

Globaltrans Strengthens its Business Portfolio through Acquisition of Two Rail Tank Car Leasing Companies

Globaltrans Investment PLC (“Globaltrans” or together with its consolidated subsidiaries the “Group”), Russia’s largest privately owned freight rail operator, today announces the acquisition of two rail tank car leasing companies. This transaction will strengthen the Group’s business portfolio by increasing exposure to the oil and oil products transportation market and providing an entry into Kazakhstan’s rail freight market.

Transaction highlights

- Acquisition of 61% in Spacecom AS (“Spacecom”) and 65% in Intopex Trans AS (“Intopex”) from Transportation Investment Holding Limited⁽¹⁾ (“TIHL”) (the “Transaction”). TIHL is a 50.1% shareholder of Globaltrans. Minority stakes in Spacecom and Intopex will remain solely with management of respective companies.
- Combined cash consideration of the Transaction of US\$79 million payable over the next two years. Transaction price is below the lowest point of the combined valuation range of 61% of Spacecom’s equity and 65% of Intopex’s equity included in the fairness opinion provided by ING Bank N.V., London Branch.
- Spacecom and Intopex together own 4,152 rail tank cars⁽⁶⁾ leased out primarily to markets in Russia and Kazakhstan and have an aggregated adjusted EBITDA⁽⁴⁾ margin in excess of 60%.
- Transaction expected to be EPS accretive from 2009.
- Short term debt repayment capacity of Globaltrans maintained at comfortable levels post Transaction.
- Closing anticipated by year end 2008.

Transaction rationale: Strengthening Globaltrans’ business portfolio by complementing core operations and reinforcing growth strategy in the light of recent economic developments.

- Increased exposure to the oil and oil products transportation markets in Russia and Kazakhstan.
- Geographic diversification increasing penetration to CIS countries with a focus on Kazakhstan (c. 40%⁽²⁾ of target companies fleet leased out to clients in Kazakhstan).
- Acquiring profitable, financially sound rail tank car leasing services businesses with modern fleet of 4,152 rail tank cars⁽⁶⁾, aggregated adjusted EBITDA⁽⁴⁾ margin in excess of 60% with almost the entire revenue streams denominated in US dollars.
- Transaction consideration implies price⁽⁵⁾ per rail car of c. US\$50,800; deferred payment terms of Transaction price ensures Globaltrans’ comfortable short term debt repayment capacity post Transaction is maintained.
- Transaction expected to be EPS accretive from 2009.
- Meeting Globaltrans’ outstanding expansion CAPEX plans for 2008 and 2009.

Commenting on the Transaction, Sergey Maltsev, CEO of Globaltrans said:

“This Transaction marks another step in Globaltrans’ development and enables us to strengthen the Group’s business portfolio. We are acquiring profitable and financially sound operations that increase our exposure to the oil and oil products transportation markets. As CEO and one of the key shareholders of the Group I am confident that these acquisitions reinforce our growth profile and enhance Globaltrans’ ability to withstand the current challenging conditions, while consolidating our leading position among Russian private freight rail operators”.

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INVESTOR AND ANALYST CONFERENCE CALL

There will be a conference call and webcast hosted by Sergey Maltsev, Chief Executive Officer and Alexander Shenets, Chief Financial Officer on 9 December, 2008 at 10.00 UK time / 13.00 Moscow time. To participate in the conference call, please dial: +44 (0)20 3003 2666 and ask to be put through to the “Globaltrans” call.

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

The replay of conference call will be also available through the Globaltrans website (www.globaltrans.com).

NOTES TO EDITORS

Globaltrans is Russia's largest privately owned freight rail operator by number of rolling stock operated. Globaltrans provides freight rail transport and logistics services to over 25,000 destinations covering every major industrial region in Russia and part of the Ukraine, with a regional network encompassing 10 branch offices. The Group's key customers are large industrial blue chip companies from the key sectors of the Russian economy.

Globaltrans is the only public company in the Russian railway sector. In April 2008, Globaltrans was listed on the London Stock Exchange (LSE) with a free-float of c. 30%. For more information on the company, please visit the website: www.globaltrans.com.

FURTHER DETAILS

Transaction structure

Globaltrans is acquiring 61% of Spacecom and 65% of Intopex from Transportation Investment Holding Limited (“TIHL”). TIHL is a 50.1% shareholder of Globaltrans. The Transaction was approved by Globaltrans’ Board of Directors on 5 December, 2008. All voting members of the Board of Directors were unanimous in approving the Transaction; the following interested directors refrained from voting: Elia Nicolaou – being the director of the corporate director of TIHL; Konstantin Shirokov – being an employee of TIHL; Mikhail Loganov – being an employee of

Leverret Holding Limited, the sole shareholder of TIHL. The total Transaction consideration of US\$79 million implies a price⁽⁵⁾ of c. US\$50,800 per rail tank car. Deferred payment terms allow the Transaction price to be paid in five instalments over next two years; interest rate of 15% is applicable from 1 June 2009 on outstanding Transaction payments.

Transaction is not contingent on any regulatory approvals; closing anticipated by year end 2008.

Increasing exposure to the oil and oil products transportation markets along with further diversification to CIS countries

In the context of the current economic environment, this Transaction will strengthen the Group's business portfolio with additional exposure to the oil and oil products railway transportation markets in Russia and Kazakhstan, which have shown healthy development in recent years (CAGR of 3.7%⁽⁷⁾ and 7.3%⁽⁸⁾ in the period between 2004 and 2007 respectively). In addition management believes these markets have a promising outlook given (i) sustainable internal demand for oil products transported mostly by rail and (ii) expected oil exports to new destinations moving onto rail due to the shortage of pipeline capacities.

