The French – Iberian rail link: a market of great interest to the FS Group

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Trenitalia Cargo
Foreign Markets Responsible
The French – Iberian rail link: a market of great interest to the FS Group

OVERVIEW:
• FS Group main information
• The Italian transport flows and the Spanish market
• The S.I.S.T.E.R. Project: a tailor made solution
Ferrovia dello Stato Group

Ferrovia dello Stato

Trenitalia
Railway passenger and freight transport operator

100%

RFI
Infrastructure manager

100%

Italferr
Railway engineering

100%

Grandi Stazioni
Main stations real estate management

60%

Cento Stazioni
Medium stations real estate management

60%

Other Companies

100%

GRUPPO FERROVIE DELLO STATO
Freight business in FS Group

Ferrovie dello Stato

100%

Trenitalia Cargo

100%

FS Logistica

100%

50%

53.28%

51%

100%

50%

33.33%

100%
Due to the economic crisis, in 2009, Trenitalia has reported a 24% decrease in tons transported.

### Trenitalia Cargo’s figures

- **Fleet**: 792 locos,
- **Wagons**: 25,000 freight cars operating (2010)

<table>
<thead>
<tr>
<th>Year 2009</th>
<th>Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue [Mln €]</td>
<td>553</td>
</tr>
<tr>
<td>Tonns/Km [Bln]</td>
<td>17</td>
</tr>
</tbody>
</table>
### The international traffic of Trenitalia Cargo

50 mln Tons
Transported by TI in 2009

<table>
<thead>
<tr>
<th>Country</th>
<th>Tons (000)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>GERMANY</td>
<td>9.582</td>
<td>37%</td>
</tr>
<tr>
<td>AUSTRIA</td>
<td>5.288</td>
<td>20%</td>
</tr>
<tr>
<td>FRANCE</td>
<td>4.238</td>
<td>16%</td>
</tr>
<tr>
<td>HUNGARY</td>
<td>1.099</td>
<td>4%</td>
</tr>
<tr>
<td>BELGIUM</td>
<td>1.006</td>
<td>4%</td>
</tr>
<tr>
<td>NETHERLAND</td>
<td>913</td>
<td>3%</td>
</tr>
<tr>
<td>POLAND</td>
<td>836</td>
<td>3%</td>
</tr>
<tr>
<td>SWITZERLAND</td>
<td>614</td>
<td>2%</td>
</tr>
<tr>
<td>CROATIA</td>
<td>519</td>
<td>2%</td>
</tr>
<tr>
<td>CZECH REP.</td>
<td>358</td>
<td>1%</td>
</tr>
<tr>
<td>DENMARK</td>
<td>345</td>
<td>1%</td>
</tr>
<tr>
<td>OTHERS</td>
<td>1.542</td>
<td>7%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>26.340</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
FS strategies in freight business

- International development
- Rightsize Italian terminal network
- Expand activities on the value chain (Logistics)
- Activate synergies in partnership with other operators in the “focal points” (e.g. ports)
- Enhance industrial value of assets (Inland Terminals)
- Specialisation and concentration of flows

Target: industrial and economic equilibrium of the business
THE ITALIAN TRANSPORT FLOWS AND THE SPANISH MARKET
Italy and the strategic connection within the EU

Italy is passed through by the higher concentration of the Transport European Network (TEN)

1) Corridor V
2) Genova - Rotterdam
3) Berlino - Palermo

Logistics is fast growing in the “Latin arc”

Italy is the only country to be part of the “blue banana” (the major European area of production and consumption) and of the “Latin arc”
The Italian traffic Axes: land transport

<table>
<thead>
<tr>
<th>Axis</th>
<th>Volume (Mton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEST AXIS</td>
<td>49.3</td>
</tr>
<tr>
<td>NORTH – SOUTH AXIS</td>
<td>79.1</td>
</tr>
<tr>
<td>EAST AXIS</td>
<td>29.8</td>
</tr>
</tbody>
</table>

- The North – South Axis is the main one for volumes and share of the rail mode (Trenitalia’s share* : 27.2%)
- The East Axis represents the area with the highest development rate. (Trenitalia’s share* : 14.2%)
- The West Axis is on the eve of European rail competition (Trenitalia’s share* : 10.2%)

* On the overall land traffic

Trenitalia’s estimation on Istat data, 2008 (before the Economic crisis)
Focus on the West Axes by land transport mode

Transport mode in Italy

- Truck mode keeps a strong share (85%);
- TIC firms up on the French market;
- Rail mode has a low share in the Spanish market.
Spain – Italy international trade

In 2009 the exchange were:
- from Italy to Spain 16.6 billion/€
- from Spain to Italy 12.7 billion/€.

Vehicles, Food and Chemical products

Petroleum coke, Machinery, Chemical and Steel products

Istat: Jan- Dec 2009
Railways and the Spanish market

- Lack of dedicated service
- Imbalanced traffic
- Strong truck competition especially from Spain to Italy
- Short Sea Shipping competition is higher from the South of Italy
- A different rail gauge

Technical and economic reasons make the Spanish market hard to capture by rail
S.I.S.T.E.R.

“Sustainable Iron and Steel Transport by European Railways” Project:

A tailor made solution for the Iberian- Italian steel market

MARCO POLO 2009

TRENITALIA

GRUPPO FERROVIE DELLO STATO
The S.I.S.T.E.R. Project: the Partners

Lead Partner

FS LOGISTICA S.p.A.
Logistics service supplier (Italy)

Other Partners

TRENITALIA S.p.A.
Rail company (Italy)

ALGEPOSA INTERMODAL S.p.A.
MTO (Spain)
The S.I.S.T.E.R. Project: Products

- Coils
- Wire-rod
- Beams
- Sheets

- The Steel market is one of the leading sectors;
- Relevant flows Italy ↔ Spain:
  - 885,000 tons from Spain to Italy;
  - 1,300,000 tons from Italy to Spain.
- The steel industry is transport intensive;
- Heavy and bulky products.

* Siderweb.com: data 2008 (before the Economic crisis)
The S.I.S.T.E.R. Project: Monza-Irun-Monza

- Start up: 2 train/week
- 875 net tons /train
- 19 Wagons/Train

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- 19 Wagons/Train
The S.I.S.T.E.R. Project: a tailor made solution

- COMPLETE LOGISTIC SERVICE FOR THE CUSTOMER (LAST MILE, HANDLING, STORAGE...)
- SYNERGIES OF DIFFERENT PROFESSIONAL KNOW HOW (RU, MTO, LOGISTIC SUPPLIER)
- COOPERATION AMONG RU, INCUMBENT AND NEW COMERS (TI/ECR/RENFRE)
- CONVENTIONAL AND INTERMODAL TRANSPORT
- SHIFTING OF STEEL PRODUCTS FROM ROAD TO RAIL

A BALANCED BLOCK TRAIN + A DOOR to DOOR SERVICE
The S.I.S.T.E.R. Project: Environmentally friendly

Each train consumes 35%-50% less of primary energy and it gives off only 12% of CO2 in comparison with truck.
The S.I.S.T.E.R. Project: Key Success Factors

- A complete train link that overtakes the single wagon transport;
- A direct link between Italy and Spain → Quality and Reliability;
- A balanced service increases train competitiveness;
- Monitoring and information: tracking and tracing;
- Door to door service → Flexibility and Punctuality;
- Environmental Friendly.