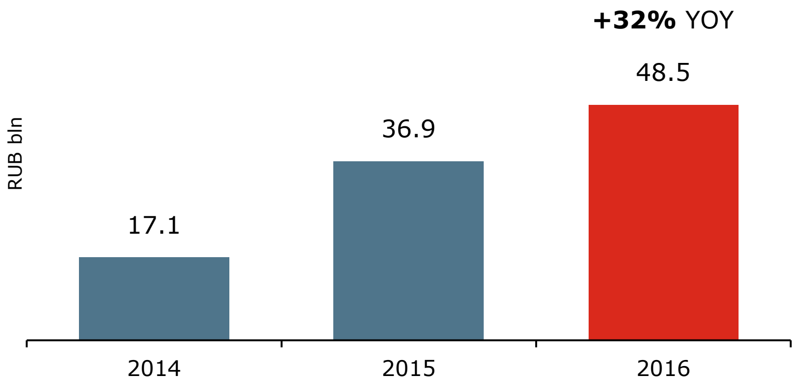
Research and production corporation «United Wagon Company»

Financial Results for 2016

25 April 2017

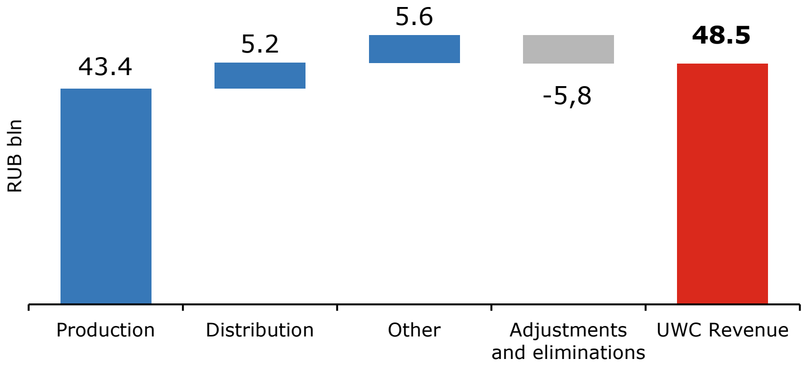
UWC's financial results: Revenue[1]

Revenue

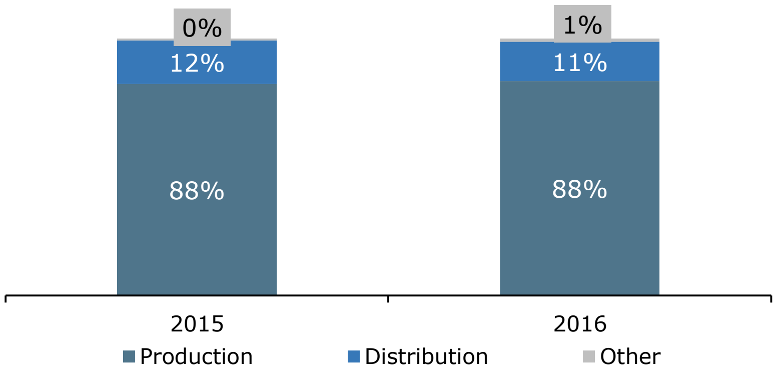


- The revenue growth in 2016 was due to:
  - Higher volumes of production and sales
  - Increase in the average size of the company's own fleet
  - Growing railcar prices and lease rates
- In the reporting year, the share of other goods and services in the revenue grew due to the income generated by JSC TAP "Titran-Express", UWC's own railcar maintenance and repair facility, acquired in 2016