Profitable and financially sound business of target companies complementing core operations

Spacecom and Intopex are Estonian registered companies engaged in rail tank car leasing services primarily to markets of Russia and Kazakhstan. The combined Spacecom and Intopex fleet⁽⁶⁾ comprises 4,152 railcars including 3,882 oil tanks and 270 LPG tanks. The average age⁽²⁾ of the fleet amounts to c. 5 years.

In the first nine months of 2008, Spacecom generated revenues of US\$36.8 million⁽²⁾ and an adjusted EBITDA⁽³⁾ of US\$22.6 million⁽²⁾. Previously Spacecom also provided railway transportation services on Estonian Railways' infrastructure but discontinued these operations in 1Q 2008 to focus on rendering railway tank leasing services. Discontinuation expenses have been reflected in the financial results for the first nine months of 2008. No further discontinuation expenses are expected.

In the first nine months of 2008, Intopex achieved revenues of US\$5.4 million⁽²⁾ and an EBITDA of US\$3.5 million⁽²⁾.

Spacecom and Intopex aggregated adjusted EBITDA⁽⁴⁾ amounts to US\$26.1 million; aggregated adjusted EBITDA⁽⁴⁾ margin was in excess of 60% for the first nine months of 2008. Almost the entire revenue streams of Spacecom and Intopex are denominated in US dollars.

The aggregated debt of the two companies amounted to US\$84.1 million⁽²⁾ as of 30 September 2008. Almost the entire debt portfolio was denominated in US dollars with a weighted-average interest rate⁽²⁾ of c.7.7% as of 30 September 2008.

Financing of the Transaction and impact on Globaltrans' short term debt repayment capacity

Transaction payment terms allow for the total Transaction price of US\$79 million to be paid in five installments over the next two years. Following an initial instalment of US\$30 million, due anytime on or before 10 January 2009, a second instalment of US\$10 million is due no later than by 1 May 2009. This is followed by three further instalments of US\$13 million, due no later than by 1 November 2009, 1 May 2010 and 1 November 2010 respectively. From 1 June 2009, an annual interest rate of 15% will apply to any Transaction payments outstanding.

Globaltrans financial position pre-Transaction is characterised by Net Debt of US\$251 million⁽⁹⁾ and cash and equivalents of US\$127 million⁽⁹⁾ as of 30 November 2008. Adjusted EBITDA⁽¹⁰⁾ of Globaltrans for 1H 2008 reached US\$117 million.

Incremental net additions to Globaltrans short term debt profile arising from the Transaction are at comfortable levels with the combined payments of the Transaction price and repayment of the short term debt of Spacecom and Intopex falling due in 2009 amounting to US\$83.6 million⁽²⁾. The aggregated adjusted EBITDA⁽⁴⁾ of Spacecom and Intopex generated during the first nine months of 2008 amounted to US\$26.1 million.

Globaltrans estimated short term debt repayment profile post Transaction⁽¹¹⁾

US\$ million		Dec 08	1Q 09	2Q 09	3Q 09	4Q 09
Cash and equivalents of Globaltrans (as of 30-Nov-2008)	127.0	-	-	-	-	-
Short term debt repayments of Globaltrans	-	9.8	39.1	25.8	24.3	13.4
Payments for equity stake of Spacecom and Intopex	-	-	30.0	10.0	-	13.0
Aggregated short term debt repayments of Spacecom and Intopex	-	-	4.8	4.6	3.5	17.7
Total	-	-	73.9	40.4	27.8	44.1

NOTES

- (1) Transportation Investments Holding Limited ("TIHL") is one of the largest privately-owned transportation and infrastructure group in Russia with strategic interests in rail transportation and port operations. It carries out its business under the brand "NTrans".
- (2) Management accounts of Spacecom and Intopex for the first nine months of 2008.
- (3) Adjusted EBITDA of Spacecom is defined as EBITDA excluding railway transportation activities on the Estonian Railways' infrastructure discontinued in 1Q 2008; based on management accounts of Spacecom for the first nine months of 2008.
- (4) Aggregated adjusted EBITDA of Spacecom and Intopex is calculated as the sum of adjusted EBITDA of Spacecom and EBITDA of Intopex; based on management accounts of Spacecom and Intopex for the first nine months of 2008.
- (5) Defined as 100% of enterprise value of the Transaction divided by number of rail tank cars owned / leased under financial lease by Spacecom and Intopex as of 30 September 2008. Other fixed assets such as repair depot, 8 locomotives etc. are attributed a zero value.
- (6) Includes rail tank cars owned / leased under financial lease by Spacecom and Intopex as of 30 September 2008.
- (7) Based on information from Industrial Cargoes journal No.114, 28.01.2008; Federal statistics service of Russia.
- (8) Based on information from Institute for strategic studies and analysis (ISSA); KazTransOil; Kazakhstan Railways.
- (9) Management accounts of Globaltrans as of 30 November 2008.
- (10) Adjusted EBITDA of Globaltrans represents EBITDA less gains from sale of joint ventures, gain from sale of subsidiaries, recognised deferred gains, net foreign exchange gains/(losses), other gains and share of profit of joint ventures; based on interim financial statements of Globaltrans prepared in accordance with IFRS for the first six months of 2008 (reviewed by PricewaterhouseCoopers, but not audited).



- (11) Estimations made by Globaltrans' management based on the management accounts of Globaltrans, Spacecom and Intopex.

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Some of the information in this document 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 and 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 in which Globaltrans operates, as well as many other risks specifically related to Globaltrans and its operations.