



CERAMIC FUEL CELLS LIMITED

Clean power for your home



FY08 Results

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Overview

- Snapshot
- 2007 Targets Achieved
- Customers and Products
- Manufacturing Scale Up
- Achieving Technical Targets
- 50% Electrical Efficiency
- Strong Market Settings
- Financial
- Outlook 2008-09





Snapshot

- ✓ **Delivering on a clear and focused Strategy**
- ✓ **Blue Chip partners in five large markets**
- ✓ **50,000 unit Volume Order secured, with agreed targets**
- ✓ **Volume Manufacturing from 2009**
- ✓ **Significant real-world operating experience**
- ✓ **Highest Electrical Efficiency**
- ✓ **Strong Market and Policy Settings**





2007-08 Targets Achieved

<i>Outlook in 2007 Annual Report</i>	<i>Achievements to September 2008</i>
Advancing Product Development •Deploy semi-integrated units •Start work on fully-integrated units	✓NetGenPlus units with all European appliance partners ✓NetGenPlus unit shipped to Japan ✓Developing fully-integrated units
Complete Australian plant upgrade	✓Completed
Start construction of German fuel cell plant	✓Capital works started February 2008 ✓Project on track for completion by June 2009
Build outsourcing and supply chain partnerships	✓Supply agreements with HC Starck and CeramTec ✓Commercial suppliers for Balance of Plant components
Commission the UK powder plant, identify opportunities for other powder applications	✓Powder plant commissioned October 2007 ✓Samples for potential customers, other opportunities ✓Supplying powder for Fuel Cell production in Australia
Optimise commercial performance •Extend stack reliability and lifetime •Collaborate with FZ Jülich •Balance of Plant 'cost-down'	✓Longer stack lifetime ✓More powerful fuel cells ✓Ongoing collaboration with FZ Jülich ✓Significantly smaller and cheaper components
Move into promising markets in Asia	✓Agreement with Paloma for Japan, January 2008



