



# INVESTOR PRESENTATION

April 2013

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# Introduction

# TransContainer at a Glance

## Key Facts

- Established in 2006 as a 100% subsidiary of JSC Russian Railways (currently 50%+2 owned by JSC Russian Railways)
- Russia's leading intermodal container transportation and logistics company
- No.1 in Russia by volume of container transportation by rail <sup>(a)</sup>
- No.1 in Russia by container-dedicated flatcar fleet size <sup>(b)</sup>
- No.1 in Russia by volume of container terminal handling
- Asset-based integrated business model aimed to serve all types of customers
- Presence in Russia, Europe and Asia
- Listed on LSE and Moscow Exchange
- Rated Ba3 (Moody's), BB+ (Fitch)

## Financial Highlights

RUB MM	2008	2009	2010	2011	2012
Adjusted Revenue <sup>(c)</sup>	17 806	13 262	16 502	22 701	25 644
Growth		-25.5%	24.4%	37.6%	13.0%
EBITDA <sup>(d)</sup>	7 210	3 963	4 427	8 448	10 344
Adjusted EBITDA Margin <sup>(g)</sup>	40%	30%	27%	37%	40%
Net Income	3 570	589	928	3 843	5 151
Net Debt <sup>(e)</sup>	3 824	5 989	5 735	6 107	6 484
Net Debt / EBITDA <sup>(i)</sup>	0.5x	1.5x	1.3x	0.7x	0.6x

Source: Company IFRS accounts

- (a) By TEU transported by Company's flatcar fleet for 12m2012, Company data  
 (b) As of 30/09/2012, RZD Information Center  
 (c) Non-IFRS metrics derived from IFRS accounts, calculated as Revenues less Cost of Integrated Freight Forwarding and Logistics Services  
 (d) Non-IFRS metrics derived from IFRS accounts, calculated as profit before income tax + interest expense + depreciation and amortization  
 (e) Net Debt is calculated as Long-term debt, Finance Lease Obligations and Current Portion of Long-term debt less Cash & Cash Equivalents and Short-term Investments.  
 (f) All values as of the end of period  
 (g) 25,016 owned flatcars and 70 leased  
 (h) EBITDA as % of Adjusted Revenue  
 (i) 46 in Russia (owned), 18 in Kazakhstan (KDTS) and 1 in Slovakia (leased) annualised

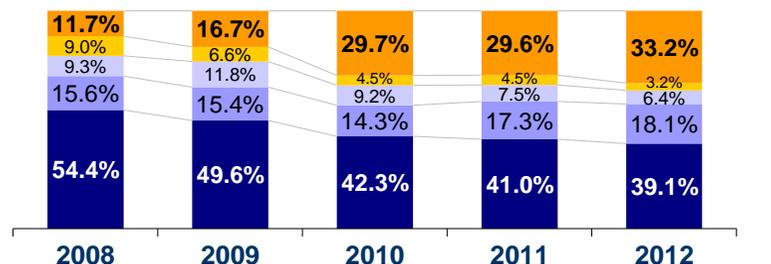
## Unique Asset Base Integrated for Logistics Solutions

As of 31 December 2012



Source: Company data

## Adjusted Revenue Composition <sup>(c)</sup>



Source: Company IFRS accounts

- Integrated Freight Forwarding and Logistics Services
- Other Freight Forwarding Services
- Truck Deliveries
- Terminal Services, Agency Fees
- Rail-based Container Shipments

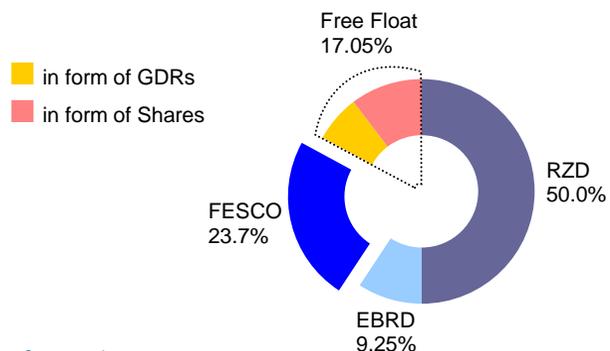


# Corporate Governance

## Key highlights

- Dec 2008: JSC Russian Railways sold 15% shares via private placement
  - TC was the first Russian railway company to tap the capital market
- Nov 2010: JSC Russian Railways sold 32%-2 shares via public placement
- TC shares are listed on Moscow Exchange (list B) and LSE (Main Market)
  - TC is the only Russian rail transportation company traded both in Moscow and in London
- The current Board of Directors was elected on 26 June 2012
  - There are 3 BoD Committees
  - Audit Committee and Personnel and Remuneration Committee are historically chaired by independent directors
- Company's Dividend Policy sets the pay-out benchmark as 25% of the Company's Net Income under RAS
- New Board to be re-elected on 14 May 2013

## Post- IPO Share Capital Structure

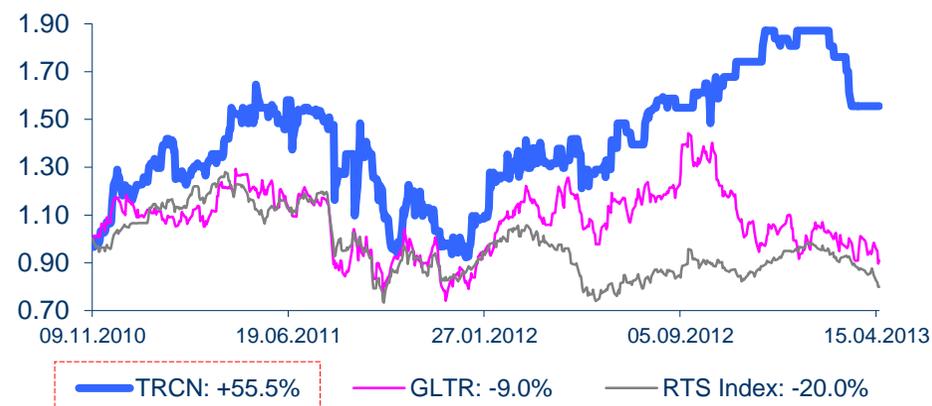


Source: Company data

## Composition of the Board of Directors

Pavel Ilyichev	RZD representative
Petr Baskakov	CEO of TransContainer
Alexey Davydov	RZD representative
Dmitry Mukhin	RZD representative
Vyacheslav Petrenko	RZD representative
Yury Novozhilov	NPF Blagosostoyanie representative
Vladimir Andrienko	Independent Director
Alexey Grom	FESCO representative
Yury Gilts	FESCO representative
David Hexter	Independent Director
Irina Shytkina	Independent Director

## Post-IPO Price Performance



Note: prices of TransContainer GDRs, GlobalTrans GDRs, and values of RTS index are re-scaled to be equal to 1.0 as of 09.11.2010  
Source: LSE, MICEX-RTS, as of 18.04.2013



