MARKET OVERVIEW

Key economic growth indicators[1]

% of the corresponding period of the previous year

Indicators	12 months of 2022
GDP	97.9
Consumer Price Index	113.8
Investment in fixed assets[2]	105.9
Unemployment rate	3.9
Retail sales	93.3
Sales of paid retail services	103.2

According to Rosstat, the first estimate of Russian GDP for 2022 is up 97.9% year-on-year. The GDP deflator index for 2022 relative to 2021 prices was 114.3%.

There was a decline in consumer activity as at the end of 2022. The total turnover of retail, public catering and paid services was down 4.1% year-on-year.

The labour market is in a stable state. The average annual unemployment rate over the year is 3.9% (4.8% in 2021). Similar to the previous month, the percentage of unemployed people in December stayed at a historic low of 3.7% of employables.

During the reporting period, the consumer price index was 113.8% (a year earlier – 106.7%), the retail turnover fell to 93.3% (a year earlier – 107.8%), and the volume of paid services to the population fell to 103.2% (a year earlier – 116.7%).

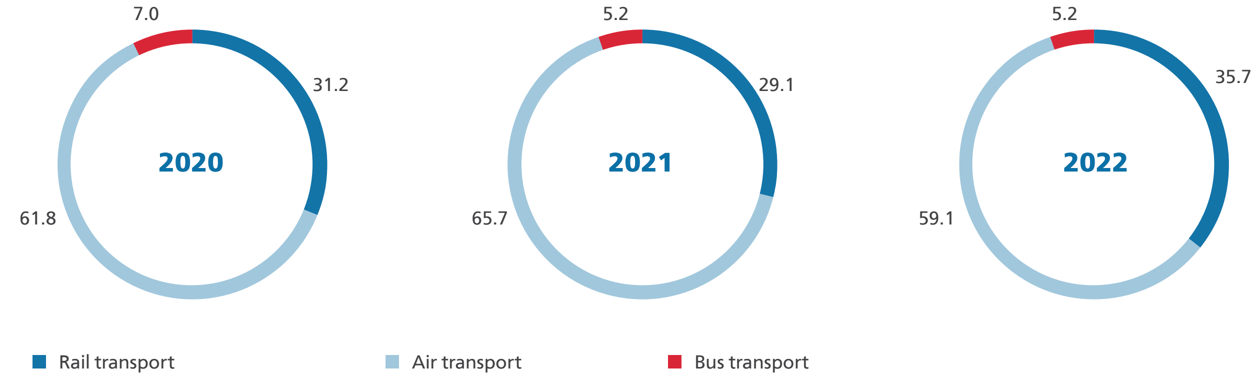
The average monthly nominal gross wage in November 2022 increased by 12.3% compared to the corresponding period in 2021 and amounted to RUB 63,060.

[1] Rosstat data (rosstat.gov.ru).
[2] Nine months of 2022 to nine months of 2021.

Russian Transport Market

FPC's main competition in the long-distance passenger market is from airlines, coach service operators, and private road transport. Competition in the long-distance passenger transport market has intensified considerably in recent years. 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.

Structure of the domestic passenger transport market, %



Carrier	2020	2021	2022
Railway including	**31.2**	**29.1**	**35.7**
JSC FPC	**27.7**	**26.0**	**31.1**
Directorate for Higher-Speed Services, a branch of the Parent Company	1.8	1.7	1.8
CJSC TransClassService	0.3	–	–
JSC Grand Service Express Transport Company	1.0	1.2	2.4
Other	0.4	0.2	0.4

Sources: railway transport – statistical reporting by TsO-33, TsO-32, air transport – Federal Air Transport Agency (www.favt.ru) and expert evaluation according to Federal Air Transport Agency, bus transport – expert evaluation according to Rosstat (www.gks.ru)

Due to the situation on the passenger traffic market, specifically the reduced number of aircraft and the closure of several airports beginning on 24 February 2022, in southern Russia in connection with a special military operation, the share of passenger traffic by rail increased from 29.1% in 2021 to 35.7% in 2022.

