



# **1H 2013 DTEK RESULTS PRESENTATION**



## **DTEK at glance**

Operational results

Financial results

Capex

Appendices

# Leading vertically integrated power & utility company in CEE

## Vertically integrated business model

- Power generation is effectively self-sufficient in low-cost coal feedstock – strong competitive advantage vs. other thermal generators
- Own mining operations offer effective hedge for fuel supply and fuel price risks
- Value creation across the production chain: from coal mining to power distribution

## Exposure to non-cyclical end-markets

- Exposure to Ukrainian market with stable demand for electricity
- Diversified customer base: 5.1mln households & 133k corporate and other customers

## #1 coal miner with sizeable coal reserves

- Dominant proportional share in coal mining: 47.8% of coal production in Ukraine
- Largest Ukrainian coal exporter\*
- Diversified portfolio of long-life coal reserves
- 31 coal mines and 13 coal enrichment plants, incl. the largest coal mining company in Ukraine

## Leader in power generation and electricity distribution

- 27.3% of overall power output in Ukraine
- 39.6% in electricity distribution with presence in densely populated and industrially developed regions
- Largest electricity exporter

## Robust financial performance & prudent leverage policy

- Economies of scale and strong synergies between segments
- Competitive cost position across value chain
- Track record of sustainable leverage levels despite active M&A transactions and Capex programme
- Comfortable debt maturity profile with a potential for further improvement

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## Market environment

- In the first half of the year Ukrainian economy declined (GDP Q1 -1.1% and Q2 -1.3%)
- Following soft economy performance overall electricity consumption was down 4.1% YoY
- Hydro power generation was up 42.9% YoY, negatively impacting other power generations
- Coal prices under pressure following global demand
- Surplus of coal on the market due to the fire at Uglegorskaya TPP (“Centrenergo” state-owned GenCO)
- Hryvnia / US Dollar exchange rate remained stable

## DTEK

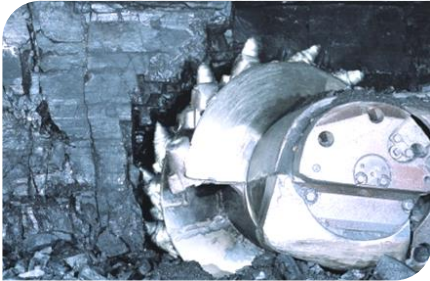
- Revenues up 14.4% YoY posting USD 5,5 Bio., EBITDA decreased by 11.7% to USD 0,9 Bio
- Focus on exports operations to offset soft local demand
- Revised Capex program to delay some of the projects
- Reached an agreement to purchase shares of Private JSC Naftohazvydobuvannya, the largest private gas production company in Ukraine
- Placed USD 750 mln Eurobonds due 2018 with coupon 7.875%
- Secured long term ECA covered loan (EUR 138 mln) to finance 2nd phase of Botievo windfarm

# Key business parameters

OPERATIONAL PERFORMANCE		1H 2013	1H 2012	+/-	%
<b>COAL MINING AND PREPARATION</b>					
Coal mining - total	<i>kT</i>	19 958	19 926 *	32.2	0.2
<i>thermal coal</i>	<i>kT</i>	19 778	19 738	40	0.2
<i>coking coal</i>	<i>kT</i>	180	496	- 316	- 176.0
<b>POWER GENERATION</b>					
Electricity output	<i>mln kWh</i>	24 296	25 619	- 1 323	- 5.2
Heating production	<i>k Gcal</i>	7 428	7 452	- 24	- 0.3
<b>ELECTRICITY DISTRIBUTION</b>					
Purchase in WEM	<i>mln kWh</i>	30 007	23 259 **	6 747	29
<b>ELECTRICITY AND COAL EXPORT</b>					
Electricity export	<i>mln kWh</i>	4 946	4 291	656	15.3
Coal export	<i>kT</i>	2 099	1 466	633	43.2
FINANCIAL PERFORMANCE		1H 2013	1H 2012	+/-	%
Revenues***	<i>USD mln</i>	5 477	4 787	690	14.4
EBITDA	<i>USD mln</i>	879	996	-117	-11.7
EBITDA margin	<i>%</i>	16.0	20.8	-4.8	
Net profit	<i>USD mln</i>	150	372	-222	-59.7
CAPEX (excluding VAT)	<i>USD mln</i>	568	526	42	8.0
Free cash flow (excluding M&A)	<i>USD mln</i>	-337	-176	-161	91.5

\* excluding Obukhovskaya mine group that was consolidated since July 2012. Including Bilozerskaya mine since its consolidation in January 1st 2012 in DTEK reporting. \*\* including Dniprooblenergo since April 1st 2012 and Krymenergo since May 1st 2012, since their consolidation in DTEK reporting \*\*\* including heat tariff compensation

# Leading energy company in Ukraine



## Coal production

Coal mining volume: **19.9 Mt**  
 Coal reserves: **1,700 Mt**  
**31** coal mines  
**13** coal enrichment plants



## Power generation

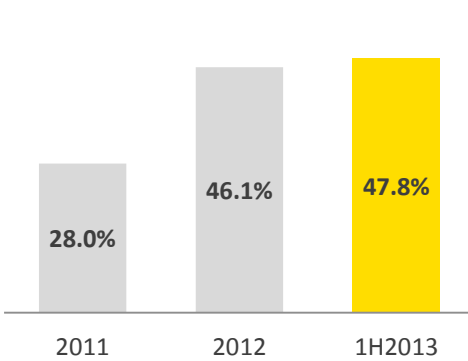
Energy generation: **24.3 TWh**  
 Installed capacity: **18.2 GW**  
**10** TPG and **2** CHP plants  
**66** power units



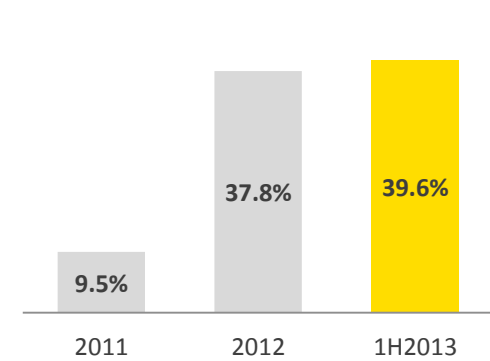
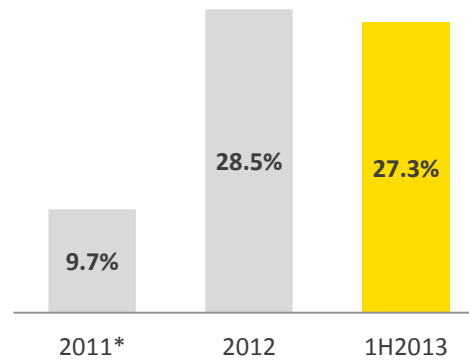
## Electricity distribution

Electricity supply: **30.0 TWh**  
 Grid length: **158,700 km**  
**6** distribution companies  
**5.2 mln** end customers

