Rail logistics from the perspective of an independent rail freight forwarder

Market Place Seminar Antwerpen
25. September 2015

VTG RAIL LOGISTICS

VTG Group: Three divisions with complementary elements

Mobile infrastructure	Logistics Divisions	
Railcar Division	Rail Logistics	Tank Container Logistics

Railcar Division: Europe's number 1 in private wagon hire with growing fleets in the US and Russia

- Business model: customers hire wagons on long-term basis
- Europe-wide network
- Own wagon manufacturer
- Fleet: about 80.000 wagons

Rail Logistics: Leading European rail freight forwarder focusing on liquids, agricultural and industrial goods

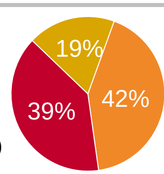
- Block trains and single wagon transports, national and international
- Segments: Petrochemicals, Industrial Goods and Agricultural Products
- About 4.900 rented wagons

Tank Container Logistics: Major global operator of tank containers for multimodal transport of liquids

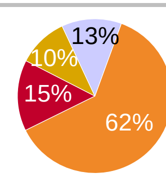
- Provides solutions where rail does not reach
- World-wide network of subsidiaries and agents
- Fleet: about 7,750 tank containers

VTG Group (2014)

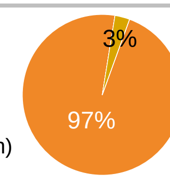
Revenue : € 818.3m
(2013: € 783.7m)



Employees: 1,312
(2013: 1,191)



Assets: € 1.2bn
(2013: € 1.1bn)



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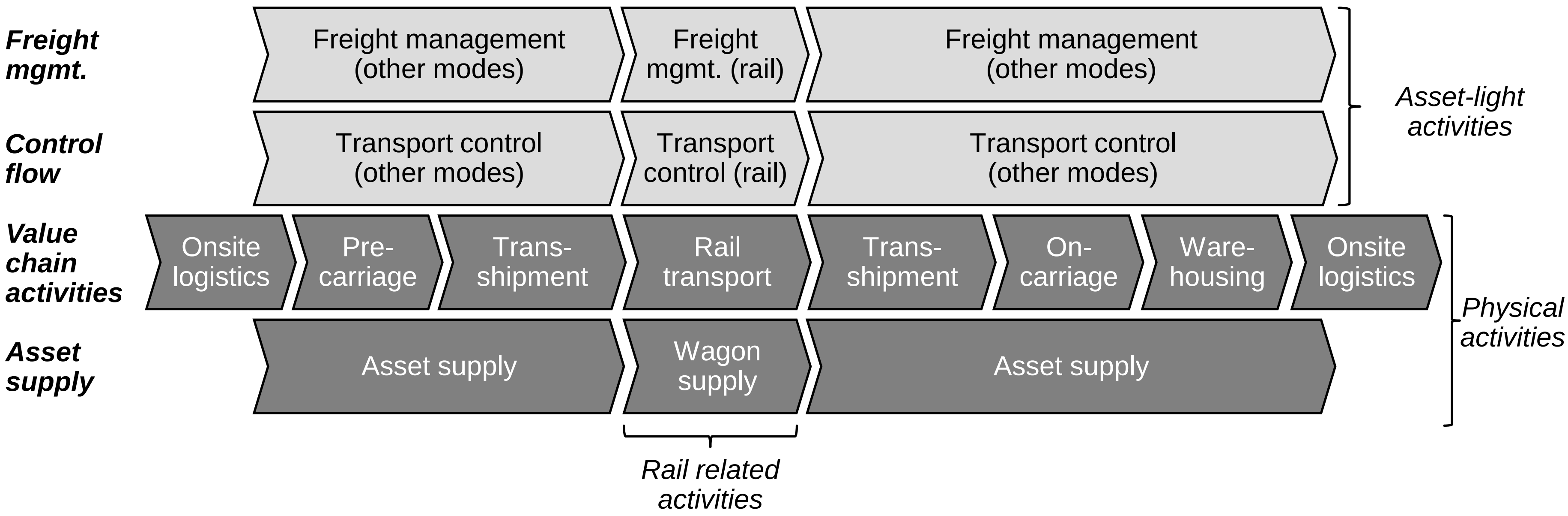
Locations throughout Europe

