

**NCSP Group**

**Undisputed Leader in Russian Port Industry**

**IFRS Financial Results for 2012**

*17 April 2013*



# Disclaimer

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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.





## Key 2012 Highlights

In 2012, NCSP Group faced exceptionally difficult conditions, including 20 days of storms in the first quarter alone and flooding in the middle of the year. Nonetheless NCSP Group was able to not just maintain, but to increase cargo handling.

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### Operational performance

- In 2012, the Group's total cargo turnover increased by 1.9 mln tonnes (1.2% y-o-y)
- Grain throughput grew by 2.2 mln tonnes (+37.9% y-o-y)
- Oil products turnover increased by 2.9 mln tonnes (+17.4% y-o-y)
- Handling of ferrous metals grew by 1.8 mln tonnes (+26.2% y-o-y)
- Crude oil handling decreased by 2.6 mln tonnes (-2.3% y-o-y)
- Both mineral fertilizers and iron ore handling decreased by 1.2 mln tonnes each

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### Financial performance

- EBITDA up by 7.4% from US\$ 550.3 mln in 2011 to US\$ 591.5 mln in 2012
- EBITDA margin improved from 52.5% in 2011 to 57.2% in 2012
- Revenue amounted to US\$ 1,034 mln in 2012
- Operating cash flow grew to US\$ 426.9 mln in 2012
- Investments under the Group's development programme amounted to US\$ 89.3\* mln

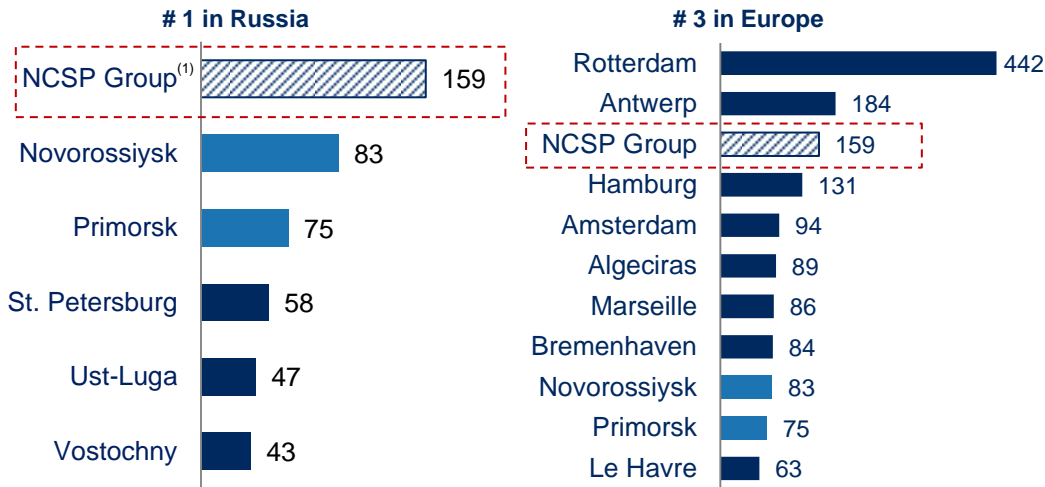
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### Debt

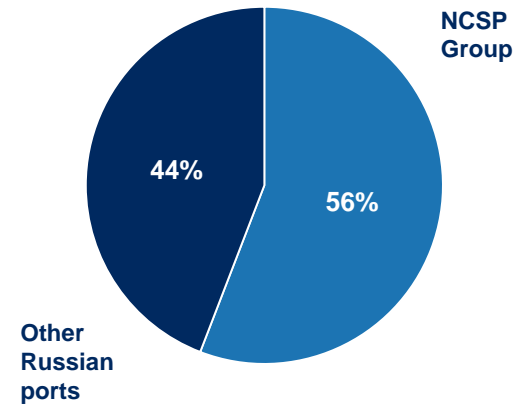
- Gross debt decreased by 10% from US\$ 2,506 to US\$ 2,226 mln in 2012
- Net Debt/EBITDA ratio amounted to 3.4x as at 31 December 2012
- Full compliance with financial covenants in loan agreements

