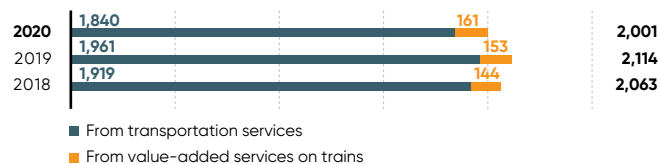


Financial results

Revenue

Average revenue per passenger (including VAT), RUB



Changes in operating revenue, RUB billion

Indicators	2018	2019	2020	Change 2020/2019, %
Operating revenue, total	226.1	236.9	130.9	55.3
Revenue from passenger services	202.4	213.4	114.6	53.7
Deregulated segment	104.3	109.2	53.6	49.0
First-class and second-class sleeping carriages	89.8	95.1	51.2	53.9
International services	14.6	14.0	2.3	16.5
Regulated segment	98.1	104.2	61.1	58.6
Passenger services Including:	91.4	98.1	55.0	56.0
third-class open sleeping carriages	85.2	91.4	50.9	55.8
fourth-class seating carriages	6.2	6.8	4.1	59.9
Baggage, unaccompanied baggage, and mail transportation	6.7	6.1	6.1	100.1
Revenue from other activities	23.7	23.4	16.3	69.5
Repair and maintenance of clients' rolling stock	1.7	1.9	1.9	97.2
Value-added services on trains	12.4	13.5	7.9	58.5
Premium services	3.4	3.7	2.2	59.8
Bed linen on trains	9.1	9.8	5.7	58.0
Other lines of business (property lease to third parties, agency contracts)	9.6	8.0	6.5	81.2

Revenue from passenger services

In 2020, revenue from passenger services amounted to RUB 114.6 billion, down 46.3% year-on-year.

The key driver of the year-on-year reduction in revenue was a sharp decline in ridership across the Company amid the spread of the novel coronavirus in the Russian Federation.

The most significant year-on-year decrease in revenue, more than 82%, was recorded in international traffic.

On the back of lower population mobility in 2020, revenue from domestic passenger services declined by 45.0%, including a 46.1% decline in the deregulated segment and a 44.0% decline in the regulated segment.

Despite a general downward trend in traffic volumes, revenue from baggage, unaccompanied baggage, and mail transportation remained flat year-on-year.

Revenue from other activities

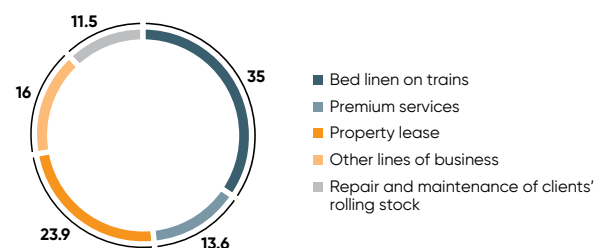
FPC's other activities include:

- repair of clients' rolling stock
- provision of value-added services on trains
- lease of movable and immovable property
- other services.

In 2020, revenue from other activities totalled RUB 16.3 billion, down 30.5% year-on-year.

The decrease was mainly driven by value-added services on trains (down 41.5% year-on-year) due to a significant reduction in the number of passengers carried on FPC trains amid an adverse epidemiological situation resulting from the spread of the novel coronavirus (COVID-19).

Breakdown of revenue from other activities, %



Changes in revenue from other activities, RUB billion

Indicators	2018	2019	2020	Change 2020/2019	
				+/-	%
Revenue from other activities	23.7	23.4	16.3	-7.2	69.5
Repair of clients' rolling stock	1.7	1.9	1.9	- 0.1	97.2
Value-added services on trains	12.4	13.5	7.9	-5.6	58.5
Bed linen on trains	9.1	9.8	5.7	-4.1	58.0
Premium services	3.4	3.7	2.2	-1.5	59.8
Property lease	5.6	4.3	3.9	-0.4	90.4
Other services	3.9	3.7	2.6	-1.1	70.6

Expenses

Rail service expenses

In 2020, rail service expenses amounted to RUB 169.0 billion, or 98.6% of the target (78.6% of the 2019 level).

