

## 1.5. Operating Results<sup>1</sup>

Cargo turnover at Russian ports totaled 816.7 million tonnes in 2018. NCSP Group's cargo turnover amounted to 140.2 million tonnes in 2018. The Group's share of cargo turnover at Russian seaports shrank to about 17% in 2018 from 20% in 2016, primarily due to a decrease in the volume of oil transshipments through Group facilities amid overall growth of cargo turnover at Russian ports by 94.7 million tonnes.

The growth in cargo transshipment at Russian seaports was driven by the increase in crude oil, coal and grain volumes.

### NCSP GROUP MARKET SHARE IN RUSSIA

	Cargo turnover, mn t	Share, %
Russian ports	816.7	100.0
NCSP Group	140.2	<b>17.2</b>
Russian ports in Azov-Black Sea basin	272.3	100.0
PJSC NCSP	78.0	28.6
NLE	3.8	1.4
NSRZ	3.5	1.3
NCSP Group (Novorossiysk)	85.3	<b>31.3</b>
Russian ports in Baltic basin	246.3	100.0
BSC	1.4	0.6
PTP	53.5	21.7
NCSP Group (Baltic)	54.9	<b>22.3</b>

### CARGO TURNOVER BREAKDOWN AND NCSP GROUP MARKET SHARE BY CARGO, MN T

Cargo	NCSP Group			Russian ports in 2018	NCSP Group share in 2018, %
	2016	2017	2018		
Crude oil	81.1	74.7	66.2	255.3	25.9
Oil products	31.7	30.3	33.2	145.1	22.9
Coal	1.7	2.0	1.4	161.4	0.9
Ferrous metals and pig iron	12.8	11.9	13.5	30.6	44.0
Mineral fertilizer	0.8	0.7	0.6	17.8	3.3
Ore and iron ore concentrate	3.0	3.0	2.5	6.9	35.8
Grain	6.7	11.2	12.8	55.8	23.0
Nonferrous metals	1.1	1.2	1.0	3.5	28.5
Containers	5.3	6.0	6.1 <sup>2</sup>	53.6	11.4
Other	2.7	2.4	2.8	86.7	3.3
<b>Total</b>	<b>146.9</b>	<b>143.5</b>	<b>140.2</b>	<b>816.7</b>	

1. Sources, unless stated otherwise: Association of Commercial Seaports of Russia (ASOP), company data

2. 620,2 TEU

### 1.5.1. Geography of shipments

	Asia <sup>1</sup>	Africa	Europe	North America	South America	Other
Crude oil	5,901.2	0.0	58,626.9	1,100.4	600.6	0.0
Oil products	7,089.7	3,045.0	21,264.0	462.1	852.6	0.0
Grain	2,070.4	10,232.7	178.1	82.3	212.1	0.0
UAN	0.0	3.3	191.9	335.9	59.7	206.0
Containers	1,803.9	716.6	366.2	8.0	4.8	0.0
Forest products	111.5	200.4				
Ore, iron ore	758.0	521.3	986.4	224.8	0.0	0.0
Chemical cargo	79.2	154.8	135.1	41.5	121.4	0.0
Nonferrous metals	538.6	33.4	388.5	15.0	0.0	0.0
Ferrous metals, pig iron	6,160.6	2,709.3	2,225.5	2,018.9	363.0	0.0
Coal	1,155.4	35.5	259.2	0.0	0.0	0.0
Other	368.3	219.0	117.9	0.0	0.0	0.0
<b>Total</b>	<b>26,037.0</b>	<b>17,871.2</b>	<b>84,739.7</b>	<b>4,288.9</b>	<b>2,214.3</b>	<b>206.0</b>

#### Crude oil

Crude oil handling at Russian seaports totaled 255.3 million tonnes in 2018, ASOP data show. Crude oil traffic through NCSP Group terminals amounted to 66.2 million tonnes in 2018. The Group's share of crude oil turnover at Russian seaports shrank to 26% in 2018 from 36% in 2016 amid growth of shipments through alternative routes:

- Oil transshipments in the Arctic basin (launch of Yamal LNG project, Lukoil's return to roadstead transshipment in Murmansk instead of roadstead offloading in Norway)
- Oil transshipments in the Azov-Black Sea basin (after expansion of Caspian Pipeline Consortium pipeline and corresponding growth of transshipment volumes)
- Oil exports to China by pipeline through Skovorodino

#### Oil products

Oil product transshipments at Russian seaports increased by 4.3 million tonnes or 3% to 140.8 million tonnes in 2018, ASOP data show. NCSP Group's oil product turnover totalled 33.2 million tonnes, and the Group's share of oil product handling at Russian seaports remained unchanged at 23% in the period from 2016 to 2018.

