

# Overview

Globaltrans' commitment to its employees is as strong today as it was when I joined in 2008. Everything is based on trust and openness, with respect for diversity and a truly collaborative culture. Great importance is attached to continuous learning and professional growth. Beyond salaries and bonuses, Globaltrans offers a range of outstanding benefits to keep people motivated and encourage high performance. Exciting, challenging and inspiring – that is how I would describe my personal journey at Globaltrans.

**Ekaterina Glazunova,**  
Head of PR, New Forwarding Company

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#### Directors' Responsibility

Each of the Directors confirms that, to the best of his or her knowledge, the Strategic Report presented on pages 20 to 77 of this Annual Report includes a fair review of the development and performance of the business and the position of Globaltrans Investment PLC and its subsidiary undertakings, included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board,



**Sergey Tolmachev**  
Director

# Highlights of 2021

Thanks to the underlying strengths of Globaltrans, we were able to deliver an excellent performance in 2021. We achieved strong financial results with another year of disciplined operational performance despite market volatility and the ongoing impact of COVID-19.

In the reporting year, we generated good momentum focused on our core competencies of superior service, operational excellence, cost management, and prudent capital allocation.

We deepened our customer engagement, secured important contract extensions with major customers, expanded our leased-in gondola fleet to satisfy strong demand for our services, maintained our efficiency, and optimised our portfolio by divesting a non-core asset.



**Valery Shpakov**  
Chief Executive Officer



The summary information on pages 6 and 7 covers the Group's key financial and operating performance indicators. These include non-IFRS measures that the Group believes are helpful to investors in analysing the Group's performance and well understood in the freight rail transportation industry. The key non-IFRS financial metrics are not a substitute for the IFRS financial information included and discussed in the Financial and Operational Review section of this Annual Report.

## STRONG MARKET RECOVERY

- Significant H2 market recovery with overall Russian freight rail turnover at an all-time high in 2021 driven by robust bulk cargo demand.
- Recovery in gondola market rates starting in late Q2 2021 continued in H2 2021, with 2021 bulk cargo volumes exceeding pre-COVID levels; tank market pricing remained robust with volume recovery accelerating in H2 2021.

RUB 58.5 bln <sup>▲6%</sup>

Adjusted Revenue in 2021

50% <sup>▲</sup>

Adjusted EBITDA Margin in 2021 (2020: 49%)

## THE GROUP'S FREIGHT RAIL TURNOVER GROWTH RESUMED IN H2 AND GONDOLA RATES RECOVERED AMID GROWING DEMAND FOR GLOBALTRANS' SERVICES

- The Group's Freight Rail Turnover returned to growth in H2 2021, rising 8% on H1 2021, with full-year Freight Rail Turnover 2% lower year on year.
- Two key service contracts extended in 2021 – Rosneft for 5 years and Metalloinvest for 2 years (with higher service volumes agreed).
- Average Price per Trip rose 11% year on year in 2021, reflecting a recovery in gondola market rates in H2 2021 with continued solid pricing in the oil products and oil segment.
- Growing demand for Globaltrans' services drove the expansion of the Leased-in Fleet of gondolas and underpinned the purchase of tank cars.
- Gondola Empty Run Ratio further improved to 44% (2020: 45%) – one of the lowest in the Russian market.

RUB 29.0 bln <sup>▲8%</sup>

Adjusted EBITDA in 2021

RUB 16.1 bln <sup>▲7%</sup>

Free Cash Flow in 2021

## INCREASED PROFITABILITY SUPPORTED BY COST CONTROL; STRONG FREE CASH FLOW SUPPORTED DELEVERAGING

- Adjusted Revenue rose 6% year on year to RUB 58.5 billion on the back of the recovery in gondola rates in H2 2021 coupled with continued robust pricing in the tank car segment.
- Total Operating Cash Costs were held in check contributing to an increase in the Adjusted EBITDA Margin to 50% in 2021 comparing to 49% in 2020.
- Adjusted EBITDA rose 8% year on year to RUB 29.0 billion.
- Strong Free Cash Flow increased 7% year on year to RUB 16.1 billion despite a 22% increase in Total CAPEX to RUB 8.4 billion following purchases of tank cars and increased Maintenance CAPEX.
- Net Debt reduced 32% in 2021 to RUB 18.5 billion compared to the end of 2020; leverage was at a low level with Net Debt to Adjusted EBITDA at 0.6x compared to 1.0x at end 2020.
- All the Group's debt has fixed interest rates and is denominated in roubles.

