Globaltrans
Russia's Leading Private
Freight Rail Group

For immediate release **31 March 2014**

Globaltrans Investment PLC

Full-Year 2013 Results

Globaltrans Investment PLC (the "Company" and together with its consolidated subsidiaries "Globaltrans" or the "Group"), (LSE ticker: GLTR) today announces its financial and operational results[1] for the year ended 31 December 2013.

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 Group's financial and operational results for the year ended 31 December 2013 include results of Ferrotrans (renamed from Metalloinvesttrans) which have been consolidated from 16 May 2012 and Steeltrans (renamed from MMK-Trans) which have been consolidated from 12 February 2013.

Financial highlights

- Adjusted Revenue grew 6% year on year to USD 1,407.3 million*, reflecting a further increase in the Group's average fleet size and a strong performance in the rail tank car segment;
- Adjusted EBITDA was slightly down year on year at USD 652.7 million* (2012: USD 658.2 million*) with an Adjusted EBITDA Margin of 46%* (2012: 50%*) primarily reflecting soft market conditions in the gondola segment;
- Cash generated from operations remained robust at USD 657.7 million (2012: 649.9 million) with the Group delivering Free Cash Flow[2] of USD 423.2 million*;
- Profit for the year declined by USD 60.0 million or 19% year on year to USD 251.6 million mainly driven by depreciation and amortisation charges that rose by USD 75.5 million due to the consolidation of recent acquisitions and associated long-term service contracts;
- The Group significantly deleveraged in the second half of 2013 and closed the year with Net Debt of USD 910.0 million* and a comfortable 1.4x* Net Debt to Adjusted EBITDA ratio. The Group's Net Debt was reduced further to USD 748.6 million* at the end of February 2014;
- The Group's currency risk profile improved further with Russian Rouble-denominated borrowings representing 94% of the Group's debt portfolio at the end of 2013 (2012 end: 91%);
- The Board recommends a dividend of USD 110.8 million (62 US cents per ordinary share/GDR), flat in Russian Rouble terms[3] year on year. This represents a Dividend Pay-out Ratio of 61% compared to 48% in the previous year.

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[1] The Group's financial performance in 2013 was affected by a 3% depreciation in the average exchange rate of the Russian Rouble (Functional Currency of the Company, its Cyprus and Russian subsidiaries) against the US Dollar compared to 2012 (the Group's financial information presentation currency). The 2013 period end exchange rate of the Russian Rouble against the US Dollar weakened by 8% compared to the end of 2012

[2] Free Cash Flow (a non-GAAP financial measure) is calculated as "Net cash from operating activities" (after changes in working capital and tax paid) less "Purchases of property, plant and equipment" (which includes maintenance CAPEX) and "Interest paid".

[3] The proposed dividend amount in Russian Rouble terms equals RUB 3,943 million (calculated at the official USD/RUB FX rate of 35.58 as of 28 March 2014, the date of the Board decision on proposed dividends). This figure is 2% above RUB 3,865 million (USD 125.1 million calculated at the official USD/RUB FX rate of 30.89 as of the previous date of the Board decision on proposed dividends on 22 March 2013).

Operational highlights

- The integration of the fleets of Ferrotrans and Steeltrans was successfully completed. The Group's entire fleet of 40,000 universal gondola cars is now managed from a single dispatching centre, providing customers with a more reliable and efficient service offering. In addition, this central hub also enables the more efficient management of Empty Runs as well as maintenance and repair programmes;
- Globaltrans continued its market outperformance, the Group's Freight Rail Turnover (including Engaged Fleet) increased 13% year on year to 155.5 billion tonnes-km[4] in contrast to the overall market which slipped 1% year on year on the back of macroeconomic headwinds;
- Market share gains were achieved with the Group's Market Share rising to 8.3% from 6.6% in 2012;
- Operational excellence continued with the Empty Run Ratio for gondola cars at a solid 38%, the lowest annual level in the last five years, meanwhile the Total Empty Run ratio improved to 53% (2012: 57%);
- Average Price per Trip declined 6% year on year in Russian Rouble terms with Average Distance of Loaded Trip down 3% year on year;
- Total Fleet size increased 6% year on year to 65,808 units at the end of 2013 with an average age of Owned Fleet of about 8 years.

COMMENTS

Sergey Maltsev, CEO of Globaltrans Investment PLC, said:

"Globaltrans demonstrated a resilient performance in 2013 despite a difficult year for the freight rail transportation industry in Russia brought on by the slowdown in growth rates of the Russian economy.

The Group's ability to deliver against this backdrop was the result of our robust business model, adaptable strategy and strong execution. Our business model focuses on the balance between our gondola and our rail tank cars being complementary through the different phases of the economic cycle. In addition, our strategy of selective acquisitions of suitable captive rail operators along with long-term service contracts and flawless execution provided us with above-market results in the gondola car segment.

All the above elements ensured that in 2013 our Group maintained high operational efficiency and won market share. Furthermore, Globaltrans' strong cash flow enabled the Group to significantly deleverage the business and to propose an unchanged dividend year-on-year in Russian Rouble terms. This confirms Globaltrans' commitment to delivering attractive shareholder returns throughout the economic cycle.

The quality of our service proposition combined with the efficiency of our operations generates strong customer loyalty. This is illustrated by two key developments already in 2014 that have seen the extension of our contract with Metalloinvest by another 19 months to the end of 2016 as well as an increase in the service volume under our long-term contract with MMK (valid to the end of February 2018) from 70% to 80% throughout 2014.

We believe that despite the current macroeconomic environment, the state of development of the Russian freight rail industry continues to offer growth opportunities for well-capitalised and efficient players like Globaltrans".

Michael Zampelas, Independent Non-Executive Director and Chairman of the Board of Globaltrans Investment PLC, commented:

"It is encouraging to see that the Group was able to execute its strategic goals successfully and demonstrate the strength and flexibility of its business model within the overall context of a difficult freight rail market in 2013.

The Board will be continuing its prudent approach to capital allocation and organic CAPEX remains on hold while we focus on strengthening the Group's balance sheet yet further.

While the Group remains open to selective M&A opportunities that meet its strict investment criteria, in periods of sustained low investment activity the Board supports a Dividend Pay-out Ratio of not less than 50% of Imputed Consolidated Net Profit and in 2013 has recommended a dividend resulting in a Dividend Pay-out Ratio of 61%.

[4] *The Group's Freight Rail Turnover excluding Engaged Fleet increased 12% y-o-y to 131.0 bln tonnes-km in 2013.*

We believe this strikes the right balance between ensuring that we stay at the forefront of our industry and also appropriately remunerate our shareholders".

