

Business model

GOVERNMENT

⊙ Regulation of joint stock companies

⊙ Tariff regulation

BUSINESS LINES

Freight transportation

1,938

mt
of transported freight

3,177

bn tkm
of freight turnover

164

thousand
freight cars

Subsidiaries

of the Federal Freight Company
(railway freight transportation)

Passenger transportation

1,118

million
transported
passengers

2,399

thousand scheduled
runs made
by passenger trains

15

thousand
passenger cars

Subsidiaries

of the Federal Passenger Company Suburban passenger companies
(long-haul routes)

Logistics services

Subsidiaries

GEFCO
(Europe's top-5 logistics
operator)

UTLC
(transit railway
container services)

RZD Logistics
(the largest multimodal
logistics operator in the CIS
and the Baltics)

Other businesses

RRC-1,
RRC-2,
RRC-3
(railcar repair companies)

Company
TransTeleCom
(telecommunications)

RZDstroy,
Kaluža Plant Remputmash
(infrastructure construction)

PRICES

Regulated tariffs

- Freight transportation
(other than transit through
Russia)
- III and IV class long-haul
passenger transportation

Market-based pricing

- Use of tariff corridor
in freight transportation,
transit shipments
- Income of railcar operators
- Unregulated passenger
transportation segment

Government

Charter capital contributions¹

RUB **69** bn

Subsidies²

RUB **48** bn

¹ Including contributions in the form of real estate owned by the Federal Government.

² Data for Russian Railways Group.

³ The financing items of Russian Railways Group are stated on an aggregated basis. For more details see the IFRS statements for 2017 at http://eng.rzd.ru/static/public/en?STRUCTURE_ID=4224

Staff

911

thousand employees²

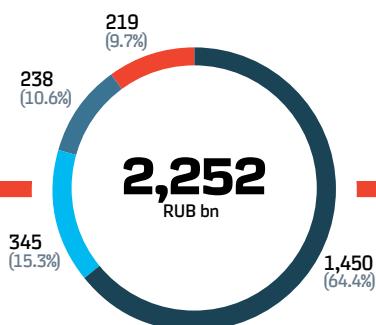
Innovations

Antimonopoly regulation

Drafting of the Transport Industry Development Strategy

Approval of Russian Railways Group's Long-Term Development Programme until 2025

REVENUE GENERATION



- Freight transportation, infrastructure
- Logistics services
- Passenger transportation
- Other revenue

The revenue data are reported as per the IFRS statements for 2017.

DISTRIBUTION OF KEY FINANCIAL FLOWS³

INVESTMENT ACTIVITIES

Financing of capex
(through Government-allocated resources, the Company's own funds and borrowings), including RUB 58.4 bn to purchase locomotives

RUB 529 bn

R&D expenses

RUB 8 bn

OPERATING ACTIVITIES

Payroll expenses
(including salaries, pension plan payments, payments under the Collective Bargaining Agreement, leave expenses, bonuses, voluntary health insurance expenses)

RUB 555 bn

Tax expenses
(including personal income tax, VAT, insurance contributions, corporate income tax and other taxes paid to the budget and extra-budgetary funds of the Russian Federation)

RUB 352 bn

Maintenance, repair and operating supply

RUB 259 bn

Forwarding and logistics services

RUB 244 bn

Power supply

RUB 161 bn

Fuel

RUB 98 bn

Other operating expenses
(security, communications, operating lease of rolling stock, road transportation services)

RUB 177 bn

FINANCIAL ACTIVITIES

Debt service
(interest paid)

RUB 77 bn

Dividend payouts
(with the Russian Federation as the beneficiary)

RUB 5 bn

VALUE CREATION

The Group is implementing large-scale railway development projects of national significance

For more details see the Expanding Horizons and Investment Activities sections

Russian Railways participates in the Digital Economy of the Russian Federation programme

For more details see the Innovation Driven Development section

The Company is Russia's largest employer

For more details see the HR Management section

The Group is one of Russia's major taxpayers

Russian Railways develops and maintains Russian railway infrastructure

For more details see the Railway Transportation and Infrastructure section

The Company provides comprehensive freight transportation services leveraging the advanced 2PL, 3PL and 4PL technologies

For more details see the Analysis of Operating Results section

Russian Railways maintains leadership in energy efficiency among global railway companies

For more details see the Sustainable Development section

The Group is implementing an Energy Efficiency Programme seeking to reduce the consumption of energy

For more details see the Sustainable Development section

The Company ensures uninterrupted and efficient operation of its facilities offering high-quality services across its consumer base

The Company is a responsible borrower and bond issuer

For more details see the Securities section

The Group's dividend policy seeks to protect the shareholder rights as prescribed by the applicable laws of the Russian Federation

For more details see the Securities section