13 April 2015

PJSC MOSTOTREST ANNOUNCES 2014 RESULTS

PJSC Mostotrest (Mostotrest, the Company or, together with its consolidated subsidiaries, the Group) publishes financial and operating results for 2014[a].

Mostotrest, Russia's leading integrated transport infrastructure construction group, delivered strong financial results in 2014, increasing revenue by 29%, EBITDA[b] by 63% and net profit by 2.7x, compared to the previous year. The start of the operational phase for a number of long-term investment contracts drove an almost three-fold increase in the Group's road services backlog.

Key Operating Results:

- **The Group's market share rose to 13.4%[c] in 2014** from 9.9% in 2013, driven by a 31% increase in in-house volumes[d];
- **Backlog[e] stood at RUB352.0* billion,** with new order intake totaling RUB99.8* billion[f]. Over the same period, the road services backlog grew almost 2.7x to RUB56.5 billion, as a number of long-term investment contracts reached operational phase.

Key Financial Results:

- **Revenue was RUB150.5 billion, up 29% year-on-year**, driven by increased construction volumes;
- **Gross profit grew 47% to RUB20.6 billion, up from RUB14.0 billion in 2013**. Gross margin rose to 13.7% from 12.0% in 2013, driven by more efficient deployment of resources;
- **EBITDA[b] increased by 63% year-on-year, to RUB15.4 billion.** EBITDA margin rose from 8.1% last year to 10.2% in the reporting period, supported by the decrease in provisions for doubtful receivables;
- **Net profit was RUB6.1 billion, a 2.7x increase year-on-year.** Net profit attributable to the owners of the Company was RUB5.6 billion;
- **The Group increased capital expenditure by 21% compared to the previous year**, including for implementation of major projects added at the end of 2013;
- **Net cash (i.e. cash and cash equivalents[g] net of debt) at the end of 2014 amounted to RUB21.2 billion**, driven by customer advances.

Mostotrest CEO Vladimir Vlasov comments on the results:

"In 2014, the Group delivered strong operating and financial results. The professionalism of Mostotrest staff, a balanced approach to development of own production capacity and to participation in new projects, as well as our status as a financially healthy borrower helped the Group to withstand negative market trends and to cope with a deteriorating macroeconomic environment in Russia. We were able to consolidate our reputation as a reliable partner for large government contracts, reaffirm the strength of our business and improve our competitiveness.

The Company benefitted significantly from the early completion and delivery of a number of large construction projects in 2014. The Company was able to direct these freed up resources in a far more effective way, boosting their utilisation and leading to a substantial increase in productivity while minimising the risk that the inflation rate exceeded that agreed in the contracts.

The opening to traffic of the km 15 – km 58 segment of the M-11 “Moscow – Saint Petersburg” Highway was one of our most significant achievements last year. Despite initial delays due to construction site clearance issues, we made substantial efforts and opened to traffic on time. In the first half of 2015, we will complete the installation of the route equipment, including toll stations, and commence commercial operation of the toll segment.

In terms of financial results for 2014, I would like to emphasize that in addition to delivering traditionally strong revenue growth (+29%), Mostotrest managed to “recover” its profitability. Gross margin of the Group was 13.7%, a 1.7 pp increase year-on-year. EBITDA margin was also up 2.1 pp, to 10.2%. The efficiency improvement was achieved through optimal use of resources and decrease in bad debt provisions.

As regards 2015, our expectation is that it will undoubtedly be a challenging year for the industry as a whole, both in terms of reduced funding and weaker tendering activity, but also in terms of the effect that high inflation is likely to have on the cost base of construction companies. Equally, we are confident that key motorway projects currently under construction where Mostotrest is a major participant, such as the M-11 “Moscow – Saint Petersburg", the M-4 "Don" and the M-9 "Baltic", are unlikely to suffer interruption and construction will therefore continue this year. At the same time, the current level of our backlog will help ensure that our capacity utilisation and revenue streams remain stable in 2015».

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a) The press-release has been prepared on the basis of the consolidated financial statements prepared in accordance with the IFRS as at and for the full year ended 31 December 2014 and 2013, as well as on the basis of the management accounts as at and for the same periods, as this set of financial statements in their entirety provide a comprehensive overview of the Group’s performance for full year ended 31 December 2014 and 2013.

To make the information in the press-release user friendly special notes are used. The information based on management accounts is marked with {*}.

