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PJSC TransContainer

Results for the three months ended 31 March 2017

PJSC "TransContainer" ("TransContainer" or the "Company" together with its consolidated subsidiaries) today publishes its management report together with the unaudited interim condensed financial statements for the three months ended 31 March 2017. The financial statements presented in this announcement have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

Operating and financial review

Summary

TransContainer is the leading intermodal container transportation company in Russia. As at 31 March 2017, the Company accounted for approximately 47.4% of Russia's rail container transportation market. It had 23,432 owned and leased flatcars and 68,453 ISO containers as at the end of the first quarter. TransContainer also owns a network of rail-side container terminals, located at 44 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. TransContainer's sales network comprises 111 sales outlets in Russia, along with additional sales points across the CIS, Europe and Asia.

Following a 10.2% growth in transportation volumes in 2017, the Russian rail container transportation market continued to demonstrate strong performance in the first quarter of 2017, amounting to a record high quarterly volume of 894 thousand TEU, up 22.4% year-on-year. Domestic transportation increased by 12.0% year-on-year, while growth in international transportation was up 33.4% year-on-year and transit volumes almost doubled.

Transportation volumes by the Company's flatcar and container fleet grew by 23.7% year-on-year to 424 thousand TEU, mainly as a result of an increase in international transportation. Revenue-generating transportation volumes amounted to 331 thousand TEU in the first quarter of 2017, up 26.4% year-on-year.

The continuing market recovery along with the Company's business optimisation measures were the key factors contributing to the improvements of TransContainer's financial performance during the reporting period, as presented in the table below:

	1Q 2017	1Q 2016	Year-on-year change	
			RUB mln	Percent
Revenue	14,062	11,059	+3,003	+27.2%
Adjusted Revenue ¹	6,016	4,597	+1,419	+30.9%
Adjusted operating expenses ²	4,719	4,049	+670	+16.5%
EBITDA ³	2,142	1,307	+835	+63.9%
Adjusted EBITDA margin ⁴	35.6%	28.4%		
Profit for the period	1,066	447	+619	+138.5%
Net Income Margin	17.7%	9.7%		
Total debt	7,671	5,674	+1,997	+35.2%
Net debt ⁵	2,245	2,703	-458	-16.9%
LTM EBITDA ⁶	7,934	6,114		
Net debt / LTM EBITDA	0.28	0.44		

¹ Adjusted Revenue is calculated as total revenue less the third-party charges related to principal activities.

² Adjusted Operating Expenses are calculated as operating expenses less the third-party charges related to principal activities.

³ EBITDA is defined as profit for the period before income tax, interest expense and depreciation and amortisation.

⁴ Adjusted EBITDA Margin is defined as EBITDA divided by Adjusted Revenue.

⁵ Net Debt is calculated as long-term debt, finance lease obligations, short-term debt and current portion of long-term debt less cash and cash equivalents and short-term investments.

⁶ LTM EBITDA is calculated as EBITDA for the last twelve month period

In the reporting quarter, the Company's EBITDA increased by 63.9% to RUB 2,142 million from RUB 1,037 million in the first quarter of 2016, while net profit was up almost 2.4 times year-on-year to RUB 1,066 million from RUB 447 million, respectively. In terms of margins, adjusted EBITDA margin improved from 28.4% in the first quarter of 2016 to 35.6% in the first quarter of 2017, and net profit margin increased from 9.7% to 17.7%, respectively.

As at 31 March 2017, the Company's total debt was RUB 7,671 million with the net debt of only RUB 2,245 million, compared to RUB 9,137 million and RUB 3,534 million as at 31 December 2016, respectively. As a result, the Net Debt/LTM EBITDA ratio decreased to 28% as at 31 March 2017 from 57% as at 31 December 2016.

Capital expenditure in the first quarter of 2017 more than doubled on the year-on-year basis and amounted to RUB 536 million compared to RUB 245 million a year earlier. The majority of investments were spent on an acquisition of flatcars and ISO containers on the back of strong market growth.

Recent developments and outlook

In April and May of 2017, the Russian rail container market continues to demonstrate robust performance with a growth rate exceeding 15% year-on-year, therefore, the Company is likely to revise its base-case scenario upon getting half-year operating results.

