Globaltrans
Russia's Leading Private
Freight Rail Group

For immediate release **30 August 2016**

Globaltrans Investment PLC

Interim 2016 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 2016.

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. The presentational currency of the Group's financial results is Russian rouble ("RUB").*

The respective financial information for the first six months of 2015 and the full year 2015 has been restated to reflect the harmonisation of the Group's accounting policy in respect of capitalisation of capital repairs and associated spare parts. Historically due to the low numbers of these repairs, they were expensed as incurred.

Financial highlights

- Adjusted Revenue broadly unchanged year on year at RUB 20,613 million* (-1% year on year) with the solid performance of the gondola car segment offset by weak results from the rail tank car operations and a decline in revenues from auxiliary services.
- Efficient cost management effectively limited the rise in Operating Cash Costs to 3% year on year, substantially below the increase in the Group's business volumes and the rise in the regulated RZD tariffs[1].
- Adjusted EBITDA was RUB 7,648 million*, down 9% year on year with Adjusted EBITDA Margin at 37%* (H1 2015: 40%*).
- Profit attributable to owners of the Company increased 11% year on year to RUB 1,583 million[2] benefitting from the positive contribution from the wholly owned gondola business.
- Strong balance sheet with Net Debt of RUB 17,106 million* as of 30 June 2016. The Net Debt to Adjusted EBITDA ratio for the last twelve months ended 30 June 2016 was 1.1x* (1.0x* as of the end of 2015).
- Total finance costs down 26% year on year reflecting improvement in the weighted average effective interest rate to 11.7%* as of 30 June 2016 as well as a decline in the Group's Total debt over the last eighteen months period.
- The percentage of RUB denominated debt maintained at almost 100%.

Operational highlights

- Market share of overall Russian Freight Rail Turnover increased to 8.3% from 7.4%[3] in the same period the previous year supported by the Group's large modern fleet, quality of service and long-term contracts.
- Continued market outperformance with the Group's Freight Rail Turnover up 13%[4] year on year, substantially ahead of the overall market (up 2% year on year).
- Mixed performance across segments:

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[1] *The regulated RZD tariffs (including for the traction of empty railcars) was up 9% year on year from January 2016.*

[2] *The Group's Profit for the period was RUB 2,341 million in the first six months of 2016, down 13% year on year.*

[3] *For the purpose of this announcement the Group's market share is calculated as a percentage of the overall Russian Freight Rail Turnover. It includes the freight turnover generated by the Engaged Fleet. The Group's market share of overall Russian Transportation Volumes was 8.4% in H1 2016 (H1 2015: 8.3%).*

[4] *The Group's Freight Rail Turnover (excluding Engaged Fleet) was up 15% year on year.*

- The Group's Freight Rail Turnover from non-oil cargoes up 18% year on year. The bulk cargo segment contributed more than 85% of the Group's Freight Rail Turnover in the first six months of 2016.
- Decline in overall refined products output along with introduction of new pipeline capacities negatively affected demand for rail transportation of oil products and oil. On the back of this trend the Group's Freight Rail Turnover in this segment reduced 17% year on year (Transportation Volumes down 10% year on year).

- Average Price per Trip remained unchanged year on year. Average Distance of Loaded Trip increased 10% year on year. Average Number of Loaded Trips per Railcar was stable year on year.
- Empty Run Ratio for gondola cars improved to 39% (H1 2015: 40%). Total Empty Run Ratio (for all types of rolling stock) improved to 48% (H1 2015: 53%).
- Long-term service contracts with largest three clients (Rosneft, MMK and Metalloinvest) contributed 63% of the Group's Net Revenue from Operation of Rolling Stock in the first six months of 2016.

Outlook

- Significant decrease in the number of railcars in Russia over the last 18 months due to the regulations on the "useful life" of railcars, is reducing capacity imbalances: gondola fleet down 13% (or about 76k units) while rail tank car fleet down 8% (or about 23k units)[5]. Further 30k gondola cars (or 6% of total gondola fleet[6]) and 13k rail tank cars (or 5% of total rail tank car fleet[6]) are expected to reach the end of useful life by the end of 2017[7].
- Bulk cargo segment recovery along with ongoing industry-wide scrappage of old gondola cars support pricing environment in this segment.
- Volume and pricing pressure in oil products and oil segment along with ongoing overall cost pressures are expected to continue.
- The Group is seeking to clarify the recently proposed regulatory initiatives in respect of the supervision of price increases for rail operators' services.

Commenting on Globaltrans' first half results, CEO Valery Shpakov, said:

"While the first half was marked by continuing challenging market conditions, the recovery in the bulk cargo segment, in which Globaltrans is very well positioned, enabled the Group to substantially boost its business volumes and outperform the market. The impressive growth delivered in this segment was possible thanks to a combination of the Group's large, modern fleet, quality of service and long-term partnerships with clients.

However, the introduction of new pipeline capacities and a decline in overall refined products output negatively affected demand for rail transportation of oil products and oil, and Globaltrans was clearly not immune to this trend. The negative impact of this segment's decline can be seen in the Group`s overall performance for the reporting period.

