

# NCSP Group

## IFRS Financial Results for 9M 2013

28 November 2013



# Disclaimer

---

All statements in this presentation, other than historical facts, that address company's business are forward looking statements. Although NCSP believes that expectations expressed in such forward looking statements are based on reasonable assumptions, such statements should not in any way be construed as guarantees of future performance. Factors that could cause developments to differ materially from those expressed include overall market conditions. The company is subject to specific risks inherent in the stevedoring business and general economic and business conditions. Any statement or number in this presentation may be changed, depending on market conditions and other relevant developments.



# 1. 9M 2013 Performance

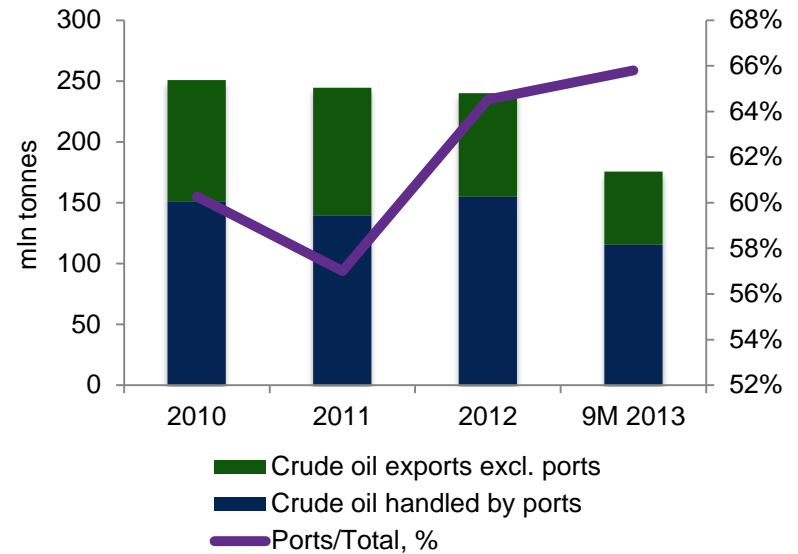
## 2. Appendix



# Macroeconomic context

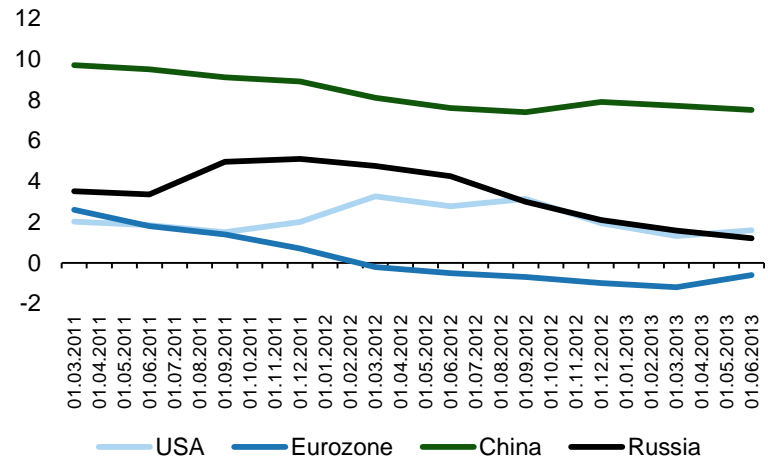
- 9M 2013 Oil Export increased 1.0% year-on-year to 115.4 mln tonnes
- Russian GDP grew just 1.2% year-on-year in the third quarter of 2013, below the 1.4% forecasted
- The wheat market recovered following good 2013 crop
- NCSP Group's 9M 2013 year-on-year decline in revenue from wheat is almost entirely attributable to 1H 2013

