



# Passenger Transportation

Russian Railways worked to develop and improve passenger transportation as well as enhance the quality and expand the range of services offered in 2015 in order to stabilise its share of the railway passenger transportation market.

## Key achievements of the business unit in 2015

1

Passenger turnover via rapid-transit trains grew 25% to 2.5 bln pass. km in 2015. Passenger turnover via long-haul rapid-transit trains on domestic routes increased 26% to 2,440.2 bln pass. km



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Passenger turnover via Russian Railways infrastructure totalled 120.4 bln pass. km, including 89.5 bln pass. km for long-haul transportation and 30.9 bln pass. km for suburban traffic



2

A total of 1,020.4 mln passengers were transported, including 97.9 mln passengers on long-haul transportation and 923 mln passengers on suburban transportation



4

Strizh trains began running from Moscow to Nizhny Novgorod in June. Some 700,000 passengers were transported for the year





## Business Unit

5

As part of the Daily Express programme, 39 train pairs operate on 21 routes on the railway network under the current schedule. A total of 8.2 mln passengers were transported under the programme, a 50% increase from the previous year



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Active efforts to concentrate Sapsan high-speed trains on the Moscow-St Petersburg line helped railway transportation to maintain a 64% share of this route



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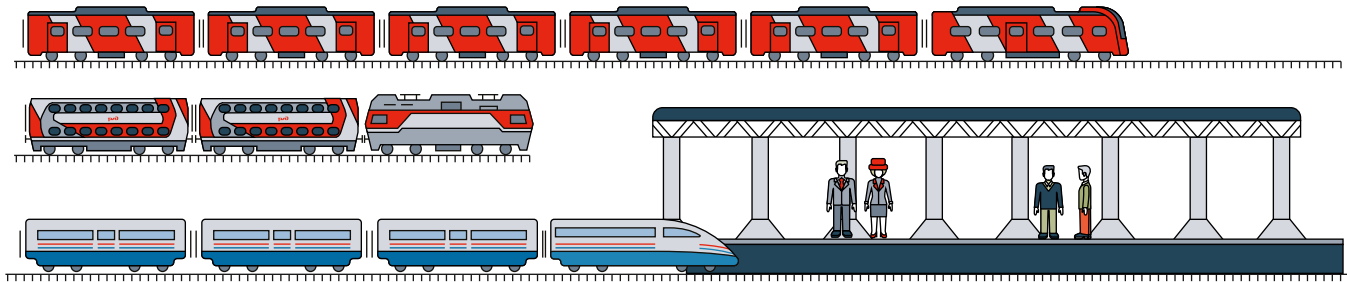
The geography of double-decker rolling stock was expanded to 4 new routes. For the year, double-decker trains carried approximately 1.5 mln passengers



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Multimodal transportation organised on 8 routes





## Activities of the business unit

The business unit's objectives include developing and offering the market fundamentally new products and services at attractive prices and ensuring railway transportation is competitive with its primary competitors – air and road transportation.

In long-haul transportation, the Company seeks to provide an affordable passenger transportation alternative for all regions of Russia and maintain its share of the transportation market by expanding the segment of short-haul transportation and public contracts.

The Company is implementing rapid-transit and high-speed projects to increase the public's mobility between metropolitan areas.

## Performance of the passenger service system

Passenger turnover on public transportation totalled 465.3 bln pass. km in 2015, including 120.4 bln pass. km on railways, 118.0 bln pass. km on road transportation and 226.9 bln pass. km on air transportation.

The negative dynamics in passenger transportation on Russian Railways infrastructure seen in recent years continued

in 2015. Passenger transportation decreased 6.5% to 120.4 bln pass. km for the year.

The deterioration in the macroeconomic environment in Russia and reduced effective demand above all resulted in the decreased mobility of the most disadvantaged members of the population – potential passengers in the socially significant regulated transportation segment.

The biggest impact in the long-haul sector stemmed from increased competition combined with an aggressive tariff policy by airlines as well as a decrease in international passenger traffic, including with CIS and Baltic nations, in particular Ukraine due to changes in the geopolitical situation within the country.

