

MARKET OVERVIEW

MACROECONOMIC ENVIRONMENT

Key economic growth indicators

% as compared to 2020

Indicators	2021
GDP ¹	104.6
Consumer Price Index	106.7
Investment in fixed assets ²	107.6
Unemployment (as at the end of December)	4.3
Retail sales	107.3
Sales of paid retail services	117.6

Source: Federal State Statistics Service Rosstat (<https://rosstat.gov.ru/>).

Since April 2021, the main macroeconomic indicators have been affected by the low baseline of the corresponding months of the previous year due to the restrictions aimed at combating the spread of coronavirus.

According to the estimate of the Ministry of Economic Development of the Russian Federation, the GDP for 12M 2021 rose by 4.6% compared to the same period of 2020.

In 2021, the Consumer Price Index was 106.7% (103.4% the year before), the retail trade turnover reached 107.3%, and the volume of paid services to the population was 117.6%.

In January–November 2021, the average monthly nominal pay rose by 9.5% as compared with the corresponding period in 2020 and as of November 2021 stood at RUB 55,639.

In December 2021, 4.3% of the labour force (excluding seasonal factor), or 3.2 million people, were classified as unemployed.

RUSSIAN TRANSPORT MARKET

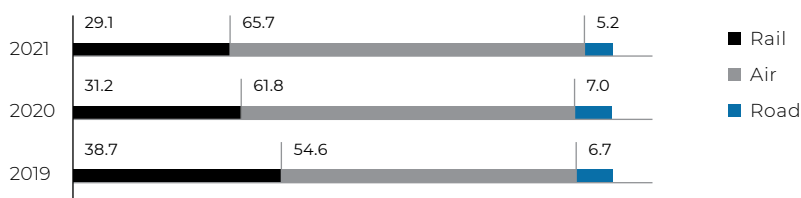
FPC's main competition in the long-distance passenger market is from airlines, coach service operators, and private road transport. In recent years, competition in the long-distance passenger market has increased significantly. Rail transport has ceased to dominate the long-distance passenger market as airline industry grew, the number of private vehicles increased, modern car-sharing services developed, government support was rolled out to promote regional aviation, and new highways and airports were constructed and upgraded.

In 2021, due to measures taken to combat the spread of the novel coronavirus, restrictions were imposed on passenger transport arrangements, affecting the performance of all modes of transport. In addition, population mobility was affected by a decrease in passengers' solvency.

¹ 12M estimate by the Ministry of Economic Development of the Russian Federation (<https://www.economy.gov.ru/>).
² 9M 2021 compared to 9M 2020.

Passenger-kilometres travelled on domestic long-distance routes

%



Share of passenger-kilometres travelled on domestic long-distance routes by rail carrier

%

Carrier	2019	2020	2021
JSC FPC	35.5	27.7	26.0
Directorate for Higher-Speed Services	1.8	1.8	1.7
CJSC TransClassService	0.4	0.3	0.0
Grand Service Express	0.1	1.0	1.2
Other	0.2	0.2	0.2
RAILWAY SEGMENT, TOTAL	38.68	31.24	29.14

Sources: Statistical Reporting Forms TsO-33 and TsO-32 for rail transport, Federal Agency for Air Transport (www.favt.ru) for air transport, expert estimates based on the Federal State Statistics Service Rosstat data — for road transport (www.gks.ru).

According to the Federal Agency for Air Transport (Rosaviatsiya), in 2021, air passenger-kilometres on domestic routes was 122.9% of the 2019 level.

The share of passenger rail traffic decreased from 31.2% in 12M 2020 to 29.1% in 12M 2021 (for comparison, the share of rail transport in 2019 was 38.7%), due to the outstripping absolute increase in domestic air traffic under the reorientation towards the domestic market.

Amid restrictions on international flights, domestic tourism has seen a significant reduction in flight prices, an increase in flight frequency and an expansion of the route network through the reallocation of flights from international to domestic routes (including the south of the country as destinations). In addition, the use of vouchers issued by airlines last year is one of the drivers of the rapid growth of air travel.

At the same time, the average distance in domestic traffic travelled by JSC FPC trains decreased by 6.3% in 12M 2021 compared to the same period in 2019 and amounted to 829 km, which resulted in the passenger turnover dynamics (74.6%) falling behind the dynamics of the number of passengers serviced (79.6%). The change in traffic volumes in 2021 was also influenced by the decrease in transport activity of the target

audience over 60 years of age (down to 71.7%) against 12M 2019, and transport of organised groups of children (down to 50.4%) against the same period of 2019 (as of 12 September 2021) since the beginning of the year.

Today, JSC FPC is the leader in the long-distance passenger rail services market, but there is an increase in domestic competition.

JSC FPC's share of long-distance domestic traffic among Russian railway carriers in 12M 2021 was 89.1%, up 0.3 p.p. year-on-year (-2.6 p.p. vs. 2019 baseline).

89.1%

JSC FPC share in services by domestic long-distance routes in 2021

up 0.3 p.p. year-on-year

INTERNATIONAL TRANSPORT MARKET

In March 2020, all international passenger trains were suspended upon agreement with foreign railway authorities as part of the COVID-19 response.

Before restrictions were imposed in 2020, FPC provided direct and transit passenger services to and from 23 European and Asian countries: Germany, France, Poland, Austria, the Czech Republic, Monaco, Italy, Finland, China, Mongolia, North Korea, Latvia, Lithuania, Estonia, Ukraine, Moldova, Belarus, Abkhazia, Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Azerbaijan.

JSC FPC provided passenger transportation between the following countries in 2021:

- Russian Federation and the Republic of Belarus.
The number of passengers serviced in 2021 was 1,427.5 thousand, up 387.9% year-on-year.
- Russian Federation and the Republic of Abkhazia.
The number of passengers serviced in 2021 was 311.7 thousand, up 430.7% year-on-year.

- Russian Federation and the Republic of Uzbekistan.
The number of passengers serviced (outbound one-time trips) in 2021 was 11.1 thousand, down 91% year-on-year.

According to the results of 2021, the international traffic change was 142.5% compared to 2020: 141.3% in international traffic with CIS and Baltic countries and 430.7% in international traffic with Abkhazia. There were no trains running to/from far-abroad countries in 2021.

International passenger traffic **million people**

