

Globaltrans to acquire 100% of MMK-Trans

19.12.12

Globaltrans Investment PLC (“Globaltrans” or the “Company”, and together with its consolidated subsidiaries, the “Group”; LSE ticker: GLTR) today announces that it has agreed to acquire 100% of OOO MMK-Trans (“MMK-Trans”), the captive freight rail operator of MMK Group, one of the largest single-site steelmakers in Russia, for a cash consideration of USD 225 million and assuming net debt and working capital of approximately USD 110 million.

This acquisition follows the successful integration by Globaltrans of captive freight rail operator Ferrotrans (formerly Metallinvesttrans) acquired earlier this year and marks a further step in the consolidation of the Russian freight rail transportation sector. The acquisition is in line with Globaltrans’ strategy to grow through a combination of selective external as well as organic growth opportunities.

MMK-Trans principally handles cargoes of the MMK Group, primarily metallurgical cargoes and coal. MMK-Trans had Freight Rail Turnover of 23.2 billion tonnes-km in the first nine months of 2012, equivalent to 26%[1] of Globaltrans’ volumes for that period. A large share of MMK-Trans transportation volumes are currently carried by third-party rail operators (the Engaged Fleet).

As part of the transaction, Globaltrans has negotiated a five-year contract guaranteed by MMK Group to supply it with rail transportation services for at least 70% of MMK Group’s rail cargo flows. Fulfilling the contract will utilize about 12,000 railcars[2] equal to approximately 28% of Globaltrans’ combined owned non-oil railcar fleet[3].

With the acquisitions of MMK-Trans and Ferrotrans, Globaltrans secured sizable rail transportation contracts with two of the six largest Russian metallurgical/steel groups with more than 80%[4] of Globaltrans’ combined owned non-oil railcar fleet capacity covered by the associated service contracts. The MMK Group cargo base perfectly complements Globaltrans’ existing customer base and will enable Globaltrans to develop more efficient logistics configurations for its rail services.

As of 30 September 2012, MMK-Trans owned 3,548 railcars and 10 locomotives with about 70% of its fleet comprised of gondola (open top) cars having an average age of less than 10 years. In the first nine months of 2012 MMK-Trans had Adjusted EBITDA of USD 55.5 million[5].

MMK-Trans is 50% owned by MMK Group, 37.5% owned by Sergey Maltsev and Alexander Eliseev, CEO and Chairman of Globaltrans respectively, and 12.5% owned by MMK-Trans management. This transaction was approved by the non-interested directors[6] on the Globaltrans’ Board with the valuation of MMK-Trans confirmed by a fairness opinion from Deutsche Bank AG.

The transaction will be financed through existing cash resources and a secured term loan and is expected to complete by the end of January 2013, subject to regulatory approvals. Following completion, Globaltrans’ leverage will remain at a conservative level with Net Debt of USD 1,252 million[7].

Update on the integration of recently acquired assets

Since the end of the first half of 2012, the Group's operations have benefited significantly from the acquisition of the captive freight rail company Ferrotrans, completed in May, as well as from purchases of new railcars. The successful integration and deployment of these assets has enabled the Group to substantially increase its business volumes and outperform the overall market.

For the market as a whole, the year-on-year growth of Russian Freight Rail Turnover in the July-October 2012 period was 5% compared to Globaltrans' Freight Rail Turnover which rose 18% to 41.9 billion tonnes-km during the same period. The Group's Freight Rail Turnover including the volumes transported by the Engaged Fleet was up 39% year-on-year in the July-October 2012 period. The bulk cargo transportation segment experienced some pricing pressure in the final months of 2012.

The Group's market share increased to 7%^[8] in the July-October 2012 period from 5% in the first half 2012. The integration of Ferrotrans as well as a robust market for the transportation of construction materials has also enabled Globaltrans to improve its Empty Run Ratio for gondola cars to 39% in the first ten months of 2012 compared to 43% in the first half 2012.

Alexander Shenets, CFO of Globaltrans Investment PLC, said:

“When we acquired Ferrotrans in May we indicated that this was just the first step in a sector consolidation which would change our industry. Having rapidly integrated both Ferrotrans and the railcars delivered earlier this year, we are once again well placed to capitalize on our leading market position and financial strength and make this further key acquisition today.

MMK-Trans is a high quality and profitable business that is an excellent fit for Globaltrans and, combined with the service contract with MMK Group, provides a lower risk route to growth. The solid performance of our operations so far this year, and the speed with which we have been able to extract value from our recent acquisitions, demonstrate that Globaltrans has the skill and wherewithal to remain at the forefront of our industry.”

Information materials

The transaction related slide presentation is available for viewing [here](#).

Analyst and investor conference call

An analyst and investor conference call hosted by Sergey Maltsev, Chief Executive Officer and Alexander Shenets, Chief Financial Officer will be held on Wednesday, 19 December 2012 at 09.00 London time / 13.00 Moscow time. To participate in the conference call, please dial one of the following numbers and ask to be put through to the “Globaltrans” call:

UK toll free: 0808 109 0700

International: +44 (0) 20 3003 2666

As there will be simultaneous translation for the first part of the call (slide presentation), you should state whether you prefer to listen in English or Russian. During the Q&A session, all participants will hear both languages.

There will also be a webcast of the call, available through the Globaltrans' website (www.globaltrans.com). Please note that this will be a listen-only facility.

A replay of the conference call will also be available shortly after the conclusion of the call on Globaltrans' website.

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NOTES TO EDITORS

About Globaltrans Investment Plc

Globaltrans is a leading private freight rail transportation group with operations in Russia, the CIS and the Baltic countries. The Group's main business is the provision of freight rail transportation services which it provides to more than 650 customers. Its key customers include a number of large Russian industrial groups in the metals and mining and the oil products and oil sectors.

