

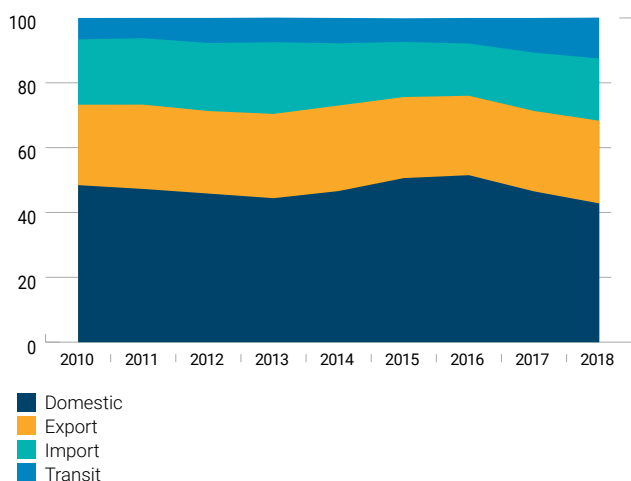
Transportation Breakdown

The reporting year saw growth in all types of railway transportation: domestic shipments increased by 5.1% year-on-year, while the share of container transportation on international routes grew by 22.5%. The leaders in terms of international transportation were import (the growth amounted to 22.0%, or 154 thousand TUEs) and transit transportation (the growth amounted to 35.1%, or 145 thousand TUEs).

With the rapid growth of international transportation, the market in 2018 was as follows: the share of domestic transportation declined from 46.5% in 2017 to 42.8%, while the imports rose from 18.0% to 19.2%; the exports grew slightly as compared to 2017 and amounted to 25.5%, with the share of transits increasing from 10.7% to 12.6%.

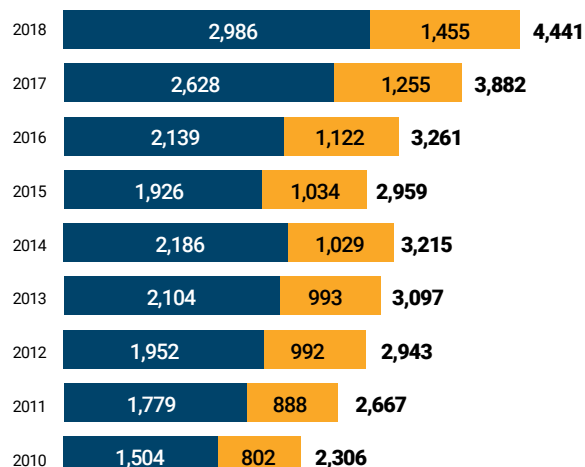
The share of loaded container transportation in the Russian Railways network got 0.4 p. p. down and amounted to 67.2%. During the reporting period, the transportation of loaded and empty containers grew by 13.7% and 15.9% year-on-year, respectively.

Russian Rail Container Transportation Market by Traffic Type, %



Sources: Russian Railways, Company data

Transportation in the Russian Railways Network, '000 TEU



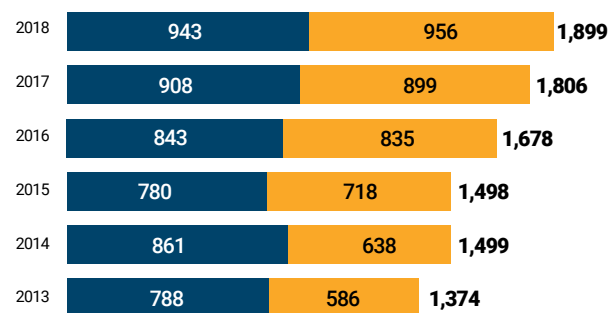
■ Loaded containers
■ Empty containers

Domestic Traffic

Domestic container transportation totalled 1,899 thousand TEUs in 2018, up 5.1% year-on-year. Domestic shipments were supported by more intense import substitution and the shift to container transportation, as well as by global logistics operators and sea shippers still returning to the Russian market.

In 2018, loaded containers accounted for 49.7% of the Russian domestic rail container transportation, down 0.6 p. p. year-on-year. During the reporting period, the transportation of loaded and empty containers grew by 3.9% and 6.4% year-on-year, respectively.

