

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



Dear colleagues!

A little more than a year has passed since the day when Delo Group unexpectedly acquired 50% of shares of the largest container operator TransContainer. In 2020, the Group became its sole owner by consolidating 100% of the shares. Today I would like to take stock of the first full year of TransContainer's operation as part of the Group. This is indeed a significant period, which allowed us to assess the rationality and reasoning of the decisions associated with this major asset.

I have always stressed that the acquisition of TransContainer was not an end in itself, although we have been striving towards this for many years. And today we can state that our expectations and intuition did not fail us, the Company fits perfectly into the Group's business model and its further development strategy.

The acquisition of 100% of TransContainer not only formally strengthened the Group, but also raised it to a completely different qualitative level, thus allowing it to claim the leadership role in the industry at least at the federal level.

Even in the former composition, the right blend of assets within the Group gave high synergy expectations. And the acquisition of TransContainer has greatly contributed to this potential. This effect did not manifest itself automatically. It required painstaking work, creating new and changing old organisational ties.

Looking at the Company's operating numbers for 2020, we can be cautiously optimistic that this has been a success.

For the first time since 2016, the downward trend in the Company's presence in this market has been reversed: the share of such transportation in 2020 increased to 36.4% and reached almost 40% in the last months of the past year. At the same time, the presence of our operator

TransContainer has shown sustainable growth in almost all major operating activities. The volume of revenue generating transportation reached an absolute record compared to 2019, it grew by more than 16% and amounted to almost 2 mln TEUs.

in the export transportation market rose from 40 to almost 44%, in the import transportation market - from 37.6 to almost 41%.

TransContainer has shown an increase in loaded traffic of all types year-on-year: significant growth in loaded transit - by almost half; loaded exports - by 17.5%; domestic traffic - by 9.2% (with an overall growth of domestic traffic by 10.9%); loaded imports - by 8.9%.

I am very pleased to witness the implementation of those ideas and concepts, which our team has been pursuing since the acquisition of TransContainer. We should also mention the unfavourable circumstances: a pandemic, serious sanitary restrictions, almost a collapse of the world economy.

But there are evident operational records, and they testify to one thing: despite all the objective and subjective difficulties, we managed to successfully integrate such a large asset into the system of the Group's holdings, preserve all the best existing working practices and successfully introduce new ones.

This is also a direct result of the Group's selected strategy aimed at integrating the business of assets and achieving a synergistic effect from the operation of stevedoring, rail and freight forwarding assets within the Group.

Despite all the right words on paper, it would mean nothing without a highly skilled and hardworking team of like-minded professionals of TransContainer, and I appreciate it!

I state that the implementation of objectives I have outlined for 2020 is proceeding successfully.

At the same time, we should not forget that we work in a highly competitive environment, which sometimes has nothing to do with fair market competition, and it is increasing monthly. So again, to survive, we need to be the best in everything. The Group has unique opportunities for this.

Summing up the above, the main remaining focus areas for TransContainer for the next year include: increasing the Company's market share in the segment of revenue generating transportation, implementing a large-scale investment program, further developing synergies with other assets of the Group, promoting a customer-oriented approach and expanding work on introducing a digital platform.

I am confident that the Company's most experienced team is fully prepared to move forward.

Once again I thank you all, dear colleagues, I wish you good health, success and all the best!

Sergey Shishkarev

Chairman of the Board of Directors
PJSC TransContainer