# Continuous Market Leadership

## Cargo throughput in 2012, mln tonnes

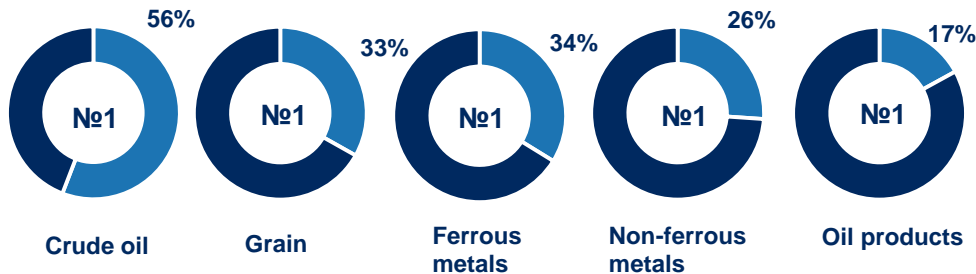


## Share of crude oil handled in 2012

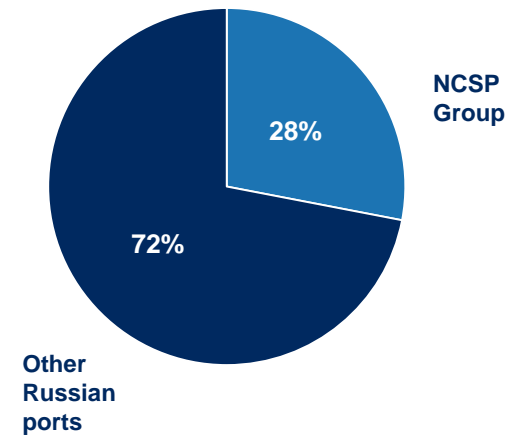


## #1 Russian port operator with 28% of cargo throughput in 2012

### Leader in market share



## Share of cargo turnover in 2012



Notes: 1) Including BSC 1 mln t.