Against this backdrop, Globaltrans has nonetheless delivered respectable financial results for the first six months of the year. The Group's focus on efficient cost management bore fruit with cost inflation held in check. We were particularly pleased that the Group was able to report an increase in profit attributable to owners of the Company on the back of solid results from the gondola business, which is fully owned by the Group and therefore a key contributor to the overall performance. The Company generated strong cash flow from operations and, despite the increase in CAPEX for selected acquisitions of petrochemical tank containers and capital repairs, the level of Free Cash Flow remained solid. This enabled the Group to pay substantial dividends and maintain comfortable leverage.

The second half of 2016 is likely to bring further challenges. Provided the macroeconomic picture remains sound, the Group expects a balanced gondola market alongside continued weak market conditions in the oil products and oil segment. As always, maintaining comfortable leverage, focusing on efficient cost management, strengthening client relationships and supporting appropriate shareholder remuneration will remain the Group's top priorities."

[5] *Estimated by the Company.*

[6] *Overall Russian fleet of respective type as of 30 June 2016. Estimated by the Company.*

[7] *In the next 18 months to the end of 2017.*

DOWNLOADS

The condensed consolidated interim financial information (unaudited) for the six months ended 30 June 2016, the related Interim 2016 Results Presentation along with the selection of historical operational and financial information are available on Globaltrans' corporate website (www.globaltrans.com).

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 Valery Shpakov, Chief Executive Officer and Alexander Shenets, Chief Financial Officer.

Date: Tuesday, 30 August 2016

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). 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.

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

RESULTS IN DETAIL

The following table provides the Group's key financial and operational information for the six months ended 30 June 2016 and 2015.

EU IFRS financial information

	H1 2015 RUB mln	H1 2016 RUB mln	Change %
Revenue	33,997	**32,725**	-4%
Including			
Total revenue – operator's services	32,425	**31,611**	-3%
Total revenue – operating lease	1,380	**779**	-44%
Total cost of sales, selling and marketing costs and administrative expenses	(28,986)	**(28,359)**	-2%
Operating profit	5,218	**4,443**	-15%
Finance costs – net	(1,848)	**(1,273)**	-31%
Profit before income tax	3,336	**3,105**	-7%
Income tax expense	(641)	**(764)**	19%
Profit for the period	2,695	**2,341**	-13%
Attributable to:			
Owners of the Company	1,422	**1,583**	11%
Non-controlling interests	1,273	**759**	-40%
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RUB per share)	7.95	**8.85**	11%

	H1 2015 RUB mln	H1 2016 RUB mln	Change %
Cash generated from operations	8,675	**7,219**	-17%
Tax paid	(673)	**(799)**	19%
Net cash from operating activities	8,002	**6,420**	-20%
Net cash used in investing activities	(432)	**(1,620)**	275%
Net cash used in financing activities	(7,924)	**(5,476)**	-31%

Non-GAAP financial information

	H1 2015 RUB mln	H1 2016 RUB mln	Change %
Adjusted Revenue	20,838*	**20,613***	-1%
Including			
Net Revenue from Operation of Rolling Stock	18,669*	**19,386***	4%
Operating leasing of rolling stock	1,380	**779**	-44%
Net Revenue from Engaged Fleet	598*	**113***	-81%
Total Operating Cash Costs	12,608*	**12,956***	3%
Including			
Empty Run Cost	5,792*	**6,068***	5%
Repairs and maintenance	1,738	**2,039**	17%
Employee benefit expense	1,521	**1,288**	-15%
Operating lease rentals – rolling stock	661	**735**	11%
Adjusted EBITDA	8,370*	**7,648***	-9%
Adjusted EBITDA Margin, %	40%*	**37%***	-
Free Cash Flow	5,556*	**3,483***	-37%

Debt profile

	As of 31 Dec 2015 RUB mln	As of 30 June 2016 RUB mln	Change %
Total debt	20,359	**20,326**	0%
Cash and cash equivalents	4,104	**3,220**	-22%
Net Debt	16,255*	**17,106***	5%
Net Debt to Adjusted EBITDA (x)	1.0*	**1.1[8]***	-

Operational information

	H1 2015	H1 2016	Change, %
Freight Rail Turnover, billion tonnes-km (incl. Engaged Fleet)	83.6	**94.1**	13%
Transportation Volume, million tonnes (incl. Engaged Fleet)	48.9	**50.6**	3%
Freight Rail Turnover, billion tonnes-km (excl. Engaged Fleet)	71.0	**81.5**	15%
Transportation Volume, million tonnes (excl. Engaged Fleet)	42.8	**44.5**	4%
Market share of overall Russian Freight Rail Turnover, %	7.4%	**8.3%**	-
Average Price per Trip, RUB	27,992	**27,928**	0%
Average Rolling Stock Operated, units	53,913	**55,864**	4%
Average Distance of Loaded Trip, km	1,653	**1,819**	10%
Average Number of Loaded Trips per Railcar	12.4	**12.4**	0%
Total Empty Run Ratio, %	53%	**48%**	-
Empty Run Ratio for gondola cars, %	40%	**39%**	-
Share of Empty Run kms paid by Globaltrans	87%	**88%**	-
Total Fleet, units (at period end), including:	66,474	**66,652**	0%
Owned Fleet, units (at period end)	60,185	**59,971**	0%
Leased-in Fleet, units (at period end)	6,289	**6,681**	6%
Leased-out Fleet, units (at period end)	10,311	**7,614**	-26%
Average age of Owned Fleet, years (at period end)	9.1	**10.0**	-
Total number of employees (at period end)	1,556	**1,542**	-1%

