Globaltrans
Russia's Leading Private
Freight Rail Group

**For immediate release** **30 August 2011**

## Globaltrans Investment PLC

## Interim Results for the six months ended 30 June 2011

Globaltrans Investment PLC ("Company" together with its consolidated subsidiaries "Globaltrans" or the "Group"), (LSE ticker: GLTR) today announces its interim results[1] for the six months ended 30 June 2011.

*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.*


## Summary

Globaltrans, Russia's leading private freight rail transportation group, achieved a record set of financial results for the first half of 2011. This performance was driven by healthy demand for Globaltrans' services that was successfully converted into revenue growth. Similarly to recent results, Globaltrans again strongly outperformed the Russian freight rail transportation market, increased its overall market share and delivered sizeable growth in all key cargo segments.


### Financial highlights

- Adjusted Revenue for the period increased by 48% period-on-period to USD 603.6* million (1H 2010: USD 407.5* million), supported by increased Freight Rail Turnover and strong pricing;
- The Group's EBITDA increased by 52% period-on-period to USD 258.0* million. Adjusted EBITDA increased by 42% period-on-period to USD 256.5* million (1H 2010: USD 180.4* million);
- Profit for the period increased by 66% period-on-period to USD 159.3 million. Earnings per share[2] increased by 85% period-on-period to USD 0.85 per share;
- Net Debt decreased by 16% to USD 321.8* million as of 30 June 2011 compared to year end of 2010. Net Debt to LTM Adjusted EBITDA ratio improved to 0.7x* as of 30 June 2011.

### Operational highlights

- The Group's Freight Rail Turnover (measured in tonnes-km) increased by 37% period-on-period to 57.5 billion tonnes-km in the first six months of 2011 against overall Russian market growth of 7%[3];
- The Group's overall share of Russian freight rail volumes[4] increased to 6.0% in the first six months of 2011 from 5.3% in 2010 (4.9% in 1H 2010) with the major share gains being recorded in metallurgical cargoes, coal and construction materials[5];

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[1] The Group's financial performance in the first six months of 2011 was affected by a 5% appreciation of the average exchange rate of the Rouble (Functional Currency of the Company, its Cyprus and Russian subsidiaries) against the US Dollar (the Group's financial information presentation currency).

[2] Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period.

[3] According to Rosstat; by Freight Rail Turnover (measured in tonnes-km).

[4] Company estimations based on Rosstat data; calculated as a percentage of the overall freight rail transportation volume (measured in tonnes) in Russia.

[5] Globaltrans' market share increased in metallurgical cargoes (ferrous metals, scrap metal and iron ore) from 9.1% in 2010 to 11.3% in 1H 2011; in coal (thermal and coking) from 2.8% in 2010 to 3.7% in 1H 2011 and in construction materials (including cement) from 1.7% in 2010 to 2.7% in 1H 2011.

- Average Price per Trip increased by 22% to USD 953.2 (16% in Rouble terms) compared to the same period in 2010. Average Distance of Loaded Trip increased by 8% over the same period. Average Number of Loaded Trips per Railcar decreased by 9% period-on-period;
- Total Empty Run Ratio improved from 65% in the first six months of 2010 to 62% with Empty Run Ratio for rail tank and hopper cars improving from 112% to 111% and Empty Run Ratio for gondola cars remaining unchanged at 42%. The Share of Empty Run Kilometres Paid by Globaltrans improved falling from 84% in the first six months of 2010 to 77%;
- The Group's Average Rolling Stock Operated increased by 38% to 44,395 units in the first six months of 2011 compared to the same period in 2010;
- The Group's Total Fleet declined by 2% or 1,185 units to 49,529 units as of 30 June 2011 compared to year end 2010, resulting from an increase of 1,063 units in Owned Fleet offset by a decrease of 2,248 units in the number of leased-in fleet;
- Opportunistic investment programme continued along with retention of capital discipline. In addition to 2,596 units of rolling stock delivered in the second half of 2010, the Group took delivery of 1,070 units in the first six months of 2011. Any acceleration of the railcar acquisition programme will be subject to increased charges for Globaltrans' services and/or an improved railcar pricing environment.

## CEO COMMENT

Sergey Maltsev, CEO of Globaltrans Investment PLC, said:

"We are extremely pleased with the Group's performance in the first six months of 2011. The combination of strong customer demand, best-in-class service offerings and premium operating capabilities enabled us to deliver growth across all key market segments and produce a record first half financial performance. These results again illustrate the robustness of our business model both as a source of stability and as a platform for growth in a variety of market conditions."

## OUTLOOK

Looking forward, and notwithstanding renewed concerns about the state of the global economy, we continue to see good demand from customers for our services.

The second half will feature several rail deregulation milestones. Specifically, the tender for sale of 75 per cent minus 2 shares in Freight One[6] is expected this autumn. We support the decision to put Freight One up for a tender, as it will increase private sector involvement within the Russian freight rail industry positively impacting the whole sector. We are implementing the preparatory steps called for as part of the tender process, including evaluation of different financing options. We are conducting a detailed assessment of the investment opportunity particularly as it would need to satisfy our stringent criteria regarding financial returns and capital discipline. In addition, locomotive traction liberalisation process is proceeding in line with our expectations with the infrastructure tariff having been set in July 2011. Establishment of the relevant legal framework and access regulation is envisaged by the end of 2011, where after we will be in position to prepare our investment plan for the locomotive traction business.

