

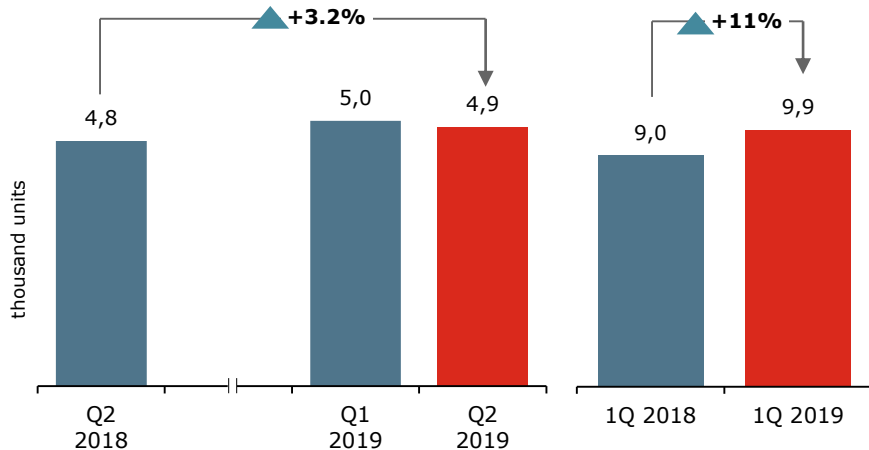
Research and Production Corporation «United Wagon Company»

Operational Results for 2Q 2019

05 August 2019

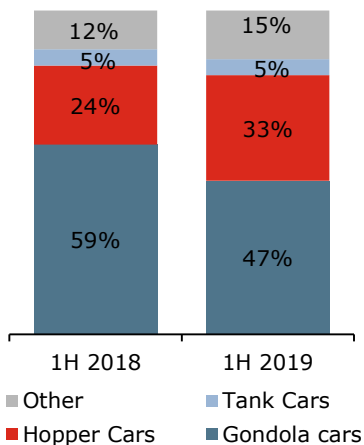
UWC's Operating Results

Railcar production^{1,2}

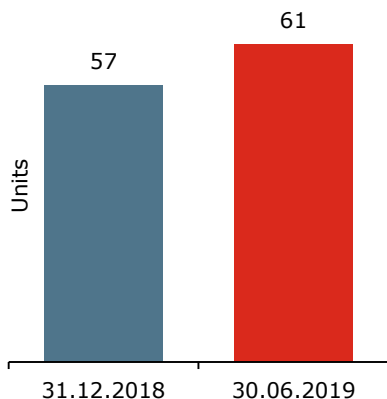


- In 2Q 2019, the Company manufactured a total of 4.9 thousand railcars, an increase of 3.2% over 2Q 2018. The 1H 2019 production volume gained 11% compared to the figure of 2018, reaching 9.9 thousand railcars
- Just like in the previous year, the total production grew due to larger production of specialised rolling stock. The production of hopper cars in 2Q grew 47% year-over-year to 1.7 thousand railcars, and in 1H by 48% to 3.2 thousand railcars compared to 1H 2018, with their share in the production pattern raising to 33%. The production of other specialised railcars (flat cars, covered cars, etc.) grew by 26% in 2Q and by 39% in 1H, reaching 769 and 1490 railcars, respectively. The tank car production decreased by 14% in 2Q and gained 11% in 1H year-over-year, reaching 250 and 493 railcars, respectively
- As UWC continues diversifying its production pattern, it reduces the production of gondola cars to adapt to current market conditions with the demand gradually switching to specialised rolling stock. This led to gondola car production falling by 18% to 2.2 thousand railcars in 2Q and by 10% to 4.7 thousand railcars in 1H
- In 2Q UWC certified its new molasses tank car and 2 dump car models equipped with 25-tf bogies. At the end of the reporting period, the total number of certified railcar models and modifications stands at 61