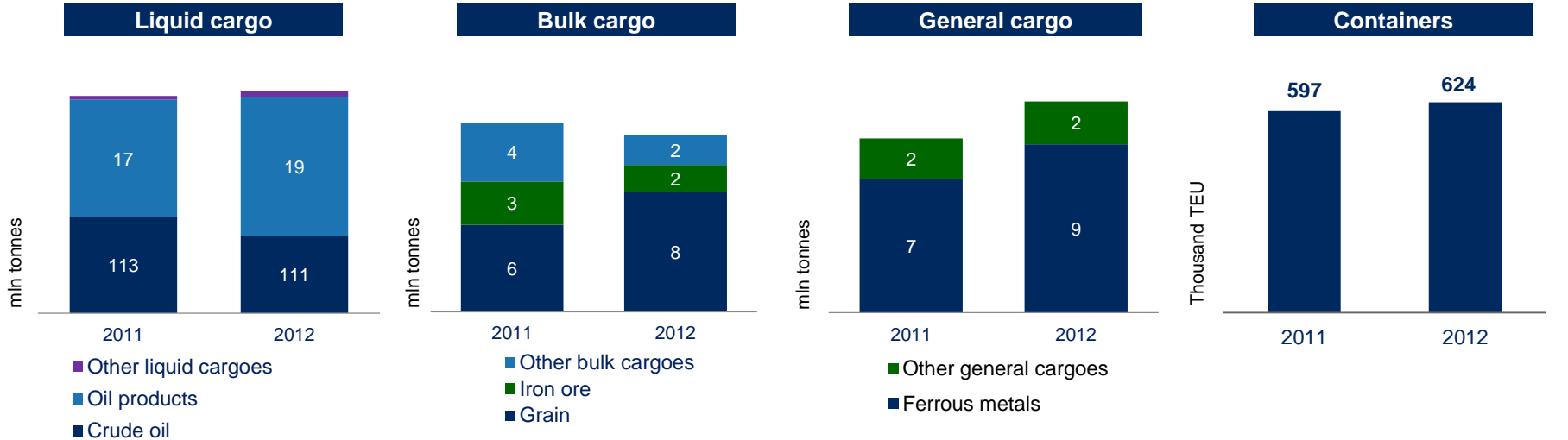
# Operational Performance in 2012

Type of cargo (ths tonnes)	2012	2011	Change	Change, %
<b>Cargo turnover, total</b>	<b>158,905</b>	<b>156,979</b>	<b>1926</b>	<b>1.2%</b>
<b>Liquid cargo, total</b>	<b>131,106</b>	<b>130,447</b>	<b>658</b>	<b>0.5%</b>
Crude oil	110,830	113,394	(2,564)	(2.3%)
Oil products	19,396	16,517	2879	17.4%
UAN	464	432	32	7.3%
Seed oils	416	104	318	299.8%
<b>Bulk cargo, total</b>	<b>11,846</b>	<b>12,571</b>	<b>(725)</b>	<b>(5.8%)</b>
Grain	7,963	5,776	2187	37.9%
Mineral fertilizers	871	2,088	(1,217)	(58.3%)
Sugar	643	1,581	(938)	(59.3%)
Iron ore and ore concentrate	1,756	2,906	(1,150)	(39.6%)
Scrap Metal	37	80	(43)	(53.5%)
Cement	322	140	182	129.4%
Coal	254	-	-	-
<b>General cargo, total</b>	<b>10,866</b>	<b>9,031</b>	<b>1,836</b>	<b>20.3%</b>
Ferrous metals	8,652	6,856	1,796	26.2%
Timber	730	602	128	21.2%
Timber. thsd. cubic meters	1,320	1,095	225	20.5%
Non-ferrous metals	1,093	1,105	(12)	(1.1%)
Perishable cargo	241	354	(113)	(31.7%)
Other	150	114	36	32.3%
<b>Containers</b>	<b>5,087</b>	<b>4,930</b>	<b>157</b>	<b>3.2%</b>
Containers, thsd. TEU	624	597	27	4.4%



Source: Management accounts

# Growth in key segments

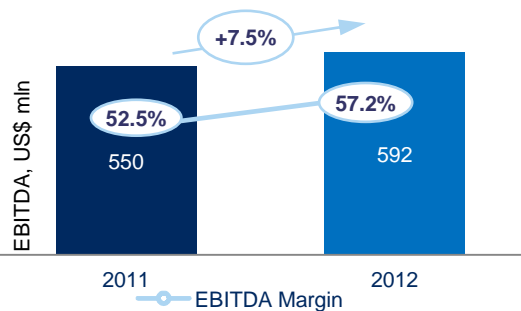


- Liquid cargo throughput of the Group increased by 0.5% in 2012 vs. 2011
- Oil products handling increased 17.4% in 2012 – outperforming market average of 8.0%
- Continuing focus on improvement and expansion of oil handling operations in order to maintain and reinforce market position
- Bulk cargo throughput at 11.8 mln tonnes (-5.8% y-o-y) in 2012
- Grain increased 38% to 2.2 mln tonnes due to grain export ban removal
- Iron ore was replaced with coal starting from August 2012
- General cargo throughput up to 10.9 mln tonnes (+20.3% y-o-y) due to active marketing and the attraction of addition volumes of ferrous metals.
- Containers throughput up by 4.4%



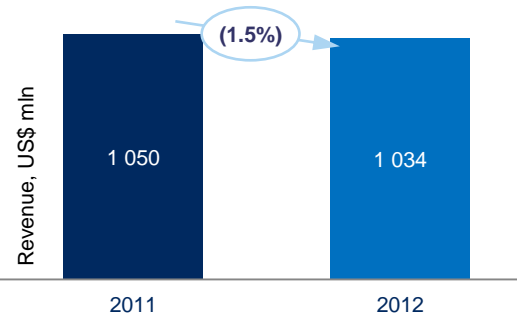
# Strong Financial Performance in 2012

## Substantial EBITDA & margin expansion



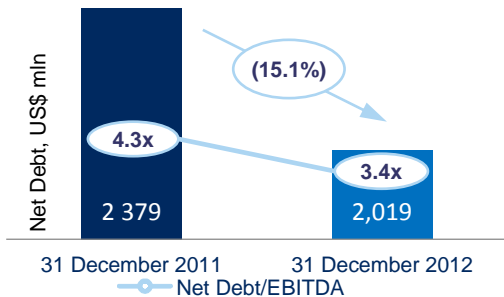
- EBITDA grew by 7.4% from \$550.3 mln in 2011 to \$591.5 mln in 2012
- EBITDA margin increased from 52.5% in 2011 to 57.2% in 2012 due to growth in high margin cargos and increased capacity

