

FOR IMMEDIATE RELEASE

30 March 2015

PJSC TransContainer

Results for the full year ended 31 December 2014

PJSC "TransContainer" ("TransContainer" or the "Company" together with its consolidated subsidiaries) today publishes its management report together with the audited consolidated financial statements for the full year ended 31 December 2014. 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 December 2014, the Company accounted for approximately 45.6% of Russia's rail container transportation market. It owns and operates 26,923 flatcars and 64,212 ISO containers. TransContainer also owns a network of rail-side container terminals, located at 46 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 about 130 sales outlets in Russia, along with additional outlets across the CIS, Europe and Asia.

On 24 November 2014 Russian Railways, TransContainer's majority shareholder, transferred its full shareholding of 50%+2 shares in the Company to the share capital of the newly established United Transportation and Logistics Company ("UTLC"). Upon its establishment, Russian Railways holds 99.8% of the share capital of UTLC, with other shareholders - Belorussian Railway and JSC Kazakhstan Temir Zholy each holding about 0.1%. Russian Railways may decrease its stake in the share capital of UTLC in the future to 70% following the issue of new shares to JSC Kazakhstan Temir Zholy and Belarussian Railway. The key purpose of the establishment of UTLC is to facilitate the unlocking the three countries' land transit potential. It is expected to have a positive impact on rail container transportation volumes and asset utilisation of all the local operators involved.

For the year 2014, Russia's rail container transportation market grew by 3.8% year on year, posting the fourth consecutive year of decelerating growth rates. Furthermore, the market showed signs of shrinkage in the fourth quarter of 2014 amid increased macroeconomic and political challenges. Domestic rail container transportation, which increased by 9.1% year on year, was the main contributor to the market growth. International transportation was down by 0.4% as a decrease in import transportation of 9.9% year on year offset an increase in export and transit transportation by 5.4% and 7.2% respectively. Given this market environment, the Company's management is seeking to find or create new growth opportunities in the Russian container market as a key potential driver to business success.

The Company's rail container transportation volumes in Russia increased by 0.9% year on year to 1,467 thousand twenty-foot equivalent units ("TEU") for the twelve months ended 31 December 2014, compared to 1,454 thousand TEU in 2013. Revenue-generating transportation¹ volumes grew by 1.7% year on year to 1,131 thousand TEU. Terminal handling volumes in Russia increased also by 0.9% year on year to 1,331 thousand TEU in the reporting period.

¹ Transportation of clients' containers and own loaded containers

The pricing environment continued to be challenging amid increased market competition and deteriorating economic environment, resulting in a decrease in average transportation tariffs during the reporting period.

The Company's results in 2014 were also impacted by the deconsolidation of KedenTransService in December 2013, as a result of the disposal of a 17% stake in the entity. Following this transaction, KedenTransService's assets, liabilities, operating results and cash flow statements are excluded from TransContainer's consolidated results for the reporting period, while they were consolidated for the period from 1 January to 23 December 2013.

During the twelve months ended 31 December 2014, the Company's total revenue was down 6.6% year on year to RUB 36,565 million and the adjusted revenue decreased by 18.9% year on year to RUB 20,538 million. EBITDA fell by 22.4% year on year to RUB 7,817 million from RUB 10,074 million in the corresponding period of 2013. Profit for the period was down 38.8% year on year to RUB 3,658 million from RUB 5,974 million in the corresponding period last year.

In terms of profitability, the adjusted EBITDA margin in 2014 decreased to 38.1% from 39.8% in 2013, while the net income margin decreased from 23.6% to 17.8%.

As at 31 December 2014, the Company's total debt was RUB 6,777 million with net debt of only RUB 4,865 million. As a result, the Net Debt/LTM EBITDA ratio remained at a comfortable level of 62%.

Capital expenditure for the twelve months ended 31 December 2014 decreased by 36.5% year on year to RUB 4,212 million. In accordance with the Company's policy, all capital expenditure during the reporting period was financed by the Company's own cash flow.