OUTLOOK AND PRIORITIES FOR 2014

The business conditions and pricing environment in the Russian rail freight industry at the beginning of 2014 remain difficult and will continue to depend on overall macro-economic and political developments. With approximately 85% of Russian freight turnover carried by rail (excluding pipeline traffic), any recovery in the economy will be positive for the freight rail transportation sector. Moreover, the recent Russian Rouble depreciation could potentially provide a stimulus for key export industries that, along with previously announced large infrastructure projects, could provide an improvement to the freight rail market in general.

Significant industry developments in 2014 include the freezing of RZD-regulated infrastructure and locomotive tariffs for Empty Runs, which removes inflationary pressure from the largest cost item of rail operators. In addition the anticipated new regulation on the accelerated retirement of old railcars would improve the market's supply and demand balance and may create opportunities for organic growth.

Against this background the focus of Globaltrans' management team in 2014 will be to:

- Extract the benefits of the centralised management of the gondola car fleet and maintain high levels of operating efficiency;
- Optimise costs with a focus on administration and unit costs in repair and maintenance;
- Reduce Group debt further in order to help position the Group for future opportunistic growth; and
- Continue to examine opportunities to create additional value via selective M&A and/or organic expansion.

As the vast majority of the Group's revenues, costs, debt and CAPEX is denominated in Russian Roubles, the recent depreciation of the Russian Rouble vs. US Dollar exchange rate has had a broadly neutral effect on the Group's results in Russian Roubles.

In terms of growth, the Russian freight rail market remains attractive. We believe the combination of a still fragmented industry in which a high share of railcars are controlled by captive rail operators will offer interesting prospects for a strong player with low leverage and robust free cash flow generation during the years to come.

DOWNLOADS

The Directors' report and consolidated financial statements for the year ended 31 December 2013 together with selected operational information are available for viewing at the Globaltrans' corporate website (www.globaltrans.com).

RESULTS IN DETAIL

The following table provides the Group's key financial and operational information for the years ended 31 December 2013 and 2012.

EU IFRS financial information

	2012 USD mln	**2013 USD mln**	Change %
Revenue	2,114.3	**2,327.5**	10%
Including			
Total revenue – operator's services	1,969.3	**2,196.6**	12%
Total revenue – operating lease	135.8	**118.5**	-13%
Total cost of sales, selling and marketing costs and administrative expenses	(1,579.0)	**(1,877.0)**	19%
Operating profit	536.5	**451.7**	-16%
Finance costs – net	(124.5)	**(109.8)**	-12%
Profit for the year	311.6	**251.6**	-19%
Attributable to:			
Owners of the Company	258.0	**181.7**	-30%
Non-controlling interests	53.6	**69.9**	31%
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in USD per share)[5]	1.56	**1.02**	-35%

	2012 USD mln	**2013 USD mln**	Change %
Cash generated from operations	649.9	**657.7**	1%
Tax paid	(81.8)	**(83.2)**	2%
Net cash from operating activities	568.1	**574.5**	1%
Net cash used in investing activities	(1,313.2)	**(233.9)**	-82%
Net cash (used in)/from financing activities	808.0	**(409.8)**	NM

	As at 31 Dec 2012 USD mln	**As at 31 Dec 2013 USD mln**	Change %
Total assets	2,949.8	**2,856.6**	-3%
Total debt	1,075.1	**1,014.1**	-6%
Cash and cash equivalents	178.2	**104.1**	-42%

Non-GAAP financial information

	2012 USD mln	**2013 USD mln**	Change %
Adjusted Revenue	1,322.0*	**1,407.3***	6%
Including			
Net Revenue from Operation of Rolling Stock	1,159.0*	**1,217.8***	5%
Operating lease of rolling stock	135.8	**118.5**	-13%
Net Revenue from Engaged Fleet	18.0*	**58.6***	225%
Total Operating Cash Costs	662.8*	**742.9***	12%
Including			
Empty Run Cost	253.9*	**309.8***	22%
Repairs and maintenance	104.1	**130.5**	25%
Employee benefit expense	82.1	**96.1**	17%
Operating lease rentals – rolling stock	61.6	**40.1**	-35%
Adjusted EBITDA	658.2*	**652.7***	-1%
Adjusted EBITDA Margin, %	50%*	**46%***	-
Free Cash Flow	(259.0)*	**423.2***	NM

[5] *Weighted average number of ordinary shares in issue (thousand) increased from 165,580 in 2012 to 178,741 in 2013.*

	As at 31 Dec 2012 USD mln	**As at 31 Dec 2013 USD mln**	Change %
Net Debt	896.9*	**910.0***	1%
Net Debt to Adjusted EBITDA (x)	1.4*	**1.4***	-

Operational information

	2012	**2013**	Change %
Freight Rail Turnover (incl. Engaged Fleet), bln tonnes-km	137.8	**155.5**	13%
Transportation Volume (incl. Engaged Fleet), mln tonnes	83.9	**102.4**	22%
Freight Rail Turnover (excl. Engaged Fleet), bln tonnes-km	116.7	**131.0**	12%
Transportation Volume (excl. Engaged Fleet), mln tonnes	74.3	**86.0**	16%
Market Share	6.6%	**8.3%**	-
Average Price per Trip, USD	992	**907**	-9%
Average Price per Trip, RUB	30,813	**28,947**	-6%
Average Distance of Loaded Trip, km	1,561	**1,521**	-3%
Average Rolling Stock Operated, units	46,825	**53,445**	14%
Average Number of Loaded Trips per Railcar	25.0	**25.1**	1%
Total Empty Run Ratio, %	57%	**53%**	-
Empty Run Ratio for gondola cars, %	38%	**38%**	-
Share of Empty Run Kilometres Paid by Globaltrans	81%	**89%**	-

	As at 31 Dec 2012	**As at 31 Dec 2013**	Change %
Total Fleet, units	61,935	**65,808**	6%
Including Owned Fleet, units	58,501	**61,124**	4%
Average age of Owned Fleet, years	7.0	**8.0**	-
Total number of employees	1,185	**1,620**	37%

Revenue

The Group’s revenue rose 10% to USD 2,327.5 million in 2013 compared to USD 2,114.3 million the previous year. The increase in the Group’s revenue primarily reflected a 6% year-on-year increase in the Group’s Adjusted Revenue, which benefitted from a further increase in the Group’s average fleet size and a strong performance in the rail tank car segment as well as other factors described below.

The following table provides details of revenue, broken down by revenue-generating activity, for the years ended 31 December 2013 and 2012.

