



Innovation

Partnerships

Independence

Performance

## Full-Year 2016 Results

 **Globaltrans**

Russia's leading freight rail group

Valery Shpakov, CEO and Alexander Shenets, CFO  
Investor Conference Call: 3 April 2017

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The financial information contained in this presentation is derived from the consolidated Management report and consolidated financial statements (audited) of Globaltrans Investment PLC (the “Company” or, together with its subsidiaries, “Globaltrans” or the “Group”) and has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113 (“EU IFRS”).

The Group’ consolidated Management report and consolidated financial statements, selected operational information as at and for the year ended 31 December 2016 and 2015 along with historical financial and operational information are available at Globaltrans’ corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

The presentational currency of the Group’s financial results is Russian Roubles (“RUB”), which is the functional currency of the Company as well as its Cypriot and Russian subsidiaries.

The respective financial information for 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 number of these repairs, they were expensed as incurred.

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

In this presentation 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 presentation.

Rounding adjustments have been made in calculating some of the financial and operational information included in this presentation. 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 included in this presentation 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”), Federal Antimonopoly Service (“FAS”) and the Council of Freight 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 presentation 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 at the Globaltrans’ corporate website [www.globaltrans.com](http://www.globaltrans.com).

## The team presenting today



**Valery Shpakov**  
Chief Executive Officer

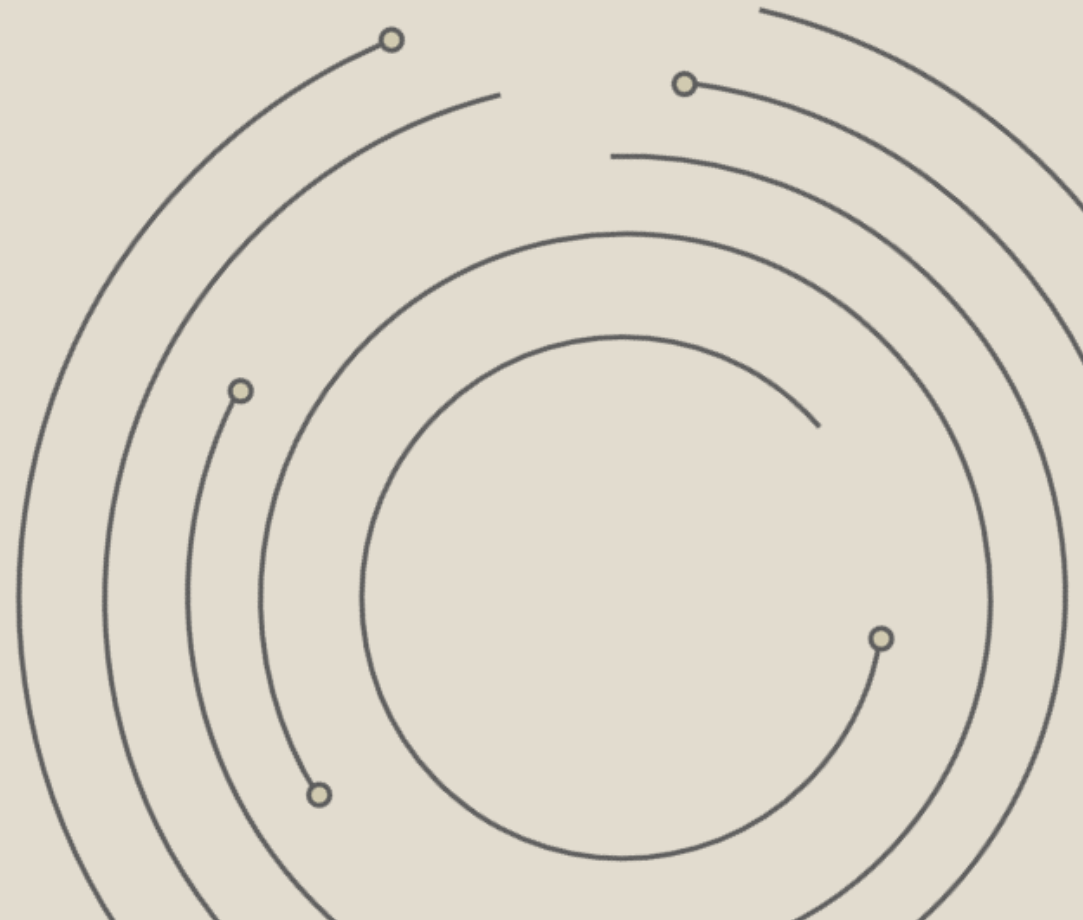
Mr Shpakov became CEO in March 2016, having served as Interim CEO since November 2015. He joined New Forwarding Company, a subsidiary of Globaltrans, in 2003 and served as its CEO from 2007. Mr Shpakov has a track record of working in the rail industry for over 30 years and is a recipient of the “Honoured Railwayman of Russia” Award, a title awarded by the sector in recognition of those making significant contributions to the rail industry.



**Alexander Shenets**  
Chief Financial Officer

Mr Shenets has been the CFO of Globaltrans since the Group’s establishment in 2004. He has more than 15 years of experience in senior finance positions, mostly in the rail sector.

- **Highlights**



# Recovering results, enhanced dividend policy and strong 2016 dividend proposed

## Strong operational performance...

- Continued market outperformance with Freight Rail Turnover up 8% y-o-y<sup>1</sup> vs. only 2% increase in overall market
- Total Empty Run Ratio (for all types of rolling stock) further improved to 48% (2015: 51%)<sup>2</sup>
- Increased Average Price per Trip - up 6% y-o-y

## ...driving recovery in financial results<sup>3</sup>

- Adjusted Revenue up 5% y-o-y supported by strong performance of the gondola segment
- Adjusted EBITDA up 10% y-o-y to RUB 17.7 bln\* with Adjusted EBITDA Margin expansion to 40%\* (2015: 38%\*)
- Strong Free Cash Flow generation at RUB 8.9 bln\* despite RUB 2.9 bln increase in the Group's CAPEX<sup>4</sup>

## Successful client partnerships underpin operations

- Globaltrans' business model is based on partnerships with large cargo owners: 62% of Net Revenue from Operation of Rolling Stock derived from long-term contracts
- Two key contracts renewed - with Rosneft (end March 2021) and Metalloinvest (end 2019)

## Dividend policy enhanced, strong 2016 dividend proposed

- Deleveraging phase started in 2013 successfully completed with Net Debt to Adjusted EBITDA improved to 0.7x\* at the end of 2016
- Dividend policy enhanced to balance accretive growth opportunities with returns to shareholders. Dividends linked to Attributable Free Cash Flow and Leverage Ratio
- Strong 2016 dividend of RUB 7.0 bln or RUB 39.2 per share/GDR<sup>5</sup> proposed to optimise capital structure

Source: Globaltrans, Rosstat. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

1) The Group's Freight Rail Turnover excluding Engaged Fleet increased 10% y-o-y.

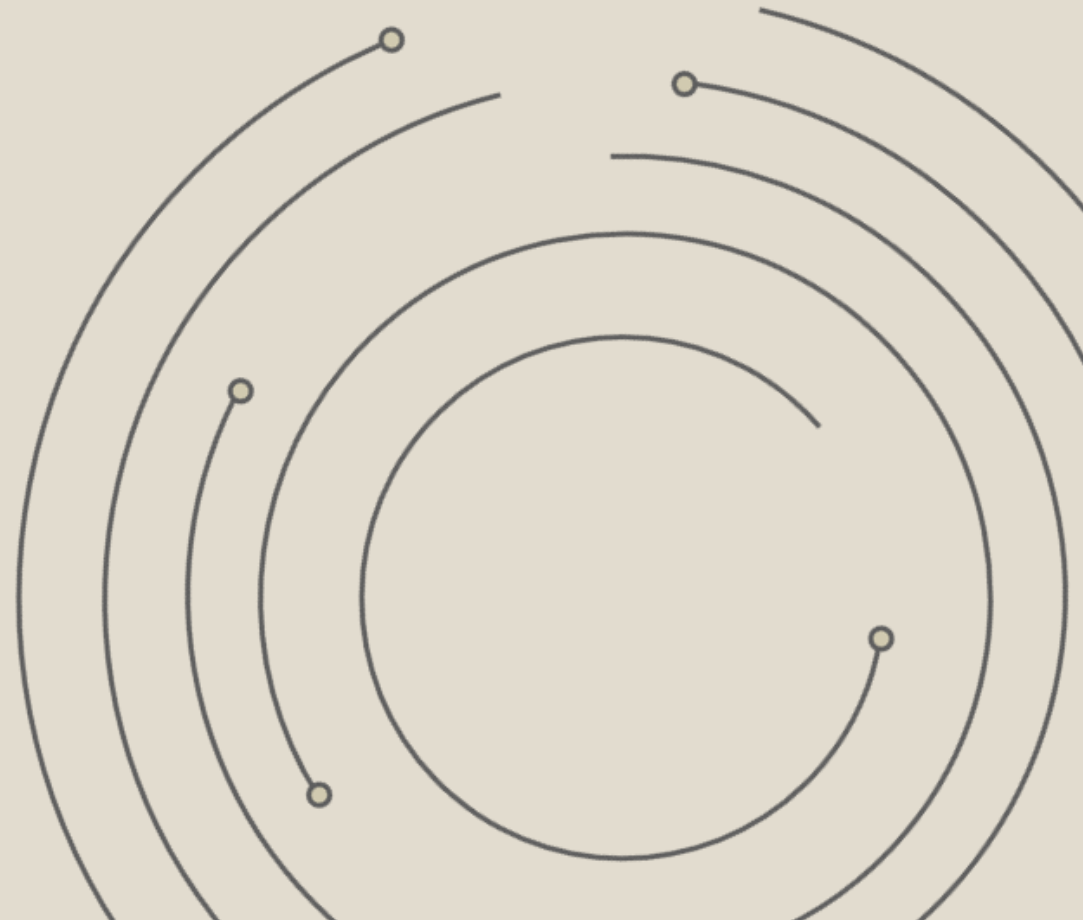
2) Empty Run Ratio for gondola cars improved to 38% in 2016 (2015: 39%).

3) The respective financial information for 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 number of these repairs, they were expensed as incurred.

4) The Group's CAPEX on a cash basis (including "Purchases of property, plant and equipment" (which includes maintenance CAPEX), "Purchases of intangible assets" and "Acquisition of subsidiary undertakings – net of cash acquired").

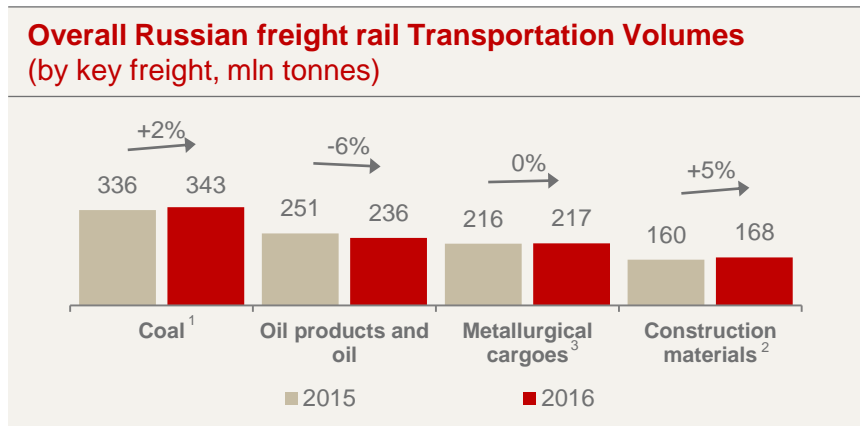
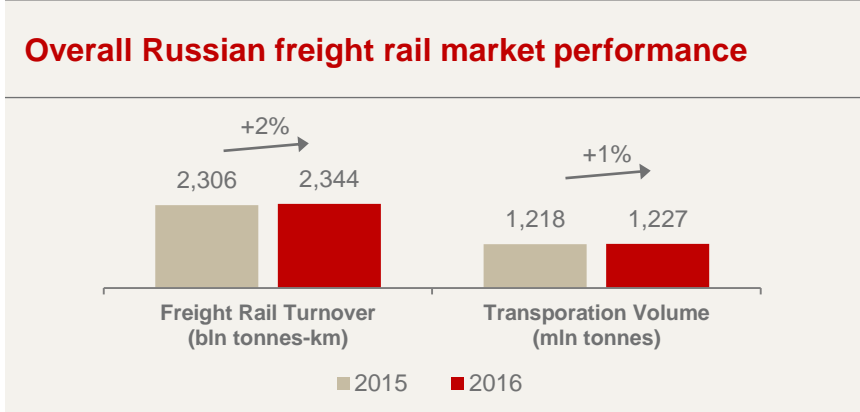
5) Subject to shareholders' approval, dividends will be paid in USD with conversion from RUB to be executed at the official exchange rate for RUB of the Central Bank of Russia as of the date of the Annual General Meeting, which was called for 24 April 2017.

