

In the transportation and logistics segment, Russian Railways is shifting the focus from basic freight transportation services to comprehensive door-to-door solutions and creation of global logistics chains. The Company is busy introducing advanced 3PL/4PL logistics technologies.

In 2018, Russian Railways updated its unified register of freight transportation services. The Company continues migrating to the uniform service catalogue as part of an effort to put in place an automated customer relationship management system.

The strongest growth in 2018 was demonstrated by container-based transit services, which rose 33% y-o-y to 553,000 TEU.

In 2018, Russian Railways continued to diversify container delivery routes on the East-West axis. For instance, the Company launched a new container-based transit service from Finland to South Korea through 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.

The Company continued working on the Mail project, which provides for international container-based parcel transportation and door-to-door delivery services. These services operate under specifically designed logistics schemes on the Harbin-Moscow, Suzhou-Moscow and Chongqing-Europe routes.

Customers were also offered new types of services. One of them is rolling highway, or RoLa, a form of combined transport with trailers, semi-trailers, swap bodies or even entire road trains placed on specialised flatcars for transportation. Rolling highways decrease road traffic density and help reduce damage caused by heavy trucks to the environment and motor roads.

In 1H 2018, 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. Based on the lessons learnt, a plan was drafted to put in place regular RoLa services in 2019.

Performance highlights of major transportation and logistics subsidiaries

GEFCO

GEFCO (a France-based subsidiary of Russian Railways Group) is a global provider of 3PL/4PL logistics solutions and services. With 350 operational sites all over the world and a footprint spanning over 150 countries, the company is Europe's Top 10 logistics operator. Russian Railways holds a 75% stake in GEFCO.

In 2018, GEFCO celebrated the 15th anniversary of its Russian operations. Over this period, the company:

had grown to become a leading automobile logistics player in Russia;

obtained a customs broker licence;

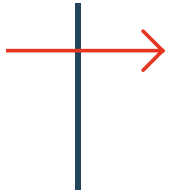
expanded the range of its services from transporting cars and components to establishing end-to-end supply chains for the leading Russian manufacturers;

diversified its customer base by acquiring customers in many key industries.

In partnership with Russian Railways, GEFCO launched a number of projects in Russia to improve efficiency of the Group's supply chains and use its assets in joint activities. One of the key projects is multimodal transportation of oversized coal mining machinery and equipment from Europe to Russia. Another major project is

transportation of copper and iron ore concentrates from Russia to China. In 2018 alone, a total of 6,419 gondola cars were loaded with 358.3 kt of iron ore concentrate and 77.039 kt of copper concentrate.

The company's revenue in 2018 grew 4.6% y-o-y to EUR 4.647 bn. Net profit for the same period totalled EUR 96.7 m, up 24% y-o-y.



Learn more about the company at the [website](#)

IN 2018, TOTAL CONTAINER
TRANSIT THROUGH RUSSIAN
RAILWAYS' NETWORK ROSE BY

+33%







UTLC ERA

In April 2018, United Transport and Logistics Company (UTLC) was reorganised into UTLC Eurasian Rail Alliance (UTLC ERA). The company continued working on the development of container-

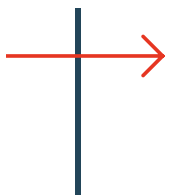
based transit services in Russia, Kazakhstan and Belarus. UTLC ERA is a joint venture of Russian Railways, Belarusian Railway and Kazakhstan Temir Zholy, with each founder having an equal share of 33.33%.

2018 performance highlights:

transit services along the China–Europe–China axis through Kazakhstan, Russia and Belarus amounted to 280,500 TEU (up 60% y-o-y), with UTLC ERA accounting for 239,100 TEU of this amount;

3,342 container trains were dispatched. UTLC ERA accounted for 76% of all container-based transit services on the 1,520 mm gauge network along the China–Europe–China axis (including freight shipments to Belarus);

the number of regular routes operated by UTLC ERA reached 57; transit services connect over 20 terminals in the European Union. Revenue of UTLC ERA for eight months of 2018 reached RUB 19.745 bn. Its net profit for 2018 amounted to RUB 2.824 bn.



Learn more about the company at the [website](#)

Federal Freight Company

Federal Freight Company (FFC) is a network-wide operator of freight rolling stock. The company is a subsidiary of Russian Railways and one of the largest freight railway operators in Russia. FFC runs 12 branches and transport service agencies and has representative offices in Moscow and Kazakhstan.

In 2018, INFOLine Rail Russia TOP ranked FFC first among Russian railway operators for its operational and financial performance.

The company continued to be a leader of the freight rolling stock market in terms of:

the share in freight turnover (13.1%);

the average annual size of fleet under management (138,500 units);

the share in the Russian railcar fleet (12.2%).

The company's sales revenue in 2018 grew 7% y-o-y to RUB 23.7 bn. For the first time in the last five years, net profit hit the RUB 21 bn threshold increasing 1.3 times compared to 2017.

Multimodal transportation and logistics centres

By now, the first phase of the project has been completed to establish the Kaliningrad transportation and logistics centre and its satellite facility at Chernyakhovsk station. This is where transit containers going on the Chongqing-Duisburg-Chongqing route are transshipped between the 1,520 mm and 1,435 mm gauge flatcars. The Kaliningrad transportation and logistics centre has therefore opened a new transportation corridor between the EU and China through Russia's Kaliningrad Region.