With that in mind, the Company's management will continue to focus on implementation of its expansion investment programme and strengthening its efforts on business optimisation, while further improving management efficiency and the quality of customer service.

The rail container market performance in 2017 confirms the Company's view that the Russian container transportation market is fundamentally attractive with significant long-term growth prospects, driven by the growth in cargo containerisation and the expected economic uplift in Russia in the medium term.

Key operating results

In the reporting quarter, container volumes transported by the Company's flatcars and containers (including provision of the Company's containers to the third-party flatcars) grew by 23.7% year-on-year to 424 thousand TEU. The fastest growing segments were transit and import transportation, which grew by 55.1% and 39.8%, respectively.

Transportation of containers using TransContainer's assets in 1Q 2017 (ISO Loaded + Empty), 000' TEU

	1Q 2017	1Q 2016	Change	
			000' TEU	Percent
Domestic Routes	213.7	187.7	+26.0	+13.9%
Export	112.8	87.0	+25.8	+29.6%
Import	73.9	52.9	+21.1	+39.8%
Transit	23.1	14.9	+8.2	+55.1%
All Routes	423.6	342.5	+81.1	+23.7%

Container volumes transported by the Company's flatcar fleet in the first quarter of 2017 increased by 24.2% year-on-year to 394 thousand TEU from 317 thousand TEU a year earlier. The Company's revenue-generating¹ container transportation volumes in Russia amounted to 331 thousand TEU in the first quarter of 2017, up 26.4% year-on-year.

In the first quarter of 2017, the Company's throughput in the Russian rail container terminal network amounted to 290 thousand TEU, up 8.9% year-on-year, as the key beneficiaries from the continuing market growth in the reporting period were shippers' handling facilities (+22.6%) and ports (+27.9%) servicing international transportation volumes.

In the reporting period, flatcar and container turnover significantly improved on the back of the fast market recovery and the Company's efforts to boost the fleet management efficiency.

	1Q 2017	1Q 2016
Turnover of containers, days	41.2	42.5
Turnover of flatcars, days	12.1	15.7
Empty run ² for containers, %	31.8%	29.3%
Empty run for flatcars, %	8.2%	7.7%

Empty run ratios increased insignificantly both for flatcars and containers due to rebalancing of cargo flows towards the Far East of Russia.

Description of Key Consolidated Statement of Comprehensive Income Items

The following table sets out the Company's results for the three months ended 31 March 2017 and 2016.

Summary of key Company's results for the three months ended 31 March 2017 and 2016

RUB million	1Q 2017	1Q 2016	Year-on-year change	Year-on-year percent change
Revenue	14,062	11,059	+3,003	+27.2%
Other operating income	79	145	-66	-45.5%
Operating expenses	-12,765	-10,511	-2,254	+21.4%
Operating profit	1,376	693	+683	+98.6%
Interest expense	-178	-118	-60	+50.8%
Interest income	89	42	+47	+111.9%
Foreign exchange gain, net	-69	-100	+31	-31.0%
Share of result of associates and JVs	106	57	+49	+86.0%
Other financial results, net	0	0	0	
Profit before income tax	1,324	574	+750	+130.7%
Income tax expense	-258	-127	-131	+103.1%
Profit for the period	1,066	447	+619	+138.5%
Other comprehensive income (net of income tax)	-77	-272	+195	-71.7%
Total comprehensive income for the period	989	175	+814	+465.1%

Adjustments and additional financial information

The majority of the Company's services are provided with the use of third-party services. Accordingly, third-party charges for such services are presented within the Company's revenues and expenses. Such third-party charges include the value of rail infrastructure tariffs and the charges of the Company's other subcontractors and contracted partners involved in the process of providing the Company's services.

Third-party charges other than ones related to integrated freight forwarding and logistics services are presented within revenues as a separate line item "Cargo transportation and handling services with involvement of third parties".

All third-party charges, including ones related to integrated freight forwarding and logistics services, are presented within the list of expenses as "Third-party charges related to principal activities".

Summary of 3rd-party charges involved in TransContainer's revenues

Item			Year-on-year change	
	1Q 2017	1Q 2016	RUB mln	%
3rd-party charges related to integrated freight forwarding and logistics	7,085	5,395	+1,690	+31.3%
Cargo transportation and handling services				
with involvement of third parties	961	1,067	-106	-9.9%
Third-party charges related to principal activities	8,046	6,462	+1,584	+24.5%

In order to enhance analysis, we apply adjustments to the components of the Company's revenues and expenses to derive the values that are net of the charges of third parties involved in the Company's services.

