

For immediate release

26 March 2018

**Globaltrans Investment PLC****Full-Year 2017 Results,  
Final and Special Final Dividends proposed**

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 year ended 31 December 2017 along with proposed final and special final dividends.

*In this announcement, the Group has used certain measures not recognised by EU IFRS or IFRS (referred to as "non-GAAP measures") as supplemental measures of the Group's operating performance. The management believes that these non-GAAP measures provide valuable information to readers, because they enable them to focus more directly on the underlying day-to-day performance of the Group's business. The Company also reports certain operational information to illustrate the changes in the Group's operational and financial performance during the reporting periods. 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").*

**Continued strong financial performance and further strengthened balance sheet**

- Total revenue rose 12% year on year to RUB 78.1 billion.
- Adjusted Revenue increased 18% year on year to RUB 52.1 billion.
- Total Operating Cash Costs reduced by 1% year on year, driven by efficient fleet management and thorough cost control.
- Operating profit rose 86% year on year to RUB 20.2 billion.
- Adjusted EBITDA increased 46% to RUB 25.8 billion, with Adjusted EBITDA Margin expanding to 50%.
- Free Cash Flow up 92% year on year to RUB 17.0 billion due to a strong increase in cash generated from operations. Attributable Free Cash Flow increased 114% year on year to RUB 15.5 billion.
- Profit for the year was up 126% year on year to RUB 13.8 billion.
- Leverage further improved with Net Debt to Adjusted EBITDA at 0.4x (2016 end: 0.7x)
- Net Debt declined 1% to RUB 11.4 billion compared to the end of 2016. 100% of debt denominated in RUB, the Company's functional currency.

**Final and special final dividends proposed in respect of 2017**

- The Board has proposed a final dividend of RUB 4.2 billion or RUB 23.25 per ordinary share/Global Depository Receipt ("GDR") which is in line with the Group's dividend policy and equates to 50% of the Group's Attributable Free Cash Flow for the second half of 2017.
- The Board has also proposed a special final dividend of RUB 3.9 billion or RUB 21.60 per ordinary share/GDR to maintain the Group's efficient capital structure.
- The proposed total final payment to shareholders therefore amounts to RUB 8.0 billion or RUB 44.85 per share/GDR.
- Dividend payments are subject to shareholders' approval at the Annual General Meeting, which will take place on 23 April 2018<sup>1</sup>.

**High fleet efficiency and further successful development of client partnerships**

- The Group's Freight Rail Turnover and Transportation Volumes stood broadly flat year on year<sup>2</sup>.

<sup>1</sup> 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. The shareholder dividend record date is set as 23 April 2018. The GDRs will be marked as ex-dividend on 20 April 2018.

<sup>2</sup> The Group's Freight Rail Turnover (excl. Engaged Fleet) stood broadly unchanged year on year at 160.1 billion tonnes-km in 2017; Transportation Volumes (excl. Engaged Fleet) declined 1% year on year to 91.9 million tonnes in 2017.

- Strong volume growth in priority bulk cargoes segments: metallurgical cargoes<sup>3</sup> (up 6% year on year) and coal<sup>4</sup> (up 4% year on year). Volumes in oil products and oil segment down 3% year on year reflecting a 13% decline in average number of rail tank cars in operation.
- Average Number of Loaded Trips per Railcar up 2% y-o-y while Average Distance of Loaded Trip remained stable.
- Average Rolling Stock Operated reduced by 3% reflecting an intended decrease in the number of leased-in rail tanks.
- High fleet efficiency with further improved Empty Run Ratio resulting in reduced Empty Run Costs.
  - Empty Run Ratio for gondola cars improved to 37% (2016: 38%).
  - Total Empty Run Ratio (for all types of railcars) down to 45% (2016: 48%).
  - Share of Empty Run Kilometers paid by Globaltrans declined to 86% (2016: 88%).
- Successful development of client relationships – long-term partnership with MMK extended for a further 18 months until the end of September 2020<sup>5</sup>.
- Average Price per Trip up 20% year on year to RUB 34,790, reflecting the steady recovery in the gondola segment.

### **Market environment in the gondola segment remains robust**

- Continued robust demand with 6% year on year increase in overall Russian freight rail turnover and overall transportation volumes up 3% in 2017.
- Bulk cargo segment performed strongly as non-oil cargo market volumes increased 4% year on year driving further recovery in pricing conditions.
- The oil products and oil segment stabilised with market volumes unchanged at the low levels of 2016 and the pricing environment remaining relatively stable.

### **Outlook**

- Pricing environment in the gondola segment remains favourable subject to economic conditions and supply-demand balance.
- Weak market environment in the oil products and oil segment is likely to continue.
- Ongoing overall cost pressures are expected to continue, specifically for Empty Runs reflecting a 5.3% year on year rise in regulated RZD tariffs (including for the traction of empty railcars), as well as cost inflation in repair and maintenance.
- The management team will continue to focus on:
  - Achieving operational efficiencies and cost discipline;
  - Considering selective, demand-based investments, the acquisition of up to 1,500 units<sup>6</sup> targeted for 2018 (about 2.5% of the Group's Owned Fleet);
  - Investigating accretive consolidation opportunities and attractive niche projects in the freight rail transportation market.

### **Commenting on Globaltrans' results for 2017, CEO Valery Shpakov, said:**

"In 2017, Globaltrans delivered a strong financial performance, capitalising on the continued growth of the freight rail transportation market, and in particular the gondola segment. Our excellent operating and financial performance has demonstrated the benefits of our consistent strategy and effective business model. Over the year, the Group delivered a strong increase across all key financial metrics. Our high fleet efficiency and the professionalism of our management team enabled us to further optimise costs and improve our margins.