Production pattern²



Certified models and modifications

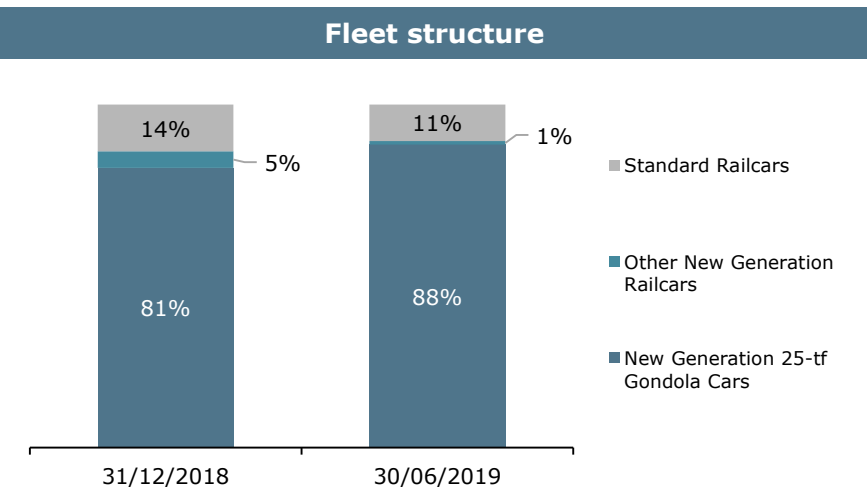
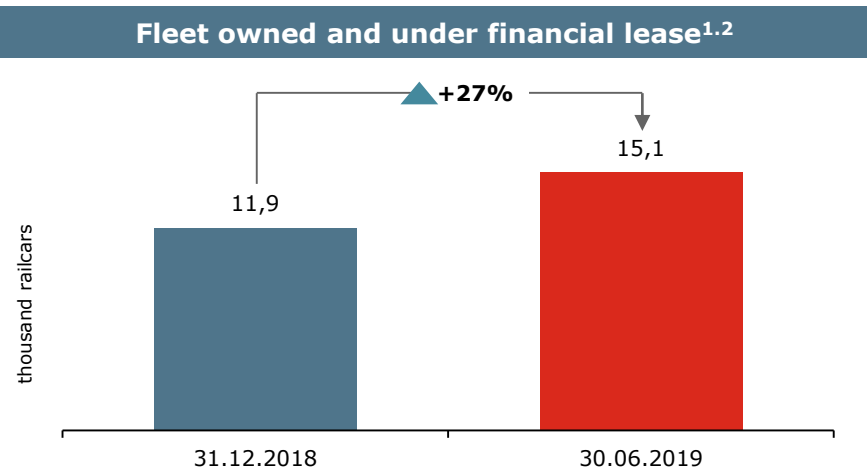


Other key events over the quarter

- By its 2018 results³, RPC UWC ranked first by the number of railcar manufactured in Russia (19.7 thousand freight cars) and third worldwide, preceded only by CRRC Corporation (China) and The Greenbrier Companies (US and Europe)

Notes: 1) Including the production volumes by TVSZ, «TikhvinChemMash» and «TikhvinSpetsMash»; 2) For more details of the production pattern and dynamics, see Slide 5
3) By the list of Russia's largest rail car manufacturers drafted by INFOLine-Analytics

66% railcars sold to third parties in 1H 2019



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 6.4 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), TD Rif (hopper cars), Uralkali (hopper cars), and VTB Leasing (hopper cars). These companies acquired a total of 4.3 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 6 months of 2019, the rolling stock made by UWC was purchased by a total of 40 companies

- ▶ In 2Q, 2.3 thousand railcars were delivered to GTLK to be then transferred to UWC's leasing subsidiary under a financial lease. Over 1H 2019, a total of 3.3 thousand railcars were transferred to UWC's fleet under the transaction (34% of the total 1H sales). Therefore, in 1H 2019 the fleet owned and under financial lease grew in size by 27% to reach 15.1 thousand railcars

