# Polyus Gold International

## FY14 Financial results

# FY 2014 key highlights

## Cementing position as leading global gold producer

**Another year of organic growth:**

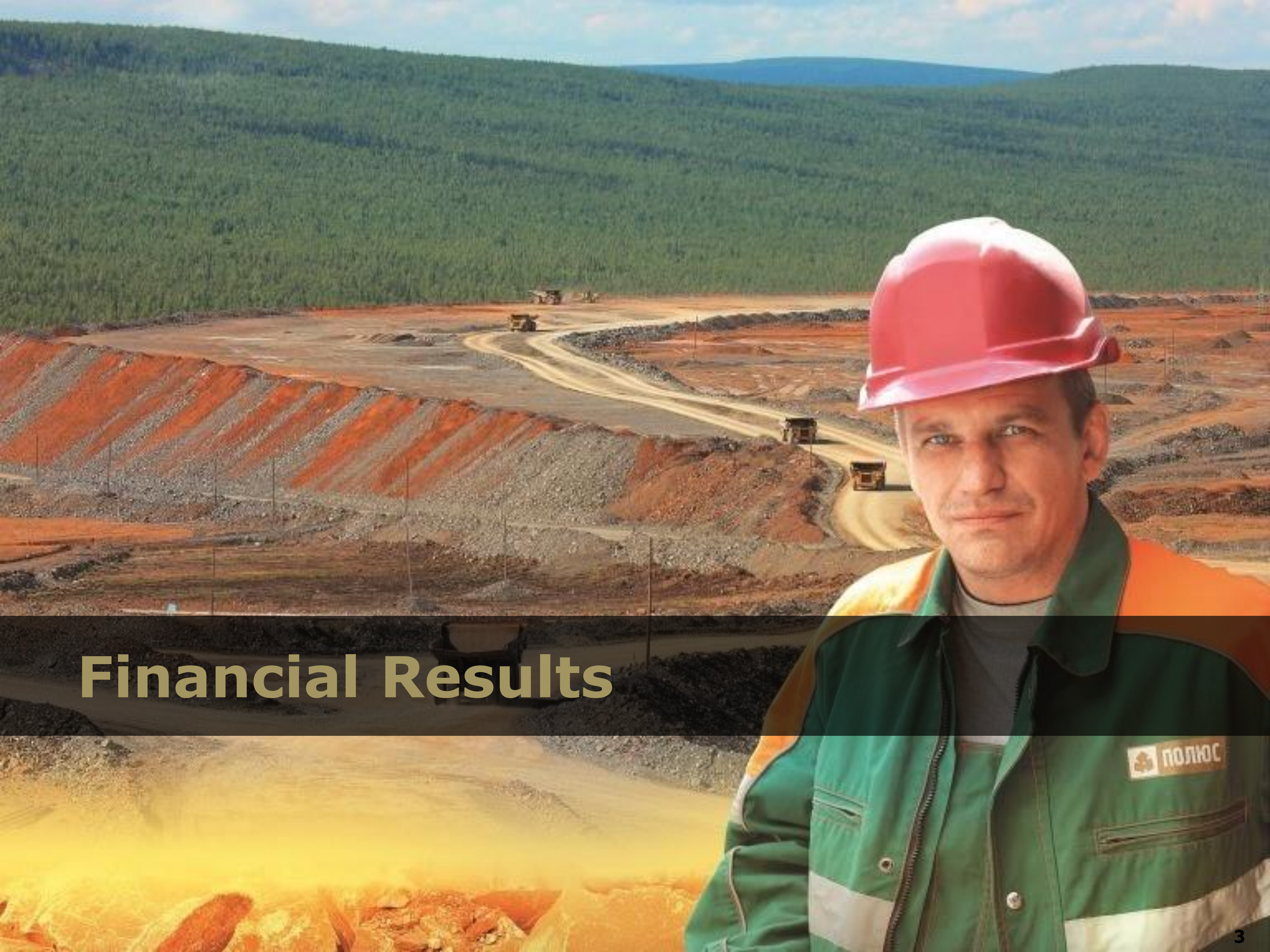
- Seventh consecutive year of production growth
- Total gold output in FY14 of 1,696 koz, up 3% y-o-y
- Verninskoye production increased 64% y-o-y, as the mine operated at the nameplate throughput capacity of 2.2 mtpa. Recoveries improved 8.6 ppts to 79.4%
- FY15 production guidance of 1.63–1.71 moz

**Improved earnings despite the lower price environment:**

- Adj. EBITDA of $1,011 mln in FY14, up 11% y-o-y, despite a 6% lower gold price
- Adj. EBITDA margin progressed to 45%, up 6 ppts y-o-y
- Robust y-o-y cost dynamics: TCC down 17% to $585/oz and AISC/oz down 18% to $825/oz, moving the Group to the 1st quartile of the global cost curve
- Free cash flow of $284 mln, compared to negative FCF of $608 mln in FY13

**Balance sheet further strengthened:**

- Net debt/EBITDA down to 0.3x
- Total liquidity position of $2,237 mln
- No material maturities until FY19




# Financial Results

# Financial Results

## FY14 financial highlights

| | FY14 | FY13 | change y-o-y |
|---|---|---|---|
| Gold production, koz | 1,696 | 1,652 | 3% |
| Average realised gold price excl. SPPP[1], $/oz | 1,275 | 1,385 | (8%) |
| Average realised gold price incl. SPPP, $/oz | 1,300 | 1,385 | (6%) |
| | | | |
| Total cash cost (TCC), $/oz | 585 | 707 | (17%) |
| All-in-sustaining costs (AISC), $/oz | 825 | 1,002 | (18%) |
| | | | |
| Revenue, $mln | 2,239 | 2,329 | (4%) |
| Adjusted EBITDA, $mln | 1,011 | 910 | 11% |
| *Adjusted EBITDA margin, %* | *45* | *39* | *6 ppts* |
| Adjusted net income, $mln | 615 | 565 | 9% |
| | | | |
| Net debt, $mln | 327 | 349 | (6%) |
| Net debt/EBITDA, x | 0.32 | 0.38 | (16%) |
| | | | |
| Net operating cash flow, $mln | 809 | 422 | 92% |
| Capex, $mln | 525 | 1,440 | (24%) |
| | | | |
| Free cash flow[2], $mln | 284 | (608) | N.M |

[1] Strategic Price Protection Programme. See slide 18 for further details
[2] Free cash flow is calculated as net operating cash flow minus investment cash flow net of change in deposits and interest paid

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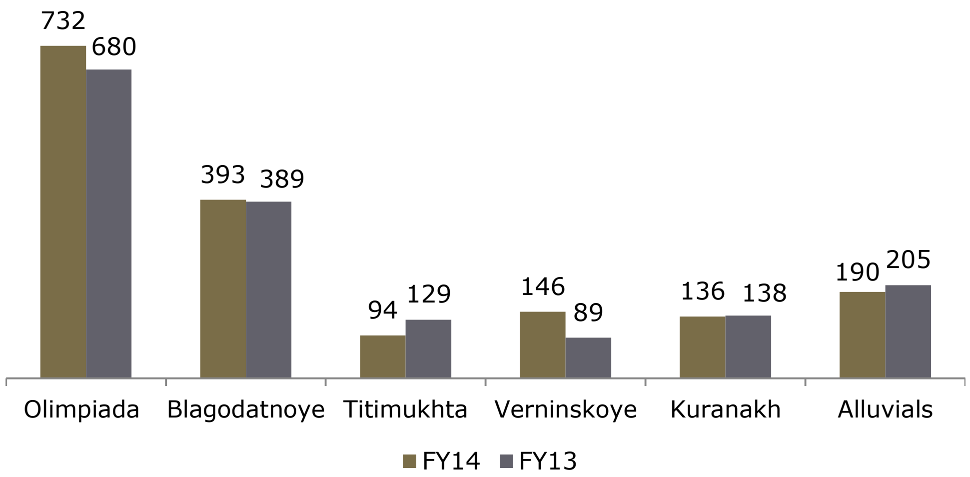
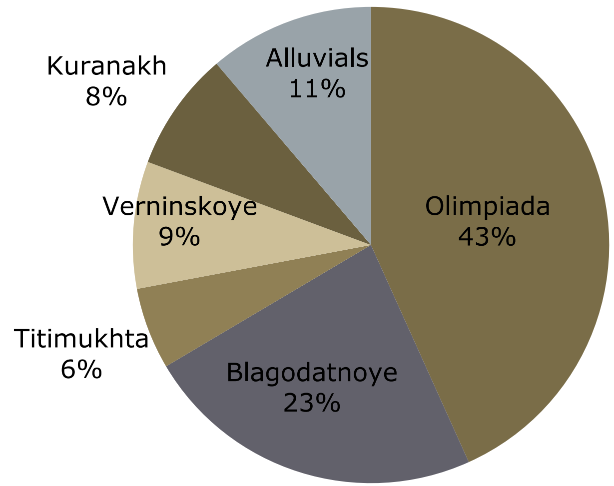
# Financial Results

## Revenue analysis

**Sales by mine dynamics, koz**




**Revenue breakdown by mine, FY14, %**




- Group’s gold sales in FY14 amounted to 1,691 koz, a 4% increase over FY13
- Our flagship mine Olimpiada demonstrated 8% y-o-y growth and contributed 43% of the total gold revenue
- Verninskoye sales increased by 64% y-o-y as the mine achieved the nameplate throughput capacity and substantially improved recoveries
- A 27% y-o-y decrease at Titimukhta resulted from lower grades
- A decision to idle several high-cost mining areas within our Alluvial operations led to weaker y-o-y gold production and sales