32% <sup>▼</sup>

Net Debt reduction to RUB 18.5 bln at year-end 2021 vs. the end of 2020

0.6x <sup>▼</sup>

Net Debt to Adjusted EBITDA at year-end 2021 (2020 end: 1.0x)

## ROBUST ABOVE-TARGET INTERIM 2021 DIVIDENDS DELIVERED; FINAL 2021 DIVIDEND ON HOLD

- Improving dividend capacity over H1 2021 with gondola prices recovering enabled payment of above-target Interim 2021 dividends (regular and special) of RUB 4.0 billion or RUB 22.50 per share/Global Depository Receipt ("GDR") in September 2021.
- Final dividends for 2021 temporarily suspended in April 2022 due to both technical limitations regarding upstreaming cash to the Cyprus holding company and the objective of establishing liquidity buffers.

# At a Glance

## WHO WE ARE



### Robust business model and efficient operations

- Strong positions in key freight rail segments of metals and oil products and oil
- Diversified blue-chip customer portfolio underpinned by long-term service agreements
- Industry-leading operational efficiency



### Financial stability and strength

- High proportion of multi-year outsourcing contracts
- Robust balance sheet
- Strong Free Cash Flow generation
- Significant liquidity available



### Entrepreneurial culture combined with best-in-class governance

- Founded and led by entrepreneurs with a focus on quality and innovation
- Experienced Board and management team
- Adherence to best-practice governance standards
- Sustainable business with a strong ESG focus
- Dual-listed on the London Stock Exchange<sup>1</sup> and the Moscow Exchange



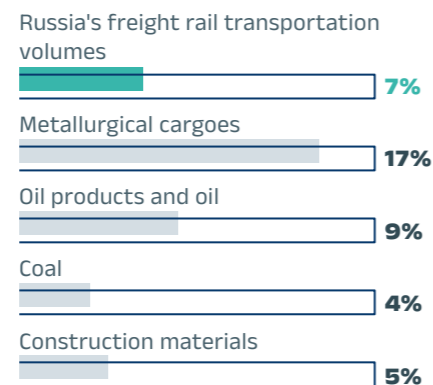
### Focus on shareholder returns

- Track record of delivering consistent dividends and achieving dividend targets, transparent dividend policy, semi-annual dividend payments
- Ongoing share buyback programme capable of providing support during market volatility

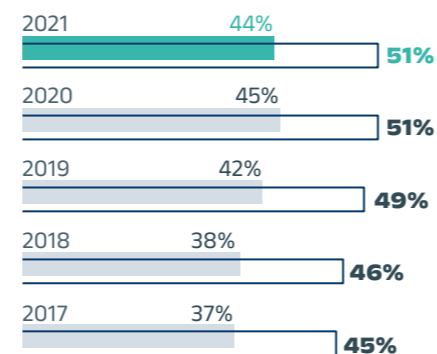
69.1 ths

Total Fleet at year-end 2021 (units)

### Market Share, 2021, %<sup>2</sup>



### Historical Empty Run Ratio, 2017-2021, %



■ Empty Run Ratio for gondola cars  
□ Total Empty Run Ratio (for all types of railcars)

500+  
Industrial clients

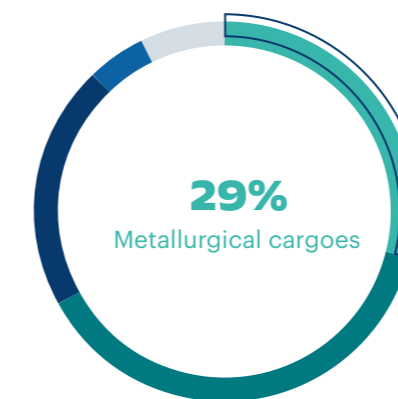


## WHAT WE DO

We are leaders in the provision of complex freight rail logistics and transportation services in our target market segments of metals and mining and oil products and oil as well as in other segments.

We have a high-quality customer base including large blue-chip companies across our key segments. Customers benefit from our state-of-the-art logistics, large and modern fleet, customer-focused approach and our constant drive for innovation.

### Net Revenue from Operation of Rolling Stock by cargo type, 2021, %<sup>2</sup>



38% Oil products and oil  
21% Coal  
5% Construction materials  
7% Other

59%

Share of Net Revenue from Operation of Rolling Stock covered by long-term service contracts in 2021

Source: Globaltrans

<sup>1</sup> Imposed suspension of GDRs trading on the London Stock Exchange on 3 March 2022 continued as of the date of publication.

