



INVESTMENT MANAGEMENT

As an integral component of the Development Strategy, the Company's Investment Policy establishes investment priorities, structure, criteria, areas, and sources.

The Investment Programme of JSC FPC for 2021-2023 was approved by the decision of the Board of Directors of JSC FPC (Minutes No. 21 dated 2 April 2021). Based on the Company's performance in H1 2021, the investment programme was adjusted and approved by the decision of the Board of Directors of JSC FPC (Minutes No. 10 dated 24 December 2021).

Given that for JSC FPC the rolling stock is the main means of production, its renewal is carried out annually to ensure uninterrupted production activities.

The bulk of JSC FPC's investments (92%) in 2022–2024 will, as before, be spent on passenger rolling stock renewal (RUB 51.9 billion — for the purchase of new passenger carriages and RUB 17.1 billion — for the upgrade of passenger rolling stock).

The Investment Programme of JSC FPC for 2022-2024 has been tentatively approved by the decision of the Company's Board of Directors (Minutes No. 11 dated 30 December 2021).

INVESTMENTS AND INVESTMENT RANKING

The Company's investment projects are ranked into five categories:

- Long-term projects
- Replacement of retired fixed assets generating financial impact
- Cost-effective projects
- Replacement of retired fixed assets generating technological impact
- Technology and social projects

Each project is ranked from 0 to 100. The higher the score, the higher priority is given to the project within the Investment Programme.

INVESTMENT STRUCTURE

The bulk of JSC FPC's investments (RUB 33.9 billion or 97.4%) in 2021 was aimed at renovating passenger rolling stock: the purchase of new passenger carriages (RUB 26.2 billion) and the upgrade of passenger rolling stock (RUB 7.7 billion).

The remaining investments totalling RUB 0.9 billion, or 2.6%, was used to support depot upgrades, IT projects, and other initiatives.

34.8 RUB BILLION

volume of the 2021 Investment Programme

Investment Programme structure

RUB billion

Indicators	2019	2020	2021	Change 2021/2020
Rolling stock acquisition	30.7	34.2	26.2	-8.0
Rolling stock upgrades	11.2	11.1	7.7	-3.4
Depot upgrades	1.1	0.6	0.6	-
IT projects	0.4	0.3	0.2	-0.1
Other projects	0.3	0.1	0.1	-
TOTAL	43.7	46.3	34.8	-11.5

Passenger rolling stock replacement

Investment expenditures in 2021 – RUB 26.2 billion:

- RUB 26.2 billion for acquisition of new passenger carriages including:
 - 346 single-decker carriages of the new 2019 model range
 - 66 double-decker carriages of the new 2020 model range
 - 24 double-deck carriages of the 2018 model range
- RUB 7.7 billion for passenger rolling stock upgrades

The new rolling stock was purchased to upgrade the fleet and replace retired carriages.

The Company's carriage procurement programme prioritises rolling stock acquisition to replace retired carriages and upgrade profit-making trains. In 2021, 346 single-deck carriages will be purchased for this purpose (RUB 16.4 billion).

In addition, 90 double-deck carriages worth RUB 9.8 billion were purchased for promising destinations characterised by high passenger traffic demand, to organise train services on the Moscow – Samara/Orenburg, Moscow – Kazan, Moscow – Adler, Moscow – Cheboksary, Moscow – Yoshkar-Ola, Moscow – Ulyanovsk routes.

Passenger rolling stock upgrades

Investment expenditures in 2021 – RUB 7.7 billion

The main share of these investments (RUB 7.4 billion, or 96.1%) is allocated for capital repair and overhaul with the service life extension (183 carriages) and stage 2 overhaul (494 carriages).

Depot upgrades

Investment expenditures in 2021 – RUB 0.6 billion

Investments in depots were primarily used to:

- Upgrade existing production facilities (RUB 0.4 billion)
- Purchase equipment to ensure uninterrupted depot operations (RUB 0.2 billion)

IT projects

Investment expenditures in 2021 – RUB 0.2 billion

The main areas of investment are:

- Development of a system that automates the process of collecting, processing, storing and analysing citizens' appeals
- Supply of networking, server and peripheral equipment

Other projects

Investment expenditures in 2021 – RUB 0.1 billion

Key areas of investment: acquisition of transport safety equipment, development of design documentation, etc.



PRIORITY INVESTMENT AREAS

Customer-focused investment

The Company spent RUB 30.8 billion in 2021 to improve the quality of its services, including:

- To reduce transit time and enhance both transport safety and passenger experience, 436 new, highly efficient passenger carriages featuring improved performance and passenger comfort were purchased — RUB 26.2 billion
- Overhaul and renovation of passenger carriages (183 carriages) — RUB 4.6 billion

Besides, RUB 0.2 billion were spent on the implementation of information technology innovations.

Investment in safety

RUB 0.4 billion were used in 2021 to enhance passenger safety and improve the quality service:

- RUB 0.2 billion to replace retired rolling stock
- RUB 0.2 billion to install new frames, bolsters, and 1,520 mm gauge bogies during scheduled carriage repairs

Upgraded of fixed assets

To maintain its existing carriage repair and maintenance facilities, JSC FPC invested RUB 0.4 billion in rehabilitation and upgrades of its fixed assets in 2021

SOURCES OF FINANCING

Sources of financing for the Investment Programme in 2021 included:

- equity (depreciation) – RUB 5.0 billion
- Borrowed funds — RUB 29.8 billion (including proceeds from the issue of shares — RUB 15.0 billion, bank loans — RUB 10.0 billion, changes in working capital — RUB 4.8 billion)