

Financial and non-financial highlights

Revenue

Q1 2020

122,764

+18% from Q1 2019
-3% from Q4 2019

Results from operating activities

Q1 2020

34,860

+51% from Q1 2019
+82% from Q4 2019

EBITDA

Q1 2020

56,351

+17% from Q1 2019
+21% from Q4 2019

EBITDA margin

Q1 2020

45.9%

+0 points from Q1 2019
+9 points from Q4 2019

Adjusted EBITDA

Q1 2020

55,182

+36% from Q1 2019
+12% from Q4 2019

Adjusted EBITDA margin

Q1 2020

44.9%

+6 points from Q1 2019
+6 points from Q4 2019

Net debt to EBITDA

31 Mar 2020

5.94

6.20 as at 31-Mar-2019
5.20 as at 31-Dec-2019

Table of Contents

1. Profit or Loss Statement	3
1.1 Revenue	4
1.2 Other income	12
1.3 Operating expenses	13
1.4 Finance income and cost	16
1.5 Income tax expense/benefit	17
2. Balance Sheet	18
3. Cash Flow Statement	19

1. Profit or Loss Statement

Profit and loss statement

3 month period ended 31 March

GEL '000	3M 2020	3M 2019	y-o-y % change	y-o-y Abs. change
Revenue	122,764	104,218	17.8%	18,546
Other income	708	8,244	-91.4%	-7,536
Impairment loss on property, plant and equipment	0	0	0.0%	0
Impairment loss on trade receivables	-1,301	0	100.0%	-1,301
Employee benefits expense	-40,230	-37,551	7.1%	-2,679
Depreciation and amortization	-20,189	-25,072	-19.5%	4,883
Electricity, consumables and maintenance costs	-11,697	-11,256	3.9%	-441
Other expenses	-15,195	-15,514	-2.1%	319
Result from operating activities	34,860	23,068	51.1%	11,792
Net finance income/loss	-198,150	-15,187	1204.8%	-182,963
Profit before income tax	-163,290	7,881	-2171.8%	-171,171
Income tax expense(benefit)	-221	-223	-1.0%	2
Profit and total comprehensive income	-163,511	7,658	-2235.1%	-171,169
EBITDA	56,351	48,141	17.1%	8,210
EBITDA margin	45.90%	46.19%	NA	-0.3%
Adjusted EBITDA	55,182	40,615	35.9%	14,567
Adjusted EBITDA Margin	44.95%	38.97%	NA	6.0%

1.1 Revenue

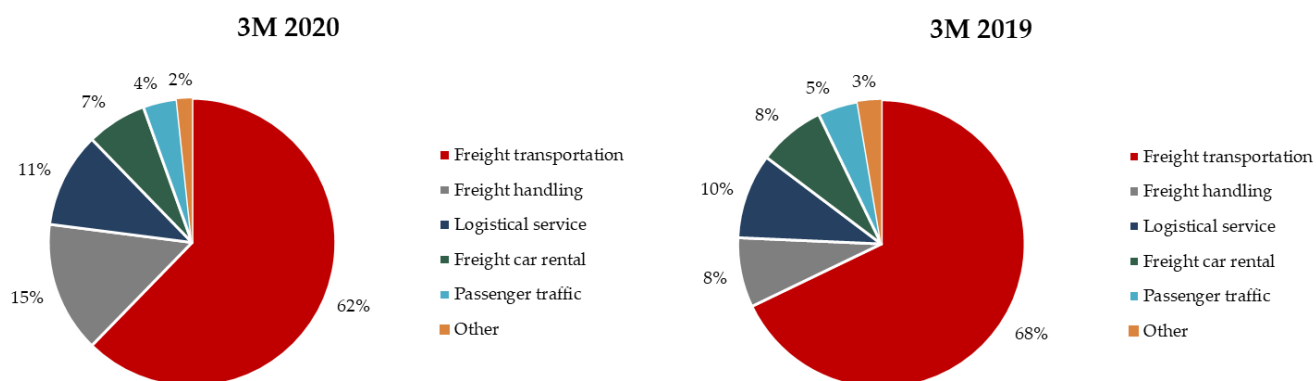
Revenue breakdown

3 month period ended 31 March

In GEL '000

GEL '000	3M 2020	3M 2019	% Change	% Change at constant currency	Abs. Change
Freight transportation*	76,493	70,736	8.1%	-1.4%	5,758
Freight handling*	18,068	8,147	121.8%	102.3%	9,921
Logistical service*	13,114	9,975	31.5%	19.9%	3,139
Freight car rental	8,325	7,866	5.8%	-3.5%	459
Passenger traffic	4,682	4,733	-1.1%	-9.8%	-51
Other	2,082	2,761	-24.6%	-31.2%	-679
Revenue	122,764	104,218	17.8%	7.4%	18,546
Other income	708	8,244	-91.4%	-92.2%	-7,536
Freight transportation	76,493	70,736	8.1%	-1.4%	5,757
Liquid cargoes	28,243	27,889	1.3%	-7.6%	355
Oil products	28,026	27,879	0.5%	-8.3%	147
Crude oil	218	10	2157.8%	1959.0%	208
Dry cargoes	48,250	42,847	12.6%	2.7%	5,403
Ores	9,560	8,735	9.5%	-0.2%	826
Grain	951	1,090	-12.7%	-20.4%	-138
Ferrous metals and scrap	3,876	2,551	51.9%	38.5%	1,325
Sugar	14	3,638	-99.6%	-99.7%	-3,624
Chemicals and fertilizers	8,538	5,945	43.6%	31.0%	2,593
Construction freight	1,830	2,432	-24.8%	-31.4%	-602
Industrial freight	1,408	1,067	31.9%	20.3%	340
Cement	218	533	-59.1%	-62.7%	-315
Other	21,856	16,857	29.7%	18.2%	4,999
Freight turnover (million ton-km)	772	685	12.8%	NA	87
Revenue / ton-km (in Tetri)	9.91	10.33	-4.1%	-12.5%	-0.42

The following charts represent revenue breakdown for the three months ended 31 March 2020 and 2019:



Freight transportation revenue

Freight transportation revenue, increased by 8 percent (GEL 5.8 million) during the three months ended 31 March 2020, compared to the same period of the previous year.

