

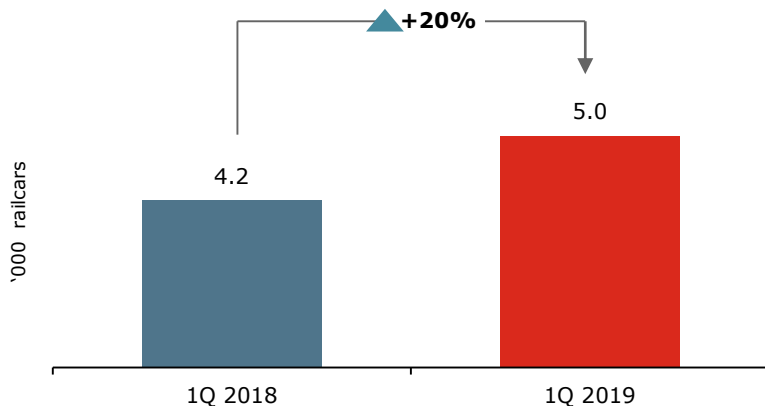
Research and Production Corporation “United Wagon Company”

Operational Results for 1Q 2019

26 April 2019

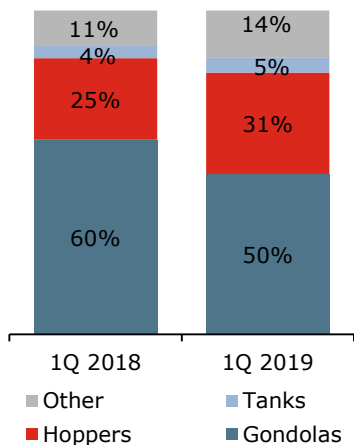
UWC's Operational Results

Railcar production^{1,2}

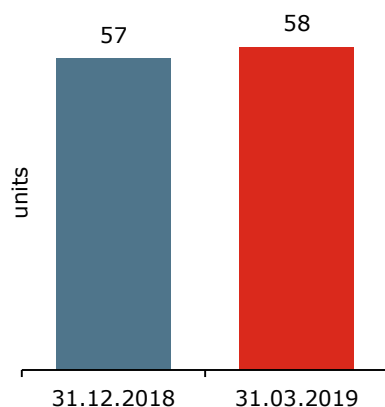


- In 1Q 2019, the Company manufactured a total of 5 thousand railcars, an increase of 20% over 1Q 2018
- Just like in the previous year, the total production grew due to larger production of specialised rolling stock. In 1Q, the number of hopper cars produced grew by 49% YoY to 1.6 thousand units, and their share in the production pattern reached 31%. The production of other types of (flat and box cars, etc.) in 1Q grew by 56% to 721 units, with their share in the production pattern growing to 14%. The production of chemical tank cars increased by 58% YoY to 243 units in the reporting quarter
- Partially the high level of the production growth was caused by the low base of 1Q 2018 when one of the assembly lines was recommissioned which resulted in one-off output reduction
- The Company continues diversifying its production reducing the share of gondola cars, as the market switches to specialised rolling stock. In the reporting quarter, the gondola share in the total production dropped to 50% or 2.5 thousand units
- In 1Q, UWC certified its six-axle articulated LPG tank car mounted on 25 tf bogies. At the end of the reporting quarter, the company had a total of 58 certified models