Revenue

The Group’s Total revenue declined 4% year on year to RUB 32,725 million in the first six months of 2016, reflecting a 1% year-on-year decline in Adjusted Revenue along with an 8% year-on-year decline in “pass-through” items (a combination of “Infrastructure and locomotive tariffs: loaded trips” and “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 2016 and 2015.

	H1 2015 RUB mln	H1 2016 RUB mln	Change %
Railway transportation – operators services (tariff borne by the Group)[9]	23,582	20,164	-14%
Railway transportation – operators services (tariff borne by the client)	8,843	11,447	29%
Railway transportation – freight forwarding	9	17	94%
Operating leasing of rolling stock	1,380	779	-44%
Other	183	318	74%
Total revenue	**33,997**	**32,725**	**-4%**

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 RZD, which are reflected in equal amounts in both

[8] *For the last twelve months ended 30 June 2016.*

[9] *Includes “Infrastructure and locomotive tariffs: loaded trips” for the six months ended 30 June 2016 of RUB 10,538 million (H1 2015: RUB 11,699 million) and “Services provided by other transportation organizations” of RUB 1,574 million (H1 2015: RUB 1,460 million).*

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 remained broadly stable year on year at RUB 20,613 million* in the first six months of 2016 (down 1% year on year), primarily reflecting the 4% year-on-year increase in Net Revenue from Operation of Rolling Stock and a decline in revenues from auxiliary leasing and Engaged Fleet operations.

The following table provides details of Adjusted Revenue for the six months ended 30 June 2016 and 2015 and its reconciliation to Total revenue.

	H1 2015 RUB mln	H1 2016 RUB mln	Change %
Total revenue	33,997	32,725	-4%
Minus "pass through" items			
Infrastructure and locomotive tariffs: loaded trips	11,699	10,538	-10%
Services provided by other transportation organizations	1,460	1,574	8%
Adjusted Revenue	**20,838***	**20,613***	**-1%**

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, freight rail transportation of petrochemicals in tank containers, 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 2016 and 2015.

	H1 2015 RUB mln	H1 2016 RUB mln	Change %
Net Revenue from Operation of Rolling Stock	18,669*	19,386*	4%
Operating leasing of rolling stock	1,380	779	-44%
Net Revenue from Engaged Fleet	598*	113*	-81%
Railway transportation - freight forwarding	9	17	94%
Other	183	318	74%
Adjusted Revenue	**20,838***	**20,613***	**-1%**

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[10]" 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 contributed 94% of the Group's Adjusted Revenue in the first six months of 2016.

The following table provides Net Revenue from Operation of Rolling Stock for the six months ended 30 June 2016 and 2015, and its reconciliation to Total revenue – operator's services.

	H1 2015 RUB mln	H1 2016 RUB mln	Change %
Total revenue – operator's services[10]	32,425	31,611	-3%
Minus			
Infrastructure and locomotive tariffs: loaded trips	11,699	10,538	-10%
Services provided by other transportation organizations	1,460	1,574	8%
Net Revenue from Engaged Fleet	598*	113*	-81%
Net Revenue from Operation of Rolling Stock	**18,669***	**19,386***	**4%**

[10] 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)".

The Group's Net Revenue from the Operation of Rolling Stock was up 4% year on year to RUB 19,386 million* in the first six months of 2016. The key factors that contributed to this performance included:

- Solid results for the gondola car segment, partially offset by a weak performance in the rail tank car segment;
- Average Price per Trip remained unchanged year on year at RUB 27,928;
- Average Rolling Stock Operated up 4% year on year to 55,864 units reflecting primarily a rise in the number of leased-in gondola cars;
- Average Number of Loaded Trips per Railcar was stable year on year at 12.4 trips, while the Average Distance of Loaded Trips rose 10% year on year to 1,819 km.

Revenue from operating leasing of rolling stock

Revenue from operating leasing of rolling stock, which contributed 4% of the Group's Adjusted Revenue in the first six months of 2016, declined 44% year on year to RUB 779 million, primarily reflecting a combination of the decline in the leasing rates for rail tank cars and a lower average number of rolling stock leased-out during the period. The Group's Leased-out Fleet, which primarily comprises rail tank cars, declined 26% to 7,614 units over the twelve months period to 30 June 2016. In response to the deterioration of market conditions in the oil products and oil segment, the Group also reduced the number of leased-in rail tank cars with part of the Group's Leased-out Fleet transferred into operation.

