

FOR IMMEDIATE RELEASE

29 May 2018

PJSC TransContainer

Results for the three months ended 31 March 2018

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 2018. 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 2018, the Company accounted for approximately 43% of Russia's rail container transportation market. It had 25,278 owned and leased flatcars, and 70,000 ISO containers as at the end of the first quarter. 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. TransContainer's sales network comprises 101 sales outlets in Russia, along with additional sales points across the CIS, Europe and Asia.

Following a 19.0% increase in transportation volumes in 2017, the Russian rail container transportation market continued to demonstrate strong performance in the first quarter of 2018, amounting to 1,005 thousand TEU, up 12.4% year-on-year. Domestic transportation was up 2.8% year-on-year, while growth in international transportation was 20.9% year-on-year, demonstrating the sustainable increase across all segments.

Transportation volumes by the Company's flatcar and container fleet grew by 2.7% year-on-year to 435.2 thousand TEU, mainly as a result of an increase in transit volumes transportation. Revenue-generating transportation volumes amounted to 347.8 thousand TEU in the first quarter of 2018, up 5.3% year-on-year. The Company's transportation volumes lagged behind the market dynamics, mainly as a result of lower transportation volumes of empty containers, as well as due to delays in acquisitions of flatcars from manufacturers amid growing prices for the rolling stock and production constrains. The latter factor has also affected the Company's investment programme in the first quarter.

The continuing market growth combined 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 2018	1Q 2017	Year-on-year change	
			RUB mln	Percent
Total revenue	16,493	14,062	+2,431	+17.3%
Adjusted Revenue ¹	6,646	6,016	+630	+10.5%
Adjusted operating expenses ²	5,198	4,719	+479	+10.2%
EBITDA ³	2,353	2,142	+211	+9.9%
Adjusted EBITDA margin ⁴	35.4%	35.6%		

Profit for the period	1,146	1,066	+80	+7.5%
Net Income Margin	17.2%	17.7%		
Total debt	11,064	7,671	+3,393	+44.2%
Net debt ⁵	372	2,245	-1,873	-83.4%
LTM EBITDA ⁶	11,685	7,934	+3,751	+47.3%
Net debt / LTM EBITDA	3%	28%		

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 9.9% to RUB 2,353 million from RUB 2,142 million in the first quarter of 2017, while net profit increased by 7.5% year-on-year to RUB 1,146 million from RUB 1,066 million, respectively. The Company's net profit was also affected by a decrease in net income of its subsidiary KedenTransService, which, in turn, resulted from the revaluation of Kazakhstan tenge and an increase in provisions for impairment of trade receivables. The Company expects that certain portion of these provisions will be released later this year.

Adjusted EBITDA margin remained flat at 35.4% in the first quarter of 2018, while net profit margin was down to 17.2% from 17.7% in the first quarter of 2017.

In January 2018, the Company issued the five-year amortising RUB-denominated bonds in the amount of RUB 6 billion at a coupon rate of 7.5% to refinance a portion of existing debt and to finance the capital expenditures for 2018. As a result, as at 31 March 2018, the Company's total debt stood at RUB 11,064 million, while the net debt decreased to RUB 0.372 million, resulting from shifting of the capital expenditures to the later periods of 2018.

Capital expenditure in the first quarter of 2018 decreased by 29.5% year-on-year and amounted to RUB 378 million compared to RUB 536 million in the corresponding period of last year. The major part of CAPEX was spent on the acquisition of flatcars and ISO containers.

Recent developments and outlook

In April and May of 2018, the Russian rail container market continues to demonstrate robust performance. The market is expected to grow approximately 12% year-on-year for the first five months of 2018. The further market development is subject to the macroeconomic conditions and changes in the geopolitical environment.

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

The rail container market performance 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 transportation assets (including provision of own containers to third party flatcars) grew by 2.7% year-on-year to 435.2 thousand TEU. In the first quarter, the Company focused on the development of new transit routes, including a route via Mongolia. As a result, transit transportation volumes outperformed the market and grew by 44.7% year-on-year.

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

	1Q 2018	1Q 2017	Year-on-year change	
			000' TEU	Percent
Domestic Routes	203.7	213.7	-10.0	-4.7%
Export	119.4	112.8	+6.6	+5.9%
Import	78.5	73.9	+4.6	+6.2%
Transit	33.5	23.1	+10.3	+44.7%
All Routes	435.2	423.6	+11.6	+2.7%

Container volumes transported by the Company's flatcar fleet in the first quarter of 2018 increased by 5.1% year-on-year to 413.9 thousand TEU from 394.0 thousand TEU a year earlier, in line with an increased fleet capacity. The Company's revenue-generating¹ container transportation volumes in Russia amounted to 347.8 thousand TEU, up 5.3% year-on-year.