The cost of passenger services in 2020 totalled RUB 35.08 per 10 passenger-km, or 81.3% of the target (152.6% of the 2019 level).

Rail service expenses, RUB billion

Indicators	2018	2019	2020	Change 2020/2019, %
Total	206.1	215.1	169.0	78.6
Payroll costs	32.6	34.0	27.3	80.1
Social contributions	8.9	9.5	7.6	80.3
Material costs	24.5	26.4	21.6	81.8
Materials	6.2	6.5	5.3	81.9
Fuel	0.7	0.7	0.5	70.6
Electricity	0.4	0.5	0.4	87.7
Other	17.1	18.7	15.3	82.0
Other expenses	126.5	129.9	97.6	75.1
Infrastructure payments	70.1	72.7	54.1	74.3
Locomotive lease	45.0	46.7	35.1	75.2
Depreciation	13.6	15.3	15.0	98.2

Expenses on other activities

In 2020, expenses on other activities totalled RUB 12.5 billion, down 20.8% year-on-year.

The year-on-year decrease was mainly driven by value-added services on trains (61.8%) due to a significant reduction in the number of passengers carried on FPC trains amid an adverse epidemiological situation resulting from the spread of the novel coronavirus (COVID-19).

Expenses on other activities, RUB billion

Indicators	2018	2019	2020	Change 2020/2019	
				+/-	%
Expenses on other activities	16,1	15,8	12,5	-3,3	79,2
Repair of clients' rolling stock	1,3	1,5	1,6	0,1	106,6
Value-added services on trains	9,2	9,9	6,1	-3,8	61,8
Bed linen on trains	6,8	7,0	4,2	-2,8	60,4
Premium services	2,4	2,8	1,9	-0,9	65,3
Property lease	2,7	1,9	2,6	0,8	142,1
Other services	2,8	2,6	2,2	-0,4	84,4

Overhauls programme

In 2020, actual expenses on overhauls of fixed assets were RUB 5.5 billion, or 101.1% of the 2019 level, including:

- RUB 5.4 billion on overhauls of passenger carriages (103.8% of the 2019 level)
- RUB 0.1 billion on overhauls of buildings and structures performed by third parties (31.7% of the 2019 level).

Changes in expenses on overhauls of fixed assets, RUB billion

Overhauls	2018	2019	2020	Change 2020/2019, %
Fixed assets, total	4.8	5.4	5.5	101.1
Carriages	4.6	5.2	5.4	103.8
Buildings and structures	0.2	0.2	0.1	31.7

Efficiency and cost optimisation programme

FPC developed an Operational Efficiency and Cost Optimisation Programme for 2018–2020 to enhance its performance. In 2020, the total impact of the programme was RUB 3.8 billion.

The Programme aims to:

- assess and optimise current expenses
- improve working capital management
- improve procurement and supply chain management
- streamline the remuneration and motivation system
- optimise headcount
- implement other activities.

Headcount and labour productivity

Labour productivity in volume terms was down 41.3% year-on-year as skilled employees were retained while traffic plummeted. Headcount adjustment to match operations in Q2 and Q3 2020 was suspended on the back of government support measures which required that the headcount be maintained at 90% of the existing workforce.

Change in headcount and labour productivity

Indicators	2018	2019	2020	Change 2020/2019, %
FPC's headcount, FTEs	58,975	58,224	53,053	91.1
Including in rail services	53,896	53,861	48,516	90.1
Labour productivity, '000 passenger-km/FTE	1,628	1,670	980	58.7

Other revenue and expenses

In 2020, the financial result from other revenue and expenses amounted to RUB 7.2 billion. Key revenues received as part of other FPC's income were government subsidies allocated as compensation for the revenue shortfall caused by the government regulation of long-distance tariffs

for third-class open sleeping and fourth-class seating carriages. In 2020, RUB 6.6 billion in subsidies were received from the federal budget (RUB 7.7 billion in 2019). Interest expenses on loans accounted for the bulk of other expenses, amounting to RUB 4.2 billion in 2020 and RUB 4.0 billion in 2019.

