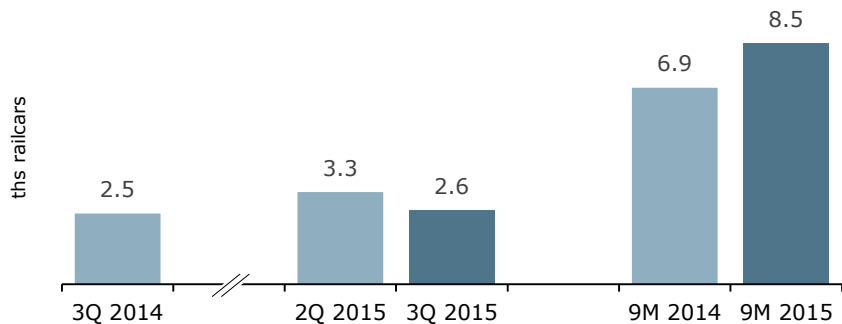


# Research and Production Corporation “United Wagon Company”

Operating results for the third quarter of 2015

October 27, 2015

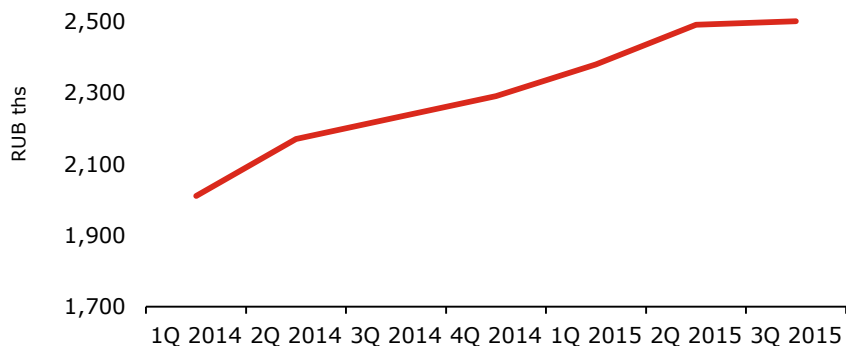
## Railcar production volume



**23,4 ths** Total number of railcars produced since 2012

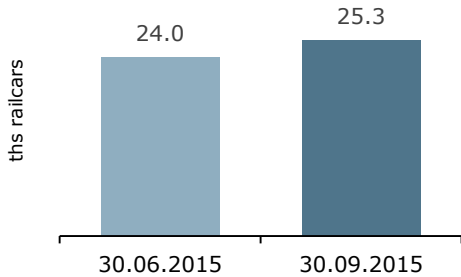
**100%** Number of railcars sold to third parties in the third quarter of 2015

## Average selling price (excluding VAT)

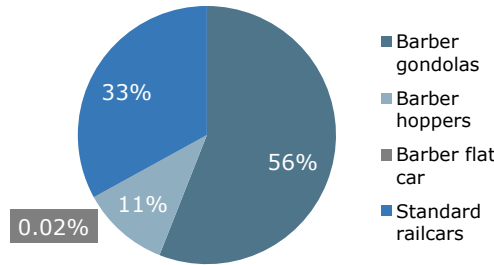


- The Tikhvin Freight Car Building Plant (TVSZ) produced 2.6 ths railcars in the third quarter of 2015, a quarter-on-quarter decline of 650 railcars which was due to the planned shut-down in August
- In the nine months of 2015, production volumes increased by 1.6 ths railcars year-on-year to 8.5 ths. UWC's share in total railcar production in the CIS amounted to **41%**
- The average selling price of a railcar increased to RUB 2.5 million. Its stable positive dynamic was a result of increased demand for innovative rolling stock and the start of the recovery in leasing rates and the market as a whole
- TVSZ signed a contract with **Wabtec Corporation** to supply large railcar castings starting from 2016
- TVSZ received a certificate of compliance for a solid-bottom gondola car with increased body volume of up to **98 m<sup>3</sup>**. Full-scale production is planned for the beginning of 2016 with a production capacity of up to 540 units per month
- A total of **11** models have been certified. In the nine months of 2015, the Company manufactured **17** prototype models

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



**Fleet owned and operated by type of railcar**



- UWC's owned and operated fleet amounted to 25.3 thousand railcars at the end of the third quarter of 2015, that is 1.3 thousand increase compared to the previous reporting period

