

# DeloPorts

ANNUAL REPORT 2013

# CONTENTS

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- 04** PRESIDENT'S STATEMENT
- 06** OUR PROFILE
- 10** KEY MILESTONES
- 14** KEY TRANSACTIONS
- 16** MARKET OVERVIEW
- 20** PERFORMANCE
- 26** CORPORATE GOVERNANCE
- 28** SOCIAL RESPONSIBILITY
- 30** DELOPORTS IN THE PRESS
- 32** GLOSSARY OF TERMS AND ABBREVIATIONS
- 34** DISCLAIMER
- 36** BALANCE SHEET, PROFIT AND LOSS STATEMENT, CASH FLOW STATEMENT (IFRS)



GROWTH  
IN CONTAINER THROUGHPUT

**29%**

GROWTH  
IN GRAIN THROUGHPUT

**30%**

REVENUE

**4,7**

bln RUB

EBITDA

**1,8**

bln RUB

ADJUSTED  
NET PROFIT

**1,1**

bln RUB

NET DEBT

**2,4**

bln RUB

STRATEGIC PARTNERSHIP  
WITH CARGILL

**25%** KSK

SALE OF OIL PRODUCTS  
TERMINAL

**100%** NNK

DELOPORTS CONTAINER THROUGHPUT  
GREW BY 29%, REACHING 277 THOUS. TEUS

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DELOPORTS GRAIN THROUGHPUT POSTED A 30% INCREASE,  
REACHING 1.3 MLN TONS DUE TO THE COMPLETION OF THE GRAIN  
TERMINAL CONSTRUCTION AND LAUNCH OF THE RAILWAY RECEPTION

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22% GROWTH IN REVENUE

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6% GROWTH IN EBITDA

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ADJUSTED NET PROFIT INCREASED BY 36%

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NET DEBT DECREASED MORE THAN TWOFOLD

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DELOPORTS SOLD 25% PLUS ONE SHARE IN KSK GRAIN TERMINAL TO CARGILL

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DELOPORTS SOLD 100% OF NNK OIL PRODUCTS TERMINAL  
TO "GAZPROMNEFT MARINE BUNKER"

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## PRESIDENT'S STATEMENT

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2013 WAS A VERY SUCCESSFUL YEAR FOR THE GROUP. WE EXECUTED ON OUR PLANS WITHIN THE TARGET TIME FRAME AND DEMONSTRATED EXCELLENT OPERATING AND FINANCIAL RESULTS.

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2013 was a very successful year for the Group. We executed on our plans within the target time frame and demonstrated excellent operating and financial results.

I am proud to say that we have managed to achieve significant improvements in key operating segments. Thus, container throughput increased by 29% reaching 277 thous. TEUs. In 2013 container terminal NUTEP showed the highest growth rates among all Russian container terminals. Grain throughput increased by 30%, to 1.3 mln tons. Most of these volumes were handled in the second half of 2013, since the terminal was decommissioned during construction works. KSK performance appears even more impressive when compared against average industry dynamics: a 36% decline in grain throughput for Russian deep-sea terminals and substantial reduction in grain exports due to the poor harvest in 2012-2013.

In addition to quantitative results we continued to improve on the cargo mix. Thus, despite a 37% decline in tonnage of Ro-Ro cargo throughput, revenue from this segment increased by 18%. Such performance was achieved as a result of shifting the Group's focus from trucks to handling lighter cars. For this purpose dedicated storage areas were constructed and launched into operation.

Partnership with Cargill – one of the world's leading players in agricultural market – became a token of appreciation of our efforts in constructing the grain terminal KSK, which was built greenfield.

DELOPORTS maintaining control over the terminal secures equal access to services for all clients of the terminal and demonstrates high standards of corporate governance, facilitating strategic long-term cooperation with a minority shareholder.

In 2013 the Group successfully divested from a non-core activity by selling NNK – the oil products terminal. It was built greenfield, launched in 2012 and reached projected utilisation rates in 2013. Compared to 2012, in the 2013 terminal's throughput increased by 3.5x, revenue – by 4x, whereas NNK' share in DELOPORTS throughput and revenue remained under 7% and 3% respectively. Sale of the terminal will allow us to focus on development of priority fast-growing segments – container and grain operations, at the same time retaining our position in the Novorossiysk bunkering market.

We have always challenged ourselves to grow faster than the market and I am glad that DELOPORTS manages to consistently achieve this result in its key segments. Completion of the investment program that created additional throughput capacities formed a steady basis for long-term sustainable growth.



*Timofey Telyatnik,*  
*DELO GROUP President*

## OUR PROFILE

### ASSETS LAYOUT

# DeLoPorts

DELOPORTS LIMITED is a holding company, which owns container, grain terminals and a bunkering services company in the port of Novorossiysk.

Companies of the Group were built greenfield and take advantage of the modern technical equipment supplied by world leading manufacturers. In 2013 companies of the Group handled 17% of dry cargo of the port of Novorossiysk.

DELOPORTS was founded in December 2012 by consolidating the stevedoring assets of DELO GROUP. DELO GROUP is one of the largest private transportation holding companies in Russia. The Group provides a full range of stevedoring services in the port of Novorossiysk, organization of railway and multimodal container shipments, including rail transportation services via own rolling stock.

## DELOPORTS Assets layout



### THROUGHPUT CAPACITIES

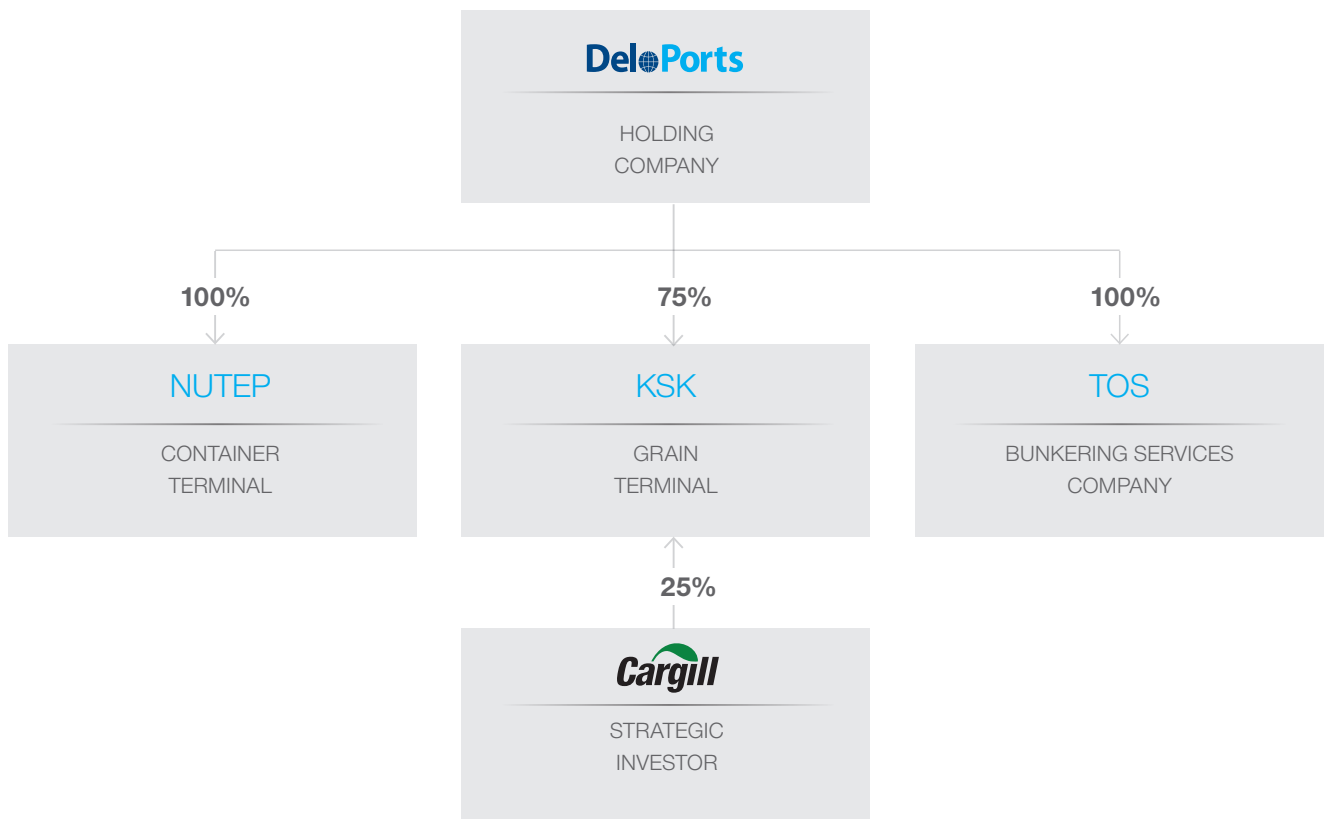
**NUTEP – 350 thous. TEUs**

**KSK – 3,5 mln tons**

**TOS – 200 thous. tons**

# OUR PROFILE

## DELOPORTS ASSETS STRUCTURE



### Main services

- Container cargo handling
- Warehousing and storage
- Organization and dispatch of block trains, via own railway complex
- Auto and railway reception of grain cargo
- Grain storage in silos for ship loading
- Grain handling via automated conveyor galleries
- Bunkering services for vessels in the port of Novorossiysk

### Other services

- General cargo handling
- Ro-Ro handling: trucks and ferry cargo

## OUR PROFILE

### KEY OPERATING RESULTS

- **DELOPORTS share** in Russia's dry cargo throughput grew by 0.03 pp – to 1.9%.
- **Share in Russia's total container throughput** grew by 1 pp – to 5.2%.
- **Share in Russia's total grain throughput** grew by 2.8 pp – to 7.0%.
- **Share in Novorossiysk dry cargo throughput** grew by 2.3 pp – to 17%.
- **Share in Novorossiysk container throughput** grew by 5.5 pp – to 38%.
- **Share in Novorossiysk grain throughput** grew by 13 pp – to 24%.