### Key indicators for passenger transportation using Russian Railways infrastructure

| Indicator                               | 2014    | 2015    | Change       |      |
|---|---------|---------|--------------|------|
|   |         |         | bln pass. km | %    |
| <b>Passenger turnover, bln pass. km</b> | 128.8   | 120.4   | -8.4         | -6.5 |
| Suburban transportation                 | 32.6    | 30.9    | -1.7         | -5.2 |
| Long-haul transportation, including:    | 96.2    | 89.5    | -6.7         | -7.0 |
| Rapid-transit transportation            | 2.0     | 2.5     | +0.5         | 25.0 |
| <b>Passengers transported, mln</b>      | 1,070.3 | 1,020.4 | -50.0        | -4.7 |
| Suburban transportation                 | 967.2   | 922.5   | -44.7        | -4.6 |
| Long-haul transportation, including:    | 103.1   | 97.9    | -5.2         | -5.0 |
| Rapid-transit transportation            | 3.9     | 4.8     | +0.9         | 22.2 |

At the same time, despite this situation the number of passengers transported decreased only 4.7% (to 1,020.4 mln). This was possible thanks to a range of marketing tools to make transportation affordable (flexible tariff policy, a dynamic pricing system, marketing campaigns and a loyalty programme). In 2015, the share of passengers who purchased tickets in first-class sleeper and compartment railcars below the base rate made up 68% of the total number.

Approximately 2 mln passengers travelled at reduced tariffs in the regulated segment, utilising the right granted by Federal Passenger Company to reduce the cost of travel in second-class railcars and sitting cars.

The highest level of demand was seen for travel on new rapid-transit trains with a convenient schedule. Passenger traffic increased in travel between Moscow and St Petersburg, Bryansk, Yaroslavl, Belgorod, Smolensk, Kursk, Voronezh and Nizhny Novgorod (the routes where the Russian Railways Group offers such services). The most significant growth in passenger traffic was seen on the recently launched Moscow-Smolensk routes (+40%) and the Moscow-Belgorod route (almost +50%). This can largely be attributed to the use of comfortable trains with double-decker cars and Strizh trains as well as the new transportation services offered by the Daily Express programme.

## On the path to change



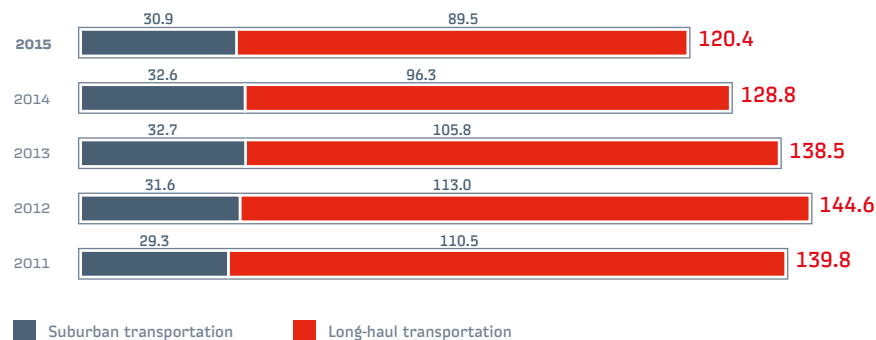
**Mikhail Akulov**  
Vice President  
of Russian Railways

*More than one bln passengers utilise the Russian Railways Group's services each year. In the competitive battle with other transportation modes, we employ a range of marketing tools that support the affordability of transportation and include a flexible tariff policy, a dynamic pricing system, marketing campaigns and loyalty programmes.*

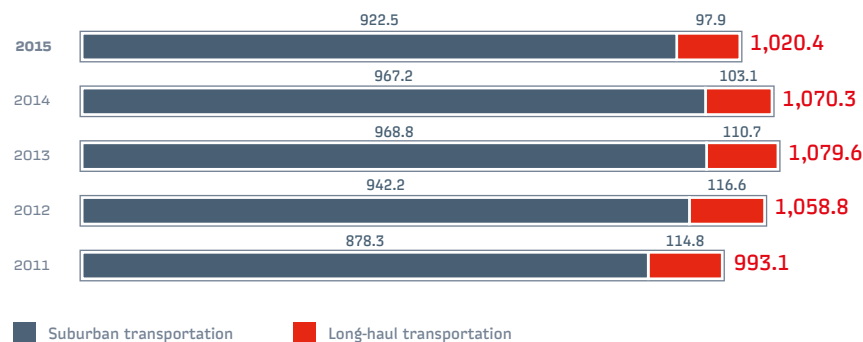
*Approximately 2 mln passengers travelled at reduced tariffs in the regulated segment, taking advantage of the right granted to Federal Passenger Company to reduce the cost of travel in second-class sleeper cars and sitting cars.*

*In 2015, the share of passengers who bought tickets in first-class sleeper and compartment railcars at tariffs below the base rate made up roughly 68% of the total number of passengers.*

Railway passenger turnover, **bln pass. km**



Number of passengers transported by railway, **mln passengers**



Based on materials from the final meeting of the Russian Railways Management Board