In the first quarter of 2018, the Company's throughput in the Russian rail container terminal network decreased by 2.8% year-on-year to 281.7 thousand TEU, compared to 289.6 thousand TEU for the same period of 2017. This decrease resulted from a closure of two TransContainer's terminals in Moscow, in line with the Moscow government's intention to reduce a number of freight terminals located in the central part of the city.

In the reporting quarter, container empty run ratio improved from 22.6% to 20.7% due to the continuing optimisation of fleet management and pursuing a flexible tariff policy. Flatcars empty run ratio remained largely flat at 3.6% compared to 3.7% a year earlier.

Flatcar turnover has also remained stable at 12.4 days in the reporting quarter compared to 12.1 days in the corresponding period of 2017. The turnover of containers improved significantly from 41.2 days to 37.2 days on the back of a strong customer demand and improved container fleet management in the Company's terminals and its partners' handling facilities.

	1Q 2018	1Q 2017
Turnover of containers, days	37.2	41.2
Turnover of flatcars, days	12.4	12.1
Empty run ¹¹ for containers, %	20.7%	22.6%
Empty run for flatcars, %	3.7%	3.6%

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 2018 and 2017.

Summary of key Company's results for the three months ended 31 March 2018 and 2017

RUB million	1Q 2018	1Q 2017	Year-on-year change	
			RUB mln	%
Revenue	16,493	14,062	+2,431	+17.3%
Other operating income	128	79	+49	+62.0%
Operating expenses	-15,045	-12,765	-2,280	+17.9%
Operating profit	1,576	1,376	+200	+14.5%
Interest expense	-204	-178	-26	+14.6%
Interest income	92	89	+3	+3.4%
Foreign exchange gain, net	-10	-69	+59	-85.5%
Share of result of associates and JVs	-4	106	-110	-103.8%
Other financial results, net	0	0	+0	-
Profit before income tax	1,450	1,324	+126	+9.5%
Income tax expense	-304	-258	-46	+17.8%
Profit for the period	1,146	1,066	+80	+7.5%
Other comprehensive income/loss	102	-77	+179	-232.5%
Remeasurements and other reserves for post-employment benefit plans	-30	-15	-15	+100.0%
Exchange differences on translating foreign operations (TRCN)	7	-19	+26	-136.8%

Exchange differences on translating foreign operations (Associates & JV)	0	-43	+43	-100.0%
	125	0	+125	
Total comprehensive income for the period	1,248	989	+259	+26.2%
Attributable to:				
Equity holders of the parent	0	989	-989	-100.0%
Non-controlling interest	0	0	+0	-

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". This line item was not reported separately for the first quarter of 2018 due to its insignificance and was merged with the Revenue from other services line item (see *Revenue* below for more details).

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 third-party charges included in TransContainer's revenues

Item	1Q 2018	1Q 2017	Year-on-year change	
			RUB mln	%
3rd-party charges related to integrated freight forwarding and logistics	9,847	7,085	+2,762	+39.0%
Cargo transportation and handling services with involvement of third parties	0	961	-961	-100.0%
Third-party charges related to principal activities	9,847	8,046	+1,801	+22.4%

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	1Q 2018	1Q 2017	Year-on-year change	
			RUB mln	%
Total revenue	16,493	14,062	+2,431	+17.3%
Third-party charges related to principal activities	-9,847	-8,046	-1,801	+22.4%
Adjusted Revenue	6,646	6,016	+630	+10.5%

Integrated freight forwarding and logistics services revenue adjustment

Item	1Q 2018	1Q 2017	Year-on-year change	
			RUB mln	%
Integrated freight forwarding and logistics services	15,399	11,203	+4,196	+37.5%
3rd-party charges related to integrated freight forwarding and logistics	-9,847	-7,085	-2,762	+39.0%
Adjusted integrated freight forwarding and logistics services	5,552	4,118	+1,434	+34.8%

Operating expenses adjustment

Item	1Q 2018	1Q 2017	Year-on-year change	
			RUB mln	%
Total operating expenses	15,045	12,765	+2,280	+17.9%
Third-party charges related to principal activities	-9,847	-8,046	-1,801	+22.4%

Adjusted operating expenses	5,198	4,719	+479	+10.2%
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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.