<sup>2</sup> Metallurgical cargoes including ferrous metals, scrap metal and ores; coal including coke; construction materials including cement.

# At a Glance

## HOW WE DELIVER VALUE

We consistently deliver value to our clients through our pursuit of operational and service excellence. Our operating platform is fundamental to our success.



### Sophisticated logistics

We are experts in managing complex freight logistics that improve our customers' productivity, saving them time and money.



### Sector-leading operational efficiency

Our centralised gondola dispatch hub is the nerve centre of our railcar operations. Working around the clock, it keeps our fleet running smoothly, maintains high utilisation levels and low Empty Runs, delivering efficiency which in turn drives profitability.



### High-quality long-term client base

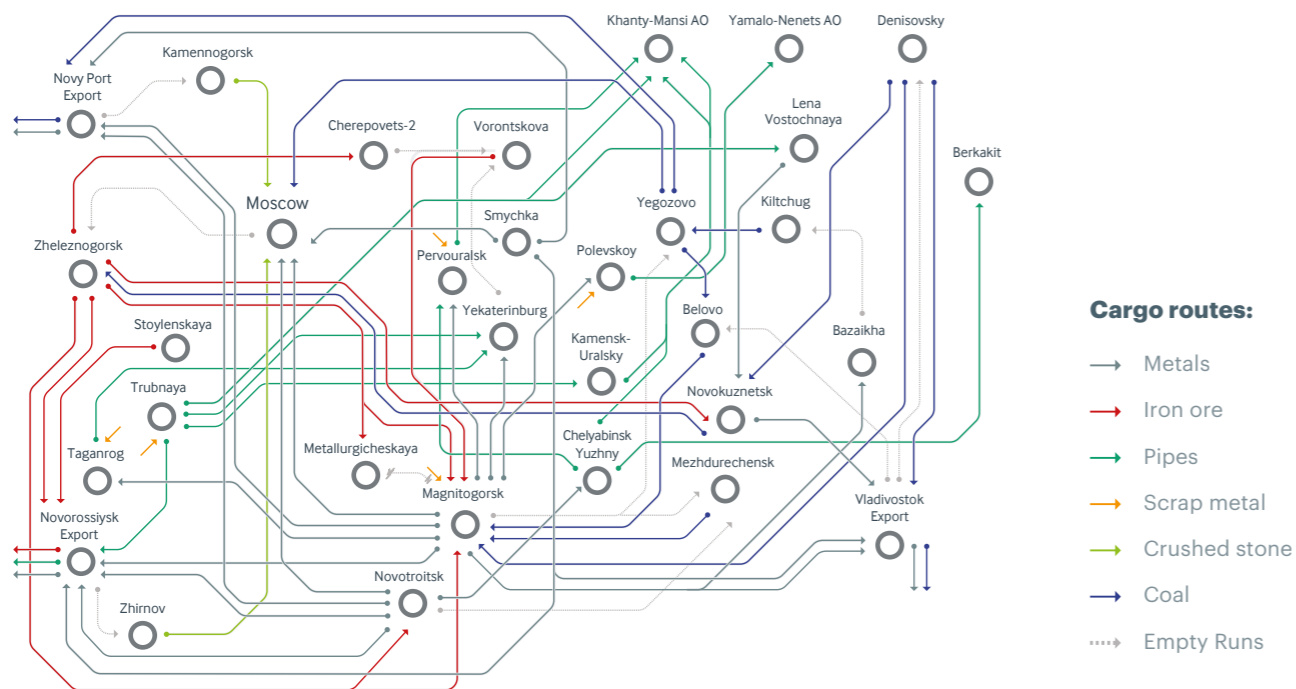
We are trusted partners for our clients, ranging from major industrial groups to smaller, more specialised companies. We focus on long-term outsourcing partnerships, whereby we manage most of a client's freight rail logistics. Our clients benefit from operational scale, 24-hour services, advanced logistics, and access to one of Russia's largest fleets.



### In-house locomotives improve productivity

Our in-house locomotive fleet transports oil products and oil in block trains where all the cargo is bound for a single destination, obviating the need to stop at multiple sorting stations, improving delivery schedules and fleet utilisation.