	Average rate			Reporting date spot rates			
	3M 2020	3M 2019	% Change	31-Mar-20	31-Dec-19	31-Mar-19	31-Dec-18
USD	2.93	2.67	9.65%	3.28	2.87	2.69	2.68
CHF	3.02	2.68	12.93%	3.44	2.95	2.70	2.73

The Group's transportation revenue depends on several factors, including GEL/USD exchange rate as the Group's tariffs for freight transportation are denominated in USD. Fluctuations in GEL/USD exchange rate also affect the Group's profitability, as significant part of the expenses are denominated in GEL.

Total freight volume transported by the Group during the three months ended 31 March 2020 has increased by 10 percent, compared to the same period of previous year. Transported volumes of liquid cargo has increased by 7 percent, transported volumes of dry cargo has increased by 11 percent (see Appendix 1).

Oil Products

3 Month period ended 31 March

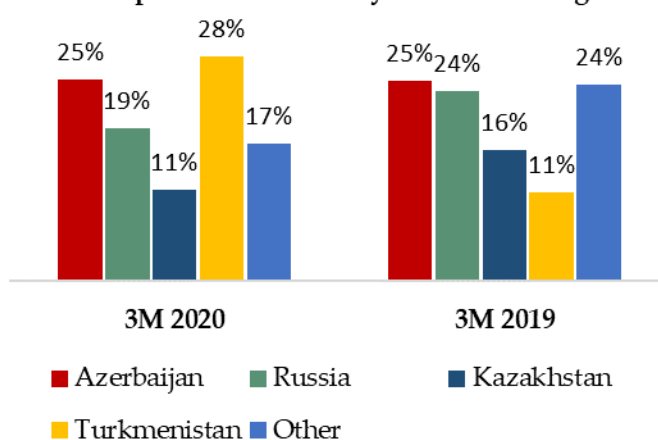
	3M 2020	3M 2019	% Change	% Change at constant currency
Revenue (GEL'000)	28,026	27,879	0.5%	-8.3%
Freight volume (ton '000)	762.0	716.3	6.4%	NA
Freight turnover (million ton-km)	229.2	214.0	7.1%	NA
Revenue / ton-km (in Tetri)	12.23	13.03	-6.1%	-14.4%

Main directions of cargo

Oil products currently are the main component of liquid cargo (nearly 99 percent of the transportation volume of liquid cargo in 2020). They are mainly transported by rail, as there is practically no competition from pipelines.

Oil products transported by the Group during three months period ended 31 March 2020 mainly originated from Azerbaijan, Russia, Kazakhstan and Turkmenistan with significant changes in transportation direction mix compared to the same period of 2019.

Transportation volume by countries of origin

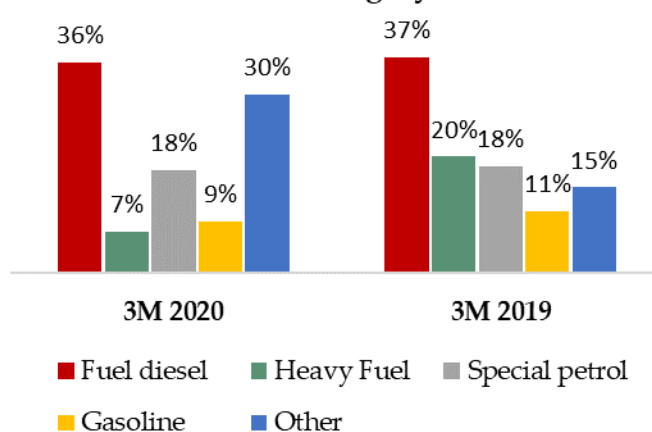


Factors influencing performance

Ton-kilometers – 7 percent increase in transportation turnover was mainly driven by increased transported volume by 6 percent, mainly caused by increased transportation from Turkmenistan by 133,000 tons.

Revenue/ton-km (in Tetri) - decrease in average revenue per ton-kilometer during the period under review, compared to the same period of the previous year, was mainly due to changes in product category mix. The share of gasoline, heavy fuel and light aviation fuel (which are relatively more profitable products) has decreased and the share of light fuel oil (which is relatively less profitable product) has increased in total oil products transported by Georgian Railway.

Product Category Mix



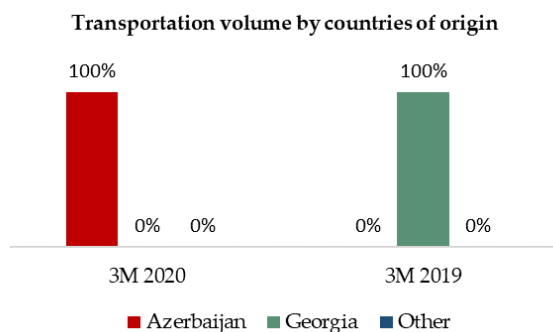
Crude Oil

3 Month period ended 31 March

	3M 2020	3M 2019	% Change	% Change at constant currency
Revenue (GEL'000)	218	10	2157.8%	1959.0%
Freight volume (ton '000)	5.0	0.3	1869.7%	NA
Freight turnover (million ton-km)	1.8	0.1	2140.5%	NA
Revenue / ton-km (in Tetri)	11.98	11.89	0.8%	-8.1%

Main directions of cargo

Within the three months ended 31 March 2020, the only country of origin was Azerbaijan with approximately 5,000 tons, while 253 tons were transported from Georgia in the same period of the previous year.