# TransContainer: Investment Highlights



(a) Based on rail container transportation volumes



## Operating Performance

# Rail Container Market Trends and Fundamentals

## Russian Rail Container Volumes Grow...

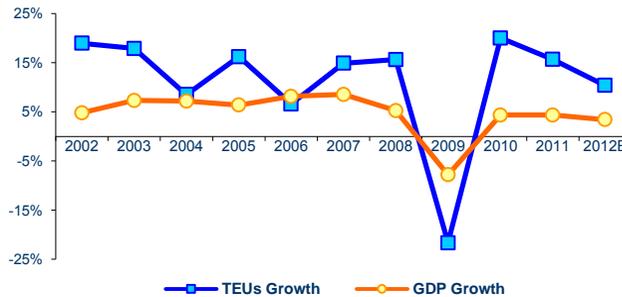
TEU MM



Source: Company estimates

## ... Driven by Growth in Real GDP

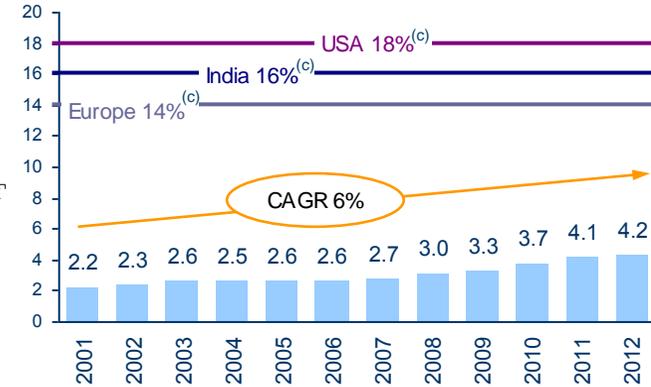
YoY Growth (%) Average Multiplier 2002-2012: 2.3x



Source: RZD, Rosstat

## ... and Low Rail Containerisation Level

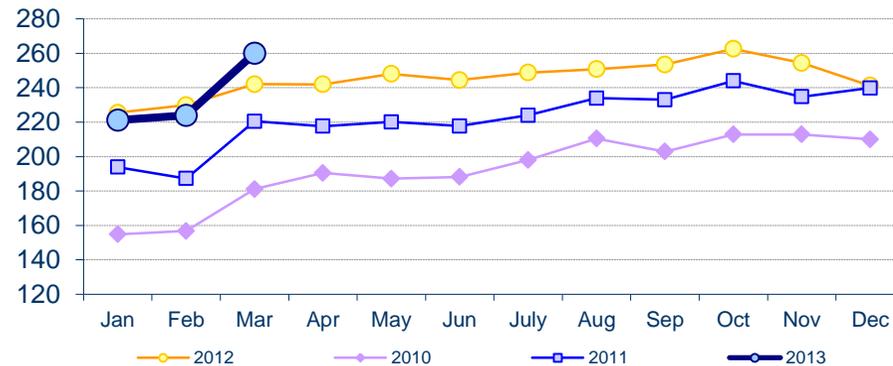
Rail containerised cargo as % of rail cargo <sup>(a)</sup> (2008)



Source: Company estimates, AT Kearney

## Monthly Rail Container Transportation Volumes

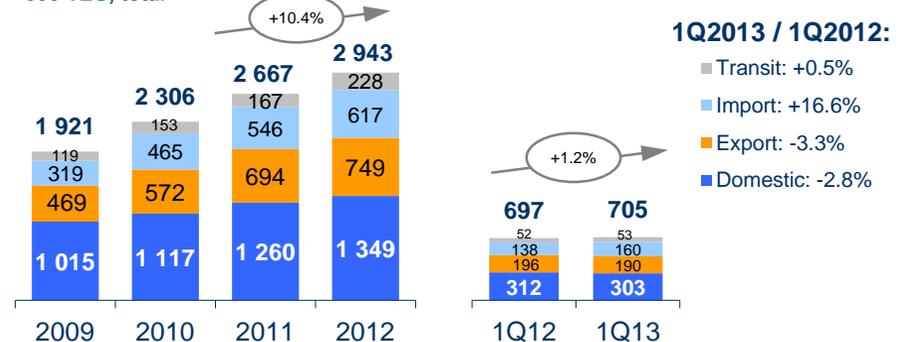
'000 TEU, total <sup>(b)</sup> Mar'13: +7.5% YoY Jan-Mar'13: +1.2% YoY



Source: RZD Information Center

## Rail container Market Development

'000 TEU, total <sup>(b)</sup>



Source: RZD Information Center

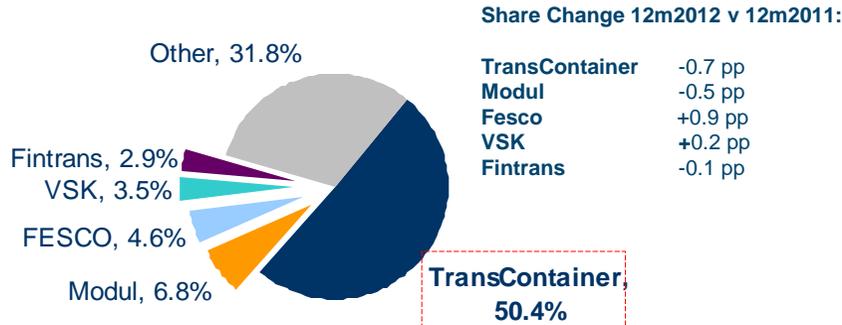
(a) The weight of cargo transported by rail in containers divided by the total weight of cargo transported by rail (excluding coal, oil and petroleum)  
 (b) ISO containers, loaded + empty  
 (c) As of 2008, AT Kearney



# TransContainer Holds Market Leadership in Key Segments

## Largest Market Share in Rail-Based Container Transportation

12m2012



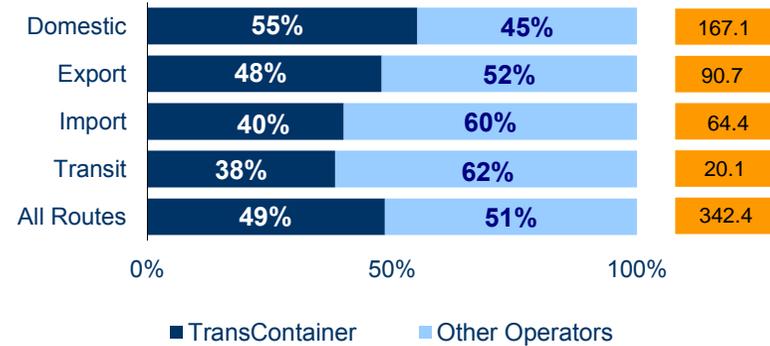
**Market size:**  
2.94 MM TEU (a)

Source: RZD Information Center

## Strong Presence on Domestic, Export and Import Routes

1Q2013, TC Share (%)

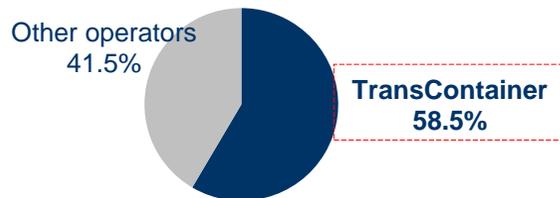
TransContainer Transportation Volume  
1Q2013, '000 TEU<sup>(b)</sup>



Source: RZD Information Center

## Largest Owner of Flatcars

By capacity in TEU, as of 31/12/2012

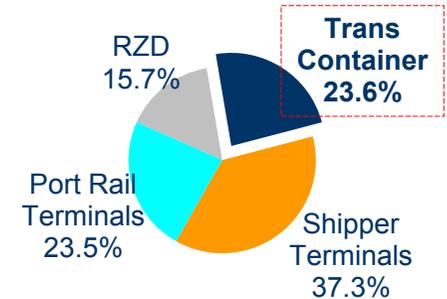


Source: RZD Information Center

## Largest Market Share of Rail-Side Container Terminal Handling

Market Structure, 1Q2013<sup>(c)</sup>

**Market size (2012):**  
5.4 MM TEU<sup>(c)</sup>



Source: RZD Information Center

(a) Total ISO containers transported by rail in Russia  
 (b) Total containers transported by Company's flatcar fleet  
 (c) ISO containers + MDC containers, Total volume for 3m2013: 1.26 MM TEU

