

For immediate release

1 September 2015

**Globaltrans Investment PLC****Interim 2015 Results**

Globaltrans Investment PLC (the "Company" and together with its consolidated subsidiaries "Globaltrans" or the "Group"), (LSE ticker: GLTR) today announces its financial and operational results for the six months ended 30 June 2015 ("H1 2015").

*The presentation currency of the Group's consolidated financial statements was changed from US Dollars ("USD") to Russian Roubles ("RUB") effective from the results for the year ending 31 December 2014. The Company believes that the presentation of financial results in RUB, which is the functional currency of the Company as well as its Cypriot and Russian subsidiaries, provides greater transparency in the light of recent volatility of the RUB exchange rate and provides shareholders with a more accurate reflection of the Company's underlying performance. In accordance with relevant accounting standards, comparative financial information for the six months ended 30 June 2014 ("H1 2014") is provided in RUB.*

*Certain financial information which is derived from the management accounts is marked in this announcement with an asterisk (\*). Information (non-GAAP and operational measures) requiring additional explanation or defining is marked with initial capital letters and the explanations or definitions thereto are provided at the end of this announcement.*

Given the deterioration of the macroeconomic and industry conditions over the course of 2014, the Group's financial results for the first half of 2015 show a decline compared to the prior comparative period. However, over the 12 months to the end of June 2015, the Group's financial performance has been generally steady. In order to provide greater clarity, sequential comparisons of first half 2015 to second half 2014 are provided in addition to the usual year-on-year comparisons.

**Financial highlights**

- The Group's Adjusted Revenue decreased 4% year on year to RUB 20,838 million\* in the first six months of 2015 due to the 2% year-on-year decline in Net Revenue from Operation of Rolling Stock and a decline in revenues from auxiliary operations. Compared to the second half of 2014 the Group's Adjusted Revenue rose by 3%, primarily driven by the increase in Freight Rail Turnover.
- Strong cost control enabled the Group to mitigate the impact of inflation in the period with Total Operating Cash Costs increasing 5% year on year to RUB 12,786 million\* (up 7% compared to H2 2014). Excluding Empty Run Costs<sup>1</sup>, Total Operating Cash Costs increased only 2% year on year (up 1% compared to H2 2014).
- Adjusted EBITDA declined 14% year on year to RUB 8,192 million\* (up 1% compared to H2 2014); Adjusted EBITDA Margin stood at 39%\* compared to 44%\* for the same period in the prior year (H2 2014: 40%\*).
- The Group continued to generate solid Free Cash Flow of RUB 5,495 million\* in the first six months of 2015, a decline of 14% year on year (down 1% compared to H2 2014).
- Profit for the period was RUB 2,656 million, a decline of 28% year on year, reflecting a decrease in Operating profit and an increase in Net finance costs. Compared to H2 2014<sup>2</sup> Profit for the period was down 1%.

<sup>1</sup> RZD regulated tariffs (including tariffs for the traction of empty railcars) were indexed by 10% from January 2015.

<sup>2</sup> Profit for the period for H2 2014 excludes the impact of the impairment of goodwill in the amount of RUB 5,828 million related to acquisitions of captive rail operators completed in 2012 and 2013 (the impairment primarily reflected the increased cost of capital in Russia, deterioration of economic conditions, as well as the continued weak pricing environment in the gondola car segment).

- The Group continued to deleverage reducing Net Debt 16% to RUB 19,973 million\* compared to the end of 2014. The Net Debt to Adjusted EBITDA ratio for the previous twelve months as of 30 June 2015 improved to 1.2x\*. The percentage of RUB denominated debt increased to almost 100%, while the share of debt with fixed interest rate remained at 90%\* as of 30 June 2015.

### **Operational highlights**

- Continued growth in business volumes was achieved as the Group's Freight Rail Turnover (including Engaged Fleet) rose 4% year on year to 83.6 billion tonnes-km<sup>3</sup> (up 6% compared to H2 2014). Market Share was maintained at 8.3%. All railcars were fully deployed.
- Average Price per Trip remained unchanged year on year at RUB 27,992 (H1 2014: 27,973) primarily reflecting the solid performance of the rail tank car segment in contrast to the continued weak pricing environment in the gondola car segment.
- Operational efficiency was maintained with Empty Run Ratio for gondola cars up slightly at 40%, compared to 38% in the first half of 2014, on the back of increased transportation of coal, which logistically generally requires higher Empty Runs. Total Empty Run Ratio increased to 53% compared to 51% for the same period in the prior year.
- All service contracts continued to work well with 63% of Net Revenue from Operation of Rolling Stock in the first six months of 2015 contributed by long-term contracts with Globaltrans' largest three clients (Rosneft, MMK and Metalloinvest).

## **COMMENTS**

### **Sergey Maltsev, CEO of Globaltrans Investment PLC, said:**

"Globaltrans continued to operate in difficult economic and market conditions in the first half of 2015 marked by a weak pricing environment, increased inflation and high interest rates. Against this backdrop, the Group produced a respectable set of operational and financial results. We increased business volumes and maintained strong cost control, enabling us to mitigate inflation pressures and deliver a steady first half performance compared to the second half of last year. I am particularly pleased to report that the Group's Adjusted EBITDA and Free Cash Flow remained stable over the last 12 months.

The decision taken earlier this year to prioritise debt repayment enabled us to pay down borrowings during the period of highly elevated interest rates. Currently we have an almost 100% RUB-denominated credit portfolio and have achieved a well-balanced maturity profile.

As we head into the latter part of the year, despite the slight decline of gondola supply in the market, we expect business conditions to remain challenging. However, Globaltrans has a strong business model and solid capital position, as well as a proven management team able to navigate such difficult times and capitalize on attractive market opportunities that may arise."

## **DOWNLOADS**

The condensed consolidated interim financial information (unaudited) for the six months ended 30 June 2015, the related Interim 2015 results presentation and selected operational information are available for viewing on Globaltrans' corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

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<sup>3</sup> The Group's Freight Rail Turnover (excluding Engaged Fleet) was up 2% year on year (up 8% compared to H2 2014).

## RESULTS IN DETAIL

The following table provides the Group's key financial and operational information for the six months ended 30 June 2015 and 2014.

