

Letter from the Chairman of the Board of Directors



Dear Colleagues, Partners, Customers and Investors,

2020 will go down in history as an exceptionally challenging year for both the Russian and global economy. Despite the unprecedented external conditions, Russian Railways passed its durability test with flying colours. Taking into account the Company's contribution to Russia's overall GDP, this durability was not just a major factor in the resilience of the transport industry, but in that of the Russian economy as a whole.

Despite global transport restrictions, Russian Railways was able to leverage the main competitive advantages of rail transport: stability, reliability, technology and sustainability.

Russian Railways' investment programme reached a total of RUB 717 bn in 2020, exceeding the previous record of 2019 by RUB 43 bn. One of the key factors in supporting the Company's investment activities was the decision to issue perpetual bonds supported by the Government of the Russian Federation, which provided Russian Railways with additional investment resources, while maintaining a sustainable debt ratio. The total value of perpetual bonds offered last year stood at RUB 313 bn, with the green bonds accounting for RUB 100 bn out of this amount.

I would like to thank the entire Russian Railways' team for their tireless work. In these unprecedented times, all of our railway employees have shown professionalism, organisation and efficiency, which has allowed us to provide uninterrupted and high-quality services. Despite the challenging epidemiological situation, the Company was able to resolve all of the problems we encountered in providing both

commuter and long-distance services, while preventing any serious reduction in freight transportation. Meanwhile, we observed a remarkably positive trend among several product groups, including transportation of grain and container freight.

In 2021, Russian Railways and its subsidiaries face the challenge of responding to recovering demand for both freight and passenger transportation, increasing the quality of our customer services, and further developing and improving our transportation products.

Our key tasks are to provide uninterrupted commuter and long-distance services to passengers, and to maintain and further develop our rail networks in the interests of Russian citizens.

Implementing Russian Railways' ambitious investment programme is particularly important in terms of meeting the long-term demands of the Russian economy and the further potential for growth in the rail transportation sector. In accordance with decisions made by the Russian Government and Russian Railways' Board of Directors, the total size of this programme will exceed RUB 730 bn in 2021, while over RUB 134 bn will be dedicated to developing the Eastern Operating Domain. Ensuring we adhere to the schedule for increasing the throughput and carrying capacity of the Baikal-Amur and the Trans-Siberian main lines is vital to the national interest. The first stage towards modernising these lines should be completed in the coming year, with the second stage beginning in the same year.

The effective use of available resources and reaching established production targets are serious challenges and major priorities for the Company.

Given the scale and geography of Russian Railways' activities, social responsibility must be a top priority. Particular emphasis is placed on strict adherence to our obligations towards our employees in terms of collective bargaining and constructive cooperation with regional authorities on social issues.

I am confident that all of the tasks facing Russian Railways as set by its stakeholder – the Russian Federation (represented by the Russian Government), as well as by Russian Railways' Board of Directors will be completed. I wish the Russian Railways' team, and all of our partners and customers, a fruitful cooperation.

Andrey Belousov
Chairman of the Board of Directors