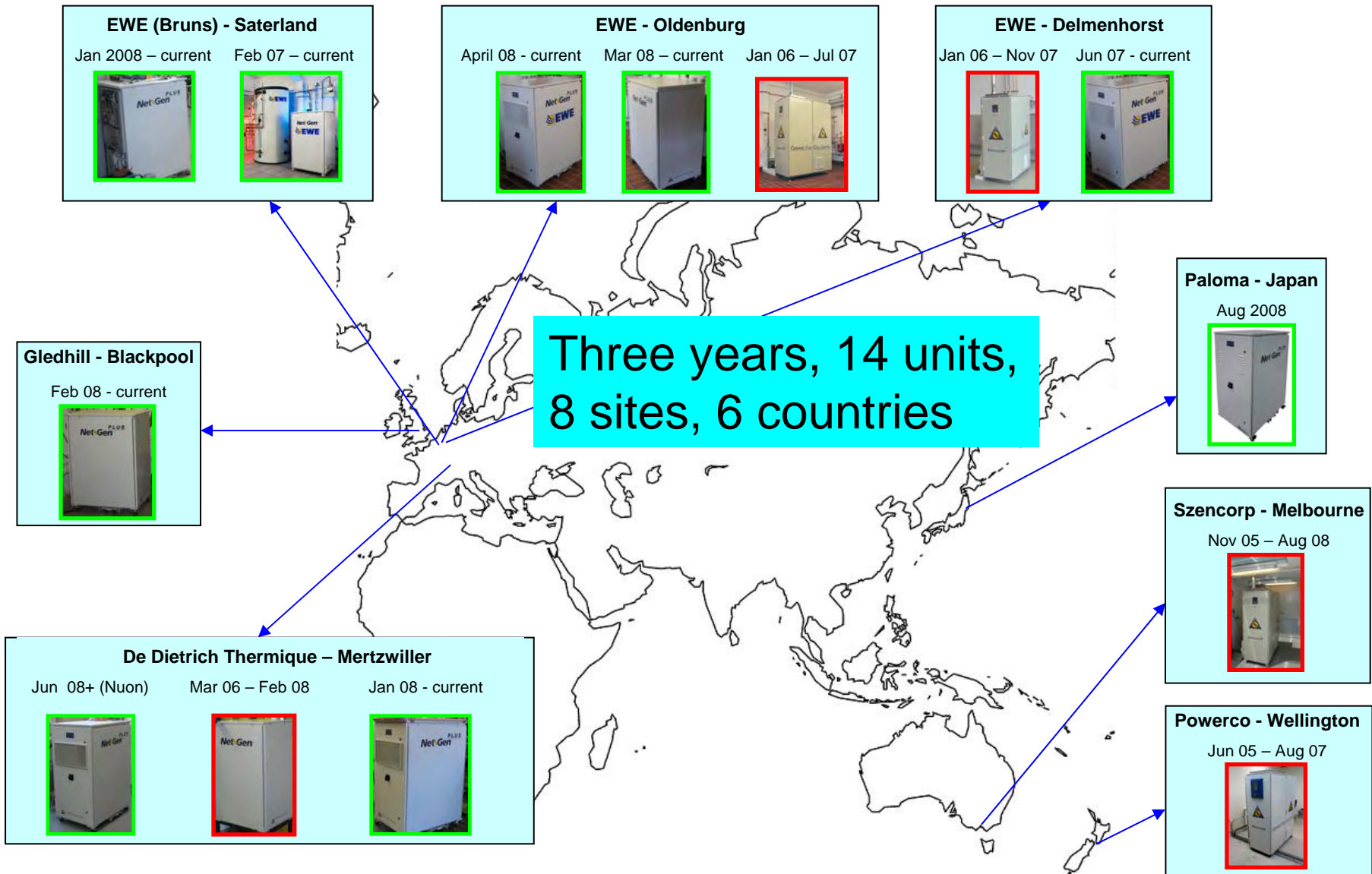
Customers and Products

- **July 2007, signed further product development agreements**
 - [E.ON UK](#) and [Gledhill Water Storage Ltd](#) for the United Kingdom market
 - [Nuon](#) and [Remeha / De Dietrich Thermique](#) for the Benelux markets
- **January 2008, entered the Japanese market with the [Paloma Group](#)**
- **February 2008, first volume order for 50,000 mCHP units from Nuon, based on meeting agreed performance and price targets**
- **By June 2008, installed six NetGenPlus™ units with European customers and partners**





Real-world operating experience





Manufacturing and Supply Chain

- **Built and commissioned a plant in Merseyside, UK, to make high quality ceramic powders using the Company's proprietary technology**
- **Building a large scale fuel cell plant in Heinsberg, Germany**
 - €12.4 million, capacity 10,000 2kW units, completion June 2009
- **Long term supply agreements for fuel cell components with HC Starck and CeramTec**
- **Commercial relationships with suppliers of mCHP balance of plant components**
 - Significant cost savings and size reductions



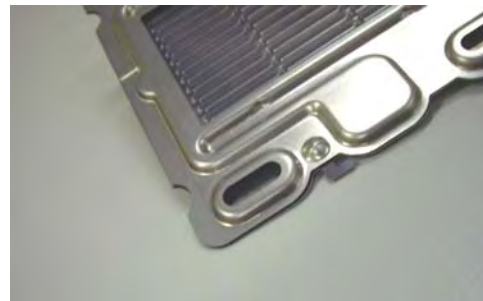


Achieving Technical Targets

- **Achieved 50% electrical efficiency in a NetGenPlus™ unit**
- **European 'CE' safety approval for the NetGenPlus™ unit**
- **Strong progress in cell power density, efficiency and fuel cell stack lifetime**
- **Extensive intellectual property portfolio supplemented with further patents granted**



