Globaltrans
Russia's Leading Private
Freight Rail Group

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Globaltrans Investment PLC

Interim Results for the six months ended 30 June 2013

Globaltrans Investment PLC (the "Company" and together with its consolidated subsidiaries "Globaltrans" or the "Group"), (LSE ticker: GLTR) today announces its financial and operational results[1] for the six months ended 30 June 2013.

Certain financial information which is derived from the management accounts is marked in this announcement with an asterisk {}. Information (non-GAAP and operational measures) requiring additional explanation or defining is marked with initial capital letters and the explanations or definitions thereto are provided at the end of this announcement.*

The Group's financial and operational results for the six months ended 30 June 2013 include results of Ferrotrans (renamed from Metalloinvesttrans) which have been consolidated from 16 May 2012 and Steeltrans (renamed from MMK-Trans) which have been consolidated from 12 February 2013.

Certain comparable financial and operational information has been re-presented for the six months ended 30 June 2012 to conform to changes in the presentation and accounting for operations with Engaged Fleet[2] for the year ended 31 December 2012 and the six months ended 30 June 2013.

Financial highlights

- Adjusted Revenue up 14% year-on-year to USD 735.6 million*;
- Adjusted EBITDA up 6% to USD 346.7 million* with Adjusted EBITDA Margin of 47%*;
- Strong cash flow generation with net cash from operating activities of USD 285.9 million;
- Profit for the period declined 7% year-on-year to USD 148.3 million;
- Moderate leverage with Net Debt to Adjusted EBITDA for the 12 months to end of June 2013 of 1.6x*. The majority of Group debt is denominated in Russian roubles with fixed interest rates.

Operational highlights

- Successful integration of acquisitions providing for strong growth in business volumes and continued market outperformance with Globaltrans' Freight Rail Turnover up 47% year-on-year to 78.7 billion tonnes-km[3] despite overall Russian Freight Rail Turnover declining 3%;
- Leadership position enhanced with market share rising to 8.5%[3] of overall Russian freight rail transportation volumes with strongest share gains in metallurgical cargoes (rising to 23.4%[3]);
- Improved operational efficiency with Empty Run Ratio for gondola cars down to 37% (H1 2012: 42%), largely due to integration of logistics of acquired businesses, and Total Empty Run Ratio down to 53% (H1 2012: 60%);

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[1] The Group's financial performance in the first six months of 2013 was affected by a 2% depreciation of the average exchange rate of the Russian rouble (Functional Currency of the Company, its Cyprus and Russian subsidiaries) against the US dollar (the Group's financial information presentation currency) compared to the first six months of 2012. The first half 2013 period end exchange rate of the Russian rouble against the US dollar weakened by 8% compared to the end of 2012.

[2] The cost of services provided by other transportation organisations is now shown as a separate line item within "Cost of sales" whereas previously it was included within "Infrastructure and locomotive tariffs: empty run trips, other tariffs and services provided by other transportation organisations" in "Cost of sales". Adjusted Revenue and Total Operating Cash Costs are now calculated net of the "pass through" item "Services provided by other transportation organisations". Adjusted EBITDA Margin is now calculated as Adjusted EBITDA divided by Adjusted Revenue net of the "pass through" item "Services provided by other transportation organisations".

[3] *Including Engaged Fleet.*

- Resilient average pricing given market context with Average Price per Trip down 5% year-on-year in Russian rouble terms (Average Distance of Loaded Trip down 3% year-on-year).

COMMENTS

Sergey Maltsev, CEO of Globaltrans Investment PLC, said:

“Globaltrans’ business model of operating both gondola and rail tank cars has again proven its worth with the transportation of oil products and oil proving robust, balancing the weaker environment for bulk commodities transportation. In the first six months of this year, we continued to outperform the market despite the challenging economic environment. In the segment for rail transportation in gondola cars, we saw significant benefits from the integration of recent acquisitions and the centralisation of gondola logistics from a single dispatching centre.

“We remain prudent in capital allocation and believe the Russian freight rail market remains attractive from an investment perspective. The majority of railcars and locomotives in the market are obsolete and require replacement in the near term, benefitting companies like Globaltrans with younger fleets and the ability to invest to underpin future growth. The highly-fragmented market and increased trend for outsourcing as well as the current macroeconomic headwinds are likely to drive further market consolidation as weaker players remain under pressure.

“Our experienced management team, sensible approach to CAPEX and ongoing focus on generating operational efficiencies mean we have the leadership, financial strength and operational platform to deliver a strong performance for our shareholders throughout the economic cycle. We remain confident of continuing to play a leading role in the consolidation of the sector, growing our market share and creating long-term value for our shareholders.”

Mr. Michael Zampelas, an Independent Non-Executive Director and Chairman of the Board of Globaltrans, said:

“In the first six months of 2013 Globaltrans capitalised on its balanced fleet structure and long-term service contracts with high-quality clients to deliver a resilient performance and strong operating cash flow despite the difficult economic context.

“Globaltrans continues to pursue its prudent approach to capital allocation. In line with this approach the Board supports management's recommendation not to invest in new railcars in 2013 but to focus on further deleveraging the Group's balance sheet and returning cash to shareholders in the form of dividends.

“While the Group remains open to selective M&A opportunities that meet its investment criteria, in periods of sustained low investment activity the Board supports increasing the dividend payout ratio for the year to not less than 50% of Imputed Consolidated Net Profit, in line with the Group’s track record of providing attractive returns to its shareholders.”