Production pattern²



Certified models and modifications

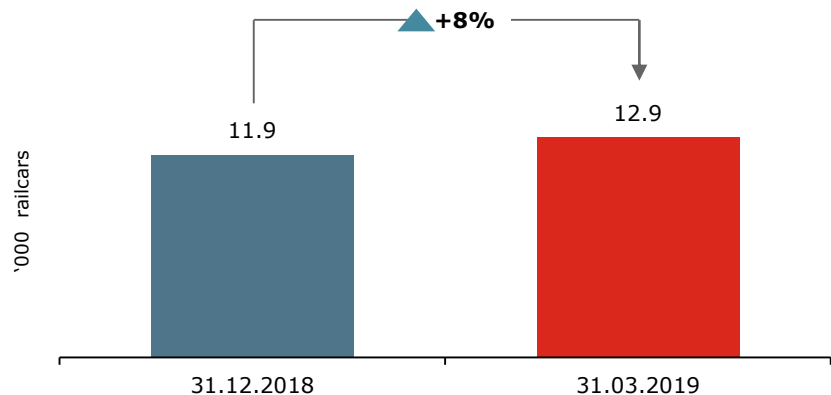


Other key events over the quarter

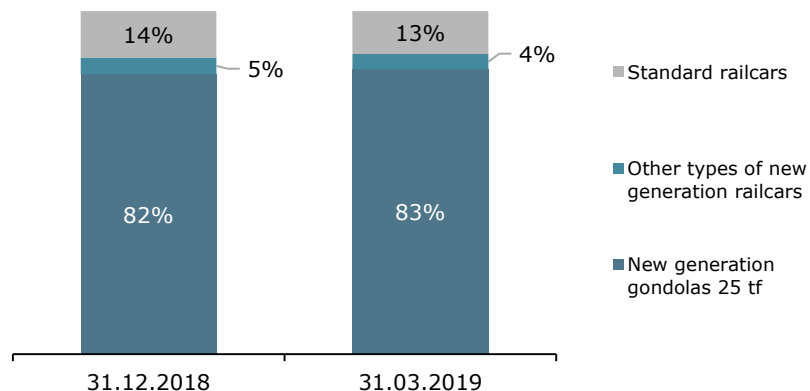
- UWC rolls out new dumpcars intended to carry and unload automatically loose and lump mineral, construction, and mining freight. The prototype cars are being subjected to preliminary and certification tests. Their mass production is to start before the end of 2019

78% railcars sold to third parties in 1Q 2019

UWC's owned and leased fleet^{1,2}



Structure of the fleet



Notes:

- 1) Including the following companies: RAIL1520, RAIL1520 SERVICE, MRC 1520 and TH "UWC"
- 2) For more details of production pattern and dynamics, see Slide 5

- A total of 3.7 thousand railcars were sold to third parties since the start of the year. The largest deliveries were made to GTLK (gondola cars and flat cars), Rusagrotrans (hopper cars), Kronospan (timber flat cars), EuroChem (hopper cars), and VTB Leasing (hopper cars). These companies acquired a total of 3.4 thousand railcars from the Holding. Other deliveries were made to NPO Azot (tank cars), Kuchuksulphate (box cars), TexolTrans (Kazakhstan, tank cars) and other customers. Over the 3 months, the rolling stock made by UWC was purchased by a total of 20 companies
- 1 thousand railcars delivered to GTLK were then transferred to UWC's leasing subsidiary under a financial lease. As a result of the transaction, the fleet owned and leased grew by 8% over the previous quarter reaching 12.9 thousand railcars
- In line with the leaseback transaction entered into 2H 2018, UWC sold 117 railcars from its own fleet to Gazprombank Leasing in the reporting quarter. A total of 11.2 thousand railcars were transferred under the transaction
- At the end of the reporting quarter, UNICON 1520 managed a fleet of 1.1 tank containers, 585 flat cars and 78 chemical tank cars. There were no changes to the size or structure of the fleet over the quarter. Shipments over the quarter totalled 111.1 thousand tons soaring by 125% over the figures of 1Q 2018 and by 11% compared to the previous quarter

Other key events over the quarter

- Following the results of the open bid in December 2018, UWC delivered 60 heavy container cars to TransContainer
- UWC will deliver 700 grain hopper cars to RIF Trade House. The shipment of the entire lot is to be completed by 3Q 2019
- Shchekinoazot and UWC entered into a several contracts for the supply of 101 tank cars for bulk chemicals The shipment of the railcars is to be completed by 1Q 2019
- TexolTrans (a member of the TEXOL Group), ranking among Kazakhstan's largest railway operators, and UWC signed a supply contract for 400 articulated LPG tank cars

UWC's production, fleet and operational indicators dynamics

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Railcar production, units	2017					2018					2019
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q
Gondola Cars	3,588	3,914	3,219	3,867	14,588	2,510	2,740	2,754	3,048	11,052	2,482
Hopper Cars	699	214	682	822	2,417	1,051	1,143	1,281	1,564	5,039	1,567
Tank Cars	199	241	102	205	747	154	291	246	308	999	243
Other*	179	212	381	532	1,304	461	611	744	762	2,578	721
TOTAL	4,665	4,581	4,384	5,426	19,056	4,176	4,785	5,025	5,682	19,668	5,013

