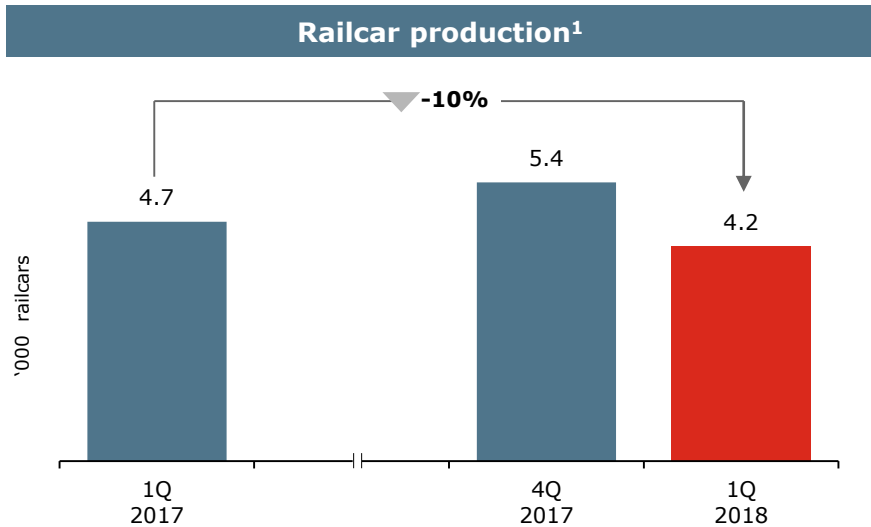


Research and production corporation “United Wagon Company”

Operational Results for 1Q 2018

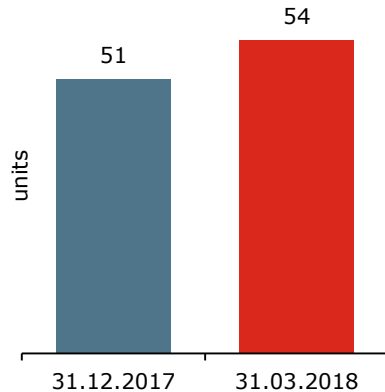
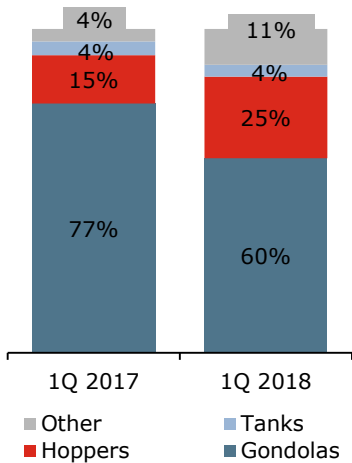
24 April 2018

UWC Operational Results



Production pattern

Certified models and modifications

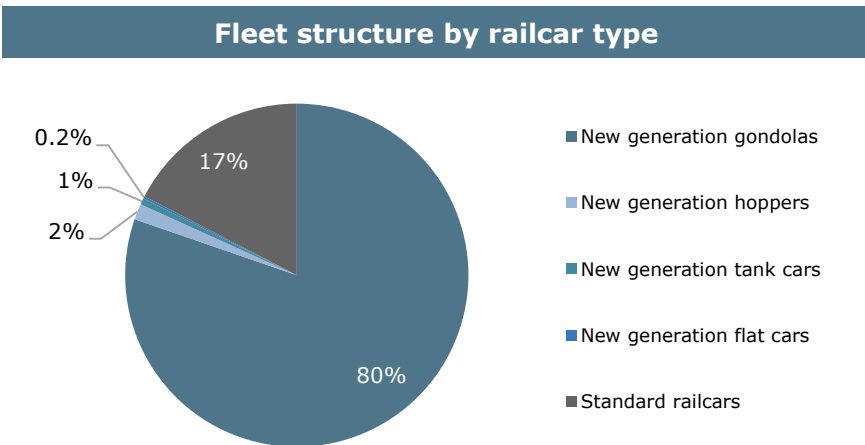
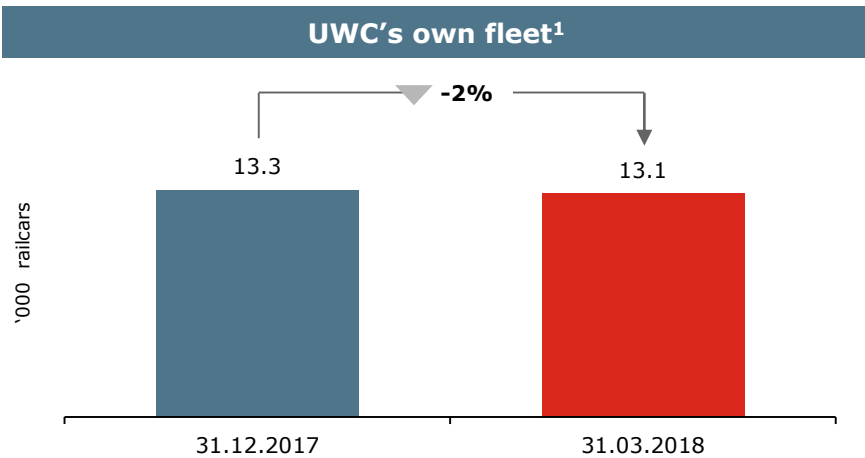


