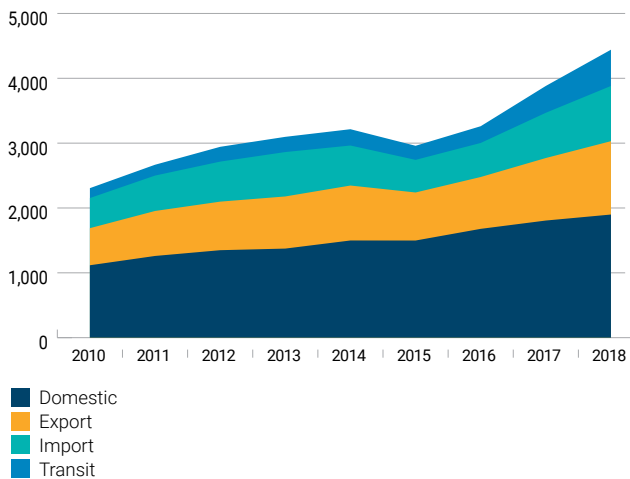


Russian Rail Container Transportation Market

In 2018, the Russian rail container transportation market remained on a strong upward trajectory: 2017 saw a 19% growth rate, while in 2018 it grew by 14% and reached a record high of 4.4 mln TEUs. The market growth rate substantially outperformed the initial forecasts of sectorial analysts.

Russian Rail Container Transportation Market Performance by Traffic Type, '000 TEU



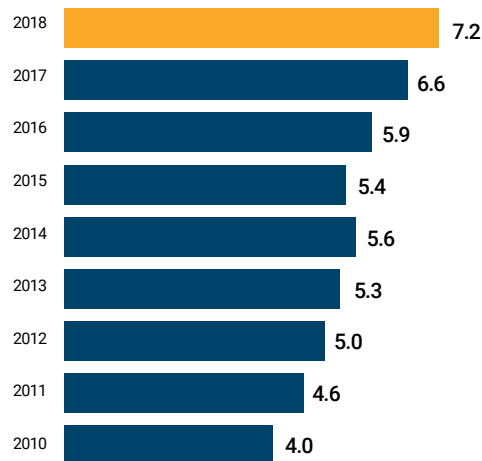
Sources: Russian Railways, Company data

In 2018, the Russian Federal State Statistics Service (Rosstat) recorded the real GDP increase of 2.3%, an uptick in the manufacturing industry of 2.6%, and a 2.6% growth in retail trade. Amid moderate macroeconomic trends, the following factors determined the strong growth of the rail container transportation market in the reporting period:

- the considerable growth of transit transportation through the territory of the Russian Federation in the China–Europe–China corridor as part of the Silk Road Chinese project with high containerisation rate;
- the continuing increase in the international trade of the Russian Federation amid the Russian economy growth and business adaptation to the geopolitics;
- improvement of the rail container transportation service quality by speeding up the delivery, meeting the delivery terms, and simplifying the client-and-operator interaction;
- transfer of the freight volumes to the rail container transportation segment.

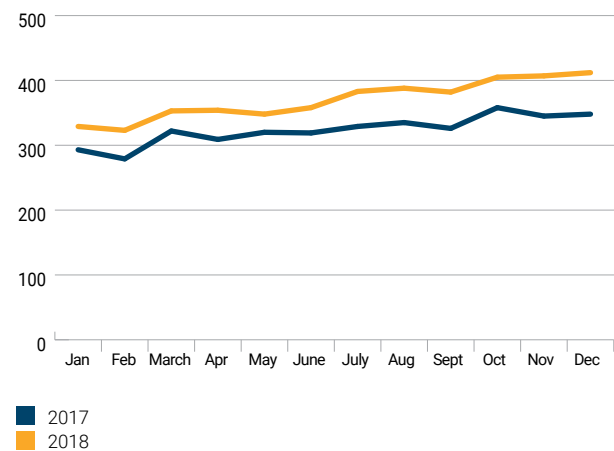
By the end of 2018, the growth of containerisation of cargoes transported via the Russian Railways network increased to 7.2% against 6.6% in 2017.

Containerisation in the Russian Railways Network, %



In addition, 2018 saw a major surge in transit transportation, whose share reached 12.6% against 10.7% year-on-year. The annual trend in the market was also that of strong growth.

Monthly Container Shipments in the Russian Railways Network in 2015-2018, '000 TEU



Sources: Russian Railways, Company data