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Global Ports
Investments PLC

2020
Interim Results

19 August 2020

For immediate release **19 August 2020**

Global Ports Investments PLC

2020 Interim 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 interim condensed consolidated financial information (unaudited) for the six month period ended 30 June 2020.

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.

Certain financial information is derived from the management accounts.

2020 INTERIM RESULTS SUMMARY

- Operational outperformance of the market continues with the first half 2020 Consolidated Marine Container Throughput up 8.4% year-on-year to 774 thousand TEU against 2.4% year-on-year decline in the Russian container market over the same period
- Consolidated Marine Bulk Throughput of 2.2 million tonnes (+11.9% y-o-y)
- Revenue increased by 1.8% to USD 184.4 million (-8.4% like-for-like)[1]
- Adjusted EBITDA of USD 104.9 million (first half 2019: USD 116 million), like-for-like Adjusted EBITDA Margin of 63.9%
- Operating profit growth of 32.0% to USD 78.7 million
- Profit for the period of USD 23.8 million (first half 2019: USD 36.2 million)
- Strong Free Cash Flow of USD 69.4 million
- Further deleverage success with Net Debt down USD 71.2 million and Net Debt to LTM Adjusted EBITDA reduced to 3.1x (-0.2x compared to 31 December 2019).

Albert Likholet, CEO of Global Ports, commented:

"The Group's performance over the first six months of 2020 demonstrates the validity of our strategy that has been implemented over the last two years, focusing on clients, productivity, service standards, enhanced IT solutions, deleveraging, and cost management. As a result, the Group has been able to meet the challenges of the recent volatile environment by being an efficient vertically integrated organisation with sufficient cash reserves, having effectively hedged the majority of its FX exposure.

"Despite all the disruption generated by COVID-19, we not only ensured uninterrupted operations for our clients during global lockdown, thereby, safeguarding jobs for our employees and supporting the Russian economy, we also gained market share in both key basins where we operate. In addition, we delivered financially by generating healthy Free Cash Flow and reduced Net Debt by more than USD 70 million, proving the resilience of our business model.

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[1] As a result of the new terms of certain sales agreement, in 1H 2020 VSC acted as a principal vs as an agent at the beginning of 2019: previously the net result of revenue from transportation services and associated cost was included in the consolidated revenue. Since the middle of 1H 2019 full revenue and associated costs have been recognized in consolidated revenue and transportation expenses accordingly. This Adjusted EBITDA neutral change resulted in additional USD 20.4 million to consolidated revenue (USD 2.2 million in the first half of 2019) and USD 20.4 million (USD 2.2 million in the first half of 2019) to cost of sales in the first half of 2020.

"Although we expect today's volatility and uncertainty to continue into the medium term, we remain convinced that our ongoing focus on our clients' needs and best-in-class service offering combined with the Group's financial prudence create not only resilience to manage such conditions but also puts us on a strong footing for when the market recovers."

Group financial and operational highlights for the six months ended 30 June 2020

Unless otherwise stated, all comparisons below are for the six month period corresponding to the first half of 2020 in comparison to the first half of 2019.

Operational Highlights

- The Russian container market declined by 2.4% in the first half of 2020 to 2.48 million TEU as the 7.5% growth of containerised export was not sufficient to offset the decline of containerised import by 6.6%, due to the global and local macroeconomic impact of COVID-19.

- Outperforming the market in both export and import, the Group's Consolidated Marine Container Throughput increased by 8.4% to 774 thousand TEU with Consolidated Marine Container Throughput of full export containers growth of 25.1% and Consolidated Marine Container Throughput of full import containers decline of 1.1%. As a result, the share of full export containers in the Groups' Consolidated Marine Container Throughput increased from 39% in the first half of 2019 to 45% in the first half of 2020.

- Consolidated Marine Bulk Throughput increased by 12% y-o-y as coal handling at ULCT was in the early ramp-up stage in 1H 2019 resulting in elevated y-o-y growth rates in 1H 2020.

Financial Highlights

- Consolidated revenue increased by 1.8% to USD 184.4 million; excluding the impact of VSC transportation services[2], like-for-like revenue declined by 8.4% driven by a decrease in both Consolidated Container and Non-Container Revenue.

- Like-for-like Revenue per TEU decreased by 10.7% to USD 160.6 as a result of the growing share of full export containers in Group throughput, depreciation of the Russian Rouble against US dollar and additional free storage days provided by the Group to its clients in order to support them on the back of the global and local macroeconomic turmoil following the COVID-19 outbreak.

- Operating profit increased by 32% to USD 78.7 million.

- In response to COVID-19 conditions, cost control measures were implemented to manage and reduce the Group's cost base. Like-for-like Total Operating Cash Costs were successfully and safely reduced by 5.0% to USD 59.8 million despite healthy growth in both container and non-container throughput.