Total revenue adjustment

Item			Year-on-year change	
	1Q 2017	1Q 2016	RUB mln	%
Total revenue	14,062	11,059	+3,003	+27.2%
Third-party charges related to principal activities	-8,046	-6,462	-1,584	+24.5%
Adjusted Revenue	6,016	4,597	+1,419	+30.9%

Integrated freight forwarding and logistics services revenue adjustment

Item			Year-on-year change	
	1Q 2017	1Q 2016	RUB mln	%
Integrated freight forwarding and logistics services	11,203	8,236	+2,967	+36.0%
3rd-party charges related to integrated freight forwarding and logistics	-7,085	-5,395	-1,690	+31.3%
Adjusted integrated freight forwarding and logistics services	4,118	2,841	+1,277	+44.9%

Operating expenses adjustment

Year-on-year change

Item	1Q 2017	1Q 2016	RUB mln	%
Total operating expenses	12,765	10,511	+2,254	+21.4%
Third-party charges related to principal activities	-8,046	-6,462	-1,584	+24.5%
Adjusted operating expenses	4,719	4,049	+670	+16.5%

Adjusted Revenue, Adjusted Operating Expenses, EBITDA, Adjusted EBITDA Margin and Adjusted Operating Margin are not recognised under IFRS as measures of financial performance, but are calculated on the basis of IFRS figures and are presented as supplemental indicators of the Company's operating performance. These supplemental measures have limitations as analytical tools, and investors should not consider any of them in isolation, or any combination of them, as a substitute for analysis of our results as reported under IFRS.

Non-IFRS metrics used in the analysis

Year-on-year change

RUB million	1Q 2017	1Q 2016	RUB mln	%
Adjusted Revenue	6,016	4,597	+1,419	+30.9%
Adjusted operating expenses	4,719	4,049	+670	+16.5%
EBITDA	2,142	1,307	+835	+63.9%
Adjusted EBITDA margin	35.6%	28.4%		
Total debt	7,671	5,674	+1,997	+35.2%
Net debt	2,245	2,703	-458	-16.9%
LTM EBITDA	7,934	6,114	+1,820	+29.8%
Net debt / LTM EBITDA	0.28	0.44	-	-

Revenue

The following table breaks down total revenue for the three months ended 31 March 2017 and 2016, respectively.

Revenue breakdown

RUB million	Year-on-year change		RUB mln	%
	1Q 2017	1Q 2016		
Integrated freight forwarding and logistics services	11,203	8,236	+2,967	+36.0%
Rail-based container shipping services	868	943	-75	-8.0%

Cargo transportation and handling services with involvement of third parties	961	1,067	-106	-9.9%
Terminal services and agency fees	683	508	+175	+34.4%
Truck deliveries	177	182	-5	-2.7%
Other freight forwarding services	66	44	+22	+50.0%
Bonded warehousing services	72	49	+23	+46.9%
Other	32	30	+2	+6.7%
Total revenue	14,062	11,059	+3,003	+27.2%

Total revenue increased by RUB 3,003 million, or 27.2% year-on-year, to RUB 14,062 million for the three months of 2017, from RUB 11,059 million in the corresponding period of 2016. This increase was primarily due to the growth of integrated freight forwarding and logistics services, as well as terminal services.

The following table sets out the components of adjusted revenue (as described in *Adjustments and additional financial information* above) and their relative contribution to adjusted revenue for the three months ended 31 March 2017 and 2016, respectively.