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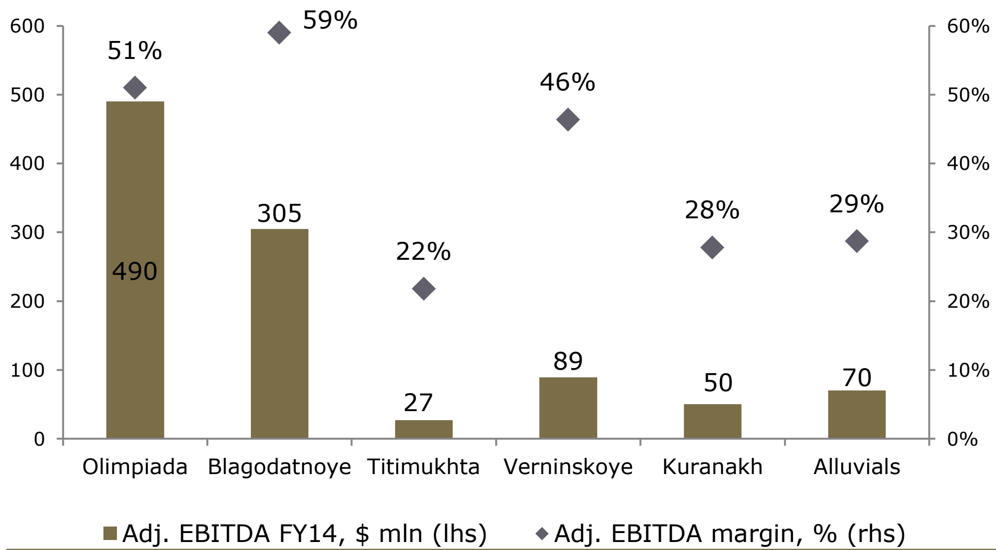
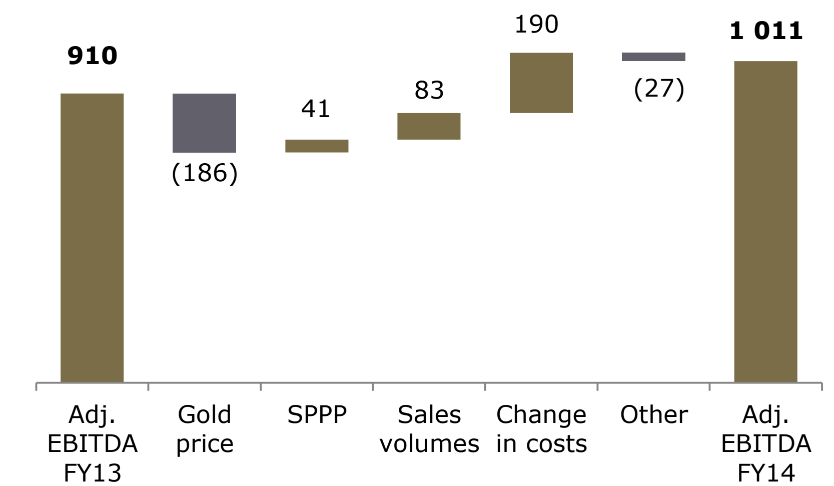
# Financial Results

## Adjusted EBITDA performance

**Adj. EBITDA and adj. EBITDA margin, FY14**




**Adj. EBITDA bridge, $ mln**

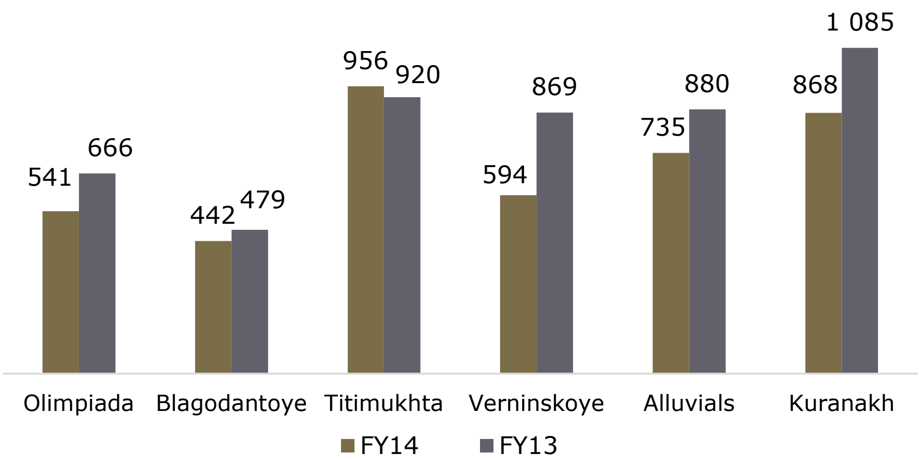



- Total FY14 adjusted EBITDA of $1,011 mln with adj. EBITDA margin of 45% (up 6 ppts y-o-y)
- Increased sales volumes, cost improvements and the benefits from SPPP offset the lower gold price, creating 11% y-o-y growth in adj. EBITDA
- The Group's three most profitable mines (Olimpiada, Blagodatnoye and Verninskoye) demonstrated the adj. EBITDA margin above 45% and accounted for 87% of the total Group's EBITDA
- The Titimukhta result is especially remarkable, as in 1H 14 the mine registered a $2 mln EBITDA loss

# Financial Results

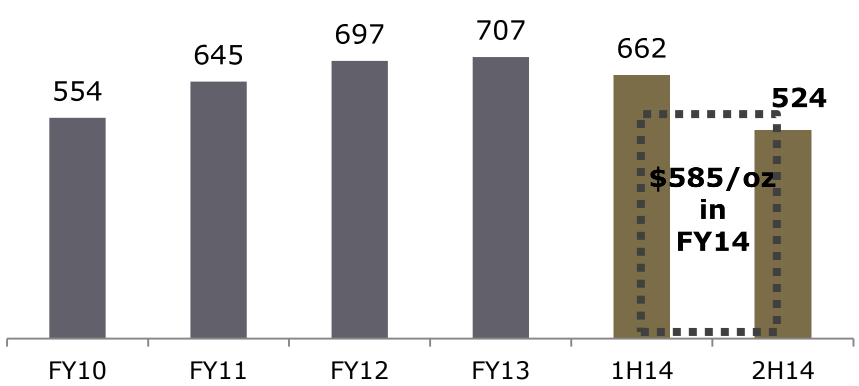
## TCC & AISC performance

### TCC dynamics by mines, $/oz

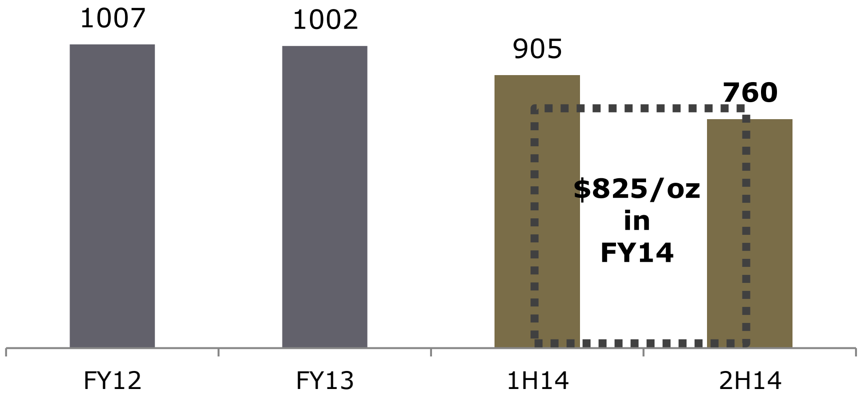



- The Group's TCC decreased by 17% in FY14 to $585/oz. In 2H14 TCC declined to $524/oz
- All mines, with the exception of Titimukhta, contributed to the overall cost decrease, reflecting the implementation of cost-reduction initiatives and a weaker RUB
- The Group's AISC dropped by 18% y-o-y to $825/oz in the reported period
- Lower AISC were driven by the decrease in TCC, as well as lower SG&A and sustaining Capex. In 2H14 AISC dropped further down to $760/oz