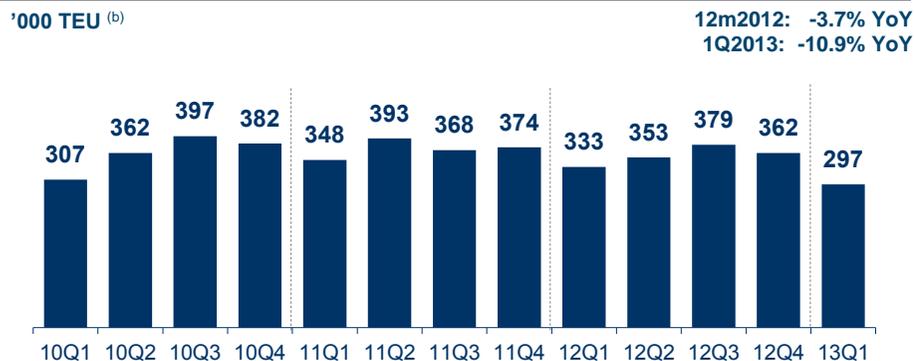


# Business Development

## Overview

- Steady growth in 2012:
  - total transportation volumes increased by 8.9% YoY
  - ... driven mainly by a 11.7% YoY increase in import transportation, and by a 2.7x YoY increase in transit transportation
  - domestic transportation accounted for 53.5% of the total transportation volume in 2012
  - Revenue-generating volumes for 12m2012 were 1,120,000 TEUs, up 9.8% YoY
- Mixed performance in 1Q 2013:
  - Transportation volumes decreased by 1.3%
  - Revenue-generating volumes stayed flat
  - a decrease in domestic transportation by 10.5%
  - ... while import volumes hiked by 36.4%

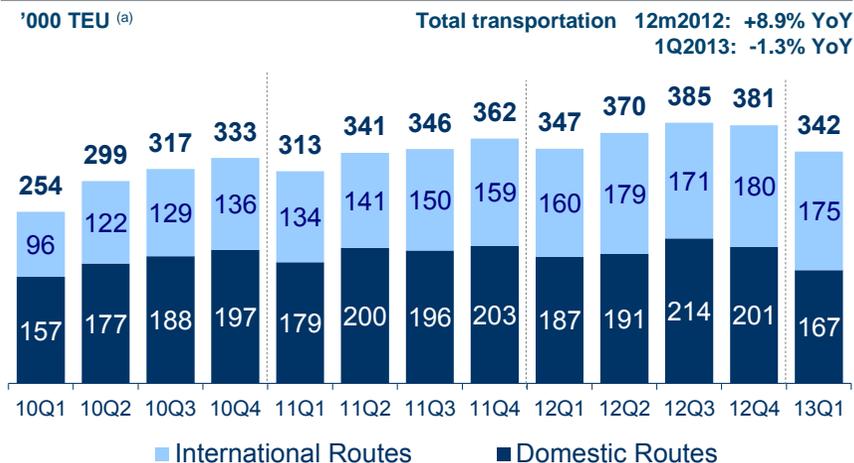
## Terminal Handling in Russia



Source: Company Data

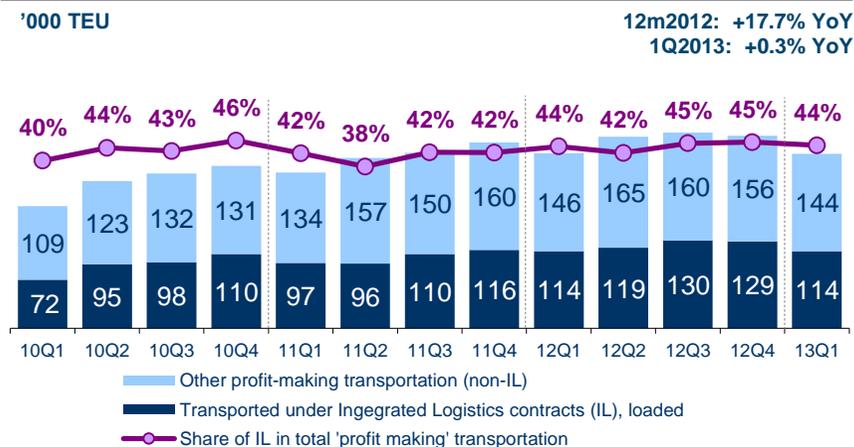
(a) Total containers transported by Company's flatcar fleet  
(b) ISO containers + MDC containers

## Transportation Volumes



Source: Company Data

## Integrated Logistics Transportation Volumes

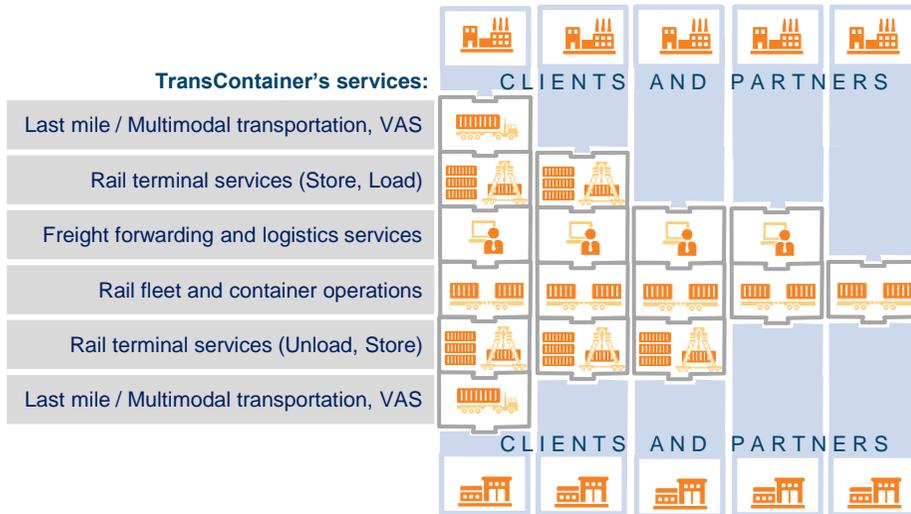


Source: Company Data



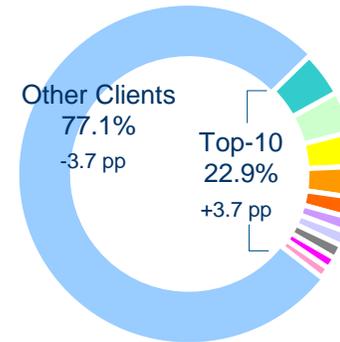
# Leveraging Business Model to Improve Customer Base

## Business model designed to fit the needs of all client types



## TransContainer's Top 10 Customers

% by total amounts billed to customers for 12m2012 (change to 12m2011)



Client ranking for 12m2012

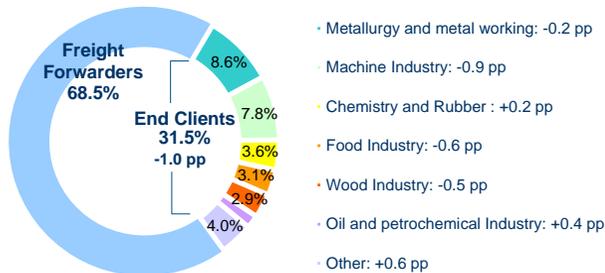
- UNICO, 4.3%
- Volkswagen, 4.0%
- Rusal, 3.4%
- Fintrans, 3.0%
- RZDL, 2.0%
- Petromaks, 1.4%
- Voskhod, 1.4%
- DelExpress, 1.3%
- VSK, 1.1%
- Parallel, 1.1%