	2012 USD mln	**2013 USD mln**	**Change USD mln**	**Change %**
Railway transportation – operators services (tariff borne by the Group)[6]	1,208.5	1,541.6	333.1	28%
Railway transportation – operators services (tariff borne by the client)	760.9	654.9	(105.9)	-14%
Railway transportation – freight forwarding	6.9	2.0	(4.9)	-72%
Operating lease of rolling stock	135.8	118.5	(17.3)	-13%
Other	2.3	10.5	8.2	362%
Total revenue	**2,114.3**	**2,327.5**	**213.3**	**10%**

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

[6] Includes “Infrastructure and locomotive tariffs: loaded trips” for year ended 31 December 2013 of USD 764.0 million (2012: USD 681.7 million) and “Services provided by other transportation organisations” of USD 156.3 million (2012: USD 110.6 million).

that customers pay to the Group and the Group pays on to RZD, which are reflected in equal amounts in both the Group's revenue and cost of sales. "Services provided by other transportation organisations" is revenue resulting from the tariffs that customers pay to the Group and the Group pays on to third-party rail operators for subcontracting their rolling stock, which are reflected in equal amounts in both the Group's revenue and cost of sales. The net result of Engaged Fleet operations is reflected as Net Revenue from Engaged Fleet being a part of Adjusted Revenue.

The Group's Adjusted Revenue rose 6% year on year to USD 1,407.3 million* in 2013.

The following table provides details of Adjusted Revenue for the years ended 31 December 2013 and 2012 and its reconciliation to revenue.

	2012 USD mln	**2013 USD mln**	**Change USD mln**	**Change %**
Revenue	2,114.3	2,327.5	213.3	10%
Minus "pass through" items				
Infrastructure and locomotive tariffs: loaded trips	681.7	764.0	82.3	12%
Services provided by other transportation organisations	110.6	156.3	45.6	41%
Adjusted Revenue	**1,322.0***	**1,407.3***	**85.3**	**6%**

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

The following table provides a breakdown of Adjusted Revenue for the years ended 31 December 2013 and 2012.

	2012 USD mln	**2013 USD mln**	**Change USD mln**	**Change %**
Net Revenue from Operation of Rolling Stock	1,159.0*	1,217.8*	58.8	5%
Operating lease of rolling stock	135.8	118.5	(17.3)	-13%
Net Revenue from Engaged Fleet	18.0*	58.6*	40.5	225%
Railway transportation - freight forwarding	6.9	2.0	(4.9)	-72%
Other	2.3	10.5	8.2	362%
Adjusted Revenue	**1,322.0***	**1,407.3***	**85.3**	**6%**

Net Revenue from Operation of Rolling Stock

Net Revenue from Operation of Rolling Stock is a non-GAAP financial measure describing the net revenue generated from freight rail transportation and is defined as "Total revenue – operator's services[7]" less "Infrastructure and locomotive tariffs: loaded trips", "Services provided by other transportation organisations" and Net Revenue from Engaged Fleet.

Net Revenue from Operation of Rolling Stock accounted for 87% of the Group's Adjusted Revenue in 2013.

The following table provides Net Revenue from Operation of Rolling Stock for the years ended 31 December 2013 and 2012, and its reconciliation to revenue from operator's services.

	2012 USD mln	**2013 USD mln**	**Change USD mln**	**Change %**
Total revenue – operator's services[7]	1,969.3	2,196.6	227.2	12%
Minus				
Infrastructure and locomotive tariffs: loaded trips	681.7	764.0	82.3	12%
Services provided by other transportation organisations	110.6	156.3	45.6	41%
Net Revenue from Engaged Fleet	18.0*	58.6*	40.5	225%
Net Revenue from Operation of Rolling Stock	**1,159.0***	**1,217.8***	**58.8**	**5%**

The Group's Net Revenue from Operation of Rolling Stock rose 5% to USD 1,217.8 million* in 2013 compared to the previous year. In Russian Rouble terms, the Group's Net Revenue from Operation of Rolling Stock increased 8% year on year.

[7] Defined as the sum of the following EU IFRS line items: "Railway transportation – operator's services (tariff borne by the Group)" and "Railway transportation – operator's services (tariff borne by the client)".

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

- Average Rolling Stock Operated increased 14% year on year to 53,445 units in 2013 reflecting the integration of recently acquired businesses;
- Average Price per Trip declined 6% year on year in Russian Rouble terms (-9% in US Dollar terms) reflecting (i) a 3% year-on-year decrease in Average Distance of Loaded Trip; (ii) strong performance in the rail tank car segment; and (iii) sluggish pricing in the gondola car segment.

Revenue from operating lease of rolling stock

Revenue from operating lease of rolling stock, which accounted for 8% of the Group's Adjusted Revenue in 2013, was USD 118.5 million in 2013, a decrease of 13% compared to the previous year reflecting primarily a decline in the leasing rates.

Net Revenue from Engaged Fleet

Net Revenue from Engaged Fleet increased to USD 58.6 million* in 2013 compared to USD 18.0 million* in the previous year, as the Group increased its usage of rolling stock subcontracted from third-party rail operators (Engaged Fleet) to meet demand under the long-term service contracts of Ferrotrans and Steeltrans not covered by the Group's Owned or Leased-in Fleets.

In 2013 the Freight Rail Turnover generated by the Engaged Fleet was 24.5 billion tonnes-km or 16% of the Group's Freight Rail Turnover for this period.

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

Cost of sales, selling and marketing costs and administrative expenses

In 2013 the Group's total cost of sales, selling and marketing costs and administrative expenses was USD 1,877.0 million, an increase of 19% compared to the previous year, primarily reflecting the increase in business volumes resulting from the consolidation of acquisitions, as well as the factors described below.

- "Pass through" cost items (Infrastructure and locomotive tariffs: loaded trips and Services provided by other transportation organisations) increased 16% year on year to USD 920.2 million*;
- Total Operating Cash Costs increased 12% year on year to USD 742.9 million* in line with the increase in business volumes (the Group's Average Rolling Stock Operated was up 14% year on year);
- Total Operating Non-Cash Costs increased 73% year on year to USD 213.8 million*, as depreciation of property, plant and equipment and amortisation of intangible assets increased reflecting the consolidation of recent acquisitions and associated long-term service contracts.

The following table provides a breakdown of cost of sales, selling and marketing costs and administrative expenses for the years ended 31 December 2013 and 2012.