Recent developments and outlook

In the fourth quarter of 2014, the Russian economy entered into recession. As a result the rail container transportation market in the last three month of 2014 decreased by 2.2% year on year. During the first quarter of 2015, the market is expected to decline by 5%-6% year on year due to the rouble depreciation, weak domestic manufacturing output and deteriorating consumer confidence. On the positive side, in the first quarter of 2015, the domestic container transportation segment continues to demonstrate a sustainable, though moderate, growth driven by positive dynamics on the cargo containerisation level. Another factor potentially supporting Russian container market is the growth in the global economy, which marks a positive difference compared to the 2009 crisis period.

Against this backdrop, Company's management expects the market in 2015 to show a moderate decline at an upper single-digit rate. At the same time, the management notes that both the economic and political situations demonstrate a high level of uncertainty, which may affect any forward-looking expectations.

The challenging operating environment and increasing competition in the container segment continues to impose the downward pressure on operators' tariffs. With that in mind, the Company's management will focus on business optimisation, as well as further improving management efficiency and the quality of customer service.

In the current economic and market conditions, the Company's management will make thorough decisions relating to its investments and divestments with an aim to improve the return on invested capital and optimise its business portfolio. In particular, on 18 February 2015, the Board of Directors of the Company approved in principle the disposal of the Company's entire indirect 50% equity stake in KedenTransService to JSC National Company Kazakhstan Temir Zholy ("KTZ"), subject to KTZ receiving all necessary corporate and government approvals. At the same time, the Company may conduct acquisitions in other core markets when and if such opportunities arise.

Despite the current challenges, the Company believes that the Russian container transportation market is fundamentally attractive and retains significant long-term growth potential, driven by industrial production, consumer demand and scope for further growth in cargo containerisation.

Key operating results

Rail container transportation volumes in Russia

The Company's rail container transportation volumes in Russia for the full year 2014 grew by 0.9% year on year to 1,467 thousand TEU. The increase in domestic (+5.2%), export (+3.1%) and transit transportation volumes (+17.2%) fully offset a 19.7% year on year decline in imports.

Transportation of containers by TransContainer's fleet in 12M 2014 (ISO Loaded + Empty), 000' TEU

	12M 2014	12M 2013	Change	
			000' TEU	Percent
Domestic Routes	764.9	727.4	+37.5	+5.2%
Export	371.0	360.0	+11.0	+3.1%
Import	214.2	266.9	-52.7	-19.7%
Transit	117.3	100.1	+17.2	+17.2%
All Routes	1,467.3	1,454.3	+13.0	+0.9%

The drop in container imports was largely due to the rouble devaluating against the US dollar and Euro, as well as the slump in consumer confidence on the back of deteriorating economic conditions throughout the year.

For the full year 2014, the Company's revenue-generating container transportation² volumes in Russia amounted to 1,131 thousand TEU, up 1.7% year on year.

TransContainer's estimated share of Russia's rail container transportation market in 2014 decreased to 45.6% compared to 47.0% in 2013.

Rail container transportation volumes in Kazakhstan

Rail container transportation volumes carried out by KDTS, the joint venture between the Company and Kazakhstan Temir Zholy in Kazakhstan, grew by 8.6% year on year to 253.0 thousand TEU. This was mainly a result of the expansion of the operational flatcar fleet.

Terminal handling in Russia

Throughput of the Company's rail container terminal network in Russia amounted to 1,331 thousand TEU in the full year 2014, representing a 0.9% year on year increase. Medium-duty (MDC) containers handling volumes dropped 80.3% year on year during the same period.

Terminal handling in Kazakhstan

For the full year 2014 container handling by KDTS at the cross-border rail-side terminals Dostyk and Altynkol amounted to 206.7 thousand TEU, representing 80.7% year on year growth. This was a result of higher cross-border handling volumes and new container handling yards at the Altynkol rail station becoming operational.

For the reporting period, non-container throughput at KDTS' terminals decreased by 1.8% year on year to 3.4 million tonnes. This was mainly due to a fall in import transportation volumes.

Asset utilisation

During the full year 2014, the empty run ratio for containers reached a historical low of 28.8%. Growth in flatcar and container turnover primarily reflects weaker customer demand and greater average distances travelled by the Company's containers.

