

## **Georgian Railway 1H16 financial results**

Georgian Railway released 1H16 unaudited results. Revenue decreased 33.6% y/y to US\$ 88mn, due to weak performance in freight traffic. A sharp decline in revenue from oil products transportation (-45% y/y in US\$ terms) was the key contributor. The decrease in operating expenses, which are mostly GEL-denominated, was not as substantial (-6.1% y/y in US\$ terms). As a result, adjusted EBITDA declined 53.2% y/y to US\$ 35.0mn. Strengthening of GEL against US\$ between end-15 and 1H16 led to a non-cash FX gain, which, combined with a tax loss carry forward from the previous year, propped up net income at US\$ 21.3mn. A full report with in-depth analysis will follow.