Over 64,000 customers served in 2012

Source: TransContainer Management estimates

## Significant Direct Exposure to End Customers

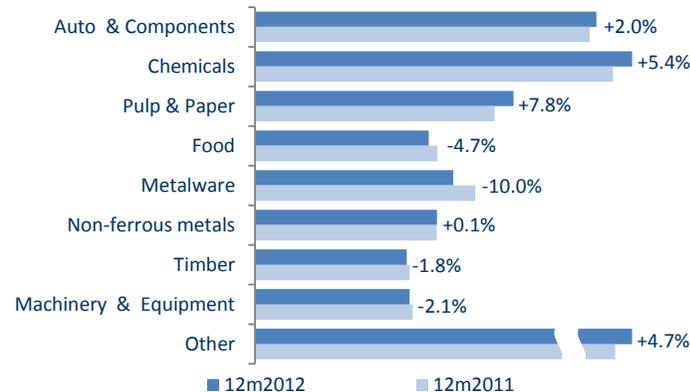
% by total amounts billed to customers, 12m2012 (change to 12m2011)



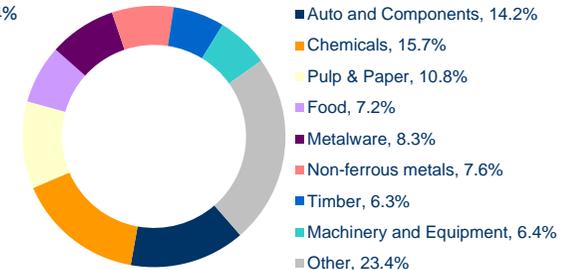
Source: RZD, TransContainer Management Estimates

## TransContainer's Transportation by Type of Cargo

% by TEU (loaded), 12m2012 (change to 12m2011)



Source: TransContainer Management estimates

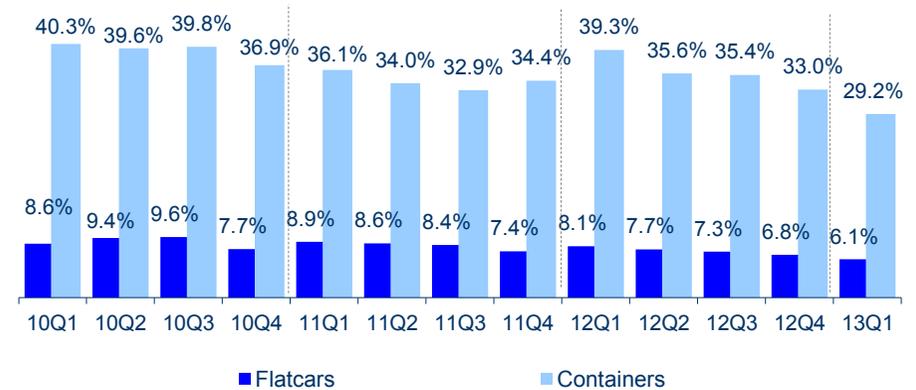


# Asset Utilisation Improvement

## Key Highlights

- The key operational metrics were back to the pre-crisis levels in 4Q 2010 and continued to improve
- Improvement in flatcar and container turnover is driven, inter alia, by increasing container transportation in block-trains.
- Improvement in empty run ratios is mainly driven by
  - Flexible tariff policy driven by container flow pattern
  - Marketing efforts focused on low back load routes
  - Fleet management optimization measures
- Average flatcar capacity fill ratio was 85.0% in 2012 vs. 84.0% in 2011

## Empty Run Ratios\*



Source: Russian Railways, TransContainer Management Estimates,

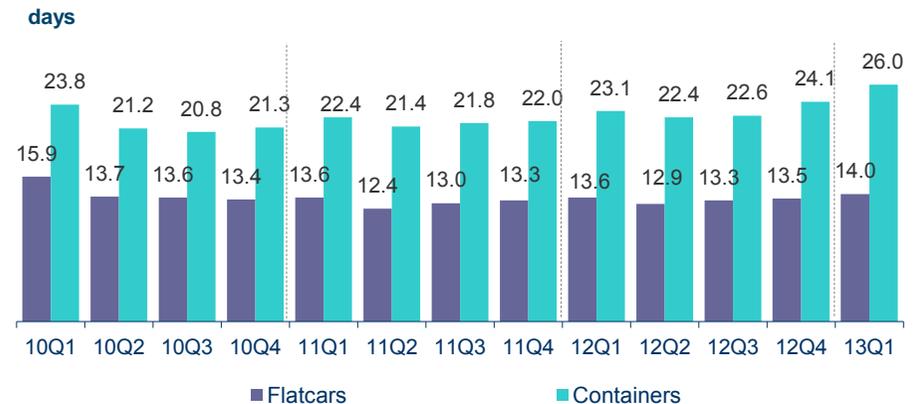
\* Empty run ratio is calculated as an average empty run in kilometers divided by an average total run in kilometers

## Containers Transported in Block-Trains



Source: TransContainer Data

## Turnover



Source: TransContainer Data

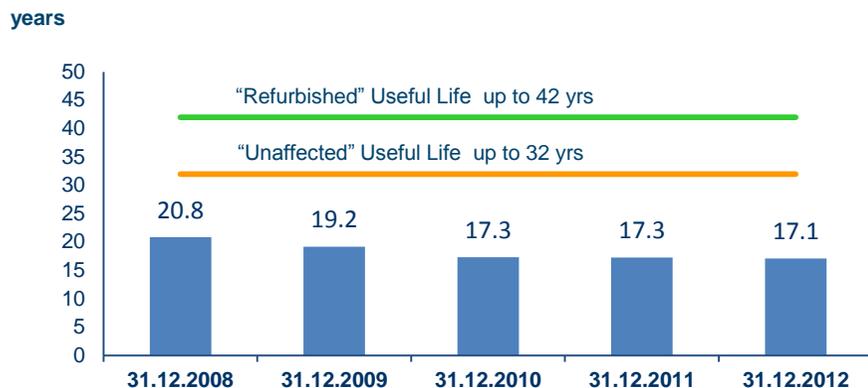


# Investment Program Aimed at Asset Quality Enhancement

## Overview

- Company's capital expenditures are primarily focused on acquisition of rolling stock and improving the terminal infrastructure
  - Acquisition of 813 units of 80ft flatcars and 1,575<sup>(a)</sup> units of 40ft flatcars in 2012
  - Modernisation of the key rail-side terminals which are expected to be overutilised in the near term:
    - Yekaterinburg, Bazaikha, Moskva-Paveletskaya, Lagernaya and others
- CAPEX to be financed primarily from internally generated cash flow
- CAPEX programme for 2013-2015 has been approved by the Board of Directors