	12M 2014	12M 2013
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² Transportation of clients' containers and own loaded containers

Turnover of containers, days	31.6	27.1
Turnover of flatcars, days	14.1	13.7
Empty run ³ for containers, %	28.8%	30.5%
Empty run for flatcars, %	7.2%	6.7%

Description of Key Consolidated Statement of Comprehensive Income Items

The following table sets out the Company's results for the twelve months ended 31 December 2014 and 2013.

RUB million	12m 2014	12m 2013	Year on year change	
			RUB mln	%
Revenue	36,565	39,164	-2,599	-6.6%
Other operating income	715	747	-32	-4.3%
Operating expenses	-33,197	-32,859	-338	+1.0%
Operating profit	4,083	7,052	-2,969	-42.1%
Interest expense	-648	-782	+134	-17.1%
Interest income	151	223	-72	-32.3%
Foreign exchange gain, net	938	65	+873	+1343.1%
Share of result of associates and JVs	165	2	+163	+8150.0%
Other financial results, net	18	789	-771	-97.7%
Profit before income tax	4,707	7,349	-2,642	-36.0%
Income tax expense	-1,049	-1,375	+326	-23.7%
Profit for the period	3,658	5,974	-2,316	-38.8%
Attributable to:				
Equity holders of the parent	3,658	5,865	-2,207	-37.6%
Non-controlling interest	0	109	-109	-100.0%
Other comprehensive income	1,215	178	+1,037	+582.6%
Remeasurements and other reserves for post-employment benefit plans	144	169	-25	-14.8%
Exchange differences on translating foreign operations (TRCN)	101	21	+80	+381.0%
Exchange differences on translating foreign operations (Associates & JV)	970	-12	+982	-8183.3%
Other effects	0	0	+0	
Total comprehensive income for the period	4,873	6,152	-1,279	-20.8%
Attributable to:				
Equity holders of the parent	3,802	5,995	-2,193	-36.6%
Non-controlling interest	0	157	-157	-100.0%

The Company's financial results for the twelve months ended 31 December 2014 reflect the challenging pricing environment in the Russian rail container market amid the deteriorating economic conditions and toughening competition, as well as the deconsolidation of KDTS.

In 2014, the Company's total revenue was down 6.6% year on year to RUB 36,565 million and adjusted revenue fell by 18.9% year on year to RUB 20,538 million. This decrease caused a 22.4% year on year decline in EBITDA to RUB 7,817 million, from RUB 10,074 million in 2013. Profit for the period fell by 38.8% year on year to RUB 3,658 million in 2014, from RUB 5,974 million in 2013.

³ The Empty run ratio is calculated as an average empty run in kilometers divided by an average total run in kilometres

Additional financial information

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.

RUB million	12M 2014	12M 2013	Year on year change	
			RUB mln	%
Adjusted Revenue ¹	20,538	25,328	-4,790	-18.9%
Adjusted operating expenses ²	17,170	19,023	-1,853	-9.7%
EBITDA ³	7,817	10,074	-2,257	-22.4%
Adjusted EBITDA margin ⁴	38.1%	39.8%		
Total debt	6,777	8,438	-1,661	-19.7%
Net debt ⁵	4,865	6,554	-1,689	-25.8%

¹ Adjusted Revenue is calculated as total revenue less cost of integrated freight forwarding and logistics services.

² Adjusted Operating Expenses are calculated as operating expenses less cost of integrated freight forwarding and logistics services.

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.

Revenue

The following table sets out the breakdown of total revenue for the twelve months ended 31 December 2014 and 2013 respectively.

RUB million	12M 2014	12M 2013	Year on year change	
			RUB mln	%
Integrated freight forwarding and logistics services	27,379	24,273	+3,106	+12.8%
Rail-based container shipping services	5,405	8,154	-2,749	-33.7%
Terminal services and agency fees	2,167	4,181	-2,014	-48.2%
Truck deliveries	978	1,367	-389	-28.5%
Other freight forwarding services	283	571	-288	-50.4%
Bonded warehousing services	234	317	-83	-26.2%
Other	119	301	-182	-60.5%
Total revenue	36,565	39,164	-2,599	-6.6%

Total revenue decreased by RUB 2,599 million, or by 6.6% year on year, to RUB 36,565 million for the twelve months ended 31 December 2014, compared to RUB 39,164 million in 2013. This decrease was primarily due to the deconsolidation of KDTS' revenue. If KDTS' revenue for the twelve months of 2013 is eliminated, the Company's total revenue would have increased by 10.0% year on year, driven by an increase in integrated freight and transportation services.