DOWNLOADS

The Group’s condensed consolidated interim financial information (unaudited) for the six months ended 30 June 2013 and related interim results slide presentation are available for viewing at the Globaltrans’ corporate website (www.globaltrans.com).

RESULTS IN DETAIL[4]

The following table sets forth the Group's key financial and operational information for the six months ended 30 June 2013 and 2012.

EU IFRS financial information

	Six months ended 30 June 2012 USD mln	**Six months ended 30 June 2013 USD mln**	Change %
Revenue	967.5	**1,213.2**	25%
Including			
Total revenue – operator's services	887.8	**1,143.4**	29%
Total revenue – operating lease	73.1	**62.6**	-14%
Total cost of sales, selling and marketing costs and administrative expenses	(687.8)	**(966.2)**	40%
Operating profit	281.1	**247.4**	-12%
Finance costs – net	(76.1)	**(52.5)**	-31%
Profit for the period	159.5	**148.3**	-7%
Attributable to:			
Owners of the Company	132.6	**109.5**	-17%
Non-controlling interests	26.9	**38.7**	44%
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in USD per share)	0.86	**0.61**	-29%
Weighted average number of ordinary shares in issue (thousands)	*154,538*	***178,741***	*16%*

	As at 31 Dec 2012 USD mln	**As at 30 June 2013 USD mln**	Change
Total assets	2,949.8	**3,027.0**	3%
Total debt	1,075.1	**1,267.7**	18%
Cash and cash equivalents	178.2	**172.5**	-3%

Non-GAAP financial information

	Six months ended 30 June 2012 USD mln	**Six months ended 30 June 2013 USD mln**	Change %
Adjusted Revenue	648.0*	**735.6***	14%
Including			
Net Revenue from Operation of Rolling Stock	565.2*	**640.9***	13%
Operating leasing of rolling stock	73.1	**62.6**	-14%
Net Revenue from Engaged Fleet	3.2*	**25.0***	686%
Total Operating Cash Costs	319.5*	**385.8***	21%
Including			
Empty Run Cost	122.8*	**162.4***	32%
Repairs and maintenance	41.9	**63.1**	51%
Employee benefit expense	41.7	**47.7**	14%
Operating lease rentals – rolling stock	36.6	**23.7**	-35%
Total Operating Non-Cash Costs	48.8*	**102.8***	111%
Including			
Depreciation of property, plant and equipment	46.3	**84.4**	82%
Amortisation of intangible assets	1.6	**15.5**	876%
Adjusted EBITDA	328.6*	**346.7***	6%
Adjusted EBITDA Margin, %	51%*	**47%***	-

[4] *Certain comparable financial and operational information has been re-presented for the six months ended 30 June 2012 to conform to changes in the presentation and accounting for operations with Engaged Fleet for the year ended 31 December 2012 and for the six months ended 30 June 2013.*

Operational information

	Six months ended 30 June 2012	**Six months ended 30 June 2013**	Change %
Freight Rail Turnover (incl. Engaged Fleet), bln tonnes-km	53.6	**78.7**	47%
Transportation Volume (incl. Engaged Fleet), mln tonnes	34.2	**51.2**	50%
Freight Rail Turnover (excl. Engaged Fleet), bln tonnes-km	53.4	**66.7**	25%
Transportation Volume (excl. Engaged Fleet), mln tonnes	33.8	**43.5**	29%
Average Price per Trip, USD	1,006.0	**943.2**	-6%
Average Price per Trip, RUB	30,751	**29,287**	-5%
Average Distance of Loaded Trip, km	1,577	**1,532**	-3%
Average Rolling Stock Operated	41,873	**52,968**	26%
Average Number of Loaded Trips per Railcar	13.4	**12.8**	-4%
Total Empty Run Ratio, %	60%	**53%**	-
Empty Run Ratio for gondola cars, %	42%	**37%**	-

	As at 30 June 2012	**As at 30 June 2013**	Change
Total Fleet, units	62,710	**64,945**	4%
Including Owned Fleet, units	57,553	**61,399**	7%
Average age of Owned Fleet, years	6.6	**7.7**	-

Revenue

The Group's revenue increased 25% to USD 1,213.2 million in the first six months of 2013 compared to USD 967.5 million in the same period the previous year. The increase in the Group's revenue reflected a 14% year-on-year increase in the Group's Adjusted Revenue, as well as the factors described below.

The following table provides details of revenue, broken down by revenue-generating activity, for the six months ended 30 June 2013 and 2012.

	Six months ended 30 June 2012 USD mln	**Six months ended 30 June 2013 USD mln**	**Change USD mln**	**Change %**
Railway transportation – operators services (tariff borne by the Group)[5]	541.5	794.4	252.9	47%
Railway transportation – operators services (tariff borne by the client)	346.4	349.0	2.7	1%
Railway transportation – freight forwarding	5.2	0.9	(4.4)	-84%
Operating leasing of rolling stock	73.1	62.6	(10.5)	-14%
Other	1.4	6.3	5.0	363%
Total revenue	**967.5**	**1,213.2**	**245.6**	**25%**

Adjusted Revenue

In the first six months of 2013 the Group's Adjusted Revenue increased 14% year-on-year to USD 735.6 million*, primarily reflecting an increase in business volumes.