**DTEK PROPORTIONAL SHARE IN UKRAINE**



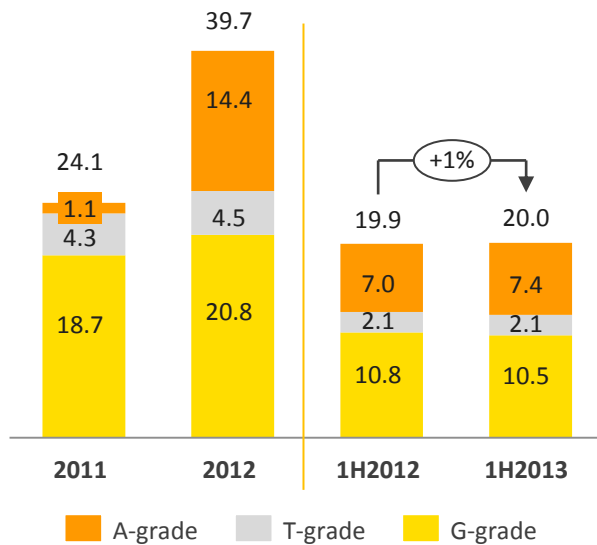
Note: Share in mining volume of raw coal



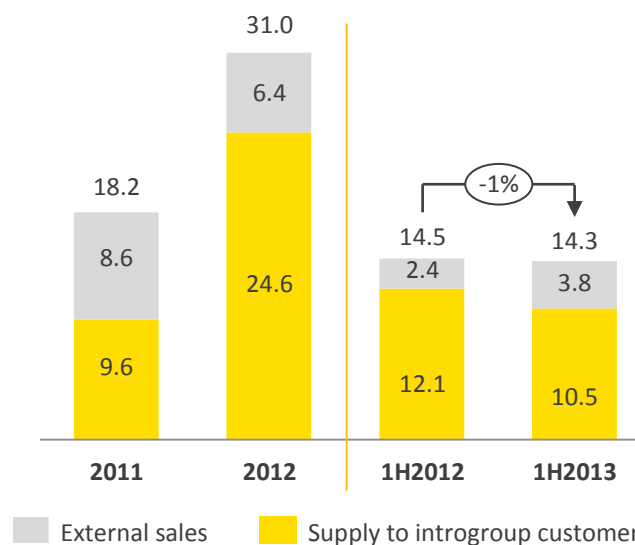
# Coal mining (1/2)

- Largest coal producer: 47.8% of all coal mined in Ukraine in 1H2013
- Coal production flat YoY driven by:
  - coal surplus at domestic market caused by reduction in operating power units of thermal power plants
  - management decision to limit production growth at some of the mines due to market situation and Capex program revision
- Coal export up 43% YoY driven by:
  - expanding exports to non-traditional markets (China, India, South Korea and Mexico)
  - concluding coal supply contracts with international energy companies - EDF and E.ON

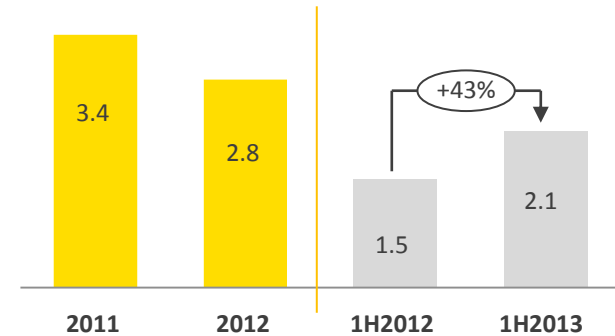
Coal mining (ROM)\*, Mt



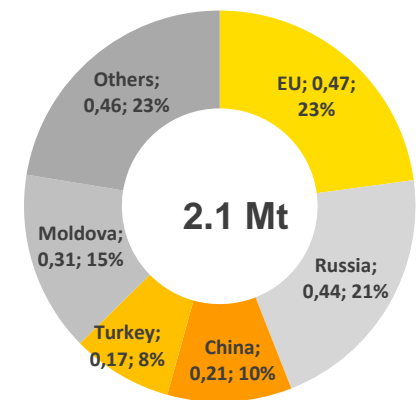
Coal sales (end product)\*\*, Mt



Coal export, Mt



Coal export (1H2013), Mt

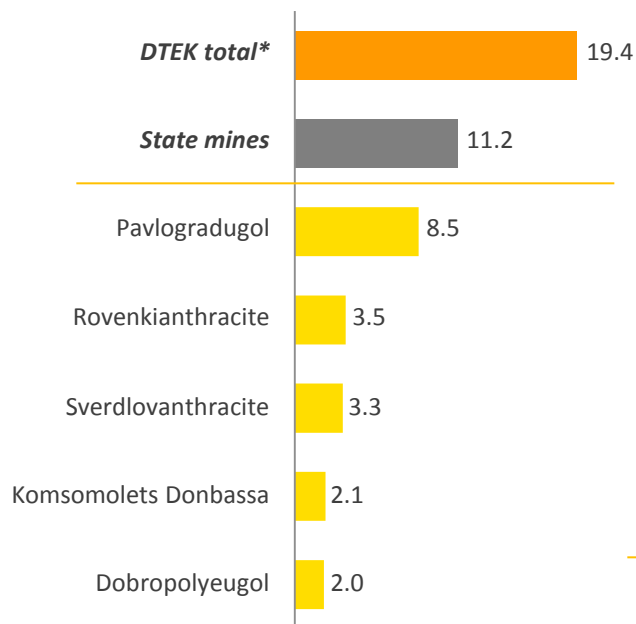




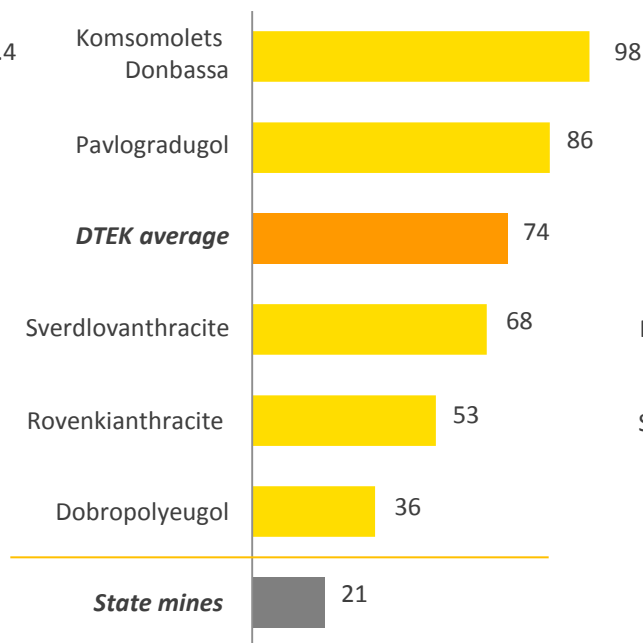
## Coal mining (2/2)

- Highest in the Ukrainian coal industry labor productivity and competitive production costs
- Constant focus on enhancing operations efficiency and labor safety:
  - mines' labor safety management certification (OHSAS 18001:2007 standard)
  - kick off of wide scale LEAN program
  - installed new coal quality control systems