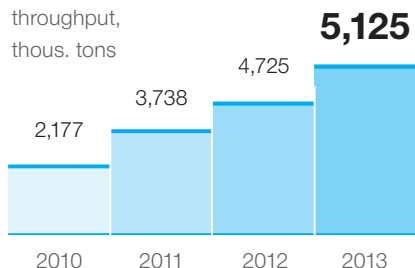
| thous. tons                    | 2010         | 2011         | 2012         | 2013         | Change 13/12 (%) |
|--------------------------------|--------------|--------------|--------------|--------------|------------------|
| Containers                     | 1,090        | 1,883        | 2,159        | 2,449        | 13 %             |
| Grain                          | 510          | 708          | 985          | 1,277        | 30 %             |
| General and liquid cargo       | 283          | 287          | 343          | 615          | 79 %             |
| Autocars (Ro-Ro)               | 294          | 860          | 1,238        | 784          | (37 %)           |
| <b>Total throughput:</b>       | <b>2,177</b> | <b>3,738</b> | <b>4,725</b> | <b>5,125</b> | <b>8.5 %</b>     |
|                                | including:   |              |              |              |                  |
| Containers, thous. TEUs        | 125          | 200          | 215          | 277          | 29 %             |
| Autocars (Ro-Ro), thous. units | 12           | 36           | 47           | 39           | (17 %)           |
| Bunkering fuel sales           | 90           | 82           | 83           | 131          | 59 %             |

**DELOPORTS throughput** increased by 8.5% reaching 5,125 thous. tons.

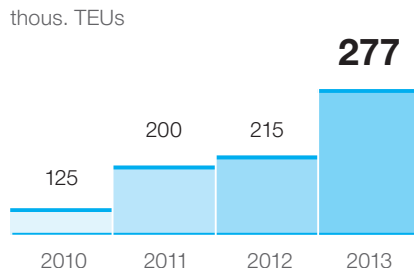
**Container throughput** increased by 29% reaching 277 thous. TEUs.

**Grain throughput** increased by 30% reaching 1.3 mln tons. The growth occurred due to the completion of the grain terminal construction and launch of railway cargo reception. Noting that in the first half of 2013 KSK was decommissioned due to the construction works.

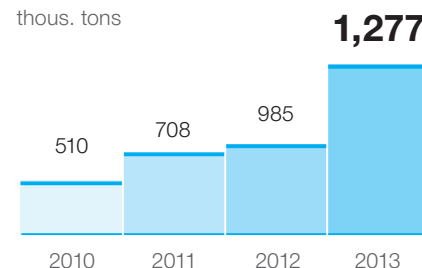
DELOPORTS throughput, thous. tons



Container throughput, thous. TEUs



Grain throughput, thous. tons

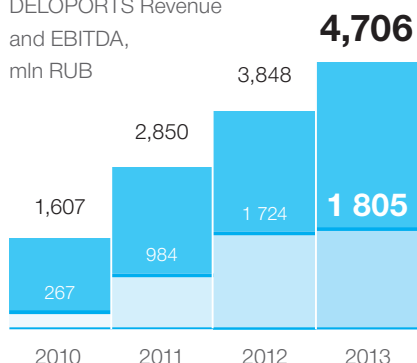


# OUR PROFILE

## KEY FINANCIALS

| mIn RUB                                      | 2010    | 2011    | 2012    | 2013    | Change 13/12 (%) |
|--|---------|---------|---------|---------|------------------|
| <i>IFRS statement</i>                        |         |         |         |         |                  |
| <b>Profit and loss statement</b>             |         |         |         |         |                  |
| Revenue                                      | 1,607   | 2,850   | 3,848   | 4,706   | 22 %             |
| Expenses                                     | (1,483) | (2,101) | (2,460) | (3,335) | 36 %             |
| Operating profit                             | 116     | 2,475   | 1,371   | 1,490   | 9 %              |
| Net profit                                   | 97      | 1,652   | 1,166   | 672     | (42 %)           |
| <b>Balance sheet and cash flow statement</b> |         |         |         |         |                  |
| Assets                                       | 2,709   | 10,219  | 11,223  | 13,677  | 22 %             |
| Net debt                                     | 994     | 5,668   | 5,310   | 2,381   | (55 %)           |
| CAPEX  | 614     | 1,294   | 1,700   | 493     | (71 %)           |
| Cash flow from operating activities          | 213     | 839     | 1,388   | 1,824   | 31 %             |
| <i>Management accounts</i>                   |         |         |         |         |                  |
| Adjusted operating profit                    | 116     | 739     | 1,371   | 1,490   | 9 %              |
| Adjusted net profit                          | 84      | 523     | 835     | 1,132   | 36 %             |
| EBITDA                                       | 267     | 984     | 1,724   | 1,805   | 5 %              |
| EBITDA margin                                | 17%     | 35%     | 45%     | 38%     |                  |
| Net debt / EBITDA                            | 3.7     | 5.8     | 3.1     | 1.3     |                  |
| ROCE   | 5%      | 8%      | 15%     | 13%     |                  |

DELOPORTS Revenue and EBITDA, mln RUB



### DELOPORTS revenue

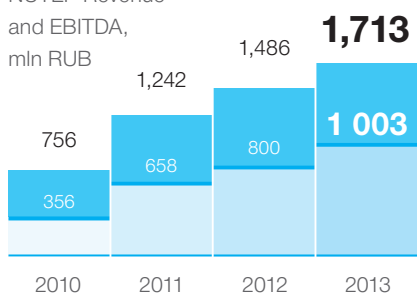
increased by 22% to 4.7 bln RUB, this owing to consistent growth in the key operating segments.

**DELOPORTS reduced** its leverage from 5.4 bln RUB to 5.3 bln RUB. Given the funds from the sale of NNK and a share in KSK net debt / EBITDA decreased from 3.1x to 1.3x.

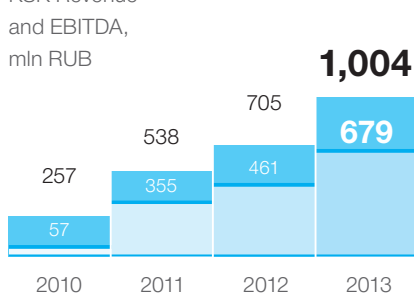
### Financial results

in the key segments registered significant improvements. EBITDA growth in NUTEP and KSK by 25% and 47% respectively was partially offset by a 80% decline in marginality of TOS. As a result, DELOPORTS EBITDA grew by 5% to 1.8 bln RUB

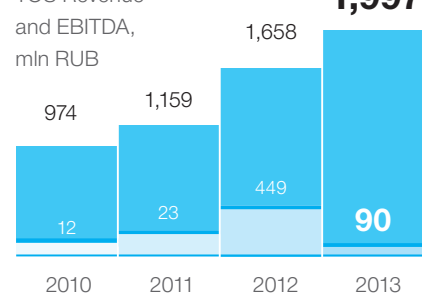
NUTEP Revenue and EBITDA, mln RUB



KSK Revenue and EBITDA, mln RUB



TOS Revenue and EBITDA, mln RUB



● Revenue  
● EBITDA

## KEY MILESTONES

KSK

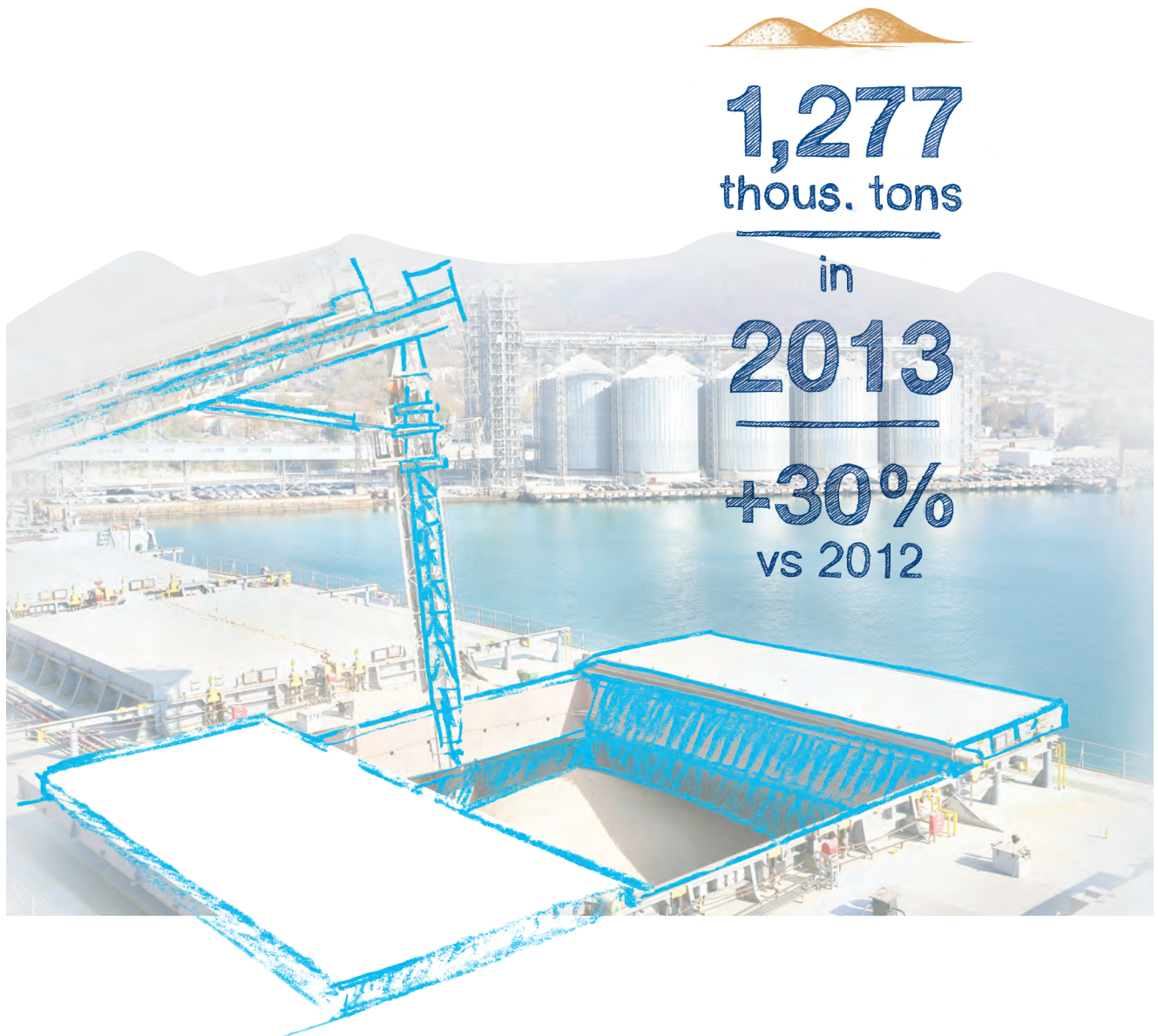
### Completion of the grain terminal construction and partnership with a strategic investor

#### The terminal annual throughput capacity increased to 3.5 mln tons

- 9 new grain silos introduced with total storage capacity of 106 thous. Total storage capacity of 12 silos reached 116 thous. tons.
- Launch of grain railway reception in addition to automobile
- Loading speed reached 1,600 tons per hour via railway reception and 500 tons per hour via automobile reception.
- The second stage of investments was completed before the start of the new harvest season 2013-2014.