- In the reporting period, according to the plans Tikhvin Freight Car Building Plant switched its assembly line used to manufacture 25-tf solid-bottom gondolas to production of the next generation gondolas with 27-tf bogie. Recommissioning caused a one-off decrease in the 1Q 2018 output over 1Q 2017
 - The production of hopper cars increased by 50% year-over-year to 1.1 thousand units, their share in the production pattern reaching 25%. The output of other railcars grew by 159% to 461 units with their share increasing three-fold to 11%
 - UWC's management estimates the production dynamics to be positive in the upcoming quarters and confirms that the Company's production target for 2018 is 19-20 thousand railcars. The Company will be further diversifying its production, which ensures that specialized rolling stock share in total output will be increasing
 - In the reporting quarter, the Company has certified three railcar models including:
 - A gondola mounted on a 27-tf bogie with a 103-m³ body and a carrying capacity of 82 tons
 - A grain hopper car mounted on a 25-tf bogie with a 126-m³ cylindrical body
- As a result Company's product line was expanded to 54 railcar models and modifications

Notes: 1) Including production by TVSZ, TikhvinChemMash and TikhvinSpetsMash

For more details on the production pattern and dynamics see Slide 5

100% railcars sold to third parties in 1Q 2018



Notes: 1) Including the following companies: RAIL1520, RAIL1520 SERVICE, RAIL1520 LEASING, MRC 1520 and TH "UWC"

- 100% of newly produced railcars were sold to third parties under direct contracts. The largest supplies were made to GTLK (gondola and hopper cars), Logistics 1520 (hopper cars), Acron (hopper cars), and MKB-leasing to be subsequently exported to the far abroad (gondola cars). The total number of railcars supplied to these companies in 1Q was 3.2 thousand
- In 1Q, the Company sold 225 old-type box cars from its own fleet. As a result of the transaction, the proportion of the fleet's standard railcars decreased from 19% to 17%
- UNICON 1520 operated fleet at the end of 1Q comprised of 775 tank containers (+21% over 2017 end) and 389 railcars, including flat and tank cars (+15%). Total shipments stood at 49.5 thousand tons, a 8% increase over 4Q 2017

Other key events over the quarter

- UWC signed a contract with Gazpromtrans to supply 112 tank cars for molten sulfur
- UWC signed a new contract with Kronospan, the world's leading producer of particleboards, to supply 500 new generation timber flat cars

UWC Production and Fleet: Dynamics and Patterns

5

| Railcar production, units | 2016 | | | | | 2017 | | | | | 2018 |
|---------------------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | FY | 1Q | 2Q | 3Q | 4Q | FY | 1Q |
| Gondolas | 2,545 | 3,308 | 3,269 | 3,881 | 13,003 | 3,588 | 3,914 | 3,219 | 3,867 | 14,588 | 2,510 |
| Hopper cars | 459 | 374 | 652 | 808 | 2,293 | 699 | 214 | 682 | 822 | 2,417 | 1,051 |
| Tank cars | 43 | 69 | 189 | 159 | 460 | 199 | 241 | 102 | 205 | 747 | 154 |
| Other railcars* | 2 | 3 | 8 | 117 | 130 | 179 | 212 | 381 | 532 | 1,304 | 461 |
| TOTAL | 3,049 | 3,754 | 4,118 | 4,965 | 15,886 | 4,665 | 4,581 | 4,384 | 5,426 | 19,056 | 4,176 |