Consolidated revenue reconciliation



Revenue breakdown by segment



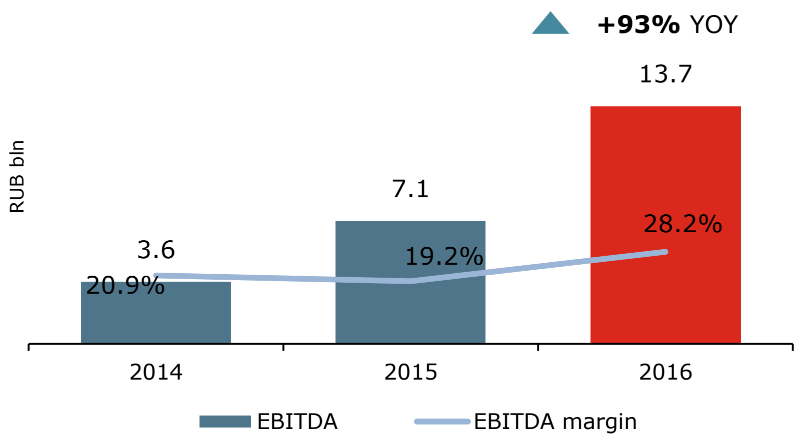
Source: Company's IFRS statements

* Segments: *Production* - sales of railcars and castings; *Sales* - operating lease; *Other* - service maintenance, etc.

Notes: (1) 2015 and 2016 revenue excludes the performance of "Vostok1520" LLC sold in November 2016

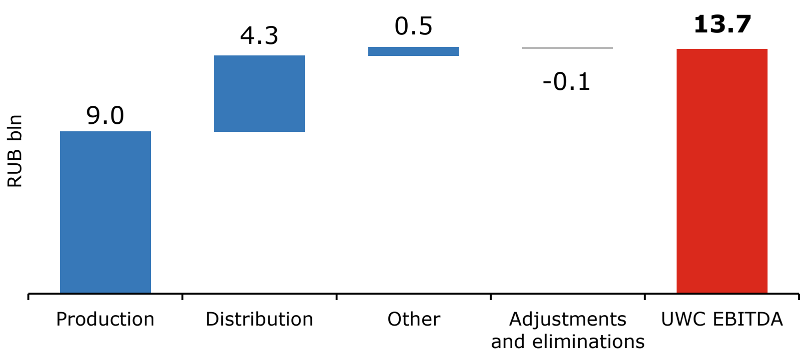
UWC's financial results: EBITDA[1]

EBITDA



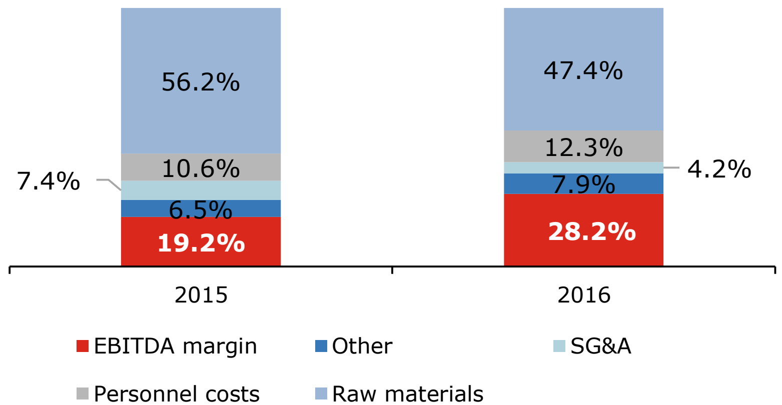
- The EBITDA growth in the reporting year was due to higher railcar sales and lease revenues
- The EBITDA margin increased owing to a higher operational efficiency of the production and a growing profit from the lease business
- The major negative impact on the EBITDA margin and the profitability is caused by the growing payroll of production personnel

EBITDA reconciliation



Factor analysis of EBITDA margin

As % of revenue

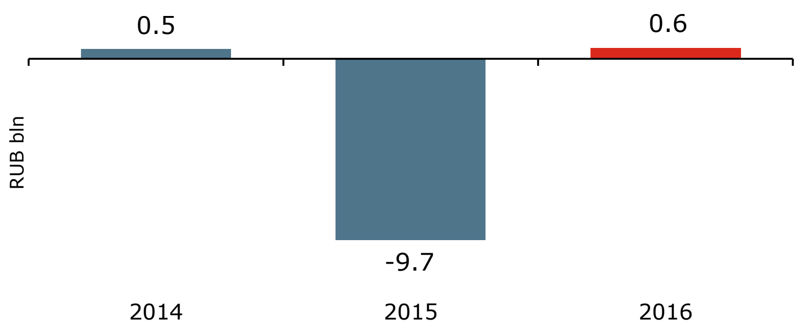


Source: Company's IFRS statements

Notes: (1) 2015 and 2016 revenue excludes the performance of "Vostok1520" LLC sold in November 2016

