

Erste Group signs EUR 100 million facility agreement with Ukraine's largest energy holding DTEK

14.10.2011

Erste Group Bank AG is further supporting Ukraine's largest energy holding DTEK through an increased stand by facility amounting to EUR 100 million. The facility has a maturity of 3 years and the funds are planned for general corporate purposes, including but not limited to the financing of M&A and other operations in line with DTEK long-term strategy. The Company already accessed a EUR 50 million standby facility from Erste Group in 2010, which is now extended to a multicurrency EUR 100 million revolving credit line.

"We are very pleased to continue to support DTEK in implementing its business strategy. DTEK has been posting dynamic growth in the past three years, which is why we decided to increase the standby facility to EUR 100mIn. In the medium term the Ukrainian energy sector has the potential to spur the revival of the national economy", commented Gernot Heschl, Head of Group Large Corporates at Erste Group.

Ukraine's energy sector inefficiencies have been declining in the recent years due to investments from the private sector. In order to achieve significant savings in the economic sector and to solve those problems the authorities can not cope with, the Ukrainian government has already taken decisive steps to sell state-owned energy companies. Aiming to reduce the consumption of fossil fuels, privates will extensively invest into the energy sector. Over the next 8 years, investments into the energy sector are expected to amount to 20 billion dollars, of which 70% should be directed to the technical renovation and new constructions. More than 25% shall be used for environmental actions and about 5% are allocated for meeting the requirements for the EU membership.

"This credit facility is a proof of the strong financial position of DTEK: the funds will be directed to M&A in our traditional focus sectors: coal and energy. We highly appreciate the support of our partner Erste Group Bank AG in implementing our strategic goals," said Vsevolod Starukhin, DTEK's CFO.

DTEK is the largest privately-owned vertically-integrated energy company in Ukraine, with efficient enterprises that mine and prepare coal as well as operate on electrical power generation and supply markets. The Company is the energy division of System Capital Management (SCM), one of Ukraine's leading financial and industrial groups. The coal business of DTEK is represented by DTEK Pavlogradugol (consisting of 10 coal mines), DTEK Dobropolyeugol (5 mines), DTEK Mine Komsomolets Donbassa and five coal preparation plants.

The power generation business of DTEK is represented by Vostokenergo and the associated companies Dneproenergo, where DTEK owns 47.55%, and Zapadenergo, where DTEK together with affiliate companies holds 25.06%. Service-Invest, DTEK Energougol ENE and the associated Donetskoblenergo Company, where DTEK holds 30.6%, represent the electricity sales and supply business of DTEK. DTEK also holds a 39.98% stake in Kievenergo, a company generating and supplying heat and electricity