



nostrum

Oil & Gas



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# 2013 Full Year Results – At a Glance

# RECORD FINANCIAL AND OPERATIONAL RESULTS IN 2013

## Nostrum continues to deliver record results and meet its targets in 2013

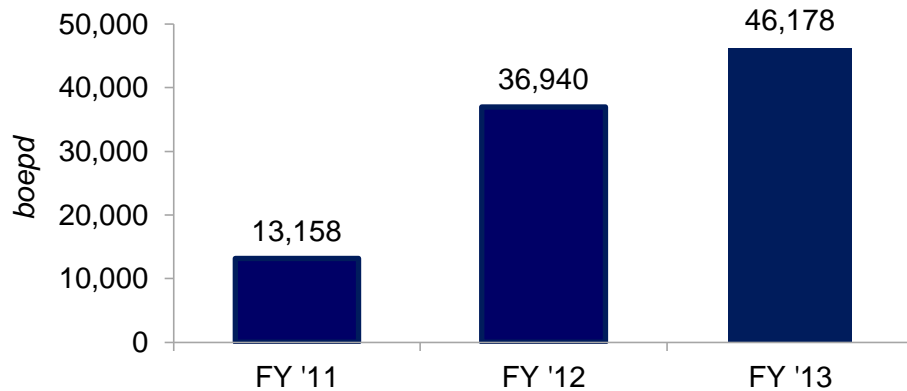
- 1 25% increase increase in production – to 46,178 boepd in 2013
- 2 2P Reserves now stand at 582m (20% increase over FY '12)
- 3 Record EBITDA of US\$551m (21% increase over FY'12) margins maintained above 60%
- 4 Increased operational cash flow – US\$360m in FY '13 (23% increase over FY '12)
- 5 Strong overall cash position – US\$244m<sup>1</sup> in FY '13
- 6 Acquired 3 new fields for US\$16m, adding 98m of 2P reserves

A year of delivery and laying the foundations for further growth

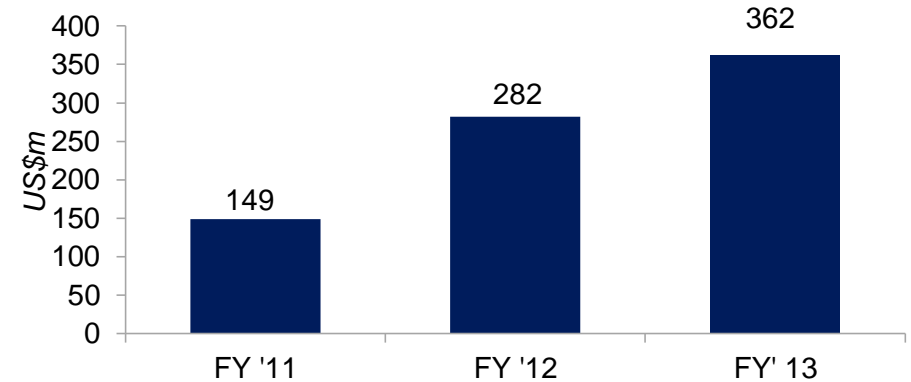
(1) Defined as Cash & Cash Equivalents + Restricted Cash + Short-Term Investments + Non-Current Investments

