Renaissance Capital

Sponsored research

Initiation of coverage

SELL

TP: $4.3

Transportation
Russian Federation

Nikolay Golotvin
+7 (499) 956-4049
NGolotvin@rencap.ru

Globaltrans
Corporate governance is a key

The key risk for shareholders is corporate governance

In 2024, Globaltrans redomiciled to the UAE, delisted from LSE & MOEX and received a sole listing on AIX. In our view, the company's current corporate structure creates significant financial infrastructure malfunction risks for shareholders. Potential western sanctions could lead to settlement freeze in Euroclear and trading termination on AIX.

Weak market conditions and uncertainty ahead

Globaltrans has been the beneficiary of the logistics reorientation and high railcar rates during 2022-2024. We believe that the best years are behind us: lower coal volumes put pressure on gondola rates, thus negatively affecting the company's results in the upcoming years. In addition, Trump's presidential victory raises the hypothetical question of some sanction easing, which could lead to relief of pressure on infrastructural bottlenecks and further decreasing of railcar rates.

We initiate the coverage with a SELL rating

In our view, the company is fairly valued at the current 0.8x EV/EBITDA 2025 and 2.8x P/E 2025 due to its projected extensive capex over the next five years. Our DCF-model target price of $4.3/GDR implies an upside of 2% from the current level. However, the main risk for shareholders lies beyond DCF and WACC, hence we initiate coverage with a **SELL** rating.

Report date:	**21 November 2024**
Current price, $	4.2
Upside/downside, %	2
MktCap, $mn	773.9
Free float, %	41.50
Ticker	GLTR

Summary valuation and financials

	2023	2024E	2025E	2026E
Net revenue	87,388	90,068	85,650	82,511
Adj. EBITDA	52,289	51,018	42,690	35,755
Net income	38,620	34,531	30,685	22,809
Net debt	(27,400)	(38,731)	(66,190)	(72,088)
EPS, ₽	217	194	172	128
EV/Sales, x	0.40	0.39	0.41	0.43
EV/EBITDA, x	0.68	0.69	0.83	0.99
P/E, x	2.2	2.5	2.8	3.8
Net debt/EBITDA, x	(0.5x)	(0.8x)	(1.6x)	(2.0x)
Free cash flow yield, %	35%	44%	16%	7%

Source: Company data, Renaissance Capital estimates

Figure 1: Price performance – 52 weeks

Source: Investing.com

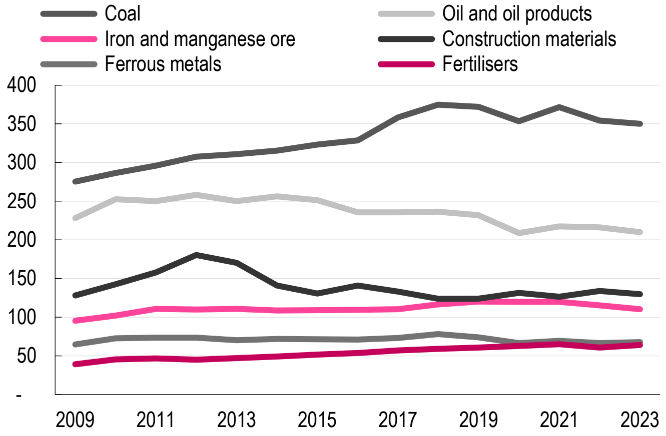
Railways transportation

Sector overview

Russian Railways (RZD) railroad network is the third longest in the world at 87,000 km, only behind the US and China. Loading volumes for the past 15 years have remained stable with approx. 1.2bn tpa in 2023. The average transportation distance gradually increased and in 2023 was about 2,000 km. Average railcar speed, excluding time at intermediate terminals, was near a historic low of 41.2 km/h in 1H24.

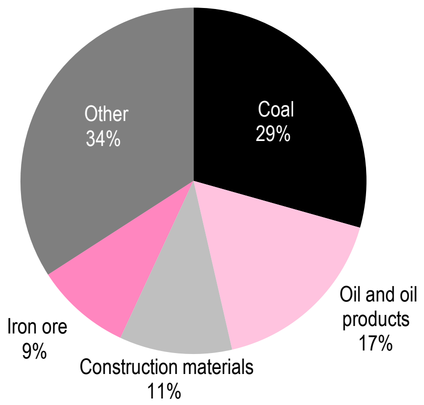
The share of export cargo in total turnover is up to 55%, domestic – 40% and other – import and transit. Key cargo categories include coal (primarily thermal, ~30% of total volume), oil and oil products (~17%), construction materials (~11%), and iron and manganese ore (~9%).