* Container flat cars, timber flat cars, covered cars and bauxite hoppers

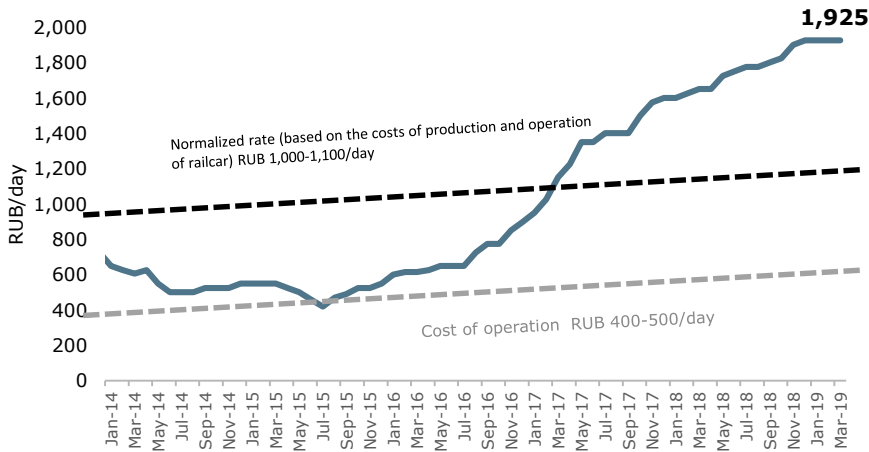
Railcar fleet, units (at the period end)	2017				2018				2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Innovative railcars	10,247	11,733	11,603	10,770	10,780	10,838	9,925	10,266	11,276
Gondola Cars	7,471	9,196	9,801	10,481	10,481	10,735	9,782	10,107	11,117
Hopper Cars	2,769	2,530	1,755	192	192	-	-	-	-
Tank Cars	1	1	39	79	79	79	79	79	79
Other*	6	6	8	18	28	24	64	80	80
Standard Railcars	4,773	2,567	2,497	2,497	2,272	2,122	2,122	1,617	1,617
Gondola Cars	1,957	121	51	51	51	1	1		
Tank Cars	2,273	1,903	1,903	1,903	1,903	2,003	2,003	1,500	1,500
Other*	543	543	543	543	318	118	118	117	117
TOTAL	15,020	14,300	14,100	13,267	13,052	12,960	12,047	11,883	12,893

* Container flat cars, universal gondolas and covered cars

Operations (UNICON 1520)	2017				2018					2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY	1Q
Tank container fleet, units	-	-	-	637	775	908	1,098	1,098	1,098	1,098
Flat car fleet, units	-	-	-	259	311	482	557	585	585	585
Chemical tank cars, fleet	-	-	-	38	78	78	78	78	78	78
Chemical cargoes loadings, t	-	-	-	45,954	49,454	64,338	91,361	99,930	305,083	111,128