Net Revenue from Engaged Fleet

Net Revenue from 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, comprising 1% of the Group's Adjusted Revenue in the first six months of 2016, decreased 81% year on year to RUB 113 million*. This was primarily driven by the decrease in profitability of the Engaged Fleet operations on the back of the gondola segment recovery.

As of 30 June 2016 the Group engaged about 7k units of rolling stock from third parties to meet demand under service contracts not covered by Owned and Leased-in Fleets.

Other revenue

Other revenue (2% of the Group's Adjusted Revenue), which primarily comprises revenues from auxiliary non-core services, increased 74% year on year to RUB 318 million, primarily reflecting a rise in revenue from the transportation of petrochemicals in tank containers.

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 2016 and 2015.

	H1 2015 RUB mln	H1 2016 RUB mln	Change %
Cost of sales	26,926	26,567	-1%
Selling and marketing costs	154	80	-48%
Administrative expenses	1,906	1,712	-10%
Total cost of sales, selling and marketing costs and administrative expenses	**28,986**	**28,359**	**-2%**

In the first six months of 2016 the Group's Total cost of sales, selling and marketing costs and administrative expenses declined 2% year on year to RUB 28,359 million, largely reflecting the factors described below.

- "Pass through" cost items (a combination of "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organizations") were down 8% year on year to RUB 12,112 million*;
- The Group's Cost of sales, selling and marketing costs and administrative expenses adjusted for the "pass-through" cost items increased 3% year on year to RUB 16,247 million* in the first six months of 2016, which reflected:
  - The 3% year-on-year increase in Total Operating Cash Costs to RUB 12,956 million*, primarily reflecting growth in business volumes (the Group's Freight Rail Turnover - excluding Engaged Fleet was up 15% year on year), a 9% year-on-year increase in regulated RZD tariffs (including for the traction of empty railcars), and a 17% year-on-year increase in Repairs and maintenance costs, which were partially offset by a 15% year-on-year decline in Employee benefit expense as well as other factors described below.
  - Total Operating Non-Cash Costs that were up 2% year on year to RUB 3,292 million* in the first six months 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 2015 RUB mln	H1 2016 RUB mln	Change %
"Pass through" cost items	**13,158***	**12,112***	**-8%**
Infrastructure and locomotive tariffs: loaded trips	11,699	10,538	-10%
Services provided by other transportation organizations	1,460	1,574	8%
Total cost of sales, selling and marketing costs and administrative expenses (adjusted for "pass through" cost items)	**15,827***	**16,247***	**3%**
Total Operating Cash Costs	**12,608***	**12,956***	**3%**
Empty Run Costs	5,792*	6,068*	5%
Repairs and maintenance	1,738	2,039	17%
Employee benefit expense	1,521	1,288	-15%
Operating lease rentals - rolling stock	661	735	11%
Fuel and spare parts – locomotives	785	720	-8%
Infrastructure and Locomotive Tariffs - Other Tariffs	650*	717*	10%
Engagement of locomotive crews	250	223	-11%
Other Operating Cash Costs	1,212*	1,166*	-4%
Total Operating Non-Cash Costs	**3,219***	**3,292***	**2%**
Depreciation of property, plant and equipment	2,558	2,528	-1%
Amortization of intangible assets	539	418	-23%
Loss on derecognition arising on capital repairs	62	379	509%
Impairment charge for receivables	49	10	-80%
Impairment of property, plant and equipment	0.3	-	-100%
Net loss/(gain) on sale of property, plant and equipment	10	(43)	NM
Total cost of sales, selling and marketing costs and administrative expenses	**28,986**	**28,359**	**-2%**

"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[11] and is reflected in equal amounts in both the Group's Total revenue and Cost of sales. This cost item decreased 10% year on year to RUB 10,538 million in the first six months of 2016 primarily due to the decline in business volumes in the rail tank car segment.

[11] 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.

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 and includes tariffs that the Group pays to third-party rail operators for subcontracting their rolling stock (Engaged Fleet).

Services provided by other transportation organizations were up 8% year on year to RUB 1,574 million in the first six months of 2016, primarily reflecting the gondola segment recovery.

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 increased 3% year on year to RUB 12,956 million* in the first six months of 2016 due to a combination of factors described below.

The following table provides a breakdown of the Total Operating Cash Costs for the six months ended 30 June 2016 and 2015.