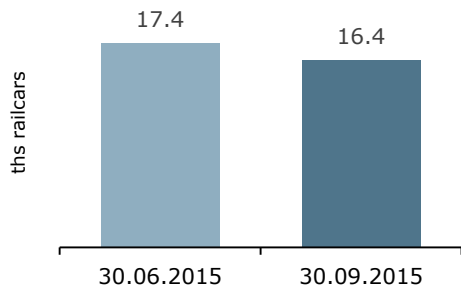
- There has been a planned increase in the number of innovative railcars in the fleet structure. By the end of the third quarter, innovative railcars made up 67% of the fleet

- The increase in the UWC's owned and operated fleet was the result of the significant expansion of Vostok1520's operated fleet. Vostok1520's fleet has increased by 3.3 thousand railcars quarter-on-quarter to 13.1 thousand units, in line with the company's strategy

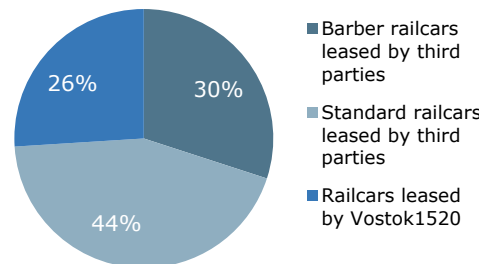
- The fleet owned by RAIL1520's reduced after selling 1,000 railcars to the third parties due to the increased market demand for innovative railcars

- UWC signed an agreement with Eurosis SPb-TS to supply up to 700 railcars during 2016-2017

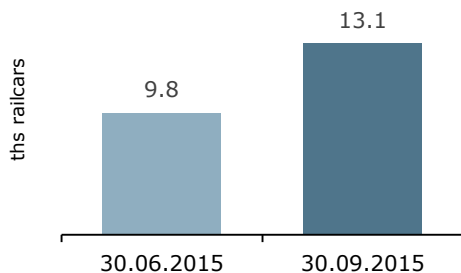
**Fleet owned by RAIL1520's companies<sup>2</sup>**



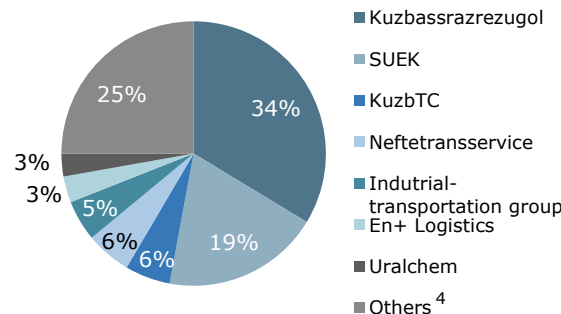
**RAIL1520's<sup>2</sup> owned fleet by lessee and type of railcar**



**Fleet operated by Vostok1520's**



**Fleet owned and operated by clients<sup>3</sup>**



**Footnotes:**

1) Including the railcar fleet operated by Vostok1520 (13.2 thousand railcars) and the fleet owned by RAIL1520's companies but leased out to third parties (12.1 thousand railcars);

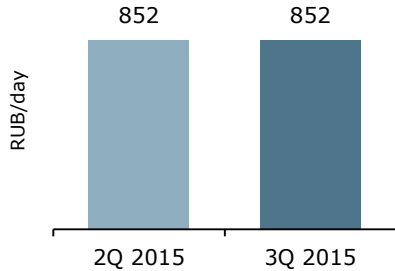
2) The following companies are united under the RAIL1520 brand: RAIL1520, RAIL1520 Service, RAIL1520 Leasing, MRK1520;

3) By number of railcars

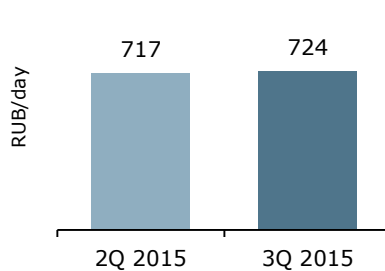
4) Including: "PromugolService", "Nizhegorodskiy express", "ZapsibTrans", "Logistics 1520", "Acron-Trans", "Bashkhim", "RusVynil", "SIBUR-Trans", "Uralkali"

## Leasing

Average lease rate for innovative railcars<sup>1</sup>



Average lease rate for old-generation railcars



- In the third quarter of 2015, the average lease rate for innovative railcars remained at the same level as in the previous quarter and amounted to RUB 852/day
- The lease rate for an old-generation railcars increased by RUB 7 quarter-on-quarter to RUB 724/day. This was due to an increase in rates provided by a number of contracts

