



CERAMIC FUEL CELLS LIMITED

Clean power for your home



FY07 Results

Investor Presentation

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Overview

- Highlights
- Product Development
- Successful field trials completed
- Value Model
- Manufacturing
- Technical
- Financial
- Outlook 2007-08





Highlights

Customers and Partners

- Four utility customers and four appliance partners signed since Dec 2006
- Successfully concluded field trials
- Shipped three NetGen™ units to product development partners

Manufacturing

- Secured site for large scale fuel cell plant in Heinsberg, Germany
- Secured site for a high quality ceramic powder plant in Merseyside, UK

Technical

- Developed new metal-ceramic fuel cell stacks and new balance of plant components
- Launched Gennex™ fuel cell module at the Hanover Fair
- Formed collaboration with FZ Julich

Financial

- Net operating cash outflow: A\$15.3m / £6.2m (FY06: A\$12.3m / £4.9m)
- Net loss: A\$19.7m / £7.9m (FY06: A\$13.3m / £5.3m)
- Total cash and financial assets at 30 June 2007: A\$60.3m / £24.1m



Product Development

Utility customers and appliance partners in four large and advanced markets for m-CHP



Annual boiler sales (estimates)	
UK	1.5m
Germany	1m
France	1m
Benelux	0.4m
Total	3.9m

Sources: BSIRA, Baxi, Cogen Europe, company estimates



Product Development

- Product Development Projects underway
 - Two Alpha units installed in Germany
 - Other Alpha units due Q2 2008
- Shipped two NetGen units to EWE / Bruns, one to De Dietrich
- Beta development starts early 2008
 - Appliance partners integrate CFCL Gennex fuel cell module into one unit, specified by utility customer
 - Flexible sizes and shapes to suit each market
 - Wall hung and freestanding
 - Attic and basement





Successful Field Trials Completed

- Four standalone CHP field trial units
- Installed with commercial customers in three countries for ~18 months, over many thousands hours' system operation

EWE Germany

5th largest German utility, now developing mCHP products



Powerco New Zealand

2nd largest NZ gas and power utility



Szencorp Australia

Energy efficient building developer





Field Trial Achievements

- Passed local regulations, CE safety approval, grid connection
- Connected to existing infrastructure at each site
 - Gas, water, grid, telco
- Successfully exported power to the grid and generated heat
- Turned on and off many times (many successful thermal cycles)
- Worked successfully with several fuel cell stacks
- Functioned in a variety of real operating conditions
- Units were monitored and controlled over the internet

Field trials are important:

- Validate technical improvements
- Integration is critical
- Enable product development
- No substitute for real world experience





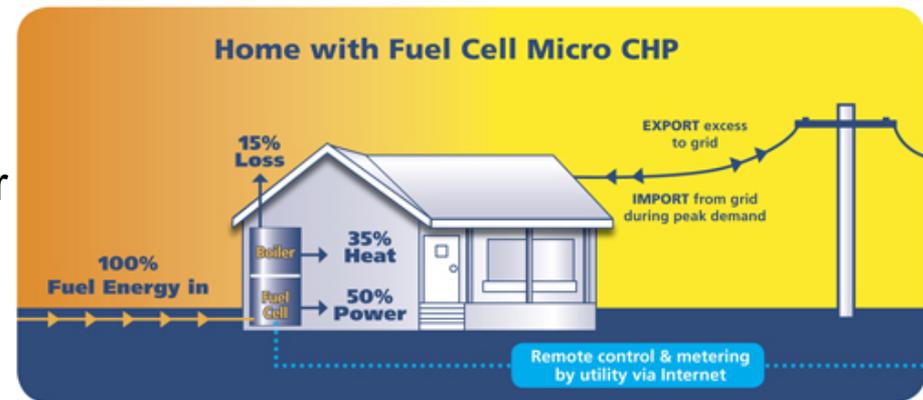
Value for Utilities

- Sophisticated value model developed by independent experts
 - Assesses mCHP business case from the utilities' perspective
 - Large scale mCHP rollout can create significant value (IRR, payback)
 - UK model built, now being modified for other markets, with utilities' input
 - CFCL project goals are directly linked to key model assumptions (eg lifetime, power, cost)
- Distributed Generation & mCHP benefits
 - Significant benefits over centralised generation and infrastructure
 - Heat sales; T&D, network savings; lower customer churn; carbon credits...
- Cheaper Power - mCHP generation can compete with the grid
 - Utilities can generate power significantly cheaper than current grid costs
- Emissions 'squeeze'
 - Power demand will rise by >20% over 10 years, yet EU emissions have to fall by 20%
 - CFCL mCHP can provide baseload power & heat with much lower emissions



