

Acquisition of 100% of MMK-Trans

19 December 2012

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All operational information concerning the Company and the Group presented in this presentation is derived from the management accounts. Selection of historical operational and financial information including annual consolidated financial statements and condensed interim financial information for the prior periods prepared in accordance with International Financial Reporting Standards (“IFRS”) are available at the Globaltrans’ corporate website [www.globaltrans.com](http://www.globaltrans.com).

This presentation also contains certain operational and financial information concerning OOO MMK-Trans (“MMK-Trans”), obtained by the Group in connection with a limited due diligence process carried out prior to the acquisition of MMK-Trans. Accordingly, the Group has had only a limited opportunity to collect and review this information, and has not been able to confirm its completeness, accuracy or fairness. The financial information in this presentation concerning MMK-Trans is based on the financial statements of MMK-Trans prepared in accordance with IFRS and presented in Russian roubles. Financial information for MMK-Trans shown in US dollars in this presentation has been converted from Russian rubles at the exchange rates set out elsewhere herein, unless otherwise stated.

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 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 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”); OJSC Russian Railways (“RZD”) and Federal Tariff Service of Russian Federation (“FST”). The Group has accurately reproduced such information and, as far as it is aware and is able to ascertain from information published by such third party sources, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Group has not independently verified this third-party information. In addition, the official data published by Russian governmental agencies may be substantially less complete or researched than that of more developed countries.

All non-GAAP financial and operational information presented in this 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 the Globaltrans’ corporate website [www.globaltrans.com](http://www.globaltrans.com).

## The team presenting today



**Sergey Maltsev**

Chief Executive Officer



**Alexander Shenets**

Chief Financial Officer

# Transaction highlights

## Transaction highlights

- The acquisition is in line with Globaltrans' strategy and follows the successful integration of captive rail operator Ferrotrans (formerly Metalloinvesttrans) earlier in 2012
- Globaltrans is acquiring 100% of MMK-Trans for a cash consideration of USD 225 mln and assuming net debt and working capital of c.USD 110 mln
- MMK-Trans is 50% owned by MMK Group, 37.5% owned by S.Maltsev and A.Eliseev, CEO and Chairman of Globaltrans respectively, and 12.5% owned by MMK-Trans management
- MMK-Trans is the captive freight rail operator of MMK Group, one of the largest single-site steelmakers in Russia, managing the vast majority of its rail transportation
  - MMK-Trans' Freight Rail Turnover is equivalent to c.26%<sup>1</sup> of that of Globaltrans
  - a large share of volumes are handled for MMK-Trans by third-party rail operators (Engaged Fleet)
  - Adjusted EBITDA was USD 55.5 mln<sup>2</sup> in 9m 2012
- Transaction includes a five-year service contract guaranteed by MMK Group requiring c.12,000 railcars<sup>3</sup>

## MMK-Trans relative to Globaltrans (9m 2012)

Metric	Unit	Value	% of Globaltrans <sup>1</sup>
Freight Rail Turnover <sup>1</sup>	bln tonnes-km	23.2	26%
Owned Fleet (at period end)	units	3,558	6%

## Key terms of the transaction

<b>Service contract</b>	<ul style="list-style-type: none"> <li>• Five-year service contract with MMK Group for transportation of at least 70% of its rail cargo flows</li> <li>• Attractive pricing formula: fixed price for year 1, years 2 to 5 price adjustments linked to quarterly reviewed market price index</li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>• 3,548 railcars and 10 locomotives as of 30 September 2012</li> <li>• 46.1% effective stake in repair depot with an option to increase to 97%</li> </ul>
<b>Approval</b>	<ul style="list-style-type: none"> <li>• Transaction was approved by non-interested directors<sup>4</sup></li> <li>• Deutsche Bank AG provided a Fairness Opinion</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>• Cash on balance sheet and secured term loan facility</li> </ul>
<b>Closing</b>	<ul style="list-style-type: none"> <li>• Expected by the end of January 2013, subject to regulatory approvals</li> </ul>

Source: Globaltrans, MMK-Trans. Note: definitions for terms marked in this presentation with capital letters are provided at the end of this presentation.

(1) For 9m 2012 or at 30 September 2012; including volumes transported by Engaged Fleet.

(2) Translated from RUB to USD at an exchange rate of 31.07.

(3) Estimations based on statistics for 9m 2012; railcars required to service contract with MMK.

(4) Sergey Maltsev and Alexander Eliseev, the Chief Executive and Chairman of Globaltrans respectively, abstained from voting on this transaction.

# MMK-Trans is an excellent fit for Globaltrans



Source: Globaltrans, MMK-Trans. Note: definitions for terms marked in this presentation with capital letters are provided at the end of this presentation.

(1) Estimations based on statistics for 9m 2012; railcars required to service contract with MMK.

(2) Translated from RUB to USD at an exchange rate of 31.07.

(3) As of 30 September 2012.

(4) Estimations based on statistics for 9m 2012; railcars required to service contract with MMK and Metalloinvest.

(5) Estimations based on statistics for 9m 2012; railcars required to service contract with MMK and Metalloinvest; Calculated as the sum of the Owned Fleet of Globaltrans and MMK-Trans excluding rail tank cars and locomotives; as of 30 September 2012.

(6) Estimations based on statistics for 9m 2012; Engaged Fleet under service contracts with MMK and Metalloinvest.

(7) Based on Globaltrans' Net Debt as of 30 September 2012 (derived from management accounts) and adjusted for the enterprise value of MMK-Trans.

