Globaltrans
Russia's Leading Private Freight Rail Group

For immediate release **2 September 2014**

Globaltrans Investment PLC

Interim 2014 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 2014.

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.*

For informational purposes, the percent change for certain financial information included in this announcement is presented in Russian Roubles, which is the Functional Currency of the Company, its Cyprus and Russian subsidiaries.

Certain comparable financial and operational information included in this announcement has been re-presented for the six months ended 30 June 2013 to conform to changes in the presentation of operations with Engaged Fleet for the six months ended 30 June 2014.

Financial highlights

In the first six months of 2014 the Group performed well given the continued challenging market environment and economic backdrop. The results for the period are also impacted by the translation effect of the 13% depreciation in the average exchange rate of the Russian Rouble against the US Dollar compared to the same period the previous year[1].

- Revenues were affected by the ongoing soft pricing conditions with Adjusted Revenue of USD 618.0 million* in the first six months of 2014, down 5% year on year in Russian Rouble terms (-16% in US Dollar terms);
- Management focused on tight control of costs limiting the increase in Total Operating Cash Costs to 2% year on year in Russian Rouble terms (-10% in US Dollar terms), half the 4% year on year growth in the Group's Freight Rail Turnover (excluding Engaged Fleet);
- Margins remained solid with an Adjusted EBITDA Margin of 44%* in the first six months of 2014 (H1 2013: 47%*). Adjusted EBITDA declined to USD 270.2 million* in the first six months of 2014 (-12% year on year in Russian Rouble terms, -22% in US Dollar terms);
- Strong focus on free cash generation led to Free Cash Flow[2] of USD 179.8 million* in the first six months of 2014, a decline of 1% year on year in Russian Rouble terms (-13% year on year in US Dollar terms);
- Profit for the period was USD 105.3 million in the first six months of 2014, a decline of 20% year on year in Russian Rouble terms (-29% in US Dollar terms);
- Comfortable debt profile was maintained with Net Debt of USD 875.7 million* and Net Debt to Adjusted EBITDA for the last twelve months of 1.5x* as at 30 June 2014. The percentage of Russian Rouble denominated debt was 96% with the share of debt with fixed interest rate at 88%* as at 30 June 2014.

[1] *The Group's financial performance in the first six months of 2014 was affected by a 13% depreciation compared to the same period the previous year in the average exchange rate of the Russian Rouble (Functional Currency of the Company, its Cyprus and Russian subsidiaries) against the US Dollar (the Group's financial information presentation currency). The 30 June 2014 period end exchange rate of the Russian Rouble against the US Dollar weakened by 3% compared to the end of 2013.*

[2] *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".*

Operational highlights

- Strong operating performance in a challenging market:
  - Freight Rail Turnover (including Engaged Fleet) up 2% year on year to 80.6 billion tonnes-kms in the first six months of 2014. The Group's Market Share was maintained at 8.4%. All railcars are fully deployed;
  - In the priority segments of metallurgical cargoes and oil products and oil, Freight Rail Turnover (including Engaged Fleet) was up 8% and 2% year on year respectively;
  - The Group's Freight Rail Turnover (excluding Engaged Fleet) was up 4% year on year;
  - Empty Run Ratio for gondola cars was maintained at a sustained low level of 38%; Total Empty Run Ratio further improved to 51%;
  - Average Price per Trip was down 3% in Russian Rouble terms compared to full year 2013 (-4% compared to the first six months of 2013);

- Increased resilience of the business:
  - More than 60% of the Group's Net Revenue from Operation of Rolling Stock is now covered by long-term service contracts (Metalloinvest, MMK and Rosneft[3]);
  - Service contract with Metalloinvest extended by a further 19 months to the end of 2016;
  - Increase in the service volume under the long-term contract with MMK from 70% to 80% throughout 2014 (contract valid to the end of February 2018);
  - Service contract with Rosneft successfully renegotiated and extended to the end of March 2016;

- New industry regulation benefits players with modern fleets like Globaltrans:
  - Mandatory certification requirement for extending the useful life of railcars was introduced in August 2014;
  - Useful life of an estimated 240,000 railcars (approximately 20% of total railcar fleet in Russia) will end in 2014-2016[4] and require certification to extend;
  - The expected high cost of certification will likely drive accelerated retirement of old fleets thereby improving the supply/demand balance;
  - Globaltrans owns one of the most modern sizeable fleets on the market with an average age of 8.4 years[5]. Only about 2% of the Group's fleet (1,400 railcars) are expected to reach the end of their economic useful life by the end of 2016.

COMMENTS

Sergey Maltsev, CEO of Globaltrans Investment PLC, said:

"Globaltrans again demonstrated its ability to perform well against a backdrop of continued market weakness. The period was marked by further growth in the Group's Freight Rail Turnover and a sustained high level of operational efficiency, as well as our proven ability to develop partnerships with key clients. Our ongoing performance is underpinned by the extension of the long-term contract with Metalloinvest early in the year and an agreement with Rosneft, to expand our business relationship and cooperate on a long-term contract basis.

While there was ongoing pressure on the top line, the impact on profitability was partly offset by our careful control of operating cash costs, which increased slower than the growth in our Freight Rail Turnover (excluding Engaged Fleet). We are particularly pleased that we were able to deliver Free Cash Flow that was broadly in line with the previous year in Russian Rouble terms.