	2012 USD mln	2013 USD mln	Change USD mln	Change %
Cost of sales	1,450.2	1,727.9	277.7	19%
Selling, marketing and administrative expenses	128.7	149.1	20.3	16%
Total cost of sales, selling and marketing costs and administrative expenses	**1,579.0**	**1,877.0**	**298.0**	**19%**

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:

	2012 USD mln	2013 USD mln	Change USD mln	Change %
"Pass through" cost items	**792.3**	**920.2**	**127.9**	**16%**
Infrastructure and locomotive tariffs: loaded trips	681.7	764.0	82.3	12%
Services provided by other transportation organisations	110.6	156.3	45.6	41%
Total Operating Cash Costs	**662.8***	**742.9***	**80.1**	**12%**
Empty Run Costs	253.9*	309.8*	55.9	22%
Repairs and maintenance	104.1	130.5	26.5	25%
Employee benefit expense	82.1	96.1	14.0	17%
Operating lease rentals - rolling stock	61.6	40.1	(21.5)	-35%
Infrastructure and Locomotive Tariffs - Other Tariffs	42.0*	29.6*	(12.4)	-30%
Fuel and spare parts - locomotives	31.5	38.0	6.5	21%
Engagement of locomotive crews	12.2	14.1	1.9	16%
Legal, consulting and other professional fees	7.0	5.1	(1.9)	-27%
Other Operating Cash Costs	68.5*	79.6*	11.0	16%
Total Operating Non-Cash Costs	**123.8***	**213.8***	**90.0**	**73%**
Depreciation of property, plant and equipment	113.0	164.4	51.3	45%
Amortisation of intangible assets	7.7	31.9	24.2	313%
Impairment charge for receivables	0.9	11.7	10.7	1131%
Loss on sale of property, plant and equipment	2.1	5.9	3.7	176%
Total cost of sales, selling and marketing costs and administrative expenses	**1,579.0**	**1,877.0**	**298.0**	**19%**

"Pass through" cost items

Infrastructure and locomotive tariffs: loaded trips

Infrastructure and locomotive tariffs: loaded trips is in principle a "pass through" item for the Group[8] and is reflected in equal amounts in both the Group's revenue and cost of sales. Infrastructure and locomotive tariffs: loaded trips increased 12% to USD 764.0 million in 2013 compared to the previous year predominantly reflecting the increase in the Group's business volumes resulting largely from the consolidation of the recent acquisitions.

Services provided by other transportation organisations

Services provided by other transportation organisations is in principle a "pass through" item for the Group and is reflected in equal amounts in both the Group's revenue and cost of sales. This cost item includes tariffs that the Group pays on to third-party rail operators for subcontracting their rolling stock (Engaged Fleet), which are reflected equally in both the Group's revenue and cost of sales. In 2013, Services provided by other transportation organisations increased to USD 156.3 million from USD 110.6 million in the previous year reflecting the consolidation of the recent acquisitions.

Total Operating Cash Costs

The Group's Total Operating Cash Costs rose 12% year on year to USD 742.9 million* in 2013 in line with the increase in the Group's business volumes (the Group's Average Rolling Stock Operated was up 14% year-on-year). This increase reflected the combination of factors described below.

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.

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

The following table provides a breakdown of the Total Operating Cash Costs for the years ended 31 December 2013 and 2012.

	2013	2012	2013	Change	Change
	% of Total	USD mln	USD mln	USD mln	%
Empty Run Costs	*42%*	253.9*	309.8*	55.9	22%
Repairs and maintenance	*18%*	104.1	130.5	26.5	25%
Employee benefit expense	*13%*	82.1	96.1	14.0	17%
Operating lease rentals - rolling stock	*5%*	61.6	40.1	(21.5)	-35%
Infrastructure and Locomotive Tariffs - Other Tariffs	*4%*	42.0*	29.6*	(12.4)	-30%
Fuel and spare parts - locomotives	*5%*	31.5	38.0	6.5	21%
Engagement of locomotive crews	*2%*	12.2	14.1	1.9	16%
Legal, consulting and other professional fees	*1%*	7.0	5.1	(1.9)	-27%
Other Operating Cash Costs	*11%*	68.5*	79.6*	11.0	16%
Total Operating Cash Costs	***100%***	**662.8***	**742.9***	**80.1**	**12%**

Empty Run Costs

Empty Run Costs (a non-GAAP financial measure) accounted for 42% of the Group's Total Operating Cash Costs in 2013. Empty Run Costs increased 22% to USD 309.8 million* in 2013 compared to the previous year reflecting a combination of the following factors:

- An increase in the Group's business volumes primarily due to consolidation of Ferrotrans and Steeltrans (Average Rolling Stock Operated increased 14% year on year);
- A 7% increase[9] (in Russian Rouble terms) in the RZD regulated tariff for the traction of empty railcars;
- An increase in the Share of Empty Run Kilometres paid by Globaltrans to 89% (2012: 81%) driven by the consolidation of Ferrotrans and Steeltrans (as these companies historically paid 100% Empty Run kilometres) as well as an increase in the share of Empty Run Kilometres paid by Globaltrans in the segment for rail transportation of oil products and oil);
- Total Empty Run Ratio improved to 53% in 2013 compared to 57% in 2012, driven primarily by higher share of gondola cars in Average Rolling Stock Operated in the reporting year. Empty Run Ratio for gondola cars remained unchanged year-on-year at solid 38% in 2013.

Repairs and maintenance

Repairs and maintenance, which accounted for 18% of the Group's Total Operating Cash Costs in 2013, increased 25% to USD 130.5 million compared to the previous year, primarily driven by (i) increased fleet size reflecting the recent acquisitions; (ii) a greater number of scheduled repairs made for locomotives in the reporting year; as well as (iii) cost inflation for certain repair works and spare parts.

Employee benefit expense

Employee benefit expense, accounting for 13% of the Group's Total Operating Cash Costs, increased 17% to USD 96.1 million in 2013 compared to the previous year. The Group managed to keep the increase in employee benefit expense costs significantly below the growth in headcount (driven by the consolidation of the acquired businesses, including the repair depot) with the average number of employees during the year up 36%. The Group's total number of employees decreased 7% from mid-2013 to the end of February 2014.

Operating lease rentals - rolling stock

Operating lease rentals - rolling stock, which accounted for 5% of the Group's Total Operating Cash Costs in 2013, decreased 35% to USD 40.1 million compared to the previous year. This decline reflected (i) a decrease in the average number of Leased-in Fleet; and (ii) a reduction in the leasing rates in the reporting year.

[9] According to the Federal Tariff Service of Russia; from 1 January 2013.

