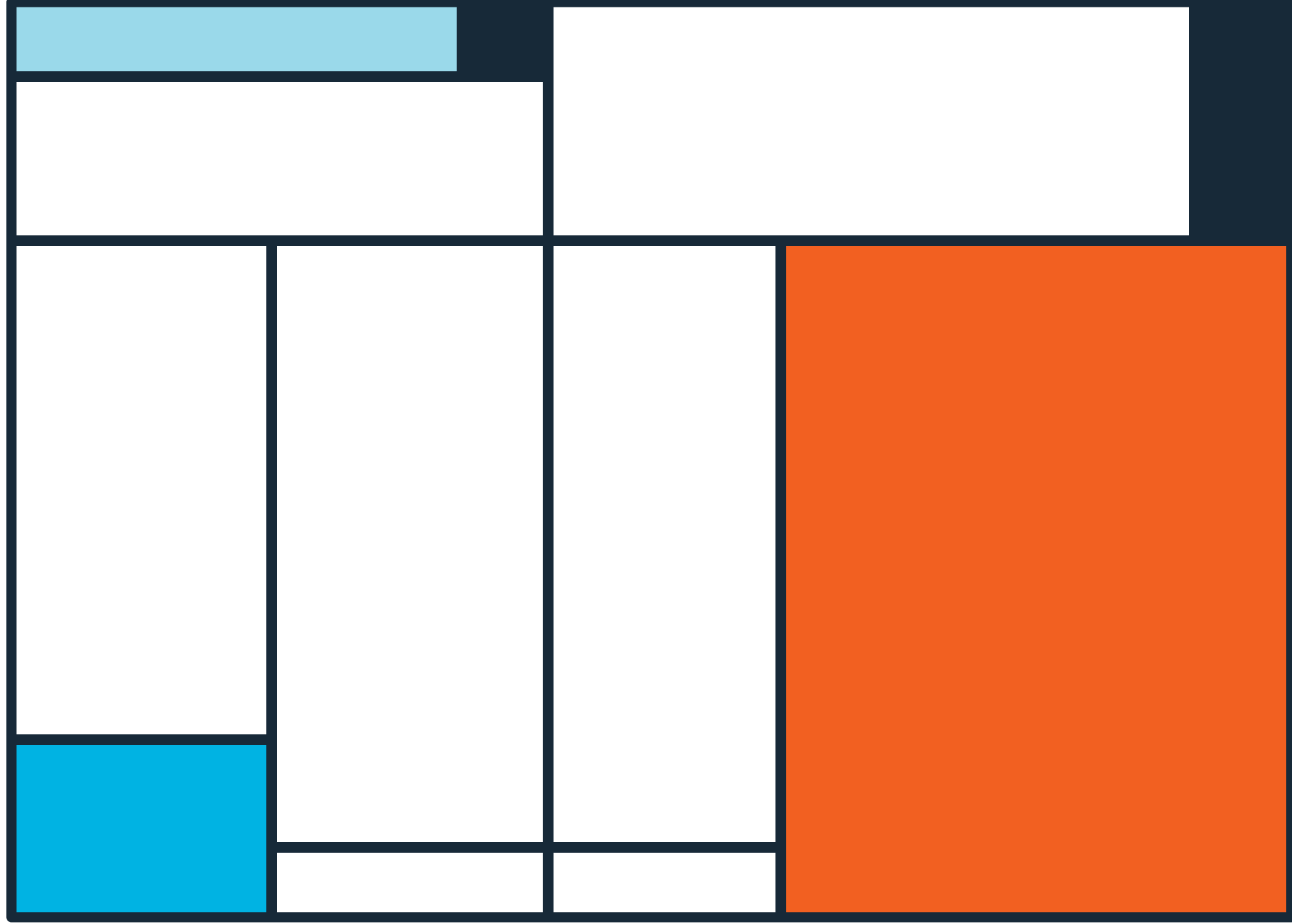


ANNUAL REPORT


2018

«Composition №1.» Piet Mondrian.
Version adapted for design solutions of the report.






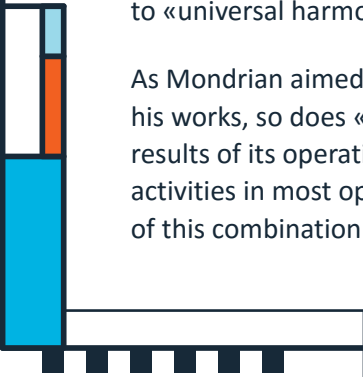
We are pleased to present our 2018 annual report, a yearly image publication of Public Joint-Stock Company «Donbasenergo».



The objective of the report is to provide comprehensive information on Company's business results and its future development. The annual report is focused on relevant industrial, financial and economic data, as well as on social responsibility issues.


The design of this annual report has been developed based on the ideas embodied in Piet Mondrian's famous pictures representing neo-plasticism, one of the types of abstract art. According to the creators of this artistic movement, the precisely balanced combinations of large rectangular shapes clearly divided by perpendicular lines and painted with local colors of basic specter reflect strivings to «universal harmony».

As Mondrian aimed to achieve universal harmony through his works, so does «Donbasenergo» by representing the results of its operational, financial, economic and social activities in most open and understandable way. Philosophy of this combination implies convergence of art and reality.



Principal objective of PJSC «Donbasenergo» is to create a socially responsible corporation that takes care of health, safety welfare and development of its personnel, that cooperates transparently with suppliers and contractors, that aims at rational use and preservation of natural resources and develops its operations areas. The objective of art is to reflect the surrounding world, inspire development and supply creative power for future achievements. Representation of business through ART is the principal trend of our communications in 2019.

Annual report of PJSC «Donbasenergo» is a pragmatic array of information united with a universal language of art to be understood by everyone and to transfer power of creativity. Our objectives are the same as those of art: generate power for advantage and development.



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Dear shareholders!

In 2018, PJSC «Donbasenergo» has succeeded in fixing the results reached over the second half of 2017 using them as the basis for developing the key business areas in the years to come. Our principal activities were focused on preparing the Company for operations in the new competitive market of electric power. For this purpose, we had to accomplish major structural transformations and develop our market strategy, while achieving positive operational performance of «Donbasenergo». And we did what we had to do.

Report of PJSC «Donbasenergo» covers technical, economic, financial and other indicators together with operational results affected by major trends of the industry in social and economic environment the Company operated in 2018.

Thus, principal product output, generated electric power, increased to **3,4** bn kW.hour, exceeding by **6,4%** the targets set by the Ministry of Energy

and Coal Mining of Ukraine within the forecast of TPP electric power generation.

At the same time, generation proved able to reduce specific consumption of reference fuel for electric power production by **8,3** g/kW·hour as compared to the planned figure. This became possible due to increase in average load of the Power Unit, higher calorific value of solid fuel and lower consumption of balance-of-plant electric power.

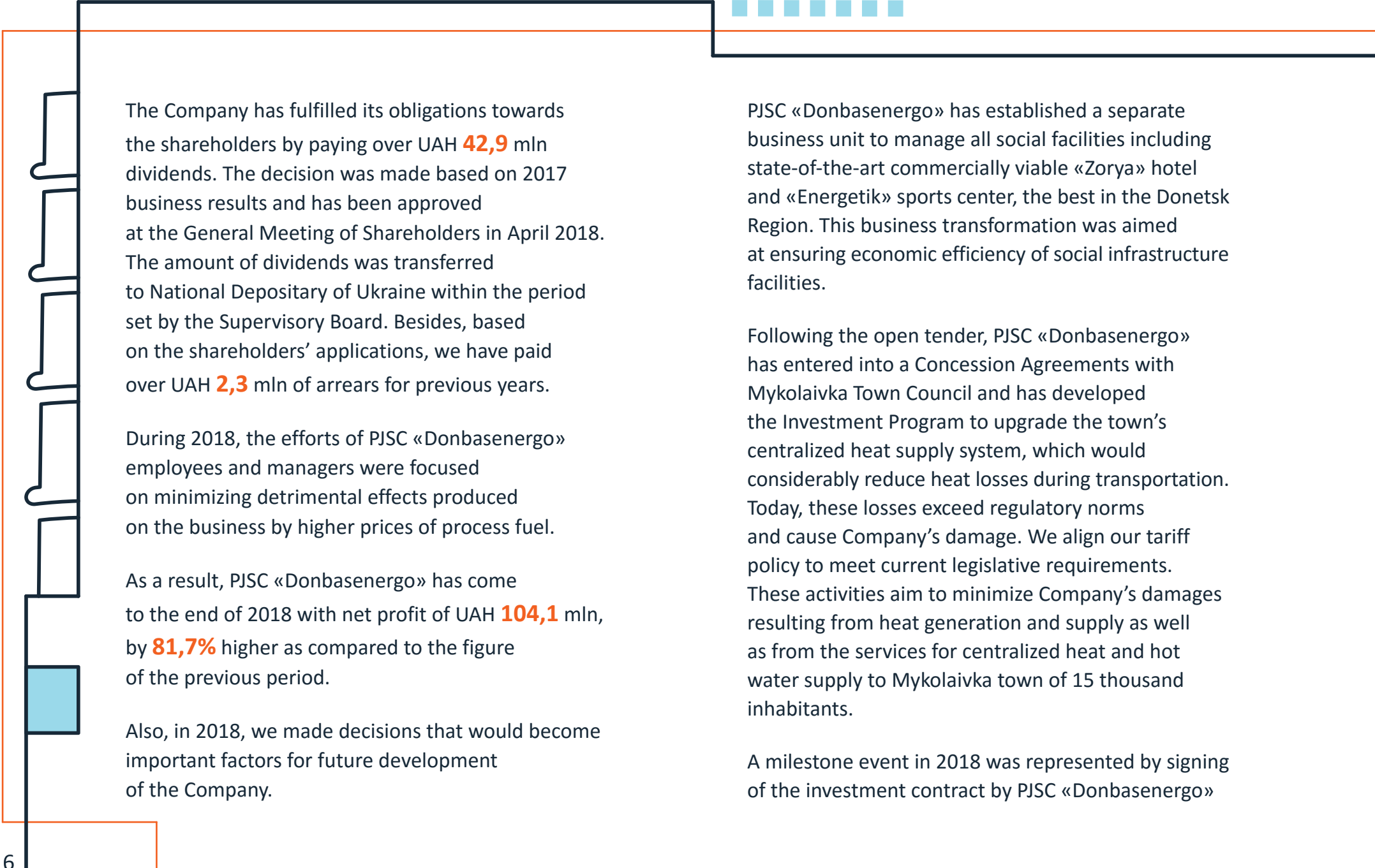
Notwithstanding continuous and quite considerable increase in fuel prices and, consequently, higher production costs (the rate of production cost growth went far ahead of power tariff increase), PJSC «Donbasenergo» ensured necessary preparations and stable operations of the TPP in autumn and winter of 2018-2019. The Company remains a reliable link in the United Power Grid of Ukraine, securing, together with other generation facilities, its continuing operations.

The Company has fulfilled its governmental obligations as regards taxes, payments to budget and other target funds by transferring UAH **609,3** mln, as well

as the obligations towards the employees ensuring payments of wages on timely basis.

In 2018, PJSC «Donbasenergo» has implemented UAH **264,7** mln of capital investments – twice as much as over the previous year. Technical upgrades and revamps of principal production facilities at Sloviansk TPP helped improve profitability indices of the Company’s assets. Over two last years, we have been preparing for the third (final) stage of reconstruction at Power Unit No.7 of Sloviansk TPP scheduled for 2020: the contracts have been awarded, some advance payments have been effected to enable procurement and manufacture of the equipment; some equipment has already been delivered to site.





The Company has fulfilled its obligations towards the shareholders by paying over UAH **42,9** mln dividends. The decision was made based on 2017 business results and has been approved at the General Meeting of Shareholders in April 2018. The amount of dividends was transferred to National Depository of Ukraine within the period set by the Supervisory Board. Besides, based on the shareholders' applications, we have paid over UAH **2,3** mln of arrears for previous years.

During 2018, the efforts of PJSC «Donbasenergo» employees and managers were focused on minimizing detrimental effects produced on the business by higher prices of process fuel.

As a result, PJSC «Donbasenergo» has come to the end of 2018 with net profit of UAH **104,1** mln, by **81,7%** higher as compared to the figure of the previous period.

Also, in 2018, we made decisions that would become important factors for future development of the Company.

PJSC «Donbasenergo» has established a separate business unit to manage all social facilities including state-of-the-art commercially viable «Zorya» hotel and «Energetik» sports center, the best in the Donetsk Region. This business transformation was aimed at ensuring economic efficiency of social infrastructure facilities.

Following the open tender, PJSC «Donbasenergo» has entered into a Concession Agreements with Mykolaivka Town Council and has developed the Investment Program to upgrade the town's centralized heat supply system, which would considerably reduce heat losses during transportation. Today, these losses exceed regulatory norms and cause Company's damage. We align our tariff policy to meet current legislative requirements. These activities aim to minimize Company's damages resulting from heat generation and supply as well as from the services for centralized heat and hot water supply to Mykolaivka town of 15 thousand inhabitants.

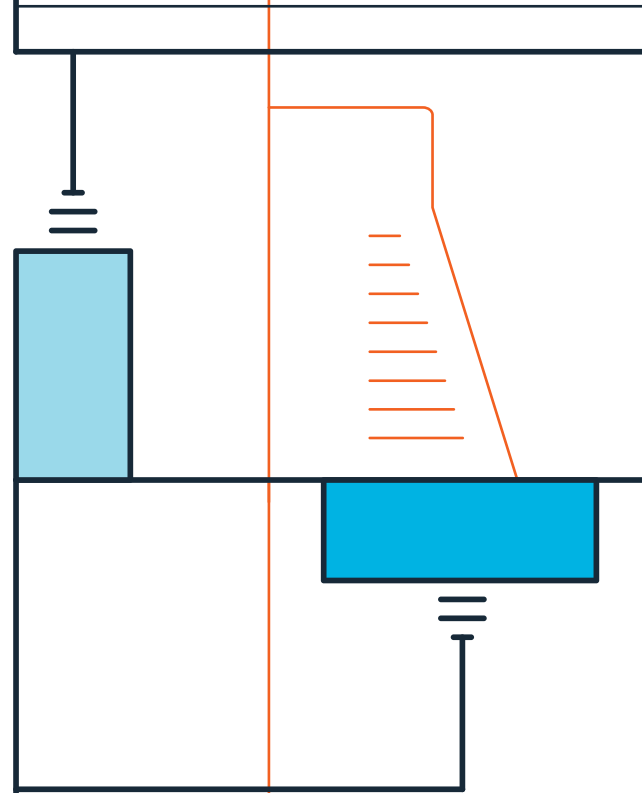
A milestone event in 2018 was represented by signing of the investment contract by PJSC «Donbasenergo»

and Chinese Company Dongfang Electric International Corporation (Chengdu of Sichuan province) on joint implementation of the Project to Reconstruct Power Unit No. 6 at Sloviansk TPP.

The Company's business results achieved in 2018 make us keep the rate of the progress continuously analyzing our efforts and introducing corrections as promptly as required. We do develop and set out new objectives to ensure financial stability and new opportunities for the Company and for every shareholder of PJSC «Donbasenergo».

Yours respectfully,

**Director General
Eduard Bondarenko**



Key figures and events in 2018

February	April	May
<ul style="list-style-type: none"> ■ PJSC «Donbasenergo» has gained Certificate ISO/IEC 27001:2013 to prove conformity of its information security management systems with international standards. ■ Experts of the World Bank project «Partnership for market readiness in Ukraine (PMR)» and the representatives of an experienced consultancy company «Carbon Limits AS» have held a training workshop in «Donbasenergo» to introduce the greenhouse gas emission monitoring, reporting and verification system (MRV). ■ TTs 1.00 mln. kVA/330 transformer has been delivered to Sloviansk TPP for Power Unit No. 7. 	<ul style="list-style-type: none"> ■ At General Meeting of Shareholders of PJSC «Donbasenergo», the majority voted for the approval of Company's business results in 2017. ■ PJSC «Donbasenergo» won the tender on concession of property for the facilities to transport heat energy to Mykolaivka. ■ First stage of the corporate program on greenery planting within Mykolaivka territorial community has been accomplished. The program implies planting of 1000 trees. ■ During relay race «8th Nova Poshta Kyiv Half Marathon», «Donbasenergo» team won the fourth prize among power generation companies and became the 44th among 250 teams. 	<ul style="list-style-type: none"> ■ A repair campaign at Sloviansk TPP has started: the routine maintenance covers principal units of the turbine at Power Unit No. 7. ■ DPP NDI «Teploelektroproekt» was granted a certificate to confirm compliance of the Company's quality management system with international standard ISO 9001:2015. ■ In Kyiv, an international conference «LEAN: efficiency in design, manufacture and sales» was held. The forum hosted dozens of domestic and foreign experts. Representatives of Google, Vodafone, Renault and «Donbasenergo» shared their experience in transformation activities. ■ At Sloviansk TPP, the authors of the best improvement initiatives have been awarded based on the results of quarter IV, 2017.

2 890
MW

Installed capacity

3 456
mln. kW·hour

Electric power generation

3 146
mln. kW·hour

Useful supply
of electric power

44,8%

Installed capacity
utilization factor

June	July	August
<ul style="list-style-type: none"> At «Donbasenergospetsremont», the quality management system has been certified to prove compliance with standard ISO 9001:2015. «Energetik», sports and health center, was launched proving to be a great event not only for Mykolaivka, but for the entire region: people from Sloviansk and Kramatorsk became the first clients of the club. 	<ul style="list-style-type: none"> The first supervisory audit of environmental management system proved compliance with standard ISO 14001:2015. Independent auditors stated no systemic deviations and highlighted overall improvement of Company's environmental performance over the last year since the date of certification. «Donbasenergo» has made its first transaction on the gas market. Natural gas was transported over Slovakia border (gas system operator EUSTREAM) over «Voyany-Uzhgorod» pipeline. On behalf of Ukraine, the operator was represented by JSC «Ukrtransgaz». Generator TVV-800 for Power Unit No. 7 has been delivered to Sloviansk TPP. 	<ul style="list-style-type: none"> National inspection authorities on operations of electric power plants and grids of Ukraine studied the equipment of Sloviansk TPP prior to autumn and winter period of 2018-2019 to mitigate the risks associated with facility operations under maximum load. Graduation ceremony in School of Masters at Sloviansk TPP. 98 line managers of the Company have accomplished the training course.



Key figures and events in 2018

September

- The first supervisory audit of quality management system at Sloviansk TPP and at managerial body of «Donbasenergo» proved system's compliance with standard ISO 9001:2015 and its capability to ensure conformity of the procedures with legal, regulatory and contractual requirements.
- Volunteer fire brigade of Sloviansk TPP took part in the competition held among similar brigades from heat and power generation industry of Ukraine. Though a newcomer to the All-Ukrainian championship, the team of Sloviansk TPP has won the third prize.
- At Sloviansk TPP, a new infrared thermal imaging device was introduced. The experts of the Electrical Shop use the device to carry out routine diagnostics of electrical equipment in the course of operation, and also in emergency situations when there are doubts about the functionality of the mechanisms.
- Experts of «Donbasenergo» and Sloviansk TPP participated in forum «Industrial Region Environment» representing the Project on reconstruction of Power Unit No.6 at Sloviansk TPP, as this project is of special importance for Donetsk region in terms of technology, economy and environmental protection.
- The team of Sloviansk TPP won the 6th prize in 43 km relay race held within the framework of traditional marathon «Our Kramatorsk». The power men covered the distance in 3 hours and 5 minutes, which is the second best result in «Machine engineers' cup» attended by the teams from the companies located in Donetsk Region and by the team of Sloviansk TPP.

October

- Start of autumn and winter maximum load, beginning of the heat supply period. Sloviansk TPP has duly accomplished the program to prepare the facilities for operations under high load.
- New electrical laboratory has been acquired. The modern facilities will enable diagnostics, tests and maintenance of the equipment in open switchgears, transformers and other high voltage equipment.
- Second stage of greenery planting within Mykolaivka territorial community has been accomplished. 300 of two-year lindens and rowan trees have been planted.

241,1
UAH mln

EBITDA

2 410
persons

Average employee
headcount

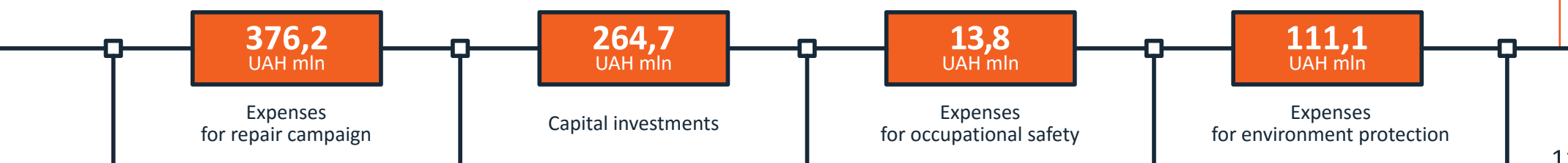
19 064
UAH

Average wages

609,3
UAH mln

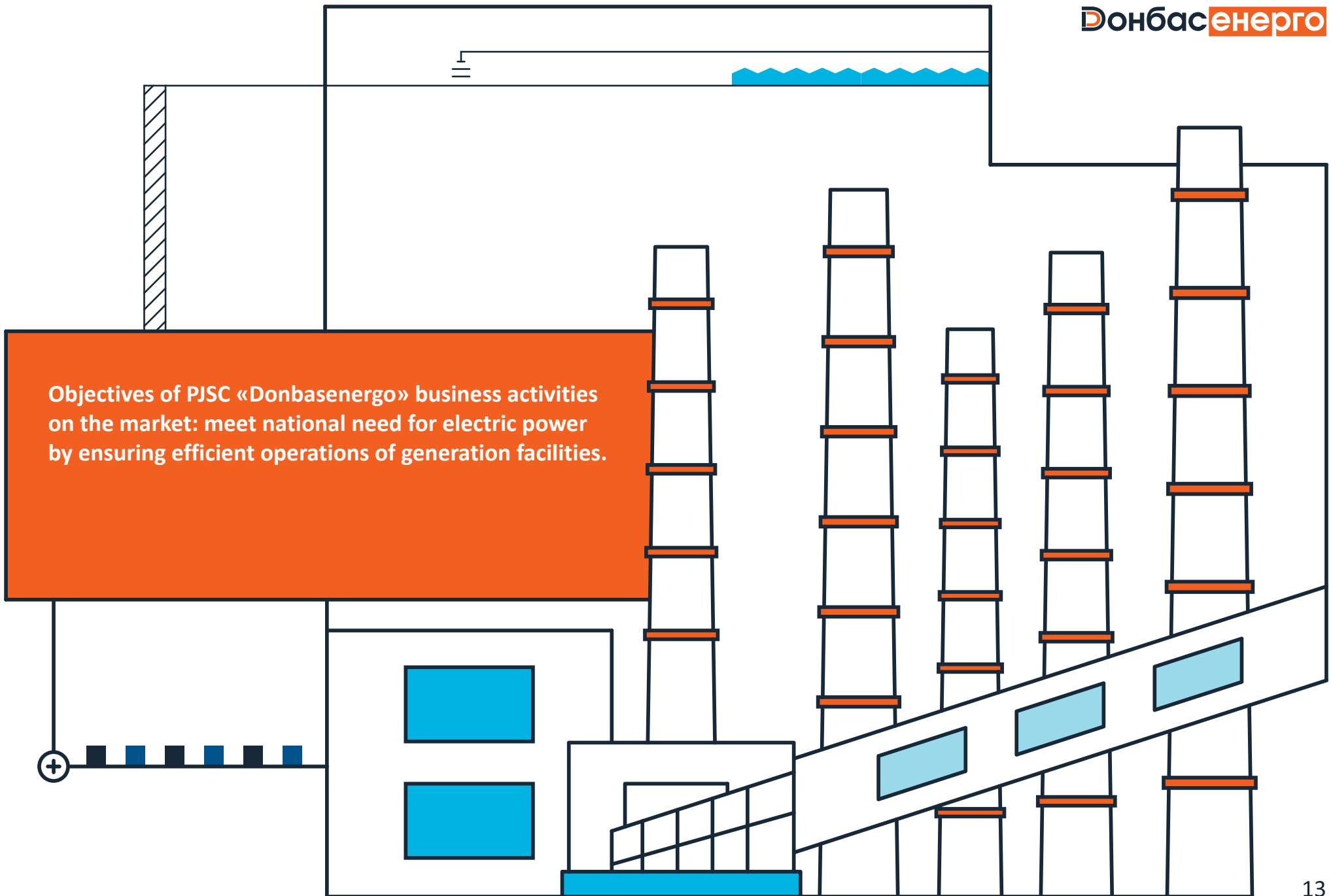
Taxes and other regulatory
payments to budget

November	December
<ul style="list-style-type: none"> ■ At Sloviansk TPP, a presentation «Enterprise Assets Management (EAM) in PJSC «Donbasenergo» was held. SmartEAM system is scheduled to be implemented within 18 months to improve operations and streamline the associated costs. ■ On site of Sloviansk TPP, a large scale civil defense training was held involving the personnel of the plant, officers from national Emergency Service of Ukraine and representatives of Mykolaivka local authorities. The power men demonstrated excellent skills required in different emergency situations. ■ «Donbasenergo» participates in XVI International Specialized Exhibition «Power in Industry 2018». ■ At Sloviansk TPP, the authors of the best improvement initiatives have been awarded based on the results of 2017 and first half of 2018. 	<ul style="list-style-type: none"> ■ On December 20, 2018 in Kyiv Exhibition Center «Parkovyi», a ceremony was held to sign the investment contract between PJSC «Donbasenergo» and Chinese Company Dongfang Electric International Corporation (Chengdu of Sichuan province). The Contract was signed by Eduard Bondarenko, Director General of PJSC «Donbasenergo» and by Luo Chzhigan, the president of the Chinese partner. The ceremony was attended by Stepan Kubiv, First Vice Prime Minister of Ukraine, by Nataliia Boiko, Deputy Minister of Energy and Coal Mining of Ukraine, and by Du Wei, Envoy Extraordinary and Plenipotentiary of PRC in Ukraine. ■ On the eve of the «Power Man Day», PJSC «Donbasenergo» presented certificates of merits to 42 employees. 9 employees of the Company were awarded with commendation letters from Donetsk Region Administration. 4 employees gained honorable mention from the Ministry of Energy and Coal Mining of Ukraine. Certificates of merits from the Ministry of Energy and Coal Mining of Ukraine were granted to Valerii Serhiienko, Head of Area and Group for Maintenance of Rotary Mechanisms and Turbine Equipment at Sloviansk TPP, and to Andrii Sinelnikov, Deputy Technical Director for Repairs of PJSC «Donbasenergo». A badge «Excellent Worker of Ukrainian Power Sector» was awarded to Yurii Mukhamatgaleiev, 6-grade Electrician for Switchgear Repairs at Transformer Overhaul Area of Electric Repair Shop of «Elektroremont» business unit.