## Sustainable revenue



- Revenue amounted to \$1,034 mln in 2012
- Main reason: fx effect of conversion of rouble revenue into US\$ for reporting

## Strong cash flow and deleveraging



- Operating cash flow increased to US\$ 426.9 mln
- Net Debt decreased by US\$ 359.4 mln to US\$ 2,019 mln
- Debt decreased by 10% from US\$ 2,506 to US\$ 2,226 mln in 2012
- Net Debt/EBITDA ratio amounted to 3.4x

Key IFRS Indicators FY 2012, US\$ mln	2012	2011 <sup>(1)</sup>	Change	Change, %
Revenue	1,033.7	1,049.5	(15.8)	(1.5%)
Cost of services	(435.7)	(495.4)	(59.8)	(12.1%)
<b>Gross profit</b>	<b>598.0</b>	<b>554.1</b>	<b>43.9</b>	<b>7.9%</b>
SG&A	(87.5)	(78.2)	9.4	12.0%
Loss on disposal of property, plant and equipment	(2.3)	(0.7)	1.6	230.6%
Impairment losses of goodwill	(89.5)	0	(89.5)	
<b>Operating profit</b>	<b>418.7</b>	<b>475.2</b>	<b>(56.5)</b>	<b>(11.9%)</b>
<b>Profit before income tax</b>	<b>415.9</b>	<b>164.5</b>	<b>251.4</b>	<b>152.8%</b>
<b>Profit for the period</b>	<b>316.0</b>	<b>130.3</b>	<b>185.6</b>	<b>142.5%</b>
<b>EBITDA<sup>(2)</sup></b>	<b>591.5</b>	<b>551.0</b>	<b>40.6</b>	<b>7.4%</b>
CAPEX (Payments for property plant & equipment, less VAT) <sup>(3)</sup>	55.7	95.1	(39.3)	(41.3%)
Net Debt (at the end of the period)	2,022.1	2,378.7	(359.4)	(15.1%)
Net Debt / EBITDA ratio	3.4x	4.3x		



Source: IFRS financial statements

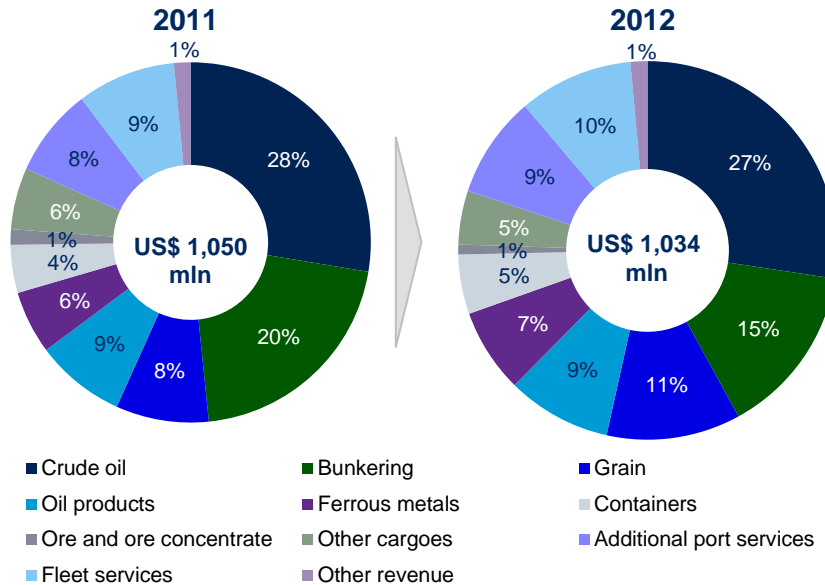
(1) 2011 accounts PTP volumes from 1 January, financial information from 21 January

