

2018 FULL-YEAR RESULTS

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Global Ports Investments PLC

2018 Full-Year Results

Global Ports Investments PLC ("Global Ports" or the "Company", together with its subsidiaries and joint ventures, the "Group" or the "Global Ports Group"; LSE ticker: GLPR) today announces its operational results and publishes its consolidated financial statements for the twelve-month period ended 31 December 2018.

Certain financial information which is derived from the management accounts is marked in this announcement with an asterisk {}. Information (including non-IFRS financial measures) requiring additional explanation or terms which begin with capital letters and the explanations or definitions thereto are provided at the end of this announcement.*

For the 2018 Full-Year Results presentation please click here

http://www.rns-pdf.londonstockexchange.com/rns/2951U_1-2019-3-28.pdf

For the Directors' report and consolidated financial statements for the year ended 31 December 2018 please click

http://www.rns-pdf.londonstockexchange.com/rns/2951U_3-2019-3-28.pdf

For the Directors' report and parent company financial statements 31 December 2018 please click here

http://www.rns-pdf.londonstockexchange.com/rns/2951U_4-2019-3-28.pdf

For the Global Ports (Finance) Plc Management Report Company Financial Statements 31 December 2018 please click here

http://www.rns-pdf.londonstockexchange.com/rns/2951U_2-2019-3-28.pdf

SUMMARY

During 2018 the Group continued to implement its strategy of harnessing the recovery of the container market, developing additional revenue streams, improving operational efficiency, maximising Free Cash Flow generation, and deleveraging.

Global Ports' Consolidated Marine Container Throughput increased 12.2% year-on-year in 2018 outperforming the market growth of 10.0%^[1]. The Group continued to deliver strong growth in bulk throughput posting a 15.9% year-on-year increase in Consolidated Marine Bulk Throughput in 2018. In accordance with the Group's strategy of developing additional revenue streams, a new coal handling facility at ULCT was successfully launched in December 2018.

As a result, revenue increased by 4.0% to USD 343.6 million. Gross profit increased by 14.0% to USD 207.6 million and Adjusted EBITDA grew by 7.8% to USD 217.3 million*, driven by strict cost control. Adjusted EBITDA margin expanded by 224 basis points from 61.0%* in 2017 to 63.2%* in 2018.

The Group's Net Debt was reduced by a further USD 85.6 million* over the period with Net Debt to Adjusted EBITDA decreasing to 3.6x* as of 31 December 2018 from 4.3x* as at the end of 2017.

Group financial and operational highlights for the twelve months ended 31 December 2018

- The Russian container market grew 10.0% in 2018 driven by the continued recovery in laden import of 8.2% and supported by strong growth in laden export containers of 13.9%, resulting in total Russian container market throughput of 4.87 million TEU.
- The Group's Consolidated Marine Container Throughput increased 12.2% to 1,352 thousand TEU in 2018 compared to 1,205 thousand TEU in 2017. The growth rate of the Group's Consolidated Marine Container Throughput therefore outpaced that of the Russian container market.
- The Group focused on increasing bulk cargo volumes to improve the utilisation of its terminals. As a result, Consolidated Marine Bulk Throughput increased by 15.9% to 3.12 million tonnes in 2018, a record level for the Group, driven by growth in bulk cargoes at PLP and ULCT.
- As a part of its strategy to focus on developing additional revenue streams and optimising its existing terminal infrastructure, the Group commissioned a new coal handling facility at Ust-Luga Container Terminal in December 2018. ULCT has excellent rail connectivity and the capability to support up to 1.0 million tonnes of coal shipments per year.
- Revenue in 2018 increased by 4.0% to USD 343.6 million compared to USD 330.5 million in 2017. This was mainly driven by 16.8% growth in Consolidated Non-Container Revenue. Consolidated Container Revenue was broadly flat in 2018 at USD 255.2 million, growth of 0.1% compared to 2017, as 12.2% growth in Consolidated Marine Container Throughput was partially offset by an 10.1% decline in Revenue per TEU. Only a low single digit percentage of the reduction in Revenue per TEU was attributable to change in tariffs, with the majority of the decline largely attributable to lower share of imports and the change in customer and service mix.
- In September 2018 the Group completed the previously announced sale of its holding in JSC "Logistika-Terminal" ("LT"), one of the Group's two inland terminals, to PJSC TransContainer for a consideration of 1.9 billion Russian roubles^[2]. As previously announced, the proceeds of the sale were used for further deleveraging. The deconsolidation of LT since the completion of the transaction also impacted both revenue and Revenue per TEU.
- The Group continued to exert strict control over costs. Total Operating Cash Costs decreased by 2.0% during the reporting period despite double digit growth in throughput of both container and non-container cargoes. FX adjusted Total Operating Cash Costs^[3] increased by around 5.8%.
- Gross profit in 2018 increased 14.0% to USD 207.6 million or by 7.3% adjusted for impairments that took place in 2017.
- Adjusted EBITDA in 2018 increased 7.8% to USD 217.3 million* mainly due to the growth in throughput and strict control over costs.
- Adjusted EBITDA margin expanded by 224 basis points from 61.0%* in 2017 to 63.2%* in 2018.
- Operating profit in 2018 was USD 131.6 million compared to USD 5.3 million Operating loss in 2017. This substantial increase was driven both by the growth in Gross profit and the fact that 2017 was negatively impacted by non-monetary items such as impairment, loss from the Group's share of the result in joint ventures, and recycling of derivative losses previously recognised through other comprehensive income.
- Loss before income tax increased from USD 24.1 million in 2017 to USD 53.6 million in 2018. This change was mainly driven by the depreciation of the Russian rouble which resulted in a loss on revaluation of US dollar-denominated borrowings (from Group and non-Group entities) in the Group's Russian subsidiaries having the Russian rouble as their functional currency.
- The Group's capital expenditure on a cash basis was USD 40.8 million in 2018. Maintenance capital expenditure focused on planned maintenance projects, scheduled upgrades of existing container handling equipment and coal handling equipment at VSC as well as the implementation of environmental protection measures related to coal handling. Maintenance capex remained in line with the Group's mid-term guidance of USD 25-35 million per annum with the remainder accounting for development of a new coal handling facility at ULCT.
- Net cash from operating activities increased by USD 0.4 million, or 0.2%, from USD 173.9 million in 2017 to USD 174.3 million in 2018.
- In August 2018, an amendment to the Law on Seaports came into force which prescribes that all handling tariffs in Russian ports are set in Russian roubles. While the law stipulates the mandatory currency of tariffs, it does not restrict port operators' ability to change actual tariff levels. Tariffs for stevedoring services in Russian ports remain unregulated and are market-driven. Since the law came into force, the Group has retained its legal ability to revise tariff policy in response to substantial changes in the industry, currency fluctuations or macroeconomic environment. Although the share of rouble nominated revenues is expected to increase in 2019, the group believes that its FX exposure is adequately balanced by the currency composition of its debt portfolio, the currency of its cash and deposits and the use of hedging instruments in relation to both revenue and debt.
- The Group continued to deleverage and reduced Net Debt by a further USD 85.6 million* in 2018. The Group decreased its Total Debt by USD 124.4 million* in 2018.
- Net Debt to Adjusted EBITDA decreased from 4.3x* to 3.6x* during 2018.

