

# MESSAGE

## FROM THE GENERAL DIRECTOR

Dear shareholders, partners, and colleagues,

The year 2019 marked the tenth anniversary of JSC Federal Passenger Company. We have made great progress over that time, expanding our route network and introducing lots of useful services and products.

The Company begins a new decade with new goals and clear plans to achieve them. Our current activities, as always, are aimed at ensuring passenger comfort – from the moment they choose their destination and route to their feedback on arrival.

FPC always stays in touch with passengers, anticipating their choices throughout their customer journey. Various channels are employed to collect feedback, including social networks. Today, our specialists handle three times as many passenger queries as a decade ago, coming from both passengers en route and passengers that have already completed their trips and reached their final destinations. This two-way communication is very beneficial in helping the Company change for the better. And we also see positive responses from passengers to these changes. The share of negative feedback decreased from 41% in 2012 to just 6.5% in 2019, with our NPS (Net Promoter Score) at 43% in 2019.

During the year, FPC started offering new useful services to passengers to make travelling by rail even more comfortable. One of these is the lost property service. By the end of the year, we helped to return about 12,000 items left on FPC trains to their owners.

The Company offers its passengers comfortable travel by improving its rolling stock to match specific customer needs. In 2019, we signed a long-term contract with TVZ. Under the contract, FPC will receive more than 3,700 new carriages over seven years to replace more than 20% of the Company's overall fleet.

It is well known that one of the key criteria used by modern passengers when deciding on a mode of transport is speed. We have accelerated about 300 trains in our new schedule, with a total time reduction of 147 hours. Over 85 trains were accelerated by 30 minutes or more. In 2020, FPC will work together with RZD Holding to achieve even more impressive results.

We are striving to make sure that rail travel does not just leave our passengers with pleasant memories, but also gives our customers more value for their money. Since January 2019, our passengers have been able to buy tickets at non-refundable rates. Meanwhile, booking windows on some routes were increased to 120 days.

FPC is also making every effort to develop its loyalty programme. By the end of 2019, there were more than 5 million RZD Bonus card holders. The cardholders can now earn bonuses not only by travelling but also by using the services of the Programme's partners, including banks, stores and hotels.

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Points are now also awarded for travelling on international trains, and offline registration with the Programme is now available at FPC's ticket offices. Plans for the near future include expanding both privileges and our partner network.

Meeting the needs of a modern passenger remains our main task in 2020. Timely responses to customer requirements and continued improvements to our operating processes are the only way to defend our market share and stay ahead of the competition. These efforts will be bolstered by the new Development Strategy of JSC FPC, approved in December 2019. The Strategy sets forth our targets and goals for the next decade until 2030. It is focused on route network optimisation and expansion, a new product offering development, rolling stock replacement and upgrades, and business development and digitisation.

Innovations have started to play a dominant role in the development of passenger transport, with the digitisation of passenger services and smart management of operating processes. FPC's new IT strategy was developed to make sure the Company can keep abreast with market developments and stay ahead of the competition on metrics such as customer management, operating cost reduction and the speed of decision making. Its main purpose is to build upon the Company core capabilities and support the implementation of the Development Strategy.

Although FPC is operating in an unfavourable economic environment due to the current pandemic, we are optimistic about 2020 overall. With most of our passengers having to stay at home, the Company has focused on the further improvement of services, new route development, and rolling stock repair. We keep on working hard to make up for lost passenger-kilometres by the year-end and be ready to provide comfortable travel experience to Russian citizens once the lockdown is lifted.

Sincerely,  
**Petr Ivanov**