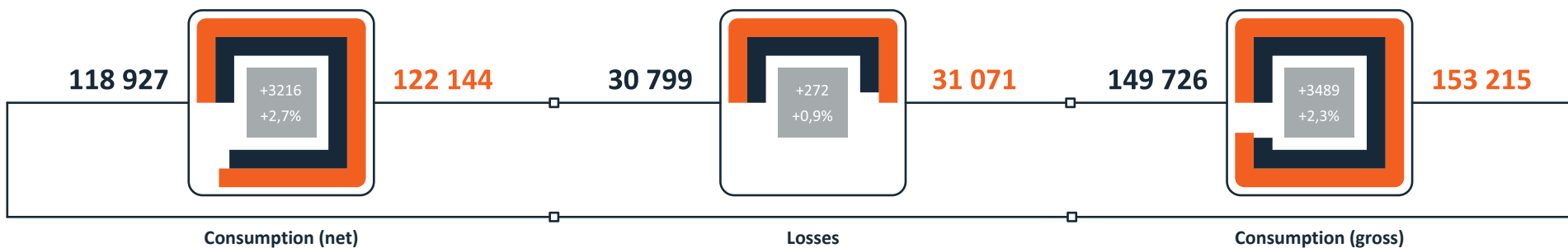
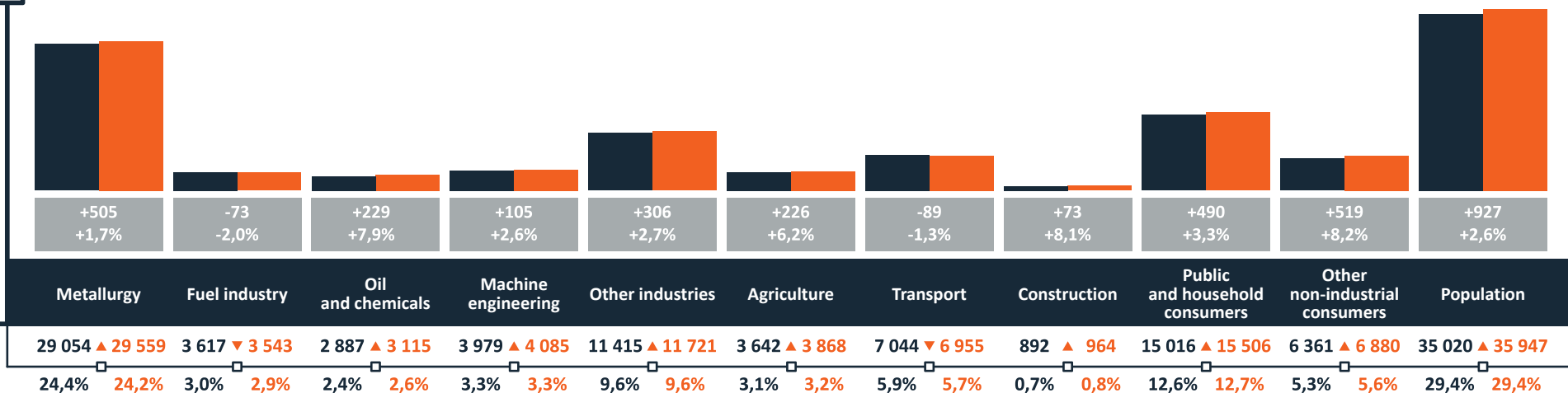
Objectives of PJSC «Donbasenergo» business activities on the market: meet national need for electric power by ensuring efficient operations of generation facilities.



1.1

Structure of electric power consumption in Ukraine in 2017-2018, bn kW·hour

In 2018, gross electric power consumption in Ukraine increased to **153 215** mln kW·hour versus **149 726** mln kW·hour, and the consumption of final consumers increased to **122 144** mln kW·hour versus **118 927** mln kW·hour in 2017.



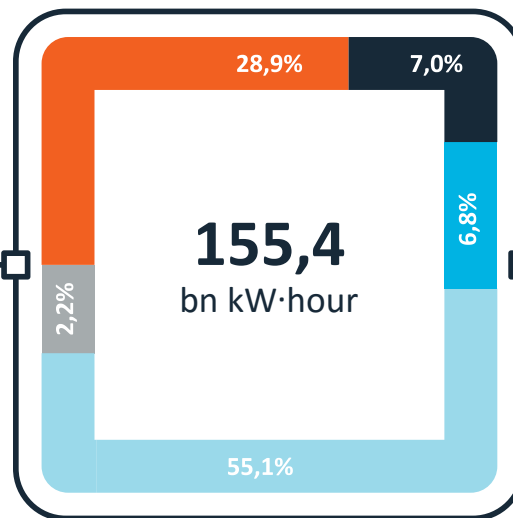
Year	2017	2018	Deviation
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1.2

Generation of United Power Grid in Ukraine in 2017-2018

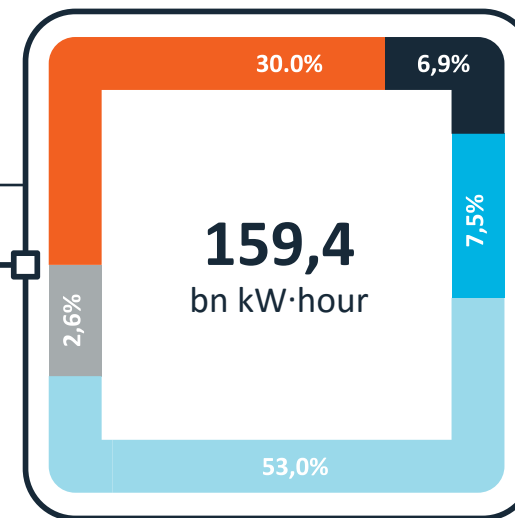
Generation of electric power within United Power Grid of Ukraine increased by **2,5%**, as compared to 2017, up to **159 350** mln kW·hour.

According to the Law of Ukraine «On Power Generation», the electric energy produced by generation companies is sold to the wholesale electric power market of the country. The market operator is represented by National Company «Energoynok».



2017

2018



44 960 ▲ 47 792

2017 2018

10 881 ▲ 11 016

2017 2018

10 567 ▲ 12 008

2017 2018

85 576 ▼ 84 398

2017 2018

3 430 ▲ 4 136

2017 2018

TPP

Heating PP

HPP and PSPP

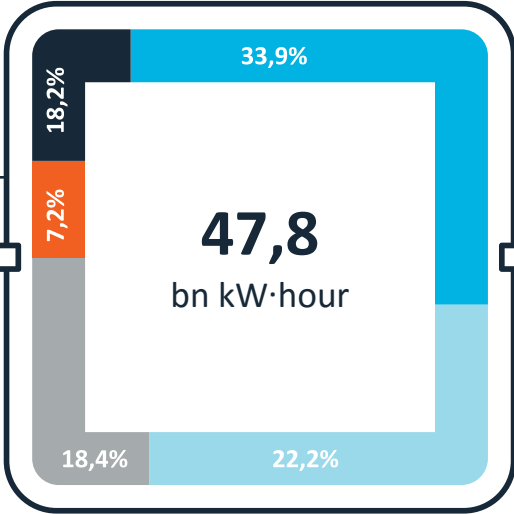
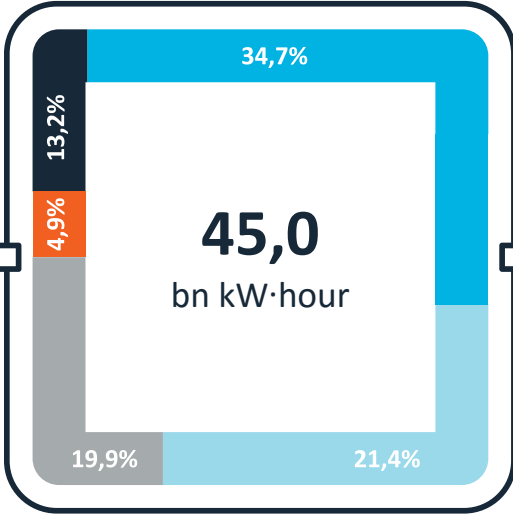
NPP

Other

1.3 Generation of TPP

Thermal generation sector of Ukraine is represented by five generation companies: PJSC «Donbasenergo», PJSC «Tsentrenergo», PJSC «DTEK Zakhidenergo», PJSC «DTEK Skhidenergo», PJSC «DTEK Dniproenergo».

In 2018, the share of TPPs within overall structure of total generation made **30,0%**.



2017 | 2018

2 342 ▲ 3 456	6 285 ▲ 8 685	16 591 ▼ 16 225	10 242 ▲ 10 628	9 500 ▼ 8 799
2017 2018	2017 2018	2017 2018	2017 2018	2017 2018

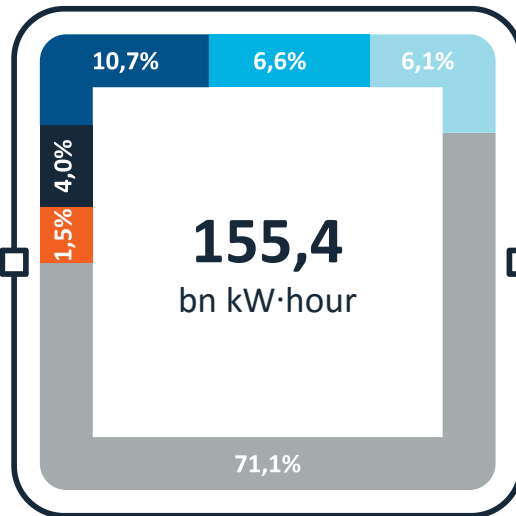


1.4 Share of TPP generation in UPG of Ukraine in 2017-2018, bn kW·hour

In 2018, specific weight of «Donbasenergo» amounted to **2,2%** within overall structure of total electric power generation in Ukraine, and **7,2%** of total TPP generation.

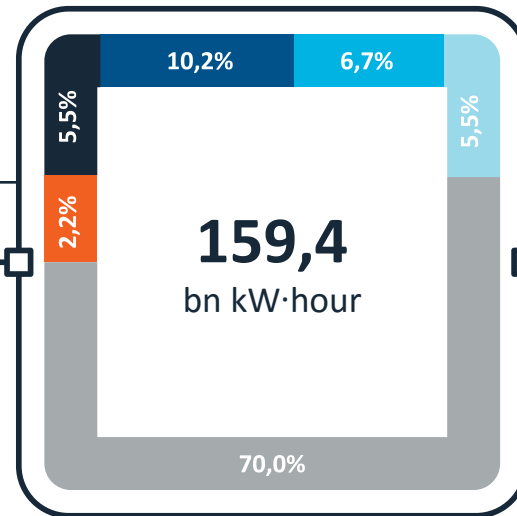
TPP generation companies operate on the wholesale electric power market on a competitive basis: for any planned day on the schedule, the participating Units are selected and ranged from lowest specific price up to the highest specific price

within the coverage of maximum consumption. The hourly prices for electric power are predetermined by the «most expensive» Unit. The prices for operational capacity and flexibility are determined based on the factors calculated by national Company «Energorynok». For all other producers, the tariffs for the scheduled month are established by National Energy and Utilities Commission of Ukraine.



2017

2018



2 342 ▲ 3 456

6 285 ▲ 8 685

16 591 ▼ 16 225

10 242 ▲ 10 628

9 500 ▼ 8 799

110 454 ▲ 111 558

2017 2018

2017 2018

2017 2018

2017 2018

2017 2018

2017 2018

Donbasenergo

Tsentrenergo

Zakhidenergo

Dniproenergo

Skhidenergo

Other generation

1.5

Tariff for supplied power

Over 2018, on the wholesale electric power market of Ukraine, the tariffs in TPP generation sector were growing due to increase in wholesale market price (WMP), higher prices of supplied electric power, better operational capacity and flexibility. In 2018, the tariff for supplied electric power in TPP generation sector amounted to **1 777,97** UAH/MW·hour, which was by **182,27** UAH/MW·hour higher than in the previous year. The tariff of PJSC «Donbasenergo» made **1 949,50** UAH/MW·hour (-290,76 UAH/MW·hour), which was by **13,0%** lower as compared to the previous year, because in 2017 the increase in PJSC «Donbasenergo» tariff was

considerably affected by extra payments charged according to Instruction of the Cabinet of Ministers of Ukraine dd. February 15, 2017, No. 103-r «On Introduction of Temporary Emergency Measures to Electric Power Market». Total increase in TPP generation tariff in 2018, on average, made **11,4%**. At the same time, in 2018, the payments by NC «Energorynok» to TPP generation companies for supplied electric power made **100%** of TPP output product.





Existing «single buyer» market model is rather a bottleneck for efficient utilization of TPP capacity and for increasing the share of TPP generation within the structure of total installed capacity of electric power sector of Ukraine. Within the framework of further development of the wholesale electric power market, Ukraine intends to adopt a model that implies creating a market of bilateral agreements, balancing market, market «for upcoming 24 hours», and auxiliary service market.

To preserve competitive standing under the new conditions of liberalized Ukrainian electric power market, scheduled to be implemented on July 1, 2019, «Donbasenergo» proactively participates in reformation procedures, prepares internal systems and employees to face new challenges.

Thus, in 2018, the Company's employees took part in educational programs involving international experts to study issues and experience in power market reformation in European countries. Within the framework of getting ready for the «new» electric power market, to support generation processes and sales procedures, the Company acquired special software presently employed by European generation companies. Besides, the experts of the Company are now working on best possible organizational transformations to improve a number of business processes and to make the Company 100% ready for the drastic changes in business environment.



1.6

Export of electric power

Since 2015, PJSC «Donbasenergo» has been one of the few companies exporting electric power from Ukrainian UPG to neighboring countries, members of European Network of Transmission System Operators for Electricity - **ENTSO-E**.

From 2015 onward, the Company has been exporting electric power following the routes as follows:

- **Hungary;**
- **Romania;**
- **Slovakia.**

Moreover, in 2018, the company made this list longer, and, for the first time in its history, exported electric power following Ukraine-Poland route. Export to Poland amounted to 15 mln. kW·hour. Over 2018, total export to ENTSO-E made 41.8 mln. kW·hour. Based on the annual results, the most efficient Company's export routes proved to be Hungary (63% of total export) and Poland (36% of total export).

In 2019, the Company intends to enter into new contracts to further boost export supplies.





2

Summary of operational results

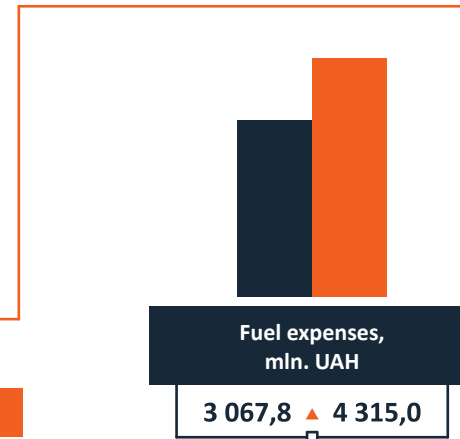
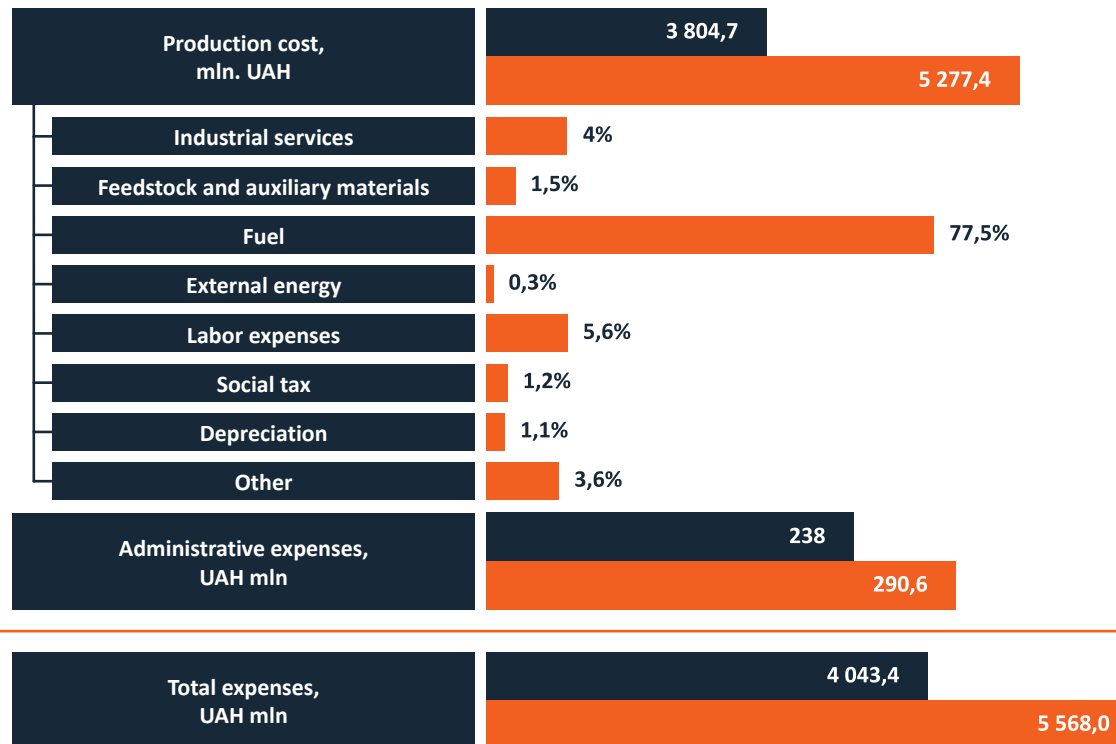
- 2.1 Cost composition of output
- 2.2 Technical and economic indicators
- 2.3 Fuel supplies
- 2.4 Repair campaign
- 2.5 Implementation of capital investments
- 2.6 Inventory and logistics management

2.1

Cost composition of output

In 2018, the major component within the structure of production costs was represented by fuel expenses - **77,5%**, increased by **2,1%** versus 2017. Actual labor expenses including unified social tax, within the structure of 2018 production costs were

decreased by **18,1%** versus 2017. Actual share of wages in the production costs was lower, as compared to the planned figures, by **1,6%**, mostly due to above-target generation of electric power.



Annex 6.1

2017

2018

2.2

Technical and economic indicators

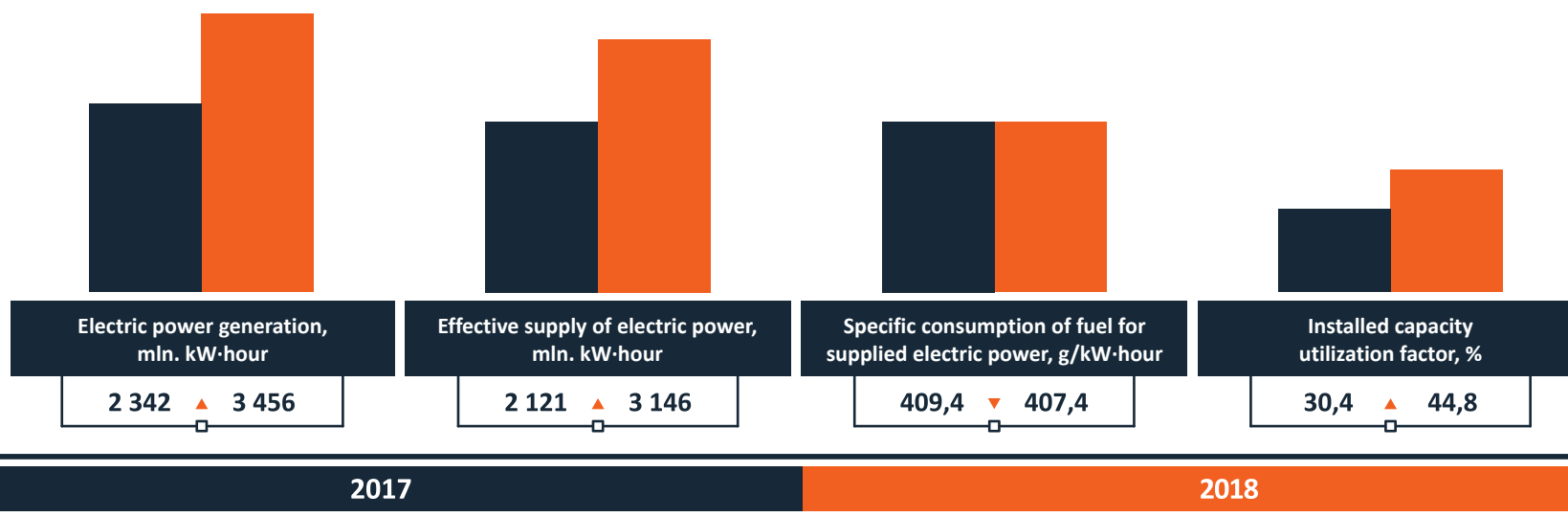
In 2018, electric power output amounted to **3 456,2** mln kW·hour, which is by **1114,3** mln kW·hour higher than in 2017. Power generation increased at Power Unit No.7 by **1 134,6** mln kW·hour, i.e. from **2 316,0** mln kW·hour in 2017 to **3 450,6** mln kW·hour in 2018. Power generation at TG No 3 decreased by **20,2** mln kW·hour, i.e. from **25,9** mln kW·hour in 2017 to **5,6** mln kW·hour in 2018.

Generation at Power Unit No.7 increased due to longer operation period (by 2 453 hours) (5 024 hours in 2017 versus 7 477 hours in 2018) - **1 134,6** mln. kW·hour. Longer operation was affected by shorter standby period (by 3 254 hours) and longer repair (by 801 hours).

Power generation at TG No 3 decreased due to shorter operation period (by 668 hours) (847 hours in 2017 versus 179 hours in 2018) – **20,2** mln kW·hour; shorter operation was affected by longer standby period (by 402 hours) and longer repair (by 265 hours).

Average loads on Power Unit No.7 (2017 – 460,9 MW, 2018 – 461,5 MW) and on TG No. 3 (2017 – 30,5 MW, 2018 – 31,4 MW) are within comparable range, and did not produce any considerable effects.

In 2018, power generation increase at Sloviansk TPP of PJSC «Donbasenergo» affected the growth of installed capacity utilization factor up to **44,8%**, which is by **14,4%** higher than the figure of 2017, and by **9,3%** higher than the figures in the financial plan.



2.3

Fuel supplies

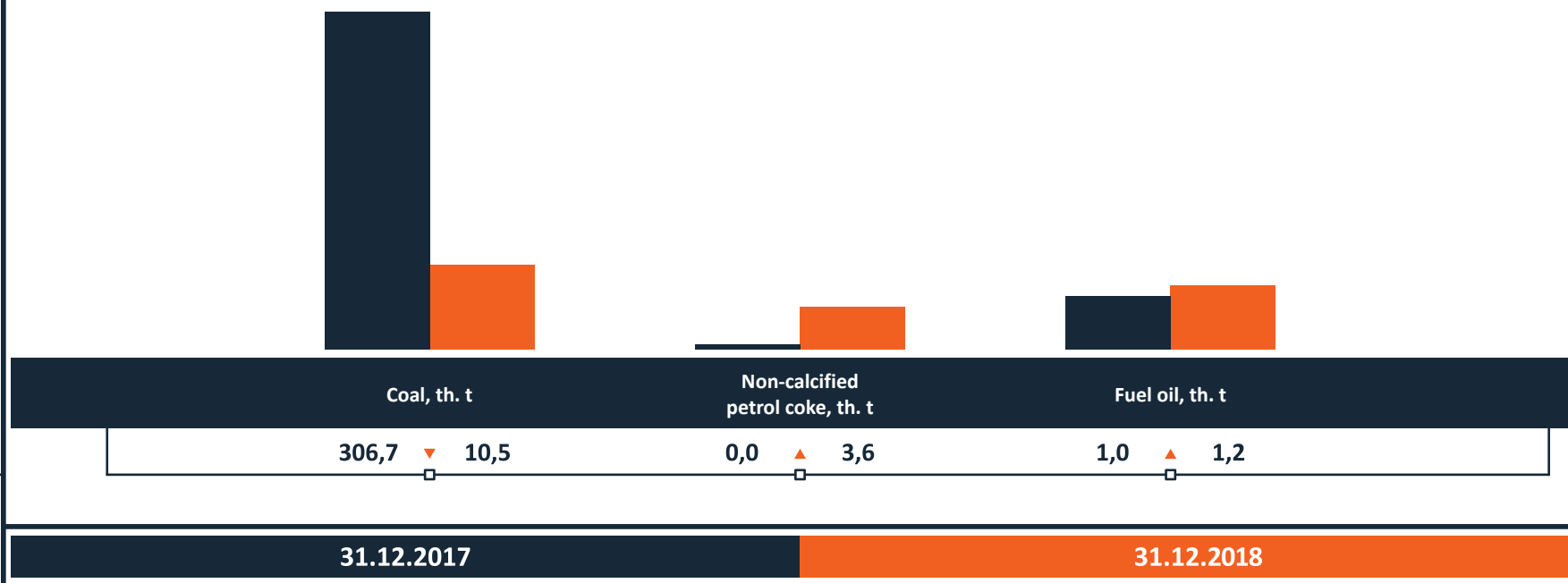
General features of fuel supply. Types and grades of supplied fuel.

In 2018, the fuel was supplied to Company's power plant according to Yearly forecast balance of Ukrainian UPG approved by the Ministry of Energy and Coal Mining of Ukraine and according to Forecast (approximate) list of Power Units for generation of scheduled electric power output.

Coal products were supplied under the contracts ensuring compliance with unified requirements to coal products according to specification stipulated by DSTU 4083-2012 «Coal and anthracite for pulverized combustion at thermal power plants. Specifications».

In 2018, the payments for supplied solid fuel amounted to UAH **4 951,0** mln.

Fuel residual stock at Sloviansk TPP:



In 2018, natural gas was supplied to Sloviansk TPP (business unit of PJSC «Donbasenergo») by centralized suppliers - NJSC «Naftogaz of Ukraine» and «GAZINVEST- TRADING», LLC.

