

**Innovation**

**Partnerships**

**Independence**

**Performance**

## **Full-Year 2018 Results**

Valery Shpakov, CEO and Alexander Shenets, CFO

Investor Conference Call: 1 April 2019

 **Globaltrans**

Russia's leading freight rail group

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The financial information contained in this presentation is derived from the consolidated management report and consolidated financial statements (audited) of Globaltrans Investment PLC (the “Company” or, together with its subsidiaries, “Globaltrans” or the “Group”) and has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113 (“EU IFRS”). The Group’ consolidated management report and consolidated financial statements, selected operational information as at and for the years ended 31 December 2018 and 2017 along with historical financial and operational information are available at Globaltrans’ corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

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

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

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

The Group has obtained certain statistical, market and pricing information that is included in this presentation on such topics as the Russian freight rail transportation market and related subjects from the following third-party sources: Federal State Statistics Service of Russian Federation (“Rosstat”); JSC Russian Railways (“RZD”) and 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 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 consolidated interim financial information reported under EU IFRS, which are available at the Globaltrans’ corporate website [www.globaltrans.com](http://www.globaltrans.com).

## The team presenting today



**Valery Shpakov**  
Chief Executive Officer

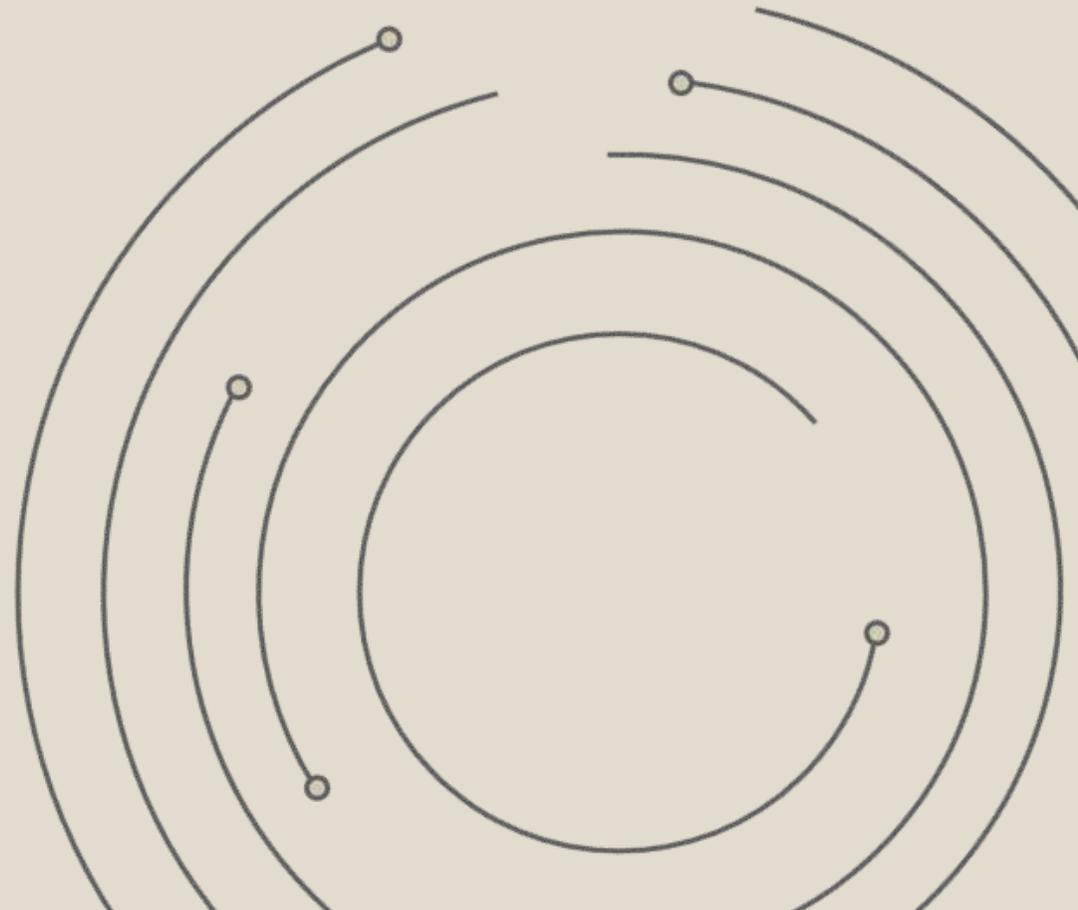
Mr Shpakov became CEO in March 2016, having joined the Group's New Forwarding Company in 2003. He has worked in the rail sector for over 30 years and received the "Honoured Railwayman of Russia" Award in recognition of his significant contributions to the industry.



**Alexander Shenets**  
Chief Financial Officer

Mr Shenets has extensive experience in senior finance positions primarily in the rail sector and has been the CFO of Globaltrans since the Group's establishment in 2004.

- Highlights



## Strong results, sizeable expansion of owned fleet and attractive dividends

### New contracts performing well, pricing continues to be strong

- New five-year agreements with TMK<sup>1</sup> and ChelPipe Group<sup>2</sup> are successfully underway and delivering benefits
- Operational excellence maintained with Empty Run Ratio for gondola cars at 38%
- Increase in pricing supported by strong gondola market

### Strong financials, margin expansion

- Adjusted Revenue up 17% y-o-y to RUB 60.9 bln
- Cost discipline maintained despite inflationary pressures with the rise in Total Operating Cash Costs at 6% y-o-y
- Increase in Adjusted EBITDA Margin to 54% (2017: 50%)
- 28% y-o-y rise in Adjusted EBITDA to RUB 33.1 bln

### Strong cash generation, increased Owned Fleet, low leverage

- Cash generated from operations up 19% y-o-y to RUB 32.6 bln with robust Free Cash Flow of RUB 12.3 bln
- Owned fleet up 7% with 4.7k units<sup>3</sup> added to satisfy client demand. Units fully integrated by year end, setting strong platform for 2019
- Leverage held at low level with Net Debt to Adjusted EBITDA at 0.56x

### Attractive dividends delivered above target

- Total final and special final dividends of RUB 8.3 bln or RUB 46.5 per share/GDR proposed<sup>4</sup>
- The above-target total shareholder payment in respect of 2018 will be RUB 16.5 bln or RUB 92.4 per share/GDR<sup>5</sup>, 3% higher than the total payment in respect of 2017

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

1) TMK is a leading global manufacturer and supplier of steel pipes for the oil and gas industry, operating 27 production sites in the United States, Russia, Canada, Romania, Oman and Kazakhstan.

2) ChelPipe Group is a leading Russian manufacturer of pipe products and provides integrated solutions for fuel and energy companies.

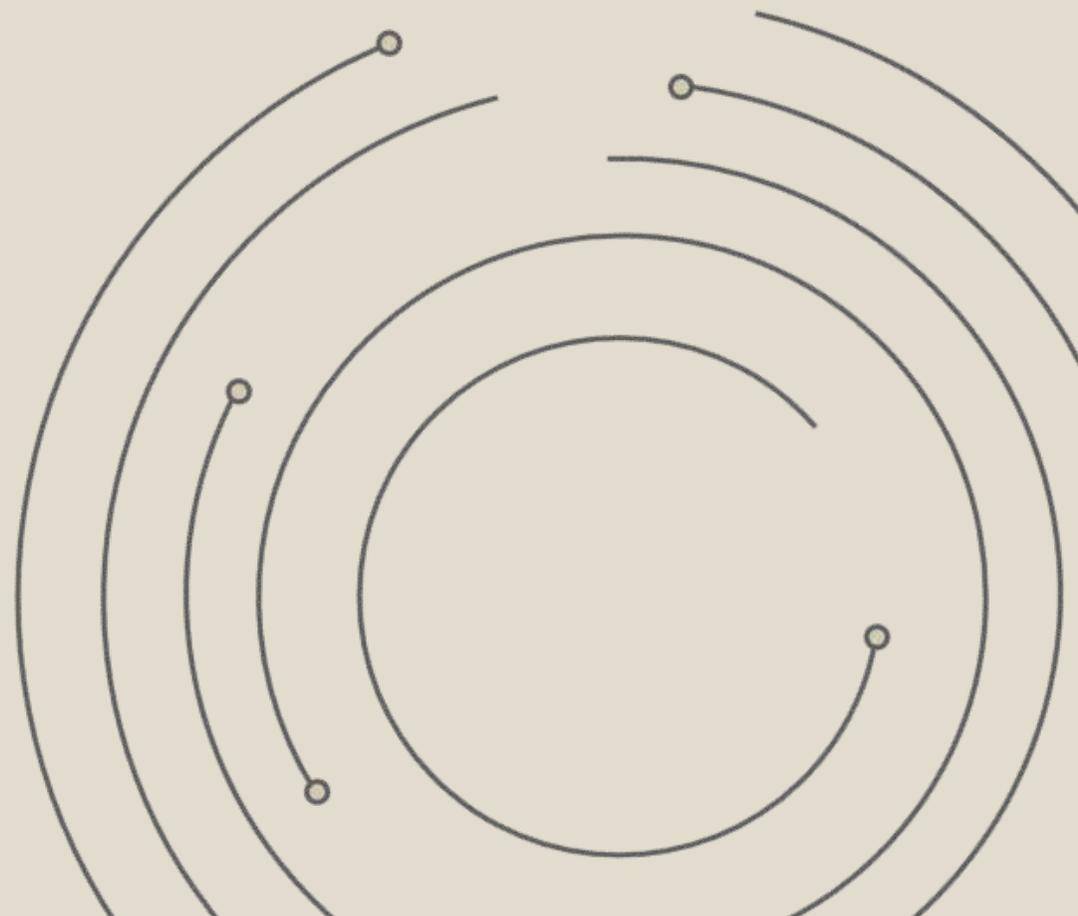
3) In 2018, the Group acquired 4,747 units (including 3,862 gondola cars, 481 flat cars and 404 containers).

4) Subject to shareholders' approval, final and special final 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 19 April 2019.

The respective Annual General Meeting was called for 22 April 2019. The shareholder dividend record date is set as 18 April 2019. The Global Depository Receipts (GDRs) will be marked as ex-dividend on 17 April 2019.

5) Including interim and special interim dividends paid in respect of H1 2018 and proposed final and special final dividends in respect of H2 2018.

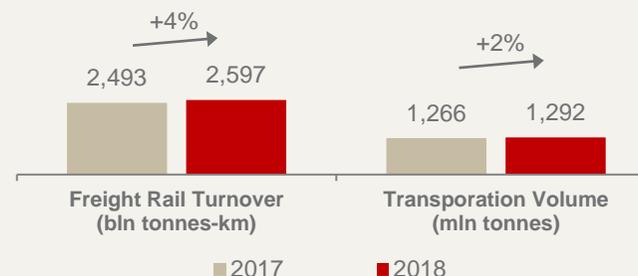
- Market update



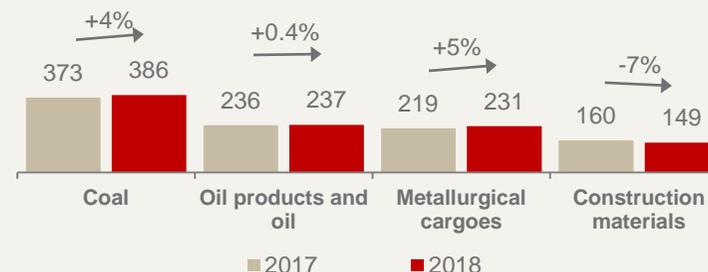
# Market backdrop remains positive following further rise in demand in 2018

- Another year of rising demand**
  - Overall Russia's freight rail turnover in 2018 rose 4% with volumes up 2% y-o-y
  - Further growth in January-February 2019 period - overall freight rail turnover and volumes rose 2% and 1% y-o-y respectively
- Bulk cargoes again drive growth**
  - Largely supported by increased volumes of coal (+4% y-o-y) and metallurgical cargoes (+5% y-o-y)<sup>1</sup>
  - Rising demand absorbed c.7% (33k units) net increase in overall gondola capacity<sup>2</sup>
  - Strong customer demand and tight gondola availability supported continued favorable pricing conditions in the gondola segment
- Oil products and oil segment stabilised**
  - Volumes in oil products and oil segment increased slightly y-o-y
  - Ongoing scrappage of old rail tanks combined with very low new additions (net capacity decline of c.6k units or 2% in 2018)<sup>2</sup>
  - Slight improvement in pricing environment

