

Freight Transportation Market Review



In 2012, rail transport freight turnover in Russia increased 2.9%, reaching 2,782.6 bln tr-km. Growth gradually slowed down over the year: from +12% in January 2012 to a decrease of 2.5% in December 2012, as a result of a slow down in industrial output growth and a curtailment of capital investment. Both macroeconomic indicators strongly affect the volume of freight railway transportation.

Total freight turnover in Russia in 2012

5,055.4
bln

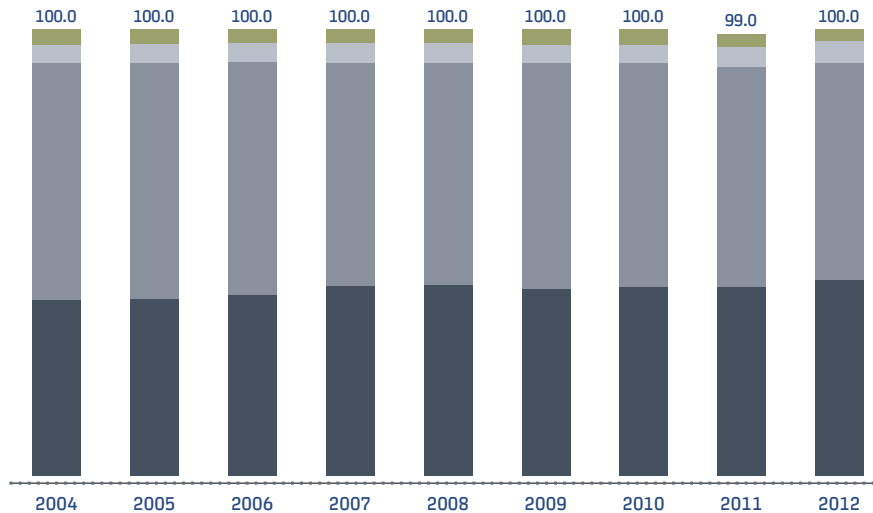
According to the Federal State Statistics Service, in 2012, freight passenger turnover in Russia increased 2.9% compared to 2011.

Rail transport share (excluding pipeline transport)

85.4%

This is one of the highest indicators globally

FREIGHT TURNOVER STRUCTURE BY TRANSPORT MEANS, BLN TONS



- Rail
- Pipeline
- Road
- Other

* Rail transport share (excluding pipeline transport)

Rail transport share

44%

Rail transport share of freight turnover in the country's transport system increased 0.7 p.p. YoY.

CHANGES OF FREIGHT TURNOVER BY TRANSPORT MEANS, 2012 VERSUS 2011,%

Road

11.3

Rail

4.4

Air

2.2

Pipeline

1.0

Water

8.1

JSC "RZD" increased its level of transportation against volumetric indicators. Against a national industrial output growth of 2.6% in 2012, loading increased 2.4%, reaching some 1,271.9 mln tons.

The main driver of loading growth has recently been due to exports via Russian ports with domestic transportation trends falling dramatically lower than even before the pre-crisis level. Consequently, in certain regions of export transportation, the railway network operated at full capacity, while in the Far East, network loading beat the highest figure ever recorded in the entire history of Russian railways by 30%.

Against this relatively significant increase in its transportation performance against volumetric indicators in 2012, JSC "RZD" 's contribution to GDP was slightly lower – 1.71% versus 1.77% in 2011 – a clear indication of the influence on the economy of a dramatic decline in transportation, the creation of conditions to develop other industries at the expense of railway price increases and, an underfunding of investment in the railway infrastructure.