

MESSAGE FROM FPC'S

GENERAL DIRECTOR

Dear Shareholders, Partners, and Colleagues,

The railway community celebrated a milestone in 2017 – the 180th anniversary of Russia's railway network. The industry's origin dates back to October 1837, when the first passenger train journey was made. Nowadays, hundreds of trains run daily along the tracks, connecting cities within the vast territory of Russia. FPC moves forward at a confident pace while maintaining the best traditions of the Russian passenger railway industry. Our key objectives include boosting the Company's performance and meeting the passengers' expectations at the highest quality level.

>40
marketing
campaigns

in 2017

All our initiatives are based on customer feedback collected through our feedback channels. The Company adopted this approach during the Year of the Passenger in 2016, and continues to apply it on a permanent basis.

As a result, the amount of negative feedback has reduced considerably over the last two years, while the share of positive comments about the Company and its employees has exceeded 90%. We measured our Net Promoter Score for the first time in 2017, using the internationally accepted NPS methodology.

Modern rolling stock is a key component of high-quality service. Last year, the Company increased its purchases of new rolling stock; carriages are upgraded at a vigorous pace, in which environmentally friendly toilet facilities, air conditioning units, and additional power outlets are installed.

We strive to make each journey affordable as well as comfortable. Last year, over 40 marketing campaigns were carried out across all our segments, and millions of passengers benefited from our special offers. More and more customers take advantage of the RZD Bonus Loyalty Programme, which currently has over 3 million members.

>3
million people

registered with
the RZD Bonus
Programme

In the reporting year, the advance booking period for domestic services was extended from 60 days to 90 days, enabling passengers to save on fares, as well as plan their journey ahead. Tickets now feature special infographics detailing the services offered on board.

Improvements are being made to the e-ticket sales system. For example, tickets to Kaliningrad via Lithuania can now be purchased on the website. Tickets for wheelchair-friendly cabins for reduced mobility passengers are also sold online. A new service has also been introduced: meals on board can now be pre-ordered upon ticket purchase. Almost half of all FPC passengers are purchasing train tickets via e-ticket services following our successful innovations.

The Company is engaged in an ongoing effort to develop the route network, including through the addition of double-decker trains and reducing travel times. New routes were launched, on which cars and motorcycles can be transported by car transporters.

The Company is proud to be involved in major sporting events held in Russia. In 2017, FPC successfully completed its task of carrying football fans during the Confederations Cup, and additional

trains will run for the spectators and volunteers of the FIFA World Cup in 2018.

We are confident that long-distance trains today are not just a popular means of transportation, but also mobile cultural venues. In 2017, FPC implemented a number of educational initiatives and supported Russia's major cultural events. In particular, Strizh train passengers took part in large-scale educational initiatives – the Total Dictation and the Geographical Dictation. Traveller's Libraries were launched on both international and domestic trains for passengers of all ages, and the initiative was further developed in 2018.

FPC's successful growth largely depends on the highly-skilled specialists currently working at the Company. Our team is our most valuable asset. Together, we will continue working to make rail transport even more affordable, comfortable, and modern.



Petr
IVANOV