Globaltrans First Half 2009 Financial Results Announcement

31.08.09

Globaltrans Investment PLC (“Globaltrans” or together with its consolidated subsidiaries the “Group”), (LSE ticker: GLTR), today announces its financial and operational results for the six months ended 30 June 2009.

OPERATIONAL HIGHLIGHTS

- Globaltrans significantly outperformed the market demonstrating a 4% decrease in Freight Rail Turnover over 1H 2008 to 31.2* billion tonnes-km in 1H 2009 compared to a c. 21% decrease reported for the overall Russian freight rail market(1) over the same period.
- Strong relationships with key clients, premium quality service and the large share of its universal (gondola) fleet allowed Globaltrans to maintain volumes by switching between cargoes on the back of a depressed market environment. Globaltrans’ market share in ferrous metals and coal within the overall volume(1) of Russian freight rail transportation increased from c. 11% to c. 16% and from c. 1% to c. 2% respectively in 1H 2009 compared to the same period of the previous year.
- Pricing of operator services remained relatively flat in RUR terms with Average Price per Trip increasing by 1% in RUR terms(2) while decreasing by 27% in USD terms over 1H 2008 to USD 590.2*. The decrease in USD terms is attributable to significant depreciation of the Russian Ruble against the US Dollar for the period.
- Operational efficiency was affected by the economic downturn resulting in the Total Empty Run Ratio increasing from 36%* to 63%* driven by an increase in the Empty Run Ratio for gondola (open top) cars to 54%*. Empty Run Costs increased by 16% in USD terms in 1H 2009 (and by 62% in RUR terms(2)) over 1H 2008 to USD 45.6* million in 1H 2009.

FINANCIAL HIGHLIGHTS

- As the majority of the revenue and costs of Globaltrans are denominated in Russian Rubles, the financial performance of 1H 2009 reported in USD terms was significantly affected by a 39% depreciation of the average exchange rate of the Russian Ruble against the US Dollar for the period(3).
- Net Revenue from Operation of Rolling Stock was down by 5% in RUR terms(2) and by 32% in USD terms to USD 149.2* million compared to 1H 2008.
- Supported by recent acquisitions, the leasing business performed well with revenue from operating leasing up 2% in USD terms to USD 31.0 million in 1H 2009.
- Adjusted Revenue decreased by 28% to USD 180.2* million in 1H 2009 compared to 1H 2008.
- Total cost of sales, selling and marketing costs and administrative expenses decreased by 31% to USD 162.0 million in 1H 2009 compared to 1H 2008.
- Adjusted EBITDA was down by 42% to USD 74.6* million in 1H 2009 compared to 1H 2008.
- Net Debt to LTM Adjusted EBITDA was maintained at 1.7x* as of 30 June 2009, while the share of borrowings denominated in Russian Rubles increased from 13%* to 24%*.

Commenting on the interim results for the first six months of 2009, Sergey Maltsev, CEO of Globaltrans, said:

"In the fist six months of 2009 Globaltrans managed to deliver a strong operational and financial performance despite the weak economic environment. Our long-term relationships with clients and premium service, along with the large share of the universal fleet enabled us to maintain volumes by switching between cargoes and to outperform the overall Russian freight rail market.

Our financial performance, reported in USD terms, is largely affected by the depreciation of the Russian Ruble against the US Dollar. Operational efficiency was hit by the economic downturn; however our recent acquisitions supported our performance with stable revenues in US Dollars. Our financial stability is reflected in our solid cash flow enabling us to service our debts whilst maintaining comfortable leverage ratios.

I am optimistic about the opportunities for Globaltrans once the Russian economy starts to recover. At this point, we will be able to improve operational efficiency by decreasing Empty Runs, which translates into a decrease in associated costs along with converting empty trips into loaded ones so generating additional revenue".

