

Acquisition of a major European logistic operator

On 20 December 2012 JSC "Russian Railways" closed a deal with PSA Peugeot Citroën to buy a 75% share of the logistics operator Gefco. The transaction value is Euro 800 million.

The acquisition of Gefco is an important step for Holding Company JSC "Russian Railways" to form a competitive global transport and logistics company. In the future, the Company intends to optimize its existing business model by providing customers with a full range of services in transportation, logistics, supply chain management and product stocks.

Gefco is planning to offer to Russian industrial businesses a comprehensive range of outsourced logistics services, including the organization of the work of other logistics companies. For example, car manufacturers may have instructed logistics operators to deliver both parts and spares, and finished products to customers. The Gefco experience will help JSC "Russian Railways" to build its own extensive logistics system and expand its range of services. The key one among these will be the provision of "door to door" delivery.

As a result of changes related to the acquisition of Gefco SA, the capitalization of JSC "Russian Railways" will increase by RUR 100 bln by the year 2017.

The increase in revenue from freight by that time is expected to have reached RUR 40 bn per year. Already in 2013 the optimization of the supply system and inventory management for the Company's own needs will facilitate a cost reduction by JSC "Russian Railways" of at least RUR 0.8 bn.

As a result of the acquisition of the unique Gefco IT-platform, the Company expects to develop its logistics business successfully in Russia and abroad, as well as to expand its presence in Europe, Asia and Latin America.

These changes will have a positive impact on the global competitiveness of the Russian economy, contribute to its modernization and generally strengthen the development of high level logistics technology in Russia.

The optimization of the "Russian Railways" business model will improve the efficient use of the transport infrastructure and reduce transport burden on domestic enterprises. Overall, this creates the best conditions for the development of high-tech industries in the Russian economy, and the growth of the competitiveness of Russian goods in foreign markets