



PRESS RELEASE

KDM SHIPPING AFTER FIRST HALF OF 2013: 26.5% GROWTH IN REVENUES, STRONG MARKET OUTLOOK FOR SECOND HALF OF THE YEAR

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The KDM Shipping Group, one of the leaders of the Ukrainian shipping industry, primarily involved in the niche segment of dry bulk river-sea freight in the Black, Azov and Mediterranean sea regions, generated revenues in the first half of 2013 of USD 12.1m, or 26.5% greater than in the same period in 2012. Gross profit was USD 5.35m, representing an increase of 6.7%, and net profit was USD 3.9m, or 0.8% greater than in the first half of 2012.

The growth in revenues was achieved mainly thanks to improvement in the dry bulk shipping segment. In the first half 2013, the company shipped a total of 337.1 thousand tonnes of cargo, representing an increase of 45.4% year-on-year, generating revenues of USD 9.7m, or 30.6% greater than in the same period in 2012.

Dry bulk shipping is the most important area of the company's operations. The company also operates a tourist line on the Dnieper River in the Kiev region in the spring and summer, and performs ship repairs and renovations at its own shipyard in Kherson.

During the first half of 2013, the ship repair segment generated revenues of USD 2.1m (growth of 88.2%) and the passenger transport segment generated USD 0.3m (a decrease of 70.9%, due to large-scale shoreline renovation project carried out in Kiev on the Dnieper River bank that principally constrained customer ease of access).



FINANCIAL RESULTS – DETAILS

Selected financial data (in USD thousands)

	1H 2013	1H 2012	Change
Revenues	12,102	9,568	26.5%
<i>Freight</i>	9,677	7,408	30.6%
<i>Ship repair</i>	2,125	1,129	88.2%
<i>Passenger transport</i>	300	1,031	(70.9%)
Cost of sales	(6,756)	(4,558)	48.2%
<i>Freight</i>	(5,364)	(3,118)	72.0%
<i>Ship repair</i>	(1,181)	(684)	72.7%
<i>Passenger transport</i>	(211)	(756)	(72.1%)
Gross profit	5,346	5,010	6.7%
<i>Gross margin</i>	44.2%	52.4%	(15.7%)
EBITDA*	4,888	4,799	1.9%
<i>EBITDA margin</i>	40.4%	50.1%	(19.4%)
Profit for the period	3,910	3,880	0.8%

* EBITDA is adjusted for the USD 118k currency exchange loss arising from the PLN currency translation of the share premium following the Second Public Offering.

The similarity in the results at the level of gross profit, EBITDA and net profit, despite growth in revenue by 26.5%, are connected with decrease in the average shipment fees by approximately 9.7% affecting Company's routes during the first half of this year, increased costs due to longer on average routes as well marginal increase in prices for some shipping services (i.e port dues in ports of Ukraine and agent fees increase).

"We are satisfied with the growth of revenues in the first half of 2013, mainly in our key segment, that is dry bulk shipping, thanks to the increased tonnage of cargo," commented Denys Molodkovets, Chief Financial Officer of KDM Shipping. "Our main priority now is to expand our dry bulk cargo fleet with quality new vessels, and we are in the course of negotiations. We expect to see the results of this increase in our financial results next year. We expect high demand for export of grains in the second half of this year, due to strong grain harvest results in our region of operations—Ukraine, Kazakhstan and Russia—and as a result of favourable price movements. According to current publicly available



data, the 2013 expected grain harvest in Ukraine, Kazakhstan and Russia is at the level of 164 million tonnes, in other words up by 27% from 129 million tonnes in 2012. Our company focus is therefore to maintain our company's market share, thereby positioning ourselves so that this boom market corresponds over to our dry bulk shipping segment's performance results in the second half of this year."

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ABOUT KDM SHIPPING

The KDM Shipping Group is one of the leaders of the Ukrainian shipping industry in its region of activity. The group's cargo fleet consists of 10 river-sea, dry cargo vessels of total 29,673 DWT, which due to their shallow draft allow access to major river and sea ports in the Black and Azov sea regions. The group also provides passenger river transport services on the Dnieper River in the Kiev region (operating a fleet of 8 passenger river vessels), as well as ship repair services at its own shipyard in the city of Kherson. The company also has its own ship agency in selected ports as well as its own crewing department, allowing the group to benefit from certain cost efficiencies and to sustain competitive advantages.

In its main activity of dry bulk shipping, the group focuses primarily on shipments of grain, but also transports scrap metal, sunflower seed meal, wood and bran, general cargo and other products. The group transports cargo predominantly from ports in Russia and Ukraine to ports in Turkey, Russia, Georgia, Ukraine and Italy.

The company's principal shareholder is Kostiantyn Molodkovets, founder and CEO, who holds 54.86% of the shares. The company has been listed on the Warsaw Stock Exchange since August 2012.

The group employed about 240 people as of the end of 2012.

More information also available at www.kdmshipping.com