



## Overhauls of fixed assets

During 2016, overhauls were carried out on 2,812 passenger carriages owned by FPC, including:

- 2,448 carriages received a 6-year overhaul (KR-1); and
- 364 carriages received an 18-year overhaul (KR-2).

### FIXED ASSETS OVERHAUL COSTS, RUB BILLION

Indicator	2014	2015	2016	2016/2015, %
<b>Overhauls of fixed assets</b>	<b>8.6</b>	<b>5.4</b>	<b>5.7</b>	<b>105.6</b>
• carriages	8.1	5.1	5.5	107.8
• buildings and structures	0.5	0.3	0.2	67.4

In 2016, actual expenses for overhauls of fixed assets were RUB 5.7 billion (105.6% of 2015 level), including:

- RUB 5.5 billion for overhauls of passenger carriages (107.8% of 2015 level);
- RUB 0.2 billion for overhauls of buildings

and structures by third parties – only facilities that were in need of an urgent overhaul (67.4% of the 2015 level).

## Cost optimisation measures

In 2016, costs savings achieved through the implementation of FPC's medium-term Stabilisation Programme, approved by the Board of Directors on 27 April 2015,

totalled RUB 6.3 billion against the planned RUB 5.2 billion, a remarkable 21.2% over-achievement.

### STABILISATION PROGRAMME, RUB BILLION

Activities	2016			
	Plan	Actual	+/-	%
Reduction of rolling stock maintenance and repair costs	1.4	1.8	0.4	130.6
Optimisation of train-kilometre performance	2.6	2.6	0.0	100.0
Reduction of costs for maintenance and repair of buildings, structures and equipment	0.6	0.7	0.1	126.8
Mothballing of fixed assets	0.1	0.6	0.5	579.6
Rightsizing to match performed tasks	0.6	0.6	0.05	108.7
<b>Total</b>	<b>5.2</b>	<b>6.3</b>	<b>1.1</b>	<b>121.2</b>

In addition to the Stabilisation Programme, which was taken into consideration in the cost budgeting process<sup>1</sup>, to reduce operating expenses by 10% JSC FPC's Programme for the Reduction of Scope and

Costs of Consumed Services in 2016 and the Programme of Additional Measures, were both approved by FPC's Board of Directors on 7 October 2016 (Minutes No. 5).

The actual savings achieved under the programmes over the year totalled RUB 3.3 billion, or 105.0% of the target.

#### JSC FPC'S ADDITIONAL PROGRAMME FOR THE REDUCTION OF SCOPE AND COSTS OF CONSUMED SERVICES IN 2016, RUB BILLION

Activities	Plan	Actual	+/-	%
Organisational structure optimisation	0.07	0.1	0.03	144.7
Working with suppliers and contractors to achieve lower cost inflation for goods and services, and reduce the scope of consumed services	3.1	3.2	0.07	103.2
<b>Total for activities</b>	<b>3.2</b>	<b>3.3</b>	<b>0.1</b>	<b>105.0</b>

## Average headcount and Optimisation Programme

Labour productivity in transport services was improved by 9.8% from 2015, and by 10.3% vs 2014.

The operations staff increased its productivity in terms of value by 17%, the production staff by 17.4%.

Overall, the average headcount across all business lines was reduced from 71,629 in 2014 to 63,109, or by 8,519 FTEs (-11.9%). Headcount was reduced by 7,390 FTEs for the production staff (-11.7%), and by 1,130 FTEs for the management staff (-13.2%).

Indicator	2014	2015	2016	2016/2015, %
Passenger turnover on trains made up by FPC, billion passenger-kilometres	87.5	81.1	85.1	97.2%
Total average headcount, FTEs	71,629	66,515	63,109	-8,519
Production headcount, FTEs	63,092	58,898	55,702	-7,390
Management headcount, FTEs	8,537	7,616	7,407	-1,130
Productivity of FTEs in transport services, thousand passenger-kilometres / FTE	1,327.8	1,334.5	1,465.0	110.3%
Productivity of operations FTEs, thousand RUB / FTE	2,591.3	2,724.7	3,188.3	123.0%
including production FTEs	2,941.9	3,077.0	3,612.3	122.8%

<sup>1</sup> Pursuant to Russian Government Directive No. 4750p-P13 dated 4 July 2016; paragraph 4 of Section II of the minutes of the 18 January 2016 Meeting at the Office of the Russian Prime Minister; and instruction of the Russian Government No. ISH-P13-2047 dated 11 April 2016.