



Georgian Railway – FY24/9M25 update

Weaker cargo volumes pressured revenues & profitability in 9M25.

In 9M25, cargo volumes transported by Georgian Railway declined by 4.9% y/y to 9.8mn tons, primarily reflecting weaker transit shipments from Kazakhstan and reduced domestic transportation, partly offset by higher import volumes.

In line with the decline in transported cargo, revenues fell by 7.3% y/y to US\$ 164.9mn in 9M25. The contraction was driven mainly by lower earnings from logistics services, reflecting reduced transportation of sulfur, heavy fuel and gas oil, alongside weaker revenues from freight and passenger traffic.

Adjusted EBITDA dropped sharply by 31.2% y/y to US\$ 43.2mn in 9M25, as the 7.3% y/y decline in revenues was compounded by a 1.1% y/y increase in operating expenses, largely due to higher salary costs. The combined effect of weaker top-line performance and rising costs resulted in a disproportionate deterioration in operating profitability, with EBITDA margin declining to 26.2% in 9M25 from 35.3% in 9M24.

For FY2025, we expect company revenues at US\$ 222.8mn, representing a 6.5% y/y decline.

Flat volumes and cost efficiency drove EBITDA growth in 2024.

Cargo volumes transported by Georgian Railway remained broadly stable in 2024, increasing 0.7% y/y to 13.7mn tons, supported by higher transit volumes despite declines in local and export shipments.

Reflecting the stable cargo volumes, revenues remained largely unchanged, declining slightly by 0.1% y/y to US\$ 238.4mn in 2024. This outcome was broadly in line with our previous forecast of US\$ 240.5mn in our 2023 report, and consistent with expectations of continued growth in oil product transportation from Kazakhstan through Georgia.

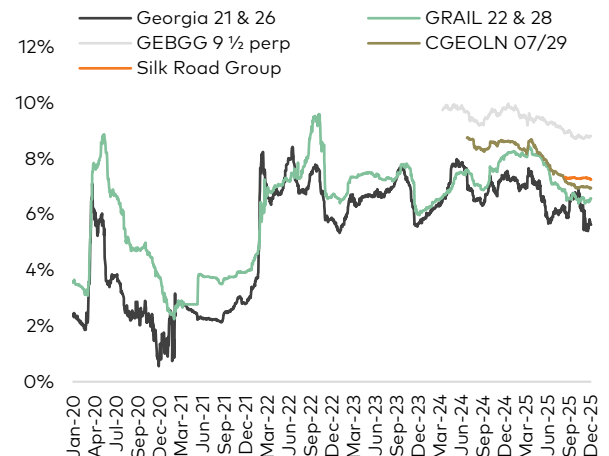
Adjusted EBITDA increased sharply by 27.0% y/y to US\$ 81.1mn in 2024, supported by a 5.1% y/y decline in operating expenses. The improvement in profitability was reflected in the adjusted EBITDA margin, which rose to 34.0% in 2024 from 26.8% in 2023.

Financial highlights, US\$ mn

| Category | 2023 | 2024 | 9M24 | 9M25 |
|-------------------------------|--------------|--------------|--------------|--------------|
| Revenue | 238.7 | 238.4 | 178.0 | 164.9 |
| <i>of which:</i> | | | | |
| Freight traffic | 163.4 | 165.3 | 122.8 | 120.3 |
| Logistic service | 50.3 | 47.6 | 36.5 | 26.9 |
| Passenger traffic | 15.7 | 13.5 | 11.1 | 9.6 |
| Freight car rental | 7.6 | 7.1 | 5.8 | 5.5 |
| Other | 1.8 | 4.8 | 1.7 | 2.7 |
| Adjusted EBITDA | 63.9 | 81.1 | 62.8 | 43.2 |
| <i>Adjusted EBITDA margin</i> | <i>26.8%</i> | <i>34.0%</i> | <i>35.3%</i> | <i>26.2%</i> |
| Net income | 33.0 | 25.1 | 27.8 | 33.0 |
| <i>Net profit margin</i> | <i>13.8%</i> | <i>10.5%</i> | <i>15.6%</i> | <i>20.0%</i> |
| Assets | 949.8 | 950.3 | 951.3 | 969.3 |
| Liabilities | 619.5 | 606.1 | 602.9 | 596.0 |
| Equity | 330.3 | 344.2 | 348.4 | 373.2 |
| Net Debt | 415.8 | 407.1 | 413.2 | 403.1 |
| Net Debt to EBITDA | 6.5x | 5.0x | 5.8x | 5.8x |