Factors influencing performance

Ton-kilometers – Transportation turnover increased 22 times due to increased volumes from Azerbaijan by approximately 5,000 tons in the first three months of 2020.

Revenue/ton-km (in Tetri) – despite significant increase in tons and in revenue, revenue/ton-km remained at about the same level, because there was a minor increase in average haul and decrease in average tariff (Azerbaijan is relatively less profitable direction), in the first three month of 2020, compared to the same period of 2019.

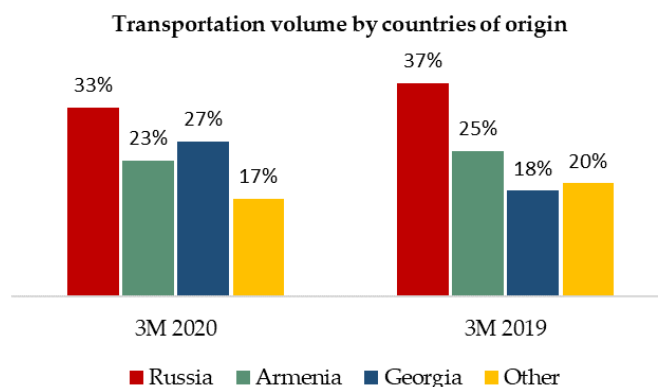
Ores

3 Month period ended 31 March

	3M 2020	3M 2019	% Change	% Change at constant currency
Revenue (GEL'000)	9,560	8,735	9.5%	-0.2%
Freight volume (ton '000)	463.3	395.5	17.1%	NA
Freight turnover (million ton-km)	103.9	99.1	4.9%	NA
Revenue / ton-km (in Tetri)	9.20	8.81	4.4%	-4.8%

Main directions of cargo

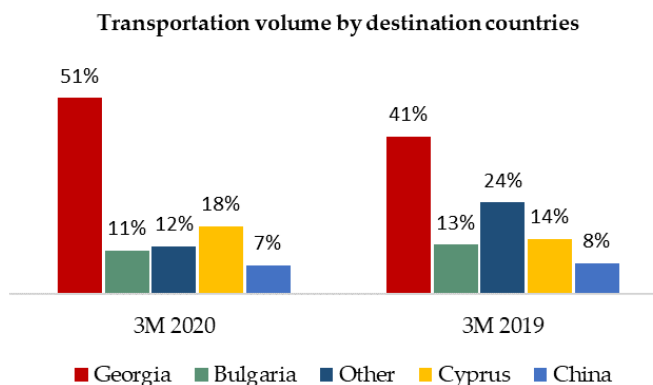
Ore products transported by the Group during three months ended 31 March 2020, mainly originated from Russia, Armenia and Georgia. Main destination countries were Georgia, Bulgaria, Cyprus and China.



Factors influencing performance

Ton-kilometers – 17 percent increase in transportation turnover was mainly driven by increased transportation to Georgia and Cyprus by 74,000 tons and 26,000 tons, respectively.

Revenue/ton-km (in Tetri) – increase in average revenue per ton-kilometer was mainly due to change in product direction mix and product category mix. The share of freight volumes to relatively more profitable direction, such Georgia increased and the share of manganese ores and concentrates (which is relatively more profitable product) increased significantly, in the first three month of 2020, compared to the same period of previous year.



Ferrous metals and scrap

3 Month period ended 31 March

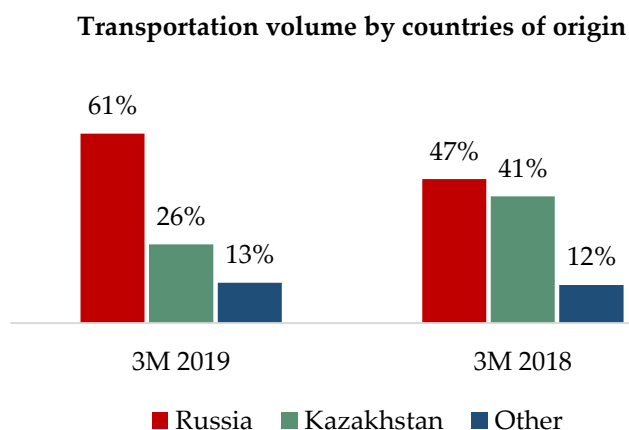
	3M 2020	3M 2019	% Change	% Change at constant currency
Revenue (GEL'000)	3,876	2,551	51.9%	38.6%
Freight volume (ton '000)	160.4	138.4	15.9%	NA
Freight turnover (million ton-km)	42.0	30.8	36.5%	NA
Revenue / ton-km (in Tetri)	9.22	8.29	11.3%	1.5%

Main directions of cargo

Ferrous metals and scrap transported by the Group during three months ended 31 March 2020, mainly originated from Georgia, China and Ukraine, while main destination countries were Georgia, China, Ukraine and Russia.

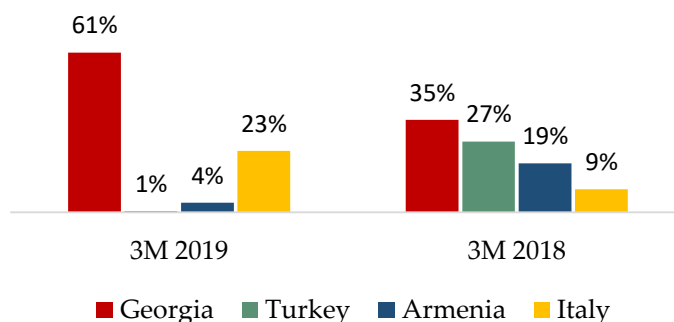
Factors influencing performance

Ton-kilometers – 16 percent increase in transportation turnover was mainly driven by increased transportation to Russia and Ukraine, by 24,000 tons and 8,000 tons, respectively.