## GONDOLA LOGISTICS KEY ILLUSTRATIVE ROUTES



### Cargo routes:

- Metals
- Iron ore
- Pipes
- Scrap metal
- Crushed stone
- Coal
- ..... Empty Runs

Source: Globaltrans

## OUR APPROACH TO ESG

Delivering sustainable value through:



### Clear governance

- Oversight from the ESG Board committee
- Transparent reporting of key metrics



### Sustainable business practices

- Embedding sustainability in our way of working and business mindset
- Minimising our impact on the environment
- Improving energy efficiency
- Reducing carbon emissions



### Positive social impact

- Focus on employee development
- Providing support to our communities



We strive to be a responsible and attractive employer, business partner and investment target. We recognise that by prioritising sustainability and gradually integrating it into everything we do, we will improve our long-term prospects, reduce our business risk and build greater engagement with our stakeholders. Our progress in 2021 gives me confidence that we are on the right track and we will continue to pursue our sustainability ambitions.



**Elia Nicolaou**  
Chair of the ESG Committee,  
Non-executive Director

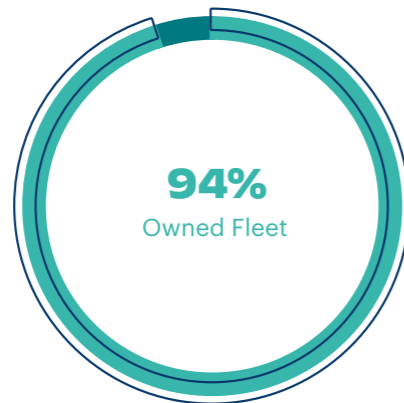
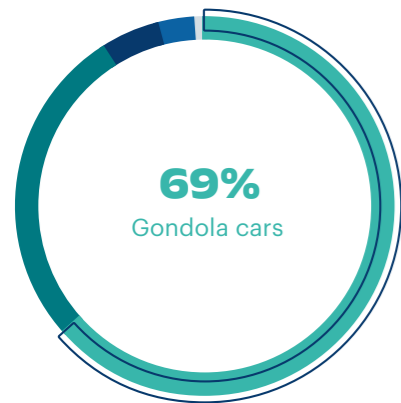
Read more on the Group's sustainability commitments and actions on pages 80-105

# Our Assets

**69,106**  
Total Fleet (units)



## Total Fleet composition at year-end 2021



28% Tank cars  
2% Other railcars  
<1% Locomotives

6% Leased-in Fleet

## ONE OF THE LARGEST RAILCAR FLEETS IN RUSSIA

Operational flexibility maintained by striking appropriate balance between Owned Fleet (94%) and Leased-in Fleet (6%).

Fleet composition corresponds to the industrial segments served: 69% are universal gondola cars for bulk cargoes, 28% are tank cars for liquid cargoes and 3% are other units.

The average age of the Group's Owned Fleet is currently 13.8 years compared with a useful life for gondola cars of 22 years and for tank cars of 32 years.

Exceptional fleet maintenance programme maintains the focus on operational and service excellence.

Source: Globaltrans



## GONDOLA CARS

- Open-top, high-sided universal railcar
- Backbone of Globaltrans' fleet
- Designed to carry bulk cargoes like metals, ores, coal, construction materials, etc.
- Able to be rapidly redeployed between different bulk cargoes in response to changing market demand

47,775 units



## OTHER RAILCARS

- Globaltrans' fleet largely includes flat cars among the other cars

1,673 units

Source: Globaltrans



## TANK CARS

- Designed to carry liquid cargoes including oil and petroleum products, chemicals, liquefied gas and other liquid substances
- Principally used by Globaltrans in the transportation of oil products

19,587 units



## LOCOMOTIVES

- Globaltrans has its own fleet of mainline locomotives, which haul block trains principally in the oil products and oil segment

71 units

13.8 years  
Average age of Owned Fleet

# Our History

## 17 YEARS OF GROWTH AND LEADERSHIP

Globaltrans was formed in 2004 with the merger of two entrepreneur-led companies and from these roots has grown to become one of the leading freight rail transportation groups in Russia and the CIS. Through strong organic growth and the acquisition of both railcars and other freight rail businesses, we have created a profitable company with best-in-class capabilities.

Our commitment to transparency and good corporate governance helped us to become the first Russia-focused freight rail group to list on an international stock exchange. Since the Initial Public Offering (IPO) on the London Stock Exchange in 2008, we have had a consistent focus on value creation and growth. Today, we operate a fleet that is almost three times larger than at the time of our IPO. In 2020 we also listed our Global Depository Receipts ("GDRs") on the Moscow Exchange in order to diversify our investor base.

