Brunswick Rail

1H 2013 financial and operational results

September 19 2013

BRUNSWICK RAIL

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Presentation of information

The financial information presented in this presentation is derived from the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2013, prepared in accordance with International Financial Reporting Standards.

The Group's consolidated financial statements for the reporting period are available at Brunswick Rail corporate website (www.brunswickrail.com).

The consolidated financial statements are presented in US Dollars, which the Group's management believes to be better understood by the principal users of the financial statements. The functional currency of the Company and its subsidiaries is the Rouble. The balance sheets of the Group's companies are translated into US Dollars, at the exchange rate prevailing at the date of the relevant balance sheet, whereas income and expense items are translated into US Dollars at the average monthly exchange rates using the official exchange rates of the Central Bank of the Russian Federation, which approximate the exchange rate existing at the date of the transactions, in accordance with IAS 21 ''The Effects of Changes in Foreign Exchange Rates''. All resulting foreign currency exchange rate differences are recognized in other comprehensive income.

In this presentation the Group has used certain non-IFRS financial information and operating measures as supplemental measures of the Group's operating performance. If this information requires additional explanation, definitions are provided at the end of this presentation.

The Group has obtained certain statistical, market and pricing information that is presented in this presentation on such topics as the Russian freight rail transportation market, and related subjects from the following third-party sources: Federal State Statistics Service of Russian Federation ("Rosstat"), OJSC Russian Railways ("RZD"), publicly available industry researches published by industry consulting firms (including, INFOLine and Industrial Cargoes magazine). The Group has accurately reproduced such information and, as far as it is aware and is able to ascertain from information published by such third party sources, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Group has not independently verified this third-party information. In addition, the official data published by Russian governmental agencies may be substantially less complete or researched than that of more developed countries.

All non-IFRS financial and operational information presented in this presentation should be used only as an analytical tool, and investors should not consider such information in isolation or in any combination as a substitute for analysis of the Group's consolidated financial statements under IFRS, which are available at Brunswick Rail corporate website (www.brunswickrail.com).

Presenting team

Alex Genin
CEO

Nicolas Pascault
Managing Director / CFO

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Key highlights in 1H’13

Market trends

- **Market conditions** in the Russian railways space have remained challenging but freight volumes are starting to see signs of stabilization, the softness we have seen in the market is not as pronounced as it was in Q1’13
- **Gondola spot lease rates** have been stabilizing since the lows in Q1’13 and after falling about 60% in the last 12 months. Spot rates are now at RUR 600-650 (USD 18-20) in Jul-Aug’13 from RUR 500-550 (USD 15-16) in Q1’13. We do not expect significant improvement in rates this year
- Daily spot lease rates for **specialized cars**, oil tanks in particular have come under substantial pressure in recent months
- **Railcar production levels** remain significantly above sustainable demand, putting near-term lease rates under pressure
- **New gondola prices** continue to track close to the average cost of production, leaving producers with low margins

Operational highlights

- The Group has negotiated with clients to maintain utilization at 100% and extend tenor of lease contracts
- BR portfolio rates showed resilience vs. the market:
  - Average adjusted BR **gondola portfolio lease rate** declined by 33% vs. a 60% drop in the market spot rate since the Q1’12
  - Average adjusted BR **oil tank portfolio lease rate** declined by 13% vs. a 27% drop in the market spot rate since the Q4’12
- During 1H’13 the Company continued to diversify the fleet and took delivery of 1,970 new railcars, of which 1,870 were tank cars
- **Repair and Maintenance Costs** have increased in 1H’13, due to gradual ageing of the fleet, higher depot repairs and one-off costs of USD 4m
- Client **payment performance** remains strong
- The Company continues to see exciting opportunities for both **organic growth** and **M&A**

Financial highlights

- **Gross revenue** in 1H’13 declined by 9.7% from USD 151.2m in 1H’12 to USD 136.5m in 1H’13
- **Adjusted EBITDA** declined by 25.5% from USD 132.6m in 1H’12 to USD 98.8m in 1H’13
- **Adjusted EBITDA margin** contracted to 72.4% in 1H’13 from a record high 87.7% in 1H’12

