

Financial Results

Operating and Financial Performance Review

PJSC TransContainer is the major Russian intermodal container operator. As of 31 December 2018, the Company owned and leased 25,457 flatcars and 70,478 high-capacity containers, while the share of shipments by the Company's assets in the rail container transportation market totalled approximately 42%. TransContainer owns 40 terminals in Russia, including one terminal owned through its subsidiary CJSC Logistika-Terminal. Besides, the Company operates one terminal in Slovakia under a long-term lease through its subsidiaries and joint ventures, two terminals through a joint venture LLC Freight Village Kaluga North and one terminal through a subsidiary CJSC Logistika-Terminal. A joint venture between TransContainer and Kazakhstan Temir Zholy – JSC Kedentransservice – operates 19 railway terminals in Kazakhstan. The Company's sales network comprises about 95 sales offices in Russia providing the footprint in the CIS, as well as in Europe and Asia.

In 2018, the Russian rail container transportation market went up by 14.4% year-on-year and achieved 4,441 thousand TEUs. The growth was observed in all types of transportation: domestic shipments increased by 5.1% year-on-year, while the share of export transportation grew by 17.3% year-on-year, import and transit traffic increase amounted to 22.0 and 35.1% respectively.

The Company managed to achieve record high financial and operational results throughout its history due to the implementation of the Company's strategic goals aimed at bolstering the competitive edge and operating performance. Taking into account the favourable market conditions, the Company focused on providing high-quality client service and pursuing a moderate pricing policy. Special attention was paid to fleet management optimisation, logistics improvement, and cost reduction.

As a result, in 2018, the volumes transported by the Company's flatcars and containers grew by 6.1% year-on-year to 1,886 thousand TEUs. Revenue-generating volumes increased by 8.4% year-on-year to 1,544 thousand TEUs. The adjusted revenue increased by 12.6% year-on-year to RUB 31,288 million; the operating profit surged by 48.6% year-on-year to RUB 11,559 million and net profit grew by 45.5% year-on-year amounting to RUB 9,509 million.