#### Sale of 25% of KSK to strategic investor – Cargill

- In December 2013 25% + 1 share of KSK were sold.
- Prior to the transaction KSK refinanced its loans: interest rate reduction and improvement of financial covenants.



## KEY MILESTONES

NUTEP, KSK

### Completion of the rail-yard construction

#### Completion and launch of railway infrastructure for grain and container terminals

- 5-track railway yard with two branch lines with effective length of each rail track of 500 m. Total effective length – 4,364 m.
- Transfer of old NUTEP rail lines allowed to free the territory for doubling current container storage capacity from 10,610 TEUs to 20,000 TEUs in the nearest future.
- Simultaneous reception of 2 block trains.



# KEY MILESTONES

NUTEP, KSK

## Container terminal modernization

In 2013 modernization of container terminal NUTEP was continued. Main investments were directed towards modernization of the terminal infrastructure.

- Launch of the new high-tech Liebherr Postpanamax STS-crane.
- Transfer of railway tracks allowed to accelerate cargo handling and will allow to start construction works in 2014 in order to double container storage capacity.



## Ro-Ro complex construction

- After the construction of the grain terminal infrastructure was completed, certain territories of the terminal remained vacant.
- After construction of a specialized berth, a new Ro-Ro auto handling complex was launched in August 2013.
- Throughput capacity of the new Ro-Ro complex exceeds 50,000 cars per year, storage facilities are able to handle 1,565 cars simultaneously. The terminal operates in cooperation with Rolf SCS.



## KEY MILESTONES

### NNK

#### Construction of the oil products terminal NNK

Construction commenced in 2010, the terminal was launched in May 2012. In 2013 NNK reached its full project capacity.

- Throughput capacity – 300 thous. tons per year.
- Two berths (length – 184 m and 156 m) with navigation depth of 4.3 m and 8 m.

The terminal infrastructure allows handling of diesel and heavy fuel oil. NNK works with companies that provide bunkering services in the Russian bunkering market.

In December 2013 DELOPORTS sold 100% shares of NNK to “Gazpromneft Marine Bunker” – subsidiary of “Gazpromneft”.



#### Fire-fighting technical exercises at oil products terminal NNK

Fire-fighting exercises were successfully carried out at one of NNK berths. New floating boom technology was demonstrated as a security measure for localization of emergency oil spills in the terminal water area.



IN DECEMBER 2013 DELOPORTS  
SOLD 100% SHARES OF NNK

## KEY TRANSACTIONS

### SALE OF 25% SHARES OF KSK TO CARGILL

#### Transaction overview

- On December, 12th, DELOPORTS sold 25% plus one share in OJSC «Kombinat «Stroykomplekt» (KSK) to Cargill.
- Morgan Stanley acted as a financial advisor, conducting an auction and negotiations on behalf of DELOPORTS.
- Prior to that KSK refinanced its debt obligations, which allowed KSK to release the share pledge and improve covenants.

#### Transaction rationale

- Partnership with a strategic investor will allow DELOPORTS to reinforce its market position via implementation of best global practices and technologies of a large international company, as well as provide for new investment opportunities.
- Acquisition of the stake is in line with Cargill's strategy to expand its business in Russia. It will allow Cargill to strengthen its position by providing a direct link of Russian grain operations with the client's demand around the world and by extension of business integration.



# KEY TRANSACTIONS

## SALE OF OIL PRODUCTS TERMINAL NNK

### Transaction overview

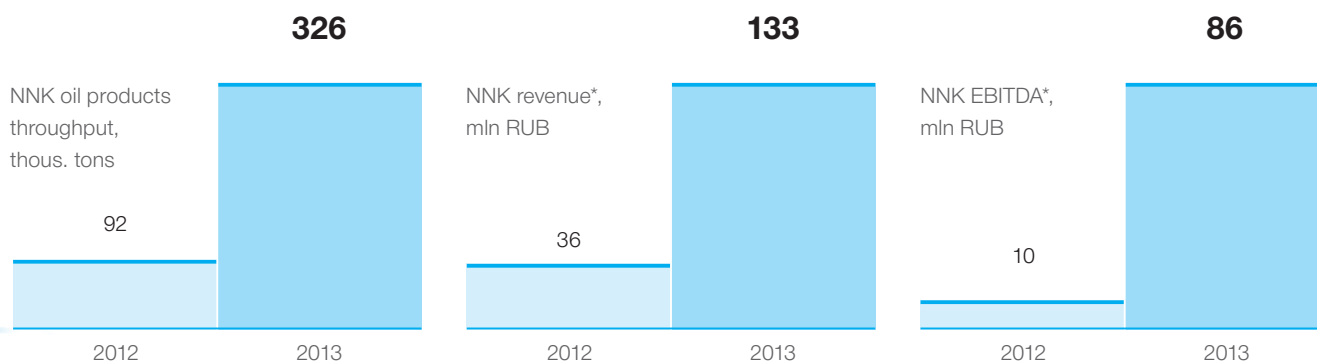
- On December, 20th, DELOPORTS sold 100% of LLC Novorossiysk Petrotransshipment Complex (NNK) to "Gazpromneft Marine Bunker" – subsidiary of "Gazpromneft".

### Transaction rationale

- For DELOPORTS sale of NNK is a logical conclusion of successfully implemented investment project consisting of project planning, construction, launch and reaching the terminal's project capacity.

### Key characteristics of the asset

- NNK is a port terminal located in the South-West cargo district of Novorossiysk sea port, which handles marine fuel oil.
- The terminal was built greenfield in 2010-2012; equipped with modern technologies and is able to handle light and dark oil products. In 2013 NNK reached its full project capacity. Throughput capacity is 400 thous. tons per year.
- NNK is able to serve two vessels simultaneously and has a direct access to the federal highway "M-4 "Don".



\*Management accounts, including intergroup transactions According to IFRS, NNK figures are not consolidated in 2013 DELOPORTS statement.



## MARKET OVERVIEW

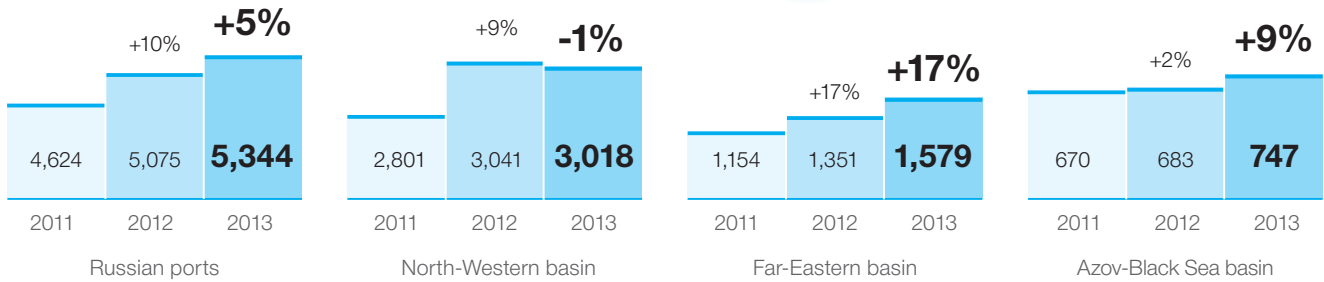
RUSSIAN CONTAINER MARKET. IN 2013 RUSSIAN CONTAINER THROUGHPUT INCREASED BY 5.2%, OUTPERFORMING OTHER KEY MARKETS. COMPOUND ANNUAL GROWTH RATE (CAGR) REACHED 7.5% IN 2011-2013

### Russian container throughput, segmental breakdown, thous. TEUs

Source: ASOP



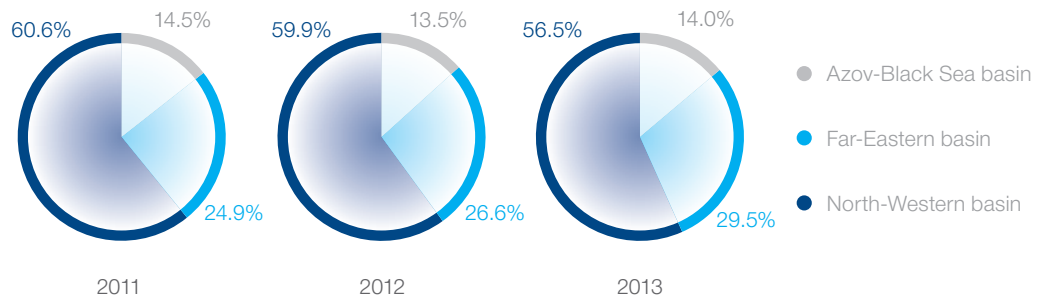
Outpacing growth in the Far East and the South of Russia, minor decline in the North-West



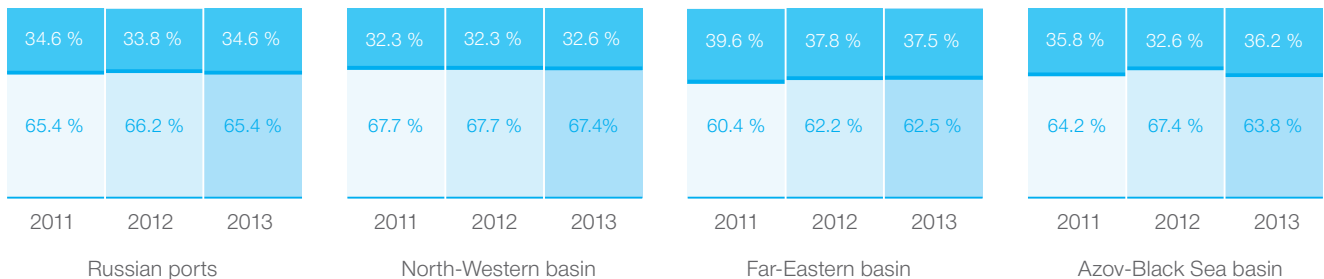
### Dynamics of Russian container throughput, breakdown by basin

North-Western basin is in the lead, but the respective shares of Far-Eastern and Azov-Black Sea basins are growing.

Source: ASOP



Russian container imports significantly exceed container exports. Loaded containers represent 98-100% of imports and the majority of empty containers are handled for export



The proportion of loaded containers demonstrated a declining trend due to the increase in exports with Far-Eastern basin being an exception.