Our key priorities remain targeting further cost efficiencies, expanding partnership agreements with key clients and prudent capital allocation. We will keep our expansion CAPEX on hold until market conditions support further investment and will maintain an appropriate balance between reducing debt and returning cash to

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[3] Including RN Holding (former TNK-BP).
[4] Estimated by Globaltrans. May differ from estimations or information available from the other sources. Estimated as a percentage of the total fleet of railcars in Russia as of the end of 2013.
[5] As of 30 June 2014.

shareholders. The Board continues to support a Dividend Pay-out Ratio of not less than 50% of Imputed Consolidated Net Profit in periods of sustained low investment activity and comfortable leverage.

The business conditions and pricing environment in the Russian rail freight industry are expected to remain challenging in 2014. However, the new regulation related to the useful life of railcars is poised to change the supply and demand balance, benefitting rail operators with modern fleets like Globaltrans. The impact of the new regulation and continued economic pressure on weaker players could present interesting investment and value-accretive M&A opportunities. We will remain watchful as things unfold."

DOWNLOADS

The condensed consolidated interim financial information (unaudited) for the six months ended 30 June 2014 together with selected operational information and the Interim 2014 Results Presentation are available on Globaltrans' corporate website (www.globaltrans.com).

RESULTS IN DETAIL

The following table provides the Group's key financial and operational information for the six months ended 30 June 2014 and 2013.

EU IFRS financial information

	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**	Change %	*Change RUB, %*
Revenue	1,213.2	**999.4**	-18%	*-7%*
Including				
Total revenue – operator's services	1,143.4	**947.8**	-17%	*-6%*
Total revenue – operating lease	62.6	**47.3**	-24%	*-15%*
Total cost of sales, selling and marketing costs and administrative expenses	966.2	**816.7**	-15%	*-4%*
Operating profit	247.4	**184.0**	-26%	*-16%*
Finance costs – net	(52.5)	**(46.7)**	-11%	*1%*
Profit for the period	148.3	**105.3**	-29%	*-20%*
Attributable to:				
Owners of the Company	109.5	**78.0**	-29%	*-20%*
Non-controlling interests	38.7	**27.3**	-29%	*-20%*
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in USD per share)	0.61	**0.44**	-29%	*-20%*

	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**	Change %	*Change RUB, %*
Cash generated from operations	336.5	**282.1**	-16%	*-5%*
Tax paid	(50.6)	**(41.9)**	-17%	*-6%*
Net cash from operating activities	285.9	**240.1**	-16%	*-5%*
Net cash used in investing activities	(215.2)	**(8.7)**	-96%	*-95%*
Net cash used in financing activities	(69.3)	**(208.7)**	201%	*240%*

Non-GAAP financial information

	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**	Change %	*Change RUB, %*
Adjusted Revenue	733.7*	**618.0***	-16%	*-5%*
Including				
Net Revenue from Operation of Rolling Stock	636.9*	**541.6***	-15%	*-4%*
Operating lease of rolling stock	62.6	**47.3**	-24%	*-15%*
Net Revenue from Engaged Fleet	27.0*	**24.9***	-8%	*4%*
Total Operating Cash Costs	383.9*	**346.8***	-10%	*2%*
Including				
Empty Run Cost	162.4*	**150.5***	-7%	*5%*
Repairs and maintenance	63.1	**57.3**	-9%	*3%*
Employee benefit expense	47.7	**42.3**	-11%	*0%*
Operating lease rentals – rolling stock	21.7	**19.6**	-10%	*2%*
Adjusted EBITDA	346.7*	**270.2***	-22%	*-12%*
Adjusted EBITDA Margin, %	47%*	**44%***	-	-
Free Cash Flow	206.1*	**179.8***	-13%	*-1%*

Debt profile

	As at 30 June 2013 USD million	**As at 30 June 2014 USD million**	Change %	*As at 31 Dec 2013 USD million*
Total debt	1,267.7	**999.8**	-21%	*1,014.1*
Cash and cash equivalents	172.5	**124.0**	-28%	*104.1*
Net Debt	1,095.2*	**875.7***	-20%	*910.0*
Net Debt to Adjusted EBITDA for the last twelve months (x)	1.6*	**1.5***	-	*1.4**

Operational information

	Six months ended 30 June 2013	**Six months ended 30 June 2014**	Change %
Freight Rail Turnover (incl. Engaged Fleet), bln tonnes-km	78.7	**80.6**	2%
Transportation Volume (incl. Engaged Fleet), mln tonnes	51.2	**50.6**	-1%
Freight Rail Turnover (excl. Engaged Fleet), bln tonnes-km	66.7	**69.6**	4%
Transportation Volume (excl. Engaged Fleet), mln tonnes	43.4	**43.6**	1%
Average Price per Trip, USD	941	**797**	-15%
Average Price per Trip, RUB	29,220	**27,974**	-4%
Average Rolling Stock Operated, units	52,968	**54,203**	2%
Average Distance of Loaded Trip, km	1,536	**1,592**	4%
Average Number of Loaded Trips per Railcar	12.8	**12.5**	-2%
Total Empty Run Ratio, %	53%	**51%**	-
Empty Run Ratio for gondola cars, %	37%	**38%**	-
Share of Empty Run Kilometres Paid by Globaltrans	88%	**88%**	

	As at 30 June 2013	**As at 30 June 2014**	Change %	*As at 31 Dec 2013*
Total Fleet, units	64,945	**65,448**	1%	*65,808*
Including Owned Fleet, units	61,399	**60,842**	-1%	*61,124*
Average age of Owned Fleet, years	7.7	**8.4**	-	*8.0*
Total number of employees	1,688	**1,590**	-6%	*1,620*

Revenue

The Group's Revenue decreased 18% year on year (-7% in Russian Rouble terms) to USD 999.4 million in the first six months of 2014. The decrease in Revenue primarily reflected the decrease in the Group's Adjusted Revenue as well as a decrease in respective "pass through" items: "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organisations".