The sector's recent strong outperformance has itself led to a speculative increase in rolling stock prices. As a result, we have temporarily scaled back our opportunistic investment programme. This decision avoids any potential dilution of our returns and enables us to build up a strong funding base whilst retaining the flexibility to step back aggressively into the rail car purchasing market or take advantage of any acquisition opportunities which may arise.

Our balanced fleet, proven outperformance in both rising and falling markets, and strong balance sheet give us a very resilient profile and provides a strong base from which to pursue the type of growth opportunities outlined above.

We remain optimistic about prospects for the second half of the year and our trading performance to date supports this view.

[6] JSC "Freight One" is a subsidiary of JSC "Russian Railways" (100 percent minus 1 share).

## RESULTS IN DETAIL

The following table sets forth the Group's key financial and operational information for the six months ended 30 June 2011 and 2010.

| | Six months ended 30 June 2010 USD mln | **Six months ended 30 June 2011 USD mln** | Change % |
|---|---|---|---|
| **IFRS financial information** | | | |
| Revenue | 644.8 | **905.8** | 40% |
| Including Total revenue - operators services | 608.0 | **868.3** | 43% |
| Including Total revenue - operating lease | 35.7 | **35.9** | 1% |
| Total cost of sales, selling and marketing costs and administrative expenses | 496.3 | **687.9** | 39% |
| Operating profit | 150.5 | **217.4** | 44% |
| Finance costs - net | 30.1 | **17.9** | -41% |
| Profit for the period | 95.9 | **159.3** | 66% |
| Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in USD per share) | 0.46 | **0.85** | 85% |
| Total assets (compared to 31 December 2010) | 1,515.3 | **1,579.7** | 4% |
| Total debt (compared to 31 December 2010) | 519.0 | **418.2** | -19% |
| Cash and cash equivalents (compared to 31 December 2010) | 137.7 | **96.4** | -30% |
| **Non-GAAP financial information** | | | |
| Adjusted Revenue | 407.5* | **603.6*** | 48% |
| Including Net Revenue from Operation of Rolling Stock | 370.7* | **566.0*** | 53% |
| Total Operating Cash Costs | 226.4* | **346.9*** | 53% |
| Including Empty Run Costs | 95.3* | **122.6*** | 29% |
| Including Operating lease rentals – rolling stock | 25.3 | **78.9** | 212% |
| Adjusted EBITDA | 180.4* | **256.5*** | 42% |
| Adjusted EBITDA Margin, % | 44%* | **43%*** | - |
| Net Debt (compared to 31 December 2010) | 381.3* | **321.8*** | -16% |
| Net Debt to LTM Adjusted EBITDA (compared to 31 December 2010) | 1.0x* | **0.7x*** | - |
| **Operational information** | | | |
| Freight Rail Turnover, billion tonnes-km | 41.9 | **57.5** | 37% |
| Transportation Volume, million tonnes | 28.7 | **36.4** | 27% |
| Average Price per Trip, USD | 784.5 | **953.2** | 22% |
| Total Empty Run Ratio, % | 65% | **62%** | - |
| Including Empty Run Ratio for gondola cars, % | 42% | **42%** | - |
| Total Fleet, units (compared to 31 December 2010) | 50,714 | **49,529** | -2% |
| Including Owned Fleet, units (compared to 31 December 2010) | 38,173 | **39,236** | 3% |
| Average Rolling Stock Operated, units | 32,228 | **44,395** | 38% |
| Average Number of Loaded Trips per Railcar | 14.7x | **13.4x** | -9% |

### *Revenue, Adjusted Revenue and Net Revenue from Operation of Rolling Stock*

In the first six months of 2011 the Group's revenue was USD 905.8 million, representing an increase of USD 261.1 million or 40% from USD 644.8 million in the same period of the previous year.

The following table sets forth revenue, broken down by revenue-generating activity for the six months ended 30 June 2011 and 2010.

| | Six months ended 30 June 2010 USD mln | Six months ended 30 June 2011 USD mln | Change USD mln | Change % |
|---|---|---|---|---|
| Railway transportation – operators services (tariff borne by the Group)[7] | 403.5 | 492.9 | 89.4 | 22% |
| Railway transportation – operators services (tariff borne by the client) | 204.5 | 375.4 | 170.9 | 84% |
| Railway transportation – freight forwarding | 0.4 | 1.2 | 0.8 | 196% |
| Operating leasing of rolling stock | 35.7 | 35.9 | 0.2 | 1% |
| Other revenue | 0.7 | 0.5 | (0.2) | -30% |
| **Total revenue** | **644.8** | **905.8** | **261.1** | **40%** |

### *Adjusted Revenue*

For purposes of analysing revenue, the Group considers "Adjusted Revenue" (a non-GAAP financial measure) which is "total revenue" less "infrastructure and locomotive tariffs: loaded trips". Infrastructure and locomotive tariffs: loaded trips is revenue resulting from tariffs which customers pay to the Group and the Group pays on to JSC Russian Railways ("RZD"), which are reflected in equal amounts in the Group's revenue and cost of sales. The principal components of Adjusted Revenue include: (i) Net Revenue from Operation of Rolling Stock; (ii) revenue from operating leasing of rolling stock and (iii) other revenues generated by the Group's non-core business activities, including freight forwarding.

Adjusted Revenue amounted to USD 603.6* million in the first six months of 2011, an increase of USD 196.1 million or 48% compared to USD 407.5* million in the same period of the previous year.