- Market update



# Recovery in non-oil cargo segment supports the overall Russian market

- **Overall Russian market continued to grow in 2016**
  - Freight Rail Turnover up 2% y-o-y and Transportation Volumes rose 1% y-o-y in 2016 supported by non-oil cargo market recovery
    - Non-oil volumes up 3% y-o-y led by coal<sup>1</sup> (+2% y-o-y) and construction materials<sup>2</sup> (+5% y-o-y)
    - Weak demand in the oil products and oil segment with volumes down 6% y-o-y reflecting new pipeline capacities and a decline in refined products output
- **Solid start to 2017**
  - In January - February 2017 overall Russian Freight Rail Turnover rose 7% y-o-y and Transportation Volumes were up 4% y-o-y
- **Mixed pricing environment across segments**
  - Pricing conditions in the gondola segment have gradually improved on the back of solid non-oil cargo market environment and industry-wide scrappage of old gondola cars
  - Pressure in the oil products and oil segment continues due to weak demand with the leasing segment suffering most



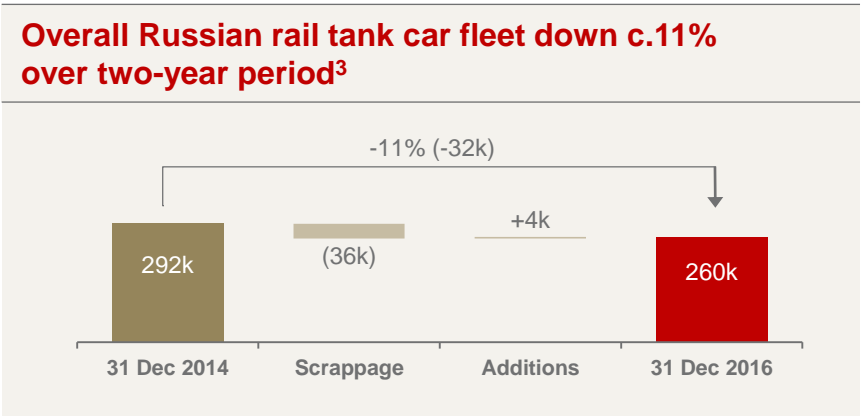
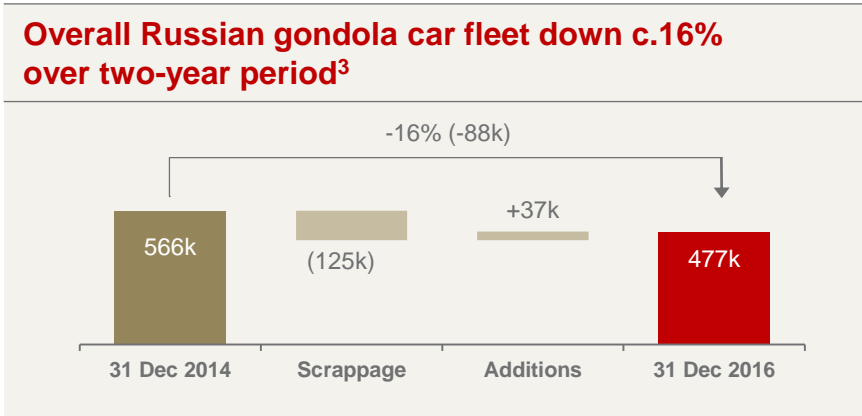
Source: Globaltrans, Rosstat. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

1) Coal including coke.  
 2) Construction materials including cement.  
 3) Metallurgical cargoes including ferrous metals, scrap metal and ores.



# Gondola capacity imbalance improves; rail tank cars suffer from oversupply

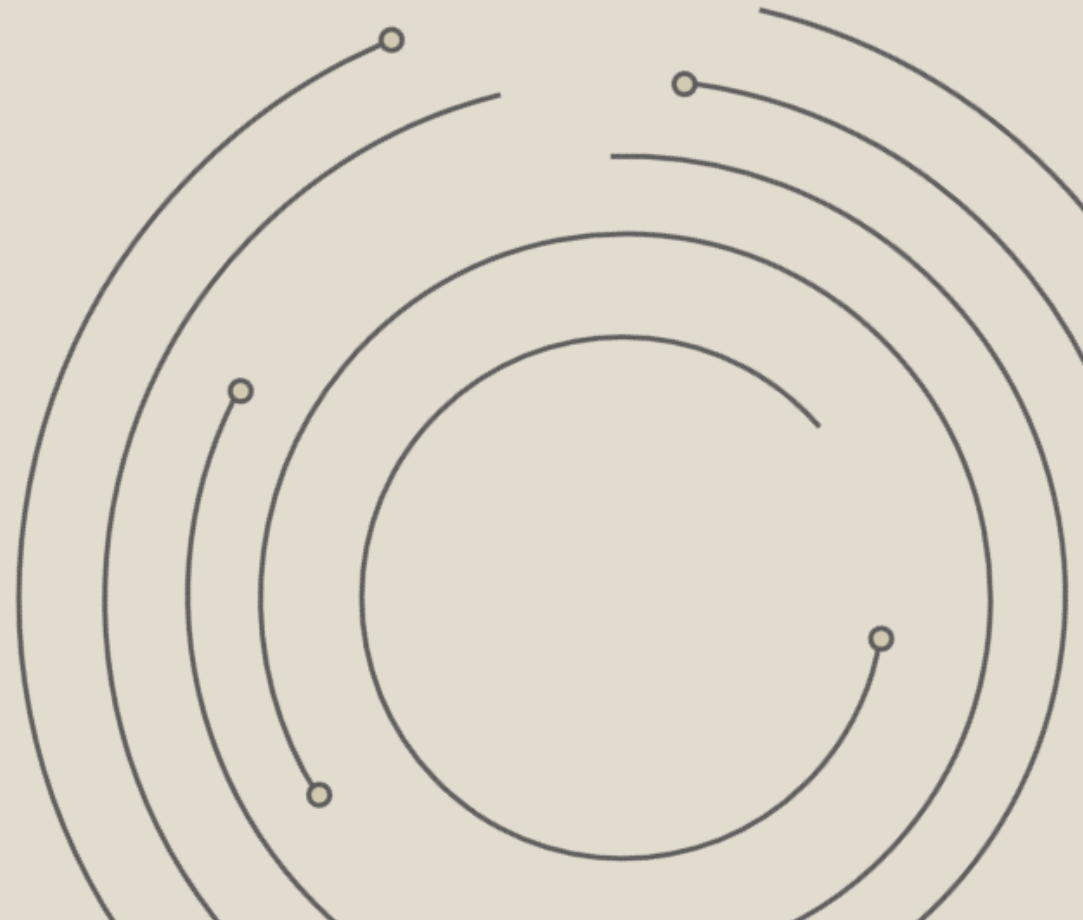
- Significant reduction in overall number of railcars in Russia**
  - Railcars at end of useful life are being taken out of operation due to change in regulation<sup>1</sup>
  - Globaltrans' modern railcar fleet, with an average age of 10.3 years at the end of 2016, is minimally impacted by these regulations<sup>2</sup>
- Improved supply-demand balance for gondola cars**
  - Recovery in demand for transportation of non-oil cargoes
  - Net supply of gondola cars decreased c.16% over the 24 months to 31 December 2016<sup>3</sup>
  - Further c.20k gondola cars (or c.4% of overall gondola fleet) expected to reach the end of useful life by the end of 2017<sup>4</sup>
- Rail tank car segment continues to suffer from oversupply despite significant scrappage of old fleet**
  - Continued weak demand with volumes under pressure
  - Net supply of rail tank cars decreased c.11% over the 24 months to 31 December 2016<sup>3</sup>
  - Further c.14k rail tank cars (or c.5% of overall rail tanks fleet) expected to reach the end of useful life by the end of 2017<sup>4</sup>



Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

1) All railcars reaching the end of useful life (or extended useful life) have to be taken out of operation (excluding certain types of specialised railcars). The useful life for gondola cars is 22 years and for rail tank cars – 32 years.  
 2) 278 units of rolling stock were scrapped by Globaltrans in 2016.  
 3) Estimated by the Company.  
 4) In the next 12 months from 31 December 2016; Estimated by the Company; Based on the number of railcars of respective type reaching the end of useful life (or extended useful life); As a percentage of overall Russian fleet of respective type as of 31 December 2016.

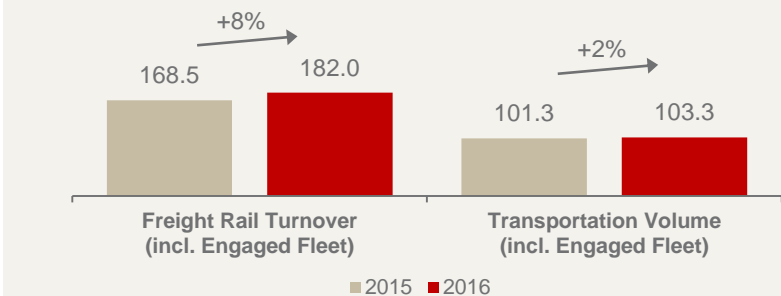
- Operational performance



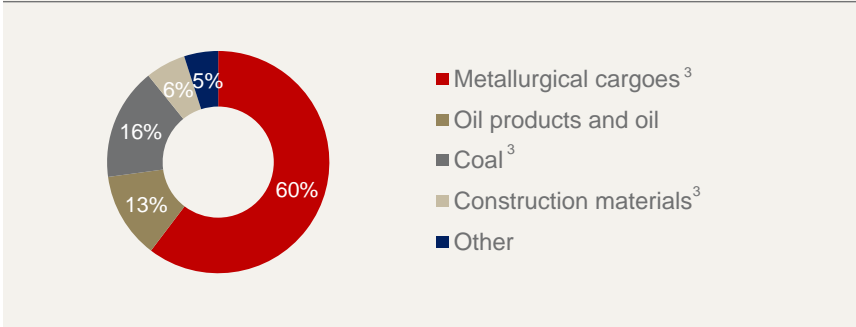
# Globaltrans outperforms overall market and gains market share

- Continued market outperformance and market share gains**
  - The Group's Freight Rail Turnover (incl. Engaged Fleet) up 8% y-o-y<sup>1</sup> vs. only 2% y-o-y market growth supported by strong performance of gondola segment
  - Market share of overall Russian Freight Rail Turnover increased to 7.8% vs. 7.3% in 2015<sup>2</sup>
- Strong growth in Freight Rail Turnover of non-oil cargoes**
  - Non-oil cargo segment up 11% y-o-y led by metallurgical cargoes<sup>3</sup> (+11% y-o-y), coal<sup>3</sup> (+13% y-o-y) and construction materials<sup>3</sup> (+3% y-o-y)
  - c.87% of Group's Freight Rail Turnover in 2016 contributed by non-oil cargoes
  - Oil products and oil segment down 11% y-o-y reflecting weak demand, lower average distances and reduced operated fleet
- Total Fleet continued to grow, up 1% to 68,511 units at end 2016<sup>4</sup>**
  - Acquisition of 665 gondola cars and 550 petrochemical tank containers
  - Ongoing fleet optimisation with 422 specialised railcars<sup>5</sup> sold
  - Scrappage of 278 railcars reaching the end of useful life
  - Increase in Leased-in Fleet to 7,665 units (at end of 2015: 7,548 units)

## +8% y-o-y increase in the Group's Freight Rail Turnover<sup>1</sup>



## c.87% of the Group's Freight Rail Turnover contributed by non-oil cargoes in 2016

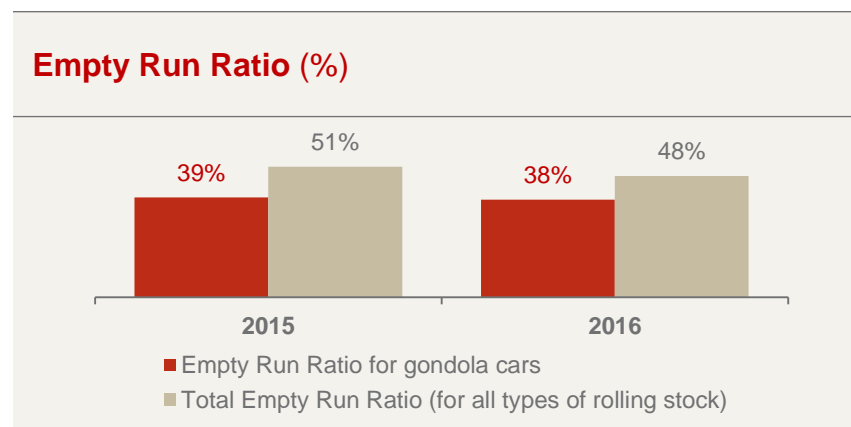
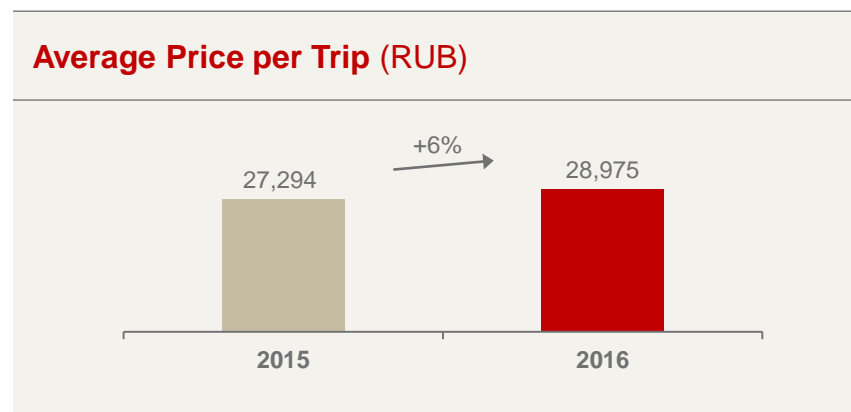


Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

1) The Group's Freight Rail Turnover (excluding Engaged Fleet) rose 10% y-o-y with Transportation Volume (excluding Engaged Fleet) up 3% y-o-y.  
 2) For the purpose of this presentation 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 2016 (2015: 8.3%).  
 3) Metallurgical cargoes including ferrous metals, scrap metal and ores; Coal including coke; Construction materials including cement.  
 4) The Group's Total Fleet as of the end of 2015 was restated to include 380 petrochemical tank containers leased-in from third parties.  
 5) Specialised railcars include flat and hopper cars.