Domestic Container Transportation in the Russian Railways Network, '000 TEU

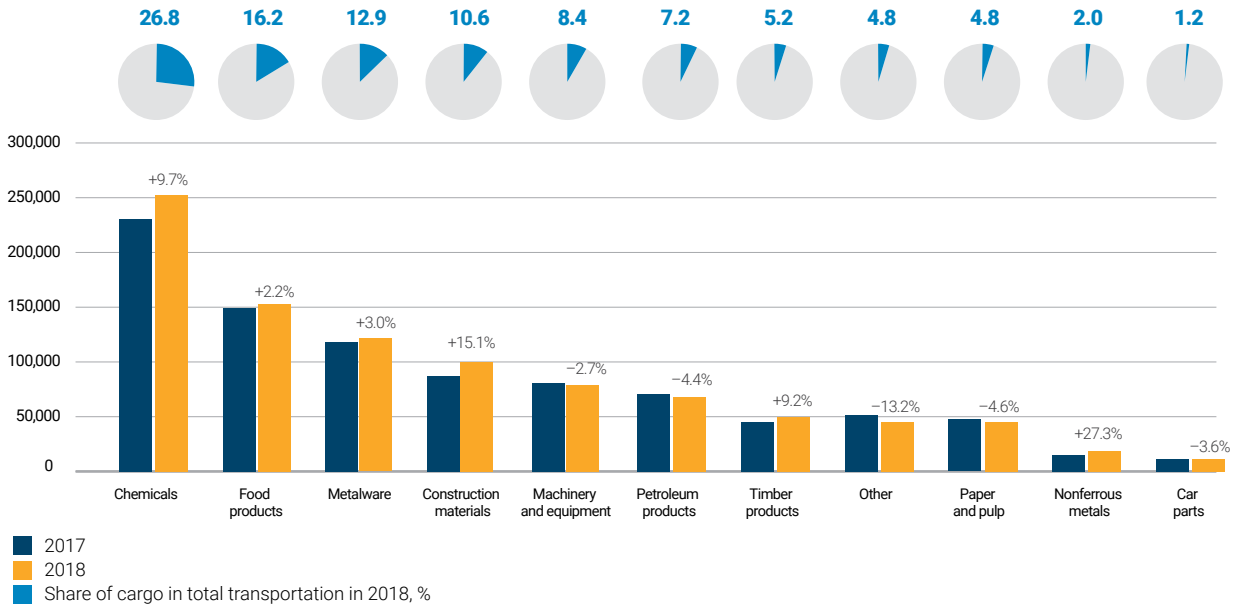


■ Loaded containers
■ Empty containers

Sources: Russian Railways, Company data

Russian domestic rail container transportation has traditionally been more diversified than international shipments. Among commodity groups, chemical products (26.8%) and food products (16.2%) accounted for the highest shares of transportation in 2018. In domestic rail container transportation, metal products amounted to 13%, construction materials stood at 11%, machinery and equipment – 8%, petroleum products – 7%, timber products, paper and pulp – 5% each, nonferrous metals – 2%, and car parts – 1.2%.

Domestic Container Transportation in the Russian Railways Network by Key Commodity Group, TEU



Sources: Russian Railways, Company data

Across all commodity groups, the highest increase in 2018 was seen in the container transportation of nonferrous metals (+27.3%), construction materials (+15.1%), and chemicals (+9.7%).

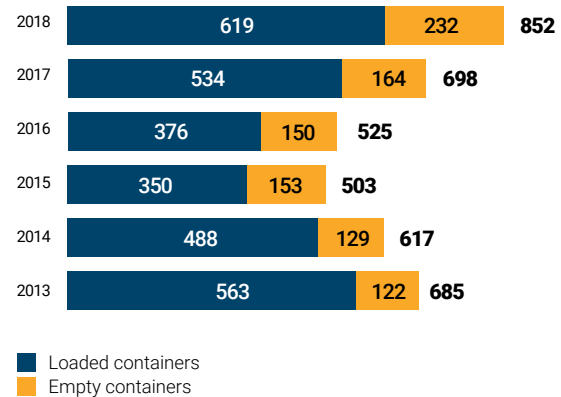
The main domestic rail container flows were between the Central Russia and Siberia, as well as within European Russia.

Import Transportation

In 2018, import rail container transportation increased by 22.0% to 852 thousand TEUs due to the growing international trade, including via online services.