- In line with statements made in March 2015, the Group continues to prioritise deleveraging over dividend distribution.

Vladimir Bychkov, CEO of Global Ports Management, commented:

"2018 has been a year of regaining forward momentum for Global Ports. We delivered double digit container handling growth, outpacing the growth of the Russian container market, and achieved another year of record volume of bulk cargo throughput. Coupled with excellent cost control, this performance enabled us to grow both Adjusted EBITDA and Adjusted EBITDA margin. We generated strong Free Cash Flow and continued to deleverage further, reducing Net Debt to Adjusted EBITDA to 3.6x, our lowest level since 2014.

Our strategic focus on building alternative revenue streams is delivering with our non-container business now representing more than a quarter of our revenue. In addition, we laid a solid foundation for future performance by launching a new coal handling facility at ULCT.

Looking more broadly at the industry, the Russian container market is experiencing fundamental change. Over the last five years, laden export container volumes have increased by 76%, rapidly shifting the market towards an import-export balance. We need to ensure that our business adapts in line with these market changes or, even better, sets the trend. My core priority as CEO is to ensure that the Group remains focused and capable of capturing organic growth opportunities that are available in both the container and bulk cargo market in order to further improve the utilisation of our unique asset base."

Further information is available in the following Appendices:

- Appendix 1: Results of operations for Global Ports for the twelve months ended 31 December 2018;
- Appendix 2: Reconciliation of Additional data (non-IFRS) to the Consolidated Financial Statement;
- Appendix 3: Definitions and Presentation of Information;
- Appendix 4: Investor Presentation.

http://www.rns-pdf.londonstockexchange.com/rns/2951U_1-2019-3-28.pdf

Market data

Market data used in this press-release, as well as certain statistics, including statistics in respect of market growth, volumes of third parties and market share, have been extracted from official and industry sources and other third-party sources, such as the Association of Sea Commercial Ports ("ASOP") the Central Bank of the Russian Federation (the "CBR") and the Russian Federal State Statistics Service ("Rosstat"), among others.

Other

Pursuant to Article 2.1(i) (ii) of the Transparency Directive (2004/109/EC) and Rule 6.4.2 of the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority, the Company confirms that it has chosen the United Kingdom as its Home State.

Downloads

The consolidated financial statements for the twelve months ended 31 December 2018 for Global Ports are available for viewing and downloading at <http://www.globalports.com/globalports/investors/reporting-transactions/annual-interim-results>.

Analyst and Investor Conference call

The publication of these results will be accompanied by an analyst and investor conference call hosted by:

- Vladimir Bychkov, Chief Executive Officer, Global Ports Management LLC;
- Alexander Roslavtsev, Chief Financial Officer, Global Ports Management LLC;
- Brian Bitsch, Chief Commercial Officer, Global Ports Management LLC;
- Alexander Iodchin, Managing Director of Global Ports Investments PLC;
- Arnout Dirk Lugtmeijer, General Manager of Vopak E.O.S.;
- Dirk van Assendelft, General Manager of Multi-Link Terminals.

Date: Thursday, 28 March 2019

Time: 13.00 UK / 09.00 US (east coast) / 16.00 Moscow

To participate in the conference call, please dial one of the following numbers and ask to be put through to the "Global Ports" call:

Standard International Access: +44 20 3003 2666

UK Toll Free: 0808 109 0700

USA Toll Free: +1 866 966 5335

Russia Toll Free: 8 10 8002 4902044

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NOTES TO EDITORS

Global Ports Investments PLC

Global Ports Investments PLC is the leading operator of container terminals in the Russian market by capacity and container throughput^[4].

Global Ports' terminals are located in the Baltic and Far East Basins, key regions for foreign trade cargo flows. Global Ports operates five container terminals in Russia (Petrolsport, First Container Terminal, Ust-Luga Container Terminal^[5] and Moby Dik^[6] in the Russian Baltics, and Vostochnaya Stevedoring Company in the Russian Far East) and two container terminals in Finland^[7] (Multi-Link Terminals in Helsinki and Kotka). Global Ports also owns inland container terminal Yanino Logistics Park^[8] located in the vicinity of St. Petersburg, and has a 50% stake in the major oil products terminal Vopak E.O.S.^[9] in Estonia.

Global Ports' revenue for 2018 was USD 343.6 million and Adjusted EBITDA was USD 217.3 million*. Consolidated Marine Container Throughput was 1,352 thousand TEU in 2018.

Global Ports' major shareholders are Delo Group, one of the largest private transportation and logistics holding companies in Russia (30.75%), and APM Terminals B.V. (30.75%), whose core expertise is the design, construction, management and operation of ports, terminals and inland services. APM Terminals operates a global terminal network of 74 ports and 117 inland services facilities, giving the company a global presence in 58 countries. 20.5% of Global Ports shares are traded in the form of global depository receipts listed on the Main Market of the London Stock Exchange (LSE ticker: GLPR).

For more information please see: www.globalports.com

LEGAL DISCLAIMER

Some of the information in these materials may contain projections or other forward-looking statements regarding future events or the future financial performance of Global Ports. You can identify forward-looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could," "may" or "might" or the negative of such terms or other similar expressions. Any forward-looking statement is based on information available to Global Ports as of the date of the statement and, other than in accordance with its legal or regulatory obligations, Global Ports does not intend or undertake to update or revise these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Forward-looking statements involve known and unknown risks and Global Ports wishes to caution you that these statements are only predictions and that actual events or results may differ materially from what is expressed or implied by these statements. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of Global Ports, including, among others, general political and economic conditions, the competitive environment, risks associated with operating in Russia and market change in the industries Global Ports operates in, as well as many other risks related to Global Ports and its operations. All written or oral forward-looking statements attributable to Global Ports are qualified by this caution.

Appendix 1: Results of operations for Global Ports for the twelve months ended 31 December 2018

The financial information presented in this appendix is extracted from the consolidated financial statements of Global Ports for the twelve-month period ended 31 December 2018, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). This appendix also includes

certain non-IFRS financial information, identified using capitalised terms below. For further information on the calculation of such non-IFRS financial information, see Appendix 3 (Definitions and Presentation of Information) and the section entitled "Non-IFRS Measures: Adjusted EBITDA and Adjusted EBITDA Margin" below. Readers of this appendix should read the entire announcement together with the Global Ports Group Condensed Consolidated Financial Statements also released on the date hereof, and not just rely on the summary information set out below.