### EU IFRS financial information

	H1 2014 RUB mln	H1 2015 RUB mln	Change %
Revenue	35,061	<b>33,997</b>	-3%
<i>Including</i>			
Total revenue – operator's services	33,252	<b>32,425</b>	-2%
Total revenue – operating lease	1,660	<b>1,380</b>	-17%
Total cost of sales, selling and marketing costs and administrative expenses	(28,653)	<b>(29,035)</b>	1%
Operating profit	6,455	<b>5,168</b>	-20%
Finance costs – net	(1,619)	<b>(1,848)</b>	14%
Profit for the period	3,713	<b>2,656</b>	-28%
<i>Profit attributable to:</i>			
Owners of the Company	2,746	<b>1,395</b>	-49%
Non-controlling interests	967	<b>1,260</b>	30%
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RUB per share)	15.37	<b>7.81</b>	-49%

	H1 2014 RUB mln	H1 2015 RUB mln	Change %
Cash generated from operations	9,958	<b>8,497</b>	-15%
Tax paid	1,478	<b>673</b>	-54%
Net cash from operating activities	8,480	<b>7,824</b>	-8%
Net cash used in investing activities	(270)	<b>(254)</b>	-6%
Net cash used in financing activities	(7,474)	<b>(7,924)</b>	6%

### Non-GAAP financial information

	H1 2014 RUB mln	H1 2015 RUB mln	Change %
Adjusted Revenue	21,682*	<b>20,838*</b>	-4%
<i>Including</i>			
Net Revenue from Operation of Rolling Stock	19,002*	<b>18,669*</b>	-2%
Operating leasing of rolling stock	1,660	<b>1,380</b>	-17%
Net Revenue from Engaged Fleet	872*	<b>598*</b>	-31%
Total Operating Cash Costs	12,169*	<b>12,786*</b>	5%
<i>Including</i>			
Empty Run Cost	5,280*	<b>5,792*</b>	10%
Repairs and maintenance	2,009	<b>1,891</b>	-6%
Employee benefit expense	1,482	<b>1,540</b>	4%
Operating lease rentals – rolling stock	689	<b>661</b>	-4%
Adjusted EBITDA	9,480*	<b>8,192*</b>	-14%
Adjusted EBITDA Margin, %	44%*	<b>39%*</b>	-
Free Cash Flow	6,365*	<b>5,495*</b>	-14%

### Debt profile

	As at 31 Dec 2014 RUB mln	As at 30 June 2015 RUB mln	Change %
Total debt	28,306	<b>23,995</b>	-15%
Cash and cash equivalents	4,648	<b>4,022</b>	-13%
Net Debt	23,658*	<b>19,973*</b>	-16%
Net Debt to Adjusted EBITDA (x)	1.3*	<b>1.2<sup>4</sup></b>	-

<sup>4</sup> Net Debt to Adjusted EBITDA for the twelve months ended 30 June 2015.

## Operational information

	H1 2014	H1 2015	Change, %
Freight Rail Turnover, billion tonnes-km (incl. Engaged Fleet)	80.6	<b>83.6</b>	4%
Transportation Volume, million tonnes (incl. Engaged Fleet)	50.6	<b>48.9</b>	-3%
Freight Rail Turnover, billion tonnes-km (excl. Engaged Fleet)	69.6	<b>71.0</b>	2%
Transportation Volume, million tonnes (excl. Engaged Fleet)	43.6	<b>42.8</b>	-2%
Market Share	8.4%	<b>8.3%</b>	-
Average Price per Trip, RUB	27,973	<b>27,992</b>	0%
Average Rolling Stock Operated, units	54,203	<b>53,913</b>	-1%
Average Distance of Loaded Trip, km	1,592	<b>1,653</b>	4%
Average Number of Loaded Trips per Railcar	12.5	<b>12.4</b>	-1%
Total Empty Run Ratio, %	51%	<b>53%</b>	-
Empty Run Ratio for gondola cars, %	38%	<b>40%</b>	-
Share of Empty Run kms Paid by Globaltrans	88%	<b>87%</b>	-
Total Fleet, units (at period end)	65,448	<b>66,474</b>	2%
Including Owned Fleet, units (at period end)	60,842	<b>60,185</b>	-1%
Average age of Owned Fleet, years (at period end)	8.4	<b>9.1</b>	-
Total number of employees (at period end)	1,590	<b>1,556</b>	-2%

## Revenue

The Group's Total revenue was RUB 33,997 million in the first six months of 2015, a 3% decline year on year primarily reflecting the fall in the Group's Adjusted Revenue as well as a decrease in a "pass through" item "Services provided by other transportation organizations".

The following table provides details of Total revenue, broken down by revenue-generating activity, for the six months ended 30 June 2015 and 2014.

	H1 2014 RUB mln	H1 2015 RUB mln	Change %
Railway transportation – operators services (tariff borne by the Group) <sup>5</sup>	23,101	<b>23,582</b>	2%
Railway transportation – operators services (tariff borne by the client)	10,151	<b>8,843</b>	-13%
Railway transportation – freight forwarding	14	<b>9</b>	-36%
Operating leasing of rolling stock	1,660	<b>1,380</b>	-17%
Other	135	<b>183</b>	35%
<b>Total revenue</b>	<b>35,061</b>	<b>33,997</b>	-3%

## Adjusted Revenue

*Adjusted Revenue is a non-GAAP financial measure defined as "Total revenue" adjusted for "pass through" items: "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organizations". "Infrastructure and locomotive tariffs: loaded trips" comprises revenue resulting from tariffs that customers pay to the Group and the Group pays on to OJSC "Russian Railways" ("RZD"), which are reflected in equal amounts in both the Group's Total revenue and Cost of sales. "Services provided by other transportation organizations" is revenue resulting from the tariffs that customers pay to the Group and the Group pays on to third-party rail operators for subcontracting their rolling stock, which are reflected in equal amounts in both the Group's Total revenue and Cost of sales. The net result of Engaged Fleet operations is reflected as Net Revenue from Engaged Fleet being a part of Adjusted Revenue.*

The Group's Adjusted Revenue fell 4% year on year to RUB 20,838 million\* in the first six months of 2015, primarily related to the 2% year-on-year decline in Net Revenue from Operation of Rolling Stock and a decline in revenues from auxiliary leasing and Engaged Fleet operations.

<sup>5</sup> Includes "Infrastructure and locomotive tariffs: loaded trips" for the six months ended 30 June 2015 of RUB 11,699 million (H1 2014: RUB 11,631 million) and "Services provided by other transportation organizations" of RUB 1,460 million (H1 2014: RUB 1,748 million).

The following table provides details of Adjusted Revenue for the six months ended 30 June 2015 and 2014 and its reconciliation to Total revenue.

	H1 2014 RUB mln	H1 2015 RUB mln	Change %
Total revenue	35,061	<b>33,997</b>	-3%
<i>Minus "pass through" items</i>			
Infrastructure and locomotive tariffs: loaded trips	11,631	<b>11,699</b>	1%
Services provided by other transportation organizations	1,748	<b>1,460</b>	-16%
<b>Adjusted Revenue</b>	21,682*	<b>20,838*</b>	-4%

The principal components of Adjusted Revenue include: (i) Net Revenue from Operation of Rolling Stock; (ii) Revenue from operating leasing of rolling stock, (iii) Net Revenue from Engaged Fleet, and (iv) other revenues generated by the Group's non-core business activities, including freight forwarding, repair and maintenance services provided to third parties, and other.

