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Industrialization of combined transport from the perspective of a railway undertaking

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Industry Sector Intermodal

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Today's presentation will point out different aspects of industrializing combined transport ‚door-to-door'

- **How to industrialize** the production of CT? **What are the benefits?**
- **What is expected** from freight forwarders and shipping lines to support efficiency gains?
- **What are the latest trends** and best-practices in the inland terminal development?

Within DB Schenker Rail the industry sector Intermodal is the specialist for combined transport

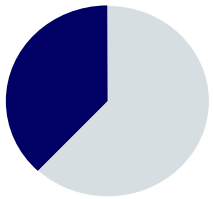
Industry Sector Intermodal

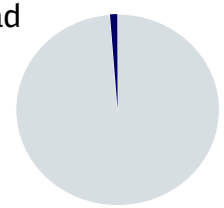
- offers a pan-European train network for combined transport in close cooperation with its sales companies
- is Europe's market leader in combined transport producing 600 national and 900 international trains per week

Key figures
Business year 2010

- Volume sold | 25 bn tkm
- Freight carried | 47 m t
- Average transport distance | 548 km
- Loading units per year | about 2.8 m
- Trains per week | > 1,500
- Numbers of customers | > 45

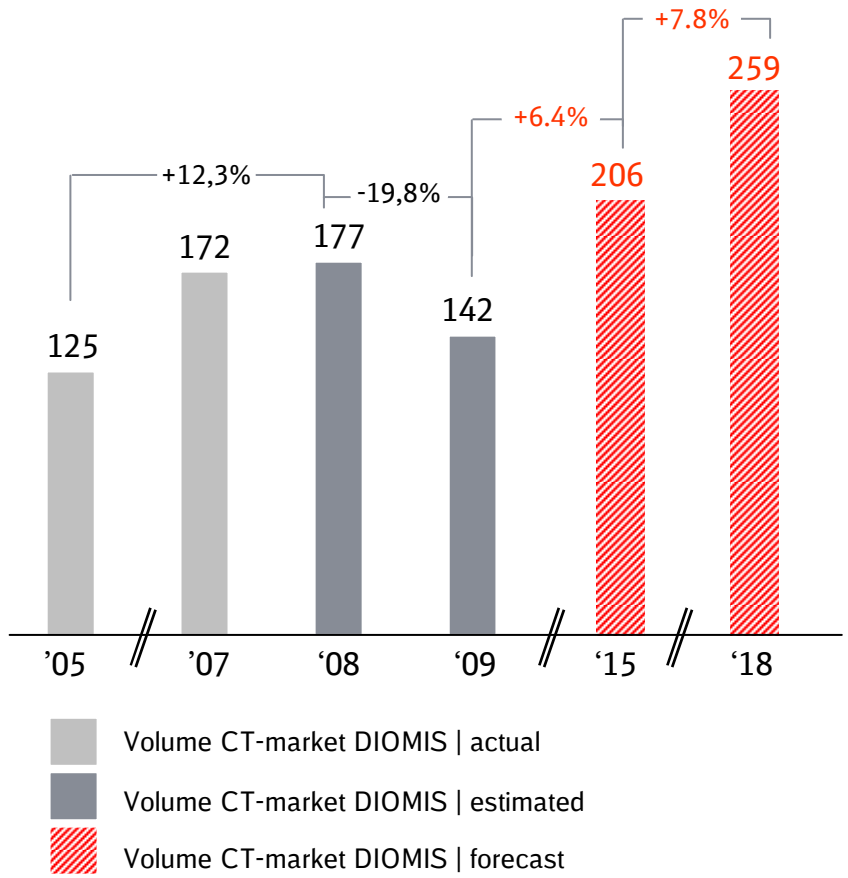
Market segments
Based on revenues, business year 2010





Combined transport is a growing market and the trend towards containerization boosts growth dynamics

European combined traffic (rail /road) market
in mln tons



Overview

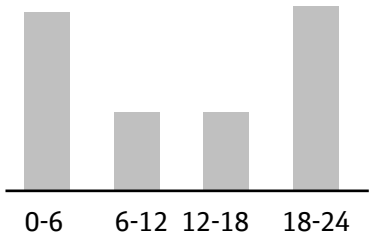
- Growth factors include an **increase in containerization** and a change in goods structure: Less bulk goods, more high-value industrial goods
- CT still constitutes the **strongest growth segment of rail freight** (compare total rail freight 3,7% p.a. until 2015) and the major driver of modal shift (market share Intermodal Germany: 31.5%)
- After crisis **continental transports** have **higher growth rates** than maritime transports
- Access to **terminal capacity** is a **critical success factor**, especially in relevant markets and corridors with capacity bottlenecks
- CT faces **highest intra- and intermodal competition** intensity