Source: ASOP

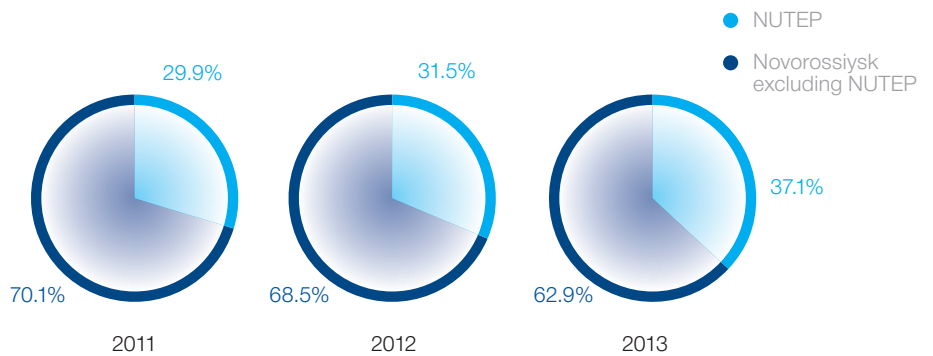
- Empty
- Loaded

## MARKET OVERVIEW

### NUTEP'S SHARE IN RUSSIAN CONTAINER THROUGHPUT – 5.2%

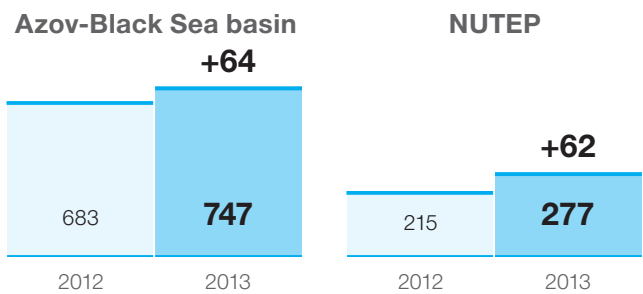
In 2013 NUTEP's share in Azov-Black sea basin increased by 5.6 pp to 37%.

Source: ASOP



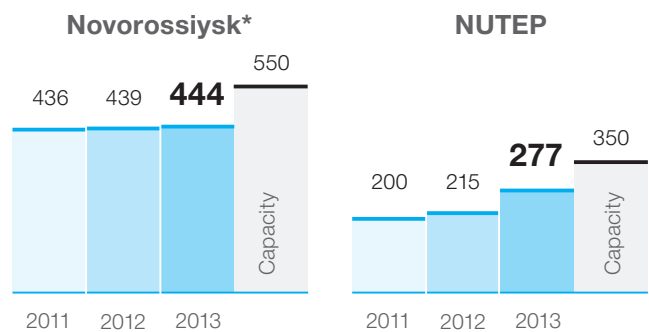
Growth in Azov-Black sea basin container throughput in 2013 reached 64 thous. TEUs with NUTEP accounting for 62 thous. TEUs

Source: ASOP, management estimates



Container throughput and throughput capacities of Novorossiysk terminals in 2011-2013

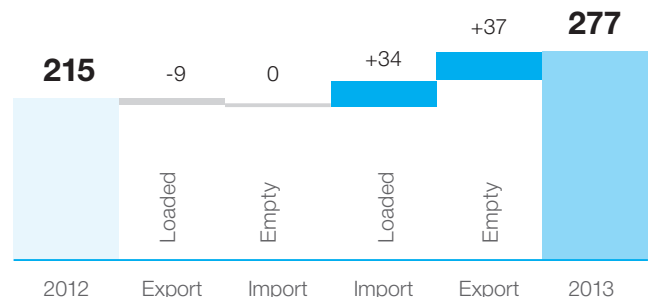
Source: management estimates



\* - Novorossiysk, excluding NUTEP

Structure of NUTEP's throughput growth, thous. TEUs

Annual results show that export of loaded containers in Azov-Black sea basin decreased by 23 thous. TEUs, which led to a 3.6% decline in the share of loaded containers in total container throughput.

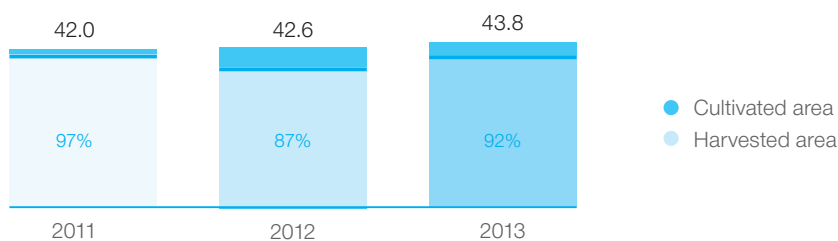


# MARKET OVERVIEW

## RUSSIAN MARKET OF GRAIN EXPORTS

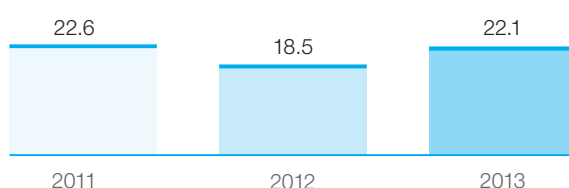
### Cultivated area and the share of harvested grain area, thous. ha

Source: Rosstat



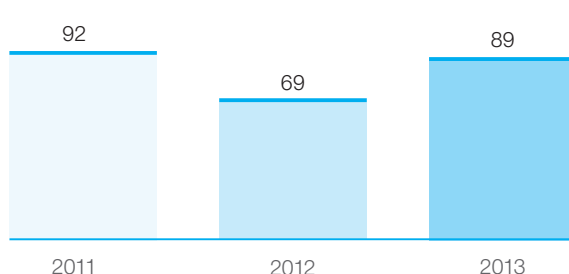
### Crop yield, dt/ha

Source: Rosstat



### Grain harvest, mln tons

Source: Rosstat



Growth in global demand for grain accelerates grain production. In 2013 cultivated area increased by 1.6%.

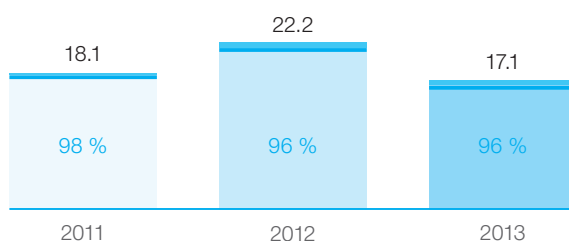
Climate is the key driving factor for the industry. Crop yield reaches 23-24 dt/ha in good years, with less than 3% of losses.

As a result of low crop yield in 2012-2013 harvest season, exports in the first half of 2013 reached only 2.5 mln tons. This led to a 23% decline in exports in 2013.

High yield in 2013-2014 harvest season may lead to rising exports in 2014 calendar year.

### Handling of grain exports, mln tons

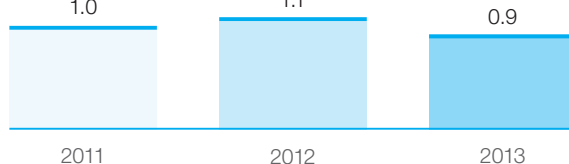
Source: ASOP



Ports of Azov-Black sea basin handle 96-98% of Russian grain exports

### Handling of grain imports, mln tons

Source: ASOP



Russia imports approximately 1 mln tons of high-quality wheat for domestic consumption every year.

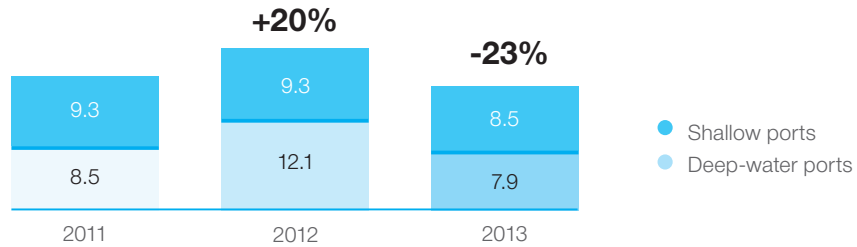
Over 99% of imports are handled in the ports of the North-Western basin.

# MARKET OVERVIEW

## RUSSIAN MARKET OF GRAIN EXPORTS

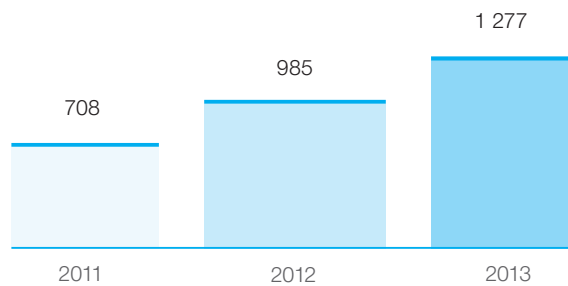
### Breakdown of exports via Azov-Black sea basin by port, mln tons

Source: ASOP, management estimates



The share of shallow ports increased due to emergence of new players that operate with lower marginality. This strategy is sensitive to market fluctuations and is not able to sustain steady cargo flow.

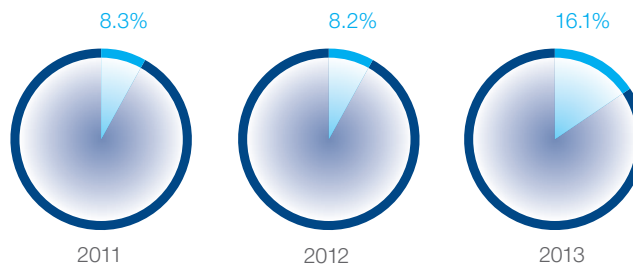
### KSK grain throughput, thous. tons



Compound annual growth rate (CAGR) in 2011-2013 – 34%.

### KSK share in deep-water ports throughput, %

Source: ASOP, management estimates

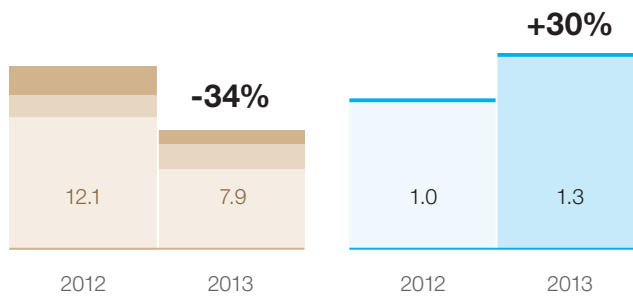


KSK share increased two-fold in 2013.

### Deep-water ports throughput, mln tons

- Tuapse
- Taman
- Novorossiysk

Source: management estimates



### KSK throughput, mln tons

KSK throughput increased by 30% against a 23% decline in export handling and 34% decline in deep-water ports' throughput.

By the start of the new 2013-2014 harvest season KSK introduced full capacity – **3.5 MLN TONS PER ANNUM**. Launch of railway cargo reception together with new grain silos with storage capacity of 116 thous. tons provided for a substantial throughput growth in the second half of 2013. Modern equipment allows simultaneous handling of various crops and provide clients with high-quality,

flexible services. Judging by cargo mix, KSK remains the most multifunctional terminal: share of wheat in KSK throughput is only 52%, whereas the average wheat share for other deep-water ports is 83%.

# PERFORMANCE

## KEY RESULTS

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In 2013 DELOPORTS completed two important transactions and demonstrated continuing positive dynamics in its key operating segments

- Share in Novorossiysk dry cargo throughput increased by 2.3 pp: from 15% to 17%.