- ▶ 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 110.4 thousand tons, an increase of 72% over the figure of 2Q 2018

Other key events over the quarter

- ▶ CJSC "Eurosib SPb – Transport Systems" and UWC signed a contract for the production and delivery of 400 new-generation container flat cars

- ▶ UWC will fulfil an order for 100 specialised methanol tank cars for Shchekinoazot. The entire order is to be delivered by July end this year

- ▶ UWC delivered to GATX RailVostok 26 tank cars for molasses and oil, being the only model existing on the market for such freight type equipped with a 25-tf bogie and a stainless steel tank

- ▶ UWC signed a supply contract with UniCredit Leasing for 50 timber flat cars. The railcars will be operated by Luzales ranking among the largest companies of the Komi Republic

UWC's Fleet and Production: Dynamics and Patterns

Railcar production, units	2017					2018					2019		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	1H
Gondola Cars	3,588	3,914	3,219	3,867	14,588	2,510	2,740	2,754	3,048	11,052	2,482	2,245	4,727
Hopper Cars	699	214	682	822	2,417	1,051	1,143	1,281	1,564	5,039	1,567	1,676	3,243
Tank Cars	199	241	102	205	747	154	291	246	308	999	243	250	493
Other*	179	212	381	532	1,304	461	611	744	762	2,578	721	769	1,490
TOTAL	4,665	4,581	4,384	5,426	19,056	4,176	4,785	5,025	5,682	19,668	5,013	4,940	9,953

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

Railcar fleet, units (at period end)	2017				2018				2019	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Innovative Railcars	10,247	11,733	11,603	10,770	10,780	10,838	9,925	10,266	11,278	13,530
Gondola Cars	7,471	9,196	9,801	10,481	10,481	10,735	9,782	10,107	11,119	13,371
Hopper Cars	2,769	2,530	1,755	192	192	-	-	-	-	-
Tank Cars	1	1	39	79	79	79	79	79	79	79
Other*	6	6	8	18	28	24	64	80	80	80
Standard Railcars	4,773	2,567	2,497	2,497	2,272	2,122	2,122	1,617	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	1,500
Other*	543	543	543	543	318	118	118	117	117	117
TOTAL	15,020	14,300	14,100	13,267	13,052	12,960	12,047	11,883	12,895	15,147

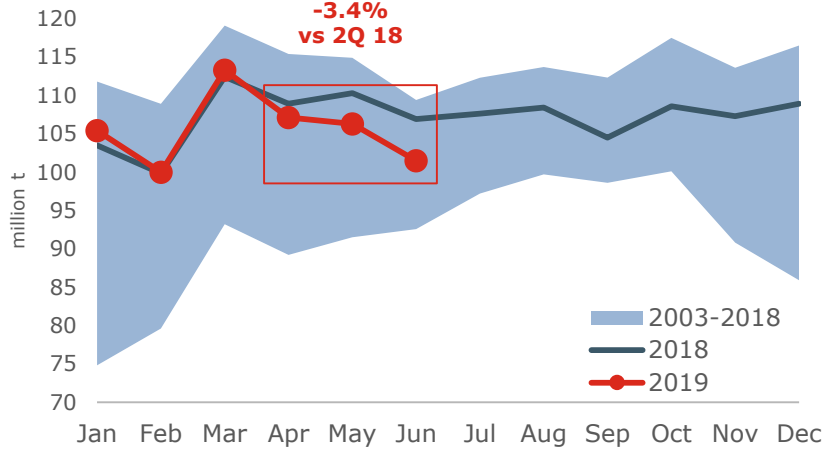
* Container flat cars, universal gondolas and box cars

Operation (UNICON 1520)	2017				2018					2019	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY	1Q	2Q
Tank container fleet, units	-	-	-	637	775	908	1,098	1,098	1,098	1,098	1,098
Flat car fleet, units	-	-	-	259	311	482	557	585	585	585	585
Chemical tank car fleet, units	-	-	-	38	78	78	78	78	78	78	78
Chemical shipments, t	-	-	-	45,954	49,454	64,338	91,361	99,930	305,083	111,128	110,427

