



nostrum
Oil & Gas

Q3 2014 results

26 November 2014

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Oil & Gas

V-442A

Consistently delivering against targets

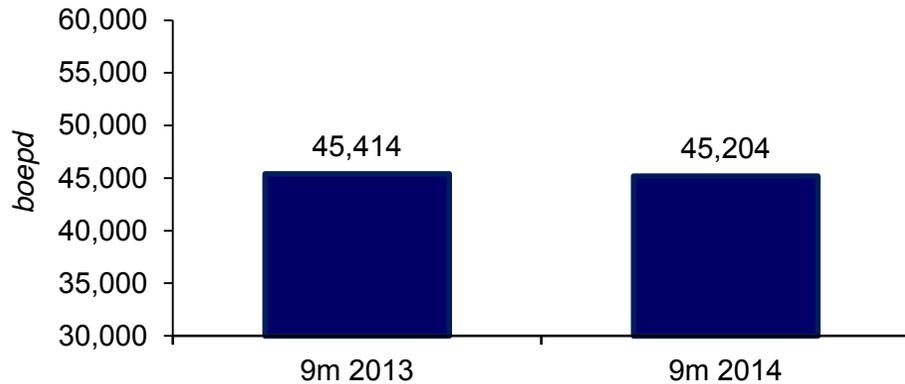
- 1 Inclusion in the FTSE 250 index on the London Stock Exchange
- 2 Stable production volumes — 45,204 boepd¹ vs. 45,000 boepd guidance
- 3 Fully funded and on track for GTU3 — doubling production by end of 2016
- 4 Maintenance of superior margins — +67% EBITDA margin for the period
- 5 Strong cash flow generation — \$304mm operating cash flows for the period
- 6 Robust capital position — \$516mm cash and equivalents (0.8x net debt / LTM EBITDA)

Nostrum remains strongly positioned to deliver its production growth targets

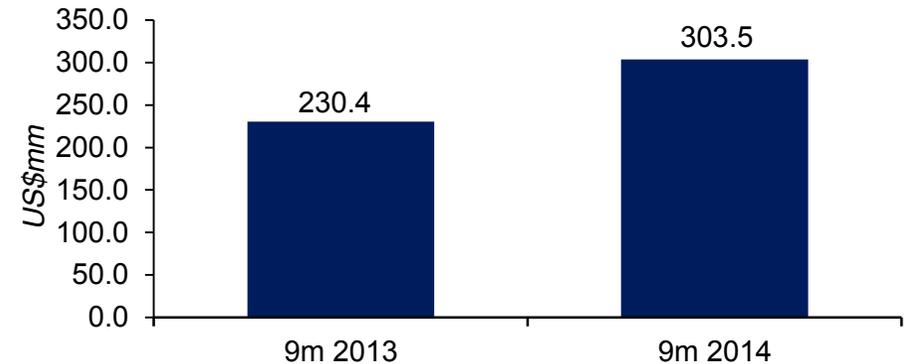
(1) Average daily production for the nine month period to 30 September. Q3 production volumes were affected by customary GTU maintenance during which the plant was shut down (26 September – 5 October)