### TCC dynamics in FY10-14, $/oz



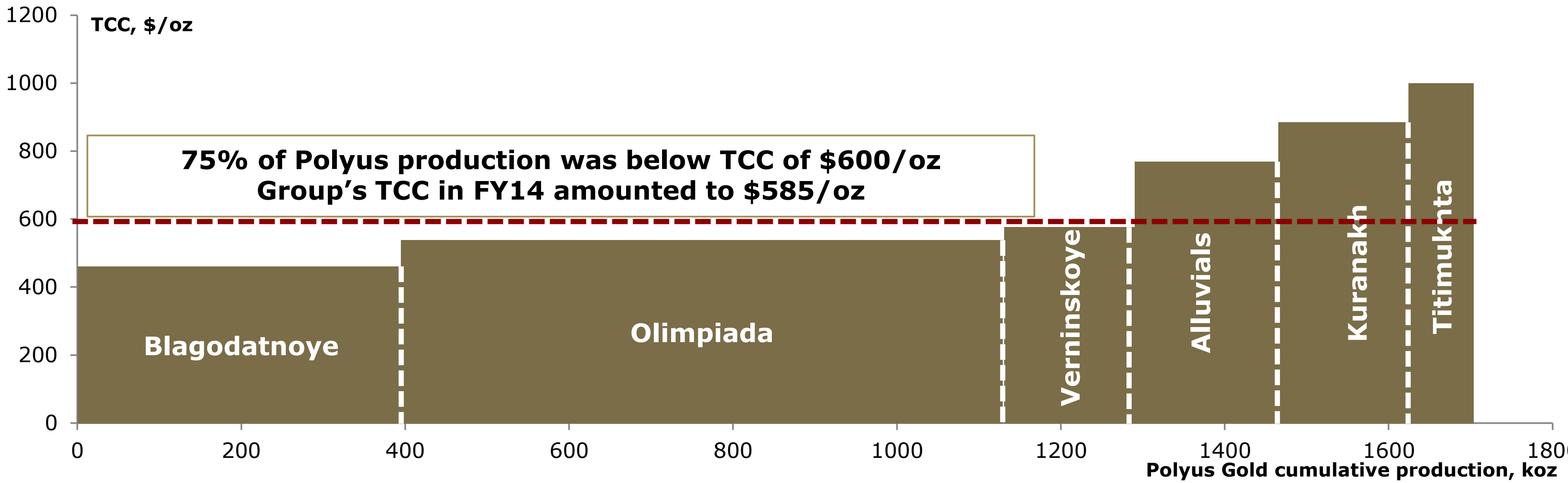

### AISC dynamics in FY12-14, $/oz



# Financial results

## Polyus TCC curve

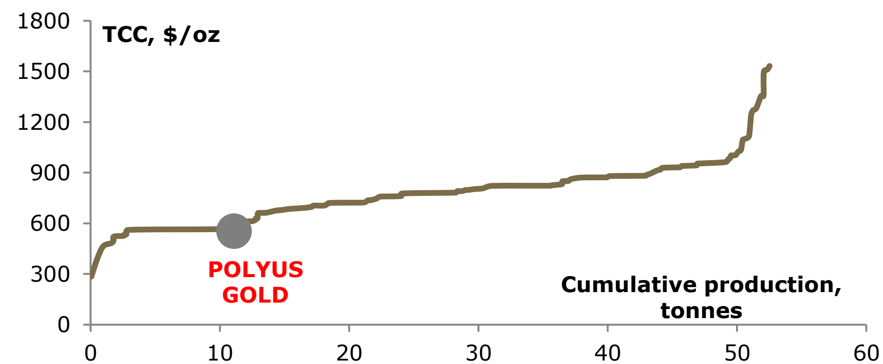
### Polyus Gold TCC curve 2014




### Highlights

- 75% of the Group's production had TCC below $600/oz in FY14
- In 2014 Polyus moved from the 2nd to the 1st quartile of the global TCC curve[1], according to ThomsonReuters GFMS estimates
- GFMS forecasts Polyus to move to the 1st decile of the global TCC curve in FY15

### Global TCC curve in FY14[1]




[1]Source: ThomsonReuters GFMS

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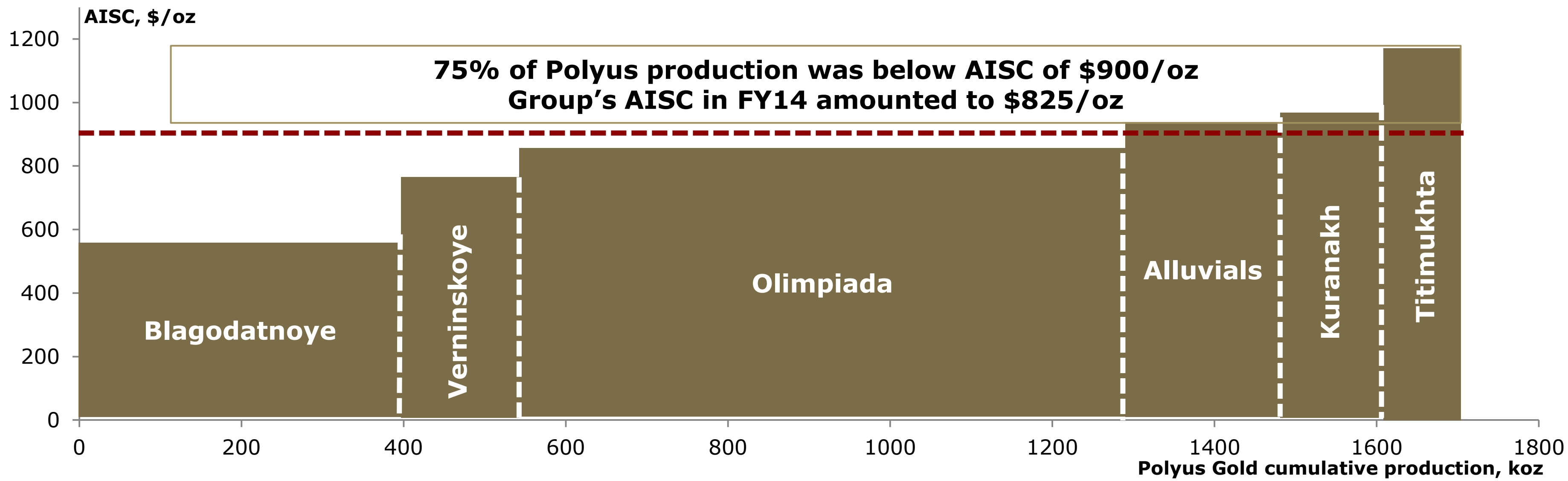
# Financial results

## Polyus AISC curve

**Polyus Gold AISC curve 2014**



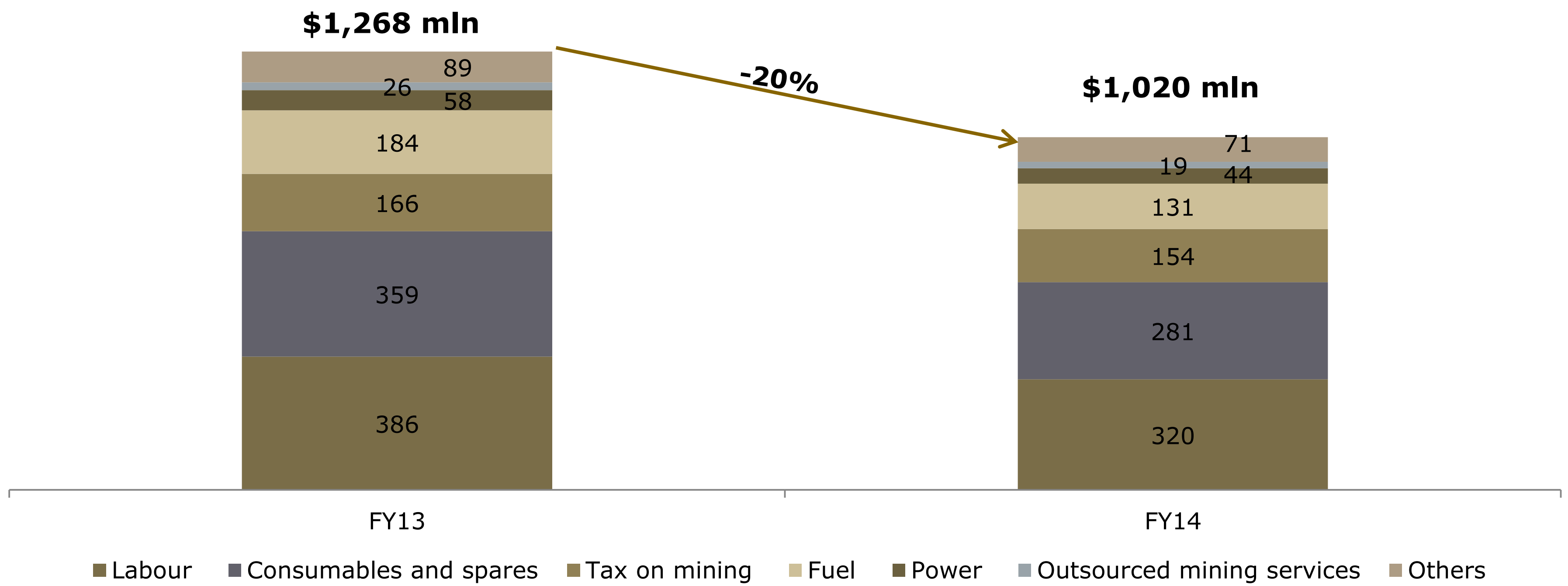

**Highlights**

- Blagodatnoye AISC amounted to $561/oz, remaining the lowest-cost asset in our portfolio
- Vernisnkoye, which operated at the nameplate throughput capacity during 2014, recorded AISC of $728/oz
- Olimpiada AISC amounted to $854/oz, 58% above the TCC level mainly as a result of high spending on stripping works on the back of the Olimpiada pit cutback
- Alluvials recorded AISC of $952/oz with increased G&A and maintenance capex being major reasons to bring AISC c. $200/oz over the TCC level

# Financial Results

## Cost of sales breakdown

**The Group's cash operating costs breakdown by item, FY13/FY14, $ mln**




- Cash operating costs were down 20% y-o-y in FY14 due to cost reduction initiatives implemented across the Group's operations as well as a weaker RUB
- Cost of sales structure remained largely unchanged in FY14 with major cost items being labour (31% of total), consumables and spares (28%) and tax on mining (15%)

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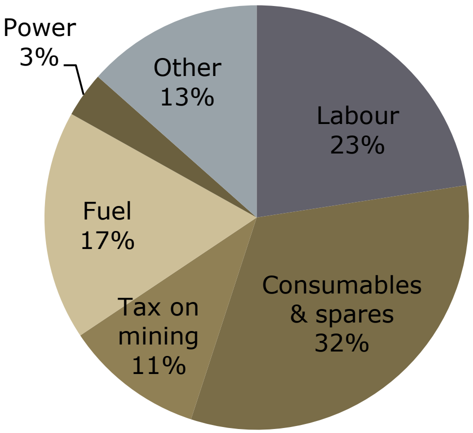
# Financial Results

## Cost of sales breakdown

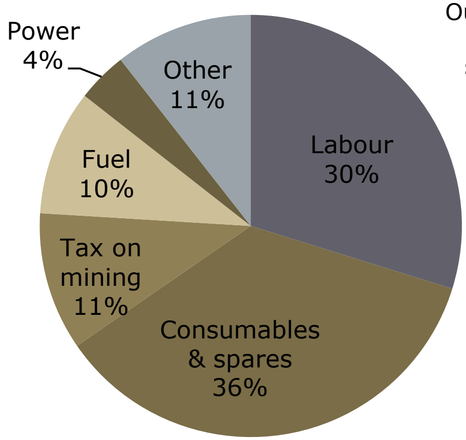
**Cost of sales breakdown by business unit, FY14**