The detailed “basis of presentation” description can be found in the Appendix nr. 2 at the end of the press-release.

b) EBITDA is defined as net profit from continuing operations net of income tax, net finance costs and depreciation. EBITDA is not defined by, or presented in accordance with IFRS. EBITDA has limitations as an analytical tool, and one should not consider it in isolation, or as a substitute for analysis of the Group’s operating results as reported under IFRS.

c) Calculated as the amount of work performed in-house (revenue net of other revenue and cost of services of third-party subcontractors) in 2014, divided by 2014 market volume (including road repair and maintenance), in accordance with the EMBS Report (an independent consultant providing, among others, information and research on developed and emerging markets).

d) In-house volumes are calculated as revenue net of cost of subcontractor services.

e) Backlog is not a measure defined by IFRS or RAS. The company's backlog represents its management's estimate of the contract value of its projects that remain to be completed as at a particular date, excluding VAT. Such value is calculated as the total contract value for each project that remains to be completed less the amounts already received under the contracts for such projects. The total contract value of a particular project represents the total amount that the relevant entity expects to receive under the contract for such project, assuming the contract is performed in accordance with its terms. A project is included in the backlog of a relevant entity when either a firm letter of commitment is executed by the customer or a letter is received confirming its bid has been successful. Backlog may not be indicative of the relevant entity's future operating results.

f) Excluding VAT.

g) Including bank deposits with maturities over 3 months.

OPERATING AND FINANCIAL RESULTS

The table below provides an overview of key operating and financial indicators of the Group for 2014 and 2013.

(RUB millions)	GROUP			
	2013	**2014**	***Change***	
Revenue	**116,714**	**150,531**	33,817	29%
Cost of sales	-102,704	-129,981	-27,277	27%
Gross profit	**14,010**	**20,550**	**6,540**	**47%**
Gross margin, %	*12.0%*	*13.7%*		1.7%
Other income	394	493	99	25%
Administrative expenses	-6,168	-7,631	-1,463	24%
Other expenses	-2,717	-1,982	735	-27%
Profit from operating activities	**5,519**	**11,430**	**5,911**	**107%**
Operating profit margin, %	*4.7%*	*7.6%*		2.9%
Finance income	202	1,062	860	n/a
Finance costs, including:	-2,409	-3,647	-1,238	51%
Dividends and non-controlling interest expense	-220	-763	-543	n/a
Share of profit/(loss) of equity accounted investees	229	-166	-395	n/a
Profit before income tax	**3,541**	**8,679**	**5,138**	**n/a**
Profits tax expense	-1,288	-2,607	-1,319	102%
Profit from continuing operations	**2,253**	**6,072**	**3,819**	**170%**
Profit after tax from discontinued operations	6	0	**-6**	-100%
Profit for the period	**2,259**	**6,072**	**3,813**	**169%**
Profit attributable to:				
Owners of the parent Company	1,916	5,598	3,682	н/п
Non-controlling interests	343	474	131	38%
Profit for the period	**2,259**	**6,072**	**3,813**	**169%**
Profit margin, %	*1.9%*	*4.0%*		2.1%
EBITDA	**9,430**	**15,371**	**5,941**	**63%**
EBITDA margin, %	*8.1%*	*10.2%*		2.1%

Backlog [1]

The total value of road and bridge construction tenders in 2014 was RUB544.2 billion[2]. Avtodor State Company and the Federal Road Agency held 46% and 38% of tenders in value terms respectively.

Having adopted a selective approach to participation in new projects in 2014, Mostotrest expanded its construction backlog by a total of RUB99.8 billion. The biggest project wins in 2014 were:

- Section 4 of the new M-11 "Moscow – St. Petersburg" Highway (RUB27.0* billion[3]);
- Rostov Southern Airport Complex airfield infrastructure (RUB13.8* billion[3]);
- Bridge across the Volga in the Tver region (RUB6.7* billion[3]);

Besides, in the reporting period, the Group concluded additional construction and reconstruction contracts for projects in western Moscow, totaling RUB27.1* billion[3],

The services backlog was increased by new road operation and maintenance volumes under long-term investment contracts that have reached the operational phase, specifically:

- Maintenance, repair and toll-based operation of M-4 "Don" Highway km 225.6 – km 633.0 segment (RUB29.4* billion[3]);
- Maintenance and repair of the Voronezh Bypass on M-4 "Don" Highway (RUB4.2* billion[3]);
- Maintenance, repair, overhaul and toll-based operation of M-11 "Moscow – St. Petersburg" km 258 – km 334 segment (Vyshny Volochek Bypass) (RUB10.5* billion[3]).

