



**Globaltruck**

**FY 2017 Operational Update**

February 2018

Strictly confidential

THIS PRESENTATION AND ITS CONTENTS ARE STRICTLY CONFIDENTIAL AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES OF AMERICA, AUSTRALIA, CANADA AND JAPAN OR ANY OTHER JURISDICTION WHERE SUCH DISTRIBUTION WOULD BE UNLAWFUL OR TO ANY OTHER PERSON.

This presentation has been prepared and issued by Public Joint Stock Company "Globaltruck Management" (the "Company", and together with its subsidiaries, the "Group") and is the sole responsibility of the Company and comprises the written materials for a meeting concerning the Company. This presentation is being furnished to each recipient solely for its own information and in connection with the meeting. For the purposes of this notice, "presentation" means this document, its contents or any part of it, any oral presentation, any question or answer session and any written or oral material discussed or distributed during the meeting.

This presentation does not constitute or form part of any offer to sell or issue or invitation to purchase or subscribe for, or any solicitation of any offer to purchase or subscribe for, any securities of the Company or any member of the Group, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision nor does it nor is it intended to form the basis of any contract for acquisition of or investment in any member of the Group, financial promotion, or any offer or invitation in relation to any acquisition of or investment in any member of the Group in any jurisdiction. This presentation does not constitute a recommendation regarding the securities of the Company

You will hold the presentation in strict confidence and you will not disclose, redistribute, reproduce, publish, forward, or otherwise divulge any of its contents, electronically or otherwise, whether in whole or in part or directly or indirectly (or permit any of the foregoing) to any other person.

Each recipient is responsible for making its own decision on the use, accuracy, reliability, fairness, completeness, appropriateness and validity of any information contained and/or referred to in this presentation. Neither the Company, any of its advisors, or any of their respective parent or subsidiary undertakings, or the subsidiary undertakings of any such parent undertakings, or any of such person's respective directors, officers, employees, agents, affiliates or advisers nor any other person makes any representation, warranty or undertaking (express or implied) as to, and no reliance should be placed on, the accuracy, completeness, fairness, quality or reasonableness of the information contained and/or referred to in this presentation (or whether any information has been omitted from this presentation) or the opinions contained in this presentation or in any other document or information made available in connection with this presentation. No person shall have any right of action against the Company, its advisors or any of their respective parent or subsidiary undertakings, or the subsidiary undertakings of any such parent undertakings, or any of such person's respective directors, officers, employees, agents, affiliates or advisers or any other person in relation to the truth, accuracy or completeness of any such information or for any loss, however arising (including in respect of direct, indirect or consequential loss or damage), from any use of this presentation or its contents or otherwise arising in connection with this presentation. No duty of care is owed or will be deemed to be owed to you or any other person in respect of the information in this presentation.

The information and opinions contained in this presentation are provided as at the date of the presentation and are indicative and for discussion purposes only and subject to verification, correction, completion and change without notice. No person is under any obligation to update, complete, revise or keep current the information contained in this presentation nor to provide the recipient with access to any additional information that may arise in connection with it.

To the extent available, the industry, market and competitive position data contained in this presentation has come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein.

In addition, certain of the industry, market and competitive position data contained in this presentation comes from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the market in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry, market and competitive position data contained in this presentation.

This presentation may contain statements that constitute forward-looking statements relating to the business, financial performance and results of the Company and the industry in which the Group operates. These statements may be identified by words such as "expectation", "belief", "estimate", "plan", "target", or "forecast" and similar expressions or the negative thereof; or by the forward-looking nature of discussions of strategy, plans or intentions; or by their context. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. All statements regarding the future are subject to inherent risks and uncertainties and various factors could cause actual future results, performance or events to differ materially from those described or implied in these statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate and neither the Company, its advisors nor any of their respective subsidiary undertakings, affiliates, agents or advisers or any such persons' directors, officers, employees or agents, nor any other person accepts any responsibility for the accuracy of the opinions expressed in this presentation or the underlying assumptions. Actual events or conditions are unlikely to be consistent with, and may differ significantly from, those assumed. Past performance is not an indication of future results and past performance should not be taken as a representation that trends or activities underlying past performance will continue in the future. The forward-looking statements in this presentation speak only as at the date of this presentation and the Company, any of its advisors and each of their respective subsidiary undertakings, affiliates, agents or advisers or any such persons' directors, officers, employees or agents expressly disclaims any obligation or undertaking to release any updates or revisions to these forward-looking statements to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based after the date of this presentation or to update or to keep current any other information contained in this presentation or to provide any additional information in relation to such forward-looking statements. You are therefore cautioned not to place any undue reliance on such forward-looking statements.

