Brunswick Rail

12m 2014

Financial and operational results

15 April 2015

BRUNSWICK RAIL

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Presentation of information

The financial information presented in this presentation is derived from the audited consolidated financial statements of the Group as at and for the years ended 31 December 2014 and 31 December 2013 and prepared in accordance with International Financial Reporting Standards.

The Group's consolidated financial statements for the reporting period along with the Management's Discussion and Analysis 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 Ruble. 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.

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Deputy CEO / CFO

Key highlights

Market trends

- Market conditions deteriorated significantly throughout 2014 and in Q1 2015:
  - Transportation volumes decreased by 0.8% from 1 236.9 million tonnes in Jan-Dec'13 to 1 227.0 million tonnes in Jan-Dec'14, further decline was observed in Q1 2015
  - Gondola daily spot rates decreased by ca. 53% from $15 in January'14 to ca. $7 in December'14; no significant improvement is expected in 2015, indeed there may be further deterioration
  - Daily spot rates for specialized cars have also weakened; oil tank rates decreased by ca. 57% from $26 in January'14 to ca. $11 in December'14
- The railcar service life extension ban introduced in August'14 contributed to only temporary stabilization of RUR-denominated daily spot rates for gondolas (400-450 RUR) in Q4 2014
- Industry consolidation is taking place at a much slower pace than was previously expected due to restructuring efforts by banks
- Railcar production levels in 2014 remained significantly above the sustainable level of demand. In Q1 2015 production started to drop but this may be not sufficient to significantly reduce excess railcar overhang in the industry

BR operational highlights during 12m'14

- Maintained its #1 position in Russia's railcar operating leasing market with ca. 25.6 thousand railcars as of 31 December 2014, keeping fleet utilization at 100% which is becoming very challenging in the current environment
- Sustained portfolio rates above market:
  - As of 31 December 2014 BR's average adjusted gondola portfolio daily lease rate was $17, compared to the daily spot rate of ca. $7
  - As of 31 December 2014 BR's average adjusted tank car portfolio daily lease rate was $15, compared to the daily spot rate of ca. $11
- Transportation unit's fleet increased by ca. 56% from 2 649 railcars on 31 December 2013 to 4 125 railcars as of 31 December 2014

Financial highlights

- Gross revenue decreased by 20.0% from $255.3 m in 2013 to $204.2 m in 2014
- Adjusted EBITDA decreased by 21.2% from $194.7 m in 2013 to $153.4 m in 2014
- Adjusted EBITDA margin decreased from 76.3% in 2013 to 75.1% in 2014
- Net Income changed from a net profit of $28.0 m in 2013 to a net loss of $275.5 m in 2014, which was primarily driven by net foreign exchange losses
- Capital expenditures decreased from $105.8 m in 2013 to $94.5 m in 2014, with majority of growth capex attributable to Q1 2014
- Management initiated the process of negotiating amendments to the syndicated facility so as to better enable the Company to comply with the financial covenants. While those discussions are ongoing, the status of those negotiations has enabled the Company to prepare its consolidated financial statements on a going concern basis but with an emphasis of matter in the independent auditor's report

Key highlights (continued)

Effects of RUR depreciation on the portfolio

- In 2014 the RUR depreciated by 72% from 32.73 RUR/USD on 1 January'14, to 56.26 RUR/USD on 31 December'14
- By the end of Q1 2015 BR became a primarily RUR-revenue company, as almost all clients with US$-denominated contracts demanded transition of lease rates into RUR
  - Due to rapid depreciation of the Ruble, the majority of BR clients began delaying payments and demanding renegotiation of contract terms, thus pushing BR to revise the contract currency from USD to ruble, sometimes closer to the current spot market rates
  - Rates renegotiations were largely completed by the end of Q4 2014, therefore BR does not expect a large amount of remarketing and rates decreases in 2015 within BR's portfolio. Though further negotiations resulting in further adverse changes cannot be ruled out, most remaining clients have solid credit and demonstrate good payment discipline
  - By the end of Q1 2015, share of USD-denominated revenues was ca. 37%
- Although strengthening of the RUR during March'15 holds out some promise of potential stabilization, it is still too early to rule out further RUR depreciation and volatility
- Share of RUR revenue is now disproportionately high with respect to our USD-denominated liabilities

