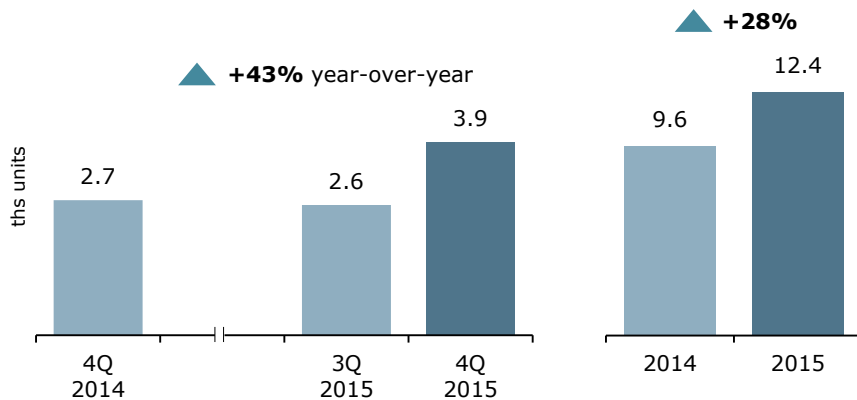


Research and production corporation «United Wagon Company»

Operational Results for 4Q and 12 Months of 2015

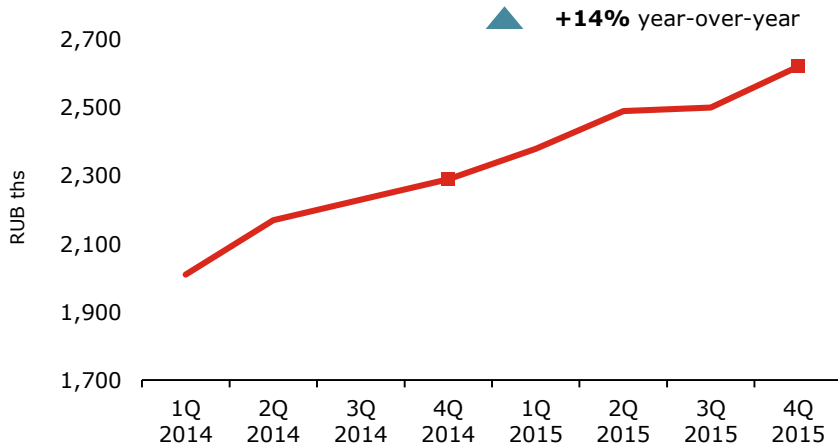
10 February 2016

Railcar production output¹



94% Railcars sold to third parties in 2015

Average selling price (excl. VAT)



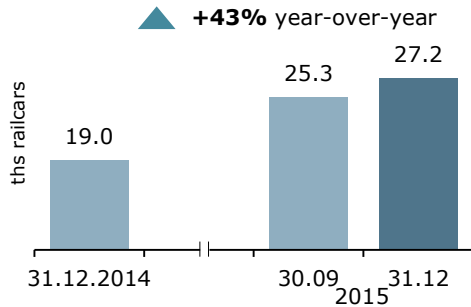
- In 4Q 2015 the company manufactured 3.9 thousand railcars, a 43% increase compared with 4Q 2014. Over the 12 months of 2015, the production grew 28% year-over-year reaching 12.4 thousand railcars. The positive dynamics was due to UWC's increasing production capacity and larger order volumes
- In 2015 UWC's share in railcar production in the CIS totalled 41%
- The average selling price per railcar increased 14% year-over-year in 4Q 2015. Stably positive price dynamics is attributed to increasing demand for new generation rolling stock, and the market and lease rates recovering
- 6 railcar models were certified at UWC's production facilities in 2015. As at the end of the year 18 models were undergoing certification testing
- In 4Q 2015 the following railcars were certified:
 - Grain hopper, body space 120 m³
 - Cement hopper, body space 72 m³, two modifications
 - Sulfuric acid tank car

Key events

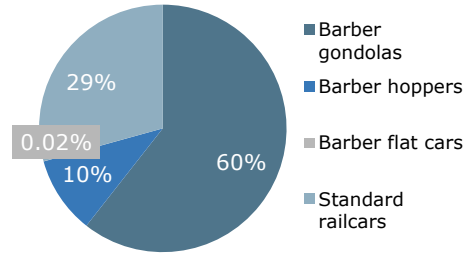
- In December 2015 UWC launched CJSC «TikhvinChemMash» (TikhvinChemMash), a facility for production of new generation tank cars, with the annual production capacity of up to 3.6 thousand railcars. The first tank cars were delivered to Sredneuralsky Copper Smelting Plant (SUMZ, a subsidiary of Ural Mining and Metallurgical Company (UMMC))

