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# FY 2007 and 1Q 2008 Results Overview





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THE COMPANY HAS TRIED TO IDENTIFY THOSE FORWARD-LOOKING STATEMENTS BY USING THE WORDS "MAY", "WILL", "WOULD", "SHOULD", "EXPECT", "INTEND", "ESTIMATE", "ANTICIPATE", "PROJECT", "BELIEVE", "SEEK", "PLAN", "PREDICT", "CONTINUE" AND SIMILAR EXPRESSIONS OR THEIR NEGATIVES. SUCH STATEMENTS ARE MADE ON THE BASIS OF ASSUMPTIONS AND EXPECTATIONS WHICH, ALTHOUGH THE COMPANY BELIEVES THEM TO BE REASONABLE AT THIS TIME, MAY PROVE TO BE ERRONEOUS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS, UNCERTAINTIES AND ASSUMPTIONS AND OTHER FACTORS THAT COULD CAUSE THE COMPANY'S ACTUAL RESULTS OF OPERATIONS, FINANCIAL CONDITION, LIQUIDITY, PERFORMANCE, PROSPECTS OR OPPORTUNITIES, AS WELL AS THOSE OF THE MARKETS IT SERVES OR INTENDS TO SERVE, TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN, OR SUGGESTED BY, THESE FORWARD-LOOKING STATEMENTS. IMPORTANT FACTORS THAT COULD CAUSE THOSE DIFFERENCES INCLUDE, BUT ARE NOT LIMITED TO: CHANGING BUSINESS OR OTHER MARKET CONDITIONS, GENERAL ECONOMIC CONDITIONS AND POLITICAL AND SOCIAL DEVELOPMENTS IN RUSSIA, THE EUROPEAN UNION, THE UNITED STATES AND ELSEWHERE, AND TRENDS IN, AND THE COMPANY'S ABILITY TO RESPOND TO TRENDS IN, ITS INDUSTRY AND IN THE MARKETS IN WHICH IT AND ITS SUBSIDIARIES OPERATE OR PLAN TO OPERATE; OUR BUSINESS AND GROWTH STRATEGIES; PLANNED ACQUISITIONS OR DEVELOPMENT PROJECTS, OR ANY OTHER PROJECTS IN OUR INVESTMENT PIPELINE; OUR EXPANSION INTO OTHER GEOGRAPHIC REGIONS OR MARKET SEGMENTS; THE EFFECTS OF LEGISLATION, REGULATION, BUREAUCRACY OR TAXATION ON OUR BUSINESS; AND OUR ANTICIPATED FUTURE REVENUES, CAPITAL EXPENDITURES AND FINANCIAL RESOURCES. ADDITIONAL FACTORS COULD CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO DIFFER MATERIALLY. 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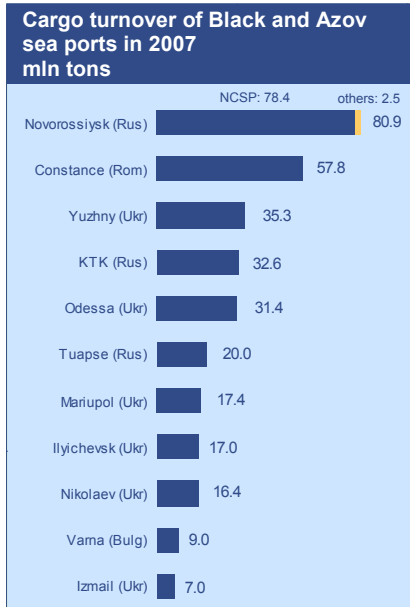
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## NCSP General Overview



## Southern gateway to Russia

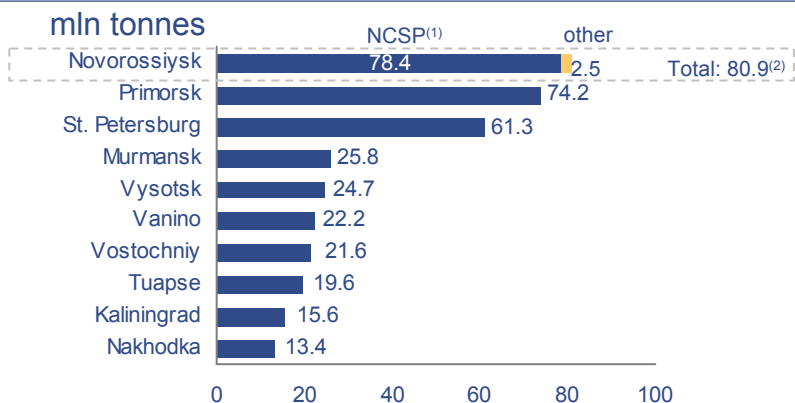






## Largest Russian multi-cargo port

### Major Russian Seaports by Freight Turnover, 2007



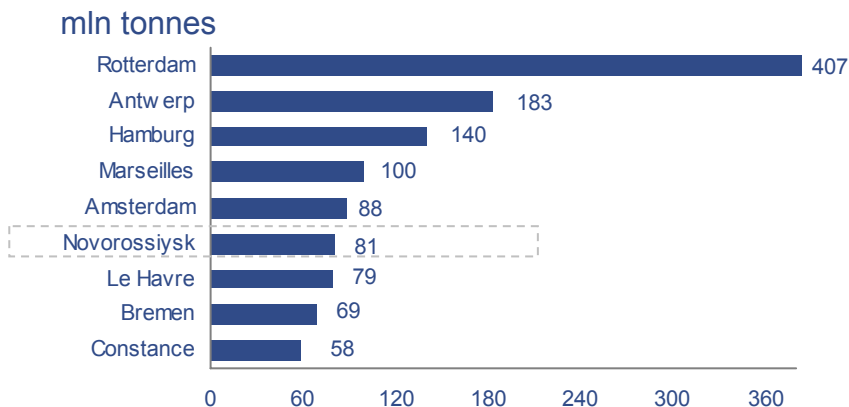
Source Association of sea and trade ports

**Note**

1) NCSP entities in Novorossiysk bay

2) NCSP accounts for 96%

### Total Cargo Traffic - Top 10 European ports, 2007

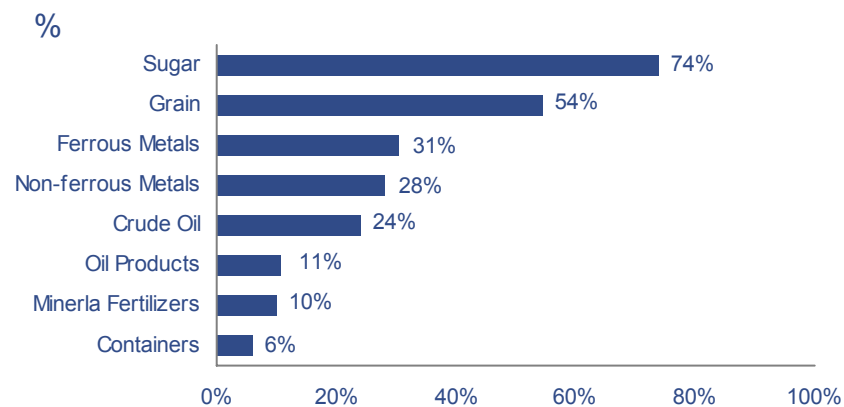


Source Port of Rotterdam and NCSP data

### Largest Russian Port

- The largest port operator in Russia in terms of cargo turnover and 6th largest in Europe
- “Natural monopoly”
- Handled a. 18% of Russia’s exports shipped via sea ports during 2007, including:
  - market share of 50% of grain and sugar traffic
  - 31% and 28% of ferrous and non-ferrous metals
  - 24% of crude oil and 11% of oil products

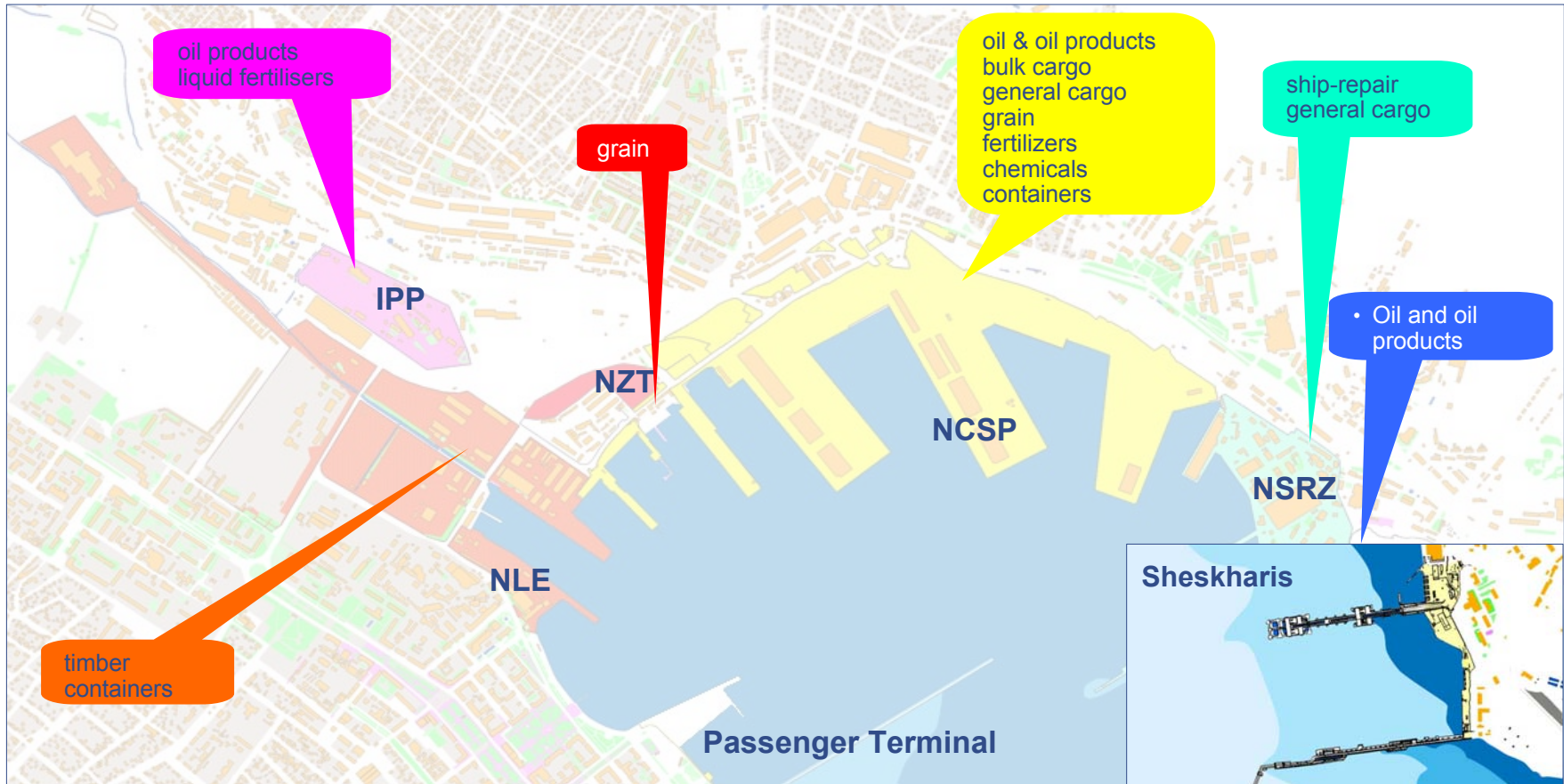
### Significant Share in Cargo Traffic of Russian Ports, 2007



