economically efficient "turnkey" transport solutions have the edge. As a highly standardised and intermodal process, container transportation is a perfect match for the existing market trends and a key containerisation driver.

Pursuant to its development strategy, the PJSC TransContainer expands the range of these services and builds up the portfolio of integrated transport and logistics solutions for clients to boost the added value of its services and lay the ground for long-term cooperation.

Our business model facilitates integrated transportation and freight forwarding services to clients on an "all-inclusive" basis using both our own assets (flatcars, containers, terminals and trucks) and services of subcontractors (Russian Railways, foreign railway administrations, agent companies, customs brokers, freight forwarders, ports, sea lines, etc.).

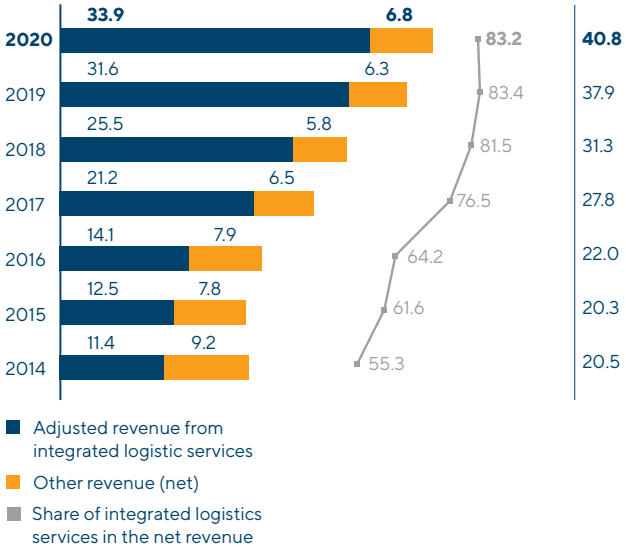
Experience shows that the demand for integrated transportation and freight forwarding services from customers is steadily growing.
This type of service provides:

- high quality (the Company's commitment to deliver the cargo);
- simplicity (single price for the whole range of services);
- reliability (every key stage of container transportation can be covered by the Company's own assets).

That said, integrated transportation and freight forwarding services require higher commitment and more complex execution processes compared to individual transportation services.

Adjusted revenue from integrated transportation and freight forwarding services in 2020 amounted to RUB 33,944 mln, that is 7.4% increase year-on-year. Share of adjusted revenue in the total revenue from integrated transportation and freight forwarding services of the Company amounted to 83.2% in 2020, i.e. the same level, as in 2019 (83.4%).

Adjusted Revenue from Integrated Transportation and Freight Forwarding Services, (RUB billion)



Source: Company data

ASSETS

ROLLING STOCK

FLATCAR FLEET

As at 31 December 2020, the Company had 32,119 container flatcars. Also the Company used 2,075 railcars on a lease term, about 2 thousand railcars under agency agreements and 2,067 leased railcars.

Following strong demand for container transportation, the Company purchased new flatcars and used third-parties' rolling stock to transport the containers throughout 2020. Supported by measures to increase rolling stock efficiency, this helped the Company to satisfy the growing demand for container transportation as regards required rolling stock.

By the end of 2020, the Company's total fleet increased by 3,238 railcars. A total of 1,289 40-foot and 1,333 60-foot flatcars. At the same time, the fleet was replenished with 1,013 40-foot and 2,225 80-foot flatcars.

Breakdown of the Company's Flatcar Fleet

Item	40-foot	60-foot	80-foot	Total
Retired	1,289	1,333	0	1,622
Replenished	1,013	0	2,225	3,238
Own truck fleet at the end of the year	13,122	5,705	13,292	32,119
Capacity, TEU	26,244	17,115	53,168	96,527
Average age, years	5.9	29.9	6.8	10.4

The capacity of the Company's fleet increased by 7% to 96,527 TEUs, and the average age of the fleet decreased to 10.4 years compared to 11.2 in 2019.

CONTAINER FLEET

As at 31 December 2020, the Company had a fleet of 87,810 containers including 85,964 own ones and 1,846 leased. To eliminate the shortage of containers, in 2020 the Company has made a significant replenishment of its container fleet both by purchasing new containers and by leasing and renting for a freight. These measures along with modernisation of the container fleet allowed to provide equipment required for increasing client demand for container transportations.

By the end of 2020, the total number of containers in the Company's fleet increased by 4,126 containers year-on-year. 4,726 containers have been retired within the year for fleet improvement. At the same time, the fleet was replenished with 7,518 containers, 6,557 units of 20-foot and 961 units of 40-foot containers.