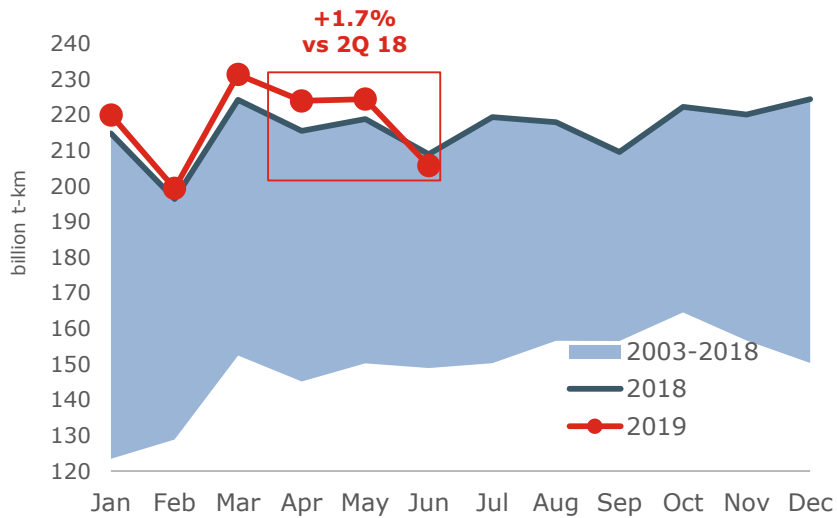
Overview of Freight Car Market

Car loadings in 2Q 2019 were -3,4% down, while freight turnover grew by +1.7%

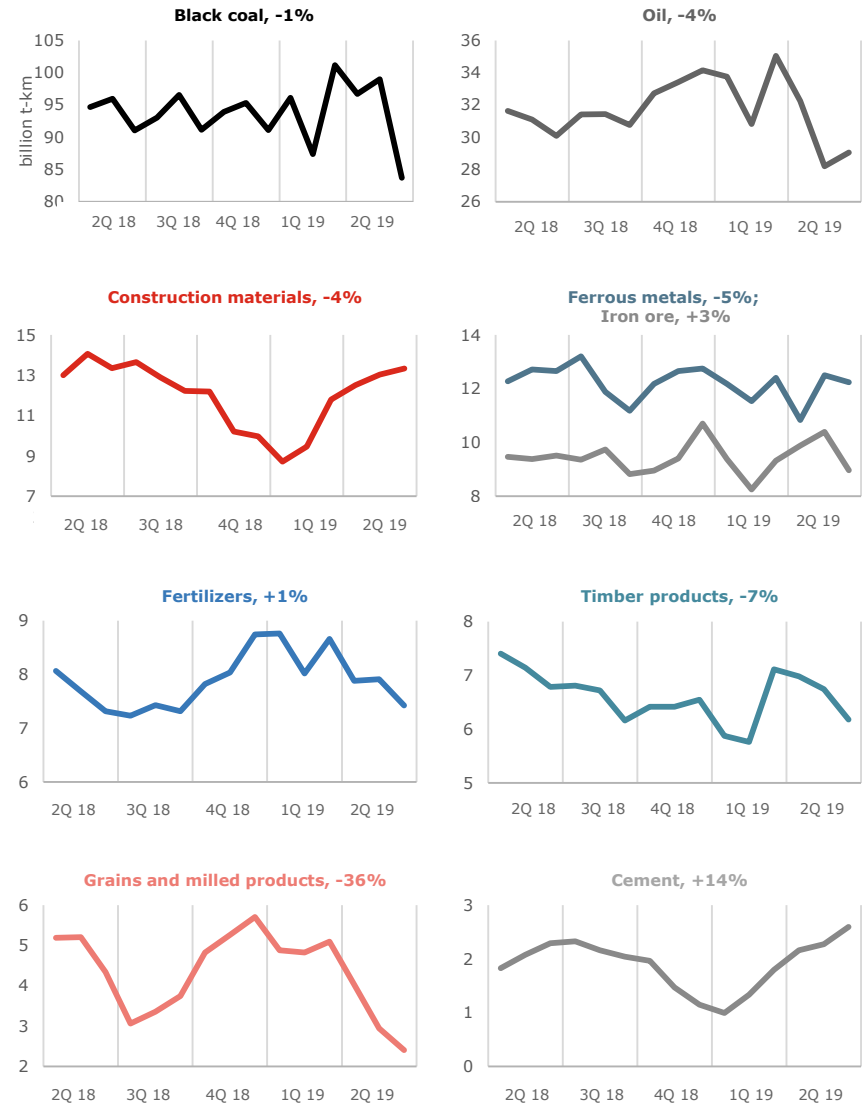
Car loadings on RZD's network