Source Global Insight, ISL



## NCSP – “Natural Monopoly” due to unique location



- NCSP handled 96% of Novorossiysk port cargo traffic in 2007



## Novorossiysk Commercial Sea Port – 2007

### Key highlights

- The largest port in Russia with a “natural monopoly” status, 6th largest port in Europe
- NCSP’s business is a reflection of Russian foreign trade
- Located in close proximity to the most important industrial and raw materials regions of Russia
- Immediate access to the most extensive rail and road networks
- 2007 cargo volume: 79.4 MM tonnes, which represents c. 18% of total international cargo passing through Russian ports

### Financial and operational indicators

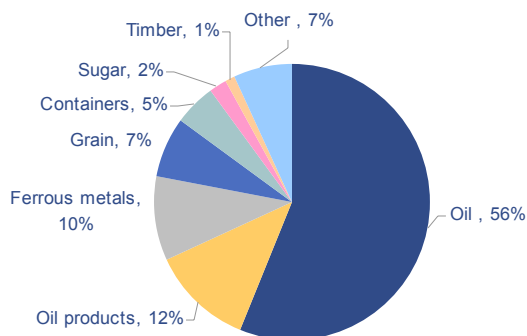
	2005	2006	2007
Revenue, \$ mln	189.2	277.3	483.4
EBITDA, \$ mln	94.5	119.1	227.9 (247.3) <sup>(1)</sup>
<i>EBITDA margin, %</i>	49.9%	39.5%	47.2%
Net income, \$ mln	57.6	44.1	93.7
<i>Net income margin, %</i>	30.4%	16.0%	19.4%
Cargo turnover, mln tonnes	79.8	80.8	79.4

Source Audited IFRS financial statements prepared for 2004/2005 and 2006/2007 FY

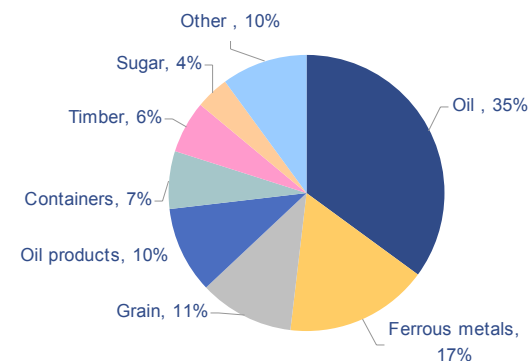
**Note**

1) Adjusted EBITDA

### Breakdown of cargo turnover by cargo, 2007



### Breakdown of transshipment revenue by cargo, 2007





## Novorossiysk Commercial Sea Port – 1Q 2008

### Key Highlights

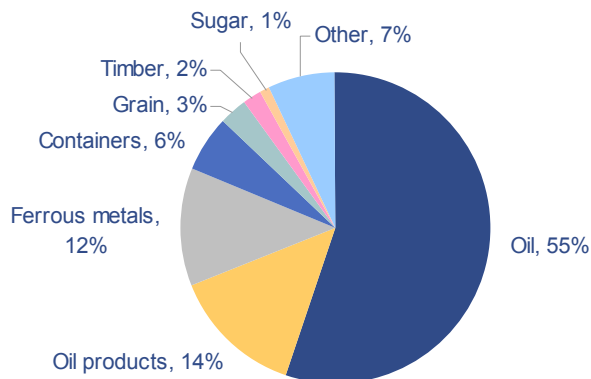
- Change of turnover structure in favor of high margin cargoes (containers, grain, oil products, etc.)
- Significant growth of revenue, EBITDA and margin
- Reduction of oil share in the total port revenue

### Financial and Operational Indicators

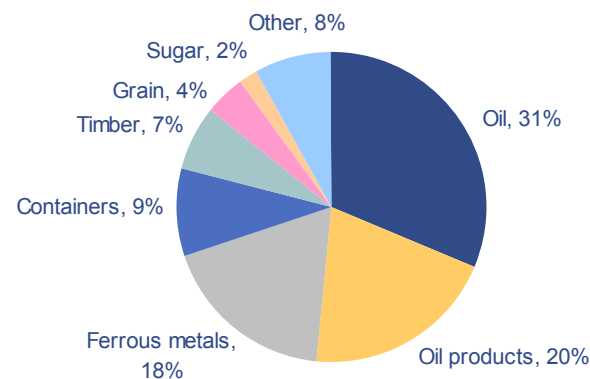
	1Q 2007	1Q 2008
Revenue, \$ mln	93.5	151.6
EBITDA, \$ mln	41.6	95.7
<i>EBITDA margin, %</i>	44.5%	63.1%
Net income, \$mln	12.2	56.3
<i>Net income margin, %</i>	13.0%	37.1%
Cargo turnover, mln tonnes	19.9	18.5

Source Unaudited preliminary financial statements

### Breakdown of cargo turnover by cargo, 1Q 2007



### Breakdown of transshipment revenue by cargo, 1Q 2008



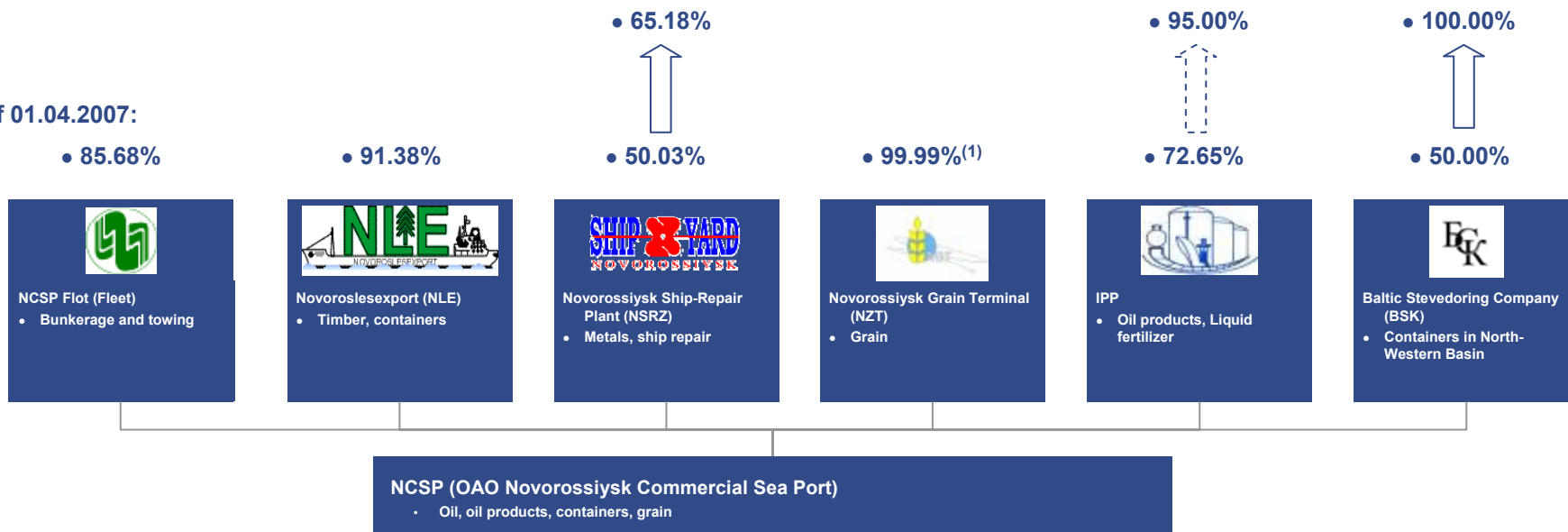




## Industry consolidation

As of 01.04.2008:

As of 01.04.2007:



**Note**

The remaining 0.01% stock belongs to NCSP Flot



## Shareholder structure and Board of Directors



### Board of Directors



**Alexander Ponomarenko**  
Chairman of the BoD



**Alexander Davydenko**  
Director, Federal Agency of Marine and River Transport



**Yuriy Parfenov**  
General Director, Rosmorport



**Vladimir Ulyanov**  
Head of NCSP Internal Control Department



**Alexander Remezkov**  
First Deputy Governor of Krasnodar Region Administration



**Vladimir Vorobyov**  
Vice President, Russian Railways



**Alexander Chubarivan**  
President of Institute of History, Russian Academy of Sciences  
President of State Humanitarian University