# Globaltrans successfully integrated recently acquired assets and outperformed the market in the second half of 2012<sup>1</sup>

**Solid volumes in H2 2012<sup>1</sup>**

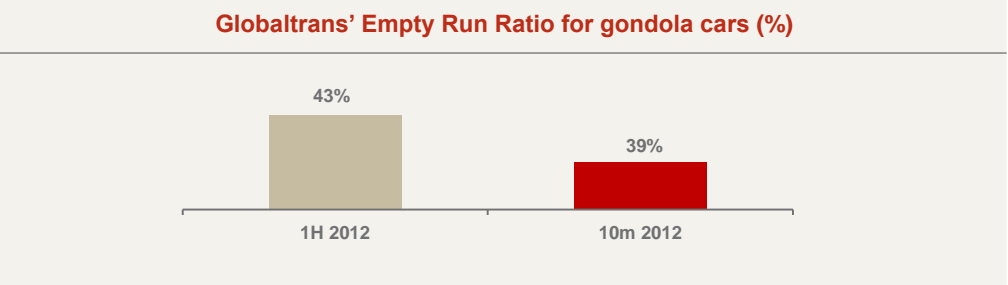
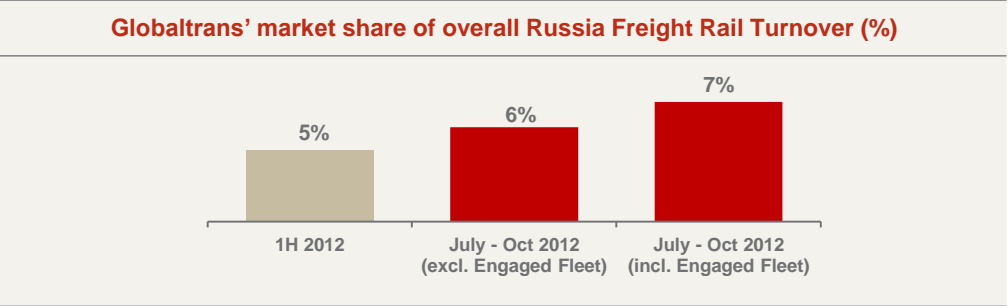
- Overall industry: Russia Freight Rail Turnover up 5% y-o-y in July-Oct 2012 period
- Globaltrans outperformed with its Freight Rail Turnover up 18% y-o-y in July-Oct 2012 period (up 39% including Engaged Fleet)
- Experienced some pricing pressure in bulk cargo segment in the final months of 2012

**Increased market share**

- Globaltrans increased its market share to c.7%<sup>2</sup> in July-Oct 2012 period supported by successful deployment of assets acquired earlier in 2012
- All railcars are deployed, with Average Rolling Stock Operated in July-Oct 2012 period exceeded 50 ths units vs. c.42 ths units in H1 2012

**Improved operational efficiency**

- Empty Run Ratio for gondola cars improved to 39% in 10m 2012 from 43% in H1 2012 due to:
  - integration of Ferrotrans
  - robust market for transportation of construction materials



Source: Globaltrans, Rosstat, RZD. Note: definitions for terms marked in this presentation with capital letters are provided at the end of this presentation.

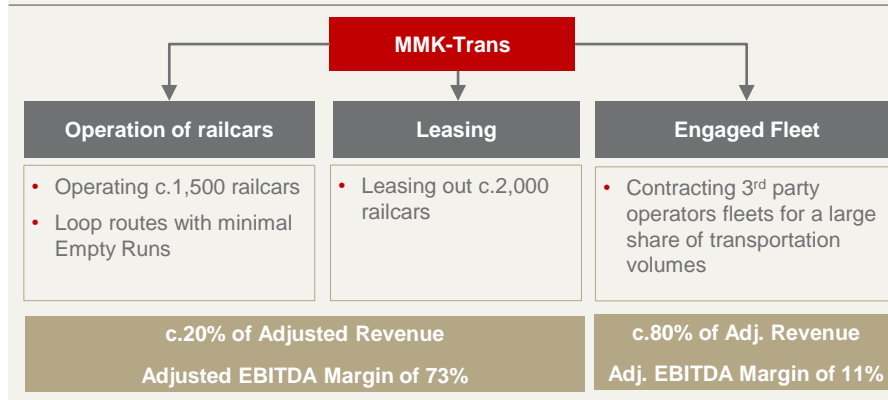
(1) Second half of 2012 defined as July-October 2012 period and compared to July-October 2011 period.

(2) Market share has been calculated as a percentage of the overall Russian Freight Rail Turnover; here Globaltrans' Freight Rail Turnover includes volumes transported by Engaged Fleet.

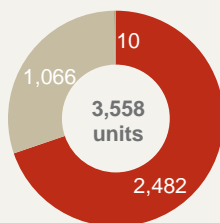
# MMK-Trans is a high-quality business managing the vast majority of MMK Group cargo flows

- Established in 1999 as the captive freight rail operator of MMK Group, one of the largest single-site steelmakers in Russia
- Owned Fleet of 3,558 units as of 30 September 2012
  - 70% are gondola cars with an average age of less than 10 years<sup>1</sup>
- Sizable operations (9m 2012)
  - Freight Rail Turnover of 23.2 bln tonnes-km<sup>2</sup>
  - Adjusted EBITDA of USD 55.5 mln<sup>2</sup>
- Railcar operation and leasing segment of MMK-Trans operations is highly profitable driven mainly by virtually no Empty Runs (1.4% for operated fleet in 9m 2012<sup>3</sup>)
  - Adjusted EBITDA Margin of 73% in 9m 2012 in this segment

