



# Integra: 1H2010 Financial Results

September, 2010



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**Consolidated Revenue 1H2010 - US\$ 421.3 MM**  
**Adjusted EBITDA 1H2010 - US\$ 61.9 MM <sup>(1)</sup>**  
**Total Assets as of 30 June 2010 - US\$ 792.0 MM <sup>(2)</sup>**

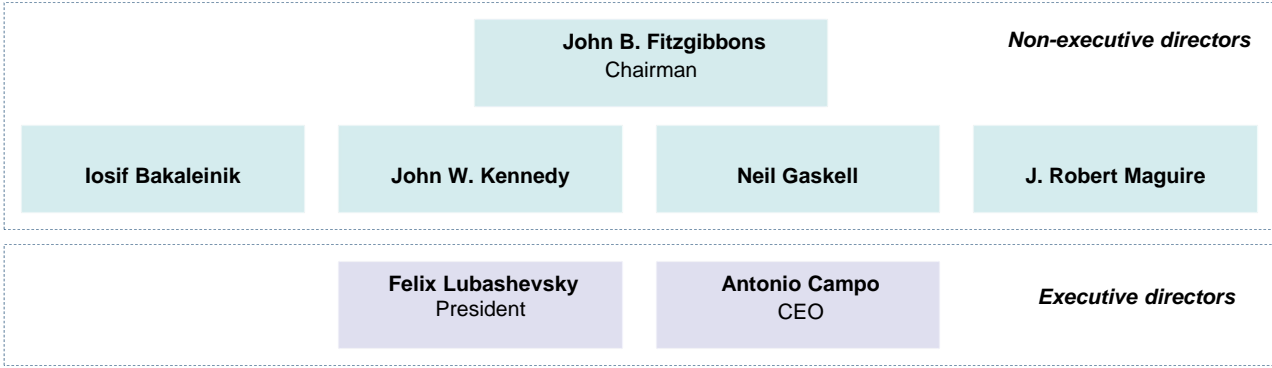
	Drilling, Workover, IPM	Technology Services	Formation Evaluation	OFS Equipment Manufacturing
<b>Revenues 1H2010</b> <b>Adj. EBITDA 1H2010</b>	<ul style="list-style-type: none"> <li>US\$ 184.8 MM</li> <li>US\$ 22.3 MM</li> </ul>	<ul style="list-style-type: none"> <li>US\$ 83.6 MM</li> <li>US\$ 30.3 MM</li> </ul>	<ul style="list-style-type: none"> <li>US\$ 132.6 MM</li> <li>US\$ 25.6 MM</li> </ul>	<ul style="list-style-type: none"> <li>US\$ 26.6 MM</li> <li>US\$ 5.5 MM</li> </ul>
<b>Key Services</b>	<ul style="list-style-type: none"> <li>Drilling rig management</li> <li>Workovers</li> <li>Integrated Project Management</li> </ul>	<ul style="list-style-type: none"> <li>Drilling tools manufacturing</li> <li>Coil tubing</li> <li>Directional drilling</li> <li>Cementing</li> <li>Drill bits service</li> <li>Well logging</li> </ul>	<ul style="list-style-type: none"> <li>2-D, 3-D seismic surveys</li> <li>Seismic processing and interpretation</li> <li>Transition zone seismic surveys</li> </ul>	<ul style="list-style-type: none"> <li>Mobile drilling rigs</li> <li>Cementing fleet</li> <li>Other equipment</li> </ul>
<b>Personnel <sup>(3)</sup></b>	<ul style="list-style-type: none"> <li>Ca. 5,100 employees</li> </ul>	<ul style="list-style-type: none"> <li>Ca. 3,000 employees</li> </ul>	<ul style="list-style-type: none"> <li>Ca. 5,800 employees</li> </ul>	<ul style="list-style-type: none"> <li>Ca. 1,200 employees</li> </ul>
<b>Production Assets 1H2010</b>	<ul style="list-style-type: none"> <li>22 active drilling rigs</li> <li>93 workover crews</li> </ul>	<ul style="list-style-type: none"> <li>4 coil tubing units</li> <li>15 directional drilling crews</li> <li>9 cementing fleets</li> <li>30 logging crews</li> <li>3 drilling tools production sites</li> </ul>	<ul style="list-style-type: none"> <li>30 seismic crews</li> <li>4 processing interpretation facilities in Russia and Kazakhstan</li> <li>CIS assets of WesternGeco</li> </ul>	<ul style="list-style-type: none"> <li>2 production sites</li> <li>1 service business unit</li> </ul>
<b>Operating Statistics 1H2010</b>	<ul style="list-style-type: none"> <li>117 th meters drilled</li> <li>1,585 workover operations</li> </ul>	<ul style="list-style-type: none"> <li>94 coil tubing operations</li> <li>495 cementing operations</li> <li>120 wells completed with directional drilling service</li> </ul>	<ul style="list-style-type: none"> <li>533 th seismic shot points</li> </ul>	<ul style="list-style-type: none"> <li>6 cementing complexes produced</li> </ul>
<b>Key Customers</b>				

(1) Adjusted EBITDA represents profit (loss) before interest income (expense), exchange rate translation differences, goodwill impairment, income taxes, depreciation and amortization, share-based compensation, share of results in associates and minority interest