**Top 3** on the operating leasing market

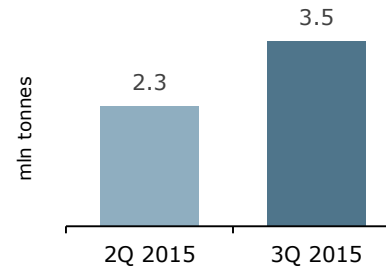
**RUB 18.7 billion** leasing portfolio as at 30.09.2015

**100%** utilisation rate

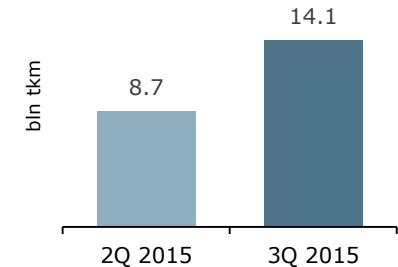
**1.9 years** average age of railcars

## Transportation

Cargoes transported



Cargo turnover



- There has been a significant improvement in the performance of the rolling stock in the UWC's distribution division. In the third quarter of 2015, the volume of cargo transported and the freight turnover grew by more than 1.5 times quarter-on-quarter to 3.5 mln tonnes and 14.1 mln tkm, respectively. In the nine months of 2015, the transportation volume amounted to 7.3 mln tonnes with freight turnover of 28.8 mln tkm. This dynamic was largely due to the growth in the operated innovative fleet and the use of railcars mainly for long export routes

**13.5 ths tkm per railcar/day** The performance of operated railcars in the nine months of 2015 was **2 times higher** than on the rest of the network<sup>2</sup>

**4 ths km** The average length of haul in the nine months of 2015

**Footnotes:** 1) The average lease rate for a railcar equipped with a Barber bogie with a 25 t axle load; 2) The Company's estimates

## Current uncoupling repair statistics<sup>1</sup>

- 0.11** Number of repairs for a TVSZ's innovative car
- 1.64** Number of repairs for an old-generation gondola car

For innovative railcars, the frequency of current uncoupling repairs is **15 times lower** than for the rest of the network. This is due to the high levels of reliability of TVSZ's innovative railcars.

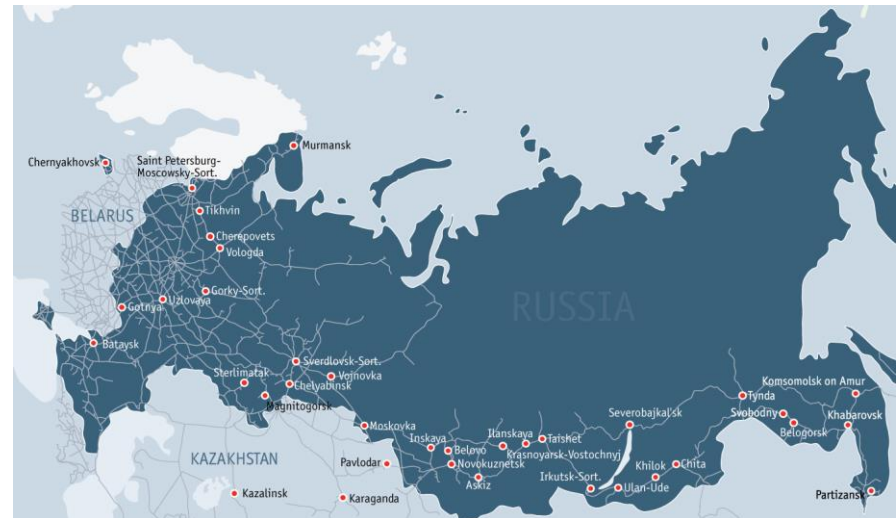


## UWC's maintenance network

- 50** Service centres
- 6** Training centres

UWC's maintenance activity is carried out at railcar repair centres located across Russia, Kazakhstan and Belarus. In the reporting period, the **50<sup>th</sup> maintenance centre** was launched at the Khilok station on the Trans-Baikal railway. The Company plans to increase its number of maintenance centres to 55 by 2016

## Map of service centres



**Footnotes:** 1) Current uncoupling repair according to the results of the 9 months of 2015 in annual terms

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