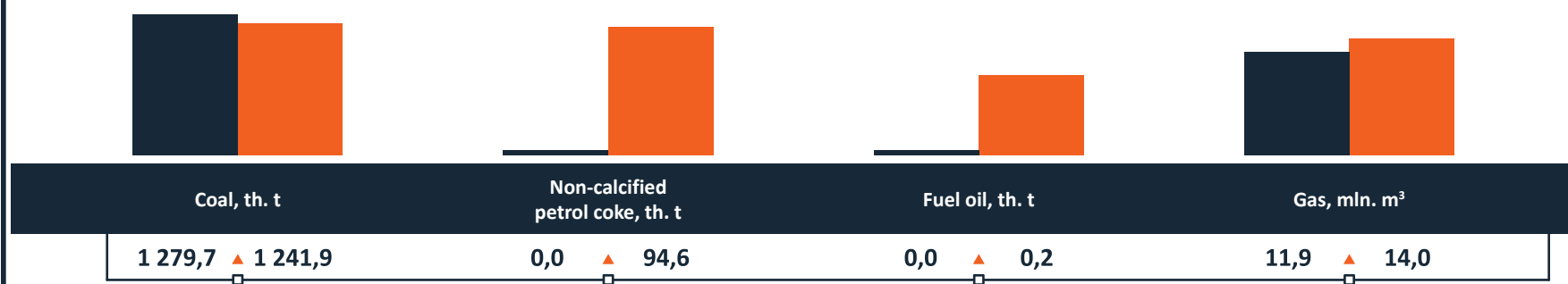
In 2018, PJSC «Donbasenergo» has purchased **0,3** mln m³ of natural gas from NJSC «Naftogaz of Ukraine» for Sloviansk TPP to the amount of UAH **2,5** mln and **13,7** mln m³ from «GAZINVEST- TRADING», LLC to the amount of UAH **157,3** mln, which was sufficient to ensure continuous operations.

In 2018, settlements with NJSC «Naftogaz of Ukraine» amounted to UAH **2,5** mln, which makes **103,1%** taking into account

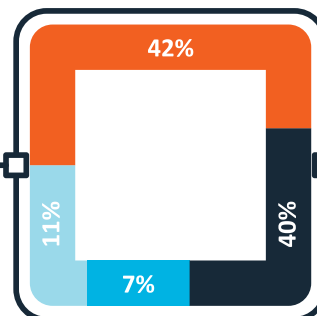
UAH **0,8** mln down payment for January 2018, effected in December 2017. As of January 1, 2019, the advance payment makes UAH **0,1** mln.

Settlements with «GAZINVEST- TRADING», LLC amounted to UAH **149,6** mln, taking into account UAH **14,8** mln arrears as of January 1, 2018, which makes **95,1%** of the cost of natural gas purchased in 2018. As of January 1, 2019, the arrears make UAH **22,5** mln.

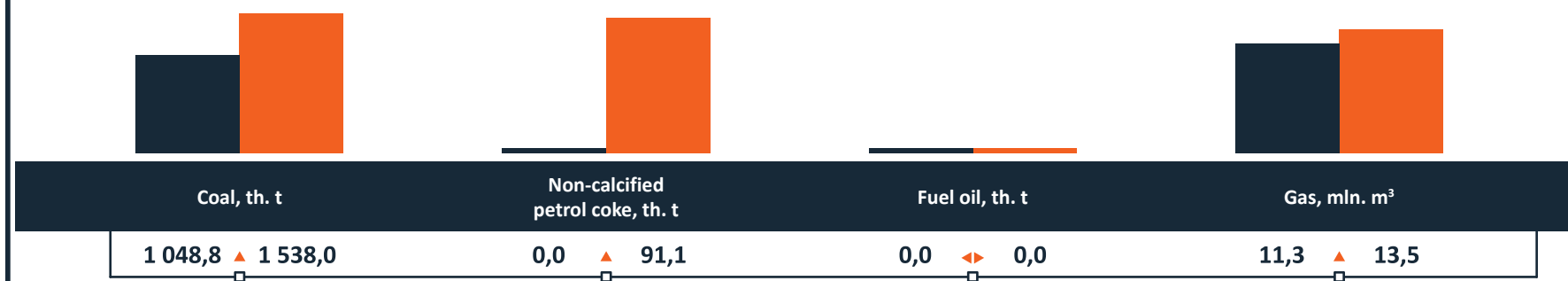
Types of fuel supplied to Sloviansk TPP:



Grades of supplied operational coal:



Consumption of natural fuel for generation of electric power and heat at Sloviansk TPP:



In 2018, no writing-off of solid fuel losses was effected.

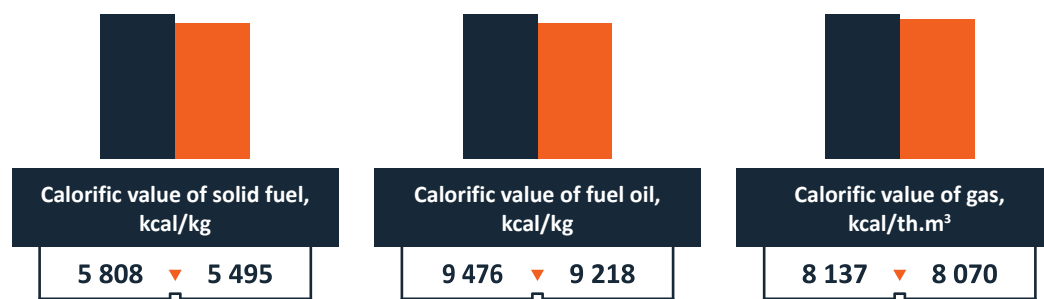


Fuel consumption, changes in fuel mix and its compliance with boiler equipment requirements and standards. Change in fuel calorific value as compared to 2017.

The fuel used in 2018 at the Company's power plant meets the requirements of the boiler equipment and relevant standards.

Below, there are some data on fuel consumption figures by types and cost items, fuel movements by type, change in calorific value of fuel.

Change in calorific value of fuel



Annex 6.3

Specific consumption of reference fuel for electric power supply by Sloviansk TPP in 2018 decreased by **8,3** g/kW·hour as compared to the figure of the financial plan. The decrease occurred mostly due higher average load, lower consumption of electric power for balance-of-plant needs, higher calorific value

of solid fuel versus respective figures of the financial plan. As compared to 2017, specific consumption of reference fuel for electric power supply by Sloviansk TPP in 2018 decreased by **2,0** g/kW·hour.

Annex 6.4

2.4

Repair campaign

According to the Order of the Ministry of Energy and Coal Mining of Ukraine dd. 25.09.2017, No. 622 «On Preparing the Equipment of Power Plants and Heat Supply Networks for Reliable and Efficient Operations in 2018 and during Autumn and Winter Season of 2018/2019», within the repair campaign of 2018 at Sloviansk TPP, it was necessary to implement **repair and reconstruction of 6 units of equipment**, with total capacity of **880 MW**, namely:

- **Reconstruction – 3 units of equipment (3rd section of 3rd stage of reconstruction)**
 - Turbo unit No. 7
 - Section 7A of Power Unit No. 7
 - Section 7B of Power Unit No. 7
- **Routine repair – 3 units of equipment (1st stage)**
 - Turbo unit No. 3
 - Boiler No. 6
 - Boiler No. 7

In 2018, at Sloviansk TPP, 6 units of process equipment with total capacity of **880 MW**, have been actually repaired, namely:

- **Reconstruction – 3 units of equipment (03.05 - 04.06.2018)**
 - Turbo unit No. 7
 - Section 7A of Power Unit No. 7
 - Section 7B of Power Unit No. 7
- **Routine repair – 3 units of equipment**
 - Turbo unit No. 3 (01.07 - 13.07.2018)
 - Boiler No. 6 (24.08 - 05.09.2018)
 - Boiler No. 7 (01.07 - 28.10.2018)

The schedule for reconstruction of Power Unit No. 7 (TG No. 7, Sections 7A and 7B) and for routine repairs of Boilers No. 6 and No. 7 (1st stage) at Sloviansk TPP has been adjusted and approved by the Orders of the Ministry of Energy and Coal Mining of Ukraine dd. 19.04.2018, No. 223 and dd. 12.09.2018, No. 472 «On Amendments to Order of the Ministry of Energy and Coal Mining of Ukraine dd. 25.09.2017, No. 622».

Heat supply lines repairs: actual: **1,01 km**, planned: **0,125 km**.

Expenses for repair campaign (UAH mln., VAT excl.)

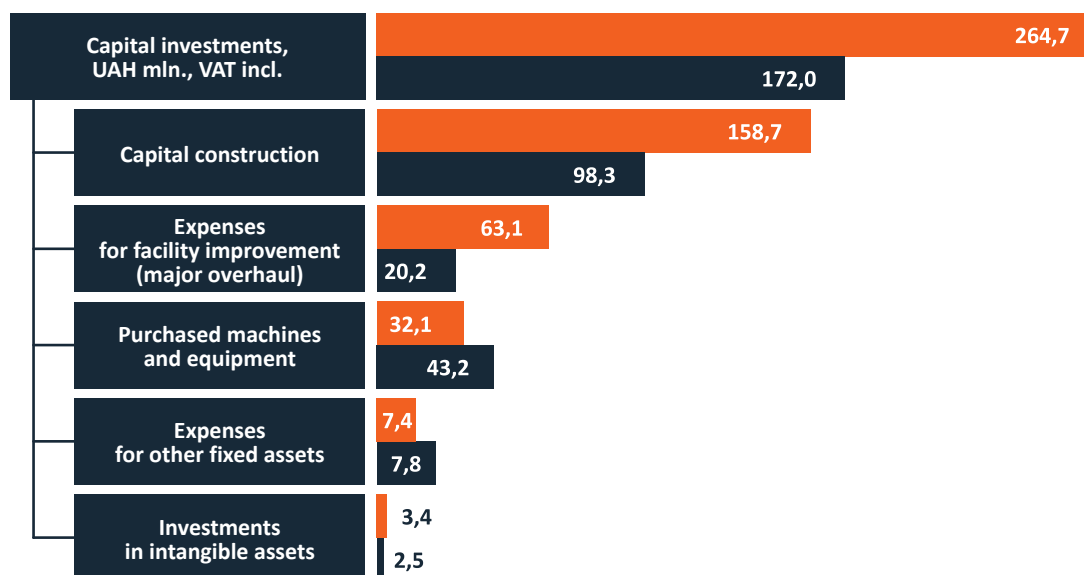


2017

2018

2.5

Implementation of capital investments



2017

2018

Reconstruction of Power Unit No. 7 at Sloviansk TPP

Over 2017-2018, preparation activities have been carried out for 3rd stage of the reconstruction scheduled for 2020. A number of contracts have been awarded, advanced payments have been effected to manufacture equipment for actual implementation of 3rd construction stage. A part of the equipment has been manufactured and delivered to Sloviansk TPP.

Since the beginning of Power Unit reconstruction, as of 01.01.19, the amount paid for accomplished works and delivered equipment made UAH **838,4** mln VAT incl., total funding amounted to UAH **1 339,8** mln VAT incl.

Reconstruction of Power Unit No.6 at Sloviansk TPP

- The preparation activities on site have been accomplished in full:
 - 2 turbines with condensers No.6B have been manufactured completely by PJSC «Turboatom»;
 - Basic Design documents have been developed for «Project on applying anthracite coal as rated fuel». Terms of Reference for Design have been revised to adopt gas grade coal as rated fuel; the documents have been studied at the meeting of «Electric power sector» section of Scientific and Technical Committee (STC) of the Ministry of Energy and Coal Mining of Ukraine;
 - The project has been listed among the priorities for joint implementation by Ukrainian and Chinese Governments.

- In order to obtain state guarantees for the project and to cover liabilities, the following activities have been undertaken:
 - in 2017, positive resolution has been obtained based on the results of the investment project state expert review performed by the Ministry of Energy and Coal Mining of Ukraine, together with favorable expert conclusion granted by the Ministry of Economic Development and Trade of Ukraine;
 - investment project payback was confirmed by an independent expert of KPMG-Ukraine in relevant report dd. 25.05.2018;

- in October 2018, positive resolution has been granted by the ministry of Finance of Ukraine based on the results of identification and assessment of the risks associated with the investment project implementation. According to the resolution, the state guaranteed loan to PJSC «Donbasenergo» for the investment project was deemed possible and feasible.

- In April-October of 2018, PJSC «Donbasenergo» together with a technical expert, VPC GmbH, and a legal consultant, CMS Cameron Mckenna, has developed tender documents to select a «turn-key» Contractor (design, procurement of equipment and tests).

- On 01.11.2018, a tender was announced to purchase these services through electronic procurement system «Prozorro» (www.prozorro.gov.ua) in line with rules and procedures established within the Procurement Regulations.

- On 03.12.2018, an auction was held resulting in a minimum price for the registered item of UAH 19 089 mln. This bid was submitted by Dongfang Electric International Corporation.

- On 20.12.2018, a contract was concluded between PJSC «Donbasenergo» and Dongfang Electric International Corporation.

- Within the framework of this project implementation, the Company undertakes the activities as follow below:
 - accomplishment of the procedure to obtain state guarantee to cover liabilities (winning the competition for state guarantee held by the Ministry of Energy and Coal Mining of Ukraine,

- getting approval for the guarantees from Antitrust Committee, obtaining approval from the Cabinet of Ministers of Ukraine);
 - obtaining project approval with Sinosure (Chinese state corporation for insurance of export credits);
 - obtaining approvals and loans at the Bank of PRC.

Construction of «Energetik» sports and health center

In 2018, «Energetik» sports and health center was put in operation. The opening ceremony was held on June 27, 2018.

The infrastructure of the new center includes the following: swimming pool, gymnasiums for arena football, basketball, volleyball, ping-pong; workout room, boxing and judo halls, nursery, «spa-capsule», sauna, sports food and sports gear shops, beauty center, massage room. On the territory of the sports center, there is an outdoor artificially covered lawn tennis court.

Reconstruction, major overhauls of social infrastructure facilities, and implementation of social corporate programs of PJSC «Donbasenergo»

Over 2017-2018, PJSC «Donbasenergo» together with Mykolaivka Town Council has accomplished the activities

as follow below:

- research and design studies to develop detailed engineering (and to obtain expert review resolution) for major overhauls of facades and thermal insulation upgrades on social facilities of Mykolaivka Town Council: schools, kindergartens, upper-secondary school, art school, boarding school;
- detailed design for repairs of motorways of Mykolaivka territorial community (stages 1, 2, 3 and 4);
- detailed design for repairs of lighting networks in Mykolaivka;
- detailed design for reconstruction of Mykolaivka parklands;
- design and cost estimate documents for and the construction of the arena football pitch on site of Mykolaivka secondary school No.3.

Activities have been scheduled to develop design documents for construction of arena football facilities (for 1000 spectators), for reconstruction of Sveshnikov Square.

There are plans to proceed with development of design and cost estimate documents for the social infrastructure

facilities covered by the program jointly implemented by Mykolaivka Town Council and PJSC «Donbasenergo».

Within the framework of major overhauls at Central District Hospital and health clinics, in 2017-2018 the inspections and detailed design has been accomplished to repair the buildings of infectious disease department. There are plans

to develop design documents for repairs at Central District Hospital and health clinics.

To construct Saint Spyridon Church, in 2018 detailed design documents have been developed. Construction and erection activities are scheduled for 2019-2022.



2.6

Inventory and logistics management

In 2018, PJSC «Donbasenergo» has accomplished a number of improvements to the trading site. The most important areas of activities are listed below:

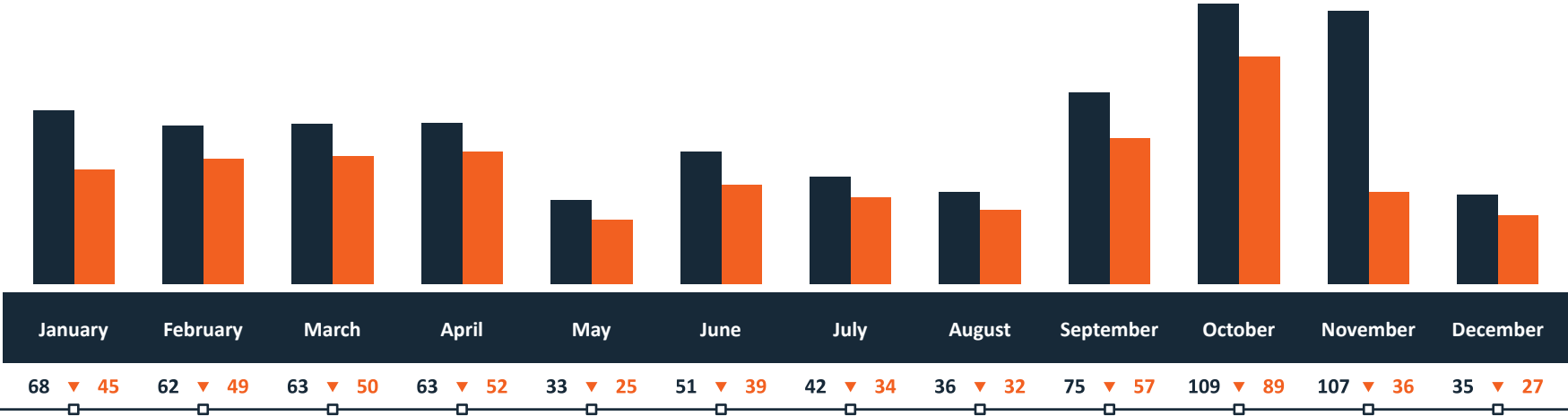
- increased number of registered suppliers;
- improved user-friendly service for the bidders;
- accomplished tender analysis module has been developed and implemented;
- multi-lot procurement module has been developed and is tested now;
- procurement registration system has been upgraded, approved monitoring report sending system has been updated;
- reference book of PJSC «Donbasenergo» employees has been updated;
- Economic Activity Classifier codes have been integrated into IT-Enterprise system;
- streamlined unified classifier of equipment and materials has been implemented to facilitate planning procedures;
- reference book of procurement dates has been developed for planning purposes;
- procurement planning module has been developed including approval procedures;
- bidder statistics module has been developed;
- supplier refusal registration module has been developed (suppliers' refusals to supply goods/services);
- business process for monitoring report approval has been upgraded to involve officers of Tendering Department of Sloviansk TPP.



Site operation results in 2018:

Increased number of registered suppliers

The difference between the number of submitted applications and the number of certified bidders represents the result of continuous efforts made by Procurement and Supplies Department officers to alter contractors' registration data and to identify unreliable suppliers.



1349 ▼ 744

2017 2018

627 ▼ 585

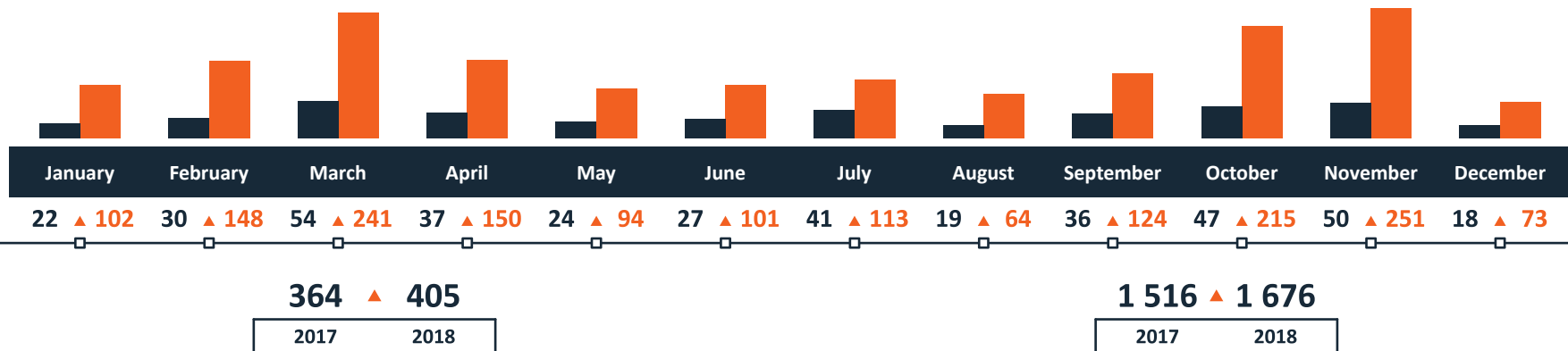
2017 2018

Applications for certification

Certified suppliers

- In 2018, **119 304** suppliers were invited to take part in **405** tenders;
- prospective suppliers are regularly searched for and invited.

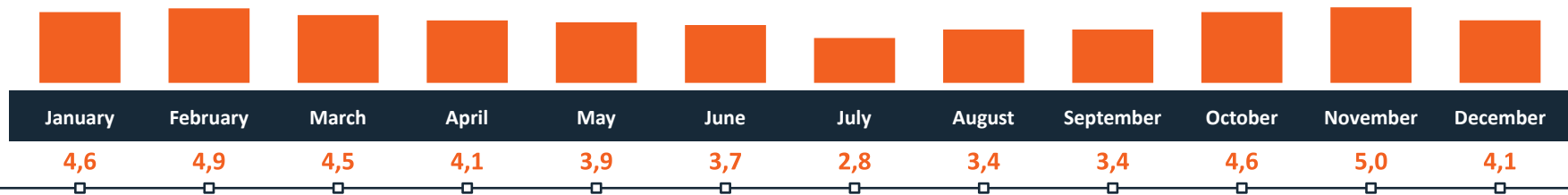
Number of bidders in 2018



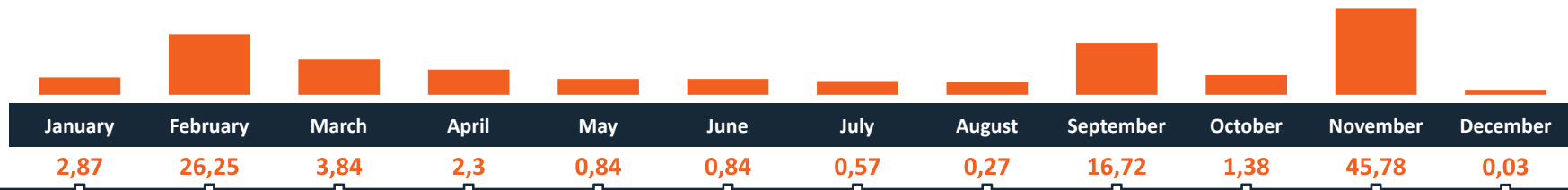
Average number of bidders per one tender

As of 01.01.2019, the supplier database includes **1610** organizations.
Average number of bidders per one tender: **4,1**.

Reference: the supplier database of «Prozorro» system includes 178 890 organizations. Average number of bidders per one tender: 2,34.



Total amount of price reduction by bidders during tenders, UAH mln, VAT incl.



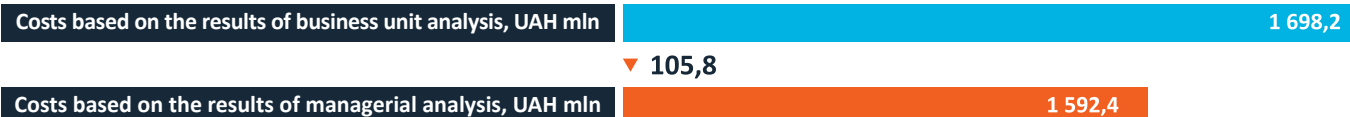
Conclusions based on 2018 results:

- the companies participated in the held tenders: **1406**;
- tenders held: **405**;
- 570** companies have been added to the supplier database.

Trading site operation results since the launch date (01.06.2016) till 01.01.2019.

- suppliers registered: **1610**;
- 220 559** suppliers invited to **933** tenders;
- 3 635** companies participated in tenders.

Procurement cost reduction due to the trading site



Most important results in 2018:

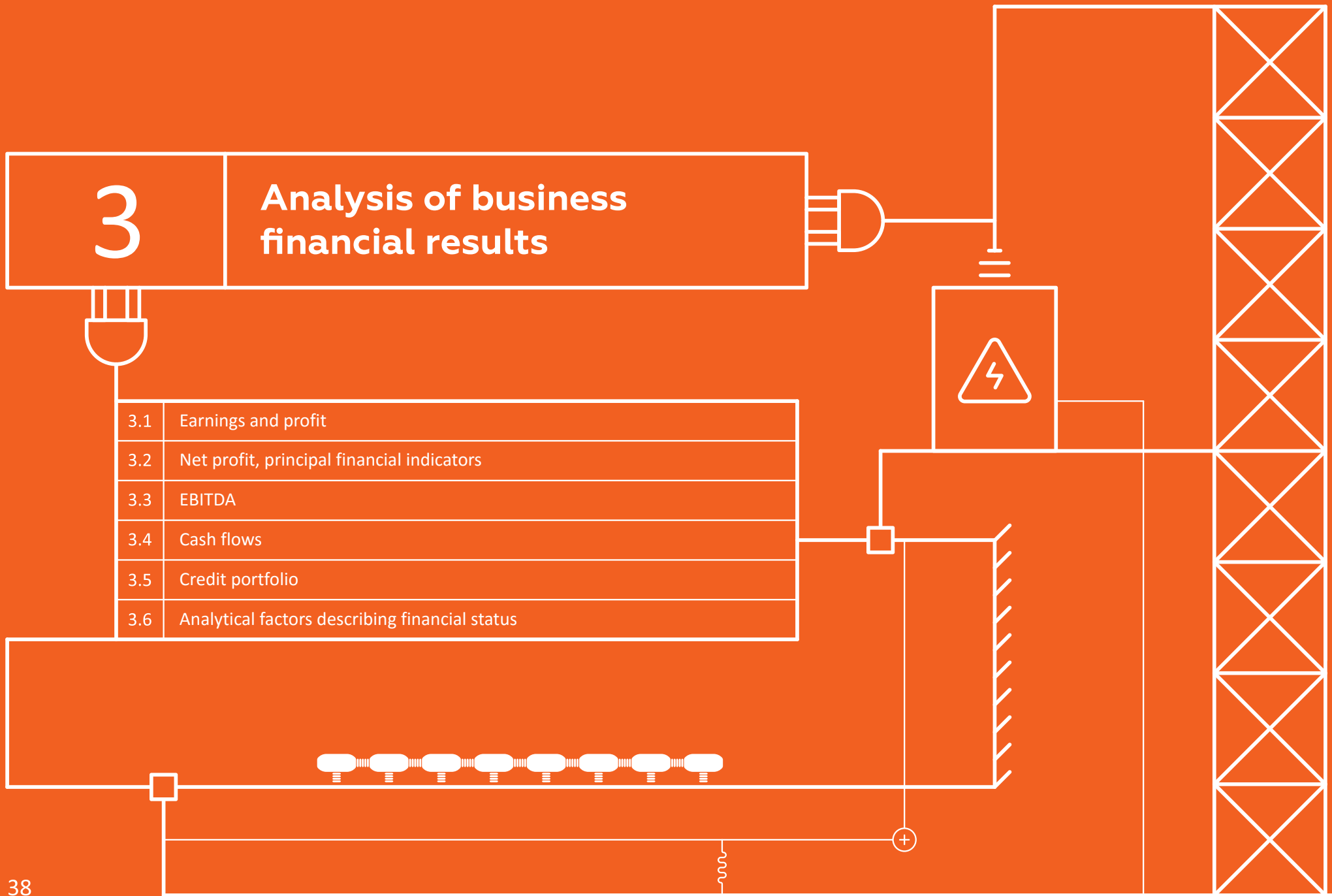
- UAH **1 698,2** mln. – total costs of all procurements in 2018 based on the results of business unit analysis;
- UAH **1 592,4** mln. – total costs of all procurements in 2018 based on the results of managerial analysis;
- UAH **72,1** mln, VAT incl. – maximum reduction of purchasing price («00929 «Reconstruction of 800 MW pulverized coal Power Unit No.7 to meet the requirements of ENTSO-E») as a result of Logistics and Tendering Directorate efforts;
- 14** – maximum number of bidders in a single tender (No. 00952 «Personal protective equipment»).