## Oil Exports – Total vs. Ports



Source: ASOP, CBR according to RF Customs, Rosstat

## GDP Growth, % change YoY

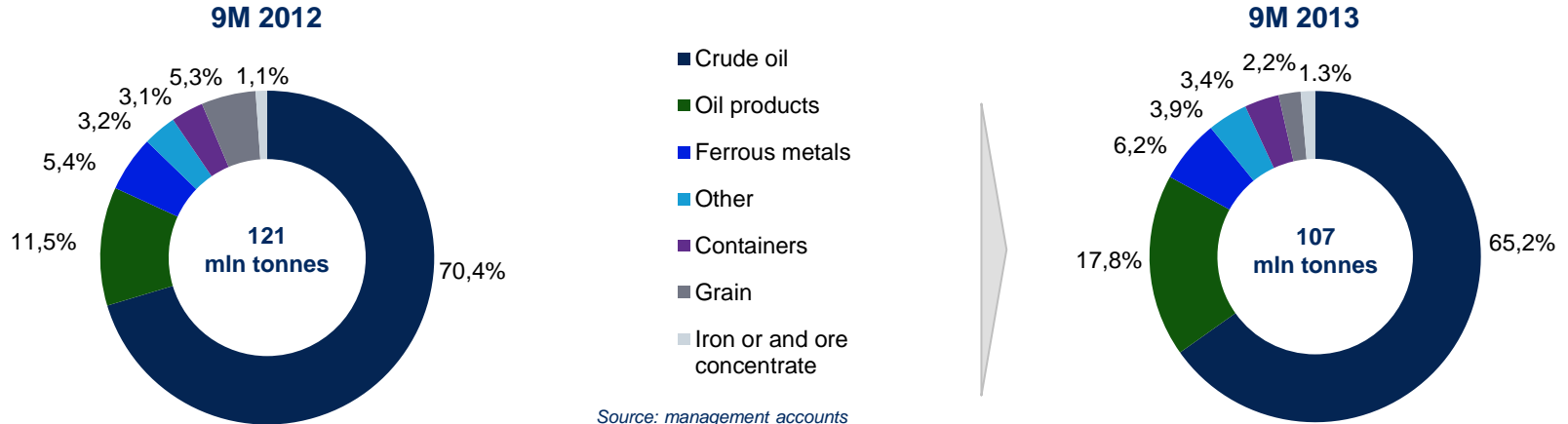


Source: Federal Service for State Statistics, Bloomberg



# Cargo turnover analysis

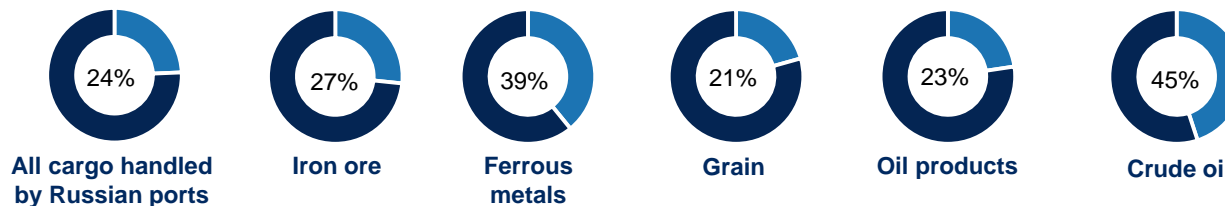
## Cargo Turnover, 9M 2012 vs 9M 2013



- NCSP Group total cargo turnover for January-September 2013 was 106.5 million tonnes, compared to 121.3 million tonnes 9M 2012
- Crude oil and grain volumes for 9M 2013 both declined significantly year-on-year, down 15.9 million tonnes and 4.1 million tonnes, respectively
- Grain volumes have recovered in 2H 2013 with the new crop; the y-o-y decline in volumes attributable almost entirely to bad crop in 2012, which affected results for 1H2013
- Significant growth was seen in oil products handling, which increased by 5.1 million tonnes, or 36.3%, year-on-year in 9M 2013
- Iron ore volumes were nearly up 10.6% year-on-year