# Progress – Snapshot

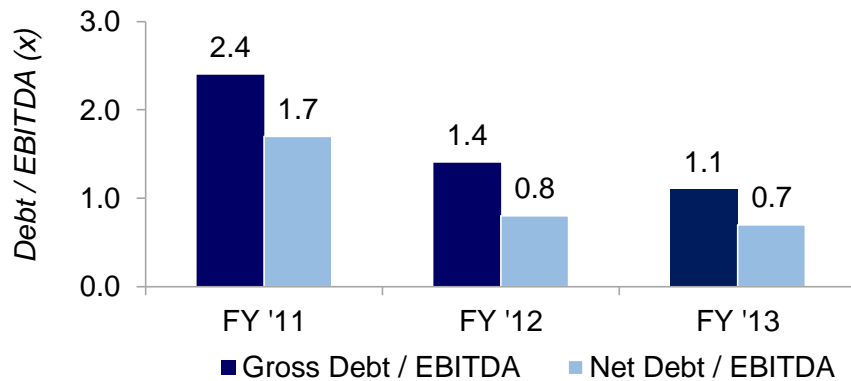
## Production: + 25%



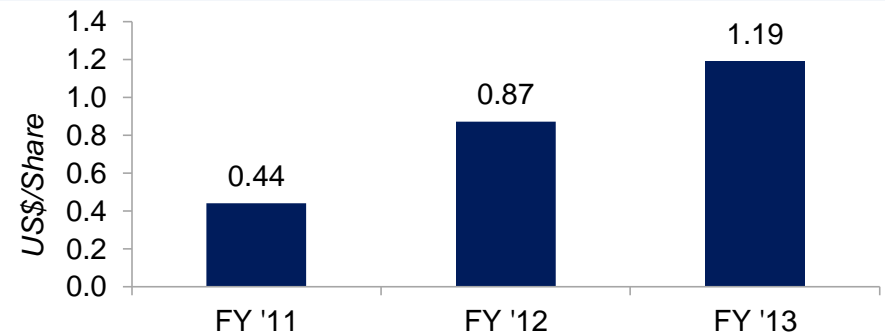
## Operating profit <sup>(1)</sup>: + 28%



## Robust Credit Metrics: Net debt / EBITDA at 0.7x



## Earnings per share: + 37%



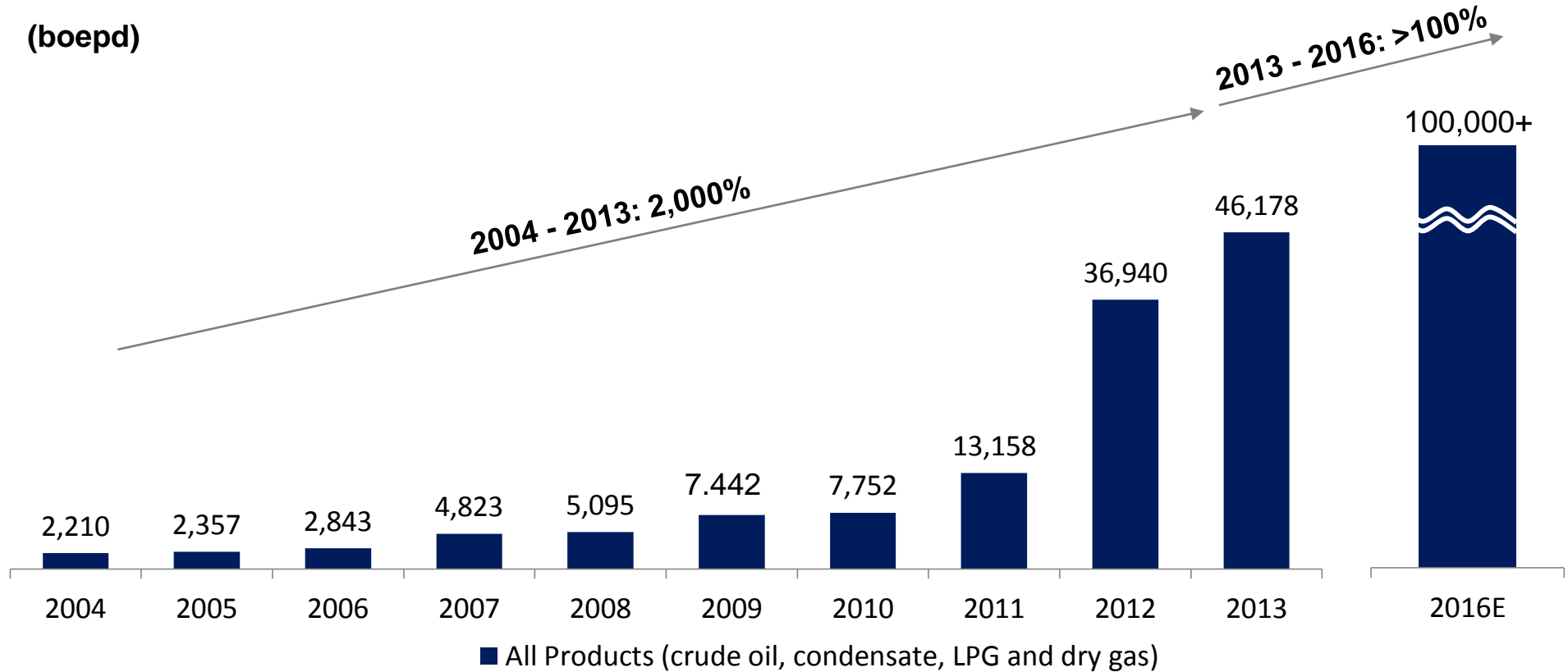
Increased production leads to greater profit. Healthy credit metrics maintained with the diligent capex programme

