

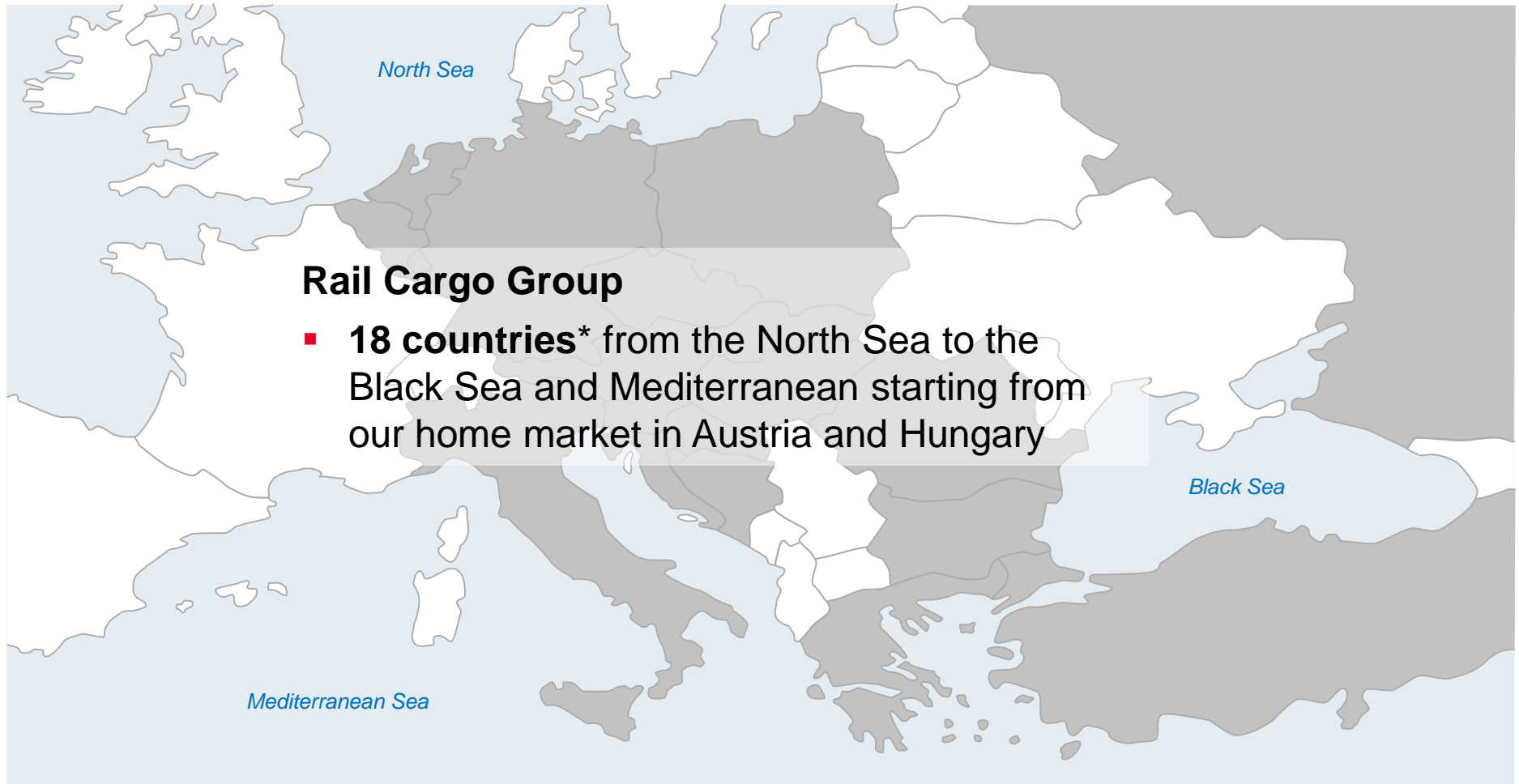
Rail Cargo Group

at Rail&Sea conjunctions

UIC – SIAFI market place
Antwerpen, Sept.24-25, 2015



Taylor-made rail logistics



* AT, BE, BG, BH, CZ, DE, GR, HU, HR, IT, LU, NL, PL, RO, RU, SI, SK, TR

Rail Cargo Group business model

Rail Cargo Group
Member of ÖBB

- Focus on **core competence: railway logistics**
- Transparency through simplicity and **five businesses, each with its own model and markets (internal, external)**
- **Bringing together skills, resources and responsibilities**
- **Consistent brand architecture**