The following table provides details of Revenue, broken down by revenue-generating activity, for the six months ended 30 June 2014 and 2013.

	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**	Change %	*Change RUB, %*
Railway transportation – operators services (tariff borne by the Group)[6]	794.4	658.5	-17%	-6%
Railway transportation – operators services (tariff borne by the client)	349.0	289.4	-17%	-6%
Railway transportation – freight forwarding	0.9	0.4	-54%	-48%
Operating lease of rolling stock	62.6	47.3	-24%	-15%
Other	6.3	3.9	-39%	-31%
Total revenue	**1,213.2**	**999.4**	**-18%**	**-7%**

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 organisations". "Infrastructure and locomotive tariffs: loaded trips" comprises revenue resulting from tariffs that customers pay to the Group and the Group pays on to RZD, which are reflected in equal amounts in both the Group's revenue and cost of sales. "Services provided by other transportation organisations" 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 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.

Adjusted Revenue decreased 16% year on year to USD 618.0 million* in the first six months of 2014 and was down 5% in Russian Rouble terms.

The following table provides details of Adjusted Revenue for the six months ended 30 June 2014 and 2013 and its reconciliation to revenue.

	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**	Change %	*Change RUB, %*
Revenue	1,213.2	999.4	-18%	*-7%*
Minus "pass through" items				
Infrastructure and locomotive tariffs: loaded trips	397.3	331.5	-17%	*-6%*
Services provided by other transportation organisations	82.2	49.8	-39%	*-32%*
Adjusted Revenue	**733.7***	**618.0***	**-16%**	***-5%***

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

[6] Includes "Infrastructure and locomotive tariffs: loaded trips" for the six months ended 30 June 2014 of USD 331.5 million (H1 2013: USD 397.3 million) and "Services provided by other transportation organisations" of USD 49.8 million (H1 2013: USD 82.2 million).

The following table provides a breakdown of Adjusted Revenue for the six months ended 30 June 2014 and 2013.

	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**	Change %	*Change RUB, %*
Net Revenue from Operation of Rolling Stock	636.9*	541.6*	-15%	*-4%*
Operating lease of rolling stock	62.6	47.3	-24%	*-15%*
Net Revenue from Engaged Fleet	27.0*	24.9*	-8%	*4%*
Railway transportation - freight forwarding	0.9	0.4	-54%	*-48%*
Other	6.3	3.9	-39%	*-31%*
Adjusted Revenue	**733.7***	**618.0***	**-16%**	***-5%***

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[7]" less "Infrastructure and locomotive tariffs: loaded trips", "Services provided by other transportation organisations" and Net Revenue from Engaged Fleet.

Net Revenue from Operation of Rolling Stock accounted for 88% of the Group's Adjusted Revenue in the first six months of 2014.

The following table provides Net Revenue from Operation of Rolling Stock for the six months ended 30 June 2014 and 2013, and its reconciliation to revenue from operator's services.

	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**	Change %	*Change RUB, %*
Total revenue – operator's services[7]	1,143.4	947.8	-17%	*-6%*
Minus				
Infrastructure and locomotive tariffs: loaded trips	397.3	331.5	-17%	*-6%*
Services provided by other transportation organisations	82.2	49.8	-39%	*-32%*
Net Revenue from Engaged Fleet	27.0*	24.9*	-8%	*4%*
Net Revenue from Operation of Rolling Stock	**636.9***	**541.6***	**-15%**	***-4%***

The Group's Net Revenue from Operation of Rolling Stock was down 15% year on year to USD 541.6 million* in the first six months of 2014 and down 4% in Russian Rouble terms.

The key factors that contributed to the change in the Group's Net Revenue from Operation of Rolling Stock included:

- Average Price per Trip declined 4% year on year in Russian Rouble terms (-15% in US Dollar terms) primarily reflecting soft pricing conditions in the gondola segment;
- Average Rolling Stock Operated was up 2% year on year to 54,203 units in the first six months of 2014;
- Average Number of Loaded Trips per Railcar decreased 2% year on year to 12.5 trips in the first six months of 2014 due to the changed logistics.

Revenue from operating lease of rolling stock

Revenue from operating lease of rolling stock, which accounted for 8% of the Group's Adjusted Revenue in the first six months of 2014, declined 24% year on year to USD 47.3 million. In Russian Rouble terms, this revenue item was down 15% year on year primarily reflecting a decline in the leasing rates.

[7] 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)".

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 organisations").

Net Revenue from Engaged Fleet was USD 24.9 million* in the first six months of 2014 demonstrating a decline of 8% year on year. In Russian Rouble terms, this revenue item increased 4% year on year, largely driven by a favourable change in sub-contracting terms with third-party rail operators.

In the first six month of 2014 the Freight Rail Turnover generated by the Engaged Fleet was 11.0 billion tonnes-km or 14% of the Group's Freight Rail Turnover for this period. The Group engaged about 10,000 railcars from third parties as of 30 June 2014 to meet demand under service contracts not covered by Owned and Leased-in Fleets.