We continued to place great emphasis on capital discipline and focused only on selective investments, as some opportunities did not meet our strict return criteria. We have one of the best-invested large fleets in the industry and we see further scope for selective expansion in the Russian freight rail sector, including accretive opportunities in niche markets.

We have an excellent platform from which to deliver further growth in the coming years. 2018 has started well, market conditions remain favourable and current trading is in line with our expectations".

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<sup>3</sup> Metallurgical cargoes including ferrous metals, scrap metal and iron ore.

<sup>4</sup> Coal including coke.

<sup>5</sup> Partnership with MMK was extended at the beginning of 2018.

<sup>6</sup> Including various types of rolling stock and tank containers.

## **Commenting on returns to shareholders, Chairman Michael Zampelas, said:**

“2017 was an outstanding year for Globaltrans. A robust Russian economy and favourable market conditions helped the Group to deliver a great result and reconfirm its status as one of Russia’s most dynamic and well-managed freight rail companies.

We reported a strong financial performance and our consistently robust cash flows combined with low leverage and moderate capital expenditure enabled us to deliver attractive returns to our shareholders.

Including the interim and special interim dividends paid in September 2017 as well as proposed final and special final dividends, total dividends to be paid to shareholders for 2017 will reach RUB 16.0 billion or RUB 89.65 per share/GDR<sup>7</sup>, equivalent to over 100% of the Group’s Attributable Free Cash Flow for the year. This includes RUB 7.8 billion of regular dividend payments consistent with our policy to pay out 50% of the Group’s Attributable Free Cash Flow as well as special dividend payments of RUB 8.3 billion to maintain an efficient capital structure.

We remain focused on taking a disciplined approach to capital allocation and will continue to return excess capital not required by the business to shareholders in the form of special dividends whilst ensuring we maintain a strong balance sheet.”

## **DOWNLOADS**

The disclosure materials along with the selection of historical operational and financial information are available on Globaltrans’ corporate website ([www.globaltrans.com](http://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, CEO and Alexander Shenets, CFO.

Date: Monday, 26 March 2018

Time: 13.00 London / 08.00 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 20 3003 2666

As there will be simultaneous translation for the first part of the call (slide presentation), you should state whether you prefer to listen in English or Russian. During the Q&A session, all participants will hear both languages. There will also be a webcast of the call available through the Globaltrans website ([www.globaltrans.com](http://www.globaltrans.com)). Please note that this will be a listen-only facility.

## **ENQUIRIES**

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### **For international media**

Teneo Blue Rubicon

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<sup>7</sup> Subject to shareholders’ approval of proposed final and special final dividends.

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## NOTES TO EDITORS

Globaltrans is a leading 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 prominent Russian industrial groups in the metals and mining and the oil products and oil sectors.

The Group had a Total Fleet of about 67 thousand units at the end of 2017. Universal gondola cars and rail tank cars constitute the backbone of the Group's fleet. About 92% of the Total Fleet is owned by the Group with an average age of 11 years.

In 2017, the Group's Freight Rail Turnover (including Engaged Fleet) was 178.2 billion tonnes-km with the total revenue amounted to RUB 78.1 billion.

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](http://www.globaltrans.com)

## RESULTS IN DETAIL

The following table provides the Group's key financial and operational information for the years ended 31 December 2017 and 2016.

### EU IFRS financial information

	2016 RUB mln	2017 RUB mln	Change %
Revenue	69,488	78,081	12%
Total cost of sales, selling and marketing costs and administrative expenses	(58,780)	(58,698)	0%
Operating profit	10,824	20,156	86%
Finance costs – net	(2,312)	(1,802)	-22%
Profit before income tax	8,451	18,354	117%
Income tax expense	(2,336)	(4,534)	94%
Profit for the year	6,115	13,820	126%
<i>Profit attributable to:</i>			
Owners of the Company	4,473	12,289	175%
Non-controlling interests	1,642	1,531	-7%
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RUB per share)	25.02	68.75	175%

	2016 RUB mln	2017 RUB mln	Change %
Cash generated from operations	17,663	27,496	56%
Tax paid	(1,588)	(3,632)	129%
Net cash from operating activities	16,076	23,864	48%
Net cash used in investing activities	(4,482)	(4,028)	-10%
Net cash used in financing activities	(10,615)	(19,171)	81%

## Non-GAAP financial information

	2016 RUB mln	2017 RUB mln	Change %
Adjusted Revenue	44,249	<b>52,094</b>	18%
<i>Including</i>			
Net Revenue from Operation of Rolling Stock	41,757*	<b>49,709*</b>	19%
Operating leasing of rolling stock	1,473	<b>1,212</b>	-18%
Net Revenue from Engaged Fleet	199*	<b>173*</b>	-13%
Other revenue	820	<b>1,000</b>	22%
Total Operating Cash Costs	26,490	<b>26,303</b>	-1%
<i>Including</i>			
Empty Run Cost	12,428*	<b>12,154*</b>	-2%
Repairs and maintenance	3,605	<b>3,769</b>	5%
Employee benefit expense	2,946	<b>3,426</b>	16%
Operating lease rentals – rolling stock	1,557	<b>1,634</b>	5%
Adjusted EBITDA	17,677	<b>25,789</b>	46%
Adjusted EBITDA Margin, %	40%	<b>50%</b>	-
Free Cash Flow	8,882	<b>17,048</b>	92%
Attributable Free Cash Flow	7,240	<b>15,517</b>	114%

## Debt profile

	As of 31 December 2016 RUB mln	As of 31 December 2017 RUB mln	Change %
Total debt	16,292	<b>16,331</b>	0%
Cash and cash equivalents	4,773	<b>4,966</b>	4%
Net Debt	11,519	<b>11,365</b>	-1%
Net Debt to Adjusted EBITDA (x)	0.7	<b>0.4</b>	-