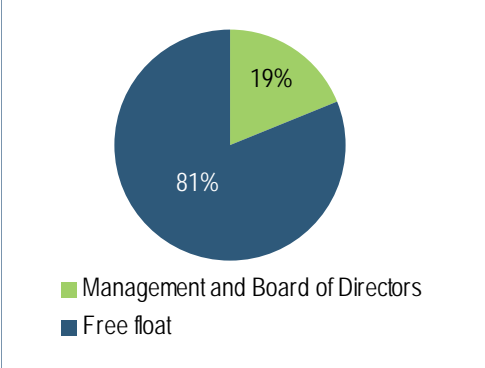
(2) Excluding assets held for sale

(3) Personnel data as of June, 2010

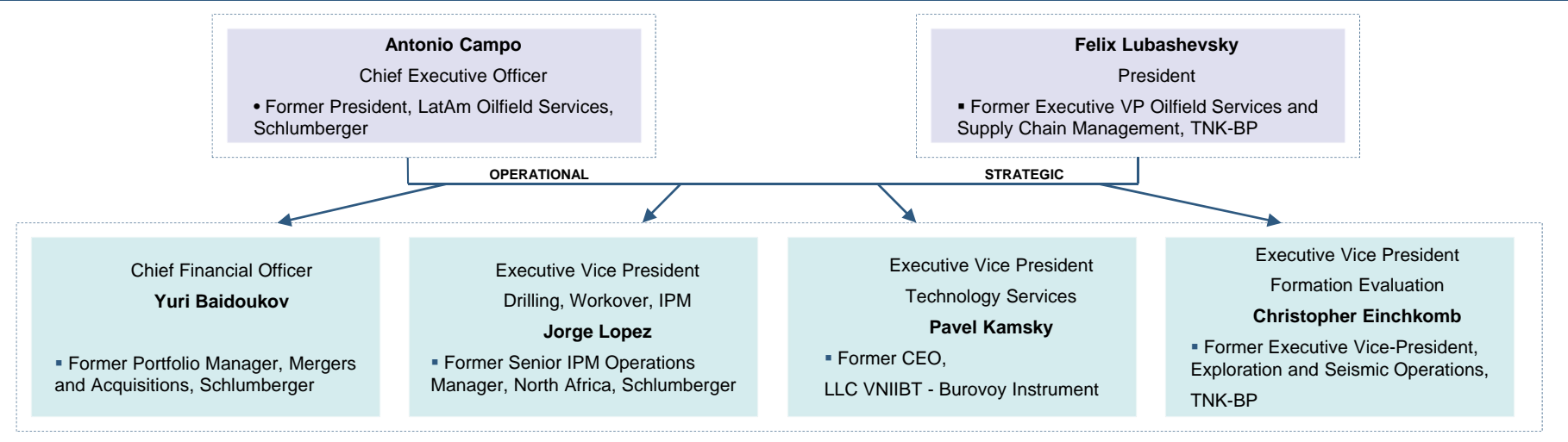
## Board of Directors



## Shareholder Structure



## Recent Strengthening of Management Team





# Key Financial Highlights

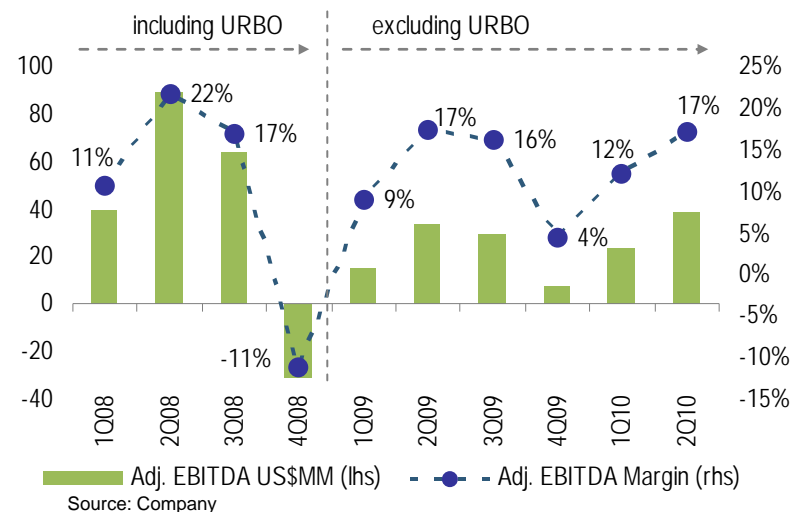


## Key Financial Highlights, US\$MM

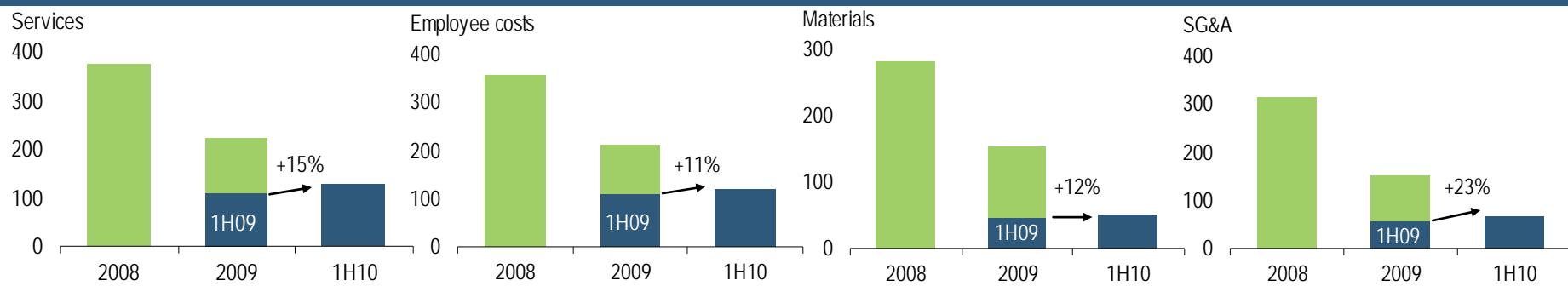
	2008	2009	Chg, % 2009/2008	1H09 <sup>(1)</sup>	1H10 <sup>(1)</sup>	Chg, % 1H10/1H09
Revenue	1,446	836	-42%	363	421	+16%
Operating profit (loss)	(193)	(76)	-60%	(9)	4	n/m
Adj. EBITDA <sup>(2)</sup>	162	109	-33%	49	62	+27%
Adj. EBITDA margin	11.2%	13.1%		13.4%	14.7%	
Net Loss from Continued Operations				(24)	(23)	-5%
Net loss	(272)	(119)	-56%	(22)	(30)	+36%
Operating Cashflow	135	118	-13%	50	35	-30%
Capex	158	44	-72%	20	26	+31%