## NCSP market share vs. all Russian ports, 9M 2013

Source: ASOP



# Financial performance in 9M 2013

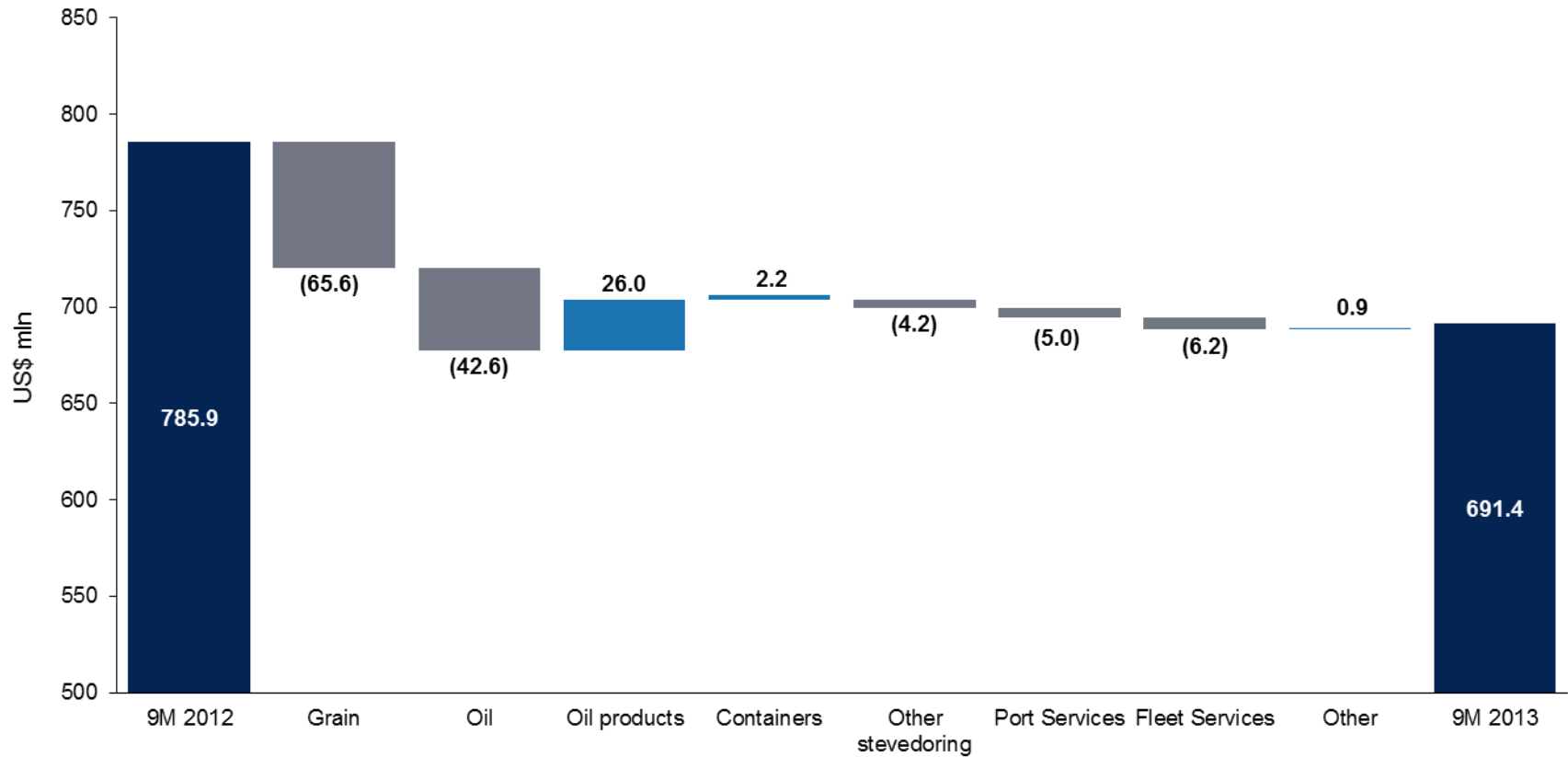
Key IFRS indicators 9M 2013, US\$ mln	9M 2013	9M 2012	Change	Change, %
<b>Revenue</b>	<b>691.4</b>	<b>785.9</b>	<b>(94.5)</b>	<b>(13.7%)</b>
Cost of services	(318.5)	(319.4)	0.9	(0.3%)
<b>Gross profit</b>	<b>372.9</b>	<b>466.5</b>	<b>(93.6)</b>	<b>(25.1%)</b>
SG&A	(56.6)	(57.1)	0.5	(0.9%)
<b>Operating profit</b>	<b>316.4</b>	<b>409.6</b>	<b>(93.2)</b>	<b>(29.5%)</b>
Finance costs	(102.6)	(115.1)	12.5	(12.2%)
Foreign exchange (loss)/gain	(108.1)	96.4	(204.5)	-
<b>Profit before income tax</b>	<b>126.5</b>	<b>396.8</b>	<b>(270.3)</b>	<b>(213.7%)</b>
<b>Profit for the period</b>	<b>101.8</b>	<b>319.7</b>	<b>(217.9)</b>	<b>(214.0%)</b>
<b>EBITDA*</b>	<b>379.7</b>	<b>468.8</b>	<b>(89.1)</b>	<b>(23.5%)</b>
Investment programme (CapEx)*	70.5	45.6	24.9	35.3%
	<b>30 September 2013</b>	<b>31 December 2012</b>		
<b>Debt</b>	<b>2,182</b>	<b>2,262</b>	<b>(81)</b>	<b>(3.7%)</b>



\* Management accounts.