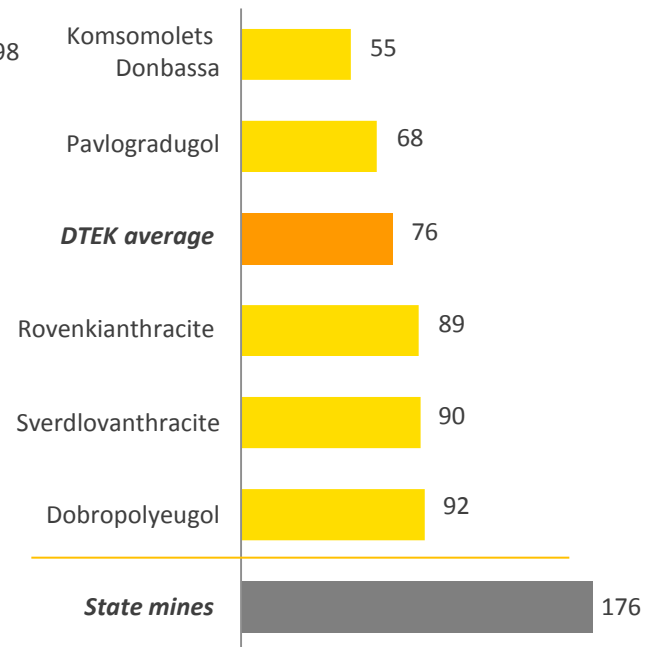
**Coal producers  
in Ukraine, Mt**



**Labor productivity,  
t / worker / month**



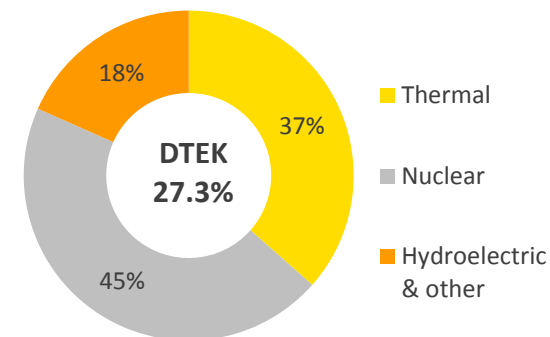
**Cost of production,  
USD/t\*\***



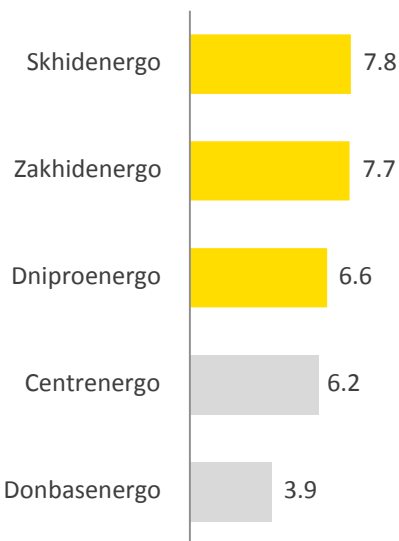
# Power generation

- Leading share in power generation with 27.3% in the 1H 2013
- Strong competitive advantage vs. other thermal power generators: reliable fuel supplies from own efficient and low cost coal mining operations
- Focus on fuel consumption reduction – 5 energy blocks reconstruction:
  - Kurahovksa TPP (block #6) – reconstruction completed
  - Luhanska TPP (block #13) scheduled completion - September 2013
  - Byrshtynska TPP (block #5) scheduled completion – October 2013
  - Dobrotvirska TPP (block #8) scheduled completion - November 2013
  - Kryvorizka TPP (block #1) scheduled completion – March 2014

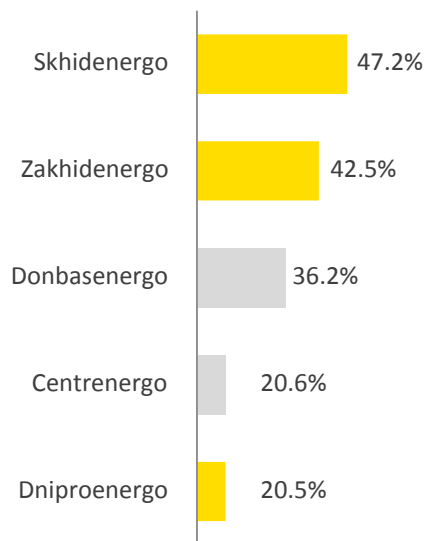
Ukraine's power generation, %



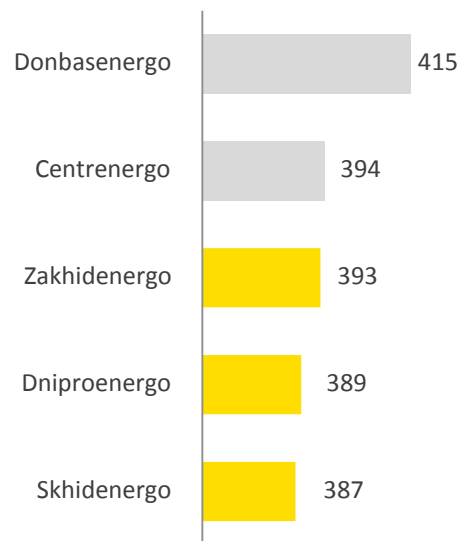
Ukraine's TPG output, TWh



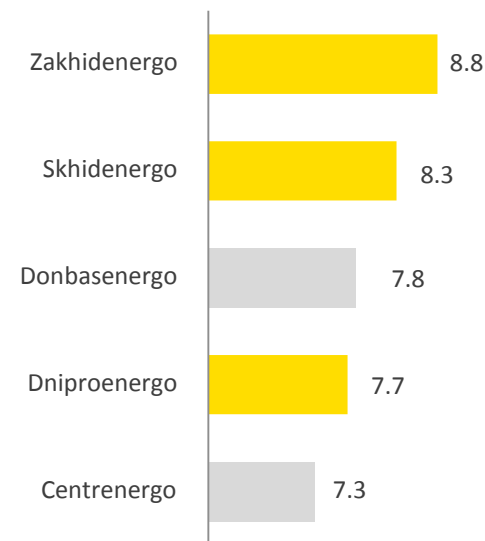
Installed capacity utilisation rate (ICUR\*), %



