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AUG 2013

H1 2013 Results: Zhaikmunai Posts Record Financial and Operational Results

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Amsterdam, 29 August 2013 – Zhaikmunai L.P. (LSE: ZKM) (“Zhaikmunai”), the oil and gas exploration and production enterprise with assets in north-western Kazakhstan, today announces record results in respect of the six month period ended 30th June 2013.

HIGHLIGHTS FROM A RECORD FIRST HALF-YEAR (H1 2013)

• FINANCIAL:

- Record total revenue of US\$ 442 million, up 37% compared to H1 2012 (US\$ 323 million);
- Record EBITDA of US\$ 285 million, up 34% compared to H1 2012 (US\$ 213 million);
- Total cash position of US\$ 280 million (including short-term deposits) up 12% compared to the end of FY 2012 (US\$ 251 million);
- Total net debt of US\$ 373 million at 30th June 2013, down 7% compared to the end of FY 2012 (US\$ 401 million);
- Net debt to LTM EBITDA ratio fell below 0.75x;
- Distribution of US\$ 0.34 per common unit to Zhaikmunai's limited partners effective on 26 July 2013, Zhaikmunai's second distribution to the limited partners.

• OPERATIONAL:

- Record total average daily production of 46,370 boepd, an increase of 31% compared to FY2012 average (36,940 boepd) [Q2 2013 total average daily production of 46,534 boepd (Q2 2012: 37,285 boepd)];
- On-target to deliver the planned drilling programme for 2013: the Chinarevskoye field currently has 15 crude oil wells and 13 gas condensate wells in operation.

Kai-Uwe Kessel, Chief Executive Officer of Zhaikmunai, commented:

“Zhaikmunai's H1 2013 record results bear witness to the patient efforts Zhaikmunai has been making on many different fronts for some time. Our financial performance is excellent, as demonstrated by our record revenue and EBITDA. It is also sustainable. These excellent results, driven primarily by the 31% in production, allow Zhaikmunai to pursue its growth strategy through its drilling programme and further preparatory work around the planned third train of the GTF. Our investment in growth is bearing its fruits as we reduced leverage, outperformed production targets and made our second annual distribution. We have an outstanding platform to build on in the second half of the year.”

H1 2013: STRONGEST FINANCIAL RESULTS IN ZHAIKMUNAI'S HISTORY

All figures in US\$ million (unless otherwise stated)

	H1 2013	H1 2012	Change
Revenue	442.5	323.4	36.8%

EBITDA	284.9	212.8	33.9%
EBITDA Margin	64.4%	65.8%	(2.1%)

	H1 2013	FY 2012	Change
Cash Balance ¹	279.5	251.4	11.2%
Net Debt	372.7	401.1	(7.1%)

Revenue, EBITDA and Net Income

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Revenue from sales of crude oil, stabilised condensate, LPG and dry gas stood at US\$ 442 million. EBITDA stood at US\$ 285 million. The EBITDA margin remained relatively stable, decreasing slightly to 64.4% from 65.8% in H1 2013 reflecting operational leverage from the capacity to handle increased production. Net income was also up for the period at US\$ 112 million.

Cost of Sales

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Cost of sales increased by US\$ 40.4 million, or 42.5%, to US\$ 135.3 million in the six months ended 30 June 2013 from US\$ 95.0 million in the six months ended 30 June 2012 due primarily to an increase in royalties, government share, changes in stock, repair and maintenance and payroll expenses, partially offset by a decrease in materials and supply expenses.

Materials and supply expenses decreased 16.1% to US\$ 6.3 million while repair and maintenance expenses increased 10.8% to US\$ 24.8 million, mainly due to the increased operations and production related to the Gas Treatment Facility (GTF). Depreciation and amortization also increased 38.5% or US\$ 17.6 million in the six months ended 30 June 2013 to US\$ 63.2 million.

On a boe basis, cost of sales increased marginally by US\$ 0.31 or 1.9%, to US\$ 16.56 in the first six months of 2013 from US\$ 16.25 in the first six months of 2012, and cost of sales net of depreciation per boe increased US\$ 0.38, or 4.5% to US\$ 8.82 in the first six months of 2013 from US\$ 8.44 in the first six months of 2012.

Cash

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Zhaikmunai ended the first half of 2013 with US\$ 279.5 million in cash and cash equivalents, which includes US\$ 4.2 million of restricted cash, US\$ 5.0 million in non-current investments, and US\$ 14.5 million of short-term deposits. This represents a US\$ 28.2 million increase, or 11.2%, compared to the end of the 2012 financial year.

