

Business model

Being a port terminals operator, the NCSP Group provides its clients with the wide range of stevedore services, namely handling various types of cargo, including liquid, bulk, general cargo and containers,

as well as provides ship repair services, additional port services and supporting fleet services.

KEY ASSETS

Sea berths



Length

17 km

Warehouses and depots



Total capacity

572.13 m³

Storage facilities for fuels



Total capacity

283,000 m³

Grain storage facilities



Total capacity

162.7 m³

Rail roads



SERVICES

Stevedore services include cargo handling on board of a vessel using combined or cargo-specific technology. Cargo receipt or dispatch by the means of pipeline, railway transport or vehicles.

Stevedore

liquid
bulk
general cargo and containers

REVENUE

Total comprehensive income for the year

USD **110.4** mn

EBITDA margin

70.4%

USD **732.6** mn
revenue from stevedoring services

Techniques for profitability improvement

Construction of new terminals, as well as modernization and reconstruction of existing terminals

Raising the labor productivity

Optimization of supply chains

Implementation of new handling technologies

Business-process automatization

Handling equipment and machinery



Port terminals



Terminals, accommodate tankers with deadweight up to
242,000 t

Support fleet



40 units

Personnel



7,885 Employees

Additional

**ship repair
port services
fleet services**

Additional port services include temporary cargo warehousing, forwarding service, packaging/repackaging of cargo, loading/unloading of containers

Labor productivity
8,262
thousand RUB
per employee

USD 197.3 mn
revenue from
additional port services

EBITDA

USD 669.4 mn

Net debt / EBITDA

1.26

As an operator of marine port terminals, NCSP Group provides a range of stevedoring services for transshipment of all types of cargo, including liquid, bulk, general cargo and container cargo. The Group also provides ship repair services, additional port services and auxiliary port fleet services.

The Group earns most of its revenue from providing stevedoring services, rates for which are set per unit of cargo (one tonne or one container).

The Group can raise the revenue and profitability of its core business by increasing the physical volume of cargo handling and related additional services, increasing the share of high-margin cargo in cargo turnover, and by means of a flexible tariff policy designed to attract maximum cargo traffic.

The Group is seeking to expand cargo handling volumes by building new and modernizing existing terminals, increasing productivity, optimizing logistics, introducing new transshipment technologies and automating business processes.

NCSP Group's clients include the leading Russian producers and exporters of resource commodities, including crude oil and oil products, ore, metals, coal and chemical cargo; importers of manufactured goods and equipment; as well as leading international logistics companies and container lines.

NCSP Group creates added value for its customers by providing access to the most economically efficient means of transport – marine – and optimization of costs at related links in the logistics chain.

Increasing the efficiency and throughput capacity of port facilities makes it possible to handle more cargo while optimizing shippers' variable expenditures on delivery of cargo to port, cargo storage and shipment by marine transport.

The stevedoring business



The stevedoring business involves:

- transferring cargo to ships using multipurpose and specialized equipment
- receiving/shipping cargo by pipeline, train and truck
- assembling shiploads

Additional port services



Additional port services include temporary storage of cargo, partial freight forwarding support, packing and repacking of cargo, packing/unpacking of containers and special processing of grain, among others.

Ship repair



The Group carried out repairs on 12 vessels in 2018. NSRZ does repairs on the hulls and mechanical parts of vessels, ship gear and service systems, propeller and rudder systems, and electrical equipment. It also provides cleaning and painting services, and dry docking services.

The ship repair division has 182 employees.

Floating Dock Bldg. No. 190 is a floating metal four-deck dock with capacity of up to 45,000 tonnes, 311.28 meters in length, 53.3 meters internal width, 22.5 meters in height and maximum immersion depth of 16.1 meters.

The Group's operational assets



The Group's operational assets include docks with transshipment equipment; land parcels in the port zone with industrial and administrative buildings and installations, including storage yards, tanks for oil products, elevators for grain and approach rail lines; as well as a fleet of cargo handling equipment and auxiliary fleet vessels.

The Group owns the land parcels where production facilities, transshipment equipment, buildings and installations are located, as well as the vessels of the auxiliary fleet. The Group has long-term leases for docks that are federally owned at the ports of Novorossiysk and Baltiysk, and is the owner of some docks at the Port of Primorsk. Lease payments for the use of docks are determined on the basis of their book value and do not depend on the Group's volume of transshipments, revenue or profitability.

NCSP Group's terminals can accommodate tankers with deadweight up to 242,000 tonnes and bulk carriers and container ships with deadweight up to 80,000 tonnes.

Group terminals



Group terminals receive and ship general, bulk and container cargo by train and truck, and receive liquid cargo by train and pipeline. Bulk and general cargo are stored in warehouses, including refrigerated ones, and outdoor yards. Refrigerated containers are hooked up to power. The Group has its own tank farm and modern elevator for storing liquid cargo and grain cargo. Cargo is handled with multipurpose and specialized handling equipment: mobile wheeled cranes, gantry cranes, STS container cranes, grain loading conveyors, bucket loaders, forklifts, roll trailers and reach stackers.

Auxiliary port fleet services



Auxiliary port fleet services include tug and mooring services, firefighting support, waste collection and other services.

The Group also provides ship fueling services at berth and with bunkering tankers, as well as drinking water supply services for ships.