DELOPORTS' share has been consistently increasing: in 2010 it amounted to 7.9%, in three years it increased more than two-fold.

In 2013 DELOPORTS throughput structure qualitatively improved, due to throughput increase in key operating segments and decline in supplementary cargo throughput (mainly trucks).

- Share in Novorossiysk container throughput increased by 5.5 pp: from 33% to 38%.

NUTEK represented 92% in the growth of container throughput of the port of Novorossiysk

- Share in Novorossiysk grain throughput increased by 13 pp: from 11% to 24%.

KSK posted a 30% growth in grain throughput against a 40% decline in Novorossiysk. This performance was achieved by completion of the grain terminal construction and launch of grain reception by rail.

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## DELOPORTS throughput increased by 8.5%, to 5,125 thous. tons:

- Container throughput increased by 29% reaching 277 thous. TEUs. Annual results demonstrate that NUTEK remains a priority terminal for clients. Container throughput growth in Azov-Black sea basin reached 64 thous. TEUs, of which NUTEK accounted for 62 thous. TEUs. Whereas growth in container throughput is tons equivalent was not as high due to the rising share of empty containers. In addition, the reduction of container-storage period resulted in NUTEK revenue increasing by 15% to 1.7 bln RUB.
- Grain throughput increased by 30% to 1.3 mln tons due to the completion of grain terminal construction and launch of rail reception (for KSK and NUTEK). KSK revenue increased by 42%. The growth was registered against a 23% decline in Russian grain exports.
- Growth in general and liquid cargo throughput was achieved by the increase in oil products handling at NNK. In 2013 the terminal handled 326 thous. tons of oil products, reaching its project capacity.
- Decline in Ro-Ro cargo throughput occurred due to the drop in ferry cargo headed for Sochi Olympic Games. Launch of the new Ro-Ro terminal at KSK had marginal influence on throughput volumes as a result of small weight of cars. However, handling of cars is a more marginal business, which resulted in an increase in revenue from Ro-Ro operations by 18%.
- Bunkering fuel sales increased by 59%, to 131 thous. tons with TOS revenue increasing by only 20%. Adverse layout of the bunkering market led to a substantial decline in bunkering fuel prices and thus in profitability of operations.

# PERFORMANCE

## KEY RESULTS

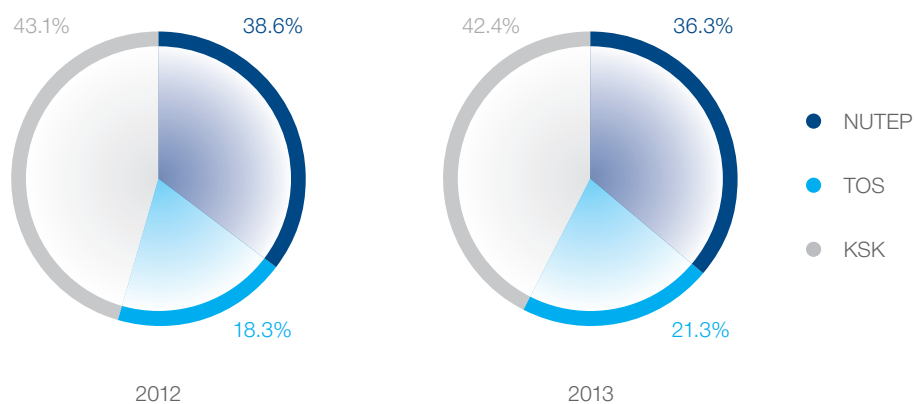
### Consolidated operating results

| thous. tons              | 2012         | 2013         | change     | %           |
|--------------------------|--------------|--------------|------------|-------------|
| Containers               | 2,159        | 2,449        | 290        | 13%         |
| Grain                    | 985          | 1,277        | 292        | 30%         |
| General and liquid cargo | 343          | 615          | 271        | 79%         |
| Autocars (Ro-Ro)         | 1,238        | 784          | (454)      | (37%)       |
| <b>Total throughput:</b> | <b>4,725</b> | <b>5,125</b> | <b>399</b> | <b>8,5%</b> |
| including:               |              |              |            |             |
| Containers, thous. TEUs  | 215          | 277          | 62         | 29%         |
| Trucks, thous. units     | 47           | 29           | (8)        | (38%)       |
| Cars, thous. units       | -            | 10           | 10         | 100%        |
| Bunkering fuel sales     | 83           | 131          | 49         | 59%         |

### DELOPORTS revenue structure

| mIn RUB                  | 2012         | 2013         | change     | %          |
|--------------------------|--------------|--------------|------------|------------|
| NUTEP                    | 1,486        | 1,713        | 227        | 15%        |
| KSK                      | 705          | 1,004        | 299        | 42%        |
| TOS                      | 1,658        | 1,997        | 339        | 20%        |
| Intergroup revenue       | (1)          | (8)          | (7)        |            |
| <b>DELOPORTS revenue</b> | <b>3,848</b> | <b>4,706</b> | <b>858</b> | <b>22%</b> |

### Revenue, segmental breakdown



# PERFORMANCE

## FINANCIAL RESULTS

### Key consolidated financials

| mIn RUB                                      | 2012    | 2013    | Change  | %     |
|--|---------|---------|---------|-------|
| <b>Key IFRS financials</b>                   |         |         |         |       |
| <b>Profit and loss statement</b>             |         |         |         |       |
| Revenue                                      | 3,848   | 4,706   | 858     | 22%   |
| Expenses                                     | (2,460) | (3,335) | (875)   | 36%   |
| Operating profit                             | 1,371   | 1,490   | 119     | 9%    |
| Net profit                                   | 1,166   | 672     | (494)   | (42%) |
| <b>Balance sheet and cash flow statement</b> |         |         |         |       |
| Assets                                       | 11,223  | 13,677  | 2,454   | 22%   |
| Net debt                                     | 5,310   | 2,381   | (2,929) | (55%) |
| CAPEX  | 1,700   | 493     | (1,207) | (71%) |
| Cash flow from operating activities          | 1,388   | 1,824   | 436     | 31%   |
| <b>Management accounts</b>                   |         |         |         |       |
| Adjusted operating profit                    | 1,371   | 1,490   | 119     | 9%    |
| Adjusted net profit                          | 835     | 1,132   | 237     | 36%   |
| EBITDA                                       | 1,724   | 1,805   | 81      | 5%    |
| EBITDA margin                                | 45%     | 38%     |         |       |
| Net debt / EBITDA                            | 3.1     | 1.3     |         |       |
| ROCE   | 15%     | 13%     |         |       |

### Revenue and expenses

In 2013 DELOPORTS revenue increased by 22% to 4.7 bln RUB. Expenses increased by 36%. Disproportional growth in expenses occurred due to the decline in profitability in the bunkering operating segment. Profitability in key operating segments remained stable.

### EBITDA

DELOPORTS EBITDA grew by 5% reaching 1.8 bln RUB. Growth in NUTEF and KSK EBITDA by 25% and 47% respectively was partially offset by TOS profitability decline by 80%.

### Adjusted net profit

Adjusted net profit increased by 36%. The adjustment was made due to substantial exchange rate differences from borrowings in foreign currency: in 2012 it had a positive effect, in 2013 – negative.

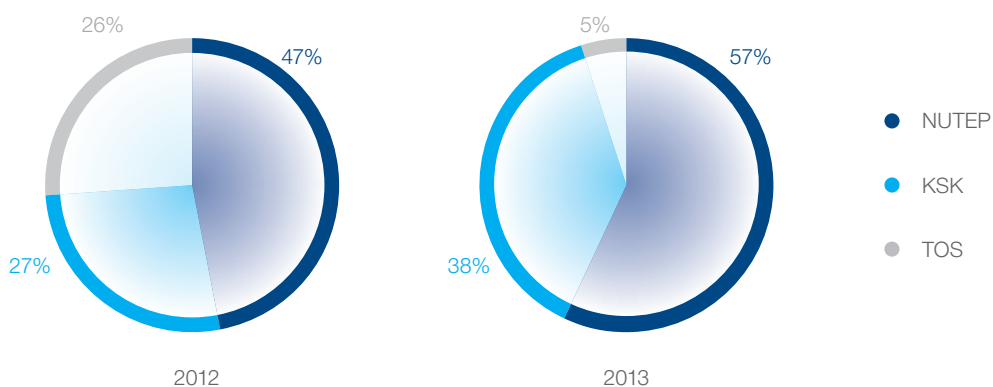
# PERFORMANCE

## EBITDA

### EBITDA breakdown

| mIn RUB                       | 2012         | 2013         | Change    | %         |
|-------------------------------|--------------|--------------|-----------|-----------|
| Net profit                    | 1,166        | 672          | (494)     | (42%)     |
| Amortization                  | 335          | 434          | 99        | 29%       |
| Financial income and expenses | 228          | 262          | 34        | 15%       |
| Foreign exchange differences  | (331)        | 460          | 791       | (239%)    |
| Income tax                    | 293          | 113          | (181)     | (62%)     |
| Other income and expenses     | 33           | (136)        | (169)     | (518%)    |
| <b>EBITDA</b>                 | <b>1,724</b> | <b>1,805</b> | <b>81</b> | <b>5%</b> |
| segmental breakdown:          |              |              |           |           |
| NUTEP                         | 800          | 1,003        | 203       | 25%       |
| KSK                           | 461          | 679          | 218       | 47%       |
| TOS                           | 449          | 90           | (359)     | (80%)     |
| Intergroup adjustments        | 14           | 33           | 20        | 145%      |
| <b>EBITDA</b>                 | <b>1,724</b> | <b>1,805</b> | <b>81</b> | <b>5%</b> |

EBITDA segmental breakdown



### Amortization

Amortization increased by 99 mln RUB in conjunction with the launch of grain terminal facilities, railway yard and modernization of container terminal.

### Foreign exchange differences

Foreign exchange differences were caused by revaluation of borrowings in foreign currency.

### Income tax

Decline of income tax is in line with the decline of net profit for the period.

### Other

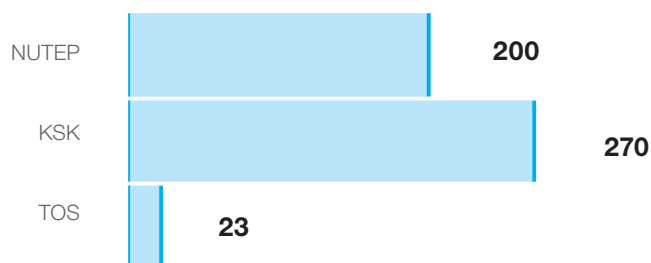
Other income and expenses include profit from NNK sale, sale of fixed assets and construction in progress.