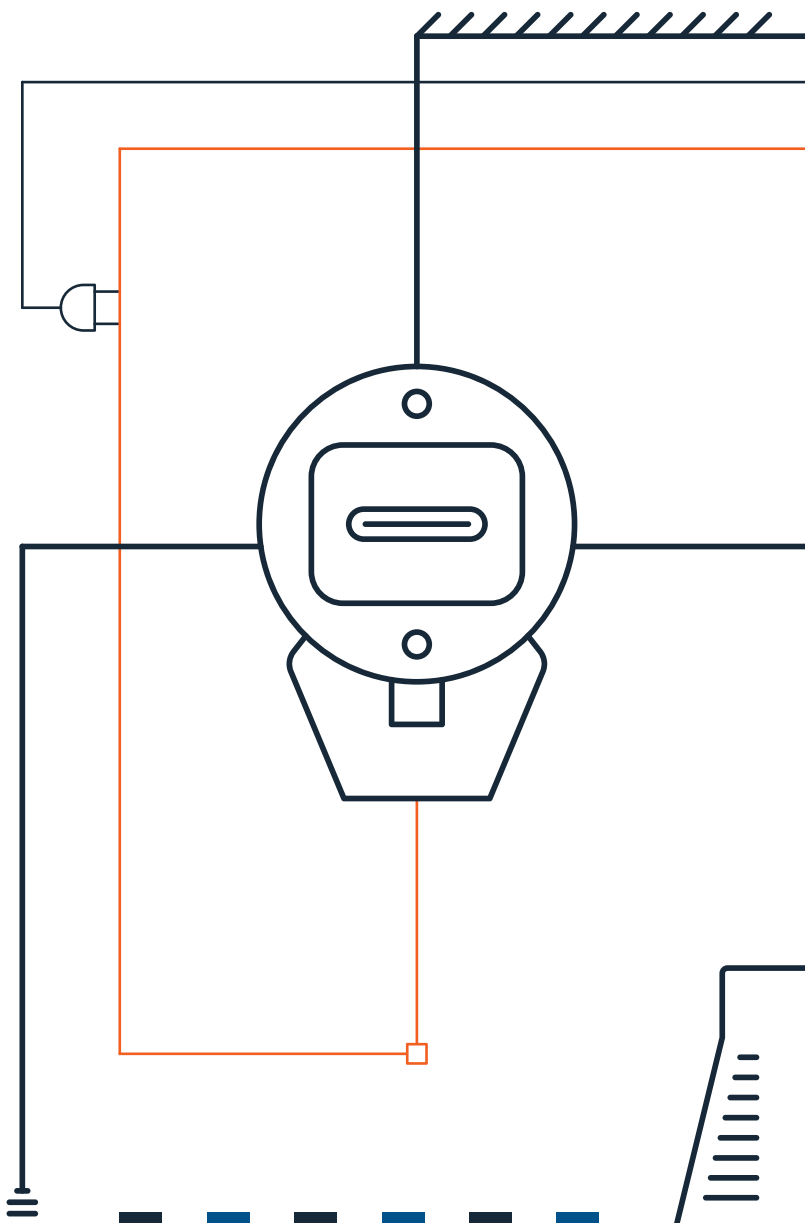
In 2018, Company's savings amounted to UAH **105,8** mln

3

Analysis of business financial results

- 3.1 Earnings and profit
- 3.2 Net profit, principal financial indicators
- 3.3 EBITDA
- 3.4 Cash flows
- 3.5 Credit portfolio
- 3.6 Analytical factors describing financial status





Financial indicators and results are among the most important markers of business efficiency; their analysis reveals the effects produced by internal, operational and external economic factors on principal indices of financial status of a generation company. The indicators in this section describe PJSC «Donbasenergo» ability to fulfill obligations towards creditors and help estimate the company's past and present financial situation in terms of its prospective development.

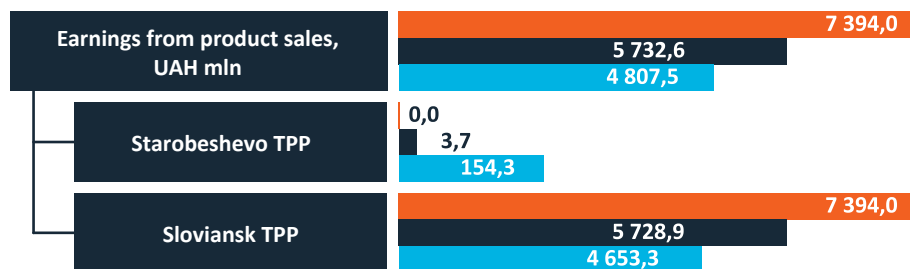
Calculations of key operational and financial indicators do not take into account the results of the business units which production facilities are located on temporarily uncontrolled territory. Control over such facilities was lost in March 2017.

2018 financial report has been developed according to International Financial Reporting Standards (IFRS).

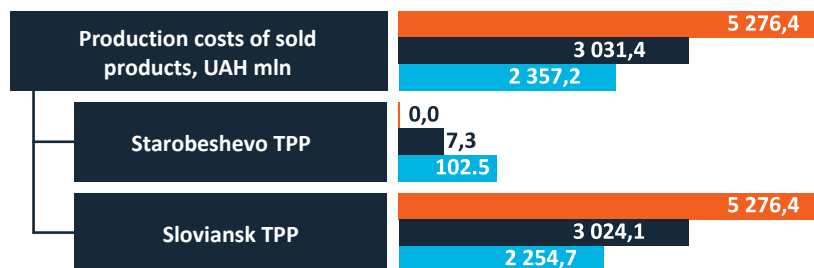
3.1

Earnings and profit

Earnings from product sales, UAH mln

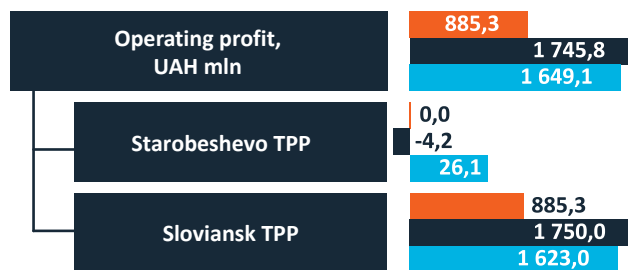


Production costs of sold products, UAH mln



Production costs of sold products in 2018 amounts to UAH **5 276,4** mln. It has increased as compared to previous years because of higher fuel prices: coal – by **27,0%**, gas – by **26,6%**.

Operating income, UAH mln



Income from product sales in 2018 amounts to UAH **885,3** mln. It consists of electric power sold to NC «Energorynok» by Sloviansk TPP. The result is lower as compared to 2017, because the growth of power generation costs (**39,5%**) was faster than growth of tariff for electric power (**2,1%**).

2016

2017

2018

3.2

Net profit, principal financial indicators

Principal financial indices in 2018-2016, UAH mln

Income/Expense item	2016	2017	2018
Operating income	1 649,1	1 745,8	885,3
Administrative expenses	236,7	287,3	363,2
Sales expenses	11,1	8,0	10,6
Other operating income	1 687,4	1 024,1	257,4
Other operating expenses	3 268,3	2 006,4	580,6
Financial income	15,8	18,9	26,1
Financial expenses	122,3	110,3	85,2
EBT ²	-286,2	376,8	129,2

In 2018 EBT was lower than in 2017 mostly because of lower economic performance of Sloviansk TPP.

²Earnings Before Tax.



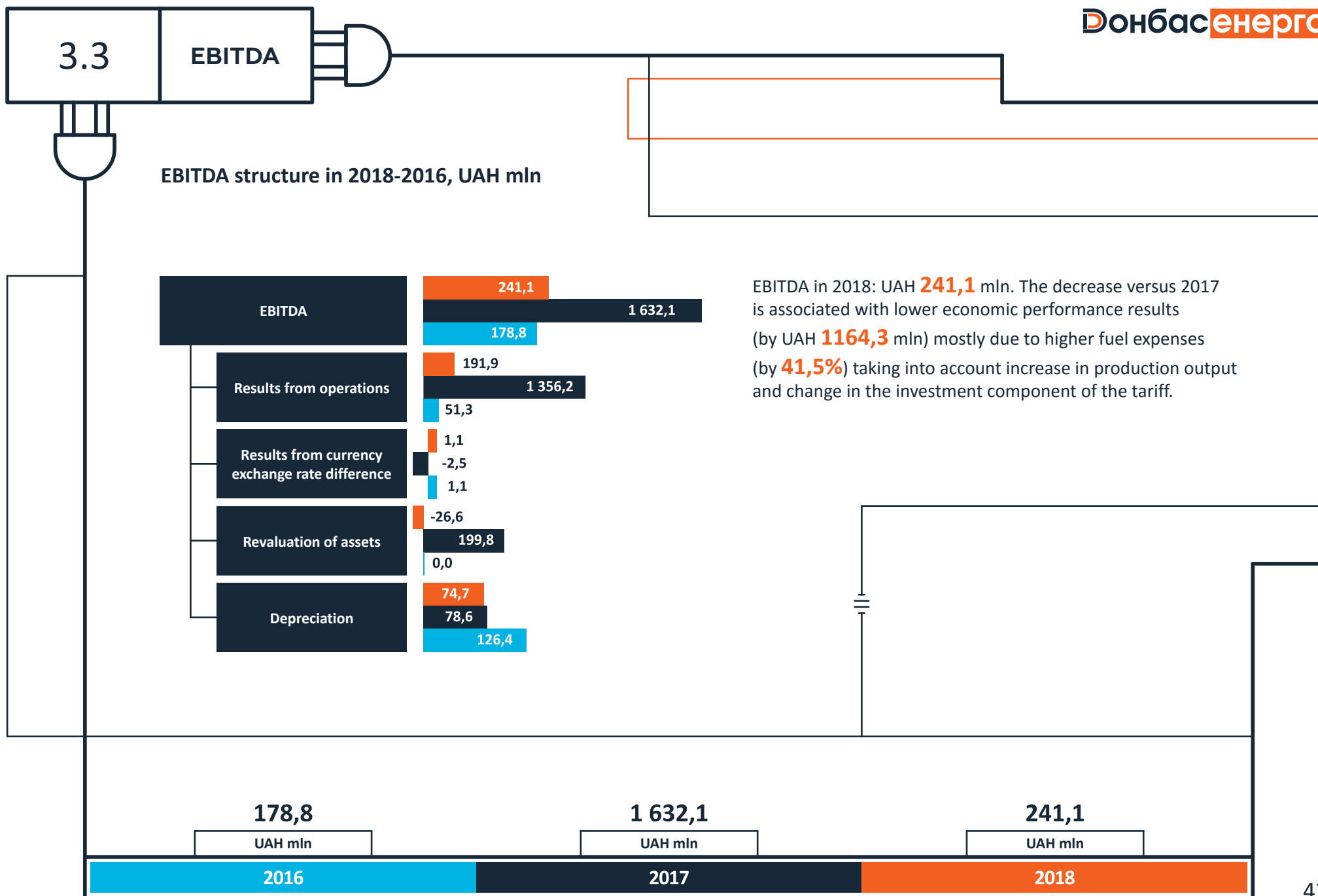
Financial results structure, UAH mln

Indicator	Actual	Actual	Actual	Deviation 2018/2017		Deviation 2018/2016	
	2016	2017	2018	+/-	%	+/-	%
(+) Net income (earnings) from sales of electric power and heat, including:	4 006,3	4 777,2	6 161,7	1 384,5	29,0%	2 155,4	53,8%
Investment component in electric power tariff	190,9	562,5	135,2	-427,3	-76,0%	-55,7	-29,2%
(-) Production costs of sold electric power and heat	2 357,2	3 031,4	5 276,4	2 245,0	74,1%	2 919,3	123,8%
(=) Operating income	1 649,1	1 745,8	885,3	-860,5	-49,3%	-763,8	-46,3%
(-) Administrative expenses	236,7	287,3	363,2	76,0	26,4%	126,5	53,4%
(-) Sales expenses	11,1	8,0	10,6	2,5	31,6%	-0,6	-5,1%
(+) Other operating revenue, other income	1 687,4	1 024,1	257,4	-766,7	-74,9%	-1 430,0	-84,7%
(-) Other operating expenses, other expenses	3 268,3	2 006,4	580,6	-1 425,8	-71,1%	-2 687,7	-82,2%
(+) Financial income	15,8	18,9	26,1	7,2	37,9%	10,3	65,2%
(-) Financial expenses	122,3	110,3	85,2	-25,1	-22,8%	-37,1	-30,3%
(=) Earnings before tax	-286,2	376,8	129,2	-247,6	-65,7%	415,3	-145,1%

Given the declared profit tax to the amount of UAH 25,1 mln, the result of financial and economic activities in 2018 makes UAH 104,1 mln of net profit.

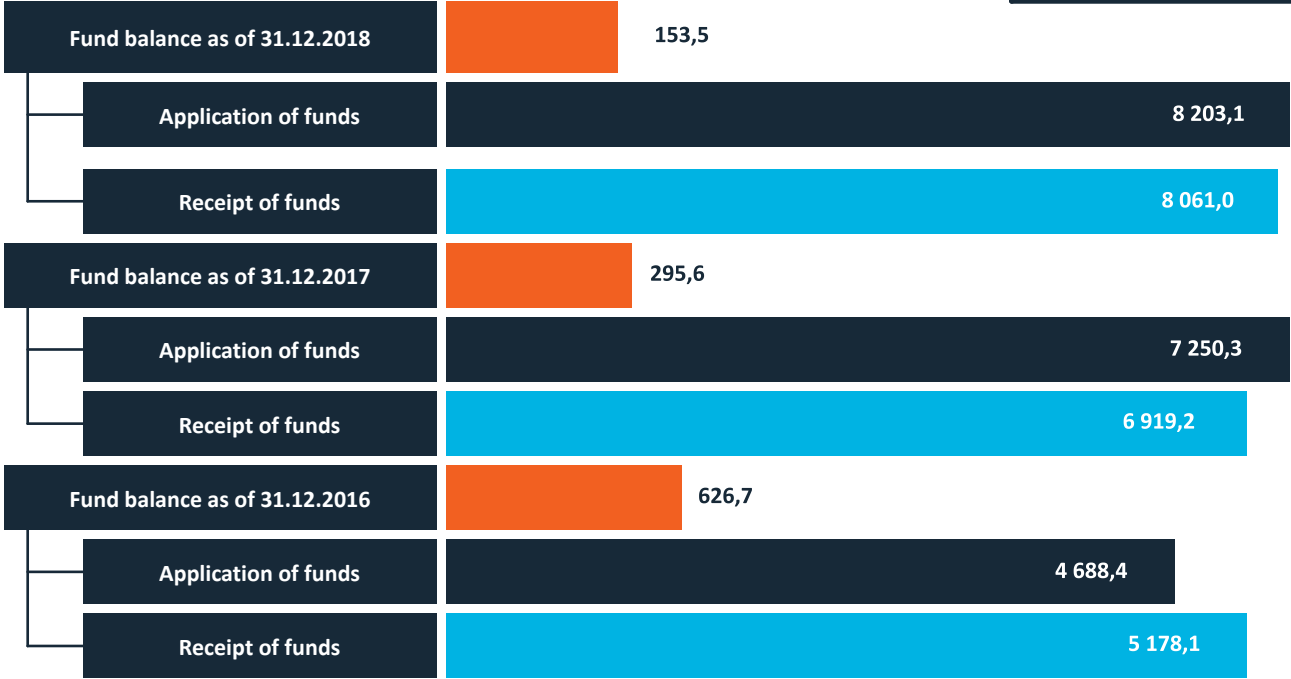
Dynamics of financial results in 2016-2018, UAH mln





3.4 Cash flows

Cash flow structure in 2018-2016, UAH mln



Increase in receipt of funds in 2018 by UAH **1 141,8** mln, as compared to 2017, occurred due the factors listed below:

to **6.4%** increase in payments by NC «Energorynok» for sold electric power;

[+] UAH **1 688,3** mln – higher prices of electric power sold by Sloviansk TPP due to generation growth and due

[-] UAH **457,1** mln – refund of earlier received advance payments from NC «Energorynok» for electric power.

[+] Receipt of funds	[-] Application of funds	Fund balance
----------------------	--------------------------	--------------

Net Cash Flow in 2018 of (-) UAH 142,1 mln has been formed due to the factors listed below:

Factors for cash flow increase	2 230,5	Factors for cash flow decrease, UAH mln	-2 372,8
Earnings from financial and economic activities	104,1	Increase in adv. payments for coal	955,4
Inventory reduction (coal)	728,7	Increase in other inventories (spare parts, materials)	78,5
Debt service payment (for financial aid)	23,0	Reduction in liabilities for adv. payments of NC «ER»	457,1
Debt payments for electric power in earlier periods	281,7	Underpayment from NC «ER» for e/p of December 2018 p.	207,6
Extra payment from NC «ER» for e/p of December 2017	267,5	Insurance of «Kremin» complex (deferred costs)	16,2
Reserves for social security	544,4	Dividend payments (budget + other)	44,4
Reserves for dividends	31,2	Capital investments	482,7
Funds added to current assets from special account	60,0	Increase in other advanced payments	130,9
Depreciation	74,7		
Increase in loan debt (JSC «OB»)	64,2		
Tax debt (not yet mature)	51,0		

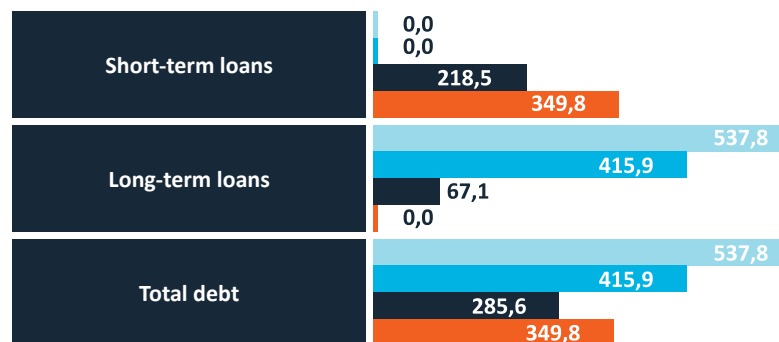
3.5

Credit portfolio

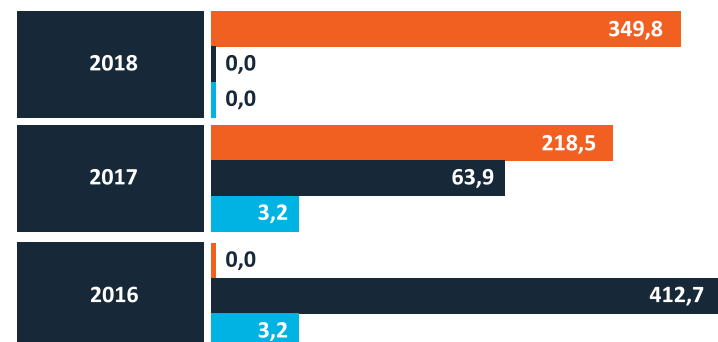
To add funds to current assets required, in particular, for accumulation of fuel inventories, the Company borrows contract loans. Existing credit portfolio of PJSC «Donbasenergo» has been denominated in hryvnas with fixed lending rate.

As of 31.12.2018, debt for borrowed loans amounted to UAH **349,8** mln and it was increased, as compared to 2017, by UAH **64,2** mln due to opening of new credit lines with PJSC «Oshchadbank» to ensure reliable operations in autumn and winter of 2018/2019.

Loan debt dynamics, UAH mln



Loan debt structure, UAH mln



31.12.2015

31.12.2016

31.12.2017

31.12.2018

Short-term loans

Long-term - PJSC «Oshchadbank»

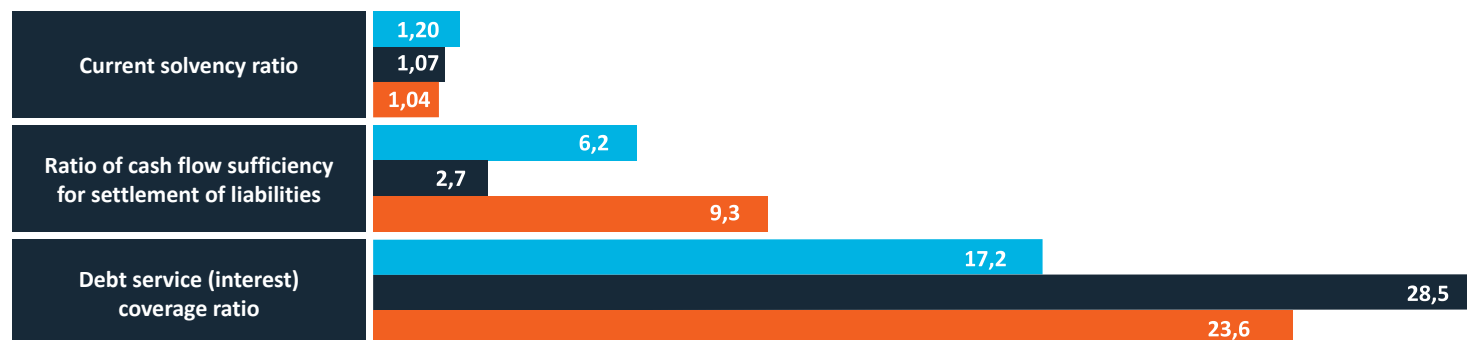
Long-term - «FC «ARTFIN» LLC

Solvency ratio

Actual calculated solvency ratio meets regulatory requirements (N>1). The ratio was affected by payments (in 2018) of debts for electric power accumulated before September 1, 2017, and by increase in settlements for process fuel due to higher share of imported coal supplies.

Over 2018, calculated value of collection ratio of 9,3 (N>1) resulted from additional loans with PJSC «Oshchadbank» to ensure reliable operations in autumn and winter of 2018/2019.

In 2018, the Company has fulfilled all interest obligations towards the creditors.



3.6

Analytical factors describing financial status

NWC dynamics

Based on 2018 business results, «net working capital» (NWC) has decreased and now amounts to UAH **2 377,8** mln due

NWC, UAH mln	2018	-2 377,8
	2017	-1 813,6
	2016	-2 257,0

to the fact that some accounts receivable have been found doubtful, and due to refund with no regain of NC «Energorynok» earlier advance payments for electric power.

2016	2017	2018
------	------	------

Liquidity ratio

According to calculations above, current liquidity ratio ($N > 1$) in 2018 was lower than the regulatory figure. Current liquidity ratio in 2018 was lower, as compared to previous reporting period, by **23,7%**, due to settlement of accounts payable to contractors and to state budget of Ukraine (UAH **84,5** mln), and due to reduction of asset value according to IFRS item 9 «Financial instruments».

Lower **absolute liquidity ratio** was due to reduction, as compared to 2017, of free balance funds by UAH **142,1** mln.

Thus, general changes in liquidity ratio over the period under report testify of the continuing dependency on loans.

Economic efficiency of Company's assets utilization provides opportunities for gaining economic advantages from production facilities, capital, assets, investment funds.

Day-to-day liquidity (standard >1)	0,45	0,59	0,47
Immediate liquidity (standard 0.6...0.8)	0,38	0,37	0,38
Absolute liquidity (standard 0.2...0.5)	0,04	0,07	0,15

01.01.2017	01.01.2018	01.01.2019
------------	------------	------------

Operations profitability ratio

Operations profitability ratio in 2018, as compared to 2017, decreased to 3,1 due to lower profitability of other operational

activities following the increase in costs to create reserves for future expenses according to Accounting Policy of the Company and IFRS.



ROA ratio

Return on assets (ROA) in 2018 increased due to continuing upgrades of production facilities at Sloviansk TPP.

ROE ratio

Return on equity (ROE) in 2018 has been showing positive dynamics as a result of profitable operations under conditions of effectively unchanged equity.



Solvency ratio

In 2018, solvency ratio remained lower than standard value; however, no considerable changes occurred during the year.



Earnings per share ratio

Within the period under report, the issuer did not buy ordinary registered shares (Art. 68 of the Law of Ukraine «On Joint-Stock Companies»).

Based on the business results of PJSC «Donbasenergo» in 2018, and net profit of UAH **104,1** mln, calculated EPS (Earnings Per Share) amounts to UAH **4,40**.

Loan portfolio turnover ratio

Calculated value of loan portfolio turnover ratio in 2018 tends to decrease as compared to 2017, which is mostly due to the advance payments for purchasing imported coal, and due to funding of the investment projects at Sloviansk TPP.



Thus, notwithstanding the improvements to some financial indicators in 2018, financial status of the Company remains complicated and depends on external and national decision-making.



4

Corporate management

- 4.1 Major principles of corporate management
- 4.2 Corporate management structure
- 4.3 General meetings of shareholders
- 4.4 Supervisory Board
- 4.5 Revision Committee
- 4.6 Directorate
- 4.7 Equity holding structure

4.1

Major principles of corporate management

PJSC «Donbasenergo» corporate management complies with regulations of Commercial and Civil Codes of Ukraine, of the Laws of Ukraine «On Joint-Stock Companies», «On Securities and Stock Exchange Market», and of other statutory rules and regulations of National Committee for Securities and Stock Exchange Market, of Articles of Incorporation and Company’s internal regulations, decisions of Central Meetings, Supervisory Board, Board of Directors.

According to PJSC «Donbasenergo» corporate code approved at Special General Meeting of Shareholders on September 6, 2016, corporate management is **founded on principles as follow below:**

- focus on shareholders’ interests;
- ensured balance of power and interests of all participants in corporate relations;
- financial transparency;
- introduction of rules for efficient management and due controls.