Infrastructure and Locomotive Tariffs - Other Tariffs

Infrastructure and Locomotive Tariffs - Other Tariffs (a non-GAAP financial measure), which is presented as part of the ”Infrastructure and locomotive tariffs: empty run trips and other tariffs” component of cost of sales reported under EU IFRS, accounted for 4% of the Group’s Total Operating Cash Costs in 2013. Infrastructure and Locomotive Tariffs - Other Tariffs was USD 29.6 million* in 2013, decreasing 30% compared to the previous year. 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.

Fuel and spare parts - locomotives

Fuel and spare parts - locomotives expenses, accounting for 5% of the Group’s Total Operating Cash Costs, were USD 38.0 million in 2013, an increase of 21% compared to the previous year. This increase reflected primarily the increase in the average number of locomotives operated as well as the increased utilisation of block trains[10] with owned locomotives.

Engagement of locomotive crews

Costs related to the engagement of locomotive crews from RZD increased 16% to USD 14.1 million in 2013 compared to the previous year and was primarily due to an increase in the average number of locomotives operated as well as increased utilisation of block trains[10] with owned locomotives. This cost item accounted for 2% of the Group’s Total Operating Cash Costs in 2013.

Other Operating Cash Costs

Other Operating Cash Costs, which accounted for 11% of the Group’s Total Operating Cash Costs, increased 16% to USD 79.6 million* in 2013 compared to the previous year, reflecting (i) an increase in Taxes (other than income tax and value added taxes) which was predominantly property tax reflecting the increase in the number of the Group’s Owned Fleet; and (ii) an increase in Operating lease rentals - office, Communication costs and other administrative expenses, a part of Other expenses, largely driven by the consolidation of Ferrotrans and Steeltrans.

Other Operating Cash Costs (a non-GAAP financial measure) include line items such as “Operating lease rentals - office”, “Auditors’ remuneration”, “Advertising and promotion”, “Communication costs”, “Information services”, “Taxes (other than income tax and value added taxes)” and “Other expenses”.

Total Operating Non-Cash Costs

Total Operating Non-Cash Costs (a non-GAAP financial measure) include line items such as “Depreciation of property, plant and equipment”, “Amortisation of intangible assets”, “Impairment charge for receivables” and “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 2013 and 2012.

	2012	2013	Change	Change
	USD mln	USD mln	USD mln	%
Depreciation of property, plant and equipment	113.0	164.4	51.3	45%
Amortisation of intangible assets	7.7	31.9	24.2	313%
Impairment charge for receivables	0.9	11.7	10.7	1131%
Loss on sale of property, plant and equipment	2.1	5.9	3.7	176%
Total Operating Non-Cash Costs	**123.8**	**213.8**	**90.0**	**73%**

[10] A block train consists of Group-operated rolling stock bound for one destination. The use of block trains improves delivery times and increases railcar turnover, as it avoids the need to couple and decouple individual rolling stock at rail yards.

Total Operating Non-Cash Costs were USD 213.8 million* in 2013, an increase of 73% compared to the previous year, reflecting the combination of the following factors:

- Depreciation of property plant and equipment increased 45% year on year to USD 164.4 million in 2013, due to the increase in the book value of the Group's property, plant and equipment reflecting primarily the consolidation of the recent acquisitions and the purchase of new railcars during 2012 (the book value of the Group's property, plant and equipment was up 92% to USD 2.7 billion as at 1 January 2013 compared to the beginning of 2012);
- An increase in amortisation of intangible assets to USD 31.9 million in 2013 from USD 7.7 million for 2012. This increase was driven by the amortisation of customer relationships related to the service contracts with Metalloinvest and MMK which were acquired as part of the acquisitions of Ferrotrans and Steeltrans. The customer relationships with Metalloinvest and MMK are being amortised for five years and seven years respectively;
- In 2013 the Group recorded USD 11.7 million of impairment charge for receivables which primarily reflected the one-off provisions made in respect of terminated client relationships, predominantly in the leasing business.

Adjusted EBITDA (non-GAAP financial measure)

The Group's Adjusted EBITDA in 2013 was USD 652.7 million*, a decline of 1% compared to the previous year. In Russian Rouble terms, the Group's Adjusted EBITDA increased 2% year on year.

The Group's Adjusted EBITDA Margin was 46%* in 2013 compared to 50%* in the previous year reflecting primarily soft market conditions in the segment for transportation in gondola cars.

The difference between EBITDA and Adjusted EBITDA arises largely from "Net foreign exchange transaction gains/(losses) on borrowings and other liabilities" and "Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets", which are eliminated from Adjusted EBITDA.

The following table provides detail on Adjusted EBITDA for the years ended 31 December 2013 and 2012, and its reconciliation to EBITDA and profit for the year.

	2012 USD mln	**2013 USD mln**	**Change USD mln**	**Change %**
Profit for the year	311.6	251.6	(59.9)	-19%
Plus (Minus)				
Income tax expense	100.7	90.5	(10.2)	-10%
Finance costs – net	124.5	109.8	(14.8)	-12%
Net foreign exchange transaction gains/(losses) on borrowings and other liabilities	(26.6)	2.2	NM	NM
Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets	(5.6)	6.7	NM	NM
Amortisation of intangible assets	7.7	31.9	24.2	313%
Depreciation of property, plant and equipment	113.0	164.4	51.3	45%
EBITDA	**625.4***	**657.2***	**31.8**	**5%**
Minus (Plus)				
Net foreign exchange transaction gains/(losses) on borrowings and other liabilities	(26.6)	2.2	NM	NM
Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets	(5.6)	6.7	NM	NM
Share of profit of associates	0.3	0.2	(0.1)	-37%
Other gains – net	1.2	1.2	(0.0)	1%
Loss on sale of property, plant and equipment	(2.1)	(5.9)	(3.7)	176%
Adjusted EBITDA	**658.2***	**652.7***	**(5.5)**	**-1%**

Finance income and costs

The following table provides a breakdown of finance income and costs for the years ended 31 December 2013 and 2012.