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[1] Backlog is not a measure defined by IFRS or RAS. The company's backlog represents management's estimate of the contract value of its projects that remain to be completed as at a particular date, excluding VAT. Such value is calculated as the total contract value for each project that remains to be completed less the amounts already received under the contracts for such projects. The total contract value of a particular project represents the total amount that the relevant entity expects to receive under the contract for such project, assuming the contract is performed in accordance with its terms. A project is included in the backlog of a relevant entity when either a firm letter of commitment is executed by the customer or a letter is received confirming its bid has been successful. Backlog may not be indicative of the relevant entity's future operating results.

[2] Including VAT. Customers: Avtodor, the Federal Roads Agency, Moscow City Construction Department. Company estimates based on information available on the official Russian Federation publicprocurement information website http://zakupki.gov.ru. Including tender for construction of CRR section №5 and №1 (total ling RUB94.6 billion).

[3] Contract value. Excluding VAT.

The data presented below provides an overview of the backlog of the Group as at 31 December 2014 and 2013.

Backlog, by Project Type*:

	31.12.2013	31.12.2014	Change *mln RUB (without VAT)*	
- bridges and highways	348,516	331,354	-17,162	-5%
- airfields and airports	4,109	18,203	14,094	n/a
- other infrastructure facilities	2,747	2,479	-268	-10%
Total	**355,373**	**352,036**	**-3,337**	**-1%**

Backlog, by Segment*:

	31.12.2013	31.12.2014	Change *mln RUB (without VAT)*	
Construction	335,502	295,584	-39,918	-12%
Service	20,857	56,914	36,057	173%
Intercompany transactions	-986	-462	524	-53%
Total	**355,373**	**352,036**	**-3,337**	**-1%**

Detailed information about the backlog structure by customer, geography and the Company's role (general contractor or subcontractor) is provided in Appendix 1.

Revenue[4]

The bulk of the Group's revenue is derived from construction projects, as well as from road repair and operation, and sales of construction materials.

In the reporting period, the Group's revenue rose by 29% compared to the previous year, driven by an increase in construction and assembly volumes and the continued rapid development of the road maintenance and operation segment.

Volumes increased mainly as a consequce of the following major projects:

- Construction of the km 334 – km 543 (6th) segment of M-11 “Moscow – St. Petersburg” Highway;
- Construction of the Festivalnaya Street – Businovskaya Interchange segment of M-11 “Moscow – St. Petersburg” Highway;
- Construction of the km 15 – km 58 segment of M-11 “Moscow – St. Petersburg” Highway;
- Reconstruction of the Businovskaya Interchange in Moscow;
- Construction of a bridge across the Volga on the Nizhniy Novgorod – Shakhunya – Kirov Highway in the Nizhniy Novgorod region;
- Construction of the km 517 – km 544 segment of M-4 “Don” Highway (Novaya Usman bypass);
- Construction of the km 258 – km 334 segment (Vyshny Volochek Bypass) of M-11 “Moscow – St. Petersburg” Highway.

In-house[5] and subcontracted[6] volumes grew 31% and 27%, respectively. However, the share of subcontracted volumes[7] remained flat at 44% in the reporting period.

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[4] The Group recognizes revenue from long-term construction contracts according to the percentage-of-completion method or only to the extent of recoverable costs incurred when the outcome of a construction contract cannot be estimated reliably. If the revenue under the construction contract is recognized to the extent of recoverable costs incurred, the accumulated profit under this contract is recognized as of the completion date of the facility.

[5] In-house volumes are calculated as revenue net of cost of subcontractor services.

[6] Subcontracted volumes equal cost of subcontractor services in the Group's total cost of sales.

[7] The share of subcontracted volumes is calculated as the ratio of cost of subcontractor services to revenue.

The following table presents the Group's revenue by type of construction projects and services for 2014 and 2013.