RESULTS IN DETAIL

Selected financial and operational results for the six months ended 30 June 2009 and 2008

	Six months ended 30 June 2009	**Six months ended 30 June 2008**	**Change**
IFRS financial information	**USD mln**	USD mln	%
Revenue	**215.6**	341.6	-37%
Incl. Total revenue - operator's services	**183.9**	298.5	-38%
Incl. Total revenue - operating lease	**31.0**	30.5	2%
Total cost of sales, selling and marketing costs and administrative expenses	**162.0**	235.1	-31%
Operating profit	**54.1**	108.8	-50%
Finance cost - net	**-44.5**	-7.2	522%
Profit for the period	**11.0**	78.0	-86%
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (in USD per share)	**0.05**	0.66	-92%
Total assets	**888.3**	996.1**	-11%
Total debt	**394.9**	445.6**	-11%
Cash and cash equivalents	**64.2**	111.6**	-42%
Non-IFRS financial information			
Adjusted Revenue	**180.2***	251.4*	-28%
Net Revenue from Operation of Rolling Stock	**149.2***	219.3*	-32%
Adjusted Cost of Sales	**83.9***	95.4*	-12%
Incl. Empty Run Costs	**45.6***	39.3*	16%
Adjusted EBITDA	**74.6***	129.7*	-42%
Net Debt	**330.7***	334.0**	-1%
Net Debt to LTM Adjusted EBITDA	**1.7***	1.3**	-

Six months ended 30 June 2009 Six months ended 30 June 2008 Change

	Six months ended 30 June 2009	Six months ended 30 June 2008	Change
Operational information			%
Freight Rail Turnover (bln tonnes-km)	**31.2***	32.6*	-4%
Average Price per Trip (USD)	**590.2***	812.2*	-27%
Empty Run Ratio (for gondola cars), %	**54%***	19%*	-
Total Empty Run Ratio, %	**63%***	36%*	-
Rolling Stock Fleet	**26,347***	25,885*	2%
Incl. Owned Rolling Stock Fleet	**23,805***	22,325*	7%
Average Rolling Stock Operated	**20,194***	20,047*	1%
Average Number of Loaded Trips per Railcar	**12.5***	13.5*	-7%
Number of employees	**534***	549*	-3%

Note: Figures marked with a double asterisk {**} are presented as of 31 December 2008.

Revenue

In the first six months of 2009 Globaltrans recorded revenue of USD 215.6 million, a decrease of 37% from USD 341.6 million for the same period of the previous year. This decrease was primarily driven by a 39% depreciation of the average exchange rate of the Russian Ruble against the US Dollar for the period(3) along with the economic downturn.

"Infrastructure and locomotive tariff – loaded trips" (which is included in equal amounts both in Globaltrans' revenue and cost) decreased by 55% over 1H 2008 as clients increasingly opted to pay infrastructure and locomotive charges directly to OAO "Russian Railways".

Adjusted Revenue (calculated as total revenue from operator's services plus total revenue from operating lease less infrastructure and locomotive tariff: loaded trips) demonstrated a 28% decline to USD 180.2 million in 1H 2009 compared to the same period of 2008.

The key driver of Adjusted Revenue – "Net Revenue from Operation of Rolling Stock" - demonstrated a 5% decrease in RUR terms(2) and a 32% decrease in USD terms over 1H 2008 and amounted to USD 149.2* million in 1H 2009. Such performance was driven by:

(i) Increase of Average Price Per Trip by 1% in RUR terms(2) and decrease by 27% in USD terms to USD 590.2* compared to 1H 2008 due to:

- the depressed pricing environment, especially in the first quarter of 2009 with slightly positive pricing dynamics evidenced since April 2009;
- a change in cargo mix with an increased share of ferrous metals (54% compared to 41% in 1H 2008) and coal (12% compared to 8% in 1H 2008) in the Group's Freight Rail Turnover.

(ii) 7% decline in Average Number of Loaded Trips per Railcar to 12.5* trips in 1H 2009 compared to 1H 2008 driven by difficult market conditions along with a 2% increase in the average distance of a loaded trip to 1,969.4* km.

(iii) Average Rolling Stock Operated stood relatively flat at 20,194* railcars, increasing slightly by 1% over 1H 2008.

Revenue from operating leasing of rolling stock increased by 2% to USD 31.0 million in 1H 2009 compared to the same period of the previous year. This performance was driven primarily by revenue generated by Estonian subsidiaries (AS Spacecom and AS Intopex Trans acquired in December 2008) benefiting from sustainable demand for transportation of oil and oil products and revenues denominated mostly in US Dollars.