**Krasnoyarsk**



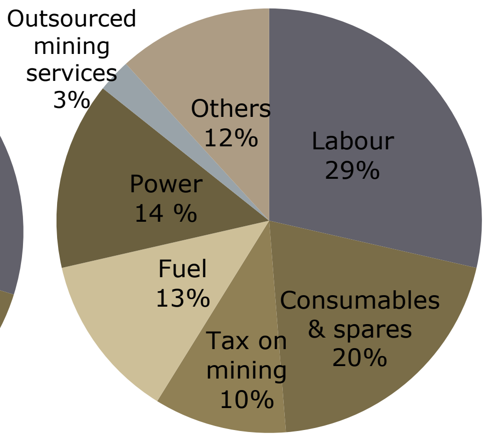

**$669 mln**

**Verninskoye**



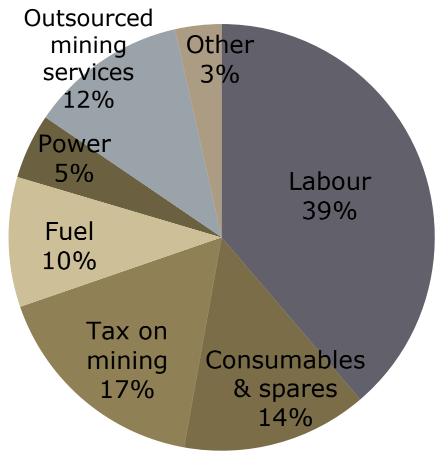

**$104 mln**

**Kuranakh**




**$119 mln**

**Alluvials**




**$141 mln**

- Cost of sales at Krasnoyarsk Business Unit were down 20% y-o-y due to the implementation of mill productivity initiatives leading to lower unit consumption rates and maintenance costs, reagents' price reductions, headcount optimisation and a weaker RUB
- Overall cost of sales at Verninkoye were broadly flat y-o-y, as production volumes soared 64% in FY14
- Alluvials demonstrated a 21% y-o-y decrease in costs, due to idling of some of high-cost mining areas, weaker RUB and reduction in mining expenses at remote locations
- Kuranakh recorded a 24% y-o-y cost reduction driven by optimisation of mining works, stringent control over consumables, weaker RUB, the reorganisation of procurement logistics, and purchase price reduction initiatives

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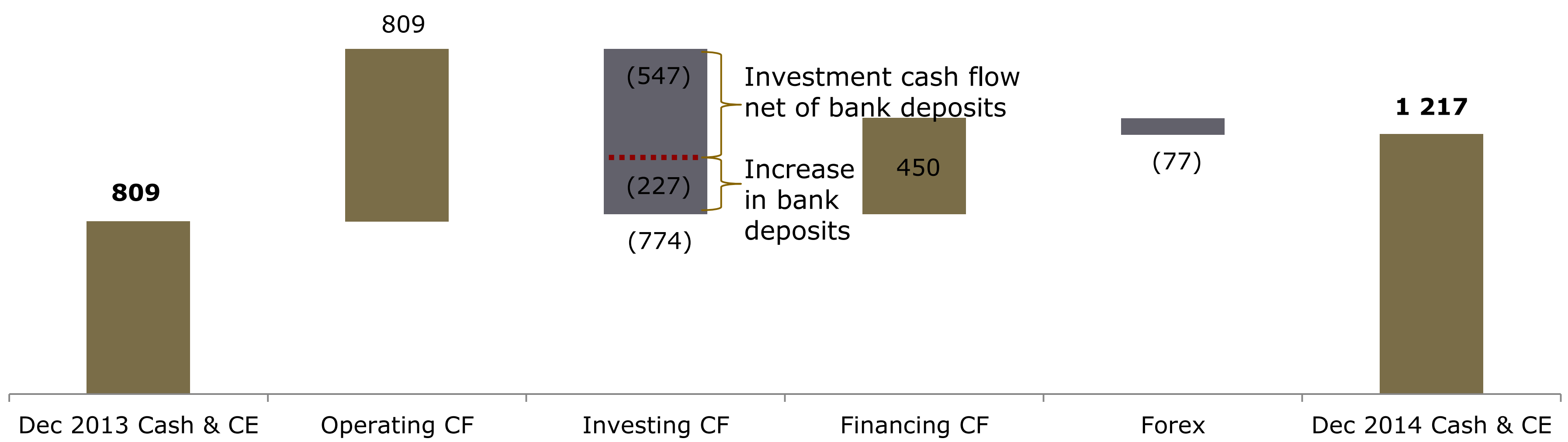
# Financial Results

## Free cash flow dynamics

**FY14 cash flow bridge, $ mln**




- Cash and CE at the end of FY14 were up 50% y-o-y to $1,217 mln driven by strong operating cash flow generation of $809 mln and financing cash flow of $450 mln. We have also increased bank deposits by $227 which is accounted as part of investing cash flows but is effectively cash held by the Group.
- The Group registered a healthy positive free cash flow of $284 mln for the year, as compared to the negative free cash flow of $608 mln in FY13. Robust operating cash flow, lower capex, stringent control over working capital and a weaker RUB all contributed to the FCF increase

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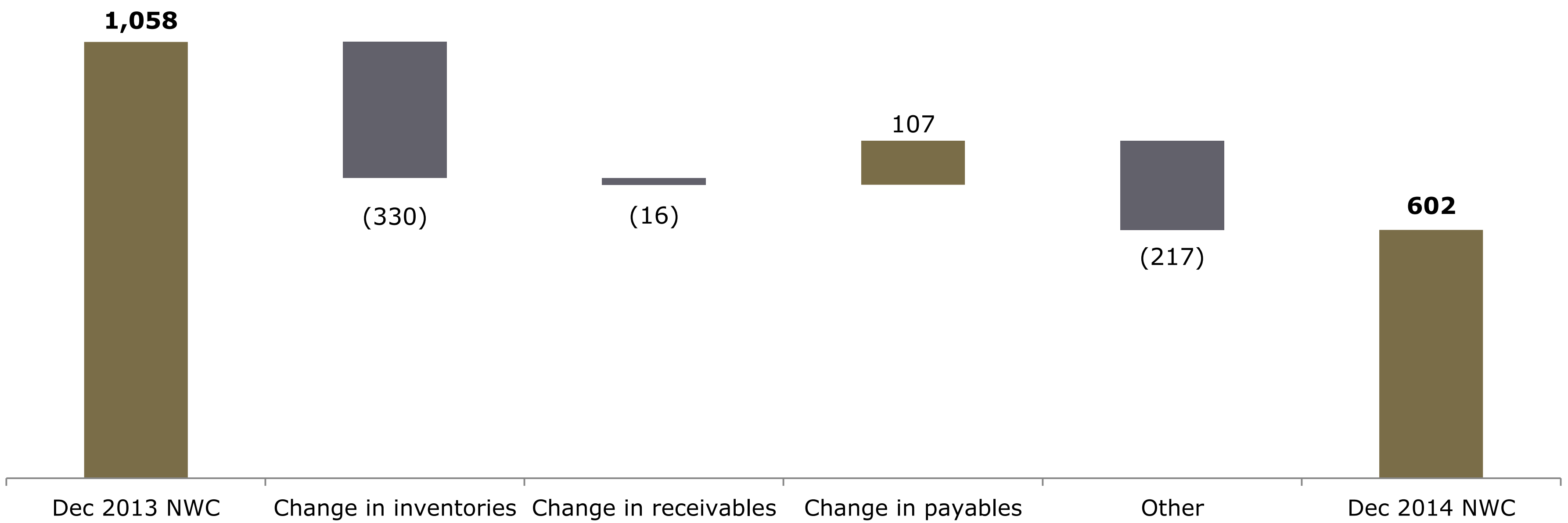
# Financial Results

## Net working capital dynamics

**FY14 net working capital bridge, $ mln**




- Polyus recorded a 43% decrease in net working capital due to a sizeable fall in inventories on the back of working capital optimization, reduction of taxes receivable as part of tax optimization program and the RUB devaluation

# Financial Results

## Capex analysis

| Capex breakdown, $ mln | FY14 | FY13 | change y-o-y |
|---|---|---|---|
| Natalka | 310 | 1,059 | (71%) |
| Olimpiada | 56 | 146 | (62%) |
| Blagodatnoye | 17 | 54 | (69%) |
| Titimukhta | 6 | 2 | 200% |
| Verninskoye | 38 | 53 | (28%) |
| Kuranakh | 6 | 16 | (63%) |
| Alluvials | 17 | 18 | (6%) |
| Exploration | 6 | 26 | (77%) |
| Other | 69 | 66 | 5% |
| **Total** | **525** | **1,440** | **(64%)** |
| Maintenance capex | 99 | 210 | (53%) |
| Development capex | 426 | 1,230 | (65%) |

- The Group's FY14 capex declined by 65% y-o-y to $525 mln due to lower spend on Natalka, weaker RUB and strict control over capital spending across all the assets
- Olimpiada capex dropped 62% y-o-y in FY14 following completion of a number of development projects in FY13, including the automation of the mill
- Verninskoye capex decreased by 28% y-o-y, as major construction works at the mine were completed in FY13

