Globaltrans
Russia's Leading Private Freight Rail Group

For immediate release **29 August 2017**

Globaltrans Investment PLC

Interim 2017 Results and Approval of Interim and Special Interim Dividends

Globaltrans Investment PLC (the "Company" and together with its consolidated subsidiaries "Globaltrans" or the "Group"), (LSE ticker: GLTR) today announces its financial and operational results for the six months ended 30 June 2017 along with approval of an interim and a special interim dividend.

In this announcement, the Group has used certain measures not recognised by EU IFRS or IFRS (referred to as "non-GAAP measures") as supplemental measures of the Group's operating performance. The management believes that these non-GAAP measures provide valuable information to readers, because they enable them to focus more directly on the underlying day-to-day performance of the Group's business. The Company also reports certain operational information to illustrate the changes in the Group's operational and financial performance during the reporting periods. Certain financial information which is derived from the management accounts is marked in this announcement with an asterisk {}. Information (non-GAAP and operational measures) requiring additional explanation or defining is marked with initial capital letters and the explanations or definitions thereto are provided at the end of this announcement. The presentational currency of the Group's financial results is Russian rouble ("RUB").*

Strong financial results and low leverage

- Total revenue increased 17% year on year to RUB 38.2 billion.
- Adjusted Revenue up 23% year on year to RUB 25.4 billion* supported by stronger pricing and high fleet efficiency.
- Excellent cost control maintained with Total Operating Cash Costs up just 3% year on year.
- Operating profit reached RUB 9.6 billion, up 115% year on year.
- Continued recovery in Adjusted EBITDA which rose 58% year on year to RUB 12.1 billion* with the Adjusted EBITDA Margin expanding to 48%*.
- Very strong Free Cash Flow of RUB 8.1 billion*, an increase of 140% year on year driven by good cash generation from operations. Attributable Free Cash Flow rose 178% year on year to RUB 7.2 billion*.
- Profit for the period up 186% year on year to RUB 6.7 billion.
- Low leverage maintained with Net Debt to Adjusted EBITDA for the twelve months ended 30 June 2017 improved to 0.5x* (2016 end: 0.7x*) due to increased Adjusted EBITDA.
- Net Debt held relatively steady at RUB 11.7 billion* compared to the end of 2016. 100% of debt denominated in RUB, the functional currency of the Company.

Interim 2017 and special interim dividend approved

- The Board approved the first ever interim dividend in the amount of RUB 3.6 billion or RUB 20.16 per ordinary share/Global Depositary Receipt ("GDR") which is in line with the Group's dividend policy and equates to 50% of the Group's Attributable Free Cash Flow for the first six months of 2017.
- The Board also approved a special interim dividend in the amount of RUB 4.4 billion or RUB 24.64 per ordinary share/GDR to reflect the moderate CAPEX in the reporting period relative to very strong cash flow generation and the desire to optimise the Group's capital structure by bringing leverage to a more efficient level. The approval of a special interim dividend aligns with the Group's overriding principle of paying out cash that is not used or needed for business expansion, subject to maintaining conservative leverage.
- The total payment to shareholders therefore amounts to RUB 8.0 billion or RUB 44.80 per share/GDR.
- The shareholder dividend record date is set as 5 September 2017. The GDRs will be marked as ex-dividend on 4 September 2017.
- The dividends will be paid in US dollars not later than 30 September 2017 with conversion from Russian roubles to be executed at the Central Bank of Russia's official exchange rate for the Russian rouble as of

25 August 2017. Holders of GDRs will receive the dividends approximately three business days after the payment date.

Operational excellence and continued pricing recovery

- Increasingly robust and balanced market environment.
  - Overall Russian freight rail turnover rose 7% year on year with transportation volumes up 4% year on year in the first six months of 2017 on the back of increasing demand for rail transportation of bulk cargoes and steady volumes in oil products and oil segment.
- Globaltrans increased Transportation Volumes and continued to benefit from recovering pricing environment in gondola segment.
  - 5% year-on-year increase in Transportation Volumes (excluding Engaged Fleet).
  - Strong performance in the key segments with Transportation Volumes (excluding Engaged Fleet) up 9% year on year in metallurgical cargoes and up 8% year on year in oil products and oil[1].
  - Changed client logistics with shorter distances resulted in the Group's Freight Rail Turnover (excluding Engaged Fleet) declining 3% year on year.
  - Solid pricing with Average Price per Trip up 19% year on year to RUB 33,335.
- Continued efficient fleet management.
  - Empty Run Ratio for gondola cars improved to 38% (H1 2016: 39%) and the Total Empty Run Ratio (for all types of rolling stock) dropped to 47% (H1 2016: 48%).
  - The Average Number of Loaded Trips per Railcar rose 8% year on year.
  - Changes in client logistics led to an 8% year-on-year decline in the Average Distance of Loaded Trip.
  - The Average Rolling Stock Operated decreased 3% year on year reflecting the reduction in the number of leased-in rail tank cars.

Outlook

- Pricing environment in gondola segment continues to be favourable subject to economic conditions and supply-demand balance.
- Challenging market environment in the oil products and oil segment is expected to continue.
- Group expects ongoing overall cost pressures.
- Operational efficiencies and cost discipline will continue to dominate the management team's focus.
- Investigating accretive consolidation and expansion opportunities remains a priority. The Group plans to continue selective demand-based investments and expects to purchase about 2,000 units (about 3% of the Group's Owned Fleet) in 2017 (including second-hand gondola cars, new petrochemical tank containers and flat cars).
- The management team will continue to monitor the regulatory environment including initiatives in respect of the supervision of price increases for rail operators' services.

Commenting on Globaltrans' interim 2017 results, CEO Valery Shpakov, said:

"I am proud to report the Group's very strong performance for the first half of 2017. While market conditions are improving, it was the team's proven ability to respond quickly to the changing market environment that has reaped rewards. Our best-in-class service and operational excellence set the foundations for Globaltrans to truly capitalise on the continued recovery in the gondola segment. The Group has focused its efforts on the best routes and best cargoes, delivering a strong performance in the key segments for freight rail transportation of metallurgical cargoes and oil products and oil. At the same time, we have strengthened our financial performance even further. In particular we more than doubled our Free Cash Flow and demonstrated the continued efficient cost control we are known for.