The following table sets forth Adjusted Revenue for the six months ended 30 June 2011 and 2010 and its reconciliation to revenue.

| | Six months ended 30 June 2010 USD mln | Six months ended 30 June 2011 USD mln | Change USD mln | Change % |
|---|---|---|---|---|
| Revenue | 644.8 | 905.8 | 261.1 | 40% |
| *Minus* | | | | |
| Infrastructure and locomotive tariff: loaded trips | 237.3 | 302.3 | 65.0 | 27% |
| **Adjusted Revenue** | **407.5*** | **603.6*** | **196.1** | **48%** |

The following table sets forth the breakdown of Adjusted Revenue for the six months ended 30 June 2011 and 2010.

| | Six months ended 30 June 2010 USD mln | Six months ended 30 June 2011 USD mln | Change USD mln | Change % |
|---|---|---|---|---|
| Net Revenue from Operation of Rolling Stock | 370.7* | 566.0* | 195.3 | 53% |
| Operating leasing of rolling stock | 35.7 | 35.9 | 0.2 | 1% |
| Railway transportation – freight forwarding | 0.4 | 1.2 | 0.8 | 196% |
| Other revenue | 0.7 | 0.5 | (0.2) | -30% |
| **Adjusted Revenue** | **407.5*** | **603.6*** | **196.1** | **48%** |

[7] Includes "Infrastructure and locomotive tariffs: loaded trips" for the six months ended 30 June 2011 amounting to USD 302.3 million (1H 2010: USD 237.3 million).

### Net Revenue from Operation of Rolling Stock

Net Revenue from Operation of Rolling Stock accounted for 94% of the Group's Adjusted Revenue in the first six months of 2011. 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 "revenue from railway transportation – operators services"[8] less "infrastructure and locomotive tariffs: loaded trips".

The following table sets forth Net Revenue from Operation of Rolling Stock for the six months ended 30 June 2011 and 2010, and its reconciliation to revenue from railway transportation – operators services.

| | Six months ended 30 June 2010 USD mln | Six months ended 30 June 2011 USD mln | Change USD mln | Change % |
|---|---|---|---|---|
| Railway transportation – operators services[8] | 608.0 | 868.3 | 260.3 | 43% |
| *Minus* | | | | |
| Infrastructure and locomotive tariff: loaded trips | 237.3 | 302.3 | 65.0 | 27% |
| **Net Revenue from Operation of Rolling Stock** | **370.7*** | **566.0*** | **195.3** | **53%** |

In the first six months of 2011 the Group's Net Revenue from Operation of Rolling Stock amounted to USD 566.0* million, an increase of USD 195.3 million or 53% compared to USD 370.7* million in the same period of the previous year. This increase was primarily driven by the following factors:

- Average Rolling Stock Operated increased by 38% period-on-period to 44,395 units;
- Average Price per Trip increased by 22% to USD 953.2 (in Rouble terms by 16% to RUB 27,232) in the first six months of 2011 compared to the same period in 2010 whereby Average Distance of Loaded Trip increased by 8% period-on-period;
- Average Number of Loaded Trips per Railcar fell by 9% to 13.4 trips compared to the same period in 2010, primarily due to increase in Average Distance of Loaded Trip.

### Revenue from operating leasing of rolling stock

Revenue from operating leasing of rolling stock accounted for 6% of the Group's Adjusted Revenue in the first six months of 2011. Revenue from operating leasing of rolling stock remained relatively flat at USD 35.9 million in the first six months of 2011, increasing by 1% compared to the same period of the previous year. A moderate increase in lease rates was offset by a decrease in average rolling stock leased-out over the period. The latter was driven by the conversion of leased out railcars to railcars under operation.

## *Cost of sales, selling and marketing costs and administrative expenses*

In the first six months of 2011 the Group's total cost of sales, selling and marketing costs and administrative expenses amounted to USD 687.9 million, an increase of 39% compared to the same period of the previous year.

[8] Defined as the sum of the following IFRS line items: "railway transportation – operators services (tariff borne by the Group)" and "railway transportation – operators services (tariff borne by the client)".

The following table sets forth a breakdown of cost of sales, selling and marketing costs and administrative expenses for the six months ended 30 June 2011 and 2010.

| | Six months ended 30 June 2010 USD mln | Six months ended 30 June 2011 USD mln | Change USD mln | Change % |
|---|---|---|---|---|
| Cost of sales | 460.2 | 645.7 | 185.5 | 40% |
| Selling and marketing costs | 1.3 | 1.5 | 0.2 | 19% |
| Administrative expenses | 34.8 | 40.6 | 5.8 | 17% |
| **Total cost of sales, selling and marketing costs and administrative expenses** | **496.3** | **687.9** | **191.6** | **39%** |

