

Expert Meeting on Management of Delayed Nuclear Projects

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„Optimising NPP Performance and Service Life”

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Capital formation for Khmel'nitskiy2/Rovno4 (K2/R4) completion project
financing. Stage 1.

Need for Capital formation

Since Shernobyl NPP shut down National Energy System is exposed to shortage of power production

Most effective way for new power production become available is K2/R4 completion project

NPP construction needs considerable investments

ENERGOATOM Corporate bonds issue

Terms and conditions

Issuer	Energoatom
Issue Volume	300 millions UAH (56,6 million USD)
Coupon	12% annual
Date of issue	Nov 2003
Paying off	Nov 2006
Paying off procedure	12 progressive payments (one per Quarter, interest + principal) during 3 year time period
Paying off time period average	21 months

ENERGOATOM Corporate bonds issue

Additional terms ant conditions Corporate bonds are guaranteed by continual positive cash flow on bank cash accounts of bonds holders

Positive cash flow is guaranteed by task component of electricity price generated by Energoatom. Task component forwarding to bank cash accounts of bonds holders from authorized dealer of Ukraine Energy market, not from Energoatom bank account.

Abovementioned paying off procedure provide by according Governmental Decisions, Authorities of Ukraine

ENERGOATOM Corporate bonds issue

*National Bank of Ukraine (NBU)
refinancing*

Bank of bonds holders NBU refinancing anticipated.
So bonds holders are protected from interest rates
fluctuations

NBU take in pledge bonds guaranteed on
refinancing of banks. However, a real bond owner
remains banks.

ENERGOATOM Corporate bonds issue

Volume of issue grounds

Contrary to guarantee of bonds, Energoatom can not find financing more then 300 million UAH from Ukrainian capital market during year 2003

Potential banks - bonds holders are limited in energy sector financing. In addition there are fixed risks regarding banks, related to purchasing of Energoatom corporate bonds.

NNEGC “ENERGOATOM” is State owned company so majority of Ukrainian capital market players are not extremely interested in financing of State owned companies.