## MMK-Trans business model<sup>4</sup>

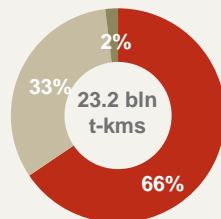


### Owned Fleet structure (30 Sep 2012)



■ Gondola cars, 70% ■ Flat cars, 30%  
■ Locomotives, 0.3%

### Cargo mix (incl. Engaged Fleet) (9m 2012)



■ Metallurgical cargoes ■ Coal ■ Other

### Key MMK-Trans metrics (9m 2012)

Metric	Unit	Value
Freight Rail Turnover <sup>2</sup>	bln tonnes-km	23.2
Owned Fleet (at period end)	units	3,558
Total Empty Run Ratio (for operated fleet <sup>3</sup> )	%	1.4%
Adjusted EBITDA <sup>2</sup>	USD mln	55.5

Source: Globaltrans, MMK-Trans. Note: definitions for terms marked in this presentation with capital letters are provided at the end of this presentation.

- Average age of flat cars in ownership is 27 years with useful life of 40 years.
- Including volumes transported by Engaged Fleet; translated from RUB to USD at an exchange rate of 31.07.
- Average Rolling Stock Operated of MMK-Trans amounted to 1,493 units in 9m 2012.
- All information refers to 9m 2012 period or at 30 September 2012.

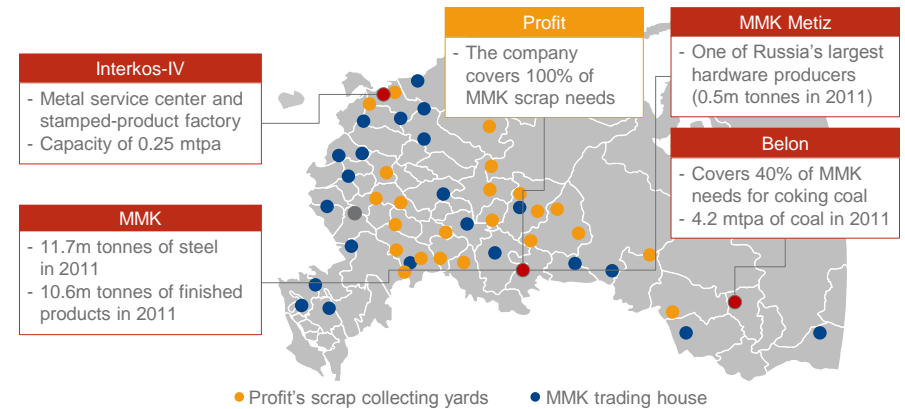


# MMK Group at a glance

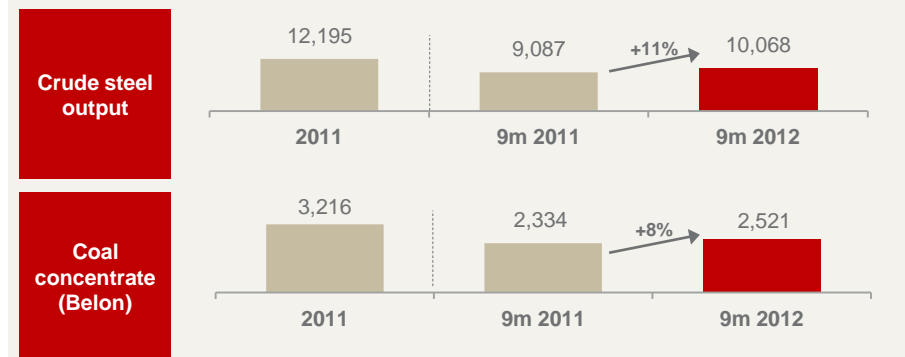
## Key highlights

- One of the largest single-site steelmakers in Russia with current crude steel capacity of 14 mln tonnes
- 18% of domestic steel market share and 67% of domestic sales in shipments (2011)
- Favorable geographical location with proximity to the most intensive steel consuming regions of Russia – the Ural and Volga regions
- #1 by rolled products output in Russia (2011)
  - 11.7 mln tonnes of steel
  - 10.6 mln tonnes of finished products
- Modern asset base – over USD 7 bln of investments in last 4 years
- Key 2011 financials:
  - USD 9.3 bln in Revenues
  - USD 1.3 bln in EBITDA