Figure 2: The main types of cargo are coal and crude oil and oil products, mnt



Source: RZD

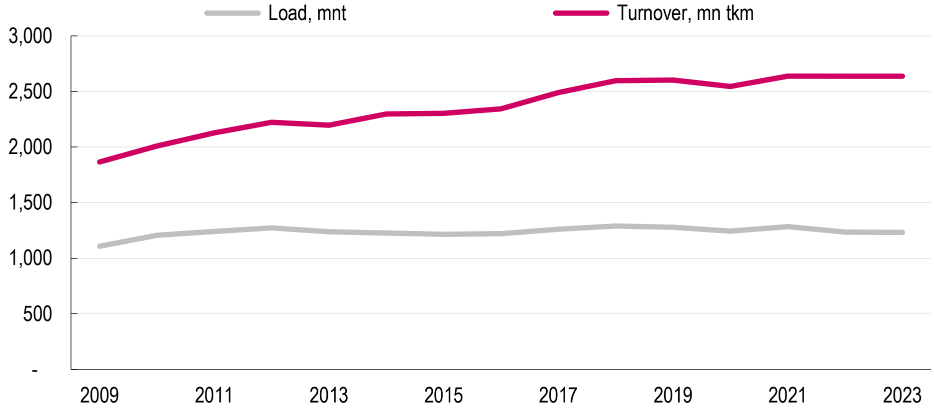
Figure 3: Cargo structure



Source: RZD

The growth of turnover in the past 10 years was caused by a change in the cargo structure: an increase in the volume of coal and a subsequent decrease in construction materials as well as oil and oil products. The reorientation of cargo flows from west to east in 2022-2023 also supported the growth of the average distance of transportation.

Figure 4: Railroads cargo turnover has growing despite stable volumes

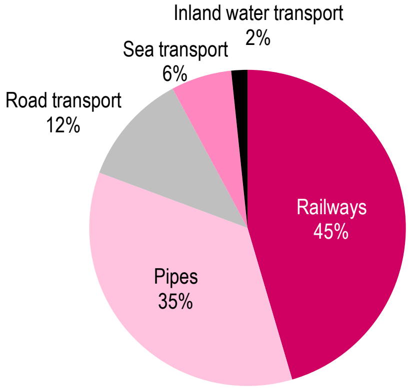


Note: The loading volume differs from the transportation volume by the volumes of imports and transit

Source: RZD

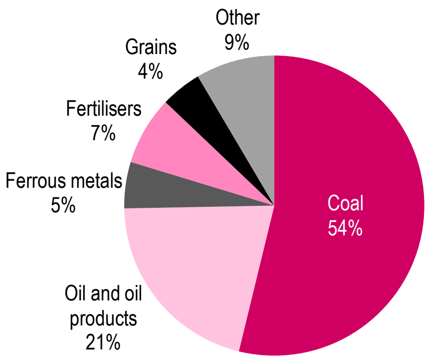
Almost half of exported seaport cargo arrives by rail, equivalent to 1/4 (335mnt in 2023) of the total rail transport volume. In 2023, more than half of coal (180mnt) and about 1/3 of crude oil and oil products (70mnt) loaded on rail were delivered to seaports.

Figure 5: Cargo to ports by types of transport in 2023



Source: Associations of the sea trade ports of Russia

Figure 6: Cargo to ports by railways in 2023



Source: RZD

Infrastructure and regulation

The cost of rail freight transportation is composed of a regulated tariff – fee for locomotive power and infrastructure, and a market component – railcar rent.

Tariffs for railways and locomotives are regulated by the Federal Antimonopoly Service (FAS). These tariffs are systematically adjusted by the government based on inflation (average of two previous and forecast of two following years) minus 0.1 ppt. However, such principle did not apply for the years 2022-2025. Due to the introduction and changes in surcharges, the actual price increase can significantly exceed the inflation adjustment level.

Monopoly tariffs are classified into three categories based on the type of goods:

- First tariff class: commodity cargo with transportation cost component in the final price exceeding 15% (coal, crushed stone, iron ore, etc.), which are transported at a reduced tariff (less than the cost of infrastructure services). The discount to the second tariff class price for some products can exceed 40%.
- Second tariff class: cargo with transportation cost component in the final price of 8-15% (oil and oil products, grain, fertilisers, etc.), which are transported at a tariff that is equal to the cost of infrastructure services. This class also includes containers.
- Third tariff class: cargo with the transportation cost component in the final price less than 8% (a wide range of metallurgical products, non-ferrous metals, equipment, etc.), which are transported at a higher tariff to compensate for the cost of the first tariff class goods transportation. The premium to the price of the second tariff class for some cargo can exceed 70%.

Under the impact of sanctions, changes in logistics routes have led to increased pressure on infrastructure and resulted in the formation of bottlenecks. Consequently, average railcar turnover reached a 15-year high of 18.8 days in 2023, and wagon rates increased significantly.

Trump's presidential victory raises the hypothetical question of sanction easing, which in turn would lead to the recovery of previous logistical routes. Reduced load on the Eastern polygon and shorter transportation distance for some types of cargo (e.g. distance from Ural metallurgical plants to Black Sea and Baltic ports – 2,000-2,500 km vs 7,000-8,000 km to Far Eastern ports) should lead to a substantial drop in demand for wagons. Recovery of railcar turnover could cause a surplus of capacity on the market and, consequently, a drop in railcar rates. Recently, Head of RZD Oleg Belozerov estimated a surplus of 220,000 wagons (16% of the total working fleet).

RZD's growth projects

The Eastern Polygon

Upon completion of phase II of the Eastern Polygon modernisation, throughput capacity should increase from 173mnt in 2023 to 180mnt in 2024. The next phase implies growth to 210mnt by 2030 and 270mnt by 2032. The government and RZD estimate that phase II will require an investment of ₽340bn in 2024 and phase III – ₽3.7trn by 2035.