	2013	2014	Change	
			mln RUB	
Revenue from contracts for construction of:				
- bridges and highways	98,418	131,747	33,329	34%
- airfields and airports	6,394	5,152	-1,242	-19%
- other facilities	1,016	1,998	982	97%
Total revenue from construction contracts	**105,828**	**138,897**	**33,069**	**31%**
Revenue from maintenance and repair of roads	9,939	10,674	735	7%
Other revenue	947	960	13	1%
Total revenue	**116,714**	**150,531**	**33,817**	**29%**

Bridges and Highways

Revenue from construction of roads and bridges increased by 34%, or RUB33.3 billion from RUB98.4 billion last year to RUB131.7 billion in the reporting period, driven mainly by an increase in construction volumes in current projects:

- Construction of the km 258 – km 334 segment (Vyshny Volochek Bypass) of M-11 "Moscow – St. Petersburg" Highway;
- Construction of the km 334 – km 543 (6th) segment of M-11 "Moscow – St. Petersburg" Highway;
- Construction of the Festivalnaya Street – Businovskaya Interchange segment of M-11 "Moscow – St. Petersburg" Highway;
- Construction of the km 15 – km 58 segment of M-11 "Moscow – St. Petersburg" Highway;
- Reconstruction of the Businovskaya Interchange in Moscow;
- Construction of the km 517 – km 544 segment of M-4 "Don" Highway (Novaya Usman bypass).

Airfields and Airports

Revenue from airports and airfields construction decreased by 19% or RUB1.2 billion, from RUB6.4 billion last year to RUB5.2 billion in the reporting period. The decrease in revenue from the segment was due to completion of the Vnukovo Airport reconstruction and development project in 2013, as well as a reduction in volumes in the Petropavlovsk-Kamchatsky Airport upgrade project. New contracts for the reconstruction of airports in Ufa and the Rostov region were signed in May and December 2014, respectively.

Other Facilities[8]

Revenue from other infrastructure increased by 97% or RUB1.0 billion, from RUB1.0 billion last year to RUB2.0 billion in the period under review, mainly driven by the resiting of

[8] Includes construction of railway and hydro infrastructure, as well as other non-core infrastructure, including construction of buildings, sports and culture facilities, metro lines, pedestrian overpasses, etc.

utilities and site preparation for construction of the km 15 - km 58 segment of M-11 “Moscow - St. Petersburg” toll Highway.

Maintenance and Repair of Roads

Revenue in the road repair, maintenance and operation segment increased by 7% or RUB0.7 billion, from RUB9.9 billion last year to RUB10.7 billion in the reporting period, mainly driven by service arrangements on the following routes:

- M-4 “Don” Moscow – Novorossiysk;
- M-5 “Ural” Moscow – Chelyabinsk;
- M-1 “Belarus” Moscow – Belarus border.

Cost of Sales

The Group's cost of sales increased by 27% or RUB27.3 billion from RUB102.7 billion last year to RUB130.0 billion in the reporting period. Growth in cost of sales associated with in-house[9] and subcontracted[10] volumes was 26% and 27%, respectively. Cost of in-house volumes[9] was mainly driven by an increase in the cost of materials, personnel costs, third-party services, vehicles, machinery and equipment and other costs.

The following table containsthe breakdown of the Group's cost of sales for 2014 and 2013.

				mln RUB
	2013	**2014**	**Change**	
Services of subcontractors	51,781	65,717	13,936	27%
Materials	21,062	26,642	5,580	26%
Personnel expenses	14,412	18,190	3,778	26%
Depreciation and amortisation	3,418	3,800	382	11%
Machinery, equipment, transport, and labor services provided by third parties	3,055	4,667	1,612	53%
Design and technology expenses	1,846	2,136	290	16%
Rental expenses	368	592	224	61%
Services of principal contractors	437	233	-204	-47%
Insurance	1,326	1,345	19	1%
Other	4,999	6,659	1,660	33%
Total cost of sales	**102,704**	**129,981**	**27,277**	**27%**

A 26% or RUB5.6 billion increase in the cost of materials from RUB21.1 billion last year to RUB26.6 billion in the reporting period was driven by a 31% increase in in-house construction volumes[11] and the lower materials inputs.

Personnel costs increased by 26% or RUB3.8 billion, from RUB14.4 billion last year to RUB18.2 billion in the reporting period, driven essentially by the growth in in-house volume[11] triggering a 14%* increase in average production staff and by a 10%* increase in average wages. The 14%* improvement in labor productivity was due to a combination of improved construction planning, better qualified personnel, and a more efficient production process. This resulted in a much faster rate of construction which was in turn supported by the substantial investment made in prior years in vehicles, plant and equipment. Consequently the Group managed to significantly increase its speed of contruction leading to a number of projects being completed ahead of schedule:

[9] Cost of in-house volumes is calculated as the Group's total cost of sales less cost of subcontractor services.