# PERFORMANCE

## CAPITAL EXPENSES AND AND DEBT PROFILE

### Capital expenses, segmental breakdown (balance sheet), mln RUB

Main investments in 2013 were allocated towards: completion of railway yard construction, completion of grain handling complex construction including rail grain reception points, construction of Ro-Ro complex for cars handling. Noting that capital investments peaked in 2012. 2013 investments were fully funded by operating cash flows.



### Breakdown of Company's debt, by currency

#### Debt structure and net debt breakdown, mln RUB

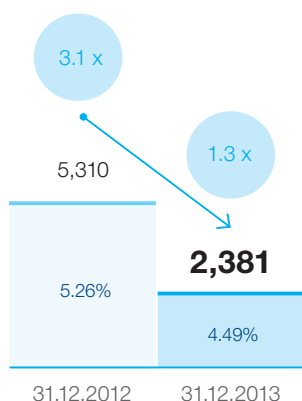
|                             | 31.12.2012   | %           | 31.12.2013   | %           |
|-----------------------------|--------------|-------------|--------------|-------------|
| Ruble                       | 120          | 2%          | 0            | 0%          |
| Euro                        | 528          | 10%         | 268          | 5%          |
| US Dollar                   | 4,736        | 88%         | 4,990        | 95%         |
| <b>Total</b>                | <b>5,384</b> | <b>100%</b> | <b>5,258</b> | <b>100%</b> |
| Cash                        | 74           |             | 2,877        |             |
| <b>Net debt</b>             | <b>5,310</b> |             | <b>2,381</b> |             |
| EBITDA                      | 1,724        |             | 1,805        |             |
| <b>Net debt / EBITDA, x</b> | <b>3.1</b>   |             | <b>1.3</b>   |             |

DELOPORTS reduced its leverage from 5.4 bln RUB to 5.3 bln RUB with the scheduled repayment of loans. By the end of 2013 a substantial cash balance was accumulated in the amount of 2.9 bln RUB as a result of net profit for the period and proceeds from

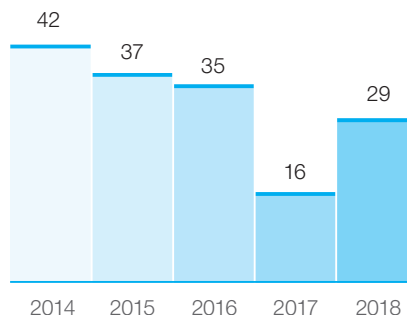
the sale of NNK and a stake in KSK. As a result, Net Debt / EBITDA decreased from 3.1x to 1.3x.

### Leverage and net debt, mln RUB

Average interest rate on borrowings in USD decreased from 5.26% to 4.49%.



### Repayment schedule, mln USD





# CORPORATE GOVERNANCE

## TOP-MANAGEMENT

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**TIMOFEY  
TELYATNIK**

President  
of DELO GROUP



**ANDREI  
BUBNOV**

Chief Financial Officer,  
DELO GROUP



**DMITRY  
PANKOV**

Chief Legal Officer,  
DELO GROUP



**SERGEY  
KLOCHKO**

Chief Executive Officer,  
NUTEP



**ALEKSEY  
AMAEV**

Chief Executive Officer,  
KSK



**OLEG  
NECHAEV**

Chief Executive Officer,  
TOS

# CORPORATE GOVERNANCE

## PRINCIPLES OF CONDUCTING BUSINESS

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### Consistency

DELOPORTS adopted key principles based on which it is building its long-term development program for each asset separately and the Group as a whole. These principles combine best practices of top market players, own experience and management's personal business perspective.

Until now the terminals of the Group were constructed and developed in accordance with the General Plan for development of South-West cargo district of the port of Novorossiysk, adopted in 2010. This General Plan provided a basis for strategic business-plan for each of the Group companies. Having an integrated program document secured an effective layout and technological cooperation of the terminals within a limited territory.

The active phase of construction was completed in 2013. It was marked with simultaneous completion of such key investment projects as construction of the railway yard, construction of grain terminal KSK, construction of oil products terminal NNK and them reaching their respective project capacities.

Evident results closer to the end of the year testified to the success of the development program. Successful transactions with "Cargill" and "Gazpromneft" became a logical interim conclusion to this program.

Looking forward, DELOPORTS explores new investment projects for its current assets. These projects remain consistent with the General development Plan. Our long-term positive experience gives a reasonable degree of certainty in their success. We also plan to continue to invest in terminals' technical modernization, their services and in improvement of working conditions – which combined should improve the quality of the service that we offer to our clients.

### Fast decision-making

"Delo" Group of companies made a breakthrough in the mid-2000s in terms of building a centralized corporate management system when it acquired "Kombinat "Stroikomplekt" in Novorossiysk and bought a 50% share in NUTEP from NKK shortly after. Thus a single pool of shareholders was formed for the Group of companies, which were later consolidated under the DELOPORTS umbrella. Such integrity allows DELOPORTS to avoid corporate conflicts and long approval process as to profit allocation, investment process or recruitment. Experience and professionalism of local directors and a lean management team helps tackling even the most difficult tasks in the minimal time.

In the end of 2013 after selling a share in KSK, the Group welcomed a strategic investor – Cargill – a leading international supplier and producer of agricultural, industrial products and services. Sharing international experience by our new partner will allow us to effectively bring our current decision-making procedures in line with best global practices.

### Setting priorities

The Group shareholders identified container and grain operating segments as priority market segments with highest growth potential and marginality.

Strict prioritization allowed to develop a focused investment program. As a result, DELOPORTS today handles 17% of Novorossiysk dry cargo, working only with the highest margin cargoes, which helps the Group to substantially outperform the competition in relative terms.

### Focus on quality

When doing business, DELOPORTS focuses on quality. We draw customers and partners by providing top-quality services. What does it mean in the day-to-day life? When purchasing equipment, we try to look beyond existing needs. When we hire personnel, we look only for professionals with market experience. When we provide handling services, we are guided by the best characteristics in terms of speed, safety and costs.

Only the highest standards of performance are able to provide results that our end customers would consider outstanding.

### Learning from third party experience

DELOPORTS had the advantage of carefully studying the experience of other companies, operating in Novorossiysk. The Group's assets were the last to be constructed in the region. Therefore DELOPORTS was able to avoid many mistakes, which other port operators had encountered.

This analysis revealed that long-term planning of port infrastructure and employment of the most modern technical solutions can lead to significant long-term benefits.

Purchase of modern equipment, which requires minimum maintenance in terms of cost and time, becomes a significant competitive advantage in terms of quality of services. Learning from third party experience, their track record and careful analysis of market trends enables DELOPORTS to effectively arrange processes and operations, develop long-term programs and create own unique business solutions.

## SOCIAL RESPONSIBILITY

### Adherence to the principles of sustainable development

DELOPORTS management appreciates that successful long-term development of the company is directly connected with a complex of measures of corporate and social responsibility in the area of its operations – the city of Novorossiysk and Krasnodarskiy kray. All DELOPORTS companies play an important role in the economic and social development of the region, adhere to the principles of corporate social responsibility and take into account the interests of all stakeholders – including their own employees, customers, trade unions and local authorities.

### DELOPORTS companies are the largest and best employers in Novorossiysk. It is prestigious to work with us!

The Company currently employs over 1,000 people and we are proud of the low level of "personnel turnover" in the Group. The Group consciously maintains the wages at above market levels. In addition, DELOPORTS pays a lot of attention to safety, social security and life quality of its employees:

- 1. Safety at work.** It is reached through operating the most modern and high-tech equipment, sound business processes and tight discipline.
- 2. Social security.** We have already unified the terms of voluntary medical insurance for our employees. We are planning to develop a joint offer by the banks for employees of the Group. Companies of DELOPORTS also support working mothers and their children; provide social support for retired employees and veterans.
- 3. Quality of life.** We are looking after the quality of the diet, length of the working day and cleanliness of workplaces. We guarantee regular vacations and weekly sports events for team-building purposes and supporting physical health.

### Introduction of best global practices

Partnership with a large international company Cargill allowed us to gain a set of advanced regulations and instructions, applied in foreign companies, on fighting corruption and workplace security. After this complex of measures is implemented at KSK, we want to spread this experience to other companies.



## SOCIAL RESPONSIBILITY



### Human capital deployment

We pay special attention to professional growth and development of our employees – both top-managers and regular staff. To that effect we arrange for regular attendance at specialized forums and conferences, trainings for career development. We also practice job retraining for employees in case of a need of requalification – we help our own employees to keep their jobs.

The world is always moving ahead, and we think that people working with us to build a successful business, have to keep up with time, improving professionally and staying in-line with the most recent trends.

### Participation in conferences and exhibitions

DELOPORTS is a regular participant in large Russian and international conferences and forums. Each year DELOPORTS is represented at the largest transport and logistics forum – “Trans Russia”. In 2013 KSK sponsored two grain conferences of Russian Grain Union in Gelendzhik and in Moscow and also participated in the largest international conference Global Grain in Geneva.

### Charity

Each year we receive a large number of requests and study each one very carefully. The annual budget of each of the Group's companies (NUTEP, KSK, TOS) includes allocations for charity. General policy is coordinated at DELOPORTS' level but Directors of the companies make the final call. Up until now our charity activity has been local and random but we would like to build a system where our efforts would go in line with local authorities and support the regional programs for social responsibility and development of the region.

In 2013 we purchased equipment for specialized kindergartens in Novorossiysk (№2 and №5). We were asked to render assistance in purchasing equipment for effective correction help for children for future successful studying at school. In December, prior to the New Year, KSK and NUTEP helped to purchase and install such equipment.



# DELOPORTS IN THE PRESS

THE COMPANY'S SUCCESSFUL OPERATIONS WERE NOTED BY THE LARGEST RUSSIAN AND INTERNATIONAL MASS-MEDIA

## Business Excellence

At the 2013 year-end a prominent international magazine Business Excellence published an extended article on the world's largest container operator – Maersk. DELOPORTS' container terminal NUTEP was distinguished as the most modern container terminal in the South of Russia.



## Black Sea Lines

Ukrainian magazine on container and liner shipment Black Sea Lines published an article about NUTEP in October. The attention of the magazine was attracted not only by outstanding operating results of the terminal but by the success story of a company, built greenfield.



## Expert

July issue of the "Expert" magazine published an extensive interview with Timofey Telyatnik, President of DELO GROUP.