## Geography of key Russian assets



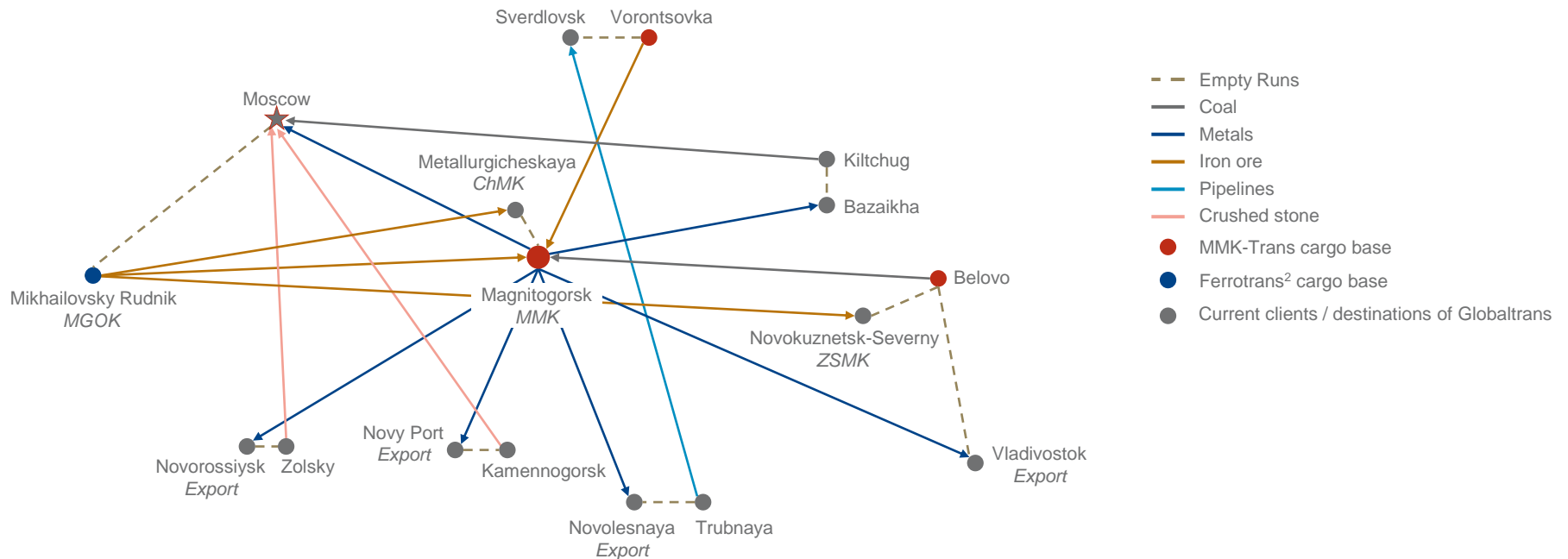
## Production volumes (thousand tonnes)



# Combination of cargo bases provides additional operational efficiencies

- Large cargo owners increasingly prefer “one-window-approach” in transportation of their cargoes
  - Reduces shunting costs and increases speed of cargo off-take
- Globaltrans has secured two sizable rail transportation contracts in the metals and mining industry - Metalloinvest and MMK
  - In combination these contracts require c.35,000 railcars<sup>1</sup>
- Combining transportation needs of its clients, Globaltrans can match inbound and outbound traffic in metal plants and reduce Empty Runs

## Combination of cargo bases enables operational synergies: key illustrative routes

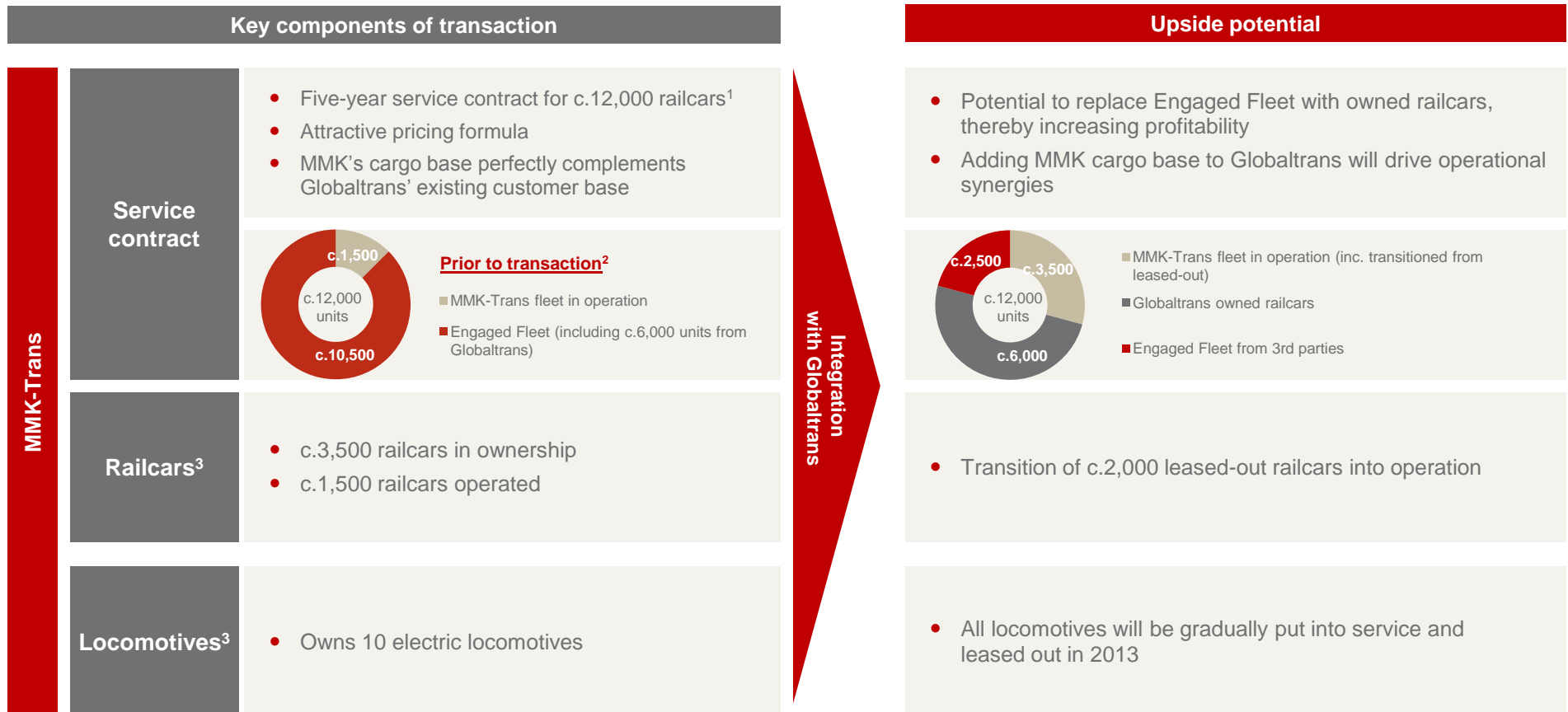


Source: Globaltrans, MMK-Trans. Note: definitions for terms marked in this presentation with capital letters are provided at the end of this presentation.