(2) Management accounts

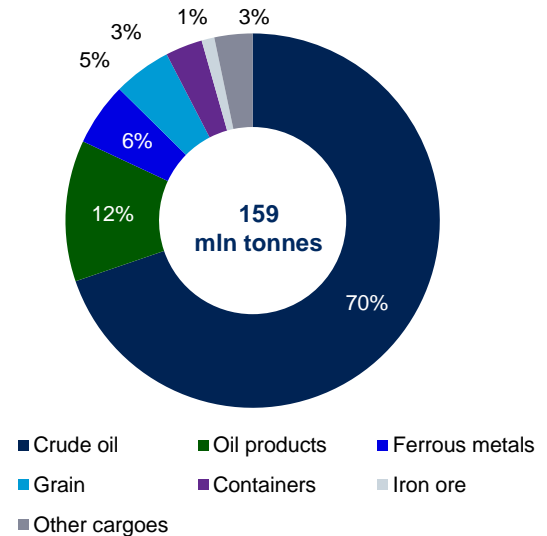
(3) Management accounts, including VAT

# Revenue analysis

## Revenue breakdown by cargo & services



## Cargo Turnover, 2012



- Revenues from oil handling down by US\$ 6.7 mln due to a 2.6 mln tonnes decrease in volumes
- Due to the lifting of the grain export ban in July 2011, grain handling revenues in 2012 by US\$ 30.9 mln
- Ferrous metals handling revenues grew US\$ 14.7 mln, volumes up 1.8 mln tonnes
- Revenue from oil products turnover increased by US\$ 7.4 mln due to organic growth of 2.9 mln tonnes in volumes
- Container throughput revenues grew by US\$ 7.4 mln, up 16.3% growth on 4.4% volume growth

