

## Interest Expenses

Interest expenses increased by RUB 251 million, or 39.6% year-on-year, from RUB 634 million in 2017 to RUB 885 million in 2018, mainly due to an increase in principal.

## Interest Income

Growth of interest income by RUB 164 million, or 54.5% year-on-year, from RUB 301 million in 2017 to RUB 465 million in 2018, was mainly driven by an increase in the balances in deposit accounts due to the lag of actual capital expenditures from the target ones.

## Profit before Income Tax

As a result of the reasons described above, the Company's profit before income tax increased by RUB 3,806 million, or 46.6% year-on-year, from RUB 8,172 million in 2017 to RUB 11,978 million in 2018.

## Income Tax Expenses

Income tax expenses increased by RUB 831 million, or 50.7% year-on-year, from RUB 1,638 million in 2017 to RUB 2,469 million in 2018, due to an increase in taxable profit.

## Total Profit and Comprehensive Income for the Period

As a result of the factors discussed above, the profit for the full year of 2018 increased by RUB 2,975 million, or 45.5% year-on-year, to RUB 9,509 million compared to RUB 6,534 million for the same period of 2017. Taking into account the exchange rate differences relating to foreign operations, as well as other effects, the total comprehensive income of the Company for the reporting period increased by 50.9% and amounted to RUB 9,821 million, compared to RUB 6,508 million for the full year of 2017.

## Liquidity and Capital Resources

As of 31 December 2018, the Company's net cash and cash equivalents amounted to RUB 9,527 million, while its current assets exceeded current liabilities by RUB 7,727 million.

The Company's business is asset and capital-intensive and requires substantial capital expenditure for the purchase of flatcars and containers, for the development and modernising its terminals and other assets. During the reporting period, the Company's operations and its capital expenditures were financed from its own cash flows.

## Cash flows

### Company's Cash Flows Structure, 2018-2017, RUB mln

Item	2018	2017
Net cash provided by operating activities	11,390	8,466
Net cash used in investing activities	(7,197)	(6,568)
Net cash provided by financing activities	663	(3,282)
Net increase in cash and cash equivalents	4,856	(1,384)
Foreign exchange effect on cash and cash equivalents	500	30
<b>Net cash and cash equivalents at the end of the period</b>	<b>9,527</b>	<b>4,171</b>

### Cash Flow Generated by Operating Activities

Cash flow generated by operating activities increased by RUB 2,924 million, or 34.5% year-on-year, from RUB 8,466 million in 2017 to RUB 11,390 million in 2018, mainly due to an increase in operating profit, as discussed above.

### Cash Flow Used in Investing Activities

Cash flow used in investing activities increased by RUB 629 million, or 9.6% year-on-year, from RUB 6,568 million in 2017 to RUB 7,197 million in 2018. This primarily resulted from an increase in capital expenditures from RUB 6,869 million to RUB 7,032 million, respectively, and from completing the deal to acquire CJSC Logistics-Terminal.

### Cash Flow Used in Financing Activities

Cash flow used in financing activities increased by RUB 3,945 million, or 120.2% year-on-year, to RUB 663 million, compared to negative RUB 3,282 million in 2017. It was mainly due to the issue of RUB-denominated bonds in the amount of RUB 6 billion in January 2018.

## Capital Expenditure

Capital expenditure increased by RUB 136 million, or 2.0% year-on-year, from RUB 6,896 million in 2017 to RUB 7,032 million in 2018. The majority of the capital expenditure was spent on acquiring new ISO containers and flatcars.

### Planned Capital Expenditure for 2019

The Company's capital expenditure programme is aimed at maintaining its position as a market leader in the Russian container sector, strengthening its competitive advantages, as well as optimising its asset structure and key operational metrics.

The total capital expenditure of the Company for 2019 is budgeted at RUB 13.3 billion (excluding VAT) but the real volume of investments will depend on market conditions. The 2019 investment programme is focused on the acquisition of flatcars and containers and further improvement of terminal infrastructure.

