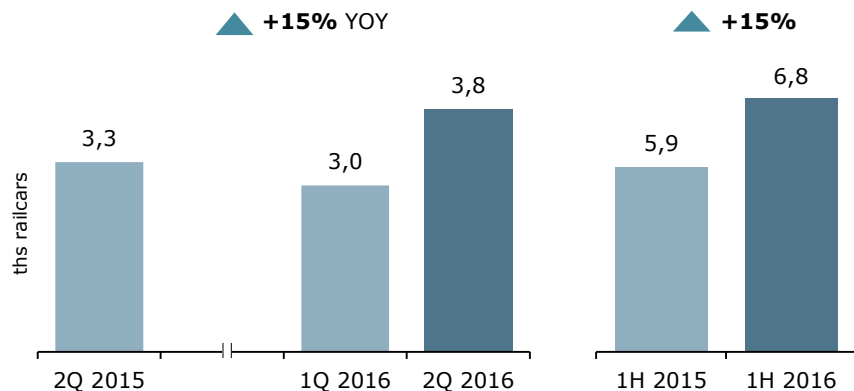


# Research and production corporation «United Wagon Company»

Operational Results for 2Q and 1H 2016

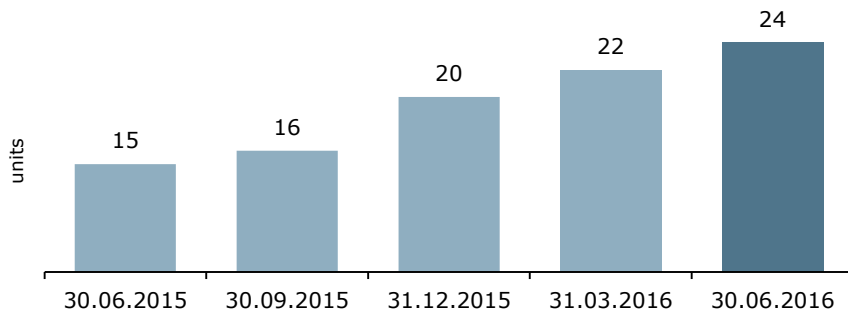
28 July 2016

## Railcar production output<sup>1</sup>



**70%** of railcars were sold to third parties in 1H 2016

## Certified railcar models



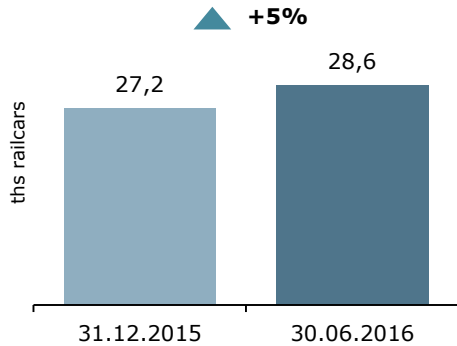
- In 2Q 2016, the company produced 3.8 thousand railcars, an increase of 15% compared to 2Q 2015. The output in 1H 2016 grew by 15% reaching 6.8 thousand railcars. The positive dynamics is attributed to greater capacity of UWC's production facilities and growing demand
- In 1H 2016, 70% of the railcars produced by UWC were sold to third parties. The demand from external customers increased due to the railway market recovery and technical and economic advantages of new generation railcars
- The total number of certified models reached 24

## Key events

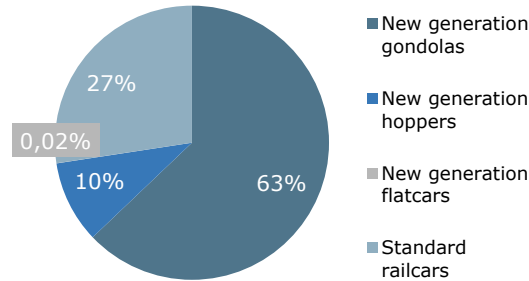
- UWC presented to the industry community a next-generation innovative bogie with an axle load of 27 tf, unique to the CIS
- UWC launched serial production of a new caustic tank car, its barrel volume being 54.5 m<sup>3</sup> and loading capacity of 73 t (+10% compared to its analogues)

