

Plans of the business unit to increase income

An increase in the business portfolio of foreign projects in railway transportation and infrastructure development will help to meet the objective of increasing the Russian Railway Group's income. The geography of the projects currently being studied by the Group as well as future projects encompasses a significant number of countries in Eastern Europe and Asia as well as Africa and Latin America. The Russian Railways Group is expanding the range of promising infrastructure projects abroad based on a comprehensive study and direct monitoring of the markets that are of interest in the short and medium term.

The Group is studying matters related to its involvement in the development of railway industries in Brazil, India, Ecuador, Vietnam, Ethiopia and a number of other countries.

In Ecuador, the Group plans to take part in the construction of a railway network that is designed to unite the capital of Quito with the country's major ports – Esmeraldas, Manta and Guayaquil.

Russian Railways and its Brazilian partners are also studying the feasibility of participating in a federal programme to develop Brazil's railways.

Specific projects in India will be determined jointly with the Company's Indian partners in accordance with the terms of the memorandum on mutual understanding signed by Russian Railways and the Ministry of Railways of the Republic of India in December 2015.

The main criteria when selecting promising projects:

- whether the potential implementation of the project will produce a positive financial result for the Russian Railways Group;
- whether the customer has the necessary financing to implement the project;
- whether the Russian Railways Group has the relevant competencies and experience;
- the ability to ensure the safety of employees involved in implementing the project;
- the political situation in the country where the project is to be implemented and the degree of country risks (market, legal, currency, operating, credit);
- whether there is a synergistic effect from the projects to be implemented by the Russian Railways Group;
- the degree of the project's readiness for implementation.

The Company is open to discussing any interesting opportunities for business development abroad and is prepared to take part in the implementation of railway construction projects or the establishment of new transportation chains.