(1) Defined as Profit before Income Tax

# Double Production in Next 36 Months

## Nostrum Oil & Gas - Historical & Projected Production

(boepd)



Chinarevskoye provides scalable near term production





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# 2013 Full Year Financial Results

# Financial Overview – FY 2013 vs. FY 2012

US\$m (unless otherwise stated)	FY 2011	FY 2012	FY 2013	Change from FY 12 to FY 13 (%)
<b>Revenue</b>	343	737	<b>895</b>	21%
Operating Profit	149	282	<b>362</b>	28%
<b>EBITDA<sup>(1)</sup></b>	188	457	<b>551</b>	21%
Net income	82	162	<b>220</b>	35%
Earnings per share (US\$) <sup>(2)</sup>	0.44	0.87	<b>1.19</b>	37%
Dividend per share (US\$)	-	<b>0.32</b>	<b>0.34</b>	7%
Net cash used in investing activities	(104)	(270)	<b>(239)</b>	(11%)
Net cash flows from operating activities	132	292	<b>359</b>	23%
Gross debt	448	623	<b>628</b>	1%
Cash & cash equivalents <sup>(4)</sup>	128	251	<b>244</b>	(3%)
Net debt <sup>(5)</sup>	319	372	<b>384</b>	3%
<b>Net debt / EBITDA</b>	1.7x	0.8x	<b>0.7x</b>	(14%)

**Substantial growth in profit and operating cashflow combined with a capital structure that facilitates a balanced approach to investing in growth and shareholder return**

(1) Defined as Profit Before Tax + Road Maintenance Expenses + Finance Costs + Foreign Exchange Loss/(Gain) + ESOP + Depreciation – Interest Income + Other Expenses / (Income)

(2) Based on an average of 187m GDR's across 2011, 12 and 13

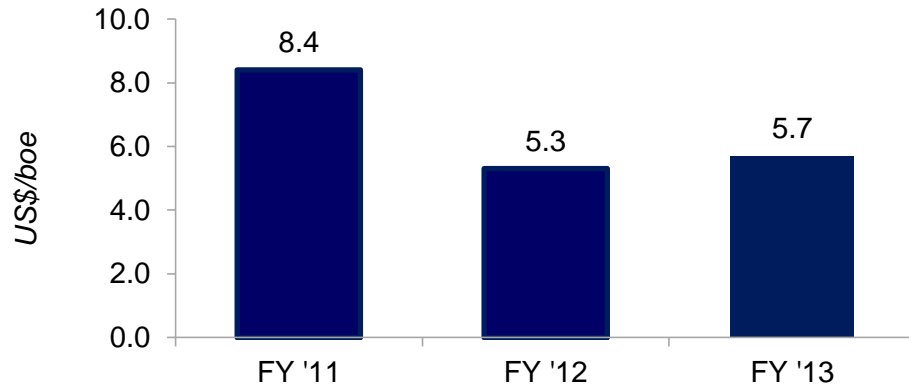
(3) Dividend approved on June 28, 2013 with a record date of July 19, 2013 and paid on July 26, 2013

(4) Defined as Cash & Cash Equivalents + Restricted Cash + Short-Term Investments + Non-Current Investments

