



## **EBRD and Coal Energy S.A signed US\$70 million binding financing agreement**

On the 21<sup>st</sup> December 2012 – European Bank for Reconstruction and Development (EBRD) will provide US\$70 million loan to Coal Energy, the private producer of thermal and coking coal in Ukraine. The loan agreement was signed in Kiev on December 21. Investment bank Dragon Capital acted as a sole financial advisor for Coal Energy in this transaction.

The credit facility is composed of two subsequent tranches. Installments of the first tranche of the loan will be used to support the development of the waste dump processing and coal beneficiation businesses, as well as to finance working capital requirements. The second tranche will finance mechanization of the CwAL LE “Sh/U Blagoveshenskoe”, further development of its waste dump processing business as well as energy efficiency and environmental health & safety measures at priority mines of Coal Energy.

Interest rate for the 7-year loan with the availability period of 3 years is LIBOR (6 months) + 5.85% p.a.

“The raising of financing from EBRD - is the next step of the Group’s long-term strategy, aimed at increasing operating efficiency of production and growth of our business. Our joint projects carried out with EBRD on underground coal mining and coal beneficiation will allow the Group to reduce costs, including financial costs, and increase production of thermal coal which will meet increasing demand from the energy sector. We appreciate our cooperation with the reputable international financial institution and trust to our business and its prospects in Ukraine” – said Viktor Vyshnevetsky, Chairman of the Board of Directors of Coal Energy.

“The project’s success indicates that despite the difficult capital market environment private companies such as Coal Energy retain the real possibility to raise financing on favorable terms. I believe that this project will not only contribute to the further development of Coal Energy, but also will give clear signal to investors into Ukrainian coal industry” – said Michael Granchak, Investment Banking Director of Dragon Capital.

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**Coal Energy** Group is third largest private coal producer in Ukraine measured by reserves and fourth in terms of production output. All of its production sites comprising 10 mines, coal beneficiation plant and waste dump processing plant are located in the heart of Donbas, the largest Ukrainian coal basin of high quality coal. Favourable coal mix of thermal and coking coal allows the Group to secure sustainable demand and generate high margins. Coal Energy is listed on Warsaw Stock Exchange since August 2011.

**EBRD** is the largest single investor in countries of Central and Eastern Europe, and central Asia. It is owned by 64 countries and two intergovernmental institutions. EBRD invests mainly in private enterprises, usually together with commercial partners. It provides project financing for banks, industries and businesses. It also works with publicly owned companies, to support privatisation, restructuring state-owned firms and improvement of municipal services.

**Dragon Capital** is Ukraine’s leading investment bank offering a comprehensive range of investment banking and brokerage services to corporate and private clients. Established in 2000 in Kyiv, the company is controlled by management, with a minority stake held by Goldman Sachs since 2007. The company’s investment banking department has completed more than 100 deals, including IPOs, private placements, M&A transactions and debt financings, raising over \$3.4 billion.

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