## Increased average pricing and further gains in operational efficiency

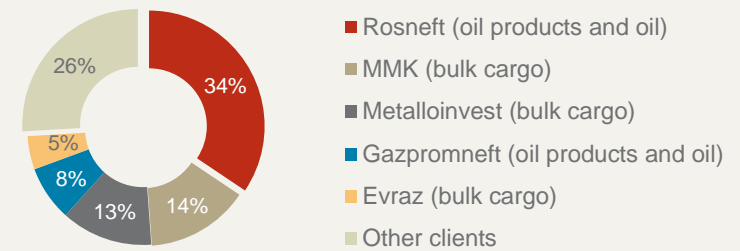
- Average Price per Trip up 6% y-o-y despite mixed pricing environment across segments**
  - Gradually improving pricing terms in gondola car segment supported by non-oil cargo segment recovery and industry-wide scrapping of old gondola cars
  - Rail tank car segment pricing remains under pressure reflecting weak market conditions
- Operational efficiency gains achieved**
  - Efficient operational model underpinned by deep understanding of clients' logistics and sizable long-term service contracts
  - Empty Run Ratio for gondola cars improved to 38% largely reflecting changed logistics; Total Empty Run Ratio (for all types of railcars) improved to 48%
  - Improved railcar turnover with Average Number of Loaded Trips per Railcar up 1% y-o-y and Average Distance of Loaded Trip up 6% y-o-y



## Proven success of multi-year partnerships – two major contracts further extended in 2016

- **A core component of Globaltrans’ partnership-oriented business model**
  - Globaltrans pioneered this approach in 2012
  - 62% of Net Revenue from Operation of Rolling Stock was covered by long-term service contracts with three major clients in 2016
  - Globaltrans operates in majority of cases as an integrated component of client logistics
  
- **Underpins operational excellence**
  - Logistics of interconnected plants facilitates efficient matching of inbound and outbound traffic thus helping to sustain high operational efficiency in the gondola segment
  - Unique locomotive competencies enhance position in the segment of oil products and oil, improving speed and reliability of cargo off-take
  
- **Proven to be mutually beneficial**
  - All key long-term service contracts have been extended at least once since they were signed
  - In 2016 service contracts with Rosneft and Metalloinvest were extended for a further 5 years and 3 years respectively

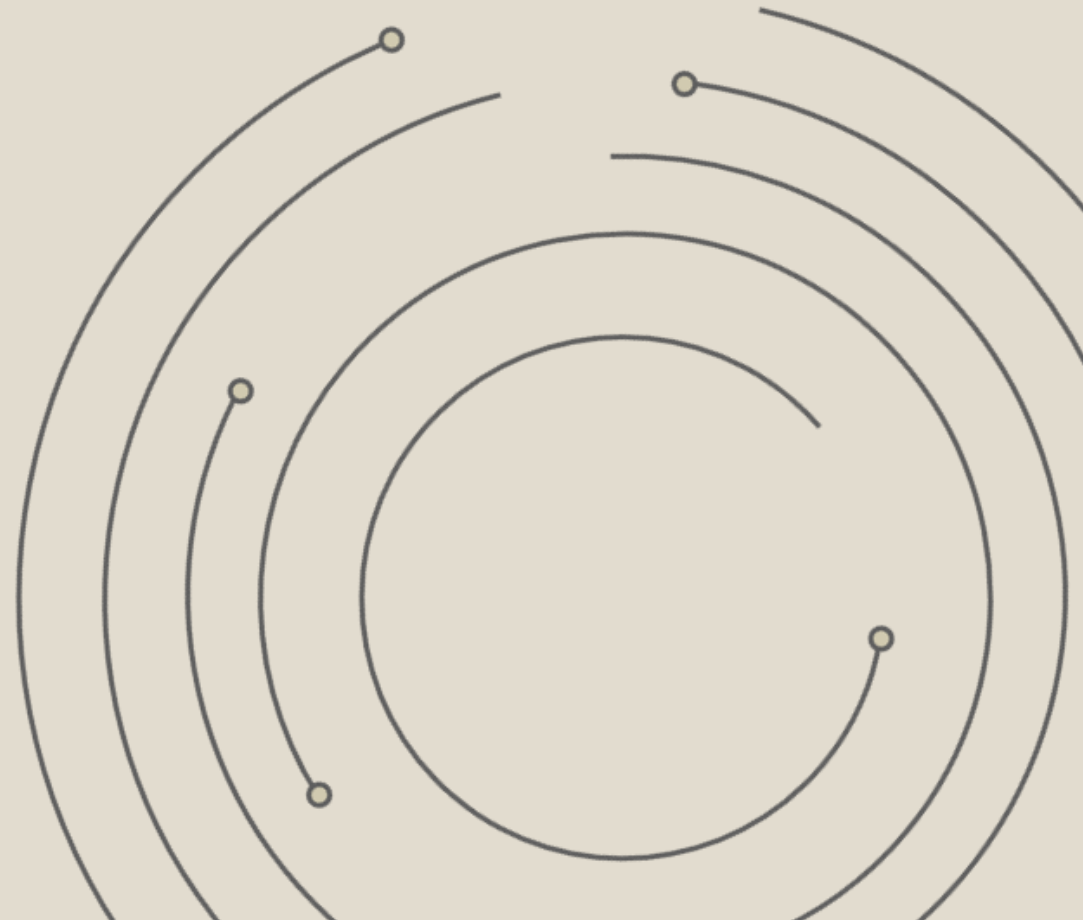
### Net Revenue from Operation of Rolling Stock by key clients (2016)



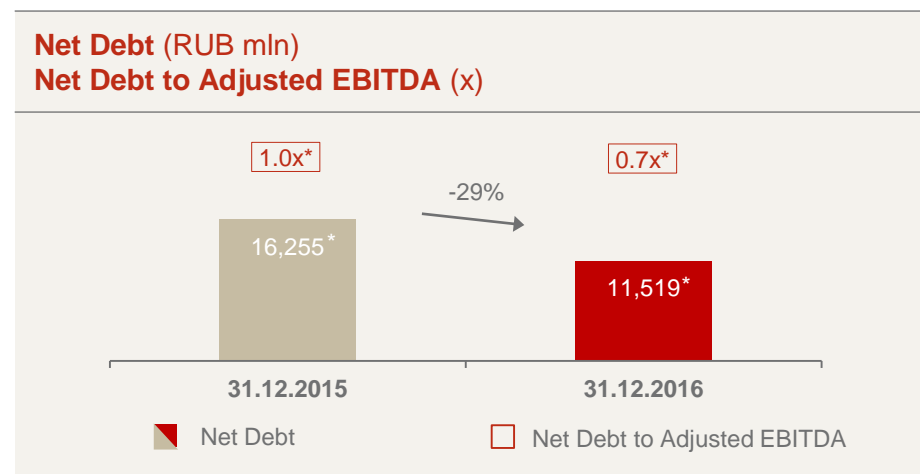
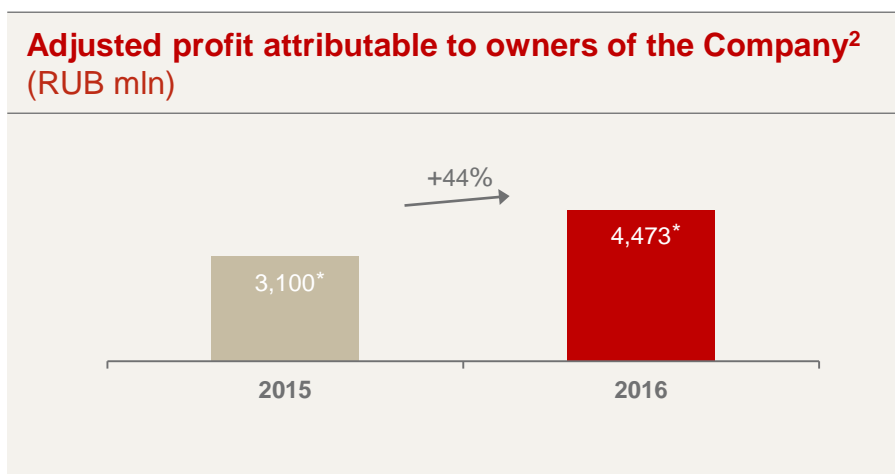
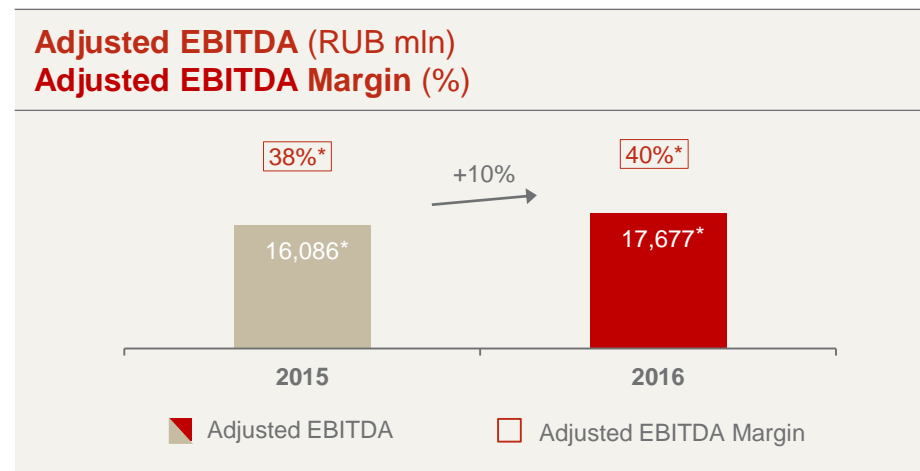
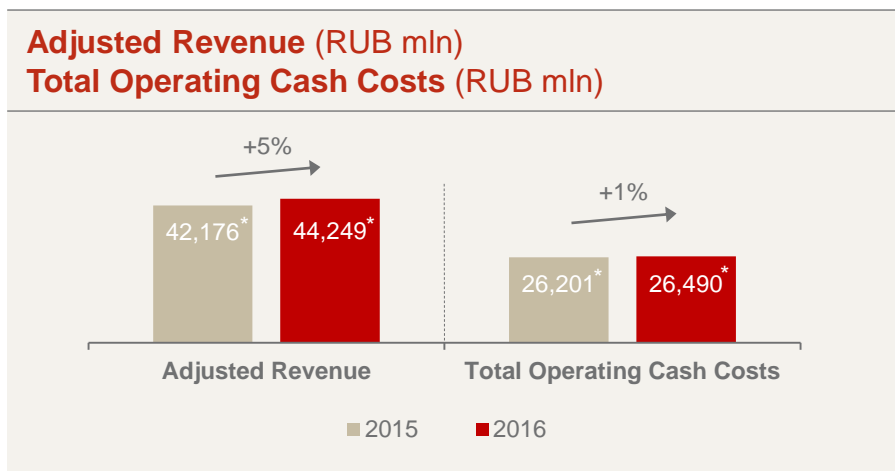
### Remaining period of key long-term service contracts (years; as of the end of 2016)



- Financial results



# Strong recovery across key financial metrics<sup>1</sup>



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- 1) The respective financial information for 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 number of these repairs, they were expensed as incurred.
- 2) For 2015 it was adjusted to exclude the impact of the impairment of customer relationships related to the service contracts with MMK in the amount of RUB 996 million. For 2016 no adjustments were made.

