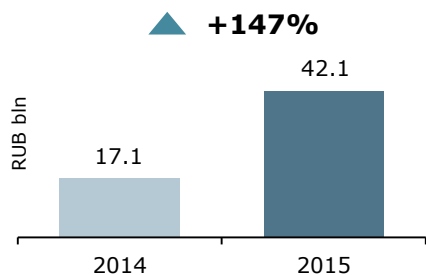


**Research and production corporation
«United Wagon Company»**

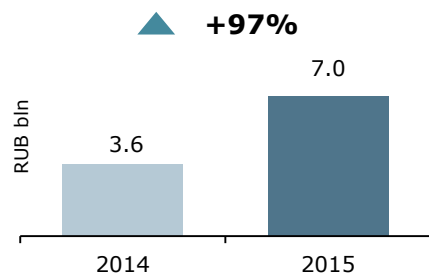
Full-Year 2015 Financial Results

22 April 2016

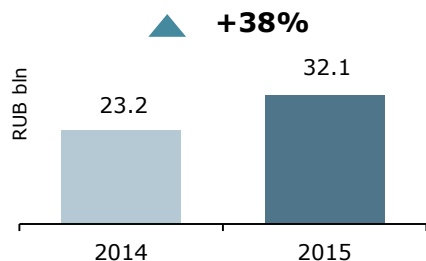
UWC Revenue



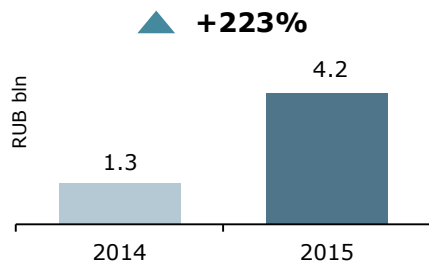
UWC EBITDA



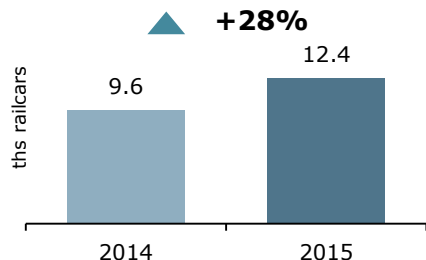
Production Division Revenue



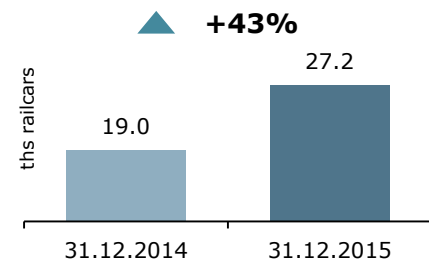
Production Division EBITDA



Production volume



Railcar fleet¹



Development of new products

- In December 2015 UWC launched CJSC «TikhvinChemMash» (TikhvinChemMash), a facility for production of new generation tank cars
- 6 railcar models were certified at UWC's production facilities in 2015. As at the end of the year 20 models were certified

Customer base diversification

- UWC signed new contracts with such major freighters as: Logistics 1520, Tehnotrans, Eurosis SPB-Transport systems, Metafrax, Uralkali, UGMK and others
- UWC and Wabtec Corporation (USA) signed an agreement for export of freight car castings
- Vostok1520's client base grew 3 times bigger

Operating efficiency increase

- TVSZ increased its production capacity to 16 ths railcars per year
- Production output increased by 28%