The following table provides a breakdown of Adjusted Revenue for the six months ended 30 June 2015 and 2014.

	H1 2014 RUB mln	H1 2015 RUB mln	Change %
Net Revenue from Operation of Rolling Stock	19,002*	<b>18,669*</b>	-2%
Operating leasing of rolling stock	1,660	<b>1,380</b>	-17%
Net Revenue from Engaged Fleet	872*	<b>598*</b>	-31%
Railway transportation - freight forwarding	14	<b>9</b>	-36%
Other	135	<b>183</b>	35%
<b>Adjusted Revenue</b>	21,682*	<b>20,838*</b>	-4%

### Net Revenue from Operation of Rolling Stock

*Net Revenue from Operation of Rolling Stock is a non-GAAP financial measure describing the net revenue generated from freight rail transportation and is defined as "Total revenue – operator's services<sup>6</sup>" less "Infrastructure and locomotive tariffs: loaded trips", "Services provided by other transportation organizations" and Net Revenue from Engaged Fleet.*

Net Revenue from Operation of Rolling Stock accounted for 90% of the Group's Adjusted Revenue in the first six months of 2015.

The following table provides Net Revenue from Operation of Rolling Stock for the six months ended 30 June 2015 and 2014, and its reconciliation to Total revenue – operator's services.

	H1 2014 RUB mln	H1 2015 RUB mln	Change %
Total revenue – operator's services <sup>6</sup>	33,252	<b>32,425</b>	-2%
<i>Minus</i>			
Infrastructure and locomotive tariffs: loaded trips	11,631	<b>11,699</b>	1%
Services provided by other transportation organizations	1,748	<b>1,460</b>	-16%
Net Revenue from Engaged Fleet	872*	<b>598*</b>	-31%
<b>Net Revenue from Operation of Rolling Stock</b>	19,002*	<b>18,669*</b>	-2%

The Group's Net Revenue from Operation of Rolling Stock fell 2% year on year to RUB 18,669 million\* in the first six months of 2015. The key factors that contributed to this performance included:

- Average Price per Trip remained unchanged year on year reflecting a combination of solid performance of the rail tank car segment and continued weak pricing in the market for the operation of gondola cars;

<sup>6</sup> Defined as the sum of the following EU IFRS line items: "Railway transportation – operator's services (tariff borne by the Group)" and "Railway transportation – operator's services (tariff borne by the client)".

- Average Rolling Stock Operated was down 1% year on year to 53,913 units in the first half of 2015 on the back of the natural decline in the Group's Owned Fleet<sup>7</sup>;
- Average Number of Loaded Trips per Railcar fell 1% year on year to 12.4 trips in the first six months of 2015 due to the changed logistics (Average Distance of Loaded Trips grew 4% year on year to 1,653 km).

### Revenue from operating leasing of rolling stock

Revenue from operating leasing of rolling stock, which accounted for 7% of the Group's Adjusted Revenue in the first six months of 2015, fell 17% year on year to RUB 1,380 million, primarily reflecting a combination of the decline in the leasing rates and a decrease in the average number of rolling stock leased-out during the period.

### Net Revenue from Engaged Fleet

*Net Revenue from the Engaged Fleet represents the net sum of the price charged to clients for transportation by the Group utilising Engaged Fleet less the loaded railway tariff charged by RZD (included in the EU IFRS line item "Infrastructure and locomotive tariffs: loaded trips") and less the cost of engaging fleet from third-party rail operators (included in the EU IFRS line item "Services provided by other transportation organizations").*

Net Revenue from Engaged Fleet declined 31% year on year to RUB 598 million\* in the first six months of 2015. The decrease was primarily driven by the decline in the number of trips undertaken by Engaged Fleet along with the weak pricing environment in the gondola car segment.

The Group engaged about eight thousand units of rolling stock from third parties as of 30 June 2015 to meet demand under service contracts not covered by Owned and Leased-in Fleets.

### Cost of sales, selling and marketing costs and administrative expenses

The following table provides a breakdown of Cost of sales, selling and marketing costs and administrative expenses for the six months ended 30 June 2015 and 2014.

	H1 2014 RUB mln	H1 2015 RUB mln	Change %
Cost of sales	26,506	<b>26,970</b>	2%
Selling and marketing costs	112	<b>154</b>	37%
Administrative expenses	2,034	<b>1,911</b>	-6%
<b>Total cost of sales, selling and marketing costs and administrative expenses</b>	<b>28,653</b>	<b>29,035</b>	1%

In the first six months of 2015 the Group's Total cost of sales, selling and marketing costs and administrative expenses rose 1% year on year to RUB 29,035 million, largely reflecting the factors described below.

- "Pass through" cost items ("Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organizations") were down 2% year on year to RUB 13,158 million\*;
- The Group's Cost of sales, selling and marketing costs and administrative expenses adjusted for the "pass-through" cost items were up 4% year on year to RUB 15,877 million\* in the first six months of 2015, which reflected:
  - The 5% year-on-year increase in Total Operating Cash Costs to RUB 12,786 million\*, on the back of strong cost control which enabled the Group to mitigate the impact of inflation; and
  - Total Operating Non-Cash Costs that were unchanged year on year at RUB 3,091 million\* in the first six months of 2015 (H1 2014: RUB 3,106 million\*).

<sup>7</sup> As of 30 June 2015, the net decrease in the Group's Owned Fleet was 440 units of rolling stock or 1% compared to the end of 2014, which largely constituted a write-off of railcars purchased as a part of acquisition of captive rail operators in 2012-2013, which had reached the end of their useful life. The Group expects a write-off of around 500 units of rolling stock by the end of 2016.

