

Letter from the CEO and Chairman of the Management Board



Dear Partners and Colleagues,

In 2020, Russian Railways faced unprecedented challenges due to the pandemic-related restrictions in Russia and across the world. Today, we can state with confidence that the Company succeeded in achieving all of its objectives last year. We ensured a high level of transportation safety and reliability, keeping the pace of innovative development and pressing on with upgrading our infrastructure, management systems, equipment and technologies. We took prompt and effective action to provide medical support and protect the life and health of the Company's employees and our customers. Russian Railways demonstrated high levels of resilience and solid financial performance in 2020.

Despite the 2.7% decrease in handling volumes y-o-y, we averted the most pessimistic scenarios, with the Q4 results coming close to the 2019 indicators. In 2020, we relied as much as possible on digital interfaces to communicate with our partners. This helped attract over 300 new clients, primarily small and medium-sized businesses.

In the reporting year Russian Railways transported an all-time high of 5,800,000 containers, which translates into a growth rate of 16% for the segment, and 34.4% for transit lines. We exceeded almost all historical freight transportation indicators in the Eastern direction meeting all the targets under the Comprehensive Plan for the Carrying Capacities of the Eastern Operating Domain amounting to 144 mt. Russian Railways transported 126 mt of coal and ore from the main mineral deposits of Siberia and the Russian Far East.

Last year was extremely difficult for our passenger services. In order to protect the health of our customers we revised

our procedures switching to mostly contactless interaction with passengers. The Company also carried on with efforts to modernise its rolling stock and introduce new products and services.

In the reporting year, we boosted significantly our tourism offering. Our rail tours have become more accessible and are now available to the widest range of travellers. Enormously popular in Russia are our retro train tours, capitalising on the historical heritage of Russian Railways.

The Company strictly complies with the Russian President and Government orders by ensuring stable commuter transportation. In 2020, we launched 20 new commuter lines, with modern trains hitting the rails in 21 regions.

Russian Railways reconfirmed its commitment to being a responsible employer, ranking among the most attractive companies in Russia. The Company fulfilled all of its social obligations enshrined in the Collective Bargaining Agreement.

While tackling our ongoing business, we also laid the groundwork in the reporting year for the Company's continued sustainable growth. Russian Railways strengthened its positions in safety, sustainability, speed and reliability of freight transportation among international railway companies. In Russia, we lead the industry in developing and deploying financial innovations.

2020 was a year of major investment and construction projects. Russian Railways invested an all-time high of RUB 717 bn in various initiatives. We implemented a large-scale upgrade programme for the rolling stock and work trains. Despite all restrictions, our construction services delivered

the largest annual volumes in the last five years, worth approximately RUB 310 bn.

Environmental efforts have been among our priorities in recent years. Pursuant to the Russian President's instructions, Russian Railways deployed benchmark environmental protection processes in the Central Zone of Lake Baikal Protected Areas to be rolled out across the construction and renovation projects of the entire railway network. Our consistent environmental policies have had an important role in strengthening the Company's financial market positions.

In the reporting year, we carried on with our innovative development efforts. Thanks to the Russian Railways' Digital Transformation Strategy we were able to make seamless remote work arrangements for tens of thousands of our employees. We continue working hard on such breakthrough technologies as autonomous trains, alternative energy sources, and quantum communications.

Dear Partners and Colleagues,

The Company's successful performance in 2020 is based on everyday diligent work, dedication, and high professionalism of our team. Facing a tough environment, Russian Railways has proved its strength, gained invaluable experience, and is moving confidently towards new accomplishments. This experience will help us to continue delivering the goals set for the Company by Russia's leadership.

Oleg Belozеров

CEO, Chairman of the Management Board