

Operating Performance Review

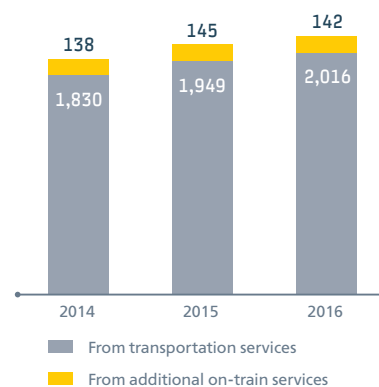
The year 2016 was a more favourable for FPC than 2015.

In 2016, FPC carried 4.7% more passengers on domestic routes, including a year-on-year increase of 3.9% in the regulated segment and 7.1% in the deregulated segment.

The growth during 2016 was driven by increased demand for rail services in Q2 and Q3 2016 (due to a shift in passenger traffic from international to domestic routes), with passenger rail traffic growing 9.8% year-on-year over the period from April to September 2016.

Increased demand for domestic passenger services was due to the growth in the Russian tourism sector (resorts in the Krasnodar Territory, the Caucasian Mineral Waters region, and Crimea), particularly after a ban was imposed on leisure flights to Turkey and Egypt, popular holiday destinations for Russians.

Average revenue per passenger (incl. VAT), RUB





Highlights

In 2016, passenger turnover amounted to 89.5 billion passenger-kilometres, 3.9% higher year-on-year, with trains made up by FPC accounting for 85.1 billion passenger-kilometres, or up 4.8% from 2015.

HIGHLIGHTS

Indicator	2014	2015	2016	2016/2015, %
Passenger turnover, billion passenger-kilometres	94.6	86.1	89.5	103.9
• on trains made up by FPC	87.5	81.1	85.1	104.8
• deregulated segment	28.7	24.2	26.0	107.2
• domestic traffic	25.2	22.7	24.3	107.1
• interstate traffic	3.5	1.6	1.7	108.2
• regulated segment	58.8	56.9	59.1	103.8
• on trains made up in the CIS and Baltic states	7.1	4.9	4.4	89.2
Passengers carried, million people	98.7	91.3	93.8	102.7
• deregulated segment	35.9	30.3	31.1	102.5
• regulated segment	62.8	60.9	62.7	102.9
Average number of carriages in a train, carriages	13.0	12.7	12.7	100.0

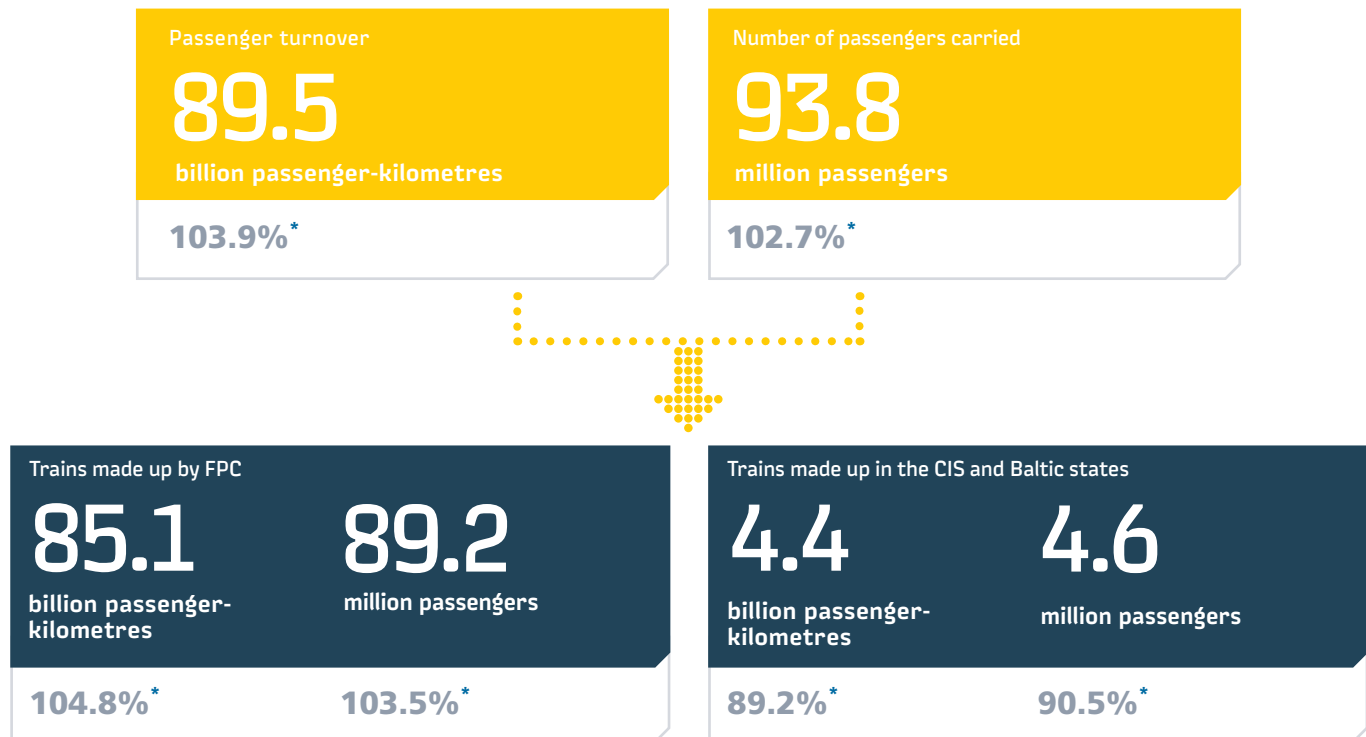
In the deregulated segment, the number of passengers carried amounted to 107.2% of the previous year's level, while in the regulated segment passenger volumes reached 103.8% of the 2015 level. In the reporting year, passenger turnover on trains made up in the CIS and

Baltic states totalled 4.4 billion passenger-kilometres, or 89.2% of the previous year's level.

The number of passengers carried amounted to 93.8 million people (102.7% of the 2015 level), including:

- 89.2 million passengers (103.5% of the 2015 level) carried on trains made up by FPC;
- 4.6 million passengers (90.5% of the 2015 level) carried on trains made up in the CIS and Baltic states.

Changes in key indicators over 2016



* Of the 2015 level.

With the Company's passenger turnover growing faster than its carriage-kilometre performance (+3.9% year-on-year vs

+2.9% year-on-year), we improved our carriage capacity utilisation rates to 71.5%, up 1.9% year-on-year.

Financial results

In 2016, operating revenues amounted to RUB 201.2 billion, up 11.0% year-on-year.

Operating expenses increased to RUB 207.1 billion, or by 4.1% year-on-year.

Subsidies from the federal budget amounted to RUB 18.9 billion (2015: RUB 24.7 billion).

EBITDA for 2016 was RUB 24.3 billion, which is higher by RUB 5.7 billion than in 2015.

FY2016 net profit totalled RUB 5.3 billion.

5.3
RUB billion
Net profit
for 2016FY