In addition to introducing an interim dividend, our limited CAPEX requirements relative to cash generation and decreasing leverage were the main drivers for the Board's approval of a special interim dividend. The special interim dividend will enable an increase in the overall efficiency of the capital structure and is very much in line

[1] *Transportation Volumes of respective cargoes excluding Engaged Fleet. Metallurgical cargoes including ferrous metals, scrap metal and ores.*

with Globaltrans' commitment to maximise payments to shareholders during low investment cycles when the capital is not needed to grow the Company.

Accretive business expansion remains our priority, but we will continue to take a very sensible approach and only invest when opportunities meet our strict return criteria. With the industry in reasonably good shape, and our Group performing well, we are looking forward to the second half of the year with confidence."

DOWNLOADS

The disclosure materials along with the selection of historical operational and financial information are available on Globaltrans' corporate website (www.globaltrans.com).

ANALYST AND INVESTOR CONFERENCE CALL

The release of the Group's financial and operational results will be accompanied by an analyst and investor conference call hosted by Valery Shpakov, CEO and Alexander Shenets, CFO.

Date: Tuesday, 29 August 2017

Time: 12.00 London / 07.00 New York (EDT) / 14.00 Moscow

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

UK toll free: 0808 109 0700

International: +44 20 3003 2666

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

ENQUIRIES

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NOTES TO EDITORS

Globaltrans is a leading freight rail transportation group with operations in Russia, the CIS and the Baltic countries. The Group's main business is the provision of freight rail transportation services. Globaltrans provides services to more than 500 customers and its key customers include a number of large Russian industrial groups in the metals and mining and the oil products and oil sectors.

The Group has a Total Fleet of about 67 thousand units as of 30 June 2017. Universal gondola cars and rail tank cars constitute the backbone of the Group's fleet. About 91% of the Total Fleet is owned by the Group with an average age of 11 years.

In 2016, the Group's Freight Rail Turnover (including Engaged Fleet) was 182 billion tonnes-km. The total revenue of Globaltrans amounted to RUB 69.5 billion in 2016.

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

RESULTS IN DETAIL

The following table provides the Group's key financial and operational information for the six months ended 30 June 2017 and 2016.

EU IFRS financial information

	H1 2016 RUB mln	H1 2017 RUB mln	Change %
Revenue	32,725	**38,208**	17%
Including			
Total revenue – operator's services	31,611	**37,121**	17%
Total revenue – operating lease	779	**597**	-23%
Total cost of sales, selling and marketing costs and administrative expenses	(28,359)	**(29,283)**	3%
Operating profit	4,443	**9,571**	115%
Finance costs – net	(1,273)	**(862)**	-32%
Profit before income tax	3,105	**8,709**	180%
Income tax expense	(764)	**(2,015)**	164%
Profit for the period	2,341	**6,694**	186%
Attributable to:			
Owners of the Company	1,583	**5,848**	270%
Non-controlling interests	759	**845**	11%
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RUB per share)	8.85	**32.72**	270%

	H1 2016 RUB mln	H1 2017 RUB mln	Change %
Cash generated from operations	7,219	**12,973**	80%
Tax paid	(799)	**(1,889)**	136%
Net cash from operating activities	6,420	**11,084**	73%
Net cash used in investing activities	(1,620)	**(1,590)**	-2%
Net cash used in financing activities	(5,476)	**(5,363)**	-2%

Non-GAAP financial information

	H1 2016 RUB mln	H1 2017 RUB mln	Change %
Adjusted Revenue	20,613*	**25,397***	23%
Including			
Net Revenue from Operation of Rolling Stock	19,386*	**24,214***	25%
Operating leasing of rolling stock	779	**597**	-23%
Net Revenue from Engaged Fleet	113*	**96***	-15%
Other revenue	335	**490**	46%
Total Operating Cash Costs	12,956*	**13,324***	3%
Including			
Empty Run Cost	6,068*	**6,211***	2%
Repairs and maintenance	2,039	**1,949**	-4%
Employee benefit expense	1,288	**1,574**	22%
Fuel and spare parts - locomotives	720	**855**	19%
Adjusted EBITDA	7,648*	**12,073***	58%
Adjusted EBITDA Margin, %	37%*	**48%***	-
Free Cash Flow	3,351*	**8,052***	140%
Attributable Free Cash Flow	2,592*	**7,206***	178%

Debt profile

	As of 31 December 2016 RUB mln	As of 30 June 2017 RUB mln	Change %
Total debt	16,292	**20,485**	26%
Cash and cash equivalents	4,773	**8,773**	84%
Net Debt	11,519*	**11,712***	2%
Net Debt to Adjusted EBITDA (x)	0.7*	**0.5***[2]	

Operational information

	H1 2016	H1 2017	Change, %
Freight Rail Turnover, billion tonnes-km (excl. Engaged Fleet)	81.5	**79.0**	-3%
Transportation Volume, million tonnes (excl. Engaged Fleet)	44.5	**46.7**	5%
Freight Rail Turnover, billion tonnes-km (incl. Engaged Fleet)	94.1	**87.7**	-7%
Transportation Volume, million tonnes (incl. Engaged Fleet)	50.6	**51.2**	1%
Average Price per Trip, RUB	27,928	**33,335**	19%
Average Rolling Stock Operated, units	55,864	**53,997**	-3%
Average Distance of Loaded Trip, km	1,819	**1,675**	-8%
Average Number of Loaded Trips per Railcar	12.4	**13.5**	8%
Total Empty Run Ratio (for all types of rolling stock), %	48%	**47%**	-
Empty Run Ratio for gondola cars, %	39%	**38%**	-
Share of Empty Run Kilometres paid by Globaltrans	88%	**85%**	-
Total Fleet, units (at period end), including:	67,332	**66,569**	-1%
Owned Fleet, units (at period end)	60,271	**60,639**	1%
Leased-in Fleet, units (at period end)	7,061	**5,930**	-16%
Average age of Owned Fleet, years (at period end)	10.0	**10.8**	-
Leased-out Fleet, units (at period end)	7,614	**9,301**	22%
Total number of employees (at period end)	1,542	**1,596**	4%

Revenue

The Group's Total revenue increased 17% year on year to RUB 38,208 million in the first six months of 2017, primarily due to a 23% year-on-year rise in Adjusted Revenue. Net Revenue from Operation of Rolling Stock (a key component of Adjusted Revenue) was up 25% year on year reflecting the continued strong market environment.