1 Rail forwarding with specialist sector competence

Rail Cargo Logistics
Member of ÖBB

2 Operator for high-frequency long-distance routes

Rail Cargo Operator
Member of ÖBB

3 Carrier for in-house traction provision

Rail Cargo Austria Member of ÖBB / **ÖBB** ÖBB-Produktion GmbH
Rail Cargo Hungaria Member of ÖBB
Rail Cargo Carrier Member of ÖBB

4 Wagon rental

Rail Cargo Wagon
Member of ÖBB

5 Rolling stock maintenance

ÖBB

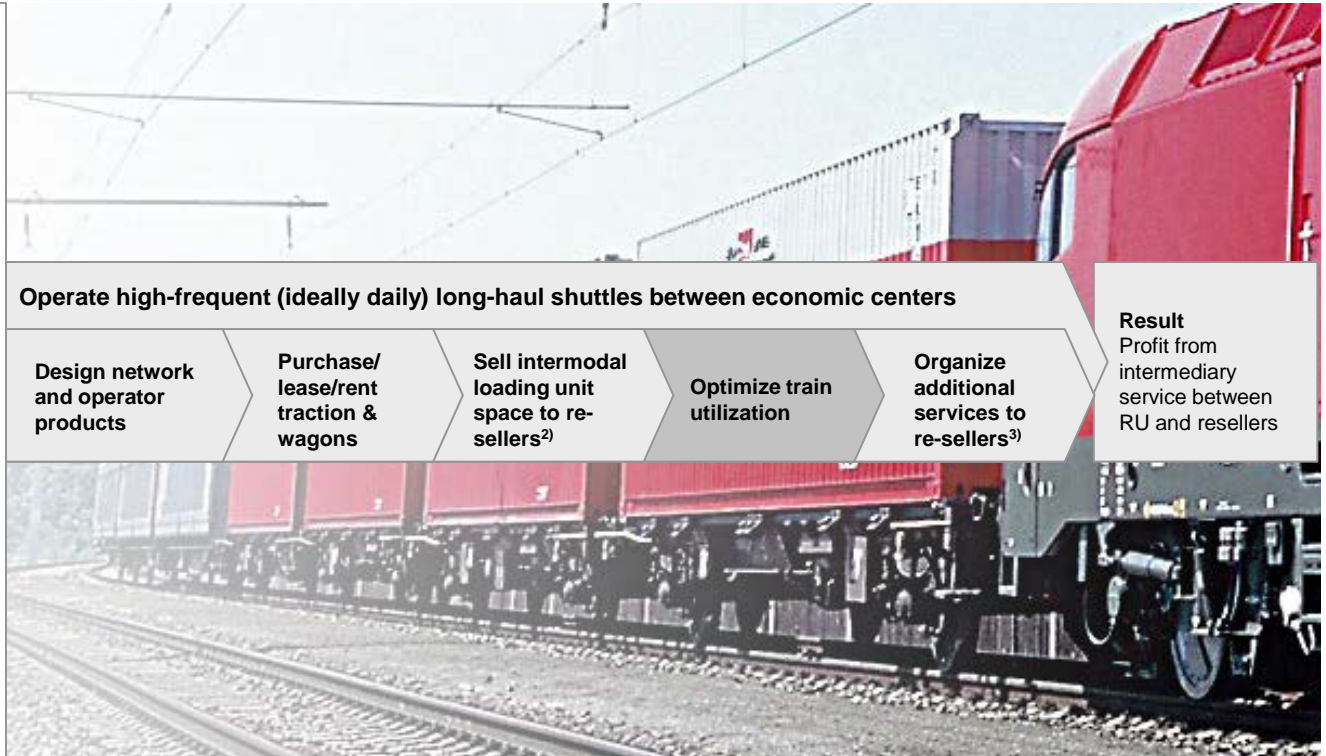
- ÖBB-Technische Services GmbH
- Technical Services Hungaria Kft.
- Technical Services Slovakia, s.r.o.
- TS-MÁV Gépészet Kft.