This presentation is only addressed to and directed at persons in member states of the European Economic Area ("EEA") who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC), as amended ("Qualified Investors"). In the UK, this presentation is only addressed to and directed at Qualified Investors who are also: (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Order"), (ii) persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) any other person to whom it can otherwise be lawfully directed (all such persons together being referred to as "Relevant Persons"). It is a condition of you attending this presentation that you represent and warrant to the Company that (i) if you are (a) in the United Kingdom, you are a Relevant Person or (b) in any member state of the EEA other than the United Kingdom, you are a Qualified Investor, and (ii) you have read and agree to comply with the contents of this disclaimer. Any person (i) in the United Kingdom, who is not a Relevant Person, or (ii) in any member state of the EEA other than the United Kingdom, who is not a Qualified Investor, should not act or rely on this presentation or any of its contents. If you have received this presentation and you are (i) in the United Kingdom and are not a Relevant Person, or (ii) are in any member state of the EEA other than the United Kingdom and are not a Qualified Investor, you must return this presentation immediately to the Company. The term "Prospectus Directive" includes any relevant implementing regulations in each member state of the EEA.

This presentation is not for distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia). This presentation does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in the United States. Company's securities may not be offered or sold in the United States absent registration with the United States Securities and Exchange Commission or an exemption from registration under the U.S. Securities Act of 1933, as amended. There will be no public offering of the Company's securities in the United States.

This presentation and the information contained herein does not and is not intended to constitute or form part of, and should not be construed as, an offer to sell or the solicitation of an offer to buy any security, commodity or instrument or related derivative, nor does it constitute an offer or commitment to deal in any product, lend, syndicate or arrange a financing, underwrite or purchase or act as an agent or advisor or in any other capacity with respect to any transaction, or commit capital, or to participate in any trading strategies, and does not constitute investment, legal, regulatory, accounting or tax advice to the recipient. The recipient should seek independent third party legal, regulatory, accounting and tax advice regarding the contents of this presentation. This presentation and any materials distributed in connection with this presentation are not directed or intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation or which would require any registration or licensing within such jurisdiction. In particular, this presentation or any part thereof is not for general publication, release or distribution in the United States, Australia, Canada or Japan. Any failure to comply with these restrictions may constitute a violation of law.

This presentation does not constitute a public offering or an advertisement of securities in the Russian Federation, and does not constitute an offer, or a proposal to make offers, or to purchase or subscribe for any securities in the Russian Federation.

By attending the meeting where this presentation is made or by accepting a copy of this presentation, you agree to be bound by the foregoing limitations and to maintain absolute confidentiality regarding the information disclosed in this presentation.

## Leading Russian Full Truck Load (“FTL”) trucking Group<sup>[1]</sup>



In Urals, Siberia and Far East<sup>[2]</sup>



#2 in Russia<sup>[2]</sup>

## Modern fleet and infrastructure as of year end 2017



**1,167**

Trucks with an average age of 3.4 years



**1,265**

Trailers (tents and refrigerators)