Adjusted Revenue

The following table sets out adjusted revenue calculations for the twelve months ended 31 December 2014 and 2013 respectively.

RUB million	12M 2014	12M 2013	Year on year change	
			RUB mln	%
Total revenue	36,565	39,164	-2,599	-6.6%
Cost of integrated freight forwarding and logistics services	16,027	13,836	+2,191	+15.8%
Adjusted revenue	20,538	25,328	-4,790	-

18.9%

Adjusted revenue (as defined above) declined by 18.9% year on year to RUB 20,538 million for the twelve months ended 31 December 2014 from RUB 25,328 million for the twelve months ended 31 December 2013. This was primarily due to the deconsolidation of KDTS' costs and revenues, as well as the challenging pricing environment in the Russian rail container transportation market. If KDTS' adjusted revenue for the twelve months of 2013 is eliminated, the Company's adjusted revenue would have decreased by RUB 1,176 million, or 5.4% year on year, driven mainly by lower Company's average tariffs.

The following table sets out the components of adjusted revenue for the twelve months ended 31 December 2014 and 2013, respectively, and outlines their relative contribution.

	12M 2014		12M 2013		Year on year change	
	RUB mln	share, %	RUB mln	share, %	RUB mln	Percent
Rail-based container shipping services	5,405	26.3%	8,154	32.2%	-2,749	-33.7%
Adjusted integrated freight forwarding and logistics services	11,352	55.3%	10,437	41.2%	+915	+8.8%
Terminal services and agency fees	2,167	10.6%	4,181	16.5%	-2,014	-48.2%
Truck deliveries	978	4.8%	1,367	5.4%	-389	-28.5%
Other freight forwarding services	283	1.4%	571	2.3%	-288	-50.4%
Bonded warehousing services	234	1.1%	317	1.3%	-83	-26.2%
Other	119	0.6%	301	1.2%	-182	-60.5%
Total adjusted revenue	20,538	100%	25,328	100%	-4,790	-18.9%

The structure of adjusted revenue changed in 2014 compared to 2013. The share of rail-based container transportation services in adjusted revenue fell from 32.2% for the twelve months ended 31 December 2013 to 26.3% for the twelve months ended 31 December 2014. The share of integrated freight forwarding and logistics services, net of cost of integrated freight forwarding and logistics services, grew to 55.3% from 41.2%. This was a result of the services mix shifting towards transportation under integrated logistics contracts. The share of terminal services and agency fees decreased from 16.5% to 10.6%, mainly due to the deconsolidation of KDTS' results.

Integrated freight forwarding and logistics services

Revenue from integrated freight forwarding and logistics services increased by 12.8% year on year to RUB 27,379 million in 2014.

The following table sets out adjusted integrated freight forwarding and logistics services calculations for the twelve months ended 31 December 2014 and 2013, respectively.

RUB million	12M 2014	12M 2013	Year on year change	
			RUB mln	%
Integrated freight forwarding and logistics services	27,379	24,273	+3,106	+12.8%
Cost of integrated freight forwarding and logistics services	16,027	13,836	+2,191	+15.8%
Adjusted revenue from integrated freight forwarding and logistics services	11,352	10,437	+915	+8.8%

Adjusted revenue from integrated freight forwarding and logistics services grew by 8.8% year on year to RUB 11,352 million for the twelve months of 2014. The increase in the full year result was primarily due to the Company's business shift towards providing integrated freight forwarding and logistics services, and was partly offset by the deconsolidation of KDTS' results.

Rail-based container transportation services

Revenue from rail-based container transportation fell by 33.7% to RUB 5,405 million in 2014 from RUB 8,154 million in 2013. This decline resulted from a change in the mix of services shifting towards

transportation performed as part of integrated logistics contracts, as well as from lower average Company's tariffs.

