

MARKETING POLICY PLANS

A new product, Business Pass, was launched on 1 July 2018 together with the Directorate for Higher-Speed Services, a branch of Russian Railways, for Strizh higher-speed trains travelling between Moscow and Nizhny Novgorod. The Business Pass concept offers a new type of prepaid fares used in electronic travel cards. The pass will have a limited number of trips and a validity date.

The product offer is planned to be extended to other routes in 2019.

Pursuant to Federal Law No. 73-FZ On Amendments to Article 83 of the Federal Law on the Railway Transport Charter of the Russian Federation, dated 18 April 2018, carriers are allowed to sell non-refundable tickets in the deregulated segment of rail passenger services (first-class, second-class, deluxe) as of 1 January 2019. Relevant amendments have been made to the passenger transport rules¹.

These novelties provide passengers with an option to book non-refundable long-distance fares (tickets) if such option is enabled by the carrier.

A regulatory framework enabling sales of non-refundable tickets was thus established in 2018.

In view of the above, FPC will develop a list of trains in 2019, for which a non-refundable ticket option will be available.

The 2019 objectives of the Company's Marketing Policy include further roll-out of marketing campaigns and special fares to make passenger services more affordable and enhance transport mobility

of the population. These efforts are an important milestone in the delivery of the Marketing Strategy of JSC FPC to 2030, developed in 2018. The Strategy sets long-term marketing targets to support the Company's further growth, including development of the product offering, marketing and sales digitalisation, and a shift in the communication paradigm to personalised customer experience driven by the customer's preferences and budget.

Apart from that, the Company has set 2030 marketing targets for specific strategic areas including product portfolio, pricing, sales, promotion, the loyalty programme, and the marketing digitalisation.

96

work tickets

were sold in 2018

OPERATIONS IN THE TRANSPORT MARKET

SELECTED PROJECTS: NEW TRANSPORT PRODUCTS



Daytime
trains

~15

million

passengers carried
+23% year-to-year

¹ Resolution of the Russian Government No. 111 On Approval of Rules on Rail Transport Services for Passengers, Cargo, Baggage, and Unaccompanied Baggage for Personal, Family, Household and Other Needs Not Related to Conducting Business, dated 2 March 2005; Decree of the Russian Ministry of Transport No. 473 On Approval of Passenger, Baggage, and Unaccompanied Baggage Rail Transport Rules, dated 19 December 2013.

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Car transport service

5.5

'000 vehicles

carried
+5% year-to-year

Ticket booking

90

days

before the journey



Double-decker trains

~4.6

million

passengers carried
+37% year-to-year

On 1 July 2018, the Company started selling Business Passes for Strizh trains on the Moscow–Nizhny Novgorod route



Higher-speed trains

9.4

million

passengers carried
+53% year-to-year

RZD Bonus Loyalty Programme

>4

million members

in 2018



Moscow–Berlin Talgo train

31

'000 passengers

carried
+16% year-to-year

59

'000 passengers

since the start of operation on 17 December 2016



Multimodal transport services (6 routes)

71

'000 passengers

carried
+3% year-to-year

~270

'000 passengers

since the start of operation in December 2014

Daytime trains

The Company continues to further enhance its new offering of daytime trains, which run only during the day and mostly comprise carriages with seats. They offer comfort and speed on routes such as Moscow–Voronezh, Moscow–Yaroslavl, Moscow–Bryansk, Moscow–Smolensk, Moscow–Saint Petersburg, Moscow–Nizhny Novgorod, Saint Petersburg–Pskov, and others.

Ticket pricing is attractive and comparable with bus fares.

The new trains are all equipped with toilet facilities and air conditioners. Passengers can enjoy a meal in a dining carriage or buffet carriage during their journey.

To improve passenger experience and increase rail passenger traffic, on 1 April 2018, the Company launched a new, standard composition daytime Lastochka train No. 818/817 on the Krasnodar–Kislovodsk route.

New locomotive-hauled daytime trains were also put on the following routes: Moscow–Murom (No. 48/47, from 20 September 2018), Syktyvkar–Usinsk (No. 54/53, from 24 September 2018), and Moscow–Vologda (No. 108/107, from 5 October 2018).

After discussing the issue to reach a consensus during 2018, on 30 October the Company made a decision to launch carriages on the Moscow–Kostroma route that will be connected to and disconnected at Yaroslavl Glavny Train Station from train No. 108/107 travelling from Moscow to Vologda.

The new timetable includes 59 daytime train pairs across 34 routes.

ROUTES OF FPC'S DAYTIME PASSENGER TRAINS



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PASSENGER TRAFFIC ON DAYTIME TRAINS SINCE THE START OF OPERATION, **MILLION PASSENGERS**

SUMMARY OF TRAIN SERVICES

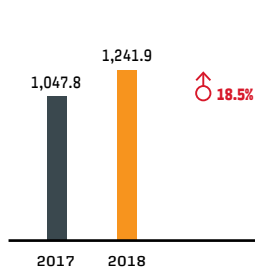
59

train pairs

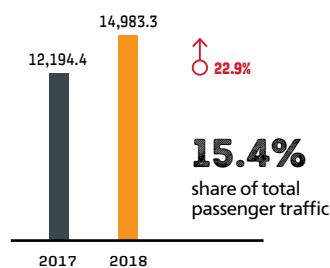
34

routes

NUMBER OF PASSENGERS CARRIED IN DECEMBER, '000 PEOPLE



NUMBER OF PASSENGERS CARRIED IN JANUARY-DECEMBER, '000 PEOPLE



A total of
14.98
million passengers

were carried in 2018

Double-decker trains

Double-decker carriages is a new type of carriages for FPC.

