

RUB 0.3 billion were spent on IT projects in 2016 (setup of an information security management system, supply of software and hardware, network equipment, etc.).

Investments in other projects totalled RUB 0.4 billion. (implementation of the Comprehensive Transport Safety & Security Programme, and the Innovative Mobility project).

Sources of financing for the 2016 Investment Programme:

- equity (depreciation): RUB 13.7 billion.
- borrowings: RUB 5.7 billion.

INVESTMENT PROGRAMME STRUCTURE, RUB BILLION

Item	2015	2016	+/-
Rolling stock acquisition	12.6	14.7	2.1
Rolling stock upgrades	3.9	3.2	-0.7
Depot upgrades	0.8	0.8	-
IT projects	0.4	0.3	-0.1
Other projects	0.1	0.4	0.3
Total	17.8	19.4	1.6

The key reason for the year-on-year change in the size of capital investments was the larger number of passenger carriages purchased in 2016 (294 carriages vs. 185 in 2015), – 109 passenger carriages or RUB 2.1 billion more, year-on-year.

Priority investment areas

Customer-focused investment

In 2016, FPC spent RUB 17.8 billion to improve its customer experience through a number of initiatives, including:

- Transit time reduction and enhancement of passenger experience and transport safety by purchasing new highly efficient passenger carriages with improved performance and passenger comfort (294 new carriages for RUB 14.7 billion);
- Passenger carriage KVRs (166 carriages for RUB 2.8 billion).

In addition, RUB 0.3 billion were spent on the implementation of information technology innovations.



Investment in safety

RUB 0.8 billion were spent in 2016 on enhancing safety and quality of passenger services. Major investments in transport safety included:

- RUB 0.4 billion to implement the Comprehensive Transport Safety & Security Programme;
- RUB 0.2 billion to replace retired rolling stock;
- RUB 0.1 billion to ensure the compliance of FPC's facilities with fire safety requirements;
- RUB 0.1 billion to install new frames, bolsters, and 1,520 mm gauge bogies during scheduled carriage repairs.

Upgrades

In 2016, to maintain its existing carriage repair and maintenance facilities, FPC

invested RUB 0.8 billion in renovation and upgrades of its fixed assets.

Mid-term investment

FPC's Investment Programme for 2017–2019 provides for the purchase of 264 double-deckers worth RUB 23.0 billion to be used on profitable routes.

Priority rolling stock investment is the purchase of carriages for high-class trains. To this end, the Company plans to purchase 643 Russia-made single-deckers in 2017–2019.

The Passenger Rolling Stock Upgrade project for 2017–2019 sets an amount of RUB 16.8 billion, including RUB 9.8 billion worth of KVRs for 553 carriages.

In addition, the Investment Programme provides for RUB 5.6 billion to be spent on depot upgrade projects and RUB 0.6 billion on information technology innovations. In particular, the Company plans to complete renovation of the repair facilities in the Orekhovo-Zuevo passenger

carriage depot to improve the depot's capacity and take on KVR repairs. Total 2017 investments including the cost of equipment are RUB 0.2 billion. Additionally, in the concerned period, the Company is going to raise external investments to upgrade its carriage-washing facilities and blasting and painting systems, and construct a laundry plant in Yekaterinburg worth RUB 1.5 billion. In 2017–2019, the Company plans to invest a total of RUB 72.7 billion.