[10] Cost of subcontracted volumes equals the cost of subcontractor services in the Group's total cost of sales.

[11] In-house volumes are calculated as revenue net of cost of subcontractor services.

- Construction of the km 258 – km 334 segment (Vyshny Volochek Bypass) of M-11 “Moscow – St. Petersburg” Highway;
- Construction of the km 15 – km 58 segment of M-11 “Moscow – St. Petersburg” Highway;
- Construction of the km 517 – km 544 segment of M-4 “Don” Highway (Novaya Usman bypass);
- Overpasses, a flyover and Relief Road of the Mozhaisky Avenue as part of the reconstruction of the traffic interchange at the intersection of Mozhaisky Avenue with the Moscow Ring Road.

Cost of third-party services (machinery, equipment, transport and labor services) increased by 53% or RUB1.6 billion, from RUB3.1 billion last year to RUB4.7 billion in the reporting period, driven by stronger in-house volumes[12].

Other costs increased by 33% or RUB1.7 billion, from RUB5.0 billion last year to RUB6.7 billion in the reporting period, driven by an expansion of the production program, the increased cost of redeployment, catering and accommodation (redeployment of construction equipment post-completions in Sochi and expansion of production staff), the cost of bank guarantees, as well as the reclassification of tax charges other than income tax, from administrative expenses into cost of sales.

Gross Profit and Gross Margin

Gross profit of the Group increased by 47% or RUB6.5 billion, from RUB14.0 billion last year to RUB20.6 billion in the reporting period, driven by stronger construction volumes.

Gross margin rose to 13.7% in the reporting period from 12.0% last year, driven by the more efficient deployment of resources.

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[12] In-house volumes are calculated as revenue net of cost of subcontractor services.

Administrative Expenses[13]

The following table provides an overview of Group administrative expenses for 2014 and 2013.

	2013	2014	Change	*mln RUB*
Personnel expenses	3,606	4,956	1,350	37%
Third party services	652	836	184	28%
Social expenses	396	431	35	9%
Depreciation and amortisation	264	307	43	16%
Taxes other than income tax	359	248	-111	-31%
Rent expense	170	210	40	24%
Insurance	139	147	8	6%
Materials	143	142	-1	-1%
Travel expenses	81	82	1	1%
Other administrative expenses	357	272	-85	-24%
Total administrative expenses	**6,168**	**7,631**	**1,463**	**24%**

Against the backdrop of a 29% growth in revenue, administrative expenses increased by 24% or RUB1.5 billion, from RUB6.2 billion last year to RUB7.6 billion in the reporting period. The share of administrative expenses as a proportion of revenue remained unchanged year on year at 5%.

Payroll costs increased by 37% or RUB1.4 billion, from RUB3.6 billion last year to RUB5.0 billion in the reporting period, driven by a 6%* increase in total headcount. Strong payroll growth was also driven by completion and delivery in 2014 of large projects and associated bonus payments.

Other Expenses

Other expenses decreased by 27% or RUB0.7 billion, from RUB2.7 billion last year to RUB2.0 billion in the reporting period, driven by a decrease in expense on the provisions for doubtful receivables down to RUB1.5 billion* (2013: RUB2.1* billion).

EBITDA[14]

EBITDA increased by 63% or RUB5.9 billion, from RUB9.4 billion last year to RUB15.4 billion in the reporting period, driven by increased gross profit and decrease in other expenses. The increase in EBITDA margin from 8.1% last year to 10.2% in the reporting period was driven by a stronger gross profit margin.

[13] Administrative expenses include personnel expenses, expenses for consulting and audit services, social expenses and other administrative expenses.

[14] EBITDA is defined as net profit from continuing operations net of income tax, net finance costs and depreciation. EBITDA is not defined by, or presented in accordance with, IFRS. EBITDA has limitations as an analytical tool, and one should not consider it in isolation, or as a substitute for analysis of the Group's operating results as reported under IFRS.

