

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2020, the Company's net cash and cash equivalents amounted to RUB 8,592 mln, while its current liabilities exceeded current assets by RUB 2,469 mln.

The amount of cash and equivalents for 2020 increased by RUB 5,012 mln as a result of receiving cash from operating activities in amount of RUB 24,697 mln, spending RUB 20,260 mln to finance investment activities, receiving RUB 148 mln by attraction of loans

and repayment of financial obligations, as well as exchange rate varying in amount of RUB 427 mln.

The Company's business is asset and capital-intensive and requires substantial capital expenditure for the purchase of flatcars and containers, investments for the development and modernising its terminals and other assets. During the reporting period, the Company's operations and its capital expenditures were financed from its own cash flows and by use of factoring.

CASH FLOWS

Cash Flows Structure (RUB mln)

| Item | 2020 | 2019 |
|---|--------------|--------------|
| Net cash provided by operating activities | 24,697 | 12,122 |
| Net cash used in investing activities | -20,260 | -18,818 |
| Net cash provided by financing activities | 148 | 1,052 |
| Net increase in cash and cash equivalents | 4,585 | -5,644 |
| Foreign exchange effect on cash and cash equivalents | 427 | -303 |
| Net cash and cash equivalents at the end of the period | 8,592 | 3,580 |

CASH FLOW GENERATED BY OPERATING ACTIVITIES

Cash flow generated by operating activities raised by RUB 12,575 mln, or 103.7% year-on-year, from RUB 12,122 mln to RUB 24,697 mln.

capital expenditures from RUB 17,257 mln to RUB 14,935 mln, granting of loans (RUB 14,500 mln) and withdrawal of joint venture (RUB 5,830 mln).

CASH FLOW USED IN INVESTING ACTIVITIES

Cash flow used in investing activities increased by RUB 1,442 mln, or 7.7% year-on-year, from RUB 18,818 mln to RUB 20,260 mln, that is resulted from a decrease in

CASH FLOW USED IN FINANCING ACTIVITIES

Cash flow used in financial activities decreased by RUB 904 mln, or 85.9%, from RUB 1,052 mln to RUB 148 mln, mainly due to the attraction of loans of RUB 44 billion, payment of the principal of RUB 3,500 mln, as well as payment of dividends of RUB 39,823 mln.

CAPITAL RESOURCES

The Company's current operations and capital expenditure are financed by the Company's own cash flow and proceeds from issuing domestic debt. As at 31 December 2020, the Company's receivables consisted of three outstanding bond issues, long-term and short-term credits in rubles totalling RUB 61,897 mln compared to RUB 21,428 mln as at 31 December 2019.

The Company's debt is rouble-denominated.

CREDITS

Long-term Credit

In December 2020, under the non-revolving credit facility agreement with Sberbank, a ruble loan with a face value of RUB 40 billion was received by the Company with an annual interest rate of 6.25% as at 31 December 2020 and maturity no later than 9 June 2022.

According to the agreement, the interest rate is floating (the key rate of the Bank of Russia is +2% per annum on the date of the loan). Interest is paid quarterly on the 20th of the last month of each quarter.

As at 31 December 2020, the total carrying value of the long-term credit was RUB 40,020 mln (RUB 0 mln as at 31 December 2019), including accrued interest of RUB 20 mln (RUB 0 mln as at 31 December 2019), which were noted in the Consolidated Financial Statements as part of short-term portion of long-term loans.

In accordance with the terms of the non-revolving credit facility agreement with Sberbank, the Company has financial obligations (covenants) to maintain a certain level of debt-load ratio and times-interest-earned ratio. If the covenant is not fulfilled by the Company, Sberbank may stop issuing the loan and/or demand an early repayment of the entire loan amount, as well as payment of interest and penalties provided by the agreement.

Short-term Credits

As at 31 December 2020, the Group's short-term credits are represented by six ruble loans received by the Company in March, April and November 2020 under the renewable credit line agreement with Raiffeisen Bank, par value of which amounted to 500 mln, 700 mln, 500 mln, 300 mln, 600 mln and 400 mln with an annual interest rate of 5.15% to 6.9% as at 31 December 2020 and maturity date not later than 23 September 2021, 27 September 2021, 27 September 2021, 1 October 2021, 1 October 2021 and 1 October 2021 correspondingly. According to the agreement, the interest rate is floating (the key rate of the Bank of Russia is +0.9% per annum on the date of the loan). The interest payment date is the 25th of each month.

As at 31 December 2020, the total carrying value of the short-term credit was RUB 3,003 mln (RUB 0 mln as at 31 December 2019), including accrued interest of RUB 3 mln (RUB 0 mln as at 31 December 2019), which were noted in the Consolidated Financial Statements as part of short-term loans.