The Group's fleet of rolling stock, owned and leased, contained 62,710 units at 30 June 2012, including 39,997 gondola cars, 21,818 rail tank cars, 57 locomotives and 838 other railcars.

In the first six months of 2012, the Group's Freight Rail Turnover was 53.6 billion tonnes-km with 34.2 million tonnes of freight transported. The Group's Adjusted Revenue was USD 664.7 million with Adjusted EBITDA of USD 328.6 million in the first six months of 2012.

Globaltrans' global depositary receipts (ticker symbol: GLTR) have been listed on the Main Market of the London Stock Exchange since May 2008. Globaltrans was the first freight rail transportation group with operations in Russia to have an international listing.

To learn more about Globaltrans, please visit www.globaltrans.com.

About Magnitogorsk Iron and Steel Works OJSC

Magnitogorsk Iron and Steel Works OJSC ("MMK Group") is among the world's largest steel producers and is one of the leaders in Russia's steel industry. The company's operations in Russia include a large steel producing complex encompassing the entire production chain, from the

preparation of iron ore to downstream processing of rolled steel. The MMK Group turns out a broad range of steel products with a predominant share of higher value-added products.

In 2011 MMK Group produced 12.2 million tonnes of crude steel and 11.2 million tonnes of commercial steel products. MMK Group revenue in 2011 was USD 9.3 billion with EBITDA of USD 1.3 billion.

To learn more about MMK Group, please visit www.eng.mmk.ru.

PRESENTATION OF INFORMATION AND DEFINITIONS

This announcement contains certain operational and financial information concerning OOO MMK-Trans (“MMK-Trans”), obtained by the Group in connection with a limited due diligence process carried out prior to the acquisition of MMK-Trans. Accordingly, the Group has had only a limited opportunity to collect and review this information, and has not been able to confirm its completeness, accuracy or fairness. The financial information in this release concerning MMK-Trans is based on the financial statements of MMK-Trans prepared in accordance with IFRS and presented in Russian rubles. The financial information for MMK-Trans shown in US dollars in this announcement has been converted from Russian rubles at the exchange rates set out elsewhere herein, unless otherwise stated.

The Group has obtained certain statistical, market and pricing information that is presented in this announcement on such topics as the Russian freight rail transportation market and related subjects from the following third-party sources: Federal State Statistics Service of Russian Federation (“Rosstat”) and OJSC Russian Railways (“RZD”). The Group has accurately reproduced such information and, as far as it is aware and is able to ascertain from information published by such third party sources, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Group has not independently verified this third-party information. In addition, the official data published by Russian governmental agencies may be substantially less complete or researched than that of more developed countries.

Terms that require definitions are marked with capital letters in this announcement and their definitions are provided below in alphabetical order:

Adjusted EBITDA (a non-GAAP financial measure) represents EBITDA excluding “Net foreign exchange transaction gains/(losses) on financing activities”, “Share of profit of associates”, “Other gains-net” and “Loss on sale of property, plant and equipment”.

Empty Run Ratio is calculated as the total empty trips in kilometres by respective rolling stock type divided by the total loaded trips in kilometres of such rolling stock type. Empty trips are only applicable to rolling stock that is operating and does not include rolling stock in maintenance, purchased rolling stock in transition to its first place of commercial utilisation, rolling stock leased out or Engaged Fleet.

Engaged Fleet is defined as rolling stock subcontracted or otherwise engaged from a third party operator for a loaded trip from the point of origination to the cargo’s destination, at which point the railcar is then released to such third party.

Freight Rail Turnover is a measure of freight carriage activity over a particular period calculated as sum of tonnage of each loaded trip multiplied by the distance of each loaded trip, expressed in tonnes-km.

Net Debt (a non-GAAP financial measure) is defined as the sum of total borrowings (including interest accrued) less “Cash and cash equivalents”.

Owned Fleet is defined as the rolling stock fleet owned and leased in under finance lease as of the end of the period (it includes railcars and locomotives unless otherwise stated).

LEGAL DISCLAIMER

Some of the information in this announcement may contain projections or other forward-looking statements regarding future events or the future financial performance of Globaltrans. You can identify forward-looking statements by terms such as 'expect', 'believe', 'anticipate', 'estimate', 'intend', 'will', 'could', 'may' or 'might', the negative of such terms or other similar expressions. Globaltrans wishes to caution you that these statements are only predictions and that actual events or results may differ materially. Globaltrans does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of Globaltrans, including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia, rapid technological and market change in the industries Globaltrans operates in, as well as many other risks specifically related to Globaltrans and its operations.

[1] Globaltrans Freight Rail Turnover for 9m 2012; including volumes transported by the Engaged Fleet.

[2] Estimations based on statistics for 9m 2012; railcars required to service contract with MMK.

[3] Calculated as the sum of the Owned Fleet of Globaltrans and MMK-Trans excluding rail tank cars and locomotives; as of 30 September 2012.

[4] Estimations based on statistics for 9m 2012; railcars required to service the contract with MMK and Metalloinvest.

[5] Translated from Russian rubles to US dollars at an exchange rate of 31.07.

[6] Sergey Maltsev and Alexander Eliseev, the Chief Executive and Chairman of Globaltrans respectively, abstained from voting on this transaction.

[7] Based on Globaltrans' Net Debt as of 30 September 2012 (derived from management accounts) and adjusted for the enterprise value of MMK-Trans.

[8] Market share information has been calculated using the Group's own information as the numerator and information published by the Federal State Statistics Service of the Russian Federation as the denominator. The Group's market share is calculated as a percentage of the overall Russian Freight Rail Turnover; here the Group's Freight Rail Turnover in July-October 2012 period includes volumes transported by the Engaged Fleet.