Routes to the ports of the Azov-Black Sea basin

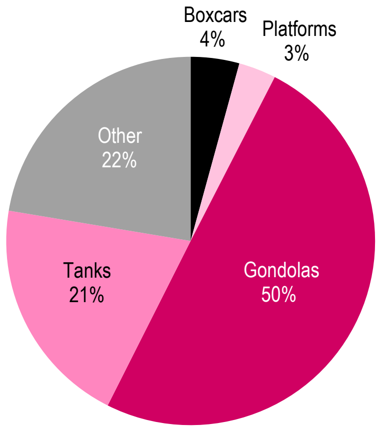
RZD plans to increase the capacity of railways towards Azov-Black Sea basin ports from 125mnt in 2023 to 131mnt in 2025. By 2030, the capacity is targeted to reach 152mnt. The total investment is estimated at ₽670bn.

Railcar market

As of September 2024, the total operating fleet on the RZD network was approximately 1.2mn railcars, including 600,000 gondolas and 250,000 tank cars. The average age of freight wagons at the June of 2024 was 12.8 years.

The railcar operator market is highly competitive, with no single player controlling more than 15% of the market by fleet size. The largest operators are the Federal Freight Company (c. 133,500 wagons; controlled by RZD) and the First Freight Company (c.100,000 wagons; controlled by Aurora Invest).

Figure 7: Around half of the railcars were gondolas in September 2024



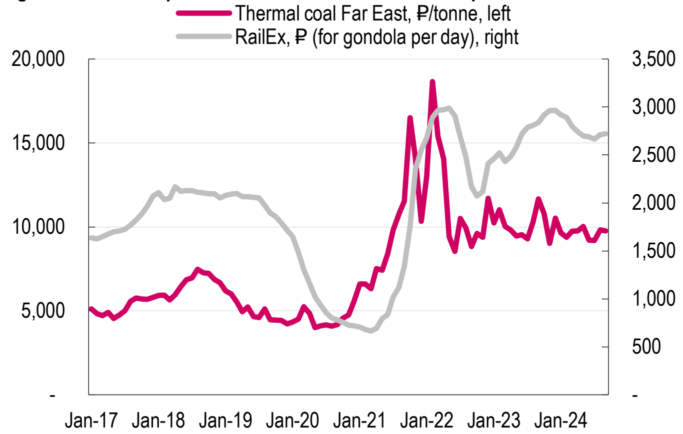
Source: RZD

Gondola market

More than half of all cargo transported by rail is carried in gondolas. The regular transportation distance is 1,700-2,300 km. The most efficient operators can maintain an empty run ratio close to 40-45%. The largest players in this market are Federal Freight Company and First Freight Company.

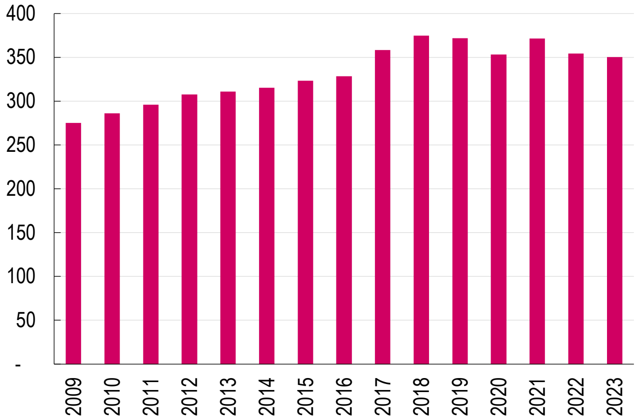
Coal is the main cargo, accounting for more than 50% of the total volume. So, there is some correlation between coal prices and gondola rates. However, the main driver in gondola rates is the volume of transported coal.

Figure 8: Gondola spot rate correlates with thermal coal price



Source: Railcommerce, Metals & Mining Intelligence

Figure 9: Coal transported volumes



Source: RZD

For example, while coal prices have nearly halved since their peak in 2023 and transportation volumes decreased by 6.2% YoY in 10M24, the gondola rates only declined by 6.3% from Dec-23 peaks.

Lower coal prices have a direct impact across the industry: decreasing the margins of Russian coal producers, lowering gondola rates and port transshipment fees. However, if coal prices fall below the cost of production, the government could adjust the tariffs and duties to support the industry.

The decline in the transportation volumes of metals (10.2% less YoY in 10M24) and construction materials (13.9% less YoY) partly due to the growth slowdown in the construction sector put additional pressure on gondola rates.

Rail tank market

The rail tank transportation market (mainly oil products) is the second largest in terms of volume: about 17% of all cargo. The typical distance of transportation is about 800-1,200 km and the empty run ratio is close to 100%. The largest players in the market are Transoil (c. 54,000 wagons; controlled by Gennady Timchenko), Neftetransservice (c. 36,000 rail tanks; controlled by SUEK) and RailGo (c. 24,000 rail tanks; controlled by Rakhman Khalilov).

Unlike the gondola segment, this market is characterised by considerably lower rental rate volatility due to higher prevalence of medium- and long-term transporting contracts.