## Flatcar Fleet Average Age

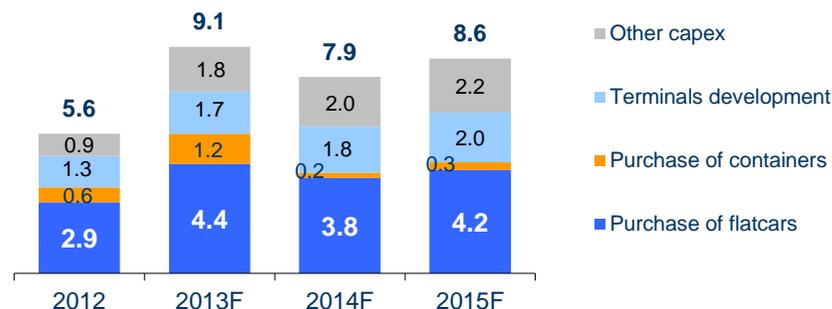


Source: TransContainer data

(a) Including purchase of 1,125 units previously leased

## CapEx Program

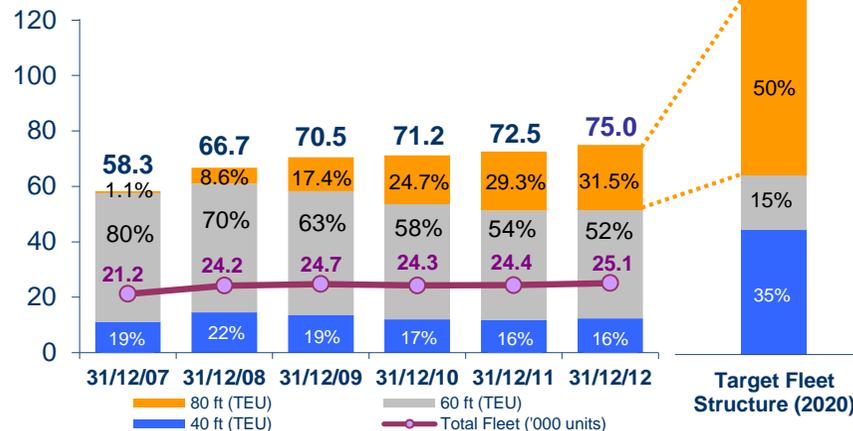
Bn RUB



Source: TransContainer Data

## Flatcar Fleet Improvement

Fleet Capacity, '000TEU



Source: Company data



## VALUE FOR SHAREHOLDERS

### Market leadership

- Remain No.1 market player in Russia and CIS
- Keep setting up market standards
- Explore new opportunities
  - new regions
  - new projects
  - new services

### Growth

- Organic growth on key markets
  - By 2020:
    - 42 thousand flatcars
    - 2.7 mln TEU/year to be transported
- Opportunistic M&As in new segments

### High-value services

- Customise ILS to various customer types
- Include new value-added services into ILS package
- Improve and integrate IT systems
- ILS to reach 50% of adjusted revenues

### Business efficiency

- Optimise assets structure
- Enhance assets utilisation
- Improve profitability





## Geographical Footprint



# Go Beyond the Borders to link the East and the West

## Expansion Policy

- Presence in all key regions of Russia-bound container flows origin
- Control over the key entry points into 1520 rail gauge area
- Combining counter-flows to optimise empty runs

## New opportunities

- The Customs Union of Russia, Kazakhstan and Belorussia launched in 2011
- EU and China – the largest trade partners
- Fast development of North-Western and Central China

-  Rail-side terminals in Russia
-  Rail-side terminals in Kazakhstan
-  Cross-border terminals
-  1520 area border
-  Regions of Company's presence



Source: TransContainer



Source: KDTS



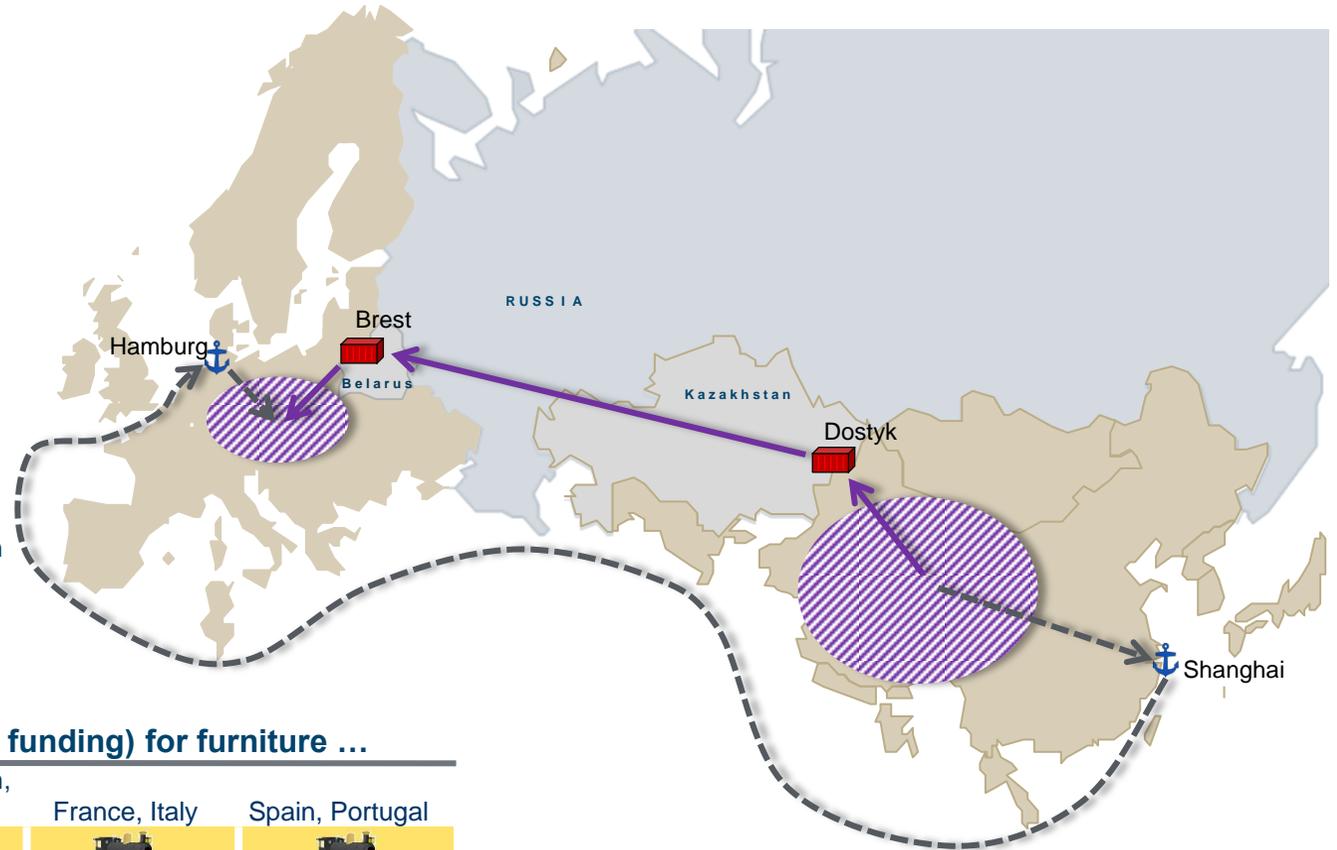
Source: TransContainer



# Rail wins for transportation from Western China to Central Europe

## Western China to Develop Fast

- Western China:
  - 10 regions
  - 56% of Chinese area
  - 23% of Chinese population
  - National Program of Western China Development
- February 2012: “China Western Development planning 2011-2015” adopted:
  - More than USD 1,000 billion investment
  - 15,000 km of new rail track
  - Xinjiang Uygura Region: USD 104 billion investment
  - Sichuan Region: Tax-free hi-tech zone with 173 world leading companies localised



## Estimated total costs (transportation + funding) for furniture ...

	Poland, Slovakia	Germany, Belgium, Netherlands	France, Italy	Spain, Portugal
Western China				
Central China				
Eastern China				

Total costs are lower for rail route  
 Total costs are lower for sea route

**... are competitive for rail transit of high-value goods through the CIS**

## Major Chinese ports are overloaded

Use of Capacity, 2012:

- Shanghai – 125%
- Guangzhou – 122%
- Qingdao – 107%



# Western China gravitates to rail container export to EU via Dostyk

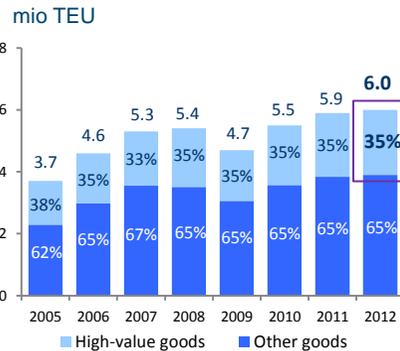
## Transportation by rail is faster but more expensive ...

