



# DEVELOPMENT STRATEGY

UKRAINE PLAYS  
AN IMPORTANT  
ROLE IN THE  
EUROPEAN GAS  
MARKET

Ukraine **rank 3rd in Europe** with  
proven reserves of natural gas

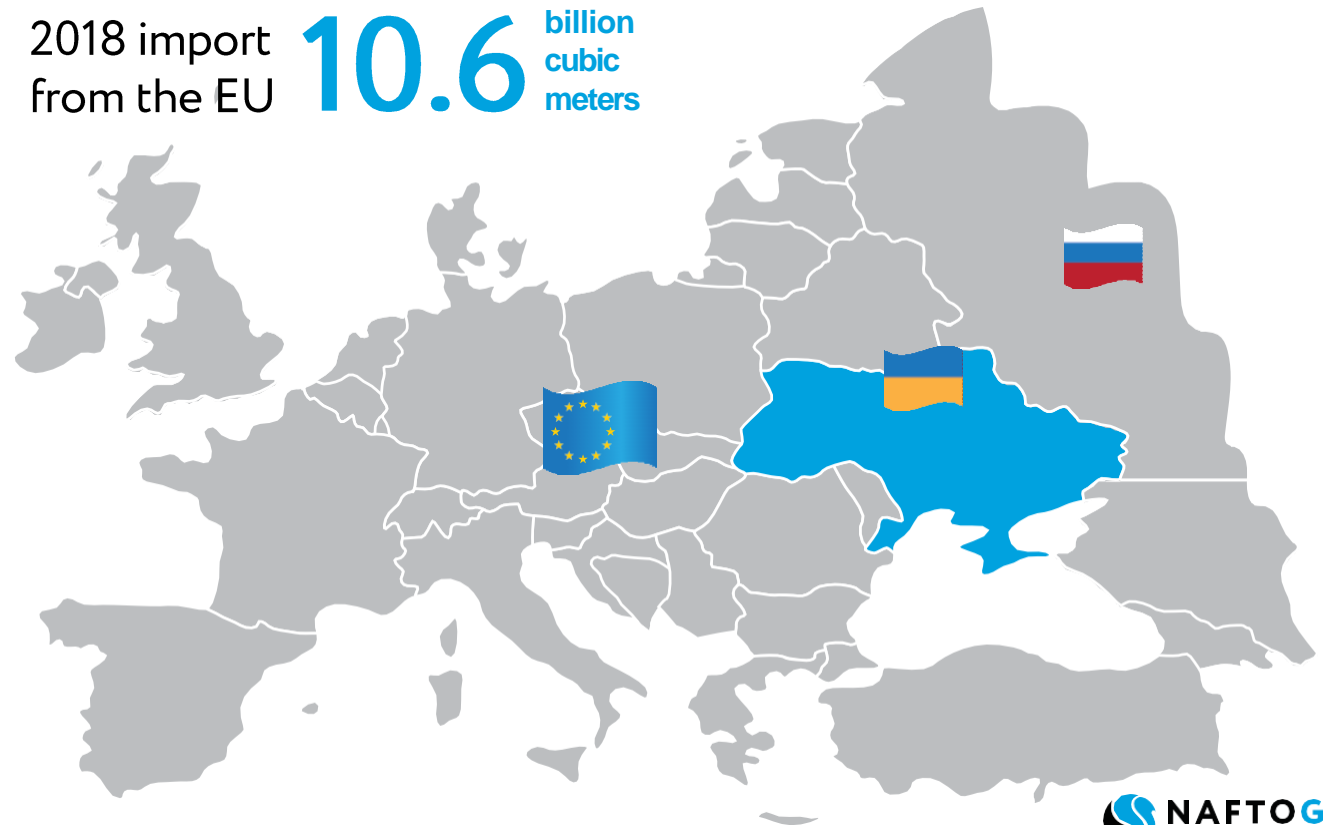
Proven gas reserves in Ukraine are **590** billion cubic meters