## Overall Russia's freight rail market performance



## Overall Russia's freight rail transportation volumes (by key freight, mln tonnes)<sup>1</sup>

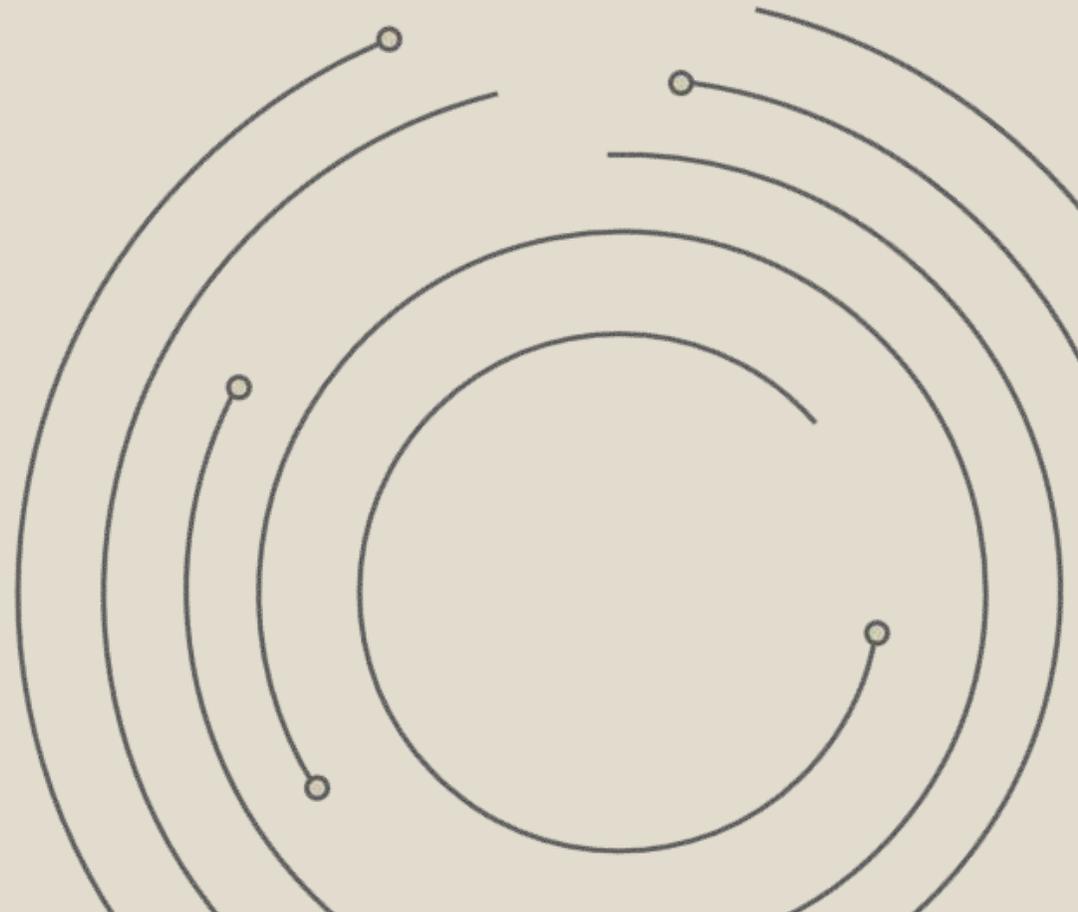


Source: Globaltrans, Rosstat. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

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

2) Estimated by the Company.

- Operational performance



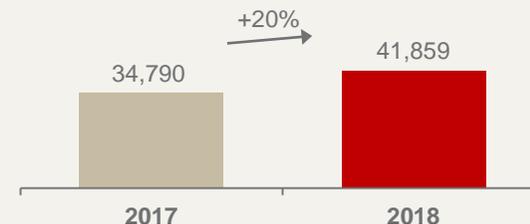
## Long-term contracts portfolio extended, further pricing improvement

- New long-term contracts already starting to deliver benefits**
  - New five-year contracts signed with TMK<sup>1</sup> and ChelPipe Group<sup>2</sup>, both are leading manufacturers of pipe products
  - Both contracts envisage significant increases in serviced volumes to 70% of client's freight rail transportation needs and perfectly complement Globaltrans' logistics patterns
  - Combined volumes for both clients up 40% in H2 2018 compared to H1 2018
- Long-term contracts are the backbone of the business**
  - 60% of Net Revenue from Operation of Rolling Stock was contributed by long-term contracts in 2018 (Rosneft, Metalloinvest, MMK, TMK and ChelPipe)
- Better pricing reflected in 20% y-o-y rise in Average Price per Trip**
  - Strong positioning and high-quality service offering combined with favorable market backdrop drove increase
  - Rail tank operation benefitted from slightly improved pricing due to stable demand and the Group's unique locomotive capability

### Period remaining for long-term contracts (years; as of 31 December 2018)



### Average Price per Trip (RUB)



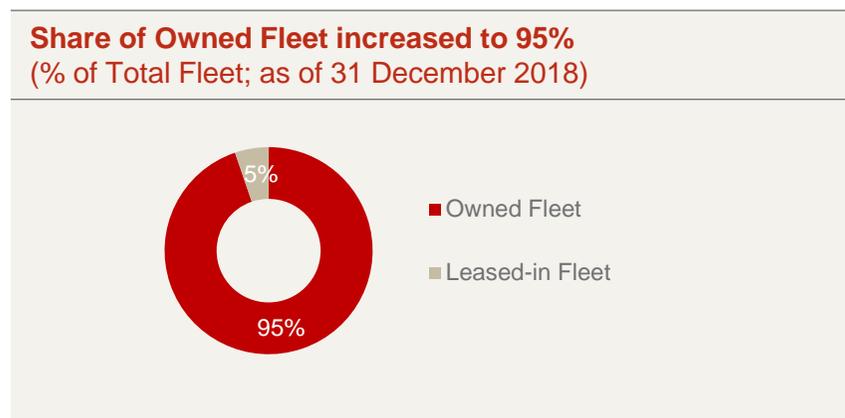
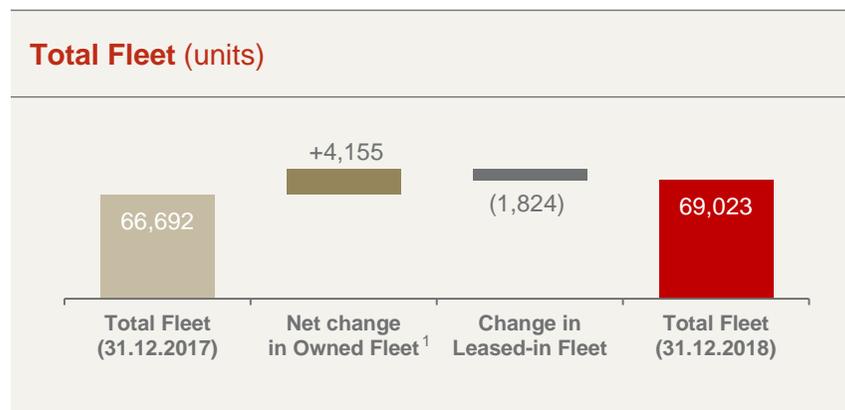
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2) ChelPipe Group is a leading Russian manufacturer of pipe products and provides integrated solutions for fuel and energy companies.

# Owned Fleet up 7% to support new contracts, creating strong platform for 2019

- **7% y-o-y net expansion of Owned Fleet in response to strong demand and new long-term contracts**
  - 4.7k units acquired in 2018 compared to 1.3k units in the previous year
  - Investments focused on gondolas (+3.9k units) with petrochemical tank containers and related flat cars (+0.9k units) also acquired
  - Owned Fleet increased to 65.4k units with Total Fleet exceeding 69k units
  - All new units were put into operation during 2018 to support new contracts and strengthen ongoing business for 2019
- **Fleet rebalancing successfully completed**
  - Rise in leasing rates triggered substitution of leased-in gondolas with owned units
    - 2.2k units of leased-in gondola cars returned to lessors over 2018
    - Purchase of 3.9k gondola cars during 2018 more than offset the reduction in the number of leased-in gondolas
  - Fleet rebalancing temporarily affected average gondola fleet in operation in 2018 (down 2% y-o-y)
  - Share of Owned Fleet rose to 95% vs 92% at the end of 2017



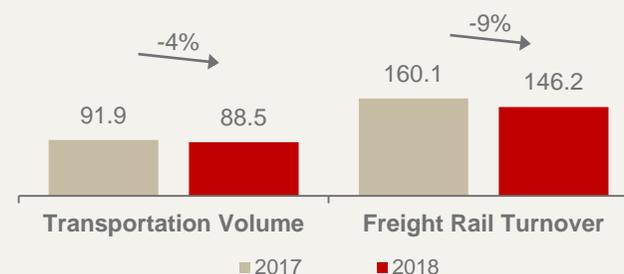
Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

1) In 2018, the Group acquired 4,747 units (including 3,862 gondola cars, 481 flat cars and 404 containers) and disposed of 592 units, of which 334 were written off.

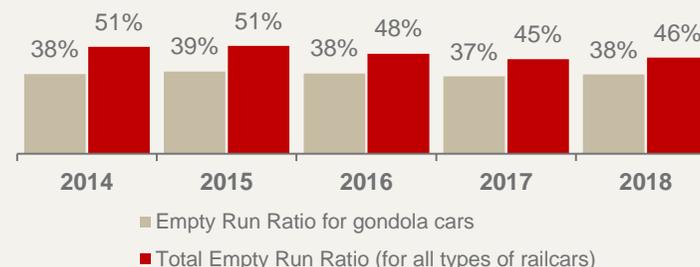
# Robust operational performance impacted by fleet rebalancing and changed logistics

- Transportation Volumes and Freight Rail Turnover came under pressure**
  - Bulk cargo volumes were affected by a temporary reduction in average gondola fleet operated (down 2% y-o-y)
  - Changed client logistics contributed to a 4% y-o-y decline in Average Distance of Loaded Trip
  - Average Number of Loaded Trips per Railcar decreased 4% y-o-y largely due to a reduction in average speeds on the RZD rail network in 2018, caused by ongoing major rail infrastructure modernisation projects
- Improved performance of oil products and oil segment**
  - Rail tank fleet in operation was increased by transferring some leased-out units into operation and increasing the number of leased-in rail tanks
  - Freight Rail Turnover<sup>1</sup> and Net revenue from operation of rail tank cars increased 3% and 12% y-o-y respectively
- Operational excellence maintained**
  - Empty Run Ratio for gondola cars stood at 38% (2017: 37%)
  - Total Empty Run Ratio (for all types of railcars) was 46% (2017: 45%)
  - Share of Empty Run Kilometers paid by Globaltrans rose to 89% (2017: 86%) due to the change in logistics patterns of some clients

**Transportation Volumes / Freight Rail Turnover (excl. Engaged Fleet)**



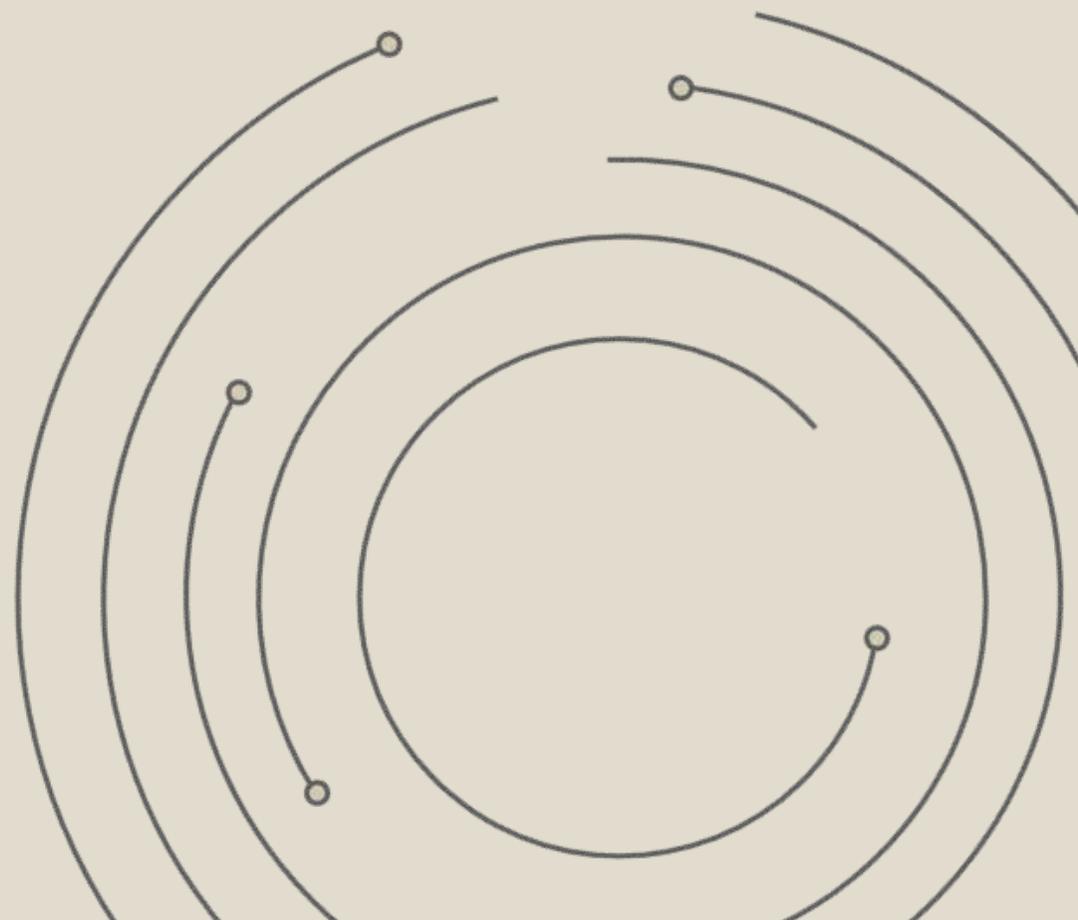
**Empty Run Ratio (%)**



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

1) Excluding Engaged Fleet.

