

Letter from the Chairman of the Board of Directors

Dear Colleagues, Partners, Clients and Investors,

In 2018, Russian Railways celebrated its 15th anniversary. In this fairly short span of time, we implemented multiple initiatives seeking to introduce cutting-edge technologies and run massive infrastructural projects, even by global standards. We worked daily to boost labour productivity and financial performance, and to build a well-balanced portfolio of high-quality assets. These efforts shaped Russian Railways as one of the leaders in the world's transportation and logistics market. Today, the Russian Railways Group is a Top 2 player globally by freight turnover and speed of freight

movement, and ranks 4th by passenger turnover and service speed, leading the pack in terms of traffic safety, energy efficiency and environmental protection.

In 2018, such fundamental documents came into effect as the Decree of the President of the Russian Federation No. 204 On National Goals and Strategic Objectives of the Russian Federation through to 2024 dated 7 May 2018 and the Comprehensive Plan for Upgrading and Expanding Core Infrastructure through 2024 developed in its pursuance by the Government.

They determine the key focus areas of development for the country's railway transport.

The ultimate goal of this plan is to bring about innovative transformation of the railway industry, including introduction and broad application of advanced technologies, digitalisation of the transport industry and logistics processes. With this in mind, the Government supported the main approaches developed by the Company jointly with other market players to sustain



profitability of freight transportation in the long run.

That said, a major redesign of the management processes to incorporate digital technologies is a considerable challenge for the Company. Still, I am convinced we have everything we need to make such a crucial breakthrough. This will require not only a great concentration of resources of Russian Railways and the entire railway industry but also closer cooperation between shippers, consignees, railcar

fleet owners, rolling stock operators and freight forwarders. I hope Russian Railways will become the cornerstone for the development of end-to-end, seamless transportation, creation of modern digital services to carry freight and sell all-in-one tickets for passengers valid on various types of public transport.

The completion of these assignments set for Russian Railways by the President and the Government will facilitate a well-balanced, sustainable development of the Company and drive additional demand

for innovative products of businesses in the real sector, as Russian Railways is not merely a provider of transport services but also the largest consumer of industrial and other goods.

I would like to thank our team, partners and customers for their dedicated work and cooperation in 2018. I am confident that this year we will be able to address yet many more tough but equally exciting challenges, developing the transport industry for the benefit of the Russian people and our country.

Maxim Akimov

Chairman of the Russian Railways Board of Directors