In accordance with the terms of the non-revolving credit facility agreement with Raiffeisen Bank, the Company has financial obligations (covenants) to maintain a certain level of debt-load ratio and times-interest-earned ratio. If the covenant is not fulfilled by the Company, Raiffeisen Bank may stop issuing the loan and/or demand an early repayment of the entire loan amount, as well as payment of interest and penalties provided by the agreement.

CREDIT RATINGS

The Company has credit ratings by the international rating agencies (Fitch and Moody's) and a Russian rating agency (Expert RA). In 2020 the Company actively interacted with the rating agencies and held events to confirm ratings at investment-attractive levels.

The credit rating by Expert RA downgraded by two levels from ruAA+ to ruAA- due to uncertainty of the rail container transportation market growth rate linked with COVID-19 pandemic restrictions, but still is within AA category confirming the high credit capacity and financial stability.

Credit Ratings

| Rating agency | Score | Date of assignment (confirmation/revision) |
|---------------|---------------|--|
| Fitch | B+, stable | 16.06.2020 |
| Moodys | Ba3, stable | 07.08.2020 |
| Expert RA | ruAA-, stable | 03.06.2020 |

For more details on credit ratings see the Company's website at: <https://trcont.com/investor-relations/additional-info/ratings>

BONDS

Ruble-denominated Five-year Bonds PBO-01 series

On 23 October 2019, the Company issued non-convertible five-year bonds for a total amount of RUB 10 billion at a par value of RUB 1 thousand each. Proceeds from the issuance after the deduction of related offering costs amounted to RUB 9,9745 mln. The annual coupon rate of the five-year bonds is 7.3%. The annual coupon rate is paid semi-annual.

The series PBO-01 bonds will be redeemed in four equal semi-annual instalments within the fourth and fifth years. As a result, these bonds are included in the long-term bond issue at the reporting date.

As at 31 December 2020, the carrying value of the bonds amounted to RUB 10,117 mln (RUB 10,113 mln as at 31 December 2019), including accrued coupon rate of RUB 142 mln (RUB 138 mln as at 31 December 2019). The coupon rate was reflected in the Consolidated Financial Statements as part of the short-term portion of long-term bond issues.

RUB-denominated Bonds series BO-01

On 25 January 2018, the Company issued non-convertible five-year bonds for a total amount of RUB 6 billion at a par value of RUB 1 thousand each. Proceeds from the issuance after the deduction of related offering costs amounted to RUB 5,985 mln. The annual coupon rate of the five-year bonds is 7.5%. The annual coupon rate is paid semi-annual.

The series BO-01 bonds will be redeemed in four equal semi-annual instalments within the fourth and fifth years. As a result, these bonds are included in the long-term bond issue at the reporting date excluding the first period of the principal payment in July 2021 for RUB 1.5 billion.

As at 31 December 2020, the carrying value of the bonds amounted to RUB 6,192 mln (RUB 6,187 mln as at 31 December 2019), including the short-term portion of the long-term bonded loan of RUB 1.5 billion (RUB 0 mln as at 31 December 2019), including accrued coupon rate of RUB 198 mln (RUB 196 mln as at 31 December 2019). The short-term portion of the long-term bonded loan and the coupon rate were reflected in the Consolidated Financial Statements as part of the short-term portion of long-term bond issues.

Ruble-denominated Five-year Bonds BO-02 series

On 22 October 2016, the Company issued non-convertible five-year bonds for a total amount of RUB 5 billion at a par value of RUB 1 thousand each. Proceeds from the issuance after the deduction of related offering costs amounted to RUB 4,987 mln. The annual coupon rate of the five-year bonds is 9.4%. The annual coupon rate is paid semi-annual.

The series BO-02 bonds will be redeemed in four equal semi-annual instalments within the fourth and fifth years. As a result, these bonds are included in the short-term portion of the long-term bond issue at the reporting date.

In March and September 2020, the Company fulfilled their obligations in the first and second periods of payment of the principal amount of debt totalling RUB 2.5 billion.

As at 31 December 2020, the carrying value of the bonds amounted to RUB 2,565 mln (RUB 5,128 mln as at 31 December 2019), including the short-term portion of the long-term bonded loan of RUB 2.5 billion (RUB 2,5 mln as at 31 December 2019), including accrued coupon rate of RUB 65 mln (RUB 133 mln as at 31 December 2019). The coupon rate was reflected in the Consolidated Financial Statements as part of the short-term portion of long-term bond issues.