Near-term market outlook

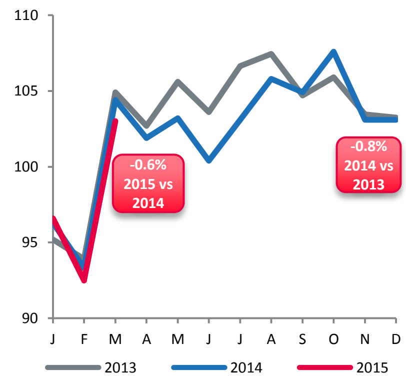
- Market conditions remain challenging and the industry outlook for 2015 is troublesome. RZD forecasts a 1% decrease in transportation volumes in 2015, but this could be optimistic
- We are seeing a further drop in gondola rates even in RUR terms to unprecedented low ca. 350 RUR level driven by material drop in construction materials transportation volumes
- Macroeconomic outlook is deteriorating. Client payment discipline rapidly worsens as economy has moved from liquidity crisis experienced at the end of 2014 to a rapidly spreading credit crisis in Q1 2015

Market trends through Mar'15

Rail transportation volumes in January-March 2015 are down by -0.6% YoY

- Jan-Mar'2015 rail transportation volumes are -0.6% vs Jan-Mar'2014
- Mar`2015 rail transportation volumes are down by 1.3% YoY
- On the back of RUR depreciation export transportation volumes of coal, ferrous metals and grain picked-up
- Most significant YoY decline in volumes was for construction materials (-22.1%) and cement (-9.1%)
- RZD forecasts -1.5% YoY decline in April

Rail transportation volumes in Russia, million tonnes

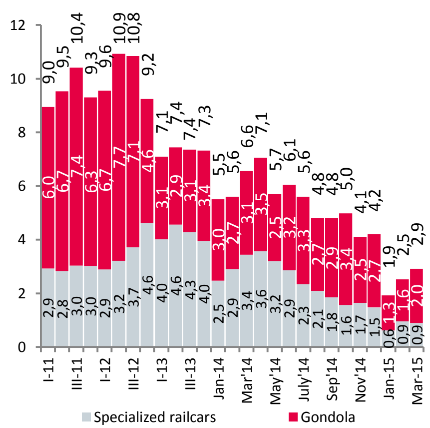


Source: Rosstat, RZD

Railcar production started to drop in Q1 2015

- In Q1 2015 production in Russia amounted to 6.8 ths railcars which is 53% lower compared to Q1 2014
  - Average monthly production in Q1 2015 stood at 2.3 ths units per month, down by 53% YoY
- Major producers have decreased MoM output

Monthly railcar production in CIS, thousand units

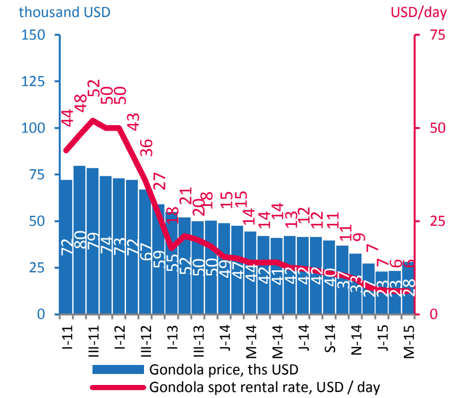


Source: Industrial Cargoes

Gondola daily rates continue to weaken

- Gondola spot market daily rates in RUR declined in Mar'15 to historically low RUR 350-400 ($6-7). RUR-denominated spot market daily rates for gondolas continue to decline after short stabilization in Q4 2014. USD rates have remained relatively unchanged in March due to RUR appreciation
- Manufacturers continue to maintain unsustainable production levels by placing railcars into their affiliated captive operators, thus further increasing market overhang
- Gondola prices have increased by ca. 15% from 1.5 million Rubles ($23 thousand) to 1.7 million Rubles ($28 thousand), mainly due to growing metal prices in RUR-terms

