

STRATEGY

As a key business unit of the Parent Company, FPC’s operations in general are focused on achieving financial, economic, and volume targets set out in the Parent Company’s Long-Term Development Programme until 2025 (LDP) approved by the Russian Government.

In 2019, JSC FPC developed and approved the Long-Term Development Strategy until 2030¹ and set up a framework for its implementation.

The Company also approved the Regulations on the Key Performance Indicator System of JSC FPC² in an effort to encourage its management to use a system of targeted key performance indicators (KPIs) to meet its strategic objectives.

Mission

We are improving the quality of life by offering extremely safe, affordable and comfortable passenger experience.

¹ Approved by the resolution of the Board of Directors of JSC FPC (extract from Minutes No. 11 dated 27 December 2019).
² Approved by the resolution of the Board of Directors of JSC FPC (extract from Minutes No. 12 dated 30 December 2022).



Vision

JSC Federal Passenger Company is Russia’s leader in passenger mobility. It is a highly efficient, financially sound, and customer-focused company that strives to enhance value while ensuring sustainable development in passenger mobility across customer segments and regions of Russia, covering key long-distance destinations in demand.

01Russia’s leader in passenger mobility

- National carrier providing traditional and high-speed long-distance rail passenger services both in Russia and abroad
- Leader by passenger traffic in long-distance transport in Russia
- Leader in long-distance ticket aggregation services, offering single tickets connecting rail passenger services across Russia’s regions

03Socially responsible company

- Sustainable development of mobility across customer segments and regions of Russia

02Customer-focused company

- Leader in service quality in long-distance land transport, providing high-quality value proposition and comfortable long-distance travel experience, including transit connections with other modes of transport and multimodal transport services

04Highly efficient, financially stable company

- Maximising financial results and ensuring self-sufficiency in operations

Quantitative characteristics of FPC’s vision in 2025¹

Vision of JSC FPC	Reference parameter	Projected value
Russia’s leader in passenger mobility	Passengers carried	118 billion people
Customer-focused company	Investment in new rolling stock	RUB 98 billion (cumulatively in 2023–2025)
Socially responsible company	Passenger-km travelled in regulated segment	54 billion passenger-km travelled
Highly efficient, financially stable company	Expected yield	RUB 330 billion

According to the Strategy, the Company’s main focus is on significantly increasing the average train speeds, developing comprehensive combined transport operations (such as multimodal transport services), increasing passenger traffic on the key routes in Russia, and improving the competitiveness of our existing services. The Company will also continue to act as a public carrier, which means servicing single-mode or socially important routes.

The Strategy’s key targets relevant to FPC address changes in the transport market, the competitive situation, evolving customer requirements, and development trends in the passenger transport regulatory environment. FPC’s Strategy assumes the Company retains its current role within the strategic development programme of the Parent Company.

FPC’s strategic goals

Indicators	2025	2030
Passengers carried, million passengers	118	122
Revenue, RUB billion	330	431
EBITDA, RUB billion	53	82
Net debt/EBITDA	Not more than 2	
Carriage acquisition volume	>3,100 (cumulatively between 2023 and 2030)	

2022 Strategy delivery summary

Despite the shifting economic and geopolitical conditions in Russia in 2022, the Company was able to adjust to the new realities and work to maintain and enhance transport accessibility despite the closure of airports in southern Russia, boost passenger traffic, spur demand for passenger transportation, and reduce costs. FPC carried around 96 million passengers in 2022.

To ensure the guaranteed quality of transportation, JSC FPC continued to improve its services, develop new routes and renew its rolling stock.

The tourist train network is constantly being expanded to provide our citizens with a comfortable and secure tourism environment. The trains include modern and comfortable carriages.

Strategic Areas of Development



Network

In 2022, the route network of double-decker trains was expanded. New double-decker trains such as No. 66/65 Moscow – Togliatti, No. 22/21 Moscow – Ulyanovsk, No. 54/53 Moscow – Cheboksary, No. 58/57 Moscow – Yoshkar-Ola, No. 30/29 St. Petersburg – Belgorod, No. 160/159 Petrozavodsk – Moscow and No. 32/31 Moscow – Orsk were included into schedules service.