Note: 1) Including production by TVSZ and TikhvinChemMash

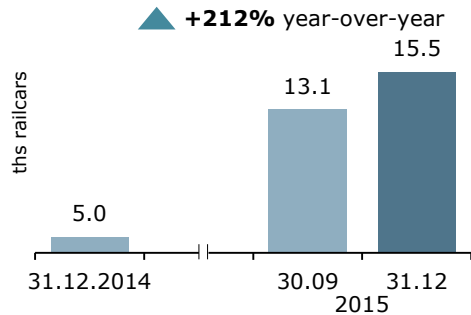
Fleet owned and operated¹



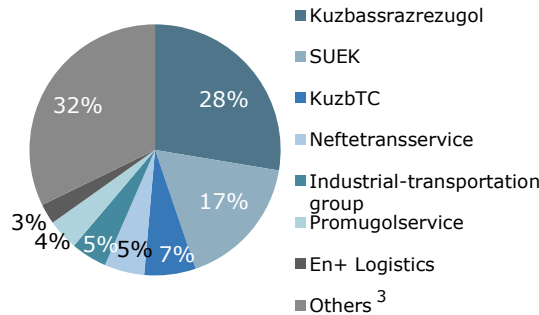
Fleet owned and operated by railcar type



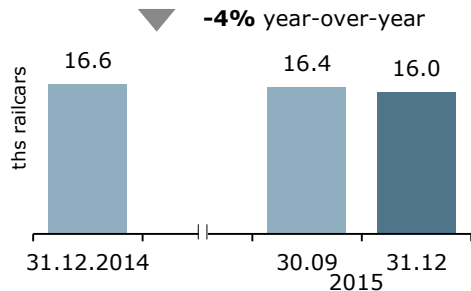
Fleet operated by Vostok1520



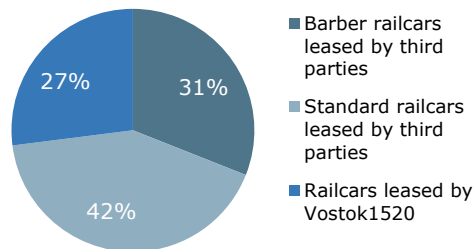
Fleet owned and operated by client²



Fleet owned by UWC's subsidiaries⁴



Fleet owned by railcar type



- As at the end of 2015, the size of the fleet owned and operated by UWC was 27.2 thousand railcars, a 43% increase over the previous year
- The number of new generation railcars in the fleet has been growing steadily. As at the end of 4Q their share reached 70%
- The fleet owned and operated expanded as a result of a considerable increase in fleet operated by Vostok1520, growing by 212% to reach 15.5 thousand railcars
- The fleet owned by UWC reduced as the result of sales of the railcars to third parties due to the increased demand for new generation rolling stock

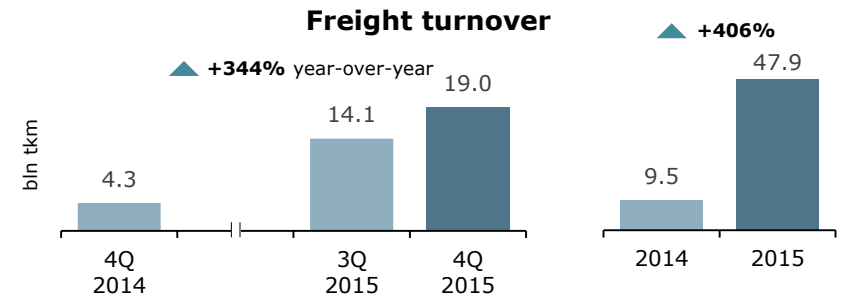
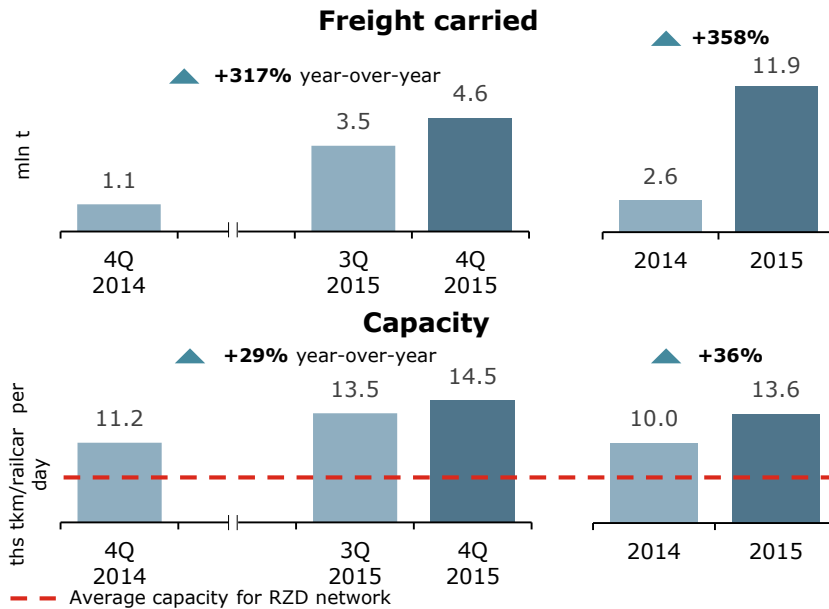
Key events