- Financial results

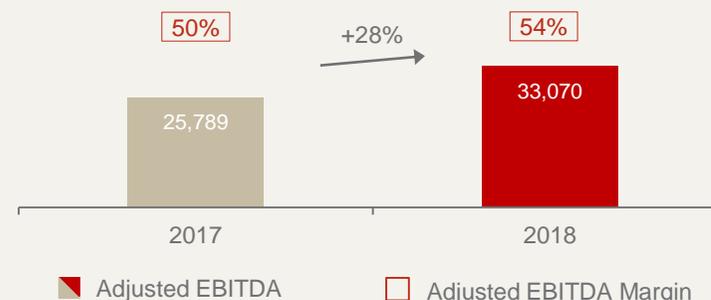


## Strong financials, margin expansion and continued low leverage

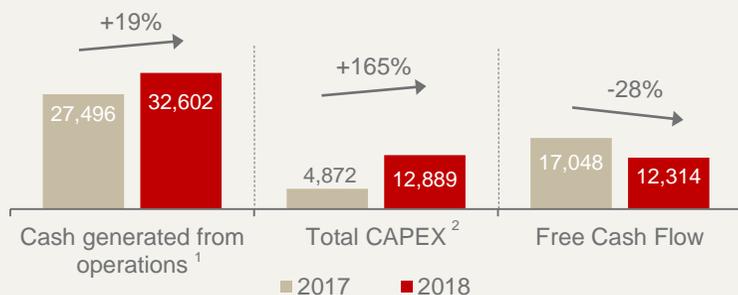
**Adjusted Revenue (RUB mln)**  
**Total Operating Cash Costs (RUB mln)**



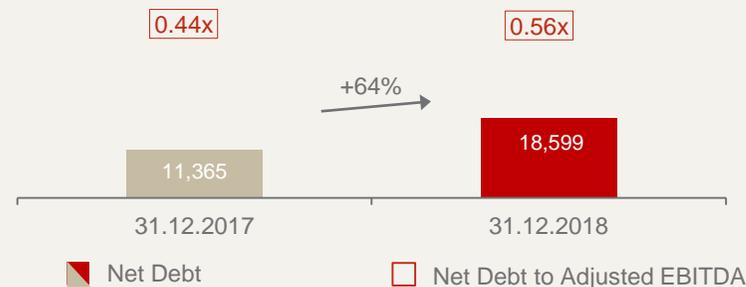
**Adjusted EBITDA (RUB mln)**  
**Adjusted EBITDA Margin (%)**



**Cash generated from operations / Total CAPEX (RUB mln)**  
**Free Cash Flow (RUB mln)**



**Net Debt (RUB mln)**  
**Net Debt to Adjusted EBITDA (x)**



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

1) After "Changes in working capital".

2) Total CAPEX (a non-GAAP financial measure) calculated on a cash basis as the sum of "Purchases of property, plant and equipment" (which includes maintenance CAPEX), "Purchases of intangible assets", "Acquisition of subsidiary undertakings – net of cash acquired" and "Finance lease principal payments" (as a part of the capital expenditures was financed with a finance lease).

## Adjusted Revenue increased reflecting solid performance across key business segments

	2017 (RUB mln)	2018 (RUB mln)	Change y-o-y, %
<b>Adjusted Revenue</b>	<b>52,094</b>	<b>60,859</b>	<b>17%</b>
<i>Including</i>			
<b>Net Revenue from Operation of Rolling Stock</b>	<b>49,709*</b>	<b>57,474*</b>	<b>16%</b>
Operating leasing of rolling stock	1,212	1,394	15%
Net Revenue from Engaged Fleet	173*	432*	149%
Other revenue	1,000	1,559	56%

- **Net Revenue from Operation of Rolling Stock (94% of Adjusted Revenue) rose 16% y-o-y reflecting increases in both non-oil and rail tank car segments (up 17% and 12% y-o-y respectively)**
  - Average Price per Trip rose 20% y-o-y with the Average Number of Loaded Trips per Railcar down 4% y-o-y
  - Average Rolling Stock Operated remained relatively stable
- **Revenue from Operating leasing of rolling stock (2% of Adjusted Revenue) rose 15% y-o-y**
  - Improved pricing environment in rail tank car segment
- **Net Revenue from Engaged Fleet (1% of Adjusted Revenue) up 149% y-o-y**
  - Mostly reflecting the increase in the number of Engaged Fleet operations in the rail tank car segment
- **Other revenue (3% of Adjusted Revenue) up 56% y-o-y**
  - Primarily reflecting the gradual commissioning into operation of petrochemical tank containers purchased in 2018 and an increase in revenue from maintenance services provided to third parties

## Strict cost control curbs impact of ongoing cost pressures

	2017 (RUB mln)	2018 (RUB mln)	Change %
<b>Total Operating Cash Costs</b>	<b>26,303</b>	<b>27,894</b>	<b>6%</b>
Empty Run Costs	12,154*	12,956*	7%
Employee benefit expense	3,426	4,367	27%
Repairs and maintenance	3,769	3,821	1%
Fuel and spare parts - locomotives	1,519	1,935	27%
Operating lease rentals - rolling stock	1,634	827	-49%
Infrastructure and Locomotive Tariffs - Other Tariffs	949*	892*	-6%
Engagement of locomotive crews	662	795	20%
Other Operating Cash Costs <sup>1</sup>	2,189	2,300	5%
<b>Total Operating Non-Cash Costs</b>	<b>6,409</b>	<b>6,197</b>	<b>-3%</b>
Depreciation of property, plant and equipment	4,962	5,111	3%
Amortisation of intangible assets	718	697	-3%
Loss on derecognition arising on capital repairs <sup>2</sup>	528	377	-29%
Impairment of property, plant and equipment	111	10	-91%
Net impairment losses on trade receivables and prepayments	61	30	-51%
Net loss/(gain) on sale of property, plant and equipment	29	(27)	NM

- Continued strict cost control with Total Operating Cash Costs up 6% y-o-y despite ongoing cost pressures
- Total Operating Non-Cash Costs were down 3% y-o-y primarily reflecting the combination of a decline in the Loss on derecognition arising on capital repairs<sup>2</sup> due to the lower number of scheduled capital repairs which was partially offset by an asset-expansion driven increase in the Depreciation of property, plant and equipment

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

- 1) Other Operating Cash Costs (a non-GAAP financial measure) include cost items such as "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".
- 2) The cost of each major periodic capital repair (including the replacement of significant components) is recognised in the carrying amount of the relevant item of rolling stock repaired and separately depreciated. Simultaneously, the carrying amount of the repaired rolling stock that is attributable to the previous periodic capital repair and/or significant component replacement, if any, is derecognised and debited in "Cost of sales" in the income statement as "Loss on derecognition arising on capital repairs" for the period during which the repair was carried out.

## Major Operating Cash Cost items

### Empty Run Costs (46%)<sup>1</sup>



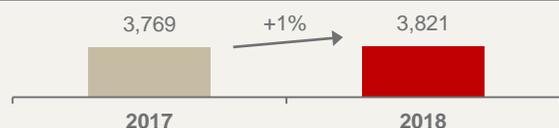
- 5.3% y-o-y rise in the regulated RZD tariff for traction of empty railcars and an increase in Freight Rail Turnover in rail tank car segment with higher Empty Run Ratio
- Rise in Share of Empty Run Kilometres paid by Globaltrans to 89% (2017: 86%)
- Total Empty Run Ratio (for all types of railcars) increased slightly to 46% (2017: 45%)

### Employee benefit expense (16%)<sup>1</sup>



- Higher than inflation growth in wages and salaries
- Strong results and the appreciation in the GDR<sup>2</sup> price drove the rise in bonuses (incl. share based payment expense)
- Increase in related social insurance costs

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



- Inflation growth in the cost of repair works was partially offset by decline in number of ad-hoc and depot repairs
- Significant increase in the cost of certain spare parts
- Decline in the number of higher cost locomotive repairs

### Fuel and spare parts – locomotives (7%)<sup>1</sup>



- Rise in Freight Rail Turnover in the rail tank car segment and the corresponding increased usage of locomotives which drove fuel consumption
- Growth in fuel prices and inflation in the cost of spare parts

### Operating lease rentals – rolling stock (3%)<sup>1</sup>



- Leased-in Fleet down 34% to 3,618 units compared to the end of 2017 reflecting a largely intentional reduction in expensive leased-in gondola cars (down 96% vs. end 2017)

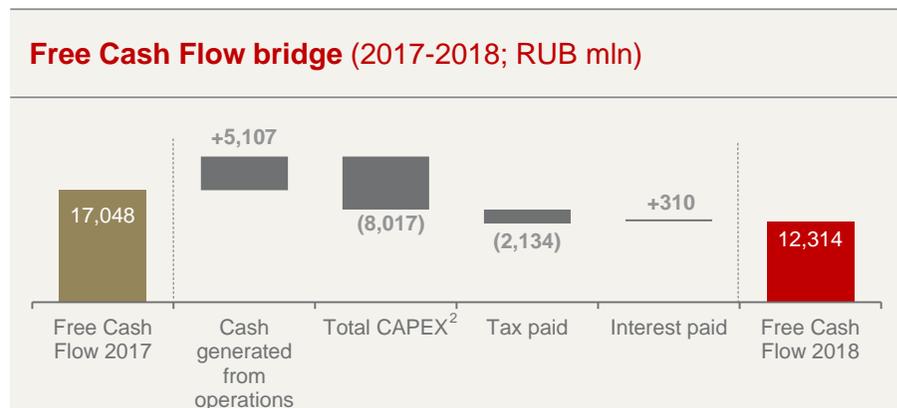
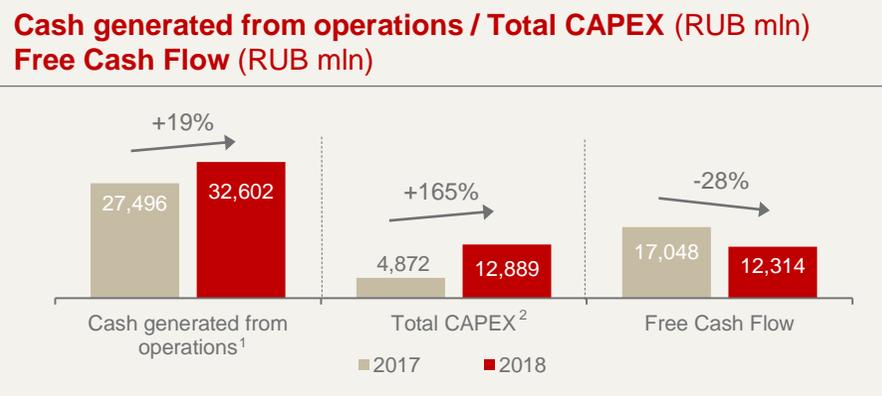
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1) The proportion of Total Operating Cash Costs in 2018.

2) Global Depository Receipt (GDR).

