

Nostrum expects revenue reduction by ~ 4% for 2018

Altynay Ibraimova — January 30, 2019

Nostrum yesterday reported its operating results for 2018. The average daily production amounted to 31.3ths boepd, decreasing by 20% yoy. As a result, the company expects revenue for 2018 at a level above \$389mn (2017 - \$405mn).

In 4Q2018, wells 228 and 231 were put into operation in the northeast of the Biysk collector, and the company indicates that there are no problems with water inflow. Nevertheless, the forecast of production for 2019 remains at the level of 30ths boepd.

Our view

We are neutral regarding Nostrum's operating results. At the same time, given the lack of estimates for the company's reserves, it is difficult for us to assume the potential of production and, based on the retrospective, we expect that production in 2019 will be slightly lower than the level planned by the company and will not exceed 28ths boepd. We maintain our Hold recommendation for Nostrum shares with 12M TP GBP135/share.

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