

INVESTMENT MANAGEMENT

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

The Investment Programme of FPC for 2022–2024 was approved by the decision of the Board of Directors (Minutes No. 16 dated 7 April 2022). Based on the Company's performance in H1 2022, the Investment Programme was adjusted and approved by the decision of the Board of Directors of FPC (Minutes No. 7 dated 27 October 2022).

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

Investment Ranking

The projects implemented by FPC are ranked by five types:

- Long-term projects
- Replacement of retired fixed assets with financial effect
- Cost-effective projects
- Replacement of retired fixed assets with technological effect
- Technological 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

40.6 RUB billion

volume of the 2022 Investment Programme

The bulk of FPC's investments (RUB 39.2 billion, or 96.6%) in 2022 was aimed at renovating passenger rolling stock: the purchase of new passenger carriages (RUB 30.5 billion) and the upgrade of passenger rolling stock (RUB 8.7 billion).

RUB 1.4 billion worth of investments, or 3.4%, was used to upgrade depot facilities, and promote IT projects and other initiatives.

Investment programme structure

RUB billion

Indicators	2020	2021	2022	Change 2022/2021
Rolling stock acquisition	34.2	26.2	30.5	4.3
Rolling stock upgrades	11.1	7.7	8.7	1.0
Depot upgrades	0.6	0.6	0.7	0.1
IT promotion	0.3	0.2	0.6	0.4
Other projects	0.1	0.1	0.1	–
Total	46.3	34.8	40.6	5.8

Passenger rolling stock replacement

39.2 RUB billion

investment expenditures in 2022:

RUB 30.5 billion – for acquisition of new passenger carriages, including:

- 260 single-decker carriages of the new 2019 model
- 65 single-decker carriages of the new 2018 model
- 49 double-decker carriages of the new 2020 model
- 59 double-deck carriages of the 2018 model
- RUB 8.7 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 2022, 325 single-decker carriages were purchased for this purpose, costing RUB 17.8 billion.

In addition, 108 double-deck carriages worth RUB 12.7 billion were purchased for promising destinations characterised by high passenger traffic demand, to organise train services on the Moscow – Adler, Moscow – Cheboksary, Moscow – Yoshkar-Ola, Moscow – Ulyanovsk routes.

Passenger rolling stock upgrades

8.7 RUB billion

investment expenditures in 2022

The main share of these investments (RUB 8.2 billion, or 94.3%) is allocated for overhaul/reconditioning with service life extension of 140 carriages and KR-2 overhaul of 475 carriages.

Depot upgrades

0.7 RUB billion

investment expenditures in 2022

Investments in depot facilities were primarily used to:

- To upgrade existing production facilities – RUB 0.3 billion
- To purchase equipment to ensure uninterrupted depot operations – RUB 0.4 billion

IT promotion

0.6 RUB billion

investment expenditures in 2022

- Creating a security system for critical information infrastructure facilities of FPC
- Creating a digital contingency management system at FPC
- Creating a geographically distributed software and hardware complex for FPC's Passenger Identification and Service System
- Introducing an electronic queue management system
- Delivering equipment for broadcasting audio recordings and recording of official conversations over the radio train communication and radio broadcasting network
- Supply of networking, server and peripheral equipment

Other projects

0.1 RUB billion

investment expenditures in 2022

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

Priority Investment Areas

Customer-focused investment

The Company spent RUB 34.9 billion in 2022 to improve the quality of its services, including:

- To reduce transit time and enhance both transport safety and passenger experience, 433 new highly efficient passenger carriages featuring improved performance and passenger comfort were purchased — RUB 30.5 billion
- RUB 4.4 billion were spent on overhaul/reconditioning of 140 passenger carriages

Besides, RUB 0.6 billion were spent on the implementation of information technology innovations.

Investment in safety and security

RUB 0.6 billion were used in 2022 to enhance passenger safety and improve the passenger experience:

- RUB 0.4 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, FPC invested RUB 0.3 billion in rehabilitation and upgrades of its fixed assets in 2022.

Sources of Financing

Sources of financing for the Investment Programme in 2022:

15.3 RUB billion

internal funds (depreciation)

25.3 RUB billion

contribution to authorised capital