European rail logistics with challenges

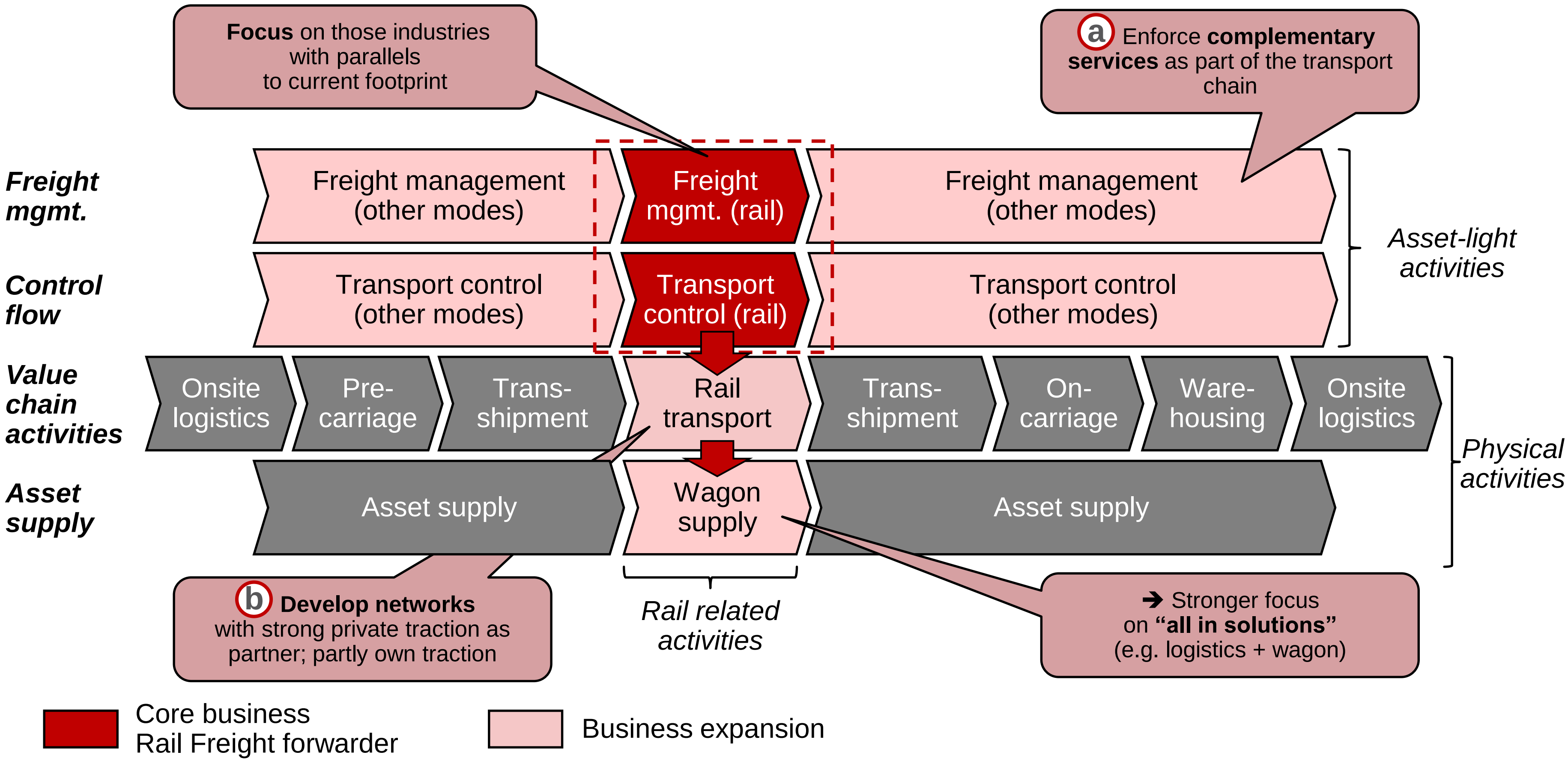
Market	Competition	Customers
▪ Decreasing overall transport volume	▪ (Margin-) pressure through competition	▪ Demand for “logistics solution”
▪ Decreasing trend for modal split “rail”	▪ Incumbents as supplier and competition	▪ Wish for alternative to incumbents
▪ Dominating incumbents; single wagons challenging	▪ Sandwich position bet-ween customers + traction	▪ Increasing service demand

Rail transport value chain used for deriving competitor categories



Railway forwarders forced to expand service portfolio

Rail transport value chain



New opportunities through scope improvement

A Enlargement of customer base

Conventional

Oversize

Projects

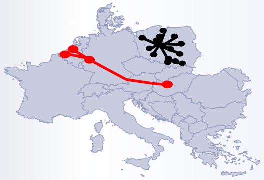
B Additional services/ Access to KN network