Gondola spot market daily rate and average new gondola price*

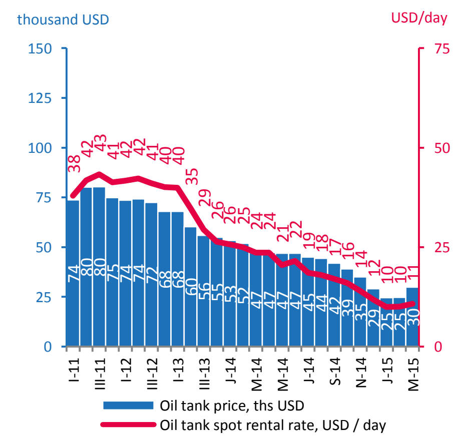


Source: Industrial Cargoes

Daily rates for specialized cars have stabilized in RUR terms, but are still under pressure

- Oil tank spot market daily rates in RUR have declined to RUR 600-700 ($9-11) in Mar'15. Although RUR-denominated spot market daily rates for specialized cars have weakened, USD rates remained nearly unchanged due to recent FX appreciation
- Prices for oil tank cars have also increased by ca. 10% in RUR-terms

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



*** 60.3 RUR/USD exchange rate for Mar`15**

Source: Industrial Cargoes

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Near-term market outlook

Macroeconomic outlook is troublesome

- Macroeconomic conditions in Russia will remain challenging; rapid recovery is unlikely
  - Inflation in 2015 is forecasted at ca. 16.5%, the highest in 16 years*
  - Russian GDP in 2015 is forecasted to shrink by up to 3.8%*
  - In Q1 2015 CBR interest rate was lowered from 17% to 14%, but still remains prohibitively high
  - Western capital markets remain closed for most Russian companies due to sanctions and geopolitical risks
- These conditions have already adversely affected our business and lease rates. These fundamental factors are likely to continue to have a negative impact on our business in the short to medium term

Transportation volumes are likely to continue to decline

- RZD forecasts a 1% decrease in transportation volumes in 2015, but on the back of Q1 2015 data this could be optimistic
- Pick-up of coal, ferrous metals and grain transportation volumes in Q4 2014 – Q1 2015 on the back of RUR depreciation has thus far prevented a significant drop in overall transportation volumes, however, this effect is likely to be temporary due to a substantial decline of domestic volumes, especially, of construction materials

Russian railcar production output is dropping but still remains at economically unjustifiable levels

- While 2014 railcar production in Russia greatly exceeded demand, in Q1 2015 we began to see a drop in output. Nevertheless, plants can increase production, receiving government support
  - Manufacturers continue producing by placing railcars into their affiliated captive operators (e.g. Rail 1520, UVZ-Logistics), thus further increasing market overhang
  - Plants continue manufacturing despite high leverage and low profitability of production
- Key producers are UVZ, Tikhvin, Altaivagonzavod and RKTM – they account for ca. 70% of total railcar production in Russia
  - These 4 producers were included in the List of Strategic Enterprises and the government is expected to step in to provide financial support in case of need

* World Bank as of 1st April 2015

Operational highlights and fleet update

Further fleet diversification and optimization

- During 2014 the Company continued to diversify the fleet and took delivery of 1 903 new railcars (including 866 tank cars, 420 grain hoppers and 270 universal platforms) while 165 old gondolas and 200 mineral hoppers were sold
- Majority of 2014 expansion capex was spent in Q1 2014. Since then, the Company suspended growth and focused on cash preservation and cost optimization