	2012 USD mln	2013 USD mln	Change USD mln	Change %
Interest expense:				
Borrowings from third parties	-	(2.2)	NM	NM
Bank borrowings	(61.8)	(75.9)	14.2	23%
Non-convertible bond	(32.6)	(36.2)	3.7	11%
Finance leases	(2.9)	(2.1)	(0.8)	-28%
Other finance costs	(0.8)	(5.9)	5.1	625%
Total interest expense	**(98.0)**	**(122.2)**	**24.3**	**25%**
Net foreign exchange transaction gains/(losses) on borrowings and other liabilities	(26.6)	2.2	NM	NM
Finance costs	**(124.5)**	**(120.1)**	**(4.5)**	**-4%**
Interest income:				
Loans receivables from third parties	-	0.0[11]	0.0	100%
Bank balances	2.3	0.9	(1.4)	-60%
Short term deposits	3.3	2.6	(0.7)	-22%
Total interest income	**5.6**	**3.6**	**(2.1)**	**-37%**
Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets	(5.6)	6.7	NM	NM
Finance income	**-**	**10.3**	**NM**	**NM**
Net finance costs	**(124.5)**	**(109.8)**	**(14.8)**	**-12%**

Finance income

Finance income increased to USD 10.3 million in 2013 as a combination of total interest income of USD 3.6 million and USD 6.7 million of net foreign exchange transaction gains on cash and cash equivalents and other monetary assets.

Finance costs

Finance costs decreased 4% to USD 120.1 million in 2013 compared to the previous year, reflecting a combination of the following factors:

- A 25% year-on-year increase in total interest expense to USD 122.2 million in 2013, largely driven by the growth in borrowings incurred to finance recent acquisitions;
- USD 2.2 million net foreign exchange transaction gains on borrowings and other liabilities recorded in 2013 compared to USD 26.6 million of net foreign exchange transaction losses on borrowings and other liabilities as the Group increased share of indebtedness denominated in Russian Roubles (94% as of 31 December 2013).

Profit before income tax

Profit before income tax decreased 17% to USD 342.2 million in 2013 compared to the previous year. This decrease was driven by a combination of the following factors:

- A decrease in operating profit of USD 84.8 million year on year, largely due to the USD 90.0 million increase in Total Operating Non-Cash Costs, which was primarily driven by the increase in depreciation of property, plant and equipment and amortisation of intangible assets reflecting the consolidation of recent acquisitions and associated long-term service contracts; which was
- Partially offset by a USD 14.8 million year-on-year decrease in Net finance cost.

Income tax expense

Income tax expense decreased 10% year on year to USD 90.5 million in 2013 primarily reflecting a 17% year-on-year decrease in Group's Profit before income tax.

The effective tax rate was 26.5% in 2013 (2012: 24.4%). The increase in the effective tax rate is caused by the increased proportion of the Group's profits arising from the Russian subsidiaries of the Group which are

[11] *USD 0.03 million.*

taxed at 20% compared to the Estonian subsidiaries which have zero applicable tax rate as well as the increase in withholding tax paid. The withholding tax is applied to dividends distributed to the Company by its Russian subsidiaries at the rate of 5% on gross dividends declared and 21% on net dividends declared for Estonian subsidiaries; such tax is withheld at source by the respective subsidiary and is paid to the tax authorities at the same time when the payment of dividend is effected.

LIQUIDITY AND CAPITAL RESOURCES

The business of freight rail transportation is capital intensive. In 2013 the Group's liquidity needs arose primarily from the acquisition of Steeltrans (renamed from MMK-Trans). The Group was able to meet its liquidity and capital expenditure needs comfortably from operating cash flow, cash and cash equivalents available at 31 December 2012 as well as proceeds from borrowings.

The Group manages its liquidity based on expected cash flows. As at 31 December 2013, the Group had Net Working Capital of USD 102.5 million*. Utilising its anticipated operating cash flow and borrowings, the Group believes that it has sufficient working capital to enable it to operate successfully and expand its business when appropriate opportunities arise.

Cash flows

The following table sets out the principal components of the Group's consolidated cash flow statement for years ended 31 December 2013 and 2012.

	2012 USD mln	**2013** **USD mln**
Cash flows from operating activities	**659.4**	**653.9**
Changes in working capital:		
Inventories	(4.2)	(1.8)
Trade and other receivables	(24.7)	83.8
Trade and other payables	19.4	(78.2)
Cash generated from operations	649.9	657.7
Tax paid	(81.8)	(83.2)
Net cash from operating activities	**568.1**	**574.5**
Cash flows from investing activities		
Acquisition of subsidiaries-net of cash acquired	(572.9)	(203.0)
Purchases of property, plant and equipment	(736.9)	(40.0)
Proceeds from disposal of property, plant and equipment	0.9	5.4
Advance payment for acquisition of subsidiary-restricted cash	(10.0)	-
Interest received	5.7	3.5
Loan repayments received from third parties	-	0.0[12]
Net cash used in investing activities	**(1,313.2)**	**(233.9)**
Cash flows from financing activities		
Net cash inflows (outflows) from borrowings and financial leases[13]	684.1*	(119.9)*
Interest paid	(90.2)	(111.4)
Proceeds from the issue of shares – net of expenses	330.3	-
Proceeds from the sale of treasury shares	60.0	-
Purchase of treasury shares	(43.2)	-
Dividends paid to non-controlling interests	(34.2)	(53.4)
Dividends paid to Company's shareholders	(98.9)	(125.1)
Net cash from/(used in) financing activities	**808.0**	**(409.8)**
Net (decrease)/increase in cash and cash equivalents	62.8	(69.2)
Exchange losses on cash and cash equivalents	(4.4)	(4.9)
Cash and cash equivalents and bank overdrafts at beginning of year	119.7	178.2
Cash and cash equivalents and bank overdrafts at end of year	**178.2**	**104.1**

[12] USD 0.08 million.
[13] Net Cash inflows (outflows) from borrowings and financial leases defined as a balance between the following line items: "Proceeds from borrowings", "Repayments of borrowings" and "Finance lease principal payments".

Net cash from operating activities

Net cash generated from operating activities increased 1% to USD 574.5 million in 2013 compared to the previous year supported by the solid performance of the underlying business.

Net cash used in investing activities

Net cash used in investing activities declined to USD 233.9 million in 2013 from USD 1,313.2 million in 2012, reflecting the Group's lower investment activity in the reporting year, primarily including (i) USD 203.0 million of acquisition of subsidiaries-net of cash acquired; and (ii) USD 40.0 million of Purchases of property, plant and equipment, representing primarily maintenance CAPEX.

Net cash (used in)/from financing activities

Net cash used in financing activities was USD 409.8 million in 2013, compared to Net cash from financing activities of USD 808.0 million in the previous year, which primarily reflected the combination of the following factors:

- Net cash outflows from borrowings and finance leases of USD 119.9 million* in 2013 compared to USD 684.1 million* inflow in the previous year reflecting the Group's lower investing activity in the reporting year as well as continued focus on business deleverage;
- An increase of USD 21.2 million in Interest paid to USD 111.4 million in 2013 compared to the previous year, as the Group's indebtedness increased in the first half of the reporting year, primarily to finance acquisition of Steeltrans in February 2013;
- Payment of USD 125.1 million in dividends to owners of the Company, compared to USD 98.9 million paid in the previous year;
- Payment of USD 53.4 million in dividends to non-controlling interests in subsidiaries, compared to USD 34.2 million paid in the previous year.