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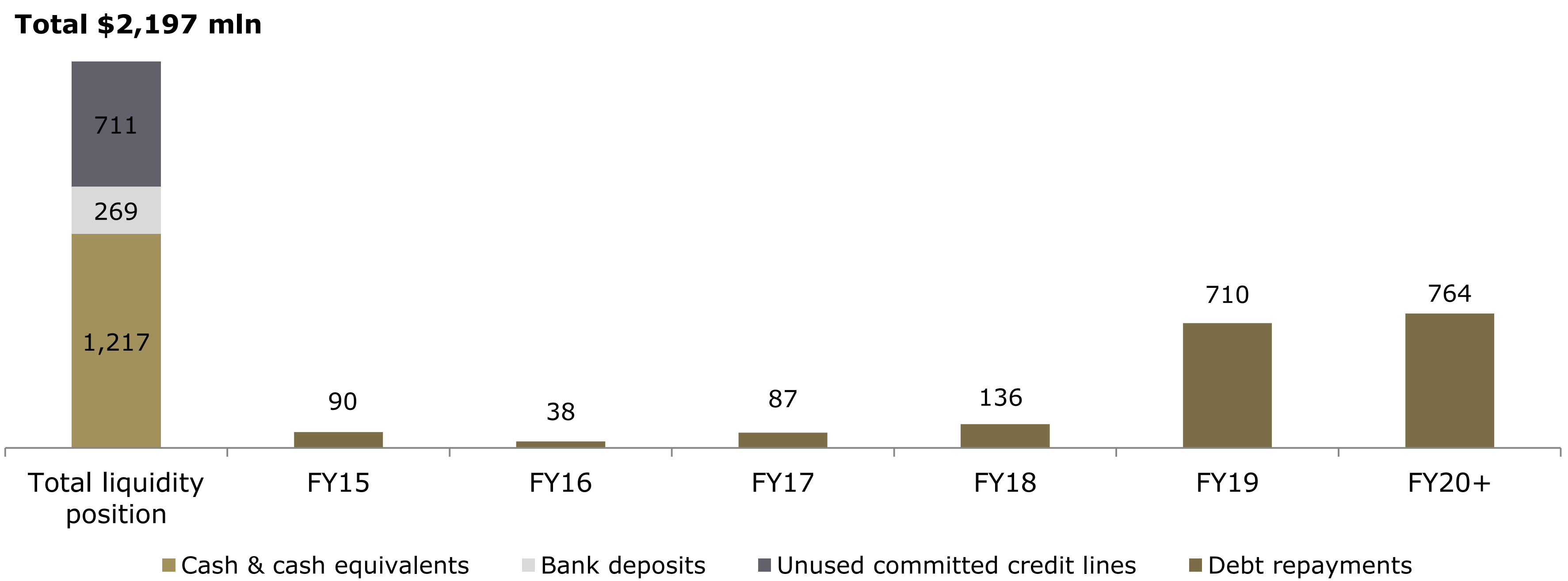
# Debt maturity profile

## Debt repayment schedule, $ mln

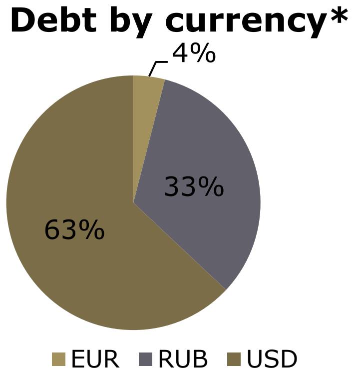


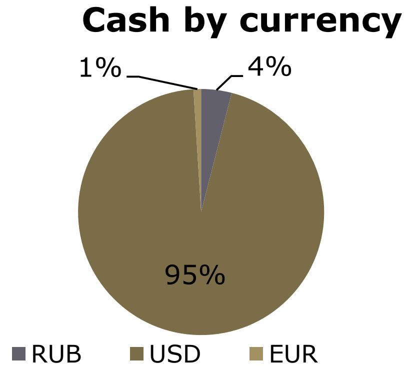

- The Group's total liquidity position at the end of FY14 amounted to $2,197 mln, fully covering all debt repayments of $1,825 mln
- No material maturities until FY19: the Group's debt repayments in FY15-18 total $351 mln

# Financial Results

## Debt and cash structure

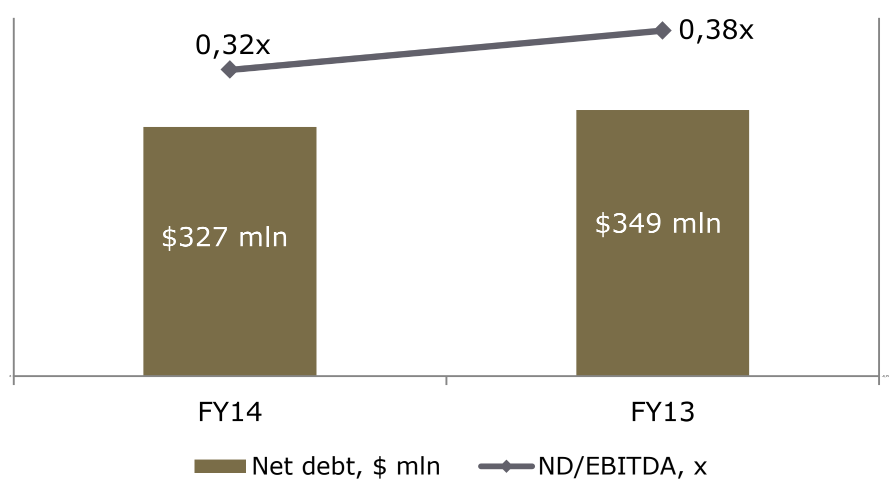
**Cash/debt breakdown by currency, as of FY14, %**



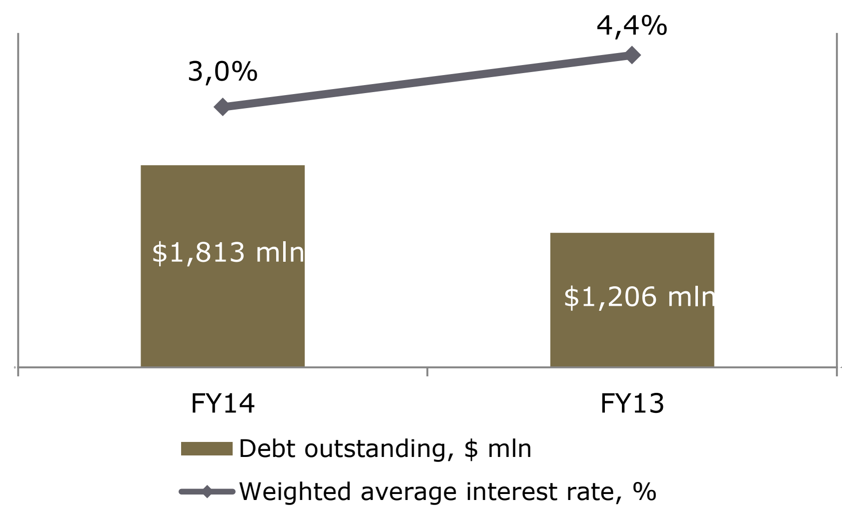




- Net debt of $327 mln at the end of FY14, slightly down from $349 mln at the end of FY13
- Net debt/EBITDA of 0.32x at the end of FY14, down from 0.38x at the end of FY13, continues to be one of the lowest in the sector
- 95% of the Group's cash and equivalents at the end of FY14 were in USD, as the Group's revenue is linked to USD
- Average interest rate decreased to 3.0% from 4.4% in FY13, as a result of interest rate and cross-currency swaps

**Net debt evolution**




**Debt outstanding and interest rate**

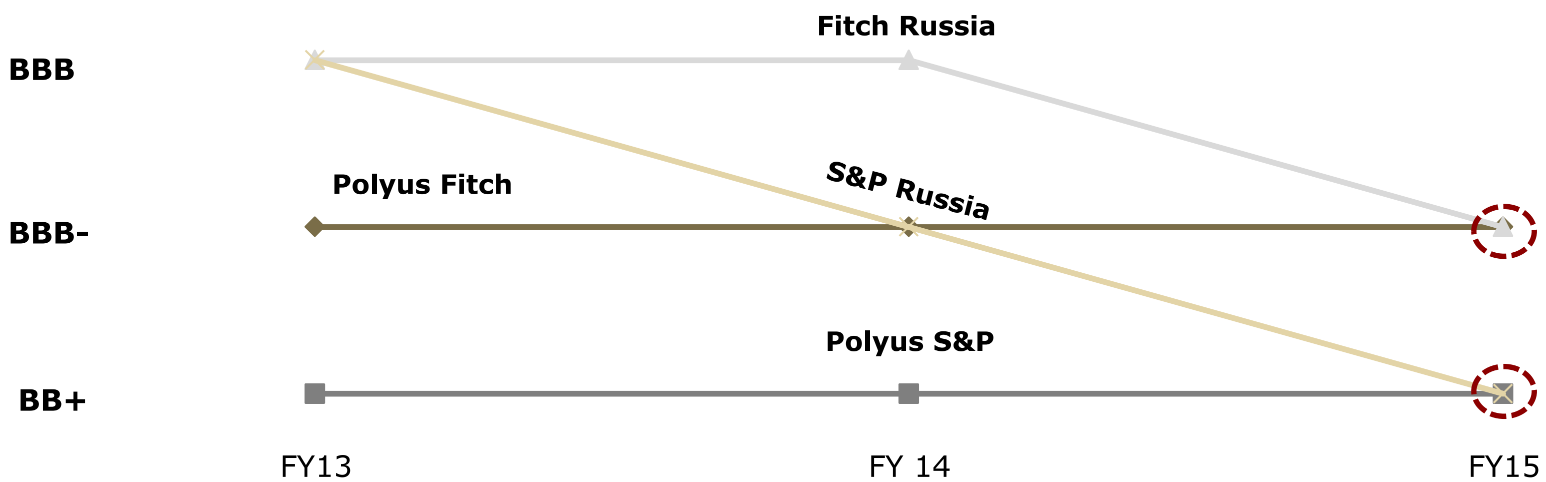



* The debt breakdown is shown before cross currency SWAPs.