Revenue

In the reporting period, the Company changed the presentation of its revenue structure, reflecting an increased role of the integrated services in TransContainer's business, as well as higher share of integrated services in its revenues. Starting from 31 March 2018, the Company's revenue breakdown comprises three main segments: revenue from integrated freight forwarding and logistics services, agency fees and revenue from other services.

Agency fees line item was formerly a part of the Terminal services, bonded warehousing and agency fees line item.

Revenue from other services line item combines revenues formerly reported as the Rail based container shipping services, Cargo transportation and handling services with involvement of third parties, Truck deliveries, Other.

The following table breaks down total revenue for the three months ended 31 March 2018 and 2017, respectively.

Revenue breakdown

RUB million	1Q	1Q	Year-on-year change	
	2018	2017	RUB mln	%
Integrated freight forwarding and logistics services	15,399	11,203	+4,196	+37.5%
Cargo transportation and handling services with involvement of third parties	0	961	-961	-100.0%
Agency fees	605	472	+133	+28.2%
Revenue from other services	489	1,426	-937	-65.7%
Total revenue	16,493	14,062	+2,431	+17.3%

Total revenue increased by RUB 2,431 million, or 17.3% year-on-year, to RUB 16,493 million for the three months of 2018, from RUB 14,062 million in the corresponding period of 2017. This increase was primarily due to the growth of integrated freight forwarding and logistics services and agency fees.

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 2018 and 2017, respectively.

Adjusted revenue breakdown

	1Q 2018		1Q 2017		Year-on-year change	
	RUB mln	share, %	RUB mln	share, %	RUB mln	Percent
Adjusted integrated freight forwarding and logistics services	5,552	83.5%	4,118	68.5%	+1,434	+34.8%
Agency fees	605	9.1%	472	7.8%	+133	+28.2%
Revenue from other services	489	7.4%	1,426	23.7%	-937	-65.7%
Total adjusted revenue	6,646	100%	6,016	100%	+630	+10.5%

Adjusted revenue (as defined above) increased by 10.5% year-on-year to RUB 6,646 million for the three months ended 31 March 2018, from RUB 6,016 million in the corresponding period of 2017. This was driven by an increase in revenue-generating transportation volumes and flexible pricing policy.

Integrated freight forwarding and logistics services

Revenue from integrated freight forwarding and logistics services increased by 37.5% year-on-year to RUB 15,399 million for the three months ended 31 March 2018, from RUB 11,203 million for the corresponding period of 2017.

Adjusted revenue from integrated freight forwarding and logistics services was up 34.8% year-on-year to RUB 5,552million for the three months ended 31 March 2018, from RUB 4,118 million in the first quarter of 2017. This increase resulted from growing revenue-generating transportation volumes and changes in transportation services structure. In the reporting quarter, the share of integrated freight forwarding and logistic services in the adjusted revenue increased to 83.5% from 68.5% a year earlier.

Agency fees

Revenue from agency fees increased by 28.2% year-on-year to RUB 605 million for the three months ended 31 March 2018, from RUB 472 million in the first quarter of 2017, as a result of infrastructure tariff indexation and changes in the structure of services performed under agency agreement with Russian Railways.

Revenue from other services revenue

Revenue from other services item comprises revenues formerly reported as Rail based container shipping services, Cargo transportation and handling services with involvement of third parties, Truck deliveries, Other. Revenue from other services decreased by 65.7% year-on-year to RUB 489 million for the three months ended 31 March 2018, from RUB 1,426 million a year earlier, mainly due to shifting of revenue components to integrated logistics services.

Operating expenses

The following table provides a breakdown of the Company's operating expenses for three months ended 31 March 2018 and 2017, respectively.

Operating expenses structure

	1Q 2018			1Q 2017		
	RUB mln	% of operating expenses	% of total revenue	RUB mln	% of operating expenses	% of total revenue
Third-party charges related to principal activities	9,847	65.5%	59.7%	8,046	63.0%	57.2%
Freight and transportation services	1,440	9.6%	8.7%	1,610	12.6%	11.4%
Payroll and related charges	1,444	9.6%	8.8%	1,328	10.4%	9.4%
Depreciation and amortisation	699	4.6%	4.2%	640	5.0%	4.6%
Materials, repair and maintenance	702	4.7%	4.3%	580	4.5%	4.1%
Taxes other than income tax	273	1.8%	1.7%	131	1.0%	0.9%
Rent	67	0.4%	0.4%	67	0.5%	0.5%
Other expenses	573	3.8%	3.5%	363	2.8%	2.6%
Total operating expenses	15,045	100.0%	91.2%	12,765	100.0%	90.8%

TransContainer's total operating expenses increased by RUB 2,280 million, or 17.9% year-on-year, to RUB 15,045 million for three months ended 31 March 2018, from RUB 12,765 million a year earlier. This was primarily due to a significant increase in the cost of third-party charges related to principal activities and taxes other than income tax and other expenses.

