

Loaded freight turnover reached an all-time high of 2,596.9 bn tkm (up 4.2% vs 2017).

Handling volumes increased by 2.2% y-o-y to 1,289.6 mt (an average of 3,533.2 kt per day).

The strongest growth was recorded in the volumes of hard coal (up 4.6%), iron and manganese ore (up 5.7%), ferrous metals (up 7%) and grain (up 22.6%).

The average haul increased by 35 km (up 1.9%) to 1,835 km .

32,870 trains were dispatched as part of the fixed schedule freight transportation service delivering 72.59 mt of cargo (up 21.9% y-o-y).

In 2018, the number of registered users at the Freight Transportation electronic trading platform (FT ETP) increased 1.9 times to 3,522.

The first phase of the project was completed to establish the Kaliningrad transportation and logistics centre and its satellite facility at Chernyakhovsk station for transshipping transit containers between the 1,520 mm and 1,435 mm gauge flatcars.

The Company expanded the geography of its transportation and logistics operations, having launched grain shipments from Russia to Turkey via the Baku-Tbilisi-Kars international route.

The Company developed and rolled out new container-based transit services along the China-Europe-China axis using the port of Kaliningrad and along the South Korea-Finland-South Korea axis via the Vostochny port.

As part of developing the International North-South Transport Corridor (INSTC), pilot container-based shipments were made from India to Russia and Belarus.

Two pilot RoLa shipments were organised on the Kaliningrad-Moscow-Kaliningrad route through the territory of Lithuania and Belarus. Another pilot shipment was made from Moscow to Novosibirsk in association with Federal Freight Company and Magnit.

Freight transportation using Russian Railways' infrastructure

Highlights of freight transportation using Russian Railways' infrastructure

Handling

Russian Railways' performance reflects general situation in the Russian industry and economy. According to the Russian Federal State Statistics Service, the Industrial Production Index came in at 102.9% in 2018. Handling volumes across Russia's railways went up accordingly, adding 2.2% and amounting to 1,289.6 mt (an average of 3,533.2 kt per day). This was primarily due to increases in shipments of hard coal, iron and manganese ore, ferrous metals and grain.

Handling volumes evolution, mt

Handling by transportation type

In 2018, growth was recorded across the board. Domestic and export handling volumes increased by 0.8% (to 797.6 mt) and 4.8% (to 482.3 mt), respectively. As a result of strong growth in export shipments, the share of domestic services in handling volumes decreased from 62.8% to 61.8%, while the share of exports moved up from 36.5% to 37.4%.

Shipments of hard coal, bulk oil, construction materials and ores made up the largest part of handling volumes, with their aggregate share amounting to 66.1% (down 0.3 pp y-o-y).

In 2018, handling volumes also showed growth across tariff classes. In contrast to 2017 when the cheapest Class I freights demonstrated the strongest growth, 2018 saw the most expensive Class III cargoes as the obvious outperformer. Class I, Class II and Class III freight shipments increased by 1.6%, 2.9% and 4.2%, respectively.

Hard coal (up 4.6%), iron and manganese ore (up 5.7%) and timber (up 5.6%) were the main drivers of Class I growth, while handling of construction cargoes continued to decrease for the second year in a row (down 6.8% in 2018 after a drop of 5.7% in 2017).

In Class II, the strongest performers included grain (up 22.6%), containerised cargoes (up 12.1%) and fertilisers (up 3.7%). The y-o-y surge in grain handling volumes (22.6% growth in 2018 vs 16.4% in 2017) reflects the increasingly active role of grain suppliers, especially on the export markets.

Ferrous metals led the pack in Class III (up 7%). With handling volumes in this category adding 4.3 pp (vs 2.8% growth rate in 2017), ferrous metals seem to be gaining significant market traction.

In 2018, low-margin cargoes dominated the freight shipment structure with a share of 59.9% compared to 60.2% in 2017. The shares of mid- and high-margin cargoes increased only slightly to 29.5% (vs 29.3% in 2017) and 10.6% (vs 10.4% in 2017), respectively.

Domestic

handling by
cargo type in
2018, %

Export handling
by cargo type
in 2018, %

Freight turnover

In 2018, loaded railway freight turnover grew by 4.2% y-o-y to 2,596.9 bn tkm, hitting an all-time high.

Total freight turnover (including the empty run of third-party cars) within Russian Railways' infrastructure increased by 4% y-o-y to 3,304.8 bn tkm. Growing transportation volumes (primarily, coal shipments) were the main driver behind the rise in freight turnover. The 1.9% increase in the average haul also contributed to the positive result. Empty freight turnover added 3.4% in 2018 to reach 708 bn tkm.

Loaded freight turnover evolution

2018 saw loaded freight turnover rise across transportation types, with domestic, export, import and transit lines registering increases of 2,6% (to 1,025.8 bn tkm), 5.3% (to 1,405.2 bn tkm), 2.1% (to 101.4 bn tkm) and 10.5% (to 64.5 bn tkm), respectively.

The dramatic growth in exports further reduced the share of domestic shipments in overall loaded freight turnover. Over the past five years, it went down by 4.1 pp, while the share of export shipments rose by 4.4 pp.

In terms of cargo types, in 2018, coal's share grew the most - up 0.8 pp, while the share of oil and petroleum products dropped by 0.4 pp and that of mineral and construction cargoes by 0.6 pp.

Loaded freight turnover breakdown, %

Loaded freight turnover breakdown, %

IN 2018, LOADED FREIGHT
TURNOVER REACHED A 15-
YEAR HIGH OF

2,596.9
bn tkm