Corporate reorganization to simplify structure and reduce costs

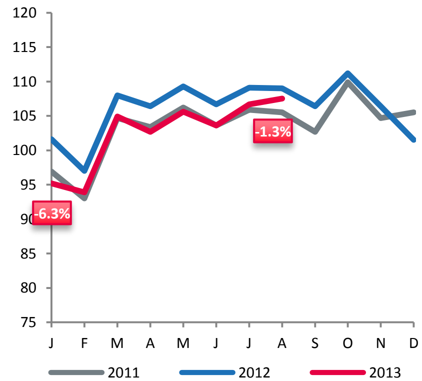
- Management has made significant progress in the **internal reorganization of the Group**
- This process is to be completed by YE’13, making the Group more transparent for capital market transactions, in particular ruble bonds, and cost efficient
- Elimination of property tax, will result in improved Company’s performance with full effect from the end of 2013

Latest market trends

Softening of rail transportation volumes in 2013 is slowing down

- In Aug'13 rail transportation volumes are still below 2012 levels: -1.3% vs Aug'12
- Main drivers of decline in freight volumes in Aug'13 were:
  - Construction materials, ferrous metals: finishing of preparations for Sochi Olympics and Kazan Student Games
  - Oil products: lower transportation volumes to China due to VSTO pipeline

Rail transportation in Russia, m tons

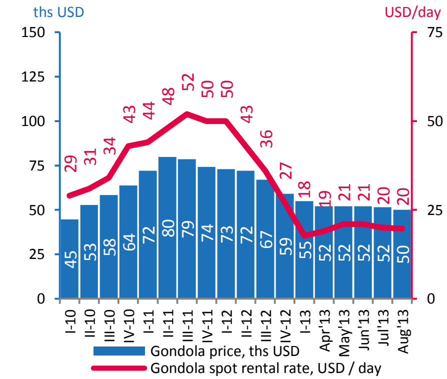


Source: Rosstat, RZD

Gondola rental rates and prices have stabilized…

- Gondola spot market daily rates have stabilized in Q2-Q3 2013 around RUR 600-650 (USD 18-20) per day
- We still expect market rates to drop from their current levels toward the end of 2013 due to on-going gondola overproduction and seasonal decrease in transportation volumes
- New gondola prices continue to track close to the average cost of production leaving producers with low margins

Gondola spot market daily rate and average new gondola price

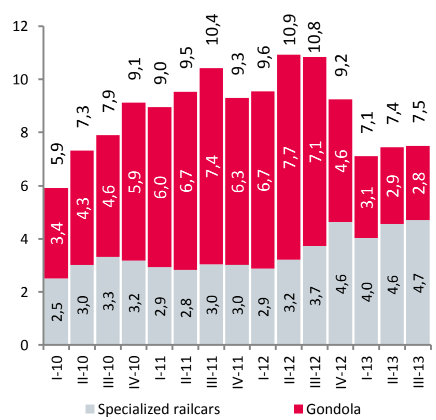


Source: Industrial Cargoes, INFOLine

Railcar production levels remain significantly above sustainable demand

- Production has grown in Q3'13 vs. Q1-Q2 2013 mainly due to specialized railcars: grain hoppers, box cars
- Production of gondolas continues to slowly decrease
- A significant part of new railcar production was purchased by leasing and transportation companies affiliated with producers (UVZ, Tikhvin)
- Despite the Russian government's announced intentions to support domestic producers, no actual measures have been taken so far

Average monthly railcar production in CIS, ths units

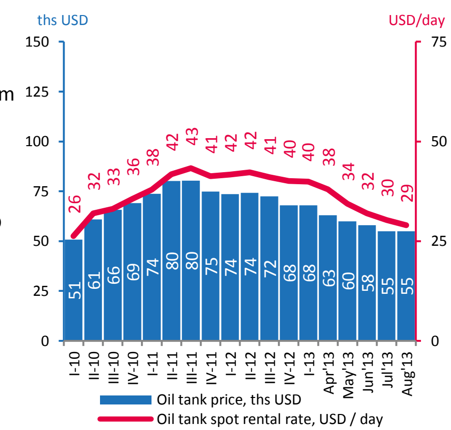


Source: Industrial Cargoes

…while rates for specialized cars continue to weaken

- Oil tank spot market rates decreased from RUR 1 250 (USD 40) per day in Q1'13 to RUR 900-950 (USD 27-29) per day in Aug'13
- Oil tank prices have decreased from USD 68 ths in Q1'13 to USD 55 ths in Aug'13
- Rental rates on other specialized railcars have also continued to decline