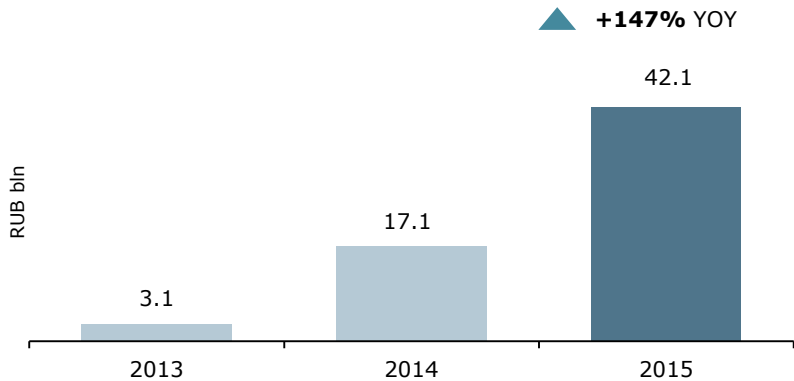
Service centres network development

- UWC launched 19 service centres in 2015, their total number reaching 51

Source: Company's data, Company's IFRS statements

Notes: (1) Fleet owned and operated

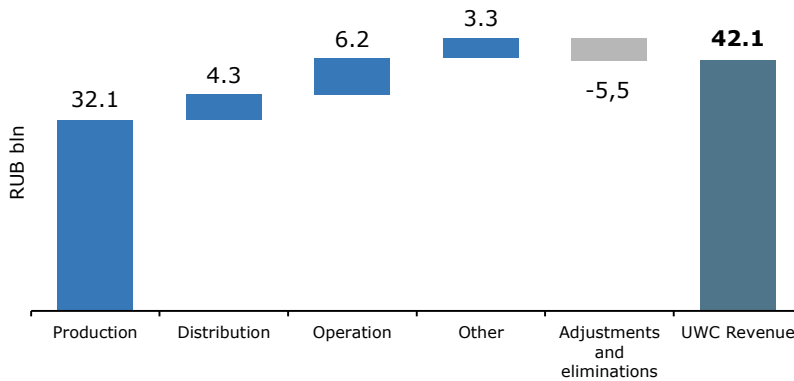
UWC Revenue



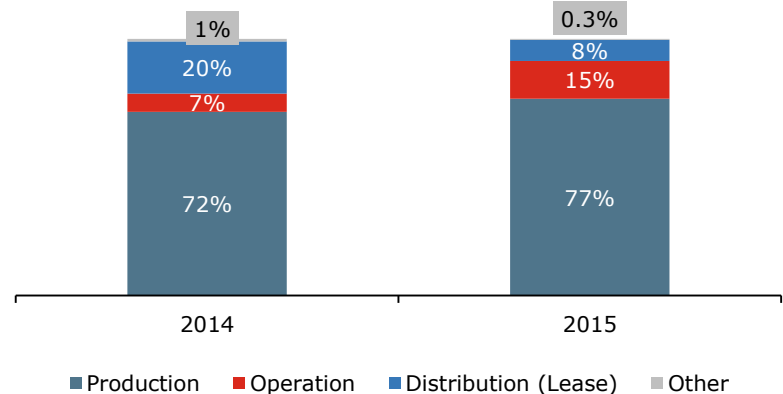
Revenue grew by 147% year-over-year to RUB 42.1 bln

- The positive dynamics was due to:
 - Increasing production volume
 - Larger share of sales to the market
 - Higher railcar prices
 - Significant growth of Vostok1520's fleet which increased revenue from transportation services

