

PRESS RELEASE

25 November 2019

Hightech Payment Systems, NLB, Daqo New Energy Corporation and Severstal recognised in the 16th annual East Capital Awards

East Capital, a specialist asset manager in emerging and frontier markets, today announces the winners of the 2019 East Capital Awards:

Hightech Payment Systems

NLB

Daqo New Energy Corporation

Severstal

Best Growth Award

Best IPO Award

Discovery of the Year Award

Best Corporate Governance Award

This is the 16th year that the East Capital Awards honour remarkable companies in East Capital's investment universe. Peter Elam Håkansson, Chairman and CIO of East Capital, said: "The Awards serve to highlight some of the most outstanding companies in our portfolios, and also to inspire others. Through our extensive in-depth research with frequent company meetings in emerging and frontier markets, we identify companies each year that have achieved impressive results and demonstrate great potential. I want to extend my sincere congratulations to this year's award winners on their impressive achievements."

The **Discovery of the Year Award** is presented to Xinjiang-based **Daqo New Energy Corporation** (DQ US), the world's most advanced and cost-effective polysilicon producer. Focusing on "mono solar" technology, the most efficient photovoltaic technology, Daqo managed to increase its production capacity five-fold over the last 5 years, while cutting its production costs by more than 50%. Thanks to the experience acquired in that process, Daqo New Energy is on track to double its yearly production capacity by year-end, from 35k tons - representing 10% of global market share - to 70k tons; a quarter in advance of initial forecasts. Thanks to the constant improvements in solar cell efficiency and a rapid decline in solar module prices, producing electricity using solar modules is becoming cheaper than using coal in a growing number of markets. Daqo, as the global cost leader for mono polysilicon production, is best positioned to continue to deliver strong growth and to strengthen its long-term competitive positioning.

We have been following the company since its IPO back in 2010, and we invested in Daqo at East Capital from November 2015 to February 2018. Following our visit to Daqo Xinjiang operations in January 2019, we initiated a position in the East Capital GEMS strategy for the first time. As of 30 October, Daqo has returned +39.9% in USD for the fund versus its average entry cost.

The **Best Growth Award** is presented to **Hightech Payment Systems** (HPS MC), an innovative Moroccan payment solutions company with global operations in over 90 countries. East Capital first came across the name during a routine in-house screening process in May 2017. At the time, there were neither any broker reports nor any foreign investors with significant holdings. Following a series of conference calls with the management, we decided to build a position throughout 2017 and 2018. The company has since grown its net profit by 25% per year and the stock re-rated significantly from 11x to 25x, rewarding us with a 3.5x upside since our first investment and adding 190bps alpha to our Global Frontier Markets strategy. East Capital currently is still one of the very few foreign investors in HPS, which is now seeing increased interest, especially following a prime global frontier markets conference, in which the company recently participated for the first time.

EAST CAPITAL

The **Best IPO Award** is presented to **NLB** (NLBR SV, NLB LI), the largest financial group in Slovenia, with subsidiary banks in 6 Southeastern European countries. After undergoing successful restructuring in the aftermath of the financial crisis over the last 7 years, the bank was successfully privatised in late 2018, with a share placement in both Ljubljana and on London Stock Exchange. The landmark transaction of 75% of shares, worth more than EUR 700m, was completed in two stages and attracted significant demand among global public equity investors. The stock's total return since the placement is 22%. Presence in the markets where penetration of financial services is still significantly below EU averages, together with solid profitability and strong commitment to dividends, make NLB an attractive investment case going forward.

The **Best Corporate Governance Award** is presented to **Severstal** (CHMF RX SVST LI), a leader in the EM metals and mining space in terms of ESG, with very impressive corporate governance. Severstal has best-in-class capital allocation, with a flexible and highly-efficient investment program. According to the company's guidance, the program should increase EBITDA by 10-15% annually, and generate superior ROIC compared to its peers in Russia. Starting from 2019, Severstal is applying an adjusted FCF approach for dividend calculation, which excludes extra CAPEX. Hence, despite being in its investment cycle's intensive stage, the company is securing solid dividend flow for investors. The company is also very focused on improving its environmental footprint, and has invested USD 250m in this area over the past 4 years. Severstal is reporting on climate to the CDP and is also the only company in the sector in Russia to report emissions on pollutants and greenhouse gas. Moreover, the management has clear long-term goals relating to material ESG, factors with management remuneration linked to H&S results.

ENDS

Notes to editors

The East Capital Awards were established in 2004 to reward the progress of outstanding companies in East Capital's portfolios.

The award for **Best Growth** is presented to a company that has demonstrated outstanding growth in the areas of sales, market share and profit margins in recent years. The **Best IPO Award** is presented to the company that has carried out the most successful floatation in the region. The **Discovery of the Year** is awarded to a company discovered by our investment team that is expected to demonstrate unique performance. The **Best Corporate Governance Award** is presented to a company that demonstrates exceptional standards in the area of corporate governance.

For further information about the winning companies, please visit:

Best Growth Award 2018: Hightech Payment Systems

<https://www.hps-worldwide.com> / <https://www.linkedin.com/company/hps>

Best IPO Award 2018: NLB

<https://www.nlb.si/en> / <https://www.linkedin.com/company/nlb-d-d->

Discovery of the Year Award 2018: Daqo New Energy Corporation

<http://www.dqsolar.com> / <https://www.linkedin.com/company/daqo-new-energy>

Best Corporate Governance Award 2018: Severstal

<https://www.severstal.com/eng> / <https://www.linkedin.com/company/severstal>

Contact information

Ilze Johnston, Marketing Communications Manager, East Capital
+46 8 505 88 550 mediaenquiries@eastcapital.com

Simon Packard / Georgie Rudkin, MHP Communications, Europe
+44 203 128 8100 eastcapital@mhpc.com

East Capital

EAST CAPITAL

East Capital is an award-winning active asset manager specialising in emerging and frontier markets. Our investment teams base their investment strategy on in-depth knowledge of local markets, fundamental analysis and frequent company visits. ESG-related risks and opportunities are evaluated as an integral part of the investment process. We prefer investments in companies that show long-term sustainable growth and have responsible owners.

East Capital is part of East Capital Group, which was founded in Sweden in 1997 and has offices in Stockholm, Dubai, Hong Kong, Luxembourg, Moscow, Oslo and Tallinn. East Capital Group manages SEK 52 billion (€4.9 billion) for a range of international investors including leading institutions, companies and private individuals.

For further information, please visit our [website](#).