4.2

Corporate management structure

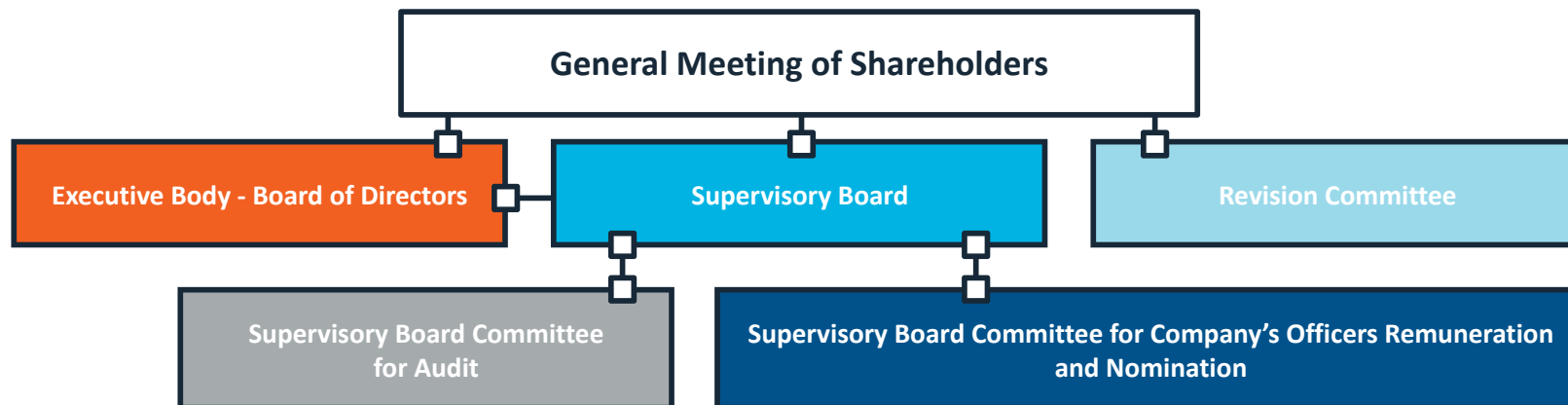
The highest body of the Company is represented by General Meeting of Shareholders

Supervisory Board protects the rights of shareholders, controls and regulates operations of the Company. To ensure efficiency of Supervisory Board functions, two Committees of its members have been created: Committee for Audit Issues, and Committee for Company's Officers Remuneration and Nomination, both of which are spearheaded by independent members of Supervisory Board (Independent Directors). The Supervisory Board Committees are consulting bodies.

Supervisory Board includes a representative of the State Property Fund of Ukraine, who was selected Deputy Head of Supervisory Board in a unanimous vote.

All issues associated with current operations of the Company are solved by Board of Directors, a collective executive body reporting to General Meeting and Supervisory Board. The members of the Board of Directors are elected by Supervisory Board.

Revision Committee inspects financial and economic activities of the Company every three months. One of the members of the Revision Committee is represented by the State Property Fund of Ukraine.



Thus, the structure of PJSC «Donbasenergo» corporate management meets modern and legally binding requirements to Public Joint-Stock Companies.

4.3

General meetings of shareholders

In 2018, General Meetings of PJSC «Donbasenergo» Shareholders were held twice.

Annual Meetings of Shareholders – **On April 24.**

Key decisions

- approved: 2017 reports of Board of Directors, Supervisory Board and Revision Committee;
- approved: 2017 business results of PJSC «Donbasenergo»;
- Company’s net profit from 2017 operations has been distributed;
- approved: amount of 2017 annual dividends and payment procedures;
- established: principal focus areas of PJSC «Donbasenergo» in 2018;
- Supervisory Board members have been reelected, associated contractual provisions and remunerations have been approved;
- important agreements have been preliminary approved; permission was granted for important interest rate transactions.

Special Meeting of Shareholders – **On July 23.**

Key decisions

- New version of Articles of Incorporation have been approved including provisions «On General Meeting of Shareholders», «On Supervisory Board», «On Executive Body», «On Revision Committee».

4.4

Supervisory Board

According to articles of Incorporation, the Supervisory Board consists of 5 persons, including:

- independent directors – **2 persons**;
- shareholders' representatives – **3 persons**.

Within the period under report, the structure of the Supervisory Board meets the requirements of Article 53 of the Law of Ukraine «On Joint-Stock Companies».

At general Meeting of Shareholders, on 24.04.2018, the following members of Supervisory Board were elected:

- **Yesipenko Liudmyla Mykolaivna** – representative of shareholder – State Property Fund of Ukraine;
- **Opykhailenko Yevhen Anatoliiovych** – representative of shareholder – Private Joint-Stock Company «Energoinvest Holding»;
- **Serhiienko Andrii Valeriiovych** – representative of shareholder – Private Joint-Stock Company «Energoinvest Holding»;

- **Sakva Yuriy Viktorovych** – independent director;
- **Titenko Serhii Mykhailovych** – independent director.

On 25.04.2018, Supervisory Board elected:

- **Opykhailenko Ye.A.** – Head of Supervisory Board,
- **Yesipenko L.M.** – Deputy Head of Supervisory Board.

Over **2018, 15** meetings of Supervisory Board were held.

Circa **100** issues were studied.

Key decisions

- approved: planned technical and economic performance indicators, capital investments and financial plans of the Company; progress studied, changes to the plans approved;
- organizational structure of PJSC «Donbasenergo» has been approved including associated changes;
- interest rate transactions were studied and approved;
- permissions for major agreements were granted;
- a decision was made to continue labor relations with Company's Director General, contractual provisions were approved;

- a decision was made to suspend a member of the Board of Directors from office and to elect new member;
- assignment of Director for «Energosotsinvest», a business unit of PJSC «Donbasenergo», has been approved;
- a decision was made to create Supervisory Board Committees and to elect the heads and members;
- Regulation on dividend payment was approved;
- Regulation on Company's Corporate Secretary was approved;
- new versions of Regulations on Supervisory Board Committees were approved;
- Procedure for announcement of PJSC «Donbasenergo» Supervisory Board member (shareholders' representative) replacement has been approved;
- approved: terms for payment of dividends based on 2017 business results, and the decisions required to ensure payment procedures;
- approved: market value of ordinary registered shares of PJSC «Donbasenergo» and repurchase price;
- approved: auditor to undertake Company's financial reporting audit;
- elected: Company's property assessors;
- agreements with depository institutions were approved;
- other decisions belonging to Supervisory Board authority were approved.

Special attention was paid to due fulfillment of the obligations under PJSC «Donbasenergo» Share Purchase Agreement dd. 27.08.2013, No. KPP-624, concluded between State Property Fund of Ukraine and PJSC «Energoinvest Holding». The progress in fulfillment was studied every three months.

On Supervisory Board initiative, to approve new versions of Articles of Association, Regulations on General Meeting of Shareholders, on Supervisory Board, on Executive Body, on Revision Committee, a decision was made to hold Special Meeting of Shareholders in July 2018.

4.5

Revision Committee

The members of Revision Committee were elected at annual General Meeting of Shareholders on 26.04.2014 (term of office: 5 years):

- Head of Revision Committee
Bogatyrova Alla Volodymyrivna
- Member of Revision Committee
State Property Fund of Ukraine
- Member of Revision Committee
Naumenko Oleh Anatoliiovych

In **2018**, **4** meetings of Revision Committee were held.

During the meetings, reports on financial plan progress and capital investment plans were studied, as well as the information on settlement with budget and target funds, on obtaining, application and return of loans in **2017** and in quarters **1–3** of **2018**.



4.6

Directorate

As of 31.12.2018, the Board of Directors consists of members listed below:

Director General – **Bondarenko Eduard Mykolaiovych**;

Secretary, Board of Directors – **Marchenko Valentyna Borysivna** (Director for Economy, Finance and Corporate Management, PJSC «Donbasenergo»);

Member, Board of Directors – **Boienko Oleksandr Volodymyrovych** (Legal Support Director, PJSC «Donbasenergo»);

Member, Board of Directors – **Larionov Oleh Viktorovych** (Commercial Director, PJSC «Donbasenergo»);

Member, Board of Directors – **Vlasenko Yurii Petrovych** (no other position at PJSC «Donbasenergo»);

Member, Board of Directors – **Ruppa Viktor Vasylovych** (Technical Director, PJSC «Donbasenergo»);

Member, Board of Directors – **Cherepii Valerii Oleksandrovych** (Director, Sloviansk TPP, Business Unit of PJSC «Donbasenergo»).

In **2018, 25** meetings of Board of Directors were held. Over **100** issues were studied, and relevant decisions were made.

Key business decisions

- approved: planned technical and economic performance indicators, capital investments and financial plans of the Company; progress studied, changes to the plans approved;
- a decision was made on the issue of wages;
- permission was granted for transactions and agreements, in particular, load agreements and fuel purchase agreements;
- approved: organizational structures of some business units of PJSC «Donbasenergo», including amendments;
- representatives were appointed to participate in general meeting of the members of the Wholesale electric power market of Ukraine;
- Director of the Business Unit was appointed;
- decision was made on including shares of PJSC «Donbasenergo» in security listing;
- measures were developed to reduce Company's fund deficiency;
- other decisions were made to support current operations of the Company.

Key decisions on social activities

- approved: funding to arrange participation of PJSC «Donbasenergo» in social activities of Mykolaivka territorial community (Sloviansk TPP, business unit of PJSC «Donbasenergo», is situated in Mykolaivka);
- initiated: activities on developing 2019-2020 collective labor agreements for business units and management body of PJSC «Donbasenergo»;
- a decision has been approved to allocate financial aid to employees of PJSC «Donbasenergo» and to charity funds to other organizations (third parties);
- a decision has been approved to provide funds for employees' education;
- a decision has been approved to provide payments to unemployed pensioners according to standing collective labor agreement.

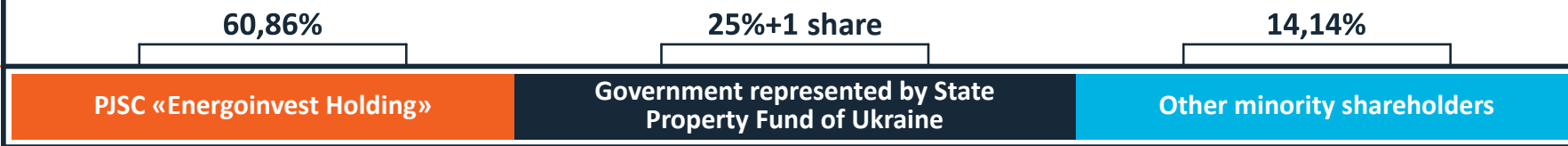
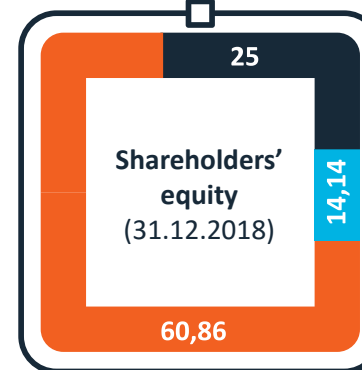
The decisions appropriately made by the Executive Body (Directorate), and due implementation of the decisions approved by the General Meeting and Supervisory Board ensured profitable operations of the Company in **2018** – net profit of UAH **104** mln.

Strategic efficiency of the decisions made by the Directorate is exemplified by the contract for facility design, procurement, construction and tests at Sloviansk TPP of PJSC «Donbasenergo» awarded to DONGFANG ELECTRIC INTERNATIONAL CORPORATION (People's Republic of China).



4.7 Equity holding structure

Total number of emitted shares of PJSC «Donbasenergo» – **23 644 301**.
 Nominal value – UAH **10**.
 Authorized capital stock – UAH **236 443 010**.



As of 01.01.2019, Government represented by State Property Fund of Ukraine holds **25%+1** shares of authorized capital stock of the Company; PJSC «Energoinvest Holding» holds **60,86%** of authorized capital stock. The rest of ordinary registered shares of PJSC «Donbasenergo» **3 343 538** (14.14%) are owned by minority shareholders – natural persons and legal bodies of Ukraine (over **6000** persons, both residents and non-residents).

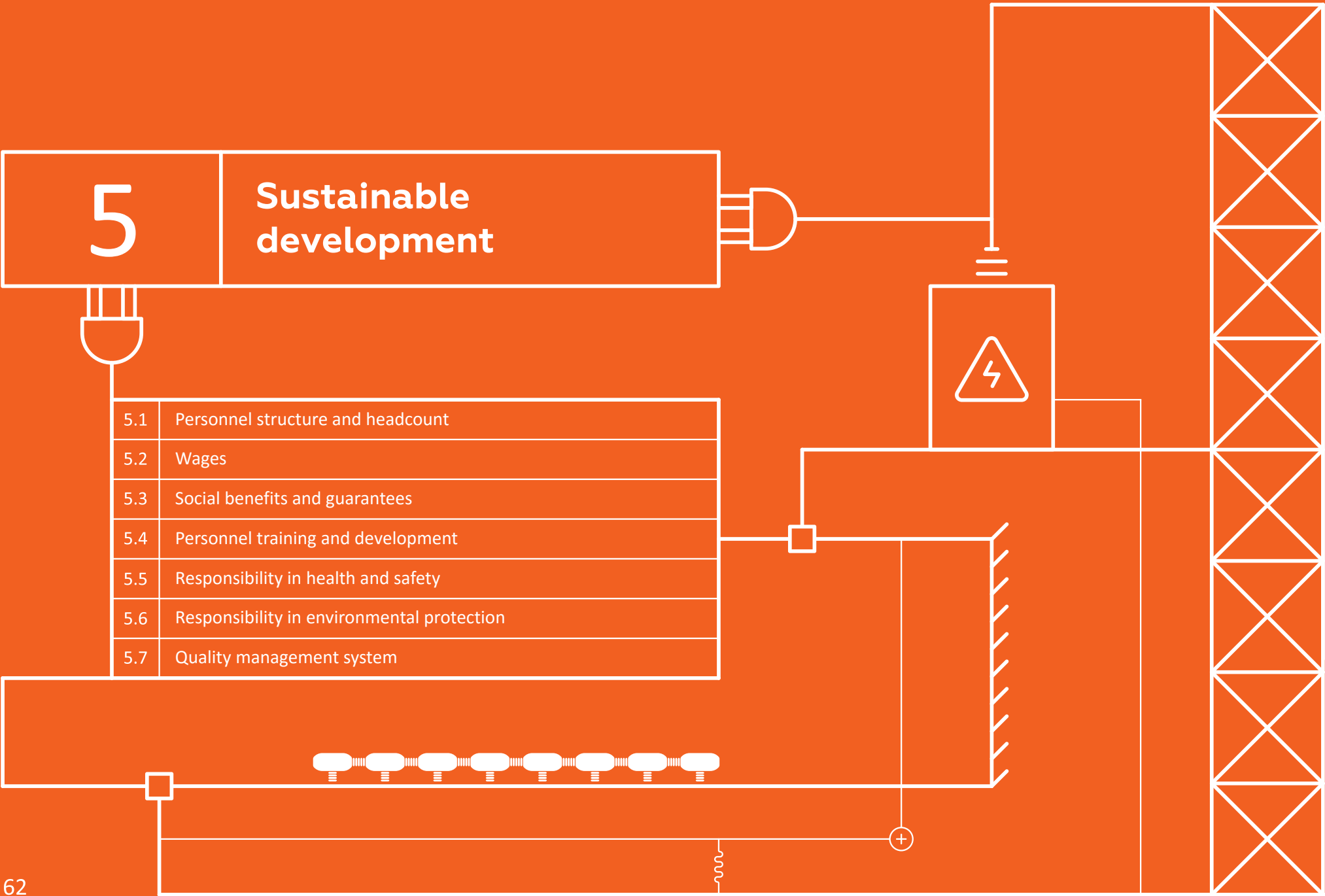
Since 2013, the shares of PJSC «Donbasenergo» are positioned on second level in the listing of Stock Exchange register of PJSC «Ukrainska Birzha», and are included in unlisted

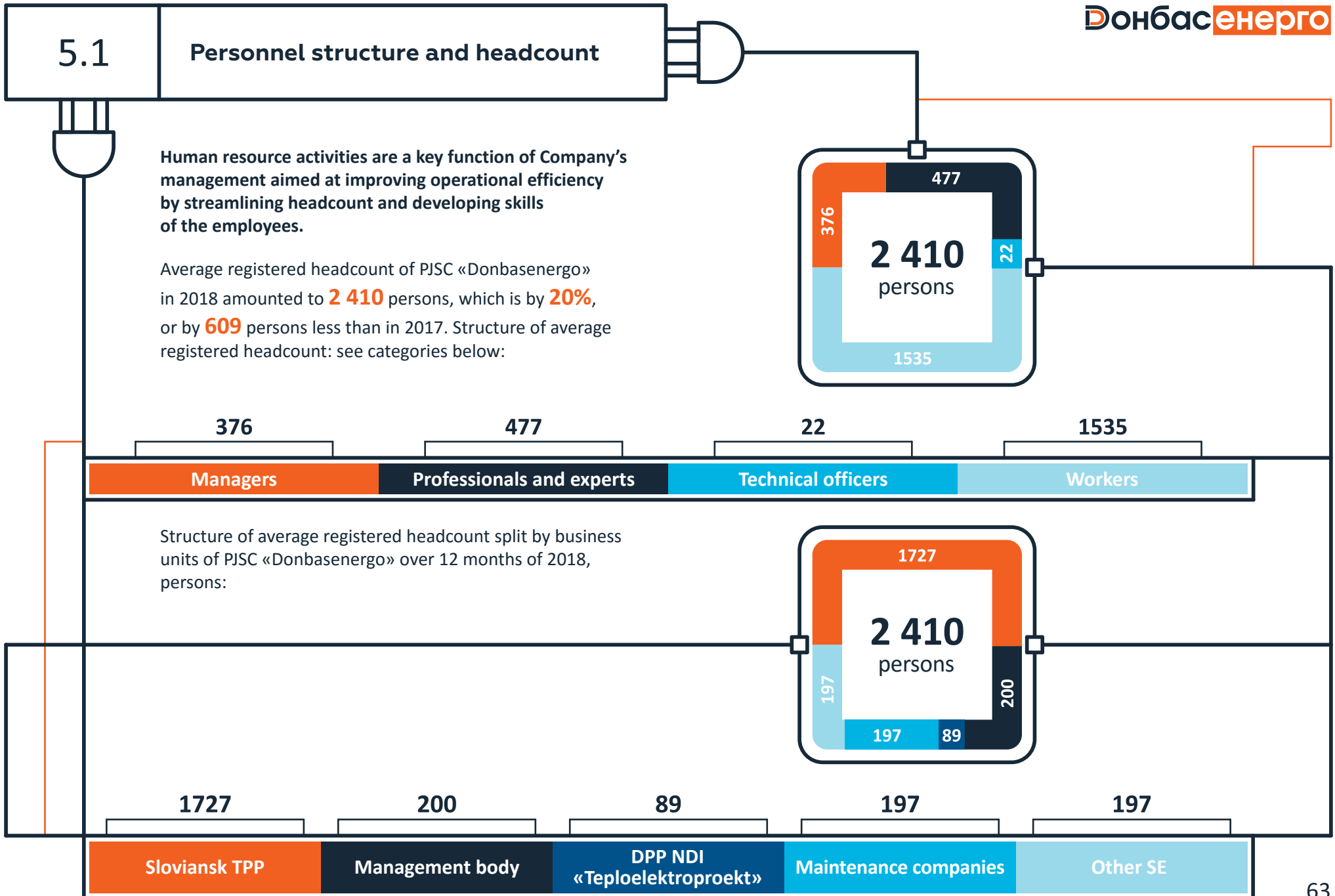
registers of PJSC «Fondova Birzha PFTS» and PJSC «Fondova Birzha Perspektiva».

On 24.04.2018, General Meeting of Shareholders approved a decision to pay dividends based on Company's 2017 business results through depository system of Ukraine, establishing the amount of annual dividends equal to UAH **42 986,74** thousand which makes **75%** of net profit of the Company in 2017. The dividends were transferred to National Depository of Ukraine within the period established by Supervisory Board. Besides, based on the shareholders' applications, UAH **2 363,37** thousand of dividend arrears for previous years were paid.

5 Sustainable development

5.1	Personnel structure and headcount
5.2	Wages
5.3	Social benefits and guarantees
5.4	Personnel training and development
5.5	Responsibility in health and safety
5.6	Responsibility in environmental protection
5.7	Quality management system



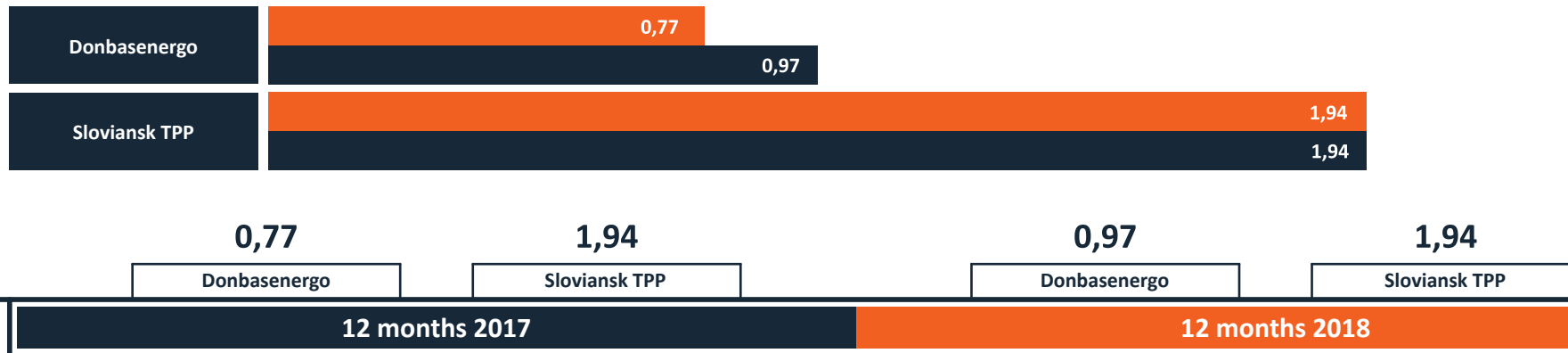




Reduced number of employees resulted in lower value of industrial personnel factor of PJSC «Donbasenergo» in 2018 as compared to similar figure in 2017, from **0,974** to **0,773** persons/MW of installed capacity **(-20,6%)**.

Thereat, at Sloviansk TPP, this personnel factor in 2018 is the same as in 2017.

Specific headcount of industrial personnel per 1 MW of installed capacity (industrial personnel factor), persons/MW



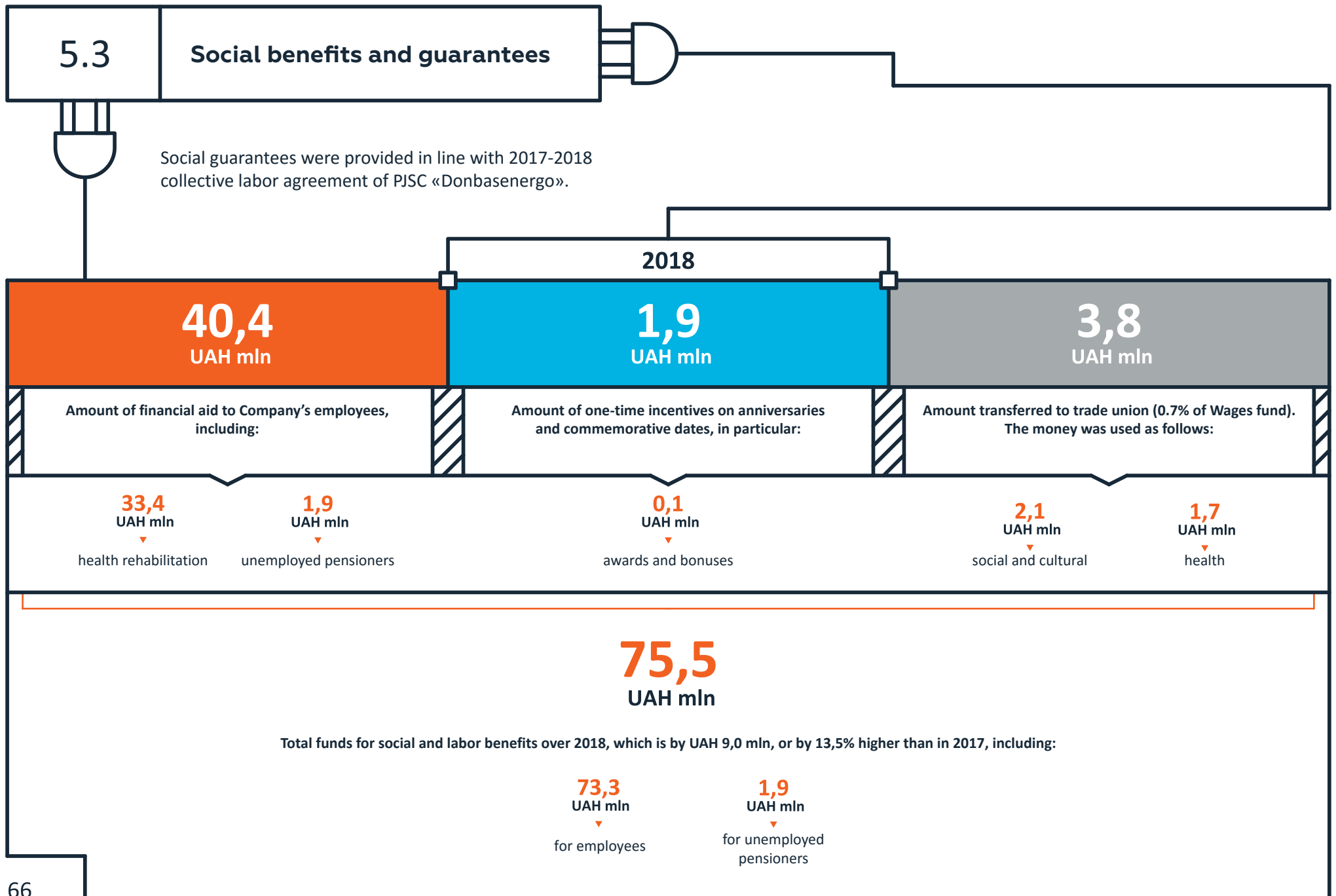
5.2

Wages

Wages fund, as compared to 2017, increased by **20%** to UAH **572,7** mln. Increase in Wages fund is associated with higher payment rates (official salaries) since 01.07.2018, and with payments of bonuses based on 2017 business results.

In 2018, average wages amounted to UAH **19 064**, which is by UAH **6485**, or by **52%** higher than in 2017.