# Robust Free Cash Flow despite sizeable increase in CAPEX

- Cash generated from operations up 19% y-o-y<sup>1</sup>**
  - Continued strong cash generation supported by solid operational model, long-term contracts and high service quality
- Total CAPEX increased 165% y-o-y to meet additional demand**
  - Total CAPEX<sup>2</sup> of RUB 12,889 mln, including Purchases of property, plant and equipment (RUB 11,568 mln) and Finance lease principal payments (RUB 1,321 mln)
    - 4.7k units acquired in 2018, mostly gondola cars<sup>3</sup>
    - Maintenance CAPEX increased reflecting significant growth in the cost of certain spare parts
- Free Cash Flow remained robust despite sizeable increase in CAPEX**
  - RUB 5,107 mln y-o-y increase in cash generated from operations was more than offset by a combination of:
    - RUB 8,017 mln y-o-y rise in Total CAPEX
    - RUB 2,134 mln y-o-y increase in Tax paid due to the growth in taxable profits
  - Interest paid declined RUB 310 mln y-o-y largely due to a decrease in the average weighted interest rate



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2) Total CAPEX (a non-GAAP financial measure) calculated on a cash basis as the sum of "Purchases of property, plant and equipment" (which includes maintenance CAPEX), "Purchases of intangible assets", "Acquisition of subsidiary undertakings – net of cash acquired" and "Finance lease principal payments" (as a part of the capital expenditures was financed with a finance lease).

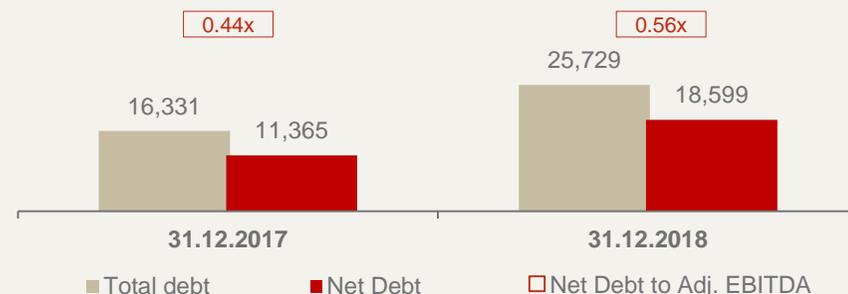
3) In 2018, the Group acquired 4,747 units (including 3,862 gondola cars, 481 flat cars and 404 containers).

## Robust financial profile with Net Debt to Adjusted EBITDA at 0.56x

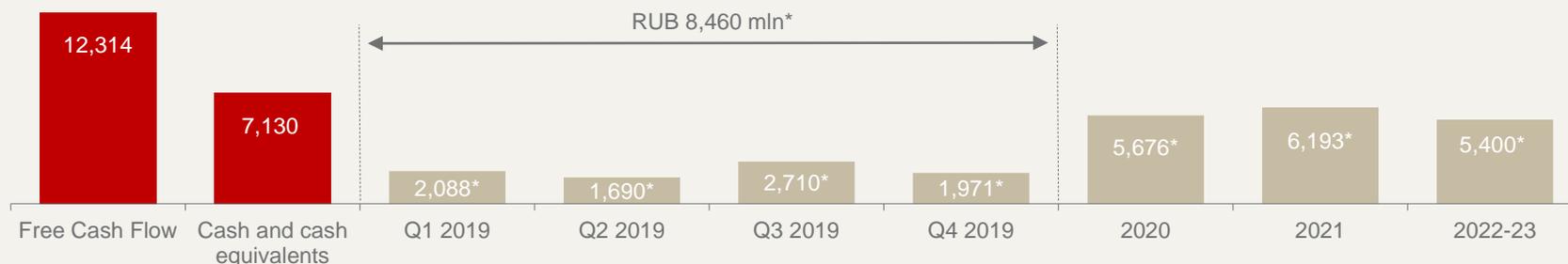
- Robust financial profile and low leverage maintained**

- Net Debt to Adjusted EBITDA ratio maintained at low level of 0.56x
- Net Debt of RUB 18,599 mln (up 64% vs. the end of 2017) largely reflecting the sizeable increase in CAPEX
- Nearly 100% of debt denominated in RUB (the functional currency of the Company)
- Weighted average effective interest rate reduced to 7.9% compared to 9.4% at the end of 2017

### Total debt and Net Debt (RUB mln) Net Debt to Adjusted EBITDA (x)



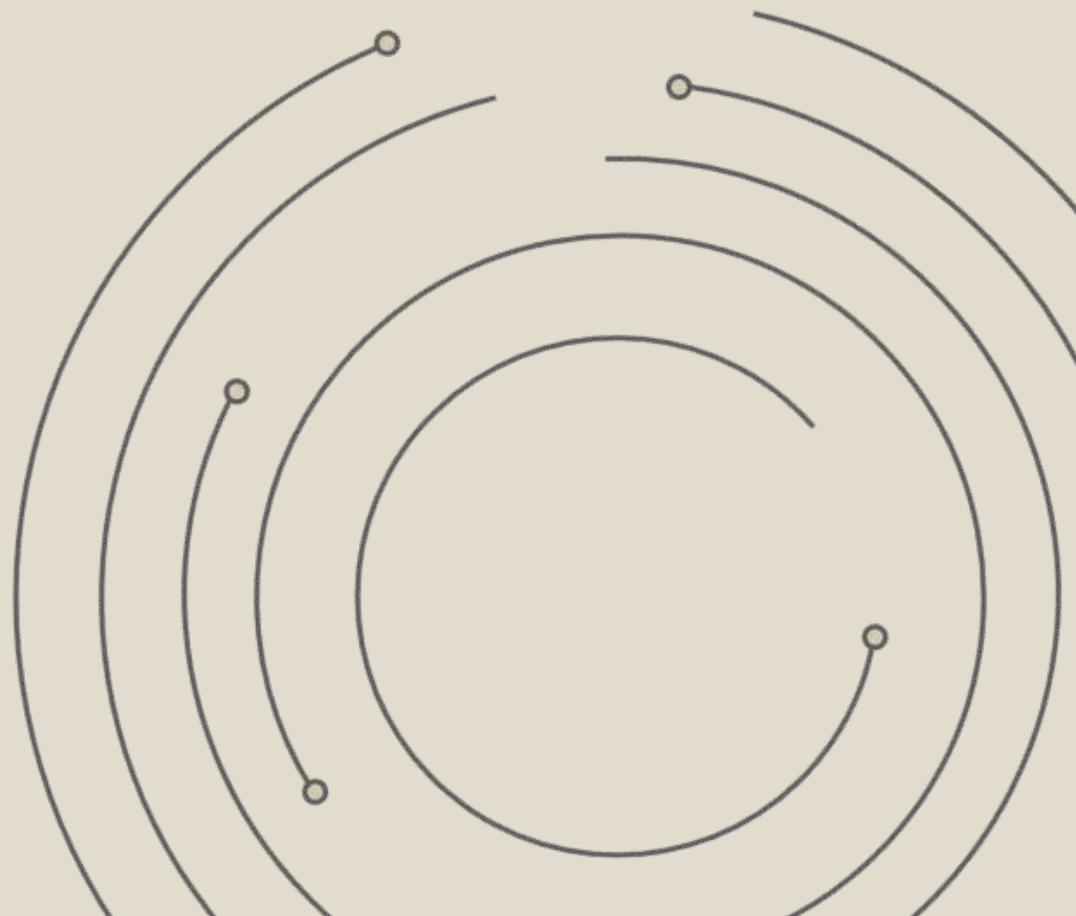
### Balanced and comfortable maturity profile (as of 31 December 2018, RUB mln)<sup>1</sup>



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

1) Including accrued interest of RUB 225 mln\*.

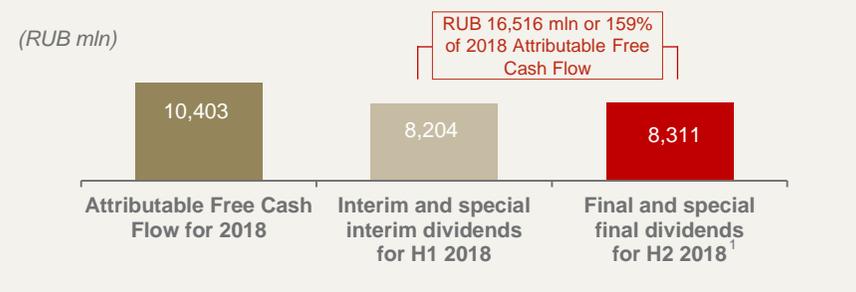
- Dividends



## Increased dividend in respect of 2018; attractive H1 2019 dividend targeted

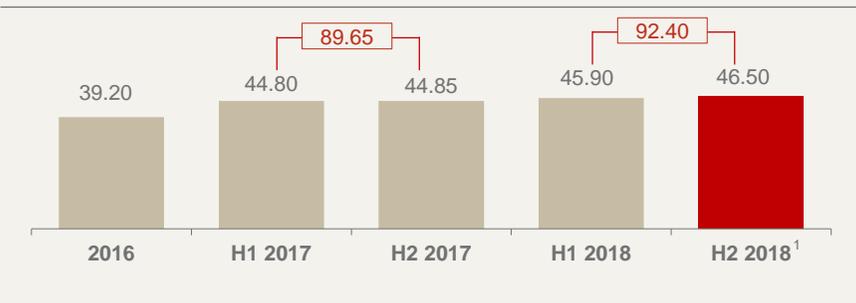
- **Strong dividend payments proposed in respect of H2 2018 reflecting solid Attributable Free Cash Flow and low Leverage**
  - Proposed final and special final dividends of RUB 8,311 mln combined (RUB 46.5 per share/GDR)<sup>1</sup>
  - Payout reflects dividend policy<sup>2</sup> and intention to maintain efficient capital structure and return excess capital to shareholders
  - Subject to shareholder approval at AGM called for 22 April 2019
  - GDR ex-dividend date – 17 April 2019
- **2018 total shareholder remuneration 3% above target**
  - Total shareholder payment in respect of 2018 will be RUB 16,516 mln or RUB 92.4 per share/GDR<sup>3</sup>, a 3% increase compared to the total payment in respect of 2017
- **H1 2019 total interim dividend (regular and special) of RUB 8.3 bln targeted, provided the current outlook for the sector remains broadly unchanged**

### RUB 16,516 mln – total payment to shareholders in respect of 2018<sup>3</sup>



### Continuously increasing dividend payments since 2016

Dividends in respect of related period (RUB per share)



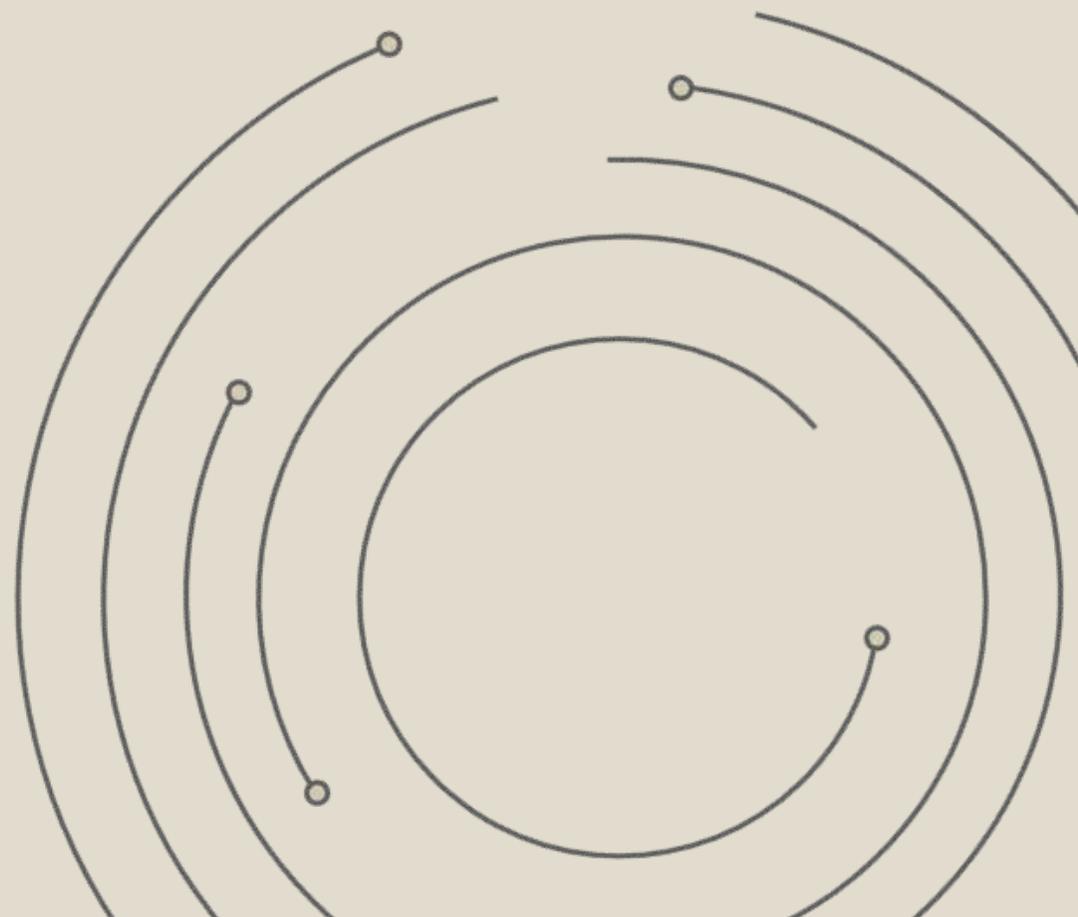
Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

1) Subject to shareholders' approval, final and special final 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 19 April 2019. The respective Annual General Meeting was called for 22 April 2019. The shareholder dividend record date is set as 18 April 2019. The Global Depository Receipts (GDRs) will be marked as ex-dividend on 17 April 2019.