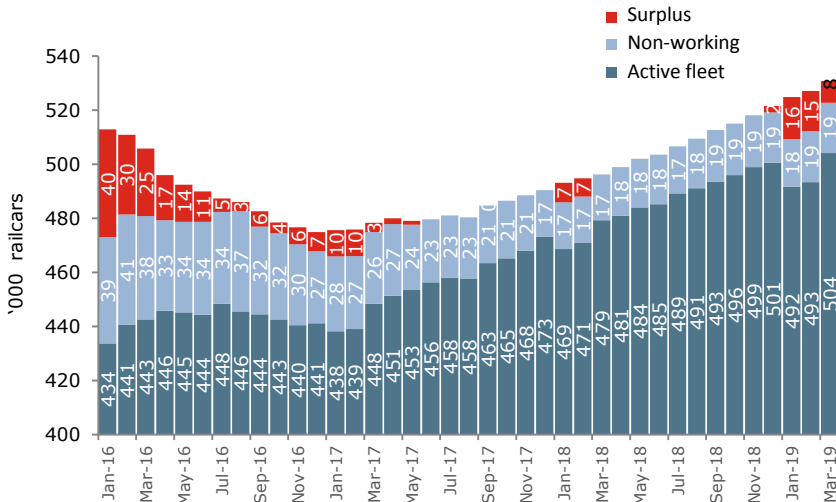
Freight Car Market

Average lease rate for gondolas*



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

Gondola fleet balance

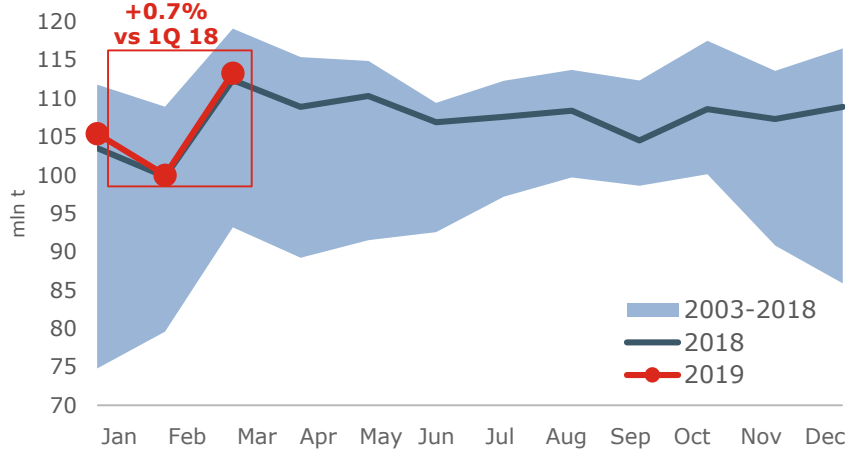


Source: The Industrial Cargoes

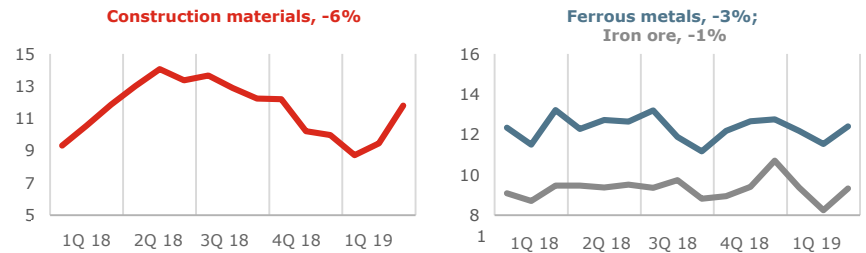
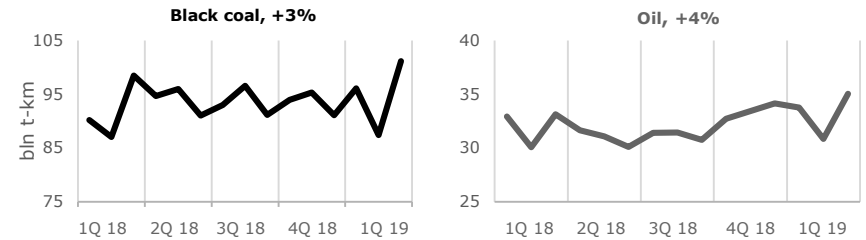
- The demand for rolling stock is still driven up mainly by growing shipments:
- Over 1Q 2019, car loadings stood at 318.7 million tons, a 0.7% increase over 4Q 2018
- In 1Q 2019, the freight turnover totalled 651.8 million ton-km, a 2.4% increase over the same period in 2018
- In 1Q 2019, the lease rate stabilised at a level of RUB 1,925/day
- The surplus of gondola cars in 1Q 2019 was caused by their increased inactivity times and trains being neglected due to repairs of port infrastructure (railcar dumpers) and bad weather conditions

In 1Q 2019, car loadings grew +0.7% and turnover gained +2.4%

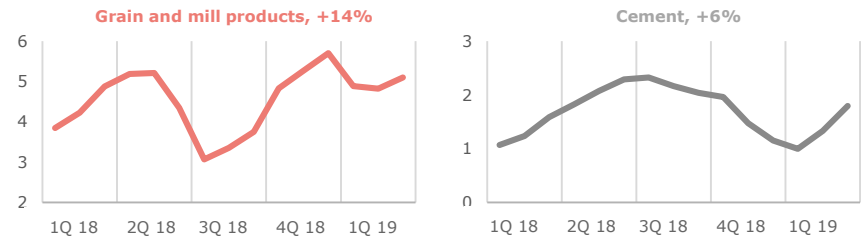
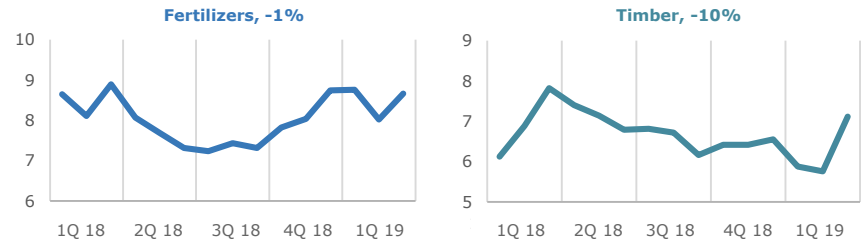
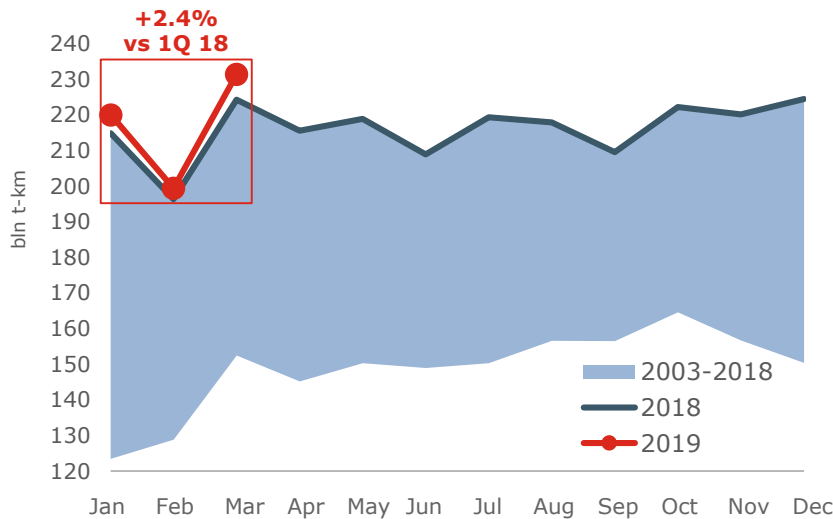
Loadings on RZD's network