(1) Estimations based on statistics for 9m 2012; railcars required to service the contract with MMK and Metalloinvest.

(2) Formerly Metalloinvesttrans.

# Integration of MMK-Trans with Globaltrans will unlock its value



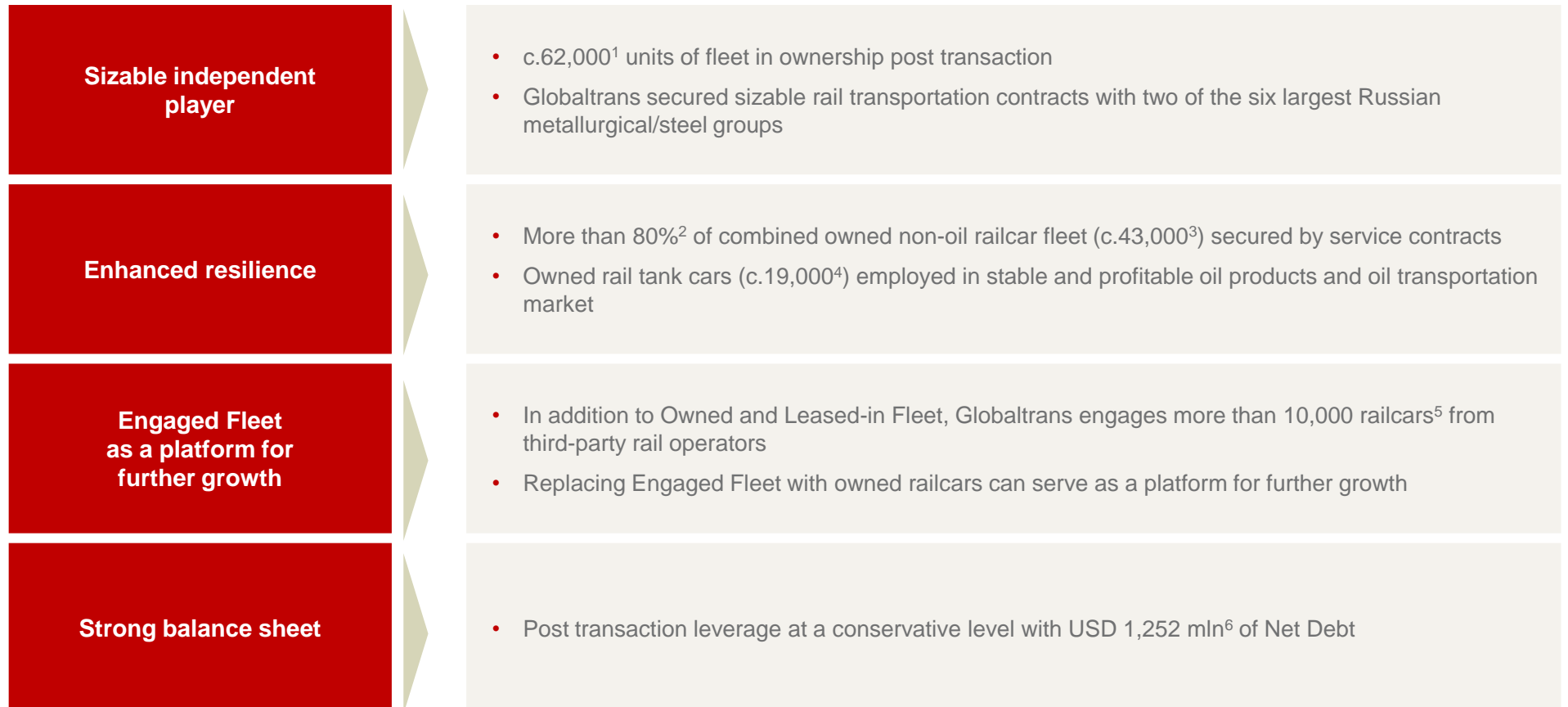
Source: Globaltrans, MMK-Trans. Note: definitions for terms marked in this presentation with capital letters are provided at the end of this presentation.

(1) Estimations based on statistics for 9m 2012; railcars required to service contract with MMK.

(2) Estimations based on statistics for 9m 2012; for 70% of MMK Group rail cargo volumes.

(3) As of 30 September 2012.

## Globaltrans post acquisition: balancing growth with resilience



Source: Globaltrans, MMK-Trans. Note: definitions for terms marked in this presentation with capital letters are provided at the end of this presentation.

(1) Calculated as the sum of the Owned Fleet of Globaltrans and MMK-Trans as of 30 September 2012.

(2) Estimations based on statistics for 9m 2012; railcars required to service the contract with MMK and Metalloinvest.

(3) Calculated as the sum of the Owned Fleet of Globaltrans and MMK-Trans excluding rail tank cars and locomotives; as of 30 September 2012.