Cost of sales, selling and marketing costs and administrative expenses

The Group's total cost of sales, selling and marketing costs and administrative expenses decreased by 31% over 1H 2008 to USD 162.0 million as a result of depreciation of the Russian Ruble against the US Dollar along with a change in certain cost items.

Adjusted Cost of Sales decreased by 12% to USD 83.9* million in 1H 2009 primarily driven by:

(i) An increase in Empty Run Costs by 16% in USD terms (and by 62% in RUR terms(2)) to USD 45.6* million compared to USD 39.3* million in 1H 2008. This was primarily due to growth in the Total Empty Run Ratio from 36%* in 1H 2008 to 63%* in 1H 2009 driven by an increase in the Empty Run Ratio for gondola (open top) cars to 54%*. The Empty Run Ratio for gondola (open top) cars increased as result of change in the logistics schemes of Globaltrans driven by:

- fewer eligible small and medium sized clients due to a deterioration of credit quality of such clients,
- reduced capacity utilisation of steel mills resulting in a sharp decrease in inbound traffic (especially shipment of scrap metals),
- decreased imports to Russia making it more difficult to find return cargo from ports, and
- a decline in construction activity.

(ii) A 45% decrease in "operating lease rentals – rolling stock" costs to USD 9.1 million in 1H 2009 compared to the same period of the previous year. This decrease was primarily driven by the decline in the number of railcars leased-in by the Group.

(iii) A decrease in "Repair and maintenance" costs of 24% in USD terms (increase of 6% in RUR terms(2)) to USD 21.3 million in 1H 2009 which was primarily due to an increase in the number of scheduled repairs driven by a change in the age structure of the fleet.

Other (not included in Adjusted Cost of Sales) factors that contributed to the decrease in the Group's total cost of sales, selling and marketing costs and administrative expenses included:

(i) A decrease in "depreciation of property, plant and equipment" costs by 10% to USD 21.0 million due to increased Owned Rolling Stock Fleet;

(ii) A decrease in "infrastructure and locomotive tariffs: loaded trips" costs by 55% to USD 34.7 million as clients increasingly opted to pay infrastructure and locomotive charges directly to OAO "Russian Railways";

(iii) "Employee benefit expense" costs decreased by 27% to USD 11.1 million on the back of headcount remaining broadly flat with salaries frozen at levels of the end of 2008.

Operating profit

Operating profit for the first six months of 2009 demonstrated a decrease of 50% to USD 54.1 million compared to 1H 2008. This decrease was primarily due to significant depreciation of the Russian Ruble against the US Dollar along with total costs of sales, selling and marketing costs and administrative expenses declining to a lesser extent than revenue in USD terms.

Adjusted EBITDA

Adjusted EBITDA for the six months ended 30 June 2009 amounted to USD 74.6* million, demonstrating a decrease of 42% over the same period of the previous year. This decrease was primarily driven by significant depreciation of the Russian Ruble against the US Dollar for the period along with costs declining to a lesser extent than revenues in USD terms.

Finance costs

Finance costs increased by USD 36.4 million in the first six months of 2009 to USD 45.2 million compared to the same period of the previous year, mostly due to net foreign exchange transaction losses on financing activities amounting to USD 23.1 million compared to net foreign exchange transaction gains of USD 18.9 million recorded in the first six months of 2008. As the bulk of Globaltrans' debt and finance lease portfolio is denominated in US Dollars, foreign exchange transaction losses occurred as a result of the significant depreciation of the Russian Ruble against the US Dollar during the reporting period.

Total interest expense decreased by USD 6.4 million to USD 21.3 million in 1H 2009 compared to 1H 2008 driven by a decreased loan and financial leasing portfolio.

Financing capacity

The Group's financial indebtedness consisted of bank overdrafts, bank borrowings, loans from related parties and third parties and finance lease liabilities in an aggregate principal amount of USD 394.9 million (including accrued interest of USD 2.7* million) as of 30 June 2009, recording a decrease of USD 50.7 million or 11% compared to 31 December 2008.