## Operational information

	2016	2017	Change, %
Freight Rail Turnover, billion tonnes-km (excl. Engaged Fleet)	160.7	<b>160.1</b>	0%
Transportation Volume, million tonnes (excl. Engaged Fleet)	92.6	<b>91.9</b>	-1%
Freight Rail Turnover, billion tonnes-km (incl. Engaged Fleet)	182.0	<b>178.2</b>	-2%
Transportation Volume, million tonnes (incl. Engaged Fleet)	103.3	<b>101.1</b>	-2%
Average Price per Trip, RUB	28,975	<b>34,790</b>	20%
Average Rolling Stock Operated, units	55,178	<b>53,584</b>	-3%
Average Distance of Loaded Trip, km	1,723	<b>1,720</b>	0%
Average Number of Loaded Trips per Railcar	26.1	<b>26.7</b>	2%
Total Empty Run Ratio (for all types of rolling stock), %	48%	<b>45%</b>	-
Empty Run Ratio for gondola cars, %	38%	<b>37%</b>	-
Share of Empty Run Kilometres paid by Globaltrans	88%	<b>86%</b>	-
Total Fleet, units (at year end), including:	68,511	<b>66,692</b>	-3%
Owned Fleet, units (at year end)	60,846	<b>61,250</b>	1%
Leased-in Fleet, units (at year end)	7,665	<b>5,442</b>	-29%
Leased-out Fleet, units (at year end)	10,222	<b>9,080</b>	-11%
Average age of Owned Fleet, years (at year end)	10.3	<b>11.1</b>	-
Total number of employees (at year end)	1,552	<b>1,594</b>	3%

## Revenue

The Group's Total revenue rose 12% year on year to RUB 78,081 million in 2017, while Adjusted Revenue increased by 18% year on year. Net Revenue from Operation of Rolling Stock (a key component of Adjusted Revenue) was up 19% year on year driven by the continued strong market environment in the gondola segment.

The following table provides details of Total revenue, broken down by revenue-generating activity, for the years ended 31 December 2017 and 2016.

	2016 RUB mln	2017 RUB mln	Change %
Railway transportation – operators services (tariff borne by the Group) <sup>8</sup>	42,658	44,371	4%
Railway transportation – operators services (tariff borne by the client)	24,538	31,497	28%
Operating leasing of rolling stock	1,473	1,212	-18%
Other	820	1,000	22%
<b>Total revenue</b>	<b>69,488</b>	<b>78,081</b>	<b>12%</b>

## Adjusted Revenue

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

In 2017, the Group’s Adjusted Revenue grew 18% year on year to RUB 52,094 million, mainly due to a 19% year-on-year increase in Net Revenue from Operation of Rolling Stock, which was partially offset by a decline in revenues from auxiliary leasing and Engaged Fleet operations.

The following table provides details of Adjusted Revenue for the years ended 31 December 2017 and 2016, and its reconciliation to Total revenue.

	2016 RUB mln	2017 RUB mln	Change %
Total revenue	69,488	78,081	12%
<i>Minus “pass through” items</i>			
Infrastructure and locomotive tariffs: loaded trips	22,251	22,508	1%
Services provided by other transportation organisations	2,988	3,478	16%
<b>Adjusted Revenue</b>	<b>44,249</b>	<b>52,094</b>	<b>18%</b>

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 auxiliary 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 the components of Adjusted Revenue for the years ended 31 December 2017 and 2016.

	2016 RUB mln	2017 RUB mln	Change %
Net Revenue from Operation of Rolling Stock	41,757*	49,709*	19%
Operating leasing of rolling stock	1,473	1,212	-18%
Net Revenue from Engaged Fleet	199*	173*	-13%
Other	820	1,000	22%
<b>Adjusted Revenue</b>	<b>44,249</b>	<b>52,094</b>	<b>18%</b>

## Net Revenue from Operation of Rolling Stock

Net Revenue from Operation of Rolling Stock is a non-GAAP financial measure, derived from management accounts, describing the net revenue generated from freight rail transportation and is defined as “Total revenue – operator’s services”<sup>9</sup> less “Infrastructure and locomotive tariffs: loaded trips”, “Services provided by other transportation organisations” and Net Revenue from Engaged Fleet.

<sup>8</sup> Includes “Infrastructure and locomotive tariffs: loaded trips” for 2017 of RUB 22,508 million (2016: RUB 22,251 million) and “Services provided by other transportation organisations” for 2017 of RUB 3,478 million (2016: RUB 2,988 million).

<sup>9</sup> Defined as the sum of the following EU IFRS line items: “Railway transportation – operator’s services (tariff borne by the Group)” and “Railway transportation – operator’s services (tariff borne by the client)”.

Net Revenue from Operation of Rolling Stock contributed 95% of the Group's Adjusted Revenue in 2017.

The following table provides Net Revenue from Operation of Rolling Stock for the years ended 31 December 2017 and 2016, and its reconciliation to Total revenue – operator's services.

	2016 RUB mln	2017 RUB mln	Change %
Total revenue – operator's services <sup>9</sup>	67,195	75,868	13%
<i>Minus</i>			
Infrastructure and locomotive tariffs: loaded trips	22,251	22,508	1%
Services provided by other transportation organisations	2,988	3,478	16%
Net Revenue from Engaged Fleet	199*	173*	-13%
<b>Net Revenue from Operation of Rolling Stock</b>	<b>41,757*</b>	<b>49,709*</b>	<b>19%</b>

The Group's Net Revenue from Operation of Rolling Stock increased by 19% year on year to RUB 49,709 million\* in 2017. This strong performance was underpinned by the continued strong market environment in the gondola segment:

- Average Price per Trip increased 20% year on year to RUB 34,790;
- Average Rolling Stock Operated was down 3% year on year to 53,584 units which was driven by an intentional decline in the number of leased-in rail tank cars;
- Average Number of Loaded Trips per Railcar was up 2% year on year to 26.7 trips.