- Adjusted EBITDA decreased by 9.6% to USD 104.9 million as cost control improvements and volume growth could not offset the decline in Revenue per TEU and US dollar equivalent of Russian

[2] As a result of the new terms of certain sales agreement, in 1H 2020 VSC acted as a principal vs as an agent at the beginning of 2019: previously the net result of revenue from transportation services and associated cost was included in the consolidated revenue. Since the middle of 1H2019 full revenue and associated costs have been recognized in consolidated revenue and transportation expenses accordingly. This Adjusted EBITDA neutral change resulted in additional USD 20.4 million to consolidated revenue (USD 2.2 million in the first half of 2019) and USD 20.4 million (USD 2.2 million in the first half of 2019) to cost of sales in the first half of 2020

Rouble nominated bulk handling tariffs due to the depreciation of the Russian Rouble as a result of COVID-19. Profitability maintained with like-for-like Adjusted EBITDA Margin of 63.9%.

- The Group's capital expenditure in the first half of 2020 was USD 11.5 million and was focused on planned maintenance projects, scheduled upgrades of existing container handling equipment and customer service improvement initiatives.

- The Group generated healthy USD 69.4 million of Free Cash Flow demonstrating the resilience of the business model.

- The Group reduced Net Debt by USD 71.2 million over the six month period. The Group continues to prioritise deleveraging over dividend distribution.

- In line with the Group's focus on deleveraging, Net Debt to LTM Adjusted EBITDA decreased from 3.3x as of 31 December 2019 to 3.1x as at the end of the reporting period.

Outlook

Despite the growing resilience of the Russian container market as it continues its journey towards full import-full export balance, in 2Q 2020 we saw a decline in full container import and decelerating growth rates in full export on the back of the global and local macroeconomic turmoil following the COVID-19 outbreak. We expect high volatility and this challenging environment to continue in 2H 20 with ongoing low visibility.

The growth of containerised export, on the back of the decline in containerised import, is having a negative impact on the mix of prices and services provided by the Group. When combined with the depreciation of the Rouble, the Group now expects a high single-digit to low double-digit decline in Revenue per TEU in 2020.

Further information is available in the following Appendices:

- Appendix 1: Results of operations for Global Ports for the six month period ended 30 June 2020;
- Appendix 2: Reconciliation of Additional data (non-IFRS) to the Consolidated Financial Statements;
- Appendix 3: Definitions and Presentation of Information;
- Appendix 4: Investor Presentation.

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 and the Russian Federal State Statistics Service, 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 six month period ended 30 June 2020 for Global Ports are available for viewing and downloading at https://www.globalports.com/en/investors/reports-and-results/.

Analyst and Investor Conference call

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

- Albert Likholet, 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, General Manager of Global Ports Investments PLC.

Date: Wednesday, 19 August 2020

Time: 13.00 UK / 08.00 US (EST) / 15.00 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.[3]

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 (Petrolesport, First Container Terminal, Ust-Luga Container Terminal[4] and Moby Dik[5] in the Russian Baltics, and Vostochnaya Stevedoring Company in the Russian Far East) and two container terminals in Finland[6] (Multi-Link Terminals in Helsinki and Kotka). Global Ports also owns inland container terminal Yanino Logistics Park[7] located in the vicinity of St. Petersburg.

Global Ports' revenue for the first half of 2020 was USD 184.4 million and Adjusted EBITDA was USD 104.9 million. Consolidated Marine Container Throughput was 774 thousand TEU in the first half of 2020.

Global Ports' major shareholders are Delo Group, the largest intermodal container and port operator in Russia[8] (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 operate a terminal network of 74 terminals globally. 20.5% of Global Ports shares are traded in the form of global depositary receipts listed on the Main Market of the London Stock Exchange (LSE ticker: GLPR).

For more information please see: www.globalports.com

LEGAL DISCLAIMER

[3] Company estimates based on 1H 2020 throughput and the information published by the "ASOP".
[4] In which Eurogate currently has a 20% effective ownership interest.
[5] In which CMA Terminals currently has a 25% effective ownership interest.
[6] In each of which CMA Terminals currently has a 25% effective ownership interest.
[7] In which CMA Terminals currently has a 25% effective ownership interest.
[8] According to public available data at www.delo-group.com.

Appendix 1: Results of operations for Global Ports for the six month period ended 30 June 2020

The financial information presented in this appendix is extracted from the Interim condensed consolidated financial information (unaudited) for the six month period ended 30 June 2020. 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 consolidated financial information also released on the date hereof, and not just rely on the summary information set out below.

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

Certain financial information is derived from the management accounts.

Operational 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.