# Financial Results

## Credit ratings

**Polyus credit rating vs. Russia sovereign rating**

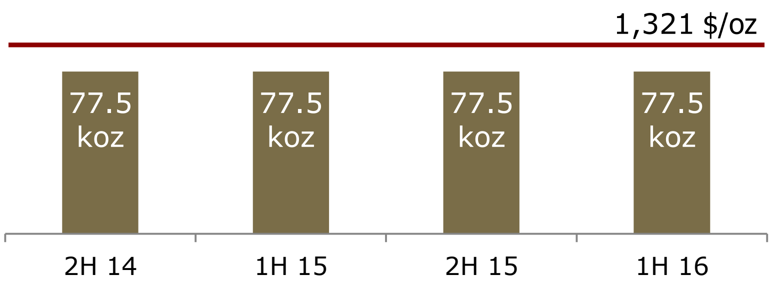



- **April 2013.** Polyus' Eurobond is issued. Fitch rated it 1 notch below the sovereign, S&P – 2 notches below the sovereign
- **April 2014.** First wave of Russian downgrades, Polyus is maintained at 1 notch below the sovereign
- **January 2015.** Second wave of Russian downgrades, Polyus' ratings are confirmed and hence converged with the sovereign

# Financial Results

## Strategic price protection programme overview

### Gold forward contract structure

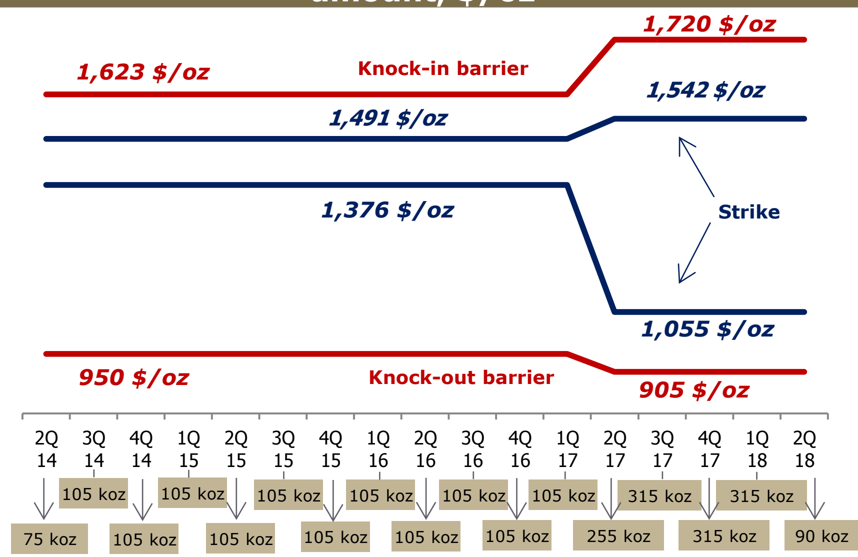



### The revenue stabiliser component structure

| Price protection period | Tranche 1 1 April 2014 - 30 March 2018 | Tranche 2 1 July 2014 - 29 June 2018 | Weighted average price for the price protected amount, $/oz |
|---|---|---|---|
| **Years 1-3 of the Programme** | | | |
| Size (per annum), koz | 300 | 120 | |
| **Leg 1 (put)** | | | |
| Strike, $/oz | 1,383 | 1,359 | 1,376 |
| Knock-out barrier, $/oz | 950 | 950 | 950 |
| **Leg 2 (call)** | | | |
| Strike, $/oz | 1,518 | 1,425 | 1,491 |
| Knock-in barrier, $/oz | 1,662 | 1,525 | 1,623 |
| **Year 4 of the Programme** | | | |
| Size (per annum), koz | | | |
| **Leg 3 (put)** | | | |
| Strike, $/oz | 1,037 | 1,100 | 1,055 |
| Knock-out barrier, $/oz | 907 | 900 | 905 |
| **Leg 4 (call)** | | | |
| Strike, $/oz | 1,559 | 1,500 | 1,542 |
| Knock-in barrier, $/oz | 1,748 | 1,650 | 1,720 |

- To mitigate the risk of lower gold prices the Group decided to initiate a Strategic Price Protection Programme (SPPP) comprised of a series of zero cost Asian gold collars ("revenue stabiliser") and gold forward contracts.
- The net SPPP effect on the average realized gold price in FY14 was $25/oz with the price being $1,300/oz
- The positive effect from the SPPP programme in FY 2014 accounted for $41 million

### Weighted average price for the price protected amount, $/oz

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# Operating Results

# Operational Performance

## Key highlights

- The seventh consecutive year of growing gold output: 1,696 koz produced in FY14 (+3% y-o-y)
- Substantial y-o-y increase in gold production at Olimpiada (+7%) and Verninskoye (+64%)

| Output by mine, koz | FY12 | FY13 | FY14 | y-o-y change |
|---|---|---|---|---|
| Olimpiada[1] | 653 | 695 | 736 | 7% |
| Titimukhta | 117 | 131 | 93 | (29%) |
| Blagodatnoye | 401 | 395 | 394 | 0% |
| Kuranakh | 138 | 138 | 137 | 0% |
| Verninskoye | 46 | 89 | 146 | 64% |
| Alluvials | 214 | 205 | 190 | (7%) |
| **Total production, koz** | **1,569** | **1,652** | **1,696** | **3%** |
| **Group operations** | | | | |
| Total rock moved, mln $m^3$ | 66.7 | 66.4 | 65.9 | (1%) |
| Stripping ratio, $m^3/t$ | 2.4 | 1.8 | 2.3 | 28% |
| Ore mined, kt | 23.5 | 30.0 | 24.3 | (19%) |
| Grade in ore mined, g/t | 2.4 | 2.6 | 2.2 | (15%) |
| Ore processed, kt | 21.8 | 22.5 | 23.7 | 5% |
| Grade in ore processed, g/t | 2.3 | 2.5 | 2.5 | 0% |
| Average recovery, % | 80.0% | 81.1% | 82.2% | 1.1 ppts |

[1]Including gold in flotation concentrate

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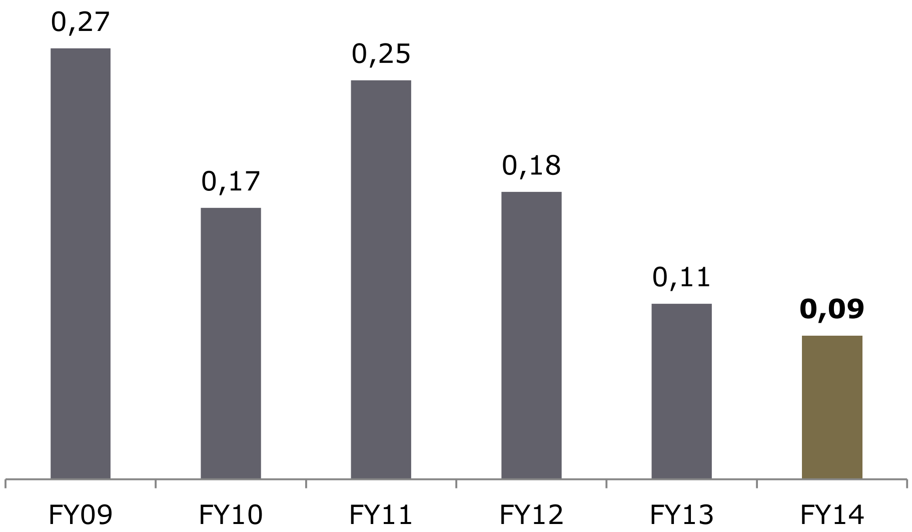
# Operational Performance

## Health & Safety update

| Business Unit | Lost Time Injury Frequency Rate[1] | | |
|---|---|---|---|
| | FY12 | FY13 | FY14 |
| Krasnoyarsk | 0.11 | 0.08 | 0.00 |
| Verninskoye | 0.21 | 0.05 | 0.10 |
| Alluvials | 0.14 | 0.02 | 0.02 |
| Kuranakh | 0.49 | 0.28 | 0.14 |
| Natalka | 0.18 | 0.65 | 0.10 |
| Polyus Construction | 0.27 | 0.15 | 0.30 |
| Polyus Logistics | 0.00 | 0.11 | 0.23 |
| Polyus Energy | 0.15 | 0.15 | 0.14 |
| Polyus Shield | 0.00 | 0.00 | 0.12 |
| **Total** | **0.18** | **0.11** | **0.09** |

### LTIFR FY09-FY14




### Highlights

- During FY14, regrettably, the Group reported 4 fatalities (3 in 2013), 2 at Alluvial operations and 2 at Polyus Logistics in Krasnoyarsk Region
- The Group considers any fatality completely unacceptable and a detailed root-cause analysis of the accidents was conducted to ensure that effective mitigating plans could be introduced
- The annual 3rd party review of the integrated HS&E management systems was successfully completed during FY14 and compliance with ISO 14001 and OHSAS 18001, best practice standards were confirmed

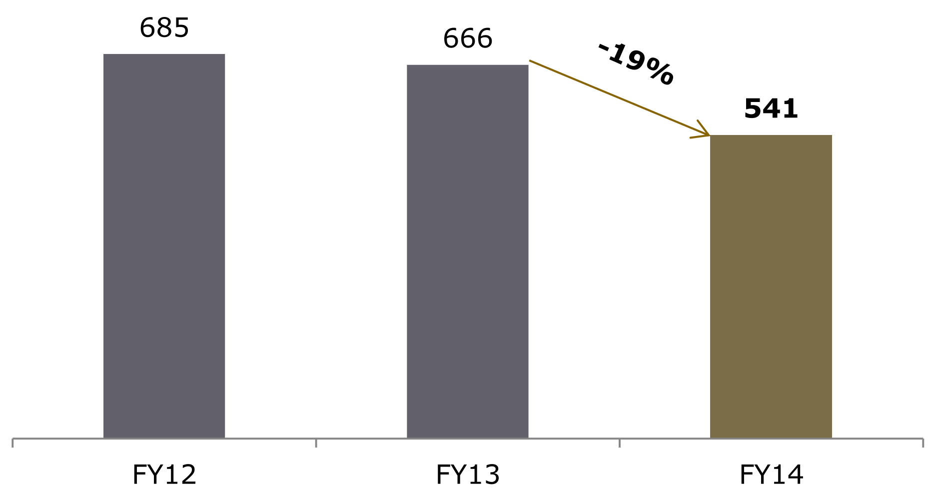
[1] LTIFR is calculated based on 200 000 work hours factor
[2] Subcontractor work related fatalities

# Operational Performance

## Olimpiada

| Operations | FY12 | FY13 | FY14 |
|---|---|---|---|
| Rock moved, km³ | 24,368 | 25,052 | **24,122** |
| Strip ratio, m³/t | 2.7 | 1.8 | **3.6** |
| Ore mined, kt | 8,056 | 11,597 | **6,005** |
| Grade in ore mined, g/t | 3.4 | 3.6 | **3.7** |
| Ore processed, kt | 8,068 | 7,822 | **8,526** |
| Grade in ore processed, g/t | 3.4 | 3.6 | **3.6** |
| Recovery, % | 73.7 | 74.5 | **75.9** |
| Gold production, koz | 653 | 691 | **726** |