Business model of an Intermodal Operator: High-risk, low-margin – train utilization is key!

- Intermodal Operator business is a **high-risk, low-margin business**
 - Compared to freight forwarding high "fixed cost"¹⁾ (especially on long-haul trains)
 - Highly sensitive to train utilization
 - Vulnerable to price competition as market entry barriers are low

- **Target** is to offer products with
 - Competitive pricing
 - High departure frequency
 - Best quality (short transit time, reliable)

- **Success requirements**
 - Dynamic pricing and yield management
 - High utilization
 - Flexibility in sourcing
 - Excellence in operations (traction, wagon, terminal services)
 - Neutral market position, no end customers



1) Even with "asset light" model without own trains/wagons

2) Freight forwarders (e.g., Kühne, Schenker) and shipping lines but **not** to end customers

3) E.g., first and last mile (via truck or rail), terminal services (loading, shunting), freight clearance, container leasing and repairs, etc.

Rail Cargo Group business model

Rail Cargo Group
Member of ÖBB

- Focus on **core competence: railway logistics**
- Transparency through simplicity and **five businesses, each with its own model and markets (internal, external)**
- **Bringing together skills, resources and responsibilities**
- **Consistent brand architecture**

1 Rail forwarding with specialist sector competence

Rail Cargo Logistics
Member of ÖBB

2 Operator for high-frequency long-distance routes

Rail Cargo Operator
Member of ÖBB

3 Carrier for in-house traction provision

Rail Cargo Austria Member of ÖBB / **ÖBB** ÖBB-Produktion GmbH
Rail Cargo Hungaria Member of ÖBB
Rail Cargo Carrier Member of ÖBB

