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UZ is the main strategic asset of Ukraine



ONE OF THE LARGEST UKRAINIAN COMPANIES

- **4% GDP**
- **~ 10 billion US dollars cost of assets**
- **~ 2.5 billion US dollars annual income**
- **The largest taxpayer** in Ukraine



THE FORCES OF ECONOMIC DEVELOPMENT

- **62% cargoes** The country is transported by rail
- A key support company **for export potential** of country
- Provides the possibility of creating 35% of Ukraine's GDP
- Strategic development asset **of transit potential of Ukraine** - Through the country pass 3 of 10 European transit corridors



VALUE FOR SOCIETY

- The main means of ensuring the mobility of the population and the unity of the country
- use rail transport **44% passangers**
- Ukraine's largest employer - 273 thousands of employees (and more than 400,000 members of their families) or 1.5% employed in Ukraine

2018 became a year of positive changes for UZ

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It were realized **the infrastructure projects**:

- Beskyd tunnel was opened
- The Kyiv-Boryspil rail connexion was opened
- Electrified section Potoki- Zolotytsyno



The implementation of the long-term framework agreement with General Electric on the renewal of the fleet of diesel locomotives



It was formed professional **Supervisory Board** and a new version of the Company's Charter of Association was approved



Upgraded **credit rating** according to the rating of international rating agencies to the level B-



Introduced **market principles** formation of the cost of using wagons and conducted the first auctions on Prozorro for the provision of services for the use of freight wagons



It was provided the **transparency of payments** by publishing them to Edata (151 thousand transactions were announced in the amount of UAH 36 billion)

In 2018, there is a rapid increase in the number of passengers carried due to the introduction of new routes

11 new routes were introduced:

6 internal - the focus on connecting with the eastern regions:

- Zaporozhye - Uzhhorod
- Kiev - Lisichansk
- Dnipro - Lisichansk
- Lviv - Bakhmut
- Kremenchuk - Vorokhta
- Kharkiv - Pokrovsk



5 international - the focus on connecting with EU

- Kiev - Riga (train 4 capitals)
- Lviv - Przemysl
- Odessa - Kishinev
- Kiev - Baku
- Mukachevo - Budapest



The volume of transportation was increased

- Number of tickets sold in long transportation increased by 7.2%
- In transportation to EU, the number of passengers transported has almost doubled



We not only introduced new routes, but also improved the quality of passenger transportation

Was updated the rolling stock






Was upgraded 126 passenger cars

-  A contract with KVBZ for 54 passenger cars - 8 has already delivered
-  The capital repairs were made for 82 wagons in conditions of depot - restored on production capacities of UZ
-  Major repairs at the factories - 36 cars

A contract was signed with KMBZ for the supply of 6 diesel trains

Capital repairs of 72 sections (15) of electric trains were carried out

The quality of services was improved

-  **Updated Contact Center** - real-time passenger problem solving
 - **A new approach to the cleaning of cars** - the level of cleanliness has significantly increased
-  **Improved process of washing clothes** - use of non-phosphate washing detergents and bleach that does not harm the environment
-  **New menu hot food**
-  Improvement of service technology **passengers with disabilities**
-  **New Online services:**
 - Complex route
 - Reservation of discounted tickets for people with disabilities
 - Indication of the presence of air conditioning - the absence of unpleasant surprises

In 2018, a record volume of capital investment was recorded over the last 5 years

16.9 billion UAH

volume of capital investments made in 2018

+55%

compared to 2017



309 km of roads were reconstructed



Purchased 15 Locomotives General Electric (15 more - delivery in I quarter. 2019)



Overhaul of almost 130 locomotives has been completed



About 3.5 thousand freight cars were purchased and manufactured on their own capacities.