Terminal services and agency fees

Revenue from terminal services, including agency fees, decreased by 48.2% year on year to RUB 2,167 million in the twelve months ended 31 December 2014, from RUB 4,181 million in 2013. This decrease was primarily due to the deconsolidation of KDTS' terminal business.

On a stand-alone basis, the revenue from terminal services and agency fees would have increased by 1.5% year on year in the twelve months of 2014, along with 0.9% increase in terminal handling volumes.

Agency fees, which are charged for services the Company renders as an agent of Russian Railways, decreased by 1.9% year on year to RUB 1,685 million for the twelve months ended 31 December 2014, compared to RUB 1,717 million for the corresponding period of 2013. This decrease was primarily due to the changes in the structure of terminal services.

Truck deliveries

Revenue from truck deliveries decreased by RUB 389 million, or 28.5% year on year, to RUB 978 million for the twelve months ended 31 December 2014, compared to RUB 1,367 million for the year 2013. This was due to a 23.8% year on year reduction in container transportation volumes by the Company's own and outsourced truck fleet to 415 thousand TEU in 2014 from 545 thousand TEU in 2013. The deconsolidation of KDTS' trucking business also contributed to this decrease.

Other freight forwarding and logistics services

Revenue from other freight forwarding and logistics services, which are freight forwarding and logistics services of a non-integrated nature, fell by 60.5% year on year to RUB 119 million in the twelve months of 2014, compared to RUB 301 million for the year 2013. This decrease was primarily due to the Company's business shifting towards providing integrated freight forwarding and logistics services.

Bonded warehousing services

Revenue from bonded warehousing services fell by 26.2% year on year, or by RUB 83 million, to RUB 234 million for the twelve months ended 31 December 2014, compared to RUB 317 million for the year 2013. This reduction is largely attributed to the deconsolidation of the results of KDTS bonded warehousing business and a decrease in import transportation volumes.

Operating expenses

The following table provides a breakdown of the Company's operating expenses for the twelve months ended 31 December 2014 and 2013, respectively.

RUB million	12M 2014	12M 2013	Year on year change	
			RUB mln	%
Cost of integrated freight forwarding and logistics services	16,027	13,836	+2,191	+15.8%
Freight and transportation services	4,979	4,315	+664	+15.4%
Payroll and related charges	4,609	5,048	-439	-8.7%
Depreciation and amortisation	2,462	1,943	+519	+26.7%
Materials, repair and maintenance	2,419	2,985	-566	-19.0%
Taxes other than income tax	631	724	-93	-12.8%
Rent	443	1,869	-1,426	-76.3%
Other operating expenses	1,627	2,139	-512	-23.9%
Total operating expenses	33,197	32,859	+338	+1.0%

TransContainer's total operating expenses increased by 1.0% year on year, or RUB 338 million, to RUB 33,197 million for the twelve months ended 31 December 2014, compared to RUB 32,859 million for the twelve months ended 31 December 2013. This was due to a significant increase in the cost of integrated freight forwarding and logistics services, higher expenses related to freight and transportation services and depreciation, partly offset by reduction in payrolls and other cost items. The effect of deconsolidation of KDTS' expenses was a significant factor of operating expenses reduction.

Cost of integrated freight forwarding and logistics services

Costs of integrated freight forwarding and logistics services increased by 15.8% year on year to RUB 16,027 million for the twelve months ended 31 December 2014, from RUB 13,836 million for the year 2013. This was predominantly driven by an increase in volumes of services provided under integrated logistics contracts and higher volume of outsourced transportation services involved in TransContainer's integrated logistics solutions. The effect of deconsolidation of KDTS' results partly compensated the effect of factors described above.

Adjusted operating expenses

The following table sets out the adjusted operating expenses for the twelve months ended 31 December 2014 and 2013, respectively.

RUB million	12M 2014	12M 2013	Year on year change	
			RUB mln	%
Total operating expenses	33,197	32,859	+338	+1.0%
Cost of integrated freight forwarding and logistics services	16,027	13,836	+2,191	+15.8%
Adjusted operating expenses	17,170	19,023	-1,853	-9.7%

Adjusted operating expenses, as defined above, decreased by 9.7% year on year to RUB 17,170 million in 2014, compared to RUB 19,023 million in 2013, primarily as a result of the deconsolidation of KDTS' business.