 See the Total Fleet diagram on the next page

### 2004

Established as a merger of two entrepreneur-led companies.

### 2010

Organic expansion of the business — purchases of new rolling stock and the expansion of the Leased-in Fleet.

### 2012

Acquired Metalloinvesttrans, the captive freight rail operator of Metalloinvest, a leading producer of hot briquetted iron (HBI), iron ore products and high-quality steel.

### 2008

Successful IPO on the London Stock Exchange.

### 2009

Secondary Public Offering (SPO) to fund further business expansion.

### 2013

Acquired MMK-Trans, the captive freight rail operator of MMK Group, one of the world's largest steel producers.

Signed a long-term outsourcing contract with MMK.

Created a single 24/7 gondola dispatching centre.

### 2014–2015

The Group's corporate structure simplified to drive efficiency and cut costs.

Formed specialised SyntezRail subsidiary with partners to transport petrochemicals in tank containers.

### 2016

Extended long-term partnerships with Rosneft (five years) and with Metalloinvest (three years).

### 2017

The enhanced Dividend Policy introduced linking dividends to Attributable Free Cash Flow and Leverage Ratio.

### 2021

Established ESG Committee.

Two key service contracts extended – Rosneft for 5 years and Metalloinvest for 2 years with higher volumes.

### 2020

Globaltrans' GDRs began trading on MOEX on 28 Oct. 2020. The GDRs have ticker symbol GLTR and are included in Level One, MOEX's highest quotation list.

### 2019

Service contracts extended with MMK (to end Sept. 2022) and Metalloinvest (to end 2020), in line with the Group's strategy to develop its outsourcing client partnerships.

### 2018

The Group celebrated its 10th anniversary of its Main Market listing on the London Stock Exchange.

Partnership with MMK extended to end Sept. 2020.

A new three-year service contract (to end June 2022) signed with Gazprom Neft, a long-standing client of the Group.

A new service for the steel industry launched, transporting high-quality rolled steel in specialised containers.

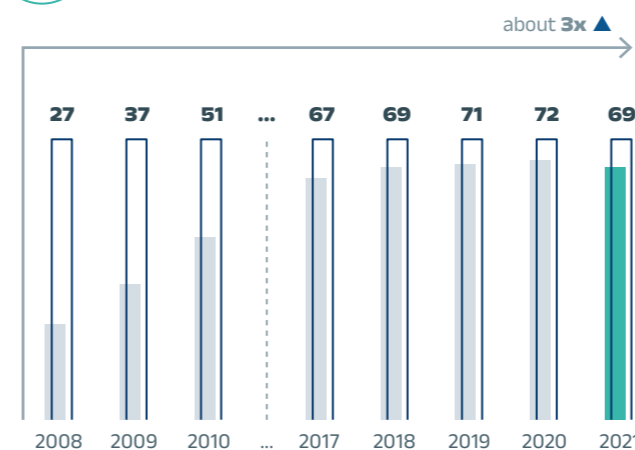
Two new five-year service contracts signed: with TMK, a leading global manufacturer and supplier of steel pipes for the oil and gas industry, and with ChelPipe Group, a leading Russian manufacturer of pipe products and provider of integrated solutions for fuel and energy companies.

The service contract with MMK was extended for a further two years and is now valid until the end of Sept. 2024. The service contract with Metalloinvest was extended for a further one-year period to the end of 2021.

60% stake in SyntezRail (a small non-core specialised container operator) was sold in Oct. 2021.



Total Fleet at year-end, ths units



Source: Globaltrans

# Our Industry

## RUSSIA'S RAIL NETWORK AT A GLANCE

3<sup>rd</sup>

largest rail network globally connects the world's largest country across its 11 time zones

Vital

industry connecting Russian regions and linking Russia to the global economy

87%

of the Russia's overall freight turnover, excluding pipeline traffic, travels by rail

2.6<sup>tn</sup>

Overall Russia's freight rail turnover in 2021 (tonnes-km)



- Globaltrans' operating subsidiaries, their branches and representative offices
- ▤ Key illustrative routes of Russia's rail network

Deregulated freight rail sector with about

88%

of Russia's total railcar fleet controlled by **private players**

Structural **growth**

drivers supported by government investment in rail infrastructure to expand the Far East rail corridor