Revenue/ton-km (in Tetri) – increase in average revenue per ton-kilometer was mainly due to change in product direction mix. The share of freight volumes transported to Russia and Ukraine (which are relatively more profitable directions) has increased, while share of freight volumes to Georgia and China (which are relatively less profitable directions) has decreased in total ferrous metals and scrap transported by the Group. Another reason was the change in product category mix. The share of flat products made of iron or non-alloy steel (which is relatively more profitable product) has increased significantly, while the share of Ferro silicon manganese (which is relatively less profitable product) has decreased in first three month of 2020, compared to the same period of 2019.

Transportation volume by destination countries



Sugar

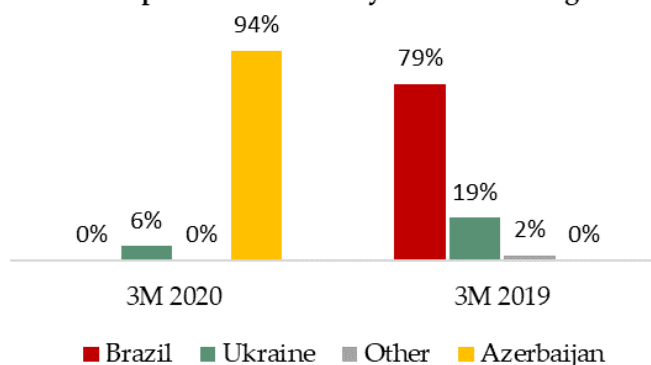
3 Month period ended 31 March

	3M 2020	3M 2019	% Change	% Change at constant currency
Revenue (GEL'000)	14	3,638	-99.6%	-99.7%
Freight volume (ton '000)	1.1	79.4	-98.6%	NA
Freight turnover (million ton-km)	0.1	31.3	-99.7%	NA
Revenue / ton-km (in Tetri)	17.27	11.61	48.8%	35.7%

Main directions of cargo

Product direction mix has significantly changed during three months ended 31 March 2020 with Azerbaijan being main origin country, with the share of 94 percent, compared to Brazil and Ukraine being main origin countries in the same period of the previous year with the share of 98 percent in total Sugar transported by the Group. The main destination country was Georgia in the three month period ended 31 march of 2020, while Azerbaijan was main country of destination in the same period of the previous year.

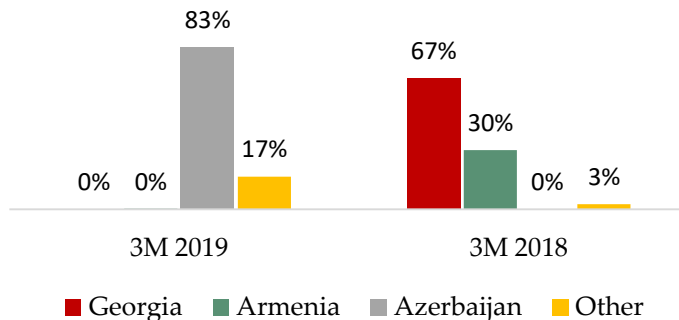
Transportation volume by countries of origin



Factors influencing performance

Ton-kilometers – 99 percent decrease in freight turnover during the period under review, compared to the same period of the previous year, was mainly driven by ceased transportation from Brazil in 2020 (63,000 tons were transported in three months ended 31 March 2019), as well as decreased transportation from Ukraine by 15,000 tons in the three month period of 2020, compared to the same period of 2019.

Transportation volume by destination countries



Revenue/ton-km (in Tetri) – increase in average revenue per ton-kilometer was caused by change in product direction mix. The share of volumes transported from Azerbaijan to Georgia (relatively more profitable direction) has increased significantly.

Chemicals and fertilizers

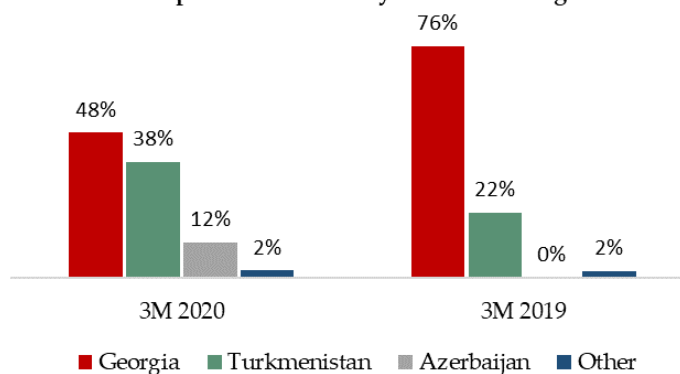
3 Month period ended 31 March

	3M 2020	3M 2019	% Change	% Change at constant currency
Revenue (GEL'000)	8,538	5,945	43.6%	31.0%
Freight volume (ton '000)	364.2	244.8	48.8%	NA
Freight turnover (million ton-km)	119.9	78.4	52.9%	NA
Revenue / ton-km (in Tetri)	7.12	7.58	-6.1%	-14.4%

Main directions of cargo

Chemicals and fertilizers transported by the Group during three months ended 31 March 2020, mainly originated from Georgia, Turkmenistan and Azerbaijan (174,000 tons, 139,000 tons and 42,000 tons, respectively).