## Investment Highlights

<b>1</b> Russia's Largest Multi-Cargo Port - the Southern Gates of Russia	<ul style="list-style-type: none"><li>• The largest port operator in Russia in terms of cargo turnover and 6th largest port in Europe</li><li>• Handled a. 18% of Russia's exports shipped via sea ports during 2007</li></ul>
<b>2</b> Unique Geographic Location	<ul style="list-style-type: none"><li>• Ice-free year-round navigability mitigates seasonal fluctuations in cargo volumes</li><li>• Proximity to major Russian and CIS exporters, their key export markets makes NCSP attractive for many shipper due to lower overall logistics costs and quicker voyage time</li></ul>
<b>3</b> Developed Infrastructure	<ul style="list-style-type: none"><li>• Well-developed road, rail and pipeline links provide convenient access to the port</li><li>• Deep-water berths support port's capacity to handle heavy-tonnage vessels</li><li>• Reduction of warehousing and demurrage costs</li></ul>
<b>4</b> Strong Competitive Position	<ul style="list-style-type: none"><li>• Handled 96% of sea cargo passing through Novorossiysk in 2007</li><li>• Lack of waterfront plots prevent expansion by competitors or new entrants</li><li>• Strong competitive position relative to other Russian ports and ports on the Black Sea because of geographic and infrastructure advantages</li></ul>
<b>5</b> Rapidly Developing Port Business	<ul style="list-style-type: none"><li>• High global demand for Russia's main export commodities and strengthening Russian foreign trade results in growing volumes and cash flows from all types of cargo</li><li>• Growing Russian domestic consumption, short shipping time from S-E Asia to Novorossiysk and congestion in St. Petersburg port allow NCSP to significantly increase container volumes</li><li>• NCSP is upgrading its facilities to satisfy changing demands (new grain, container, oil products terminals, construction materials, etc)</li></ul>
<b>6</b> Experienced Management Team	<ul style="list-style-type: none"><li>• Highly-skilled and results-oriented management team</li><li>• Strong track record in business development and optimization</li><li>• Extensive experience in port operations</li></ul>
<b>7</b> Cooperative Relationship with Government Authorities	<ul style="list-style-type: none"><li>• Historically cooperative relationships with key government and regulatory authorities and Russian Railways</li><li>• Representatives of the State, regional, industrial authorities and Russian Railways on BoD</li></ul>





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## FY 2007 and 1Q 2008 Results



## 2007 milestones

Four new terminals were commissioned in 2007

- Novoroslexport's (NLE) container terminal
- Grain terminal
- Timber terminal
- Bunkerage

Eurobond issue and improvement of debt quality

IPO

Planned increases of tariffs

Reduction of discounts

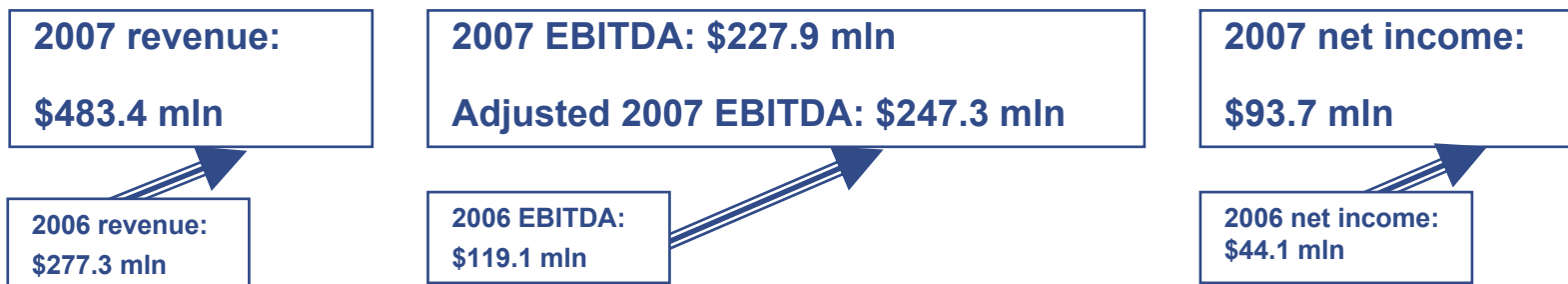
Optimization of cargo turnover as part of switchover to high-profit cargoes

### **NCSP demonstrated outstanding financial performance in 2007**

- **Revenue up 74.3%**
- **EBITDA up 91.4%**
- **Net income up 112.5%**



## Outstanding financial performance in 2007



### Significant growth of key financial indicators

- Increasing share of high-profit cargoes
- Four new terminals commissioned
- Modernization program of existing facilities
- Continuing growth in tariffs
- Personnel downsizing & increasing work efficiency
- Access to international debt and equity capital markets
- Credit quality improvements

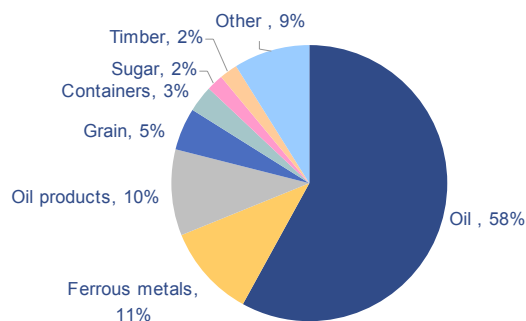




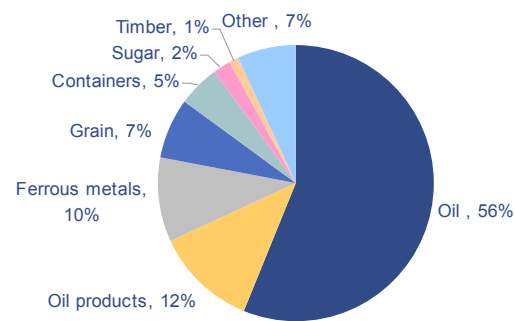
## Increasing share of high-profit cargoes

### Cargo turnover breakdown

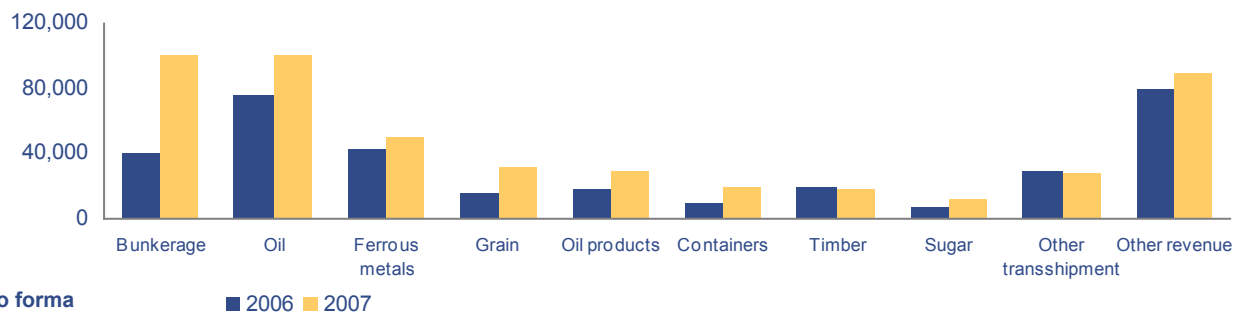
2006



2007



### Revenue structure (\$ '000)



### Other income in 2007 (\$ '000)

NCSP additional services	25.5
Fleet services (less bunkerage)	49.6
NLE additional services	4.9
Other sales of NSRZ	7.0
Other	2.4

*For example: in 2007 transshipment of grain reached a record level of 5,808,000 tons and registered an increase of 42% from 2006 (4,084,000 tons)*

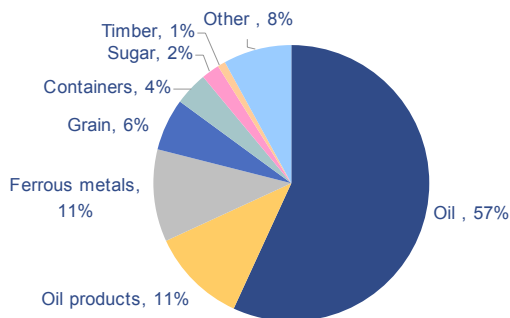
*In 2007 the number of transshipped containers rose to 250,000 TEU, showing a 49% increase from 2006 (168,000 TEU)*



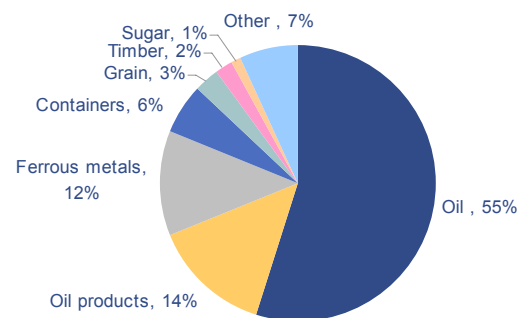
## Increasing share of high-profit cargoes

### Cargo turnover breakdown

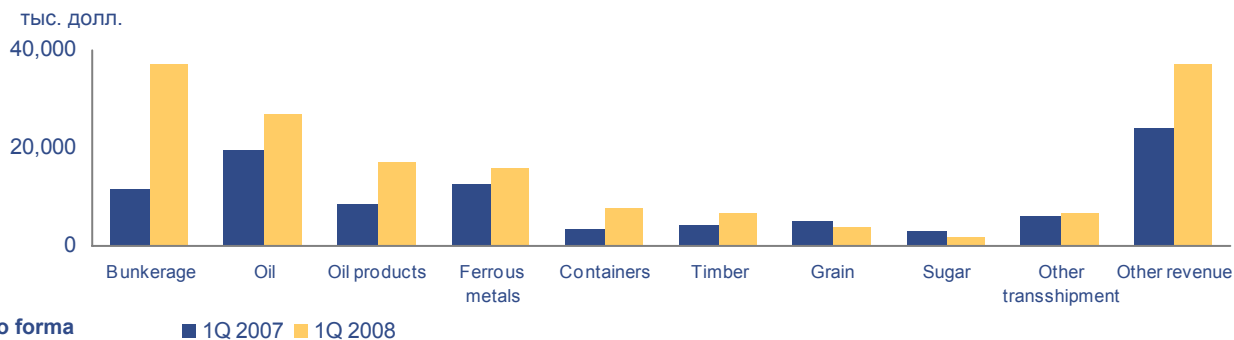
1Q 2007



1Q 2008



### Revenue structure (\$ '000)



### Other income in 1Q 2008 (\$ '000)

NCSP additional services	19.4
Fleet services (less bunkerage)	13.7
NLE additional services	0.5
Other sales of NSRZ	1.8
Other	2.0