Figure 10: Oil and oil products transported volumes

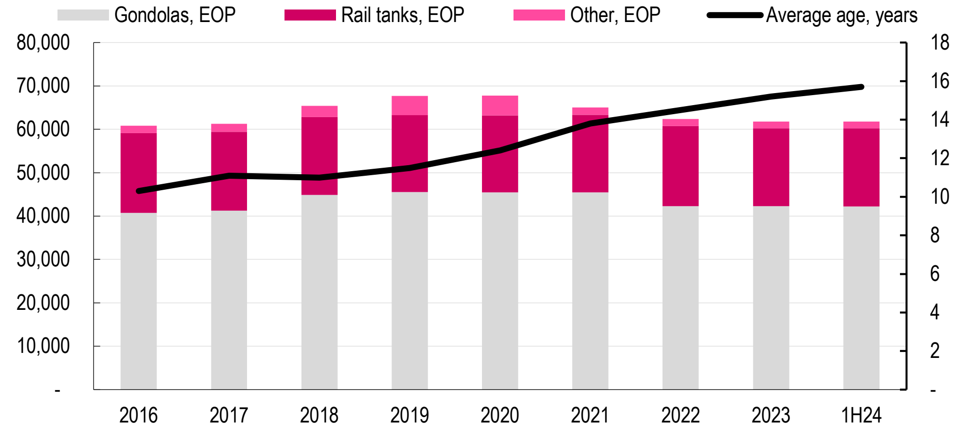
Source: RZD

Globaltrans

Business overview

Globaltrans is among the top 10 largest freight rail transportation companies by fleet size. The company's rail fleet is older than the Russian average and includes 62,000 railcars: 42,000 gondolas (the average age 15.4 years) and 18,000 rail tanks (18.6 years).

Figure 11: Globaltrans - ageing fleet

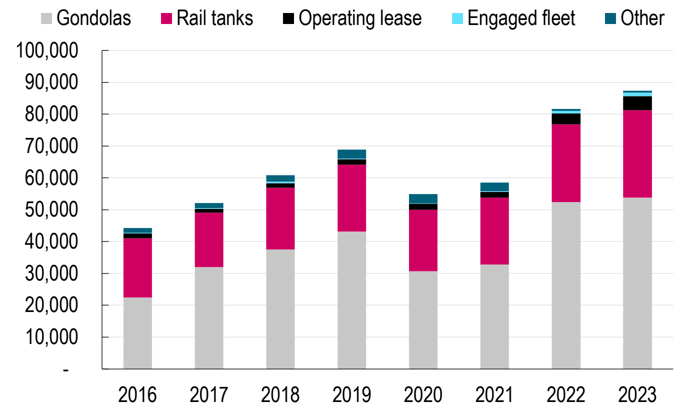


Source: Company data

The company accounted for 6% of Russian turnover in 2023. Globaltrans transported 73.5mnt cargo: 55.4mnt in gondolas (mostly metals and coal) and the rest in rail tanks. Around 62% of revenue came from the gondola segment and 31% - rail tank segment.

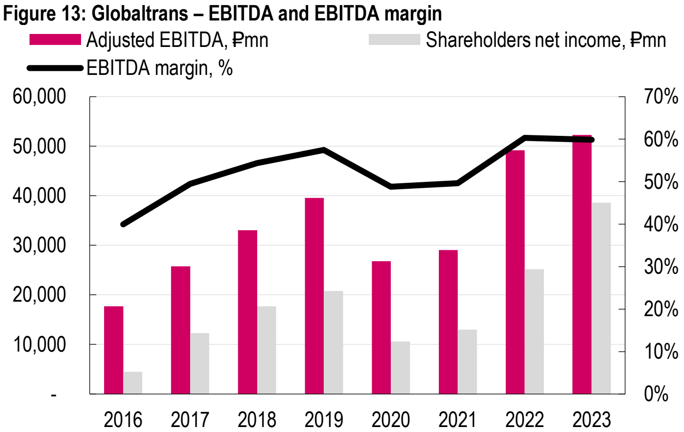
Close to 60% of Globaltrans revenue derives from medium- and long-term contracts which smooths out the effect of changes in spot rates.

Figure 12: Globaltrans – net revenue, ₽mn



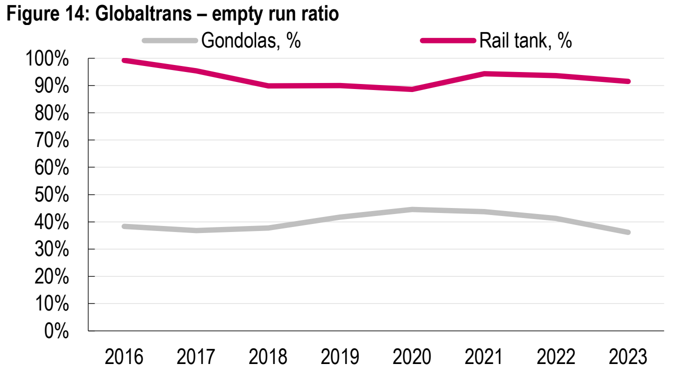
Source: Company data

Figure 13: Globaltrans – EBITDA and EBITDA margin



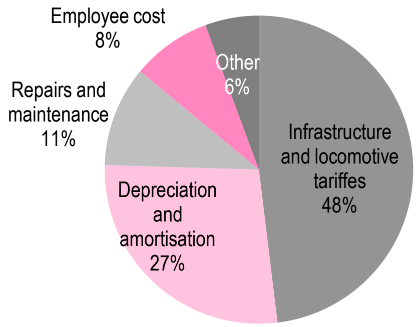
Source: Company data

Figure 14: Globaltrans – empty run ratio



Source: Company data

Figure 15: Globaltrans – cost of goods sold structure in 2023



Source: Company data

Business development

Between 2025 and 2029, the company will have to write off about 30% of its aging fleet (40% of its gondola fleet). If market conditions (prices for new railcars, railcar rates and loan rates) do not improve significantly, the management will face a difficult choice: to reduce the business or invest in the purchase of fleet with expected low return. According to the company, Globaltrans will try to maintain its business volumes and, consequently, reinvest in the fleet. In our view, the company will partly optimise capex by purchasing used railcars and leasing third-party fleets.

