

## INVESTMENT STRUCTURE

In the reporting period, RUB 41.9 billion (95.9% of investment) were allocated for passenger rolling stock replacement and upgrades, including:

- RUB 30.7 billion for the acquisition of 574 new passenger carriages including:
  - 420 carriages for branded rolling stock replacement and upgrades
  - 154 double-decker carriages
- RUB 11.2 billion for passenger rolling stock upgrades, including:
  - RUB 10.8 billion was used to perform overhauls for 537 carriages with service life extension
  - RUB 0.4 billion was used for other upgrades enhancing traffic safety and improving the passenger experience.

The remaining CAPEX totalling RUB 1.8 billion, or 4.1%, 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 420 carriages (worth RUB 16.8 billion) in 2019, including 342 third-class open sleeping carriages.

For profitable, high-demand passenger destinations, the Company also purchased 154 double-decker carriages (worth RUB 13.9 billion) to introduce trains on the following routes: Moscow–Izhevsk, Moscow–Penza, Moscow–Petrozavodsk and Moscow–Bryansk.

As part of its 2019 investment programme, the Company financed a RUB 11.2 billion Passenger Rolling Stock Upgrade project. A large portion of the funds (RUB 10.8 billion, or 96.4%) was used to perform overhauls with service life extension (overhaul reconditioning) and upgrades for 537 carriages.

### EXPENDITURES FOR FPC'S INVESTMENT PROGRAMME TOTALLED

# 43.7

RUB BILLION

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

RUB 1.1 billion were invested in depot upgrades. Investments in depots were primarily used to:

- upgrade existing production facilities (RUB 0.9 billion)
- purchase equipment to ensure uninterrupted depot operations (RUB 0.2 billion).

In 2019, FPC spent RUB 0.4 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 0.3 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, retained earnings) – RUB 22.2 billion
- Borrowings (additional share and bond issues) – RUB 21.5 billion.

## Investment programme structure,

RUB billion

INDICATORS	2017	2018	2019	CHANGE 2019/2018
Rolling stock acquisition	17.8	30.9	30.7	-0.2
Rolling stock upgrades	6.6	11.1	11.2	0.1
Depot upgrades	0.9	0.9	1.1	0.2
IT projects	0.4	0.2	0.4	0.2
Other projects	0.2	0.8	0.3	-0.5
<b>Total</b>	<b>25.9</b>	<b>43.9</b>	<b>43.7</b>	<b>-0.2</b>

## PRIORITY INVESTMENT AREAS

## CUSTOMER-FOCUSED INVESTMENT

FPC spent RUB 41.5 billion in 2019 to improve its customer experience through several initiatives:

- 574 new, highly efficient passenger carriages were purchased, with improved performance and passenger comfort, totalling RUB 30.7 billion and aimed at reducing transit times and enhancing both transport safety and passenger experience
- RUB 10.8 billion were spent on passenger carriage overhaul reconditioning (537 carriages).

Besides, RUB 0.4 billion were spent on the implementation of information technology innovations.

## UPGRADES

To maintain its existing carriage repair and maintenance facilities, FPC invested RUB 0.9 billion in rehabilitation and upgrades of its fixed assets in 2019.

## INVESTMENT IN SAFETY

RUB 0.4 billion were used in 2019 to enhance passenger safety and improve the passenger experience.

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.