2) The Group's enhanced dividend policy was adopted on 31 March 2017 and amended on 24 August 2018 (available at [www.globaltrans.com](http://www.globaltrans.com)).

3) Including interim and special interim dividends paid in respect of H1 2018 and proposed final and special final dividends in respect of H2 2018.

- Key takeaways



# Management targeting moderate demand-based investments and attractive H1 2019 interim dividend

## Industry outlook generally positive

- Favorable market environment has continued into 2019; ongoing market performance will be dependent on economic conditions
- Long-term industry fundamentals remain strong supported by the modernisation of rail infrastructure and plans to increase production of key industrial commodities

## Focus on cost management and operational efficiency

- Mitigating ongoing cost pressures related to higher regulated RZD tariffs for the traction of empty railcars<sup>1</sup> and increased costs for certain spare parts
- Adapting fleet management to meet changed client logistics patterns and demand on more profitable routes. This is likely to result in an increased Empty Run Ratio for gondola cars to over 40% which is reflected in the commercial terms with clients

## Moderate investment subject to strict return criteria

- Gondola car investment is expected to be limited, demand-lead and subject to prices for new rolling stock
- Further development of niche projects with a combined acquisition of about 1.5k flat cars and specialised containers anticipated for 2019
- Up to 10 new diesel locomotives are expected to be acquired in 2019 for fleet modernisation purposes
- Increased maintenance CAPEX expected in 2019 largely reflecting a scheduled rise in the number of changes of wheel pairs and an increase in the cost of certain spare parts

## Attractive H1 2019 dividend targeted

- Prudent capital allocation to be maintained providing attractive shareholder returns subject to leverage
- H1 2019 total interim dividend (regular and special) of RUB 8.3 bln targeted, provided the current outlook for the sector remains broadly unchanged

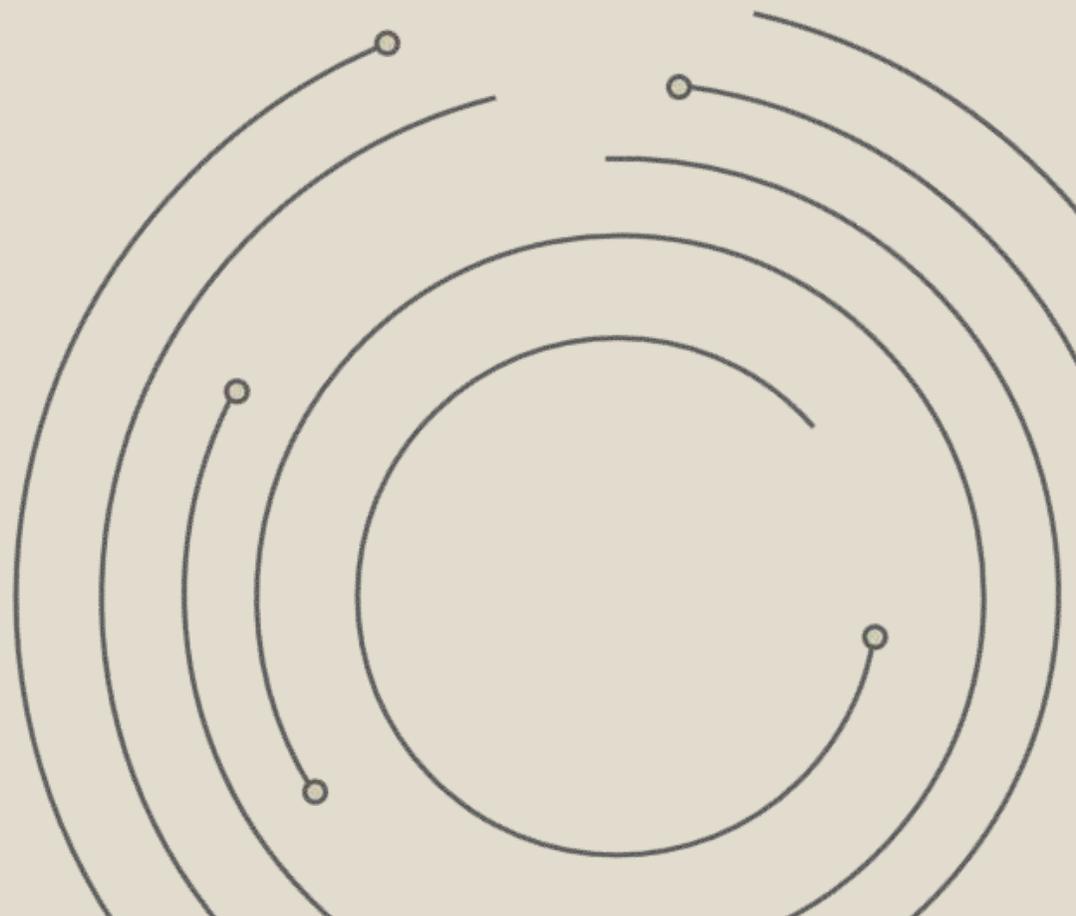
## Key takeaways

- **Rising demand supported by solid long-term industry fundamentals**
  - Overall Russia's freight rail turnover rose 4% y-o-y in 2018
- **Globaltrans again delivered strong full-year results**
  - Adjusted EBITDA up 28% y-o-y with improved Adjusted EBITDA Margin of 54%
  - Robust Free Cash Flow despite significantly increased CAPEX in 2018
  - Leverage held at low level with Net Debt to Adjusted EBITDA at 0.56x
- **Robust operational performance; long-term contract backbone strengthened**
  - Operational excellence maintained
  - Operations under new long-term contracts expanded
- **Increased fleet creates strong platform for 2019**
  - Owned Fleet increased 7% over 2018 bringing Total Fleet to record 69k units
  - Moderate demand-based organic growth targeted for 2019 with focus on niche projects
- **Globaltrans' success provides for attractive dividends**
  - Increased dividends totaling RUB 16.5 bln to be delivered in respect of 2018<sup>1</sup>
  - Ongoing ambition to return excess capital to shareholders with attractive H1 2019 interim dividend targeted

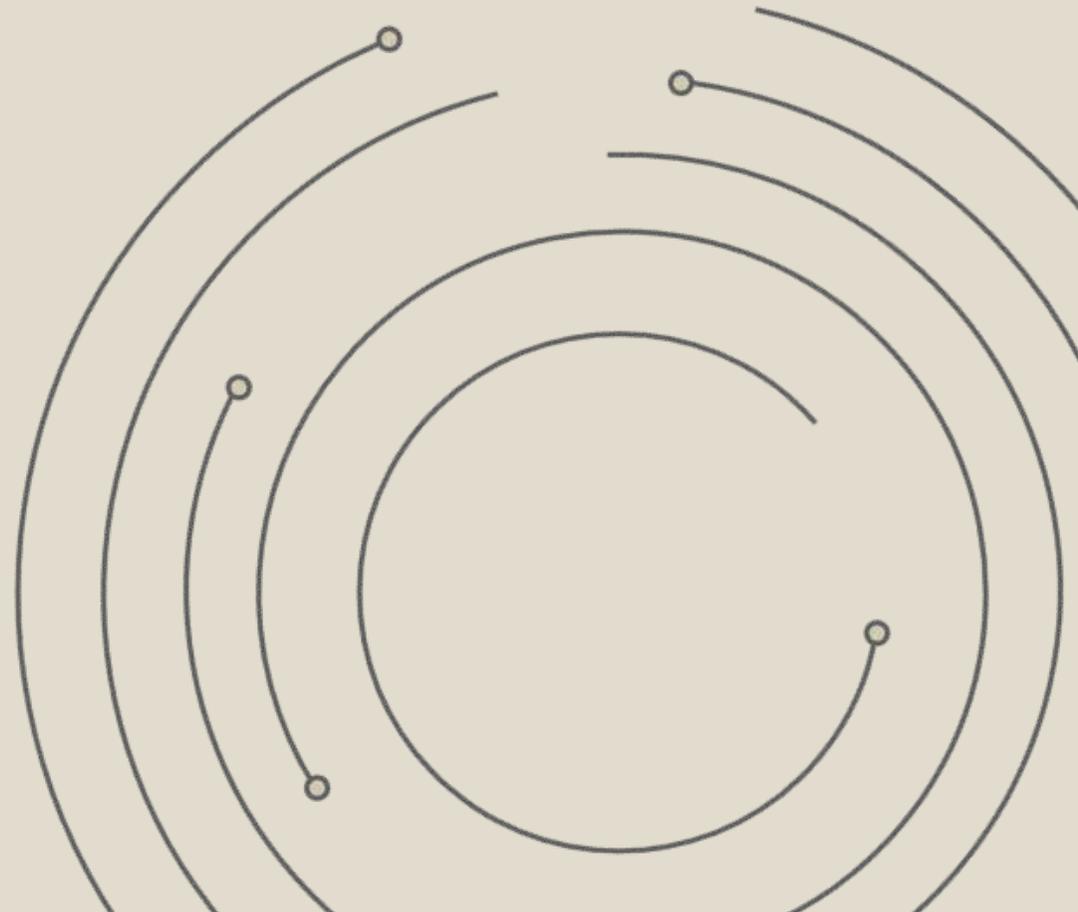
Source: Globaltrans; Rosstat; RZD. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation.

1) Including interim and special interim dividends paid in respect of H1 2018 and proposed final and special final dividends in respect of H2 2018.

- Q&A Session



- Appendices



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

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

- Focused exclusively on freight rail transportation in Russia and CIS
- Operates in key industrial segments including metals (54%), coal (20%), oil products and oil (14%) and construction materials (4%)<sup>2</sup>

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

- Total Fleet of c.69k units with 95% in ownership, average age 11 years
- The core of the fleet consists of universal gondola cars (65%) and rail tank cars (30%)
- Rail tank car business enhanced by unique locomotive capabilities
- High operational efficiency and low Empty Runs

### Established blue-chip client base

- Trusted long-term partner to leading industrial groups in Russia and CIS
- 60% of Net Revenue from Operation of Rolling Stock covered by long-term service contracts<sup>3</sup>

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

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

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

1) All information on this page is at 31 December 2018 or for 2018 unless otherwise stated.

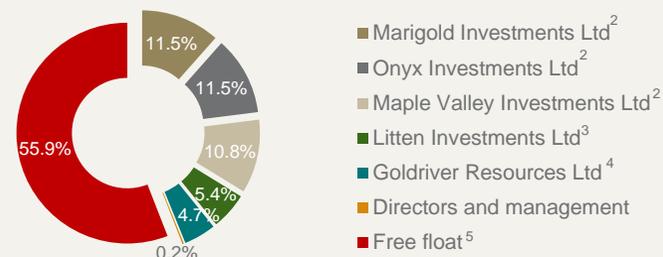
2) The share of respective segment in the Group's Freight Rail Turnover (excl. Engaged Fleet) in 2018. Metallurgical cargoes including ferrous metals, scrap metal and ores; coal including coke; construction materials including cement.

3) In 2018; Including long-term service contracts with Rosneft, Metalloinvest, MMK, TMK and ChelPipe Group.

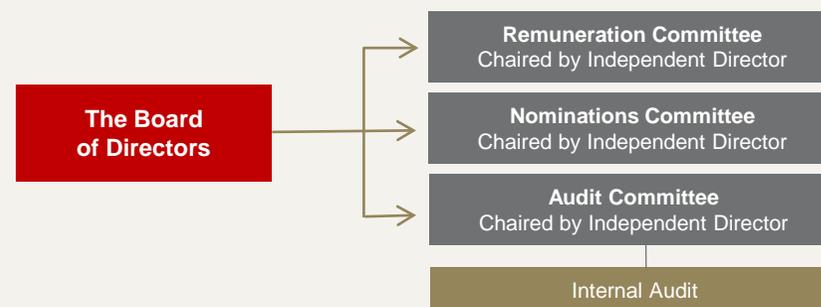
# Globaltrans: Publicly listed company committed to international governance standards

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

## Shareholder structure<sup>1</sup>



## The Board and its Committees



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

1) Based upon notifications and other information received by the Company with respect to beneficial ownership as of 01.02.2019.  
 2) Andrey Filatov, Nikita Mishin and Konstantin Nikolaev are co-founders of Globaltrans and are beneficiaries with regard to 11.5%, 11.5% and 10.8% respectively of Globaltrans' ordinary share capital each through their respective SPVs (Marigold Investments Ltd, Onyx Investments Ltd and Maple Valley Investments Ltd).  
 3) Beneficially owned by Alexander Eliseev, Executive Director and co-founder of Globaltrans.  
 4) Beneficially owned by Sergey Maltsev, Chairman of the Board of Directors, Chief Strategy Officer and co-founder of Globaltrans.  
 5) For these purposes, the free float consists of the ordinary shares and GDRs held by investors not affiliated or associated with Globaltrans.

