

PRIORITY INVESTMENT AREAS

Customer-focused investment

FPC spent RUB 41.7 billion in 2018 to improve its customer experience through a number of initiatives:

- 724 new, highly efficient passenger carriages were purchased, with improved performance and passenger comfort, totalling RUB 30.9 billion and aimed at reducing transit times and enhancing both transport safety and passenger experience
- RUB 10.6 billion were spent on passenger carriage KVRs (584 carriages).

In addition, RUB 0.5 billion were spent on the implementation of information technology innovations.

Upgrades

To maintain its existing carriage repair and maintenance facilities, FPC invested RUB 1.1 billion in rehabilitation and upgrades of its fixed assets in 2018.

MID-TERM INVESTMENT

The long-term agreement with Joint Stock Company Railwaycar Building Works Tver TVZ for rolling stock development, design, manufacturing, testing, and certification in 2019–2025 provides for the supply of 3,731 carriages for a total of RUB 237 billion.

The rolling stock acquisition programme is based on investment efficiency. FPC's priority is to continue upgrading its profitable rolling stock, making sure the profit is enough to pay the investment off during the rolling stock service life.

The type of rolling stock for each destination is selected based on economic factors such as profitability and return on investment, as well as technical limitations such as utilising particular carriages on certain routes.

Double-decker carriages have twice the capacity of single-decker carriages and are therefore more cost-effective. Double-decker carriages are especially popular on routes with limited infrastructure as each double-decker carriage can replace two single-decker carriages, enabling a twofold reduction of passenger trains. In addition, FPC's double-decker rolling stock can meet all passenger service comfort requirements.

At the same time, the operation of double-decker carriages requires retrofitted originating and turnaround stations, in particular, inspection pits and high-voltage charging points.

Unlike double-deckers, single-decker carriages can be operated throughout the whole network of Russian Railways. Single-decker procurement is planned based on the existing carriage type system – first-class sleeping, second-class sleeping, and third-class open sleeping carriages.

Investment in safety

Major investments in transport safety included:

- RUB 0.2 billion to replace retired rolling stock
- RUB 0.2 billion to install new frames, bolsters, and 1,520 mm gauge bogies during scheduled carriage repairs
- RUB 0.1 billion to ensure the compliance of FPC's facilities with fire safety requirements.

0.5

RUB billion

were used in 2018 to enhance passenger safety and improve passenger experience

Modern third-class open sleeping carriages have higher capacity to meet established passenger preferences and maintain lower fares.

Starting from June 2019, FPC plans to acquire only new rolling stock which is now being developed under Carriage 2019 and Carriage 2020 specifications. Their design provides for more capacity and semi-automated customer service on board.

Acquisition of locomotive-hauled passenger carriages with seats is viable for routes of up to 6 hours of travel time and sufficient passenger traffic. The Company determines the most efficient type of rolling stock for each destination, considering investment performance and technical limitations.

The Passenger Rolling Stock Upgrade project for 2019–2021 provides for RUB 30.8 billion of capex, including RUB 30 billion worth of KVRs for 1,450 carriages.

Moreover, in 2019–2021, FPC plans to allocate RUB 6.1 billion for: – depot upgrades (RUB 0.6 billion) – IT projects.

FPC plans to invest a total of RUB 1.5 billion into other projects in 2019–2021.