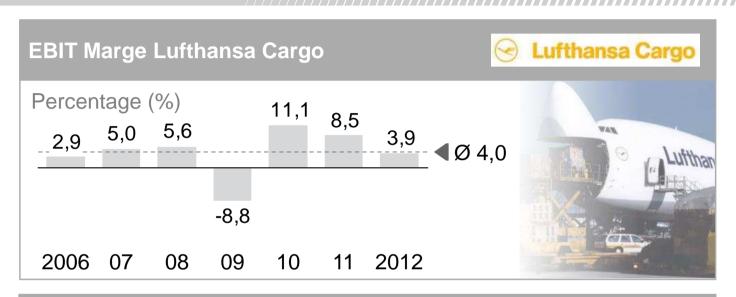




- 1. "No future as a carrier in Europe"
- 2. Rail Cargo Austria AG focuses on rail freight logistics 5 complementary businesses
- 3. Economic success confirms strategy
- 4. Perspective on rail freight industry 2020



### **Example Air Cargo Carrier – economically not attractive**



#### A cargolux EBIT Marge Cargolux Percentage (%) 7,3 6,4 -<u>0,5</u>- Ø 1,3 0,7 8,0 -2,0 -4,4 2006 10 11 2012 07 80 09

### **Example Air Cargo Carrier**

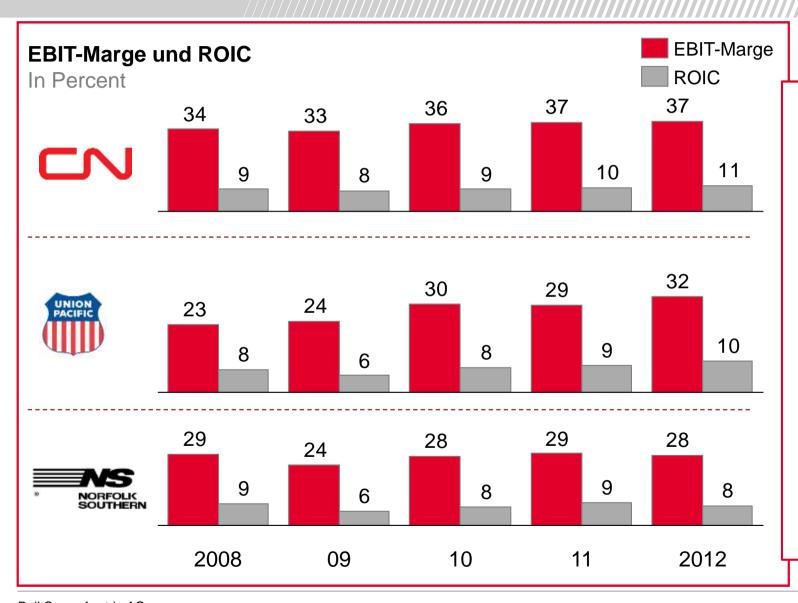
- Dependency on external forwarders, hardly any end customer
- Few competitors
- Insufficient marge for reinvestment profitability (value destruction)



Source: Annual Reports, Flightglobal, McKinsey



# North American carriers operate under very different conditions – economically very successful



## Not comparable basic conditions:

- 1. Geographic monopoly
- 2. x 3 in transport distance
- 3. x 7 in train length
- 4. x 7 in train weight
- 5. Up to x 14 containers per train
  - ("Double stack")
- 6. No passenger traffic
- 7. Terminable employees



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## Rail Cargo Group – "Rail logistics between the North Sea, the Mediterranean and the Black Sea"

Rail Cargo Companies North Sea Rail Cargo Austria AG and its affiliates 16 countries between the North Sea, Mediterranean Sea and Black Sea + 3 countries (BENELUX) increased development of sales activities / own forwarding companies 5 businesses (rail freight forwarding, operator, Black Sea carrier, wagon rental, and maintenance of rolling stock) Mediterranean Sea

Last update 10.03.2013



### Rail Cargo Group: 5 complementary rail freight businesses



- Focus on core competence rail logistics
- 5 businesses, with their own business models and (internal, external) markets
- Bundled competencies, resources, and responsibilities
- Consistent brand architecture

Rail forwarding with industry expertise



Operator of high-frequency long-haul

shuttles (Intermodal, conventional, mix) between economic centers



**Carrier** when economically

advantageous (e.g. base load, single wagon load)



Wagon rental when economically

advantageous (e.g. base load)