## DELOPORTS IN THE PRESS



In December top federal mass media highlighted the transactions executed by DELOPORTS: partnership with Cargill and sale of 100% of NNK



### “Delo” share a terminal with Cargill

DELOPORTS sold 25% plus 1 share in “Kombinat “Stroikomplekt” (KSK) to American Cargill, – Russian company said. KSK owns a grain terminal in the port of Novorossiysk. (“Vedomosti”, 13.12.2013)



## Коммерсантъ

### “Gazpromneft” came to the Black Sea

“DELOPORTS closed the transaction on the sale of 100% of “Novorossiysk Petrotransshipment Complex” (NNK, annual capacity – 400 thous. tons of oil products). Group of companies “Delo” has a three-year contract for bunkering fuel transshipment”. (“Kommersant”, 20.12.2013)

**РУССКИЙ ВАРИАНТ**

Новороссийск чувствовал себя дефицит инфраструктуры. Все главные суда — причальные ставки, основа портового бизнеса, — были сконцентрированы в руках ИМТТ, а значимые участки, давшие доступ к воде, были крайне малоименны.

«Дело» пошло в юрисдикционной части порта оставалось, независимые игроки, которые не заинтересовали ИМТТ. Соинвестор «Совест-Маринер» (N-Тан) «Дело» приобрел целиком из рук, Новороссийское узкоев, грандиозно-индустриальное предприятие (НУТЖИ). Главной акцией НУТЖИ — причал для кораблей, так называемый Ро-Ро — причал для автомобильного транспорта, который сам заезжает и съезжает с судов. На этом причале НУТЖИ занимались. Зато в Минусках значительная часть местность, отнесенная от железнодорожной инфраструктуры в международный юридический статус. Территория НУТЖИ была распределена между несколькими компаниями. Мы это все собрали в единое юридическое лицо и начали строительство контейнерного терминала», — рассказывает президент ГК «Дело» Тимофей Телятников.

Следующий рынок компания открыла через пять лет. «Дело» приобрело заводские по соседству комбинат «Стройкомлекст» (KSK), а потом выкупило 50 процентов доли в НУТЖИ у НКК. «Так как у нас нет денег инвестировать, мы начали принимать решения быстро. Все мы решили, что надо купить причал, — причал и причал. У нас нет сложных организационных процедур, мы исходим из потребностей бизнеса. Это дает нам гибкость и скорость в принятии решений», — говорит о внутрикорпоративных отношениях Тимофей Телятников.

На базе НУТЖИ и НКК «Дело» стало развивать сразу четыре направления бизнеса: контейнерный терминал, морской терминал, бункеровку (заправка судов) и паромно-перевозку Ро-Ро. При этом контейнерный и морской терминалы — основные активы, приносящие сегодня самую большую выручку, причал, а также Ро-Ро имеют самую высокую рентабельность. «Мы занимаем сегодня в структуре Новороссийска около 15-16 процентов объема перевалки, но работаем с самыми рентабельными видами грузов. То есть, если сравнить, например, выручку на тонну по ступоразному портенту, то у нас она значительно выше, нежели у конкурентов», — говорит с-н Телятников.

**Обслужить порт**

Окупили часть портового терминала на Кав в России кону этого года, терминалы — три в Новороссийске, один в Тамани (заключена концессия 3

Медиа, который «Дело» три года назад.

**Вызрелые инвесторы**

Компания «Дело» родилась в далеком 1993 году, но участия в масштабных мировых активах и крупных аукционах она не принимала. Создателя компании сосредоточились на локальных услугах в Новороссийском порту и прокурили в итоге: вывели на рынок старейшие технологии перекачки топлива, стали, слабее: именно «Дело» впервые привлекло в Новороссийск группы и кон-

тейнеры. К концу 1990-х компания стала не только крупнейшим инвестором в порту, но и владельцем порта и ИМТТ в юрисдикционной области. «Новороссийскоспорт» (НУС), «Импортоэкспорт» (ИЭС), Новороссийский судоремонтный завод (НСРЗ) и так далее. Но акция мая Новороссийского порта поучу не удалось, и в 2005 году было принято решение развиваться самостоятельно. Миноритарные пакеты в акция в ИМТТ и его «дочках» были проданы, и вернувшиеся деньги пошли на закупку оставшихся на рынке активов. Уже тогда в

## GLOSSARY OF TERMS AND ABBREVIATIONS

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**EBITDA (a non-IFRS financial measure)** – acronym for “Earnings Before Interest, Tax, Depreciation and Amortization”, EBITDA is a financial term used to describe income before any deductions are made in respect of income tax, interest and depreciation. The term is used for comparison with sector analogues and allows the operating efficiency of a company to be determined independent of any debts owed to various creditors or the state and without any deductions having been made in respect of depreciation.

**CAPEX** – an abbreviation for “capital expenditure”; the term is used to describe purchase or modernisation of physical assets (industrial and residential buildings, equipment, technology, etc.).

**GAFTA** – the international Grain and Feed Trade Association was founded in 1878 for the purposes of creating international trading regulations and principles to protect the interests of all trading participants.

**Ro-Ro cargo** – logistics terminology for “roll on / roll off”, used to describe rolling cargo, able to drive (or be driven) on-board a ship and not therefore requiring crane lifting facilities. Ro-Ro cargo includes motor vehicles, buses, lorries, trailers, rail cars, goods wagons and other wheeled vehicles.

**RTG** (Rubber-Tyred Gantry crane) — an overhead gantry crane, which runs on pneumatic tyres and is primarily used in major cargo-handling terminals. Use of RTGs increases container storage density, due to the crane’s high block-stacking capability (up to 7 + 1 containers in height). The RTG lifting facility offers a more flexible alternative to rail-mounted cranes. RTGs markedly increase the productivity of cargo-handling terminals.

**Ship-to-Shore (STS) crane** – a dockside crane designed for loading / unloading duties with a hoisting jib equipped to handle containers. STS cranes are primarily designed for the loading and unloading of containers, but can also be used to lift other types of cargo on and off container vessels and container-carrying vehicles. Use of the STS crane markedly increases the cargo handling efficiency of the port.

**TEUs** – “twenty-foot equivalent unit” (TEU or teu) is the standard unit for measuring cargo vehicle storage capacity. The unit is often used to describe the storage capacity of container handling vehicles and container terminals. The unit is based on the volume of a 20-foot (6.1 metres) intermodal ISO container – a metal box of standard dimensions, which can be carried by various means of transport: by road, rail or ship.

**ASOP** – Association of Commercial Sea Ports – an association uniting more than 50 companies and organizations in the Russian maritime transportation sector. The main task of the association is to coordinate the professional community’s efforts to create conditions, under which maritime transportation companies can develop more effectively and enhance Russia’s maritime transport potential. Among ASOP’s members are the leading commercial sea ports, agency and expediting companies, scientific research institutes and maritime transportation training establishments.

**Azov-Black Sea basin** – a geographical region, which includes the Black Sea and the Sea of Azov and the coastal areas surrounding these waters, including the Crimean Peninsula. The main ports in the basin are Azov, Eisk, Novorossiysk, Taganrog, Sochi and Tuapse.

**Deep-water port** – a port having berthing facilities in water of at least 8 m depth. Deep-water ports are able to load and unload Panamax and Post Panamax vessels.

**The Far Eastern basin** – a geographical region in the north-east of Russia, located around the Peter the Great Bay, including the Bays of Vladivostok and Nakhodka in the Sea of Japan. The main ports of the basin are: Alexandrovsk-Sakhalinsky, Vladivostok, Magadan, Nakhodka, Okhotsk, Petropavlovsk-Kamchatsky, Provideniya, Sovetskaya Gavan, Ust-Kamchatsk, Kholmsk and Yuzhno-Sakhalinsk.

## GLOSSARY OF TERMS AND ABBREVIATIONS

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**KSK** – OJSC “Kombinat “Stroikomplekt” – a deep-water grain terminal with a throughput capacity of 3.5 mln tons (Novorossiysk). In addition to grain, the terminal handles general and Ro-Ro cargo.

**NCSP** – OJSC Novorossiysk Commercial Sea Port – a stevedoring company and member of the NMTP Group.

**NUTEP** – OJSC “Novorossiyskoye Uzlovoe Transportno-Expeditsionnoe Predpriyatie” – a container terminal in Novorossiysk with a throughput capacity of 350 thous. TEUs, which provides handling services for containers, general and Ro-Ro cargo.

**Percentage point (pp)** – the unit for the arithmetic difference of two percentages.

**EBITDA margin** (a non-IFRS financial measure) – a term used to measure the operating margin of a company. Calculated as a percentage, EBITDA margin is the ratio of profit before deduction (of interest, tax, wear and depreciation) to the gross income of the company.

**North-Western basin** – including the harbourages of the Baltic and Northern basins. The main ports in this region are: Saint Petersburg, Baltiysk, Vyborg, Kaliningrad, Arkhangelsk, Belomorsk, Dikson, Kandalaksha and Murmansk.

**Adjusted operating profit** – (a non-IFRS financial measure) – net profit, adjusted for revaluation of 50% shares of NUTEP in 2011.

**Adjusted net profit** – (a non-IFRS financial measure) – net profit adjusted for exchange rate differences from revaluation of borrowings, denominated in foreign currency and 50% shares of NUTEP in 2011.

**Stevedoring** – works associated with loading, unloading and storage of goods aboard the ship. Depending on the conditions of shipment, stevedoring works may be paid by either the forwarder or the vessel's owner.

**Post Panamax** – maritime terminology for container vessels of between 7 and 13,000 TEU capacity. Post Panamax vessels currently account for some 30% of global container fleet capacity.

**Dry cargo** – this type of cargo includes containers, bulk products and general merchandise.

**TOS** – LLC “Trans Oil Service” – a company providing bunkering services in the port of Novorossiysk. The company owns two bunkering vessels: “Melanie” and “Tsemes”.

## DISCLAIMER

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This report has been prepared by DELOPORTS for the purposes of summarising the results of the last financial year (2013) and includes all the information, which the Company considers necessary to present to its clients, shareholders, investors and employees.

### The Company has specified that the report be compiled in pursuit of the following goals:

1. To evaluate the current operating and financial results of DELOPORTS for the reporting year 2013, to determine and analyze the factors, which brought about changes in the values of those results in the reporting period.
2. To describe, conceptually analyse and explain the current plans of DELOPORTS in respect of the development and modernization of its assets, based on precise and detailed understanding of the current market situation, so as to evaluate the Company's own potential and prospects in the context of market growth.
3. To describe the current dynamics of demand for DELOPORTS services and the Company's plans for developing existing services, promoting new services, setting prices and pursuing pricing policy.
4. To describe those principles of business development and management, regarded as essential in pursuing the strategic plans of DELOPORTS and the commercial goals of its management.
5. To describe the current policy of DELOPORTS in the sphere of corporate development and to identify the course to be taken in order to refine its corporate management practice.