Cost of third-party charges related to principal activities

The cost of third-party charges related to principal activities increased by 22.4% year-on-year to RUB 9,847 million for the three months ended 31 March 2018, from RUB 8,046 million in the corresponding period of 2017. This was predominantly driven by a higher volume of the Company's operations, tariff indexing by Russian Railways and other subcontractors, and growth in international transportations with the involvement of outsourced transportation services.

Adjusted operating expenses

Adjusted operating expenses, as defined in the *Adjustments and additional financial information* section above, increased by 10.2% year-on-year to RUB 5,198 million for the three months ended 31 March 2018, from RUB 4,719 million a year earlier. This was primarily due to an increase in taxes other than income tax, repair and maintenance costs and other expenses. This, in turn, was partially offset by a decrease in expenses related to freight and transportation services.

Adjusted operating expenses structure and dynamics

	1Q 2018		1Q 2017		Period on period change	
	RUB mln	%	RUB mln	%	RUB mln	Percent change
Freight and transportation services	1,440	27.7%	1,610	34.1%	-170	-10.6%
Payroll and related charges	1,444	27.8%	1,328	28.1%	+116	+8.7%
Depreciation and amortisation	699	13.4%	640	13.6%	+59	+9.2%
Materials, repair and maintenance	702	13.5%	580	12.3%	+122	+21.0%
Taxes other than income tax	273	5.3%	131	2.8%	+142	+108.4%
Rent	67	1.3%	67	1.4%	+0	+0.0%
Other expenses	573	11.0%	363	7.7%	+210	+57.9%
Adjusted operating expenses	5,198	100.0%	4,719	100.0%	+479	+10.2%

Freight and transportation services

Expenses related to freight and transportation services decreased by RUB 170 million, or 10.6% year-on-year, to RUB 1,440 million for the three months ended 31 March 2018, from RUB 1,610 million a year earlier. This resulted from a 5.9% decrease in empty container transportation volumes and improved empty run ratio, which more than compensated the effect of tariff indexing by Russian Railways.

Payroll and related charges

Payroll and related charges increased by RUB 116 million, or 8.7% year-on-year, to RUB 1,444 million for the three months ended 31 March 2018, from RUB 1,328 million a year earlier. This was primarily due to base salary indexing and higher performance-linked payments in the reporting quarter. The increase, however, was partially offset by a 0.2% year-on-year decrease in TransContainer's average headcount from 3,533 to 3,527.

Depreciation and amortisation

Depreciation and amortisation increased by RUB 59 million, or 9.2% year-on-year, to RUB 699 million for the three months ended 31 March 2018, compared to RUB 640 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 21.0% year-on-year to RUB 702 million for the three months ended 31 March 2018, compared to RUB 580 million a year earlier. This was due to an increase in average repair price which was partially offset by a decrease in a number of flatcar repairs.

Taxes other than income tax

Taxes other than income tax were up 108.4% year-on-year to RUB 273 million for the three months ended 31 March 2018, from RUB 131 million a year earlier, primarily due to changes in the VAT settlements.

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 increased by 57.9% year-on-year to RUB 573 million, from RUB 363 million a year earlier, mainly due to the growth of the licence and software expenses and other expenses.

Interest expense

Interest expenses increased by RUB 26 million, or 14.6% year-on-year, to RUB 204 million for the three months ended 31 March 2018, from RUB 178 million a year earlier, mainly due to an increase in the total debt compared to the same period of 2017.

Interest income

Interest income increased by RUB 3 million, or 3.4% year-on-year, to RUB 92 million in the reporting period from RUB 89 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, the Company's profit before income tax increased by RUB 126 million, or by 9.5% year-on-year, to RUB 1,450 million for the three months ended 31 March 2018, from RUB 1,324 million in the corresponding quarter of 2017.

Income tax expenses

Income tax expenses increased by RUB 46 million, or 17.8% year-on-year, to RUB 304 million for the three months ended 31 March 2018, from RUB 258 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 2018 increased to 21.0% from 19.5% 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 2018 increased by RUB 80 million, or 7.5% year-on-year, to RUB 1,146 million compared to RUB 1,066 million for the three months ended 31 March 2017. Taking into account the exchange differences relating to foreign operations and other effects, the total comprehensive income for the reporting period was up 26.2% year-on-year and amounted to RUB 1,248 million, compared to RUB 989 million a year earlier.