For the purpose of presenting 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 presented below:

| | *Six months ended 30 June 2011 % of total* | Six months ended 30 June 2010 USD mln | Six months ended 30 June 2011 USD mln | Change USD mln | Change % |
|---|---|---|---|---|---|
| **Infrastructure and locomotive tariffs: loaded trips** | ***44%*** | **237.3** | **302.3** | **65.0** | **27%** |
| **Total Operating Cash Costs** | ***50%*** | **226.4*** | **346.9*** | **120.5** | **53%** |
| Empty Run Costs | | 95.3* | 122.6* | 27.3 | 29% |
| Operating lease rentals - rolling stock | | 25.3 | 78.9 | 53.6 | 212% |
| Repairs and maintenance | | 30.6 | 39.3 | 8.7 | 28% |
| Employee benefit expense | | 23.6 | 28.6 | 5.1 | 21% |
| Infrastructure and Locomotive Tariffs: Other Tariffs and Services Provided by Other Transportation Organisations | | 13.5* | 28.9* | 15.4 | 114% |
| Fuel and spare parts - locomotives | | 10.7 | 14.2 | 3.5 | 33% |
| Engagement of locomotive crews | | 5.6 | 6.4 | 0.7 | 13% |
| Legal, consulting and other professional fees | | 2.2 | 2.1 | (0.1) | -5% |
| Other Operating Cash Costs | | 19.6* | 25.9* | 6.3 | 32% |
| **Total Operating Non-Cash Costs** | ***6%*** | **32.6*** | **38.7*** | **6.1** | **19%** |
| Depreciation of property, plant and equipment | | 30.8 | 39.0 | 8.2 | 27% |
| Amortisation of intangible assets | | 0.1 | 0.1 | 0.0 | 5% |
| Impairment charge for receivables | | 0.7 | 0.1 | (0.6) | -83% |
| (Gain)/loss on sale of property, plant and equipment | | 1.1 | (0.5) | (1.5) | -146% |
| **Total cost of sales, selling and marketing costs and administrative expenses** | ***100%*** | **496.3** | **687.9** | **191.6** | **39%** |

## Infrastructure and locomotive tariffs: loaded trips

Infrastructure and locomotive tariffs: loaded trips is in principle a "pass-through" cost item for the Group[9] and is reflected in equal amounts in the Group's revenue and cost of sales. Infrastructure and locomotive tariffs: loaded trips increased by 27% or USD 65.0 million to USD 302.3 million in the first six months of 2011 compared to the same period of the previous year resulting from increased business volumes along with an annual increase in regulated RZD tariff.

[9] 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.

## Total Operating Cash Costs

Total Operating Cash Costs (a non-GAAP financial measure) include cost items contained in cost of sales as well as selling and marketing costs and administrative expenses payable in cash.

The Group's Total Operating Cash Costs increased by 53% to USD 346.9* million in the first six months of 2011, compared to the same period of the previous year. This performance was driven primarily by increased business volumes as well as cost inflation.

The following table sets forth a breakdown of Total Operating Cash Costs for the six months ended 30 June 2011 and 2010.

| | ***Six months ended 30 June 2011 % of total*** | **Six months ended 30 June 2010 USD mln** | **Six months ended 30 June 2011 USD mln** | **Change USD mln** | **Change %** |
|---|---|---|---|---|---|
| Empty Run Costs | *35%* | 95.3* | 122.6* | 27.3 | 29% |
| Operating lease rentals - rolling stock | *23%* | 25.3 | 78.9 | 53.6 | 212% |
| Repairs and maintenance | *11%* | 30.6 | 39.3 | 8.7 | 28% |
| Employee benefit expense | *8%* | 23.6 | 28.6 | 5.1 | 21% |
| Infrastructure and Locomotive Tariffs: Other Tariffs andServices Provided by Other Transportation Organisations | *8%* | 13.5* | 28.9* | 15.4 | 114% |
| Fuel and spare parts - locomotives | *4%* | 10.7 | 14.2 | 3.5 | 33% |
| Engagement of locomotive crews | *2%* | 5.6 | 6.4 | 0.7 | 13% |
| Legal, consulting and other professional fees | *1%* | 2.2 | 2.1 | (0.1) | -5% |
| Other Operating Cash Costs | *7%* | 19.6* | 25.9* | 6.3 | 32% |
| **Total Operating Cash Costs** | ***100%*** | **226.4*** | **346.9*** | **120.5** | **53%** |

### Empty Run Costs

Empty Run Costs (a non-GAAP financial measure) accounted for 35% of Total Operating Cash Costs in the first six months of 2011. Empty Run Costs grew by 29% period-on-period (less than the business volumes of the Group) and amounted to USD 122.6* million in the first six months of 2011. Such performance was driven by the combination of the following factors:

- An increase in business volumes with the Group's Freight Rail Turnover growing by 37% period-on-period;
- An 8%[10] increase in the RZD regulated tariff for the traction of empty railcars;
- The above factors were partially offset by (i) an improvement in Total Empty Run Ratio to 62% from 65% in the six months of 2010 resulting from:
    - An improvement in Empty Run Ratio for rail tank and hopper cars to 111% from 112% in the first six months of 2010 due to changed logistics;
    - Increased share of gondola cars (with lower Empty Run Ratio) in the Group's Average Rolling Stock Operated;
    - Empty Run Ratio for gondola cars remained unchanged at 42% in first six months of 2011 compared to the same period of the previous year; and
- (ii) an improved Share of Empty Run Kilometers Paid by Globaltrans, decreasing from 84% in the first six months of 2010 to 77% due to the fact that customers (mostly coal producers) are increasingly paying Empty Runs directly to RZD.

### Operating lease rentals – rolling stock

Operating lease rentals – rolling stock accounted for 23% of the Group's Total Operating Cash Costs in the first six months of 2011. This cost item increased by 212% or USD 53.6 million to USD 78.9 million compared to the same period of the previous year, reflecting a 2.4 times increase in average number of railcars leased-in over the period as well as increased lease rates. At 30 June 2011 the Group's leased-in

[10] According to Federal Tariff Service of Russia; from 1 January 2011.

fleet amounted to 10,293 units, an increase of 66% compared to 30 June 2010. The bulk of the operating lease contracts were rolled over until the end of 2011.