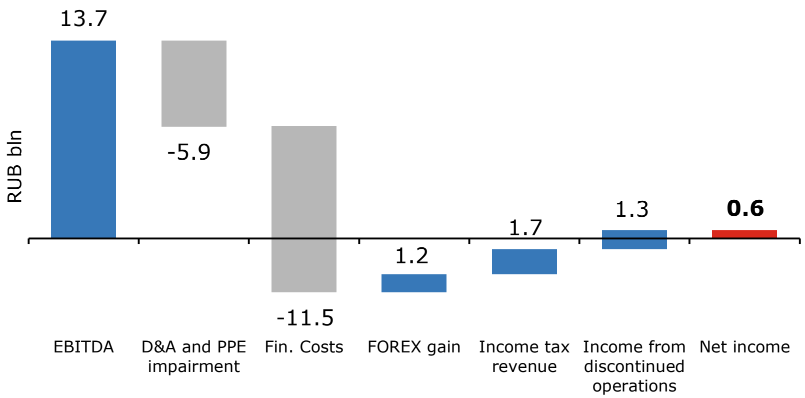
UWC's financial results: Net income

Net income[1]

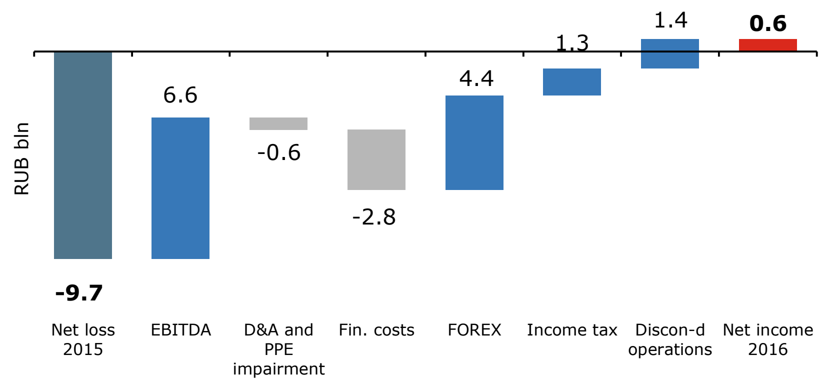


- In the reporting period UWC's profit was generated by
  - the consolidated EBITDA growth
  - currency exchange gains
  - the profit received from discontinued operations of "Vostok1520" LLC
- The major negative impact on the Company's profit is produced by loan and bond interest expenses, and non-monetary amortisation expenses

