

# OPERATIONAL OVERVIEW

## MARITIME CONTAINER TRANSPORTATION

FESCO provides domestic, export, import, and transit container transportation services and is the leader in shipping containers from China, Japan and South Korea to Russia via the Far East. The Group operates 19 international and domestic sea routes, with its transportation geography spanning over 100 ports globally.

Despite geopolitical events and sanctions imposed by other countries, FESCO actively rolls out new services and continues to invest in upgrading and expanding its own fleet. Starting from March 2022, FESCO renders all shipping services in the absence of CMA and HMM partners as foreign carriers left the Far East container market.

On international routes, FESCO:

- launched a regular FVDL service from Vietnam's main ports (Haiphong, Ho Chi Minh) to Russia's Far East with calls to China. In 2022, the Company's international route share stood at 52%;
- increased capacity on the Far East lines by putting in additional fleet;
- provided its own fleet to launch a regular FTBS sea service from Turkey to Russia (Novorossiysk, Istanbul and Gebze ports);

- due to withdrawal of carriers from the Russian market coupled with European sanctions, temporarily suspended its FBOL service. By the end of the year, it was relaunched with an updated geography of shipments from China to Northwestern Russia without entering Europe.

On domestic routes, FESCO:

- amid an acute shortage of logistics assets, ensured uninterrupted delivery of cargo to Russia's remote regions, including northern ones;
- increased market share and frequency of logistics services through additional fleet (both own and borrowed).

The measures taken helped the Company to:

- ramp up international shipping by 19% YoY to 342 thousand TEU;
- increase domestic maritime transportation by 4% YoY to 84 thousand TEU.

### KEY OPERATING RESULTS OF MARITIME CONTAINER SHIPMENTS, K TEU

Indicator	2019	2020	2021	2022	YoY change, %
International routes	251	295	288	342	19
Domestic routes	78	80	81	84	4

Source: Company data

<sup>1</sup> Including the Black Sea transportation volumes.

## INTERMODAL SERVICES

FESCO provides domestic and international (export, import, and transit) intermodal container services.

In 2022, FESCO continued to develop its key services and tapped into new markets.

- The Group launched new services from Vladivostok to Samara, Kazan, Minsk and Kaliningrad, offering its customers the widest railway coverage via the ports of the Far East.
- The West-East corridor saw new Rostov-on-Don-Vladivostok, St Petersburg-Irkutsk and Irkutsk-Vladivostok services. In addition to serving customers, these new routes help effectively balance container flows and secure integrated traffic efficiency.
- FESCO introduced a complex transportation project from the Chinese factory to the Kaliningrad Region.

- Direct contracts were signed with Central Asian car manufacturers. In 2022, over 9.1 thousand TEU were transported to the region under direct contracts with car manufacturers.
- The Company entered into direct contracts with the largest timber companies in Northwestern Russia.
- Subsidiaries, branches, subdivisions and sales offices opened in Tashkent, Krasnodar, Kazan, Irkutsk to ramp up business in these new regions.

These measures enabled FESCO to attract over 1.8 thousand new customers and 54.5 thousand TEU in 2022.

### KEY OPERATING RESULTS OF INTERMODAL SHIPMENTS, K TEU

Indicator	2019	2020	2021	2022	YoY change, %
Volumes	344	393	465	507	9

Source: Company data

## TERMINAL OPERATIONS

FESCO provides stevedoring, surveyor, and freight forwarding services, including loading and discharging of vessels, railcars, and trucks, using its own terminal network, which comprises:

- the largest universal port in the Russian Far East, Port Vladivostok, handling

a broad variety of cargo types, including containerised, LCL, bulk, and general cargoes, machinery, and heavy-duty vehicles;

- FEMSTA terminal focusing on handling general cargoes, construction materials, timber, vehicles for export/import shipments, as well as domestic transportation.

