

December 2011  
Business update

# Leading private energy coal provider in Ukraine



# Sadovaya Group at a glance



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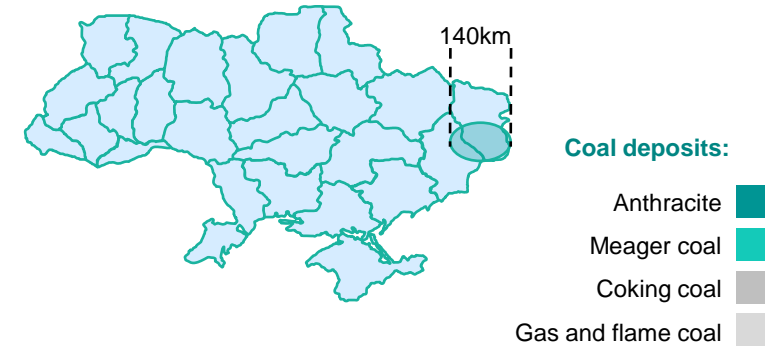
## The Company

- ◆ Sadovaya Group is focused on mining, preparation, and sale of coal to thermal power plants and metallurgical sector
- ◆ Ukraine's 3<sup>rd</sup> largest private providers of energy coal
- ◆ The first public Company in Ukrainian coal sector – IPO and listing on Warsaw Stock Exchange (WSE) in December 2010
- ◆ The first coal company in Ukraine to obtain EBRD project financing
- ◆ All the mining assets are in the Group's ownership
- ◆ Reliable transparent partner with high quality corporate structure and governance, Sadovaya regularly reports on its operational and financial achievements in line with international standards and requirements

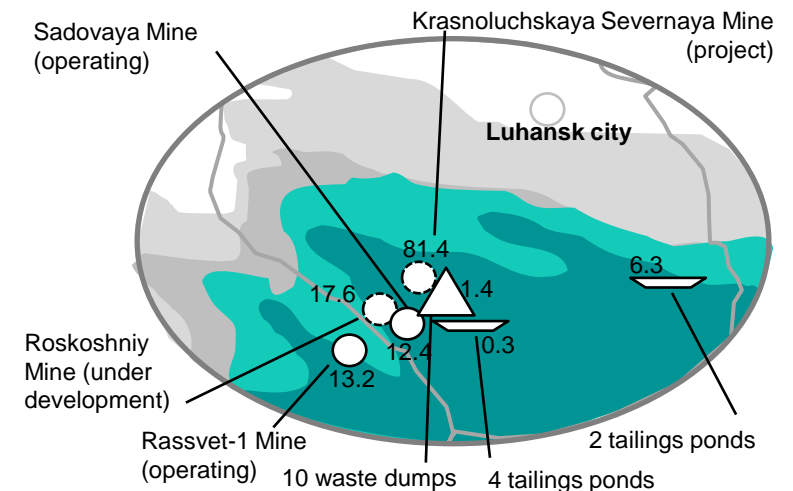
## Highlights

- ◆ 43.2 mmt of underground coal resources
- ◆ 7.9mmt of resources in 16 coal waste deposits
- ◆ Proven and probable (2P) reserves stand at 31.2 mmt
- ◆ 1,009,000t of coal sold in 10M2011
- ◆ 370,000t of coal mined in 10M2011
- ◆ 44,000t of coal recovered from waste dumps in 10M2011

## Sadovaya's assets on the map of Ukraine



## Group's coal resources, mmt <sup>(1)</sup>



(1) Measured and indicated resources in accordance with JORC. Coal reserves and resources are audited by IMC as of July 1, 2010. Expected resources includes Krasnoluchskaya Severnaya Mine  
Source: Sadovaya Group, IMC



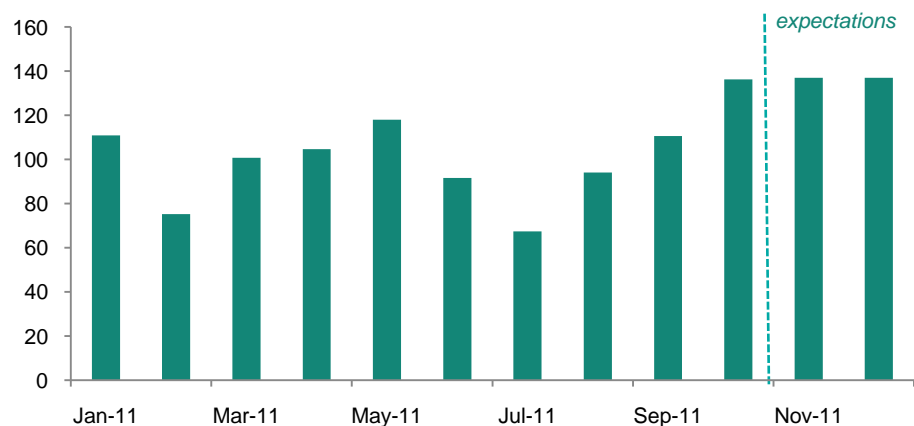
# Coal sales

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## 2011:

- ◆ The Group sold 1,009 ths t of coal as of Jan-Oct 2011 or 83% of annual plan
- ◆ Export share comprises 5% of total sales
- ◆ Increased coal output from waste recovery segment will extend Groups' export opportunities
- ◆ The coal demand reflects typical seasonality with the lowest figures in Summer and recovery during the cold months
- ◆ Key Group's customers include Vostokenergo, Centrenergo, ArcelorMittal Kryviy Rih, DTEK, Zaporizhia Ferroalloy, and Nikopol Ferroalloy

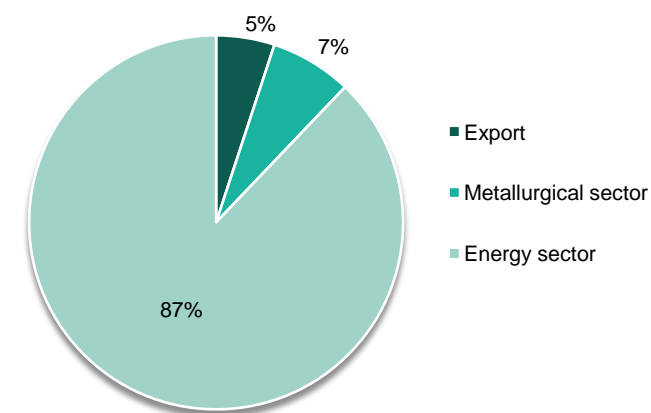
## Monthly sales volumes, ths t



## Plans for 2012:

- reduce the share of purchased coal in total sales volumes due to increase in own extraction
- increase the export share in total sales
- diversify customer base

## Customer structure, 9M2011



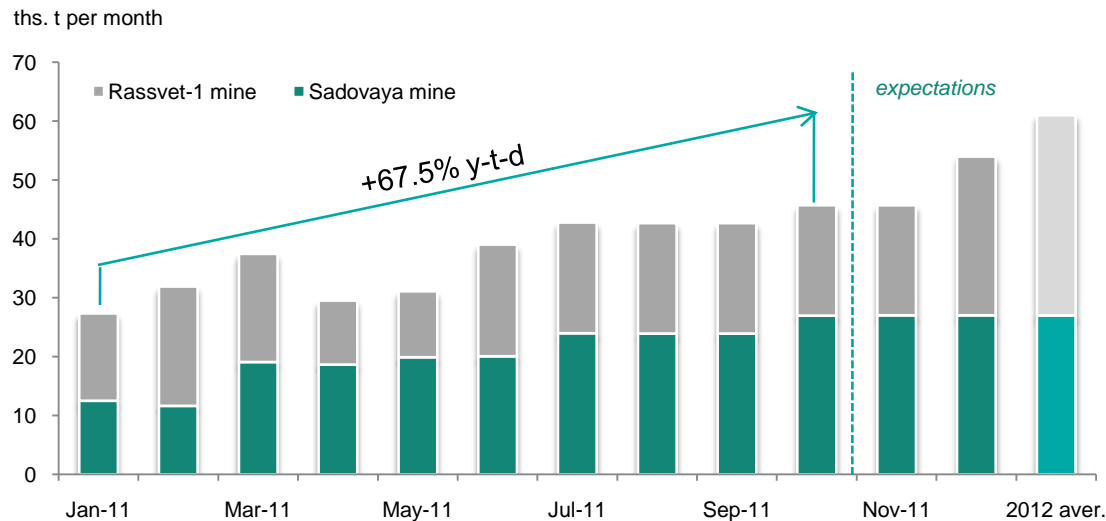


# Mining operations

## 2011:

- ◆ The Group operates two mines – Sadovaya mine and Rassvet-1 mine, with 3 and 1 longwall being operated respectively
- ◆ The license to develop Roskoshniy field was acquired in March, total resources under ownership grew 68.8% to 43.2mmt
- ◆ The new longwall on Sadovaya mine was launched in July 2011
- ◆ The development of the Roskoshniy field has already started, International consultants are involved in the project engineering. The first coal output is expected in late 2013
- ◆ The new longwall on Rassvet-1 mine to be commissioned in December 2011

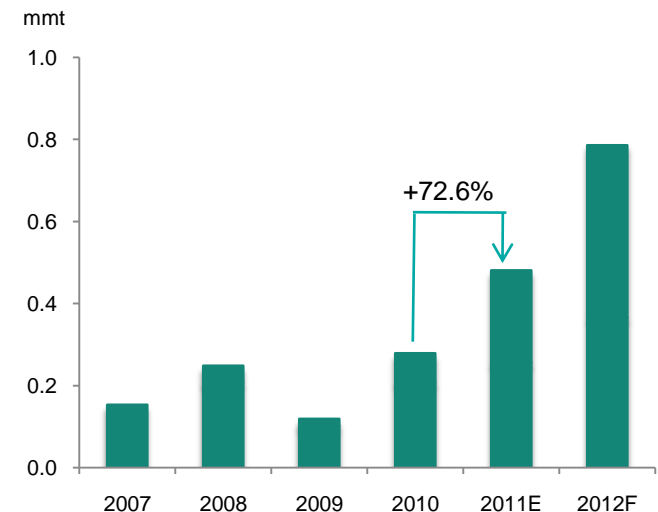
### Monthly output volumes



### Plans for 2012:

- launch the longwall on Rassvet-1 mine in 2Q 2012
- obtain license for Krasnoluchskaya Severnaya in the end of 1H 2012
- start construction of incline shaft on Roskoshniy-Sadovaya mine. Total CAPEX 70 mln during 2012-2014