Certain financial information which is derived from the management accounts is marked in this announcement with an asterisk (*).

Rounding adjustments have been made in calculating some of the financial and operational information included in this presentation. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Operating Information

The table below sets out the container and bulk cargo throughput of the Group's terminals for the periods indicated. Gross throughput is shown on a 100% basis for each terminal, including terminals held through joint ventures and accounted for using the equity method.

In September 2018 the Group completed the previously announced sale of its holding in JSC «Logistika-Terminal», one of the Group's two inland terminals. The table below includes 2018 results of LT until the date of completion of the transaction (3 September 2018).

	FY 2018	FY 2017	Change	
			Abs	%
Marine Terminals				
Containerised cargo (thousand TEUs)				
PLP	246.4	206.3	40.2	19.5%
VSC	419.2	370.8	48.4	13.1%
FCT	617.0	553.8	63.2	11.4%
ULCT	68.9	74.1	(5.2)	(7.1%)
Non-containerised cargo				
Ro-ro (thousand units)	20.3	23.9	(3.6)	(14.9%)
Cars (thousand units)	121.1	95.4	25.6	26.9%
Other bulk cargo (thousand tonnes)	3,161.7	2,731.2	430.5	15.8%
Inland Terminal				
LT				
Containerised cargo (thousand TEUs)	119.2	171.8	(52.2)	(30.6%)
Bulk cargo throughput (thousand tonnes)	229	324.1	(95.0)	(29.3%)
<i>Consolidated Marine Container Throughput</i>	<i>1,351.6</i>	<i>1,205.0</i>	<i>146.6</i>	<i>12.2%</i>
<i>Consolidated Inland Container Throughput</i>	<i>119.2</i>	<i>171.8</i>	<i>(52.2)</i>	<i>(30.6%)</i>
<i>Consolidated Marine Bulk Throughput</i>	<i>3,122.8</i>	<i>2,694.9</i>	<i>427.9</i>	<i>15.9%</i>
<i>Consolidated Inland Bulk Throughput</i>	<i>229</i>	<i>324.1</i>	<i>(95.0)</i>	<i>(29.3%)</i>

Operational statistics of Joint Ventures

Containerised cargo (thousand TEUs)				
Moby Dik	81.7	167.6	(85.9)	(51.2%)
Finnish Ports	107.1	115.6	(8.5)	(7.4%)
Non-containerised cargo				
VEOS (million tonnes)	2.1	2.1	(0.0)	(1.9%)
Inland Terminals				
Yanino				
Containerised cargo (thousand TEUs)	122.8	116.2	6.6	5.7%
Bulk cargo throughput (thousand tonnes)	542.8	498.6	44.2	8.9%

The Russian container market continued its recovery in 2018 increasing by 10.0% year-on-year driven by a strong increase in the handling of laden import containers. Throughput of laden export containers at Russian terminals continued its rapid growth (+13.9% year-on-year), mainly due to increased exports and the wider use of containers in Russia. Laden exports have risen 76% since 2013 supported by increased exports and the containerisation of export supply chains. The latter helps to reduce inefficiencies in supply chains, provides more flexibility and enables companies to directly market small quantities (as little as one container) globally.

Overall marine container throughput at Russian terminals reached 4.87 million TEU in 2018 compared to 4.43 million TEU for 2017. 441 thousand TEU were handled by marine terminals in Russia in December 2018 - the highest monthly throughput since June 2014. The growth of the Russian container market continued in 2019 with 8.4% year-on-year increase in container throughput in January-February 2019.

Container throughput in the Far East demonstrated even higher growth rates of 13.1% year-on-year. The growth in container throughput at the terminals in Saint-Petersburg and the surrounding area accelerated to 10.6% due to cost advantages and increased vessel capacity while container throughput at the Russian South basin (+2.2% year-on-year) lagged the market due to inland infrastructure bottlenecks and reduced cost advantages.

The Group's Consolidated Marine Container Throughput increased 12.2% to 1,352 thousand TEU in 2018 compared to 1,205 thousand TEU in the same period of 2017. The overall growth rate of the Group's Consolidated Marine Container Throughput outpaced that of the Russian container market.

The Group continued to focus on increasing bulk cargo volumes to improve utilisation rates at its terminals. As a result, Consolidated Marine Bulk Throughput increased by 15.9% (428 thousand tonnes) to 3,123 thousand tonnes, a record level for the Group. This growth in Consolidated Marine Bulk Throughput was primarily driven by the growth in export in metal and other export bulk cargo handling at PLP and ULCT.

The Group's passenger car handling volumes increased by 27% from 95 thousand units in 2017 to 121 thousand units in 2018. The key drivers of this growth were an overall increase in car imports into Russia and growth in export of cars produced in Russia, which was underpinned by the growth in the Groups' clients' market shares as well as investments made by PLP to upgrade its car handling terminal and related services.

Impact of industry developments

The rapid growth of containerised laden export over the last five years supports the increase of capacity utilisation in the industry due to the higher capacity requirements on container yards of laden exports. A key operational impact for terminal operators has been an overall reduction in yard capacity of container terminals as laden export containers require significantly longer dwell time compared to laden import containers or empty export containers, which in turn lengthens the turnover time of the container storage yard. Currently the Group estimates average container handling capacity utilisation for the Russian market in 2019 at above 70% [10].

As a result of the growth in laden exports, staff reductions due to cost efficiency programmes and the redistribution of equipment between its terminals in 2014-2018, the Group believes that the following numbers reflect the medium-term berth and yard capacity of the Group's terminals, with berth and gate capacity broadly unchanged.

	Berth and gate capacity	Yard capacity
	thousand TEU per annum	thousand TEU per annum
PLP	1,000	350
VSC	650	650
FCT	1,250	915
ULCT	440	440

The Group operates well-invested terminals in key gateways and with its available container capacity is able to balance its activity in line with market requirements. By flexing headcount, working hours and used equipment at its terminals, the Group can maximise or minimise terminal yard capacity. The Group believes that its yard capacity has the potential to be increased (should the market require it) within the previously announced planned maintenance capital expenditure guidance. The Group expects that its terminals will require moderate maintenance CAPEX in the near-term with 2019 maintenance CAPEX expected to be broadly in line with 2018.

In 2019, the Group will continue to focus on offering a strong value proposition to its clients. Even though capacity utilisation is expected to increase, competition in the industry remains strong which will be reflected in the Group's approach to pricing in 2019, with headline pricing expected to decrease in the single digit area.

Results of operations of Global Ports for the twelve months ended 31 December 2018 and 2017.

The following table sets out the principal components of the Group's consolidated income statement and certain additional non-IFRS data of the Group for the twelve months ended 31 December 2018 and 2017.

