

DIVIDEND POLICY

Under the Regulations on JSC FPC's Dividend Policy, if depreciation and external funding sources are insufficient to finance the Investment Programme, the Company may draw additional funds from the net profit that was to be distributed as dividends to Russian Railways.

No dividends were paid out in 2018.

Resolution on the amount of dividends for 2018 will be made by the annual General Shareholders Meeting in 2019.

CALCULATING THE AMOUNT OF DIVIDENDS

On 17 December 2012, FPC's Board of Directors approved the Regulations on JSC FPC's Dividend Policy¹.

In accordance with the Regulations, the amount of a full year dividend is a sum total of a fixed dividend (**DIV1**) and a residual dividend (**DIV2**).

DIV1 = net profit for the reporting year × (fixed dividend payable (no less than 25%)) + fixed dividend adjustment coefficient reflecting the variance between FPC's actual net profit and the target value (CT).

Where the variance between the actual and target net profit is no greater than 15%, CT is equal to 0.

Where the variance between the actual and target net profit is greater than 15% but less than 50%, CT is equal to 5%.

Where the variance between the actual and target net profit is greater than 50%, CT is equal to 10%.

DIV2 = net profit for the reporting year – the amount of mandatory contributions deducted from the net profit (reserve fund and charities) – DIV1 – the portion of FPC's profit used to finance its Investment Programme (Investment Programme – depreciation – borrowings).

The resolution to pay out (declare) dividends is passed by the General Shareholders Meeting. The amount of dividends cannot be higher than the amount of dividends recommended by the Company's Board of Directors.

General Shareholders Meetings held in 2010–2013 resolved not to pay out any dividends.

In 2014, RUB 4.1 billion was allocated to dividends and RUB 4.5 billion was contributed by Russian Railways to FPC's share to finance FPC's Investment Programme.

In 2015, FPC made a net profit of RUB 141.1 million. RUB 70.5 million was paid out as dividends.

In 2016, FPC made a net profit of RUB 5.3 billion. RUB 4.9 billion was paid out as dividends.

For 2017, RUB 1.6 billion was allocated to dividends and RUB 6.5 billion was contributed by Russian Railways to FPC's share to finance FPC's Investment Programme.

¹ The Regulations are available on the FPC website at https://fpc.ru/dbmm/download?vp=79&load=y&col_id=121&id=1823.