## Capital Resources

The Company's current operations and capital expenditure have historically been financed by the Company's own cash flow and proceeds from issuing domestic debt. As of 31 December 2018, the Company's financial indebtedness consisted of two outstanding bond issues in an aggregate amount of RUB 11 billion. The total debt (including the accrued coupon) amounted to RUB 11,306 million, compared to RUB 6,412 million as of 31 December 2017. The Company's net debt as of 31 December 2018 was RUB 1,779 million.

As of 31 December 2018, almost all the Company's financial indebtedness was unsecured. The Company's debt is rouble-denominated and has a fixed interest rate.

### RUB-denominated Bonds series BO-01

On 25 January 2018, the Company issued non-convertible five-year bonds for a total amount of RUB 6 billion at a par value of RUB 1 thousand each. Proceeds from the issuance after the deduction of related offering costs amounted to RUB 5,985 million. The annual coupon rate of the bonds for five years is 7.5% with interest paid semi-annually.

The series BO-01 bonds will be redeemed in four equal semi-annual instalments within the fourth and fifth years. As a result, these bonds are included in the long-term bond issue at the reporting date.

As of 31 December 2018, the bonds carrying value amounted to RUB 6,183 million, including the accrued coupon income in the amount of RUB 195 million. The coupon income was reflected as the short-term portion of the long-term bond issues.

### RUB-denominated Bonds series BO-02

On 22 September 2016, the Company issued non-convertible five-year bonds for a total amount of RUB 5 billion at a par value of RUB 1 thousand each. Net proceeds from the issuance after the deduction of related offering costs amounted to RUB 4,987 million. The annual coupon rate of the bonds for five years is 9.4% with interest paid semi-annually.

The issuance is to be redeemed in four equal instalments within the fourth and fifth years, respectively. These bonds are classified as long-term borrowings as at the reporting date.

As of 31 December 2018, the bonds carrying value amounted to RUB 5,123 million, including the accrued coupon income in the amount of RUB 131 million. The coupon income was reflected as the short-term portion of the long-term bond issues.

## RUB-denominated Bonds series 4

On 1 February 2013, the Company issued non-convertible five-year bonds for a total amount of RUB 5 billion at a par value of RUB 1 thousand each. Net proceeds from the issuance after the deduction of related offering costs amounted to RUB 4,988 million. The annual coupon rate of the bonds for five years is 8.35% with interest paid semi-annually.

The series 4 bonds are to be redeemed in four equal semi-annual instalments within the fourth and fifth years. On January 2018, the Company completely discharged its obligations on the redemption of bonds series 4 in the amount of RUB 1,295 million (including accrued coupon income in the amount of RUB 45 million).

## Working Capital

The Company's working capital is defined as the difference between its current assets and current liabilities. Working capital structure as of 31 December 2018 and 2017 are given in the table below.

### Working Capital Structure as of 31 December 2018 and 2017, RUB mln

Item	31.12.2018	31.12.2017
<b>Current assets</b>		
Inventory	222	287
Trade and other receivables	1,744	1,323
Prepayments and other current assets	4,480	3,975
Cash and cash equivalents	9,527	4,171
<b>Total current assets</b>	<b>15,973</b>	<b>9,756</b>
<b>Current liabilities</b>		
Liabilities under the contracts	4,510	–
Trade and other payables	975	4,562
Short-term credits and loans	326	1,425
Income tax payable	440	87
Taxes other than income tax payable	491	370
Accrued and other current liabilities	1,504	1,049
<b>Total current liabilities</b>	<b>8,246</b>	<b>7,493</b>
<b>Working capital</b>	<b>7,727</b>	<b>2,263</b>

Working capital increased by RUB 5,464 million, from RUB 2,263 million as of 31 December 2017 to RUB 7,727 million as of 31 December 2018.

## Downloads

The consolidated financial statements of PJSC TransContainer for the full year of 2018 are available via the National Storage Mechanism at: <http://www.morningstar.co.uk/uk/NSM> or at the Company's website: <http://www.trcont.com/>.