	H1 2016 % of Total	**H1 2015 RUB mln**	**H1 2016 RUB mln**	**Change %**
Empty Run Costs	*47%*	5,792*	6,068*	5%
Repairs and maintenance	*16%*	1,738	2,039	17%
Employee benefit expense	*10%*	1,521	1,288	-15%
Operating lease rentals - rolling stock	*6%*	661	735	11%
Fuel and spare parts - locomotives	*6%*	785	720	-8%
Infrastructure and Locomotive Tariffs - Other Tariffs	*6%*	650*	717*	10%
Engagement of locomotive crews	*2%*	250	223	-11%
Other Operating Cash Costs	*9%*	1,212*	1,166*	-4%
Total Operating Cash Costs	***100%***	**12,608***	**12,956***	**3%**

Empty Run Costs

Empty Run Costs (a non-GAAP financial measure) accounted for 47% of the Group's Total Operating Cash Costs in the first six months of 2016. Empty Run Costs rose 5% year on year to RUB 6,068 million* in the first six months of 2016, less than the combined increase in the regulated RZD tariffs (including for the traction of empty railcars) and growth in the Group's Freight Rail Turnover. The increase was the result of a combination of the following factors:

- A 9% year-on-year increase in the regulated RZD tariffs (including for the traction of empty railcars) and a 15% rise in the Group's Freight Rail Turnover (excluding Engaged Fleet) as well as changed logistics;
- The Group's Total Empty Run Ratio was down to 48% (H1 2015: 53%) with the Empty Run Ratio for gondola cars improved to 39% (H1 2015: 40%); and
- The Share of Empty Run Kilometres paid by Globaltrans increased to 88% from 87% in the same period of the previous year.

Repairs and maintenance

Repairs and maintenance costs, which comprised 16% of the Group's Total Operating Cash Costs in the first six months of 2016, increased 17% year on year to RUB 2,039 million. This reflected primarily an increase in the number of current repairs due to strengthened industry safety regulations coupled with cost inflation related to works and spare parts.

Employee benefit expense

Employee benefit expense, which accounted for 10% of the Group's Total Operating Cash Costs, decreased 15% year on year to RUB 1,288 million in the first six months of 2016. This reflected a minimal rise in wages and salaries, combined with lower bonuses and a decline in the average headcount. In addition, as the Group completed a corporate restructuring in 2015, no termination benefits were expensed in the first six months of 2016.

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 2016, were up 11% to RUB 735 million compared to the previous period, primarily reflecting the increased average number of gondola cars leased-in from third parties as well as a rise in leasing rates for this type of rolling stock. The number of gondola cars leased-in increased 128% over the last twelve months to 3,051 units as of 30 June 2016. This was partially offset by the reduction in the number of rail tank cars leased-in as well as a decline in leasing rates for this type of rolling stock compared to the same period of the previous year. The number of rail tank cars leased-in was down 32% to 3,226 units over the twelve months to 30 June 2016.

Fuel and spare parts - locomotives

Fuel and spare parts - locomotives expenses, comprising 6% of the Group's Total Operating Cash Costs, were RUB 720 million in the first six months of 2016, 8% lower than in the previous first-half period. The decrease in this cost item primarily reflected the decrease in the number of block train runs[12] with owned locomotives due to weak market conditions in the oil products and oil segment.

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 6% of the Group's Total Operating Cash Costs in the first six months of 2016. 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 717 million* in the first six months of 2016, an increase of 10% year on year, mainly reflecting a combination of the 9% year-on-year rise in the regulated RZD tariffs as well as an increase in relocation costs.

Engagement of locomotive crews

Costs related to the engagement of locomotive crews from RZD (2% of the Group's Total Operating Cash Costs) were down 11% year on year to RUB 223 million in the first six months of 2016, largely due to lower service volumes due to weak market conditions in the oil products and oil segment.

Other Operating Cash Costs

Other Operating Cash Costs (a non-GAAP financial measure) include cost items such as "Rental of tank containers", "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 9% of the Group's Total Operating Cash Costs, were down 4% to RUB 1,166 million* in the first six months of 2016 compared to the previous first-half period. 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, Auditors' remuneration, Communication costs and Other expenses, which were partially offset by an increase in the Rental of tank containers costs.

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", "Impairment of property, plant and equipment", "Net gain/(loss) on sale of property, plant and equipment" and "Loss on derecognition arising on capital repairs".

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[12] 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 2016 and 2015.

	H1 2015 RUB mln	H1 2016 RUB mln	Change %
Depreciation of property, plant and equipment	2,558	2,528	-1%
Amortization of intangible assets	539	418	-23%
Loss on derecognition arising on capital repairs	62	379	509%
Impairment charge for receivables	49	10	-80%
Impairment of property, plant and equipment	0.3	-	-100%
Net loss/(gain) on sale of property, plant and equipment	10	(43)	NM
Total Operating Non-Cash Costs	**3,219***	**3,292***	**2%**

Total Operating Non-Cash Costs were up 2% year on year to RUB 3,292 million* in the first six months of 2016, reflecting mostly a combination of the following factors:

- Amortization of intangible assets was down 23% year on year to RUB 418 million due to the impairment of customer relationships with MMK booked in 2015;
- Loss on derecognition arising on capital repairs[13] rose to RUB 379 million (H1 2015: RUB 62 million) due to the increase in the number of capital repairs undertaken in the reporting period.

Adjusted EBITDA (non-GAAP financial measure)

The Group's Adjusted EBITDA in the first six months of 2016 decreased 9% year on year to RUB 7,648 million*, primarily reflecting the factors described above. The Adjusted EBITDA Margin decreased to 37%* compared to 40%* in the same period the previous year, on the back of the broadly unchanged Adjusted Revenue level and the 3% year-on-year increase in Total Operating Cash Costs.

