

OPERATING RESULTS

SERVICES

RAIL CONTAINER TRANSPORTATION

In 2020, the Company developed its core business in accordance with the strategic priorities, increasing the scale of activity and its efficiency.

The growth of container transportation volumes is achieved by the Company by increasing the scope and optimization of the structure of the railcar and container fleet, developing new in-demand services, including cooperation with other companies of the Delo Group, as well as enhancing the operations in the growing market segments and improving the quality of customer service and competitive pricing. Also, the growth of the Company's transportation volumes was influenced by the improvement in operational efficiency: the railcar turnover decreased to 11.9 days (-3.9% year-on-year), and the use of flatcar capacity increased to 89.1% (+0.2 p.p. year-on-year).

The volume of rail container transportation using the Company's rolling stock and containers went up to 2,405 thousand TEUs, up 17.3% year-on-year.

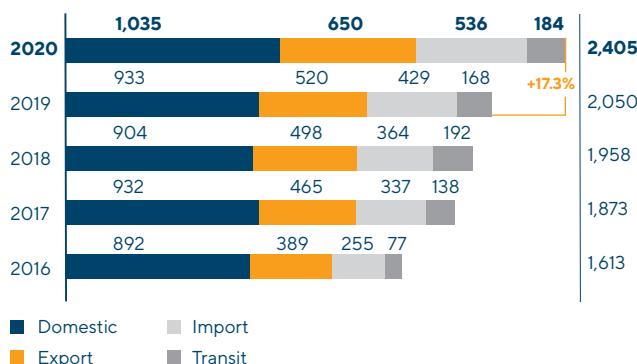
The increase in volumes was mainly due to the active development of operations in international transportation, the volume of which grew by 22.6% year-on-year and amounted to 1,370 thousand TEUs, including transportation to China and the countries of the Asia-Pacific region through Zabaikalsk border crossing in amount of 321.1 thousand TEUs (+23.1%

year-on-year). Import volumes grew by 24.9%, while export grew by 25.1% year-on-year. The volume of transit transportation using the Company's rolling stock increased by 9.2% year-on-year.

Domestic container transportation totalled 1,035 thousand TEUs in 2020, up 11.0% year-on-year.

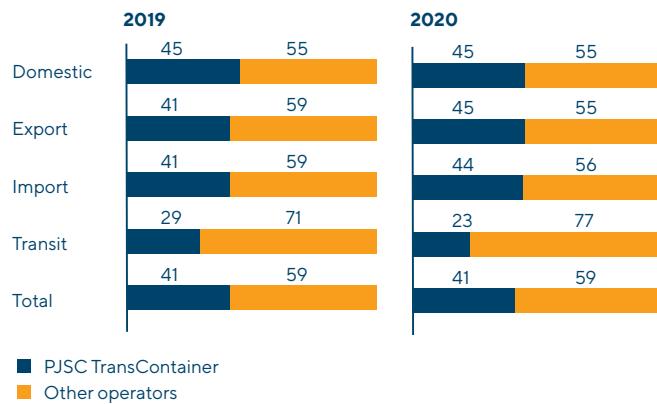
The Company's share in the rail container transportation market in 2020 as regards the Company's rolling stock amounted to 41.5% (compared to 41.1% in 2019). The Company's share amounted to 44.6% (compared to 45.0% in 2019) in domestic traffic, and 39.4% (compared to 38.3% in 2019) in international traffic.

Railway Container Shipments by the Company's Rolling Stock (loaded and empty ISO containers, '000 TEU) in 2016–2020



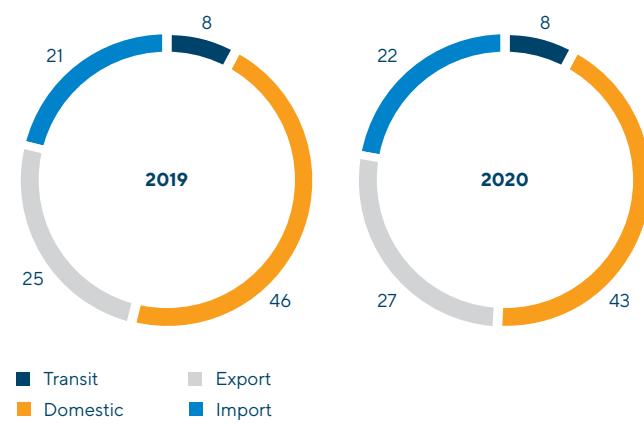
Source: Company data

The Company's Share¹ of Total Container Traffic in the Russian Railways Network² by Traffic Type in 2019 and 2020 (loaded and empty ISO containers, %)



Sources: Russian Railways, Company data

Breakdown of Container Shipments by the Company's Rolling Stock by Type of Traffic (loaded and empty ISO containers, percent shares based on transportation volumes in TEUs)



Source: Company data

The Company maintains a strong presence in the Russian domestic market segment, using the competitive advantages, i.e. expansive geographic footprint, network coverage, competitive prices, reliability and quality of service.

