

INVESTMENT APPEAL

Key drivers of FPC's investment appeal:

- a monopolistic position in the long-distance rail passenger transport market in Russia
- FPC is vital both socially and strategically to Russia as the main transport operator for long- and medium-distance travel spanning most of the country, including travel to regions with extreme natural and climatic conditions and lacking road and air infrastructure
- significant growth potential of population mobility
- railway services to support major passenger flows in Russia
- a conservative financial policy and low debt level
- state-regulated fares for long-distance rail passenger services and compensation of revenue shortfall paid by the Russian Government
- low competition from international companies in the domestic rail passenger services market due to high entry barriers for new players entering the Russian market
- strategic importance in achieving the long-term objectives of the state-owned RZD Holding.

CREDIT RATINGS

In early 2018, rating agencies upgraded FPC's credit ratings:

- Moody's to an investment grade "Baa3", with a positive outlook (one notch higher than the sovereign credit rating)
- Standard & Poor's to "BBB-", with the stable outlook changed to negative in March 2018.

Fitch affirmed its "BB+" rating, with a positive outlook.

In December 2018, the Russian national rating agency ACRA affirmed its "AA+(RU)" high credit quality rating for FPC, with a stable outlook.

FPC'S CREDIT RATINGS AS AT THE END OF 2018

AGENCY	RATING	OUTLOOK
Moody's	Baa3	positive
Standard & Poor's	BBB-	negative
Fitch	BB+	positive
ACRA	AA+(RU)	stable

Events after the reporting date:

- in February 2019, Moody's upgraded FPC's rating to "Baa2" with a stable outlook. FPC's current rating from Moody's is one notch higher than the sovereign credit rating
- in March 2019, Fitch upgraded FPC's rating to "BBB-" with a positive outlook.

Consequently, since Q1 2019, the Company has investment grade credit ratings from all three leading global rating agencies.