- A contract for supply of up to 3,000 railcars to VM-Trans, a railway operator, was signed in January 2016
- UWC entered into a contract for supply of up to 200 tank cars to SUMZ
- UWC entered into a contract for supply of up to 400 mineral hoppers to Uralkali
- UWC entered into a contract for supply of up to 105 tank cars to Metafrax

Notes:

- Including the fleet operated by Vostok1520 and the fleet owned by UWC's subsidiaries, leased to third parties - 11.7 thousand railcars
- Fleet operated is represented by the average number of railcars used by clients in 4Q 2015
- Including companies: Freight Forwarding Company Nizhegorodsky Express, ZapSibTrans, Logistics 1520, AKRON-Trans, RusVinyl, Metalloinvest, Bashkim
- Including the following companies: RAIL1520, RAIL1520 SERVICE, RAIL1520 LEASING, MRC1520 and TH "UWC"

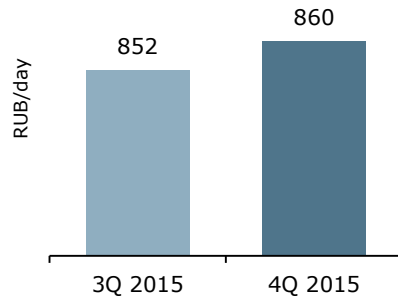
Transportation



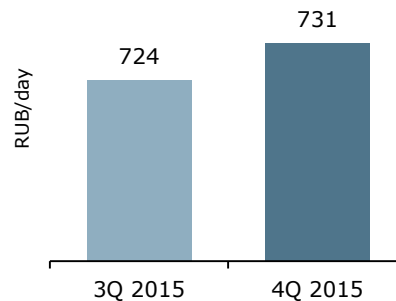
- Carloadings were drastically up due to increased demand for shipment by new generation railcars and considerable expansion of the fleet controlled by Vostok1520
- The freight turnover was pushed up by increased railcar capacity and greater average length of haul (**4 ths km** for 2015)
- The capacity growth was due to an increase in block train shipments

Leasing

Average lease rate for new generation railcars¹



Average lease rate for standard railcars



- Average lease rates for UWC's owned new generation railcars and standard railcars grew by RUB 8 and 7, respectively, due to contractual rate adjustments. With the market recovering and lease rates going up, the lease rates for UWC's railcars are gradually increasing
- Utilization ratio for own railcars – **100%**
- Average age of own and operated railcars – **1.9 years**

Statistics for current uncoupling repairs (CUR)¹

0.10 current uncoupling repairs per new generation gondola car made at TVSZ

1.53 uncoupling repairs per standard railcar

The frequency of current uncoupling repairs of new generation gondolas was **15 times lower** than the network's average. Such dynamics was due to high operational efficiency of UWC's new generation railcars

UWC's network of service and training centres

51 service centres

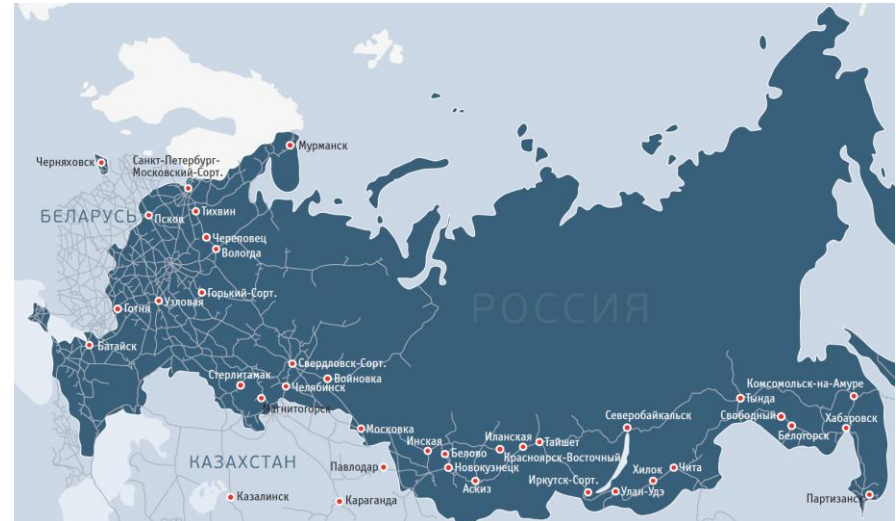
6 training centres

The holding has various service centres operating at railway engine houses in the Russian Federation, Kazakhstan and Belarus. In the reporting period, the **51st service centre** at the premises of VCHDr Pskov was put into operation at October Railway. The company intends to further expand its service centre network, opening new centres in the 1520 gauge area

Railway engine house



Service centres



Notes: 1) Current uncoupling repairs over 12 months

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