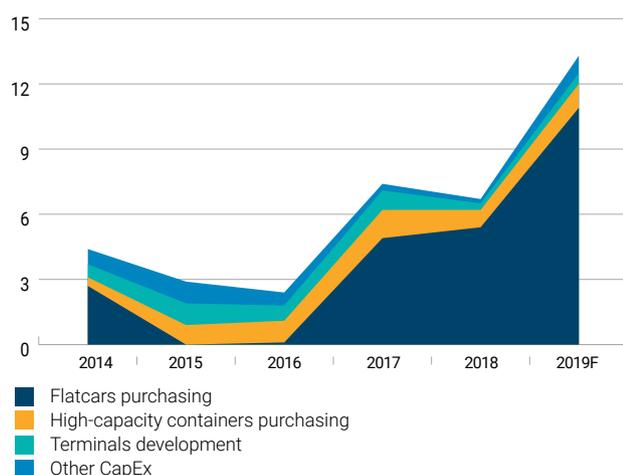


## The Company's CapEx in 2014–2018, RUB billion



## Rolling Stock

### Flatcar Fleet

As of 31 December 2018, the Company had 26,457 flatcars to transport containers, or nearly 50% of the total flatcar fleet of Russian rail container operators (by capacity).

Following strong demand for container transportation, the Company purchased new flatcars and used third-parties' rolling stock to transport its containers throughout 2018. Supported by measures to increase rolling stock efficiency, this helped the Company to satisfy the growing demand for container transportation.

By the end of 2018, the Company's total fleet increased by 1,206 flatcars (or up 4.8%) and amounted to 26,457 flatcars. During the year, 196 40-foot and 729 60-foot flatcars were retired, while 1,213 40-foot and 918 80-foot flatcars were joined to the Company's fleet.

### Breakdown of the Company's Flatcar Fleet as of 31 December 2018

Flatcars	Owned	Leased	Total	Capacity, TEU	Average age, years
40-foot	8,630	0	8,630	17,260	8.5
60-foot	8,128	0	8,128	24,384	28.8
80-foot	9,699	0	9,699	38,796	7.1
Total	26,457	0	26,457	80,440	14.8

Source: Company data

Following the above changes, the share of 40-foot flatcars in the Company's fleet (by capacity) designed mostly for transportation of heavy cargo grew from 19.8% in 2017 to 21.5% in 2018, approaching an optimum level that fits into the average container cargo mix transported via the Russian Railways network.

Due to changes in the mix and size of the fleet, its capacity has increased over the year by 4.6% and reached 80,400 TEUs. The average age of the flatcar fleet was 14.3 years against 14.4 years in 2017.

### Container Fleet

In 2018, the entire fleet of the Company consisted of high-capacity containers of the international ISO standard. The Company continued expanding its fleet amid the growing container transportation.

In 2018, the Company's container fleet increased by 2,395 20-foot and 1,148 40-foot containers. 2,789 20-foot and 135 40-foot containers were retired. The fleet of leased containers increased by 265 40-foot containers and decreased by one 20-foot container.

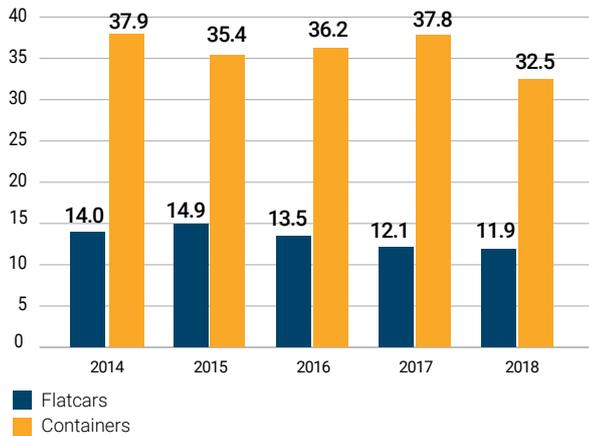
As a result, in 2018, the Company's container fleet increased by 883 containers, and as of 31 December 2018 it amounted to 70,478 containers, including 41,562 20-foot containers (with 41,133 owned and 429 leased ones among them) and 28,916 40-foot containers (with 28,495 own and 421 leased ones among them). The average age of the Company's container fleet is 9.9 years. The Company plans to continue its fleet replacement guided by the market demand.

The tank containers fleet managed by LLC SpecTransContainer, a subsidiary of PJSC TransContainer, is 392 tank containers.