Fleet

In 2022, carriages were purchased under the long-term agreement with suppliers until 2025. According to the agreement, four batches of rolling stock are to be supplied:

- Existing model range of carriages;
- New models of single-decker carriages;
- New models of double-decker carriages;
- Innovative single-deckers and double-deckers.

Improved carriages are among the rolling stock to purchased:

- Quiet, private space for personal relaxation;
- Spacious interior with room to walk around;
- Low floors and barrier-free environment;
- Dedicated baggage areas;
- Advanced technology intensiveness.

In 2022, 433 new carriages (325 single-decker and 108 double-decker) were purchased.



Product offering

The Company is planning a transition to a new unified, high-quality product offering.

A consumer focus is at the heart of the strategic initiative. An intuitive value proposition is being developed for passengers, based around the unification of technical equipment of carriages and standardisation of value-added services.

The transition to the new product line is still in progress as of the end of 2022.



Multimodality

In 2022, there were six multimodal routes served by the Company: Kostroma – Yaroslavl, Vologda – Yaroslavl, Boksity – Serov, Belgorod – Rossosh, Arzamas – Diveevo and Ussuriysk – Andreevka.

By the end of 2022, around 45.300 passengers were carried on multimodal routes.

FPC plans to increase multimodal services and improve the efficiency of existing routes.



Other business lines and adjacent businesses

To improve its market reliability, FPC diversifies its activities and promotes businesses that boost the economic viability of transportation:

- On-train passenger services;
- Development of rail tourism;
- Services involving all modes of transport;
- Logistics services (cargo, mail, etc.).

Developments of 2022 in this area:

- Unaccompanied pet carriage service was made available
- Payment for travel documents at FPC’s ticket offices via the FPS was introduced
- Map of tourist routes was significantly expanded A total of about 30 tourist trains, including regional projects, were offered to passengers in 2022. Over 100,000 people used the service last year. New routes will be offered to passengers in 2023.

¹ In accordance with the approved Strategy of JSC FPC.

Key Performance Indicators

The Company’s KPI system is used to evaluate FPC’s performance and contribution to the implementation of the Parent Company’s strategic goals.

The list of KPIs and the methodology for calculating the extent of KPI fulfilment are determined by the Regulations on the System of Key Performance Indicators for the Purposes of Bonus Payment to JSC FPC Managers¹ (hereinafter referred to as the Regulations).

FPC’s corporate KPIs reflect the Company’s performance in the reporting period and are based on the strategic goals and objectives set for the Company.

The reporting period during which KPIs are evaluated is one year in accordance with the Regulations’ criteria.

The list of corporate KPIs of JSC FPC for 2022 includes the following indicators:

- Passenger satisfaction index (long-distance trains);
- Fleet availability factor;
- Traffic safety level;
- Passenger departures;
- Revenue from regular activities;
- EBITDA margin;
- Net debt/EBITDA;
- Effective corporate governance practices.

Targets were set for each indicator. The target values for all of JSC FPC’s corporate KPIs were achieved by the end of 2022.

FPC’s Key Objectives for 2023

FPC’s key objectives for 2023 are as follows:

- Consolidating the Company’s position in the passenger market through route network expansion, offering a new level of customer service, rolling stock replacement, and operational infrastructure upgrade and modernisation;
- Implementing the initiatives outlined in JSC FPC’s Development Strategy until 2030. Key initiatives to be implemented in 2023: expanding the double-decker service footprint, launching new trains, enhancing the competitiveness of the existing product range, and replacing the rolling stock;
- Ensuring guaranteed quality of transportation;
- Designing and implementing integrated marketing projects to develop new offerings in the passenger market;
- Bringing the long-distance passenger satisfaction index to at least 87.5 points;
- Improving the level of traffic safety;
- Undertaking the measures to minimise the adverse environmental impact;
- Developing the human capital of JSC FPC;
- Building digital capabilities and actively deploying digital technologies to enhance the efficiency of internal processes and improve services;
- Ensuring transport mobility of the population due to increased passenger traffic to southern destinations.

¹ Approved by the resolution of the Board of Directors of JSC FPC (extract from Minutes No. 12 dated 30 December 2022).