Adjusted revenue breakdown

	1Q 2017		1Q 2016		Year-on-year change	
	RUB mln	share, %	RUB mln	share, %	RUB mln	Percent
Adjusted integrated freight forwarding and logistics services	4,118	68.5%	2,841	61.8%	+1,277	+44.9%
Rail-based container shipping services	868	14.4%	943	20.5%	-75	-8.0%
Terminal services and agency fees	683	11.4%	508	11.1%	+175	+34.4%
Truck deliveries	177	2.9%	182	4.0%	-5	-2.7%
Other freight forwarding services	66	1.1%	44	1.0%	+22	+50.0%
Bonded warehousing services	72	1.2%	49	1.1%	+23	+46.9%
Other -	32	0.5%	30	0.7%	+2	+6.7%
Total adjusted revenue	6,016	100%	4,597	100%	+1,419	+30.9%

Adjusted revenue (as defined above) increased by 30.9% year-on-year to RUB 6,016 million for the three months ended 31 March 2017, from RUB 4,597 million in the corresponding period of 2016. This was driven by an increase in revenue from integrated freight forwarding and logistics services, terminal services, bonded warehousing services and ancillary businesses, which was partially offset by a decrease in rail-based container shipping services and truck deliveries.

Integrated freight forwarding and logistics services

Revenue from integrated freight forwarding and logistics services increased by 36.0% year-on-year to RUB 11,203 million for the three months ended 31 March 2017, from RUB 8,236 million for the corresponding period of 2016.

Adjusted revenue from integrated freight forwarding and logistics services was up 44.9% year-on-year to RUB 4,118 million for the three months ended 31 March 2017, from RUB 2,841 million in the first quarter of 2016. This increase resulted from growing revenue-generating transportation volumes and changes in transportation services structure. The continuing shift in clients' preferences in favour of integrated freight forwarding and logistics solutions also contributed to the growth of this revenue item. In the reporting quarter, the share of integrated freight forwarding and logistic services in the adjusted revenue increased to 68.5% from 61.8% a year earlier.

Rail-based container transportation services

Revenue from rail-based container transportation was down 8.0% year-on-year to RUB 868 million for the three months ended 31 March 2017, from RUB 943 million a year earlier, reflecting the continuing shift of customers' preferences towards integrated logistics services.

Terminal services and agency fees

Revenue from terminal services and agency fees increased by 34.4% year-on-year to RUB 683 million for the three months ended 31 March 2017, from RUB 508 million in the first quarter of 2016, as a result of an increase in terminal handling volumes by 8.9% year-on-year, an indexing of infrastructure tariff and an increase in provision of ancillary value-added services at Company's terminals.

Truck deliveries

Revenue from truck deliveries decreased by RUB 5 million, or 2.7% year-on-year, to RUB 177 million for the three months ended 31 March 2017, from RUB 182 million a year earlier. The continuing shift in clients' preferences in favour of integrated freight forwarding and logistics solutions was the prime reason for this revenue item to decline.

Other freight forwarding and logistics services

Revenue from other freight forwarding and logistics services, which are freight forwarding and logistics services of a non-integrated nature, increased by 50.0% year-on-year to RUB 66 million for the three months ended 31 March 2017, from RUB 44 million a year earlier, on the back of the market recovery and resumed customer demand for value-added-services.

Bonded warehousing services

Revenue from bonded warehousing services increased by RUB 23 million, or 46.9% year-on-year, to RUB 72 million for the three months ended 31 March 2017, from RUB 49 million a year earlier, in line with dynamics of import volumes.

Operating expenses

The following table provides a breakdown of the Company's operating expenses for three months ended 31 March 2017 and 2016, respectively.

Operating expenses structure

	1Q 2017			1Q 2016		
	RUB mln	% of operating expenses	% of total revenue	RUB mln	% of operating expenses	% of total revenue
Third-party charges related to principal activities	8,046	63.0%	57.2%	6,462	61.5%	58.4%
Freight and transportation services	1,610	12.6%	11.4%	1,259	12.0%	11.4%
Payroll and related charges	1,328	10.4%	9.4%	1,104	10.5%	10.0%
Depreciation and amortisation	640	5.0%	4.6%	615	5.9%	5.6%
Materials, repair and maintenance	580	4.5%	4.1%	430	4.1%	3.9%
Taxes other than income tax	131	1.0%	0.9%	164	1.6%	1.5%
Rent	67	0.5%	0.5%	89	0.8%	0.8%
Other expenses	363	2.8%	2.6%	388	3.7%	3.5%
Total operating expenses	12,765	100.0%	90.8%	10,511	100.0%	95.0%

TransContainer's total operating expenses increased by RUB 2,254 million, or 21.4% year-on-year, to RUB 12,765 million for three months ended 31 March 2017, from RUB 10,511 million a year earlier. This was primarily due to a significant increase in the cost of third-party charges related to principal activities.

