



Company Strategy

Mission, Vision, and Strategy

Mission

We improve the quality of life by making your travel experience as safe, affordable, and comfortable as possible.

Our mission is centered around customer focus. Customer-oriented approach is a core principle of everything we do.

Every change ultimately contributes to the Company's mission.

Vision

FPC is a highly efficient, financially sound, innovative, rapidly developing company focused on enhancing shareholder value.

- FPC acts as a national carrier providing traditional and high-speed long-distance rail passenger services in Russia and abroad.
- FPC is a customer-focused company, leading the market in service quality.

We offer convenient and comfortable travel experience, including connections with other modes of transport and multimodal transportation.

- FPC is a socially responsible company acting under instruction from

the Russian Government to ensure general access to the most environment-friendly mode of transport.

- FPC operates under a recognisable international brand and is a reliable partner across Europe and Asia.

Strategic goals

FPC plays a crucial role in RZD Holding, being the largest subsidiary in the passenger segment, and is involved in the holding company's financial planning.

The key document defining the key areas of RZD Holding's long-term strategic development is the Long-Term Development Programme of JSC RZD, its Subsidiaries and Affiliates until 2020¹.

According to the Programme, RZD Holding's targets in the passenger sector are as follows:

- maintaining the existing share in the passenger turnover of Russia's transport system and growing passenger numbers on long-distance and interregional routes 1.3 to 1.7-fold by 2030;
- implementing projects for the development of higher-speed and high-speed passenger services,

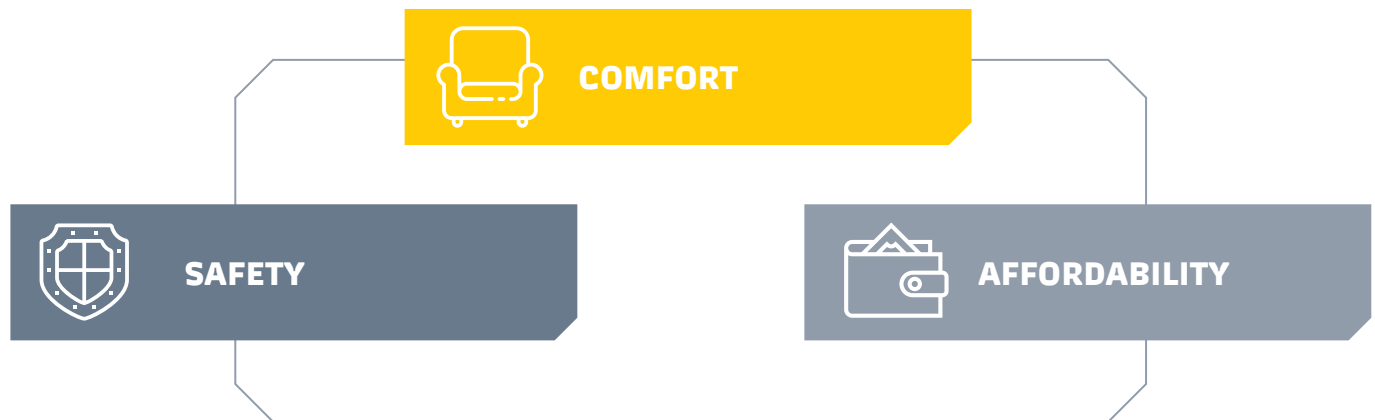
ensuring that up to 20% of the services (in the structure of passenger turnover) are provided at new speed levels by 2030;

- consistent renovation of assets using innovative technology and solutions based on the effective management of the life cycle cost, availability, and reliability of core assets;
- raising customer satisfaction levels by improving the quality of services while keeping transportation costs competitive.

FPC's initiatives are synchronised with RZD's goals in the passenger service sector through a list of the following performance indicators set out as targets in FPC's Development Strategy:

- passenger turnover;
- revenue;
- EBITDA;
- investment volume;
- labour productivity improvement.

Since the Company was founded, no traffic incidents (train crashes, accidents) have happened due to FPC's fault.



Since the establishment of FPC, fares in the deregulated segment have been rising slower than an inflation rate².

Since FPC was founded, more than 20% of the railcar fleet has been renovated³.

¹ Approved by JSC RZD's Board of Directors (Minutes No. 24 dated 1 December 2014).