	Chongqing – Duisburg	Distance	Time	Price per TEU
1	By sea	~ 20 000 km	45-60 days	
2	By rail via Dostyk	~ 10 700 km	16-21 days	
3	By rail via Zabaikalsk	~ 12 800 km	32 days	

Source: Company data

... but for high-value goods rail is competitive if value of time is considered

## China-EU Trade contains 35-40% of high-value goods ...



- Electronic gadgets
- Equipment
- Machinery
- Auto components
- Fashion clothes

- High working capital finance costs
- Low share of logistics costs in final price
- Short shelf life / fast change of trends

... highly sensitive to delivery time



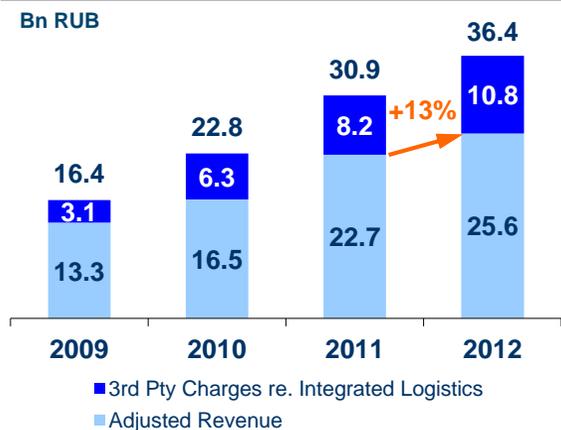


## Financial Results



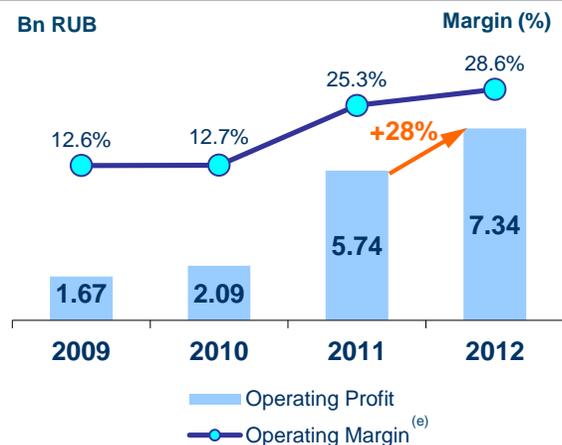
# Key Financial Highlights

## Revenue and Adjusted Revenue (a)



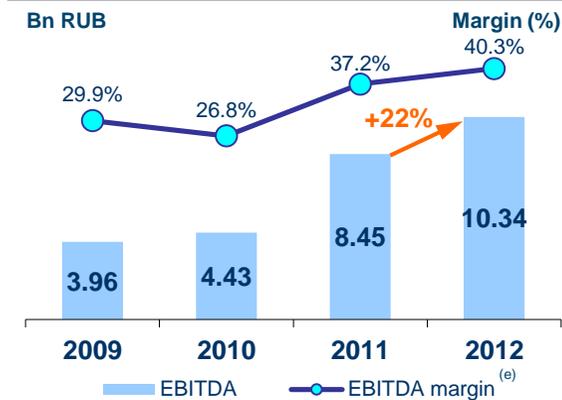
Source: IFRS accounts

## Operating Profit



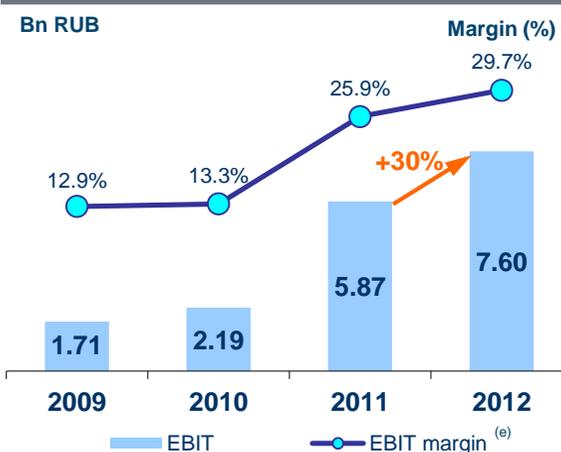
Source: IFRS accounts

## EBITDA (b)



Source: IFRS accounts

## EBIT (c)



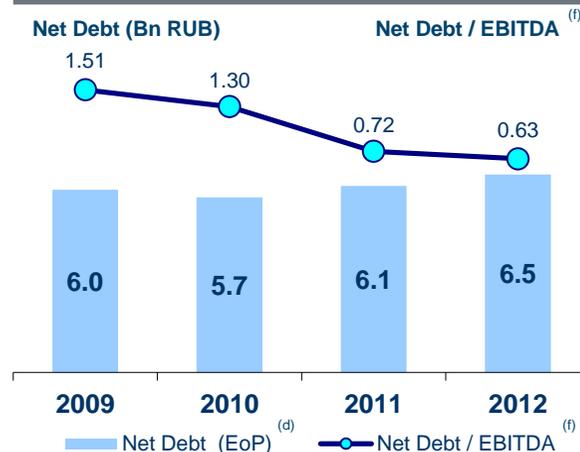
Source: IFRS accounts

## Net Income



Source: IFRS accounts

## Financial leverage



Source: IFRS accounts

(a) Non-IFRS metrics derived from IFRS accounts, calculated as Revenues less Cost of Integrated Freight Forwarding and Logistics Services

(b) Non-IFRS metrics derived from IFRS accounts, calculated as Profit before Income Tax + Interest Expense + Depreciation and Amortisation

(c) Non-IFRS metrics derived from IFRS accounts, calculated as Profit before Income Tax + Interest Expense

(d) Net Debt = Long-term and short-term debt (including accrued interest) – cash & cash equivalents – short-term and long-term financial investments

(e) As % of Adjusted Revenue

(f) EBITDA annualised



# Revenue Composition

## Review of Adjusted Revenue

- Adjusted Revenue: + 13.0%
- Rail Based Container Transportation: + 7.5%
  - Increase in non-IL revenue-generating volumes<sup>(c)</sup> by 4.3%
  - Increase in client containers share from 31.5% to 35.1%
  - Pricing policy
- Integrated Freight Fwd and Logistics Services: + 26.9%
  - Transportation volumes under integrated logistics contracts (loaded containers): + 17.7%
  - Pricing policy
  - Consolidation of subsidiaries
- Terminal, Agency Fees and other services<sup>(b)</sup> : + 17.9%
  - KDTS consolidation
  - Terminal handling volumes in Russia: -3.7%
- Truck Deliveries: - 4.6%
  - Transportation volumes: - 8.3%
- Other Freight Forwarding and Logistics Services: - 18.7 %
  - Change in service structure of KDTS due to unification of its business model with the one of TC

## Key Revenue Drivers, 12m2012

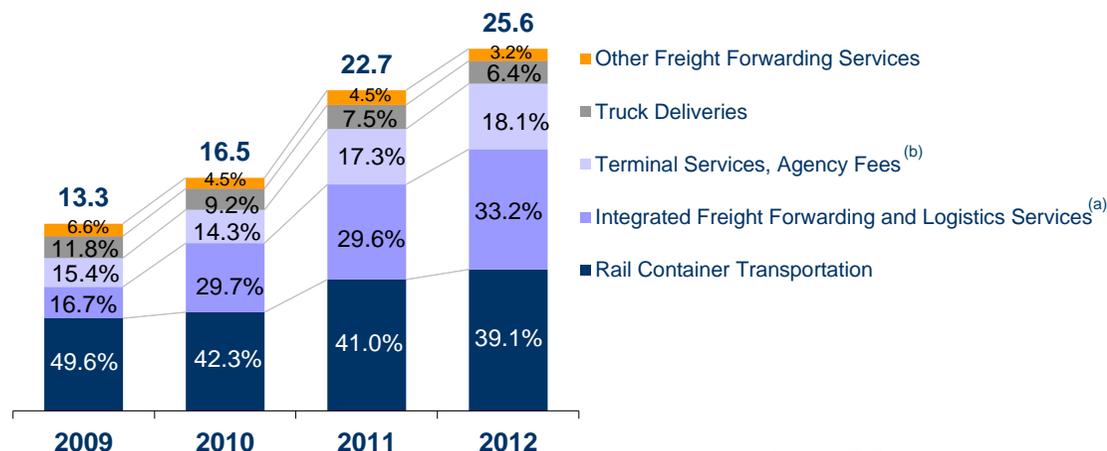
Bn RUB



Source: IFRS accounts

## Adjusted Revenue Composition<sup>(a)</sup>

Total (Bn RUB)