As of 30 June 2009, the Group had USD 64.2 million in cash and cash equivalents with Net Debt amounting to USD 330.7* million.

The Group's ratio of Net Debt to LTM Adjusted EBITDA amounted to 1.7x* for the six months ended 30 June 2009.

As of 30 June 2009, the Group's debt had maturities until 2015 and bore an average interest rate of 10.41%* compared to 10.44%* as of the end of 2008.

As of 30 June 2009, the carrying amounts of the Group's borrowings were denominated in the following currencies.

	Six months ended 30 June 2009 USD million	**%**
US Dollar	295.6*	75%
Russian Ruble	96.7*	24%
Other	2.6*	1%

Share of borrowings denominated in Russian Rubles increased from 13% as of 31 December 2008 to 24% as of 30 June 2009.

The Group had the following borrowings repayment profile for the next 12 months as of 30 June 2009.

USD (million)	3Q 2009	4Q 2009	1Q 2010	2Q 2010
Borrowings (carrying amount; excluding accrued interest and future interest payments)	33.3*	25.2*	37.0*	33.1*

The Group had the following borrowings repayment profile for 2010 onwards as of 30 June 2009.

USD (million)	2H 2010	2011	2012	2013-2015
Borrowings (carrying amount; excluding accrued interest and future interest payments)	62.8*	96.3*	60.0*	44.4*

NOTES

All financial information presented in this announcement is derived from the Consolidated condensed interim financial information of Globaltrans Investment PLC for the six months ended 30 June 2009 prepared in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting (International Accounting Standard 34 "Interim Financial Reporting"). External auditors' report on the review of Consolidated condensed interim financial information of Globaltrans Investment PLC for the six months ended 30 June 2009 is available on the Globaltrans corporate website (www.globaltrans.com) and at the registered office of Globaltrans.

In addition, management has elected to present certain non-IFRS financial and operational information which is unaudited and derived from management accounts; such information itself being marked in this announcement with an asterisk {*}.

(1). Figures for overall Russian freight rail turnover (measured in tonnes kilometers) and transportation volume (measured in tons) derived from the Federal State Statistics Service of Russian Federation (www.gks.ru).

(2). Figures demonstrated in RUR terms are presented only for informational purposes and derived from management accounts.

(3). In the first six months of 2009 the average exchange rate of the Russian Ruble against the US Dollar depreciated by c.39% compared to the same period of the previous year: 23.92 for 1H 2008; 33.27 for 1H 2009; calculations based on the data derived from the Central Bank of Russian Federation (www.cbr.ru).

In December 2008 Globaltrans acquired from its parent entity (Transportation Investments Holding Limited) controlling stakes in AS Spacecom and AS Intopex Trans. In accordance with the Group's accounting policies, the acquisition of both companies has been accounted for as a common control transaction using the predecessor basis of accounting. Under this method financial statements of the acquirees are included in the consolidated financial statements on the assumption that the Group (in such a composition) was in existence for all periods presented, consequently necessary changes have been made to the Consolidated condensed interim financial information of Globaltrans Investment PLC for the six months ended 30 June 2008.

DEFINITIONS

Terms that require definitions are marked with capital letters in this announcement and definitions of which are provided below:

Adjusted Cost of Sales (Non-IFRS measure)is defined as cost of sales less infrastructure and locomotive tariffs: loaded trips; cost of wagons and locomotives sold in trading transactions (not part of PPE); depreciation and impairment charge of property, plant and equipment, employee benefit expense and loss/(gain) on sale of property, plant and equipment assigned in EU IRFS to cost of sales.

Adjusted EBITDA (Non-IFRS measure) represents EBITDA less net foreign exchange gains/(losses) on financing activities, share of profit/(loss) of associates and other gains/(losses) – net.

Average Number of Loaded Trips per Railcar is calculated as the total number of loaded trips in the relevant year divided by Average Rolling Stock Operated.

Average Price per Trip (USD) is calculated as Net Revenue from Operation of Rolling Stock divided by total number of loaded trips during the relevant period.

Adjusted Revenue (non-IFRS measure) calculated as total revenue - operator’s services plus total revenue - operating lease less infrastructure and locomotive tariffs: loaded trips.