5.4

Personnel training and development

Personnel training and development remain one of the priorities of human resource policy of PJSC «Donbasenergo» and the most important factor to prepare the Company for operations on the new electric power market. For this purpose, specialists of Personnel Department developed Regulations for PJSC «Donbasenergo» employee training, which was approved in April 2018. The Regulations set objectives, principles and

types of personnel training, procedures for planning training needs, responsibilities for arrangement of these procedures, processes of training and training quality assessment.

In areas of personnel training, re-training and skill upgrade, PJSC «Donbasenergo» cooperates with educational institutions listed below:

- DP «Principal Education and Methodology Center of State Labor Service of Ukraine»;
- PVNZ «International institute of management» (MIM-Kyiv»);
- LVA GLOBAL LIMITED;
- European Business Union;
- Association «industrial Automation Companies of Ukraine»;
- PVNZ «International Certification Academy for Accountants and Auditors»;
- Training Center based on «Metalomontazh», LLC;
- «TransLink-Ukraine-Osvita» LLC;
- Oksana Grabar’s trainer school;
- «KIMO Consulting company»;
- DK «Knowledge management»;
- «National environmental academy for postgraduate education and management»;
- LLC «PricewaterhouseCoopers»;
- PJSC «Khmelnitskoblenergo»;
- «Ukrainian Institute for Corporate Management» LLC;
- Business center «Professional».



During 2018, 623 employees of the Company attended training and qualification upgrade courses. Among them, 575 professionals and experts were educated at the Company's expense in qualification upgrade institutes and in other educational institutions holding relevant licenses and accreditations.

6 employees of the Company attended MBC courses in most prestigious Ukrainian business school «MIM-Kyiv».

For personnel training and development, the Company spent UAH 3.7 mln.

The Company has developed processes for personnel training and development based on the combination of different tools and methods each of which implies solving particular educational tasks – distance education, workshops on effective team management, intensive training for corporate trainers, principles of efficient communications, workshops on lean production

arranged by internal certified trainers applying specially developed text books and methodologies, which helped ensure high efficiency and reduce operational costs.

The Company makes intensive use of cascade training methodology to enable Company's expense optimization and to bring up its own trainers and coaches, adding value to teambuilding, talent search, leadership development etc.

To improve knowledge and to strengthen the roles of line managers, at Sloviansk TPP, a project «School of Masters» is now implemented successfully to use Company's resources in most efficient manner and to achieve set objectives on schedule.

An adaptation program for new employees have been successfully implemented. «Talent pool» program is quite efficient in developing managerial skills of the employees.

«Donbasenergo» sets great value upon its every employee and does its best to ensure maximum opportunities for progress

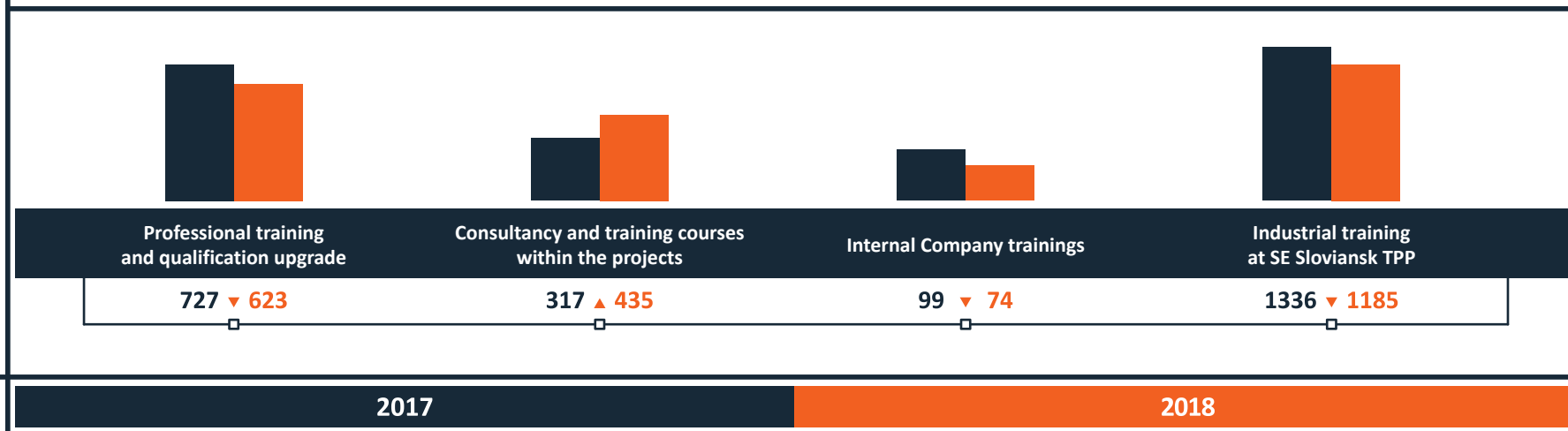
and career development for everyone, who through one's achievements and continuing search for perfection proves one's willingness to develop inside the company. Therefore, the training courses are arranged for managers of all levels to improve their managerial skills.

Thanks to regularly supplemented electronic library, the employees are provided with opportunities for self-education and self-development, which helps them decide what extra professional information they need.

Professional education has always been and still is one of the priorities of human resource policies in business units of PJSC «Donbasenergo». On 03.09.2018, the employees of the business units started their 2018-2019 educational year of corporate training.

Due to re-training of teachers and implementation of different forms of classes (interactive lecture, discussion in groups, situation analysis (educational task), video analysis, simulation and brainstorming, the system of industrial education has achieved a qualitatively new level.

In 2018, a number of consulting sessions and training courses have been held within the framework of projects as follows: environmental management system compliance with international standard ISO 14001: 2015; development and implementation of quality management system in line with international standard ISO 9001:2015; information security management system compliance with international standard ISO/IEC 27001:2013; training to ensure required level of employees' competence to meet the requirements of international standard ISO 45001:2018.



5.5

Responsibility in health and safety

To achieve positive results, occupational safety management system employs complex approach: setting objectives, tasks and associated measures, clear division of responsibilities and authorities, thorough study of documents, comprehensive inspections, implementation of programs aimed at ensuring employees' safe operations. Risk studies remain one of the priorities in health and safety. The principal objective is to reduce the quantity of unacceptable risks. Personnel involvement in risk assessment studies made it possible to bring up responsible behavior and attitudes toward health and safety issues among the employees on their workplaces.

Based on the results of re-certification audit held in December 2017, the auditors of «MC Consulting» LLC, official partners and representatives of Socotec Certification (UK) in Ukraine, made conclusions to the effect that occupational health and safety system implemented in PJSC «Donbasenergo» meets the requirements of OHSAS 18001:2007 and

no systemic nonconformities, demonstrating capability for achieving the planned results.

Report of «MC Consulting» on the results of occupational safety management system re-certification audit has been considered by health and safety sub-committee of Sloviansk TPP, SE of PJSC «Donbasenergo» on 28.03.2018.

Health and safety sub-committee identified strengths, weaknesses and opportunities of occupational safety management system, based on which the experts of Health and Safety Department have developed 9 correctives measures aimed at improving functionality of safety management system. Following health and safety sub-committee, the measures were developed and approved by the Order of PJSC «Donbasenergo», SE Sloviansk TPP dd. 28.03.2018 No. 114. The measures have been implemented within the 1st half of 2018.

Principal results of 2018

No fatalities

Acceptable level of occupational injuries has been preserved

Implementation of «Events» module in software «Unified safety monitoring system»

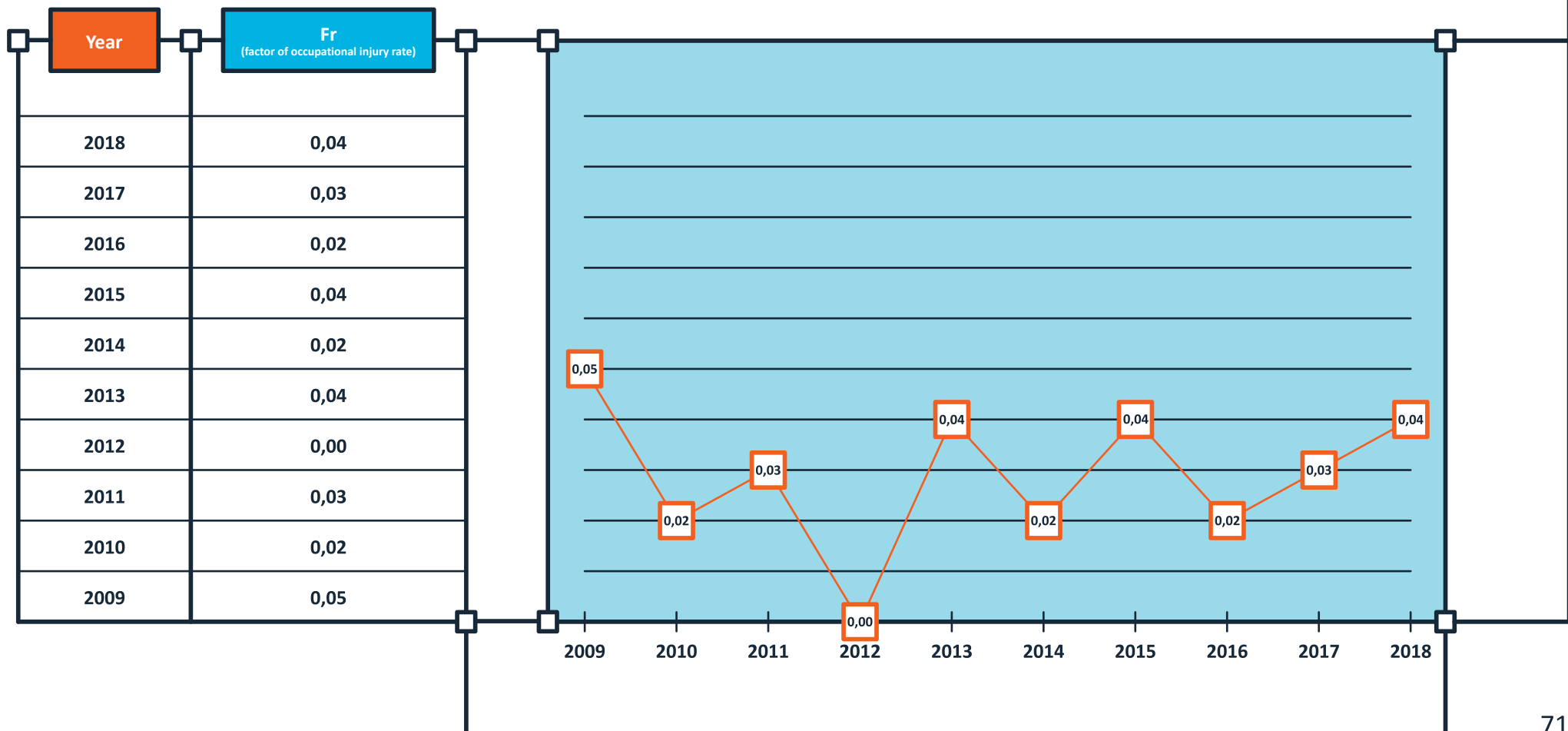
Implementation

Things we do in 2019

Develop «Program for readjusting occupational safety management system at PJSC «Donbasenergo» from OHSAS 18001:2007 to ISO 45001:2018»

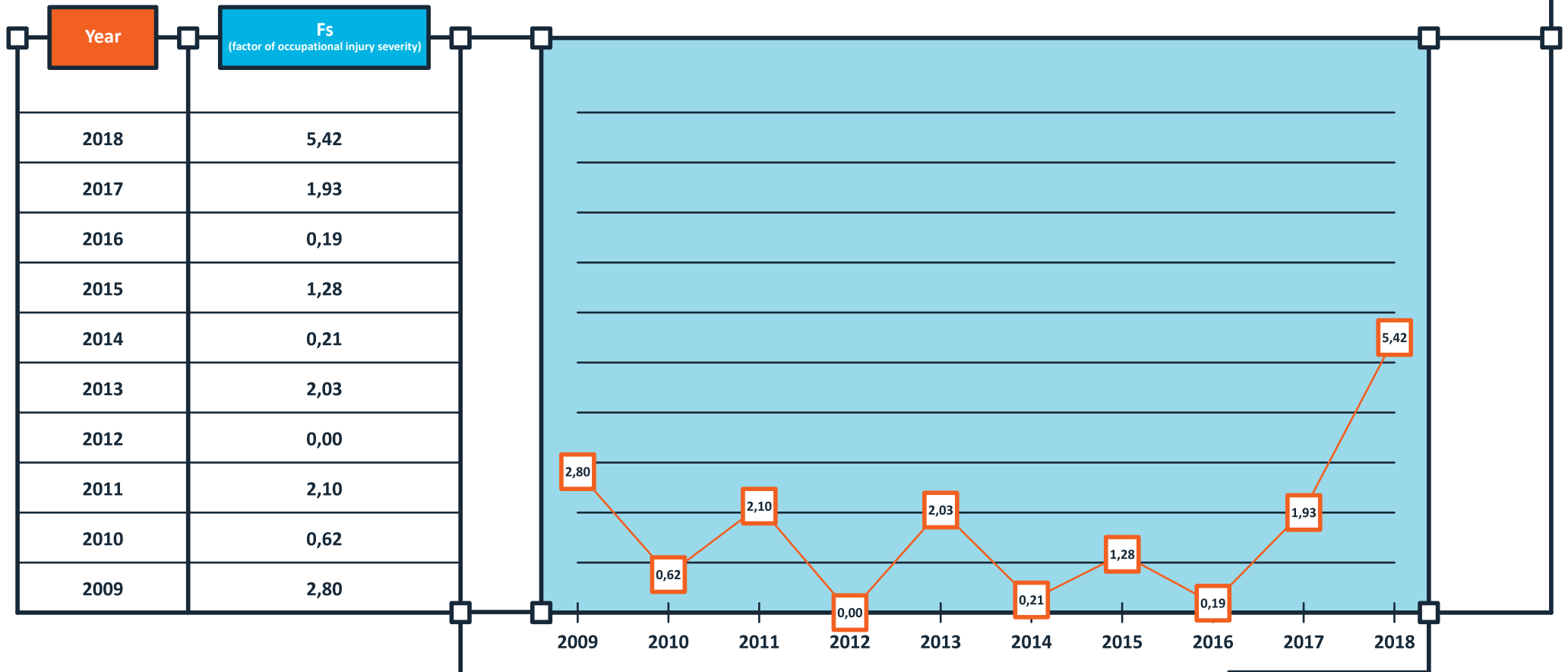
Successful supervisory audit on compliance of safety management system with OHSAS 18001

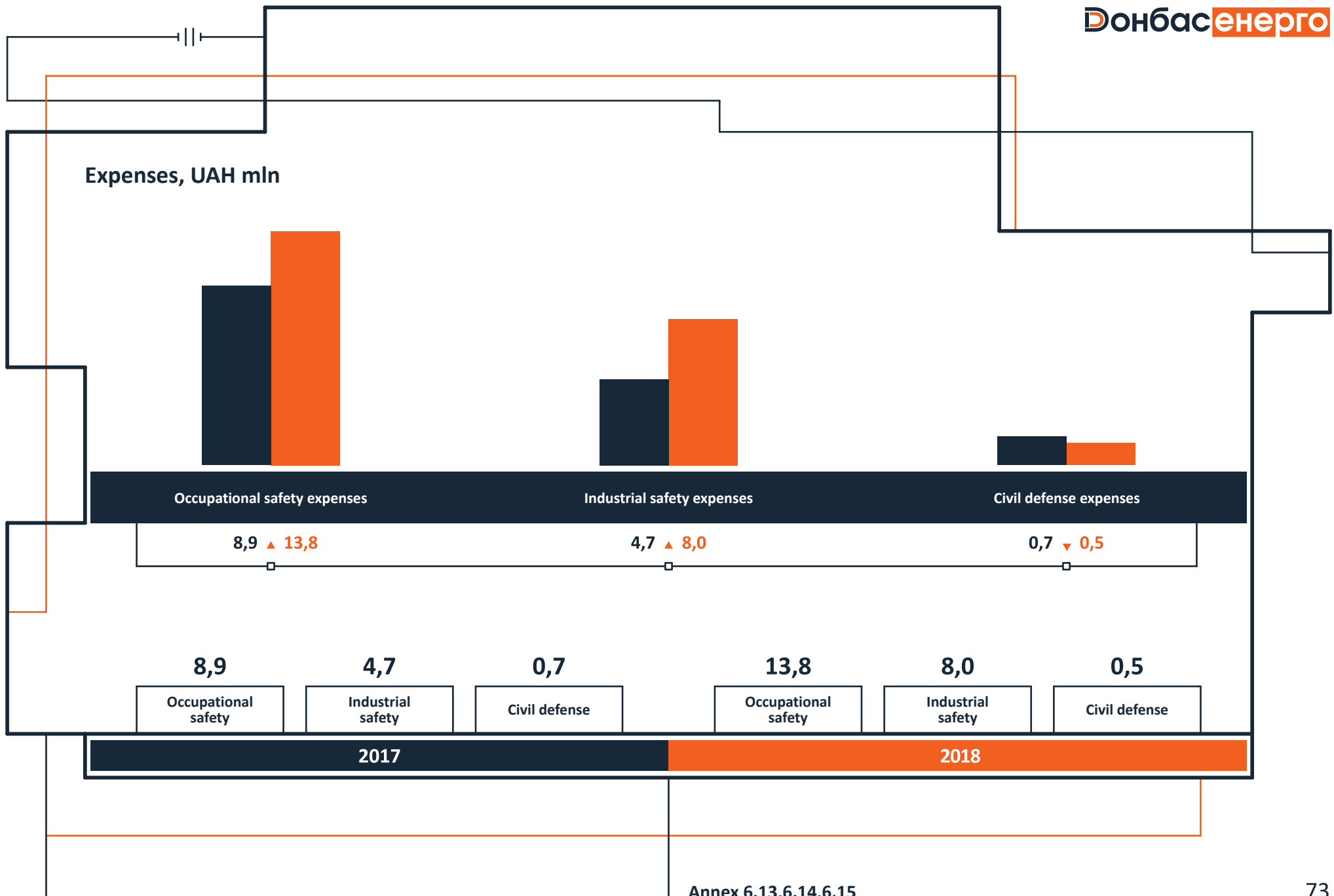
Occupational injury rate factor, Fr





Dynamics of occupational injury severity factor, Fs





5.6

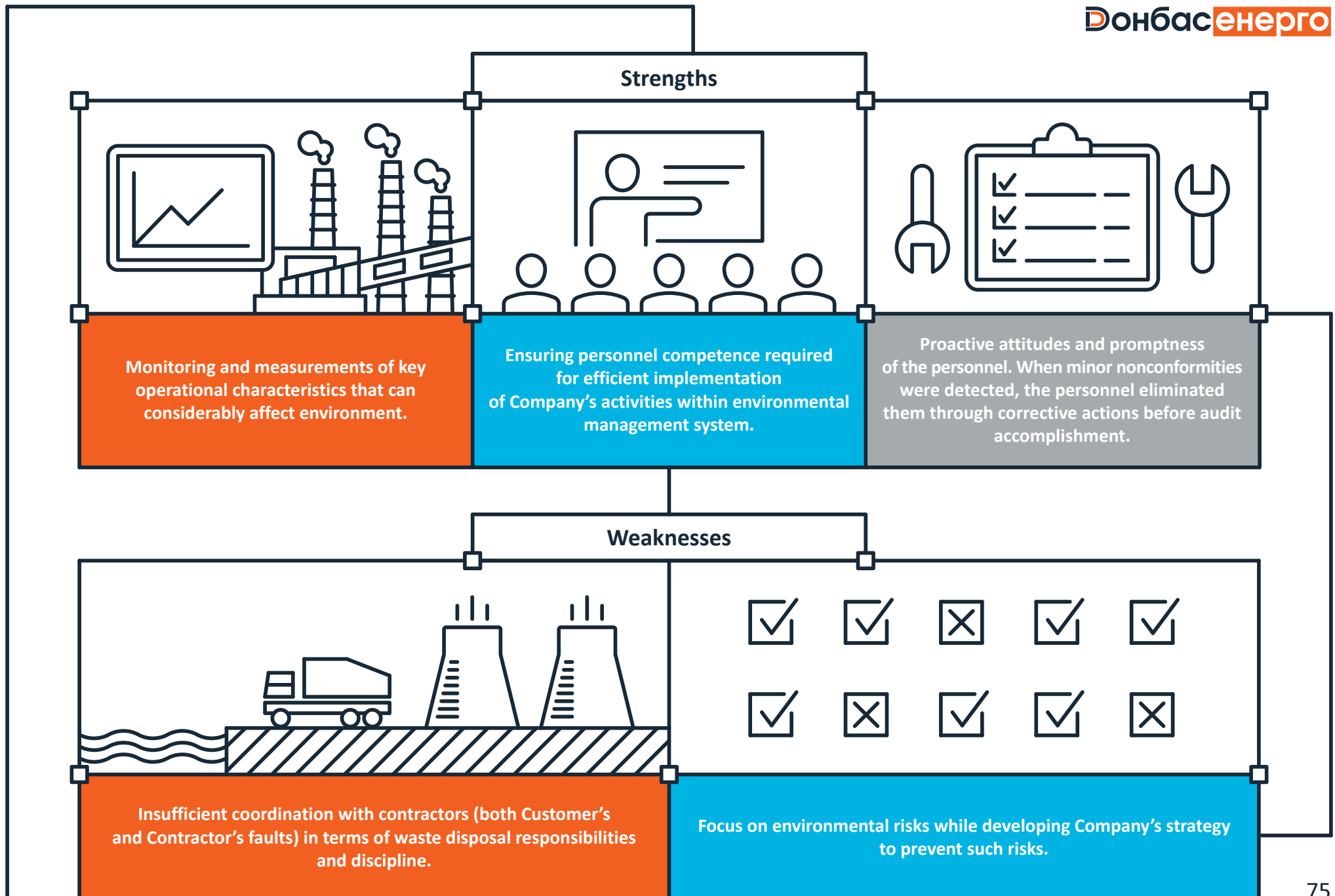
Responsibility in environmental protection

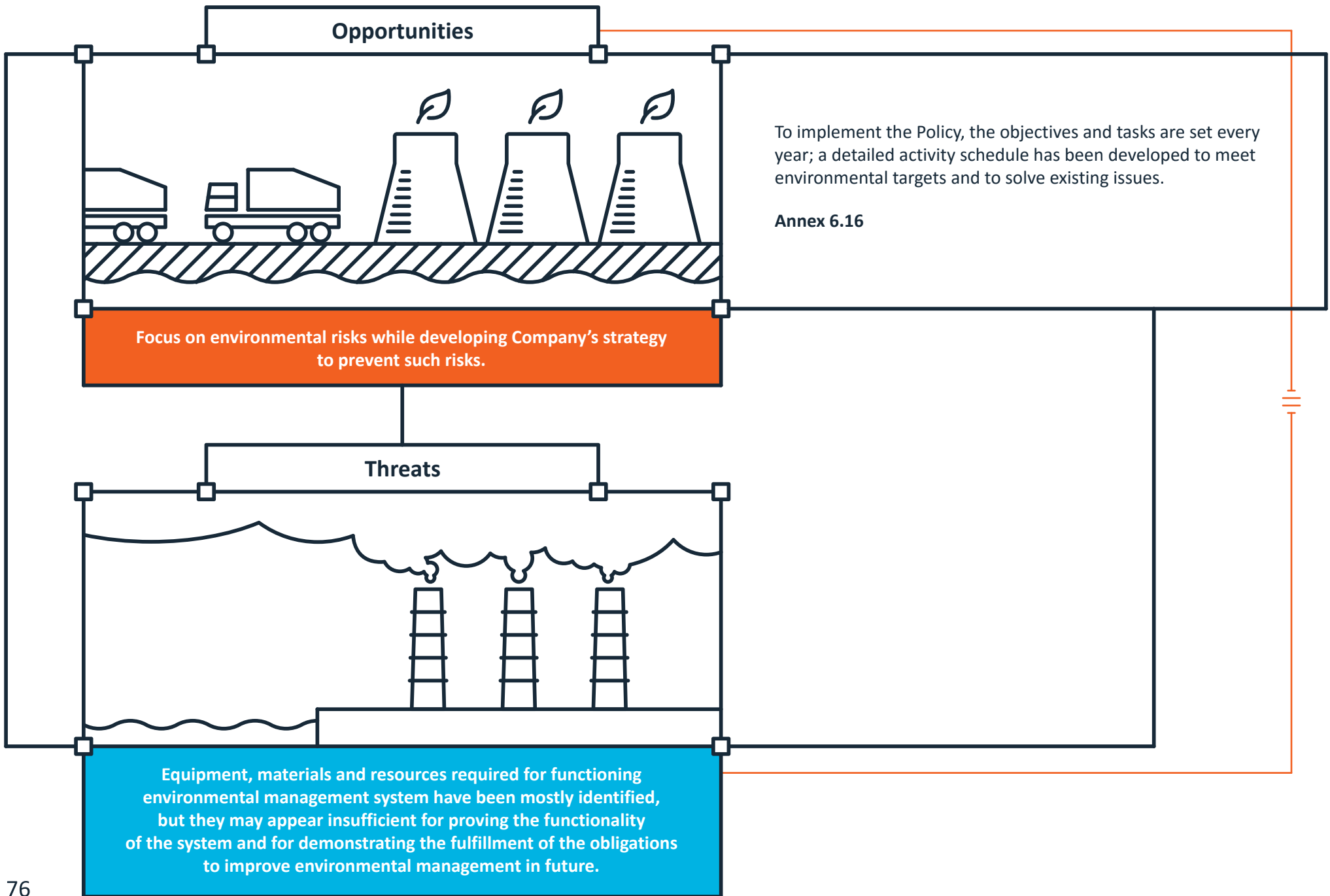
Environmental activities at business units of PJSC «Donbasenergo» are aimed at compliance with environmental legislation of Ukraine, at improvement of existing environmental management system, at ensuring operations within the available licensing documents, avoiding any deviations from regulatory pollution standards, and minimizing

detrimental effects on environment in operations areas in line with the provisions of Environmental Protection Policy (Order of PJSC «Donbasenergo» dd. 23.03.2017, No. 37 «On Implementation of Environmental Protection Policy»).

