Rail Cargo Group
at Rail&Sea conjunctions

UIC – SIAFI market place
Antwerpen, Sept.24-25, 2015
Rail Cargo Group

- **18 countries*** from the North Sea to the Black Sea and Mediterranean starting from our home market in Austria and Hungary

* AT, BE, BG, BH, CZ, DE, GR, HU, HR, IT, LU, NL, PL, RO, RU, SI, SK, TR
Rail Cargo Group business model

- Focus on core competence: railway logistics
- Transparency through simplicity and five businesses, each with its own model and markets (internal, external)
- Bringing together skills, resources and responsibilities
- Consistent brand architecture

1. Rail forwarding with specialist sector competence
2. Operator for high-frequency long-distance routes
3. Carrier for in-house traction provision
4. Wagon rental
5. Rolling stock maintenance

- ÖBB-Technische Services GmbH
- Technical Services Hungaria Kft.
- Technical Services Slovakia, s.r.o.
- TS-MÁV Gépészet Kft.
Business model of an Intermodal Operator:
High-risk, low-margin – train utilization is key!

- Intermodal Operator business is a **high-risk, low-margin business**
  - Compared to freight forwarding high "fixed cost"1) (especially on long-haul trains)
  - Highly sensitive to train utilization
  - Vulnerable to price competition as market entry barriers are low

- **Target** is to offer products with
  - Competitive pricing
  - High departure frequency
  - Best quality (short transit time, reliable)

- **Success requirements**
  - Dynamic pricing and yield management
  - High utilization
  - Flexibility in sourcing
  - Excellence in operations (traction, wagon, terminal services)
  - Neutral market position, no end customers

Operate high-frequent (ideally daily) long-haul shuttles between economic centers

<table>
<thead>
<tr>
<th>Design network and operator products</th>
<th>Purchase/ lease/rent traction &amp; wagons</th>
<th>Sell intermodal loading unit space to re-sellers2)</th>
<th>Optimize train utilization</th>
<th>Organize additional services to re-sellers3)</th>
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**Result**
Profit from intermediary service between RU and resellers

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1) Even with "asset light" model without own trains/wagons
2) Freight forwarders (e.g., Kühne, Schenker) and shipping lines but not to end customers
3) E.g., first and last mile (via truck or rail), terminal services (loading, shunting), freight clearance, container leasing and repairs, etc.
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- **Operator**
  - Rail Cargo Group
  - Rail Cargo Logistics
  - Rail Cargo Operator
  - Rail Cargo Carrier

- **Carrier**
  - Rail Cargo Carrier
  - Rail Cargo Austria
  - Rail Cargo Hungary
  - Rail Cargo Carrier

- **Wagon rental**
  - Rail Cargo Wagon

- **Rolling stock maintenance**
  - ÖBB
  - ÖBB-Produktion GmbH
  - ÖBB-Technische Services GmbH
  - Technical Services Hungaria Kft.
  - Technical Services Slovakia, s.r.o.
  - TS-MÁV Gépészeti Kft.
In-house traction provided in 10 countries

- North Sea
  - RCC-CZ
  - RCC-SK
  - RCA / ÖBB-PR
- Black Sea
  - RCH / RCC
  - RCC-RO
  - RCC-BG
- Mediterranean Sea
  - RCC-IT
  - RCC-SI
  - RCC-HR

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- Rail Cargo Logistik
- Rail Cargo Operator
- Rail Cargo Carrier
- Rail Cargo Forwarding
- Rail Cargo Wagon
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Rail Cargo Group deploys innovative wagon systems

Examples of innovative solutions

Separation of basic wagon & add-on, combined with various loading/unloading devices.

Success factors

- Developing **Unique Selling Points** in product portfolio: includes incorporation of customer-specific modifications (add-ons) and optimisation of useful life
- **Cost reduction through standardisation**
  - Purchasing
  - Maintenance/storage of spare parts
  - Cost-effective technical modifications (add-ons)
- **Optimised capacity utilisation**
  - Greater flexibility in responding to changes in market needs
  - Combining seasonal traffic flows
  - Higher payload and volume optimisation
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System Trains = Long Distance Shuttle trains
Antwerp – Linz

- Linz forms the Central Austrian hub for Belgian freight volumes
- Distribution/collection within Austria in SingleWagonSystem or connection with other long distance shuttles to Central – and Eastern Europe operated by RCG
- Traktion partnership in Belgium for long distance and distribution/collection
- Salespartner in Belgium Rail & Sea NV
Antwerp – Linz shuttle train parameters

- 3 departures per week
- Mixed trains
- RID possible
- KV Profile PC/50 345
- 1800 Bto northbound
- 1760 Bto southbound
- 600 m train length
- Route Class D4 (on long distance)
- Logistic/Agent services
System trains: 
Zeebrügge – Graz as an example

Transport from Graz to Zeebrügge
- Feeder/Defeeder in SingleWagonSystem to/from Graz – Linz
- Attached/Detached to/from system train shuttle in Linz
- Long distance Shuttle Antwerp – Linz ret.
- Feeder/Defeeder from/to Zeebrügge
Facing Challenges at Rail & Sea conjunctions

- Punctuality / Quality
- Communication / Information
- Lack of space
- Lack of capacity
- Congestions
- Backloads
Facing challenges at Rail&Sea conjunctions (2)

- Exploitation of dominant position / monopoly
- Pricing shunting / quai transfers
- Flexibility / slots / wagon exchange
- Flexibility / processes
- Administrative complexity / container search
- Loading schemes / including weights
- Synchronization
- Ultra large box vessels (ULCS)
Group-level optimisation

Customer-focused products

- All products marketed through all sales & distribution units
- International traffic developed collaboratively
- Price-optimised packages for multinational key and group accounts
- Varied product range

Produce more efficiently

- Coordinate bought-in services from other RU and HGV
- Optimise number of own locomotives and wagons deployed
- Maximise capacity utilisation of own and leased locomotives and wagons at home and abroad

Decide faster

- Five distinct businesses with business units as profit centres
- Bringing together resources and international chains of responsibility for each business
- Simplify coordination processes (products, countries)

Lower risk

- Skills bundling
- Responsible safety and ECM management
- Bundling of accounting and receivables management functions
- Securing base load whilst expanding in-house traction provision

Attracting top performers

- Giving staff the opportunity to shape their own success story
- Competent, passionate staff
- Group career paths on a par with the level offered by international logistics leaders
Thank You
For Your Attention