Net income reconciliation



Factor analysis of net income

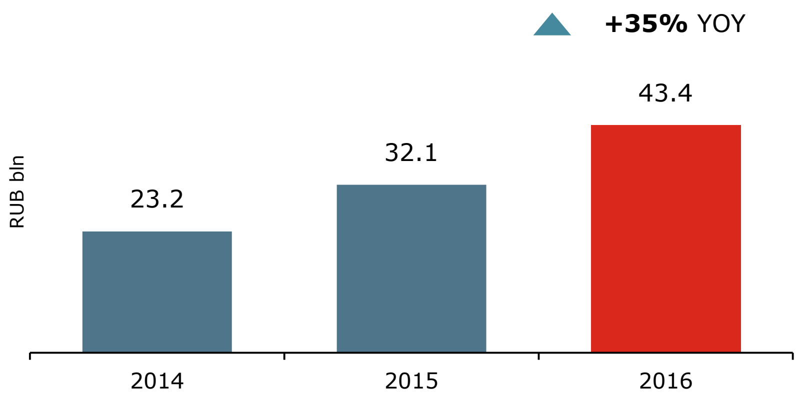


Source: Company's IFRS statements

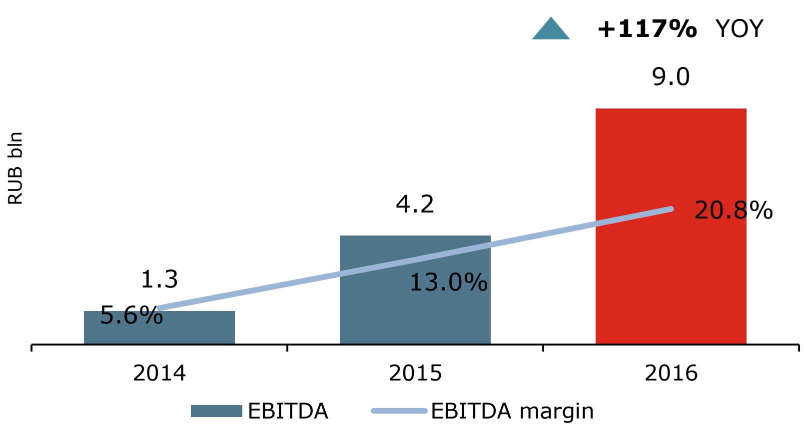
Notes: (1) Including the profit from discontinued operations

Financial results of Production

Revenue



EBITDA

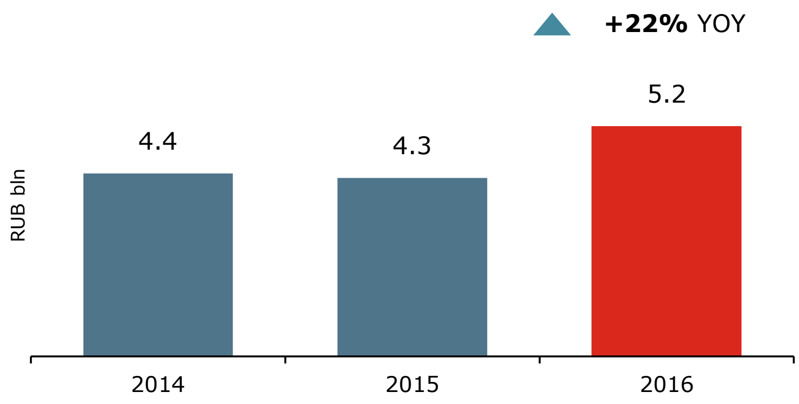


Source: The Company's IFRS statements

- The Production revenue increased due to:
  - A higher production volume of railcars in the reporting year (an increase of 28% to 15.9 thousand units)
  - Higher railcar selling prices
- The growth of the EBITDA margin and the revenue was due to the following factors:
  - UWC increased the capacity and output of its facilities
  - Measures were taken to reduce the cost of production
- The EBITDA margin was negatively influenced by the growth of the production personnel payroll caused by the enlargement of the industrial site staff size and indexation of their wages

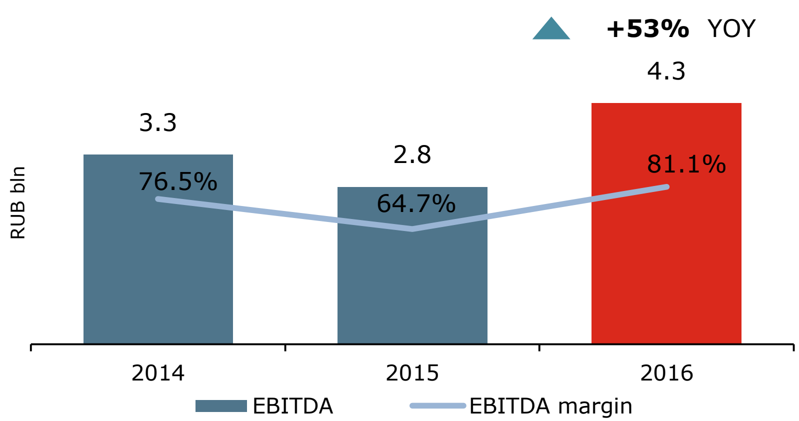
Financial results of Distribution

Revenue



- The revenue in the Sales (operating lease services) grew due to:
  - Increases in the average size of UWC's own fleet
  - Increases in the average railcar lease rate