The following table provides a breakdown of the Company's adjusted operating expenses, as defined above, for the twelve months ended 31 December 2014 and 2013, respectively.

RUB million	12M 2014		12M2013	
	RUB mln	Share	RUB mln	Share
Freight and transportation services	4,979	29.0%	4,315	22.7%
Payroll and related charges	4,609	26.8%	5,048	26.5%
Depreciation and amortisation	2,462	14.3%	1,943	10.2%
Materials, repair and maintenance	2,419	14.1%	2,985	15.7%
Taxes other than income tax	631	3.7%	724	3.8%
Rent	443	2.6%	1,869	9.8%
Other expenses	1,627	9.5%	2,139	11.2%
Adjusted operating expenses	17,170	100.0%	19,023	100.0%

Freight and transportation services

Expenses relating to freight and transportation services increased by RUB 664 million, or 15.4% year on year, to RUB 4,979 million for the twelve months ended 31 December 2014. On the standalone basis, costs related to freight and transportation services would have increased by 11.6% year on year, mainly due to a rise in the Company's empty run costs incurred from container transportation in the CIS countries. The growth in volume of empty runs was driven by increased volumes of transit transportation provided by the Company's rolling stock, and the devaluation of the Russian rouble. This increase was partially offset by a decrease in the container empty run ratio in Russia from 30.5% to 28.8%.

Payroll and related charges

Payroll and related charges decreased by 8.7% year on year, or by RUB 439 million, to RUB 4,609 million for the twelve months ended 31 December 2014, compared to RUB 5,048 million in 2013. This reduction was primarily due to the deconsolidation of KDTS' results. If the deconsolidation effect is eliminated, payroll and related charges would have increased by 7.1% year on year, mainly due to base salary indexing and a year on year rise in payments of performance-related bonuses in the first half of 2014. This increase, however, was partially offset by an 11.4% decrease in TransContainer's average headcount from 4,591 to 4,069 employees.

Depreciation and amortisation

Depreciation and amortisation increased by RUB 519 million, or 26.7% year on year, to RUB 2,462 million in the twelve months of 2014, from RUB 1,943 million for the year 2013. This was mainly due to an increase in non-current assets resulting from acquisitions of fixed assets in 2014, partly offset by the deconsolidation of KDTS. The revision of the useful life of Company's rolling stock was a factor that contributed RUB 462 million to depreciation charges increase.

Materials, repair and maintenance

Expenses related to materials, repair and maintenance fell by 19.0% year on year to RUB 2,419 million for the twelve months of 2014, compared to RUB 2,985 million for the year 2013, due to the deconsolidation of KDTS, as well as to the reduction in the average repair price and the share of expensive overhaul and depot repairs of flatcars.

Taxes other than income tax

Taxes other than income tax decreased by 12.8% year on year to RUB 631 million in 2014, from RUB 724 million in 2013, primarily due to the deconsolidation of KDTS.

Rent

Rent expenses fell by RUB 1,426 million, or by 74.3% year on year, to RUB 443 million for the twelve months ended 31 December 2014 from RUB 1,869 million in 2013, mainly due to the effect of the deconsolidation of KDTS. On a stand-alone basis, the Company's rent expenses would have grown by RUB 101 million, or 29.6% year on year, primarily due to the average number of flatcars rented by the Company under operating lease contracts in 2014, as compared to 2013.

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 services, loss of sale of fixed assets, etc. Other expenses fell by 23.9% year on year to RUB 1,627 million for the twelve months of 2014 from RUB 2,139 million in the corresponding period of 2013, primarily due to the deconsolidation of KDTS. If the deconsolidation effect is eliminated, other operating expenses would have decreased by 10.1% year on year, reflecting improved cost control.

Interest expenses

Interest expenses decreased by RUB 134 million, or 17.1% year on year, to RUB 648 million for the twelve months of 2014 from RUB 782 million for the year 2013, mainly due to the scheduled amortisation of series 2 bonds in the total amount of RUB 1,500 million in June 2014 and in December 2014.