	FY 2018	FY 2017	Change	
	USD mln	USD mln	USD mln	%
Selected consolidated financial information				
Revenue	343.6	330.5	13.1	4.0%
Cost of sales	(136.0)	(148.5)	12.5	(8.4%)
<i>incl. impairment of property, plant and equipment and intangible assets</i>	-	(11.4)	11.4	-
Gross profit	207.6	182.0	25.6	14.0%
Administrative, selling and marketing expenses	(38.9)	(42.7)	3.8	(8.9%)
Share of (loss)/profit of joint ventures accounted for using the equity method	(12.4)	(73.3)	60.8	(83.0%)
Other gains/(losses)-net	(24.6)	(71.3)	46.8	(65.6%)
Operating profit	131.6	(5.3)	137.0	(2569.0%)
Finance income	2.6	2.0	0.5	25.1%
Finance costs	(85.1)	(90.9)	5.7	(6.3%)

Change in fair value of derivative	(27.5)	42.1	(69.6)	(165.4%)
Net foreign exchange gains/(losses) on financial activities	(75.2)	27.9	(103.1)	(369.1%)
Finance income/(costs) - net	(185.3)	(18.8)	(166.5)	885.6%
Loss before income tax	(53.6)	(24.1)	(29.5)	122.3%
Income tax expense	(4.7)	(28.8)	24.1	(83.7%)
Loss for the period	(58.3)	(52.9)	(5.4)	10.2%
Attributable to:				
Owners of the Company	(59.3)	(53.0)	(6.3)	11.9%
Non-controlling interest	1.0	0.0	0.9	3553.8%

Key Non-IFRS financial information

Gross profit adjusted for impairment	207.6*	193.4*	14.2	7.3%
Gross profit margin (Adjusted for Impairment)	60.4%*	58.5%*		
Adjusted EBITDA	217.3*	201.6*	15.7	7.8%
Adjusted EBITDA margin	63.2%*	61.0%*		
Cost of Sales Adjusted for Impairment	(136.0)*	(137.1)*	1.1	(0.8%)
Cash Cost of sales	(88.9)*	(87.1)*	(1.7)	2.0%
Total Operating Cash costs	(126.3)*	(128.9)*	2.6	(2.0%)
Operating Profit Adjusted for Impairment	131.6*	6.1*	125.6	2069.6%
Profit for the Period Adjusted for Impairment	(58.3)*	(41.5)*	(16.8)	40.4%
Free Cash Flow	133.6*	145.9*	(12.3)	(8.4%)

Revenue

The following table sets forth the components of the consolidated revenue for the twelve months of 2018 and 2017.

	FY 2018	FY 2017	Change	
	USD mln	USD mln	USD mln	%
Container handling revenue adjusted for LT ^[11]	251.2*	249.1*	2.1	0.8%
Other revenue adjusted for LT	85.7*	71.3*	14.3	20.1%
LT	6.7*	10.0*	(3.3)	(33.3%)
Total revenue	343.6	330.5	13.1	4.0%

In 2018 revenue increased by 4.0% to USD 343.6 million from USD 330.5 million in 2017 driven by higher revenue from container handling revenue adjusted for LT and strong growth in other revenue adjusted for LT.

Revenue from container handling adjusted for LT increased 0.8%, or USD 2.1 million, to USD 251.2 million*. This change was driven by an increase in Consolidated Container Throughput of 12.2% that was partially offset by an 10.1% decrease in consolidated Revenue per TEU. Only a low single digit percentage of the reduction in Revenue per TEU was attributable to change in tariffs, and the remainder is largely attributable to lower share of imports and the change in customer and service mix.

Other revenue adjusted for LT increased by 20.1%, or USD 14.3 million, to USD 85.7 million*, driven by growth in coal and other bulk cargo handling revenue.

Revenue of LT in consolidated revenue of Global Ports decreased by USD 3.3 million or 33.3% from USD 10.0 million in 2017 to USD 6.7 million in 2018. This change was primarily driven by the fact that LT revenue was consolidated in Group's revenue only for the period from the 1 January 2018 to 3 September 2018.

The share of Consolidated Non-Container Revenue in consolidated revenue of the Group increased from 22.9%* in 2017 to 25.7%* in 2018.

Cost of sales

The following table sets out a breakdown by expense of the Cost of sales for 2018 and 2017:

	FY 2018	FY 2017	Change	
	USD mln	USD mln	USD mln	%
Depreciation of property, plant and equipment	34.3	37.0	(2.7)	(7.4%)

Amortisation of intangible assets	12.9	12.9	(0.1)	(0.6%)
Impairment of property, plant and equipment and intangible assets	-	11.4	(11.4)	(100.0%)
Staff costs	42.1	41.9	0.2	0.5%
Transportation expenses	6.9	8.3	(1.5)	(17.9%)
Fuel, electricity and gas	8.8	7.6	1.2	15.6%
Repair and maintenance of property, plant and equipment	7.4	7.1	0.3	4.4%
Purchased services	8.3	6.8	1.5	21.3%
Taxes other than on income	5.0	5.2	(0.2)	(4.5%)
Other operating expenses	10.4	10.2	0.2	2.0%
Total Cost of sales	136.0	148.5	(12.5)	(8.4%)
Cash Cost of Sales	88.9*	87.1*	1.7	2.0%

Cost of sales decreased by USD 12.5 million, or 8.4%, from USD 148.5 million in 2017 to USD 136.0 million in 2018. The decline was primarily driven by a non-cash property, plant and equipment impairment charge of USD 11.4 million incurred in 2017 in relation to LT^[12].

Cash Cost of Sales increased by only 2.0% from USD 87.1 million* in 2017 to USD 88.9 million* in 2018 despite the double-digit growth in throughput in both container and bulk cargo handling combined with the 4.2% inflation rate in Russia^[13] in 2018. The change in cost items such as Fuel, electricity and gas, Purchased services and Transportation expenses is directly linked to the change in volumes of cargo handling. In addition, the movement in Transportation expenses reflects the deconsolidation of LT and one-off expenses related to the railway delivery at VSC in 2017.

Gross profit

Gross profit increased by USD 25.6 million, or 14.0%, from USD 182.0 million in 2017 to USD 207.6 million in 2018. This increase was due to the factors described above under Revenue and Cost of sales.

Administrative, selling and marketing expenses

Administrative, selling and marketing expenses decreased by USD 3.8 million, or 8.9%, from USD 42.7 million in 2017 to USD 38.9 million in 2018. This was primarily due to a decrease of USD 0.8 million, or 3.1%, in Staff costs due to the depreciation of the Russian rouble, cost optimisation as well as USD 1.7 million or 57.1% decrease in Operating lease costs from USD 3.0 million in 2017 to USD 1.3 million in 2018 due to the relocation of headquarters to Saint-Petersburg and the optimisation of rented offices.

Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA in 2018 increased 7.8% or USD 15.7 million to USD 217.3 million* from USD 201.6 million* in 2017 mainly due to the growth in throughput and strict control over cash costs. Adjusted EBITDA margin improved by 224 basis points from 61.0%* in 2017 to 63.2%* in 2018.