4 Wagon rental

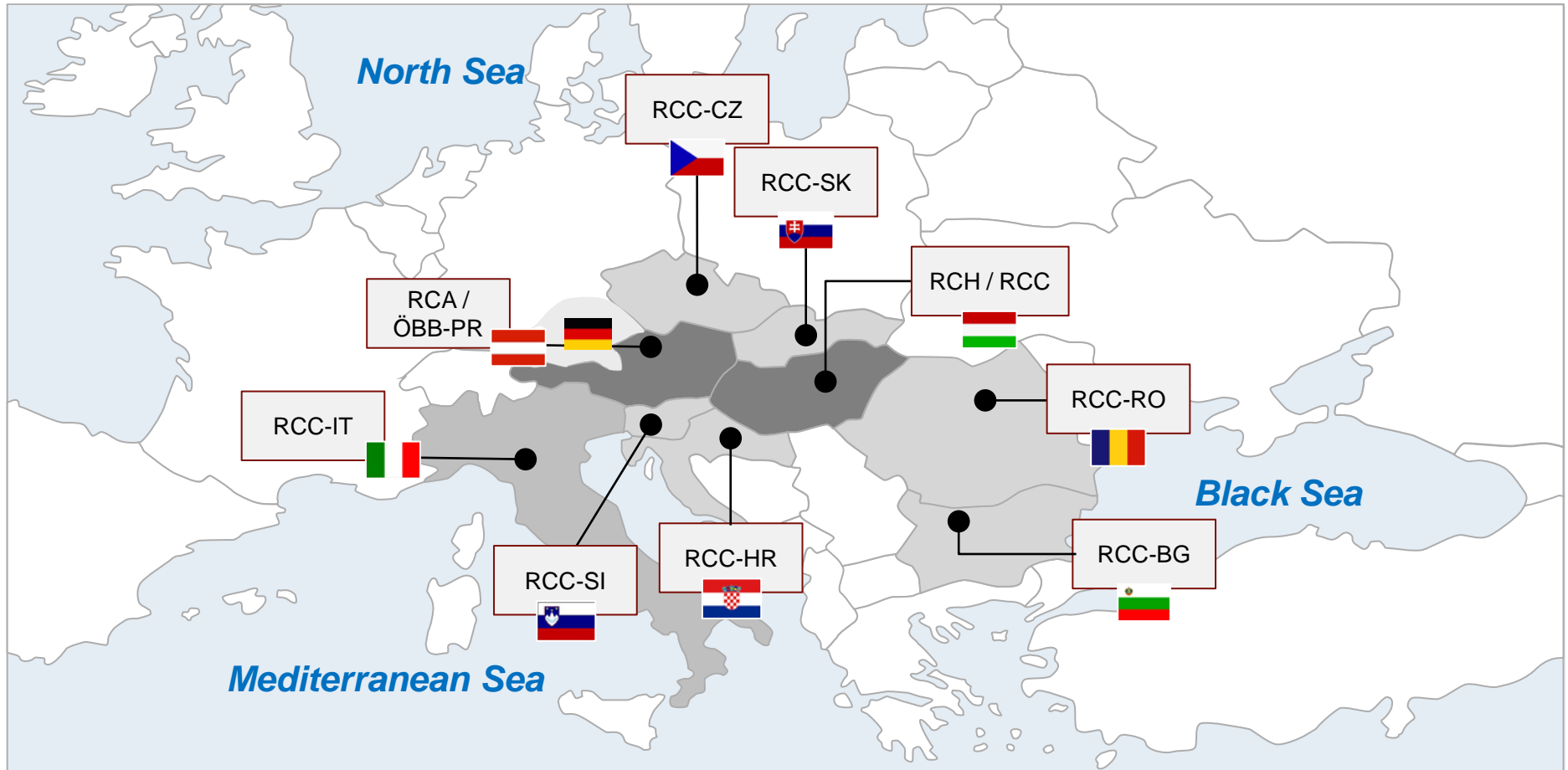
Rail Cargo Wagon
Member of ÖBB

5 Rolling stock maintenance

ÖBB

- ÖBB-Technische Services GmbH
- Technical Services Hungaria Kft.
- Technical Services Slovakia, s.r.o.
- TS-MÁV Gépészet Kft.

In-house traction provided in 10 countries



Rail Cargo Group business model

Rail Cargo Group
Member of ÖBB

- Focus on **core competence: railway logistics**
- Transparency through simplicity and **five businesses, each with its own model and markets (internal, external)**
- **Bringing together skills, resources and responsibilities**
- **Consistent brand architecture**

1 Rail forwarding with specialist sector competence

Rail Cargo Logistics
Member of ÖBB

2 Operator for high-frequency long-distance routes

Rail Cargo Operator
Member of ÖBB

3 Carrier for in-house traction provision

Rail Cargo Austria / **ÖBB**
Member of ÖBB / ÖBB-Produktion GmbH
Rail Cargo Hungaria
Member of ÖBB
Rail Cargo Carrier
Member of ÖBB

4 Wagon rental

Rail Cargo Wagon
Member of ÖBB

5 Rolling stock maintenance

ÖBB

- ÖBB-Technische Services GmbH
- Technical Services Hungaria Kft.
- Technical Services Slovakia, s.r.o.
- TS-MÁV Gépészet Kft.

Rail Cargo Group deploys innovative wagon systems

Examples of innovative solutions

Separation of basic wagon & add-on, combined with various loading/unloading devices.