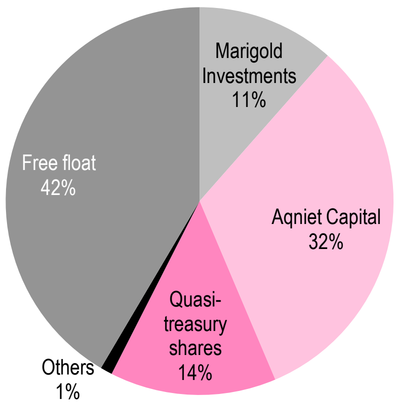
We believe the company's total capex (including maintenance) for the period of 2025-2029 could be around ₽30-33bn annually (up from ₽8bn during 2023-2024).

Shareholder structure

The main shareholder is Aqniet Capital (32.1% stake), controlled by Kazakh businessman Kairat Itemgenov. Free float is equal to 41.5%.

In late 2024, the company announced delisting from MOEX and LSE and got a listing on AIX. Leaving the Russian market, Globaltrans launched on-exchange tender offer and bought back about 14% of its capital (almost all the securities accounted in NSD and SPB Bank) at a price of ₽520/GDR. The offered price was below our fair value, but we recommended to accept the offer due to infrastructural restrictions on potential dividends for Russian holders and delisting from the exchange.

Figure 16: Globaltrans – shareholder structure

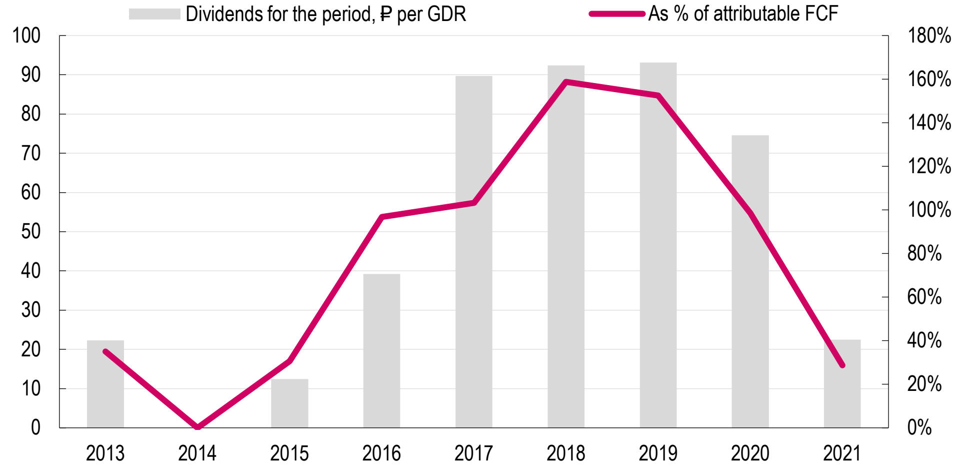


Source: Company data

Dividend policy

Facing financial infrastructural difficulties with dividend distribution, the company suspended payments in 2022 and completely cancelled its dividend policy in 2024. Previously Globaltrans paid more than 100% of FCF or up to 130% of shareholders net income.

Figure 17: Globaltrans – dividend history



Source: Company data, Renaissance Capital estimates

Corporate governance

The company has moved from Cyprus to the UAE, creating a cause for concern for minority shareholders. In our view, the company's current corporate structure creates significant financial infrastructure malfunction risks. Globaltrans' depositary receipts are accounted in Euroclear, and potential US/EU sanctions could lead to the securities freeze. In addition, potential US/EU/UK restrictions in case of tightening of sanction pressure, could also result in a trading termination on AIX and subsequent loss of liquidity.

Current AIX listing mandates at least minimum financial disclosure as a public company. If the listing is terminated, the company will only need to publish the information required by the UAE laws (the volume and quality of such required disclosures raises fair questions).

Another risk factor is the foreign depositary bank (Citi Bank) as the issuer of the GDRs. Given its jurisdiction, it is possible that the depositary could freeze payments to GDR holders and cease to interact with them. It could also prejudice GDR holders voting rights. We have already witnessed this case in September 2024, when Citi Bank did not ensure the participation of GDR holders in the extraordinary shareholders' meeting (EGM).

Finally, after the GDR buyback in NSD and SPB Bank, major shareholders took an effective control over the company. We think that the sale of Russian assets could be considered as a potential option, like we have already seen in the cases of Qiwi, Polymetal and HMS Group. The terms of such possible sale might not reflect the fair value of the Russian assets. Moreover, the cash from the sale might not reach the minority shareholders at all due to abovementioned financial infrastructure risks.

Key thoughts on the outlook

Dividend distribution is in question

Globaltrans has accumulated a substantial net cash position that could reach ₽53bn by the end of this year, creating opportunities for high capital return. Nevertheless, the company noted in its latest press release that it does not see the possibility of resuming regular dividend payments in the foreseeable future.