#### Revenue from operating leasing of rolling stock

Revenue from operating leasing of rolling stock, which contributed 2% of the Group's Adjusted Revenue in 2017, dropped 18% year on year to RUB 1,212 million, reflecting a decline in leasing rates in the rail tank car segment along with a reduction in number of non-core specialised railcars leased-out due to sale to third parties.

#### Net Revenue from Engaged Fleet

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

In 2017, Net Revenue from Engaged Fleet, comprising less than 1% of the Group's Adjusted Revenue, decreased 13% year on year to RUB 173 million\*. This was driven by lower volumes and decreased profitability of the Engaged Fleet operations on the back of the gondola segment recovery.

#### Other revenue

Other revenue (2% of the Group's Adjusted Revenue), which mainly includes revenues from auxiliary services, grew 22% year on year to RUB 1,000 million. This reflected an increase in revenue from the transportation of petrochemicals in tank containers on the back of gradual commissioning into operation of purchased 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 years ended 31 December 2017 and 2016.

	2016 RUB mln	2017 RUB mln	Change %
Cost of sales	54,906	54,609	-1%
Selling and marketing costs	235	238	1%
Administrative expenses	3,639	3,851	6%
<b>Total cost of sales, selling and marketing costs and administrative expenses</b>	<b>58,780</b>	<b>58,698</b>	<b>0%</b>

In 2017, the Group's Total cost of sales, selling and marketing costs and administrative expenses stood stable year on year and amounted to RUB 58,698 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 organisations”) rose 3% year on year to RUB 25,986 million;
- The Group's Cost of sales, selling and marketing costs and administrative expenses adjusted for the “pass-through” cost items decreased 2% year on year to RUB 32,712 million in 2017, which reflected:
  - Continued excellent cost control with Total Operating Cash Costs down 1% year on year to RUB 26,303 million.
  - Total Operating Non-Cash Costs were down 9% year on year to RUB 6,409 million in 2017 driven primarily by a decline in Loss on derecognition arising on capital repairs along with Amortisation of intangible assets and Impairment of property, plant and equipment.

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:

	2016 RUB mln	2017 RUB mln	Change %
<b>“Pass through” cost items</b>	<b>25,239</b>	<b>25,986</b>	<b>3%</b>
<i>Infrastructure and locomotive tariffs: loaded trips</i>	22,251	22,508	1%
<i>Services provided by other transportation organisations</i>	2,988	3,478	16%
<b>Total cost of sales, selling and marketing costs and administrative expenses (adjusted for “pass through” cost items)</b>	<b>33,541</b>	<b>32,712</b>	<b>-2%</b>
<b>Total Operating Cash Costs</b>	<b>26,490</b>	<b>26,303</b>	<b>-1%</b>
<i>Empty Run Costs</i>	12,428*	12,154*	-2%
<i>Repairs and maintenance</i>	3,605	3,769	5%
<i>Employee benefit expense</i>	2,946	3,426	16%
<i>Operating lease rentals - rolling stock</i>	1,557	1,634	5%
<i>Fuel and spare parts – locomotives</i>	1,494	1,519	2%
<i>Infrastructure and Locomotive Tariffs - Other Tariffs</i>	1,438*	949*	-34%
<i>Engagement of locomotive crews</i>	576	662	15%
<i>Other Operating Cash Costs</i>	2,447	2,189	-11%
<b>Total Operating Non-Cash Costs</b>	<b>7,051</b>	<b>6,409</b>	<b>-9%</b>
<i>Depreciation of property, plant and equipment</i>	4,958	4,962	0%
<i>Amortisation of intangible assets</i>	836	718	-14%
<i>Loss on derecognition arising on capital repairs</i>	887	528	-40%
<i>Impairment charge for receivables</i>	82	61	-26%
<i>Impairment of property, plant and equipment</i>	228	111	-51%
<i>Net loss on sale of property, plant and equipment</i>	59	29	-52%
<b>Total cost of sales, selling and marketing costs and administrative expenses</b>	<b>58,780</b>	<b>58,698</b>	<b>0%</b>

## “Pass through” cost items

### Infrastructure and locomotive tariffs: loaded trips

Infrastructure and locomotive tariffs: loaded trips is in principle a “pass through” cost item for the Group<sup>10</sup> and is reflected in equal amounts in both the Group's Total revenue and Cost of sales. This cost item rose 1% year on year to RUB 22,508 million in 2017 primarily due to an increase in the regulated RZD tariffs (including for the traction of empty railcars).

### Services provided by other transportation organisations

*Services provided by other transportation organisations 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).*

<sup>10</sup> Under contracts where the RZD tariff is borne by the Group, the Group has a contractual relationship with the client. The Group sets the terms of the transactions, such as selling and payment terms and in some cases, bears credit risk and controls the flow of receipts and payments.



On the back of the gondola segment recovery, Services provided by other transportation organisations increased 16% year on year to RUB 3,478 million in 2017.

## 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 decreased 1% year on year to RUB 26,303 million in 2017 due to a combination of factors described below.

The following table provides a breakdown of the Total Operating Cash Costs for the years ended 31 December 2017 and 2016.

