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EBRD lends US\$ 10 million to Ukrainian brick producer Kerameya

Project to expand production, indicates sector revival

The European Bank for Reconstruction and Development is extending a US\$ 10 million loan to Kerameya, a leading producer of clinker bricks and pavers in Ukraine and the CIS. This will be one of the first post-crisis transactions in the Ukrainian construction materials industry, which was one of the hardest hit sectors by the financial crisis and is still suffering from under-investment.

Kerameya, jointly owned by its management team, as well as private equity fund Emerging Europe Growth Fund and Western NIS Enterprise Fund, managed by Kiev based Horizon Capital and the entrepreneurial development bank of the Netherlands (FMO), is the first company in the CIS region to launch large-scale production of clinker bricks.

As a result of the investment programme, financed both by the EBRD and Kerameya's shareholders, the company's production capacity is expected to almost double to seventy million clinker bricks per year. It will also allow Kerameya to diversify its product portfolio.

By supporting the project the Bank is promoting production of clinker bricks widely used in Central and Western Europe but relatively new for the regional CIS market. Clinker bricks possess technically superior characteristics in terms of higher durability, cold resistance and lower water absorption and are gaining popularity in Ukraine, Russia and Kazakhstan.

The clinker brick market proved to be the most resilient to the construction industry downturn in the region: during 2007 – 2010 it grew by seventy per cent compared with a forty per cent decrease for ordinary bricks.

André Küüsvek, EBRD Director for Ukraine said: “We feel it is very important to support the development of new products, which may spur the revival of the national and regional economy. With our support Kerameya will expand production of an affordable but high quality product, which has high domestic and, potentially, export demand.”

Ivan Telyuschenko, Kerameya's CEO, commented: “We are proud to receive this loan from the EBRD which is an incredible opportunity to expand our business. As part of our growth strategy, we are strengthening and growing our business in Ukraine while expanding exports to other nearby markets. We look forward to building upon our existing capacities, and better serving our clients as well as making a contribution into the economy of Sumy region.”

Natalie Jaresko, Founding Partner and CEO of Horizon Capital, said: “We are pleased that our portfolio company Kerameya, led by a visionary entrepreneur, attracted financing from such a reputable international financial institution as the EBRD, thus continuing the trend of successful partnership between our portfolio companies and the EBRD. We are particularly proud of Kerameya’s growth, which we supported over the past three years, and look forward to driving the business forward with our expanded partnership. Together with the management team we will certainly further strengthen Kerameya’s leading position in clinker bricks in Ukraine and the region.”

The European Bank for Reconstruction and Development is the largest financial investor in Ukraine. As of 30 June 2011, the Bank had committed over €6.5 billion (\$9.3 billion) through 276 projects.

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The EBRD, owned by 61 countries and two intergovernmental institutions, aims to foster the transition from centrally planned to market economies from central Europe to central Asia. Visit the EBRD’s website: www.ebrd.com

Kerameya (www.kerameya.com.ua) is a ceramic building materials manufacturer, specializing in the production of clinker bricks and pavers. Kerameya is owned by its management team as well as WNISEF and EEGF (two funds managed by Horizon Capital) and FMO, Dutch entrepreneurial development bank.

Horizon Capital (www.horizoncapital.com.ua) is a private equity fund manager that originates and manages investments in mid-cap companies with outstanding growth and profit potential in Ukraine, Belarus and Moldova. Currently, Horizon Capital manages three funds, Emerging Europe Growth Fund II (EEGF II), Emerging Europe Growth Fund (EEGF) and Western NIS Enterprise Fund (WNISEF), with over \$600 million under management.