*For example: in 1Q 2008 the number of transshipped containers rose to 85,000 TEU, showing a 60% increase from 1Q 2007 (53,000 TEU in 1Q 2007)*

*Transshipment of oil-fuel in 1Q 2008 rose by 27%, diesel fuel by 16%, timber by 15% comparing to 1Q 2007*



## Four new terminals commissioned

### IPP bunkering



- Capacity 648,000 tons
- Investment volume \$19.8 mln

### Novoroslespexport's (NLE) timber terminal



- Capacity 3.0 mln cubic meters
- Investment volume \$14.8 mln

### Novoroslespexport's (NLE) container terminal



- Capacity 350, 000 TEU
- Investment volume \$86.4 mln

### NZT grain terminal



- Capacity 4.0 mln tons
- Investment volume \$82.6 mln





## Modernization program of existing facilities

- Procurement of transshipment machines, handling equipment for the NCSP Container terminal
- Installation of the video surveillance systems to control the port territory and the berths
- Construction of the administrative container storage and distribution warehouse (the Central area)
- Establishment of the car fleet storage site for the NCSP Container terminal
- Construction of the weight checking post at warehouse No. 17 in the Western area of NCSP
- Construction of NCSP treatment facilities
- Construction of the roofed crane gallery at the Novorossiysk shipyard
- Procurement of handling equipment for the Novorossiysk shipyard

**The total technical upgrade costs of existing terminals amounted to USD 9.5 mln**





## Continuing growth in tariffs

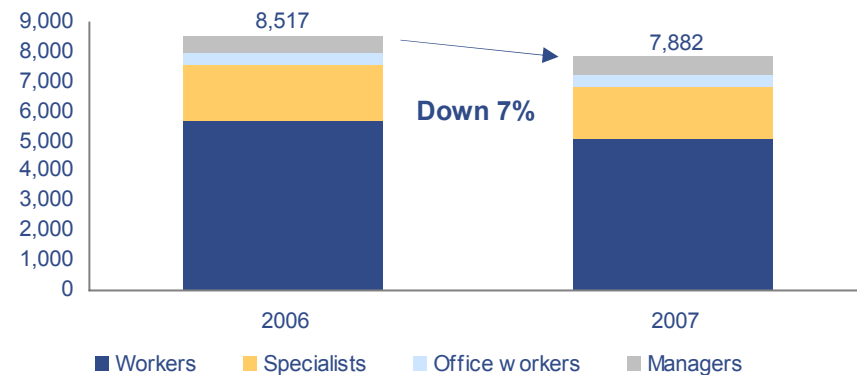
Terminal	Cargo	Tariff, \$/ton		Date of tariff change
		01.01.2007	31.12.2007	
NCSP	Export cement	1	1.2	07.03.2007
NCSP	Oil products at piers	2.3	2.7	07.03.2007
NCSP	Crude oil	2	2.6	07.03.2007
NCSP	Unmanufactured ferrous metals, including:			
NCSP	loose pipes, loose flat-rolled products	0	10.5	07.03.2007
IPP	Diesel fuel	3.5	7.8	03.08.2007
IPP	UAN (liquid fertilizer)	4.3	5.3	03.08.2007
NCSP/NLE	20-foot containers moving within port grounds			
NCSP/NLE	Loaded	124/135	210	10.12.2007/27.12.2007
NCSP/NLE	Loaded with hazardous cargoes	161.2/149	270	10.12.2007/27.12.2007
NCSP/NLE	Empty	74/65	115	10.12.2007/27.12.2007
NCSP/NLE	40-foot containers moving within port grounds			
NCSP/NLE	Loaded	160/165	210	10.12.2007/27.12.2007
NCSP/NLE	Loaded with hazardous cargoes	208/181.5	270	10.12.2007/27.12.2007
NCSP/NLE	Empty	108/85	115	10.12.2007/27.12.2007
NLE	Packeted timber	9	10	27.12.2007
NLE	Fiberboard, chipboard, plywood	8.2	9.5	27.12.2007



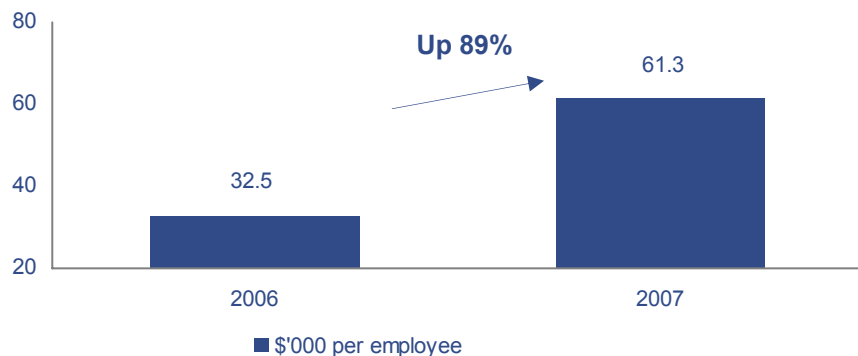
## Labour Policy in 2007 vs. 2006

Improvements in work efficiency through automation of production facilities and implementation of latest technologies

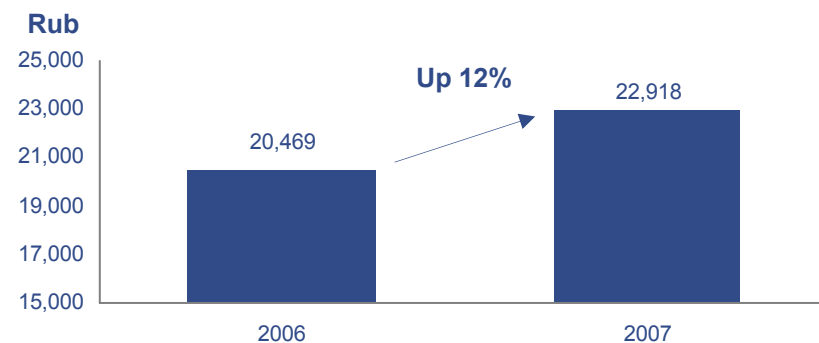
### Number of employees



### Yearly revenue per employee dynamics



### Growth of average monthly wage (unified social tax included)



Labour compensation fund increased by 6%

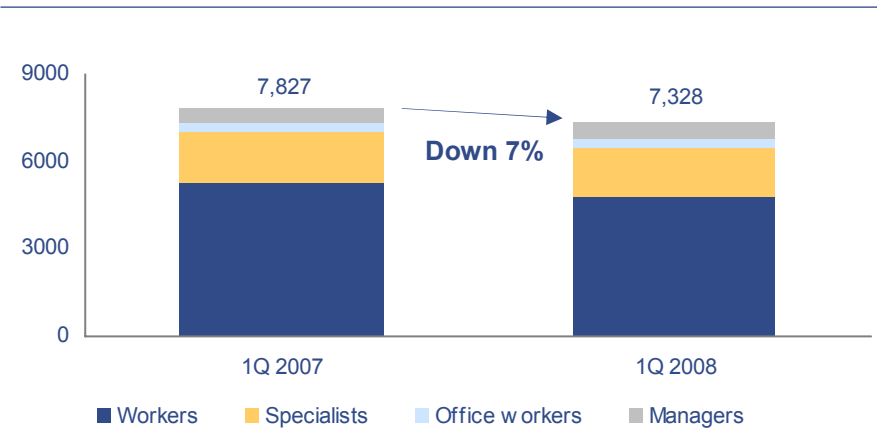




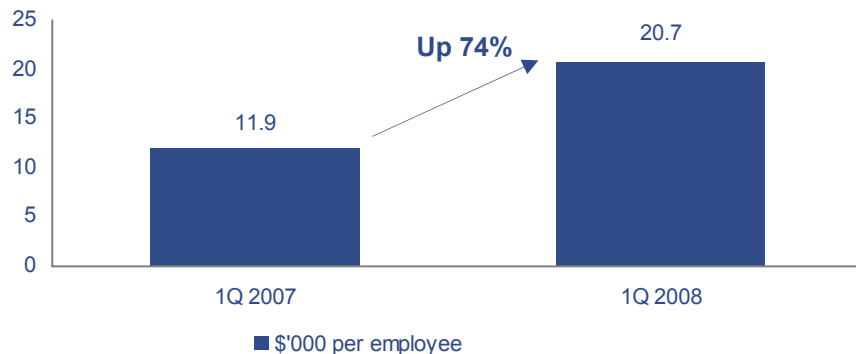
## Labour Policy in 1Q 2008 vs. 1Q 2007

- Quarter revenue per employee grew by 74%
- Number of employees reduced by 7%,
- Average wage per employee grew by 13%

