



# Company history<sup>1</sup>

## Key milestones

### 2010



FPC gained the actual status of a national rail long-distance carrier: The Company was included in the Register of Natural Monopolies eligible for subsidies from the federal budget.

### 2011



FPC was officially admitted to the international Organisation for Cooperation of Railways (OSJD) and was made a member of the International Union of Railways (UIC).

### 2012



FPC was awarded with the Company of the Year 2012 National Award by RosBusinessConsulting (RBC) information agency.

### 2013



FPC was assigned the status of observer at the OSJD, which entitles it to represent the Company at the meetings of the OSJD working bodies, thus strengthening the Company's position in the international transport services market.

## State and restructuring

### 2010



Restructuring of long-distance passenger infrastructure under Stage III of the Railway Restructuring Programme was completed.

### 2011



Regulatory and legal framework for revenue shortfall calculation was finalised.

### 2012



Cooperation Agreements were signed with the Governments of the Republic of Karelia, the Komi Republic, and the Republic of Ingushetia.

### 2013



The Plan to Develop and Implement a Mechanism for Long-Term Subsidising of Long-Distance Rail Passenger Transportation was approved by instruction of Russian Deputy Prime Minister Arkady Dvorkovich.

## 2014



Credit rating was assigned to FPC by the leading rating agencies.

FPC Annual Report was awarded in the Best Presentation of a Business Model for Non-Public Companies category at the Annual Report Competition by the Moscow Exchange.

## 2015



Award at the national loyalty marketing competition Loyalty Awards Russia 2015 in the Best Loyalty Programme by a Transportation Company category.

Double-decker train from Moscow to Voronezh was entered in the Russian Book of Records as the “year-round regular long-distance train with the largest number of passenger seats” – 1,320 seats.

FPC Annual Report was awarded for the second time in the Best Presentation of a Business Model for Non-Public Companies category at the Annual Report Competition by the Moscow Exchange.

## 2016



The Year of the Passenger Programme was successfully implemented: in 2016, FPC managed to stop the declining passenger turnover rates for the first time in five years and achieve a 4% growth.

FPC won the Best Employer for Young People 2016 award in the Reliable Partnerships category.

FPC 2015 Annual Report was awarded the Best Annual Report of a Non-Public Company by the Moscow Exchange.

## 2014



Fares for travel in third-class sitting and sleeping carriages were reduced following the resolution of the Federal Tariff Service (FTS of Russia).

In accordance with the Russian Government’s Resolutions No. 1223 dated 19 November 2014 and No. 1044 dated 11 October 2014, FPC was entitled to receive subsidies covering part of interest expenses under loans granted to purchase rolling stock (double-decker carriages), and to benefit from the Programme to Support Investment Projects in Russia on the basis of project financing.

## 2015



The Russian Government resolved to reduce the VAT rate applicable to long-distance rail passenger services to 10% between 1 January 2016 and 31 December 2017.

## 2016



The Russian Government resolved to reduce the VAT rate applicable to long-distance rail passenger services to 0% between 2017 and 2030.

The Federal Antimonopoly Service (FAS) of Russia resolved to reduce infrastructure tariffs for higher-speed trains travelling at 91 to 140 km/h.

<sup>1</sup> The terms “Company” and “FPC” are used interchangeably in this Report.



## Business development



### 2010



FPC started independent operations.



### 2011



All FPC's domestic trains support online registration.

RZD's website was adjusted to enable the sale of e-tickets for FPC's trains via mobile devices.

Controlling share of RZD Travel LLC was acquired to expand FPC's presence in the tourist market (rail travel segment).



### 2012



FPC 2030 Development Strategy was approved.

Ticket sales on credit were launched.

Implementation of the technology for including trains in the general turnaround schedule was expanded.

A logistics company engaged in unaccompanied baggage and mail transportation – FPC-Logistics – was launched.

Revenue Management System and RZD Bonus Loyalty Programme were launched.

Car carriers were put into service.



### 2013



Double-decker train was launched on the Moscow – Adler route.

Co-branding card project was launched in cooperation with Bank VTB 24 (PJSC).

Unified maintenance facility for double-decker rolling stock was launched at the Mineralnye Vody depot.

Procedure for e-ticket purchase and refund was simplified; the English version of the website for ticket purchase was launched.

High-Speed Traffic Improvement Programme was implemented.

## Carriage operator



## 2014



Pilot project on multimodal transportation was implemented (Moscow – Valuyki).

FPC fully adopted the technology for transporting baggage in a dedicated compartment.

Lastochka electric trains were launched.

Cost Optimisation Programme was implemented, bringing RUB 15 billion of savings. Total effect in 2010–2014 reached RUB 39 billion.



## 2015



Strizh high-speed train made up of Talgo carriages was launched on the Moscow – Nizhny Novgorod route.

Double-decker train made up of carriages with open-plan seating was launched between Moscow and Voronezh.

Sales of e-tickets for multimodal routes were launched.

Cost Optimisation Programme was implemented, bringing RUB 15.7 billion of savings.



## 2016



New international Strizh train set off on its first passenger journey from Moscow to Berlin with travel time of 20 hours, i.e. shorter by 4.5 hours.

Booking dates for domestic trains were increased to 60 days.

Trains to resort destinations were accelerated.

Passengers were offered to use non-cash payment for goods on board of all FPC's trains for the first time.

On-board Shower service was made available in 266 trains.

In June 2016, FPC successfully completed its RUB 5.0 billion three-year debut bond issue on the Moscow Exchange.

Integrated mobility provider