

# FESCO'S STRATEGY

REFLECTS THE COMPANY'S  
FOCUS ON:

Maintaining leadership on the Russian Far East's transportation market that enables trade between Russia and Asia Pacific countries

Boosting FESCO's already superior technological capacity in stevedoring and domestic sea transportation

Transforming FESCO into a company that renders comprehensive supply chain management services



Expanding the terminal network across all Russian regions

Increasing transit cargo volumes transported from Asia to Europe while shifting part of them from ships to the Trans-Siberian Railway

Optimising costs to make transportation less expensive without detriment to quality

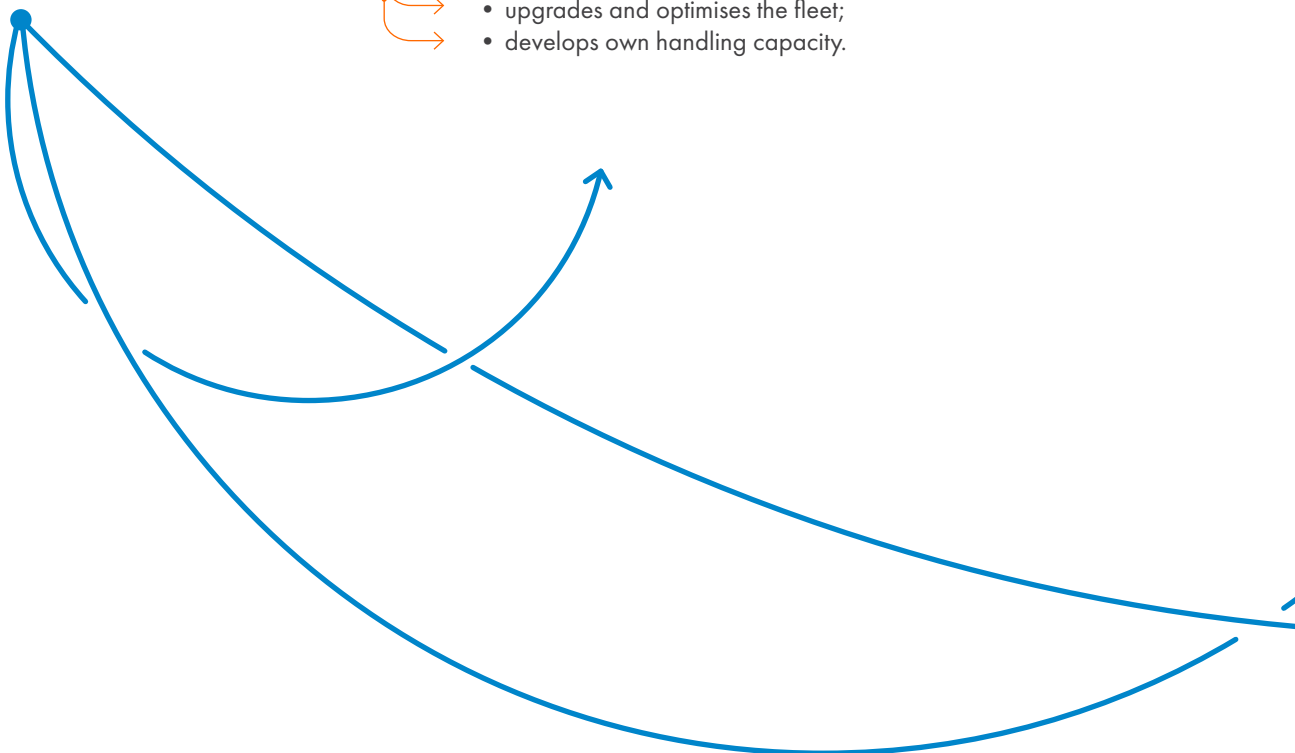




To further its strategy, FESCO focuses on its core business, adds new routes and regions, and develops new business lines.

In order to ensure consistent forward momentum for its core business, FESCO:

- optimised the rolling stock fleet;
- increases the fitting platform fleet to keep its railway container transportation market share and become less sensitive to container transportation market volatility, as well as maintain meaningful presence in that market segment;
- upgrades and optimises the fleet;
- develops own handling capacity.





### In order to add new routes and expand into new regions, FESCO:

- improves existing services by decreasing cargo delivery times and moving forward on the FESCO Fast Forward and FESCO Express solutions;
- develops transit transportation from Asia to Europe and back via Far East ports and land border crossings;
- introduces new export routes by ramping up:
  - exports from Northwestern Russia via the ports of the Baltic and Vladivostok and land border crossings,
  - exports from the Urals region to Baltic and Black Sea ports;
- expands hub networks for domestic/import routes by ramping up:
  - transportation via the border crossing of Grodekovo – Suifenhe (Russia – China),
  - import and export transportation between Russia and Europe (intermodal and rail).

### In order to grow new business lines, including on international markets, FESCO:

- promotes project logistics, which enables the Company to capitalise on its extensive experience in project cargo transportation and build long-term business relations with EPC contractors and direct customers;
- develops 3PL and 4PL services, which will enable customers to outsource logistics solutions. These services include:
  - intermodal transportation,
  - customs clearance,
  - warehouse operations, responsible storage and cross-docking,
  - less-than-container-load (LCL)<sup>5</sup> deliveries;
- offers comprehensive logistics solutions to the timber, mining, and agricultural sectors.

<sup>5</sup> LCL describes container loads that are filled by multiple orders or goods.