



Press Release

KKCG Group Enters the U.S. Market

Prague, 5 May, 2016 – KKCG Investment Group has established US Methanol Limited Liability Company [with initial investment commitment of USD 160MM.] US Methanol will engage in the business of producing and selling methanol. The investment is part of KKCG's long-term strategy to expand into developed foreign markets. The investment also further diversifies KKCG's oil, natural gas and alternative energy portfolio.

US Methanol is based in Charleston, West Virginia. *"This venture is our first major investment in the U.S. which fits with our long-term strategy to expand into developed foreign markets. We want to take advantage of the low oil and gas price environment, in the U.S. which is beneficial to investment projects like ours,"* said KKCG's founder and sole shareholder Karel Komárek. He added that the investment strategy revolves around the renewed industrialization in the US, which has been driven by an abundant supply of natural gas from the US shale revolution and low natural gas prices, which are currently less than half the average price of natural gas in Western Europe. Methanol is produced from natural gas and can be used as an alternative source of energy. *"Methanol is a very suitable addition to KKCG's product portfolio. It will diversify our exposure to energy products as well as the Groups' revenues in this volatile energy price environment,"* added Komárek.

US Methanol will own and operate a portfolio of mid-sized methanol plants, with initial daily production of around 400-500 tones. The Company's first plant is expected to start production in the second half of 2017. US Methanol has secured a long-term off-take agreement and will sell its remaining capacity to other consumers in the region.

"This is our first venture into the U.S. market. Current market conditions are favorable for seeking new interesting opportunities not only in the industry, but also in crude oil and natural gas production industries," said Katarina Kohlmayer, KKCG Chief Financial Officer and Board Member responsible for the project at KKCG and added: *"We are very happy to be partnering with executives Brad Gunn and Richard Wolfli who have extensive energy industry expertise. We hope to team up with them for other similar investment opportunities".* Methanol is used in numerous products, including solvents, fuel additives and antifreeze. Methanol is also used for the production of other organic substances. Methanol is a key industrial commodity and an integral part of global industrial sector. Worldwide demand for methanol is over 80 million tons per year. Historically, the U.S. has been a net importer of methanol, however current gas price dynamics created an opportunity for an increased domestic production.

KKCG Investment Group

KKCG is an international investment group that manages assets worth nearly EUR 1.6 billion and employs over 2,500 people. KKCG's long-term strategy targets crude oil and natural gas production, lotteries and entertainment, tourism, and new technologies. KKCG holds shares in more than 25 Czech and foreign companies, including MND Group, SAZKA, OPAP, VÍTKOVICE, FISCHER Travel Group, 1188 Information Service, and others. KKCG operates in 10 countries worldwide.

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