	<b>2017</b> <b>% of total</b>	<b>2016</b> <b>RUB mln</b>	<b>2017</b> <b>RUB mln</b>	<b>Change</b> <b>%</b>
Empty Run Costs	46%	12,428*	12,154*	-2%
Repairs and maintenance	14%	3,605	3,769	5%
Employee benefit expense	13%	2,946	3,426	16%
Operating lease rentals - rolling stock	6%	1,557	1,634	5%
Fuel and spare parts – locomotives	6%	1,494	1,519	2%
Infrastructure and Locomotive Tariffs - Other Tariffs	4%	1,438*	949*	-34%
Engagement of locomotive crews	3%	576	662	15%
Other Operating Cash Costs	8%	2,447	2,189	-11%
<b>Total Operating Cash Costs</b>	<b>100%</b>	<b>26,490</b>	<b>26,303</b>	<b>-1%</b>

## Empty Run Costs

*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.*

In 2017, Empty Run Costs accounted for 46% of the Group’s Total Operating Cash Costs. This cost item declined 2% year on year to RUB 12,154 million\* in 2017. This resulted from a combination of the following factors:

- 6% year-on-year increase in the regulated RZD tariffs (including for the traction of empty railcars);
- The Group’s Total Empty Run Ratio (for all types of rolling stock) decreased to 45% (2016: 48%) with the Empty Run Ratio for gondola cars improving to 37% (2016: 38%); and
- The Share of Empty Run Kilometres paid by Globaltrans improved to 86% in 2017 from 88% in the previous year;
- The Group’s Freight Rail Turnover stood broadly flat year on year.

## Repairs and maintenance

Repairs and maintenance costs, which comprised 14% of the Group’s Total Operating Cash Costs in 2017, increased 5% year on year to RUB 3,769 million as the inflationary driven growth in the cost of spare parts along with a rise in the number of depot repairs were partially offset by a decline in the number of current repairs and increase in proceeds from the sale of second-hand spare parts.

## Employee benefit expense

Employee benefit expense, which accounted for 13% of the Group’s Total Operating Cash Costs, increased 16% year on year to RUB 3,426 million in 2017. This reflected a 3% year-on-year increase in the average headcount, a rise in wages and salaries as well as higher bonus payments and a related increase in social insurance costs.

## Operating lease rentals - rolling stock

Operating lease rentals - rolling stock, which comprised 6% of the Group’s Total Operating Cash Costs in 2017, was up 5% year on year to RUB 1,634 million, reflecting a rise in leasing rates for gondola cars. This was

partially offset by the intentional reduction in the average number of rail tank cars leased-in compared to the previous year.

### Fuel and spare parts - locomotives

Fuel and spare parts - locomotives expenses, comprising 6% of the Group's Total Operating Cash Costs, totalled RUB 1,519 million in 2017, 2% higher than in the previous year. The increase in this cost item reflected an inflation-driven increase in fuel costs and a rise in the number of spare parts used.

### Infrastructure and Locomotive Tariffs - Other Tariffs

*Infrastructure and Locomotive Tariffs - Other Tariffs (a non-GAAP financial measure, derived from management accounts), 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. This cost item includes the costs of the relocation of rolling stock to and from maintenance, the transition of purchased rolling stock to its first place of commercial utilisation, and the relocation of rolling stock in and from lease operations as well as other expenses including empty run costs attributable to petrochemical tank container business.*

Infrastructure and Locomotive Tariffs - Other Tariffs (4% of the Group's Total Operating Cash Costs) totalled RUB 949 million\* in 2017, a decrease of 34% year on year, reflecting a decline in the cost of relocation of rolling stock in and from lease operations and the optimisation of other expenses related to the arrangement of transportation services.

### Engagement of locomotive crews

Costs related to the engagement of locomotive crews from RZD (3% of the Group's Total Operating Cash Costs) increased 15% year on year to RUB 662 million in 2017, primarily reflecting an increase in engagement costs.

### Other Operating Cash Costs

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

The following table provides a breakdown of the Other Operating Cash Costs for the years ended 31 December 2017 and 2016.

	2016 RUB mln	2017 RUB mln	Change %
Advertising and promotion	28	31	13%
Auditors' remuneration	64	56	-12%
Communication costs	35	37	6%
Information services	27	19	-29%
Legal, consulting and other professional fees	71	69	-3%
Rental of tank containers	65	64	-2%
Operating lease rentals – office	208	180	-14%
Taxes (other than on income and value added taxes)	839	746	-11%
Other expenses	1,111	987	-11%
<b>Other Operating Cash Costs</b>	<b>2,447</b>	<b>2,189</b>	<b>-11%</b>

Other Operating Cash Costs, which comprised 8% of the Group's Total Operating Cash Costs, were down 11% to RUB 2,189 million in 2017 compared to the previous year. The reduction in this cost item reflected a decrease in Taxes (other than income tax and value added taxes) which predominantly includes property tax, a decrease in Operating lease rentals – office along with Other expenses.

### Total Operating Non-Cash Costs

*Total Operating Non-Cash Costs (a non-GAAP financial measure) include cost items such as "Depreciation of property, plant and equipment", "Amortisation 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”.

The following table provides a breakdown of the Total Operating Non-Cash Costs for the years ended 31 December 2017 and 2016.