Cost of sales, selling and marketing costs and administrative expenses

In the first six months of 2014 the Group's total cost of sales, selling and marketing costs and administrative expenses was USD 816.7 million, a decrease of 15% compared to the same period of the previous year. In Russian Rouble terms, the Group's total cost of sales, selling and marketing costs and administrative expenses was down 4% year on year, primarily reflecting the factors described below.

- "Pass through" cost items (Infrastructure and locomotive tariffs: loaded trips and Services provided by other transportation organisations) decreased 20% year on year to USD 381.3 million;
- Total Operating Cash Costs were down 10% year on year to USD 346.8 million* in the first six months of 2014. In Russian Rouble terms, Total Operating Cash Costs increased 2% year on year, slower than the growth in the Groups' business volumes with Freight Rail Turnover (excluding Engaged Fleet) up 4% year on year and below the level of inflation;
- Total Operating Non-Cash Costs declined 14% year on year to USD 88.5 million* in the first six months of 2014. In Russian Rouble terms, this cost component decreased 3% year on year.

The following table provides a breakdown of cost of sales, selling and marketing costs and administrative expenses for the six months ended 30 June 2014 and 2013.

	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**	Change %	*Change RUB, %*
Cost of sales	892.8	755.6	-15%	*-4%*
Selling and marketing costs	2.8	2.2	-20%	*-10%*
Administrative expenses	70.6	58.9	-16%	*-6%*
Total cost of sales, selling and marketing costs and administrative expenses	**966.2**	**816.7**	**-15%**	***-4%***

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:

	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**	Change %	*Change RUB, %*
“Pass through” cost items	**479.5**	**381.3**	**-20%**	***-10%***
Infrastructure and locomotive tariffs: loaded trips	397.3	331.5	-17%	*-6%*
Services provided by other transportation organisations	82.2	49.8	-39%	*-32%*
Total Operating Cash Costs	**383.9***	**346.8***	**-10%**	***2%***
Empty Run Costs	162.4*	150.5*	-7%	*5%*
Repairs and maintenance	63.1	57.3	-9%	*3%*
Employee benefit expense	47.7	42.3	-11%	*0%*
Operating lease rentals - rolling stock	21.7	19.6	-10%	*2%*
Fuel and spare parts - locomotives	19.2	19.3	1%	*14%*
Infrastructure and Locomotive Tariffs - Other Tariffs	15.0*	13.3*	-11%	*0%*
Engagement of locomotive crews	6.8	6.3	-7%	*5%*
Legal, consulting and other professional fees	3.8	1.6	-59%	*-53%*
Other Operating Cash Costs	44.2*	36.6*	-17%	*-6%*
Total Operating Non-Cash Costs	**102.8***	**88.5***	**-14%**	***-3%***
Depreciation of property, plant and equipment	84.4	73.0	-13%	*-2%*
Amortisation of intangible assets	15.5	15.4	-1%	*12%*
Impairment charge for receivables	3.1	1.0	-69%	*-65%*
Gain on sale of property, plant and equipment	(0.2)	(0.8)	351%	*409%*
Total cost of sales, selling and marketing costs and administrative expenses	**966.2**	**816.7**	**-15%**	***-4%***

“Pass through” cost items

Infrastructure and locomotive tariffs: loaded trips

Infrastructure and locomotive tariffs: loaded trips is in principle a “pass through” item for the Group[8] and is reflected in equal amounts in both the Group’s revenue and cost of sales. Infrastructure and locomotive tariffs: loaded trips decreased 17% to USD 331.5 million in the first six months of 2014 compared to the same period of the previous year. In Russian Rouble terms, this “pass through” cost item was down 6% year on year.

Services provided by other transportation organisations

Services provided by other transportation organisations is in principle a “pass through” item for the Group and is reflected in equal amounts in both the Group’s revenue and cost of sales. This cost item includes tariffs that the Group pays on to third-party rail operators for subcontracting their rolling stock (Engaged Fleet), which are reflected equally in both the Group’s revenue and cost of sales. Services provided by other transportation organisations declined 39% year on year to USD 49.8 million in the first six months of 2014. In Russian Rouble terms, this “pass through” cost item was down 32% year on year, primarily reflecting a change in sub-contracting terms with third-party rail operators.

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 were down 10% year on year to USD 346.8 million* in the first six months of 2014. In Russian Rouble terms, Total Operating Cash Costs increased 2% year on year, slower than the growth in business volumes with the Group’s Freight Rail Turnover (excluding Engaged Fleet) up 4% year on year in the same period, and below the level of inflation. The combination of factors described below have contributed to the change in Total Operating Cash Costs.

[8] 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 2014 and 2013.

	Six months ended 30 June 2014 % of Total	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**	Change %	*Change RUB, %*
Empty Run Costs	*43%*	162.4*	150.5*	-7%	*5%*
Repairs and maintenance	*17%*	63.1	57.3	-9%	*3%*
Employee benefit expense	*12%*	47.7	42.3	-11%	*0%*
Operating lease rentals - rolling stock	*6%*	21.7	19.6	-10%	*2%*
Fuel and spare parts - locomotives	*6%*	19.2	19.3	1%	*14%*
Infrastructure and Locomotive Tariffs - Other Tariffs	*4%*	15.0*	13.3*	-11%	*0%*
Engagement of locomotive crews	*2%*	6.8	6.3	-7%	*5%*
Legal, consulting and other professional fees	*0%*	3.8	1.6	-59%	*-53%*
Other Operating Cash Costs	*11%*	44.2*	36.6*	-17%	*-6%*
Total Operating Cash Costs	***100%***	**383.9***	**346.8***	**-10%**	***2%***