	1H 2020	1H 2019	Change	
			Abs	%
Marine Terminals				
Containerised cargo (thousand TEUs)				
PLP	212.8	168.3	44.5	26.4%
VSC	212.7	196.5	16.2	8.2%
FCT	321.8	320.5	1.4	0.4%
ULCT	26.9	29.2	(2.2)	(7.6%)
Non-containerised cargo				
Ro-ro (thousand units)	9.1	9.9	(0.9)	(8.8%)
Cars (thousand units)	33.7	55.2	(21.6)	(39.0%)
Other bulk cargo (thousand tonnes)	2,197.2	1,963.1	234.1	11.9%
Consolidated Marine Container Throughput	*774.3*	*714.5*	*59.8*	*8.4%*
Consolidated Marine Bulk Throughput	*2,197.2*	*1,963.1*	*234.1*	*11.9%*
Operational statistics of Joint Ventures				
Containerised cargo (thousand TEUs)				
Moby Dik	-	10.8	(10.8)	(100.0%)
Finnish Ports	50.5	56.0	(5.5)	(9.8%)
Inland Terminals				
Yanino				
Containerised cargo (thousand TEUs)	45.7	62.1	(16.5)	(26.5%)
Bulk cargo throughput (thousand tonnes)	142.1	218.3	(76.2)	(34.9%)

The Russian container market declined by 2.4% in the first half of 2020 compared to the first half of 2019, as structural growth of containerised export (year-on-year growth of 7.5%) was not sufficient to offset the decline of containerised import (year-on-year decline of 6.6%) as a result of the global and local macroeconomic impact of the COVID-19 outbreak.

Throughput of full export containers at Russian terminals continued its rapid growth (+7.5% year-on-year), mainly due to increased exports and the wider use of containers in Russia. Full exports have increased by 102% between 2013-2020, showing a long-term trend supported by increased exports and the containerisation of export supply chains.

As a result of this export growth, the gap between full dry container import and full dry container export is rapidly narrowing, thereby shifting the market towards an import-export balance. In the first half of 2020, the ratio between full dry container export and full dry container import in Russia was 89%, while the Big Port of Saint Petersburg has already become export driven: dry full container export exceeded dry container import by 18% in 1H 2020. The growth of full container export combined with the ongoing growth in vessel sizes is driving client preference for large well-equipped and efficient terminals and is removing excess capacity from the market.

In the first half of 2020 the Group continued to outperform the market, with Consolidated Marine Container Throughput up 8.4% year-on-year to 774 thousand TEU against the container market decline of 2.4% year-on-year over the same period of 2019.

As a result of the Group's efforts to increase productivity and customer service standards, the Group outperformed the market in both key basins where its terminals are located. Consolidated Marine Container Throughput of the Group's terminals located in the Baltic Basin increased by 8.4% year-on-year in the second half of 2020 against a market decline of 9.2% in the same region, while Consolidated Marine Container Throughput of the Group's terminal located in the Far Eastern Basin increased by 8.2% year-on-year in the first half of 2020 against a market growth of 6.6%.

The Group also outperformed the market in both full import and full export. Consolidated Marine Container Throughput of full export containers in the first half of 2020 increased by 25.1% year-on-year to 350 thousand TEU and its share in Groups' Consolidated Marine Container Throughput increased to 45% compared to 39% in the first half of 2019. Consolidated Marine Container Throughput of full import containers in the first half of 2020 decreased by 1.1% year-on-year to 293 thousand TEU and its share in the Groups' Consolidated Marine Container Throughput decreased to 38% in the reporting period compared to 41% in the first half of 2019.

Consolidated Marine Bulk Throughput increased by 11.9% year-on-year to 2.2 million tonnes in the first half of 2020 as coal handling at ULCT in the first half of 2019 was in the early ramp-up stage.

Car and high and heavy Ro-Ro handling declined by 39% and 8% respectively year-on-year in the first half of 2020, reflecting the slowdown in Russian consumer demand.

As a result of the market trends mentioned above, Moby Dik no longer meets the market requirements of a modern container terminal, given its absence of a railway access and insufficient vessel handling equipment. Nonetheless, Moby Dik remains a business unit of the Group that offers further opportunities in bulk handling and additional services. Moby Dik handled 118 thousand tonnes of bulk cargo in the first half of 2020 generating growth of 2.1x compared to the first half of 2019.

In 2020, the Group continued its strategic focus on building a strong value proposition for its clients, while maintaining the competitive pricing levels, in order to take advantage of the opportunities offered by the developing market. Even though capacity utilisation continues to increase, competition in the industry remains strong. In addition, the growth of containerised export, on the back of the decline in containerised import, is having a negative impact on the mix of prices and services provided by the Group. When combined with the depreciation of the Rouble and additional free storage days provided to the clients as a measure of their support in the challenging environment, the Group now expects a high single-digit to low double-digit decline in Revenue per TEU in 2020.

Results of operations of Global Ports for the six month period ended 30 June 2020 and 30 June 2019

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 six month period ended 30 June 2020 and 30 June 2019.