	2016 RUB mln	2017 RUB mln	Change %
Depreciation of property, plant and equipment	4,958	4,962	0%
Amortisation of intangible assets	836	718	-14%
Loss on derecognition arising on capital repairs	887	528	-40%
Impairment charge for receivables	82	61	-26%
Impairment of property, plant and equipment	228	111	-51%
Net loss on sale of property, plant and equipment	59	29	-52%
<b>Total Operating Non-Cash Costs</b>	<b>7,051</b>	<b>6,409</b>	<b>-9%</b>

Total Operating Non-Cash Costs were down 9% year on year to RUB 6,409 million in 2017, mainly reflecting a combination of the following key factors:

- Amortisation of intangible assets was at RUB 718 million, down 14% year on year owing to the full amortisation of the client relationship with Metalloinvest in the first six months of 2017;
- Loss on derecognition arising on capital repairs<sup>11</sup> declined 40% year on year to RUB 528 million reflecting the lower number of capital repairs undertaken in the reporting year.

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

Adjusted EBITDA (a non-GAAP financial measure) represents EBITDA excluding “Net foreign exchange transaction gain/(losses) from 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”, “Loss on derecognition arising on capital repairs” and “Reversal of impairment of intangible assets”.

In 2017 the Group’s Adjusted EBITDA reached RUB 25,789 million, representing a 46% increase compared to the previous year. The Adjusted EBITDA Margin expanded to 50% from 40% in the previous year, on the back of a 18% year-on-year rise in Adjusted Revenue and 1% year-on-year decline in Total Operating Cash Costs.

The following table provides details on Adjusted EBITDA for the years ended 31 December 2017 and 2016, and its reconciliation to EBITDA and Profit for the year.

	2016 RUB mln	2017 RUB mln	Change %
<b>Profit for the year</b>	<b>6,115</b>	<b>13,820</b>	<b>126%</b>
<i>Plus (Minus)</i>			
Income tax expense	2,336	4,534	94%
Finance costs – net	2,312	1,802	-22%
Net foreign exchange transaction losses from financing activities	(291)	(237)	-19%
Amortisation of intangible assets	836	718	-14%
Depreciation of property, plant and equipment	4,958	4,962	0%
<b>EBITDA</b>	<b>16,266</b>	<b>25,600</b>	<b>57%</b>
<i>Minus (Plus)</i>			
Loss on derecognition arising on capital repairs	(887)	(528)	-40%
Net foreign exchange transaction losses from financing activities	(291)	(237)	-19%
Other gains – net	116	85	-27%
Share of loss of associate	(61)	-	-100%
Net loss on sale of property, plant and equipment	(59)	(29)	-52%
Impairment of property, plant and equipment	(228)	(111)	-51%
Reversal of impairment of intangible assets	-	630	NM
<b>Adjusted EBITDA</b>	<b>17,677</b>	<b>25,789</b>	<b>46%</b>

<sup>11</sup> 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.

## Finance income and costs

The following table provides a breakdown of Finance income and costs for years ended 31 December 2017 and 2016.

	2016 RUB mln	2017 RUB mln	Change %
<i>Included in finance costs:</i>			
Borrowings from third parties	(2)	-	-100%
Bank borrowings	(2,271)	(1,992)	-12%
Total interest expense	(2,274)	(1,992)	-12%
Other finance costs	(7)	(55)	722%
<b>Total finance costs</b>	<b>(2,280)</b>	<b>(2,046)</b>	<b>-10%</b>
<i>Included in finance income:</i>			
Loans receivables from third parties	0.2	3	1,651%
Bank balances	60	86	43%
Short term deposits	183	346	89%
Finance leases	16	46	186%
Total interest income	259	481	86%
<b>Total finance income</b>	<b>259</b>	<b>481</b>	<b>86%</b>
Net foreign exchange transaction (losses)/gains on borrowings, dividend payable and other liabilities	(1)	272	NM
Net foreign exchange transaction losses on cash and cash equivalents and other monetary assets	(290)	(508)	75%
<b>Net foreign exchange transaction losses from financing activities</b>	<b>(291)</b>	<b>(237)</b>	<b>-19%</b>
<b>Net finance costs</b>	<b>(2,312)</b>	<b>(1,802)</b>	<b>-22%</b>

### Total finance costs

The decline in the Group's average level of total debt and the weighted average effective interest rate over the year led to a 10% year-on-year decrease in Total finance costs to RUB 2,046 million in 2017.

### Total finance income

In 2017, the Group's total finance income climbed 86% year on year to RUB 481 million, reflecting primarily an increase in the amount of short term bank deposits and bank balances.

### Net foreign exchange transaction losses from financing activities

Net foreign exchange transaction losses from financing activities (including available cash and cash equivalents denominated in foreign currency and dividend payable) were down 19% year on year to RUB 237 million, reflecting the lower foreign exchange volatility compared to the previous year.

## Profit before income tax

The Group reported Profit before income tax of RUB 18,354 million in 2017, representing an increase of 117% compared to the previous year. This was driven by the following factors:

- 86% year-on-year rise in the Group's Operating profit to RUB 20,156 million, largely due to the factors described above;
- 22% year-on-year reduction in Net finance costs to RUB 1,802 million.

## Income tax expense

Income tax expense increased 94% to RUB 4,534 million in 2017, reflecting the 117% rise in the Group's Profit before income tax, which was partially offset by the decline in the weighted average annual income tax rate for 2017 to 24.7% compared to 27.6% in 2016.

The decrease in the weighted average annual income tax rate reflects the decrease in the provision for withholding tax on intra-group dividends as compared to the previous year.

## Profit for the year

The Group's Profit for the year grew 126% year on year and reached RUB 13,820 million in 2017, reflecting the factors described above.

Profit attributable to owners of the Company climbed 175% year on year to RUB 12,289 million primarily benefitting from the strong performance delivered by the wholly-owned gondola business as described above.

## LIQUIDITY AND CAPITAL RESOURCES

In 2017, the Group's capital expenditure consisted primarily of maintenance CAPEX (including capital repairs) and the selective acquisition of gondola cars 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 2016, and proceeds from borrowings.