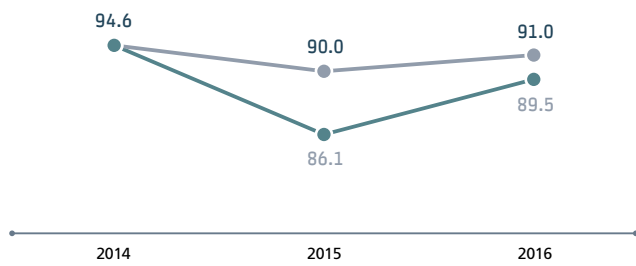
² Cumulative fare increase from 2011 to 2016 (29% in the deregulated segment, CPI is 50%).

³ Ratio of carriages purchased or overhauled with service life extension between 2011 and 2016 to the 2016 operating fleet.

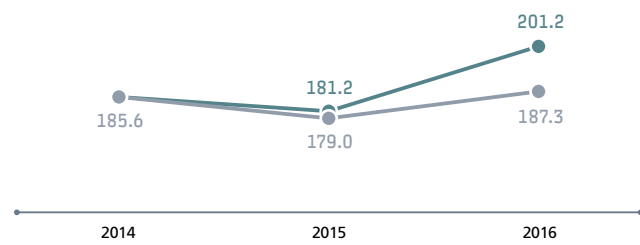


FPC Strategy indicators¹

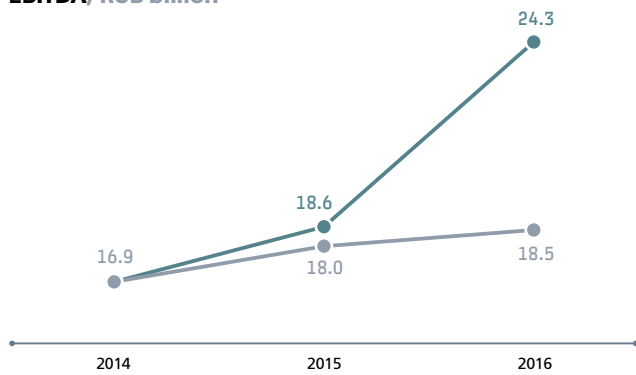
Passenger turnover, billion passenger-kilometres



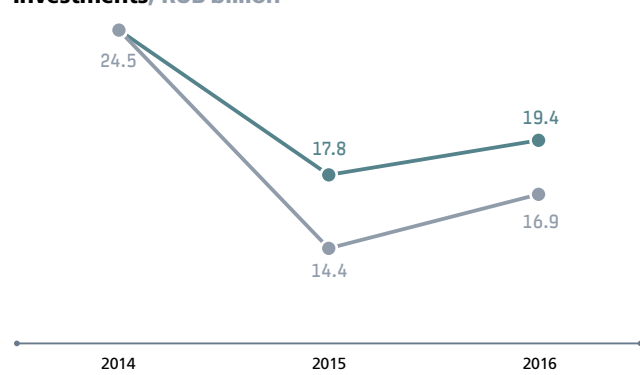
Revenue, RUB billion



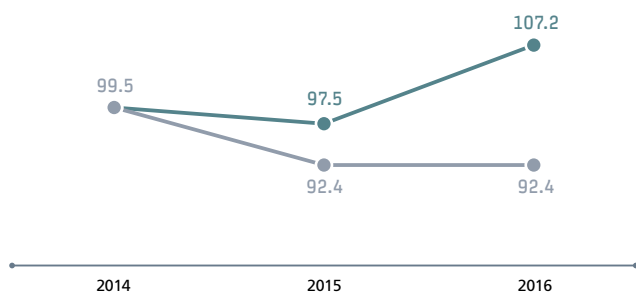
EBITDA, RUB billion



Investments, RUB billion



Labour productivity improvement by 2012, %



—●— RZD LDP¹ —●— FPC

The following factors have contributed to changes in the passenger turnover:

- reduced subsidies to FPC;
- increased state support for air transport;
- slowdown in the Russian economy;
- decreased international passenger traffic due to the situation in Ukraine.

¹ RZD LDP means the Long-Term Development Programme of JSC RZD, its Subsidiaries and Affiliates until 2020, approved by JSC RZD's Board of Directors on 1 December 2014.