**Repairs and maintenance**

Repairs and maintenance accounted for 11% of the Group's Total Operating Cash Costs in the first six months of 2011. Repairs and maintenance costs increased by 28% or USD 8.7 million to USD 39.3 million in the first six months of 2011 compared to the same period of the previous year, reflecting cost inflation for repair works and spare parts, as well as an expanded fleet along with an increased number of scheduled repairs.

**Employee benefit expense**

Employee benefit expense, accounting for 8% of the Group's Total Operating Cash Costs, rose by 21% to USD 28.6 million in the first six months of 2011 compared to the same period of the previous year. This increase was largely driven by a 7% increase in total number of employees at 30 June 2011 compared to 30 June 2010 and inflation driven increases in wages and salaries.

**Infrastructure and Locomotive Tariffs: Other Tariffs and Services Provided by Other Transportation Organisations**

Other Tariffs and Services Provided by Other Transportation Organisations (a non-GAAP financial measure), which is presented as part of the ''Infrastructure and locomotive tariffs: empty run trips, other tariffs and services provided by other transportation organisations'' component of cost of sales reported under EU IFRS, increased in the first six months of 2011 by 114% or USD 15.4 million to USD 28.9* million compared to the same period of the previous year. The majority of the increase resulted from increased usage of other transportation organisations to satisfy customer demand at peak times.

**Fuel and spare parts – locomotives**

Fuel and spare parts – locomotive expenses amounted to USD 14.2 million in the first six months of 2011 an increase of 33% or USD 3.5 million compared to the same period of the previous year. This increase was primarily driven by increase in prices for fuel and spare parts.

**Engagement of locomotive crews**

Costs related to the engagement of locomotive crews from RZD increased by 13% or USD 0.7 million to USD 6.4 million reflecting increases in volume and price charged for this service.

**Legal, consulting and other professional fees**

Legal, consulting and other professional fees remained broadly flat at USD 2.1 million, a decrease of 5% compared to the first six months of 2010.

## Other Operating Cash Costs

Other Operating Cash Costs (a non-GAAP financial measure), which include "operating lease rentals – office", "auditors' remuneration", "advertising and promotion", "communication costs", "information services", "taxes (other than income tax and value added taxes)" and "other expenses", increased by 32% or USD 6.3 million to USD 25.9* million in the first six months of 2011 compared to the same period of the previous year, reflecting an increase in "taxes (other than income tax and value added taxes)" - mainly property tax as the Group's Owned Fleet increased significantly.

## Total Operating Non-Cash Costs

Total Operating Non-Cash Costs (a non-GAAP financial measure), which include "depreciation of property, plant and equipment", "amortisation of intangible assets", "impairment charge for receivables", "(gain)/loss on sale of property, plant and equipment" was USD 38.7* million in the first six months of 2011, an increase of 19% or USD 6.1 million compared to the same period of the previous year. The main non-cash expense item – "depreciation of property plant and equipment" was up by 27% or USD 8.2 million period-on-period to USD 39.0 million in the first six months of 2011, reflecting an increase in the number of Owned Fleet.

## EBITDA and Adjusted EBITDA (non-GAAP financial measures)

The Group's EBITDA increased by 52% period-on-period to USD 258.0* million in the first six months of 2011, reflecting the strong performance of the underlying business and factors described above.

Adjusted EBITDA increased by 42% period-on-period to USD 256.5* million in the first six months of 2011. The difference between EBITDA and Adjusted EBITDA arises mostly from net foreign exchange transaction (loss)/gain on financing activities which are eliminated from Adjusted EBITDA.

The Group's Adjusted EBITDA Margin amounted to 43%* in the first six months of 2011, declining from 44%* in the same period of the previous year, driven primarily by significantly larger share of leased-in fleet and increased lease rates in the reporting period.

The following table sets forth EBITDA and Adjusted EBITDA for the six months ended 30 June 2011 and 2010, and its reconciliation to profit for the period.

| | Six months ended 30 June 2010 USD mln | Six months ended 30 June 2011 USD mln | Change USD mln | Change % |
|---|---|---|---|---|
| **Profit for the period** | 95.9 | 159.3 | 63.4 | 66% |
| *Plus (Minus)* | | | | |
| Income tax expense | 24.6 | 40.5 | 16.0 | 65% |
| Finance costs - net | 30.1 | 17.9 | (12.2) | -41% |
| Net foreign exchange transaction (loss)/gain on financing activities | (12.2) | 1.2 | 13.4 | NM |
| Amortisation of intangible assets | 0.1 | 0.1 | 0.0 | 5% |
| Depreciation of property, plant and equipment | 30.8 | 39.0 | 8.2 | 27% |
| **EBITDA** | **169.3*** | **258.0*** | **88.7** | **52%** |
| *Minus (Plus)* | | | | |
| Net foreign exchange transaction (loss)/gain on financing activities | (12.2) | 1.2 | 13.4 | NM |
| Share of profit of associate | 0.1 | 0.3 | 0.2 | 127% |
| Other (losses)/gains - net | 2.0 | (0.6) | (2.5) | NM |
| (Loss)/gain on sale of property, plant and equipment | (1.1) | 0.5 | 1.5 | NM |
| **Adjusted EBITDA** | **180.4*** | **256.5*** | **76.1** | **42%** |

## Finance income and costs

### Finance income

Finance income decreased by 35% or USD 1.5 million to USD 2.8 million in the first six months of 2011 compared to the same period of the previous year. This decrease was primarily due to a drop in interest income from "finance leases – third parties" of USD 1.1 million in the first six months of 2011 compared to the same period of the previous year.