UWC Consolidated Revenue Reconciliation



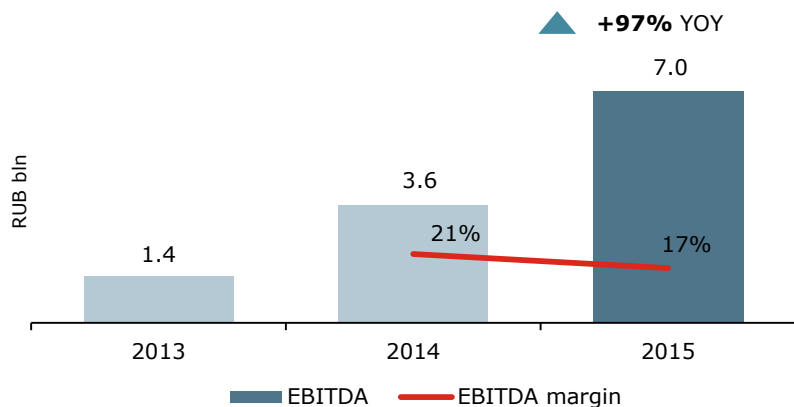
UWC Revenue Breakdown By Segment



Source: Company's IFRS statements

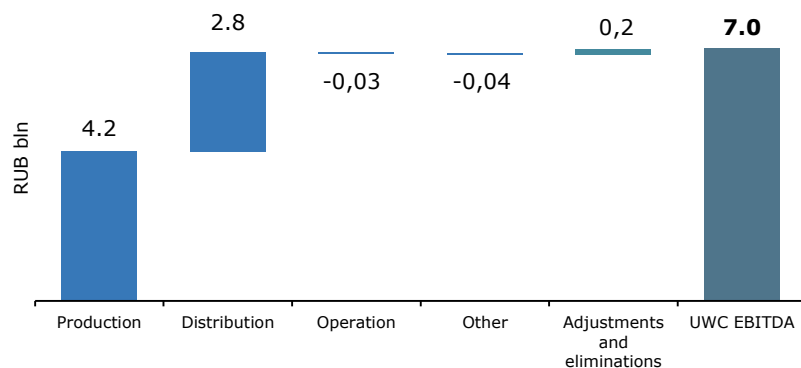
Note: (1) The Distribution division deals with operating lease of railcars

UWC EBITDA

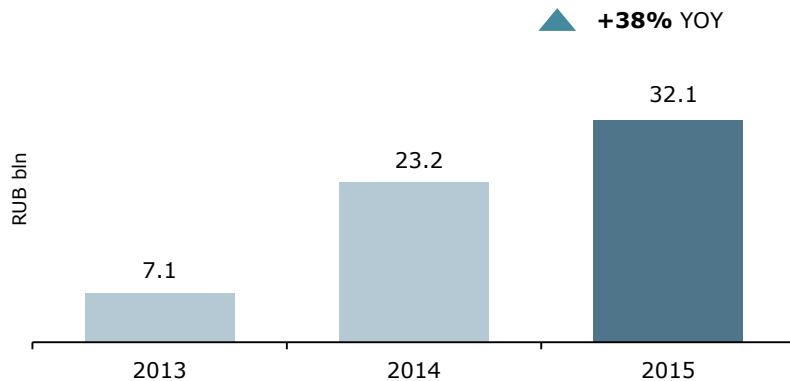


- EBITDA amounted to RUB 7 bln an increase of 97% year-over-year
- The largest contribution to consolidated EBITDA has been made by the Production and Distribution divisions. The growth of EBITDA is attributable to higher revenues from railcar sales and increased Production EBITDA
- EBITDA margin dropped 4 pp to 17% due to a higher share of less profitable Production and Operation divisions

UWC Consolidated EBITDA Reconciliation



Production Division Revenue



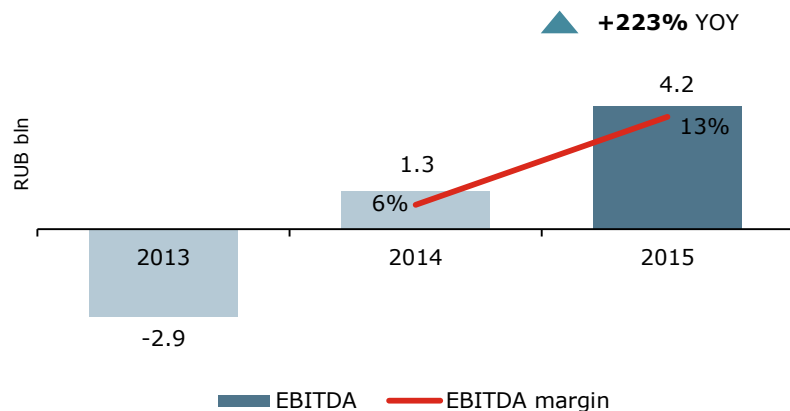
- Production revenue demonstrated 38% growth reaching RUB 32.1 bln. The positive dynamics reflects:
 - Higher production volume: in 2015 UWC produced 12.4 ths railcars, an increase of 28% year-over-year
 - Higher railcar prices

