

PASSENGER TRANSPORTATION

The primary objective of Russian Railways is to provide all Russian regions with affordable passenger transportation. Along with suburban transportation comprising multimodal routes, the Company is developing long-haul passenger transportation, including high-speed and ultra high-speed transportation between the metropolitan areas. The Company's priorities include continuous improvement of customer experience, development of new products and services, digitalisation, and creation of a comfortable transport environment affordable to all categories of passengers.

IN 2018:

PASSENGERS
TRANSPORTED

1,157.2

m

+3,5%

PASSENGER TURNOVER IN HIGH-SPEED AND ULTRA
HIGH-SPEED TRANSPORTATION SEGMENTS

7.3

bn PKM

+19,9%

LONG-HAUL TICKETS SOLD ONLINE

> 50 %



Passenger transportation

Russian Railways carries out long-haul and suburban transportation in 77 and 66¹ regions of Russia, respectively.

Key focus areas of Long-Term Development Programme

In line with the Long-Term Development Programme until 2025, Russian Railways intends to fully maintain the volume of socially significant transportation (including through implementing initiatives in the Far East).

The key initiatives for the development of the long-haul passenger transportation include:

- › building an efficient route network and train schedule;
- › developing high-speed rail transportation with Lastochka and Strizh trains as well as trains with double-decker railcars;
- › providing customers with high-quality product offerings;
- › digitalising customer services and business processes;
- › offering innovative products in trains;
- › improving the customer experience;
- › introducing the world's best practices

for the development of multimodal transport.

The key initiatives for the development of the suburban passenger transportation include:

- › integrating suburban transport into the urban transport environment of the city areas;
- › ensuring the long-term mutual obligations of all participants of suburban transit systems under the regional tariff and budgetary policies of the Russian Federation;
- › adopting regulatory decisions aimed at securing equal opportunities for the development of the suburban passenger transportation vs other transport modes;
- › launching multimodal transportation (with the possibility of building integrated route network for several transport modes) along with the

comprehensive development of a bus transportation service within the Group;

- › defining economic incentives for upgrading the rolling stock and infrastructure facilities;
- › introducing suburban transportation standards for accessibility, quality and safety of passenger transportation;
- › enhancing the Moscow Transport Hub;
- › reducing the interval between passenger trains on certain routes, including the Moscow Central Circle.

Key initiatives for the railway station development include:

- › creation of multifunctional intermodal and transport interchange hubs integrated with the modern urban environment and infrastructure;
- › efficient use of railway station areas (including synergies and cooperation with bus stations).

Key achievements in 2018

- › In 2018, passenger transportation volumes reached a ten-year high of 1.157 billion people (up 3.5% y-o-y).
- › The Urban Commuter Train project encompassed 11 metropolitan areas: Moscow, Krasnoyarsk, Ufa, Rostov-on-Don, Tambov, Voronezh, Volgograd, Kaliningrad, Kazan, Yaroslavl and Yekaterinburg.
- › During the 2018 FIFA World Cup Russia™, 734 additional trains were scheduled to transport fans and client groups, with 383,900 tickets sold and

almost 319,000 fans travelling free of charge.

- › For the third year running, the Company offered, at its own expense, special prices on tickets for children aged between 10 and 17.
- › Help desks for passengers with reduced mobility were set up at 133 railway stations.
- › The number of participants of the RZD Bonus loyalty programme increased to 4 million people.
- › Free unlimited Wi-Fi access is available

at 107 railway stations in Russia.

- › Russian Railways developed and launched RZD passengers – a single customer mobile app.
- › Russian Railways also offered a family-friendly version of the RZD Bonus programme (bonus points for all family members).
- › Overall, high-speed and ultra high-speed trains (FPC, Sapsan, Allegro) transported ca. 15.6 million people (up 26% y-o-y).
- › 110 multimodal routes with combined train & bus service were launched.

¹ Excluding Central SPC.



« We place strong emphasis on the development of passenger transportation, and we are not afraid of introducing new business models of services. Wi-Fi in trains and at train stations, mobile apps, new methods of payment, e-tickets, multimedia portals in trains, and reward programmes are all a reality today»

Dmitry Pečov
Deputy CEO of Russian Railways

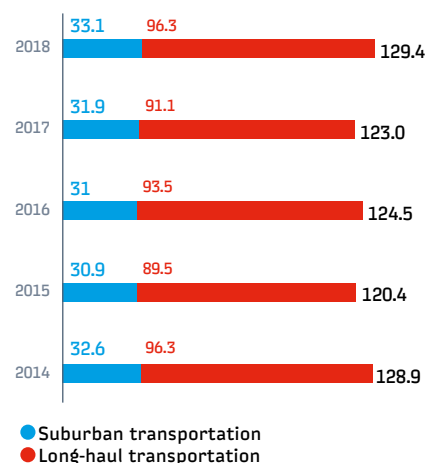
Passenger transportation in 2018

In 2018, passenger transportation volumes reached a ten-year high of 1.157 billion people (up 3.5% y-o-y), with both suburban and long-haul routes contributing to the growth.