## Adjusted Revenue up 5% y-o-y on the back of strong results in gondola segment

	2015 (RUB mln)	2016 (RUB mln)	Change y-o-y, %
<b>Adjusted Revenue</b>	<b>42,176*</b>	<b>44,249*</b>	<b>5%</b>
<i>Including</i>			
Net Revenue from Operation of Rolling Stock	38,332*	41,757*	9%
Operating leasing of rolling stock	2,408	1,473	-39%
Net Revenue from Engaged Fleet	821*	199*	-76%
Other revenue	615	820	33%

- **Net Revenue from Operation of Rolling Stock (94% of Adjusted Revenue) up 9% y-o-y with strong results in gondola segment partially offset by weak performance of rail tank car segment**
  - Average Price per Trip up 6% y-o-y with Average Number of Loaded Trips per railcar up 1% y-o-y
  - Average Rolling Stock Operated up 2% y-o-y
- **Revenue from Operating leasing of rolling stock (3% of Adjusted Revenue) decreased 39% y-o-y**
  - Decline in leasing rates for rail tank cars reflecting weak market conditions
  - Lower average number of rolling stock leased-out
- **Net Revenue from Engaged Fleet (0.4% of Adjusted Revenue) decreased 76% y-o-y**
  - Largely due to decline in profitability of Engaged Fleet operations
- **Other revenue (2% of Adjusted Revenue) increased 33% y-o-y**
  - Primarily reflecting gradual commissioning of petrochemical tank containers into operation



## Excellent cost control: Total Operating Cash Costs up 1% y-o-y

	2015 (RUB mln)	2016 (RUB mln)	Change %
<b>Total Operating Cash Costs</b>	<b>26,201*</b>	<b>26,490*</b>	<b>1%</b>
Empty Run Costs	11,804*	12,428*	5%
Repairs and maintenance	3,681	3,605	-2%
Employee benefit expense	3,440	2,946	-14%
Operating lease rentals - rolling stock	1,334	1,557	17%
Fuel and spare parts - locomotives	1,615	1,494	-8%
Infrastructure and Locomotive Tariffs - Other Tariffs	1,318*	1,438*	9%
Engagement of locomotive crews	516	576	12%
Other Operating Cash Costs <sup>1</sup>	2,493*	2,447*	-2%
<b>Total Operating Non-Cash Costs<sup>2</sup></b>	<b>6,538*</b>	<b>7,051*</b>	<b>8%</b>
<i>Including</i>			
Depreciation of property, plant and equipment	5,016	4,958	-1%
Amortisation of intangible assets	1,078	836	-23%
Loss on derecognition arising on capital repairs <sup>3</sup>	203	887	337%

- **Total Operating Cash Costs up 1% y-o-y**

- Growth in costs was significantly below the increase in the Group's business volumes<sup>3</sup> and the 9% y-o-y increase in regulated RZD tariff for traction of empty railcars

- **Total Operating Non-Cash Costs up 8% y-o-y**

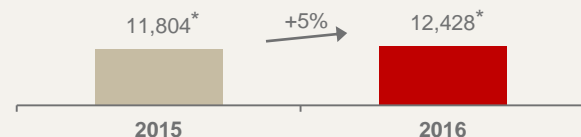
- Decline in amortisation of intangible assets was more than offset by increased loss on derecognition arising on capital repairs<sup>4</sup> as the number of capital repairs increased during the reporting year

Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

- 1) 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".
- 2) Total Operating Non-Cash Costs (a non-GAAP financial measure) include cost items such as "Depreciation of property, plant and equipment", "Amortisation of intangible assets", "Impairment charge for receivables", "Impairment of property, plant and equipment", "Net profit/(loss) on sale of property, plant and equipment" and "Loss on derecognition arising on capital repairs".
- 3) The Group's Freight Rail Turnover (excluding Engaged Fleet) was up 10% y-o-y in 2016.
- 4) Following the harmonisation of the Group's accounting policy, the cost of each major periodic capital repair (including the replacement of significant components) is recognised 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 derecognised 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.

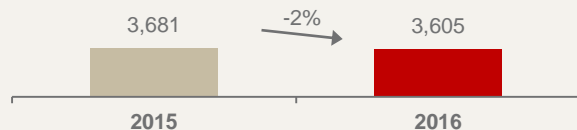
## Major Operating Cash Cost items

### Empty Run Costs (47%)<sup>1</sup>



- Increase well below the 9% y-o-y rise in regulated RZD tariff for traction of empty railcars and the 10% y-o-y rise in the Group's Freight Rail Turnover (excl. Engaged Fleet)
- Total Empty Run Ratio reduced to 48% (2015: 51%)

### Repairs and maintenance (14%)<sup>1</sup>



- Lower number of depot repairs required as large portion of Group's rolling stock reached the age of first capital repair
- Partially offset by the increase in the number of current repairs due to strengthened industry safety regulations and cost inflation for works and spare parts

### Employee benefit expense (11%)<sup>1</sup>



- Selective increase in wages and salaries
- Lower bonuses and termination benefits
- Stable headcount with decline in the number of administrative personnel

### Operating lease rentals – rolling stock (6%)<sup>1</sup>



- Increase in average number of gondola cars leased-in to meet higher demand
- Rise in leasing rates in gondola car segment
- Partially offset by reduction in the average number of rail tank cars leased-in as well as decline in leasing rates for this type of rolling stock

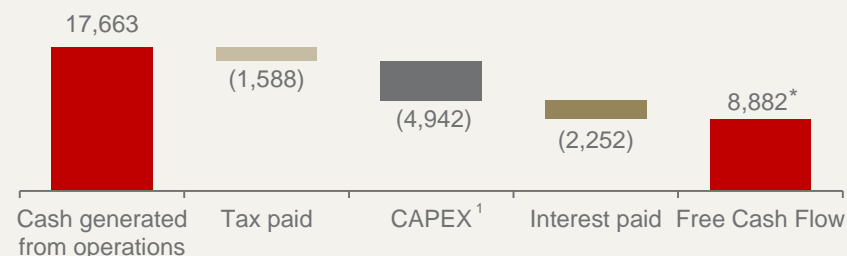
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1) The proportion of Total Operating Cash Costs in 2016.

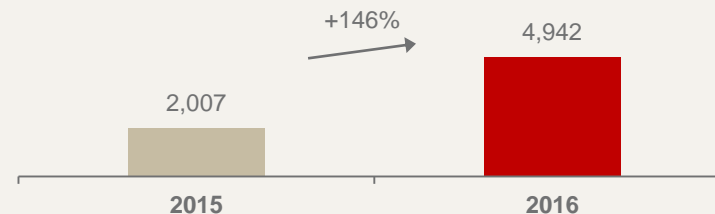
## Strong Free Cash Flow despite increased CAPEX

- **Continued strong Free Cash Flow generation**
  - Strong cash generation capacity underpinned by efficient operating model and long-term service contracts with key clients
  - Cash generated from operations up 9% y-o-y on the back of strong performance of gondola segment
  - Free Cash Flow of RUB 8,882 mln\* vs RUB 9,614 mln\* in 2015 mainly driven by higher CAPEX
- **Increased CAPEX due to rise in maintenance CAPEX and investments in fleet expansion**
  - Maintenance CAPEX up due to scheduled rise in number of capital repairs as a large portion of Group’s rolling stock reached the age of first capital repair
  - Rise in expansion CAPEX reflecting purchase of 665 gondola cars from secondary market and 550 new petrochemical tank containers
  - Large-scale expansion CAPEX remained on hold

### Free Cash Flow reconciliation (2016; RUB mln)



### CAPEX (incl. maintenance; 2016; RUB mln)<sup>1</sup>



Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

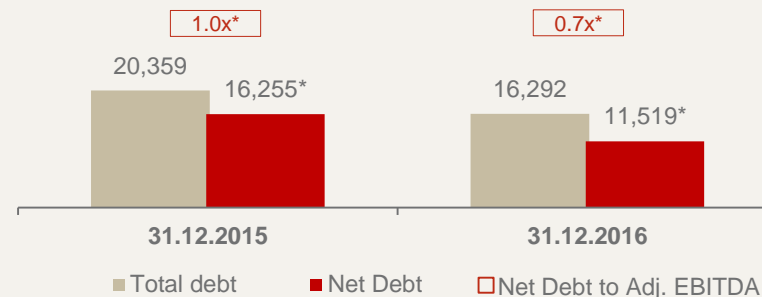
1) On a cash basis; calculated as the sum of "Purchases of property, plant and equipment" (which includes maintenance CAPEX), "Purchases of intangible assets" and "Acquisition of subsidiary undertakings – net of cash acquired".

# One of the strongest balance sheets in the industry; Leverage Ratio at 0.7x\*

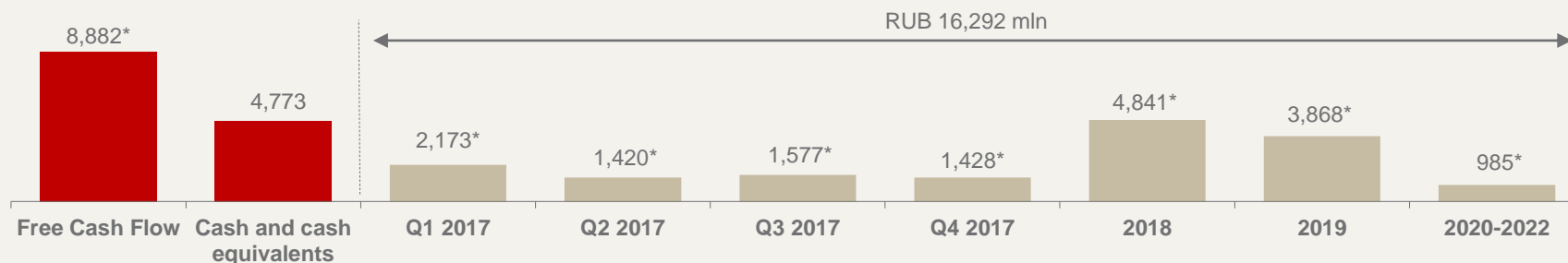
- Strong financial profile as of the end of 2016**

- Net Debt down 29% y-o-y to RUB 11,519 mln\*
- Low leverage with Net Debt to Adjusted EBITDA at 0.7x\* (at the end of 2015: 1.0x\*)
- Share of RUB denominated debt at almost 100%
- Weighted average effective interest rate of 11.0%\* (improved from 12.0%\* at the end of 2015)

### Total debt and Net Debt (RUB mln)



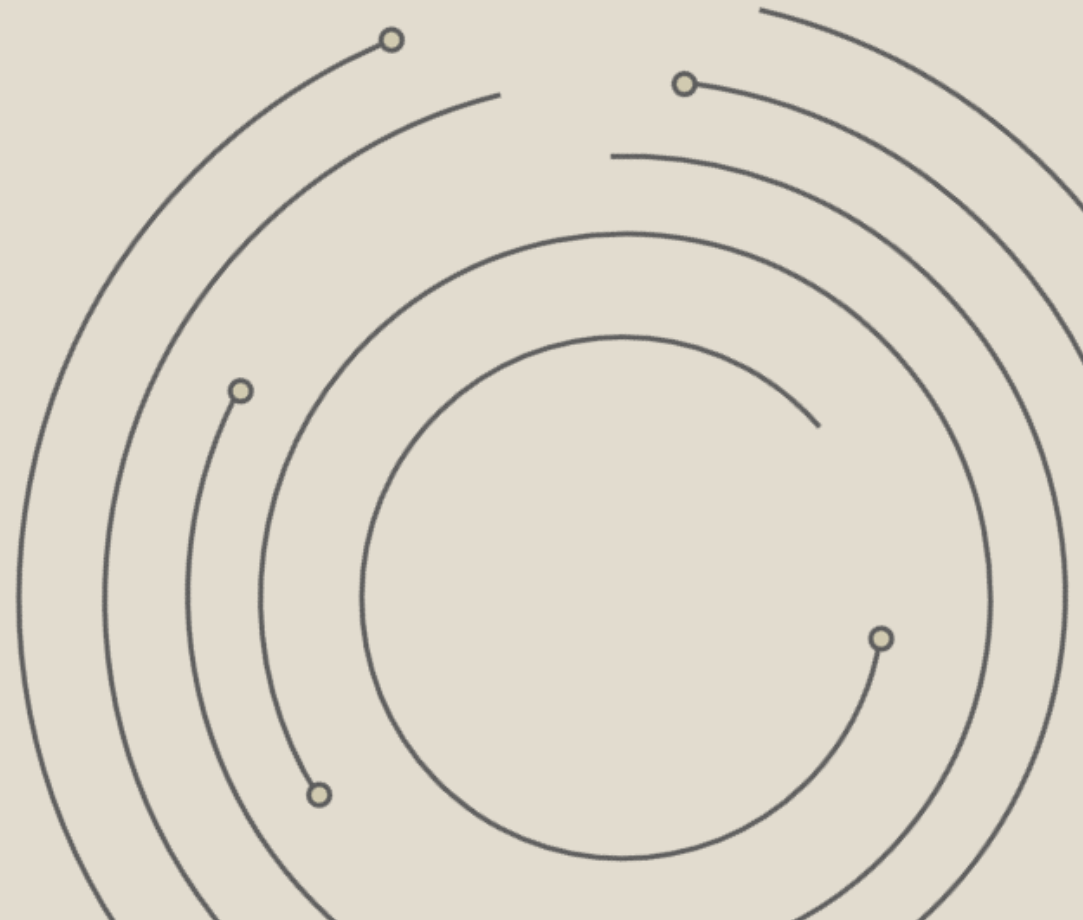
### Balanced and comfortable maturity profile (as of 31 December 2016, RUB mln)<sup>1</sup>



Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

1) Including accrued interest of RUB 36 mln\*.