Source: Company data

Figure 1: YTM on selected Georgian Eurobonds



Source: Bloomberg

Georgian Railway credit ratings

| | |
|--|---|
| Fitch Ratings BB- Stable Affirmed Dec-2024 | S&P Global Ratings BB- Stable Affirmed Dec-2023 |
|--|---|

Source: Rating agencies

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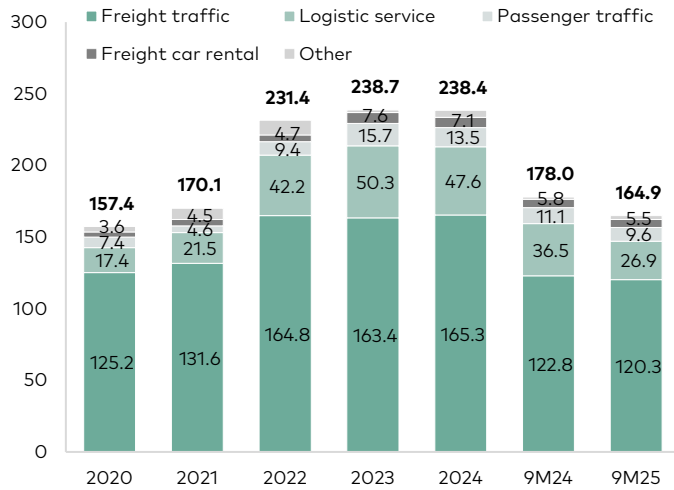
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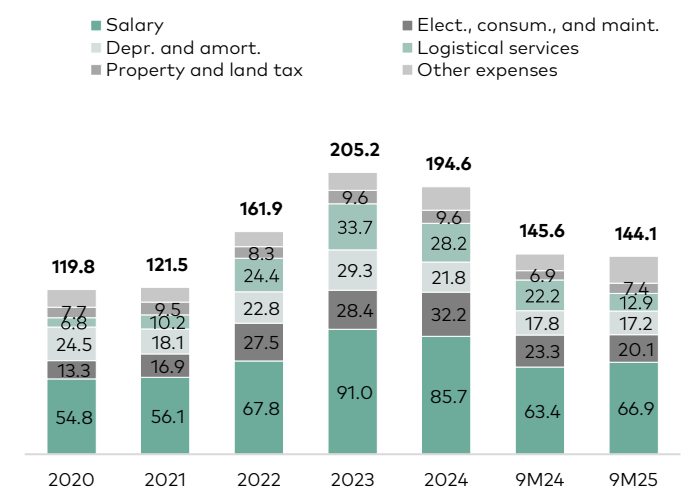