Source: IFRS accounts

(a) Non-IFRS metrics derived from IFRS accounts, calculated as Revenues less Cost of Integrated Freight Forwarding and Logistics Services  
 (b) Includes bonded warehousing and Other revenues  
 (c) Other than implemented under integrated logistics contracts



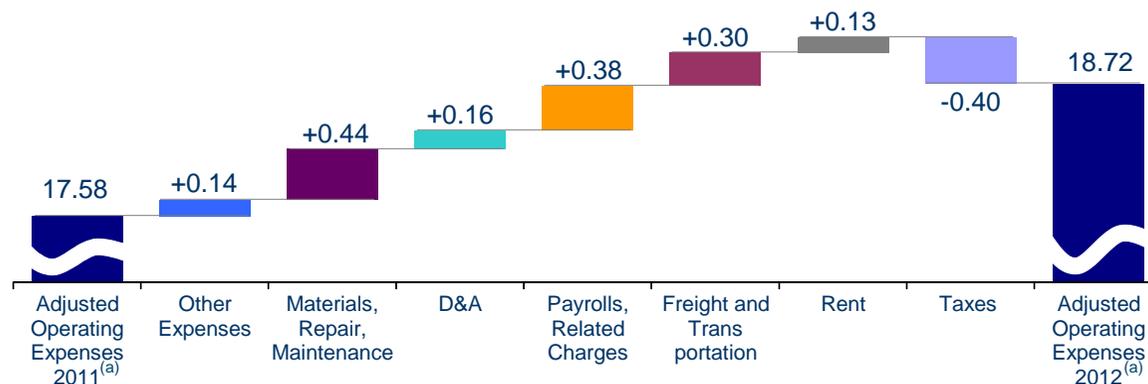
# Cost Composition

## Adjusted Operating Expenses Overview

- Adjusted Operating Expenses: + 6.5%
- Freight and Transportation Services: + 6.4%
  - RZD tariffs: + 6.0%
  - Transportation volumes by TC's own containers: + 3.2%
  - Container empty runs grew from 34.4% to 35.9%
  - Reduction in outsourced trucking
- Payrolls and Related Charges: + 8.0%
  - Consolidation of KDTS
  - Salary indexing and growth in performance-linked part of salaries
  - TransContainer average headcount: -4.0%
  - One-off effect of reserve creation in 2011 for corporate fidelity incentive programme
- Materials, Repair and Maintenance: + 18.7%
  - Consolidation of KDTS
  - Average flatcar repair price increase
- Depreciation and Amortisation: + 6.3%
  - Consolidation of KDTS
  - Purchase of new flatcars, containers, lifting equipment

## Key Cost Drivers, 12m2012

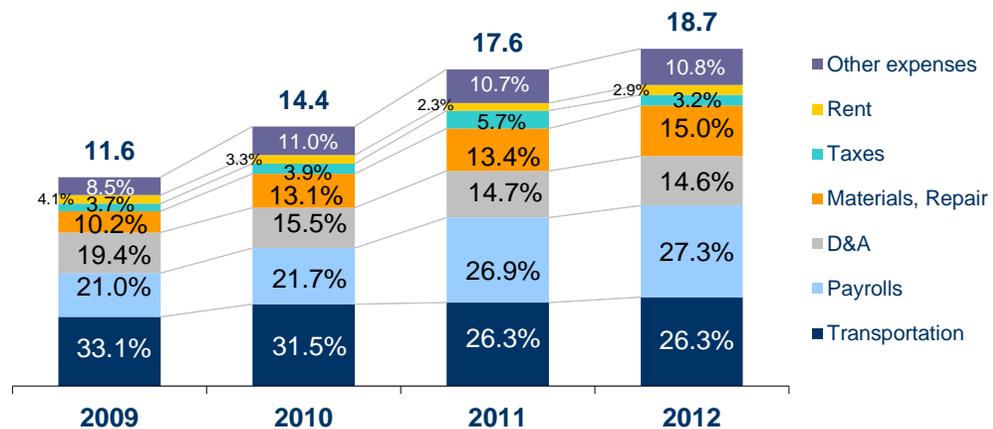
Bn RUB



Source: IFRS accounts

## Adjusted Operating Expenses Structure (a)

Total (Bn RUB)



Source: IFRS accounts

(a) Non-IFRS metrics derived from IFRS accounts, calculated as Operating Expenses less Cost of Integrated Freight Forwarding and Logistics Services



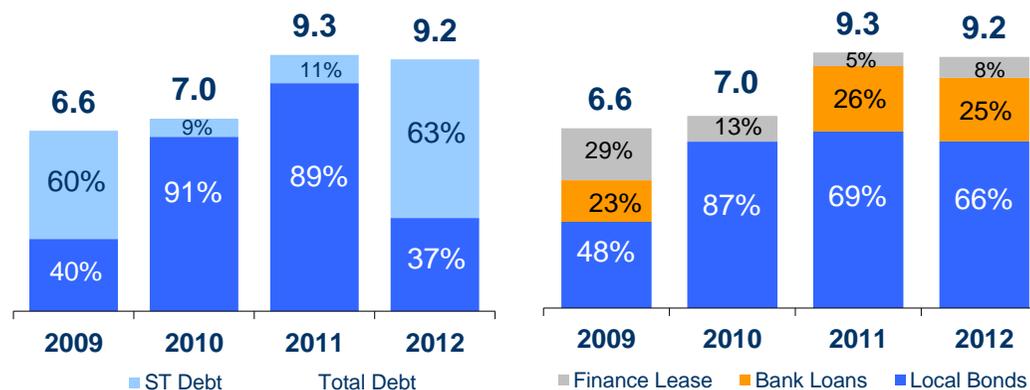
# Financial Leverage

## Debt Overview

- Strong financial position of the Company:
  - Net Debt = RUB 6.5 bn.
  - Net Debt / Annualised EBITDA = 0.63
- All the debt is local currency-denominated and fixed-rated
- New bond issue in February 2013:
  - RUR 5 bn, 5-year amortising bonds
  - Placed at historical low rate for TC and the lowest rate in BB category
  - Strong investor interest – 7.5x oversubscription (at initial pricing)
  - Proceeds used for refinancing corporate debt
- Major part of TC debt is represented by Russian bonds
  - fixed coupon:
    - 8.80 % p.a. for Bonds Series 02
    - 8.35 % p.a. for Bonds Series 04
- No significant near-term maturity events
- TransContainer has been rated since 2009
  - Moody's Ba3 (Stable); Fitch BB+ (Negative Watch)
  - Ratings are under pressure due to expected RZD divestment
- High availability of credit resources:
  - TC-02 and TC-04 are eligible for repo transactions with the Bank of Russia

