

General Financial Results



Income for all activities

1,366.0

RUR bln

(+6.0% versus 2011)

Costs of all activities

1,298.6

RUR bln

(+6.8% versus 2011)

Investment budget

480.1

RUR bln

(+21.4% versus 2011)

The financial results of 2012 are in line with the expectations and forecasts of the Company's management, despite the decline in performance against some key financial indicators on account of a sharp fall in loadings observed in the fourth quarter of 2012.

The increase in revenues of JSC "Russian Railways" is primarily associated with the increase in income received from freight traffic due to a freight turnover growth of 2.9% and to the annual readjustment of tariffs by 6%. At the same time the increase in revenues of the Holding Company partially offset the negative impact on revenues due to the disposal of OJSC "First Freight Company", the share of which accounted for around 7% of the Holding Company's revenue at the end of 2011.

The increase in operating costs was impacted by growth in traffic volume, as well as price increases in fuel (+19%) and electricity (+5%). The costs of repair and maintenance also rose (+8%).

The relative decrease in the net profit of JSC "Russian Railways" in 2012 compared with the previous year can be explained by the high base in 2011, when a one-off profit, gained from the sale of 75% minus 2 shares of OJSC "First Freight Company", had a significant positive impact on the financial results of the Holding Company.

The level of capital investment made by the Holding Company in 2012 was the highest since its formation. Key areas of investment included: investment in the removal of infrastructural "bottlenecks", the purchase of traction rolling stock, the building of facilities for the 2014 Winter Olympic Games in Sochi, and the acquisition of shares in the logistics company, Gefco.

The Company has adopted the common corporate financial planning and budgeting standard No. 2182r dated 31 October 2012 that sets out the main principles, mechanisms and timelines for the Company's budgeting and planning. A single set of budget management and financial planning indicators has been developed. The Company's automated budget management system has been put into commercial operation; currently, it is used by all the main subsidiaries and affiliates.

Net profit

14.1 RUR bln

In the context of state regulation of railway freight service tariffs, the company has ensured profit-making activities during the year and received net profit

EBITDA

272 RUR bln

FINANCIAL PERFORMANCE

Indicator	UoM	2011	2012	Variations of actual values vs targets for 2012		Variations in 2012 vs 2011	
				+/-	%	+/-	%
		target	actual				

Total income	bln roubles	1,288.3	1,358.4	1,366.0	7.6	0.56	77.7	6.03
Income from transportation, infrastructure and locomotive hauling services	bln roubles	1,109.1	1,205.1	1,206.5	1.4	0.12	97.4	8.78
freight transportation	bln roubles	1,003.1	1,088.8	1,089.3	0.5	0.05	86.2	8.59
<u>infrastructure services</u>	bln roubles	87.2	96.2	96.7	0.5	0.52	9.5	10.92
<u>locomotive hauling services</u>	bln roubles	11.4	12.7	12.4	-0.3	-2.36	1	8.63
passenger transportation	bln roubles	7.4	7.4	8.1	0.7	9.86	0.7	9.26
Income from other activities	bln roubles	179.2	153.2	159.5	6.3	4.11	-19.7	-10.99
Total expenditures	bln roubles	1,215.6	1,298.0	1,298.6	0.6	0.05	83.1	6.84
Expenditures on transportation, infrastructure and locomotive hauling services	bln roubles	1,050.8	1,156.8	1,151.5	-5.3	-0.46	100.7	9.59
freight transportation	bln roubles	933.2	1,027.8	1,017.4	-10.4	-1.01	84.2	9.02
<u>infrastructure services</u>	bln roubles	102.2	113.1	118.8	5.7	5.04	16.6	16.24
<u>locomotive hauling services</u>	bln roubles	8.4	9.5	9.1	-0.3	-3.16	0.8	9.52
passenger transportation	bln roubles	7	6.3	6.2	-0.1	-1.59	-0.8	-11.43
Expenditures on other activities	bln roubles	164.7	141.2	147.1	5.9	4.18	-17.6	-10.69
Total profit on sales	bln roubles	72.8	60.4	67.4	7.0	11.59	-5.4	-7.42
Profit from transportation, infrastructure and locomotive hauling services	bln roubles	58.3	48.3	54.9	6.6	13.66	-3.4	-5.83
freight transportation	bln roubles	69.9	60.9	71.9	11	18.06	2	2.86
<u>infrastructure services</u>	bln roubles	-15	-16.9	-22.1	-5.2	30.77	-7.1	47.33
<u>locomotive hauling services</u>	bln roubles	3	3.2	3.2	X	X	0.2	6.67
passenger transportation	bln roubles	0.4	1.1	1.9	0.8	72.73	1.5	475.00
Profit from other activities	bln roubles	14.5	12.0	12.5	0.5	4.17	-2	-13.79
Result of other income and expenditures	bln roubles	3.8	-1.5	-1.3	0.2	-13.33	-5.1	-134.21
Result of sale of shares of subsidiaries and affiliates	bln roubles	66.3	31.6	33.9	2.3	7.28	-32.4	-49 %
Subsidies	bln roubles	1.9	22.8	23.2	0.4	1.75	21.3	1,121 %
Profit before tax	bln roubles	76.6	58.9	66.2	7.3	12.39	-10.4	-13.58
Net profit	bln roubles	16.8	5.5	14.1	8.6	156.36	-2.7	-16.07

Labor productivity gain

4.5%

JSC "RZD" is one of the few companies that for many years has kept an economically feasible ratio between the outstripping labor productivity gain rate and actual wage gain rate.

Average monthly salary of JSC "RZD" employees engaged in transportation

36,124

RUR

The indicator has accrued 7.6% to have reached 36,124 roubles (2011 — 33,485 roubles). Actual monthly wage grew by 2.4%.

The number of JSC "RZD" staff, employed in transportation

935.7

th. people

In 2012, the number of JSC "RZD" staff decreased by 7.1 th. people or 0.8% year-on-year.

The cost of railway operations

393.4

kop./10 virt. tkm

Up 6.5% on 2011.