**6**

Certified service centers

## Transparent business practices

IFRS Reporting



Debt financing

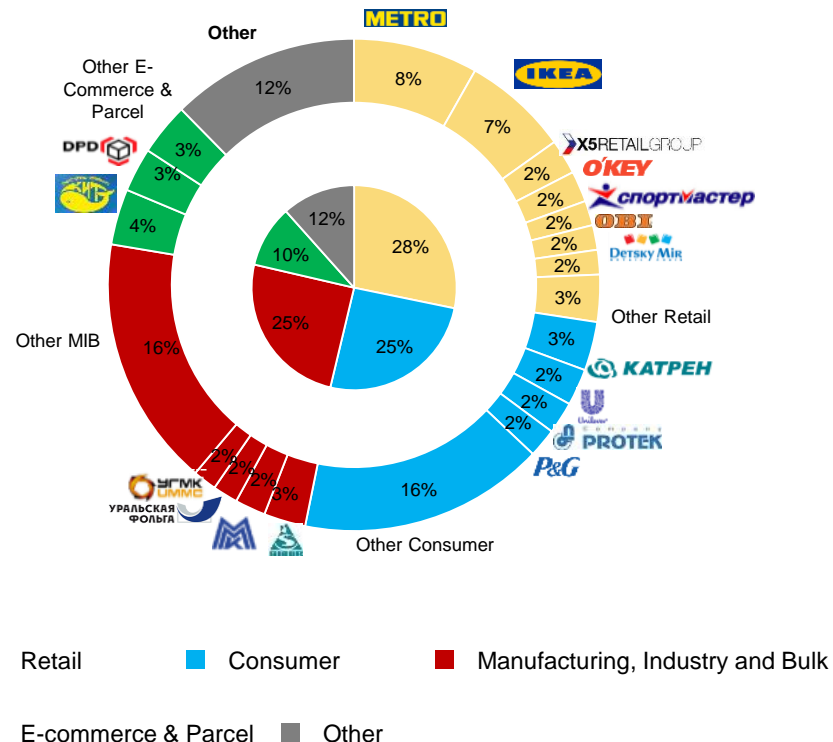
## Track record of growth

Revenue CAGR 2014-2016:

**19.9%**

## Top player in a Blue-Chip customer segment

(Contribution to Revenue 2016)



## Key financials in FY 2016

Revenue

**6,205 RUBm**

Adjusted EBITDA<sup>[3]</sup>

**1,362 RUBm**

Net debt/Adjusted EBITDA<sup>[3]</sup>

**2.3x**

Source: Company information.

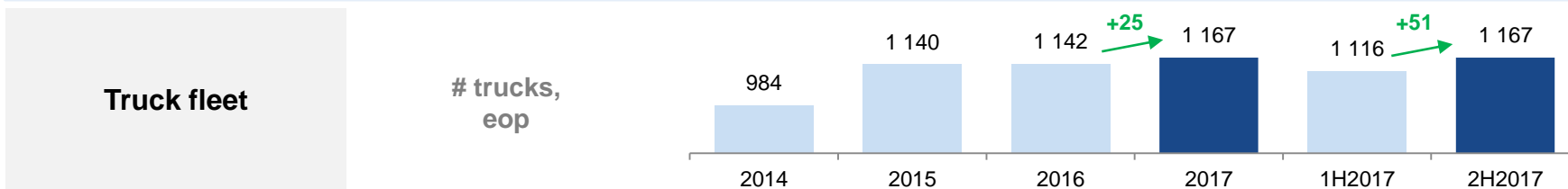
Note: [1] MegaResearch data for 2016 (by average fleet size).

[2] excluding captive truck fleet.