### Finance costs

Finance costs decreased by 40% or USD 13.7 million to USD 20.7 million compared to the same period of the previous year. The main factors behind this were:

- In the first six months of 2011 the Group recorded USD 1.2 million net foreign exchange transaction gain on financing activities compared to USD 12.2 million loss in the same period of the previous year. The exchange rate of Russian Rouble against the US Dollar strengthened by 8% between 31 December 2010 and 30 June 2011 resulting in the Group realizing a gain on revaluation of its US Dollar denominated liabilities;

- Total interest expense recorded a period-on-period decrease of 2% or USD 0.5 million largely as a result of the combination of the following factors:
  - (i) A decrease in ”interest expense: finance leases” by USD 5.1 million related to the decrease of the Group’s lease liabilities which were primarily refinanced by non-convertible Rouble denominated bond proceeds;
  - (ii) An increase in “interest expense: non-convertible bond” by USD 4.5 million period-on-period resulting from the issue of non-convertible Rouble denominated 5 year bond[11].

The following table sets forth a breakdown of finance income and costs for the six months ended 30 June 2011 and 2010.

| | Six months ended 30 June 2010 USD mln | Six months ended 30 June 2011 USD mln | Change USD mln | Change % |
|---|---|---|---|---|
| Interest expense: | | | | |
| Bank borrowings | (12.5) | (13.3) | 0.8 | 6% |
| Finance leases | (7.9) | (2.8) | (5.1) | -65% |
| Non-convertible bond | - | (4.5) | 4.5 | NM |
| Other interest - related parties | (0.9) | - | (0.9) | -100% |
| Other finance costs | (0.0) [12] | (0.2) | 0.2 | NM |
| **Total interest expense** | **(21.3)** | **(20.8)** | **(0.5)** | **-2%** |
| Net foreign exchange transaction (loss)/gain on financing activities | (12.2) | 1.2 | (13.4) | NM |
| Finance cost on liability for minimum dividend distribution | (1.0) | (1.1) | 0.2 | 18% |
| **Finance costs** | **(34.4)** | **(20.7)** | **(13.7)** | **-40%** |
| Interest income: | | | | |
| Bank balances | 0.1 | 0.2 | 0.0 | 19% |
| Short term deposits | 0.2 | 0.7 | 0.5 | 211% |
| Finance leases – third parties | 3.0 | 2.0 | (1.1) | -35% |
| Loans to third parties | 0.0[13] | - | (0.0) | NM |
| **Total interest income** | **3.4** | **2.8** | **(0.6)** | **-16%** |
| Amortisation of financial guarantees | 1.0 | - | (1.0) | -100% |
| **Finance income** | **4.4** | **2.8** | **(1.5)** | **-35%** |
| **Net finance costs** | **(30.1)** | **(17.9)** | **(12.2)** | **-41%** |

### *Profit before income tax*

Profit before income tax increased by 66% or USD 79.3 million to USD 199.8 million in the first six months of 2011 compared to the same period of the previous year. This increase was driven primarily by period-on-period increase in operating profit (USD 66.9 million) combined with a period-on-period decrease in finance costs – net (USD 12.2 million).

### *Income tax expense*

Income tax expense increased period-on-period by 65% or by USD 16.0 million to USD 40.5 million in the first six months of 2011, resulting from higher taxable profits. Income tax expense was recognised for the

[11] For a total amount of RUR 3 billion (approximately USD 98 million at the date of issue) completed in July 2010.

[12] USD 20,000.

[13] USD 1,000.

six months ended 30 June 2011 based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2011 is 20.3% (2010: 20.4%).

## *LIQUIDITY AND CAPITAL RESOURCES*

The business of freight rail transportation is capital-intensive. In the period under review, the Group has been able to meet its liquidity and capital expenditure needs from operating cash flow, cash and cash equivalents available at 31 December 2010 as well as proceeds from borrowings.

Management controls current liquidity based on expected cash flows. As at 30 June 2011, the Group had positive Net Working Capital of USD 126.5* million. The Group believes that it has sufficient working capital for the next 12 months. In addition, the combination of strong operating cash flow and a robust balance sheet will enable it to operate and expand business.

### *Cash flows*

The following table sets forth the principal components of the Group's consolidated cash flow statement for the six months ended 30 June 2011 and 2010.

| | **Six months ended 30 June 2010 USD mln** | **Six months ended 30 June 2011 USD mln** |
|---|---|---|
| **Cash flows from operating activities** | **182.2** | **255.8** |
| Changes in working capital: | | |
| Inventories | 0.9 | 0.0[14] |
| Trade and other receivables | (58.6) | (0.5) |
| Trade and other payables | (9.7) | 6.6 |
| **Cash generated from operations** | **114.9** | **262.0** |
| Tax paid | (15.4) | (25.8) |
| **Net cash from operating activities** | **99.5** | **236.2** |
| **Net cash used in investing activities** | **(148.9)** | **(43.0)** |
| Acquisition of subsidiaries-net of cash acquired | (7.0) | - |
| Purchases of property, plant and equipment | (148.4) | (50.3) |
| Other[15] | 6.5* | 7.3* |
| **Net cash used in financing activities** | **(51.9)** | **(233.0)** |
| Net cash inflows (outflows) from borrowings and financial leases[16] | 3.3* | (131.1)* |
| Interest paid | (21.8) | (21.1) |
| Dividends paid to non-controlling interests in subsidiaries | (9.5) | (22.3) |
| Dividends paid to Company's shareholders | (24.0) | (58.5) |
| **Net decrease in cash and cash equivalents** | **(101.4)** | **(39.8)** |
| **Cash and cash equivalents at end of period** | **57.5** | **96.4** |