Value for Consumers

- Utilities will market and sell units to capture and share maximum value
 - Benefits for both utilities and homeowners
 - Lease units and / or direct sales
 - Bundled contracts – power, heat, maintenance, telco, water?
- Utilities can earn excellent returns *and* give homeowners an incentive eg:
 - 20% discounted power *or*
 - Free heat from the fuel cells *or*
 - No annual maintenance cost on boiler
 - Total savings of £80-100 per year





Manufacturing

German Fuel Cell Plant

- Secured site for large scale fuel cell plant in Heinsberg, Germany
- Significant German government support
- Lease signed for existing building for phase one
- Nuon refitted offices and refurbished building
- Opened CFCL project office with local staff
- Decision to start main facility build in coming months
- Completion due early 2009





Manufacturing

UK Powder Plant

- Secured a site for a ceramic powder plant in Merseyside, UK
- Uses CFCL proprietary processes to make high quality zirconia powder
- Site selected & prepared, equipment installed and commissioned
- First powders to be produced October 2007
- Significant opportunity to leverage IP and generate revenue





Manufacturing

Australian plant

- Upgraded Melbourne manufacturing plant, expanded capacity
- Making Gennex fuel cell modules for product development projects
- Test and validate manufacturing processes for the German plant
- Spent approx A\$3.1 million on capital equipment



Equipment

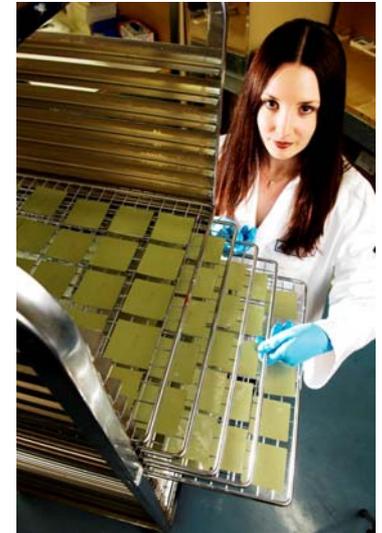
- Semi-continuous furnace
- Laser cutting equipment
- Robotic assembly
- QC equipment
- Furnaces for metal coatings
- Automated dispensing equipment for advanced seals





- Developed new metal-ceramic fuel cell stacks with significant power and efficiency improvements
- Developed new balance of plant components, with breakthrough efficiency gains
- Launched Gennex™ fuel cell module at Hanover Fair
- Signed collaboration agreement with FZ Jülich - one of Europe's largest research institutions

Technical



Forschungszentrum Jülich
in der Helmholtz-Gemeinschaft



FY 07 Financial

- Net operating cash outflow: A\$15.3m / £6.2m (FY06: A\$12.3m / £4.9m)
 - Higher due to expanded operations, product development projects
- Net loss: A\$19.7m / £7.9m (FY06: A\$13.3m / £5.3m)
 - Due to A\$5.8m / £2.3m Forex turnaround (gain last year, loss this year)
 - Forex movements affect reported earnings, not underlying operations
- Total cash and financial assets at 30 June 2007: A\$60.3m / £24.1m
(30 June 2006: A\$86.1m / £34.4m)



Outlook 2007- 08

- Increasing demand for more efficient, cleaner energy
- Energy companies and governments embracing microgeneration
- Advancing Product Development
 - Deploy Alpha units
 - Start work on Beta units
- Complete Australian plant upgrade
- Start construction of fuel cell plant in Germany
- Start making powder in the UK
 - Identify opportunities for other powder applications
- Optimise commercial performance
 - Stack reliability and lifetime
 - Collaborate with FZ Jülich
 - Balance of Plant 'cost-down'
- Move into promising markets in Asia