Transportation volume by countries of origin



Factors influencing performance

Ton-kilometers – 53 percent increase in freight turnover during the period under review, compared to the same period of the previous year, was mainly driven by increased volumes from Turkmenistan and Azerbaijan by 86,000 tons and by 42,000 tons, respectively.

Revenue/ton-km (in Tetri) – decrease in average revenue per ton-kilometer was caused by change in product category mix. The share of ammonium nitrate (which is relatively more profitable product) has decreased, while the share of urea products transported from Turkmenistan (relatively less

profitable product) has increased, in the first three months of 2020, compared to the same period of 2019.

Other products

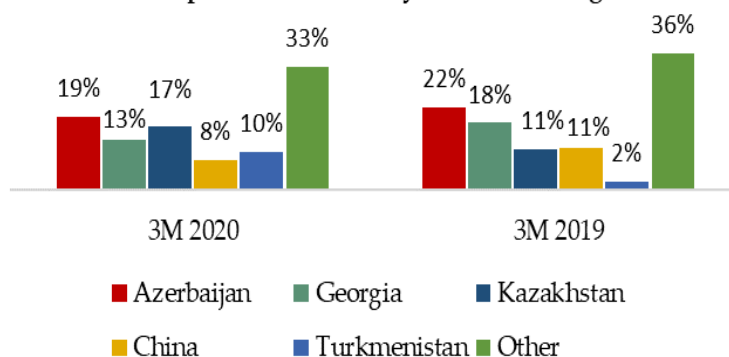
3 Month period ended 31 March

	3M 2020	3M 2019	% Change	% Change at constant currency
Revenue (GEL'000)	21,856	16,857	29.7%	18.2%
Freight volume (ton '000)	673.6	494.9	36.1%	NA
Freight turnover (million ton-km)	214.5	153.1	40.1%	NA
Revenue / ton-km (in Tetri)	10.19	11.01	-7.4%	-15.6%

Main directions of cargo

Freight from other products category in three months ended 31 March 2020 was mainly originated from Azerbaijan, Kazakhstan, Georgia, Turkmenistan and China (130,000 tons, 114,000 tons, 89,000 tons, 68,000 tons and 53,000 tons, respectively), while the main destination countries were Turkey, Azerbaijan, China, Georgia and Kazakhstan (119,000 tons, 78,000 tons, 77,000 tons, 73,000 tons and 38,000 tons, respectively).

Transportation volume by countries of origin

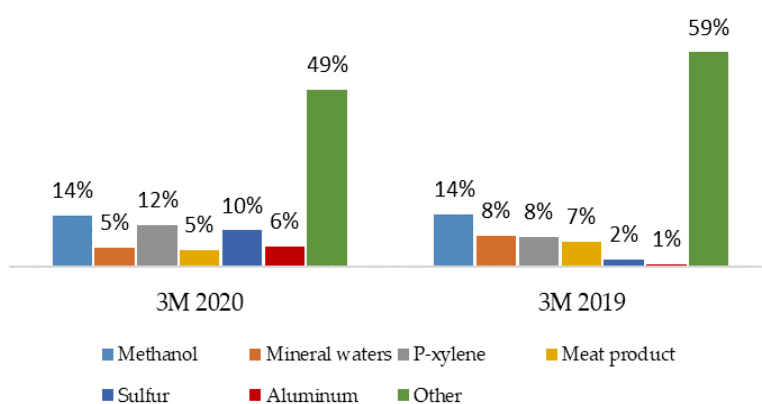


Factors influencing performance

Ton-kilometers – 40 percent increase in transportation turnover was mainly driven by increased volumes from Kazakhstan and Turkmenistan by 60,000 tons and 57,000 tons, respectively.

Revenue/ton-km (in Tetri) – decrease in average revenue per ton-kilometer was mainly driven by product category mix. The share of natural mineral waters and some types of meat products (relatively more profitable products) has decreased, while the share of unalloyed aluminum and sulfur (relatively less profitable product) has increased in total volumes transported.

Product category mix



Freight handling

The increase in revenue from freight handling by 122 percent (GEL 9.9 million) during the three months ended 31 March 2020, compared to the same period of 2019, was mainly caused by increased station services by 13% and by significant increase in 24 hour services in the first month of 2020, compared to the same period of 2019.

Logistical services

The increase in logistical services by GEL 3.1 million during the three months ended 31 March 2020, compared to the same period of the previous year, was mostly attributable to increased transportation of GR's subsidiary company, which mainly serves container transportation.

Passenger transportation

<i>3 month period ended 31 March</i>	<i>In '000 GEL</i>			
	3M 2020	3M 2019	% Change	Abs. change
Revenue	4,682	4,733	-1.1%	-51
Number of passengers	553	562	-1.6%	-9

Revenue from passenger transportation has decreased by 1 percent during the three months ended 31 March 2020, compared to the same period of the previous year and the number of passengers has decreased by the same percent.

First two months of 2020 was a successful period for passenger SBU. Revenue from passenger transportation has increased by 26 percent, and the number of passengers increased by 18 percent, during the first two months of 2020, compared to the same period of 2019. However, the rise was offset by the Government regulations against Covid-19 pandemic: the second half of March 2020 the government temporarily ceased passenger transportation.

Other revenue

The decrease in other revenue by GEL 0.7 million during the first quarter of 2020, compared to the same period of 2019 was mostly attributable to decreased revenue from sale of scrap (GEL 0.9 million).

1.2 Other income

In order to better illustrate the operational profitability of the Group, other income is split into two categories: continuing operations (such as income from services of heavy equipment, penalties on creditors and debtors, etc.) and non-continuing operations (such as gain or loss from sale of fixed assets and other items which are not expected to reoccur in the following periods).