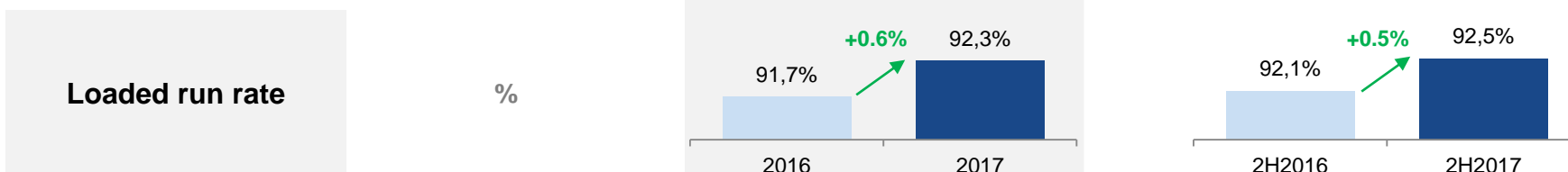
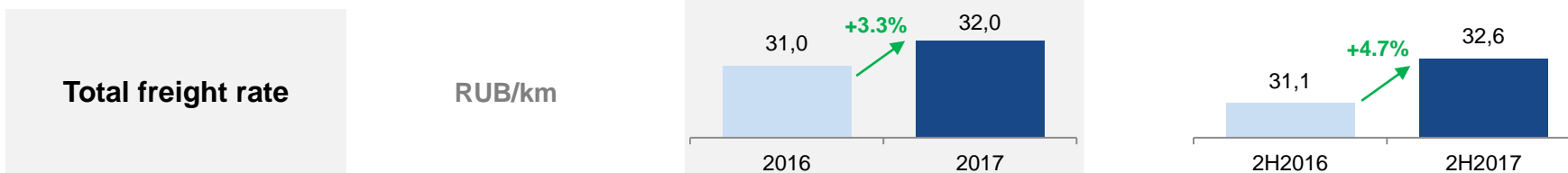
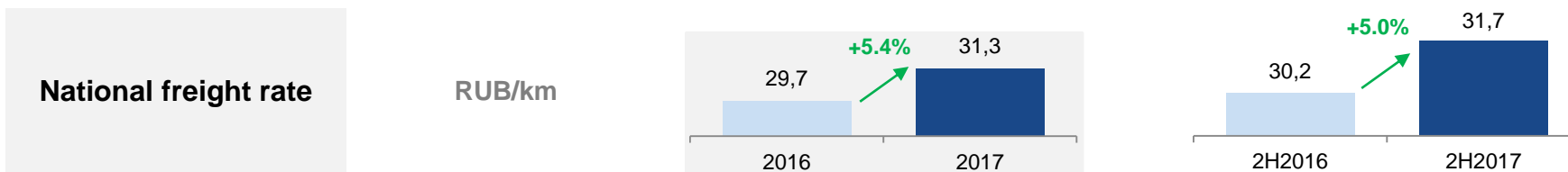
[3] 2016 adjusted EBITDA excludes RUB 35.6m gain from the sale of real estate.

# Key Highlights of FY2017 and 2H 2017 Results

## Steady growth due to primary focus on replacement and modernization of the trucking fleet



## Gains in freight rates and improvement in efficiency metrics



## Key developments

## Potential impact on GT

### Platon Toll System

- **Criminal responsibility** introduced for the business owners, operating in violation of Platon toll system
- **4x times** increase in fines for the drivers from 5 to 20 ths rubles for delinquency in toll payments
- **Toll reduction** for trucks with an annual mileage on all federal roads in excess of 60-95 ths km on all federal roads, is currently under consideration by Ministry of Transportation
- **No definite plans on toll rate growth** – however it is likely to increase at least in line with Russian inflation rate starting from July 1, 2018

### Positive

- Tightening regulation continues to increase pressure on smaller trucking companies and independent drivers which constitute a large share of the market (by # of trucks in operation) to act in compliance with the system
- Higher tariff rates can be expected, as market players are likely to transfer toll costs on the clients

### Automated Weight Control Station

- **Growing number** of weight control station across federal roads
- **Planned additional stations** on exit points of large logistics centers and traffic intensive routes