The following table provides details of Total revenue, broken down by revenue-generating activity, for the six months ended 30 June 2017 and 2016.

	H1 2016 RUB mln	H1 2017 RUB mln	Change %
Railway transportation – operators services (tariff borne by the Group)[3]	20,164	22,606	12%
Railway transportation – operators services (tariff borne by the client)	11,447	14,514	27%
Operating leasing of rolling stock	779	597	-23%
Other	335	490	46%
Total revenue	**32,725**	**38,208**	**17%**

Adjusted Revenue

Adjusted Revenue is a non-GAAP financial measure defined as "Total revenue" adjusted for "pass through" items: "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organisations". "Infrastructure and locomotive tariffs: loaded trips" comprises revenue resulting from tariffs that customers pay to the Group and the Group pays on to RZD, which are reflected in equal amounts in both the Group's Total revenue and Cost of sales. "Services provided by other transportation organisations" is revenue resulting from the tariffs that customers pay to the Group and the Group pays on to third-party rail operators for subcontracting their rolling stock, which are reflected in equal amounts in both the Group's Total revenue and

[2] *Net Debt to Adjusted EBITDA for the twelve months ended 30 June 2017.*

[3] *Includes "Infrastructure and locomotive tariffs: loaded trips" for H1 2017 of RUB 11,193 million (H1 2016: RUB 10,538 million) and "Services provided by other transportation organisations" of RUB 1,617 million (H1 2016: RUB 1,574 million).*

Cost of sales. The net result of Engaged Fleet operations is reflected as Net Revenue from Engaged Fleet and is included in Adjusted Revenue.

In the first six months of 2017, the Group's Adjusted Revenue grew 23% year on year to RUB 25,397 million*, mainly due to a 25% year-on-year increase in Net Revenue from Operation of Rolling Stock which was partially offset by a decline in revenues from auxiliary leasing and Engaged Fleet operations.

The following table provides details of Adjusted Revenue for the six months ended 30 June 2017 and 2016 and its reconciliation to Total revenue.

	H1 2016 RUB mln	**H1 2017 RUB mln**	**Change %**
Total revenue	32,725	38,208	17%
Minus "pass through" items			
Infrastructure and locomotive tariffs: loaded trips	10,538	11,193	6%
Services provided by other transportation organisations	1,574	1,617	3%
Adjusted Revenue	**20,613***	**25,397***	**23%**

The principal components of Adjusted Revenue include: (i) Net Revenue from Operation of Rolling Stock, (ii) Revenue from operating leasing of rolling stock, (iii) Net Revenue from Engaged Fleet, and (iv) other revenues generated by the Group's auxiliary business activities, including freight forwarding, freight rail transportation of petrochemicals in tank containers, repair and maintenance services provided to third parties, and other.

The following table provides a breakdown of the components of Adjusted Revenue for the six months ended 30 June 2017 and 2016.

	H1 2016 RUB mln	**H1 2017 RUB mln**	**Change %**
Net Revenue from Operation of Rolling Stock	19,386*	24,214*	25%
Operating leasing of rolling stock	779	597	-23%
Net Revenue from Engaged Fleet	113*	96*	-15%
Other	335	490	46%
Adjusted Revenue	**20,613***	**25,397***	**23%**

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"[4] 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 contributed 95% of the Group's Adjusted Revenue in the first six months of 2017.

The following table provides Net Revenue from Operation of Rolling Stock for the six months ended 30 June 2017 and 2016, and its reconciliation to Total revenue – operator's services.

	H1 2016 RUB mln	**H1 2017 RUB mln**	**Change %**
Total revenue – operator's services[4]	31,611	37,121	17%
Minus			
Infrastructure and locomotive tariffs: loaded trips	10,538	11,193	6%
Services provided by other transportation organisations	1,574	1,617	3%
Net Revenue from Engaged Fleet	113*	96*	-15%
Net Revenue from Operation of Rolling Stock	**19,386***	**24,214***	**25%**

The Group's Net Revenue from Operation of Rolling Stock was RUB 24,214 million* in the first six months of 2017, representing a 25% increase year on year. This strong performance was underpinned by the following factors:

[4] *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)".*

- Continued strong market environment: a gradual recovery in pricing and volumes in the gondola segment over the last twelve months combined with stable volumes and pricing conditions in the segment of oil products and oil rail transportation;
- Average Price per Trip increased 19% year on year to RUB 33,335;
- Average Rolling Stock Operated was down 3% year on year to 53,997 units which was driven by a decline in the number of leased-in rail tank cars;
- Average Number of Loaded Trips per Railcar was up 8% year on year to 13.5 trips.

Revenue from operating leasing of rolling stock

Revenue from operating leasing of rolling stock, which contributed 2% of the Group's Adjusted Revenue in the first six months of 2017, dropped 23% year on year to RUB 597 million, primarily reflecting continued weak pricing conditions in the leasing segment of the oil products and oil rail transportation market.

Net Revenue from Engaged Fleet

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

In the first six months of 2017, Net Revenue from Engaged Fleet, comprising less than 1% of the Group's Adjusted Revenue, decreased 15% year on year to RUB 96 million*. This was primarily driven by lower volumes and profitability of the Engaged Fleet operations.

As of the end of the first half of 2017, the Group engaged about 7k units of rolling stock from third parties to meet demand under service contracts not covered by Owned and Leased-in Fleets.