Financial Income and Expenses[15]

The following table provides an overview of financial income and expense of the Group for 2014 and 2013.

				mln RUB
	2013	**2014**	**Change**	
Finance income:				
Interest income on bank deposits	107	395	288	n/a
Interest income on loans given	3	164	161	n/a
Foreign exchange gain	35	55	20	57%
Discounting of financial assets and liabilities	50	443	393	n/a
Other finance income	7	5	-2	-29%
Total finance income	**202**	**1,062**	**860**	**n/a**
Finance costs:				
Interest expense on borrowings	-1,586	-2,225	-639	40%
Interest expense on finance leases	-603	-659	-56	9%
Change in non-controlling interest	-220	-763	-543	n/a
Total finance costs	**-2,409**	**-3,647**	**-1,238**	**51%**
Net finance cost	**-2,207**	**-2,585**	**-378**	**17%**

The financial income of the Group increased 5.3x or by RUB0.9 billion, from RUB0.2 billion last year to RUB1.1 billion in the reporting period, driven by the receipt of substantial cash deposits in early 2014, following large advance payments from customers at the end of 2013, including RUB24.2* billion under the M-11 "Moscow – St. Petersburg" Highway segment 6 (km 334 – km 543) construction, maintenance, repair, overhaul and toll-base operation project, and RUB4.6* billion under the M-4 "Don" Highway km 517 – km 544 segment (Novaya Usman and Rogachevka bypasses) construction, maintenance, repair and overhaul project. In addition,the Group's financial income benefited from foreign currency gains resulting from the significant depreciation of the ruble against the euro in 2014. Euro-denominated loans issued to an affiliate were converted into rubles at the end of 2014.

Finance costs increased by 51% or RUB1.2 billion, from RUB2.4 billion last year to RUB3.6 billion in the reporting period, due to an increase in interest expense on loans and finance leases and changes in non-controlling interest in the profits of subsidiaries.

The increase in interest expense on borrowings and finance leases was driven by debt raised in the reporting period to finance working capital and the investment program, as well as by higher interest rates on loans amid deteriorating liquidity in the credit market in the second half of 2014.

An increase in non-controlling interest in earnings of subsidiaries was driven by increased profits of a subsidiary in the reporting period.

[15] Finance income and expenses of the Group primarily consist of interest earned on the bank deposits and loans given, finance expense incurred on the borrowings and finance leases and dividends paid to subsidiaries' minority participants and non-controlling interest.

Income Tax Expense

Income tax expense increased 2x or by RUB1.3 billion, from RUB1.3 billion last year to RUB2.6 billion in the reporting period. The effective income tax rate (excluding changes in the share of non-controlling interest in TSM earnings, recorded as a financial expense) decreased from 34%* to 28%*, due to a reduction in the share of expenses non deductible for taxation purposes.

Profits for the Period

Profits for the period grew 2.7x, from RUB2.3 billion last year to RUB6.1 billion in the reporting period.

Liquidity and Cash Position

As of December 31, 2014 and 2013, cash and cash equivalents and bank deposits with maturities of more than three months amounted to RUB61.8 billion and RUB26.6 billion, respectively. In the reporting period, cash balances at beginning of the period and debt were used to finance working capital, including co-financing of long-term investment contracts, repay loans raised to finance acquisitions completed in 2012, and to finance the Group's investment program. Working capital financing needs were associated with advance and progress payments to subcontractors and suppliers. Cash and cash equivalents include cash at hand and bank current accounts and deposits with original maturities of three months or less.

As at the year end the Group had total debt of RUB40.5 billion and cash of RUB61.8 billion, resulting in negative net debt of RUB21.2 billion.

The following table provides an overview of net debt of the Group at December 31, 2014 and 2013.

mln RUB

	31.12.2013	31.12.2014	Change	
Loans and borrowings	13	35,584	35,571	n/a
Finance lease liabilities	4,525	4,943	418	9%
	4,538	**40,527**	**35,989**	**n/a**
Cash and cash equivavelnts	26,566	52,067	25,501	96%
Bank deposits with maturities over 3 months	23	9,702	9,679	n/a
Net debt	**-22,051**	**-21,242**	**809**	**-4%**

Under the current banking arrangments, the free credit limit available to the Group at the end of the reporting period amounted to RUB35.5* billion (RUB50.3* billion at December 31, 2013).

Net Working Capital[16]

The following table provides an overview of the structure of the working capital of the Group as at December 31, 2014 and 2013.

				mln RUB
	31.12.2013	**31.12.2014**	**Change**	
Inventories	8,075	8,066	-9	0%
Trade and other receivables	2,670	3,887	1,217	46%
Amounts due from customers on construction contracts	11,451	16,862	5,411	47%
Prepayments	18,321	15,520	-2,801	-15%
Total	**40,517**	**44,335**	**3,818**	9%
Trade and other payables	-17,996	-25,409	-7,413	41%
Amounts due to customers on construction contracts	-54,538	-58,431	-3,893	7%
Total	**-72,534**	**-83,840**	**-11,306**	**16%**
Net working capital	**-32,017**	**-39,505**	**-7,488**	**23%**

Negative working capital increased by RUB7.5 billion year-on-year to RUB39.5 billion, driven mainly by an increase in advances received on construction contracts, including newly signed contracts in 2014. At the same time, a decrease in prepayments of 15% or RUB2.8 billion, from RUB18.3 billion at the end of the previous period to RUB15.5 billion at the end of the reporting period, was mainly due to completion in 2014 of projects with a high share of subcontracted volumes.