EBITDA

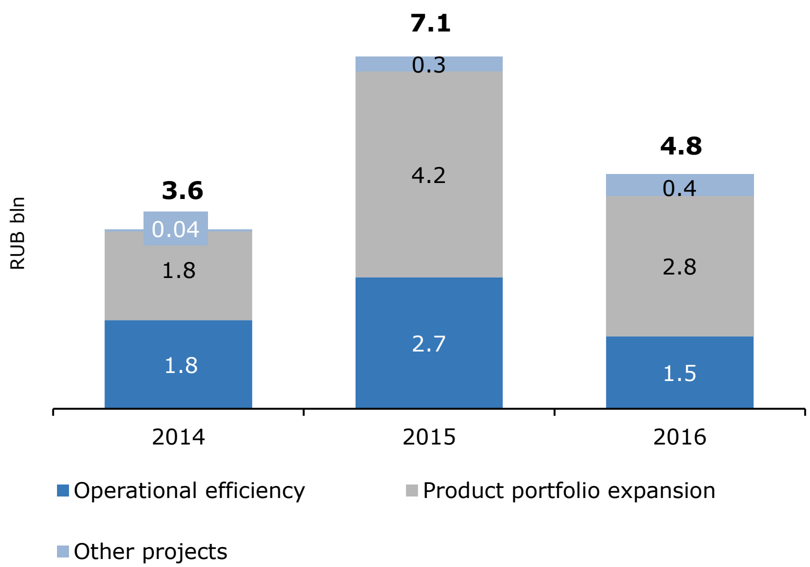


Source: The Company's IFRS statements

- The EBITDA margin and revenue grew due to:
  - Higher lease rates and growing difference between the cost of operation and railcar profitability
  - Provision recovery of RUB 172 mn in 2016 to cover doubtful debts accrued in 2015

UWC's capital expenditures[1]

Capital expenditures structure and changes [2,3]



Source: The Company's management statements

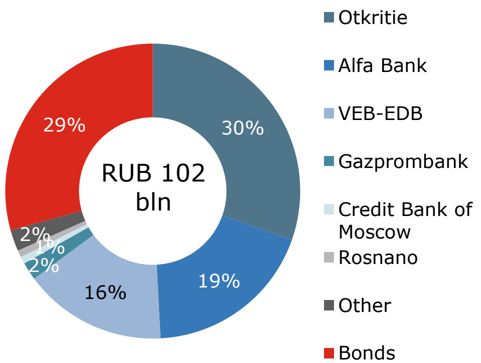
- Most of the 2016 expenses were incurred in connection with the implementation of strategies aiming to expand the product assortment, and achieve a higher capacity, flexibility and operating efficiency of the production process.
- The share of costs in foreign currency is some 50%, with most of the costs related to purchases of product, plant and equipment abroad. The remaining 50% includes ruble-denominated costs of construction and installation

Notes: (1) Excluding investments for acquisition of railcars in the Sales; (2) The investment expenditures are shown without VAT; (3) Excluding asset acquisition