Source: Company

## Consolidated Adj. EBITDA and Margin <sup>(3)</sup>



## Cost Dynamics, US\$MM <sup>(1)</sup>



(1) Excluding URBO

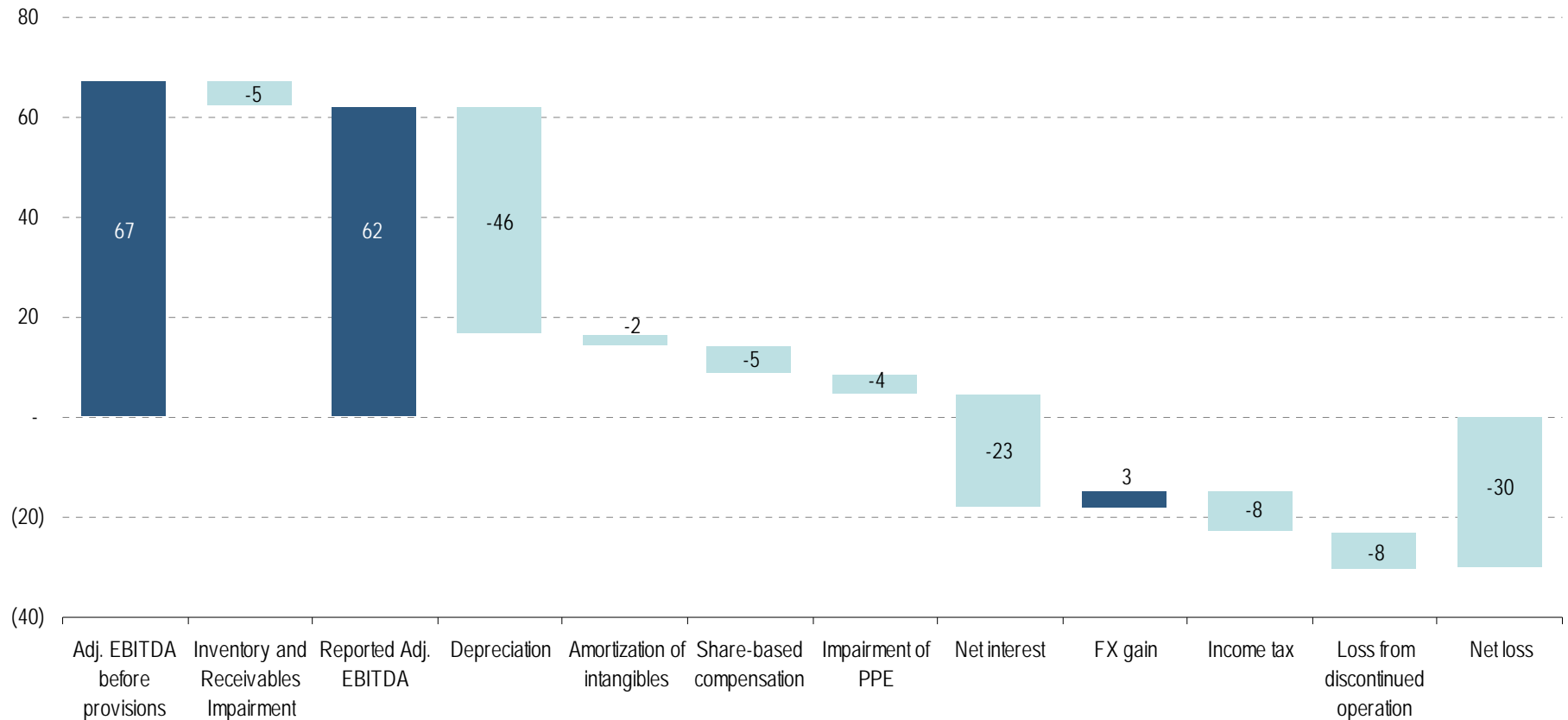
(2) Adjusted EBITDA represents profit (loss) before interest income (expenses), exchange translation difference, income taxes, depreciation and amortization, goodwill impairment, share-based compensation, share of results of associates and minority interest