Adjusted EBITDA (a non-GAAP financial measure) represents EBITDA excluding "Net foreign exchange transaction gains/(losses) on financing activities", "Share of profit/(loss) of associate", "Other gains - net", "Net gain/(loss) on sale of property, plant and equipment", "Impairment of property, plant and equipment", "Impairment of intangible assets" and "Loss on derecognition arising on capital repairs".

The following table provides detail on Adjusted EBITDA for the six months ended 30 June 2016 and 2015, and its reconciliation to EBITDA and Profit for the period.

	H1 2015 RUB mln	H1 2016 RUB mln	Change %
Profit for the period	**2,695**	**2,341**	**-13%**
Plus (Minus)			
Income tax expense	641	764	19%
Finance costs – net	1,848	1,273	-31%
Net foreign exchange transaction losses on financing activities	(350)	(180)	-49%
Amortization of intangible assets	539	418	-23%
Depreciation of property, plant and equipment	2,558	2,528	-1%
EBITDA	**7,931*[14]**	**7,144***	**-10%**
Minus (Plus)			
Loss on derecognition arising on capital repairs	(62)	(379)	509%
Net foreign exchange transaction losses on financing activities	(350)	(180)	-49%
Other gains – net	18	77	339%
Share of loss of associate	(34)	(64)	90%
Net (gain)/loss on sale of property, plant and equipment	(10)	43	NM
Impairment charge on property, plant and equipment	(0.3)	-	-100%
Adjusted EBITDA	**8,370***	**7,648***	**-9%**

[13] Following the harmonization of the Group's accounting policy, the cost of each major periodic capital repair (including the replacement of significant components) is recognized in the carrying amount of the relevant item of rolling stock repaired and separately depreciated. Simultaneously, the carrying amount of the repaired rolling stock that is attributable to the previous periodic capital repair and/or significant component replacement, if any, is derecognized and debited in "Cost of sales" in the income statement as "Loss on derecognition arising on capital repairs" for the period during which the repair was carried out.

[14] EBITDA for the first six months of 2015 was restated to reflect the change in description as "Impairment of property, plant and equipment" and "Impairment of intangible assets" were moved from EBITDA to Adjusted EBITDA calculation.

Finance income and costs

The following table provides a breakdown of Finance income and costs for the six months ended 30 June 2016 and 2015.

	H1 2015 RUB mln	**H1 2016 RUB mln**	**Change %**
Included in finance costs:			
Bank borrowings	(1,401)	(1,213)	-13%
Loans from third parties	(1)	(1)	4%
Finance leases	(1)	(0.001)	-100%
Non-convertible unsecured bonds	(193)	-	-100%
Total interest expense	(1,596)	(1,214)	-24%
Other finance costs	(40)	(1)	-99%
Total finance costs	**(1,636)**	**(1,214)**	**-26%**
Included in finance income:			
Bank balances	54	32	-40%
Short term deposits	83	86	3%
Loans to third parties	1	3	132%
Total interest income	138	121	-12%
Total finance income	**138**	**121**	**-12%**
Net foreign exchange transaction (losses)/gains on borrowings and other liabilities	(94)	8	NM
Net foreign exchange transaction losses on cash and cash equivalents and other monetary assets	(256)	(188)	-27%
Net foreign exchange transaction losses on financing activities	**(350)**	**(180)**	**-49%**
Net finance costs	**(1,848)**	**(1,273)**	**-31%**

Total finance costs

Total finance costs were down 26% year on year to RUB 1,214 million in the first six months of 2016, primarily reflecting the reduction of the Group's Total debt during the last eighteen months to 30 June 2016 and the decline in the Group's weighted average effective interest rate.

Total finance income

In the first six months of 2016, the Group recorded total finance income of RUB 121 million, a decrease of 12% year on year, largely reflecting a decrease in the total amount of bank balances and interest rates during the twelve months to 30 June 2016.

Net foreign exchange transaction gains/(losses) on financing activities

Net foreign exchange transaction gains on borrowings and other liabilities in the first six months of 2016 amounted to RUB 8 million compared to Net foreign exchange transaction losses of RUB 94 million in the same period the previous year, which reflects the increase in the proportion of RUB denominated debt to almost 100% of the Group's debt as of 30 June 2016.

In the first six months of 2016, the Group recorded Net foreign exchange transaction losses on cash and cash equivalents and other monetary assets of RUB 188 million compared to RUB 256 million in the same period the previous year which reflects the foreign exchange volatility on the available cash and cash equivalents denominated in foreign currency.

Profit before income tax

The Group reported Profit before income tax of RUB 3,105 million in the first six months of 2016, a decrease of 7% compared to the same period the previous year. This decrease was driven by the 15% year-on-year decline in the Group's Operating profit to RUB 4,443 million, largely reflecting the factors described above.

Income tax expense

Income tax expense was up 19% year on year to RUB 764 million in the first six months of 2016, reflecting an increase in the estimated average interim tax rate used for the reporting period. 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 2016 is 24.60% (H1 2015: 19.20%). The difference arises from the one-off reduction of deferred withholding tax in the first half of 2015 reflecting the changes in the corporate structure of the Group. The weighted average effective tax rate for the year ended 31 December 2015 was 22.5%.