Liquidity and Capital Resources

As of 31 March 2018, the Company's net cash and cash equivalents amounted to RUB 9,192 million, while its current assets exceeded current liabilities by RUB 10,136 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 2018 and 2017, respectively.

RUB million	1Q 2018	1Q 2017
Net cash provided by operating activities	1,805	1,622
Net cash used in investing activities	-1,441	-1,306
Net cash used in financing activities	4,735	-1,252
Net change in cash and cash equivalents	5,099	-936
Foreign exchange effect on cash and cash equivalents	-78	-89
Net cash and cash equivalents at the end of the period	9,192	4,500

Cash flow generated by operating activities increased by RUB 183 million, or 11.3% year-on-year, to RUB 1,805 million for the three months ended 31 March 2018, from RUB 1,622 million in the previous year, mainly due to an increase in operating profit, as discussed above.

Cash flow used in investing activities increased by RUB 135 million, or by 10.3% year-on-year, to RUB 1,441 million for the three months ended 31 March 2018, from RUB 1,306 million in the corresponding period of 2017. This was primarily due to a RUB 579 million increase in short term investments, which offset a decrease in capital expenditures by RUB 158 million.

Cash outflow from financing activities increased considerably from negative RUB 1,252 million in the three months ended 31 March 2017 to positive RUB 4,735 million for the three months ended 31 March 2018 as a result of RUB 6.0 billion bond placement in January 2018.

Capital Expenditure

Capital expenditure decreased by RUB 158 million, or 29.5% year-on-year, to RUB 378 million for three months ended 31 March 2018, from RUB 536 million a year earlier. The majority of the capital expenditure was incurred for the acquisition of ISO containers and flatcars.

Planned capital expenditure for 2018

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 2018 is budgeted at RUB 12.3 billion (excluding VAT), however, the actual amount of capital expenditure is subject to the market conditions. The 2018 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 2018, the Company's financial indebtedness consisted of two outstanding bond issues and financial lease obligations in an aggregate amount of RUB 11,064 million, compared to RUB 7,671 million as of 31 March 2017. The Company's net debt at the end of the reporting period was RUB 0.372million, down by 83.4%.

As of 31 March 2018, 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 were redeemed in four equal semi-annual instalments within the fourth and fifth years. The Company fully repaid its obligation in January 2018.

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 2018, the carrying value of the bonds amounted to RUB 4,999 million. The amount of accrued interest is RUB 12 million and has been included as short-term debt in the consolidated statement of financial position.

RUB-denominated bonds series BO-01

On 25 January 2018, the Company issued non-convertible five-year bonds for a total amount of RUB 6,000 million at a par value of RUB 1,000 each. Net proceeds from the issuance after deduction of related offering costs amounted to RUB 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 classified as long-term borrowings as at the reporting date.

As at 31 March 2018, the carrying value of the bonds amounted to RUB 6,065 million, including the amount of accrued interest of RUB 80 million. The amount of accrued interest has been included as current portion of long-term debt in the interim condensed 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 2018 and 2017, respectively.

RUB million	31 March 2018	31 March 2017
Current assets		
Inventory	229	260
Trade and other receivables	1,387	1,860
Prepayments and other current assets	3,920	3,687
Prepaid income tax	0	27
Short-term investments	1,500	926
Cash and cash equivalents	9,192	4,500
Non-current Assets classified as held for sale	0	0
Total current assets	16,228	11,260
Current liabilities		
Trade and other payables	4,414	4,884
Short-term debt and current portion of long-term debt	92	2,546
Income tax payable	38	33
Taxes other than income tax payable	452	439
Provisions	0	38
Finance lease obligations, current maturities	0	18
Dividends payable	0	0
Accrued and other current liabilities	1,096	936
Deferred income	0	0
Total current liabilities	6,092	8,894
Working capital	10,136	2,366

Working capital increased by RUB 7,770 million to RUB 10,136 million at the end of the reporting period from RUB 2,366 million a year earlier due to an increase in cash and cash equivalents and short-term investments.

Downloads

The consolidated financial statements for the three months ended 31 March 2018 are available via the National Storage Mechanism at: <http://www.hemscott.com/nsm.do> or at the Company's website <http://www.trcont.com>

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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 43%. 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. 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] 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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