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 OJSC Russian Railways ("RZD"), which are reflected in equal amounts in both the Group's revenue and cost of sales. "Services provided by other transportation organisations" is revenue resulting from the tariffs that customers pay to the Group and the Group pays on to third-party rail operators for subcontracting their rolling stock, which are reflected in equal

[5] *Includes "Infrastructure and locomotive tariffs: loaded trips" for the six months ended 30 June 2013 of USD 397.3 million (H1 2012: USD 302.8 million) and "Services provided by other transportation organisations" of USD 80.2 million (H1 2012: USD 16.7 million).*

amounts in both the Group's revenue and cost of sales. The net result of Engaged Fleet operations is reflected as Net Revenue from Engaged Fleet being a part of Adjusted Revenue.

The following table provides details of Adjusted Revenue for the six months ended 30 June 2013 and 2012 and its reconciliation to revenue.

	Six months ended 30 June 2012 USD mln	**Six months ended 30 June 2013 USD mln**	**Change USD mln**	**Change %**
Revenue	967.5	1,213.2	245.6	25%
Minus "pass through" items				
Infrastructure and locomotive tariffs: loaded trips	302.8	397.3	94.5	31%
Services provided by other transportation organisations	16.7	80.2	63.6	381%
Adjusted Revenue	**648.0***	**735.6***	**87.6**	**14%**

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 non-core business activities, including freight forwarding.

The following table provides a breakdown of Adjusted Revenue for the six months ended 30 June 2013 and 2012.

	Six months ended 30 June 2012 USD mln	**Six months ended 30 June 2013 USD mln**	**Change USD mln**	**Change %**
Net Revenue from Operation of Rolling Stock	565.2*	640.9*	75.7	13%
Operating leasing of rolling stock	73.1	62.6	(10.5)	-14%
Net Revenue from Engaged Fleet	3.2*	25.0*	21.8	686%
Railway transportation - freight forwarding	5.2	0.9	(4.4)	-84%
Other	1.4	6.3	5.0	363%
Adjusted Revenue	**648.0***	**735.6***	**87.6**	**14%**

Net Revenue from Operation of Rolling Stock

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

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[6]" less "Infrastructure and locomotive tariffs: loaded trips", "Services provided by other transportation organisations" and Net Revenue from Engaged Fleet.

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

The following table provides Net Revenue from Operation of Rolling Stock for the six months ended 30 June 2013 and 2012, and its reconciliation to revenue from operator's services.

	Six months ended 30 June 2012 USD mln	Six months ended 30 June 2013 USD mln	Change USD mln	Change %
Total revenue – operator's services	887.8	1,143.4	255.6	29%
Minus				
Infrastructure and locomotive tariffs: loaded trips	302.8	397.3	94.5	31%
Services provided by other transportation organisations	16.7	80.2	63.6	381%
Net Revenue from Engaged Fleet	3.2*	25.0*	21.8	686%
Net Revenue from Operation of Rolling Stock	**565.2***	**640.9***	**75.7**	**13%**

In the first six months of 2013 the Group's Net Revenue from Operation of Rolling Stock increased 13% to USD 640.9 million* compared to the same period the previous year, reflecting the following factors:

- Average Rolling Stock Operated increased 26% year-on-year to 52,968 units in the first six months of 2013 resulting from the successful deployment of recently delivered railcars and the integration of the acquired businesses;
- Average Price per Trip remained resilient given the market context, declining 5% year-on-year in Russian rouble terms (-6% in US Dollar terms) reflecting (i) a 3% year-on-year decrease in Average Distance of Loaded Trip; (ii) the outstanding performance of the rail tank car segment supported by a favourable pricing environment and an increased number of block train runs[7] with owned locomotives; and (iii) sluggish pricing in the gondola car segment;
- Average Number of Loaded Trips per Railcar declined 4% year-on-year to 12.8 trips in the first six months of 2013 compared to the same period the previous year.

Revenue from operating leasing of rolling stock

Revenue from operating leasing of rolling stock, which accounted for 9% of the Group's Adjusted Revenue in the first six months of 2013, was USD 62.6 million in the first six months of 2013, a decrease of 14% compared to the same period the previous year reflecting: (i) the Group's Leased-out Fleet decreasing 14% to 10,254 units at 30 June 2013 compared to the end of same period of the previous year; and (ii) decline in the leasing rates.

Net Revenue from Engaged Fleet

Net Revenue from Engaged Fleet increased to USD 25.0 million* in the first six months of 2013 compared to USD 3.2 million* in the same period the previous year, reflecting the impact from the consolidation of the acquired businesses (Ferrotrans and Steeltrans). In the first six months of 2013 the Freight Rail Turnover generated by the Engaged Fleet was 12.0 billion tonnes-km (15% of the Group's Freight Rail Turnover for this period).

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

[7] *A block train consists of Group-operated rolling stock bound for one destination. The use of block trains improves delivery times and increases railcar turnover, as it avoids the need to couple and decouple individual rolling stock at rail yards. Average number of locomotives operated increased 5% year-on-year to 38 units in the first six months of 2013; Average number of loaded trips per rail tank car increased 3% year-on-year to 14.5 trips in the first six months of 2013.*

Cost of sales, selling and marketing costs and administrative expenses

In the first six months of 2013 the Group's total cost of sales, selling and marketing costs and administrative expenses was USD 966.2 million, an increase of 40% compared to the same period the previous year, primarily reflecting the increase in business volumes resulting from the consolidation of acquisitions, as well as the factors described below.

