



PJSC TransContainer

17 July 2018

OPERATING RESULTS FOR THE SECOND QUARTER AND THE FIRST HALF OF 2018

Public Joint Stock Company "TransContainer" ("TransContainer" or the "Company") (LSE: TRCN) announces its preliminary operating results for the second quarter and the first half of 2018. The positive operating results were mainly driven by the continuing growth of the Russian container transportation market, which, in turn, was fueled by an increase in international freight flows, as well as positive macroeconomic environment.

Market overview

Russia's container market continued to demonstrate strong performance in the second quarter of 2018. The transportation volumes in the reporting quarter were up 11.9% year-on-year to 1,060 thousand twenty-foot equivalent units ("TEU"). This was mainly driven by a 19.9% year-on-year increase in international transportation, with export and transit segments demonstrating solid growth.

Russian Rail Container Transportation Market in 2Q 2018 (ISO Loaded + Empty), 000' TEU

	2Q 2018	2Q 2017	Change	
			000' TEU	Percent
Domestic Routes	460.4	447.7	+12.7	+2.8%
Export	275.4	230.7	+44.7	+19.4%
Import	197.5	169.2	+28.2	+16.7%
Transit	126.6	99.9	+26.7	+26.8%
All Routes	1,059.9	947.5	+112.4	+11.9%

For the first half of 2018, the Russian rail container market grew by 12.1% year-on-year to 2,065 thousand TEU. In terms of segment breakdown for the six month period, domestic transportation volumes grew by 2.8% year-on-year, export transportation increased by 18.1% year-on-year, while import and transit transportation volumes grew by 19.3% and 28.5%, respectively.

Russian Rail Container Transportation Market in 1H 2018 (ISO Loaded + Empty), 000' TEU

	1H 2018	1H 2017	Change	
			000' TEU	Percent
Domestic Routes	891.4	866.9	+24.5	+2.8%
Export	552.1	467.3	+84.7	+18.1%
Import	393.6	330.0	+63.7	+19.3%
Transit	227.4	177.0	+50.4	+28.5%
All Routes	2,064.5	1 841.2	+223.3	+12.1%

Rail container transportation

In the reporting quarter, container volumes transported by the Company's flatcars and containers (including provision of own containers to the third-party flatcars) were up 4.8% year-on-year to 458 thousand TEU. This was mainly due to the continued growth in international transportation, which was up 13.1% year-on-year, with export and transit segments growing by 13.9% and 29.7%, respectively. Lower domestic transportation was partly due to TransContainer's empty runs optimisation that caused a decrease in the Company's own empty containers domestic transportation by 9.5% year-on-year. The partial reallocation of flatcar fleet in favour of international transportation was also one of the factors contributing to lower domestic transportation. This was done in order to support the fast-growing volumes on transit routes amid a shortage of the flatcar supply.

Transportation of containers using TransContainer's assets in 2Q 2018 (ISO Loaded + Empty), 000' TEU

	2Q 2018	2Q 2017	Change	
			000' TEU	Percent
Domestic Routes	219.6	226.0	-6.4	-2.8%
Export	117.1	102.8	+14.3	+13.9%
Import	81.6	77.4	+4.2	+5.4%
Transit	39.3	30.3	+9.0	+29.7%
All Routes	457.5	436.4	+21.1	+4.8%

Container volumes transported by the Company's flatcar fleet in the second quarter of 2018 increased by 6.8% year-on-year to 434 thousand TEU from 406 thousand TEU a year earlier. The Company's revenue-generating¹ container transportation volumes in Russia amounted to 376 thousand TEU in the second quarter of 2018, up 7.1% year-on-year.

For the first six months of 2018, container volumes transported by the Company's flatcar and container fleet, as described above, grew by 3.8% year-on-year to 893 thousand TEU, mainly as a result of an increase in transit and export transportation.

Transportation of containers using TransContainer's assets in 1H 2018 (ISO Loaded + Empty), 000' TEU

	1H 2018	1H 2017	Change	
			000' TEU	Percent
Domestic Routes	423.3	439.7	-16.4	-3.7%
Export	236.6	215.6	+21.0	+9.7%
Import	160.1	151.3	+8.8	+5.8%
Transit	72.7	53.4	+19.3	+36.2%
All Routes	892.7	860.0	+32.7	+3.8%

Container volumes transported by the Company's flatcar fleet in the first half of 2018 increased by 5.9% year-on-year to 848 thousand TEU from 800 thousand TEU a year earlier. The Company's revenue-generating container transportation volumes in Russia amounted to 724 thousand TEU in the first half of 2018, up 6.3% year-on-year.

Terminal handling

In the second quarter of 2018, the Company's throughput in the Russian rail container terminal network decreased by 3.1% to 322 thousand TEU, compared to 332 thousand TEU for the same period of 2017. For the first six months of 2018, the Company's container terminal throughput was down 2.9% and amounted to 604 thousand TEU compared to 622 thousand TEU for the first half of 2017.

The Company's container handling lagged behind the market dynamics mainly due to the following factors: (i) the fast-growing transit volumes have limited impact on the container terminal handling; and (ii) continuing growth of container freight going directly from/to the producers' own freight yards.

Asset utilisation

In the second quarter of 2018, container empty run ratios improved from 17.4% to 16.0%, while empty run for flatcars decreased from 3.8% to 2.6%. These improvements were largely due to continuing optimisation of fleet efficiency.

	2Q 2018	2Q 2017	1H 2018	1H 2017
Turnover of containers, days	30.4	35.7	33.5	38.2
Turnover of flatcars, days	11.7	12.0	12.1	12.1
Empty run ² for containers, %	16.0%	17.4%	18.2%	19.8%

¹ Transportation of clients' containers by the Company's rolling stock and own loaded containers by its own and third-party flatcars

² The empty run ratio is calculated as an average empty run in kilometers divided by an average total run in kilometers

Empty run for flatcars, %	2.6%	3.8%	3.1%	3.6%
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Turnover of flatcars improved from 12.0 days for the second quarter of 2017 to 11.7 days for the reporting quarter of 2018, while turnover of containers decreased from 35.7 to 30.4 days, respectively due to the reason described above.

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About TransContainer

TransContainer (LSE ticker: TRCN) is the leading intermodal container transportation company in Russia with a market share of approximately 47%. It is the market leader in Russia by flatcar fleet size, container transportation by rail and rail-side container terminal throughput. As at 31 March 2018, it owned and leased 25,278 flatcars and 70,000 ISO containers. TransContainer also owns a network of rail-side container terminals, located at 41 railway stations across Russia and operates one terminal in Slovakia under a long-term lease agreement. The Company's joint venture JSC Kedentransservice ("Kedentransservice", or "KDTS") also operates 19 inland rail-side terminals in Kazakhstan. The Company's sales network comprises of 101 sales outlets in Russia, along with additional outlets across the CIS, Europe and Asia. TransContainer is listed at Moscow Exchange and LSE. The Company's major shareholder with 50% +2 shares is United Transportation and Logistics Company, established by Russian Railways, Belorussian Railway and Kazakhstan Temir Zholy.