Progress – Snapshot

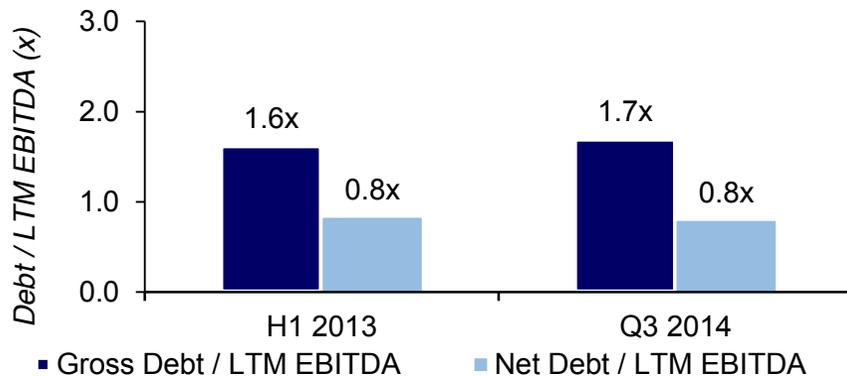
Production



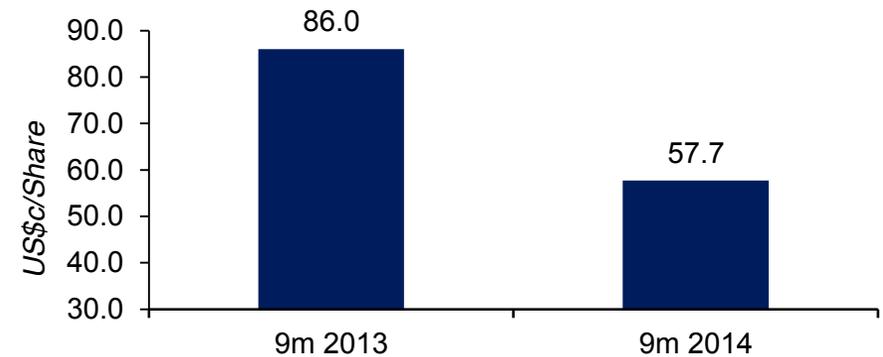
Net Operating Cash flows⁽¹⁾



Robust Credit Metrics



Earnings per share



(1) As reported in the consolidated group cash flow statement



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Q3 2014 Financial results

Financial Overview – Q3 2014

| US\$mm (unless otherwise stated) | 9m 2014 | 9m 2013 | Change |
|---|---------|---------|---------|
| Revenue | 620.3 | 657.2 | (5.6%) |
| EBITDA ⁽¹⁾ | 413.2 | 412.0 | 0.3% |
| Profit Before Tax | 225.7 | 267.1 | (15.5%) |
| Net income | 108.6 | 161.8 | (32.9%) |
| Earnings per share (US\$c) ⁽²⁾ | 0.58 | 0.86 | (32.9%) |
| Distribution per common unit (US\$c) | 35.0 | 34.0 | 2.9% |
| Capital expenditure ⁽³⁾ | 200.8 | 156.6 | 28.2% |
| Net cash flows from operating activities | 303.5 | 230.4 | 31.7% |
| Gross debt | 947.0 | 652.5 | 45.0% |
| Cash & cash equivalents ⁽⁴⁾ | 515.5 | 225.0 | 129.1% |
| Net debt ⁽⁵⁾ | 431.5 | 427.5 | 1.1% |
| Net debt / LTM EBITDA | 0.8x | 0.8x | — |

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

(2) Based on a weighted average no. of shares for Q3 2014 of 188.2m and 188.2m for Q3 2013

(3) Purchases of property, plant and equipment + purchase of exploration and evaluation assets

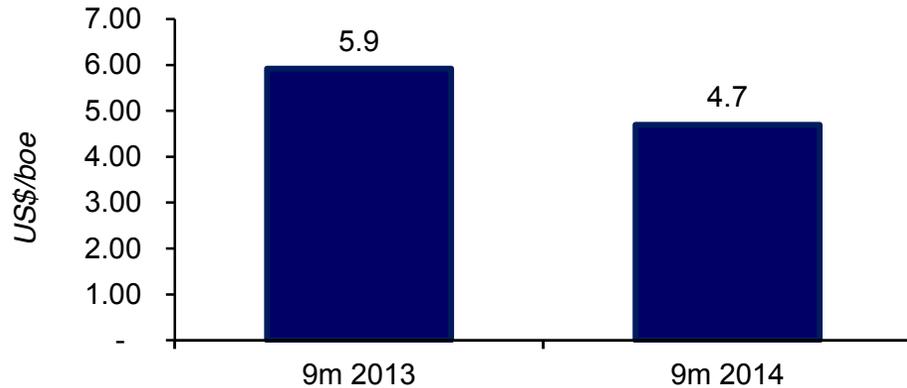
(4) Defined as Cash & Cash Equivalents + Current Investments + Non-Current Investments

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

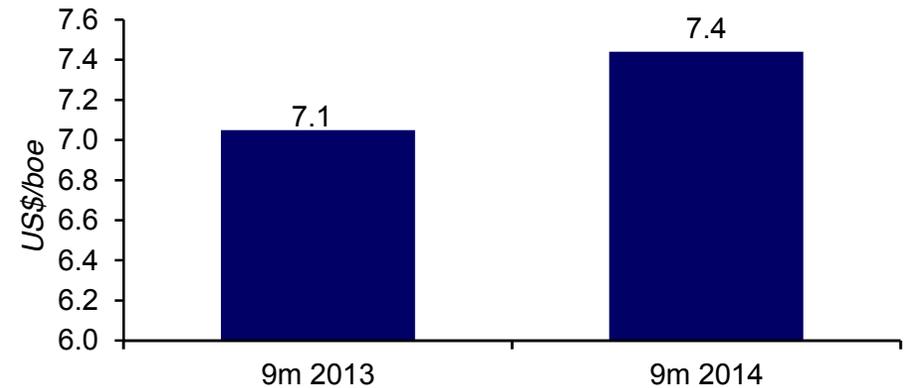
(6) FY 2013 figures for balance sheet line items