- "Pass through" cost items (Infrastructure and locomotive tariffs: loaded trips and Services provided by other transportation organisations) up 49% year-on-year to USD 477.5 million*;
- Total Operating Cash Costs up 21% year-on-year to USD 385.8 million*, which was well below the increase in the Group's Average Rolling Stock Operated (up 26% year-on-year);
- Total Operating Non-Cash Costs up 111% year-on-year to USD 102.8 million*.

The following table provides a breakdown of cost of sales, selling and marketing costs and administrative expenses for the first six months ended 30 June 2013 and 2012.

	Six months ended 30 June 2012 USD mln	**Six months ended 30 June 2013 USD mln**	**Change USD mln**	**Change %**
Cost of sales	626.6	892.8	266.3	42%
Selling and marketing costs	1.9	2.8	0.9	50%
Administrative expenses	59.3	70.6	11.2	19%
Total cost of sales, selling and marketing costs and administrative expenses	**687.8**	**966.2**	**278.4**	**40%**

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:

	Six months ended 30 June 2012 USD mln	**Six months ended 30 June 2013 USD mln**	**Change USD mln**	**Change %**
"Pass through" cost items	**319.5***	**477.5***	**158.0**	**49%**
Infrastructure and locomotive tariffs: loaded trips	302.8	397.3	94.5	31%
Services provided by other transportation organisations	16.7	80.2	63.6	381%
Total Operating Cash Costs	**319.5***	**385.8***	**66.4**	**21%**
Empty Run Costs	122.8*	162.4*	39.6	32%
Repairs and maintenance	41.9	63.1	21.2	51%
Employee benefit expense	41.7	47.7	6.0	14%
Operating lease rentals - rolling stock	36.6	23.7	(12.9)	-35%
Infrastructure and Locomotive Tariffs - Other Tariffs	19.5*	15.0*	(4.5)	-23%
Fuel and spare parts - locomotives	16.6	19.2	2.6	16%
Engagement of locomotive crews	6.0	6.8	0.8	13%
Legal, consulting and other professional fees	4.4	3.8	(0.6)	-14%
Other Operating Cash Costs	30.0*	44.2*	14.2	47%
Total Operating Non-Cash Costs	**48.8***	**102.8***	**54.0**	**111%**
Depreciation of property, plant and equipment	46.3	84.4	38.1	82%
Amortisation of intangible assets	1.6	15.5	13.9	876%
Impairment charge for receivables	0.0[8]	3.1	3.1	NM
(Gain)/loss on sale of property, plant and equipment	0.9	(0.2)	(1.1)	NM
Total cost of sales, selling and marketing costs and administrative expenses	**687.8**	**966.2**	**278.4**	**40%**

[8] *USD 19 thousand.*

“Pass through” cost items

Infrastructure and locomotive tariffs: loaded trips

Infrastructure and locomotive tariffs: loaded trips is in principle a “pass through” item for the Group[9] and is reflected in equal amounts in both the Group’s revenue and cost of sales. Infrastructure and locomotive tariffs: loaded trips increased 31% to USD 397.3 million in the first six months of 2013 compared to the same period the previous year predominantly reflecting the increase in the Group’s business volumes resulting largely from the consolidation of Ferrotrans and Steeltrans.

Services provided by other transportation organisations

Services provided by other transportation organisations is in principle a “pass through” item for the Group and is reflected in equal amounts in both the Group’s revenue and cost of sales. This cost item includes tariffs that the Group pays on to third-party rail operators for subcontracting their rolling stock, which are reflected equally in both the Group’s revenue and cost of sales. In first six months of 2013 Services provided by other transportation organisations increased to USD 80.2 million from USD 16.7 million in the same period the previous year reflecting the consolidation of Ferrotrans and Steeltrans.

Total Operating Cash Costs

The Group’s Total Operating Cash Costs increased 21% to USD 385.8 million* in the first six months of 2013, compared to the same period the previous year which is well below the increase in the Group’s Average Rolling Stock Operated (up 26% year-on-year). This increase reflected the combination of factors described below.

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

The following table provides a breakdown of the Total Operating Cash Costs for the six months ended 30 June 2013 and 2012.

	Six months ended 30 June 2013 % of Total	Six months ended 30 June 2012 USD mln	Six months ended 30 June 2013 USD mln	Change USD mln	Change %
Empty Run Costs	*42%*	122.8*	162.4*	39.6	32%
Repairs and maintenance	*16%*	41.9	63.1	21.2	51%
Employee benefit expense	*12%*	41.7	47.7	6.0	14%
Operating lease rentals - rolling stock	*6%*	36.6	23.7	(12.9)	-35%
Fuel and spare parts - locomotives	*5%*	16.6	19.2	2.6	16%
Infrastructure and Locomotive Tariffs - Other Tariffs	*4%*	19.5*	15.0*	(4.5)	-23%
Engagement of locomotive crews	*2%*	6.0	6.8	0.8	13%
Legal, consulting and other professional fees	*1%*	4.4	3.8	(0.6)	-14%
Other Operating Cash Costs	*11%*	30.0*	44.2*	14.2	47%
Total Operating Cash Costs	***100%***	**319.5***	**385.8***	**66.4**	**21%**

Empty Run Costs

Empty Run Costs (a non-GAAP financial measure) accounted for 42% of the Group’s Total Operating Cash Costs in the first six months of 2013. Empty Run Costs increased 32% to USD 162.4 million* in the first six months of 2013 compared to the same period the previous year reflecting a combination of the following factors:

[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.*

- An increase in the Group's business volumes primarily due to consolidation of Ferrotrans and Steeltrans (Average Rolling Stock Operated increased 26% year-on-year);
- A 7% increase[10] (in Russian rouble terms) in the RZD regulated tariff for the traction of empty railcars;
- An increase in the Share of Empty Run Kilometres paid by Globaltrans to 88% (H1 2012: 80%) driven by the consolidation of Ferrotrans and Steeltrans (these companies historically paid 100% Empty Run kilometres) as well as an increase in the share of Empty Run Kilometres paid by Globaltrans in the segment for rail transportation of oil products and oil;
- Partially offset by the improvement in the Total Empty Run Ratio which decreased to 53% in the first six months of 2013 compared to 60% in the same period the previous year, driven primarily by a decline in the Empty Run Ratio for gondola cars to 37% (H1 2012: 42%). The improvement in Empty Run Ratio for gondola cars resulted largely from operational synergies derived from the combination of cargo bases of Metalloinvest, MMK and other Group clients as well as centralisation of gondola logistics at a single dispatching centre.

Repairs and maintenance

Repairs and maintenance, which accounted for 16% of the Group's Total Operating Cash Costs in the first six months of 2013, increased 51% to USD 63.1 million compared to the same period the previous year, driven by (i) the sizable increase in the Group's railcar fleet reflecting the consolidation of Ferrotrans and Steeltrans as well as the delivery of new rolling stock; (ii) an increase in number of own locomotives along with a larger number of scheduled repairs made for locomotives in the reporting period; and (iii) cost inflation for repair works and spare parts.

Employee benefit expense

Employee benefit expense, accounting for 12% of the Group's Total Operating Cash Costs, increased 14% to USD 47.7 million in the first six months of 2013 compared to the same period the previous year. The Group managed to keep the increase in employee benefit expense costs significantly below the growth in headcount (driven by the consolidation of the acquired businesses) which increased 40% as at 30 June of 2013 compared to the end of the same period the previous year.

Operating lease rentals - rolling stock

Operating lease rentals - rolling stock, which accounted for 6% of the Group's Total Operating Cash Costs in the first six months of 2013, decreased 35% to USD 23.7 million compared to the same period the previous year. This decline reflected a reduction in the average number of railcars leased-in from third parties over the period as the railcar fleet which was historically leased-in from MMK-Trans (renamed to Steeltrans) has been acquired as part of the acquisition of this captive operator completed in February 2013.

The Group's Leased-in Fleet decreased 31% to 3,546 units as of 30 June 2013 compared to 5,157 units as at the end of the same period of the previous year.

Fuel and spare parts - locomotives

Fuel and spare parts - locomotives expenses, accounting for 5% of the Group's Total Operating Cash Costs, were USD 19.2 million in the first six months of 2013, an increase of 16% compared to the same period the previous year. This increase was primarily due to increase in the average number of locomotives operated (up 5% year-on-year) as well as moderate inflation in fuel and engine oil prices.

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 2013. Infrastructure and Locomotive Tariffs - Other Tariffs was USD 15.0 million* in the first six months of 2013, down 23% compared to the same period the previous year. This cost item includes the

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

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.

Engagement of locomotive crews

Costs related to the engagement of locomotive crews from RZD increased 13% to USD 6.8 million in the first six months of 2013 compared to the same period the previous year, reflecting an increase in the average number of locomotives operated (up 5% year-on-year) as well as an increase in salaries. This cost item accounted for 2% of the Group's Total Operating Cash Costs in the first six months of 2013.

Legal, consulting and other professional fees

Legal, consulting and other professional fees, accounting for 1% of the Group's Total Operating Cash Costs in the first six months of 2013, were USD 3.8 million, a decrease of 14% compared to the same period the previous year, reflecting the completion of recent M&A transactions.

Other Operating Cash Costs

Other Operating Cash Costs, which accounted for 11% of the Group's Total Operating Cash Costs, increased 47% to USD 44.2 million* in the first six months of 2013 compared to the same period the previous year, reflecting (i) an increase in Taxes (other than income tax and value added taxes) which was predominantly property tax reflecting the increase in the number of the Group's Owned Fleet; and (ii) an increase in Operating lease rentals - office, Communication costs and other administrative expenses, a part of Other expenses, largely driven by the consolidation of Ferrotrans and Steeltrans.

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

Total Operating Non-Cash Costs

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

The following table provides a breakdown of the Total Operating Non-Cash Costs for the six months ended 30 June 2013 and 2012.

	Six months ended 30 June 2012 USD mln	Six months ended 30 June 2013 USD mln	Change USD mln	Change %
Depreciation of property, plant and equipment	46.3	84.4	38.1	82%
Amortisation of intangible assets	1.6	15.5	13.9	876%
Impairment charge for receivables	0.0[11]	3.1	3.1	NM
(Gain)/loss on sale of property, plant and equipment	0.9	(0.2)	(1.1)	NM
Total Operating Non-Cash Costs	**48.8***	**102.8***	**54.0**	**111%**

Total Operating Non-Cash Costs were USD 102.8 million* in the first six months of 2013, an increase of 111% compared to the same period the previous year, driven by the following factors:

- Depreciation of property plant and equipment rose 82% year-on-year to USD 84.4 million in the first six months of 2013, reflecting the increase in the book amount of the Group's property, plant and equipment primarily due to the consolidation of the recent acquisitions and the purchase of new railcars during 2012 (the opening net book amount of the Group's property, plant and equipment

[11] *USD 19 thousand.*

increased 106% to USD 2.3 billion as at 30 June 2013 compared to the opening net book amount at the beginning of the same period in the previous year);

- An increase in amortisation of intangible assets to USD 15.5 million in the first six months of 2013 from USD 1.6 million for the same period the previous year. This increase reflects the amortisation of customer relationships related to the service contracts with Metalloinvest and MMK which were acquired as part of the acquisitions of Ferrotrans and Steeltrans. The customer relationships with Metalloinvest and MMK are being amortised for five years and seven years respectively.