Other revenue

Other revenue (2% of the Group's Adjusted Revenue), which mainly includes revenues from auxiliary services, advanced 46% year on year to RUB 490 million. This primarily reflected a rise in revenue from the transportation of petrochemicals in tank containers on the back of gradual commissioning into operation of tank containers purchased over 2016 and the first half of 2017.

Cost of sales, selling and marketing costs and administrative expenses

The following table provides a breakdown of Cost of sales, selling and marketing costs and administrative expenses for the six months ended 30 June 2017 and 2016.

	H1 2016 RUB mln	**H1 2017 RUB mln**	**Change %**
Cost of sales	26,567	27,399	3%
Selling and marketing costs	80	86	8%
Administrative expenses	1,712	1,798	5%
Total cost of sales, selling and marketing costs and administrative expenses	**28,359**	**29,283**	**3%**

In the first six months of 2017, the Group's Total cost of sales, selling and marketing costs and administrative expenses were RUB 29,283 million, an increase of 3% year on year, largely reflecting the factors described below.

- "Pass through" cost items (a combination of "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organisations") rose 6% year on year to RUB 12,811 million*;
- The Group's Cost of sales, selling and marketing costs and administrative expenses adjusted for the "pass-through" cost items increased 1% year on year to RUB 16,473 million* in the first six months of 2017, which reflected:

- Continued excellent cost control with Total Operating Cash Costs up just 3% year on year to RUB 13,324 million*.
- Total Operating Non-Cash Costs were down 4% year on year to RUB 3,149 million* in the first six months of 2017 driven primarily by a decline in all key components (Depreciation of property, plant and equipment; Amortisation of intangible assets and Loss on derecognition arising on capital repairs).

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:

	H1 2016 RUB mln	H1 2017 RUB mln	Change %
"Pass through" cost items	**12,112***	**12,811***	**6%**
Infrastructure and locomotive tariffs: loaded trips	10,538	11,193	6%
Services provided by other transportation organisations	1,574	1,617	3%
Total cost of sales, selling and marketing costs and administrative expenses (adjusted for "pass through" cost items)	**16,247***	**16,473***	**1%**
Total Operating Cash Costs	***12,956****	***13,324****	***3%***
Empty Run Costs	*6,068**	*6,211**	*2%*
Repairs and maintenance	*2,039*	*1,949*	*-4%*
Employee benefit expense	*1,288*	*1,574*	*22%*
Fuel and spare parts – locomotives	*720*	*855*	*19%*
Operating lease rentals - rolling stock	*735*	*792*	*8%*
Infrastructure and Locomotive Tariffs - Other Tariffs	*717**	*502**	*-30%*
Engagement of locomotive crews	*223*	*373*	*67%*
Other Operating Cash Costs	*1,166**	*1,067**	*-8%*
Total Operating Non-Cash Costs	***3,292****	***3,149****	***-4%***
Depreciation of property, plant and equipment	*2,528*	*2,467*	*-2%*
Amortisation of intangible assets	*418*	*370*	*-11%*
Loss on derecognition arising on capital repairs	*379*	*287*	*-24%*
Impairment of receivables	*10*	*0.2*	*-98%*
Net (gain)/loss on sale of property, plant and equipment	*(43)*	*25*	*-158%*
Total cost of sales, selling and marketing costs and administrative expenses	**28,359**	**29,283**	**3%**

"Pass through" cost items

Infrastructure and locomotive tariffs: loaded trips

Infrastructure and locomotive tariffs: loaded trips is in principle a "pass through" cost item for the Group[5] and is reflected in equal amounts in both the Group's Total revenue and Cost of sales. This cost item increased 6% year on year to RUB 11,193 million in the first six months of 2017 primarily due to an increase in the regulated RZD tariffs (including for the traction of empty railcars).

Services provided by other transportation organisations

Services provided by other transportation organisations is in principle a "pass through" cost item for the Group and is reflected in equal amounts in both the Group's Total revenue and Cost of sales and includes tariffs that the Group pays to third-party rail operators for subcontracting their rolling stock (Engaged Fleet).

On the back of the gondola segment recovery, services provided by other transportation organisations were up 3% year on year to RUB 1,617 million in the first six months of 2017.

Total Operating Cash Costs

Total Operating Cash Costs (a non-GAAP financial measure) represent operating cost items payable in cash and calculated as "Total cost of sales, selling and marketing costs and administrative expenses" less the "pass through" cost items and non-cash cost items.

[5] 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 Group's Total Operating Cash Costs increased 3% year on year to RUB 13,324 million* in the first six months of 2017 due to a combination of factors described below.

The following table provides a breakdown of the Total Operating Cash Costs for the six months ended 30 June 2017 and 2016.

	H1 2017 % of total	**H1 2016 RUB mln**	**H1 2017 RUB mln**	**Change %**
Empty Run Costs	*47%*	6,068*	6,211*	2%
Repairs and maintenance	*15%*	2,039	1,949	-4%
Employee benefit expense	*12%*	1,288	1,574	22%
Fuel and spare parts - locomotives	*6%*	720	855	19%
Operating lease rentals - rolling stock	*6%*	735	792	8%
Infrastructure and Locomotive Tariffs - Other Tariffs	*4%*	717*	502*	-30%
Engagement of locomotive crews	*3%*	223	373	67%
Other Operating Cash Costs	*8%*	1,166*	1,067*	-8%
Total Operating Cash Costs	***100%***	**12,956***	**13,324***	**3%**

Empty Run Costs

In the first half of 2017, Empty Run Costs (a non-GAAP financial measure) accounted for 47% of the Group's Total Operating Cash Costs. This cost item climbed 2% year on year to RUB 6,211 million* in the first six months of 2017. This resulted from the combination of the following factors:

- 6% year-on-year increase in the regulated RZD tariffs (including for the traction of empty railcars);
- The Group's Freight Rail Turnover (excluding Engaged Fleet) declined 3% year on year largely due to changed client logistics;
- The Group's Total Empty Run Ratio (for all types of rolling stock) decreased to 47% (H1 2016: 48%) with the Empty Run Ratio for gondola cars improving to 38% (H1 2016: 39%); and
- The Share of Empty Run Kilometres paid by Globaltrans improved to 85% in the first six months of 2017 from 88% in the same period of the previous year.