Key performance indicators

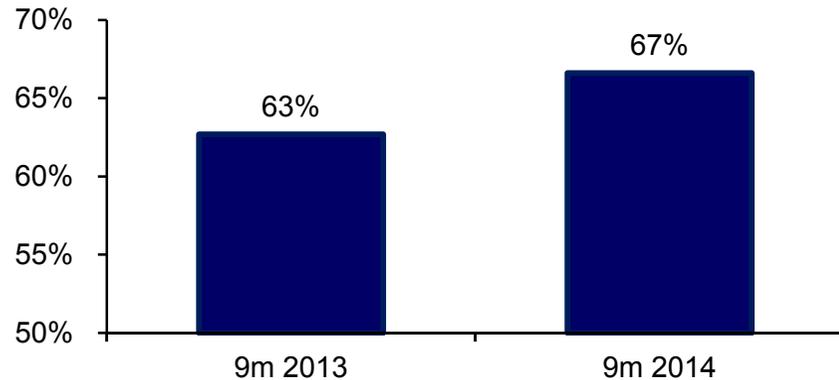
Opex/boe⁽¹⁾



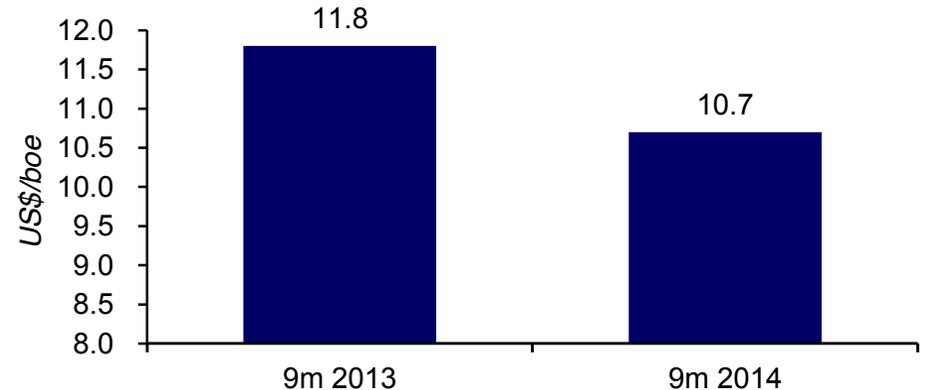
Transport costs/boe



EBITDA margin



Tax/boe⁽²⁾



Operating metrics remain well controlled

(1) Opex defined as Cost of Sales – Depreciation – Royalties – Government profit share
(2) Total income tax expense + Royalties + Government profit share

Strong Balance Sheet and Enhanced Credit Metrics

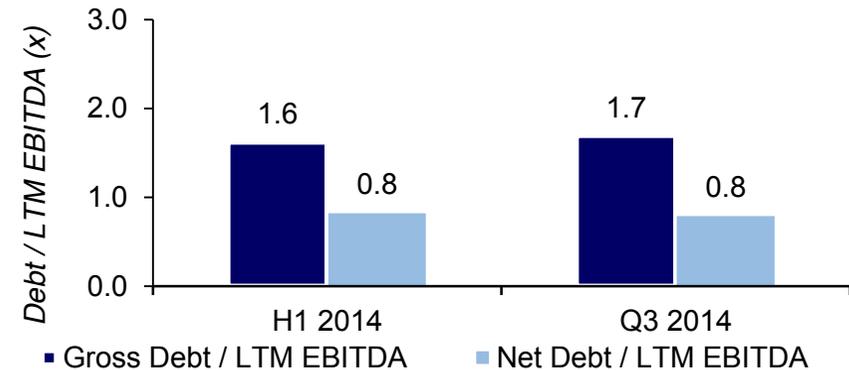
Highlights

- +67% EBITDA margin
- +13% increase in cash position during Q3 2014 to US\$515.5mm (H1 2014 US\$458.2mm)
- Successful early repayment of 2010 Notes in April 2014