Profit for the period / Profit attributable to owners of the Company

The Group's Profit for the period was RUB 2,341 million in the first six months of 2016, down 13% year on year reflecting the factors described above, in particular the weak performance of rail tank car segment.

Profit attributable to owners of the Company increased 11% year on year to RUB 1,583 million benefitting from the positive contribution from the wholly owned gondola business.

LIQUIDITY AND CAPITAL RESOURCES

In the first six months of 2016, the Group's large scale capital expenditure ("CAPEX") for expansion remained on hold and the Group's capital expenditure consisted primarily of maintenance CAPEX (including capital repairs) and selected acquisition of railcars and petrochemical tank containers. 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 2015 as well as proceeds from borrowings.

The Group manages its liquidity based on expected cash flows. As at 30 June 2016, the Group had Net Working Capital of RUB 3,190 million*. Utilizing its anticipated operating cash flow and borrowings, the Group believes that it has sufficient working capital to enable it to operate successfully.

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 2016 and 2015.

	H1 2015 RUB mln	**H1 2016 RUB mln**
Cash flows from operating activities	8,388	7,725
Changes in working capital:		
Inventories	25	110
Trade and other receivables	1,575	84
Trade and other payables	(1,313)	(698)
Cash generated from operations	8,675	7,219
Tax paid	(673)	(799)
Net cash from operating activities	**8,002**	**6,420**
Cash flows from investing activities		
Purchases of property, plant and equipment	(564)	(1,860)
Purchases of intangible assets	-	(10)
Proceeds from disposal of property, plant and equipment	61	122
Loans granted to third parties	(81)	-
Loan repayments received from third parties	13	8
Interest received	140	119
Net cash used in investing activities	**(432)**	**(1,620)**
Cash flows from financing activities		
Net cash outflows from borrowings and financial leases[15]	(3,981)*	(33)*
Interest paid	(1,943)	(1,199)
Cash received from disposal of non-controlling interests	0.2	-
Dividends paid to non-controlling interests in subsidiaries	(2,000)	(2,026)
Dividends paid to owners of the Company	-	(2,218)
Net cash used in financing activities	**(7,924)**	**(5,476)**
Net decrease in cash and cash equivalents	(354)	(676)
Foreign exchange losses on cash and cash equivalents	(272)	(208)
Cash and cash equivalents at beginning of period	4,648	4,104
Cash and cash equivalents at the end of period	**4,022**	**3,220**

[15] 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 declined 20% year on year to RUB 6,420 million in the first six months of 2016, reflecting a combination of the 8% year-on-year decrease in Cash flows from operating activities primarily due to the factors described above, combined with a largely one-off rise in working capital requirements and an increase in Tax paid.

Net cash used in investing activities

Net cash used in investing activities rose to RUB 1,620 million from RUB 432 million in the same period of the previous year mostly reflecting an increase in CAPEX. Purchases of property, plant and equipment were up to RUB 1,860 million from RUB 564 million in the first six months of 2015, due to selective acquisitions of petrochemical tank containers as well as increased maintenance CAPEX on the back of rise in number of capital repairs (as a large portion of the fleet reached the age of a first capital repair).

Net cash used in financing activities

Net cash used in financing activities was RUB 5,476 million in the first six months of 2016 compared to RUB 7,924 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[15] of RUB 33 million* in in the first six months of 2016 compared to RUB 3,981 million* in the same period the previous year as the Group used cash primarily for dividends and increased CAPEX in the reporting period;
- The 38% year-on-year decrease in Interest paid to RUB 1,199 million in the first six months of 2016, mainly reflecting the improvement in the Group's weighted average effective interest rate as well as a decrease in Total debt over the last eighteen months;
- The payment of a dividends to the owners of the Company in the amount of RUB 2,218 million in the first six months of 2016;
- The payment of RUB 2,026 million in dividends to non-controlling interests in subsidiaries, compared to the RUB 2,000 million paid in the same period the previous year.

Free Cash Flow

Free Cash Flow (a non-GAAP financial measure) is calculated as "Cash generated from operations" (after "Changes in working capital") less "Tax paid", "Interest paid" and net sum of "Purchases of property, plant and equipment" (which includes maintenance CAPEX) and "Proceeds from sale of property, plant and equipment".

The Group's Free Cash Flow was RUB 3,483 million* in the first six months of 2016, a decline of 37% year on year, which primarily reflected a combination of the following factors:

- Cash generated from operations (after changes in working capital) was down 17% year on year primarily due to the factors described above, combined with a largely one-off rise in working capital requirements;
- 230% year-on-year rise in Purchase of property, plant and equipment and a 19% year-on-year increase in Tax paid were partially offset by a 38% year-on-year reduction in Interest paid.

The following table sets out detail on Free Cash Flow for the six months ended 30 June 2016 and 2015, and its reconciliation to Cash generated from operations.