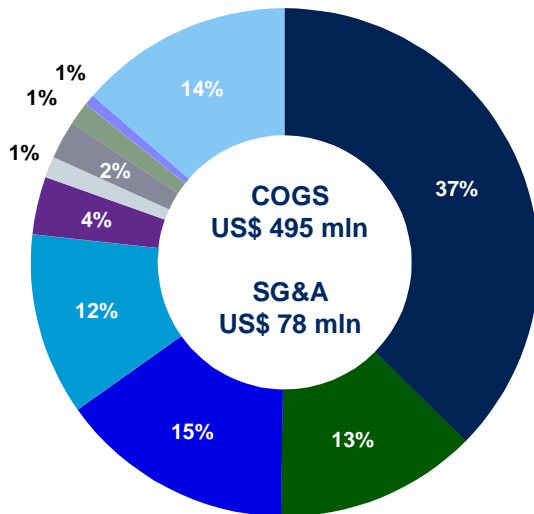


Source: IFRS financial statements

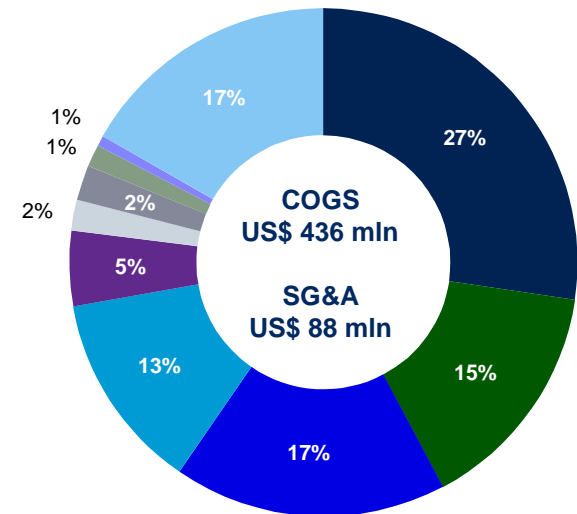


# Costs Analysis

2011



2012



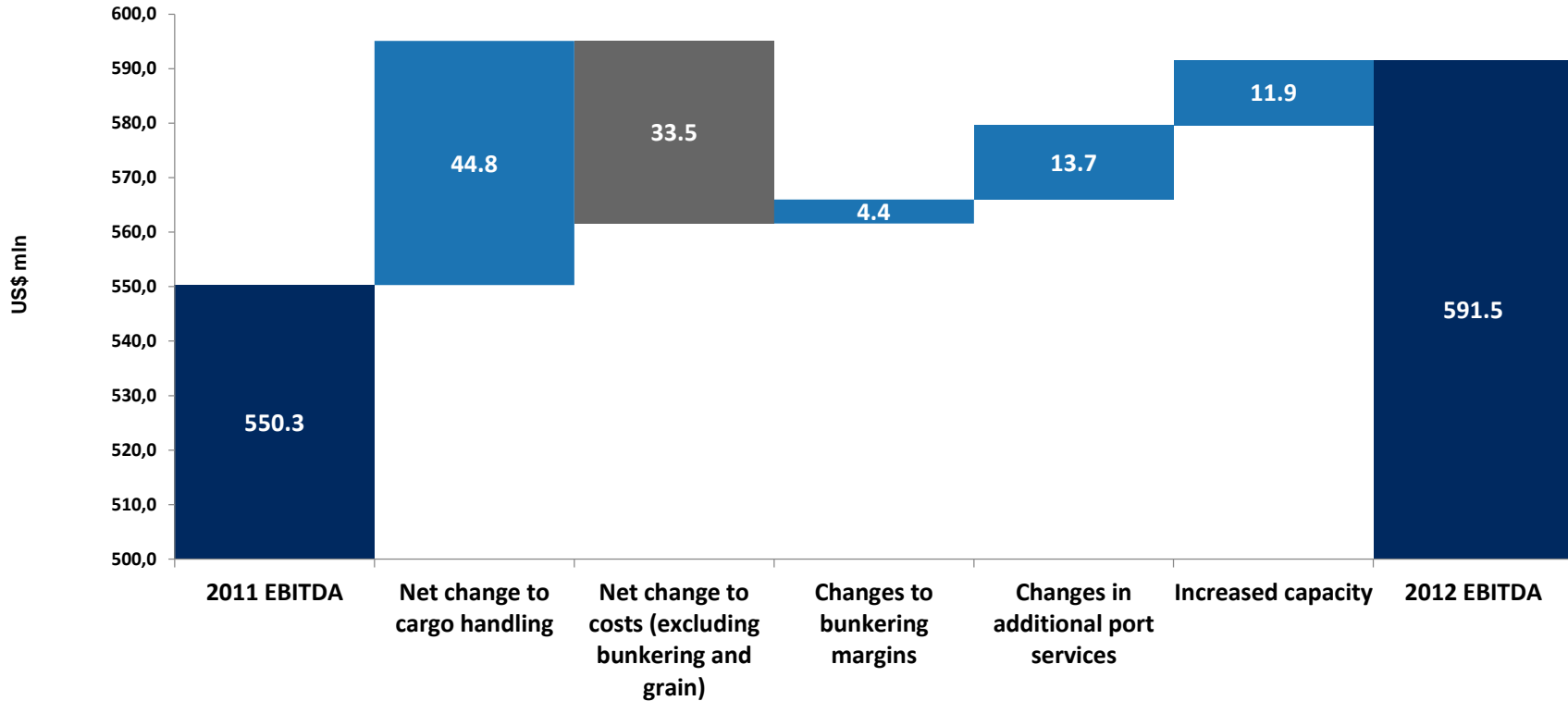
- Fuel
- Rent
- Subcontractors
- D&A
- Repairs and maintenance
- Energy and utilities
- Personnel expenses
- Raw materials
- Other
- SG&A

- Cost of services contracted by US\$ 60 mln or 12% from 2011
- Most of the decrease (US\$ 72 mln) came from lower fuel expenses due to a reduction in bunkering operations
- SG&A costs grew 12.0% y-o-y mainly due to personnel expenses after the implementation of a new remuneration plan