### Positive

- Globaltruck is in full compliance with weight control regulations

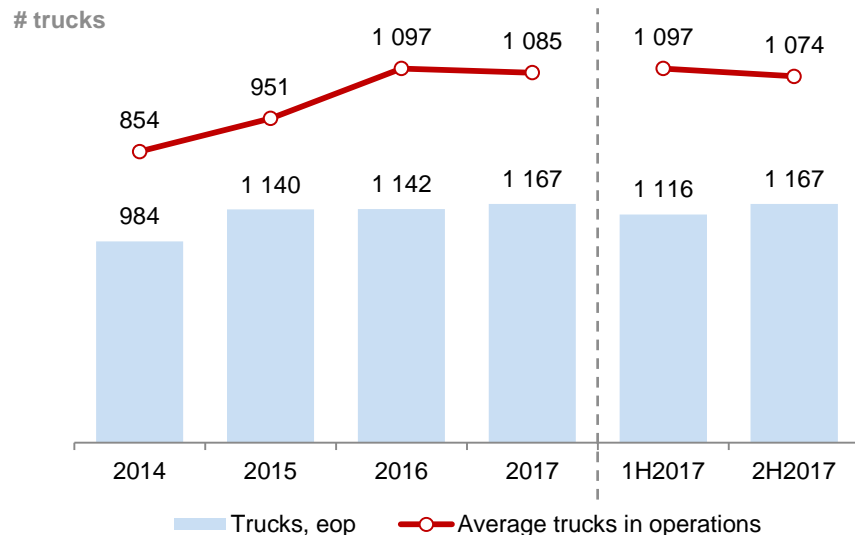
### Truck recycling levy

- **40% increase** in truck recycling tax on trucks with a 12 to 20 tonnes load, has been put forward by Russian Ministry of Industry and Trade
- **No exemption for foreign truck models assembled on Russian plants** – the measure has been spurred by fast growth rate of truck imports, and is aimed at increasing market share of Russian manufacturers, subsidized by the government

### Negative

- If signed into power, the recycling levy proposal shall increase the costs of fleet expansion and replacement due to higher truck acquisition costs

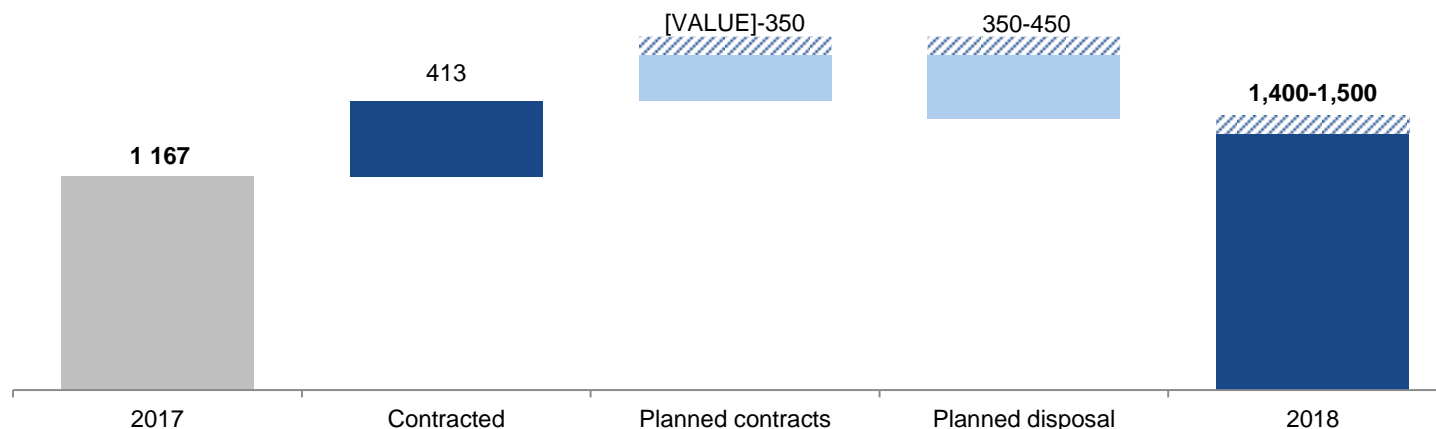
## Truck Fleet



- During the 2H 2017 the Company acquired 207 new VOLVO FH Euro 5 trucks, of which:
  - 156 were a replacement for aged and trucks with excessive mileage
  - 51 trucks constituted an expansion in the total fleet to meet growing demand from existing and new clients
- The acquisition resulted in a slight decrease in the average age of the fleet from 3.5 years in 2016 to 3.4 as of the end of 2017
- There has been a slight reduction in the average size of fleet in operation from 1,097 in 1H 2017 to 1,074 in 2H 2017, due to gradual disposal of trucks on a monthly basis, whereas the new trucks were put into operation at year end
- The Group has already contracted 413 trucks, which are expected for delivery in due course of 2018, with another ca.250-350 planned for the year

## Truck and Trailer Acquisition Plan

(in units)



Source: Company information.

