

Development prospects in 2018

The Company's development prospects were assessed taking into account the following key objectives for 2018:

1. Ensure strict discipline in adhering to the Company's financial plan and investment programme based on Russian Railways' Long-Term Development Programme until 2025, including by:
 - maximising the cargo volumes to improve the freight structure (in terms of transported items) and unlock the network's transit potential;
 - launching comprehensive transportation products and improving the efficiency of terminal, warehousing, transportation, logistics, and freight forwarding operations;
 - improving the efficiency and increasing passenger transportation and providing infrastructure operation;
 - boosting performance in the branches and subsidiaries of Russian Railways in line with the Group's strategic objectives;
 - optimising the use of traction resources, including by streamlining the locomotive fleet structure, decreasing the share of inoperable locomotives and improving the technical availability factor;
 - ensuring sustainable use of infrastructure through healthy capacity utilisation and balanced trackwork schedules;
 - developing operating domain technologies to manage transportation and automation systems to control traffic;
 - improving procurement efficiency and enhancing supplier relations;
 - improving the property management efficiency.
2. Meet targets for 2018: projected handling of 1,299.2 mt (+3% y-o-y) and freight turnover of 3,302.1 bn tkm (+3.9% y-o-y).
3. Increase labour productivity by 5% through streamlined labour organisation, alignment of average headcount with the actual workload, and implementation of organisational, technical and process improvement initiatives.
4. Develop key approaches to the new tariff system and work with the federal executive authorities to push through Russian Railways' proposals on tariff regulation improvements.
5. Streamline interaction with other transport market players. Increase the share of scheduled freight shipments, improve the reliability and speed of loaded freight railcar deliveries, and develop end-to-end services with competitive prices and quality.
6. Develop and implement comprehensive marketing solutions to offer new passenger transportation and railway station services and ensure uninterrupted transport availability, including during 2018 FIFA World Cup™.
7. Develop and launch digital services as part of the Digital Railway project to improve operating and financial efficiency.
8. Maintain a dialogue with the federal executive authorities on implementation of critical infrastructure projects, organisation of suburban passenger services, and reimbursement of lost passenger transportation and infrastructure operation income.
9. Ensure traffic safety and hazard-free operation of Russian Railways' infrastructure facilities and rolling stock by applying the principles of continuous improvements and risk management in railway transportation processes.
10. Pursue a balanced social and HR policy and launch consistent awareness campaigns to improve staff performance and enhance employee engagement.
11. Strengthen and expand presence in the Eurasian transport market and roll out initiatives aimed at boosting the number of engineering and construction projects abroad.
12. Launch initiatives facilitating the creation of an integrated network of high-speed and ultra high-speed railway transport in Russia.