* Container flat cars, timber flat cars, box cars, bauxite hopper cars

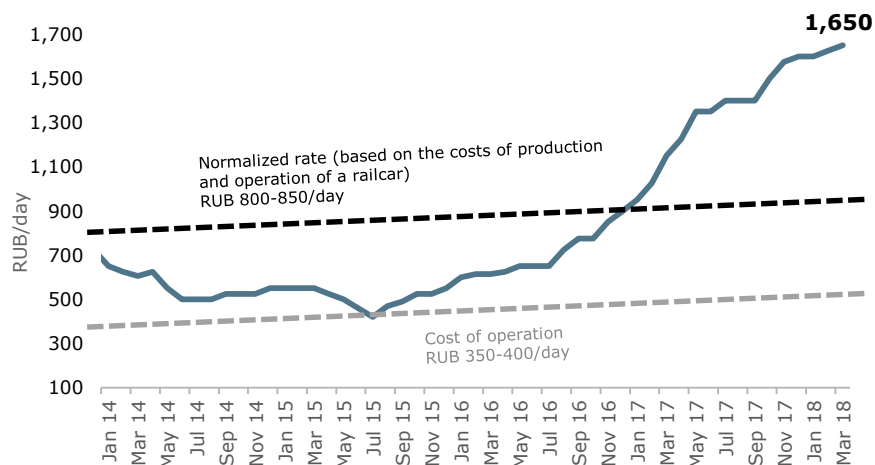
| Railcar fleet, units (at the period end) | 2016 | | | | 2017 | | | | 2018 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q |
| Innovative railcars | 10,020 | 10,155 | 10,150 | 13,008 | 10,247 | 11,733 | 11,603 | 10,770 | 10,780 |
| Gondola cars | 7,586 | 7,721 | 7,716 | 10,574 | 7,471 | 9,196 | 9,801 | 10,481 | 10,481 |
| Hopper cars | 2,428 | 2,428 | 2,428 | 2,428 | 2,769 | 2,530 | 1,755 | 192 | 192 |
| Tank cars | | | | | 1 | 1 | 39 | 79 | 28 |
| Other railcars* | 6 | 6 | 6 | 6 | 6 | 6 | 8 | 18 | 79 |
| Standard railcars | 7,962 | 7,827 | 7,825 | 7,806 | 4,773 | 2,567 | 2,497 | 2,497 | 2,272 |
| Gondola cars | 5,149 | 5,014 | 5,012 | 4,993 | 1,957 | 121 | 51 | 51 | 51 |
| Tank cars | 2,270 | 2,270 | 2,270 | 2,270 | 2,273 | 1,903 | 1,903 | 1,903 | 1,903 |
| Other railcars* | 543 | 543 | 543 | 543 | 543 | 543 | 543 | 543 | 318 |
| TOTAL | 17,982 | 17,982 | 17,975 | 20,814 | 15,020 | 14,300 | 14,100 | 13,267 | 13,052 |

* Container and conventional flat cars, box cars

Freight Car Market Overview

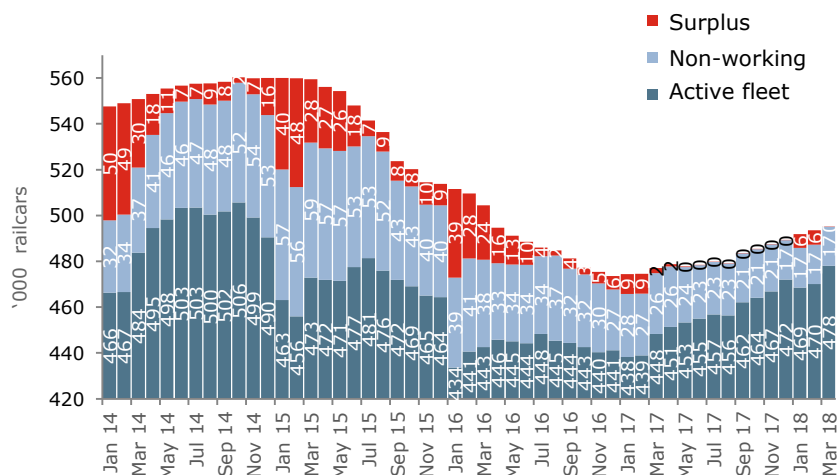
With fleet coming to balance, lease rates continued growing