Other income

For the year ended 31 December

In GEL '000

	3M 2020	3M 2019	% Change	Abs. change
Continuing operations	-557	718	-177.6%	-1,275
Non-continuing operations	1,265	7,526	-83.2%	-6,261
Total	708	8,244	-91.4%	-7,536

Continuing operations decreased by GEL 1.3 million during the three months ended 31 March 2020, compared to the same period of the previous year. Loss in continuing operations, during first quarter of 2020, was mainly due to accounting correction of prior periods. The non-continuing operations decreased by GEL 6.3 million in three months' period ended 31 March 2020, compared to the same period of 2019. These decrease was mostly due to provisions made for the prior periods.

1.3 Operating expenses

Total operating expenses for the three months ended 31 March 2020 decreased approximately by GEL 0.8 million, compared to the same period of the previous year. The decrease was mainly caused by reduction in depreciation and amortization expenses.

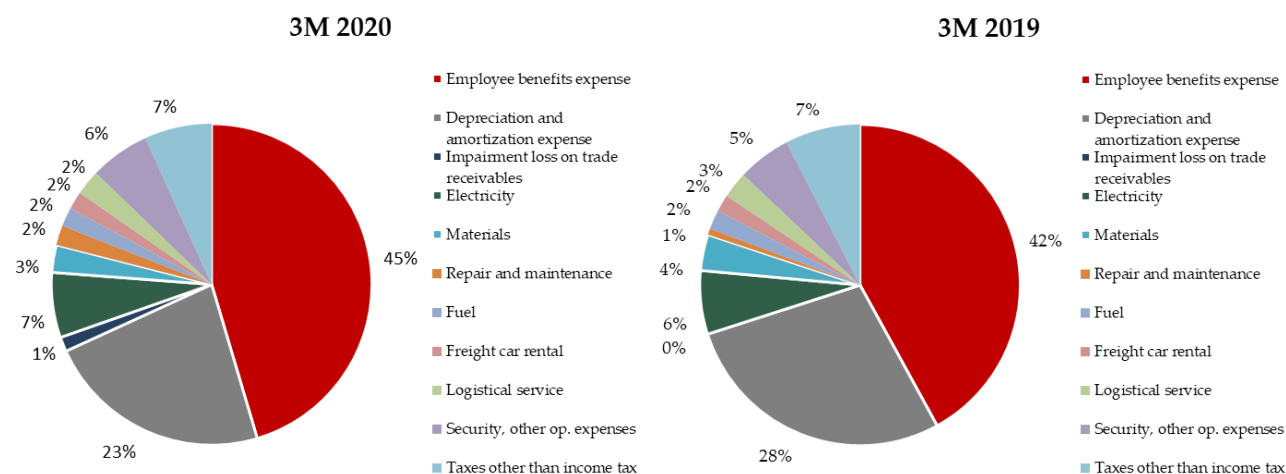
Operating expenses

3 month period ended 31 March

In GEL '000

	3M 2020	3M 2019	% Change	Abs. change
Employee benefits expense	40,230	37,551	7.1%	2,679
Depreciation and amortization expense	20,189	25,072	-19.5%	-4,883
Impairment loss on trade receivables	1,301	0	#DIV/0!	1,301
Electricity	5,808	5,723	1.5%	86
Materials	2,451	3,245	-24.4%	-793
Repair and maintenance	1,750	566	209.2%	1,184
Fuel	1,687	1,722	-2.1%	-35
Freight car rental	1,585	1,528	3.7%	57
Logistical service	2,258	2,396	-5.8%	-138
Security, other op. expenses	5,340	4,805	11.1%	535
Taxes other than income tax	6,012	6,785	-11.4%	-773
Total	88,612	89,393	-0.9%	-781

The following charts represent the cost structure for the three months ended 31 March 2020 and 2019:



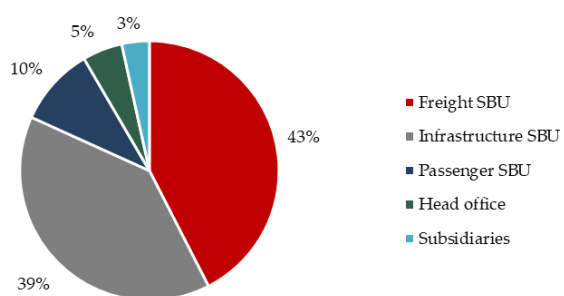
Employee benefits expense

The increase in employee benefits expense during the three months ended 31 March 2020, compared to the same period of the previous year, was mainly due to a board decision by the Management, from December 2019, the wages of about 11,000 employees increased by 10%.

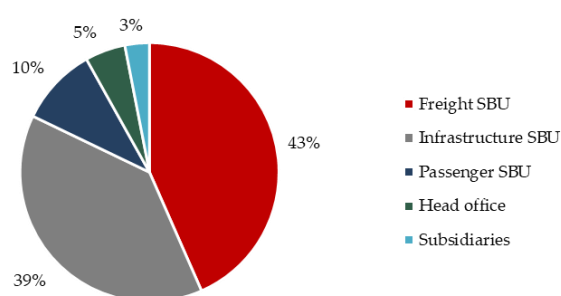
Number of employees (excluding subsidiaries) by the end of March 2020 was equal to 12,635 and by the end of March 2019 was 12,662.

Following charts show the headcount by strategic business units and head office of the Company

Distribution of staff by business units as at the end of March 2020



Distribution of staff by business units as at the end March of 2019



Materials, repair and maintenance expenses

The Group's materials, repair and maintenance expenses are influenced by its rolling stock equipment balance and subsequent utilization level. During the three months ended 31 March 2020 transportation turnover increased compared to the same period of the previous year, consequently, material, repair and maintenance expenses increased by 10 percent (GEL 0.4 million). The increase was mainly caused by increased expenditure on materials, construction works, as well as the repair of rolling stock.