Distribution to Zhaikmunai's limited partners of US\$ 0.34 per common unit

Zhaikmunai made a distribution to its limited partners of US\$ 0.34 per common unit (the "Distribution"), its second distribution to its limited partners in line with its on-going distribution policy. The Distribution was paid by Zhaikmunai on 26 July 2013 to common unit holders on the register of partners and interests at the close of business on 19 July 2013.

Initiation of GDR Buy-Back Programme

On 22 April 2013, Zhaikmunai announced the terms of a long-term GDR Buy-Back programme to assist in driving shareholder value. This programme commenced as planned in the week of 20 May 2013, following the release of the Q1 2013 Results.

Zhaikmunai has since purchased 809,611 of its Global Depositary Receipts ("GDRs") through Deutsche Bank AG and VTB Capital plc. The purchased GDRs are currently being held in treasury by the Partnership, which has 187,373,337 GDRs in issue (excluding those GDRs held as treasury GDRs).

OPERATIONS AT PEAK LEVEL**Record Production Drives Revenue and EBITDA Higher**

- Total average daily production for H1 2013 was 46,370 boepd, an increase of approximately 31% compared to H1 2012 (35,298 boepd);
- H1 2013 total average daily production was above the 2012 guidance of 45,000 boepd;
- The product split for H1 2013 was as follows:

PRODUCTS	H1 2013 Average Production	H1 2013 Product Mix %
Crude Oil & Stabilised Condensate	19,644 boepd	42%
LPG (Liquid Petroleum Gas)	3,950 boepd	9%
Dry Gas	22,777 boepd	49%
TOTAL	46,370 boepd	100%

Drilling activities

- 5 drilling rigs are being operated on a full-time basis on the Chinarevskoye field;
- Update on crude oil wells:
 - Drilling started on new crude oil wells # 59 and # 60;
 - Testing started on oil well # 117;
 - Production testing was completed on crude oil well # 725;
- Update on gas condensate wells:
 - Drilling started on new gas condensate wells # 208, # 223 and # 402;
 - Gas condensate well # 217 is consistently performing above expectations;
 - Gas condensate well # 27AD has, on the other hand, been behaving below expectations;
- Zhaikmunai is on target to achieve its planned drilling programme for 2013. The field currently has 15 oil wells and 13 gas condensate wells in operation.

Expansion of Processing Capacity with Additional Train to Gas Treatment Facility

Zhaikmunai has completed the design of its Gas Treatment Facility's (GTF) third train, which has been approved by the relevant Kazakh authorities. Bids for the final selection of the main process and auxiliary equipment vendors are currently being evaluated. The civil and construction works tender process has equally been launched. Final results and contracts are expected in the second half of 2013.

Other NewsZhaikmunai Wins First Prize in Kazakhstan's Environmental Protection Contest

On June 5, 2013, World Environment Day, Zhaikmunai received the first prize in Kazakhstan's "Investment in Ecology Contest" organized by the Ministry of Environmental Protection. The prize underscores Zhaikmunai strong environmental protection record, its ambitious social development programme as well as its dedication to community building.

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CONFERENCE CALL

Zhaikmunai's management team will be available for a Q&A session for analysts and investors on Thursday, 29 August 2013 at 14:00 UK time (UTC/GMT+1 hour).

If you would like to participate in this call, please register by email using the following email address: investor_relations@zhaikmunai.com. Please provide your ID details (name, title, company, email address and telephone number) in order to receive dial-in details.

Download the [H1 2013 Financial Statements](#)

Download the [H1 2013 Management Report](#)

Further information

For further information please visit www.zhaikmunai.com

Further enquiries

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About Zhaikmunai

Zhaikmunai is an independent oil and gas enterprise currently engaging in the production, development and exploration of oil and gas in north-western Kazakhstan. Its Global Depositary Receipts (GDRs) are listed on the London Stock Exchange (Ticker symbol: ZKM). Zhaikmunai's principal producing asset is the Chinarevskoye field, in which it holds a 100% interest and is the operator, through its wholly-owned subsidiary Zhaikmunai LLP. In addition, Zhaikmunai holds a 100% interest in and is the operator of the Rostoshinskoye, Darinskoye and Yuzhno-Gremyachenskoye oil and gas fields. Located in the pre-Caspian basin to the north-west of Uralsk, these exploration and development fields are approximately 60 and 120 kilometres respectively from the Chinarevskoye field.

Forward-Looking Statements

Some of the statements in this document are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of the Partnership or its officers with respect to various matters. When used in this document, the words "expects," "believes," "anticipates," "plans," "may," "will," "should" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements.

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VTB Capital

VTB Capital Plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

1 Including restricted cash, non-current investments and short-term investments.

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