In order to show the dynamics and nature of the Group's cost base, individual items of Total cost of sales, selling and marketing costs and administrative expenses have been regrouped as shown below:

	H1 2014 RUB mln	H1 2015 RUB mln	Change %
<b>“Pass through” cost items</b>	13,379*	<b>13,158*</b>	-2%
Infrastructure and locomotive tariffs: loaded trips	11,631	<b>11,699</b>	1%
Services provided by other transportation organizations	1,748	<b>1,460</b>	-16%
<b>Total Operating Cash Costs</b>	12,169*	<b>12,786*</b>	5%
Empty Run Costs	5,280*	<b>5,792*</b>	10%
Repairs and maintenance	2,009	<b>1,891</b>	-6%
Employee benefit expense	1,482	<b>1,540</b>	4%
Fuel and spare parts - locomotives	678	<b>785</b>	16%
Operating lease rentals - rolling stock	689	<b>661</b>	-4%
Infrastructure and Locomotive Tariffs - Other Tariffs	468*	<b>650*</b>	39%
Engagement of locomotive crews	222	<b>250</b>	13%
Other Operating Cash Costs	1,340*	<b>1,217*</b>	-9%
<b>Total Operating Non-Cash Costs</b>	3,106*	<b>3,091*</b>	0%
Depreciation of property, plant and equipment	2,562	<b>2,492</b>	-3%
Amortization of intangible assets	539	<b>539</b>	0%
Impairment charge for receivables	34	<b>49</b>	46%
Write off of property, plant and equipment	-	<b>0.3</b>	N/M
Net (gain)/loss on sale of property, plant and equipment	(29)	<b>10</b>	N/M
<b>Total cost of sales, selling and marketing costs and administrative expenses</b>	28,653	<b>29,035</b>	1%

### “Pass through” cost items

#### Infrastructure and locomotive tariffs: loaded trips

Infrastructure and locomotive tariffs: loaded trips is in principle a “pass through” cost item for the Group<sup>8</sup> and is reflected in equal amounts in both the Group's Total revenue and Cost of sales. This cost item increased 1% year on year to RUB 11,699 million in the first six months of 2015.

#### Services provided by other transportation organizations

Services provided by other transportation organizations is in principle a “pass through” cost item for the Group and is reflected in equal amounts in both the Group's Total revenue and Cost of sales. This cost item includes tariffs that the Group pays to third-party rail operators for subcontracting their rolling stock (Engaged Fleet), which are reflected equally in both the Group's Total revenue and Cost of sales. Services provided by other transportation organizations declined 16% year on year to RUB 1,460 million in the first six months of 2015, primarily driven by a reduction in the number of trips undertaken by Engaged Fleet along with the weak pricing environment in the gondola car segment.

### Total Operating Cash Costs

*Total Operating Cash Costs (a non-GAAP financial measure) represent operating cost items payable in cash and calculated as “Total cost of sales, selling and marketing costs and administrative expenses” less the “pass through” cost items and non-cash cost items.*

The Group's Total Operating Cash Costs rose 5% year on year to RUB 12,786 million\*, mitigating the impact of inflation. The combination of factors described below contributed to the change in Total Operating Cash Costs.

<sup>8</sup> Under contracts where the RZD tariff is borne by the Group, the Group has a contractual relationship with the client. The Group sets the terms of the transactions, such as selling and payment terms and in some cases bears credit risk and controls the flow of receipts and payments.

The following table provides a breakdown of the Total Operating Cash Costs for the six months ended 30 June 2015 and 2014.

	H1 2015 % of Total	H1 2014 RUB mln	H1 2015 RUB mln	Change %
Empty Run Costs	45%	5,280*	5,792*	10%
Repairs and maintenance	15%	2,009	1,891	-6%
Employee benefit expense	12%	1,482	1,540	4%
Fuel and spare parts - locomotives	6%	678	785	16%
Operating lease rentals - rolling stock	5%	689	661	-4%
Infrastructure and Locomotive Tariffs - Other Tariffs	5%	468*	650*	39%
Engagement of locomotive crews	2%	222	250	13%
Other Operating Cash Costs	10%	1,340*	1,217*	-9%
<b>Total Operating Cash Costs</b>	<b>100%</b>	<b>12,169*</b>	<b>12,786*</b>	<b>5%</b>

### Empty Run Costs

Empty Run Costs (a non-GAAP financial measure) accounted for 45% of the Group's Total Operating Cash Costs in the first six months of 2015. Empty Run Costs increased 10% year on year to RUB 5,792 million\* in the first six months of 2015, less than the combined increase in the RZD regulated tariff for the traction of empty railcars and growth in the Group's Freight Rail Turnover. This was due to a combination of the following factors:

- A 10% year-on-year increase in the RZD regulated tariffs (including tariffs for the traction of empty railcars);
- An increase in the Group's business volumes with Freight Rail Turnover (excluding Engaged Fleet) up 2% year on year;
- The increase in the Group's Total Empty Run Ratio to 53% (H1 2014: 51%), primarily reflecting a combination of the slight increase in the Empty Run Ratio for gondola cars along with the rise in the Empty Run Ratio for rail tank and other railcars due to changed logistics. The Empty Run Ratio for gondola cars was up to 40% (H1 2014: 38%) due to an increase in coal transportation; and
- The Share of Empty Run Kilometres paid by Globaltrans, which improved marginally to 87% (H1 2014: 88%).

### Repairs and maintenance

The Group managed to contain Repairs and maintenance costs, which comprised 15% of the Group's Total Operating Cash Costs for the first six months of 2015. This cost item was reduced by 6% year on year to RUB 1,891 million, reflecting an increase in costs related to the repair and maintenance of locomotives coupled with the increase in the number and cost of current repairs which were more than offset by a drop in the number and cost of depot repairs and number of wheel pair repairs.

### Employee benefit expense

Employee benefit expense, which accounted for 12% of the Group's Total Operating Cash Costs, increased 4% year on year to RUB 1,540 million in the first six months of 2015, reflecting a combination of a below-inflation rise in wages and salaries, increase in social insurance costs, costs related to corporate restructuring, and the introduction of a share-based payment for some of the members of management<sup>9</sup> with these factors partially offset by a decline in bonuses. The Group continued its business optimisation program with headcount reduced 2% by the end of first half of 2015 compared to 30 June 2014.

### Fuel and spare parts - locomotives

Fuel and spare parts - locomotives expenses, comprising 6% of the Group's Total Operating Cash Costs, were RUB 785 million in the first six months of 2015, an increase of 16% compared to the same period the

<sup>9</sup> Starting 1 January 2015, the Group has introduced a new remuneration program for some of the members of its management. The new remuneration program introduces, amongst other things, a three-year compensation scheme in accordance to which, key management receives cash compensation based on the weighted average market quotations of the global depository receipts of the Company. The Group has recognized an employee benefit expense and a corresponding share-based payment liability of RUB 41.4 million in this respect for the six months ended 30 June 2015.

previous year. The increase in this cost item primarily reflected the cost inflation in prices for fuel and machine oil as well as a rise in number of block train runs<sup>10</sup> with owned locomotives.

### **Operating lease rentals - rolling stock**

Operating lease rentals - rolling stock, which accounted for 5% of the Group's Total Operating Cash Costs in the first six months of 2015, fell 4% to RUB 661 million compared to the same period the previous year, reflecting a decrease in leasing rates, partially offset by the increased average number of railcars leased-in from third parties during the reporting period.

