

# BUSINESS MODEL<sup>1</sup>

## State

- Regulation, subsidies, and interest in increased population mobility
- Control of service quality and safety levels to ensure approved standards are met
- Enhanced investment appeal of the transport industry
- Enhanced budgetary efficiency of transport

## Key partners

### RZD HOLDING

- **RUSSIAN RAILWAYS**  
Providing locomotive and infrastructure services
- **ROSZHELDORSNAB**  
Supplying equipment and materials
- **COMMUTER COMPANIES**  
Ticket sales, multimodal transport services

### MARKET

- **JSC RAILWAYCAR BUILDING WORKS TVER TVZ**  
Carriage supplier
- **FINANCE MARKET**
- **LABOUR MARKET**
- **MATERIALS AND EQUIPMENT MARKET**
- **TECHNOLOGY MARKET**
- **TECHNICAL AND MAINTENANCE SERVICES MARKET**  
Resource suppliers

## JSC FPC

### Lines of business

- Regulated domestic long-distance passenger services
- International long-distance passenger services
- Deregulated domestic long-distance passenger services
- Regulated luggage, cargo and mail in the long-distance
- Other lines of business

### Key resources

 **59,000** employees  
staff (average headcount)

 **>300** contractors  
technical services and maintenance

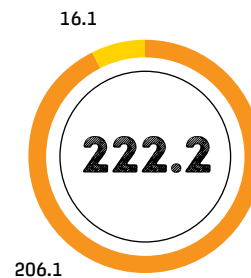
 **18,000** carriages  
carriage fleet

 **46.0** RUB billion  
borrowings (as at 31 December 2018)

### Equipment and materials

 **23** depots | **32** carriage sites | **10** railway agencies  
**1** vehicle transport centre | **1** central carriage site

### Expenses breakdown, RUB billion



- Passenger services:
  - infrastructure payments (70.1 RUB billion)
  - locomotive lease (45.0 RUB billion)
- Other activities

### Investment expenses

- Acquisition of rolling stock
- Upgrades of rolling stock
- Depot upgrades and safety
- IT programme
- Other

**43.9**  
RUB billion

Company Profile

Development Strategy

Performance Overview

Corporate Governance

Sustainable Development

Appendices

## Product range

### Transport services



**Branded trains: deluxe, first-class sleeping, second-class sleeping, third-class open sleeping, motorised carriages, seating carriages**



**International services: deluxe, RIC, seating carriages**



**Standard trains: deluxe, first-class sleeping, second-class sleeping, third-class open sleeping, motorised carriages, seating carriages**

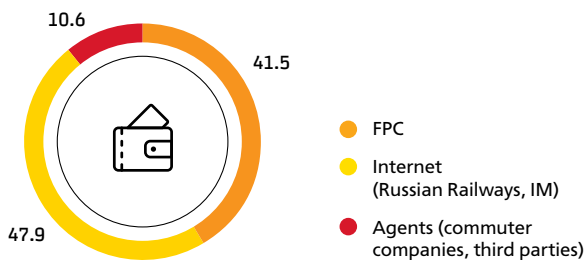


**Tourist trains**

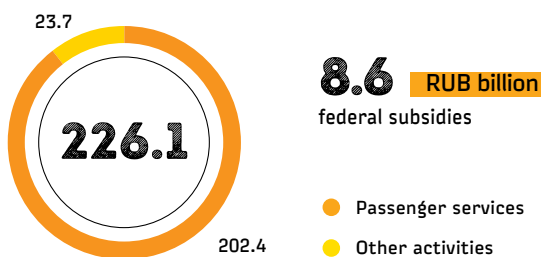
### Other

- **Baggage, unaccompanied baggage, and mail transport services**
- **Repair and maintenance of clients' rolling stock**
- **Value-added services on trains**
- **Other services**

## Sales channels, %



## Revenue breakdown, RUB billion



## Promotion

- Recognisable RZD brand
- RZD Bonus Loyalty Programme
- Marketing promotions
- Internet presence
- Advertising campaigns

## Key values

### For the passengers



**Safe, affordable and comfortable travel**



**Good travel experience**



**Saving time**

### For the state



**Ensuring transport mobility of the population with the effectiveness of budget expenditures**

### For corporate clients and other consumers



**High quality work at a reasonable price in a reasonable time**

## Customers

- Passengers
- Corporate clients
- Other consumers
- Government departments

## Net profit



**6.1**

**RUB billion**