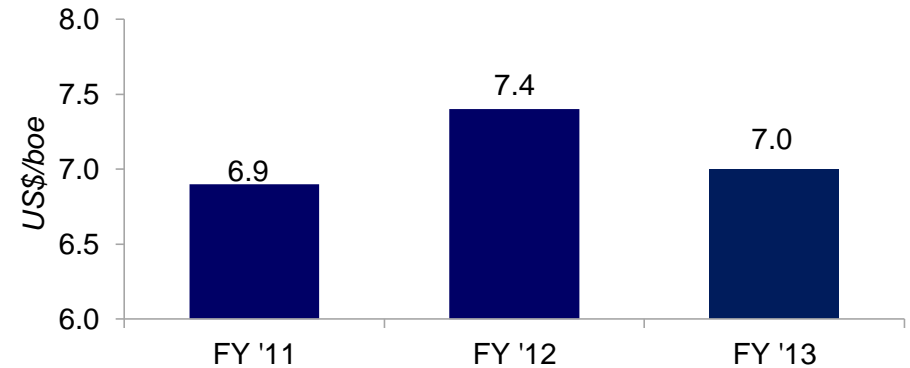
(5) Defined as Total Debt - Cash & Cash Equivalents - Restricted Cash - Short-Term Investments - Non-Current Investments

# Key performance indicators

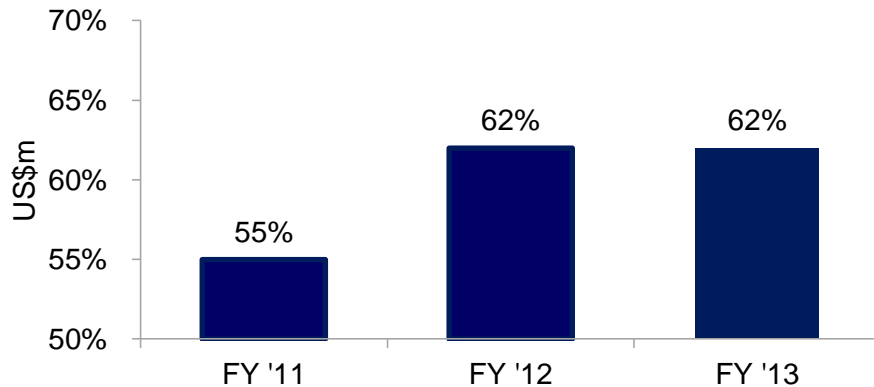
Opex/boe<sup>(1)</sup>



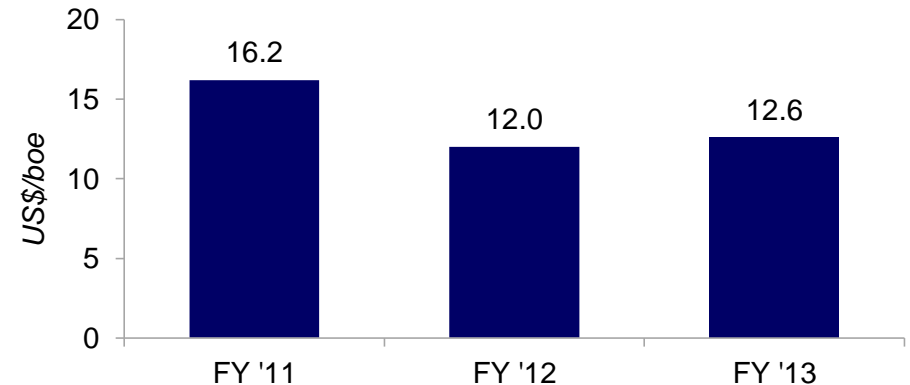
Transport costs/boe



EBITDA margin



Tax/boe<sup>(2)</sup>



Operating metrics improve as production increases

(1) Opex defined as Cost of Sales – Depreciation – Road Maintenance Expenses – PSA Expenses