Repairs and maintenance

Repairs and maintenance costs, which comprised 15% of the Group's Total Operating Cash Costs in the first six months of 2017, decreased 4% year on year to RUB 1,949 million as the rise in number of depot repairs was more than offset by the decline in the number of current repairs, continued cost optimisation and an increase in proceeds from the scrappage of second-hand spare parts.

Employee benefit expense

Employee benefit expense, which accounted for 12% of the Group's Total Operating Cash Costs, increased 22% year on year to RUB 1,574 million in the first six months of 2017. This reflected a 4% year-on-year increase in the average headcount, a rise in wages and salaries as well as higher bonus payments and a related increase in social insurance costs.

Fuel and spare parts - locomotives

Fuel and spare parts - locomotives expenses, comprising 6% of the Group's Total Operating Cash Costs, totalled RUB 855 million in the first six months of 2017, 19% higher than in the same period of the previous year. The increase in this cost item primarily reflected the rise in the number of block train runs[6] with owned locomotives along with an inflation-driven increase in fuel costs and a rise in number of spare parts used.

Operating lease rentals - rolling stock

Operating lease rentals - rolling stock, which comprised 6% of the Group's Total Operating Cash Costs in the first six months of 2017, was up 8% year on year to RUB 792 million, primarily reflecting a rise in leasing rates

[6] *A block train consists of Group-operated rolling stock bound for one destination.*

for gondola cars. This was partially offset by the reduction in the average number of rail tank cars leased-in as well as a decline in leasing rates for this type of rolling stock compared to the same period of the previous year.

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 the first six months of 2017. This cost item includes the costs of the relocation of rolling stock to and from maintenance, the transition of purchased rolling stock to its first place of commercial utilisation, and the relocation of rolling stock in and from lease operations as well as other expenses including empty run costs attributable to petrochemical tank container business.

Infrastructure and Locomotive Tariffs - Other Tariffs totalled RUB 502 million* in the first six months of 2017, a decrease of 30% year on year, mainly reflecting a decline in the cost of relocation of rolling stock in and from lease operations and the optimisation of other expenses related to the arrangement of transportation services.

Engagement of locomotive crews

Costs related to the engagement of locomotive crews from RZD (3% of the Group's Total Operating Cash Costs) increased 67% year on year to RUB 373 million in the first six months of 2017, reflecting primarily higher service volumes along with an increase in engagement costs.

Other Operating Cash Costs

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

The following table provides a breakdown of the Other Operating Cash Costs for the six months ended 30 June 2017 and 2016.

	H1 2016 RUB mln	H1 2017 RUB mln	Change %
Advertising and promotion	16	18	12%
Auditors' remuneration	25	22	-10%
Communication costs	18	19	6%
Information services	13	10	-25%
Legal, consulting and other professional fees	41	37	-10%
Rental of tank-containers	31	33	5%
Operating lease rentals - office	110	90	-18%
Taxes (other than on income and value added taxes)	431	382	-12%
Other expenses	480	457	-5%
Other Operating Cash Costs	**1,166***	**1,067***	**-8%**

Other Operating Cash Costs, which comprised 8% of the Group's Total Operating Cash Costs, were down 8% to RUB 1,067 million* in the first six months of 2017 compared to the same period of the previous year. The reduction in this cost primarily reflected a decrease in Taxes (other than income tax and value added taxes) which predominantly includes property tax, a decrease in Operating lease rentals – office, Legal, consulting and other professional fees along with Other expenses.

Total Operating Non-Cash Costs

Total Operating Non-Cash Costs (a non-GAAP financial measure) include cost items such as "Depreciation of property, plant and equipment", "Amortisation of intangible assets", "Impairment charge for receivables", "Impairment of property, plant and equipment", "Net (gain)/loss on sale of property, plant and equipment" and "Loss on derecognition arising on capital repairs".

The following table provides a breakdown of the Total Operating Non-Cash Costs for the six months ended 30 June 2017 and 2016.

	H1 2016 RUB mln	H1 2017 RUB mln	Change %
Depreciation of property, plant and equipment	2,528	2,467	-2%
Amortisation of intangible assets	418	370	-11%
Loss on derecognition arising on capital repairs	379	287	-24%
Impairment charge for receivables	10	0.2	-98%
Net (gain)/loss on sale of property, plant and equipment	(43)	25	-158%
Total Operating Non-Cash Costs	**3,292***	**3,149***	**-4%**

Total Operating Non-Cash Costs were down 4% year on year to RUB 3,149 million* in the first six months of 2017, mainly reflecting a combination of the following factors:

- Depreciation of property, plant and equipment decreased 2% year on year to RUB 2,467 million due to refinements in accounting policy in relation to estimated useful life of assets along with their residual value;
- Amortisation of intangible assets was at RUB 370 million, down 11% year on year reflecting the full amortisation of the client relationship with Metalloinvest in the first six months of 2017;
- Loss on derecognition arising on capital repairs[7] declined 24% year on year to RUB 287 million reflecting the lower number of capital repairs undertaken in the reporting period.

Adjusted EBITDA (non-GAAP financial measure)

The Group's Adjusted EBITDA in the first six months of 2017 reached RUB 12,073 million*, up 58% over the same period last year.

The Adjusted EBITDA Margin expanded to 48%* from 37%* in the same period of the previous year, on the back of a 23% year-on-year increase in Adjusted Revenue and 3% year-on-year rise in Total Operating Cash Costs.

Adjusted EBITDA (a non-GAAP financial measure) represents EBITDA excluding "Net foreign exchange transaction gain/(losses) on financing activities", "Share of profit/(loss) of associate", "Other gains - net", "Net (gain)/loss on sale of property, plant and equipment", "Impairment of property, plant and equipment", "Impairment of intangible assets", "Loss on derecognition arising on capital repairs" and "Reversal of impairment of intangible assets".