Operational highlights

	31/12/2013	31/12/2014
Operating Lease Fleet	21 182	21 229
Finance Lease Fleet	208	208
Transportation Fleet	2 649	4 125
Total Fleet	**24 039**	**25 562**
Operating Lease Fleet metrics		
Number of lease clients	28	31
Average Remaining Lease Tenor (years)	3.4	3.0
Retention Rate (for prior 12 months)	82%	58%
Utilization Rate	100%	100%
Share of contracts in USD (by revenues)	61%	52%
Full-Service Lease share (by railcars)	65%	77%
Triple-Net Lease share (by railcars)	35%	23%
Total Fleet Average Age (years)	4.9	5.4
Share of Gondolas in Fleet	60%	58%

Source: Company information

Main portfolio indicators

- As the economic situation continues to deteriorate, BR faces risk of increase of accounts receivable and client non-payment. In order to mitigate this risk, BR seeks to optimize its client portfolio by focusing on large companies with high credit quality and good payment discipline
- Share of USD-denominated revenues decreased from 61% in 2013 to 52% in 2014
- Share of gondolas decreased from 60% as of 31 December 2013 to 58% as of 31 December 2014

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Fleet and client analysis

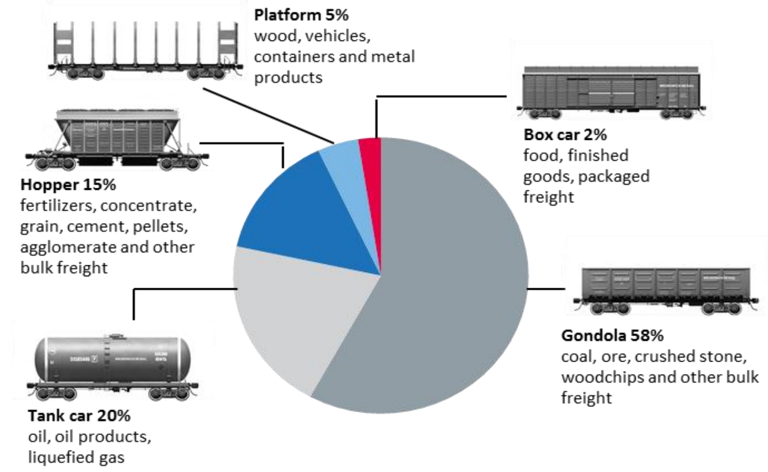
Young and high quality asset base

- Fleet size of 25 562 railcars
  - Purchases in 2014 focused on tank cars and other specialized railcars
- One of the youngest fleets in the market — average age of 5.4 years vs. market average of 15 years
  - Long remaining useful life for BR's existing fleet. Russia's average mandatory retirement age for railcars is 26 years

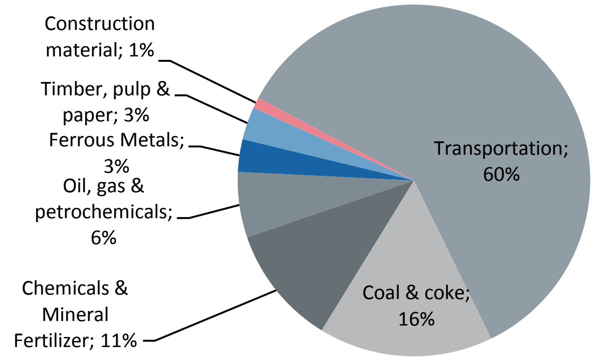
Sustaining market share and 100% fleet utilization

- As of 31 December 2014, Company's portfolio consisted of 31 clients, by 31 March 2015 the number of clients decreased to 27 due to switching to clients with solid credit and good payment discipline
- Average remaining lease tenor is 3.0 years as of 31 December 2014
- Weighted average retention rate was ca. 58% as of 31 December 2014
- BR plans to keep its focus on 100% fleet utilization, client retention and client payment discipline