Forschungszentrum Jülich
in der Helmholtz-Gemeinschaft



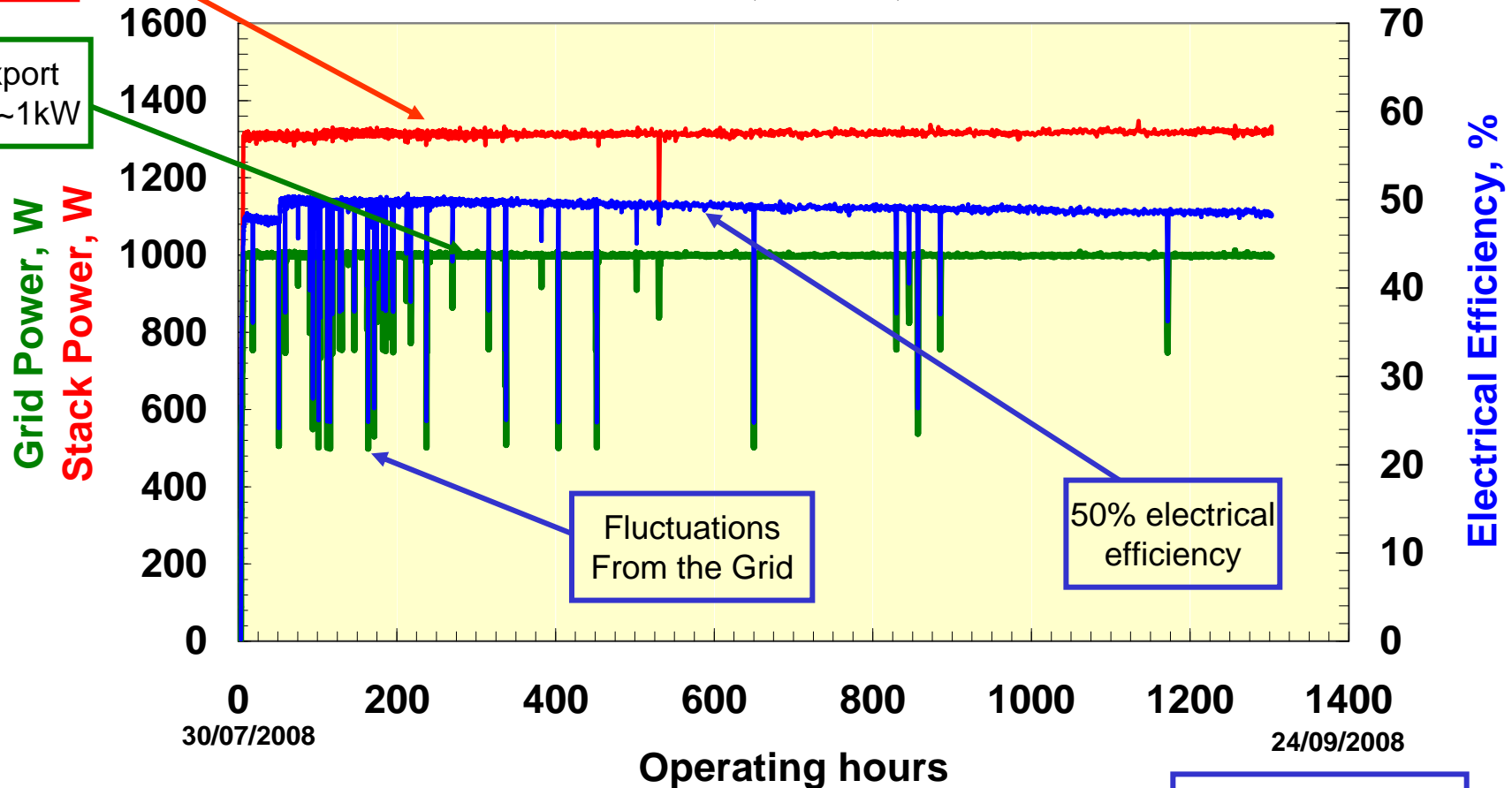


50% Electrical Efficiency

NetGen Plus 02, CFCL, Melbourne

Gross output
~1.3kW

Net export
to grid ~1kW



Unit is still running



50% Electrical Efficiency

- Complete NetGenPlus system (fuel cell module + all Balance of Plant)
 - CFCL Balance of Plant design = tight integration, low parasitic losses
- Real world commercial product conditions, not a test or lab environment
- Highest Electrical Efficiency
 - First to achieve 50% electrical efficiency in a complete fuel cell system
 - High electrical efficiency is the key to mCHP creating value
(Save more money, lower emissions)
 - Far higher than other mCHP technologies
(UK Carbon Trust report Nov 2007 – typical electrical efficiency <10%)

Electrical efficiency is one of the key targets for commercial products





Strong Market Settings

CFCL consistent Commercial Strategy and Technology Design

- Maximise electrical efficiency = high power, low heat
- Maximise mCHP running hours = all year operation
- Deploy units through utilities

Validated by market trends and reports

- Homes are becoming more efficient and need less heat
- UK Carbon Trust mCHP Accelerator report, Nov 2007
- UK BERR Microgeneration market report, June 2008

Strong Market and Policy Settings

- UK Climate Change Act
- German mCHP subsidy from September 2008
- Japanese Government subsidy for solid oxide fuel cell units

Subsidies can help early product deployment

CFCL products create value by being far more efficient



Financial

- **Sales revenue from customers up 42% to A\$617K / £288K**
- **Operational cash outflow increased by 4.4% to A\$19.8M / £9.3M**
 - Expanded product development, supply chain and manufacturing scale up
- **Net loss increased by A\$4M / £1.8M to A\$23.7M / £11.1M**
 - Largely due to a non-cash impairment charge of A\$3,267K / £1,528K
- **Raised A\$14.7M / £7M in a placement of new shares in May 2008**
- **Total cash and investments at 30 June 2008 of A\$43.3M / £20.3M**
 - A\$12.7m / £6.1m cash
 - A\$30.6m / £14.8m investments



Outlook 2008-09

- **Develop products with utility customers and appliance partners**
 - Operate semi-integrated units at partners' facilities
 - Build fully integrated units for European customers
- **Build up manufacturing capacity**
 - Partnerships with suppliers for fuel cells and commercial balance of plant components
- **Volume fuel cell plant in Germany, operational in June 2009**
- **UK ceramic powder plant, commercial opportunities**
- **Meeting key technical targets – lifetime and durability**