Oil tank spot market daily rate and average new oil tank price



Source: Industrial Cargoes

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Operational highlights and fleet update

Gondola fleet update

- By the end of Jun'13 the entire BR gondola lease portfolio was remarketed or renegotiated with clients. In exchange, BR obtained extensions of lease tenor and favorable indexation options

Tank car fleet update

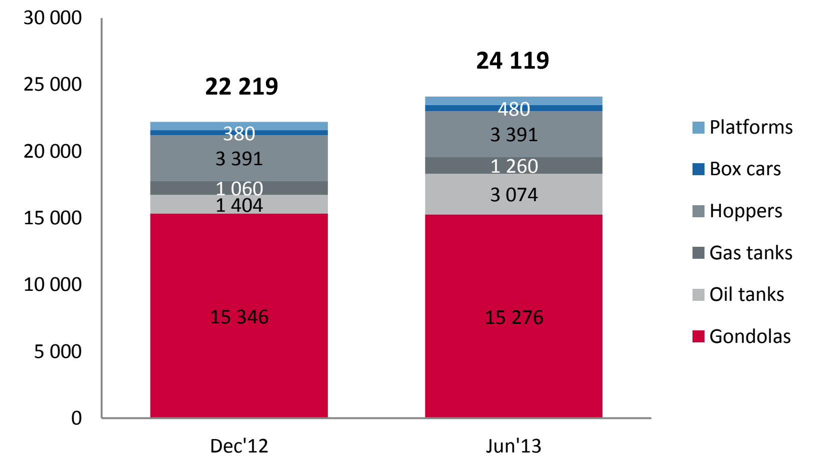
- Tank fleet increased by 1,870 (1,670 oil tanks and 200 gas tanks) railcars to 4,334 units in 2013 as railcars were delivered to new and existing clients

Resilient portfolio indicators

- 100% fleet utilization maintained
- Share of full-service leases has increased from 52% to 64%
- Higher diversification: share of oil and gas tank cars in the portfolio has increased from 11% to 18%
- Average Remaining Lease Tenor has remained at 3.0 years
- Average Fleet Age is at 5.1 years

Operational highlights	31/12/2012	30/06/2013
Operating Lease Fleet	19 759	21 386
Finance Lease Fleet	208	208
Transportation Fleet	2 252	2 525
Total Existing Fleet	22 219	24 119
Committed undelivered railcars	1 970	112
Total Fleet	**24 189**	**24 231**
Operating Lease Fleet metrics		
Number of lease clients	28	27
Average Remaining Lease Tenor (years)	2.9	3.0
Retention Rate (for prior 12 months)	88.3%	79.6%
Utilization Rate	100%	100%
Share of contracts in USD (by revenues)	66%	60%
Full-service Lease share (by railcars)	52.2%	64.3%
Triple-net Lease share (by railcars)	47.8%	35.7%
Total Fleet Average Age (years)	5.0	5.1

Total Existing Fleet, units

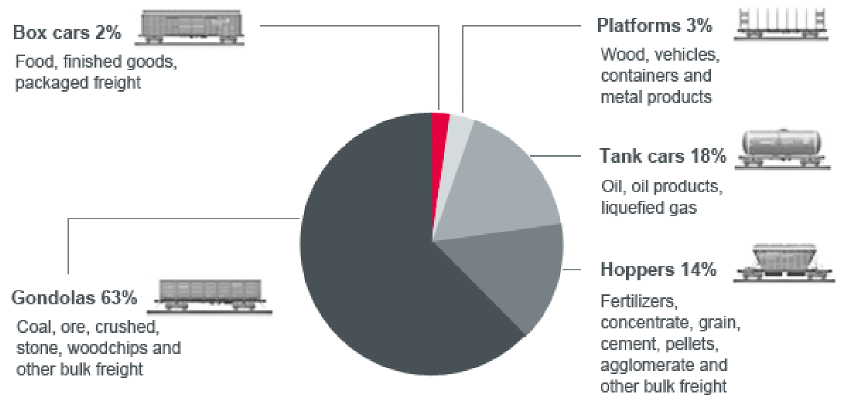


Client analysis

Compared to the rate volatility in the spot market, BR's portfolio rates have been demonstrating the resilience of its business model