Share of profit/(loss) of joint ventures accounted for using the equity method

The Group's share of loss from joint ventures decreased by USD 60.8 million or 83.0% from USD 73.3 million in 2017 to USD 12.4 million in 2018. The loss in 2017 was principally due to unfavourable results from Vopak E.O.S (Estonia), which in turn were due to a structural deterioration in the business environment in which the terminal operates, which is heavily dependent on the exports of Russian oil products. As a result, the Group took USD 71.6 million of impairment charge on its investment in 2017. The investment in Vopak E.O.S has been impaired to the carrying amount of USD 7.3 million as of 31 December 2017.

As a result of deterioration of the business environment for VEOS, in the end of 2018 the Group decided to put this JV for a potential sale. Due to this reason, the investment in VEOS was reclassified to assets held for sale. Its carrying amount is its fair value less costs to sell.

Share in the result of MLT changed from a profit of USD 5.2 million in 2017 a loss of USD 14.3 million in 2018. The result was primarily driven by decline in throughput at Moby Dik due to the reduction of cargo volumes. The valuation of Moby Dik was based on the expected fair value less cost to sell of those assets which have active market and their value could be reliably determined. As a result, the investment in MLT Ltd (being the parent of Moby Dik) was impaired by USD 14 million.

	FY 2018	FY 2017	Change	
	USD mln	USD mln	USD mln	%
VEOS	5.0	(77.5)	82.5	(106.5%)
MLT	(14.3)	5.2	(19.5)	(374.9%)
CD Holding	(3.1)	(1.0)	(2.1)	211.2%
Total share of profit/(loss) of joint ventures	(12.4)	(73.3)	60.8	(83.0%)

Other gains/(losses)-net

Other gains/(losses) amounted to a net loss of USD 24.6 million in 2018, compared to a loss of USD 71.3 million in 2017. The 2017 result was impacted by a loss relating to the recycling of derivative losses previously recognised through other comprehensive income of USD 69.6 million. The nature of this loss was

linked to the acquisition of NCC at the end of 2013, following which the Group designated an acquired derivative as a cash flow hedge instrument on one of NCC's loans. At the end of 2015 the Group partly restructured its debt portfolio. In the course of the restructuring, this loan was terminated. This then resulted in the termination of the cross-currency interest rate swap arrangement outlined above. The termination of the cross-currency interest rate swap arrangement together with the settlement of the related loan led to the cancellation of the related cash flow hedge and non-cash loss recycling in the Group's consolidated income statement during the contractual maturity of the settled loan. As of 31 December 2017, the loss was recycled in full.

In 2018 the Group disposed of a subsidiary with net liabilities of USD 0.94 million for a cash consideration of USD 0.86 million. The main asset of the subsidiary was loading equipment. The transaction did not have any adverse effect on the operations of the Group. The transaction resulted in an overall gain of USD 4.6 million booked within 'Other gains/(losses) - net', comprising a USD 1.8 million gain from sale of the subsidiary and USD 2.8 million of foreign translation differences that were reclassified from the translation reserve to the income statement.

In September 2018, upon obtaining approval of relevant regulatory authorities, the Group completed the sale of its 100% holding in LT for a cash consideration of RUB 1.9 billion. The result of the disposal is a USD 0.6 million gain that is reflected within 'other gains/(losses) - net'. In addition, USD 29.9 million are recycled to 'other gains/(losses) - net' from the currency translation reserve. This is the amount related to LT that was recognised in other comprehensive income and accumulated in the equity.

Operating profit/(loss)

The Group's operating profit changed from operating loss of USD 5.3 million to operating profit of USD 131.6 million in 2018 due to the factors described above under Gross profit, Share of profit/(loss) of joint ventures accounted for using the equity method and Other gains/(losses)-net.

Finance income/(costs)-net

Finance income/(costs) -net increased from a cost of USD 18.8 million in 2017 to a cost of USD 185.3 million in 2018. This move was primarily due to a foreign exchange gain from financing activities of USD 27.9 million in 2017 reducing to a loss of USD 75.2 million in 2018. This was a result of the depreciation of the Russian rouble^[14], which in turn led to a change from the gain to loss on revaluation of US dollar-denominated borrowings in the Group's Russian subsidiaries. Further, the change in fair value of derivative instruments^[15] turned from a profit of USD 42.1 million in 2017 to a loss of USD 27.5 million in 2018, which contributed to the movement in finance income/(costs) - net.

Profit/(loss) before income tax

Loss before income tax increased from loss of USD 24.1 million in 2017 to USD 53.6 million or by USD 29.5 million due to the factors and change in non-cash items described above under Operating profit/(loss) and Finance income/(costs)-net.

Income tax expense

In 2018, the income tax expense was USD 4.7 million, compared to USD 28.8 million in 2017. The difference in the effective tax rate from the normally applicable Russian statutory tax rate of 20% was largely driven by the impact of expenses and losses not deductible for tax purposes, withholding tax on undistributed profits and non-taxable results of joint ventures.

Profit/(loss) for the period

The company reported a loss of USD 58.3 million in 2018 compared to a loss of USD 52.9 million in 2017 due to the factors described above.

LIQUIDITY AND CAPITAL RESOURCES

General

As at 31 December 2018, the Group had USD 91.6 million in cash and cash equivalents.

The Group's liquidity requirements arise primarily in connection with repayments of principal and interest payments, capital investment programmes and ongoing operating costs of its operations. In 2018 the Group's liquidity needs were met primarily by cash flows generated from its operating activities. The Group expects to fund its liquidity requirements in both the short and medium term with cash generated from operating activities and borrowings.

As a result of the shareholding or joint venture agreements at Moby Dik, the Finnish Ports, Yanino and Vopak E.O.S., the cash generated from the operating activities of each of the entities in those businesses is not freely available to fund the other operations and capital expenditures of the Group or any other businesses within the Group and can only be lent to an entity or distributed as a dividend with the consent of the other shareholders to those arrangements.

As of 31 December 2018, the Group had USD 871.9 million* of total borrowings, of which USD 21.2 million* comprised current borrowings and USD 850.8 million* comprised non-current borrowings. As at 31 December 2018, the Group had no meaningful undrawn borrowing facilities. See also "Capital resources".