- Production EBITDA increased by 223% year-over-year to RUB 4.2 bln

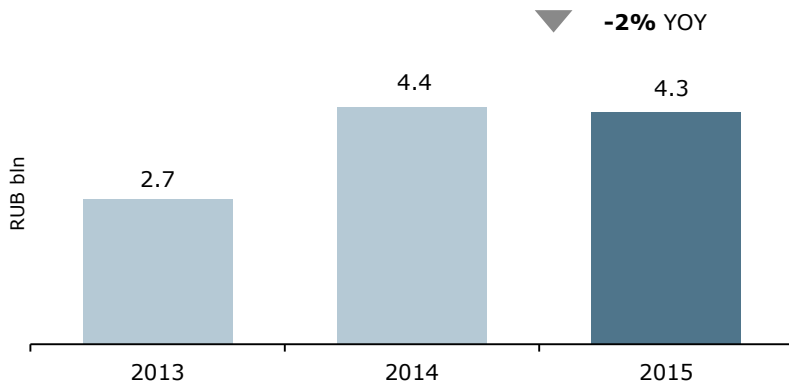
- Division's EBITDA margin gained 7 pp to stand at 13% due to:

- Increase of production capacity
- Growth of production volumes
- Cost of sales reduction measures

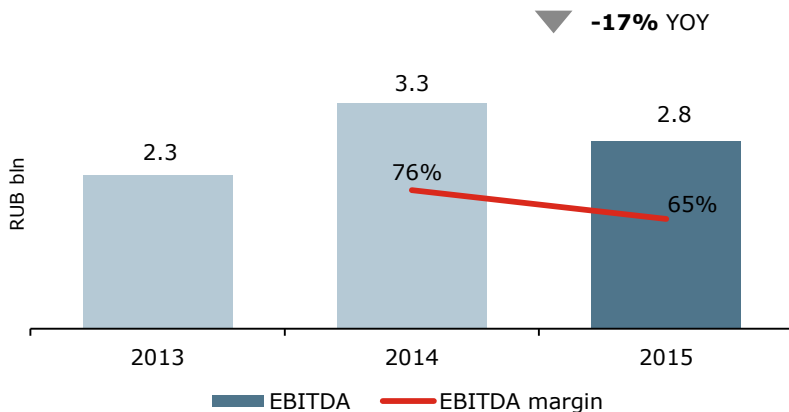
Production Division EBITDA



Distribution Division Revenue

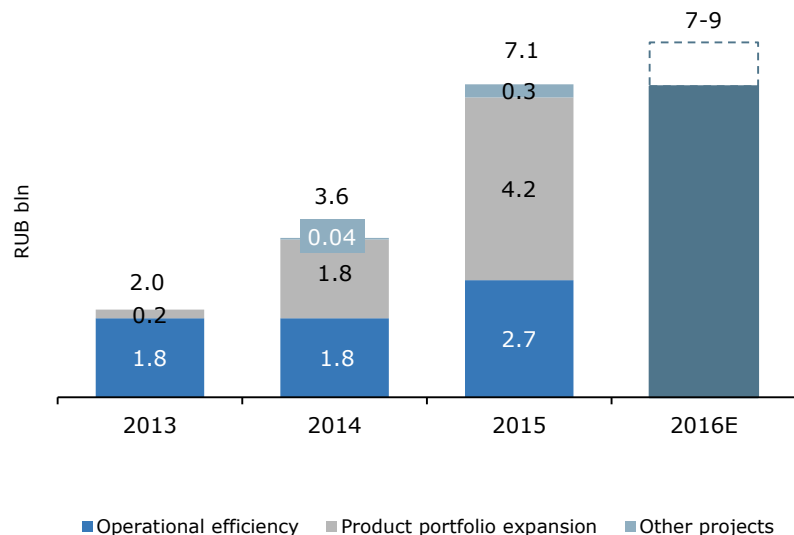


Distribution Division EBITDA



- The revenue of the Distribution division engaged in operating lease declined 4% year-over-year to RUB 4.3 bln following a 4% reduction of the UWC's own fleet from 16.6 ths to 16 ths railcars
- Division's EBITDA fell by 17% year-over-year to RUB 2.8 bln
- EBITDA margin went 11 pp down to 65%
- The negative dynamics of EBITDA and EBITDA margin was driven by higher property tax costs: a new amendment to the Tax Code, effective from 1 January 2015, imposes a tax on property transferred between related parties