(3) The results of ZAO URBO are eliminated starting from 1Q09

# 1H2010 Adjusted EBITDA to Net Loss Reconciliation

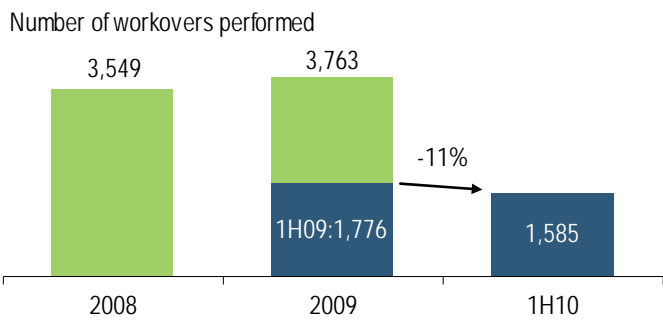
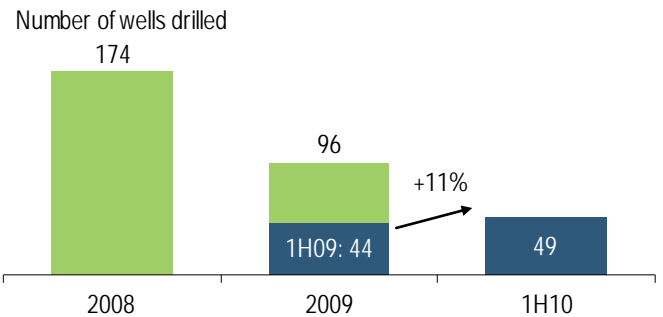
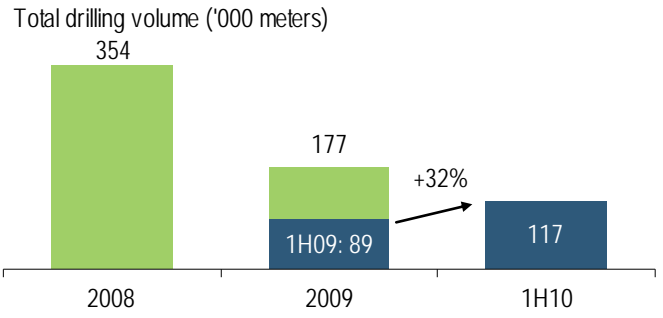


Adj. EBITDA to Net Loss Reconciliation, US\$MM

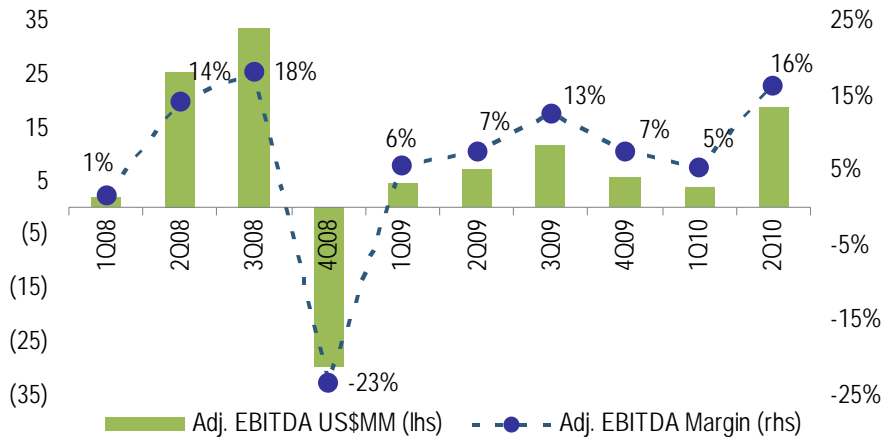


Source: Company

## Operating Performance



## Quarterly Earnings Dynamics

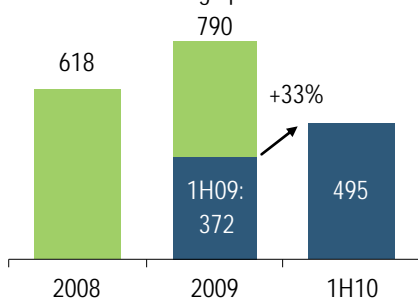


## Comments

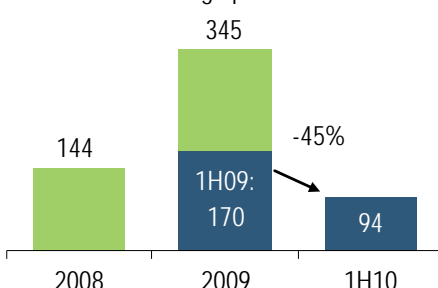
- Segment Revenue: ~ 43% of Cons. Revenue
- Segment Adj. EBITDA: ~ 27% of Cons. Adj. EBITDA
- Revenue increased due to stronger ruble and growth in the volume of services provided due to better demand, which was partially offset by lower workover volumes due to weather conditions
- Adj. EBITDA margin increased due to implemented efficiency measures, primarily further headcount optimization
- Current segment order book is up 5% in Rubles YoY

## Operating Performance

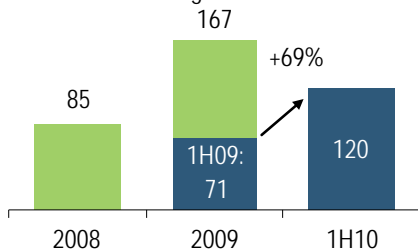
Number of cementing operations



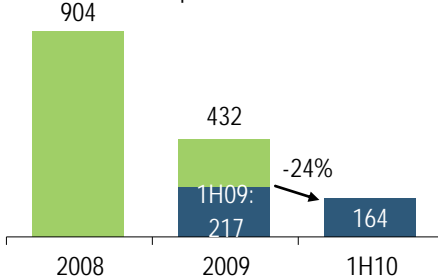
Number of coil tubing operations<sup>1</sup>