BR's fleet structure by railcar type, as of 31 December 2014
(% of the fleet, based on number of cars)



BR's fleet structure by industry as of 31 December 2014
(% of fleet, based on number of leased railcars)



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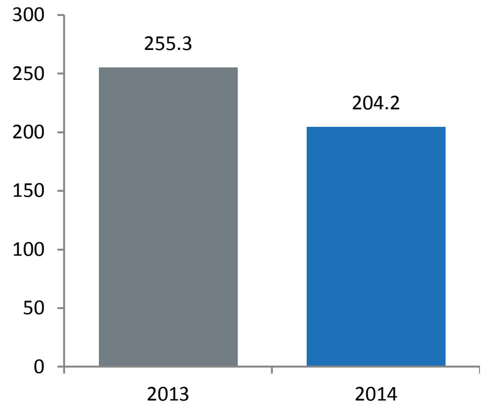
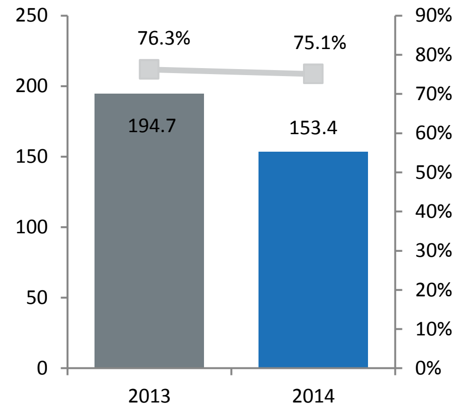
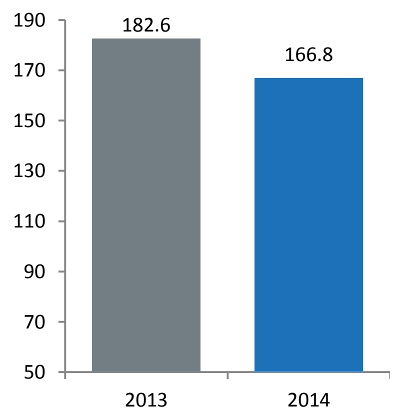
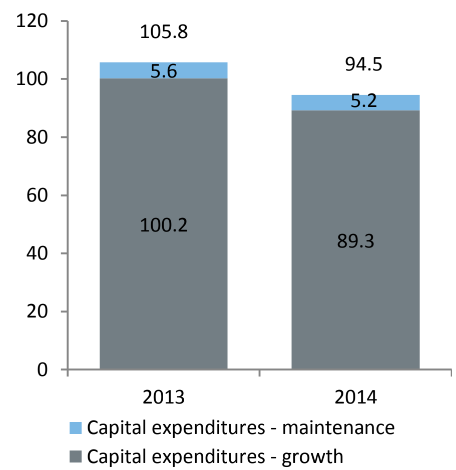
Summary of financial results for FY 2014









Income statement (USD m)	2013	2014
Gross revenue	**255.3**	**204.2**
Hedging with non-derivatives effect	(5.8)	(23.0)
Revenue after hedging with non-derivatives effect	**249.4**	**181.2**
Cost of services	(27.4)	(24.6)
Property tax	(13.2)	-
Staff compensation excluding share-based compensation	(14.8)	(12.1)
Other operating expenses	(18.3)	(18.5)
Other operating income	0.1	2.8
Share-based compensation	(11.8)	(0.5)
Impairment losses on railcars	-	(14.2)
Depreciation and amortization	(71.6)	(56.1)
Finance costs	(66.0)	(68.3)
Finance income	1.7	1.1
Revaluation of embedded derivatives on mezzanine	15.9	(3.6)
Net foreign exchange translation losses	(1.7)	(183.5)
Net foreign exchange differences reclassified on de-designation of hedge	-	(129.2)
(Loss)/profit before income tax	**42.0**	**(325.5)**
Income tax credit/(expense)	(14.0)	50.0
(Loss)/profit for the year	**28.0**	**(275.5)**
Adjusted EBITDA	**194.7**	**153.4**