In 2018, loaded containers accounted for 72.7% of import rail container transportation, down 3.8 p.p. on the back of higher growth rates of empty traffic. Empty container traffic grew by 41.8% to 232 thousand TEUs as compared with an increase in the loaded container traffic by 16.0% amid the growing loaded container exports.

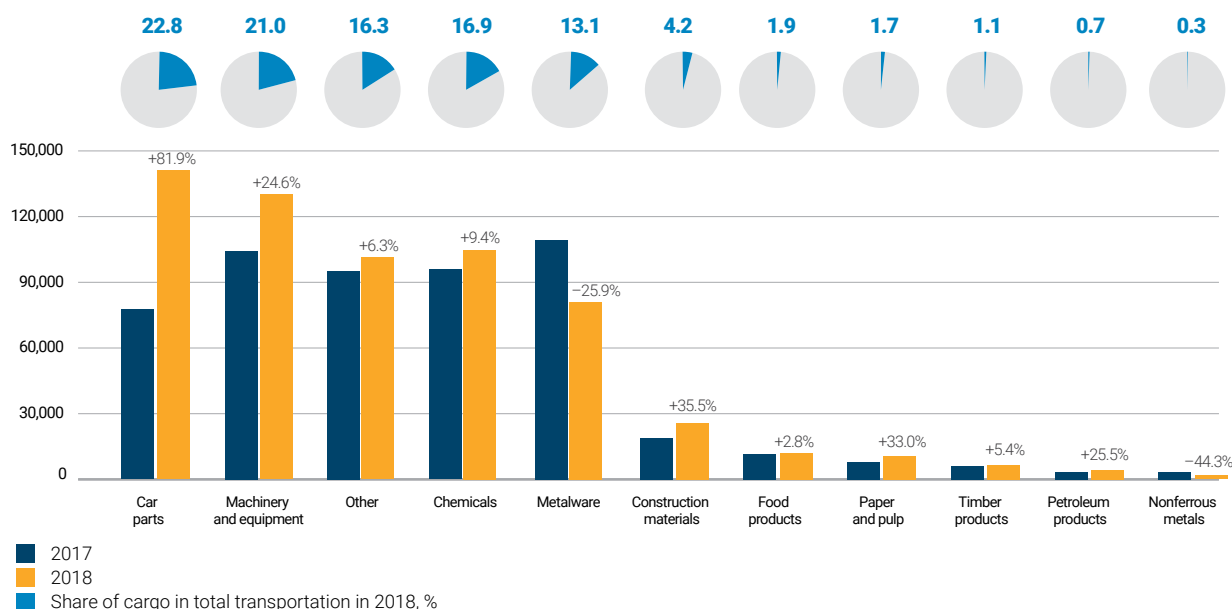
Import Container Transportation in the Russian Railways Network, '000 TEU



Sources: Russian Railways, Company data

Containerised imports were dominated by car parts (22.8%), machinery and equipment (21.0%), chemicals (16.9%), along with metal products (13.1%).

Import Container Transportation in the Russian Railways Network by Key Commodity Group, TEU



Sources: Russian Railways, Company data

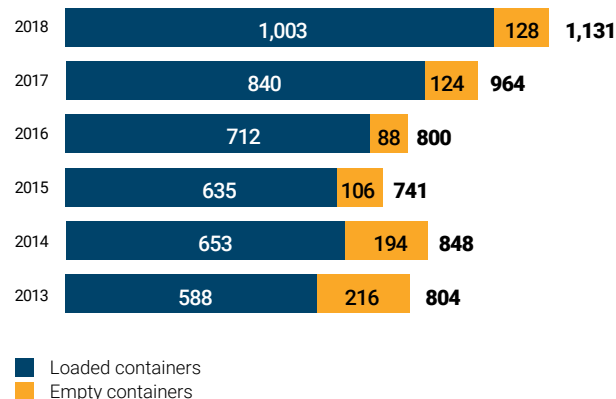
Across all commodity groups, the highest increase in 2018 was seen in the import container transportation of car parts (+81.9%), construction materials (+35.5%), paper and pulp (+33.0%), petroleum products (+25.5%), machinery and equipment (+24.6%).