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Selected consolidated financial information				
Revenue	184.4	181.2	3.2	1.8%
Cost of sales	(89.9)	(70.8)	(19.2)	27.1%
Gross profit	94.5	110.5	(16.0)	(14.5%)
Administrative, selling and marketing expenses	(15.0)	(19.1)	4.1	(21.4%)
Share of (loss)/profit of joint ventures accounted for using the equity method	(1.4)	2.9	(4.3)	(148.7%)
Other (losses)/gains - net	(0.0)	(34.6)	34.6	(100.0%)
Operating profit	78.7	59.6	19.1	32.0%
Finance income	1.0	1.3	(0.3)	(20.4%)
Finance costs	(36.8)	(39.2)	2.3	(6.0%)
Change in fair value of derivative instruments	16.0	(0.5)	16.4	(3315.9%)
Net foreign exchange gains/(losses) on financial activities	(29.8)	34.5	(64.3)	(186.4%)
Finance income/(costs) - net	(49.7)	(3.9)	(45.8)	1176.9%
Profit before income tax	29.1	55.8	(26.7)	(47.9%)
Income tax expense	(5.2)	(19.5)	14.3	(73.2%)
Profit for the period	23.8	36.2	(12.4)	(34.2%)
Attributable to:				
Owners of the Company	22.9	35.5	(12.6)	(35.6%)
Non-controlling interest	1.0	0.7	0.3	40.3%
Key Non-IFRS financial information				
Like-for-like consolidated revenue	164.1	179.0	(15.0)	(8.4%)
Adjusted EBITDA	104.9	116.0	(11.2)	(9.6%)
Like-for-like Adjusted EBITDA Margin	63.9%	64.8%		
Like-for-like Cash Cost of Sales	(45.7)	(44.8)	(0.9)	2.0%
Like-for-like Total Operating Cash Costs	(59.8)	(63.0)	3.1	(5.0%)
Free Cash Flow	69.4	74.4	(5.0)	(6.7%)

Revenue

The following table sets forth the components of the consolidated revenue for the first half of 2020 and for the first half of 2019.

	1H 20	1H 19	Change	
	USD mln	USD mln	USD mln	%
Consolidated Container Revenue as reported	144.7	130.7	14.0	10.7%
Adjusted for				
VSC transportation services	*20.4*	*2.2*	*18.2*	*826.2%*
Like-for-like Consolidated Container Revenue	**124.4**	**128.5**	**(4.1)**	**(3.2%)**
Consolidated Non-Container Revenue	39.7	50.5	(10.8)	(21.5%)
Consolidated revenue	184.4	181.2	3.2	1.8%
Like-for-like consolidated revenue	**164.1**	**179.0**	**(15.0)**	**(8.4%)**
Like-for-like Revenue per TEU	**160.6**	**179.9**	**(19.2)**	**(10.7%)**

In the first half of 2020 like-for-like consolidated revenue decreased by 8.4% to USD 164.1 million from USD 179.0 million in the first half of 2019 driven by the decline in both revenue from container operations and other revenue.

Like-for-like Consolidated Container Revenue decreased by 3.2%, or USD 4.1 million, to USD 124.4 million. This change was driven by an increase in Consolidated Marine Container Throughput of 8.4% which was partially offset by a 10.7% decrease in like-for-like consolidated Revenue per TEU. Decline in like-for-like consolidated Revenue per TEU was driven by a change in cargo and service mix (primary through growth of full export containers and decline in full import containers) as well as the depreciation of the Russian Rouble and measures taken by the Group in order to support our clients (additional free storage days for export containers were provided) during the macro turmoil caused by COVID-19.

Consolidated Non-Container Revenue decreased by 21.5%, or USD 10.8 million, to USD 39.7 million, as growth in throughput was offset by discounts given by the Group to its clients in the second half of 2019 and the first half of 2020 in response to the decline of coal prices in the global market as well as the depreciation of Russian Rouble.

As a result of new terms agreed on certain sales agreement, in 1H 2020 VSC acted as a principal vs as an agent at the beginning of 2019: previously therefore the net result of revenue from transportation services and associated cost was included in the consolidated revenue. Since the middle of the first half of 2019 full revenue and associated cost have been recognised in consolidated revenue and transportation expenses accordingly. This Adjusted EBITDA neutral change resulted in an additional USD 20.4 million attributed to consolidated revenue (USD 2.2 million in the first half of 2019) and USD 20.4 million (USD 2.2 million in the first half of 2019) to cost of sales in the first half of 2020.

Cost of sales

The following table sets out a breakdown by expenses of the cost of sales for the first half of 2020 and the first half of 2019:

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Depreciation of property, plant and equipment	17.4	17.3	0.1	0.7%
Amortisation of intangible assets	0.3	0.5	(0.2)	(37.9%)
Depreciation of right-of-use assets	6.1	6.0	0.2	2.8%
Staff costs	23.6	22.6	1.0	4.5%
Transportation expenses	23.0	4.0	19.0	471.5%
- including VSC rail transportation costs	*20.4*	*2.2*	*18.2*	*826.2%*
Fuel, electricity and gas	4.5	4.9	(0.4)	(8.1%)
Repair and maintenance of property, plant and equipment	2.2	2.0	0.2	8.6%
Purchased services	7.7	7.5	0.3	3.4%
Taxes other than on income	1.2	1.3	(0.0)	(2.3%)
Other operating expenses	3.7	4.7	(0.9)	(19.9%)
Total cost of sales	**89.9**	**70.8**	**19.2**	**27.1%**
Cash Cost of Sales	**66.1**	**47.0**	**19.1**	**40.6%**
Like-for-like Cash Cost of Sales	**45.7**	**44.8**	**0.9**	**2.0%**

Cost of sales increased by USD 19.2 million, or 27.1%, from USD 70.8 million in the first half of 2019 to USD 89.9 million in the first half 2020. The change was primarily driven by growth in transportation expenses at VSC, certain cost items related to the growth of coal handling at ULCT and growth in throughput and inflation.