Empty Run Costs

Empty Run Costs (a non-GAAP financial measure) accounted for 43% of the Group’s Total Operating Cash Costs in the first six months of 2014. Empty Run Costs decreased 7% year on year to USD 150.5 million* in the first six months of 2014. In Russian Rouble terms, this cost item increased 5% compared to the same period the previous year reflecting a combination of the following factors:

- An increase in the Group’s business volumes with Freight Rail Turnover (excluding Engaged Fleet) up 4% year on year;
- A freeze in the RZD regulated tariff for the traction of empty railcars;
- An improvement in the Total Empty Run Ratio to 51% in the first six months of 2014 compared to 53% in the same period of the previous year, primarily resulting from a decrease in the Empty Run Ratio for rail tank cars due to changed logistics. The Empty Run Ratio for gondola cars was sustained at a low level of 38% (H1 2013: 37%).
- The Share of Empty Run Kilometres paid by Globaltrans was stable year on year at 88%.

Repairs and maintenance

Repairs and maintenance accounted for 17% of the Group’s Total Operating Cash Costs in the first six months of 2014. This cost item was USD 57.3 million in the reporting period, decreasing 9% year on year. In Russian Rouble terms, repairs and maintenance costs were up 3% year on year, largely driven by a combination of improved pricing for repairs, which was offset by the increased number of ad-hoc repairs undertaken in the reporting period as well as an increased number of spare parts used.

Employee benefit expense

Employee benefit expense, which accounted for 12% of the Group’s Total Operating Cash Costs, was down 11% to USD 42.3 million in the first six months of 2014 compared to the same period of the previous year. In Russian Rouble terms, employee benefit expense remained unchanged driven by a combination of inflation driven increases in salaries, which was offset by the ongoing optimisation in the number of employees. The number of the Group’s employees declined 6% (about 100 employees) by the end of the first half of 2014 compared to 30 June 2013.

Operating lease rentals - rolling stock

Operating lease rentals - rolling stock, which accounted for 6% of the Group’s Total Operating Cash Costs in the first six months of 2014, decreased 10% to USD 19.6 million compared to the same period the previous year. In Russian Rouble terms, this cost item increased 2% year on year reflecting a combination of an increase in the average number of railcars leased-in to meet additional demand for the Group’s services partially offset by a decline in leasing rates.

Fuel and spare parts - locomotives

Fuel and spare parts - locomotives expenses, accounting for 6% of the Group's Total Operating Cash Costs, were USD 19.3 million in the first six months of 2014, an increase of 1% compared to the same period the previous year. In Russian Rouble terms, this cost item was up 14% year on year, primarily reflecting the increase in the average number of locomotives operated as well as changed logistics in the segment for rail transportation of oil products and oil.

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, accounted for 4% of the Group's Total Operating Cash Costs in the first six months of 2014. 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 utilisation, and the relocation of rolling stock in and from lease operations as well as other expenses.

Infrastructure and Locomotive Tariffs - Other Tariffs amounted to USD 13.3 million* in the first six months of 2014, a decrease of 11% year on year. In Russian Rouble terms, this cost item remained unchanged year on year.

Engagement of locomotive crews

Costs related to the engagement of locomotive crews from RZD were down 7% year on year to USD 6.3 million in the first six months of 2014. In Russian Rouble terms, this cost item was up 5%, primarily reflecting the increase in the average number of locomotives operated.

Other Operating Cash Costs

Other Operating Cash Costs (a non-GAAP financial measure) include line items such as "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 accounted for 11% of the Group's Total Operating Cash Costs, declined 17% to USD 36.6 million* in the first six months of 2014 compared to the same period the previous year. In Russian Rouble terms, this cost item was down 6% year on year, reflecting a decrease in Taxes (other than income tax and value added taxes) which predominantly includes property tax and a decrease in Auditors' remuneration, Information services as well as other administrative expenses as a part of Other expenses.

Total Operating Non-Cash Costs

Total Operating Non-Cash Costs (a non-GAAP financial measure) include line items such as "Depreciation of property, plant and equipment", "Amortisation of intangible assets", "Impairment charge for receivables" and "Gain on sale of property, plant and equipment".

The following table provides a breakdown of the Total Operating Non-Cash Costs for the six months ended 30 June 2014 and 2013.

	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**	Change %	Change RUB, %
Depreciation of property, plant and equipment	84.4	73.0	-13%	*-2%*
Amortisation of intangible assets	15.5	15.4	-1%	*12%*
Impairment charge for receivables	3.1	1.0	-69%	*-65%*
Gain on sale of property, plant and equipment	(0.2)	(0.8)	351%	*409%*
Total Operating Non-Cash Costs	**102.8***	**88.5***	**-14%**	***-3%***

Total Operating Non-Cash Costs were USD 88.5 million* in the first six months of 2014, a decrease of 14% compared to the same period the previous year. In Russian Rouble terms, this cost item was down 3% year on year, reflecting the combination of the following factors:

- Depreciation of property, plant and equipment was down 13% year on year to USD 73.0 million in the first six months of 2014. In Russian Rouble terms, this cost item decreased 2% year on year;
- Amortisation of intangible assets decreased 1% to USD 15.4 million compared to the same period of the previous year. In Russian Rouble terms, this cost item increased 12%, primarily reflecting the full period consolidation of Steeltrans (renamed from MMK-Trans). Amortisation of intangible assets includes the amortisation of customer relationships related to the service contracts with Metalloinvest and MMK which are being amortised for five years and seven years respectively;
- Impairment charge for receivables amounted to USD 1.0 million in the first six months of 2014 compared to USD 3.1 million recorded in the same period of the previous year.