CAPEX Structure and Dynamics^{2,3}



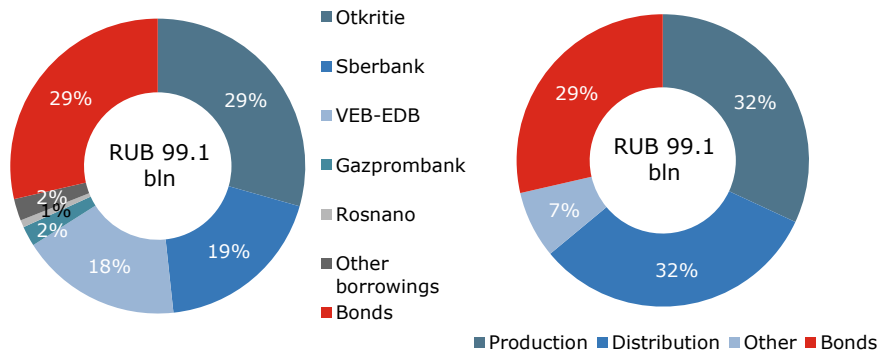
Source: Company's management accounts

- Most of the costs incurred in 2012 were associated with finalizing construction of TVSZ plant and in 2013-2015 - with reduction of costs, optimization of processes and expansion of the product portfolio
- The management approved the capital expenditure program for 2016. The expenditures are primarily associated with implementation of strategies to expand the product portfolio, as well as to increase capacity, flexibility and operational efficiency of railcar production
- The target proportion of costs in foreign currency is about 50% - a large part of these costs accounts for purchase of fixed assets abroad. The remaining 50% are the costs of construction and installation works denominated in rubles

Debt Portfolio Structure

By lender

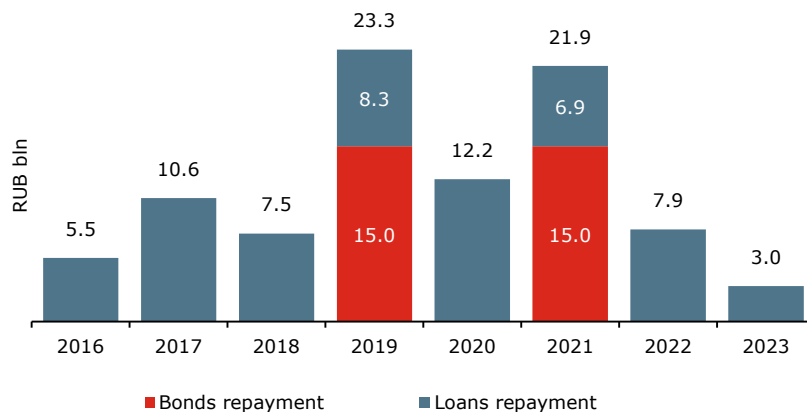
By segment



Debt Optimisation

- In the third quarter of 2015 UWC and Sberbank entered into agreement to defer the H2 2015 and H1 2016 payments on RAIL1520 loans to later date periods
- In 2015 TikvinChemMash and TikhvinSpetsMash received concessional credit facilities for a total of RUB 8.7 billion at the rate of 10.5% for financing their production development under the program on support of investment projects in Russia through project financing
- On 11 April 2016 the general meeting of holders of UWC Finance's bonds resolved that the Series 01 bonds (worth of RUB 15 bln) redemption be shifted from 2016 to 2021

Principal Repayment Schedule^{1,2,3}



Source: Company's management accounts

Notes: (1) Excluding working capital loan in the amount of RUB 9 bln; (2) Subject to prolongation of Series 01 bonds; (3) Excluding bonds held by UWC's subsidiaries as at 31/12/2015

