



Vadim Mikhailov

First Deputy CEO of Russian Railways

- The Group's income in 2017 grew by 5.6% y-o-y to RUB 2,252 bn, while our operating expenses decreased by 2.2% y-o-y to RUB 2,049 bn. The key driver behind that drop was the 2017 reduction in losses from fixed assets impairment. This was made possible by the Russian Government's decision to introduce a long-term tariff policy until 2025, enabling Russian Railways to stabilise its long-term outlook and drive down losses from the impairment of fixed assets.

## **CONSOLIDATED IFRS FINANCIAL STATEMENTS OF THE RUSSIAN RAILWAYS GROUP FOR 2017**

In 2017, the Company for the first time introduced a mid-term IFRS financial plan for 2018–2020 within the consolidation perimeter of the financial statements (ca. 190 companies, including international) applying

transformation methodology to the target numbers produced under Russian standards.

In 2017, the aggregate income of Russian Railways grew by 5.6% y-o-y to RUB 2,252 bn (RUB 2,133 bn in 2016). Operating expenses dropped by 2.2% driving a net profit of RUB 139.7 bn (RUB 10.3 bn in 2016).

The Group's revenue was mainly attributable to income from freight transportation and infrastructure going up by 9.5% y-o-y to RUB 1,449 bn. Income from logistics services amounted to RUB 345 bn, including on the back of growing currency proceeds of logistics company GEFCO. This segment's income accounts for ca. 15.3% of the Group's aggregate revenue.

In 2017, EBITDA went up by 11.8% to RUB 496 bn. EBITDA margin increased to 24.7% against 23.6% in 2016 on the back of growing income coupled with lower operating expenses resulting from efficiency improvement efforts.

Net debt / EBITDA stood at 1.97x.

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Net profit

RUB  
**139.7**

bn

13.6x higher y-  
o-y

EBITDA

RUB  
**496**

bn

+11.8% y-o-y

Net debt /  
EBITDA

**1.97x**

vs 1.94x  
in 2016

EBITDA  
margin

**24.7**

**%**

+1 pp y-o-y

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