The following table provides details on Adjusted EBITDA for the six months ended 30 June 2017 and 2016, and its reconciliation to EBITDA and Profit for the period.

	H1 2016 RUB mln	H1 2017 RUB mln	Change %
Profit for the period	**2,341**	**6,694**	**186%**
Plus (Minus)			
Income tax expense	764	2,015	164%
Finance costs – net	1,273	862	-32%
Net foreign exchange transaction losses on financing activities	(180)	(142)	-21%
Amortisation of intangible assets	418	370	-11%
Depreciation of property, plant and equipment	2,528	2,467	-2%
EBITDA	**7,144***	**12,266***	**72%**
Minus (Plus)			
Loss on derecognition arising on capital repairs	(379)	(287)	-24%
Net foreign exchange transaction losses on financing activities	(180)	(142)	-21%
Other gains – net	77	17	-78%
Share of loss of associate	(64)	-	-100%
Net gain/(loss) on sale of property, plant and equipment	43	(25)	-158%
Reversal of impairment of intangible assets	-	630	NM
Adjusted EBITDA	**7,648***	**12,073***	**58%**

[7] The cost of each major periodic capital repair (including the replacement of significant components) is recognised in the carrying amount of the relevant item of rolling stock repaired and separately depreciated. Simultaneously, the carrying amount of the repaired rolling stock that is attributable to the previous periodic capital repair and/or significant component replacement, if any, is derecognised and debited in "Cost of sales" in the income statement as "Loss on derecognition arising on capital repairs" for the period during which the repair was carried out.

Finance income and costs

The following table provides a breakdown of Finance income and costs for the six months ended 30 June 2017 and 2016.

	H1 2016 RUB mln	**H1 2017 RUB mln**	**Change %**
Included in finance costs:			
Bank borrowings	(1,213)	(948)	-22%
Loans from third parties	(1)	-	-100%
Finance leases	(0.001)	-	-100%
Total interest expense	(1,214)	(948)	-22%
Other finance costs	(1)	(5)	916%
Total finance costs	**(1,214)**	**(954)**	**-21%**
Included in finance income:			
Bank balances	32	51	59%
Short term deposits	86	160	86%
Finance leases – third parties	-	20	NM
Loans to third parties	3	2	-40%
Total interest income	121	233	93%
Total finance income	**121**	**233**	**93%**
Net foreign exchange transaction gain on borrowings and other liabilities	8	26	211%
Net foreign exchange transaction losses on cash and cash equivalents and other monetary assets	(188)	(168)	-11%
Net foreign exchange transaction losses on financing activities	**(180)**	**(142)**	**-21%**
Net finance costs	**(1,273)**	**(862)**	**-32%**

Total finance costs

The decline in the Group's average level of total debt and the weighted average effective interest rate over the period led to a 21% year-on-year decrease in Total finance costs to RUB 954 million in the first six months of 2017.

Total finance income

In the first six months of 2017, the Group's total finance income was up 93% year on year to RUB 233 million, reflecting an increase in the amount of short term bank deposits and bank balances along with additional income derived from finance leases.

Net foreign exchange transaction losses on financing activities

Net foreign exchange transaction losses on financing activities were down 21% year on year to RUB 142 million, primarily due to an 11% year-on-year decrease in the Group's Net foreign exchange transaction losses on cash and cash equivalents and other monetary assets to RUB 168 million. This decrease reflects the foreign exchange volatility on the available cash and cash equivalents denominated in foreign currency.

Profit before income tax

The Group reported Profit before income tax of RUB 8,709 million in the first six months of 2017, an increase of 180% compared to the same period of the previous year. This increase was driven by the following factors:

- 115% year-on-year rise in the Group's Operating profit to RUB 9,571 million, largely due to the factors described above;
- 32% year-on-year reduction in Net finance costs to RUB 862 million.

Income tax expense

Income tax expense increased 164% year on year to RUB 2,015 million in the first six months of 2017, reflecting the 180% year-on-year rise in the Group's Profit before income tax.

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average interim tax rate used for the six months ended 30 June 2017 is 23.14% (30 June 2016: 24.60%). The decrease in the weighted average annual income tax rate reflects mainly the reduction in Estonian tax charge in the reporting period.

Profit for the period

The Group's Profit for the period grew 186% year on year and reached RUB 6,694 million in the first six months of 2017, reflecting the factors described above.

Profit attributable to owners of the Company increased 270% year on year to RUB 5,848 million primarily benefitting from the positive contribution from the wholly-owned gondola business which delivered a strong performance as described above.

LIQUIDITY AND CAPITAL RESOURCES

In the first six months of 2017, the Group's capital expenditure consisted primarily of maintenance CAPEX (including capital repairs) and the selective acquisition of gondola cars and petrochemical tank containers. The Group was able to meet its liquidity and capital expenditure needs comfortably through operating cash flow, cash and cash equivalents available at 31 December 2016, and proceeds from borrowings.

The Group manages its liquidity based on expected cash flows. As at 30 June 2017, the Group had Net Working Capital of RUB 1,550 million*. Using its anticipated operating cash flow and borrowings, the Group believes that it has sufficient working capital to operate successfully.

Cash flows

The following table sets out the principal components of the Group's consolidated cash flow statement for the six months ended 30 June 2017 and 2016.