The Company undertakes annual measures as follows

- develops environmental protection activity plan, including measures for protection and use of water resources, for atmospheric air protection, for protection and rational use of minerals and soil resources, for waste disposal;
- controls the level of man-made load on the environment and analyses environmental risks in the areas affected by operational activities;
- identifies and assesses environmental footprint;
- undertakes internal inspections to assess business unit compliance with environmental legislation;
- develops documents to obtain permits for industrial operations and obtains required approvals from local environmental protection authorities;
- performs and submits governmental statistical reporting; effects settlements and payments of statutory charges for environmental pollution and use of natural resources; develops contracts for water use and drainage, for transportation, location and disposal of industrial and household wastes; ensures operations of treatment facilities and environmental protection equipment, including maintenance;
- takes measurements and implements preventive activities to reduce motor vehicle exhaust gases;
- bears responsibility for amenities and greenery planting at production sites and adjacent territories, arranges employees' participation in annual all-Ukrainian event «For clean environment».





Dynamics of environmental footprint of the operations

Gross emissions of sulfur dioxide in 2018 made **29,8** th. tonnes, which is by **114%** higher than in the previous year. Increase in gross emissions was caused by:

- increase in electric power output;
- higher sulfur content in applied coal: from **0,73** to **0,96%** (average annual figure);
- increased consumption of natural fuel due to lower calorific value of the mix from **5 808** (2017) to **5 496** (2018) (average annual figure).

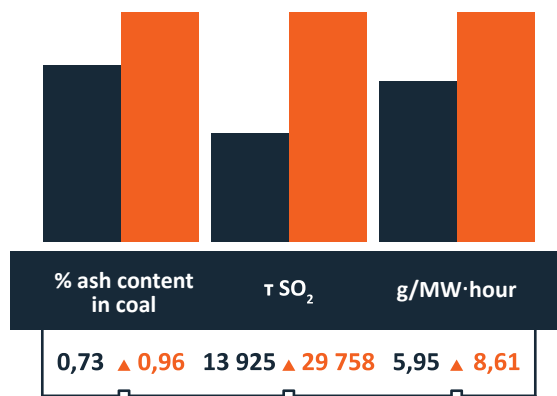
Due to the factors listed above, specific sulfur dioxide emissions per 1 MW·hour of electric power increased by **44,7%**.

Gross emissions of suspended particulate matters in 2018 made **78** th. tonnes, which is by **88,1%** higher than in the previous year. Increase in gross emissions was caused by:

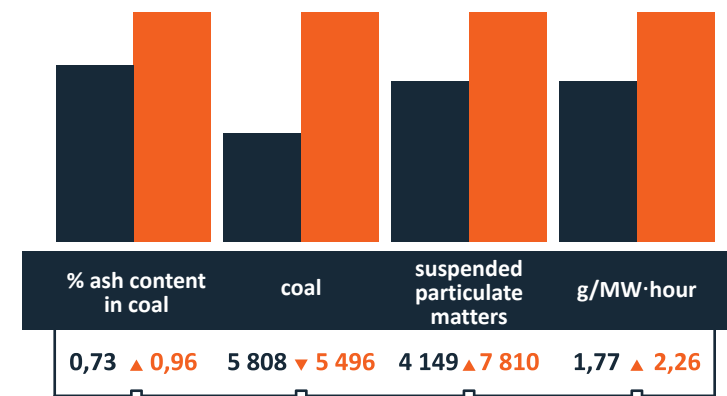
- increase in electric power output;
- higher ash content in burnt coal mix: from **17,7%** to **21,4%**;
- increased consumption of natural fuel due to lower calorific value of the mix from **5 808** (2017) to **5 496** (2018) (average annual figure).

Due to the factors listed above, specific emissions per **1** MW·hour of electric power increased by **27,7%**.

Sulfur dioxide emissions



Emissions of suspended particulate matters



2017

2018

Gross emissions of nitrogen oxides in 2018 made **6,5** th. tonnes, which is by **24%** higher than in the previous year. Increase in gross emissions was caused by:

- higher average load;
- higher heat load of boiler furnace.

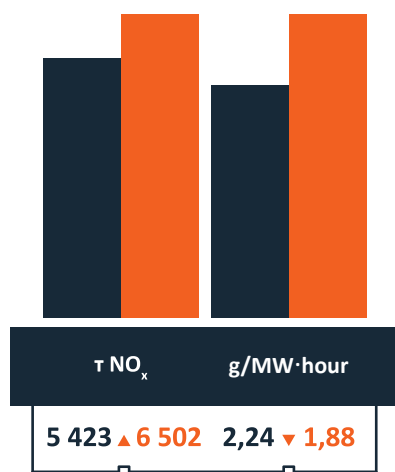
Decrease in specific nitrogen oxide emissions by **16,1%** was caused by reduced operation hours of 1st stage boiler (versus 2017) **4,5** times (high PCI figures for 1st stage).

Volumes of located ash in 2018 made **382** th. tonnes, which is by **86,9%** higher than in the previous year.

Increase was caused by:

- increase in electric power output;
- higher ash content in burnt coal: from **17,7** to **21,4%**;
- increased consumption of natural fuel;
- lower calorific value of coal.

Nitrogen oxide emissions



Ash/slag wastes generation



Expenses for environmental protection in 2018 amounted to UAH **111,1** mln.

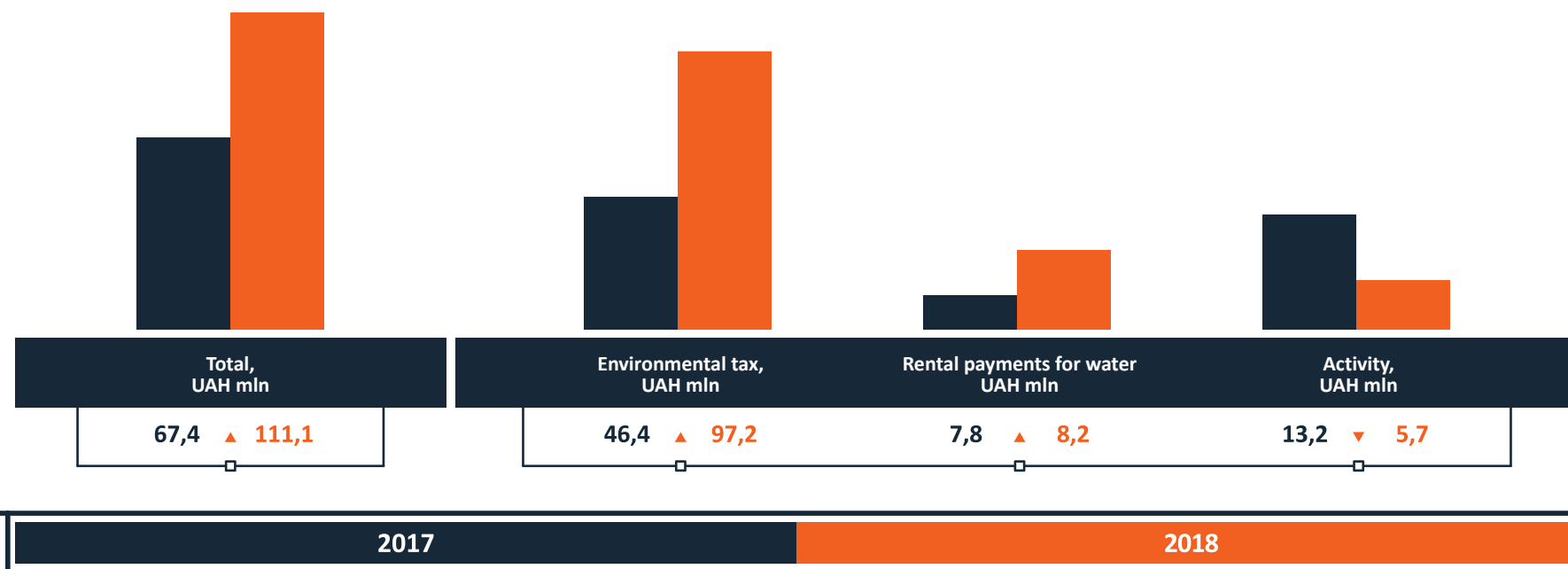
As compared to 2017, the expenses increased by UAH **43,7** mln. The affecting factors are listed below:

- environmental tax amount increased due to higher tax rates and lower quality of burnt fuel;
- rental payment for special water use increased due to higher rates and larger volumes of taken process water;

■ reduced expenses for implementation of environmental measures.

Specific environmental expenses per 1 kW-hour of generated electric power increased by **17%**, mostly due to higher environmental tax payments.

Environmental protection expenses



5.7

Quality management system

Over 2018, the Company implemented activities to maintain existing quality management system meeting requirements of international standard ISO 9001:2015.

Besides, this year, in business units of PJSC «Donbasenergo» «Donbasenergospetsremont» and DPP NDI «Teploelektroproekt» activities were undertaken to create and to obtain certifications for quality management systems. Based on the results of certification audits held by the auditors of «MC Consulting» LLC, official partners and representatives of Socotec Certification

(UK) in Ukraine, conclusions were made to the effect that quality management system meets the requirements of ISO 9001:2015, features no systemic nonconformities, and demonstrates capability for achieving the planned results. Relevant certificates were granted to prove that the quality management system meets the requirements of international standard ISO 9001:2015.

Efficiency of implemented quality management system in 2018

- **Viable functions of quality planning, monitoring and performance. In 2018, the planned objectives were mostly achieved.**
- **Identified principal and auxiliary managerial processes. For each process, key performance indicators have been established. In 2018, process efficiency has been assessed. 19 out of 20 processes met the set targets.**
- **Risk-oriented approach has been adopted. For each process, risks were identified and assessed (1450 risks in total). During risk studies, measures were scheduled to mitigate the risks. Most of the activities have been implemented according to the schedule. For almost all high-level risks, the members of the work teams developed measures to manage the processes. Based on the results of the period under report, 189 of 299 measures have been accomplished, 91 measures are still not due according to the schedule; 19 measures have not been accomplished due to objective reasons and have been postponed for later periods.**
- **Unified procedure for developing documents at PJSC «Donbasenergo» have been established. Registers of internal and external regulatory documents have been developed to enable continuous monitoring and updates. Internal auditor groups have been created and are functioning now. All internal auditors have been trained and granted relevant certificates. Regular internal audits help the Company identify and correct any nonconformities on timely basis.**

- All personnel were involved in information distribution and sharing processes, thus obtaining deeper insight of business processes and opportunities for their improvement.
- Monitoring of external and internal factors was undertaken together with the analysis of available resources in order to update the Context of the Company (context of organization means an aggregate of external and internal factors affecting target setting and target achievement in the company).

In 2018, internal quality management documents listed below were introduced:

- Quality policy;
- Quality handbook;
- Regulations on internal audits in quality management;
- Regulations on analysis of management systems by managers;
- Regulations on document and record management, on identification and access to legislative and other requirements to management systems;
- Regulations on process descriptions;
- Regulations on contractor registration;
- Regulations on personnel adaptation procedures;
- Regulations on training and assessment;
- Regulations on contractor safety;
- Regulations on development, approval and execution of contracts awarded by PJSC «Donbasenergo»;
- Regulations on inventory management;
- Document management instruction.

New internal regulatory documents helped establish structure of quality management system and formalize processes related to management and assessment.

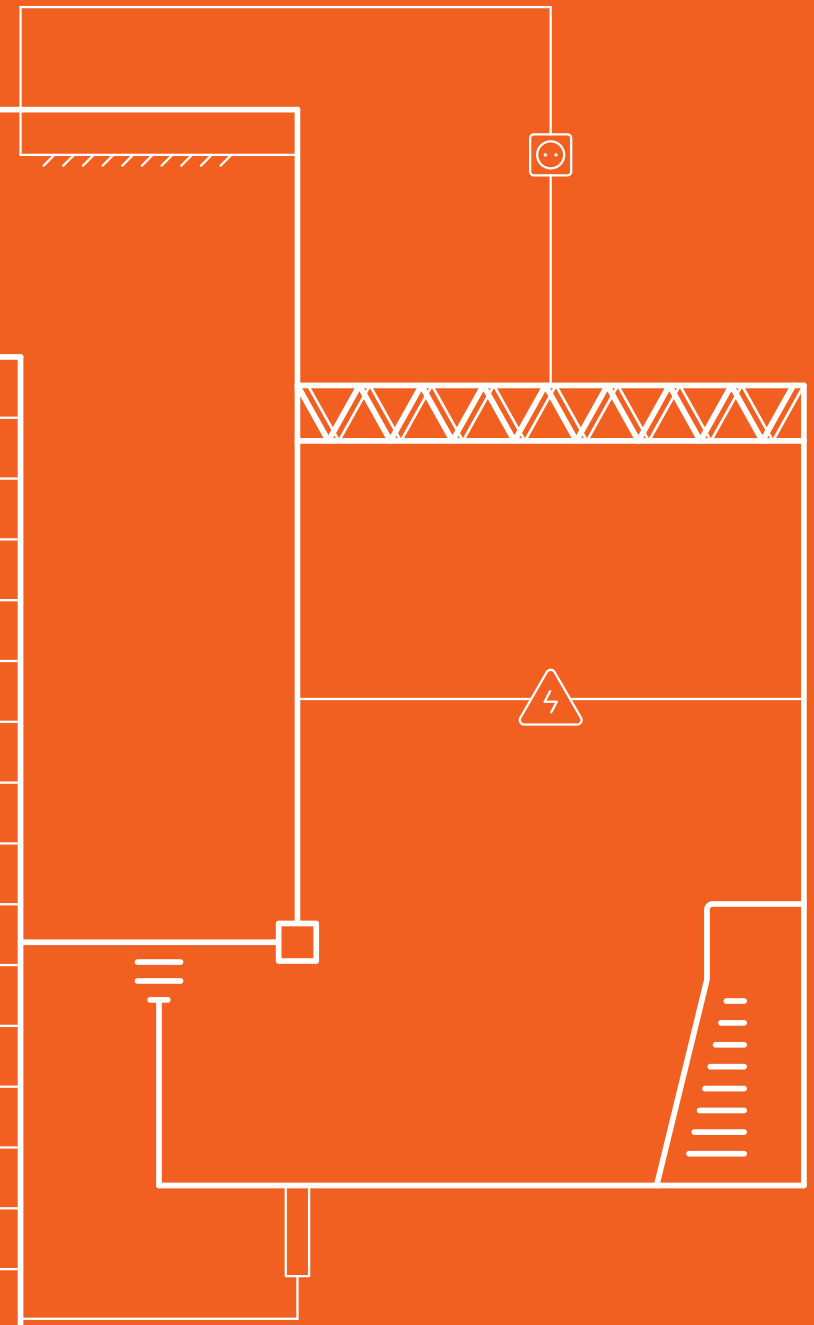
In light of the foregoing, it may be concluded that PJSC «Donbasenergo» employs efficient quality management system meeting the requirements of standard ISO 9001:2015.

When the scheduled measures are accomplished, existing quality management system will be further improved to achieve 2019 targets.

6

Annexes

6.1	Cost composition of output
6.2	Technical and economic performance
6.3	Fuel for power generation
6.4	Fuel consumption by types
6.5	Actual performance during repair campaign
6.6	Sales of finished products and services by business units
6.7	Financial plan performance
6.8	Structure of accounts receivable as of 31.12.2018
6.9	Structure of accounts payable as of 31.12.2018
6.10	Balance
6.11	Financial performance report
6.12	Injuries
6.13	Safety expenses
6.14	Fire protection expenses
6.15	Civil defense expenses
6.16	Objectives and tasks in environmental protection, activity implementation results



6.1

Cost composition of output in 2018

Expenses	Actual 2017		FP 2018		Actual 2018		Deviation from actual 2017		Deviation from FP 2018	
	UAH mln	%	UAH mln	%	UAH mln	%	UAH mln	%	UAH mln	%
1. Production cost, total	3 804,7	94,1	4251,8	93,6	5277,4	94,8	1 472,7	38,7	1025,6	24,1
Industrial services, including:	134,8	3,3	252,0	5,5	221,6	4,0	86,8	64,4	-30,4	-12,1
operations	22,4	0,5	42,4	0,9	46,9	0,9	24,5	109,4	4,5	10,6
repairs	112,4	2,8	209,6	4,6	174,7	3,1	62,3	55,4	-34,9	-16,7
Feedstock and aux. materials, including:	74,5	1,9	73,5	1,6	83,2	1,5	8,7	11,7	9,7	13,2
payment for water	10,6	0,3	7,3	0,2	8,2	0,1	-2,4	-22,6	0,9	12,3
operations	29,0	0,7	33,1	0,7	31,4	0,6	2,4	8,3	-1,7	-5,1
repairs	34,9	0,9	33,1	0,7	43,6	0,8	8,7	24,9	10,5	31,7
Fuel (third parties)	3 067,8	75,9	3 292,4	72,5	4 315,0	77,5	1 247,2	40,7	1 022,6	31,1
Power (third parties)	24,9	0,6	13,0	0,3	14,9	0,3	-10,0	-40,2	1,9	14,6
Labor costs	276,8	6,8	325,9	7,2	313,4	5,6	36,6	13,2	-12,5	-3,8
Unified social tax	60,4	1,5	71,7	1,6	67,9	1,2	7,5	12,4	-3,8	-5,3
Depreciation	61,1	1,5	59,2	1,3	59,7	1,1	-1,4	-2,3	0,5	0,8
Other expenses, including:	104,4	2,6	164,1	3,6	201,7	3,6	97,3	93,2	37,6	22,9
environmental payment	78,5	1,9	59,8	1,3	97,2	1,7	18,7	23,8	37,4	62,5
land payment	1,9	0,1	1,7	0,0	1,7	0,0	-0,2	-10,5	0,0	0,0
other needs	24,0	0,6	102,6	2,3	102,8	1,9	78,8	328,3	0,2	0,2
2. Administrative expenses	238,7	5,9	292,7	6,4	290,6	5,2	51,9	21,7	-2,1	-0,7
Total expenses	4043,4	100,0	4544,5	100,0	5568,0	100,0	1 524,6	37,7	1023,5	22,5

6.2

Technical and economic performance

Indicator	Unit of measure	Actual 2017	FP 2018	Actual 2018	Deviation Act.18/Act.17		Deviation Act.18/FP18	
					+ / -	%	+ / -	%
Electric power generation	mln. kW-hour							
Sloviansk TPP		2 342	2 740	3 456	1 114	47,6	716	26,1
Useful power supply	mln. kW-hour							
Sloviansk TPP		2 121	2 461	3 146	1 025	48,3	685	27,8
SE power supply structure	%							
Sloviansk TPP		100,0	100,0	100,0	0	0,0	0,0	0,0
Specific consumption of fuel for supplied power	mln. kW-hour							
Sloviansk TPP		409,4	415,7	407,4	-2,0	-0,5	-8,3	-2,0
Installed capacity utilization factor	%							
Sloviansk TPP		30,4	35,5	44,8	14,4	47,4	9,3	26,2

6.3 Fuel for power generation

Fuel type	Unit of measure	Actual 2017	FP 2018	Actual 2018
Coal				
Calorific value	kcal/kg	5 808	5 628	5 495
Share in structure	%	98,7	98,8	98,8
Gas				
Calorific value	kcal/kg	8 137	8 128	8 070
Share in structure	%	1,3	1,2	1,2
Fuel oil				
Calorific value	kcal/kg	9 476	9 642	9 218
Share in structure	%	0,0	0,0	0,0

6.4 Fuel consumption by types

Fuel type	Unit	Actual 2017	FP 2018	Actual 2018	Δ to FP 2018
Coal	th.tonnes	1 031,7	1 271,6	1 629,1	357,5
Gas	mln m ³	9,8	10,7	13,5	2,8
Fuel oil	th.tonnes	31,0	75,0	2,0	-73,0

6.5		Actual performance of repair campaign in 2018			
No. of Power Unit	Capacity, MW productivity, t/hour	Repair type	Expenses, UAH mln	Principal scope of works	
Power Unit No. 7:					
TG-7	800	Reconstruction	33,5	<ul style="list-style-type: none"> ■ Inspection of metal at external and internal casing of high-pressure cylinder (HPC). Correction of defects, repair of RVT (RAH). ■ Repair of turbine bearings No.1, 2, 6, 7, 9, 10. ■ Replacement of baffles at main steam stop valve (MSSV) - 2 pcs. ■ Repair of power valve (routine maintenance). ■ Major overhaul of turbine driven feed water pump (TDFP-1) with rotor replacement. ■ Major overhaul of turbine OK-18PU TDFP-2 with rotor replacement. ■ Repair of pump (TsEN) No. 6 at onshore pump station (OSPS) No.2 A. 	
K-7A	1250	Reconstruction	58,7	<ul style="list-style-type: none"> ■ Routine maintenance of heating surfaces (LRS, IRS, 11ISH 1-3 grades, LP CSH 2nd grade), thermal insulation and external coating of the boiler. ■ Repair and replacement of power valves. ■ Repair of burner devices in boiler No. 1-12, repair of gearboxes of RPP No.1-5. ■ Repair of blower mechanisms of the boiler with replacements on fume exhauster OD-1B: shaft group, casings of bearings No. 3,4, drive wheels 1st and 2nd grades. 	
K-7B	1250	Reconstruction	57,8	<ul style="list-style-type: none"> ■ Routine maintenance of heating surfaces (LRS, IRS, 11ISH 1-3 grades, LP CSH 2nd grade), thermal insulation and external coating of the boiler. ■ Repair and replacement of power valves. ■ Repair of burner devices in boiler No. 1-12, repair of gearboxes of RPP No. 6-10. ■ Repair of blower mechanisms of the boiler with replacements on fume exhauster OD-2B: shaft group, drive wheels 1st and 2nd grades. ■ Replacement of defective section on live steam pipeline 0 377x70 mm of boiler SB flow. 	
CPP		Overhaul	46,2	<ul style="list-style-type: none"> ■ Repair of CPP-1, replacement of heating panels. ■ Repair of EBK-U6, ShM No. 1-6. 	

No. of Power Unit	Capacity, MW productivity, t/hour	Repair type	Expenses, UAH mln	Principal scope of works
Balance of plant equipment, in particular, 1 st stage:			108,5	Repair of the equipment in chemical shop, electrical shop, fuel transportation shop
TG-3	80	Routine	3,8	<ul style="list-style-type: none"> Routine scope of work. Repair of pump (TsEN) 6 at OSPS No.1.
Boiler No.6	230	Routine	11,8	<ul style="list-style-type: none"> Repair of cyclones, separators 6A and 6B, raw coal bins 6A with replacement of defective sections. Repairs at valves of steam/water pipeline: gates 6PP-1, control valves 6KR-3,4. Repair of mill fans 6A and 6B.
Boiler No.7	230	Routine	20,8	<ul style="list-style-type: none"> Manufacture and replacement of air heater, I stage 2 row, and II stage. Repair of cyclones, separators, raw coal bin. Repairs at valves of steam/water pipeline. Replacement of pipe sections and expansion joints on second row of TPP 1 stage. Repair of mill fans 7A, B.
Buildings and structures			71,5	Repairs at production premises within the framework of the improvement project «Workplace standardization – 5S». Repair of roofing at 800 MW main building (jut window bay in axes 1-14 row AI-A). Repair of roofing on shop buildings: BTS (T/V and K/V), CRS-1, FTS.
Total for Sloviansk TPP			376,2	

6.6

Sales of finished products and services to the business units
in 2018, UAH thousand

№	Business unit	Sales of finished products, works (services), including					
		Third parties			Owned business units		
		Actual 2017	FP 2018	Actual 2018	Actual 2017	FP 2018	Actual 2018
1	SE «Elektroremont», total	7 621	1 022	1 783	12 854	26 005	21 826
	including:						
1.1	Finished products	6 504	512	827	4 892	14 730	14 763
1.2	Repairs of electrical/mechanical equipment				1 491		181
1.3	Repairs of electrical equipment	1 091	610	837	6 471	11 275	6 882
1.4	Other types of activities	26		119			
2	SE «DESR», total	281	407	386	33 867	54 365	52 564
	including:						
2.1	Finished products			2	51		
2.2	Cladding and insulation equipment				12 981	18 741	14 832
2.3	Motor vehicle services	148	216	245	320	144	50
2.4	Repairs and construction	2	0	28	20 212	35 260	37 224
2.5	Other types of activities	131	191	111	303	220	458
3	SE «DEN», total	166			2 021	223	223
	including:						
3.1	Commissioning services	122			2 016	223	223
3.2	Other types of activities	44			5		
4	SE «DonTEP», total	7 127	8 808	5 497	12 610	16 105	15 528
	including:						
4.1	Design/engineering	7 079	8 808	5 497	12 357	16 105	15 528
4.2	Other types of activities	48			253		

№	Business unit	Sales of finished products, works (services), including					
		Third parties			Owned business units		
		Actual 2017	FP 2018	Actual 2018	Actual 2017	FP 2018	Actual 2018
5	SE «PAT», total	92	47	44	12 868	18 300	17 806
	including:						
5.1	Motor vehicle services				12 868	18 300	17806
5.2	Other types of activities	92	47	44			
6	SE «Energotorg», total	40 417	51 014	48 618	3 980	11 275	6 882
	including:						
6.1	Product sales	39 196	49 339	46 981	3 867		
6.2	Operational lease of assets	887	1 192	1 209			
6.3	Other types of activities	334	483	428	194		
7	SE «Energosotsinvest», total		3 105	3 155		1 182	1 020
	including:						
7.1	Product sales		1 639	1 745		574	513
7.2	Services of sports and health center		928	874			
7.3	Hotel accommodation services		476	470		67	46
7.4	Operational lease of assets		62	64		541	447
7.5	Other types of activities			2			14

6.7

Financial plan performance in 2018, UAH mln



Indicator

Line code

Act. 2017

Plan 2018

Act. 2018

(Act. 2018 -
Plan 2018)
(+/-)(Act. 2018/
Plan 2018), %(Act. 2018 -
Act. 2017),
(+/-)(Act. 2018/
Act. 2017), %