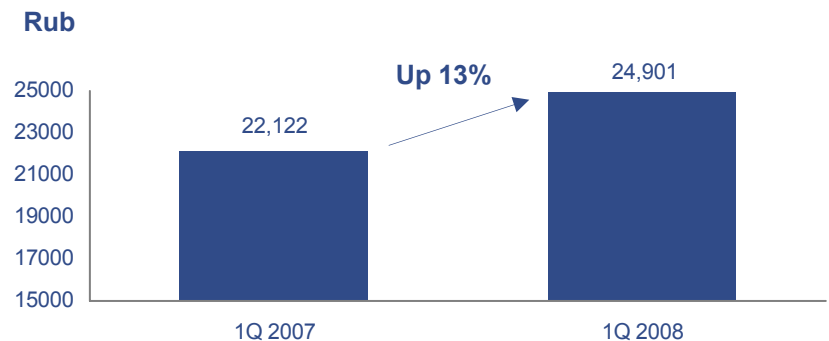
### Number of employees



### Quarter revenue per employee dynamics



### Growth of average monthly wage (unified social tax included)



Labour compensation fund increased by 7%



## Improvement of credit quality

The Company was assigned the following credit ratings:

From S&P: BB+ - corp, BB+ - bonds

From Moody's: Ba1 - corp, Ba2 - bonds

Eurobonds worth  
\$300,000,000  
5 year maturity  
7%

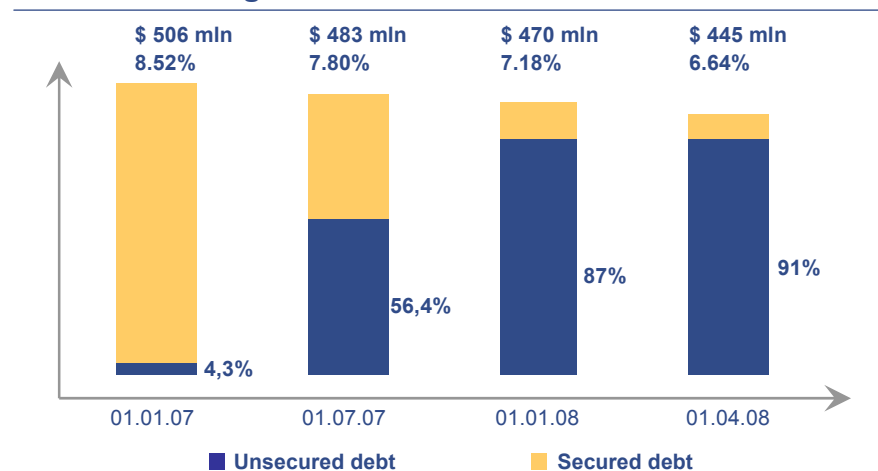
Syndicated loan of  
\$118,000,000  
From UniCredit Group  
3 year maturity  
LIBOR + 1.6%

Lower interest rates on  
Sberbank loans:  
9.25%      8.18%

Release of security;  
upgraded level of unsecured  
debt

Improved Eurobond rating:  
From Moody's: Ba2 → Ba1

### Changes in net debt and interest rates



### Key Milestones in 2007:

- Improved debt quality
- Increased loan maturities
- Lower interest rates
- Replaced secured debt with unsecured debt
- International bond issue



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## Review of Financial Results





## Key financials 2007

\$ mln	2006	2007	Change	Change, %
Revenue	277.3	483.4	206.1	74.3%
EBITDA	119.1	227.9	108.8	91.4%
<i>EBITDA margin</i>	<i>43%</i>	<i>47%</i>		
EBITDA Adjusted		247.3		
Cost of services	172.9	255.7	82.8	47.9%
Net profit	44.1	93.7	49.0	112.5%
Net debt	505.6	470.6	(35.0)	(6.9%)
Capex on investment projects	117.4	82.8	(34.6)	(29.5%)
Net debt/EBITDA	4.2	2.1		

**Note:**

*In June 2006 OAO NCSP consolidated a number of other stevedoring companies which had a material impact on Company's financials. The results of newly consolidated stevedoring companies began to be consolidated from (and including) Q3 of 2006*



## Key financials in 1Q 2008

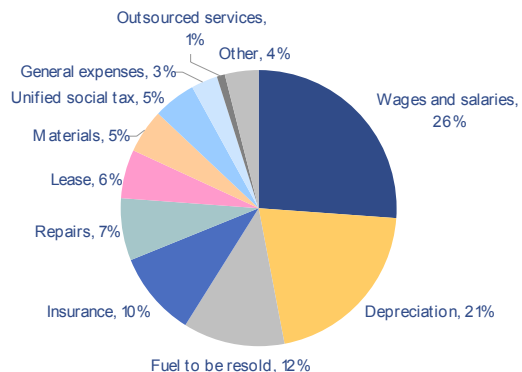
\$ mln	1Q 2007	1Q 2008	Change	Change, %
Revenue	93.5	151.6	58.1	62%
EBITDA	41.6	95.7	54.1	130%
<i>EBITDA margin</i>	<i>44.5%</i>	<i>63.1%</i>		
Cost of services	65.0	89.6	24.6	38%
Net profit	12.2	56.3	44.1	361%
Net debt	495.7	445.4	(50.3)	(10%)
Capex on investment projects	13.5	18.0	4.5	33%



## Cost breakdown: 2007 vs 2006

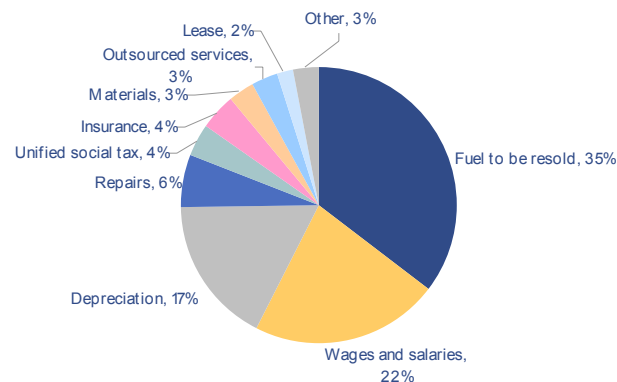
### Costs (2006)

Total \$172.9 mln



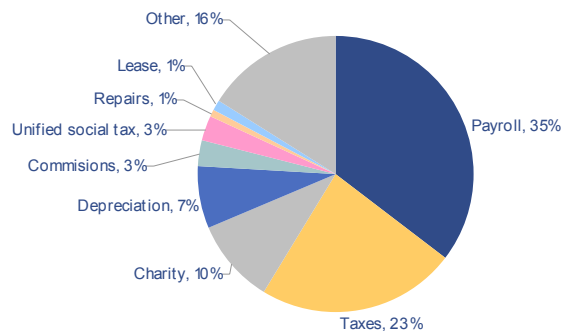
### Costs (2007)

Total \$255.7 mln



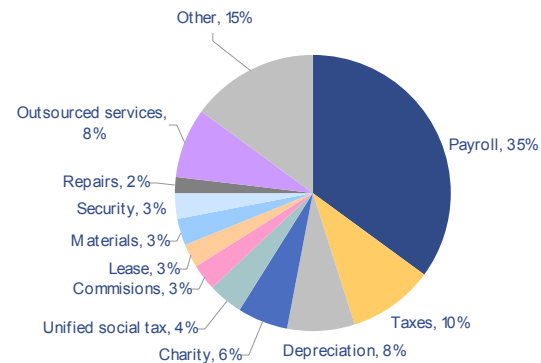
### SG&A expenses (2006)

Total \$34.0 mln



### SG&A expenses (2007)

Total \$73.1 mln



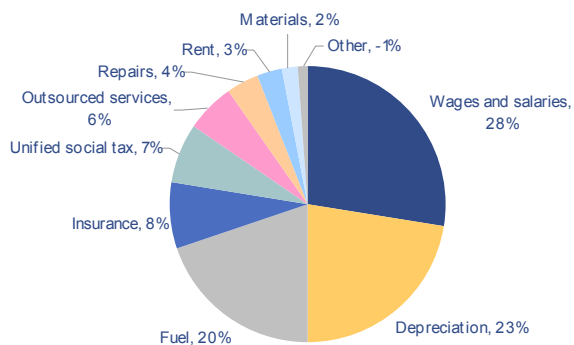




## Cost breakdown: 1Q 2008 vs 1Q 2007

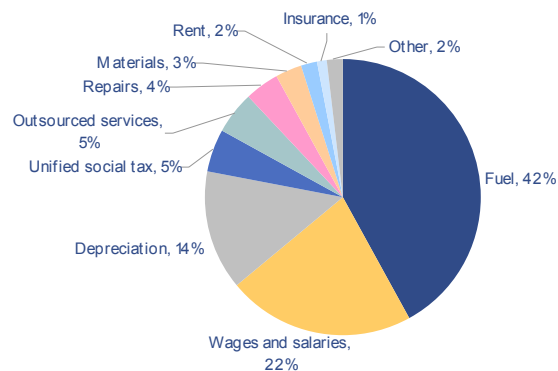
### Costs (1Q 2007)

Total \$51.0 mln



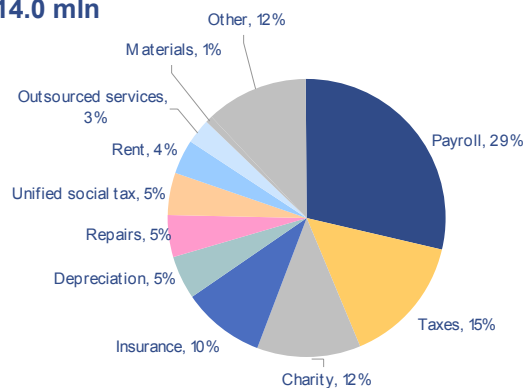
### Costs (1Q 2008)

Total 75.1 mln



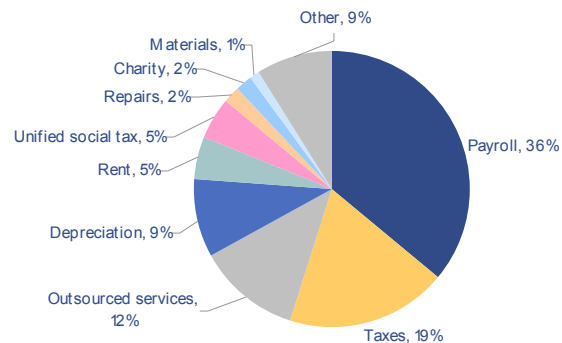
### SG&A expenses (1Q 2007)