According to JSC FPC's budget, passenger traffic and the total number of passengers carried are projected to increase by 1.9% and by 1.6%, respectively, in 2023 compared to 2022.

According to Resolution No. 1693-r of the Government of the Russian Federation dated 25 June 2022 under the Comprehensive Programme for the Development of the Russian Federation's Air Transport Industry until 2030, domestic air lines are expected to carry 1.2% more passengers in 2023 than in 2022.

The average distance covered by FPC domestic trains during the first 12 months of 2022 climbed by 2.2% compared to the same time period in 2021 and totalled 846 km, which consequently resulted in outpacing growth in passenger turnover relative to the number of passengers carried (2.6 p.p.).

Currently, FPC dominates the long-distance passenger rail transportation business, but there is growing internal rivalry from companies like Directorate for Higher-Speed Services (a branch of the Parent Company) and Grand Service Express.

JSC FPC's share in the volume of long-distance domestic traffic among Russian railway carriers for 2022 was 87.1%, which just marginally (by 2.0 p.p.) less than it was during the same time period in 2021.

The major causes of FPC's falling share in the railway traffic volume are the development of the route network to locations where there is no service provided by FPC-marshalled trains and the speed-related advantages of rivals' rolling stock.

International Transport Market

As agreed upon with foreign railway authorities, all international passenger trains were suspended in March 2020 to stop the spread of a new coronavirus infection (COVID-19).

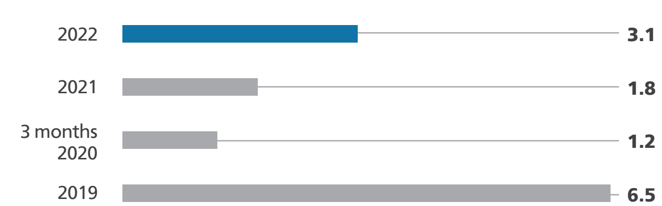
Before restrictions were imposed in 2020, FPC provided direct and transit passenger services to and from 23 European and Asian countries: Germany, France, Poland, Austria, the Czech Republic, Monaco, Italy, Finland, China, Mongolia, North Korea, Latvia, Lithuania, Estonia, Ukraine, Moldova, Belarus,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

JSC FPC offered passenger transportation service between the following countries in 2022:

- Russian Federation and the Republic of Belarus. The number of passengers carried in 2022 was 2,459,900 passengers;
- Russian Federation and the Republic of Abkhazia. The number of passengers carried in 2022 was 358,900 passengers;
- Russian Federation and the Republic of Kazakhstan. The number of passengers carried in 2022 was 154,300 passengers;
- Russian Federation and the Republic of Uzbekistan. The number of passengers carried in 2022 was 71,900 passengers;
- Russian Federation and Mongolia. The number of passengers carried in 2022 was 20,600 passengers;
- The Russian Federation and the Republic of Tajikistan. The number of passengers carried in 2022 was 15,200 passengers;
- Russian Federation and the Kyrgyz Republic. The number of passengers carried in 2022 was 8,900 passengers.

The total number of passengers carried internationally in 2022 approximated 3,089,700 people, up 176.5% year-on-year, including 2,710,200 passengers carried to/from CIS and Baltic countries (up 188.4% year-on-year), 358,900 passengers carried to/from Abkhazia (up 115.1% year-on-year), and 20,600 passengers – to/from Mongolia.

International passenger traffic volume, million people



FPC's Peers

Indicators	JSC FPC			DB Fernverkehr (Germany)			SNCF Voyageurs[1] (France)		
	2021	2022	Growth rate, %	2021	2022	Growth rate, %	2021	2022	Growth rate, %
Passengers carried, million people	81.2	95.9	18	81.9	132.0	61	104.9	105.4	0
Revenue, EUR billion	2.2	3.5	61	2.9	5.0	71	5.4	8.5	59

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.

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.

Federal Passenger Company

JSC FPC (Russia)

Unlike the cited 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. FPC has 10 regional branches and an extensive network of depots and carriage sites, as well as an ample amount of highly skilled personnel to support all business processes.

[1] Data are provided for the TGV-INTERCITÉS transport company operating long-distance trains in France.