Electricity expenses

Electricity expenses

3 month period ended 31 March

In GEL '000

	3M 2020	3M 2019	% Change	Abs. change
Electricity expenses of traction	4,621	4,495	2.8%	126
Utility expenses	1,187	1,227	-3.3%	-41
Total	5,808	5,723	1.5%	85

There was a 3 percent increase in electricity expenses of traction during the three months ended 31 March 2020, compared to the same period of 2019, accordingly gross ton-kilometers have increased by about 12 percent. This change was mainly driven by increased volumes in the first quarter of 2020 compared to the same period of 2019. Georgian Railway has fixed price for more than 90 percent of its electricity needs under agreement on electricity procurement, the rest of the electricity is procured on open market.

Purchased electricity and weighted average tariff

3 month period ended 31 March

	3M 2020			3M 2019		
	GWh	Gross ton-km (million)	Weighted av. tariff (GEL)	GWh	Gross ton-km (million)	Weighted av. tariff (GEL)
January	13.2	543.7	0.131	11.3	389.4	0.130
February	11.1	434.1	0.130	11.0	413.5	0.130
March	11.1	468.9	0.130	12.3	488.7	0.130
Total	35.5	1,446.7	0.130	34.6	1,291.6	0.130

Note: The table above includes only electricity consumed of traction

Security and other operating expenses

Security and other operating expenses increased by 11% (GEL 0.5 million), during first three months of 2020, compared to 2019. These increase was mainly due to increased cost of information services, cost of consulting services and cost of legal services.

Taxes other than income tax

Taxes other than income tax

3 Month period ended 31 March

In GEL '000

	3M 2020	3M 2019	% Change	Abs. change
Property tax	3,024	3,526	-14.2%	-501
Land tax	2,968	2,955	0.4%	13
Other taxes*	20	304	-93.4%	-284
Total	6,012	6,785	-11.4%	-773

*Other taxes also include all subsidiaries' taxes (other than income tax).

In the three months ended 31 March 2020, compared to the same period of 2019, property tax has decreased by 11 percent (GEL 0.8 million), which was mainly caused by impairment of property, plant and equipment, as well as depreciation of property, plant and equipment.

Other taxes category decreased due to lower customs penalties of one of the GR's subsidiary company, in the first quarter period ended 31 March 2020, compared to the same period of 2019.

1.4 Finance income and cost

Finance income and cost

3 month period ended 31 March

In GEL '000

	3M 2020	3M 2019	% Change	Abs. change
Interest income	3,862	3,130	23.4%	732
Impairment gain on trade receivables	0	726	-100.0%	-726
Impairment loss on issued loans	-19	0	100.0%	-19
Impairment loss on cash in bank	-55	0	100.0%	-55
Interest expense	-12,978	-11,383	14.0%	-1,595
FX gain/loss	-188,960	-7,659	2367.0%	-181,301
Net finance income/loss	-198,150	-15,187	1204.8%	-182,963

In the three months ended 31 March 2020 the Group showed GEL 198.2 million net finance loss, compared to GEL 15.2 million in the same period of 2019. The negative difference of GEL 183.0 million was mainly due to the fluctuation of GEL against foreign currencies.

GEL/USD exchange rate fluctuation has significant effect on net finance income/cost. Due to GEL depreciation against USD by 15 percent as at 31 March 2020 compared to 31 December 2019 (GEL/USD exchange rate 3.28 versus 2.87), the Group experienced net foreign exchange loss of GEL 189.0 million.

Higher interest expense during the three months ended 31 March 2020, compared to the same period of 2019, was mainly due to depreciation of GEL against USD.

Higher interest income by GEL 0.7 million in the three months ended 31 March 2020 compared to the same period of 2019, was mainly due to the higher average cash balances and higher interest rates.

1.5 Income tax expense/benefit

In May 2016, the Parliament of Georgia adopted amendments to the Tax Code of Georgia. The new tax code is effective from 1 January 2017. According to the new tax code, previously active profit tax regulation was changed to so-called “tax on distributed profits” model. Apparently, there was no significant change in income tax expenses in the first three months of 2020, compared to the same period of 2019.

2. Balance Sheet

Balance sheet

3 Month period ended 31 March

	31-Mar-20	31-Dec-19	% Change	Abs. change
TOTAL ASSETS	2,346,210	2,313,563	1.41%	32,647
<i>Changes are mainly due to:</i>				
Loan receivable (LT)	28,313	24,133	17.32%	4,179
Trade and other receivables	39,440	24,337	62.06%	15,104
Cash and cash equivalents	272,833	257,976	5.76%	14,858
TOTAL LIABILITIES	1,986,353	1,790,198	10.96%	196,155
<i>Changes are mainly due to:</i>				
Loans and borrowings (LT)	1,719,475	1,500,687	14.58%	218,788
Loans and borrowings (ST)	43,062	64,944	-33.69%	-21,882
Trade and other payables (ST)	142,910	149,864	-4.64%	-6,955

Significant changes in assets

GEL 4.2 million increase in loan receivable was due to increase in issued long term loans.

GEL 15.1 million increase in trade and other receivables, in the three months ended 31 March 2020, mainly was due to depreciation of GEL against USD and increased receivables of GR's subsidiary company that serves container transportation.

Cash and cash equivalents have increased by GEL 14.9 million in the three months ended 31 March 2020, which was mainly caused by decreased cash outflows for acquisition of property, plant and equipment as well as positive effects of exchange rate changes on the balance of cash held in foreign currencies. (See heading 3 "Cash Flow Statement").

Significant changes in liabilities

Loans and borrowings (LT) – During first three month of 2020, the increase of GEL 218.8 million in long-term borrowings, was mainly due to debt revaluation, as GEL depreciated against USD by about 15 percent and the Group's debts are denominated in USD.