#### Grain

Grain transshipments at Russian seaports totaled 55.8 million tonnes in 2018, ASOP data show. NCSP Group's grain turnover was 12.8 million tonnes in 2018. The Group's share of grain handling at Russian seaports grew to 23% in 2018 from 19% in 2016.

#### Ferrous metals and pig iron

Transshipments of ferrous metals and pig iron at Russian seaports totaled 30.6 million tonnes in 2018, ASOP data show. NCSP Group handled 13.5 million tonnes of ferrous metals and pig iron in 2018. The Group's share of ferrous metals and pig iron handling at Russian seaports decreased to 44% in 2018 from 45% in 2016 due to faster growth of transshipments through ports in other basins.

#### Containers

Transshipments of containers at Russian seaports totaled 53.6 million tonnes in 2018, ASOP data show. NCSP Group handled 6.1 million tonnes of container cargo in 2018. The Group's share of container handling at Russian seaports slipped to 11% in 2018 from 12% in 2016. The growth of container turnover at Russian seaports was driven by the recovery of the Russian economy and stabilization of the national currency.

1. Including Turkey

## Ore cargo

Ore cargo transshipments at Russian seaports totaled 6.9 million tonnes in 2018, ASOP data show. NCSP Group handled 2.8 million tonnes of ore cargo in 2018, and the Group's share of ore cargo handling at Russian seaports grew to 41% in 2018 from 35% in 2016 amid a significant decrease in ore cargo exports through Arctic ports.

## Coal and coke

Coal and coke transshipments at Russian seaports totaled 161.4 million tonnes in 2018, ASOP data show. NCSP Group handled 1.4 million tonnes of coal and coke. The Group's share of coal and coke handling at Russian seaports remained unchanged at 1% in the period from 2016 to 2018.

## Nonferrous metals

Transshipments of nonferrous metals at Russian seaports totaled 3.5 million tonnes in 2018, ASOP data show. NCSP Group handled 1.0 million tonnes of nonferrous metals in 2018. The Group's share of nonferrous metals handling at Russian seaports decreased to 28% in 2018 from 31% in 2016.

# 1.6. Revenue

'000 USD	2018	2017	Change	Change, %
Revenue	951,253	899,831	51,422	5.7
Operating expenses before depreciation and amortization	-292,917	-256,844	-36,073	14.0
Other operating (expenses)/revenue	-1,384	180	-1,564	-868.9
<b>Operating profit before depreciation and amortization</b>	<b>656,952</b>	<b>643,167</b>	<b>13,785</b>	<b>2.1</b>
Depreciation and amortization	-72,361	-73,515	1,154	-1.6
Impairment of construction in progress	-495	-1,639	1,144	-69.8
<b>Operating profit</b>	<b>584,096</b>	<b>568,013</b>	<b>16,083</b>	<b>2.8</b>
Financial income	13,597	15,059	-1,462	-9.7
Financial expenses	-73,095	-72,461	-634	0.9
Income/(expenses) due to exchange differences, net	-201,579	66,677	-268,256	-402.3
Share in joint venture profit	6,091	4,858	1,233	25.4
Other income	4,363	4,543	-180	-4.0
Profit before tax	333,473	586,689	-253,216	-43.2
Profit tax	-65,362	-114,660	49,298	-43.0
<b>Profit for period</b>	<b>268,111</b>	<b>472,029</b>	<b>-203,918</b>	<b>-43.2</b>
Other comprehensive (loss)/income for year after profit tax	-157,695	40,216	-197,911	-492.1
Comprehensive income for year	110,416	512,245	-401,829	-78.4
EBITDA*	669,433	653,743	15,690	2.4
Net debt / EBITDA*	1.26	1.64	-	-
EBITDA* margin, %	70.4	72.7	-	-

\* Management reporting data

NCSP Group's revenue to International Financial Reporting Standards (IFRS) grew by \$51.4 million or 5.7% in 2018, primarily on the back of growth in revenue from stevedoring services and additional port services.

The Group's EBITDA grew by \$15.7 million or 2.4% in 2018.

Profit decreased by \$203.9 million or 43% to \$268.1 million, primarily due to expenses on exchange rate differences in the amount of \$201.6 million.