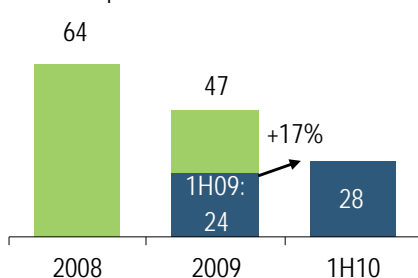
Number of wells completed with directional drilling service



Downhole motors produced<sup>2</sup>



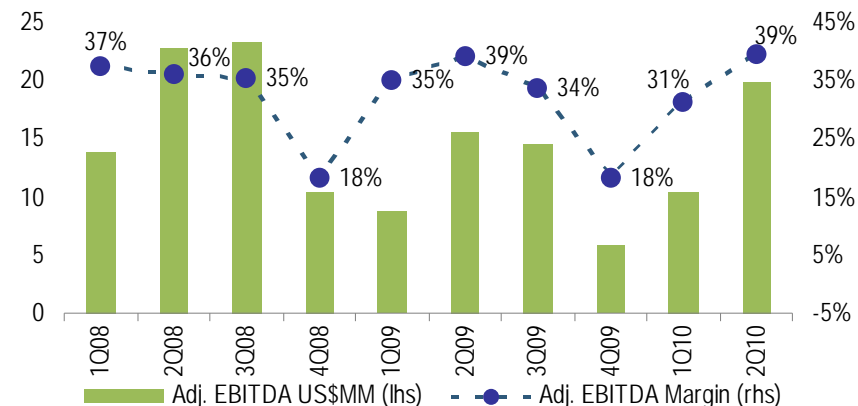
Turbines produced



1. The decline in coil tubing operations was due to changed type of these operations

2. Downhole motor manufacturing declined due to change in sales mix towards more spare parts

## Quarterly Earnings Dynamics

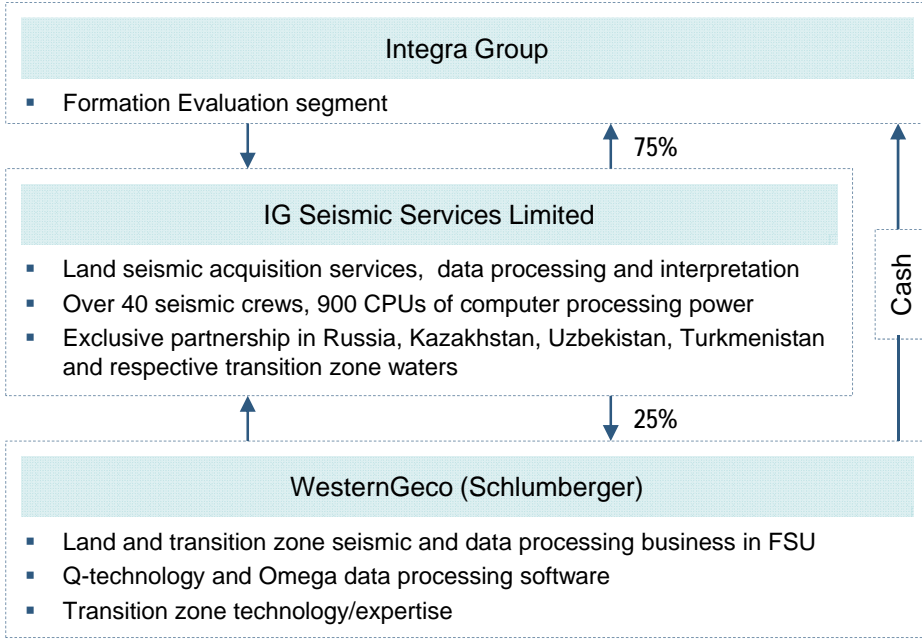


## Comments

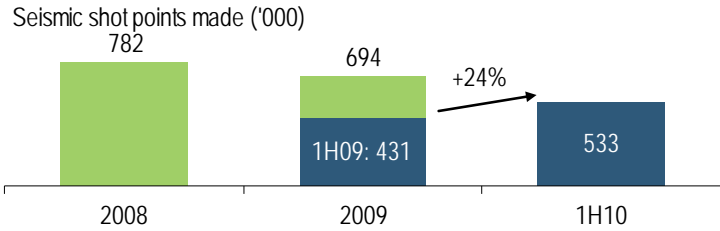
- Segment Revenue: ~ 20% of Cons. Revenue
- Segment Adj. EBITDA: ~ 36% of Cons. Adj. EBITDA
- Revenue increased due to stronger ruble, increase in demand for cementing and directional drilling services, sharp increase in well logging and perforation services, as well as stable demand for drilling tools
- Adj. EBITDA margin was flat
- Current segment order book is up 17% in Rubles YoY



