

## MID-TERM INVESTMENT

The long-term agreement with Joint Stock Company 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 specific 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. Also, 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.

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

Since October 2019, new rolling stock, Carriage-2019, has been procured. The carriage has been designed to provide 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 2020–2022 provides for RUB 26.9 billion of CAPEX, including RUB 26.1 billion for performing overhauls with service life extension (overhaul reconditioning) on 1,135 carriages.

Moreover, in 2020–2022, FPC plans to allocate RUB 4.4 billion for – depot upgrades (RUB 4.1 billion) – IT projects.

FPC plans to invest a total of RUB 0.5 billion into other projects in 2020–2025.