Terminal

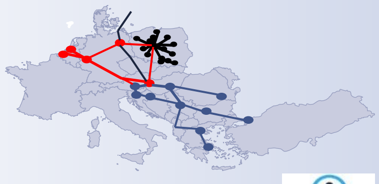
Multimodal

Trucking

C New concepts/ corridors

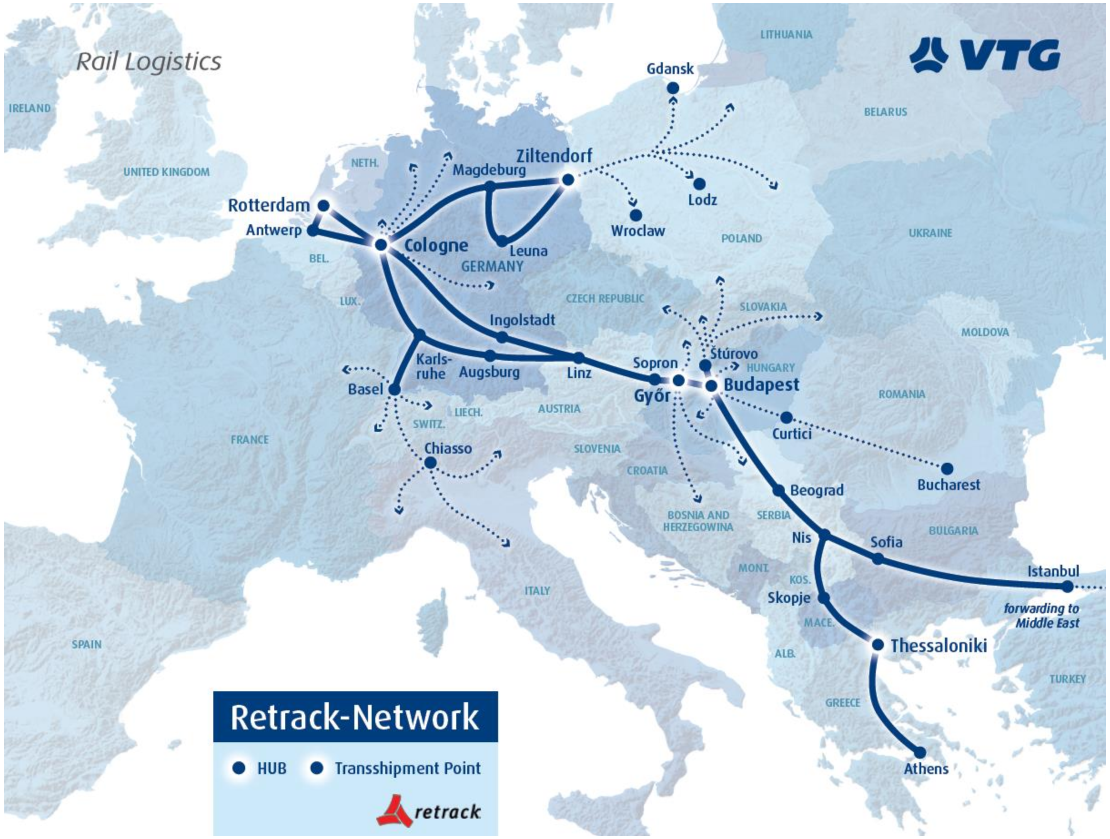


VTG Rail Logistics



VTG Rail Logistics + KÜHNE+NAGEL

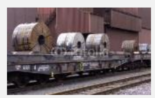
Retrack network



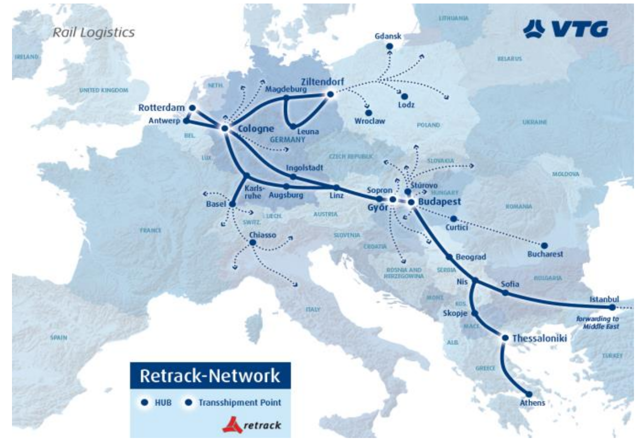
- Reliable completion of national and international transports of goods
- Shipment of single wagons, wagon groups and block trains
- Flexible slot volumes bookable
- Transportation concept for every wagon group
- Optional loading / unloading features on the main run on demand
- Operational support and handling of the transport from a single source
- Open for all commodities (except RID groups 1 and 7) and all customers
- Cooperation with state and private railways
- Flexible order deadline

Strategic cornerstones developed in 2015

1. Vertical Markets

Mineral oil and gas 	Petro-chemicals 	Waste management 	Steel industry 
Minerals industry 	Building materials 	Agricultural goods 	Consumer goods 