Sources: UIC, DIOMIS, Agenda 2015 for Combined Transport in Europe, January 2008; UIC: DIOMIS Report on CT in Europe 2007, January 2009
Tons market 2008 and 2009 estimated by UIC

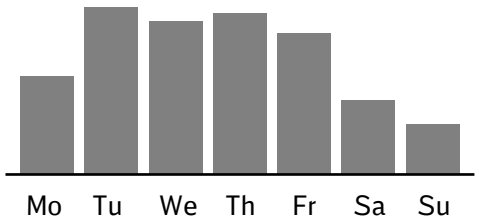
Market requirements and dynamic growth rates demand to industrialize combined transports

Today's transport volumes
Schematic

Daily



Weekly



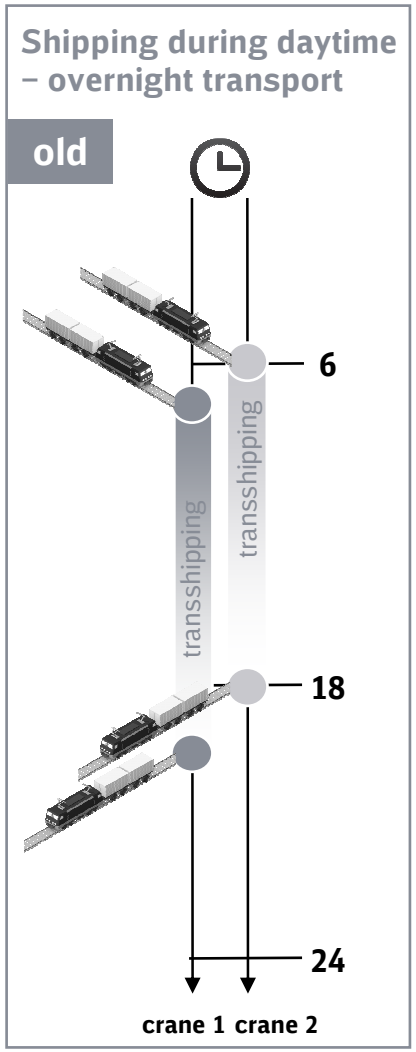
Challenges

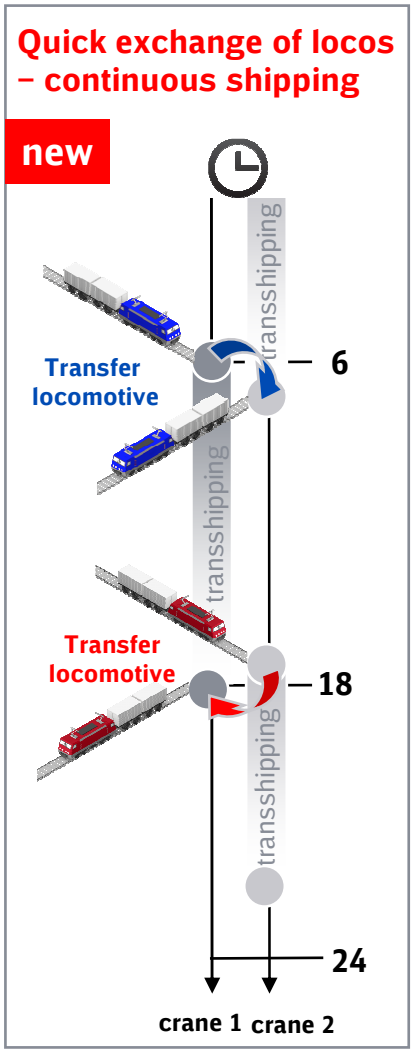
- Combined transport requires **low cost structures** to be economic / **high productivity** on production side
- At the same time the transports are demanded to fulfill **high quality standards**
- Dynamic growth calls for more **efficient use of limited capacities**

Approach

Industrializing combined transports

Synchronized and tightened schedules improve the utilization of resources and provide several departures per day





Advantages

- **Continuous shipping** in the terminals
- **High security of supply** for shippers and forwarders
- **Resource optimizing** by quick exchange of locomotives
- **Smoothing day specific traffic load curves** of shipping resources
- **Expansion** within existing system is possible

To achieve efficiency gains from industrialization all involved players have to take action