**TCC FY12-14, $/oz**




**Highlights**

- A 48% y-o-y decrease in ore mined was due to the cutback of the Olimpiada pit, which started in mid-FY14 and will last until end of FY15, hence ore mining was cut to a minimum with both mills processing the earlier stockpiled material
- Recoveries increased y-o-y as a result of mill automation
- TCC declined by 19% as a result of the implementation of mill productivity initiatives leading to lower unit consumption rates and maintenance costs, reagents' price cuts, headcount optimisation and a weaker RUB

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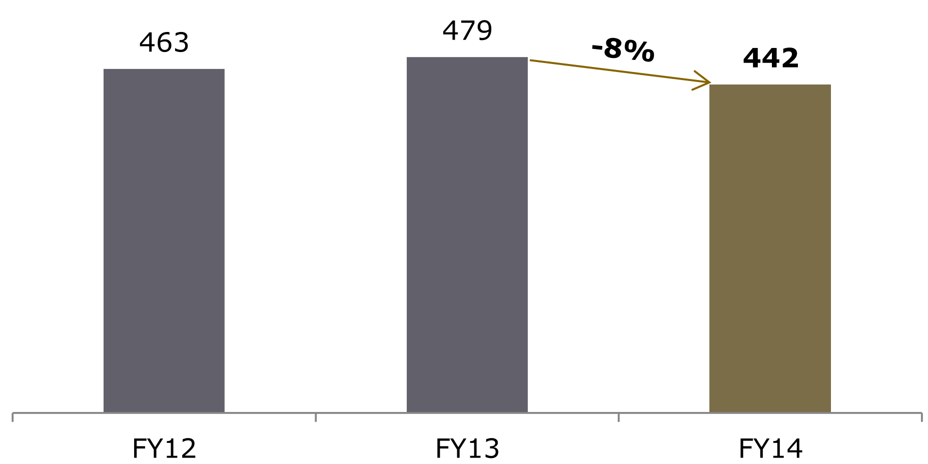
# Operational Performance

## Blagodatnoye

| Operations | FY12 | FY13 | FY14 |
|---|---|---|---|
| Rock moved, km³ | 15,355 | 13,321 | **14,696** |
| Strip ratio, m³/t | 2.0 | 1.6 | **1.6** |
| Ore mined, kt | 6,463 | 6,840 | **7,392** |
| Grade in ore mined, g/t | 2.1 | 2.1 | **2.0** |
| Ore processed, kt | 6,499 | 6,755 | **7,251** |
| Grade in ore processed, g/t | 2.1 | 2.0 | **2.0** |
| Recovery, % | 86.4 | 88.3 | **88.0** |
| Gold production, koz | 401 | 395 | **394** |

**TCC FY12-14, $/oz**




**Highlights**

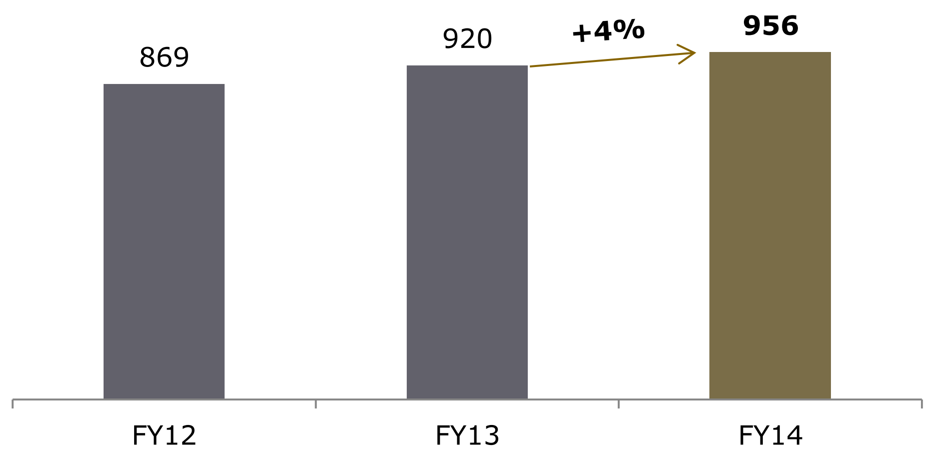
- Blagodatnoye demonstrated a very stable performance over FY14 with output being flat y-o-y at 394 koz
- The Blagodatnoye mill continued to operate above its nameplate capacity of 6.0 mtpa in FY14, reaching 7.3 mtpa, an outperformance of 22%
- The average grades and recoveries were largely flat y-o-y
- With TCC of $442/oz in FY14 Blagodatnoye remained the lowest-cost asset in the Polyus portfolio

# Operational Performance

## Titimukhta

| Operations | FY12 | FY13 | FY14 |
|---|---|---|---|
| Rock moved, km³ | 10,211 | 10,195 | **9,640** |
| Strip ratio, m³/t | 3.9 | 3.7 | **3.9** |
| Ore mined, kt | 2,422 | 2,514 | **2,242** |
| Grade in ore mined, g/t | 2.1 | 2.0 | **1.7** |
| Ore processed, kt | 2,131 | 2,391 | **1,978** |
| Grade in ore processed, g/t | 2.1 | 1.8 | **1.9** |
| Recovery, % | 82.2 | 85.0 | **83.7** |
| Gold production[1], koz | 117 | 131 | **93** |

**TCC FY12-14, $/oz**




**Highlights**

- FY14 turned out to be a challenging year for Titimukhta with gold output decreasing by 29% y-o-y to 93 koz
- The major reason for lower production was decrease in grade of ore mined by 15% y-o-y. The Group is currently studying various options for the development of the deposit, including integrating it with Olimpiada, which should improve its performance and economics
- TCC were up 4% y-o-y to $956/oz due to lower gold output and higher operating expenses

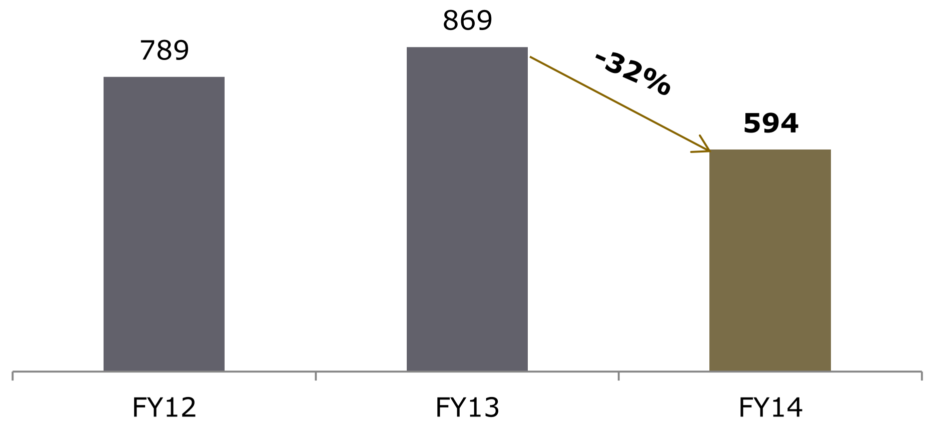
[1] Including gold produced from 3rd party ore from Veduga

# Operational Performance

## Verninskoye

| Operations | FY12 | FY13 | FY14 |
|---|---|---|---|
| Rock moved, km³ | 2,408 | 4,539 | **4,910** |
| Strip ratio, m³/t | 0.6 | 0.5 | **0.7** |
| Ore mined, kt | 2,616 | 4,934 | **4,716** |
| Grade in ore mined, g/t | 1.8 | 2.0 | **1.9** |
| Ore processed, kt | 1,324 | 1,626 | **2,203** |
| Grade in ore processed, g/t | 2.2 | 2.5 | **2.7** |
| Recovery, % | 64.2 | 70.8 | **79.4** |
| Gold production, koz | 46 | 89 | **146** |

**TCC FY12-14, $/oz**




**Highlights**

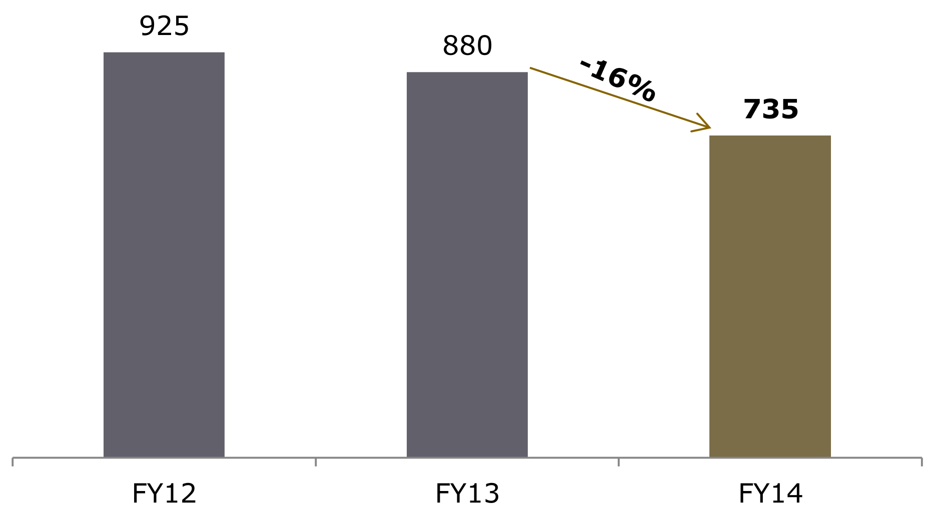
- Verninskoye mill reached its nameplate throughput capacity at the end of FY13 and operated at full capacity during FY14. Recoveries demonstrated a significant upward movement reaching 84.4% at the end of FY14 and are anticipated to grow further to the design parameter of 86% by the end of FY15
- Gold output increased by 64% y-o-y to 146 koz due to higher processing volumes, increased grades in ore processed and improved recoveries
- TCC dropped 32% on the back of increased processing volumes as a result of stabilisation of mill processing rates and reagents' consumption, combined with cost reductions across the production flow