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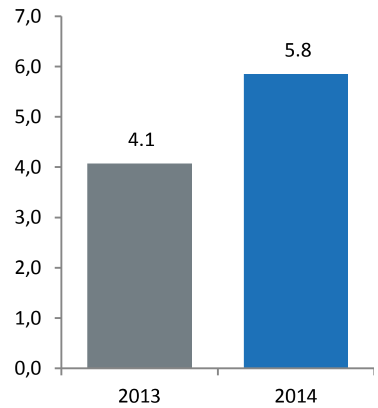
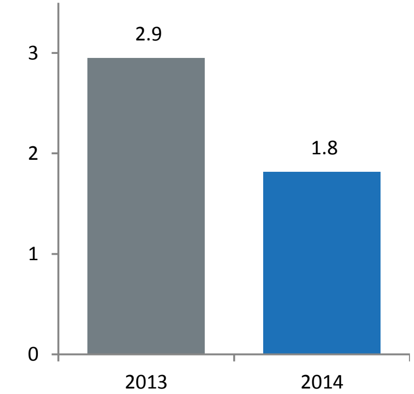
Summary of financial results for FY 2014 (continued)

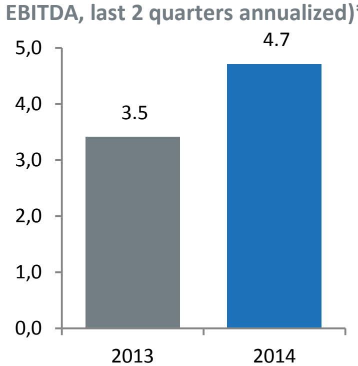
Eurobond Consolidated Leverage Ratio (Debt plus Mezzanine to Adjusted EBITDA, last 2 quarters annualized)



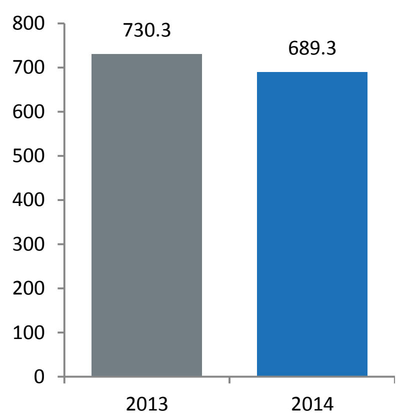
Consolidated Coverage Ratio (Adjusted EBITDA to Interest Cost, last 2 quarters)



Credit Facility Consolidated Maintenance Leverage Ratio (Net Debt, excl. Mezzanine, to Adjusted EBITDA, last 2 quarters annualized)**



Net Debt (USD m)



**There was no Credit Facility agreement in 2013. Ratio for 2013 was calculated for comparison purposes based on 2014 methodology

Balance sheet, (USD m)	31/12/2013	31/12/2014
Equipment	1 081.1	637.2
Prepayment of acquisition of railcars	2.5	-
Other non-current assets	12.4	22.9
Cash and cash equivalents	62.6	72.9
Other current assets	38.8	17.6
Total assets	**1 197.4**	**750.6**
Mezzanine	64.9	75.0
Non-current borrowings	611.3	663.6
Other non-current liabilities	33.9	-
Current borrowings	116.7	23.6
Other current liabilities	24.8	10.8
Total liabilities	**851.6**	**773.0**
Total equity/(equity deficit)	**345.8**	**(22.4)**
Total equity/(equity deficit) and liabilities	**1 197.4**	**750.6**

