Rail Cargo Austria
Ein Unternehmen der ÖBB

The perspectives for global logistics opened by transcontinental corridors

Global solutions to optimise flows

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Rail Cargo Austria ...

... your competent partner for rail transport
... your specialist for logistics and transport with full-service
... your key to markets in CEE & SEE – we are there for you

Facts & Figures | 2011

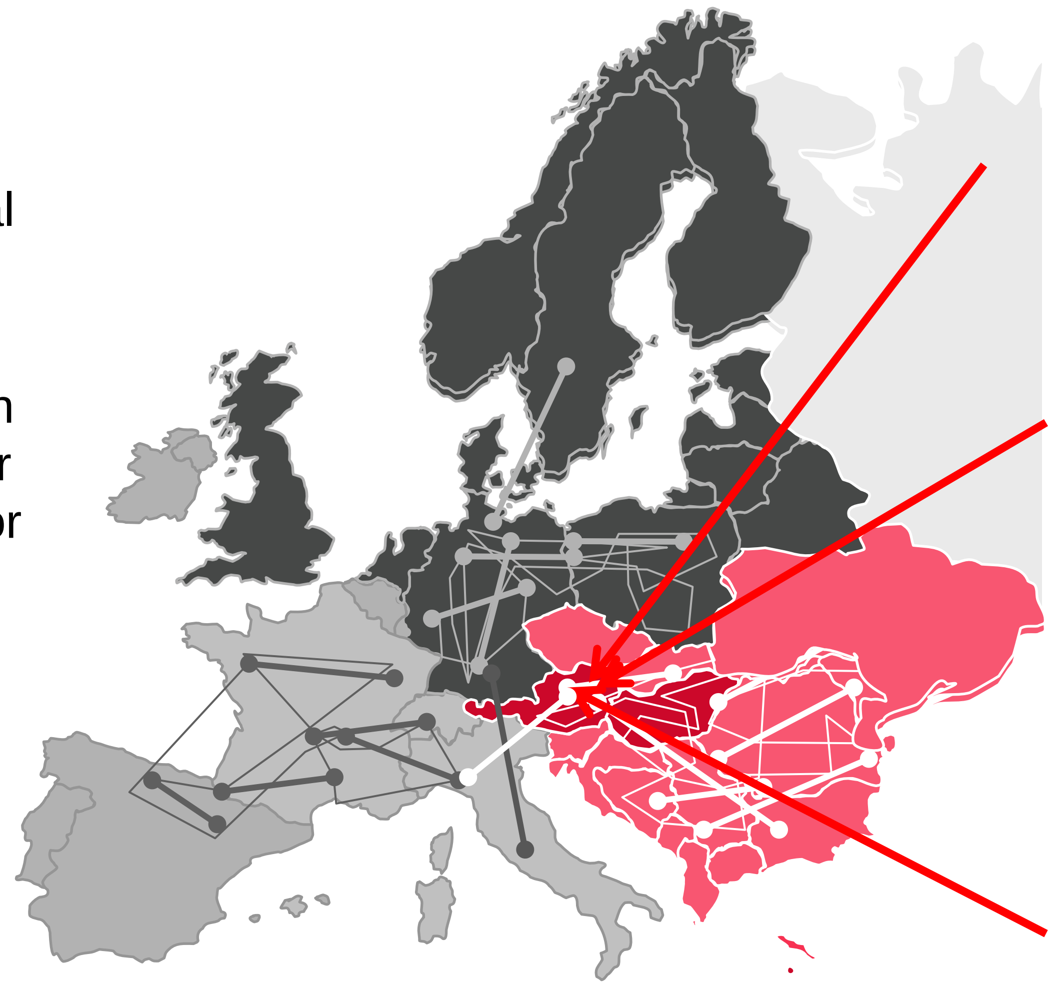
- Turnover: € 2.5 bn.
- Train-kilometers
  Austria: 38.0 mln.
  Hungary: 11.8 mln.
- Transported tons: 124.0 mln.
- Marketshare – based on gross-tonkilometres: 86.5 %
- employees: ~10.000
- fleet:
  - Locomotives 855
  - freight-wagons of different types 30.000

Global flows need regional distribution

For rail to be fully competitive with other transport modes like deep-sea shipping in Asian ⬄ European transports it is vital to have regional distribution networks at hand.

Global supply-chains do not end/begin in a major European hub. There is need for distribution/collection of cargo at the door of our European costumers.

This means that a reliable network is needed to feed and defeed the big international rail hubs.



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Situation in Europe

Traditionally there is a **very dense rail network in Europe** to serve the transport needs of the scattered industrial production-plants in Europe.

But this dense network is suffering from

- **High cost** in maintenance and operation
- **Low volumes** and **high variation** in demand and volume
- Extremely **tough road competition**

At least there are two ways to deal with this

Agenda

Wagonload situation in Europe

Xrail Objective

Wagonload transports – a crucial supply chain element for Europe's geographically dispersed industry