### **Infrastructure and Locomotive Tariffs - Other Tariffs**

Infrastructure and Locomotive Tariffs - Other Tariffs (a non-GAAP financial measure), which is presented as part of the "Infrastructure and locomotive tariffs: empty run trips and other tariffs" component of cost of sales reported under EU IFRS, comprised 5% of the Group's Total Operating Cash Costs in the first six months of 2015. This cost item includes the costs of relocation of rolling stock to and from maintenance, the transition of purchased rolling stock to its first place of commercial utilization, and the relocation of rolling stock in and from lease operations as well as other expenses.

Infrastructure and Locomotive Tariffs - Other Tariffs was RUB 650 million\* in the first six months of 2015, an increase of 39% year on year, predominantly reflecting a combination of the 10% year-on-year rise in the RZD regulated tariff for usage of infrastructure and locomotive traction, the increase in the number of block train runs with owned locomotives as well as relocation and changed logistics.

### **Engagement of locomotive crews**

Costs related to the engagement of locomotive crews from RZD rose 13% year on year to RUB 250 million in the first six months of 2015, largely due to the growth in service volumes, reflecting the increase in the number of block train runs with owned locomotives.

### **Other Operating Cash Costs**

*Other Operating Cash Costs (a non-GAAP financial measure) include cost items such as "Legal, consulting and other professional fees", "Operating lease rentals - office", "Auditors' remuneration", "Advertising and promotion", "Communication costs", "Information services", "Taxes (other than income tax and value added taxes)" and "Other expenses".*

Other Operating Cash Costs, which comprised 10% of the Group's Total Operating Cash Costs, declined 9% to RUB 1,217 million\* in the first six months of 2015 compared to the same period the previous year. The reduction in this cost item reflected a decrease in Taxes (other than income tax and value added taxes) which predominantly includes property tax, a decrease in Operating lease rentals – office, Information services as well as Legal, consulting and other professional fees and Other expenses.

### **Total Operating Non-Cash Costs**

*Total Operating Non-Cash Costs (a non-GAAP financial measure) include cost items such as "Depreciation of property, plant and equipment", "Amortization of intangible assets", "Impairment charge for receivables", "Write off of property, plant and equipment" and "Net (gain)/loss on sale of property, plant and equipment".*

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<sup>10</sup> A block train consists of Group-operated rolling stock bound for one destination.

The following table provides a breakdown of the Total Operating Non-Cash Costs for the six months ended 30 June 2015 and 2014.

	H1 2014 RUB mln	H1 2015 RUB mln	Change %
Depreciation of property, plant and equipment	2,562	2,492	-3%
Amortization of intangible assets	539	539	0%
Impairment charge for receivables	34	49	46%
Write off of property, plant and equipment	-	0.3	N/M
Net (gain)/loss on sale of property, plant and equipment	(29)	10	N/M
<b>Total Operating Non-Cash Costs</b>	<b>3,106*</b>	<b>3,091*</b>	<b>0%</b>

Total Operating Non-Cash Costs performance remained unchanged year on year at RUB 3,091 million\* in the first six months of 2015, reflecting a combination of the following factors:

- Depreciation of property, plant and equipment was down 3% year on year to RUB 2,492 million; and
- Amortization of intangible assets was maintained year on year at RUB 539 million.

### **Adjusted EBITDA (non-GAAP financial measure)**

The Group's Adjusted EBITDA in the first six months of 2015 contracted 14% year on year to RUB 8,192 million\*, primarily reflecting the factors described above. The Adjusted EBITDA Margin decreased to 39%\* compared to 44%\* in the same period the previous year, on the back of a 4% year-on-year decrease in Adjusted Revenue and 5% year-on-year increase in Total Operating Cash Costs.

*The difference between EBITDA and Adjusted EBITDA arises primarily from "Net foreign exchange transaction gains/(losses) on borrowings and other liabilities" and "Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets", which are eliminated from Adjusted EBITDA.*

The following table provides detail on Adjusted EBITDA for the six months ended 30 June 2015 and 2014, and its reconciliation to EBITDA and Profit for the period.

	H1 2014 RUB mln	H1 2015 RUB mln	Change %
<b>Profit for the period</b>	<b>3,713</b>	<b>2,656</b>	<b>-28%</b>
<i>Plus (Minus)</i>			
Income tax expense	1,119	631	-44%
Finance costs – net	1,619	1,848	14%
Net foreign exchange transaction losses on borrowings and other liabilities	(195)	(94)	-52%
Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets	38	(256)	N/M
Amortization of intangible assets	539	539	0%
Depreciation of property, plant and equipment	2,562	2,492	-3%
<b>EBITDA</b>	<b>9,397*</b>	<b>7,815*</b>	<b>-17%</b>
<i>Minus (Plus)</i>			
Net foreign exchange transaction losses on borrowings and other liabilities	(195)	(94)	-52%
Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets	38	(256)	N/M
Share of loss of associate	(3)	(34)	1233%
Other gains - net	47	18	-62%
Net gain/(loss) on sale of property, plant and equipment	29	(10)	N/M
<b>Adjusted EBITDA</b>	<b>9,480*</b>	<b>8,192*</b>	<b>-14%</b>

## Finance income and costs

The following table provides a breakdown of Finance income and costs for the six months ended 30 June 2015 and 2014.

	H1 2014 RUB mln	H1 2015 RUB mln	Change %
<i>Included in finance costs:</i>			
Bank borrowings	(952)	(1,401)	47%
Loans from third parties	(16)	(1)	-93%
Finance leases	(21)	(1)	-95%
Non-convertible unsecured bonds	(552)	(193)	-65%
<b>Total interest expense</b>	<b>(1,541)</b>	<b>(1,596)</b>	<b>4%</b>
Other finance costs	(3)	(40)	1469%
<b>Total finance costs</b>	<b>(1,543)</b>	<b>(1,636)</b>	<b>6%</b>
<i>Included in finance income:</i>			
Bank balances	24	54	129%
Short term deposits	56	83	48%
Loans to third parties	1	1	131%
<b>Total interest income</b>	<b>80</b>	<b>138</b>	<b>72%</b>
<b>Total finance income</b>	<b>80</b>	<b>138</b>	<b>72%</b>
Net foreign exchange transaction losses on borrowings and other liabilities	(195)	(94)	-52%
Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets	38	(256)	N/M
<b>Net foreign exchange transaction losses on financing activities</b>	<b>(156)</b>	<b>(350)</b>	<b>124%</b>
<b>Net finance costs</b>	<b>(1,619)</b>	<b>(1,848)</b>	<b>14%</b>

### Total finance income

In the first six months of 2015, the Group recorded total finance income of RUB 138 million compared to RUB 80 million in the same period the previous year, reflecting the increase in interest rates on bank deposits.