Loans and borrowings (ST) – decrease in short-term loans and borrowings in three month period ended 31 March of 2020, was mainly due to decreased interest payable on issued bonds as interest is paid in the beginning of the fiscal year.

GEL 2.3 million decrease in trade and other payables was mainly due to a decreased amount of payments to suppliers as well as decreased liability on ongoing infrastructure projects.

3. Cash Flow Statement

Cash flow statement

3 Month period ended 31 March

In GEL '000

	3M 2020	3M 2019
Cash flows from operating activities		
Cash receipts from customers	117,986	112,077
Cash paid to suppliers and employees	-59,838	-57,194
Cash flows from operations before income taxes paid	58,147	54,882
Income tax paid	-	-
Net cash from operating activities	58,147	54,882
Cash flows from investing activities		
Acquisition of property, plant and equipment	-13,303	-26,726
Proceeds from sale of property, plant and equipment	2,382	1,224
Interest received	423	2,501
Refund of the loan	-	-
Net cash used in investing activities	-10,497	-23,001
Cash flows from financing activities		
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Interest paid	-55,637	-51,854
Net cash from used in financing activities	-55,637	-51,854
Net increase/(decrease) in cash and cash equivalents	-7,987	-19,973
Cash and cash equivalents at 1 January	257,975	241,308
Effect of exchange rate fluctuations on cash and cash equivalents	22,902	1,045
Cash and cash equivalents provision	-55	-
Cash and cash equivalents at the end of the period	272,833	222,379

Operating activities

Net cash from operating activities increased by GEL 3.3 million in the three months ended 31 March 2020, compared to the same period of the previous year. The change was driven by increase in cash receipts from customers by GEL 5.9 million, which was partly offset by the increase in cash paid to suppliers and employees.

Investing activities

Cash used in investing activities has decreased by GEL 12.5 million in the three months ended 31 March 2020, compared to the same period of the previous year. The decrease was mainly due to the decrease in acquisition of property, plant and equipment. This was mainly caused due to lower cash outflows on Modernization Project in first three months' period of 2020, compared to the same period of 2019.

Financing activities

Higher interest paid in the three months ended 31 March 2020, compared to the same period of the previous year, was mainly due GEL depreciation against USD, as the Groups debts are denominated in USD.

Appendix 1

Breakdown of freight transportation in tons

3 Month period ended 31 March

In thousand tons

	3M 2020	3M 2019	% Change	Abs. Change
Liquid cargoes	767	717	7.0%	50.4
Oil products	762	716	6.4%	45.6
Crude oil	5	0.3	1869.7%	4.7
Dry cargoes	2,007	1,804	11.3%	203.3
Ores	463	395	17.1%	67.8
Grain	53	96	-45.3%	-43.6
Ferrous metals and scrap	160	138	15.9%	22.0
Sugar	1	79	-98.6%	-78.3
Chemicals and fertilizers	364	245	48.8%	119.4
Construction freight	182	265	-31.4%	-83.2
Industrial freight	93	63	47.0%	29.7
Cement	17	26	-35.5%	-9.2
Other	674	495	36.1%	178.7
Total	2,774	2,521	10.1%	253.6

Appendix 2

Breakdown of freight transportation in ton-kilometers

3 Month period ended 31 March

In million ton-kilometers

	3M 2020	3M 2019	% Change	Abs. Change
Liquid cargoes	231	214	7.9%	17
Oil products	229	214	7.1%	15
Crude oil	2	0	2140.5%	2
Dry cargoes	541	471	15.0%	70
Ores	104	99	4.9%	5
Grain	9	18	-47.8%	-8
Ferrous metals and scrap	42	31	36.5%	11
Sugar	0	31	-99.7%	-31
Chemicals and fertilizers	120	78	52.9%	41
Construction freight	31	40	-22.0%	-9
Industrial freight	16	14	15.1%	2
Cement	4	6	-33.2%	-2
Other	214	153	40.1%	61
Total	772	685	12.8%	87

Appendix 3

According to Condition 3 (d) of the “Terms and Conditions of the Notes” (The U.S. \$500,000,000 7.75% Notes due 11 July 2022 issued by Georgian Railway JSC on 5 July 2012), Georgian Railway and/or its subsidiary is entitled to incur financial indebtedness if the ratio of Net Financial Indebtedness of the Issuer and its Subsidiaries as of the date of such Incurrence to the aggregate amount of EBITDA for the most recent annual financial period for which consolidated financial statements have been delivered, does not exceed 3.5 to 1.

Given table sets forth calculation of Net Financial Indebtedness to EBITDA as at 31 March 2020 and according to the above mentioned Condition 3 (d) of the “Terms and Conditions of the Notes”. However, this calculation is for information only and does not implicate that 31 March 2020 is the Incurrence date (or “the date of determination”) as defined in Condition 3 of the “Terms and Conditions of the Notes”.

Calculations of ratio of Net Financial Indebtedness to EBITDA:

In 000 GEL

Net Financial Indebtedness as at:	31-Mar-20	31-Dec-19
Financial indebtedness	1,762,538	1,565,631
less:		
Available credit facilities	163,380	146,708
Cash	272,833	257,975
Net Financial Indebtedness:	1,326,324	1,160,949
	Twelve-month period ended	Twelve-month period ended
The most recent annual financial period	31-Dec-19	31-Dec-19
Results from operating activities	108,214	108,214
Depreciation add-back	81,235	81,235
Impairment loss on property, plant and equipment add-back	0	0
Impairment loss on trade receivables	33,729	33,729
EBITDA	223,178	223,178
Net Financial Indebtedness/EBITDA	5.94	5.20