Freight turnover by cargo 1Q 19 vs 1Q 18

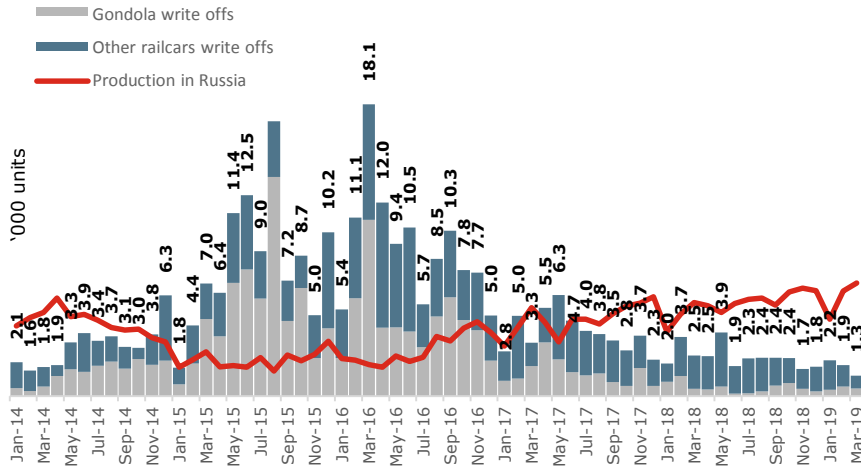


Freight turnover on RZD's network



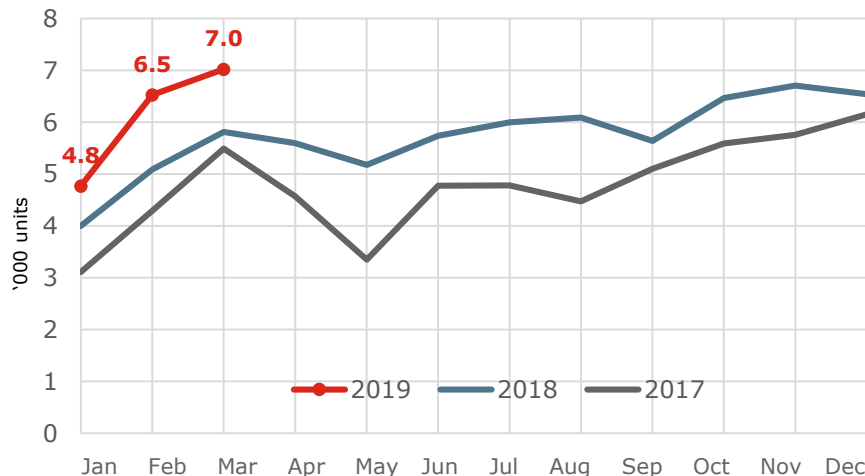
In 1Q 2019, sales of railcars by Russian manufacturers stood at their record high: 18.3 thousand units

Monthly railcar write-offs in Russia



- In 1Q 2019, a total of 5.8 thousand railcars (whereof 1.5 thousand were gondolas) were written down
- At the beginning of April 2019, the out-of-order fleet stands at 53.3 thousand units
- 23 thousand railcars are expected to be written down in 2019

Railcar production in Russia



- In 1Q 2019, sales of railcars by Russian manufacturers totalled 18.3 thousand units, an all-time high for this period
- The demand for railcars remains high amidst domestic and export shipments growing stably

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