Freight turnover on RZD's network

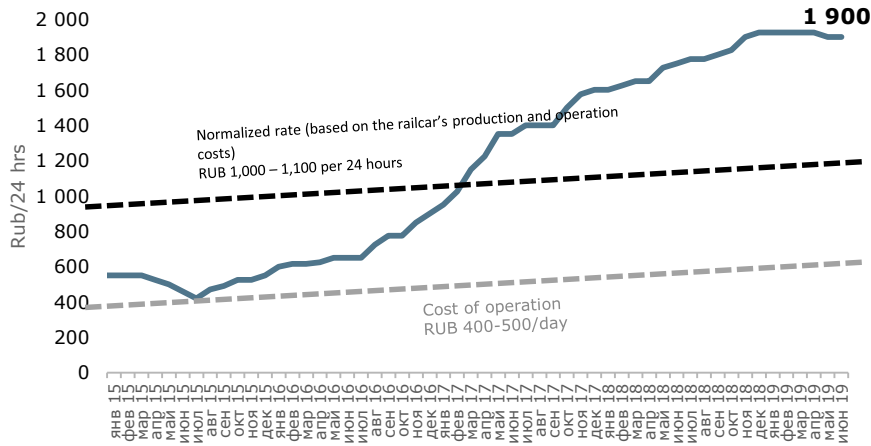


2Q freight turnover by freight type 19 vs 2Q 18



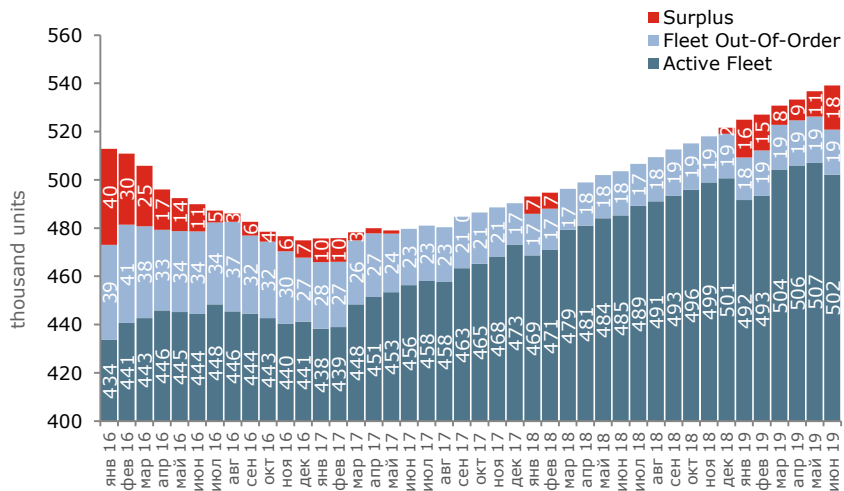
Falling traffic dragged down the lease rate and aggravated gondola car surplus