126 passenger cars renewed

In 2018 the average salary amounted to UAH 10 475

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260.5

thousands of employees

+33%

the average wage in 2018

It was healed about

30,000

workers and
members of their
families

3 000

unemployed
pensioners

We build housing for railwaymen

- Two sections were built on 56 apartments of the second stage of the 100-apartment residential complex in the city of Sinelnikovo
- The program of housing construction and re-equipment of objects was approved (total area - 45,5 thousand sq. M)
- In 2019 it is planned to complete the construction of a 110-apartment house in Kharkiv



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The second consecutive year is a positive financial result

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Revenues increased

+14% UAH 10.8 billion


The main sources of income's increase in 2018

-  The procedure for determining the fee for the use of own cars of JSC "Ukrzaliznytsya" is established. As a result, revenue from the deregulation of the carriage component from 02.20.2018 to 31.12.2018 amounted to UAH 6.7 bln.
-  The indexation of passenger tariffs as of 30.05.2018 by 12% and from 10.10.2018 by 12% (additional revenues - UAH 0.6 billion), additional revenues from the increase in passenger traffic in long-distance traffic (+0.45 bln UAH.)
-  Regular indexation of unregulated prices and tariffs on the level of PPI (110 million UAH) is underway.

Credit portfolio improved

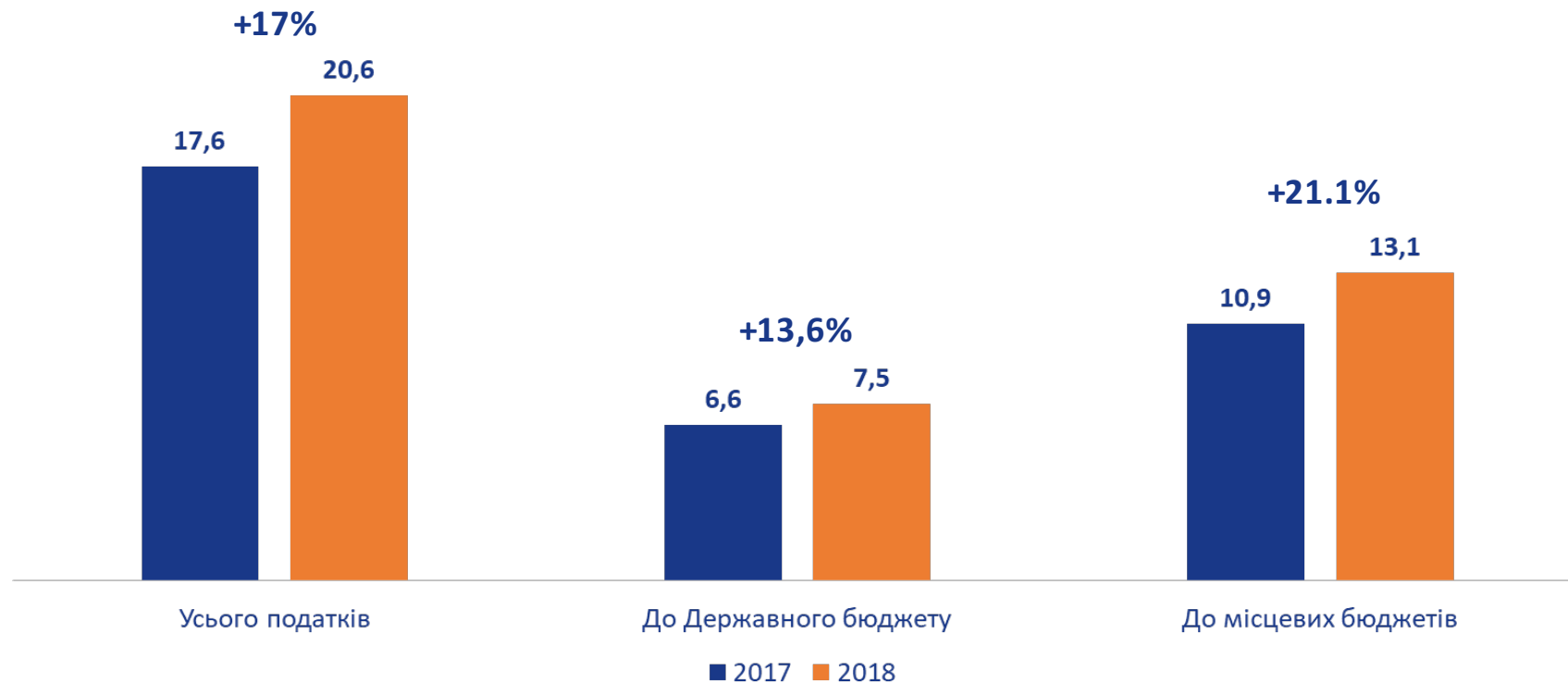
-  Repayment of financial obligations at UAH 4 bln
-  Restructured part of the debt by 500 million UAH. with a yield of 7 times lower than the market
-  The control over fulfillment of obligations has been strengthened, which allowed to reduce the volume of short-term debts by UAH 3.5 billion.
-  Quasi-currency hedging is introduced

