

## Factorial analysis of return (profitability)

### THE DYNAMICS OF RETURN CHANGE

Index	2009	2010	2011	2012	Changes					
					2013		Fact to 2013 Plan		2013 to 2012	
					Plan	Fact	+/-	%	+/-	%
Return on invested capital (ROIC)	2.4%	4.2%	2.6%	2.2%	0.9%	1.11%	0.18	-	-1.1	-
Return on equity (ROE)	0.5%	2.4%	0.5%	0.4%	0.004%	0.02%	0.02	-	-0.4	-
Net revenues margin (net profit/revenue)	1.4%	6.3%	1.3%	1.0%	0.011%	0.05%	0.0	-	-1.0	-
Assets (turnover) (earnings/assets)	28.6%	31.3%	31.2%	31.5%	29.6%	30.1%	0.4	-	-1.5	-
Capital leverage (assets/equity)	123.7%	120.0%	123.0%	124.4%	129.3%	129.3%	0.0	-	4.9	-
Return on assets (ROA)	0.4%	2.0%	0.4%	0.3%	0.003%	0.02%	0.0	-	-0.3	-
Return on sales	4.8%	9.3%	5.6%	4.9%	3.7%	4.3%	0.5	-	3.2	-
Return on transportation	4.5%	8.6%	5.3%	4.6%	3.1%	3.6%	0.5	-	-0.9	-
Return on other types of activity	7.8%	15.5%	8.1%	7.8%	8.7%	9.1%	0.4	-	1.3	-

### RETURN ON EQUITY

### NET PROFIT MARGIN

2013	0.05%
2012	1.0%

### ASSET USAGE (TURNOVER) REVENUES/ASSETS

### CAPITAL LEVERAGE (ASSETS/OWNED CAPITAL)

Net revenues margin  
(net profit/revenues)

0.05%

Assets turnover

30.1%

Capital leverage

129%

The return on equity (ROE) is 0.02% with a 0.4 p.p. decrease against 2012 levels. The decrease of indicators of net revenues margin and the assets turnover have affected the decrease of ROE. However this was partly offset by capital leverage growth (balance between assets and equity).

The decrease of return on net profit on 0.9 pp is caused first of all by the current impact of the following factors on financial results:

Decline in growth of transportation works (-2.8% from 2012) due to degradation of

- macroeconomic situation, including a decrease in consumer demand; a decrease in investment activity and in non-energy goods export.

The decrease of investment revenues from the sale of Russian Railways

- subsidiaries and affiliates (the revenues from the sale of subsidiaries and affiliates has decreased by RUB 32.5 billion in comparison with 2012).

- Volatility in national and foreign currency rates has lead to the formation of negative exchange rate differences in the amount of RUB 18.4 billion.

Thus, the impact on net profit covers both the transportation and non-operational segments, as evidenced by the difference between the decrease in the rate of sales profitability to the level of the previous year (-0.6 pp ) and the net revenues margin (-0.9 pp).

The decline in the assets turnover (1.4 pp) shows that less rouble assets are accounted for than the number of roubles of economic benefits inflows which these assets generate. This is caused primarily by the regulations on tariff load curbing.

The 5 pp growth in capital leverage had a positive impact on ROE which, despite the increase in equity of RUB 58 billion (including the securing of contributions to the registered capital in the amount of RUB 59.5 billion and the revaluation of separate financial investments) is caused by greater high asset growth rates; mainly due to the increase of the Company's financial obligations share.

Despite these factors, the Company sought the maximum reserves to ensure the break-even and cost-return of activity in 2013.