The growth in transportation expenses from USD 4.0 million to USD 23.0 million in the first half of 2020 or USD 18.2 million was driven by new terms of certain agreements that changed the recognition of revenue and costs generated by VSC from railway services for clients as described above.
Like-for-like Cash Cost of Sales increased by USD 0.9 million, or 2.0%, from USD 44.8 million in the first half of 2019 to USD 45.7 million in the first half of 2020. This growth was mainly driven by the inflation and growth in container and bulk throughput.

Gross profit

Gross profit decreased by USD 16.0 million, or 14.5%, from USD 110.5 million in the first half of 2019 to USD 94.5 million in the first half of 2020. This decrease 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 4.1 million, or 21.4%, from USD 19.1 million in the first half of 2019 to USD 15.0 million in the first half of 2020. This was primarily due to a decrease of USD 2.7 million, or 20.2%, in staff costs as a result of measures to increase efficiency and the depreciation of the Russian Rouble as well as a 30.0%, or USD 0.7 million, decrease of in legal, consulting and other professional services.

The following table sets out a breakdown by expenses of the cost of sales, selling and administrative expenses for the first half of 2020 and the first half of 2019:

	1H 2020	**1H 2019**	**Change**	
	USD mln	**USD mln**	**USD mln**	**%**
Depreciation of property, plant and equipment	18.2	18.1	0.1	0.4%
Amortisation of intangible assets	0.4	0.6	(0.2)	(34.5%)
Depreciation of right-of-use assets	6.1	6.0	0.2	2.8%
Staff costs	34.3	36.0	(1.7)	(4.7%)
Transportation expenses	23.0	4.0	19.0	471.3%
- including VSC rail transportation costs	*20.4*	*2.2*	*18.2*	*826.2%*
Fuel, electricity and gas	4.6	5.0	(0.4)	(8.6%)
Repair and maintenance of property, plant and equipment	2.2	2.1	0.1	4.9%
Purchased services	7.7	7.5	0.3	3.4%
Taxes other than on income	1.3	1.6	(0.3)	(17.0%)
Legal, consulting and other professional services	1.5	2.2	(0.7)	(30.0%)
Expense relating to short-term leases and/or leases of low-value assets	0.3	0.3	(0.0)	(8.1%)
Other expenses	5.2	6.4	(1.2)	(19.2%)
Total cost of sales, selling and administrative expenses	**104.9**	**89.9**	**15.1**	**16.8%**
Total Operating Cash Costs	**80.2**	**65.2**	**15.0**	**23.1%**
Like-for-like Total Operating Cash Costs	**59.8**	**63.0**	**(3.1)**	**(5.0%)**

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA in the first half of 2020 decreased by 9.6% or USD 11.2 million to USD 104.9 million from USD 116 million in the first half of 2019. Like-for-like Adjusted EBITDA Margin was 63.9%, broadly the same as in the first half 2019 (64.8%).

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

The Group's share of profit/(loss) from joint ventures changed from a profit of USD 2.9 million in the first half of 2019 to a loss of USD 1.4 million in the first half of 2020.

The share of profit from MLT changed from a profit of USD 1.7 million in the first half of 2019 to a loss of USD 1.0 million. This result was primarily driven by the decline of container throughput of Moby Dik due to the reasons described above.

The change in the share of result from CD Holding, from a profit of USD 1.2 million in the first half of 2019 to a loss of USD 0.4 million, was mainly driven by the appreciation of the Russian Rouble against the US Dollar in the first half of 2019 that resulted in a revaluation of the US Dollar nominated borrowings of YLP. Whereas in the first half of 2020 YLP had most of its borrowings denominated in RUB.

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
MLT	(1.0)	1.7	(2.7)	(156.9%)
CD Holding	(0.4)	1.2	(1.6)	(136.5%)
Total share of profit/(loss) of joint ventures	**(1.4)**	**2.9**	**(4.3)**	**(148.7%)**

Other gains/(losses)—net

Other gains/(losses) changed from a net loss of USD 34.6 million in the first half of 2019 to a net loss of USD 14 thousand in the first half of 2020.

As a result of the disposal of VEOS in the first half of 2019, a USD 50 thousand loss is reflected within 'other gains/(losses) – net' in the corresponding period. In addition, USD 33.5 million loss was recycled to 'other gains/(losses) – net' from the currency translation reserve. This is the amount related to VEOS that was previously recognised in other comprehensive income and accumulated in the equity.