**Note:** 1) Including production by TVSZ and TikhvinChemMash

## Fleet owned and operated<sup>1</sup>



## Fleet owned and operated by railcar type

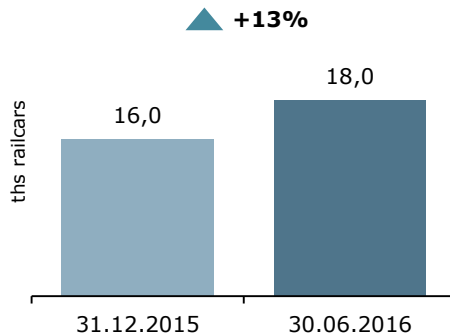


- As at the end of the quarter, the size of the fleet owned and operated by UWC was 28.6 thousand railcars, a 5% increase compared to the start of 2016. UWC's own fleet expanded 13% to 18 thousand railcars
- The number of new generation railcars in the fleet has been growing steadily. As at the end of 1H their share reached 72%

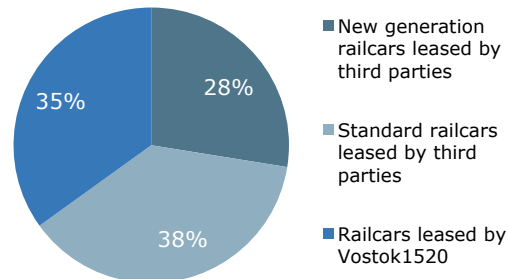
## Key events

- In 2Q, UWC and BUSINESS ALLIANCE, a leasing company, entered into various agreements for the supply of 3.8 thousand new generation gondolas
- UWC and Logistics 1520 executed an agreement for the supply of up to 300 timber flat cars and 400 covered cars
- UWC and railway operator Locotrans entered into a contract for the supply of 150 timber flat cars with loading capacity of 74 t
- In July 2016, TikhvinChemMash supplied a batch of tank cars for transportation of caustic soda and other chemicals to Khimprom, a large Russian company producing bulk chemicals
- In July 2016, UWC and United Grain Company signed a supply contract for 1.5 thousand grain hoppers with body space of 120 m<sup>3</sup>

## Fleet owned by UWC's subsidiaries<sup>2</sup>



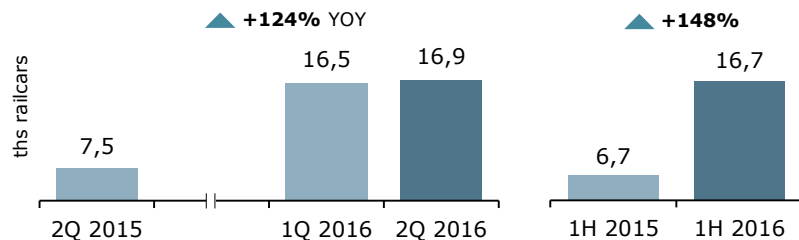
## Fleet owned and under control by railcar type



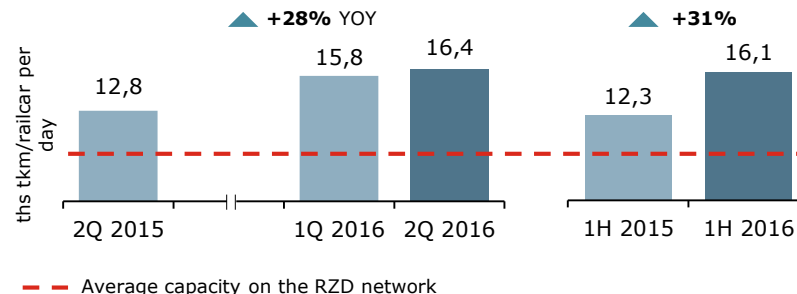
### Notes:

- Including the fleet controlled by Vostok1520 and the UWC's own fleet leased to third parties: 11.7 thousand railcars;
- The following companies included: RAIL1520, RAIL1520 SERVICE, RAIL1520 LEASING, MRC1520 and TH "UWC"