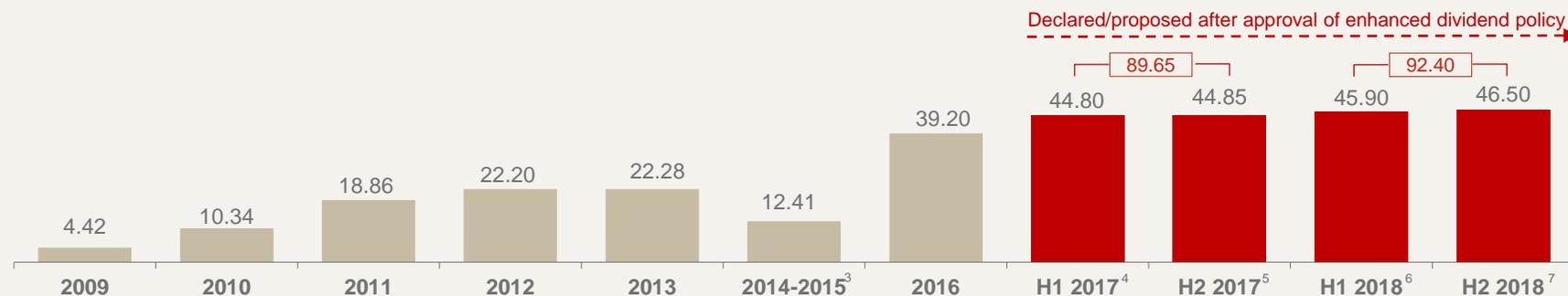
## Enhanced dividend policy approved in March 2017

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

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

### Dividend history

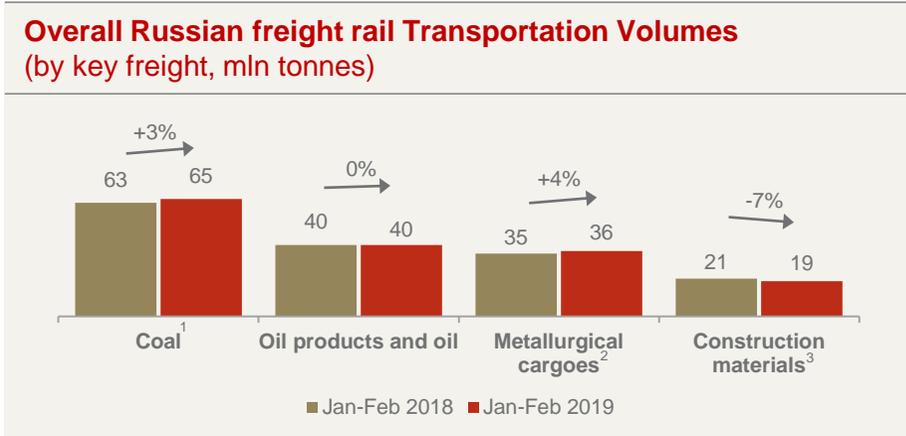
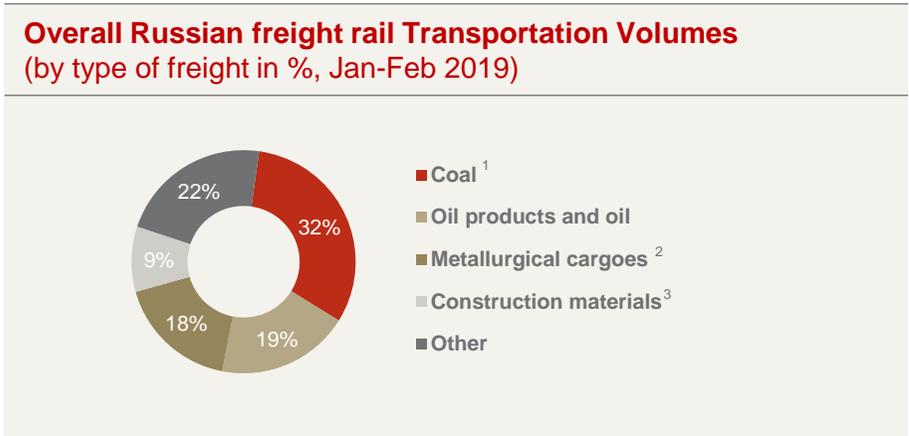
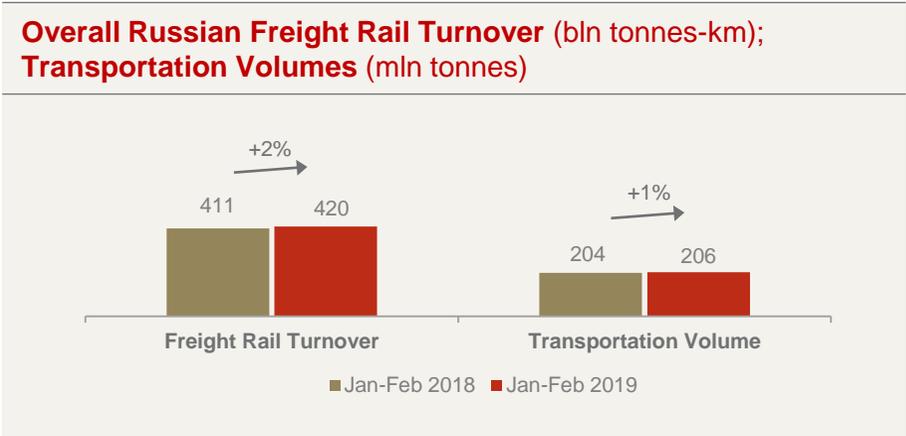
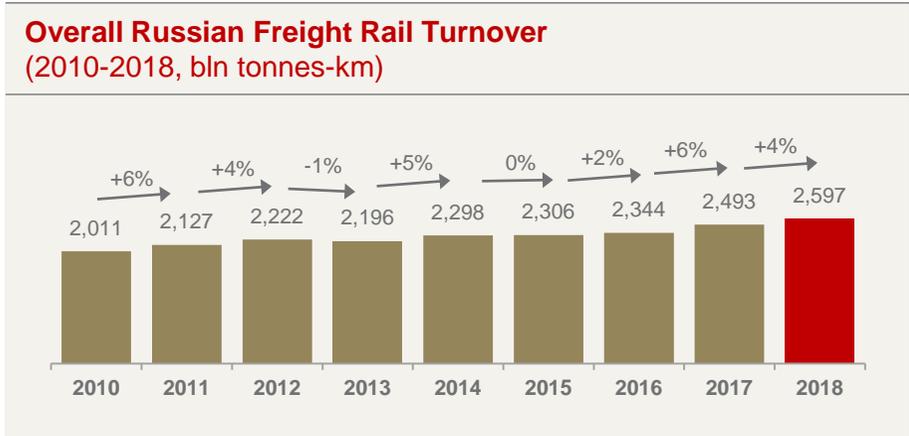
(RUB per share/GDR<sup>2</sup>, in respect of related financial year/period)



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

- The Board of Directors of Globaltrans reserves the right to recommend to the general meeting the dividend in the amount calculated on a reasonable basis other than described in this presentation in its sole discretion. For more details please see the Dividend policy as adopted by the Board on 31 March 2017 and amended on 24 August 2018 which is available at [www.globaltrans.com](http://www.globaltrans.com).
- Prior to 2016 dividends on Globaltrans shares/GDRs were declared and paid in US Dollars, thus the amounts in Russian Roubles are presented for informational purposes only and calculated at the Central Bank of Russia's official exchange rate for the Russian rouble as of the date of Annual General Meeting (AGM) that approved the respective dividend. From 2016 dividends on Globaltrans shares/GDRs are declared in Russian Roubles and paid in US Dollars.
- The dividend declared in 2016 related to both the 2014 and 2015 financial years.
- Including interim and special interim dividends.
- Including final and special final dividends.
- Including interim and special interim dividends.
- Proposed final and special final dividends subject to the AGM approval, which was called for 22 April 2019.

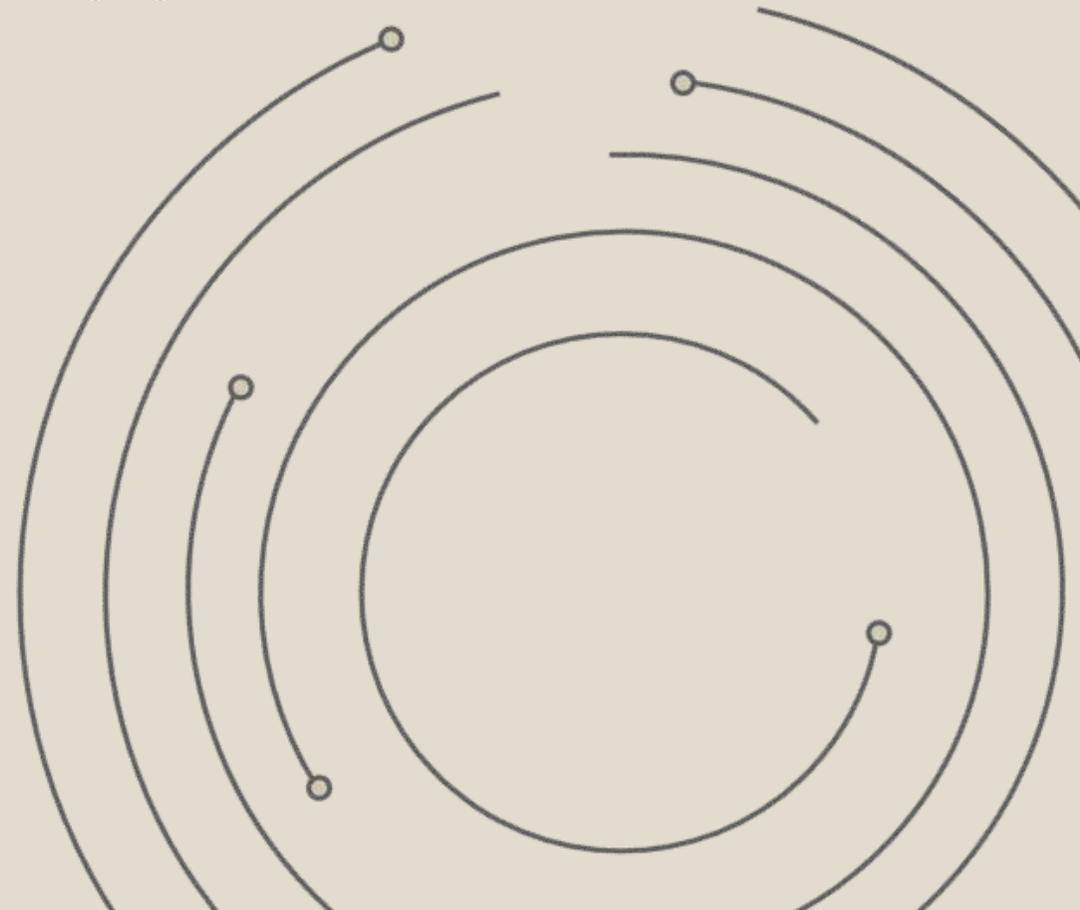
# Market watch: January-February 2019



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

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

- Extracts from the Group's consolidated Management report and consolidated financial statements for the year ended 31 December 2018



## Consolidated income statement for the year ended 31 December 2018

	<b>2018</b>	<b>2017</b>
	<b>RUB'000</b>	<b>RUB'000</b>
Revenue	<b>86,772,742</b>	78,080,532
Cost of sales	<b>(55,154,376)</b>	(54,608,847)
Gross profit	<b>31,618,366</b>	23,471,685
Selling and marketing costs	<b>(220,542)</b>	(237,640)
Administrative expenses	<b>(4,629,044)</b>	(3,851,492)
Reversal of impairment charge of intangible assets	-	630,223
Other income	<b>133,754</b>	57,967
Other (losses)/gains – net	<b>(1,479)</b>	85,392
Operating profit	<b>26,901,055</b>	20,156,135
Finance income	<b>377,445</b>	480,585
Finance costs	<b>(1,778,460)</b>	(2,046,403)
Net foreign exchange transaction losses on financing activities	<b>(40,219)</b>	(236,540)
Finance costs – net	<b>(1,441,234)</b>	(1,802,358)
Profit before income tax	<b>25,459,821</b>	18,353,777
Income tax expense	<b>(5,876,386)</b>	(4,533,903)
Profit for the year	<b>19,583,435</b>	13,819,874
<i>Profit attributable to:</i>		
Owners of the Company	<b>17,671,968</b>	12,288,777
Non-controlling interests	<b>1,911,467</b>	1,531,097
	<b>19,583,435</b>	13,819,874
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RUB per share)	<b>98.87</b>	68.75

Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation. The Group's consolidated Management report and consolidated financial statements for the year ended 31 December 2018 is available for viewing at the Globaltrans' corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

## Consolidated balance sheet at 31 December 2018

	31 Dec 2018 RUB'000	31 Dec 2017 RUB'000		31 Dec 2018 RUB'000	31 Dec 2017 RUB'000
<b>Assets</b>			<b>Equity and liabilities</b>		
<i>Non-current assets</i>			<i>Equity attributable to the owners of the Company</i>		
Property, plant and equipment	74,764,903	64,770,907	Share capital	516,957	516,957
Intangible assets	757,209	1,453,801	Share premium	27,929,478	27,929,478
Other assets	1,019,572	436,855	Common control transaction reserve	(10,429,876)	(10,429,876)
Trade receivables	221,805	183,516	Translation reserve	4,317,675	3,035,126
Loans and other receivables	11,904	16,857	Capital contribution	2,694,851	2,694,851
<b>Total non-current assets</b>	<b>76,775,393</b>	<b>66,861,936</b>	Retained earnings	22,598,941	21,146,195
			<b>Total equity attributable to the owners of the Company</b>	<b>47,628,026</b>	44,892,731
<i>Current assets</i>			Non-controlling interest	5,897,408	5,724,899
Inventories	904,375	776,341	<b>Total equity</b>	<b>53,525,434</b>	50,617,630
Other assets	3,587,790	2,569,514			
Loans and other receivables	262,846	49,367	<i>Non-current liabilities</i>		
Trade receivables	2,365,723	2,179,954	Borrowings	17,269,321	9,050,768
Current income tax assets	191,277	18,273	Trade and other payables	404,357	-
Cash and cash equivalents	7,129,918	4,966,171	Deferred tax liabilities	6,284,868	5,908,319
<b>Total current assets</b>	<b>14,441,929</b>	10,559,620	<b>Total non-current liabilities</b>	<b>23,958,546</b>	14,959,087
<b>Total assets</b>	<b>91,217,322</b>	<b>77,421,556</b>			
			<i>Current liabilities</i>		
			Borrowings	8,459,590	7,280,588
			Trade and other payables	2,549,337	4,413,656
			Contract liabilities	2,673,467	-
			Current tax liabilities	50,948	150,595
			<b>Total current liabilities</b>	<b>13,733,342</b>	11,844,839
			<b>Total liabilities</b>	<b>37,691,888</b>	26,803,926
			<b>Total equity and liabilities</b>	<b>91,217,322</b>	<b>77,421,556</b>

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

The Group's consolidated Management report and consolidated financial statements for the year ended 31 December 2018 is available for viewing at the Globaltrans' corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

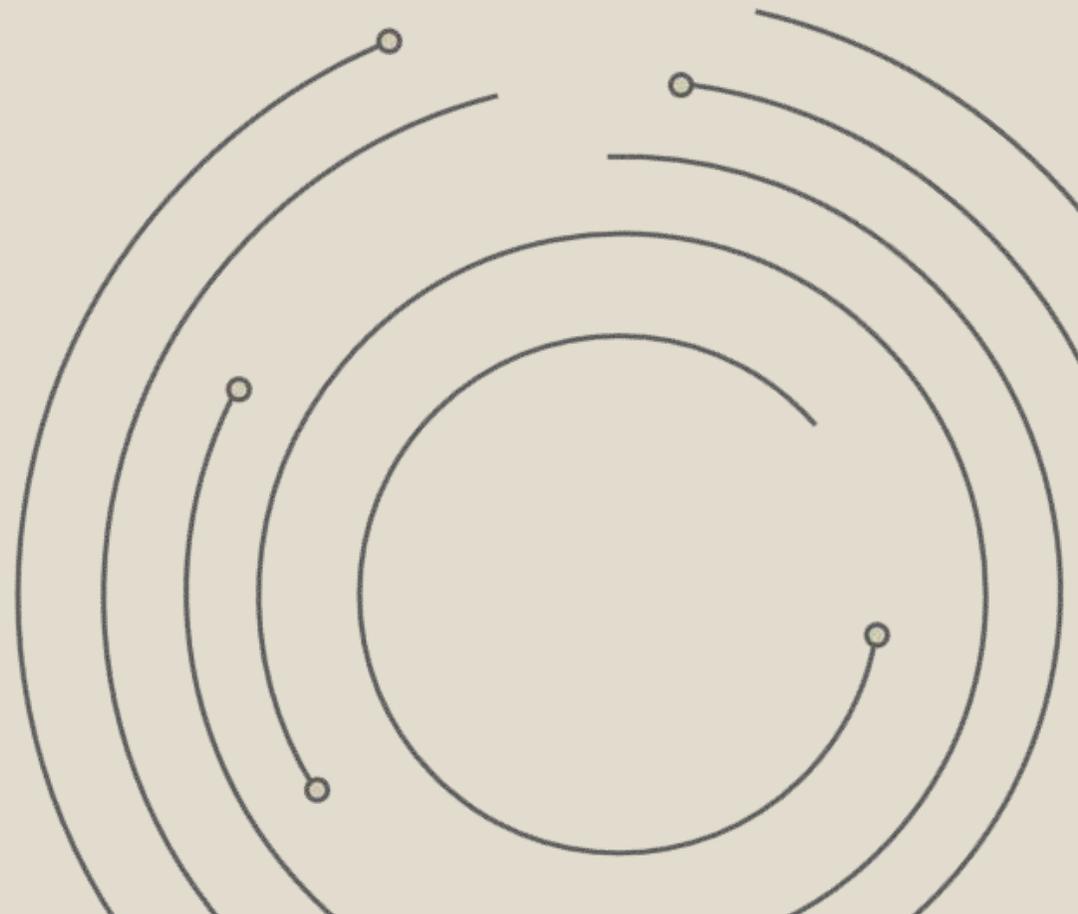
## Consolidated cash flow statement for the year ended 31 December 2018

	2018 RUB'000	2017 RUB'000		2018 RUB'000	2017 RUB'000
<i>Cash flows from operating activities</i>			<i>Cash flows from investing activities</i>		
Profit before tax	25,459,821	18,353,777	Loans repayments received from third parties	5,984	11,485
Adjustments for:			Purchases of property, plant and equipment	(11,567,554)	(4,872,076)
Depreciation of property, plant and equipment	5,110,715	4,962,459	Purchases of intangible assets	(110)	-
Amortisation of intangible assets	696,702	717,986	Proceeds from sale of property, plant and equipment	409,794	267,526
Net (gain)/loss on sale of property, plant and equipment	(27,347)	28,507	Proceeds from sale of associates	-	60,888
Loss on derecognition arising on capital repairs	377,284	528,039	Interest received	377,445	480,585
Reversal of impairment charge on intangible assets	-	(630,223)	Receipts from finance lease receivable	129,251	23,830
Impairment of property, plant and equipment	10,073	111,172	<b>Net cash used in investing activities</b>	<b>(10,645,190)</b>	<b>(4,027,762)</b>
Profit on sale of associates	-	(60,888)			
Net impairment losses on financial assets	29,713	60,755	<i>Cash flows from financing activities</i>		
Interest income	(377,445)	(480,585)	Proceeds from bank borrowings	15,197,467	15,710,000
Interest expense and other finance costs	1,778,460	2,046,403	Proceeds from issue of non-convertible unsecured bonds	5,000,000	-
Net foreign exchange transaction losses on financing activities	40,219	236,540	Repayments of borrowings	(13,127,743)	(15,722,698)
Other income/(losses)	(10,940)	3,505	Finance lease principal payments	(1,321,234)	-
	<b>33,087,255</b>	<b>25,877,447</b>	Interest paid	(1,633,332)	(1,943,746)
Changes in working capital:			Dividends paid to owners of the Company	(16,220,738)	(15,014,237)
Inventories	169,562	106,437	Dividends paid to non-controlling interests in subsidiaries	(1,723,005)	(2,200,000)
Trade receivables	(316,527)	(78,548)	Acquisition of non-controlling interest	(5,980)	-
Other assets	(1,042,367)	859,188	Payments to non-controlling interest	(168,604)	-
Other receivables	(66,210)	(17,160)	<b>Net cash used in financing activities</b>	<b>(14,003,169)</b>	<b>(19,170,681)</b>
Trade and other payables	262,742	748,209	<b>Net increase in cash and cash equivalents</b>	<b>2,188,217</b>	<b>665,361</b>
Contract liabilities	507,939	-	Exchange losses on cash and cash equivalents	(24,470)	(472,604)
Cash generated from operations	<b>32,602,394</b>	<b>27,495,573</b>	Cash and cash equivalents at beginning of year	<b>4,966,171</b>	<b>4,773,414</b>
Tax paid	(5,765,818)	(3,631,769)	<b>Cash, cash equivalents at end of year</b>	<b>7,129,918</b>	<b>4,966,171</b>
<b>Net cash from operating activities</b>	<b>26,836,576</b>	<b>23,863,804</b>			

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

The Group's consolidated Management report and consolidated financial statements for the year ended 31 December 2018 is available for viewing at the Globaltrans' corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

- Selected operational information for the year ended 31 December 2018



## Fleet (including rolling stock and containers)

	31/12/2018	31/12/2017	Change	Change, %
<b>Owned Fleet</b>				
Gondola cars	44,878	41,282	3,596	9%
Rail tank cars	17,938	18,133	-195	-1%
Locomotives	69	69	0	0%
Other railcars (incl. flat, hopper cars, etc)	860	510	350	69%
Containers (incl. petrochemical and other)	1,660	1,256	404	32%
<b>Total</b>	<b>65,405</b>	<b>61,250</b>	<b>4,155</b>	<b>7%</b>
<i>Owned Fleet as % of Total Fleet</i>	<i>95%</i>	<i>92%</i>	<i>-</i>	<i>-</i>

	31/12/2018	31/12/2017	Change	Change, %
<b>Leased-in Fleet</b>				
Gondola cars	104	2,321	-2,217	-96%
Rail tank cars	2,488	1,989	499	25%
Locomotives	0	0	0	-
Other railcars	646	752	-106	-14%
Containers (incl. petrochemical and other)	380	380	0	0%
<b>Total</b>	<b>3,618</b>	<b>5,442</b>	<b>-1,824</b>	<b>-34%</b>
<i>Leased-in Fleet as % of Total Fleet</i>	<i>5%</i>	<i>8%</i>	<i>-</i>	<i>-</i>

	31/12/2018	31/12/2017	Change	Change, %
<b>Total Fleet (Owned Fleet and Leased-in Fleet)</b>				
Gondola cars	44,982	43,603	1,379	3%
Rail tank cars	20,426	20,122	304	2%
Locomotives	69	69	0	0%
Other railcars (incl. flat, hopper cars, etc)	1,506	1,262	244	19%
Containers (incl. petrochemical and other)	2,040	1,636	404	25%
<b>Total</b>	<b>69,023</b>	<b>66,692</b>	<b>2,331</b>	<b>3%</b>

	31/12/2018	31/12/2017	Change	Change, %
<b>Total Fleet by type, %</b>				
Gondola cars	65%	65%	-	-
Rail tank cars	30%	30%	-	-
Locomotives	0.1%	0.1%	-	-
Other railcars (incl. flat, hopper cars, etc)	2%	2%	-	-
Containers (incl. petrochemical and other)	3%	2%	-	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>

	31/12/2018	31/12/2017	Change	Change, %
<b>Average age of Owned Fleet</b>				
Gondola cars	10.0	9.9	-	-
Rail tank cars	14.5	14.3	-	-
Locomotives	14.7	13.7	-	-
Other railcars	10.9	24.1	-	-
Containers (incl. petrochemical and other)	1.8	1.2	-	-
<b>Total</b>	<b>11.0</b>	<b>11.1</b>	<b>-</b>	<b>-</b>

