

It was developed in line with the Russian President's Decree No. 204 On National Goals and Strategic Objectives of the Russian Federation through 2024 dated 7 May 2018 (in terms of Russia's goal to enter the Top 5 of the world's largest economies). The Programme also aims to contribute to achieving the goals set forth in the Comprehensive Plan for Upgrading and Expanding Core Infrastructure until 2024, the action plan to expedite capital investment growth and increase its share to 25% of the GDP, the Transport Strategy of the Russian Federation until 2030, Russia's Railway Transport Development Strategy until 2030, Russia's Innovative Development Strategy until 2020 and the Russian Railways Group's 2030 Development Strategy. The Company's Development Strategy and Long-Term Development Programme are aligned through a list of Group-wide key performance indicators (KPIs).

In order to achieve the goals set by the Russian President the Programme provides for:

- an increase in the carrying capacity of the Baikal-Amur and Trans-Siberian main lines to 180 mt by 2024;
- an increase in the carrying capacity of the approaches to the ports of the Azov and Black Seas;
- a throughput increase to ensure a four-fold growth of transit container transportation;
- a reduction of container travel times (in particular, to 7 days for containers transported from Russia's Far East to its western border).

The design and deployment of large infrastructure projects are closely aligned with Russia's Spatial Development Strategy, helping to create the transportation backbone for the national economy. To this end, the Company will need to focus extensively on and stay one step ahead in upgrading, expanding and improving railway infrastructure, enhancing the quality of rail freight transportation and its efficiency for shippers, bringing passenger experience to a whole new level, expanding and fine-tuning the range of passenger services, and ensuring greater safety of transportation. The Russian industry will have the infrastructure capabilities to boost output, meeting the demand for transportation services from shippers and passengers and ensuring the growth of the national economy.

The Programme's key performance indicators reflect the main targets included in the Programme with due account of the Russian Government's directives and a part of the incentive system for the Company's executive management. The KPIs are subject to change if the key goals and assumptions (including the industry regulations) underlying the Programme are reviewed.

Programme implementation in 2020

The pandemic-related macroeconomic challenges in 2020 affected fulfilment of certain Programme KPIs, including Russian Railways' revenue, EBITDA, EBITDA margin, passenger turnover, labour productivity growth, ROIC, virtual performance, handling, adherence to freight train schedules, length of railway tracks with exceeded limits of throughput in tonnes or useful life.

It should also be noted that the Programme KPIs were set in 2018 prior to the deterioration of the economic situation starting in Q4 2019.

Still, some KPIs were exceeded, including procurement from small and medium-sized businesses (+45.5 pp over the target), the volume of transit container transportation (10.8% over the target), which reflects Russian Railways' efforts to expand container transportation, and the average daily performance of a freight train locomotive (+1.8% over the target), helped by measures to improve the locomotive fleet utilisation.

Achievement of selected KPI targets as part of the Long-Term Development Programme (LTDP) in 2020

KPI (unit of measurement)	LTDP target ¹	2020 performance	Target achievement
Freight handling, mt	1,338.8	1,243.6	-7.1 %
Total freight turnover, bn tkm	3,458.4	3,221.0	-6.9 %
Loaded freight turnover, bn tkm	2,727.7	2,544.8	-6.7 %
Passenger turnover, bn pkm	129.9	78.1	-39.9 %
Passengers transported, m people	1,199.6	872.0	-27.3 %
Investment programme, RUB bn	823.6	717.3	-12.9 %
Length of public railway lines with limited throughput, thousand km	8.5	6.3	-25.8 %
Length of railway tracks with exceeded limits of throughput in tonnes or useful life, thousand km	23.7	23.9	+0.8 %
Container transit volumes, thousand TEU	750.0	830.9 ²	+10.8 %
Average daily performance of a freight train locomotive, thousand tkm gross	2,177.0	2,216.0	+1.8 %
Average loaded freight car delivery speed, km/day	402.0	439.4	+9.3 %
Adherence to freight train schedules, %	74.67	74.26	-0.41 pp
Adherence to passenger train schedules, %	98.36	98.8	+0.44 pp
Integrated KPI for innovation efficiency	1.0	1.43 ³	+43.0 %
Procurement from small and medium-sized businesses	18.0 ⁴	63.5	+45.5 pp
Russian Railways' revenue, RUB bn	1,974.5	1,813.1	-8.2 %
Russian Railways' EBITDA (under RAS), RUB bn	476.4	402.3	-15.6 %
Russian Railways' net profit, RUB bn	48.6	0.3	-99.4 %
EBITDA margin (under RAS), %	24.1	22.2	-1.9 pp
Labour productivity growth at Russian Railways (average annual growth in 2019–2025), %	105.0	97.9	-7.1 pp

¹ Under the base case scenario of Russian Railways' Long-Term Development Programme until 2025.

² Including the return of empty containers from Europe to China as per new logistics schemes.

³ In accordance with the Regulation on the Procedure for monitoring and assessment of development, updating and implementation of Innovation Development Programmes (IDPs) of joint-stock companies with government ownership, the Quality of Development (Updating) of Innovative Development Programme / Implementation of Innovative Development Programme indicator included in the Integrated KPI for innovation efficiency is assessed by the Interdepartmental Commission on Technology Development under the Government Commission for Economic Modernisation and Innovative Development based on the IDPs implementation report by federal executive authorities and independent experts (approximately in the second half of the year following the reporting year).

⁴ In accordance with Russian Government Resolution No. 1352 dated 11 December 2014, the standard indicator is set at 20%.