#### Net cash from operating activities

Net cash generated from operating activities increased by 137% or USD 136.7 million to USD 236.2 million in the first six months of 2011 compared to the same period of the previous year, resulting from:

- Cash flows from operating activities increased by 40% or USD 73.6 million to USD 255.8 million driven by strong growth of the underlying business;
- Cash inflow from changes in working capital of USD 6.2 million;
- Tax paid of USD 25.8 million.

[14] USD 53,000.

[15] "Other" represents the sum of the following IFRS line items: "proceeds from disposal of property, plant and equipment", "proceeds from sale of assets classified as held for sale", "interest received", "receipts from finance lease receivable".

[16] Defined as a balance between of "proceeds from borrowings", "repayments of borrowings", "finance lease principal payments", "proceeds from sale and finance leaseback transactions".

**Net cash used in investing activities**

Net cash used in investing activities decreased by 71% or USD 105.9 million to USD 43.0 million in the first six months of 2011 compared to the same period of the previous year, reflecting a scaled down capital expenditure programme (related to acquisition of rolling stock) completed over the reporting period.

**Net cash used in financing activities**

Net cash used in financing activities increased from USD 51.9 million in the first six months of 2010 to USD 233.0 million in the same period of 2011 and consisted primarily of the following:

- Net cash outflows from borrowings and finance leases of USD 131.1* million reflecting continued business deleveraging;
- Interest paid of USD 21.1 million;
- Payment of USD 22.3 million of dividends to non-controlling shareholders; and
- Payment of USD 58.5 million in dividends to Company's shareholders, compared to USD 24.0 million paid in the same period of the previous year.

## *Capital Expenditures*

The Group's capital expenditures have principally been made to fund the acquisition of rolling stock. In the first six months of 2011 the Group continued executing the ongoing organic growth strategy and took delivery of 1,070[17] units of rolling stock (475 gondola cars and 595 rail tank cars).

In the first six months of 2011 the Group's capital expenditures on an accrual basis on acquisition of rolling stock[18] (including rolling stock leased under finance leases) amounted to USD 78.7 million.

## *Capital Resources*

The Group's financial indebtedness as of 30 June 2011 consisted of bank borrowings, finance lease liabilities, loans from third parties and non-convertible Rouble denominated bonds with an aggregate principal amount of USD 418.2 million (including accrued interest of USD 2.6* million), representing a decrease of USD 100.8 million or 19% when compared to the end of 2010.

Cash and cash equivalents amounted to USD 96.4 million at 30 June 2011.

Net Debt decreased by USD 59.5 million or 16% from USD 381.3* million as at the end of 2010 to USD 321.8* million as at 30 June 2011.

The Group continued to operate with a strong balance sheet with Net Debt to LTM Adjusted EBITDA ratio decreased to 0.7x* at 30 June 2011 compared to 1.0x* at the end of 2010.

As of 30 June 2011 the Rouble denominated borrowings accounted for 75% of the Group's debt portfolio.

The carrying amounts (including accrued interest of USD 2.6* million of the Group's borrowings) were denominated in the following currencies as of 30 June 2011 and 31 December 2010.

| | **as of 31 December 2010 USD mln** | ***% of total*** | **as of 30 June 2011 USD mln** | ***% of total*** |
|---|---|---|---|---|
| US Dollar | 113.1 | *22%* | 102.4 | *24%* |
| Rouble | 405.8 | *78%* | 315.6 | *75%* |
| Euro | 0.2 | *0.03%* | 0.1 | *0.03%* |
| | **519.0** | ***100%*** | **418.2** | ***100%*** |

The Group's weighted average effective interest rate reduced to 7.96%* as at 30 June 2011 compared to 8.51%* as at 31 December 2010.

[17] 7 units of rolling stock (4 locomotives and 3 railcars) were disposed over the reporting period.

[18] Additions of rolling stock in the first six months of 2011 as well as capitalised repairs.

In addition, the Group continued executing its strategy on reducing financial risks with the share of borrowings with a fixed interest rate increasing over 70%* at 30 June 2011 compared to 50%* at the end of 2010.

The following table sets forth the maturity profile of the Group's borrowings (excluding accrued interest of USD 2.6* million included within borrowings in the balance sheet) as of 30 June 2011.

| | **as of 30 June 2011 USD mln** |
|---|---|
| 3rd quarter of 2011 | 30.7* |
| 4th quarter of 2011 | 34.5* |
| 1st quarter of 2012 | 43.1* |
| 2nd quarter of 2012 | 39.3* |
| 2nd half of 2012 | 57.6* |
| 2013 | 82.9* |
| 2014 | 73.0* |
| 2015-2017 | 54.5* |
| **Total** | **415.6*** |

## PRESENTATION OF INFORMATION

All 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") for the six months ended 30 June 2011 and prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union applicable to Interim Financial Reporting (International Accounting Standard 34 "Interim Financial Reporting").