Average Rolling Stock Operated is calculated as the average weighted (by days) number of railcars available for operator services (not including rolling stock in maintenance, purchased rolling stock in transition to its first place of commercial utilisation or rolling stock leased out).

Classes of Cargo – OAO “Russian Railways” regulated tariff “10-01” differentiates between three classes of cargo—Classes 1, 2 and 3. Class 3 (which includes ferrous metals and scrap metal) attracts the highest transportation price and Class 1 (which includes iron ore and coal) the lowest.

Empty Run or Empty Runs means movement of rolling stock without cargo for the whole or a substantial part of the journey.

Empty Run Costs (Non-IFRS measure) are derived from management accounts and presented as the part of the “Empty run trips and services provided by other transportation organizations” component of cost of sales reported under EU IFRS. Empty Run Costs excludes the impact of the acquisition and consolidation of AS Spacecom and AS Intopex Trans both in 1H 2008 and 1H 2009.

Empty Run Ratio is calculated as a total of empty trips in kilometres by respective rolling stock type divided by a total of loaded trips in kilometres of such rolling stock type. Empty trips are only applicable to rolling stock operated (not including rolling stock in maintenance, purchased rolling stock in transition to its first place of commercial utilisation or rolling stock leased out).

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.

LTM Adjusted EBITDA (Non-IFRS measure) represents Adjusted EBITDA calculated for the twelve months prior to the end of the reporting period.

Net Debt (Non-IFRS measure) is calculated as the balance of short term borrowings and long term borrowings including interest accrued, net of cash and cash equivalents.

Net Revenue from Operation of Rolling Stock (Non-IFRS measure) is defined as revenue from railway transportation operators services less infrastructure and locomotive tariffs: loaded trips, it excludes the impact of the acquisition and consolidation of AS Spacecom and AS Intopex Trans both in 1H 2008 and 1H 2009.

Owned Rolling Stock Fleet is defined as rolling stock fleet owned and leased under financial leases as of the end of period.

Rolling Stock Fleet is defined as the total rolling stock owned and leased under finance and operating leases as of the end of period.

Total Empty Run Ratio is calculated as total kilometers travelled empty divided by kilometers travelled loaded by the rolling stock fleet operated by Globaltrans (excluding fleet leased-out) in the reporting period.

ADDITIONAL MATERIALS

Condensed consolidated interim financial information for the six months ended 30 June 2009

First Half 2009 Results Presentation

Selected operational information for the six months ended 30 June 2009

On Tuesday, 1 September 2009, Sergey Maltsev, Chief Executive Officer and Alexander Shenets, Chief Financial Officer will hold an analyst and investor conference call at 10:00 UK time to discuss the financial and operational results for the period.

Conference call details are as follows:

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 20 3003 2666

Please note that this event will be consecutively translated, therefore all participants will hear both languages.

Webcast details are as follows:

There will also be a webcast of the call, available through the Globaltrans website. For a webcast, please click here. Please note that this will be a listen-only facility.

NOTES TO EDITORS

Globaltrans (Globaltrans Investment PLC together with its subsidiaries - "Globaltrans" or "The Group") is the largest private freight rail operator group in Russia by the size of owned rolling stock fleet (based on publicly available information) and the first and only to have an international listing.

Globaltrans Investment PLC is incorporated in Cyprus and has operating subsidiaries in Russia, Ukraine and Estonia. The Group provides freight rail transportation, railcar leasing, and associated services to large industrial and medium sized corporate customers. It carries customers' cargoes to more than 25,000 destinations in Russia and Ukraine. Globaltrans' rolling stock fleet is one of the most modern in Russia with 26,347 railcars of average age of 4.5 years as of 30 June 2009. The Group employs 534 employees.

In 2008 the Group's freight rail turnover totaled 61.7 billion tonnes-km with 33.3 million tonnes of freight transported. In 2008 Globaltrans recorded revenue of US$660.9 million with adjusted EBITDA amounting to US$250.3 million.

Globaltrans' global depositary receipts are listed on the Main Market of the London Stock Exchange under the ticker GLTR since May 2008.

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

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.

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