	H1 2016 RUB mln	**H1 2017 RUB mln**
Cash flows from operating activities	7,725	12,090
Changes in working capital:		
Inventories	110	20
Trade and other receivables	84	1,185
Trade and other payables	(698)	(321)
Cash generated from operations	7,219	12,973
Tax paid	(799)	(1,889)
Net cash from operating activities	**6,420**	**11,084**
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,860)	(2,081)
Purchases of intangible assets	(9)	-
Proceeds from disposal of property, plant and equipment	122	243
Loan repayments received from third parties	8	6
Interest received	119	232
Receipts from finance lease receivable	-	10
Net cash used in investing activities	**(1,620)**	**(1,590)**
Cash flows from financing activities		
Net cash (outflows)/inflows from borrowings and financial leases[8]	(33)*	4,195*
Interest paid	(1,199)	(951)
Dividends paid to non-controlling interests in subsidiaries	(2,026)	(1,600)
Dividends paid to owners of the Company	(2,218)	(7,007)
Net cash used in financing activities	**(5,476)**	**(5,363)**
Net (decrease)/increase in cash and cash equivalents	(676)	4,132
Foreign exchange losses on cash and cash equivalents	(208)	(132)
Cash and cash equivalents at beginning of the period	4,104	4,773
Cash and cash equivalents at the end of the period	**3,220**	**8,773**

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

Net cash from operating activities

In the first six month of 2017, Net cash generated from operating activities rose 73% year on year to RUB 11,084 million, reflecting an 80% year-on-year increase in Cash generated from operations (after changes in working capital), primarily resulting from the factors described above, offset in part by a 136% year-on-year increase in Tax paid.

Net cash used in investing activities

Net cash used in investing activities amounted to RUB 1,590 million and was 2% lower than in the same period of the previous year mostly reflecting a rise in CAPEX, which was more than offset by an increase in proceeds from the sale of property, plant and equipment and interest received.

- Purchases of property, plant and equipment increased 12% to RUB 2,081 million due to larger expansion CAPEX including selective acquisitions of gondola cars and petrochemical tank containers as well as lower maintenance CAPEX amid a decrease in the number of capital repairs in the reporting period.
- In the first six months of 2017, the proceeds from the sale of property, plant and equipment increased 99% to RUB 243 million primarily reflecting the scrappage of railcars that had come to the end of their useful life, increased prices for scrap as well as the sale of non-core specialised railcars to third parties.

Net cash used in financing activities

Net cash used in financing activities was RUB 5,363 million in the first six months of 2017, a decrease of 2% compared to the same period of the previous year. This was due to a combination of the following factors:

- In the first six months of 2017, the Net cash inflow from borrowings and finance leases[8] amounted to RUB 4,195 million* compared to outflows of RUB 33 million in the same period of the previous year reflecting the significant dividend payments to the Company’s shareholders;
- The 21% year-on-year decrease in Interest paid to RUB 951 million in the first six months of 2017, mainly due to the improvement in the Group’s weighted average effective interest rate and a decrease in the average level of total debt over the period;
- The 216% year-on-year increase in Dividends paid to owners of the Company to RUB 7,007 million in the first six months of 2017;
- The 21% year-on-year decrease in Dividends paid to non-controlling interests in subsidiaries to RUB 1,600 million in the first six months of 2017.

Free Cash Flow

Free Cash Flow (a non-GAAP financial measure) is calculated as “Cash generated from operations” (after “Changes in working capital”) less “Tax paid”, “Interest paid”, “Purchases of property, plant and equipment” (which includes maintenance CAPEX), “Purchases of intangible assets” and “Acquisition of subsidiary undertakings - net of cash acquired”.

The Group’s Free Cash Flow was at RUB 8,052 million*, which is up 140% compared to same period of the previous year. This was mostly related to a combination of the following factors:

- Cash generated from operations (after changes in working capital) increased 80% or RUB 5,754 million year on year primarily due to the factors described above;
- 136% year-on-year rise in Tax paid and a 12% year-on-year increase in the Purchase of property, plant and equipment (including maintenance CAPEX), partially offset by a 21% year-on-year reduction in Interest paid.

The following table sets out details on Free Cash Flow and Attributable Free Cash Flow for the six months ended 30 June 2017 and 2016, and its reconciliation to Cash generated from operations.

	H1 2016 RUB mln	H1 2017 RUB mln	Change %
Cash generated from operations	7,219	12,973	80%
Tax paid	(799)	(1,889)	136%
Interest paid	(1,199)	(951)	-21%
Purchases of property, plant and equipment	(1,860)	(2,081)	12%
Purchases of intangible assets	(9)	-	-100%
Free Cash Flow	**3,351***	**8,052***	**140%**
Minus			
Adjusted Profit Attributable to Non-controlling Interests	759*	845*	11%
Attributable Free Cash Flow	**2,592***	**7,206***	**178%**

Capital expenditure

The Group's capital expenditure for the acquisition of fleet (including maintenance CAPEX) on an accrual basis[9] was RUB 1,978 million in the first six months of 2017, an increase of 5% compared to the same period of the previous year.

This higher capital expenditure reflects larger expansion CAPEX including selective acquisitions of gondola cars and petrochemical tank containers which were partially offset by a lower number of capital repairs in the reporting period. In the first six months of 2017 the Group acquired 479 units (including 219 gondola cars from the secondary market and 260 new petrochemical tank containers) compared to 164 units in the same period of the previous year.

Capital resources

As of 30 June 2017, the Group's financial indebtedness consisted of bank borrowings for an aggregate principal amount of RUB 20,485 million (including accrued interest of RUB 45 million*).

The Group's Net Debt was held relatively steady at RUB 11,712 million* as of 30 June 2017, a 2% increase from the level of Net Debt at the end of 2016.

The Group's leverage further improved with a ratio of Net Debt to Adjusted EBITDA for the twelve months ended 30 June 2017 of 0.5x*, compared with 0.7x* at the end of 2016.

The following table sets out the details on the Group's total debt, Net Debt and Net Debt to Adjusted EBITDA at 30 June 2017 and 2016, and reconciliation of Net Debt to Total debt.

	As of 31 December 2016 RUB mln	As of 30 June 2017 RUB mln	Change %
Total debt	16,292	20,485	26%
Minus			
Cash and cash equivalents	4,773	8,773	84%
Net Debt	**11,519***	**11,712***	**2%**
Net Debt to Adjusted EBITDA	**0.7x**	**0.5x[10]**	

Rouble-denominated borrowings accounted for 100% of the Group's debt portfolio as of the end of 30 June 2017. The Russian rouble is the functional currency of the Company.