## Gross Debt Structure

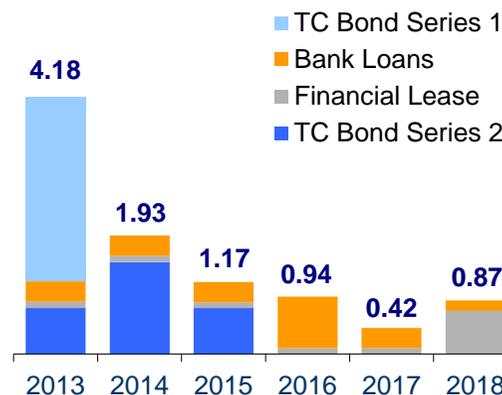
As of end of each period (balance value) Bn RUB (as of 31/12/2012)



Source: IFRS accounts

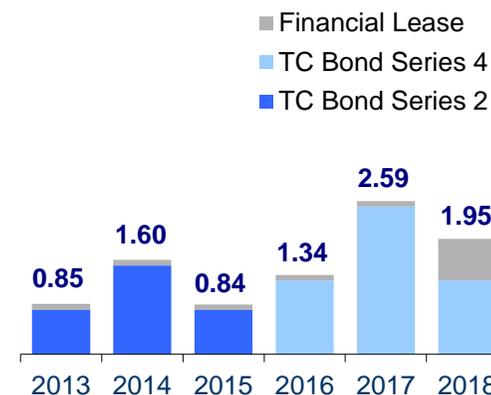
## Debt Maturity profile as of 01/01/2013<sup>(a)</sup>

Bn RUB



## Debt Maturity profile as of 01/03/2013<sup>(a)</sup>

Bn RUB



Source: Company data

(a) Cash Repayment Basis  
 (b) Financial lease, including accrued interest





## Appendix



# Overview of Russian Railway Reform Program



<i>Stage completed</i>	<i>Stage completed</i>	<i>Ongoing Stage</i>
<ul style="list-style-type: none"> <li>• Regulatory and operating functions for railway transport separated</li> <li>• RZD formed in October 2003</li> <li>• Separation of RZD’s business activities into branches</li> </ul>	<ul style="list-style-type: none"> <li>• Development of free market competition                             <ul style="list-style-type: none"> <li>– Separation of business segments into independently-operated subsidiaries</li> <li>– Sale of equity stakes in core rail freight transportation subsidiaries (TransContainer)</li> </ul> </li> <li>• Divesting of equity stakes in certain non-core subsidiaries</li> <li>• Establishment of Federal Passenger Company, Freight One and Freight Two</li> </ul>	<ul style="list-style-type: none"> <li>• Divesting of equity stakes in core freight subsidiaries                             <ul style="list-style-type: none"> <li>– a 75% and a 25% stakes in Freight One were sold in 2011 and 2012 resp.,</li> <li>– Selling down of non-core assets</li> </ul> </li> <li>• Unification of empty run tariffs</li> <li>• Liberalisation of locomotive services market                             <ul style="list-style-type: none"> <li>– Up to 10% of locomotive services may be rendered by private operators (local routes only)</li> </ul> </li> </ul>

## Development of TransContainer

<ul style="list-style-type: none"> <li>• TransContainer MRT Russia was formed as a state enterprise to operate certain container transportation assets previously operated by regional state enterprises within the Ministry of Railway Transportation</li> <li>• TransContainer operated as a branch of RZD between 2003 and 2006</li> </ul>	<ul style="list-style-type: none"> <li>• In 2006, TransContainer was established as a separate legal entity with the relevant assets contributed by RZD</li> <li>• In 2008, RZD sold a 15% stake in TransContainer to private investors</li> <li>• In November 2010, Russian Railways sold 35%-2 shares of TransContainer by means of a public offering with listing on LSE, MICEX and RTS.</li> </ul>	<ul style="list-style-type: none"> <li>• Further privatisation of TransContainer is being discussed between RZD and the Russian Government.</li> </ul>
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# Unique Tariff Structure of Russian Rail Market Favoring Container Transportation

## Comments

- Containers are considered an independent cargo class
  - Approximate Class II tariffs
- Less expensive to transport Class III cargo in containers leading to a greater demand from such sectors as aluminum producers, some types of bulk liquids, etc.
- Further pricing advantage from the ability to form block-trains, which benefit from additional RZD pricing discounts
- This approach to ratification of container transport is unique for Russia compared to other countries



## Cargo Type

### ***Class I***

- Iron ore
- Coal
- Coke
- Cement
- Wood
- Gravel



### ***Class II***

- Grains
- Crude oil and oil products
- Foods and animals
- Fertilizers



### ***Class III***

- Lubricants
- Pulp and paper
- Ferroalloys
- Nonferrous materials
- Metalware and autoparts



# Russian BB-rated bond issues, year to date

## TransContainer's RUB 5 bn 5 year amortising bonds issued on 1 February 2013

- The issue was priced the best among Russian BB rated bond issuers :
  - The lowest coupon rate of the peer issues with similar or shorter tenors

Issuer	Rating S&P/Moody's/Fitch	Volume, RUB mln.	Tenor, yr	Coupon, % p.a.	Pricing date
<b>TransContainer</b>	n.a. / <b>Ba3 / BB+</b>	<b>5 000</b>	<b>5 (amortizing)</b>	<b>8,35%</b>	<b>30.01.2013</b>
MRSC Ural	n.a. / Ba2 / n.a.	3 000	3	8,40%	29.01.2013
Metalloinvest	BB- / Ba2 / BB-	10 000	5	8,90%	06.02.2013
Bashneft	n.a. / Ba2 / BB	15 000	5	8,65%	07.02.2013
Vimpelcom (Eurobonds)	BB / Ba3 / n.a.	12 000	5	9,00%	07.02.2013
RusHydro	BB+ / Ba1 / BB+	20 000	5	8,50%	08.02.2013
MOESC	BB- / Ba2 / n.a.	5 000	3	8,50%	13.02.2013
Magnit	BB- / n.a. / n.a.	5 000	3	8,50%	20.02.2013



# KedenTransService: Establishing Business in the Central Asian Crossroad

## Key Facts

- Rail transportation market of Kazakhstan:
  - The 2<sup>nd</sup> largest market in the 1520 wide-gauge zone
  - Key link in the transport system of Central Asia
  - The gateway from China to Kazakhstan, Central Asia, Russia and Europe
  - High growth potential driven by economic development and growing containerisation
- KedenTransService: The leading operator of rail-side cargo terminal facilities in Kazakhstan
  - Operates Dostyk container transshipment facilities on Kazakh-Chinese border
  - Operates 18 rail-side freight terminals at the busiest transport routes in Kazakhstan
  - Owns 30 locomotives
  - Provides rail transportation and Freight Forwarding services
  - 67% owned by JSC TransContainer since 2011

## KedenTransService assets are located on the key transport routes



## Strong financial and operational results

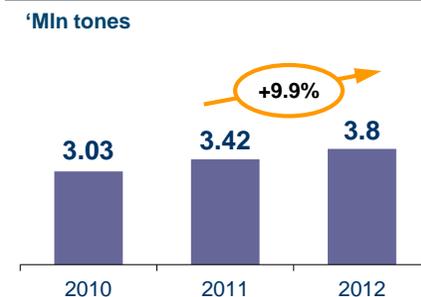
USD million	2007	2008	2009	2010	2011
Revenue	143.9	89.9	41.8	44.7	62.8
EBITDA	21	27	15.3	12.3	18.3
EBITDA Margin	15%	30%	37%	27%	29%
Net Debt				-3.6	0.6

Source: Kedentransservice IFRS consolidated financial statements  
 Notes: (a) – by containers, excluding Dostyk; (b) – by tones, import; (c) – by containers, import

## Container Handling in Dostyk



## Non-container Cargo Handling





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