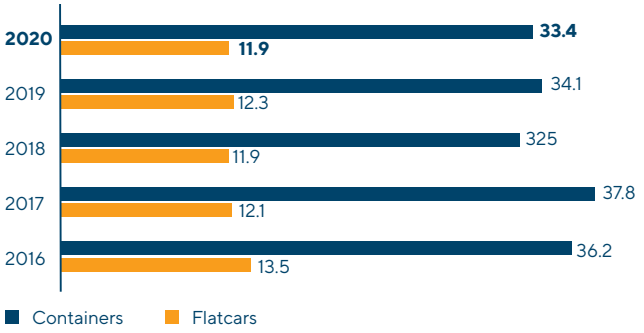
Breakdown of the Company's Containers Fleet

		ISO containers	
Item	20-foot	40-foot	Total
Retired	4,563	163	4,726
Replenished	6,557	961	7,518
Own truck fleet at the end of the year	48,152	37,812	85,964
Capacity, TEU	48,152	75,624	123,776
Average age, years	8.4	7.3	7.9

The capacity of the Company's fleet increased by 3%, and the average age of the fleet decreased to 7.9 years compared to 8.4 in 2019.

OPERATING PERFORMANCE

Turnover of the Company's Containers and Flatcars (days)



In the reporting period, the turnover of platforms reduced from 12.3 days to 11.9 days year-on-year. The containers turnover also enhanced from 34.1 to 33.4 days due to the Company efforts aimed to optimise the fleet management, make tariff policy flexible and raise the volume or regular container services.

[1] Replenishment according to accounting data.

Empty Run Ratio of the Company's Containers and Flatcars, (%)

Empty run ratio	2016	2017	2018	2019	2020
Containers	21.5	19.2	17.6	17.2	17.0
Flatcars	2.7	3.9	3.0	4.2	3.4

The containers empty run index reduced from 17,2 to 17.0% year-on-year, and the flatcars empty run index reduced from 4.2 to 3.4% due to improved accuracy of operations planning, use of flexible tariff policy, activity of the Company's sales network, and optimised adjustments in the East – West corridor.

The Company's Transportation Volumes as part of Container Trains, ('000 TEU)

Item	2016	2017	2018	2019	2020
Transported by ISO containers trains of the Company (total)	699.9	931.0	1,067.7	1,161.9	1,430.5
Transported by ISO containers trains of the Company (loaded)	575.1	774.9	834.4	945.8	1,194.9
Transported by ISO containers trains of the Company (empty)	124.8	156.0	233.3	216.1	235.6
Dynamics (totally transported, %)	16.5	33.0	14.7	8.8	23.1
Share of transportations by the Company's railcars and containers (%)	45.4	52.4	56.6	57.7	60.8

The Company continues to increase the volume of traffic in container trains. The share of such traffic in 2020 increased to 60.8% compared to 57.7% in 2019.

Transportation of containers by the high-speed trains having high priority in the Russian Railways network guarantees significant increase of the container average speed, make the delivery date more accurate and the service more attractive for a client.

TERMINALS AND TRUCKS

CONTAINER TERMINALS

As at 31 December 2020, the Company owned 38 railway container terminals located in all the key Russian industrial areas and transportation hubs . The Company also operates two terminals through a joint venture LLC Freight Village Kaluga North and one terminal through its subsidiary CJSC Logistics-Terminal.

In general, the existing terminal network of the Company meets the strategic goals of maintaining its business scale.

The Company's terminals located in Russia host five temporary storage warehouses with a total area of 13.8 thousand square metres to provide additional services for international, particularly inbound, transportation. The number of temporary storage warehouses at the Company's terminals decreased in 2019.

Starting from 2018, as a result of acquisition of shares in the companies operating Vorsino and Shushary terminals, the Company can offer customers the services of two temporary storage warehouses located on these stations.

All Russian terminals owned by the Company have a "Site of Common Use" status in accordance with the Federal Law No. 17-FZ dated 10 January 2003 on Rail Transport in the Russian Federation. In its terminals, the Company provides services categorised as "rail infrastructure services" (container loading/unloading operations, container sorting, etc.) acting as an agent of Russian Railways, as well as other terminal services at clients' requests.

DEVELOPMENT OF THE TERMINAL NETWORK IN 2020

During 2020, the Company continued its efforts in upgrading its terminal network. For example, TransContainer has completed reconstruction of the container terminal at the Zabaikalsk station, which has reduced the time of containers handling between the railway tracks of different gauges from 270 to 180 minutes, and increased the processing capacity of the terminal from 220 to 280 thousand TEUs per year. Since 2020, the Company has been enjoying a new successfully-adopted technology for paving the container yards with terminal stones (blocks), which gives a noteworthy cut of expenses for further repairs of the pavement, increases the service life of lifting equipment and, accordingly, reduces the equipment repair costs. The above technology was utilised to reconstruct the yards at Khabarovsk-2, Kleshchikha, Zabaikalsk and Shushary st. container terminals.

Also the projects of container terminals reconstruction have been launched/are being worked out for Blochnaya, Bazaiha, Kleshchikha and Khabarovsk-2 stations.

VEHICLES, LIFTING MECHANISMS AND EQUIPMENT

As at 31 December 2020, the vehicles fleet amounted to 460 units, among which there are 124 truck tractors, 234 semi-trailer trucks, 37 cars (considering the Company's executive office cars) and 65 units of specialised equipment. In 2019, 55 units were retired/sold (fleet upgrading).