Success factors

- Developing **Unique Selling Points** in product portfolio: includes incorporation of customer-specific modifications (add-ons) and optimisation of useful life
- **Cost reduction through standardisation**
 - Purchasing
 - Maintenance/storage of spare parts
 - Cost-effective technical modifications (add-ons)
- **Optimised capacity utilisation**
 - Greater flexibility in responding to changes in market needs
 - Combining seasonal traffic flows
 - Higher payload and volume optimisation

Rail Cargo Group business model

Rail Cargo Group
Member of ÖBB

- Focus on **core competence: railway logistics**
- Transparency through simplicity and **five businesses, each with its own model and markets (internal, external)**
- Bringing together **skills, resources and responsibilities**
- **Consistent brand architecture**

1 Rail forwarding with specialist sector competence

Rail Cargo Logistics
Member of ÖBB

2 Operator for high-frequency long-distance routes

Rail Cargo Operator
Member of ÖBB

3 Carrier for in-house traction provision

Rail Cargo Austria Member of ÖBB / **ÖBB** ÖBB-Produktion GmbH
Rail Cargo Hungaria Member of ÖBB
Rail Cargo Carrier Member of ÖBB

4 Wagon rental

Rail Cargo Wagon
Member of ÖBB

5 Rolling stock maintenance

ÖBB

- ÖBB-Technische Services GmbH
- Technical Services Hungaria Kft.
- Technical Services Slovakia, s.r.o.
- TS-MÁV Gépészet Kft.

System Trains = Long Distance Shuttle trains Antwerp – Linz



- Linz forms the Central Austrian hub for Belgian freight volumes
- Distribution/collection within Austria in SingleWagonSystem or connection with other long distance shuttles to Central – and Eastern Europe operated by RCG
- Traktion partnership in Belgium for long distance and distribution/collection
- Salespartner in Belgium Rail & Sea NV

Antwerp – Linz shuttle train parameters

- 3 departures per week
- Mixed trains
- RID possible
- KV Profile PC/50 345
- 1800 Bto northbound
- 1760 Bto southbound
- 600 m train length
- Route Class D4 (on long distance)
- Logistic/Agent services



System trains: Zeebrügge – Graz as an example

— Shuttle

⋯ Antennas

Transport from Graz to Zeebrügge

- Feeder/Defeeder in SingleWagonSystem to/from Graz – Linz
- Attached/Detached to/from system train shuttle in Linz
- Long distance Shuttle Antwerp – Linz ret.
- Feeder/Defeeder from/to Zeebrügge