The main import container flows came from Southeast Asia (China, South Korea, and Japan), and Central and Eastern Europe (Slovakia, Switzerland, Germany, the Czech Republic, the Netherlands, and Spain).

Export Transportation

In 2018, export rail container transportation increased by 17.3% to reach 1,131 thousand TEUs. The share of export loaded containers grew to 88.7% from 87.1% year-on-year due to the strong growth in exports of loaded containers (+19.4%) in relation to empty ones (+3.2%). The share of export empty containers dropped by 1.5 p. p.

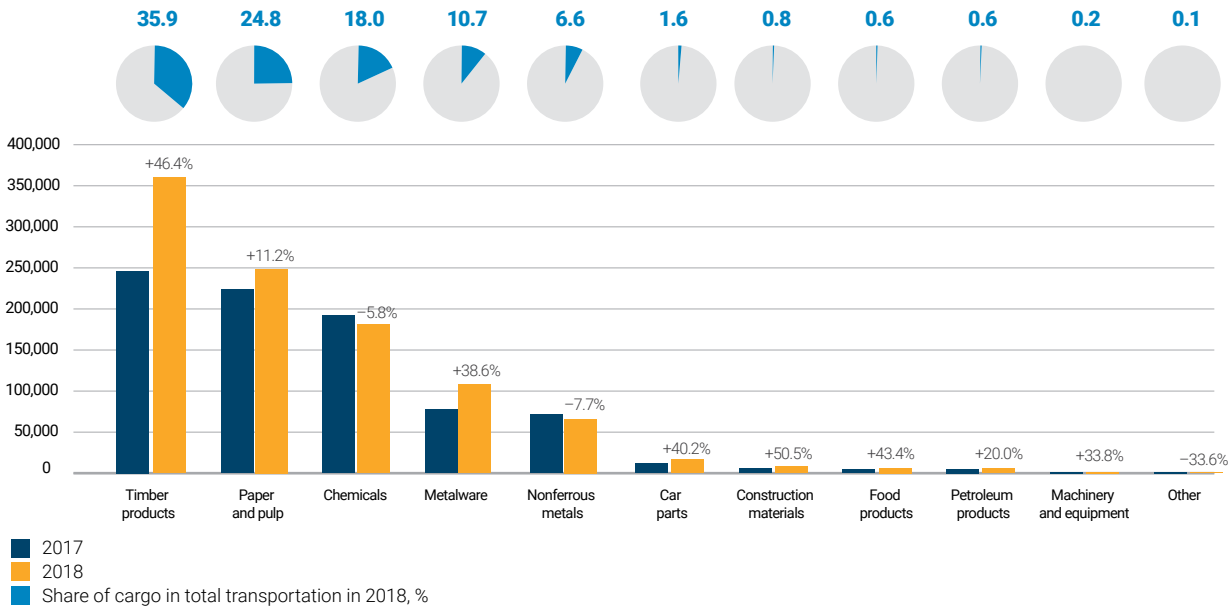
Export Container Transportation in the Russian Railways Network, '000 TEU



Sources: Russian Railways, Company data

In 2018, the Russian rail container export was dominated by timber products (35.9%), paper and pulp (24.8%), chemicals (18.0%).

Export Container Transportation in the Russian Railways Network by Key Commodity Group, TEU



Sources: Russian Railways, Company data

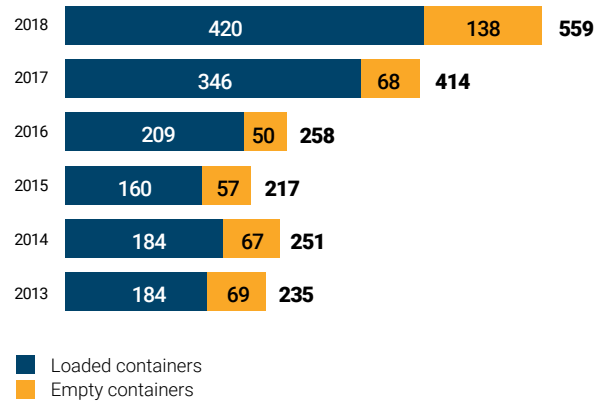
In 2018, export container transportation of construction materials (increase by 50.5% despite small volumes), timber products (+46.4%), food (+43.4%), car parts (+40.2%), and metal products (+38.6%) accounted for the most part of growth year-on-year across all commodity groups.