Source: IFRS financial statements

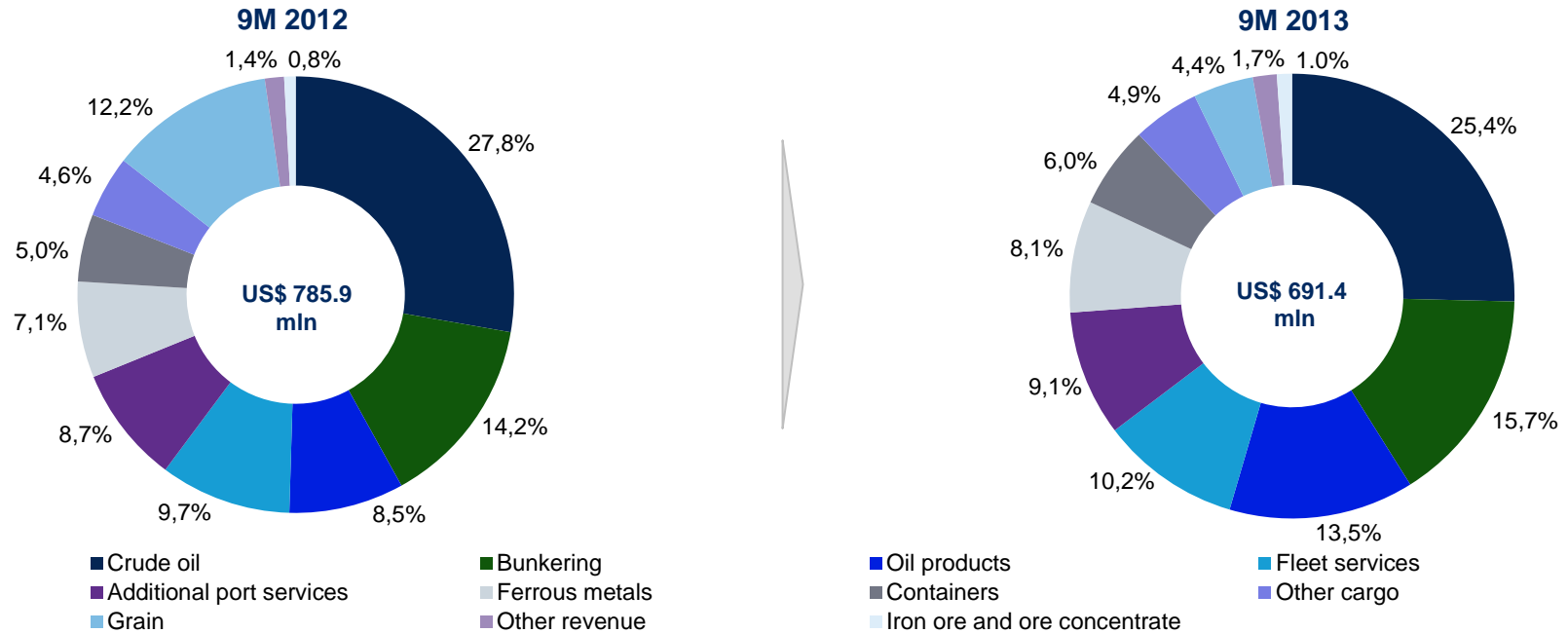
# Revenue bridge 9M 2012 – 9M 2013



Source: management accounts and IFRS financial statements

# Revenue analysis

## Revenue breakdown by cargo & services



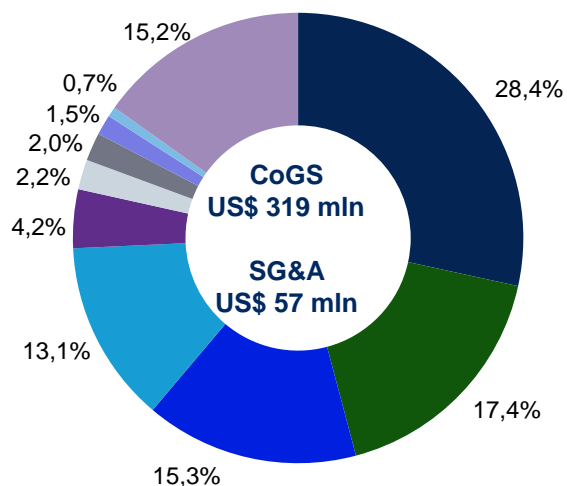
- Revenue from oil handling down year-on-year by US\$ 42.6 million due to 16 million tonne decline in volumes
- Revenue from grain declined US\$ 65.6 million year-on-year due to the poor crop in 2012, up only slightly from the US\$ 61.8 million decline in 1H 2013 as grain volumes recovered in August-September
- Revenue from oil products increased 38.9%, or US\$ 26.0 million year-on-year
- Revenue from container handling increased by US\$ 2.2 million year-on-year