(2) Tax includes royalties, government share and income tax expenses



# Strong Balance Sheet and Enhanced Credit Metrics

## Highlights

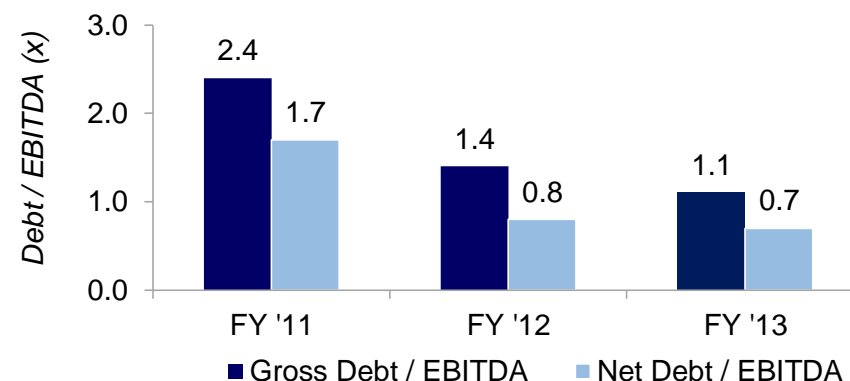
- Net Debt/TTM EBITDA kept below 1x at 0.7x
- Maintenance of EBITDA margins despite lower oil prices
- Closing cash of US\$244m for FY '13

## FY 2013 Net Debt – US\$383m

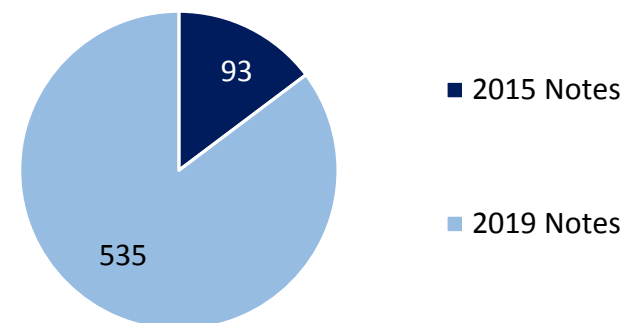
US\$m

<b>Total debt, including:</b>	<b>628</b>
2015 Notes	93
2019 Notes	535
<b>Cash &amp; cash equivalents<sup>(1)</sup></b>	<b>244</b>
<b>Net Debt</b>	<b>384</b>

## Credit Metrics – Net debt / EBITDA < 1.0 x



## Maturity Profile – 85% > 5 years



Robust capital structure ensures significant financial flexibility is retained

(1) Defined as Cash & Cash Equivalents + Restricted Cash + Short-Term Investments + Non-Current Investments

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## 2013 Full Year Results – Detailed

# Consolidated Statement of Financial Position

<i>In thousands of US Dollars</i>	<b>December 31, 2013</b> (audited)	December 31, 2012 (audited)	December 31, 2011 (audited)
<b>ASSETS</b>			
Exploration and evaluation assets	20,434	-	
Goodwill	30,386	-	
Property, plant and equipment	1,330,903	1,222,665	1,120,453
Restricted cash	4,217	3,652	3,076
Non-current investments	30,000	-	
Advances for non-current assets	10,037	25,278	3,368
<b>Non-current assets</b>	<b>1,425,977</b>	<b>1,251,595</b>	<b>1,126,897</b>
Inventories	22,085	24,964	14,518
Trade receivables	66,565	54,004	12,640
Prepayments and other current assets	31,192	24,369	23,279
Income tax prepayment	5,042	-	3,453
Short-term investments	25,000	50,000	-
Cash and cash equivalents	184,914	197,730	125,393
<b>Current assets</b>	<b>334,798</b>	<b>351,067</b>	<b>179,283</b>
<b>TOTAL ASSETS</b>	<b>1,760,775</b>	<b>1,602,662</b>	<b>1,306,180</b>
<b>EQUITY AND LIABILITIES</b>			
Partnership capital	350,123	371,147	368,203
Additional paid-in capital	8,126	6,095	1,677
Retained earnings and translation reserve	474,202	317,862	215,351
<b>Partnership capital and reserves</b>	<b>832,451</b>	<b>695,104</b>	<b>585,231</b>
Long-term borrowings	621,160	615,742	438,082
Abandonment and site restoration liabilities	13,874	11,064	8,713
Due to Government of Kazakhstan	6,021	6,122	6,211
Deferred tax liability	152,545	148,932	146,674
<b>Non-current liabilities</b>	<b>793,600</b>	<b>781,860</b>	<b>599,680</b>
Current portion of long term borrowings	7,263	7,152	9,450
Employee share option plan	12,016	9,788	11,734
Trade payables	58,518	58,390	81,914
Advances received	-	60	3,154
Income tax payable	1,232	11,762	-
Current portion of Due to Government	1,031	1,031	1,031
Other current liabilities	54,664	37,515	13,986
<b>Current liabilities</b>	<b>134,724</b>	<b>125,698</b>	<b>121,269</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,760,775</b>	<b>1,602,662</b>	<b>1,306,180</b>

Source: IFRS Financial Statements.