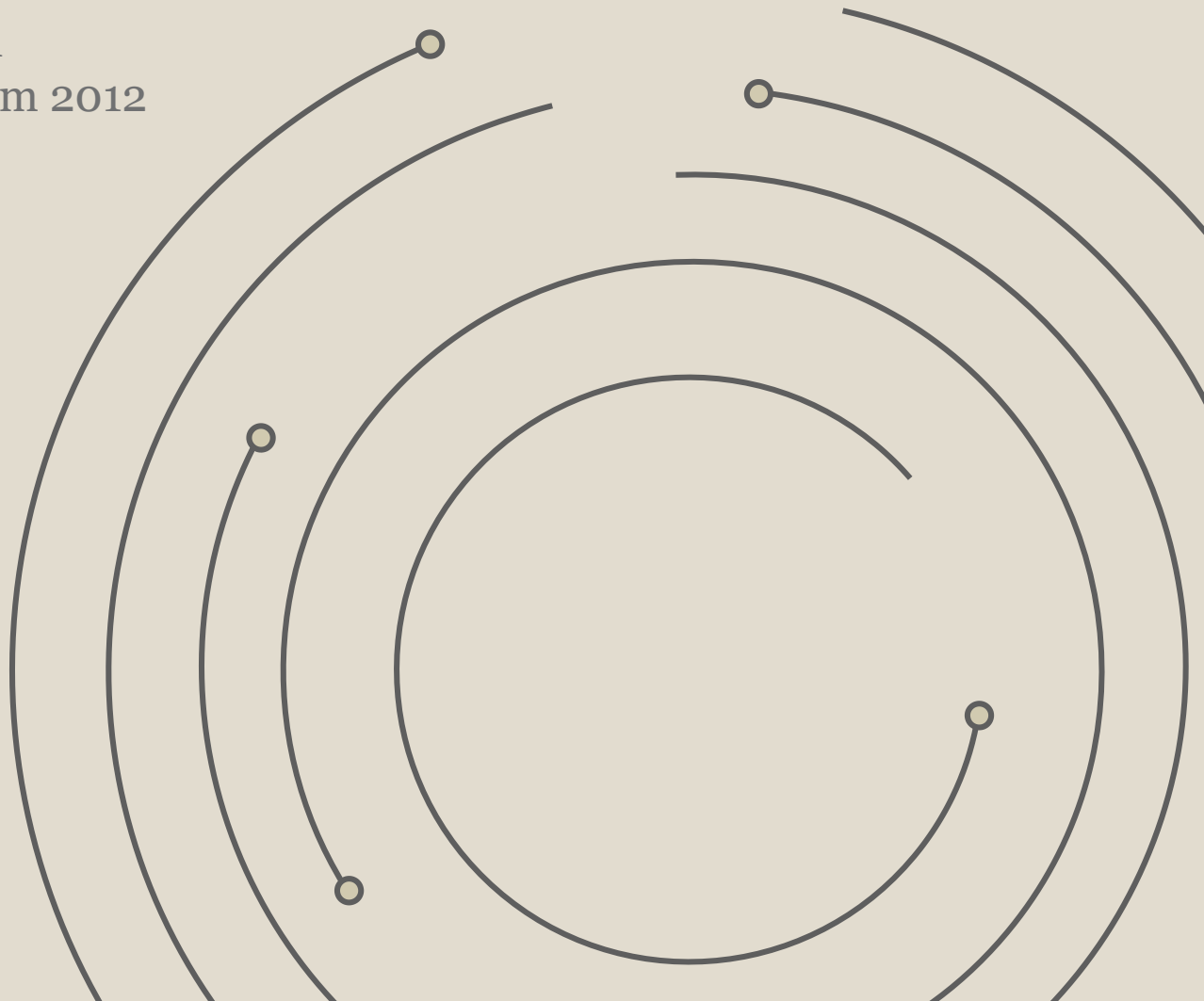
(4) Rail tank car fleet of Globaltrans in ownership as of 30 September 2012.

(5) Estimations based on statistics for 9m 2012; Engaged Fleet under service contracts with MMK and Metalloinvest.

(6) Based on Globaltrans' Net Debt as of 30 September 2012 (derived from management accounts) and adjusted for the enterprise value of MMK-Trans. .

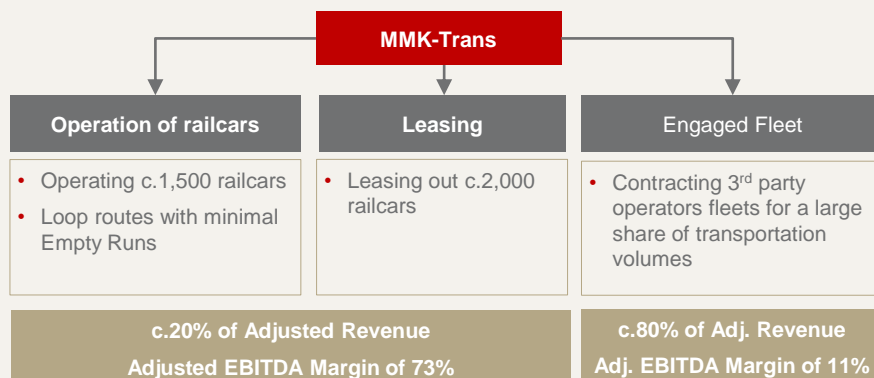
## Appendix I

Selected financial and operational  
information for MMK-Trans for 9m 2012



## MMK-Trans key financials analysis (9m 2012)<sup>1</sup>

### MMK-Trans business model<sup>2</sup>



Key financials for 9m 2012, in USD mln	Operation of railcars and leasing		Engaged Fleet		Total
Adjusted Revenue	45.6	+	200.2	=	245.8
Total Operating Cash Costs, including	12.4	+	177.9	=	190.3
Other Tariffs and Services Provided by Other Transportation Organisations	0.3	+	177.9	=	178.2
Empty Run Costs	0.5	+	-	=	0.5
Repair and maintenance	1.0	+	-	=	1.0
Employee benefit expense	8.7	+	-	=	8.7
Other operating cash costs	1.9	+	-	=	1.9
<b>Adjusted EBITDA</b>	<b>33.2</b>	<b>+</b>	<b>22.3</b>	<b>=</b>	<b>55.5</b>
<b>Adjusted EBITDA Margin</b>	<b>73%</b>		<b>11%</b>		<b>23%</b>