### KEY OPERATING RESULTS OF PORT VLADIVOSTOK AND FEMSTA TERMINAL

Indicator	2019	2020	2021	2022	YoY change, %
<b>Total handling, kt</b>	<b>11,518</b>	<b>11,436</b>	<b>13,318</b>	<b>13,884</b>	<b>4</b>
Container handling, k TEU	625	672	757	768	1
General cargoes handling, kt	5,130	4,614	5,195	5,138	(1)
Vehicle handling, units	77,023	71,248	81,748	110,783	36
Oil product handling, kt	396	358	389	480	23

Source: Company data

## HEAVYWEIGHT CONTAINERS

**768**  
THOUSAND TEU  
container  
handling volume

Despite the withdrawal of international maritime operators (Maersk, MSC, etc.), container handling went up by 11 thousand TEU YoY to 768 thousand TEU. The growth in container cargo turnover was due to a timely

increase in own assets (containers, fleet, fitting platforms), as well as the implementation of Port Vladivostok's integrated territory development programme.

## GENERAL AND BULK CARGOES

General cargo volumes remained flat YoY at 5.1 million tonnes, with metal and coal making up the bulk of the general cargoes.

## VEHICLES

Handling of vehicles and machinery increased by 36% to 110.8 thousand units vs 81.8 thousand units in 2021. The growth of handling volumes was underpinned by new lines, as well as additional customer vessel calls with Chery and FAW cars.

### KEY OPERATING INDICATORS OF PORT VLADIVOSTOK AND FEMSTA TERMINAL

Indicator	2019	2020	2021	2022	YoY change, %
Vessel handling (unloading/loading), units	2,618	2,377	1,670	2,242	34
Vessel calls, units	2,009	1,790	1,128	1,613	43
Average daily fleet handling, kt	31.56	31.25	35.42	36.72	4
Rolling stock handling, '000 units	200.5	210.5	222.0	224.4	1
Average daily railcar handling, units	549	575	608	615	1

Source: Company data

In 2022, FESCO terminals handled a total of 1,613 vessels vs 1,128 vessels in 2021. Average daily fleet handling grew to 37 thousand tonnes vs 35 thousand tonnes in 2021. The Company

also handled 224 thousand units of rolling stock (+1%) vs 222 thousand units in 2021. Daily railcar handling reached 615 units vs 608 units in 2021.

## INLAND TERMINALS

### CONTAINER HANDLING, K TEU

Terminal	2019	2020	2021	2022	YoY change, %
Novosibirsk	73	90	101	117	16
Khabarovsk	36	52	52	52	0
Tomsk	9	10	7	8	14
<b>Total</b>	<b>118</b>	<b>152</b>	<b>160</b>	<b>177</b>	<b>11</b>

Source: Company data

In 2022, inland terminal handling volumes grew by 11% YoY to 177 thousand TEU.

The Group's Novosibirsk terminal showed the strongest growth of 16 thousand TEU, or 16%. The main growth drivers were:

- the development of own logistics routes through Novosibirsk (domestic/import/export shipments);

- the increase in forwarding of third-party containers and technological upgrade of the terminal's mechanical equipment.

In 2022, we also acquired an additional land plot of over 46 thousand sq m to expand the terminal's design capacity starting from Q4 2024.

## REFRIGERATED TRANSPORTATION

FESCO dominates the refrigerated transportation market and is the only Russian operator relying entirely on its own assets.

In 2022, the Group continued to work on innovations for cargo shipments under continuous temperature maintenance and control.

Thanks to a 59% YoY increase in the container fleet, FESCO managed not only to replace the volumes previously handled by international operators that pulled out of the Russian market, but also to expand the transportation geography between Southeast Asia and Vladivostok, as well as to tap into the Kaliningrad and Minsk markets.

In 2022, refrigerated transportation volumes added 50% YoY and reached 17 thousand tonnes.

### OPERATING INDICATORS OF REFRIGERATED TRANSPORTATION, TEU

Indicator	2019	2020	2021	2022	YoY change, %
Volumes	8,419	9,952	11,362	17,004	50

Source: Company data

## TRAMP SHIPPING

FESCO implements a range of logistics solutions for its fleet aimed at project and special shipments. In 2022, the operable vessel days totalled 6,931, up 11% YoY.