Ukraine **rank 4th in Europe** regarding gas production

Gas transit to Europe in 2018 **86.8** billion cubic meters

Natural gas production in Ukraine is **21** billion cubic meters 2018

2018 import  
from the EU **10.6** billion cubic meters





NAFTOGAZ  
IS ONE OF THE  
LARGEST GAS  
COMPANIES IN  
EUROPE

Oil and gas industry  
of Ukraine is about

**99** years

National Joint-Stock  
Company  
“Naftogaz of Ukraine”  
active for

**20** years

**Owens a critical route**

for Russian gas  
to the EU

**50%**

One of the **largest**  
**employers** in Ukraine – over

**75,000**

people

**No.1** underground gas  
storage capacities  
**in Europe**

**31** bcm

Naftogaz Group is Ukraine’s  
**largest taxpayer**

Taxes paid in  
2018 exceed

**UAH 136**  
billion

equivalent  
of **\$4.8** billion

The Group owns Europe’s  
**largest gas pipeline**  
network

**37,930**  
km

## NAFTOGAZ GROUP

Major gas supplier in  
Ukraine

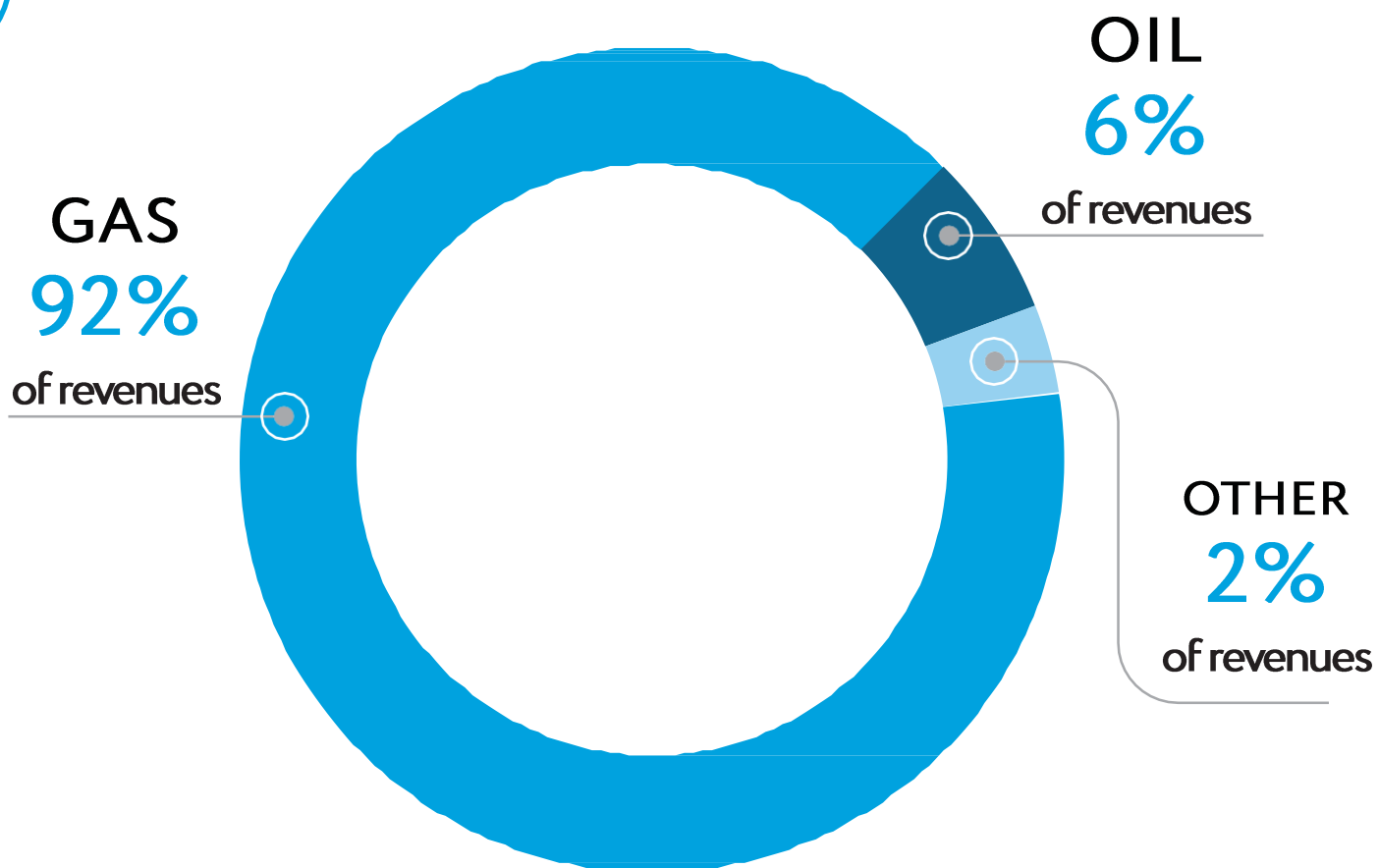
Naftogaz Group has  
**21** companies

Exploration  
and production



Transportation  
and storage

Trade  
and supply



## CORPORATE VALUES

Clear understanding of business rules to be complied with by all Naftogaz Group employees, and members of the Executive and Supervisory boards of National Joint-Stock Company “Naftogaz of Ukraine” alike

## NAFTOGAZ GROUP PROCUREMENT ACTIVITIES

Activities based on corporate values of the Company

### OPENNESS

Both in relations within the Company, and in vendor relations

### BOLDNESS

Root out abuses, making not always comfortable, yet impartial decisions, and be personally responsible

### INTEGRITY

Professionalism and honesty in attitude to work, employees and suppliers

### FAIRNESS

Impartiality, bona fide competition, actions compliant with the rules



## KEY PRINCIPLES OF PROCUREMENT ACTIVITIES

### ○ Openness and transparency

Open communication with the market –  
same rules for everyone

### ○ Personal accountability

Personal accountability for decisions made  
Exclude circumstances allowing abuse of power

### ○ Prevention of corrupt actions and abuses

Zero tolerance for corruption  
Control there is no vested interest

### ○ Non-discrimination / bona fide competition

No preferences for domestic and foreign counterparties alike

### ○ Information support

Provide public access to procurement procedures  
Announce procurement well in advance  
Provide equal access to information