Source: Globaltrans, MMK-Trans. Note: definitions for terms marked in this presentation with capital letters are provided at the end of this presentation.

(1) All financial information was translated from RUB to USD at an exchange rate of 31.07.

(2) All information refers to 9m 2012 period or at 30 September 2012.

## Selected financial information of MMK-Trans for 9m 2012<sup>1</sup>

	USD mln
Revenue	261.3
Adjusted Revenue	245.8
Operating profit	46.2
Adjusted EBITDA	55.5
Adjusted Profit	32.4
Cash flow from operations before net working capital change	51.6
Total assets	273.2

## Selected operational information of MMK-Trans for 9m 2012

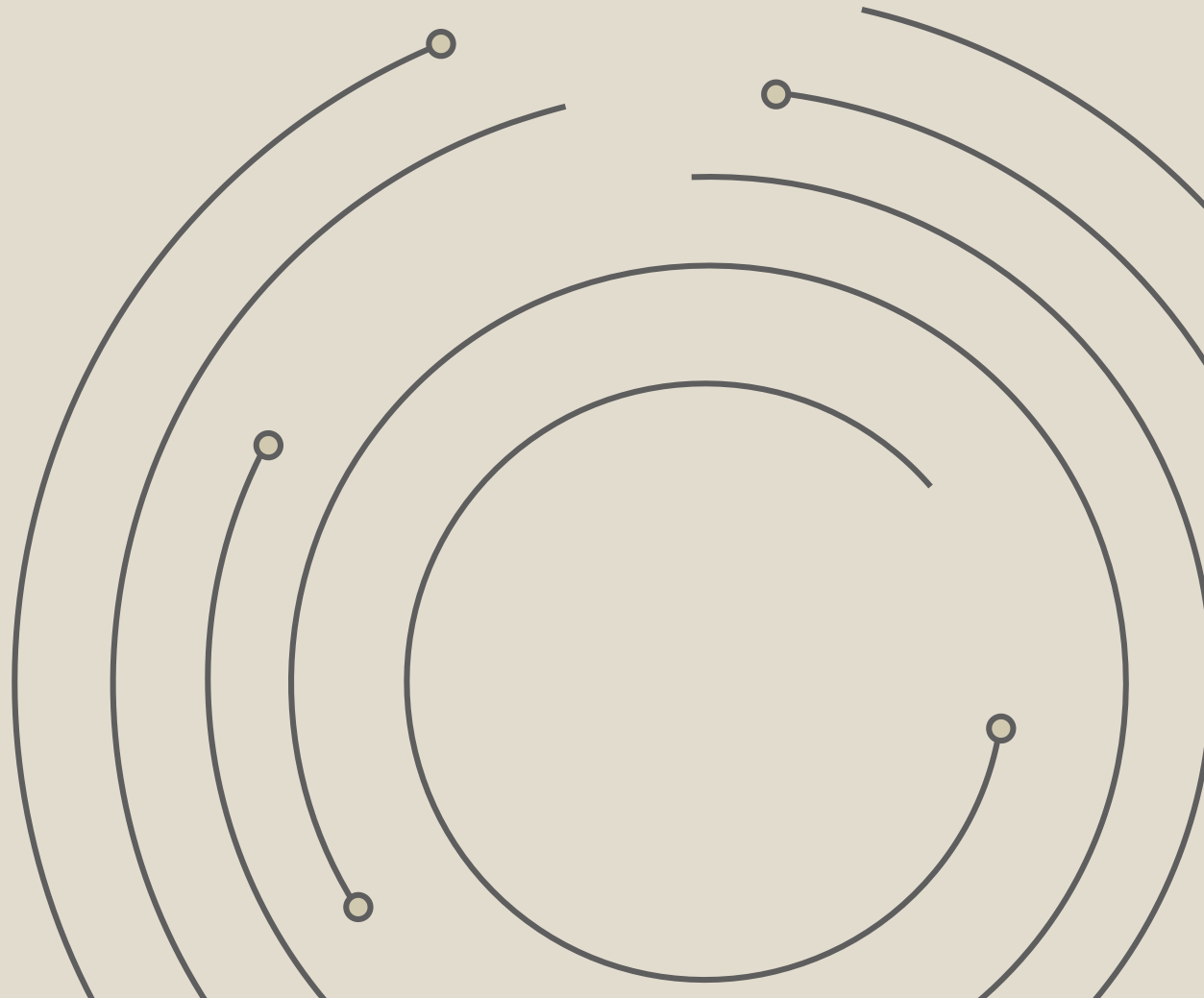
<b>Rolling Stock Fleet</b>	<b>As of 30 Sep 2012</b>
<b>Owned Fleet</b>	
Gondola cars	2,482
Locomotives	10
Flat cars	1,066
<b>Total</b>	<b>3,558</b>
<b>Leased-in Fleet</b>	
<b>Total</b>	<b>0</b>
<b>Total Fleet</b>	<b>3,558</b>
<b>Leased-out Fleet</b>	
Gondola cars	1,827
Locomotives	0
Flat cars	222
<b>Total</b>	<b>2,049</b>
<b>Average age of Owned Fleet</b>	
Gondola cars	9.9
Locomotives	35.3
Flat cars	27.0
<b>Total</b>	<b>15.1</b>
<b>Employees by departments (simplified)</b>	
<b>As of 30 Sep 2012</b>	
Operations	39
Administrative	97
<b>Total</b>	<b>136</b>