Changes in other revenue and expenses, RUB billion

Indicators	2018	2019	2020	Change 2020/2019, %
Other revenue	15.6	23.6	24.4	103.3
Interest receivable	0.8	1.0	0.3	30.3
Proceeds from the disposal of fixed and other assets	0.8	10.1	9.0	88.8
Subsidies from the federal budget	8.6	7.7	6.6	85.9
Others	5.4	4.8	8.5	176.4
Other expenses	10.7	20.5	17.2	83.6
Interest payable	2.8	4.0	4.2	103.3
Expenses on the disposal of fixed and other assets	0.4	9.6	8.1	84.7
Cash management services	1.8	2.1	1.3	62.5
Others	5.7	4.8	3.6	74.3

Debt policy

As at 31 December 2020, FPC's debt amounted to RUB 63.8 billion (excluding RUB 0.6 billion worth of accrued interest payable in the following quarter), including RUB 15.3 billion of loan liabilities and RUB 48.5 billion of bond liabilities.

FPC had no debt denominated in a foreign currency.

Loans will be repaid in full by the end of 2021.

To close the cash gap in 2020, FPC raised RUB 30.1 billion through short-term borrowings: RUB 10.0 billion from Bank GPB (JSC), RUB 1.0 billion from Russian Railways, RUB 9.6 billion from JSC ALFA-BANK, additional RUB 5.0 billion from VTB Bank (PJSC) and RUB 4.6 billion from JSC ALFA-BANK on preferential terms within the government-sponsored COVID-19 support programmes for businesses.

No long-term debt was raised in 2020.

The nearest bond maturity date is in 2022, with a total of RUB 38.5 billion of bonds expected to be repaid between 2023 and 2028.

In confirmation of the borrowing limits at credit institutions as at 31 December 2020, confirmations were received from partner banks that penalties for non-compliance with covenants will not be applied (covenant holidays).

FPC's debt maturities as at 31 December 2020, RUB billion

Indicators	2021	2022	2023	2024	2025	2026	2027	2028
Debt maturity	15.3	10	13	10	5.5	0	0	10

Balance sheet total

In 2020, FPC's balance sheet total increased by RUB 12 billion, or by 4%.

As at 31 December 2020, FPC's non-current liabilities totalled RUB 49.7 billion, including loans and borrowings in the amount of RUB 48.5 billion.

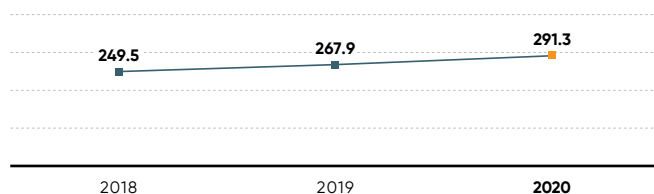
The size of FPC's share capital was RUB 206,961,040,539 as at 31 December 2020.

In the reporting year, the Company's net assets decreased by 6% to RUB 206.7 billion.

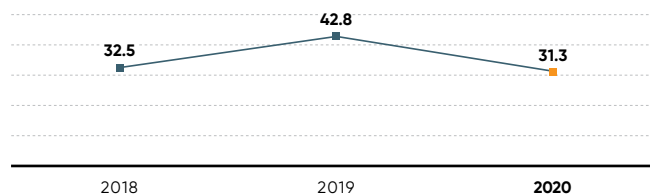
Key balance sheet items¹, RUB billion

Indicators	2018	2019	2020	Change 2020/2019, %
Non-current assets	249.5	267.9	291.3	108.7
Current assets	32.5	42.8	31.3	73.1
Assets	282.0	310.7	322.6	103.8
Equity and reserves	196.8	220.3	206.6	93.8
Non-current liabilities	47.5	56.5	49.7	88.0
Current liabilities	37.8	34.0	66.4	195.4
Liabilities	282.0	310.7	322.6	103.8