Maintenance of rolling stock wheneconomically advantageous (e.g. light

maintenance in Eastern Europe

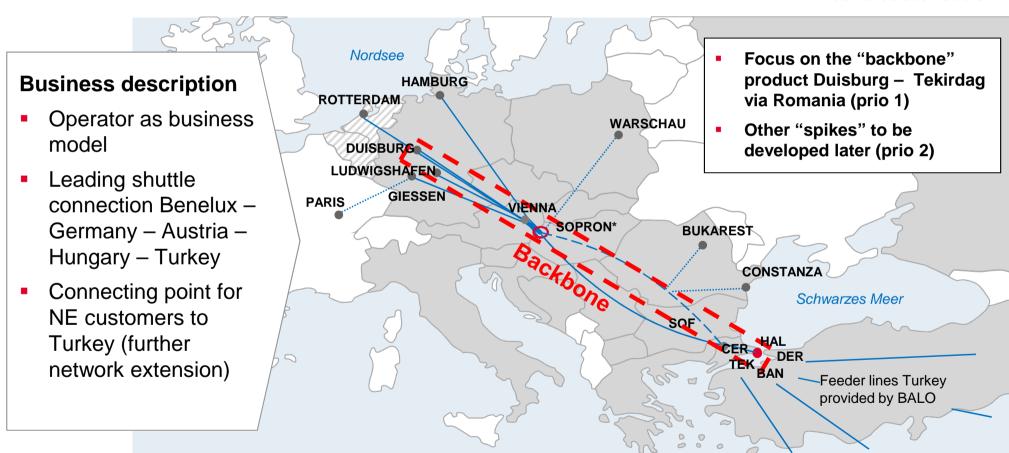
**ÖBB** Technische Services

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



# The Joint Venture between BALO and Rail Cargo Group will link Northern & Middle Europe with Turkey

Current connections
 As of April 07 via Romania
 Potential future connections



<sup>\*</sup> Replaced through hub-terminal Vienna-Inzersdorf from 2016



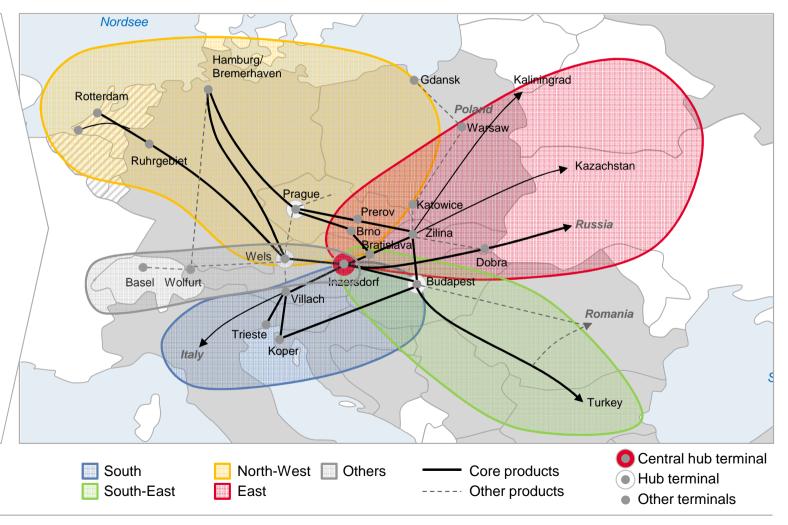
# The plan: a strategically re-build network across Central Europe, connecting strategic terminals in 4 corridors

#### Influencing factors

### Competitor positioning

- Access to and flexibility of core terminals
- Focus on core products in 4 corridors
- Leverage "triangles"
- General market trend (GDP growth, trade flow, trade integration)