# Operational Performance

## Alluvials

| Operations | FY12 | FY13 | FY14 |
|---|---|---|---|
| Sands washed, km³ | 9,962 | 10,107 | **9,139** |
| Average grade, g/t | 0.7 | 0.6 | **0.6** |
| Gold production, koz | 214 | 205 | **190** |

**TCC FY12-14, $/oz**




**Highlights**

- Refined gold output at Alluvials decreased by 7% y-o-y in FY14 on the back of reduced volumes of sand washed, as some of the high cost mining areas were idled
- Cost cutting initiatives, reduction in mining expenses at remote locations and weaker RUB reduced TCC by 16%

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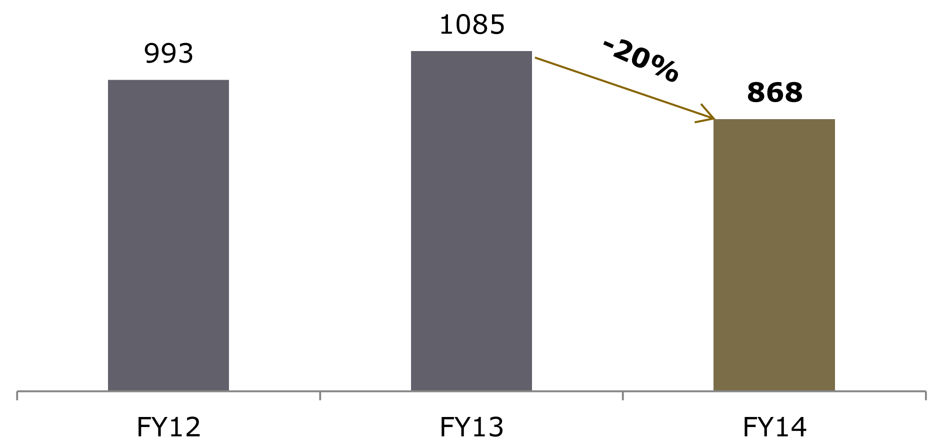
# Operational Performance

## Kuranakh

| Operations | FY12 | FY13 | FY14 |
|---|---|---|---|
| Rock moved, km³ | 14,361 | 13,244 | **12,537** |
| Strip ratio, m³/t | 3.0 | 2.6 | **2.6** |
| Ore mined, kt | 3,984 | 4,146 | **3,991** |
| Grade in ore mined, g/t | 1.3 | 1.4 | **1.3** |
| Ore processed, kt | 3,735 | 3,811 | **3,785** |
| Grade in ore processed, g/t | 1.3 | 1.4 | **1.3** |
| Recovery, % | 86.6 | 84.0 | **86.8** |
| Gold production, koz | 138 | 138 | **137** |

**TCC FY12-14, $/oz**




**Highlights**

- Kuranakh produced 137 koz in FY14, flat y-o-y. Volumes of ore processed remained also flat due to the use of stockpiles, which had a slight negative impact on the grade, as the stockpiles are of a lower grade
- Grade in ore processed remained largely flat y-o-y, while recoveries moved up 2.8 ppts y-o-y to 86.8% due to the effective ore blending
- TCC decreased by 20% due to the optimisation of mining works, heightened control over consumables, the reorganisation of procurement logistics, and purchase price reduction initiatives

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# Appendix

# Financial Statements

## Balance sheet highlights

| Assets, $ mln | FY 2014 | FY 2013 | change y-o-y |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 2,241 | 3,357 | (33%) |
| Exploration and evaluation assets | 110 | 175 | (37%) |
| Derivative financial instruments and investments | 172 | 2 | N/M |
| Inventories | 227 | 295 | (23%) |
| Other | 50 | 0 | N/M |
| **Current assets** | | | |
| Inventories | 440 | 702 | (37%) |
| Deferred expenditures | 13 | 16 | (19%) |
| Other receivables | 11 | 27 | (59%) |
| Advances paid to suppliers an prepaid expenses | 16 | 28 | (43%) |
| Taxes receivable | 48 | 250 | (81%) |
| Bank deposits | 269 | 48 | 460% |
| Cash and cash equivalents | 1,217 | 809 | 50% |
| **Total Assets** | **4,814** | **5,709** | **(16%)** |

# Financial Statements

## Balance sheet highlights (cont.)

| Equity and Liabilities, $ mln | FY 2014 | FY 2013 | change y-o-y |
|---|---|---|---|
| Share capital | 1 | 1 | 0% |
| Additional paid-in capital | 2,152 | 2,152 | 0% |
| Cash flow hedge revaluation reserve | 108 | 0 | N/M |
| Translation reserve | (2,045) | (396) | 416% |
| Retained earnings | 1,258 | 1,922 | (35%) |
| **Equity attributable to shareholders of the parent company** | **1,474** | **3,679** | **(60%)** |
| Non-controlling interest | 146 | 275 | (47%) |
| **Non-current liabilities** | | | |
| Borrowings | 1,723 | 937 | 84% |
| Derivatives and investments | 423 | 0 | N/M |
| Deferred tax liabilities | 150 | 134 | 12% |
| Environmental obligations | 49 | 69 | (29%) |
| Other non-current liabilities | 22 | 33 | (33%) |
| **Current liabilities** | | | |
| Borrowings | 90 | 269 | (67%) |
| Derivative financial instruments | 547 | 0 | N/M |
| Trade, other payables and accrued expenses | 154 | 260 | (41%) |
| Other taxes payable | 36 | 53 | (32%) |
| **Total liabilities** | **3,194** | **1,755** | **82%** |
| **Total Equity and liabilities** | **4,814** | **5,709** | **(16%)** |

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# Financial Statements

## Profit and loss statement highlights

| $ mln | FY 2014 | FY 2013 | change y-o-y | 2H 2014 | 1H 2014 |
|---|---|---|---|---|---|
| Revenue from gold sales | 2,197 | 2,259 | (3%) | 1,216 | 981 |
| Other revenue | 42 | 70 | (40%) | 16 | 26 |
| **Total revenue** | **2,239** | **2,329** | **(4%)** | **1,232** | **1007** |
| Cost of gold sales | (1,174) | (1,347) | (13%) | (575) | (599) |
| Other cost of sales | (33) | (47) | (30%) | (10) | (23) |
| **Total cost of sales** | **(1,207)** | **(1,394)** | **(13%)** | **(585)** | **(622)** |
| **Gross profit** | **1,032** | **935** | **10%** | 647 | 385 |
| SG&A | (183) | (226) | (19%) | (91) | (92) |
| Other expenses | (20) | (15) | 33% | (13) | (7) |
| Reversal of impairment / (impairment losses) | 17 | (472) | N/M | 25 | (8) |
| **Operating profit/(loss)** | **846** | **222** | **281%** | **568** | **278** |
| *Operating profit margin, %* | *38%* | *10%* | *28 ppts* | *46%* | *28%* |
| Finance costs | (26) | (14) | 86% | 36 | (10) |
| Interest income on bank deposits | 31 | 27 | 15% | 19 | 12 |
| (Loss)/gain on derivatives and investments, net | (934) | (5) | N/M | (1,015) | 81 |
| Foreign exchange gain/(loss) | 123 | 4 | N/M | 163 | (40) |
| **Profit before income tax** | **40** | **234** | **(83%)** | **(281)** | **321** |
| Income tax expense | (222) | (91) | 144% | (154) | (68) |
| **(Loss)/profit from continuing operations** | **(182)** | **143** | **N/M** | **(435)** | **253** |
| **Net income** | **(182)** | **149** | **N/M** | **(435)** | **253** |
| *Net income margin, %* | *N/M* | *6%* | *N/M* | *(35%)* | *25%* |
| **EBITDA** | **1,011** | **910** | ***11%*** | **618** | **393** |
| *EBITDA margin, %* | *45%* | *39%* | 6 ppts | *50%* | *39%* |

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# Financial Statements

## Cash flow highlights

| $ mln | FY 2014 | FY 2013 | change y-o-y |
|---|---|---|---|
| **Profit before income tax** | **40** | **234** | **(83%)** |
| Amortisation and depreciation | 182 | 214 | (15%) |
| Loss on derivative financial instruments and investments | 934 | 5 | N/M |
| Other non-cash items | (115) | 457 | N/M |
| Changes in working capital | 30 | (284) | N/M |
| Interest paid | (77) | (32) | 141% |
| Income tax paid | (185) | (175) | 6% |
| Net cash generated from continuing operations | 809 | 419 | 93% |
| **Net cash from operating activities** | **809** | **422** | **92%** |
| Disposal of KZBU | 0 | 291 | N/M |
| Purchase of CIP, EE and MUD | (461) | (1,347) | (66%) |
| Payments for SAA | (109) | (38) | 186% |
| Interest received | 29 | 31 | (6%) |
| (Increase)/decrease in bank deposits and other investments | (233) | 43 | N/M |
| Net cash from/(utilised in) continuing operations | (774) | (1,020) | (24%) |
| **Net cash from/(utilised in) investing activities** | **(774)** | **(1,023)** | **(24%)** |
| Dividends paid | (510) | (363) | 40% |
| Proceeds from borrowings | 1,254 | 1,092 | 15% |
| Repayment of borrowings | (294) | (236) | 25% |
| Net cash from/(utilised in) continuing operations | 450 | 493 | (9%) |
| **Net cash from/(utilised in) financing activities** | **450** | **493** | **(9%)** |
| **Net (decrease)/increase in cash** | **485** | **(108)** | **N/M** |
| **Cash at the beginning of the period** | **809** | **960** | **(16%)** |
| Foreign exchange differences | (77) | (43) | 79% |
| **Cash at the end of the period** | **1,217** | **809** | **50%** |

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