# EBITDA bridge 2011-2012



Financial performance

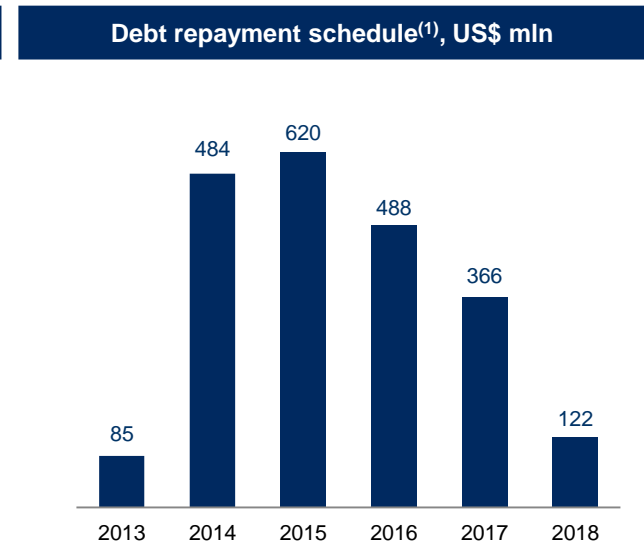
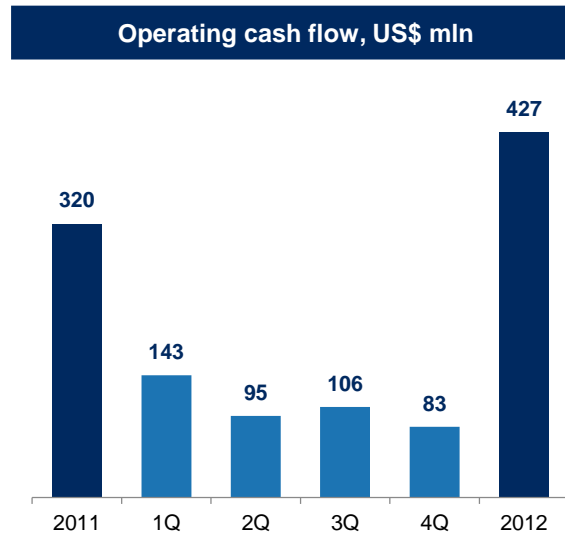


- Change in volumes and cargo mix contributed \$44.8 increase to EBITDA on top of 2011 figure.
- Net change in costs (excluding bunkering costs and grain handling costs ) resulted in downward correction of EBITDA by \$33.5 mln.
- Increase in EBITDA from bunkering operations amounted to US\$ 4.4 mln.
- Growing volumes of additional port services contributed extra \$13.7 to EBITDA.
- Launch of new capacity pushed EBITDA up by another \$11.9 mln.

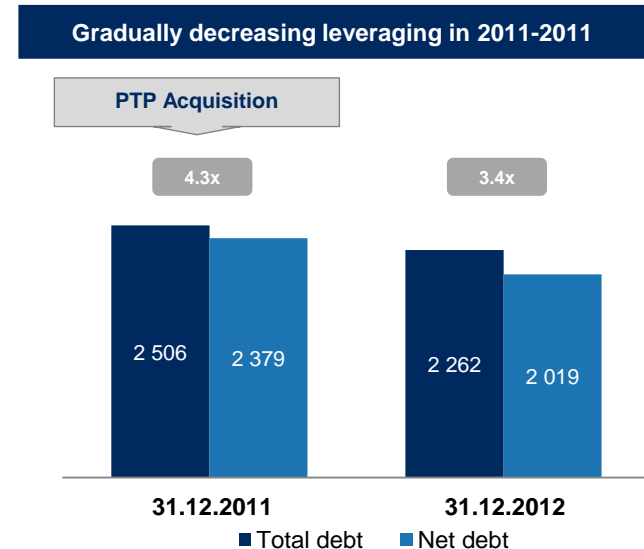
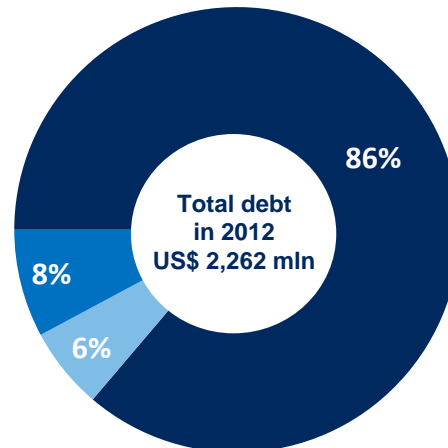


# Continue to deleverage the Balance Sheet

- Continued deleveraging supported by strong cash flow
  - Net debt at year end 2012 amounted to US\$ 2,019 mln
  - Net debt / EBITDA at a comfortable level of 3.4x
  - Refinancing plan already in place for further optimization of debt portfolio and preparations are being done on refinancing the the Sberbank loan (US\$ 1.95 bln)



- Sberbank, US\$ 1,950 mln
- PTP ruble bonds, US\$ 135 mln
- NCSP ruble bonds, US\$ 177 млн



(1) Principal only



**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)**