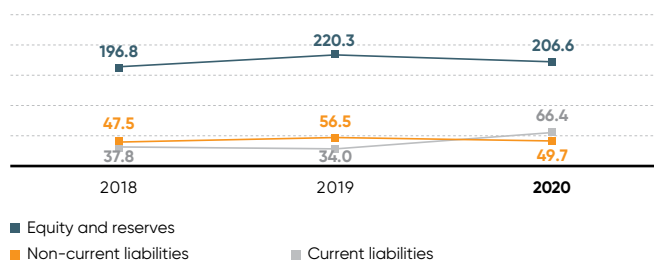
Non-current assets, RUB billion



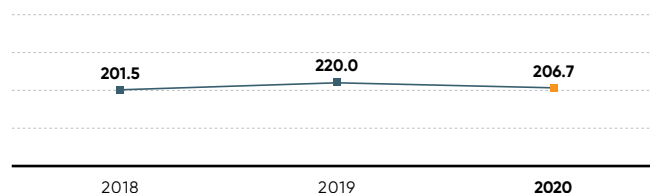
Current assets, RUB billion



Changes in liabilities¹, RUB billion



Net assets, RUB billion



Changes in FPC's net assets, RUB billion

Indicators	2018	2019	2020	Change 2020/2019, %
Net assets	201.5	220.0	206.7	94.0

¹ As per the audited statements for 2020.

Inventories

As at 31 December 2020, FPC's actual inventories amounted to RUB 4.368 billion, including RUB 0.152 billion worth of fuel, against the set standard of RUB 4.198 billion, including RUB 0.181 billion worth of fuel. Actual inventories exceeded the standard by a total of RUB 0.170 billion, or 4%.

The main reasons for exceeding the standard:

- Optimisation of rolling stock repair programmes, cancellation of international trains and a reduction in domestic traffic due to the adverse epidemiological situation in the Russian Federation caused by the COVID-19 pandemic
- Revaluation of the book value of passenger carriages purchased in 2019 and 2020 with spare parts, tools and accessories for new carriages reclassified as materials.

The actual inventories for the operating process (excluding spare parts, tools and accessories for new carriages and inventories held at transit maintenance centres and wheelset change centres within the rail infrastructure, which are not used in operations) at FPC amounted to RUB 3.997 billion as at 31 December 2020, against the set standard of RUB 3.991 billion. The standard for operating inventories was exceeded by RUB 0.006 billion, or 0.1%.

Receivables and payables

As at 31 December 2020, FPC's receivables totalled RUB 21.73 billion.

Trade receivables (except for rail services) accounted for 52.1% of total receivables, or RUB 11.3 billion. The bulk of this debt, RUB 9.9 billion, was due to the application of the terms of settlements stipulated by a long-term contract.

Taxes and charges receivable accounted for 35.9%, or RUB 7.8 billion.

The largest share of trade receivables (except for rail services) was due for sale of property – 87.6%, or RUB 9.9 billion, and lease of rolling stock and immovable property – 8.9%, or RUB 1.01 billion.

Trade receivables due for passenger services amounted to RUB 1.47 billion, or 6.8%, in line with the terms of relevant contracts.

As at the end of December 2020, prepayments totalled RUB 0.44 billion, or 2.0%.

Receivables as at 31 December, RUB billion

Receivables	2018	2019	2020
Trade receivables (except for rail services)	0.49	0.59	11.32
Trade receivables (for rail services)	1.07	1.79	1.47
Prepayments	0.48	0.97	0.44
Taxes and charges	8.11	11.49	7.80
Other receivables	1.13	0.87	0.70
Total	11.27	15.71	21.73

Payables as at the end of December 2020 were RUB 45.7 billion, up 68.0% year-on-year. The largest share of payables was attributed to trade payables totalling RUB 37.24 billion, or 81.4%, including RUB 17.1 billion for infrastructure services and locomotive lease, restructured by Russian Railways, and prepayments received for rail services, amounting to RUB 4.21 billion, or 9.2%.