Adjusted EBITDA (non-GAAP financial measure)

The Group's Adjusted EBITDA in first six months of 2014 was USD 270.2 million*, a decrease of 22% year on year. In Russian Rouble terms, Adjusted EBITDA declined 12% year on year.

The Adjusted EBITDA Margin remained solid at 44%* in the reporting period compared to 47%* in the same period of the previous year.

The difference between EBITDA and Adjusted EBITDA arises largely 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 2014 and 2013, and its reconciliation to EBITDA and Profit for the period.

	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**	Change %	*Change RUB, %*
Profit for the period	**148.3**	**105.3**	**-29%**	***-20%***
Plus (Minus)				
Income tax expense	46.7	31.9	-32%	*-23%*
Finance costs – net	52.5	46.7	-11%	*1%*
Net foreign exchange transaction losses on borrowings and other liabilities	(0.7)	(5.6)	712%	*818%*
Net foreign exchange transaction gains on cash and cash equivalents and other monetary assets	9.0	0.6	-94%	*-93%*
Amortisation of intangible assets	15.5	15.4	-1%	*12%*
Depreciation of property, plant and equipment	84.4	73.0	-13%	*-2%*
EBITDA	**355.6***	**267.4***	**-25%**	***-15%***
Minus (Plus)				
Net foreign exchange transaction losses on borrowings and other liabilities	(0.7)	(5.6)	712%	*818%*
Net foreign exchange transaction gains on cash and cash equivalents and other monetary assets	9.0	0.6	-94%	*-93%*
Share of loss of associates	(0.0)[9]	(0.1)	1100%	*1256%*
Other gains – net	0.4	1.3	245%	*290%*
Gain on sale of property, plant and equipment	0.2	0.8	351%	*409%*
Adjusted EBITDA	**346.7***	**270.2***	**-22%**	***-12%***

[9] *USD 6,000.*

Finance income and costs

The following table provides a breakdown of finance income and costs for the six months ended 30 June 2014 and 2013.

	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**	Change USD mln	Change %
Interest expense:				
Bank borrowings	(41.1)	(27.1)	(14.0)	-34%
Loans to third parties	(1.4)	(0.4)	(0.9)	-67%
Finance leases	(1.2)	(0.6)	(0.6)	-50%
Non-convertible bond	(18.3)	(15.7)	(2.6)	-14%
Other finance costs	(0.7)	(0.1)	(0.7)	-90%
Total interest expense	**(62.8)**	**(44.0)**	**(18.8)**	**-30%**
Net foreign exchange transaction losses on borrowings and other liabilities	(0.7)	(5.6)	4.9	712%
Finance costs	**(63.5)**	**(49.6)**	**(13.9)**	**-22%**
Interest income:				
Bank balances	0.4	0.7	0.3	75%
Short term deposits	1.6	1.6	0.0	2%
Loans to third parties	0.0[10]	0.0[11]	(0.0)	-7%
Total interest income	**2.0**	**2.3**	**0.3**	**16%**
Net foreign exchange transaction gains on cash and cash equivalents and other monetary assets	9.0	0.6	(8.4)	-94%
Finance income	**11.0**	**2.9**	**(8.1)**	**-74%**
Net finance costs	**(52.5)**	**(46.7)**	**(5.8)**	**-11%**

Finance income

Finance income was USD 2.9 million in the first six months of 2014 (H1 2013: USD 11.0 million), reflecting a combination of total interest income of USD 2.3 million and USD 0.6 million of net foreign exchange transaction gains on cash and cash equivalents and other monetary assets.

Finance costs

Finance costs decreased 22% to USD 49.6 million in the first six months of 2014 compared to the same period of the previous year, reflecting a combination of the following factors:

- Total interest expense was down 30% year on year to USD 44.0 million in the first six months of 2014 (-21% in Russian Rouble terms), largely driven by the decline in total borrowings as of 30 June 2014 compared to the end of the same period the previous year;
- USD 5.6 million net foreign exchange transaction losses on borrowings and other liabilities recorded in the first six months of 2014 compared to USD 0.7 million in the same period of the previous year. This increase primarily reflected net foreign exchange transaction losses on the US Dollar denominated borrowings of the Ukrainian subsidiary of the Group, for which the Functional Currency (Ukrainian Hryvnia) significantly depreciated against the US Dollar in the reporting period.

Profit before income tax

Profit before income tax decreased 30% to USD 137.2 million in first six months of 2014 compared to the same period the previous year. In Russian Rouble terms, Profit before income tax was down 20% year on year. The change in Profit before income tax was driven by a combination of the following factors:

- A decrease in Operating Profit of 26% year on year in US Dollar terms (-16% in Russian Rouble terms);
- Partially offset by an 11% year on year decrease (in US Dollar terms) in Net finance cost largely driven by decreased Interest expense.

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[10] USD 15,000.
[11] USD 14,000.

Income tax expense

Income tax expense decreased 32% year on year to USD 31.9 million in the first six months of 2014. In Russian Rouble terms, Income tax expense declined 23%, primarily reflecting a 20% year on year decrease in the Group's Profit before income tax.

Income tax expense is recognised 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 six months to 30 June 2014 is 23.25% (30 June 2013: 22.9%).