# Consolidated Statement of Comprehensive Income

*In thousands of US Dollars*

**Full year ended December 31,**

	<b>2013</b> <b>(audited)</b>	2012 (audited)	2011 (audited)
<b>Revenue</b>			
Revenue from export sales	<b>765,029</b>	630,412	284,548
Revenue from domestic sales	<b>129,985</b>	106,653	16,289
	<b>895,014</b>	737,065	300,837
 Cost of sales	 <b>(286,222)</b>	 (238,224)	 (70,805)
<b>Gross profit</b>	<b>608,792</b>	498,841	230,032
 General and administrative expenses	 <b>(60,449)</b>	 (64,882)	 (36,405)
Selling and transportation expenses	<b>(121,674)</b>	(103,604)	(35,395)
Finance costs	<b>(43,615)</b>	(46,785)	(4,717)
FX (loss) / gain, net	<b>(636)</b>	776	(389)
Interest income	<b>764</b>	698	336
Other expenses	<b>(25,593)</b>	(6,612)	(7,855)
Other income	<b>4,426</b>	3,940	3,365
 <b>Profit before income tax</b>	 <b>362,015</b>	 282,372	 148,972
 Income tax expense	 <b>(142,496)</b>	 (120,363)	 (67,348)
 <b>Profit for the period</b>	 <b>219,519</b>	 162,009	 81,624

Source: IFRS Financial Statements.

# Consolidated Statement of Cash Flows

*In thousands of US Dollars*

	Full year ended December 31,		
	2013 (audited)	2012 (audited)	2011 (audited)
<b>Cash flow from operating activities:</b>			
Profit before income tax	362,015	282,372	148,972
Adjustments for:			
Depreciation, depletion and amortization	120,370	102,711	19,843
Employee share option plan	4,430	2,470	3,545
Finance costs	43,615	46,458	4,717
Interest income	(764)	(698)	(336)
Reversal of tax provision	-	-	(728)
FX (gain)/loss	(48)	(745)	202
<b>Operating profit before working capital changes</b>	<b>529,714</b>	<b>432,568</b>	<b>176,215</b>
Changes in working capital	(14,503)	(42,154)	(28,867)
<b>Cash generated from operations</b>	<b>515,211</b>	<b>390,414</b>	<b>147,348</b>
Income tax paid	(154,455)	(94,173)	(13,210)
Payments under Employee Share Option Plan	(2,202)	(4,416)	(1,915)
<b>Net cash flow from operating activities</b>	<b>358,554</b>	<b>291,825</b>	<b>132,223</b>
<b>Cash flow from investing activities:</b>			
Interest received	764	698	336
Purchases of PP&E	(201,306)	(210,283)	(104,017)
Acquisition of Probel	(28,433)	-	-
Placement of non-current bank deposits	(30,000)	-	-
Placement of current bank deposits	25,000	(50,000)	-
Prepayments for licenses	(5,045)	(10,089)	-
<b>Net cash used in investing activities</b>	<b>(239,020)</b>	<b>(269,674)</b>	<b>(103,681)</b>
<b>Cash flow from financing activities:</b>			
Finance costs paid	(49,613)	(53,735)	(50,583)
Issue of notes		560,000	-
Fees paid on arrangement notes and borrowings		(7,259)	-
Repayment of notes (inc. premium paid for early repayment)		(395,904)	-
Transfer to restricted cash	(565)	(576)	667
Treasury shares sold	(18,993)	7,362	2,938
Realised gain on derivative financial instrument		-	(372)
Distributions paid	(63,179)	(59,498)	-
<b>Net cash used in financing activities</b>	<b>(132,350)</b>	<b>50,390</b>	<b>(47,350)</b>
<b>Net increase/(decrease) in cash</b>	<b>(12,816)</b>	<b>72,337</b>	<b>(18,808)</b>
Cash, BOP	197,730	125,393	144,201
<b>Cash, EOP</b>	<b>184,914</b>	<b>197,730</b>	<b>125,393</b>

Source: IFRS Financial Statements.

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