Adjusted EBITDA (non-GAAP financial measure)

The Group's Adjusted EBITDA increased 6% year-on-year to USD 346.7 million* in the first six months of 2013.

The Group maintained profitability at robust levels demonstrating the sustainability of its business model. The Group's Adjusted EBITDA Margin was 47%* in the first six months of 2013 compared to 51%* in the same period the previous year reflecting primarily soft market conditions in the segment for transportation in gondola cars.

The difference between EBITDA and Adjusted EBITDA arises largely from "Net foreign exchange transaction losses on borrowings" and "Net foreign exchange transaction gains on cash and cash equivalents", which are eliminated from Adjusted EBITDA.

The following table provides detail on Adjusted EBITDA for the six months ended 30 June 2013 and 2012, and its reconciliation to EBITDA and profit for the period.

	Six months ended 30 June 2012 USD mln	Six months ended 30 June 2013 USD mln	Change USD mln	Change %
Profit for the period	159.5	148.3	(11.3)	-7%
Plus (Minus)				
Income tax expense	45.7	46.7	1.0	2%
Finance costs – net	76.1	52.5	(23.6)	-31%
Net foreign exchange transaction losses on borrowings	(39.6)	(0.7)	38.9	-98%
Net foreign exchange transaction gains on cash and cash equivalents	2.2	9.0	6.9	319%
Amortisation of intangible assets	1.6	15.5	13.9	876%
Depreciation of property, plant and equipment	46.3	84.4	38.1	82%
EBITDA	**291.8***	**355.6***	**63.8**	**22%**
Minus (Plus)				
Net foreign exchange transaction losses on borrowings	(39.6)	(0.7)	38.9	-98%
Net foreign exchange transaction gains on cash and cash equivalents	2.2	9.0	6.9	319%
Share of (loss)/profit of associates	0.2	(0.0)[12]	(0.2)	NM
Other gains – net	1.4	0.4	(1.0)	-72%
Gain/(loss) on sale of property, plant and equipment	(0.9)	0.2	1.1	NM
Adjusted EBITDA	**328.6***	**346.7***	**18.2**	**6%**

[12] *USD 6 thousand.*

Finance income and costs

The following table provides a breakdown of finance income and costs for the six months ended 30 June 2013 and 2012.

	Six months ended 30 June 2012 USD mln	Six months ended 30 June 2013 USD mln	Change USD mln	Change %
Interest expense:				
Bank borrowings	(26.2)	(41.1)	15.0	57%
Non-convertible unsecured bonds	(13.7)	(18.3)	4.6	34%
Finance leases	(1.3)	(1.2)	(0.1)	-8%
Loans from third parties	-	(1.4)	1.4	NM
Other finance costs	(0.3)	(0.7)	0.5	161%
Total interest expense	(41.5)	(62.8)	21.3	51%
Net foreign exchange transaction losses on borrowings	(39.6)	(0.7)	(38.9)	-98%
Finance costs	**(81.0)**	**(63.5)**	**(17.6)**	**-22%**
Interest income:				
Bank balances	1.8	0.4	(1.4)	-78%
Short term deposits	1.0	1.6	0.6	54%
Loans to third parties	-	0.02	0.02	NM
Total interest income	**2.8**	**2.0**	**(0.8)**	**-29%**
Net foreign exchange transaction gains on cash and cash equivalents	2.2	9.0	6.9	319%
Finance income	**4.9**	**11.0**	**6.1**	**122%**
Net finance costs	**(76.1)**	**(52.5)**	**(23.6)**	**-31%**

Finance income

Finance income increased 122% year-on-year to USD 11.0 million in the first six months of 2013 which was primarily driven by a USD 6.9 million increase in net foreign exchange transaction gains on cash and cash equivalents to USD 9.0 million.

Finance costs

Finance costs decreased 22% to USD 63.5 million in the first six months of 2013 compared to the same period the previous year, reflecting a combination of the following factors:

- A 51% year-on-year increase in total interest expense to USD 62.8 million in the first six months of 2013, largely driven by the growth in borrowings incurred to finance recent acquisitions; which was
- Offset by a decline in net foreign exchange transaction losses on borrowings from USD 39.6 million in the first six months of the previous year to USD 0.7 million in the first six months of 2013, reflecting the significant increase in the share of indebtedness denominated in Russian roubles (94% as of 30 June 2013).

Profit before income tax

Profit before income tax decreased 5% to USD 194.9 million in the first six months of 2013 compared to the same period the previous year. This decrease was driven primarily by a combination of the following factors:

- A decrease in operating profit of USD 33.7 million year-on-year, largely because of the USD 54.0 million increase in Total Operating Non-Cash Costs as depreciation of property, plant and equipment and amortisation of intangible assets increased reflecting the consolidation of recent acquisitions and associated long-term service contracts; which was
- Partially offset by a USD 23.6 million year-on-year decrease in net finance costs as the increase in total interest expense was more than offset by a decline in net foreign exchange transaction losses on borrowings.