Total \$14.0 mln



### SG&A expenses (1Q 2008)

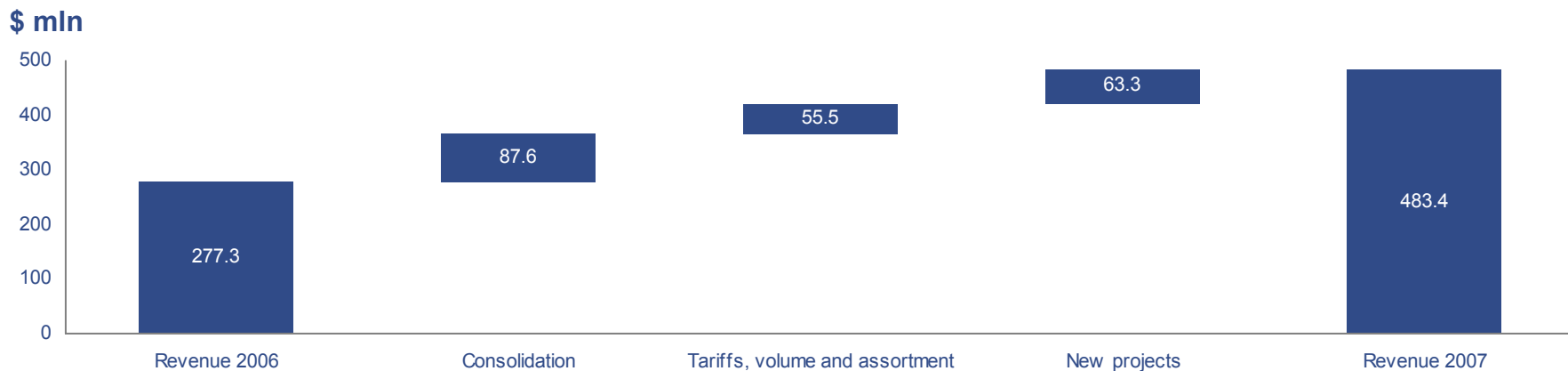
Total 14.5 mln



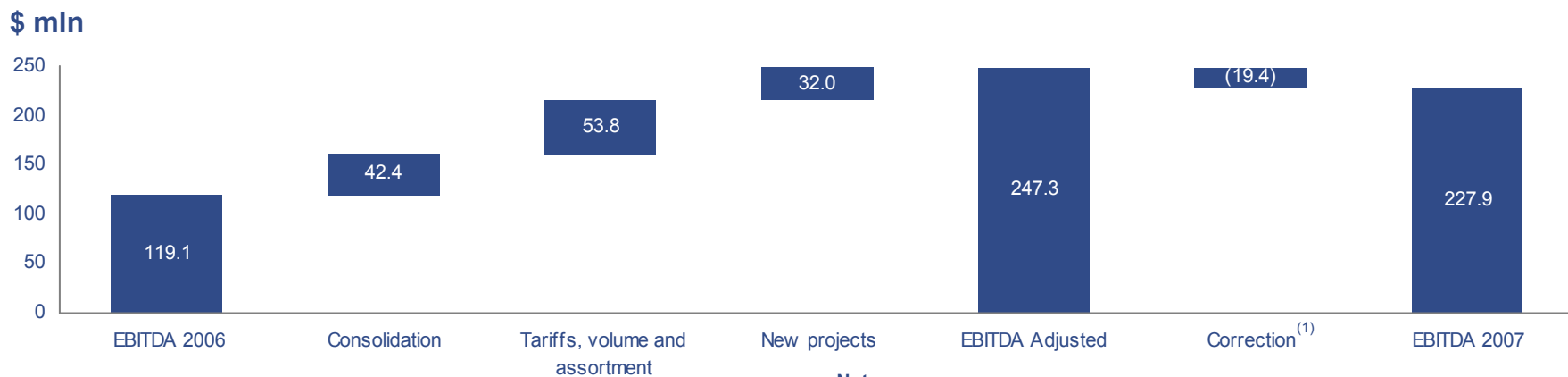


## Growth of profit and EBITDA: 2007 vs 2006

### Revenue bridge 2006 – 2007



### EBITDA bridge 2006 – 2007



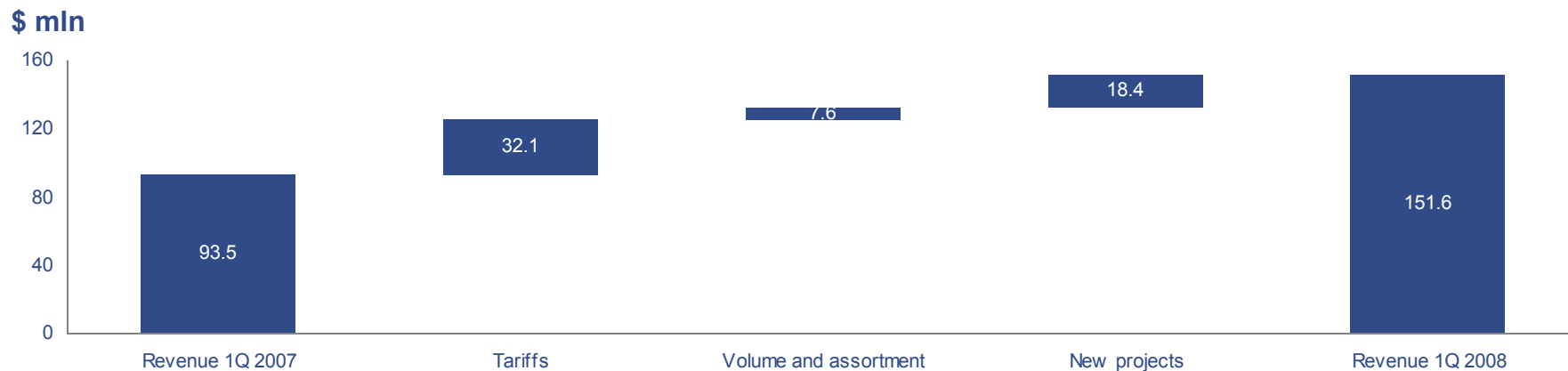
**Note**

1) Non-monetary losses caused by implementation of investment projects and non-capitalized investments

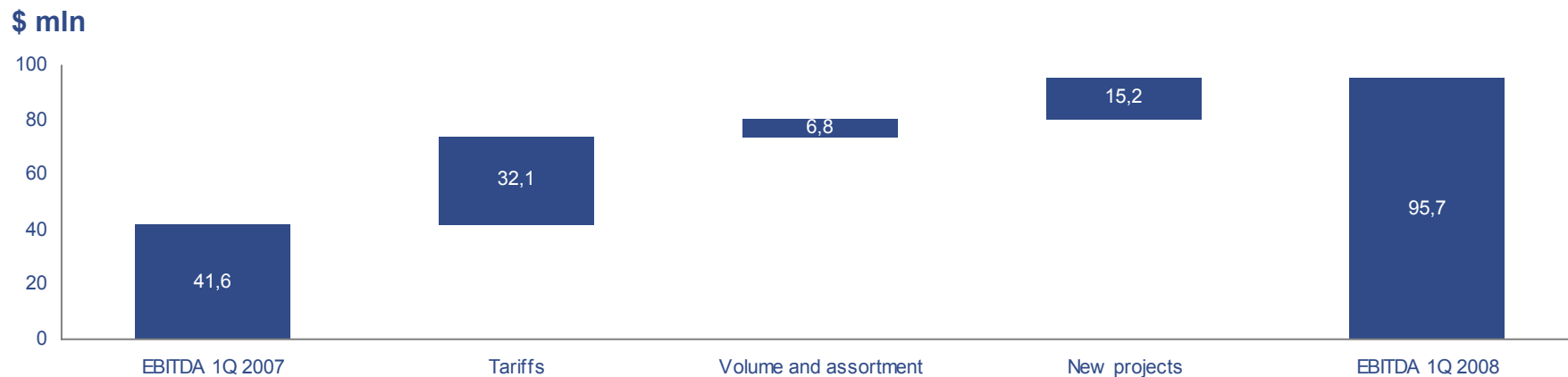


## Growth of profit and EBITDA: 1Q 2008 vs 1Q 2007

### Revenue bridge 1Q 2007 – 1Q 2008



### EBITDA bridge 1Q 2007 – 1Q 2008







## Income statement

\$ mln	2006	2007	change
<b>Revenue</b>	<b>277.3</b>	<b>483.4</b>	<b>206.1</b>
Cost of services	(172.9)	(255.7)	(82.8)
<b>Gross Profit</b>	<b>104.4</b>	<b>227.7</b>	<b>123.3</b>
Selling, general and administrative expenses	(34.0)	(73.1)	(39.1)
<b>Operating Profit</b>	<b>70.4</b>	<b>154.6</b>	<b>84.2</b>
Share of profit of associates	3.1	-	(3.1)
Investment income	4.5	1.1	(3.4)
Finance costs	(22.7)	(44.8)	(22.1)
Foreign exchange gain	5.4	34.8	29.4
Other expenses, net	(3.6)	(15.2)	(11.6)
Excess of Group's interest in the fair value of acquired companies' net assets over cost	0.6	3.0	2.3
<b>Profit before Income Tax</b>	<b>57.7</b>	<b>133.4</b>	<b>75.7</b>
Income Tax	(13.6)	(39.7)	(26.1)
<b>Profit for the Year</b>	<b>44.1</b>	<b>93.7</b>	<b>49.6</b>