Interest income

Interest income decreased by RUB 72 million, or 32.3% year on year, to RUB 151 million in the twelve months of 2014 from RUB 223 million for the year 2013, due to a decrease in cash balances on the Company's deposit accounts with banks.

Profit before income tax

Due to the factors described above, the Company's profit before income tax for the twelve months ended 31 December 2014 decreased by RUB 2,642 million, or by 36.0% year on year, to RUB 4,707 million from RUB 7,349 million for the twelve months ended 31 December 2013.

Income tax expenses

Income tax expenses decreased by RUB 326 million, or 23.7% year on year, to RUB 1,049 million in the twelve months of 2014 from RUB 1,375 million for the year 2013, due to a decrease in taxable profit.

The effective tax rate for the twelve months ended 31 December 2014 increased to 22.3% from 18.7% in 2013.

Total profit and comprehensive income for the period

As a result of the factors discussed above, the profit for the twelve months ended 31 December 2014 decreased by RUB 2,316 million, or 38.8% year on year, to RUB 3,658 million compared to RUB 5,974 million for the year 2013. Taking into account the exchange rate differences relating to foreign operations and other effects, the total comprehensive income for the reporting period was down 20.8% year on year and totalled RUB 4,873 million, compared to RUB 6,152 million for the twelve months of 2013.

Liquidity and Capital Resources

As of 31 December 2014, the Company's net cash and cash equivalents amounted to RUB 1,904 million and the Company's current liabilities exceeded current assets by RUB 1,384 million.

The Company's business is asset and capital-intensive and requires substantial capital expenditure for the purchase of flatcars and containers, for the development of rail-side terminals and for modernising its lifting equipment and truck fleet and other purposes. During the reporting period, the Company's operations and its capital expenditures were financed from internally generated cash flows.

Cash flows

The following table sets out the principal components of the Company's consolidated cash flows for the twelve months ended 31 December 2014 and 2013 respectively.

RUB million	12M 2014	12M 2013
Net cash provided by operating activities	6,027	7,225
Net cash used in investing activities	-3,943	-4,775
Net cash used in/ provided by financing activities	-2,752	-1,974
Net increase in cash and cash equivalents	-668	476
Foreign exchange effect on cash and cash equivalents	689	89
Net cash and cash equivalents at the end of the period	1,904	1,883

Cash flow generated by operating activities

Cash flow generated by operating activities decreased by RUB 1,198 million, or 16.6% year on year, to RUB 6,027 million for the twelve months ended 31 December 2014 from RUB 7,225 million for the year 2013. Operating profit before working capital decreased by RUB 2,886 million, or 31.3% year on year, and this decrease was offset by changes in working capital (primarily by a decrease in trade receivables) and a decrease in income tax expense.

Cash flow used in investing activities

Cash flow used in investing activities decreased by RUB 832 million, or 17.4% year on year, to RUB 3,943 million for the twelve months ended 31 December 2014 from RUB 4,775 million in 2013. This was primarily due to capital expenditures falling by RUB 2,420 million, or 36.5% year on year, to RUB 4,212 million from RUB 6,632 million in the last year.

Cash flow used in financing activities

Cash flow used in financing activities decreased by 39.4% year on year, or by RUB 778 million, to negative RUB 2,752 million in 2014 from negative RUB 1,974 million in 2013. This was primarily due to the two scheduled amortisation repayments of series 2 RUB-denominated bonds in total amount of RUB 1,500 million instead of sole one in 2013 in amount of RUB 750 million.

Capital Expenditure

Capital expenditure decreased by RUB 2,420 million, or by 39.5% year on year, to RUB 4,212 million in the twelve months of 2014 from RUB 6,632 million in 2013. The majority of the capital expenditure was spent on acquiring new flatcars and ISO containers, as well as on construction and other investments. In particular, during the reporting period, the Company acquired 5,097 ISO containers, 1,316 units of 80 foot flatcars and 200 units of 40 foot flatcars. There was a shortfall of approximately RUB 1 billion of capital expenditures made in the reporting year to the 2014 capital expenditure programme, due to the changed market conditions, as well as new challenges faced by the Company.