Operating profit/(loss)

The Group's operating profit increased from USD 59.6 million in the first half of 2019 to USD 78.7 million in the first half of 2020 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 3.9 million in the first half of 2019 to a cost of USD 49.7 million in the first half of 2020. This move was primarily due to a foreign exchange loss from financing activities of USD 29.8 million in the first half of 2020 compared to a profit of USD 34.5 million in the first half of 2019. This was a result of the depreciation of the Russian Rouble,[9] which in turn changed from a gain to a loss on the revaluation of US dollar-denominated borrowings in the Group's Russian subsidiaries. This was partially offset by a change of the result of the fair value of derivative instruments[10] from a loss of USD 0.5 million in the first half of 2019 to a profit of USD 16.0 million in the first half of 2020.

Profit/(loss) before income tax

Profit before income tax decreased to USD 29.1 million in the first half of 2020 from USD 55.8 million in the first half of 2019. This change is due to the factors described above under Operating profit/(loss) and Finance income/(costs)—net.

Income tax expense

In the first half of 2020 income tax expense was USD 5.2 million compared to USD 19.5 million in the first half of 2019. In the reporting period the effective tax rate was close to the normally applicable Russian statutory tax rate of 20%.

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[9] During the first half of 2020 the exchange rate of US Dollar increased from 61.91 RUB as of 31 December 2019 to 69.95 RUB as of 30 June 2020 that represents the strengthening of US Dollar against Russian Rouble by 13.0%.

[10] In 2019 the Group entered into several RUB/USD currency forward contracts to acquire USD dollars in the period 2019-2022 in order to hedge part of foreign exchange risks associated with its USD denominated non-convertible unsecured bonds. The Group also bought several options to buy USD 87 million in 2022 in the range RUB 80-100 per US dollar.

Profit/(loss) for the period

The company reported a profit of USD 23.8 million in the first half of 2020, a decrease of USD 12.4 million or 34.2% compared to the profit for the period of USD 36.2 million in the first half of 2019 due to the factors described above.

Liquidity and capital resources

General

As of 30 June 2020, the Group had USD 149.6 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 the first half of 2020 the Group's liquidity needs were met primarily by cash flows generated from its operational activities. The Group expects to fund its liquidity requirements in both the short and medium term with cash generated from operational activities and borrowings.

As a result of the shareholding or joint venture agreements of Moby Dik, the Finnish Ports and Yanino, the cash generated from the operational 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 30 June 2020, the Group had USD 825.5 million of total borrowings (including lease liabilities), of which USD 234.0 million comprised current borrowings and USD 591.5 million comprised non-current borrowings.

As of 30 June 2020, the Group had no material undrawn signed borrowing facilities, but the Group has open bank credit limits in the amount of up to USD 190 million as well as proposal for bridge credit facilities from banks in the amount up to RUB 15 billion (or USD 214 million at exchange rate on 30 June 2020). See also "*Capital resources*".

Cash flow

The following table sets out the principal components of the Group's consolidated cash flow statement for the first half of 2020 and the first half of 2019:

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Net cash from operating activities	**81.0**	**80.1**	**0.9**	**1.1%**
Cash generated from operations	83.6	98.1	(14.5)	(14.8%)
Tax paid	(2.7)	(18.0)	15.4	(85.2%)
Net cash from operating activities before dividends received from joint ventures and adjusted for income tax	81.0	80.1	0.9	1.1%
Net cash from/(used in) investing activities	**(11.1)**	**7.0**	**(18.1)**	**(258.2%)**
Purchases of intangible assets	(0.3)	(0.2)	(0.2)	106.4%
Purchases of property, plant and equipment	(11.5)	(5.7)	(5.9)	103.7%
Proceeds from sale of property, plant and equipment	0.3	0.2	0.1	43.3%
Disposal of asset held for sale	-	11.8	(11.8)	(100.0%)
Interest received	0.5	0.8	(0.3)	(39.0%)
Net cash used in financing activities	**(43.3)**	**(40.4)**	**(2.9)**	**7.1%**
Repayments of borrowings	(11.0)	(2.1)	(8.9)	425.8%
Proceeds from borrowings	4.5	0.1	4.4	8802.0%
Interest paid on borrowings	(33.7)	(36.0)	2.2	(6.2%)
Interest paid on leases	(2.1)	(2.0)	(0.0)	1.6%
Proceeds from derivative financial instruments	(0.2)	-	(0.2)	(680.6%)
Repayments of leases	(0.7)	(0.4)	(0.3)	70.9%
Free cash flow (Net cash from operating activities - Purchase of PPE)	**69.4**	**74.4**	**(5.0)**	**(6.7%)**
Net increase/(decrease) in cash and cash equivalents	26.5	46.7	(20.1)	(43.1%)
Cash and cash equivalents at the beginning of the period	124.4	91.6	32.7	35.7%
Exchange gains/(losses) on cash and cash equivalents	(1.3)	1.1	(2.3)	(216.1%)
Cash and cash equivalents at the end of the period	**149.6**	**139.4**	**10.3**	**7.4%**

Net cash from operating activities

Net cash from operating activities increased by USD 0.9 million, or 1.1%, from USD 80.1 million in the first half of 2019 to USD 81.0 million the first half of 2020. Growth in net cash from operating activities was primarily due to decrease in tax paid by USD 15.4 million, or 85.2%, partially offset by USD 14.5 million, or 14.8%, decrease in cash generated from operations due to the financial result from operations as described above.