### Total finance costs

Total finance costs were up 6% year on year to RUB 1,636 million in the first six months of 2015, primarily reflecting the increase in market interest rates on the Group's floating rate credits, as well as the refinancing of a RUB 10 billion bond issue in March 2015. The impact from these factors was partially offset by the decrease in the Group's Total debt as of 30 June 2015.

### Net foreign exchange transaction losses on financing activities

A decrease in Net foreign exchange transaction losses on borrowings and other liabilities in the first six months of 2015 to RUB 94 million compared to RUB 195 million in the same period the previous year reflects the increase in the proportion of RUB denominated debt to almost 100% of the Group's debt as of 30 June 2015.

In the first six months of 2015 the Group recorded net foreign exchange transaction losses on cash and cash equivalents and other monetary assets of RUB 256 million compared to gain of RUB 38 million in the same period the previous year, which reflected the negative impact of foreign exchange volatility on the available cash and cash equivalents denominated in foreign currency in H1 2015.

### Profit before income tax

The Group reported Profit before income tax of RUB 3,286 million in the first six months of 2015, a decrease of 32% compared to the same period the previous year. This decrease was driven by the 20% year-on-year decline in the Group's Operating profit to RUB 5,168 million largely reflecting the factors described above combined with a 14% year-on-year increase in Net finance costs.

## Income tax expense

Income tax expense decreased 44% year on year to RUB 631 million in the first six months of 2015, largely reflecting the decline in the Group's Profit before income tax and a change in the estimated weighted average annual income tax rate used for the first six months of 2015.

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average interim tax rate used for the first six months of 2015 is 19.20% (H1 2014: 23.16%). The change in the weighted average annual income tax rate is due to a change in the composition of the profitability of the Group by group entities operating in different tax jurisdictions as well as a result of the impact of the planned merger of Steeltrans OOO and New Forwarding Company AO (both of which are 100% subsidiaries of Globaltrans).

## LIQUIDITY AND CAPITAL RESOURCES

In the first six months of 2015, the Group's capital expenditure ("CAPEX") for expansion remained on hold and the Group's capital expenditure consisted primarily of maintenance CAPEX. The Group was able to meet its liquidity and capital expenditure needs comfortably through operating cash flow, cash and cash equivalents available at 31 December 2014 as well as proceeds from borrowings.

The Group manages its liquidity based on expected cash flows. As at 30 June 2015, the Group had Net Working Capital of RUB 2,288 million\*. Utilising its anticipated operating cash flow and borrowings, the Group believes that it has sufficient working capital to enable it to operate successfully and expand its business should appropriate market opportunities arise.

## Cash flows

The following table sets out the principal components of the Group's consolidated cash flow statement for the six months ended 30 June 2015 and 2014.

	H1 2014 RUB mln	H1 2015 RUB mln
<i>Cash flows from operating activities</i>	9,527	<b>8,210</b>
<i>Changes in working capital:</i>		
Inventories	(22)	<b>25</b>
Trade and other receivables	1,336	<b>1,575</b>
Trade and other payables	(882)	<b>(1,313)</b>
Cash generated from operations	9,958	<b>8,497</b>
Tax paid	(1,478)	<b>(673)</b>
<b>Net cash from operating activities</b>	<b>8,480</b>	<b>7,824</b>
<i>Cash flows from investing activities</i>		
Purchases of property, plant and equipment	(511)	<b>(386)</b>
Proceeds from disposal of property, plant and equipment	121	<b>61</b>
Loans granted to third parties	-	<b>(81)</b>
Loans repayments received from third parties	1	<b>13</b>
Interest received	119	<b>140</b>
<b>Net cash used in investing activities</b>	<b>(270)</b>	<b>(254)</b>
<i>Cash flows from financing activities</i>		
Net cash inflows (outflows) from borrowings and financial leases <sup>11</sup>	421*	<b>(3,981)*</b>
Interest paid	(1,605)	<b>(1,943)</b>
Cash received from disposal of non-controlling interests	-	<b>0.2</b>
Acquisition of non-controlling interest	(2)	-
Dividends paid to non-controlling interests in subsidiaries	(2,306)	<b>(2,000)</b>
Dividends paid to owners of the Company	(3,982)	-
<b>Net cash used in financing activities</b>	<b>(7,474)</b>	<b>(7,924)</b>
Net increase/(decrease) in cash and cash equivalents	737	<b>(354)</b>
Exchange gains/(losses) on cash and cash equivalents	27	<b>(272)</b>
Cash, cash equivalents and bank overdrafts at beginning of the period	3,406	<b>4,648</b>
<b>Cash, cash equivalents and bank overdrafts at end of period</b>	<b>4,171</b>	<b>4,022</b>

<sup>11</sup> Net Cash inflows (outflows) from borrowings and financial leases defined as a balance between the following line items: "Proceeds from borrowings", "Repayments of borrowings" and "Finance lease principal payments".

### ***Net cash from operating activities***

Net cash generated from operating activities fell 8% year on year to RUB 7,824 million in the first six months of 2015, reflecting a combination of the 14% year-on-year decrease in Cash flows from operating activities primarily due to the factors described above, which was partially offset by a decrease in Tax paid.

### ***Net cash used in investing activities***

Net cash used in investing activities remained low at RUB 254 million in the first six months of 2015 compared to RUB 270 million in the same period the previous year, signalling the continued low investment activity of the Group. The Purchases of property, plant and equipment largely included maintenance CAPEX.

### ***Net cash used in financing activities***

Net cash used in financing activities was RUB 7,924 million in the first six months of 2015 compared to RUB 7,474 million in the same period the previous year. This was due to a combination of the following factors:

- Net cash outflows from borrowings and finance leases<sup>11</sup> of RUB 3,981 million\* in the first six months of 2015 compared to Net cash inflows from borrowings and finance leases of RUB 421 million\* in the same period the previous year illustrating the Group's preference for the use of cash for debt repayments during the reporting period;
- The 21% year-on-year increase in Interest paid to RUB 1,943 million in the first six months of 2015, mainly reflecting the increase in market interest rates on the Group's floating rate credits, as well as the refinancing of a RUB 10 billion bond issue in March 2015;
- No dividend was paid to the owners of the Company in respect of 2014 in the first six months of 2015 compared to the RUB 3,982 million paid out in the same period of the previous year, in order to use cash flow for debt repayment due to the challenging borrowing environment that prevailed in the first half of 2015; and
- The payment of RUB 2,000 million in dividends to non-controlling interests in subsidiaries, compared to the RUB 2,306 million paid in the same period the previous year.

### ***Capital Expenditure***

The Group's capital expenditure for the acquisition of rolling stock on an accrual basis was RUB 360 million in the first six months of 2015 compared to RUB 483 million in the same period the previous year. In both periods, the Group's capital expenditure mainly constituted maintenance CAPEX. This low level of maintenance CAPEX demonstrates the relatively young age of the Group's Owned Fleet with an average age of 9.1 years as of 30 June 2015.