## Seismic Joint Venture with WesternGeco (Schlumberger) \*

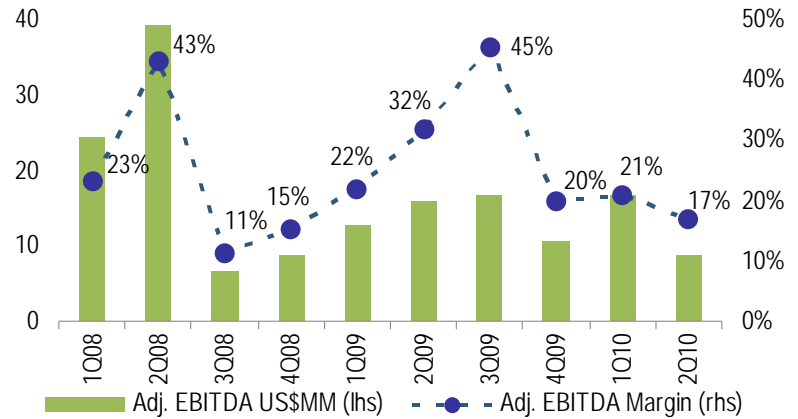


## Operating Performance



\* Announced on July 6, 2010. Transaction has not yet been finalized

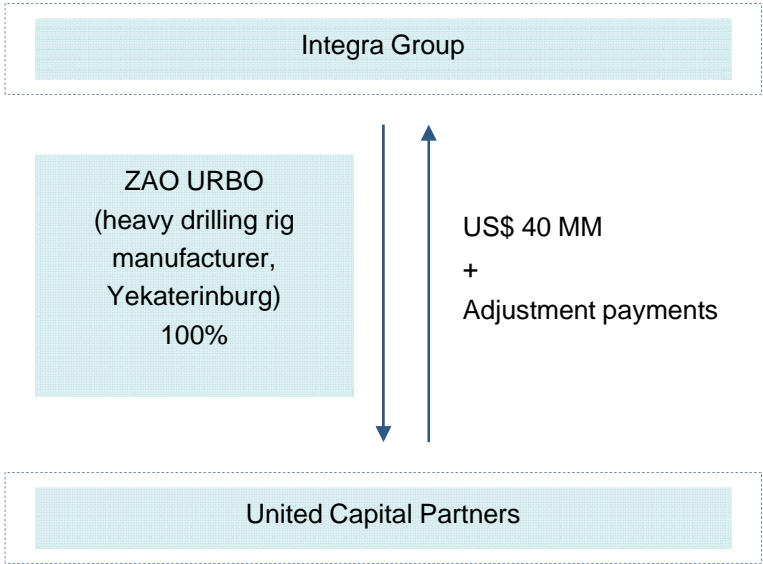
## Quarterly Earnings Dynamics



## Comments

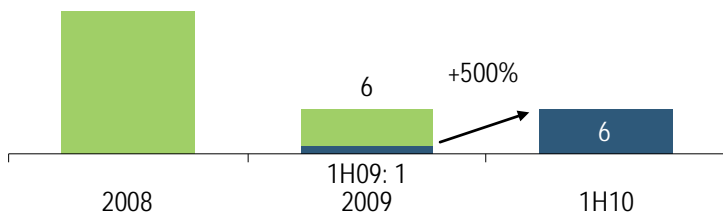
- Segment Revenue: ~ 31% of Cons. Revenue
- Segment Adj. EBITDA: ~ 31% of Cons. Adj. EBITDA
- Revenue increased due to stronger ruble and growth in volume of seismic surveys conducted in Russia
- Adj. EBITDA margin declined due to lower pricing and lower margins in Kazakhstan after completion of a material contract with high profitability
- Current segment order book is up 4% in Rubles YoY