Net cash from/(used in) investing activities

Net cash from/(used in) investing activities changed from a cash inflow of USD 7.0 million in the first half of 2019 to a cash outflow of USD 11.1 million in the first half of 2020. This change was primarily driven by proceeds from the sale of VEOS in the amount of USD 11.8 million in April 2019 being reflected as a disposal of asset held for sale for the first half of 2019. The change in net cash used in investing activities was also driven by an increase in purchases of property, plant and equipment from USD 5.7 million in the first half of 2019 to USD 11.5 million in the first half on 2020 due to the increased investment into upgrade of equipment in order to improve productivity and level of service of the Group's terminals.

Net cash used in financing activities

Net cash used in financing activities increased by USD 2.9 million, or 7.1%, from USD 40.4 million in the first half of 2019 to USD 43.3 million in the first half of 2020 due to the growth in the repayment of borrowings by USD 8.9 million following the purchase of its own Eurobonds in the amount of USD 10.0 million in the first half of 2020.

In 2019, the Group already bought back some of its own Eurobonds. The Group has no current intention for such Eurobonds held by the Group to be reissued, resold or cancelled.

Capital resources

The Group's financial indebtedness consists of bank borrowings, bonds and lease liabilities and amounted to USD 825.5 million as at 30 June 2020. 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 Group is in full compliance with covenants in the reporting period.

The Weighted Average Effective Interest Rate of the Group's debt portfolio is 6.6% for USD nominated borrowings and 12.4% for Russian Rouble nominated borrowings.

As 30 June 2020, the Group had leverage of Net debt to LTM Adjusted EBITDA ratio of 3.1x (compared to a ratio of 3.3x as at 31 December 2019).

The following table sets out the maturity profile of the Group's total borrowings (including lease liabilities) as of 30 June 2020.

	USD mln
2H 2020	84.3
2021	150.6
2022	200.2
2023	302.3
2024 and after	88.1
Total	**825.5**

As of 30 June 2020, the carrying amounts of the Group's borrowings (including lease liabilities) were denominated in the following currencies:

	USD mln
Russian Rouble	318.2
US Dollar	507.3
Total	**825.5**

During the 12 month period ended 31 December 2019 the Group entered into several RUB/USD currency forward contracts to acquire USD dollars in the period 2019-2022 in order to hedge part of foreign exchange risk associated with its USD denominated non-convertible unsecured bonds (which have been provided as loans to the Russian operating subsidiaries).

The Group bought several options to buy USD 87 million in 2022 in the range RUB 80-100 per US dollar.

As of 30 June 2020, there are outstanding forward contracts to acquire USD 126.2 million and USD 87 million covered by option contracts.

Appendix 2: Reconciliation of Additional data (non-IFRS) to the consolidated financial information for the six month period ended 30 June 2020

Reconciliation of Adjusted EBITDA to profit for the period

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Profit for the year	23.8	36.2	(12.4)	(34.2%)
Adjusted for				
Income tax expense	5.2	19.5	(14.3)	(73.2%)
Finance costs—net	49.7	3.9	45.8	1176.9%
Depreciation of property, plant and equipment	18.2	18.1	0.1	0.4%
Depreciation of right-of-use assets	6.1	6.0	0.2	2.8%
Amortisation of intangible assets	0.4	0.6	(0.2)	(34.5%)
Other (gains)/losses—net	0.0	34.6	(34.6)	(100.0%)
Share of(profit)/loss of joint ventures accounted for using the equity method	1.4	(2.9)	4.3	(148.7%)
Adjusted EBITDA	**104.9**	**116.0**	**(11.2)**	**(9.6%)**

Reconciliation of Adjusted EBITDA Margin

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Revenue	184.4	181.2	3.2	1.8%
Adjusted EBITDA	104.9	116.0	(11.2)	(9.6%)
Adjusted EBITDA Margin	**56.9%**	**64.0%**		

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

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Cost of sales	89.9	70.8	19.2	27.1%
Administrative, selling and marketing expenses	15.0	19.1	(4.1)	(21.4%)
Total	104.9	89.9	15.1	16.8%
Adjusted for				
Depreciation of property, plant and equipment	(18.2)	(18.1)	(0.1)	0.4%
Depreciation of right-of-use assets	(6.1)	(6.0)	(0.2)	2.8%
Amortisation of intangible assets	(0.4)	(0.6)	0.2	(34.5%)
Total Operating Cash Costs	**80.2**	**65.2**	**15.0**	**23.1%**

Reconciliation of Cash Cost of Sales to cost of sales

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Cost of sales	89.9	70.8	19.2	27.1%
Adjusted for				
Depreciation of property, plant and equipment	(17.4)	(17.3)	(0.1)	0.7%
Depreciation of right-of-use assets	(6.1)	(6.0)	(0.2)	2.8%
Amortisation of intangible assets	(0.3)	(0.5)	0.2	(37.9%)
Cash Cost of Sales	**66.1**	**47.0**	**19.1**	**40.6%**