When collecting and processing the information, on which this report is based, DELOPORTS has drawn upon its own internal corporate statistics prepared by employees and partners, marketing observations and external analytical documents and reports. In addition to official data on the activities of DELOPORTS, this report also contains information supplied by third parties. In all cases, this information has been obtained from sources which, in our opinion, are both reliable and verifiable. We are, nevertheless, unable to guarantee the accuracy of any data received from third parties. Such data may have been provided in an abbreviated or incomplete form. All opinions and evaluations contained in this

report reflect the opinion of DELOPORTS on the day of publication and may be subject to change without prior notification.

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Any statement appearing in this report and able to be perceived as a prediction of future events may not, by definition, be taken and construed as such. All such statements are subject to the influence of such factors as risk and uncertainty, as well as to other factors, and actual results may not therefore correspond with those stated. The majority of such factors lie outside the control of DELOPORTS and cannot therefore be predicted by DELOPORTS. Taking into account the forementioned, we cannot recommend unconditional reliance on any statement included in this annual report, which relates to some future event.

DELOPORTS accepts no obligation to publicly revise or review such predictions, either for the purposes of refuting the occurrence of events or circumstances following publication of this report, or for the purposes of demonstrating the unforeseen nature of the event, with the exception of those cases, in which this is required in compliance with current legislation.

This report is not a public offer, nor an invitation to make an offer (advertisement), in respect of the purchase of, or subscription to DELOPORTS securities. Neither the report itself, nor any part thereof, nor the fact of its publication or distribution, constitutes grounds for the signing of any agreement or acceptance of investment decisions and the report should not be regarded as such.

DELOPORTS accepts no liability for any misuse of the material presented.

## APPENDIX

EXTRACTS FROM CONSOLIDATED FINANCIAL STATEMENTS OF DELOPORTS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2013 AND PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

### Balance Sheet

*In thousands of Russian Roubles*

|  | <b>31 Dec 2013</b> | <b>31 Dec 2012</b> |
|--|--------------------|--------------------|
| <b>ASSETS</b>                                    |                    |                    |
| <b>Non-current assets</b>                        |                    |                    |
| Property, plant and equipment                    | 5,890,719          | 6,044,104          |
| Goodwill   | 190,066            | 190,066            |
| Mooring rights and other intangible assets       | 4,041,257          | 4,150,206          |
| Investments in associates                        | 11,850             | 12,028             |
| Deferred income tax asset                        | -                  | 3,906              |
| Prepayments for non-current assets               | 90,882             | 114,016            |
| <b>Total non-current assets</b>                  | <b>10,224,774</b>  | <b>10,514,326</b>  |
| <b>Current assets</b>                            |                    |                    |
| Inventories                                      | 115,691            | 73,621             |
| Trade and other receivables                      | 431,669            | 462,953            |
| Current income tax prepayments                   | 6,275              | 97,357             |
| Non-current assets held for sale                 | 22,057             | -                  |
| Cash and cash equivalents                        | 2,876,591          | 74,575             |
| <b>Total current assets</b>                      | <b>3,452,283</b>   | <b>708,506</b>     |
| <b>TOTAL ASSETS</b>                              | <b>13,677,057</b>  | <b>11,222,832</b>  |
| <b>EQUITY</b>                                    |                    |                    |
| Share capital                                    | 3,036              | 3,004              |
| Share premium                                    | 587,870            | 580,370            |
| Capital contribution                             | 245,030            | 243,423            |
| Restructuring reserve                            | (300,946)          | (300,946)          |
| Translation reserve                              | 14,252             | (20,086)           |
| Retained earnings                                | 5,955,019          | 3,767,286          |
| <b>Equity attributable to the Group's owners</b> | <b>6,504,261</b>   | <b>4,273,051</b>   |
| Non-controlling interest                         | 265,438            | 42,730             |
| <b>TOTAL EQUITY</b>                              | <b>6,769,699</b>   | <b>4,315,781</b>   |
| <b>LIABILITIES</b>                               |                    |                    |
| <b>Non-current liabilities</b>                   |                    |                    |
| Long-term borrowings                             | 3,851,022          | 4,694,037          |
| Deferred income                                  | 10,211             | -                  |
| Deferred income tax liability                    | 1,210,411          | 1,192,982          |
| <b>Total non-current liabilities</b>             | <b>5,071,644</b>   | <b>5,887,019</b>   |
| <b>Current liabilities</b>                       |                    |                    |
| Short-term borrowings                            | 1,406,836          | 630,285            |
| Short-term loans from related parties            | -                  | 59,923             |
| Trade and other payables                         | 397,230            | 312,836            |
| Current income tax payable                       | 31,648             | 16,988             |
| <b>Total current liabilities</b>                 | <b>1,835,714</b>   | <b>1,020,032</b>   |
| <b>TOTAL LIABILITIES</b>                         | <b>6,907,358</b>   | <b>6,907,051</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>              | <b>13,677,057</b>  | <b>11,222,832</b>  |

## APPENDIX

### Profit and loss statement

*In thousands of Russian Roubles*

|  | 2013             | 2012             |
|--|------------------|------------------|
| <b>Continuing operations:</b>                                |                  |                  |
| Revenue  | 4,706,323        | 3,848,497        |
| Cost of sales  | (3,094,810)      | (2,255,573)      |
| <b>Gross profit</b>  | <b>1,611,513</b> | <b>1,592,924</b> |
| Selling, general and administrative expenses                 | (240,057)        | (204,085)        |
| Other operating income                                       | 240,212          | 3,492            |
| Other operating expenses                                     | (121,986)        | (20,970)         |
| <b>Operating profit</b>                                      | <b>1,489,682</b> | <b>1,371,361</b> |
| Share of result of associates                                | 8,912            | 4,068            |
| Finance income   | 46,515           | 22,987           |
| Finance costs  | (309,179)        | (250,993)        |
| Net foreign exchange (losses) / gains                        | (460,229)        | 330,604          |
| <b>Profit before income tax</b>                              | <b>775,701</b>   | <b>1,478,027</b> |
| Income tax expense   | (112,802)        | (293,392)        |
| <b>Profit for the year for continuing operations</b>         | <b>662,899</b>   | <b>1,184,635</b> |
| <b>Discontinued operations:</b>                              |                  |                  |
| Profit / (loss) for the year from discontinued operations    | 8,694            | (19,083)         |
| <b>PROFIT FOR THE YEAR</b>                                   | <b>671,593</b>   | <b>1,165,552</b> |
| Exchange differences on translation to presentation currency | 34,338           | (32,337)         |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>               | <b>705,931</b>   | <b>1,133,215</b> |
| <b>Profit is attributable to:</b>                            |                  |                  |
| - Owners of the Group  | 653,580          | 1,151,378        |
| - Non-controlling interest                                   | 18,013           | 14,174           |
| <b>Profit for the year</b>                                   | <b>671,593</b>   | <b>1,165,552</b> |
| <b>Total comprehensive income is attributable to:</b>        |                  |                  |
| - Owners of the Group from continuing operations             | 679,224          | 1,138,124        |
| - Owners of the Group from discontinued operations           | 8,694            | (19,083)         |
| - Non-controlling interest                                   | 18,013           | 14,174           |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>               | <b>705,931</b>   | <b>1,133,215</b> |

## APPENDIX

### Cash flow statement

| <i>In thousands of Russian Roubles</i>                         | 2013             | 2012               |
|--|------------------|--------------------|
| <b>Cash flows from operating activities</b>                    |                  |                    |
| Profit for the year for continuing operations                  | 662,899          | 1,184,635          |
| Profit/(loss) for the year for discontinued operations         | 8,694            | (19,083)           |
| Adjustments for:   |                  |                    |
| Gain on disposal of subsidiary                                 | (236,363)        | -                  |
| Depreciation of property, plant and equipment                  | 340,581          | 234,951            |
| Amortisation of intangible assets                              | 108,948          | 108,949            |
| Net loss on disposals of property, plant and equipment         | 83,068           | 5,557              |
| Share of profits in associates                                 | (8,912)          | (4,068)            |
| Loss on liquidation of associate                               | 689              | -                  |
| Finance costs  | 314,393          | 258,985            |
| Finance income   | (47,441)         | (22,987)           |
| Foreign exchange losses / (gains) on financing activities      | 449,057          | (328,810)          |
| Reversal of impairment of receivables and prepayments          | -                | (2,871)            |
| Income tax expense   | 125,463          | 292,430            |
| <b>Operating cash flows before working capital changes</b>     | <b>1,801,076</b> | <b>1,707,688</b>   |
| Increase /(decrease) in inventories                            | (43,112)         | 23,200             |
| (Decrease) /increase in trade and other receivables            | 24,116           | (74,444)           |
| Increase /(decrease) in trade and other payables               | 35,218           | (1,829)            |
| <b>Operating cash flows including working capital changes</b>  | <b>1,817,298</b> | <b>1,654,615</b>   |
| Income taxes refund /(paid)                                    | 6 220            | (267,005)          |
| <b>Net cash from operating activities</b>                      | <b>1,823,518</b> | <b>1,387,610</b>   |
| <b>Cash flows from investing activities</b>                    |                  |                    |
| Purchase of property, plant and equipment                      | (461,202)        | (1,465,537)        |
| Proceeds from sale of property, plant and equipment            | 504              | 5,705              |
| Loans granted to related parties                               | (414,563)        | (80,000)           |
| Loan repayments received from related parties                  | 391,830          | 54,750             |
| Loans granted to third parties                                 | (2,000)          | -                  |
| Loan repayments received from third parties                    | 10,000           | -                  |
| Dividends received from associates                             | 8,401            | -                  |
| Sale of subsidiaries, net of cash disposed                     | 410,526          | -                  |
| Interest received  | 16,862           | 9,934              |
| <b>Net cash used in investing activities</b>                   | <b>(39,642)</b>  | <b>(1,475,148)</b> |
| <b>Cash flows from financing activities</b>                    |                  |                    |
| Proceeds from shareholder's contributions                      | 1,607            | 350 624            |
| Proceeds from governmental grants                              | 34,791           | -                  |
| Sale of non-controlling interest, net of transaction costs     | 2,047,171        | -                  |
| Proceeds from borrowings                                       | 2,444,158        | 341,538            |
| Repayment of borrowings  | (2,997,702)      | (417,103)          |
| Interest and commissions paid                                  | (326,120)        | (326,315)          |
| Dividends paid to the Group's shareholders                     | (185,765)        | (32,000)           |
| <b>Net cash generated from /(used in) financing activities</b> | <b>1,018,140</b> | <b>(83,256)</b>    |
| Net increase /(decrease) in cash and cash equivalents          | 2,802,016        | (170,794)          |
| <b>Cash and cash equivalents at the beginning of the year</b>  | <b>74,575</b>    | <b>245,369</b>     |
| <b>Cash and cash equivalents at the end of the year</b>        | <b>2,876,591</b> | <b>74,575</b>      |