I. COMPANY'S PROFIT GENERATION

Indicator	Line code	Act. 2017	Plan 2018	Act. 2018	(Act. 2018 - Plan 2018) (+/-)	(Act. 2018/ Plan 2018), %	(Act. 2018 - Act. 2017), (+/-)	(Act. 2018/ Act. 2017), %
I. COMPANY'S PROFIT GENERATION								
Revenue								
Product sales income (revenue)	001	5 732,7	5 781,6	7 394,0	1 612,4	127,9%	1 661,4	129,0%
Value added tax	002	955,4	963,6	1 232,3	268,7	127,9%	276,9	129,0%
Net product sales income (revenue)	003	4 777,2	4 818,0	6 161,7	1 343,7	127,9%	1 384,5	129,0%
Electric power generation by TPPs	003/1	4 751,5	4 776,7	6 132,4	1 355,7	128,4%	1 380,9	129,1%
Heat generation and distribution	003/2	25,7	41,3	29,3	-12,0	71,0%	3,6	114,1%
Other operating income	004	1 119,0	163,9	255,8	91,9	156,1%	-863,2	22,9%
Financial income	005	18,9	24,6	26,1	1,5	106,1%	7,2	137,9%
Other income	006	6,0	1,0	1,6	0,6	165,4%	-4,4	26,7%
Revenue total	012	5 921,1	5 007,4	6 445,2	1 437,7	128,7%	524,0	108,9%
Cost of goods sold	013	3 031,4	4 251,1	5 276,4	1 025,4	124,1%	2 245,0	174,1%
Electric power generation by TPPs	013/1	2 938,5	4 198,1	5 215,9	1 017,8	124,2%	2 277,4	177,5%
Heat generation and distribution	013/2	92,9	53,0	60,5	7,5	114,2%	-32,4	65,2%
Administrative expenses total,	014	287,3	368,3	363,2	-5,0	98,6%	76,0	126,4%
including:	014/1	167,9	203,1	198,7	-4,4	97,9%	30,8	118,3%
Labor costs	014/2	31,1	42,0	37,9	-4,2	90,1%	6,7	121,6%
Social insurance expenses	014/3	4,0	6,0	4,4	-1,5	74,6%	0,4	109,9%
Materials costs. Office supplies.	014/4	1,4			0,0	-	-1,4	0,0%
Travelling expenses	014/5	6,9	6,3	8,0	1,7	127,3%	1,2	116,9%

Indicator	Line code	Act. 2017	Plan 2018	Act. 2018	(Act. 2018 - Plan 2018) (+A)	(Act. 2018/ Plan 2018), %	(Act. 2018 - Act. 2017), (+/-)	(Act. 2018/ Act. 2017), %
Expenses for cashier services	014/6	5,0	5,2	4,8	-0,5	91,2%	-0,3	94,8%
Maintenance expenses for buildings	014/7	2,5	6,8	6,9	0,1	101,0%	4,3	270,7%
Other administrative costs	014/8	68,3	98,9	102,5	3,7	103,7%	34,2	150,1%
Cost of sales	015	8,0	11,7	10,6	-1,1	90,5%	2,5	131,6%
Other operating expenses	016	1 213,4	200,7	575,4	374,7	286,7%	-638,0	47,4%
Financial expenses	017	110,3	67,6	85,2	17,6	126,0%	-25,1	77,2%
Other expenses	018	893,9	13,1	5,2	-7,9	39,6%	-888,7	0,6%
Tax on profit from ordinary activities (declared income)	019	319,5	20,7	25,1	4,4	121,3%	-294,4	7,8%
Total expenses	022	5 863,8	4 933,1	6 341,0	1 408,0	128,5%	477,2	108,1%
Gross profit (loss)	023	1 745,8	567,0	885,3	318,3	156,1%	-860,5	50,7%
Electric power generation by TPPs	023/1	1 813,0	578,6	916,5	337,8	158,4%	-896,5	50,6%
Heat generation and distribution	023/4	-67,2	-11,7	-31,2	-19,5	267,4%	36,0	46,4%
Financial result from operating activity	024	1 356,2	150,2	191,9	41,7	127,8%	-1 164,3	14,1%
Financial result from ordinary activities before taxes	025	376,8	95,0	129,2	34,2	135,9%	-247,6	34,3%
Net profit (loss)	027	57,3	74,4	104,1	29,7	140,0%	46,8	181,7%
EDITDA	028	1 632,1	221,9	241,1	19,2	108,6%	-1 391,0	14,8%
Profitability EBITDA	029	34,2	4,6	3,9	-0,7	84,8%	-30,3	11,4%
II. NET PROFIT DISTRIBUTION								
Undistributed profit at the beginning of reporting period	031	-227,9	-236,0	-236,0	0,0	100,0%	-8,1	103,6%

Indicator	Line code	Act. 2017	Plan 2018	Act. 2018	(Act. 2018 - Plan 2018) (+A)	(Act. 2018 / Plan 2018), %	(Act. 2017 - Act. 2018), (+/-)	(Act. 2018 / Act. 2017), %
Fund for payments of dividends to economic entities acc. to regulations of this year established based on last year business results, including:	28	0,0	43,0	43,0	0,0	100,0%	43,0	-
For state owned shares	028/1	0,0	10,7	10,7	0,0	100,0%	10,7	-
Production development fund	032	0,0	0,0	11,5	11,5	-	11,5	-
Reserve fund	033	0,0	0,0	2,9	2,9	-	2,9	-
Other purposes, including corrections due to changes in accounting policy	034	65,4	0,0	98,7	98,7	-	33,3	-
Residue of undistributed profit at the end of reporting period	35	-236,0	-204,6	-287,9	-83,3	140,7%	-51,9	122,0%
III. STATUTORY PAYMENTS TO BUDGET AND OTHER TARGET FUNDS								
Payment of current taxes and statutory charges to state budget, including:	036	509,1	342,9	345,6	2,7	100,8%	-163,4	67,9%
Income tax	036/1	-22,9	106,6	116,9	10,3	109,6%	139,9	-509,4%
excise duty	036/2	0,4	0,0	0,6	0,6	-	0,2	143,1%
VAT	036/3	259,9	139,8	192,6	52,9	137,8%	-67,3	74,1%
resource payments	036/4	9,4	9,4	9,8	0,4	104,3%	0,4	104,7%
environmental pollution payments	036/5	60,4	67,5	74,1	6,6	109,8%	13,7	122,7%
dividends for state owned shares	036/6	0,0	10,7	10,7	0,0	100,0%	10,7	-
other taxes and statutory payments to budget	036/7	201,9	8,8	-59,3	-68,1	-672,1%	-261,1	-29,4%
Payment of outstanding taxes	037	397,2	28,0	17,1	-10,9	61,2%	-380,0	4,3%
Contributions to national target funds, including:	038	116,2	140,1	132,5	-7,6	94,6%	16,3	114,0%
Settlements of unified social tax (ESV)	038/1	101,2	124,6	118,2	-6,4	94,9%	17,1	116,9%
Other mandatory payments, including:	039	96,9	113,5	114,1	0,6	100,6%	17,2	117,7%
Individual income tax	039/1	95,9	112,3	108,7	-3,5	96,8%	12,8	113,3%

6.8

Structure of accounts receivable as of 31.12.2018

Nº	Product	Amount, UAH thou. on 31.12.2017	Amount, UAH thou. on 31.12.2018	Deviation UAH thou.	Deviation %
1	Fuel	56 998	0	-56 998	-100
2	Works	3 554	2 644	-910	-26
3	Materials	614	588	-26	-4
4	Services	18 216	16 174	-2 042	-11
5	Electric power, including:	652 816	316 109	-336 707	-52
	Electric power, wholesale market	625 511	287 599	-337 912	-54
	Purchaser of electric power generated by TPP	22 548	22 548	0	0
	Electric power for export	4 757	5 962	1 205	25
6	Heat	15 194	20 577	5 383	35
7	Advances paid	391 297	1 180 032	788 735	202
8	Payment transactions	111 991	132 798	20 807	19
9	Other current liabilities	6 518	6 900	382	6
10	Long-term liabilities, including	245 195	281 527	36 332	15
	Total:	1 502 393	1 957 349	454 956	30
	Including reserve of doubtful debts:	-242 750	-652 807	-410 057	169

6.9

Structure of accounts payable as of 31.12.2018

Nº	Product	Amount, UAH thou. on 31.12.2017	Amount, UAH thou. on 31.12.2018	Deviation UAH thou.	Deviation %
1	Fuel, including	1 376 350	1 387 995	11 645	1
	Coal	1 113 475	1 286 813	173 338	16
	Imported coal	248 040	78 654	-169 386	-68
	Gas	14 835	22 528	7 693	52
2	Works, services	995 076	1 024 619	29 543	3
3	Materials, spare parts, equipment	15 638	17 386	1 748	11
4	Advanced received	465 411	79 518	-385 893	-83
	NC «Energorynok»	458 496	77 570	-380 926	-83
5	Settlements with budget and social funds	252 158	180 132	-72 026	-29
6	Settlement of wages	20 161	23 900	3 739	19
7	Current debts for long-term liabilities, including	116 829	131 941	15 112	13
	credits	63 877	0	-63 877	-100
	% credit interest	4 522	5 750	1 228	27
	Installment tax payments	48 430	126 191	77 761	161
8	Other current liabilities	27 365	45 419	18 054	66
9	Long-term liabilities	359 615	264 744	-94 871	-26
	Total:	3 628 603	3 155 654	-472 949	-13

6.10

Balance
(Financial status report) as of December 31, 2018

Company: **PJSC «Donbasenergo»**
 Territory: **Ukraine**
 Legal form of economic activity: **Joint-Stock Company**
 Type of economic activity: **Power generation**
 Employees, average: **2520**
 Address, phone:
 Unit: **UAH thousand**

Date (year, month, date)

EDRPOU
 KOATUU
 KOPFG
 KVED

Codes

2019/01/01
 23343582
 8038200000
 230
 35.11

Developed (put «v» mark in relevant box):
 according to accounting provisions (standards),
 acc. to international financial reporting standards

Form No.1

Code DKUD

1801001

Assets	Line code	Beginning of reporting period	End of reporting period
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I. FIXED ASSETS			
Intangible assets:			
Depreciated book value	1000	6 383	7 419
Initial value	1001	35 703	32 038
Accumulated depreciation	1002	29 320	24 619
Capital expenditures in progress	1005	1 795 916	2 057 710
Fixed assets:			
Depreciated book value	1010	809 284	856 751
Initial value	1011	4 098 171	4 214 621
Depreciation costs	1012	3 288 887	3 357 870
Investment property:			
Fair (book) value of investment property	1015	597	944
Initial value of investment property	1016	4 913	5 276
Depreciation costs	1017	4 316	4 332
Long-term biological assets			
Long-term financial investments:			
Accounted as participation in capital of other companies	1030		

Assets	Line code	Beginning of reporting period	End of reporting period
Other financial investments	1035		
Long term receivables	1040	115 022	154 364
Deferred tax assets	1045	299 927	393 720
Other fixed assets	1090		
Total Section I	1095	3 027 129	3 470 908
II. CURRENT ASSETS			
Inventory:	1100	928 279	278 010
Manufacturing inventory	1101	920 278	271 623
Current biological assets	1110		
Production in progress	1102	2 371	1 236
Finished products	1103	1 735	1 178
Goods	1104	3 895	3 973
Bills of collection received	1120		
Accounts receivable (goods, works, services):			
Net sales value	1125	571 246	237 858
Accounts receivable:			
Advances paid	1130	389 657	784 000
Budget	1135	37 632	50 928
Including profit tax	1136	26 432	39 290
Internal settlements	1145		
Other current accounts receivable	1155	146 086	77 392
Current financial investments	1160		
Cash and equivalents:			
Cash and equivalents:	1165	295 618	153 481
Including cash	1166	593	763
Bank accounts	1167	295 025	152 718

Assets	Line code	Beginning of reporting period	End of reporting period
Deferred debit	1170		
Other current assets	1190	190 055	328 197
Total Section II	1195	2 558 573	1 909 866
III. FIXED ASSETS AND RETIREMENT GROUPS			
Balance	1300	5 585 702	5 380 774

Liabilities	Line code	Beginning of reporting period	End of reporting period
I. EQUITY CAPITAL			
Registered capital	1400	236 443	236 443
Additional capital	1405-1410	431 933	443 894
Paid-in capital	1411	714	1 212
Capital reserves	1415	35 256	38 122
Undistributed profit (outstanding loss)	1420	-236 055	-287 942
Called-up capital	1425		
Withdrawn capital	1430	1 135	
Total Section I	1495	466 442	430 517
II. LONG-TERM LIABILITIES AND SECURITIES			
Deferred tax liabilities	1500		
Pension liabilities	1505	276 645	337 882
Long-term bank credits	1510	3 200	
Other long-term liabilities	1515	359 615	264 744

Liabilities	Line code	Beginning of reporting period	End of reporting period
Long-term securities	1520	106 204	58 521
Including long-term labor expenses coverage	1521		
Target funding	1525	1 396	1 396
Total section II	1595	747 060	662 543
III. CURRENT LIABILITIES AND SECURITIES			
Short-term bank loans	1600	218 476	349 793
Bills of collection issued	1605		
Current accounts payable:			
long-term liabilities	1610	116 829	131 941
goods, works, services	1615	2 410 715	2 475 164
budget settlements	1620	141 327	100 462
including value added tax	1621		
insurance settlements	1625	5 257	6 161
labor cost settlements	1630	20 161	23 900
advances received	1635	465 411	79 518
stakeholder settlements	1640	34 607	32 269
internal settlements	1645		
current securities	1660	884 733	1 047 010
Deferred revenue	1665	3	1
Other current liabilities	1690	74 681	41 495
Total Section III	1695	4 372 200	4 287 714
IV. Liabilities related to fixed assets and retirement groups and kept for sale; and retirement groups			
	1700		
Balance	1900	5 585 702	5 380 774

6.11

Financial performance report
(Consolidated income report, 2018)

Company: **PJSC «Donbasenergo»**

Date (year, month, date)

Codes

2019/01/01

EDRPOU

Form No.2

Code DKUD

1801003

Item	Line code	Reporting period	Similar period in previous year
I. FINANCIAL RESULTS			
Net revenue from product sales (goods, works, services)	2000	6 161 697	4 777 218
Cost of goods sold (goods, works, services)	2050	(5 276 434)	(3 031 431)
Gross:			
■ profit	2090	885 263	1 745 787
■ loss	2095	0	0
Other operating income	2120	130 778	1 018 141
Administrative expenses	2130	(363 226)	(287 256)
Cost of sales	2150	(10 551)	(8 020)
Other operating expenses	2180	(450 382)	(1 112 493)
Financial results from operating activities:			
■ profit	2190	191 882	1 356 159
■ loss	2195	0	0
Equity Income	2200		
Other financial income	2220	26 070	18 901
Other income	2240	1 594	5 962
Financial expenses	2250	(85 207)	(110 346)
Equity expenses	2255		
Other expenses	2270	(5 166)	(893 902)

Item	Line code	Reporting period	Similar period in previous year
Financial result before taxes:			
■ profit	2290	129 173	376 774
■ loss	2295	0	0
Expenses (income) for/from profit tax	2300	(25 062)	(319 461)
Profit (loss) from ceasing operations after taxes	2305		
Net financial result:			
■ profit	2350	104 111	57 313
■ loss	2355	0	
II. CONSOLIDATED INCOME			
Increase (decrease) in value of fixed assets	2400		
Increase (decrease) in value of financial instruments	2405		
Accumulated exchange rate differences	2410		
Share of other consolidated income of affiliated and joint companies	2415		
Other consolidated income	2445	(-46547)	(-81109)
Other consolidated income before taxes	2450	(-46547)	(-81109)
Profit tax associated with other consolidated income	2455	8378	14600
Other consolidated income after taxes	2460	(-38169)	(-66509)
Consolidated income (sum of lines 2350, 2355 and 2460)	2465	65 942	-9 196
III. ELEMENTS OF OPERATING EXPENSES			
Material expenses	2500	4 609 027	3 280 940
Labor costs	2505	586 382	514 641
Withholdings for social activities	2510	120 976	107 141
Depreciation	2515	74 651	78 618
Other operating expenses	2520	725 713	461 255
Total	2550	6 116 749	4 442 595

Item	Line code	Reporting period	Similar period in previous year
IV. CALCULATION OF SHARE PROFITABILITY INDICES			
Year-average number of ordinary shares	2600	23 641 985	23 592 181
Adjusted year-average number of ordinary shares	2605	23 641 985	23 592 181
Net profit per ordinary share	2610	4,40	2,43
Adjusted net profit per ordinary share	2615	4,40	2,43
Dividends per one ordinary share	2650		

6.12 Injuries		Company												
№	Company	Occupational injuries (H-1, H-5) 2017/2018		Accidents unrelated to industrial operations (H-5) 2017/2018		Non-industrial accidents (HT) 2017/2018		Occupational disease cases 2017/2018			Third party injuries at Company's electrical equipment 2017/2018			
		Total	Fatalities	Total	Fatalities	Total	Fatalities	Total	Identified	Number of persons with 2 or more occupational diseases	Total	Fatalities		
1	2	3	4	5	6	7	8	9	10	11	12	13		
1	SE PJSC «Donbasenergo» «Sloviansk TPP»	1/1	0/0	0/0	0/0	120/109	0/0	0/0	0/0	0/0	0/0	0/0	0/0	
2	SE PJSC «Donbasenergo» «Elektroremont»	0/0	0/0	0/0	0/0	6/2	0/0	0/0	0/0	0/0	0/0	0/0	0/0	
3	SE PJSC «Donbasenergo» «DESR»	0/0	0/0	0/0	0/0	6/9	0/0	0/0	0/0	0/0	0/0	0/0	0/0	
4	SE PJSC «Donbasenergo» «DPP NDI Teploelekthroproekt»	0/0	0/0	0/0	0/0	4/1	0/0	0/0	0/0	0/0	0/0	0/0	0/0	
5	SE PJSC «Donbasenergo» «PJSC «Donbasenergo»	0/0	0/0	0/0	0/0	2/1	0/0	0/0	0/0	0/0	0/0	0/0	0/0	
6	SE PJSC «Donbasenergo» «PRS «Energotorg»	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0	0/0	
7	SE PJSC «Donbasenergo» «Ergosotsinvest»	0/0	0/0	0/0	0/0	0/2	0/0	0/0	0/0	0/0	0/0	0/0	0/0	
8	Management body	0/0	0/0	0/1	0/0	5/1	0/0	0/0	0/0	0/0	0/0	0/0	0/0	
9	SE PJSC «Donbasenergo» «Starobeshevo» TPP»	-/-	-/-	-/-	-/-	13/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-	
	Total	1/1	0/0	0/1	0/0	156/125	0/0	0/0	0/0	0/0	0/0	0/0	0/0	

6.13

Safety expenses

№	Company	Wages fund		Safety expenses (VAT excl.)			Share of safety expenses in wages fund	
		2017 UAH mln	2018 UAH mln	plan 2018 UAH mln	actual 2018 UAH mln	accomplished 2018 %	2017 %	2018 %
1	PJSC «Donbasenergo»	479,0	576,6	14,2	13,8	100	1,6	2,9

№	Safety expense items (actual)	Amount, UAH mln (VAT ecl.)	Share in total safety expenses (%)
1	Ensuring fixed asset compliance with health and safety regulatory documents	3,3	24
2	Elimination and mitigation of dangerous and harmful factors affecting the employees. Adjusting the workplace exposure levels according to legal norms and regulations on health and safety.	0,9	6,7
3	Activities on workplace attestation, safety audits, purchasing regulations, textbooks, literature, posters, etc. for health and safety purposes	0,1	1
4	Safety training and assessment of officers and other employees in the course of operations; lectures, workshops consultations on health and safety	0,2	1,7
5	Providing employees with protective clothing, footwear and other personal protective equipment, washing materials and agents neutralizing harmful effects on body or skin	7,5	52,8
6	Providing milk or other similar products and salty carbonated water to employees performing activities in harmful conditions	0,6	4,5
7	Arranging mandatory medical examinations (preliminary, regular, special) for employees performing hard labor or activities in harmful conditions where occupational selection applies	1,2	9,3
	Total	13,8	100

6.14 Civil defense expenses							
Civil defense measures acc. Art. 20 of Civil Defense Code of Ukraine	Gross revenue (UAH mln)		Allocated for civil defense measures acc. to 2018 financial plan (UAH mln) as of 01.01.2018	Expenses for CD measures (actual) (UAH mln)		CD expenses, percent of gross revenue	
	2017	2018		2017	2018	2017	2018
Complex measures to improve standards and level of civil defense	4 777,2	6 161,7	0,2	0,7	0,5	0,01	0,009

6.15 Fire protection expenses															
Fire accidents in 2018	Amount of damages resulting from fires (UAH mln)	Total expenses for fire prevention measures (UAH mln)		Expenses for upgrades of fire safety equipment (UAH mln)		R&D expenses (UAH mln)		Maintenance expenses for fire detection and firefighting systems (UAH mln)		Expenses for execution of Instructions (UAH mln)		Maintenance expenses for fire brigades (UAH mln)		Other expenses (including fire brigade insurance) (UAH mln)	
		2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
0	0	4,7	8,0	0,4	0,5	0,01	0,4	0,3	0,3	0,1	0,8	1,2	1,2	0,8	0,06

6.16

Objectives and tasks in environmental protection, activity implementation results

Objective	Task	Accomplished/ not accompl.	Environmental effect of the activity
<p>1 Ensure efficient operations of gas cleaning plant (GCP) to catch coal dust in pulverized coal air flow emitted from drying and milling systems by exhaust fans of Coal Treatment Shop at Sloviansk TPP. 2017 level should be achieved before reconstruction.</p>	<p>During the year, implement preventive measures aimed at trouble-free and efficient operation of gas cleaning equipment. Avoid shutdown.</p>	<p>Accomplished</p>	<p>Systemic inspections of the equipment, troubleshooting on timely basis, routine repairs at CTS GCP made it possible to preserve GCP's 94% efficiency over 2016 – 2018.</p>
<p>2 Reduce and prevent leakages of coal/gas mixture, ensure tightness of gas/air duct at gas cleaning equipment of Power Unit 7, sections «A», «B» at Sloviansk TPP.</p>	<p>During the year, implement measures aimed at preventing detrimental effects on the environment in the course of operations.</p>	<p>Accomplished</p>	<p>During repairs, leakages were eliminated at recirculation gas ducts of Power Unit 7, sections «A», «B» to prevent dust load increase in the ducts. Environmental management principles, namely, systemic inspections of the equipment, troubleshooting on timely basis, and routine repairs made it possible to prevent detrimental effects on the environment, i.e. to avoid uncontrolled emissions of suspended particulate matters (increased dust load) due to leakages in gas ducts of Power Unit 7, sections «A», «B».</p>
<p>3 Implement system for registration and rational use of technical water at onshore pump station OSPS-1 at Sloviansk TPP.</p>	<p>Implement automated water control system to obtain online reliable data on water consumption and water intake at onshore pump stations OSPS No. 1 and OSPS No. 2a with associated regime charts and reports.</p>	<p>Accomplished</p>	<p>Automated water control system will make it possible to obtain online reliable data on water intake at onshore pump stations OSPS No. 1 with regime charts. Thus, the incidents of irrational water use will be detected and prevented on timely basis.</p>
<p>4 Minimize located waste wood.</p>	<p>Minimize volumes of disposed waste wood. Use wastes as alternative source of power.</p>	<p>Accomplished</p>	<p>This activity will help reduce overall dimensions of wastes located on temporary storage areas. Crushed wood (chips) may be used for internal purposes. The wastes can be recycled.</p>

Objective	Task	Accomplished/ not accompl.	Environmental effect of the activity
5 Develop and maintain high competence of personnel to ensure efficient functionality of Environmental Management System.	Maintain sufficient level of knowledge and skills to perform internal EMS procedures, to manage ecological aspects and risks occurring in the course of operations.	Accomplished	Training of employees at Sloviansk TPP provided knowledge and skills to perform internal EMS procedures, to ensure compliance with environmental regulations, to assess ecological aspects and risks.
6 Reduce human impact on the environment in the course of operations of Sloviansk TPP.	Plant 670 two-year rootstocks in the areas affected by Sloviansk TPP facilities.	Accomplished	Tree planting is a remedial landscaping measure. Later, the green plants will reprocess nitrogen dioxide, sulfur dioxide and carbon oxide to produce oxygen, i.e. to reduce Sloviansk TPP impact on the environment in Mykolaivka.
7 Implement Environmental Management System in line with requirements of international standard ISO 14001:2015.	Provide required resources for implementation of Environmental Management System. Prove system's functionality.	Accomplished	Implementation of efficient internal procedures within Environmental Management System will provide principal tools for managing environmental aspects, risks and opportunities across the Company.
8 Reduce motor vehicle hydrocarbon emissions by 0.145 t/year.	Reduce hydrocarbon emissions by replacing outdated vehicles with new ones to meet Euro-5 standard.	Accomplished	Hydrocarbon emissions were reduced by 18.17 t due to replacement of old motor vehicle (KAMAZ-5410) with a new one (hydraulic lifting motor vehicle 5 AGP-ZO-A, MAZ chassis). Hydrocarbon emissions at average fuel consumption and rated operation time make: <ul style="list-style-type: none"> ■ 49.265 t/year - hydrocarbon emissions for KAMAZ operation; ■ 31.1 t/year - hydrocarbon emissions for operations of hydraulic lifting motor vehicle 5 AGP-ZO-A, MAZ chassis.

Objective	Task	Accomplished/ not accompl.	Environmental effect of the activity
<p>9 Reduce actual emissions:</p> <ul style="list-style-type: none"> ■ nitrogen oxides by 1.2 g/km of light vehicle operation, ■ sulfur oxide by 0.03 g/km of light vehicle operation; ■ carbon oxide by 5.0 g/km due to use of electric vehicle. 	<p>Reduce emissions of nitrogen oxides, hydrocarbon, sulfur dioxide, carbon oxide by purchasing electric vehicle.</p>	<p>Accomplished</p>	<p>Emissions to atmospheric air during operations of a light vehicle with carburetor engine make 116.194 t (CO - 93 t/year; CH -17.0 t/year; NO₂ – 5.314; C – 0.13; SO₂ – 0.213 t/year; benzopyrene -0,00005 t/year). Emissions to atmospheric air during operations of Hyundai electric vehicle make 0 t/year. By choosing an electric vehicle PJSC «Donbasenergo» mitigated human impact on the environment and reduced emissions from movable sources by 116.194 t/year.</p>
<p>10 Reduce consumption of natural resources.</p>	<p>Develop and implement project «Green Office».</p>	<p>Accomplished</p>	<p>Implementation of project «Green Office» in DPP NDI «Teploelektroproekt», SE of PJSC «Donbasenergo», represents an office management model, special philosophy and cultural attitudes aimed at resource saving. Use of LED lamps reduced electric power consumption and thus saved fuel for generation. There is no mercury, so, the disposal of LED lamps is more environmentally friendly, as compared to disposal of fluorescent lamps. Electronic document management and two-sided printing produce considerable environmental effects and save natural resources. One tonne of waste paper can save circa 5 m³ of wood and preserve 20-25 trees. Thousands of hectares of forests are victimized every year to produce paper from raw pulp.</p>



Ru



Uk



Eng



«Composition No.1» Piet Mondrian.
Version adapted for design solutions of the report.

PJSC «Donbasenergo»

34A Predslavynska Str.,
Kyiv, Ukraine, 03150
34A +38 0 44 290 97 07
office@de.com.ua
de.com.ua