Average lease rate for gondolas



* Average lease rate for a standard gondola equipped with 18-100 bogie

Gondola fleet balance

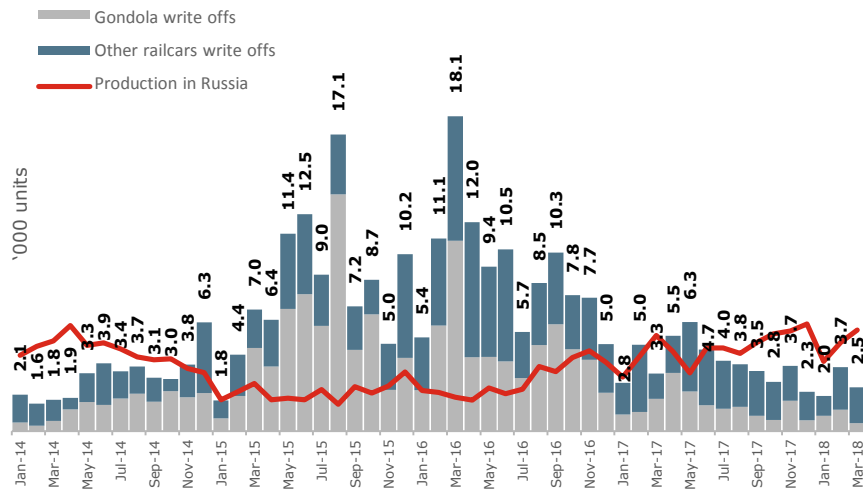


Source: The Industrial Cargoes; The Institute of Natural Monopolies Research

- The high demand for railcars stems from growing cargo base:
 - 1Q 2018 loadings increased 3.5% YoY to 315.7 mln t
 - 1Q 2018 turnover reached 636.2 bln t-km, a 4.6% increase over 1Q 2017
- Growing demand brought about increase of lease rate to 1,650 RUB/day in March 2018
- The gondola lease rate is forecast to fall to 1,200 RUB/day by the end of 2018, when the market will be saturated with new gondola cars and local railcar shortages will diminish

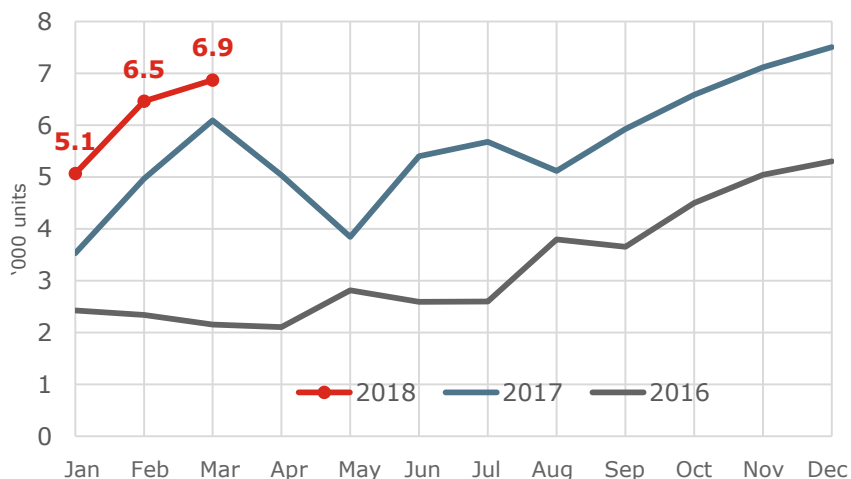
Railcar production outpaces write-offs due to growing cargo base

Monthly railcar write-offs in Russia



- Write-offs in March 2018 amounted to **3.3 thousand railcars** (including 1.8 thousand gondolas)
- At the beginning of April 2018 non-working fleet was relatively small – **54.0 thousand railcars**
- A total of 8.2 thousand railcars was scrapped in the first three months of 2018

Monthly railcar production in the CIS



- In 1Q, 18.4 thousand railcars were sold by the CIS plants, a 25% year-over-year increase
- The growing demand for gondolas is mainly spurred by the increasing cargo base, rather than by railcar write-offs

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