Number of frame cranes was 79 units as at 31 December 2020, including 11 preserved and 1 leased cranes. Number of reach stackers[2] was 51 units, including 5 leased stackers and 1 under retirement. Number of other lifting mechanisms is 87 units.

MEASURES TAKEN IN 2020

- The technical specialists of the Company have developed the Terms of Reference for creating the automated system based on "1C:Holding Management". Complete integration with the automated Fixed Asset Operation and Replacement System and coming complex of satellite monitoring for TransContainer vehicles, stackers, automobile fuel stations and diesel power plants (with production run of the complex planned for the year 2021).
- It was the second time the Company implemented a project on centralised replenishment of the tires annual reserve (593 pcs) for reach stackers and truck transport (the main goal is to obtain minimum level of tires supply and to save the 10% budget year-on-year).
- PJSC TransContainer has launched full-service maintenance of reach stackers at Zabaikalsk terminal. Such kind of maintenance allows to increase the equipment serviceability level to 0.9 and reduce the operating costs. A new reach stacker was purchased for Zabaikalsk terminal. A bidding took place with further signing of contracts for two reach stackers supply at Kleshchikha terminal, one stacker for Bazaikha and one for Batareynaya terminals. The reach stackers are planned to be maintained according to full service system.
- Contracts were signed for the supply of two container cranes with a capacity of 45 tons with Henan Yufei Crane Im Ex Co., Ltd., a Chinese company.
- Two stackers were purchased for the needs of the Ural branch.

PLANS FOR 2021

- Creation of an information and analytical tool to monitor the transport operations, condition of vehicles and fuel consumption in real time by equipping the fleet of tractors, reach stackers and fuel stations of the Company with monitoring means and subscribing to the monitoring platform (SaaS) are planned for the third and fourth quarters of 2021.
- Upgrade of the lifting and specialised vehicles at the West Siberian and Krasnoyarsk Branches.
- Systematic upgrade of crane equipment at container terminals. It is planned to commission two cranes in 2021, the delivery of which began in 2020, and to sign contracts for the supply of three more in 2022. The cranes to be purchased have higher capacity and efficiency.

OPTIMISATION OF NON-CORE ASSETS

According to non-core asset identification and sale guidelines set by Government Directive No. 894-r dated 10 May 2017, the Board of Directors has accepted the Company's Non-core Asset Disposal Programme (Minutes No. 3 dated 18 October 2017). The Plan of Non-core Assets Sale and the Register of Non-core Assets are approved on an annual basis. Information on the Company's non-core assets is available on its website, the Avito website, and the website of Russian Railways in the Property Transactions section (property.rzd.ru). To reduce the maintenance costs of non-core immovable assets, it is leased under the corresponding agreements.

[2] Reach stacker is a vehicle used for handling cargo containers.

Since the shareholders have been changed and the Company has withdrawn the Russian Railways, a part of provisions in the regulations on engagement of non-core immovable assets to civil turnover are not relevant any more. Work is under way to change the regulations, providing for the expansion of the criteria and the list of immovable assets of the Company, which can be classified as non-core.

CLIENT SERVICE AND SALES

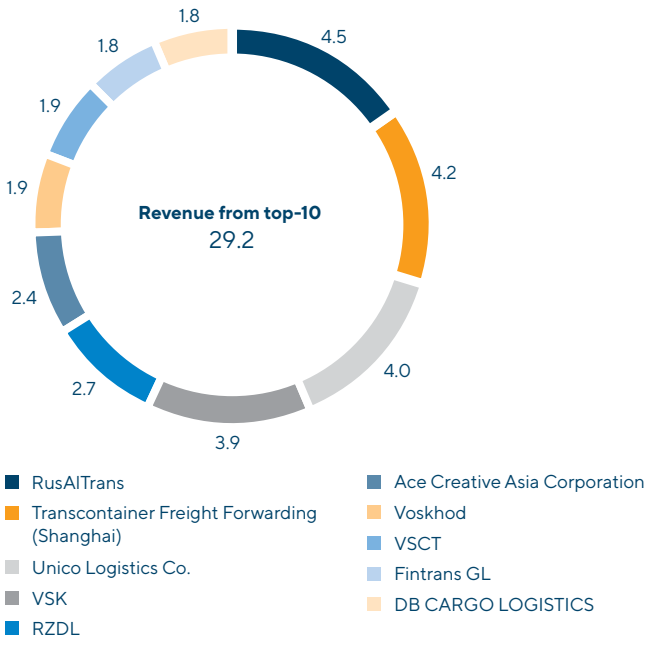
With increasing market competition, PJSC TransContainer continues to improve its transport and logistics services for customers following a continuous efficiency strategy.

CLIENT BASE

TransContainer's client base comprises tens of thousands of clients ranging from global majors to small businesses and individuals.

The top 10 clients in 2020 accounted for 29.2% of customer payments, while the largest client of RusAlTrans LLC, a subsidiary of the leading company in the global aluminium industry RUSAL, provided 4.5% of all customer payments.

The Company's Top 10 Clients in 2020 by Revenue (%)



Other clients of TransContainer's client portfolio – 70.8