LIQUIDITY AND CAPITAL RESOURCES

In the first six months of 2014 the Group's expansion CAPEX remained on hold with the Group's capital expenditure consisting primarily of maintenance CAPEX. The Group was able to meet its liquidity and capital expenditure needs comfortably from operating cash flow, cash and cash equivalents available at 31 December 2013 as well as proceeds from borrowings.

The Group manages its liquidity based on expected cash flows. As at 30 June 2014, the Group had Net Working Capital of USD 89.6 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 when appropriate opportunities arise.

Cash flows

The following table sets out the principal components of the Group's consolidated interim cash flow statement for the six months ended 30 June 2014 and 2013.

	Six months ended 30 June 2013 USD mln	**Six months ended 30 June 2014 USD mln**
Cash flows from operating activities	347.1	271.6
Changes in working capital:		
Inventories	(3.5)	(0.6)
Trade and other receivables	72.1	42.8
Trade and other payables	(79.2)	(31.6)
Cash generated from operations	336.5	282.1
Tax paid	(50.6)	(41.9)
Net cash from operating activities	**285.9**	**240.1**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(201.9)	-
Purchases of property, plant and equipment	(21.1)	(14.6)
Proceeds from disposal of property, plant and equipment	4.2	3.5
Loan repayments received from third parties	0.0[12]	0.0[13]
Interest received	3.6	2.3
Net cash used in investing activities	**(215.2)**	**(8.7)**
Cash flows from financing activities		
Net cash inflows (outflows) from borrowings and financial leases[14]	138.6*	12.0*
Interest paid	(58.7)	(45.7)
Acquisition of non-controlling interest	-	(0.1)
Dividends paid to non-controlling interests in subsidiaries	(24.0)	(64.0)
Dividends paid to Company's shareholders	(125.1)	(110.8)
Net cash used in financing activities	**(69.3)**	**(208.7)**
Net increase in cash and cash equivalents	1.5	22.7
Exchange losses on cash and cash equivalents	(7.2)	(2.8)
Cash, cash equivalents and bank overdrafts at beginning of period	178.2	104.1
Cash and cash equivalents at end of period	**172.5**	**124.0**

[12] USD 19,000.

[13] USD 19,000.

[14] 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 decreased 16% year on year to USD 240.1 million in the first six months of 2014. In Russian Rouble terms, Net cash generated from operating activities declined 5%, reflecting a decrease in Cash flows from operating activities which was partially offset by decreased cash requirements for financing working capital compared to the same period of 2013.

Net cash used in investing activities

Net cash used in investing activities declined to USD 8.7 million in the first six months of 2014 from USD 215.2 million in the same period of the previous year, reflecting the low investment activity of the Group in the reporting period. In the first six months of 2013 the Group completed the acquisition of Steeltrans (renamed from MMK-Trans).

Net cash used in financing activities

Net cash used in financing activities was USD 208.7 million in the first six months of 2014 compared to USD 69.3 million in the same period of the previous year. This increase primarily reflected the combination of the following factors:

- Net cash inflows from borrowings and finance leases[14] of USD 12.0 million* in the first six months of 2014 compared to USD 138.6 million* in the same period of the previous year reflecting the Group's lower investing activity in the reporting period;
- A decrease of 22% year on year in Interest paid to USD 45.7 million in the first six months of 2014, mainly reflecting a decline in total borrowings as of 30 June 2014 compared to the end of the same period the previous year;
- Payment of USD 110.8 million in dividends to owners of the Company, compared to USD 125.1 million paid in the same period of the previous year;
- Payment of USD 64.0 million in dividends to non-controlling interests in subsidiaries, compared to USD 24.0 million paid in the same period of the previous year.

Capital Expenditure

The Group's capital expenditure for the acquisition of rolling stock on an accrual basis was USD 13.8 million in the first six months of 2014 compared to USD 18.6 million in the same period the previous year. In both periods, the Group's capital expenditure consisted primarily of maintenance CAPEX. The low level of maintenance CAPEX reflects the relatively young age of the Group's Owned Fleet, with an average age of 8.4 years as of 30 June 2014.

Capital Resources

As of 30 June 2014, the Group's financial indebtedness consisted of bank borrowings, non-convertible unsecured bonds and finance lease liabilities for an aggregate principal amount of USD 999.8 million (including accrued interest of USD 11.6 million*), representing a 21% decrease to 30 June 2013 and a 1% decrease to the end of 2013.

The Group's Net Debt as of the end of the first six months of 2014 amounted to USD 875.7 million*, a decrease of 20% to 30 June 2013 and a decrease of 4% compared to the end of 2013.

The following table provides detail on the Group's financial indebtedness structure as of 30 June 2014 (including accrued interest of USD 11.6 million*).

	as of 30 June 2014 USD million	**% of Total**
Bank borrowings	638.5	64%
Non-convertible unsecured bonds	333.8	33%
Finance lease liabilities	27.5	3%
Total	**999.8**	**100%**

As of 30 June 2014 the Group's leverage remained at a comfortable level with a ratio of Net Debt to Adjusted EBITDA (for the last twelve months) of 1.5x*.

The currency structure of the Group's indebtedness was further improved with Russian Rouble-denominated borrowings accounting for 96% of the Group's debt portfolio as of 30 June 2014, compared to 94% as of the end of 2013.

The carrying amounts were denominated in the following currencies as of 30 June 2014.

	as of 30 June 2014 USD mln	**% of Total**
Russian Rouble	961.6	96%
US Dollar	38.2	4%

The weighted average effective interest rate was 9.5%* at 30 June 2014 compared to 9.1% as of the end of 2013, reflecting an increase in the market interest rates, as well as a further increase in the share of Russian Rouble denominated debt in the Group's borrowings.