As payables are above receivables, the Company can use payables as an additional source of financing. Receivables to payables ratio is 0.48.

Payables as at 31 December, RUB billion

Indicators	2018	2019	2020
Trade payables	995	12.39	37.24
Payroll liabilities	1.48	1.59	1.14
Taxes and charges, social insurance	1.87	1.25	1.26
Prepayments received for other activities	0.29	0.26	0.25
Prepayments received for rail services	8.70	9.31	4.21
Other payables	2.50	2.41	1.64
Total	24.80	27.20	45.74

Cash flows¹

As at 1 January 2020, FPC's balance of cash including short-term deposits totalled RUB 2.4 billion, including RUB 1.7 billion in the current account.

(77%) was received from passenger services, totalling RUB 114.2 billion excluding transit charges.

Operating expenses amounted to RUB 186.8 billion, including expenses for infrastructure services and locomotive lease totalling RUB 89.5 billion, or 48%.

Cash flows from operating activities

Negative cash flow from operating activities was RUB 37.1 billion.

In 2020, the cash flow from operating activities totalled RUB 149.7 billion, including RUB 6.6 billion from the federal budget. Most cash

Cash flows from operating activities, RUB billion

Indicators	2018	2019	2020
Net cash flow	3.3	-1.8	-37.1
Cash received	267.1	275.7	149.7
Cash used	263.8	277.6	186.8

Cash flows from investing activities

Negative cash flow from investing activities amounted to RUB 25.2 billion.

Expenses for investment activities totalled RUB 268.0 billion.

In the reporting period, RUB 45.3 billion (98% of investments) were allocated for passenger rolling stock replacement and upgrades:

- RUB 34.2 billion for the acquisition of new passenger carriages
- RUB 11.1 billion for passenger rolling stock upgrades

Cash flows from investing activities, RUB billion

Indicators	2018	2019	2020
Cash flow	-60.6	-47.8	-25.2
Cash received	1.6	241.6	242.8
Cash used	62.2	289.3	268.0

¹ In accordance with the management accounting data.

Cash flows from financing activities

In 2020, cash received from financing activities totalled RUB 79.7 billion (of which 25% was attributed to borrowings).

Cash used in the amount of RUB 15.85 billion resulted from:

- interest payments on loans and borrowings – RUB 11.71 billion
- repayment of loans and borrowings – RUB 4.14 billion.

Net cash flows from financing activities totalled RUB 63.8 billion.

FPC's total cash flow for the reporting year was RUB 1.5 billion.

As at 31 December 2020, FPC's balance of cash including short-term deposits was RUB 3.9 billion, including RUB 3.8 billion in the current account.

Cash flows from financing activities, RUB billion

Indicators	2018	2019	2020
Net cash flow	50.5	45.5	63.8
Cash received	55.2	68.5	79.7
Cash used	4.7	23.0	15.9

Financial review

Indicators	2018	2019 ¹	2020
Liquidity			
Absolute liquidity ratio	0.46	0.67	0.07
Quick liquidity ratio	0.76	1.14	0.26
Current liquidity ratio	0.87	1.26	0.33
Leverage ratio	0.70	0.72	0.64
Margins, %			
Sales margin (including subsidies)**	15.45	15.20	-13.47
Return on equity (ROE)	3.12	4.09	-15.75
Return on assets, including subsidies (ROA)**	5.56	5.46	-11.82
Liabilities			
Liabilities in the balance sheet total	0.30	0.29	0.36
Financial leverage (interest-bearing borrowings/equity)	0.23	0.23	0.31
Total debt/EBITDA	1.72	1.71	-2.81
Total debt/revenue	0.20	0.21	0.49

¹ As per the audited statements for 2020.