As of 30 June 2015, the net decrease in the Group's Owned Fleet was 440 units of rolling stock or 1% compared to the end of 2014, which largely constituted a write-off of railcars purchased as a part of the acquisition of captive rail operators in 2012-2013, which had reached the end of their useful life. The Group expects a write-off of around 500 units of rolling stock by the end of 2016.

### ***Capital Resources***

During the first half of 2015, the Group continued to use cash for debt repayments. As of 30 June 2015, the Group's financial indebtedness consisted of bank borrowings, non-convertible unsecured bonds, finance lease liabilities and loans from the third parties for an aggregate principal amount of RUB 23,995 million (including accrued interest of RUB 49.9 million\*), representing a 15% decrease compared to the end of 2014.

The Group's Net Debt as of 30 June 2015 was RUB 19,973 million\*, a reduction of 16% from Net Debt levels at the end of 2014.

The following table provides detail on the Group's financial indebtedness structure as of 30 June 2015 (including accrued interest of RUB 49.9 million\*).

	<b>As of 30 June 2015 RUB mln</b>	<b>% of Total</b>
Bank borrowings	23,665	99%
Non-convertible unsecured bonds	306	1%
Finance lease liabilities	0.5	0%
Loans from third parties	23	0%
<b>Total</b>	<b>23,995</b>	<b>100%</b>

The Group continued to deleverage with a ratio of Net Debt to Adjusted EBITDA of 1.2x\* for the twelve months ended 30 June 2015 (31 December 2014: 1.3x\*).

The currency structure of the Group's indebtedness was further improved with RUB-denominated borrowings accounting for almost 100% of the Group's debt portfolio as of 30 June 2015, compared to 98% as of the end of 2014.

The carrying amounts were denominated in the following currencies as of 30 June 2015.

	<b>As of 30 June 2015 RUB mln</b>	<b>% of Total</b>
Russian Rouble	23,995	100%
US Dollar	0.5	0%
<b>Total</b>	<b>23,995</b>	<b>100%</b>

The weighted average effective interest rate increased to 12.5%\* as of 30 June 2015 compared to 10.3%\* as of the end of 2014, due to an increase in interest rates in the Russian financial market, arising from the challenging borrowing environment that prevailed in the first half of 2015 as well as the refinancing of a RUB 10 billion bond issue in March 2015.

The share of borrowings with a fixed interest rate remained unchanged at 90%\* at 30 June 2015 compared to the end of 2014.

The Group has a balanced maturity profile, supported by the Group's solid cash flow generation, available cash and cash equivalents, as well as undrawn credit facilities in the amount of RUB 19,111 million as of 30 June 2015. In March 2015, the Group's Russian subsidiary New Forwarding Company AO redeemed its three-year 10 billion RUB denominated exchange-traded, non-convertible bonds with a five-year RUB-denominated bilateral credit facility.

The following table gives the maturity profile of the Group's borrowings (including accrued interest of RUB 49.9 million\*) as of 30 June 2015.

	<b>As of 30 June 2015 RUB mln</b>
H2 2015	4,195*
H1 2016	4,753*
H2 2016	4,426*
2017	4,906*
2018-2019	5,715*
<b>Total</b>	<b>23,995</b>
Free Cash Flow for the last twelve months ended 30 June 2015	11,037*
Cash and cash equivalents	4,022
Undrawn credit facilities	19,111

## PRESENTATION OF INFORMATION

The financial information presented in this announcement is derived from the condensed consolidated interim financial information (unaudited) of Globaltrans Investment PLC ("the Company" or, together with its subsidiaries, "Globaltrans" or "the Group") as at and for the six months ended 30 June 2015 and 2014 and

prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

The Group's condensed consolidated interim financial information (unaudited) and selected operational information as at and for the six months ended 30 June 2015 and 2014 along with historical financial and operational information are available at Globaltrans' corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

The presentation currency of the Group's consolidated financial statements was changed from US Dollars to Russian Roubles ("RUB") effective from the results for the year ending 31 December 2014. The Company believes that the presentation of financial results in RUB, which is the functional currency of the Company as well as its Cypriot and Russian subsidiaries, provides greater transparency in the light of recent volatility of the RUB exchange rate and provides shareholders with a more accurate reflection of the Company's underlying performance. In accordance with relevant accounting standards, comparative financial information for the six months ended 30 June 2014 is provided in RUB.

Certain financial information which is derived from management accounts is marked in this announcement with an asterisk {\*}.

In this announcement the Group has used certain non-GAAP financial information (not recognised by EU IFRS or IFRS) as supplemental measures of the Group's operating performance.

Information (non-GAAP and operating measures) requiring additional explanation or defining is marked with initial capital letters and the explanations or definitions are provided at the end of this announcement.

Rounding adjustments have been made in calculating some of the financial and operational information included in this announcement. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

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"), OJSC Russian Railways ("RZD") and Federal Tariff Service of Russian Federation ("FST"). 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.

All non-GAAP financial and operational information presented in this announcement should be used only as an analytical tool, and investors should not consider such information in isolation or in any combination as a substitute for analysis of the Group's consolidated financial statements and condensed interim financial information reported under EU IFRS, which are available the Globaltrans' corporate website [www.globaltrans.com](http://www.globaltrans.com).

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## **ANALYST AND INVESTOR CONFERENCE CALL**

The release of the Group's financial and operational results will be accompanied by an analyst and investor conference call hosted by Sergey Maltsev, Chief Executive Officer and Alexander Shenets, Chief Financial Officer.

Date: Tuesday, 1 September 2015

Time: 13.00 London / 8.00 New York (EDT) / 15.00 Moscow

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](http://www.globaltrans.com)). Please note that this will be a listen-only facility.

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## NOTES TO EDITORS

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. Globaltrans provides services to more than 500 customers and 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 has a Total Fleet of about 66 thousand units of rolling stock with an average age of 9.1 years<sup>12</sup>. Universal gondola cars and rail tank cars constitute the backbone of the Group's fleet. More than 90% of the Total Fleet is owned by the Group. In the first six months of 2015, the Group's Freight Rail Turnover (including Engaged Fleet) was 83.6 billion tonnes-km. The Group's Market Share was 8.3% of overall Russian freight rail transportation volumes.

Globaltrans' global depository 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](http://www.globaltrans.com)

## DEFINITIONS

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 borrowings and other liabilities", "Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets", "Share of profit/(loss) of associate", "Other gains - net" and "Net gain/(loss) on sale of property, plant and equipment".

**Adjusted EBITDA Margin** (a non-GAAP financial measure) is calculated as Adjusted EBITDA divided by Adjusted Revenue.

**Adjusted Revenue** (a non-GAAP financial measure) is calculated as "Total revenue" less the following "pass through" items "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organizations".