The 24.9% increase in TransContainer's transportation volumes (to 536 thousand TEUs) is a result of the Company's management focused efforts on interaction with clients and partners in the Asia-Pacific and Europe, as well as active cooperation with sea lines and companies belonging to Delo Group in international traffic. The Company's market share in the import transportation segment increased from 40.6% in 2019 to 43.9% in 2020.

In export destinations, the Company delivered a 25.1% increase in volumes in 2020 by developing new multimodal services that are popular among exporters, applying a flexible pricing policy and ensuring the reliability of the Company's services. In 2020, the Company's share of export shipments increased to 44.6% compared to 40.8% in 2019.

The Company's transit shipments rose by 9.2%. However, the Company's share in the transit transportation segment in 2020 decreased to 22.9% (28.9% in 2019), which was a result of the outstripping growth of competitors in this segment of the market. The most significant increase in transit transportation in 2020 was China – Europe direction through Kazakhstan, where JSC UTL ERA dominates.

The above factors in 2020 brought the Company's share of the Russian railway container transportation market (shipments by the Company's rolling stock) up from 41.1% to 41.5% year-on-year.

¹ Transportation by the Company's rolling stock.

² Transportation by all types of rolling stock.

RAIL CONTAINER TRANSPORTATION BREAKDOWN

In 2020, in response to changes in the container market, the Company continued to provide transportation

and logistics services to its clients using both its own and third party rolling stock and containers. The Company discloses operating statistics that includes these operations.

Container Transportation by the Company's Rolling Stock ('000 TEU)

Item	2016	2017	2018	2019	2020
Total	1,613.3	1,872.6	1,958.4	2,049.9	2,405.1
Client containers on the Company's rolling stock ²	618.2	810.9	891.8	938.0	1,026.0
The Company's empty containers on the ¹ Company's rolling stock ²	304.9	309.9	314.5	354.3	432.2
The Company's loaded containers ¹ on the Company's rolling stock ¹	502.7	544.3	599.4	661.1	817.9
The Company's loaded containers on the agency rolling stock	72.3	71.0	52.9	39.4	48.5
The Company's empty containers on the agency rolling stock	45.0	41.2	27.0	20.2	26.7
The Clients' containers on the agency rolling stock	70.2	95.3	72.9	36.9	53.9

Source: Company data

Transportation of client containers (including empty ones) by the Company's rolling stock, as well as transportation of freight in the Company's containers (regardless of who owns the rolling stock or containers) is paid for by the clients and generates revenues.

Volume of the Company's revenue-generating transportation in 2020 amounted to 1,946 thousand TEUs, up 16.2% year-on-year.

Volume of Revenue-Generating Transportation ('000 TEU)



When transporting the Company's empty containers (including leased and third-party ones), the railway

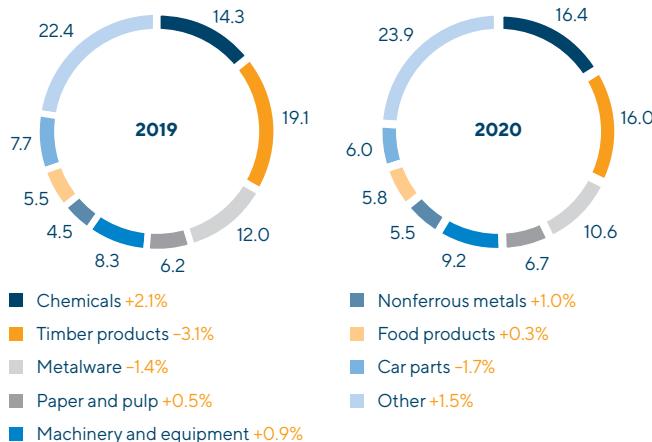
tariff set by the Russian Railways and other railway administrations is paid for by the Company increasing the costs.

In 2020, the Company's empty container transportations (including those using third-party rolling stock) increased by 22.5% year-on-year and amounted to 459 thousand TEUs. The main factor in the growth of the Company's empty containers transportation was the increase in provision of freight services in the Company's containers requiring empty containers runs for loading. At the same time, in the reporting year the ratio of the transportation volumes of empty/loaded containers of the Company decreased to 53.0% compared to 53.5% in 2019 as a result of optimization of fleet management. Also, the increase in the Company's empty containers transportation was due to a significant imbalance in container cargo flows in export and import traffic in 2020.

¹ Including leased and third-party rolling stock.

² Including leased and third-party containers.