- Dividends

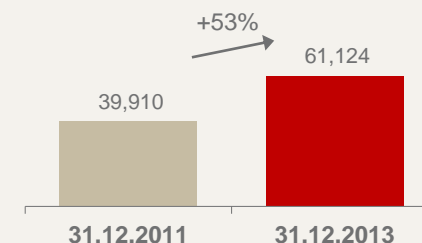


# Deleveraging phase completed, financial performance recovering...

**2011 - 2013**

- **Sizable investments into fleet expansion and development of successful business model**
  - Owned Fleet up more than 50% between end of 2011 and 2013 through organic growth and M&A
  - Captive rail operator businesses of Metalloinvest and MMK acquired, establishing successful long-term partnership-oriented business model

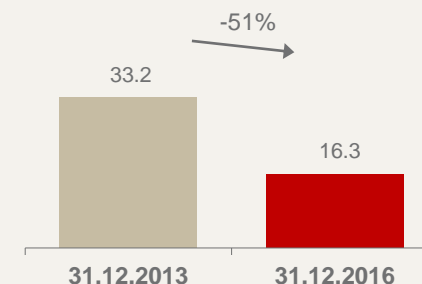
**Owned Fleet (units)**



**2014 - 2016**

- **Optimisation of operations**
  - Acquired businesses fully integrated with centralised logistics hub created to manage over 40k gondola cars
- **Deleveraging**
  - In response to challenging market, large scale expansion CAPEX put on hold with Free Cash Flow largely allocated for debt repayment, maintenance CAPEX and dividends
  - Deleveraging phase completed with RUB 16.9 bln or 51% of total debt repaid over the three-year period, Net Debt to Adjusted EBITDA down to 0.7x\* as of end 2016
- **Financial performance stabilised and started to recover**
  - Adjusted EBITDA up 10% y-o-y with Adjusted EBITDA Margin expanding to 40%\* in 2016

**Total debt (RUB bln)**



Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

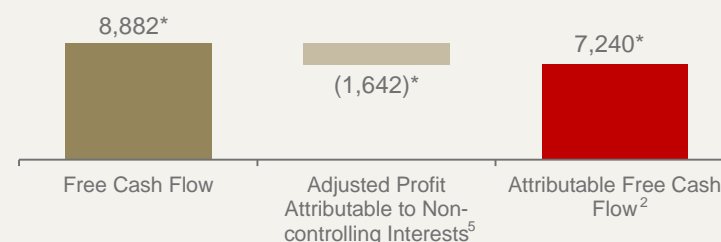
## ...enabling introduction of enhanced dividend policy and proposal of strong 2016 dividend

- Enhanced dividend policy strikes a balance between investing in business expansion and returns to shareholders**
  - Focusing on shareholder value, policy maximises payouts during low investment cycle and limits them in periods when sizable acquisitions meeting Globaltrans' strict return criteria are identified
  - Clear formula<sup>1</sup> linking dividends to Attributable Free Cash Flow<sup>2</sup> and Leverage Ratio<sup>3</sup> provides flexibility and transparency in capital allocation

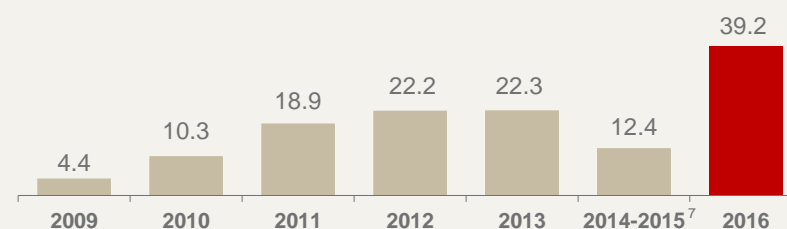
Leverage Ratio <sup>3</sup>	Dividends, % of Attributable Free Cash Flow <sup>2</sup>
Less than 1.0x	Not less than 50%
From 1.0x to 2.0x	Not less than 30%
2.0x or higher	0% or more

- Strong 2016 dividend proposed to optimise capital structure**
  - Proposed dividends of RUB 7.0 bln or RUB 39.2 per share/GDR<sup>4</sup> bringing leverage to more efficient level

### Attributable Free Cash Flow reconciliation (2016; RUB mln)



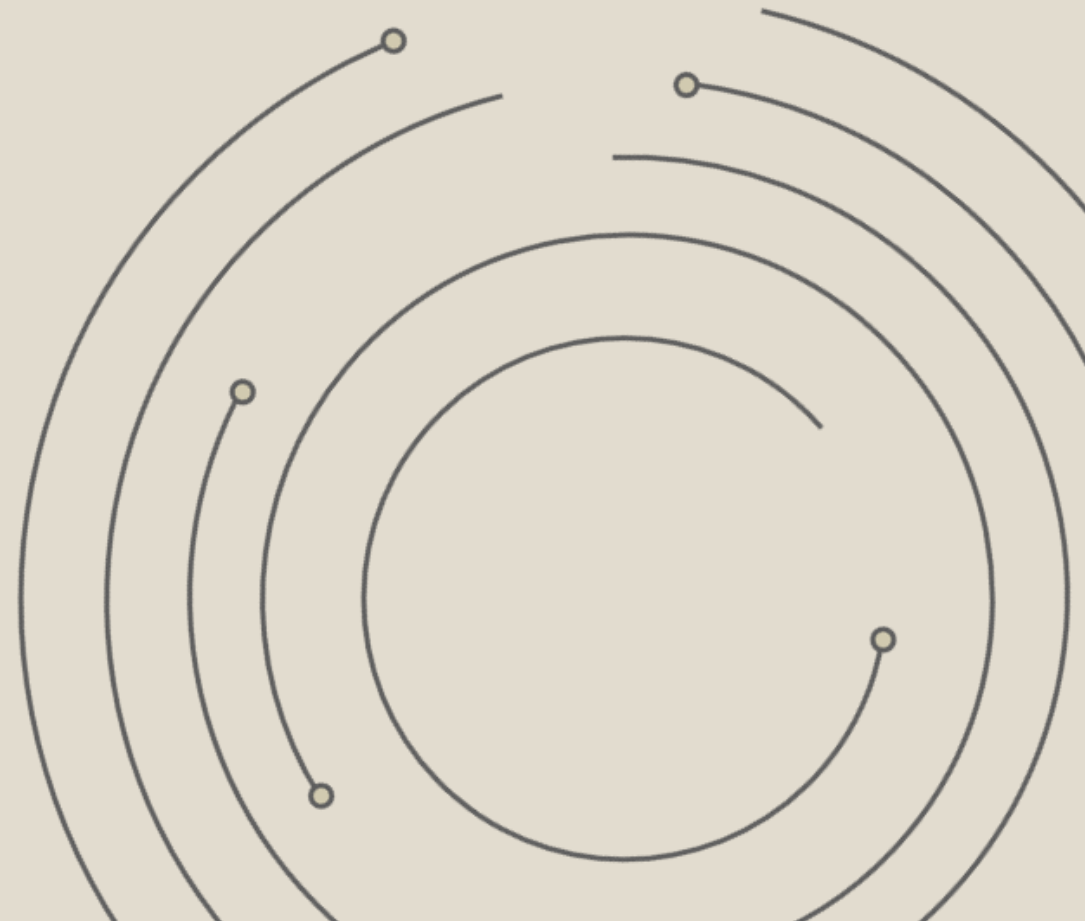
### Dividend history (RUB per share/GDR<sup>6</sup>, in respect of related financial year)



Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

- The Board of Directors of Globaltrans reserves the right to recommend the dividend in the amount calculated on the reasonable basis other than described in this presentation in its sole discretion. For more details please see the Dividend policy as adopted by the Board on 31 March 2017 which is available at [www.globaltrans.com](http://www.globaltrans.com).
- Attributable Free Cash Flow (a non-GAAP financial measure) means Free Cash Flow less Adjusted Profit Attributable to Non-controlling Interests.
- Leverage Ratio (a non-GAAP financial measure) means the ratio of Net Debt on the last day of a particular financial year to Adjusted EBITDA in respect of that financial year.
- Subject to shareholders' approval, dividends will be paid in USD with conversion from RUB to be executed at the official exchange rate for RUB of the Central Bank of Russia as of the date of the Annual General Meeting, which was called for 24 April 2017.
- Adjusted Profit Attributable to Non-controlling Interests (a non-GAAP financial measure) is calculated as "Profit attributable to non-controlling interests" less share of "Impairment of property, plant and equipment" and "Impairment of intangible assets", attributable to non-controlling interests. For 2015 and 2016 there was no "Impairment of property, plant and equipment" nor "Impairment of intangible assets" attributable to non-controlling interests.
- Dividend per share for 2009-2012 converted into RUB using the official exchange rate for RUB of the Central Bank of Russia as of the date of the respective Annual General Meeting.
- The dividend declared in 2016 related to both the 2014 and 2015 financial years.

- Key takeaways





## Industry outlook and management focus

### Industry outlook

- Pricing environment in gondola segment remains favorable subject to economic conditions and supply-demand balance
- Weak volumes in oil products and oil market continue to put pressure on pricing in this segment
- Overall cost pressures are expected to continue

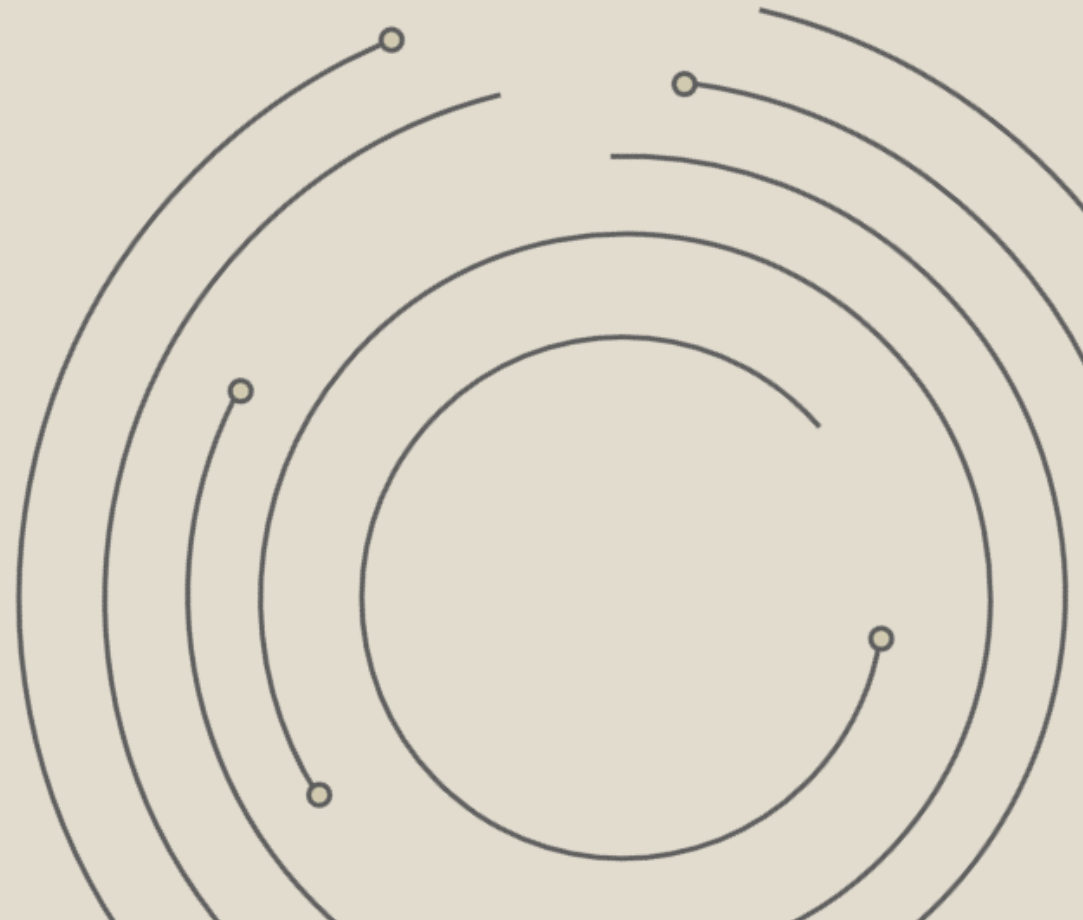
### Management focus

- Expand business opportunistically when meeting strict return criteria
  - Investigate accretive consolidation opportunities in a fragmented industry
  - Continue selective acquisition of gondola cars from secondary market
  - Selective, demand-based acquisition of petrochemical tank containers
- Monitor regulatory environment including initiatives in respect of the supervision of price increases for rail operators' services