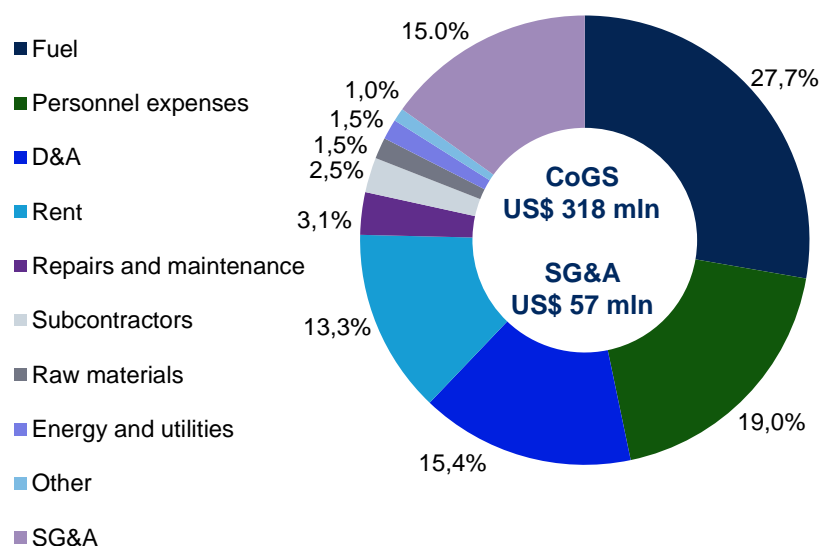
Source: IFRS financial statements



9M 2012



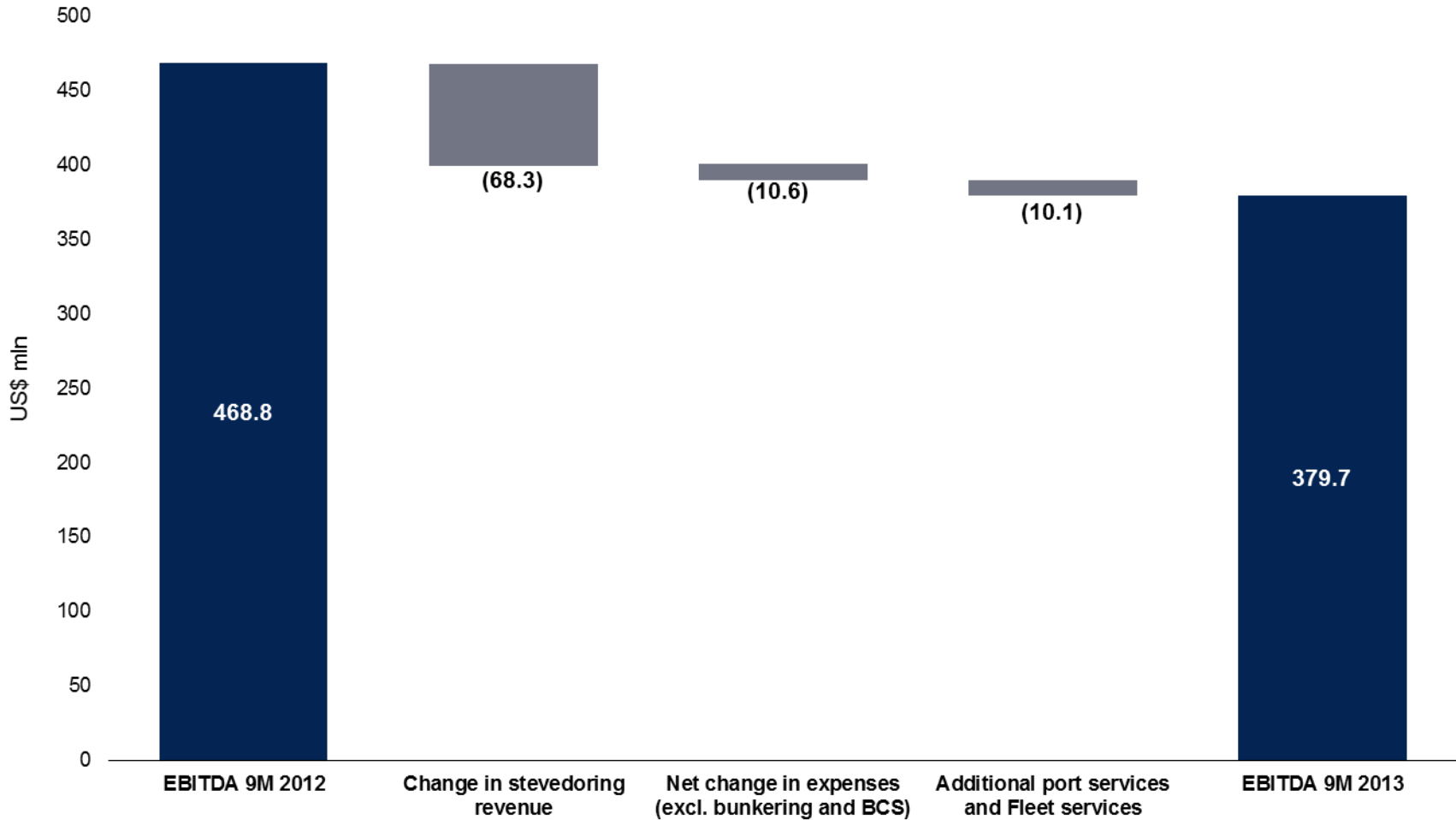
9M 2013



The Group maintains tight control over costs, keeping them stable, despite ruble inflation and indexation of salaries

- Fuel costs declined by US\$ 3.0 million year-on-year
- Repairs and maintenance were down US\$ 4.4 million year-on-year primarily due to higher costs as a result of repairs after the flooding in 2012
- Personnel expenses (including social tax) increased by US\$ 5.6 million year-on-year after the adoption of a new salary scheme