Their benefits include:

- convenient timetable and the shortest travel time possible for most of the travellers
- lower fares for second- and first-class sleeping carriages due to increased carriage capacity
- environmental friendliness (the carriages use advanced technology, equipment, and materials).

In line with the Comprehensive Long-Term Programme to Introduce Double-Decker Passenger Carriages on Russian Railways' Network, approved in December 2016, the Company plans phased expansion

of the routes covered by long-distance double-decker train services to ensure competitiveness of rail passenger services and improve cost efficiency.

The second¹ stage of the programme, scheduled for 2019–2020, will launch double-decker train services on the following routes: Moscow–Petrozavodsk, Saint Petersburg–Murmansk, Saint Petersburg–Moscow, and Moscow–Penza.

ROUTES OF FPC'S DOUBLE-DECKER TRAINS



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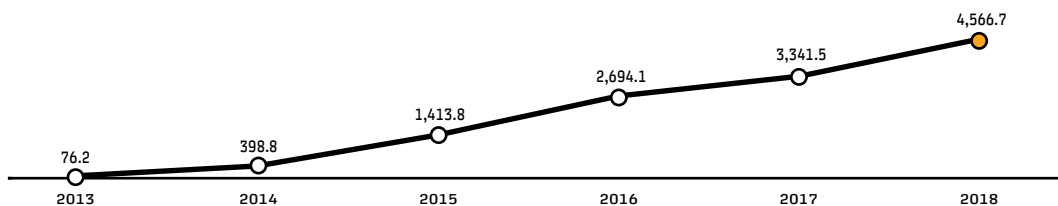
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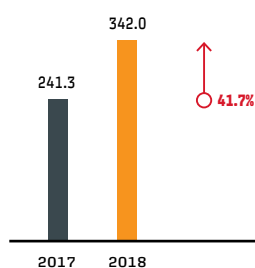
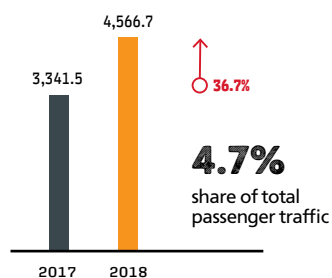
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PASSENGER TRAFFIC ON DOUBLE-DECKER TRAINS SINCE THE START OF OPERATION, **MILLION PASSENGERS**

SUMMARY OF TRAIN SERVICES

12²**train pairs**

(362 carriages)

9**routes**NUMBER OF PASSENGERS CARRIED IN DECEMBER, **'000 PEOPLE**NUMBER OF PASSENGERS CARRIED IN JANUARY–DECEMBER, **'000 PEOPLE****A total of****4.57****million passengers**

were carried in 2018

¹ During the first stage of the programme (2017–2018), double-decker train services were launched on four routes: Moscow–Kislovodsk, Saint Petersburg–Moscow, Moscow–Izhevsk, and Adler–Rostov.

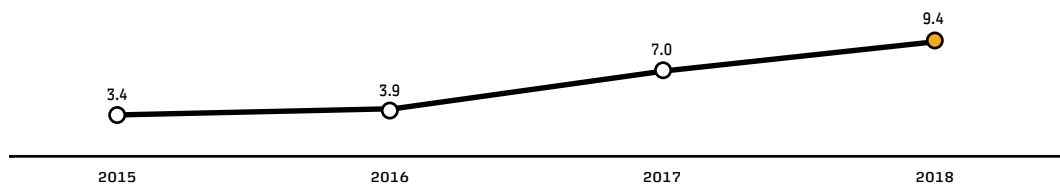
² Including train No. 23/24 Moscow–Saint Petersburg.

Higher-speed trains

ROUTES OF FPC'S HIGHER-SPEED TRAINS



PASSENGER TRAFFIC ON HIGHER-SPEED TRAINS SINCE THE START OF OPERATION, MILLION PASSENGERS



SUMMARY OF TRAIN SERVICES

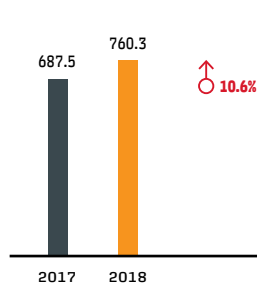
29¹

train pairs

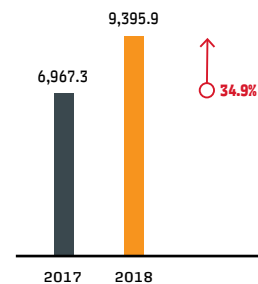
11

routes

NUMBER OF PASSENGERS CARRIED IN DECEMBER, '000 PEOPLE



NUMBER OF PASSENGERS CARRIED IN JANUARY-DECEMBER, '000 PEOPLE



¹ Including train No. 735/836 Moscow-Kovrov, which operates as a higher-speed train when travelling from Kovrov to Moscow.