2. Retrack Network



3. Customized customer solutions

4. Project solutions

Corporate Vision: Together, we connect worlds with mobile infrastructure

Rail Logistics Europe – Vision

Expansion of RLE as **biggest independent and most profitable rail freight forwarder** in Europe

Providing **End-to-End solutions** for our customers for **liquid, industrial and agricultural goods**

Network solutions as major cornerstones of our business model

Vertical Markets

1 **Mineral oil and gas**

2 **Petro-chemicals**

3 **Waste management**

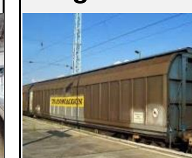
4 **Steel industry**

5 **Minerals industry**

6 **Building materials**

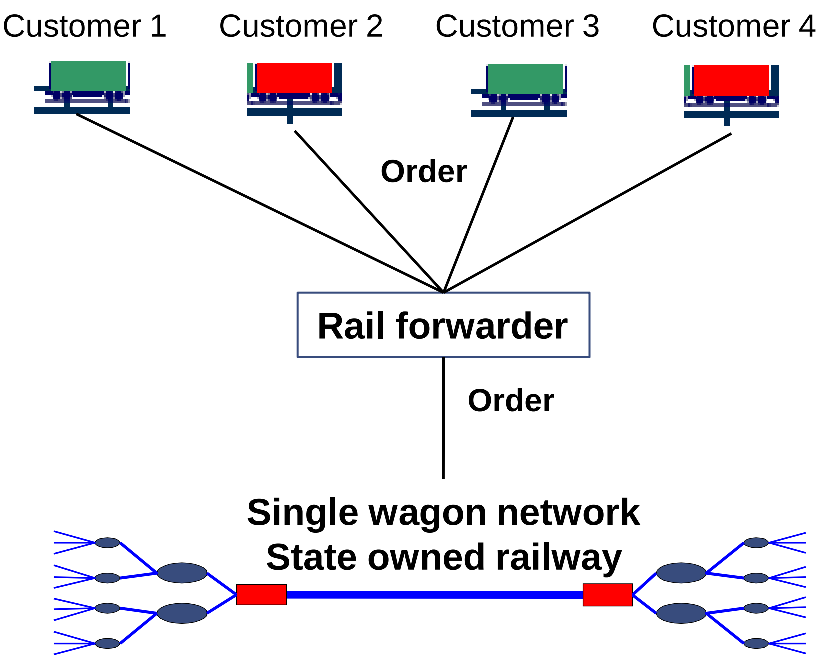
7 **Agricultural goods**

8 **Consumer goods**



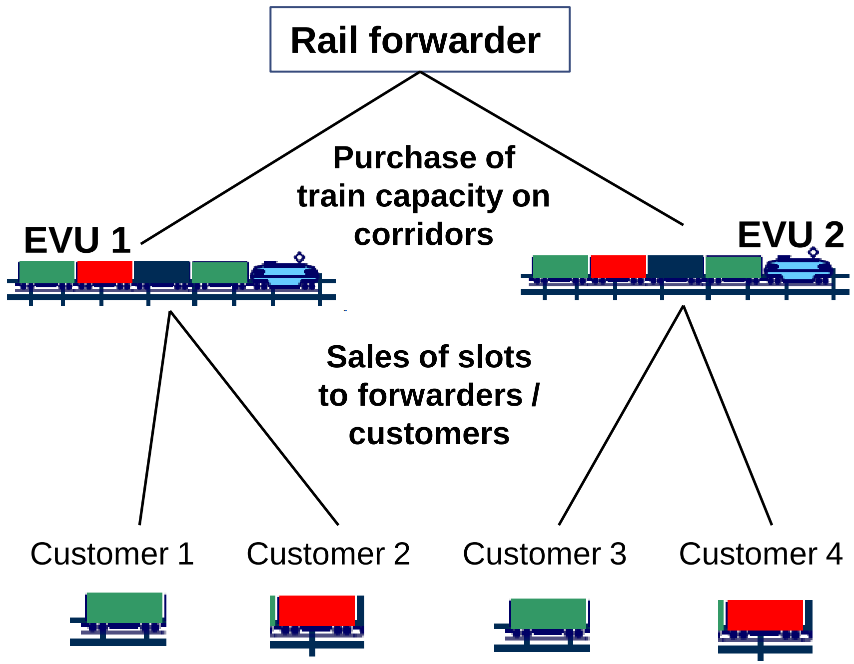
Operator: Bundling of wagons and purchasing of train capacity

Forwarding services conventional rail logistics



No utilization risk for rail forwarders but **huge dependency** from single wagon network of state owned railways

Forwarding services operator functionality



Utilization risk for train system for rail forwarder but **no dependency** from single wagon network of state owned railways

Thank you for your attention!