The weighted average effective interest rate further reduced to 9.96%* as of 30 June 2017 compared to 11.01%* as of the end of 2016 on the back of continued improvement in conditions in the Russian financial market. The vast majority of the Group's debt had fixed interest rates as of 30 June 2017.

The Group has a balanced maturity profile, supported by the Group's strong cash flow generation, available cash and cash equivalents, as well as undrawn credit facilities[11] in the amount of RUB 16,700 million as of 30 June 2017.

[9] Including assets under construction.
[10] Net Debt to Adjusted EBITDA for the twelve months ended 30 June 2017.
[11] Including the unissued registered RUB denominated exchange-traded bonds in the amount of RUB 15,000 million.

The following table gives the maturity profile of the Group's borrowings (including accrued interest of RUB 45 million*) as of 30 June 2017.

	As of 30 June 2017 RUB mln
Q3 2017	1,918*
Q4 2017	1,839*
Q1 2018	1,812*
Q2 2018	1,817*
H2 2018	3,400*
2019	6,337*
2020-2022	3,362*
Total	**20,485**
Free Cash Flow for the twelve months ended 30 June 2017	13,583*
Cash and cash equivalents	8,773
Undrawn credit facilities[11]	16,700

PRESENTATION OF INFORMATION

The financial information presented in this announcement is derived from the condensed consolidated interim financial information (unaudited) of Globaltrans Investment PLC ("the Company" or, together with its subsidiaries, "Globaltrans" or "the Group") as at and for the six months ended 30 June 2017 and 2016 and prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the consolidated Management report and consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the Cyprus Companies Law, Cap. 113.

The Group's condensed consolidated interim financial information (unaudited) as at and for the six months ended 30 June 2017 and 2016 along with selected historical financial and operational information are available at Globaltrans' corporate website (www.globaltrans.com).

The presentation currency of the Group's consolidated financial statements is Russian rouble ("RUB").

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

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

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

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

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

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

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

DEFINITIONS

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

Adjusted EBITDA (a non-GAAP financial measure) represents EBITDA excluding "Net foreign exchange transaction gain/(losses) on borrowings and other liabilities", "Net foreign exchange transaction gain/(losses) on cash and cash equivalents and other monetary assets", "Share of profit/(loss) of associate", "Other gains - net", "Net (gain)/loss on sale of property, plant and equipment", "Impairment of property, plant and equipment", "Impairment of intangible assets", "Loss on derecognition arising on capital repairs" and "Reversal of impairment of intangible assets".

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

Adjusted Profit Attributable to Non-controlling Interests (a non-GAAP financial measure) is calculated as "Profit attributable to non-controlling interests" less share of "Impairment of property, plant and equipment" and "Impairment of intangible assets" attributable to non-controlling interests.

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

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

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

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

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

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

EBITDA (a non-GAAP financial measure) represents "Profit for the period" before "Income tax expense", "Finance costs - net" (excluding "Net foreign exchange transaction gain/(losses) on borrowings and other liabilities" and "Net foreign exchange transaction gain/(losses) on cash and cash equivalents and other monetary assets"), "Depreciation of property, plant and equipment" and "Amortisation of intangible assets".

Engaged Fleet is defined as rolling stock subcontracted or otherwise engaged from a third-party rail operator for a loaded trip from the point of origination to the cargo's destination, at which point the railcar is then released to such third-party.

Empty Run or Empty Runs means movement of railcars without cargo for the whole or a substantial part of the journey.

Empty Run Costs (a non-GAAP financial measure meaning costs payable to RZD for forwarding empty railcars) is derived from management accounts and presented as part of the "Infrastructure and locomotive tariffs: empty run trips and other tariffs" component of "Cost of sales" reported under EU IFRS. Empty Run Costs do not include costs of relocation of rolling stock to and from maintenance, purchased rolling stock in transition to its first place of commercial utilisation, rolling stock leased in or leased out, Engaged Fleet, platforms and tank containers used in petrochemical business.

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

Free Cash Flow (a non-GAAP financial measure) is calculated as “Cash generated from operations” (after “Changes in working capital”) less “Tax paid”, “Interest paid”, “Purchases of property, plant and equipment” (which includes maintenance CAPEX), “Purchases of intangible assets” and “Acquisition of subsidiary undertakings - net of cash acquired”.

Freight Rail Turnover is a measure of freight carriage activity over a particular period calculated as the sum of tonnage of each loaded trip multiplied by the distance of each loaded trip, expressed in tonnes-km. It excludes performance of petrochemical tank container segment.

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

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

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

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

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

Net Revenue from Engaged Fleet (a non-GAAP financial measure) 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 and other taxes recoverable”, less the sum of the current portions of “Trade payables to third parties”, “Trade payables to related parties”, “Advances from third parties”, “Advances from related parties”, "Accrued expenses", “Other payables to third parties”, “Other payables to related parties” and “Current tax liabilities”.

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

Total Operating Non-Cash Costs (a non-GAAP financial measure) include cost items such as “Depreciation of property, plant and equipment”, “Amortisation of intangible assets”, “Loss on derecognition arising on capital repairs”, “Impairment charge for receivables”, “Impairment of property, plant and equipment” and “Net (gain)/loss on sale of property, plant and equipment”.

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

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

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

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

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

Transportation Volume is a measure of freight carriage activity over a particular period, measuring weight of cargo carried in million tonnes. It excludes the performance of petrochemical tank container segment.

LEGAL DISCLAIMER

Some of the information in this announcement may contain projections or other forward-looking statements regarding future events or the future financial performance of Globaltrans. You can identify forward-looking statements by terms such as 'expect', 'believe', 'anticipate', 'estimate', 'intend', 'will', 'could', 'may' or 'might', the negative of such terms or other similar expressions. Globaltrans wishes to caution you that these statements are only predictions and that actual events or results may differ materially. Globaltrans does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of Globaltrans, including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia, rapid technological and market change in the industries Globaltrans operates in, as well as many other risks specifically related to Globaltrans and its operations.