Breakdown of Loaded Container Shipments by Own Rolling Stock in 2019-2020, by Cargo Type (percent shares based on transportation volumes in TEUs)



Source: Company data

In 2020, the largest product groups in the breakdown of shipments were chemicals (16.4% of the total loaded container shipments), timber and metal products (16.0% and 10.6% correspondingly). Compared to 2019, the breakdown of shipments using the Company's transport assets showed an increase in chemicals, machinery and equipment. The share of timber and metal products, as well as and car parts, has decreased.

RAIL CONTAINER TRANSPORTATION USING SPECIALISED CONTAINERS

In 2020, the volume of LLC SpecTransContainer transportations exceeded 30 thousand TEUs (+53% year-on-year). Gross revenue rose beyond RUB 1 billion (+58% year-on-year). Number of TransContainer's railcars used in transportations for LLC SpecTransContainer projects amounted to over 500 units.

In 2020 LLC SpecTransContainer entered top-four largest operators of tank containers market. Currently, the fleet of tank containers in operation is more than 1,000 units.

The strategy implemented by LLC SpecTransContainer provides a balance between high rates of growth and business profitability. The business model is focused on getting the maximum synergies for the parent company.

A wide customer base has been formed in the segment of tank containers transportation by own fleet. The systematic construction of long-term relationships with customers creates the basis for dynamic and sustainable business growth. LLC SpecTransContainer has become a recognizable company in the market and has established itself as a reliable partner with customer-oriented approach attracting new customers.

RAIL CONTAINER TRANSPORTATION IN KAZAKHSTAN AND CENTRAL ASIA

In accordance with the Minutes of the Board of Directors of PJSC TransContainer dated November 26, 2019, it was decided to terminate PJSC TransContainer participation in Logistic System Management B.V., which owns 100% of the share capital of JSC Kedentransservice. The transaction on the sale of shares of JSC Kedentransservice was closed in the second quarter of 2020.

After that, the Company began to develop the market segment of China - Europe transit traffic through the railway border crossings China - Kazakhstan (Dostyk and Altynkol stations). Transit services in this transport corridor were carried out directly by the Company using the own rolling stock through the Isov and Batevo stations to Poland and Hungary respectively, where the Company can offer more attractive transportation conditions to shippers. In 2020, more than 3,000 TEU containers were transported from Dostyk station.

CONTAINER TERMINAL HANDLING

Container handling services provided by the Company at its own terminals include loading to, and unloading from rail transport and motor vehicles, as well as container sorting and storage, which is complemented by additional container and containerised cargo terminal services (such as preparing containers for loading, loading/unloading cargo to/from containers, container sealing, specialised container handling, etc.).

In 2020, the volumes handled at the Company's container terminals in Russia increased by 7.8% to 1,423.3 thousand TEUs with main volume belonging to ISO containers. The most intensive growth in processing volumes took place

at the terminals of Zabaikalsk station (+31.4 thousand TEUs, i.e. +19.7% year-on-year), Kleshchikha station (+27.3 thousand TEUs, i.e. +13.6% year-on-year), Ekaterinburg-Tovarniy station (+21.1 thousand TEUs, i.e. +19.1% year-on-year). A number of terminals showed a decrease in volumes due to changes in the geography of transport in the market, namely Chita (-12.2 thousand TEUs, i.e. -20.9% year-on-year), Khabarovsk (-7.1 thousand TEUs, i.e. -8.2% year-on-year), Kaliningrad-Sortirovochniy (-2.7 thousand TEUs, i.e. -16.3% year-on-year).

In addition to its own terminals, TransContainer uses the terminals of subsidiaries and dependent companies as intermediate regional terminals for the development of its container services: the terminal at Shushary station in the Leningrad region (owner - CJSC Logistics-Terminal) and the terminal at Vorsino station in the Kaluga region (owned by LLC Freight Village Kaluga North)

The Company acquired 100% of the shares of CJSC Logistics-Terminal, which owns and operates the largest "rear" terminal in the St. Petersburg railway hub, in September 2018. The export ship consignments are formed at the terminal, and then delivered to the ports of St. Petersburg, Bronka and Ust-Luga as part of shuttle trains. Empty containers are transported from ports as part of the same shuttle trains.

The Company acquired a 30% stake in LLC Freight Village Kaluga North, which owns and operates the terminal assets in the Vorsino and Rosva industrial parks in July 2017. The terminal is the largest hub dealing with acceptance and distribution of import containers coming from all directions: St. Petersburg, Novorossiysk, Dostyk,

Naushki, Zabaikalsk and the Far Eastern ports. The terminal consolidates and ships the cargoes to the largest Siberian cities – Krasnoyarsk, Irkutsk, Blagoveshchensk and Chita – by high-speed container trains.

A cargo-handling village (Vorsino) of federal significance is located on the border of New Moscow and the Kaluga region along the Ukraine federal highway (M3), 67 km from the Moscow Ring Road. The project is a part of the Vorsino industrial park.