Average fuel consumption, tn/TWh



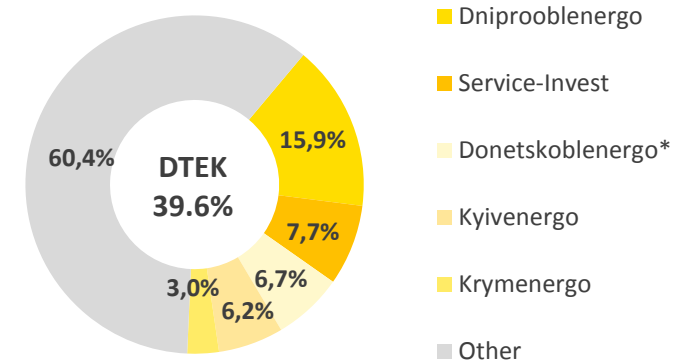
Average supply tariff, USD cents/MWh



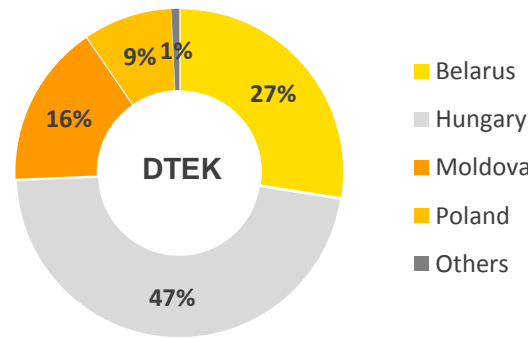
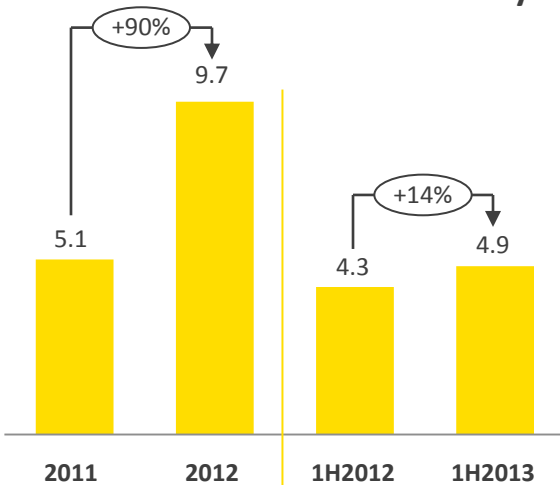
# Electricity distribution & export

- Leading position in electricity distribution:
  - 39.6% of electricity distribution in Ukraine
  - 30.0 TWh of electricity distributed to end consumers
  - Lower electricity distribution losses (6.3%) vs industry's average (10.9%)
- Prepare for RAB model introduction in 2014
- Launched new client service centers at Kievenoergo
- Electricity export was up 15.3% YoY to 4.9 billion kWh, growth to all key markets (Moldova, Slovakia, Hungary, Romania, Poland, and Belarus)
- Set up trading company in Switzerland to facilitate direct access to European energy markets

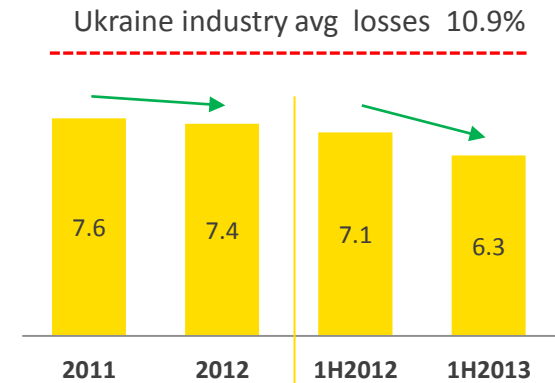
Electricity distribution in Ukraine, %



Electricity export, TWh



Electricity distribution losses (% of network)



DTEK at glance

Operational results

**Financial results**

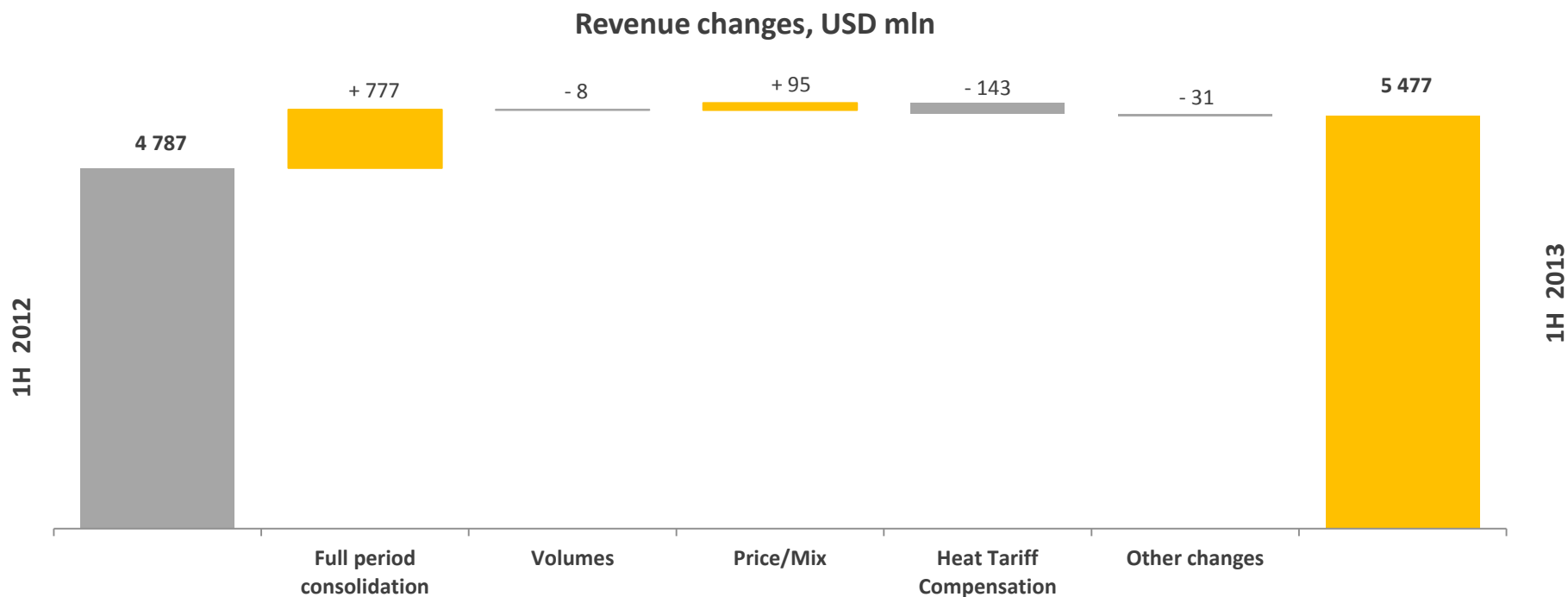
Capex

Appendices

# Revenue YoY changes

1H 2013 Revenue increased by USD 690 mln (+14.4% YoY), key drivers:

- full period consolidation of companies acquired in 1H 2012
- positive tariff dynamics in generation (+3.7% YoY)
- growth in distribution tariffs (+10.6% YoY)
- reduction in heat tariff compensation due to recognition in 1H 2012 compensation related to prior periods

