UIC/FIATA 3rd Market Place Seminar

The railway connection - what are the potential markets for railways?

Barcelona, Spain

David Kerr

3rd November 2010
Today’s key points

- DB Schenker Rail
- The Railway Network
- Developing markets for rail
Deutsche Bahn A.G. is based on three strong pillars

No. 2 Public transport in Europe
No. 2 Passenger rail transport in Europe
No. 1 European rail freight transport
No. 1 European land transport
No. 1 Biggest rail network in Europe

| DB Bahn Long Distance | Rev. (EUR m) | 3,565 |
| DB Bahn Regional      | Rev. (EUR m) | 6,856 |
| DB Bahn Urban         | Rev. (EUR m) | 1,985 |

| DB Schenker Rail      | Rev. (EUR m) | 4,055 |
| DB Schenker Logistics | Rev. (EUR m) | 11,292 |
| DB Services           | Rev. (EUR m) | 1,237 |

As of 31.12.2009, revenue as total revenue, ¹ Difference between the sum of the business units and DB Group result from other activities/consolidation
DB ML AG, Communication Transportation and Logistics (GKL)
DB Schenker Rail has consistently expanded its rail freight network along the main corridors.

**Acquisitions**
- **NL** NS Cargo (2000)
- **DK** DSB Gods (2001)
- **IT** Strade Ferrate del Mediterraneo (2004)
- **DE** RBH Logistics (2005)
- **CH** Brunner Railway Services (2007)
- **UK / FR / ES** EWS / ECR (2007)
- **ES** Transfesa (2008)
- **PL** PCC Rail / PTK (2009)

**New companies**
- **RO / BG** LSD (2000)
- **HU** LCH (2000)
- **BG** DB Schenker Rail Bulgaria (2010)

**Holdings**
- **BE** Cobra
- **CH** BLS Cargo
- **CN** CUIRC
- **DK / SE** DB Schenker Rail Scandinavia
- **IT** RTC and Nordcargo
- **RU** Trans Eurasia Logistics
DB Schenker Rail is the leading provider of rail freight transport in Europe

### Market position in Europe (2009, in bn tkm)

<table>
<thead>
<tr>
<th>carrier</th>
<th>tkm</th>
</tr>
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<tbody>
<tr>
<td>DB Schenker Rail</td>
<td>93.9</td>
</tr>
<tr>
<td>PKP Cargo</td>
<td>29.9</td>
</tr>
<tr>
<td>Fret SNCF</td>
<td>26.5</td>
</tr>
<tr>
<td>RCA 1)</td>
<td>23.0</td>
</tr>
<tr>
<td>LDz Cargo</td>
<td>14.6</td>
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<td>CD Cargo</td>
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<td>LG Cargo</td>
<td>11.9</td>
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<tr>
<td>SBB Cargo</td>
<td>11.7</td>
</tr>
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<td>VR Cargo</td>
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1) Incl. MAV Cargo (6.1 bn tkm) – projected on the basis of published figures 1st six months 2009 (ÖBB) / 11 months 2009 (MAV Cargo)

Source: UIC statistics; not containing Green Cargo

DB Schenker Rail is the leading provider of rail freight transport in Europe

- **About 75% market share in Germany** (Europe’s largest rail freight market)
- **More than 25% market share in Europe**
- **Continuous expansion of European presence**

⇒ DB Schenker Rail market leader in Germany and Europe
DB Schenker Rail is a Europe-wide positioned rail freight operator. Because of its local know-how…

DB Schenker Rail 2009

No. 1
in European Rail Freight

<table>
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<th>Transport performance</th>
<th>94 bn. tkm</th>
</tr>
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<tbody>
<tr>
<td>Wagons</td>
<td>approx. 114,000</td>
</tr>
<tr>
<td>Traction units</td>
<td>approx. 3,400</td>
</tr>
</tbody>
</table>


DB ML AG, Communication Transportation and Logistics (GKL)
...and it’s range of special industry solutions
DB Schenker Rail can meet the customer needs in an ideal way