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

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Administrative, selling and marketing expenses	15.0	19.1	(4.1)	(21.4%)
Adjusted for				
Depreciation of property, plant and equipment	(0.8)	(0.8)	0.0	(5.7%)
Amortisation of intangible assets	(0.07)	(0.09)	0.01	(14.0%)
Cash Administrative, Selling and Marketing Expenses	**14.1**	**18.2**	**(4.0)**	**(22.2%)**

Reconciliation of Net Debt and Total Debt to borrowings and lease liabilities

	As at 30.06.2020	As at 31.12.2019	Change	
	USD mln	USD mln	USD mln	%
Non-current Borrowings	562.0	738.1	(176.1)	(23.9%)
Current Borrowings	232.6	99.1	133.5	134.7%
Non-current Lease liabilities	29.5	33.0	(3.5)	(10.6%)
Current Lease liabilities	1.4	1.2	0.2	18.0%
Total Debt	**825.5**	**871.4**	**(45.9)**	**(5.3%)**
Adjusted for				
Cash and cash equivalents	(149.6)	(124.4)	(25.3)	20.3%
Net Debt	**675.9**	**747.0**	**(71.2)**	**(9.5%)**

Reconciliation of Free Cash Flow to net cash from operating activities

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Net cash from operating activities	81.0	80.1	0.9	1.1%
Adjusted for				
Purchases of property, plant and equipment	(11.5)	(5.7)	(5.9)	103.7%
Free Cash Flow	**69.4**	**74.4**	**(5.0)**	**(6.7%)**

Reconciliation of LTM Adjusted EBITDA

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Adjusted EBITDA	104.9	116.0	(11.2)	(9.6%)
Adjusted EBITDA for the second half of the previous year	110.9	108.6	2.3	2.2%
LTM Adjusted EBITDA	**215.8**	**224.6**	**(8.8)**	**(3.9%)**

Reconciliation of like-for-like revenue to consolidated revenue

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Consolidated revenue	184.4	181.2	3.2	1.8%
Adjusted for				
VSC rail transportation costs	20.4	2.2	18.2	826.2%
Like-for-like consolidated revenue	**164.1**	**179.0**	**(15.0)**	**(8.4%)**

Reconciliation of like-for-like Consolidated Container Revenue to Consolidated Container Revenue

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Consolidated Container Revenue	144.7	130.7	14.0	10.7%
Adjusted for				
VSC rail transportation costs	20.4	2.2	18.2	826.2%
Like-for-like Consolidated Container Revenue	**124.4**	**128.5**	**(4.1)**	**(3.2%)**

Reconciliation of like-for-like Total Operating Cash Costs to Total Operating Cash Costs

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Total Operating Cash Costs	80.2	65.2	15.0	23.1%
Adjusted for				
VSC rail transportation costs	20.4	2.2	18.2	826.2%
Like-for-like Total Operating Cash Costs	**59.8**	**63.0**	**(3.1)**	**(5.0%)**

Reconciliation of like-for-like EBITDA Margin

	1H 2020	1H 2019	Change	
	USD mln	USD mln	USD mln	%
Like-for-like revenue	164.1	179.0	(15.0)	(8.4%)
Adjusted EBITDA	104.9	116.0	(11.2)	(9.6%)
Like-for-like EBITDA Margin	**63.9%**	**64.8%**		

Appendix 3: Definitions and Presentation of Information

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, depreciation and impairment of right-of-use assets, 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).

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 Cost of Sales (a non-IFRS financial measure) are defined as cost of sales, adjusted for depreciation and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, 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, depreciation and impairment of right-of-use assets, 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 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 country. 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 CMA Terminals 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 and (b) 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 terminal – Yanino.

LTM Adjusted EBITDA (a non-IFRS financial measure) is Adjusted EBITDA for the last twelve months, calculated as a sum of Adjusted EBITDA for the first half of 2020 and Adjusted EBITDA for the second half of 2019.

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, CMA Terminals 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 the sum of current borrowings, non-current borrowings, current and non-current lease liabilities (following adoption of IFRS 16) and swap derivatives less cash and cash equivalents and bank deposits with maturity over 90 days.

Petrolesport (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%), ULCT (80%) (in which Eurogate currently has a 20% effective ownership interest), Moby Dik (75%), Yanino (75%) (in each of Moby Dik and Yanino, CMA Terminals 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, current and non-current lease liabilities (following adoption of IFRS 16) and swap derivatives.

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, depreciation and impairment of right-of-use assets, 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. (VEOS) 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 owned a 50% effective ownership interest in Vopak E.O.S. The remaining 50% ownership interest was held by Royal Vopak. In April 2019 the Group sold its stake in the VEOS oil products terminal to Liwathon.

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, CMA Terminals 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 https://www.globalports.com/en/investors/reports-and-results/