- The Group's average **adjusted gondola portfolio lease rate** declined by 33% compared to the overall 60% drop in market spot rate since the Q1'12
- Average adjusted BR **oil tank portfolio lease rate** declined by 13% vs. 27% drop in market spot rate since the Q4'12
- The Group has been **negotiating with clients** and in exchange for rate adjustments has received contract tenor extensions and indexation clauses at the option of the Group
- High penalties make BR contracts more "sticky" and help the Group weather the downturn

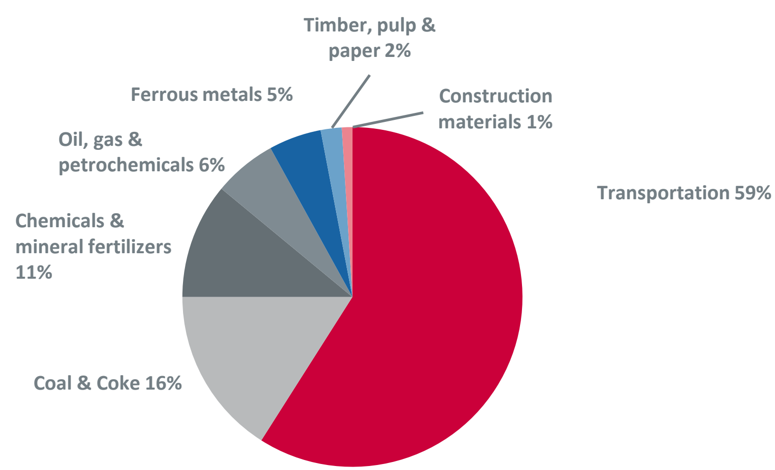
BR's fleet structure by railcar type, as of 30 June 2013
(% of the fleet, based on number of cars)



Existing clients have stayed with BR. Client portfolio remains of the highest quality

- **Current portfolio** - 27 existing clients: despite rate volatility BR clients have again demonstrated loyalty during remarketing
- **Top-5 clients:**
  - SUEK
  - UVZ-Logistic
  - Sovfraht
  - ZapSib-TransService
  - UralChem-Trans
- BR plans to keep its focus on 100% fleet utilization, client retention and expansion of the current customer base as a guarantee of sustainable future growth

BR client portfolio as of 30 June 2013



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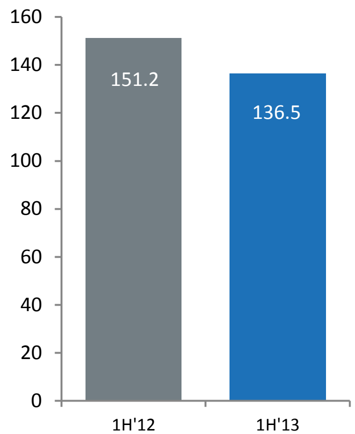
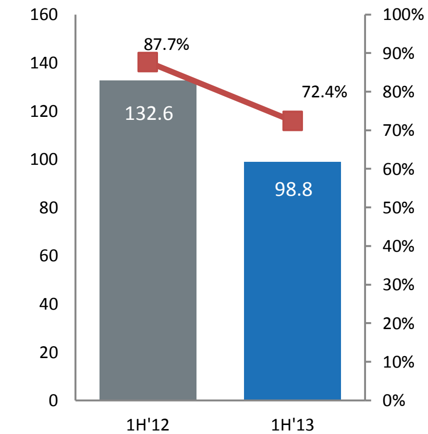
Summary of financial results

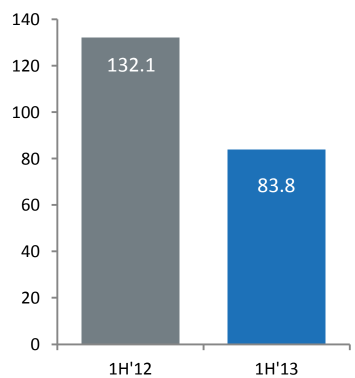
Gross Revenue
(USD m)