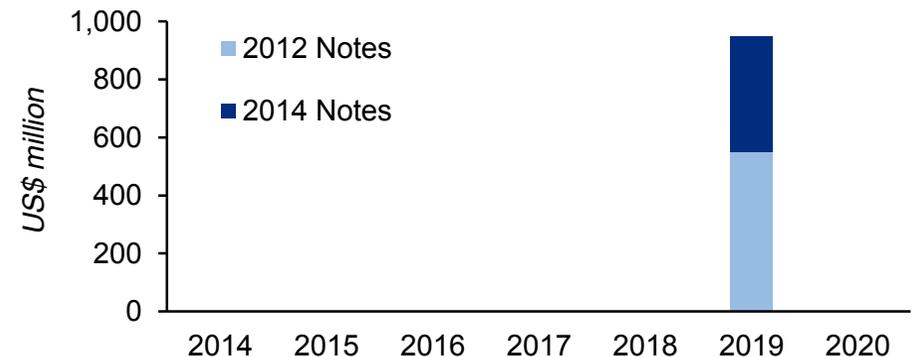
Q3 2014 Net Debt – US\$483.6mm

| US\$mm | |
|--|--------------|
| Total debt, including: | 947.0 |
| 2012 Notes (US\$560m, 7.125% annual coupon) | 549.4 |
| 2014 Notes (US\$400m, 6.375% annual coupon) | 397.6 |
| Cash & cash equivalents⁽¹⁾ | 515.5 |
| Net Debt | 431.5 |

Credit Metrics



Maturity Profile



Robust capital structure ensures significant financial flexibility is maintained

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

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Supporting materials

Consolidated Statement of Financial Position

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

| <i>In thousands of US Dollars</i> | Notes | 30 September 2014 (unaudited) | 31 December 2013 (audited) |
|--|-------|----------------------------------|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Exploration and evaluation assets | 3 | 22,598 | 20,434 |
| Goodwill | | 30,386 | 30,386 |
| Property, plant and equipment | 4 | 1,393,616 | 1,330,903 |
| Restricted cash | 8 | 4,823 | 4,217 |
| Advances for non-current assets | 5 | 54,305 | 10,037 |
| Derivative financial instruments | 19 | 2,894 | – |
| Non-current investments | 6 | – | 30,000 |
| | | 1,508,622 | 1,425,977 |
| Current assets | | | |
| Inventories | | 28,195 | 22,085 |
| Trade receivables | 7 | 54,837 | 66,565 |
| Prepayments and other current assets | | 38,992 | 31,192 |
| Income tax prepayment | | – | 5,042 |
| Current investments | 6 | 25,000 | 25,000 |
| Cash and cash equivalents | 8 | 490,503 | 184,914 |
| | | 637,527 | 334,798 |
| TOTAL ASSETS | | 2,146,149 | 1,760,775 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| | 9 | | |
| Share capital | | 3,203 | – |
| Treasury capital | | (57) | (30,751) |
| Partnership capital | | – | 380,874 |
| Share premium | | 2,513 | – |
| Additional paid-in capital | | – | 8,126 |
| Retained earnings and reserves | | 874,527 | 474,202 |
| | | 880,186 | 832,451 |
| Non-current liabilities | | | |
| Long-term borrowings | 11 | 928,495 | 621,160 |
| Abandonment and site restoration provision | | 15,588 | 13,874 |
| Due to Government of Kazakhstan | | 5,906 | 6,021 |
| Deferred tax liability | | 168,231 | 152,545 |
| | | 1,118,220 | 793,600 |
| Current liabilities | | | |
| Current portion of long-term borrowings | 11 | 18,513 | 7,263 |
| Employee share option plan liability | | 15,791 | 12,016 |
| Trade payables | | 55,978 | 58,518 |
| Advances received | | 6,287 | 36 |
| Income tax payable | | 13,999 | 1,232 |
| Current portion of Due to Government of Kazakhstan | | 1,031 | 1,031 |
| Other current liabilities | 12 | 36,144 | 54,628 |
| | | 147,743 | 134,724 |
| TOTAL EQUITY AND LIABILITIES | | 2,146,149 | 1,760,775 |

Consolidated Statement of Comprehensive Income

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the nine months ended 30 September 2014