<b>Operations including Engaged Fleet</b>	<b>For 9 months of 2012</b>
<b>Freight Rail Turnover (incl. Engaged Fleet), billion tonnes-km</b>	
Metallurgical cargoes	15.2
Construction materials	0.1
Coal	7.6
Other	0.4
<b>Total</b>	<b>23.2</b>
<b>Transportation Volume (incl. Engaged Fleet), million tonnes</b>	
Metallurgical cargoes	8.8
Construction materials	0.05
Coal	3.7
Other	0.2
<b>Total</b>	<b>12.7</b>
<b>Operation of railcars excluding Engaged Fleet</b>	
<b>For 9 months of 2012</b>	
<b>Average Rolling Stock Operated</b>	
Gondola cars	649
Flat cars	844
<b>Total</b>	<b>1,493</b>
<b>Average Number of Loaded Trips per Railcar</b>	
	<b>22.5</b>
<b>Average Distance of Loaded Trip per Railcar (km)</b>	
	<b>1,966.8</b>
<b>Average Price per Trip</b>	
Average Price per Trip (USD)	653
Average Price per Trip (RUB)	20,292
<b>Empty Run Ratio</b>	
Gondola cars	3.2%
Flat cars	0.1%
<b>Total Empty Run Ratio</b>	<b>1.4%</b>
<b>Empty Run Costs, USD mln</b>	
	<b>0.5</b>



## Appendix II

### Definitions



## Definitions for operational metrics (in alphabetical order)

**Average Rolling Stock Operated** is calculated as the average weighted (by days) number of rolling stock available for operator services (not including rolling stock in maintenance, purchased rolling stock in transition to its first place of commercial utilisation, rolling stock leased-out or Engaged Fleet).

**Engaged Fleet** is defined as rolling stock subcontracted or otherwise attracted from a third party 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 Ratio** is calculated as the total of empty trips in kilometres by the relevant rolling stock type divided by total loaded trips in kilometres of such rolling stock type. Empty trips are only applicable to rolling stock operated (not including rolling stock in maintenance, purchased rolling stock in transition to its first place of commercial utilisation, rolling stock leased out or Engaged Fleet).

**Freight Rail Turnover** is a measure of freight carriage activity over a particular period and is calculated as the sum of tonnage of each loaded trip multiplied by the distance of each loaded trip, expressed in tonnes-km.

**Leased-in Fleet** is defined rolling stock fleet leased-in under operating leases, including both railcars and locomotives.

**Leased-out Fleet** is defined as rolling stock fleet leased to third parties under operating leases.

**Owned Fleet** is defined as rolling stock fleet owned and leased-in under finance leases (it includes railcars and locomotives unless otherwise stated).

**Total Fleet** is defined as the Owned Fleet and the Leased-in Fleet, including both railcars and locomotives, but excluding the Engaged Fleet.

**Transportation Volume** is a measure of freight rail carriage activity over a particular period measuring weight of cargo carried in million tonnes.

## Definitions for non-GAAP financial measures applicable to MMK-Trans selected financial information (in alphabetical order)

**Adjusted EBITDA** (a non-GAAP financial measure) represents EBITDA excluding “Net foreign exchange transaction gains/(losses) on financing activities”, “Share of profit of associates”, “Other gains-net”, “Loss on sale of property, plant and equipment”.

**Adjusted EBITDA Margin** (a non-GAAP financial measure) is calculated as Adjusted EBITDA divided by Adjusted Revenue.

**Adjusted Profit** (a non-GAAP financial measure) is calculated as “Change in net assets attributable to participants” excluding “Distribution to participants”.

**Adjusted Revenue** (a non-GAAP financial measure) is calculated as “Total revenue” less “Infrastructure and locomotive tariffs: loaded trips”.

**Empty Run Costs** (a non-GAAP financial measure, meaning costs payable to OJSC “Russian Railways” for forwarding empty railcars) is derived from management accounts and presented as part of the “Infrastructure and locomotive tariffs: empty run trips, other tariffs and services provided by other transportation organisations” component of “Cost of Sales” reported under EU IFRS. Empty Run Costs do not include costs of relocation of rolling stock in and from maintenance, purchased rolling stock in transition to its first place of commercial utilisation and rolling stock leased in or leased out.

**Net Debt** (a non-GAAP financial measure) is defined as the sum of total borrowings (including interest accrued) less “Cash and cash equivalents”.

**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 “Infrastructure and locomotive tariffs: loaded trips”, “Depreciation of property, plant and equipment”, “Amortisation of intangible assets”, “Impairment charge for receivables” and “Loss/(gain) on sale of property, plant and equipment”.

**Other Tariffs and Services Provided by Other Transportation Organisations** (a non-GAAP financial measure) is presented as part of the “Infrastructure and locomotive tariffs: empty run trips, other tariffs and services provided by other transportation organisations” component of “Cost of sales” reported under EU IFRS.

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