The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2010, which have been prepared in accordance with IFRS as adopted by the European Union and the Cyprus Companies Law, Cap. 113.

The Group's condensed consolidated interim financial information for the six months ended 30 June 2011 along with the selection of historical operational and financial information are available at Globaltrans' corporate website (www.globaltrans.com).

The Group's condensed consolidated interim financial information is presented in US Dollars, which the Group's management believes to be the most useful for readers of the financial statements. The functional currency of the Company, its Cyprus and Russian subsidiaries is the Rouble. The Estonian and Finnish subsidiaries have the Euro as their functional currency. The Ukrainian subsidiary of the Company has Ukrainian hryvna as its functional currency.

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

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

Information (non-GAAP and operational 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 the result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Market share data has been calculated using the Group's own information as the numerator and information published by the Federal State Statistics Service of the Russian Federation ("Rosstat") as the denominator.

-----------------------------------------------------------END-----------------------------------------------------------

## ANALYST AND INVESTOR CONFERENCE CALL

An analyst and investor conference call hosted by Sergey Maltsev, Chief Executive Officer and Alexander Shenets, Chief Financial Officer will be held on Tuesday, August 30th, 2011 at 14.00 UK time (09.00 East coast time; 17.00 Moscow time). 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: +44 203 003 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. A slide presentation will be distributed and made available at the Globaltrans website prior to the conference call.

## ENQUIRIES

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## NOTES TO EDITORS

Globaltrans (Globaltrans Investment PLC together with its subsidiaries - "Globaltrans" or "the Group") is the largest privately owned freight rail transportation group with operations in Russia by the size of owned rolling stock fleet (based on publicly available information) and the first such group to have an international listing.

Globaltrans Investment PLC is incorporated in Cyprus with major operating subsidiaries located in Russia, Ukraine and Estonia. The Group provides freight rail transportation, railcar leasing, and certain ancillary services to clients in Russia, the CIS countries and the Baltics.

Group’s fleet of rolling stock owned and leased under finance and operating leases amounted to 49,529 units at 30 June 2011, including 28,776 gondola cars, 20,207 rail tank cars, 56 locomotives and 490 other railcars.

The Group’s Freight Rail Turnover in the first six months of 2011 amounted to 57.5 billion tonnes-km with 36.4 million tonnes of freight transported. In the first six months of 2011 the Group’s Adjusted Revenue amounted to USD 603.6* million with Adjusted EBITDA reaching USD 256.5* million.

Globaltrans' global depositary receipts (ticker symbol: GLTR) are listed on the Main Market of the London Stock Exchange since May 2008.

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

## DEFINITIONS

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

**Adjusted EBITDA** (a non-GAAP financial measure) represents EBITDA excluding “net foreign exchange transaction (loss)/gain on financing activities”, “share of profit/(loss) of associates”, “other gains/(losses) – net”, “loss/(gain) on sale of property, plant and equipment”.

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

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

**Average Distance of Loaded Trip** is calculated as the sum of 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 or rolling stock leased out).

**EBITDA** (a non-GAAP financial measure) represents “profit for the period” before “income tax expense”, “finance costs – net” (excluding “net foreign exchange transaction (loss)/gain on financing activities”), “depreciation of property, plant and equipment” and “amortisation of intangible assets”.

**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 JSC Russian Railways for forwarding empty railcars) is derived from management accounts and presented as part of the “infrastructure and locomotive tariffs: empty run trips, other tariffs and services provided by other transportation organisations” component of “cost of sales” reported under EU IFRS. Empty Run Costs do not include costs of relocation of rolling stock in and from maintenance, purchased rolling stock in transition to its first place of commercial utilisation and rolling stock leased in or leased out.

**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 or rolling stock leased out).

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

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

**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 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”.

**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”, “VAT and other taxes recoverable”, less the sum of the current portions of “trade payables - third parties”, “trade payables - related parties”, “advances from third parties”, “advances from related parties”, "accrued expenses", “other payables - related parties”.

**LTM Adjusted EBITDA** represents Adjusted EBITDA for the last twelve months.

**Operating Cash Costs** (a non-GAAP financial measure) represent operating cost items payable in cash and calculated as “total cost of sales, selling and marketing costs and administrative expenses” less “infrastructure and locomotive tariffs: loaded trips”, “depreciation of property, plant and equipment”, “amortisation of intangible assets”, “impairment charge for receivables”, “(gain)/loss on sale of property, plant and equipment”.

**Operating Non-Cash Costs** (a non-GAAP financial measure) include line items such as “depreciation of property, plant and equipment”, “amortisation of intangible assets”, “impairment charge for receivables”, “(gain)/loss on sale of property, plant and equipment”.

**Other Operating Cash Costs** (a non-GAAP financial measure) include line items such as “operating lease rentals – office”, “auditors’ remuneration”, “advertising and promotion”, “communication costs”, “information services”, “taxes (other than income tax and value added taxes)” and “other expenses”.

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

**Owned Fleet** is defined as rolling stock fleet owned and leased in under finance lease as of the end of period (it includes railcars and locomotives unless otherwise stated).

**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 in and from maintenance, purchased rolling stock in transition to its first place of commercial utilisation or rolling stock leased out) in the relevant period.

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

**Total Fleet** is defined as the total rolling stock owned and leased in under finance and operating leases as of the end of period (it includes railcars and locomotives unless otherwise stated).

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

## 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.