## Sale of URBO to UCP\*



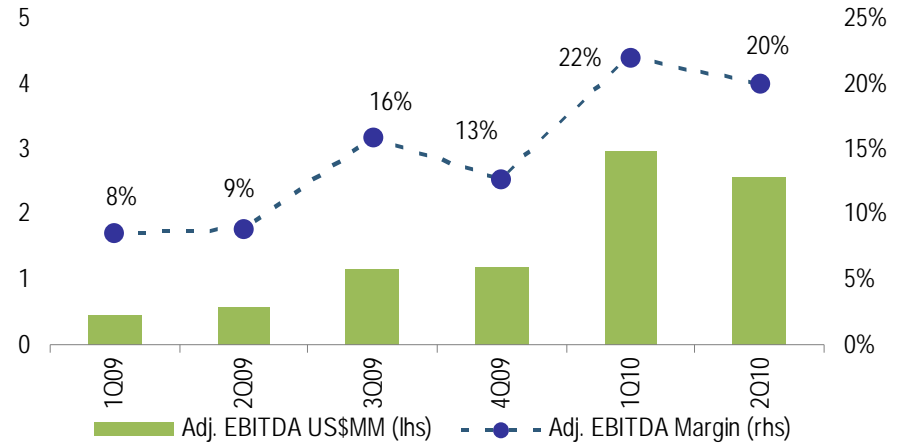
## Operating Performance

Cementing complexes produced



\* Deal closed on August 11, 2010

## Quarterly Earnings Dynamics (Excluding URBO)



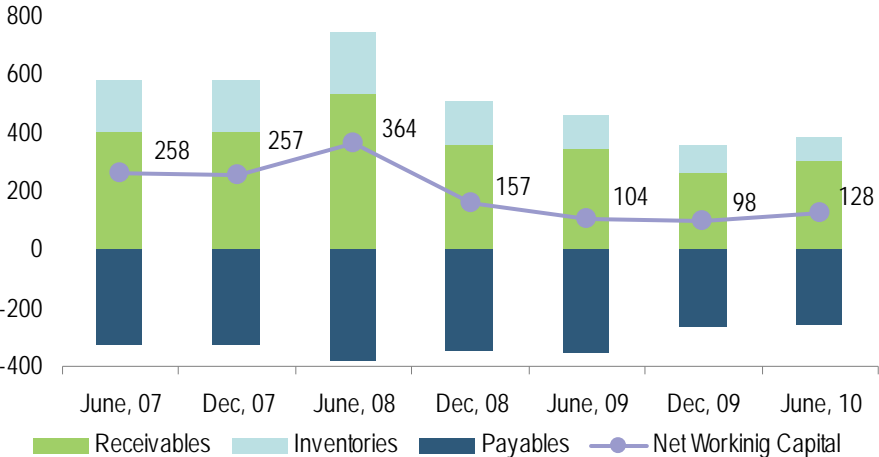
## Comments

- Segment Revenue: ~ 6% of Cons. Revenue
- Segment Adj. EBITDA: ~ 7% of Cons. Adj. EBITDA
- Revenue increase is explained by stronger ruble and growth in the production volumes of cementing complexes
- Adj. EBITDA margin increased triggered by stronger ruble, increase in the volume of manufacturing orders and improved profitability of equipment repair and service business units
- Current segment order book is up 1% in Rubles YoY

# Cash Flow and Working Capital Trends



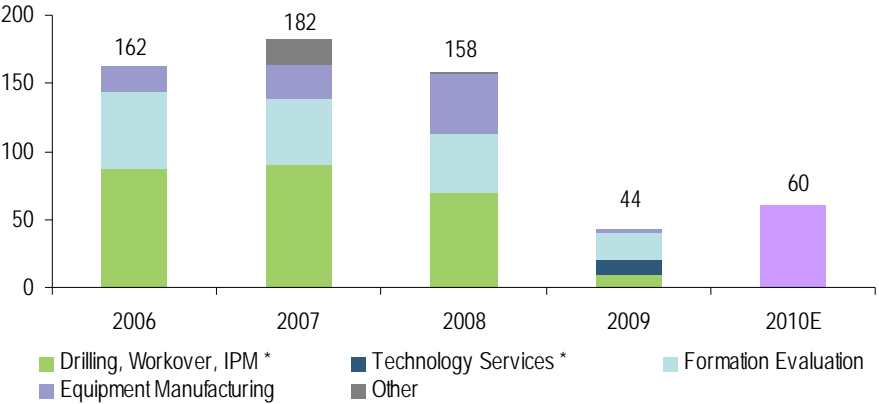
## Working Capital by Element, US\$MM



## Comments

- In 1H2010 net cash generated from operating activities was US\$ 34.9 MM (vs. US\$ 49.8 MM in 1H2009)
- 1H2010 free cash flow was US\$ 9.1 MM (vs. US\$ 30.2 MM in 1H2009)
- Capital expenditures for 1H2010 were US\$ 25.7 MM (vs. US\$ 19.6 MM in 1H2009)

## Capex, US\$MM

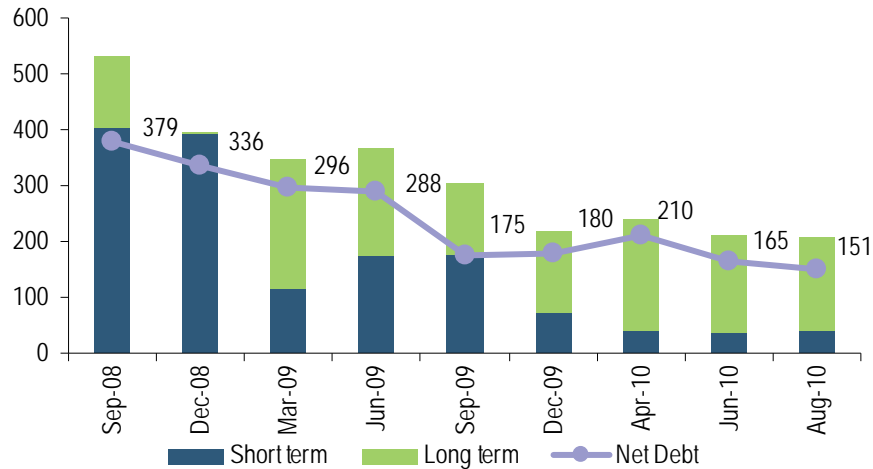


\* Capital expenditures are presented jointly for Drilling, Workover & IPM and Technology Services segments until 2009