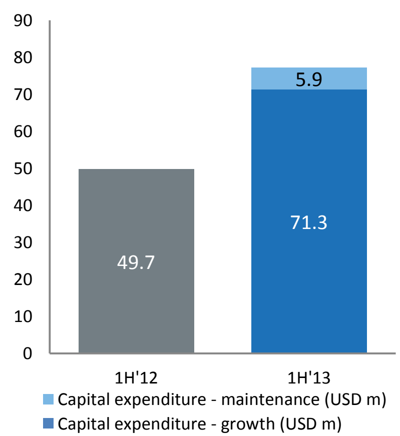
Adjusted EBITDA (USD m) &
Adjusted EBITDA Margin (%)



Net cash from operating activities
(USD m)



Capital expenditure (USD m)

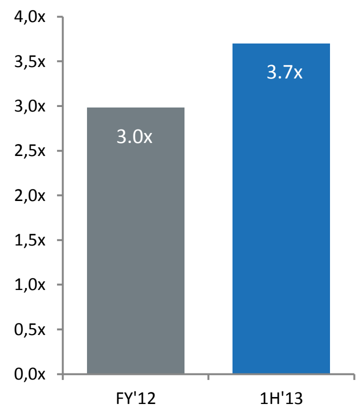


	1H'12 restated	1H'13
Gross revenue	151.2	136.5
Hedging with non-derivatives effect	(0.7)	0.4
Net revenue	150.5	136.9
Cost of services	(9.8)	(20.3)
Property tax	(8.3)	(8.1)
Staff compensation	(4.9)	(6.2)
Other operating expenses	(3.8)	(11.6)
Other operating income	-	0.4
Operating profit before share-based compensation and depreciation	**123.6**	**91.1**
Share based compensation	(1.9)	(5.2)
Depreciation	(34.2)	(36.6)
Operating profit	**87.5**	**49.3**
Finance costs	(33.1)	(32.7)
Finance income	0.6	0.5
Revaluation of embedded derivatives on mezzanine	-	17.1
Net foreign exchange translation (losses) / gains	26.0	(4.8)
Profit before income tax	**81.0**	**29.4**
Income tax expense	(18.8)	(6.2)
Profit for the period	**62.2**	**23.3**
Adjusted EBITDA	**132.6**	**98.8**

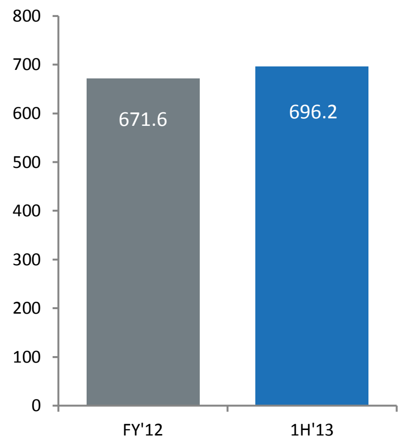
Source: Company's IFRS financial statements

Summary of financial results (continued)

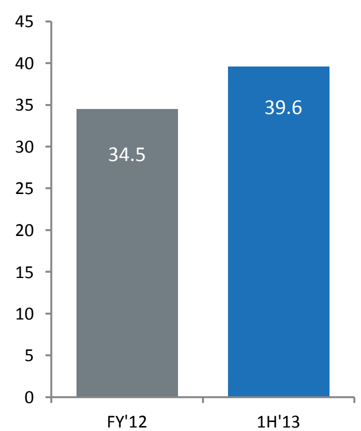
Debt / EBITDA (last two quarters annualized)



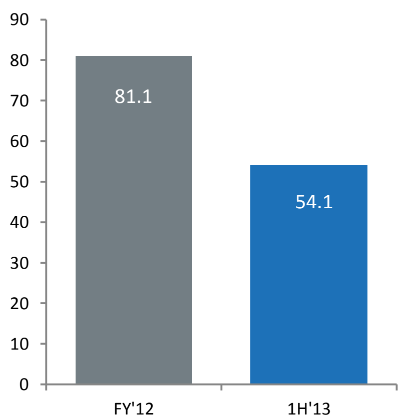
Net Debt (USD m)



Current liabilities (USD m)



Working capital (USD m)[(1)]