Cash flows

The following table sets out the principal components of the Group's consolidated cash flow statement for 2018 and 2017:

	FY 2018	FY 2017	Change	
	USD mln	USD mln	USD mln	%
Net cash from operating activities	174.3	173.9	0.4	0.2%
Cash generated from operations	208.0	196.7	11.3	5.7%
Tax paid	(35.4)	(33.5)	(1.9)	5.6%
Net cash from operating activities before dividends received from joint ventures and adjusted for income tax	172.6	163.2	9.4	5.8%
Dividends received from joint ventures	1.7	10.8	(9.0)	(84.0%)
Net cash used in investing activities	(13.5)	(34.6)	21.1	(60.9%)
Purchases of intangible assets	(2.6)	(1.8)	(0.7)	38.4%
Purchases of property, plant and equipment	(40.8)	(28.0)	(12.7)	45.3%
Proceeds from sale of property, plant and equipment	0.5	0.3	0.2	59.1%
Loans granted to related parties	(1.4)	(7.5)	6.1	(81.3%)
Loan repayments received from related parties	0.3	1.2	(0.9)	(78.0%)
Disposal of subsidiary	28.8	-	28.8	-
Interest received	1.6	1.3	0.3	27.1%
Net cash used in financing activities	(196.2)	(129.1)	(67.1)	51.9%
Repayments of borrowings	(154.2)	(57.5)	(96.6)	168.0%
Interest paid	(84.4)	(89.1)	4.7	(5.3%)
Proceeds from derivative financial instruments	43.1	20.3	22.8	112.6%
Finance lease principal payments (third parties)	(0.8)	(2.7)	2.0	(71.8%)
Free cash flow (Net cash from operating activities - Purchase of PPE)	133.6	145.9	(12.3)	(8.4%)

Net cash from operating activities

Net cash from operating activities increased by USD 0.4 million, or 0.2%, from USD 173.9 million in 2017, to USD 174.3 million in 2018. Growth in Net cash from operating activities was primarily due to a USD 11.3 million, or 5.7%, increase in the Cash generated from operations, due to the growth in Revenue and Adjusted EBITDA described above. This growth in Cash generated from operations was partially offset by the USD 9.0 million or 84.0% decrease in Dividends received from joint ventures due to a reduced dividend payment from Moby Dik and as a result of the elevated dividend that had been declared by VEOS previously and paid in 2017.

Net cash used in investing activities

Net cash used in investing activities decreased by USD 21.1 million, or 60.9%, from USD 34.6 million in 2017 to USD 13.5 million in 2018. The USD 6.1 million decrease in Loans granted to related parties which are primarily related to the Group's joint venture, Yanino Logistics Park (YLP), was partially offset by the USD 12.7 million growth in Purchases of property, plant and equipment.

The increase in Purchases of property, plant and equipment was in line with the mid-term CAPEX guidance of USD 25-35 million per annum and an additional investment into new coal handling facility at ULCT. Capital expenditure in the period was focused on planned maintenance projects, the scheduled upgrade of existing container handling equipment (replacement of container straddle carries at FCT to improve both efficiency of operations and level of service) and coal handling equipment at VSC as well as environmental protection measures undertaken in relation to coal handling.

USD 28.8 million of Disposal of subsidiary reflect mainly proceeds from sale of LT in September 2018.

Net cash used in financing activities

Net cash used in financing activities increased by USD 67.1 million, or 51.9%, from USD 129.1 million in 2017 to USD 196.2 million in 2018 due to repayment of borrowings increased to USD 154.2 million in 2018 as the Group in additional scheduled repayment of debt fully prepaid a bilateral bank loan and bought back certain amount of its own Eurobonds.

The Group's cash outflows related to the servicing of debt (calculated as net of Interest paid and Proceeds from derivative financial instruments) amounted to USD 41.3 million in 2018 which was 40% or USD 27.5 million* lower than in 2017 (USD 68.8 million) due to the decrease in total debt described above as well as a result of

termination of the cross-currency interest rate swap arrangements in the end of 2018. The net proceeds received on termination of swaps amounted to USD 27.7 million.

Capital resources

The Group's financial indebtedness consists of bank borrowings, bonds, finance leases liabilities and amounted to USD 871.9 million* as at 31 December 2018. As of that date, all of the Group's borrowings were secured by guarantees and suretyships granted by certain Group members. Certain of these borrowings contain covenants requiring the Group and the borrower to maintain specific indebtedness to Adjusted EBITDA and other ratios, as well as covenants having the effect of restricting the ability of the borrower to transfer assets, make loans and pay dividends to other members of the Group.

The weighted average interest rate of the Group's debt portfolio is 8.5%*.

As at 31 December 2018, the Group had leverage of Net debt to Adjusted EBITDA ratio of 3.6x* (compared to a ratio of 4.3x* as at 31 December 2017 and 4.2x* as at 31 December 2016).

The following table sets out the maturity profile of the Group's total borrowings (including finance leases) as at 31 December 2018.

	USD mln
2019	21.2
2020	71.8
2021	143.9
2022 and after	635.1
Total	871.9

As at 31 December 2018, the carrying amounts of the Group's borrowings were denominated in the following currencies:

	USD mln
Rouble	229.5
US dollar	642.4
Total	871.9

Appendix 2: Reconciliation of Additional data (non-IFRS) to the condensed consolidated financial information for the twelve-month period ended 31 December 2018

Reconciliation of Adjusted EBITDA to Profit for the period

	FY 2018	FY 2017	Change	
	USD mln	USD mln	USD mln	%
Profit for the year	(58.3)	(52.9)	(5.4)	10.2%
<i>Adjusted for</i>				
Income tax expense	4.7	28.8	(24.1)	(83.7%)
Finance costs-net	185.3	18.8	166.5	885.6%
Amortisation of intangible assets	12.9	13.0	(0.1)	(0.4%)
Depreciation of property, plant and equipment	35.8	38.0	(2.2)	(5.9%)
Impairment of goodwill and property, plant and equipment	-	11.4	(11.4)	-
Other (losses)/gains-net	24.6	71.3	(46.8)	(65.6%)
Share of (loss)/profit of joint ventures accounted for using the equity method	12.4	73.3	(60.8)	(83.0%)
Adjusted EBITDA*	217.3	201.6	15.7	7.8%

Reconciliation of Adjusted EBITDA Margin

	FY 2018	FY 2017	Change	
	USD mln	USD mln	USD mln	%
Revenue	343.6	330.5	13.1	4.0%
Adjusted EBITDA*	217.3*	201.6*	15.7	7.8%
Adjusted EBITDA* margin	63.2%	61.0%		

Reconciliation of Total Operating Cash Costs to Cost of sales and administrative, selling and marketing expenses

	FY 2018	FY 2017	Change	
	USD mln	USD mln	USD mln	%

Cost of sales			(12.5)	(8.4%)
	136.0	148.5		
Administrative, selling and marketing expenses	38.9	42.7	(3.8)	(8.9%)
Total	174.9	191.2	(16.3)	(8.5%)
<i>Adjusted for</i>				
Impairment of property, plant and equipment	-	(11.4)	11.4	-
Depreciation of property, plant and equipment	(35.8)	(38.0)	2.2	(5.9%)
Amortisation of intangible assets	(12.9)	(13.0)	0.1	(0.4%)
Total Operating Cash Costs*	126.3*	128.9*	(2.6)	(2.0%)