Cost of third-party charges related to principal activities

The cost of third-party charges related to principal activities increased by 24.5% year-on-year to RUB 8,046 million for the three months ended 31 March 2017, from RUB 6,462 million in the corresponding period of 2016. This was predominantly driven by a higher volume of outsourced transportation services involved in TransContainer's principal activities, particularly in respect of integrated logistics solutions (see also section *Adjustments and additional financial information* above).

Adjusted operating expenses

Adjusted operating expenses, as defined in the *Adjustments and additional financial information* section above, increased by 16.5% year-on-year to RUB 4,719 million for the three months ended 31 March 2017, from RUB 4,049 million a year earlier. This was primarily due to an increase in freight and transportation services, payrolls and materials, repair and maintenance costs. This, in turn, was partially offset by a decrease in tax other than income tax, rent expenses and other expenses.

Adjusted operating expenses structure and dynamics

	1Q 2017		1Q 2016		Period on period change	
	RUB mln	%	RUB mln	%	RUB mln	Percent change
Freight and transportation services	1,610	34.1%	1,259	31.1%	+351	+27.9%
Payroll and related charges	1,328	28.1%	1,104	27.3%	+224	+20.3%
Depreciation and amortisation	640	13.6%	615	15.2%	+25	+4.1%
Materials, repair and maintenance	580	12.3%	430	10.6%	+150	+34.9%
Taxes other than income tax	131	2.8%	164	4.1%	-33	-20.1%
Rent	67	1.4%	89	2.2%	-22	-24.7%
Other expenses	363	7.7%	388	9.6%	-25	-6.4%
Adjusted operating expenses	4,719	100.0%	4,049	100.0%	+670	+16.5%

Freight and transportation services

Expenses related to freight and transportation services increased by RUB 351 million, or 27.9% year-on-year, to RUB 1,610 million for the three months ended 31 March 2017, from RUB 1,259 million a year earlier. This was driven by an increase in container transportation volumes in the first quarter of 2017, as well as by a 10.2% year-on-year RZD tariff indexing.

Payroll and related charges

Payroll and related charges increased by RUB 224 million, or 20.3% year-on-year, to RUB 1,328 million for the three months ended 31 March 2017, from RUB 1,104 million a year earlier. This was primarily due to base salary indexing and higher performance-linked payments in the reporting quarter compared to the low base of the same period of 2016. The increase, however, was partially offset by a 2.6% year-on-year decrease in TransContainer's average headcount from 3,660 to 3,567.

Depreciation and amortisation

Depreciation and amortisation increased by RUB 25 million, or 4.1% year-on-year, to RUB 640 million for the three months ended 31 March 2017, compared to RUB 615 million a year earlier, reflecting the year-on-year growth in value of property, plant and equipment other than construction in-progress.

Materials, repair and maintenance

Expenses related to materials, repair and maintenance increased by 34.9% year-on-year to RUB 580 million for the three months ended 31 March 2017, compared to RUB 430 million a year earlier. This was mainly due to a 22.5% year-on-year increase in a number of flatcar repairs on the back of higher transportation volumes and improved flatcar turnover, as well as higher average repair costs resulted from an increase in prices for spare parts.

Taxes other than income tax

Taxes other than income tax were down 20.1% year-on-year to RUB 131 million for the three months ended 31 March 2017, from RUB 164 million a year earlier, primarily due to changes in VAT settlements.

Rent

Rent expenses fell by RUB 22 million, or by 24.7% year-on-year, to RUB 67 million for the three months ended 31 March 2017, from RUB 89 million in the corresponding period of the previous year, largely due to the optimisation of use of the Company's property.

Other operating expenses

Other operating expenses are an aggregate of various expense items such as security, consulting expenses, fuel and energy, licences and software, communication service and loss of sale of fixed assets. In the reporting period, other expenses were down by 6.4% year-on-year to RUB 363 million, from RUB 388 million a year earlier, reflecting the Company's continuous efforts to improve cost control for general and administrative expenses.

Interest expense

Interest expenses increased by RUB 60 million, or 50.8% year-on-year, to RUB 178 million for the three months ended 31 March 2017, from RUB 118 million a year earlier, mainly due to an increase in the total debt compared to the same period of 2016.