Income tax expense

Income tax expense increased 2% year-on-year to USD 46.7 million in the first six months of 2013 reflecting an increase in the estimated average annual tax rate used for the year to 31 December 2013.

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 annual tax rate used for the year to 31 December 2013 is 22.9% (2012: 21.0%). The increase in the estimated annual average tax rate in 2013 is due to the increase in proportion of profits contributed by the Russian subsidiaries of the Group following the acquisition of Ferrotrans and Steeltrans, consequently the proportion of profits contributed by the Estonian subsidiaries where the applicable tax rate is zero has reduced.

LIQUIDITY AND CAPITAL RESOURCES

The business of freight rail transportation is capital intensive. In the first six months of 2013 the Group's liquidity needs arose primarily from the acquisition of Steeltrans as well as from general working capital requirements. The Group was able to meet its liquidity and capital expenditure needs comfortably from operating cash flow, cash and cash equivalents available at 31 December 2012 as well as proceeds from borrowings.

The Group manages its liquidity based on expected cash flows. As at 30 June 2013, the Group had Net Working Capital of USD 143.6 million*. Utilising its anticipated operating cash flow and borrowings, the Group believes that it has sufficient working capital to enable it to operate successfully and expand its business when appropriate opportunities arise.

Cash flows

The following table sets out the principal components of the Group's consolidated cash flow statement for the six months ended 30 June 2013 and 2012.

	Six months ended 30 June 2012 USD mln	**Six months ended 30 June 2013 USD mln**
Cash flows from operating activities	**329.9**	**347.1**
Changes in working capital:		
Inventories	(1.7)	(3.5)
Trade and other receivables	(77.9)	72.1
Trade and other payables	(22.7)	(79.2)
Cash generated from operations	227.7	336.5
Tax paid	(51.4)	(50.6)
Net cash from operating activities	**176.3**	**285.9**
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	(539.4)	(201.9)
Purchases of property, plant and equipment	(647.5)	(21.1)
Proceeds from disposal of property, plant and equipment	1.7	4.2
Loan repayments received from third parties	-	0.0[13]
Interest received	2.8	3.6
Net cash used in investing activities	**(1,182.5)**	**(215.2)**
Cash flows from financing activities		
Net cash inflows (outflows) from borrowings and financial leases[14]	1,178.8*	138.6*
Interest paid	(38.6)	(58.7)
Dividends paid to non-controlling interests in subsidiaries	(23.5)	(24.0)
Dividends paid to owners of the Company	(98.9)	(125.1)
Purchase of treasury shares	(43.2)	-
Net cash (used in)/from financing activities	**974.7**	**(69.3)**
Net (decrease)/increase in cash and cash equivalents	(31.4)	1.5
Exchange gains/(losses) on cash and cash equivalents	1.3	(7.2)
Cash, cash equivalents and bank overdrafts at beginning of period	119.7	178.2
Cash, cash equivalents and bank overdrafts at end of period	**89.6**	**172.5**

[13] USD 19 thousand.
[14] Net Cash inflows (outflows) from borrowings and financial leases defined as a balance between the following line items: "Proceeds from borrowings", "Repayments of borrowings (including non-convertible unsecured bonds)" and "Finance lease principal payments".

Net cash from operating activities

Net cash generated from operating activities increased 62% to USD 285.9 million in the first six months of 2013 compared to the same period the previous year as a result of the robust performance of the underlying business. Net cash from operating activities in the six months ended 30 June 2012 was negatively affected by the VAT paid on acquired new rolling stock, which was partially recovered in the second half of 2012 and during the six months ended 30 June 2013.

Net cash used in investing activities

Net cash used in investing activities declined to USD 215.2 million in the first six months of 2013 from USD 1,182.5 million from the same period the previous year, reflecting the Group's lower investment activity during the reporting period. In the first six months of 2013 the Group recorded USD 201.9 million of cash outflow (net of cash acquired) for the acquisition of Steeltrans.

Net cash (used in)/from financing activities

Net cash used in financing activities was USD 69.3 million in the first six months of 2013, compared to net cash from financing activities of USD 974.7 million in the same period the previous year, driven by the combination of the following factors:

- Net cash inflows from borrowings and finance leases of USD 138.6 million* in the first six months of 2013 compared to USD 1,178.8 million* in the same period the previous year reflecting lower investing activity in the reporting period;
- Interest paid of USD 58.7 million, an increase of USD 20.1 million year-on-year, reflecting an increase in the Group's indebtedness, primarily to finance acquisitions completed in the last twelve months;
- Payment of USD 125.1 million in dividends to owners of the Company, compared to USD 98.9 million paid in the same period the previous year;
- Payment of USD 24.0 million in dividends to non-controlling interests in subsidiaries, compared to USD 23.5 million paid in the same period the previous year;
- No cash outflow in respect of the purchase of treasury shares, compared to the purchase of USD 43.2 million in treasury shares in the first six months of the previous year, which have been subsequently sold by the Company as part of the follow-on offering in July 2012.

Capital Expenditure

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

Capital Resources

As of 30 June 2013, the Group's financial indebtedness consisted of bank borrowings, non-convertible unsecured bond issues, finance lease liabilities and loans to an aggregate principal amount of USD 1,267.7 million (including accrued interest of USD 14.9 million*), representing an increase of USD 192.6 million compared to the end of 2012. This increase was primarily due to new borrowings to finance the acquisition of Steeltrans, completed in February 2013.