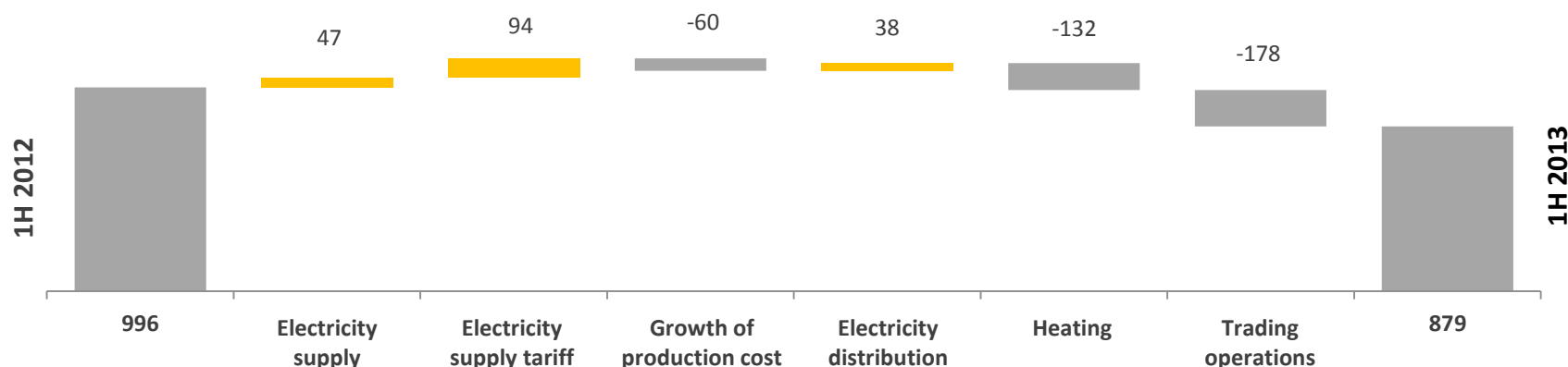


# EBITDA YoY changes

1H 2013 EBITDA decreased by USD 117 mln (-12% YoY), key drivers:

- growth of electricity supply to Energorynok State Enterprise by 10.7% (the effect of the full period of Dniproenergo and Zakhidenergo consolidation)
- growth of electricity supply tariff (including the investment mark up) by 4.3%
- Increase in electricity production costs caused by rise of the environmental tax rate in accordance with the changes in the Tax Code and inflation of coal production costs
- growth in electricity transmission & sales mainly due to the full period consolidation of the new distribution companies (Dniproenergo and Krymenergo)
- heat tariff compensation decrease reflecting one-off receipt in 2012 of compensation for the difference in Kyivenergo tariffs for previous periods
- Changes in profitability from trading operations:
  - reduction of profits from electricity export (USD -22 million) due to decrease in sales tariffs
  - change in profits from coal export (USD -45 million) due to decrease in sales prices (USD -76 million) partially offset by volumes growth by 43% (USD +31 million)
  - change in profits from coal sales in domestic market (USD -111 million) due to average sales prices/ mix reduction by 23% (USD -44 million) and volumes decline by 45% (USD -67 million), following consolidation in the group Zakhidenergo and Dniproenergo .

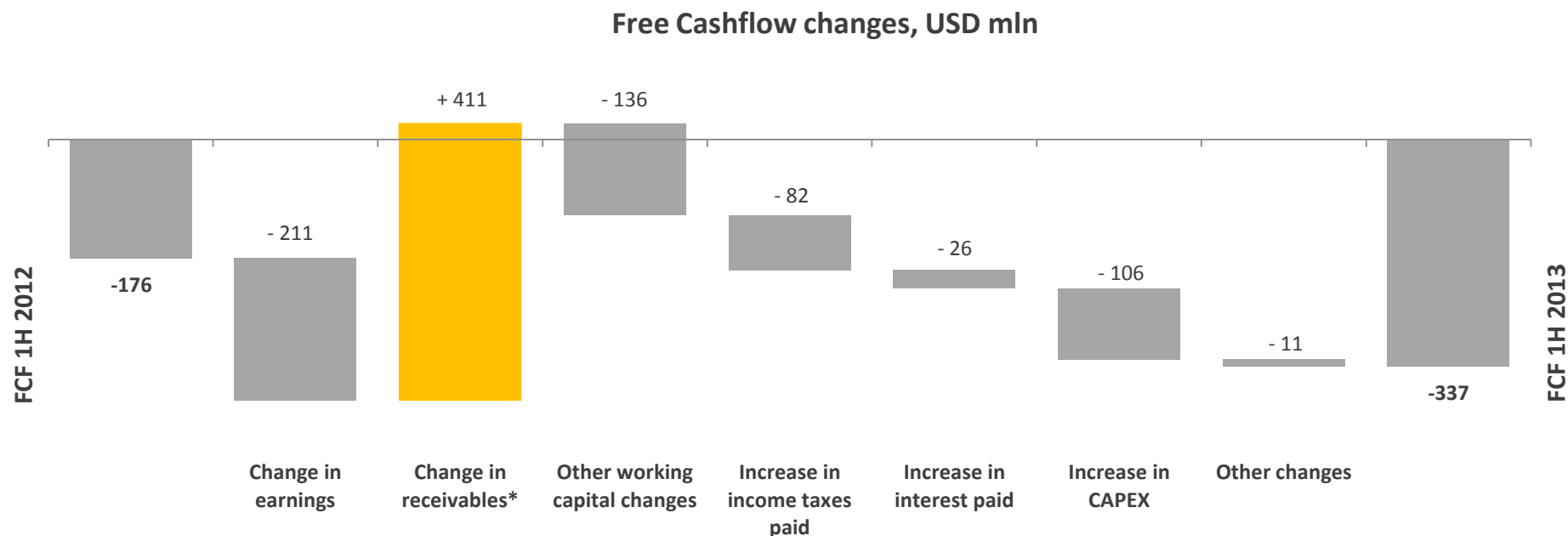
EBITDA changes, USD mln



# Free cashflow YoY changes

1H 2013 Free cashflow decreased by USD 161 mln, key drivers:

- decrease in earnings (USD -211 mln)
- changes in working capital: settlement of outstanding receivables of distribution, power generation and coal mining companies (resolution #517 issued by the Cabinet of Ministers of Ukraine) (USD +282 mln), decrease in heat tariff compensation receivable (USD +129 mln), partially offset by increase in coal stocks (USD -30 mln) and changes in other working capital items (trade /other payables and advances received)
- increase in income tax payable by USD 82 mln following changes in the tax code introduced in 2013
- increase in interests paid (USD +26 mln) following loan portfolio growth
- increase in CAPEX (USD +106 mln): TPPs retrofitting programme (companies acquired in 2012) by USD +77 mio; distribution companies by USD +10 mln, Botievo windfarm greenfield construction USD +41 mln