By the results of 2020, the volume of containers processing at the Shushary station terminal in the railway transportation amounted to 151,000 TEUs. Regular container trains with imported and local goods are sent from the terminal to major Russian cities: Krasnoyarsk, Ekaterinburg, Novosibirsk. Linear empty containers are consolidated and sent for loading to pulp and paper plants.

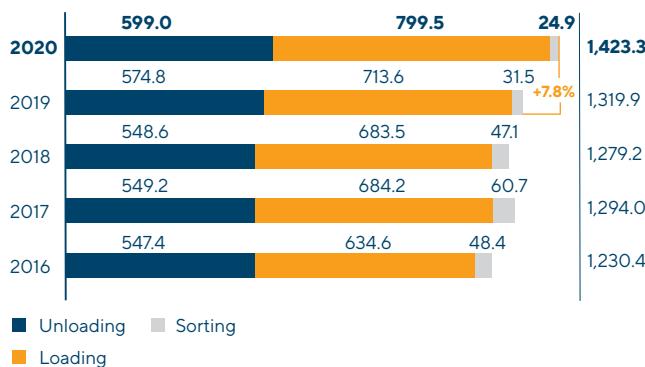
In the reporting year, the volume of containers processing at the Vorsino station terminal of LLC Freight Village Kaluga North in the railway transportation increased by 2% and amounted to 143,000 TEUs.

The total volume of containers processing at the terminals of the Company, its subsidiaries and dependent companies amounted to 1,574 thousand TEUs (+7.0% year-on-year).

The lower dynamics of ISO containers processing at the Company's terminals compared to the dynamics of the container market in general is associated with an increase in the share of shipments in domestic and export

transportation carried out directly from the access roads of manufacturing enterprises.

Container Handling Volumes at the Company's Terminals in the Russian Federation (ISO + medium-capacity containers) ('000 TEUs)



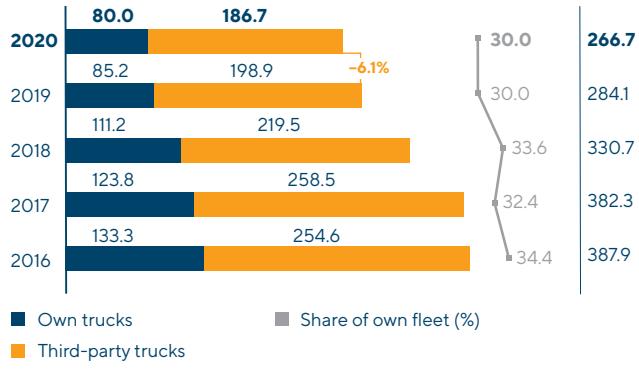
Sources: Russian Railways, Company data

TRUCKING SERVICES

The Company's container deliveries by truck – the so-called last mile services – are focused on container transportation between its terminals and the cargo's final destination (or the container loading site). For truck deliveries, the Company uses both its own fleet and services of third-party transport companies on a contractual basis. TransContainer is also authorised to perform trucking under customs control.

Using its own and third-party trucks, the Company transported a total of 267,000 TEUs in 2020, down 6.1% year-on-year.

Container Deliveries by the Company's and Third-party Trucks in Russia (high-capacity containers + medium-capacity containers), ('000 TEU)



Source: Company data

Share of transportation by own fleet has not changed year-on-year in a total volume of transportation and amounted to 30.0.

LOGISTICS AND FREIGHT FORWARDING

The quality of the service is an important competitive strength in the market of transport and logistics services, and especially in the segment of containerised cargo transportation. Those who offer integrated and

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.

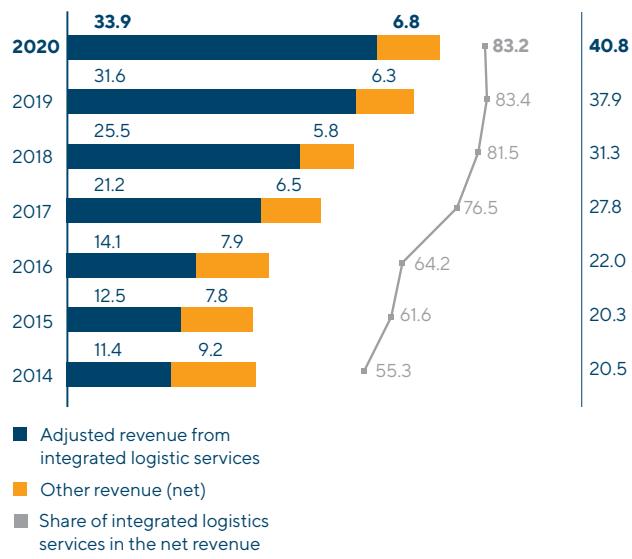
This type of service provides:

- 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.