<table>
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<th>DB Schenker Rail market units</th>
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<tr>
<td><strong>Metals/Mining</strong></td>
</tr>
<tr>
<td>Specialized in transporting steel, coal, ore, scrap and non-ferrous metals</td>
</tr>
<tr>
<td><strong>Chemical &amp; oil</strong></td>
</tr>
<tr>
<td>Intelligent system solutions for transporting liquid, gaseous and pourable goods and for tank wagon management</td>
</tr>
<tr>
<td><strong>Building materials, industrial and consumer goods</strong></td>
</tr>
<tr>
<td>Bundled branch expertise for rail-based logistics solutions</td>
</tr>
<tr>
<td><strong>Intermodal</strong></td>
</tr>
<tr>
<td>Intelligent combination of rail services with other modes of transport in the maritime and continental transportation</td>
</tr>
<tr>
<td><strong>Automotive</strong></td>
</tr>
<tr>
<td>Rail-based logistics solutions with a focus on supplier and inter-plant services as well as finished vehicle distribution</td>
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</table>
DB Schenker Rail Region West
Corridors and trains per week

DB Schenker UK
- International Trains > 30
- Total Trains > 3,480

ECR France
- International Trains > 150
- Total Trains = 400

ECR Spain/Transfesa
- International Trains > 55
- Total Trains > 130
Creating market opportunities for rail during economic recession requires focus and strong leadership....

<table>
<thead>
<tr>
<th>FOR OUR CUSTOMERS WE HAVE</th>
<th>OUR PEOPLE HAVE</th>
<th>WITH OUR ASSETS WE HAVE</th>
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<tr>
<td>■ Re-designed services and schedules</td>
<td>■ Moved the culture faster than ever before</td>
<td>■ Combined and optimised across sectors and geographies</td>
</tr>
<tr>
<td>■ Developed new routes</td>
<td>■ Further investment in Account Management</td>
<td>■ Standardised fleet to drive efficiency</td>
</tr>
<tr>
<td>■ Designed new products</td>
<td>■ Focused on Vision for the future</td>
<td>■ Limited investment to core projects</td>
</tr>
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</table>
To become a natural choice over other modes, rail must match or exceed the market’s logistics requirements.....

- Door to Door
- Flexibility, Ease of Use
- Increased flexibility of a variable cost base
- Reliable with managed contingencies
- Service requirements; Transit times, 7 Days
- Economic sustainability
- Lowest possible cost
- Environmental excellence
- Lowest possible emissions
Despite negative external factors, Euro Cargo Rail (ECR) increased market share significantly by internal growth.

- Jan 2005: ECR Founded by EWS
  - French rail freight market 100% monopolized

- Nov 2007: Acquisition by DB Group

- Q4 / 2008: Economic downturn begins

- Dec 2005: First test Train (Calais)
- May 2006: First ECR Revenue Train (F)
- Jan 2007: <1% market share (F)
- Jan 2008: >3% market share (F)
- Jan 2009: >6% market share (F)
  - Economic Downturn continues
- Jan 2010: >10% market share (F)

Process:
- Preparation
- Launch
- Growth
- Growth & profitability
The ECR network is well positioned in France and well connected to all European border points

- Part of the DB Schenker Rail group
- No 2 rail freight operator in France (10% market share in 2010)
- Experience in unit trains and wagon groups to various markets
- Access to all of the French network and all border points
- International train services to the DB Schenker network (D, UK, NL), Belgium, Italy, and Spain
Time sensitive refrigerated intermodal modal switch

Connection
- Refrigerated services from Spain to the UK
- Longest train connection offered by a single railway company in Europe
- Competitive price compared to existing truck transports
- Each container saves 2 tons of carbon emissions

Delivery time
- 60 to 65 hours
- Punctuality exceeding 95%

Further improvements
- Expansion to 3 trains a week during 2011
- Additional stop in Widnes (UK) to extend the service to Northern England and Scotland
- Changeover to electronic traction in France from Q4 2010 with further carbon savings
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