Improved credit rating

-  Rating agency Standard and Poor's set the credit rating of the company at the level of CCC+, as well Fitch - B-

In 2018, UZ paid over UAH 20 billion. to the state, local budgets and trust funds

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A new professional Supervisory Board is working from 2018

- A professional supervisory board has been elected consisting of 3 representatives of the state and
- 4 independent members
- A new edition of Charter was approved, which is in line with the best practices of OECD countries
- Accepted corporate governance plan (MPCU)



Perspective development

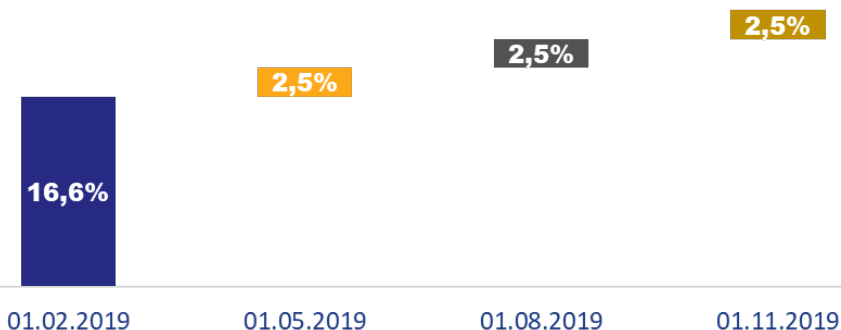


We will introduce transparent and predictable tariffs for freight traffic

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1. Implementation of the mechanism of automatic indexation of tariffs for freight transport to the level of PPI
2. Convergence of tariff classes
3. Unification of the fare on the empty mileage

Індексація на рівень індексу цін виробників промислової продукції (ІЦВ), % (прогноз)*



* According to the draft consolidated financial plan for 2019

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This will allow:

-  Increase the volume of transported products by 5 million tons
-  Restructure commitments worth \$ 300 million. USD
-  Increase wages for employees
-  Increase the volume of repair of rolling stock and infrastructure
-  To execute a plan of capital investments in the amount of 24.5 billion UAH

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We implement key investment projects

Rolling stock



Choosing a partner for **renewal of electric locomotives park**



Freight car fleet renewal with the EBRD (more than 5 thousand cars)



Continue to collaborate with **General electric** in the field of renewal of the fleet of diesel locomotives.

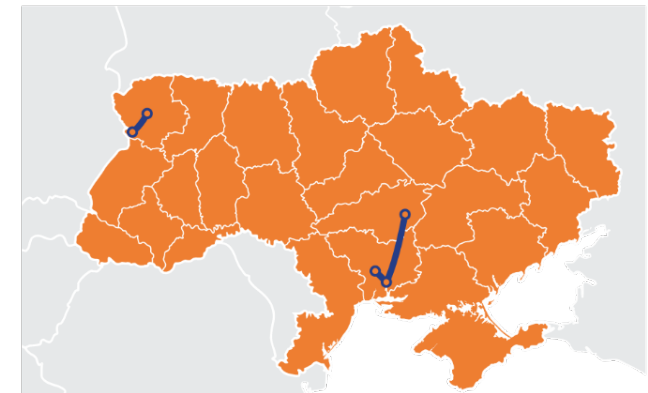


Acquisition **46 passenger wagons and 3 suburban trains**

Infrastructure

Start of works on electrification of the section **Dolinska - Nikolaev - Kolosovka**

Start of works on electrification of the section **Kovel - Izov**



We will improve the management system of the company



Formation **the office of key clients** JSC "Ukrzaliznytsya" to improve the quality of freight services



Centralization of control functions on the routes with the most intense traffic (to the western transitions and ports) and **improvement of the distribution system of empty wagons**



Implementation of measures with **reduction of fuel consumption**



Distribution of practice of conducting **electronic auctions** for the use of freight wagons



Obtaining an international certificate of conformity of the procurement system to world practices of CIPS



We move the country forward

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