## Key takeaways

- **Strong market, driven by recovery in non-oil cargoes and industry-wide scrappage of old fleet**
  - Russian Freight Rail Turnover up 2% y-o-y in 2016 and continued to grow in Jan-Feb 2017 (up 7% y-o-y)
- **Globaltrans outperformed the market and achieved strong growth in key 2016 operational and financial metrics**
  - Non-oil cargo Freight Rail Turnover up 11% y-o-y
  - Adjusted EBITDA up 10% y-o-y with Adjusted EBITDA Margin expansion to 40%\*
  - Net Debt to Adjusted EBITDA down to 0.7x\*
- **Strong operational platform enabling further growth**
  - Long-term service contracts in place with largest clients (cover 62% of Net Revenue from Operation of Rolling Stock<sup>1</sup>) with next extensions not until 2019
  - Service contracts in gondola segment provide favorable logistics and offer opportunities for add-on investments
  - Equipped to navigate weak market conditions in oil products and oil segment with unique locomotive expertise and long-term contract providing distinct advantage in competitive market
- **Clear and transparent dividend policy linking dividends to Attributable Free Cash Flow and Leverage Ratio**
- **Accretive business growth remains a priority**

- Appendices



## Globaltrans: At a glance<sup>1</sup>

### A leading player servicing businesses across the world's largest country

- Focused exclusively on freight rail transportation in Russia and CIS
- Operates in key industrial segments including metals (60%), oil products and oil (13%), coal (16%) and construction materials (6%)<sup>2</sup>
- Market share of overall Russian Freight Rail Turnover amounts to 7.8%<sup>3</sup>

### A large modern fleet and an effective operational platform

- Total Fleet >68.5k units with 89% in ownership, one of the most up-to-date fleets in the industry (average age 10.3 years)
- The core of the fleet consists of universal gondola cars (63%) and rail tank cars (33%)
- Rail tank car business enhanced by unique locomotive competences
- High operational efficiency and low Empty Runs

### Established blue-chip client base

- Trusted long-term partner to leading industrial groups in Russia and CIS
- >60% of Net Revenue from Operation of Rolling Stock covered by long-term service contracts<sup>4</sup>

### A publicly listed company committed to international governance standards

- Listed on the London Stock Exchange since 2008 with free-float >50%
- Experienced and well-balanced Board with 4 independent directors, including Chairman
- Prudent capital allocation and conservative financial policies
- Clear and transparent dividend policy linked to Attributable Free Cash Flow and Leverage

Source: Globaltrans; Rosstat. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

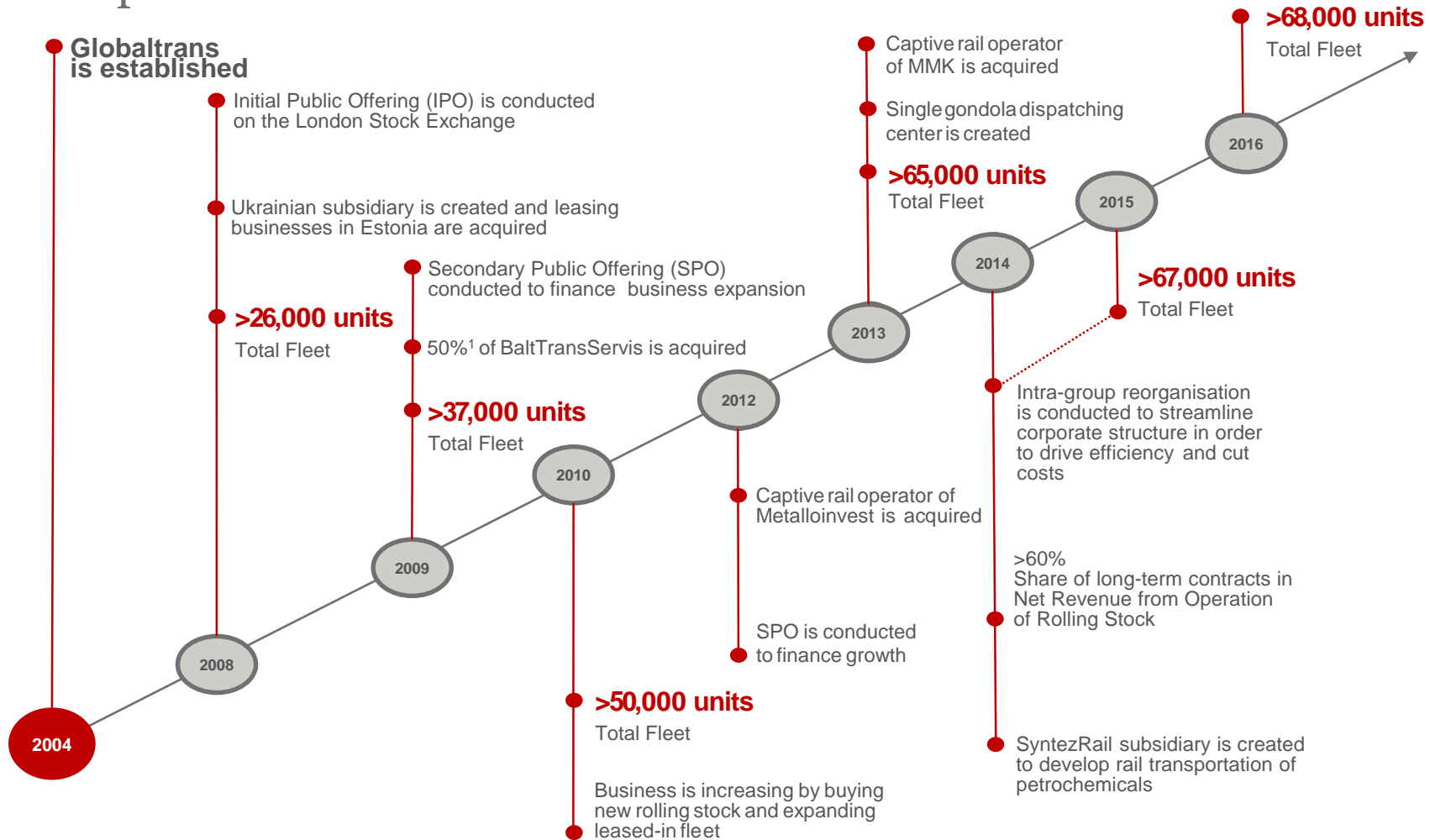
1) All information on this page is at the end of 2016 or for 2016 unless otherwise stated.

2) The share of respective segment in the Group's Freight Rail Turnover in 2016. Metallurgical cargoes including ferrous metals, scrap metal and ores; coal including coke; construction materials including cement.

3) The Group's market share of overall Russian Transportation Volumes was 8.4% in 2016 (metallurgical cargoes: 23.9%; oil products and oil: 8.9%; coal: 3.2%; construction materials: 7.3%).

4) In 2016; Including long-term service contracts with Rosneft, MMK and Metalloinvest.

# Globaltrans: 12+ years of market leadership and successful business development



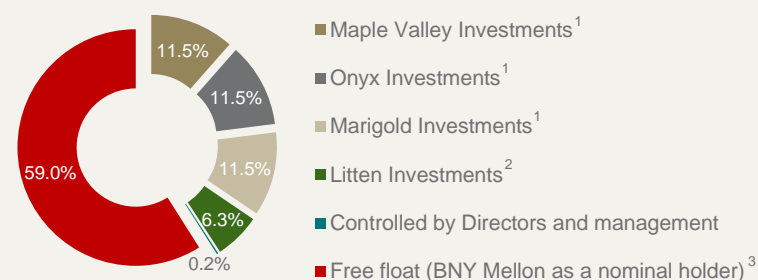
Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

1) Subsequently, the Group acquired a further 10% effective economic interest in BaltTransServis in 2011, taking its total economic interest to 60%.

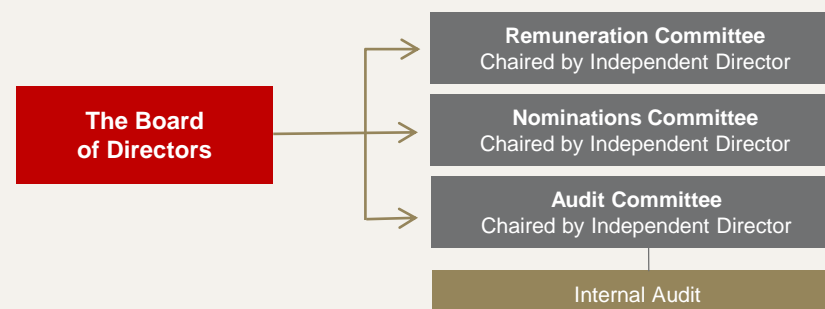
# Globaltrans: Publicly listed company committed to international governance standards

- The first and only internationally listed freight rail transportation group with operations in Russia**
  - Listed on London Stock Exchange (“LSE”) since 2008 with free float exceeding 50%
  - Track record of several successful secondary offerings to finance business expansion
  - Transparency at par with best international peers and LSE requirements
  - Audited IFRS financial statements with all required disclosures since 2004
- Experienced and well-balanced Board**
  - 14 members combining a wide range of experiences in transportation, finance, law, risk management and international trade
  - 4 independent directors including Chairman
  - 3 committees chaired by independent directors
- Consistent strategy, prudent capital allocation and conservative financial policies**
  - Clear strategy to drive shareholder value
  - Opportunistic return-oriented investment approach
  - Emphasis on strong capital discipline