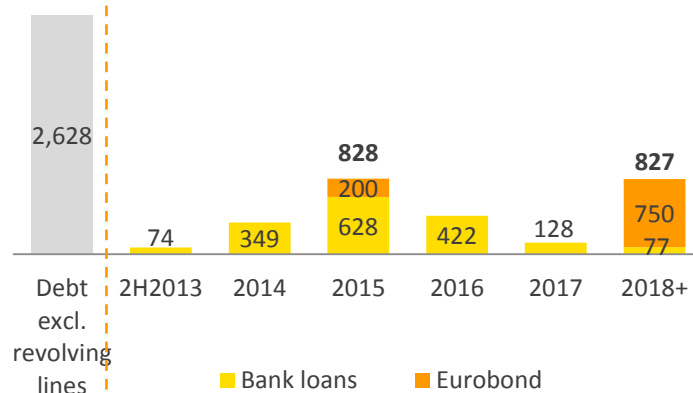
Source: DTEK IFRS statements

\* In June 2012 Ukrainian government introduced a resolution aiming to settle old debts among power generation, electricity distribution and coal mining companies in Ukraine (Resolution of the Cabinet of Ministers of Ukraine #517). This change represents the decrease in receivables and heat tariff compensation receivable settled under this Resolution.  
 UAH/USD FX rates used: 1H 2012 – 7.96, 1H 2013 – 7.99

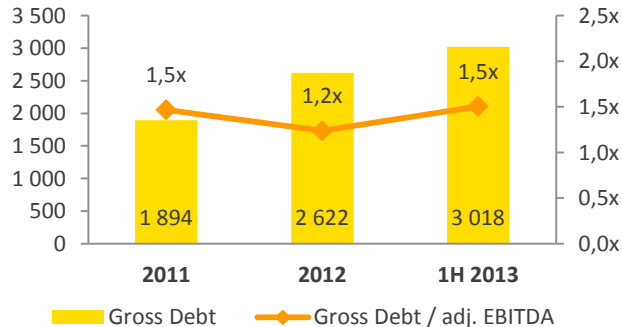
# Debt profile

- Maintain healthy leverage level with ample covenant headroom to the ceiling of 3X
- Total Debt (borrowings) at the end of the period was USD 2,915 mln, cash and equivalents was USD 429 mln
- Debt structure: 84% - long term / 16% short term loans; 63% fixed rate / 37% floating rate
- Comfortable maturity of avg. 3.7 years, with 99% of debt is unsecured
- 1H 2013 key projects:
  - priced USD 750 mln senior notes with coupon 7.875% due in 2018
  - repurchased USD 300 mln of notes due 2015
  - signed ECA covered (EKF, Hermes, Kuke) loan agreement for EUR 138 mln with LBB to finance 2<sup>nd</sup> phase of Botievo Windfarm
  - opened revolving credit lines at Oschadbank with a total limit of equivalent of USD 288 mln

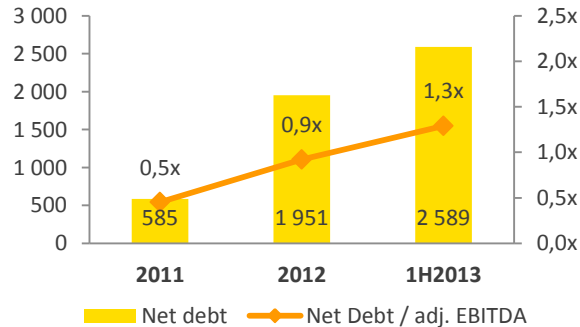
## Debt maturity profile\* as of July 1, 2013, USD mln



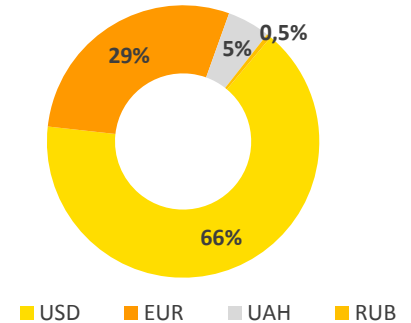
## Gross Debt (USD mln) and Gross Debt / adj. EBITDA (x)



## Net debt (USD mln) and Net Debt / adj. EBITDA (x)



## Total debt composition by currency\*\* as of July 1, 2013



(1) **Gross debt** represents borrowings both current and non-current and fair value loss of the gross-settled derivative financial instruments – USD 103 mln in 1H 2013 (35.5 mln in 2012, nil in 2011);

(2) **Adjusted EBITDA** for the 12 month of July 2012 – June 2013 amounted to USD 2.0 bln. Adjusted EBITDA represents profit for the year after excluding the following non-operating income statement items: foreign exchange losses less gains from borrowings, certain finance costs, income tax expense, depreciation and amortization, recognition of loss from fair valuation of associate on transfer to subsidiary, recognition of AFS reserve on transfer to associate, impairment of investment in associates, gain on a bargain purchase, impairment of property, plant and equipment and certain foreign exchange differences;

(3) Net debt represents gross debt less cash and cash equivalents;



DTEK at glance

Operational results

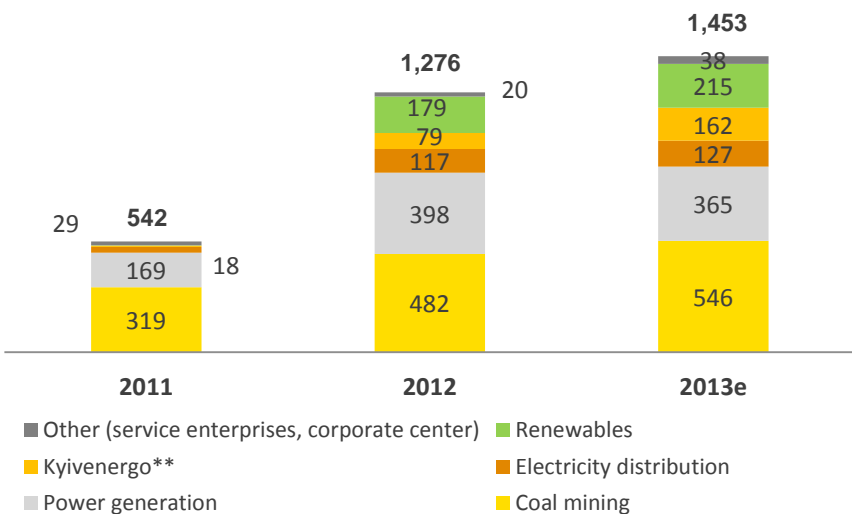
Financial results

**Capex**

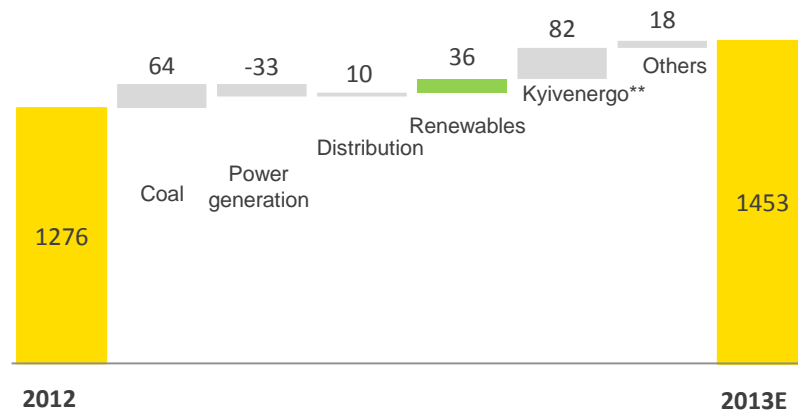
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- 2013 YEE Capex is planned at USD 1,45 Bln, an increase by USD 177 mln. YoY growth driven by business footprint expansion:
  - investments in companies\* acquired in 2012 – USD 399 mln (+77% YoY)
  - investments in Botievo windfarm project – USD 215 mln
- Focus investments on assets' efficiency improvement and TPPs retrofit program:
  - Coal mining: investments related to increase of loads and productivity (e.g. mining equipment, mine ventilation, etc)
  - Power generation: retrofit program of 5 power units
  - Electricity distribution: improvement of transmission grids, construction of new substations, investments in metering
- Investment mark-up in tariffs fully fund Capex for electricity distribution assets and partially (80%) retrofits of TPGs

