

General Assembly of Hupac Ltd

Extension of subsidies until 2030 creates investment security

Chiasso, 12.6.2020 With the parliamentary decision to extend the promotion of combined transport through the Alps until 2030 and to significantly increase the amounts compared to the government's request, Switzerland is sending a clear signal in favour of modal shift. The EU Mobility package, on the other hand, will weaken international combined transport in Europe. In the current Corona crisis, Hupac welcomes the measures planned by the Federal Office of Transport to maintain the intermodal transport networks. Despite COVID-19, Hupac is looking ahead: **Erich Staake** and **Beni Kunz** were newly elected to the Board of Directors, while **Michail Stahlhut** was appointed CEO of the Hupac Group.

Setting the course for the future

On 12 June 2020, the General Assembly Meeting of Hupac Ltd took place for the first time without shareholder presence due to the COVID-19 restrictions. Via a proxy process, the shareholders approved a satisfactory financial statement for 2019. In addition, they strengthened the Board of Directors with the election of two new members. **Erich Staake** (66), general director of duisport AG, has developed the Duisburg location into a major platform for trimodal logistics in Europe and into an important hub for Silk Road transportation. His many years of extensive experience in intermodal transport – especially land transport to and from China – will give Hupac new impetus in this growing market.

Beni Kunz (62) is also newly elected to the Board of Directors of Hupac. After 16 years of successful management of the Group, he is handing over the operational management to younger hands. In his new function as executive board member, he will support Hupac in strategic projects and thus continue to significantly contribute to the development of the company in the coming years.

Also on 12 June 2020 the Board of Directors appointed **Michail Stahlhut** (52) as the new CEO of Hupac Group. After his two-year introductory period as CEO of the subsidiary Hupac Intermodal, which operates the Hupac Group's continental transports, he is very familiar with the business. "With this baton handover we are taking an important step for the future of our 50 year old company", says Chairman of the Board Hans-Jörg Bertschi.

Investment security thanks to extended support for Alpine combined transport until 2030

The extension and increase of the subsidies creates an important basis for the continuation of the modal shift in Alpine transit. The operating contributions to combined transport operators through Switzerland were originally to be discontinued at the end of 2023. However, as the upgrade of the northern access routes to the base tunnels has been delayed by at least a decade, combined transport on this route is not yet able to develop the productivity required to cover the costs of a competitive offer.

At the beginning of June, the Swiss parliament decided to continue the subsidies until 2030 and to increase them by CHF 385 million. This is significantly more than the CHF 90 million requested by the government for the period to 2026. Compared with the current level, however, subsidies will be halved. This development will demand further productivity increases from all those involved in the combined transport chain.

Parliament has thus adopted a much more modal shift friendly solution than originally envisaged by the Federal Council. "An important signal for the market", explains Hans-Jörg Bertschi, "Switzerland is consistently committed to modal shift. This gives the companies involved the certainty that investments in environmentally friendly combined transport will continue to be a convenient choice".

Mobility package compromise weakens combined transport

One of the central framework conditions of combined transport is the fair regulation of pre- and post-carriage by road. Since 1975, international combined transport in the EU has been put on an equal footing with international road haulage, in that national road cabotage rules are not applicable in either case. The Mobility package compromise, which is to be adopted by the EU Parliament at the beginning of July, places combined transport at a disadvantage compared with international road transport.

The Mobility package will allow member states to apply cabotage rules to the national pre- and post-carriage of combined transport in future. "This will significantly weaken combined transport in Europe and may jeopardise the Green Deal. The exemption of pre- and post-carriage from the cabotage rules is to remain binding so that combined transport can be prevented from being put at a disadvantage compared to road transport. We hope that the EU Commission will make further changes here in favour of climate and environmental protection", commented Hans-Jörg Bertschi.

Corona crisis impacts traffic development in 2020 – especially with Italy

As a result of the Corona crisis, Hupac expects a sharp drop in volume for the current year. After a positive first quarter, transport demand fell in April – as a result of the Europe-wide lockdown and the special situation in Italy, where even the industry was shut down for three weeks. Although there are currently signs of recovery, Hupac's traffic losses will be substantial by the end of the year.

Hupac is well positioned for the Corona crisis. The safety measures introduced in the terminals and the conversion to home office have enabled the company to continue its operational activities during the crisis without interruption. In addition, the strong financial position and the additional measures taken to increase the liquidity of the Hupac Group are decisive prerequisites for a successful, crisis-resistant logistics offer.

Continue modal shift success, bridge Corona crisis

In spite of these precautions, the pandemic-induced slump in traffic, especially in Italy, has a considerable impact on the network of Hupac and the other operators. Due to the lower demand, the capacity utilisation of trains is falling and departures have to be cancelled. The losses for operators in combined transport through Switzerland will significantly affect the actors' ability to act in the future.

The players in intermodal transport can hardly cope with the resulting deficits on their own, says Hans-Jörg Bertschi: "Without appropriate countermeasures, we risk that the modal shift will be set back by years". Hupac therefore welcomes the initiative of the Swiss parliament to compensate for part of the COVID-19-induced losses in public transport, so that the offer is maintained for the post-crisis period. "Switzerland's modal shift policy with the NRLA and the 4-metre corridor is a generation project", says Bertschi, "The measures envisaged will help combined transport operators to maintain their services during the crisis and thus to continue to achieve a modal shift in Alpine transit".

Combined transport: strengthening the positive footprint

Measures to support eco-friendly rail freight transport were also taken by Italy, Germany and Austria. "In some cases this is no more than a drop in the ocean", warns Michail Stahlhut, CEO of Hupac. "Without partial compensation, combined transport operators are forced to reduce their offer, which would trigger a dangerous downward spiral in modal shift".

In a long-term view, however, combined transport has the best chances of contributing to the success of the European Green Deal. In the Hupac Group's network alone – with a transport volume of 1 million road consignments – around 1.5 million tonnes of CO₂ were saved in 2019 compared to pure road transport.

The central prerequisite for the success of combined transport is the expansion of the railway infrastructure to allow train length of 750 metres and profile P400. The importance of largely dimensioned rail capacity was demonstrated in the Corona crisis: "During the reduction of passenger traffic caused by the crisis, our trains were finally able to run with good punctuality values," says Stahlhut.

About Hupac

Hupac is Europe's leading intermodal network operator. The offer comprises 150 trains each day with connections between the main European economic areas up to Russia and the Far East. Hupac Ltd was founded in Chiasso/Switzerland in 1967. The Hupac Group comprises 2 companies based in Switzerland, Italy, Germany, Netherlands, Belgium, Poland, Russia and China. The Group has a workforce of 540 full time equivalent employees and a wagon fleet of 7,300 platforms and operates efficient terminals at key locations in Europe.

The Hupac Group's annual report 2019 is available online: <https://www.hupac.com/Annual-Report>

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