Average lease rate for gondola cars*



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

Gondola fleet balance

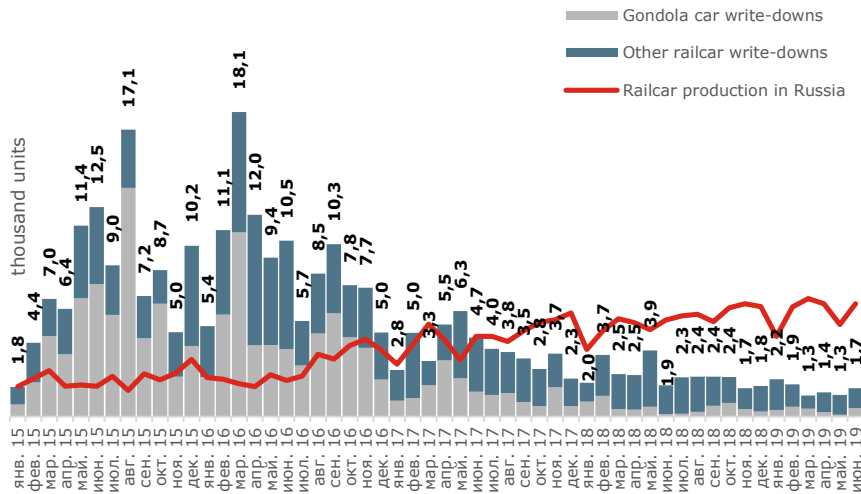


Source: Industrial Cargoes

- Over 2Q 2019, car loadings amounted to 314.9 million tons, a decrease of -3.4% compared to the same period of 2Q 2018
- With the coal traffic redirected to the East and shipment distances growing, freight turnover (654.0 billion t-km) was up in 2Q 2019: +1.7% year-over-year
In June it started to go down, however: -1.8% against June 2018
- Decreases in shipment volumes affected the market:
 - The lease rate for a standard gondola car decreased to RUB 1,900/24 hours, and is expected to fall further
 - The surplus of gondola cars reached 18 thousand units in June 2019

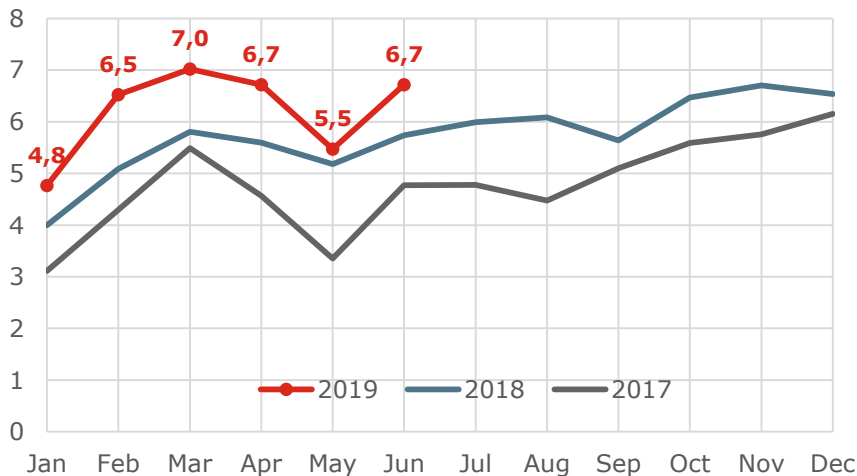
In 2Q 2019, a total of 18.9 thousand railcars were sold in Russia, and 4.4 thousand railcars written down

Railcar write-downs in Russia



- In 2Q 2019, a total of 4.4 thousand railcars (whereof 0.8 thousand were gondola cars) were written down
- At the beginning of July 2019, there are a total of 52.2 thousand railcars out-of-order
- 23 to 24 thousand railcars are expected to be written down in 2019

Railcar production in Russia



- Sales of railcars by Russian manufacturers stood at 18.9 thousand units in 2Q 2019, being at their record high ever for this period
- A May decrease in railcar sales is typical of the season, as May holidays lead to a slowdown in Russian manufacturing activities

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