

PJSC TransContainer

21 January 2019

OPERATING RESULTS FOR THE FOURTH QUARTER AND THE FULL YEAR OF 2018

Public Joint Stock Company "TransContainer" ("TransContainer" or the "Company") (LSE: TRCN) announces its preliminary operating results for the fourth quarter and the full year 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, an increase in containerisation of the Russian railway freight transportation and positive macroeconomic environment.

Market overview

Russia's container market demonstrated an accelerated growth in the fourth quarter of 2018 with transportation volumes growing 16.4% year-on-year to 1,224 thousand twenty-foot equivalent units ("TEU"). This was mainly driven by a 24.3% year-on-year increase in international transportation, while domestic transportation was up 7.0% year-on-year in the reporting quarter and 5.1% year-on-year for the full year of 2018.

Russian Rail Container Transportation Market in 4Q 2018 (ISO Loaded + Empty), 000' TEU

	4Q 2018	4Q 2017	Change	
			000' TEU	Percent
Domestic Routes	510.7	477.4	+33.3	+7.0%
Export	298.3	261.0	+37.3	+14.3%
Import	233.0	187.3	+45.6	+24.4%
Transit	182.0	125.3	+56.6	+45.2%
All Routes	1,223.9	1,051.1	+172.8	+16.4%
International	713.3	573.7	+139.6	+24.3%

The accelerated growth in the fourth quarter of 2018 brought the full year figures to the higher than expected level. In 2018, the Russian rail container market grew by 14.4% year-on-year to 4,441 thousand TEU. The main contributors were transit and import transportation segments which grew by 35.1% and 22.0%, respectively.

Russian Rail Container Transportation Market for the full year of 2018 (ISO Loaded + Empty), 000' TEU

	FY2018	FY 2017	Change	
			000' TEU	Percent
Domestic Routes	1,899.0	1,806.3	+92.8	+5.1%
Export	1,131.4	964.3	+167.1	+17.3%
Import	851.8	698.0	+153.8	+22.0%
Transit	558.9	413.7	+145.2	+35.1%
All Routes	4,441.1	3,882.2	+558.9	+14.4%

International	2,542.1	2,075.9	+466.1	+22.5%
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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 8.9% year-on-year to 501 thousand TEU. This was mainly due to the continued growth in international transportation, which was up 20.3% year-on-year, with import and transit segments surging by 23.4% and 47.1%, respectively. In the fourth quarter of 2018, container volumes using TransContainer's assets on domestic routes were lower compared to the corresponding period of 2017, mainly as a result of the Company's fleet re-allocation in favour of fast-growing international routes amid the shortage of flatcars, as well as due to the optimisation of TransContainer's empty runs.

Transportation of containers using TransContainer's assets in 4Q 2018 (ISO Loaded + Empty), 000' TEU

	4Q 2018	4Q 2017	Change	
			000' TEU	Percent
Domestic Routes	229.7	234.7	-5.0	-2.1%
Export	121.7	111.3	+10.4	+9.3%
Import	96.2	77.9	+18.2	+23.4%
Transit	53.8	36.6	+17.2	+47.1%
All Routes	501.3	460.5	+40.8	+8.9%
International	271.7	225.8	+45.8	+20.3%

The Company's revenue-generating^[1] container transportation volumes in Russia amounted to 419 thousand TEU in the fourth quarter of 2018, up 13.8% year-on-year.

For the full year of 2018, container volumes transported by the Company's flatcars and/or containers grew by 6.1% year-on-year to 1,886 thousand TEU, mainly as a result of a 14.3% year-on-year increase in international transportation.

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

	2018	2017	Change	
			000' TEU	Percent
Domestic Routes	886.6	903.7	-17.2	-1.9%
Export	476.7	432.1	+44.6	+10.3%
Import	355.5	315.5	+40.0	+12.7%
Transit	166.7	126.0	+40.7	+32.3%
All Routes	1,885.5	1,777.3	+108.2	+6.1%
International	998.9	873.6	+125.4	+14.3%

In 2018, the Company's revenue-generating container transportation volumes in Russia amounted to 1,544 thousand TEU, up 8.4% year-on-year.

The growth rates of the Company's revenue-generating volumes in the fourth quarter and for the full year were considerably higher compared to the increase in total transportation by the Company's flatcars and/or containers, due to the optimisation of TransContainer's empty runs.

Terminal handling

In the fourth quarter of 2018, the Company's throughput in the Russian rail container terminal network decreased by 0.7% to 331 thousand TEU, compared to 333 thousand TEU for the same period of 2017. For full year of 2018, the Company's container terminal throughput was down 1.1% and amounted to 1,279 thousand TEU compared to 1,294 thousand TEU for the full year 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. In addition, the Company had to close a number of its terminals in Moscow to comply with the decision of the Government of Moscow.

Asset utilisation

In the fourth quarter of 2018, container empty run ratios decreased from 19.6% to 17.8%, while empty run for flatcars substantially improved from 4.1% to 2.7%. These improvements reflect the continuing optimisation of fleet management and favourable market trends.

	4Q 2018	4Q 2017	FY 2018	FY 2017
Turnover of containers, days	32.0	36.3	32.5	37.8
Turnover of flatcars, days	11.6	12.3	11.9	12.1
Empty run ^[2] for containers, %	17.8%	19.6%	17.6%	19.2%
Empty run for flatcars, %	2.7%	4.1%	3.0%	3.9%

Turnover of flatcars improved from 12.3 days in the fourth quarter of 2017 to 11.6 days in the reporting quarter, while turnover of containers also decreased from 36.3 to 32.0 days, respectively, as a result of the management's efforts to boost the Company's assets utilisation.

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About TransContainer

TransContainer (LSE: TRCN; MOEX: 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 September 2018, it owned and leased 25,903 flatcars and 67,852 ISO containers. TransContainer owns a network of rail-side container terminals, located at 40 railway stations across Russia. The company's joint ventures and subsidiaries also operate one terminal in Slovakia, two terminals in Russia and 19 inland rail-side terminals in Kazakhstan. The Company's sales network comprises of 98 sales outlets in Russia, along with additional outlets across the CIS, Europe and Asia. TransContainer is listed on the Moscow Exchange and London Stock Exchange. 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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