## PROCUREMENT STANDARDS

### RULES OF OUR GAME

Laws of  
Ukraine



Internal policies:  
procedures, regulations,  
standards



### PROCUREMENT STANDARDS: WHAT ARE THEY? WHAT FOR?

Quick response to “grey areas” in procurement process  
Conflict management  
Improve quality of procurement system operation

#### Examples:

Requirements towards banks providing bank guarantees

Standard execution of procurement  
procedure documents

Unified bidder eligibility criteria

Quick response to any  
“grey areas” in procurement  
process – uprooting abuses and  
distrust from the market

## PARTICIPATION IN PURCHASES OF NAFTOGAZ GROUP

- During 2018, Naftogaz Group announced almost **11.4** thousand procurement procedures

- Their total expected value is

**USD 4** billion

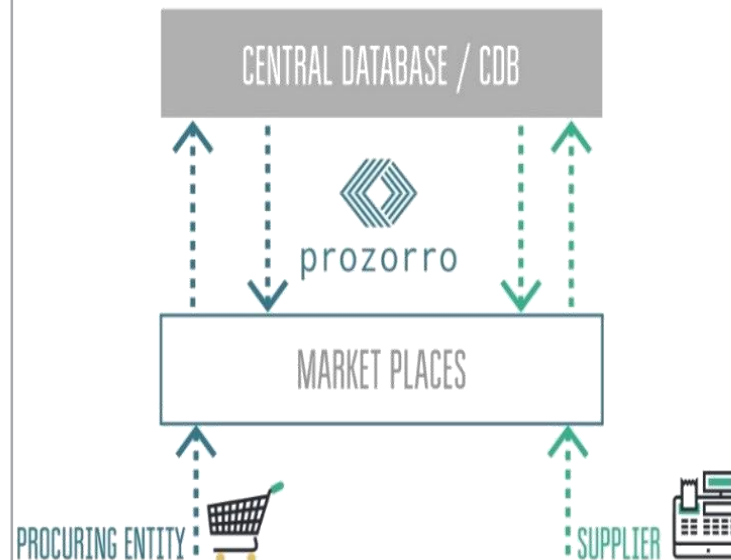
# How to participate in the tender?

## E-PROCUREMENT PUBLIC SYSTEM



ProZorro is a fully online central database public procurement platform in Ukraine.

## PROZORRO's PARTNER STATIONS



## CUSTOMER'S WEBSITE

[www.ugv.com.ua](http://www.ugv.com.ua)



## E-PROCUREMENT COMMERCIAL SYSTEM



**RIALTO**



## STRATEGIC PARTNERSHIP

Entering into Multi Service Agreement (MSA)  
with international oil & gas contractors

**21 service lines** to be introduced in **2018-2021**



**Schlumberger**



**HALLIBURTON**

Data representing  
Ukrasvydobuvannya

over **\$123mn** target purchase amount for **2019**

By areas\*:

Hydraulic fracture services

Drilling bit supply

Seismic exploration data processing and interpretation

Logging services

Cementing

\* 5 of 21 service lines

## SUCCESS CASES

2018 projects involving  
American market  
suppliers



**Schlumberger** \$92 mn

Workovers of oil and gas wells



**Solar Turbines**  
*A Caterpillar Company*

\$40 mn

Turbo-compressor units

\$15.4 mn

Pumps and compressors for  
turbo-compressor unit



**LIBERTY TOOL INTERNATIONAL, INC** \$11.2 mn

Case pipes



  
**DENIMEX**

USA DENIMEX INC. \$2.2 mn

Various equipment



  
**EnDyn**

Corporation Energy Dynamics Ltd \$1.9 mn

Spare parts for  
Ajax gas compressor unit

## USEFUL LINKS

- HARMONISATION OF THE PUBLIC PROCUREMENT SYSTEM IN UKRAINE WITH THE EU STANDARDS  
<https://eupublicprocurement.org.ua>
- Law of Ukraine “On Public Procurement”  
[http://eupublicprocurement.org.ua/wp-content/uploads/2015/05/PPL-of-Ukraine\\_ENG\\_01.05.2015.pdf](http://eupublicprocurement.org.ua/wp-content/uploads/2015/05/PPL-of-Ukraine_ENG_01.05.2015.pdf)
- Central public procurement database in Ukraine  
<https://prozorro.gov.ua/>
- Naftogaz Group public procurement  
<http://www.naftogaz.com/www/3/nakweb.nsf/0/DAD7C2FEC0162B01C2257FF00049E988?OpenDocument>
- Annual procurement plan of JSC Ukrasvydobuvannya  
<http://ugv.com.ua/en/tenders/plans>
- Annual procurement plan of JSC Ukrtransnafta  
<https://www.ukrtransnafta.com/plan-zakupivel-2019/>
- Annual procurement plan of JSC Ukrtransgaz  
<http://utg.ua/utg/purchases/annual-plan.html>



# THANK YOU FOR YOUR ATTENTION!



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