Interest income

Interest income increased by RUB 47 million, or 111.9% year-on-year, to RUB 89 million in the reporting period from RUB 42 million a year earlier, on the back of an increase in the Company's cash balances.

Profit before income tax

As a result of the reasons described above, as well as due to an increased contribution of the financial result of KedenTransService to the Company's profit and decreased foreign exchange loss, profit before income tax increased by RUB 750 million, or by 130.7% year-on-year, to

RUB 1,324 million for the three months ended 31 March 2017, from RUB 574 million in the corresponding quarter of 2016.

Income tax expenses

Income tax expenses increased by RUB 131 million, or 103.1% year-on-year, to RUB 258 million for the three months ended 31 March 2017, from RUB 127 million a year earlier, mainly as a result of an increase in taxable profit.

The effective tax rate for the three months ended 31 March 2017 decreased to 19.5% from 22.1% a year earlier.

Total profit and comprehensive income for the period

As a result of the factors discussed above, the profit for the three months ended 31 March 2017 increased by RUB 619 million, or 138.5% year-on-year, to RUB 1,066 million compared to RUB 447 million for the three months ended 31 March 2016. Taking into account the exchange differences relating to foreign operations and other effects, the total comprehensive income for the reporting period was up 465.1% year-on-year and amounted to RUB 989 million, compared to RUB 175 million a year earlier.

Liquidity and Capital Resources

As of 31 March 2017, the Company's net cash and cash equivalents amounted to RUB 4,500 million, while its current assets exceeded current liabilities by RUB 2,366 million.

The Company's business is asset and capital-intensive and requires substantial capital expenditure for a variety of purposes, including the purchase of flatcars and containers, the development of rail-side terminals and investment in expanding and modernising its lifting equipment and truck fleet. The Company's operations and its capital expenditures are financed from both internally generated cash flows and RUB-denominated borrowings.

Cash flows

The following table sets out the principal components of the Company's consolidated cash flows for the three months ended 31 March 2017 and 2016, respectively.

RUB million	1Q 2017	1Q 2016	Change
Net cash provided by operating activities	1,622	959	663
Net cash used in investing activities	-1,306	-198	-1,108
Net cash used in financing activities	-1,252	-2	-1,250
Net change in cash and cash equivalents	-936	759	-1,695
Foreign exchange effect on cash and cash equivalents	-89	-101	12
Net cash and cash equivalents at the end of the period	4,500	2,768	1,732

Cash flow generated by operating activities

Cash flow generated by operating activities increased by RUB 663 million, or 69.1% year-on-year, to RUB 1,622 million for the three months ended 31 March 2017, from RUB 959 million in the previous year, mainly due to a 65.6% year-on-year increase in operating profit before changes in working capital.

Cash flow used in investing activities

Cash flow used in investing activities increased by RUB 1,108 million, or by more than 6x times year-on-year, to RUB 1,306 million for the three months ended 31 March 2017, from RUB 198 million in the corresponding period of 2016. This was primarily due to RUB 921 million of short term investments and an increase in the Company's capital expenditures by RUB 291 million.

Cash flow used in financing activities

Cash outflow from financing activities increased considerably from almost zero in the three months ended 31 March 2016 to RUB 1,252 million for the three months ended 31 March 2017, due to the amortisation of series 4 bonds issue.

Capital Expenditure

Capital expenditure increased by RUB 291 million, or 118.8% year-on-year, to RUB 536 million for three months ended 31 March 2017, from RUB 245 million a year earlier. The majority of the capital expenditure was incurred for the acquisition of ISO containers and flatcars.

Planned capital expenditure for 2017

The Company's capital expenditure programme is aimed at maintaining TransContainer's 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 for 2017 is budgeted at RUB 7.9 billion (excluding VAT), however, the actual amount of capital expenditure is subject to the market conditions. The 2017 CAPEX programme is focused on the acquisition of flatcars and ISO containers and further improvement of terminal infrastructure.

Capital resources

The Company's operations and capital expenditure have historically been financed from internally generated cash flow and proceeds from issuing domestic debt. As of 31 March 2017, the Company's financial indebtedness consisted of two outstanding bond issues and financial lease obligations in an aggregate amount of RUB 7,671 million, compared to RUB 5,674 million as of 31 March 2016. The Company's net debt at the end of the reporting period was RUB 2,245 million, down 16.9%.