## Shareholder structure



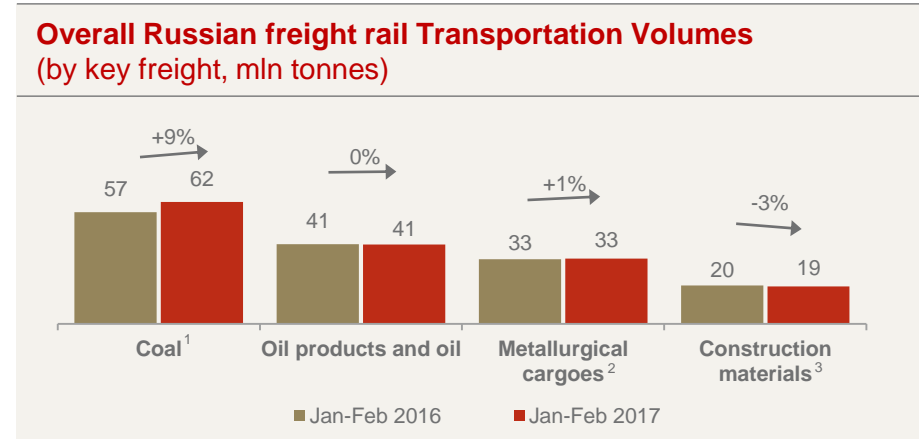
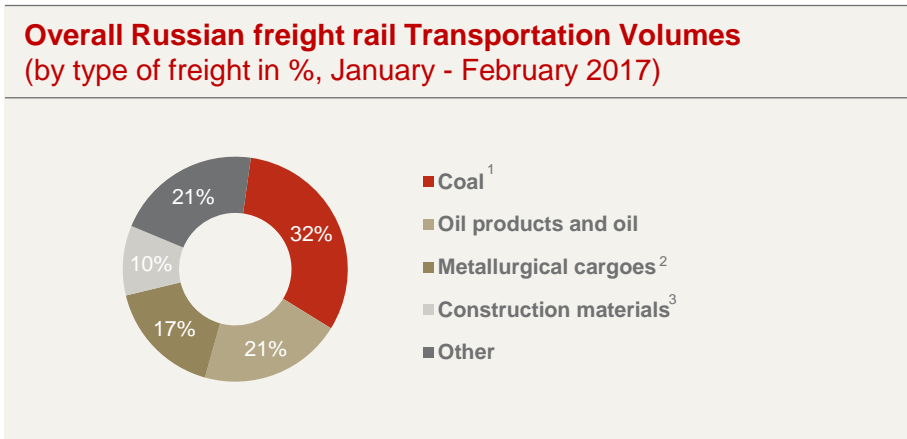
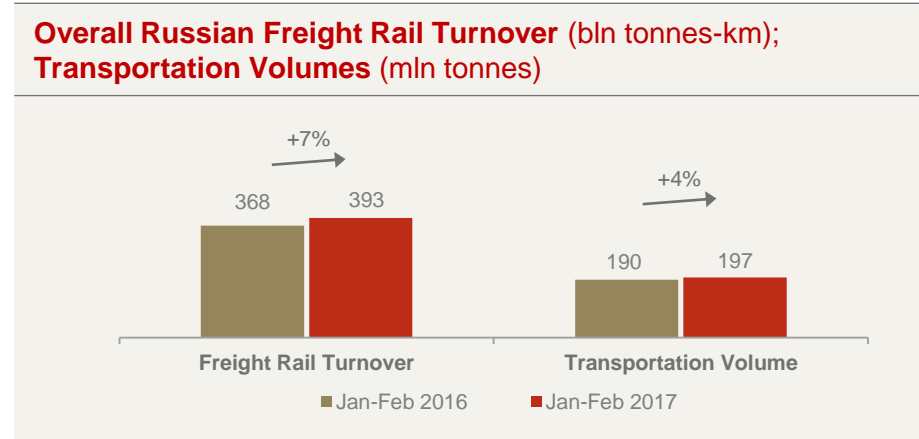
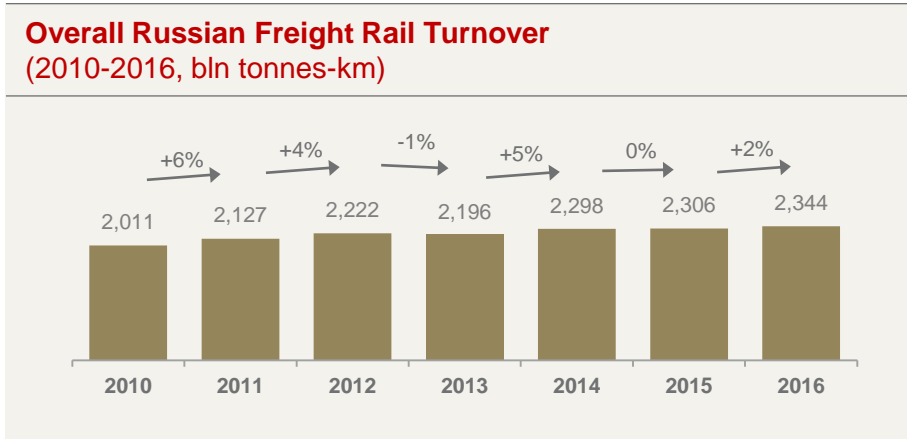
## The Board and its Committees



Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

1) Konstantin Nikolaev, Nikita Mishin and Andrey Filatov are beneficiaries with regard to 11.5% of Globaltrans’ ordinary share capital each through their respective SPVs (Maple Valley Investments, Onyx Investments and Marigold Investments). These individuals are co-founders of Globaltrans.  
 2) Beneficially owned by Alexander Eliseev, Non-Executive Director and co-founder of Globaltrans.  
 3) For these purposes, the free float consists of the ordinary shares and GDRs held by investors not affiliated or associated with Globaltrans.

# Market watch (January – February 2017)



Source: Rosstat. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

1) Coal including coke.  
 2) Metallurgical cargoes including ferrous metals, scrap metal and ores.  
 3) Construction materials including cement.

# Extracts from the Group's consolidated financial statements (audited) for the year ended 31 December 2016

## Consolidated income statement for the year ended 31 December 2016

	2016	2015
	RUB'000	RUB'000 As restated
<b>Revenue</b>	<b>69,487,991</b>	<b>68,199,831</b>
Cost of sales	(54,905,940)	(54,227,504)
<b>Gross profit</b>	<b>14,582,051</b>	<b>13,972,327</b>
Selling and marketing costs	(234,773)	(295,076)
Administrative expenses	(3,639,328)	(4,240,445)
Impairment of intangible assets	-	(996,160)
Other income	-	230,727
Other gains – net	116,328	85,717
<b>Operating profit</b>	<b>10,824,278</b>	<b>8,757,090</b>
Finance income	258,803	259,900
Finance costs	(2,280,202)	(2,996,197)
Net foreign exchange transaction losses on financing activities	(291,068)	(209,129)
Finance costs – net	(2,312,467)	(2,945,426)
Share of loss of associate	(60,831)	(53,739)
Profit before income tax	8,450,980	5,757,925
Income tax expense	(2,336,068)	(1,289,743)
<b>Profit for the year</b>	<b>6,114,912</b>	<b>4,468,182</b>
<b>Profit attributable to:</b>		
Owners of the Company	4,472,817	2,103,633
Non-controlling interest	1,642,095	2,364,549
	<b>6,114,912</b>	<b>4,468,182</b>
<b>Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RUB per share)</b>	<b>25.02</b>	<b>11.77</b>

Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation. The consolidated financial statements (audited) for the year ended 31 December 2016 is available for viewing at the Globaltrans' corporate website ([www.globaltrans.com](http://www.globaltrans.com)).



# Extracts from the Group's consolidated financial statements (audited) for the year ended 31 December 2016

## Consolidated balance sheet as at 31 December 2016

	31 Dec 2016 RUB'000	31 Dec 2015 RUB'000 As restated
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	65,653,581	70,223,776
Intangible assets	1,541,564	2,367,741
Income tax assets	21,899	49,207
Trade and other receivables	472,360	101,264
Investment in associate	-	65,497
<b>Total non-current assets</b>	<b>67,689,404</b>	<b>72,807,485</b>
<b>Current assets</b>		
Inventories	565,200	722,381
Current income tax assets	81,953	139,428
Trade and other receivables	5,320,518	5,297,072
Cash and cash equivalents	4,773,414	4,104,079
<b>Total current assets</b>	<b>10,741,085</b>	<b>10,262,960</b>
<b>TOTAL ASSETS</b>	<b>78,430,489</b>	<b>83,070,445</b>

	31 Dec 2016 RUB'000	31 Dec 2015 RUB'000 As restated
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to the owners of the Company</b>		
Share capital	516,957	516,957
Share premium	27,929,478	27,929,478
Common control transaction reserve	(10,429,876)	(10,429,876)
Translation reserve	2,530,486	4,569,396
Capital contribution	2,694,851	2,694,851
Retained earnings	23,871,655	21,617,013
<b>Total equity attributable to the owners of the Company</b>	<b>47,113,551</b>	<b>46,897,819</b>
<b>Non-controlling interest</b>	<b>6,094,707</b>	<b>7,405,558</b>
<b>Total equity</b>	<b>53,208,258</b>	<b>54,303,377</b>
<b>Non-current liabilities</b>		
Borrowings	9,694,243	11,064,576
Trade and other payables	117,890	61,053
Deferred tax liabilities	5,245,331	4,642,708
<b>Total non-current liabilities</b>	<b>15,057,464</b>	<b>15,768,337</b>
<b>Current liabilities</b>		
Borrowings	6,598,226	9,294,484
Trade and other payables	3,419,461	3,643,694
Current tax liabilities	147,080	60,553
<b>Total current liabilities</b>	<b>10,164,767</b>	<b>12,998,731</b>
<b>TOTAL LIABILITIES</b>	<b>25,222,231</b>	<b>28,767,068</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>78,430,489</b>	<b>83,070,445</b>

Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation. The consolidated financial statements (audited) for the year ended 31 December 2016 is available for viewing at the Globaltrans' corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

# Extracts from the Group's consolidated financial statements (audited) for the year ended 31 December 2016

## Consolidated cash flow statement for the year ended 31 December 2016

	2016 RUB'000	2015 RUB'000 As restated
<b>Cash flows from operating activities</b>		
Profit before tax	8,450,980	5,757,925
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	4,958,173	5,015,926
Amortisation of intangible assets	835,677	1,078,456
Loss/(profit) on sale of property, plant and equipment	58,938	(19,737)
Loss on derecognition arising on capital repairs	887,454	203,180
Impairment of property, plant and equipment	228,408	140,734
Impairment of receivables	82,194	119,332
Interest income	(258,803)	(259,900)
Finance costs	2,280,202	2,996,197
Other income	-	(41,898)
Share of profit of associates	60,831	53,739
Foreign exchange losses on financing activities	291,068	209,129
Impairment of intangible assets	-	996,160
	<b>17,875,122</b>	<b>16,249,243</b>
<i>Changes in working capital:</i>		
Inventories	202,228	56,049
Trade and other receivables	(267,570)	1,448,979
Trade and other payables	(146,460)	(1,526,698)
<b>Cash generated from operations</b>	<b>17,663,320</b>	<b>16,227,573</b>
Tax paid	(1,587,792)	(1,322,290)
<b>Net cash from operating activities</b>	<b>16,075,528</b>	<b>14,905,283</b>

	2016 RUB'000	2015 RUB'000 As restated
<b>Cash flows from investing activities</b>		
Loans granted to third parties	-	(86,057)
Loans repayments received from third parties	15,961	20,374
Purchases of property, plant and equipment	(4,932,019)	(2,007,164)
Purchases of intangible assets	(9,500)	-
Proceeds from disposal of property, plant and equipment	177,384	92,658
Interest received	261,564	254,978
Receipts from finance lease receivable	4,461	-
<b>Net cash used in investing activities</b>	<b>(4,482,149)</b>	<b>(1,725,211)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	9,855,265	15,018,939
Repayments of borrowings	(13,943,584)	(22,447,939)
Proceeds from disposal of non-controlling interest	-	198
Finance lease principal payments	-	(204,635)
Interest paid	(2,251,804)	(3,284,554)
Contribution from non-controlling interests	8,310	-
Dividends paid to Company's shareholders	(2,218,175)	-
Dividends paid to non-controlling interests	(2,065,107)	(2,696,490)
<b>Net cash used in financing activities</b>	<b>(10,615,095)</b>	<b>(13,614,481)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>978,284</b>	<b>(434,409)</b>
Exchange losses on cash and cash equivalents	(308,949)	(109,299)
Cash and cash equivalents at beginning of year	4,104,079	4,647,787
Cash and cash equivalents at end of year	4,773,414	4,104,079

# Selected operational information for the year ended 31 December 2016

## Fleet (incl. rolling stock and tank containers)

	31-12-16	31-12-15	Change	Change, %
<b>Owned Fleet</b>				
Gondola cars	40,702	40,082	620	2%
Rail tank cars	18,387	18,573	-186	-1%
Locomotives	75	75	0	0%
Other railcars (incl. flat, hopper cars, etc)	982	1,451	-469	-32%
Petrochemical tank containers	700	0	700	NM
<b>Total</b>	<b>60,846</b>	<b>60,181</b>	<b>665</b>	<b>1%</b>
<i>Owned Fleet as % of Total Fleet</i>	<i>89%</i>	<i>89%</i>	<i>-</i>	<i>-</i>
<b>Leased-in Fleet</b>				
Gondola cars	2,574	2,602	-28	-1%
Rail tank cars	4,088	4,249	-161	-4%
Locomotives	0	0	0	0%
Other railcars	623	317	306	97%
Petrochemical tank containers	380	380	0	0%
<b>Total</b>	<b>7,665</b>	<b>7,548</b>	<b>117</b>	<b>2%</b>
<i>Leased-in Fleet as % of Total Fleet</i>	<i>11%</i>	<i>11%</i>	<i>-</i>	<i>-</i>
<b>Total Fleet (Owned Fleet and Leased-in Fleet)</b>	<b>68,511</b>	<b>67,729</b>	<b>782</b>	<b>1%</b>
<b>Total Fleet by type, %</b>				
Gondola cars	63%	63%	-	-
Rail tank cars	33%	34%	-	-
Locomotives	0.1%	0.1%	-	-
Other railcars (incl. flat, hopper cars, etc)	2%	3%	-	-
Petrochemical tank containers	2%	1%	-	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>
<b>Average age of Owned Fleet</b>				
Gondola cars	8.9	8.0	-	-
Rail tank cars	13.3	12.4	-	-
Locomotives	14.8	13.8	-	-
Other railcars	18.7	15.4	-	-
Petrochemical tank containers	1.0	0.0	-	-
<b>Total</b>	<b>10.3</b>	<b>9.5</b>	<b>-</b>	<b>-</b>