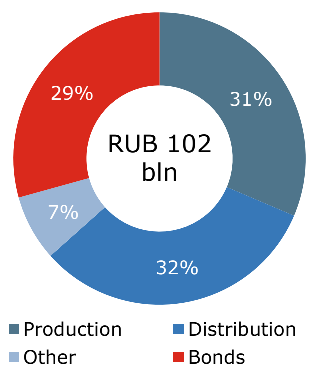
UWC's loan portfolio

Debt portfolio structure

By lender



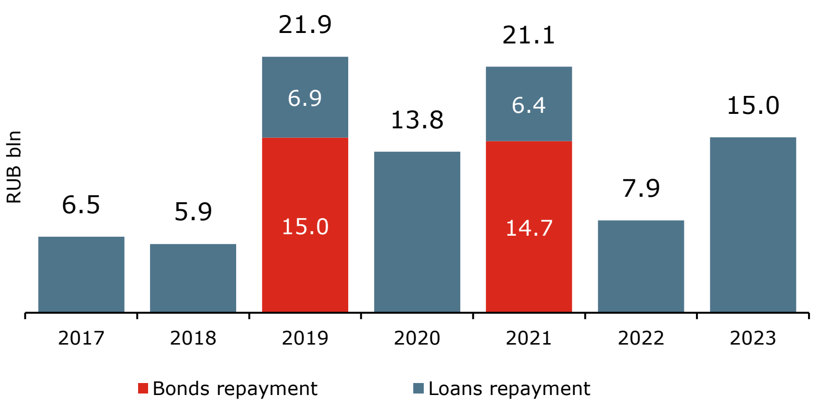
By segment



Debt optimisation

- In H1 2016, the bond holders resolved to shift the maturity date of Series 01 bonds issued by UWC Finance for a total amount of RUB 15 bn from 2016 to 2021.
- In October 2016, Alfa-Bank disbursed to UWC a loan used by the Company to repay its RUB 19.2 bln debt to Sberbank and Otkritie Bank. The new loan has a better repayment schedule: most payments are due in 2022 and 2023.
- While the Company continues collaborating with its current lenders, it is developing partnerships with other large Russian and international banks.

Principal repayment schedule[1]

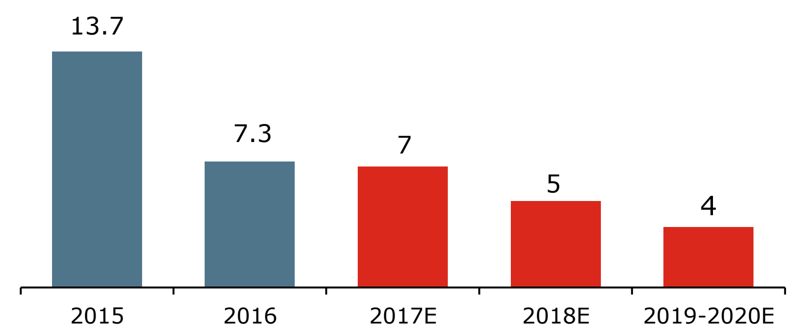


Source: Company's management accounts

Note: (1) As at 31/03/2017. Excluding working capital loans

Debt load decrease

Net debt/EBITDA, x



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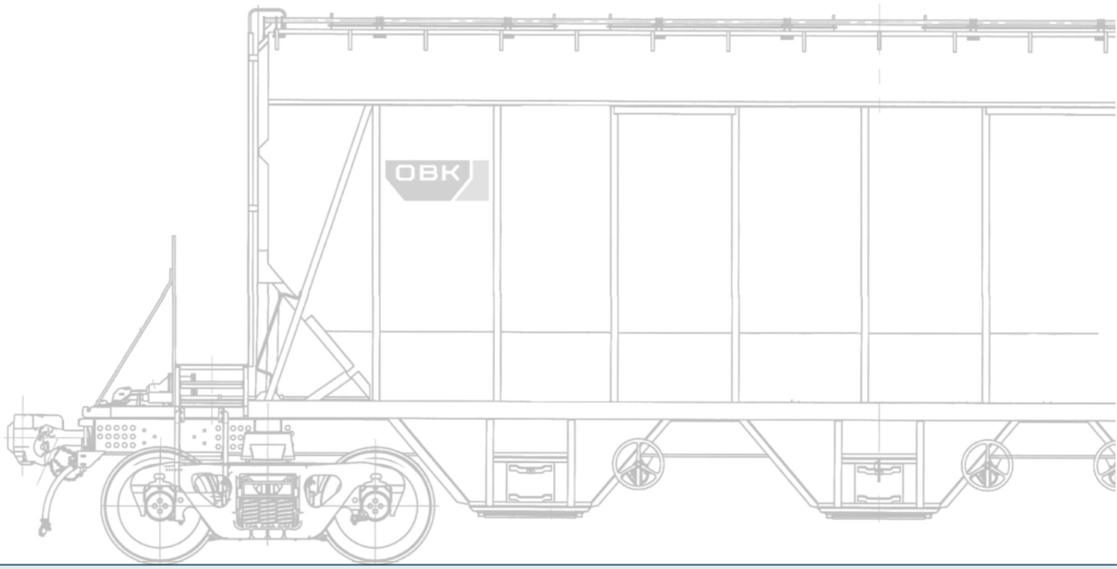

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