After the reporting date the Group continued to deleverage with total debt decreased to USD 1,126.0 million* as at 31 August 2013.

The following table provides detail on the Group's financial indebtedness structure as of 30 June 2013 (including accrued interest of USD 14.9 million*).

	as of 30 June 2013 USD million	% of Total
Bank borrowings	828.5	*65%*
Non-convertible unsecured bonds	361.1	*28%*
Finance lease liabilities	58.0	*5%*
Loans from third parties	20.0	*2%*
Total	**1,267.7**	***100%***

In the first six months of 2013 Globaltrans continued to operate with moderate leverage with Net Debt of USD 1,095.2 million* and a Net Debt to Adjusted EBITDA ratio for the previous twelve months of 1.6x* as of 30 June 2013.

The Group further improved the currency structure of its debt with Russian rouble-denominated borrowings accounting for 94% of the Group's debt portfolio as of 30 June 2013, compared to 91% as of the end of 2012.

The carrying amounts were denominated in the following currencies as of 30 June 2013 and 31 December 2012.

	as of 31 Dec 2012 USD mln	% of Total	as of 30 June 2013 USD mln	% of Total
Russian rouble	975.1	91%	1,191.4	94%
US dollar	98.0	9%	76.3	6%
Euro	2.0	0%	0.1	0%

The Group's weighted average effective interest rate increased to 9.6%* as at 30 June 2013 compared to 9.1%* as at 31 December 2012, principally reflecting the increase in the share of Russian rouble-denominated borrowings.

In addition, the Group continued executing its strategy to reduce financial risk with the share of borrowings with a fixed interest rates amounting to 78%* at 30 June 2013 compared to 75%* at 31 December 2012.

The following table gives the maturity profile of the Group's borrowings (including accrued interest of USD 14.9 million*) as of 30 June 2013.

	as of 30 June 2013 USD mln
H2 2013	228.8*
2014	302.0*
2015-2019	736.9*
Total	**1,267.7**

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 2013 and 2012 and prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

The Group's condensed consolidated financial information (unaudited) as at and for the six months ended 30 June 2013 and 2012 along with the selection of historical financial and operational information are available at Globaltrans' corporate website (www.globaltrans.com).

The condensed consolidated financial information is presented in US dollars, which the Group's management believes to be better understood by the principal users of the financial statements. The functional currency of the Company, its Cypriot subsidiaries and its Russian subsidiaries is the Russian rouble. The Company's Estonian and Finnish subsidiaries have the Euro as their functional currency and the Company's Ukrainian subsidiary has the Ukrainian hryvnia as its functional currency. The balance sheets of the Group's companies which have currencies other than the US dollar as their functional currency are translated into US dollars, at the exchange rate prevailing at the date of the relevant balance sheet, whereas income and expense items are translated into US dollars at the average monthly exchange rates using the official exchange rates of the central bank of the country of registration of each entity, which approximate the exchange rate existing at the date of the transactions, in accordance with IAS 21 ''The Effects of Changes in Foreign Exchange Rates''. All resulting foreign currency exchange rate differences are recognised in other comprehensive income.

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

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

Certain comparable financial and operational information included into this announcement has been re-presented for the first six months of 2012 to conform with changes in the presentation and accounting for operations with Engaged Fleet. As a result, the cost of services provided by other transportation organisations is now shown as a separate line item within "Cost of sales" whereas previously it was included within "Empty run trips, other tariffs and services provided by other transportation organisations" in "Cost of sales". Adjusted Revenue and Total Operating Cash Costs are now calculated net of the "pass through" item "Services provided by other transportation organisations". Adjusted EBITDA Margin is now calculated as Adjusted EBITDA divided by Adjusted Revenue net of the "pass through" item "Services provided by other transportation organisations". All operational information for the first six months of 2012 unless otherwise stated has been re-presented to exclude Engaged Fleet operations.

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

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

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

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

--END--

ANALYST AND INVESTOR CONFERENCE CALL

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

Date: Tuesday, 3 September 2013

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

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

UK toll free: 0808 109 0700

International: +44 (0) 20 3003 2666

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

Webcast facility

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

ENQUIRIES

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NOTES TO EDITORS

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

The Group has a total fleet of about 65 thousand units of rolling stock with an average age of about eight years[15]. Universal gondola cars and rail tank cars constitute the backbone of the Group's fleet. About 95% of the Total Fleet is owned by the Group. In the first six months of 2013 the Group's Freight Rail Turnover (including Engaged Fleet) was 78.7 billion tonnes-km. The Group's market share (including Engaged Fleet) was 8.5% of overall Russian freight rail transportation volumes in the first six months of 2013.

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

To learn more about Globaltrans, please visit http://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 losses on borrowings", "Net foreign exchange transaction gains on cash and cash equivalents",

[15] *Average age of the Group's owned fleet as of 30 June 2013.*

“Share of (loss)/profit of associates”, “Other gains - net” and “(Gain)/loss on sale of property, plant and equipment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Infrastructure and Locomotive Tariffs - Other Tariffs (a non-GAAP financial measure) is presented as part of the ‘‘Infrastructure and locomotive tariffs: empty run trips and other tariffs’’ component of “Cost of sales” reported under EU IFRS.

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

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

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 - third parties”, “Trade payables - related parties”, “Advances from customers for transportation services”, “Advances from related parties for transportation services”, "Accrued expenses", and “Other payables - third parties”.

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

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

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

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

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

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

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

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

LEGAL DISCLAIMER

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.