Source: IFRS reports of NCSP



## Income statement

\$ mln	1Q 2007	1Q 2008	change
<b>Revenue</b>	<b>93.5</b>	<b>151.6</b>	<b>58.1</b>
Cost of services	(51.0)	(75.1)	(24.0)
<b>Gross Profit</b>	<b>42.5</b>	<b>76.5</b>	<b>34.1</b>
Selling, general and administrative expenses	(14.0)	(14.5)	(0.5)
<b>Operating Profit</b>	<b>28.5</b>	<b>62.0</b>	<b>33.6</b>
Investment income	0.1	1.0	0.9
Finance costs	(10.6)	(8.2)	2.4
Foreign exchange gain	-	20.7	20.7
Other income / (expenses), net	0.4	(0.1)	(0.5)
<b>Profit before Income Tax</b>	<b>18.3</b>	<b>75.4</b>	<b>57.0</b>
Income tax	(6.2)	(19.1)	(12.9)
<b>Profit for the Period</b>	<b>12.2</b>	<b>56.3</b>	<b>44.1</b>

Source: IFRS reports of NCSP



## Balance sheet

\$ mln	2006	2007	change
<b>ASSETS</b>			
NON-CURRENT ASSETS:			
Property, plant and equipment	664.2	755.5	91.3
Goodwill	456.9	490.1	33.2
Mooring rights and other intangible assets	14.2	14.8	0.6
Investments in securities and other financial assets	12.9	15.9	3.0
Non-current VAT recoverable	11.1	1.0	(10.1)
Spare parts	4.8	6.6	1.7
Deferred tax assets	4.1	3.1	(1.0)
	1 168.1	1 286.9	118.8
CURRENT ASSETS:			
Inventories	6.6	7.9	1.3
Trade and other receivables, net	65.2	71.2	6.0
Investments in securities and other financial assets	23.5	4.0	(19.5)
Cash and cash equivalents	37.0	66.7	29.6
	132.2	149.7	17.5
<b>TOTAL ASSETS</b>	<b>1 300.4</b>	<b>1 436.6</b>	<b>136.2</b>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	10.4	10.5	0.1
Share premium	-	10.1	10.1
Foreign currency translation reserve	32.5	80.0	47.5
Retained earnings	569.0	630.7	61.6
Equity attributable to the shareholders of the parent	611.9	731.2	119.3
Minority interest	41.7	38.9	(2.9)
<b>TOTAL EQUITY</b>	<b>653.7</b>	<b>770.1</b>	<b>116.5</b>
NON-CURRENT LIABILITIES:			
Long-term debt	482.3	508.2	25.9
Retirement benefit obligation	6.5	8.2	1.7
Deferred tax liabilities	71.8	77.3	5.6
	560.5	593.7	33.2
CURRENT LIABILITIES:			
Trade payables	7.1	17.5	10.4
Short-term debt	60.4	30.4	(30.0)
Other payables and accruals	18.7	24.9	6.2
	86.2	72.8	(13.4)
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 300.4</b>	<b>1 436.6</b>	<b>136.2</b>

Source: IFRS reports of NCSP



## Balance sheet

\$ mln	1Q 2007	1Q 2008	change
<b>ASSETS</b>			
NON-CURRENT ASSETS:			
Property, plant and equipment	665.7	779.7	114.0
Goodwill	462.5	511.6	49.1
Mooring rights and other intangible assets	14.1	15.6	1.5
Investments in securities and other financial assets	13.1	16.0	3.0
Non-current VAT recoverable	17.7	0.6	(17.1)
Spare parts	5.2	6.5	1.3
Deferred tax assets	2.7	3.1	0.4
	1,180.9	1,333.0	152.2
CURRENT ASSETS:			
Inventories	9.1	16.2	7.1
Trade and other receivables, net	75.1	99.0	23.8
Investments in financial assets	17.4	8.6	(8.9)
Cash and cash equivalents	49.3	80.3	31.1
	150.9	204.0	53.1
<b>TOTAL ASSETS</b>	<b>1,331.8</b>	<b>1,537.1</b>	<b>205.3</b>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	10.4	10.5	0.1
Share premium	-	10.1	10.1
Foreign currency translation reserve	40.2	113.4	73.2
Retained earnings	579.7	672.8	93.1
Equity attributable to the shareholders of the parent	630.3	806.7	176.4
Minority interest	42.9	43.7	0.8
<b>TOTAL EQUITY</b>	<b>673.2</b>	<b>850.4</b>	<b>177.2</b>
NON-CURRENT LIABILITIES:			
Long-term debt	507.3	519.8	12.6
Deferred tax liabilities	70.0	80.5	10.5
Retirement benefit obligation	7.0	8.5	1.5
	584.2	608.8	24.6
CURRENT LIABILITIES:			
Short-term debt	27.8	24.9	(2.9)
Trade payables	25.9	18.6	(7.4)
Other payables and accruals	20.6	34.3	13.7
	74.4	77.9	3.5
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,331.8</b>	<b>1,537.1</b>	<b>205.3</b>

Source: IFRS reports of NCSP





## Cash flow statement

\$ mln	2006	2007	change
<b>Cash flows from operating activities</b>			
Cash generated from operations	123.2	228.7	105.5
Income tax paid	(18.8)	(50.0)	(31.2)
Interest paid	(21.3)	(40.4)	(19.1)
Employee benefits paid	(0.2)	(0.5)	(0.3)
<b>Net cash generated by operating activities</b>	<b>82.9</b>	<b>137.8</b>	<b>54.9</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment	1.7	5.7	4.0
Payments for property, plant and equipment	(99.8)	(94.0)	5.8
Proceeds from disposal of securities and other financial assets	34.6	24.5	(10.1)
Payments for securities and other financial assets	-	(5.7)	(5.7)
Acquisitions of subsidiaries, net of cash acquired	(537.6)	(6.7)	530.9
Acquisitions of minority interest in existing subsidiaries	-	(25.1)	(25.1)
Proceeds from disposal of subsidiaries, net of cash disposed	-	(0.3)	(0.3)
Proceeds from disposal of short-term investments	61.2	-	(61.2)
Loans given to employees	-	(0.8)	(0.8)
Interest received	-	1.7	1.7
Purchases of long-term deposits	-	(1.4)	(1.4)
<b>Net cash used in investing activities</b>	<b>(539.9)</b>	<b>(101.9)</b>	<b>438.0</b>
<b>Cash flows from financing activities</b>			
Proceeds from long-term borrowings	521.0	423.3	(97.7)
Repayments of long-term borrowings	(60.3)	(430.4)	(370.1)
Dividends paid	(10.2)	(11.6)	(1.4)
Buy back of ordinary shares	(3.5)	(0.8)	2.7
Proceeds from sale of treasury shares	-	10.2	10.2
Proceeds from sale of treasury shares	-	(0.5)	(0.5)
Repayments of obligations under finance leases	(0.5)	-	0.5
<b>Net cash from/(used in) financing activities</b>	<b>446.5</b>	<b>(9.9)</b>	<b>(456.4)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10.6)</b>	<b>26.0</b>	<b>36.6</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>43.9</b>	<b>37.0</b>	<b>(6.9)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>3.7</b>	<b>3.7</b>	<b>(0.1)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>37.0</b>	<b>66.7</b>	<b>29.6</b>

Source: IFRS reports of NCSP



## Cash flow statement

\$ mln	1Q 2007	1Q 2008	изменение
<b>Cash flows from operating activities</b>			
Cash generated from operations	41.8	55.8	14.0
Income tax paid	(5.3)	(14.0)	(8.7)
Interest paid	(11.2)	(4.6)	6.5
<b>Net cash generated by operating activities</b>	<b>25.3</b>	<b>37.2</b>	<b>11.8</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment	1.6	0.1	(1.5)
Payments for property, plant and equipment	(12.7)	(15.2)	(2.5)
Proceeds from disposal of securities and other financial assets	-	-	-
Payments for securities and other financial assets	-	(2.8)	(2.8)
Proceeds from disposal of short term investments	6.3	-	(6.3)
Payment for minority interest acquisition	-	(11.1)	(11.1)
<b>Net cash used in investing activities</b>	<b>(4.8)</b>	<b>(29.0)</b>	<b>(24.3)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long-term borrowings	7.1	4.9	(2.1)
Repayments of long-term borrowings	(15.1)	(2.1)	13.0
Proceeds from short-term borrowings	0.5	-	(0.5)
Repayments of short-term borrowings	(0.4)	(0.3)	0.1
Dividends paid	-	-	-
Treasury shares purchased	(0.8)	-	0.8
Treasury shares sold	-	-	-
Repayments of obligations under finance leases	(0.2)	(0.3)	(0.1)
<b>Net cash from/(used in) financing activities</b>	<b>(8.9)</b>	<b>2.3</b>	<b>11.2</b>
<b>Net decrease in cash and cash equivalents</b>	<b>11.7</b>	<b>10.4</b>	<b>(1.2)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>37.0</b>	<b>66.7</b>	<b>29.6</b>
<b>Effect of translation of opening cash balance into presentation currency</b>	<b>0.6</b>	<b>3.2</b>	<b>2.7</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>49.3</b>	<b>80.3</b>	<b>31.1</b>

Source: IFRS reports of NCSP



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## Development Strategy

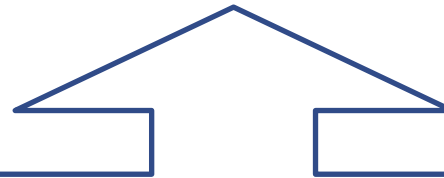






## Development strategy

# FURTHER GROWTH



- New terminals are built and the existing facilities are expanded:
  - Containers: BSC (Baltic Stevedoring Company), NCSP, NLE (Novoroslesexport)
  - Oil products
  - Crude oil
  - Dry bulk imports
- Tariffs increases per schedule
- Acquisitions of new core assets
- Acquisitions of subsidiaries' minority packages
- Increase cargo turnover volumes through participation in the development of the Novorossiysk Transport Hub





## Construction of new terminals

### Construction stage

#### BSC container terminal



- Investment volume: \$69.2 mln
- Capacity expansion: 85,000 TEU to 300,000 TEU

#### Modernization of oil terminal



- Investment volume: \$130.1 mln
- Capacity expansion: to 15 mln tons per year

#### Expansion of NLE container terminal



- Investment volume: \$20 mln
- Capacity expansion from 350,000 TEU to 500,000 TEU