## Ongoing Fleet Expansion and Modernization in 2018



■ Expected truck shipments

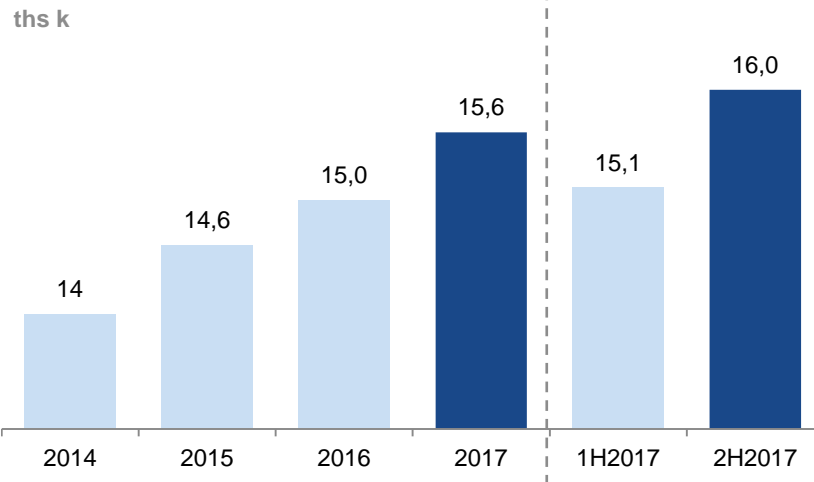


### 413 new trucks

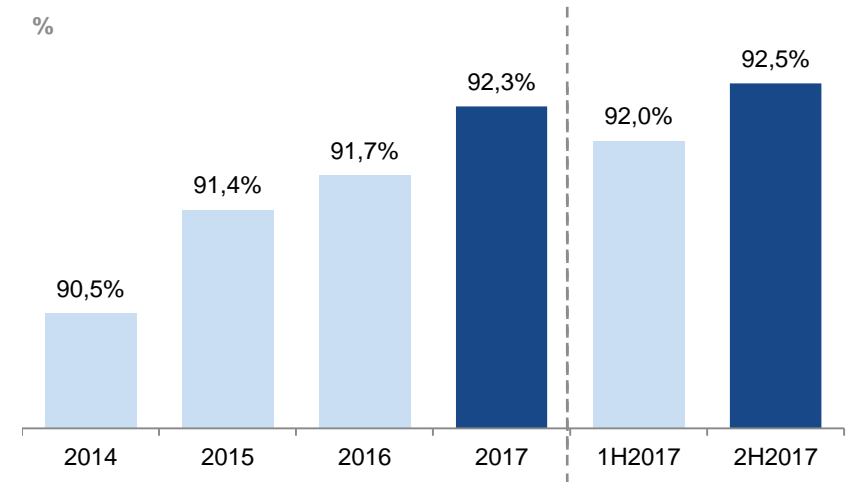
during March-July 2018

- In December 2017, LLC Globaltruck Logistic, a wholly owned Globaltruck subsidiary, signed a financial leasing agreement with Volvo Finance Service Vostok for the acquisition of 413 new Volvo FH 4x2 trucks
- Under the terms of the agreement, trucks will be supplied monthly from March to July 2018 in approximately equal parts
- Trucks are fully compliant with Euro 5 emission and fuel efficiency standards
- The truck purchase is in line with the long-term development strategy of the GT Group. Renewal and expansion of the fleet will not only meet the growing demand for transportation from the customers, but also increase the operational efficiency of the Company through the use of more modern fuel-efficient models of Volvo trucks
- Additional truck acquisition contract planned for execution