## Operation of rolling stock (excluding Engaged Fleet)<sup>1</sup>

	2018	2017	Change	Change, %
<b>Freight Rail Turnover, billion tonnes-km</b>				
<b>Metallurgical cargoes</b>	<b>79.0</b>	<b>87.8</b>	<b>-8.8</b>	<b>-10%</b>
Ferrous metals	35.5	33.4	2.1	6%
Scrap metal	3.7	4.1	-0.4	-11%
Iron ore	39.8	50.2	-10.4	-21%
<b>Oil products and oil</b>	<b>21.2</b>	<b>20.5</b>	<b>0.6</b>	<b>3%</b>
<b>Coal (incl. coke)</b>	<b>29.5</b>	<b>34.3</b>	<b>-4.8</b>	<b>-14%</b>
<b>Construction materials</b>	<b>5.8</b>	<b>8.0</b>	<b>-2.2</b>	<b>-28%</b>
Crushed stone	4.7	6.6	-1.9	-29%
Cement	0.3	0.3	-0.1	-19%
Other construction materials	0.8	1.1	-0.2	-23%
<b>Other</b>	<b>10.7</b>	<b>9.4</b>	<b>1.3</b>	<b>14%</b>
<b>Total</b>	<b>146.2</b>	<b>160.1</b>	<b>-13.9</b>	<b>-9%</b>

<b>Freight Rail Turnover by cargo type, %</b>				
Metallurgical cargoes (incl. ferrous metal, scrap metal and iron ore)	54%	55%	-	-
Oil products and oil	14%	13%	-	-
Coal (incl. coke)	20%	21%	-	-
Construction materials (incl. cement)	4%	5%	-	-
Other	7%	6%	-	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>

<b>Transportation Volume, million tones</b>				
<b>Metallurgical cargoes</b>	<b>45.0</b>	<b>45.5</b>	<b>-0.5</b>	<b>-1%</b>
Ferrous metals	16.8	16.1	0.7	5%
Scrap metal	3.1	3.5	-0.3	-10%
Iron ore	25.0	25.9	-0.9	-3%
<b>Oil products and oil</b>	<b>20.7</b>	<b>20.2</b>	<b>0.5</b>	<b>2%</b>
<b>Coal (incl. coke)</b>	<b>9.6</b>	<b>10.4</b>	<b>-0.8</b>	<b>-8%</b>
<b>Construction materials</b>	<b>6.4</b>	<b>9.1</b>	<b>-2.7</b>	<b>-30%</b>
Crushed stone	5.6	8.2	-2.6	-31%
Cement	0.3	0.2	0.0	7%
Other construction materials	0.5	0.7	-0.2	-27%
<b>Other</b>	<b>6.8</b>	<b>6.6</b>	<b>0.1</b>	<b>2%</b>
<b>Total</b>	<b>88.5</b>	<b>91.9</b>	<b>-3.4</b>	<b>-4%</b>

	2018	2017	Change	Change, %
<b>Average Rolling Stock Operated, units</b>				
Gondola cars	41,268	42,052	-783	-2%
Rail tank cars	11,832	10,961	871	8%
Locomotives	47	48	-2	-4%
Other railcars	415	523	-107	-21%
<b>Total</b>	<b>53,562</b>	<b>53,584</b>	<b>-21</b>	<b>0%</b>

<b>Average Number of Loaded Trips per Railcar</b>				
Gondola cars	24.3	25.1	-0.8	-3%
Rail tank cars	28.9	30.9	-1.9	-6%
Other railcars	66.4	69.0	-2.6	-4%
<b>Total</b>	<b>25.6</b>	<b>26.7</b>	<b>-1.0</b>	<b>-4%</b>

<b>Average Distance of Loaded Trip, km</b>				
Gondola cars	1,885	1,985	-99	-5%
Rail tank cars	1,010	997	13	1%
Other railcars	766	808	-42	-5%
<b>Total</b>	<b>1,644</b>	<b>1,720</b>	<b>-76</b>	<b>-4%</b>

<b>Average Price per Trip, RUB</b>	41,859	34,790	7,068	20%
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<b>Net Revenue from Operation of Rolling Stock by cargo type, Rub million</b>				
<b>Metallurgical cargoes</b>	<b>23,346*</b>	<b>18,753*</b>	<b>4,593</b>	<b>24%</b>
Ferrous metals	11,772*	8,789*	2,982	34%
Scrap metal	1,816*	1,503*	313	21%
Iron ore	9,758*	8,460*	1,298	15%
<b>Oil products and oil</b>	<b>19,207*</b>	<b>17,124*</b>	<b>2,084</b>	<b>12%</b>
<b>Coal (incl. coke)</b>	<b>8,115*</b>	<b>7,551*</b>	<b>564</b>	<b>7%</b>
<b>Construction materials (incl. cement)</b>	<b>2,761*</b>	<b>3,176*</b>	<b>-416</b>	<b>-13%</b>
<b>Other</b>	<b>4,045*</b>	<b>3,105*</b>	<b>940</b>	<b>30%</b>
<b>Total</b>	<b>57,474*</b>	<b>49,709*</b>	<b>7,766</b>	<b>16%</b>

Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation. Selected operational information for 2018 and prior periods are available in xls format at the corporate website ([www.globaltrans.com](http://www.globaltrans.com))

1) Excluding operational and financial information of the container business segment. The revenue from this segment is included in "Other" revenue in EU IFRS statements.

## Operation of rolling stock (excluding Engaged Fleet)<sup>1</sup>

	2018	2017	Change	Change, %
<b>Net Revenue from Operation of Rolling Stock by cargo type, %</b>				
Metallurgical cargoes (incl. ferrous metal, scrap metal and iron ore)	41%	38%	-	-
Oil products and oil	33%	34%	-	-
Coal (incl. coke)	14%	15%	-	-
Construction materials (incl. cement)	5%	6%	-	-
Other	7%	6%	-	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	-	-

<b>Net Revenue from Operation of Rolling Stock by largest clients (incl. their affiliates and suppliers), %</b>				
Rosneft	23%	25%	-	-
Metalloinvest	17%	15%	-	-
MMK	16%	15%	-	-
Gazprom Neft	5%	7%	-	-
Evrz	4%	5%	-	-
TMK	2%	2%	-	-
UGMK-Trans	2%	2%	-	-
SDS-Ugol	2%	2%	-	-
Severstal	1%	1%	-	-
ChelPipe	1%	1%	-	-
Other (incl. small and medium enterprises)	26%	26%	-	-

	2018	2017	Change	Change, %
<b>Empty Run Ratio, %</b>				
Gondola cars	38%	37%	-	-
Rail tank cars and other railcars	90%	95%	-	-
<b>Total Empty Run Ratio, %</b>	<b>46%</b>	<b>45%</b>	-	-
<b>Empty Run Costs, Rub million</b>				
	<b>12,956*</b>	<b>12,154*</b>	<b>802</b>	<b>7%</b>
<b>Share of Empty Run Kilometres Paid by Globaltrans, %</b>				
	<b>89%</b>	<b>86%</b>	-	-

Source: Globaltrans. Definitions for terms marked in this presentation with capital letters (including certain non-GAAP financial information) are provided at the end of this presentation. Selected operational information for 2018 and prior periods are available in xls format at the corporate website ([www.globaltrans.com](http://www.globaltrans.com))

1) Excluding operational and financial information of the container business segment. The revenue from this segment is included in "Other" revenue in EU IFRS statements.

## Other operational metrics<sup>1</sup>

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

	2018	2017	Change	Change, %
<b>Freight Rail Turnover, billion tonnes-km</b>				
<b>Metallurgical cargoes</b>	<b>89.6</b>	<b>103.6</b>	<b>-14.0</b>	<b>-14%</b>
Ferrous metals	37.8	36.8	1.0	3%
Scrap metal	3.7	4.1	-0.5	-11%
Iron ore	48.1	62.7	-14.6	-23%
<b>Oil products and oil</b>	<b>22.2</b>	<b>20.7</b>	<b>1.5</b>	<b>7%</b>
<b>Coal (incl. coke)</b>	<b>30.4</b>	<b>36.4</b>	<b>-5.9</b>	<b>-16%</b>
<b>Construction materials</b>	<b>5.8</b>	<b>8.0</b>	<b>-2.2</b>	<b>-28%</b>
Crushed stone	4.7	6.6	-1.9	-29%
Cement	0.3	0.3	-0.1	-18%
Other construction materials	0.8	1.1	-0.2	-23%
<b>Other</b>	<b>10.9</b>	<b>9.5</b>	<b>1.4</b>	<b>15%</b>
<b>Total</b>	<b>158.9</b>	<b>178.2</b>	<b>-19.3</b>	<b>-11%</b>

<b>Transportation Volume, million tones</b>				
	2018	2017	Change	Change, %
<b>Metallurgical cargoes</b>	<b>50.4</b>	<b>53.2</b>	<b>-2.8</b>	<b>-5%</b>
Ferrous metals	18.0	17.9	0.1	0%
Scrap metal	3.2	3.5	-0.3	-10%
Iron ore	29.3	31.8	-2.6	-8%
<b>Oil products and oil</b>	<b>22.0</b>	<b>20.5</b>	<b>1.5</b>	<b>7%</b>
<b>Coal (incl. coke)</b>	<b>10.0</b>	<b>11.4</b>	<b>-1.4</b>	<b>-12%</b>
<b>Construction materials</b>	<b>6.4</b>	<b>9.2</b>	<b>-2.8</b>	<b>-30%</b>
Crushed stone	5.7	8.3	-2.6	-31%
Cement	0.3	0.2	0.0	8%
Other construction materials	0.5	0.7	-0.2	-27%
<b>Other</b>	<b>7.1</b>	<b>6.8</b>	<b>0.3</b>	<b>5%</b>
<b>Total</b>	<b>96.0</b>	<b>101.1</b>	<b>-5.2</b>	<b>-5%</b>

### Engaged Fleet

	2018	2017	Change	Change, %
<b>Net Revenue from Engaged Fleet, Rub million</b>	<b>432*</b>	<b>173*</b>	<b>259</b>	<b>149%</b>

### Operating leasing of rolling stock

	31/12/2018	31/12/2017	Change	Change, %
<b>Leased-out Fleet</b>				
Gondola cars	462	353	109	31%
Rail tank cars	7,098	8,631	-1,533	-18%
Locomotives	0	0	0	-
Other railcars (incl. flat, hopper cars, etc)	67	96	-29	-30%
<b>Total</b>	<b>7,627</b>	<b>9,080</b>	<b>-1,453</b>	<b>-16%</b>
<i>Leased-out Fleet as % of Total Fleet</i>	<i>11%</i>	<i>14%</i>	<i>-</i>	<i>-</i>

### Employees

	31/12/2018	31/12/2017	Change	Change, %
<b>Total</b>	<b>1,549</b>	<b>1,594</b>	<b>-45</b>	<b>-3%</b>

## Definitions (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/(loss) of associate”, “Other losses/(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 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, flat cars and containers used in container business segment).

**EBITDA** (a non-GAAP financial measure) represents “Profit for the period” before “Income tax expense”, “Finance costs - net” (excluding “Net foreign exchange transaction (gains)/losses on financing activities”), “Depreciation of property, plant and equipment” and “Amortisation of intangible assets”.

**Empty Run** or **Empty Runs** means the 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, flat cars and containers used in the container business segment.

**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, flat cars and containers used in the container business segment).

**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.

**Free Cash Flow** (a non-GAAP financial measure) is calculated as “Cash generated from operations” (after “Changes in working capital”) less “Tax paid”, “Purchases of property, plant and equipment” (which includes maintenance CAPEX), “Purchases of intangible assets”, “Acquisition of subsidiary undertakings - net of cash acquired”, “Finance lease principal payments” 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 excludes volumes transported by Engaged Fleet and performance of the container business 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 container business segment.

## Definitions (in alphabetical order, continued)

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

**Leased-out Fleet** is defined as fleet leased out to third parties under operating leases (excluding flat cars and containers used in the container business segment).

**Leverage Ratio** or **Net Debt to Adjusted EBITDA** (a non-GAAP financial measure) is the ratio of Net Debt on the last day of a particular financial period to Adjusted EBITDA in respect of the twelve months to the end of that same 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.

**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”, “Net impairment losses on trade receivables and prepayments”, “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 CAPEX** (a non-GAAP financial measure) calculated on a cash basis as the sum of “Purchases of property, plant and equipment” (which includes maintenance CAPEX), “Purchases of intangible assets”, “Acquisition of subsidiary undertakings – net of cash acquired” and “Finance lease principal payments” (as a part of the capital expenditures was financed with a finance lease).

**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”, “Net impairment losses on trade receivables and prepayments”, “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 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, flat cars and containers used in the container business segment 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, flat cars and containers used in the container business segment) 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 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 performance of the container business segment, unless otherwise stated.

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