#### Oil products transshipment terminal



- Investment volume: \$35.7 mln
- Capacity: 1 mln tons

### Design stage

#### Fuel oil terminal



- Объем инвестиций: \$136.2 mln
- Capacity: 4 mln tons per year

#### NCSP container terminal



- Investment volume: \$200 mln
- Capacity expansion from 150,000 TEU to 1,000,000 TEU

#### Dry imported bulk freight (cement, alumina, etc.)



- Investment volume: \$ 69.9 mln
- Capacity 4 mln tons per year



## Tariffs to increase as scheduled in 2008

Cargo	Existing NCSP tariffs		Tariffs NCSP sent for approval to the Russian Federal Tariffs Service	
	Direct	Movement within port grounds	Direct	Movement within port grounds
<b>Grain and seeds:</b>				
Loading is done by cranes and grain unloaders (grain, millcake, oil meal, combined fodder, etc.)	7.00		9.46	
<b>Ferrous metals:</b>				
Cold-rolled products (steel coils), non-packaged flat-rolled products, section-shaped angle pieces and special-purpose section pieces (unequal angle sections or T-beam girders, double T-rails, channel bars)	6.00	8.00	7.13	9.50
Hot-rolled flat products (steel coils), crude steel, slabs and blooms	4.50	6.00	6.30	8.50
Rails, packaged flat products (fagoted sheet steel), semifinished materials (stock material, formed pieces, round forged pieces, square stock material), bars (fittings), angle pieces, wire (wire rod) etc.	4.90	6.50	6.60	9.00
Pipes in bundles	6.00	8.00	7.13	9.50
Loose pipes	7.90	10.50	8.55	11.37
<b>Non-hazardous chemicals:</b>				
Rail car loading/unloading	5.80		7.70	
Loading using complex	4.20		7.70	
<b>Hazardous chemicals:</b>				
Rail car loading/unloading	7.50		9.13	
<b>Cargoes in big bags</b>	5.00	6.60	6.80	9.34
<b>Hazardous cargoes in big bags</b>	6.50	8.60	7.90	10.82
<b>Cargoes in big bags, cement</b>	5.00	6.60	7.65	10.10
<b>Pig non-ferrous metals, non-ferrous metals in ingots and packaged non-ferrous metals</b>	5.00	6.60	7.20	9.50
<b>Scrap ferrous metal</b>	5.70	7.60	7.13	9.50

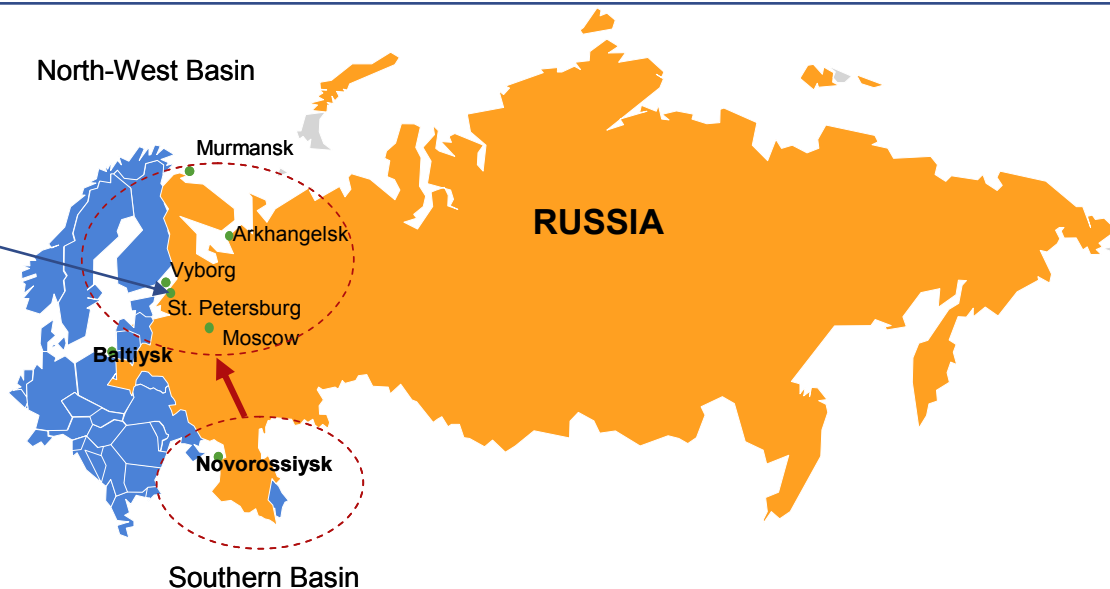


## Acquisition opportunities

### Further Consolidation in North-Western and Southern Basins



Lomonosov Cargo Terminal (LCT)



#### Former competitors

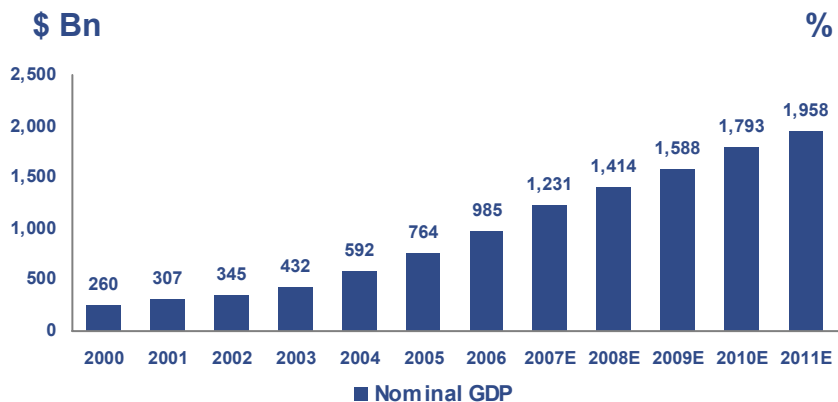
#### Consolidation potential

Location	Port	Number of independent stevedoring companies	Cargo turnover	Number of stevedores handling 2 mln tons or more
RF, North-West basin	St.-Petersburg	30	61.3	7
RF, North-West basin	Archangelsk	10	10.5	2
RF, North-West basin	Kaliningrad	18	15.6	3
RF, North-West basin	Murmansk	16	25.8	2
RF, Far East basin	Vostochny	9	21.6	2
Ukraine	Odessa	12	20.3	4



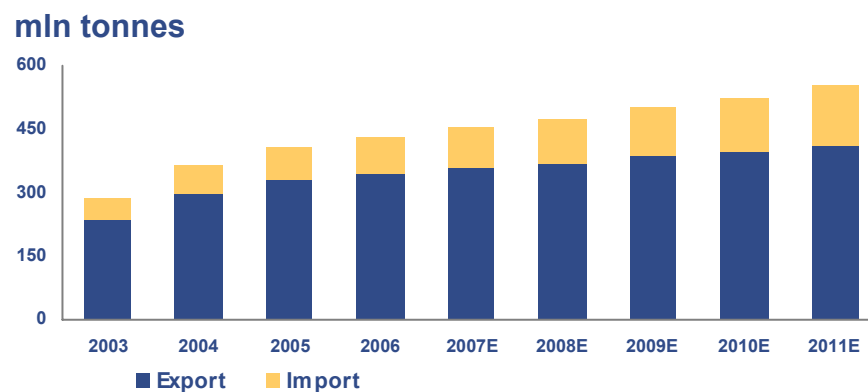
# Russian foreign trade dynamics

Stable macroeconomic environment



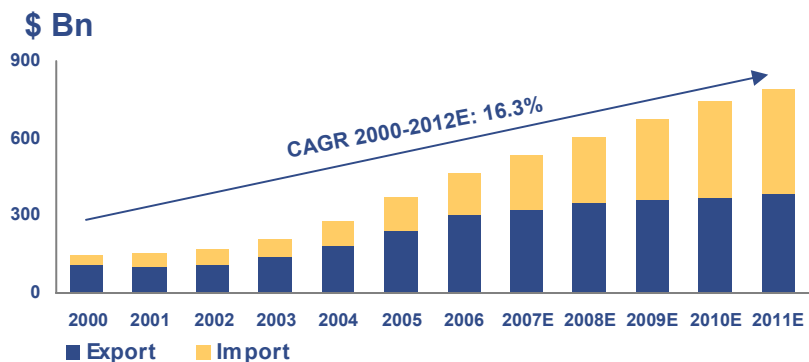
Source Global Insight

Russian sea cargo traffic: actual data and forecast



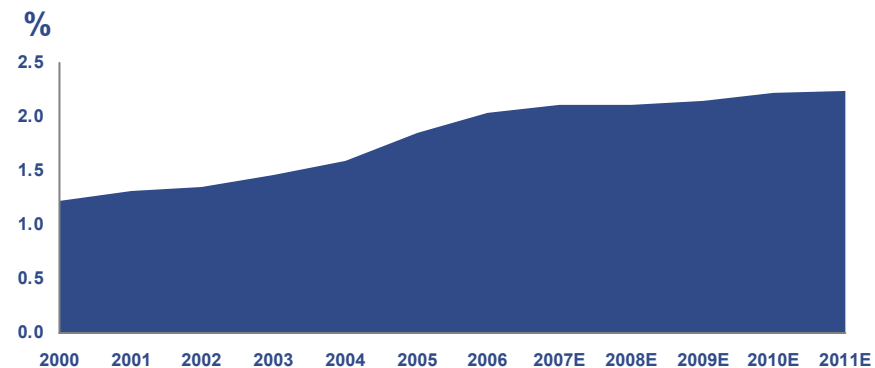
Source Global Insight

Growing Russian foreign trade volumes



Source Global Insight

Growing Russia's global trade share



Источник Global Insight





[www.nmtp.info](http://www.nmtp.info)

## Contacts

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