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 at 31 December 2014, the Company's financial indebtedness consisted of two outstanding bond issues, financial lease obligations and other borrowings in an aggregate amount of RUB 6,777 million, compared to RUB 8,438 million as at 31 December 2013. As at 31 December 2014, the Company's net debt was RUB 4,865 million.

As at 31 December 2014, 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 with a fixed interest rate.

RUB-denominated bonds series 2

On 10 June 2010, the Company issued non-convertible five-year amortising bonds for a total amount of RUB 3,000 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 2,975 million. The annual coupon on the five-year bonds is 8.8%, with interest paid semi-annually. The series 2 bonds is to be redeemed in four equal semi-annual instalments during the fourth and fifth year.

As at 31 December 2014, the carrying value of the bonds amounted to RUB 740 million (RUB 2,236 million as at 31 December 2013), and this amount was included as short-term debt in the consolidated statement of financial position. The amount of accrued interest is RUB 5 million (RUB 18 million as at 31 December 2013), and was included as short-term debt in the consolidated statement of financial position.

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 on the five-year bonds is 8.35%, with interest paid semi-annually.

The series 4 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 December 2014, the carrying value of the bonds amounted to RUB 4,990 million (RUB 4,988 million as at 31 December 2013).

The amount of accrued interest is RUB 174 million (RUB 175 million as at 31 December 2013) and has been included as short-term debt in the consolidated statement of financial position.

Other borrowings

On 23 May 2011, the Company borrowed funds from LLC TrustUnion AM for the principal amount of RUB 514 million at an interest rate of 9.5% per annum with a five year maturity to finance the acquisition of the Company's ordinary shares for a share option plan for the Company's management. The outstanding debt was RUB 468 million as at 31 December 2014.

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 twelve months ended 31 December 2014.

RUB million	31 December 2014	31 December 2013
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Current assets		
Inventory	340	358
Trade and other receivables	1,542	1,621
Prepayments and other current assets	2,958	3,435
Prepaid income tax	113	114
Short-term investments	8	1
Cash and cash equivalents	1,904	1,883
Non-current Assets classified as held for sale	100	0
Total current assets	6,965	7,412
Current liabilities		
Trade and other payables	3,084	3,216
Short-term debt and current portion of long-term debt	919	1,693
Income tax payable	189	77
Taxes other than income tax payable	401	372
Provisions	16	19
Finance lease obligations, current maturities	60	66
Dividends payable	0	0
Accrued and other current liabilities	912	834
Deferred income	0	0
Total current liabilities	5,581	6,277
Working capital	1,384	1,135

Working capital increased by RUB 249 million to RUB 1,384 million at the end of the reporting period from RUB 1,135 million as at 31 December 2013. This increase occurred primarily due to a RUB 774 million decrease in short term debt, partially offset by a RUB 477 million decline in prepayments and other current assets.

Downloads

The consolidated financial statements for the year ended 31 December 2014 are available via the National Storage Mechanism at: <http://www.hemscott.com/nsm.do> or at the Company's website <http://www.trcont.ru>.

Conference call

TransContainer will host an analyst conference call on Tuesday, **31 March 2015**, at 12:00 UK time / 14:00 Moscow time. Dial in details are as follows:

UK Free Call Dial In	0800 694 0257
Russia Dial In (from a landline)	810 8 002 097 2044
Conference ID	9903479

A replay of the call will be available until Thursday, 30 April 2015, using the following details:

UK Free Call Dial In	0800 953 1533
Russia Dial In	8 499 677 1064
Replay Access Code	9903479#

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About TransContainer

TransContainer (LSE ticker: TRCN) is the leading intermodal container transportation company in Russia. It is the market leader in Russia by flatcar fleet size, container transportation by rail and rail-side container terminal throughput. As of 31 December 2014, it operated 26,923 flatcars and 64,212 ISO containers. It owns a network of 46 rail-side container terminals in Russia, 19 rail-side terminals in Kazakhstan (through its joint venture company KedenTransService) and operates one terminal in Slovakia. Company's sales network comprises about 130 sales offices across Russia as well as presence in 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