

KEY OPERATIONAL HIGHLIGHTS

Message from Deputy General Director For Economics and Finance

The year 2020 was unique for our Company.

We faced an unprecedented drop in traffic driven by the COVID-19 pandemic in Russia. As restrictions were introduced last March, passengers began to cancel trips and claim refunds en masse. At some points, ridership fell by as low as 75%, dropping by 48.5% on average for the year, with revenue down 44.7% year-on-year to RUB 130.9 billion.

In this context, FPC, supported by Russian Railways, took a range of measures to reduce risks and mitigate the consequences of the crisis. It was crucial for us to maintain stable operations and retain people's trust while creating the conditions to restore traffic and stabilise the situation as quickly as practically possible.

Firstly, to maintain our customer focus and remain a reliable partner, we continued to run long-distance services on all socially important routes, ensuring transport connectivity.

We also designed a RUB 60.8 billion crisis response plan to cut costs as traffic declined, covering, for example, trains on underused routes: we reduced their frequencies without compromising on the seating capacity, combined several trains into one, or temporarily suspended operations on routes where alternative options enjoyed greater demand. The Company took organisational measures to reduce incentive payments, cancel bonuses for management, suspend business travel, and mothball facilities unrelated to passenger services.

Secondly, additional debt was raised to ensure salaries, taxes and trade payables were paid on time. Short-term credit facilities worth a total of RUB 9.6 billion were arranged as part of the government business support programme. These steps helped us retain all our key staff.

Thirdly, the RUB 17 billion debt for locomotive and infrastructure services was restructured with the support of Russian Railways. FPC was able to discharge all of its obligations, primarily by immediately refunding trips cancelled by passengers.

Fourthly, to help maintain the long-term rolling stock renewal programme, which is strategically important for Company development, FPC raised RUB 20 billion through a follow-on offering of shares. As a result, our CAPEX totalled RUB 46.3 billion, and 473 single-deckers and 175 double-deckers were purchased.



The Company implemented a range of response measures with the support of Russian Railways to mitigate the consequences of the crisis, maintain stable operations, retain people's trust despite the challenging environment, and provide a safety margin to quickly restore traffic and stabilise the situation.

Although our leverage at year-end dipped into negative territory at $-2.6x$, the Company has a balanced debt portfolio, 75% of which is represented by long-term borrowings maturing after 2021. We also developed a roadmap to bring our leverage in line with target levels and reach a positive $3.9x$ by 2021-end.

Our continued ability to meet payment obligations as well as the support we had from Russian Railways and the government amid the crisis had a positive impact on FPC's rating profile, with two leading international rating agencies affirming the Company's investment-grade credit rating in late December 2020. The Russian national rating agency ACRA also affirmed its "AA+(RU)" high credit quality rating on FPC, with a stable outlook.

Traffic recovery in Q1 2021 reflects an uptrend confirming the forecast that ridership is on track to return to pre-pandemic levels and reach a break-even point in 2022.

Kind regards,

Alexander MUSLOVETS



Financial results, RUB billion

Indicators	2018	2019	2020	Change 2020/2019	
				+/-	%
Operating revenue	226.1	236.9	130.9	-105.9	55.3
Passenger services	202.4	213.4	114.6	-98.8	53.7
Other sales	23.7	23.4	16.3	-7.2	69.5
Operating expenses	222.2	230.9	181.5	-49.3	78.6
Passenger services	206.1	215.1	169.0	-46.1	78.6
Other sales	16.1	15.8	12.5	-3.3	79.2
Operating result	3.9	6.0	-50.6	-56.6	-841.5
Passenger services	-3.7	-1.7	-54.4	-52.7	-
Other sales	7.6	7.7	3.8	-3.9	49.6
Other revenue	15.6	23.6	24.4	0.8	103.3
Subsidies from the federal budget	8.6	7.7	6.6	-1.1	85.9
Other expenses	10.7	20.5	17.2	-3.3	83.6
Other revenue and expenses	4.8	3.1	7.2	4.1	236.3
Profit (loss) before tax	8.8	9.1	-43.4	-52.4	-478.6
EBITDA, including subsidies	26.8	29.6	-22.9	-52.5	-77.5
EBITDA margin, including subsidies, %	11.4	12.1	-16.7	-28.8 п. п.	-
Income tax and other similar liabilities	2.7	0.5 ¹	-9.8	-10.3	-
Net profit	6.1	8.51	-33.6	-42.1	-394.2
Net profit margin, %	2.69	3.60¹	-25.70	-29.3 п. п.	-

¹ As per the audited statements for 2020.