Attachment

Financial Statements

UWC Profit Or Loss Statement

RUB bln	2014	2015
Revenue	17,057	42,088
Cost of sales, incl.	(14,984)	(37,865)
Raw materials	(8,745)	(20,725)
Depreciation	(3,087)	(5,305)
Empty-run and costs	(679)	(5,065)
Payroll and social funds	(1,861)	(3,916)
Property tax	(215)	(628)
Maintenance and repairs	(125)	(318)
Other	(272)	(1,908)
Gross profit	2,073	4,222
Selling, general and administrative expenses	(1,645)	(2,994)
Share of profit / (loss) of associates and joint ventures	(157)	189
Other operating income	153	265
Operating profit	424	1,682
Finance income	647	1,442
Finance costs	(6,516)	(10,091)
Foreign exchange (loss)/income	4,605	(3,172)
Loss before income tax	(840)	(10,140)
Income tax benefit	1,389	463
Net profit/(loss) for the year	549	(9,676)

RUB bln	31/12/2014	31/12/2015
ASSETS		
Non-current assets		
Property, plant and equipment	68,483	71,429
Prepayments for non-current assets	2,336	1,029
Intangible assets	2,839	13,993
Deferred tax assets	1,853	2,644
Investment in joint ventures	159	752
Loans receivable	1,659	1,354
Other receivables	30	-
Finance lease receivables	261	244
Cash restricted	-	1,782
Total non-current assets	77,619	93,226
Current assets		
Inventories	267	8,525
Trade and other accounts receivables	7,579	4,003
Finance lease receivables	9	17
Loans receivable	16,255	5,188
Prepayments for suppliers and other assets	705	1,566
VAT receivable	1,653	4,150
Cash and cash equivalents	2,387	3,207
Total current assets	28,855	26,657
TOTAL ASSETS	106,474	119,883

Source: Company's IFRS statements

RUB bln	31/12/2014	31/12/2015
EQUITY AND LIABILITIES		
Share capital issued	0,01	106
Share capital issued but not registered	100	-
Additional paid-in capital	12,429	16,159
Accumulated loss	(4,969)	(14,645)
Non-controlling interests	7,560	1,620
Total equity		
Non-current liabilities	44,493	55,835
Borrowings	27,892	15,000
Bonds – non-current portion	1,201	916
Deferred tax liabilities	3	190
Other liabilities	73,588	71,942
Total non-current liabilities		
Current liabilities	16,954	15,286
Borrowings	6,358	12,697
Trade and other payables	1,396	4,232
Advances received and other current liabilities	19	3
Finance lease – current portion	599	14,104
Bonds – current portion	25,325	46,322
Total current liabilities		
	98,914	118,263
TOTAL LIABILITIES	106,474	119,883

RUB bln	2014	2015
Operating activities		
Loss before tax	(840)	(10,140)
Depreciation and amortization	3,120	5,321
Non-operating foreign exchange (gain)/loss, net	(4,628)	3,172
Finance costs	6,516	10,091
Finance income	(647)	(1,442)
Other	162	480
Working capital changes	(6,109)	577
Cash from / (used in) operations	(2,426)	8,061
Income tax paid	(35)	(370)
Finance costs paid	(4,947)	(10,095)
Net cash generated by operating activities	(7,407)	(2,405)
Investing activities		
Payments for property, plant, equipment and intangible assets, net	(15,894)	(6,261)
Loans granted	(16,924)	(14,782)
Cash proceeds from redemption of loans granted	9,423	24,893
Interest received	111	1,301
Net cash outflow on acquisition of subsidiaries and joint ventures	(500)	(4,223)
Net cash used in investing activities	(23,784)	928
Financing activities		
Proceeds from borrowings and issuance of bonds	84,920	9,702
Repayment of borrowings	(55,842)	(5,895)
Shareholder's capital contribution, net	3,866	3,735
Other	(27)	(4,546)
Net cash used in financing activities	32,918	2,996
Net cash flow	1,726	1,520

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