The share of borrowings with a fixed interest rates increased to 88%* at 30 June 2014 compared to 87%* at the end of 2013.

The Group has a comfortable maturity profile, supported by the Group's solid cash flow generation, available cash and cash equivalents, as well as undrawn committed credit facilities in amount of USD 195.4 million. The Group is currently considering financing options with a number of banks who have expressed interest in providing financing to the Group.

The following table gives the maturity profile of the Group's borrowings (including accrued interest of USD 11.6 million*) as of 30 June 2014.

	as of 30 June 2014 USD mln
July - December 2014	153.5*
2015	540.6*
2016-2019	305.7*
Total	**999.8**
Cash generated from operations for the last twelve months	603.2*
Cash and cash equivalents	124.0
Undrawn committed credit facilities	195.4

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 2014 and 2013 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) as at and for the six months ended 30 June 2014 and 2013 along with selected historical financial and operational information are available at Globaltrans' corporate website (www.globaltrans.com).

The condensed consolidated interim financial information (unaudited) is presented in US Dollars, which the Group's management believes to be better understood by the principal users of the financial statements. The Functional Currency of the Company, its Cypriot subsidiaries and its Russian subsidiaries is the Rouble. The Company's Estonian and Finnish subsidiaries have the Euro as their Functional Currency and the Company's Ukrainian subsidiary has the Ukrainian Hryvnia as its Functional Currency. The balance sheets of the Group's companies which have currencies other than the US Dollar as their functional currency are translated into US Dollars, at the exchange rate prevailing at the date of the relevant balance sheet, whereas income and expense items are translated into US Dollars at the average monthly exchange rates using the official exchange rates of the central bank of the country of registration of each entity, which approximate the exchange rate existing at the date of the transactions, in accordance with IAS 21 ''The Effects of Changes in

Foreign Exchange Rates''. All resulting foreign currency exchange rate differences are recognised in other comprehensive income.

Certain comparable financial and operational information included in this announcement has been re-presented for the six months ended 30 June 2013 to conform to changes in the presentation of operations with Engaged Fleet for the six months ended 30 June 2014.

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.

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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, 2 September 2014

Time: 14.00 London / 9.00 New York (EDT) / 17.00 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). Please note that this will be a listen-only facility.

ENQUIRIES

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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 65 thousand units of rolling stock with an average age of 8.4 years[15]. Universal gondola cars and rail tank cars constitute the backbone of the Group's fleet. About 93% of the Total Fleet is owned by the Group. In the first six months of 2014 the Group's Freight Rail Turnover (including Engaged Fleet) was 80.6 billion tonnes-km. The Group's Market Share was 8.4% of overall Russian freight rail transportation volumes.

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

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

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)/gains on cash and cash equivalents and other monetary assets", "Share of profit/(loss) of associates", "Other gains - net" and "(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 organisations".

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.

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 utilisation, rolling stock leased out or Engaged Fleet).

Dividend Pay-out Ratio calculated as a share of Profit for the year attributable to owners of the Company.

EBITDA (a non-GAAP financial measure) represents "Profit for the year" before "Income tax expense", "Finance costs - net" (excluding "Net foreign exchange transaction (gains)/losses on borrowings and other

[15] *Average age of the Group's Owned Fleet as of 30 June 2014.*

liabilities” and “Net foreign exchange transaction (gains)/losses on cash and cash equivalents and other monetary assets”), “Depreciation of property, plant and equipment”, “Amortisation of intangible assets”, “Impairment 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 utilisation, 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 utilisation, 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.

Functional Currency is defined as the currency of the primary economic environment in which the entity operates. The functional currency of the Company, its Cyprus and Russian subsidiaries is the Russian Rouble. The Estonian and Finnish subsidiaries have the Euro as their functional currency. The Ukrainian subsidiary of the Company has the Ukrainian Hryvnia as its functional currency.

Imputed Consolidated Net Profit is based on the Consolidated Financial Statements and calculated according to the following formula: ***“**$NP = NP_{cons} - Adj_{cons}$**”***, where ***“NP”*** is the imputed consolidated net profit; ***“**NP_{cons}**”*** is consolidated net profit of the Group attributable to the owners of the Group as shown in the Consolidated Financial Statements for the past financial year; ***“**Adj_{cons}**”*** are non-cash adjustments determined by the Board including but not limited to: (i) negative goodwill; (ii) non-cash results of mergers, acquisitions and disposals of shares of Group subsidiaries, joint-ventures or associates; (iii) share of profit of associates; and (iv) the results of the issuing, amortisation and the revaluation of guarantees. Consolidated Financial Statements mean the Group’s consolidated financial statements prepared in accordance with the International Financial Reporting Standards as adopted by the EU.

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 utilisation, 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 organisations”).

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 organisation" 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 third parties for transportation services", "Advances from related parties for transportation services", "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 organisations" and non-cash items: "Depreciation of property, plant and equipment", "Amortisation of intangible assets", "Impairment charge for receivables" and "(Gain)/loss on sale of property, plant and equipment".

Total Operating Non-Cash Costs (a non-GAAP financial measure) include line items such as "Depreciation of property, plant and equipment", "Amortisation of intangible assets", "Impairment charge for receivables" and "(Gain)/loss on sale of property, plant and equipment".

Other Operating Cash Costs (a non-GAAP financial measure) include line items such as "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 utilisation, 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 utilisation, 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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