Reconciliation of Cash Costs of Sales to Cost of sales

	FY 2018	FY 2017	Change	
	USD mln	USD mln	USD mln	%
Cost of sales	136.0	148.5	(12.5)	(8.4%)
<i>Adjusted for</i>				
Impairment of property, plant and equipment	-	(11.4)	11.4	-
Depreciation of property, plant and equipment	(34.3)	(37.0)	2.7	(7.4%)
Amortisation of intangible assets	(12.9)	(12.9)	0.1	(0.6%)
Cash Cost of Sales*	88.9*	87.1*	1.7	2.0%

Reconciliation of Cash Administrative, Selling and Marketing Expenses to Administrative, selling and marketing expenses

	FY 2018	FY 2017	Change	
	USD mln	USD mln	USD mln	%
Administrative, selling and marketing expenses	38.9	42.7	(3.8)	(8.9%)
<i>Adjusted for</i>				
Depreciation of property, plant and equipment	(1.5)	(1.0)	(0.5)	49.8%
Amortisation of intangible assets	(0.05)	(0.03)	(0.03)	93.8%
Cash Administrative, Selling and Marketing expenses*	37.4*	41.7*	(4.3)	(10.3%)

Reconciliation of Net Debt and Total Debt to borrowings

	As at 31.12.2018	As at 31.12.2017	Change	
	USD mln	USD mln	USD mln	%
Non-current Borrowings	850.8	1 005.7	(154.9)	(15.4%)
Current Borrowings	21.2	69.1	(47.9)	(69.3%)
<i>Adjusted for</i>				
Derivative financial instruments (non-current assets)	-	(58.8)	58.8	(100.0%)
Derivative financial instruments (current assets)	-	(19.5)	19.5	(100.0%)
Total Debt*	871.9*	996.4*	(124.4)	(12.5%)
<i>Adjusted for</i>				
Cash and cash equivalents	(91.6)	(130.4)	38.8	(29.8%)
Net Debt*	780.3*	865.9*	(85.6)	(9.9%)

Reconciliation of Free Cash Flow to Net cash from operating activities

	FY 2018	FY 2017	Change	
	USD mln	USD mln	USD mln	%
Net cash from operating activities	174.3	173.9	0.4	0.2%
<i>Adjusted for</i>				
Purchases of property, plant and equipment	(40.8)	(28.0)	(12.7)	45.3%
Free Cash Flow*	133.6*	145.9*	(12.3)	(8.4%)

DEFINITIONS

Terms that require definitions are marked with capital letters in this announcement and the definitions of which are provided below in alphabetical order. The non-IFRS financial measures defined below are presented as supplemental measures of the Group's operating performance, which the Group uses as key performance indicators of the Group's business and to provide a supplemental tool to assist in evaluating current business performance. The Group believes these metrics are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Russian market and global ports sector. These non-IFRS financial measures are measures of the Group's operating performance that are not required by, or prepared in accordance with, IFRS. All of these non-IFRS financial measures have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under IFRS and should not be considered as alternatives to revenues, profit, operating profit, or any other measures of performance derived in accordance with IFRS or as alternatives to cash flow from operating activities or as measures of the Group's liquidity. In particular, the non-IFRS financial measures should not be considered as measures of discretionary cash available to the Group businesses.

Adjusted EBITDA (a non-IFRS financial measure) for Global Ports Group is defined as profit for the period before income tax expense, finance income/(costs)-net, depreciation of property, plant and equipment, amortisation of intangible assets, share of profit/(loss) of joint ventures accounted for using the equity method, other gains/(losses)-net and impairment of goodwill and property, plant and equipment and intangible assets.

Adjusted EBITDA Margin (a non-IFRS financial measure) is calculated as Adjusted EBITDA divided by revenue, expressed as a percentage.

ASOP is "Association of Sea Commercial Ports" (www.morport.com).

Average Storage Capacity is a storage capacity available at Vopak E.O.S. oil products terminals, averaged for the beginning and end of the year.

Baltic Sea Basin is the geographic region of northwest Russia, Estonia and Finland surrounding the Gulf of Finland on the eastern Baltic Sea, including St. Petersburg, Ust-Luga, Tallinn, Helsinki and Kotka.

Cash Costs of Sales (a non-IFRS financial measure) are defined as cost of sales, adjusted for depreciation and impairment of property, plant and equipment, amortisation and impairment of intangible assets.

Cash Administrative, Selling and Marketing Expenses (a non-IFRS financial measure) are defined as administrative, selling and marketing expenses, adjusted for depreciation and impairment of property, plant and equipment, amortisation and impairment of intangible assets.

CD Holding group consists of Yanino Logistics Park (an inland terminal in the vicinity of St. Petersburg) and CD Holding. The results of CD Holding group are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below Adjusted EBITDA).

Consolidated Container Revenue is defined as revenue generated from containerised cargo services.

Consolidated Inland Bulk Throughput is defined as combined bulk throughput by consolidated inland terminals: LT.

Consolidated Inland Container Throughput is defined as combined container throughput by consolidated inland terminals: LT.

Consolidated Marine Bulk Throughput is defined as combined marine bulk throughput by consolidated terminals: PLP, VSC, FCT and ULCT.

Consolidated Marine Container Throughput is defined as combined marine container throughput by consolidated marine terminals: PLP, VSC, FCT and ULCT.

Consolidated Non-Container Revenue is defined as a difference between total revenue and Consolidated Container Revenue.

Container Throughput in the Russian Federation Ports is defined as total container throughput of the ports located in the Russian Federation, excluding half of cabotage cargo volumes. Respective information is sourced from ASOP ("Association of Sea Commercial Ports", www.morport.com).

Far East Basin is the geographic region of southeast Russia, surrounding the Peter the Great Gulf, including Vladivostok and the Nakhodka Gulf, including Nakhodka on the Sea of Japan.

First Container Terminal (FCT) is located in the St. Petersburg harbour, Russia's primary gateway for container cargo and is one of the first specialised container terminals to be established in the USSR. The Global Ports Group owns a 100% effective ownership interest in FCT. The results of FCT are fully consolidated.

Finnish Ports segment consists of two terminals in Finland, MLT Kotka and MLT Helsinki (in the port of Vuosaari), in each of which Container Finance currently has a 25% effective ownership interest. The results of the Finnish Ports segment are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

Free Cash Flow (a non-IFRS financial measure) is calculated as Net cash from operating activities less Purchases of PPE.

Functional Currency is defined as the currency of the primary economic environment in which the entity operates. The functional currency of the Company and certain other entities in the Global Ports Group is US dollars. The functional currency of the Global Ports Group's operating companies for the years under review was (a) for the Russian Ports segment, the Russian rouble, (b) for Oil Products Terminal segment, and for the Finnish Ports segment, the Euro.

Gross Container Throughput represents total container throughput of a Group's terminal or a Group's operating segment shown on a 100% basis. For the Russian Ports segment it excludes the container throughput of the Group's inland container terminals - Yanino and Logistika Terminal.

