

INVESTMENT STRUCTURE

In the reporting period, RUB 42 billion (95.7% of investment) were allocated for passenger rolling stock replacement and upgrades, including:

- RUB 30.9 billion for acquisition of new passenger carriages including:
 - 659 carriages for branded rolling stock replacement and upgrades
 - 65 double-decker carriages
- RUB 11.1 billion for passenger rolling stock upgrades.

The remaining capex totalling RUB 1.9 billion, or 4.3%, was used to support depot upgrades, IT projects, and other initiatives.

The new rolling stock was purchased to upgrade the fleet and replace retired carriages.

The Company's carriage procurement programme prioritises rolling stock acquisition to upgrade its branded trains. To achieve this goal, the Company purchased 659 carriages (worth RUB 25.3 billion) in 2018, including 637 third-class open sleeping carriages, thus upgrading this type of carriages on over 30 trains.

For profitable, high-demand passenger destinations, the Company also purchased 65 double-decker carriages (worth RUB 5.6 billion) to introduce trains on the following routes: Adler–Rostov, Kislovodsk–Moscow, and Moscow–Izhevsk.

As part of its 2018 investment programme, the Company financed a RUB 11.1 billion Passenger Rolling Stock Upgrade project. A large portion of the funds (RUB 9.2 billion, or 82.9%) was used to perform overhauls with service life extension (KVRs) and upgrades for 584 carriages.

The investment programme also provided for depot upgrade projects and IT projects.

RUB 0.9 billion were invested in depot upgrades.

Investments in depots were primarily used to:

- upgrade existing production facilities (RUB 0.6 billion)
- purchase equipment to ensure uninterrupted depot operations (RUB 0.2 billion).

In 2018, FPC spent RUB 0.2 billion on IT projects (development of software and hardware using cloud solutions to expand the use of electronic carriage documents and e-tickets; supply of software and hardware, network equipment, etc.).

Investments in other projects totalled RUB 0.8 billion (acquisition of equipment for transport safety and security, Train Master's Mobile Workstation software and hardware, etc.).

Sources of financing for the investment programme:

- equity (depreciation): RUB 22.2 billion
- borrowings: RUB 21.7 billion.

The key reason for the year-on-year increase in capex was the larger number of passenger carriages purchased in 2018, at 724 carriages compared with 425 in 2017 – a year-on-year increase of 299 passenger carriages, or RUB 13.1 billion. Moreover, the Company allocated RUB 4.5 billion more for the upgrades of passenger rolling stock in 2018 vs 2017.

43.9

RUB billion

investment programme in 2018

0.9

RUB billion

invested in depot upgrades in 2018

INVESTMENT PROGRAMME STRUCTURE, RUB BILLION

INDICATOR	2016	2017	2018	CHANGE 2018/2017
Rolling stock acquisition	14.7	17.8	30.9	13.1
Rolling stock upgrades	3.2	6.6	11.1	4.5
Depot upgrades	0.8	0.9	0.9	–
IT projects	0.3	0.4	0.5	–0.1
Other projects	0.4	0.2	0.5	0.3
Total	19.4	25.9	43.9	18

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