The Group manages its liquidity based on expected cash flows. As at 31 December 2017, the Group had Net Working Capital of RUB 979 million\*. Given its anticipated operating cash flow and borrowings, the Group believes that it has sufficient working capital to operate successfully.

## Cash flows

The following table sets out the principal components of the Group's consolidated cash flow statement for the years ended 31 December 2017 and 2016.

	2016 RUB mln	2017 RUB mln
Cash flows from operating activities	17,875	25,877
<i>Changes in working capital:</i>		
Inventories	202	106
Trade and other receivables	(268)	763
Trade and other payables	(146)	748
Cash generated from operations	17,663	27,496
Tax paid	(1,588)	(3,632)
<b>Net cash from operating activities</b>	<b>16,076</b>	<b>23,864</b>
<i>Cash flows from investing activities</i>		
Loans repayments received from third parties	16	11
Purchases of property, plant and equipment	(4,932)	(4,872)
Purchases of intangible assets	-10	-
Proceeds from disposal of property, plant and equipment	177	268
Proceeds from sale of associates	-	61
Interest received	262	481
Receipts from finance lease receivable	4	24
<b>Net cash used in investing activities</b>	<b>(4,482)</b>	<b>(4,028)</b>
<i>Cash flows from financing activities</i>		
Net cash outflows from borrowings <sup>12</sup>	(4,088)	(13)
Interest paid	(2,252)	(1,944)
Contribution from non-controlling interests	8	-
Dividends paid to Company's shareholders	(2,218)	(15,014)
Dividends paid to non-controlling interests	(2,065)	(2,200)
<b>Net cash used in financing activities</b>	<b>(10,615)</b>	<b>(19,171)</b>
Net increase in cash and cash equivalents	978	665
Exchange losses on cash and cash equivalents	(309)	(473)
Cash and cash equivalents at beginning of year	4,104	4,773
<b>Cash and cash equivalents at end of year</b>	<b>4,773</b>	<b>4,966</b>

<sup>12</sup> Net Cash inflows (outflows) from borrowings defined as the balance between the following line items: "Proceeds from borrowings" and "Repayments of borrowings".

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

In 2017, Net cash generated from operating activities rose 48% year on year to RUB 23,864 million, reflecting a 56% year-on-year increase in Cash generated from operations (after “Changes in working capital”), offset in part by a 129% year-on-year increase in Tax paid.

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

Net cash used in investing activities amounted to RUB 4,028 million, 10% lower than in the previous year, while purchases of property, plant and equipment remained relatively unchanged.

- Purchases of property, plant and equipment (including maintenance CAPEX) decreased 1% year on year to RUB 4,872 million as greater expansion CAPEX, including selective acquisitions of gondola cars and petrochemical tank containers, was more than offset by lower maintenance CAPEX as a result of a decrease in the number of capital repairs compared to the previous year;
- In 2017, the proceeds from the sale of property, plant and equipment increased 51% to RUB 268 million primarily reflecting the scrapping of railcars that had come to the end of their useful life, increased prices for scrap as well as the sale of non-core specialised railcars to third parties;
- Interest received was up 84% year on year to RUB 481 million primarily reflecting an increase in the amount of short term bank deposits and bank balances.

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

Net cash used in financing activities amounted to RUB 19,171 million in 2017, an increase of 81% compared to the previous year. This was due to a combination of the following factors:

- In 2017, the Net cash outflows from borrowings and finance leases<sup>12</sup> reached RUB 13 million compared to RUB 4,088 million in the previous year reflecting the net effect of proceeds and repayment of borrowings broadly balancing each other;
- 14% year-on-year decrease in Interest paid to RUB 1,944 million in 2017, due to the improvement in the Group’s weighted average effective interest rate and a decrease in the average level of total debt over the year;
- The increase in Dividends paid to Company’s shareholders to RUB 15,014 million compared to RUB 2,218 million in 2016 reflecting a combination of dividends paid in respect of 2016 and interim and special interim dividends paid in respect of first half of 2017;
- 7% year-on-year increase in Dividends paid to non-controlling interests to RUB 2,200 million in 2017.

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

The Group’s Free Cash Flow was RUB 17,048 million, up 92% compared to 2016. This was driven by a combination of the following factors:

- Cash generated from operations (after “Changes in working capital”) increased 56% to RUB 27,496 million primarily due to the factors described above;
- 129% year-on-year increase in Tax paid partially offset by a 1% year-on-year decrease in the Purchase of property, plant and equipment (including maintenance CAPEX) and a 14% year-on-year reduction in Interest paid.

The following table sets out details on Free Cash Flow and Attributable Free Cash Flow for the years ended 31 December 2017 and 2016, and its reconciliation to Cash generated from operations.

	2016 RUB mln	2017 RUB mln	Change %
Cash generated from operations (after "Changes in working capital")	17,663	27,496	56%
Tax paid	(1,588)	(3,632)	129%
Interest paid	(2,252)	(1,944)	-14%
Purchases of property, plant and equipment	(4,932)	(4,872)	-1%
Purchases of intangible assets	(10)	-	-100%
<b>Free Cash Flow</b>	<b>8,882</b>	<b>17,048</b>	<b>92%</b>
<i>Minus</i>			
Adjusted Profit Attributable to Non-controlling Interests <sup>13</sup>	1,642	1,531	-7%
<b>Attributable Free Cash Flow</b>	<b>7,240</b>	<b>15,517</b>	<b>114%</b>

### Capital expenditure

The Group's capital expenditure for the acquisition of fleet (including maintenance CAPEX) on an accrual basis<sup>14</sup> was RUB 4,765 million in 2017, a decrease of 1% compared to the previous year.

