

PJSC TransContainer

18 October 2018

OPERATING RESULTS FOR THE THIRD QUARTER AND THE NINE MONTHS OF 2018

Public Joint Stock Company "TransContainer" ("TransContainer" or the "Company") (LSE: TRCN) announces its preliminary operating results for the third quarter and the nine months of 2018. The positive operating results were mainly driven by the continuing growth of the Russian container transportation market, reflecting strong international freight flow dynamics and positive macroeconomic trends.

Market overview

Russia's container market demonstrated an accelerated growth in the third quarter of 2018. The transportation volumes in the reporting quarter were up 16.4% year-on-year to 1,153 thousand twenty-foot equivalent units ("TEU"), while for the nine months of 2018, the growth was 13.6% year-on-year. This growth was mainly driven by a 24.2% year-on-year increase in international transportation with domestic transportation growing 7.6% year-on-year in the reporting quarter and 4.5% year-on-year in the nine month period.

Russian Rail Container Transportation Market in 3Q 2018 (ISO Loaded + Empty), 000' TEU

	3Q 2018	3Q 2017	Change	
			000' TEU	Percent
Domestic Routes	497.0	462.0	+35.0	+7.6%
Export	281.0	235.9	+45.1	+19.1%
Import	225.2	180.7	+44.5	+24.6%
Transit	149.5	111.3	+38.1	+34.2%
All Routes	1,152.7	989.9	+162.8	+16.4%
International	655.7	527.9	+127.8	+24.2%

For the nine months of 2018, the Russian rail container market grew by 13.6% year-on-year to 3,217 thousand TEU, reflecting higher contribution from the international segment. Transit and import transportation volumes grew by 30.7% and 21.2%, respectively.

Russian Rail Container Transportation Market for 9m 2018 (ISO Loaded + Empty), 000' TEU

	9m 2018	9m 2017	Change	
			000' TEU	Percent
Domestic Routes	1,388.4	1,328.9	+59.5	+4.5%
Export	833.1	703.2	+129.8	+18.5%
Import	618.8	510.6	+108.2	+21.2%
Transit	376.9	288.4	+88.5	+30.7%
All Routes	3,217.2	2,831.1	+386.1	+13.6%
International	1 828.8	1 502.2	+326.6	+21.7%

Rail container transportation

In the reporting quarter, container volumes transported by the Company's flatcars and/or containers (including provision of own containers on the third-party flatcars) were up 7.6% year-on-year to 492 thousand TEU. This was mainly due to the continued growth in international transportation, which was up 13.4% year-on-year, with import segment growing by 15.1 year-on-year. Following two quarters of lower domestic transportation volumes, the Company reported an increase of 1.9% year-on-year in the third quarter.

Transportation of containers using TransContainer's assets in 3Q 2018 (ISO Loaded + Empty), 000' TEU

	3Q 2018	3Q 2017	Change	
			000' TEU	Percent
Domestic Routes	233.6	229.3	+4.3	+1.9%
Export	118.5	105.2	+13.3	+12.6%
Import	99.2	86.2	+13.0	+15.1%
Transit	40.1	36.0	+4.2	+11.5%
All Routes	491.5	456.7	+34.7	+7.6%
International	257.9	227.4	+30.5	+13.4%

The Company's revenue-generating^[1] container transportation volumes in Russia amounted to 401 thousand TEU in the third quarter of 2018, up 6.8% year-on-year.

For the nine months of 2018, container volumes transported by the Company's flatcars and/or containers, as described above, grew by 5.1% year-on-year to 1,384 thousand TEU, mainly as a result of a 26.3% year-on-year increase in transit transportation.

Transportation of containers using TransContainer's assets in 9m 2018 (ISO Loaded + Empty), 000' TEU

	9m 2018	9m 2017	Change	
			000' TEU	Percent
Domestic Routes	656.9	669.0	-12.1	-1.8%
Export	355.1	320.8	+34.3	+10.7%
Import	259.3	237.5	+21.8	+9.2%
Transit	112.9	89.4	+23.5	+26.3%
All Routes	1,384.2	1,316.8	+67.4	+5.1%
International	727.3	647.7	+79.5	+12.3%

The Company's revenue-generating container transportation volumes in Russia amounted to 1,125 thousand TEU for the nine months of 2018, up 6.5% year-on-year.

Terminal handling

In the third quarter of 2018, the Company's throughput in the Russian rail container terminal network increased by 1.7% to 345 thousand TEU, compared to 339 thousand TEU for the same period of 2017. For the nine months of 2018, the Company's container terminal throughput was down 1.3% and amounted to 949 thousand TEU compared to 961 thousand TEU for the nine months 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. Additionally, the Company had to close a number of terminals in Moscow to comply with the decision of the Government of Moscow.

Asset utilisation

In the third quarter of 2018, container empty run ratios decreased from 16.7% to 16.1%, while empty run for flatcars substantially improved from 4.1% to 2.9%. These improvements were largely due to continuing optimisation of fleet management.

	3Q 2018	3Q 2017	9m 2018	9m 2017
Turnover of containers, days	30.7	38.3	32.5	38.2
Turnover of flatcars, days	11.9	12.0	12.0	12.0
Empty run ^[2] for containers, %	16.1%	16.7%	17.5%	18.7%
Empty run for flatcars, %	2.9%	4.1%	3.1%	3.8%

Turnover of flatcars improved from 12.0 days in the third quarter of 2017 to 11.9 days in the reporting quarter, while turnover of containers also decreased from 38.3 to 30.7 days, respectively, due to the reason described above.

Enquiries:

TransContainer

Alexander Shakhanov
Head of Analytics

+7 495 637
9178 +7 495 609
6062

E-mail
Website

IR@trcont.ru
www.trcont.com

Instinctif Partners

Galyna Kulachek / Dinara Shikhametova

+44 (0) 20 7457
2020

About TransContainer

TransContainer (LSE ticker: TRCN) is the leading intermodal container transportation company in Russia with a market share of approximately 43%. It is the market leader in Russia by flatcar fleet size, container transportation by rail and rail-side container terminal throughput. As at 30 June 2018, it owned and leased 25,405 flatcars and 67,909 ISO containers. TransContainer also owns a network of rail-side container terminals, located at 40 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.

^[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

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