Challenging market conditions

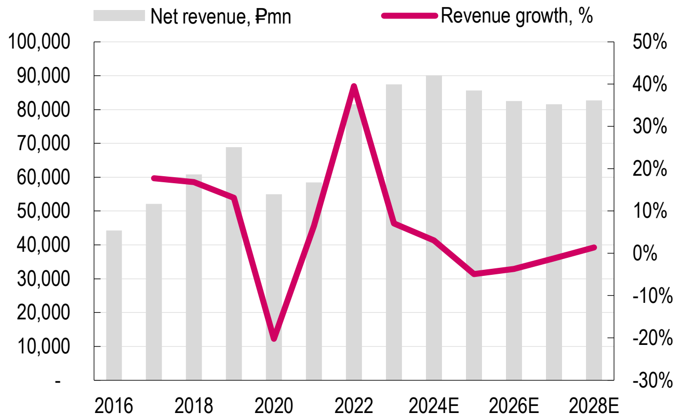
Lower coal export volumes put pressure on gondola rates, which, in our view, will negatively affect Globaltrans' revenue and margins. Due to the high share of medium- and long-term contracts in the revenue, we expect the company's figure to decline slower than spot gondola rates.

We value Globaltrans at $4.3 per GDR

Financial outlook summary

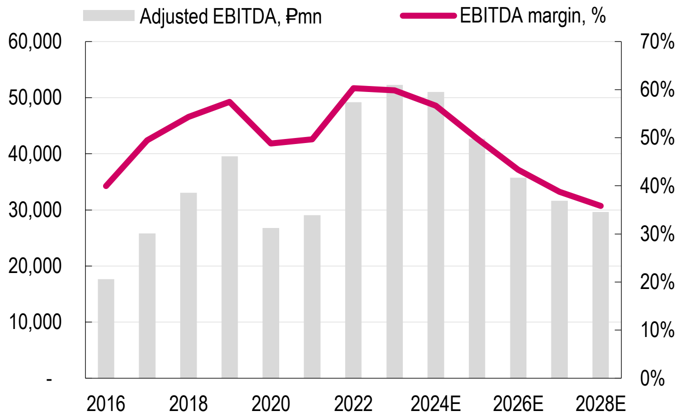
- We assume that the company's revenue will moderately decline over the next 5 years, mainly due to the expected decline in gondola rates.
- We estimate that the adjusted EBITDA margin will decrease to 36% by 2028 (vs 60% in 2023) and stabilise close to this level.

Figure 18: Globaltrans – revenue should decline following freight rates



Source: Renaissance Capital estimates

Figure 19: Globaltrans – EBITDA margin squeeze



Source: Renaissance Capital estimates

We value Globaltrans at $4.3 per GDR

Our DCF model-related fair price of $4.3 per GDR implies 2% upside vs the current levels. However, the main risk for shareholders lies beyond DCF and WACC, hence we initiate coverage with a **SELL** rating.

Figure 20: Globaltrans – assumptions and operating data

	2019	2020	2021	2022	2023	2024E	2025E	2026E
Gondolas, EoP	45,620	45,647	47,775	45,711	45,686	44,546	44,546	44,546
Rail tanks, EoP	19,736	20,417	19,587	18,796	18,384	18,384	18,234	18,084

Source: Renaissance Capital estimates

Figure 21: Globaltrans – financial summary, ₽mn (unless otherwise stated)

	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Net revenue	**58,492**	**81,610**	**87,388**	**90,068**	**85,650**	**82,511**	**81,547**	**82,705**
Growth, %				3%	-5%	-4%	-1%	1%
-Gondola revenue	32,831	52,381	53,804	54,410	49,590	46,046	44,352	44,750
-Rail tank revenue	20,942	24,409	27,397	29,659	30,588	31,121	31,952	32,803
-Other revenue	4,720	4,821	6,187	5,999	5,472	5,344	5,243	5,153
Cost of sales	-33,676	-41,065	-40,539	-44,554	-49,311	-54,402	-58,781	-63,137
Gross profit	24,817	40,545	46,849	45,514	36,339	28,109	22,766	19,568
Margin, %	42%	50%	54%	51%	42%	34%	28%	24%
SG&A	-4,296	-4,908	-5,841	-6,573	-6,641	-6,749	-6,909	-7,133
Depreciation and amortisation	7,771	9,350	11,299	11,769	12,674	14,070	15,446	16,856
Adjusted EBITDA	**29,044**	**49,216**	**52,289**	**51,018**	**42,690**	**35,755**	**31,637**	**29,632**
Margin, %	50%	60%	60%	57%	50%	43%	39%	36%
EBIT	21,627	34,302	44,125	39,041	29,798	21,460	15,958	12,535
Margin, %	37%	42%	50%	43%	35%	26%	20%	15%
Finance income	327	812	2,173	8,889	12,566	11,419	9,238	6,622
Finance cost	-2,507	-2,602	-2,405	-1,889	-1,549	-1,254	-1,184	-1,184
Income before income tax	19,438	33,152	47,087	46,041	40,913	31,679	24,068	18,025
Income tax benefit (expense)	-4,338	-8,232	-8,469	-11,510	-10,228	-8,870	-6,739	-5,047
Effective tax rate, %	22%	25%	18%	25%	25%	28%	28%	28%
Shareholders net income	**12,987**	**25,193**	**38,620**	**34,531**	**30,685**	**22,809**	**17,329**	**12,978**
Margin, %	22%	31%	44%	38%	36%	28%	21%	16%
Capex	-8,439	-11,424	-8,261	-8,380	-28,722	-29,817	-30,920	-32,065
Free cash flow (RenCap formula)	16,457	15,588	29,838	38,058	13,462	5,846	822	-3,427
Free cash flow (Globaltrans formula)	16,131	14,825	25,845	29,169	895	-5,573	-8,416	-10,049
DPS, ₽	22.5	0	0	0	0	0	0	0
Dividend yield to current price, %	5%	0%	0%	0%	0%	0%	0%	0%
Net Debt (excluding lease)	18,464	4,596	-27,400	-38,731	-66,190	-72,088	-72,966	-69,588
Net Debt/EBITDA (excluding lease)	0.6x	0.1x	(0.5x)	(0.8x)	(1.6x)	(2.0x)	(2.3x)	(2.3x)