Figure 2: Georgian Railway's revenue, US\$ mn



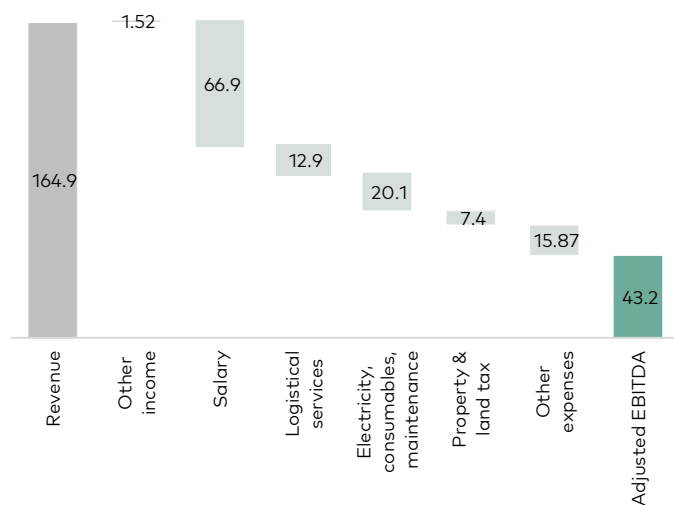
Source: Georgian Railway

Figure 3: Operating expenses, US\$ mn



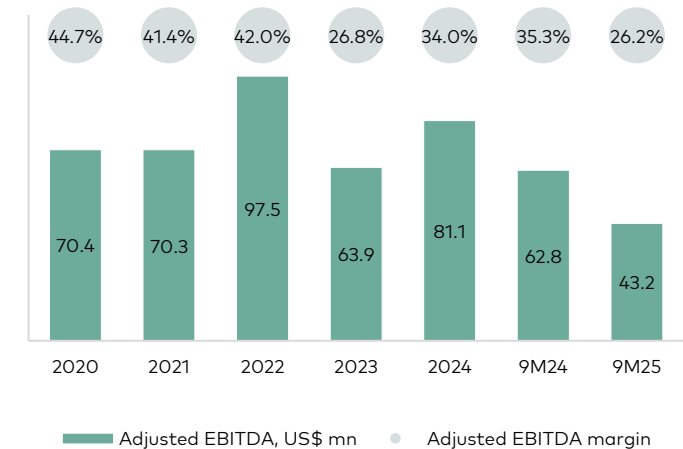
Source: Georgian Railway

Figure 4: Georgian Railway's revenue to Adjusted EBITDA bridge, 9M25, US\$ mn



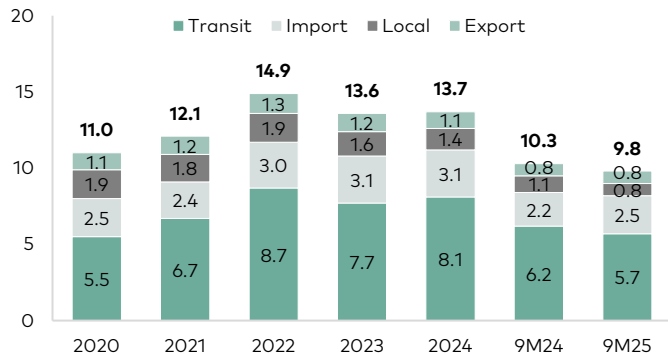
Source: Georgian Railway

Figure 5: Georgian Railway's Adjusted EBITDA and Adjusted EBITDA margin



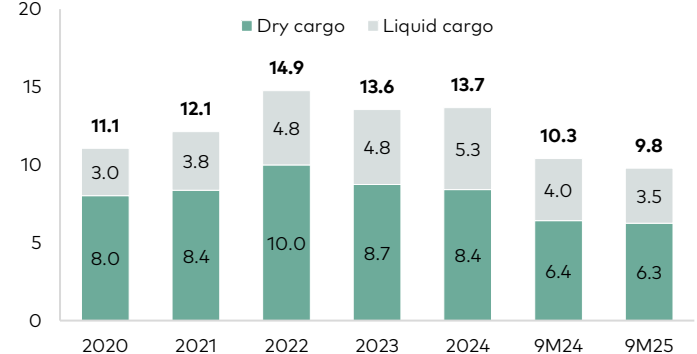
Source: Georgian Railway

Figure 6: Cargo breakdown by destination, mn tons



Source: Georgian Railway, Geostat

Figure 7: Cargo breakdown by category, mn tons



Source: Georgian Railway

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