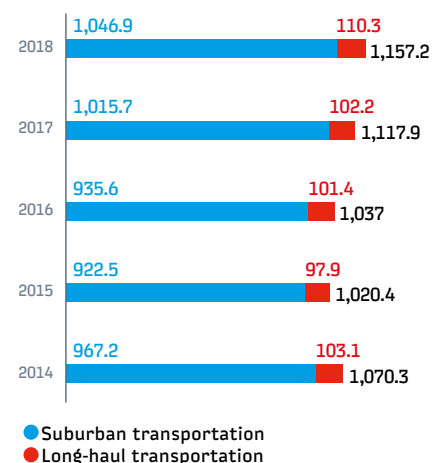
Long-haul passenger turnover stood at 96.3 bn pkm, or 105.7% vs 2017, while suburban passenger turnover rose by 3.9% y-o-y to 33.1 bn pkm. Over the year, 1,046.9 million passengers were transported in the suburban segment – a 3.1% increase vs 2017, with full-price passengers, students, and holders of regional travel benefits adding 0.7%, 0.8% and 32.6% y-o-y, respectively.

The number of suburban passengers also increased due to the development of the Moscow Central Circle and amounted to 129.6 million passengers (up 17% y-o-y).

Railway passenger turnover, bn pkm



Passengers transported by rail, m people



Russian Railways' passenger transportation highlights

Items	2017	2018	Y-o-y change	
			In absolute terms	%
Passenger turnover, bn pkm	122.9	129.4	6.4	5.2
Suburban transportation, bn pkm	31.9	33.1	1.2	3.9
Long-haul transportation, bn pkm	91.0	96.3	5.2	5.7
Including high-speed and ultra high-speed trains	6.1	7.3	1.2	19.9
Passengers transported, m people	1,117.9	1,157.2	39.3	3.5
Suburban transportation, m people	1,015.7	1,046.9	31.2	3.1
Long-haul transportation, m people	102.2	110.3	8.1	7.9
Including high-speed and ultra high-speed trains	12.4	15.6	3.2	25.8

Rolling stock renewal

Rolling stock renewal is one of the suburban segment's priorities. In line with its approved investment programme for 2018, Russian Railways purchased 180 Lastochka cars (35 trains).

To enhance customer experience, the Company seeks to renew the rolling stock by:

- › purchasing the Federal Passenger Company's long-haul passenger

Suburban passenger transportation

Suburban transportation services are provided by 24 suburban passenger companies (SPCs), with Russian Railways, regional executive authorities, private investors and Aeroexpress among the co-founders.

Russian Railways holds more than 50% in the charter capital of 19 suburban passenger companies. In January 2018, the Company changed its holding in Central SPC by selling the stake through a public bidding process.

Thanks to the government support of suburban transportation by way of reimbursed infrastructure costs and a discount factor of 0.01, passengers can buy tickets at a socially affordable price. In 2018, most regions opted not to increase rail fares.

Federal support of the suburban segment made it possible to stabilise transportation volumes and even expand local transportation services. As the owner of the public infrastructure, the Company fulfilled its obligations to all carriers.

SPC performance in 2018

Suburban passenger companies' income from passenger transportation totalled

rolling stock to replace the railcar fleet;

- › purchasing Lastochka cars for suburban and long-haul Daily Express¹ transportation between the largest cities. This will help boost passenger traffic, create a brand new type of service with reduced travel time, and introduce innovative comfortable coach cars;
- › conducting overhauls of electric trains.

RUB 28.5 bn, up 6% y-o-y, with 19 out of 24 carriers generating higher income compared to 2017.

Transportation expenses rose by 4% y-o-y to RUB 37.4 bn.

In 2018, SPCs (Russian Railways' subsidiaries and affiliates) reduced their prior debt under agreements with Russian Railways by RUB 0.9 bn, with 20 companies reaching the break-even level².

Moscow Central Circle performance in 2018

In 2018, the MCC serviced 129.6 million passengers (up 17% y-o-y), with total passenger traffic since its launch in 2016 exceeding 267.6 million. This is driven by the opening of new Moscow metro stations and a large influx of tourists and fans seen in Moscow during the 2018 FIFA World Cup Russia™. Early autumn saw the commissioning of residential property located in close proximity to the MCC, which brought about more passengers.

At present, its daily traffic exceeds 400,000 people, and the number keeps growing. On 7 November, the MCC transported a record 501,767 people per day.



WINTER UNIVERSIADE IN KRASNOYARSK

In the run-up to the XXIX Winter Universiade in Krasnoyarsk, Russian Railways invested RUB 3.7 bn in building and upgrading 28 infrastructure facilities. The main facility, the Krasnoyarsk railway station, fully meets barrier-free design and safety requirements, with automated passenger information, Smart Railway Station and electronic queue systems put in place.

In March 2019, the Company used 23 pairs of long-haul trains and 58 daily intracity suburban trains, including 21 routes to sports venues, to transport sports delegations and fans.

The development of the MCC continues. The Company has done simulation modelling using five-, four- and three-minute intervals between trains. A four-minute interval between Lastochka electric trains will increase the MCC's throughput capacity in the range from 592,000 to as much as 806,000 passengers per day (215 and 295 million passengers per year, respectively).

Urban Commuter Train project

In 2018, passengers gave positive feedback on Urban Commuter Train, a regional project to integrate railway transportation

¹ Daily Express refers to day trains with a speed exceeding 100 km/h.

² North-West SPC, Moscow-Tver SPC, Volga-Vyatka SPC, Sodruzhestvo, North Caucasus SPC, Kuban Express Suburb, Chernozemye SPC, Saratov SPC, Volgogradtransprigorod, Bashkortostan SPC, Samara SPC, Perm Suburban Company, Omsk Suburb, Express Suburb, Altai Suburb, Krasprigorod, Baikal SPC, Zabaikalsk SPC, Primorye Express, and Sakhalin PC.