Source: Renaissance Capital estimates

Figure 22: Globaltrans – DCF model, ₽mn (unless otherwise stated)

DCF model	2026E	2027E	2028E	2029E	2030E	2031E	2032E
EBIT	21,460	15,958	12,535	10,629	10,231	10,015	9,809
Tax rate	25%	25%	25%	25%	25%	25%	25%
NOPAT	16,095	11,968	9,401	7,972	7,673	7,511	7,357
D&A	14,070	15,446	16,856	18,263	19,265	19,936	20,601
CAPEX	(29,819)	(30,920)	(32,067)	(33,253)	(13,470)	(13,898)	(14,337)
Change in NWC	329	191	78	(11)	(61)	(60)	(62)
Lease payments	(2,595)	(2,295)	(2,359)	(2,425)	(2,494)	(2,566)	(2,641)
FCFF	(1,920)	(5,610)	(8,090)	(9,454)	10,913	10,923	10,917
WACC	23.7%						
Terminal growth	4.0%						
Discount factor	0.81	0.65	0.53	0.43	0.35	0.28	0.23
DCF	(1,553)	(3,668)	(4,278)	(4,043)	3,773	3,054	2,469
Sum of DCF	(4,245)						
Terminal value	13,057						
EV	8,811						
Net Debt	(66,190)						
Fair equity value	75,001						
# of shares, mn	178						
TP at 31.12.2025, ₽/shares	421						
$/₽ at 31.12.2025	98						
TP at 31.12.2025, $/shares	4.3						

Source: Renaissance Capital estimates

Sensitivity analysis

Figure 23: Globaltrans – sensitivity of company valuation to WACC and growth rate

		WACC				
		20.5%	22.0%	23.7%	25.0%	26.5%
Terminal growth	2.0%	4.5	4.4	4.2	4.1	4.0
	4.0%	4.6	4.5	4.3	4.2	4.1
	6.0%	4.8	4.6	4.4	4.3	4.1

Source: Renaissance Capital estimates

Renaissance Capital

Renaissance Capital research team

Name	Telephone	Email	Name	Telephone	Email
Macro			**Oil & Gas**		
Oleg Kouzmin	+7 (499) 956-4285	OKouzmin@rencap.ru	Mark Shumilov	+7 (499) 956-4057	MShumilov@rencap.ru
Andrei Melaschenko	+7 (499) 956-4508	AMelaschenko@rencap.com	Dmitry Korolev	+7 (499) 956-4064	DKorolev@rencap.ru
Fixed income			**Transportation**		
Vladimir Vasilenko	+7 (499) 956-4076	VVasilenko@rencap.ru	Nikolay Golotvin	+7 (499) 956-40-49	NGolotvin@rencap.ru
Financials					
Andrei Melaschenko	+7 (499) 956-4508	AMelaschenko@rencap.com			

Investment Research Disclaimer

This material has been prepared in accordance with the laws of the Russian Federation and does not constitute investment research or an analytical report as defined in jurisdictions with relevant regulations, including the countries of the European Economic Area, the United Kingdom, the United States of America, and has not been approved in jurisdictions whose regulations require such approval. This material was prepared by the analysts of Renaissance Broker Limited, reflects their opinion, is not a guarantee of any future performance (profitability of financial investments) and is for information purposes only.

This material is not an offer of any securities or financial instruments, i.e. information addressed to a certain person or a group of persons, aimed at inducing the acquisition of any securities and (or) the conclusion of derivative financial instrument contracts.

This material is not an «Advertisement» as defined in Federal Law No. 38-FZ of 13 March 2006 of the Russian Federation «On Advertisement».

The information presented herein does not comprise a prospectus of securities for the purposes of EU Directive 2003/71/EC or Federal Law No. 39-FZ of 22 April 1994 (as amended) of the Russian Federation «On the Securities Market» (hereinafter "Securities Market Law"). Any decision to purchase securities in any proposed offering should be made solely based on the information to be contained in the final prospectus published in relation to such offering. Renaissance Broker Limited does not provide investment advice or individual investment advice to recipients of this material or to any other person under the Securities Market Law (or applicable rules and regulations, in each case, as amended from time to time) or other documents. No part of this document is a statutory independent valuation in the Russian Federation for the purposes of the Federal Law No. 208-FZ of 26 December 1995 "On Joint Stock Companies", or the Federal Law No. 135-FZ of 29 July 1998 "On Valuation Activities in the Russian Federation", in each case, as amended from time to time.