(1) Including cash

Balance sheet items, (USD m)	31.12.2012 restated	30.06.2013
Equipment	1 080.6	1 096.7
Prepayment of acquisition of railcars	68.4	1.6
Other non-current assets	13.2	18.3
Cash and cash equivalents	72.0	34.8
Other current assets	34.7	42.5
Total assets	**1 268.9**	**1 193.9**
Mezzanine	64.6	69.5
Non-current borrowings	734.7	714.7
Other non-current liabilities	47.4	30.9
Current borrowings	8.9	16.4
Other current liabilities	25.6	23.2
Total liabilities	**881.2**	**854.7**
Total equity	**387.7**	**339.2**
Total equity and liabilities	**1 268.9**	**1 193.9**
Adjusted EBITDA (last two quarters annualized)	**249.5**	**197.6**

Source: Company's IFRS financial statements

Corporate reorganization process

Group corporate structure to be reorganized and simplified

- Management has initiated the reorganization of the Group's four Russian operating companies into one new company
- This reorganization will simplify BR's corporate structure and reduce costs
- The process is expected to be completed by the end of 2013

Property tax is becoming a non-recurring item and therefore excluded from Adjusted EBITDA

- Based on the above, the railcar fleet will be accounted for on the balance sheet of the new company at the date of the merger and in accordance with the new legislation, movable property recognized on the balance sheet from January 1st 2013 is exempted from property tax
- Elimination of property tax will result in improved Company's performance starting from the end of 2013
- As a result, property tax is becoming a non recurring item and is excluded from Adjusted EBITDA in accordance with the definitions in the (Eurobond) T&Cs

Brunswick Rail: key company highlights

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Fundamentally attractive market with strong growth opportunities

Differentiated and proven business model

Leading market position supported by high quality asset and customer base

Strong track record of profitable growth through the cycles

Efficient capital structure supporting further growth and attractive returns to shareholders

Strong organisational platform with proven management execution track record and high corporate governance standards

Q&A

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Appendix

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Definitions

Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortization and other non-cash charges, exceptional and non-recurring items.

Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by gross revenue.

Average Fleet Age is the average age of the Existing Fleet from the production date of the railcars.

Average Remaining Lease Tenor is the average time to the expiry of the operating lease contract in the Operating Lease Fleet.

Debt is defined as total borrowings, including the current portion, and excluding mezzanine.

Finance Lease Fleet is the part of Existing Fleet which was leased under finance lease contracts.

Full-service Lease is the operating lease contract where the Company is responsible for depot repairs, wheel set replacements, and capital repairs. Current repairs are still performed by the lessee.

Gross Revenue is the revenue of the Company before any adjustment for hedging with non-derivatives effect, after which the Company derives Revenue. The Company has adopted the hedge accounting with non-derivatives financial liabilities since 2Q 2012.

Net Debt is defined as Debt less Cash and cash equivalents.

Normalized Revenue is the revenue after deduction of one-off events and full inclusion of contracted railcars in the reporting period.

Operating Lease Fleet is the part of Existing Fleet of the Company which is used for leasing under operating lease contracts.

Retention Rate is the share of operating lease contracts which at the expiry of the operating lease contract was extended with the same client.

Total Existing Fleet is the total fleet delivered to Brunswick Rail at specific date. Brunswick Rail leases the fleet under operating and finance lease and uses the fleet in the transportation arm.

Total Fleet is the Total Existing Fleet of Brunswick Rail plus any railcars which have been contracted, but not yet delivered to the Company.

Transportation Fleet is the part of Existing Fleet of the Company deployed in the Company's transportation business in subsidiary Proftrans.

Triple-net Lease is the operating lease contract where the lessee is responsible for current and depot repairs. Capital repairs and wheel set replacement can still be obligation of the lessor.

Utilization Rate is the share of Operating Lease Fleet which is leased under operating lease contracts.

Contacts

Investor contacts
George Kogan, Brunswick Rail
+7 (495) 783 6700
GKogan@brunswickrail.com

Media contacts
Anastasia Ermolova, Brunswick Rail
+7 (495) 783 6700
aermalova@brunswickrail.com

Tom Blackwell, EM
+7 (495) 363 2841
Blackwell@em-comms.com