### KEY OPERATING INDICATORS OF THE TRANSPORT FLEET

Indicator	2019	2020	2021	2022	YoY change, %
Operable vessel days	7,208	6,503	6,236	6,931	11

Source: Company data

In 2022, FESCO:

- worked on multi-purpose vessel transportation between Pevek, Nakhodka, South Korea, and China. A total of over 79 thousand tonnes of general cargo and 2.5 thousand TEU were transported;
- performed six trips as part of a project to foster shipping along the Northern Sea Route;

- continued cooperation with the National Centre for Polar and Ocean Research under the Ministry of Earth Science of India: diesel-electric ship Vasily Golovnin successfully completed its first trip under a new five-year contract by delivering cargo to Bharati and Maitri Indian research stations.

## 3PL

FESCO continued developing 3PL as an inherent part of its logistics business, offering the following services:

- transportation management;
- warehousing and cargo handling;
- delivery to end customers;
- maintenance of special equipment;
- assembly of loaders and excavators;
- customs clearance services;
- customs transit services;
- delivery by air.

- The Company chartered six vessels for import and export of bulk cargoes.
- We rolled out a new service called FESCO Flexi for liquid cargo transportation in flexitanks. As part of this service, two train loads of 1.5 tonnes of liquid cargo (140 TEU) each were transported from Russia to China. In 2023, the Company plans to expand the project factoring in the experience gained.
- LCL shipments tripled; we successfully tested a cross-docking project at a warehouse in the Moscow Region.
- The Group introduced a FESCO Air service for delivery of LCL cargoes by charter and scheduled flights on domestic and international routes.
- Customs clearance of vehicles is now reduced to two hours.
- The Group launched a customs clearance project at the permanent customs control zone of the transit terminal in Vladivostok.
- The number of new customers went up by 20%, the range of products and integrated solutions for key customers was expanded.

### KEY DEVELOPMENTS IN 2022

- FESCO introduced a new service for handling oversize/heavyweight cargo at the Domodedovo warehouse.
- We successfully implemented a project for shipping cargoes in shipper owned containers along the following routes: India, Bangladesh, Thailand, Malaysia, Philippines, Canada, Argentina, and Europe using international sea services via the ports of Vladivostok, Vostochny, Novorossiysk, and St Petersburg.

## PROJECT LOGISTICS

FESCO offers turnkey project transportation of bulky and heavyweight cargoes: from receipt at the manufacturing plant to installation at the destination point. Transportation is fully compliant with the regulatory requirements for transit of cargo along the route, including border crossings.

FESCO's business priorities include expanding the portfolio of contracts signed with large customers and increasing the share of the market for transportation of heavyweight and oversize cargoes.

In 2022, FESCO transported over 39,325 tonnes of project cargoes and:

- organised transportation of 182 units of heavyweight and oversize cargo with a total weight of 15,526 tonnes

- and volume of 55,844 cu m, including cargo units of up to 400 tonnes for the Far Eastern gas chemical complex in Svobodny;
- transported equipment with a total weight of 3,911 tonnes for Bystrinskoye Mining Company as part of a construction project by an exploration company on the Kamchatka Peninsula;
- transported two oversized and extra heavy units of equipment (337-tonne three-phase generator and 324-tonne gas turbine generator) from Novolisino to Tebinbulak (Uzbekistan);
- transported four sulphur condensers with a total weight of about 130 tonnes from Shanghai to the construction site of the Boysun gas processing plant in Uzbekistan.

## BUNKERING

FESCO provides a full range of oil product services: from fuel purchase and its handling at the Company's petroleum tank farm to transfer to the tanks of transport vessels at the ports of the Primorye Territory (in particular Vladivostok, Nakhodka, and Vostochny). As a fuel agent, FESCO arranges the supply of oil products to its fleet at foreign ports and renders centralised oil product logistics support to its own companies across Russia. Oil products are purchased from Russian producers and delivered to the destination as well as from regional suppliers and distribution companies and delivered to vessels or land facilities.

In 2022, the Company rendered bunkering services primarily to its own companies. The growth of oil cargo handling was driven by a spike in demand for handling of diesel grades of oil products and totalled 23% YoY.

By the end of 2022, bunkering volumes grew by 56% YoY to 98 thousand tonnes due to a fleet increase and expanded geography of FESCO vessels' operation.

### KEY OPERATING INDICATORS OF THE BUNKERING COMPLEX, KT

Indicator	2019	2020	2021	2022	YoY change, %
Bunkering volumes	68	67	63	98	56

Source: Company data