### Capex dynamics, USD mln



### Capex drivers in 2013, USD mln



# Key investment projects

	TOTAL PROJECT CAPEX (in mln USD)	2013E CAPEX (in mln USD)	PROJECT TARGETS
<b>COAL MINING</b>			
Constructing ventilation borehole No. 3 at Yubileyna mine	29.4	7.8	<ul style="list-style-type: none"> <li>Maintenance of mine capacity on 1.5 mln t per year starting from 2014</li> </ul>
Increasing the capacity of the technological chain of Geroiv Kosmosu mine	19.2	5.8	<ul style="list-style-type: none"> <li>Coal winder capacity increase from 1.5 mln t to 3.0 mln t</li> </ul>
Technical re-equipment of the second section of Pavlogradska CEP	15.3	9.5	<ul style="list-style-type: none"> <li>Annual volume of enrichment increase from 3.8 mln t to 4.8 mln t</li> <li>Logistic scheme Mine-CEP-TPP optimization</li> </ul>
Constructing facilities of the vertical fresh air shaft at Frunze mine	26.9	3.5	<ul style="list-style-type: none"> <li>Annual production increase to 1.8-2.0 mln t</li> <li>Labour and cargo transportation chain optimization</li> </ul>
<b>POWER GENERATION</b>			
Retrofit of unit 13 Luhanska TPP	51.3	34.0	<ul style="list-style-type: none"> <li>Capacity: + 35 MW</li> <li>Fuel consumption: - 16.5 g/kWh</li> <li>Maneuverability range: + 45 MW</li> </ul>
Retrofit of unit 6 Kurakhovska TPP	71.1	22.0	<ul style="list-style-type: none"> <li>Capacity: + 15 MW</li> <li>Fuel consumption: - 40.6 g/kWh</li> <li>Maneuverability range: + 45 MW</li> </ul>
Retrofit of unit 8 Dobrotvorska TPP	62.3	53.7	<ul style="list-style-type: none"> <li>Capacity: + 10 MW</li> <li>Fuel consumption: - 16.1 g/kWh</li> <li>Maneuverability range: + 35 MW</li> </ul>
Retrofit of unit 4 Zuyvska TPP	31.2	8.5	<ul style="list-style-type: none"> <li>Capacity: + 25 MW</li> <li>Fuel consumption: - 21.9 g/kWh</li> <li>Maneuverability range: + 40 MW</li> </ul>
Retrofit of unit 5 Burshtynska TPP	65.7	46.8	<ul style="list-style-type: none"> <li>Capacity: + 48 MW</li> <li>Fuel consumption: - 61.3 g/kWh</li> <li>Maneuverability range: + 29 MW</li> </ul>
<b>KYIVENERGO</b>			
Constructing the substation 35/10 kV Elenovska with a 110 kV line	16.3	10.2	<ul style="list-style-type: none"> <li>Substation transformers capacity: 80 MVA</li> </ul>
Retrofit of open distributing device 330 kV for combined heat-and-power plant #5	22.4	16.6	<ul style="list-style-type: none"> <li>Covering the deficit of power consumption for central regions of Kiev</li> </ul>

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# Selected financials 1H 2012 – 1H 2013

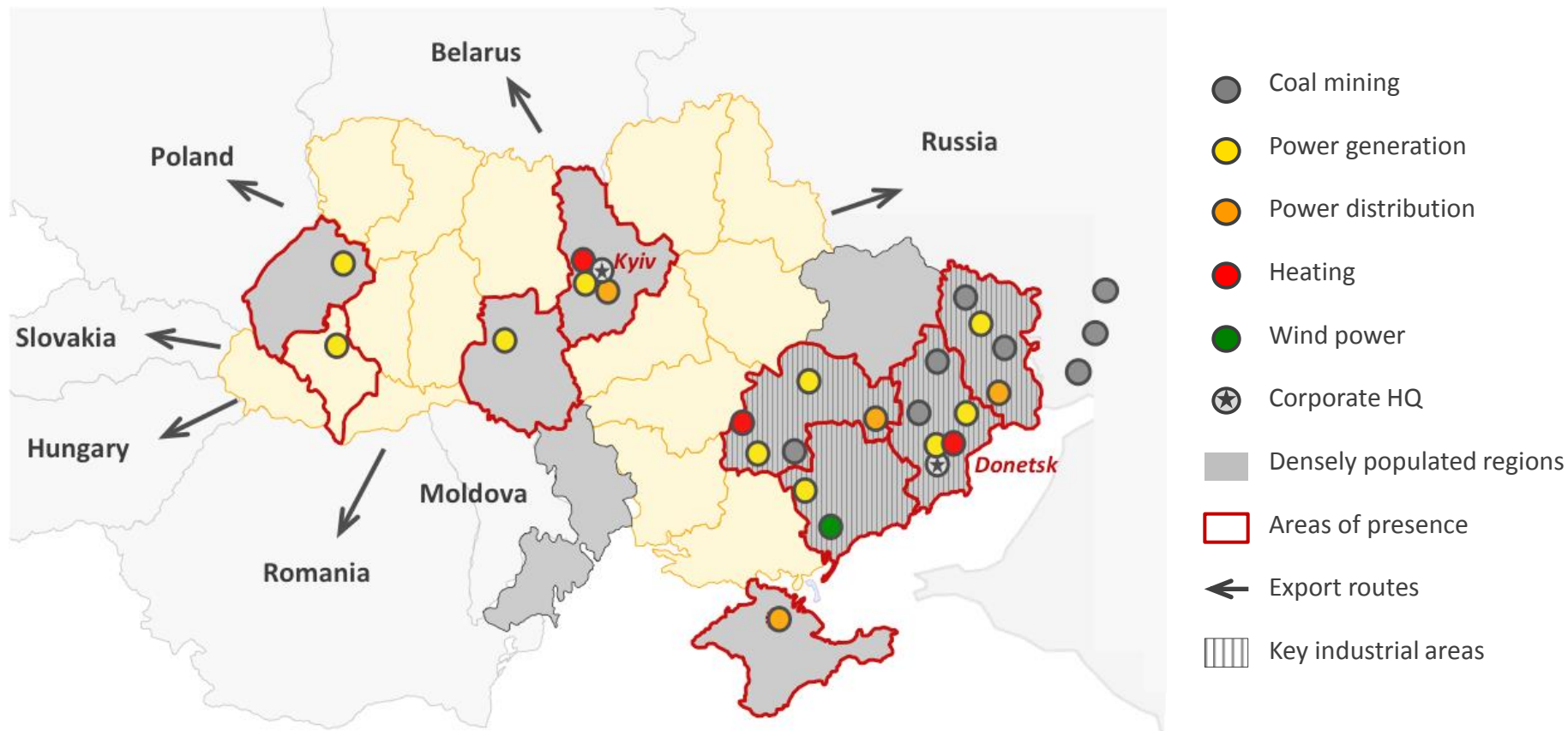
USD MLN	1H2013	1H2012	+/-	%
<b>Income statement</b>				
<b>Revenues</b>				
Sales of steaming and coking coal	342	538	-196	-36.4
Sales of electricity to electricity pool	2 082	1 792	290	16.2
Sales of electricity to final customers	2 385	1 643	742	45.2
Heat generation	270	266	4	1.5
Export sale of electricity	284	279	5	1.8
Other sales	7	17	-10	-58.8
Heat tariff compensation	107	252	-145	-57.5
<b>Operating expenses</b>				
Cost of electricity purchased for resale	2 437	1 730	707	40.9
Raw materials	848	919	-71	-4.1
Staff costs	744	633	111	17.5
Other expenses, net	569	509	60	11.8
<b>EBITDA</b>	<b>879</b>	<b>996</b>	<b>-117</b>	<b>-11.7</b>
<i>EBITDA margin</i>	<i>16.0%</i>	<i>20.8%</i>	<i>-4.8%</i>	
<b>Depreciation</b>	<b>418</b>	<b>353</b>	<b>65</b>	<b>18.4</b>
<b>Net profit</b>	<b>150</b>	<b>372</b>	<b>-222</b>	<b>-59.7</b>
<b>Balance sheet</b>				
Non-current assets	7 715	6 784	931	13.7
Current assets	2 521	2 445	76	3.1
- of that cash and cash equivalents	429	583	-154	-26.4
<b>Total assets</b>	<b>10 236</b>	<b>9 229</b>	<b>1 007</b>	<b>10,9</b>
<b>Shareholders equity (including minority)</b>	<b>4 188</b>	<b>3 583</b>	<b>605</b>	<b>16.9</b>
Interest bearing debt	2 915	2 162	753	34.8
Other liabilities	3 132	3 484	-352	-10.1
<b>Total liabilities</b>	<b>6 047</b>	<b>5 646</b>	<b>401</b>	<b>7.1</b>