# EBITDA bridge 9M 2012 – 9M2013

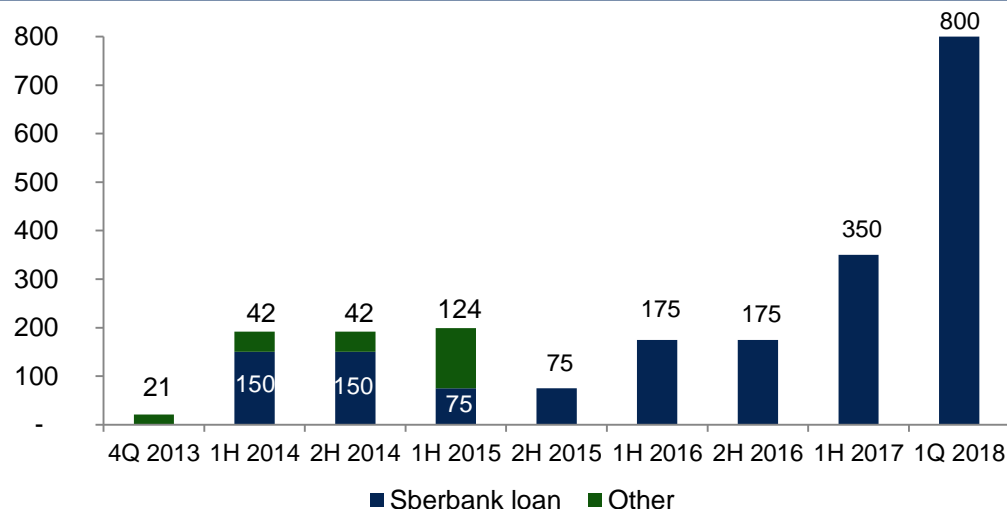


Source: management accounts and IFRS financial statements

## Continue to deleverage the Balance Sheet

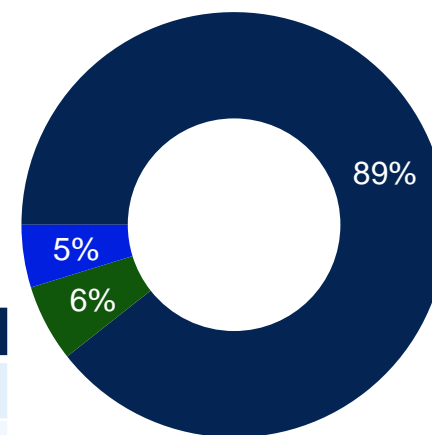
- On 25 November 2013 the Group signed an agreement to change the conditions of its US\$ 1,950 million Sberbank loan
- Repayment of the principal will start from 20 June 2014 with regular payments every 6 months.
- Payments in 2014-2017 were reduced compared to the previous schedule
- A balloon repayment equal to 40% of the total loan will be due in 1Q 2018, when the credit agreement ends
- From 19 January 2014 the interest rate will be lowered to a floating rate of LIBOR 3M + 5.0% for the remaining period of the loan
- The net debt/EBITDA covenant has been increased to a more comfortable level
- Testing of the EBITDA/interest cover covenant has been cancelled

Debt repayment schedule, US\$ mln



NCSP Group debt portfolio

- NCSP, Sberbank loan, \$1,950 mln
- NCSP, Rouble bonds, \$135 mln
- PTP, Rouble loan, \$97 mln



	31.12.2012	30.09.2013
<b>Total debt</b>	<b>2,262</b>	<b>2,182</b>
<b>Net debt</b>	<b>2,019</b>	<b>1,808</b>

**1. 9M 2013 Performance**

**2. Appendix**



## New strategy

### Development of port infrastructure

- Maximise the value of the port's strategic advantages

### Modernisation of business processes

- Focus on high-margin cargoes

### Key elements for strategy execution

- Modernisation of the organizational structure
- Review of the investment programme (Master Plan)
- Strict system for controlling costs including implementation of cost cutting programme
- Implementation of programme to increase port efficiency and lower cost of services

## New strategy – key projects

- Modernisation of container terminals at PJSC NCSP, OJSC NLE and LLC Baltic Stevedore Company
- Reconstruction of the Sheskharis oil terminal
- Construction of a bulk mineral fertilizer handling complex
- Repairs and upgrades to PJSC Novorossiysk Shipyard and PJSC NCSP universal cargo areas
- Expansion of the port fleet and development of existing production facilities

## NCSP Group total planned investments (RUB mln, incl. VAT)

2014	2015	2016
4,807	7,426	9,669

# New Development Concept to 2018



Cargo	2012 volumes	Independent Forecasts to 2018
Grain	NCSP Group: 8 million tonnes / Others: 12.5 million tonnes	Up to 40 million tonnes by 2020
Iron ore and ore concentrate	NCSP Group: 1.5 million tonnes / Others: 5.4 million tonnes	Up to to 16 million tonnes
Coal	NCSP Group: 0.3 million tonnes / Others: 12.9 million tonnes	Up to 30 million tonnes
Ro-Ro	Ukraine: transit automobiles – 94 ths units	Up to 200 ths vehicles
Other bulk cargoes	Approx. 6 million tonnes,	Up to 6-9 million tonnes
Fertilizers	NCSP Group: 0.9 million tonnes / Others: 3.7 million tonnes	Up to 7 million tonnes

## Project timeline for new development concept to 2018

### Cost Reductions

#### *Organisational structure*

Develop and approve target organisational structure	In process
Establish project office	In process
Implement management motivation system	Start 1Q 2014
Implement organisational changes	Start 1Q 2014
<i>Corporate governance system for the group of companies</i>	
Develop corporate governance structure	In process
Establish directorates for each top-level business function	Start 1Q 2014
<i>Cost cutting and efficiency improvements</i>	
Approve cost cutting programme	In process
Approve programme to improve production efficiency	Start 1Q 2014