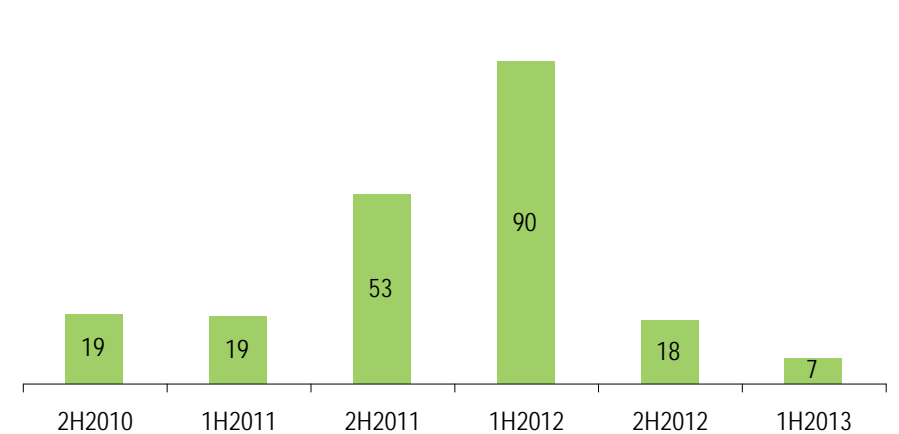
Source: Company



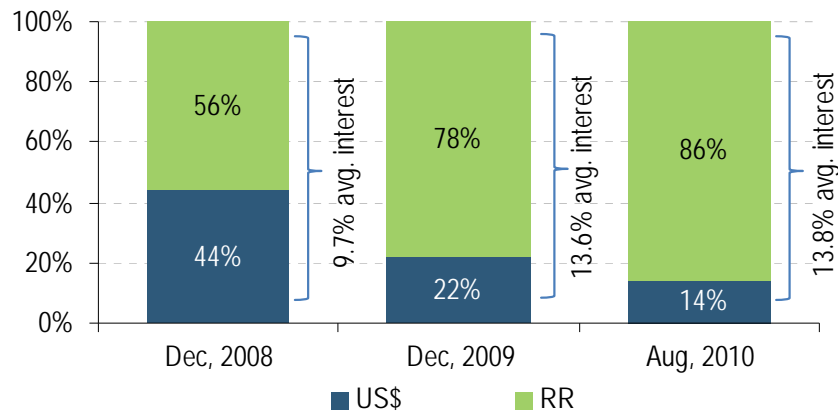
## Debt Structure Optimization, US\$MM



## Debt Maturity Schedule, US\$MM



## Debt Interest Cost and Currency Breakdown



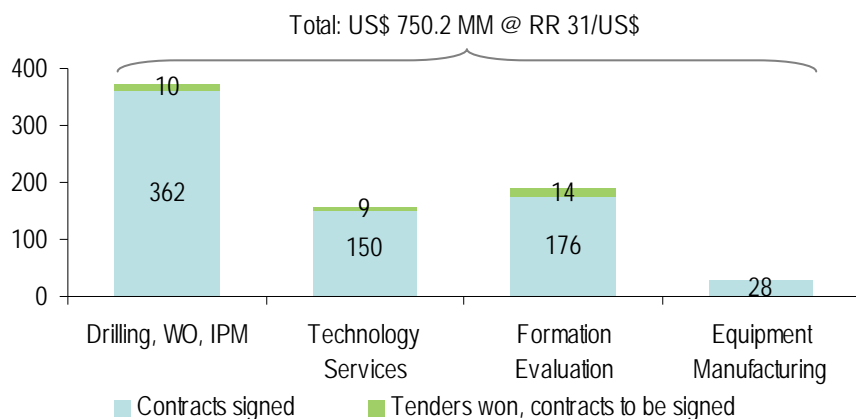
## Comments

- In April 2010 we received a loan of RR 2.46 BN from Sberbank and signed an agreement with VTB Bank (Deutschland) AG for unsecured revolving line of credit of US\$ 40 MM
- Integra Finance bought back bonds of its Second Ruble Bond issue with a total nominal value of RR 2.5 BN (94.4% of the outstanding bond issue) at 110.1% of the nominal value
- An unsecured loan from Alfa-Bank in the amount of RR 2.81 BN was used to finance exclusively bonds buyback

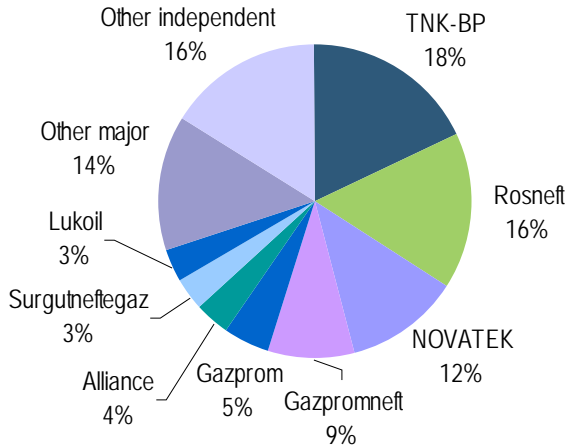
# Order Book Status (Excluding URBO)



## 2010 Order Book as of August 23, 2010, US\$MM \*

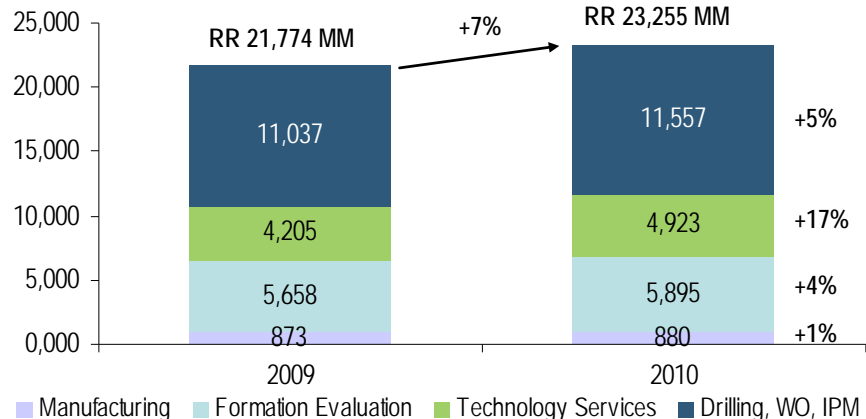


## 2010 Order Book (by Customer)



\* Current order book includes volumes of Integra Trade House (+ US\$ 8.4 MM)

## Order Book 2010/2009 Comparison, RRMM



## Comments

- Order book is up 7% in Rubles
- More orders are expected before year end due to delayed seismic contracting by the largest customers
- Order book comparison excludes order book of divested URBO and Integra Trade House (operations to be discontinued)

Source: Company