| | Notes | Three months ended 30 September | | Nine months ended 30 September | |
|---|-------|------------------------------------|---------------------|-----------------------------------|---------------------|
| | | 2014 (unaudited) | 2013 (unaudited) | 2014 (unaudited) | 2013 (unaudited) |
| <i>In thousands of US Dollars</i> | | | | | |
| Revenue | | | | | |
| Revenue from export sales | | 148,862 | 187,318 | 538,781 | 565,408 |
| Revenue from domestic sales | | 26,426 | 27,373 | 81,484 | 91,782 |
| | 13 | 175,288 | 214,691 | 620,265 | 657,190 |
| Cost of sales | 14 | (59,310) | (71,213) | (157,859) | (206,544) |
| Gross profit | | 115,978 | 143,478 | 462,406 | 450,646 |
| General and administrative expenses | 15 | (14,693) | (17,786) | (42,199) | (43,211) |
| Selling and transportation expenses | 16 | (28,591) | (26,817) | (92,096) | (87,631) |
| Finance costs | 17 | (14,023) | (7,117) | (49,772) | (32,739) |
| Finance costs - reorganisation | 18 | (8,896) | – | (25,471) | – |
| Employee share option plan fair value adjustment | | (45) | (2,896) | (4,630) | (5,433) |
| Foreign exchange loss, net | | (1,243) | (226) | (3,446) | (436) |
| Gain on derivative financial instruments | 19 | 9,020 | – | 2,894 | – |
| Interest income | | 213 | 182 | 899 | 731 |
| Other expenses | | (13,070) | (7,148) | (27,128) | (17,794) |
| Other income | | 1,303 | 601 | 4,284 | 2,955 |
| Profit before income tax | | 45,953 | 82,271 | 225,741 | 267,088 |
| Income tax expense | 20 | (29,094) | (32,203) | (117,117) | (105,322) |
| Profit for the period | | 16,859 | 50,068 | 108,624 | 161,766 |
| Total comprehensive income for the period | | 16,859 | 50,068 | 108,624 | 161,766 |
| Profit for the period attributable to the holders of Common Units/shares (in thousands of US Dollars) | | | | 108,624 | 161,766 |
| Weighted average number of Common Units/shares | | | | 184,678,352 | 185,523,548 |
| Basic and diluted earnings per Common Unit/share (in US Dollars) | | | | 0.59 | 0.87 |

Consolidated Statement of Cash Flows

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2014

| In thousands of US Dollars | Notes | Nine months ended 30 September | |
|---|----------|--------------------------------|------------------|
| | | 2014 (unaudited) | 2013 (unaudited) |
| Cash flow from operating activities: | | | |
| Profit before income tax | | 225,741 | 267,088 |
| <i>Adjustments for:</i> | | | |
| Depreciation, depletion and amortisation | 14,15 | 85,093 | 92,190 |
| Finance costs - reorganisation | 18 | 25,471 | – |
| Finance costs | 17 | 49,772 | 32,739 |
| Interest income | | (899) | (731) |
| Foreign exchange gain on investing and financing activities | | (2,673) | (32) |
| Loss on disposal of property, plant and equipment | | 396 | – |
| Gain on derivative financial instruments | 19 | (2,894) | – |
| Operating profit before working capital changes | | 380,007 | 391,254 |
| <i>Changes in working capital:</i> | | | |
| Change in inventories | | (6,110) | 3,111 |
| Change in trade receivables | | 11,728 | (69,851) |
| Change in prepayments and other current assets | | (7,800) | (5,326) |
| Change in trade payables | | 13,456 | 967 |
| Change in advances received | | 6,251 | 1,559 |
| Change in due to Government of Kazakhstan | | (774) | (877) |
| Change in other current liabilities | | (17,820) | 845 |
| Change in Employee share option plan liability | | 7,056 | 4,502 |
| Cash generated from operations | | 385,994 | 326,184 |
| Income tax paid | | (82,446) | (95,738) |
| Net cash flows from operating activities | | 303,548 | 230,446 |
| Cash flow from investing activities: | | | |
| Interest received | | 899 | 731 |
| Purchase of property, plant and equipment | | (193,372) | (154,136) |
| Purchase of exploration and evaluation assets | 3 | (7,464) | (2,470) |
| Placement of bank deposits | | – | (30,000) |
| Redemption of bank deposits | | 30,000 | 18,500 |
| Net cash used in investing activities | | (169,937) | (167,375) |
| Cash flow from financing activities: | | | |
| Finance costs paid | | (42,389) | (24,918) |
| Issue of notes | 11 | 400,000 | – |
| Expenses paid on arrangement of notes | | (6,525) | – |
| Repayment of notes | | (92,505) | – |
| Transfer to restricted cash | | (606) | (529) |
| Repurchase of GDRs | 9 | – | (14,290) |
| Treasury shares reissued | | 444 | 1,431 |
| Distributions paid | 9 | (59,979) | (63,179) |
| Funds borrowed - reorganisation | 18 | 2,350,405 | – |
| Funds repaid - reorganisation | | (2,350,405) | – |
| Finance costs - reorganisation | | (25,471) | – |
| Net cash from / (used in) financing activities | | 172,969 | (101,485) |
| Effects of exchange rate changes on cash and cash equivalents | | (991) | – |
| Net increase/(decrease) in cash and cash equivalents | | 305,589 | (38,414) |
| Cash and cash equivalents at the beginning of the period | 8 | 184,914 | 197,730 |
| Cash and cash equivalents at the end of the period | 8 | 490,503 | 159,316 |

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