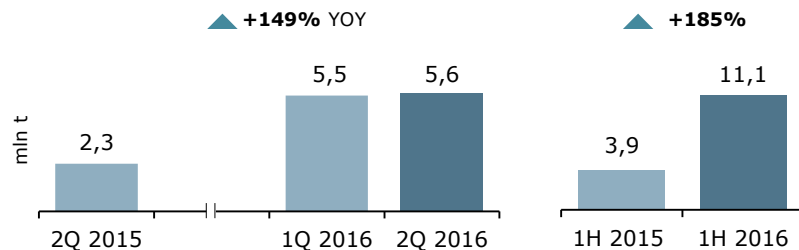
## Average operated fleet



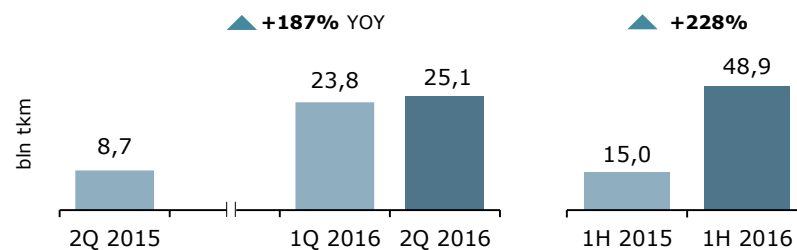
## Capacity



## Freight carried



## Freight turnover



- The growth of the cargo base in 1H 2016 triggered the demand for gondolas. Cargo shippers seeking to optimize their transportation costs ensured steady demand for new generation railcars, their strong economic and operational characteristics highly appreciated
- As a result, Vostok1520's daily average fleet grew 124% year-over-year in 2Q
- During the quarter and the year, the railcar capacity grew due to a certain acceleration in the railcar turnaround time achieved through increasing the number of block trains shipments
- Operation of the highly efficient Vostok1520's fleet raised carloads by 149% over the year
- With a larger volume of freight shipped to the Far East, the quarterly turnover went up 187% year-over-year
- In 1H 2016, Vostok1520 raised its share in export coal haulage to 11.6%, an increase of more than 3 times in a year

## Statistics for current uncoupling repairs (CUR)<sup>1</sup>

- 2.3** CUR of the TVSZ-made gondola per 1 mln km
- 28.2** CUR of the standard gondola per 1 mln km

The frequency of current uncoupling repairs of new generation gondolas was up to **12 times below** the network's average due to high operational efficiency of UWC's new generation railcars

### Railcar repair shop

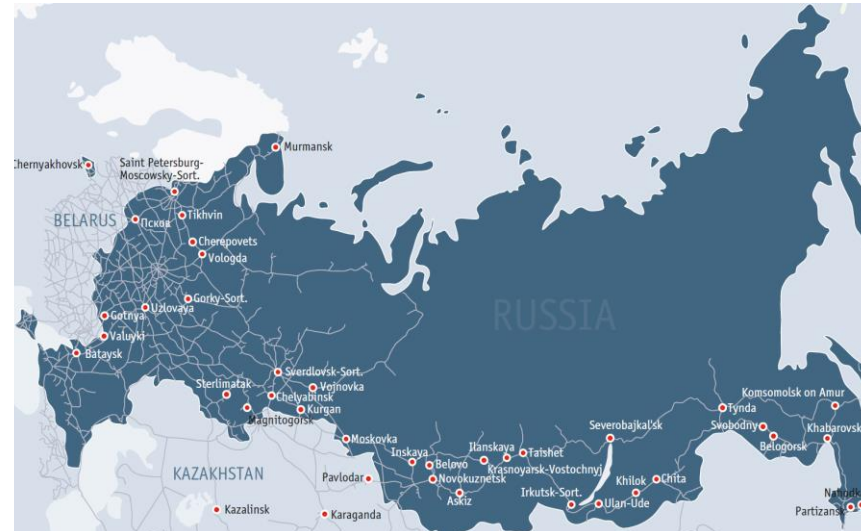


## UWC's network of service and training centres

- 54** service centres
- 6** training centres

The Holding has an expanded service centre network operating at railcar repair shops in the CIS. As at the end of the reporting period, the UWC's service centre network comprised a total of **54 centres**. 3 new service centres were launched in 2Q 2016

### Service centres



**Note:** 1) Current uncoupling repairs based on 1H 2016 statistics

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