

# Market Overview

## Key economic growth indicators<sup>1</sup> in % vs. previous year

Indicator	2023
GDP	103.6
Industrial production index	103.5
Consumer price index	105.9
Investment in fixed assets <sup>2</sup>	110.0
Unemployment rate	3.2
Retail sales	106.4
Sales of paid retail services	104.4

In 2023 the volume of population income increased by 10.7% year-on-year to RUB 88,334.1 billion. The average monthly accrued salary in November 2023 was RUB 73,383, an increase of 15.2% compared to the same period of the previous year.

The real population income in 2023 grew by 4.6% year-on-year and in Q4 2023 – by 6.8% compared to a year earlier.

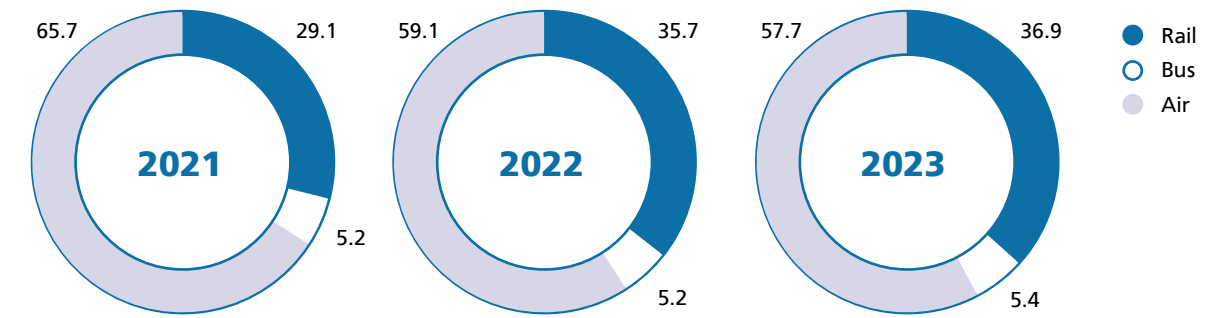
## Long-distance passenger service market

### Russian transport market

Air carriers, bus carriers and personal vehicles are main competitors of JSC FPC. The market has become much more competitive in recent years. The reasons were the development of aviation, the growth of the personal car fleet, car sharing services, state support for regional aviation, the construction and renovation of new motorways and airports. Therefore, rail transport no longer dominates the long-distance passenger transport market.



## Structure of the domestic passenger transport market<sup>1</sup>, %



## Share of long-distance passenger transport market players in total passenger-km travelled, %

Indicator	2021	2022	2023
<b>Railway carriers, including</b>	<b>29.1</b>	<b>35.7</b>	<b>36.9</b>
<b>JSC FPC</b>	<b>26.0</b>	<b>31.1</b>	<b>31.9</b>
Directorate for Higher-Speed Services, a branch of the parent company	1.7	1.8	1.7
JSC Grand Service Express Transport Company	1.2	2.4	2.8
Others	0.2	0.4	0.5

Because to the state of the passenger transportation business, particularly the shutdown of several airports in southern Russia, there was a higher share of rail service in passenger-km travelled in 2023.

In 2024, FPC's budget envisages a 1.1% increase in passenger-km travelled against the 2023 level, and a 1.0% increase in the number of passengers carried. It is anticipated that air travel<sup>2</sup> will increase by roughly the same proportion.

The average distance travelled by FPC trains in domestic service in the 12 months of 2023 remained flat with 2022 and amounted to 846 km.

Today, JSC FPC is the leader in the long-distance passenger rail service market. However, as can be seen in the table, competition with other carriers has increased recently. JSC FPC's share in the long-distance domestic service among Russian railway carriers in 2023 was 86.6%, which just marginally (by 0.5 p.p.) lower than in 2022. The expansion of the route network to the areas outside FPC train service and the speed advantages of rivals' rolling stock are the main reasons behind this situation.

# 86.6%

share of JSC FPC on Russian railways in long-distance transport services

<sup>1</sup> Rosstat data (<https://rosstat.gov.ru>).

<sup>2</sup> Nine months of 2023 to nine months of 2022.

<sup>1</sup> Sources: railway service – statistical reporting by TsO-33, TsO-32, air service – Federal Air Transport Agency ([www.favt.ru](http://www.favt.ru)) and expert evaluation according to Federal Air Transport Agency, bus service – expert evaluation according to Rosstat ([www.gks.ru](http://www.gks.ru)).

<sup>2</sup> According to Resolution No. 1693-r of the Government of the Russian Federation dated 25 June 2022, the Comprehensive Programme for the Development of the Air Transport Industry of the Russian Federation for 2024 projects a 1.0% increase in passenger traffic on domestic air routes compared to 2023.

**FPC's peers**

Indicator	JSC FPC			DB Fernverkehr (Germany)			SNCF Voyageurs <sup>1</sup> (France)		
	2022	2023	vs. 2022, %	2022	2023	vs. 2022, %	2022	2023	vs. 2022, %
Passengers carried, million people	95.9	<b>108.1</b>	113	132.0	<b>140.3</b>	106	105.4	<b>124.0</b>	118
Revenue, EUR billion	3.5	<b>3.4</b>	99	5.0	<b>5.9</b>	118	8.5	<b>9.7</b>	114



**DB Fernverkehr (Germany)**

DB Fernverkehr is a Deutsche Bahn Group business unit providing national high-speed and cross-border long-distance rail passenger services.

Rolling stock repair, maintenance, and management, as well as communications and IT services are provided by specialist companies within Deutsche Bahn Group.

**FEDERAL PASSENGER COMPANY**

**JSC FPC (Russia)**

Unlike the above companies, FPC's activities cover the majority of important business processes: acquisition, maintenance and repair of rolling stock, sales organisation, revenue collection, as well as management and administration, IT and communications.

JSC FPC has

**10** regional branches, as well as an extensive network of depots and carriage stations and personnel to support all business processes



**SNCF Voyageurs, Business Unit — TGV-INTERCITÉS (France)**

TGV-INTERCITÉS is the business unit of SNCF Voyageurs — the passenger carriage division of SNCF Holding. It specialises in long-distance passenger servicing in France and other European countries.

Rolling stock repair, maintenance, and management, as well as communications and IT services are provided by specialist companies within SNCF Voyageurs Group.

# Strategy

The three main pillars of JSC FPC's strategy are excellent passenger service, long-term financial growth, and social responsibility. These goals are the basis for the Company's successful operations and its contribution to the development of Russia's transport infrastructure.

As a key business unit of the parent company, JSC FPC is mainly focused on the achievement of financial and economic volume targets set out in the Parent Company's Long-Term Development Programme of Russian Railways until 2025 (LDP) approved by the Russian Government.

The Company also approved the Regulations on the System of Key Performance Indicators of JSC FPC<sup>2</sup> to motivate company management to achieve FPC's strategic goals through a system of target key performance indicators (KPIs).

In 2019, the Company put in place the Development Strategy of JSC FPC until 2030<sup>1</sup> (hereinafter – Strategy) and also established its implementation framework.

## Mission

Improving the quality of life by offering extremely safe, affordable and comfortable passenger experience.



<sup>1</sup> Data are provided for the TGV-INTERCITÉS transport company operating long-distance trains in France.

<sup>1</sup> Approved by the resolution of the Board of Directors of JSC FPC (extract from Minutes No. 11 dated 27 December 2019).

<sup>2</sup> Approved by the resolution of the Board of Directors of JSC FPC (extract from Minutes No. 24 dated 3 July 2023).