### Sadovaya's mining results





# Waste recovery

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- ◆ The Group owns one waste recycling factory with annual output capacity of 60 ths t of marketable coal
- ◆ Due to the high coal content in the deposits (average 20-45%) the coal can be recovered at low cost to generate a gross margin at above 45%
- ◆ The Board of EBRD approved financing of Sadovaya Group Coal Recycling Project in the amount of USD 36 mln. The funds will cover construction of the factories and purchase of additional waste materials
- ◆ Sadovaya will construct at least four new state-of-art recycling complexes with total annual processing capacity of 3.6 mmt of feed material (ahead of initial plan to construct 2 waste coal recovery factories)
- ◆ Waste recovery is expected to generate the largest cash flow for Sadovaya Group in the mid-term prospect

## Plans for 2012:

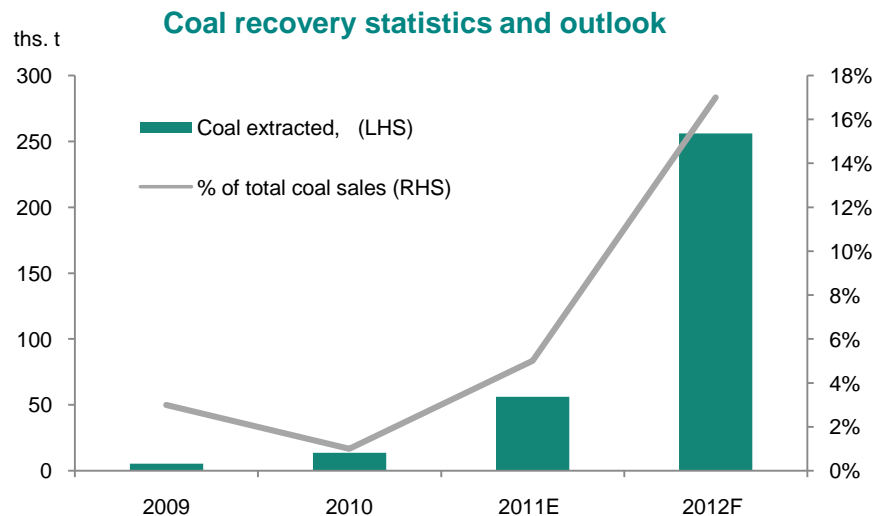
### Launch:

#### 1<sup>st</sup> waste dump factory in 2Q 2012

- Annual recycling capacity: 900 ths t of feed
- Annual coal output: 260-280 ths t

#### 2<sup>nd</sup> waste pond factory in 4Q 2012

- Annual recycling capacity: 900 ths t of feed
- Annual coal output: 280-320 ths t





# Financial highlights

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mIn. USD	2007	2008	2009	2010	9M 2011	9M 2010
Net revenue	43.2	98.9	13.3	65.4	62.4	40.8
EBITDA <sup>(1)</sup>	7.0	29.9	-3.2	16.2	14.2	12.5
Net income	5.4	25.3	-8.4	7.9	9.9	7.9
Total assets	28.6	56.7	49.2	97.1	95.8	65
Equity	9.8	35.4	26.3	59.4	69.4	29.2
Loans and borrowings	7.5	9.1	10.9	16.9	18.7	15.9
Cash & equivalents	1.2	1.4	0.0	32.5	4.9	0.2

*(1) EBITDA is defined as operating profit/(loss) before depreciation and amortization, gains/losses on sale of property, plant and equipment and intangible assets and revaluation gains/losses on property, plant and equipment recognized in income statement*

# Contacts



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## *For general inquires:*

### **Sadovaya Group S.A.**

412F, route d'Esch, L-2085

Luxembourg, the Grand Duchy of Luxembourg

#### **Main Office**

6 Moskovskaya Street  
Alchevsk, Luhansk Oblast  
Ukraine  
94204

t: +38 06442 525 52(53)(54)

f: + 38 06442 555 58

[info@sadovayagroup.com](mailto:info@sadovayagroup.com)

[www.sadovayagroup.com](http://www.sadovayagroup.com)

#### **Kyiv office**

50b Zhylyanska str., 4th floor  
Kyiv  
Ukraine  
01033

t: +380 44 373 6821

## *For investor relations inquires:*

### **Alex Dubyna**

IR Manager

[dubyna@sadovaya.com.ua](mailto:dubyna@sadovaya.com.ua)

t: +38 095 276 4539