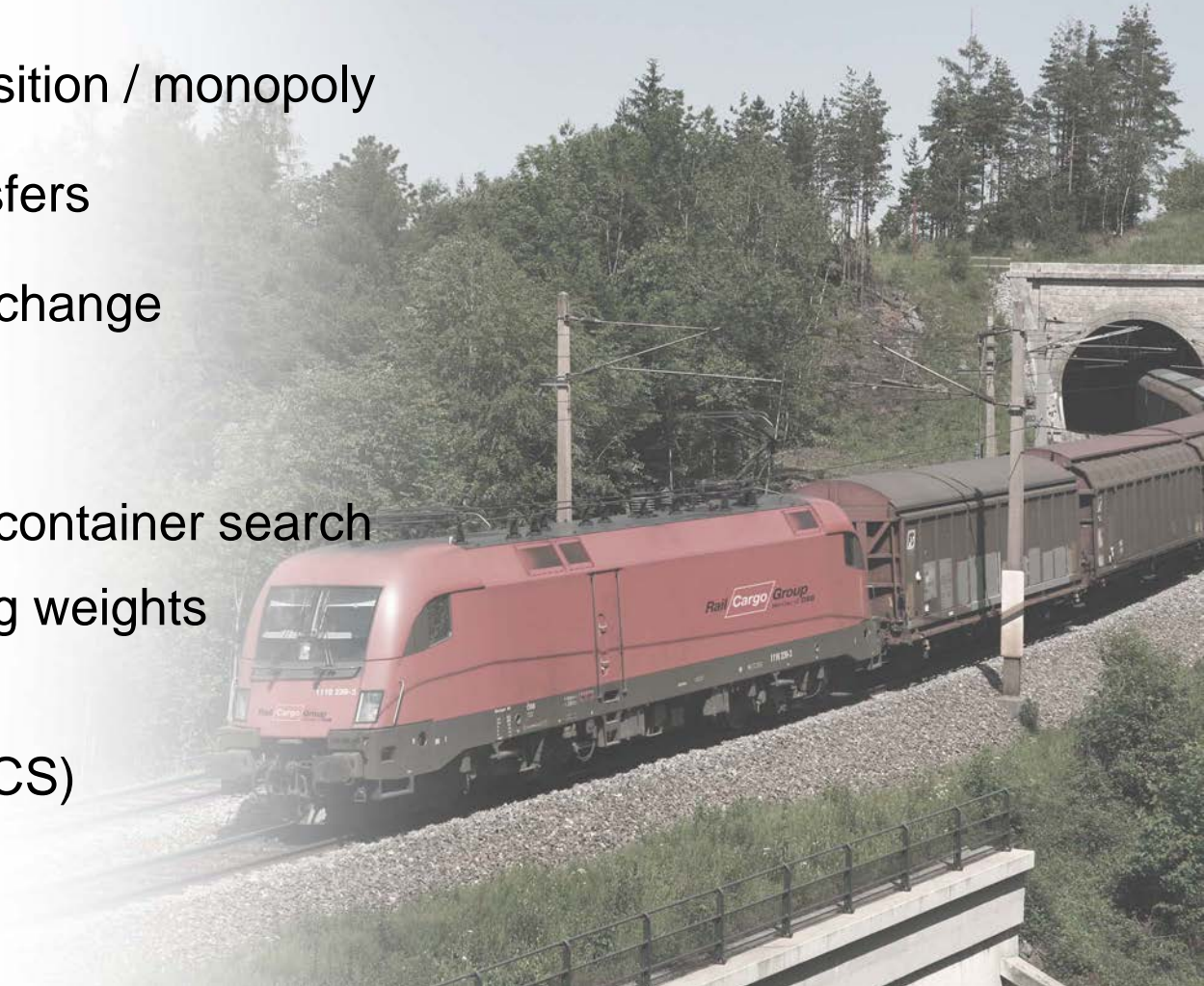
Facing Challenges at Rail & Sea conjunctions

- Punctuality / Quality
- Communication / Information
- Lack of space
- Lack of capacity
- Congestions
- Backloads



Facing challenges at Rail&Sea conjunctions (2)

- Exploitation of dominant position / monopoly
- Pricing shunting / quai transfers
- Flexibility / slots / wagon exchange
- Flexibility / processes
- Administrative complexity / container search
- Loading schemes / including weights
- Synchronization
- Ultra large box vessels (ULCS)



Group-level optimisation

Customer-focused products

- All **products** marketed through **all sales & distribution units**
- **International traffic** developed collaboratively
- Price-optimised packages for multinational **key and group accounts**
- **Varied product range**



Produce more efficiently

- **Coordinate bought-in services from other RU and HGV**
- Optimise **number of own locomotives and wagons** deployed
- **Maximise capacity utilisation of own and leased locomotives and wagons at home and abroad**

Decide faster

- Five distinct businesses with business units as profit centres
- **Bringing together resources and international chains of responsibility for each business**
- **Simplify coordination processes** (products, countries)

Lower risk

- Skills bundling
- **Responsible safety and ECM management**
- Bundling of accounting and receivables management functions
- Securing base load whilst expanding in-house traction provision

Attracting top performers

- **Giving staff the opportunity to shape their own success story**
- **Competent, passionate staff**
- **Group career paths** on a par with the level offered by international logistics leaders

Thank You
For Your Attention