	H1 2015 RUB mln	**H1 2016 RUB mln**	**Change %**
Cash generated from operations	8,675	7,219	-17%
Tax paid	(673)	(799)	19%
Interest paid	(1,943)	(1,199)	-38%
Purchases of property, plant and equipment	(564)	(1,860)	230%
Proceeds from sale of property, plant and equipment	61	122	99%
Free Cash Flow	**5,556***	**3,483***	**-37%**

Capital Expenditure

The Group's capital expenditure for the acquisition of rolling stock (including maintenance CAPEX) on an accrual basis[16] was RUB 1,875 million in the first six months of 2016 compared to RUB 538 million in the same period the previous year.

The increase in capital expenditure reflects selective acquisitions of petrochemical tank containers, as well as the increased number of capital repairs in the reporting period due to a large portion of the Group's fleet reaching the age of requiring a first capital repair. The Group ordered 700 tank containers with 400 units booked as of 30 June 2016.

Capital Resources

As of 30 June 2016, the Group's financial indebtedness consisted of bank borrowings, finance lease liabilities and loans from third parties for an aggregate principal amount of RUB 20,326 million (including accrued interest of RUB 49 million*), compared to RUB 20,359 million at the end of 2015.

The Group's Net Debt as of 30 June 2016 was RUB 17,106 million*, a 5% increase from the level of Net Debt at the end of 2015 as the Group used cash primarily for dividends and increased CAPEX.

The following table provides detail on the Group's financial indebtedness structure as of 30 June 2016 (including accrued interest of RUB 49 million*).

	As of 30 June 2016 RUB mln	**% of Total**
Bank borrowings	20,159	99%
Finance lease liabilities	142	1%
Loans from third parties	25	0%
Total	**20,326**	**100%**

The Group's leverage was maintained at a comfortable level with a ratio of Net Debt to Adjusted EBITDA for the twelve months ended 30 June 2016 of 1.1x* (31 December 2015: 1.0x*).

The RUB-denominated borrowings accounted for almost 100% of the Group's debt portfolio as of 30 June 2016.

The carrying amounts were denominated in the following currencies as of 30 June 2016.

	As of 30 June 2016 RUB mln	**% of Total**
Russian rouble	20,184	99%
Other currencies (US Dollars, Euro)	142	1%
Total	**20,326**	**100%**

The weighted average effective interest rate further reduced to 11.7%* as of 30 June 2016 compared to 12.0%* as of the end of 2015 and 12.5%* as of 30 June 2015 on the back of improving conditions in the Russian financial market. The majority of the Group's debt had fixed interest rates as of 30 June 2016.

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[17] in the amount of RUB 21,811 million as of 30 June 2016.

[16] *Including assets under construction.*

[17] *Including the unissued registered RUB denominated exchange-traded bonds in the amount of RUB 15,000 million.*

The following table gives the maturity profile of the Group's borrowings (including accrued interest of RUB 49 million*) as of 30 June 2016.

	As of 30 June 2016 RUB mln
Q3 2016	2,883*
Q4 2016	2,554*
Q1 2017	2,231*
Q2 2017	1,494*
H2 2017	2,513*
2018	4,875*
2019-2023	3,778*
Total	**20,326**
Free Cash Flow for the last twelve months ended 30 June 2016	7,633*
Cash and cash equivalents	3,220
Undrawn credit facilities[17]	21,811

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 2016 and 2015 and prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the Cyprus Companies Law, Cap. 113.

The Group's condensed consolidated interim financial information (unaudited) as at and for the six months ended 30 June 2016 and 2015 along with selected historical financial and operational information are available at Globaltrans' corporate website (www.globaltrans.com).

The presentation currency of the Group's consolidated financial statements is Russian rouble ("RUB").

The respective financial information for the first six months of 2015 and the full year 2015 has been restated to reflect the harmonisation of the Group's accounting policy in respect of capitalisation of capital repairs and associated spare parts. Historically due to low number of these repairs, they were expensed as incurred.

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"), JSC Russian Railways ("RZD"), the Federal Antimonopoly Service ("FAS") and the Council of Rail Operators ("Railsovet"). 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.

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”, “Net gain/(loss) on sale of property, plant and equipment”, “Impairment of property, plant and equipment”, “Impairment of intangible assets” and “Loss on derecognition arising on capital repairs”.

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.

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” and “Amortization 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 “Cash generated from operations” (after “Changes in working capital”) less “Tax paid”, “Interest paid” and net sum of “Purchases of property, plant and equipment” (which includes maintenance CAPEX) and “Proceeds from sale of property, plant and equipment”.

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.

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 and other taxes recoverable”, less the sum of the current portions of “Trade payables to third parties”, “Trade payables to related parties”, “Advances from third parties”, “Advances from related parties for sale of rail cars”, "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”, “Impairment of property, plant and equipment”, “Net gain/(loss) on sale of property, plant and equipment” and “Loss on derecognition arising on capital repairs”.

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”, “Loss on derecognition arising on capital repairs”, “Impairment charge for receivables”, “Impairment 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 “Rental of tank containers”, “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

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