Capital Expenditure

The Group's capital expenditure for the acquisition of rolling stock on an accrual basis was USD 35.5 million in 2013 compared to USD 809.7 million in the previous year. In 2013, the Group's capital expenditure represented primarily maintenance CAPEX.

Acquisition of Steeltrans: On 12 February 2013 the Group completed the acquisition of 100% interest in Steeltrans (renamed from MMK-Trans), the captive freight rail operator of MMK Group, one of the largest single-site steelmakers in Russia. The total consideration was USD 251.3 million. Steeltrans principally handles cargoes of the MMK Group, primarily metallurgical cargoes and coal. As part of the transaction, Globaltrans entered into a five-year contract guaranteed by MMK Group to supply MMK with rail transportation services for at least 70% of its rail cargo flows (the service volume under this contract has been increased to 80% for the duration of 2014 as agreed in March 2014).

Capital Resources

As of 31 December 2013, the Group's financial indebtedness consisted of bank borrowings, non-convertible unsecured bonds, finance lease liabilities and loans from third parties for an aggregate principal amount of USD 1,014.1 million (including accrued interest of USD 14.9 million*), representing a decrease of USD 61.0 million compared to the end of 2012.

In the first half of 2013 the Group increased its leverage to finance the acquisition of Steeltrans with Net Debt up to USD 1,095.2 million* as at 30 June 2013, but in the second half of the year the Group actively deleveraged the business with the Group's Net Debt down to USD 910.0 million* as of the end of 2013. As of the end of February 2014, the Net Debt of the Group further decreased to USD 748.6 million* due to deleveraging and foreign exchange movements.

The following table provides detail on the Group's financial indebtedness structure as of 31 December 2013 (including accrued interest of USD 14.9 million*).

	as of 31 December 2013 USD million	*% of Total*
Bank borrowings	596.0	59%
Non-convertible unsecured bonds	352.1	35%
Finance lease liabilities	45.2	4%
Loans from third parties	20.8	2%
Total	**1,014.1**	**100%**

As of the end of 2013 the Group's leverage remained at the comfortable level with a Net Debt to Adjusted EBITDA ratio of 1.4x*.

The currency structure of the Group's indebtedness was further improved with Russian Rouble-denominated borrowings accounting for 94% of the Group's debt portfolio as of 31 December 2013, compared to 91% as of the end of 2012.

The carrying amounts were denominated in the following currencies as of 31 December 2013 and 31 December 2012.

	as of 31 Dec 2012 USD mln	*% of Total*	**as of 31 December 2013 USD mln**	*% of Total*
Russian Rouble	975.1	91%	954.4	94%
US Dollar	98.0	9%	59.6	6%
Euro	2.0	0%	0.0[14]	0%

The weighted average effective interest rate was stable year on year at 9.1%* at the end of 2013 despite the increase in the share of the Russian Rouble-denominated borrowings.

In addition, the Group continued executing its strategy to reduce financial risk with the share of borrowings with a fixed interest rates increased to 87%* at 31 December 2013 compared to 75%* at the end of the previous year.

The following table gives the maturity profile of the Group's borrowings (including accrued interest of USD 14.9 million*) as of 31 December 2013.

	as of 31 December 2013 USD mln
2014	277.0*
2015	510.9*
2016-2019	226.3*
Total	**1,014.1***

PRESENTATION OF INFORMATION

The financial information presented in this announcement is derived from the consolidated financial statements (audited) of Globaltrans Investment PLC ("the Company" or, together with its subsidiaries, "Globaltrans" or "the Group") for the years ended 31 December 2013 and 2012 and prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113 ("EU IFRS").

The Group's consolidated financial statements for the years ended 31 December 2013 and 2012 along with the selection of historical financial and operational information are available at Globaltrans' corporate website (www.globaltrans.com).

The consolidated financial statements are presented in US Dollars, which the Group's management believes to be better understood by the principal users of the financial statements. The functional currency of the Company, its Cypriot subsidiaries and its Russian subsidiaries is the Rouble. The Company's Estonian and Finnish subsidiaries have the Euro as their functional currency and the Company's Ukrainian

[14] *USD 0.03 million.*

subsidiary has the Ukrainian Hryvnia as its functional currency. The balance sheets of the Group's companies which have currencies other than the US Dollar as their functional currency are translated into US Dollars, at the exchange rate prevailing at the date of the relevant balance sheet, whereas income and expense items are translated into US Dollars at the average monthly exchange rates using the official exchange rates of the central bank of the country of registration of each entity, which approximate the exchange rate existing at the date of the transactions, in accordance with IAS 21 ''The Effects of Changes in Foreign Exchange Rates''. All resulting foreign currency exchange rate differences are recognised in other comprehensive income.

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

In this announcement the Group has used certain non-GAAP financial information (not recognised by EU IFRS or IFRS) as supplemental measures of the Group's operating performance.

Information (non-GAAP and operating measures) requiring additional explanation or defining is marked with initial capital letters and the explanations or definitions are provided at the end of this announcement.

Rounding adjustments have been made in calculating some of the financial and operational information included in this announcement. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

The Group has obtained certain statistical, market and pricing information that is presented in this announcement on such topics as the Russian freight rail transportation market and related subjects from the following third-party sources: Federal State Statistics Service of Russian Federation ("Rosstat"); OJSC Russian Railways ("RZD") and Federal Tariff Service of Russian Federation ("FST"). The Group has accurately reproduced such information and, as far as it is aware and is able to ascertain from information published by such third-party sources, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Group has not independently verified this third-party information. In addition, the official data published by Russian governmental agencies may be substantially less complete or researched than that of more developed countries.

All non-GAAP financial and operational information presented in this announcement should be used only as an analytical tool, and investors should not consider such information in isolation or in any combination as a substitute for analysis of the Group's consolidated financial statements and condensed interim financial information reported under EU IFRS, which are available the Globaltrans' corporate website www.globaltrans.com.

--END--

ANALYST AND INVESTOR CONFERENCE CALL

An analyst and investor conference call will be hosted by Sergey Maltsev, Chief Executive Officer and Alexander Shenets, Chief Financial Officer.