Requirements

- 24/7 operation of terminals
- Harmonized train paths during the day for freight and passenger transport
- Aligned service hours at the loading ramp of shippers
- Expansion of time frame for pre- and on-carriage of forwarders
- Early notice of planned transport volumes / Information of planned transport volumes at an early stage
- Smoothed weekly traffic load to ensure a constant transport flow towards / from hinterland

For the inland terminals and related services some important trends have to be considered

Optimized sets of wagons
Using 40‘ and 80‘ wagons for 20‘ and 40‘ containers in maritime sector as well as a mixture of pocket and platform wagons for continental traffics

Trends for inland terminals and services

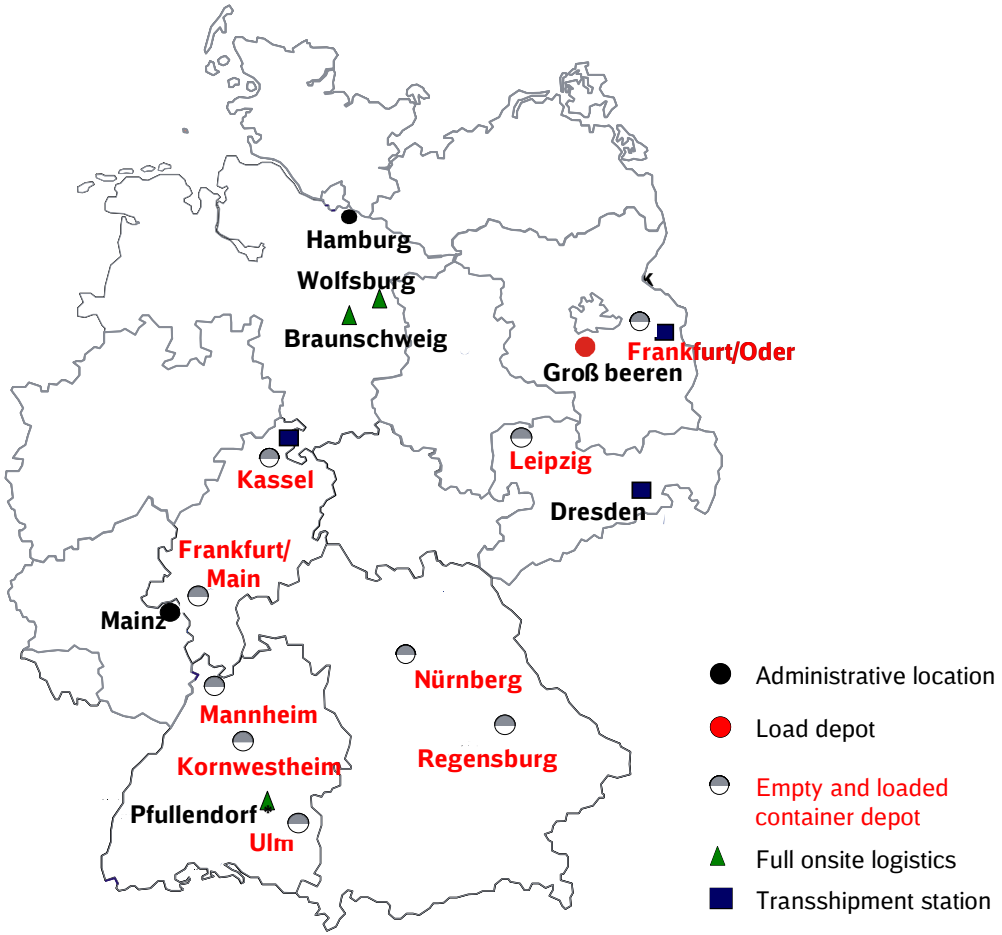
Additional services
Link of transshipment with additional services, e.g. trucking, just-in-time delivery, warehousing, order picking and especially long-term and intermediate stabling and storage to relieve capacities at seaports

Mobile and preventive maintenance
Expansion of mobile and preventive maintenance leads to higher wagon availability

Cross positioning
Unpaired container flows cause continuous need of repositioning of containers between import and export locations

DB Intermodal Services is extending its wide range of container-related services at a growing number of industrial sites

Locations of DB Intermodal Services
Germany



Current approaches

- Significant **increase in terminal capacity**
- **Buffering of peak volumes** and with it relieving of seaports
- **Extension and new construction of storage capacity** with dedicated areas for shipping companies
- **Further integration of services**, i.e. storage, repair, transshipment, trucking and repositioning of containers
- **Optimized repair and repositioning** for faster availability of containers

Thank you very much

for your attention.

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