This material does not form a fiduciary relationship or constitute advice and is not and should not be construed as an offer or a solicitation of an offer of securities or related financial instruments, or an invitation or inducement to engage in investment activity and cannot be relied upon as a representation that any particular transaction necessarily could have been or can be affected at the stated price. Opinions expressed herein may differ or be contrary to opinions expressed by other departments of Renaissance Broker Limited as a result of using different assumptions and criteria. All such information and opinions are subject to change without notice, and neither Renaissance Broker Limited nor any of its affiliates is under any obligation to update or keep current the information contained herein or in any other medium.

Descriptions of any company or issuer or their securities or the markets or developments mentioned herein are not intended to be complete. The information should not be regarded by recipients as a substitute for the exercise of their own judgment as this material has no regard to the specific investment objectives, financial situation, or particular needs of any specific recipient. The application of taxation laws depends on an investor's individual circumstances and, accordingly, each investor should seek independent professional advice on taxation implications before making any investment decision. The information and opinions have been received or arrived as based on the information obtained from sources believed to be reliable and in good faith. Such information has not been independently verified and is provided on an 'as is' basis. No representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness, reliability, or fitness for a particular purpose of such information and opinions, except with respect to information concerning Renaissance Broker Limited and its affiliates. All statements of opinion and all projections, forecasts, or statements relating to expectations regarding future events, or the possible future performance of investments represent Renaissance Brokers Limited's own assessment and interpretation of information available to it currently.

The securities described in this material may not be eligible for sale in all jurisdictions or to certain categories of investors. Past performance does not guarantee future performance. The value of investments may fall as well as rise and the investor may not get back the amount initially invested. Some investments may not be readily realizable due to the illiquidity of the market, or lack of a secondary market for the investor's interest, or applicable regulation. Therefore, valuing the investment and identifying the risk to which the investor is exposed may be difficult to quantify. Investments in illiquid securities involve a high degree of risk and are suitable only for sophisticated investors who can tolerate such risk and do not require an investment easily and quickly converted into cash. Foreign-currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or the price of, or income derived from, the investment. Other risk factors affecting the price, value or income of an investment include but are not necessarily limited to political risks, economic risks, credit risks, and market risks. Investing in emerging markets and emerging markets securities involves a high degree of risk and investors should perform their own due diligence before investing.

Excluding significant beneficial ownership of securities where Renaissance Broker Limited has expressed a commitment to provide continuous analytical coverage in relation to an issuer or an issuer's securities, Renaissance Broker Limited and its affiliates, their directors, representatives, employees, or clients may have or have had interests in the securities of issuers described in this material, or hold long or short positions in any of the securities mentioned in this material, or in other related financial instruments, and may make a purchase and/or sale, or offer to make a purchase and/or sale, of any such securities or other financial instruments from time to time in the open market or otherwise, in each case as principals or as agents.

Where Renaissance Broker Limited has not expressed a commitment to provide continuous analytical coverage in relation to an issuer or an issuer's securities, Renaissance Broker Limited and its affiliates may act or have acted as a market-maker in relation to the securities or other financial instruments mentioned in this material, or in securities underlying or related to such securities. Employees of Renaissance Broker Limited or its affiliates may serve or have served as officers or directors of the relevant companies. Renaissance Broker Limited and its affiliates may or have had a relationship with, may provide or have had provided investment banking, capital markets, advisory, investment management, and/or other financial services to the relevant companies. At the same time, Renaissance Broker Limited has established and maintains information barriers, such as 'Chinese Walls', to control the flow of information among departments and units of Renaissance Broker Limited and its affiliates. Renaissance Broker Limited maintains a conflicts of interest policy designed to prevent exploitation for either corporate or personal benefit and ensure that the different business activities of Renaissance Broker Limited do not constitute or give rise to material damage to client interests.

If this material is sponsored research, this will be specifically stated on the front page. Renaissance Broker Limited receives a fee from the company to produce sponsored research and this document is deemed a marketing communication. It has not been prepared in accordance with the legal requirements designed to promote the independence of investment research, nor is it subject to any legal prohibition on dealing ahead of the dissemination of investment research. Nevertheless, the Firm will treat sponsored research to be in line with the same Renaissance Broker Limited policies as we apply to independent research.

The information contained herein is not intended for distribution to the general public and may not be reproduced, redistributed, or published, in whole or in part, for any purpose without the written permission of Renaissance Broker Limited, and neither Renaissance Broker Limited nor any of its affiliates accepts any liability whatsoever for the actions of third parties in this respect. The information may not be used to create any financial instruments or products or any indices. Neither Renaissance Broker Limited nor its affiliates, nor their directors, representatives, or employees accept any liability for any direct or consequential loss or damage arising from the use of all or any part of the information referred to in this material.

This information does not constitute individual investment advice, and the financial instruments or transactions referred to in this material may not be appropriate for your investment profile. This material should not be construed as investment, tax, legal, accounting, regulatory or other advice.

Other distribution: The distribution of this material in other jurisdictions may be restricted by law and persons into whose possession this material comes should inform themselves about, and observe, any such restriction.

This material is confidential and is intended solely for the use of the intended recipient(s). Any unauthorized use (and links to it), copying, disclosure, storage or distribution of this material is prohibited.

This material is not intended for distribution within the United States and may not be distributed to US persons.

This material is not intended for retail investors outside the Russian Federation.