Trade and other payables increased by 41% or RUB7.4 billion, from RUB18.0 billion at the end of the previous period to RUB25.4 billion at the end of the reporting period, mainly driven by an increase in advances from customers for road repair and maintenance services, and in payables to personnel.

In the reporting period, the Group financed working capital mainly using bank loans and cash flow from operating activities.

16 Net working capital is calculated as the difference between current operating assets (excluding cash and cash equivalents, prepayments of profits tax and other investments) and current operating liabilities (net of loans, provisions, profits tax liabilities and deferred income).

Capital Expenditure

Total amount of capital investment in fixed assets and intangible assets recorded on the balance sheet of the Group in the reporting period amounted to RUB6.1* billion (2013: RUB5.1* billion), representing mainly the acquisition of construction equipment and vehicles under the fixed assets renewal program (RUB4.6* billion). The increase in total capital investments in the reporting period compared with 2013 was due to an expansion of the production program, including diversification of construction sites as new projects came online in 2014.

Annex1. Backlog Structure

Table 1:Backlog, by Customer*

mln RUB (without VAT)

	31.12.2013	31.12.2014	Change	
Federal agencies	37,610	54,924	17,314	46%
State companies	201,999	202,035	36	0%
Regional governments	43,545	32,830	-10,715	-25%
Municipal governments	43,877	45,504	1,627	4%
Private customers and concessions	28,342	16,743	-11,599	-41%
Total	**355,373**	**352,036**	**-3,337**	**-1%**

Table 2: Backlog, by Company Role*

mln RUB (without VAT)

	31.12.2013	31.12.2014	Change	
General contractor	343,507	343,316	-191	0%
Subcontractor	11,866	8,720	-3,146	-27%
Total	**355,373**	**352,036**	**-3,337**	**-1%**

Table 3:Backlog, by Geography*

mln RUB (without VAT)

	31.12.2013	31.12.2014	Change	
Central Federal District	180,557	201,561	21,004	12%
Southern Federal District	26,455	32,350	5,895	22%
Northwestern Federal District	130,465	106,272	-24,193	-19%
Volga Federal District	10,858	8,267	-2,591	-24%
Far-Eastern Federal District	7,039	3,586	-3,453	-49%
Total	**355,373**	**352,036**	**-3,337**	**-1%**

Appendix 2. Presentation of information

The financial information presented in this announcement is based on the audited consolidated financial statements of Public Joint-Stock Company Mostotrest (the Company or, together with its subsidiaries, Mostotrest or the Group) prepared in accordance with International Financial Reporting Standards as at and for the years ended 31 December 2014 and 2013.

The audited consolidated financial statements of the Group as at and for the year ended 31 December 2013 includes the results of Transstroymekhanisatsiya LLC (”TSM”, acquired on 13 May 2010); Engtransstroy Corporation LLC (“ETS”, acquired on 28 June 2010 and disposed on 31 January 2013), United Toll Systems (“UTS”, incorporated on 17 May 2011), CJSC Mostotrest-Service (“Mostotrest-Service”, acquired on 5 July 2012) and Plexy Ltd. (acquired on December 25, 2012).

The audited consolidated financial statements of the Group as at and for the year ended 31 December 2014 includes the results of TSM, UTS, Mostotrest-Service and Plexy Ltd.

In 2014 the Group changed its accounting policy related to the presentation of VAT on advances given and received from gross to net basis. The Group has applied the change in accounting policy retrospectively and modified presentation of the assets and liabilities in comparative period (refer to Note 34 of the consolidated financial statements of the Group as at and for the year ended 31 December 2014).

The analysis of discontinued operations is not the part of this announcement. All the financial statements' items analyzed in this announcement exclude ETS's results.

Consolidated financial statements of the Group for previous periods, along with selected operating indicators can be found on the corporate website of Mostotrest (www.mostotrest.ru).

The consolidated financial information of the Group is presented in Russian rubles, the Company's functional currency.