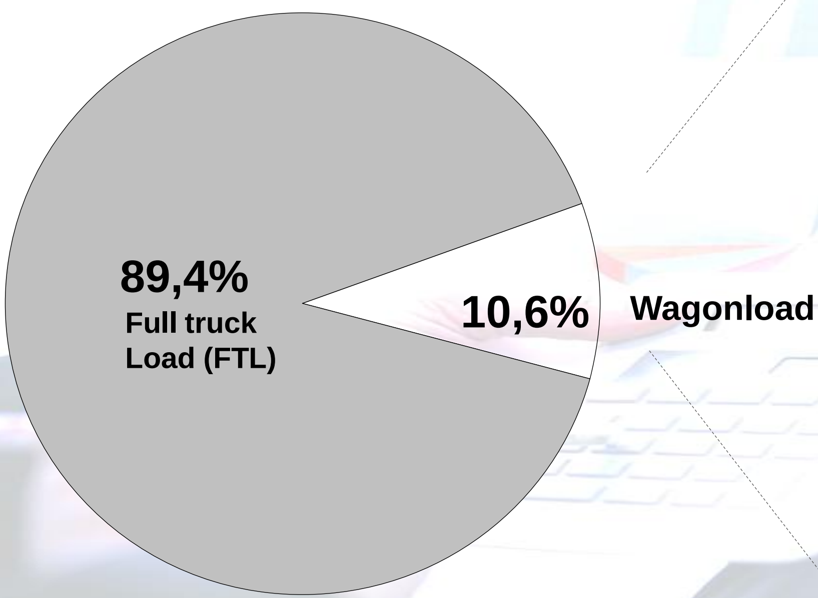
Segment	Commodities	Share of volume	Competitive environment
Block train 	Coal, Steel, Construction materials	~ 35%	• Intra modal competition • Price decline • Harshly competitive
Wagonload 	Chemicals Paper and pulp Automotive	~ 50%	• Competitor truck • Complex system • High fixed costs • High entry barriers
Combined traffic 	Finished goods Containerized goods	~ 15%	• Strong road competition • Subsidized in several countries

Source: Mc Kinsey

Wagonload situation in Europe

Wagonload transport accounts for around 10.6 % of the market and has significant growth potential if competitiveness can be enhanced

European transport market for full truck-load shipments compared to wagonload transports



Figures: McKinsey research based on statistics EU27+ Switzerland, 2006*

- Wagonload has only a **small market share** due to intense competition mainly from road transport
- Wagonload has **certain strengths**** but is **not always competitive** in some key aspects of the service such as transport reliability, transport information etc.
- In many countries wagonload is **not economically sustainable** today (up to **90% fixed costs**)
- Wagonload **network coverage** is therefore **declining** in many markets (Italy, France, Spain, etc.)

* estimated percentage of rail and road transport, no official figures available for wagonload on a European level
** E.g. pricing for long distances, flexibility of capacity

The Xrail alliance is a cooperative venture in wagonload traffic which impacts neither other types of rail transport nor commercial aspects

Xrail

	Xrail wagonload Alliance	Block train	Combined traffic
Commercial 	Railways can approach customers directly in all networks and remain in direct competition	No impact on competition for block trains	No impact on competition for combined trains
Production 	Contractually agreed wagonload production alliance with • Mutual commitments to Xrail service standards • Progress is constantly monitored by a KPI system	No impact on competition for block trains	No impact on competition for combined trains

Source: Xrail

Milestones of the Xrail Alliance since 2008

Implementation of Xrail capacity booking and ETA product as already foreseen next major steps

2008
2 new affiliated members (CD Cargo, CFL cargo)

2009
Presentation at DG TREN (DBSR, Fret SNCF & Green Cargo)

Apr 2009
DG Comp "non-action letter"

Feb 2010
Signing of the Alliance contract (CD Cargo and CFL cargo become full member)

June 2010
Foundation of Legal entity Xrail

July 2010
Launch of Xrail IT tool

Sept 2010
Launch of Xrail 1st release to customers

2011
- Network coverage 19 %
- Average Reliability 84 %
- Further development of Xrail IT tool (e.g. track & trace function)
- Conceptual planning on Xrail Capacity Booking

2012
Further Roll-out of Xrail (ETA product, 30% network coverage)

2013
Planned Network extension)

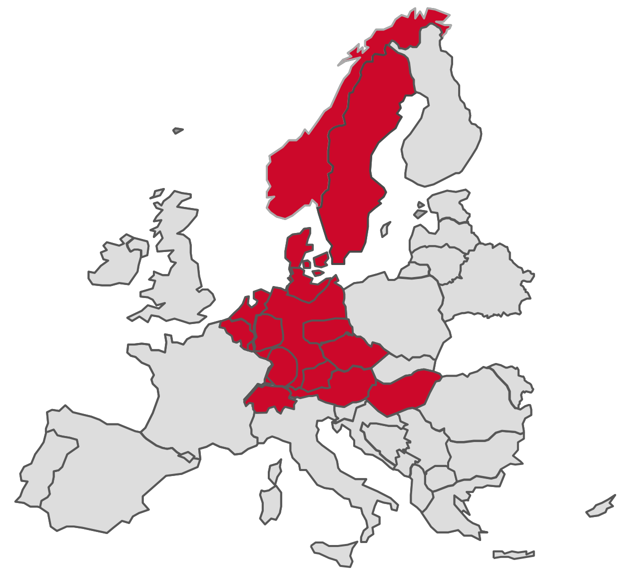
~2014/15 ff
Xrail Capacity Booking (ETA Product, ~ 100% network coverage – from 2015ff on)

Source:Xrail

Xrail Capacity Booking Concept Overview

The Xrail Capacity Booking (XCB) initiative intends to enable seamless international SWL bookings and to enhance domestic RUs capacity management

- RU capacity management initiatives, connected via Xrail on European level, intends to change the business model for domestic and international Single Wagonload
- A detailed XCB concept and business rules set has been developed / aligned by the RU´s together with the Xrail Central Team
- The concept provides commonly elaborated processes & standards for connecting multiple RU capacity managements via a central broker solution



Source:Xrail