## Operation of rolling stock (incl. Engaged Fleet)\*

	2016	2015	Change	Change, %
<b>Freight Rail Turnover, billion tonnes-km</b>				
<b>Metallurgical cargoes</b>	<b>109.8</b>	<b>98.5</b>	<b>11.3</b>	<b>11%</b>
Ferrous metals	41.4	36.6	4.9	13%
Scrap metal	4.7	3.3	1.4	41%
Iron ore	63.7	58.7	5.1	9%
<b>Oil products and oil</b>	<b>22.8</b>	<b>25.7</b>	<b>-2.9</b>	<b>-11%</b>
<b>Coal (incl. coke)</b>	<b>29.7</b>	<b>26.2</b>	<b>3.5</b>	<b>13%</b>
<b>Construction materials</b>	<b>10.7</b>	<b>10.4</b>	<b>0.3</b>	<b>3%</b>
Crushed stone	9.3	9.4	-0.1	-1%
Cement	0.5	0.4	0.2	46%
Other construction materials	0.8	0.7	0.2	28%
<b>Other</b>	<b>9.0</b>	<b>7.7</b>	<b>1.3</b>	<b>18%</b>
<b>Total</b>	<b>182.0</b>	<b>168.5</b>	<b>13.5</b>	<b>8%</b>
<b>Freight Rail Turnover by cargo type, %</b>				
Metallurgical cargoes (incl. ferrous metal, scrap metal and iron ore)	60%	58%	-	-
Oil products and oil	13%	15%	-	-
Coal (incl. coke)	16%	16%	-	-
Construction materials (incl. cement)	6%	6%	-	-
Other	5%	5%	-	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>
<b>Transportation Volume, million tones</b>				
<b>Metallurgical cargoes</b>	<b>51.8</b>	<b>48.7</b>	<b>3.1</b>	<b>6%</b>
Ferrous metals	18.8	18.2	0.6	3%
Scrap metal	4.0	3.2	0.7	23%
Iron ore	29.1	27.3	1.7	6%
<b>Oil products and oil</b>	<b>21.1</b>	<b>22.5</b>	<b>-1.5</b>	<b>-7%</b>
<b>Coal (incl. coke)</b>	<b>11.0</b>	<b>11.3</b>	<b>-0.3</b>	<b>-3%</b>
<b>Construction materials</b>	<b>12.3</b>	<b>11.7</b>	<b>0.5</b>	<b>5%</b>
Crushed stone	11.1	10.5	0.6	6%
Cement	0.5	0.3	0.1	33%
Other construction materials	0.7	0.9	-0.2	-18%
<b>Other</b>	<b>7.2</b>	<b>7.1</b>	<b>0.2</b>	<b>2%</b>
<b>Total</b>	<b>103.3</b>	<b>101.3</b>	<b>2.0</b>	<b>2%</b>

Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

\*Excluding operational and financial information of petrochemical tank container business segment. The revenue from this segment is included in "Other" revenue in EU IFRS statements.

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# Selected operational information for the year ended 31 December 2016, continued

## Operation of rolling stock (excl. Engaged Fleet)\*

	2016	2015	Change	Change, %
<b>Freight Rail Turnover, billion tonnes-km</b>				
<b>Metallurgical cargoes</b>	<b>91.4</b>	<b>79.1</b>	<b>12.3</b>	<b>16%</b>
Ferrous metals	36.5	32.1	4.4	14%
Scrap metal	4.5	3.1	1.4	46%
Iron ore	50.4	44.0	6.4	15%
<b>Oil products and oil</b>	<b>22.6</b>	<b>25.3</b>	<b>-2.7</b>	<b>-11%</b>
<b>Coal (incl. coke)</b>	<b>27.5</b>	<b>24.4</b>	<b>3.1</b>	<b>13%</b>
<b>Construction materials</b>	<b>10.4</b>	<b>10.2</b>	<b>0.2</b>	<b>2%</b>
Crushed stone	9.1	9.2	-0.1	-1%
Cement	0.5	0.4	0.2	46%
Other construction materials	0.8	0.7	0.2	28%
<b>Other</b>	<b>8.8</b>	<b>7.5</b>	<b>1.3</b>	<b>18%</b>
<b>Total</b>	<b>160.7</b>	<b>146.5</b>	<b>14.2</b>	<b>10%</b>

<b>Transportation Volume, million tones</b>				
	2016	2015	Change	Change, %
<b>Metallurgical cargoes</b>	<b>42.8</b>	<b>39.2</b>	<b>3.6</b>	<b>9%</b>
Ferrous metals	16.2	15.6	0.6	4%
Scrap metal	3.8	3.0	0.8	28%
Iron ore	22.8	20.6	2.2	10%
<b>Oil products and oil</b>	<b>20.8</b>	<b>22.1</b>	<b>-1.3</b>	<b>-6%</b>
<b>Coal (incl. coke)</b>	<b>10.0</b>	<b>10.4</b>	<b>-0.4</b>	<b>-4%</b>
<b>Construction materials</b>	<b>12.0</b>	<b>11.5</b>	<b>0.5</b>	<b>4%</b>
Crushed stone	10.9	10.3	0.5	5%
Cement	0.5	0.3	0.1	32%
Other construction materials	0.7	0.9	-0.2	-18%
<b>Other</b>	<b>6.9</b>	<b>6.9</b>	<b>0.1</b>	<b>1%</b>
<b>Total</b>	<b>92.6</b>	<b>90.1</b>	<b>2.5</b>	<b>3%</b>

<b>Average Rolling Stock Operated, units</b>				
	2016	2015	Change	Change, %
Gondola cars	41,824	40,286	1,538	4%
Rail tank cars	12,593	12,938	-345	-3%
Locomotives	46	46	0	0%
Other railcars	715	982	-266	-27%
<b>Total</b>	<b>55,178</b>	<b>54,251</b>	<b>927</b>	<b>2%</b>

	2016	2015	Change	Change, %
<b>Average Number of Loaded Trips per Railcar</b>				
Gondola cars	25.2	24.7	0.5	2%
Rail tank cars	27.5	28.0	-0.4	-2%
Other railcars	55.1	48.5	6.6	14%
<b>Total</b>	<b>26.1</b>	<b>25.9</b>	<b>0.2</b>	<b>1%</b>

<b>Average Distance of Loaded Trip, km</b>				
	2016	2015	Change	Change, %
Gondola cars	1,970	1,828	142	8%
Rail tank cars	1,069	1,132	-63	-6%
Other railcars	914	998	-85	-8%
<b>Total</b>	<b>1,723</b>	<b>1,620</b>	<b>104</b>	<b>6%</b>

	2016	2015	Change	Change, %
<b>Average Price per Trip, RUB</b>	<b>28,975</b>	<b>27,294</b>	<b>1,681</b>	<b>6%</b>

<b>Net Revenue from Operation of Rolling Stock by cargo type, Rub million</b>				
	2016	2015	Change	Change, %
<b>Metallurgical cargoes</b>	<b>13,787</b>	<b>10,511</b>	<b>3,275</b>	<b>31%</b>
Ferrous metals	7,451	5,776	1,675	29%
Scrap metal	1,068	483	585	121%
Iron ore	5,268	4,252	1,015	24%
<b>Oil products and oil</b>	<b>18,684</b>	<b>21,263</b>	<b>-2,578</b>	<b>-12%</b>
<b>Coal (incl. coke)</b>	<b>4,061</b>	<b>3,006</b>	<b>1,055</b>	<b>35%</b>
<b>Construction materials (incl. cement)</b>	<b>2,951</b>	<b>1,844</b>	<b>1,107</b>	<b>60%</b>
<b>Other</b>	<b>2,274</b>	<b>1,944</b>	<b>330</b>	<b>17%</b>
<b>Total</b>	<b>41,757*</b>	<b>38,568*</b>	<b>3,189</b>	<b>8%</b>

<b>Net Revenue from Operation of Rolling Stock by cargo type, %</b>				
	2016	2015	Change	Change, %
Metallurgical cargoes (incl. ferrous metal, scrap metal and iron ore)	33%	27%	-	-
Oil products and oil	45%	55%	-	-
Coal (incl. coke)	10%	8%	-	-
Construction materials (incl. cement)	7%	5%	-	-
Other	5%	5%	-	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>

Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

\*Excluding operational and financial information of petrochemical tank container business segment. The revenue from this segment is included in "Other" revenue in EU IFRS statements.

Selected operational information for the year ended 31 December 2016 and prior periods are available in xls format at the corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

# Selected operational information for the year ended 31 December 2016, continued

## Operation of rolling stock (excl. Engaged Fleet)\*, continued

	2016	2015	Change	Change, %
<b>Net Revenue from Operation of Rolling Stock by largest clients (incl. their affiliates and suppliers), %</b>				
Rosneft	34%	40%	-	-
MMK	14%	12%	-	-
Metalloinvest	13%	11%	-	-
Gazpromneft	8%	8%	-	-
Evraz	5%	4%	-	-
Sovfracht	1%	3%	-	-
UGMK-Trans	2%	2%	-	-
TMK	1%	1%	-	-
Severstal	1%	1%	-	-
NNK	1%	1%	-	-
Other (incl. small and medium enterprises)	20%	17%	-	-

<b>Empty Run Ratio, %</b>				
Gondola cars	38%	39%	-	-
Rail tank cars and other railcars	99%	104%	-	-
<b>Total Empty Run Ratio, %</b>	<b>48%</b>	<b>51%</b>	-	-

<b>Empty Run Costs, Rub million</b>	2016	2015	Change	Change, %
	12,428*	11,804*	624	5%

<b>Share of Empty Run Kilometres Paid by Globaltrans, %</b>	2016	2015	Change	Change, %
	88%	88%	-	-

## Engaged Fleet

	2016	2015	Change	Change, %
<b>Net Revenue from Engaged Fleet, Rub million</b>	199*	821*	-622	-76%

## Operating leasing of rolling stock\*

	31-12-16	31-12-15	Change	Change, %
<b>Leased-out Fleet</b>				
Gondola cars	298	296	2	1%
Rail tank cars	9,447	9,161	286	3%
Locomotives	4	4	0	0%
Other railcars (incl. flat, hopper cars, etc)	473	497	-24	-5%
<b>Total</b>	<b>10,222</b>	<b>9,958</b>	<b>264</b>	<b>3%</b>
<i>Leased-out Fleet as % of Total Fleet</i>	15%	15%	-	-

## Employees

	31-12-16	31-12-15	Change	Change, %
<b>Employees by departments (simplified)</b>				
Operations	1,110	1,077	33	3%
Administrative	442	460	-18	-4%
<b>Total</b>	<b>1,552</b>	<b>1,537</b>	<b>15</b>	<b>1%</b>

Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

\*Excluding operational and financial information of petrochemical tank container business segment. The revenue from this segment is included in "Other" revenue in EU IFRS statements. Selected operational information for the year ended 31 December 2016 and prior periods are available in xls format at the corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

## Definitions (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 profit/(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 Profit Attributable to Non-controlling Interests** (a non-GAAP financial measure) is calculated as “Profit attributable to non-controlling interests” less share of “Impairment of property, plant and equipment” and “Impairment of intangible assets” attributable to non-controlling interests.

**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”.

**Attributable Free Cash Flow** (a non-GAAP financial measure) means Free Cash Flow less Adjusted Profit Attributable to Non-controlling Interests.

**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, Engaged Fleet, platforms and tank containers used in petrochemical business).

**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 “Amortisation 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, Engaged Fleet, platforms and tank containers used in petrochemical business.

**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, Engaged Fleet, platforms and tank containers used in petrochemical business).

**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”, “Purchases of property, plant and equipment” (which includes maintenance CAPEX), “Purchases of intangible assets” and “Acquisition of subsidiary undertakings - net of cash acquired”.

**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 and excludes performance of petrochemical tank container segment, 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 utilisation, and relocation of rolling stock in and from lease operations as well as other expenses including the empty run costs attributable to the petrochemical tank container business.

## Definitions (in alphabetical order, continued)

**Leased-in Fleet** is defined as fleet leased-in under operating leases, including railcars, locomotives and petrochemical tank containers.

**Leased-out Fleet** is defined as fleet leased out to third parties under operating leases (excluding platforms and tank containers used in petrochemical business).

**Leverage Ratio** (a non-GAAP financial measure) means the ratio of Net Debt on the last day of a particular financial year to adjusted EBITDA in respect of that financial year.

**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.

**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", "Impairment of property, plant and equipment", "Net profit/(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", "Amortisation of intangible assets", "Loss on derecognition arising on capital repairs", "Impairment charge for receivables", "Impairment of property, plant and equipment" and "Net profit/(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 fleet owned and leased in under finance lease as at the end of the reporting period. It includes railcars, locomotives and petrochemical tank containers 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, Engaged Fleet, platforms and tank containers used in petrochemical business in the relevant period).

**Total Empty Run Ratio** is calculated as total kilometres travelled empty divided by the total kilometres travelled loaded by the rolling stock 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, Engaged Fleet, platforms and tank containers used in petrochemical business) in the relevant period.

**Total Fleet** is defined as the fleet owned and leased in under finance and operating leases as at the end of reporting period. It includes railcars, locomotives and petrochemical tank containers 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 and excludes performance of petrochemical tank container segment, unless otherwise stated.

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