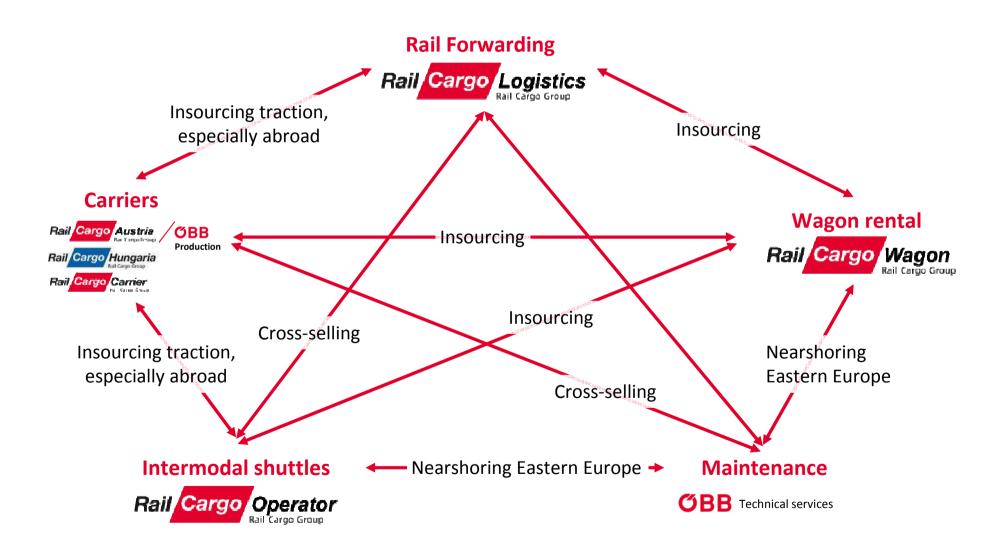
#### RCO Network in 2016 - 4 corridors



Rail Cargo Austria AG 27.06.2014 10



#### Better results from coordinated internal collaboration

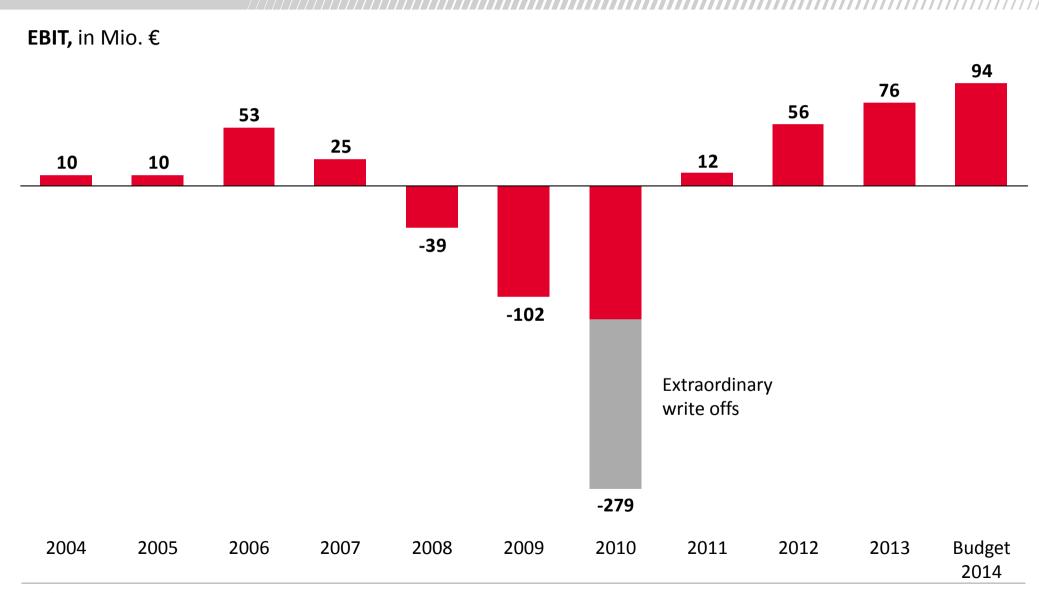




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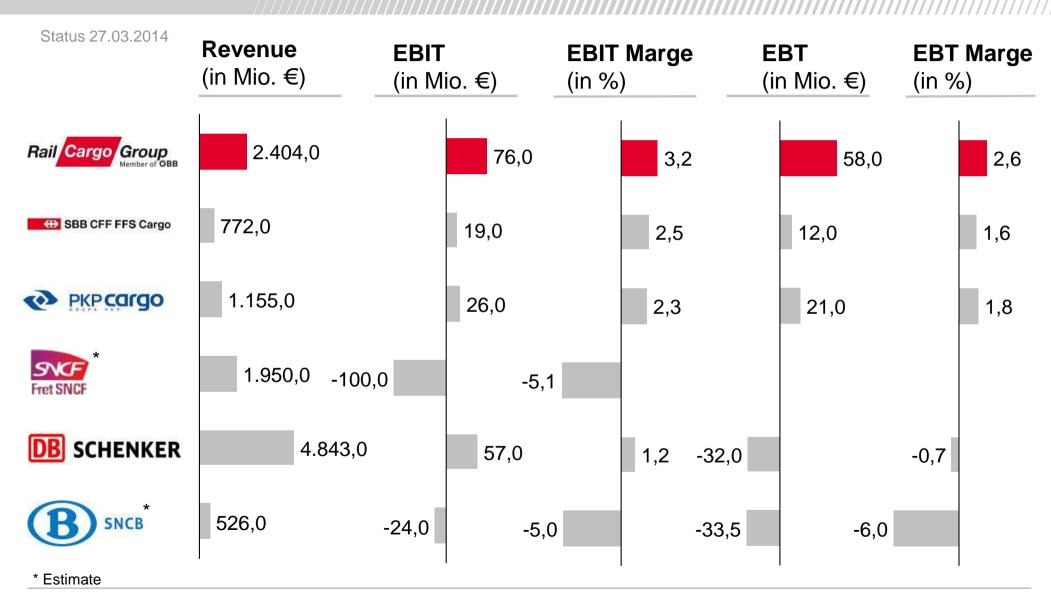


## Insufficient EBIT, also in the "good old times"





# RCG is most profitable major rail cargo player in Europe in 2013 (according to our benchmark)





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RCG own traction

DBSR own traction (100%)

DBSR own traction (affiliate)

**Z** RCG and DBSR own traction (100%)

PKP and DBSR own traction (100%)

RCG (100%) and DBSR own traction (affiliate)

## Rail Freight Traffic 2014

- 3 large players
  (DB, RCA, PKP)
  - Profitability not sufficient for (re-)investment
  - different strategies
- Decreasing number or "real" private railways





## Scenario 2020: 3 market leaders in 3 regions, all present with own traction

- Market leader RCG
- Market leader PKP
- Market leader DBSR
- RCG/PKP
- RCG/DBSR

### Scenario 2020

- 3 large railways in CEE/SEE (DB, RCA, PKP)
  - Profitability partly sufficient for reinvestments
  - "Integrated cargo-solutions" via affiliated freight forwarders
- Significant reduction of other carrier
- Recent contra-example: Grampet (Private carrier consolidating public railways in SEE)