**Average Distance of Loaded Trip** is calculated as the sum of the distances of all loaded trips for a period divided by the number of loaded trips for the same period.

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

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<sup>12</sup> Average age of the Group's Owned Fleet as of 30 June 2015.

**Average Price per Trip** is calculated as Net Revenue from Operation of Rolling Stock divided by total number of loaded trips during the relevant period in the respective currency.

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

**EBITDA** (a non-GAAP financial measure) represents “Profit for the period” before “Income tax expense”, “Finance costs - net” (excluding “Net foreign exchange transaction gains/(losses) on borrowings and other liabilities” and “Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets”), “Depreciation of property, plant and equipment”, “Amortization of intangible assets”, “Write off of property, plant and equipment” and “Impairment of intangible assets”.

**Engaged Fleet** is defined as rolling stock subcontracted or otherwise engaged from a third-party rail 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.

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

**Empty Run Costs** (a non-GAAP financial measure meaning costs payable to RZD for forwarding empty railcars) is derived from management accounts and presented as part of the “Infrastructure and locomotive tariffs: empty run trips and other tariffs” component of “Cost of sales” reported under EU IFRS. Empty Run Costs do not include costs of relocation of rolling stock to and from maintenance, purchased rolling stock in transition to its first place of commercial utilization, rolling stock leased in or leased out and Engaged Fleet.

**Empty Run Ratio** is calculated as the total of empty trips in kilometres by respective rolling stock type divided by total 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 utilization, rolling stock leased out or Engaged Fleet).

**Free Cash Flow** (a non-GAAP financial measure) is calculated as “Net cash from operating activities” (after “Changes in working capital” and “Tax paid”) less “Purchases of property, plant and equipment” (which includes maintenance CAPEX) and “Interest paid”.

**Freight Rail Turnover** is a measure of freight carriage activity over a particular period calculated as the sum of tonnage of each loaded trip multiplied by the distance of each loaded trip, expressed in tonnes-km. It includes volumes transported by the Engaged Fleet, unless otherwise stated.

**Infrastructure and Locomotive Tariffs - Other Tariffs** (a non-GAAP financial measure) is presented as part of the “Infrastructure and locomotive tariffs: empty run trips and other tariffs” component of “Cost of sales” reported under EU IFRS. This cost item includes the costs of relocation of rolling stock to and from maintenance, transition of purchased rolling stock to its first place of commercial utilization, and relocation of rolling stock in and from lease operations as well as other expenses.

**Leased-in Fleet** is defined as rolling stock fleet leased-in under operating leases, including both railcars and locomotives.

**Leased-out Fleet** is defined as rolling stock fleet leased out to third parties under operating leases.

**Market Share** is calculated using the Group’s own information as the numerator and information published by Rosstat as the denominator. The Group’s Market Share is calculated as a percentage of the overall Russian freight rail transportation volume and includes volumes transported by Engaged Fleet.

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

**Net Revenue from Engaged Fleet** (a non-GAAP financial measure) represents the net sum of the price charged for transportation to clients by the Group utilising Engaged Fleet less the loaded railway tariff charged by RZD (included in the EU IFRS line item “Infrastructure and locomotive tariffs: loaded trips”) less the cost of attracting fleet from third-party operators (included in the EU IFRS line item “Services provided by other transportation organizations”).

**Net Revenue from Operation of Rolling Stock** (a non-GAAP financial measure) is defined as the sum of “Revenue from railway transportation - operators services (tariff borne by the Group)” and “Revenue from railway transportation - operators services (tariff borne by the client)” less “Infrastructure and locomotive tariffs: loaded trips”, “Services provided by other transportation organization” and Net Revenue from Engaged Fleet.

**Net Working Capital** (a non-GAAP financial measure) is calculated as the sum of the current portions of “Inventories”, “Current income tax assets”, “Trade receivables - net”, “Prepayments - third parties”, “Prepayments - related parties”, “Other receivables - net”, and “VAT recoverable”, less the sum of the current portions of “Trade payables to third parties”, “Trade payables to related parties”, “Advances from customers

for transportation services”, “Advances from related parties for sale of wagons”, “Accrued expenses”, “Other payables to third parties”, “Other payables to related parties” and “Current tax liabilities”.

**Total Operating Cash Costs** (a non-GAAP financial measure) represent operating cost items payable in cash and calculated as “Total cost of sales, selling and marketing costs and administrative expenses” less the “pass through” items: “Infrastructure and locomotive tariffs: loaded trips” and “Services provided by other transportation organizations” and non-cash items: “Depreciation of property, plant and equipment”, “Amortization of intangible assets”, “Impairment charge for receivables”, “Write off of property, plant and equipment” and “Net gain/(loss) on sale of property, plant and equipment”.

**Total Operating Non-Cash Costs** (a non-GAAP financial measure) include cost items such as “Depreciation of property, plant and equipment”, “Amortization of intangible assets”, “Impairment charge for receivables”, “Write off of property, plant and equipment” and “Net gain/(loss) on sale of property, plant and equipment”.

**Other Operating Cash Costs** (a non-GAAP financial measure) include cost items such as “Legal, consulting and other professional fees”, “Operating lease rentals - office”, “Auditors’ remuneration”, “Advertising and promotion”, “Communication costs”, “Information services”, “Taxes (other than income tax and value added taxes)” and “Other expenses”.

**Owned Fleet** is defined as the rolling stock fleet owned and leased in under finance lease as at the end of the reporting period. It includes railcars and locomotives unless otherwise stated and excludes Engaged Fleet.

**Share of Empty Run Kilometres Paid by Globaltrans** is defined as the percentage of empty run kilometres paid by Globaltrans divided by the total amount of empty run kilometres incurred by the fleet operated by Globaltrans (not including relocation of rolling stock to and from maintenance, purchased rolling stock in transition to its first place of commercial utilization, and rolling stock leased out or Engaged Fleet) in the relevant period.

**Total Empty Run Ratio** is calculated as total kilometres travelled empty divided by the total kilometres travelled loaded by the fleet operated by Globaltrans (not including the relocation of rolling stock to and from maintenance, purchased rolling stock in transition to its first place of commercial utilization, or rolling stock leased out or Engaged Fleet) in the relevant period.

**Total Fleet** is defined as the total rolling stock owned and leased in under finance and operating leases as at the end of period. It includes railcars and locomotives unless otherwise stated and excludes Engaged Fleet.

**Transportation Volume** is a measure of freight carriage activity over a particular period measuring weight of cargo carried in million tonnes. It includes volumes transported by Engaged Fleet, unless otherwise stated.

## LEGAL DISCLAIMER

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