## Selected financials 1H 2012 – 1H 2013

UAH MLN	1H2013	1H2012	+/-	%
<b>Income statement</b>				
<b>Revenues</b>				
Sales of steaming and coking coal	2 734	4 281	-1 547	-36.1
Sales of electricity to electricity pool	16 641	14 262	2 379	16.7
Sales of electricity to final customers	19 060	13 082	5 978	45.7
Heat generation	2 162	2 119	43	2.0
Export sale of electricity	2 273	2 220	53	2.4
Other sales	47	133	-86	-64.7
Heat tariff compensation	859	2 006	-1 147	-57.2
<b>Operating expenses</b>				
Cost of electricity purchased for resale	19 480	13 776	5 704	41.4
Raw materials	6 779	7 314	-535	-7.3
Staff costs	5 949	5 040	909	18.0
Other expenses, net	3 687	2 039	1 648	80.8
<b>EBITDA</b>	<b>7 022</b>	<b>7 928</b>	<b>-906</b>	<b>-11.4</b>
<i>EBITDA margin</i>	16.04%	22.0%	-5.92%	
<b>Depreciation</b>	<b>3 340</b>	<b>2 807</b>	<b>533</b>	<b>19.0</b>
<b>Net profit</b>	<b>1 197</b>	<b>2 962</b>	<b>-1 765</b>	<b>-59.6</b>
<b>Balance sheet</b>				
Non-current assets	61 664	54 224	7 440	13.7
Current assets	20 151	19 543	608	3.1
- of that cash and cash equivalents	3 429	4 663	-1 234	-26.5
<b>Total assets</b>	<b>81 815</b>	<b>73 767</b>	<b>8 048</b>	<b>10.9</b>
<b>Shareholders equity (including minority)</b>	<b>33 478</b>	<b>28 639</b>	<b>4 839</b>	<b>16.9</b>
Interest bearing debt	23 299	17 283	6 016	34.8
Other liabilities	25 038	27 845	-2 807	-10.1
<b>Total liabilities</b>	<b>48 337</b>	<b>45 128</b>	<b>3 209</b>	<b>7.1</b>

## Strategically located in key Ukrainian regions

- Proximity to key industrial customers
- Presence in most densely populated regions of Ukraine
- Logistic synergies across business segments
- Constant focus on operational efficiency improvements

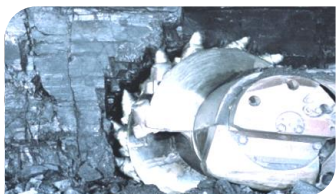


- Coal mining
- Power generation
- Power distribution
- Heating
- Wind power
- ⊛ Corporate HQ
- Densely populated regions
- ▭ Areas of presence
- ← Export routes
- ▨ Key industrial areas

# Ownership structure\*

## Experienced and committed strategic ownership of DTEK:

- Substantial benefit from the experience and strategic vision of the Group's UBO – Mr. Akhmetov
- DTEK is part of SCM – leading financial and industrial group in Ukraine



### Coal production

DTEK Pavlogradugol PJSC	99.92%
DTEK Mine Komsomolets Donbasa PJSC	95.24%
DTEK Dobropolyeugol LLC**	100%
Bilozeska Mine ALC	95.44%
DTEK Rovenkianthracite LLC**	100%
DTEK Sverdlovanthracite LLC**	100%
DTEK Dobropolskaya CEP PJSC	60.06%
DTEK Oktyabrskaya CEP PJSC	60.85%
CCM Pavlogradskaya LLC	99%
CCM Kurahovskaya LLC	99%
Mospino CPE LLC	99%
Pershotravensky RMZ LLC	99.92%
Ekoenergoresurs LLC	99%
Public Company Don-Anthracite	100%
Sulinathracite LLC	100%
Public Mining Corporation Obukhovskaya	100%



### Power generation

DTEK Skhidenergo LLC	100%
Tehrempostavka LLC	100%
Wind Power LLC	100%
DTEK Dniproenergo PJSC	73.40%
DTEK Zakhidenergo PJSC	72.24%
Kyivenergo JSC	72.39%



### Electricity distribution

Servis-Invest LLC	99.92%	100%
DTEK Energougol ENE PJSC		95.19%
DTEK Donetskoblenergo		71.34%
Kyivenergo JSC		72.39%
DTEK Dniprooblenergo PJSC		51.61%
DTEK Krymenergo PJSC		57.60%



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