² The calculation includes cash received by FPC from ALFA-BANK in the amount of RUB 4,566,000,000 and cash received from Russian Railways to replenish net assets in the amount of RUB 1,990,417,000. The calculation for 2019 takes into account RUB 2,484,605,000 received from Russian Railways for the replenishment of net assets.

Absolute liquidity ratio: 0.07

The ratio is the most stringent solvency criterion showing how much short-term debt can be covered by the Company immediately if necessary by the available cash and highly liquid short-term investments.

In 2020, the ratio decreased by 0.60 year-on-year (0.67 in 2019). Key drivers of the decrease: a RUB 18,539,943,000 increase in payables, a RUB 19,680,662,000 decrease in the balance of short-term loans issued by Russian Railways, and a RUB 14,583,542,000 increase in the balance of short-term borrowings.

Quick liquidity ratio: 0.26

The ratio shows how much short-term debt can be covered by the Company if its receivables are fully repaid (where payments are expected within 12 months after the reporting date).

In 2020, the ratio decreased by 0.88 year-on-year (1.14 in 2019).

Current liquidity ratio: 0.33

The ratio shows how much short-term debt can be covered by the Company by its current assets. In contrast to the absolute and quick liquidity ratios, this indicator shows the Company's solvency over a relatively longer term.

In 2020, the ratio decreased by 0.93 year-on-year (1.26 in 2019), which indicates a significant deterioration in the Company's overall working capital availability to support business operations and repay current liabilities compared to 2019.

Leverage ratio 0.64

The ratio shows the share of the Company's assets that are covered by its funds. The higher the ratio, the more financially stable the Company is and the lower its reliance on third-party loans. From an investor or creditor's perspective, the higher the ratio, the lower the risk of losing investments in the Company or loans extended to the Company.

The ratio decreased by 0.08 year-on-year (0.72 in 2019), a sign of the Company's decreased financial stability.

Sales margin (including subsidies): -13.47

It is an indicator of the Company's financial performance, indicating the share of profit in the Company's revenue. Sales margin shows the effectiveness of the Company's pricing policy and its ability to control costs. It indicates the share of gross profit in the Company's sales.

In 2020, sales margin decreased by 32.53 p.p. year-on-year (6.55% in 2019), suggesting a decrease in the share of gross profit in total sales.

Return on equity (ROE): -15.75

This indicator is one of the key indicators of the Company's performance, used to evaluate its investability over the longer term and showing how many units of net profit the Company generates with each unit of shareholders' equity.

In 2020, ROE decreased by 20.14 p.p. year-on-year (3.87% in 2019). This indicates the low efficiency of the Company's use of the capital invested by the founders.

Return on assets, including subsidies (ROA): -11.82

This financial ratio shows the return on all assets used by the Company. The ratio indicates the Company's ability to generate profit without taking into account its capital structure (financial leverage), as well as the quality of asset management.

In 2020, ROA decreased by 13.16 p.p. year-on-year (2.74% in 2019) as revenue reduction outpaced cost reduction due to the need to maintain passenger services even amid a significant decline in passenger-kilometres, as well as to a significant share of fixed costs in the Company's cost structure.

Liabilities in the balance sheet total: 0.36

The lower share of borrowings in the balance sheet total (0.29 in 2019) clearly demonstrates the trend towards stronger financial stability of the Company. Accordingly, the higher the share of own funds in the balance sheet total, the better the financial position of the Company.

Financial leverage (interest-bearing borrowings/equity):
0.31

Financial leverage indicates the ratio of borrowings to total capitalisation and shows how efficiently the Company uses equity. It determines the degree of the Company's reliance on borrowings. The capitalisation ratio is used only in the same industry context and in the context of the Company's revenue and cash flows.

Total debt/EBITDA:
-2.81

This indicator shows the Company's debt burden and its ability to repay existing liabilities (solvency).

In 2020, the ratio decreased by 4.51 year-on-year (1.71 in 2019).

Total debt/revenue:
0.49

This indicator shows the Company's debt burden vs its total revenue (0.21 in 2019).