Logistika Terminal (LT) is an inland container terminal providing a comprehensive range of container freight station and dry port services at one location. The terminal is located to the side of the St. Petersburg - Moscow road, approximately 17 kilometres from FCT and operates in the Shushary industrial cluster. In September 2018 the Group completed the previously announced^[16] sale of its holding in JSC «Logistika-Terminal», one of the Group's two inland terminals, to PJSC TransContainer for a consideration of 1.9 billion Russian roubles.

MLT Group consists of Moby Dik (a terminal in the vicinity of St. Petersburg) and Multi-Link Terminals Oy (terminal operator in Vuosaari (near Helsinki, Finland) and Kotka, Finland), MLT-Ireland and some other entities. The results of MLT group are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

Moby Dik (MD) is located on the St. Petersburg ring road, approximately 30 kilometers from St. Petersburg, at the entry point of the St. Petersburg channel. It is the only container terminal in Kronstadt. The Global Ports Group owns a 75% effective ownership interest in MD, Container Finance LTD currently has a 25% effective ownership interest. The results of MD are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

Net Debt (a non-IFRS financial measure) is defined as a sum of current borrowings and non-current borrowings, derivative financial instruments less cash and cash equivalents and bank deposits with maturity over 90 days.

Oil Products Terminal segment consists of the Group's 50% ownership interest in Vopak E.O.S. (in which Royal Vopak currently has a 50% effective ownership interest). The results of the Oil Products Terminal segment are consolidated in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

Petrolsport (PLP) is located in the St. Petersburg harbour, Russia's primary gateway for container cargo. The Group owns a 100% effective ownership interest in PLP. The results of PLP are fully consolidated.

Ro-Ro, roll on-roll off is cargo that can be driven into the belly of a ship rather than lifted aboard. Includes cars, buses, trucks and other vehicles.

Revenue per TEU is defined as the Global Ports Group's Consolidated Container Revenue divided by total Consolidated Container Marine Throughput.

Russian Ports segment consists of the Global Ports Group's interests in PLP (100%), VSC (100%), FCT (100%), Logistika Terminal (100%) (prior to its disposal), ULCT (80%) (in which Eurogate currently has a 20% effective ownership interest), Moby Dik (75%), Yanino (75%) (in each of Moby Dik and Yanino Container Finance currently has a 25% effective ownership interest), as well as certain other entities. The results of Moby Dik and Yanino are accounted in the Global Ports' consolidated financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

TEU is defined as twenty-foot equivalent unit, which is the standard container used worldwide as the uniform measure of container capacity; a TEU is 20 feet (6.06 metres) long and eight feet (2.44 metres) wide and tall.

Total Debt (a non-IFRS financial measure) is defined as a sum of current borrowings, non-current borrowings and derivative financial instruments related to borrowings.

Total Operating Cash Costs (a non-IFRS financial measure) is defined as Global Ports Group's cost of sales, administrative, selling and marketing expenses, less depreciation and impairment of property, plant and equipment, less amortisation and impairment of intangible assets.

Ust Luga Container Terminal (ULCT) is located in the large multi-purpose Ust-Luga port cluster on the Baltic Sea, approximately 100 kilometres westwards from St. Petersburg city ring road. ULCT began operations in December 2011. The Global Ports Group owns an 80% effective ownership interest in ULCT, Eurogate, the international container terminal operator, currently has a 20% effective ownership interest. The results of ULCT are fully consolidated.

Vopak E.O.S. includes AS V.E.O.S. and various other entities (including an intermediate holding) that own and manage an oil products terminal in Muuga port near Tallinn, Estonia. The Group owns a 50% effective ownership interest in Vopak E.O.S. The remaining 50% ownership interest is held by Royal Vopak. The results of Vopak E.O.S. are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

Vostochnaya Stevedoring Company (VSC) is located in the deep-water port of Vostochny near Nakhodka on the Russian Pacific coast, approximately eight kilometers from the Nakhodka-Vostochnaya railway station, which is connected to the Trans-Siberian Railway. The Group owns a 100% effective ownership interest in VSC. The results of VSC are fully consolidated.

Weighted average effective interest rate is the average of interest rates weighted by the share of each loan in the total debt portfolio.

Yanino Logistics Park (YLP) is the first terminal in the Group's inland terminal business and is one of only a few multi-purpose container logistics complexes in Russia providing a comprehensive range of container and logistics services at one location. It is located approximately 70 kilometres from the Moby Dik terminal in Kronstadt and approximately 50 kilometres from PLP. The Global Ports Group owns a 75% effective ownership interest in YLP, Container Finance LTD currently has a 25% effective ownership interest. The results of YLP are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

Appendix 4: Investor Presentation

An investor presentation is available at <http://www.globalports.com/globalports/investors/reporting-transactions/corporate-presentations>

[1] Source: ASOP. Here and after in this release all numbers on Russian container market statistics based on ASOP (for ASOP definition, please see Appendix 3: Definitions and Presentation of Information).

[2] USD 27.9 million at the exchange rate as of the date of closing.

[3] Management estimate calculated as if effective USD/RUB exchange rate in 2018 was the same as in 2017.

[4] Company estimates based on FY2018 throughput and the information published by the Association of Sea Commercial Ports ("ASOP").

[5] In which Eurogate currently has a 20% effective ownership interest.

[6] In which Container Finance currently has a 25% effective ownership interest.

[7] In each of which Container Finance currently has a 25% effective ownership interest.

[8] In which Container Finance currently has a 25% effective ownership interest.

[9] In which Royal Vopak currently has a 50% effective ownership interest.

[10] Company estimates throughput based on ASOP. Capacity estimated on companies websites (www.port-bronka.ru, www.deloports.ru, www.terminals.spb.ru, www.nmtp.info and other public available sources). Yard capacity for Group used for calculations.

[11] Container handling revenue adjusted for LT consists of Consolidated Container Revenue of the Group less container revenue of LT in the reporting period. Other revenue adjusted for LT consists of Consolidated Non-Container Revenue of Group less non-container revenue of LT.

[12] See Global Ports' releases dated 16 August 2017 and 14 March 2018 for details of the Impairment charge recognised in relation to LT.

[13] Source: Federal State Statistics Service <http://www.gks.ru>

[14] During 2018 the exchange rate of US Dollar increased from 57.6 RUB as of 31 December 2017 to 69.5 RUB as of 31 December 2018 that represents the strengthening of US Dollar against Russian Rouble by 20.6%.

[15] During 2015 and 2016 the Group entered into three cross-currency swap arrangements to exchange its RUB-denominated liabilities related to the newly issued bonds (3 issues of RUB 5,000 million each) with fixed interest rate of approximately 13% in the amount RUB 15,000 million to USD-denominated debt with the lower fixed interest rate.

[16] See Group's release dated 16 August 2017.

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