Financial information contained in this announcement and derived from the management accounts is marked with an asterisk {*}.

For the purposes hereof, the Group obtained certain statistical, market and pricing information relating to the Russian infrastructure market and its specific aspects from the following external sources: Ministry of Transport of the Russian Federation (hereinafter - Ministry of Transport), the State Company Avtodor (hereinafter - Avtodor), the Department of Finance of the Government of Moscow,the website http://zakupki.gov.ru and EMBS Group Report (independent consultant) as of 10.04.2015. This information is reproduced by the Group with precision in its original form and, as far as the Group can ascertain on the basis of information published by such third-party sources, such information did not omit any facts, so that it could be materially inaccurate or misleading. The Group has not independently verified this or other information coming from third parties. In addition, official data published by government agencies of the Russian Federation may be significantly less complete or backed by research, than in more developed countries.

All financial and operational information contained in this announcement and that has not been prepared in accordance with IFRS is intended solely for use as analytical material, and investors should not consider this information separately or in any combination as an alternative to the analysis of the audited consolidated financial statements of the Group and the unaudited consolidated interim condensed financial statements prepared in accordance with IFRS, which can be found on the corporate website of Mostotrest: www.mostotrest.ru.

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Conference call

Release of financial and operational results will be accompanied by an analyst and investor conference call hosted by Vladimir Vlasov, Chief Executive Officer and Oleg Tanana, Chief Financial Officer.

Date: Monday, 13 April 2015

Time: 09.00 UK time / 11.00 Moscow time

To participate in the conference call, please dial one of the following numbers and ask to be put through to the "Mostotrest" call:

Russia: +7 495 249 9843

Russia Toll Free: 8 10 8002 4902044

UK Local: +44 (0) 20 3003 2666

UK Toll Free: 0808 109 0700

As there will be simultaneous translation for the first part of the call (slide presentation), you should state whether you prefer to listen in English or Russian. During the Q&A session, all participants will hear both languages.

Webcast facility

There will also be a webcast of the call, available through the Mostotrest website (www.mostotrest.ru). Please note that this will be a listen-only facility.

Information materials

The results announcement and consolidated financial statements will be distributed shortly after 09.00 Moscow time on Monday, 13 April 2015 and will also be made available on the Mostotrest website (www.mostotrest.ru). Respective slide presentation will be distributed and made available at the Mostotrest website prior to the conference call.

ENQUIRIES

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NOTES TO EDITORS

***Mostotrest** is a major, diversified infrastructure construction company, with established presence in all core and related market segments, and a participant in Russia's first public-private partnership projects. According to EMBS Group, an independent industry consultancy, in 2014 Mostotrest held a 13.4% share of the total Russian transport infrastructure construction market.*

Mostotrest's core competences include construction and reconstruction of bridges, roads and other transport infrastructure facilities; provision of road maintenance, repair and operating services. In 2012, Mostotrest also entered a new segment: management of road concessions.

The company was established in 1930 as a developer of complex and oversized bridges.

Mostotrest is currently participating in implementation of a number of complex transport infrastructure development projects, such as construction of the Section 4 (km 208 – km 258) and Section 6 (km 334 – km 543) of the M-11"Moscow – St Petersburg" Toll Highway, construction and reconstruction of the M-4 "Don", M-9 "Baltic" and M-11 "Narva" highways, construction of Businovskaya Interchange in Moscow, Bor Bridge in Nizhny Novgorod and Voroshilovsky Bridge in Rostov-on-Don.

Mostotrest Ownership Structure:

38.6%: Marc O'Polo Investments (beneficiary shareholders: Igor Rotenberg and top-managers of N-Trans, including Konstantin Nikolaev, Nikita Mishin and Andrey Filatov);

29.3%: AM companies for Blagosostoyanie Pension Fund;

32.1%: free float.

For more detailed Company information, please visit www.mostotrest.ru

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Some of the information in this announcement may contain projections or other forward-looking statements regarding future events or the future financial performance of Mostotrest. You can identify forward-looking statements by terms such as 'expect', 'believe', 'anticipate', 'estimate', 'intend', 'will', 'could', 'may' or 'might', the negative of such terms or other similar expressions. Mostotrest wishes to caution you that these statements are only predictions and that actual events or results may differ materially. Mostotrest does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of Mostotrest,

including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia, market change in the Russian infrastructure construction market, as well as many other risks specifically related to Mostotrest and its operations.
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