In 2018, the majority of export containers in the Russian Railways network was transported to the Northwestern and Far Eastern ports, as well as to Eastern and Western Europe (Germany, Switzerland, Belgium, the Netherlands, Slovakia, the Czech Republic).

Transit Transportation

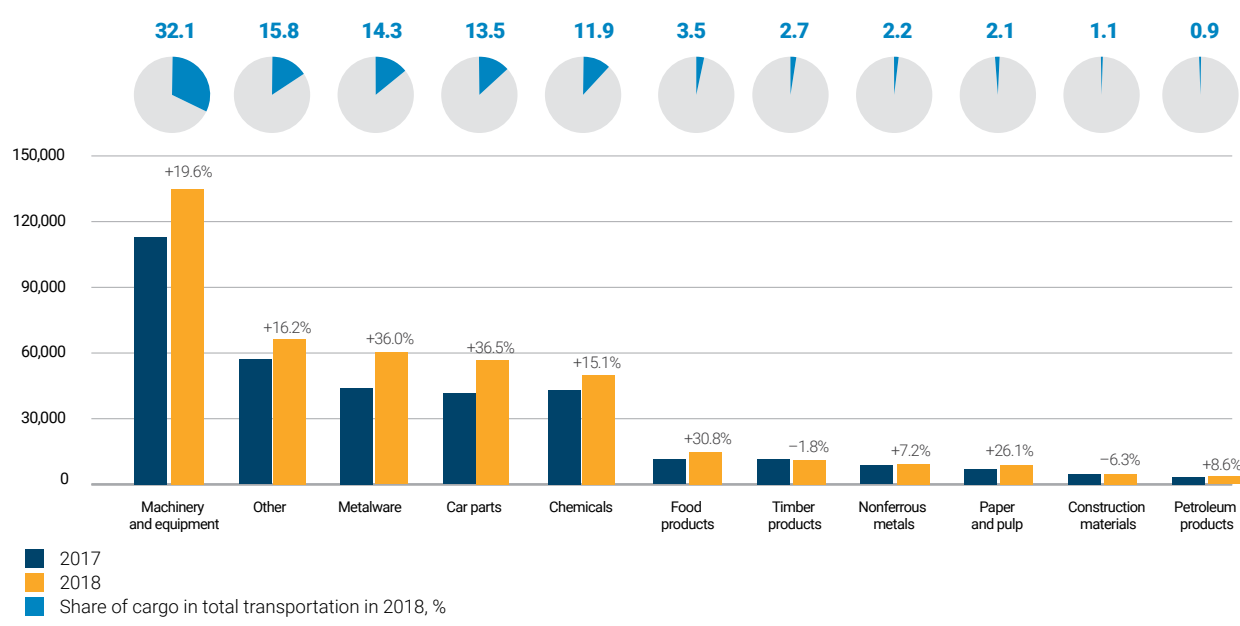
In 2018, the best performing segment was transit rail container transportation rising by 35.1% year-on-year to reach 559 thousand TEUs. The share of empty containers increased to 24.8% against 16.4% year-on-year.

Transit Container Transportation in the Russian Railways Network, '000 TEU



Sources: Russian Railways, Company data

Transit Transportation in the Russian Railways Network by Key Commodity Group, TEU



Sources: Russian Railways, Company data

In 2018, transit transportation between China and Europe continued to grow. The total volume of transit container transportation in the China–EU–China segment amounted to 376.8 thousand TEUs that is up 35% year-on-year. The China–EU traffic increased by 25% (from 179.2 to 223.5 thousand TEUs), while the EU–China traffic surged by 54% (from 99.5 thousand TEUs in 2017 to 153.4 thousand TEUs in 2018). Thus, the container transit transportation showed a reduction of imbalance on the East–West route.

In 2018, transit transportation was dominated by machinery and equipment (32.1%), metalware (14.3%), car parts (13.5%), and chemicals (11.9%).

Cars and car parts (+37%), metalware (+36%), food (+31%), paper and pulp (+26%), machinery and equipment (+20%), and chemicals (+15%) were the key contributors to the transit rail container transportation.

Most of the rail container transit flows go between Central and Eastern Europe (including the Baltic states) and Central Asia, as well as Southeast and Central Asia.