### Modernization and Expansion of Existing Capacities

Sheskhari's oil terminal	In process
NCSP container terminal	Start 1Q 2014
BSC container terminal	In process
NLE container terminal	In process
Mineral fertilizers complex	In process
Ro-Ro terminal at Novorossiysk Ship Repair Yard	Start in 1Q 2014
Expansion of Novorossiysk Grain Terminal	Start in 1Q 2015
New harbour fleet	Start in 1Q 2014
Upgrades to NCSP universal cargo areas	Start in 2016

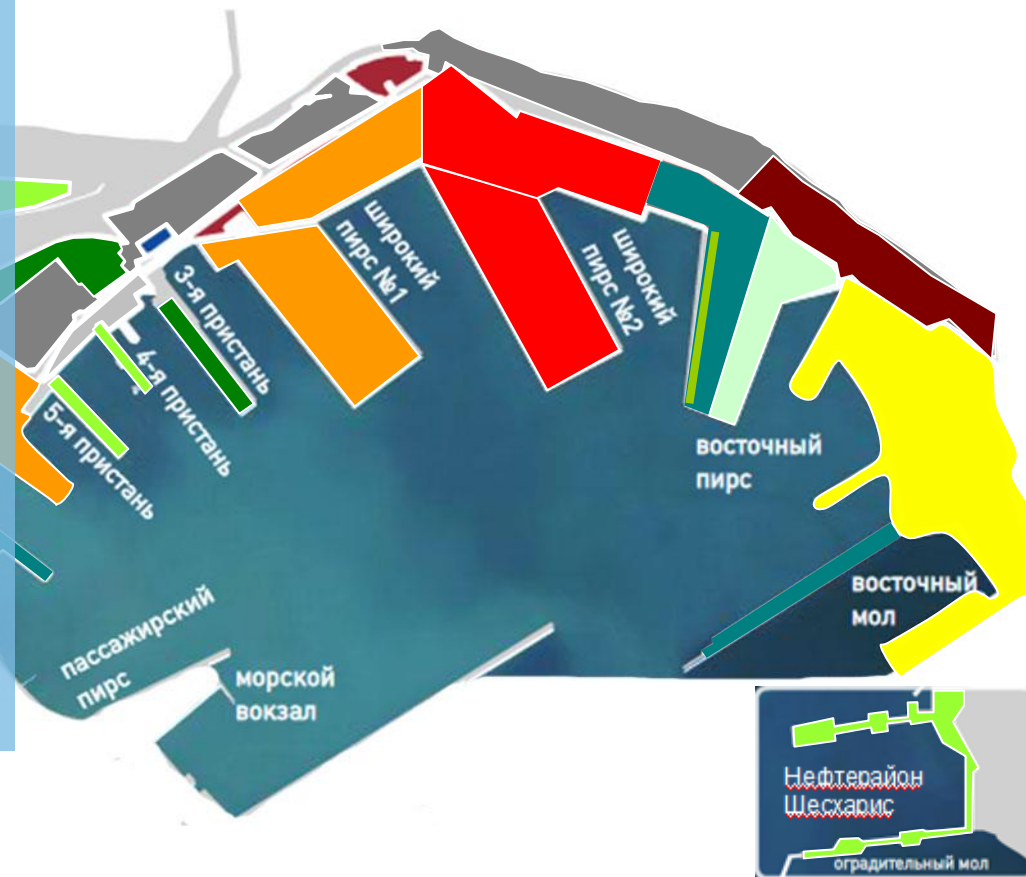
# New Development Concept to 2018



## Key Projects

1. Wide pier #1 configured for container handling
2. Wide pier #2 configured for metal cargoes
3. Eastern pier – bulk cargoes
  - Construction of mineral fertilizers complex
  - Iron ore, ore concentrate, coal
4. Novorossiysk Ship Repair Yard
  - Short term – RoRo and vehicles
  - Long term – Consider building specialized bulk cargo terminal
5. NLE territory converted to serve as container terminal
6. BSC to be developed as a container terminal
7. Oil and oil products facilities to increase capacity and selection of cargoes
8. Major upgrades to Sheskharis oil terminal

- Containers
- Metals
- Bulk cargoes (iron ore, coal)
- Mineral fertilizers
- Ro-Ro cargoes





**Contacts:**

**[www.nmtp.info](http://www.nmtp.info)**

**Investor relations: [Mshchur@ncsp.com](mailto:Mshchur@ncsp.com)**

**Public relations: [Ksenko@ncsp.com](mailto:Ksenko@ncsp.com)**