Date: Monday, 31 March 2014

Time: 14.00 London / 9.00 New York (EDT) / 17.00 Moscow

To participate in the conference call please dial one of the following numbers and ask to be put through to the "Globaltrans" call:

UK toll free: 0808 109 0700

International: +44 (0) 20 3003 2666

As there will be simultaneous translation for the first part of the call (slide presentation), you should state whether you prefer to listen in English or Russian. During the Q&A session, all participants will hear both languages.

Webcast facility

There will also be a webcast of the call available through the Globaltrans website (www.globaltrans.com). Please note that this will be a listen-only facility.

ENQUIRIES

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NOTES TO EDITORS

Globaltrans is a leading private freight rail transportation group with operations in Russia, the CIS and the Baltic countries. The Group's main business is the provision of freight rail transportation services. Globaltrans provides services to more than 650 customers and its key customers include a number of large Russian industrial groups in the metals and mining and the oil products and oil sectors.

The Group has a Total Fleet of about 66 thousand units of rolling stock with an average age of about eight years[15]. Universal gondola cars and rail tank cars constitute the backbone of the Group's fleet. About 93% of the Total Fleet is owned by the Group. In 2013 the Group's Freight Rail Turnover (including Engaged Fleet) was 155.5 billion tonnes-km. The Group's Market Share was 8.3% of overall Russian freight rail transportation volumes in 2013.

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

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

DEFINITIONS

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

Adjusted EBITDA (a non-GAAP financial measure) represents EBITDA excluding "Net foreign exchange transaction (gains)/losses on borrowings and other liabilities", "Net foreign exchange transaction (gains)/gains on cash and cash equivalents and other monetary assets", "Share of profit of associates", "Other gains - net" and "(Gain)/loss on sale of property, plant and equipment.

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

Adjusted Revenue (a non-GAAP financial measure) is calculated as "Total revenue" less the following "pass through" items "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organisations".

Average Distance of Loaded Trip is calculated as the sum of the distances of all loaded trips for a period divided by the number of loaded trips for the same period.

Average Number of Loaded Trips per Railcar is calculated as total number of loaded trips in the relevant period divided by Average Rolling Stock Operated.

[15] *Average age of the Group's Owned Fleet as of 31 December 2013.*

Average Price per Trip is calculated as Net Revenue from Operation of Rolling Stock divided by total number of loaded trips during the relevant period in the respective currency.

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

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

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

Empty Run Ratio is calculated as the total of empty trips in kilometres by respective rolling stock type divided by total loaded trips in kilometres of such rolling stock type. Empty trips are only applicable to rolling stock operated (not including rolling stock in maintenance, purchased rolling stock in transition to its first place of commercial utilisation, rolling stock leased out or Engaged Fleet).

Free Cash Flow (a non-GAAP financial measure) is calculated as "Net cash from operating activities" (after changes in working capital and tax paid) less "Purchases of property, plant and equipment" (which includes maintenance CAPEX) and "Interest paid".

Freight Rail Turnover is a measure of freight carriage activity over a particular period calculated as the sum of tonnage of each loaded trip multiplied by the distance of each loaded trip, expressed in tonnes-km. It includes volumes transported by the Engaged Fleet, unless otherwise stated.

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

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

Infrastructure and Locomotive Tariffs - Other Tariffs (a non-GAAP financial measure) is presented as part of the ''Infrastructure and locomotive tariffs: empty run trips and other tariffs'' component of "Cost of sales" reported under EU IFRS. This cost item includes the costs of relocation of rolling stock to and from maintenance, transition of purchased rolling stock to its first place of commercial utilisation, and relocation of rolling stock in and from lease operations as well as other expenses.

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

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

Market Share is calculated using the Group's own information as the numerator and information published by Rosstat as the denominator. The Group's Market Share is calculated as a percentage of the overall Russian freight rail transportation volume and includes volumes transported by Engaged Fleet.

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

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

Net Revenue from Operation of Rolling Stock (a non-GAAP financial measure) is defined as the sum of "Revenue from railway transportation - operators services (tariff borne by the Group)" and "Revenue from railway transportation - operators services (tariff borne by the client)" less "Infrastructure and locomotive tariffs: loaded trips", "Services provided by other transportation organisation" and Net Revenue from Engaged Fleet.

Net Working Capital (a non-GAAP financial measure) is calculated as the sum of the current portions of "Inventories", "Current income tax assets", "Trade receivables - net", "Prepayments - third parties", "Prepayments - related parties", "Other receivables - net", and "VAT recoverable", less the sum of the current portions of "Trade payables to third parties", "Prepayments for property, plant and equipment", "Trade payables to related parties", "Advances from customers for transportation services", "Advances from related parties for sale of wagons", "Accrued expenses", and "Other payables to third parties".

Total Operating Cash Costs (a non-GAAP financial measure) represent operating cost items payable in cash and calculated as "Total cost of sales, selling and marketing costs and administrative expenses" less the "pass through" items: "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organisations" and non-cash items: "Depreciation of property, plant and equipment", "Amortisation of intangible assets", "Impairment charge for receivables" and "(Gain)/loss on sale of property, plant and equipment".

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

Other Operating Cash Costs (a non-GAAP financial measure) include line items such as "Operating lease rentals - office", "Auditors' remuneration", "Advertising and promotion", "Communication costs", "Information services", "Taxes (other than income tax and value added taxes)" and "Other expenses".

Owned Fleet is defined as the rolling stock fleet owned and leased in under finance lease as at the end of the reporting period. It includes railcars and locomotives unless otherwise stated and excludes Engaged Fleet.

Share of Empty Run Kilometres Paid by Globaltrans is defined as the percentage of empty run kilometres paid by Globaltrans divided by the total amount of empty run kilometres incurred by the fleet operated by Globaltrans (not including relocation of rolling stock to and from maintenance, purchased rolling stock in transition to its first place of commercial utilisation, and rolling stock leased out or Engaged Fleet) in the relevant period.

Total Empty Run Ratio is calculated as total kilometres travelled empty divided by the total kilometres travelled loaded by the fleet operated by Globaltrans (not including the relocation of rolling stock to and from maintenance, purchased rolling stock in transition to its first place of commercial utilisation, or rolling stock leased out or Engaged Fleet) in the relevant period.

Total Fleet is defined as the total rolling stock owned and leased in under finance and operating leases as at the end of period. It includes railcars and locomotives unless otherwise stated and excludes Engaged Fleet.

Transportation Volume is a measure of freight carriage activity over a particular period measuring weight of cargo carried in million tonnes. It includes volumes transported by Engaged Fleet, unless otherwise stated.

LEGAL DISCLAIMER

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