This change reflects larger expansion CAPEX, which were more than offset by a lower number of capital repairs in the reporting period. In 2017, the Group acquired 1,332 units (including 706 gondola cars from the secondary market, 556 new petrochemical tank containers and 70 flat cars) compared to 1,211 units in the previous year.

### Capital resources

As of 31 December 2017, the Group's Total debt was broadly steady at 16,331 million (including accrued interest of RUB 82 million\*). The Group's financial indebtedness consisted primarily of bank borrowings.

The Group's Net Debt was RUB 11,365 million as of 31 December 2017, a 1% decrease from the level of Net Debt at the end of 2016.

The Group's leverage further improved with a ratio of Net Debt to Adjusted EBITDA for the year ended 31 December 2017 of 0.4x, compared with 0.7x at the end of 2016.

The following table sets out the details on the Group's total debt, Net Debt and Net Debt to Adjusted EBITDA at 31 December 2017 and 2016, and reconciliation of Net Debt to Total debt.

	As of 31 December 2016 RUB mln	As of 31 December 2017 RUB mln	Change %
Total debt	16,292	16,331	0%
<i>Minus</i>			
Cash and cash equivalents	4,773	4,966	4%
<b>Net Debt</b>	<b>11,519</b>	<b>11,365</b>	<b>-1%</b>
<b>Net Debt to Adjusted EBITDA</b>	<b>0.7x</b>	<b>0.4x</b>	<b>-</b>

Rouble-denominated borrowings accounted for 100% of the Group's debt portfolio as of the end of 31 December 2017. The Russian rouble is the functional currency of the Company.

The weighted average effective interest rate further reduced to 9.4% as of 31 December 2017 compared to 11.0% as of the end of 2016 on the back of continued improvement in the Russian financial market conditions. The vast majority of the Group's debt had fixed interest rates as of 31 December 2017.

The Group has a balanced maturity profile, supported by the Group's strong cash flow generation, available cash and cash equivalents, as well as undrawn borrowing facilities in the amount of RUB 19,140 million as of 31 December 2017.

The following table gives the maturity profile of the Group's borrowings (including accrued interest of RUB 82 million\*) as of 31 December 2017.

<sup>13</sup> 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.

<sup>14</sup> Including assets under construction.

	<b>As of 31 December 2017 RUB mln</b>
Q1 2018	2,598*
Q2 2018	1,038*
Q3 2018	2,464*
Q4 2018	1,181*
2019	5,727*
2020	1,924*
2021-2022	1,400*
<b>Total</b>	<b>16,331</b>

## PRESENTATION OF INFORMATION

The financial information presented in this announcement 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”) as at and for the year ended 31 December 2017 and 2016 and prepared in accordance with International Accounting Standards as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113 (“EU IFRS”).

The Group’s consolidated management report and consolidated financial statements (audited) as at and for the year ended 31 December 2017 and 2016 along with selected historical financial and operational information are available at Globaltrans’ corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

The presentation currency of the Group’s consolidated financial statements is the Russian rouble (“RUB”).

In this announcement, the Group has used certain measures not recognised by EU IFRS or IFRS (referred to as “non-GAAP measures”) as supplemental measures of the Group’s operating performance. The management believes that these non-GAAP measures provide valuable information to readers, because they enable them to focus more directly on the underlying day-to-day performance of the Group’s business.

The Company also reports certain operational information to illustrate the changes in the Group’s operational and financial performance during the reporting periods.

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

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. Reconciliations of the non-GAAP measures to the closest EU IFRS measures are included in the body 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”) and the Federal Antimonopoly Service (“FAS”). 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 consolidated interim financial information reported under EU IFRS, which are available the Globaltrans’ corporate website [www.globaltrans.com](http://www.globaltrans.com).



## DEFINITIONS

Terms that require definitions are marked with capital letters in this announcement and their definitions are provided below in alphabetical order:

**Adjusted EBITDA** (a non-GAAP financial measure) represents EBITDA excluding “Net foreign exchange transaction gain/(losses) on borrowings, dividend payable and other liabilities”, “Net foreign exchange transaction gain/(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”, “Loss on derecognition arising on capital repairs” and “Reversal of impairment of intangible assets”.

**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 the 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 gain/(losses) on borrowings, dividend payable and other liabilities” and “Net foreign exchange transaction gain/(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 excludes volumes transported by Engaged Fleet and the performance of petrochemical tank container segment, unless otherwise stated.

**Infrastructure and Locomotive Tariffs - Other Tariffs** (a non-GAAP financial measure, derived from management accounts) 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.

**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 period to Adjusted EBITDA in respect of that financial period.

**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, derived from management accounts) 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, derived from management accounts) is defined as the sum of “Revenue from railway transportation - operators services (tariff borne by the Group)” and “Revenue from railway transportation - operators services (tariff borne by the client)” less “Infrastructure and locomotive tariffs: loaded trips”, “Services provided by other transportation organisation” and Net Revenue from Engaged Fleet.

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

**Total Operating Cash Costs** (a non-GAAP financial measure) represent operating cost items payable in cash and calculated as “Total cost of sales, selling and marketing costs and administrative expenses” less the “pass through” items: “Infrastructure and locomotive tariffs: loaded trips” and “Services provided by other transportation organisations” and non-cash items: “Depreciation of property, plant and equipment”, “Amortisation of intangible assets”, “Impairment charge for receivables”, “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”, “Amortisation 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 “Advertising and promotion”, “Auditors’ remuneration”, “Communication costs”, “Information services”, “Legal, consulting and other professional fees”, “Rental of tank containers”, “Operating lease rentals - office”, “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 excludes volumes transported by Engaged Fleet and the performance of petrochemical tank container segment, 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.