As of 31 March 2017, the major portion of the Company's financial indebtedness was unsecured, except for the obligations under finance leases, which were secured by the lessors' title to the lease assets. The Company's debt is rouble-denominated and has a fixed interest rate.

RUB-denominated bonds series 4

On 1 February 2013, the Company issued non-convertible five-year bonds for a total amount of RUB 5,000 million at a par value of RUB 1,000 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 is to be redeemed in four equal semi-annual instalments within the fourth and fifth years, the first and second instalments being made in July 2016 and January 2017 respectively. As a result, these bonds debt are classified as the short-term portion of the long-term bond issue with the carrying value amounted to RUB 2,536 million including the accrued interest in amount of RUB 36 million.

RUB-denominated bonds series BO-02

On 22 September 2016, the Company issued non-convertible five-year bonds for a total amount of RUB 5,000 million at a par value of RUB 1,000 each. Net proceeds from the issuance after 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 series BO-02 bonds will be redeemed in four equal semi-annual instalments within the fourth and fifth years. As a result, these bonds are classified as long-term borrowings as at the reporting date.

As at 31 March 2017, the carrying value of the bonds amounted to RUB 4,997 million. The amount of accrued interest is RUB 10 million and has been included as short-term debt in the consolidated statement of financial position.

Working Capital

The Company's working capital is defined as the difference between its current assets and current liabilities. The table below sets out the key components of TransContainer's working capital for the three months ended 31 March 2017 and 2016, respectively.

RUB million	31 March 2017 31 March 2016	
Current assets		
Inventory	260	299
Trade and other receivables	1,860	1,463
Prepayments and other current assets	3,687	3,188
Prepaid income tax	27	43
Short-term investments	926	203
Cash and cash equivalents	4,500	2,768
Non-current Assets classified as held for sale	0	0
Total current assets	11,260	7,964
Current liabilities		

Trade and other payables	4,884	3,648
Short-term debt and current portion of long-term debt	2,546	3,039
Income tax payable	33	66
Taxes other than income tax payable	439	332
Provisions	38	12
Finance lease obligations, current maturities	18	18
Dividends payable	0	0
Accrued and other current liabilities	936	645
Deferred income	0	0
Total current liabilities	8,894	7,760
Working capital	2,366	204

Working capital increased by RUB 2,162 million to RUB 2,366 million at the end of the reporting period from RUB 204 million a year earlier.

Downloads

The consolidated financial statements for the three months ended 31 March 2017 are available via the National Storage Mechanism at: <http://www.hemscott.com/nsm.do> or at the Company's website <http://www.trcont.ru>.

Conference call

TransContainer will host an analyst conference call on Wednesday, **31 May 2017**, at 14:00 UK time / 16:00 Moscow time. Dial in details are as follows:

UK Free Call Dial In 0800 694 0257
Russia Dial In (from a landline) 810 8 002 097 2044
Conference ID 28636464#

A replay of the call will be available until 29 June 2017 using the following details:

UK Free Call Dial In 0800 953 1533
Russia Dial In 8 499 677 1064
Replay Access Code 28636464#

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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 2017, it owned and leased 23,432 flatcars and 68,453 ISO containers. TransContainer also owns a network of rail-side container terminals, located at 44 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 111 sales outlets in Russia, along with additional outlets across the CIS, Europe and Asia. TransContainer is listed at Moscow Exchange and LSE. Company's major shareholder with 50% +2 shares is United Transportation and Logistics Company, established by Russian Railways, Belorussian Railway and Kazakhstan Temir Zholy.

Legal Disclaimer

Some of the information in this announcement may contain projections or other forward-looking statements regarding future events or the future financial performance of the Company. You can identify forward-looking statements by terms such as 'expect', 'believe', 'anticipate', 'estimate', 'intend', 'will', 'could', 'may' or 'might', the negative of such terms or other similar expressions. PJSC "TransContainer" wishes to caution you that these statements are only predictions and that

actual events or results may differ materially. PJSC "TransContainer" does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of PJSC "TransContainer", including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia, rapid technological and market change in the industries PJSC "TransContainer" operates in, as well as many other risks specifically related to PJSC "TransContainer" and its operations

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

This information is provided by RNS
The company news service from the London Stock Exchange

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