## Covered distance per truck/month



## Loaded run ratio



- The Company continues to introduce innovative initiatives to increase efficiency on all operational metrics:
  - Reduction in empty run mileage due to increasing engagement with the customer base leading to efficient route planning and additional gains in time and cost efficiency
  - Elaborate new order review system, which merits the freight rate as well as the probability of a return cargo, and cargo turnover stats for the route
  - Ongoing optimization of traffic portfolio and highly motivated logistics team providing superior support to Company's drivers
- As the result the loaded run ratio has reached a record high level of 92.5% in 2H 2017, as well as the covered distance per truck/months which has increased from 15.0 in 2016 to 16.0 in 2017
- In part the operational gains were achieved due to the successful launch and running of the CargoPipeline project, expected to deliver additional gains in the future



## Key expected operating and financial improvements



2x faster delivery<sup>(1)</sup>

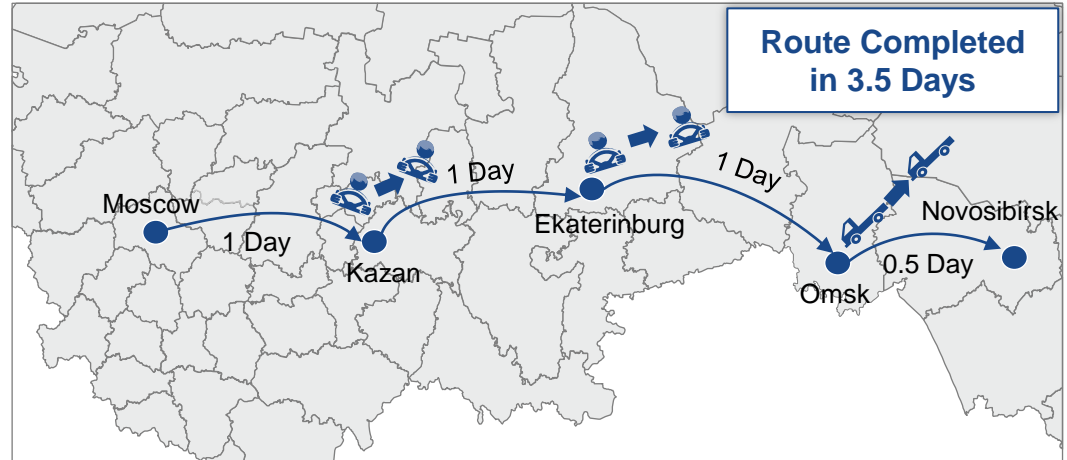


Higher tariffs for quicker delivery



Kilometrage increase per truck per month

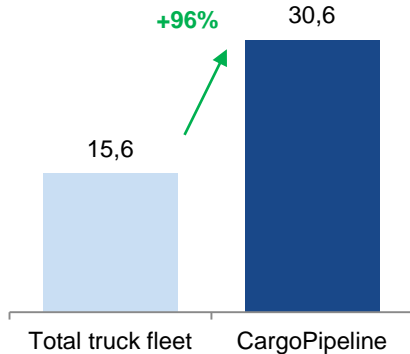
## Current state of pilot project implementation



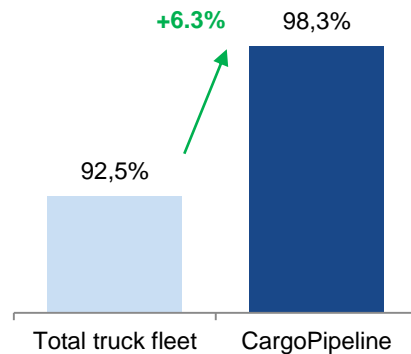
## CargoPipeline operational results for 2H2017

### Distance per truck

Tkm/month



### Loaded run ratio



## Overview

- Globaltruck has successfully launched “CargoPipeline” project in October 2017
- CargoPipeline – is the use of interchangeable trucks to transport a single semitrailer to its destination, which results in higher monthly mileage per truck
- Its made possible by a system of local bases with assigned drivers, which take control of each truck within their assigned area only, and pass off the truck to the next driver to continue the delivery thereon.
- As the result the truck and the cargo is always on the move with no stoppages for sleep over or idle waiting
- Currently 20 semitrailers are operated in CargoPipeline, and additional 30 are expected by April 2018