

LETTER FROM THE CHAIR OF THE BOARD OF DIRECTORS

Dear shareholders,

FESCO Group had a successful year in 2019. The Russian economy saw a return to stability on the back of resilient domestic business activity, with the nation's GDP and container transportation volumes growing by 1.4% and 9% YoY, respectively. I am happy to say that the Group's management was able to leverage that favourable environment to maximise the operational potential of FESCO.

Commercial Port of Vladivostok continued to set handling volume records for the second consecutive year. The Port's handling and the Company's railway container transportation volumes were far ahead of the market, showing growth of 13% and 14% respectively.

FESCO achieved these results during Alexander Isurin's tenure as President of the Group from 2016 to early 2020. Over that time, we went through a liquidity crisis, radically revised the Company's strategy, and started FESCO's smooth transformation into an intermodal transportation leader. On behalf of all directors, I would like to thank Alexander for all of his hard work.

In March 2020, the Board of Directors appointed Maxim Sakharov (formerly Vice President for Finance) as President of FESCO. He assumes leadership of the Group during a very challenging time: financial market volatility has led to a global crisis, and the coronavirus pandemic is far from over. We believe that Alexander's profound understanding of the industry and FESCO's business processes and corporate culture will help him chart a sustainable path forward for the Company.

In 2020, we are celebrating 140 years since the foundation of Far-Eastern Shipping Company, the Group's core asset. This is a history filled with hard labour and big achievements, of which there will be even more in the future. I send good wishes to our employees, colleagues and partners. You make a big contribution to that proud history, as it is your efforts that have made FESCO a leading provider of transportation services in the Russian Far East. For our part, we will continue to be a reliable and transparent partner. I have no doubts that we will best the challenges ahead as we continue to invest in dynamic growth while also reinforcing the Company's sustainable position.

Leyla Mamedzadeh,
Chair of the Board of Directors