### Rolling Stock Operating Efficiency

In 2018, the turnover of the Company's flatcars accelerated to 11.9 days against 12.1 days in the previous year, which was the result of management efforts to improve the control over the flatcar fleet and higher demand for container transportation. The turnover rate of the Company's containers accelerated to 32.5 days against 37.8 days in 2017 spurred by the measures to accelerate the handling of the Company's containers at ports and border crossings, as well as through the optimisation of the Company's container stocks at the terminals and freight yards of shippers.

### Turnover<sup>1</sup> of the Company's Containers and Flatcars in 2014-2018

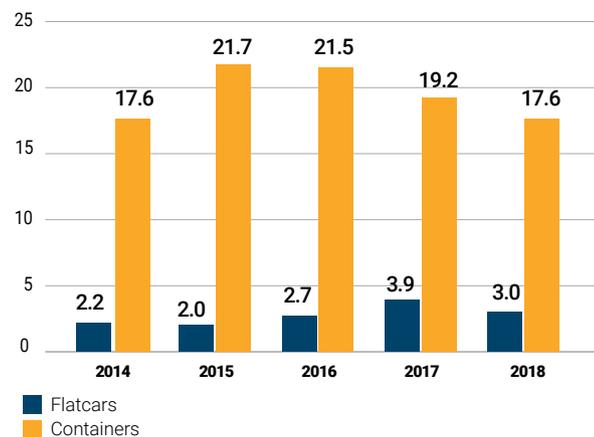


Source: Company data

Containers empty run ratio in 2018 decreased to 17.6% from 19.2% in 2017 on the back of the measures taken to optimise the management of the container fleet, including through tariff decisions aimed at streamlining the loaded container flows. The imbalance between loaded container imports and exports persisted throughout 2018 restricting our ability to load containers running backwards from export routes and optimise empty container runs.

The empty run of flatcars decreased and amounted to 3.0% against 3.9% year-on-year. Such optimisation resulted from the measures taken to improve the efficiency of the flatcar fleet adjustment and flexible tariff policy. Pursuing the optimisation of this ratio was hampered by the persistent geographical imbalance of container flows due to increased imports and transits from China through border crossings in Eastern Siberia and the Far East.

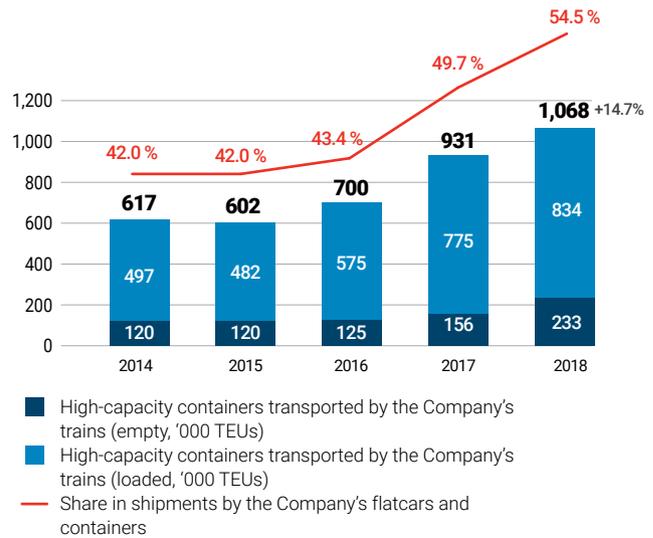
### Empty Run Ratio of the Company's Containers and Flatcars in 2014-2018, %



Source: Company data

The driver behind the improved efficiency of transport equipment utilisation and the enhanced quality of clients service is the transportation of containers as part of block container trains. This type of service boosts the delivery speed by 2.5-3 times as compared with the shipment of small consignments of containers as part of way-freight trains and also guarantees the observance of the cargo delivery terms for a client. Transporting the Company's empty containers as part of container block trains is also very effective since it allows reducing the relocation time of empty containers to the place of loading and getting a discount to the Russian Railways's infrastructure tariff applied for this transport mode.

### The Company's Transportation Volumes as part of Container Trains\* in 2014-2018, %



Source: Company data  
\* Loaded and empty high-capacity containers.

In 2018, the Company sent 8,960 container trains, up 13.8% year-on-year.

The container traffic (including empty ones) as part of container trains of the Company's rolling stock in 2018 was 1,068 thousand TEUs against 931 thousand TEUs in 2017. The share of containers transported by the Company in container trains from the total traffic operated by the Company increased from 49.7% to 54.5% year-on-year.

1. The turnover means an average number of days between the initial date of a loaded run and initial date of the next loaded run (the same container).