One-off items impacting annual accounts

Compliance with covenants	• At YE2014 there is material uncertainty as to whether the Group will be able to comply with financial covenants (leverage ratio) of its secured credit facility agreement during the next twelve months. As a result, the Company entered into discussions with its banks to negotiate financial covenant levels that the Group is better able to comply with. While those discussions are ongoing, the status of those negotiations has enabled the Company to prepare its financial statements on a going concern basis, but the audit opinion was given with an emphasis of matter
Impairment of railcars	• Under IAS 36 "Impairment of Assets", an impairment exists if the carrying value of the assets is higher than the recoverable amount • The Group recognized impairment on one type of railcars in the amount of $14 m at YE2014 • Total fair market value of the railcar fleet exceeds the fleet's carrying amount by $47 m at YE2014
De-designation of hedge accounting	• The significant decrease in forecasted USD-denominated revenue designated as hedged item at the end of Q3 2014 resulted in hedge ineffectiveness, restructuring of hedge, and reclassification of $71 m FX translation losses from other comprehensive income (OCI) to income statement • The fall in proportion of the Group's USD denominated revenues was exacerbated by the fall in value of the RUR against the USD during Q4 2014. This led to a total de-designation of hedge and further reclassification of FX translation losses from OCI to income statement • The total effect from de-designation of hedge in 2014 equals $129 m
FX translation losses	• Following part de-designation of hedge on 30 September 2014, a major part of Eurobond remained unhedged which resulted in significant FX translation losses in the amount of $183 m recorded in income statement due to substantial depreciation of RUR against USD during Q4 2014

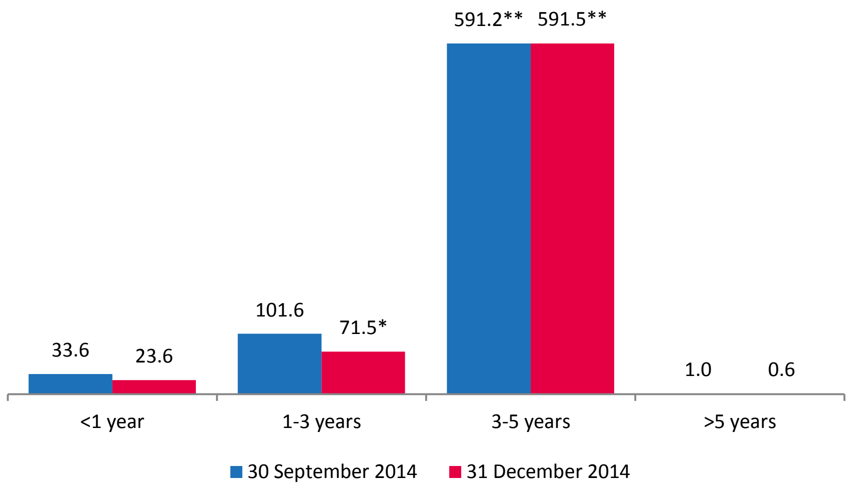
Financial programmes and optimization in 2014

Cost efficiency improvements

- Focus on overheads, maintenance and repair cost optimization resulted in cost savings of around $5.8 m in 2014 compared to 2013
  - Steps taken to reduce overheads led to cost savings of $4.7 m:
    - A 5% additional headcount reduction following a reduction of 10% in 2013
    - Business, legal and other advisory services costs have been significantly decreased
  - Repairs and maintenance costs reduced by $1.1 m notwithstanding aging fleet:
    - Optimization of depot repairs structure and geography
    - Implementation of monitoring system to track market prices and benchmark terms against actual costs

Current debt maturity profile

- Further to refinancing indebtedness owed to VTBL, the average tenor of debt maturities increased



* Due in 3Q'16
** Eurobond $600 m including unamortized borrowing costs and accrued interest

Q&A

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Appendix

Definitions for operational metrics

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.

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.

Net Debt is defined as total borrowings, including the current portion and Mezzanine, less Cash and cash equivalents.

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 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 used under operating lease contracts.